



20 DECEMBER 2019

SALE OF MLM INTEREST IN HMS PLANT AND TENEMENTS TOTAL CONSIDERATION RECEIVABLE OF \$1.7 M

Metallica Minerals Limited (**Metallica**, ASX: MLM) has entered into a binding term sheet for the sale of its 50% interest in the Heavy Mineral Sand (**HMS**) plant and the HMS tenements at Urquhart Point (ML20669 and ML20737). The sale is to Victorian Ferries Pty Ltd, a private Company. Metallica and the buyer will now proceed to execute a Full Agreement.

The key transaction terms are:

- Purchase price - approximately \$1.7 million, payable in tranches as follows:
 - \$100,000 deposit (received on signing the term sheet)
 - \$221,375 towards various costs and the environmental bond for the HMS tenements (**HMS Related Costs**) payable prior to the transfer of the HMS tenements
 - \$900,000 payable on receipt of indicative approval from the Minister to the transfer of its 50% interest the HMS tenements (**Second Instalment**)
 - \$500,000 no later than 90 days after the date the HMS tenements are transferred to the buyer (**Final Instalment**).
- Conditions precedent to the transfer of the HMS tenements:
 - indicative approval of the Minister to the transfer of the 50% interest in the HMS tenements to the buyer
 - other regulatory approvals (if required).
- As the buyer is a private entity, it is not guaranteed the sale will complete and the full purchase consideration will be received, although Metallica will have normal legal rights available to it if this were to occur, and will also retain the HMS assets.
- The sale of the HMS plant will only complete if the HMS tenements are acquired by the buyer and all payments have been made.
- In addition, the sale of the HMS assets will not complete unless the counterparty to the Cape York HMS & Bauxite Project Joint Venture also sells its interest in the HMS tenements and HMS plant to the buyer.
- Metallica has a first right of refusal over the 50% interest in the HMS tenements, secured by a mortgage over the HMS tenements.

The proceeds from the sale of the HMS assets will add further funding to assist Metallica to focus on progressing its key projects, being the Cape Flattery Silica project and the Urquhart Bauxite project.

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