



METALLICA MINERALS LIMITED

INVESTOR UPDATE

March 2016



Disclaimer

Statements & material contained in this presentation, particularly those regarding possible or assumed future performance, production levels or rates, metal prices, metal markets, resources or potential growth of Metallica Minerals Ltd, industry growth or other trend projections are, or may be, **Forward Looking Statements**. Such statements relate to future events & expectations as such, involve known & unknown risks & uncertainties.

The **Cape York Heavy Mineral Sands (HMS) and Bauxite (Bx) Projects, Esmeralda Graphite and the SCONI Scandium-Cobalt-Nickel Project**, are at the exploration, advanced evaluation & feasibility stage & although reasonable care has been taken to ensure that the facts stated in this presentation are accurate & or that the opinions expressed are fair & reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness.

Actual results & developments of projects and market development may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

This material is used for a company summary presentation only, for more detailed information the reviewer should seek company information as provided in Metallica's ASX releases, Annual & Quarterly Reports.

Forward-looking statements are based on assumptions regarding Metallica Minerals Limited ("Metallica"), business strategies, plans and objectives of the Company for future operations and development and the environment in which the Metallica may operate.

Forward-looking statements are based on current views, expectations and beliefs as at the date they are expressed and which are subject to various risks and uncertainties. Actual results, performance or achievements of Metallica could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained in this presentation are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Metallica, which may cause the actual results, performance or achievements of Metallica to differ materially from those expressed or implied by the forward-looking statements. For example, the factors that are likely to affect the results of Metallica include general economic conditions in Australia and globally; ability for Metallica to fund its activities; exchange rates; production levels or rates; demand for Metallica's products, competition in the markets in which Metallica does and will operate; and the inherent regulatory risks in the businesses of Metallica. Given these uncertainties, readers are cautioned to not place undue reliance on such forward looking statements.

- The **Urquhart Point HMS Project** is at an advanced feasibility and development stage and reasonable care has been taken to ensure that the facts stated in this announcement are accurate and or that the opinions expressed are fair and reasonable. However, actual results may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.
- A key conclusion of the **Feasibility Study (FS)** which is based on forward looking statements is that the Urquhart HMS Project is considered to have positive economic potential and project development funding has been through a Joint Venture with Ozore Resources.

Technical information contained in this report has been compiled by Metallica Minerals Non-Executive Director Mr Andrew Gillies B.Sc. & M. AUSIMM, who is a **competent person** & a member of the Australasian Institute of Mining & Metallurgy & have relevant experience to the mineralisation being reported on to qualify as Competent Persons as defined by the Australasian Code for Reporting of Minerals Resources & Reserves. Mr Gillies consents to the inclusion in this presentation of the matters based on the information in the form & context in which it appears.

***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.

For further detailed information on the content of this presentation please also refer to the following ASX Releases dated: 20 May, 17 June & 24 June & 11 July, 1 & 27 August, 29 & 30 September, Annual Report 6 October, 25 November, 3 December 2014. 21 January, 3 and 26 February, 7 April, Quarterly Report 30 April, 11 May, 17 & 25 June, 9, 15 & 28 July, Quarterly Report 29 July, 15, 21, 28 September, 6 October, 5 November, 10 December 2015, 22 January 2016 and Quarterly Report 28 January.



Highlights

- Developing the Urquhart Direct Shipping Bauxite Project
 - Planning to commence production in early 2017 with minimal capex
 - Ramp up to 1.5 – 2mtpa to deliver sustainable free cash flow
 - Negotiating access to preferred logistics solution
 - Strong supply and demand fundamentals supporting development
- Spectacular¹ graphite intersections at the 100% owned Esmeralda Graphite Project
 - WD001 – 95 m @ 6.5% Cg² from 71m
 - WD002 – 29.1 m @ 7.8%¹Cg² from 71.9m, including 7.1 m @ 12.9% Cg
- Monetising non-core assets—\$1.9 million³ announced in the past 6 months
 - Still to receive \$900,000 mid year
- Tight capital structure with no debt
- Keenly priced Renounceable Rights Issue
 - 42% discount on last trade and 62% to 3 month VWAP
 - Free attaching Option
 - Raise \$2 million before fees

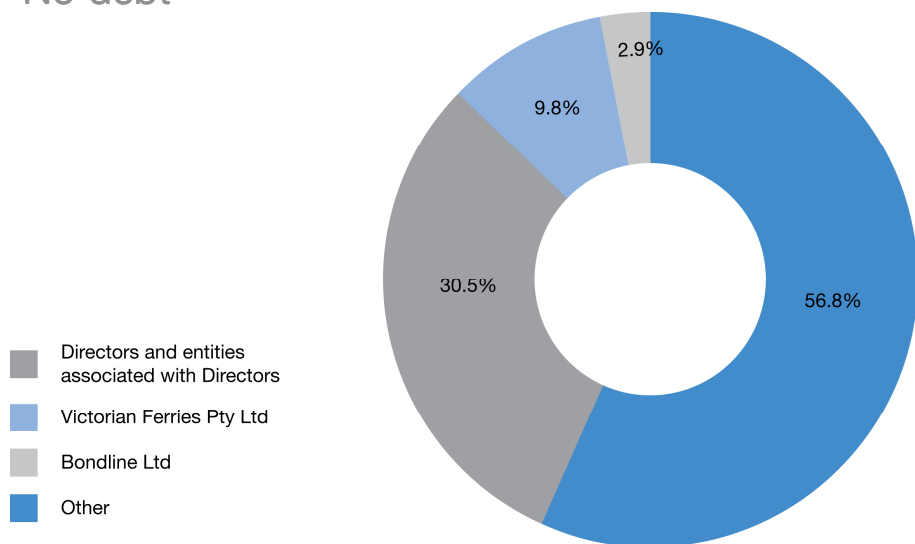


Corporate Snapshot

Capital Structure

Shares on issue	167.4m
Options on issue	8m
Share price (2 March 2016)	A\$0.05
Market capitalisation	A\$8.4m
Cash at 31 Dec 2015	A\$0.83m

No debt



Board and Management

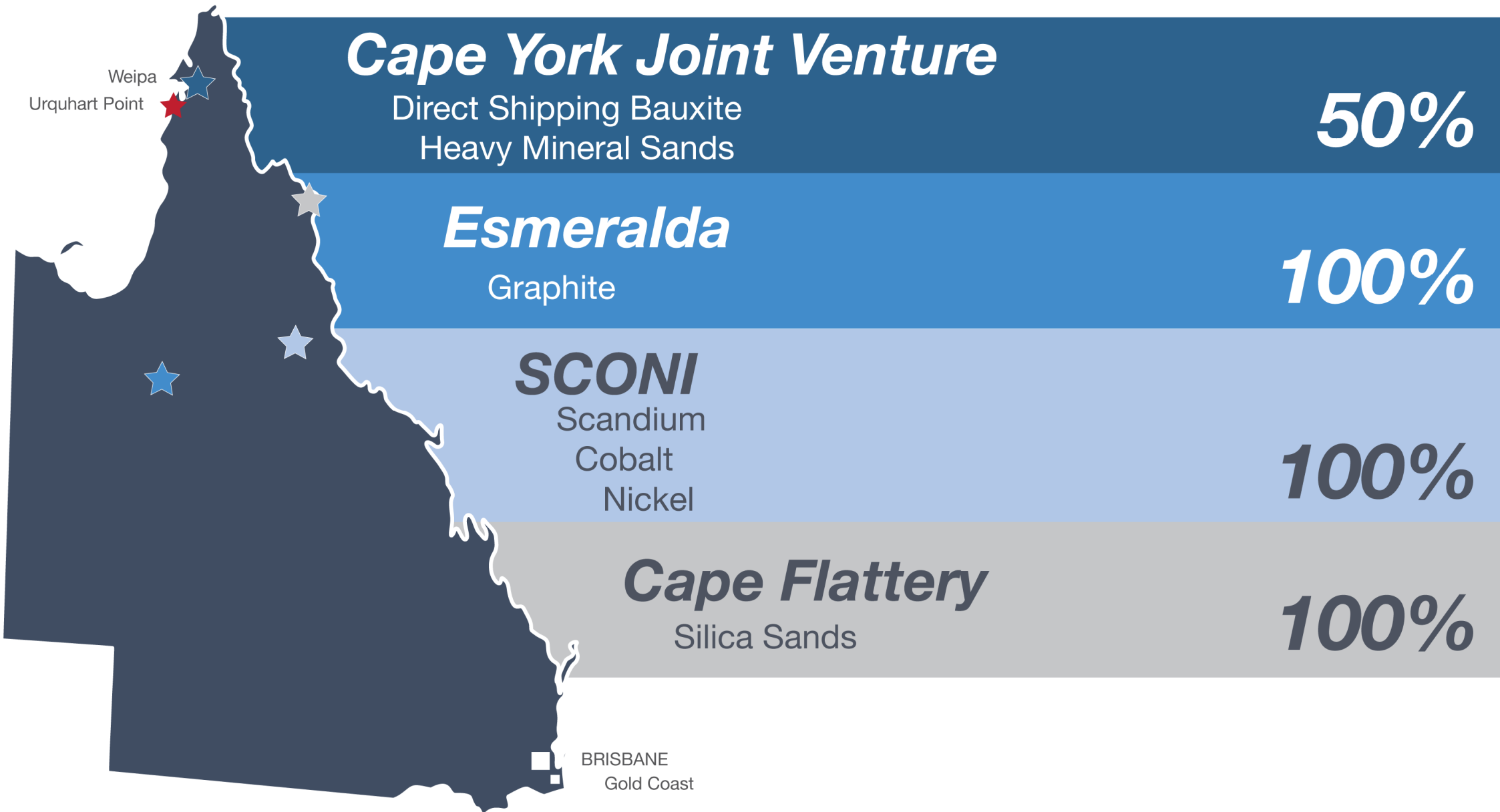
Barry Casson	Non-Executive Chairman
Simon Slesarewich	Chief Executive Officer
Andrew Gillies	Non-Executive Director
Shu Wu	Non-Executive Director
Shu Zhang	Alternate Non-Executive Director
John Haley	CFO I Company Secretary



Metallica listed on the ASX in 2004 with 61.9m shares on issue and still holds a very tight capital structure



Project Overview





Urquhart Bauxite Project

- Current focus

Urquhart HMS Project

- HMS plant recently arrived in Australia
- Reviewing development scenario to maximise value

Regional HMS & Bauxite Project

- Over 1,257 km² coastal tenements held which cover many HM sand and laterite bauxite targets
- Contains a large (42 Mt – 128 Mt) bauxite Exploration Target





Low Temperature Bauxite Is In Demand

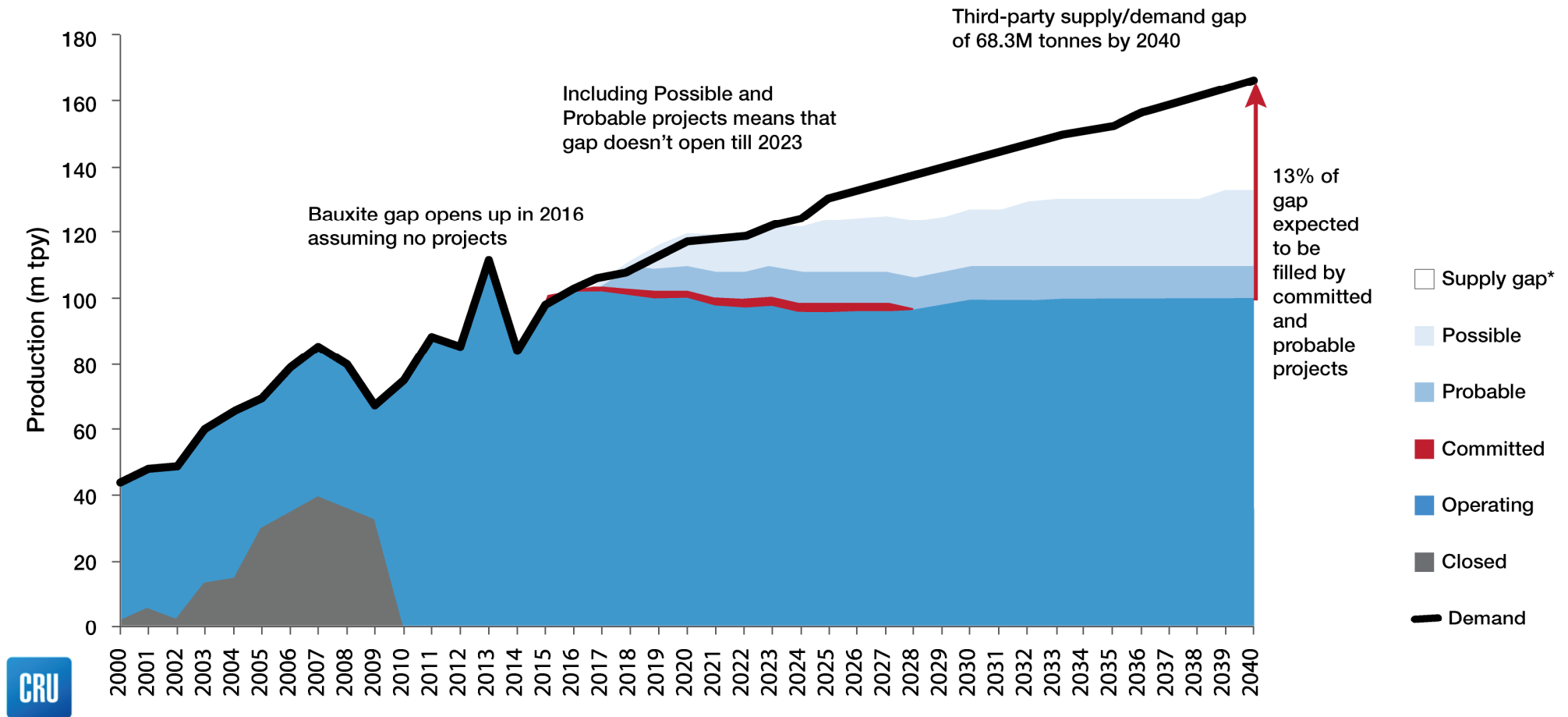
- Testing has confirmed low temperature bauxite production
- Production and export constraints:
 - Indonesian ban of raw exports removed ~40 Mtpa from the global bauxite market
 - Malaysia has enacted a 3 month ban on exports to deal with environmental issues
 - Some calls within India to reserve bauxite for domestic consumption
- Forecast 68 Mtpa shortfall in supply of low temperature bauxite by 2040¹
- Initial supply shortfall from 2016
- Low temperature bauxite market undersupplied in the medium to long term
- China's largest refineries are designed to accept low temperature bauxite but China predominantly produces high temperature bauxite
- Bauxite has decoupled from the alumina and aluminium pricing as new refining and smelting capacity is not integrated with dedicated mining operations
- In 2014–15, China imported only 39 Mt (nil from Indonesia), but needs more than 65 Mt of imported bauxite per year, rising even higher to more than 75 Mt in the next 5 years to feed its rapidly growing aluminium industry.



Imports into China

Strong growth in Chinese third party bauxite demand to result in a supply-demand gap opening after 2016

World third party bauxite balance, 2000-2040



© 2015 CRU International Limited

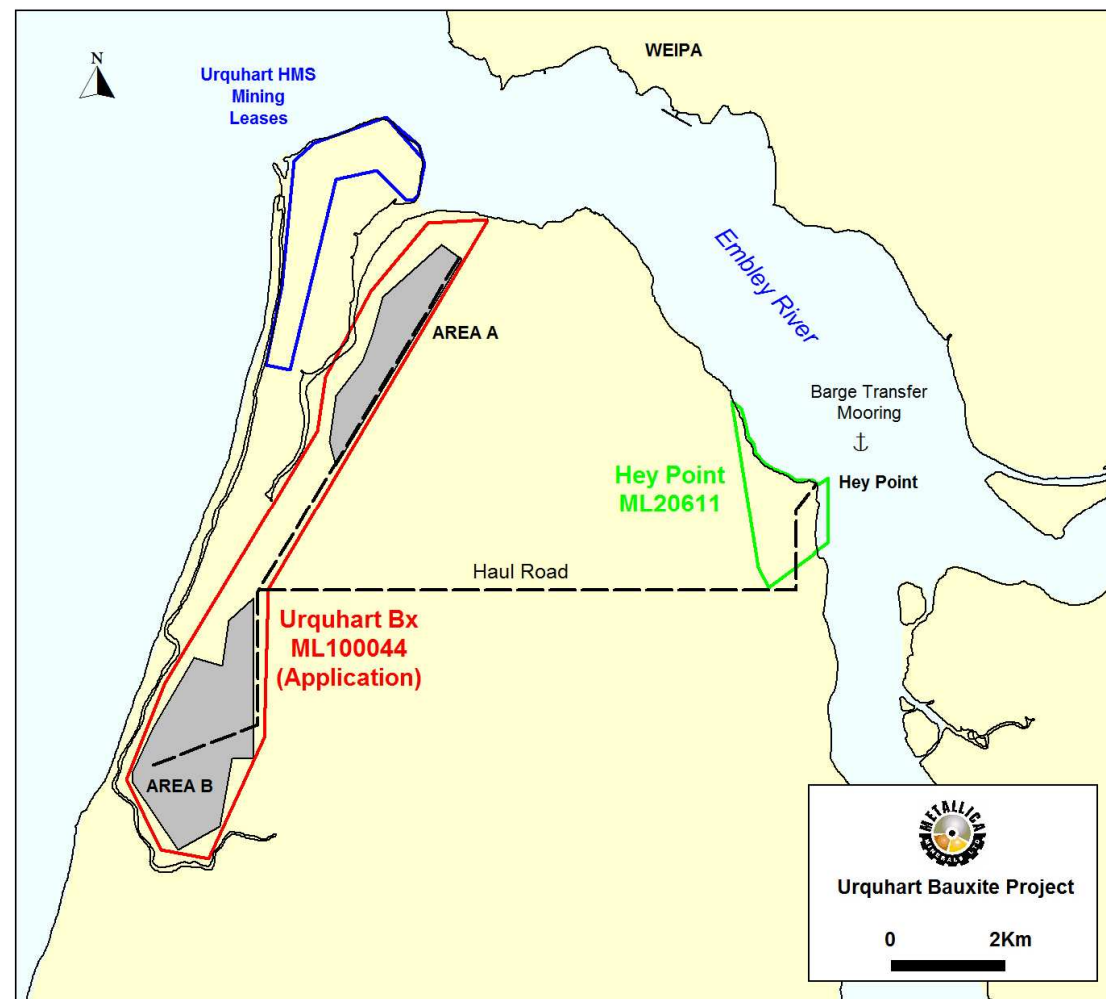
Many new sources of supply are needed!



Urquhart Bauxite Project

Why do we like Urquhart Bauxite?

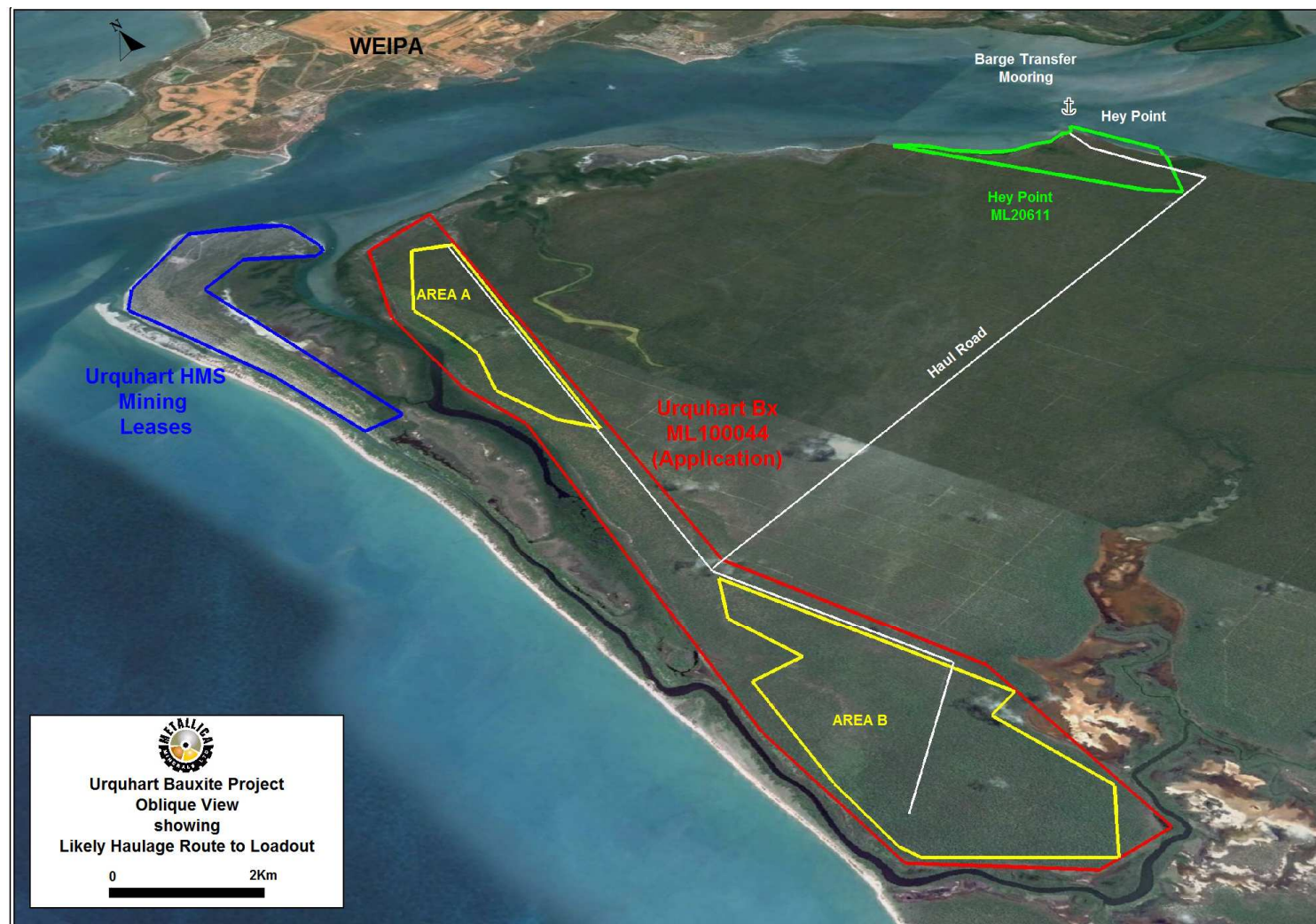
- Simple 1.5 – 2 Mtpa development
- Positive in-house scoping study
- Modest capex and simple development scenario
- Ideally located near deep water
- Negotiating logistics and access to Hey Point
- Well-known and accepted low temperature bauxite product
- Strong supply and demand fundamentals
 - Indonesia ban
 - Malaysian 3 month ban
 - Calls for Indian production to be reserved for domestic use
- Proven ability to secure approvals via Urquhart Point HMS mining lease





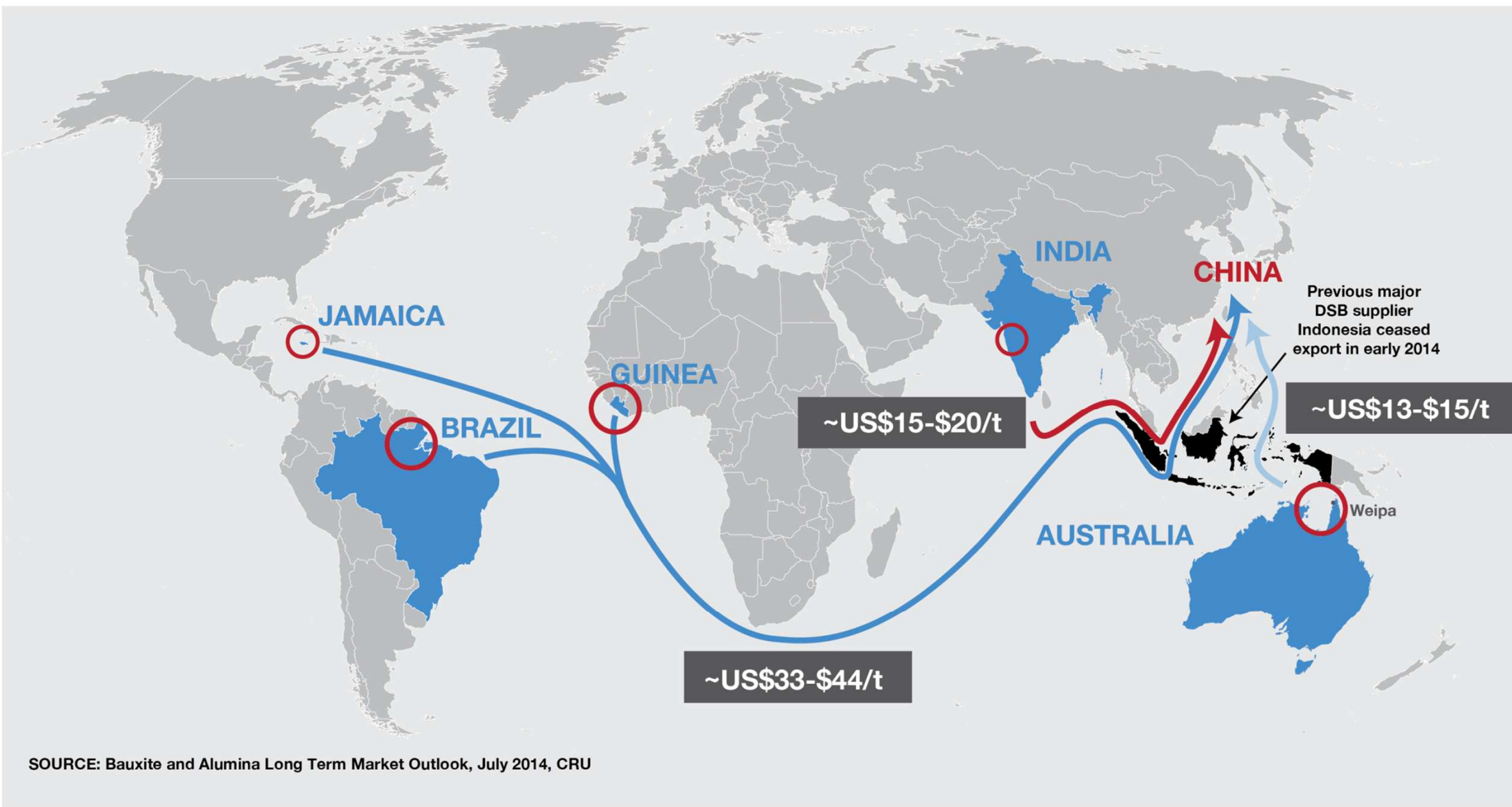
Ideal Logistics

- Bulk commodities is all about logistics
- Successfully completed an in house options study on logistics and load out options
- Derisking logistics via negotiation of a binding agreement to utilise infrastructure and access at Hey Point
 - Low capex
 - Compressed start-up





Logistics Advantage

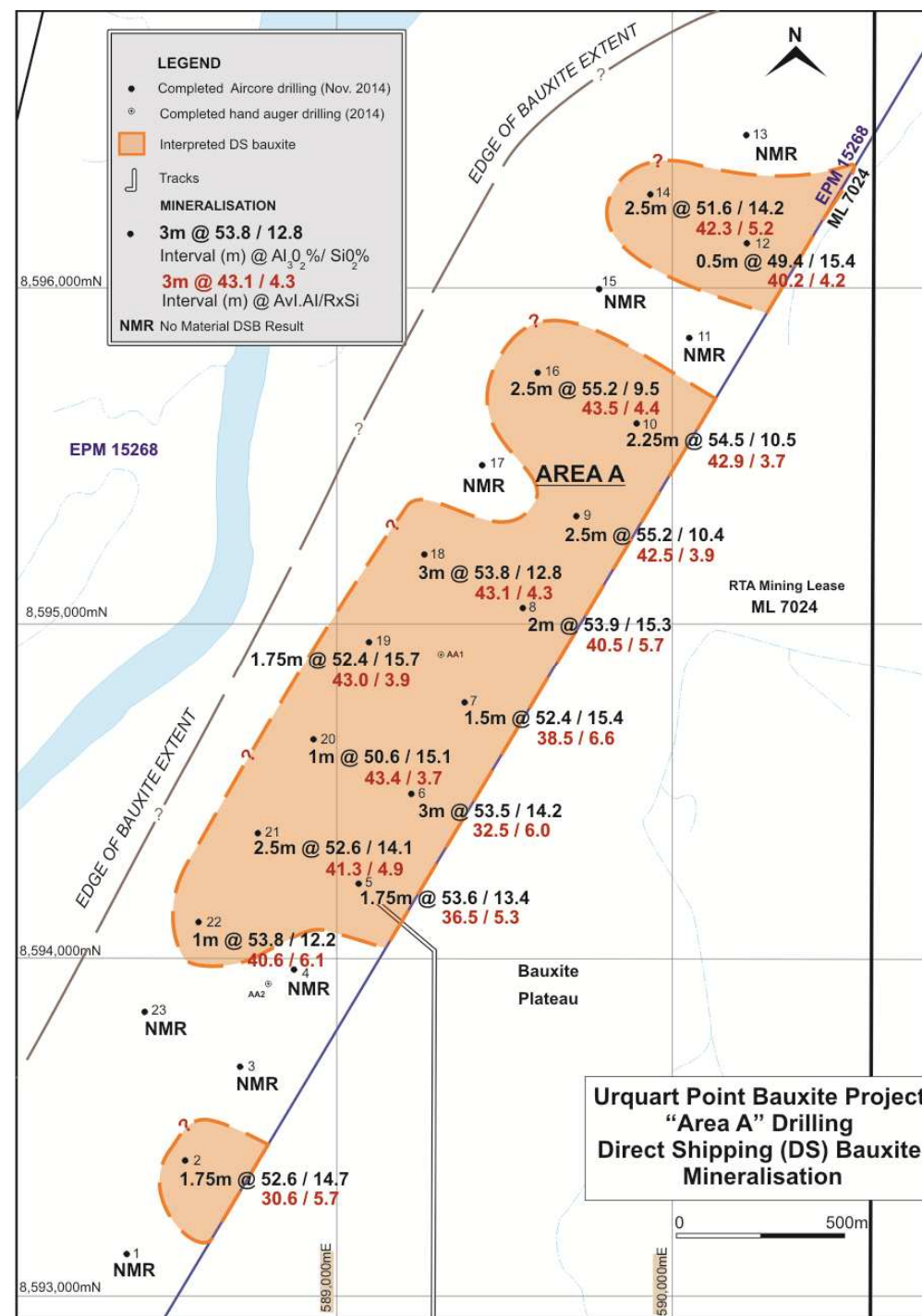


ASX:MLM Western Cape York bauxite is located close to the coast and international shipping, lowering operating and transport costs, with ready access to ship-borne trade to China or the Middle East



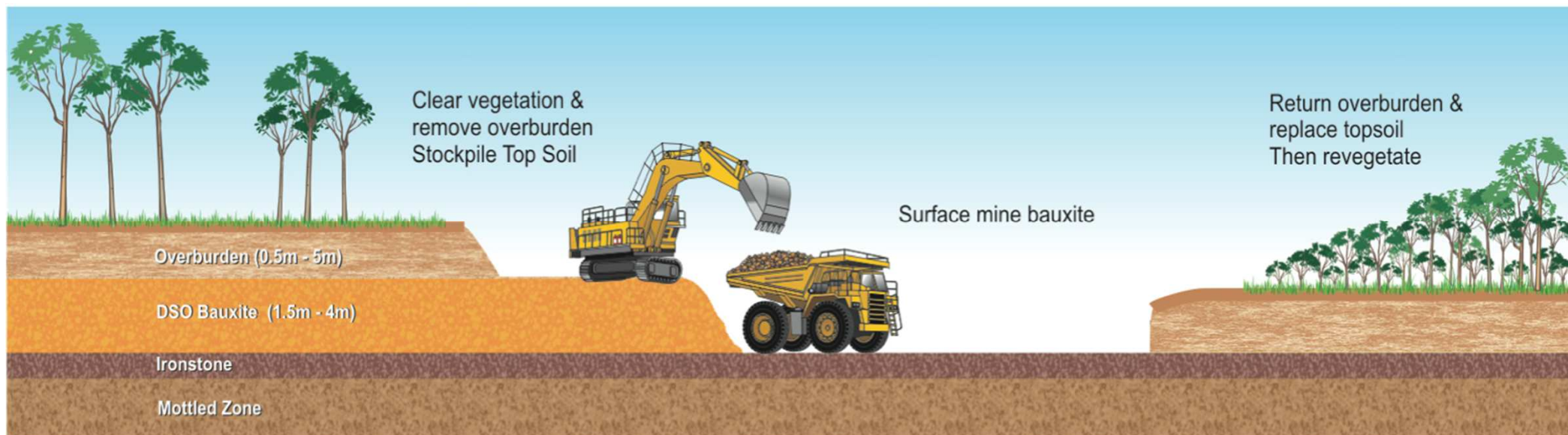
Urquhart Bauxite

- Good quality and readily saleable into the seaborne market
 - 40.6% AAI and 4.9% RSi¹
- Maiden JORC-compliant Inferred Resource released¹
 - 7.5 Mt @ 51% Al₂O₃, 16.3% SiO₂
- Direct Shipping Bauxite (DSB) with average thickness of ~2 m
- Low temperature DSB confirmed¹
- Mining Lease Application lodged²
- Environmental studies currently underway
- Pathway to early 2017 development and production³





Simple Development



- 1.5–2.0 Mtpa mine-truck-barge-ship operation
- Proximity to the established mining town of Weipa
- Expected low operating costs coupled with low capital requirements
- Ability to lock in costs near the bottom of the cycle
- Utilise contractors to reduce capital requirements





Example of barge transshipment



Urquhart Bauxite Development Timeline

	2015			2016				2017			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Submit Mining Lease Application	Completed	Completed									
Landowner exploration agreement		Completed									
Preliminary exploration Drilling (Inferred)	Completed	Completed									
Resource Drilling					To be Completed	To be Completed					
Market testing and Studies						To be Completed					
Updated JORC Report						To be Completed					
Wet/Dry Ecological reports			Completed	To be Completed							
Hydrology Reporting				To be Completed	To be Completed	To be Completed					
EA approval pathway (site specific application)				To be Completed	To be Completed	To be Completed					
Submit EA						To be Completed					
Issue draft EA to Mining Register and DNRM						To be Completed					
Develop TLO compensation agreements					To be Completed	To be Completed					
Combined Department Decision							To be Completed				
Mining Lease Granted							To be Completed				
Pre civil works and site clearance								To be Completed			
Mining and shipping commence								To be Completed	★		

 Completed
 To be Completed



Esmeralda Graphite

- Spectacular¹ high grade graphite intersections at the 100% owned Esmeralda Project
 - WD001 – 95 m @ 6.5% Cg² from 71m
 - WD002 – 29.1 m @ 7.8%¹Cg² from 71.9m, including 7.1 m @ 12.9% Cg
- Petrology confirms the same mineralisation style hosted within hydrothermally altered granite is present in both holes which are 1.2km apart
- Results indicate mineralisation is open in all directions and strongly indicates potential to define a very large graphite deposit that may support bulk mining operation
- Metallurgical test results due in March

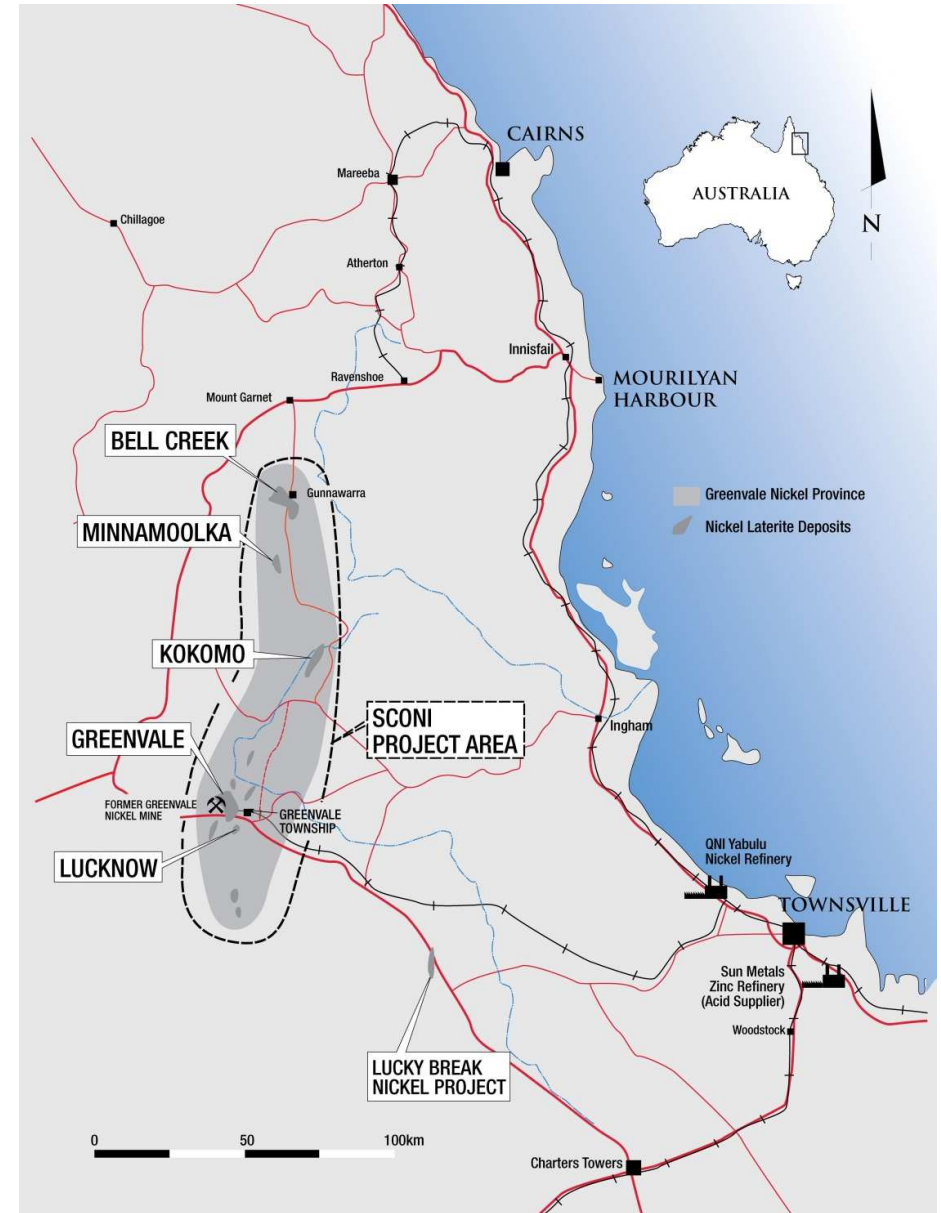






SCONI Nickel-Cobalt-Scandium Project -100% MLM

- Over \$10 million already spent
- Ideal location – historical Greenvale nickel mine
- Established JORC Resources
- Close proximity to industrial services Townsville and Mourilyan Ports
- Good metallurgical ore types
- Metallica-owned Scandium IP recovery and purification technology
- Low environmental impact and strong community support
- Currently in negotiations for a JV





Catalysts

- Execute binding agreement for preferred logistics solution at Hey Point
- Upgrade Resource category and studies for Urquhart bauxite
- Grant of Urquhart bauxite mining lease
- Production from Urquhart bauxite
- Metallurgical test results from Esmeralda
- \$900,000 to be received mid-year
- Continued disposal or jv of non-core assets
- Strong pipeline of new opportunities



SUBSIDIARY COMPANIES

NORNICO Pty Ltd ACN 065 384 045

Oresome Australia Pty Ltd ACN 071 762 484

Oresome Bauxite Pty Ltd ACN 606 362 252

Lucky Break Operations Pty Ltd ACN 126 272 580

Phoenix Lime Pty Ltd ACN 096 355 761

Greenvale Operations Pty Ltd ACN 139 136 708

Scandium Pty Ltd ACN 138 608 894

Touchstone Resources Pty Ltd ACN 126 306 018

THANK YOU