

metallicity, riding the lithium wave with a major Chinese

Metallicity's dual approach paying off

With its world-class Admiral Hill zinc project expanding and riding the lithium wave with a major Chinese backer, Metallicity's dual project strategy is paying off.

By Mark Mentiplay

Metallicity's (ASX: MCT) dual zinc-lithium project strategy in Western Australia sees the company well positioned with projects well advanced to take advantage of strong near future commodity market expectations.

All eyes are on an imminent scoping study and resources update expected to confirm the economic potential of Metallicity's recently expanded, 100 per cent-owned Admiral Hill zinc-lead-silver project in the northern Kimberley region, the largest undeveloped zinc project in Australia and fifth largest in the world.

To the west is Metallicity's underground lithium project, the largest lithium-specific landholding in Western Australia and the largest lithium landholding, at 821 square kilometres, in the highly prospective Pilgangoora and Wodgina districts.

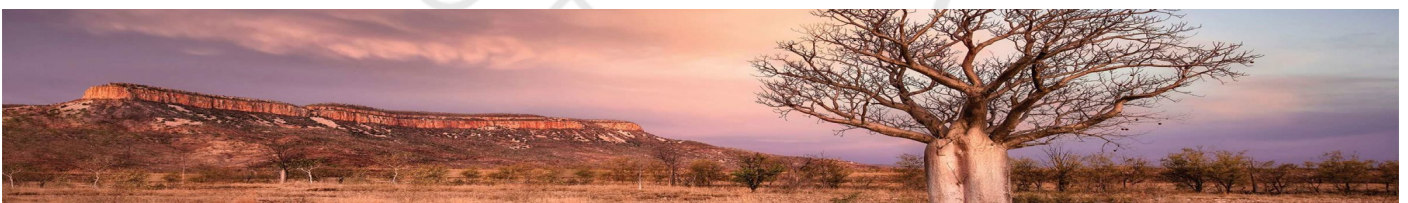
Metallicity has faith in Admiral Hill, which has inferred resources of 111.3 million tonnes at 5.7 per cent zinc equivalent (ZnEq) for 6.34 million tonnes contained ZnEq, by recently applying for another 3,300sqkm around its Admiral Hill tenure, extending along a 130km strike length of the Admiral Bay Fault and taking total project acreage to 3,678sqkm, including two mining leases.

The applications follow recent geological study work by Dr David Leach, a globally recognised expert in Mississippi Valley Type (MVT) zinc-lead deposits, which has highlighted the potential for district-wide mineralisation, based on regional Canning Basin faults that act as major 'plumbing systems' bringing mineralising fluids from basement rocks in contact with sediment packages that act as hosts for zinc and lead mineralisation.

"The study shows potential for multiple Admiral Bay size mineral resources along the Admiral Bay fault zone."

Metallicity managing director Matthew Gauci told The Resources RoadHouse.

With the benefit of around \$50 million previous exploration conducted by the project's former owners Kagara Zinc and CRA, Admiral Hill has inferred resources containing 2.6 million tonnes zinc, 3 million tonnes lead and 54 million ounces silver for 6.34 million tonnes ZnEq within 111.3 million tonnes at 2.3% zinc, 2.7% lead and 15g/t silver over a 2.1km strike, including a high-grade zone of 20 million tonnes at 3.2% zinc, 5.8% lead and 25g/t silver, using 2% ZnEq cut and 7.7% for the high grade zone.



The exploration target, exclusive of current resources, is for between 170 million tonnes to 250 million tonnes at 2.2% to 3.1% zinc, 2.5% to 3.6% lead and 15g/t to 20g/t silver for a contained 3.7 million tonnes to 7.8 million tonnes zinc, 4.3 million tonnes to 9 million tonnes lead and 82 million ounces to 161 million ounces silver.

Metalicity is well-funded for its various work programs, holding about \$6 million cash and no debt.

In a move expected to make the project more attractive to potential Joint Venture partners, Metalicity finalised acquisition of the Admiral Bay project in June, reaching agreement with the liquidators of former owner Kagara to clear its obligations with the payment of \$750,000 cash and 23 million shares, giving it 5.11% of Metalicity.

The deal brings the final sum paid by Metalicity for its 100 per cent-interest in the project to about \$3.09 million.

Metalicity recently reviewed the current scoping study with consultants SRK Consulting and CSR Global, to identify options to enhance the project's value, particularly the mineral resource estimate.

"Before we finalise the study, we wanted to take a look at applying a new geological model, which we have updated by re-logging historical drill core from drilling carried out by CRA and Kagara between 1968 and 2008," Gauci explained.

"It's a modern approach to assessing the Admiral Bay deposit and consists of the acquisition, compilation and interpretation of data that has, until now, been unavailable and being evaluated for the first time by experts with considerable experience in MVT systems."

The modelling has already identified thick, higher-grade zones of zinc and lead mineralisation within the existing resources.

The study is also evaluating a 1,400m deep shaft to access the resources that start at about 1,200m, an option being further development of the existing Resolution Copper project development shaft that goes down to 2,116m.

Alternative mining operations, outside the traditional long wall mining, are on the agenda with the aim of cutting costs in that area by up to 33%.

Admiral Hill benefits from being close to world class infrastructure and road transport routes, including the Great Northern Highway within 70km.

Sealed containers are expected to be used to truck product to one of two nearby ports already equipped for concentrate export -- Port Hedland, 450km west, and Broome, 250km north.

Multiple power options include the West Kimberley gas project, the establishment of a solar farm and energy storage facility, and onsite geothermal production.

Metalicity's lithium project took a major step forward in June, when emerging lithium industry participant and key member of the China Battery Association, Shanghai Metal Resources, took a \$3 million placement in the company, giving it a 10.1 per cent-stake, and signing a non-binding project development and off-take agreement.

The agreement allows for joint funding, development and acquisition of Metalicity's projects, and off-take for 100,000 to 150,000 tonnes per year of lithium-spodumene concentrate.

Gauci sees the project as a low-cost/risk entry into the booming lithium exploration sector, with first pass field work completed, along with geological mapping and sampling of the southern pegmatites yielding up to 2.45% lithium and 200ppm tantalum.

The work shows strong prospectivity over a strike of about 1.5km with an indicative width of 0.5km within an overall target strike extent of 5.5km, comparable with the dimensions of Pilbara Minerals' nearby 80.2 million tonnes resource, flagged as the world's second largest spodumene deposit.

Altura Mining's 35.7 million tonnes lithium project is close to Pilbara Minerals' project and both are just a few kilometres north-east of Metalicity's northern boundary.

The first of Metalicity's lithium prospects to come to prominence has been Pilgangoora South, where the company has identified high-priority targets (L1 and L2) within the Stannum project, adjacent to the Wodgina mine. Recent rock chip sampling work there has confirmed the presence of lithium bearing rare metal pegmatites, with results up to 24,544ppm lithium oxide and up to 22ppm tantalum.

Metalicity also has an 870sqkm holding at Greenbushes, south of Perth and within 35km of Talison Lithium's world's largest hard rock Greenbushes lithium mine, and in similar regional geological settings.

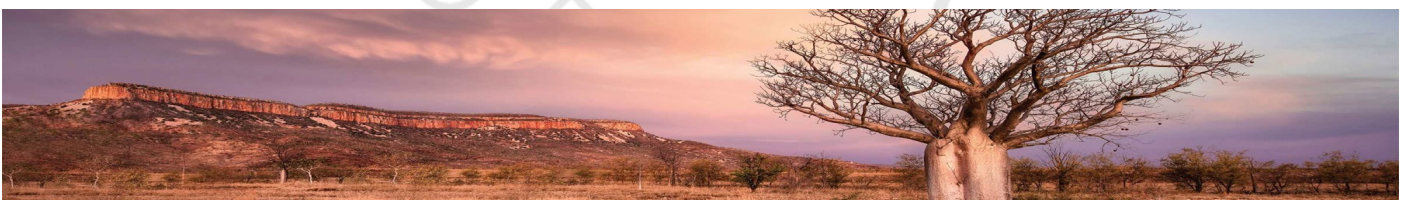
The Greenbushes Regional lithium project area has had no systematic lithium exploration, but first pass field work by Metalicity has come up a healthy number of pegmatoidal veins and greisens for chemical analysis.

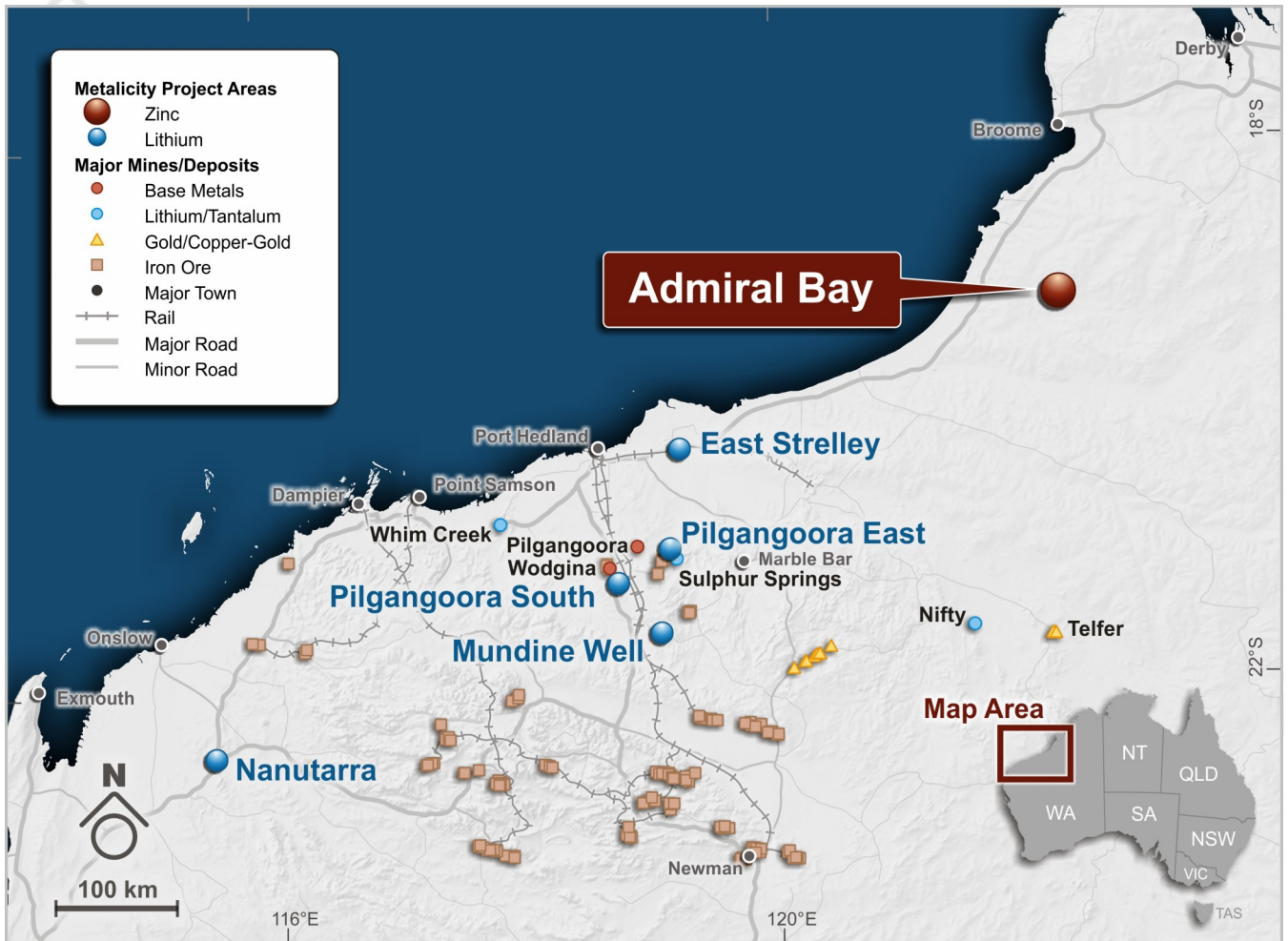
Phase-2 exploraton has begun with follow up soil sampling and airborne geophysics that may include hyperspectral data over the project to help define further detailed exploration programs.

"We figure there are about 50 companies in the lithium exploration/development space we are in and believe we are among the front runners," Gauci said.

"We've got the largest specific lithium landholding in Western Australia in probably the best lithium neighbourhood.

"All of which is not bad for a company that listed in October last year."





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