

# Notice of Annual General Meeting and Explanatory Memorandum

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## **Metallica Minerals Limited ACN 076 696 092**

Date of Meeting: 17 November 2022

Time of Meeting: 9:30 am (Brisbane time)

Place of Meeting: Colin Biggers & Paisley, Level 35, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser without delay.

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of **Metallica Minerals Limited ACN 076 696 092 (Metallica or Company)** will be held at Colin Biggers & Paisley Lawyers, Level 35, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000 on 17 November 2022, commencing at 9:30 am (Brisbane time).

Terms used in this Notice of Meeting are defined in section 6 of the accompanying Explanatory Memorandum.

## Agenda

### Ordinary Business

#### 1. Audited Financial Statements

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For the purposes of section 317 of the Corporations Act and for all other purposes, to receive, consider and discuss the Company's 2022 Annual Report comprising the:

- (a) financial report;
- (b) Directors' report; and
- (c) auditor's report,

for the financial year ended 30 June 2022 (**Audited Financial Statements**), which were released to the ASX on 25 August 2022.

No voting is required for this item.

#### 2. Resolution 1: Remuneration Report

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To consider and, if thought fit, pass the following advisory Resolution:

*"That the Company's remuneration report for the year ended 30 June 2022 (**Remuneration Report**) be adopted".*

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

**Voting Restriction pursuant to section 250R(4) of the Corporations Act**

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

# Notice of Annual General Meeting

- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Voting Intention of Chair**

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of this Resolution 1, subject to compliance with the Corporations Act.

### **3. Resolution 2: re-election of Stuart Bradley Sampson as a Director**

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution of the Company:

*"That, for the purposes of clause 15.4 of the Constitution and for all other purposes, Mr Stuart Bradley Sampson, a Director, retires and being eligible, is re-elected as a Director."*

### **4. Resolution 3: issue of performance rights to Related Party - Mr Theo Psaros**

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution:

*"That, for the purposes of section 195(4) and Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,500,000 Performance Rights to Mr Theo Psaros (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."*

#### **Voting exclusion statement - ASX Listing Rule 14.11**

The Company will disregard any votes cast on this Resolution by Mr Psaros, his nominee or any of his associates and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Voting Prohibition statement - section 250BD Corporations Act**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) The proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way in which the proxy is to vote on this Resolution.

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However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

### **5. Resolution 4: Issue of performance rights to Related Party - Mr Stuart Bradley Sampson**

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution:

*“That, for the purposes of section 195(4) and Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Performance Rights to Mr Stuart Bradley Sampson (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”*

#### **Voting exclusion statement - Listing Rule 14.11**

The Company will disregard any votes cast on this Resolution by Mr Sampson, his nominee or any of his associates and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Voting Prohibition statement - section 250BD Corporations Act**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) The proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way in which the proxy is to vote on this Resolution.

However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

### **6. Resolution 5: Issue of performance rights to Related Party - Mr Mark Bojanjac**

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution:

*“That, for the purposes of section 195(4) and Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Performance Rights to Mr Mark Bojanjac (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”*

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## **Voting exclusion statement - Listing Rule 14.11**

The Company will disregard any votes cast on this Resolution by Mr Bojanjac, his nominee or any of his associates and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Voting Prohibition statement - section 250BD Corporations Act**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) The proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way in which the proxy is to vote on this Resolution.

However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

## **Special Business**

### **7. Resolution 6: approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A**

To consider and, if thought fit, to pass the following resolution with or without amendment, as a Special Resolution:

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions as set out in the Explanatory Memorandum.”*

## **Voting exclusion statement**

The Company will disregard any votes cast on this Special Resolution by:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Ordinary Securities); and
- (b) an Associate of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

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- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Important Note:**

The proposed allottees of any of the 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

## General business

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To consider any other business as may be lawfully put forward in accordance with the Corporations Act and Constitution of the Company.

**By order of the Board**



Scott Waddell  
Company Secretary

11 October 2022

# Explanatory Memorandum

## Introduction

The following information is provided to Shareholders of Metallica Minerals Limited ACN 076 696 092 (**Metallica** or the **Company**) in connection with the business to be considered at the Annual General Meeting of Shareholders to be held at Colin Biggers & Paisley Lawyers, Level 35, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000 on 17 November 2022, commencing at 9:30 am (Brisbane time).

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in section 6.

## Consider the Company's Audited Financial Statements

The Company's Audited Financial Statements were released to ASX Limited on 25 August 2022.

The Audited Financial Statements are being circulated to Shareholders who have elected to receive a paper copy of the Company's Annual Report.

Shareholders who have given the Company an election to receive an electronic copy of the Audited Financial Statements will be provided with an electronic copy of the Audited Financial Statements. Shareholders from whom the Company has not received an election as to how they wish to receive the Company's Audited Financial Statements can directly access the Audited Financial Statements on the Company's website at <http://www.metallicaminerals.com.au/half-year-and-annual-reports> and by selecting the link, under Annual Reports for 2022, titled "Full-Year Statutory Accounts".

The Audited Financial Statements are placed before the Shareholders for discussion.

No voting is required for this item.

### 1. Resolution 1: adoption of Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory Resolution in accordance with section 250R of the Corporations Act.

The Remuneration Report is set out in the Directors' Report section of the Annual Report.

The Remuneration Report, amongst other things:

- explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Key Management Personnel of the Company including details of performance related remuneration and options granted as part of remuneration; and
- details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

The Board believes that the Company's remuneration arrangements, as set out in the Remuneration Report, are fair, reasonable and appropriate, support the strategic direction of the Company and align with the Shareholder's expectations.

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There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting on Resolution 1, details of which are set out in the Voting Restriction Statement included in Resolution 1 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1 subject to compliance with the Corporations Act.

## Directors' Recommendation

The Board unanimously recommends voting in favour of adopting the Remuneration Report. A vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

## 2. Resolution 2: re-election of Stuart Bradley Sampson as a Director

Brad Sampson is a Brisbane based internationally experienced business leader, Director and mining professional with more than 30 years resources industry experience. He brings significant mine development and operating experience to the Metallica Board along with listed company governance experience across multiple international jurisdictions. Brad has experienced all aspects of mining operations, having worked in leadership roles through the entire cycle of exploration, development, operations and closure.

Brad joined the board of Metallica Minerals as Non-Executive Director on 13 May 2021.

Under Article 15.4, the Company's Constitution requires an election of Directors to take place each year. The Constitution also requires that at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office, provided that no Director may hold office beyond the third annual general meeting following that Director's appointment or 3 years, whichever is longer. A retiring Director is eligible for re-election at the AGM. Listing Rules 14.4 and 14.5 contain effectively equivalent provisions.

Mr Stuart Bradley Sampson is eligible for re-election and offers himself for re-election as a Director.

## Directors' Recommendation

The Directors (with Mr Sampson abstaining) recommend voting in favour of this Ordinary Resolution.

## 3. Resolutions 3, 4 and 5: issues of Performance Rights to Directors

### 3.1 Corporations Act - Financial benefits to Related Parties

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 9,500,000 Performance Rights (**Performance Rights**) to Mr Theo Psaros (Resolution 3), Brad Sampson (Resolution 4) and Mark Bojanjac (Resolution 5) (**Related Parties**) on the terms and conditions set out below.

The proposed issue was announced on ASX on 26 August 2022.

For a public company, or an entity that the public company controls, to give a financial benefit to a Related Party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.



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The grant of the Performance Rights constitutes giving a financial benefit and Psaros, Sampson and Bojanjac are Related Parties of the Company by virtue of being Directors.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Performance Rights to the stated Related Parties.

## 3.2 Section 195(4) of the Corporations Act

Each of the Directors has a material personal interest in the outcome of Resolutions 3-5 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that those Resolutions are concerned with the issue of Performance Rights to Directors.

Section 195 of the Corporations Act provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at a Board meeting necessary to carry out the terms of these Resolutions. The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to determine.

## 3.3 ASX Listing Rules

### Listing Rule 10.11:

The Company is proposing to issue Performance Rights to Mr Theo Psaros (Resolution 3), Brad Sampson (Resolution 4) and Mark Bojanjac (Resolution 5) (**Related Parties**) on the terms and conditions set out below (the **Issues**).

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) 10.11.1 - a related party;
- (b) 10.11.2 - person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) 10.11.3 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) 10.11.4 - an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- (e) 10.11.5 - a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Issue falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's shareholders under Listing Rule 10.11.

If Resolutions 3-5 are passed, the Company will be able to proceed with the issue of Performance Rights to the Related Parties within 1 month after the date of the Meeting. In this event, by operation of Listing Rule 7.2 Exception 14, the Issue to the Related Parties will not be included in the 15% calculation of the Company's Equity Security issue capacity.

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If Resolutions 3-5 are not passed, the Company will not be able to proceed with the issue of the Performance Rights to the Related Parties and the Company will negotiate with the Related Parties concerning alternative remuneration arrangements, seeking further Shareholder approval if required.

## Information required under Listing Rule 10.13

For Shareholders to approve an issue of Equity Securities under Listing Rule 10.11, the Company must provide the following information pursuant to Listing Rule 10.13:

<b>Name of person to whom securities will be issued</b>	<b>Resolution 3</b> - Mr Theo Psaros; <b>Resolution 4</b> - Mr Stuart Bradley Sampson; and <b>Resolution 5</b> - Mr Mark Bojanjac.
<b>Which category in Listing Rules 10.11.1–10.11.5 the person falls within and why</b>	Each of Mr Psaros, Mr Stuart and Me Sampson fall under Listing Rule 10.11.1, as each is a Director.
<b>Number and class of securities to be issued</b>	<b>Resolution 3</b> - 4,500,000 Performance Rights proposed to be issued to Theo Psaros; <b>Resolution 4</b> - 2,500,000 Performance Rights proposed to be issued to Stuart Bradley Sampson; and <b>Resolution 5</b> - 2,500,000 Performance Rights proposed to be issued to Mark Bojanjac.
<b>Summary of the material terms of the securities</b>	As set out in section 3.4(d) below.
<b>Date of issue</b>	The Performance Rights will be issued within 1 month of the Meeting, if approved by Shareholders.
<b>Issue Price</b>	The Performance Rights are issued for nil consideration and therefore no capital will be raised as a result of their issue.
<b>Purpose of the issue</b>	As set out in section 3.4(j) below.
<b>Current remuneration of the related party to whom the securities will be issued</b>	As set out in section 3.4(g) below.
<b>Voting exclusion</b>	A voting exclusion statement is set out in the Notice of Meeting.

### **3.4 Shareholder approval (Chapter 2E of the Corporations Act)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the proposed grant of Performance Rights:

- (a) **(Identity of Related Parties)** the Related Parties:
- (1) **Resolution 3** - Mr Theo Psaros;
  - (2) **Resolution 4** - Mr Stuart Bradley Sampson; and
  - (3) **Resolution 5** - Mr Mark Bojanjac.

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- (b) **(Nature of financial benefits)** the maximum number of Performance Rights (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
- (i) **Resolution 3** - 4,500,000 Performance Rights proposed to be issued to Theo Psaros;
  - (ii) **Resolution 4** - 2,500,000 Performance Rights proposed to be issued to Stuart Bradley Sampson; and
  - (iii) **Resolution 5** - 2,500,000 Performance Rights proposed to be issued to Mark Bojanjac.
- (c) **(Consideration for financial benefits)** the Performance Rights will be granted for nil cash consideration and accordingly no, funds will be raised by the issue;
- (d) **(Terms and conditions of Performance Rights)** the terms and conditions of the Performance Rights are set out in Schedule 1 to this Explanatory Memorandum; the performance hurdles for vesting of the Performance Rights, are as follows:

## Resolution 3: Mr Theo Psaros:

Tranche	No. of Performance Rights	Performance Hurdle for vesting	Date for Vesting
<b>Hurdle 1:</b>	1,125,000	<ul style="list-style-type: none"> <li>(a) The VWAP of the MLM share price for the month of June 2023 (based on trading days during that month) is at least 20% higher than the VWAP of the MLM share price for the month of June 2022; and</li> <li>(b) Mr Psaros remaining employed by the Company.</li> </ul>	1 July 2023
<b>Hurdle 2:</b>	1,125,000	<ul style="list-style-type: none"> <li>(a) The Company signing a Mining Agreement* and Cultural Heritage Management Agreement** with traditional land owners in relation to the Company's Cape Flattery Silica Sands Project; and</li> <li>(b) Mr Psaros remaining employed by the Company.</li> </ul>	1 July 2023
<b>Hurdle 3:</b>	1,125,000	<ul style="list-style-type: none"> <li>(a) The Company has successfully completed the Definitive Feasibility Study for the Cape Flattery Silica Project and released the results of this study to the ASX; and</li> <li>(b) Mr Psaros remaining employed by the Company.</li> </ul>	1 July 2023
<b>Hurdle 4:</b>	1,125,000	<ul style="list-style-type: none"> <li>(a) The grant of an Environmental Authority by the Commonwealth (if applicable) and State Governments for the proposed development and mining of the Cape Flattery Silica Sands</li> </ul>	1 July 2023

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- Project and receipt of associated development approval for proposed marine infrastructure relating to the project; and
- (b) Execution of one or more MOU's or similar preliminary agreements (whether for binding offtake or not) relating to the sale of product from the project; and
  - (c) Mr Psaros remaining employed by the Company.

Note:

**\*Mining Agreement** means an agreement permitting extraction of minerals on the Project Tenements without additional approvals under Native Title or Cultural Heritage legislation.

**\*\*Cultural Heritage Management Agreement** means an agreement concerning management of Aboriginal Cultural Heritage management procedures for the project.

**Resolutions 4 and 5: Mr Stuart Bradley Sampson and Mr Mark Bojanjac** (each, "the Holder"):

Tranche	No. of Performance Rights	Performance Hurdle for vesting	Date for vesting
Hurdle 1:	625,000	<ul style="list-style-type: none"> <li>(a) The VWAP of the MLM share price for the month of June 2023 (based on trading days during that month) is at least 20% higher than the VWAP of the MLM share price for the month of June 2022; and</li> <li>(b) the Holder remaining employed by the Company.</li> </ul>	1 July 2023
Hurdle 2:	625,000	<ul style="list-style-type: none"> <li>(a) The Company signing a Mining Agreement* and Cultural Heritage Management Agreement** with traditional land owners in relation to the Company's Cape Flattery Silica Sands Project; and</li> <li>(b) the Holder remaining employed by the Company.</li> </ul>	1 July 2023
Hurdle 3:	625,000	<ul style="list-style-type: none"> <li>(a) The Company has successfully completed the Definitive Feasibility Study for the Cape Flattery Silica Project and released the results of this study to the ASX; and</li> <li>(b) the Holder remaining employed by the Company.</li> </ul>	1 July 2023

Note:

**\*Mining Agreement** means an agreement permitting extraction of minerals on the Project Tenements without additional approvals under Native Title or Cultural Heritage legislation.

**\*\*Cultural Heritage Management Agreement** means an agreement concerning management of Aboriginal Cultural Heritage management procedures for the project.

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(e) **(Value of financial benefits)** the value of the Performance Rights and the pricing methodology are set out in Schedule 2 to this Explanatory Memorandum, wherein the Performance Rights are valued as follows:

- (i) **Resolution 3** - 4,500,000 Performance Rights to Mr Theo Psaros - \$174,375;
- (ii) **Resolution 4** - 2,500,000 Performance Rights to Mr Stuart Bradley Sampson - \$95,000; and
- (iii) **Resolution 5** - 2,500,000 Performance Rights to Mr Mark Bojanjac - \$95,000.

(f) **(Relevant interests of Related Parties)** the interests of the Related Parties in Equity Securities of the Company, are set out below in the table showing Directors' interests in the securities of the Company:

Director	Shares	MLMOB Options	2022 Performance Rights <sup>1</sup>
Mr Theo Psaros	7,266,667 <sup>2</sup>	948,477	4,500,000
Mr Brad Sampson	441,183	Nil	2,500,000
Mr Mark Bojanjac	176,667	Nil	2,500,000

**Note 1:** Assumes Resolutions 3, 4 and 5 are approved by Shareholders.

**Note 2:** 3,000,000 shares are held in escrow until 23 December 2022.

(g) **(Remuneration of Related Parties)** the following table shows the annual remuneration paid to Directors inclusive of superannuation for the past financial year and the financial year ending 30 June 2022.

Director	Cash Salary and Fees	Superannuation	Share based payments
Theo Psaros	\$215,455	\$17,046	\$103,766
Brad Sampson	\$53,958	\$5,396	\$8,005
Mark Bojanjac	53,335	Nil	\$8,005

(h) **(Dilutionary effect of financial benefits)** if the Performance Rights granted to the Related Parties convert to Shares under their terms of issue, a total of 9,500,000 Shares would be issued. This will increase the number of Shares on issue from 670,699,701 to 680,199,701 (assuming that no other securities are exercised or other Shares are issued), with the effect that the shareholding of existing Shareholders (other than the Related Parties concerned) would be diluted by an aggregate of 1.42%, comprising 0.67% by Mr Psaros, 0.37% by Mr Bojanjac and 0.37% by Mr Sampson;

(i) **(Price of Securities)** the closing price trading history of the Shares on ASX in the 3 months prior to 10 October 2022 is set out below:

	Price	Date
Highest	4.95 cents	21 & 22 Sept 2022
Lowest	2.40 cents	12 July 2022
Last	4.60 cents	7 October 2022

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- (j) **(Purpose of financial benefits)** the primary purpose of the grant of the Performance Rights to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors; since the Issues are at nil consideration, no funds will be raised as a result of the Issues;
- (k) **(Opportunity costs and accounting treatment)** it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights upon the terms proposed. The Performance Rights granted to the Related Parties have been valued at \$364,375 in aggregate (see Schedule 2), which will be expensed in the Company's Accounts over the period of the Performance Rights;
- (l) **(Reasons for voting in favour of the Resolutions)** the Directors, with:
  - (i) Mr Psaros abstaining in relation to Resolution 3 due to his material personal interest in the outcome of Resolution 3;
  - (ii) Mr Sampson abstaining in relation to Resolution 4 due to his material personal interest in the outcome of Resolution 4; and
  - (iii) Mr Bojanjac abstaining in relation to Resolution 5 due to his material personal interest in the outcome of Resolution 5,

recommend that Shareholders vote in favour of Resolutions 3, 4 and 5 for the following reasons:

- (i) the Company is currently in the development and exploration phase of its growth, which means that it is not generating revenues or profits, and does not anticipate doing so in the near term. As a result, the Company's sources of funding are limited and it therefore needs to closely monitor its cash reserves and mitigate cash expenditure. Accordingly, the Company considers that a more appropriate way to remunerate its Directors is through equity-based incentives, such as the Performance Rights;
  - (ii) the grant of Performance Rights to the Related Parties will align the interests of the Related Parties with those of other Shareholders;
  - (iii) vesting conditions are an appropriate indicator for Director performance at its current stage of growth; and
  - (iv) as stated above, it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights;
- (m) **(Reasons for voting against the Resolutions)** the Company considers that the following are reasons why Shareholders may vote against Resolutions 3-5:
    - (i) if the Performance Rights vest and are exercised, Shares will be issued to the Directors which will dilute and reduce the voting power of Shareholders (by a maximum of 1.4%); see sub-section (h) for further information on the maximum dilution of Shareholders' interests resulting from the Performance Rights being exercised into Shares;
    - (ii) using the valuation in Schedule 2, the grant of the Performance Rights will increase the total remuneration being paid to the Directors (by \$364,375 in aggregate), which Shareholders may not agree with; see section (g) for further information on the remuneration of Directors;
    - (iii) the grant of the Performance Rights will require the Company to recognise their value as an expense on the Company's statement of financial performance, which in turn will increase the size of anticipated losses; see sub-section (k) for further information on the accounting treatment of the Performance Rights;

# Explanatory Memorandum

- (iv) if the Performance Rights vest and are exercised, the additional number of Shares on issue will necessarily cause the value of a Share to reduce, which in turn may be reflected by a fall in the Share price on ASX; and
  - (v) even if the vesting conditions for the Performance Rights are achieved, there is no guarantee that the Share price will retain its value for long or at all. Therefore, the Performance Rights may vest and be converted into Shares, but the benefit to Shareholders who retain their Shares may not be realised if the Share price subsequently falls.
- (n) **(Other information)**
- (i) In forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Performance Rights to be granted as well as the performance hurdles and expiry date of those Performance Rights.
  - (i) The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to approve Resolutions 3, 4 and 5.

## **4. Resolution 6: approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period**

### **4.1 Introduction**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 6 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If Resolution 6 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further shareholder approval.

If Resolution 6 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities to issue equity securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1."

This Resolution is a Special Resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of this Resolution for it to be passed.

# Explanatory Memorandum

## 4.2 Requirements under Listing Rule 7.1A

### (a) General

#### (i) Eligibility

An entity is eligible to undertake an Additional 10% Issue if at the time of its AGM it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

As required by the Listing Rules, the Company's market capitalisation will be based on the closing price on the Trading Day before the AGM, and will be released by the Company to the ASX at that time. The calculation of market capitalisation will be based on the Closing Price of the Shares in the main class of Shares of the Company, on the last Trading Day on which trades in the Shares were recorded before the date of the AGM, multiplied by the number of Shares on issue (in that main class, but excluding restricted securities and securities quoted on a deferred settlement basis).

As at the time of the issue of this Notice, the Company has a market capitalisation of less than \$300 million and is not included in the S&P/ASX300 Index.

The Company is therefore an Eligible Entity and able to undertake an Additional 10% Issue under Listing Rule 7.1A.

### (b) Mandate Period – Listing Rule 7.1A.1

Shareholder approval of the Additional 10% Issue under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained;
- (ii) the time and date of the Company's next Annual General Meeting; and
- (iii) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(Mandate Period) or such longer period if allowed by ASX.

### (c) Calculation for Additional 10% Issue – Listing Rule 7.1A.2

Listing Rule 7.1A.2 provides that in addition to issues under Listing Rule 7.1, an eligible entity which has obtained a 7.1A mandate may, during the period of the mandate, issue or agree to issue a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** has the same meaning as in Listing Rule 7.1.

**D** is 10%.

**E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4.



# Explanatory Memorandum

## **Listing Rule 7.1A.3**

### **(i) Shares**

Any Equity Securities issued under the Additional 10% Issue must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of the Notice of Meeting, the Company has 670,699,701 quoted Shares on issue, and 19,000,000 Options and Performance Rights which are not quoted (**Unlisted Options**), plus 179,630,577 quoted options (**Listed Options**). The Company is only seeking approval to issue ordinary Shares (and no other class of Equity Securities) under the Additional 10% Issue.

### **(ii) Minimum Issue Price**

The issue price for the 10% Securities issued under Listing Rule 7.1A must be for cash at not less than 75% of the VWAP of Shares in the same class calculated over the 15 Trading Days immediately before:

- (A) the date on which the price at which the 10% Securities are to be issued is agreed; or
- (B) if the 10% Securities are not issued within 10 Trading Days of the date in paragraph (A) above, the date on which the 10% Securities are issued.

As required by the Listing Rules, the Company's market capitalisation based on the closing price on the Trading Day before the Annual General Meeting will be released by the Company to the ASX at that time.

## **(d) Information to be given to ASX – Listing Rule 7.1A.4**

If Resolution 6 is passed and the Company issues any 10% Securities under Listing Rule 7.1A, the Company will give to ASX:

- (i) a list of allottees of the 10% Securities and the number of 10% Securities allotted to each (this list will not be released to the market); and
- (ii) state in its announcement of the issue or in its application for quotation of the 10% Securities that they are being issued under Listing Rule 7.1A.

## **(e) Listing Rule 7.1 and 7.1A**

The ability of an entity to issue Shares under Listing Rule 7.1A is in addition to the entity's 15% Issue Capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 670,699,701 Shares, and, subject to Resolution 6 being passed, will have the capacity to issue:

- (i) 100,604,955 Shares under Listing Rule 7.1; and
- (ii) 67,069,970 Shares under Listing Rule 7.1A.

The actual number of Shares that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula prescribed in Listing Rule 7.1A.2 (as above).

# Explanatory Memorandum

## 4.3 Specific Information required by Listing Rule 7.3A

### (a) Period for which the approval is valid – Listing Rule 7.3A.1

As required by Listing Rule 7.3A.1, the Company will only issue and allot the 10% Securities during the Mandate Period set out in Section 4.2(b) above.

### (b) Minimum Price of Securities issued under Listing Rule 7.1A – Listing Rule 7.3A.2

Pursuant to and in accordance with Listing Rule 7.3A.1, the 10% Securities issued pursuant to approval under Listing Rule 7.1A must be not less than 75% of the VWAP for the Company's Shares over the 15 Trading Days immediately before:

- (i) the date on which the price at which the 10% Securities are to be issued is agreed; or
- (ii) if the 10% Securities are not issued within 10 Trading Days of the date in paragraph (1) above, the date on which the 10% Securities are issued.

The Company intends to issue the 10% Securities in accordance with Listing Rule 7.1A and will disclose to the ASX the Issue Price on the date of issue of the 10% Securities

### (c) Risk of economic and voting dilution – Listing Rule 7.3A.4

As provided by Listing Rule 7.3A.2, if the Additional 10% Issue is passed by Shareholders and the Company issues the 10% Securities, there is a risk of economic and voting dilution to the existing ordinary Security Holders of the Company. The Company currently has on issue 670,699,701 Shares. Upon the approval of the Additional 10% Issue, the Company will have authority to issue an additional 67,069,970 Shares (the exact number of additional Shares to be issued under the Additional 10% Issue will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 and set out above). Any issue of 10% Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- (i) the Market Price for the Company's Shares may be significantly lower on the date of the Issue than it is on the date of the AGM; and
- (ii) the 10% Securities may be issued at a price that is at a discount to the Market Price for the Company's Shares on the issue date,

which may have an effect on the amount of funds raised by the issue of the 10% Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the economic and voting dilution effect, in circumstances where the issued capital has doubled and the Market Price of the Shares has halved. Table 1 also shows additional scenarios in which the number of issued capital has increased (by both 50% and 100%) and the Market Price of the Shares has decreased by 50 and increased by 100%.

# Explanatory Memorandum

Table 1

Issued Capital (Variable A)	50% decrease in Market Price \$0.023		Market Price (7 Oct 2022) \$0.046		100% increase in Market Price \$0.092	
	10 % Voting Dilution (Shares)	Capital Raised	10 % Voting Dilution (Shares)	Capital Raised	10 % Voting Dilution (Shares)	Capital Raised
<b>Present Issued Capital</b> 670,699,701 Shares	67,069,970	\$1,542,609	67,069,970	\$3,085,219	67,069,970	\$6,170,437
<b>50% Increase in Capital</b> 1,006,049,552 Shares	100,604,955	\$2,313,914	100,604,955	\$4,627,828	100,604,955	\$9,255,656
<b>100% Increase in Capital</b> 1,341,399,402 shares	134,139,940	\$3,085,219	134,139,940	\$6,170,437	134,139,940	\$12,340,874

## Assumptions and explanations

- The Market Price is 4.6 cents based on the closing price of the Shares on ASX on 7 October 2022.
- The above table only shows the dilutionary effect based on the Additional 10% Issue and does not consider the 15% Issue Capacity under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the fully paid issued share capital at the time of issue.
- The Company issues the maximum number of 10% Securities available to it under the Additional 10% Issue.
- The Issued Capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 7 October 2022.
- The issue price of the 10% Securities used in the table does not take into account the discount to the Market Price (if any).

### (a) Purpose – Listing Rule 7.3A.3

As noted above, the purpose for which the 10% Securities may be issued include to raise funds for the Company (further details of which are set out below). Funds raised from the issue of 10% Securities are intended to be used to fund the Company's Silica Sands and other projects and for working capital.

### (b) Company's Allocation Policy – Listing Rule 7.3A.5

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of 10% Securities pursuant to the Additional 10% Issue. The identity of the allottees of Shares will be determined on a case-by-case basis having regard to the factor including but not limited to the following:

# Explanatory Memorandum

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing Shareholders can participate;
- (ii) the effect of the issue of the 10% Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees of the 10% Securities under the Additional 10% Issue have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new Shareholders who are not Related Parties or Associates of a Related Party of the Company.

(c) **Details of all equity securities issued where previously obtained Shareholder approval under listing rule 7.1A – Listing Rule 7.3A.6 (a)**

The Company obtained Shareholder approval under Listing Rule 7.1A at the Annual General Meeting held on 17 November 2021. No Shares have been issued since that approval under listing rule 7.1A and the date of this Notice.

(d) **Voting Exclusion Statement**

A voting exclusion statement is included in this Notice. At the date of the Notice, the proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

# Explanatory Memorandum

## 5. Notes

### Chair voting intentions

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions, subject to compliance with the Corporations Act.

### Voting Entitlement

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 8 pm (Brisbane time) on 15 November 2022. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

### Proxy, representative and voting entitlement instructions

#### Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the Corporations Act.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **lodged by** any of the following methods:

#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

#### BY MAIL

Metallica Minerals Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia

#### BY FAX

+61 2 9287 0309

#### BY HAND

Deliver it to Link Market Services Limited during business hours (Monday to Friday, 9:00am-5:00pm):  
Level 12  
680 George Street  
Sydney NSW 2000

# Explanatory Memorandum

Your completed proxy form (and any necessary supporting documentation) must be lodged online or received by Link Market Services no later than 11.30 am (Brisbane time) 15 November 2022 being 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this notice.

## **Signing instructions**

You must sign the proxy form as follows in the spaces provided:

Individual:                      Where the holding is in one name, the holder must sign.

Joint Holding:                 Where the holding is in more than one name, any one of the security holders may sign.

Power of Attorney:         To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies:                    Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.

# Explanatory Memorandum

## 6. Glossary

The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

**10% Securities** means Equity Securities issued pursuant to Listing Rule 7.1A.

**AGM** means annual general meeting;

**Annual Report** means the Company's annual report for the financial year ending 30 June 2022, including the Audited Financial Statements;

**ASIC** means the Australian Securities & Investments Commission;

**Associate** has the meaning given in the Corporations Act;

**ASX** means the ASX Limited;

**Audited Financial Statements** has the meaning given in item 1 of the Notice of Meeting;

**Chair** means the chairperson of the Meeting;

**Closely Related Party** (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of the definition of closely related party;

**Company** means Metallica Minerals Limited ACN 076 696 092 (ASX: MLM);

**Constitution** means the constitution of the Company from time to time;

**Corporations Act** means the *Corporations Act 2001* (Cth);

**Directors or Board** means the board of directors of the Company from time to time;

**Eligible Entity** has the meaning given to that term in the Listing Rules;

**Equity Securities** has the meaning given in the Listing Rules;

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice;

**Key Management Personnel** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;

**Listing Rules** means the official listing rules of the ASX as amended from time to time;

**Market Price** has the meaning given to that term in the Listing Rules;

**Meeting** means the Annual General Meeting to be held on 17 November 2022 as convened by the accompanying Notice of Meeting;

# Explanatory Memorandum

**Notice of Meeting** or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum;

**Ordinary Resolution** means a resolution passed by more than 50% of the votes at a general meeting of shareholders;

**Ordinary Securities** has the meaning given to that term in the Listing Rules;

**Resolutions** means the resolutions set out in the Notice of Meeting;

**Security** has the meaning given in the Listing Rules;

**Security Holder** means a holder of a Security of the Company;

**Shares** means fully paid ordinary shares in the Company from time to time;

**Shareholder** means a shareholder of the Company;

**Special Resolution** means a resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

**Trading Day** has the meaning given to that term in the Listing Rules.

**VWAP** means the volume weighted average price of securities traded on the ASX market and the Chi-X market over a given period (subject to limitations under the Listing Rules).

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Any inquiries in relation to the resolutions or the Explanatory Memorandum should be directed to:  
Company Secretary, Scott Waddell Ph: 07 3249 3000



# Explanatory Memorandum

## Schedule 1- Terms and conditions of the Performance Rights

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The following terms and conditions apply to the Performance Rights:

### 1.1 Definitions

In this Schedule, unless the context otherwise requires:

**Group** means the Company and all of its related bodies corporate (as that term is defined in the Corporations Act).

**JORC (Code)** means the 2012 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves.

### 1.2 Milestones

The Performance Rights convert in discrete, equal tranches (as set out in the Explanatory Memorandum) into Shares on achievement of each of the stipulated performance hurdle (**Hurdles**).

### 1.3 Vesting

The Performance Rights for a Tranche will vest and convert into Shares on the date the Hurdles for that Tranche are satisfied, provided that occurs before the Expiry Date.

### 1.4 Conversion

Upon vesting, each Performance Right will convert into one Share.

### 1.5 Expiry

Any Performance Right that has not vested within 13 months of the date of this Meeting (**Expiry Date**) will automatically lapse.

### 1.6 Participation in entitlements and bonus issues

Holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

### 1.7 Adjustment for bonus issue

If securities are issued pro rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Performance Rights to which holders of Performance Rights are entitled will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the Listing Rules at the time of the bonus issue.

### 1.8 Reorganisation of capital

In the event that the issued capital of the Company is reconstructed, all the holder's rights as a holder of Performance Rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the holder's economic and other rights are not diminished or terminated.

### 1.9 Dividend and voting rights

The Performance Rights do not confer on the holder an entitlement to vote or receive dividends.

# Explanatory Memorandum

## 1.10 Change in control

Upon:

- (a) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
  - (i) having received acceptances for not less than 50.1% of the Company's shares on issue; and
  - (ii) having been declared unconditional by the bidder; or
- (b) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies, then, to the extent Performance Rights have not converted into Shares due to satisfaction of a Milestone, Performance Rights on issue will automatically convert to that number of Shares which when issued together with all Shares issued under any other class of Performance Rights then on issue in the Company, is equal to the lesser of one Share per Performance Right and 10% of the total Shares on issue at that time. Performance Rights that are not converted into Shares will continue to be held by the holder on the same terms and conditions.

## 1.11 Issue of Shares

Shares to which the holder is entitled on vesting of the Performance Right will be issued to the holder as soon as practicable after the Vesting Date. All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

## 1.12 Quotation

The Company will not apply for quotation of the Performance Rights on the ASX. The Company will apply for the Shares to be quoted on the ASX in accordance with the Listing Rules.

## 1.13 Cleansing statement or prospectus

The Company will issue, where required to enable Shares issued on exercise of Performance Rights to be freely tradeable on the ASX, a cleansing statement under section 708A(5) of the Corporations Act at the time Shares are issued. Where a cleansing statement is required, but cannot be issued, the Company will have a prospectus available in relation to the Shares which complies with the requirements of the Corporations Act.

# Explanatory Memorandum

## Schedule 2- Valuation of Performance Rights

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**METALLICA MINERALS LIMITED**  
ACN 076 696 092

## LODGE YOUR VOTE

**ONLINE**  
<https://investorcentre.linkgroup.com>

**BY MAIL**  
Metallica Mineral Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**BY FAX**  
+61 2 9287 0309

**BY HAND**  
Link Market Services Limited  
Parramatta Square, Level 22, Tower 6,  
10 Darcy Street, Parramatta NSW 2150

**ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



**X99999999999**

## PROXY FORM

I/We being a member(s) of Metallica Minerals Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

**the Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

**STEP 1**

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **9:30am (Brisbane Time) on Thursday, 17 November 2022 at Colin Biggers & Paisley, Level 35, 1 Eagle Street, Brisbane Qld 4000** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 3, 4, 5 & 6:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, 3, 4, 5 & 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of all Resolutions.**

### VOTING DIRECTIONS

**Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.**

**Please read the voting instructions overleaf before marking any boxes with an .**

**STEP 2**

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Issue of performance rights to Related Party - Mr Mark Bojanjac	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Stuart Bradley Sampson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of performance rights to Related Party - Mr Theo Psaros	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Issue of performance rights to Related Party - Mr Stuart Bradley Sampson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**MLM PRX2103C**



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:30am (Brisbane Time) on Tuesday, 15 November 2022**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

<https://investorcentre.linkgroup.com>

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### BY MAIL

Metallica Minerals Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
Parramatta Square  
Level 22, Tower 6  
10 Darcy Street  
Parramatta NSW 2150

\*during business hours Monday to Friday (9:00am - 5:00pm) and subject to any public health orders and restrictions

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

Reference: V100104  
Contact: Ian Wood



15 September 2022

Mr Scott Waddell  
Metallica Minerals Ltd  
Level 1, North Tower  
527 Gregory Terrace  
Fortitude Valley QLD 4006  
[swaddell@metallicaminerals.com.au](mailto:swaddell@metallicaminerals.com.au)

## PERFORMANCE RIGHTS VALUATION

You have requested us to provide an independent valuation of performance rights to be issued to directors for the purpose of disclosing expenses in the company's financial statements and presentation at an Annual General Meeting.

The valuation of the performance rights issued is attached in Appendix 1.

## SHARE BASED PAYMENTS

AASB 2 Share Based Payment requires that reporting entities must recognise services acquired in a share-based payment transaction as the services are received. The issue of performance rights is in return for employment services provided to the company, therefore the value of these services is to be recognised.

The value of the services acquired by the company is to be measured at the fair value of the equity instruments granted, where the fair value of the services provided cannot be estimated reliably. As the issue of performance rights is in consideration of future services, the fair value of the services cannot be reliably measured. As such, the value of the performance rights to be issued needs to be used as the reliable measurement of the services provided.

As the performance rights will not be listed on the ASX and will not be tradable, the market value of the performance rights cannot be readily determined from any sales data. Therefore, a pricing model is necessary to provide a value for the rights issued.

The performance rights do not have any voting rights, rights to dividends, rights to capital and have no entitlement to participate in new issues offered to ordinary shareholders of the company.

As the performance rights convert to ordinary shares, they can be treated like an option with no exercise price. As such, an option valuation model is appropriate to value the performance rights issued.

## OPTION VALUATION MODEL

The options valuation model to be adopted has to provide a valuation of the performance rights to be issued in accordance with AASB 2. Namely the model has to take into account the following factors:

- The Exercise Price (X)
- The share price at the time of issue (S)
- The expected life of the options (T)
- The share's expected volatility ( $\sigma$ )
- Expected dividends (D)
- The expected risk-free interest rate (rf)

## EXERCISE PRICE

The exercise price is set in accordance with the terms and conditions of the performance rights to be issued to directors. The exercise price of the performance rights has been set at \$0.00 per right. As the exercise price has presently not been altered, and there is no intention that it be altered, no adjustment to the exercise price is to be made.

## SHARE PRICE AT THE TIME OF ISSUE

The time of issue is the day on which the performance rights are granted. Grant date is defined in AASB 2 as being the date on which the company and the recipient agree to the terms of the rights. If the grant of performance rights is subject to shareholder approval the grant date is the date on which the approval is obtained.

The performance rights in question have a proposed grant date of 15 November 2022, which is the expected date of shareholder approval at the Annual General Meeting. As the grant date of the performance rights is in the future, the share price at the time of issue has been estimated as the share price on 14 September 2022. This share price was \$0.041.

## EXPECTED LIFE OF THE PERFORMANCE RIGHTS

The expected life of the performance rights will be taken to be the full period of time from grant date to expiry date. While there may be an adjustment made to take into account any expected early exercise of the rights or any variation of the expiry date by the company, there is no past history that either of these factors would warrant an earlier exercise of the performance rights, and no other factors which would indicate that this would be a likely occurrence.

Therefore, no adjustment to the expected life of the performance rights has been made.

## SHARE PRICE VOLATILITY

The company has a long history of share transactions by which to gauge the company's share price volatility, and this data provides some indication of the expected future volatility of the company's share price. The share price volatility over the last 12 months was 79.823%. Due to the company's historical share price movements, and the relative percentage of each movement against the share price, it is expected that this volatility will not change significantly over the life of the performance rights.

Therefore a volatility of 79.823% has been used as the expected future share price volatility over the life of the rights.

### **EXPECTED DIVIDENDS**

The company has not declared dividends in the past and does not expect to declare dividends in the future. As a result, no adjustment has been made to the pricing of the performance rights to take into account payment of dividends, to reflect the expectation that dividends are not expected to be declared over the period of the life of the rights.

### **RISK FREE RATE**

The risk free rate is the implied yield at the date the performance rights were issued on zero-coupon national government bonds with a remaining life equal to the life of the rights.

The interest rates were taken from historical data available from the Reserve Bank of Australia for 2 year Treasury Bonds.

### **NUMBER OF PERFORMANCE RIGHTS ON ISSUE**

AASB 2 requires that where the grant (or vesting) of an equity instrument is conditional upon satisfying specified vesting conditions (except market conditions), those vesting conditions are not taken into account when calculating the fair value of the performance rights at the grant, or issue, date. Instead, the number of rights included in the measurement is adjusted to reflect the likelihood of those vesting conditions being met. The amount treated as remuneration is based on the number of rights that are expected to vest.

As a result, in accordance with AASB 2, the number of shares to be vested must be adjusted to take into account any expected forfeitures.

As discussed with management, there is no historical data on the likelihood of meeting the performance criteria for Hurdles 2 to 4 (signing mining agreement, complete DFS, and personal performance). The current expectation of management is that directors will meet the performance requirements, as they will wish to have 100% of their performance rights issued to them. As such, there has been no adjustment to the number of performance rights included in the calculation of the amount to be expensed in the financial statements.

As the vesting conditions for Hurdle 1 attaching to the performance rights are market conditions (i.e. the Volume Weight Average Price for the month of June 2023 must be at least 20% higher than the VWAP for the month of June 2022 i.e. \$0.031) this is taken into account when estimating the value of the rights, rather than the number of rights which are to be expensed by the company. As such, there has been no adjustment to the number of performance rights included in the calculation of the amount to be expensed in the financial statements.

This position needs to be regularly reviewed, as any directors who cease employment prior to 100% of their rights vesting, will result in the expense in the financial statements having to be adjusted.

The total number of performance rights offered to directors is 18,000,000 rights.



## **BLACK-SCHOLES VS BINOMIAL MODEL VS MONTE CARLO SIMULATION**

Our engagement is to provide a valuation of performance rights for the purposes of disclosing expenses in the financial statements in accordance with AASB 2 Share Based Payment. Upon reviewing the factors to be taken into account and the variables to be calculated, it is considered that both the Black-Scholes and binomial model are relevant to calculating the value of the performance rights issued to directors for the rights with Hurdles 2 to 4. The Binomial method allows for significant customisation of the calculation process, particularly to take into account the payment of dividends. However, as the company does not pay dividends, both models provide similar valuations. Both calculations are provided for comparison.

The performance rights with Hurdle 1 have a vesting condition that the Volume Weight Average Price for the month of June 2023 must be at least 20% higher than the VWAP for the month of June 2022 i.e. \$0.031. As this is a market condition, the vesting condition is to be taken into account when calculating the value of the rights.

Upon reviewing the factors to be taken into account and the variables to be calculated, it is considered that a Monte Carlo Simulation is the most relevant methodology to calculating the value of the rights with the VWAP vesting condition.

Both Black-Scholes and Binomial model calculations are provided for comparison.

## **DISCLAIMER**

This report has been prepared from information provided by the directors of Metallica Minerals Ltd, and from other information available to the public. Whilst Value Logic Pty Ltd has taken proper care in assessing the completeness and accuracy of this information, it has not conducted an audit of the information or of the business. Value Logic Pty Ltd's report should not therefore be construed as an auditor's opinion.

Value Logic Pty Ltd does not hold an Australian Financial Services Licence. This report is not intended to influence a person in making a decision in relation to a particular financial product.

## **CONCLUSION**

Upon taking into account the above factors, the Black-Scholes and Binomial model calculations provided valuations for the performance rights to be issued by the company with Hurdles 2 to 4. These valuations were checked and considered reasonable when taking into account the various influencing factors, such as time to expiry and company share price volatility.

Upon taking into account the above factors, the Monte Carlo Simulation calculations provided the most appropriate valuations for the performance rights to be issued by the company with the VWAP vesting condition (Hurdle 1). These valuations were checked and considered reasonable when taking into account the various influencing factors, such as time to expiry, company share price volatility and vesting conditions attaching to the performance rights.

Should you have any queries, please do not hesitate to contact the writer.

Yours Sincerely



**Value Logic Pty Ltd**  
Encl.

**Name of Valuer:** Ian Wood

**Name of Firm:** Value Logic Pty Ltd

**Professional Qualifications:** B. Bus (Acc), LLB., CA, certificate of public practice holder with CAANZ

**Statement of experience:** Over 20 years working in public practice, valuing options, convertible notes and performance rights issued by companies and valued for the purposes of AASB 2 and ITAA 1997 and ITAA 1936.

**Statement of independence:** This valuation has been prepared with regard to the standards provided under APES 225 Valuation Services. The opinion provided is an independent opinion of value and in providing my opinion I do not consider that I have been influenced by any factors that would cause my independence to be influenced or compromised. Fees charged for this valuation have been calculated on the basis of time, work and professional expertise required to provide this opinion. They have not been calculated on, or were contingent upon, in any way, the outcome of the opinion provided.

APPENDIX 1

**Metallica Minerals Limited**  
**Valuation of Performance Rights Issued**



Series	Executive Director - Hurdle 1	Executive Director - Hurdles 2-4	Non-Executive Directors - Hurdle 1	Non-Executive Directors - Hurdle 2-3	Total
No of options	1,125,000	3,375,000	1,666,667	3,333,333	
Issue Date	15 November 2022	15 November 2022	15 November 2022	15 November 2022	
Vesting Date	25 July 2023	25 July 2023	25 July 2023	25 July 2023	
Expiry Date	23 August 2023	23 August 2023	23 August 2023	23 August 2023	
Share Price (S)	\$0.041	\$0.041	\$0.041	\$0.041	
Exercise Price (X)	\$0.000	\$0.000	\$0.000	\$0.000	
Time to Expiry (T)	0.77	0.77	0.77	0.77	
Risk Free Rate (Rf)	3.03%	3.03%	3.03%	3.03%	
Dividend Yield (D)	0.00%	0.00%	0.00%	0.00%	
Volatility ( $\sigma$ )	79.823%	79.823%	79.823%	79.823%	
Black-Scholes Value	\$0.041	\$0.041	\$0.041	\$0.041	
Binomial Model Value	\$0.041	\$0.041	\$0.041	\$0.041	
Monte Carlo Value	\$0.032		\$0.032		
<b>Total Value</b>	<b>\$36,000</b>	<b>\$138,375</b>	<b>\$53,333</b>	<b>\$136,667</b>	<b>\$364,375</b>
<b>Accounting allocation</b>					
30 June 2023	\$32,429	\$124,647	\$48,042	\$123,108	\$328,227
30 June 2024	\$3,571	\$13,728	\$5,291	\$13,558	\$36,148
<b>Total Allocation</b>	<b>\$36,000</b>	<b>\$138,375</b>	<b>\$53,333</b>	<b>\$136,667</b>	<b>\$364,375</b>