



ASX RELEASE
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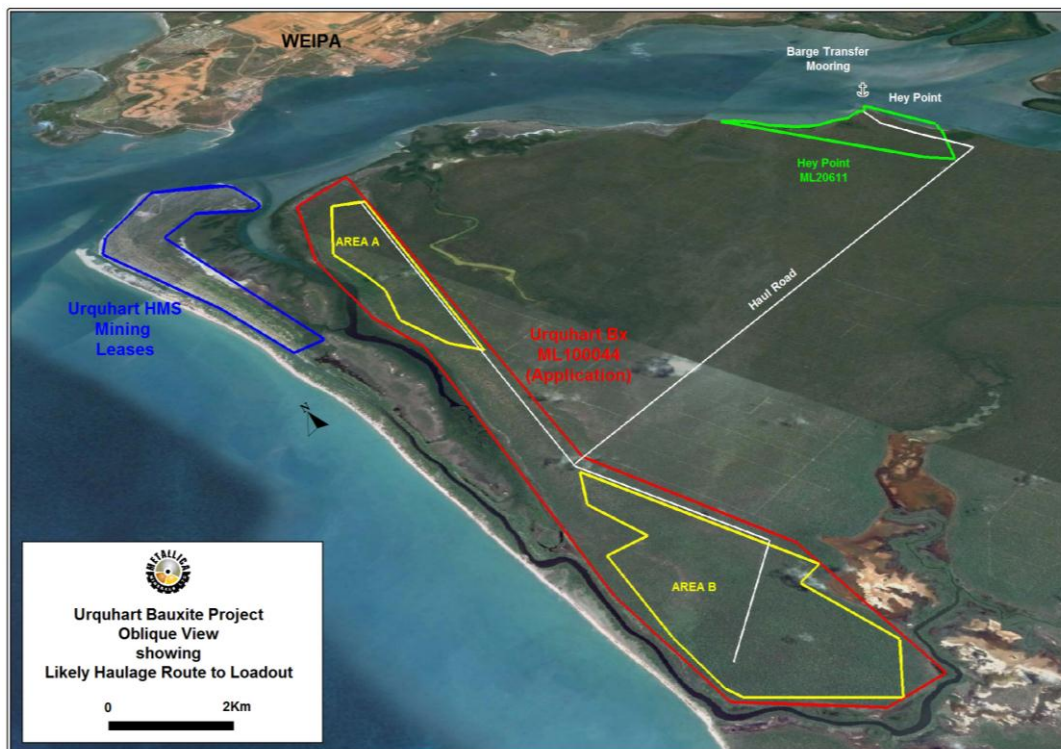
LOGISTICS SOLUTION FOR URQUHART BAUXITE PROJECT

Highlights

- Heads of Agreement executed for bauxite logistic services and trans shipping access
- Assures very low capital and a compressed start-up schedule
- Significantly de-risks Cape York bauxite project in north Qld
- First bauxite production planned for the first half of 2017

Metallica Minerals Limited (“Metallica”) ([ASX:MLM](#)) is pleased to advise that it has entered into a Heads of Agreement (HoA) with the operator of the nearby Hey Point Bauxite mine on Queensland’s western Cape York to provide shipping access and logistics services for the Urquhart Bauxite Project. Under the agreement, direct shipping bauxite (DSB) from the Urquhart Bauxite Project just south of Weipa will be delivered to export vessels via the approved Hey Point load-out facility, located some 15 km from the Urquhart Bauxite Project.

The HoA follows completion of an in-house options study, which analysed the viability of three potential load-out options for trans-shipping up to 2 million tonnes per annum (Mtpa) of DSB from the Project. The options study identified Hey Point as the preferred option due to its attractive economics, early production start, and low risk profile.



Aerial view showing likely haulage route and proximity of Hey Point load-out facility (green) to the Urquhart Bauxite Project lease (red) and mining areas (yellow)



The HoA includes attractive, capped contracting rates over the projected life of the project and access to the Hey Point load-out facility for transshipping bauxite. The HoA will form the basis of a full binding service contract and a binding access agreement, which are targeted for execution by 31 August 2016 (or such later date as agreed between the parties).

Metallica CEO, Mr Simon Slesarewich:

“As a bulk commodity operation, the economics of the Urquhart Bauxite Project are closely tied to the logistics of delivering product to port and onwards to customers. This agreement locks in our preferred logistics solution, which significantly de-risks the project and assures a quick ramp up to sustainable production in the first half of 2017 for a very low capital investment.”

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Caution regarding forward-looking statements

Certain statements made in this announcement contain or comprise certain forward-looking statements. Although Metallica believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, outcomes could differ materially from those set out in the forward-looking statements in this release.