Metallica Minerals Limited

ACN 076 696 092

Interim Financial Report - 31 December 2023

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Metallica Minerals Limited
Corporate directory
31 December 2023

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

Metallica Minerals Limited
Directors' report
31 December 2023

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 half-year ended 31 December 2023.

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

Theo Psaros
Mark Bojanjac
Brad Sampson

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

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

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $1,206,584 (31 December 2022: $1,125,304).

(a) Cape Flattery Silica Project
During the half-year ended 31 December 2023 the company continued to advance its Cape Flattery Silica Sand Project (the CFS Project) which included the following activities:

- The company completed a Definitive Feasibility Study in July 2023 (ASX Release dated 17 July 2023 *"Cape Flattery Silica DFS confirms excellent economics")* and an Updated Definitive Feasibility Study in November 2023 (ASX Release dated 15 November 2023 *"Cape Flattery Silica Updated DFS supports 3mtpa saleable product")*. As announced on 15 November 2023, the Updated Definitive Feasibility Study outlined exceptional economics including an internal rate of return of 37.2% and a Net Present Value of $702.4 million (nominal 10%, pre-tax), based on a construction capital expenditure requirement of A$236.7 million.
- Cape Flattery Silica Pty Ltd (a wholly-owned subsidiary of the company) signed a Memorandum of Understanding (MoU) with Eternal Asia Supply Chain Management Ltd (EA) in December 2023, which allows for technical exchange, testing of samples and discussion on further processing and value adding of processed silica sand from the CFS Project using EA's proprietary technology (ASX Release dated 12 December 2023 *"Cape Flattery Silica signs MOU with Eternal Asia"*). The MoU is non-binding and valid for 12 months. Pending the successful outcome of the cooperation, the parties will commence commercial discussions on the basis of sharing the value improvement from the further processing, with the objective of concluding a long-term sales contract for CFS high purity silica sand.
- The CFS Project has met the criteria for a Coordinated Project under the State Development and Public Works Organisation Act 1971 (QLD) (SDPWO Act) and is the first project at Cape Flattery to be declared a Coordinated Project by the Queensland Government's Office of the Coordinator-General (ASX Release dated 15 December 2023 *"Cape Flattery Silica Project – declared a Coordinated Project by Office of Coordinator-General"*). A Coordinated Project designation is intended to streamline interactions with key State and Commonwealth Government departments and agencies. The Coordinator-General will now prepare draft terms of reference for an Environmental Impact Statement (EIS) which will be released to the public for comment. To date significant environmental works have been undertaken which can be used towards meeting the requirements of the EIS.
- The metallurgical testing of an approximately 600kg sample acquired from the August and December 2021 drilling programs has confirmed the process flow design used in the Definitive Feasibility Study (DFS) and produced a high purity silica and product via simple processing methods. The product produced contained 99.9% SiO_2, 100ppm Fe_2O_3, 340ppm Al_2O_3, 200ppm TiO_2 whilst holding a mass yield of over 85%. The yield result supports the conservative average yield estimate of 81% used in the DFS.

(b) Clermont Project
Under the terms of the Memorandum of Understanding (MoU) with Diatreme Resources Limited (ASX: DRX), the company met the expenditure condition to a 51% share of the Clermont Project (EPM17968) (ASX Release dated 4 July 2023 *"Further drilling completed at Clermont (EPM17968)")*. On 12 October 2023, the company elected to earn an additional 24% in the Clermont Project, which will increase the company's ownership of the project from 51% to 75% by expending an additional $1,000,000 under the terms of the JV agreement with DRX.

(c) Leo Grande Graphite Gold Project
Drilling was completed at the Leo Grande Graphite Gold Project (LGGP) located within the Clermont EPM (EPM 17698) (ASX Release dated 11 December 2023 *"Metallica Commences Drilling at the Leo Grande Graphite – Gold Prospect"*). A data review of drill logs for fifty-four (54) reverse circulation (RC) holes and one 1 diamond hole drilled at the Leo Grande Prospect in 1989 and 1990 highlighted the presence of graphite in all of the holes drilled. The amount of graphite in each hole was never quantified with the logs referring only to low, moderate, strong to very strong graphite content, with the graphite associated with a black mylonite or a quartz-mica schist. The aim of the drilling is to twin historical RC holes which were noted to have "moderate, strong to very strong" graphite mineralisation in order to quantify the graphite content in the holes, and to facilitate assessment of the exploration potential of this project for economic graphite mineralisation.

Significant changes in the state of affairs
On 4 July 2023, under the terms of the Memorandum of Understanding (MoU) with Diatreme Resources Limited (ASX: DRX), Metallica Minerals Ltd met the expenditure condition to a 51% share of the Clermont Project (EPM17968). On 12 October 2023, Metallica elected to earn an additional 24% in the Clermont Project, which will increase Metallica's ownership of the project from 51% to 75% by expending an additional $1,000,000 under the terms of the joint venture agreement with DRX.

On 29 November 2023, the company granted 32,000,000 unquoted options to Directors and employees (refer note 15).

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

Matters subsequent to the end of the financial half-year
Takeover offer
On 16 February 2024, Diatreme Resources Limited (ASX: DRX, Diatreme) announced its intention to make a takeover bid for all the ordinary shares in Metallica Minerals Limited (Offer). Diatreme's commitment to make the bid is expressed to be subject to certain regulatory steps, including specific relief being granted by ASX and ASIC. If those conditions are satisfied, and the Offers are made to Metallica shareholders, those Offers will be subject to a number of defeating conditions including, minimum acceptance condition, Diatreme shareholder approval, FIRB, no regulatory action, no prescribed occurrence, no regulated event, no material adverse change (MAC) and a number of other conditions. The Metallica Board has recommended that shareholders take no action pending a formal response and recommendation from the Metallica Board (ASX released dated 19 February 2024 *"Diatreme's Intention to make a takeover Offer for Metallica Minerals"*).

Gold exploration target established for Leo Grande Project
Subsequent to 31 December 2023, the company announced a significant JORC (2012) exploration target of 150,000 - 2,300,300 ounces of contained gold at the Leo Grande Project (ASX Release dated 19 February 2024 *"Gold Exploration Target Established for the Leo Grande Project"*).

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

Resource and reserve estimates	Resource and reserve estimates are inherently prone to variability. They involve expressions of judgement with regard to the presence and quality of mineralisation and the ability to extract and process the mineralisation economically. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. This may result in alterations to development and mining plans which may, in turn, adversely affect the consolidated entity's operations and reduce the estimated amount of mineral resources and ore reserves available for production and expansion plans. The consolidated entity manages the risk associated with resource and reserve estimates by engaging suitably experienced and qualified contractors and operators and ensuring that the Competent Person meets the requirements of the JORC Code 2012.
Commodity prices	Commodity prices fluctuate and are affected by numerous factors beyond the control of the consolidated entity. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic or political factors on both a regional and global basis. These factors may have a negative effect on the consolidated entity's exploration, project development and production plans and activities, together with its ability to fund those plans and activities.
Operating risks	The operations of the consolidated entity may be affected by various factors, including operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions (e.g. significant rainfall); industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. Such changes may have an adverse effect on the operations and production ability of the consolidated entity by increasing costs or delaying activities. The consolidated entity manages operating risks through a variety of means including selecting suitably experienced and qualified contractors and operators; regular monitoring of the performance of contractors and operators; the recruitment and retention of appropriately qualified employees and contractors; and the regular review by the Board of the consolidated entity's key risks.
Environmental, TLO and other approval risks	The ability of the consolidated entity to operate, develop and explore projects may be delayed and limited by environmental, Traditional Landowner (TLO), and other approval considerations. It is possible that significant costs may result from complying with the consolidated entity's environmental, TLO, and other approval obligations. The consolidated entity recognises management's best estimate for assets' retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.
Funding risks	Regardless of the strong economic returns of the Cape Flattery Silica Sand Project (the CFS Project) and developed funding plans, the future funding of the CFS Project has an inherent risk until funding is secured. Project funding can be impacted by a number of factors, including the macroeconomic environment at the time funding is being secured. As such, there is no guarantee that the consolidated entity will be able to secure the total funding required to develop the CFS Project, and the amount of dilution for shareholders from the funding is uncertain until the funding is secured.

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.

Metallica Minerals Limited
Directors' report
31 December 2023

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors

Theo Psaros
Chairman

23 February 2024
Brisbane

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

As lead auditor for the review of Metallica Minerals Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Murray McDonald
Partner - Audit and Assurance

Moore Australia Audit (QLD/NNSW)
Chartered Accountants

Brisbane
23 February 2024

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 half-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
Fortitude Valley
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 23 February 2024. The directors have the power to amend and reissue the financial statements.

Metallica Minerals Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31 Dec 2023 $	31 Dec 2022 $
Interest revenue		92,470	22,114
Expenses			
Airfares and conferences		(9,856)	(35,071)
Depreciation and amortisation expense		(54,435)	(52,507)
Employee benefits expense		(761,013)	(482,769)
Exploration costs		(55,648)	(51,442)
Listing fees and share register expenses		(55,415)	(50,731)
Legal fees		(26,355)	(39,984)
Professional fees		(138,814)	(173,451)
Rental expenses		(16,468)	(22,813)
Other expenses		(172,159)	(228,386)
Finance costs		(8,891)	(10,264)
Total expenses		(1,299,054)	(1,147,418)
Loss before income tax expense		(1,206,584)	(1,125,304)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Metallica Minerals Limited		(1,206,584)	(1,125,304)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Metallica Minerals Limited		(1,206,584)	(1,125,304)
		Cents	**Cents**
Basic earnings per share	14	(0.1)	(0.2)
Diluted earnings per share	14	(0.1)	(0.2)

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

Metallica Minerals Limited
Consolidated statement of financial position
As at 31 December 2023

	Note	31 Dec 2023 $	30 Jun 2023 $
Assets			
Current assets			
Cash and cash equivalents	3	4,821,125	7,106,924
Trade and other receivables		33	23,432
Total current assets		4,821,158	7,130,356
Non-current assets			
Property, plant and equipment	4	94,073	103,812
Right-of-use assets	5	360,570	399,202
Exploration and evaluation assets	6	11,790,539	10,382,182
Other current assets		67,498	67,498
Total non-current assets		12,312,680	10,952,694
Total assets		17,133,838	18,083,050
Liabilities			
Current liabilities			
Trade and other payables	7	417,056	670,910
Lease liabilities	8	71,870	68,878
Employee benefits		98,485	94,534
Total current liabilities		587,411	834,322
Non-current liabilities			
Lease liabilities	8	319,585	356,404
Provisions		3,927	3,842
Total non-current liabilities		323,512	360,246
Total liabilities		910,923	1,194,568
Net assets		16,222,915	16,888,482
Equity			
Issued capital	9	63,447,229	63,293,132
Reserves	10	678,690	291,770
Accumulated losses		(47,903,004)	(46,696,420)
Total equity		16,222,915	16,888,482

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

Metallica Minerals Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	53,865,383	590,844	(44,697,078)	9,759,149
Loss after income tax expense for the half-year	-	-	(1,125,304)	(1,125,304)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,125,304)	(1,125,304)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	9,311,311	-	-	9,311,311
Share-based payments	-	176,114	-	176,114
Transfer from share-based payments reserve to accumulated losses and issued capital	144,199	(393,852)	249,653	-
Balance at 31 December 2022	63,320,893	373,106	(45,572,729)	18,121,270

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2023	63,293,132	291,770	(46,696,420)	16,888,482
Loss after income tax expense for the half-year	-	-	(1,206,584)	(1,206,584)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,206,584)	(1,206,584)
Transactions with owners in their capacity as owners:				
Share-based payments (note 15)	-	541,017	-	541,017
Transfer from share-based payments reserves to issued capital	154,097	(154,097)	-	-
Balance at 31 December 2023	63,447,229	678,690	(47,903,004)	16,222,915

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

Metallica Minerals Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2023

	Note	31 Dec 2023 $	31 Dec 2022 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(627,136)	(1,084,552)
Interest received		92,470	22,114
Interest and other finance costs paid		(8,891)	(10,264)
Net cash used in operating activities		(543,557)	(1,072,702)
Cash flows from investing activities			
Payments for property, plant and equipment	4	(6,063)	(13,073)
Payments for exploration and evaluation assets		(1,702,352)	(2,188,753)
Proceeds from release of security deposits		-	6,000
Net cash used in investing activities		(1,708,415)	(2,195,826)
Cash flows from financing activities			
Proceeds from issue of shares		-	9,751,219
Share issue transaction costs		-	(572,064)
Repayment of lease liabilities		(33,827)	(31,008)
Net cash (used in)/from financing activities		(33,827)	9,148,147
Net (decrease)/increase in cash and cash equivalents		(2,285,799)	5,879,619
Cash and cash equivalents at the beginning of the financial half-year		7,106,924	5,259,695
Cash and cash equivalents at the end of the financial half-year	3	4,821,125	11,139,314

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

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

New and revised standards have been issued by the AASB and are effective for the half year. However, there are no material changes to the policies that affect measurement of the results or financial position of the consolidated entity.

Going concern

For the half-year ended 31 December 2023 the consolidated entity incurred a loss of $1,206,584 after income tax and net cash outflows from operating activities of $543,557.

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 31 December 2023 the consolidated entity had net current assets of $4,233,747 (30 June 2023: $6,296,034) and total net assets of $16,220,125 (30 June 2023: $16,888,482). Cash and cash equivalents at 31 December 2023 amounted to $4,821,125 (30 June 2023: $7,106,924).
- If additional cash is required outside of current cash holdings, the consolidated entity is expected to be in a position to complete capital raising with no foreseeable challenges as they have a proven history of successfully raising funds. During the year ended 30 June 2023, the company raised $9,283,550 from the issue of ordinary shares in the company (net of share issue costs).

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.

Note 2. 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.

Note 3. Cash and cash equivalents

	31 Dec 2023 $	30 Jun 2023 $
Current assets		
Cash at bank	1,525,105	2,519,676
Cash on deposit	3,296,020	4,587,248
	4,821,125	7,106,924

Note 4. Property, plant and equipment

	31 Dec 2023 $	30 Jun 2023 $
Non-current assets		
Plant and equipment - at cost	119,275	113,212
Less: Accumulated depreciation	(77,861)	(70,542)
	41,414	42,670
Motor vehicles - at cost	98,896	98,896
Less: Accumulated depreciation	(46,237)	(37,754)
	52,659	61,142
	94,073	103,812

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

	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2023	42,670	61,142	103,812
Additions	6,063	-	6,063
Depreciation expense	(7,319)	(8,483)	(15,802)
Balance at 31 December 2023	41,414	52,659	94,073

Note 5. Right-of-use assets

	31 Dec 2023 $	30 Jun 2023 $
Non-current assets		
Land and buildings - right-of-use	540,854	540,854
Less: Accumulated depreciation	(180,284)	(141,652)
	360,570	399,202

Note 5. Right-of-use assets (continued)

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

	Land and buildings $
Balance at 1 July 2023	399,202
Depreciation expense	(38,632)
Balance at 31 December 2023	360,570

Note 6. Exploration and evaluation assets

	31 Dec 2023 $	30 Jun 2023 $
Non-current assets		
Exploration and evaluation - at cost	11,790,539	10,382,182

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

	Exploration and evaluation $
Balance at 1 July 2023	10,382,182
Additions	1,408,357
Balance at 31 December 2023	11,790,539

Note 7. Trade and other payables

	31 Dec 2023 $	30 Jun 2023 $
Current liabilities		
Trade payables and accruals	403,428	637,666
Other payables	13,628	33,244
	417,056	670,910

Note 8. Lease liabilities

	31 Dec 2023 $	30 Jun 2023 $
Current liabilities		
Lease liability - land and buildings	71,870	68,878
Non-current liabilities		
Lease liability - land and buildings	319,585	356,404
	391,455	425,282

Note 9. Issued capital

	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 $	30 Jun 2023 $
Ordinary shares - fully paid	959,923,922	956,898,922	63,447,229	63,293,132

(a) Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	1 July 2023	956,898,922		63,293,132
Performance rights exercised (note 15)	25 August 2023	3,025,000	$0.000	-
Transfer from share-based payments reserve (note 10)				154,097
Balance	31 December 2023	959,923,922		63,447,229

(b) Options

As at 31 December 2023, there were 212,630,577 unissued ordinary shares of Metallica Minerals Limited under option, held as follows:

	Number	Exercise price $	Expiry
Quoted options (ASX: MLMOB)	130,678,964	$0.060	25 March 2024
Quoted options (ASX: MLMOB)	41,608,871	$0.060	25 March 2024
Quoted options (ASX: MLMOB)	7,342,742	$0.060	25 March 2024
Unlisted options	1,000,000	$0.700	No Expiry
Unlisted options	32,000,000	$0.045	29 November 2028
	212,630,577		

Note 10. Reserves

	31 Dec 2023 $	30 Jun 2023 $
Share-based payments reserve	678,690	291,770

Note 10. Reserves (continued)

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

	Share based payments reserve $
Balance at 1 July 2023	291,770
Share based payments	541,017
Transfer to issued capital (note 9)	(154,097)
Balance at 31 December 2023	678,690

Note 11. Contingent assets

There have been no changes to the contingent assets noted in the 30 June 2023 annual financial report.

Note 12. Contingent liabilities

There have been no changes to the contingent liabilities noted in the 30 June 2023 annual financial report.

Note 13. Events after the reporting period

Takeover offer
On 16 February 2024, Diatreme Resources Limited (ASX: DRX, Diatreme) announced its intention to make a takeover bid for all the ordinary shares in Metallica Minerals Limited (Offer). Diatreme's commitment to make the bid is expressed to be subject to certain regulatory steps, including specific relief being granted by ASX and ASIC. If those conditions are satisfied, and the Offers are made to Metallica shareholders, those Offers will be subject to a number of defeating conditions including, minimum acceptance condition, Diatreme shareholder approval, FIRB, no regulatory action, no prescribed occurrence, no regulated event, no material adverse change (MAC) and a number of other conditions. The Metallica Board has recommended that shareholders take no action pending a formal response and recommendation from the Metallica Board (ASX released dated 19 February 2024 *"Diatreme's Intention to make a takeover Offer for Metallica Minerals"*).

Gold exploration target established for Leo Grande Project
Subsequent to 31 December 2023, the company announced a significant JORC (2012) exploration target of 150,000 - 2,300,300 ounces of contained gold at the Leo Grande Project (ASX Release dated 19 February 2024 *"Gold Exploration Target Established for the Leo Grande Project"*).

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 14. Earnings per share

	31 Dec 2023 $	31 Dec 2022 $
Loss after income tax attributable to the owners of Metallica Minerals Limited	(1,206,584)	(1,125,304)

Note 14. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	959,019,710	695,854,518
Weighted average number of ordinary shares used in calculating diluted earnings per share	959,019,710	695,854,518

	Cents	Cents
Basic earnings per share	(0.1)	(0.2)
Diluted earnings per share	(0.1)	(0.2)

Note 15. Share-based payments

(a) Employee Equity Incentive Plan (EEIP)

At an Annual General Meeting (AGM) held on 22 November 2023, the company's shareholders approved the following:

(1) A new Employee Equity Incentive Plan (EEIP).
(2) The issue of a total of 18,000,000 options to the following Directors: Theo Psaros, Mark Bojanjac, and Brad Sampson.

On 29 November 2023, the company granted 18,000,000 unlisted options to Directors and 14,000,000 unlisted options to employees of the company for nil consideration under the EEIP. The primary purpose of the grant of options is to provide a performance linked incentive component in the remuneration package of the Directors and employees to motivate and reward the performance of the Directors and employees. The options vested on grant date, have an exercise price of $0.045 and expire on 29 November 2028. The value of the options at grant date was $481,698.

(b) Movements in options and performance rights

Set out below are summaries of options granted:

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
27/04/2021	25/03/2024	$0.060	14,001,322	-	-	-	14,001,322
29/11/2023	29/11/2028	$0.045	-	32,000,000	-	-	32,000,000
			14,001,322	32,000,000	-	-	46,001,322

Set out below are summaries of performance rights granted:

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
26/08/2022	23/08/2023	$0.000	2,275,000	-	(2,275,000)	-	-
17/11/2022	23/08/2023	$0.000	750,000	-	(750,000)	-	-
			3,025,000	-	(3,025,000)	-	-

Note 15. Share-based payments (continued)

(c) Measurement of fair values
The fair value of options granted during the half-year was measured using the Black-Scholes option pricing model. 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
29/11/2023	29/11/2028	$0.024	$0.045	91.785%	-	4.060%	$0.015

(d) Share-based payments expense
The total expense arising from share-based payment transactions recognised during the half-year as part of employee benefits expense was $541,017.

Metallica Minerals Limited
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Theo Psaros
Chairman

23 February 2024
Brisbane

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Independent Auditor's Review Report

To the members of Metallica Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Metallica Minerals Limited (the company and its subsidiaries "the Group") which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Moore Australia

Murray McDonald
Partner - Audit and Assurance
Brisbane
23 February 2024

Moore Australia Audit (QLD/NNSW)
Chartered Accountants