

QUARTERLY REPORT

ASX RELEASE
30 April 2018

for the period ended 31 March 2018

HIGHLIGHTS

Urquhart Bauxite Project construction-ready pending receipt of final haul road access approval¹

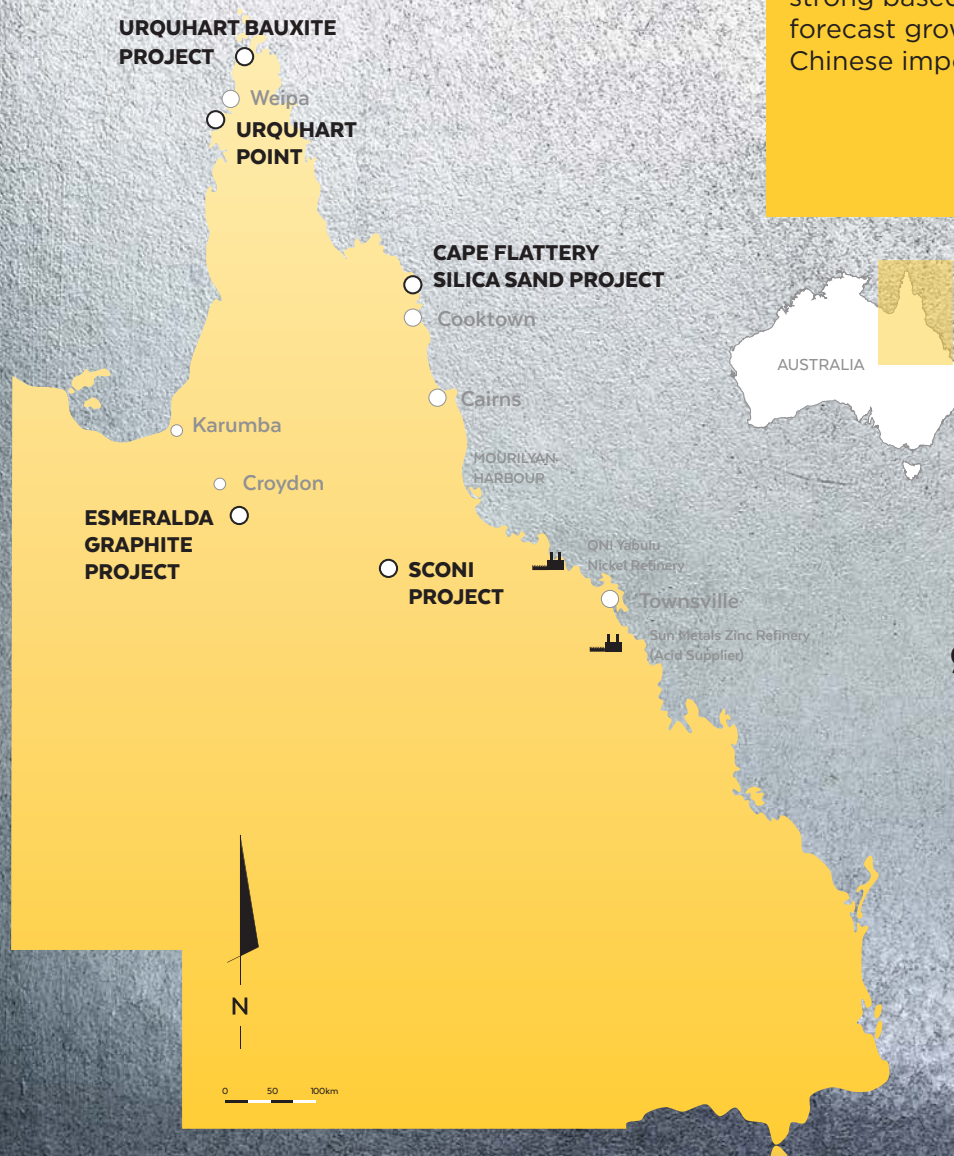
Development fully funded-\$6.68 million in cash available at quarter end and \$2 million undrawn credit facility²

Strategic loan secures option over Wagina bauxite project, Solomon Island³

Sales and marketing activities continue to in anticipation of production commencing at Urquhart⁴

Bauxite market outlook remains strong based on forecast growth in Chinese imports

Sampling program at Cape Flattery silica sands project defines 20-100Mt Exploration Target⁵



Metallica Minerals Limited is primarily a bauxite developer with other interests in graphite, mineral sands and silica sands.



CORPORATE INFORMATION

*as at 31 March 2018

*As at the end of the quarter, MLM's cash balance was approximately \$6,680,000**

Undrawn \$2 million stand-by credit facility

MLM to receive a further \$1.5 million AUZ shares by June 2018

ISSUED CAPITAL*

322,447,408
Ordinary Shares

38,000,102
Listed Options

1,000,000
Unlisted Options

SHAREHOLDERS*

2,288
Shareholders

Top 20 shareholders
hold 33.5%

LARGEST SHAREHOLDERS

Jien Mining Pty Ltd – 12.4%
Plan-1 Pty Ltd – 4.12%

DIRECTORS

Peter Turnbull
Non Executive Chairman

Simon Slesarewich⁶
Managing Director

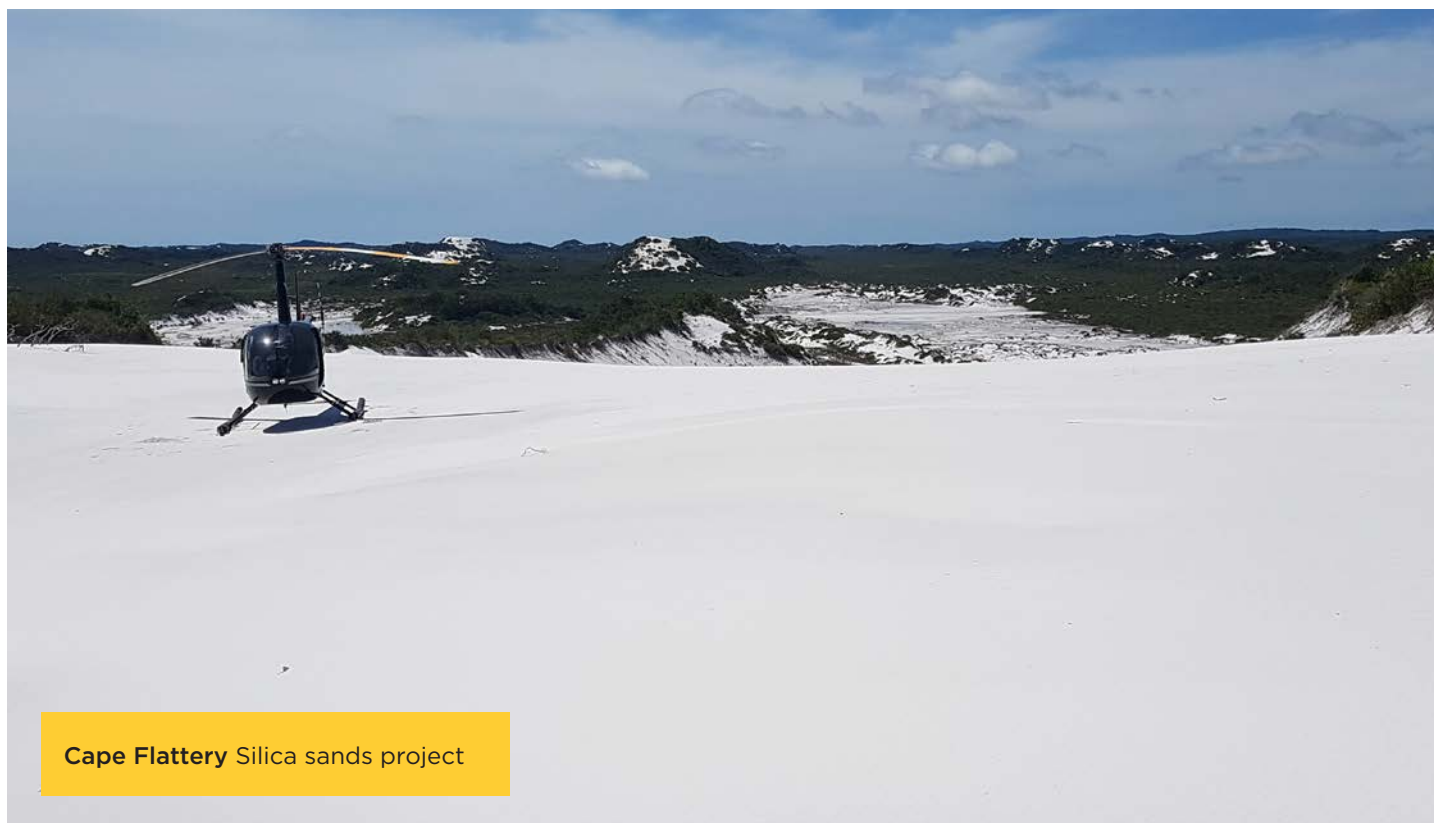
Steve Boulton
Non Executive Director

Wang Ruobing⁶
Non Executive Director

Shu Zhang⁶
Alternate Director to
Wang Ruobing

SENIOR MANAGEMENT

John Haley
CFO & Company Secretary



Cape Flattery Silica sands project

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DEVELOPMENT AND EXPLORATION

Metallica Minerals (ASX: MLM) (“Metallica”, “the Company”) is pleased to present its activities report for the quarterly period ending March 31, 2018.

URQUHART

BAUXITE MLM INTEREST 50%

Following the grant of the Urquhart Mining Lease in early January 2018 (ASX announcement 3 January 2018), the major outstanding item that is required prior to commencing development of the project near Weipa on Queensland’s Cape York is approval for access to build a haul road connecting the proposed mine with established barge loading facilities at nearby Hey Point.

As Metallica is dealing with a third party in negotiating the haul road access, it is difficult to predict exactly when it will be granted. However, the Company continued to have constructive dialogue with the third party during the reporting period. Once the haul road approval has been secured, the period to bring Urquhart into production will be just 4–6 weeks. The previously completed native title

agreement and environmental studies cover the haul road area.

Metallica is fully funded to complete development of the Urquhart bauxite project. Marketing and sales activities continued to ramp up during the March quarter and the Company remains confident that product from Urquhart will find a ready home with customers in Asia that are experienced in processing the well-known bauxite product from the Weipa region. Due to the uncertainty around finalising the haul road approval and therefore commencing production, Metallica has chosen not to finalise sales contracts at this time. This decision has been communicated to potential customers and has been taken to preserve the Company’s standing as a reliable counterparty.

BACKGROUND

The Urquhart Bauxite Project is located 5km south-west of Weipa on the west coast of the Cape York Peninsula,

a region renowned for its extensive deposits of high-quality pisolitic bauxite. The Project consists of two bauxite plateaux, known as Area A and Area B, that are wholly contained within the lease area.

Urquhart’s Mineral Resource stands at 9.5 million tonnes (Mt) grading 52.8% Al_2O_3 , with 6.9Mt being in the Measured and Indicated categories.⁷ An additional 8.5Mt of lower grade transitional material has been identified for potential beneficiation through dry screening. This material will be subject to further assessment once mining has commenced.

The Pre-feasibility Study (PFS) completed on Urquhart in December 2016 allowed for the declaration of a maiden JORC 2012 reserve of 6.5Mt grading 52.7% Al_2O_3 .⁸

The PFS, prepared by Brisbane-based consultancy IMC Mining Pty Ltd, demonstrated that the Project had the potential to deliver strong financial

Urquhart Bauxite project DSB Mineral Resource at an effective cut-off of 48% Al_2O_3

Classification	Area	Mt	$\text{Al}_2\text{O}_3\%$	$\text{SiO}_2\%$	AAI%*	RSi %**
Measured	A	3.0	54.4	11.8	43.2	5.0
Indicated	A	3.9	53.3	13.1	40.8	5.2
Inferred	A	0.3	54.2	11.3	42.0	4.7
	B	2.3	49.9	17.4	37.2	6.0
	Subtotal	2.6	50.3	16.8	37.6	5.9
Total		9.5	52.8	13.7	40.7	5.3

* AAI – Available Alumina @ 150°C

** RSi – Reactive Silica @ 150°C

DEVELOPMENT AND EXPLORATION

returns for minimal capital expenditure, utilising a model that transfers risk and capital to the contractor and maximises returns for shareholders. The contract executed with LCR Group in May 2017⁹ is in keeping with this model, with costs being in line with the assumptions made in the PFS.

A logistics solution for Urquhart has been identified, with bauxite from the Project to be shipped through existing infrastructure at the Hey Point barge loading facility. The Company continues detailed discussions with Green Coast Resources, owner of Hey Point, to finalise the operational contract that

will govern the barging and transshipping operations.

With federal and state environmental approvals granted^{10 & 11}, a mining lease in place and funding arranged, Metallica will start development as soon as haul road access has been negotiated.

Summary of 2016 PFS Results – Urquhart Bauxite project

Item	Unit	Scenario 1 (Base Case)	Scenario 2	Scenario 3
		<i>Mining Proved & Probable Reserves in Area A</i>	<i>Additional mining of Inferred resource in both Area A and Area B</i>	<i>At end of mine life, screening transitional stockpiled material</i>
Total Saleable Product	Dry kt	6,532	8,672	10,296
Total Al₂O₃	%	52.7	51.6	51.2
Total SiO₂	%	13.3	14.7	15.4
AAI	%	40.6	39.1	38.1
RSi	%	5.7	6.1	6.1
Total Revenue	A\$M	295.5	364.5	416.9
EBITDA	A\$M	81.8	82.6	90.8
NPV₁₀ Pre Tax	A\$M	78.4	78.9	86.9
NPV₁₀ Post Tax	A\$m	53.9	54.2	59.9
LOM Capital	A\$M	2.7	3.0	3.1
Avg FOB Cost***	A\$/tonne	32.72	32.51	31.67
Avg FOB Received	A\$/tonne	45.24	42.03	40.49
Payback	months	5	5	5

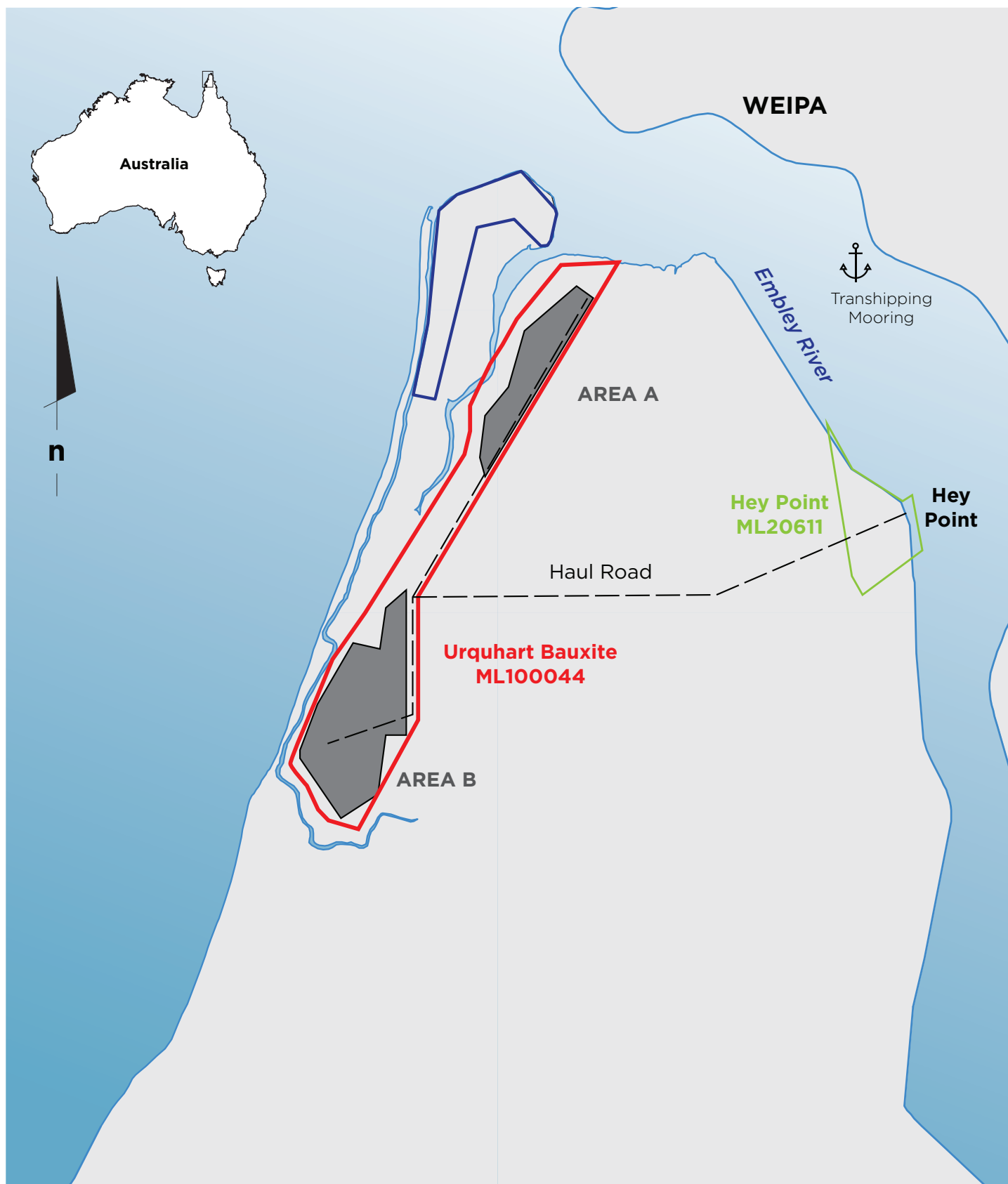
*** Includes all operating costs, royalties and other payments

Urquhart Bauxite project reserves

	Area	Direct shipping Bauxite (low Temp) Dry Kt	Al ₂ O ₃ %	SiO ₂ %	THA %	Low Temp RSi %
Proved	A	2,964	53.7	12.3	42.3	5.4
Probable	A	3,568	51.9	14.2	39.1	5.9
Ore Reserve	A	6,532	52.7	13.3	40.6	5.7

Metallica confirms all material assumptions underpinning production targets and corresponding financial information continue to apply and have not materially changes as per Listing Rule 5.19.2

URQUHART BAUXITE



DEVELOPMENT AND EXPLORATION



CAPE FLATTERY

SILICA SANDS MLM INTEREST 100%

The Cape Flattery sampling program identified three target areas with silica oxide (SiO_2) percentages of greater than 99%.⁵ These target areas form the basis for the Exploration Target developed by Metallica of 20-100Mt of high purity silica sands, with insitu quality ranging between 96.9% and 99.6% SiO_2 .

The project is located on the coast near Cape Flattery in far north Queensland and is adjacent to Mitsubishi's Cape Flattery Silica Sands mine, the world's largest silica sands mine. Silica sands are used in a range of industrial applications, including as a key glass-making ingredient.

The Company plans to develop an exploration program to establish the continuity of the mineralisation in the Exploration Target areas which are adjacent to the silica sand deposit owned by Mitsubishi.

URQUHART POINT

HEAVY MINERAL SANDS MLM INTEREST 50%

The Urquhart Point HMS project is part of the Cape York Joint Venture (JV) with private Chinese investor Ozore Resources Pty Ltd. No work was undertaken on the Urquhart Point heavy mineral sands project during the March 2018 quarter as Metallica continued to focus on progressing the Urquhart Bauxite Project towards production.



The Company is currently engaged with several potential purchasers in relation to the Urquhart Point HMS project and processing plant, which remains in storage near Brisbane, so as to potentially realise value from the asset.

CAPE YORK

REGIONAL EXPLORATION MLM INTEREST 50%

Metallica and its joint venture partner Ozore Australia Pty Ltd did not undertake any field work on regional HMS and bauxite exploration targets during the March quarter.

With the current focus on the Urquhart Bauxite Project, regional exploration is currently on hold. These tenements have a low holding cost and form part of the overall JV interest with the potential to deliver value in the future.

ESMERALDA

GRAPHITE MLM INTEREST 100%

No meaningful exploration work was undertaken on the Esmerelda graphite project during the March quarter. Metallica intends to incrementally progress the project while continuing to focus on its strategy to become a significant bauxite producer. This project has a low holding cost and has the potential to deliver value in the future.

BAUXITE MARKET COMMENTARY

Metallica continues to be encouraged by the outlook for the global bauxite market, as forecast by industry research firm **CM Group**. According to CM, an additional 25–30Mt per annum of alumina refining capacity will potentially be built in China or by Chinese groups in other parts of the world over the next five to seven years. This would be anticipated to translate into demand for an extra 60–75Mt of bauxite per annum resulting in a total seaborne trade of 150Mt per annum of bauxite. Forecasts suggest that around 60% of the new demand out of China would be met by imported bauxite.

Early signs of a significant change in the profile of China's domestic bauxite industry are emerging, which could see imported bauxite volumes increase further over these figures by 2022.

A significant increase in Chinese bauxite import activity is likely to become apparent over the next 18–24 months, as the effects of declining ore grades within the domestic industry and the government's crackdown on illegal and environmentally harmful mining operations are felt.



CORPORATE

STRATEGIC LOAN TO BAUXITE DEVELOPER

Subsequent to the end of the quarter, Metallica announced it had entered into a secured loan agreement with South West Pacific Bauxite (HK) Ltd (SWPB), 75% owner of the advanced Wagina bauxite project in the Solomon Islands³.

Under the agreement, Metallica has been granted an option to carry out exclusive due diligence on Wagina with a view to ultimately completing a transaction involving the project in exchange for providing a loan of \$120,000 to SWPB. The loan carries a term of 12 months and an interest rate of 15%, while exclusivity extends for the period the loan is outstanding.

As has been communicated clearly to the market, Metallica has been assessing growth options that will enable it to increase its production profile towards the previously stated target of 5-7Mt of bauxite per annum which would represent up to 6% of the global seaborne bauxite traded. Wagina appears to fit the criteria set by the Company that being: advanced, long-life and low cost with the potential to create significant shareholder value.

If a transaction is completed, the Wagina project has the potential to add material production capacity and build out the Company's growth pipeline to greater than 10 years.

The outcome of the due diligence process is expected to be announced later this year. Metallica intends to continue to assess additional and alternative growth options through the lens of establishing a significant, sustainable cash flows and significantly increasing the size and value of the Company.

ISSUED CAPITAL

As at 31 March 2018, Metallica had 322,447,408 fully paid ordinary shares, 38,000,102 listed options and 1,000,000 unlisted options on issue.

FINANCIAL UPDATE

Metallica finished the March 2018 quarter with \$6.68 million in cash and a \$2 million undrawn standby credit facility and remains fully funded to complete development of the Urquhart Bauxite Project.

Metallica will receive a further \$1.5 million in AUZ shares on the earlier of the publication of a Definitive Feasibility Study by AUZ or by 30 June 2018.¹²

JUNE 2018 QUARTER OUTLOOK

Metallica's focus for the June 2018 Quarter is to:

- Finalise negotiations with stakeholders to allow approval of the haul road linking the Urquhart Bauxite project to the established barge loading facility at Hey Point;
- Continue discussions with interested offtake partners with a view to finalising sales contracts prior to first production;
- Commence due diligence activities on Wagina bauxite project, Solomon Islands;
- Finalise the operational contract with Green Coast Resources that will govern the barging and transhipping operations; and
- Appoint a further one or two independent non-executive director/s due to retirement of Mr Wang Ruobing effective 1 May 2018.

At the end of the quarter, MLM's cash balance was \$6.68 million or \$0.020 per share.

NOTICES

COMPETENT PERSON'S STATEMENT

URQUHART BAUXITE

The Mineral Reserve estimate and Production Target estimates were undertaken by Mr Stewart Lewis, Mining Engineer, who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and the CEO of IMC Mining Pty Ltd. Mr Lewis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Lewis consents to the inclusion of this information in the form and context in which it appears in this release/report.

The Mineral Resource estimate was undertaken by Mr John Horton, Principal Geologist, who is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy and an associate at IMC Mining Pty Ltd. Mr Horton has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Horton consents to the inclusion of this information in the form and context in which it appears in this release/report.

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by John Cameron (a geologist of over 25 years experience), and a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and is a contract consultant to Metallica Minerals Ltd. Mr Cameron has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cameron consents to the inclusion of this information in the form and context in which it appears in this release/report.

CAPE FLATTERY SILICA SANDS

The information in this report that relates to the Exploration Results and Targets was undertaken by Mr Neil Mackenzie-Forbes, who is a Member of the Australian Institute of Geoscientist and is a Consulting Geologist employed by Sebrof Projects Pty Ltd. Mr Neil Mackenzie-Forbes has in excess of 20 years mining and exploration experience in Australia with major mining and junior exploration companies. Mr Mackenzie-Forbes has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Neil Mackenzie-Forbes consents to the inclusion of this information in the form and context in which it appears in this release/report.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made in this announcement contain or comprise certain forward-looking statements. Although Metallica believes that the estimates and expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in commodity prices and exchange rates and business and operational risk management. Metallica undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

FOOTNOTES

1. ASX Release dated 3 January 2018 "Mining Lease granted for Urquhart Bauxite Project"
2. ASX Release dated 10 August 2017 "\$2 million standby credit facility secured"
3. ASX Release dated 30 April 2018 "Strategic Loan to Bauxite Developer"
4. ASX Release dated 26 October 2017 "Appointment of Marketing Agent"
5. ASX Release dated 18 April 2018 "High Purity Silica Sands at Cape Flattery"
6. ASX Release dated 17 April 2018 "Board Changes"
7. ASX Release dated 14 November 2016 "Significant increase to Mineral Resource at Urquhart Bauxite"
8. ASX Release dated 30 December 2016 "Urquhart Bx PFS – incl Inferred Resource assumptions" – P4 & 5
9. ASX Release dated 22 May 2017 "Mining and Haulage Contractor appointed"
10. ASX Release dated 25 October 2016 "DEHP confirms Urquhart Bauxite will not require an EIS"
11. ASX Release dated 24 June 2016 "Commonwealth Government confirms no EIS"
12. ASX Release dated 8 December 2017 "Metallica receives \$4.5 million first tranche SCONI payment"



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SUBSIDIARY COMPANIES

NORNICO Pty Ltd ACN 065 384 045

Oresome Australia Pty Ltd ACN 071 762 484

Oresome Bauxite Pty Ltd ACN 606 362 252

Lucky Break Operations Pty Ltd ACN 126 272 580

Phoenix Lime Pty Ltd ACN 096 355 761

Greenvale Operations Pty Ltd ACN 139 136 708

Scandium Pty Ltd ACN 138 608 894

Touchstone Resources Pty Ltd ACN 126 306 018



APPENDIX 5B

Mining Exploration Entity and Oil and Gas Exploration Entity Quarterly Report

NAME OF ENTITY: Metallica Minerals Limited

ABN: 45 076 696 092

QUARTER ENDED "current quarter": 31 March 2018

Rule +5.5

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97,
01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Consolidated Statement of Cash Flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	14	46
1.2	Payments for		
	(a) exploration & evaluation	(249)	(593)
	(b) development	(128)	(627)
	(c) production		
	(d) staff costs	(128)	(440)
	(e) administration and corporate costs	(203)	(646)
1.3	Dividends received (see note 3)		
1.4	Interest received	21	52
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (provide details if material)		
1.9	Net cash from/(used in) operating activities	(673)	(2,208)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(25)	(25)
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		50
	(b) tenements (see item 10)		
	(incl GST of \$450,000—see 2.5 below)	(50)	4,850
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other—GST paid in Jan 2018 on SCONI sale	(450)	(450)
	Refund of part of office lease bond	45	45
2.6	Net cash from/(used in) investing activities	(480)	4,470

APPENDIX 5B

Consolidated Statement of Cash Flows		Current quarter \$A'000	Year to date (9 months) \$A'000
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		853
3.4	Transaction costs related to issues of shares, convertible notes or options		(93)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from/(used in) financing activities	0	760
4.	Net increase/(decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,833	3,658
4.2	Net cash from/(used in) operating activities (item 1.9 above)	(673)	(2,208)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	(480)	4,470
4.4	Net cash from/(used in) financing activities (item 3.10 above)	0	760
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	6,680	6,680
5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	530	3,700
5.2	Call deposits	6,150	4,133
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,680	7,833
		Current quarter \$A'000	
6.	Payments to directors of the entity and their associates		
6.1	Aggregate amount of payments to these parties included in item 1.2	38	
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3		
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2		

APPENDIX 5B

		Current quarter \$A'000	
7.	Payments to related entities of the entity and their associates		
7.1	Aggregate amount of payments to these parties included in item 1.2		
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3		
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2		
8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities		
8.2	Credit standby arrangements	2,000	Nil
8.3	Other (please specify)		
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Refer to ASX Release dated 10 August 2017. No additional facilities entered into or proposed.

9.	Estimated cash outflows for next quarter	\$A'000
	Note:	
9.1	Exploration and evaluation	120
9.2	Development	90
9.3	Production	
9.4	Staff costs	160
9.5	Administration and corporate costs	120
9.6	Other (provide details if material)-Computer equipment	25
9.7	Total estimated cash outflows	515

APPENDIX 5B

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		EPM 25865 EPM 25833 EPM 25834 MDL 387 MDL 515 ML 10368 ML 20549 ML 10366 ML 10342 ML 10332 ML 10324		
10.2	Interests in mining tenements and petroleum tenements acquired or increased		ML 100044 – 50% held Granted EPM 15268 – 50% held Renewal for 5 years		

COMPLIANCE STATEMENT

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.



Sign here: Company secretary

Date: 30 April 2018

Print name: John Haley

NOTES

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.