

# QUARTERLY REPORT

ASX RELEASE  
30 April 2019

for the period ended 31 March 2019

## KEY EVENTS

New Board of Directors elected at EGM held on 1 February 2019<sup>1</sup>

Board review commenced into all projects including administration, management, corporate costs and development or exploration strategy<sup>2</sup>

Mr Scott Waddell appointed as Interim Chief Executive Officer<sup>3</sup> following the suspension of the employment of Simon Slesarewich

Completed sale of 6.6 million shares in Australian Mines Limited for a consideration of \$273,000<sup>4</sup>

Urquhart Bauxite project development remains the key focus of the Company and a review of its development and logistic options has commenced<sup>5</sup>

Proposed merger with Melior terminated<sup>6</sup>

\$3.6 million in cash available at quarter end

URQUHART BAUXITE PROJECT  
Weipa  
URQUHART POINT HMS PROJECT

CAPE FLATTERY SILICA SAND PROJECT

Cooktown

Cairns

Karumba

Croydon

ESMERALDA GRAPHITE PROJECT

**Metallica Minerals Limited is primarily an Australian bauxite developer with other interests in mineral sands, silica sands, gold-copper and graphite.**



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# CORPORATE INFORMATION

\*as at 31 March 2019

## CASH BALANCE\*

As at 31 March 2019,  
MLM's cash balance was  
approximately \$3,628,000

## ISSUED CAPITAL\*

323,447,408  
Ordinary Shares

1,000,000  
Unlisted Options

## SHAREHOLDERS\*

2,147  
Shareholders

Top 20 shareholders  
hold 40.30%

## LARGEST SHAREHOLDERS

Jien Mining Pty Ltd - 12.4%  
Plan-1 Pty Ltd - 4.1%  
JP Morgan Nominees  
Australia - 2.25%

## DIRECTORS

Theo Psaros  
Non Executive Chairman

Andrew Gillies  
Non Executive Director

Scott Waddell  
Director and Interim Chief  
Executive Officer

## SENIOR MANAGEMENT

John Haley  
CFO & Company Secretary

For personal



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# DEVELOPMENT AND EXPLORATION

Metallica Minerals (ASX: MLM) (“Metallica”, “the Company”) is pleased to present its activities report for the quarterly period ending 31 March 2019.

## URQUHART

### BAUXITE MLM INTEREST 50%

The Urquhart Bauxite project is located 5km south-west of Weipa on the west coast of the Cape York Peninsula, a region renowned for its extensive deposits of high-quality pisolitic bauxite. The Project consists of two bauxite plateaux, known as Area A and Area B that are wholly contained within the lease area.

Urquhart’s Mineral Resource stands at 9.5 million tonnes grading 52.8%  $Al_2O_3$ , with 6.9Mt being in the Measured and Indicated categories (see Resource tables, page 9). An additional quantity of lower grade transitional material has been identified for potential beneficiation through dry screening. This material will be subject to further assessment once mining has commenced.

The Pre-feasibility Study (PFS) completed on Urquhart in December 2016 and updated in September 2018<sup>7</sup>, allowed for the declaration of a maiden JORC 2012 reserve of 6.5Mt grading 52.7%  $Al_2O_3$  (see Resource tables, page 9).

In conjunction with its joint venture partner, the Company has continued investigations into access arrangements for the barge-loading facility (BLF) at the Urquhart Bauxite project to enable the bauxite to be exported. This includes possible access to the third-party owned Hey Point BLF plus other logistic and BLF alternatives sites. The results of these new logistic studies will become available

and be released to the ASX in Q3 2019 – for further information see ASX release dated 24 April 2019, which explains the following:

- The negotiations for access to Hey Point have not yet resulted in a viable commercial contract that would allow the JV to practically utilise the Hey Point infrastructure during 2019.
- Metallica remains open to further discussions with the third-party owner of the Hey Point facility. However, at this stage, a commercial outcome (including sufficient available capacity) to utilise Hey Point is unlikely to be successful in the immediate future.
- Positive initial progress is being made on studies and designs for building a new BLF that would be controlled by the JV parties and is likely to significantly reduce operating and shipping costs, thus potentially offsetting higher up-front capital and time delays.
- Once a commercial and permitted development pathway has been confidently shown to be viable, it is estimated that production utilising one of these alternative BLF options would not commence prior to the conclusion of calendar 2020.

In the previous quarter the Company announced that it had entered into a binding access agreement for access to a haul road connecting the Urquhart Bauxite project to the established barge loading facilities (BLF) at Hey Point.

As part of the haul road access agreement, a new section 316 (s316) Mining Lease (“ML”) application was progressed and all necessary requirements for the granting of the s316 Mining Lease have been completed. This includes no objections being received to the ML being granted and the ML is expected to be granted by the Queensland Government within the coming months.

## CAPE FLATTERY

### SILICA SANDS MLM INTEREST 100%

During the quarter there was no further progress made on the Cape Flattery Silica Sands Project. The Board of Directors will continue to review the Cape Flattery project with the view of further progressing this project.

Cape Flattery is located in a remote part of Queensland and initial investigations into any development at Cape Flattery are likely to require access to the existing ship loading jetty infrastructure that is owned by Ports North and being utilised by Cape Flattery Silica Mines Pty Ltd (a subsidiary of Mitsubishi Corporation).

# DEVELOPMENT AND EXPLORATION

## URQUHART POINT

### HEAVY MINERAL SANDS MLM INTEREST 50%

The Urquhart Point zircon and rutile HMS project is part of the Cape York Joint Venture with private Chinese investor Ozore Resources Pty Ltd. No work was undertaken on the Urquhart Point HMS project during the March 2019 quarter as Metallica continued to focus on progressing the Urquhart Bauxite Project towards production.

The Company continues to entertain third party approaches in relation to the Urquhart Point HMS project and the modularised and containerised HMS processing plant, which remains in storage near Brisbane, so as to potentially realise value from the asset.

## CAPE YORK

### REGIONAL EXPLORATION MLM INTEREST 50%

Metallica and its joint venture partner Ozore Resources Pty Ltd did not undertake any field work on regional HMS and bauxite exploration targets during the March 2019 quarter. With a clear focus on the Urquhart Bauxite Project, regional exploration is currently on hold. Consideration will be given to plan drill testing of some select exploration tenements over this dry season (April-November).

During the March Quarter, the joint venture added two new exploration tenements to its Cape York Bauxite and HMS project. Exploration Permit for Minerals (EPM) application (EPMA) 27243 comprising one sub block was applied on the north side of the Skardon river which could cover a potentially strategic barge loading facility location for unlocking the bauxite deposits north of the Skardon river such as in existing granted tenement EPM 19001 and possibly other tenements in the area.

The second tenement application was EPMA 27244 comprising 10 sub-blocks immediately south and adjoin the Urquhart Bauxite tenement, this shows some portions of modest sized mapped bauxite plateau adjacent and immediately outside the extensive bauxite mining lease held by a prominent third party.

## ESMERALDA

### GRAPHITE MLM INTEREST 100%

As part of the ongoing review of the Esmeralda Project, a new Exploration Permit for Minerals Application EPM(A) 27210 Clara was applied for in February 2019. This tenement augments Metallica's graphite, gold and base metal exploration of the region. The first step is to pursue the new style of mineralisation will be restricted to desktop studies reviewing available historical exploration and geophysical data within the greater project area.

Following this step a target study will be completed in the June quarter 2019 by modelling of the geophysical data which should result in a better understanding of graphitic granites and the intrusives beneath the cover sequence. Once the desktop study is completed, Metallica will review and plan its proposed exploration strategy based on results.

No other exploration work was undertaken on the Esmeralda tenements for graphite during the March 2019 quarter, however Metallica has expanded its exploration tenement interests in the region for exploring for graphite gold and base metals.

# CORPORATE

## DIRECTOR CHANGES

On 1 February 2019, an Extraordinary General Meeting, called by the shareholders of the Company, was held and resulted in the appointment of a new board of Directors.

### The new Board now comprises:

Mr Theo Psaros as Non Executive Chairman, Mr Andrew Gillies as Non Executive Director and Mr Scott Waddell as Director and Interim CEO (working four days per week).

The Board of Directors have commenced a full review of the company's administration, management and corporate costs as well as its projects.

Following the commencement of this review Mr Simon Slesarewich, CEO and prior Managing Director was suspended from his role with the Company pending an outcome of this review. This process is still ongoing.

On 3 April 2019, the Company announced to the ASX that Mr Simon Slesarewich had brought a legal claim against the Company in relation to his employment as the Company CEO. In response, the Company has engaged lawyers and will be defending Mr Slesarewich's claim.

## DUE DILIGENCE ON WAGINA ASSET, SOLOMON ISLANDS

Due diligence activities on the Wagina Bauxite project were halted in late 2018. Negligible costs were expended by Metallica on assessing the Wagina project in the reporting period.

The Company is currently considering its options and evaluating whether or not to continue funding for the Wagina Project. This follows delays to the Project's due diligence process and a recent recommendation by the Solomon Island's Environment Advisory Committee to the Solomon Island's Environment Minister that the South West Pacific Bauxite (SWPB) Development consent be revoked. Metallica understands this recommendation has been appealed against by SWBP, and the final decision rests with the Minister.

## ISSUED CAPITAL

As at 31 March 2019, Metallica had 323,447,408 fully paid ordinary shares and 1,000,000 unlisted options on issue.

## FINANCIAL UPDATE

Metallica finished the March 2019 quarter with \$3.6 million in cash and holds no debt.

## JUNE 2019 QUARTER OUTLOOK

Metallica's focus for the June Quarter is to;

- Review logistical arrangements with third parties and other logistic options in relation to the Urquhart Bauxite project; and/or continue to progress evaluating other options to allow JV control of the barging and shipping of Urquhart Bauxite product;
- Obtain final government approvals for the haul road linking Urquhart Bauxite mining lease to the intended Hey Point BLF;
- Continue to search for and evaluate value adding internal project generation opportunities and acquisitions that will be deliver accretive growth to shareholders;
- Finalise evaluating whether to continue any funding for the Wagina Project; and
- The company is currently undertaking preliminary due diligence on several new opportunities in the bauxite and gold-copper commodity sector and should these be materially progressed then the company will update shareholders accordingly.

# RESOURCE TABLES

## Urquhart Bauxite project DSB Mineral Resource at an effective cut-off of 48% Al<sub>2</sub>O<sub>3</sub>

Classification	Area	Mt	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	AAI%*	RSi %**
Measured	A	3.0	54.4	11.8	43.2	5.0
Indicated	A	3.9	53.3	13.1	40.8	5.2
Inferred	A	0.3	54.2	11.3	42.0	4.7
	B	2.3	49.9	17.4	37.2	6.0
	<b>Subtotal</b>	<b>2.6</b>	<b>50.3</b>	<b>16.8</b>	<b>37.6</b>	<b>5.9</b>
<b>Total</b>		<b>9.5</b>	<b>52.8</b>	<b>13.7</b>	<b>40.7</b>	<b>5.3</b>

\* AAI - Available Alumina @ 150°C

\*\* RSi - Reactive Silica @ 150°C

## Urquhart Bauxite project reserves

	Area	Direct shipping Bauxite (low Temp) Dry Kt	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	THA %	Low Temp RSi %
Proved	A	2,964	53.7	12.3	42.3	5.4
Probable	A	3,568	51.9	14.2	39.1	5.9
<b>Ore Reserve</b>	<b>A</b>	<b>6,532</b>	<b>52.7</b>	<b>13.3</b>	<b>40.6</b>	<b>5.7</b>

Metallica confirms all material assumptions underpinning production targets and corresponding financial information continue to apply and have not materially changed as per Listing Rule 5.19.2.

# NOTICES

## COMPETENT PERSON'S STATEMENT

### URQUHART BAUXITE

The Mineral Reserve estimate and Production Target estimates were undertaken by Mr Stewart Lewis, Mining Engineer, who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and the CEO of IMC Mining Pty Ltd. Mr Lewis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Lewis consents to the inclusion of this information in the form and context in which it appears in this release/report.

The Mineral Resource estimate was undertaken by Mr John Horton, Principal Geologist, who is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy and an associate at IMC Mining Pty Ltd. Mr Horton has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Horton consents to the inclusion of this information in the form and context in which it appears in this release/report.

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr John Cameron (a geologist of over 25 years' experience), and a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and is a contract consultant to Metallica Minerals Ltd. Mr Cameron has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cameron consents to the inclusion of this information in the form and context in which it appears in this release/report.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made in this announcement contain or comprise certain forward-looking statements. Although Metallica believes that the estimates and expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in commodity prices and exchange rates and business and operational risk management. Metallica undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

### FOOTNOTES

1. See ASX Release dated 1 February 2019 "Shareholders of Metallica Minerals Elect New Board"
2. See ASX Release dated 6 February 2019 "Metallica Minerals Board Review"
3. See ASX Release dated 7 February 2019 "Appointment of Interim CEO"
4. See ASX Release dated 22 February 2019 "Company, project and review update"
5. See ASX Release dated 24 April 2019 "Urquhart Bauxite project Update" and ASX Release dated 22 February 2019 "Company, project and review update"
6. See ASX Release dated 2 January 2019 "Proposed merger with Melior terminated"
7. See ASX release dated 12 September 2018 "Updated PFS - Urquhart Bauxite Project"

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## SUBSIDIARY COMPANIES

- NORNICO Pty Ltd ACN 065 384 045
- Oresome Australia Pty Ltd ACN 071 762 484
- Oresome Bauxite Pty Ltd ACN 606 362 252
- Lucky Break Operations Pty Ltd ACN 126 272 580
- Phoenix Lime Pty Ltd ACN 096 355 761
- Greenvale Operations Pty Ltd ACN 139 136 708
- Scandium Pty Ltd ACN 138 608 894
- Touchstone Resources Pty Ltd ACN 126 306 018



# APPENDIX 5B

## Mining Exploration Entity and Oil and Gas Exploration Entity Quarterly Report

**NAME OF ENTITY:** Metallica Minerals Limited

**ABN:** 45 076 696 092

**QUARTER ENDED "current quarter":** 31 March 2019

**Rule +5.5**

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97,  
01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

<b>Consolidated Statement of Cash Flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	14	67
1.2	Payments for		
	(a) exploration & evaluation	(17)	(64)
	(b) development	(199)	(724)
	(c) production		
	(d) staff costs	(182)	(416)
	(e) administration and corporate costs	(249)	(724)
1.3	Dividends received (see note 3)		
1.4	Interest received	3	51
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (provide details if material) - Primarily corporate transaction with Melior Resources	(370)	(886)
<b>1.9</b>	<b>Net cash from/(used in) operating activities</b>	<b>(1,000)</b>	<b>(2,696)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments Part of shares held in Australian Mines Limited (ASX:AUZ)	322	322
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
<b>2.6</b>	<b>Net cash from/(used in) investing activities</b>	<b>322</b>	<b>322</b>

# APPENDIX 5B

<b>Consolidated Statement of Cash Flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		(50)
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from/(used in) financing activities</b>	<b>0</b>	<b>(50)</b>
<b>4.</b>	<b>Net increase/(decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,306	6,052
4.2	Net cash from/(used in) operating activities (item 1.9 above)	(1,000)	(2,696)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	322	322
4.4	Net cash from/(used in) financing activities (item 3.10 above)	Nil	(50)
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,628</b>	<b>3,628</b>
<b>5.</b>	<b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	502	189
5.2	Call deposits	3,126	4,117
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,628</b>	<b>4,306</b>
		<b>Current quarter \$A'000</b>	
<b>6.</b>	<b>Payments to directors of the entity and their associates</b>		
6.1	Aggregate amount of payments to these parties included in item 1.2	150	
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3		
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2		

# APPENDIX 5B

		Current quarter \$A'000			
<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>				
7.1	Aggregate amount of payments to these parties included in item 1.2				
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3				
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2				
<b>8.</b>	<b>Financing facilities available</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>		
	<i>Add notes as necessary for an understanding of the position</i>				
8.1	Loan facilities				
8.2	Credit standby arrangements	Nil	Nil		
8.3	Other (please specify)				
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.				
<b>9.</b>	<b>Estimated cash outflows for next quarter</b>		<b>\$A'000</b>		
	<b>Note:</b>				
9.1	Exploration and evaluation		50		
9.2	Development		285		
9.3	Production				
9.4	Staff costs		326		
9.5	Administration and corporate costs		200		
9.6	Other (provide details if material) - Project Generation		85		
<b>9.7</b>	<b>Total estimated cash outflows</b>		<b>946</b>		
<b>10.</b>	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EPMA 27243	1 Sub-block	Nil	50%
		EPMA 27244	10 Sub-blocks	Nil	50%
		EPMA 27210	100 Sub-blocks	Nil	100%

# APPENDIX 5B

## COMPLIANCE STATEMENT

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.



**Sign here:** Company secretary

**Date:** 30 April 2019

**Print name:** John Haley

## NOTES

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.