



20 January 2021

Executive Chairman's Letter to Shareholders & 2021 Outlook

Dear Shareholder

With the Christmas/New Year holidays now completed, we look forward to starting 2021 in a very promising position following a successful conclusion to 2020. The Board and management team are very much looking forward to the upcoming months with many activities underway and others also being planned.

Our key focus is to continue the progression of our 100% owned subsidiary Cape Flattery Silica Pty Ltd (CFS) project. The completion of the 22-hole program in December 2020 delivered very encouraging results as shown by the white colour (indicating good purity) of the samples in the photos (see ASX release: Drilling successfully completed on Cape Flattery Silica Sands Project, 17 December 2020). The depth and quantity of drill holes is expected to increase and upgrade our Maiden Inferred Resource for the CFS project (see ASX release: Maiden Silica Sand Resource; 30 November 2020). We are also hopeful of including an Indicated Resource category to the resource upgrade.

The target areas within our Cape Flattery EPM 25734 form the basis of an Exploration Target* of 20-100 Mt of high purity silica sands, with the insitu quality ranging between 96.9% and 99.6% SiO₂.

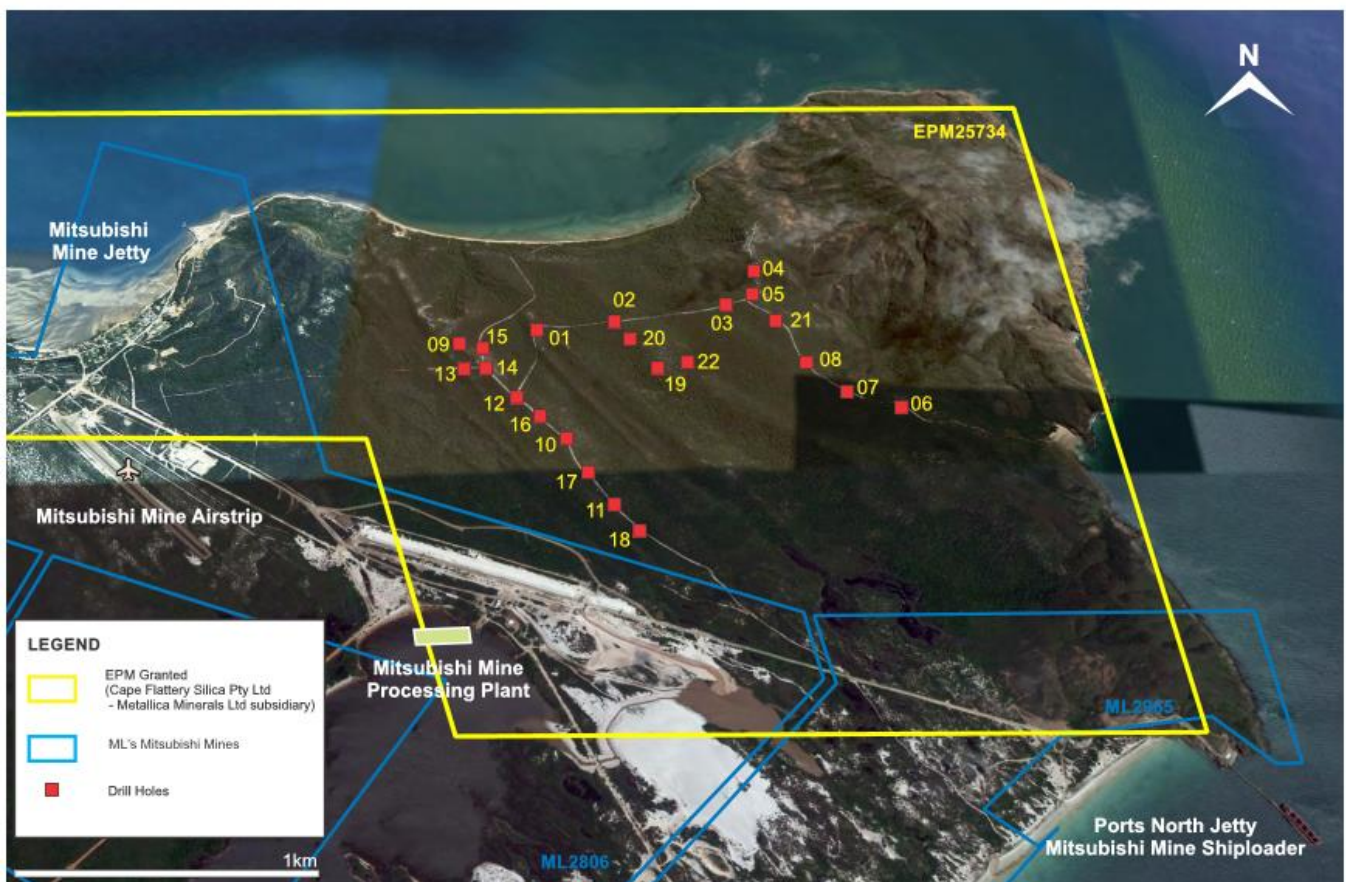


Figure 1: December 2020 completed Drill hole locations

* The potential quantity and grade of the Exploration Target is conceptual in nature and therefore is an approximation. There has been insufficient exploration to estimate a Mineral Resource based on the Exploration Target and it is uncertain if further exploration will result in the estimation of a Mineral Resource based on the Exploration Target. The Exploration Target has been prepared and reported in accordance with the 2012 edition of the JORC Code.

The MLM team are currently concentrating on non-field activities as the wet season has settled in at our project. As we shared with you at our Annual General Meeting, held on 18 November 2020, in order to continue to deliver on our 2025 strategy, we will complete the following milestones on or before the end of June 2021 for the Cape Flattery Project:

- Silica Sands resource defined,
- key agreements for mining progressing with TLOs,
- Environmental studies underway,
- Mining Lease application lodged, offtake partners identified

The samples obtained from the December 2020 drilling program were sent to ALS for assaying and also to IHC Robbins in Brisbane for metallurgical testing. The information we will receive from ALS will then be sent to our independent geologists, Ausrocks in Brisbane, for completion of the upgraded resource. This work is expected to be completed by the end of February 2021.



MLM has fostered a positive relationship with the key Aboriginal Corporations. We will shortly begin further discussion with both Corporations in relation to Cultural Heritage agreements and other Native Title agreements.

The positioning and marketing of the silica sand product that MLM plans to export from the Cape Flattery project will also be progressed shortly. Tenders have been received from independent marketing consultants to assist us with connection to end users and also to gain first-hand knowledge of the future markets, including future indicative pricing and trends. With no trade index for silica sand, we are therefore seeking advice from those who have worked within the industry for many years.

When the resource upgrade is finalised, MLM will also ascertain if it can start the Mining Lease application process and also conduct preliminary meetings with the Department of Environment and Science.

MLM will also begin its environmental studies once the wet season has ended and access will allow water bore testing rigs to operate.

Potential Additional Project/s

We also disclosed that we are seeking to secure a further project. While our focus has been predominantly gold and gold/copper, you will appreciate that this sector has been performing extremely well. Therefore, Vendor price expectations are significant. MLM will not complete a transaction that we consider highly risky in the event of a material change in the price of these commodities. We are comfortable entering into commercial terms that reflect fair value now but also reward future success.

A number of projects are being evaluated but these are at a very early stage of due diligence.

In closing, we are quietly enthusiastic for the work ahead of our company in progressing the development of the Cape Flattery silica sand project. In recent months, the attractiveness of silica sand has grown and we expect this to continue in 2021 and beyond. With global focus on solar panels in particular, we are pleased to be developing a project that is attractive to commodity markets, namely industrial minerals. We believe our strategy to evolve into a mining company is achievable with our Cape Flattery project.

We are also aware that as we have put the past behind us, we will be more proactive in marketing your Company. While travel interstate remains challenging, our activities will primarily focus in the media and other marketing channels to ensure there is more awareness of our project and ultimately the company.

I thank you for your support and look forward to updating you on our progress in the near future.

Best wishes

Theo Psaros
Executive Chairman

This announcement has been approved in accordance with the Company's published continuous disclosure policy and has been approved by the Board.

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Cape Flattery Silica Sands Exploration Target

The information in this report that relates to the Exploration Targets was undertaken by Mr Neil Mackenzie-Forbes, who is a Member of the Australian Institute of Geoscientist and is a Consulting Geologist employed by Sebrof Projects Pty Ltd. Mr Neil Mackenzie-Forbes has in excess of 20 years mining and exploration experience in Australia with major mining and junior exploration companies.

Mr Mackenzie-Forbes has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Neil Mackenzie-Forbes consents to the inclusion of this information in the form and context in which it appears in this release/report.

Forward-looking statements

Forward-looking statements are based on assumptions regarding Metallica, business strategies, plans and objectives of the Company for future operations and development and the environment in which Metallica may operate.

Forward-looking statements are based on current views, expectations and beliefs as at the date they are expressed and which are subject to various risks and uncertainties. Actual results, performance or achievements of Metallica could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained in this presentation are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Metallica, which may cause the actual results, performance or achievements of Metallica to differ materially from those expressed or implied by the forward-looking statements. For example, the factors that are likely to affect the results of Metallica include general economic conditions in Australia and globally; ability for Metallica to fund its activities; exchange rates; production levels or rates; demand for Metallica's products, competition in the markets in which Metallica does and will operate; and the inherent regulatory risks in the businesses of Metallica. Given these uncertainties, readers are cautioned to not place undue reliance on such forward-looking statements