



18 June 2024

Markets Announcement Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Release of Third Supplementary Target's Statement – REJECT the Diatreme Offer

Metallica Minerals Limited ACN 076 696 092 (ASX: MLM) (**Metallica**) has today lodged with the Australian Securities and Investments Commission and sent to Diatreme Resources Limited ACN 061 267 061 (ASX: DRX) (**Diatreme**), a copy of its third supplementary target's statement dated 18 June 2024 (**Third Supplementary Target's Statement**) in response to the off-market takeover from Diatreme.

In accordance with section 647(3)(b) of the *Corporations Act 2001* (Cth) (as inserted by ASIC Corporations (Replacement Bidder's and Target's Statements) Instrument 2023/688), a copy of the Third Supplementary Target's Statement is attached to this notice.

An electronic copy of the Third Supplementary Target's Statement and updates in relation to the Offer will be made available at <https://www.metallicaminerals.com.au/asx-announcements>. Metallica shareholders with any questions in relation to the Offer, or who wish to request a hard copy of the Target's Statement, the Supplementary Target's Statement, the Second Supplementary Target's Statement or the Third Supplementary Target's Statement, should contact admin@metallicaminerals.com.au.

Authorised for ASX release on behalf of the Board of Metallica.

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DRX has declared the takeover bid unconditional: MLM directors continue to recommend that MLM shareholders reject the Offer

Third supplementary target's statement issued by Metallica Minerals Limited ACN 076 696 092

Metallica Minerals Limited (**MLM**) provides the following update to shareholders:

- On 17 June 2024, Diatrema Resources Limited (**DRX**) declared its off-market takeover bid for all the ordinary shares in Metallica unconditional.
- On the same day, DRX disclosed voting power of 57.34% in MLM.
- **The MLM directors continue to recommend that MLM shareholders reject the Offer and reiterate the intention that each of the directors (all of whom hold Metallica Shares) intend to reject the Offer in respect of their own holding of Metallica Shares.**
- Notwithstanding the recommendation, MLM shareholders who are concerned about remaining in MLM in circumstances where it is controlled by DRX may consider it preferable to accept the DRX offer. In that regard, the board of MLM notes the following:
 - o at this stage, DRX is well short of the compulsory acquisition threshold of 90% - the board of MLM notes that the Metallica Mineral's Small Shareholder Action Group holds in excess of 13.2% and, based on discussions with certain members of the organising shareholders, are unlikely to accept the Offer in the absence of an increase in the offer consideration or some other improvement in deal terms; and
 - o in section 8.3 of DRX's bidder's statement, DRX indicated that if it gained effective control of at least 50.1% of MLM shares but was unable to proceed to compulsory acquisition it would seek to remove MLM from the official list of ASX – ASX's guidance note on the removal of entities from the official list of ASX notes that, in respect of removal following a takeover bid, it would require DRX to have acceptances under its Offer in respect of 75% of the Metallica shares on issue in order to de-list MLM.
- In light of the bid now being unconditional, the MLM board believe it unlikely that any alternative proposal will arise, given that DRX now has an attorney to exercise the right to vote attaching to the MLM shares which have accepted the Offer.
- DRX has written to MLM seeking to nominate new directors representing DRX who shall comprise a majority of the board of MLM. DRX has not disclosed the identity of the proposed nominees, nor has it proposed any protocols or other governance arrangements to deal with conflicts of interest during the period when its bid is on foot or in respect of consideration of any competing proposal.

On that basis, the board of MLM considers it unlikely that it will agree to the appointment of DRX nominees on the board, at least while the bid remains open for acceptance. Ultimately, DRX has the ability to requisition a general meeting and pass ordinary resolutions to change the composition of the MLM board, including by electing a majority of DRX nominee directors to the MLM board.

- The DRX bidder's statement included, in section 8.2.4, an intention to undertake an operations review to inform the best pathway to develop MLM's assets, including "*potential inclusion of those assets in the Cape Silica Joint Venture*" (of which Sibelco is the other joint venture participant). While MLM is listed, any such transfer would need to be approved by MLM shareholders, both as a disposal of its main undertaking and as a disposal of a substantial asset to a related party (Listing Rule 10.1), the latter of which would require the preparation of an independent expert's report and a vote of MLM shareholders (excluding DRX). Accordingly, the board of MLM considers that there is protection under the Listing Rules for MLM shareholders seeking to retain economic exposure to MLM's primary asset.

Approval of Supplementary Target's Statement

This Third Supplementary Target's Statement has been approved by a resolution passed by the Metallica Directors. All Directors voted in favour of the resolution on 18 June 2024.

important notices

This document is a supplementary target's statement dated 18 June 2024 (**Third Supplementary Target's Statement**) and is issued by Metallica Minerals Limited (ACN 076 696 092) (**Metallica**) under section 644(1) of the Corporations Act 2001 (Cth) (**Corporations Act**). This Third Supplementary Target's Statement supplements, and should be read together with, Metallica's target statement dated 24 April 2024 (**Target's Statement**), the first supplementary target's statement dated 22 May 2024 (**First Supplementary Target's Statement**) and the second supplementary target's statement dated 4 June 2024 (**Second Supplementary Target's Statement**). This Third Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement, the First Supplementary Target's Statement and the Second Supplementary Target's Statement. Unless context requires otherwise, terms defined in this Third Supplementary Target's Statement have the same meaning given in section 11 of the Target's Statement. The rules of interpretation in section 11.2 of the Target's Statement also apply to this Third Supplementary Target's Statement. A copy of this Third Supplementary Target's Statement was lodged with ASIC and given to the ASX on 18 June 2024. Neither ASIC, ASX nor any of their respective officers take any responsibility for the content of this Third Supplementary Target's Statement.