



5 August 2021

Metallica signs MoU for Joint Venture on Clermont Gold Copper project

Highlights

- Metallica Minerals Limited (ASX: MLM) has signed a Memorandum of Understanding ("MoU") with Diatreme Resources (ASX: DRX) for a potential joint venture on the Clermont Gold Copper Project which comprises EPM 17968
- MLM is to undertake due diligence on the project for an exclusive period of thirty (30) days prior to a making a decision whether to invest in further exploration
- MLM can earn up to 75% of the project by way of investment of \$2,000,000 in three (3) instalments over a period of two and a half years
- The Clermont Gold Copper project contains the historic Peak Downs Copper mine and is prospective for porphyry copper mineralisation and for structurally controlled gold mineralisation
- This potential investment is consistent with MLM's corporate strategy to hold a second project whose development will not impact the progression of MLM's Cape Flattery Silica Sand project towards production.

Metallica Minerals Limited (**Metallica**, ASX: MLM) is pleased to announce it has executed a Memorandum of Understanding (MoU) for a joint venture in the Clermont Project currently held by Chalcophile Resources Pty Ltd a 100% owned subsidiary of Diatreme Resources Limited (DRX).

Metallica Executive Chairman, Theo Psaros, said "we released our corporate strategy in late 2020 with a clear focus on the development of the Cape Flattery Silica Sand Project. Our strategy included a goal to obtain a second project that could be developed after Cape Flattery. Should our due diligence on Clermont have a positive outcome, we look forward to engaging a dedicated exploration team separate to the Cape Flattery Silica Sand team to progress this JV."

The Key terms of the JV MoU are:

- MLM to conduct due diligence on the project for an exclusive period of thirty (30) days from the date the current lockdown in South-East Queensland has been lifted
- Should MLM decide to proceed with an investment in the Clermont Project, MLM will invest a minimum of \$300,000 by no later than 31 December 2021 (or later if an extension is required) and will earn a 25% interest in the project
- Should MLM commit to continue to invest in the JV, after investing a further \$700,000, MLM will hold a 51% interest in the project
- MLM will then have the right to invest a further \$1m in the JV and will then hold 75% of the project
- The JV partners will then be entitled to contribute further funding to the project in proportion to the 75% (MLM) and 25% (DRX) holdings

- MLM's 100% owned subsidiary, PGE Minerals Pty Ltd will be the entity holding an interest in the JV and when the respective JV partners hold 51% (MLM) and 49% (DRX), an Exploration Joint Venture Agreement will be negotiated
- In the event of a Decision to Mine, both companies will negotiate a formal mining joint venture agreement that deals with developing and mining the Project. A Mining JV agreement will grant Diatreme a NSR Royalty of 1% (the Royalty) for the duration of the Joint Venture and an option for PGE to buy out the Royalty at any time at Fair Market Value
- If DRX elects to contribute to development and mining after a Decision to Mine, both parties will contribute at all time to the expenses of such mining joint venture in accordance with their respective interests at the time the Decision to Mine is made.

The Clermont Project

The project comprises EPM, 17968 and consists of 80 sub-blocks, (approximately 240 km²) and is located south of the township of Clermont in Central Queensland. The project is held by Chalcophile Resources Pty Ltd, a 100% owned subsidiary of DRX and was granted in October 2015 for a period of five years. It has subsequently renewed for an additional 5 years and now expires in October 2025.

The Project area lies within the Anakie Inlier of east central Queensland Figure 1 and contains known gold and copper mineralisation and historical copper and gold mine workings. There are three main targets within the EPM (Figure 2) which MLM will assess during the due diligence phase to determine how prospective each target is and whether significant copper or gold mineralisation can be identified at the target areas which can then potentially be progressed rapidly to JORC status.

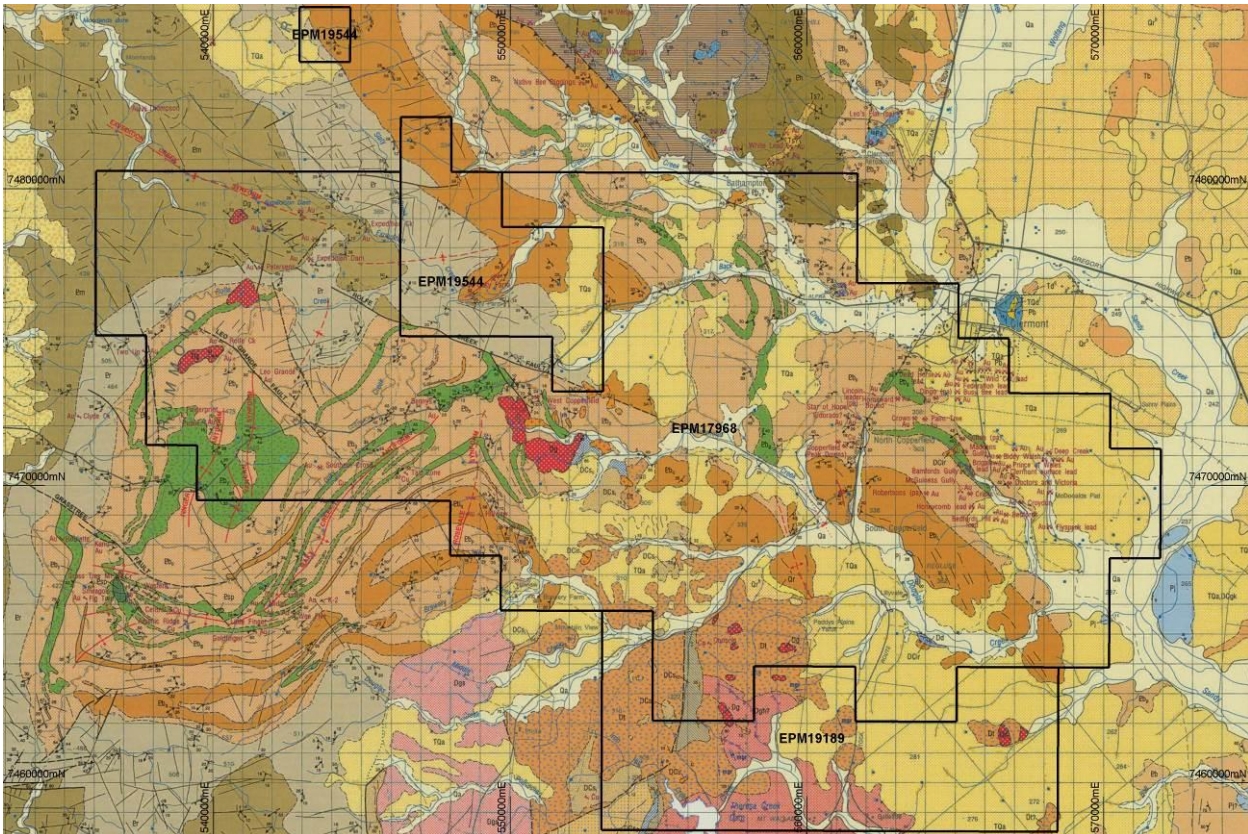


Figure 1 EPM17968 Geology

The three targets are:

- The Rosevale Porphyry Corridor (RPC) which has the potential for porphyry related copper, gold and molybdenum mineralisation (Central part of the EPM)
- Structurally controlled gold (vein) mineralisation (Western and Eastern part of EPM 17968)
- VMS related base metal mineralisation associated with the historic Peak Downs copper mine (a VMS style deposit).

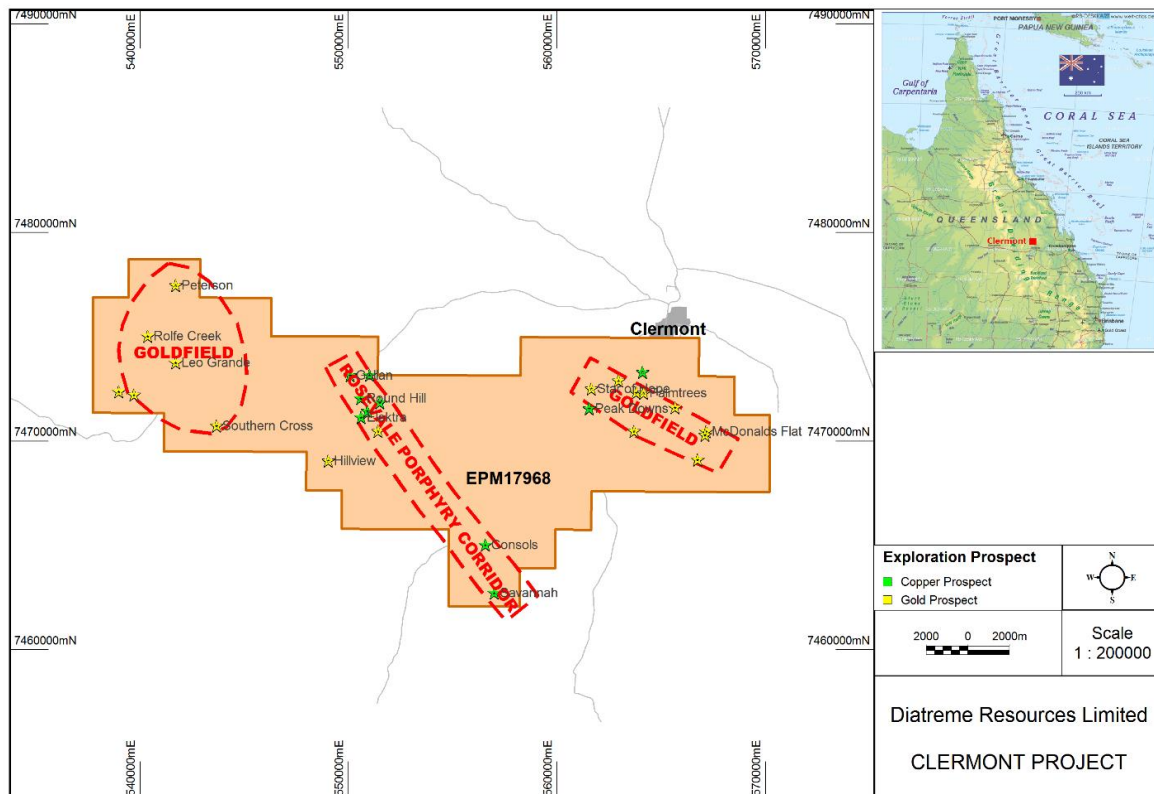


Figure 2 EPM 17968, Exploration Targets

Copper and gold mineralisation will be Metallica's primary focus for exploration within the EPM. Further information will be provided on the project once the due diligence phase has been completed.

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

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