



ASX RELEASE

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URQUHART BAUXITE PROJECT UPDATE

Further to the ASX announcement on 22 February 2019, Metallica Minerals Limited (ASX: MLM), in conjunction with its Joint Venture (JV) partner, has undertaken investigations into access arrangements for a barge-loading facility (BLF) to enable export of bauxite from the Urquhart JV Project.

These investigations have included negotiations for a possible priority access to the barge-loading facility (BLF) owned by a third party, Green Coast Resources (GCR) at Hey Point.

Negotiations with this third-party owner of Hey Point were re-established by the new Board in mid-February this year. These negotiations have not yet resulted in a viable commercial contract that would allow the JV to practically utilise the Hey Point infrastructure during 2019.

Metallica remains open to further discussions with the third-party owner of the Hey Point facility. However, at this stage, a commercial outcome (including sufficient available capacity) to utilise Hey Point is unlikely to be successful in the immediate future.

It is disappointing that the commencement of mining operations communicated prior to the election of the new Board has been further delayed. The new Board is focussed on exporting the bauxite to market in a more secure way. The focus is on developing a logistics option that will maximise returns to shareholders, minimise reliance on third parties and thereby avoid or minimise complications that could threaten the performance of the Urquhart Bauxite Project.

Metallica and its JV partner are now continuing to investigate recently identified alternative arrangements for shipping the bauxite product. Positive initial progress is being made on studies and designs for building a new BLF that would be controlled by the JV parties and is likely to significantly reduce operating and shipping costs, thus potentially offsetting higher up-front capital and time delays.

The results of these new studies will become available and be released to the ASX in Q3 2019. Once a commercial and permitted development pathway has been confidently shown to be viable, it is estimated that production utilising one of these alternative BLF options (controlled 100% by the JV) would not commence prior to the conclusion of calendar 2020.

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