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CHAIRMAN'S ADDRESS TO THE 2016 ANNUAL GENERAL MEETING

Good morning and welcome to this year's Annual General Meeting of shareholders of Metallica Minerals Limited. I'm Barry Casson, Chairman of your company, since being appointed Independent Non-Executive Chairman on 30 June last year.

A number of Board and senior management changes were made last year, aimed at developing a new outlook for your Company, as we set out to develop an operational focus and deliver reliable cashflow for the future.

Our clear focus remains our Urquhart Bauxite project near Weipa, which is in joint venture with a private Chinese investor Ozore Pty Ltd. Some changes have been made to the joint venture management team and we have some of those people here with us today, including General Manager, Chris Broadhead, and Guoyan Li, who is an executive of the joint venture and also represents our joint venture partner on the joint venture committee.

Simon Slesarewich, the company's CEO, will be providing a more detailed update on our activities and our status and progress of the bauxite project in particular, so suffice for me to note that the Board is particularly pleased with the rate of progress, reaching all relevant milestones to date on schedule and within budget. Particularly pleasing has been the decision of both State and Federal governments that the Urquhart Bauxite project does not require an EIS (Environmental Impact Study), saving us valuable time and costs. As a result of our positive progress we believe we are on target to commence operations in Q2 of 2017.

With the onset of an operational focus and valuable cashflow to allow further expansions into new projects, it is also timely to make further changes to the Board. We are currently constrained by having only three directors – the legal minimum required by the Corporations laws. It was always recognized that we would add to the Board as we neared final development and bauxite production, and accordingly we have started a process to attract a suitably qualified independent and non-executive director, and are close to formalising a decision which will be announced in the near future.

As Chairman I have also considered this to be an appropriate time for me to step down, and so we have also been working towards identifying a new independent non-executive director to assume the role of Chairman.



These two processes have been running in parallel, and we expect to be able to make an announcement on the new Chairman very soon also.

For my part, having been a director of Metallica for 6 years, I will leave the company knowing it has a solid future and will have two new independent and experienced Board members to assist Andrew Gillies and Shu Zhang in moving the Company forward. It is always the goal of a Board to continually assess and deliver shareholder value, and as a junior resource company in what has often been described as difficult market conditions, I believe Metallica is well placed going forward.

The fact we have been able to maintain a tight capital structure, currently around 227 million shares, compares more than favourably with most of our peers in the resource sector. The fact we have been able to raise valuable funds from the disposal of non-core assets has limited shareholder dilution and maintain the tight capital structure. As Simon will explain, the strategy being employed in development of the Urquhart Bauxite project will see limited capital being required for development, and again result in less pressure on raising funds from shareholders.

The strategy we have applied to the year under review remains valid – that is, to deliver sustainable cashflow from exports emanating from our Cape York bauxite project and deliver them to customers within the Asia-Pacific Basin. We expect that being in production and having strong cashflow will allow us to expand our operational focus to other projects. However our priority for now is certainly on the Urquhart Bauxite project.

Thank you for your attendance at our Annual General Meeting, and we will now proceed to the formalities of the meeting.