



ASX RELEASE
4 OCTOBER 2016

COMPANY UPDATE AND LOAN TO GREEN COAST RESOURCES

Highlights

- **Short Term Loan to Green Coast Resources to facilitate its maiden bauxite exports from its Hey Point Bauxite Project**
- **Approved and operational logistics solution locked in for Urquhart Bauxite**
- **Environmental Authority for Urquhart Bauxite Project lodged with the Queensland government**
- **Urquhart detailed drill program completed on time and on budget**
- **JORC Resource and Pre-Feasibility Study underway**

Bauxite developer, Metallica Minerals Limited (Metallica) ([ASX:MLM](#)) is pleased to provide the following update on latest progress with the Company's increasing involvement in the Queensland bauxite mining and export industry.

Short Term Loan to Green Coast Resources

Metallica has entered into various agreements to provide a Short Term Loan (Loan) of up to \$500,000 to Green Coast Resources Pty Ltd (GCR), the owner and operator of the Hey Point Bauxite Project (HPBP). Key terms of the Loan are as follows:

- Tranche 1 – \$250,000 (drawn)
- Tranche 2 – \$250,000 (can be drawn upon certain conditions precedent being met at Metallica's sole satisfaction)
- Term – 3 months
- Interest Rate – 3.5% per month

The purpose of the Loan is to fund GCR's general working capital requirements towards achieving maiden bauxite exports from the HPBP which are expected to commence within the next 2-3 weeks. Initial mining activities at the HPBP have already produced a stockpile in excess of 100,000 tonnes of bauxite that will be used to satisfy current sales contracts from the project.

The Cape York HMS & Bauxite Project Joint Venture (Joint Venture), in which Metallica's wholly owned subsidiary, Oresome Australia Pty Ltd has a 50% interest, had previously entered into a Heads of Agreement with GCR for direct shipping bauxite (DSB) from the Joint Venture's Urquhart Bauxite Project, located 15km away from the HPBP. The agreement includes for the transshipment of Urquhart DSB via GCR's installed infrastructure and marine equipment in the Embley River to export vessels at the approved anchorage location only 3.5km from the Hey Point barge loading facility (*see ASX Release 7 April 2016*). The parties will look to finalise the contract for the transshipping services and access by 30 November 2016, although if a contract is not entered into by that time, GCR is still bound to provide the transshipping services and access to Metallica under the Loan agreement, with a cap applied to the rate charged to Metallica.

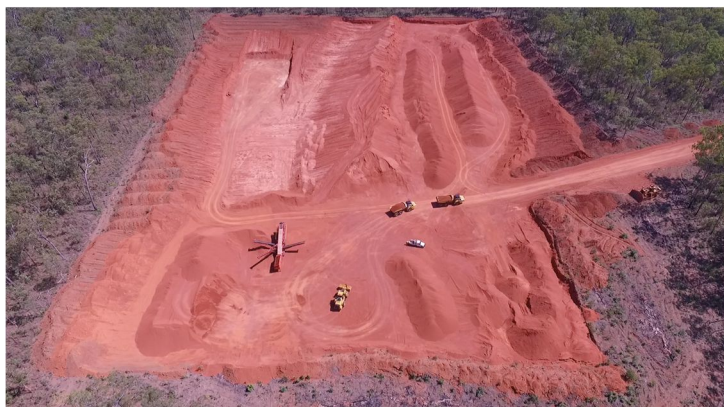


Figure 1: Initial mining area and bauxite stockpiles at the Hey Point Bauxite Project

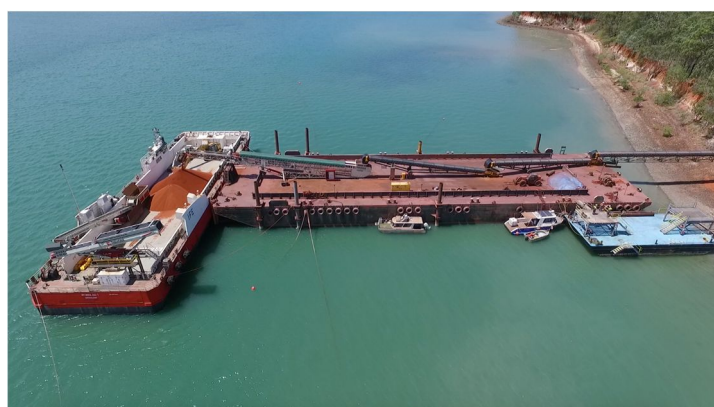


Figure 2: Loading of bauxite through the Hey Point barge loading facility onto the self-propelled barge MV IronClad I

Urquhart Bauxite Project

The Urquhart Bauxite Project remains on schedule to commence production in the first half of 2017.

The Joint Venture has submitted its Environmental Authority to Queensland's Department of Environment, Heritage and Protection (DEHP). This is a key step in achieving the grant of the mining lease, which remains on track for grant in late in 2016. This follows on from the Commonwealth Government confirming that the project is a Controlled Action that will be assessed via preliminary documentation, and will not require an Environmental Impact Statement (EIS) (*see ASX Release 24 June 2016*).

The drilling program (*see ASX Release 11 August 2016*) was completed on schedule and budget, with assay results being reported from ALS' laboratory in Townsville and Brisbane. Results from the program will be used to upgrade the project's current JORC Inferred Resource and complete a Pre-Feasibility Study (PFS). The PFS is expected to confirm the



results of a previously completed Options Study, undertaken internally by Metallica earlier this year, to progress the project as a new Cape York DSB mine and export operation.

The Urquhart Bauxite Project is to be developed under a contracting model that will minimise capital requirements. The Joint Venture has commenced a tender process for the mining and haulage components of the operation. The prevailing contracting market has meant that interest is high from the selected contracting groups and is expected to yield a competitive cost structure at Urquhart.

Metallica CEO, Mr Simon Slesarewich:

"Metallica is delighted to be able to assist GCR in the realization of exports from the Hey Point Bauxite Project - the first new independent bauxite mine on Cape York since 1963. The agreement with GCR and the commencement of bauxite shipments from Hey Point is another positive step for the planned commencement of bauxite exports from the neighboring Urquhart Bauxite Project in the first half of 2017, with minimal capital expenditure. Metallica remains confident that the project will deliver significant shareholder value and is looking forward to sharing the results of a Pre-Feasibility Study as soon as they are available."

For more information please contact:-

Simon Slesarewich

Chief Executive Officer

Phone: + 61 7 3249 3000

Email: admin@metallicaminerals.com.au

John Haley

CFO/Company Secretary

Phone: + 61 7 3249 3000

About the Hey Point Bauxite Project

The Hey Point Bauxite Project (HPBP) is located close to the junction of the Embley and Hey rivers, near Weipa in North Qld (see Figure 3 below). HPBP is owned and operated by the privately owned Green Coast Resource Pty Ltd (GCR). GCR acquired HPBP from Cape Alumina Ltd in June 2013. Since that time GCR have been successful in securing approvals to commence bauxite mining and export operations.

Hey Point is directly accessible to water deep enough to load barges from a 70 metre pontoon that will act as a jetty supporting a conveyor system that is used to load the self-propelled MV IronClad I barge (see Figure2). It is an ideal infrastructure hub for bauxite exports and is located just 15km from the Urquhart Bauxite project.

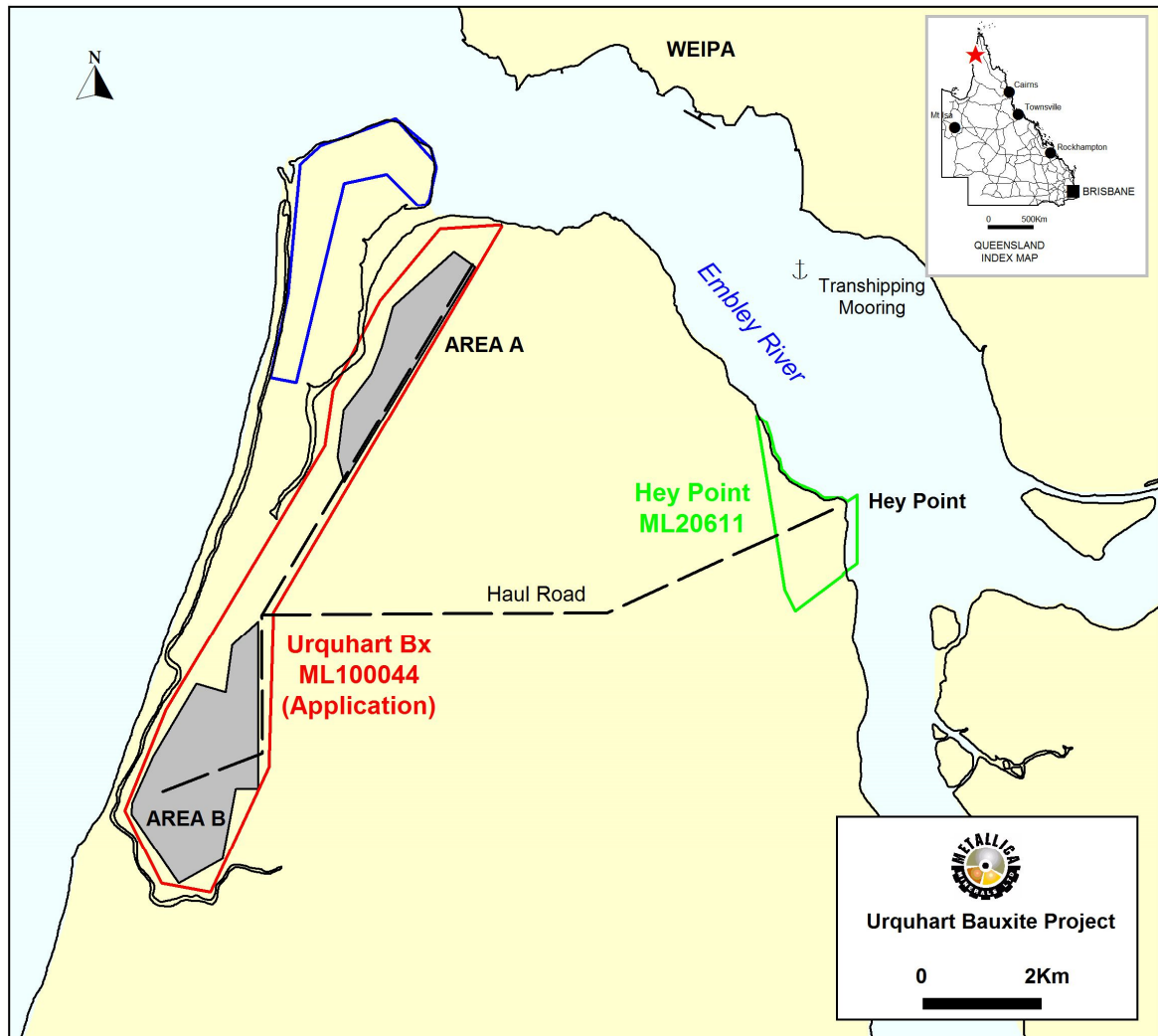


Figure 3: Location of Hey Point Bauxite Project relative to the Urquhart Bauxite Project