



15 September 2020

Project Status Update

As announced in the June Quarterly Report on 29 July 2020, Metallica Minerals Limited (**Metallica**, ASX: MLM) is continuing to review several opportunities in the gold/precious metals-copper and other mineral commodity sectors. These opportunities are strengthened by Metallica announcing on 5 August 2020 that its cash balance that day had increased to \$3 million. The Company will update shareholders accordingly should any of its current corporate opportunities advance beyond the preliminary status.

Cape Flattery Silica Sand Update

Metallica is also continuing work on the Cape Flattery Silica Sand project (100% MLM) including a possible site visit later in 2020 for further white silica sand dune exploration work (subject to traditional land owner approval). The Company is also continuing to progress the access agreements to allow resource orientated drilling programs, which have been delayed with COVID-19 and other matters outside of Metallica's control.

Urquhart Point Bauxite and related Industrial Sand Update

Metallica has received the particle size distribution results of the recent Urquhart Bauxite project (UBx) Industrial Sand testing. The sand sizing was predominantly within expectations of between 125 micron - 500 micron / 1mm size (fine to medium sand) composed of high levels of quartz. Subject to when the bauxite market improves (as per the below), management will then undertake low-cost work to discuss the sand market with potential users of industrial sand to gauge if the sand deposits above the bauxite deposit has a likely market or not.

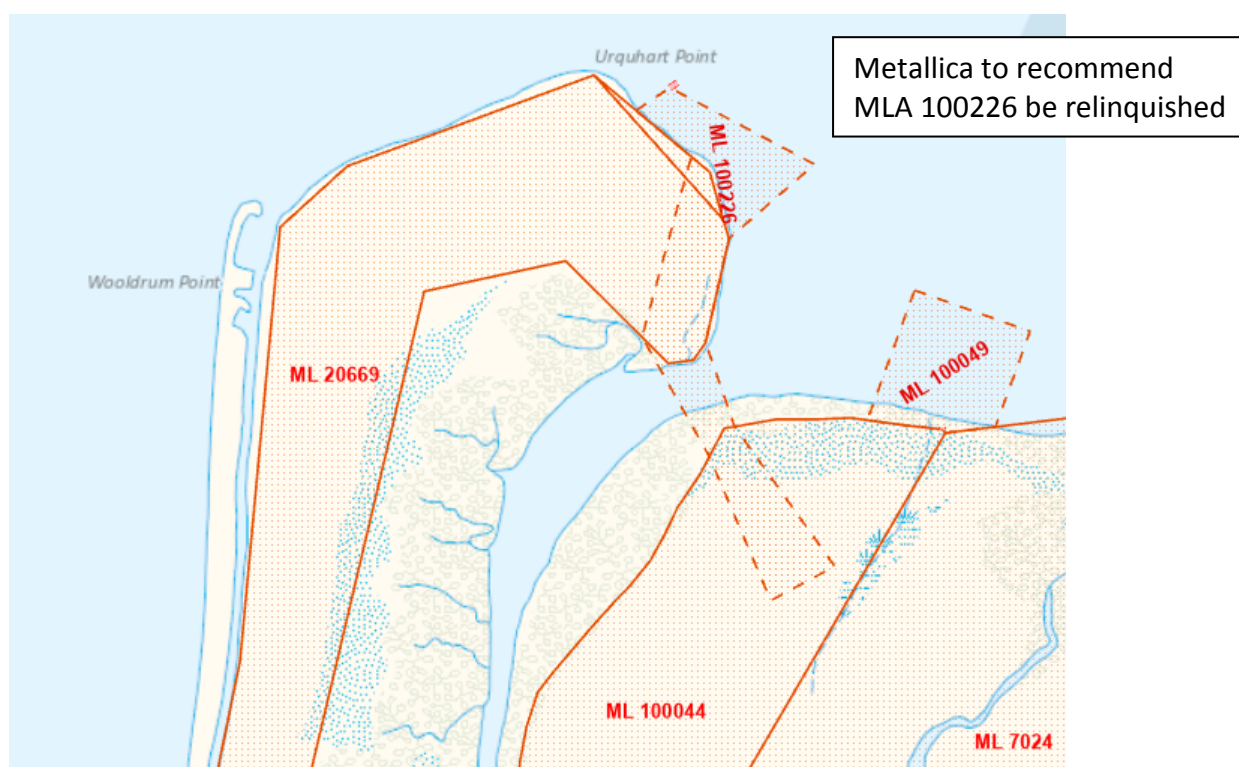
Metallica has undertaken preliminary work to update its concept models on the UBx project. The completion of the concept work is impacted greatly by the current downturn in the bauxite market, as evidenced by the following:

- Reports of recent Chinese alumina refinery production reducing from 2019 levels, partly due to COVID-19 related issues.
- Metallica receiving bauxite market news and verbal reports of Guinea increasing their share of sales of higher-quality bauxite into China.
- Metro Mining shutting down operations earlier than planned, partly due to the weak sales environment (see Metro's ASX Release dated 14 August 2020).

Based on the current suppressed bauxite market and to reduce UBx project costs, Metallica has recommended to the UBx Joint Venture (JV, 50% Metallica and 50% Ozore Resources P/L) that the planned pre-feasibility study be placed on hold until the bauxite market improves.

In the meantime, the following activities will be undertaken:

- Metallica will continue to look for opportunities to reduce JV tenement and project costs, such as the four recently relinquished regional EPMs located in North Cape York.
- Metallica will recommend to the JV that the mining lease application over the Pod area (MLA 100226, see map below) be relinquished to save costs including compensation that would be payable to landowners and native title parties. Note that if accepted, this action will reduce the number of alternatives the UBx project has available to load bauxite onto ships.
- Metallica will undertake a strategic review of its holding in the JV and UBx project, which may include exploring options of a possible sale of Metallica's interest in the JV and/or UBx project.



This announcement has been approved in accordance with the Company's published continuous disclosure policy and has been approved by the Board.

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