



3 November 2020

Metallica sells its share in Weipa Bauxite Project for cash & royalties

Metallica Minerals Limited (**Metallica**, ASX: MLM) wishes to announce that it has entered into an agreement to sell its subsidiary company Oresome Australia Pty Ltd (Oresome), the 50% Joint Venture partner in the Urquhart Bauxite project near Weipa.

The purchaser is a private company, Clear Logistics Australia Pty Ltd, who has experience in bauxite, heavy mineral sand and industrial sand and gravel operations. The key terms of the sale are:

- First instalment of \$50,000 payable now;
- A further \$50,000 payable within 30 days of the signing of the Share Sale Agreement;
- A milestone payment of \$100,000 upon the shipment of the first 1 million dry tonnes and an additional \$100,000 upon shipment of the second 1 million dry tonnes of bauxite from the Tenement (i.e. \$200,000 combined);
- Bauxite royalties to be paid as follows:
 - (i) \$0.75/t shipped if the CBIX Bauxite Index price is less than USD\$60/t; or
 - (ii) \$1.50/t shipped if the CBIX Bauxite Index price is between USD\$60.01 and USD\$70/t; or
 - (iii) \$2/t shipped if the CBIX Bauxite Index price is more than USD\$70.01/t,
- (a) Sand royalties to be paid as follows:
 - (i) \$0.25/t shipped if the price received is between USD\$30.01 and USD\$40/t CIF Singapore; or
 - (ii) \$1/t shipped if the price received is more than USD\$40.01/t CIF Singapore.
- Subsequent Sale. If at any time Clear Logistics transfers or disposes of the shares in Oresome, the profit (if any) on that sale will be shared 50% with Metallica.

Settlement of the sale is subject to conditions precedent relating to the execution of a royalty deed on the above terms and execution of security in favour of Metallica in relation to the royalty.

Metallica Executive Chairman, Theo Psaros stated “we sought interest from a number of parties, the offer from Clear Logistics was superior to other potential offers. The decision to sell Oresome was not taken lightly. In addition to the tough bauxite market conditions, we are of the strong view that to continue using shareholder funds to maintain the 50% share during such uncertain bauxite market conditions is not in the company’s interest. We are encouraged with the progress of our Cape Flattery Silica sands project and subject to finalisation of the Traditional Land Owner agreements, we expect to be drilling in the near future.”

Metallica had previously advised the market that following the completion of concept work on the project, these results had been 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 shutting down their bauxite mining and export operations earlier than planned, partly due to the weak sales environment (see Metro’s ASX Release dated 14 August 2020).

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

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