



QUARTERLY REPORT

to 31 Dec 2014

ASX Release

30 January 2015

Metallica Minerals Limited is an Australian zircon-rutile, bauxite and nickel-cobalt-scandium resource development and exploration Company

ASX:MLM

ISSUED CAPITAL (31/12/14)

166,891,830 Ordinary Shares

2,512,500 Options

See latest Appendix 5B Lodged
20/01/2015 for more detail

SHAREHOLDERS (31/12/14)

2,056 shareholders

Top 20 shareholders hold 59.46%

LARGEST SHAREHOLDERS

Jien Mining Pty Ltd – 24.0%

Victorian Ferries Pty Ltd – 10.4%

Golden Breed Pty Ltd – 5.3%

Bondline Ltd – 2.9%

DIRECTORS

David K. Barwick

Non Executive Chairman

Andrew Gillies

Managing Director

Barry Casson

Non Executive Director

Shu Wu

Non Executive Director

Shu Zhang

Alternate Director to Dr Wu

SENIOR MANAGEMENT

John Haley

CFO & Company Secretary

Stewart Hagan

GM Oresome Australia

CASH BALANCE

As at 31/12/14, MLM's cash balance
was approximately \$2.47 million.

No Debt.

PROJECT HIGHLIGHTS

URQUHART POINT AND CAPE YORK HEAVY MINERAL SAND AND BAUXITE PROJECT

**66.66% MLM (OZORE RESOURCES PTY LTD EARNED 33.33%
AND PROGRESSING TO 50%)**

The Cape York Heavy Mineral Sands (HMS) and Bauxite (Bx) project has been the focus of activities in the December Quarter;

- Site clearance works commenced at Urquhart Point Heavy Mineral Sands Project
- Fabrication by Consulmet of the Urquhart Point Heavy Mineral Sands processing plant has commenced in South Africa and is proceeding on schedule
- Completed a maiden drilling program at the Urquhart Point Bauxite Project over target areas A & B consisting of 81 holes (results from Area A announced on 21/01/2015)
- Positive results achieved for Area A and further work initiated
- Area B results also imminent
- Completed a drilling program at T16 which consisted of 355 holes for a total of 1,933m – laboratory analysis of samples are in progress

COMPANY HIGHLIGHTS

- Royalty Agreement signed for Dingo Dam Mining Lease – first payment \$250,000 was received in January 2015
- \$579,280 R&D Refund received in November 2014
- Cape Flattery Silica Sand project EMPA 25734 was applied for covering significant high purity silica sand
- Three graphite EMPAs applied for south of Croydon

HIGHLIGHTS

CORPORATE

SAFETY

There were no lost time injuries recorded during the December quarter.

FINANCIAL & INVESTMENT POSITION

Metallica had approximately \$2.47M in cash (no debt other than trade creditors) as at 31 December 2014.

On 31 October 2014, the Board of Metallica Minerals agreed to grant Managing Director, Andrew Gillies 2,000,000 options with an exercise price of 10c, subject to Shareholder approval.

COST REDUCTIONS IN THE QUARTER

The Company continued to further reduce project and administrative costs during the quarter to conserve funds. Expenditure on the Cape York HMS and Bx Project is now a Joint Venture cost as Metallica is free-carried (to the extent of \$7.5M) to production.

Metallica is continuing to pursue SCONI project Joint Venture funding, strategic partnerships, off-take arrangements and progressing the permitting on the Greenvale mining lease application and environmental licenses on a low cost basis.



Cape York HMS & Bauxite JV Projects

Zircon-Rutile, HMS & Bauxite Projects

SCONI Project
100% Owned

Nickel-Cobalt & Scandium Project

3

OUTLOOK FOR THE NEXT QUARTER

2014 was an extremely difficult year for both exploration and junior resource development Companies. Metallica's focus for 2015 will be on development of Urquhart Point HMS Project for production by mid year to gain cashflow. Metallica will also focus on progressing its adjoining Bauxite deposits near Urquhart Point and regional Heavy Mineral Sands and Bauxite Projects.

The Company will continue seeking potential strategic investors for the SCONI Ni-Co-Sc Project.

The Company is also evaluating opportunities to add or realise the value of it's Limestone assets.

Expenditure on the Company's projects will continue at low levels and on an as required basis until such

time as further funding is secured and market conditions substantially improve. There will be continued emphasis on gaining project partnerships for advancing our resource development projects.

On a commodity basis, we believe the start of 2015 will highlight the attractiveness of having considerable bauxite exposure, as unless there is a reverse of the bauxite export ban by the Indonesian Government it is very likely there will be a considerable shortfall in bauxite supply to China. This should be reflected in significantly rising bauxite prices as reliable bauxite supply is critical to Chinese alumina/aluminium producers to maintain production. Indonesia previously supplied nearly 75% of China's imported bauxite demand.



Urquhart Point bauxite sample

CAPE YORK

HMS AND BAUXITE PROJECT

AREA	2,500km ² exploration tenements
COMMODITY	Heavy Mineral Sands (zircon, rutile resources) and Bauxite
HOLDING	MLM 66.66% JV, with Ozore Resources Pty Ltd (a private Chinese investor), holding 33.33% (earning a total of 50%)

Four separate project components:-

- **Urquhart Point HMS Project**
Committed development for construction and production mid-2015
- **Urquhart Point Bauxite**
Drilling completed in December 2014 with positive drill results for Area A released January 2015 (see ASX Release 21 Jan 2015). Potential for DSO bauxite
- **Major HMS & Exploration Upside**
Drilling completed at T16 deposit in November 2014 - results pending
- **Major Bauxite Exploration Upside**
Oresome has extensive tenements in Western Cape York within the world class Weipa bauxite province

The Cape York HMS and Bauxite 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, with a 50% interest being earned by a private Chinese investor, Ozore Resources Pty Ltd (Ozore), pursuant to the Cape York HMS and Bauxite Joint Venture entered into in August 2014.

In accordance with the Joint Venture Agreement, Ozore is to provide A\$7.5M (of which A\$5M has been received for a 33% interest) to develop the Urquhart Point HMS Project, and to explore for additional HMS and bauxite deposits within the JV 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 2015.

Since the formation of the Ozoresome Joint Venture on 8 September 2014 the Joint Venture has spent approximately A\$3M on progressing the Urquhart Point Heavy Mineral Sands Project and exploration programs, Metallica has been free-carried for this total amount.



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

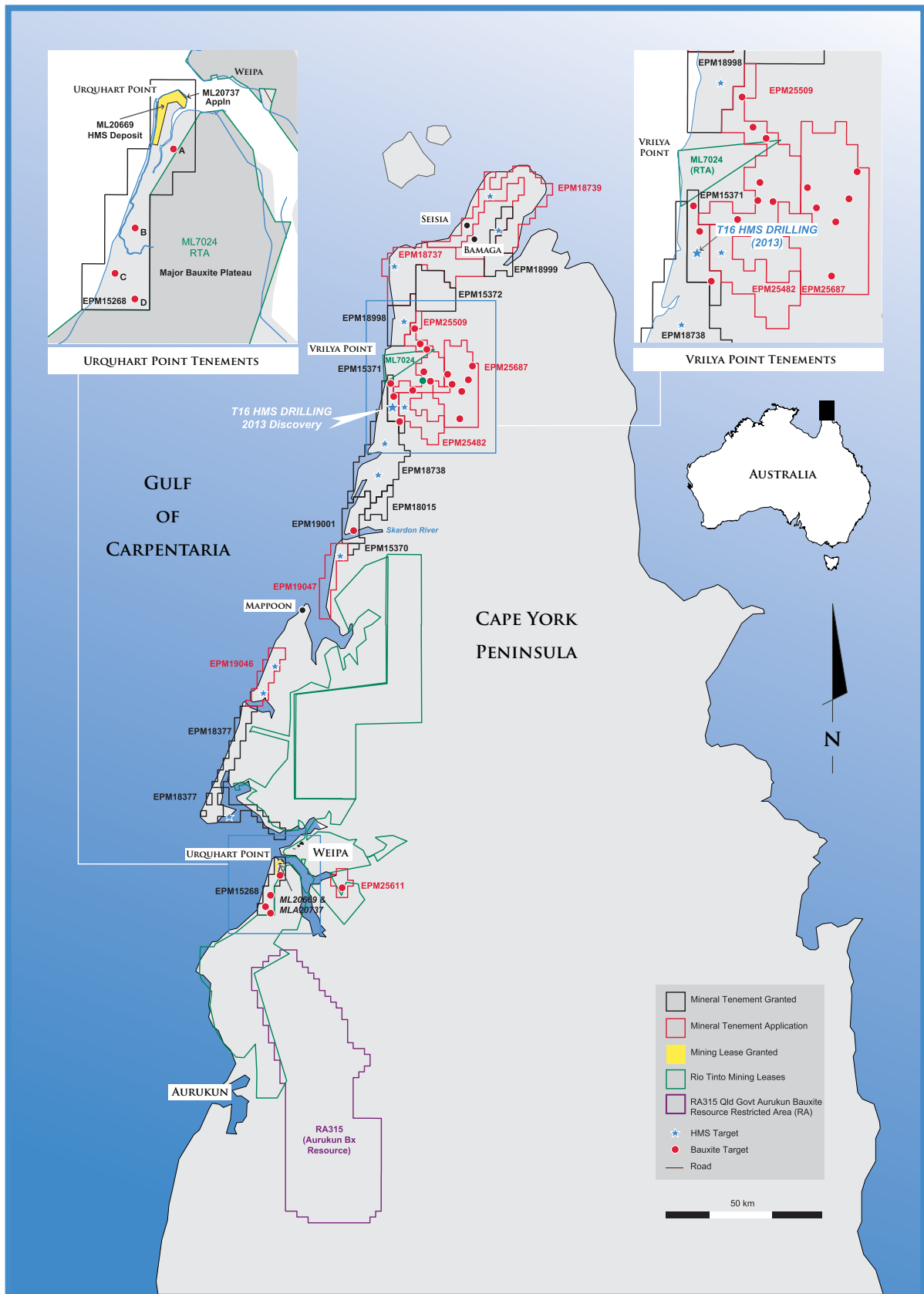


FIGURE 1: CAPE YORK HMS AND BAUXITE PROJECT

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 plant using a 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 now proposed to be approximately 110 tonnes per hour (~270,000 tonnes per year) to produce HM concentrate over a 4 year mining and processing life based on the current reserve. There has been an increase of approximately 10% for the plants design throughput by Consulmet engineers above the base case throughput of 100tphr rate used in the feasibility study, this is being undertaken at no increase in the fixed price contract to supply the plant.

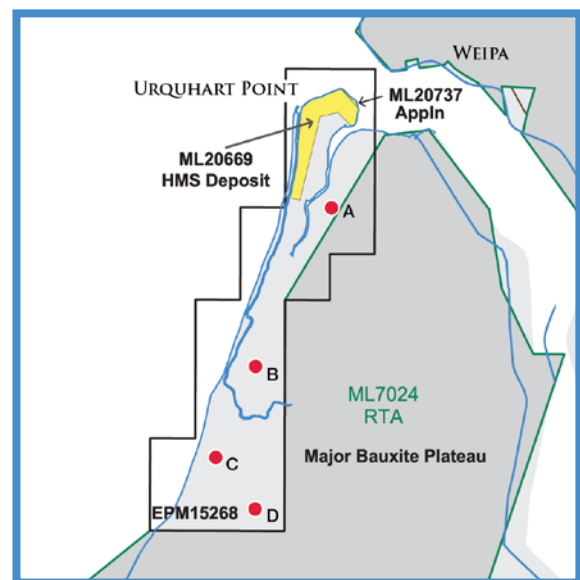
The Joint Venture has executed a legally binding Supply Contract with Consulmet Pty Ltd ("Consulmet"). The plant supply contract is a fixed price turnkey contract (including fixed foreign exchange rate) to supply and deliver the plant and associated equipment to Weipa and for the commissioning the of the fully assembled HMS concentrator plant (and associated infrastructure) on site at Urquhart Point.

The ordering of components and construction of the modularized plant has commenced in South Africa with Consulmet and is on schedule for delivery to Weipa by end of April 2015. The plant is expected to be commissioned in June 2015 with full scale HMS production commencing in June 2015.

During the Quarter the Joint Venture has progressed the clearing of the Urquhart Point Heavy Mineral Sands site ready for the Processing Plant to be delivered in April 2015.

The Processing Plant will be assembled in late February in Consulmet's workshop at Klerksdorf, South Africa after which the plant will be disassembled and packed into shipping containers for delivery to Australia in March.

The pre-civil works are currently on schedule as per the projected timeframe.



**FIGURE 2: URQUHART POINT
TENEMENT LOCATIONS**

URQUHART POINT BAUXITE PROJECT

The maiden Urquhart Point Bauxite drilling program was completed in December 2014. The program consisted of 81 holes (and 3 duplicate holes) using Aircore drill rig. The holes were drilled in two target areas (Area A & Area B) on a nominal 320 by 320 metre grid pattern. The targets, Area A and Area B, are immediately southeast of the Urquhart Point HMS mining project currently under development (see Figure 3).

The Area A program comprised 23 holes for a total of 167.5m, with an average depth of 7.3m. High grade pisolitic bauxite was encountered in 21 of these holes. The area is located adjacent to the boundary of Rio Tinto Australia's mining lease covering the South of the Embley bauxite project, an extensive bauxite plateau (see Figure 4).

Area B comprised 61 holes (total 300m drilled, average depth 4.9m) of which 7 holes were 160m spaced infill drill holes and 3 were duplicate holes. Assays for Area B holes are expected shortly.

HIGHLIGHTS FROM AREA A

- Significant area of high grade pisolitic bauxite identified from 21 of a 23 hole drilling program at Area A at the Urquhart Point Project near Weipa, on Qld's Cape York.
- Drilling on Area A on a 320m by 320m spacing has confirmed a defined pisolitic bauxite area with approximate dimensions of 3.5km by 600m (see Figure 4), for an area of bauxite of 2km² at an average thickness of 2.4m.
- Average grades of the 21 holes within this defined area returned aluminium oxide (Al_2O_3) of 56.0% with average silicon dioxide (SiO_2) of 8.0% SiO_2 . The grades are based on beneficiated screening +1.2mm fraction, with an excellent average yield of 65.5%, see Table 1.
- Average 2.4m thickness of bauxite mineralisation at an average of approximately 1.5m overburden to 1m bauxite mineralisation.
- Strong synergies and cost savings are expected for the exploration, evaluation and potential future development of this bauxite deposit (and possibly Area B) adjacent to the Company's Urquhart Point HMS mining project now under development for first mining and HMS production mid-2015.
- The Urquhart Point Area A bauxite deposit is less than 14km from protected waters ideal for simple barge to ship export operation.

The Area A and Area B schedule was a follow-up program to the initial exploration auger drill program in mid-2014 (refer to ASX Release Date 11 July 2014).

For further information see ASX Release dated 21 January 2015.

The conceptual development plan is to define a deposit of Direct Shipping Ore (DSO) bauxite that can be trucked approximately 8-12km to a stockpile point within the Urquhart Point HMS mining lease near the shipping channel for barge loading on to a ship moored less than 1km distance in sheltered deep waters of the Embley river/Weipa port.

Bauxite demand from present for at least the next few years is expected to be very high, this should be reflected in rising bauxite prices to levels well above the average bauxite price in recent years. The export opportunity will be selling bauxite to Chinese alumina companies and also traders now that a significant portion of China imported bauxite supply has been taken out of the market due to Indonesia's export ban.



Urquhart Point bauxite sample

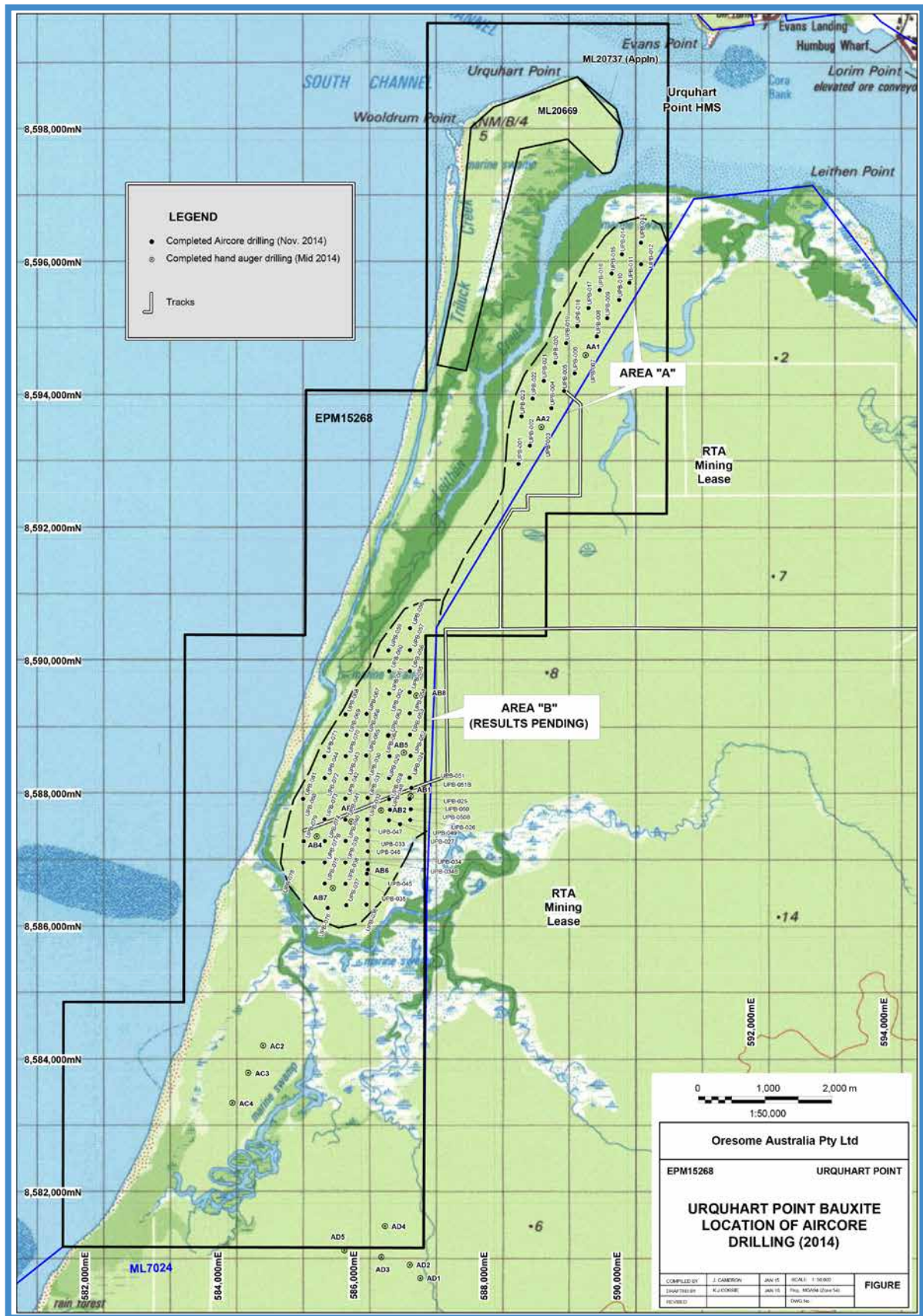


FIGURE 3: URQUHART POINT HMS & BAUXITE PROJECT AREA A & B DRILL HOLE LOCATION

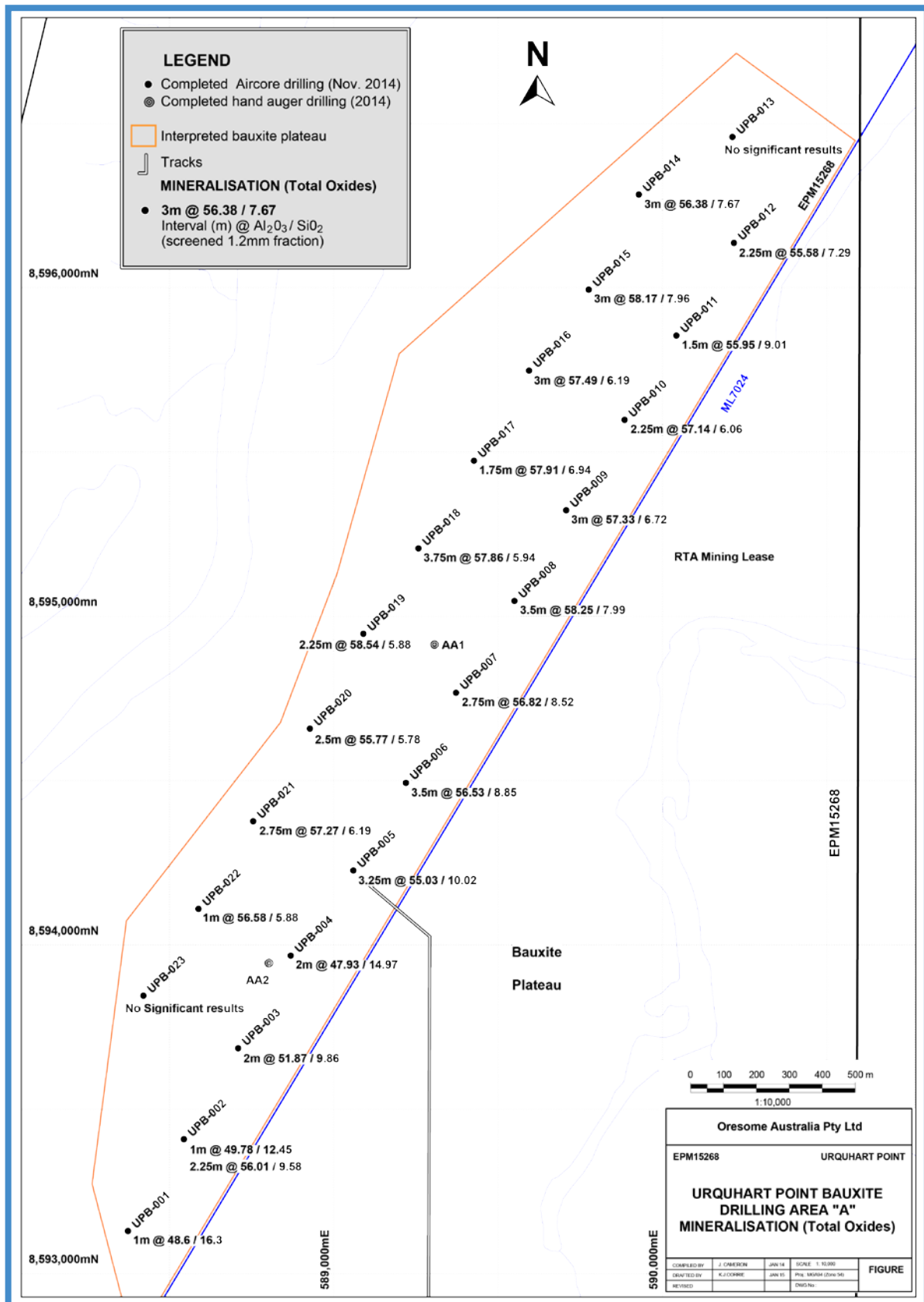


FIGURE 4: AREA A DRILL HOLE LOCATIONS & BAUXITE INTERCEPTS

CAPE YORK

REGIONAL HMS EXPLORATION INCLUDING T-16

The Company completed the T16 drilling program in late November 2014. The program consisted of 355 holes for a total of 1,933m of grid drilling (average depth of 5.8m) using an Aircore drill rig.

This drill program was a follow up program to the initial regional exploration auger drill program (35 holes) on the T16 exploration target in October 2013.

The drill samples have been dispatched to RJ Robbins in Brisbane for analysis with results expected by early February 2015. Subject to the heavy mineral analysis results, a JORC compliant Resource estimate is then expected to be commissioned.

The T16 project is located within EPM 15371 located immediately south of Vrilya Point and is the first regional tenement to be explored and just one of the 20 tenements held 100% by the Joint Venture. In essence, there is excellent potential for additional and potentially major HMS discoveries.

The T16 region is a very small part of the extensive exploration permits and applications covering approximately 2,500km² of mostly contiguous ground prospective for mineral sands and bauxite on west coastal areas of Cape York Peninsular, see Figure 1.

For further information see ASX Releases dated 22 January, 11 July and 25 November 2014

CAPE YORK REGIONAL BAUXITE EXPLORATION

It is the Joint Venture's intention to focus its efforts for the next Quarter of evaluating the Urquhart Point Bauxite project. Subject to the grant of Exploration Permit for Minerals (EPMs) we expect to carry out an exploration program on regional targets in late 2015.



T16 Heavy Mineral Sand project drill hole logging and sampling

PRIORITIES & PLANS

MARCH QUARTER

EXPLORATION PLANS FOR 2015

The Joint Venture plans to continue exploration for bauxite and HMS in its extensive regional tenements along the 300km sandy coastal belt (typically against coastal or inland bauxite plateaus) between Weipa and the tip of Cape York Peninsula.

KEY PRIORITIES – MARCH QUARTER

- Continue site preparations at Urquhart Point HMS Project
- Inspect the Processing Plant in South Africa prior to shipment to Australia
- Further analysis of Area A samples
- Review Area B bauxite results
- Review HMS T16 Heavy Mineral Sands results
- Continue bauxite project evaluation and initial market studies
- Begin bauxite permitting process with application for Mining Lease(s)



Construction of dome shelter at Urquhart Point HMS Project

SCONI PROJECT

NICKEL - COBALT - SCANDIUM

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

During the December Quarter no significant project work was undertaken as project activities are effectively on hold while joint venture partners are being sought.

The SCONI Ni-Co-Sc “Tri-metal” project is a unique project that requires strategic partners to fully implement a new and exciting critical metals market – scandium. This takes time and business confidence.

The Company is seeking partners for either a SCONI Ni-Co-Sc and/or a SCONI Scandium project development.

For further information on SCONI and its Ni-Co-Sc resources see Metallica Minerals Annual Report – ASX release 6 October 2014 pages 24-30.

To learn more about the SCONI project and scandium, see the 4 page summary – ‘A New Spice Metal to Enhance Industry & Life’ on the Metallica website.

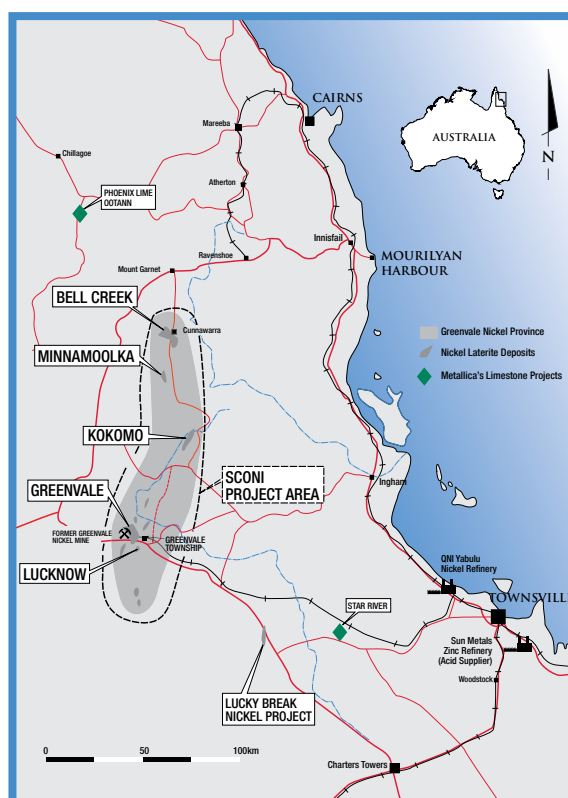


FIGURE 5: SCONI PROJECT AREA

LUCKY BREAK NICKEL PROJECT

COMMODITY	Nickel and Cobalt
HOLDING	MLM 100% (subject to Royalty Agreement - see below)

On 12 January 2015, the Company entered into a Royalty Agreement with a privately owned company to allow the mining and extraction of nickel laterite ore from the Company's Dingo Dam Mining Lease.

The royalty payable to Metallica under the agreement is as follows:

- First Payment \$250,000 on 9 January 2015 (which has been received)
- Second Payment: \$200,000 six months from the Signing Date or when a total of 30,000 tonnes of nickel laterite ore is extracted and removed from the Royalty Area, whichever is later
- Third Payment: \$200,000 ten months from the Start Date or when a cumulative total of 60,000 tonnes of nickel laterite ore is extracted and removed from the Royalty Area, whichever is later
- Additional payment of \$4 per tonne for any tonnages above 130,000 tonnes of nickel ore extracted and removed from the Royalty Area

The Private Company is also responsible for conducting all mining operations and trucking activities and associated rehabilitation at Dingo Dam.

For further information see ASX Release dated 12 January 2015.

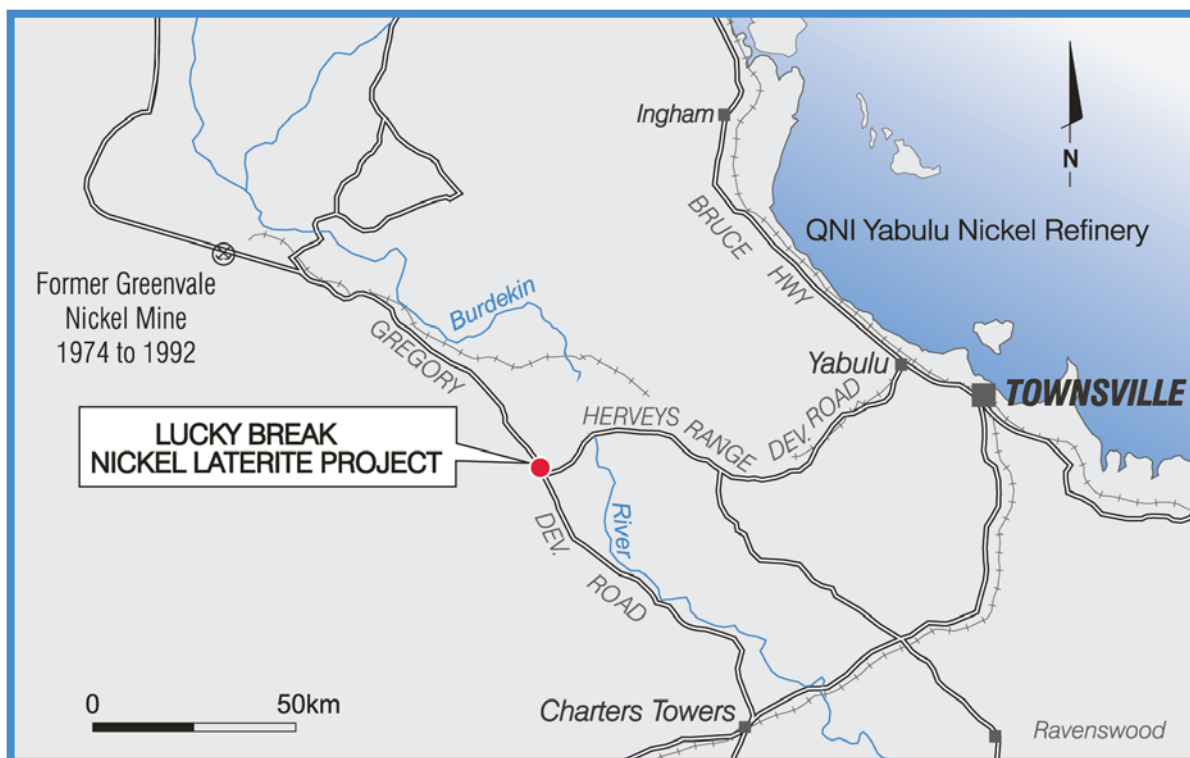


FIGURE 6: LUCKY BREAK PROJECT AREA

NEW PROJECTS

- > **WARRIOR GRAPHITE EXPLORATION PROJECT
SOUTH OF CROYDON**
- > **THE CAPE FLATTERY SILICA SANDS PROJECT
NORTH OF CAIRNS**

In the September Quarter, the Company announced the addition of two new projects to our tenement portfolio – the Warrior Graphite Exploration Project (South of Croydon) and the Cape Flattery Silica Sands Project (North of Cairns).

During the Quarter, two additional EMPAs were added to the Warrior Graphite Project; Esmeralda East (25807) and Esmeralda West (25806) were applied for.

Due to the north Queensland wet season which generally runs from November to March there have been no field activities undertaken on these tenements yet.



FIGURE 7: WARRIOR & CAPE FLATTERY PROJECT LOCATIONS

DISCLAIMER

& COMPETENT PERSONS STATEMENTS

QUARTERLY REPORT COMPETENT PERSONS STATEMENTS

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 and Resources 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.

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.

COMPETENT PERSONS STATEMENT - BAUXITE EXPLORATION PROJECT

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.

**TABLE 1: EMP15268 URQUHART POINT BAUXITE EXPLORATION
DRILLHOLE RESULTS**

Drillhole	Date Drilled	Easting MGA94 Z54	Northing MGA94 Z54	RL metres	Dip degrees	TD metres	Interval From metres	Interval To metres	Interval metres	Yield (+1.2mm) %	Al2O3 %	SiO2%	Fe2O3%
UPB-001	1/11/2014	588375	8593132	16	-90	6.00	4.00	5.00	1.00	31.55	48.59	16.29	13.9
UPB-002	1/11/2014	588546	8593408	13	-90	7.50	2.50	3.50	1.00	59.13	49.78	12.45	14.72
							4.00	6.25	2.25	77.22	56.01	9.58	10.41
UPB-003	2/11/2014	588710	8593685	11	-90	7.25	4.00	6.00	2.00	68.70	51.87	9.86	14.03
UPB-004	2/11/2014	588870	8593970	17	-90	5.75	2.25	4.25	2.00	30.34	47.93	14.97	14.91
UPB-005	2/11/2014	589060	8594228	8	-90	7.00	2.50	5.75	3.25	56.58	55.03	10.02	9.58
UPB-006	2/11/2014	589220	8594494	10	-90	6.00	2.50	6.00	3.50	70.26	56.53	8.85	8.71
UPB-007	2/11/2014	589375	8594768	9	-90	6.00	2.00	4.75	2.75	58.06	56.82	8.52	6.81
UPB-008	2/11/2014	589553	8595049	14	-90	7.00	2.25	5.75	3.50	73.68	58.25	7.99	4.49
UPB-009	2/11/2014	589708	8595324	13	-90	6.00	2.00	5.00	3.00	76.02	57.33	6.72	6.67
UPB-010	2/11/2014	589889	8595599	14	-90	7.00	3.50	5.75	2.25	86.19	57.14	6.06	6.58
UPB-011	2/11/2014	590043	8595857	12	-90	6.00	4.00	5.50	1.50	38.90	55.95	9.01	8.01
UPB-012	2/11/2014	590218	8596137	12	-90	8.00	4.75	7.00	2.25	67.31	55.58	7.29	8.75
UPB-013	2/11/2014	590217	8596459	12	-90	6.00	No bauxite intersection						
UPB-014	2/11/2014	589930	8596285	12	-90	9.00	5.75	8.75	3.00	66.07	56.38	7.67	5.79
UPB-015	2/11/2014	589777	8595998	7	-90	9.00	6.00	9.00	3.00	62.48	58.17	7.96	4.58
UPB-016	2/11/2014	589595	8595749	2	-90	10.00	6.00	9.00	3.00	70.87	57.49	6.19	6.02
UPB-017	3/11/2014	589428	8595475	12	-90	9.00	5.75	7.50	1.75	56.09	57.91	6.94	4.84
UPB-018	3/11/2014	589259	8595207	15	-90	10.00	4.75	8.50	3.75	71.72	57.86	5.94	5.54
UPB-019	3/11/2014	589092	8594947	10	-90	8.00	4.25	6.50	2.25	66.22	58.54	5.88	5.20
UPB-020	3/11/2014	588928	8594656	13	-90	7.00	4.00	6.50	2.50	70.18	55.77	5.78	8.61
UPB-021	3/11/2014	588757	8594378	16	-90	7.00	3.25	6.00	2.75	70.26	57.27	6.19	6.87
UPB-022	3/11/2014	588587	8594113	12	-90	7.00	5.25	6.25	1.00	62.13	56.58	5.88	6.85
UPB-023	3/11/2014	588422	8593846	16	-90	6.00	No bauxite intersection						
							Average*						
							2.42 65.48 56.01 8.00 7.92						

Note: * Interval average is simple average of interval metres, Yield average is weighted for interval thickness, Al2O3/SiO2/Fe2O3 averages are weighted for Yield.

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
Touchstone Resources Pty Ltd ACN 126 306 018



METALLICAMINERALS.COM.AU