



ASX RELEASE 28 October 2014

New Cape York Heavy Mineral Sand mine project now fully funded for initial \$5M start up work with a further \$2.5M drawdown available

Metallica Minerals Limited ("Metallica") is pleased to advise that the full initial commitment of \$5 million to allow start-up construction work to get underway on a new Cape York Heavy Mineral Sands ("HMS") and Bauxite project, has been received.

This follows the receipt of a further A\$900,000 for a total of \$5 million paid to date from a Chinese investor (through a wholly-owned Australian subsidiary, Ozore Resources Pty. Ltd), into a new joint venture (JV) with Metallica.

The JV plans to develop, just south of Weipa on the western coast of Queensland's Cape York, a project encompassing a low capital cost mine, processing and barging of zircon-rutile HM concentrate to nearby shipping.

The investor's commitment was enshrined in a JV Agreement announced early in August (*For further information see ASX Releases dated 1 August and 8 September 2014*).

As a result of the latest payment, the Chinese investor has now earned a 33.33% JV interest in the project and has committed to a final JV instalment of A\$2.5 million on (making a total of A\$7.5 million) to be paid in part or in full to the JV, when the JV Manager requests it.

At that point, the JV in the new Cape York HMS and bauxite project will then be an equal 50%:50%.

As outlined in the *ASX Release dated 15 October 2014*, the JV has already commenced development of the Urquhart Point HMS Project (the only HMS deposit on Cape York), with the execution of a supply contract for the project's HMS processing plant, to be built in South Africa and delivered to Weipa.

This will be constructed by Consulmet Pty. Ltd, under a fixed price turnkey supply contract.

First production is targeted for mid-2015, with Metallica free-carried to expenditure of \$7.5 million which is budgeted to bring the project to production.



Broader JV drill campaign

The JV, which covers all of Metallica's HMS and bauxite holdings on western Cape York, has also commenced a \$500,000 drilling program for zircon rich HMS deposits (T16 discovery) and Bauxite deposits near the Urquhart Point HMS Mining Lease, with the arrival of a drill rig on the Urquhart Point bauxite targets.

Once this bauxite drilling schedule is completed, drilling will commence on the JV's separate and highly prospective T16 HMS deposit, 160 kilometres north of Urquhart Point, to drill approximately 300 shallow holes.

This zircon rich deposit was discovered by Metallica late in 2013 with only a small portion of the target area drilled.

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