

Date: 31 October 2022

September 2022 Quarterly Activities Report – Metalicity Limited

EXPLORATION HIGHLIGHTS

- Acquisition of two new projects, Mt Surprise and Georgetown Lithium Projects.
- The Mt Surprise Lithium Project tenement, which had the application approved and granted during the period, reported a historic rock chip sample of 3.55% Lithium, 125ppm tantalum, 0.25% caesium and 1.26% Rubidium highlighting the significant potential of the ground, which remains sparsely explored*.
- Desktop data review of historical reports also identified significant copper mineralisation at surface at the Company's Mt Surprise Lithium Project. **Of the 161 historical rock chip samples collected in 1988 see Appendix 2, the following were identified:
 - 1 sample returned a copper grade above 25% Cu;
 - 5 samples returned copper grades above 1% Cu; and
 - also present were samples containing anomalous assay grades for gold and other base metals.
- Return of final assay results for substantial extensions and significant gold intersections at the Champion gold deposit at Kookynie WA. Significant intercepts from Resource Definition Reverse Circulation (RC) drillholes include:
 - CPRC0044 - 8m @ 3.86 g/t Au from 94m, including 1m @ 17.75 g/t Au from 96m
 - CPRC0046 - 4m @ 1.82 g/t Au from 85m, including 1m @ 3.93g/t Au from 86m
- AirCore (AC) and RC drilling results also returned for Champion North and South Targets testing the Champion structure, highlights include:
 - CPRC0055 – 4m @ 1.79 g/t Au from 76m
 - CPRC0064 - 4m @ 1.24 g/t Au from 32m

CORPORATE

- Metalicity elected to end the take-over offer to Nex Metals (“NME”) shareholders on 29 August 2022, closing the offer with ~34.3% of the shares in NME.
- Metalicity continues its Supreme Court action after, amongst other things, Nex Metals’ Managing Director, Mr Ken Allen, purported to act for a large number of Nex Metals shareholders and lodge proxy voting instructions online “on their behalf” without proper authority at the last Nex Metals AGM. The hearing is scheduled to begin on 14 November 2022.
- The company also continues to seek recovery through the Supreme Court of unpaid cash calls amounting to approximately \$1.5 million owed by our Joint Venture Partner Nex Metals.

Metalicity Limited (ASX: MCT) (“Metalicity” or “Company”) is pleased to provide the Quarterly Activities Report for the period ending 30th September 2022.

***Cautionary Note:** There has previously been only minor work done on lithium at the Project area to date. It has been further reported in the historical data that “a number of reasonable lithium results were obtained (> 1% Li) in the past”. However, these additional samples from the area are unable to be obtained and verified and only one sample has been documented with lithium at 3.55%. More exploration sampling is required to establish what is representative of the true extent and sample grade of the lithium mineralisation within the Project area.

****Cautionary Note:** Confidence in the precise location of historical surface samples collected is low as an older, superseded coordinate system was utilised. The location of the samples can be approximated using georeferenced features relative to current information available on the GSQ Open Data Portal System. More exploration sampling and confirmation geological mapping to establish what is representative of the true extent and sample grade of all types of mineralisation within the Project area.

Commenting on the Quarter, Metalicity Managing Director, Justin Barton said:

“We are really excited about our two recent acquisitions, the Mt Surprise Lithium Project and the Georgetown Lithium Project, obtained during the quarter. Both of these projects are highly prospective for Lithium, base metals and other minerals and are exciting acquisitions in the rapidly emerging battery materials sector, where demand for Lithium continues to soar.

We have just completed our maiden fieldwork programme on Mt Surprise and are looking at a follow-up programme targeting Lithium pegmatites and other prospective metals in the December quarter”.

Mt Surprise and Georgetown Lithium Projects

During the quarter Metalicity acquired two new projects located in northwestern Queensland consisting of two tenement applications EPM28052 and EPM28121 (Figure 1)^{1,2}, with EPM28052 subsequently granted by the Department of Natural Resources, Mines and Energy, of the Queensland Government³.

The Mt Surprise project covers a large area approximately 165km from the city of Cairns, Queensland and 57 km northeast of the town of Mt Surprise (Figure 1). The Georgetown project is a large tenement application located 70km southwest of the Company’s Mt Surprise project and both are serviced by excellent infrastructure in the area and easy access (Figure 1).

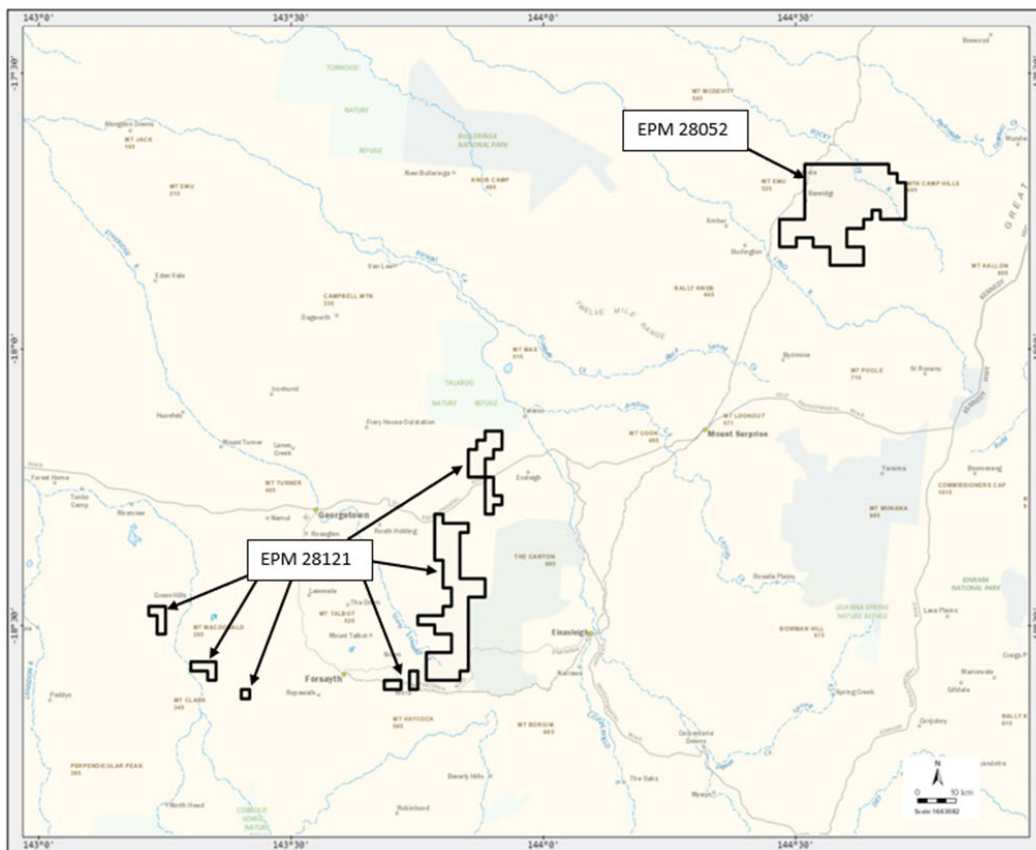


Figure 1 – Granted EPM 28052 Mt Surprise and Application EPM 28121 Georgetown Projects Locality Map.

¹ Please refer ASX Announcement “Metalicity Secures Highly Prospective Lithium Project” dated 18th August 2022.

² Please refer ASX Announcement “Multiple Outcropping Pegmatites in New Lithium Project Secured” dated 25th August 2022.

³ Please refer ASX Announcement “Highly Prospective Mt Surprise Lithium Project Now Granted; Fieldwork to Commence” dated 18th August 2022.

Mt Surprise is considered highly prospective for lithium, as evidenced by a historical rock chip sample that returned 3.55% Li₂O¹. The Project has seen minimal exploration work and, in particular, has not been properly explored for lithium and other valuable associated metals.

Reconnaissance rock sampling was conducted by Monax in 2016 (See MOX announcement May 2016) from an area identified as the Gingerella Site, which returned assay results outlined in the summary table below.)⁴

Site	Easting	Northing	Li ₂ O (%)	Ta (ppm)	Cs (ppm)	Rb (%)
Gingerella	252747	8039644	3.55	125.5	2560	1.23
MGA94 (Zone 55)						

Additionally for the quarter, work was undertaken to collate historical data on the recently acquired Mt Surprise Lithium Project, revealing significant copper mineralisation at surface with significant strike length. The mineralisation included a rock chip sample containing 27.5% copper and gold mineralisation of up to 1.32 g/t Au⁵. Mt Surprise was secured for its significant lithium potential, and positively is also highly prospective for copper and other metals in tenure that remains sparsely explored. Historic rock chip sampling results on the Mt Surprise tenure has indicated high-grade and anomalous copper, gold and base metal mineralisation within the EPM 28052 tenement boundary. Some of the more significant copper and gold results are shown below*.

- 27.5% Cu
- 6.73% Cu
- 4.04% Cu
- 3.67% Cu
- 1.62% Cu
- 1.32 g/t Au
- 1.21 g/t Au
- 1.11 g/t Au
- 18.8% Pb

The Georgetown Project covers an extensive area and a wide range of prospective lithologies including the White Springs Granodiorite, Einasleigh Metamorphics as well as a number of other intrusives, volcanic and non-volcanic metasediments (Figure 2). The regional area of the Georgetown Project is a highly mineralised system which includes numerous mineral occurrences of precious and base metals as well as Lithium Caesium Tantalum (LCT) occurrences including the Buchannan pegmatite hosted lithium-tantalum deposit held by Strategic Metals Australia (Buchanans LCT pegmatite discovery by Strategic Metals Australia)⁶ (Figure 2). Similar to the lithology of the Mt Surprise Project area, Metalicity regards the Georgetown Project area as fertile for more LCT pegmatites prospective for lithium mineralisation.

⁴ Please refer ASX Announcement “Metalicity Secures Highly Prospective Lithium Project” dated 18th August 2022.

⁵ ASX Announcement “Historical Samples at the Mt Surprise Lithium Project Identify Significant Copper mineralisation over 5km Strike” dated 2nd September 2022.

⁶ Refer to <https://strategicmetalsaustralia.com/index.php/lithium-caesium-rubidium/> and <https://az659834.vo.msecnd.net/eventsairseasiaproduct/production-ausimm-public/8efc59e339ec4e3eab214fdffb1ded5f>

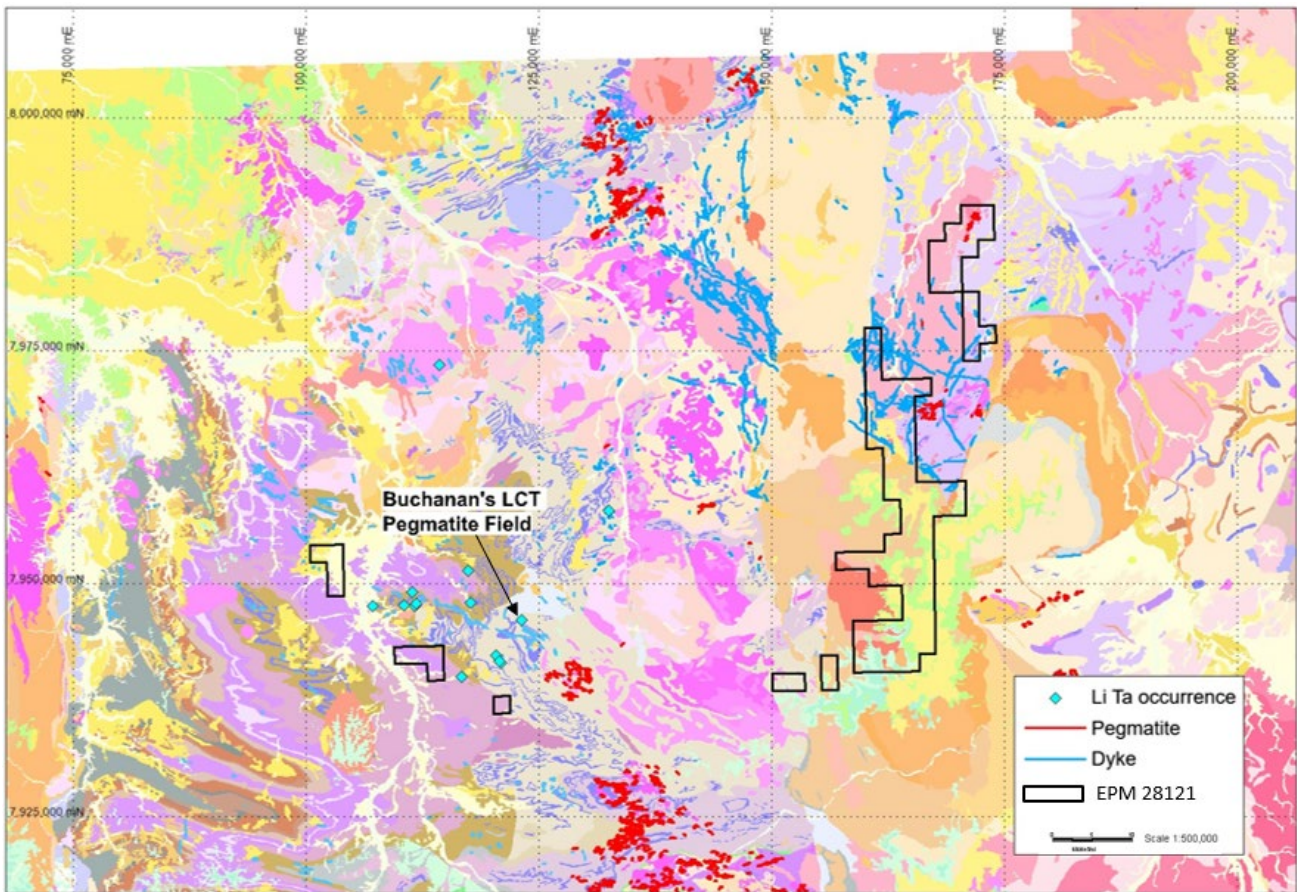


Figure 2 - Location of Application EPM 28121 Georgetown Project - North Queensland. 100,000 bedrock geology by Geological Survey of Qld.

Kookynie and Yundamindra Gold Projects

Metalicity has continued to actively develop the Kookynie and Yundamindra Gold Projects, located in the Goldfields district of Western Australia. These projects comprise the Kookynie & Yundamindra JV with NEX, for which Metalicity has a direct 51% and controlling interest (and ~65.7% direct and indirect combined interest in these projects).

The Kookynie Project, which is located approximately 60 km south of Leonora is host to seven large-producing historical mines: Champion, McTavish, Leipold, Altona, Diamantina, Cosmopolitan and Cumberland.

During the quarter, final assay results were returned and reported for Reverse Circulation (RC) and AirCore (AC) drilling undertaken at the Champion deposit. Metalicity conducted further resource definition drilling around the thickest gold mineralised intersection to date at the Kookynie Gold Project during the drilling program in the first half of 2022. Drilling consisted of 12 slimline RC and 13 AC drillholes for a total of 1850metres on roughly 80m line spacing with 40m spaced holes. Resource definition hole spacing was much tighter at roughly 10m to adequately test previous intersections (Figure 3)⁷.

⁷ ASX Announcement "Substantial Extensions and Significant Gold Intersections at Champion" dated 13th September 2022.

Metalicity drilled 4 holes in proximity to the thick intersection of 28 metres @ 1.83 g/t Au from 72 metres to further test the size and mineralisation of this area. This drilling confirmed the intersection from December 2021 to be valid and very close to true widths for the mineralisation and that the Champion Orebody has discrete high grade south plunging shoots like multiple orebodies in the Kookynie area. These south plunging shoots remain open at depth and hold significant opportunities to extend the resource as well as drive further exploration targeting. Significant intercepts are highlighted in call out boxes in Figure 3 below.

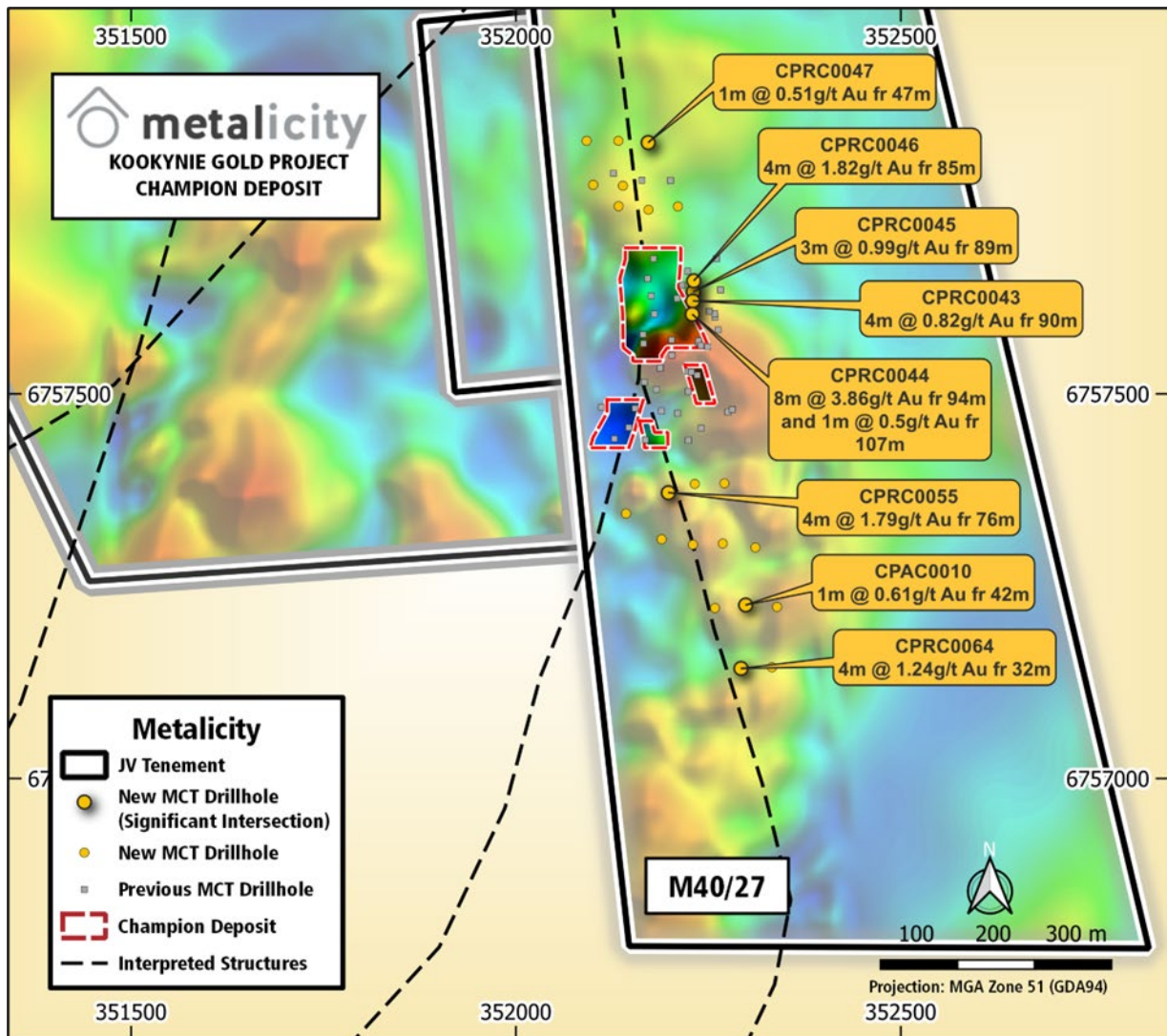


Figure 3 – Champion Deposit, Champion North and South Targets Drill Collars Plan Layout. Base map layer is a magnetic intensity first vertical derivative of the reduced to the pole pseudocolour mapping with directional sun shading from the northeast.

Kimberley Mining Limited – Admiral Bay (circa 80.3% holding)

The Admiral Bay asset is on care and maintenance.

Corporate & Financial

During the period, Metalicity launched a court action against Nex Metals Exploration Ltd's (ASX:NME, "**Nex Metals**") Managing Director Mr Ken Allen, Chairman Mr Tom Percy QC, Non-Executive Director Mr Hock Hoo Chua and a number of Nex Metals shareholders. Together these shareholdings represent approximately 60 million shares (being ~22.28% of Nex Metals).

The court action alleges that, amongst other things, Mr Ken Allen purported to lodge proxy voting instructions online "on behalf" of a large number of shareholders without clear authority at the recent Nex Metals AGM. Metalicity began investigating the circumstances after being concerned that the turnout at the 2021 Nex Metals AGM was significantly greater than either the 2020 or 2019 meetings (~202 million shares for the 2021 AGM, against ~60 million shares voted in 2020 and ~81 million in 2019). The actions of Mr Allen then came to light through the court process.

These proceedings are scheduled to be heard in the Supreme Court beginning on 14 November 2022.

Metalicity also continues to seek recovery through the Supreme Court of unpaid cash calls amounting to approximately \$1.5 million owed by our Joint Venture Partner Nex Metals.

On 29 August 2022, the Company elected to end its take-over offer to Nex Metals shareholders, closing the offer with ~34.3% of the company.

Final shares issued as part of the Bid were issued during the quarter totalling 312,650.

The Company has \$2.3 million cash on hand at 30 September 2022.

Exploration expenditure during the quarter was ~\$291,000. Full details of exploration activities during the quarter are in this report. Payments to related parties of the company and their associates during the quarter was ~\$44,000, representing Director Fees, PAYG and superannuation in accordance with the director remuneration packages.

Unlisted Options exercisable at \$0.003 on or before 14 Aug 2022 lapsed during the quarter (Sub code: MCTOP46).

Mr Daley has advised the Board that he will not be seeking re election as a Director at the upcoming AGM and will be retiring. The Company has commenced discussions with a number of potential new directors. In the interim, Mr Barton will assume the role of Chairman of the Board.

This Announcement is approved by the Board of Metalicity Limited.

ENQUIRIES

Investors

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Metalicity confirms that the Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of "exploration results" that all material assumptions and technical parameters underpinning the "exploration results" in the relevant announcements referenced apply and have not materially changed.

Competent Person Statement

For relevant Competent Person Statements, please refer to the announcement referenced

Note

This Announcement is designed to also supplement for Nex Metals Explorations as it relates to our joint venture agreement as announced "*Metalicity Achieves Earn-In On The Kookynie & Yundamindra Gold Projects*" dated 20th May 2021 with Nex Metals Explorations Ltd, ASX:NME.

Forward Looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have reasonable basis. However, forward-looking statements:

(a) are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;

(b) involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such risks include, without limitation, resource risk, metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which the Company operates or supplies or sells product to, and governmental regulation and judicial outcomes; and

(c) may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.

The words "believe", "expect", "anticipate", "indicate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements.

All forward-looking statements contained in this presentation are qualified by the foregoing cautionary statements. Recipients are cautioned that forward-looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

The Company disclaims any intent or obligation to publicly update any forward-looking statements, whether as a result of new information, future events or results or otherwise.

Tenement Schedule

Please Note all Kookynie and Yundamindra Tenements will be 51% MCT and 49% NME as per ASX Announcement “Metalicity Achieves Earn-In On The Kookynie & Yundamindra Gold Projects” dated 20 May 2021 with Nex Metals Explorations Ltd, ASX:NME.

Tenement	Registered Holder	Shares Held	Plainted	Status	Area (ha)	Nature of Interest	Interest
Kookynie							
P40/1331	KYM Mining Limited	100/100	No	Live	161.2	Direct Holding	51% ¹
E40/390	KYM Mining Limited	100/100	No	Live	3,300.0	Direct Holding	51% ¹
E40/350	KYM Mining Limited	100/100	No	Live	2,394.0	Direct Holding	51% ¹
E40/357	KYM Mining Limited	100/100	No	Live	1,194.0	Direct Holding	51% ¹
P40/1407	KYM Mining Limited	100/100	No	Live	10.0	Direct Holding	51% ¹
P40/1430	KYM Mining Limited	100/100	No	Live	9.9	Direct Holding	51% ¹
P40/1510	Metalicity Limited	100/100	No	Live	185.0	Direct Holding	51% ¹
P40/1511	Metalicity Limited	100/100	No	Live	176.7	Direct Holding	51% ¹
E40/387	Metalicity Limited	100/100	No	Live	299.0	Direct Holding	51% ¹
P40/1564	Metalicity Limited	100/100	No	Pending	107.0	Direct Holding	51% ¹
G40/3	Nex Metals Explorations Limited	100/100	No	Live	7.2	Earnt In	51% ¹
L40/9	Nex Metals Explorations Limited	100/100	No	Live	1.0	Earnt In	51% ¹
E40/332	Nex Metals Explorations Limited	100/100	No	Live	600.0	Earnt In	51% ¹
M40/22	Nex Metals Explorations Limited	100/100	No	Live	121.7	Earnt In	51% ¹
M40/27	Nex Metals Explorations Limited	100/100	No	Live	85.5	Earnt In	51% ¹
M40/61	Nex Metals Explorations Limited	100/100	No	Live	832.7	Earnt In	51% ¹
M40/77	Nex Metals Explorations Limited	90,405/90,405	No	Live	119.2	Earnt In	51% ¹
P40/1499	Nex Metals Explorations Limited	100/100	No	Live	8.3	Earnt In	51% ¹
P40/1500	Nex Metals Explorations Limited	100/100	No	Live	5.9	Earnt In	51% ¹
P40/1501	Nex Metals Explorations Limited	100/100	No	Live	21.1	Earnt In	51% ¹
E40/289	Paris Enterprises Pty Ltd	100/100	No	Live	1,222.7	Earnt In	51% ¹
Kookynie Total Area (ha)					10,861.9		
Yundamindra							
L39/34	Nex Metals Explorations Limited	100/100	Yes	Live	1.0	Earnt In	51% ¹
L39/52	Nex Metals Explorations Limited	96/96	Yes	Live	1.0	Earnt In	51% ¹
L39/258	Nex Metals Explorations Limited	100/100	Yes	Live	3.2	Earnt In	51% ¹
M39/84	Nex Metals Explorations Limited	100/100	Yes	Live	378.0	Earnt In	51% ¹
M39/274	Nex Metals Explorations Limited	100/100	Yes	Live	230.0	Earnt In	51% ¹
M39/406	Nex Metals Explorations Limited	100/100	Yes	Live	124.0	Earnt In	51% ¹
M39/407	Nex Metals Explorations Limited	100/100	Yes	Live	896.0	Earnt In	51% ¹
M39/408	Nex Metals Explorations Limited	100/100	Yes	Live	785.0	Earnt In	51% ¹
M39/409	Nex Metals Explorations Limited	100/100	Yes	Live	966.0	Earnt In	51% ¹
M39/410	Nex Metals Explorations Limited	100/100	Yes	Live	978.0	Earnt In	51% ¹
M39/839	Nex Metals Explorations Limited	100/100	Yes	Live	7.3	Earnt In	51% ¹
M39/840	Nex Metals Explorations Limited	100/100	Yes	Live	9.7	Earnt In	51% ¹
P39/6126	Nex Metals Explorations Limited	100/100	No	Live	10.4	Earnt In	51% ¹
P39/6127	Nex Metals Explorations Limited	100/100	No	Live	5.6	Earnt In	51% ¹
E39/1773	Paddick Investments Pty Ltd	100/100	Yes	Live	903.0	Earnt In	51% ¹
E39/1774	Paddick Investments Pty Ltd	100/100	Yes	Live	2,517.0	Earnt In	51% ¹
Yundamindra Total Area (ha)					7,815.1		

Note 1: The Company holds a combined ~67.4% holding in these tenements through the interest it has acquired through the Take Over Bid of Nex Metals Explorations Limited currently.

Tenement	Registered Holder	Status	Area	Nature of Interest	Interest
Queensland Lithium Projects					
EOM 28052	Astralis Resources Pty Ltd	Live	100 Sub Blocks	MCT Beneficial owner	100%
EPM 28121	Astralis Resources Pty Ltd	App.	90 Sub Blocks	MCT Beneficial owner	100%

Below is the full tenement Schedule for the Admiral Bay Project held by Kimberley Mining Australia Pty Ltd

Tenement	Registered Holder	Status	Area	Nature of Interest	Interest
Admiral Bay					
E 04/1610	Kimberley Mining Australia Pty Ltd	Live	42 Blocks	Holding in Subsidiary	80.3%
M 04/244	Kimberley Mining Australia Pty Ltd	Live	796.4 ha	Holding in Subsidiary	80.3%
M 04/249	Kimberley Mining Australia Pty Ltd	Live	843.85 ha	Holding in Subsidiary	80.3%