

Metallica Minerals Limited

ACN 076 696 092

Interim Financial Report - 31 December 2017

Metallica Minerals Limited
Corporate directory
31 December 2017

Directors	P Turnbull - Non-executive Chairman S Boulton - Non-executive Director Wang Ruobing - Non-executive Director S Zhang - Alternate Director for Wang Ruobing
Chief Executive Officer	S J Slesarewich
Company secretary	J K Haley
Registered office and principal place of business	71 Lytton Road East Brisbane QLD 4169
Share register	Link Market Services Limited Level 21, 10 Eagle Street Brisbane QLD 4001 Phone: 1300 554 474
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000
Solicitors	HopgoodGanim Level 8, Waterfront Place, 1 Eagle Street Brisbane QLD 4001
Stock exchange listing	Metallica Minerals Limited shares and options are listed on the Australian Securities Exchange (ASX codes: MLM and MLMOA respectively)
Website	www.metallicaminerals.com.au
Corporate Governance Statement	www.metallicaminerals.com.au/corporate-governance

Metallica Minerals Limited
Directors' report
31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Metallica Minerals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were directors of Metallica Minerals Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Peter Turnbull
Steven Boulton
Wang Ruobing
Shu Zhang (alternate to Wang Ruobing)

Principal activities

During the financial half-year the principal activities of the consolidated entity consisted of mineral exploration, evaluation and progressing development of its Urquhart Bauxite Project (UBx). There were no significant changes in the principal activities of the consolidated entity.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$4,642,398 (31 December 2016: loss of \$757,195).

The 31 December 2017 consolidated profit includes a gain of \$6,000,000 on disposal of the SCONI Project.

During the half-year ended 31 December 2017 the company:

- Continued to advance its Urquhart Bauxite project (UBx) and appointed Bigbites Ltd, a specialist bauxite marketing company based in Hong Kong, as its Marketing Agent for sales of bauxite from the company's Urquhart Bauxite project in far north Queensland.
- Entered into a conditional agreement in September 2017 to dispose of its interest in the SCONI Project for \$10,000,000 in cash and shares to Australian Mines Limited (ASX code: AUZ). In December 2017 an additional payment of \$1,000,000 became payable for varying the agreement, bringing the total sale and purchase price to \$11,000,000. The company has received the first tranche of funds of \$3,500,000 and the additional payment of \$1,000,000 from Australian Mines Limited. Under the Sale and Purchase Agreement (SPA), the company will be granted \$1,500,000 in AUZ shares on the earlier of the completion of a definitive feasibility study on the SCONI Project by AUZ or 30 June 2018 (the Consideration Shares). The SCONI Project had a nil carrying value at the date of disposal, and as a result the company has recognised a net gain on disposal of \$6,000,000 representing the first tranche of funds, the additional payment and the Consideration Shares. Following the commencement of commercial production from SCONI, a further \$5,000,000 in cash or issuance of AUZ shares will become due (the Production Payment).
- Raised \$853,103 (before expenses) from the conversion of all of the outstanding 20,215,706 listed options (ASX code: MLMO). Including previous conversions a total of \$1,270,000 was raised from these options.
- Executed binding agreements with a private company which provide the company access to a \$2,000,000 standby credit facility. The private company is a related party to an existing shareholder of the company. The facility expiring on 10 August 2018 remained undrawn as at 31 December 2017.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 3 January 2018, the company announced that it had been granted a Mining Lease for the Urquhart Bauxite project by the Queensland Department of Natural Resources (the Department). The Department has imposed conditions on the development of the Urquhart Bauxite project that are in line with the company's plans and expectations. Included among the conditions is the requirement that operations are only conducted during the dry season (April through December inclusive). The company is now focused on obtaining approval for the proposed haul road from the Mining Lease to the Hey Point transshipping facility.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Metallica Minerals Limited
Directors' report
31 December 2017

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Peter Turnbull
Chairman

15 February 2018
Brisbane

DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF METALLICA MINERALS LIMITED

As lead auditor for the review of Metallica Minerals Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Metallica Minerals Limited and the entities it controlled during the period.



R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 15 February 2018

Metallica Minerals Limited

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General information

The financial statements cover Metallica Minerals Limited as a consolidated entity consisting of Metallica Minerals Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Metallica Minerals Limited's functional and presentation currency.

Metallica Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

71 Lytton Road
East Brisbane
QLD 4169

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 February 2018. The directors have the power to amend and reissue the financial statements.

Metallica Minerals Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

	Note	31 Dec 2017 \$	31 Dec 2016 \$
Revenue	3	63,550	89,160
Other income	4	6,015,407	310,189
Expenses			
Advertising and promotional costs		(55,875)	(37,488)
Raw materials and consumables used		-	(170)
Rental expenses		(65,998)	(101,082)
Employee benefits expense		(446,974)	(423,106)
Exploration and evaluation expenditure		(123,905)	(217,606)
Depreciation and amortisation expense	8	(2,718)	(2,053)
Listing fees and share register expenses		(74,380)	(57,246)
Legal fees		(124,259)	(34,917)
Project development and review expense		(210,569)	-
Airfares and conferences		(63,642)	(25,291)
Net loss on introduction of additional equity in joint operation		(225)	-
Professional fees		(59,657)	(91,082)
Other expenses		(208,256)	(165,979)
Finance costs		(101)	(524)
Profit/(loss) before income tax expense		4,642,398	(757,195)
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of Metallica Minerals Limited		4,642,398	(757,195)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Metallica Minerals Limited		<u>4,642,398</u>	<u>(757,195)</u>
		Cents	Cents
Basic earnings per share		1.45	(0.33)
Diluted earnings per share		1.45	(0.33)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Metallica Minerals Limited
Consolidated statement of financial position
As at 31 December 2017

	Note	31 Dec 2017 \$	30 June 2017 \$
Assets			
Current assets			
Cash and cash equivalents	5	7,905,023	3,737,143
Trade and other receivables	6	13,649	91,258
Other current assets	7	1,650,000	-
Total current assets		<u>9,568,672</u>	<u>3,828,401</u>
Non-current assets			
Property, plant and equipment	8	1,008,597	1,011,315
Exploration and evaluation assets	9	1,239,107	957,648
Other non-current assets		282,778	290,277
Total non-current assets		<u>2,530,482</u>	<u>2,259,240</u>
Total assets		<u>12,099,154</u>	<u>6,087,641</u>
Liabilities			
Current liabilities			
Trade and other payables	10	747,509	158,801
Employee benefits		111,379	102,498
Total current liabilities		<u>858,888</u>	<u>261,299</u>
Total liabilities		<u>858,888</u>	<u>261,299</u>
Net assets		<u>11,240,266</u>	<u>5,826,342</u>
Equity			
Issued capital	11	36,422,426	35,650,900
Reserves		8,093,236	8,093,236
Accumulated losses		<u>(33,275,396)</u>	<u>(37,917,794)</u>
Total equity		<u>11,240,266</u>	<u>5,826,342</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Metallica Minerals Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2017

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	32,205,513	8,046,733	(35,358,673)	4,893,573
Loss after income tax expense for the half-year	-	-	(757,195)	(757,195)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(757,195)	(757,195)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	6,504	-	6,504
Balance at 31 December 2016	<u>32,205,513</u>	<u>8,053,237</u>	<u>(36,115,868)</u>	<u>4,142,882</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	35,650,900	8,093,236	(37,917,794)	5,826,342
Profit after income tax expense for the half-year	-	-	4,642,398	4,642,398
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	4,642,398	4,642,398
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	<u>771,526</u>	-	-	<u>771,526</u>
Balance at 31 December 2017	<u>36,422,426</u>	<u>8,093,236</u>	<u>(33,275,396)</u>	<u>11,240,266</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Metallica Minerals Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2017

	31 Dec 2017	31 Dec 2016
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	99,338	54,423
Payments to suppliers and employees (inclusive of GST)	<u>(985,926)</u>	<u>(1,199,120)</u>
	(886,588)	(1,144,697)
Interest received	28,587	50,853
Other revenue	28,641	82,263
Interest and other finance costs paid	<u>(101)</u>	<u>(524)</u>
Net cash used in operating activities	<u>(829,461)</u>	<u>(1,012,105)</u>
Cash flows from investing activities		
Net cash (outflow)/inflow from additional capital introduced in joint operation	(225)	17,500
Payments for exploration and evaluation assets	(281,459)	(606,435)
Proceeds from disposal of SCONI Project	4,500,000	-
Proceeds from release of security deposits	7,499	6,848
Proceeds from term deposit	-	757,064
Proceeds from entering into SCONI farm-in agreement	-	250,000
Receipt of Research and Development tax offset	<u>-</u>	<u>300,000</u>
Net cash from investing activities	<u>4,225,815</u>	<u>724,977</u>
Cash flows from financing activities		
Proceeds from issue of shares net of transaction costs	<u>771,526</u>	<u>-</u>
Net cash from financing activities	<u>771,526</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	4,167,880	(287,128)
Cash and cash equivalents at the beginning of the financial half-year	<u>3,737,143</u>	<u>1,530,184</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>7,905,023</u></u>	<u><u>1,243,056</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2017

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

New and revised standards have been issued by the AASB and are effective for the half year, however there are no material changes to the policies that affect measurement of the results or financial position of the entity.

Going concern

For the period ended 31 December 2017 the consolidated entity incurred a net loss of \$1,357,602 before taking into account the gain on disposal of the SCONI Project of \$6,000,000, and had net cash outflows from operating activities of \$829,461.

The Directors have concluded that the going concern basis of preparation of the financial statements is appropriate and any uncertainty regarding going concern is mitigated by the following:

- At 31 December 2017 the consolidated entity had net current assets of \$8,709,784 and total net assets of \$11,240,266. Cash and cash equivalents at 31 December 2017 amounted to \$7,905,023.
- The company has executed binding agreements with a private company which provide the company access to a \$2,000,000 standby credit facility. The private company is a related party to an existing shareholder of the company. The facility expiring on 10 August 2018 remained undrawn as at 31 December 2017.
- The company has entered into a conditional agreement to dispose of its interest in the SCONI project for \$11,000,000 (exclusive of GST) in cash and shares in Australian Mines Limited (ASX code: AUZ) (refer note 4). The company has received the first tranche of funds of \$3,500,000 and the additional payment of \$1,000,000 from Australian Mines Limited. Under the Sale and Purchase Agreement (SPA), the company will be granted \$1,500,000 in AUZ shares on the earlier of the completion of a definitive feasibility study on the SCONI Project by AUZ or 30 June 2018. Following the commencement of commercial production from SCONI, a further \$5,000,000 in cash or issuance of AUZ shares will become due.
- The company expects revenue from the Urquhart Bauxite project to commence in 2018, subject to final approvals being received.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the parent entity's Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity is managed primarily on a geographic basis that is the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level.

The consolidated entity does not have any products/services it derives revenue from on an ongoing basis.

Management currently identifies the consolidated entity as having only one operating segment, being exploration and development of mine projects in Australia. All significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from the segment are equivalent to the financial statements of the consolidated entity as a whole.

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2017

Note 3. Revenue

	31 Dec 2017	31 Dec 2016
	\$	\$
<i>Sales revenue</i>		
Sale of goods	19,160	-
<i>Other revenue</i>		
Interest	31,156	49,586
Royalty	-	24,574
Other revenue	13,234	15,000
	<u>44,390</u>	<u>89,160</u>
Revenue	<u><u>63,550</u></u>	<u><u>89,160</u></u>

Note 4. Other income

	31 Dec 2017	31 Dec 2016
	\$	\$
Net (loss)/gain on introduction of additional equity in joint operation	-	17,500
Net gain on disposal of SCONI Project*	6,000,000	-
Income received on entering into SCONI farm-in agreement	-	250,000
Other	15,407	42,689
	<u>6,015,407</u>	<u>310,189</u>
Other income	<u><u>6,015,407</u></u>	<u><u>310,189</u></u>

*The company entered into a conditional agreement in September 2017 to dispose of its interest in the SCONI Project for \$10,000,000 in cash and shares to Australian Mines Limited (ASX code: AUZ). In December 2017 an additional payment of \$1,000,000 became payable for varying the agreement, bringing the total sale and purchase price to \$11,000,000 (exclusive of GST). The company has received the first tranche of funds of \$3,500,000 (exclusive of GST) and the additional payment of \$1,000,000 from Australian Mines Limited. Under the Sale and Purchase Agreement (SPA), the company will be granted \$1,500,000 (exclusive of GST) in AUZ shares on the earlier of the completion of a definitive feasibility study on the SCONI Project by AUZ or 30 June 2018 (the Consideration Shares). The SCONI Project had a nil carrying value at the date of disposal, and as a result the company has recognised a net gain on disposal of \$6,000,000 representing the first tranche of funds, the additional payment and the Consideration Shares.

Following the commencement of commercial production from SCONI, a further \$5,000,000 in cash or issuance of AUZ shares will become due (the Production Payment).

Note 5. Current assets - cash and cash equivalents

	31 Dec 2017	30 June 2017
	\$	\$
Cash on hand	50	50
Cash at bank	1,772,703	1,628,268
Cash on deposit	6,132,270	2,108,825
	<u>7,905,023</u>	<u>3,737,143</u>
	<u><u>7,905,023</u></u>	<u><u>3,737,143</u></u>

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2017

Note 6. Current assets - trade and other receivables

	31 Dec 2017 \$	30 June 2017 \$
Trade receivables	6,975	9,668
Less: Provision for impairment of receivables	-	(5,191)
	<u>6,975</u>	<u>4,477</u>
Other receivables	2,697	79,730
Interest receivable	3,977	1,408
BAS receivable	-	5,643
	<u><u>13,649</u></u>	<u><u>91,258</u></u>

Note 7. Current assets - other current assets

	31 Dec 2017 \$	30 June 2017 \$
Deferred sale proceeds - SCONI Project	<u>1,650,000</u>	<u>-</u>

The deferred sale proceeds represent the Consideration Shares plus GST, to be granted to Metallica in connection with the disposal of the SCONI Project (refer note 4).

Note 8. Non-current assets - property, plant and equipment

	31 Dec 2017 \$	30 June 2017 \$
Plant and equipment - at cost	972,289	972,289
Less: Accumulated depreciation	(805,147)	(802,429)
Less: Impairment	(158,545)	(158,545)
	<u>8,597</u>	<u>11,315</u>
Motor vehicles - at cost	47,539	47,539
Less: Accumulated depreciation	(47,539)	(47,539)
	<u>-</u>	<u>-</u>
Capital works in progress	2,638,837	2,638,837
Less: Impairment	(1,638,837)	(1,638,837)
	<u>1,000,000</u>	<u>1,000,000</u>
	<u><u>1,008,597</u></u>	<u><u>1,011,315</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Plant and Equipment \$	Capital works in progress \$	Total \$
Balance at 1 July 2017	11,315	1,000,000	1,011,315
Depreciation expense	<u>(2,718)</u>	<u>-</u>	<u>(2,718)</u>
Balance at 31 December 2017	<u><u>8,597</u></u>	<u><u>1,000,000</u></u>	<u><u>1,008,597</u></u>

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2017

Note 8. Non-current assets - property, plant and equipment (continued)

Capital works in progress represents Metallica's share of the jointly held assets in the Oresome Joint Venture (JV), that comprises costs incurred on the construction of a Heavy Minerals Sands (HMS) plant. The JV has deferred construction of the HMS processing plant and the JV is currently evaluating options in relation to the plant.

Note 9. Non-current assets - exploration and evaluation assets

	31 Dec 2017	30 June 2017
	\$	\$
Exploration and evaluation - at cost	<u>1,239,107</u>	<u>957,648</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Exploration and evaluation \$	Total \$
Balance at 1 July 2017	957,648	957,648
Expenditure during the half-year	<u>281,459</u>	<u>281,459</u>
Balance at 31 December 2017	<u>1,239,107</u>	<u>1,239,107</u>

Note 10. Current liabilities - trade and other payables

	31 Dec 2017	30 June 2017
	\$	\$
Trade payables	123,457	133,266
BAS payable	594,376	-
Other payables	<u>29,676</u>	<u>25,535</u>
	<u>747,509</u>	<u>158,801</u>

Note 11. Equity - issued capital

	31 Dec 2017	30 June 2017	31 Dec 2017	30 June 2017
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>322,447,421</u>	<u>302,231,715</u>	<u>36,422,426</u>	<u>35,650,900</u>

On 13 July 2017 the company issued 20,215,706 ordinary shares on conversion of all outstanding listed options (ASX code: MLMO) at 4.22 cents per share, raising \$853,103 before costs of \$81,577.

Note 12. Contingent assets

In respect of the disposal of the SCONI Project in September 2017 (refer Note 4), additional consideration of \$5m in cash or shares in Australian Mines Limited (the Production Payment), will be payable to the Group on commencement of commercial production. This additional consideration has not been recognised in the 31 December 2017 half-year financial statements, as the receipt of the additional consideration is not virtually certain. The commencement of commercial production from the Project requires favourable commodity prices and markets, availability of funding and various government approvals.

Note 13. Contingent liabilities

There have been no changes to the contingent liabilities noted in the 2017 annual financial report.

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2017

Note 14. Interests in joint operations

The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2017 %	30 June 2017 %
Oresome Joint Venture	Australia	50.00%	50.00%

On 1 August 2014 Metallica Minerals Limited executed a joint venture (JV) agreement with a private Chinese investor. The JV is between Oresome Australia Pty Ltd (a wholly owned subsidiary of Metallica Minerals Ltd) and Ozore Resources Pty Ltd (Ozore) (wholly owned by the Chinese investor). Under the JV agreement, Ozore has paid a total of A\$7,500,000 to develop the company's Urquhart Point HMS Project including construction of a Heavy Mineral Sands (HMS) plant in South Africa, and explore for other Heavy Mineral Sands and Bauxite deposits on its tenements on the western side of Queensland's Cape York Peninsula. The HMS plant arrived in Australia in December 2015 and is currently in storage. Given the continuing low heavy mineral sand prices, the JV has deferred construction of the HMS processing plant and the JV is currently evaluating options in relation to the plant.

The Oresome joint arrangement is classified as a joint operation under Australian Accounting Standards. Metallica Minerals Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

During the half year ended 31 December 2017, Ozore and Metallica contributed additional capital of \$447,550 and \$448,000 respectively. Consequently, Metallica has recognised a net cash outflow of \$225 in the statement of cash flows, which represents Ozore's share of the additional cash contributed by Metallica.

Note 15. Events after the reporting period

On 3 January 2018, the company announced that it had been granted a Mining Lease for the Urquhart Bauxite project by the Queensland Department of Natural Resources (the Department). The Department has imposed conditions on the development of the Urquhart Bauxite project that are in line with the company's plans and expectations. Included among the conditions is the requirement that operations are only conducted during the dry season (April through December inclusive). The company is now focused on obtaining approval for the proposed haul road from the Mining Lease to the Hey Point transshipping facility.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Metallica Minerals Limited
Directors' declaration
31 December 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Peter Turnbull
Chairman

15 February 2018
Brisbane

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Metallica Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Metallica Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'R M Swaby', is written over a faint, larger version of the same signature.

R M Swaby
Director

Brisbane, 15 February 2018