

Prospectus

METALLICA MINERALS LIMITED

ACN 076 696 092

For:

- a renounceable pro rata offer to Eligible Shareholders of 1 New Share for every 4 Existing Shares at an issue price of \$0.052 per New Share with 1 free attaching New Option (exercisable at \$0.085 on or before 30 September 2018) for every 2 New Shares issued to raise up to \$2,973,689 before issue costs (**Offer**); and
- an offer of additional new shares in excess of entitlement.

The Offer is partially underwritten to \$2.7 million by CPS Capital. See section 9.5 for details.

ASX Code: MLM

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about the New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Shares offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Important Notice

This Prospectus is dated 10 March 2017 and was lodged with ASIC on that date. Application will be made to ASX for quotation of the New Shares offered under this Prospectus within 7 days of this date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Nature of this Prospectus

The New Shares offered under this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities or options to acquire securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the offer on the company and the rights and liabilities attaching to the securities offered. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus at any time prior to the Closing Date on the Company's website at

www.metallicamaterials.com.au or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalised Entitlement and Acceptance Form. Eligible Shareholders and others will only be able to accept the Offer, or apply under the Shortfall Offer (as the case may be) by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 7.8 of this Prospectus for further information).

Foreign jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Forward looking statements

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 8 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

Privacy

Eligible Shareholders should read the privacy information located in section 9.17 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in section 13.

Enquiries

If you have any questions please call the Company Secretary on +61 7 3249 3000 at any time between 9:00am and 5:00pm (AEST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

TABLE OF CONTENTS

1	Key investment highlights and risks	3
2	Timetable to the offer	4
3	Key offer terms and capital structure	4
4	Letter to shareholders.....	5
5	Investment Overview and Key Risks	6
6	Purpose and Effect of the Offer.....	8
7	Actions available to eligible shareholders	11
8	Risk Factors.....	14
9	Details of the Offer	19
10	Rights and Liabilities attaching to securities.....	25
11	Additional Information	28
12	Directors' responsibility and consent.....	34
13	Glossary.....	35
14	Unaudited Consolidated Statement of Financial Position.....	37

Corporate Directory

Directors

Mr Peter Turnbull (Non Exec. Chairman)
Mr Andrew Gillies (Non Exec. Director)
Mr Steven Boulton (Non Exec. Director)
Mr Wang Ruobing (Non Exec. Director)
Dr Shu Zhang (Alternative Director)

Company Secretary

Mr John Haley

Principle and Registered Office

Ground Floor
71 Lytton Road
East Brisbane QLD 4169
Telephone: +61 7 3249 3000
Facsimile: +61 7 3249 3001

Lead Manager and Underwriter

CPS Capital Group Pty Ltd
Level 45, 108 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9223 2222

Share Registry*

Link Market Services
Level 15, 324 Queen Street
Brisbane QLD 4000

Telephone: 1300 554 474

Solicitors to the Offer

Mills Oakley
Level 2, 225 St Georges Terrace
Perth WA 6000

Auditor*

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4001

Website

www.metallicaminerals.com.au

*This party is named for informational purposes only and was not involved in the preparation of this Prospectus.

1 Key investment highlights and risks

Appropriately priced renounceable rights issue:

- Issue priced at \$0.052 per Share, a discount of:
 - 29.7% to the last traded price of \$0.074.
 - 23.75% to the 30 trading day volume weighted average price (VWAP) of \$0.068.
- One free New Option issued for every two New Shares subscribed, with an exercise price of \$0.085 exercisable on or before 30 September 2018.
- Shareholders can offer their rights for sale or apply for additional Shares in excess of their Entitlement – refer section 9.6 and 9.7.

Important milestones:

- Released project Prefeasibility Study (PFS) and upgraded independently prepared JORC Resource and Reserve for the Urquhart Bauxite project.
- Finalisation of environmental studies, with permitting nearing completion at the Urquhart Bauxite project where the Company is aiming to commence production mid year.
- Realised further value from non-core assets.
- Strengthened the Company's board.

Corporate highlights:

- The combined proceeds from the Offer and underwriting of the listed options will provide the Company with approximately \$4 million and no debt.
- Restructured board of Directors.

Key investment risks

Major investment risks to be considered by potential investors include:

- Permitting and general project development (including relying on key mining and marine logistic contractors and others in the supply chain) and related risks in bringing the Urquhart Bauxite Project into production.
- Risks typically associated with small exploration and development companies, including market conditions, commodity prices and marketing, performance of contractors and requirements for additional funding.

Please refer to section 8 for details of the risk factors.

2 Timetable to the offer

Lodgement of the Prospectus with ASIC and ASX	10 March 2017
Ex-date	15 March 2017
Rights trading commences	15 March 2017
Record date to determine Entitlement (Record Date)	16 March 2017
Prospectus with Entitlement and Acceptance Form dispatched	20 March 2017
Offer opens for receipt of Applications	20 March 2017
Rights trading ends	31 March 2017
Deferred settlement trading commences	3 April 2017
Closing date for acceptances (Closing Date)	7 April 2017
Notify ASX of Shortfall	11 April 2017
Issue of New Shares and Options	13 April 2017
Deferred settlement trading ends	13 April 2017
Dispatch of transaction statements	18 April 2017
Normal trading of New Shares expected to commence	18 April 2017

The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than 3 months after the date of this Prospectus. As such the date the New Shares are expected to commence trading on ASX may vary.

3 Key offer terms and capital structure

Shares currently on issue ¹	228,745,313
Listed Options currently on issue ^{1 and 2}	29,502,013
Unlisted Options currently on issue ^{1 and 2}	3,000,000
New Shares offered under this Prospectus at \$0.052 per New Share (approx.) ¹	57,186,328
New Options offered under the Prospectus exercisable at \$0.085 on or before 30 September 2018 ³	28,593,164
Maximum amount raised under this Prospectus (before costs) ¹	\$2,973,689

1. This assumes no further Shares are issued (including by way of exercise of Options) prior to the Record Date.
2. See section 6.4 for a list of the Company's Options on issue.
3. See section 10.2 for full terms and conditions of the New Options.

4 Letter to shareholders

I write to you as shareholders of Metallica Minerals to seek your participation in this renounceable rights issue, which gives you the opportunity to maintain your exposure to Metallica in a way that is not ordinarily possible through on-market share purchases.

It has been an exciting period for Metallica Minerals with a number of more recent important achievements including:

- Finalising the Urquhart bauxite joint venture (50% held by the Company) project PFS and upgrading the independently prepared JORC Resource to include a Proven and Probable Reserve.
- Finalisation of the key environmental studies, with permitting and selection key contractors nearing completion at the Urquhart Bauxite project where the Company is aiming to commence production mid year.
- Realised further value from non-core assets.
- A restructured and strengthened board of directors.

Metallica is pleased to invite you to participate in the 1 for 4 renounceable pro rata entitlement offer at an issue price of \$0.052 per New Share to raise up to \$2,973,689.

Funds raised under the Offer will be used for the Company's Urquhart Bauxite project which is targeted to commence production mid year.

The issue price is offered at a 29.7% discount to the closing price on 9 March 2017 of \$0.074 and a discount of 23.75% to the 30 trading day volume weighted average price of \$0.068.

In addition to this, for every two New Shares issued, shareholders will receive one free attaching New Option with an exercise price of \$0.085 exercisable on or before 30 September 2018.

The Offer is partially underwritten by Lead Manager and Underwriter CPS Capital Group for \$2.7 million. CPS Capital has also agreed to underwrite existing listed options on issue. This will raise a further approximately \$1.3 million (before costs) – providing the Company with approximately \$4 million in cash (before costs) from the raising.

This Prospectus and personalised Entitlement and Acceptance Form should be read carefully and in their entirety before deciding whether to participate in this offer. In particular, Eligible Shareholders should consider the key risk factors outlined in section 8 of this Prospectus and seek any necessary professional advice. These risks include risks associated with funding, project exploration and development.

The future for Metallica remains very positive and your Board and management are focused on delivering milestones for the Urquhart Bauxite Project thereby creating enhanced value for Shareholders.

We appreciate your ongoing support and invite your participation in the rights issue on offer.

Yours faithfully,



Peter Turnbull
Chairman

5 Investment Overview and Key Risks

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

Question	Response	Where to find more information																		
What is the Offer?	<p>1 New Share for every 4 Existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.052 per New Share, with 1 free attaching New Option (exercisable at \$0.085 on or before 30 September 2018) for every 2 New Shares issued.</p> <p>Application will be made for the New Shares to be quoted on ASX.</p> <p>The Offer will raise up to \$2,973,689 (before costs) if fully subscribed.</p>	Section 6.1																		
Am I an Eligible Shareholder?	<p>The Offer is only made to Eligible Shareholders, who are those Eligible Shareholders that:</p> <p>(a) are the registered holders of Shares as at 7:00pm (AEST) on the Record Date; and</p> <p>(b) have a registered address in Australia or New Zealand.</p>	Section 9.4																		
How will the proceeds of the Offer be used?	<p>The Company intends to use the funds raised from the Offer broadly as follows:</p> <table border="1"> <thead> <tr> <th>Use of funds</th> <th>Underwritten Amount</th> <th>Full Subscription</th> </tr> </thead> <tbody> <tr> <td>Urquhart Bauxite Project– capital costs, production cash calls, production working capital and contingency/reserve</td> <td>\$1,900,000</td> <td>\$1,900,000</td> </tr> <tr> <td>New project evaluation and other existing projects</td> <td>\$225,000</td> <td>\$225,000</td> </tr> <tr> <td>General working capital</td> <td>\$318,000</td> <td>\$575,189</td> </tr> <tr> <td>Costs of the Offer</td> <td>\$257,000</td> <td>\$273,500</td> </tr> <tr> <td>Total</td> <td>\$2,700,000</td> <td>\$2,973,689</td> </tr> </tbody> </table> <p>The Company intends to use the funds raised from the option underwriting for general working capital.</p>	Use of funds	Underwritten Amount	Full Subscription	Urquhart Bauxite Project– capital costs, production cash calls, production working capital and contingency/reserve	\$1,900,000	\$1,900,000	New project evaluation and other existing projects	\$225,000	\$225,000	General working capital	\$318,000	\$575,189	Costs of the Offer	\$257,000	\$273,500	Total	\$2,700,000	\$2,973,689	Section 6.2
Use of funds	Underwritten Amount	Full Subscription																		
Urquhart Bauxite Project– capital costs, production cash calls, production working capital and contingency/reserve	\$1,900,000	\$1,900,000																		
New project evaluation and other existing projects	\$225,000	\$225,000																		
General working capital	\$318,000	\$575,189																		
Costs of the Offer	\$257,000	\$273,500																		
Total	\$2,700,000	\$2,973,689																		
What are the key risks of a subscription under the Offer?	<p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p>	Section 8																		

Question	Response	Where to find more information
	<ul style="list-style-type: none"> ▪ Financing – funds raised under the Offer will be used primarily to bring the Urquhart Bauxite project to production (including grant of a mining lease, finalising and receiving all approvals), development and operating contingency, identify new investment opportunities, progress other existing projects and for general working capital. The Company may be required to raise further funds for future operational activities. ▪ Going concern – the ability of the Company to continue as a going concern is principally dependent upon the Company raising additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale and development. ▪ Development risk – like all mining projects in Australia, the Urquhart Bauxite project requires a number of approvals. There is a risk that these approvals may not be obtained in a timely manner. The Company is reliant on contractors to perform mining, haulage and transshipping operations. Should these contractors be unable to fulfil their contractual obligations for any reason, this may delay the project and/or the mining and shipping of the Project’s bauxite production. ▪ Offtake - the Company is yet to agree off take terms for bauxite produced from the Urquhart Bauxite Project. There is also a risk that any sales or offtake terms agreed may not be satisfactory to the Company. ▪ Other risks customarily found in a mining exploration and development company, including tenement permitting risks, environmental risks, access risks and joint venture risks. <p>Please carefully consider these risks, the additional risks contained in section 8 and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares.</p>	
Is the Offer underwritten?	<p>The Offer is partially underwritten by CPS Capital for up to 51,923,077 New Shares or \$2,700,000.</p> <p>The underwriting is conditional upon certain conditions and terminating events customarily found in underwriting agreements for issuers in the Company’s circumstances.</p>	Section 9.5
Is the Offer subject to any conditions?	The Offer is not subject to any minimum subscription.	Section 9.2
What will be the	The effect of the Offer on control of the Company will	Section 6.5

Question	Response	Where to find more information
effect of the Offer on control of the Company	vary with the level of Entitlements taken up by Eligible Shareholders and the number of additional new shares placed in the Shortfall Offer. No shareholder will increase their voting power in the Company to 20% or more under the Offer or Shortfall Offer.	
What are the options available to Eligible Shareholders?	Please review section 7 of the prospectus in respect of investment decision options available to Eligible Shareholders.	Section 7
Can I sell my Entitlements?	Yes, the Offer is renounceable meaning Entitlement may be transferred.	Section 9.6
How can I obtain further advice?	Contact the Company Secretary on +61 7 3249 3000 at any time during business hours until the Closing Date. Alternatively, consult your broker or other professional adviser.	

6 Purpose and Effect of the Offer

6.1 Introduction

The Company is seeking to raise up to \$2,973,689 before issue costs by offering Eligible Shareholders 1 New Share for every 4 Existing Shares held as at the Record Date at a price of \$0.052 per New Share, with 1 free attaching New Option (exercisable at \$0.085 on or before 30 September 2018) for every 2 New Shares issued.

The Offer is partially underwritten for up to \$2,700,000 or 51,923,077 New Shares. The lead manager and underwriter is CPS Capital.

6.2 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer as follows:

Use of funds (approximately) ¹	Underwritten Amount	Full Subscription
Urquhart Bauxite Project – capital costs, production cash calls, production working capital and contingency/reserve	\$1,900,000	\$1,900,000
New project evaluation and other existing projects	\$225,000	\$225,000
General working capital ²	\$318,000	\$575,189
Costs of the Offer ³	\$257,000	\$273,500
Total use of funds	\$2,700,000	\$2,973,689

In addition to the above, CPS Capital has agreed to underwrite the exercise of the listed options on issue. This will result in the Company receiving a further \$1.3m (before costs) to use for working capital.

Notes:

1. This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.
2. General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.
3. See section 11.5 for further details relating to the estimated expenses of the Offer, including fundraising expenses.

In the event that the amount raised under this Prospectus is more than the Underwritten Amount but less than the Full Subscription, it is intended that the additional amount raised will be applied broadly proportionately to the table in 6.2.

6.3 Statement of financial position

Set out in section 14 is the reviewed Consolidated Statement of Financial Position of the Company and the Consolidated Pro-Forma Statement of Financial Position, as at 31 December 2016 and prepared on the basis of the following assumptions:

- (a) the Offer was effective on 31 December 2016;
- (b) certain adjustments between 31 December 2016 and the date of this Prospectus as detailed in the Pro-Forma Statement;
- (c) no further Shares are issued (including by way of exercise of Options) other than all Shares offered under this Prospectus;
- (d) take up of the Offer:
 - (i) Underwritten Amount; and
 - (ii) Full Subscription; and
- (e) cash costs of the Offer are \$257,000 (Underwritten Amount) and \$273,500 (Full Subscription).

The pro-forma Statement of Financial Position has been prepared in accordance with draft ASIC Guide to Disclosing Pro Forma Financial Information (issued July 2005).

The pro-forma Statement of Financial Position have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

6.4 Effect of the Offer on the Company's securities

Assuming that no further Shares are issued (including by way of exercise of Options) prior to the Record Date, at the close of the Offer, the capital structure of the Company will be:

Shares	Underwritten Amount		Full Subscription	
	Number	%	Number	%
Existing Shares	228,745,313	81.5	228,745,313	80.0
New Shares offered under this Prospectus	51,923,077	18.5	57,186,328	20.0
Total Shares	280,668,390	100.0	285,931,641	100.0

Options	Underwritten Amount	Full Subscription
Unlisted Options (exercise price \$0.70 expiry 3 years from date of announcement to mine Kokomo or Lucknow nickel-cobalt-scandium deposits)	1,000,000	1,000,000
Unlisted CEO incentive Options (exercise price \$0.125 expiry 12 July 2017)	2,000,000	2,000,000
Listed Options (exercise price \$0.045 on or before 30 June 2017) ¹	29,502,013	29,502,013
Total existing options	32,502,013	32,502,013
New Options offered under this Prospectus (exercise price \$0.085 on or before 30 September 2018)	25,961,539	28,593,164
New Options issued to CPS Capital (exercise price \$0.085 on or before 30 September 2018)	5,900,000	5,900,000
Total Options following the Offer	64,363,552	66,995,177

1. These Options allow for the exercise price to change following a rights issue. The new exercise price for those Options will be announced following the ex date of the Offer. CPS has agreed to underwrite the exercise of these Options.

6.5 Effect on control

There will be no effect on control of the Company if all Shareholders take up their Entitlement.

(a) Underwriter

CPS Capital has agreed to underwrite the Offer for up to \$2,700,000 or 51,923,077 New Shares. The underwriter has appointed sub-underwriters who are contractually bound to subscribe for Shortfall Securities.

The Underwriter currently has no relevant interest in Shares of the Company and is not a related party of the Company for the purposes of the Corporations Act.

In the event that no Eligible Shareholders took up their rights under the Offer, CPS Capital may have a relevant interest of 18.50% in the Company.

(b) Major Shareholder

Jien Mining Pty Ltd currently has a relevant interest in 40,099,678 Shares, or 17.61% in the Company. In the event no Shares are subscribed for by other Eligible Shareholders and CPS Capital underwrite for \$2,700,000, then following the Offer, Jien Mining Pty Ltd will not increase its voting power in the Company above 20% under the Offer or Shortfall Offer.

As the offer is renounceable and to comply with ASX Listing Rule 7.7.1(c), the Company will appoint CPS Capital as nominee to arrange for the sale of Entitlements that would have been given to Ineligible Shareholders and to account to them for the net proceeds of the sale.

(c) Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect assuming the Full Subscription is raised and no further Shares are issued or Options exercised:

Holder	Holding at Record Date			Holding following the Offer if no Entitlement taken up	
	Number	%	Entitlement	Number	%
1	40,000,000	17.49	10,000,000	40,000,000	13.99
2	20,000,000	8.74	5,000,000	20,000,000	6.99
3	10,000,000	4.37	2,500,000	10,000,000	3.50
4	5,000,000	2.19	1,250,000	5,000,000	1.75

7 Actions available to eligible shareholders

7.1 What you may do

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 7.2);
- (b) subscribe for all of your Entitlement and apply for additional securities (see section 7.3);
- (c) take up part of your Entitlement and sell the balance on ASX (see section 7.4);
- (d) sell all of your Entitlement on ASX (see section 7.5);
- (e) deal with part or all of your Entitlement other than on ASX (see section 7.6); or
- (f) decide to take no action and allow all or part of your Entitlement to lapse (see section 7.7).

7.2 Subscribe for all or part of your Entitlement

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares offered by this Prospectus before deciding to apply for New Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares you are entitled to subscribe for.

7.3 Subscribe for all of your Entitlement and apply for additional securities

Eligible Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for additional new securities regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 9.7 for details of the manner in which additional new securities will be allocated.

Surplus application moneys will be returned to Applicants as soon as practicable following the close of the Offer.

7.4 If you wish to take up part of your Entitlement and sell the balance

Please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept (being less than as specified on the Application Form) and complete the section marked

“Instructions to Stockbroker” on the back of the form in respect of that part of your Entitlement you wish to sell.

Forward the form to your stockbroker together with your cheque for the total amount payable in respect of the New Shares accepted. Your stockbroker will need to ensure that the completed Application Form reaches the Company’s share registry, by 5:00pm AEST on 7 April 2017. Cash will not be accepted and no receipts will be issued.

Rights trading will commence on ASX on 15 March 2017. Sale of your Rights must be completed by 31 March 2017 when Rights trading is expected to cease.

7.5 If you wish to sell all of your Entitlement

Complete the section marked “Instructions to Stockbroker” on the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions contained on the form and lodge it with your stockbroker as soon as possible.

Rights trading will commence on ASX on 15 March 2017. Sale of your Rights must be completed by 31 March 2017 when Rights trading is expected to cease.

7.6 If you wish to transfer your Entitlement other than on ASX

If you are a Shareholder and hold Existing Shares on the issuer sponsored sub-register, forward a completed renunciation form (obtainable through your stockbroker or the Company’s share registry) together with your Entitlement and Acceptance Form completed by the transferee together with a cheque for the appropriate Application monies to reach the Company’s share registry, by 5:00pm AEST on 7 April 2017.

If you are a Shareholder and hold Existing Shares registered on CHESS, you should contact your sponsoring broker.

Cash will not be accepted and no receipts will be issued.

7.7 Allow all or part of your Entitlement to lapse

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Shares and your Entitlement will become Shortfall Securities.

If you wish to apply for New Shares, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying personalised Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

7.8 Payment methods

BPAY

If you are paying by BPAY, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5:00pm AEST on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5:00pm AEST on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that

shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company will not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

Cheque, bank draft or money order

Alternatively, if you are paying by cheque, bank draft or money order, the completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'Metallica Minerals Limited' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.052 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at either of the following addresses by no later than 5:00pm (AEST) on the Closing Date:

Mailing Address:	Hand Delivery:
Metallica Minerals Limited	Metallica Minerals Limited
C/- Link Market Services Limited	C/- Link Market Services Limited
GPO Box 3560	1A Homebush Bay Drive
Sydney NSW 2001	Rhodes NSW 2138

7.9 Entitlement and Acceptance Form is binding

Receipt of a completed and lodged Entitlement and Acceptance Form together with a cheque for the application monies, or by making a payment in respect of an Application by BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;

- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon the issue of the New Shares.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the application monies received by the Company.

8 Risk Factors

The New Shares offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below and together with information contained elsewhere in this Prospectus and to consult with their professional advisers before deciding whether to apply for the New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business and circumstances. In addition, there are general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.1 Risk specific to the Offer

- (a) Future funding

The funds raised by the Offer will primarily be used to bring the Urquhart Bauxite Project to production including the grant of a mining lease (including finalising and receiving all remaining approvals), establishment capital costs, production cash calls by the joint venture, development and operating contingency plus production working capital reserve, other existing Company mineral projects, identify new investment opportunities and for general working capital. The Company may be required to raise further funds for future operational activities. There is a risk that further raisings may not be on terms favourable to, or dilute, existing Shareholders.

(b) Dilution

Shareholders who do not take up their Entitlement will have their holding in the Company diluted. Details of dilution are set out in section 6.5(c) above.

8.2 Company and industry risks

The risks outlined below are specific to the Company's operations.

(a) Permit risk

The Company is yet to obtain all permits required to commence production on its Urquhart Bauxite Project, including the granting of its mining lease applications. Whilst the Company is confident of obtaining all required permits, there is a risk that there may be a delay in obtaining the required permits or that they are not obtained at all.

(b) Production risk

The Company's business objective is to commence producing bauxite from its Urquhart Bauxite Project in Far North Queensland. There are inherent risks in commencing production, including possible delays in commissioning its mining and marine logistic operations through its key contractors. In particular, the Company is reliant on contractors to perform mining, haulage and transshipping operations. Should these contractors be unable to fulfil their contractual obligations for any reason, this may delay the project and/or the performance of the mining and shipping operations and therefore affect the Project's bauxite production.

(c) Offtake

The Company is yet to agree off take terms for bauxite produced from the Urquhart Bauxite Project. There is a risk that any terms agreed may not be satisfactory to the Company.

(d) Going concern

The Company's management financial statements for the half year ended 31 December 2016 have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Consolidated Entity incurred losses of \$757,195 and had net cash outflows from operating activities of \$1,012,105 and net cash inflow from investing activities of \$724,977 for the half year ended 31 December 2016.

The ability of the Company to continue as a going concern is principally dependent upon the Company raising additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development.

If the Consolidated Entity is not able to dispose of non-core assets when required or manage its expenditure so as to conserve cash over the coming 12 months, the Company may need to raise additional funds.

(b) Exploration, Development and Production Risks

Tenements in which the Company has an interest are at various stages of exploration and development and potential investors should understand that mineral exploration and development is a high risk undertaking. The current and future operations of the Company may be affected by a range of exploration and development factors, including:

- (i) Not obtaining all necessary approvals to allow mining to commence in the time-frames indicated by the Company;
- (ii) Difficulties in commissioning and operating of the mining and marine logistic operations through its key contractors;
- (iii) Operational and technical difficulties encountered in mining and marine logistics;
- (iv) Mechanical failure or plant breakdown;
- (v) Limitations on activities due to seasonal or adverse weather patterns;
- (vi) Difficulties with key partners and/or contractors;
- (vii) Industrial action, disputes or disruptions and accidents; or
- (viii) Prevention or restriction of access by reason of inability to obtain consents or approvals.

Even if the Company recovers potentially commercial minerals, there is no guarantee that it will be able to successfully transport the minerals to commercially viable markets or sell the minerals to customers to achieve a commercial return.

In addition, with respect to operations, the Company operates in some remote locations within Australia and challenging geographical conditions. Therefore some exploration and development costs may be higher in such jurisdictions due to a number of factors including limitations on the number of available suppliers of services required by the Company, climatic and geographical conditions. The Company has a careful tender process, however, no assurances can be given that Metallica will be successful in mitigating all of these risks and there is a risk that exploration costs may escalate beyond budget anticipations.

(c) Tenement Risks

All mining licences and exploration permits in which the Company has an interest will require renewal from time to time. Given that the terms on which the Company's tenements may be granted or renewed (if at all) are generally at the discretion of the relevant governmental or administrative authority, there is a risk that any exploration tenement held by the Company may not be renewed in the future, or that any application for grant may be refused, and that Metallica may be unable to comply with legislative or regulatory requirements to retain title to its tenement or applications. If for any reason a licence or tenement is not renewed then the Company may suffer damage and as a result may be denied the opportunity to develop certain mineral resources.

Tenements carry with them various obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety. Failure to observe these requirements could prejudice the right to maintain a permit for a given tenement. As a means of managing its expenditure obligations on its Tenements, the Company constantly reviews its exploration portfolio, ensuring that it keeps the most prospective areas having regard to its finances and plans. Part of this review may involve reducing its landholding over time.

As previously announced to ASX, the Company is awaiting the grant of a mining lease with respect to its Urquhart Bauxite project. There is a risk that a lease may not be granted within the time frames expected (or at all) or granted on terms unfavourable to the Company.

(e) Environmental Risks

The Company's operations and projects are subject to Australian Commonwealth and State laws and regulations regarding environmental compliance and relevant hazards. These laws and regulations set standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards. They also establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly in advanced exploration or mine development. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws and where possible, by carrying appropriate insurance coverage.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

As previously announced to ASX, the Company is awaiting the grant of an Environmental Authority (EA) with respect to its Urquhart Bauxite project. There is a risk that an EA may not be granted or granted on terms unfavourable to the Company.

(f) Access risk and native title

Access to land for exploration purposes can be adversely affected by land ownership, including private (freehold) land, pastoral lease and native title land or claims under the Native Title Act 1993 (Cth) (NTA) (or similar legislation in the jurisdiction where the Company operates). The effect of the NTA is that existing and new tenements held by Metallica may be affected by native title claims and procedures.

There is a potential risk that a determination could be made that native title exists in relation to land the subject of a tenement held by Metallica which may affect the operation of Metallica's business and development activities. In the event that it is determined that native title does exist or a native title claim has been registered, Metallica may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights required.

Such procedures may take considerable time, involve the negotiation of significant agreements, may involve access rights, and require the payment of compensation to those persons holding or claiming native title in the land the subject of a tenement. The involvement in the administration and determination of native title issues may have a material adverse impact on the position of Metallica in terms of cash flows, financial performance, business development, ability to pay dividends and the share price.

(g) Joint venture, acquisitions or other strategic investments

On 10 October 2016, the Company announced it had entered into a Farm-in and JV Agreement with Australian Mines Ltd in respect of the SCONI project. The Company is also a party to a 50:50 joint venture agreement with Ozone Resources Pty Ltd to develop the Urquhart Bauxite Project, Urquhart Point Heavy Mineral Sands Project and explore for other Heavy Mineral Sands and Bauxite deposits.

The Company may also in the future become a party to other joint venture agreements governing the exploration and development of its projects. There is a risk that one of the Company's joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture. This may have an adverse effect on the interests and prospects of the Company.

Metallica is actively pursuing investment opportunities within and beyond its historic Queensland base to deliver new value adding projects. However, there is a risk that the Company may not be successful in finding suitable projects. While the Company will spend money evaluating and assessing new opportunities, these opportunities may not be suitable for the Company. This could adversely impact on the assets, operations and financial performance of the Company and its securities.

(h) Ability to attract new Investors

The Company is seeking a potential investment on the Cape Flattery Silica Sands Project and its remaining Fairview Limestone Project.

While the Company will use its best endeavours to negotiate satisfactory terms with the potential investors, the Company cannot guarantee that it will reach final agreement with the potential investors in order to enter into any binding agreements.

(i) Operational risks

The operations of Metallica may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological conditions, environmental hazards, technical and equipment failures, relying on performance of key mining and marine logistic contractors, flooding and extended interruptions due to inclement or hazardous weather or other physical conditions, unavailability of drilling equipment, unexpected shortages of consumables or parts and equipment, fire, explosions and other incidents beyond control of Metallica.

(j) Commodity prices

As an explorer and developer for bauxite, zircon-rutile, nickel-cobalt-scandium and graphite and potentially other minerals, any earnings of the Company are expected to be closely related to the price of these commodities.

Commodities prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation, foreign exchange rates and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(k) Key People

The responsibility of overseeing the Company's operations and strategic management depends substantially on its Directors and key personnel. There can be no assurance that there will not be a detrimental impact on the Company if one or more of these persons cease their employment or involvement with the Company.

8.3 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

(c) Economic risk

Changes in Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings. The Company's possible revenues and price of its securities can be affected by these factors which are beyond the control of the Company and its Directors.

9 Details of the Offer

9.1 Shares offered for subscription

By this Prospectus the Company makes a renounceable pro rata offer to Eligible Shareholders of 1 New Share for every 4 Existing Shares held as at the Record Date at a price of \$0.052 per New Share with 1 free attaching New Option (exercisable at \$0.085 on or before 30 September 2018, to raise up to approximately \$2,973,689 before issue costs. Fractional entitlements will be rounded up to the nearest whole number.

The Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Shares are set out at section 7.

All New Shares offered under this Prospectus will rank equally with Existing Shares. The rights and liabilities of the New Shares are summarised in section 10.

9.2 Minimum subscription

The Offer is not subject to a minimum subscription.

9.3 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period.

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

9.4 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 7:00pm (AEST) on the Record Date; and
- (b) have a registered address in Australia or New Zealand.

9.5 Lead Manager and Underwriter

CPS Capital is acting as lead manager and will partially underwrite the issue of up to 51,923,077 Shortfall Securities or \$2,700,000 (**Underwritten Amount**).

Mr Steven Boulton, a Director of the Company, has agreed to sub-underwrite the Offer for \$100,000.

The financial benefits given for sub-underwriting are customarily found in sub underwriting agreements conducted at arm's length, so that shareholder approval is not required under Chapter 2E of the Corporations Act for the sub-underwriting.

CPS Capital will be paid a fee for managing and underwriting the Offer, details of which are set out in sections 11.3 and 11.5. All sub-underwriting fees will be paid by CPS Capital.

The Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred in relation to the Offer.

The underwriting of the Offer is conditional upon satisfaction or waiver by the Underwriter of the certain conditions ordinarily found in an agreement of this type, including that:

- (a) the Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Offer;
- (b) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (c) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Rights Issue Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where any of the following events has a material adverse effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise:
 - (i) the S&P ASX 200 Index is for 5 or more days at any time after the date of this Agreement 95% or less than its respective level as at the close of business on the Business Day prior to the date of this Agreement;
 - (ii) the issue price under the Offer is greater than the volume weighted average market price for Shares as quoted by ASX calculated over 2 consecutive trading days on which trades in Shares were recorded prior to allotment of New Shares;
 - (iii) an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Rights Issue Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any relevant company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
 - (iv) any of the material contracts or contracts described in this Prospectus (other than the Rights Issue Underwriting Agreement) is terminated or substantially modified; or
 - (v) a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

In addition, CPS Capital has agreed to underwrite the existing listed options expiring 30 June 2017 exercisable at 4.5 cents each. The Company will pay CPS Capital an underwriting fee of 6% of \$1.3 million.

The underwriting of the options exercise is conditional upon satisfaction or waiver by the Underwriter of the certain conditions ordinarily found in an agreement of this type including that:

- (a) the Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the option exercise;
- (b) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the option exercise;
- (c) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Option Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where any of the following events has a material adverse effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise:
 - (i) the Company does not lodge the Prospectus on 10 March 2017 or the Prospectus or the Offer is withdrawn by the Company;
 - (ii) the Company's shares are suspended for 10 days or more prior to the issue of Shortfall Securities (as that term is defined in the Option Underwriting Agreement);
 - (iii) the S&P ASX 200 Index is for 5 or more days at any time after the date of the Option Underwriting Agreement 95% or less than its respective level as at the close of business on the Business Day prior to the date of the Option Underwriting Agreement;
 - (iv) the price of Shares as quoted by the ASX on any two consecutive trading days prior to the allotment of New Shares is less than \$0.045;
 - (v) an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Option Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any relevant company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
 - (vi) a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

9.6 Rights trading

The Rights to Shares are renounceable, which enables Shareholders who do not wish to take up some or all of their Entitlements to sell or otherwise transfer all or part of their

Entitlement. Trading of Rights on the ASX is expected to commence on 15 March 2017 and end on 31 March 2017.

9.7 Shortfall

Any New Shares not applied for under the Offer will become Shortfall Securities. The Directors reserve the right to issue any Shortfall Securities within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may apply for Shortfall Securities by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Securities by completing the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so represent to the Company that they can apply for Shortfall Securities in circumstances which do not require the offer for Shortfall Securities or this Prospectus to be registered.

It is possible that there may be no Shortfall Securities available for issue. The Underwriter has the sole right to nominate and determine who is to receive the Underwritten Shortfall Securities, following reasonable consultation with, and due consideration of any comments provided by, the Company.

The Directors reserve the right at their absolute discretion to reject any application for Shortfall Securities or to issue a lesser number of Shortfall Securities than that applied for, and it is an express term of the Shortfall Offer that applicants for Shortfall Securities will be bound to accept a lesser number of Shortfall Securities allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

9.8 Offer outside Australia and New Zealand

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia and New Zealand.

9.9 Treatment of Ineligible Shareholders

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations in those jurisdictions, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders. The Prospectus will not be sent to those Shareholders.

(a) New Zealand

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Prospectus has not been registered, filed or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(b) Elsewhere

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No

action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

9.10 Appointment of nominee

As the Offer is renounceable and for the purposes of Listing Rule 7.7.1(c), the Company will appoint CPS Capital as nominee to arrange for the sale of the Entitlements that would have been given to Ineligible Shareholders and to account to them for the net proceeds of the sale.

The proceeds of sale (in Australian dollars) will be distributed to the Ineligible Shareholders for whose benefits the Entitlements have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale).

9.11 Beneficial holders, nominees, trustees and custodians

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

9.12 Issue of New Shares and application money

Securities will be issued only after ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 13 April 2017 and normal trading of the New Shares on ASX is expected to commence on 18 April 2017.

All application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the New Shares are issued or application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

9.13 Quotation

The Company will apply for quotation of the New Shares offered by this Prospectus on ASX within 7 days from the date of the Prospectus. If ASX does not grant permission for the quotation of the New Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Shares offered by this Prospectus will be issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application monies without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Shares.

Quotation, if granted, of the New Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Shares are dispatched.

9.14 Market prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3 month high	3 month low	Last closing price
Price (cents)	8.5	4.3	7.4
Date	23 February 2017	16 December 2016	9 March 2017

9.15 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

9.16 Taxation and duty implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Prospectus.

9.17 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

9.18 Enquiries

Any queries regarding the Offer should be directed to Mr John Haley, Chief Financial Officer/Company Secretary on +61 7 3249 3000.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

10 Rights and Liabilities attaching to securities

10.1 Rights and liability attaching to Shares

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company every member has one vote on a show of hands and one vote upon a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve.

The Directors may determine the method and time for payment of the dividend.

- (c) **Winding up**
- Subject to any rights or restrictions attached to a class of shares, on a winding up of the Company, any surplus must be divided among the Shareholders in the proportion to the shares held by them. Subject to any rights or restrictions attached to a class of shares, on a winding up of the Company, the liquidator may, with the sanction of a special resolution of the Shareholders:
- (i) distribute among Shareholders the whole or any part of the property of the Company; and
 - (ii) decide how to distribute the property as between the Shareholders or different classes of Shareholders.
- (d) **Transfer of Shares**
- Generally, Shares in the Company are freely transferable, subject to formal requirements, and to the registration of the transfer not resulting in a contravention of, or failure to observe, the provisions of a law of Australia. The Directors may decline to register a transfer where:
- (i) the registration of the transfer would result in a contravention of or failure to observe the provisions of a law of a State or Territory or of the Commonwealth;
 - (ii) the Company has a lien on the shares the subject of the transfer;
 - (iii) the transfer is in respect of a partly paid share in respect of which a call has been made and is unpaid;
 - (iv) the transfer would, at the date of acquisition create a new shareholding of less than a Marketable Parcel, provided that there shall be no restriction on the transfer of shares lodged for registration in the name of the nominee company of a stock broker who is recognised as an "odd lot" broker by the ASX; and
 - (v) more than 3 persons are to be registered as joint holders except in the case of executors or trustees of a deceased shareholder.
- (e) **Issue of further Shares**
- The Directors may, subject to any restrictions imposed by the Constitution, Listing Rules and the Corporations Act, allot, issue and grant options over further Shares, on such terms and conditions as they see fit.
- (f) **Directors**
- The existing Directors may appoint a new Director to fill a casual vacancy or as an addition to the Board.
- Any such Director must retire at the next following annual general meeting of the Company (at which meeting he or she may be eligible for election as a Director).
- The Constitution contains provisions relating to the rotation and election of directors. No Director other than the Managing Director may hold office later than the third annual general meeting after his or her appointment or election without submitting himself or herself for re-election.
- (g) **Variation of Shares and rights attaching to Shares**
- Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

(h) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(i) Listing Rules

Provided the Company remains admitted to the official list of the ASX, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. If as a result of an amendment to the Listing Rules, there is an inconsistency between the Constitution and the Listing Rules, the Company shall, subject to the Corporations Act, do all things necessary to change the Constitution to remove the inconsistency as soon as possible and in any event, at the first general meeting of the Company held after the date on which the relevant amendment the Listing Rules comes into operation.

10.2 New Options

The free attaching Options to be issued pursuant to the Offer entitles the holder to subscribe for Shares on the following terms and conditions:

- (b) The exercise price of each Option is \$0.085 (**Exercise Price**);
- (c) The Options will expire on 30 September 2018 (**Expiry Date**) unless earlier exercised;
- (d) The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per Option to the Company at any time on or after the date of issue of the Options and on or before the Expiry Date;
- (e) The minimum number of Options that may be exercised at one time must be not less than 5,882 (with a total Exercise Price of \$500);
- (f) Upon the valid exercise of the Options and payment of the Exercise Price, the Company will issue fully paid ordinary shares ranking pari passu with the then issued ordinary shares;
- (g) Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.
- (h) Option holders do not participate in any dividends unless the Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend;
- (i) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (i) the number of Options, the Exercise Price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on Shareholders; and

- (ii) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged;
- (j) If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O_n = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

- On = the new exercise price of the Option;
 - O = the old exercise price of the Option;
 - E = the number of underlying securities into which one Option is exercisable;
 - P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
 - S = the subscription price for a security under the pro rata issue;
 - D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
 - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- (k) If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue;
 - (l) The terms of the Options may only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options must not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options;
 - (m) The Company must apply for listing of the resultant Shares of the Company issued upon exercise of any Option.

11 Additional Information

11.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In

general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial report of the Company for the financial year ended 30 June 2016 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2016 being the last financial report for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and
 - (iii) any continuous disclosure notices given by the Company after the lodgement of the financial report referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

The Company has lodged the following announcements with ASX since its 2016 annual financial report:

Date	Description of Announcement
10/03/2017	Renounceable Issue
07/03/2017	Appendix 3B

06/03/2017	Initial Director's Interest Notice
06/03/2017	Final Director's Interest Notice
06/03/2017	Director Appointment/Resignation
01/03/2017	Half Yearly Report and Accounts
07/02/2017	Investor Presentation - February 2017
25/01/2017	Initial Director's Interest Notice
25/01/2017	Funds and Infrastructure Executive joins Metallica Board
17/01/2017	\$150,425 R & D refund received
16/01/2017	Quarterly Activities Report
11/01/2017	Quarterly Cashflow Report
05/01/2017	Expiry of Director and Employee Options
05/01/2017	Change of Director's Interest Notice
30/12/2016	Urquhart Bx PFS-inclining Inferred Resource assumptions-P 4 & 5
30/12/2016	Short Term Loan repaid
21/12/2016	Strong PFS for Urquhart Bauxite-minor amendment Table 1
21/12/2016	Strong PFS for Urquhart Bauxite project
13/12/2016	Initial Director's Interest Notice
13/12/2016	Final Director's Interest Notice
12/12/2016	Appointment of Independent Chairman
29/11/2016	Results of Meeting
29/11/2016	CEO Presentation to AGM
29/11/2016	Chairman's Address to Shareholders
14/11/2016	Significant Increase to Mineral Resource at Urquhart Bauxite
31/10/2016	Quarterly Activities Report

31/10/2016	Quarterly Cashflow Report-updated ASX format
28/10/2016	Notice of Annual General Meeting/Proxy Form
28/10/2016	Corporate Governance Statement
28/10/2016	Appendix 4G
28/10/2016	Annual Report to shareholders

Publicly available information about the Company's is available at www.asx.com.au

11.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration as set out below.

Director	Current holding		Entitlement	
	Shares	Options	New Shares	Options
Mr Peter Turnbull	Nil	Nil	Nil	Nil
Mr Andrew Gillies	11,400,000	170,000	2,785,000	1,392,500
Mr Wang Ruobing	Nil	Nil	Nil	Nil
Dr Shu Zhang	Nil	Nil	Nil	Nil
Mr Steven Boulton	Nil	Nil	Nil	Nil

Remuneration paid to Directors in the two years prior to the date of this Prospectus			
Director	2017/2016 ¹	2016/2015 ¹	2015/2014 ¹
Mr Peter Turnbull	\$17,302	Nil	Nil
Mr Andrew Gillies	\$30,230	\$223,730 ²	\$162,414 ²
Mr Wang Ruobing ⁵	Nil	Nil	Nil
Dr Shu Zhang ³	\$28,000	\$42,000	\$38,500
Mr Steven Boulton ⁴	\$4,306	Nil	Nil

1 Inclusive of short-term benefits and superannuation.

2 Mr Gillies retired from his Managing Director role on 13 July 2015 and is now a non-executive Director. This amount includes accrued annual leave, long service leave and all other entitlements on retirement as Managing Director.

3 Dr Zhang is an alternative director for Mr Wang.

4 Appointed 25 January 2017. Mr Boulton has agreed to sub-underwrite the Offer for \$100,000.

5 Appointed 6 March 2017.

The Chairman is entitled to annual Director's fees of \$70,000 and non-executive Directors are entitled to \$42,000 each of Directors fees per annum.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company, and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors as they from time to time agree and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

11.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Mills Oakley has acted as solicitors to the Offer. In respect of this work, the Company will pay approximately \$10,000 exclusive of GST. Subsequently fees will be paid in

accordance with normal hourly rates. Mills Oakley has not received fees for services to the Company in the 2 years prior to the date of this Prospectus.

CPS Capital Group, will act as lead manager and underwriter to the Offer. In respect of this work, the Underwriter will be paid a lead manager fee of \$60,000. CPS Capital will receive a management fee of 1% of the total amount raised under the Offer and an underwriting fee of 5% of the Underwritten Amount. CPS will also receive 5,900,000 Options on the same terms as the New Options set out in section 10.2. The Underwriter has received \$222,000 in fees from the Company in the 2 years prior to the date of this Prospectus from a rights issue in 2016.

11.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below; and
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) made in connection with their role as specified below and included in this Prospectus with the consent of that person.

Name	Role
Mills Oakley	Lawyers
CPS Capital Group Pty Ltd	Underwriter
BDO Audit Pty Ltd	Auditor
Link Market Services	Share Registry

11.5 Expenses of the Offer

Assuming Full Subscription, the total estimated expenses of the Offer are as set out below:

Cost ¹	(approximately) (\$)
Fundraising expenses ²	238,500
Legal fees	10,000
ASX fees	2,000
ASIC fees	2,350
Printing, postage and other expenses	20,650
Total	273,500

1. These costs have or will be paid by the Company.

2. The Company will also pay a placement fee of 5% for Shortfall Securities (other than Underwritten Shortfall Securities), placed by the Underwriter.

11.6 Litigation

Other than as disclosed elsewhere in this Prospectus, as at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature and the Directors are not aware of any legal proceedings pending or threatened against the Company.

12 Directors' responsibility and consent

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 10 March 2017



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Signed for and on behalf of
Metallica Minerals Limited by
Julian Atkinson (under a power of attorney)

13 Glossary

Where the following terms are used in this Prospectus they have the following meanings:

\$, A\$ or Dollars	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time
Applicant	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
Application	a valid application made on an Entitlement and Acceptance Form to subscribe for New Shares pursuant to this Prospectus.
ASIC	the Australian Securities & Investments Commission.
ASX	the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Ltd.
Board	the board of Directors.
Business Day	Monday to Friday inclusive, except any day that ASX declares is not a business day.
Closing Date	the date set out in section 1.
Company or Metallica	Metallica Minerals Limited (ACN 076 696 092).
Consolidated Entity	means the Company and its subsidiaries.
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Deeds	the indemnity, insurance and access deeds between the Company and each of the Directors.
Director	a director of the Company.
Eligible Shareholders	a Shareholder as at the Record Date with a registered address in Australia or New Zealand.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form accompanying this Prospectus.
Entitlement or Rights	a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus.
Existing Share	a Share issued as at 7:00pm (AEST) on the Record Date.
Full Subscription	\$2,973,689 before costs.
Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder.
Lead Manager	CPS Capital Group Pty Ltd (ACN 127 171 877).
Listing Rules	the listing rules of the ASX.
New Options	Options offered under this Prospectus.
New Shares	Shares offered under this Prospectus.
Offer	an offer made under this Prospectus to subscribe for New Shares.

Official List	the official list of the ASX.
Option	an option to purchase a Share.
Option Underwriting Agreement	the underwriting agreement for the exercise of the listed options on issue between the Company and the Underwriter dated 9 March 2017.
Prospectus	this Prospectus and includes the electronic prospectus.
Record Date	the date set out in section 1.
Rights Issue Underwriting Agreement	the underwriting agreement for the rights issue between the Company and the Underwriter dated 9 March 2017.
Share	a fully paid ordinary share in the Company.
Share Registry	Link Market Services Ltd (ABN 54 083 214 537).
Shareholder	the registered holder of Shares in the Company.
Shortfall Offer	the offer of Shortfall Securities under this Prospectus.
Shortfall Securities	New Shares for which valid Applications have not been received by the Closing Date under the Offer.
Underwriter or CPS Capital	CPS Capital Group Pty Ltd (ACN 127 171 877).
Underwritten Amount	\$2,700,000.
Underwritten Securities	means 51,923,077 New Shares.
Underwritten Shortfall Securities	means Underwritten Securities for which valid Applications have not been received by the Closing Date under the Offer.
US Person	has the meaning given to that term in Regulation S under the US Securities Act.
US Securities Act	the <i>United States Securities Act of 1933</i> , as amended.

14 Unaudited Consolidated Statement of Financial Position

	31 December 2016 Audit Review	Adjustments between 1 January and 8 March 2017	Capital raising fees		Funds received from Offer		Pro forma (not reviewed)	
			Underwritten Amount	Full subscription	Underwritten Amount	Full subscription	Underwritten Amount	Full subscription
Assets								
Current assets								
Cash and cash equivalents	1,243,056	-329,056	-257,000	-273,500	2,700,000	2,973,689	3,357,000	3,614,189
Trade and other receivables	8,179						8,179	8,179
Tax recieveable	150,425	-150,425					0	0
Other current assets	21,362						21,362	21,362
Total current assets	1,423,022						3,386,541	3,643,730
Non-current assets								
Property, plant and equipment	1,991,598						1,991,598	1,991,598
Exploration and evaluation assets	752,300						752,300	752,300
Other non-current assets	290,277						290,277	290,277
Total non-current assets	2,612,838						3,034,175	3,034,175
Total assets	4,457,197						6,420,716	6,677,905
Liabilities								
Current liabilities								
Trade and other payables	229,272	-201,000					28,272	28,272
Employee benefits	39,991						39,991	39,991
Total current liabilities	269,263						68,263	68,263
Non-current liabilities								
Employee benefits	45,052						45,052	45,052
Total non-current liabilities	45,052						45,052	45,052
Total liabilities	417,372						113,315	113,315
Net assets	4,142,882						6,307,401	6,564,590
Equity								
Issued capital	32,205,513		-257,000	-273,500	2,700,000	2,973,689	34,648,513	34,905,702
Reserves	8,053,237						8,053,237	8,053,237
Accumulated losses	-36,115,868	-278,481					-36,394,349	-36,394,349
Total equity	4,142,882						6,307,401	6,564,590

Note: The Company is expected to also receive a further \$1.3 million from CPS underwriting the existing listed options on issue.