Metallica Minerals Limited

ACN 076 696 092

Annual Financial Report - 30 June 2019

Metallica Minerals Limited
Corporate directory
30 June 2019

Directors	T Psaros - Non-executive Chairman A Gillies - Non-executive Director S Waddell - Executive Director
Chief Executive Officer	S Waddell (Interim CEO)
Company secretary	J K Haley
Annual General Meeting	The details of the annual general meeting of Metallica Minerals Limited are: BDO Level 10, 12 Creek Street Brisbane QLD 4001 11am on Friday, 22 November 2019
Registered office and principal place of business	71 Lytton Road East Brisbane QLD 4169 Phone: (07) 3249 3000
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	HWL Ebsworth Level 19, 480 Queen Street Brisbane QLD 4000
Stock exchange listing	Metallica Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: MLM)
Website	www.metallicaminerals.com.au
Corporate Governance Statement	www.metallicaminerals.com.au/corporate-governance

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 year ended 30 June 2019.

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

Current:
Theo Psaros (appointed 1 February 2019)
Scott Waddell (appointed 1 February 2019)
Andrew Gillies (appointed 1 February 2019)

Former:
Steven Boulton (resigned 19 November 2018)
Peter Turnbull (resigned 21 December 2018)
Ian Jacobson (resigned 21 December 2018)
Michael Hansel (appointed 21 December 2018 and removed 1 February 2019)
Simon Slesarewich (removed 1 February 2019)
Alan Evans (appointed 21 December 2018 and removed 1 February 2019)

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

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $4,391,316 (30 June 2018: profit of $3,195,557).

The 30 June 2019 consolidated loss includes the following significant expenses: due diligence and other costs associated with the Melior merger of $893,252 (30 June 2018: nil), a net loss on the shares held in Australian Mines Limited of $962,706 (30 June 2018: nil), and impairment of exploration and evaluation expenditure and plant and equipment of $602,348 (2018: $103,123). The 30 June 2018 consolidated profit includes a gain of $6,000,000 arising on the disposal of the SCONI Project by NORNICO Pty Limited (in administration).

During the year ended 30 June 2019 the company:
- The company commenced an information-gathering process to assess the status of the Cape Flattery Silica Sands Project, which is adjacent to the world class Cape Flattery Silica Sand mining and shipping operation owned by Mitsubishi. Following this process, the Board of Directors undertook initial high-level options work, including approved planning works, to assess what is required to better understand the silica sand deposit size and quality, as well as evaluate options on how a silica sand mine could be developed. The Board will continue to review the Cape Flattery Project, with the view of further progressing this project.
- The company and its Joint Venture partner are continuing work on barge-loading facility access at the Urquhart Point project to enable the bauxite to be exported.
- On 12 September 2018, announced the results of the updated Pre-Feasibility Study (Updated PFS) for the company's 50%-owned Urquhart Bauxite project. The Updated PFS was independently prepared by Brisbane-based international consultancy, IMC Mining Pty Ltd.
- Was allotted 16,811,916 shares in Australian Mines Limited (ASX: AUZ) under the SCONI Sale and Purchase Agreement. The value of the AUZ shares allotted was $1.5 million at the time of the grant. The company sold 14,019,686 shares during the 2019 financial year. The market value of the remaining shares at 30 June 2019 is $58,643.
- Amended its loan contract with Southwest Pacific Bauxite (HK) Ltd by changing the 'extended repayment date' to 16 December 2019. The company advanced a loan of $186,017 to Southwest Pacific Bauxite (HK) Ltd during the 30 June 2018 financial year.
- Entered into a binding Arrangement Agreement to merge with Melior Resources Inc. (TSX-V: MLR) (Melior) and which was subsequently terminated in January 2019. An Independent Experts Report (IER) by BDO Corporate Finance (QLD) Ltd (BDO) concluded that the merger with Melior was reasonable, but not fair, for Metallica shareholders. On 2 January 2019 the company announced that the proposed merger with Melior was no longer being pursued as the Arrangement Agreement between the company and Melior had been terminated. All items associated with the termination have now been settled with Melior.

Going concern
For the year ended 30 June 2019 the consolidated entity incurred a loss of $4,391,316 before income tax (30 June 2018: profit of $3,195,557) and net cash outflows from operating activities of $2,798,832 (2018: $2,202,732).

The ability of the consolidated entity to continue as a going concern is principally dependent upon the following conditions:
- Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the consolidated entity to continue to progress the mineral properties in which it has an interest and to meet the consolidated entity's working capital requirements;
- Reducing its level of expenditure through farm-outs and/or joint ventures; and
- Selling of non-core projects.

These conditions give rise to a material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

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 30 June 2019 the consolidated entity had net current assets of $2,696,290 (2018: $7,366,981) and total net assets of $5,473,137 (2018: $10,025,055). Cash and cash equivalents at 30 June 2019 amounted to $3,044,672 (2018: $6,113,196).
- The consolidated entity has a proven history of successfully raising funds.

Based on the above, the Directors are of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the consolidated entity will be able to meet its liabilities from its assets in the ordinary course of business, for a period of not less than 12 months from the date of this financial report and has accordingly prepared the financial report on a going concern basis.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

The company's auditor has, without qualifying their audit opinion, included a 'material uncertainty in relation to going concern' paragraph in their audit report which draws attention to the aforementioned uncertainty regarding going concern.

Capital expenditure
During the 2019 financial year, $698,108 was incurred on capitalised exploration and development expenditure (2018: $604,975). The majority of the expenditure incurred was on the UBx exploration and development assets.

Cash flow and Liquidity
During the 2019 financial year, the net cash outflows from operating activities increased to $2,785,032 (2018: $2,202,732) and the increase is largely attributable to the Melior merger costs (including the break fee) of $893,252.

For the financial year ended 30 June 2019 net cash outflows from investing activities amounted to $283,492 (2018 net cash inflows: $3,807,258). Payments for plant and equipment and, exploration and evaluation assets amounted to $705,303 (2018: $655,461). The consolidated entity also received $478,651 from the sale of shares in Australian Mines Limited (2018: nil). In the 2018 financial year the net cash inflows were largely attributable to the receipt of $4,500,000 from the sale of 100% of the SCONI Project by NORNICO Pty Limited (in administration).

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

Matters subsequent to the end of the financial year
On 6 August 2019, the company announced that it has decided to withdraw its application for Mining Lease 100199 (ML) over the proposed haul road to Hey Point. The company and its joint venture partner are continuing to progress studies and designs for building a barge loading and/or ship loading facility on an area adjacent to tenements held by the joint venture.

On 16 August 2019, the company announced that Anthony Connelly and Jamie Harris of McGrath Nicol had been appointed as Voluntary Administrators of NORNICO Pty Limited (in administration) (Nornico), a wholly owned subsidiary of Metallica Minerals Limited (refer to Note 26 for further information).

No other matter or circumstance has arisen since 30 June 2019 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.

Likely developments and expected results of operations
Since the end of the 30 June 2019 financial year, the consolidated entity has retained all its Mining Leases (granted and applied). The consolidated entity will continue to rigorously review and control costs, progress the Cape Flattery Silica Sands Project, the Urquhart Bauxite Project, and continue to maximise the value of non-core assets.

The consolidated entity's goal is to progress the Cape Flattery Silica Sands Project and the Urquhart Point Bauxite Project, evaluate options to maximise the value of the HMS processing plant and the company's other projects including the Esmeralda graphite and the Fairview limestone projects. The company is also actively evaluating other projects for potential acquisition.

Environmental regulation
The consolidated entity is subject to environmental regulations under laws of Queensland where it holds mineral exploration and mining tenements. During the financial year the consolidated entity's activities recorded no non-compliance issues.

Information on directors

Name:	Theo Psaros (appointed 1 February 2019)
Title:	Non-executive Chairman
Qualifications:	GAICD, CA, BFinAdmin
Experience and expertise:	Theo Psaros has over 30 years of diverse global and local commercial experience in a number of business sectors and industries within multi-million dollar publicly listed company, private companies and government departments. Theo's resource industry experience included a number of years as Chief Financial Officer and Chief Operating Officer of MetroCoal Limited, Chairman of the Surat Basin Coal Alliance and a member of the industry group that assisted with the Queensland Government Department of Natural Resources & Mines to prepare the 30-year strategic plan for the resources industry in Queensland (ResourcesQ).
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman
Interests in shares:	674,000
Interests in options:	None
Interests in rights:	None

Name:	Scott Waddell (appointed 1 February 2019)
Title:	Executive Director
Qualifications:	B.Bus, Dip.PMM (Dist), FCPA, AGIA
Experience and expertise:	Scott Waddell's resources experience was gained from eight (8) years with Metro Mining Limited and Cape Alumina Limited, nine (9) years with Anglo Coal and eight (8) years with Rio Tinto Alcan (RTA). This included direct mine site experience of 4.5 years with RTA Weipa Bauxite and 3.5 years at Callide coal mine. Roles included Interim CEO at Cape Alumina, CFO and Company Secretary for Metro Mining Limited and Cape Alumina Limited, Head of Finance for the Monash Energy project in Victoria's La Trobe Valley, as well as being a director of the CO2CRC Otway Pilot Project and chairman of the audit committee, Business Development Manager as well as a number of finance and corporate roles.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Interim CEO
Interests in shares:	632,258
Interests in options:	None
Interests in rights:	None

Name:	Andrew Gillies (appointed 1 February 2019)
Title:	Non-executive Director
Qualifications:	BSc Bachelor of Science (Geology), MAusIMM
Experience and expertise:	Andrew Gillies is a highly experienced geologist with over 30 years' experience as company director of ASX listed junior resource companies with strong resource and mineral exploration, company management, project feasibility, project development, mining, governance and corporate background. Andrew was a founding director of Metallica Minerals in 1997, listing the company on the ASX in 2004. He retired from the managing director position in July 2015 and then retired as a director in June 2017. Andrew has extensive experience across a range of mineral and resource projects, much of this experience gained throughout Queensland. Andrew successfully listed subsidiaries Cape Alumina Limited and MetroCoal Limited on the ASX in 2009 (these companies have since merged to become Metro Mining Limited, a successful bauxite producer). Andrew was a director of ASX junior companies Orion Metals Limited and Planet Metals Limited and he was previously a Director of the Queensland Resources Council (QRC).
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	962,500
Interests in options:	None
Interests in rights:	None

Name:	Steven Boulton (resigned 19 November 2018)
Title:	Non-executive Director
Qualifications:	MTM, BBus, Grad Dip App Corp Gov, FAICD, FGIA, FIML, CAHRI
Experience and expertise:	Mr Boulton's 40-year career has covered complex fund/asset investment management organisations and utility/ infrastructure enterprises, including Director level experience in the mining/minerals sector. Mr Boulton's CEO experience includes entities listed on the ASX and NZX, and private and government-owned corporations. This has included CEO positions with Hastings Funds Management, CP2 Funds Management, Prime/BBI, Powerco in New Zealand and Allgas. Executive Chairman experience includes the Dalrymple Bay Coal Terminal, PD Ports in the UK and WestNet Rail. Executive and/or non-executive Director experience includes Infrastructure Partnerships Australia, Port of Brisbane. Australian Infrastructure Fund, Australian Pacific Airports Corporation and various infrastructure sector national associations. Mr Boulton is currently a Director of Nova Group, a global defence and engineering services firm which has offices throughout Australia and overseas.
Other current directorships:	None
Former directorships (last 3 years):	Non-executive Director of Atrum Coal NL from 22 August 2014 to 24 November 2016
Special responsibilities:	None
Interests in shares:	1,350,000*
Interests in options:	None*
Interests in rights:	None*

Name:	Peter Turnbull (resigned 21 December 2018)
Title:	Non-executive Chairman
Qualifications:	B.Commerce, LLB, FGIA (Life), FAICD
Experience and expertise:	Peter has significant experience as an independent non-executive director and chair across a range of sectors including over a decade in the resources, energy and technology commercialisation sectors. Peter has over 30 years of prior senior executive experience gained in publicly listed, private and government owned organisations operating in Australia, South East Asia, Europe and the Americas. This experience includes senior executive positions with ASX Top 50 companies such as Newcrest Mining Limited, BTR Nylex Limited and Energex Limited, a major government owned energy company. Peter also has significant regulatory, government and public policy experience including as a former director of corporate finance for the Securities and Futures Commission of Hong Kong. Peter is a non-executive director, Life Member and former President, of the Governance Institute of Australia and is an active contributor, writer and speaker on governance related issues within Australian and international governance circles. Peter's practical governance experience includes the design and management of corporate governance, risk management and remuneration regimes.
Other current directorships:	Non-Executive Director of Karoon Gas Australia Limited since 6 June 2014.
Former directorships (last 3 years):	None
Special responsibilities:	Chairman
Interests in shares:	390,000*
Interests in options:	None*
Interests in rights:	None*

Name:	Ian Jacobson (resigned 21 December 2018)
Title:	Non-executive Director
Qualifications:	B.Eng. (Mechanical)
Experience and expertise:	Mr Jacobson has more than 40 years' experience in the aluminium industry and has held senior executive roles in operations and project development with Rio Tinto/Comalco, Alcoa of Australia and BHP Billiton Aluminium. Mr Jacobson is also a co-founder and the current Executive Chairman of SCCR Group, which provides a range of consulting services to the primary aluminium industry including; project development, plant management, technical and operational support and governance in bauxite mining, alumina refining and aluminium smelting.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None*
Interests in options:	None*
Interests in rights:	None*

Name:	Michael Hansel (appointed 21 December 2018 and removed 1 February 2019)
Title:	Non-executive Chairman
Experience and expertise:	Michael Hansel has been a partner at law firm HopgoodGanim for the past 12 years specialising in mergers and acquisitions, capital raisings, due diligence, takeovers, joint ventures, corporate restructuring and private equity transactions. He has advised in these areas across numerous industries and has significant experience in the resources sector.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman
Interests in shares:	None*
Interests in options:	None*
Interests in rights:	None*

Name:	Simon Slesarewich (removed 1 February 2019)
Title:	Managing Director
Qualifications:	B.Eng (Mining), Diplomas in Administration, and Applied Finance and Investment
Experience and expertise:	Simon is a Mining Engineer and registered Senior Site Executive in Queensland, has more than 18 years' experience across a range of jurisdictions, including a strong background in operational and executive roles within both mining and contracting entities. Simon is currently also a Director of Larkham Resources. He is the former CEO of Northern Discovery and Boardwalk Resources.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Managing Director
Interests in shares:	2,833,334*
Interests in options:	166,667*
Interests in rights:	5,000,000*

Name:	Alan Evans (appointed 21 December 2018 and removed 1 February 2019)
Title:	Non-executive Director
Experience and expertise:	Alan has more than 35 years of corporate and commercial experience at senior executive level in both listed and unlisted corporations, with the majority of those roles in the resources sector.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None*
Interests in options:	None*
Interests in rights:	None*

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated. 'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

* Interests in the shares, options and rights of the company as at the date of resignation or removal as a director.

Company secretary
The Company Secretary in office for the whole of the financial year was John Haley. John is a Chartered Accountant with over 35 years' experience in accounting and finance. John has served in Chief Financial Officer and Company Secretary roles for a number of listed and non-listed entities.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
T Psaros (appointed 1 February 2019)	5	5
S Waddell (appointed 1 February 2019)	5	5
A Gillies (appointed 1 February 2019)	5	5
S Boulton (resigned 19 November 2018)	8	8
P Turnbull (resigned 21 December 2018)	11	11
I Jacobson (resigned 21 December 2018)	9	11
M Hansel (appointed 21 December 2018 and removed 1 February 2019)	1	1
S Slesarewich (removed 1 February 2019)	12	12
A Evans (appointed 21 December 2018 and removed 1 February 2019)	1	1

Held: represents the number of meetings held during the time the director held office.

With effect from 30 June 2015, the Board decided that it was no longer appropriate to have separate committees for Audit & Risk and Remuneration. The Board as part of its role has undertaken the responsibilities of these Board committees and carries out the functions set out in their respective charters to ensure that their objectives are met.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- transparency

The remuneration structure for key management personnel, excluding non-executive directors, is set by the Board and is based on a number of factors including, market remuneration for comparable companies, particular experience of the individual concerned and overall performance of the consolidated entity. The contracts for service between the consolidated entity and key management personnel are on a continuing basis the terms of which are not expected to materially change in the immediate future. The consolidated entity retains the right to terminate contracts immediately by making payment of an amount based on the employee's years of service. Upon retirement or termination key management personnel, excluding non-executives, are paid employee benefits accrued to date of retirement or termination. No other termination benefits are payable under service contracts except that the former Managing Director and the Chief Financial Officer are entitled 12 and 6 months annual base salary respectively if a change in control occurs, and to 6 months' annual base salary if their employment is terminated, provided the amount payable does not exceed any amount allowable under the Corporations Act 2001 or the ASX Listing Rules. Any options or share rights issued which are not exercised on or before the date of termination lapse 3 months after termination. Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as considered appropriate by the Board.

The remuneration framework is aligned to shareholders' interests through:
- a focus on sustained growth in share price and key non-financial drivers of value
- attracting and retaining high calibre executives

The remuneration framework is aligned to employees' interests through:
- rewarding capability and experience
- reflecting competitive rates of remuneration in respect of skills and responsibility
- providing a clear structure for earning rewards
- providing recognition for achievements

In accordance with best practice corporate governance, the structure of non-executive directors and executive remuneration is separate.

Non-executive director remuneration
Remuneration of the non-executive directors is approved by the Board and set in aggregate within the maximum amount approved by the shareholders from time to time. The fees have been determined by the Board having regard to industry practice and the need to obtain appropriately qualified independent persons.

The aggregate pool of remuneration paid to non-executive directors was approved by shareholders on 24 November 2010 and is currently $300,000 per annum for Metallica Minerals Limited as parent entity. The amount paid to non-executive directors of the parent entity (Metallica Minerals Limited) during the year to 30 June 2019 was $148,719 (2018: $146,241).

Executive remuneration
The consolidated entity and company aims to reward executives with a level and mix of remuneration, both fixed and variable, based on their position and level of achievement.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

(i) Fixed remuneration
Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

(ii) Short-term incentives
Former Managing Director
The former Managing Director was eligible for short-term incentive (STI) cash bonus payments based on the achievement of the KPIs as specified in his executive service agreement. The KPIs for bonus purposes were determined for each financial year of the term of his service agreement. The aim of the STI was to link the achievement of the company's annual and/or immediate financial and broader operational targets with the remuneration received by the Managing Director. The total potential STI was set at a level so as to provide sufficient incentive to achieve the operational targets and at a cost to the company that is reasonable in the circumstances. Actual STI payments awarded to the Managing Director depended on the extent to which specific targets prescribed in the performance agreement for a financial year were met and were limited to a maximum of 50% of his annual base salary. There was no cash bonus paid or accrued in respect of the 30 June 2019 financial year. A cash bonus of $56,000, that was accrued for at 30 June 2018 in relation to the achievement of the performance targets for the financial year ended 30 June 2018, was approved and paid on 31 January 2019; the day before the holding of an EGM.

Interim CEO
The Interim CEO is not entitled to any short term incentives.

Senior Executives
STIs paid to senior executives are made on a discretionary basis as determined by the CEO. These incentives, while not guaranteed, are directly linked to the achievement of KPIs as well as various performance targets for each area of operational responsibility, including the preparation and delivery of reports on time and meeting industry targets and standards in relation to workplace health and safety. No bonus is awarded where performance falls below the minimum acceptable KPI levels as determined by the Board or the CEO.

(iii) Long-term incentives
Long-term performance incentives (LTI) are delivered through the grant of options and share rights to executive directors and selected senior executives from time to time as part of their remuneration. Share rights have a nil exercise price and the performance hurdles applicable to any performance period (including how they will be measured) is set out in the invitation to the eligible executives.

At the Annual General Meeting held on 29 November 2016, the company's shareholders approved the issue of share rights to key employees under the company's incentive plan approved the Board of Directors on 24 October 2016. The purpose of the incentive plan is to:

(a) assist in the reward, retention and motivation of participants;
(b) align the interests of participants with the interests of the company's shareholders;
(c) promote the long-term success of the company and provide greater incentive for participants to focus on the company's longer term goals;
(d) link the reward of participants to the performance of the company and the creation of shareholder value; and
(e) provide participants with the opportunity to share in any future growth in value of the company.

On 2 July 2017 the company granted 6,000,000 share rights to the former Managing Director - Simon Slesarewich. 1,000,000 share rights have been converted into ordinary shares in the company and the balance have been forfeited following the termination of Simon's employment. The value of these rights at grant date was $341,941.

On 9 November 2017 the company granted 1,000,000 share rights to John Haley (CFO). These rights will vest on the commencement of commercial production from the company's Urquhart Bauxite Project. The fair value of these rights at grant date was $50,991.

Consolidated entity performance and link to remuneration
Because the consolidated entity is in exploration and development, not production, there is no direct relationship between the consolidated entity's financial performance and the level of remuneration paid to key management personnel.

At 30 June 2019 the market price of the company's ordinary shares was 2 cents per share (30 June 2018: 4 cents per share). No dividends were paid during the year ended 30 June 2019.

Share prices are subject to the influence of international metal prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration. The company may issue options or performance rights to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the company's shareholders.

Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as determined by the Board of Directors. Except in so far as Directors and other key management personnel hold options or share rights over shares in the company, there is no relationship between remuneration policy and the company's performance.

Use of remuneration consultants
The company did not engage remuneration consultants to prepare a formal remuneration report during the financial year ended 30 June 2019.

Voting and comments made at the company's 19 November 2018 Annual General Meeting ('AGM')
At the AGM held on 19 November 2018, the company received a first strike on its remuneration report for the year ended 30 June 2018. At this meeting the company received 44.78% of 'for' votes in relation to its remuneration report for the year ended 30 June 2018 which was short of the required 75% approval. A company which sustains a vote against the Remuneration Report of more than 25% in two successive annual general meetings is required to vote on a board spill, which if passed by more than 50% of votes, would require all Directors to stand for re-election at a general meeting of shareholders which must be held within 90 days.

All Directors who held office at the time of the 2018 AGM have since resigned or been removed.

Details of remuneration

Amounts of remuneration
The key management personnel of the consolidated entity consisted of the following directors of Metallica Minerals Limited:
Current:

- Theo Psaros (appointed 1 February 2019)
- Scott Waddell (appointed 1 February 2019)
- Andrew Gillies (appointed 1 February 2019)

Metallica Minerals Limited
Directors' report
30 June 2019

Former:
- Steven Boulton (resigned 19 November 2018)
- Peter Turnbull (resigned 21 December 2018)
- Ian Jacobson (resigned 21 December 2018)
- Michael Hansel (appointed 21 December 2018 and removed 1 February 2019)
- Simon Slesarewich (removed 1 February 2019)
- Alan Evans (appointed 21 December 2018 and removed 1 February 2019)

And the following persons:
- J K Haley - Chief Financial Officer and Company Secretary

	Short-term benefits			Post-employment	Long-term benefits		Share-based payments	
	Cash salary and fees	Bonus	Annual leave accrual	Super-annuation	Long service leave	Termination benefits	Options, rights & shares (g)	Total
Directors								
Non-executive:								
T Psaros (a)								
- 2019	26,241	-	-	-	-	-	-	26,241
A Gillies (a)								
- 2019	21,633	-	-	-	-	-	-	21,633
P Turnbull (b)								
- 2019	37,849	-	-	3,596	-	-	-	41,445
- 2018	71,667	-	-	6,808	-	-	-	78,475
S Boulton (b)								
- 2019	19,026	-	-	1,807	-	-	-	20,833
- 2018	39,574	-	-	3,760	-	-	-	43,334
I Jacobson (b)								
- 2019	21,604	-	-	2,052	-	-	-	23,656
M Hansel (c)								
- 2019	9,400	-	-	-	-	-	-	9,400
A Evans (c)								
- 2019	5,033	-	-	478	-	-	-	5,511
S - Zhang (d)								
- 2018	35,000	-	-	-	-	-	-	35,000
Executive:								
S Waddell (a)								
- 2019	75,600	-	-	-	-	-	-	75,600
S Slesarewich (e)								
- 2019 (h)	247,794	-	(23,652)	28,860	-	81,000	(141,851)	192,151
- 2018	255,100	-	5,402	24,234	-	-	199,079	614,565
bonus 2018 (f)	-	56,000	-	-	-	-	-	-
bonus 2017 (f)	-	74,750	-	-	-	-	-	-

	Short-term benefits Cash salary and fees	Short-term benefits Bonus	Annual leave accrual	Post-employment Super-annuation	Long-term benefits Long service leave	Termination benefits	Share-based payments Options, rights & shares (g)	Total
Other key management personnel								
J K Haley								
- 2019	109,840	-	18,219	10,435	6,665	-	(16,275)	128,884
- 2018	109,840	-	12,147	10,435	(3,513)	-	16,275	145,184
Total								
- 2019	574,020	-	(5,433)	47,228	6,665	81,000	(158,126)	545,354
- 2018	511,181	130,750	17,549	45,237	(3,513)	-	215,354	916,558

(a) Mr T Psaros, Mr S Waddell and Mr A Gillies were appointed Directors on 1 February 2019.
(b) Messrs P Turnbull, S Boulton and I Jacobson were appointed Directors on 12 December 2016, 25 January 2017 and 1 July 2018 respectively. Mr S Boulton resigned on 19 November 2018 and Messrs P Turnbull and I Jacobson resigned on 21 December 2018.
(c) Messrs M Hansel and A Evans were appointed Directors on 21 December 2018 and were removed on 1 February 2019.
(d) Mr S Zhang resigned as an Alternate Director on 1 May 2018.
(e) Mr S Slesarewich was Chief Executive Officer until 17 April 2018 and appointed Managing Director thereafter. Mr Slesarewich was removed from the office of Director on 1 February 2019 and his employment terminated on 15 May 2019.
(f) Mr Slesarewich's short-term cash bonus of $130,750 for the 30 June 2018 financial year, comprised $74,750 paid and $56,000 accrued in relation to the achievement of KPIs for the financial years ended 30 June 2017 and 30 June 2018 respectively. The accrued amount was paid on 31 January 2019.
(g) The amounts included in the share-based remuneration represent the grant date fair value of performance rights, amortised on a straight line basis over the expected vesting period. Expenses are reversed where rights are forfeited following a failure to satisfy the service conditions or there is a revision of share rights expected to vest.
(h) Mr Slesarewich was entitled to an 18 weeks notice period and to the payment of 6 months of annual base salary following the termination of his employment. The amount actually paid was reduced from this as part of the settlement between the company and Mr Slesarewich.

The proportion of remuneration linked to performance (i.e. options) and the fixed proportion are as follows:

Name	Fixed remuneration 2019	Fixed remuneration 2018	At risk - STI 2019	At risk - STI 2018	At risk - LTI 2019	At risk - LTI 2018
Non-Executive Directors:						
T Psaros	100%	-	-	-	-	-
A Gillies	100%	-	-	-	-	-
P Turnbull	100%	100%	-	-	-	-
S Boulton	100%	100%	-	-	-	-
I Jacobson	100%	-	-	-	-	-
M Hansel	100%	-	-	-	-	-
A Evans	100%	-	-	-	-	-
S Zhang	-	100%	-	-	-	-
Executive Directors:						
S Waddell	100%	-	-	-	-	-
S Slesarewich*	100%	46%	-	21%	-	33%
Other Key Management Personnel:						
J K Haley*	100%	89%	-	-	-	11%

* The LTI percentage is not disclosed for Simon Slesarewich and John Haley for the financial year ended 30 June 2019 as the total amount of LTI remuneration expense was negative for each employee.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Andrew Scott Waddell
Title:	Interim CEO
Agreement commenced:	7 February 2019
Term of agreement:	Ongoing
Details:	The remuneration payable to Scott Waddell is $1,200 per full day worked (excluding GST) on a contractor basis. No short or long-term incentives have been included in the terms of the engagement. The contract can be terminated by 1 months' notice from either party.

Name:	Simon Joseph Slesarewich
Title:	Managing Director
Agreement commenced:	2 July 2017
Term of agreement:	Terminated 15 May 2019
Details:	The contract provided for an annual base salary of $280,000 per annum (inclusive of the minimum statutory superannuation contributions) and an annual cash bonus of up to 50% of Simon Slesarewich's annual base salary. The cash bonus was dependent on the achievement of KPI's. Simon was also entitled to performance rights under the company's incentive plan. The contract could be terminated by 18 weeks' notice from either party and payment of 6 months of annual base salary. The contract also provided for payment of 12 months of annual base salary and 100% of any short-term and long-term incentives if control of the company changes. The contract was reviewed annually by the Board of Directors.

Name:	John Kevin Haley
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	1 July 2009
Term of agreement:	Ongoing
Details:	The contract is to be reviewed annually by the Board of Directors and was last reviewed in December 2015. Following this review the base salary including the superannuation guarantee levy remained unchanged at $120,275. The contract may be terminated by 1 months' notice from either party. The contract provides for payment of 6 months of base salary if control of the company changes or John Haley's employment is terminated.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares granted to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options

There were no options over ordinary shares granted to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Share rights
The terms and conditions of each grant of share rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date
S Slesarewich	1,000,000	2 July 2017	2 July 2018	9 November 2019	$0.057
S Slesarewich	2,000,000	2 July 2017	31 March 2019	9 November 2019	$0.057
S Slesarewich	1,000,000	2 July 2017	2 July 2019	9 November 2019	$0.057
S Slesarewich	2,000,000	2 July 2017	30 June 2019	9 November 2019	$0.057
J Haley	1,000,000	9 November 2017	31 March 2019	9 November 2019	$0.051

Share rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted, vested and forfeited during the year ended 30 June 2019 are set out below:

Name	Number of rights granted during the year 2019	Number of rights granted during the year 2018	Number of rights vested during the year 2019	Number of rights vested during the year 2018	Number of rights forfeited during the year 2019	Number of rights forfeited during the year 2018
S Slesarewich	-	1,000,000	1,000,000	-	-	-
S Slesarewich	-	2,000,000	-	-	2,000,000	-
S Slesarewich	-	1,000,000	-	-	1,000,000	-
S Slesarewich	-	2,000,000	-	-	2,000,000	-
J Haley	-	1,000,000	-	-	-	-

Equity instruments issued on exercise of remuneration options/rights granted during the year
Details of equity instruments issued during the year to key management personnel as a result of options and share rights exercised that had been granted as compensation during the year ended 30 June 2019 are as follows:

Name	Date options/rights granted	Number of ordinary shares issued	Number of options/rights exercised	Amounts paid per share $
S J Slesarewich	2 July 2017	1,000,000	1,000,000	-

Additional information
The earnings of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $	2016 $	2015 $
Profit/(loss) after income tax	(4,391,316)	3,195,557	(2,559,121)	(5,747,331)	(7,722,353)

The factors that are considered to affect Total Shareholders Return ('TSR') are summarised below:

	2019	2018	2017	2016	2015
Share price at financial year end ($)	0.02	0.04	0.05	0.03	0.06
Basic earnings/(loss) per share (cents per share)	(1.36)	0.99	(1.05)	(3.23)	(4.65)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Options/rights exercised during the year	Additions	Disposals/ other*	Balance at the end of the year
Ordinary shares					
T Psaros	-	-	674,000	-	674,000
A S Waddell	-	-	632,258	-	632,258
A Gillies	-	-	962,500	-	962,500
J K Haley	125,000	-	-	-	125,000
P Turnbull	222,500	-	-	(222,500)	-
S Boulton	1,000,000	-	-	(1,000,000)	-
S J Slesarewich	1,833,334	1,000,000	-	(2,833,334)	-
	3,180,834	1,000,000	2,268,758	(4,055,834)	2,393,758

* Includes the removal from the table of the shareholdings for key management personnel who have either resigned during the period or been removed during the period or are no longer considered to be a key management person.

None of the shares above are held nominally by the directors or any of the other key management personnel.

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other*	Balance at the end of the year
Options over ordinary shares					
S Boulton	500,000	-	-	(500,000)	-
S J Slesarewich	166,667	-	-	(166,667)	-
	666,667	-	-	(666,667)	-

* Includes the removal from the table of the option holdings for key management personnel who have either resigned during the period or been removed during the period or are no longer considered to be a key management person.

For the options that lapsed/cancelled during the year, the value of the options at the date they lapsed was nil.

No other key management personnel held options.

Share rights holding
The number of share rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Share rights over ordinary shares					
S J Slesarewich	6,000,000	-	(1,000,000)	(5,000,000)	-
J K Haley	1,000,000	-	-	-	1,000,000
	7,000,000	-	(1,000,000)	(5,000,000)	1,000,000

Loans to key management personnel and their related parties
There were no loans owing by key management personnel of the group, including their close family members and entities related to them, during the financial year ended 30 June 2019.

Other transactions with key management personnel and their related parties
There were no other transactions with key management personnel of the group, including their close family members and entities related to them, during the financial year ended 30 June 2019.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Metallica Minerals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
3 August 2011	No expiry date*	$0.7000	1,000,000

* These options will expire 3 years after the decision to mine at Lucknow or Kokomo is made.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

No options were granted to the directors or any of the five highest remunerated officers of the company since the end of the financial year.

Shares under share rights
Unissued ordinary shares of Metallica Minerals Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
09/11/2017	09/11/2019	$0.0000	1,000,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no options exercised during the financial year ended 30 June 2019 and up to the date of this report.

Shares issued on the exercise of share rights
The following ordinary shares of Metallica Minerals Limited were issued during the year ended 30 June 2019 and up to the date of this report on the exercise of share rights granted:

Date share rights exercised	Exercise price	Number of shares issued
31 January 2019	$0.0000	1,000,000

Indemnity and insurance of officers
Each of the Directors and the Secretary of the company have entered into a Deed with the company whereby the company has provided certain contractual rights of access to books and records of the company to those Directors and Secretary. The company has insured all of the Directors of Metallica Minerals Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances.

Indemnity and insurance of auditor
Other than the standard indemnities, the company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are set out below.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed below do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2019 $	2018 $
Related practices of BDO Audit Pty Ltd:		
Tax compliance	75,373	31,409
Corporate advisory services	134,015	-
	209,388	31,409

Officers of the company who are former partners of BDO Audit Pty Ltd
There are no officers of the company who are former partners of BDO Audit Pty Ltd.

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 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

T J Psaros

Theo Psaros
Chairman

10 September 2019
Brisbane

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of Metallica Minerals Limited for the year ended 30 June 2019, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 10 September 2019

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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 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 10 September 2019. The directors have the power to amend and reissue the financial statements.

Metallica Minerals Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Revenue	4	99,196	99,371
Other income	5	22,500	6,000,000
Interest revenue calculated using the effective interest method		81,290	101,342
Expenses			
Advertising and promotional costs		(52,509)	(103,712)
Airfares and conferences		(67,968)	(140,287)
Extraordinary General Meeting costs		(117,358)	-
Employee benefits expense	6	(701,170)	(1,067,687)
Exploration costs		(329,122)	(342,537)
Depreciation and amortisation expense	6	(18,522)	(4,543)
Melior merger costs including break fee	6	(893,252)	-
Impairment of loan	9	-	(186,017)
Net loss on financial assets at fair value through profit or loss	10	(962,706)	-
Listing fees and share register expenses		(97,910)	(91,506)
Impairment of exploration and evaluation expenditure, and plant and equipment		(602,348)	(103,123)
Legal fees		(221,622)	(143,717)
Marketing		(93,835)	(144,117)
Project generation		-	(241,387)
Professional fees		(133,106)	(98,718)
Net loss on introduction of additional equity in joint operation	31	(22,500)	-
Rental expenses		(112,317)	(195,830)
Other expenses		(117,412)	(141,421)
Finance costs	6	(50,645)	(554)
Total expenses		(4,594,302)	(3,005,156)
Profit/(loss) before income tax expense		(4,391,316)	3,195,557
Income tax expense	7	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Metallica Minerals Limited		(4,391,316)	3,195,557
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Metallica Minerals Limited		(4,391,316)	3,195,557
		Cents	**Cents**
Basic earnings per share	35	(1.36)	0.99
Diluted earnings per share	35	(1.36)	0.97

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

Metallica Minerals Limited
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	8	3,044,672	6,113,196
Trade and other receivables	9	60,291	47,821
Financial assets at fair value through profit or loss	10	58,643	-
Other	11	-	1,650,000
Total current assets		3,163,606	7,811,017
Non-current assets			
Plant and equipment	12	545,931	1,057,258
Exploration and evaluation	13	2,055,260	1,459,500
Other	15	175,656	141,316
Total non-current assets		2,776,847	2,658,074
Total assets		5,940,453	10,469,091
Liabilities			
Current liabilities			
Trade and other payables	16	349,802	326,082
Employee benefits	17	117,514	117,954
Total current liabilities		467,316	444,036
Total liabilities		467,316	444,036
Net assets		5,473,137	10,025,055
Equity			
Issued capital	19	36,436,227	36,422,427
Reserves		8,150,463	8,324,865
Accumulated losses		(39,113,553)	(34,722,237)
Total equity		5,473,137	10,025,055

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

Metallica Minerals Limited
Statement of changes in equity
For the year ended 30 June 2019

Consolidated	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 year	-	-	3,195,557	3,195,557
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	3,195,557	3,195,557
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 19)	771,527	-	-	771,527
Share-based payments (note 36)	-	231,629	-	231,629
Balance at 30 June 2018	36,422,427	8,324,865	(34,722,237)	10,025,055

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2018	36,422,427	8,324,865	(34,722,237)	10,025,055
Loss after income tax expense for the year	-	-	(4,391,316)	(4,391,316)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(4,391,316)	(4,391,316)
Transactions with owners in their capacity as owners:				
Share-based payments (note 36)	-	(174,402)	-	(174,402)
Shares issued for services rendered	13,800	-	-	13,800
Balance at 30 June 2019	36,436,227	8,150,463	(39,113,553)	5,473,137

Metallica Minerals Limited
Statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		84,756	165,870
Payments to suppliers and employees (inclusive of GST)		(2,924,903)	(2,446,328)
		(2,840,147)	(2,280,458)
Interest received		105,760	78,280
Interest and other finance costs paid		(50,645)	(554)
Net cash used in operating activities	33	(2,785,032)	(2,202,732)
Cash flows from investing activities			
Net cash (outflow)/inflow from additional capital introduced in joint operation		(22,500)	(225)
Loans advanced to other parties		-	(186,017)
Payments for property, plant and equipment	12	(7,195)	(50,486)
Payments for security deposits		(34,340)	-
Payments for exploration and evaluation	13	(698,108)	(604,975)
Proceeds from disposal of SCONI Project	5	-	4,500,000
Proceeds from disposal of equity investments		478,651	-
Receipt for security deposit		-	148,961
Net cash from/(used in) investing activities		(283,492)	3,807,258
Cash flows from financing activities			
Proceeds from issue of shares	19	-	853,103
Share issue transaction costs	19	-	(81,576)
Net cash from financing activities		-	771,527
Net increase/(decrease) in cash and cash equivalents		(3,068,524)	2,376,053
Cash and cash equivalents at the beginning of the financial year		6,113,196	3,737,143
Cash and cash equivalents at the end of the financial year	8	3,044,672	6,113,196

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of the new standards and amendments to standards affected any of the amounts recognised in the current period or any prior period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments
The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

At the date of initial application (1 July 2018) the consolidated entity assessed that there were no classification, measurement and impairment adjustments required to any of its financial assets and liabilities.

'Interest revenue' is no longer included in the 'Revenue' note and is now shown separately on the face of the statement of profit or loss and other comprehensive income, resulting in a reclassification of $101,342 for the year ended 30 June 2018.

AASB 15 Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. As the consolidated entity does not have any significant revenue contracts with customers, the standard has had no impact on the financial performance or position of the consolidated entity.

Going concern
For the year ended 30 June 2019 the consolidated entity incurred a loss of $4,391,316 before income tax (30 June 2018: profit of $3,195,557) and net cash outflows from operating activities of $2,798,832 (2018: $2,202,732).

Note 1. Significant accounting policies (continued)

The ability of the consolidated entity to continue as a going concern is principally dependent upon the following conditions:

- Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the consolidated entity to continue to progress the mineral properties in which it has an interest and to meet the consolidated entity's working capital requirements;
- Reducing its level of expenditure through farm-outs and/or joint ventures; and
- Selling non-core projects.

These conditions give rise to a material uncertainty, which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

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 30 June 2019 the consolidated entity had net current assets of $2,696,290 (2018: $7,366,981) and total net assets of $5,473,137 (2018: $10,025,055). Cash and cash equivalents at 30 June 2019 amounted to $3,044,672 (2018: $6,113,196).
- The consolidated entity has a proven history of successfully raising funds.

Based on the above, the Directors are of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the consolidated entity will be able to meet its liabilities from its assets in the ordinary course of business, for a period of not less than 12 months from the date of this financial report and has accordingly prepared the financial report on a going concern basis.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Metallica Minerals Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Metallica Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Note 1. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Joint arrangements
Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Metallica Minerals Limited has only one joint operation at the reporting date and no joint ventures.

Joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Metallica Minerals Limited has recognised its share of the jointly held assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Details of the joint operation are set out in note 33.

Joint ventures
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduces the carrying amount of the investment.

Note 1. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 1. Significant accounting policies (continued)

Restoration, rehabilitation and environmental expenditure
Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are dealt with retrospectively, with any amounts that would have been written off or provided against under the accounting policy for exploration and evaluation immediately written off.

Restoration from exploration drilling is carried out at the time of drilling and accordingly no provision is required.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives
Where required by the Australian Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 1. Significant accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. The consolidated entity will adopt this standard from 1 July 2019.

The standard does not apply to leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources however, it will affect primarily the accounting for the consolidated entity's operating leases. As at the reporting date, the consolidated entity had only one non-cancellable operating lease which has a lease term of 12 months. As the lease is short-term, the company will continue to recognise lease payments as an expense on a straight-line basis in profit or loss. Consequently, the company does not envisage any changes to current accounting for leases however, this could change if the current operating lease is renewed or a new operating lease entered into for a lease-term greater than 12 months.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments will have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Impairment of plant and equipment
The consolidated entity assesses impairment of plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined.

Significant judgements and assumptions were required in making an estimate of the fair value of the capital works in progress associated with the Oresome joint operation The estimated fair value was determined based on enquiries of independent parties (refer note 12).

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 3. 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.

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.

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 4. Revenue

	Consolidated	
	2019	**2018**
	$	**$**
Royalty	42,874	56,146
Other revenue	56,322	43,225
Revenue	99,196	99,371

Royalty
Royalty on limestone tenement.

Other revenue
Other revenue comprises rental income and an option fee.

Accounting policy for revenue recognition
The consolidated entity recognises revenue as follows:

Royalties
Royalties are recognised as revenue when the right to receive payment is established.

Note 4. Revenue (continued)

Government grants
Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the consolidated entity will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate. Government grants relating to the purchase or development of assets, including exploration and evaluation activities, are deducted from the carrying value of the asset.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 5. Other income

	Consolidated	
	2019	**2018**
	$	**$**
Net gain on disposal of SCONI Project*	-	6,000,000
Other income	22,500	-
Other income	22,500	6,000,000

* In September 2017, the company entered into an agreement (which was varied in December 2017) under which NORNICO Pty Limited (in administration) disposed of its interest in the SCONI Project for $6,000,000 in cash and shares (exclusive of GST) to Australian Mines Limited (ASX code: AUZ). A further $5,000,000 in cash or AUZ shares will become due if commercial production commences from SCONI.

The company received cash funds of $4,500,000 (exclusive of GST) in the year ended 30 June 2018. The Company has also been allotted $1,500,000 (exclusive of GST) in AUZ shares in July 2018. The SCONI Project had a nil carrying value at the date of disposal, and as a result the company recognised a net gain on disposal of $6,000,000 (being the $4,500,000 cash received, and the $1,500,000 in AUZ shares receivable) in the year ended 30 June 2018.

Note 6. Expenses

	Consolidated 2019 $	2018 $
Profit/(loss) before income tax includes the following specific expenses:		
Aggregate employee benefits expense		
Defined contribution superannuation expense	65,694	69,006
Equity-settled share-based payments	(174,402)	231,629
Other employee benefits expenses	877,378	872,632
	768,670	1,173,267
Less		
Employee costs capitalised to exploration	(67,500)	(105,580)
Employee benefits expense	701,170	1,067,687
Depreciation		
Plant and equipment	18,522	4,543
Finance costs		
Interest and finance charges paid/payable	50,645	544
Rental expense relating to operating leases		
Minimum lease payments	96,712	179,569
Melior merger costs including break fee		
Total costs incurred on Melior merger	893,252	-

Melior merger costs including break fee
During the 2019 financial year the company entered into a binding Arrangement Agreement to merge with Melior Resources Inc. (TSX-V: MLR) (Melior). The agreement was subsequently terminated in January 2019. An Independent Experts Report (IER) by BDO Corporate Finance (QLD) Ltd (BDO) concluded that the merger with Melior was reasonable, but not fair, for Metallica shareholders.

Note 7. Income tax

	Consolidated 2019 $	Consolidated 2018 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	(4,391,316)	3,195,557
Tax at the statutory tax rate of 27.5%	(1,207,612)	878,778
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
(Loss)/gain on reduction in interest in joint venture	6,188	60
Loss on disposal of shares	212,365	-
Share based payments	(47,960)	63,698
	(1,037,019)	942,536
Current year tax losses not recognised	867,349	-
Prior year tax losses not recognised now recouped	-	(840,736)
Current year temporary differences not recognised	169,670	(101,800)
Income tax expense	-	-

	Consolidated 2019 $	Consolidated 2018 $
Deferred tax assets not recognised		
Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:		
Unused tax losses	5,828,295	4,761,356
Other deductible temporary differences	957,509	841,536
Deductible temporary differences offset against taxable temporary differences	(565,197)	(402,808)
Total deferred tax assets not recognised	6,220,607	5,200,084

The above potential tax benefit for tax losses and deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain. The tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 7. Income tax (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Metallica Minerals Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2019	**2018**
	$	**$**
Cash on hand	50	50
Cash at bank	394,495	533,690
Cash on deposit	2,650,127	5,579,456
	3,044,672	6,113,196

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Current assets - trade and other receivables

	Consolidated	
	2019	**2018**
	$	**$**
Trade receivables	15,321	19,946
Loans to other parties	186,017	186,017
Less: Allowance for expected credit losses	(186,017)	(186,017)
	-	-
Other receivables	3,404	3,405
Interest receivable	-	24,470
GST receivable	41,566	-
	60,291	47,821

Note 9. Current assets - trade and other receivables (continued)

The adoption of AASB 9 'Financial instruments' did not have a material impact on the classification, measurement and impairment of trade and other receivables.

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 10. Current assets - financial assets at fair value through profit or loss

	Consolidated	
	2019 $	2018 $
Ordinary shares - at fair value through profit or loss	58,643	-

Refer to note 22 for further information on fair value measurement.

The ordinary shares consist of 2,792,230 shares in Australian Mines Limited (ASX: AUZ) that were allotted to Metallica under the SCONI Sale and Purchase Agreement (refer note 5). Metallica was allotted 16,811,916 shares in AUZ and sold 14,019,686 shares in the 2019 financial year.

During the year, the net loss on financial assets at fair value through profit and loss of $962,706 have been recognised.

Note 11. Current assets - other

	Consolidated	
	2019 $	2018 $
Deferred sale proceeds - SCONI Project	-	1,650,000

The deferred sale proceeds at 30 June 2018 represented the Consideration Shares plus GST, that were granted to Metallica in connection with the disposal of the SCONI Project (refer note 5) during the 30 June 2019 financial year.

Note 12. Non-current assets - plant and equipment

	Consolidated	
	2019 $	2018 $
Plant and equipment - at cost	887,811	1,022,776
Less: Accumulated depreciation	(825,495)	(806,973)
Less: Impairment	(16,385)	(158,545)
	45,931	57,258
Capital works in progress	2,638,837	2,638,837
Less: Impairment	(2,138,837)	(1,638,837)
	500,000	1,000,000
	545,931	1,057,258

Note 12. Non-current assets - plant and equipment (continued)

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

Consolidated	Plant and equipment $	Capital works in progress $	Total $
Balance at 1 July 2017	11,315	1,000,000	1,011,315
Additions	50,486	-	50,486
Depreciation expense	(4,543)	-	(4,543)
Balance at 30 June 2018	57,258	1,000,000	1,057,258
Additions	7,195	-	7,195
Impairment of assets	-	(500,000)	(500,000)
Depreciation expense	(18,522)	-	(18,522)
Balance at 30 June 2019	45,931	500,000	545,931

Capital works in progress represents Metallica's share of the jointly held assets in the Oresome Joint Venture (JV) (refer note 33), 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.

Due to the indefinite time frame for the project, the Directors have impaired the plant to its estimated fair value less costs to sell based on enquiries of independent parties.

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment, and motor vehicles	15-40% per annum

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Non-current assets - exploration and evaluation

	Consolidated	
	2019 **$**	**2018** **$**
Exploration and evaluation expenditure	2,055,260	1,459,500

Note 13. Non-current assets - exploration and evaluation (continued)

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

Consolidated	Exploration & evaluation $	Total $
Balance at 1 July 2017	957,648	957,648
Additions	604,975	604,975
Impairment of assets	(103,123)	(103,123)
Balance at 30 June 2018	1,459,500	1,459,500
Additions	698,108	698,108
Impairment of assets	(102,348)	(102,348)
Balance at 30 June 2019	2,055,260	2,055,260

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent upon successful development and commercial exploitation or sale of the respective areas of interest.

Accounting policy for exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

Note 14. Non-current assets - mining development

	Consolidated	
	2019 $	**2018 $**
Mining development - at cost	4,214,838	4,214,838
Less: Impairment	(4,214,838)	(4,214,838)
	-	-

Mining development represents the consolidated entity's share of the mining development assets in the Oresome joint operation (refer note 31).

Accounting policy for mining assets
Once an undeveloped mining project has been established as commercially viable and approval to mine has been given, expenditure other than land, buildings, plant and equipment is capitalised under "Mining development" together with any amount transferred from "Exploration and evaluation".

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Note 14. Non-current assets - mining development (continued)

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

Note 15. Non-current assets - other

	Consolidated	
	2019	2018
	$	$
Security deposits - tenements and rental properties	175,656	141,316

Note 16. Current liabilities - trade and other payables

	Consolidated	
	2019	2018
	$	$
Trade payables	287,085	100,967
GST payable	-	138,472
Other payables	62,717	86,643
	349,802	326,082

Refer to note 21 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 17. Current liabilities - employee benefits

	Consolidated	
	2019	2018
	$	$
Annual leave	67,964	76,681
Long service leave	49,550	41,273
	117,514	117,954

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 18. Non-current liabilities - deferred tax

	Consolidated 2019 $	Consolidated 2018 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Exploration and evaluation expenditure	565,197	401,363
Other taxable temporary differences	-	1,445
Deductible temporary differences offset against taxable temporary differences (note 7)	(565,197)	(402,808)
Deferred tax liability	-	-

Note 19. Equity - issued capital

	Consolidated 2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	324,047,408	322,447,408	36,436,227	36,422,427

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2017	302,231,715		35,650,900
Exercise of options	13 July 2017	20,215,706	$0.0422	853,103
Other movements		(13)	$0.0000	-
Share issue costs		-	$0.0000	(81,576)
Balance	30 June 2018	322,447,408		36,422,427
Exercise of share rights	31 January 2019	1,000,000	$0.0000	-
Shares for services rendered	17 April 2019	600,000	$0.0230	13,800
Balance	30 June 2019	324,047,408		36,436,227

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Shares for services rendered
2019 - The company issued 600,000 ordinary shares at 2.3 cents per share as a one-off payment of shares under an consultancy agreement.

Options
2018 - The options exercised relate to options granted in terms of the renounceable rights issue that was completed in the 2016 financial year.

Share rights
2019 - Information relating to the share rights granted and exercised during the financial year and rights outstanding at the end of the reporting period, is set out in note 36.

Note 19. Equity - issued capital (continued)

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The capital structure of the consolidated entity consists of equity attributable to equity holders of the parent entity comprising of issued capital, reserves and accumulated losses as disclosed in the statement of changes in equity. In common with many other exploration companies, the parent raises finance for the consolidated entity's exploration and appraisal activities in discrete tranches.

Management effectively manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

There are no externally imposed capital requirements.

The capital risk management policy remains unchanged from the 2018 Annual Report.

The consolidated entity monitors capital on the basis of its working capital position (i.e. liquidity risk). The net working capital of the consolidated entity at 30 June 2019 was $2,696,290 (2018: $7,366,981).

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 20. Equity - dividends

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated	
	2019	**2018**
	$	**$**
Franking credits available for subsequent financial years based on a tax rate of 30% (2018: 30%)	583,794	583,794

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 21. Financial instruments

Financial risk management objectives
Risk management is carried out under policies set by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas.

Note 21. Financial instruments (continued)

The board monitors and manages the financial risk relating to the operations of the consolidated entity. The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Foreign currency risk
The consolidated entity does not currently have any significant exposure to foreign currency risk.

Price risk
The consolidated entity does not currently have any significant exposure to price risk.

Interest rate risk
The consolidated entity’s main interest rate risk arises from cash and cash equivalents and held to maturity investments.

	2019		2018	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Cash at bank	0.01%	394,495	0.61%	533,690
Cash on deposit	1.66%	2,650,127	1.85%	5,579,456
Net exposure to cash flow interest rate risk		3,044,622		6,113,146

At 30 June 2019, if interest rates had increased/decreased by 25 basis points (bps) from the year end rates with all other variables held constant, post-tax loss for the year would have been $7,612 lower/higher (2018 changes of 25 bps: $15,283 lower/higher), mainly as a result of higher/lower interest income from cash and cash equivalents and held to maturity investments.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 21. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	287,085	-	-	-	287,085
Other payables	-	62,717	-	-	-	62,717
Total non-derivatives		349,802	-	-	-	349,802

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	100,967	-	-	-	100,967
GST payable	-	138,472	-	-	-	138,472
Other payables	-	86,643	-	-	-	86,643
Total non-derivatives		326,082	-	-	-	326,082

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Due to their short-term nature the carrying amounts of financial instruments reflect their fair value.

Note 22. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss	58,643	-	-	58,643
Total assets	58,643	-	-	58,643

Note 22. Fair value measurement (continued)

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 23. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2019	2018
	$	$
Short-term employee benefits	568,587	659,480
Post-employment benefits	47,228	45,237
Long-term benefits	6,665	(3,513)
Termination benefits	81,000	-
Share-based payments	(158,126)	215,354
	545,354	916,558

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company:

	Consolidated	
	2019 $	2018 $
Audit services - BDO Audit Pty Ltd		
Audit or review of the financial statements	53,130	50,239
Other services - Related practices of BDO Audit Pty Ltd		
Tax compliance	75,373	31,409
Corporate advisory services	134,015	-
	209,388	31,409
	262,518	81,648

Note 25. Contingent assets

In respect of the disposal of the SCONI Project in September 2017 (refer Note 5), additional consideration of $5,000,000 in cash or shares in Australian Mines Limited (the Production Payment), will be payable to the company on commencement of commercial production. This additional consideration has not been recognised in the 30 June 2019 financial statements, as the receipt of the additional consideration is not virtually certain. The commencement of commercial production from the SCONI Project requires favourable commodity prices and markets, availability of significant funding and various government approvals.

Note 26. Contingent liabilities

Native title claims
The consolidated entity does not believe it has any contingent liability arising from any possible Native Title claims.

Royalty Agreements
In February 2019, new directors of NORNICO Pty Limited (in administration) (Nornico Directors) were appointed and have recently advised the Board of Metallica as follows:

Nornico recently received correspondence on behalf of International Royalty Corporation (IRC) requesting confirmation that the royalty agreement held by IRC with Nornico (IRC Royalty Agreement) had been assigned to Sconi Mining Operations Pty Ltd, a subsidiary of Australian Mines Limited as part of the sale of the SCONI project (Sconi Transaction).

The Nornico Directors were previously unaware of the IRC Royalty Agreement and accordingly undertook a review of the company records to identify the position regarding the IRC Royalty Agreement.

The review of Nornico company records revealed that:
a) There were three royalty agreements in existence relating to the tenements transferred as part of the SCONI Transaction, of which the IRC Royalty Agreement was one;
b) The Sale and Purchase Agreement (SPA) to sell the Sconi assets to Australian Mines Ltd was executed effective from 2 September 2017;
c) Only one of the three royalty agreements (the "Barrick" Royalty Agreement) was assigned to the purchaser as part of the SPA;
d) Nornico remains a party to the two remaining royalty agreements with the counter-parties to those royalty agreements;
e) Nornico was, at the date to reviewing the company records, a dormant company that:
 a. has not traded for over 12 months;
 b. has no assets;
 c. has no bank account; and
 d. has no facility or arrangement in place with any other party.
f) Metallica is a current and the largest creditor of Nornico.

Note 26. Contingent liabilities (continued)

Nornico has been conducting investigations about whether the parties to the royalty agreements were possible contingent creditors.

The Nornico Directors have appointed Voluntary Administrators, who will manage the process of resolving any claims against Nornico.

The existence of these two royalty agreements and their effect on Nornico was omitted from the Metallica consolidated Audited Financial Statements as at 30 June 2018. The Financial Statements as at 31 December 2017 also incorrectly stated that there had been no changes to the contingent liabilities noted in the 2017 annual financial report.

It is uncertain why Nornico did not assign all royalty agreements as part of the Sconi Transaction. The steps taken by the current Nornico Board is a prudent step to ensure that the process is managed and resolved with the assistance of an independent party.

Metallica is doing everything in its power to resolve the matter, including any residual effect on Metallica. The Directors have determined that it is not practical to estimate the potential economic outflow of these claims as the matters are in the course of negotiation, and disclosure could be prejudicial to the interests of Metallica.

The royalty agreements between NORNICO Pty Limited (in administration) and third parties are summarised below.

Tenement	Company	Terms of the Royalty Agreement
ML 20549	AO Australia Pty Limited	$1.00/t for the first 5 Mt of ore produced and $2.00/t for production of ore in excess of 5 Mt.
MDL 387	Renison & Goldfields*	$1.00/t for the first 500,000t of ore produced and $1.50/t for production in excess of 500,000t. of ore.

* Note: The reference in the 30 June 2017 Financial Statements to "ML 10366 - Renison & Goldfields" is incorrect. The correct reference should have been to the following: MDL 387 - Renison & Goldfields.

Note 27. Commitments

	Consolidated 2019 $	Consolidated 2018 $
Commitments for minimum expenditure on exploration permits		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,443,258	1,219,190
One to five years	37,000	285,000
	1,480,258	1,504,190
Commitments for environmental authority annual fee		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	3,445	5,480
One to five years	13,780	21,920
	17,225	27,400
Tenement rentals		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	22,039	68,630
One to five years	88,156	274,520
	110,195	343,150
Operating lease commitments payable		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	13,271	55,054
Oresome Joint Venture - the group's share of the tenement commitments made jointly with other joint venturers		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	909,871	1,209,190
One to five years	831,794	1,879,038
	1,741,665	3,088,228

Commitments for minimum expenditure on exploration permits
The consolidated entity has certain commitments to meet minimum annual expenditure requirements on the mineral exploration assets it has an interest in. Any shortfalls are carried forward to subsequent years.

Operating lease commitments
Operating lease commitments represent contracted amounts for offices under a non-cancellable operating lease. The office lease expires within 1 year and there is an option to extend.

Note 28. Related party transactions

Parent entity
Metallica Minerals Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 30.

Joint operations
Interests in joint operations are set out in note 31.

Note 28. Related party transactions (continued)

Key management personnel
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year other than those reported elsewhere in the financial report and remuneration report.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019 **$**	**2018** **$**
Profit/(loss) after income tax	(7,047,028)	3,531,374
Total comprehensive income	(7,047,028)	3,531,374

Statement of financial position

	Parent	
	2019 **$**	**2018** **$**
Total current assets	3,113,701	7,743,041
Total assets	6,654,108	13,810,538
Total current liabilities	428,845	377,595
Total liabilities	7,598,679	7,547,472
Equity		
Issued capital	36,436,227	36,422,427
Share-based payments reserve	8,150,463	8,324,865
Accumulated losses	(45,531,261)	(38,484,226)
Total equity/(deficiency)	(944,571)	6,263,066

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018; however, refer to Note 26 regarding the administration of NORNICO Pty Limited (in administration).

Contingent liabilities
The parent entity believes it has no contingent liabilities as at 30 June 2019 and 30 June 2018; however, refer to Note 26 regarding the administration of NORNICO Pty Limited (in administration).

Note 29. Parent entity information (continued)

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Oresome Australia Pty Limited	Australia	100.00%	100.00%
Greenvale Operations Pty Limited***	Australia	100.00%	100.00%
Scandium Pty Limited	Australia	100.00%	100.00%
NORNICO Pty Limited* (in administration)	Australia	100.00%	100.00%
Phoenix Lime Pty Limited	Australia	100.00%	100.00%
Lucky Break Operations Pty Limited	Australia	100.00%	100.00%
Touchstone Resources Pty Limited	Australia	100.00%	100.00%
Oresome Bauxite Pty Limited**	Australia	100.00%	100.00%

*   NORNICO Pty Limited was placed in Voluntary Administration on 16 August 2019.
**   Oresome Bauxite Pty Limited is a wholly owned subsidiary of Oresome Australia Pty Limited.
*** Greenvale Operations Pty Limited is a wholly owned subsidiary of NORNICO Pty Limited (in administration).

Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares that are held directly by the consolidated entity, and the proportion of ownership interests is equal to the proportion of voting rights held by the consolidated entity.

Significant restrictions
There are no significant restrictions on the ability of the consolidated entity to access or use the assets and settle the liabilities of the consolidated entity.

Note 31. 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 2019 %	Ownership interest 2018 %
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.

Note 31. Interests in joint operations (continued)

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 year ended 30 June 2019, Ozore and Metallica contributed additional capital of $741,700 and $696,700 respectively. Consequently, Metallica has recognised a net cash outflow of $22,500 in the statement of cash flows, which represents Ozore's share of the additional cash contributed by Metallica (50% of the difference between the amount contributed by Metallica and the amount contributed by Ozore).

Note 32. Events after the reporting period

On 6 August 2019, the company announced that it has decided to withdraw its application for Mining Lease 100199 (ML) over the proposed haul road to Hey Point. The company and its joint venture partner are continuing to progress studies and designs for building a barge loading and/or ship loading facility on an area adjacent to tenements held by the joint venture.

On 16 August 2019, the company announced that Anthony Connelly and Jamie Harris of McGrath Nicol had been appointed as Voluntary Administrators of NORNICO Pty Limited (in administration) (Nornico), a wholly owned subsidiary of Metallica Minerals Limited (refer to Note 26 for further information).

No other matter or circumstance has arisen since 30 June 2019 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.

Note 33. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	Consolidated	
	2019 $	2018 $
Profit/(loss) after income tax expense for the year	(4,391,316)	3,195,557
Adjustments for:		
Depreciation and amortisation	18,522	4,543
Share-based payments	(174,402)	231,629
Net loss on financial assets at fair value through profit or loss	962,706	-
Impairment of financial assets	-	186,017
Impairment of exploration and evaluation expenditure, and plant and equipment	602,348	103,123
Net gain on disposal of SCONI Project	-	(6,000,000)
Net loss on introduction of additional equity in joint operation	22,500	225
Expenses - non-cash	13,800	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	137,530	43,437
Increase in trade and other payables	23,720	17,281
Increase/(decrease) in employee benefits	(440)	15,456
Net cash used in operating activities	(2,785,032)	(2,202,732)

Note 34. Non-cash investing and financing activities

	Consolidated 2019 $	Consolidated 2018 $
Shares received in Australian Mines Limited as consideration for sale of SCONI Project (refer note 11)	1,500,000	-
Shares issued in Metallica Minerals Limited for services rendered	13,800	-

Note 35. Earnings per share

	Consolidated 2019 $	Consolidated 2018 $
Profit/(loss) after income tax attributable to the owners of Metallica Minerals Limited	(4,391,316)	3,195,557
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	323,066,586	321,782,795
Adjustments for calculation of diluted earnings per share:		
Share rights	-	8,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	323,066,586	329,782,795
	Cents	**Cents**
Basic earnings per share	(1.36)	0.99
Diluted earnings per share	(1.36)	0.97

Share rights are considered to be potential ordinary shares but were anti-dilutive in nature for the 30 June 2019 financial year and were not included in the calculation of diluted earnings per share. These rights could potentially dilute basic earnings per share in the future.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Metallica Minerals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 36. Share-based payments

Incentive Plan
At the Annual General Meeting held on 29 November 2016, the company's shareholders approved the issue of share rights to key employees under the company's incentive plan approved the Board of Directors on 24 October 2016. The purpose of the incentive plan is to:
(a) assist in the reward, retention and motivation of participants;
(b) align the interests of participants with the interests of the company's shareholders;
(c) promote the long-term success of the company and provide greater incentive for participants to focus on the company's longer term goals;
(d) link the reward of participants to the performance of the company and the creation of shareholder value; and
(e) provide participants with the opportunity to share in any future growth in value of the company.

Under the plan eligible participants may be granted share rights for nil consideration (unless otherwise provided under the relevant offer), which vest if certain vesting conditions are met. Upon vesting, subject to any exercise conditions, each share right entitles the participant to one share in the company.

On 2 July 2017 the company granted 6,000,000 share rights to Simon Slesarewich (former Managing Director). The value of these rights at grant date was $341,941.
(a) 2,000,000 rights vest upon commencement of production from the company's Urquhart Bauxite Project
(b) 1,000,000 rights vest on 2 July 2018 being the third anniversary of Simon's commencement date
(c) 1,000,000 rights vest on 2 July 2019 being the fourth anniversary of Simon's commencement date
(d) 2,000,000 vest upon acquisition of a controlling interest in the Wagina Bauxite Project in Solomon Islands

With the exception of the 1,000,000 rights that vested on 2 July 2018, all the other rights granted to Simon Slesarewich have been forfeited following the termination of Simon's employment.

On 11 November 2017 the company granted 1,000,000 share rights each to John Haley (CFO) and Chris Broadhead (former General Manager). These rights vest on the commencement of commercial production from the company's Urquhart Bauxite Project and the fair value of the rights at grant date was $101,981. Chris Broadhead's rights have been forfeited following his resignation.

Set out below are summaries of options granted:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
13/07/2015	12/07/2017	$0.1250	2,000,000	-	-	(2,000,000)	-
13/07/2015	12/07/2018	$0.1500	2,000,000	-	-	(2,000,000)	-
			4,000,000	-	-	(4,000,000)	-
Weighted average exercise price			$0.1400	$0.0000	$0.0000	$0.1400	$0.0000

Set out below are summaries of share rights granted under the incentive plan:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised*	Expired/ forfeited/ other	Balance at the end of the year
02/07/2017	09/11/2019	$0.0000	6,000,000	-	(1,000,000)	(5,000,000)	-
09/11/2017	09/11/2019	$0.0000	2,000,000	-	-	(1,000,000)	1,000,000
			8,000,000	-	(1,000,000)	(6,000,000)	1,000,000

* The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2019 was $0.025.

Note 36. Share-based payments (continued)

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
02/07/2017	09/11/2019	$0.0000	-	6,000,000	-	-	6,000,000
09/11/2017	09/11/2019	$0.0000	-	2,000,000	-	-	2,000,000
			-	8,000,000	-	-	8,000,000

Share-based payments expense

	2019 $	2018 $
Share-based payment transactions recognised as part of employee benefits expense:		
Reversal of share-based payments recognised as an expense in prior periods	(174,402)	-
Expense from share-based payments	-	231,629
Net (reversal)/expense	(174,402)	231,629

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Metallica Minerals Limited
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Theo Psaros
Chairman

10 September 2019
Brisbane

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Metallica Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Metallica Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of exploration and evaluation assets

Key audit matter	*How the matter was addressed in our audit*
Refer to note 13 in the financial report The carrying value of the Group's exploration and evaluation asset is impacted by the Group's ability, and intention, to continue to explore this asset. The results of exploration work also determine to what extent the mineral reserves and resources may or may not be commercially viable for extraction. This impacts the ability of the Group to recover the carrying value of the exploration and evaluation assets either through the successful development or sale. Due to the quantum of this asset and the subjectivity involved in determining whether it's carrying value will be recovered through successful development or sale, we have determined this is a key audit matter.	We have critically evaluated management's assessment of each impairment trigger per AASB 6 *Exploration for and Evaluation of Mineral Resources,* including but not limited to: • Reviewing the directors' assessment of the carrying value of the exploration and evaluation costs, ensuring that management have considered the effect of potential impairment indicators, commodity prices and the stage of the Group's project against the standard of AASB 6 • Obtaining from management a schedule of areas of interest held by the Group and assessed as to whether the Group had rights of tenure over the relevant exploration areas by obtaining external confirmation from the relevant government agency and also considered whether the Group maintains tenements in good standing • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cashflow budget for the level of budgeted spend on exploration projects • Considering whether any other data exists which indicates that the carrying amount of the exploration and evaluation asset that is unlikely to be recovered in full from successful development or by sale • Assessed the appropriateness of the disclosures included in note 13 to the financial report.

Carrying value of Heavy Mineral Sands (HMS) plant

Key audit matter	*How the matter was addressed in our audit*
As disclosed in note 12, plant and equipment includes capital works in progress relating to a Heavy Mineral Sands (HMS) plant, which represents a significant balance recorded in the consolidated statement of financial position. The evaluation of the recoverable amount of the HMS plant requires significant judgment in determining the key assumptions supporting the expected future cash flows of this asset.	We have evaluated the management's impairment assessment of plant and equipment per AASB 136 *Impairment of Assets*, and performed, amongst others, the following procedures: • Critically assessing the judgements made by the Group in determining the fair value less costs to sell of plant and equipment • Reviewing third party documentation provided by management and obtaining documented representation from management of the discussions they have had that goes to support the fair value of the plant • Assessed the appropriateness of the disclosures included in note 12 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information contained in directors' report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 17 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Metallica Minerals Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

R M Swaby

Director

Brisbane, 10 September 2019

Metallica Minerals Limited
Shareholder information
30 June 2019

The shareholder information set out below was applicable as at 21 August 2019.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	118
1,001 to 5,000	383
5,001 to 10,000	305
10,001 to 100,000	856
100,001 and over	406
	2,068
Holding less than a marketable parcel	1,315

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Jien Mining Pty Ltd	39,400,373	12.16
Plan-1 Pty Ltd	13,287,502	4.10
Dostal Nominees Pty Ltd	8,010,000	2.47
J P Morgan Nominees Australia Pty Limited	7,126,165	2.20
Mr Graham Raymond Dow	6,000,000	1.85
Tamborine Trees Pty Ltd	5,000,000	1.54
Bondline Limited	4,910,966	1.52
Corowa Nominees Pty Ltd	4,380,098	1.35
Mrs Carolyn Dow	4,000,000	1.23
Gefrato Trading Pty Ltd	4,000,000	1.23
Latsod Pty Ltd	4,000,000	1.23
MacForbes Super Pty Ltd	3,000,000	0.93
Mr Clifford Malcolm Arnold Pratt	3,000,000	0.93
Mr Lewis Alfred Shotter	3,000,000	0.93
Minnelex Pty Ltd	2,865,260	0.88
Asden Investments Pty Limited	2,745,121	0.85
BNP Paribas Nominees Pty Ltd	2,640,192	0.81
Australian Exports & Industrialisation Super Pty Ltd	2,512,500	0.78
Codan Trustees	2,500,000	0.77
Mr Michael Robert Hennessey	2,256,572	0.70
	124,634,749	38.46

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Jien Mining Pty Ltd	39,400,373	12.16

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.