



26 July 2021

Cape Flattery Silica Sand Drilling program underway

Highlights

- Eighty (80) hole drilling program begins today within and around the existing Eastern Resource Area
- Exploration program to improve confidence in the Mineral Resource estimate within EPM 25734
- Drilling of white silica sand dunes next to the world class Cape Flattery Silica sand mine owned by Mitsubishi and located within the designated Port of Cape Flattery
- Cultural Heritage clearance program completed with key Traditional Land Owner clans

Metallica Minerals Limited (**Metallica**, ASX: MLM) is pleased to announce that following the signing of Aboriginal Cultural Heritage Agreements with Traditional Landowners, drilling on the 100% owned subsidiary Cape Flattery Silica Pty Ltd (CFS) project has begun (see ASX release: Key Cultural Heritage Agreements signed with Traditional Land Owners of Cape Flattery Silica Sand Project; 31 March 2021).

Drilling Program

The drilling program in the Project area is planned to comprise a minimum of eighty (80) drill holes within the MLA area (see Figure 1 on following page. The aim of this second stage of drilling is to Infill drill within the existing Resource area to improve data density and confidence and explore dune thicknesses in specific areas with potential for increased Resource volumes.

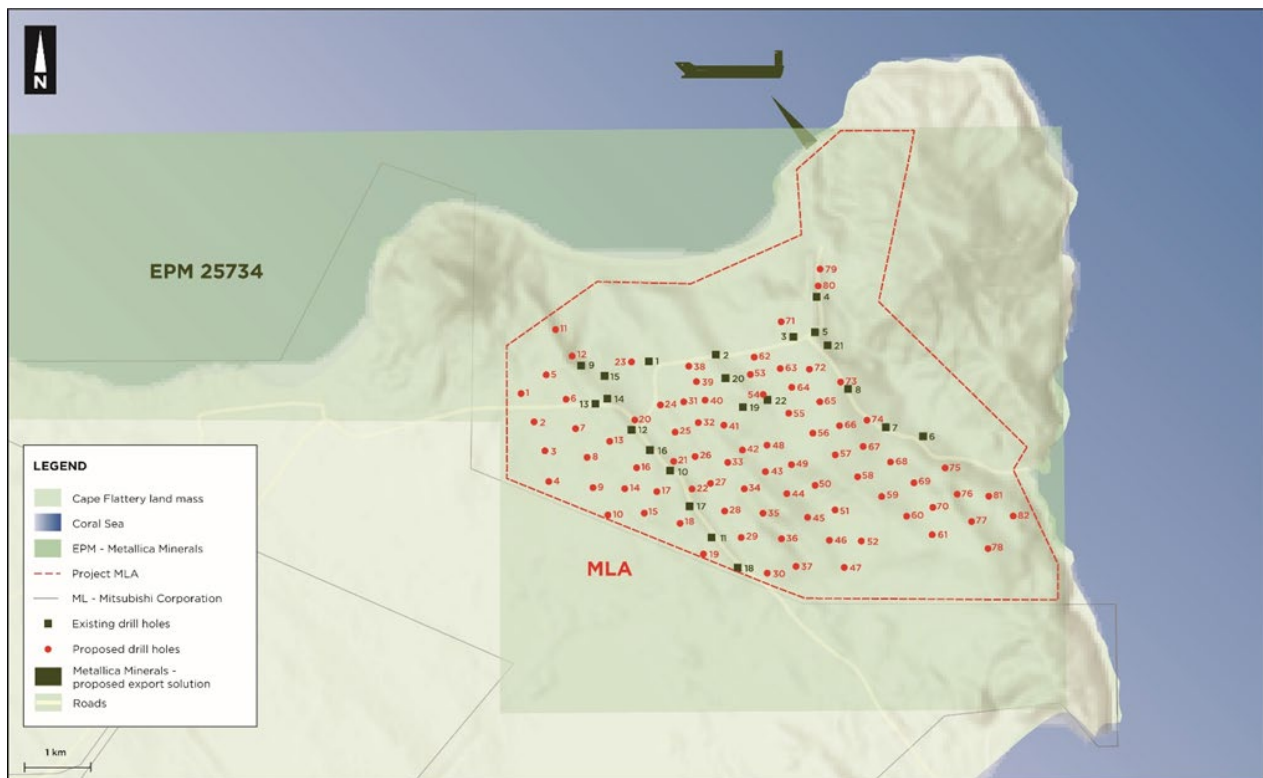


Figure 1: Drill hole location map for the Project's resource area, with the planned July 2021 program drill holes shown in red and Metallica's completed December 2020 drill holes shown in dark green

The project has a current resource of 38.3Mt (see table below and ASX release 2 March 2021 38 Mt of High Purity Silica Sand Resource at Cape Flattery), which was based on the 22-hole dill program completed in December 2020.

The focus for this program is to infill between drill holes that delivered very positive results from the December 2020 drilling program. In addition to outstanding assay results, this target area has been characterised by deeper drill holes, attributable to the presence of larger dunes and a deeper sand profile in this zone. Further drilling will reveal the extent of the thickness both laterally and at depth, determining its potential contribution to the overall resource.

Metallica Executive Chairman, Theo Psaros, said “we are very pleased to again have our exploration team work with the representatives of the Dingaal and Nguurruumungu Clans to monitor the cultural heritage clearance work. A number of the clan representatives are also working on the drilling program. The drilling program is our next major step in our continued evaluation of our silica sand project. The results achieved earlier in the year from the December 2020 drilling program provide us with confidence that the resource definition can be enhanced. When samples from the current drilling program are available, further metallurgical testing is planned to be undertaken to investigate further enhancement of the processed product.”

This drilling program is expected to be completed in mid-August 2021.

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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About the Cape Flattery Silica Sand (CFS) Project

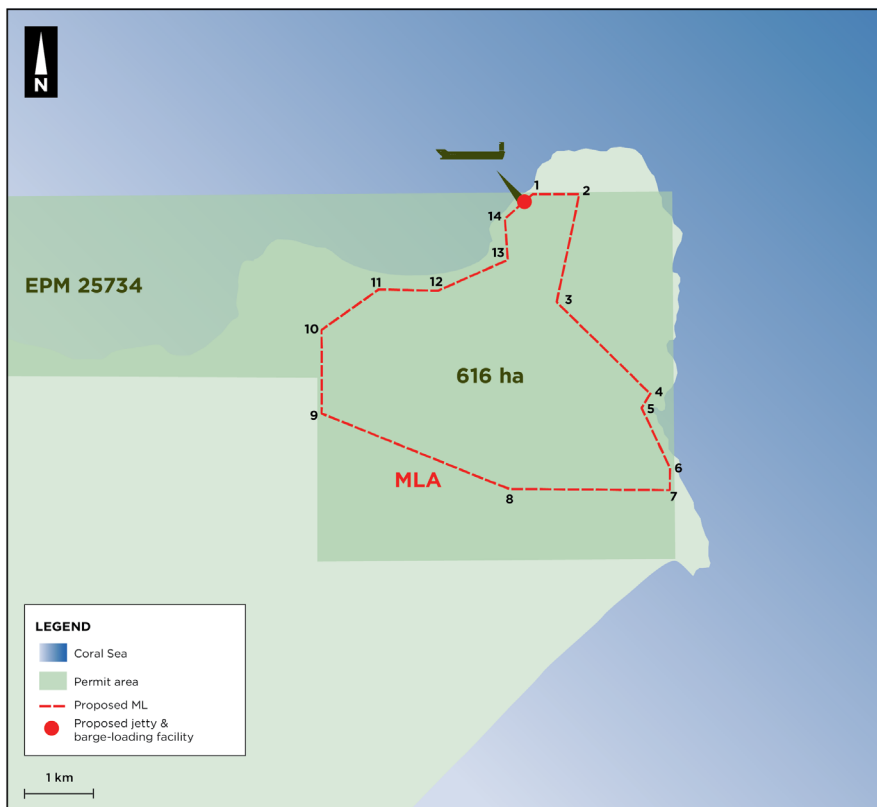
Metallica’s 100% owned Cape Flattery Silica Sands (CFS) project is adjacent to the world class Cape Flattery Silica Sand mining and shipping operation owned by Mitsubishi. Exploration drilling to date has now confirmed that the sand dunes within EPM 25734 contain high purity silica sands with an in-situ quality which is understood to be comparable to Mitsubishi’s Cape Flattery Silica Mine. On 2 March 2021, the Company released an upgraded resource in the CFS Eastern Resource Area estimated and summarised in Table 1, as follows (see ASX Release: 2 March 2021 titled “38 Mt of High Purity Silica Sand Resource at Cape Flattery Silica Sands Project”).

Classification	Silica Sand (Mt)	Silica Sand (Mm ³)	Density (t/m ³)	SiO ₂ %	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	LOI %
Indicated Resource	5.4	3.4	1.6	99.1	0.04	0.09	0.13	0.13
Inferred Resource	32.9	20.5	1.6	99.0	0.07	0.12	0.15	0.11
Total	38.3	23.9	1.6	99.0	0.06	0.12	0.15	0.12

¹ Table 1 – EASTERN RESOURCE Area Cape Flattery Silica Project

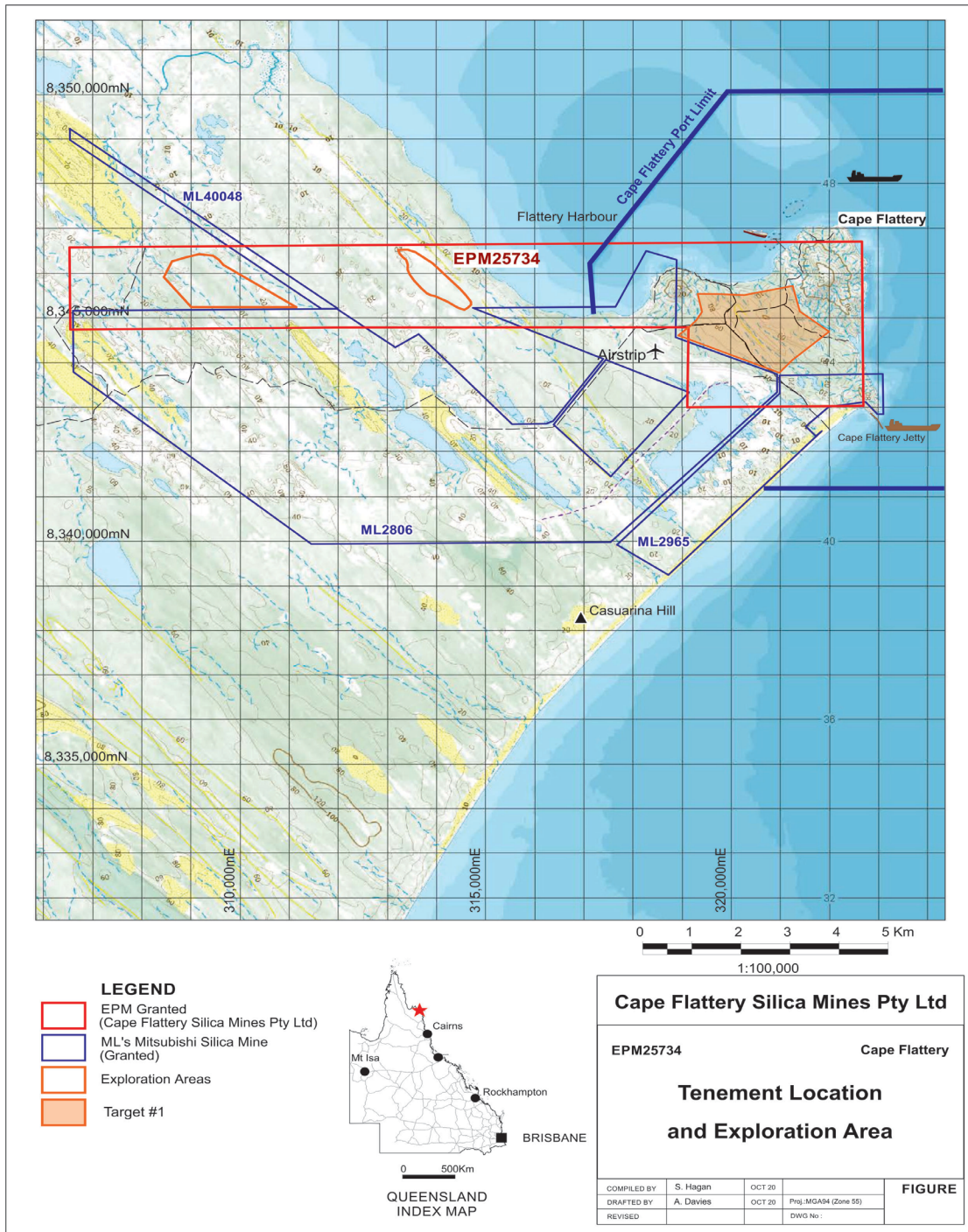
The Resource has been prepared in accordance with the JORC Code 2012 – A cut-off grade 98.5% has been defined based on the surrounding data. These results show there is good potential to produce a premium grade silica product using standard processing techniques.

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



Map 2 – Cape Flattery Silica Sand project MLA area boundary and EPM

On 22 June 2021 the Company released the first metallurgy test results on samples taken from the December 2020 drilling program. The bulk sample metallurgical testing confirmed high quality silica sand product and demonstrated a low contaminant product with an attractive narrow particle size distribution can be produced at a high yield. The test work produced a product with 99.8% SiO₂, 170ppm Fe₂O₃ and 450ppm Al₂O₃ and further work included successful test of process to reduce Fe₂O₃ from 170ppm to 70ppm Fe₂O₃ (see ASX release: Excellent Metallurgical Test Results on Cape Flattery Silica).



Competent Person Statements

The information in this announcement that relates to the Cape Flattery Silica Sand Project-Eastern Exploration Target and this Resource Estimation was based on results and data collected and compiled by Mr Neil Mackenzie-Forbes, who is a Member of the Institute of Geoscientists and is a Consulting Geologist employed by Sebrot Projects Pty Ltd and engaged by Metallica Minerals Ltd. Mr Mackenzie-Forbes has more than 20 years mining and exploration experience in Australia with major mining and junior exploration companies. Mr Neil Mackenzie-Forbes consents to the inclusion of this information in the form and context in which it appears in this release/report.

The information in this announcement that relates to the Cape Flattery Silica Sand Project - Eastern Resource Area is based on information and modeling undertaken by Mr Chris Ainslie, Geotechnical 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 Mr Mutton consent to the disclosure of information in the form and context in which it appears in this release/report.

The overall resource work for the Cape Flattery Silica Sand 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".

The technical information in this report that relates to process metallurgy is based on information reviewed by Arno Kruger (MAusIMM) and work completed by IHC Mining. Mr Kruger is a metallurgical consultant and an employee of IHC Mining. Mr Kruger has sufficient experience that is relevant to the type of processing under consideration and to the activity being undertaken to qualify as a Competent Person as defined by the JORC Code 2012. Mr Kruger consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.