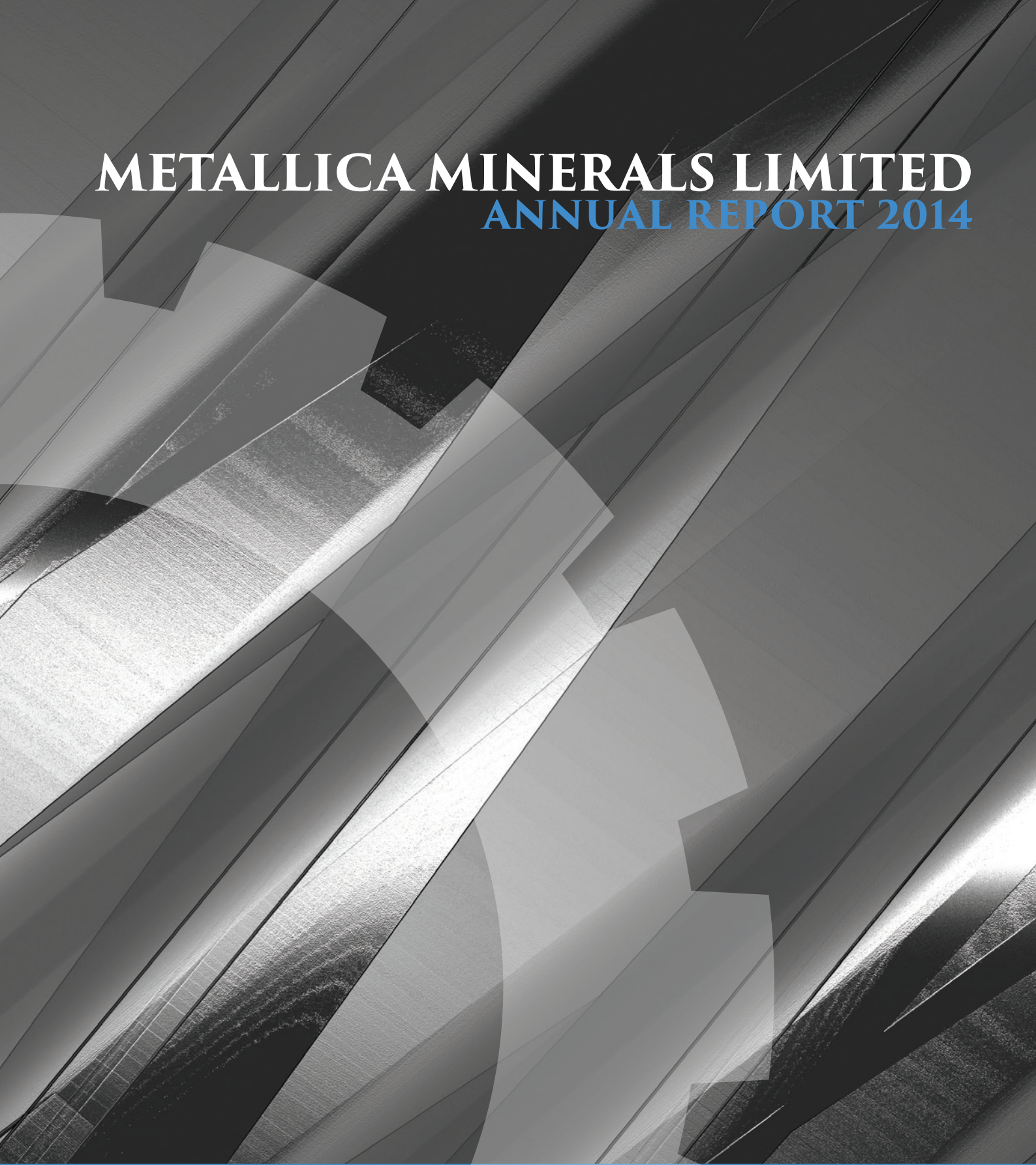
METALLICA MINERALS LIMITED

ANNUAL REPORT 2014



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CORPORATE DIRECTORY

DIRECTORS

Mr David K Barwick (Chairman)
Mr Andrew Gillies (Managing Director)
Dr Shu Wu (Non-Executive Director)
Dr Shu Zhang (Alternate Director to Dr Shu Wu)
Mr Barry Casson (Non Executive Director)

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr John Haley

CAPE YORK HMS & BAUXITE JV PROJECT MANAGER

Mr Stewart Hagan

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STOCK EXCHANGE LISTING

ASX: **MLM**

AUSTRALIAN BUSINESS NUMBER

ABN: 45 076 696 092

SUBSIDIARY COMPANIES

NORNICO Pty Ltd | ACN 065 384 045
Oresome Australia Pty Ltd | ACN 071 762 484
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

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2014 Achievements

- Signed Joint Venture agreement for A$7.5M for the development of Urquhart Point Heavy Mineral Sands (HMS) Project, and to progress the Cape York regional HMS and bauxite exploration
- Significant bauxite areas identified within the Company's Extensive Cape York tenements
- Positive Feasibility Study completed for Urquhart Point HMS Project
- Urquhart Point HMS resource upgraded
- Major discovery of regional T16 zircon-rich HMS mineralisation -160km North of Urquhart Point
- R & D refund of $3.5M received
- Ni-Co-Sc JORC Resource upgraded at SCONI project located NW of Townsville
- Granted mining leases for Urquhart Point and the SCONI - Lucknow, Kokomo and Bell Creek projects
- Completed corporate raising of $500,000 through Taylor Collison, Sydney

2015 Goals

- Move to maiden zircon-rutile HM concentrate production through development of Urquhart Point HMS Project by mid 2015
- Commence by end of October 2014, regional exploration drilling for Cape York bauxite and HMS
- Further drilling on priority bauxite and HMS areas to further define significant mineralisation
- Advance permitting of Cape York bauxite and regional HMS deposits (subject to favourable exploration results) towards development and mining tenure
- Progress negotiations for joint venture partnership for the SCONI nickel-cobalt-scandium project near Townsville

CHAIRMAN & MD'S LETTER

DAVID BARWICK & ANDREW GILLIES

THE TRANSITION FROM EXPLORER TO DEVELOPER TO BECOMING A PRODUCER

Your company has commenced the 2014-15 financial year, with, for the first time after 10 years of exploration and project evaluation, momentum combined with recently completed project funding for a firm horizon to move to our maiden production by mid next year, through the establishment of a new heavy mineral sands (HMS) operation at Urquhart Point near Weipa on the west coast of Queensland's Cape York Peninsula.

The fact that this transition from explorer to developer to producer – a benchmark conventionally employed by equities markets to warrant a reassessment and potential re-rating of a resource-based listed company, is in all ways due to the achievements of the 12 months to the June 30 balance date this year – the period under review.

During the year Metallica has largely completed its permitting towards securing the majority of its core mineral resources within granted mining tenure and the provision of funding of its Urquhart Point HMS and Bauxite Project. In October 2013, our maiden regional exploration drill program resulted in a highly significant zircon rich HMS discovery at T16 160km north of Urquhart Point.

That our first production will come from HMS and not from the source of our more primary focus in nickel, scandium and cobalt, underpins the value of the strategy implemented by Metallica and adhered to, since its listing on the ASX.

This strategy was to evolve and maintain our "diversified" minerals asset base, to allow the Company to optimise value for shareholders, by taking advantage of achievable windows of opportunity in the highs and lows across a number of commodities, not just an "all eggs in one basket" strategy that are the lifeblood and history of resource development and mining in Australia. It is a strategy that has not yet been fully rated by the market.

However, in the wake of firstly the GFC impacts and the subsequent 2013-2014 easing across the board of Australia's mining boom, particularly in bulk commodities and the subsequent flight of capital from the junior resources sector – the strategy has delivered you, our shareholders, not only an insurance against remaining as a junior explorer (with little hope of raising capital and growing projects), but the opportunity to make the transition out of this space and into becoming one of Australia's newest miners, albeit modest size, along with considerable and diversified upside.

The Operations summary which follows this overview contains a summary of individual project progress over the reporting period. Despite challenging market conditions, our company has made considerable advances and we invite you to read these summaries.

It became very clear before the opening of 2013-2014 that positive market sentiment towards juniors had all but vanished – taking with it any real chance to maintain any exploration integrity and impetus, generally regardless of commodity type, let alone attract project funding joint venture partners and key offtake agreements. This was despite the advanced profile we had achieved with progress to date on the SCONI – Nickel (Ni), Cobalt (Co) and Scandium (Sc) Project.

Therefore, in the six months to 31 December 2013, your Board took immediate and robust action to constrain costs, reduce employee numbers, minimise any project expenditure unable to deliver achievable short-term value, preserve cash and re-assess our asset portfolio to adjust project priorities and opportunities in line with the expected dismal market sentiment for the junior exploration and resource sector – and if need be, take a new direction with our existing assets – not some new external venture.

Within this challenging period in which we were forced to adapt, we did, however, maintain the integrity of the core project team which had delivered our project success to date. This is fundamental to our emergence as a miner and the pace at which we can ultimately bring on our other resource projects as markets improve.

This period of adjustment included recognising that the unique (yet uncertain) scandium component of our SCONI project in Queensland was unlikely to attract (in the near-term), an immediate but capable JV development partner and financier. This takes time and business confidence.

This market-driven project reshaping also recognised the firming and sustained nickel price environment over calendar 2014 – a more positive outlook – in part due to the Indonesian ban on its raw nickel laterite ore exports (the same as bauxite exports) – warranted a repositioning of the nickel mineralisation within Tri-metal SCONI as a higher priority focus.

We remain heartened by the overseas interest in SCONI's scandium profile, but our market assessment is that it is less likely to solely crystallise as a scandium operation in the near-term, but will more likely become a Nickel-Cobalt-Scandium project. In the medium and long term we maintain that the size and growth of the potential global scandium market cannot be underestimated.

Our forward focus for SCONI will, therefore, be its nickel appeal (with scandium and cobalt co-products) – coincidentally, the cause for our original optimism for this particular project prior to the successful multi-levels of resource inventory drilling with which delivered us whole-of-site development options for all of its nickel, cobalt and scandium resources.

As we moved through the opening months of calendar 2014, Metallica's multi-mineral portfolio and opening opportunities in new mineral sands and bauxite supply, attracted to the Company, a private Chinese investor.

The negotiations with this JV partner eventually delivered a two tiered outcome – full funding to get the Urquhart Point HMS Project into production by mid-2015, with initial development work already underway, with full commitment to construction only subject to satisfactory off-take and final JV sign-off. In addition, JV funding has been allocated to enhance and accelerate exploration and drilling programs on our highly significant HMS (notably the zircon rich T16 HMS deposit) and bauxite discovery, along a 300km coastal belt and within our 2,500km^2 of prospective tenements.

This work coincides with emerging opportunities for China to increase its bauxite imports and replace Indonesian bauxite (until recently supplying approximately three quarters of China's bauxite imports) by supplying Cape York bauxite, which is very favourably placed to provide a direct north south shipping route to this key market.

If there is any testament to the value of our strategy, it was pleasing to note in the closing period of the year and the opening weeks of the new financial year, there was a substantial lift in Metallica's on-market share price.

The decision to elevate our nickel projects was also validated post balance date with Metallica entering into a minimum $650,000 nickel ore sales Agreement with a privately-owned Queensland company to allow the mining and extraction of nickel ore from the non-core Dingo Dam Mining Lease, part of our Lucky Break nickel project, southeast of SCONI – a further short-medium revenue stream enhancement.

From the Chairman's view, your Company has been well served through this very difficult year, by a very focused and disciplined management team, led by Managing Director, Mr Andrew Gillies and supported by the Board.

Your Board and all shareholders are indebted to their efforts, in not just delivering a measureable outcome in a new mineral discovery (i.e. T16) and in the permitting, evaluation, feasibility, funding and development planning for our first greenfields mining venture, but a genuine platform on which to now build related and additional business streams.

We thank you for your patience and invite you to now enjoy the clarity and purposefulness of our exciting year ahead.

DAVID K BARWICK
Chairman

ANDREW GILLIES
Managing Director

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CAPE YORK
HMS AND BAUXITE PROJECT

> FOUR SEPARATE PROJECT COMPONENTS
> MAJOR HMS & BAUXITE EXPLORATION UPSIDE
> MANY REGIONAL TARGETS IDENTIFIED
> WEIPA REGION, FAR NORTH QUEENSLAND

AREA	2,500km^2 exploration tenements
COMMODITY	Heavy Mineral Sands (zircon, rutile and ilmenite) and Bauxite
HOLDING	MLM 50% JV, with private Chinese investor, Ozore Pty Ltd earning 50%

The Cape York Heavy Mineral Sands (HMS) and Bauxite (Bx) Project is located on the west coast of Queensland's Cape York, and will be held 50% by Metallica Minerals' wholly owned subsidiary, Oresome Australia Pty Ltd, and a 50% interest being earnt by a private Chinese investor, Ozore Pty Ltd, pursuant to the Cape York HMS and Bauxite Joint Venture entered into in August this year.

In accordance with the Joint Venture Agreement, Ozore is to provide A$7.5M (of which $4.1 have been received) to develop the Urquhart Point Project, and to explore other tenements held within the Cape York region. The funds are sufficient to fully finance the construction and commissioning of the Urquhart Point Mineral Sands Project by mid next year.

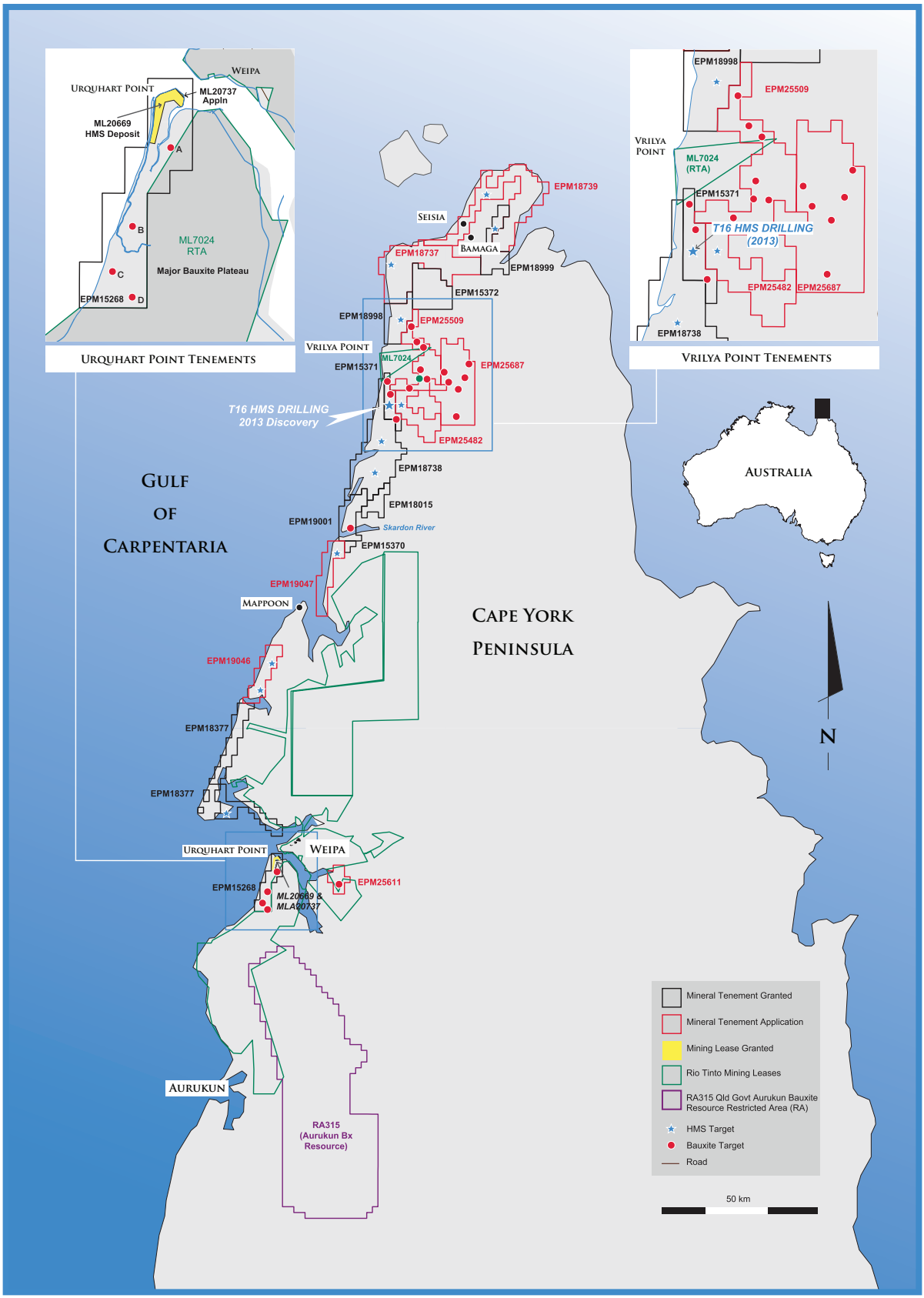
This will complete the transition for Metallica from being an explorer and developer to an operational status, delivering our first mining operation revenue – plus greatly assist with funding further Cape York regional exploration.

The JV Project has been broken down into four separate project components:

- Urquhart Point HMS Project
- Urquhart Point Bauxite Exploration Project
- Regional HMS Exploration
- Regional Bauxite Exploration

Looking east above the Urquhart Point ML & proposed HMS mining area across the Embley River Weipa Port and Township.

FIGURE 1: CAPE YORK HMS AND BAUXITE PROJECT



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URQUHART POINT
HMS PROJECT

The Urquhart Point HMS Project is located 3km south west of Weipa. The JV is planning on developing a simple dry mining (<3m depth) and wet sand mineral processing using standard gravity (spiral concentrators) HMS separation and concentration operation.

The mineral processing essentially involves the separation of the heavy minerals (>4 specific gravity (SG) density) including zircon-titanium minerals and iron oxide minerals of the sand which averages approximately 6-10% of the HMS reserve from the lighter (<3 SG) quartz and calcareous sands (i.e. normally averaging >90% HMS). No chemicals are required for HMS processing or HM concentration.

The HMS processing rate is proposed to be approximately 100 tonnes per hour (~240,000 tonnes per year) to produce HM concentrate over a 5 year mining and processing life.

During the year IMC Mining Pty Ltd (IMC) completed a positive Feasibility Study on the project. The Feasibility Study results were as follows:

- Supports economics for a 5 year mine life based on current Ore Reserves. Required Urquhart Point project capital is approximately AU$6.5M with a one year payback period from the start of operations.
- Simple shallow (<3m) dry HMS mining (240,000 ore tonnes per year)
- Conventional wet gravity separation plant operation (using spiral concentration with no chemicals required) to produce a heavy mineral concentrate (HMC) product for sale.

Key financial metrics are summarised in the table below, and provides a sound basis on which to proceed with the project financing and development.

A MAIDEN ORE RESERVE ESTIMATE & A POSITIVE FEASIBILITY STUDY HAVE BEEN COMPLETED

Key Financial Metrics

Parameter	Quantity
NPV10%	AU$4.9M
IRR	69%
Mine life	4.9 years
CAPEX estimate	AU$6.5M
Undiscounted cash-flow (after CAPEX)	AU$7.3M

IMC also completed a maiden ore reserve estimate (see Resource & Reserves Tables, page 24-25). The ore reserve has been estimated by taking into account the relevant modifying factors including environmental buffers, mining lease boundaries, ore loss and dilution and cut-off grade (COG) estimates.

The Ore Reserves estimates used a zircon equivalent COG of 0.90% taking into account the three saleable minerals; being zircon (Zr), rutile (TiO_2) and Ilmenite ($FeTiO_3$).

The Urquhart Point HMS Project is now being developed with Consulmet Pty Ltd as preferred engineers, subject to satisfactory off-take and final JV sign-off. The project is targeted to be in production by mid-2015.

Cape York HMS & Bauxite JV Project Manager Stewart Hagan

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URQUHART POINT
BAUXITE PROJECT

In May 2014, Metallica Minerals completed a first pass reconnaissance sampling over mapped bauxite on EPM15268 at Urquhart Point. The bauxite plateau covers 8km^2 adjoining Rio Tinto Aluminium's (RTA) large South of Embley Project mining leases.

The program consisted of 18 shallow hand auger holes over four laterite plateau areas (Area A, B, C & D) and intersected significant and good quality bauxite at Area A and B (see Figure 2).

The best hole recorded a screen (>1.2mm) analysis of 57% total Al_2O_3 and 6% total SiO_2, which is high quality and strongly indicates potential for Direct Shipping Ore (DSO) bauxite from nearby proposed Urquhart Point HM concentrate barge sites.

The four plateau areas represent extensions and outliers of a major bauxite plateau within the adjacent large Rio Tinto mining lease.

Most promising is Area B which lies approximately 6km south of the existing Urquhart Point HMS ML (refer to ASX Release Maiden Ore Reserve and Positive Feasibility Study for Urquhart Point HMS project, dated 24 June 2014).

At Area B, eight shallow hand auger holes were drilled to either blade refusal or a maximum depth of 3.4m (limit of auger drill capacity) at a nominal 600m spacing. The auger samples were wet screened at ALS laboratories in Brisbane to remove the fine fraction (<1.2mm) and analysed for total oxides. The best results from 8 holes recorded 57% total Al_2O_3 and 6% total SiO_2.

Area A is located adjacent to the boundary of the RTA ML covering an extensive bauxite plateau (see Figure 1, page 7). Area A was tested with two auger holes. Augur hole (AA1) assayed 53% Al_2O_3 and 12.2% SiO_2 in the interval from 2.25-2.75m ending in bauxite.

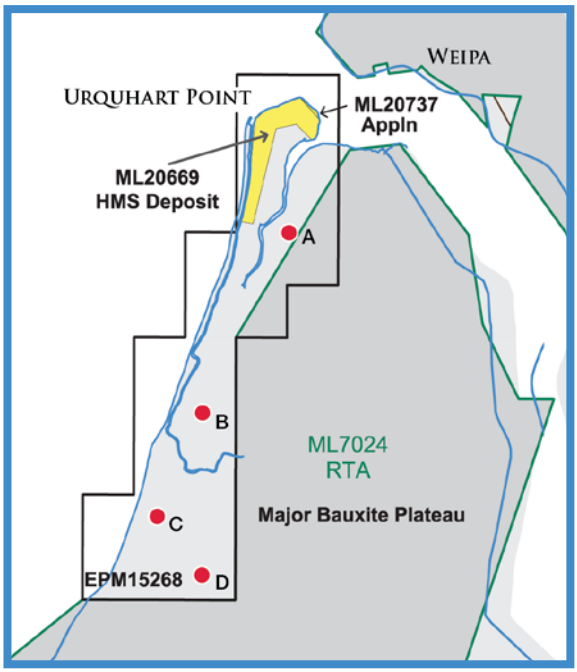
Mapping and sampling of Area A and Area B indicates that bauxite mineralisation on the two plateaux extends over a total Exploration Target* area of approximately 8km^2 within which, there is an Exploration Target* of 5-10Mt of bauxite mineralisation. For further information refer to ASX Release dated 11 July 2014.

It is the Company and Joint Venture's intention for further drilling be completed, with Joint Venture funds starting in October 2014.

With any exploration success in converting these bauxite exploration targets into significant bauxite mineralisation or resources, it is technically achievable to establish a simple, modest-size bauxite mining and trucking operation to the Urquhart Point barge site for periodic ship loading.

***EXPLORATION TARGET**
The potential quantity and grade of the bauxite deposits are conceptual in nature. There is insufficient information at this time to define a mineral resource and there is no certainty that further exploration will result in the determination of a mineral resource in these areas.

FIGURE 2: URQUHART POINT BAUXITE TARGETS




Urquart Point auger drilled bauxite sample

CAPE YORK
REGIONAL EXPLORATION

HMS EXPLORATION

In November 2013, Metallica announced the discovery of significant new zircon rich HMS mineralisation on its regional exploration target called T16. The tenement is located approximately 160km north of the Urquhart Point HMS Project.

This discovery was made during the Company's first regional reconnaissance drilling program on EPM 13571. This tenement is only one of 15 regional tenements held by Metallica Minerals, through the newly established Joint Venture.

First pass auger drilling on T16 was aimed at defining the surface mineralisation identified previously by Metallica from a helicopter reconnaissance surface sample which recorded 2.9% HM, comprising 54% zircon and 35% titanium minerals.

The drilled area (of which all 35 holes intersected significant HMS mineralisation) is only a small portion of the T16 target area and this in turn, is only a small portion of the regional HMS prospective zone. In essence, there is excellent potential for additional and potentially major HMS discoveries. Up until late 2013, Urquhart Point was the only known HMS deposit in the whole Cape York, which just seems incredulous as it's right beside the town of Weipa where they mined bauxite and there's a huge amount of sand up there, over 300km of coastline.

FURTHER DRILLING WILL BE UNDERTAKEN IN OCTOBER-NOVEMBER 2014 TO FURTHER DEFINE AND EXPAND THE EXTENT OF THE HM MINERALISATION AT THE HIGH PRIORITY T16 PROSPECT AND OTHER REGIONAL TARGET AREAS.

BAUXITE EXPLORATION

Metallica completed a detailed review of its extensive Cape York tenement portfolio with the view to ascertaining its potential to host significant bauxite deposits in addition to the highly prospective Heavy Mineral Sands project and targets.

Significant areas of coastal bauxite were identified, particularly around Urquhart Point (see Urquhart Point Bauxite Project) and in the Vrilya area (see Figure 1).

The target areas south and east of Vrilya Point (~160km North of Weipa) on EPM15371 and EPM25509 respectfully, are characterised by low lying, partly dissected and undulating laterite plateaus.

Recent data compilation and desk-top studies have outlined eight prospective plateau zones within the Oresome tenements where previous exploration drilling encountered bauxite intervals grading in excess of 40% Al_2O_3.

The Vrilya East tenement (EPMA 25687) includes a 210km^2 area of dissected aluminous laterite plateaus portions upon which previous company exploration reconnaissance was completed in the 1970s & 1980s.

Initial combined bauxite Exploration Target* across all Metallica's Regional Cape York tenements is in the range of 42Mt -128Mt (see Table on page 31) For further information see ASX Release dated 11 July 2014.

Metallica believes the outlook for bauxite is excellent, especially given the Indonesian export ban (the major bauxite supplier to China) and Indian bauxite export tax increases – see page 32-33 for further information on bauxite markets.

***EXPLORATION TARGET**
The potential quantity and grade of the bauxite deposits are conceptual in nature. There is insufficient information at this time to define a mineral resource and there is no certainty that further exploration will result in the determination of a mineral resource in these areas.

A local contractor's barge, traveling via the deep protected water shipping channel adjacent to the Urquhart Point mining lease, about to unload a drilling rig and other equipment on the beach at Urquhart Point. Similar barges can be used in the future for barging HMS concentrate and potentially bauxite for transshipment to a nearby ship.

Large Vrilya East tenement area covering extensive bauxite laterite plateaus

SCONI PROJECT

NICKEL - COBALT - SCANDIUM

> TRI-METAL PROJECT - Ni-Co-Sc
> JORC RESOURCE BASE 89Mt @ 0.58% Ni, 0.06% Co, 48g/t Sc
> TECHNOLOGY TO PRODUCE HIGH PURITY SCANDIA
> GREENVALE REGION, NORTH QUEENSLAND

AREA	6,300 Ha Mining Leases & Applications
COMMODITY	Nickel, Cobalt and Scandium
HOLDING	MLM 100%

The SCONI nickel-cobalt-scandium Tri-Metal Project is located less than 3 hours' drive Northwest of Townsville, Queensland. The SCONI project consists of five deposits, Greenvale, Lucknow, Bell Creek, Minnamoolka and Kokomo, with Granted Mining Leases covering all key deposits except Greenvale, which is still being progressed towards grant (see Figure 3).

In October 2013, the Ni-Co & Sc Mineral Resources were upgraded and reported according to the guidelines of the JORC Code 2012 (see Resource Tables, pages 24-30). It was then Metallica's intention to move from Pre-Feasibility into Definitive Feasibility Study (DFS) stage. Unfortunately, due to deteriorating equity and commodity market conditions, the DFS has been deferred until such time as the Study can be fully funded.

Internal desktop and conceptual scoping studies were undertaken for a smaller operation focused on the Lucknow high-grade scandium ores to produce 20tpa high purity Scandia. This was undertaken as part of the Company's discussions with interested end user offtake partners

The Lucknow, Kokomo and Bell Creek consolidated Mining Leases were granted during the reporting period along with further rationalisation and minimising of existing exploration tenements to conserve funds and to only focus on the deposits most likely considered for future development.

While no significant further work has been completed on the SCONI Environmental Impact Study (EIS) for the Greenvale Mining Lease application, the necessary tasks have been largely completed to allow for the EIS to be finalised once market conditions improve.

The SCONI project is a unique opportunity that requires strategic partners to fully implement a new and exciting critical metals market – scandium – although current commodities trends, which have seen a firmer and sustained nickel price over calendar 2014, also now favour its primary development as a nickel project, with cobalt and scandium co-products.

The Company intends to continue to engage in discussions with already identified strategic partners for both nickel and scandium.

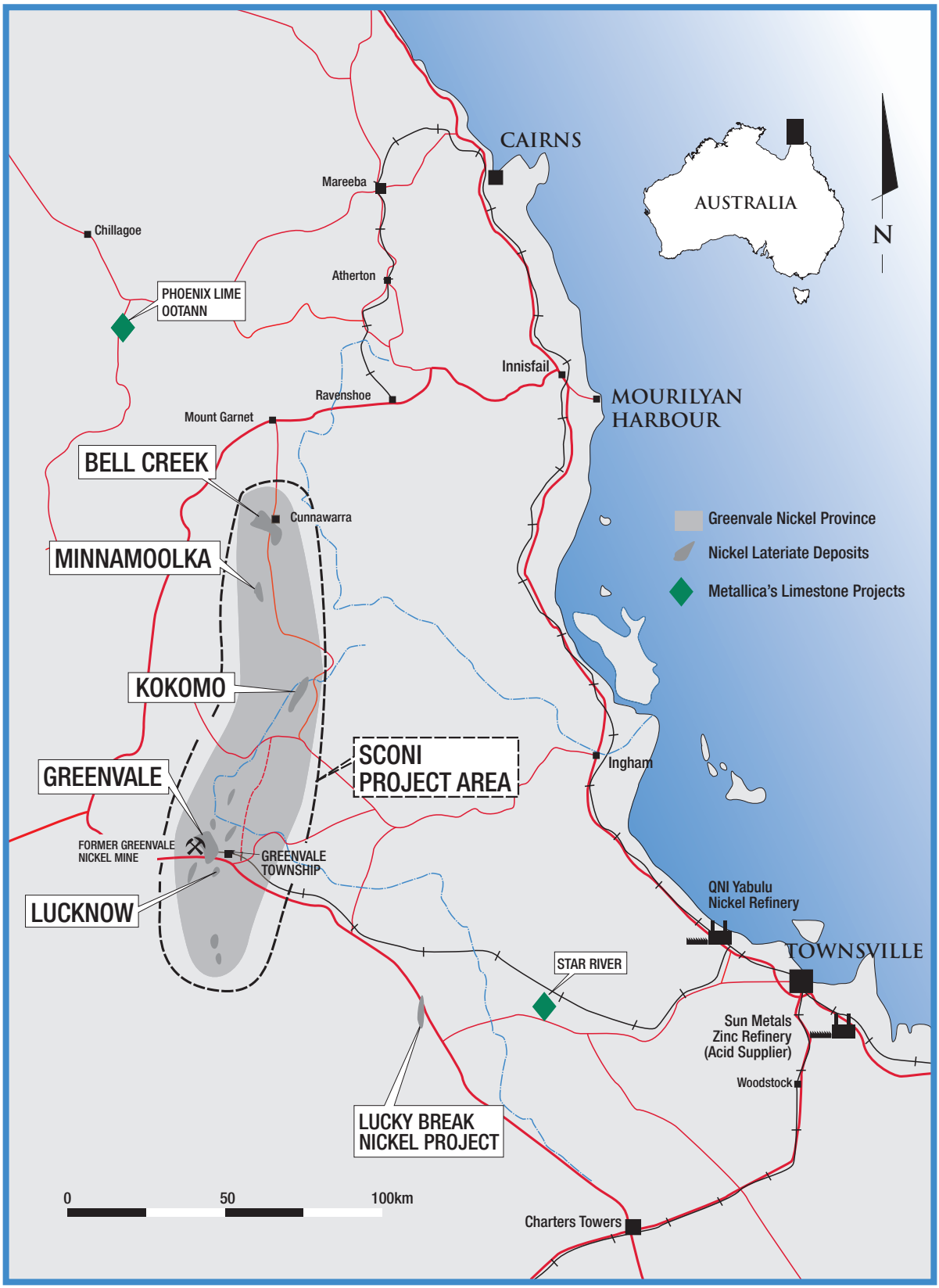
SCANDIUM MARKETING

Metallica has continued scandium marketing as the size and growth of the potential global scandium market and opportunity cannot be underestimated. The two key focus sectors of our scandium marketing have been Solid Oxide Fuel Cells (SOFCs) and Aluminium Alloy industries (particularly aerospace).

Activity on SCONI is focused on entering into additional binding off-take agreements and/or strategic alliances with world leaders in aluminium alloy and SOFC developers and end users.

Until further offtake agreements and project funding (via partnerships or joint venture) are entered into, minimum SCONI project activity is occurring. During 2014, there has been considerable encouragement for potential new scandium markets in China.

FIGURE 3: SCONI PROJECT REGIONAL SETTING



PHOENIX LIME PROJECTS

LIMESTONE - LIME

> 100% OWNED SUBSIDIARY
> FOUR LIMESTONE-LIME PROJECTS IN EASTERN QLD
> OPERATING OOTANN LIMESTONE-LIME QUARRY
> TWO LARGE DEPOSITS NEAR GLADSTONE

AREA	Combined Mining Lease area of 365 Ha^2 & 15km^2 exploration tenure
COMMODITY	Limestone-Lime
HOLDING	100%

Through its wholly owned subsidiary, Phoenix Lime Pty Ltd, Metallica Minerals own four high quality limestone projects in Queensland (see Figure 4).

Phoenix Lime was strategically purchased in 2006 to underpin the anticipated limestone-lime requirements for the SCONI project.

The Ootann Limestone Quarry is the only operating limestone-lime project. It covers an area of 240 hectares of Mining Leases which contain large, high grade limestone deposits. Ootann is located 275km via road from the proposed future SCONI processing site at Greenvale.

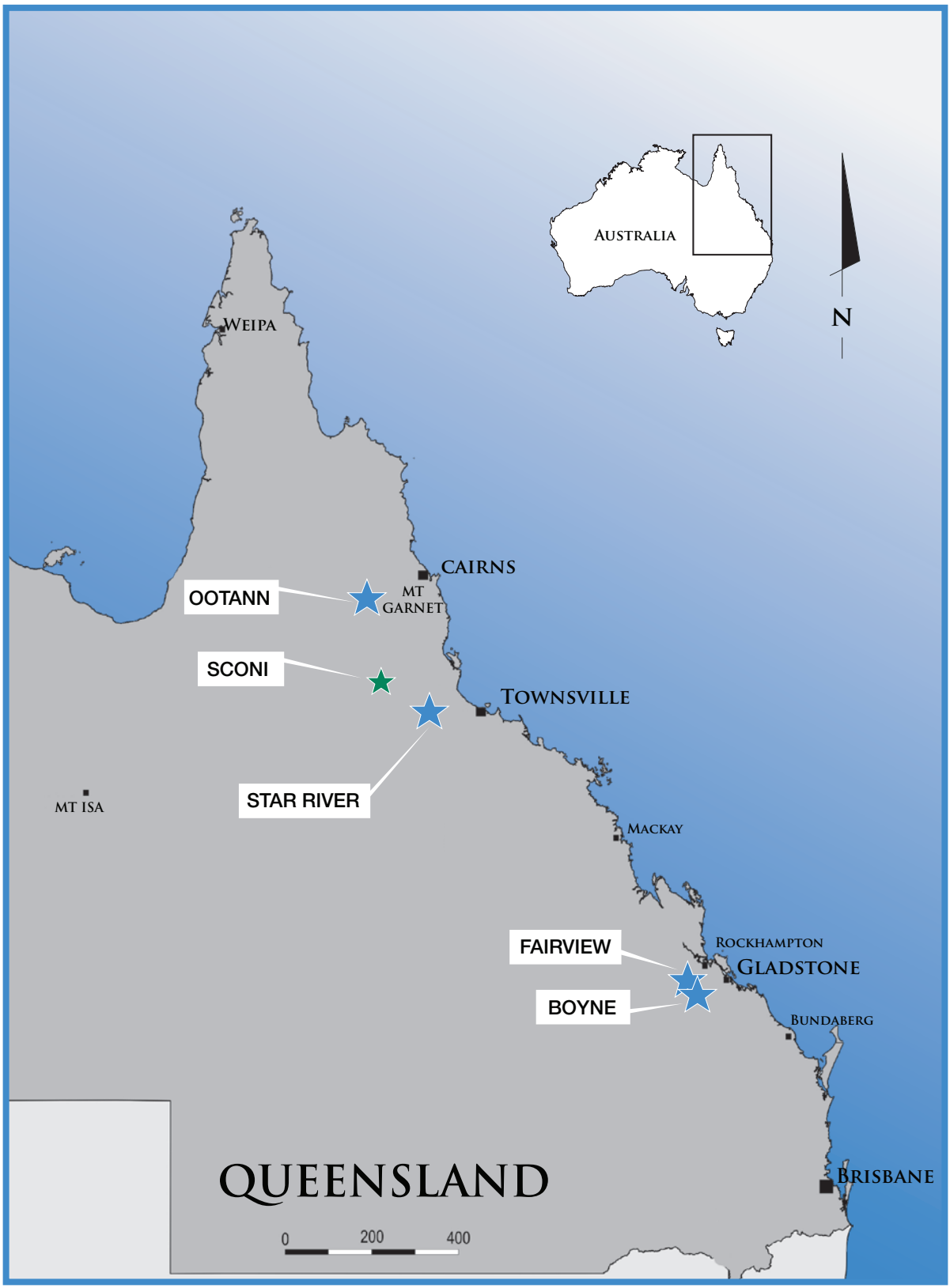
Ootann is operating at modest levels of production and is currently manufacturing crushed rock and limestone products for sale into the local region.

The Company's Star River limestone deposits are also located conveniently within a granted Mining Lease, 130km via road from SCONI, providing a further limestone resource for SCONI.

The Fairview and Boyne limestone projects are located close to the industrial market of Gladstone and can be developed as opportunities to supply lime and limestone in the local market arise.

Ootann Limestone Quarry

FIGURE 4: LIMESTONE PROJECTS



DIRECTOR PROFILES

DAVID K BARWICK
NON-EXECUTIVE CHAIRMAN

In his capacity as Chairman, Managing Director and or President, Mr Barwick has played a significant role in successfully funding and bringing into production, four mining projects throughout his career in both Australia and Canada and has been Chairman of more than 30 public listed companies.

He has considerable expertise in the restructure and financing of entities. An accountant by profession, Mr Barwick has over 40 years experience in the management and administration of publicly listed companies in both Australia and North America. As a director, he has used his strong skills in strategic planning to successfully restructure these and give them a solid financial base from which to operate.

He has experience in preparing prospectuses and ensuring companies meet the necessary compliance standards for listing on both the Australian and Canadian Securities Exchanges.

In addition to being Chairman of Metallica Minerals, David is also Chairman of Jumbo Interactive Limited.

ANDREW L GILLIES
MANAGING DIRECTOR

Mr Gillies graduated from the University of Queensland in 1985 with a BSc (Geology), is a member of the Aus.I.M.M. Mr Gillies' key strength is mineral resource management and strategic planning specialising in project generation, selection and acquisition.

He has acquired a considerable database and significant knowledge of mineral deposits in Queensland. Since 1985 he has worked continuously as a geologist in the mining and exploration industry, accruing over 28 years experience across a range of commodities.

He has valuable experience in the fields of exploration, feasibility, development and open pit and underground mining of mineral deposits.

Mr Gillies was founding and Non-Executive Director of MetroCoal Limited until 30 September 2014 when Metallica sold its entire MetroCoal shareholding.

DIRECTOR PROFILES

JOHN K HALEY
COMPANY SECRETARY & CFO

Mr Haley brings over thirty years of senior corporate experience from positions in Canada and Australia to the board of Metallica Minerals. He has a diverse career in a range of industries including mineral exploration and has participated as a seed capitalist in a number of mineral exploration companies. He is a Director of the Queensland Resources Council.

With extensive experience in the preparation of prospectuses, he has had significant involvement in the listing of companies in Australia and Canada.

Mr Haley has previously worked with Coopers & Lybrand and Arthur Andersen & Co in general management, financial reporting and company secretarial positions.

BARRY J CASSON
NON-EXECUTIVE DIRECTOR

Mr Casson has more than 40 years experience in accounting, finance and general management with several listed and unlisted companies, primarily in the resources industry. He has had extensive international experience in project financing and corporate transactions.

Mr Casson is a Non-executive director of Unitywater since 2013 (unlisted entity).

Barry acts as Independent Chairman of the company's Audit and Risk Committee, and the Remuneration Committee.

DIRECTOR PROFILES

DR SHU WU
NON-EXECUTIVE DIRECTOR

Dr Wu Shu is a Director of Jien Mining Pty Ltd which holds 40,099,678 shares and 12,293,220 options in Metallica Minerals Limited.

He is Chairman and Director of Jein Nickel Industry Co. Ltd listed on the Shanghai Stock Exchange, and a Director of Liberty Mines Inc. listed on the TSX, Canada.

DR SHU ZHANG
ALTERNATE NON-EXECUTIVE DIRECTOR TO DR SHU WU

Dr Shu Zhang has over 40 years' experience in mining, first as a Miner, then a Mining Engineer, and late an Executive Manager in operations and project development in companies in Australia, China, and Canada.

Dr Zhang was one of the key members who played a critical role in the successful development of Sino Gold Mining Limited.

Dr Zhang has worked for the Jilin Nickel Group since 2011, and is a director of Jilin's Canadian subsidiaries, being the unlisted Canadian Royalties Inc., and the TSX listed Northern Sun Mining Corporation.

TOP 20 SHAREHOLDERS

Rank	Name	23 Sept 2014	% Issued Capital
1	Jien Mining Pty Ltd	40,099,678	24.03%
2	Victorian Ferries Pty Ltd	17,382,860	10.42%
3	Golden Breed Pty Ltd	8,900,000	5.33%
4	Bondline Ltd	4,910,966	2.94%
5	Codan Trustees	2,500,000	1.50%
6	Asden Investments Pty Limited	2,403,274	1.44%
7	Minnelex Pty Ltd	2,294,434	1.37%
8	China Xinfa Group Corporation Ltd	1,964,386	1.18%
9	Mr Andrew Langham Gillies & Mrs Karen Gillies	1,700,000	1.02%
10	UOB Kay Hian Private Limited	1,498,537	0.90%
11	Robert John Gillies	1,342,164	0.80%
12	Althea & Richard Bond Super Pty Ltd	1,200,000	0.72%
13	Corporate Property Services Pty Ltd	1,175,000	0.70%
14	BNP Paribas Noms Pty Ltd	1,145,000	0.69%
15	Judith Emily Ruwolt	1,111,911	0.67%
16	Dr Paul Robert Messenger & Ms Mandaley Perkins	1,086,600	0.65%
17	Bond Street Custodians Ltd	1,000,000	0.60%
18	Carojon Pty Ltd	1,000,000	0.60%
19	Kimbriki Nominees Pty Ltd	1,000,000	0.60%
20	MBM Corporation Pty Ltd	1,000,000	0.60%
	Total	**94,714,810**	**56.75%**
	Balance of Register	**72,177,020**	**43.25%**
	TOTAL SHARES ON ISSUE*	**166,891,830**	**100.00%**

*as at 30 September 2014

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TENEMENT TABLES

SCONI PROJECTS NORTH & SOUTH 100% MLM

NICKEL-COBALT PROJECT - NORTH

Tenement	Project Name	Holder/Applicant	Status	Area
ML 20549	Bell Creek Consolidated	Nornico P/L	Granted	393.3 Ha
EPM 11285	Bell Creek	Nornico P/L	Granted	1 s/b
MDL 387	Minnamoolka	Nornico P/L	Granted#	652.3 Ha
MDLA 515	Bell Creek	Nornico P/L	Application	135.7 Ha

NICKEL-COBALT-SCANDIUM PROJECT - SOUTH

Tenement	Project Name	Holder/Applicant	Status	Area
ML 10366	Lucknow	Greenvale Operations P/L	Granted	268.9 Ha
EPM 11223	Dinner Creek	Greenvale Operations P/L	Granted	7 s/b
MLA 10368	Greenvale	Greenvale Operations P/L	Application	3357.9 Ha
ML 10342	Kokomo	Nornico P/L	Granted	1294.8 Ha
EPM 14066	Greenvale South	Nornico P/L	Granted	4s/b
EPM 14181	Lucky Downs	Nornico P/L	Granted	1 s/b

NOTE

All tenements 100% held unless expressed otherwise (*)
# = Renewal pending
PGE = Platinum Group Elements
HMS = Heavy Mineral Sands
EPM = Exploration Permit for Minerals
EPMA = Application for Exploration Permit for Minerals
ML = Mining Lease
MLA = Application for Mining Lease
MDL = Mineral Development Licence
MDLA = Mineral Development Licence Application
MFC = Metals Finance Ltd
P/L = Pty Ltd

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TENEMENT TABLES

LUCKY BREAK NICKEL & PHOENIX LIME PROJECTS 100% MLM

LUCKY BREAK NICKEL PROJECTS

Tenement	Project Name	Holder/Applicant	Status	Area
ML 10324	Dingo Dam	Nornico P/L	Granted	36.2 Ha
ML 10332	Lucky Break	Nornico P/L	Granted	241.7 Ha

PHOENIX LIMESTONE PROJECTS

Tenement	Project Name	Holder/Applicant	Status	Area
ML 10276	Star Rover Limestone	Phoenix Lime P/L	Granted	18.5 Ha
ML 80131	Boyne Limestone NE	Phoenix Lime P/L	Granted	54.4 Ha
ML 80132	Boyne Limestone SW	Phoenix Lime P/L	Granted	52.7 Ha
ML 4788	Crotty 1	Phoenix Lime P/L	Granted	2.0 Ha
ML 4789	Crotty 2	Phoenix Lime P/L	Granted	2.0 Ha
ML 5079	Crotty	Phoenix Lime P/L	Granted	25.9 Ha
ML 5372	Crotty 3	Phoenix Lime P/L	Granted	210 Ha
EPMA 25728	Fairview	Phoenix Lime P/L	Application	5 s/b
EPMA 25756	Fairview #1	Phoenix Lime P/L	Application	1 s/b

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TENEMENT TABLES

CAPE YORK HMS AND BAUXITE PROJECT
100% MLM, OzOre Pty Ltd earning 50%

HEAVY MINERAL SANDS AND BAUXITE

Tenement	Project Name	Holder/Applicant	Status	Area
EPM 15268	Urquhart Point	Oresome Australia P/L	Granted	23 Ha
ML 20669	Urquhart Point	Oresome Australia P/L	Granted	366.1 Ha
MLA 20737	Mbung Urquhart Point Extension	Oresome Australia P/L	Application	5.4 Ha
EPM 15370	Jackson River	Oresome Australia P/L	Granted	3 s/b
EPM 15371	Doughboy	Oresome Australia P/L	Granted	16 s/b
EPM 15372	Jardine	Oresome Australia P/L	Granted	29 s/b
EPM 18015	Jackson River # 2	Oresome Australia P/L	Granted	14 s/b
EPM 18377	Sandman #1	Oresome Australia P/L	Granted	63 s/b
EPMA 18737	Sandman #3	Oresome Australia P/L	Application	97 s/b
EPMA 18739	Sandman #4	Oresome Australia P/L	Application	98 s/b
EPM 18738	Sandman #2	Oresome Australia P/L	Granted	96 s/b
EPM 18998	Sandman #5	Oresome Australia P/L	Granted	31 s/b
EPM 18999	Sandman #7	Oresome Australia P/L	Granted	31 s/b
EPM 19001	Sandman #6	Oresome Australia P/L	Granted	28 s/b
EPMA 19046	Sandman #9	Oresome Australia P/L	Application	21 s/b
EPMA 19047	Sandman #8	Oresome Australia P/L	Application	20 s/b

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TENEMENT TABLES

CAPE YORK HMS AND BAUXITE PROJECT
100% MLM, OzOre Pty Ltd earning 50%

HEAVY MINERAL SANDS AND BAUXITE CONTINUED

Tenement	Project Name	Holder/Applicant	Status	Area
EPMA 25400	Sandman #12	Oresome Australia P/L	Application	42 s/b
EPMA 25482	Sandman #10	Oresome Australia P/L	Application	32 s/b
EPMA 25509	Sandman #11	Oresome Australia P/L	Application	46 s/b
EPMA 25611	Upper Embley	Oresome Australia P/L	Application	13 s/b
EPMA 25687	Vrilya East	Oresome Australia P/L	Application	84 s/b
EPMA 25734	Cape Flattery	Oresome Australia P/L	Application	17 s/b

NOTE

All tenements 100% held unless expressed otherwise (*) Renewal pending

PGE = Platinum Group Elements

HMS = Heavy Mineral Sands

EPM = Exploration Permit for Minerals

EPMA = Application for Exploration Permit for Minerals

ML = Mining Lease

MLA = Application for Mining Lease

MDL = Mineral Development Licence

MDLA = Mineral Development Licence Application

RESOURCE TABLES

URQUHART POINT HMS RESOURCE ESTIMATE

GLOBAL MINERAL RESOURCE – 0% HM COG

Resource Category	Tonnes (t)	HM %	HM Tonnes	OS %	Slimes %	Zircon %	Rutile %	Ilmenite %
Measured	1,945,360	6.92	134,529	13.83	1.07	10.2	12.5	12.5
Indicated	1,365,440	4.60	62,746	15.33	1.15	11.4	10.9	13.2
Total	**3,310,800**	**5.96**	**197,275**	**14.45**	**1.11**	**10.6**	**12.0**	**12.7**

MINERAL RESOURCE CONSTRAINED BY MINING LEASE & ENVIRONMENTAL BUFFERS – 0% HM COG

Resource Category	Tonnes (t)	HM %	HM t	OS %	Slimes %	Zircon %	Rutile %	Ilmenite %
Measured	1,882,960	6.57	123,716	14.17	1.07	9.7	12.0	12.4
Indicated	1,345,840	4.60	61,930	15.41	1.16	11.4	10.9	13.2
Total	**3,228,800**	**5.75**	**185,646**	**14.68**	**1.11**	**10.3**	**11.6**	**12.7**

MINERAL RESOURCE CONSTRAINED BY MINING LEASE & ENVIRONMENTAL BUFFERS – 2% HM COG

Resource Category	Tonnes (t)	HM %	HM Tonnes	OS %	Slimes %	Zircon %	Rutile %	Ilmenite %
Measured	1,781,360	6.85	122,090	12.46	1.03	9.8	12.0	12.4
Indicated	1,305,680	4.70	61,335	14.44	1.15	11.4	10.9	13.2
Total	**3,087,040**	**5.94**	**183,425**	**13.30**	**1.08**	**10.3**	**11.6**	**12.7**

COMPETENT PERSON STATEMENT

The information in this report that relates to Mineral Resources Estimation for the Urquhart Point Project is based on information compiled and reviewed by Mr Simon Coxhell. Mr Coxhell is a consultant to the Company and a member of the Australasian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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" ("JORC Code"). Mr Coxhell consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

For further information see ASX Release 20 May 2014

RESOURCE TABLES

URQUHART POINT HMS RESERVE ESTIMATE

ORE RESERVE ESTIMATE - 0.90% (ZR + 0.8 RUTILE + 0.31 IL) COG

		Head Grade						HM tonnage & Mineral Assemblage			
Ore Resource Category	Tonnes kt	HM %	OS %	Slimes %	Zr %	Rt %	Il %	HM kt	Zr % of HM	Rt % of HM	Il% of HM
Proved	967	10.6	8.1	1.0	1.2	1.4	1.4	102	11.1	13.7	12.9
Provable	210	4.8	6.7	1.2	0.9	0.6	0.7	10	17.7	13.2	14.4
Total	**1,177**	**9.5**	**7.9**	**1.0**	**1.1**	**1.3**	**1.2**	**112**	**11.7**	**13.6**	**13.1**

NOTE

1. The Ore Reserves are based on the following long term FOB prices: Zircon $1,500/t, Rutile US$1,200/t and Ilmenite US$200/t.
2. Ore Reserves are based on a Zircon Equivalent cut-off grade of 0.90%.
3. Zircon Equivalent = Zircon% + 0.8xRutile % + 0.13xIlmenite%. Recoveries used in the equivalence calculation are 98.2%, 98.0% and 95.8% for Zircon, Rutile and Ilmenite respectively.
4. The HMS Reserves have been independently estimated by consultants IMC Mining Pty Ltd.
5. For further information see ASX Release 24 June 2014.

COMPETENT PERSONS STATEMENT

The information in this report that relates to Ore Reserves is based on information compiled by François Bazin of IMC Mining Pty Ltd, a Competent Person who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy.

François Bazin has sufficient experience that is relevant to the style of mineralisation and type of deposit 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. François Bazin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. François Bazin is a consultant to Metallica Minerals Limited and Oresome Australia Pty Ltd.

RESOURCE TABLES

SCONI SOUTHERN DEPOSITS Ni-Co & Sc RESOURCE STATEMENTS

COG NICKEL EQUIVALENT = 0.7% (Ni + 1.5 Co + 0.01 Sc)

Description	Tonnes Mt	Ni %	Co %	Sc g/t	Ni Metal kt	Co Metal kt	Sc Metal t	Equivalent Sc Oxide t
KOKOMO								
Measured	2.2	0.57	0.11	80	12.2	2.5	173	265
Indicated	17.2	0.56	0.09	49	95.8	15.5	843	1,292
Inferred	10.2	0.36	0.04	59	36.7	4.5	603	924
Totals	**29.5**	**0.49**	**0.08**	**55**	**144.8**	**22.4**	**1,619**	**2,483**
GREENVALE - INSITU, DUMPS AND STOCKPILES								
Measured	5.4	0.77	0.06	39	41.6	3.3	208	319
Indicated	10.5	0.7	0.05	36	74.3	5.3	379	582
Inferred	11.5	0.42	0.03	44	48.8	4	509	781
Totals	**27.4**	**0.6**	**0.04**	**40**	**164.8**	**12.7**	**1,097**	**1,682**
LUCKNOW								
Measured	1.7	0.45	0.1	103	7.9	1.8	180	276
Indicated	10.6	0.27	0.07	128	28.5	7.2	1,357	2,081
Inferred	1.5	0.4	0.07	41	5.8	1	60	92
Totals	**13.8**	**0.31**	**0.07**	**116**	**42.2**	**10**	**1,597**	**2,449**
COMBINED SOUTHERN DEPOSITS								
Measured	9.3	0.66	0.08	60	61.7	7.6	561	860
Indicated	38.3	0.52	0.07	67	198.7	28	2,580	3,957
Inferred	23.2	0.39	0.04	51	91.4	9.6	1,172	1,797
TOTALS	**70.7**	**0.5**	**0.06**	**61**	**351.8**	**45.2**	**4,313**	**6,615**

COG NICKEL EQUIVALENT = 1.0% (Ni + 1.5 Co + 0.01 Sc)

Description	Tonnes Mt	Ni %	Co %	Sc g/t	Ni Metal kt	Co Metal kt	Sc Metal t	Equivalent Sc Oxide t
COMBINED SOUTHERN DEPOSITS								
Measured	6.2	0.79	0.1	73	48.8	6.2	451	691
Indicated	23.2	0.56	0.08	92	129.5	19.5	2,140	3,282
Inferred	6.6	0.49	0.06	67	32.9	3.9	445	682
TOTALS	**36.1**	**0.59**	**0.08**	**84**	**211.2**	**29.5**	**3,036**	**4,656**

NOTE: Variations in totals may be due to rounding factors

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RESOURCE TABLES

SCONI NORTHERN DEPOSITS Ni-Co RESOURCE STATEMENTS

COG NICKEL EQUIVALENT = 0.7% (Ni + 1.5 Co)

Description	Tonnes Mt	Ni %	Co %	Ni Metal kt	Co Metal kt
BELL CREEK SOUTH					
Measured	7.8	0.96	0.07	75.5	5.1
Indicated	0.1	0.81	0.05	1.2	0.1
Totals	**8**	**0.96**	**0.06**	**76.7**	**5.2**
BELL CREEK NORTH					
Indicated	2	0.86	0.03	16.8	0.5
Totals	**2**	**0.86**	**0.03**	**16.8**	**0.5**
BELL CREEK NORTHWEST					
Indicated	2.5	0.81	0.05	20.1	1.2
Totals	**2.5**	**0.81**	**0.05**	**20.1**	**1.2**
The Neck					
Indicated	0.4	0.84	0.03	3.5	0.1
Totals	**0.4**	**0.84**	**0.03**	**3.5**	**0.1**
MINNAMOOLKA					
Indicated	4.7	0.82	0.05	38.3	2.1
Inferred	0.9	0.78	0.04	6.7	0.3
Totals	**5.5**	**0.82**	**0.04**	**45**	**2.4**
COMBINED NORTHERN DEPOSITS					
Measured	7.8	0.96	0.07	75.5	5.1
Indicated	9.7	0.83	0.04	79.9	4
Inferred	0.9	0.78	0.04	6.7	0.3
TOTALS	**18.4**	**0.88**	**0.05**	**162.1**	**9.4**

NOTE: Variations in totals may be due to rounding factors

RESOURCE TABLES

COMBINED SCONI DEPOSITS Ni-Co & Sc RESOURCE STATEMENTS

COG NICKEL EQUIVALENT = 0.7% (Ni + 1.5 Co + 0.01 Sc)

Deposit	Tonnes Mt	Ni %	Co %	Sc g/t	Ni Metal kt	Co Metal kt	Sc Metal t	Equivalent Sc Oxide t
KOKOMO								
Total	29.5	0.49	0.08	55	144.8	22.4	1,619	2,483
GREENVALE - INSITU								
Total	16.3	0.73	0.05	38	118.8	8.9	614	941
GREENVALE - DUMPS AND STOCKPILES								
Total	11.1	0.42	0.03	44	46	3.8	483	741
LUCKNOW								
Total	13.8	0.31	0.07	116	42.2	10	1,597	2,449
COMBINED SCONI SOUTH DEPOSITS RESOURCE								
Measured	9.3	0.66	0.08	60	61.7	7.6	561	861
Indicated	38.3	0.52	0.07	67	198.7	28	2,580	3,956
Inferred	23.2	0.39	0.04	51	91.4	9.6	1,172	1,798
Totals	**70.7**	**0.5**	**0.06**	**61**	**351.8**	**45.2**	**4,313**	**6,615**
BELL CREEK SOUTH								
Totals	8	0.96	0.06	-	76.7	5.2	-	-
BELL CREEK NORTH								
Totals	2	0.86	0.03	-	16.8	0.5	-	-
BELL CREEK NORTHWEST								
Totals	2.5	0.81	0.05	-	20.1	1.2	-	-
THE NECK								
Totals	0.4	0.84	0.03	-	3.5	0.1	-	-
MINNAMOOLKA								
Totals	5.5	0.82	0.04	-	45	2.4	-	-
COMBINED SCONI NORTHERN DEPOSITS RESOURCE								
Measured	7.8	0.96	0.07	-	75.5	5.1	-	-
Indicated	9.7	0.83	0.04	-	79.9	4	-	-
Inferred	0.9	0.78	0.04	-	6.7	0.3	-	-
Totals	**18.4**	**0.88**	**0.05**	**-**	**162.1**	**9.4**	**-**	**-**
COMBINED SCONI SOUTHERN AND NORTHERN DEPOSITS RESOURCE								
Measured	17.1	0.8	0.07	33	137.3	12.7	561	861
Indicated	48	0.58	0.07	54	278.6	32	2,580	3,956
Inferred	24	0.41	0.04	49	98.1	9.9	1,172	1,798
TOTAL	**89.1**	**0.58**	**0.06**	**48**	**514**	**54.5**	**4,313**	**6,615**

NOTE
Northern deposits Sc grade is typically low (5-30 g/t Sc), therefore no Sc Resource estimated. Resultant Sc grade for combined SCONI (South and North) Project is therefore low. Variations in totals may be due to rounding factors.

RESOURCE TABLES

COMBINED SCONI DEPOSITS Ni-Co & Sc RESOURCE STATEMENTS

COG NICKEL EQUIVALENT = 1.0% (Ni + 1.5 Co + 0.01 Sc)

Deposit	Tonnes Mt	Ni %	Co %	Sc g/t	Ni Metal kt	Co Metal kt	Sc Metal t	Sc Oxide t
KOKOMO								
Total	13.9	0.56	0.1	80	77.4	14.2	1,108	1,699
GREENVALE - INSITU								
Total	9.5	0.95	0.07	39	90.3	6.9	365	560
GREENVALE - DUMPS AND STOCKPILES								
Total	2.6	0.58	0.05	40	15.1	1.3	103	158
LUCKNOW								
Total	10.1	0.28	0.07	145	28.4	7.3	1,459	2,238
COMBINED SCONI SOUTH DEPOSITS RESOURCE								
Measured	6.2	0.79	0.1	73	48.8	6.2	451	691
Indicated	23.2	0.56	0.08	92	129.5	19.5	2,140	3,281
Inferred	6.6	0.49	0.06	67	32.9	3.9	445	682
Totals	**36.1**	**0.59**	**0.08**	**84**	**211.2**	**29.5**	**3,036**	**4,656**
BELL CREEK SOUTH								
Totals	3.6	1.21	0.08	-	43.3	3	-	-
BELL CREEK NORTH								
Totals	0.4	1.16	0.04	-	4.8	0.1	-	-
BELL CREEK NORTHWEST								
Totals	0.4	1.05	0.06	-	4.5	0.3	-	-
THE NECK								
Totals	0.1	1.17	0.03	-	0.9	0.02	-	-
MINNAMOOLKA								
Totals	1	1.07	0.08	-	11	0.8	-	-
COMBINED SCONI NORTHERN DEPOSITS RESOURCE								
Measured	3.6	1.21	0.08	-	43	3	-	-
Indicated	1.9	1.09	0.06	-	20.4	1.2	-	-
Inferred	0.1	1.04	0.07	-	1	0.1	-	-
Totals	**5.5**	**1.16**	**0.08**	**-**	**64.5**	**4.3**	**-**	**-**
COMBINED SCONI SOUTHERN AND NORTHERN DEPOSITS RESOURCE								
Measured	9.8	0.94	0.09	46	91.9	9.2	451	692
Indicated	25.1	0.6	0.08	85	149.9	20.7	2,140	3,282
Inferred	6.7	0.5	0.06	66	33.9	3.9	445	682
TOTAL	**41.6**	**0.66**	**0.08**	**73**	**275.7**	**33.8**	**3,036**	**4,656**

NOTE
Northern deposits Sc grade is typically low (5-30 g/t Sc), therefore no Sc Resource estimated. Resultant Sc grade for combined SCONI (South and North) Project is therefore low. Variations in totals may be due to rounding factors.

NOTES TO RESOURCE TABLES
AND COMPETENT PERSON STATEMENTS

1. Scandium is typically sold as an oxide product. Hence the equivalent scandium oxide has been calculated at 1.534 times contained scandium metal.
2. The Mineral Resources for the Southern Deposits of Lucknow, Greenvale and Kokomo are reported at a cut-off grade (COG) of NiEq 0.7% (Ni + 1.5Co + 0.01Sc). This NiEq COG formula has been calculated using commodity prices of US$10/lb nickel, US$15/lb cobalt and US$1,500/kg scandium oxide, and recoveries of 90% for all three metals. Metallica indicates that the metallurgical testwork to date provides reasonable potential for the nickel, cobalt and scandium to be recovered at similar recoveries to those achieved in the testwork.
3. The Mineral Resources for the Northern Deposits of Bell Creek South, Bell Creek North, Bell Creek Northwest, Minnamoolka and The Neck are reported at a COG of NiEq 0.7% (Ni + 1.5Co). This NiEq COG formula has been calculated using commodity prices of US$10/lb nickel and US$15/lb cobalt, and recoveries of 90% for both nickel and cobalt.
4. No scandium content was estimated in the Northern deposits as Sc assays are generally not available. From limited data there is good indication the Northern deposits are relatively low in Sc (generally between 5 and 30 g/t Sc).
5. Variations in totals may be present due to rounding factors.
6. For further details on the SCONI scandium and nickel cobalt resource see Metallica Minerals Ltd's ASX release JORC 2013 - Sc-Co-Ni Resource Upgrade – 21 October 2013.

COMPETENT PERSONS STATEMENTS

Technical information and exploration results contained in this report have been compiled by Metallica Minerals Ltd's full time employee Andrew Gillies B.Sc MAusIMM in the position of Managing Director.

Mr Gillies has sufficient experience that is relevant to the style of mineralisation being reported on to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Minerals Resources and Ore Reserves. Mr Gillies consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The SCONI Nickel-Cobalt and Scandium Project Mineral Resource Estimate(s) is based upon and accurately reflects data compiled, validated or supervised by Mr John Horton, Principal Geologist FAusIMM (CP) and is a full time employee of Golder Associates Pty Ltd.

Mr Horton has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for the 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 report.

The **information in this report that relates to Ore Reserves** is based on information compiled by François Bazin of IMC Mining Pty Ltd, a Competent Person who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy.

François Bazin has sufficient experience that is relevant to the style of mineralisation and type of deposit 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. François Bazin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. François Bazin is a consultant to Metallica Minerals Limited and Oresome Australia Pty Ltd.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Certain statements made in this report 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.

CAPE YORK JOINT VENTURE

REGIONAL BAUXITE EXPLORATION TARGETS

Within Cape York HMS and Bauxite Joint Venture's 2,500km^2 exploration tenement portfolio in Western Cape York bauxite province, Far North Queensland includes:

- coastal bauxite targets near Urquhart Point and Vrilya Point 160km north of Weipa (see Figure 1)
- First pass reconnaissance sampling by Metallica over mapped bauxite confirms potential for export quality bauxite within the Urquhart Point EPM, near Weipa
- Initial combined bauxite Exploration Target* across all exploration holdings is in the range of 47Mt to 138Mt – see table below.

Metallica has identified 15 priority highly prospective bauxite zones within Oresome's tenement package near Urquhart and Vrilya Points adjoining Rio Tinto's mining leases, (which cover substantial good quality bauxite deposits) see Figure 1. The combined areas have an estimated Exploration Target* potential of 47 to 138 Million Tonnes (Mt) Bauxite.

***EXPLORATION TARGET**

The potential quantity and grade of the bauxite deposits are conceptual in nature. There is insufficient information at this time to define a mineral resource and there is no certainty that further exploration will result in the determination of a mineral resource in these areas.

Project	Permit	Discrete Targets	Insitu mineralisation tonnage range Mt[2]	Total Al_2O_3 %[3]	Total SiO_2 %[3]
Urquhart Point	EPM15268	2	5 to 10	43-55	5-18
Vrilya	EPM15371	3	2 to 6	40-47	insufficient data[1]
Vrilya	EPMA25509	7	12 to 36	40-48	10-191
Vrilya East	EPMA25687	3	28 to 86	40-43	insufficient data[1]
	TOTAL	**15**	**47 to 138**		

[1] previous exploration reports SiO_2 data incomplete
[2] range based on measured areas of target plateaus, minimum thickness of >0.5m bauxite, estimated average thickness of 1.5m from previous exploration data and bulk density value of 1.5
[3] based on screened sample assay results

COMPETENT PERSONS STATEMENT - BAUXITE EXPLORATION PROJECT

The Technical information contained in this report has been compiled and/or supervised by Mr Andrew Gillies B.Sci (Geology) M.AusIMM (Managing Director of Metallica Minerals Ltd) who is a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (M.AusIMM). Mr Gillies has relevant experience in the mineralisation, exploration results, Exploration Targets and Resources estimates being reported on 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 Gillies consents to the inclusion of this information in the form and context in which it appears in this release.

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 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.

OUR COMMODITY FOCUS, MARKET & USES

BAUXITE

Bauxite is the principle aluminium ore, and the world's main source of aluminium. Lateritic bauxites are formed by extreme lateritic weathering and residual accumulation.

The lateritic bauxites are found mostly in the countries of the tropics. They were formed by laterisation of various aluminous silicate rocks such as shale, basalt, granite, gneiss etc.

In comparison with the iron-rich laterites, the formation of bauxites depends even more on intense weathering conditions in a location with very good drainage. This enables dissolution of kaolinite and precipitation of aluminium hydroxide minerals such as gibbsite. Zones with highest aluminium content are frequently located below a ferruginous surface layer.

In 2009, Australia was the top producer of bauxite with almost one-third of the world's production, followed by China (generally of lower grade and for domestic use only), Brazil, India, Indonesia and Guinea.

CURRENT SEABORNE BAUXITE MARKET

Early in 2014, the Indonesian Government confirmed its unprocessed minerals export ban, including bauxite exports. The Government legislated to restrict bauxite exports from Indonesia and reinforced that laws encouraging down-stream processing in Indonesia would remain in place. Indonesia was at that point, China's largest external provider of bauxite supplying around ¾ of China's imported bauxite.

Indonesia's unprocessed minerals export ban is not temporary. China's dependency on Indonesian bauxite for three quarters of its import requirements has finally come to an end (CRU July 2014).

Alternative suppliers will have to come on stream and there are great opportunities for the right projects, particularly in Australia. Existing third party bauxite capacity is not sufficient to fill the void left by Indonesia and new projects need to come on stream soon.

China is the world's largest alumina producer and consumer, but is short in bauxite, which is being consumed at an ever-increasing rate.

As a result, bauxite demand and prices are increasingly based on the continuing growth of the Chinese market and China is looking for a reliable, alternative, long-term supply of high-quality bauxite. Australia logistically is well placed to supply this demand.

Aluminium is now a more competitively priced metal than ever before and its consumption is rising faster than other metals. China has insufficient domestic bauxite to feed its burgeoning aluminium industry and imports 40% of its bauxite requirements, previously primarily from Indonesia, Australia and India. Some bauxite is being imported from Guinea in West Africa, costing US$90/t (imported to China) – a clear indication of market stress about security of supply.

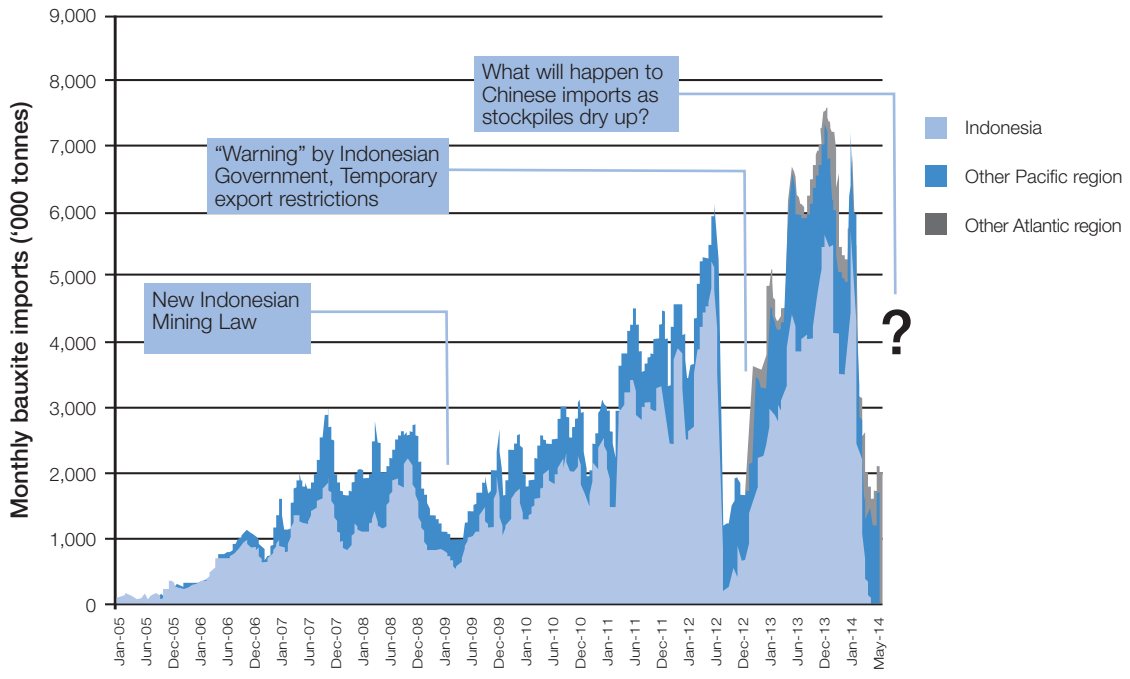
Cape York's proximity to China means Australia provides a logistical advantage over many other alternative supply sources and therefore positions Metallica to take advantage of any increase in demand for Australian bauxite.

Bauxite demand is intensifying due to a perfect storm of simultaneous reduction in bauxite supply from Indonesia, India and China and increased demand for alumina to supply the rapidly rising aluminium production and consumption in these markets. 2015 will be a very interesting year in the bauxite market.

CHINA BEGAN TO IMPORT A LARGER PROPORTION OF BAUXITE FOR THE ATLANTIC SINCE EARLY 2013, SUPPORTING A HIGHER FLOOR PRICE FOR BAUXITE IN THE PACIFIC

Urquhart Point Area B high grade hand auger pisolitic bauxite sample

CHINESE BAUXITE IMPORTS BY ORIGIN
(MONTHLY JANUARY 2005 - MAY 2014)



Indonesian bauxite supply to China collapsed after 12 January 2014 export bans

Source: CRU Insight 23 July 2014, CRU International Pty Ltd

OUR COMMODITY FOCUS, MARKET & USES

WHAT IS ZIRCON & RUTILE

Mineral sands are found along ancient shorelines. Mineral sands are mined and processed using gravity separation to produce Heavy Mineral Concentrate (HMC). HMC is further processed at a mineral separation plant to produce two main products, zircon, and rutile/ ilmenite (for titanium dioxide products).

ZIRCON

Zircon ($ZrSiO_4$) is a principal mineral sand that has a wide range of industrial uses. Consumption is dominated by the use of milled zircon powder.

Zircon is a hard, glassy mineral used for the manufacture of ceramics and refractories and also in as range of other high-tech industrial and chemical applications.

It is used extensively for ceramic glazes, most commonly applied in kitchen tiles, dinner-ware, bathroom products and decorative ceramics.

Zirconium metal has a very high melting point and has applications in nuclear fuel rods and other alloys. Over half of the demand for zircon comes from the ceramics industry, with housing titles a key driver of overall demand.

There is a strong correlation between global economic growth rates and zircon demand. Zircon demand has increased along with the progressive industrialisation of emerging economies such as China and India.

Industrial ceramics made using zircon are used for heat and abrasion resistance. Some industrial ceramics are referred to as refractories - materials that retain their physical shape and chemical composition when subjected to very high temperatures.

With a melting point of around 1,800°C, refractories are used as linings to protect furnaces and kilns for smelting metals and for the manufacture of chemicals.

Resistance to corrosion makes zircon products ideal for use in the chemical industry and in desalination plants.

One of the early discoveries for zircon use was for the manufacture of phosphates for kidney dialysis. Zircon compounds have a low toxicity and are now increasingly preferred in the manufacture of some foodstuffs, pharmaceuticals and medicines.

TITANIUM

Titanium (Ti) is created through a number of different processes to create a titanium dioxide (TiO) pigment, titanium sponge or titanium metal.

Titanium dioxide is pure white, highly refractive, and can absorb ultraviolet light. For these reasons, it is highly sought after as a pigment in paints, paper, plastics, rubber and other materials.

Titanium dioxide is non-toxic, non-fibrogenic and biologically inert so it can be used in cosmetics, foodstuffs and pharmaceuticals.

Titanium metal has a particularly high strength to weight ratio and is highly resistant to corrosion. For these reasons it can be used in a range of aeronautical and surgical applications, sporting equipment and jewelery.

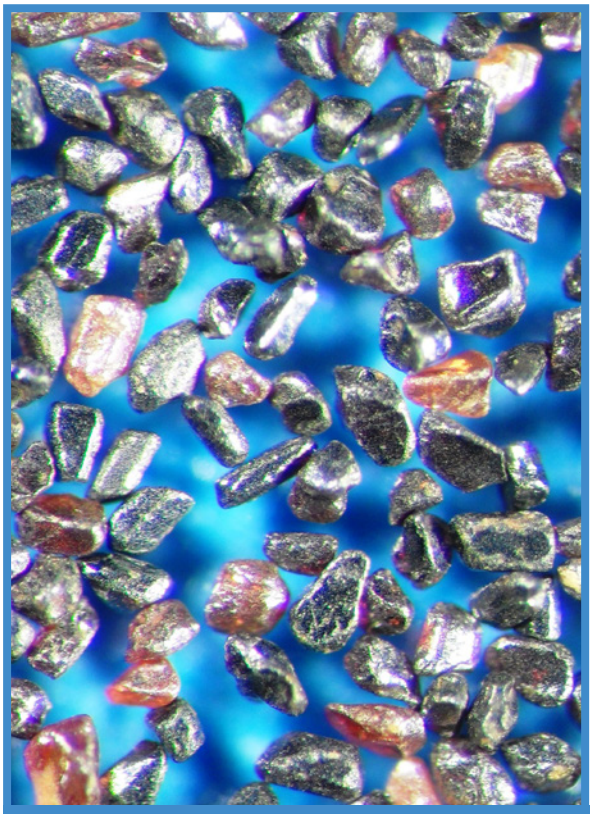
RUTILE

Rutile (TiO_2) is a titanium mineral and is used to manufacture titanium dioxide pigment. Pure white, highly refractive and ultra-violet absorbing, titanium dioxide is used in protective coatings such as house and car paints, sunscreens, plastics, paper, and textiles.

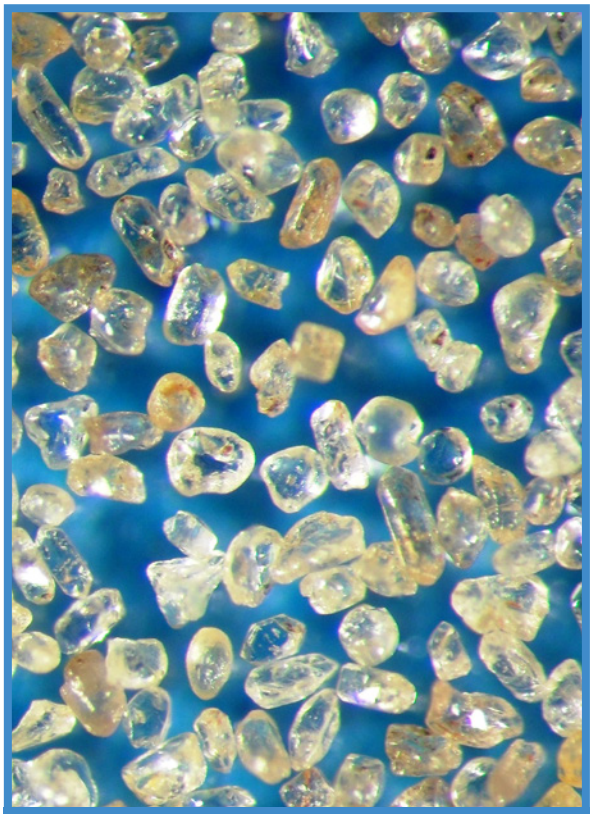
Amongst a range of other uses, rutile and synthetic rutile can be used to make titanium metal, which is essential to the aerospace industry because of its lightness, strength and durability.

Titanium metal is also used in desalination plants and corrosive chemical industries, because of its inertness and resistance to corrosion. Its non-reactive properties make titanium metal one of the few materials that can be used in the human body as hip replacements and pacemakers.

Rutile and leucoxene are further used as a flux material in welding electrodes for shipbuilding and civil engineering.



Microscope view of Urquhart Point rutile sand



Microscope view of Urquhart Point zircon sand

The Urquhart Point Project will produce a HM concentrate containing high quality zircon and rutile mineral sands

OUR COMMODITY FOCUS, MARKET & USES

SCANDIUM

Scandium (Sc - Element 21 of the periodic table) is one of the 17 rare earth elements (REEs) and one of the most useful and valuable. High-grade, large tonnage, easily mineable scandium deposits with favourable metallurgy and location are scarce, making it a commodity that is difficult to obtain in commercial quantities.

Among other benefits, scandium has unique properties that can enhance the world's technological future. Scandium is one of the most potent strengthening elements that can be alloyed with aluminium to create stronger master alloys with applications in;

- Aerospace and possibly in transport generally, for stronger, lighter alloy frames delivering better range and fuel efficiency without compromising performance;
- High performance sporting equipment; and
- Additive layer manufacturing (3D printing) of complex metal shapes.

Scandium-strengthened aluminium alloys produce lighter-weight, higher-strength components and structures with superior weldability, better thermal and corrosion resistance and greater durability.

Scandium is used in the production of SOFCs by companies such as Bloom Energy. As the western world transitions towards green energy, SOFCs will become more widely used, providing clean and efficient energy that is driven by the massive worldwide expansion of natural gas usage and distribution infrastructure.

Scandium is used in SOFCs to enhance the efficiency of the zirconia electrolyte for generating electricity and recoverable heat through an electro-chemical process that converts fuel (typically natural gas, methane) and air (oxygen 20%) into electricity and heat without combustion, noise or moving parts.

Scandium stabilised zirconia electrolyte provides very high ionic conductivity and efficiency which is not readily achievable with other elements.

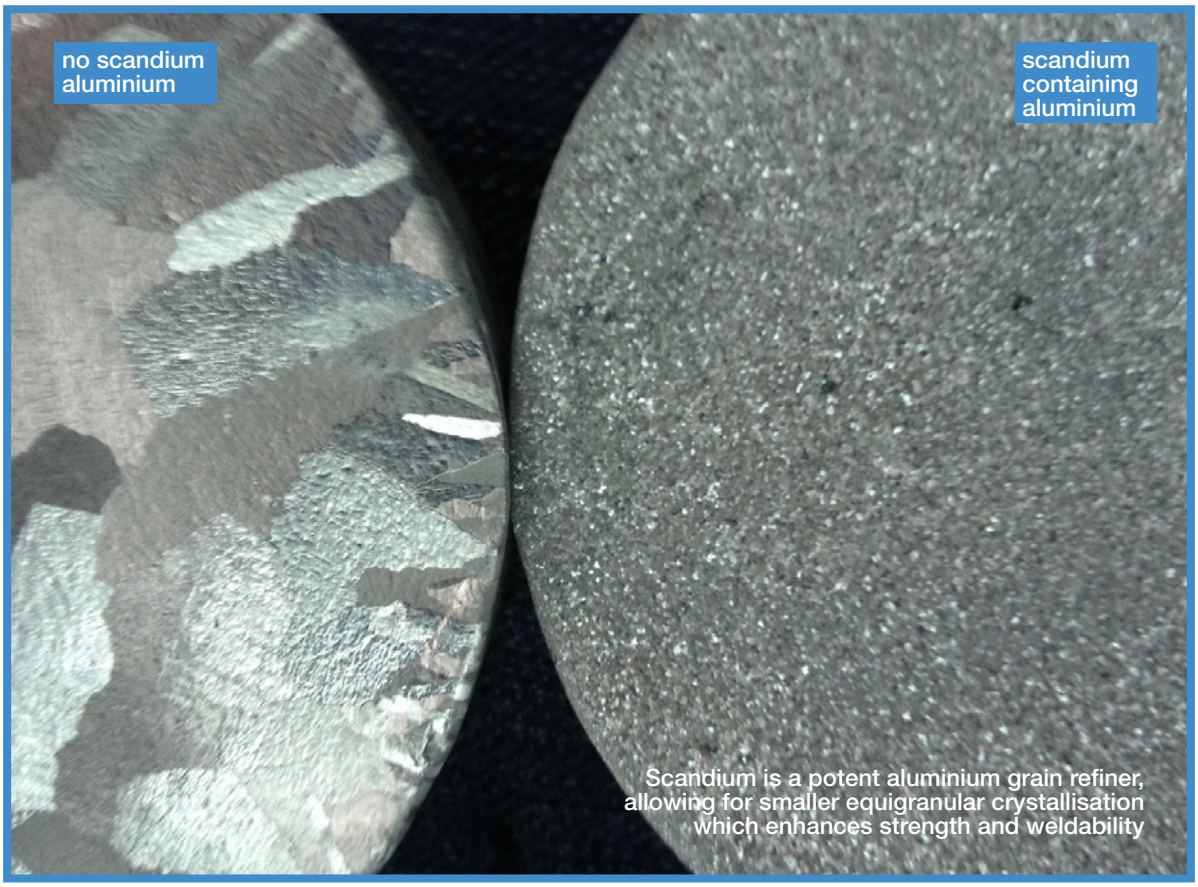
The use of scandium has been limited by its scarcity of occurring in commercial concentrations and lack of reliable supply. The current total world supply of scandium is estimated to be around 10-15 tonnes of scandium oxide per annum, all of which is sourced as a minor by-product from other metals and industrial processes.

High purity scandium oxide currently sells at prices in excess of US$2,000/kg depending on product quantity and purity. However, as evidenced by the Company's Heads of Agreement with Bloom Energy (late 2012) and interest from Al Alloy manufacturers and end users, particularly in the aerospace industry, the potential market for scandium is poised for a step change in demand.

In the medium and long term we maintain that the size and growth of the potential global scandium market cannot be underestimated.

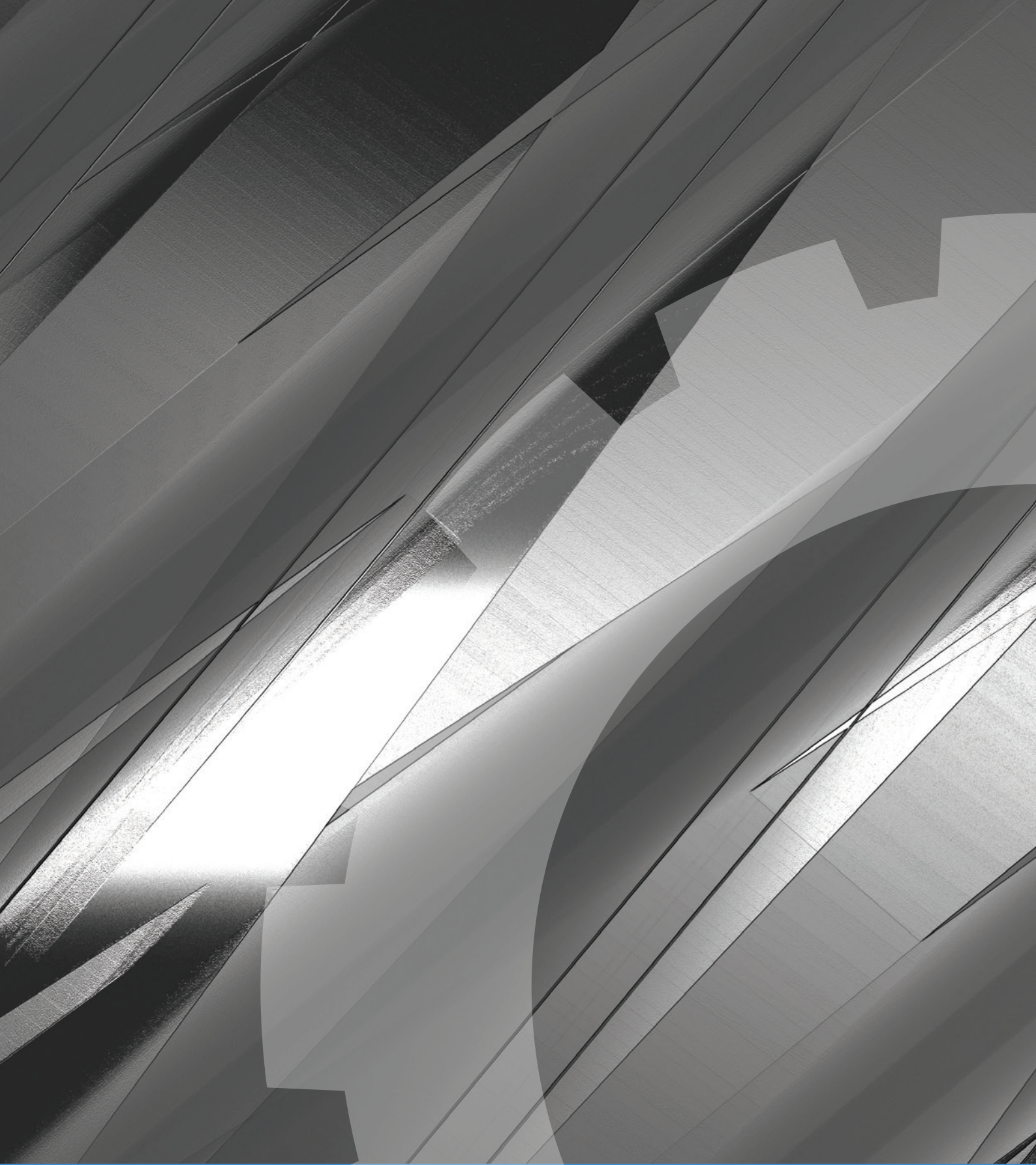
To learn more about the SCONI project and scandium, see the four page summary – 'A New Spice Metal to Enhance Industry & Life' on the Metallica website.

>99.9% purity scandia (scandium oxide) produced from pilot plant testwork on SCONI scandium ore



Scandium is a potent aluminium grain refiner, allowing for smaller equigranular crystallisation which enhances strength and weldability

Scandium-Aluminium master alloy waffle~98% Al & 2% Sc produced by KBM Affilips with whom Metallica has a strategic alliance



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