

METALLICA MINERALS LIMITED

ACN 076 696 092

ENTITLEMENT ISSUE PROSPECTUS

For a pro rata renounceable entitlement offer to Eligible Shareholders of Metallica Minerals Limited of 1 New Share for every 2 Shares at an issue price of \$0.03 per New Share, to raise up to \$4,865,661.

The Offer is fully underwritten by Mahe Capital Pty Ltd.

Important notice

This Prospectus provides important information about the Company. You should read the entire document. If you have any questions about the New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary in Section 13.

An investment in the Company's securities is speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

1. Corporate Directory

Directors
Theo Psaros, Executive Chairman Scott Waddell, Executive Director, Chief Financial Officer and Company Secretary Andrew Gillies, Non-Executive Director
Company Secretary
Scott Waddell
Registered Office
71 Lytton Road East Brisbane QLD 4169 Telephone: +61 7 3249 3000 Website: www.metallicaminerals.com.au
Lead Manager and Underwriter
Mahe Capital Pty Ltd
Lawyers to the Company
Colin Biggers & Paisley Lawyers Level 35, 1 Eagle Street, Brisbane QLD 4000 Website: www.cbp.com.au Email: brent.vanstaden@cbp.com.au
Auditors
Moore Australia Level 12, 10 Eagle Street, Brisbane QLD 4000 +61 7 3340 3800
Share Registry
Link Market Services Level 21, 10 Eagle Street, Brisbane QLD 4000 +61 7 3320 2200
ASX Code
MLM

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2. Timetable for the Offer

Event	Date
Announcement of rights issue Appendix 3B lodged with ASX Prospectus lodged with ASX and ASIC	25 March 2021
Shares quoted on a "Ex" basis and rights trading commences on a deferred settlement basis	29 March 2021
Record date for determining Entitlements	30 March 2021
Prospectus and Application Forms despatched to Eligible Shareholders Deferred settlement trading ends	1 April 2021
Rights trading ends	13 April 2021
Closing Date of Offer	20 April 2021
Shortfall Notification	23 April 2021
Issue Date for New Shares and New Options	27 April 2021

Note: These dates are indicative only and subject to change. The Company has the right to vary these dates without notice, including to close the Offer early or accept late Applications, either generally or in particular cases.

3. Key Statistics for the Offer

Shares currently on issue ¹	324,377,408
Existing Options currently on issue ²	11,000,000
Shares to be issued under the Offer ³	162,188,704
New Options to be issued under the Offer ⁴	81,094,352
Underwriter Options to be issued to the Underwriter ⁵	9,731,322
Total Shares on issue at close of the Offer	486,566,112
Total Options on issue at close of the Offer ⁶	101,825,674
Offer Price per New Share	\$0.03
Maximum amount to be raised under the Offer ⁷	\$4,865,661

Notes:

1. Refer to Section 9.1 for the rights attaching to Shares (including New Shares).
2. The Existing Options are unlisted and comprise: (a) 10,000,000 Options held by the Directors, exercisable at 3 cents and expiring on 23 June 2022; and (b) 1,000,000 Options held by a third party exercisable at \$0.70.
3. Details of the Offer are set out in Section 6. The table assumes that no Existing Options are exercised before the Record Date and full subscription under the Offer. The Offer is fully underwritten. Refer to Section 11.1(a) for details of the terms of the Underwriting Agreement.
4. Refer to Section 9.2 for terms of issue of the New Options.
5. Refer to Section 9.3 for terms of issue of the Underwriter Options and Section 11.1(a) for details of the terms and conditions of the Underwriting Agreement.
6. This includes 11,000,000 Existing Options, all New Options and Underwriter Options offered under this Prospectus.
7. If all New Options and Underwriter Options were exercised, an additional \$5,449,540 would be raised and an additional 90,825,674 Shares issued.

4. Important Notices

This Prospectus is dated 25 March 2021 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which to which this Prospectus relates.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the New Shares the subject of this Prospectus.

Restrictions on Distribution

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia or New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This document may not be distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy securities in the United States. Any securities described in this document have not been and will not be, registered under the US *Securities Act 1993* and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the *US Securities Act 1993* and applicable US state securities law.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Web Site – Electronic Prospectus

A copy of this Prospectus is available and can be downloaded from the website of the Company at www.metallicminerals.com.au

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia or New Zealand. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

The *Corporations Act* prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this

Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Transaction Specific Prospectus

This Prospectus is a transaction specific prospectus issued under Section 713 of the Corporations Act, which allows the issue of more concise prospectuses for offers of more continuously quoted securities. In preparing this Prospectus, consideration has been given to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and as such, it is subject to regular reporting and disclosure obligations. Please note that this Prospectus should be read in conjunction with publicly available information the Company has provided to ASIC and ASX and that copies of documents the Company has lodged with ASIC and ASX may be obtained from or inspected at an ASIC office.

Suitability of Investment & Risks

Before deciding to invest in the Company, prospective investors should read this Prospectus in its entirety and in particular, the risk factors in Section 10. They should carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding to invest.

Any investment in the New Shares of the Company should be regarded as speculative.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding

future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 10.

Disclaimer

The information contained in this Prospectus is not investment advice. Before deciding to invest in the Company, you should read and understand the entire Prospectus and, in particular, in considering the Company's prospects, you should consider the risk factors that could affect the Company's performance. You should carefully consider these risk factors in Section 10 in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional

adviser before deciding to invest. Investing in the Company involves risks.

None of the Company, the Directors or any other person gives any guarantee as to the success of the Company, the repayment of capital, the payment of dividends, the future value of the Company's securities or the price at which the New Shares or New Options will trade on the ASX.

Any references to past performance of the Company is no guarantee of future performance.

No Representations other than this Prospectus

No person or entity is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus or has not been released to ASX with the authorisation of the Company.

The Entitlement and Acceptance Form accompanying this Prospectus is important. Please refer to the instructions in Section 7 of this Prospectus regarding the acceptance of the Offer. Applications for the Offer can only be submitted on the Entitlement and Acceptance Form that is available with this Prospectus. Applications for the Underwriter Options can only be submitted by the Underwriter on Application Forms provided by the Company.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary in Section 13.

Privacy

Please read the privacy information located in Section 11.7 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

5. Chairman's Letter

Dear Shareholders

On behalf of Metallica Minerals Limited (Company), I am pleased to invite you to participate in a renounceable pro rata entitlement offer to Eligible Shareholders of 1 new Share for every 2 Shares held on the Record Date at an issue price of \$0.03 per New Share, together with 1 free quoted New Option for every 2 new Shares subscribed for (exercisable at \$0.06 each on or before 25 March 2024), to raise approximately \$4,865,661 (Offer).

The Offer Price represents a discount of 29% to the 30-day volume weighted average price of 4.2 cents prior to announcement.

The Company intends to apply for quotation of the New Options on the ASX and Shareholders can apply for additional New Shares in excess of their Entitlement under the Shortfall Offer (refer to Section 6.10).

The Offer is fully underwritten by Lead Manager and Underwriter, Mahe Capital. Mahe Capital has entered into sub-underwriting agreements with Ilwella Pty Ltd, an entity controlled by the Flannery Family Office for \$2,187,000 (representing 72,900,000 New Shares and 36,540,000 attaching New Options) and the Directors for \$48,000 (representing 1,600,000 New Shares and 800,000 attaching New Options).

The funds raised will be used to advance the development of our 100% owned Cape Flattery Silica Sand project, with the aim of undertaking environmental studies, further exploration, completion of a prefeasibility study, mining lease application, completing a review of transshipping infrastructure and later in the year, initiating a definitive feasibility study.

Metallica is now on a path to evolve from exploration and evaluation to become a mine operator. The global demand for silica sand is providing your Company with confidence to pursue an operation at the 100% owned Cape Flattery Silica Sand project. This is consistent with our strategic direction outlined at the 2020 Annual General Meeting. Importantly, Metallica will also be addressing the skill set of Board and management in the short term so that the Company has the necessary skills to progress our project.

While the Company is at an exciting stage of its development and turning the page in its project, risks remain, including the ongoing impact of the COVID-19 situation worldwide, development and commercialisation risks, and ongoing requirements for additional funding. Section 10 sets out key risks relevant to the Company and investments in securities generally.

It is the intention of the Directors to take up their full Entitlements in this issue.

On behalf of your Directors, I invite you to consider this opportunity and thank you for your continued support.

Yours sincerely



Mr Theo Psaros
Executive Chairman

6. Details of the Offer

6.1 What is the Offer?

The Offer is a pro rata renounceable entitlement issue of Shares, of 1 New Share for every 2 Shares held by Eligible Shareholders on the Record Date, at an Issue Price of \$0.03 per New Share, to raise up to \$4,865,661 (before costs of the Offer). For every 2 New Shares issued, 1 attaching free New Option will be issued. Terms of issue of the New Shares and New Options are set out in Sections 9.1 and 9.2 respectively.

Based on the capital structure of the Company as at the date of this Prospectus, the maximum number of New Shares that will be issued pursuant to the Offer is 162,188,704 New Shares and 81,094,352 attaching New Options.

The Offer is made to Eligible Shareholders only. In this regard, refer to Section 6.5.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Prospectus.

6.2 Offer renounceable

The Entitlements under the Offer are renounceable, which means that all or part of an Eligible Shareholder's rights to subscribe for Shares (and attaching New Options) under the Offer may be traded on the ASX. Trading Entitlements will commence on the ASX on 29 March 2021 on deferred settlement basis and will cease on 13 April 2021.

6.3 Is the Offer underwritten?

The Offer is fully underwritten by Mahe Capital. Details of the Underwriting Agreement are set out in Section 11.1(a).

6.4 Is there a minimum subscription?

There is no minimum subscription to the Offer.

6.5 Eligibility of Shareholders

The Offer is made to Eligible Shareholders only. Eligible Shareholders are Shareholders on the Record Date who have a registered address in Australia or New Zealand or who are Shareholders that the Company has otherwise determined, are eligible to participate.

6.6 What Eligible Shareholders may do

The number of Securities to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may, at their election:

- (a) take up some or all of their Entitlement (refer to Section 7.1);
- (b) take up all of their Entitlement and apply for Shortfall Shares (and free attaching New Options) under the Shortfall Offer (refer to Section 7.2);
- (c) sell part or all of their Entitlement on ASX (refer to Section 7.3);
- (d) deal with part or all of their Entitlement other than on ASX (refer to Section 7.4); or
- (e) allow all or part of their Entitlement to lapse (refer to Section 7.5),

or appropriate combinations of the above.

6.7 Allowing all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on the ASX.

If you do not wish to accept your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

6.8 What will proceeds of the Offer be used for?

The proceeds of the Offer will be applied as set out in Section 8.1.

6.9 What is the effect of the Offer on the Company?

Refer to Section 8.2 and subsequent Section for details of the effect of the Offer on the Company.

6.10 The Shortfall Offer

If any Eligible Shareholders do not take up their full Entitlement, New Shares that are not taken up will form the Shortfall. Ineligible Shareholders may not take up their Entitlements under the Offer and accordingly, New Shares that would have otherwise have been issued to them (had they been Eligible Shareholders) will also form part of the Shortfall.

Eligible Shareholders may, in addition to applying for their Entitlement, apply for Shortfall Shares (and free attaching New Options) under the Shortfall Offer.

The Shortfall Offer is a separate offer pursuant to this Prospectus. The issue price of the New Shares are the same as those under the Offer (and the terms of the free attaching New Options are the same as under the Offer).

There is no guarantee that Eligible Shareholders will receive any or all of the Shortfall Shares (and free attaching New Options) they apply for. It is an express term of the Shortfall Offer that Eligible Shareholders may receive no allocation of Shortfall Shares (and free attaching New Options) applied for and if any are allotted in response to an application under the Shortfall Offer, the relevant Eligible Shareholders must accept any such lesser number of Shortfall Shares (and free attaching New Options) (being less than the number actually applied for) as are issued in response to such an application.

Any money paid for Shortfall Shares that are not issued to an Eligible Shareholder who applies for them will be returned to the Eligible Shareholder without interest.

Shortfall Shares (and free attaching New Options) that are issued to Eligible Shareholders will be issued at the same time as the New Shares to be issued pursuant to the acceptance of Entitlements.

The Directors and the Underwriter reserve the right to issue Securities comprising the Shortfall at their absolute discretion, subject to the ASX Listing Rules and the Corporations Act.

6.11 Important Dates

Eligible Shareholders should note the following important dates:

Event	Date
Announcement of rights issue Appendix 3B lodged with ASX (for rights issue) Prospectus lodged with ASX and ASIC	25 March 2021
Shares quoted on a "Ex" basis and rights trading commences on a deferred settlement basis	29 March 2021
Record date for determining Entitlements	30 March 2021
Prospectus and Application Forms despatched to Eligible Shareholders Deferred settlement trading ends	1 April 2021
Rights trading ends	13 April 2021
Closing Date of Offer	20 April 2021
Shortfall Notification	23 April 2021
Issue Date for New Shares and New Options	27 April 2021

Note: These dates are indicative only and subject to change. The Company has the right to vary these dates without notice, including to close the Offer early or accept late Applications, either generally or in particular cases.

6.12 Fees and Commissions

As the Offer is underwritten and lead managed by Mahe Capital. The Company has assumed contractual obligations to pay any fees or commissions in respect of any funds raised under this Prospectus, as set out in Section 11.1(a).

6.13 Closing Date of the Offer

The Offer will close on 20 April 2021 at 5.00pm (AEST). The Company reserves the right to close the Offer early or to extend the Closing Date of the Offer without prior notice.

6.14 Costs of the Offer

The Company estimates the cash costs of the Offer to be approximately \$450,000. In this regard, refer to Section 11.18.

6.15 Quotation of New Shares

Application will be made within seven (7) days of the date of this Prospectus to the ASX for the New Shares (and free attaching New Options) issued pursuant to this Prospectus to be granted official quotation by ASX.

If granted, official quotation of the New Shares (and free attaching New Options) will commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares and New Options prior to trading.

Should the New Shares (and free attaching New Options) not be granted official quotation on the ASX within 3 months after the date of this Prospectus, none of the New Shares or New Options offered under this Prospectus will be issued and all Application Monies will be refunded without interest to Applicants within the time prescribed by the Corporations Act.

6.16 Allotment

It is expected that allotment of the New Shares (and free attaching New Options) will take place shortly after the Closing Date of the Offer and the receipt of approval for quotation of the New Shares from ASX. In this regard, see Section 6.11.

6.17 Ineligible Shareholders

The Company has decided that it is unreasonable to make offers under the Offer (including the Shortfall Offer) to Shareholders who are Shareholders on the Record Date but with registered addresses outside of Australia or New Zealand (**Ineligible Shareholders**), having regard to the number of Shareholders in those places, the number and value of the New Shares that they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer and the Shortfall Offer are not being extended to, and do not qualify for distribution or sale by or to, and no New Shares or New Options will be issued to Shareholders having registered addresses outside Australia or New Zealand.

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries outside of Australia or New Zealand in which Shareholders may reside. The distribution of this Prospectus in jurisdictions other than Australia or New Zealand may be restricted by law and any failure to comply with such restrictions might constitute a violation of applicable securities laws.

In any event, the Offer and the Shortfall Offer are only made to and may only be accepted by Eligible Shareholders. No offer is made pursuant to this document in any place in which, or to any person to whom, it would be unlawful to make such an offer.

The Offer is being made in New Zealand pursuant to the *Financial Markets Conduct (Incidental Offer) Exemption Notice 2016*.

6.18 Notice to Nominees, Trustees and Custodians

Nominees, trustees or custodians must not apply for Entitlements on behalf of any beneficial holder that would not itself be an Eligible Shareholder. Shareholders who hold Shares on behalf of persons who are resident outside Australia or New Zealand are responsible for ensuring that accepting an Offer and receiving New Shares does not breach regulations in the relevant overseas jurisdictions. Return of a completed Entitlement and Acceptance Form or payment via BPAY will constitute a representation by the Applicant that there has been no breach of such regulations with respect to the Offer.

Eligible Shareholders who are nominees, trustees and custodians are therefore advised to seek independent advice as how they should proceed. Failure to comply with restrictions set out in this Prospectus may result in violations of applicable securities laws.

6.19 Appointment of Nominee under ASX Listing Rule 7.7

Pursuant to ASX Listing Rule 7.7, the Company has appointed Mahe Capital as nominee to sell the Entitlements to which Ineligible Shareholders are entitled. Mahe Capital will have the absolute and sole discretion to determine the timing and price at which the Entitlements will be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will, firstly, be applied against expenses of such sale, including brokerage and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Ineligible Shareholders may receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, Mahe Capital will not be required to sell Ineligible Shareholders' Entitlement at a particular price.

Neither the Company nor Mahe Capital will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of Mahe Capital, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The New Shares (and New Options) not taken up will form part of the New Shares and New Options to be taken up by the Underwriter pursuant to the Underwriting Agreement.

Refer to Section 8.6 for additional information.

6.20 Directors' Interests in the Company

The Directors' beneficial interests in the capital of the Company at the date of this Prospectus, are as follows:

Director	Shares	Options	Entitlement - New Shares	Entitlement - New Options	Intentions
Mr Theo Psaros	1,000,000	3,000,000	500,000	250,000	Accept
Mr Andrew Gillies	1,200,000	3,000,000	600,000	300,000	Accept
Mr Scot Waddell	1,000,000	4,000,000	500,000	250,000	Accept

6.21 Risks of the Offer

An investment in securities of the Company should be regarded as speculative.

In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company, which are described in Section 10. Those risks include:

- (a) in relation to the Company and industry in which it operates, risks relating to the following:
 - (i) future capital needs and additional funding;
 - (ii) native title and Aboriginal heritage;
 - (iii) exploration, development and production and sale risks;

- (iv) resource and reserve estimates;
 - (v) ability to exploit successful discoveries;
 - (vi) mining, development and infrastructure risks;
 - (vii) environmental risks;
 - (viii) joint ventures, contracts and agents; and
 - (ix) operating risks.
 - (x) competition;
 - (xi) mineral tenement titles;
 - (xii) mining approvals;
 - (xiii) acquisition and investment risks;
 - (xiv) commodity prices;
 - (xv) geotechnical risk;
 - (xvi) occupational health & safety;
 - (xvii) loss of key personnel;
 - (xviii) dividends Policy; and
 - (xix) risk of litigation.
- (b) General Investment risks, related to the following:
- (i) securities investments and share market conditions;
 - (ii) liquidity risk;
 - (iii) economic risk;
 - (iv) changes in laws and government policy;
 - (v) taxation;
 - (vi) global credit and investment markets;
 - (vii) counterparty risk;
 - (viii) insurance; and
 - (ix) unforeseen expenditure.

6.22 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Offer Securities under this Prospectus.

6.23 Brokerage, handling fees and stamp duty

No brokerage, handling fees or stamp duty is payable by Applicants in respect of their applications for New Shares under this Prospectus. The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment.

Application Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Application Monies will be retained by the Company irrespective of whether allotment takes place.

6.24 Enquiries

Any queries regarding the Offer should be directed to the Company Secretary on +617 3249 3000.

7. How to Apply under the Offer

7.1 Taking up some or all of your Entitlement

Should you wish to accept all of your Entitlement, then applications for New Shares (and free attaching New Options) must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Should you wish to accept only part of your Entitlement and sell the remaining Entitlement on the ASX or otherwise, follow the instructions above in relation to the part of the Entitlement that you wish to accept, and follow the instructions in Sections 7.3 or 7.4 in relation to the part of the Entitlement that you wish to sell on the ASX or otherwise.

7.2 Taking up all of your Entitlement and applying for Securities under the Shortfall Offer

Should you wish to accept all of your Entitlement and apply for Shortfall Shares (and free attaching New Options) under the Shortfall Offer, then applications for Offer Securities under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

7.3 Selling all or part of your Entitlement on ASX

The Entitlements under the offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares (and attaching New Options) under the Offer may be traded on the ASX. If you wish to sell all or part of your Entitlement on the ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on the ASX. Trading of Entitlements will commence on the ASX on 29 March 2021 and ceases on 13 April 2021.

The Company does not guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on the ASX or that any particular price will be paid for the Entitlements sold on the ASX.

7.4 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on the ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer sponsored sub-register and you wish to transfer all or a proportion of your Entitlement to another person other than on the ASX, forward a standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the New Shares they wish to subscribe for payable to "Metallica Minerals Limited" and crossed "Not Negotiable" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the address specified in the Entitlement and Acceptance Form.

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS sub-register, you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by the Share Registry in accordance with Sections 7.6 or 7.7.

7.5 Allowing all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on the ASX. However, if you do not wish to accept your Entitlement or part thereof, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement (or part thereof) by the Closing Date, the Offer to you in respect will lapse (in whole or in part, whichever applies).

7.6 Payments by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Metallica Minerals Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's Share Registry no later than 5:00 pm (AEST) on the Closing Date.

7.7 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Offer Securities which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 4:00 pm (AEST) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of New Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

7.8 Binding effect of Entitlement and Acceptance Form

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an Acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with Application Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares (and New Options) under the Offer;
- (b) you acknowledge that the New Shares (and New Options) have not been and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia or New Zealand; and
- (c) you have not and will not send any materials relating to the Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

7.9 Enquiries concerning your Entitlement or an Application Form

For enquiries concerning your Entitlement or an Application Form, please contact the Company Secretary on +617 3249 3000.

8. Purpose and Effect of the Offer

8.1 Purpose

The purpose of the Offer is to raise up to \$4,865,661 (excluding costs of the Offer).

No funds will be raised from the issue of New Options (unless exercised).

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Project/Purpose ¹	\$
Complete Cape Flattery Silica Sand (CFS) Project Studies	1,000,000
Progress Authorities and Licenses to Operate the CFS Project (Environment and ML Approvals, Native Title Agreements)	1,765,661
Exploration Activities, Resource Drilling and Project Definition	650,000
Costs to further advance the CFS Project including working towards offtake agreements	500,000
Working capital	500,000
Costs of the Offer ²	450,000
TOTAL	\$4,865,661

Notes:

1. The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to materially affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis and otherwise having regard to their fiduciary duties.

2. Refer to section 11.18 of this Prospectus for further details relating to the estimated expenses of the Offer. This assumes that the Offer is fully subscribed and includes any fees paid under the Underwriting Agreement discussed in Section 11.1(a).

8.2 Effect of the Offer on the Company

The principal effects of the Offer will be to:

- (a) increase the number of Shares on issue from 324,377,408 as at the date of this Prospectus to 486,566,112 Shares (assuming no Existing Options are exercised before the Record Date);
- (b) increase the number of Options on issue from 11,000,000 as at the date of this Prospectus to 101,825,674 Options (assuming no Existing Options are exercised before the Record Date); and
- (c) increase the estimated cash available to the Company by \$4,865,661 (before costs of the Offer).

If all New Options and Underwriter Options were exercised, an additional \$5,449,540 would be raised and an additional 90,825,674 Shares issued.

8.3 Pro Forma balance sheet

The Company's audit reviewed balance sheet as at 31 December 2020 and the pro-forma balance sheet as at 22 March 2021 shown below have been prepared on the basis of accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared on the basis that all Entitlements are accepted and no Options are exercised prior to the Record Date and including expenses of the Offer, but excluding the options to be issued to Mahe Capital as part of their fees as outlined in Section 11.1(a).

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro forma assets and liabilities of the Company as noted below. The historical and pro forma financial information is presented in abbreviated form, in that it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Reviewed	Pro-forma Adjust to	Pro-forma Unaudited	Pro-forma Adjust	Pro-forma Unaudited
	31-Dec-20	22 Mar-21	22 Mar-21	Fund Raising	After Funding
	\$ (Note 1)	\$ (Note 2)	\$ (Note 3)	\$ (Note 4)	\$
Assets					
Current assets					
Cash and cash equivalents	2,406,194	-495,302	1,910,892	4,415,661	6,326,553
Trade and other receivables	62,182		62,182		62,182
Total current assets	2,468,376	-495,302	1,973,074	4,415,661	6,388,735
Non-current assets					
Property, plant and equipment	11,495		11,495		11,495
Exploration and evaluation assets	175,460	350,000	525,460		525,460
Other non-current assets	33,138		33,138		33,138
Total non-current assets	220,093	350,000	570,093	0	570,093
Total assets	2,688,469	-145,302	2,543,167	4,415,661	6,958,828
Liabilities					
Current liabilities					
Trade and other payables	200,328	-50,000	150,328		150,328
Employee benefits	82,051		82,051		82,051
Total current liabilities	282,379	-50,000	232,379	0	232,379
Total liabilities	282,379	-50,000	232,379	0	232,379

Continued	Reviewed	Pro-forma Adjust to	Pro-forma Unaudited	Pro-forma Adjust	Pro-forma Unaudited
	31-Dec-20 \$ (Note 1)	22 Mar-21 \$ (Note 2)	22 Mar-21 \$ (Note 3)	Fund Raising \$ (Note 4)	After Funding \$
Net assets	<u>2,406,090</u>	<u>-95,302</u>	<u>2,310,788</u>	<u>4,415,661</u>	<u>6,726,449</u>
Equity					
Issued capital	36,442,827		36,442,827	4,865,661	41,308,488
Reserves	8,165,651		8,165,651		8,165,651
Accumulated losses	<u>-42,202,388</u>	<u>-95,302</u>	<u>-42,297,690</u>	<u>-450,000</u>	<u>-42,747,690</u>
Total equity	<u>2,406,090</u>	<u>-95,302</u>	<u>2,310,788</u>	<u>4,415,661</u>	<u>6,726,449</u>

Note 1

The Metallica Minerals Statement of Financial Position at 31 December 2020 Reviewed has been extracted from the reviewed financial statements of Metallica Minerals for the half year ended 31 December 2020 as released to the ASX on 18 February 2021.

Note 2

The pro-forma adjustments for actual material changes subsequent to 31 December 2020 and up to 22 March 2021 comprise:

- (a) Decrease of Cash and cash equivalents by \$495,302 due to expenditure on Exploration and evaluation assets and other overhead expenditure.
- (b) A reduction to Trade and other payables to the value of \$50,000.
- (c) General expenditure offset by income.

Note 3

The Unaudited pro-forma Statement of Financial Position at 22 March 2021 is based on the Metallica Minerals Statement of Financial Position at 31 December 2020 adjusted for material changes subsequent to that date including the items in Note 2.

Note 4

The pro-forma adjustments fund raising comprise: estimated transaction costs of \$450,000 to be paid in cash and offset against the Accumulated Losses account. The issue of 162,188,704 new shares through the rights issue resulted in a total contribution to equity of \$4,865,661 and increased the cash held by \$4,415,661. Note that this section excludes any adjustment to the Reserves and excludes any effects from the issue of options to Mahe Capital as part of their fees as outlined in Section 11.1(a).

8.4 Effect of the Offer on the Company's Capital Structure

The capital structure of the Company, following completion of the Offer, is expected to be as follows:

Shares	Number
Shares on issue as at the date of this Prospectus ¹	324,377,408
To be issued pursuant to the Offer	162,188,704
Total Shares on issue at close of the Offer ²	486,566,112

Notes:

1. Refer to Section 9.1 for the rights attaching to Shares (including New Shares).
2. Assumes no Existing Options are exercised before the Record Date and full subscription under the Offer. The Offer is fully underwritten. Refer to Section 11.1(a) for details of the terms of the Underwriting Agreement.

Options	Number
Existing Options as at the date of this Prospectus ¹	11,000,000
New Options offered under this Prospectus ²	90,825,674
Total options on issue at close of the Offer	101,825,674

Notes:

1. Consisting of (a) 10,000,000 Options held by the Directors, exercisable at 3 cents and expiring on 23 June 2022; and (b) 1,000,000 Options held by a third party exercisable at \$0.70.
2. Includes 81,094,352 New Options offered to Shareholders under the Offer and an additional 9,731,322 Underwriter Options offered to the Underwriter. Refer to Sections 9.2 and 9.3 for terms of issue of the New Options and Underwriter Options. Refer to Section 11.1(a) for details of the terms of the Underwriting Agreement.
3. If all New Options (including those offered to the Underwriter) were exercised, an additional \$5,449,540 would be raised and an additional 90,825,674 Shares issued.

8.5 Substantial Shareholders

The particulars of the Company's substantial Shareholders are set out below (as at the date of this Prospectus):

Shareholder	Holding	Voting Power
Jien Mining Pty Ltd	39,400,373	12.15%
Osmosis Holdings Pty Ltd <Dickson Super Fund A/C>	17,500,000	5.39%

8.6 Effect of the Offer on control of the Company

Proportion of Shares represented by the Offer

The maximum total number of New Shares proposed to be issued under the Offer is approximately 162,188,704 which will constitute 33% of the Shares on issue following completion of the Offer (assuming no other Shares are issued or Existing Options exercised prior to the Record Date).

No Shareholder will increase their voting power in the Company to 20% or more under the Rights Issue. See Section 8.5 regarding substantial Shareholding in the Company.

No Section 615 Nominee for Ineligible Shareholders Appointed

No nominee has been appointed for Ineligible Foreign Shareholders under section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of their Entitlement or additional New Shares, they will not be permitted to increase their voting power:

- (a) from 20% or below 20% to above 20%; or
- (b) from a starting point of above 20% and below 90%,

as a result of accepting their Entitlement under the Offer without breaching section 606(1) of the Corporations Act.

20% cap on allocations

As a consequence, the Company will not issue New Shares to any Applicant or other person if the result of any such issue would result in any person (and that person's associates) acquiring a relevant interest contrary to section 606 of the Corporations Act. This may result in the Company scaling back applications from Eligible Shareholders to ensure that no breach of section 606 of the Corporations Act occurs.

Without limiting the above, it is the responsibility of Eligible Shareholders to ensure that their participation under the Offer does not result in them breaching section 606 of the Corporations Act. Eligible Shareholders, by lodging applications for New Shares, acknowledge and accept the right and obligation of the Company to not allot or issue New Shares to them which would result in any breach by them of section 606 of the Corporations Act and direct the Company to so act. Eligible Shareholders who may be at risk of exceeding the 20% voting power threshold in section 606 as a result of acceptance of their Entitlement should seek professional advice before completing and returning their Entitlement and Acceptance Form.

Listing Rule 7.7 Nominee

As the Rights Issue is renounceable, the Company will appoint Mahe Capital to arrange for the sale of Entitlements that would have been given to Ineligible Foreign Shareholders and to account to them for the net proceeds of the sale. See Section 6.19 for further details. This role does not constitute a nominee under section 615 of the Corporations Act (in this regard, see above).

Underwriter voting power

The Underwriter, Mahe Capital, is not a related party of the Company and presently has no Shares in the Company. It has advised that it has no intention of acquiring Shares in the Company prior to the Record Date.

Mahe Capital has agreed to fully underwrite the Rights Issue (162,188,704 New Shares), but has sub-underwritten \$2,248,000 thereof (of which, \$2,187,000, representing 72,900,000 New Shares, has been sub-underwritten to Ilwella Pty Ltd (**Ilwella**) (an entity controlled by the Flannery Family Office) and \$48,000, representing 1,600,000 New Shares, to the Directors in the following proportions: Theo Psaros, \$15,000 - 500,000 New Shares, Andrew Gillies: \$18,000 - 600,000 New Shares and Scott Waddell: \$15,000 - 500,000 New Shares).

The Underwriter's maximum relevant interests in Shares and voting power in the Company under several scenarios are set out in the table below (which assumes that no further Shares are issued):

Underwriter and Management voting power

Shareholder acceptance scenario ¹	Total Underwriter Shares ²	Underwriter Voting Power ³
Fully subscribed	0	0%
75% subscribed by Shareholders other than Underwriter	40,547,176	8.33%
50% subscribed by Shareholders other than Underwriter	81,094,352	16.67%
25% subscribed by Shareholders other than Underwriter	12,1641,528	25.00%
No subscriptions - underwritten Shares only	162,188,704	33.33%

Notes:

1. Assumes that the Directors take up their full entitlements, as set out in Section 6.20.
2. Of the Underwriter's Shares, up to 72,900,000 New Shares will be dispersed via sub-underwriting to Ilwella and up to 1,600,000 will be dispersed to Directors via sub-underwriting as set out above.
3. In addition to New Shares, the Underwriter (and sub-underwriters in the proportions described above) will also receive a maximum of 81,094,352 attaching New Options if no New Shares were accepted by Shareholders, in addition to the Underwriter Options offered pursuant to the Underwriting Agreement described in Section 11.1(a).

Examples of how the dilution may impact Shareholders (assuming no New Options are exercised before the Record Date) are set out below:

Holder	Holding as at Record date	% at Record Date	Entitlement - Shares	Holdings if Entitlement not taken Up	% post Offer
Shareholder 1	40,099,678	12.36%	20,049,839	40,099,678	8.24%
Shareholder 2	13,287,502	4.10%	6,643,751	13,287,502	2.73%
Shareholder 3	9,000,000	2.78%	4,500,000	9,000,000	1.85%
Shareholder 4	6,000,000	1.85%	3,000,000	6,000,000	1.23%
Shareholder 5	2,745,121	0.85%	1,372,561	2,745,121	0.56%
Shareholder 6	2,000,000	0.62%	1,000,000	2,000,000	0.41%

9. Rights and Liabilities attaching to the New Shares and New Options

9.1 New Shares

Full details of the rights and liabilities attaching to the New Shares, which rank equally with all other existing Shares, are:

- (a) detailed in the Company's Constitution a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the New Shares, which are fully paid ordinary shares that rank equally with all Shares currently on issue.

This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the Board may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Election of Directors

There must be a minimum of 3 Directors and the Board may set a maximum number of Directors. At every annual general meeting one third of the Directors (rounded up to the nearest whole number) must retire from office. Any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

(g) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(h) Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Shareholders:

- (i) divide the assets of the Company among the members in kind;
- (ii) for that purpose, fix the value of assets and decide how the division is to be carried out as between the members and different class of members; and
- (iii) if members approve by special resolution, vest assets of the Company in trustees on any trusts for the benefit of the members as the liquidator thinks appropriate, but members may not be compelled to accept any securities in respect of which the member incurs any liability.

(i) Shareholder liability

As the New Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(j) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision.

If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

9.2 New Options

The New Options have the following terms:

- (a) Each New Option entitles the holder to one fully paid ordinary share in the capital of the Company.
- (b) The New Options may be exercised at any time prior to 5.00pm AEST on 25 March 2024 (**Expiry Date**).
- (c) The exercise price of the New Options is AUD \$0.06 each (**Exercise Price**).
- (d) The New Options will be listed, subject to the ASX Listing Rules.
- (e) The New Options are transferable, subject at all times to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable law or regulation.
- (f) To exercise the New Options, each New Option holder must duly complete, execute and deliver to the Company an exercise notice in the form prescribed by the Company (Notice of Exercise). New Options may be exercised by the New Option holder in whole or in part by completing a Notice of Exercise and delivering it to the Company Secretary, to be received prior to the Expiry Date. The Notice of Exercise must, among other things, state the number of New Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by a New Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the Exercise Price per New Option.
- (g) All Shares issued upon the exercise of the New Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the ASX for all Shares issued pursuant to the exercise of the New Options to be admitted to quotation.
- (h) In the event of a pro rata entitlements issue to the Company's shareholders, the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (i) In the event of a bonus issue the number of Shares over which the New Option is exercisable will be increased by the number of Shares which the New Option holder would have received if the New Option had been exercised before the record date for the bonus issue.
- (j) In the event of any reorganisation of the capital of the Company (including consolidation, subdivisions, reduction or return) the rights of a New Option holder will be changed to extent necessary to comply with the Listing Rules of the ASX applying to a reorganisation of the capital at the time of the reorganisation.

- (k) There are no participating rights or entitlements inherent in the New Options and a New Option holder will not be entitled to participate in new issues of capital offered to the Company's shareholders during the term of the New Options. However, the Company will send a notice to the New Option holder at least 3 business days before the record date of any new issues of capital offered to the Company's shareholders in order to give the New Option holder the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.
- (l) The New Options may not be exercised by or on behalf of a person in the United States unless the New Options and the underlying Shares have been registered under the *United State Securities Act of 1933*, as amended, and applicable state securities laws, or exemptions from such registration requirements are available.

9.3 Underwriter Options

The Underwriter Options offered to the Underwriter have the same terms as all other New Options (see Section 9.2).

10. Risk Factors

The New Shares offered under the Prospectus are considered speculative.

An investment in the Company is not risk free and the Directors strongly urge potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult with their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

Prior to deciding whether to participate in the Offer, investors should read the entire Prospectus and review announcements made by the Company to ASX (at www.asx.com.au under the code **MLM**), in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

Securities do not carry any guarantee with respect to the payment of any dividends, returns of capital or the market value of those securities.

There are specific risks which relate directly to the Company's business. In addition, there are general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is a not intended to be an exhaustive list of the risk factors to which the Company is exposed.

10.1 Company and industry risks

(a) Future capital needs and additional funding

Whilst the Offer will position the Company well, the Company may require further financing in addition to amounts raised under the Offer.

Any additional equity financing may dilute existing shareholdings. Debt financing, if available, may involve restrictions on financing and operating activities.

There can be no assurance that the Company will be able to obtain additional financing when required in the future, or that the terms and time frames associated with such financing will be acceptable to the Company. This may have an adverse effect on the Company's ability to achieve its strategic goals and have a negative effect on the Company's financial results, liquidity position and the value of the Company's Shares.

(b) Native Title, Aboriginal Heritage and Heritage

The *Native Title Act 1993* (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration and in future, mining activities, or obtain exploration or mining licences in Australia. In applying for licences over crown land, the Company must observe the provisions of Native Title legislation. In carrying out exploration and/or mining operations, the Company must observe Native Title legislation (where applicable), Aboriginal heritage legislation and heritage legislation which protects sites and objects of significance may delay or impact adversely on the Company's operations in Australia. This may be exacerbated by disputes among rival native title claimant groups.

(c) Exploration, development and production and sale risks

Mineral exploration and development are high risk undertakings. The tenements of the Company are at various stages of exploration and development.

There can be no assurance that exploration of the mining tenements, or any other tenements that may be acquired in the future, will result in the discovery of economic mineral reserves and, even if identified, there is no guarantee that they can be economically exploited. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

Production relies on the continued operation and performance of the Company's operating mines, plant, equipment, power stations, borefields, camp, tailings dams and processing facilities. Mining and development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events. Competent management of operations and finance in relation to the Company's plants, mines, plants, mining equipment, power stations, borefields, camp, tailings dam and processing facilities are essential for production to be successful.

There is no guarantee that the Company will be able to successfully transport any or all future recovered minerals to commercially viable markets or sell the minerals to customers to achieve commercial returns.

(d) Resource and reserve estimates

Resource and reserve estimates are inherently prone to variability. They involve expressions of judgement with regard to the presence and quality of mineralisation and the ability to extract and process the mineralisation economically. These judgments are based on a variety of matters such as drilling results, past experience, knowledge and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and reduce the estimated amount of mineral resources and ore reserves available for production and expansion plans.

(e) Ability to exploit successful discoveries

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploitation will involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Company's.

(f) Mining, development and infrastructure risks

Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management, performance of sales and offtake contracts and proficient financial management. Mining and development operations can be hampered by force majeure circumstances, invention of disruptive technologies resulting in substitutes for the mineral resources, environmental considerations and cost overruns as a result of unforeseen events.

The Company's operations will depend on an uninterrupted flow of materials, supplies, equipment, services and finished projects. Due to the geographic location of the Company's projects, it will depend on third parties for the provision of road, port, marine, shipping and other transportation services.

Contractual disputes, demurrage charges, classification of commodity inputs and finished products, road and port capacity issues, availability of trucks and vessels, weather conditions, labour disruptions or other factors may have an adverse impact on the Company's ability to transport materials according to schedules and contractual commitments. If these circumstances arise, they may adversely affect the Company's business, results of operations, financial performance and the value of its Shares.

(g) Environmental risks

The operations and proposed activities of the Company are subject to Australian and foreign laws and regulation concerning the environment. It is the Company's intention to conduct its activities consistent with its environmental obligations, including compliance with all environmental laws. The ability of the Company to operate, develop and explore projects may be delayed and limited by environmental considerations and significant costs may result from complying with the Company's environmental obligations.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company recognises management's best estimate for assets' retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

(h) Joint ventures, contracts and agents

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party; or the insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or the insolvency or other managerial failure by any of the other service providers used by the Company for any activities. The Company may not be able to meet forecast production, or to complete planned exploration, appraisal and development programmes if there is a failure these parties.

(i) Operating risks

The operations of the Company may be affected by various factors, including operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions (e.g. significant rainfall); delays in construction of tails dam wall lifts; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. Such changes may have an adverse effect on the operations and production ability of the Company by increasing costs or delaying activities.

(j) Competition

The Company competes with other companies. Some of these companies have greater financial and other resources than the Company and as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company will be able to compete effectively with these companies. The technologies directly associated with the use of the Company's mineral resources compete with other technologies that can provide the same utility by using other materials.

The marketability of the Company's mineral resources may be adversely impacted by technological obsolescence.

(k) Title risk

Interests in mining tenements in Australia are governed by State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and has annual expenditure and reporting commitments, together with other conditions requiring compliance. While the Company has good title to its tenements, the Company could lose its title to or its interest in one or more of the tenements in which it has an interest if licence conditions are not met or if insufficient funds are available to meet the minimum expenditure commitments.

The Company's mining tenements, and other tenements in which the Company may acquire an interest, will be subject to renewal, which is usually at the discretion of the relevant authority. If a tenement is not renewed the Company may lose the opportunity to discover mineralisation and develop that tenement.

The Company cannot guarantee that any tenements in which it has an interest will be renewed beyond their current expiry date, and there is a material risk that, in the event the Company is unable to renew any of its tenements beyond their current expiry date, all or part of the Company's interests in the corresponding projects may be relinquished.

(l) Mining approvals

The Company has all relevant approvals to conduct its current operations. Prior to commencement of any future new mining operations the Company will be required to ensure it obtains all relevant approvals. Where the Company is required to obtain additional approvals, there can be no assurances that those approvals will be received or that the conditions within the approvals are not overly onerous. The effects of these factors cannot be accurately predicted and conditions imposed on approvals may impede the operation or development of a project and even render it uneconomic.

(m) Acquisition and investment risks

The Company may seek potential acquisitions and investments to complement its existing exploration assets. Whilst the Company will undertake thorough due diligence on any acquisitions or investments, there are risks associated with acquisitions or investments which may not be fully mitigated. Furthermore, any acquisition or investment may require the Company to raise additional capital, which may be dilutive for existing Shareholders.

(n) Commodity prices

Commodities prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic or political factors on both a regional and global basis. These factors may have a negative effect on the Company's exploration, project development and production plans and activities, together with its ability to fund those plans and activities.

(o) Geotechnical risk

Geotechnical risks arise from the movement of the ground during and following mining activity. This may result in temporary or permanent access to a mine being cut off. The loss of access may have a significant impact on the economics of the ore body.

Additionally, significant additional costs may result from designing and constructing alternative access drives which will also impact the economics of the mining operation, potentially making the mine uneconomic. Assessment of the extent and magnitude of ground movements that could take place or that have taken place within the mine and surrounding area will be evaluated by the Company.

(p) Occupational health & safety

The exploration and mining industry has become subject to increasing occupational health and safety responsibility and liability. The Company may become liable for past and current conduct which violates such laws and regulations, which may be amended by the relevant authorities. Penalties for breaching health and safety laws can be significant and include criminal penalties. Victims of workplace accidents may also commence civil proceedings against the Company. These events might not be insured by the Company or may be uninsurable. In addition, any changes in health and safety laws and regulations may increase compliance costs for the Company. Such an event would negatively impact the financial results of the Company.

(q) Key personnel

The ability of the Company to achieve its objectives depends on the retention of key personnel who provide technical expertise. If the Company cannot secure external technical expertise (for example to carry out drilling) or if the services of the present technical panel cease to become available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and the budget the Company has decided upon.

Whilst the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Directors believe that appropriately skilled and experienced professionals will be available to provide services to the Company at market levels of remuneration in the event key external contractors cease to be available.

(r) Dividends Policy

The Directors are unable to say if and when the Company will be able to pay dividends. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of profit, operating results, the financial position of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances in relation to the payment of dividends, or the franking credits attached to such dividends, can be given.

(s) Litigation

The Company may be subject to litigation and other claims. Any litigation could result in negative publicity, potential liability and additional expenditure.

10.2 General Investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies, may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence, investors may be unable to readily exit or realise their investment.

(c) Economic risk

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals of the Company's target markets or its cost structure and profitability. Adverse changes in the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory Policies), consumer spending, and employment rates, are outside the control of the Company and the management team and may have an adverse effect on the financial performance and/or financial position of the Company.

(d) Changes in laws and government policy

Changes to government regulations, law (including taxation and royalties) and policies, both domestically and internationally, under which the Company operates may adversely impact the Company's activities, planned projects and the financial performance of the Company.

(e) Taxation

There may be tax implications arising from Applications for New Shares, the receipt of dividends (both franked and unfranked) (if any) from the Company, the participation in any on-market Share buy-back and on the disposal of New Shares.

(f) Global credit and investment markets

Global credit, commodity and investment markets volatility may impact the price at which the Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(g) Counterparty risk

There is a risk that contracts and other arrangements which the Company is party to and obtains a benefit from, will not be performed by the relevant counterparties if those counterparties become insolvent or are otherwise unable to perform their obligations.

The Company and its projects may suffer material adverse consequences such as increased costs, delayed projects, loss of market share, or loss of customers.

(h) Insurance Risks

Exploration for and development of minerals involves hazards and risks that could result in the Company incurring losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or title to the Company's assets may be at risk.

The Company insures its operations in accordance with industry practice. However in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is Not always available and, where available, the costs can be prohibitive or not adequate to cover all claims.

(i) Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been considered in this Prospectus. Although the Company is not aware of any such additional Expenditure requirements, if such expenditure is subsequently incurred this may adversely affect the expenditure proposals and activities of the Company, as the Company may be required to reduce the scope of its operations and scale back its exploration programmes. This could have a material adverse effect on the Company's activities and the value of its Shares

(j) List not exhaustive

The above list of risk factors should not to be taken as exhaustive of the risks faced by the Company or by Shareholders. The above factors and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares Offered under this Prospectus. Accordingly, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns, returns of capital or market value at any time. Shareholders should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to take up their Entitlement.

11. Additional Information

11.1 Material contracts

(a) Mahe Capital Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to fully underwrite the Offer for 162,188,704 New Shares (**Underwritten Securities**) with attaching New Options (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter the following fees:

- (i) **Corporate Advisory Fee:** on Completion the Company must pay to the Underwriter (or as the Underwriter may in writing direct) a fee of \$60,000;
- (ii) **Management Fee** - on completion of the issue of the Underwritten Securities (**Completion**), the Company must pay to the Underwriter (or as the Underwriter may in writing direct) a management fee of 1% on the maximum amount to be raised under the Offer (**Underwritten Amount**);
- (iii) **Underwriting Fee** - on Completion, the Company must pay to the Underwriter (or as the Underwriter may in writing direct) a selling fee of 5% on the Underwritten Amount. All sub-underwriting and selling fees to third parties will be met from this fee by the Underwriter;
- (iv) **Options** - on Completion, the Company must issue the Underwriter (or as the Underwriter may in writing direct) 9,731,322 Underwriter Options; and
- (v) **Placement Fee** - after Completion, the Company will pay Mahe Capital a Placement Fee of 5% of any shortfall placed beyond the underwritten amount, excluding Eligible Shareholders applying for additional securities under the Shortfall Offer, but including any additional amount that might be placed under the Company's 7.1 and 7.1A placement capacity (if applicable).

The Underwriting Agreement is conditional upon:

- (i) the Underwriter obtaining sufficient sub-underwriting commitments for the Offer to its sole satisfaction; and
- (ii) the Underwriter not being bound to underwrite the Offer unless and until the Company lodges the Prospectus with ASIC.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (i) **(Indices fall):** the S&P ASX 200 Index is at any time after the date of agreement 7% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement;
- (A) **(Commodities):** the price of COMEX gold or NYMEX WTI crude is 7% or more below its respective level as at the close of business on the Business Day prior to the date of the Agreement;

- (ii) **(No Listing Approval):** the Company fails to lodge an Appendix 3B and an Appendix 2A in relation to the Underwritten Securities with ASX by the times required by the Listing Rules, the Corporations Act or any other regulations;
- (iii) **(No Official Quotation):** ASX has advised the Company that it will not or may not grant official quotation to the Underwritten Securities or admit the Company to trading on the ASX following completion of the Offer (including issue of the Shortfall Securities) on or prior to the date for notifying the Underwriter of the shortfall (**Shortfall Notice Deadline Date**);
- (iv) **(Price):** the Offer Price is greater than the volume weighted average price (as defined in the Listing Rules) of Shares calculated over three trading days after the date of this Agreement;
- (v) **(Supplementary prospectus):**
 - (A) the Underwriter forms the view on reasonable grounds that a Supplementary Prospectus should be lodged with ASIC for any of the reasons referred to in Section 719 of the Corporations Act and the Company fails to lodge a Supplementary Prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (B) the Company lodges a Supplementary Prospectus without the prior written agreement of the Underwriter;
- (vi) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of the rights and liabilities attaching to the Underwritten Securities;
- (vii) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (viii) **(Misleading Announcement):** it transpires that the Company has made a statement via the ASX that is misleading or deceptive or likely to mislead or deceive.
- (ix) **(Restriction on issue):** the Company is prevented from issuing the Underwritten Securities within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (x) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;

- (xi) **(ASIC application)**: an application is made by ASIC for an order under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (xii) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under Section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under Section 739 of the Corporations Act;
- (xiii) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (xiv) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the agreement has been signed involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (xv) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (xvi) **(Indictable offence)**: a director or senior manager of the Company or its subsidiaries (each, a Relevant Company) is charged with an indictable offence;
- (xvii) **(Default)**: default or breach by the Company under this Agreement of any terms, condition, covenant or undertaking;
- (xviii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company is or becomes untrue or incorrect in any material respect;
- (xix) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (xx) **(Adverse change)**: an event occurs which gives rise to a material adverse effect or any adverse change or any development including a likely material adverse effect after the date of the agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (xxi) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them;

- (xxii) **(Significant change)**: a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (xxiii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the Listing Rules and/or the Corporations Act;
- (xxiv) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (xxv) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of this Agreement;
- (xxvi) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$100,000.00 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xxvii) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced against any Relevant Company, other than any claims foreshadowed in the Prospectus;
- (xxviii) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the prior written consent of the Underwriter, such consent not to be unreasonably withheld;
- (xxix) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xxx) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (xxxi) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxxii) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus excluding the issue of any Shares upon the exercise of options issued in the Company, such options having been disclosed to the ASX as at the date of this Agreement;

- (xxxiii) **(Breach of Material Contracts)**: any of the material contracts of the Company (**Contracts**) is terminated or substantially modified;
- (xxxiv) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company; or
- (xxxv) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

11.2 Disclosing entity

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial statements of the Company for the financial year ended 30 June 2020 to the issue of this Prospectus, which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the securities market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2020, being the last financial report for a financial year of the Company lodged with the ASIC before the issue of this Prospectus;

- (ii) half-year financial report lodged with ASIC by the Company on 18 February 2020; and
- (iii) any continuous disclosure notices given by the Company after the lodgement of that annual report and the lodgement of this Prospectus.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours. The Company has lodged the following announcements with ASX since the its 2020 Annual Report:

Date	Headline
18/03/2021	Presentation - Australian Energy and Minerals conference
11/03/2021	Investor Presentation
03/03/2021	Revised 38 Mt of High Purity Silica Sand Resource
02/03/2021	38 Mt of High Purity Silica Sand Resource at Cape Flattery
18/02/2021	Half Year Accounts
09/02/2021	Cape Flattery assay results confirm high purity silica sand
29/01/2021	Quarterly Activities Report
20/01/2021	Letter to Shareholders
17/12/2020	Drilling successfully completed on Cape Flattery Project
16/12/2020	Change in substantial holding
08/12/2020	Change of Company Secretary
08/12/2020	Drilling begins on Cape Flattery Silica Sands Project
30/11/2020	Maiden Silica Sand Resource for Cape Flattery Project
26/11/2020	CCA Agreement signed for Cape Flattery Silica Sands Project
24/11/2020	Trading Halt
24/11/2020	Pause in Trading
24/11/2020	Change of Auditor
23/11/2020	Proposed issue of Securities - MLM
23/11/2020	Becoming a substantial holder
18/11/2020	Results of Meeting
18/11/2020	Chairman's Address to Shareholders
03/11/2020	MLM sells share in Weipa Bauxite Project for cash & royalties
30/10/2020	Quarterly Report and Appendix 5B
15/10/2020	Response to ASX Price Query
15/10/2020	Notice of Annual General Meeting/Proxy Form
15/10/2020	Annual Report to Shareholders
07/10/2020	Director Nominations Closing Date
15/09/2020	Project Status update
08/09/2020	Change of Director's Interest Notice
27/08/2020	Change of Director's Interest Notice
27/08/2020	Change of Director's Interest Notice

Date	Headline
19/08/2020	Full Year Statutory Accounts
05/08/2020	\$300,000 received from sale of HMS Plant and Tenement
29/07/2020	Quarterly Report and Appendix 5B
01/07/2020	\$200,000 instalment received from HMS sale

ASX maintains files containing publicly available information from all listed companies. The Company's file is available for inspection at ASX during business hours.

11.3 Market prices of existing Shares on ASX

The highest and lowest market sale price of the Company's Shares during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3 month high	3 month low	Last market sale price
Price	\$0.049	\$0.033	\$0.04
Date	2 March 2021	5 March 2021	24 March 2021

11.4 Directors' Interests in the Company

The Directors' beneficial interests in the capital of the Company at the date of this Prospectus, are as follows:

Director	Shares	Options	Entitlement - New Shares	Intentions
Mr Theo Psaros	1,000,000	3,000,000	500,000	Accept
Mr Andrew Gillies	1,200,000	3,000,000	600,000	Accept
Mr Scot Waddell	1,000,000	4,000,000	500,000	Accept

11.5 Remuneration of Directors

The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by Shareholders at a general meeting. Fees for non-executive Directors are not linked to the performance of the economic entity.

Information regarding the remuneration received by Directors for the preceding two financial years can be found in the 2020 Annual Report.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

Directors are also entitled to be reimbursed for reasonable expenses incurred by them in providing their services to the Company. Non-executive directors are entitled to payment in addition to their director's fee if they undertake work in addition to their services as non-executive director. Payment for such additional work will be at agreed market rates.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

The following table shows the annual remuneration paid to both executive and non-executive Directors inclusive of superannuation for the past financial year and the financial year ending 30 June 2020. The salary and fee amounts are not anticipated to change for the financial year ending on 30 June 2021, except that Mr Psaros became executive chairman on 21 May 2020 at a salary of \$10,000 per month until 1 February 2021, when his monthly salary was increased to \$15,000 per month due to the additional workload.

Director	Total for Financial Year ending 30 June 2020 (\$)	Superannuation	Salary and Fees	Share based payments
Mr Theo Psaros	\$77,216	-	\$74,786	\$2,430
Mr Andrew Gillies	\$49,732	\$3,814	\$43,448	\$2,430
Mr Scott Waddell	\$160,020	-	\$156,780	\$3,240

11.6 No prospective financial forecasts

The Directors have considered the matters outlined in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings, because the proposed future operations of the Company do not have an operating history from which reliable forecasts can be made. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Notwithstanding the above, this Prospectus includes, or may include, forward looking statements including, without limitation, forward looking statements regarding the Company's financial position, business strategy, and plans and objectives for its business and future operations (including development plans and objectives), which have been based on the Company's current expectations. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward looking statements. These statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements in this Prospectus might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

11.7 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the acceptance and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisors, and to ASX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there, even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person, subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

11.8 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

11.9 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

11.10 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the securities offered under this Prospectus.

11.11 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

11.12 Cleansing of Underwriter Options

Section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the *Corporations Act* to offer those securities for sale within 12 months of their issue.

Consequently, the Company offers the Underwriter Options to Mahe Capital under this Prospectus, in order to facilitate secondary trading of the Underwriter Options (if Listed) and/or Shares into which they convert upon exercise.

Only Mahe Capital (or its nominee) may accept the offer by the Company of the Underwriter Options hereunder.

11.13 Expiry Date

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

11.14 Electronic Prospectus

An electronic version of this Prospectus is available online at <https://events.miraqle.com/MLM-offer>.

The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes it is extremely unlikely that in the Offer Period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that this will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company or the Share Registry.

11.15 CHES

The Company will apply for the New Shares and New Options (including Underwriter Options) to participate in CHES, in accordance with the ASX Listing Rules and ASX Settlement Operating Rules.

The Company will not issue certificates to Shareholders with respect to the New Shares or New Options. After allotment of the New Shares, Shareholders who are issuer sponsored will be provided with an issuer sponsored statement and those who are CHES holders will receive an allotment advice.

The CHES statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful Applicant pursuant to this Prospectus. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

11.16 No other Directors' interests

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or

- (c) the Offer,

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- (d) to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

11.17 Interests of promoters and named persons

Except as disclosed in this Prospectus, no other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Colin Biggers & Paisley Lawyers (CBP) has advised the Company in relation to aspects of the Offer. CBP will receive fees of approximately \$20,000 in connection with this Prospectus.

11.18 Cash Expenses of the offer

In the event that all Entitlements are accepted, the total cash expenses of the Offer are estimated to be approximately \$450,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

Cash Item	\$
ASIC, ASX and other fees	55,000
Lead Manager Fees ¹	110,000
Underwriter Fees ¹	240,000
Legal fees, Share registry, printing and other	45,000
Total	450,000

Notes

1. See Section 11.1(a) regarding the terms and conditions of the Underwriting Agreement.

11.19 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:

- (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) was not involved in the preparation of the Prospectus or any part of it and did not authorise or cause the issue of the Prospectus;
 - (c) makes no express or implied representation or warranty in relation to the Prospectus, the Company or the Offer;
 - (d) does not make any statement in the Prospectus, nor is any statement in the Prospectus based on any statement made by the above persons; and
 - (e) to the maximum extent permitted by law, disclaims and takes no responsibility for any material in, or omission from, the Prospectus other than the reference to its name:

Name	Role
Colin Biggers & Paisley Lawyers	Lawyers
Mahe Capital	Lead Manager and Underwriter
Moore Australia	Auditor for the Company
Link Market Services Limited	Share Registry

12. Directors' Authorisation

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 25 March 2021

Signed for and on behalf of
Metallica Minerals Limited by Theo Psaros, Chairman

13. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

A\$ or \$	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time.
Acceptance	An acceptance of Entitlements.
Applicant	An Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
Application	The submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
Application Form	The form set out in your Entitlement and Acceptance Form.
Application Moneys	The aggregate amount payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY, calculated as the issue price of the New Shares multiplied by the number of New Shares applied for.
ASIC	The Australian Securities & Investments Commission.
ASX	ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
ASX Settlement	ASX Settlement Pty Ltd ACN 008 504 532.
ASX Settlement Operating Rules	The settlement rules of ASX Settlement.
Board	The board of Directors.
CHESS	The Clearing House Electronic Sub Register System, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in paperless form.
Closing Date	5.00pm AEST 20 April 2020 or an amended time as set by the Board.
Company	Metallica Minerals Limited (ACN 076 696 092).
Constitution	The constitution of the Company.
Corporations Act	The Corporations Act 2001 (Cth).
Director	A director of the Company.
Eligible Shareholder	A Shareholder on the Record Date who has a registered address in Australia or New Zealand or is a Shareholder that the Company has otherwise determined is eligible to participate.
Entitlement	The entitlement to participate in the Offer.
Entitlement and Acceptance Form	The Entitlement and Acceptance Form accompanying this Prospectus.
Existing Option	Options on issue as at the date of this Prospectus.

Ineligible Shareholder	A Shareholder (or beneficial holder of Shares) who is a Shareholder on the Record Date with a registered address outside of either Australia or New Zealand.
Listing Rules	The listing rules of ASX.
Mahe Capital	Mahe Capital Pty Ltd
Offer	The offer of New Shares (and free attaching New Options) made under this Prospectus and where appropriate, includes the Shortfall Offer.
Offer Period	The period between the date of issue of this Prospectus and Closing Date.
Offer Price	The price (issue price) of New Shares, namely \$0.03.
New Options	The Options attaching to New Shares with the terms of issue set out in Section 9.2.
New Shares	Shares offered pursuant to the Offer.
Offer Securities	New Shares and attaching New Options.
Official List	The Official List of ASX.
Option	An option to subscribe for and be issued, a Share.
Option Holders	The holders of Options.
Prospectus	This Prospectus and includes the electronic Prospectus.
Record Date	7.00pm (AEDT) on 30 March 2021.
Metallica	Metallica Minerals Limited (ACN 076 696 092).
Section	A numbered section of this Prospectus.
Securities	New Shares and/or New Options, as the context requires.
Share	A fully paid ordinary share in the Company.
Shareholder	The registered holder of Shares in the Company.
Share Registry	Link Market Services
Shortfall	Any New Shares in respect of which the Offer has not been accepted.
Shortfall Offer	The Offer of Shortfall Shares (and free attaching New Options) on the terms and conditions in Section 6.10.
Shortfall Shares	New Shares to be issued pursuant to the Shortfall Offer.
Underwriter Options	The New Options offered to the Underwriter.
US Securities Act	The US Securities Act of 1933, as amended.