

QUARTERLY REPORT

for the period ended **31 March 2020**

ASX RELEASE
1 MAY 2020

ASX:MLM

KEY EVENTS

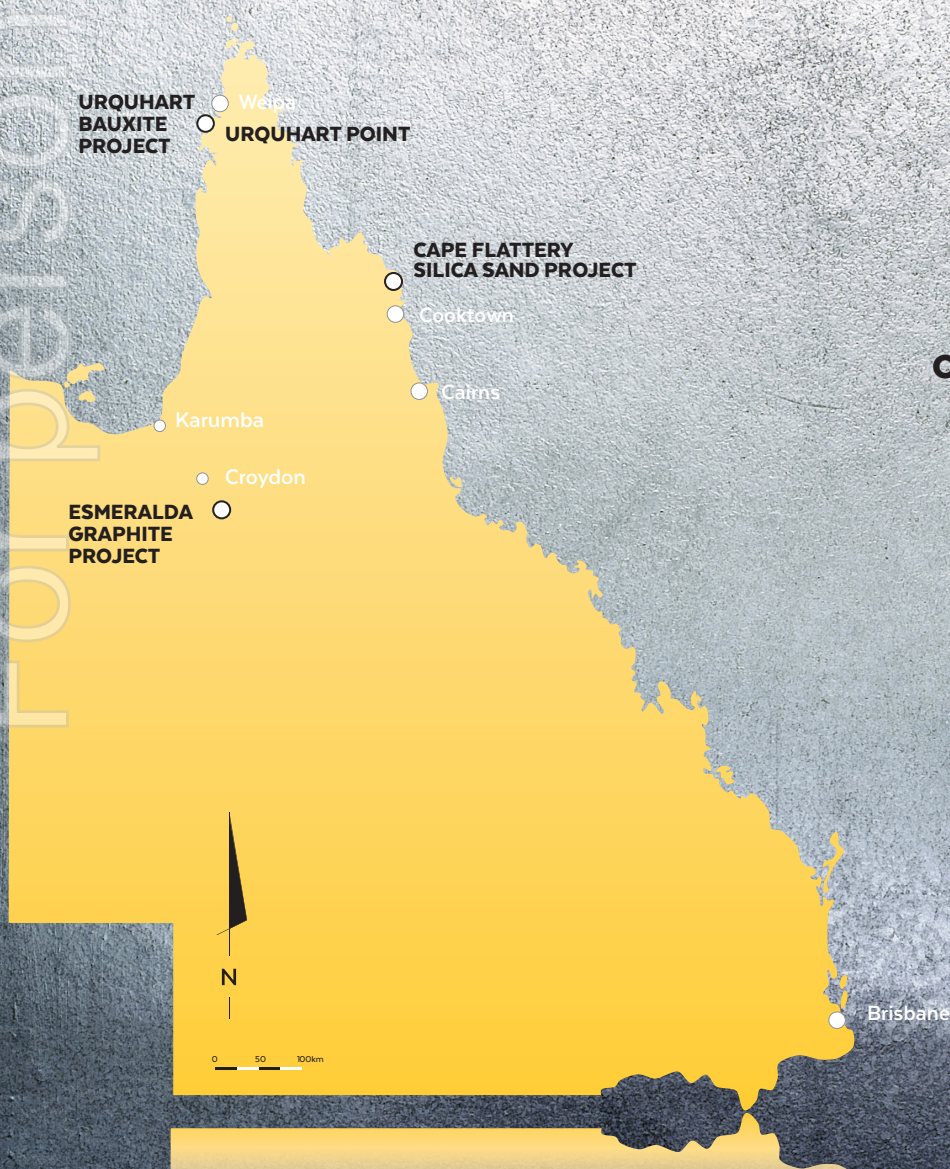
\$650,000 (excluding GST) instalment was received during the March 2020 Quarter for the sale of Heavy Mineral Sand plant and tenements. Further cash receipts of \$266,470 (excluding GST) have been received in April 2020 (including the Environmental Bond), with \$704,454 still to be paid in the June 2020 Quarter.

The potential Industrial Sand opportunity at the Urquhart Bauxite Project, is to be investigated by Metallica.

The Pre-Feasibility Study is delayed on the Urquhart Bauxite JV Project while the Industrial Sand opportunity is being investigated.

Discussions are progressing with the Traditional Landowner groups to finalise access and co-operation for the delineation and development of the Cape Flattery Silica Sands Project.

\$2.2 million in cash is available at quarter end, with no debt.



Metallica Minerals Limited an Australian resource development company, with interests in silica sands, bauxite, gold-copper and graphite.



CORPORATE INFORMATION

As at 31 March 2020

CASH BALANCE

As at 31 March 2020,
MLM's cash balance was
approximately \$2.2m

ISSUED CAPITAL

324,047,408
Ordinary Shares

11,000,000
Unlisted Options

SHAREHOLDERS

1,997
Shareholders

Top 20 shareholders
hold 43.9%

LARGEST SHAREHOLDERS

Jien Mining Pty Ltd - 12.38%
Plan-1 Pty Ltd - 4.10%
Dostal Nominees Pty Ltd - 2.47%

DIRECTORS

Theo Psaros
Non Executive Chairman

Andrew Gillies
Non Executive Director

Scott Waddell
Executive Director
and Interim CEO

SENIOR MANAGEMENT

John Haley
CFO & Company Secretary

Figure 1 - Exploration program at Cape Flattery Silica Sands Project



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DEVELOPMENT AND EXPLORATION

Metallica Minerals (ASX: MLM) ("Metallica", "the Company") is pleased to present its quarterly activities report for the period ended 31 March 2020.

URQUHART POINT

HEAVY MINERAL SANDS MLM INTEREST 50%

The Urquhart Point Heavy Minerals Sand ("HMS") Project is part of the Cape York Joint Venture ("JV") with Ozore Resources Pty Ltd. In December 2019, both JV parties entered into binding term sheets for the sale of their 50% interests in the HMS plant and HMS tenements (ML20669 and ML20737).

The Company announced on 31 March 2020 that it had received \$650,000 (excluding GST) as part of the second instalment for the sale of its 50% interest in the HMS plant and HMS tenements at Urquhart Point (ML20669 and ML20737). This second instalment triggered the HMS tenements being transferred to the buyer.

The JV has also received a refund of the tenement's Environmental Bond. Metallica's 50% share of the Environmental Bond is valued at \$124,975.

During April 2020, Metallica received payments of \$96,040 and \$45,454 (excluding GST) that were delayed to enable completion of the transaction to proceed.

A further payment of \$204,545 (excluding GST) is overdue and Metallica has received commitment this will be paid imminently. This will be followed by a payment of \$500,000 in late June 2020, which will be the final payment.

Metallica has normal legal rights of recourse available to it. Metallica and its JV partner will retain their interests in the HMS plant until all payments are received.

CAPE FLATTERY

SILICA SANDS MLM INTEREST 100%

The Cape Flattery Silica Sands Project is adjacent to the world class Cape Flattery Silica Sand mining and shipping operation owned by Mitsubishi. During the March 2020 Quarter, the Company continued discussions on progressing access arrangements for the tenement.

On 16 January 2020, Metallica advised the ASX that a sampling program completed in the December 2019 Quarter, at its 100%-owned Cape Flattery Silica Sands Project (CFSS) in Far North Queensland, has confirmed the presence of high-purity silica sands (Table 1).

The exploration program consisted of hand-augering eight (8) holes to a depth of penetration that averaged 4.75m on the eastern target area of the tenement, which is located adjacent to Mitsubishi's large and established Cape Flattery Silica Sands mine (Figures 1-4).

The majority of the eight (8) auger holes returned intervals (1-metre samples) of >99% silica oxide (SiO₂) with an insitu quality that averaged between 96.1% and 99.1% SiO (see Table 1).

These results are comparable with known deposits in the region. Seven (7) of the eight (8) holes ended in high-purity silica sand.

During the March 2020 Quarter, meetings were held with Hopevale Congress, who represent the landowners and are the Registered Native Title Body Corporate.

Metallica has also commenced an initial internal high-level logistics and infrastructure options study of the project, to assess what is required to better understand the potential silica sand development options.

During the Quarter, EPM 25374 was renewed for a further 5 years over an area of 11 sub-blocks. A variation was also approved to retain the total area of 11 sub-blocks. As part of the renewal 6 sub-blocks were relinquished, see Figure 5.

Table 1 - Average of sampling results (1m sample interval) per auger hole

Hole Number	Average SiO ₂ (%)	Average Fe ₂ O ₃ (%)	Average TiO ₂ (%)	Average LOI (%)	Interval Average	Comment
CF191001	98.21	0.17	0.31	0.67	0m-5.0m	Ended in high purity silica sand
CF191002	98.41	0.13	0.25	0.54	0m-5.0m	Ended in high purity silica sand
CF191003	98.33	0.29	0.42	0.28	0m-5.0m	Ended in high purity silica sand
CF191004	98.67	0.17	0.29	0.22	0m-5.0m	Ended in high purity silica sand
CF191005	99.09	0.03	0.06	0.18	0m-5.0m	Ended in high purity silica sand
CF191006	98.91	0.07	0.09	0.29	0m-5.0m	Ended in high purity silica sand
CF191007	96.12	0.38	0.14	1.25	0m-3.0m	Edge of target area
CF191008	98.81	0.13	0.18	0.32	0m-5.0m	Ended in high purity silica sand

DEVELOPMENT AND EXPLORATION

Exploration Target Disclaimer

Refer ASX Release dated 18 April 2018.
Cautionary Statement: An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. The potential quality and grade of the Cape Flattery Silica Sand deposits are conceptual in nature. There is insufficient information at this time to define a mineral resource and there is no certainty that further exploration will result in the determination of a mineral resource in these areas.



Figure 2 - Sample auger hole



Figure 4 - Taking of an auger sample

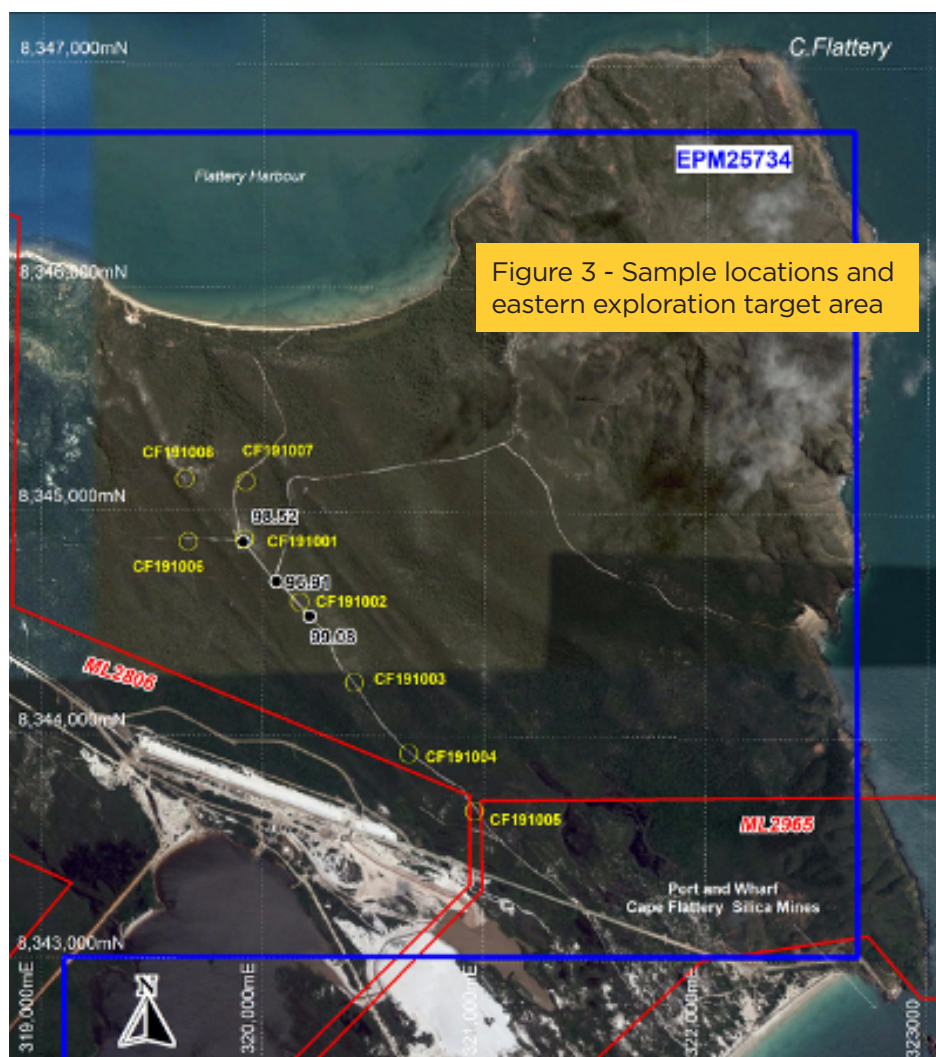


Figure 3 - Sample locations and eastern exploration target area

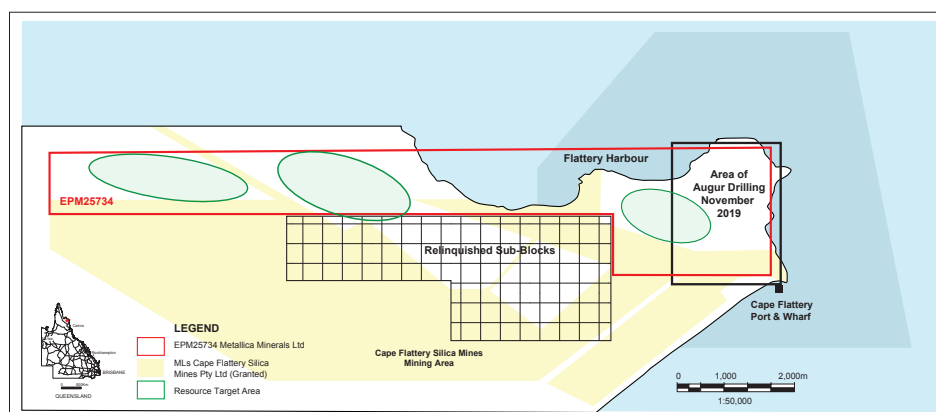


Figure 5 - Six (6) sub-blocks have been relinquished in the March 2020 Quarter, as per Department of Natural Resources, Mines and Energy requirements

DEVELOPMENT AND EXPLORATION

URQUHART BAUXITE

BAUXITE MLM INTEREST 50%

The Urquhart Bauxite Project is located 5 km southwest of Weipa on the western coast of the Cape York Peninsula, which is a region renowned for its extensive deposits of high-quality pisolitic bauxite. The project consists of two bauxite plateau, known as Area A and Area B, that are wholly contained within the lease area. The project is a 50/50 Joint Venture (JV) between Oresome Australia Pty Ltd (a 100% subsidiary of Metallica Minerals) and Ozore Resources Pty Ltd.

On 31 March 2020, the Company announced that it had recommended that the JV focuses current works in relation to the Urquhart Bauxite project on exploring the viability of mining a potential Industrial Sand product, which may lie within the overburden of the bauxite resource.

If the sand units identified in the overburden are a viable Industrial Sand opportunity, the Company expects these will:

- Be highly complementary to the proposed export bauxite operation
- Add a number of years to the mine life
- Provide a second revenue stream from the proposed operation.

However, on 29 April 2020, Ozore communicated to Metallica that Ozore does not currently support pursuing the Industrial Sand product, and has deferred a decision being made on this topic.

Metallica intends to raise the matter at the next JV Committee meeting and will consider pursuing initial low-cost investigations into the industrial sand opportunity on a stand-alone basis.

The Pre-Feasibility Study which was scheduled to be completed by the end of the March 2020 Quarter is currently on hold while the JV discusses the Industrial Sand opportunity.

Depending on whether the industrial sand opportunity is pursued, and the outcome thereof, the JV may need to investigate opportunities to optimise the mining cost of the operation. This follows the JV having terminated the mining contract with LCR during the March Quarter. This agreement was predicated on hauling bauxite to Hey Point and thus was no longer suitable.

New options to either owner operate or establish a new mining contract are yet to be fully investigated and may be impacted by the outcome of the industrial sand opportunity.

Without the industrial sand revenue opportunity, it is expected that the mining cost will increase from the forecast pricing stated in the previous PFS due to inflation and the desire to achieve consistency of bauxite quality (which the JV will optimise depending on the costs).

CAPE YORK

REGIONAL EXPLORATION MLM INTEREST 50%

No work was completed on the regional exploration tenements during the March 2020 Quarter, as the main focus was on completing the sale of the HMS plant and tenements, and other projects.

ESMERALDA

GRAPHITE, GOLD & BASE METALS MLM INTEREST 100%

As part of the ongoing review of the Esmeralda Project, two new Exploration Permits for Minerals Applications EPM(A) were applied for during 2019. EPM 27290 was approved for granting in February 2020.

A target study for gold and base metal targets on the Esmeralda tenements was completed in the June 2019 Quarter. The study comprised of modelling public domain geophysical data over the project tenements and this resulted in a better understanding of the occurrence and distribution of the graphitic granites and associated intrusives beneath the cover sequence. A number of copper and copper-gold intrusive-related and vein/lode-related target areas have been identified from the study, and Metallica is continuing to interpolate the study results and is planning an exploration strategy based on these results.

No other exploration work was undertaken on the Esmeralda tenements during the March 2020 Quarter.

CORPORATE

COVID-19

In line with Australian Government recommendations, Metallica's staff and contractors are predominately working from home. The company is also aware that travel restrictions to remote indigenous communities are currently in place, which are impacting access to some of our project locations during this pandemic.

Metallica remains committed to following the guidelines released by the government, which will reduce on-ground activities over the June 2020 Quarter.

FINANCIAL UPDATE

Metallica ended the March 2020 Quarter with \$2.2 million in cash and without any debt.

The \$40,000 paid in item 6.1 of the company's appendix 5B for the Quarter ended 31 March 2020 includes non-executive directors fees to 2 directors and fees to the company's CEO who is also a director of the company.

JUNE 2020 QUARTER OUTLOOK

Metallica's focus for the June 2020 Quarter is to:

- Finalise the sale of the HMS plant and tenements.
- Prepare a plan and budget to investigate the Industrial Sand opportunity at the Urquhart Bauxite project, and discuss this with the Company's JV partner.
- Continue discussions on progressing access arrangements for the Cape Flattery Silica Sands tenements with the landowners and traditional owner group.
- Progress the review of several new opportunities in the gold-copper and other commodity sectors.

NOTICES

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by John Cameron (a geologist of over 25 years' experience), who is a Competent Person, a Member of the Australasian Institute of Mining and Metallurgy and a contract consultant to Metallica Minerals Ltd. Mr Cameron has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cameron consents to the inclusion of this information in the form and context in which it appears in this release/report.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made in this announcement contain or comprise certain forward-looking statements. Although Metallica believes that the estimates and expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in commodity prices and exchange rates and business and operational risk management. Metallica undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.



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SUBSIDIARY COMPANIES

NORNICO Pty Ltd ACN 065 384 045

Oresome Australia Pty Ltd ACN 071 762 484

Oresome Bauxite Pty Ltd ACN 606 362 252

Lucky Break Operations Pty Ltd ACN 126 272 580

Phoenix Lime Pty Ltd ACN 096 355 761

Greenvale Operations Pty Ltd ACN 139 136 708 (Subsidiary of NORNICO Pty Ltd)

Scandium Pty Ltd ACN 138 608 894

Touchstone Resources Pty Ltd ACN 126 306 018



APPENDIX 5B

Mining Exploration Entity and Oil and Gas Exploration Entity Quarterly Report

NAME OF ENTITY: Metallica Minerals Limited

ABN: 45 076 696 092

QUARTER ENDED "current quarter": 31 March 2020

Rule +5.5

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97,
01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Consolidated Statement of Cash Flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	22
1.2	Payments for		
	(a) exploration & evaluation	(74)	(210)
	(b) development	(167)	(561)
	(c) production		
	(d) staff costs	(105)	(344)
	(e) administration and corporate costs	(122)	(419)
1.3	Dividends received (see note 3)		
1.4	Interest received	9	25
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (provide details if material) - Nornico administration	(36)	(200)
1.9	Net cash from/(used in) operating activities	(495)	(1,687)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements	150	260
	(c) Property, plant and equipment	565	565
	(c) investments		
	Part of shares held in Australian Mines Limited (ASX:AUZ)		75
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
2.6	Net cash from/(used in) investing activities	715	900

APPENDIX 5B

Consolidated Statement of Cash Flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from/(used in) financing activities	0	0
4.	Net increase/(decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,020	3,027
4.2	Net cash from/(used in) operating activities (item 1.9 above)	(495)	(1,687)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	715	900
4.4	Net cash from/(used in) financing activities (item 3.10 above)	Nil	Nil
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,240	2,240
5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	913	200
5.2	Call deposits	1,327	1,820
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,240	2,020
		Current quarter \$A'000	
6.	Payments to related parties of the entity and their associates		
6.1	Aggregate amount of payments to these parties included in item 1	40	
6.2	Aggregate amount of payments to related parties and their associates included in item 2		
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments			

APPENDIX 5B

7.	Financing facilities available Note: the term “facility’ includes all forms of financing arrangements available to the entity. <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
7.6	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
8.	Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)		(495)
8.2	Capitalised exploration & evaluation (Item 2.1(d))		0
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)		(495)
8.4	Cash and cash equivalents at quarter end (Item 4.6)		2,240
8.5	Unused finance facilities available at quarter end (Item 7.5)		0
8.6	Total available funding (Item 8.4 + Item 8.5)		2,240
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)		4.5
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:		
	1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? Answer: N/A		
	2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? Answer: N/A		
	3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? Answer: N/A		

APPENDIX 5B

COMPLIANCE STATEMENT

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2020

Authorised by: the Board of Directors

NOTES

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

TENEMENT TABLES

As at 31 March 2020

CAPE YORK BAUXITE & HMS JOINT VENTURE

50% ORESOME AUSTRALIA & 50% OZORE RESOURCES PTY LTD

Tenement	Project name	Holder	STATUS	HA	S/B
EPM15268	Urquhart Point	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	16
EPM15371	Doughboy	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	13
EPM15372	Jardine	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	20
EPM18015	Jackson River #2	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	2
EPM18737	Sandman #3	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	34
EPM18738	Sandman #2	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	47
EPM18998	Sandman #5	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	24
EPM19001	Sandman #6	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	20
EPM25482	Sandman #10	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	11
EPM25509	Sandman #11	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	22
EPM25611	Upper Embley	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	13
EPM25687	Vrilya East	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	39
EPM27243	Skardon River North	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Application	0	1
EPM27244	Urquhart South Bauxite	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Application	0	10
ML20669	Urquhart Point	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	366.0739	0
ML20737	Mbung Urquhart Point Extension	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	5.4074	0
ML100044	Urquhart Bauxite	Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd	Granted	1360	0
ML100049	Urquhart Bauxite 2	Oresome Bauxite Pty Ltd and Ozore Resources Pty Ltd	Application	40.5	0
ML100226	UBX	Oresome Bauxite Pty Ltd and Ozore Resources Pty Ltd	Application	85.97	0

TENEMENT TABLES

CAPE FLATTERY SILICA SANDS PROJECT

100% METALLICA MINERAL'S OWNED SUBSIDIARIES

Tenement	Project name	Holder	STATUS	HA	S/B
EPM25734	Cape Flattery	Oresome Australia Pty Ltd	Granted	0	11

PHOENIX LIMESTONE PROJECTS

Tenement	Project name	Holder	STATUS	HA	S/B
EPM25728	Fairview	Phoenix Lime Pty Ltd	Granted	0	5
EPM25756	Fairview #1	Phoenix Lime Pty Ltd	Granted	0	1

ESMERALDA PROJECT

Tenement	Project name	Holder	STATUS	HA	S/B
EPM25779	Warrior	Touchstone Resources Pty Ltd	Granted	0	19
EPM27210	Clara	Touchstone Resources Pty Ltd	Granted	0	100
EPM27290	Momba	Touchstone Resources Pty Ltd	Granted	0	89

NOTES

All tenements are 100% owned unless expressed otherwise

EPM - Exploration Permit for Minerals

ML - Mining Lease

S/B - Sub blocks

Ha - Hectares