

# QUARTERLY REPORT

for the period ended 30 December 2019

ASX RELEASE  
29 JANUARY 2020

ASX:MLM

## KEY EVENTS

Entered into a binding term sheet for the sale of Metallica's 50% interest in the Urquhart Point HMS tenements & plant for total consideration to Metallica of approximately \$1.7m.<sup>1</sup>

Exploration program completed at Cape Flattery Silica Sands Project confirmed presence of high purity silica sands. The next step is to define the proposed development steps.<sup>2</sup>

The review of the development and logistic options for the Urquhart Bauxite Project was finalised.<sup>3</sup>

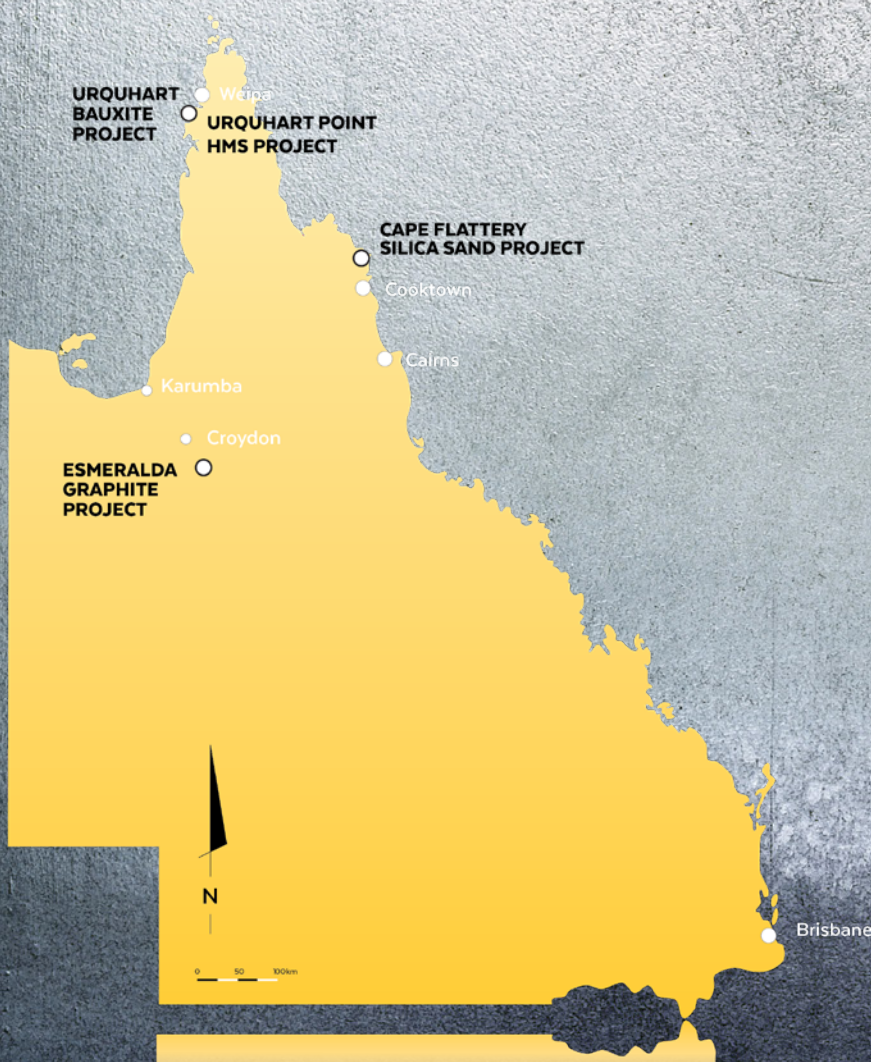
The updated Pre-Feasibility Study for the Urquhart Bauxite project is due to be completed in Q1 2020

Annual General Meeting held with all Resolutions Approved by shareholders.<sup>4</sup>

Royalty agreements for the previously owned Minnamoolka and Bell Creek tenements have now been assigned to Australian Mines Pty Ltd.<sup>5</sup>

Nornico Pty Ltd was removed from Voluntary Administration.<sup>6</sup>

\$2.02 million in cash is available at quarter end, with no debt.



**Metallica Minerals Limited an Australian resource development company, with interests in silica sands, bauxite, mineral sands, gold-copper and graphite.**



# CORPORATE INFORMATION

As at 31 December 2019

## CASH BALANCE

As at 31 December 2019, MLM's cash balance was approximately \$2.02m

## ISSUED CAPITAL

324,047,408  
Ordinary Shares

11,000,000  
Unlisted Options

## SHAREHOLDERS

2,049  
Shareholders

Top 20 shareholders  
hold 43.3%

## LARGEST SHAREHOLDERS

Jien Mining Pty Ltd – 12.4%  
Plan-1 Pty Ltd – 4.10%  
Dostal Nominees Pty Ltd – 2.47%

## DIRECTORS

Theo Psaros  
Non Executive Chairman

Andrew Gillies  
Non Executive Director

Scott Waddell  
Executive Director  
and Interim CEO

## SENIOR MANAGEMENT

John Haley  
CFO & Company Secretary

Figure 1 - Exploration program at Cape Flattery Silica Sands Project



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# DEVELOPMENT AND EXPLORATION

Metallica Minerals (ASX: MLM) ("Metallica", "the Company") is pleased to present its quarterly activities report for the period ended 31 December 2019.

## CAPE FLATTERY

### SILICA SANDS MLM INTEREST 100%

The Cape Flattery Silica Sands Project (CFSS) is adjacent to the world class Cape Flattery Silica Sand mining and shipping operation owned by Mitsubishi. During the December quarter, the Company completed an exploration program to further define the Exploration Target\* of 20-100Mt<sup>7</sup>.

On 17 January 2020, Metallica advised the ASX that a sampling program completed in the last quarter 2019 at its 100%-owned CFSS in north Queensland has confirmed the presence of high purity silica sands (Table 1).

The exploration program consisted of hand-augering eight (8) holes to an average penetration depth of 4.75m on the eastern target area of the tenement, which is located adjacent to Mitsubishi's large and established Cape Flattery Silica Sands mine (Figure 4).

The majority of the eight (8) auger holes returned 1m sample

intervals of >99% SiO<sub>2</sub>, with the drill intercepts averaging between 96.1% and 99.1% SiO<sub>2</sub> (see Table 1). These results are comparable with known deposits in the region. Seven (7) of the eight (8) holes ended in high-purity silica sand (Table 1).

Meetings were also held with Hopevale Congress who represent the landowners and are the Registered Native Title Body Corporate.

The Company has also commenced an initial internal high-level options study of the project, including planning works/requirements, to assess what is required to better understand the potential silica sand deposit size and quality, as well as options on how a silica mine could be potentially developed.

\*Cautionary Statement: an Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.

According to industry research firm IMARC Group, high-purity silica sands are becoming increasingly sought after, with the global market growing at a compound annual growth rate (CAGR) of around 6% between 2010 and 2017. In 2017, a total of 188 Mt of silica sand was produced globally.

This growth has been driven by silica sand's applications across a broad range of industries including glass-making, foundry casting, water filtration, chemicals and metals, hydraulic fracturing and an increasing number of hi-tech products, including solar panels. For example, in the global glass-making industry, one of the major consumers of high-purity silica has experienced significant growth recently from the construction and automotive industries.

Forecasts have demand for silica sands increasing at CAGR of 7.2% through to 2022, with annual revenues reaching US\$9.6 billion.

Table 1 – Average of sampling results per auger hole

| Hole Number | Average SiO <sub>2</sub> (%) | Average Fe <sub>2</sub> O <sub>3</sub> (%) | Average TiO <sub>2</sub> (%) | Average LOI (%) | Interval Average | Sample Interval | Comment                          |
|-------------|------------------------------|--------------------------------------------|------------------------------|-----------------|------------------|-----------------|----------------------------------|
| CF191001    | 98.21                        | 0.17                                       | 0.31                         | 0.67            | 0m-5.0m          | 1.0m            | Ended in high purity silica sand |
| CF191002    | 98.41                        | 0.13                                       | 0.25                         | 0.54            | 0m-5.0m          | 1.0m            | Ended in high purity silica sand |
| CF191003    | 98.33                        | 0.29                                       | 0.42                         | 0.28            | 0m-5.0m          | 1.0m            | Ended in high purity silica sand |
| CF191004    | 98.67                        | 0.17                                       | 0.29                         | 0.22            | 0m-5.0m          | 1.0m            | Ended in high purity silica sand |
| CF191005    | 99.09                        | 0.03                                       | 0.06                         | 0.18            | 0m-5.0m          | 1.0m            | Ended in high purity silica sand |
| CF191006    | 98.91                        | 0.07                                       | 0.09                         | 0.29            | 0m-5.0m          | 1.0m            | Ended in high purity silica sand |
| CF191007    | 96.12                        | 0.38                                       | 0.14                         | 1.25            | 0m-3.0m          | 1.0m            | Edge of target area              |
| CF191008    | 98.81                        | 0.13                                       | 0.18                         | 0.32            | 0m-5.0m          | 1.0m            | Ended in high purity silica sand |

# DEVELOPMENT AND EXPLORATION

Next steps include:

1. Plan a further exploration program to establish a maiden silica sand resource
2. Conduct preliminary grain size and recovery test work
3. Progress the concept work currently underway on an infrastructure solution to load ocean-going vessels.



Figure 2 – Sample Auger Hole



Figure 3 – Taking of an Auger Sample

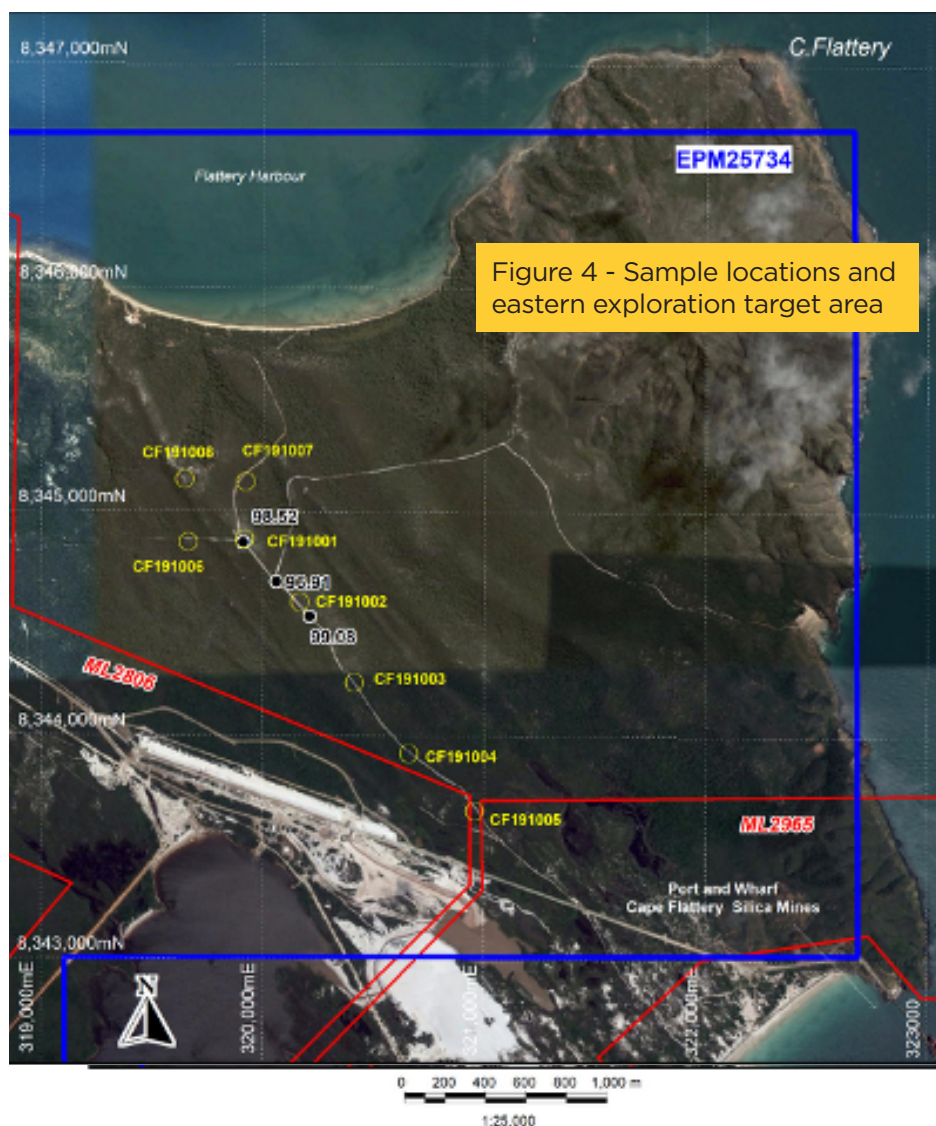
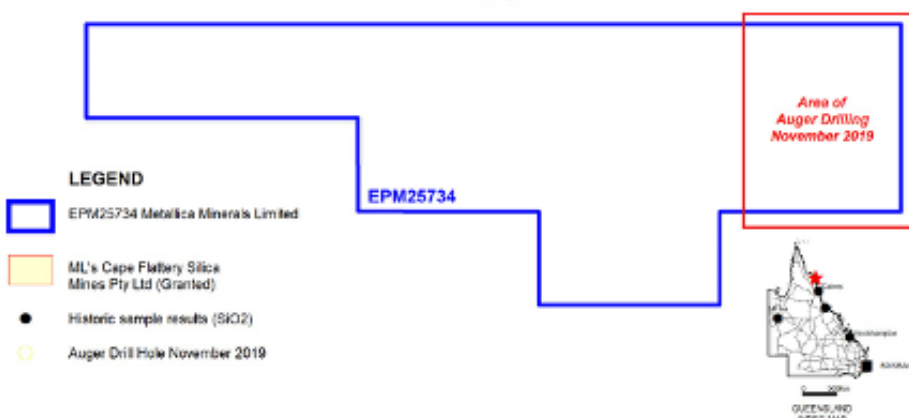


Figure 4 - Sample locations and eastern exploration target area



# DEVELOPMENT AND EXPLORATION

## URQUHART BAUXITE

### BAUXITE MLM INTEREST 50%

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

(JV) between Oresome Australia Pty Ltd (a 100% subsidiary of Metallica Minerals) 50% and Ozore Resources Pty Ltd 50%.

In October 2019, following studies by Wave International (“Wave”) and other consultants working for the JV, the Company announced that three alternative logistics solutions to ship bauxite from the project have been identified. Wave were engaged due to their recent experience in the successful development and commissioning of a similar bauxite project in Far North Queensland, and their extensive bauxite and bulk

materials handling experience.

Further regulatory and other approvals and development studies are required for all three alternatives and these are planned to be advanced, subject to a positive outcome from an updated Pre-Feasibility Study (“PFS”) for the project which will determine a selected development option, and is targeted to be completed by end of March 2020.

The three potential logistic options identified are as follows (see Figure 5 for details):

#### OPTION 1

A shiploader to be constructed adjacent to the Urquhart Heavy Mineral Sands (“HMS”) Mining Lease (“ML”) on a new ML application area, ML100226, owned by the JV, with a conveyor crossing over Roberts Creek from the Urquhart Bauxite ML to the HMS ML.

#### OPTION 2

A shiploader to be constructed adjacent to the Urquhart HMS ML on a new ML application area, ML100226, owned by the JV. A 17km haul road would also be constructed from the Urquhart Bauxite resources and tenement through the HMS ML area, leading to the shiploader.

#### OPTION 3

A barge-loading facility to be constructed, which requires a jetty (about 750 metres in length) to be located adjacent to the Urquhart Bauxite ML.

### SHIPLOADER OPTION ANALYSIS

Using a shiploader, as proposed in options 1 and 2, has the following major benefits:

- The ability to load bauxite directly onto an Ultramax vessel or potentially, a Panamax vessel (>70,000 tonnes per shipment), subject to marine studies confirming that the suitability of tides and other marine factors make the site suitable for a shiploader, (see figures 6 & 7)
- Low estimated operating costs for the shiploader fixed

infrastructure (estimated by Wave as being several dollars per tonne shipped), as no transshipment is required. However, the capital cost (“CAPEX”) is higher for these options compared to Option 3

- Very simple bauxite production and transportation system, with only a mine stockpile, a proven conveyor structure with minimal transfer chutes, plus low labour and operating costs
- The low operating costs improve the economic attractiveness of Area B

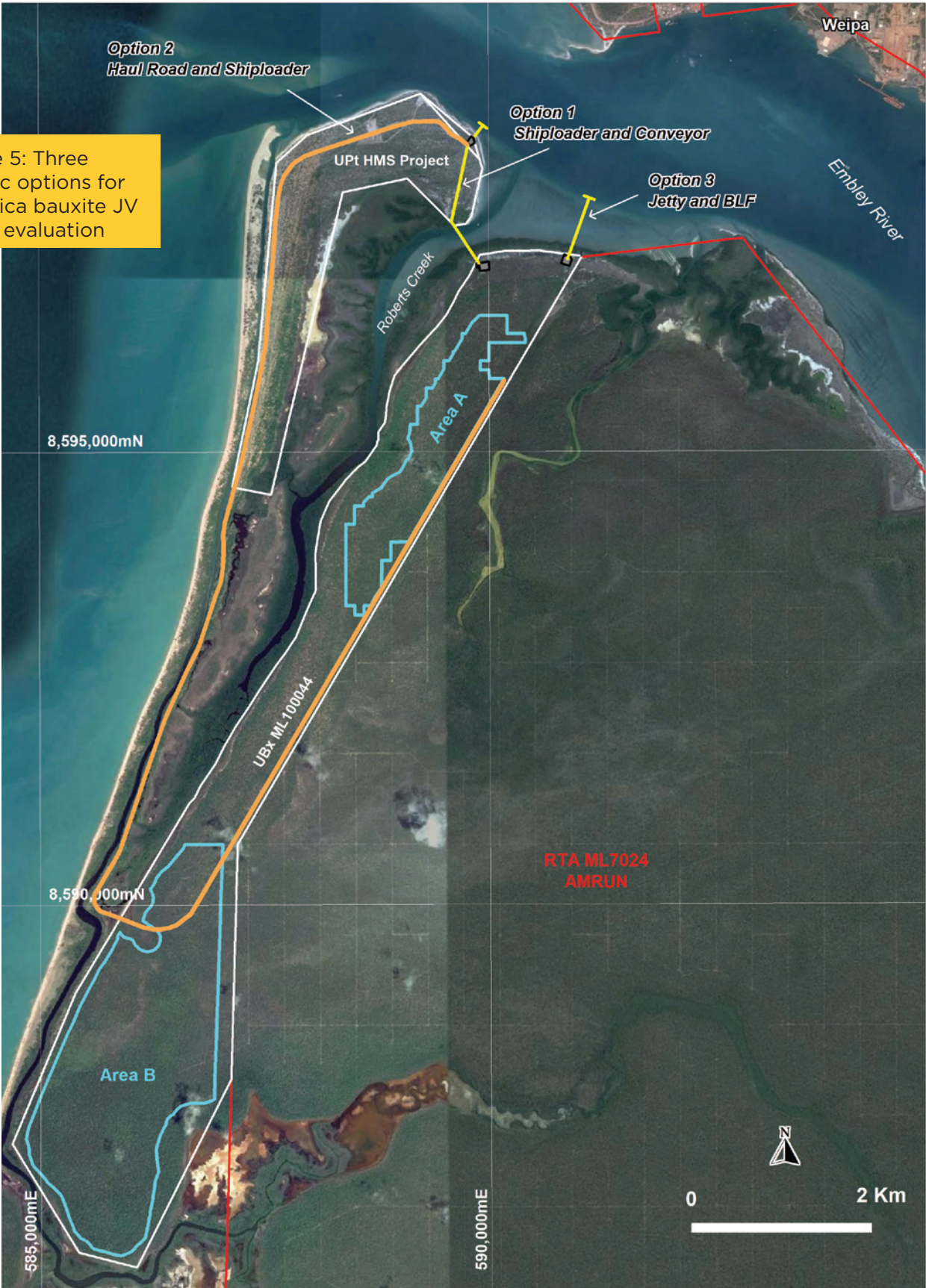
in the Urquhart Bauxite project, which contains lower grade bauxite

- The low-cost shiploader facility may also make selling the overburden sand on the ML an attractive option to explore. This is subject to sampling and quality assessment of this sand, regulatory approvals and an economic analysis.

The infrastructure construction CAPEX for the options at present is preliminary and is estimated to range from a low of A\$13m to a high of A\$27m, depending on

# DEVELOPMENT AND EXPLORATION

Figure 5: Three logistic options for Metallica bauxite JV under evaluation



# DEVELOPMENT AND EXPLORATION

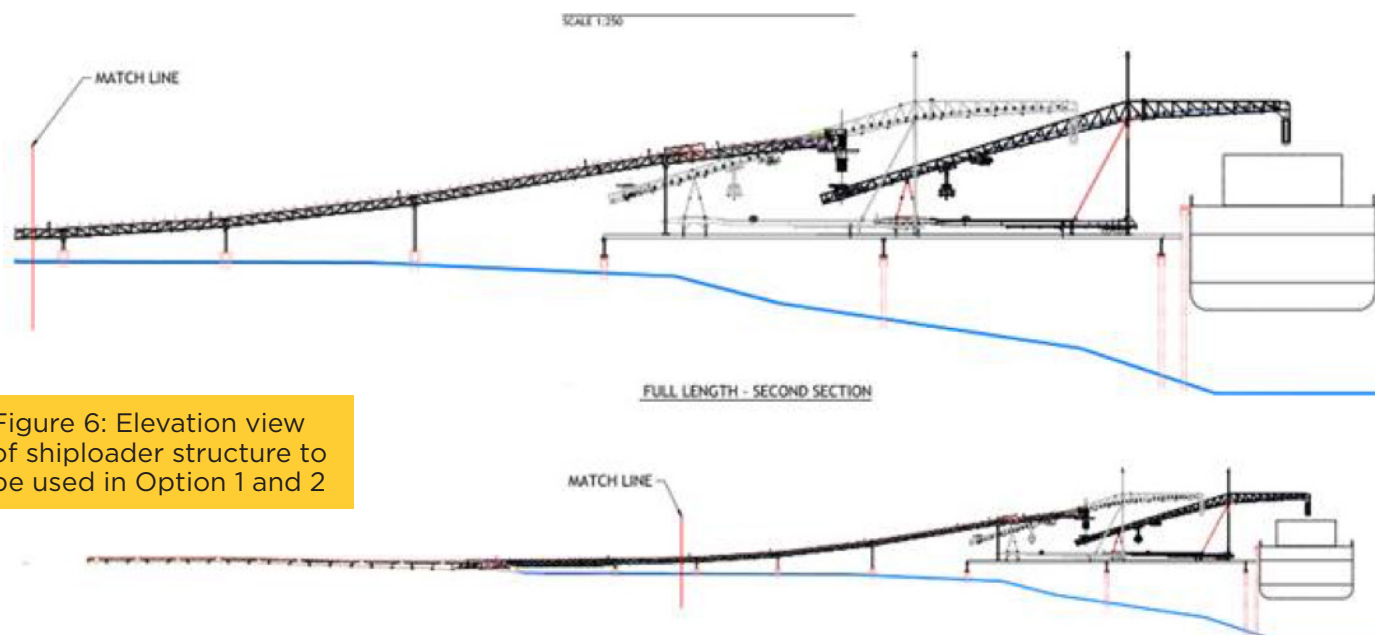


Figure 6: Elevation view of shiploader structure to be used in Option 1 and 2

the option selected (excluding mining fleet, environmental bonds, contingency, and associated costs).

## SUMMARY SHIPLOADER FINDING

The most attractive potential option for further investigation at this stage appears to be Option 1 – the shiploader conveyor combination.

However, as noted above, further studies are still underway, and Metallica will work to finalise the solution and release an updated PFS which is targeted to be completed by the end of the first quarter 2020.

A key component of the shiploader option analysis will be obtaining funding and various Government and stakeholder approvals and agreements for the substantial CAPEX required for construction.

Options to be explored to fund the shiploader CAPEX

include the following:

- Northern Australian Infrastructure Fund (“NAIF”);
- Design, Construct and Operate partner funding, with a \$/tonne payment by the JV;
- Offtake partners; or
- Debt and equity.

Subsequent to the finalisation of the option study the company decided in August 2019 to withdraw its application for the Mining Lease (ML) over the proposed haul road to Hey Point<sup>8</sup>. The granting of the ML would have triggered a number of actions and commitments by the Company which would have required a significant level of shareholder funds to secure the haul road.

An Access Agreement has recently been signed between Victorian Ferries and the JV, which provides the Joint Venture access to construct infrastructure

on ML100226, including for a bauxite shiploader from 1 April 2021, this timing is to accommodate potential funding opportunities from NAIF and regulatory approvals for the shiploader and infrastructure.



Figure 7 – Plan view of shiploader design and graphic moored ship envisaged for Option 1 and 2

# DEVELOPMENT AND EXPLORATION

## URQUHART POINT

### HEAVY MINERAL SANDS MLM INTEREST 50%

The Urquhart Point HMS project is part of the Cape York Joint Venture with Ozore Resources Pty Ltd. In December 2019, both Joint Venture parties entered into binding term sheets for the sale of their 50% interest's in the HMS tenements (ML20669 and ML20737) and plant.

The key transaction terms for Metallica's 50% interest are:

- Purchase price approx \$1.7 million, payable in tranches as follows:
  - \$100,000 deposit on signing (received on 23 December 2019)
  - \$221,375 towards various costs and the environmental bond for the HMS tenements (HMS Related Costs) payable prior to the transfer of the HMS tenements
  - \$900,000 payable on receipt of indicative approval from the Minister to the transfer of its 50% interest the HMS tenements (Second Instalment)
  - \$500,000 no later than 90 days after the date the HMS tenements are transferred to the buyer (Final Instalment).
- Conditions precedent to the transfer of the HMS tenements include:
  - Indicative approval of the Minister to the transfer of the 50% interest in the HMS tenements to the buyer
  - other regulatory approvals (if required).
- As the buyer is a private entity,

it is not guaranteed the sale will complete and the full purchase consideration will be received, although Metallica will have normal legal rights available to it if this were to occur, and will also retain the HMS assets.

- The sale of the HMS plant will only complete if the HMS tenements are acquired by the buyer and all payments have been made.
- In addition, the sale of the HMS assets will not complete unless the counterparty to the Cape York HMS & Bauxite Project Joint Venture also sells its interest in the HMS tenements and HMS plant to the buyer.

Transaction documents including an Access Agreement have recently been signed between Victorian Ferries and the JV parties, which provides the Joint Venture access to construct infrastructure for the Urquhart Bauxite Project as determined by the current option studies underway for that Project from 1 April 2021 (refer Option 1 of the bauxite section of this report), this timing is to accommodate potential funding opportunities (including from NAIF) and regulatory and other approvals for the shiploader and infrastructure.

## CAPE YORK

### REGIONAL EXPLORATION MLM INTEREST 50%

Metallica and its Joint Venture partner, Ozore Australia Pty Ltd, completed a reconnaissance program on EPM19001 located adjacent and due north of Skardon River. EPM19001 is considered prospective for bauxite on low-lying plateau areas and heavy mineral sands (HMS) on inter-plateau flats, paleo-drainages and coastal dune systems. The

exploration program comprised geological traversing, mapping and sampling with a total of 5 rock chip samples collected and 9 bauxite and 10 HMS auger holes drilled to depths of up to 3 metres. A total of 24 bauxite and 30 HMS samples were submitted for analysis. Results of those analyses confirm the field observations which indicate that there is limited potential for significant export quality bauxite to be present on the tenement.

## ESMERALDA

### GRAPHITE, GOLD & BASE METALS MLM INTEREST 100%

As part of the ongoing review of the Esmeralda Project, two new Exploration Permits for Minerals Applications EPM(A) were applied for during the March and June Quarters. EPM 27210 Clara<sup>9</sup> which is located 80km south of Croydon and consists of 100 sub-blocks was granted on 24 September 2019.

A target study for the Esmeralda tenements was completed in the June quarter 2019. The study comprised of modelling public domain geophysical data over the project tenements and this resulted in a better understanding of the occurrence and distribution of the graphitic granites and the associated intrusives beneath the cover sequence. A number of target areas have been identified from the study and Metallica is continuing to interpolate the study results and plan an exploration strategy based on these results.

No other exploration work was undertaken on the Esmeralda tenements during the December 2019 quarter.

# CORPORATE

## NORNICO PTY LTD

On 25 November 2019, Nornico Pty Ltd was returned to the control of the Directors as a solvent entity following Metallica and Nornico entering into a Deed of Settlement, Release and Undertaking which has the effect of releasing Metallica, Nornico and the prior Directors from all current and potential liabilities and claims in association with the unassigned royalty agreements.

Nornico Pty Ltd was placed into Voluntary Administration in August 2019 following the discovery that two royalty agreements (Bell Creek and Minnamoolka tenements) were not assigned during the sale of the SCONI Project to Australian Mines Pty Ltd (AUZ) in 2017, these agreements have since been assigned to AUZ.

## DUE DILIGENCE ON WAGINA ASSET, SOLOMON ISLANDS

Due diligence activities on the advanced Wagina Bauxite Project were halted in late 2018. No costs were expended by Metallica on assessing the Wagina Project in the reporting period.

Following delays to the Project's due diligence process and project approvals, Metallica and South West Pacific Bauxite Pty Ltd agreed to extend the date for repayment of the monies owed to Metallica until June 2020.

## WA TENEMENT APPLICATIONS WITHDRAWN

During 2019, Metallica submitted six EL applications in the Kimberley region of Western Australia. Upon undertaking further due diligence of these opportunities, Metallica has decided to withdraw the EL applications.

## ANNUAL GENERAL MEETING

The Annual General Meeting for the Company was held on 29 November 2019, all Resolutions were approved by a majority of shareholders.

## ISSUED CAPITAL

As at 31 December 2019, Metallica had 324,047,408 fully paid ordinary shares and 11,000,000 unlisted options on issue. 10,000,000 unlisted options were issued on 24 December 2019 pursuant to the employee equity incentive plan which was approved at the Company's Annual General Meeting.<sup>10</sup>

## FINANCIAL UPDATE

Metallica ended the December 2019 quarter with \$2.02 million in cash and without any debt.

## MARCH 2020 QUARTER OUTLOOK

Metallica's focus for the March 2020 quarter is to:

- Complete the Heavy Mineral Sands plant and tenements sale transaction.
- Plan the next stage of exploration programs at the Cape Flattery Silica Sands project. Including holding discussions with the traditional owner group.
- Develop further the options in relation to the Urquhart Bauxite project, including logistics arrangements with third parties.
- Continue to monitor Metallica's involvement in the Wagina bauxite project in the Solomon Islands.
- Progress the review of several new opportunities in the gold-copper and other commodity sectors; the Company will then update shareholders accordingly.

# NOTICES

## COMPETENT PERSON'S STATEMENT

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

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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

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## FOOTNOTES

1. See ASX Release dated 20 December 2019 "Sale of MLM Interest in HMS Plant and Tenements. Total Consideration Receivable of \$1.7 M"
2. See ASX Release dated 17 January 2020 "High Purity Silica Sands Confirmed at Cape Flattery Project"
3. See ASX Release dated 11 October 2019 "Urquhart Bauxite Development Options Updated"
4. See ASX Release dated 29 November 2019 "Results of 2019 Annual General Meeting"
5. See ASX Release dated 25 November 2019 "Nornico Royalty Agreements to be assigned to AUZ"
6. See ASX Release dated 25 November 2019 "Nornico no longer in Administration"
7. See ASX Release dated 18 April 2019 "High Purity Silica Sands at Cape Flattery"
8. See ASX Release dated 6 August 2019 "Haul Road Update"
9. See ASX Release dated 24 December 2019 "Appendix 3B"
10. See ASX Release dated 1 March 2019 "New Strategic Tenement Applied for to Enhance Esmeralda Project"



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## **SUBSIDIARY COMPANIES**

NORNICO Pty Ltd ACN 065 384 045

Oresome Australia Pty Ltd ACN 071 762 484

Oresome Bauxite Pty Ltd ACN 606 362 252

Lucky Break Operations Pty Ltd ACN 126 272 580

Phoenix Lime Pty Ltd ACN 096 355 761

Greenvale Operations Pty Ltd ACN 139 136 708 (Subsidiary of NORNICO Pty Ltd)

Scandium Pty Ltd ACN 138 608 894

Touchstone Resources Pty Ltd ACN 126 306 018



# APPENDIX 5B

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

**NAME OF ENTITY:** Metallica Minerals Limited

**ABN:** 45 076 696 092

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

**Rule +5.5**

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

| Consolidated Statement of Cash Flows |                                                                 | Current quarter<br>\$A'000 | Year to date<br>(3 months)<br>\$A'000 |
|--------------------------------------|-----------------------------------------------------------------|----------------------------|---------------------------------------|
| <b>1.</b>                            | <b>Cash flows from operating activities</b>                     |                            |                                       |
| 1.1                                  | Receipts from customers                                         | 10                         | 22                                    |
| 1.2                                  | Payments for                                                    |                            |                                       |
|                                      | (a) exploration & evaluation                                    | (73)                       | (136)                                 |
|                                      | (b) development                                                 | (129)                      | (394)                                 |
|                                      | (c) production                                                  |                            |                                       |
|                                      | (d) staff costs                                                 | (99)                       | (239)                                 |
|                                      | (e) administration and corporate costs                          | (38)                       | (297)                                 |
| 1.3                                  | Dividends received (see note 3)                                 |                            |                                       |
| 1.4                                  | Interest received                                               | 9                          | 16                                    |
| 1.5                                  | Interest and other costs of finance paid                        |                            |                                       |
| 1.6                                  | Income taxes paid                                               |                            |                                       |
| 1.7                                  | Research and development refunds                                |                            |                                       |
| 1.8                                  | Other (provide details if material) -<br>Nornico administration | (72)                       | (164)                                 |
| <b>1.9</b>                           | <b>Net cash from/(used in) operating activities</b>             | <b>(392)</b>               | <b>(1,192)</b>                        |
| <b>2.</b>                            | <b>Cash flows from investing activities</b>                     |                            |                                       |
| 2.1                                  | Payments to acquire:                                            |                            |                                       |
|                                      | (a) property, plant and equipment                               |                            |                                       |
|                                      | (b) tenements (see item 10)                                     |                            |                                       |
|                                      | (c) investments                                                 |                            |                                       |
|                                      | (d) other non-current assets                                    |                            |                                       |
| 2.2                                  | Proceeds from the disposal of:                                  |                            |                                       |
|                                      | (a) property, plant and equipment                               |                            |                                       |
|                                      | (b) tenements (see item 10)                                     | 110                        | 110                                   |
|                                      | (c) investments                                                 |                            |                                       |
|                                      | Part of shares held in Australian Mines Limited (ASX:AUZ)       |                            | 75                                    |
|                                      | (d) other non-current assets                                    |                            |                                       |
| 2.3                                  | Cash flows from loans to other entities                         |                            |                                       |
| 2.4                                  | Dividends received (see note 3)                                 |                            |                                       |
| 2.5                                  | Other                                                           |                            |                                       |
| <b>2.6</b>                           | <b>Net cash from/(used in) investing activities</b>             | <b>110</b>                 | <b>185</b>                            |

# APPENDIX 5B

| Consolidated Statement of Cash Flows |                                                                                                                                                                          | Current quarter<br>\$A'000         | Year to date<br>(3 months)<br>\$A'000 |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------------------|
| <b>3.</b>                            | <b>Cash flows from financing activities</b>                                                                                                                              |                                    |                                       |
| 3.1                                  | Proceeds from issues of shares                                                                                                                                           |                                    |                                       |
| 3.2                                  | Proceeds from issue of convertible notes                                                                                                                                 |                                    |                                       |
| 3.3                                  | Proceeds from exercise of share options                                                                                                                                  |                                    |                                       |
| 3.4                                  | Transaction costs related to issues of shares, convertible notes or options                                                                                              |                                    |                                       |
| 3.5                                  | Proceeds from borrowings                                                                                                                                                 |                                    |                                       |
| 3.6                                  | Repayment of borrowings                                                                                                                                                  |                                    |                                       |
| 3.7                                  | Transaction costs related to loans and borrowings                                                                                                                        |                                    |                                       |
| 3.8                                  | Dividends paid                                                                                                                                                           |                                    |                                       |
| 3.9                                  | Other (provide details if material)                                                                                                                                      |                                    |                                       |
| <b>3.10</b>                          | <b>Net cash from/(used in) financing activities</b>                                                                                                                      | <b>0</b>                           | <b>0</b>                              |
| <b>4.</b>                            | <b>Net increase/(decrease) in cash and cash equivalents for the period</b>                                                                                               |                                    |                                       |
| 4.1                                  | Cash and cash equivalents at beginning of period                                                                                                                         | 2,302                              | 3,027                                 |
| 4.2                                  | Net cash from/(used in) operating activities (item 1.9 above)                                                                                                            | (392)                              | (1,192)                               |
| 4.3                                  | Net cash from/(used in) investing activities (item 2.6 above)                                                                                                            | 110                                | 185                                   |
| 4.4                                  | Net cash from/(used in) financing activities (item 3.10 above)                                                                                                           | Nil                                | Nil                                   |
| 4.5                                  | Effect of movement in exchange rates on cash held                                                                                                                        |                                    |                                       |
| <b>4.6</b>                           | <b>Cash and cash equivalents at end of period</b>                                                                                                                        | <b>2,020</b>                       | <b>2,020</b>                          |
| <b>5.</b>                            | <b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b> | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b>   |
| 5.1                                  | Bank balances                                                                                                                                                            | 200                                | 187                                   |
| 5.2                                  | Call deposits                                                                                                                                                            | 1,820                              | 2,115                                 |
| 5.3                                  | Bank overdrafts                                                                                                                                                          |                                    |                                       |
| 5.4                                  | Other (provide details)                                                                                                                                                  |                                    |                                       |
| <b>5.5</b>                           | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>                                                                                         | <b>2,020</b>                       | <b>2,302</b>                          |
|                                      |                                                                                                                                                                          | <b>Current quarter<br/>\$A'000</b> |                                       |
| <b>6.</b>                            | <b>Payments to directors of the entity and their associates</b>                                                                                                          |                                    |                                       |
| 6.1                                  | Aggregate amount of payments to these parties included in item 1.2                                                                                                       |                                    | 72                                    |
| 6.2                                  | Aggregate amount of cash flow from loans to these parties included in item 2.3                                                                                           |                                    |                                       |
| 6.3                                  | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2                                                                     |                                    |                                       |

# APPENDIX 5B

|            |                                                                                                                                                                                                                                                                                        | Current quarter<br>\$A'000                                      |                                                    |                                                 |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------|
| <b>7.</b>  | <b>Payments to related entities of the entity and their associates</b>                                                                                                                                                                                                                 |                                                                 |                                                    |                                                 |
| 7.1        | Aggregate amount of payments to these parties included in item 1.2                                                                                                                                                                                                                     |                                                                 |                                                    |                                                 |
| 7.2        | Aggregate amount of cash flow from loans to these parties included in item 2.3                                                                                                                                                                                                         |                                                                 |                                                    |                                                 |
| 7.3        | Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2                                                                                                                                                                                   |                                                                 |                                                    |                                                 |
| <b>8.</b>  | <b>Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>                                                                                                                                                                            | <b>Total facility<br/>amount at<br/>quarter end<br/>\$A'000</b> | <b>Amount drawn<br/>at quarter end<br/>\$A'000</b> |                                                 |
| 8.1        | Loan facilities                                                                                                                                                                                                                                                                        |                                                                 |                                                    |                                                 |
| 8.2        | Credit standby arrangements                                                                                                                                                                                                                                                            | Nil                                                             | Nil                                                |                                                 |
| 8.3        | Other (please specify)                                                                                                                                                                                                                                                                 |                                                                 |                                                    |                                                 |
| 8.4        | Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. |                                                                 |                                                    |                                                 |
| <b>9.</b>  | <b>Estimated cash outflows for next quarter</b><br><b>Note:</b>                                                                                                                                                                                                                        |                                                                 | <b>\$A'000</b>                                     |                                                 |
| 9.1        | Exploration and evaluation                                                                                                                                                                                                                                                             |                                                                 | (50)                                               |                                                 |
| 9.2        | Development                                                                                                                                                                                                                                                                            |                                                                 | (310)                                              |                                                 |
| 9.3        | Production                                                                                                                                                                                                                                                                             |                                                                 |                                                    |                                                 |
| 9.4        | Staff costs                                                                                                                                                                                                                                                                            |                                                                 | (115)                                              |                                                 |
| 9.5        | Administration and corporate costs                                                                                                                                                                                                                                                     |                                                                 | (140)                                              |                                                 |
| 9.6        | Other (provide details if material) – Project Generation                                                                                                                                                                                                                               |                                                                 | (30)                                               |                                                 |
| <b>9.7</b> | <b>Total estimated cash outflows</b>                                                                                                                                                                                                                                                   |                                                                 | <b>(645)</b>                                       |                                                 |
| <b>10.</b> | <b>Changes in tenements<br/>(items 2.1(b) and 2.2(b)<br/>above)</b>                                                                                                                                                                                                                    | <b>Tenement<br/>reference and<br/>location</b>                  | <b>Nature of<br/>interest</b>                      | <b>Interest at<br/>beginning of<br/>quarter</b> |
| 10.1       | Interests in mining<br>tenements and<br>petroleum tenements<br>lapsed, relinquished or<br>reduced                                                                                                                                                                                      |                                                                 |                                                    | <b>Interest at end<br/>of quarter</b>           |
| 10.2       | Interests in mining<br>tenements and<br>petroleum tenements<br>acquired or increased                                                                                                                                                                                                   |                                                                 |                                                    |                                                 |

# APPENDIX 5B

## COMPLIANCE STATEMENT

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



**Sign here:** Company secretary

**Date:** 29 January 2020

**Print name:** John Haley

## NOTES

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

# TENEMENT TABLES

As at 31 December 2019

## CAPE YORK BAUXITE & HMS JOINT VENTURE

### 50% ORESOME AUSTRALIA & 50% OZORE RESOURCES PTY LTD

| Tenement | Project name                   | Holder                                            | STATUS      | HA       | S/B |
|----------|--------------------------------|---------------------------------------------------|-------------|----------|-----|
| EPM15268 | Urquhart Point                 | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 0        | 16  |
| EPM15371 | Doughboy                       | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 0        | 13  |
| EPM15372 | Jardine                        | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 0        | 20  |
| EPM18015 | Jackson River #2               | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 0        | 2   |
| EPM18737 | Sandman #3                     | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 0        | 34  |
| EPM18738 | Sandman #2                     | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 0        | 47  |
| EPM18998 | Sandman #5                     | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 0        | 24  |
| EPM19001 | Sandman #6                     | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 0        | 20  |
| EPM25482 | Sandman #10                    | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 0        | 11  |
| EPM25509 | Sandman #11                    | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 0        | 41  |
| EPM25611 | Upper Embley                   | Oresome Australia Pty Ltd                         | Granted     | 0        | 13  |
| EPM25687 | Vrilya East                    | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 0        | 78  |
| EPM27243 | Skardon River North            | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Application | 0        | 1   |
| EPM27244 | Urquhart South Bauxite         | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Application | 0        | 10  |
| ML20669  | Urquhart Point                 | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 366.0739 | 0   |
| ML20737  | Mbung Urquhart Point Extension | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 5.4074   | 0   |
| ML100044 | Urquhart Bauxite               | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Granted     | 1360     | 0   |
| ML100049 | Urquhart Bauxite 2             | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Application | 40.5     | 0   |
| ML100226 | UBX                            | Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd | Application | 85.97    | 0   |

## CAPE FLATTERY SILICA SANDS PROJECT

### 100% METALLICA MINERAL'S OWNED SUBSIDIARIES

| Tenement | Project name  | Holder                    | STATUS  | HA | S/B |
|----------|---------------|---------------------------|---------|----|-----|
| EPM25734 | Cape Flattery | Oresome Australia Pty Ltd | Granted | 0  | 17  |

# TENEMENT TABLES

## PHOENIX LIMESTONE PROJECTS

| Tenement | Project name | Holder               | STATUS  | HA | S/B |
|----------|--------------|----------------------|---------|----|-----|
| EPM25728 | Fairview     | Phoenix Lime Pty Ltd | Granted | 0  | 5   |
| EPM25756 | Fairview #1  | Phoenix Lime Pty Ltd | Granted | 0  | 1   |

## ESMERALDA PROJECT

| Tenement | Project name   | Holder                       | STATUS      | HA | S/B |
|----------|----------------|------------------------------|-------------|----|-----|
| EPM25779 | Warrior        | Touchstone Resources Pty Ltd | Granted     | 0  | 19  |
| EPM25806 | Esmeralda West | Touchstone Resources Pty Ltd | Granted     | 0  | 50  |
| EPM25807 | Esmeralda East | Touchstone Resources Pty Ltd | Granted     | 0  | 48  |
| EPM27210 | Clara          | Touchstone Resources Pty Ltd | Granted     | 0  | 100 |
| EPM27290 | Momba          | Touchstone Resources Pty Ltd | Application | 0  | 89  |

## LUCKY BREAK OPERATIONS

| Tenement | Project name   | Holder                         | STATUS      | HA | S/B |
|----------|----------------|--------------------------------|-------------|----|-----|
| E04/2632 | Montalivet     | Lucky Break Operations Pty Ltd | Application | 0  | 9   |
| E04/2633 | Montesquieu    | Lucky Break Operations Pty Ltd | Application | 0  | 25  |
| E04/2634 | Cassini        | Lucky Break Operations Pty Ltd | Application | 0  | 6   |
| E80/5349 | Oombrai Hill   | Lucky Break Operations Pty Ltd | Application | 0  | 94  |
| E80/5350 | Mt Connor      | Lucky Break Operations Pty Ltd | Application | 0  | 16  |
| E80/5351 | Kalumburu East | Lucky Break Operations Pty Ltd | Application | 0  | 44  |

## NOTES

All tenements are 100% owned unless expressed otherwise

EPM – Exploration Permit for Minerals

ML – Mining Lease

S/B – Sub blocks

Ha – Hectares