



24 February 2022

Cape Flattery Silica granted Project of Regional Significance Status

Highlights

- Queensland's Department of Regional Development, Manufacturing and Water (DRDMW) has determined Metallica's 100% owned Cape Flattery Silica sand Project (CFS) is a "Project of Regional Significance" under the Water Plan (Cape York) 2019
- The decision by DRDMW is an important milestone for the CFS Project as this means the project is eligible to apply for a water entitlement from the Water Plan
- Pre-Feasibility Study (PFS) nearing completion with the report to be finalised in March 2022

Metallica Minerals Limited (**Metallica**, ASX: MLM) is pleased to announce that the Department of Regional Development, Manufacturing and Water (DRDMW) in Queensland has determined that Metallica's 100% owned Cape Flattery silica sand Project (CFS) is a "Project of Regional Significance." This means that the project is eligible to apply for, but is not guaranteed, a water entitlement from the 25,000 megalitres of unallocated water held in the strategic reserve for the Water Plan.

To seek access to strategic reserve unallocated water, Metallica's CFS Project will make a submission demonstrating that the proposed water draw would comply with the outcomes prescribed under the Water Plan. This compliance is designed to meet the criteria for releasing unallocated water from the Cape York strategic unallocated reserve.

Metallica Executive Chairman, Theo Psaros said: *"We welcome DRDMW's decision as it recognises the contribution our project is planning to make to the Cape Flattery region. This decision also reflects the Queensland Government's commitment to the development of new-economy minerals such as Metallica's silica sand project in the Far North."*

"To achieve this status the Project had to demonstrate the benefits it would bring to the region, particularly in diversifying the regional economy through delivery of employment opportunities."

"In addition, the status represents an important milestone as we near the finalisation of the CFS Project's Pre-Feasibility Study due for release in March 2022."

Other Project activities

Metallica's team of consultants are progressing well towards the completion of the Pre-Feasibility Study (PFS) in March 2022. The PFS is designed to demonstrate the economic potential of the Cape Flattery Silica Sand project and to build on the successful results of the Updated Scoping Study (see ASX release: 10 November 2021 "Cape Flattery Silica Sand Project Production Target"), which estimated a project NPV of \$235 million (before tax) over a 22-year mine life and IRR of 38%.

The PFS will provide further detail on the mine design as well as infrastructure required for the operation and the size of the workforce.

Meetings continue to be held with the project’s Traditional Landowners. These meetings involve potential commercial, employment, training and business opportunities that will arise from the CFS Project. Cultural heritage planning is also being discussed. Further meetings are planned for March 2022.

Meetings also continue to be held with Ports North in relation to the jetty to service the transshipping operations planned to be undertaken for the CFS Project.

About the Cape Flattery Silica Sand (CFS) Project

Metallica’s 100% owned Cape Flattery Silica Sands (CFS) project is adjacent to the world class Cape Flattery Silica Sand mining and shipping operation owned by Mitsubishi. Exploration drilling to date has now confirmed that the sand dunes within EPM 25734 contain high purity silica sands with an in-situ quality which is understood to be comparable to Mitsubishi’s Cape Flattery Silica Mine.

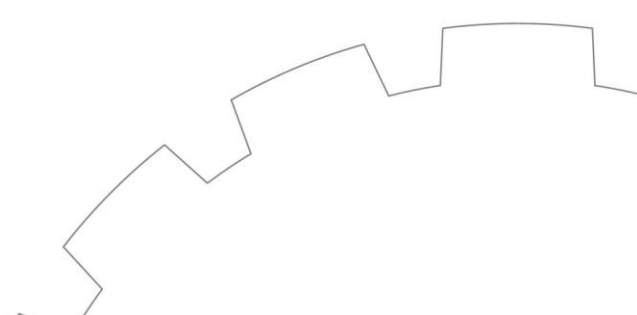
On 21 October 2021, the Company released an upgraded resource in the CFS Eastern Resource Area estimated and summarised in Table 1, as follows (see ASX release: “Revised 40% Increase of the Cape Flattery Resource to 53.5Mt”).

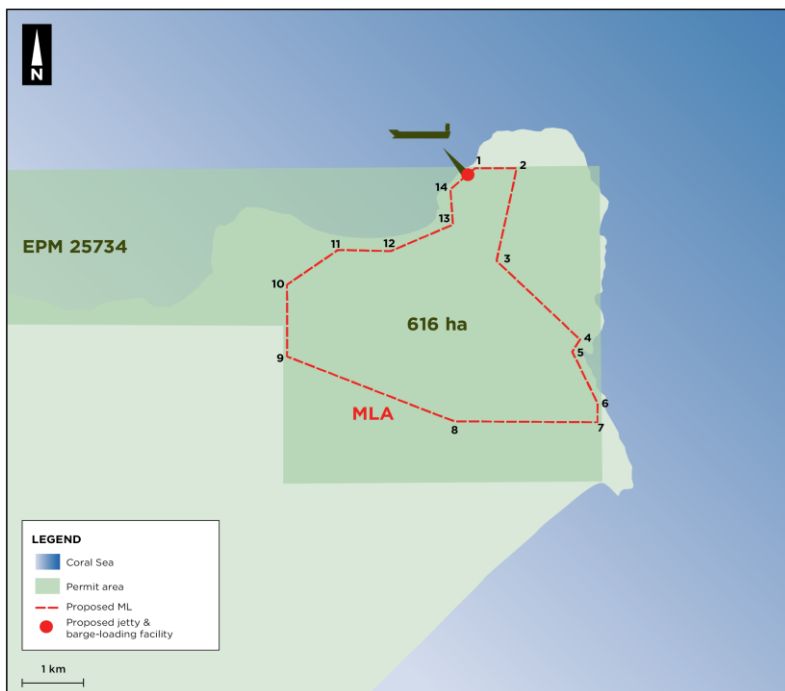
Resource Category	Silica Sand (Mt)	SiO ₂ (%)	Fe ₂ O ₃ (%)	TiO ₂ (%)	LOI (%)	Al ₂ O ₃ (%)	Density (t/m ³)	Silica Sand (Mm ³)
Measured	9.6	99.29	0.10	0.13	0.18	0.08	1.6	6.0
Indicated	38.2	99.15	0.13	0.14	0.19	0.12	1.6	23.9
Inferred	5.7	99.26	0.11	0.11	0.18	0.16	1.6	3.5
Total	53.5	99.19	0.12	0.14	0.19	0.12	1.6	33.4

¹ Table 1 – EASTERN RESOURCE Area Cape Flattery Silica Project

The Resource has been prepared in accordance with the JORC Code 2012 – A cut-off grade 98.5% has been defined based on the surrounding data. These results show there is good potential to produce a premium grade silica product using standard processing techniques.

On 15 June 2021 the Company announced that it had lodged a Mine Lease Application (MLA) for the project (see map below and ASX release MLA lodged for Cape Flattery Silica).





Cape Flattery Silica Sand project MLA area boundary and EPM

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

For further information, please contact:

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Competent Person Statement

Cape Flattery Silica Sands Resource

The information in this report that relates to Mineral Resources at the Cape Flattery Silica Sands Project is based on information and modelling carried out by Dale Brown, Senior Mining Engineer, Ausrocks Pty Ltd who is a competent person and a Member of the Australasian Institute of Mining & Metallurgy. Dale Brown is 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.

Dale Brown has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking 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 (The JORC Code). Dale Brown consents to the inclusion in the report on the matters based on their information in the form and context in which it appears.

Cape Flattery Silica Sands 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 Australian 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.

Reference to Previous Releases

Drilling, resource estimates and metallurgical results referred to in this announcement have been previously announced to the market in reports dated; 2nd March, 15th June, 22nd June and the 12th August 2021 and are available to view and download from the Company’s website: [ASX Announcements — Metallica Minerals Limited](https://metallicaminerals.com.au/ASX-Announcements---Metallica-Minerals-Limited)<https://metallicaminerals.com.au/ASX-Announcements---Metallica-Minerals-Limited>.

Regional aeromagnetic data used as underlays in some figures of this announcement have been previously reported to the market in the report dated 23 September 2020 and can be viewed and downloaded from the Company’s website.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. MLM confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

Forward-looking statements

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

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