ANNUAL
REPORT

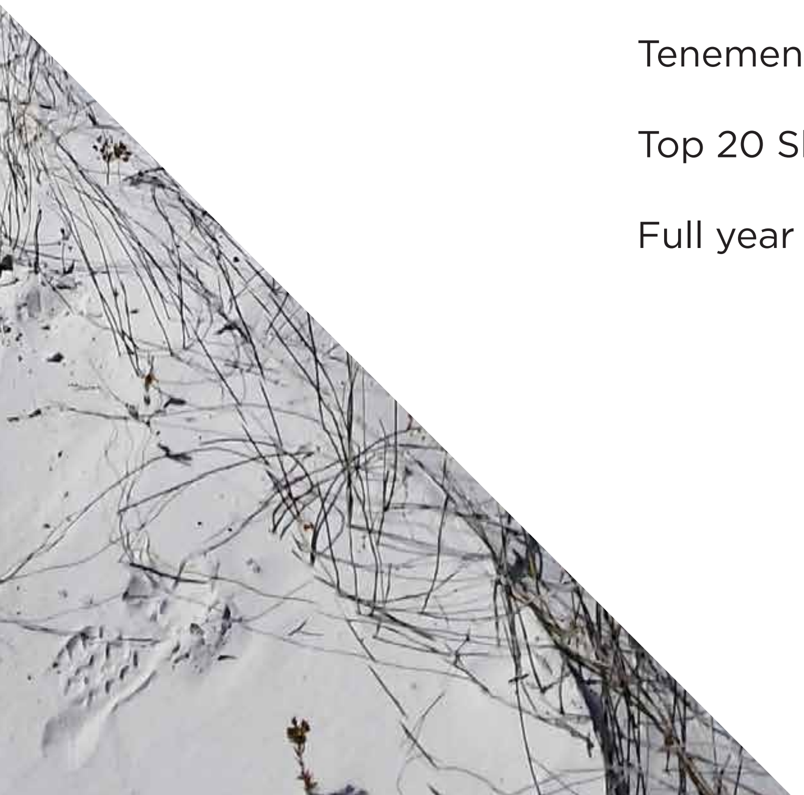
FOR THE YEAR ENDED
JUNE 30 2023

METALLICA MINERALS LTD


VH-HEH

Table of

CONTENTS



CORPORATE DIRECTORY

As at 11 October 2023

DIRECTORS

Theo Psaros, Executive Chairman

Brad Sampson, Non-Executive Director

Mark Bojanjac, Non-Executive Director

MANAGEMENT

Scott Waddell
Chief Financial Officer and
Company Secretary

Nicholas Villa
General Manager Cape Flattery Silica

Sam Fisher
General Manager, Commercial

Pat Smith

Geology/Exploration Manager

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ASX: MLM

AUSTRALIAN BUSINESS NUMBER

ABN 45 076 696 092

“

METALLICA MINERALS IS AN AUSTRALIAN DEVELOPMENT COMPANY FOCUSED ON DELIVERING HIGH PURITY SILICA SAND TO A DIVERSIFIED GLOBAL CUSTOMER-BASE.

”

SUBSIDIARY COMPANIES

Cape Flattery Silica Pty Ltd | ACN: 138 608 894

Greenvale Operations Pty Ltd | ACN: 139 136 708

Lucky Break Operations Pty Ltd | ACN: 126 272 580

NORNICO Pty Ltd | ACN: 065 384 045

PGE Minerals Pty Ltd | ACN: 642 538 805

Phoenix Lime Pty Ltd | ACN: 096 355 761

Touchstone Resources Pty Ltd | ACN: 126 306 018

PROJECT LOCATION

KEY EVENTS

August 2022	Turner&Townsend JukesTodd appointed as Definitive Feasibility Study Manager for the Cape Flattery Silica Sand Project
	25-hole auger program completed west of the Cape Flattery Silica MLA
	MoU signed with Mitsui
	Queensland Government confirms Cape Flattery Silica Project falls within the Cape Flattery Port Area
September 2022	Auger drilling at Cape Flattery Silica Western Areas project confirms high purity silica
	Progressive Rehabilitation Closure Plan (PRCP) Community Consultation completed for CFS Project
December 2022	Fully Underwritten Rights Issue closes raising $4.5 million (before costs)
	Fully Underwritten placement completed to new and existing shareholders raising $5.1 million
January 2023	CFS Project deemed a Controlled Action by Federal Government
March 2023	Maiden Inferred Resource of 12Mt for Cape Flattery Silica West project
	Water bore draw down test completed with positive results
May 2023	Site visit held with representative of Mitsui and Traditional Landowners
	CFS representatives attend the inaugural PV Glass Manufacturing conference in China’s Anhui Province
June 2023	Mitsui extend 2022 Memorandum of Understanding
	Queensland Premier announced Cape Flattery’s inclusion in the State’s Critical Minerals Strategy
July 2023	Definitive Feasibility Study completed

EXECUTIVE CHAIRMAN'S LETTER

Dear Metallica shareholders

On behalf of the Board of Directors we are pleased to deliver Metallica Mineral's Annual Report for the 2023 financial year. Our focus remains on the delivery of high-purity silica sand (HPSS) from the 100% owned Cape Flattery Silica Sand (CFS) Project. The growing demand for HPSS to support the photovoltaic (PV) manufacturers and largely the delivery of solar panels to the world, is the key driver to continue to develop the CFS Project.

Among the many achievements for the CFS Project in 2023, completion of our Definitive Feasibility Study (DFS) delivered in July 2023 has produced substantive information on the delivery of the commodity to the export market and importantly, a very positive economic forecast. Considering the impact of the high inflationary market that is putting pressure on mining projects, the financial analysis from the DFS provides the impetus to continue to develop the CFS Project and export HPSS to the growing Asia-Pacific market.

The forecast growth in demand for silica sand, the continued progress of the project and recent elevation of the importance of Cape Flattery by the Queensland Government have contributed to interest from international shareholders, potential financiers and offtake partners.

According to the July 2022 International Energy Agency Special Report on solar PV global supply chains, solar power will be the prominent contributor to the world's desire to achieve net zero emissions targets. Metallica Minerals CFS Project will play a role in this pursuit.

CAPE FLATTERY PROJECT UPDATE

The release of the DFS in July 2023 was the culmination of months of analysis and planning for the CFS Project team to demonstrate that operationally and financially the CFS Project can mine, process and transport HPSS to the seaborne market. Equally importantly, the DFS detailed that it can deliver significant economic benefit to shareholders, the local communities of Hope Vale and Cooktown and complement the Commonwealth and Queensland governments' Critical Minerals strategies.

The key financial metrics from the DFS included project cash revenue of A$2.9 billion, returning pre-tax Net Present Value (nominal NPV^{10}) of A$437.3M and an Internal Rate of Return (IRR) of 32.2%. Capital cost is estimated to be A$165M with a payback period from commencement of production of 2.85 years. All production is based on the Ore Reserve of 47 million tonnes (Mt) @ 99.18% SiO_2 (within a Mineral Resource of 49.5Mt @ 99.19% SiO_2, refer to Tables 1 and 2), to be processed on-site over a 25-year project life yielding HPSS of 1.5Mt per annum. The processed product will have a quality of 99.9% silica and less than 120ppm iron, making it suitable for the manufacture of glass used in solar panel production.

At the time of writing the Annual Report, we have lodged a submission to the Office of Coordinator General in Queensland, to be considered a Coordinated Project. This submission seeks approval for up to 4mtpa of production at the CFS Project. While this is a material increase on the forecast production of 1.8mpta used as the basis for the DFS, our current production target remains at 1.8mpta. The application for up to 4mtpa provides optionality for the project, subject to capital markets and importantly, demand from potential customers.

At this time, the solution for export of the HPSS is the construction of a purpose-built jetty (subject to Development Approval) to allow barge loading and transhipping operations. Importantly, this infrastructure is located within the Port Limit of Cape Flattery and is located to the north-west of the cape where sea conditions are favourable for barge loading operations.

The CFS project will contribute to and benefit from the Queensland Critical Minerals Strategy which supports development of 'new economy' minerals projects in Far North Queensland. The Queensland Government is currently considering designating Cape Flattery as a Critical Mineral Zone. We look forward to continuing to work with the Queensland Government on this initiative.

In January of this year, the Federal Department of Climate Change, Energy, the Environment and Water (DCCEEW) has assessed the Project's Referral and determined that the CFS Project is a Controlled Action under Section 75 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) requiring assessment through an Environmental Impact Statement (EIS). CFS has also begun the process to apply to the Queensland Office of the Coordinator-General to be considered a Coordinated Project. Should this application be successful, an EIS will be undertaken in accordance with the Bilateral Agreement between the Commonwealth and Queensland governments.

While we await the Coordinator-General's decision, work on the EIS is underway. EIS level studies have already been completed on several key components of the CFS Project. When Terms of Reference for the EIS are finalised, the expected new studies will also begin. The Company completed the Progressive Rehabilitation and Closure Plan, and this was presented to the Traditional Landowners. Preparation of a Water Licence is also underway.

Recently, negotiations resumed with the two Native Title holders, Hopevale Congress Aboriginal Corporation RNTBC Trustee, on behalf of the Nguurruumungu Clan, and Walmbaar Aboriginal Corporation, on behalf of the Dingaal Clan. Hopevale Congress has changed many of its Directors, and we had the opportunity to present to the new Board in January 2023. Meetings have continued with Dingaal and Nguurruumungu clan members in 2023. Following the challenges Hopevale Congress experienced in the second half of 2022, the first meeting with all three groups together was held in late August 2023, thirteen months after the last negotiation meeting.

The challenges of seeking a unified response to the outstanding matters has resulted in Metallica requesting the assistance of the National Native Title Tribunal to mediate among the Negotiation Parties - being the Dingaal and Nguurruumungu Clans, the State of Queensland and Metallica's subsidiary Cape Flattery Silica Pty Ltd - to assist in obtaining their agreement for the grant of mining lease 100284.

During the period, Metallica executed a Memorandum of Understanding (MOU) with Mitsui & Co., Limited ("Mitsui"), one of the largest global trading and investment companies based in Japan. The MOU covers negotiations to evaluate the feasibility and possibility of a sale and purchase transaction (offtake transaction) of all or specific portions of the silica sand products that the Company will produce in the future. The MOU was renewed for a further twelve months to 1 September 2024.

SILICA SAND GLOBAL DEMAND

The DFS published the pricing and market report prepared by Hong Kong-based marketing consultant, Prime Gain Limited (PGL), who had contributed a report for the March 2022 Pre-feasibility Study. This report highlighted that the demand for HPSS (which is high-silica, low-iron silica sand) in Asia, particularly in China, has been growing rapidly over the last five years, with a Compound Annual Growth Rate (CAGR) of 8.4%. China's own demand for imported silica sand has grown even faster at 27.9% CAGR, resulting in a foreseeable supply deficit of 4Mt or more by 2026. The main driving force behind this demand is the increasing need for PV glass in the solar industry, which relies heavily on supply of HPSS.

Australia has been the dominant supplier of HPSS to Asia-Pacific markets, particularly China, Japan, Taiwan, and South Korea, with exports totalling 3.9 million metric tonnes in 2022. HPSS produced at Cape Flattery, in particular, is well positioned to meet this demand due to its specification, logistics advantages and because it is already a well-recognised product.

As the world shifts towards greener technologies, the demand for HPSS is expected to continue its exponential growth, driven by the structural transition from fossil fuels to renewables, particularly solar. China remains the leading global producer of solar glass, with HPSS making up approximately 72% of every 100kg of PV glass.

As the world transitions towards decarbonisation and net zero emissions by 2050, the number of countries and households installing rooftop solar is expected to grow exponentially. Solar PV remains the powerhouse of growth in renewable electricity.

The International Energy Agency's Special Report noted that reaching net zero by 2050 will be based largely on renewables, and annual additions of solar PV capacity worldwide need to more than quadruple by 2030 to reach the target.

As such, global demand for silica sand, particularly premium-quality silica, remains strong given it is an essential ingredient for the fast-growing solar industry in addition to high-tech glass applications.

Within Australia, the Federal Government's 2022 Critical Minerals Strategy, which promotes investment in the nation's critical minerals sector, added high-purity silica to the critical minerals list. This inclusion recognises the quality of silica sand that Australia can contribute to the goal of net zero emissions.

CLERMONT PROJECT UPDATE

During the year, further work was undertaken on this project and assay results were received for the extension to diamond drill hole RDD020 drilled on EPM17968 in April and May 2023. Hole RDD020 was extended by approximately 450 metres to test an intense magnetic low anomaly observed in the regional airborne magnetic data and confirmed by a close spaced drone magnetic survey completed in August 2022.

The additional geochemical data from RDD020 in conjunction with data available from historical holes drilled on the periphery of the magnetic low continues to be assessed. This is expected to further assist in identifying which part of the mineralised porphyry system has been intersected, and to aid in recommending further exploration activities.

FINANCING STRATEGY

To continue funding the development of the CFS Project, Metallica completed a placement and rights issue in December 2022 to raise A$9.5M. Morgans Corporate Limited acted as Lead Manager and Underwriter to the Offer. The Offer was supported by Ilwella Pty Ltd, Sibelco and Deutsche Balaton Group's investment vehicle, Sparta AG.

Discussions with potential offtake partners in China, Taiwan, Japan and Korea in addition to Mitsui have continued to progress.

The Company has also held discussions with potential debt and equity providers in Australia and the United Kingdom. Discussions will be advanced in 2024 with a Final Investment Decision (FID) on the CFS Project planned for mid-2025.

We were pleased to finish the 2023 financial year with $7.1M in cash and no debt.

I would like to thank my fellow Directors, Brad Sampson and Mark Bojanjac, for their support, strategic thinking and passion for Metallica and in particular, the CFS Project.

During the year we welcomed highly experienced Commercial General Manager, Sam Fisher, to the management team. The increased attention from potential offtake partners is already evident with Sam's attention to this crucial aspect of the CFS project's future. I am fortunate to have fellow Directors and a management team who understand how a project can be developed, constructed and operated. This team's focus has, and will, deliver future success for development of the CFS Project.

We have also been fortunate to engage with a number of key Queensland Government representatives from the Office of Coordinator-General, Department of State Development, Infrastructure, Local Government and Planning, Department of Resources and the Department of Regional Development, Manufacturing and Water. Their support and advice have been greatly appreciated.

On behalf of the Metallica Directors, we thank our many shareholders for their continued support. As I highlighted at the 2023 Noosa Mining Investor Conference, our CFS Project is "in the right place, at the right time, with the right commodity." Cape Flattery's HPSS has been somewhat of a secret. The growing demand suggests our CFS Project will dispel this secrecy and look to export a very valuable product to a growing export market seeking solutions to achieving net zero emissions.

Yours faithfully

Theo Psaros

Executive Chairman

CAPE FLATTERY

SILICA SAND – BULK EXPORT

MLM 100% through subsidiary Cape Flattery Silica Pty Ltd
36km² Exploration Tenure | EPM 25734

The Cape Flattery Silica Sand (CFS) project is located on the eastern coastline of Cape York Peninsula and approximately 220km north of Cairns in North Queensland. The project is adjacent to the world class Cape Flattery Silica Sand mining and shipping operation owned by Mitsubishi.

The Project is located within the Cape Flattery Port area, which is owned and operated by Ports North, a Queensland Government owned corporation. Ports North owns the jetty which is leased by Mitsubishi and is located immediately south of the CFS's tenement. The jetty's ship-loading equipment is owned and operated by Mitsubishi.

DEFINITIVE FEASIBILITY STUDY

The Definitive Feasibility Study (DFS) was the Company's priority of the year and was completed in July 2023 (refer to ASX Release, 17 July 2023). The DFS confirms potential for a long-life, low operating cost silica sand project producing high purity silica sand for use in the manufacture of solar PV glass and other applications. Turner&Townsend JukesTodd were appointed as Study Manager and had overall responsibility for the management and delivery of the DFS.

The DFS has built upon the 2022 Pre-feasibility Study (PFS) (refer ASX release 21 March 2022) and confirms the CFS Project's potential as a low-cost, long-life, high-purity silica sand operation which could achieve consistently attractive profit margins given strong current and forecast market dynamics in the Asia-Pacific region.

The highlights of the DFS are listed below:

» The DFS forecasts life of Project cash revenue of A$2,910M, returning pre-tax Net Present Value (nominal NPV^{10}) of A$437.3M, and an Internal Rate of Return (IRR) of 32.19%;

» The initial Capital Cost of CFS is estimated to be $165M (including a 10% contingency of $13.6M) with a payback period from commencement of production of 2.85 years. All production is based on Ore Reserves only (refer Table 2 – Ore reserves);

» The Ore Reserves of 47Mt @ 99.18% SiO_2 (within a Mineral Resource of 49.5Mt @ 99.19% SiO_2, refer to table 4 - Mineral Resource), are to be processed over a 25-year Project life yielding high-quality silica sand of 1.5Mt per annum;

» A purpose-built jetty is planned to be constructed (subject to Development Approval (DA)) to allow barge loading and transhipping operations. Importantly, this infrastructure is located within the Port Limit of Cape Flattery;

» Development of CFS Project will deliver employment, apprenticeship training and new business opportunities to the Hope Vale and Cooktown communities, particularly the local Indigenous communities;

» CFS will contribute to and benefit from the Queensland Government's Critical Minerals Strategy which supports development of 'new economy' minerals projects in Far North Queensland.

Table 1 summarises the key results of the DCF model on a pre-tax and post-tax basis. Table 2 summarises the key sand extraction and processing metrics and Table 3 presents underlying key assumptions.

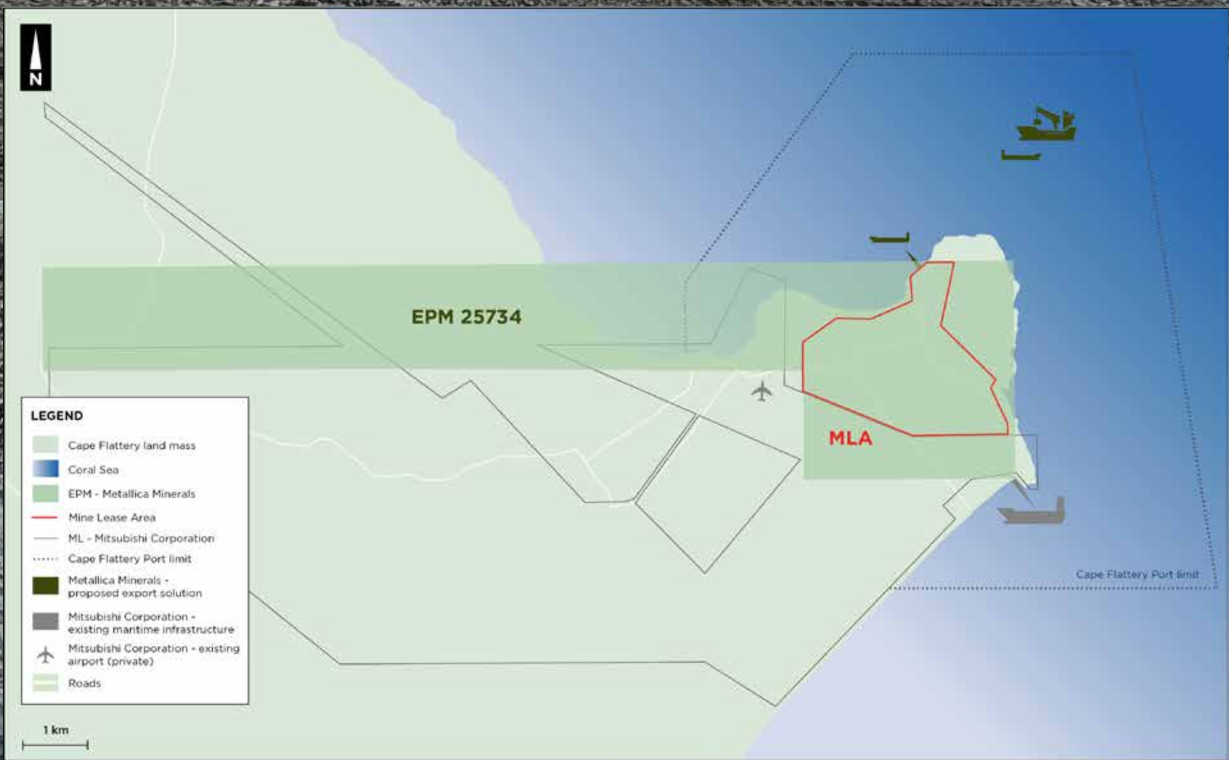


Figure 1: Cape Flattery Port location and Project proximity

Table 1: Summary of key outcomes – Definitive Feasibility study (A$ — Australian dollars) mid 2025 AUD

Key Financial Metrics	Unit	Total
Pre-Tax Project NPV^{10} (nominal)	AUD m	$437.3
Pre-Tax Project IRR	%	32.19
Post-Tax Project NPV^{10} (nominal)	AUD m	$279.9
Post-Tax Project IRR	%	26.59
Total Silica Sales	Tonnes m	36.1
Initial Construction CAPEX	AUD m	$165.0
Payback (no tax)	Years	2.85
LOM Revenue	AUD m	$2,910.1
LOM C1 OPEX (excl Qld Gov't royalty)	AUD m	$1,198.2
LOM EBITDA	AUD m	$1,679.5
Cash Flow Pre-Tax	AUD m	$1,341.0
C1 Cost/t product	$/prod tonne	$33.16
AISC/t product (including sustaining CAPEX)	$/prod tonne	$37.90

CAPEX pricing reflects market conditions as of Q2, 2023. The base date of the estimate is then escalated to mid-2025.

Table 2: Key Sand Extraction & Processing Metrics

	Unit	Total
Mineral Resources (see Table 4)	Tonnes M	49.5
Ore Reserve	Tonnes M	47
LOM	Years	25
Sand mined & processed	LOM Tonnes M	44.6
Silica sand production	LOM Tonnes M	36.1
Plant operating capacity	Mtpa	1.8 - 1.9
Plant yield	%	77.8 – 84.8%
Silica sand product sold	Mtpa	1.4 - 1.5

Notes

» The Probable Ore Reserve and Measured and Indicated Mineral Resource underpinning the above production assumption targets has been prepared by a Competent Person in accordance with the requirements of the JORC Code 2012 (refer Table 4 – Mineral Resources).

Table 3: Discounted cash flow financial model key assumptions

LOM assumptions	Unit	Value
Exchange rate	AUD:USD	0.72
Discount rate (nominal, unleveraged)	% p.a.	10.00
Average yield	%	81
Average sales price - real 2025	USD/prod t	$57.92
Average sales price - real 2025	AUD/prod t	$80.54

NATIVE TITLE

To date the Company have held six negotiation meetings with the two Native Title holders, Hopevale Congress Aboriginal Corporation RNTBC Trustee, on behalf of the Nguurruumungu Clan, and Walmbaar Aboriginal Corporation, on behalf of the Dingaal Clan.

Hopevale Congress Aboriginal Corporate (HCAC) had several changes to Directors throughout the year which prevented the Company meeting with them until January 2023 to present the project. During the year communication continued with both Clans.

Throughout the year the Company has employed members of both clans for site activities including regular water bore test work, water bore pump out test work and hosting prospective investors on site.

All negotiations have been held in a professional and respectful manner with significant information on the project being shared with the negotiating parties from each clan.

L-R: Mitsui team at Cape Flattery with CFS management and Dingaal and Nguurruumungu representatives

ENVIRONMENTAL

Baseline environmental studies commenced in 2021 to inform the appropriate approvals pathway and strategy with the initial approach being the pursuit of separate Mining Infrastructure and Marine Infrastructure approvals. During the year CFS and our external environment consultants have continued to complete the required environmental studies including soil sampling, ecological studies and water monitoring.

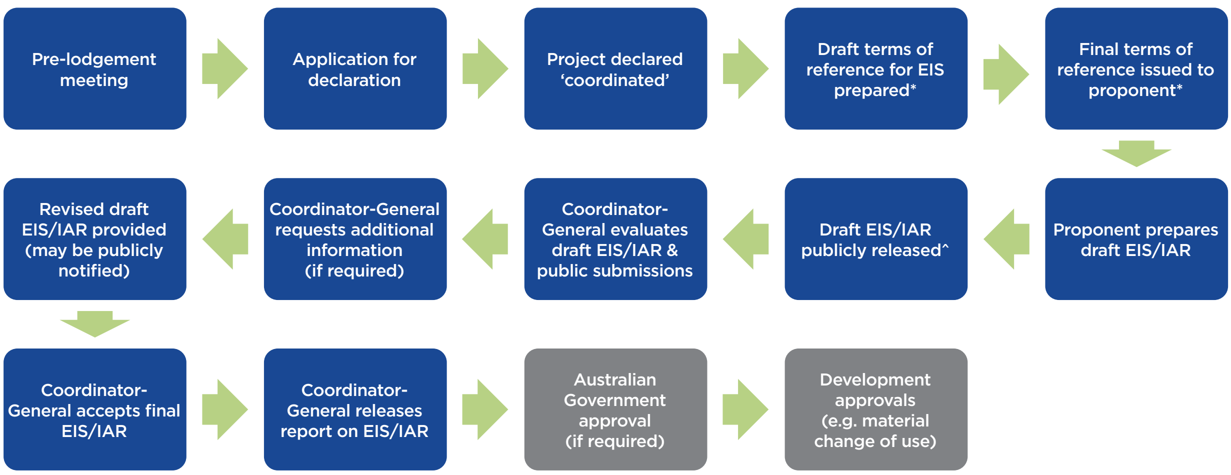
In December 2022, the Company submitted a Referral under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) for the Cape Flattery Silica Sand Project. The Federal Department of Climate Change, Energy, the Environment and Water (DCCEEW) assessed the Referral and on 18 January 2023 determined that the CFS project is a Controlled Action under Section 75 of the EPBC Act requiring assessment and approval under the EPBC Act prior to final approval.

On 20 February 2023, DCCEEW announced that the assessment will be through an Environmental Impact Statement (EIS). A draft Guidelines for the EIS was issued by DCCEEW in May 2023 and a further draft of the Guidelines has been issued following a meeting with DCCEEW in Canberra.

Due to the referral assessment decision made by DCCEEW, the company has revised our initial approach to our approvals strategy and decided to seek a coordinated assessment approach across Commonwealth and Queensland legislation has been taken up.

An application for the Project to be declared a "Coordinated Project" was lodged with the Queensland Office of the Coordinator General in September 2023. Social Impact and Environment Assessments are being undertaken to meet a range of regulatory assessment requirements, including the EIS required by the Commonwealth using the Bilateral Agreement.

Should the application for the Project to be a "Coordinated Project" be successful, the Project will be assessed under the State Development and Public Works Organisation Act 1971 (SDPWO) Act. This is a coordinated assessment process that addresses the application, assessment and notification stages for each approval. At the conclusion of the Coordinated Project process, the Coordinator General will issue an evaluation report that will include imposed and recommended conditions for subsequent State Approvals. The Coordinated Project will also undertake the assessment and notification requirements for the EPBC Approval through the arrangements under the Bilateral Agreement between the Commonwealth and the State of Queensland. Whilst the Coordinated Project process does not have statutory timing, there are specific milestones and steps as shown in the below figure.



Coordinated Project Key Steps

* Not applicable for projects requiring an IAR.
^ Public release of an IAR in not required in all circumstances

WATER APPLICATION

The CFS Project was designated a Project of Regional Significance by Queensland's Department of Regional Development, Manufacturing & Water (DRDMW) in February 2022 and further work is underway for the formal application to extract ground water for the planned sand recovery and processing operations from the Cape York unallocated strategic reserve.

A bore draw-down and recharge test was successfully completed in May 2023. The results of this work indicate that the aquifer is easily capable of sustained water supply to the operation. The draw-down and recharge rate performed better than expected and there was no sediment found in the pumped out water.

Information collected from the test will form part of a report along with modelling of the groundwater systems. This information will accompany the water licence application.

The Water Licence application is now being prepared and is expected to be lodged with DRDMW towards the end of 2023.

Water bore pump out test

RESOURCE

Over the past 24 months, Metallica has completed three drilling programs in the eastern area on EPM 25734. A total of 144 aircore holes (CFS001 to CFS144) have been drilled totalling 2,489 meters. The results from the drilling program have identified an area within EPM 25734 which hosts a significant quantity of high-grade (+99%) silica sand. This area has now been contained within MLA100284 and is referred to as the Project area.

Metallica Minerals engaged Ausrocks Pty Ltd (Ausrocks) to complete a Mineral Resource Estimate (MRE) for the Project Area on the completion of each drilling program. The resource estimate was further revised in June 2023 for the Definitive feasibility Study (DFS) after utilising data from metallurgical studies which identified what physical and chemical parameters were required for the silica sand to produce a product that grades at least 99.9% SiO_2 and contains less than 120ppm Fe_2O_3 after processing.

Ausrocks is a Brisbane-based resources consultancy with expertise in industrial minerals and quarrying. Ausrocks determined that the drilling density on the completion of the December 2021 drilling program was sufficient to classify the resources contained in the Project Area as Measured – Indicated and Inferred in accordance with the JORC 2012 guidelines. Ausrocks reviewed the project geology, assay data and the duplicate sample and umpire laboratory assay data that Metallica provided to ensure only valid and relevant data was used for the MRE and that all relevant Quality Assurance Quality Control (QA/QC) checks had been completed.

The most recent Mineral Resource estimate that Ausrocks developed for the Project is referenced in the DFS for the Cape Flattery Project and were to the ASX Release dated 17 July 2023 'Cape Flattery Silica DFS Confirms Excellent Economics"

The various resource categories for the project area and the hole locations are presented on figure, the July 2023 resource estimate is presented in Table 4.

Table 4: Mineral Resource for the Cape Flattery Silica Project

Resource Category	Silica Sand Mt	SIO_2 %	FE_2O_3 %	TIO_2 %	LOI %	AL_2O_3 %	Density t/m^3	Silica Sand Mm^3
Measured	16.1	99.20	0.08	0.12	0.13	0.22	1.6	10.1
Indicated	33.2	99.05	0.10	0.18	0.15	0.25	1.6	20.7
Inferred	0.2	99.00	0.12	0.27	0.13	0.28	1.6	0.1
Total	**49.5**	**99.10**	**0.09**	**0.16**	**0.14**	**0.24**	**1.6**	**30.9**

For further details, refer to ASX Release: 7 April 2022: "Significant Increase in Measured and Indicated Resources at Cape Flattery Silica Project".

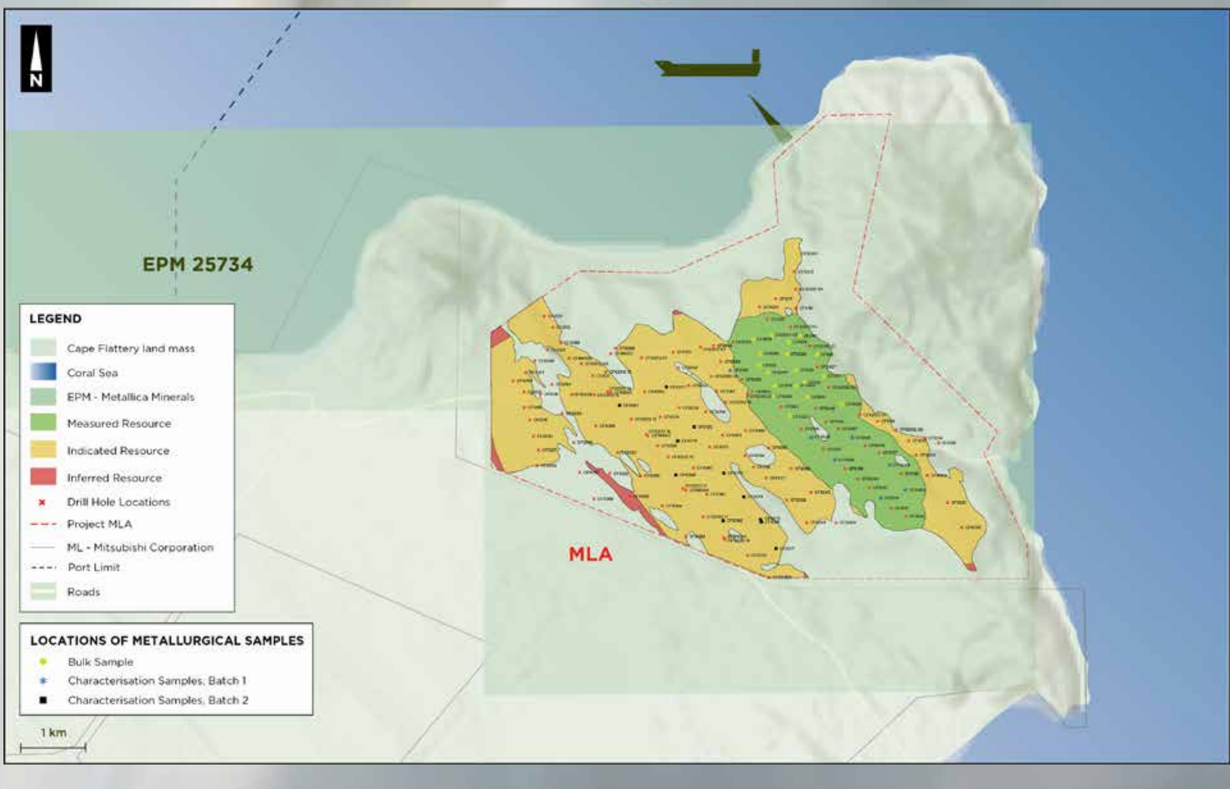


Figure 2: Overview of drillholes and Resource Category Areas

Note: *Green: Measured; Orange: Indicated; Red: Inferred

METALLURGICAL TESTING

Mineral Technologies (MT) have continued to complete several detailed metallurgical sample characterisations for the Project, with the objective of confirming the product grades that could be produced. The program, which is on-going, has demonstrated the ability to produce a product aligned to the market target purity of 99.9% Silica and <120ppm Fe_2O_3.

The most recent phase of bulk testwork utilises the same flowsheet established during the PFS. This bulk sample has been composited as a representative sample from the first 10 years of operation and includes both JORC Indicated and JORC Measured resource. The purpose of this testwork is to prove that the desired specification product can be produced from a representative bulk sample and produce sufficient product for additional testing and validation.

Testwork has included rougher spiral sighter release tests on the MG12 spiral. The results of the release tests showed that at a feed grade of 0.05% Fe_2O_3 and a spiral feed rate of 2tph, a product yield of between 77.8% to 84.8% to the rougher spiral product produced a silica product with assay results ≤ 120ppm Fe_2O_3.

This is the result before the bulk sample has been processed in subsequent phases through attritioning, size classification and Wet High Intensity Magnetic Separators (WHIMS) stages, where previous characterisation testwork has always shown an improvement (reduction) in iron content. Importantly, a middlings fraction rejected from the rougher spirals stage is designed to be added back in to the product stream after processing through the scavenger spirals, which is expected to achieve the aforementioned final product yields (see Table 2) after full processing has been achieved.

Additional benchtop studies were completed on the iron content of the silica sand which has a strong bearing on the final product specification.

Samples have also been requested and dispatched to prospective offtake partners for their evaluation of the silica sand extracted from the drilling programs and from the product produced after processing the bulk sample. The feedback received from these potential offtake partners has been positive and indicates that Metallica can produce a high-quality saleable product from the CFS project area.

CAPE FLATTERY SILICA WEST PROJECT

In August 2022, a 23 hole hand auger program was completed west of the Cape Flattery Silica project (ML100284). The program (WA145 to WA166) see figure 3 comprised of 113m of drilling and was designed to determine the quality of the silica sand.

The holes were augured vertically into individual sand dunes to a maximum depth of 5m, which was the physical limit that the auger was capable of drilling. High quality silica sand was intersected at the base of twenty-three of the twenty-three holes, indicating that there is likely to be depth extensions to the high quality silica sand mineralisation.

Assay results were received in September 2022 with the majority of the auger holes intersected clean high purity white silica sand with low contaminants. The quality of the sand also appears to increase away from the coast with the highest grade silica holes with the lower iron contents located in the western part of EPM25734.

In December a LiDAR survey was completed over the Western Area to obtain detailed topographical data over the area which was used to construct a detailed topographic map of the area. The resolution of the survey was +/- 50cm. Processing of the LiDAR data resulted in detailed Digital Elevation Model (DEM) being generated which was used to calculate the volumes of sand dunes. Paired with the assay data a Maiden Inferred Resource was announced in March 2023.

The Maiden Inferred Resource of 12Mt was based on assay data from 23 of the auger holes. Due to the sporadic nature of the exposed dunes, the auger holes were drilled on a 400m x 1,000m spacing.

For resource purposes the resource area has been subdivided into a “Western Area” and “Eastern Area”, with the two areas separated by the Mitsubishi infrastructure corridor which bisects the EPM. The resource for the CFS West Project is summarized in Table 5.

Future work on the Western Areas is expected to involve a tractor mounted vacuum rig drilling program to test the western sands dunes to a depth of greater than 5m and benchtop metallurgical testwork to determine the final product grade than can be achieved after running the sand through a processing circuit.

Table 5: Cape Flattery Silica West Project

Resource Category	Silica Sand Mt	SIO_2 %	FE_2O_3 %	TIO_2 %	LOI %	AL_2O_3 %	Density t/m³	Silica Sand Mm³
Inferred (East of the ML Infrastructure Corridor)	7	99.0	0.09	0.12	0.33	0.16	1.6	5
Inferred (West of the ML Infrastructure Corridor)	5	99.39	0.09	0.21	0.12	0.06	1.6	3
Inferred Total	**12**	**99.15**	**0.09**	**0.16**	**0.24**	**0.12**	**1.6**	**8**

For further details, refer to ASX Release: 3 March 2023: “Maiden Inferred Resource of 12Mt estimated for CFS West”.

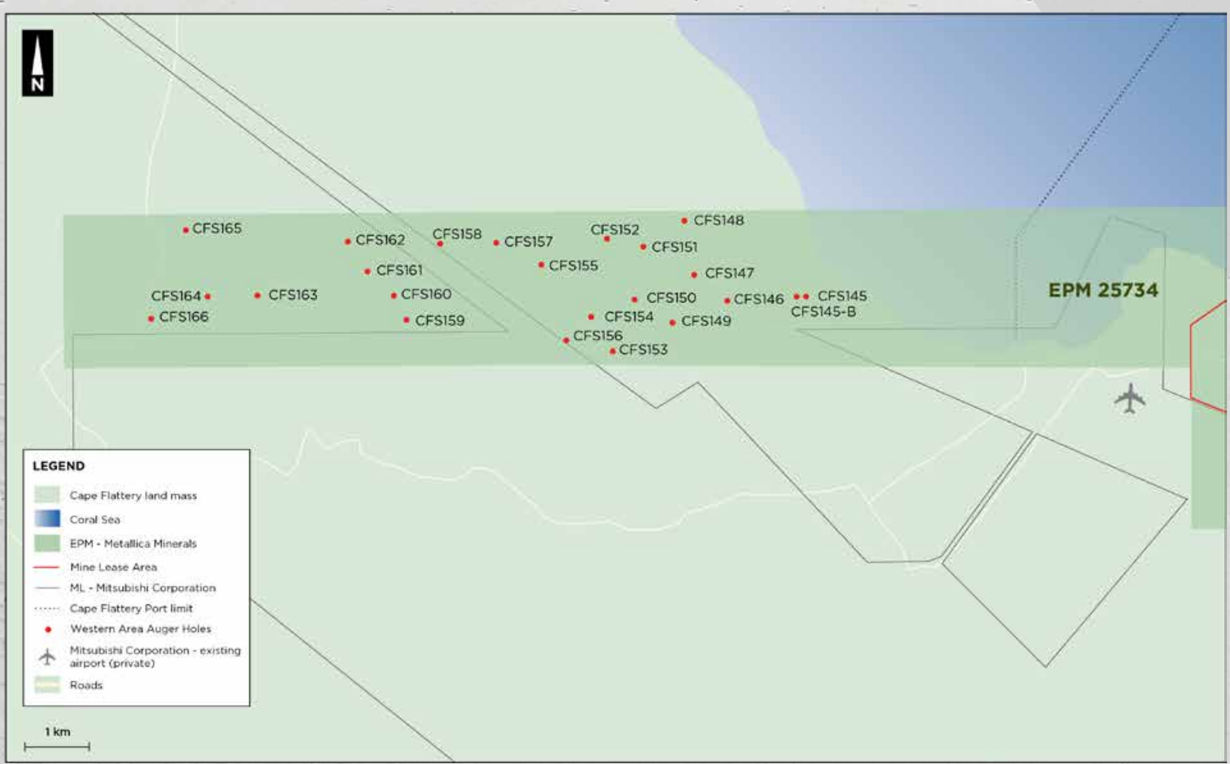


Figure 3: Overview of drillholes in the western areas

SILICA SAND MARKET AND DEMAND

Continuing on from work undertaken in the PFS, Metallica engaged Hong Kong-based marketing consultant, Prime Gain Limited (PGL), to study the current trends in demand and pricing for High Purity Silica Sand (HPSS) for inclusion in the DFS.

The study identifies a significant increase in demand for seaborne HPSS from Australia, particularly to Asia and China. The study also emphasises the key role that silica sand plays in the production of photovoltaic (PV) glass and identifies it as a major long-term driver of the growth in demand for seaborne silica sand.

The demand for HPSS (high silica low iron silica sand) in Asia has been growing rapidly over the last five years, with a Compound Annual Growth Rate (CAGR) of 8.4%. China's own demand for imported silica sand has grown even faster at 27.9% CAGR, resulting in a foreseeable supply deficit of 4 million tonnes in 2026. The key demand driver is the increasing need for PV glass in the solar industry, which requires HPSS for its manufacture.

Australia has been the dominant supplier of HPSS to Asia Pacific markets, particularly China, Japan, Taiwan, and South Korea, with exports totalling 3.9 million tonnes in 2022. HPSS produced at Cape Flattery in particular, is well-positioned to meet this demand due to its specification, logistics advantages and because, through Mitsubishi's long operating history, it is already a well-recognised product.

As the world shifts towards greener technologies, the demand for HPSS is expected to continue its growth, driven by the structural transition from fossil fuels to renewables, particularly solar. China remains the leading global producer of PV glass, with HPSS making up approximately 72% of every 100kg of PV glass. Discussions with some of the largest Chinese PV glass producers, who are also the largest in the world, indicate aggressive expansion plans for production of PV glass out to 2030 which will flow through to demand for HPSS.

In its World Energy Outlook 2022 report, the International Energy Agency (IEA) laid out the capacity development path for renewables in the Net Zero Emissions by 2050 Scenario. Solar PV power capacity by 2030 in the Net Zero Scenario is forecast to be 5,052 GW. The IEA uses a CAGR of 21.25% in its capacity forecast and estimates in its "Solar PV Global Supply Chains – Analysis" report that China is on track to provide 81.2% of the world's modules by 2025. PGL estimates that the rest of Asia will provide an additional 5% by 2025.

Based on this information PGL extrapolated the annual increase in PV capacity and China's attributable proportion of that output, and from that derived a year-on-year demand growth for HPSS out to 2026. The results are presented in Table 1 below. Based on discussions with the top manufacturers of PV glass in China, PGL believes the IEA has underestimated the current capacity, and potentially the projected capacity out to 2030 as well.

Whilst new Australian suppliers are seeking to enter the market, the level of supply-demand imbalance by 2026 is significant, leading to tight supply and a corresponding increase in the price of HPSS. The market study provides a pricing estimate for a high-grade Cape Flattery silica sand product at FOB USD 54.00 to USD 65.00 per tonne in 2026, subject to various market conditions and variables.

Competition for HPSS supply with Australian suppliers exists primarily from domestic suppliers in China and seaborne supply from Indonesia and Malaysia. However, unless China massively increases its silica sand acid washing capacity and efficiency, which is challenging and environmentally controversial, it will fail to provide sufficient supply of HPSS.

Buyers are expected to continue to seek silica sand suppliers that have sufficient scale of HPSS product, are able to provide consistent quality and reliable supply with fewer logistics issues. With the demand for HPSS sand set to continue for the long-term, the CFS product is very well-positioned to meet this demand.

Table 6: Forecast HPSS demand derived from IEA World Energy Outlook 2022 Net Zero Emissions by 2050 Scenario

IEA Forecast PV Power Capacity to Silica Sand (Metric Tonnes)					
Year	2022	2023	2024	2025	2026
Panels #	510,600,313	619,104,563	750,667,313	910,164,250	1,103,602,438
Sand (Tonnes)	9,584,989	11,621,831	14,091,527	17,085,603	20,716,825

Table 7: Upside Case for Volume Demand—Supply Equation for estimating the 2026 Demand (Deficit)/Surplus volume in Metric Tonnes for high-purity silica sand exported to buyers in the Asia Pacific Region. **Source:** Prime Gain Report, May 2023

Volume Demand – Supply Forecast for 2026 (Metric Tones)			
	2022 Current Tonnes	**Metric**	**2026 Projected Tonnes**
Australia CFSM	3,060,661	Flat	3,060,661
Australia Existing	1,155,133	CAGR 6.37%	1,478,618
Australia New	—	CFS + Others	1,500,000
Malaysia	1,726,211	CAGR 11.5%	2,668,228
Indonesia	904,198	CAGR 11.5%	1,397,631
Vietnam	423,627	CAGR -7.86%	305,326
Total Supply From Majors	**7,269,800**		**10,410,464**
China	3,861,405	CAGR 27.9%	10,278,014
Japan	1,070,731	CAGR -1.38%	1,012,699
Taiwan	1,490,699	CAGR 0.76%	1,536,536
S Korea	927,309	CAGR -2.20%	848,235
Thailand	215,748	CAGR 35.88%	735,398
Total Demand From Majors	**7,565,892**		**14,410,882**
Demand (Deficit)/Surplus	**(296,092)**		**(4,000,418)**

In short, the forecast demand growth for HPSS is underpinned by long-term global growth drivers, including the shift towards renewable energy and the transition away from fossil fuels. Solar power generation is a key driver of demand for HPSS, as it is an essential ingredient in the production of PV glass. With solar energy projected to experience immense multi-decade growth, the corresponding demand for HPSS is directly correlated and expected to continue to escalate correspondingly.

SILICA SAND USES AND FUTURE DEMAND

Silica sand is the key ingredient in glass making with high purity silica sand an essential raw material for the production of hi-tech glass.

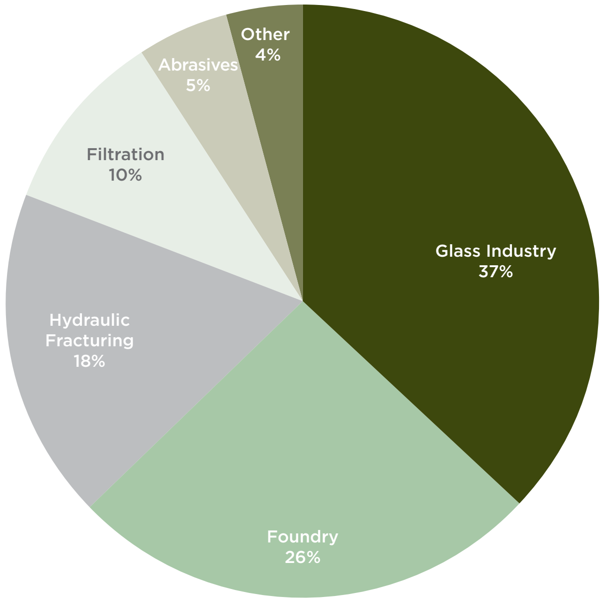
Growing Markets:

- Solar PV glass for use in solar panels
- Building Integrated PV glass and e-glass
- Smartphones
- Fibre optics
- Tablets
- LED lighting

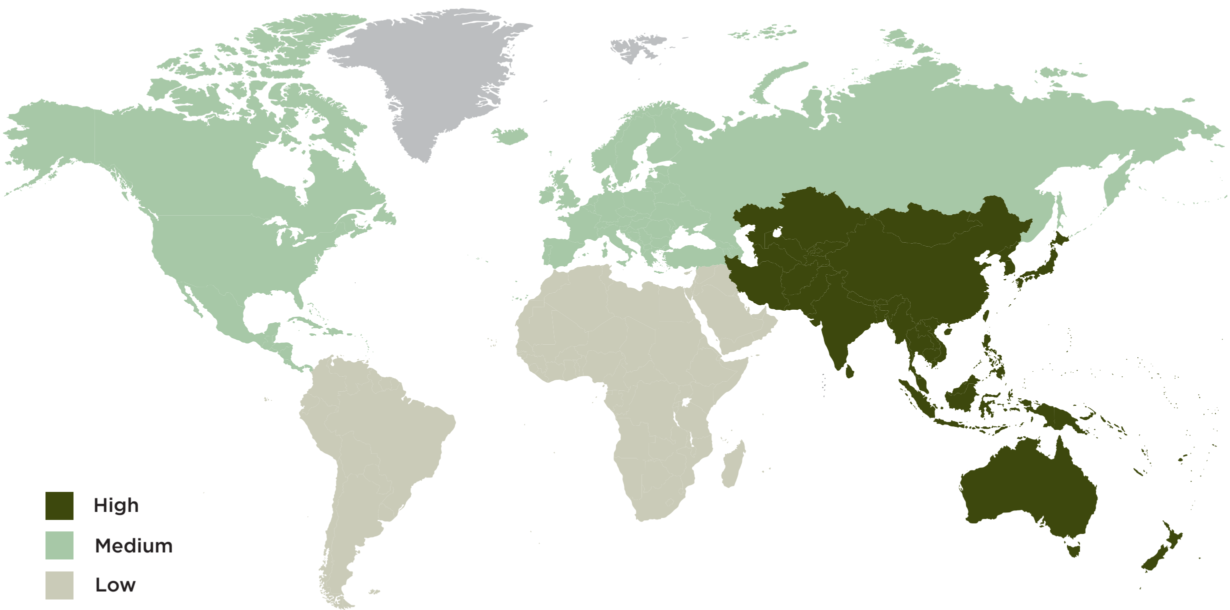
The global silica sand market reached US$22.9 Billion in 2022.

IMARC Group expects the market to reach US$32.1 Billion by 2028, exhibiting a growth rate (CAGR) of 5.6% during 2023-2028.

Source: https://www.imarcgroup.com/silica-sand-manufacturing-plant



Silica Sand Market - Growth rate by region 2022-2027



Source: Mordor Intelligence

Asia Pacific silica production by end use

CAPE FLATTERY'S PATHWAY TO NET ZERO

The International Energy Agency (IEA) highlights reaching net zero by 2050 will be based largely on renewables, with solar power as the single biggest supply source. IEA report states the pathway to net zero requires annual additions of solar PV to reach 630 gigawatts and wind power to reach 390 gigawatts by 2030.*

Together this is four-times the record level achieved in 2020.

For solar PV, this means installing the world's current largest solar park roughly every day.

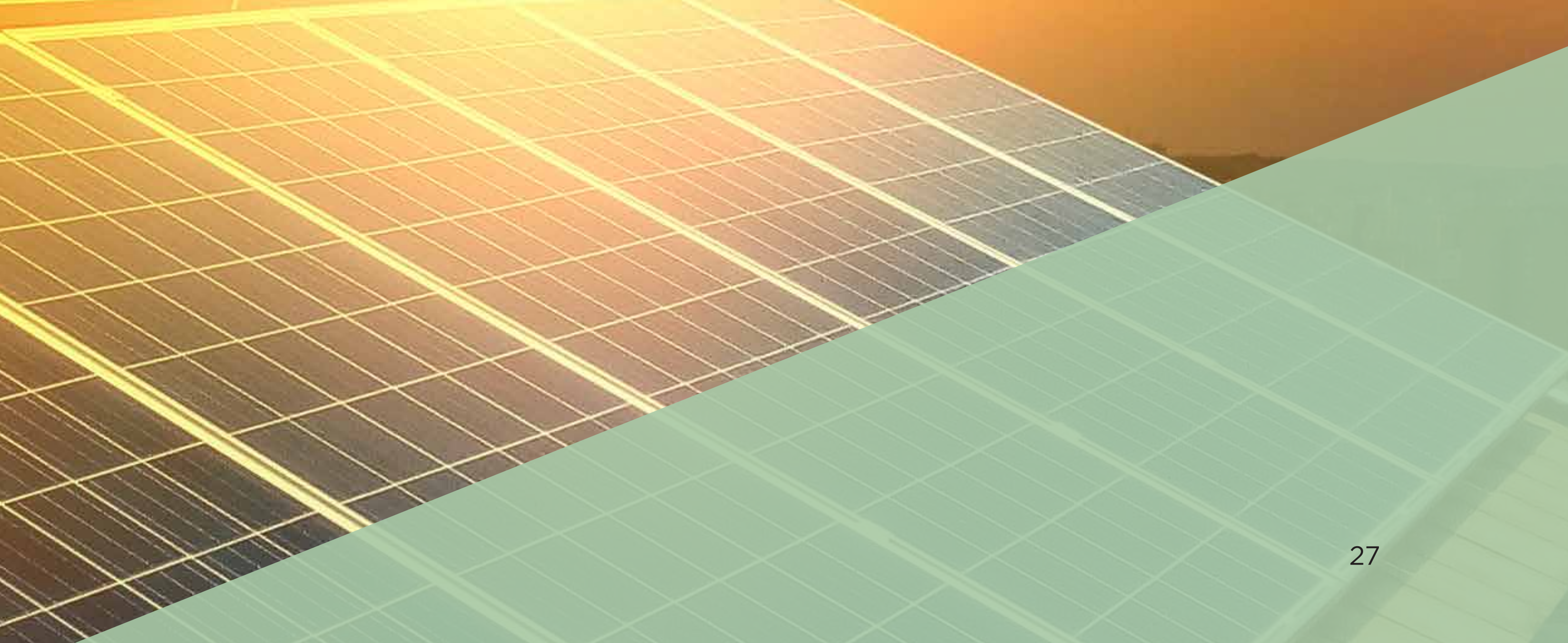
*IEA, 2021: https://iea.blob.core.windows.net/assets/4719e321-6d3d-41a2-bd6b-461ad2f850a8/NetZeroby2050-ARoadmapfortheGlobalEnergySector.pdf

Cape Flattery's 1.35 Mtpa production of high-quality Silica sand could produce over 133 million 375W solar panels on the basis of 74% of the panel is comprised of SiO_2.

That's equivalent to 3.35 billion panels over a 25 year mine life at full production.

With an assumed output of 4.0 kWh/day, those panels have the potential to generate over 41,312 TWh of renewable energy over their operating life (25 years).

*Detailed analysis of energy production and emissions abatement opportunity carried out by Arche Energy using information derived from third parties, heuristics and assumptions.



CLERMONT

COPPER GOLD

MLM 51% through subsidiary PGE Minerals Pty Ltd | 248Km^2 Exploration Tenure | EPM 17968

In August 2021, MLM announced it had signed a Memorandum of Understanding (MoU) with Diatreme Resources for a potential Joint Venture on the Clermont Gold Copper Project which comprises EPM 17968.

After a review of the historical exploration data for the Clermont tenement, MLM identified an intense magnetic low feature on Hillview Station which had coincident copper, gold and molybdenum geochemistry and postulated that the magnetic low feature could possibly be a buried copper – gold porphyry system.

In May 2021, MLM completed two hole diamond (RDD019 and 0202) at Clermont, with the holes drilled to test the intense magnetic low anomaly, which was modelled at a depth to top of between 300m to 500m. Both holes intersected porphyry style alteration and mineralisation but not in economic quantities, and further magnetic, geochemical and petrological studies from the data obtained from the two diamond drill holes indicated that the magnetic target had not been adequately tested.

On the completion of the two diamond holes MLM confirmed that the company had met the expenditure commitment to earn 25% of the project. In addition, based on the presence of porphyry style alteration and mineralisation in the two holes, MLM elected to move to the second stage of the earn in phase of the JV agreement and increase the company's share to 51% of the project through an additional $700,000 spent on exploration activity completed prior to 1 July 2023.

In March 2023, MLM increased the depth of Hole RDD020 from 501.30m to 951.50m in order to test the intense magnetic low / potential porphyry intrusive. Hole RDD020 was terminated at 951.5m after intersecting a variably altered and mineralised quartz-monzonite porphyry. However, the mineralisation intersected was confined to fracture surfaces and narrow (1cm) quartz veins, with the best recorded intercept being 1m at 0.41% Cu, 0.62g/t Au and 228ppm Mo from a zone of intense alteration at 789m.

The depth extension to hole RDD020 did not explain the intense magnetic low with the magnetic susceptibility readings remaining constant down the hole, however the drill hole trace through the modelled anomaly indicates the magnetic low and therefore the porphyry target was tested, Figure 4).

Further geochemical and geophysical studies will be undertaken at Clermont to determine if the progenitor intrusive responsible for the mineralisation in hole RDD020 can be identified and if the potential for a mineralised porphyry still exists within the tenement. In addition to this work, a review of the other prospect areas within EPM17968 will be undertaken to determine if there are other areas of interest which may have the potential to host significant levels of mineralisation.

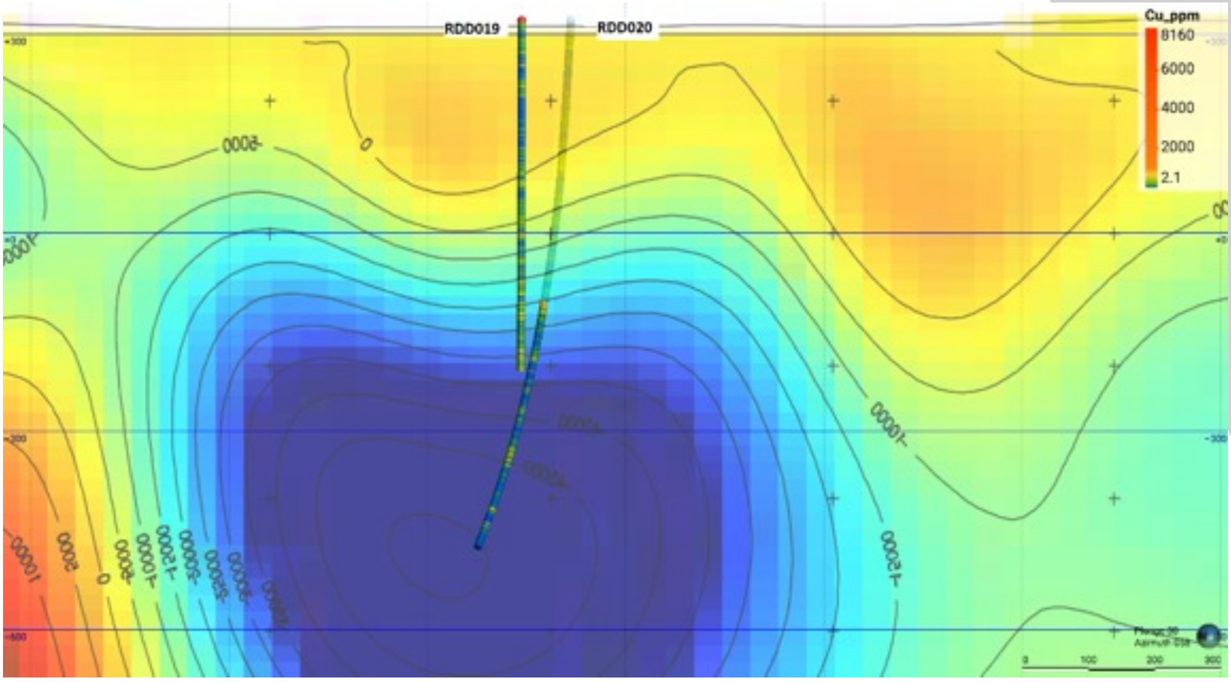


Figure 4: Idealised cross Section through modelled magnetic low showing drill Hole trace RDD0202 and copper in ppm

DIRECTOR AND MANAGEMENT PROFILES

THEO PSAROS

Executive Chairman

Theo Psaros has over 38 years of diverse global and local commercial experience in a number of business sectors and industries within multi-million dollar publicly listed companies, private companies and government departments. Theo's resource industry experience included a number of years as Chief Financial Officer and Chief Operating Officer of MetroCoal Limited, Chairman of the Surat Basin Coal Alliance and a member of the industry group that assisted with the Queensland Government Department of Natural Resources & Mines to prepare the 30-year strategic plan for the resources industry in Queensland (ResourcesQ).

Theo joined the board of Metallica Minerals as Non-Executive Chairman on 1 February 2019 and was appointed as Executive Chairman on 21 May 2020.

BRAD SAMPSON

Non-Executive 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.

MARK BOJANJAC

Non-Executive Director

Mark Bojanjac is a Perth based company Director with more than 20 years of significant experience in ASX resource companies including those that have taken exploration projects into production. He is currently Executive Chairman of PolarX Limited (ASX: PXX), Non-executive Director of Kula Gold Limited (ASX: KGD). He was previously Non-executive Director and later Managing Director of Adamus Resources leading the transition of the company to a gold producer.

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

SCOTT WADDELL

Chief Financial Officer and Company Secretary

Scott Waddell's resources experience was gained from eight (8) years with Metro Mining Limited and Cape Alumina Limited, nine (9) years with Anglo Coal and eight (8) years with Rio Tinto Alcan (RTA). This included direct mine site experience of 8 years. Roles included Interim CEO at Cape Alumina, CFO and Company Secretary for Metro Mining Limited and Cape Alumina Limited, Head of Finance for the Monash Energy project in Victoria's La Trobe Valley, as well as being a director of the CO2CRC Otway Pilot Project and chairman of the audit committee, Business Development Manager as well as a number of finance and corporate roles.

Scott joined the Board of Metallica Minerals as Executive Director on 1 February 2019 and resigned from his Executive Director role on 31 August 2021. Scott has continued with the Company as Chief Financial Officer and Company Secretary since this date.

NICHOLAS VILLA

General Manager Cape Flattery Silica

Nicholas has over 20 years' experience as a Mining Professional, he is well practiced in the delivery of resource projects, taking them from early exploration phase through to production.

Nicholas has managed bulk commodity operations both as Principal and as Contractor, fulfilling senior management roles including Mining Manager, Project Manager and Site Senior Executive. Developing his experience in a wide range of commodities and operations across Australia, Nicholas cultivated his knowledge in as many areas as the resource industry afforded him during his career including Engineering, Maintenance, Survey, Geology and Construction.

As part of this experience, Nicholas has had comprehensive managerial involvement in large scale mobilisation of mining fleets, preceded by in depth investigation and establishment of facilities and personnel to match operational demand.

Thoroughly versed in Queensland resource project approvals processes including Environmental Studies and Native Title negotiations, Nicholas was Project Manager for the team that successfully delivered Metro Mining's Bauxite Hills mine to full production in Northern Cape York. This was comprised of both mining and marine elements, situated in a remote location with complex logistics.

Holding an Honours Degree in Geology, as well as a Diploma in Project Management, Nicholas is a long-term Member of the Australian Institute of Geoscientists. Nicholas joined Metallica Minerals on the 14th of June, 2021 with the purpose of delivering yet another successful operation in Northern Queensland.

SAM FISHER

General Manager Commercial

Sam has a wealth of global experience developed over a career of more than 25 years working in dry bulk commodities marketing, infrastructure and logistics from strategy through to execution.

He has held senior leadership positions at New Hope Corporation and spent approximately 15 years working at BHP in a range of roles and locations in Australia, Singapore and the Netherlands.

Over the past 10 years he has been focused mainly on Asian markets with a strong focus on business development.

Sam joined Metallica Minerals on 17 October 2022.

PAT SMITH

Exploration Manager

Patrick Smith has over 30 years experience as an exploration geologist, with the last 15 years being in senior roles either as an Exploration Manager or Country Manager. He has an MSc in Mining Geology from Cambourne School of Mines in the UK and an MBA from QUT in Australia.

He has experience exploring for various commodities over his career including Gold - Copper exploration in Australia, the Middle East and the Pacific region, nickel, cobalt and scandium in Australia and tin – tantalum and lithium in Africa. Other commodities he has explored for include, heavy mineral sands, and more recently silica sands.

He has designed and implement numerous drilling programs over his career which have led to the delineation of significant resources and is familiar with most aspects of tenement administration and management especially in Queensland and PNG. He has specialised in leading small efficient exploration teams but has also managed large exploration camps.

INTEREST IN MINING TENEMENTS

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 P/L
QLD	Cape Flattery Silica	ML 100284	Application	Cape Flattery	100%	Cape Flattery Silica P/L
QLD	Clermont Copper Gold	EPM 17968	Granted	Clermont	51%	PGE Minerals P/L

TOP 20 SHAREHOLDERS

AS AT 3 OCTOBER 2023

Rank	Name	# of Shares	%IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	238,906,550	24.89
2	SIBELCO ASIA PACIFIC PTY LTD	148,399,617	15.46
3	SPARTA AG	92,046,350	9.59
4	DOSTAL NOMINEES PTY LTD	29,359,998	3.06
5	ROOKHARP CAPITAL PTY LIMITED	24,680,450	2.57
6	CITICORP NOMINEES PTY LIMITED	13,677,922	1.42
7	PLAN-1 PTY LTD	10,212,501	1.06
8	GEFRATO TRADING PTY LTD	10,047,368	1.05
9	SHADBOLT FUTURE FUND (TOTTENHAM) PTY LTD	8,190,000	0.85
10	SOPHJAK PTY LTD	7,026,315	0.73
11	GOUSSE HOLDINGS PTY LTD	6,641,400	0.69
12	SIBELCO ASIA PACIFIC PTY LTD	5,791,954	0.60
13	MACFORBES SUPER PTY LTD	5,447,368	0.57
14	CAROJON PTY LTD	5,000,000	0.52
15	MR GRAHAM RAYMOND WILLIAM DOW	5,000,000	0.52
16	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	4,933,096	0.51
17	BONDLINE LIMITED	4,910,966	0.51
18	MR DAVID GAZE	4,785,187	0.50
19	AZQ INVESTMENTS PTY LTD	4,410,934	0.46
20	NO BULL HEALTH PTY LTD	4,250,000	0.44
	Total	**633,717,976**	**66.02**
	Balance of register	**326,205,946**	**33.98**
	Grand total	**959,923,922**	**100.00**

COMPETENT PERSON STATEMENT

CAPE FLATTERY SILICA SAND RESOURCE

The information in this report that relates to the Cape Flattery Silica Project – Eastern Resource Area is based on information and modelling carried out by Chris Ainslie, Project Engineer, who is a full-time employee of Ausrocks Pty Ltd and a Member of the Australasian Institute of Mining & Metallurgy. The work was supervised by Mr Carl Morandy, Mining Engineer who is Managing Director of Ausrocks Pty Ltd and a Member of the Australasian Institute of Mining & Metallurgy and also by Mr Brice Mutton who is a Senior Associate Geologist for Ausrocks Pty Ltd. Mr Mutton is a Fellow of the Australasian Institute of Mining & Metallurgy and a Fellow of the Australian Institute of Geoscientists.

Mr Morandy and Mr Ainslie and Mr Mutton are employed by Ausrocks Pty Ltd who have been engaged by Metallica Minerals Ltd to prepare this independent report, there is no conflict of interest between the parties. Mr Morandy, Mr Ainslie and Mutton consent to the disclosure of information in the form and context in which it appears in this report.

The overall resource work for the Cape Flattery Silica Project – Eastern Resource Area is based on the direction and supervision of Mr Mutton who has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

CAPE FLATTERY SILICA SAND EXPLORATION RESULTS

The information in this report that relates to the Exploration Sampling and Exploration Results is based on information compiled by Mr Patrick Smith, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Smith is the owner and sole Director of PSGS Pty Ltd and is contracted to Metallica Minerals as their Exploration Manager. Mr Smith confirms there is no potential for a conflict of interest in acting as the Competent Person. Mr Smith has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Smith consents to the inclusion of this information in the form and context in which it appears in this release/report.

FORWARD LOOKING STATEMENT

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 funds 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. See ASX Release 17 July 2023 "Cape Flattery Silica Definitive Feasibility Study"
2. See ASX Release 3 March 2023 "Maiden Inferred Mineral Resource of 12Mt at 99.15% SiO_2, 0.09% Fe_2O_3 Estimated for CFS West Project"
3. See ASX Results 28 April 2022 "Positive Metallurgical test work results achieved at CFS"
4. See ASX Release 1 June 2023 "Extension of MOU to explore off-take arrangements"

The statements in this report concerning Mineral Resource Estimates at the CFS Project are derived from ASX announcements 1, 2 and 3 above.

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.

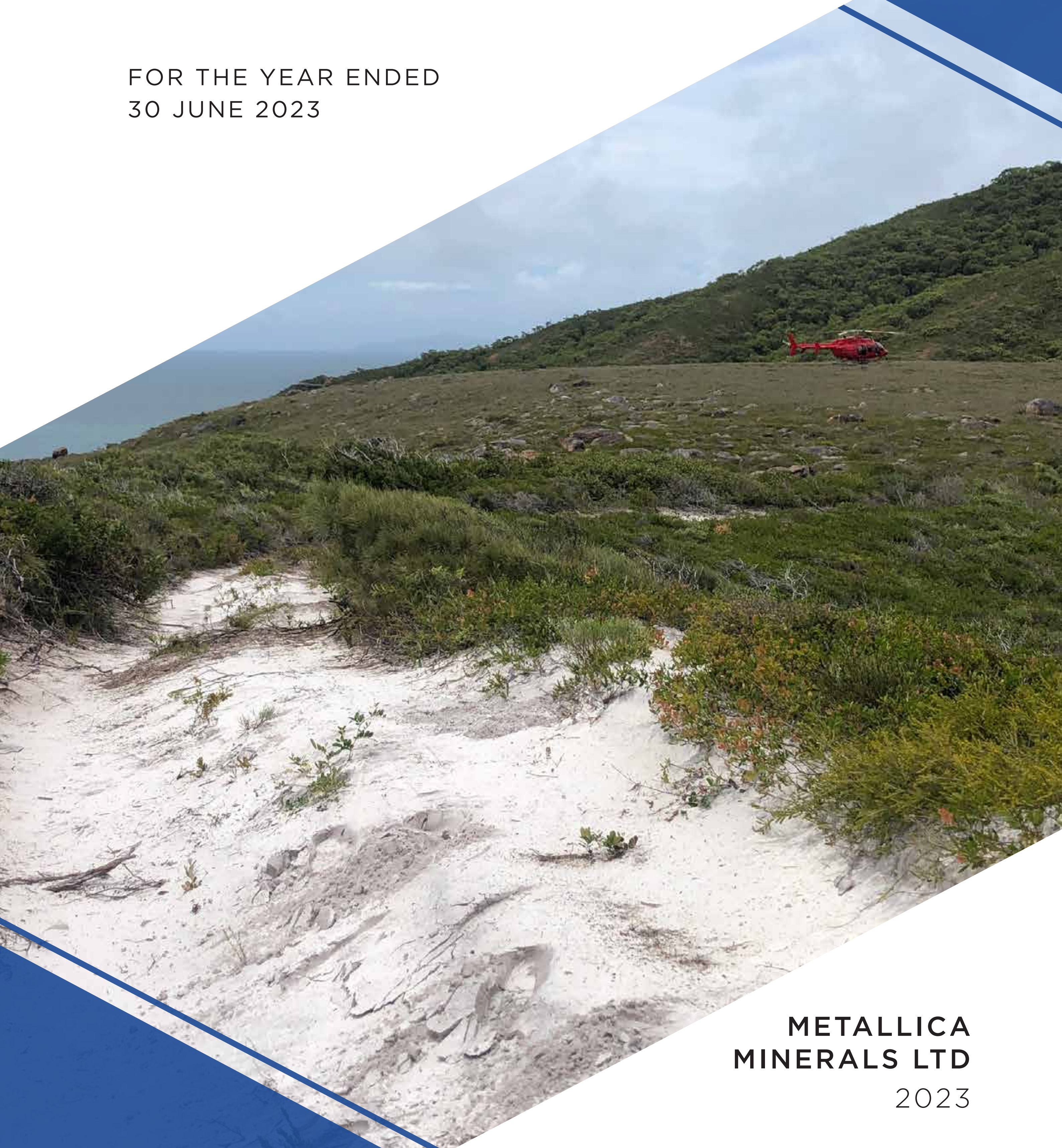
Statements concerning production targets and related financial information are derived from ASX announcements 1, 2 and 4 above.

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.

ANNUAL
REPORT

FOR THE YEAR ENDED
30 JUNE 2023



METALLICA
MINERALS LTD
2023

Metallica Minerals Limited

ACN 076 696 092

Annual Financial Report - 30 June 2023

Directors	T Psaros - Executive Chairman M Bojanjac - Non-executive Director B Sampson - Non-executive Director
Company secretary	S Waddell
Annual General Meeting	The details of the annual general meeting of Metallica Minerals Limited are: HWL Ebsworth Level 19, 480 Queen Street Brisbane QLD 4000 9.30am on Wednesday, 22 November 2023
Registered office and principal place of business	Level 1, North Tower Terrace Office Park 527 Gregory Terrace Fortitude Valley QLD 4006 Phone: (07) 3249 3000
Share register	Link Market Services Limited Level 21, 10 Eagle Street Brisbane QLD 4001 Phone: 1300 554 474
Auditor	Moore Australia Audit (QLD/NNSW) Level 12, 10 Eagle Street Brisbane QLD 4000
Solicitors	HWL Ebsworth Level 19, 480 Queen Street Brisbane QLD 4000
Stock exchange listing	Metallica Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: MLM)
Website	www.metallicaminerals.com.au
Corporate Governance Statement	www.metallicaminerals.com.au/corporate-governance

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Metallica Minerals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors
The following persons were directors of Metallica Minerals Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Theo Psaros
Mark Bojanjac
Brad Sampson

Principal activities
During the financial year, the principal activities of the consolidated entity consisted of mineral exploration, evaluation and progressing the development of its Cape Flattery Silica Sand Project.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $2,248,995 (30 June 2022: $2,007,194).

During the year ended 30 June 2023 the company:
(a) Continued to advance its Cape Flattery Silica Sand Project which included the following activities:
- The company completed the Definitive Feasibility Study (DFS, see ASX release dated 17 July 2023) following the successful completion of the Pre-Feasibility Study on 21 March 2022. Turner & Townsend JukesTodd was appointed as the Study Manager for the DFS. The study includes the design, engineering and planned delivery of the Cape Flattery Silica operation producing up to 1.5Mt of high-purity silica sand per annum. Turner & Townsend JukesTodd had overall responsibility for the management and delivery of the DFS.
- The company continued to advance through numerous other studies, approval processes and stakeholder engagement activities that are all key components of our project development for the Cape Flattery Silica Sand Project.
- The company entered into a Memorandum of Understanding (MoU) with Mitsui & Co. Limited. The MOU covers negotiations to evaluate the feasibility and possibility of a sale and purchase transaction (off-take transaction) of all or specific portions of the high-purity silica sand products that MLM will produce in the future (the "Business Opportunities"). The MOU defines the desire to engage in further analysis and discussion of one or more Business Opportunities and will remain effective for 12 months. While the MOU does not itself provide for any binding offtake arrangement, it establishes a platform for the parties to collaboratively explore entering into binding offtake arrangements. The MOU was subsequently extended to 1 September 2024.
- The company announced that assay results had been received for the 25 Hand Auger holes that were drilled in the western part of the Cape Flattery Silica (CFS) tenement (EPM 25734) in August 2022. A total of 25 hand auger holes were drilled (WA145 to WA169) comprising 123m of drilling in the western part of the EPM. The auger holes were designed to determine the possible ariel extent of silica sand in the western part of the tenement and to determine the quality of the silica sand. The assay results for 16 of the 25-hole hand auger program intersected zones of very high purity silica sand grading over 99.0% SiO_2 and with low iron (less than 500ppm Fe_2O_3).

(b) Clermont Project
The company received assay results for two drill diamond holes completed at the Clermont porphyry project in April 2022. Drill holes RDD019 and RDD020 were designed to test an intense magnetic low anomaly which the company's geologists believed represented an attractive drilling target for porphyry style copper gold mineralisation. The company received further assay results for the extension to diamond drill hole RDD020 drilled on EPM17968 in April and May 2023. It is planned to review the additional geochemical data from RDD020 in conjunction with data available from historical holes drilled on periphery of the magnetic low. This is expected to further assist in identifying which part of the mineralised porphyry system has been intersected and to aid in recommending next steps.

Capital expenditure
During the 2023 financial year, $5,857,217 was incurred on capitalised exploration and development expenditure (2022: $3,977,378). The majority of the expenditure incurred was on the Cape Flattery Silica Sand Project.

Cash flow and Liquidity
During the 2023 financial year, the net cash outflows from operating activities increased to $1,484,046 (2022: $1,075,641). An increase in employee costs, as a result of recruitment, and other general costs contributed to the increase in cash outflows from operating activities.

For the financial year ended 30 June 2023, the net cash outflow from investing activities amounted to $5,889,112 (2022 - net cash outflow: $4,112,735). The net cash outflows for 2023 and 2022 were largely attributable to payments for exploration and evaluation assets.

COVID-19 Impacts
During the financial year, COVID-19 continued to impact the company, particularly around our Traditional Landowner discussions. The company continues to follow recommendations from Queensland Health and the Australian Government to provide a COVID-19 safe workplace. Metallica Minerals Limited remains committed to following the guidelines released by the Government.

Significant changes in the state of affairs
On 7 December 2022, the company issued 145,000,000 fully paid ordinary shares to three investors in terms of a share placement and raised $5,075,000 before share issue costs (refer note 18).

On 23 December 2022, the company issued 141,199,221 fully paid ordinary shares in terms of a non-renounceable entitlement offer to existing shareholders and raised $4,518,375 before share issue costs (refer note 18).

The proceeds from the placement and entitlement offer are being used to fund the development of the 100% owned Cape Flattery Silica Sand Project.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
Completion of the Definitive Feasibility Study (DFS, see ASX release dated 17 July 2023).

On 4 July 2023, the company announced that it had met the additional expenditure commitment to earn a 51% share of the Clermont Project.

Subsequent to the reporting date, 17,675,000 performance rights were forfeited, and 3,025,000 performance rights were exercised.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
The consolidated entity's goal is to develop and maximise the value of the Cape Flattery Silica Sand Project and to continue to evaluate the Clermont project.

Material business risks

The consolidated entity is engaged in the exploration and development of mine projects in Australia. The consolidated entity is currently focused on successfully delivering high purity silica sand to a diversified customer base through the development of its Cape Flattery Silica Sand Project. Material business risks that could impact the consolidated entity's performance are described below.

Resource and reserve estimates	Resource and reserve estimates are inherently prone to variability. They involve expressions of judgement with regard to the presence and quality of mineralisation and the ability to extract and process the mineralisation economically. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. This may result in alterations to development and mining plans which may, in turn, adversely affect the consolidated entity's operations and reduce the estimated amount of mineral resources and ore reserves available for production and expansion plans. The consolidated entity manages the risk associated with resource and reserve estimates by engaging suitably experienced and qualified contractors and operators and ensuring that the Competent Person meets the requirements of the JORC Code 2012.
Commodity prices	Commodity prices fluctuate and are affected by numerous factors beyond the control of the consolidated entity. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic or political factors on both a regional and global basis. These factors may have a negative effect on the consolidated entity's exploration, project development and production plans and activities, together with its ability to fund those plans and activities.
Operating risks	The operations of the consolidated entity may be affected by various factors, including operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions (e.g. significant rainfall); industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. Such changes may have an adverse effect on the operations and production ability of the consolidated entity by increasing costs or delaying activities. The consolidated entity manages operating risks through a variety of means including selecting suitably experienced and qualified contractors and operators; regular monitoring of the performance of contractors and operators; the recruitment and retention of appropriately qualified employees and contractors; and the regular review by the Board of the consolidated entity's key risks.
Environmental and approval risks	The ability of the consolidated entity to operate, develop and explore projects may be delayed and limited by environmental and approval considerations and significant costs may result from complying with the consolidated entity's environmental and approval obligations. The consolidated entity recognises management's best estimate for assets' retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Environmental regulation

The consolidated entity is subject to environmental regulations under laws of Queensland and Australia where it holds mineral exploration and mining tenements. During the financial year the consolidated entity's activities recorded no non-compliance issues.

Information on directors (as at the date of this report)

Name:	**Theo Psaros**
Title:	Executive Chairman
Qualifications:	GAICD, CA, BFinAdmin
Experience and expertise:	Theo Psaros has over 38 years of diverse global and local commercial experience in a number of business sectors and industries within multi-million dollar publicly listed companies, private companies and government departments. Theo's resource industry experience included a number of years as Chief Financial Officer and Chief Operating Officer of MetroCoal Limited, Chairman of the Surat Basin Coal Alliance and a member of the industry group that assisted with the Queensland Government Department of Natural Resources & Mines to prepare the 30-year strategic plan for the resources industry in Queensland (ResourcesQ).
Other current directorships:	None
Former directorships (last 3 years):	Mobilicom Limited (ASX: MOB) resigned 5 July 2021
Special responsibilities:	Executive Chairman
Interests in shares:	9,542,982
Interests in options:	948,477 MLMOB listed options
Interests in rights:	Nil

Name:	**Mark Bojanjac**
Title:	Non-executive Director
Qualifications:	BCom, ICAA
Experience and expertise:	Mark Bojanjac is a Perth based company Director with more than 20 years of significant experience in ASX resource companies including those that have taken exploration projects into production. He is currently Executive Chairman of PolarX Limited (ASX: PXX), Non-executive Director of Kula Gold Limited (ASX: KGD). He was previously Non-executive Director and later Managing Director of Adamus Resources leading the transition of the company to a gold producer.
Other current directorships:	Executive Chairman of PolarX Limited and Non-executive Director of Kula Gold Limited
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	213,860
Interests in options:	Nil
Interests in rights:	Nil

Name:	**Stuart Bradley Sampson**
Title:	Non-executive Director
Qualifications:	B.E. (Hons) Mining, MBA, AMP, MAusIMM
Experience and expertise:	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.
Other current directorships:	Director of Kore Potash Plc and Non-executive Director of Agrimin Ltd
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	534,063
Interests in options:	Nil
Interests in rights:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated. 'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

The Company Secretary is Scott Waddell. Scott is a member of the Governance Institute of Australia and has previously worked as the Company Secretary to Cape Alumina Ltd and Metro Mining Ltd over an eight-year period.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
T Psaros	11	11
M Bojanjac	11	11
B Sampson	11	11

Held: represents the number of meetings held during the time the director held office.

The Board has previously decided that it was no longer appropriate to have separate committees for Audit & Risk and Remuneration. The Board as part of its role has undertaken the responsibilities of these Board committees and carries out the functions set out in their respective charters to ensure that their objectives are met.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- transparency

The remuneration structure for key management personnel, excluding non-executive directors, is set by the Board and is based on a number of factors including, market remuneration for comparable companies, particular experience of the individual concerned and overall performance of the consolidated entity. The contracts for service between the consolidated entity and key management personnel are on a continuing basis the terms of which are not expected to materially change in the immediate future. The consolidated entity retains the right to terminate contracts immediately by making payment of an amount based on the employee's years of service. Upon retirement or termination key management personnel, excluding non-executives, are paid employee benefits accrued to date of retirement or termination. No other termination benefits are payable under service contracts except that the Executive Chairman is entitled to an additional 6 months written notice in the case of a change of control event. Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as considered appropriate by the Board.

The remuneration framework is aligned to shareholders' interests through:
- a focus on sustained growth in share price and key non-financial drivers of value
- attracting and retaining high calibre executives

The remuneration framework is aligned to employees' interests through:

- rewarding capability and experience
- reflecting competitive rates of remuneration in respect of skills and responsibility
- providing a clear structure for earning rewards
- providing recognition for achievements

In accordance with best practice corporate governance, the structure of non-executive directors and executive remuneration is separate.

Non-executive director remuneration
Remuneration of the non-executive directors is approved by the Board and set in aggregate within the maximum amount approved by the shareholders from time to time. The fees have been determined by the Board having regard to industry practice and the need to obtain appropriately qualified independent persons.

The aggregate pool of remuneration paid to non-executive directors was approved by shareholders on 24 November 2010 and is currently $300,000 per annum for Metallica Minerals Limited as parent entity. The amount paid to non-executive directors of the parent entity (Metallica Minerals Limited) during the year to 30 June 2023 was $123,425 excluding any remuneration from options (2022: $120,050).

Executive remuneration
The consolidated entity and company aims to reward executives with a level and mix of remuneration, both fixed and variable, based on their position and level of achievement.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

(i) Fixed remuneration
Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

(ii) Short-term incentives
STIs paid to senior executives are made on a discretionary basis as determined by the Board. These incentives, while not guaranteed, are directly linked to the achievement of KPIs as well as various performance targets for each area of operational responsibility, including the preparation and delivery of reports on time and meeting industry targets and standards in relation to workplace health and safety. No bonus is awarded where performance falls below the minimum acceptable KPI levels as determined by the Board.

(iii) Long-term incentives
Long-term performance incentives (LTI) are delivered through the grant of options and share rights to executive directors and selected senior executives from time to time as part of their remuneration. Share rights have a nil exercise price and the performance hurdles applicable to any performance period (including how they will be measured) is set out in the invitation to the eligible executives.

At the Annual General Meeting (AGM) held on 17 November 2022, the company's shareholders approved the issue of performance rights to key employees under the company's incentive plan.

At the Extraordinary General Meeting (EGM) held on 7 April 2023, the company's shareholders approved the ratification of the previous issue of Placement Shares under Listing Rule 7.1A and approved amendments to the Company's constitution.

Consolidated entity performance and link to remuneration
The purpose of the incentive plan is to:
(a) assist in the reward, retention and motivation of participants;
(b) align the interests of participants with the interests of the company's shareholders;
(c) promote the long-term success of the company and provide greater incentive for participants to focus on the company's longer term goals;
(d) link the reward of participants to the performance of the company and the creation of shareholder value; and
(e) provide participants with the opportunity to share in any future growth in value of the company.

Because the consolidated entity is in exploration and development, not production, there is no direct relationship between the consolidated entity's financial profits and the level of remuneration paid to key management personnel.

At 30 June 2023, the market price of the company's ordinary shares was 2.4 cents per share (30 June 2022: 2.3 cents per share). No dividends were paid during the year ended 30 June 2023.

Share prices are subject to the influence of international metal prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration. The company may issue options or performance rights to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the company's shareholders.

Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as determined by the Board of Directors. Except in so far as Directors and other key management personnel hold options or share rights over shares in the company, there is no relationship between remuneration policy and the company's performance.

Use of remuneration consultants
The company did not engage remuneration consultants to prepare a formal remuneration report during the financial year ended 30 June 2023.

Voting and comments made at the company's 17 November 2022 Annual General Meeting ('AGM')
At the 17 November 2022 AGM, 98.91% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration
Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Metallica Minerals Limited:
- Theo Psaros
- Mark Bojanjac
- Brad Sampson

	Short-term benefits	Post-employment	Long-term benefits	Share-based payments	
2023	Cash salary and fees $	Superannuation $	Long service leave $	Options, rights & shares[(a)] $	Total $
Non-Executive Directors:					
M Bojanjac	60,000	-	-	73,500	133,500
B Sampson	57,398	6,027	-	73,500	136,925
Executive Directors:					
T Psaros	271,493	28,507	-	135,675	435,675
	388,891	34,534	-	282,675	706,100

(a) The amounts included in the share-based remuneration represent the grant date fair value of all performance rights and options issued to Directors, amortised on a straight-line basis over the expected vesting period. Note that as at 30 June 2023, only one performance condition was partially met for Theo Psaros and no performance conditions were met for M Bojanjac or B Sampson, thus the benefit to Directors from performance rights only slightly materialised for Theo Psaros and did not materialise for M Bojanjac or B Sampson. Expenses are reversed where rights are forfeited due to a failure to satisfy the service conditions or there is a revision of share rights expected to vest.

	Short-term benefits	Post-employment	Long-term benefits	Share-based payments	
2022	Cash salary and fees $	Superannuation $	Long service leave $	Options, rights & shares[(b)] $	Total $
Non-Executive Directors:					
M Bojanjac	53,335	-	-	8,005	61,340
B Sampson	53,958	5,396	-	8,005	67,359
A Gillies[(a)]	6,692	669	-	46,368	53,729
Executive Directors:					
T Psaros	215,455	17,046	-	103,766	336,267
S Waddell[(c)]	29,700	-	-	69,880	99,580
	359,140	23,111	-	236,024	618,275

(a) Mr A Gillies resigned on 31 August 2021.
(b) The amounts included in the share-based remuneration represent the grant date fair value of performance rights and options, amortised on a straight-line basis over the expected vesting period. Expenses are reversed where rights are forfeited due to a failure to satisfy the service conditions or there is a revision of share rights expected to vest.
(c) Mr Waddell was a Key Management Personnel up to 31 August 2021 when he resigned as Director of the company on 31 August 2021. Mr Waddell has stayed on as Chief Financial Officer and Company Secretary post this date but is no longer a Key Management Personnel.

The proportion of remuneration linked to performance (i.e. options) and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2023	2022	2023	2022	2023	2022
Non-Executive Directors:						
M Bojanjac	45%	87%	-	13%	55%	-
B Sampson	46%	88%	-	12%	54%	-
A Gillies	-	14%	-	-	-	86%
Executive Directors:						
T Psaros	69%	69%	-	17%	31%	14%
S Waddell	-	30%	-	8%	-	62%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Theo Psaros
Title:	Executive Chairman
Agreement commenced:	1 February 2021
Term of agreement:	Ongoing
Details:	Mr Psaros was engaged as an employee on a salary of $271,493 excluding superannuation. Mr Psaros already participates in an employee incentive plan and no other additional short or long-term incentives have been included in the terms of the engagement. The contract can be terminated by six months' notice from either party plus an additional six months' payment in the case of a change of control event. Mr Psaros has no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares granted to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options

On 23 December 2019, the company granted 10,000,000 unlisted options to its Directors pursuant to the employee equity incentive plan as approved at the company's annual general meeting on 29 November 2019. Theo Psaros and Andrew Gillies were each granted 3,000,000 options and Scott Waddell was granted 4,000,000 options, for nil consideration. The options vested if the Metallica Minerals Limited share price traded at more than 2.9 cents for 5 days.

On 27 July 2021, the company allotted 10,000,000 shares for the exercise of employee options held by Directors, and entered into limited recourse loan agreements with three Directors as outlined in the Extraordinary General Meeting held on 7 July 2021 and Notice of Meeting dated 7 and 8 June 2021. Under Accounting Standard AASB 2 *Share-based payment,* the issuance of these shares has been accounted for as an in-substance option award. The in-substance options vested on the grant date. The shares were subject to escrow until 23 December 2022. The loans were repaid prior to 30 June 2023.

Summary of the options granted on 23 December 2019 and which were exercised on 27 July 2021:

Name	Number of options granted	Grant date	Expiry date	Exercise price	Fair value per option at grant date	Vested %	Number of ordinary shares issued
T Psaros	3,000,000	23/12/2019	23/06/2022	$0.029	$0.004	100%	3,000,000
A Gillies	3,000,000	23/12/2019	23/06/2022	$0.029	$0.004	100%	3,000,000
S Waddell	4,000,000	23/12/2019	23/06/2022	$0.029	$0.004	100%	4,000,000

Summary of the in-substance share-based option awards (limited recourse borrowings):

Name	Number of in substance options granted	Grant date	Expiry date	Exercise price	Fair value per option at grant date
T Psaros	3,000,000	27/07/2021	31/12/2022	$0.029	$0.021
A Gillies	3,000,000	27/07/2021	31/12/2022	$0.029	$0.021
S Waddell	4,000,000	27/07/2021	31/12/2022	$0.029	$0.021

Options granted carried no dividend or voting rights.

Share rights

On 2 August 2021, the company issued 7,160,000 performance rights to Directors and employees based on the terms detailed at the EGM held on 7 July 2021 and Notice of Meeting dated 7 and 8 June 2021. These terms included a condition that the employee needed to stay employed with the company until the vesting date.

The performance rights convert in 3 equal tranches into ordinary shares on achievement of the following performance hurdles (**Hurdles**):

Hurdle 1: The VWAP of the Metallica Minerals Limited (MLM) share price for the month of June 2022 (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 2021.

Hurdle 2: The total JORC resource of silica sand held by the company in relation to its Cape Flattery Silica Sand Project is at least 50 million tonnes, with at least 25 million tonnes included at the measured and/or Indicated JORC category.

Hurdle 3: The company has successfully completed the Pre-Feasibility Study for the Cape Flattery Silica Project and released the results of this study to the ASX.

As of 30 June 2022, one of the three hurdles had not been met and thus 2,386,665 rights were forfeited. The balance of 4,773,335 rights were exercised and the shares issued on 26 August 2022.

The terms and conditions of each grant of share rights over ordinary shares affecting remuneration of directors and other key management personnel was as follows:

Name	Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date	Number of rights granted	Number of rights exercised	Number of rights forfeited	% forfeited
T Psaros	07/07/2021	19/07/2022	19/08/2022	$0.036	633,333	-	633,333	100%
T Psaros	07/07/2021	19/07/2022	19/08/2022	$0.034	1,266,667	1,266,667	-	-
M Bojanjac	07/07/2021	19/07/2022	19/08/2022	$0.036	88,333	-	88,333	100%
M Bojanjac	07/07/2021	19/07/2022	19/08/2022	$0.034	176,667	176,667	-	-
B Sampson	07/07/2021	19/07/2022	19/08/2022	$0.036	88,333	-	88,333	100%
B Sampson	07/07/2021	19/07/2022	19/08/2022	$0.034	176,667	176,667	-	-
S Waddell	07/07/2021	19/07/2022	19/08/2022	$0.036	533,333	-	533,333	100%
S Waddell	07/07/2021	19/07/2022	19/08/2022	$0.034	1,066,667	1,066,667	-	-

Share rights granted carried no dividend or voting rights.

Performance rights
On 17 November 2022, the company granted 4,500,000 performance rights to the Executive Chairman and 5,000,000 performance rights to the Non-Executive Directors of the company under the Employee Equity Incentive Plan (EEIP). The rights vested on 25 July 2023 and expired on 23 August 2023.

The performance rights convert into ordinary shares as follows:
- Executive Chairman - The performance rights convert in 4 equal tranches into ordinary shares on achievement of performance hurdles 1 - 4.
- Non-Executive Directors - The performance rights convert in 3 equal tranches into ordinary shares on achievement of performance hurdles 1 - 3.

The following are the performance hurdles (Hurdles) for the performance rights granted during the current year:
Hurdle 1: The VWAP of the Metallica Minerals Limited (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.

Hurdle 2: The company signs Mining Agreement and Cultural Heritage Management Agreement with TLO parties.

Hurdle 3: 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.

Hurdle 4: Personal performance based on the rating provided in the HR Performance Management System – The number of performance rights will be pro-rata based on the rating received.

The performance rights will vest and convert into shares on the date the vesting notice is provided to the employee. A term was included in the conditions that the employee needed to stay employed with the company until the vesting date.

Name	Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date	Number of rights granted	Number of rights forfeited	% forfeited
T Psaros	17/11/2022	25/07/2023	23/08/2023	$0.026	1,125,000	1,125,000	100%
T Psaros	17/11/2022	25/07/2023	23/08/2023	$0.036	3,375,000	2,625,000	78%
M Bojanjac	17/11/2022	25/07/2023	23/08/2023	$0.026	833,333	833,333	100%
M Bojanjac	17/11/2022	25/07/2023	23/08/2023	$0.036	1,666,667	1,666,667	100%
B Sampson	17/11/2022	25/07/2023	23/08/2023	$0.026	833,333	833,333	100%
B Sampson	17/11/2022	25/07/2023	23/08/2023	$0.036	1,666,667	1,666,667	100%

Performance rights granted carried no dividend or voting rights.

As of 30 June 2023, 8,750,000 rights were forfeited. The balance of 750,000 performance rights vested, and the shares were issued on 25 August 2023.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

	2023 $	2022 $	2021 $	2020 $	2019 $
Loss after income tax	(2,248,995)	(2,007,194)	(3,054,991)	(521,340)	(4,391,316)

The factors that are considered to affect Total Shareholders Return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at financial year end (cents)	2.40	2.30	3.50	1.05	1.60
Basic earnings/(loss) per share (cents per share)	(0.27)	(0.33)	(0.84)	(0.16)	(1.36)

Additional disclosures relating to key management personnel
Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
T Psaros	6,000,000	1,266,667	1,526,315	-	8,792,982
B Sampson	264,516	176,667	92,880	-	534,063
M Bojanjac	-	176,667	37,193	-	213,860
	6,264,516	1,620,001	1,656,388	-	9,540,905

None of the shares above are held nominally by the directors or any of the other key management personnel.

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
T Psaros	948,477	-	-	-	948,477
	948,477	-	-	-	948,477

The balance at the end of the year includes options that attached to shares issued under a renounceable rights offer.

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other**	Balance at the end of the year
*Limited recourse loan options**					
T Psaros	3,000,000	-	-	(3,000,000)	-

* For further information on the limited recourse loan options refer to the section below *Loans to key management personnel and their related entities*.
** Theo Psaros repaid his limited recourse loan during the 2023 financial year.

Share rights holding
The number of share rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Share rights over ordinary shares					
T Psaros	1,266,667	-	(1,266,667)	-	-
M Bojanjac	176,667	-	(176,667)	-	-
B Sampson	176,667	-	(176,667)	-	-
	1,620,001	-	(1,620,001)	-	-

Performance rights holding
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
T Psaros	-	4,500,000	-	(3,750,000)	750,000
M Bojanjac	-	2,500,000	-	(2,500,000)	-
B Sampson	-	2,500,000	-	(2,500,000)	-
	-	9,500,000	-	(8,750,000)	750,000

Loans to key management personnel and their related parties
On 27 July 2021, the company allotted 10,000,000 shares for the exercise of employee options held by Directors at $0.029 per share in terms of the Employee Equity Incentive Plan (refer to note 32). The shares have been funded by limited recourse loans with three Directors as outlined in the Extraordinary General Meeting held on 7 July 2021 and Notice of Meeting dated 7 and 8 June 2021. Under Accounting Standard AASB 2 *Share-based payment,* the issuance of these shares was accounted for as an in-substance option award. The value of these equity instruments was assessed by the Directors based on an independent valuation (using an option-pricing model) and were recorded in the *Share-based payments reserve* (note 19). The shares were subject to escrow until 23 December 2022. The loans were repaid prior to 30 June 2023.

Other transactions with key management personnel and their related parties
There were no other transactions with key management personnel of the group, including their close family members and entities related to them, during the financial year ended 30 June 2023.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Metallica Minerals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
3 August 2011	No expiry date*	$0.700	1,000,000
27 April 2021	25 March 2024	$0.060	130,678,964
18 February 2022	25 March 2024	$0.060	41,608,871
12 July 2022	25 March 2024	$0.060	7,342,742
			180,630,577

* These options will expire 3 years after the decision to mine at Lucknow or Kokomo is made.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

No options were granted to the directors or any of the five highest remunerated officers of the company since the end of the financial year.

Shares under share/performance rights
There were no unissued ordinary shares of Metallica Minerals Limited under share rights outstanding at the date of this report.

Shares issued on the exercise of options
The following ordinary shares of Metallica Minerals Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

Date options exercised	Exercise price	Number of shares issued
19 August 2022*	$0.000	4,773,335

* These options represent in-substance options (refer to note 32).

Shares issued on the exercise of share/performance rights
The following ordinary shares of Metallica Minerals Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of share rights granted:

Date share/performance rights exercised	Exercise price	Number of shares issued
25 August 2023	$0.000	3,025,000

Indemnity and insurance of officers
Each of the Directors and the Secretary of the company have entered into a Deed with the company whereby the company has provided certain contractual rights of access to books and records of the company to those Directors and Secretary. The company has insured all of the Directors of Metallica Minerals Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances.

Indemnity and insurance of auditor
Other than the standard indemnities, the company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Moore Australia Audit (QLD/NNSW)
There are no officers of the company who are former partners of Moore Australia Audit (QLD/NNSW).

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Theo Psaros
Executive Chairman

7 September 2023
Brisbane

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Metallica Minerals Limited

As lead auditor for the audit of Metallica Minerals Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Metallica Minerals Limited and the entities it controlled during the year.

Murray McDonald
Partner - Audit and Assurance

Moore Australia Audit (QLD/NNSW)
Chartered Accountants

Brisbane
7 September 2023

General information

The financial statements cover Metallica Minerals Limited as a consolidated entity consisting of Metallica Minerals Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Metallica Minerals Limited's functional and presentation currency.

Metallica Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, North Tower
Terrace Office Park
527 Gregory Terrace
Bowen Hills
QLD 4006

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 7 September 2023. The directors have the power to amend and reissue the financial statements.

Metallica Minerals Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 $	2022 $
Revenue	4	-	4,182
Other income	5	-	2,500
Interest revenue		86,482	7,770
Expenses			
Airfares and conferences		(73,924)	(37,521)
Extraordinary General Meeting costs		-	(14,667)
Employee benefits expense	6	(634,829)	(857,204)
Exploration costs		(77,035)	(306,391)
Depreciation and amortisation expense	6	(111,453)	(85,372)
Listing fees and share register expenses		(78,084)	(87,732)
Impairment of exploration and evaluation expenditure	13	(635,494)	-
Legal fees		(65,281)	(35,911)
Professional fees		(265,797)	(148,033)
Rental expenses		(28,654)	(41,413)
Other expenses		(345,243)	(388,886)
Finance costs	6	(19,683)	(18,516)
Total expenses		(2,335,477)	(2,021,646)
Loss before income tax expense		(2,248,995)	(2,007,194)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Metallica Minerals Limited		(2,248,995)	(2,007,194)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Metallica Minerals Limited		(2,248,995)	(2,007,194)
		Cents	**Cents**
Basic earnings per share	31	(0.27)	(0.33)
Diluted earnings per share	31	(0.27)	(0.33)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Metallica Minerals Limited
Statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	8	7,106,924	5,259,695
Trade and other receivables	9	23,432	59,525
Total current assets		7,130,356	5,319,220
Non-current assets			
Plant and equipment	11	103,812	100,105
Right-of-use assets	12	399,202	476,467
Exploration and evaluation	13	10,382,182	5,160,459
Other non-current assets	10	67,498	73,498
Total non-current assets		10,952,694	5,810,529
Total assets		18,083,050	11,129,749
Liabilities			
Current liabilities			
Trade and other payables	14	670,910	838,600
Lease liabilities	15	68,878	63,163
Employee benefits	16	94,534	39,713
Total current liabilities		834,322	941,476
Non-current liabilities			
Lease liabilities	15	356,404	425,282
Provisions	17	3,842	3,842
Total non-current liabilities		360,246	429,124
Total liabilities		1,194,568	1,370,600
Net assets		16,888,482	9,759,149
Equity			
Issued capital	18	63,293,132	53,865,383
Reserves	19	291,770	590,844
Accumulated losses		(46,696,420)	(44,697,078)
Total equity		16,888,482	9,759,149

The above statement of financial position should be read in conjunction with the accompanying notes

Metallica Minerals Limited
Statement of changes in equity
For the year ended 30 June 2023

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2021	50,896,470	219,747	(42,689,884)	8,426,333
Loss after income tax expense for the year	-	-	(2,007,194)	(2,007,194)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,007,194)	(2,007,194)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	2,968,913	-	-	2,968,913
Share-based payments (note 32)	-	371,097	-	371,097
Balance at 30 June 2022	53,865,383	590,844	(44,697,078)	9,759,149

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	53,865,383	590,844	(44,697,078)	9,759,149
Loss after income tax expense for the year	-	-	(2,248,995)	(2,248,995)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,248,995)	(2,248,995)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	9,283,550	-	-	9,283,550
Share-based payments (note 32)	-	94,778	-	94,778
Transfer from share-based payments reserve to accumulated losses	144,199	(393,852)	249,653	-
Balance at 30 June 2023	63,293,132	291,770	(46,696,420)	16,888,482

The above statement of changes in equity should be read in conjunction with the accompanying notes

Metallica Minerals Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities			
Receipts from customers, government grants and other (inclusive of GST)		740	8,976
Payments to suppliers and employees (inclusive of GST)		(1,551,585)	(1,073,871)
Interest received		86,482	7,770
Interest paid		(19,683)	(18,516)
Net cash used in operating activities	33	(1,484,046)	(1,075,641)
Cash flows from investing activities			
Payments for property, plant and equipment	11	(37,895)	(110,302)
Payments for exploration and evaluation assets	13	(5,857,217)	(3,977,378)
Payments for security deposits		-	(25,055)
Receipt for security deposit		6,000	-
Net cash used in investing activities		(5,889,112)	(4,112,735)
Cash flows from financing activities			
Proceeds from issue of shares	18	9,883,375	3,044,000
Share issue transaction costs	18	(599,825)	(75,087)
Repayment of lease liabilities principal		(63,163)	(52,409)
Net cash from financing activities		9,220,387	2,916,504
Net increase/(decrease) in cash and cash equivalents		1,847,229	(2,271,872)
Cash and cash equivalents at the beginning of the financial year		5,259,695	7,531,567
Cash and cash equivalents at the end of the financial year	8	7,106,924	5,259,695

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of the new standards and amendments to standards affected any of the amounts recognised in the current period or any prior period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern
For the year ended 30 June 2023, the consolidated entity incurred a loss of $2,248,995 after income tax (2022: $2,007,194) and net cash outflows from operating activities of $1,484,046 (2022: $1,075,641).

The Directors have concluded that the going concern basis of preparation of the financial statements is appropriate and any uncertainty regarding going concern is mitigated by the following:
- At 30 June 2023, the consolidated entity had net current assets of $6,296,034 (30 June 2022: $4,377,744) and total net assets of $16,888,482 (30 June 2022: $9,759,149). Cash and cash equivalents at 30 June 2023 amounted to $7,106,924 (30 June 2022: $5,259,695).
- If additional cash is required outside of current cash holdings, the consolidated entity is expected to be in a position to complete capital raising with no foreseeable challenges as they have a proven history of successfully raising funds. During the year ended 30 June 2023, the company raised $9,283,550 from the issue of ordinary shares in the company (net of share issue costs) (note 18).

Based on the above, the Directors are of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the consolidated entity will be able to meet its liabilities from its assets in the ordinary course of business, for a period of not less than 12 months from the date of this financial report and has accordingly prepared the financial report on a going concern basis.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Metallica Minerals Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Metallica Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Note 1. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Joint arrangements

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Metallica Minerals Limited has only one joint operation at the reporting date and no joint ventures.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Metallica Minerals Limited has recognised its share of the jointly held assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Note 1. Significant accounting policies (continued)

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Restoration, rehabilitation and environmental expenditure
Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are dealt with retrospectively, with any amounts that would have been written off or provided against under the accounting policy for exploration and evaluation immediately written off.

Restoration from exploration drilling is carried out at the time of drilling and accordingly no provision is required.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives
Where required by the Australian Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has carried out a preliminary assessment of the impact of these new and amended Accounting Standards and Interpretations, and determined that they are unlikely to have a material impact on the consolidated entity's financial statements in the period of initial application.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments will have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Impairment of property, plant and equipment
The consolidated entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the parent entity's Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity is managed primarily on a geographic basis that is the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level.

The consolidated entity does not have any products/services it derives revenue from.

Management currently identifies the consolidated entity as having only one operating segment, being exploration and development of mine projects in Australia. All significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from the segment are equivalent to the financial statements of the consolidated entity as a whole.

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 4. Revenue

	Consolidated	
	2023 $	2022 $
Rent	-	4,182

Note 5. Other income

	Consolidated	
	2023 $	2022 $
Other	-	2,500

Accounting policy - Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 6. Expenses

	Consolidated 2023 $	Consolidated 2022 $
Loss before income tax includes the following specific expenses:		
Aggregate employee benefits expense		
Defined contribution superannuation expense	110,651	68,305
Equity-settled share-based payments	94,778	371,097
Other employee benefits expenses	1,168,903	823,771
	1,374,332	1,263,173
Less		
Employee costs capitalised to exploration	(739,503)	(405,969)
Employee benefits expense	634,829	857,204
Depreciation		
Plant and equipment	10,156	7,263
Motor vehicles	24,032	13,722
Buildings right-of-use assets	77,265	64,387
Total depreciation	111,453	85,372
Finance costs		
Interest and finance charges paid/payable on lease liabilities	19,683	18,516
Leases		
Short-term lease payments	26,021	30,356

Note 7. Income tax

	Consolidated 2023 $	Consolidated 2022 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,248,995)	(2,007,194)
Tax at the statutory tax rate of 30% (2022: 25%)	(674,699)	(501,799)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	28,435	-
	(646,264)	(501,799)
Current year tax losses not recognised	806,908	410,049
Current year temporary differences not recognised	80,252	91,750
Change in tax rate	(240,896)	-
Income tax expense	-	-

Note 7. Income tax (continued)

Deferred tax

	Consolidated 2023 $	Consolidated 2022 $
Recognised deferred tax assets		
Amounts recognised in profit or loss:		
Tax losses	2,828,246	1,197,539
Business related costs	229,566	65,456
Plant and equipment	1,277	121
Accured expenses	18,216	13,116
Lease liabilities and right-of-use assets	128,737	123,072
Provisions	28,374	9,928
	3,234,416	1,409,232
Recognised deferred tax liabilities		
Amounts recognised in profit or loss:		
Exploration expenditure	(3,114,655)	(1,290,115)
Leasehold improvements	(119,761)	(119,117)
	(3,234,416)	(1,409,232)
Net deferred tax recognised	-	-

The following is the potential benefit of the unrecognised deferred tax assets:

	Consolidated 2023 $	Consolidated 2022 $
Unrecognised tax losses	31,007,890	28,050,703
Unrecognised capital losses	870,233	870,233
	31,878,123	28,920,936
Potential tax benefit @ 30% (2022: 25%)	9,563,437	7,230,234

The above potential tax benefit for tax losses has not been recognised in the statement of financial position as the recovery of this benefit is uncertain. The tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 7. Income tax (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Metallica Minerals Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 8. Cash and cash equivalents

	Consolidated	
	2023	**2022**
	$	**$**
Current assets		
Cash at bank	2,519,676	1,933,300
Cash on deposit	4,587,248	3,326,395
	7,106,924	5,259,695

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Trade and other receivables

	Consolidated	
	2023	**2022**
	$	**$**
Current assets		
Trade receivables	-	740
Other receivables	33	33
GST receivable	23,399	58,752
	23,432	59,525

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Note 9. Trade and other receivables (continued)

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 10. Other non-current assets

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Security deposits - tenements and rental properties	67,498	73,498

Note 11. Plant and equipment

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Plant and equipment - at cost	113,212	75,317
Less: Accumulated depreciation	(70,542)	(60,386)
	42,670	14,931
Motor vehicles - at cost	98,896	98,896
Less: Accumulated depreciation	(37,754)	(13,722)
	61,142	85,174
	103,812	100,105

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2021	10,788	-	10,788
Additions	11,406	98,896	110,302
Depreciation expense	(7,263)	(13,722)	(20,985)
Balance at 30 June 2022	14,931	85,174	100,105
Additions	37,895	-	37,895
Depreciation expense	(10,156)	(24,032)	(34,188)
Balance at 30 June 2023	42,670	61,142	103,812

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 11. Plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	33% per annum
Motor vehicles	33% per annum

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 12. Right-of-use assets

	Consolidated	
	2023	**2022**
	$	**$**
Non-current assets		
Land and buildings - right-of-use	540,854	540,854
Less: Accumulated depreciation	(141,652)	(64,387)
	399,202	476,467

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings $
Balance at 1 July 2021	-
Additions	540,854
Depreciation expense	(64,387)
Balance at 30 June 2022	476,467
Depreciation expense	(77,265)
Balance at 30 June 2023	399,202

On 23 July 2021, the company entered into a 4-year lease for office premises.

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The company has an option to extend the lease for 3 years, which the Directors believe will be probable. As such, the depreciation has been calculated over a period of 7 years.

Note 12. Right-of-use assets (continued)

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 13. Exploration and evaluation

	Consolidated	
	2023	**2022**
	$	**$**
Non-current assets		
Exploration and evaluation expenditure	10,382,182	5,160,459

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration & evaluation $
Balance at 1 July 2021	1,183,081
Additions (i)	3,977,378
Balance at 30 June 2022	5,160,459
Additions (ii)	5,857,217
Impairment of the Clermont Project (iii)	(635,494)
Balance at 30 June 2023	10,382,182

(i) Includes $273,167 of E&E expenditure on EPM 17968, Clermont project. At 30 June 2022, the Clermont project was 25% owned by the consolidated group. Expenditure at EPM 17968 was recorded as E&E from the point that the farm-in criteria were met (see note 25). The earn-in arrangement entered into in respect of the Clermont Project has been accounted for in accordance with the Exploration and evaluation assets accounting policy below.
(ii) Includes $362,327 of E&E expenditure on EPM 17968, Clermont project.
(iii) The impairment for Clermont was in response to the further drilling undertaken during the 2023 year. Fine disseminations of pyrite, chalcopyrite and molybdenum were observed in the rock matrix but with a concentration of less than 1% total sulphides. As a result, it was concluded that the intense magnetic low was not explained by the results of the deepened drill hole, with the magnetic susceptibility readings remaining constant down the hole, however the drill hole trace through the modelled anomaly indicates the magnetic low was tested.

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent upon successful development and commercial exploitation or sale of the respective areas of interest.

Accounting policy for exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

Note 14. Trade and other payables

	Consolidated	
	2023	**2022**
	$	**$**
Current liabilities		
Trade payables	637,666	817,340
Other payables	33,244	21,260
	670,910	838,600

Refer to note 21 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 15. Lease liabilities

	Consolidated	
	2023	**2022**
	$	**$**
Current liabilities		
Lease liability - land and buildings	68,878	63,163
Non-current liabilities		
Lease liability - land and buildings	356,404	425,282
	425,282	488,445

Refer to note 21 for further information on financial instruments.

On 23 July 2021, the company entered into a 4-year lease for office premises. The company has an option to extend the lease for 3 years. The company has included the lease option in the calculation of the lease liability.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

At commencement date and each subsequent reporting date, the company assesses where it is reasonably certain that the extension options will be exercised. Only options where the entity is reasonably certain that the extension options will be exercised are included in the calculation of the lease liability and right of use asset.

Note 16. Employee benefits

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Annual leave	84,029	30,823
Long service leave	10,505	8,890
	94,534	39,713

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 17. Provisions

	Consolidated 2023 $	Consolidated 2022 $
Non-current liabilities		
Lease make good	3,842	3,842

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2023	Lease make good $
Carrying amount at the start of the year	3,842
Unwinding of discount	-
Carrying amount at the end of the year	3,842

Accounting policy for provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 18. Issued capital

	Consolidated 2023 Shares	Consolidated 2022 Shares	Consolidated 2023 $	Consolidated 2022 $
Ordinary shares - fully paid	956,898,922	665,926,366	63,293,132	53,865,383

Note 18. Issued capital (continued)

(a) Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2021	557,732,777		50,896,470
Share option exercised - funded by limited recourse loans (i)	27 July 2021	10,000,000	$0.000	-
Shares for services rendered	22 October 2021	290,363	$0.031	9,000
Placement (ii)	18 February 2022	97,903,226	$0.031	3,035,000
Share issue costs				(75,087)
Balance	30 June 2022	665,926,366		53,865,383
Performance rights exercised	26 August 2022	4,773,335	$0.000	-
Share placement (ii)	7 December 2022	145,000,000	$0.035	5,075,000
Shares issued under entitlement offer (ii)	23 December 2022	141,199,221	$0.032	4,518,375
Share options (i)				290,000
Transfer from share-based payments reserve (note 19)				144,199
Share issue costs				(599,825)
Balance	30 June 2023	956,898,922		63,293,132

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(i) Options
On 27 July 2021, the company allotted 10,000,000 shares for the exercise of employee options held by Directors, and entered into limited recourse loan agreements with three Directors as outlined in the EGM held on 7 July 2021 and Notice of Meeting dated 7 and 8 June 2021. Under Accounting Standard AASB 2 *Share-based payment,* the issuance of these shares was accounted for as an in-substance option award (refer to note 32). The shares were subject to escrow until 23 December 2022. The shares were issued in the 30 June 2022 financial year and the loans were repaid during the 30 June 2023 financial year.

(ii) Placement and entitlement offer
2022
On 18 February 2022, the company issued 97,903,226 ordinary shares pursuant to a private placement with institutional and sophisticated investors at an issue price of $0.031 per share. The company issued a total of 41,608,871 free attaching options in connection with the placement on the basis of 1 option for every 2 shares taken up. The options are listed on the Australian Securities Exchange (ASX) and are exercisable at $0.06 each at any time prior to 5.00pm (AEST) on 25 March 2024. There are no participation rights or entitlements inherent in the options and an option holder will not be entitled to participate in new issues of capital offered to the company's shareholders during the term of the option. The issue of the options exceeded the company's placement limit under the ASX Listing Rules 7.1 and 7.1A. The issue of 7,342,742 options was approved by the company's shareholders at an Extraordinary General Meeting held on 7 April 2022, and the issue of 34,266,129 options and the 97,903,226 shares was ratified at the same meeting.

2023
On 7 December 2022, the company issued 145,000,000 fully paid ordinary shares to three investors in terms of a share placement and raised $5,075,000 before share issue costs.

On 23 December 2022, the company issued 141,199,221 fully paid ordinary shares in terms of a non-renounceable entitlement offer to existing shareholders and raised $4,518,375 before share issue costs.

The share placement and entitlement offer were fully underwritten.

Note 18. Issued capital (continued)

(b) Options
As at 30 June 2023, there were 180,630,577 unissued ordinary shares of Metallica Minerals Limited under option, held as follows:

	Number	Exercise price $	Expiry
Quoted options (ASX: MLMOB)	130,678,964	$0.060	25 March 2024
Quoted options (ASX: MLMOB)	41,608,871	$0.060	25 March 2024
Quoted options (ASX: MLMOB)	7,342,742	$0.060	25 March 2024
Unlisted options	1,000,000	$0.700	No expiry
	180,630,577		

(c) Share buy-back
There is no current on-market share buy-back.

(d) Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The capital structure of the consolidated entity consists of equity attributable to equity holders of the parent entity comprising of issued capital, reserves and accumulated losses as disclosed in the statement of changes in equity. In common with many other exploration companies, the parent raises finance for the consolidated entity's exploration and appraisal activities in discrete tranches.

Management effectively manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

There are no externally imposed capital requirements.

The capital risk management policy remains unchanged from the 2022 Annual Report.

The consolidated entity monitors capital on the basis of its working capital position (i.e. liquidity risk). The net working capital of the consolidated entity at 30 June 2023 was $6,296,034 (2022: $4,377,744).

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 19. Reserves

	Consolidated	
	2023	**2022**
	$	**$**
Share-based payments reserve	291,770	590,844

Note 19. Reserves (continued)

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services. When the equity benefits are exercised or lapsed the value is transferred to issued capital.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments reserve $
Balance at 1 July 2021	219,747
Share based payments	371,097
Balance at 30 June 2022	590,844
Share based payments	94,778
Transfer to issued capital (note 18)	(144,199)
Transfer to accumulated losses	(249,653)
Balance at 30 June 2023	291,770

Note 20. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 21. Financial instruments

Financial risk management objectives
Risk management is carried out under policies set by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas.

The board monitors and manages the financial risk relating to the operations of the consolidated entity. The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Foreign currency risk
The consolidated entity does not currently have any significant exposure to foreign currency risk.

Price risk
The consolidated entity does not currently have any significant exposure to price risk.

Interest rate risk
The consolidated entity’s main interest rate risk arises from cash and cash equivalents.

Note 21. Financial instruments (continued)

Consolidated	2023 Weighted average interest rate %	2023 Balance $	2022 Weighted average interest rate %	2022 Balance $
Cash at bank	-	2,519,676	-	1,933,300
Cash on deposit	4.55%	4,587,248	1.18%	3,326,395
Net exposure to cash flow interest rate risk		7,106,924		5,259,695

At 30 June 2023, if interest rates had increased by 175 basis points (bps) from the year end rates with all other variables held constant, post-tax loss for the year would have been $124,371 lower (2022 changes of 175 bps: $92,045 lower), as a result of higher interest income from cash and cash equivalents.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity's current activities do not expose it to any significant credit risk.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	637,666	-	-	-	637,666
Other payables	33,244	-	-	-	33,244
Interest-bearing					
Lease liability	85,748	88,749	285,322	11,493	471,312
Total non-derivatives	756,658	88,749	285,322	11,493	1,142,222

Note 21. Financial instruments (continued)

Consolidated - 2022	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	817,340	-	-	-	817,340
Other payables	21,260	-	-	-	21,260
Interest-bearing					
Lease liability	82,848	174,496	285,322	16,493	559,159
Total non-derivatives	921,448	174,496	285,322	16,493	1,397,759

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Due to their short-term nature the carrying amounts of financial instruments reflect their fair value.

Note 22. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2023 $	Consolidated 2022 $
Short-term employee benefits	388,891	359,140
Post-employment benefits	34,534	23,111
Share-based payments	282,675	236,024
	706,100	618,275

Loans to Key Management Personnel
On 27 July 2021, the company allotted 10,000,000 shares for the exercise of employee options held by Directors at $0.029 per share in terms of the Employee Equity Incentive Plan (refer to note 32). The shares were funded by limited recourse loans with three Directors as outlined in the Extraordinary General Meeting held on 7 July 2021 and Notice of Meeting dated 7 and 8 June 2021. Under Accounting Standard AASB 2 *Share-based payment,* the issuance of these shares was accounted for as an in-substance option award. The fair value of these equity instruments was assessed by Directors based on an independent valuation (using an option-pricing model) and are recorded in the *Share-based payments reserve* (note 19). The shares were subject to escrow until 23 December 2022. The loans were repaid prior to 30 June 2023.

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Moore Australia Audit (QLD/NNSW), the auditor of the company:

	Consolidated 2023 $	Consolidated 2022 $
Audit services - Moore Australia Audit (QLD/NNSW)		
Audit or review of the financial statements	50,513	42,840

Note 24. Contingent assets

In respect of the disposal of the SCONI Project in September 2017, additional consideration of $2,500,000 in cash or shares in Australian Mines Limited (the Production Payment), will be payable to the company on commencement of Australian Mines Limited achieving commercial production on the project. This additional consideration has not been recognised in the 30 June 2023 financial statements, as the receipt of the additional consideration is not virtually certain. The commencement of commercial production from the SCONI Project requires favourable commodity prices and markets, availability of significant funding and various government approvals.

Note 25. Contingent liabilities

The consolidated entity does not believe it has any contingent liability at 30 June 2023.

Note 26. Commitments

	Consolidated	
	2023	**2022**
	$	**$**
Commitments for minimum expenditure on exploration permits		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	101,900	41,770
One to five years	158,174	79,858
	260,074	121,628
Commitments for environmental authority annual fee		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,137	1,099
One to five years	1,665	3,070
	2,802	4,169
Tenement rentals		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	11,394	11,740
One to five years	13,514	25,357
	24,908	37,097

Commitments for minimum expenditure on exploration permits
The consolidated entity has certain commitments to meet minimum annual expenditure requirements on the mineral exploration assets it has an interest in that were granted or renewed prior to May 2020. Any shortfalls are carried forward to subsequent years.

Amendments to the Mineral Resources Act 1989 (MRA) were introduced under the Natural Resources and Other Legislation Amendment Act 2019 (NROLA) and commenced on 25 May 2020. Under NROLA, expenditure commitments are no longer a condition of grant or renewal of an exploration permit and have been replaced by a work program as a condition of grant or renewal.

Note 27. Related party transactions

Parent entity
Metallica Minerals Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Note 27. Related party transactions (continued)

Key management personnel
Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year other than those reported elsewhere in the financial report and remuneration report.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023 **$**	**2022** **$**
Loss after income tax	(2,218,716)	(3,822,807)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(2,218,716)	(3,822,807)

Statement of financial position

	Parent	
	2023 **$**	**2022** **$**
Total current assets	6,997,851	5,068,196
Total non-current assets	10,615,303	5,417,752
Total assets	17,613,154	10,485,948
Total current liabilities	6,359,522	6,323,049
Total non-current liabilities	360,246	429,124
Total liabilities	6,719,768	6,752,173
Net assets	10,893,386	3,733,775
Equity		
Issued capital	63,293,132	53,865,383
Share-based payments reserve	291,770	590,844
Accumulated losses	(52,691,516)	(50,722,452)
Total equity	10,893,386	3,733,775

Note 28. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities
The parent entity believes it has no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
	Principal place of business /	2023	2022
Name	Country of incorporation	%	%
NORNICO Pty Limited	Australia	100%	100%
Greenvale Operations Pty Limited*	Australia	100%	100%
Lucky Break Operations Pty Limited	Australia	100%	100%
PGE Pty Limited**	Australia	100%	100%
Cape Flattery Pty Limited	Australia	100%	100%
Phoenix Lime Pty Limited	Australia	100%	100%
Touchstone Resources Pty Limited	Australia	100%	100%

* Greenvale Operations Pty Limited is a wholly owned subsidiary of NORNICO Pty Limited.
** PGE Pty Limited is a wholly owned subsidiary of Lucky Break Operations Pty Limited.

Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares that are held directly by the consolidated entity, and the proportion of ownership interests is equal to the proportion of voting rights held by the consolidated entity.

Significant restrictions
There are no significant restrictions on the ability of the consolidated entity to access or use the assets and settle the liabilities of the consolidated entity.

Note 30. Events after the reporting period

Completion of the Definitive Feasibility Study (DFS, see ASX release dated 17 July 2023).

On 4 July 2023, the company announced that it had met the additional expenditure commitment to earn a 51% share of the Clermont Project.

Subsequent to the reporting date, 17,675,000 performance rights were forfeited, and 3,025,000 performance rights were exercised.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 31. Earnings per share

	Consolidated 2023 $	Consolidated 2022 $
Loss after income tax attributable to the owners of Metallica Minerals Limited	(2,248,995)	(2,007,194)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	825,303,935	602,895,244
Weighted average number of ordinary shares used in calculating diluted earnings per share	825,303,935	602,895,244
	Cents	**Cents**
Basic earnings per share	(0.27)	(0.33)
Diluted earnings per share	(0.27)	(0.33)

Share options are considered to be potential ordinary shares but were anti-dilutive in nature for the 30 June 2023 financial year and were not included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Metallica Minerals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 32. Share-based payments

(a) Employee Equity Incentive Plan (EEIP)

At an Extraordinary General Meeting (EGM) held on 7 July 2021, the company's shareholders approved the following:
(1) A new Employee Equity Incentive Plan (EEIP).
(2) The issue of a total of 4,030,000 Performance Rights to the following Directors: Scott Waddell, Theo Psaros, Mark Bojanjac, and Brad Sampson.
(3) Cashless loans to the following Directors: Scott Waddell, Theo Psaros and Andrew Gillies, for the exercise of employee options held by them.

The EEIP is open to certain contractors and employees (including Directors) of the company who are invited by the Board to participate in the EEIP (Participants). The Board may invite Participants to apply for shares (including in these terms and conditions, a right to the issue of a share), performance rights and/or options under the EEIP in its absolute discretion.

The vesting of a performance right will be conditional on the satisfaction of any conditions and performance hurdles attaching to the performance right. Performance hurdles will be determined by the Board in its discretion and specified in the Participant's invitation letter.

The vesting of an option will be conditional on the satisfaction of any conditions attaching to the option. Conditions will be determined by the Board in its discretion and specified in the Participant's invitation letter.

Each performance right will entitle a Participant to one share upon vesting. Each option will entitle a Participant upon vesting to subscribe for one share at the exercise price specified by the Board in the Participant’s invitation letter.

Note 32. Share-based payments (continued)

The follow performance rights have been granted under the EEIP:
(i) On 27 July 2021, the company allotted 10,000,000 shares for the exercise of employee options held by three Directors, and entered into limited recourse loan agreements with the three Directors as outlined in the Extraordinary General Meeting held on 7 July 2021 and Notice of Meeting dated 7 and 8 June 2021. Under Accounting Standard AASB 2 *Share-based payment,* the issuance of these shares has been accounted for as an in-substance option award. The fair value of these equity instruments was assessed by Directors based on an independent valuation (using an option-pricing model) and are recorded in the *Share-based payments reserve* (note 19). The fair value of the equity instruments granted was estimated at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the shares were granted. The value brought to account as a share-based payment expense in the year ended 30 June 2022 was $210,000. The in-substance options vested on the grant date.

(ii) On 2 August 2021, the company issued 7,160,000 performance rights to Directors and employees based on the terms detailed at the EGM held on 7 July 2021 and Notice of Meeting dated 7 and 8 June 2021. These terms included that the employee was required to continue their employment until the vesting date.

The performance rights convert in 3 equal tranches into ordinary shares on achievement of the following performance hurdles (**Hurdles**):

Hurdle 1: The VWAP of the Metallica Minerals Limited (MLM) share price for the month of June 2022 (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 2021.

Hurdle 2: The total JORC resource of silica sand held by the company in relation to its Cape Flattery Silica Sand Project is at least 50 million tonnes, with at least 25 million tonnes included at the measured and/or Indicated JORC category.

Hurdle 3: The company has successfully completed the Pre-Feasibility Study for the Cape Flattery Silica Project and released the results of this study to the ASX.

(iii) On 26 August 2022, the company granted 8,500,000 performance rights to employees of the company under the Employee Equity Incentive Plan (EEIP). The rights vest on 25 July 2023 and expire on 23 August 2023. The performance rights convert in 4 equal tranches into ordinary shares on achievement of performance hurdles 1 - 4. The value of these performance rights at grant date was $240,125.

(iv) On 18 October 2022, the company granted 2,700,000 performance rights to employees of the company under the EEIP. The rights vest on 25 July 2023 and expire on 23 August 2023. The performance rights convert in 4 equal tranches into ordinary shares on achievement of performance hurdles 1 - 4. The value of these performance rights at grant date was $110,700.

(v) On 17 November 2022, the company granted 4,500,000 performance rights to the Executive Chairman and 5,000,000 performance rights to the Non-Executive Directors of the company under the EEIP. The rights vest on 25 July 2023 and expire on 23 August 2023.

The performance rights convert into ordinary shares as follows:
- Executive Chairman - The performance rights convert in 4 equal tranches into ordinary shares on achievement of performance hurdles 1 - 4.
- Non-Executive Directors - The performance rights convert in 3 equal tranches into ordinary shares on achievement of performance hurdles 1 - 3.

Note 32. Share-based payments (continued)

The following are the performance hurdles (**Hurdles**) for the performance rights granted during the year:

Hurdle 1: The VWAP of the Metallica Minerals Limited (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.

Hurdle 2: The company signs Mining Agreement and Cultural Heritage Management Agreement with TLO parties.

Hurdle 3: 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.

Hurdle 4: Personal performance based on the rating provided in the HR Performance Management System – The number of performance rights will be pro-rata based on the rating received.

The performance rights will vest and convert into shares on the date the vesting notice is provided to the employee. The offer terms included that the employee was required to continue their employment until the vesting date.

(b) Incentive Plan

At the Annual General Meeting held on 29 November 2016, the company's shareholders approved the issue of share rights to key employees under the company's incentive plan approved the Board of Directors on 24 October 2016. The purpose of the incentive plan is to:

(a) assist in the reward, retention and motivation of participants;
(b) align the interests of participants with the interests of the company's shareholders;
(c) promote the long-term success of the company and provide greater incentive for participants to focus on the company's longer term goals;
(d) link the reward of participants to the performance of the company and the creation of shareholder value; and
(e) provide participants with the opportunity to share in any future growth in value of the company.

Under the plan eligible participants may be granted share rights for nil consideration (unless otherwise provided under the relevant offer), which vest if certain vesting conditions are met. Upon vesting, subject to any exercise conditions, each share right entitles the participant to one share in the company.

On 23 December 2019, the company granted 10,000,000 unlisted options to its Directors pursuant to the employee equity incentive plan as approved at the company's annual general meeting on 29 November 2019. Theo Psaros and Andrew Gillies were each granted 3,000,000 options and Scott Waddell was granted 4,000,000 options, for nil consideration. The options vested if the Metallica Minerals Limited share price traded at more than 2.9 cents for 5 days. The options were exercisable at 2.9 cents and expired on 23 June 2022. Any shares issued on exercise of the options are escrowed until 23 December 2022. The value of these options at the grant date was $37,000. On 27 July 2021, the company allotted 10,000,000 shares for the exercise of the options and entered into limited recourse loan agreements with the three Directors as outlined in the Extraordinary General Meeting held on 7 July 2021 and Notice of Meeting dated 7 and 8 June 2021.

(c) Other option issues

On 27 April 2021, the company issued 14,001,322 listed options to Mahe Capital Pty Ltd (Mahe) pursuant to the company's underwriting agreement with Mahe. The options vested on the grant date and are exercisable at 6 cents through to 25 March 2024. The value of the options at the grant date was $196,990.

(d) Movements in options and performance rights

Set out below are summaries of options granted:

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/04/2021	25/03/2024	$0.060	14,001,322	-	-	-	14,001,322
27/07/2021	31/12/2022	$0.029	10,000,000	-	-	(10,000,000)	-
			24,001,322	-	-	(10,000,000)	14,001,322

Note 32. Share-based payments (continued)

Weighted average exercise price			$0.047	$0.000	$0.000	$0.029	$0.060

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted*	Exercised*	Expired/ forfeited/ other	Balance at the end of the year
23/12/2019	23/06/2022	$0.029	10,000,000	-	(10,000,000)	-	-
27/04/2021	25/03/2024	$0.060	14,001,322	-	-	-	14,001,322
27/07/2021	31/12/2022	$0.029	-	10,000,000	-	-	10,000,000
			24,001,322	10,000,000	(10,000,000)	-	24,001,322
Weighted average exercise price			$0.047	$0.029	$0.029	$0.000	$0.047

* Limited recourse loans were granted for the 10,000,000 options exercised. These loans were treated as in-substance options.

Note that the exercise price of the 10m options granted 23/12/2019 decreased from $0.030 to $0.029 due to the discount that arose on the rights issue, where the Prospectus was announced on 25 March 2021.

The weighted average remaining contractual life of options outstanding at 30 June 2023 was 0.74 years (30 June 2022: 1.22 years).

Set out below are summaries of performance rights granted under the EEIP:

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised*	Expired/ forfeited/ other	Balance at the end of the year
07/07/2021	19/08/2022	$0.000	4,773,335	-	(4,773,335)	-	-
26/08/2022	23/08/2023	$0.000	-	8,500,000	-	(6,225,000)	2,275,000
18/10/2022	23/08/2023	$0.000	-	2,700,000	-	(2,700,000)	-
17/11/2022	23/08/2023	$0.000	-	9,500,000	-	(8,750,000)	750,000
			4,773,335	20,700,000	(4,773,335)	(17,675,000)	3,025,000

* The weighted average share price at the date of exercise of performance rights exercised during the year ended 30 June 2023 was $0.030.

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
07/07/2021	19/08/2022	$0.000	-	7,160,000	-	(2,386,665)	4,773,335
			-	7,160,000	-	(2,386,665)	4,773,335

Note 32. Share-based payments (continued)

(e) Measurement of fair values

Options granted:
The fair value of options granted during the prior financial years was measured using the Black-Scholes option pricing model. For the options granted during the prior financial years, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
27/04/2021	25/03/2024	$0.029	$0.060	100.580%	-	0.110%	$0.014
27/07/2021	31/12/2022	$0.036	$0.029	116.440%	-	0.060%	$0.021

The options granted on 27 July 2021, relate to the limited recourse loans which have been accounted for as in-substance options.

Performance rights granted:
The fair value of performance rights granted during the current and prior financial years was measured using the Monte Carlo simulation pricing model for Hurdle 1 and the Binomial pricing model for Hurdles 2, 3 and 4. For the performance rights granted during the current and prior financial years, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
07/07/2021	19/08/2022	$0.036	$0.000	113.020%	-	0.060%	$0.024
07/07/2021	19/08/2022	$0.036	$0.000	113.020%	-	0.060%	$0.034
26/08/2022	23/08/2023	$0.031	$0.000	79.823%	-	3.030%	$0.020
26/08/2022	23/08/2023	$0.031	$0.000	79.823%	-	3.030%	$0.031
18/10/2022	23/08/2023	$0.043	$0.000	84.790%	-	3.300%	$0.035
18/10/2022	23/08/2023	$0.043	$0.000	84.790%	-	3.300%	$0.043
17/11/2022	23/08/2023	$0.036	$0.000	85.065%	-	3.100%	$0.026
17/11/2022	23/08/2023	$0.036	$0.000	85.065%	-	3.100%	$0.036

The expected price volatility is based on the historic volatility (based on the remaining life of the options/rights), adjusted for any expected changes to future volatility due to publicly available information.

(f) Share-based payments expense

	Consolidated	
	2023	**2022**
	$	**$**
Expense from share-based payments	94,778	371,097

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Black-Scholes or Binomial or Monte Carlo option pricing models that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. Vesting conditions, other than market conditions, attached to equity instruments granted are not taken into account when estimating the fair value at measurement date.

Note 32. Share-based payments (continued)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 33. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2023 $	2022 $
Loss after income tax expense for the year	(2,248,995)	(2,007,194)
Adjustments for:		
Depreciation and amortisation	111,453	85,372
Share-based payments	94,778	371,097
Impairment of exploration and evaluation	635,494	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	36,093	(13,602)
Increase/(decrease) in trade and other payables	(167,690)	456,578
Increase in employee benefits	54,821	28,266
Increase in other provisions	-	3,842
Net cash used in operating activities	(1,484,046)	(1,075,641)

Metallica Minerals Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

T J Psaros

Theo Psaros
Executive Chairman

7 September 2023
Brisbane

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Independent Audit Report

To the members of Metallica Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Metallica Minerals Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Going concern	
Refer to Note 1 Significant accounting policies, detailing going concern	
Note 1 of the financial statements outlines the basis of preparation of financial statements which indicates they are being prepared on a going concern basis. As the group generates no revenue and is reliant on funding from other sources such as capital raising, there is significant judgement involved in determining whether a material uncertainty relating to going concern exists and is critical to the understanding of the financial statements as a whole. As a result, this matter was key to our audit.	In evaluating management's assessment of the going concern assumption, we performed the following procedures but not limited to: • Obtaining and evaluating management's assessment of the group's ability to continue as a going concern • Reviewing management's assumptions in the cash flow forecasts to assess whether current cash levels along with expected cash inflows and expenditure can sustain the operations of the Group for a period of at least 12 months from the date of signing of the financial statements • Assessing the cash flow forecasts provided by management and challenging the assumptions therein to determine if there is consistency with management's intention and stated business and operational objectives • Performing a sensitivity analysis over cash flow forecasts as prepared by management based on a number of alternative scenarios • Assessed the adequacy of the disclosures in relation to going concern included in Note 1 to the financial report.
Carrying value of Capitalised Exploration & Evaluation Assets	
Refer to Note 13 Exploration & Evaluation Assets	
The carrying value of the Group's exploration and evaluation asset is impacted by the Group's ability, and intention, to continue to explore this asset. The results of exploration work also determine to what extent the mineral reserves and resources may or may not be commercially viable for extraction. This impacts the ability of the Group to recover the carrying value of the exploration and evaluation assets either through the successful development or sale. Due to the quantum of this asset and the subjectivity involved in determining whether it's carrying value will be recovered through successful development or sale, we have determined this as a key audit matter.	We have critically evaluated management's assessment of each impairment trigger per AASB 6 *Exploration for and Evaluation of Mineral Resources*, including but not limited to: • Reviewing the directors' assessment of the carrying value of the exploration and evaluation costs, ensuring that management have considered the effect of potential impairment indicators, commodity prices and the stage of the Group's project against the standard of AASB 6 • Obtaining from management a schedule of areas of interest held by the Group and assessed as to whether the Group had rights of tenure over the relevant exploration areas by obtaining external confirmation from the relevant government agency and also considered whether the Group maintains tenements in good standing • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cashflow budget for the level of budgeted spend on exploration projects • Considering whether any other data exists which indicates that the carrying amount of the exploration and evaluation asset that is unlikely to be recovered in full from successful development or by sale • Assessed the appropriateness of the disclosures included in Note 13 to the financial report.

MOORE

Valuation of Share Based Payments	
Refer to Note 32 Share Based Payments	
Share Based Payments is a key audit matter due to it being a material transaction, the valuation of which involves several key assumptions and judgements adopted by both management and an independent valuer.	Our procedures will include the following tests, among others: • Enquiring if there were any changes to the terms and conditions of the SBP and obtaining confirmations from KMPs regarding the amounts expensed during the year • Reviewing minutes of meetings, ASX announcements, agreements, & considered other transactions undertaken during the year. • Testing the mathematical accuracy of the total SBP expensed during the financial year and ensuring these were consistent with the valuation computed. • Assess the methodology used by management and the independent valuer to estimate the fair value of equity instruments issued. This ensured the amounts expensed during the year were consistent with the valuation model. • Assessing whether these payments have been appropriately disclosed and reported in the financial statements

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor’s report.

Report on The Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in pages 6 to 13 of the directors’ report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Metallica Minerals Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Murray McDonald
Partner – Audit and Assurance
Moore Australia Audit (QLD/NNSW)
Brisbane
7 September 2023

Moore Australia

Moore Australia Audit (QLD/NNSW)
Chartered Accountants

Metallica Minerals Limited
Shareholder information
30 June 2023

The shareholder information set out below was applicable as at 1 September 2023.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	53	4	22	7
1,001 to 5,000	30	2	38	11
5,001 to 10,000	40	3	29	9
10,001 to 100,000	801	55	118	36
100,001 and over	535	37	125	38
	1,459	100	332	100
Holding less than a marketable parcel	239	0.23	292	13.43

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	238,906,550	24.89
SIBELCO ASIA PACIFIC PTY LTD	148,399,617	15.46
SPARTA AG	92,046,350	9.59
DOSTAL NOMINEES PTY LTD	29,359,998	3.06
ROOKHARP CAPITAL PTY LIMITED	24,680,450	2.57
CITICORP NOMINEES PTY LIMITED	13,674,018	1.42
PLAN-1 PTY LTD	10,212,501	1.06
GEFRATO TRADING PTY LTD	10,047,368	1.05
SHADBOLT FUTURE FUND (TOTTENHAM) PTY LTD	8,190,000	0.85
SOPHJAK PTY LTD	7,026,315	0.73
GOUSSE HOLDINGS PTY LTD	6,641,400	0.69
SIBELCO ASIA PACIFIC PTY LTD	5,791,954	0.60
MACFORBES SUPER PTY LTD	5,447,368	0.57
CAROJON PTY LTD	5,000,000	0.52
MR GRAHAM RAYMOND WILLIAM DOW	5,000,000	0.52
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	4,933,096	0.51
BONDLINE LIMITED	4,910,966	0.51
MR DAVID GAZE	4,785,187	0.50
AZQ INVESTMENTS PTY LTD	4,410,934	0.46
NO BULL HEALTH PTY LTD	4,250,000	0.44
Total of Top 20 Shareholders	633,714,072	66.02

	Options over ordinary shares	
	Number held	% of total options issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	55,360,215	30.82
SPARTA AG	32,258,065	17.96
TANGO88 PTY LTD	19,468,507	10.84
DOSTAL NOMINEES PTY LTD	6,669,167	3.71
EQUITY TRUSTEES SUPERANNUATION LIMITED	3,000,000	1.67
OPEG (ORDU PRIVATE EQUITY GROUP) PTY LTD	2,983,333	1.66
MR PUNIT ARORA & MRS SHWETA ARORA	2,640,000	1.47
LATSOD PTY LTD	2,000,000	1.11
MR KEVIN JOHN HENDERSON	1,805,000	1.00
CALAMA HOLDINGS PTY LTD	1,750,000	0.97
ROOKHARP CAPITAL PTY LIMITED	1,666,666	0.93
MS AMANDA LEE GULICH	1,650,250	0.92
MR JOHN GERARD DONALDSON & MRS MARCIA LURLINE DONALDSON	1,525,000	0.85
BUCKINGHAM INVESTMENT FINANCIAL SERVICES PTY LTD	1,500,000	0.84
MRS MARCIA LURLINE DONALDSON	1,471,921	0.82
MR DAVID GAZE	1,445,062	0.80
JATTTS PTY LTD	1,325,000	0.74
K H DREDGE NOMINEES PTY LTD	1,250,000	0.70
MR XIAOBIN YANG	1,083,787	0.60
SCINTILLA STRATEGIC INVESTMENTS LIMITED	1,000,000	0.56
Total of Top 20 Option holders	141,851,973	78.97

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	1,000,000	1

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
ILWELLA PTY LTD	231,451,245	24.11
SIBELCO ASIA PACIFIC PTY LTD	157,024,617	16.36
SPARTA AG	92,046,350	9.59

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.