



ASX RELEASE

22 May 2017

MINING AND HAULAGE CONTRACTOR APPOINTED

HIGHLIGHTS

- **Life of Mine schedule of rates mining and haulage contract awarded to LCR Group**
- **Costs in line with the Pre-Feasibility Study**
- **Delivers minimal capex start up**
- **Equipment and personnel available to commence operations**

Emerging bauxite producer, Metallica Minerals Limited ([Metallica](#)) ([ASX:MLM](#)) is pleased to announce that its wholly owned subsidiary has entered into a schedule of rates contract with the LCR Group (LCR) to undertake all mining and haulage operations on behalf of the Joint Venture at the Urquhart Bauxite project (Project).

LCR will be responsible for the supply of all equipment and personnel for the mining and haulage operations and will perform all short term planning and management to deliver bauxite from the Project to Hey Point, where it will be transhipped via existing infrastructure into ocean going vessels.

The contracting model developed by Metallica will deliver a low capital project with a compressed development schedule. LCR have agreed to capitalise their mobilisation, as well as the design and construction of the haul road linking the Project to Hey Point. These costs will be paid back via monthly instalments across a 2.5 year period, thereby delivering a low capital start-up for the Project.

It is anticipated that mining will commence within 4-6 weeks after mobilisation is completed. Mobilisation is due to commence following satisfaction of a number of conditions precedent, including the grant of a mining lease for the Project. No costs or liabilities will be incurred by the Joint Venture until those conditions are satisfied.

LCR was selected as the contractor for the Project following a rigorous selection and tender process. The contract agreed with LCR is in line with the costs that were included in the Pre-Feasibility Study (see ASX Release 30 December 2016).

LCR have confirmed that they have the equipment and personnel available and put aside for the Urquhart Bauxite project, including a fleet of 130t road trains for the efficient haulage of bauxite to the Hey Point barge loading facility, an approximate distance of 15km.

Metallica CEO, Mr Simon Slesarewich:

"Metallica is excited to work with an experienced and relationship based group like LCR on a long term basis, thereby delivering certainty and value for all stakeholders. This contract further de-risks the delivery of production from the Urquhart Bauxite project in Q3 CY2017."

LCR Group CEO, Col Partington

"LCR is delighted to team up with the Joint Venture to deliver the Urquhart Bauxite project. The cultural fit and the longevity of the contract has given LCR certainty to commit capital and resources that will ensure the success of the Project that will see Metallica becoming Australia's next bauxite producer."



Figure 1: Colin Partington (left) - CEO of LCR Group signing the Mining and Haulage contract with Simon Slesarewich - CEO of Metallica Minerals.



About LCR Group

LCR Group (LCR) is one of Australia's leading privately held industrial services businesses, operating through two key divisions – Mine Services and Bulk Haulage, as well as Mobile Lifting and Transport. LCR is owned by a committed and highly experienced management team and Archer Capital and operates across the East Coast of Australia and Papua New Guinea.

LCR's Mine Services and Bulk Haulage business is a leading service provider to clients in the resources sector in Queensland and New South Wales, including; Idemitsu Australia Resources, Jellinbah Group, Yancoal Australia, Vale and Wesfarmers. The group is an expert in providing efficient services that link mines to fixed transport infrastructure.

LCR own and manage a well-invested fleet of over 100 pieces of mobile plant, which is sourced from leading original equipment manufacturers. The company employs over 500 people and is headquartered in Brisbane and promotes a strong focus on safety and environmentally conscious working attitudes and behaviours.

For more information please go to www.lcrgroup.com.au

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