



ASX RELEASE

20 NOVEMBER 2017

CHAIRMAN'S PRESENTATION TO AGM

Looking back over the past year, it has been a busy and quite transformational year for Metallica. Simon and his team, working with the Board, have continued to deliver on a clearly defined strategy and have ensured that the Metallica is fully funded through to first production and cash flow from the Urquhart Bauxite Project.

Although the capital required to develop the project is, by resource sector standards, relatively minimal, putting in place the funding was a critical step. In March this year we launched an underwritten rights issue that, along with the conversion of attaching options, raised a combined \$4.3 million. As a safeguard against any unforeseen events during the construction and ramp-up phases, we also put in place a low-cost \$2 million standby credit facility.

Prior to raising the capital for the Urquhart Project, in late 2016, Metallica was repaid \$540,000 by Green Coast Resources, the owner of the Hey Point Port, which will be the point of shipment for bauxite from Urquhart. The decision to extend the loan was a strategic and calculated one that has allowed GCR to prove up the barging and transshipping infrastructure that will be used to export direct shipping bauxite from Urquhart.

Further milestones in the de-risking of the Urquhart Project were passed with the receipt of federal environmental and native title approvals and we are very close to receiving the Mining Lease albeit that the grant has been somewhat complicated by the Queensland government entering caretaker mode ahead of next weeks election.

In another important development, we have unlocked further value from non-core assets including the SCONI project. We have absolute confidence that selling our remaining interest in SCONI to Australian Mines was the right decision for Metallica based on a number of factors:

- The project is long-dated and won't see cashflow for several years;
- The capital required to bring the project into production is very significant;
- Even in a position of minority ownership, our share of the capex would have been considerable; and
- Despite the current hype around so-called "battery tech" metals such as cobalt and scandium, they are niche commodities and there can be no certainty around future pricing,

- Nickel, the other commodity in the product mix at SCONI, has historically been subject to relatively severe fluctuations in price and this is projected to be the case into the future.

The agreement we have struck with Australian Mines provides a timely cash injection and includes a share-based component that ensures we retain an indirect exposure to SCONI without carrying any of the project risk.

Looking at the year ahead, it now appears likely we will move into production and cashflow at Urquhart following the end of the wet season, around April 2018.

While ensuring everything is in order for the start of development at Urquhart, we will continue to assess additional opportunities around the world in bauxite and other commodities. Any potential acquisitions will be critically reviewed to ensure they deliver tangible long value and that any acquisition makes sense for all shareholders.

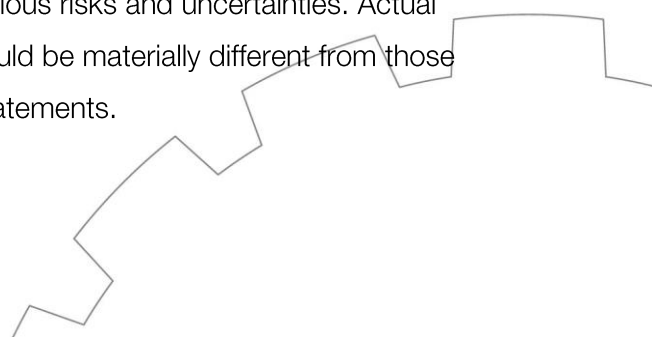
In undertaking all these activities, we will contract appropriate external expert advice where needed and we will maintain a very firm focus on costs and ensuring that Metallica is run as efficiently as possible for the longer-term benefit of the shareholders. We understand the value of a dollar.

The Board and management are very focussed on growing Metallica for its shareholders both organically and by acquisition too if we find an acquisition which makes sense. We are looking for longer term sustainable cash flows from projects which sit low on the cost curve. It is these longer-term cash flows coupled with good margins which will sustainably increase the share price and, in turn provide further options and opportunity.

Forward Looking Statements

This Release may contain certain **Forward-looking Statements** which are based on assumptions regarding Metallica Minerals Limited (“Metallica”), business strategies, plans and objectives of the Company for future operations and development and the environment in which Metallica may operate.

Forward-looking statements are based on current views, expectations and beliefs as at the date they are expressed and which are subject to various risks and uncertainties. Actual results, performance or achievements of Metallica could be materially different from those expressed in, or implied by, these forward-looking statements.



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

