



METALLICA MINERALS LIMITED

ABN: 45 076 696 092

ASX Code: MLM

Metallica Minerals Limited

ACN 076 696 092

Interim Financial Report

31 December 2022

Metallica Minerals Limited
Corporate directory
31 December 2022

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	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	www.metallicaminerals.com.au
Corporate Governance Statement	www.metallicaminerals.com.au/corporate-governance

Metallica Minerals Limited
Directors' report
31 December 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 half-year ended 31 December 2022.

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 Sands 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 \$1,125,304 (31 December 2021: \$997,014).

During the half-year ended 31 December 2022 the company:

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

- The company continued to advance through numerous studies, approval processes and stakeholder engagement activities that are all key components of our project development for the Cape Flattery Silica Sand Project.
- Commenced the Definitive Feasibility Study (DFS) following the successful completion of the Pre-Feasibility Study on 21 March 2022. The DFS is planned to be completed by Q2 2023. JukesTodd was appointed as the Study Manager for the DFS. The study includes the design, engineering and planned delivery of the Cape Flattery Silica operation producing 1.35Mt of high-purity silica sand per annum. JukesTodd has overall responsibility for the management and delivery of the DFS.
- Entered into a Memorandum of Understanding (MoU) with Mitsui & Co. Limited. The MOU covers negotiations to evaluate the feasibility and possibility of a sale and purchase transaction (off-take transaction) of all or specific portions of the silica sand products that MLM will produce in the future (the "Business Opportunities"). The MOU defines the desire to engage in further analysis and discussion of one or more Business Opportunities and will remain effective for 12 months. While the MOU does not itself provide for any binding offtake arrangement, it establishes a platform for the parties to collaboratively explore entering into binding offtake arrangements.
- Announced that assay results had been received for the 25 Hand Auger holes that were drilled in the western part of the Cape Flattery Silica (CFS) tenement (EPM 25734) in August 2022. The auger holes were designed to determine the possible ariel extent of silica sand in the western part of the tenement and to determine the quality of the silica sand. The assay results for 16 of the 25-hole hand auger program intersected zones of very high purity silica sand grading over 99.0% SiO₂ and with low iron (less than 500ppm Fe₂O₃).

(b) The company received assay results for two drill diamond holes completed at the Clermont porphyry project in April 2022. Drill holes RDD019 and RDD020 were designed to test an intense magnetic low anomaly which the company's geologists believed represented an attractive drilling target for porphyry style copper gold mineralisation.

Significant changes in the state of affairs

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

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

The proceeds from the placement and entitlement offer will be used to continue funding the development of the 100% owned Cape Flattery Silica Sand Project.

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

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 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.

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); delays in construction of tails dam wall lifts; 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 risks

The ability of the consolidated entity to operate, develop and explore projects may be delayed and limited by environmental considerations and significant costs may result from complying with the consolidated entity's environmental 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.

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 2022

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

16 February 2023
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 review of Metallica Minerals Limited for the half-year ended 31 December 2022, 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
16 February 2023

Metallica Minerals Limited

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31 December 2022

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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 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 15 February 2023. 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 2022

	Note	31 Dec 2022 \$	Restated 31 Dec 2021 \$
Revenue		-	4,182
Other income		-	2,500
Interest revenue		22,114	8,542
Expenses			
Airfares and conferences		(35,071)	(17,391)
Depreciation and amortisation expense		(52,507)	(28,453)
Employee benefits expense		(482,769)	(442,466)
Exploration costs		(51,442)	(47,329)
Extraordinary General Meeting costs		-	(14,667)
Impairment of receivables		-	(60,000)
Listing fees and share register expenses		(50,731)	(59,864)
Legal fees		(39,984)	(33,206)
Professional fees		(173,451)	(54,298)
Rental expenses		(22,813)	(38,035)
Other expenses		(228,386)	(208,915)
Finance costs		(10,264)	(7,614)
Total expenses		<u>(1,147,418)</u>	<u>(1,012,238)</u>
Loss before income tax expense		(1,125,304)	(997,014)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Metallica Minerals Limited		(1,125,304)	(997,014)
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		<u>(1,125,304)</u>	<u>(997,014)</u>
		Cents	Cents
Basic earnings per share	16	(0.16)	(0.18)
Diluted earnings per share	16	(0.16)	(0.18)

Refer to note 2 for detailed information on Restatement of comparatives.

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 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents	4	11,139,314	5,259,695
Trade and other receivables	5	196,326	59,525
Total current assets		<u>11,335,640</u>	<u>5,319,220</u>
Non-current assets			
Property, plant and equipment	6	99,303	100,105
Right-of-use assets	7	437,835	476,467
Exploration and evaluation assets	8	7,349,212	5,160,459
Other current assets		67,498	73,498
Total non-current assets		<u>7,953,848</u>	<u>5,810,529</u>
Total assets		<u>19,289,488</u>	<u>11,129,749</u>
Liabilities			
Current liabilities			
Trade and other payables	9	637,636	838,600
Lease liabilities	10	65,982	63,163
Employee benefits		69,220	39,713
Total current liabilities		<u>772,838</u>	<u>941,476</u>
Non-current liabilities			
Lease liabilities	10	391,455	425,282
Provisions		3,925	3,842
Total non-current liabilities		<u>395,380</u>	<u>429,124</u>
Total liabilities		<u>1,168,218</u>	<u>1,370,600</u>
Net assets		<u>18,121,270</u>	<u>9,759,149</u>
Equity			
Issued capital	11	63,320,893	53,865,383
Reserves	12	373,106	590,844
Accumulated losses		(45,572,729)	(44,697,078)
Total equity		<u>18,121,270</u>	<u>9,759,149</u>

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 2022

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	50,896,470	219,747	(42,689,884)	8,426,333
Loss after income tax expense for the half-year	-	-	(997,014)	(997,014)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(997,014)	(997,014)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	9,000	-	-	9,000
Share-based payments (note 17)	-	97,221	-	97,221
Transfer from share-based payments reserve to issued capital	30,012	(30,012)	-	-
Balance at 31 December 2021 - restated	<u>50,935,482</u>	<u>286,956</u>	<u>(43,686,898)</u>	<u>7,535,540</u>
	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)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	9,311,311	-	-	9,311,311
Share-based payments (note 17)	-	176,114	-	176,114
Transfer from share-based payments reserve to accumulated losses (note 17)	144,199	(393,852)	249,653	-
Balance at 31 December 2022	<u>63,320,893</u>	<u>373,106</u>	<u>(45,572,729)</u>	<u>18,121,270</u>

Refer to note 2 for detailed information on Restatement of comparatives.

Metallica Minerals Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Receipts from customers, government grants and other (inclusive of GST)		-	2,294
Payments to suppliers and employees (inclusive of GST)		(1,084,552)	(529,069)
Interest received		22,114	8,542
Other revenue		-	6,682
Interest and other finance costs paid		(10,264)	(7,614)
Net cash used in operating activities		<u>(1,072,702)</u>	<u>(519,165)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	6	(13,073)	(4,812)
Payments for exploration and evaluation assets	8	(2,188,753)	(1,865,698)
Payments for security deposits		-	(25,055)
Payments for other deposits		-	(21,723)
Proceeds from release of security deposits		6,000	-
Net cash used in investing activities		<u>(2,195,826)</u>	<u>(1,917,288)</u>
Cash flows from financing activities			
Proceeds from issue of shares	11	9,751,219	-
Share issue transaction costs	11	(572,064)	-
Repayment of lease liabilities		(31,008)	(22,980)
Net cash from/(used in) financing activities		<u>9,148,147</u>	<u>(22,980)</u>
Net increase/(decrease) in cash and cash equivalents		5,879,619	(2,459,433)
Cash and cash equivalents at the beginning of the financial half-year		<u>5,259,695</u>	<u>7,531,567</u>
Cash and cash equivalents at the end of the financial half-year	4	<u><u>11,139,314</u></u>	<u><u>5,072,134</u></u>

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

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2022

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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 2022 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 principal 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 2022 the consolidated entity incurred a loss of \$1,125,304 after income tax and net cash outflows from operating activities of \$1,072,702.

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 2022 the consolidated entity had net current assets of \$10,562,802 (30 June 2022: \$4,377,744) and total net assets of \$18,133,088 (30 June 2022: \$9,759,149). Cash and cash equivalents at 31 December 2022 amounted to \$11,139,314 (30 June 2022: \$5,259,695).
- If additional cash is required outside of current cash holdings, the consolidated entity is expected to be in a position to complete capital raising with no foreseeable challenges as they have a proven history of successfully raising funds. During the half-year ended 31 December 2022, the company raised \$9,311,311 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. Restatement of comparatives

Correction of error

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. The company's financial report for the half-year ended 31 December 2021, incorrectly recognised a loan receivable of \$290,000 and a credit to issued capital for the amount for these limited recourse loans. Under Accounting Standard AASB 2 *Share-based payment*, the issuance of these shares should have been accounted for as an in-substance option award at 31 December 2021 and was subsequently corrected in the company's annual financial report for the year ended 30 June 2022.

The 31 December 2021 comparatives for the statement of profit or loss and other comprehensive income have been restated to recognise a share-based payment expense of \$140,000.

The 31 December 2021 statement of financial position, which is not required to be presented in an interim financial report, was restated by reversing the loan receivable of \$290,000 against issued capital and recognising a credit of \$140,000 to the share-based payments reserve.

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2022

Note 2. Restatement of comparatives (continued)

Statement of profit or loss and other comprehensive income

Extract	31 Dec 2021	\$	31 Dec 2021
	\$	\$	\$
	Reported	Adjustment	Restated
Expenses			
Employee benefits expense	(302,466)	(140,000)	(442,466)
Loss before income tax expense	(857,014)	(140,000)	(997,014)
Income tax expense	-	-	-
Loss after income tax expense for the half-year attributable to the owners of Metallica Minerals Limited	(857,014)	(140,000)	(997,014)
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	<u>(857,014)</u>	<u>(140,000)</u>	<u>(997,014)</u>
	Cents	Cents	Cents
	Reported	Adjustment	Restated
Basic earnings per share	(0.15)	(0.03)	(0.18)
Diluted earnings per share	(0.15)	(0.03)	(0.18)

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.

Note 4. Cash and cash equivalents

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Cash at bank	6,616,433	1,933,300
Cash on deposit	4,522,881	3,326,395
	<u>11,139,314</u>	<u>5,259,695</u>

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2022

Note 5. Trade and other receivables

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Trade receivables	740	740
Loans to other parties (a)	132,156	-
Other receivables	33	33
BAS receivable	63,397	58,752
	<u>196,326</u>	<u>59,525</u>

(a) Loans to other parties

The loans to other parties represent amounts due by two former Directors of the company to fund their exercise of options (refer to note 11). The loans are unsecured, interest-free and repayable by 23 June 2023. Of the outstanding balance of \$132,156 as at 31 December 2022, \$107,606 has been repaid and \$24,550 is outstanding as at 9 February 2023.

Note 6. Property, plant and equipment

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	88,801	75,317
Less: Accumulated depreciation	<u>(62,854)</u>	<u>(60,386)</u>
	25,947	14,931
Motor vehicles - at cost	98,896	98,896
Less: Accumulated depreciation	<u>(25,540)</u>	<u>(13,722)</u>
	73,356	85,174
	<u>99,303</u>	<u>100,105</u>

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 2022	14,931	85,174	100,105
Additions	13,073	-	13,073
Depreciation expense	<u>(2,057)</u>	<u>(11,818)</u>	<u>(13,875)</u>
Balance at 31 December 2022	<u>25,947</u>	<u>73,356</u>	<u>99,303</u>

Note 7. Right-of-use assets

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	540,854	540,854
Less: Accumulated depreciation	<u>(103,019)</u>	<u>(64,387)</u>
	<u>437,835</u>	<u>476,467</u>

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2022

Note 7. 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 2022	476,467
Depreciation expense	<u>(38,632)</u>
Balance at 31 December 2022	<u><u>437,835</u></u>

Note 8. Exploration and evaluation assets

31 Dec 2022	30 Jun 2022
\$	\$

Non-current assets

Exploration and evaluation - at cost	<u>7,349,212</u>	<u>5,160,459</u>
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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 2022	5,160,459
Additions	<u>2,188,753</u>
Balance at 31 December 2022	<u><u>7,349,212</u></u>

Note 9. Trade and other payables

31 Dec 2022	30 Jun 2022
\$	\$

Current liabilities

Trade payables and accruals	637,286	817,340
Other payables	<u>350</u>	<u>21,260</u>
	<u><u>637,636</u></u>	<u><u>838,600</u></u>

Note 10. Lease liabilities

31 Dec 2022	30 Jun 2022
\$	\$

Current liabilities

Lease liability - land and buildings	<u>65,982</u>	<u>63,163</u>
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Non-current liabilities

Lease liability - land and buildings	<u>391,455</u>	<u>425,282</u>
	<u><u>457,437</u></u>	<u><u>488,445</u></u>

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2022

Note 11. Issued capital

	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 \$	30 Jun 2022 \$
Ordinary shares - fully paid	<u>956,898,922</u>	<u>665,926,366</u>	<u>63,320,893</u>	<u>53,865,383</u>

(a) Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2022	665,926,366		53,865,383
Performance rights exercised	26 August 2022	4,773,335	\$0.000	-
Share placement (i)	7 December 2022	145,000,000	\$0.035	5,075,000
Shares issued under entitlement offer (i)	23 December 2022	141,199,221	\$0.032	4,518,375
Share options (ii)				290,000
Transfer from share-based payments reserve (note 12)				144,199
Share issue costs				(572,064)
Balance	31 December 2022	<u>956,898,922</u>		<u>63,320,893</u>

(i) Share placement and entitlement offer

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

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

The share placement and entitlement offer were fully underwritten.

(ii) Share options

On 27 July 2021, the company allotted 10,000,000 shares for the exercise of employee options held by Directors, and entered into limited recourse loan agreements with three Directors as outlined in the EGM held on 7 July 2021 and Notice of Meeting dated 7 and 8 June 2021. Under Accounting Standard AASB 2 *Share-based payment*, the issuance of these shares was accounted for as an in-substance option award. During the 31 December 2022 half year, the company received cash of \$157,844 in partial settlement of the loans and converted the outstanding balance of \$132,156 into full recourse loans (refer to note 5). The shares were issued in the 30 June 2022 financial year. Of the outstanding balance of \$132,156 as at 31 December 2022, \$107,606 has been repaid and \$24,550 is outstanding as at 9 February 2023.

(b) Options

As at 31 December 2022, there were 180,630,577 unissued ordinary shares of Metallica Minerals Limited under option, held as follows:

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

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2022

Note 12. Reserves

	31 Dec 2022	30 Jun 2022
	\$	\$
Share-based payments reserve	<u>373,106</u>	<u>590,844</u>

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 2022	590,844
Share based payments	176,114
Transfer to issued capital (note 11)	(144,199)
Transfer to accumulated losses	<u>(249,653)</u>
Balance at 31 December 2022	<u>373,106</u>

Note 13. Contingent assets

There have been no changes to the contingent assets noted in the 30 June 2022 annual financial report.

Note 14. Contingent liabilities

There have been no changes to the contingent liabilities noted in the 30 June 2022 annual financial report.

Note 15. Events after the reporting period

No matter or circumstance has arisen since 31 December 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 16. Earnings per share

	31 Dec 2022	31 Dec 2021
	\$	\$
Loss after income tax attributable to the owners of Metallica Minerals Limited	<u>(1,125,304)</u>	<u>(997,014)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>695,854,518</u>	<u>566,431,775</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>695,854,518</u>	<u>566,431,775</u>
	Cents	Cents
Basic earnings per share	(0.16)	(0.18)
Diluted earnings per share	(0.16)	(0.18)

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2022

Note 17. Share-based payments

During the half year, the following performance rights were granted:

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

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

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

The performance rights convert into ordinary shares as follows:

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

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

Hurdle 1: The VWAP of the Metallica Minerals Limited (MLM) share price for the month of June 2023 (based on trading days during that month) is at least 20% higher than the VWAP of the MLM share price for the month of June 2022.

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

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

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

The performance rights will vest and convert into shares on the date the vesting notice is provided to the employee.

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
27/07/2021	31/12/2022	\$0.029	10,000,000	-	-	(10,000,000)	-
			24,001,322	-	-	(10,000,000)	14,001,322

Set out below are summaries of performance rights granted:

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2022

Note 17. Share-based payments (continued)

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
07/07/2021	19/08/2022	\$0.000	4,773,335	-	(4,773,335)	-	-
26/08/2022	23/08/2023	\$0.000	-	8,500,000	-	-	8,500,000
18/10/2022	23/08/2023	\$0.000	-	2,700,000	-	-	2,700,000
17/11/2022	23/08/2023	\$0.000	-	9,500,000	-	-	9,500,000
			<u>4,773,335</u>	<u>20,700,000</u>	<u>(4,773,335)</u>	<u>-</u>	<u>20,700,000</u>

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, 3 and 4. 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
26/08/2022	23/08/2023	\$0.031	\$0.000	79.823%	-	3.030%	\$0.020
26/08/2022	23/08/2023	\$0.031	\$0.000	79.823%	-	3.030%	\$0.031
18/10/2022	23/08/2023	\$0.043	\$0.000	84.790%	-	3.300%	\$0.035
18/10/2022	23/08/2023	\$0.043	\$0.000	84.790%	-	3.300%	\$0.043
17/11/2022	23/08/2023	\$0.036	\$0.000	85.065%	-	3.100%	\$0.026
17/11/2022	23/08/2023	\$0.036	\$0.000	85.065%	-	3.100%	\$0.036

Expenses arising from share-based payment transactions

The total expense arising from share-based payment transactions recognised during the half-year as part of employee benefits expense was \$176,114.

Metallica Minerals Limited
Directors' declaration
31 December 2022

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 2022 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

16 February 2023
Brisbane

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 2022, 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, a summary of significant 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 2022 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.

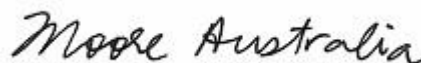
Auditor's Responsibility for the Review of the Financial Report

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 2022 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.



Murray McDonald
Partner - Audit and Assurance
Brisbane
16 February 2023



Moore Australia Audit (QLD/NNSW)
Chartered Accountants