METALLICA MINERALS LIMITED
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ASX Code: MLM

ASX RELEASE

26 FEBRUARY 2015

DIRECT SHIPPING BAUXITE CONFIRMED FOR METALLICA NEAR ITS NEW WEIPA MINE SITE

Highlights of new bauxite assays for "Area A" at Urquhart Point (Cape York, Qld):

- New assay results confirm that the Area A project hosts high grade bauxite which can potentially be mined and exported with minimal treatment – known as "Direct Shipping Bauxite " (DS Bauxite)
- Follows January 21 ASX announcement that beneficiated sample assay results from 23 holes drilled at Area A late last year had identified a significant zone of high grade pisolitic bauxite
- Today's update follows additional assaying of all mineralised holes to test and confirm the prospect's DS bauxite potential
- The DS bauxite results averaged high grade aluminium oxide (Al_2O_3) of 53.4% which is a comparable total alumina content to the beneficiated product
- Area A and a nearby second target, Area B, are both part of Metallica's broader Urquhart Point Heavy Minerals Sands (HMS) and bauxite project, 3kms south of Weipa on Queensland's Cape York
- Area A is located south-east of, and close to, where Metallica JV is currently constructing a new HMS mine due for commissioning mid-year
- The DS bauxite results indicate potential for a dual HMS and bauxite operation at the Urquhart Point site

SUMMARY

Brisbane-based Metallica Minerals Ltd (ASX: "MLM") is pleased to announce that new assay results have confirmed the presence of high grade Direct Shipping bauxite (DS Bauxite) at the Company's Urquhart Point bauxite project near Weipa on Queensland's Cape York Peninsula.

The DS bauxite is hosted in a deposit called "Area A" within the broader Urquhart Point project boundary and located adjacent to Rio Tinto Australia's mining lease covering an extensive bauxite plateau (Refer Figure 1).

Today's DS bauxite results follow further assaying by ALS Laboratory in Brisbane of 21 holes of a 23 hole program drilled by Metallica late last year in "Area A".

Assessment in January this year of the assay results of the 23 drill hole program delineated a significant and well defined area of beneficiated high grade pisolitic bauxite at "Area A".

These results prompted the further round of assaying, reported today, to test and confirm the deposit's potential also as a source of DS bauxite.

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The DS bauxite mineralisation is generally confined to 15 of the drill holes and contained within a 3.4km by 0.6km zone (Refer Figure 2), providing an area of bauxite of more than 2km² with an average thickness of 1.97 m.

The grades within the 15 DS bauxite prospective holes range from 49.46% to 55.2% aluminium oxide (Al_2O_3) for a high grade average of 53.4% Al_2O_3 and between 9.49% and 15.69% silicon dioxide (SiO_2) for an average SiO_2 content of 13.24%.

The DS bauxite results are summarised in Table 1 with the drill hole locations shown in Figure 2 along with the respective DS bauxite drill intercepts. For detailed information on the drilling and sampling, please refer to Appendix 1.

"Area A" and a second deposit just to its south, "Area B", are southeast of the Urquhart Point HMS mining project currently under development by Metallica and its JV partner, which is due to commence first production of heavy mineral concentrate from mid-year this year.

Urquhart Point is currently held 66.66% by Oresome Australia Pty. Ltd (a wholly owned subsidiary of Metallica), and 33.33% by Joint Venture partner, Ozore Resources Pty. Ltd (Ozore has the right to move to 50%). Oresome also holds a further 2,500km² of bauxite and HMS prospective exploration tenements in the Western Cape York region.

Metallica Managing Director, Mr Andrew Gillies:

> *"The combined , beneficiated results from January and these DS bauxite assay results provide a sound footing from which to commence a study to include undertaking low temperature caustic leach test work on representative Area A bauxite samples to firm up available alumina and reactive silica levels, supply bulk samples of the DS bauxite to potential bauxite off takers for their assessment, commence resource estimation, designing a potential mining plan for the two sites and also to commence additional beneficiation test work aimed at selectively reducing the in-situ silica levels and thereby increasing the volume of material available for direct shipping."*

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Competent Person's Statement

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, 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.

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 publically 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.

*See attached respective **Table 1** JORC Code, 2012 Edition **Section 1** (Sampling Techniques and Data) and **Section 2** (Reporting of Exploration Results) for Urquhart Point drilling.*

Figure 1: Urquhart Point HMS & Bauxite project Area A & B drill hole locations

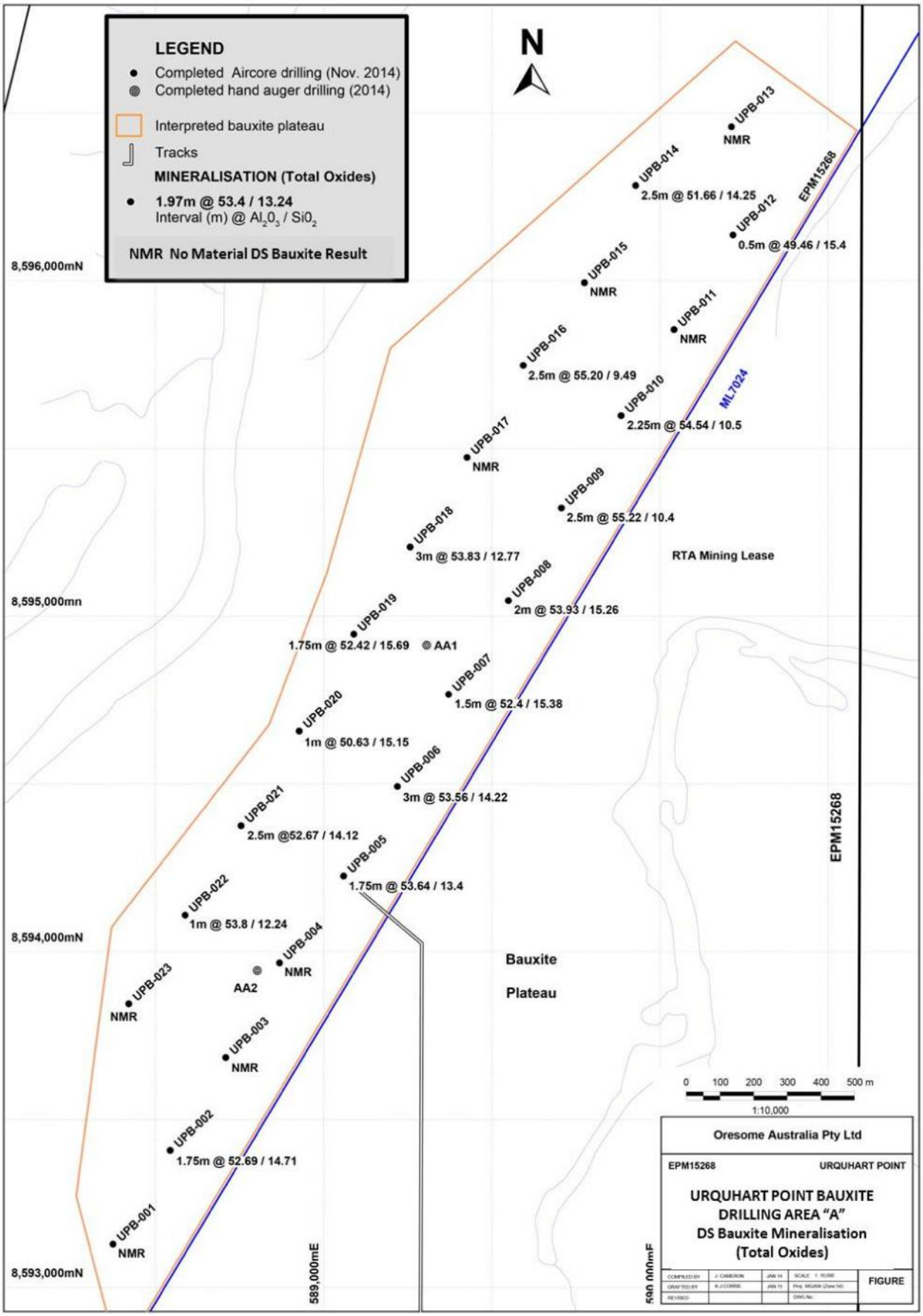

Figure 2: Area A DS Bauxite Mineralisation

Table 1: EPM15268 Urquhart Point Material DS 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	Al_2O_3 %	SiO_2%	Fe_2O_3%
UPB-001	1/11/2014	588375	8593132	16	-90	6.00	No material direct shipping bauxite intersection					
UPB-002	1/11/2014	588546	8593408	13	-90	7.50	4.50	6.25	1.75	52.69	14.71	10.07
UPB-003	2/11/2014	588710	8593685	11	-90	7.25	No material direct shipping bauxite intersection					
UPB-004	2/11/2014	588870	8593970	17	-90	5.75	No material direct shipping bauxite intersection					
UPB-005	2/11/2014	589060	8594228	8	-90	7.00	4.00	5.75	1.75	53.64	13.40	7.27
UPB-006	2/11/2014	589220	8594494	10	-90	6.00	3.00	6.00	3.00	53.56	14.22	7.49
UPB-007	2/11/2014	589375	8594768	9	-90	6.00	3.25	4.75	1.50	52.40	15.38	4.51
UPB-008	2/11/2014	589553	8595049	14	-90	7.00	3.75	5.75	2.00	53.93	15.26	2.67
UPB-009	2/11/2014	589708	8595324	13	-90	6.00	2.50	5.00	2.50	55.22	10.40	5.33
UPB-010	2/11/2014	589889	8595599	14	-90	7.00	3.50	5.75	2.25	54.54	10.50	5.70
UPB-011	2/11/2014	590043	8595857	12	-90	6.00	No material direct shipping bauxite intersection					
UPB-012	2/11/2014	590218	8596137	12	-90	8.00	6.25	6.75	0.50	49.46	15.40	7.85
UPB-013	2/11/2014	590217	8596459	12	-90	6.00	No material direct shipping bauxite intersection					
UPB-014	2/11/2014	589930	8596285	12	-90	9.00	6.25	8.75	2.50	51.66	14.25	5.46
UPB-015	2/11/2014	589777	8595998	7	-90	9.00	No material direct shipping bauxite intersection					
UPB-016	2/11/2014	589595	8595749	2	-90	10.00	6.50	9.00	2.50	55.20	9.49	5.44
UPB-017	3/11/2014	589428	8595475	12	-90	9.00	No material direct shipping bauxite intersection					
UPB-018	3/11/2014	589259	8595207	15	-90	10.00	5.50	8.50	3.00	53.83	12.77	4.59
UPB-019	3/11/2014	589092	8594947	10	-90	8.00	4.75	6.50	1.75	52.42	15.69	4.21
UPB-020	3/11/2014	588928	8594656	13	-90	7.00	5.00	6.00	1.00	50.63	15.15	6.30
UPB-021	3/11/2014	588757	8594378	16	-90	7.00	3.50	6.00	2.50	52.67	14.12	5.58
UPB-022	3/11/2014	588587	8594113	12	-90	7.00	5.25	6.25	1.00	53.80	12.24	5.85
UPB-023	3/11/2014	588422	8593846	16	-90	6.00	No material direct shipping bauxite intersection					
								Average*	**1.97**	**53.40**	**13.24**	**5.75**

Note: * Al2O3/SiO2/Fe2O3 averages are weighted

Direct Shipping bauxite threshold used $\geq$ 45% total Al_2O_3 and $\leq$15% total SiO_2

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Reverse Circulation aircore drill hole samples representing 0.25m intervals were collected in plastic bags through a cyclone mounted on the drill rig. The entire sample was collected to ensure full representivity of the drilled material. All samples were geologically logged at the time of drilling to determine 1) the type of bauxite material, 2) which samples to composite over 0.5m intervals, 3) which samples to retain for analysis and 4). when to stop the hole. Samples were collected as individual 0.25m samples or composited over successive 0.5m intervals where the logged material was geologically similar. Samples that contained pisolites in significant volume were logged as bauxitic and submitted for analysis. These samples were placed in polywoven sacks for dispatch to the laboratory. A small representative sub-sample (approx. 50g) was collected for each 0.25m interval and stored in a plastic sample tray for future reference.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Drilling was carried out by Wallis Drilling Pty Ltd using a Wallis Mantis 80 Aircore drill rig mounted on a 6x6 Toyota. Shallow (up to 10m) vertical aircore holes were drilled using NQ rods and an NQ aircore drill bit with an outside diameter of 93mm.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Reverse Circulation aircore drilling was used due to its proven reliability in producing good representative sample recoveries across accurate sample intervals. To ensure representivity of the material being drilled the entire sample was collected for each 0.25m interval of the drill hole.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate*	All drilled intervals were logged by a competent geologist at 0.25m intervals. The logging was undertaken in a qualitative manner and

Criteria	JORC Code explanation	Commentary
	Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	focussed on documenting the amount and nature of the overburden, the pisolitic intervals and the floor to mineralisation. The bauxitic horizons were defined by the presence of pisolites and the absence of ferricrete, ironstone and/or clays. Logging included visual estimates of pisolitic bauxite concentration and pisolite size and nature.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	No sub-sampling of material was undertaken at the time of collection. The entire sample was collected over each 0.25m interval directly from the cyclone on the drill rig. Sample weights were on average between 2 and 3 kg for each 0.25m sample and 4 to 6kg for the composited 0.5m samples. The samples were dispatched to the sample preparation facility at the ALS laboratory located in Virginia, Brisbane. For each drill hole, bauxite intervals were selected for Direct Shipping bauxite analysis using a threshold of ≥45% total Al_2O_3 and ≤15% total SiO_2, based on earlier analyses of beneficiated (+1.2mm) samples, and prepared for assay using the following method: • source and weigh B fraction of original sample split (the A fraction was beneficiated at +1.2mm and analysed previously); • the B fraction was then riffle split to collect approximately 0.5kg of material. The residue was retained and stored; • the sample was then dried at 105^{o}C and then pulverised to a nominal 85% passing below 75 microns; • 50g fractions were split off for total oxide analysis and the residue retained. This preparation is regarded as being appropriate for bauxite analyses.
Quality of assay data and laboratory	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc,*	Sample analyses were undertaken by ALS laboratory at its Stafford facility in Brisbane. The analytical methods applied to the pulverised sample were as follows:

Criteria	JORC Code explanation	Commentary
tests	*the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Total oxides by XRF (ALS code ME-XRF13n) for Al_2O_3, BaO, CaO, Cr_2O_3, Fe_2O_3, K_2O, MgO, MnO, Na_2O, P_2O_5, SO_3, SiO_2, SrO, TiO_2, V_2O_5, Zn, ZrO_2; and • H_2O/LOI by TGA furnace (ALS code ME-GRA05) No field duplicate samples were collected because the total sample was collected for analysis. Two standard bauxite reference samples were sourced from Geostats Pty Ltd in Perth. The bauxite reference samples were relabelled and renumbered prior to being provided to ALS to insert in each batch at a ratio of 1 standard in every 30 samples. Results of the analysis of the standards were all within one standard deviation of the certified values. In addition the laboratory undertook Quality Control measures with, one in every 12 samples analysed in duplicate. Seven laboratory standards and one blank were run with each sample batch and the results reported.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	One in every 12 samples was analysed as a duplicate by ALS. No twinned holes were drilled due to the early stage nature of this investigation into assessing the presence of mineralisation. ALS provided the analytical data in csv and pdf format. The data was converted by Oresome Australia to Excel spreadsheets and combined with the geological logs, sample intervals and drill hole location data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	Drill collars were located by hand held Garmin GPS considered to have an accuracy of ± 4 m. The grid system used was GDA94 Zone 54L. The base topographic control is the local 1:50,000 topographic maps (Weipa and Winda Winda Creek) which is adequate to identify overall and specific locations.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	23 holes were drilled on a nominal 320m x 320m grid (Refer to Figure 2 in the release). The aim of the program was to test the presence of significant bauxite mineralization. The drill hole spacing was adequate for this purpose and is deemed sufficient to establish the degree of geological and grade

Criteria	JORC Code explanation	Commentary
	• *Whether sample compositing has been applied.*	continuity appropriate for an Inferred Mineral Resource estimate if required at a later date. Samples were collected as individual 0.25m samples or composited into 0.5m intervals where the geology was similar. No additional compositing of samples was undertaken, even at the laboratory analysis stage.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralized structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	The mineralisation is regarded as horizontal due to the tabular nature of the style of deposit as demonstrated elsewhere on the Weipa Plateau. All drill holes were less than or 10m in length, vertical and intersected the mineralisation at an approximate 90^0 angle with all intercepts are regarded as having True Width. Considering the deposit type the sampling has shown the presence of broad zones of continuity of mineralisation in an unbiased manner.
Sample security	• *The measures taken to ensure sample security.*	The samples were collected in large plastic sample bags on site which were secured using cable ties and bagged into white polywoven sacks and stored in a locked compound. The sacks were palleted and shrink-wrapped for shipment. It is considered that due to the nature (bauxite) and the value of the mineralisation potential, security interference was extremely remote.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	No independent audits of the drilling and sampling have been undertaken due to the early stage nature of the project.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Urquhart Point EPM15268 is located some 5 km west of the township of Weipa on the western side of Cape York. EPM 15268 is currently held 66 2/3% by Oresome Australia Pty Ltd (a 100% owned subsidiary of Metallica Minerals Limited), and 33 1/3% by its Joint Venture Partner, Ozore Resources Pty. Ltd. Ozore can increase its JV interest to 50% upon contribution of a further A$2.5 million to the Joint Venture. There is an exploration access agreement with the local Indigenous Groups

Criteria	JORC Code explanation	Commentary
		represented by the Wik and Wik Way. The area is covered by the Cape York Regional Plan (CYRP). EPM15268 is unaffected by the current CYRP and the tenement is in good standing.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	An appraisal has been undertaken on previous exploration for bauxite. Although some widespread sampling had taken place, there was no evidence of previous systematic, grid-based drilling. Oresome undertook a maiden auger drilling and sampling program within the tenement in 2014. Refer ASX Release dated 11 July 2014.
Geology	• *Deposit type, geological setting and style of mineralization.*	The deposit type is bauxite laterite derived from the tropical to sub-tropical weathering of aluminous sediments.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Refer to Table 1 below.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	For each drill hole, bauxite intervals were selected for DSO analysis using a threshold of ≥45% total Al_2O_3 and ≤15% total SiO_2 based on the results of analyses of beneficiated (+1.2mm) samples. A minimum interval thickness of 0.5m was applied. Down-hole assays were weighted on the basis of intercept thickness to determine the weighted average assay for the bauxite zone in each drill intercept. No upper cut-off grades were applied.
Relationship between	• *These relationships are particularly important in the reporting of Exploration Results.*	The mineralisation is regarded as horizontal due to the tabular nature of the style of deposit and because the holes are shallow (up to 10m in

Criteria	JORC Code explanation	Commentary
mineralization widths and intercept lengths	• *If the geometry of the mineralization with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	length), drill hole deviation would be minimal and therefore the holes are considered vertical with all intercepts representing True Width. Down hole depths are considered as True Widths.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer to Figures 1 and 2.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	See Table 1 in this release
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	The drilled area was identified due to its recognised proximity to known bauxite deposits within the adjoining Rio Tinto ML, desk-top mapping of potential bauxite plateau features in satellite image studies and encouraging results from limited hand auger drilling completed in 2014. Refer ASX Release dated 11 July 2014.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	It is envisaged that further drilling will be carried out later in 2015 and may include infill drilling of areas already drilled and testing of their lateral extensions.