Mining

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Metallica Minerals is rocking on with the Cape Flattery PFS returning some exciting findings. Pic: via Getty Images



With demand rising fast for high-quality silica sand, Metallica's release of a ripping pre-feasibility study (PFS) is a perfect time to reveal the punchy economics of its Cape Flattery Silica (CFS) project.

The PFS estimates the project in northern Queensland could generate revenue of \$2.13B over the 25-year life of the project.

Metallica Minerals (ASX:MLM) expects the project can be a long-life project producing high-quality silica sand for the surging Asia-Pacific glass manufacturing markets supplying the solar panel industry.

The PFS estimates a pre-tax Net Present Value of \$290M and IRR of 34.9%, both measures of profitability.

 $Capital\ costs\ are\ estimated\ at\ \$79M\ with\ a\ payback\ from\ commencement\ of\ production\ of\ 3.9\ years.$

New silica sand project areas such as Metallica's Cape Flattery, which now also features a maiden ore reserve of 46 million tonnes grading 99.18% SiO2, are becoming increasingly important as demand continues to ramp up.

"With an impressive ore reserve, robust financial outcomes and a modest capital cost from this important pre-feasibility work, the company is excited about the project's potential and the next steps in its development," executive chairman Theo Psaros said.

"We are moving forward to undertake a DFS with confidence and are keen to take our place as an important contributor to Queensland's strategy to deliver new economy minerals to a growing global silica sand market.

 $\hbox{``The world's markets are transitioning to lower-carbon energy products, so there's booming demand for the product of the$ sand Cape Flattery Silica plans to export."

Stress tested

The company adds that sensitivity and scenario analysis also demonstrates the Project is financially robust positive NPV through stress-testing of various scenarios.

And with ESG increasingly becoming an important factor in securing funding, the company has taken steps the sand extraction area and the industry standard processing facility will have a small footprint and low en

Metallica is also planning to construct a purpose-built jetty within the Port Limit of Cape Flattery to allow be transhipping operations.

There is also more to come.

The findings of the PFS are highly positive and provide solid financial results that underpin the basis for Me evaluate and continue to develop the Project. The Metallica Board has approved progress to a Definitive $F\epsilon$ expected to commence in Q2 2022.

Furthermore, both the new ore reserve and broader resource of 53.46Mt at 99.19% SiO2 do not include in in December 2021.

This work is expected to deliver improved confidence in the resource in the upcoming resource update in A

This article was developed in collaboration with Metallica Minerals, a Stockhead advertiser at the time of publishin

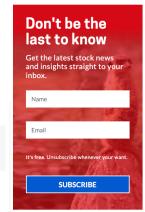


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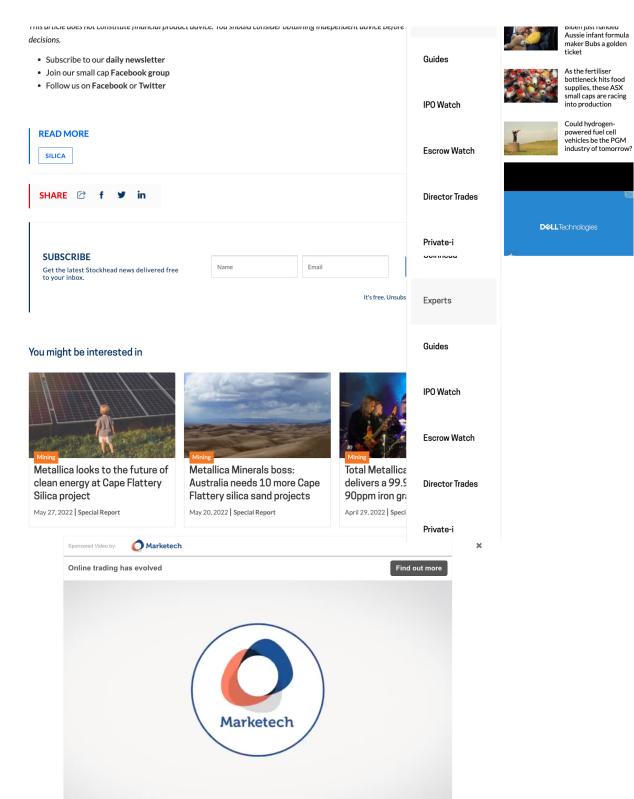
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