

METALLICA MINERALS LIMITED | ASX:MLM

QUARTERLY REPORT

JUNE 2024



CAPE
FLATTERY
SILICA



ASX RELEASE

30 June 2024 Quarterly Report

30 July 2024

Metallica Minerals is an Australian development company focused on delivering high purity silica sand to a diversified global customer-base.

ASX: MLM

Metallica Minerals Limited (ASX: MLM) ("Metallica", "the Company") is pleased to present its activities report for the quarterly period ended 30 June 2024.

Directors as at 30 June 2024

Theo Psaros	Executive Chairman*
Brad Sampson	Non-Executive Director
Mark Bojanjac	Non-Executive Director*

*Theo Psaros and Mark Bojanjac resigned as Directors on 8 July 2024. See ASX Announcement 9 July 2024 "*Chairman and MD Appointments at Metallica Minerals Limited*"

Directors as at 30 July 2024

Stephen Everett	Independent Non-Executive Chairman
Gregory Starr	Managing Director
Michael Chapman	Non-Executive Director
Brad Sampson	Independent Non-Executive Director

Senior Management

Scott Waddell	CFO & Company Secretary
Nicholas Villa	GM Cape Flattery Silica Sand Project
Sam Fisher	GM Commercial

CORPORATE

AS AT 30 JUNE 2024

Issued Capital

959,923,922 Ordinary Shares
33,000,000 Unlisted Options

Shareholders

1,269 shareholders
Top 20 shareholders hold 74.61%

Largest Shareholders

Diatreme Resources Limited – 59.08%
Dostal Nominees Pty Ltd – 3.06%
Rookharp Capital Pty Limited – 2.57%

Cash Balance

As at 30/06/2024, MLM's cash balance was approximately \$2.3m

Website

metallicaminerals.com.au



A short video presentation on our Cape Flattery Project is available on our website.

KEY EVENTS

1.

Draft Terms of Reference for an Environmental Impact Statement was published for public and agency comment by the Office of the Coordinator – General

2.

Board appointments on 8 July 2024 were Stephen Everett as Independent Non – Executive Chairman, Greg Starr as Managing Director and Mike Chapman as Non – Executive Director

3.

Board resignations on 8 July 2024 were Theo Psaros and Mark Bojanjac, with Brad Sampson staying as an Independent Non – Executive Director

4.

The Independent Board Committee, comprising Stephen Everett and Brad Sampson, recommended that Metallica Minerals shareholders ACCEPT the Diatreme Offer on 10 July 2024

5.

On 30 July 2024, Diatreme Resources Limited had an interest in more than 90% of the shares in Metallica Minerals

6.

\$2.3 million in cash is available at quarter end, with no debt



DEVELOPMENT & EXPLORATION

CAPE FLATTERY SILICA SANDS

MLM
Interest
100%

The Cape Flattery Silica Project is adjacent to the world class Cape Flattery Silica Sand mining and shipping operation owned by Mitsubishi.

During the June 2024 quarter, the Company suspended a number of planned project development works at Cape Flattery while the off-market Takeover Offer by Diatrema Resources Limited was progressed. Monthly water monitoring continued during this process.

Coordinated Project

On 31 May 2024, the Queensland Office of the Coordinator-General finalised the draft Terms of Reference for the Environmental Impact Statement (EIS) for the Cape Flattery Silica project.

The Draft Terms of Reference describes the scope of environmental, social and economic matters that need to be considered with an EIS to evaluate a project's potential impacts and positive contributions to Queensland.

The Draft Terms of Reference was available for public and agency comment until 8 July 2024. The Office of the Coordinator-General will consider all comments in finalising the Terms of Reference which will then be issued to the company as matters to be addressed in the EIS.

Traditional Landowner update

During the June 2024 Quarter, the Company put on hold the mediation that has been sought from the National Native Title Tribunal with the Negotiation Parties (being Dingaal and Nguurruumungu Clans, the State of Queensland and Metallica's subsidiary Cape Flattery Silica Pty Ltd). The process with the Tribunal has been suspended for the time being and all parties to the mediation have been notified.





CLERMONT

COPPER-GOLD

51% PGE Minerals Pty Ltd a 100% owned subsidiary of Metallica Minerals Limited

Diatreme Resources Limited holds 49% of the Clermont tenement

No fieldwork was completed on the Clermont tenement during the June 2024 quarter.

The next stage of exploration at the Leo Grande will comprise the drilling of two or three diamond holes to obtain core for metallurgical testwork to

determine how to extract the gold and graphite from the mineralised mylonite, which is expected to take place in the coming 12-24 months.





CORPORATE

On 16 February 2024, Diatreme Resources Limited (Diatreme) announced a Takeover Offer for Metallica Minerals see ASX Announcement "[*Conditional intention to make a takeover Offer for MLM.*](#)"

On 17 June 2024, Diatreme announced it held voting power in Metallica of 57.32% and declared their takeover offer unconditional.

On 8 July 2024, due to the change of control in the Company, Metallica appointed Mr Stephen Everett as Independent Non-Executive Chairman, Mr Gregory Starr as Managing Director and Mr Mike Chapman as Non-Executive Director. Mr Brad Sampson has remained on the board as an Independent Non-Executive Director.

Stephen Everett is a management and board professional with over 40 years' experience working with and advising boards, executive management and operating committees in the resources, construction and real estate industries.

His skills and experience enable him to increase organisation value, effectively manage risk, guide commercialisation efforts and strategise stakeholder management.

Greg Starr has a wealth of experience gained from being a public company director holding senior board positions in a number of ASX-listed companies for over 20 years.

He was involved in many M&A and debt and equity financial transactions and his skillset includes directing substantial growth, streamlining operations and significant corporate governance experience.

Mike Chapman is an experienced mining engineer with more than 40 years' experience in the development, engineering, construction and management of open-cut and underground mining projects globally, including key roles at White Energy Company (ASX:WEC) and Felix Resources. Mike is also a Non-Executive Director of Diatreme Resources Limited.

On 24 July 2024, Diatreme announced they had voting power in Metallica of over 90% and extended the Offer period until 6 August 2024.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE

The Board has established an Independent Board Committee ("IBC") of Independent Non-Executive Directors Stephen Everett and Brad Sampson. The role of the IBC during the current Diatreme takeover Offer period will be to make decisions relating to the Diatreme Offer and any matters where non independent directors are potentially conflicted.

On 10 July 2024, Metallica Minerals released the Fifth Supplementary Target's Statement. The Independent Board Committee recommended that Metallica shareholders ACCEPT the Offer.

An electronic copy of the Fifth Supplementary Target's Statement and updates in relation to the Offer is 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, the Third Supplementary Target's Statement, the Fourth Supplementary Target's Statement or the Fifth Supplementary Target's Statement, should contact admin@metallicaminerals.com.au

FINANCIAL AND CASHFLOW UPDATE FOR THE QUARTER

Attached to this report is the Appendix 5B containing the Company's cash flow statement for the June 2024 Quarter. The significant cash outflows during the quarter include \$210k in relation to expenses for exploration and evaluation that were capitalised.

These capitalised expenses included the following key activities:

- » Consultants and contractors that were engaged on completing approvals and environmental activities; and
- » Traditional landowner negotiation meetings.



Cash inflows for the quarter were \$39k which related to interest payments. Metallica ended the June 2024 quarter with \$2.3 million in cash and without any debt.

Pursuant to ASX LR4.7C.1 and as outlined in the Appendix 5B, the aggregate amount paid to related parties and their associates of \$299k represents Director fees and the Executive Chairman salary. These payments relate to the existing remuneration agreements for the Executive and Non-Executive Directors, and the establishment of the Takeover Committee.

STAY CONNECTED

We encourage Shareholders and other interested parties to sign up to our email database to receive updates direct from the Company. This can be done via the [Contact Us](#) page on our website.

INTEREST IN MINING TENEMENTS AT THE END OF THE QUARTER

This section provides information required under ASX listing rule 5.3.3 for mineral exploration entities.

State	Tenement Name	Tenement ID	Status	Location	Interest	Holder
QLD	Cape Flattery Silica	EPM 25734	Granted	Cape Flattery	100%	Cape Flattery Silica Pty Ltd
QLD	Cape Flattery Silica	ML 100284	Application	Cape Flattery	100%	Cape Flattery Silica Pty Ltd
QLD	Clermont Copper Gold	EPM 17968	Granted	Clermont	51%	PGE Minerals Pty Ltd

Table as at 31 March 2024.

This announcement has been authorised by the Board of Metallica Minerals Limited.



NOTICES

FORWARD-LOOKING STATEMENTS

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

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

ASX ANNOUNCEMENTS CITED

The following ASX Announcements are cited in this report;

1. 9 July 2024 "Chairman and MD Appointments at Metallica Minerals Limited"
2. 31 May 2024 "Draft Terms of Reference Releases for EIS"
3. 10 July 2024 MLM Independent Board Committee recommend ACCEPT DRX Offer
4. 11 July 2024 "Change in Substantial Holding 16 February 2024 "Conditional Intention to make a Takeover Offer for MLM"
5. 24 July 2024 "Diatreme obtains over 90% interest in Metallica shares"

6. 10 July 2024 "Fifth Supplementary Target's Statement ACCEPT OFFER"
7. 24 June 2024 "Fourth Supplementary Target's Statement"
8. 18 June 2024 "Third Supplementary Target's Statement REJECT Diatreme Offer"
9. 4 June 2024 "Second Supplementary Target's Statement"
10. 21 May 2024 "Supplementary Target's Statement"
11. 24 April 2024 "Target Statement REJECT the Diatreme Offer"

LISTING RULE 5.23

The Company confirms that it is not aware of any new information or data that materially affects the information included in these original market announcements and, in the case of estimates of mineral resources or ore reserves and production forecasts and forecast financial information, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Statements concerning production targets and related financial information are derived from ASX announcements 3 and 5 above.

LISTING RULE 5.19.2

The Company confirms that all material assumptions underpinning the production target and corresponding financial information continue to apply and have not materially changed.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Metallica Minerals Limited

ABN

45 076 696 092

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		0
1.2	Payments for		0
	(a) exploration & evaluation (if expensed)		-23
	(b) development		
	(c) production		
	(d) staff costs	-408	-1183
	(e) administration and corporate costs	-906	-1788
1.3	Dividends received (see note 3)		
1.4	Interest received	39	134
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	-1,275	-2,858
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	0	0
	(d) exploration & evaluation (if capitalised)	-210	-1,933
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		0
	(b) tenements		0
	(c) property, plant and equipment		0
	(d) investments		0
	(e) other non-current assets		0
2.3	Cash flows from loans to other entities		0
2.4	Dividends received (see note 3)		0
2.5	Other (provide details if material)		0
2.6	Net cash from / (used in) investing activities	-210	-1933

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	0	0

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,800	7,107
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-1,275	-2,858
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-210	-1,933
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	0

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,315	2,315

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	177	1,662
5.2	Call deposits	2,138	2,138
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,315	3,800

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1 *
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

299

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	-1,275
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-210
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	-1,485
8.4	Cash and cash equivalents at quarter end (Item 4.6)	2,315
8.5	Unused finance facilities available at quarter end (Item 7.5)	0
8.6	Total available funding (Item 8.4 + Item 8.5)	2,315
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.56

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Expenditure for Q2 2024 was higher due to takeover costs. Some of these costs will continue into Q3 2024 and then reduce significantly.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: As at 30 July 2024, Diatreme Resources Limited (Diatreme) has voting control over more than 90% of Metallica's shares. Discussions have commenced with the major shareholder on a number of matters including future funding needs of Metallica.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, based on discussions with the major shareholder and projected cash flows.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

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

30 July 2024

Date:

Authorised by: By the Board of Directors

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Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.