



# **Metallica Minerals Limited**

**ACN 076 696 092**

**Annual Financial Report - 30 June 2022**

**Metallica Minerals Limited**  
**Corporate directory**  
**30 June 2022**

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: Colin Biggers & Paisley Pty Ltd Level 35, Waterfront Place, 1 Eagle Street Brisbane QLD 4000 9.30am on Thursday, 17 November 2022
Registered office and principal place of business	Level 1, North Tower Terrace Office Park 527 Gregory Terrace Bowen Hills 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	Colin Biggers & Paisley Pty Ltd Level 35, Waterfront Place 1 Eagle Street Brisbane QLD 4000
Stock exchange listing	Metallica Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: MLM)
Website	<a href="http://www.metallicaminerals.com.au">www.metallicaminerals.com.au</a>
Corporate Governance Statement	<a href="http://www.metallicaminerals.com.au/corporate-governance">www.metallicaminerals.com.au/corporate-governance</a>

**Metallica Minerals Limited**  
**Directors' report**  
**30 June 2022**

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 2022.

**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  
Scott Waddell (resigned 31 August 2021)  
Andrew Gillies (resigned 31 August 2021)

**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 Sands Project.

**Dividends**

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

**Review of operations**

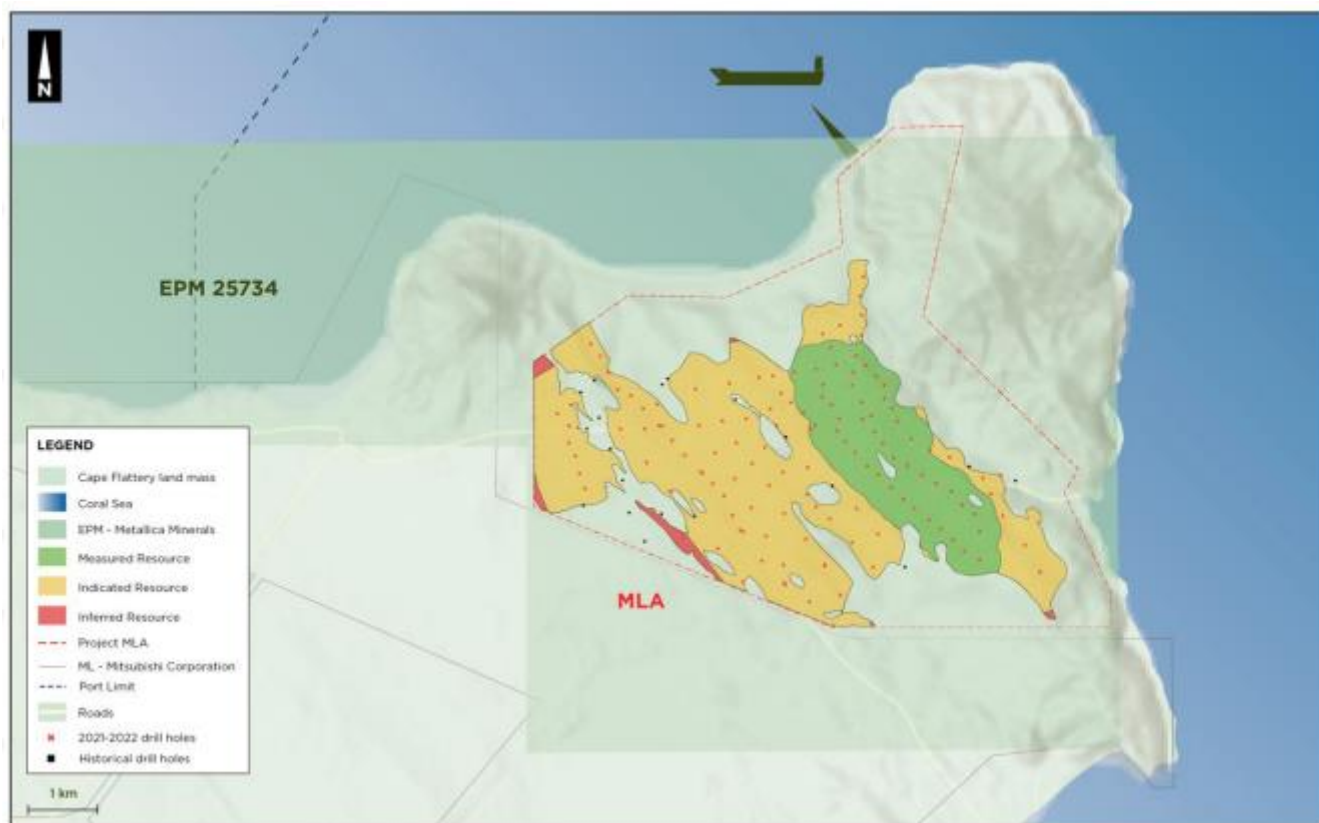
The loss for the consolidated entity after providing for income tax amounted to \$2,007,194 (30 June 2021: \$3,054,991).

The 30 June 2021 consolidated loss includes the net loss of \$2,049,754 on disposal of the wholly-owned subsidiary companies, Oresome Australia Pty Ltd, Oresome Bauxite Pty Ltd and their respective 50% interest holdings in the JV.

During the year ended 30 June 2022 the company:

(a) Continued to advance its Cape Flattery Silica Sands Project which included the following activities:

- Successfully completed a 24-hole infill drilling program in December 2021 within the Eastern Target Area. All drilling was undertaken with permission from the Aboriginal Corporations.
- Progressing the Pre-Feasibility Study (PFS) which was completed in March of 2022.
- Held a number of meetings with the Dingaal and Nguurruumungu clan members in Hope Vale and Cooktown where the terms of a Negotiation Protocol document was finalised and progress was made on Mining Agreements with the Traditional Landowner parties.
- On 7 April 2022, released an upgraded resource in the Eastern Resource Area estimated and summarised in the table below. The infill drilling program completed by the company in December 2021 successfully increased the Measured and Indicated Resources from 47.8Mt @ 99.18% SiO<sub>2</sub> to 52.2Mt @ 99.18% SiO<sub>2</sub>. Notably there has been a 74% increase in the Measured Resource from 9.6Mt to 16.7Mt, which will form part of the early mine life as assessed within the Definitive Feasibility Study.
- Signed a Memorandum of Understanding (MOU) with the Queensland Government owned corporation, Far North Queensland Ports Corporation Limited (Ports North). Ports North is the Port Authority that manages the Cape Flattery Port. The MOU is the first step towards formalising the commercial terms for the establishment of the company's purpose-built jetty for our silica sand project. Completion of the commercial terms remains subject to granting of regulatory approvals and finalising agreements with the Traditional Landowners.
- Commenced preliminary work on a Definitive Feasibility Study (DFS) which is planned for completion in Q2 of 2023.
- The company, along with its external environmental consultants, completed an array of environmental studies at the project. These studies included soil sampling, ecological studies and water monitoring.



**Figure 1:** Cape Flattery Silica Project - Distribution of the various Resource categories

On 7 April 2022, the company released an upgraded resource in the Cape Flattery Silica Eastern Resource Area estimated and summarised in Table 1, as is shown below:

**Table 1 - Project Resources**

	<b>Silica Sand (Mt)</b>	<b>Silica Sand (Mm<sup>3</sup>)</b>	<b>Density (t/m<sup>3</sup>)</b>	<b>SiO<sub>2</sub> %</b>	<b>Al<sub>2</sub>O<sub>3</sub> %</b>	<b>Fe<sub>2</sub>O<sub>3</sub> %</b>	<b>TiO<sub>2</sub> %</b>	<b>LOI %</b>
Measured Resource	16.7	10.4	1.6	99.26	0.08	0.10	0.13	0.17
Indicated Resource	35.2	22.0	1.6	99.14	0.13	0.13	0.14	0.19
Inferred Resource	0.3	0.20	1.6	99.06	0.16	0.14	0.12	0.23
<b>Total</b>	<b>52.2</b>	<b>32.60</b>	<b>1.6</b>	<b>99.18</b>	<b>0.11</b>	<b>0.12</b>	<b>0.14</b>	<b>0.18</b>

**Table 2 - Project Reserve**

	<b>Silica Sand (Mt)</b>	<b>Silica Sand (Mm<sup>3</sup>)</b>	<b>Waste Mt</b>	<b>SiO<sub>2</sub> %</b>	<b>Al<sub>2</sub>O<sub>3</sub> %</b>	<b>Fe<sub>2</sub>O<sub>3</sub> %</b>	<b>TiO<sub>2</sub> %</b>	<b>LOI %</b>
Probable Reserve	46	28.76	2.6	99.18	0.11	0.12	0.14	0.19

For further details, see ASX Release on 7 April 2022 titled "Significant Increase in Measured and Indicated Resources at 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.

See the Competent Person statement below.

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(b) On 5 August 2021, the company announced the signing of a Memorandum of Understanding ("MoU") with Diatreme Resources (ASX: DRX) for a potential joint venture on the Clermont Gold Copper Project (Clermont project) which comprises EPM 17968. On 29 April 2022, the company announced that it had met the expenditure commitment undertaken in accordance with the MOU to earn 25% of the Clermont project. This transfer of 25% of the EPM to the company is pending, awaiting transfer by the Queensland Department of Resources. In addition, the company has made the decision to move to the second stage of the earn-in phase of the agreement and increase the company's share to 51% of the project through a further \$700,000 spend on exploration activity at the Clermont Project prior to 27 April 2023.

*1. Competent Person Statement*

*1.1 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, 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 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".

*1.2 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.

*Capital expenditure*

During the 2022 financial year, \$3,977,378 was incurred on capitalised exploration and development expenditure (2021: \$1,183,081). The majority of the expenditure incurred was on the Cape Flattery Silica Sands Project.

*Cash flow and Liquidity*

During the 2022 financial year, the net cash outflows from operating activities increased to \$1,075,641 (2021: \$933,561). An increase in employee costs and other general costs contributed to the increase in cash outflows from operating activities.

For the financial year ended 30 June 2022, the net cash outflow from investing activities amounted to \$4,112,735 (2021 - net cash outflow: \$832,814). The net cash outflows for 2022 and 2021 were largely attributable to payments for exploration and evaluation assets. Cash outflows for plant and equipment and, exploration and evaluation amounted to \$4,087,680 (2021: \$1,188,746).

*COVID-19 Impacts*

COVID-19 continues to impact the company particularly around our Traditional Landowner Negotiations held in Hope Vale and Cooktown. The company continues to follow recommendations from Queensland Health and the Australian Government to provide a COVID-19 safe workplace. Metallica remains committed to following the guidelines released by the Government.

**Significant changes in the state of affairs**

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

**Matters subsequent to the end of the financial year**

On 11 July 2022, the company allotted 7,342,742 MLMOB options to participants of the February 2022 placement.

No other matter or circumstance has arisen since 30 June 2022 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 Sands 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 Sands 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 the 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.

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**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 37 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: 6,000,000 (3,000,000 shares subject to a limited recourse loan option)  
Interests in options: 3,000,000 shares subject to a limited recourse loan option  
948,477 MLMOB listed options  
Interests in rights: 1,266,667

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): Non-executive Director of Geopacific Resources Limited from 2013 to 2019  
Special responsibilities: None  
Interests in shares: Nil  
Interests in options: Nil  
Interests in rights: 176,667

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: 264,516  
Interests in options: Nil  
Interests in rights: 176,667

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Name: **Andrew Scott Waddell** (resigned as Director on 31 August 2021)  
Title: Executive Director (to 31 August 2021, then Chief Financial Officer and Company Secretary thereafter)  
Qualifications: B.Bus, Dip.PMM (Dist), FCPA, AGIA  
Experience and expertise: 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.  
Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: CFO and Company Secretary  
Interests in shares: 6,000,000 (4,000,000 shares subject to a limited recourse loan option)\*  
Interests in options: 4,000,000 shares subject to a limited recourse loan option\*  
1,000,000 MLMOB listed options\*  
Interests in rights: 1,600,000\*

Name: **Andrew Gillies** (resigned 31 August 2021)  
Title: Non-executive Director  
Qualifications: BSc Bachelor of Science (Geology), MAusIMM  
Experience and expertise: Andrew Gillies is a highly experienced geologist with over 30 years' experience as company director of ASX listed junior resource companies with strong resource and mineral exploration, company management, project feasibility, project development, mining, governance and corporate background.

Andrew was a founding director of Metallica Minerals in 1997, listing the company on the ASX in 2004. He retired from the managing director position in July 2015 and then retired as a director in June 2017.

Andrew has extensive experience across a range of mineral and resource projects, much of this experience gained throughout Queensland. Andrew successfully listed subsidiaries Cape Alumina Limited and MetroCoal Limited on the ASX in 2009 (these companies have since merged to become Metro Mining Limited, a successful bauxite producer).

Andrew was a director of ASX junior companies Orion Metals Limited and Planet Metals Limited and he was previously a Director of the Queensland Resources Council (QRC).

Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 5,750,000 (3,000,000 shares subject to a limited recourse loan option)\*  
Interests in options: 3,000,000 shares subject to a limited recourse loan option\*  
600,000 MLMOB listed options  
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.

\* Interests in the shares, options and rights of the company as at the date of resignation as a director.

**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.



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**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board Attended	Held
T Psaros	13	13
M Bojanjac	13	13
B Sampson	13	13
S Waddell (resigned as Director on 31 August 2021)	3	3
A Gillies (resigned 31 August 2021)	3	3

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 3 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

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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 2022 was \$120,050 excluding any remuneration from options (2021: \$60,631).

*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.

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At the Annual General Meeting (AGM) held on 17 November 2021, the company's shareholders approved the issue of share options to key employees under the company's incentive plan.

At the Extraordinary General Meeting (EGM) held on 7 July 2021, the company's shareholders approved the issue of performance rights to Directors under the company's new Employee Equity Incentive Plan.

The purpose of the new 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.

*Consolidated entity performance and link to remuneration*

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 2022, the market price of the company's ordinary shares was 2.3 cents per share (30 June 2021: 3.5 cents per share). No dividends were paid during the year ended 30 June 2022.

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 2022.

*Voting and comments made at the company's 17 November 2021 Annual General Meeting ('AGM')*

At the 17 November 2021 AGM, 98.95% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. 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
- Andrew Gillies (resigned 31 August 2021)
- S Waddell - Mr Waddell was a key management person up to 31 August 2021 when he resigned as Director of the company. Mr Waddell has stayed on as Chief Financial Officer and Company Secretary post this date but is no longer a key management person.

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And the following persons:

	Short-term benefits		Post-employment	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Annual leave accrual	Super-annuation	Long service leave	Options, rights & shares (b)	
<b>2022</b>	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
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
<i>Executive Directors:</i>						
T Psaros	215,455	-	17,046	-	103,766	336,267
S Waddell (c)	29,700	-	-	-	69,880	99,580
	<u>359,140</u>	<u>-</u>	<u>23,111</u>	<u>-</u>	<u>236,024</u>	<u>618,275</u>

(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.

	Short-term benefits		Post-employment	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Annual leave accrual	Super-annuation	Long service leave	Options, rights & shares (b)	
<b>2021</b>	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
A Gillies	40,150	-	3,814	-	4,326	48,290
M Bojanjac (a)	8,334	-	-	-	-	8,334
B Sampson (a)	7,610	-	723	-	-	8,333
<i>Executive Directors:</i>						
T Psaros	149,600	-	-	-	4,326	153,926
S Waddell	135,245	-	-	-	5,768	141,013
	<u>340,939</u>	<u>-</u>	<u>4,537</u>	<u>-</u>	<u>14,420</u>	<u>359,896</u>

(a) Mr M Bojanjac and Mr B Sampson were appointed Directors on 13 May 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.

**Metallica Minerals Limited**  
**Directors' report**  
**30 June 2022**

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2022	2021	2022	2021	2022	2021
<i>Non-Executive Directors:</i>						
M Bojanjac	87%	100%	13%	-	-	-
B Sampson	88%	100%	12%	-	-	-
A Gillies	14%	91%	-	-	86%	9%
<i>Executive Directors:</i>						
T Psaros	69%	97%	17%	-	14%	3%
S Waddell	30%	96%	8%	-	62%	4%

**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: From 1 February 2021 to 30 September 2021, Mr Psaros' monthly salary was \$15,000 per month on a contractor basis. After 30 September 2021, Mr Psaros was engaged as an employee on a salary of \$227,275 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 three months' notice from either party plus an additional three months' payment in the case of a change of control event.

Name: Andrew Scott Waddell  
Title: CFO and Company Secretary  
Agreement commenced: 21 May 2020  
Term of agreement: Agreement terminated on 31 August 2021 and was replaced with an employee agreement  
Details: From 21 May 2020 the remuneration payable to Scott Waddell was \$1,100 per full day worked (excluding GST) on a contractor basis. Scott already participates in an employee incentive plan and no other additional short or long-term incentives were included in the terms of the engagement. The contract could be terminated by six weeks' notice from either party plus an additional six weeks' payment in the case of a change of control event. Scott was key management person up to 31 August 2021 when he resigned as a Director of the company. Scott has continued employment as CFO and Company Secretary post this date but is no longer considered to be a key management person.

Key management personnel have 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 2022.

**Metallica Minerals Limited**  
**Directors' report**  
**30 June 2022**

*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 are subject to escrow until 23 December 2022.

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.

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 Sands 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, two of the three hurdles had been met and thus 2,386,665 rights have been forfeited

**Metallica Minerals Limited**  
**Directors' report**  
**30 June 2022**

The terms and conditions of each grant of share rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are 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 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	-	-
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	-	-
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	-	-
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	-	-

Share rights granted carry no dividend or voting rights.

**Additional information**

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 \$	2021 \$	2020 \$	2019 \$	2018 \$
Profit/(loss) after income tax	(2,007,194)	(3,054,991)	(521,340)	(4,391,316)	3,195,557

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

	2022	2021	2020	2019	2018
Share price at financial year end (cents)	2.30	3.50	1.05	1.60	3.70
Basic earnings/(loss) per share (cents per share)	0.33	(0.84)	(0.16)	(1.36)	0.99

**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	Shares funded by limited recourse loans*	Additions	Disposals/ other**	Balance at the end of the year
<i>Ordinary shares</i>					
T Psaros	2,000,000	3,000,000	1,000,000	-	6,000,000
B Sampson	-	-	264,516	-	264,516
S Waddell	2,000,000	4,000,000	-	(6,000,000)	-
A Gillies	2,400,000	3,000,000	350,000	(5,750,000)	-
	<u>6,400,000</u>	<u>10,000,000</u>	<u>1,614,516</u>	<u>(11,750,000)</u>	<u>6,264,516</u>

\* For further information on the share purchases funded by limited recourse loans, refer to the section below *Loans to key management personnel and their related entities*.

\*\* Includes the removal from the table of the shareholdings for key management personnel who have resigned during the period or who are no longer considered to be a key management person.

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

**Metallica Minerals Limited**  
**Directors' report**  
**30 June 2022**

*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
<i>Options over ordinary shares</i>					
T Psaros	3,500,000	-	(3,000,000)	448,477	948,477
S Waddell	4,500,000	-	(4,000,000)	(500,000)*	-
A Gillies	3,600,000	-	(3,000,000)	(600,000)*	-
	<u>11,600,000</u>	<u>-</u>	<u>(10,000,000)</u>	<u>(651,523)</u>	<u>948,477</u>

\* The number of options removed from the table for Andrew Gillies represents the number of options he held at the date of his resignation. The number of options removed from the table for Scott Waddell represents the options he held at the date he was no longer considered to be a key management person.

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
<i>Limited recourse loan options*</i>					
T Psaros	-	3,000,000	-	-	3,000,000
S Waddell	-	4,000,000	-	(4,000,000)	-
A Gillies	-	3,000,000	-	(3,000,000)	-
	<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>(7,000,000)</u>	<u>3,000,000</u>

\* For further information on the limited recourse loan options refer to the section below *Loans to key management personnel and their related entities*.

\*\* Includes the removal from the table of the option holdings for key management personnel who have resigned during the period or who are no longer considered to be a key management person.

No other key management personnel held options.

*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
<i>Share rights over ordinary shares</i>					
T Psaros	-	1,900,000	-	(633,333)	1,266,667
M Bojanjac	-	265,000	-	(88,333)	176,667
B Sampson	-	265,000	-	(88,333)	176,667
S Waddell*	-	1,600,000	-	(1,600,000)	-
	<u>-</u>	<u>4,030,000</u>	<u>-</u>	<u>(2,409,999)</u>	<u>1,620,001</u>

\* The number of rights removed from the table for Scott Waddell represents the rights he held at the date he was no longer considered to be a key management person.



**Metallica Minerals Limited**  
**Directors' report**  
**30 June 2022**

*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 33). 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 has been accounted for as an in-substance option award. The 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 are subject to escrow until 23 December 2022.

*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 2022.

***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
27 July 2021**	31 December 2022	\$0.029	10,000,000
18 February 2022	25 March 2024	\$0.060	41,608,871
			183,287,835

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

\*\* These options represent in-substance options (refer to note 33).

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 rights**

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

Grant date	Expiry date	Exercise price	Number under rights
7 July 2021*	19 August 2022	\$0.000	4,773,335

\* On 7 July 2021, the company's shareholders approved the issue of 4,030,000 Performance Rights to the following Directors: Scott Waddell, Theo Psaros, Mark Bojanjac, and Brad Sampson, and 3,130,000 to employees.

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

**Metallica Minerals Limited**  
**Directors' report**  
**30 June 2022**

**Shares issued on the exercise of options**

The following ordinary shares of Metallica Minerals Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted:

Date options exercised	Exercise price	Number of shares issued
27 July 2021*	\$0.029	10,000,000

\* The purchase of the shares was funded by limited recourse loans and has been accounted for as a share-based payment (refer note 33).

**Shares issued on the exercise of share rights**

There were no ordinary shares of Metallica Minerals Limited issued on the exercise of performance rights during the year ended 30 June 2022 and up to the date of this report.

**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.

**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  
Chairman

25 August 2022  
Brisbane

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

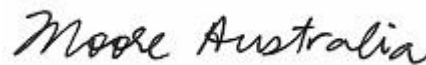
As lead auditor for the audit of Metallica Minerals Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- (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  
Director - Audit and Assurance



Moore Australia Audit (QLD/NNSW)  
Chartered Accountants

Brisbane  
25 August 2022

## **Metallica Minerals Limited**

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### **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 24 August 2022. 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 2022**

	Note	Consolidated 2022 \$	2021 \$
<b>Revenue</b>	4	4,182	49,221
Other income	5	2,500	220,342
Interest revenue		7,770	8,034
<b>Expenses</b>			
Airfares and conferences		(37,521)	(41,254)
Extraordinary General Meeting costs		(14,667)	(6,000)
Employee benefits expense	6	(857,204)	(372,460)
Exploration costs		(306,391)	(279,878)
Depreciation and amortisation expense	6	(85,372)	(18,421)
Listing fees and share register expenses		(87,732)	(96,599)
Legal fees		(35,911)	(50,545)
Professional fees		(148,033)	(113,436)
Net loss on disposal of subsidiary and joint operation	31	-	(2,049,754)
Rental expenses		(41,413)	(89,936)
Other expenses		(388,886)	(214,305)
Finance costs	6	(18,516)	-
Total expenses		<u>(2,021,646)</u>	<u>(3,332,588)</u>
<b>Loss before income tax expense</b>		(2,007,194)	(3,054,991)
Income tax expense	7	-	-
<b>Loss after income tax expense for the year attributable to the owners of Metallica Minerals Limited</b>		(2,007,194)	(3,054,991)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of Metallica Minerals Limited</b>		<u>(2,007,194)</u>	<u>(3,054,991)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	32	(0.33)	(0.84)
Diluted earnings per share	32	(0.33)	(0.84)

*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 2022**

	Note	Consolidated 2022 \$	2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	5,259,695	7,531,567
Trade and other receivables	9	59,525	45,923
Total current assets		<u>5,319,220</u>	<u>7,577,490</u>
<b>Non-current assets</b>			
Plant and equipment	11	100,105	10,788
Right-of-use assets	12	476,467	-
Exploration and evaluation	13	5,160,459	1,183,081
Other non-current assets	10	73,498	48,443
Total non-current assets		<u>5,810,529</u>	<u>1,242,312</u>
<b>Total assets</b>		<u>11,129,749</u>	<u>8,819,802</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	838,600	382,022
Lease liabilities	15	63,163	-
Employee benefits	16	39,713	11,447
Total current liabilities		<u>941,476</u>	<u>393,469</u>
<b>Non-current liabilities</b>			
Lease liabilities	15	425,282	-
Provisions	17	3,842	-
Total non-current liabilities		<u>429,124</u>	<u>-</u>
<b>Total liabilities</b>		<u>1,370,600</u>	<u>393,469</u>
<b>Net assets</b>		<u>9,759,149</u>	<u>8,426,333</u>
<b>Equity</b>			
Issued capital	18	53,865,383	50,896,470
Reserves	19	590,844	219,747
Accumulated losses		(44,697,078)	(42,689,884)
<b>Total equity</b>		<u>9,759,149</u>	<u>8,426,333</u>

*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 2022**

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2020	36,436,227	8,158,563	(39,634,893)	4,959,897
Loss after income tax expense for the year	-	-	(3,054,991)	(3,054,991)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,054,991)	(3,054,991)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 18)	6,310,017	-	-	6,310,017
Share-based payments (note 33)	-	211,410	-	211,410
Transfer from share-based payments reserve to issued capital	8,150,226	(8,150,226)	-	-
Balance at 30 June 2021	<u>50,896,470</u>	<u>219,747</u>	<u>(42,689,884)</u>	<u>8,426,333</u>
<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
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)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 18)	2,968,913	-	-	2,968,913
Share-based payments (note 33)	-	371,097	-	371,097
Balance at 30 June 2022	<u>53,865,383</u>	<u>590,844</u>	<u>(44,697,078)</u>	<u>9,759,149</u>

*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 2022**

	Note	Consolidated 2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers, government grants and other (inclusive of GST)		8,976	256,644
Payments to suppliers and employees (inclusive of GST)		(1,073,871)	(1,198,239)
Interest received		7,770	8,034
Interest and other finance costs paid		(18,516)	-
Net cash used in operating activities	34	<u>(1,075,641)</u>	<u>(933,561)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	11	(110,302)	(5,665)
Payments for exploration and evaluation assets	13	(3,977,378)	(1,183,081)
Payments for security deposits		(25,055)	(15,805)
Sale proceeds - HMS plant and tenements		-	330,000
Proceeds from disposal of subsidiary and joint operation	31	-	41,737
Net cash used in investing activities		<u>(4,112,735)</u>	<u>(832,814)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	18	3,044,000	7,000,661
Share issue transaction costs		(75,087)	(500,254)
Repayment of lease liabilities		(52,409)	-
Net cash from financing activities		<u>2,916,504</u>	<u>6,500,407</u>
Net increase/(decrease) in cash and cash equivalents		(2,271,872)	4,734,032
Cash and cash equivalents at the beginning of the financial year		<u>7,531,567</u>	<u>2,797,535</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>5,259,695</u></u>	<u><u>7,531,567</u></u>

*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 2022, the consolidated entity incurred a loss of \$2,007,194 after income tax (2021: \$3,054,991) and net cash outflows from operating activities of \$1,075,641 (2021: \$933,561). The net loss before income tax for the year ended 30 June 2021 includes a net loss of \$2,049,754 on disposal of the subsidiary companies Oresome Australia Pty Ltd, Oresome Bauxite Pty Ltd and their respective 50% interest holdings in the Urquhart Bauxite joint venture (JV).

The Coronavirus (COVID-19) pandemic is restricting access to some remote communities. However, there does not currently appear to be any significant impact upon solvency or going concern of the consolidated entity as at the reporting date or subsequent to the date of this report as a result of the pandemic.

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 2022 the consolidated entity had net current assets of \$4,377,744 (30 June 2021: \$7,184,021) and total net assets of \$9,759,149 (30 June 2021: \$8,426,333). Cash and cash equivalents at 30 June 2022 amounted to \$5,259,695 (30 June 2021: \$7,531,567).
- 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 2022, the company raised \$2,968,913 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.

**Note 1. Significant accounting policies (continued)**

**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 2022 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.

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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

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.

**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. Details of the joint operation are set out in and note 31.

**Note 1. Significant accounting policies (continued)**

*Joint ventures*

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduces the carrying amount of the investment.

**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, its carrying value is written off.

*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.

**Note 1. Significant accounting policies (continued)**

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.

**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 2022. 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.

Significant judgements and assumptions were required in making an estimate of the fair value less costs of disposal of the capital works in progress associated with the Oresome joint operation. The estimated fair value less costs of disposal was determined based on enquiries of independent parties.

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

*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.

*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.

**Metallica Minerals Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Rent	4,182	49,221
	<u>4,182</u>	<u>49,221</u>

*Accounting policy for revenue recognition*

The consolidated entity recognises revenue as follows:

*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.

**Note 5. Other income**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Government grants	-	142,544
Other	2,500	77,798
	<u>2,500</u>	<u>220,342</u>

*Accounting policy for government grants*

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the consolidated entity will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate. Government grants relating to the purchase or development of assets, including exploration and evaluation activities, are deducted from the carrying value of the asset.

The Government grants noted above relate to amounts received in respect of JobKeeper and Cash Flow Boost.

*Other revenue*

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

**Metallica Minerals Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 6. Expenses**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax includes the following specific expenses:		
<i>Aggregate employee benefits expense</i>		
Defined contribution superannuation expense	68,305	19,591
Equity-settled share-based payments	371,097	14,420
Other employee benefits expenses	823,771	514,391
	<u>1,263,173</u>	<u>548,402</u>
<i>Less</i>		
Employee costs capitalised to exploration	(405,969)	(175,942)
Employee benefits expense	<u>857,204</u>	<u>372,460</u>
<i>Depreciation</i>		
Plant and equipment	7,263	18,421
Motor vehicles	13,722	-
Buildings right-of-use assets	64,387	-
Total depreciation	<u>85,372</u>	<u>18,421</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	<u>18,516</u>	<u>-</u>
<i>Leases</i>		
Short-term lease payments	<u>30,356</u>	<u>80,166</u>

**Note 7. Income tax**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	<u>(2,007,194)</u>	<u>(3,054,991)</u>
Tax at the statutory tax rate of 25% (2021: 26%)	(501,799)	(794,298)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	-	(13,505)
Other non-deductible items	-	1,844
	<u>(501,799)</u>	<u>(805,959)</u>
Current year tax losses not recognised	410,049	673,885
Current year temporary differences not recognised	<u>91,750</u>	<u>132,074</u>
Income tax expense	<u>-</u>	<u>-</u>

**Note 7. Income tax (continued)**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets not recognised</i>		
Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:		
Unused tax losses	8,427,773	6,844,356
Other deductible temporary differences	211,693	179,848
Deductible temporary differences offset against taxable temporary differences	<u>(1,409,232)</u>	<u>(295,770)</u>
Total deferred tax assets not recognised	<u>7,230,234</u>	<u>6,728,434</u>

The above potential tax benefit for tax losses and deductible temporary differences 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.

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.



**Metallica Minerals Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 8. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Cash on hand	-	50
Cash at bank	1,933,300	3,508,758
Cash on deposit	3,326,395	4,022,759
	<u>5,259,695</u>	<u>7,531,567</u>

*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**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	740	3,034
Loans to other parties	-	186,017
Less: Allowance for expected credit losses*	-	(186,017)
	<u>-</u>	<u>-</u>
Other receivables	33	404
GST receivable	58,752	42,485
	<u>59,525</u>	<u>45,923</u>

\* The loan was fully written off in the current year.

*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.

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**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Security deposits - tenements and rental properties	73,498	48,443
	<u>73,498</u>	<u>48,443</u>

**Metallica Minerals Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 11. Plant and equipment**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Plant and equipment - at cost	75,317	63,911
Less: Accumulated depreciation	<u>(60,386)</u>	<u>(53,123)</u>
	<u>14,931</u>	<u>10,788</u>
Motor vehicles - at cost	98,896	-
Less: Accumulated depreciation	<u>(13,722)</u>	<u>-</u>
	<u>85,174</u>	<u>-</u>
	<u><u>100,105</u></u>	<u><u>10,788</u></u>

*Reconciliations*

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

<b>Consolidated</b>	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2020	23,364	-	23,364
Additions	5,665	-	5,665
Disposal of subsidiary and joint operation	(2,705)	-	(2,705)
Adjustment	2,885	-	2,885
Depreciation expense	<u>(18,421)</u>	<u>-</u>	<u>(18,421)</u>
Balance at 30 June 2021	10,788	-	10,788
Additions	11,406	98,896	110,302
Depreciation expense	<u>(7,263)</u>	<u>(13,722)</u>	<u>(20,985)</u>
Balance at 30 June 2022	<u><u>14,931</u></u>	<u><u>85,174</u></u>	<u><u>100,105</u></u>

*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.

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.

**Metallica Minerals Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 12. Right-of-use assets**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Land and buildings - right-of-use	540,854	-
Less: Accumulated depreciation	<u>(64,387)</u>	<u>-</u>
	<u><u>476,467</u></u>	<u><u>-</u></u>

*Reconciliations*

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

<b>Consolidated</b>	Land and buildings \$
Balance at 1 July 2020	-
Balance at 30 June 2021	-
Additions	540,854
Depreciation expense	<u>(64,387)</u>
Balance at 30 June 2022	<u><u>476,467</u></u>

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.

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**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Exploration and evaluation expenditure	<u>5,160,459</u>	<u>1,183,081</u>

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**Note 13. Exploration and evaluation (continued)**

*Reconciliations*

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

<b>Consolidated</b>	Exploration & evaluation \$
Balance at 1 July 2020	2,090,729
Additions	1,183,081
Disposal of subsidiary and joint operation	<u>(2,090,729)</u>
Balance at 30 June 2021	1,183,081
Additions*	<u>3,977,378</u>
Balance at 30 June 2022	<u><u>5,160,459</u></u>

\* Includes \$273,167 of E&E expenditure on EPM 17968, Clermont project. The Clermont project is 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.

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**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	\$	\$
<i>Current liabilities</i>		
Trade payables	817,340	375,401
Other payables	<u>21,260</u>	<u>6,621</u>
	<u><u>838,600</u></u>	<u><u>382,022</u></u>

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.

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**Note 15. Lease liabilities**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Lease liability - land and buildings	63,163	-
<i>Non-current liabilities</i>		
Lease liability - land and buildings	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.

*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**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Annual leave	30,823	6,144
Long service leave	8,890	5,303
	39,713	11,447

*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.

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**Note 17. Provisions**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current liabilities</i>		
Lease make good	<u>3,842</u>	<u>-</u>

*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**

	<b>2022</b>	<b>Consolidated</b>		<b>2021</b>
	<b>Shares</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>665,926,366</u>	<u>557,732,777</u>	<u>53,865,383</u>	<u>50,896,470</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2020	324,047,408		36,436,227
Shares for services rendered	25 November 2020	330,000	\$0.020	6,600
Rights issue (a)	27 April 2021	162,188,704	\$0.030	4,865,661
Follow-on placement (a)	27 April 2021	71,166,665	\$0.030	2,135,000
Transfer from share-based payments reserve (note 19)				8,150,226
Share issue costs				(697,244)
Balance	30 June 2021	557,732,777		50,896,470
Share option exercised - funded by limited recourse loans (b)	27 July 2021	10,000,000		-
Shares for services rendered	22 October 2021	290,363	\$0.031	9,000
Placement (c)	18 February 2022	97,903,226	\$0.031	3,035,000
Share issue costs				(75,087)
Balance	30 June 2022	<u>665,926,366</u>		<u>53,865,383</u>

*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.

*(a) Rights issue and follow-on placement*

On 25 March 2021, the company issued a Prospectus (Rights Issue Prospectus) for a renounceable pro rata entitlement issue (Offer) fully underwritten by Mahe Capital Pty Ltd (Mahe) for the issue of up to 162,188,704 Shares and 1 free attaching Option for every 2 Shares taken up under the Offer, to raise up to \$4,865,661.

**Note 18. Issued capital (continued)**

Pursuant to the company's underwriting agreement with Mahe for the Offer, the company also agreed to issue 9,731,322 Options to Mahe, based on the amount of funds sought under the Offer.

On 23 April 2021, the company issued a Supplementary Prospectus pursuant to which it advised that, as a result of excess demand under the Shortfall Offer (as defined in the Rights Issue Prospectus), it had agreed to issue an additional 71,166,665 New Shares and 35,583,334 attaching New Options under the Offer to raise an additional \$2,135,000 (Follow-on Placement). As a result, the number of Options to which Mahe became entitled as underwriter of the Offer increased to 14,001,322 Options.

The total amount raised by the rights issue and follow-on placement was \$7,000,661.

*(b) Options*

**30 June 2021**

The company issued a total of 116,677,686 free attaching options (New Options) in connection with the Rights Issue Prospectus and Follow-on Placement on 27 April 2021 on the basis of 1 New Option for every 2 shares taken up. The options are listed on the Australian Securities Exchange 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.

A further 14,001,322 options were issued to the underwriter (refer note 33) which have the same terms as all other New Options.

**30 June 2022**

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 has been accounted for as an in-substance option award (refer to note 33). The shares are subject to escrow until 23 December 2022.

*(c) Placement*

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.

*Share buy-back*

There is no current on-market share buy-back.

*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.

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**Note 18. Issued capital (continued)**

There are no externally imposed capital requirements.

The capital risk management policy remains unchanged from the 2021 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 2022 was \$4,377,744 (2021: \$7,184,021).

*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**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Share-based payments reserve	<u>590,844</u>	<u>219,747</u>

*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:

<b>Consolidated</b>	Share-based payments reserve \$
Balance at 1 July 2020	8,158,563
Share based payments	211,410
Transfer to issued capital (note 18)	<u>(8,150,226)</u>
Balance at 30 June 2021	219,747
Share based payments	<u>371,097</u>
Balance at 30 June 2022	<u><u>590,844</u></u>

**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.



**Note 21. Financial instruments (continued)**

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.

<b>Consolidated</b>	<b>2022</b>		<b>2021</b>	
	<b>Weighted average interest rate %</b>	<b>Balance \$</b>	<b>Weighted average interest rate %</b>	<b>Balance \$</b>
Cash at bank	-	1,933,300	-	3,508,758
Cash on deposit	1.18%	3,326,395	0.22%	4,022,759
Net exposure to cash flow interest rate risk		<u>5,259,695</u>		<u>7,531,517</u>

At 30 June 2022, 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 \$92,045 higher (2021 changes of 25 bps: \$18,829 lower/higher), mainly as a result of higher/lower interest income from cash and cash equivalents and held to maturity investments.

**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 consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. 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 does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

**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.

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**Note 21. Financial instruments (continued)**

*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.

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2022</b>					
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade payables	817,340	-	-	-	817,340
Other payables	21,260	-	-	-	21,260
<i>Interest-bearing</i>					
Lease liability	82,848	174,496	285,322	16,493	559,159
Total non-derivatives	<u>921,448</u>	<u>174,496</u>	<u>285,322</u>	<u>16,493</u>	<u>1,397,759</u>
<b>Consolidated - 2021</b>					
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade payables	375,401	-	-	-	375,401
Other payables	6,621	-	-	-	6,621
Total non-derivatives	<u>382,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>382,022</u>

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:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	359,140	340,939
Post-employment benefits	23,111	4,537
Share-based payments	236,024	14,420
	<u>618,275</u>	<u>359,896</u>

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**Note 22. Key management personnel disclosures (continued)**

*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 33). 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 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 shares are subject to escrow until 23 December 2022.

**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:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	\$	\$
<i>Audit services - Moore Australia Audit (QLD/NNSW)</i>		
Audit or review of the financial statements	42,840	40,000

**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 2022 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**

During the year the company entered into a farm-out agreement with Diatreme Resources Limited (ASX:DRX) for the Clermont Copper/Gold Project (the Project). Under the terms of the Memorandum of Understanding (MOU), Metallica Minerals Limited has the sole and exclusive right to earn:

- a 25% interest in the Project by sole funding exploration expenditure of \$300,000 by 30 April 2022 (Minimum Commitment Date);
- an additional 26% interest in the Project by sole funding exploration expenditure of an additional \$700,000 by no later than 12 months after the Minimum Commitment Date (Further Commitment Date), (the Earn-in Requirement); and
- an additional 24% interest by sole funding the first \$1 million of JV expenditure.

On 29 April 2022, the company announced that it had met the expenditure commitment undertaken in accordance with the MOU to earn 25% of the Project. In addition, the company has made the decision to move to the second stage of the earn-in phase of the agreement and increase the company's share to 51% of the Project through a further \$700,000 spend on exploration activity at the Clermont Project prior to 27 April 2023.

**Note 26. Commitments**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Commitments for minimum expenditure on exploration permits</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	41,770	331,509
One to five years	79,858	725,332
	<u>121,628</u>	<u>1,056,841</u>
<i>Commitments for environmental authority annual fee</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,099	3,505
One to five years	3,070	8,182
	<u>4,169</u>	<u>11,687</u>
<i>Tenement rentals</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	11,740	4,055
One to five years	25,357	12,010
	<u>37,097</u>	<u>16,065</u>

*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.

*Operating lease commitments*

The lease of offices as at 30 June 2021 was on a 'month to month' basis with three months' notice required to terminate the lease. Notice to leave was provided on 8 July 2021.

**Note 27. Related party transactions**

*Parent entity*

Metallica Minerals Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 29.

*Key management personnel*

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

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**Note 27. Related party transactions (continued)**

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Other transactions:		
Subscription for new ordinary shares by key management personnel as a result of the rights issue	-	96,000

*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*

	<b>Parent</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(3,822,807)	(2,100,954)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(3,822,807)	(2,100,954)

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**Note 28. Parent entity information (continued)**

*Statement of financial position*

	<b>Parent</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Total current assets	5,068,196	7,540,777
Total non-current assets	5,417,752	1,741,535
Total assets	10,485,948	9,282,312
Total current liabilities	6,323,049	5,065,738
Total non-current liabilities	429,124	-
Total liabilities	6,752,173	5,065,738
Net assets	<u>3,733,775</u>	<u>4,216,574</u>
Equity		
Issued capital	53,865,383	50,896,470
Share-based payments reserve	590,844	219,747
Accumulated losses	(50,722,452)	(46,899,643)
Total equity	<u>3,733,775</u>	<u>4,216,574</u>

*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 2022 and 30 June 2021.

*Contingent liabilities*

The parent entity believes it has no contingent liabilities as at 30 June 2022 and 30 June 2021.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

*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:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
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%

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**Note 29. Interests in subsidiaries (continued)**

- \* Greenvale Operations Pty Limited is a wholly owned subsidiary of NORNICCO 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**

On 11 July 2022, the company allotted 7,342,742 MLMOB options to participants of the February 2022 placement.

No other matter or circumstance has arisen since 30 June 2022 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. Disposal of subsidiary and joint operation**

**30 June 2021**

On 3 November 2020, the consolidated entity disposed of its wholly-owned subsidiaries Oresome Australia Pty Ltd, Oresome Bauxite Pty Ltd and their respective 50% interest holdings in the Urquhart Bauxite joint venture (JV). The sale proceeds comprised the following cash payments: \$50,000 on the announcement of the sale; \$50,000 within 30 days of the signing of the Share Sale Agreement. The second payment of \$50,000 has not been made after many attempts by the company and is unlikely to be paid at the present time and is considered doubtful. The doubtful debt was provided for in the 2nd half of the 2021 financial year.

	<b>Consolidated 2021 \$</b>
<b>Consideration received</b>	
Cash received	50,000
	<b>Consolidated 2021</b>
<b>Book values of net assets over which control was lost</b>	
Cash and cash equivalents	8,263
Security deposits	21,855
Exploration and evaluation assets	2,090,729
Property, plant and equipment	2,705
Other payables	(9,303)
Employee provisions	(14,495)
Net assets derecognised	2,099,754

**Note 31. Disposal of subsidiary and joint operation (continued)**

	<b>Consolidated 2021 \$</b>
<b>(Gain)/loss on disposal of subsidiary and joint operation</b>	
Consideration received/receivable	(100,000)
Impairment of consideration receivable	50,000
Net assets disposed of	<u>2,099,754</u>
Net loss on disposal of subsidiary and joint operation	<u><u>2,049,754</u></u>
	<b>Consolidated 2021</b>
<b>Net cash inflow/(outflow) arising on disposal</b>	
Cash consideration received	50,000
Cash and cash equivalents disposed of	<u>(8,263)</u>
	<u><u>41,737</u></u>

**Note 32. Earnings per share**

	<b>Consolidated 2022 \$</b>	<b>2021 \$</b>
Loss after income tax attributable to the owners of Metallica Minerals Limited	<u>(2,007,194)</u>	<u>(3,054,991)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>602,895,244</u>	<u>365,800,939</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>602,895,244</u>	<u>365,800,939</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.33)	(0.84)
Diluted earnings per share	(0.33)	(0.84)

Share options are considered to be potential ordinary shares but were anti-dilutive in nature for the 30 June 2022 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 33. 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.

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. In the company's financial report for the half-year ended 31 December 2021, the issuance of these shares was not accounted for as a share-based payment. At 31 December 2021, the company recognised a loan receivable of \$290,000 and a credit to issued capital for the same amount. These amounts have subsequently been reversed and replaced by a share-based payment expense and a credit to the share-based payments reserve.

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.

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 Sands 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.

**Metallica Minerals Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 33. Share-based payments (continued)**

(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 (refer note 18). 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:

**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
			<u>24,001,322</u>	<u>10,000,000</u>	<u>(10,000,000)</u>	<u>-</u>	<u>24,001,322</u>
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.

**2021**

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
			<u>10,000,000</u>	<u>14,001,322</u>	<u>-</u>	<u>-</u>	<u>24,001,322</u>
Weighted average exercise price			\$0.029	\$0.060	\$0.000	\$0.000	\$0.047

**Metallica Minerals Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 33. Share-based payments (continued)**

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 2022 was 1.22 years (30 June 2021: 2.01 years).

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

**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

(e) Measurement of fair values

*Options granted:*

The fair value of options granted during the current and prior financial years was measured using the Black-Scholes option pricing model. For the options granted during the current and prior financial year, 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	100.58%	-	0.11%	\$0.014
27/07/2021	31/12/2022	\$0.036	\$0.029	116.44%	-	0.06%	\$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 was measured using the Monte Carlo simulation pricing model for Hurdle 1 and the Binomial pricing model for Hurdles 2 and 3. 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	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
07/07/2021	19/08/2022	\$0.036	113.02%	-	0.06%	\$0.024
07/07/2021	19/08/2022	\$0.036	113.02%	-	0.06%	\$0.034

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

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Expense from share-based payments	<u>371,097</u>	<u>14,420</u>

*Accounting policy for share-based payments*

Equity-settled share-based compensation benefits are provided to employees.

**Note 33. Share-based payments (continued)**

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.

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 34. Cash flow information**

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

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the year	(2,007,194)	(3,054,991)
Adjustments for:		
Depreciation and amortisation	85,372	18,421
Share-based payments	371,097	14,420
Adjustment to plant and equipment - non-cash	-	(2,885)
Net loss on disposal of non-current assets	-	2,049,754
Expenses - non-cash	-	6,600
Change in operating assets and liabilities:		
Increase in trade and other receivables	(13,602)	(12,919)
Increase in trade and other payables	456,578	131,606
Increase/(decrease) in employee benefits	28,266	(83,567)
Increase in other provisions	3,842	-
Net cash used in operating activities	<u>(1,075,641)</u>	<u>(933,561)</u>

**Metallica Minerals Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 34. Cash flow information (continued)**

*Non-cash investing and financing activities*

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Options issued to underwriter	-	196,990

**Metallica Minerals Limited**  
**Directors' declaration**  
**30 June 2022**

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 2022 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



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Theo Psaros  
Chairman

25 August 2022  
Brisbane

## 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 2022, 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 2022 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
<b>Going concern</b>	
Refer to Note 1 Significant accounting policies, detailing going concern	
<p>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.</p>	<p>In evaluating management's assessment of the going concern assumption, we performed the following procedures but not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining and evaluating management's assessment of the group's ability to continue as a going concern</li> <li>• 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</li> <li>• 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</li> <li>• Performing a sensitivity analysis over cash flow forecasts as prepared by management based on a number of alternative scenarios</li> <li>• Assessed the adequacy of the disclosures in relation to going concern included in Note 1 to the financial report.</li> </ul>
<b>Carrying value of Capitalised Exploration &amp; Evaluation Assets</b>	
Refer to Note 13 Exploration & Evaluation Assets	
<p>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 is a key audit matter.</p>	<p>We have critically evaluated management's assessment of each impairment trigger per AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, including but not limited to:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• 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</li> <li>• 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</li> <li>• Assessed the appropriateness of the disclosures included in Note 13 to the financial report.</li> </ul>



## 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 2022 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](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 8 to 16 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Metallica Minerals Limited, for the year ended 30 June 2022 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  
Director – Audit and Assurance  
Moore Australia Audit (QLD/NNSW)  
Brisbane  
25 August 2022



Moore Australia Audit (QLD/NNSW)  
Chartered Accountants

**Metallica Minerals Limited**  
**Shareholder information**  
**30 June 2022**

The shareholder information set out below was applicable as at 23 August 2022.

**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	48	3	25	7
1,001 to 5,000	32	2	37	10
5,001 to 10,000	43	3	30	8
10,001 to 100,000	816	56	131	36
100,001 and over	524	36	137	38
	<u>1,463</u>	<u>100</u>	<u>360</u>	<u>100</u>
Holding less than a marketable parcel	<u>164</u>	<u>0.15</u>	<u>202</u>	<u>2.51</u>

**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	151,868,345	22.81
SPARTA AG	64,516,129	9.69
DOSTAL NOMINEES PTY LTD	35,422,409	5.32
ROOKHARP CAPITAL PTY LIMITED	17,247,408	2.59
PLAN-1 PTY LTD	11,012,502	1.65
MR GRAHAM RAYMOND WILLIAM DOW	10,500,000	1.58
GEFRATO TRADING PTY LTD	8,300,000	1.25
SHADBOLT FUTURE FUND (TOTTENHAM) PTY LTD	8,190,000	1.23
SIBELCO ASIA PACIFIC PTY LTD	7,264,100	1.09
CALAMA HOLDINGS PTY LTD	5,500,000	0.83
CAROJON PTY LTD	5,000,000	0.75
LATSOD PTY LTD	5,000,000	0.75
MRS CAROLYN DOW	5,000,000	0.75
BONDLINE LIMITED	4,910,966	0.74
CITICORP NOMINEES PTY LIMITED	4,869,975	0.73
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	4,741,456	0.71
MACFORBES SUPER PTY LTD	4,500,000	0.68
NO BULL HEALTH PTY LTD	4,250,000	0.64
MR PAUL THOMAS MCGREAL	4,200,000	0.63
ANDREW SCOTT VICTOR WADDELL	4,000,000	0.60
	<u>366,293,290</u>	<u>55.01</u>

**Metallica Minerals Limited**  
**Shareholder information**  
**30 June 2022**

	<b>Options over ordinary shares</b>	
	<b>Number held</b>	<b>% of total options issued</b>
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	55,360,215	30.82
SPARTA AG	32,258,065	17.96
TANGO88 PTY LTD	12,964,029	7.22
DOSTAL NOMINEES PTY LTD	6,669,167	3.71
MR KEVIN JOHN HENDERSON	5,470,618	3.05
MR BILAL AHMAD	4,384,389	2.44
MR PUNIT ARORA & MRS SHWETA ARORA	2,640,000	1.47
LATSOD PTY LTD	2,000,000	1.11
CALAMA HOLDINGS PTY LTD	1,750,000	0.97
GEFRATO TRADING PTY LTD	1,675,000	0.93
ROOKHARP CAPITAL PTY LIMITED	1,666,666	0.93
OPEG (ORDU PRIVATE EQUITY GROUP) PTY LTD	1,662,389	0.93
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
MS PATRICIA MARIE NOELLE ORRE	1,300,000	0.72
CHALLENGE AURORA PTY LTD	1,100,000	0.61
PERALTA AGUILAR MEDICALS PTY LTD	1,050,000	0.58
MS ANGELA MARGARET DAY	1,000,000	0.56
MR JIAN LIANG	1,000,000	0.56
	<u>138,367,521</u>	<u>77.03</u>

*Unquoted equity securities*

	<b>Number on issue</b>	<b>Number of holders</b>
Options over ordinary shares issued	8,160,000	8

**Substantial holders**

Substantial holders in the company are set out below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
ILWELLA PTY LTD	150,725,901	22.63
SPARTA AG	64,516,129	9.69
DOSTAL NOMINEES PTY LTD	40,422,409	6.07

**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.