

QUARTERLY REPORT

for the period ended 30 September 2020

ASX RELEASE
30 OCTOBER 2020

ASX:MLM

KEY EVENTS

The company's Annual General Meeting is being held on Wednesday 18 November 2020 at 11:30am at Level 35, 1 Eagle Street, Brisbane.

A strategic review of the Urquhart Bauxite JV Project was undertaken and this included consideration for a potential sale of the 50% share held by the company.

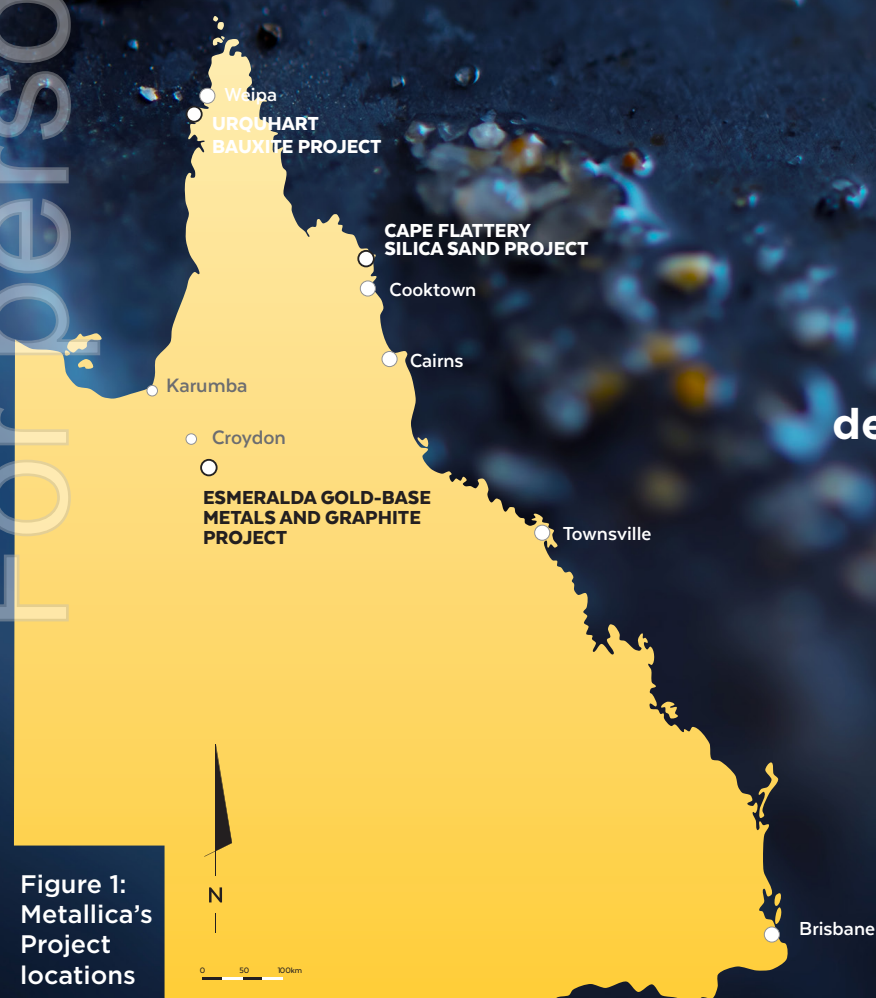
The remaining balance of \$300,000 (ex GST) for the sale of the Heavy Mineral Sand plant was received on 5 August 2020 and the \$30,000 GST component was received on 10 September 2020. Total proceeds for the sale of the HMS project and plant was \$1,722,203 (excluding GST but including the refund of the environmental bond).

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

Management continues to evaluate new opportunities in gold/precious metals-copper.

Approval to drill on existing tracks is currently being finalised with Traditional Land Owner groups for the Cape Flattery Silica Sands Project. This program is planned to commence in early to mid November 2020.

\$2.69 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.



CORPORATE INFORMATION

As at 30 September 2020

CASH BALANCE

As at 30 September 2020, MLM's cash balance was approximately \$2.69m

ISSUED CAPITAL

324,047,408

Ordinary Shares

11,000,000

Unlisted Options

SHAREHOLDERS

1,937

Total Shareholders

Top 20 shareholders
hold 44.8%

LARGEST SHAREHOLDERS

Jien Mining Pty Ltd - 12.38%

Plan-1 Pty Ltd - 4.10%

Osmosis Holdings

Pty Ltd - 2.78%

DIRECTORS

Theo Psaros
Executive Chairman

Andrew Gillies
Non Executive Director

Scott Waddell
Executive Director &
Chief Financial Officer

SENIOR MANAGEMENT

John Haley
Company Secretary



Figure 2: Hand augering at Urquhart Bauxite Project for Industrial Sand

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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 30 September 2020.

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 September 2020 Quarter, the Company continued discussions on progressing access arrangements for the tenement with Traditional Land Owners.

Metallica has previously completed a reconnaissance sampling program that identified three target areas with silica oxide (SiO_2) percentages of greater than 99%. These target areas form the basis of an Exploration Target of 20-100* Mt of high purity silica sands, with the insitu quality ranging between 96.9% and 99.6% SiO_2 .

In January 2020, Metallica advised the ASX that a sampling program completed in the last Quarter 2019 at its 100%-owned Cape Flattery Silica Sands project in Far North Queensland has confirmed the presence of high purity silica sands.

The exploration program consisted of hand augering eight (8) holes to a depth of penetration averaging 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 (Figure 3).

The majority of the eight (8) auger holes returned intervals (1m samples) of $>99\%$ SiO_2 with insitu quality averaging between 96.1% and 99.1% SiO_2 (see Table 1) which are comparable with known deposits in the region. Seven (7) of the eight (8) holes ended in high purity silica sand using a 1m sample interval.

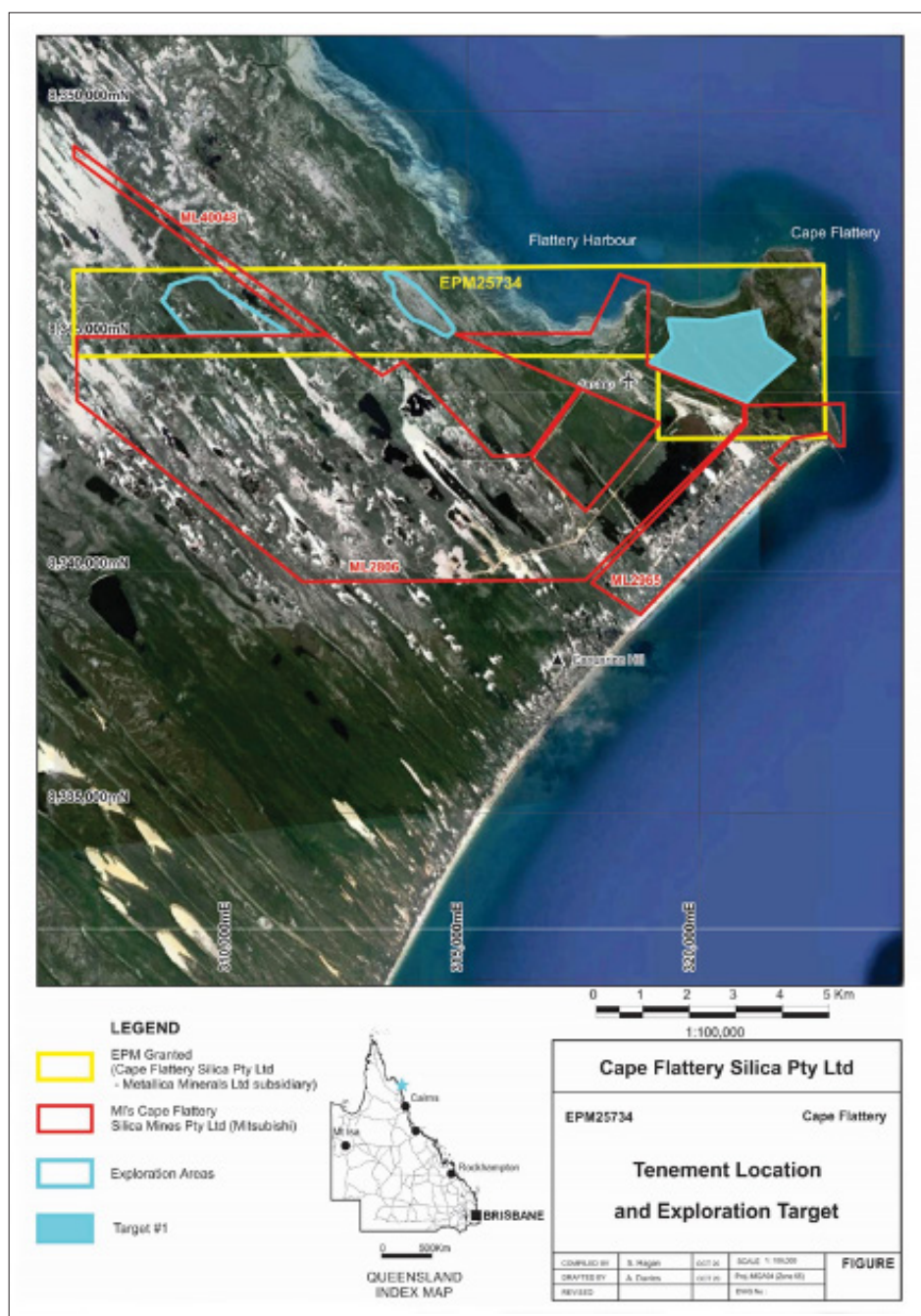


Figure 3: Cape Flattery Silica location

* Exploration Target

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.

DEVELOPMENT AND EXPLORATION

Table 1: Average of sampling results 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

Meetings were also held with Hopevale Congress who represent the landowners and are the Registered Native Title Body Corporate. Negotiations continue with Hopevale Congress to finalise the Aboriginal Cultural Heritage Agreement and the Conduct and Compensation Agreement.

Meetings have also been held with Walmbaar Aboriginal Corporation in relation to the Dingaal clan's permission to undertaken drilling on existing tracks within the project area.

The Company has also commenced an initial internal high-level options study of the project, including planning works/requirements, to assess what is required to better understand the potential silica sand deposit size and quality, as well as options on how to most efficiently develop the potential white silica sand mine, the associated necessary logistics to deliver the sand to a nearby ship moored at Cape Flattery.

The planned activities for the December Quarter are:

1. Complete the November 2020 drilling program to establish a maiden silica sand resource;
2. Conduct preliminary sized sand quality and recovery test-work; and
3. Progress concept work currently underway on an infrastructure solution to load ocean going vessels.

Commenting on these results, Metallica's Executive Chairman, Theo Psaros said:

"We are pleased with the progress of discussions with the Traditional Land Owners. Interest in Cape Flattery silica sand projects is increasing significantly. While our proximity to Mitsubishi's large mine and export operation is positive, we now need to confirm our own resource potential. Achieving permission from the Traditional Land Owners will be another positive step in our advancement of this project."

According to industry research firm IMARC Group, high-purity silica sands are becoming more sought after, with the global market growing at a compound annual growth rate (CAGR) of around 6% between 2010 and 2017. In 2017, a total of 188 Mt of silica sand was produced globally.

This growth has been driven by silica sand's applications across a broad range of industries including glass-making, foundry casting, water filtration, chemicals and metals, hydraulic fracturing and an increasing number of hi-tech products, including solar panels. For example, in the global glass-making industry, one of the major consumers of high-purity silica has experienced significant growth recently from the construction and automotive industries. IMARC also estimated the global silica sand market could grow from US\$7 billion to US\$20 billion in 2024.

DEVELOPMENT AND EXPLORATION

URQUHART BAUXITE

BAUXITE MLM INTEREST 50%

The Urquhart Bauxite Project is located 5km 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 plateaux, known as Area A and Area B, that are wholly contained within the lease area. The project is a Joint Venture (JV) between Oresome Australia Pty Ltd (a 100% subsidiary of Metallica Minerals) 50% and Ozore Resources Pty Ltd 50%.

During the Quarter Metallica completed an initial sampling program on the Industrial Sands value-add opportunity. The particle size distribution results were received indicating that the sand sizing was predominately within expectations of between 125-500 micron / 1mm size (fine to medium sand) composed of high levels of quartz. Subject to when the bauxite market improves, Metallica 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.

On 15 September 2020, Metallica announced that it had recommended to the JV that the planned pre-feasibility study be placed on hold until the bauxite market improves. Metallica had undertaken preliminary work to update its concept models on the 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; and
- Metro Mining (ASX:MMI) shutting down its operations earlier than planned, partly due to the weak sales environment.

Metallica completed its strategic review of its holding in the JV and it is now exploring options of a possible sale of Metallica's interest in the JV and/or UBx project.

URQUHART POINT

HEAVY MINERAL SANDS MLM INTEREST 50%

The Urquhart Point HMS project was part of the Cape York JV with Ozore Resources Pty Ltd. In December 2019, both JV parties entered into binding term sheets for the sale of their 50% interest's in the Heavy Mineral Sands plant and tenements (ML20669 and ML20737).

The total proceeds for the sale of Metallica's 50% interest in the Heavy Mineral Sands Plant and Tenements was \$1,722,203 (excluding GST but including the refund of the environmental bond). The HMS plant will be released to the new owner shortly as Ozore Resources have been paid in full.

CAPE YORK

REGIONAL EXPLORATION MLM INTEREST 50%

No work was completed on the regional exploration tenements during the Quarter as the main

focus was on completing the sale of the HMS tenements and plant. As part of the ongoing review of the tenement holdings, the JV relinquished four tenements which showed low prospectivity. This relinquishment has provided a significant cost saving. The JV will look to further reduce the regional exploration tenements during the Quarter.

ESMERALDA

GOLD & BASE METALS, GRAPHITE MLM INTEREST 100%

The Esmeralda Project consists of 3 EPMs covering 976km².

An internal study for gold and base metal targets on the Esmeralda tenements was completed in the June Quarter 2019. 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 the 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 plan an exploration strategy based on these results.

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

Planning for an Inverse Polarisation (IP) program is underway which is expected to assist in identifying any drill targets for the project.

CORPORATE

The Company will hold its 16th Annual General Meeting of Shareholders on Wednesday 18 November at 11:30am at the offices of Colin Biggers Paisley, 1 Eagle Street, Brisbane QLD 4001.

COVID-19

The Company continues to follow recommendations from Queensland Health and the Australian Government to provide a COVID-19 safe workplace.

Metallica remains committed to following the guidelines released by the Government which will continue to reduce on ground activities over the December Quarter 2020.

FINANCIAL UPDATE

Metallica ended the September 2020 Quarter with \$2.69 million in cash and without any debt.

DECEMBER 2020 QUARTER OUTLOOK

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

- Complete the November drilling program at the Cape Flattery Silica Sands Project;
- Finalise the Conduct and Compensation Agreement with the Hopevale Congress and the Aboriginal Cultural Heritage Agreements with Hopevale Congress and Walmbaar Aboriginal Corporation;

- Establish a maiden resource for the Silica Sands project;
- Continue to look for opportunities to reduce Urquhart Bauxite JV tenement and project costs;
- Progress the review of several new opportunities in the gold/precious metals-copper and other mineral commodity sectors – the Company will then update shareholders accordingly; and
- Continue to monitor Metallica's involvement in the Wagina Project in the Solomon Islands.

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), and a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and is a contract consultant to Metallica Minerals Ltd. Mr Cameron has sufficient experience which is 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)

Cape Flattery Silica Pty Ltd ACN 138 608 894 (Previously Scandium Pty Ltd)

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": 30 September 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 (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (if expensed) (includes refunds of prior tenement rental expenses)	(110)	(110)
	(b) development	(127)	(127)
	(c) production		
	(d) staff costs	(30)	(30)
	(e) administration and corporate costs	(104)	(104)
1.3	Dividends received (see note 3)		
1.4	Interest received	3	3
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) - Legal and administration fees for NORNICO Pty Ltd		
1.9	Net cash from/(used in) operating activities	(368)	(368)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation (if capitalised)		
	(e) investments		
	(f) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) Property, plant and equipment	280	280
	(c) investments		
	Sale of shares in Australia Mines Pty Ltd (ASX: AUZ)		
	(d) other non-current assets		

APPENDIX 5B

Consolidated Statement of Cash Flows		Current Quarter \$A'000	Year to date (3 months) \$A'000
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	280	280
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
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	(2,783)	(2,783)
4.2	Net cash from/(used in) operating activities (item 1.9 above)	(368)	(368)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	280	280
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		
	Cash and cash equivalents at end of period		
4.6	Note that Item 4.6 excludes Metallica's 50% share of the joint venture bank account	2,695	2,695
5.	Reconciliation of cash and cash equivalents	Current Quarter \$A'000	Previous Quarter \$A'000
	at the end of the Quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	362	454
5.2	Call deposits	2,329	2,329
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)	2,695	2,783

APPENDIX 5B

		Current Quarter \$A'000
6.	Payments to related parties of the entity and their associates	
6.1	Aggregate amount of payments to related parties and their associates included in item 1	56
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		
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
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)	(368)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(368)
8.4	Cash and cash equivalents at Quarter end (Item 4.6)	2,695
8.5	Unused finance facilities available at Quarter end (Item 7.5)	0
8.6	Total available funding (Item 8.4 + Item 8.5)	2,695
8.7	Estimated Quarters of funding available (Item 8.6 divided by Item 8.3)	7
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 October 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 – e.g. 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 30 October 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
EPM18738	Sandman #2	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	47
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
EPM27244	Urquhart South Bauxite	Oresome Australia Pty Ltd & Ozore Resources Pty Ltd	Granted	0	10
ML100044	Urquhart Bauxite	Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd	Granted	1360	0
ML100049	Urquhart Bauxite 2	Oresome Bauxite Pty Ltd & Ozore Resources Pty Ltd	Application	40.5	0

CAPE FLATTERY SILICA SANDS PROJECT

Tenement	Project name	Holder	STATUS	HA	S/B
EPM25734	Cape Flattery	Cape Flattery Silica Sands 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 GRAPHITE 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