



26 November 2020

## Conduct & Compensation Agreement signed for the Cape Flattery Silica Sand Project

### Key highlights

- Conduct and Compensation Agreement (CCA) signed with Hopevale Congress;
- Drilling program with up to 25 drill holes is to begin shortly on Metallica's 100% owned Cape Flattery Silica project;
- Drilling of white silica sand dunes are adjacent to the world class Cape Flattery Silica sand mine owned by Mitsubishi;
- Project is within the designated Port of Cape Flattery, which is excluded from the Great Barrier Reef Marine Park area; and
- Global market forecast for the use of Silica Sands is expected to grow substantially.

Metallica Minerals Limited (**Metallica**, ASX: MLM) is pleased to announce that a Conduct and Compensation Agreement has been signed with Hopevale Congress Aboriginal Corporation (Hopevale Congress), the trustee and registered owner of the land, following a number of positive meetings with the Traditional Landowners. Positive meetings have also been held with Walmbaar Aboriginal Corporation in Hopevale, whose clan country also covers the CFS project.

Planning is well underway for a drilling program with up to 25 drill holes on the tenement, which is 100% owned by Metallica subsidiary, Cape Flattery Silica Pty Ltd (CFS).



Aerial photo of tracks to be drilled at the Cape Flattery Silica Sand Project and the Port of Cape Flattery

Metallica Executive Chairman, Theo Psaros said “we are grateful for the support from both Aboriginal Corporations. We are pleased to have signed the Conduct and Compensation Agreement with the Hopevale Congress. While we are yet to finalise Aboriginal Cultural Heritage Agreements with both Aboriginal Corporations for future work requiring clearing, it is pleasing that we can shortly implement this maiden drilling program on the existing tracks. COVID-19 impeded our discussions with the TLOs during the year so we are keen to start our program of exploration of the EPM.”

### **Planned Drilling Program**

Up to twenty-five (25) drill locations have been identified (with the number to be drilled dependent on the access conditions at the time) focusing on Target #1, see figure on the following page. Permission to drill from the Aboriginal Corporations was approved on the basis that all drill-hole locations will be on existing tracks within the EPM area.

### **About the Cape Flattery Silica (CFS) Project**

The CFS project is adjacent to the world class Cape Flattery Silica Sand mining and shipping operation owned by Mitsubishi. The CFS project is also within the designated Port of Cape Flattery, which is excluded from the Great Barrier Reef Marine park area and managed by Ports North.

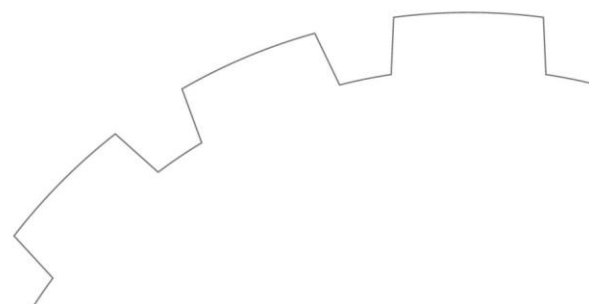
On 17 January 2020, Metallica advised the ASX that a sampling program completed in the last quarter 2019 at CFS in Far North Queensland had confirmed the presence of high purity silica sands. This exploration program consisted of hand auguring eight (8) holes to an average depth of 4.75m on the eastern target area of the tenement (see ASX Release “High Purity Silica Sands confirmed at Cape Flattery”; 17 January 2020).

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

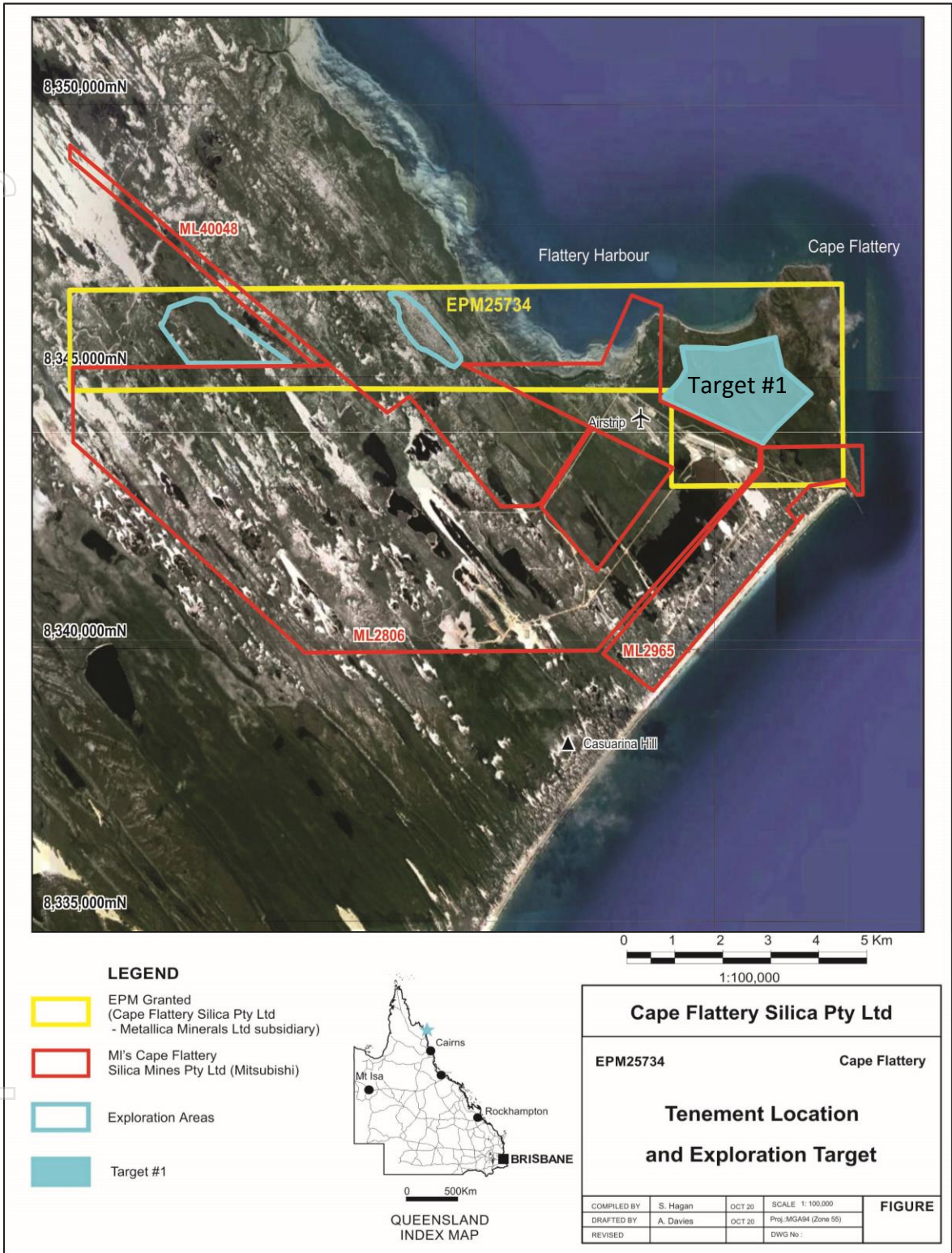
For further information, please contact:

**Mr Theo Psaros**  
**Executive Chairman**  
**+61 (7) 3249 3000**

**Mr Scott Waddell**  
**CFO & Director**  
**+61 (7) 3249 3000**



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Cape Flattery Silica Sand Project EPM area (EPM 25734)

## The Silica Sand Market (source – Mordor Intelligence)

The market for Silica Sand is anticipated to register a Compound Annual Growth Rate of more than 7% during the period from 2019 to 2024. As a commodity, silica sand is used as a primary ingredient in numerous industries, namely construction, glass, foundry, oil & gas and fillers & extenders. Its properties, such as resistance to high-temperatures, purity, grain size, inertness, and hardness make it a vital ingredient for numerous industrial sectors.

- The market in the glass manufacturing application segment is expected to benefit heavily from the increasing demand for flat glass and fibre glass from the rapidly growing automotive and construction sectors in the emerging economies in Asia, especially India and China. This is expected to drive the market in the forecast period.
- The growing hydraulic fracking activities (due to rising shale gas and shale oil exploration activities) are projected to act as an opportunity for the market in the future.

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.

### Increasing Demand from the Glass Industry

- The glass manufacturing industry was one of the largest end-user industries of the global silica sand market.
- Silica sand is an integral part of the glass manufacturing industry and accounts for more than 50% of the entire raw materials being used in glass manufacturing. The material finds usage in an array of glass materials being produced, including containers, flat and specialty glass, and fibreglass.
- The container sub-segment accounted for the largest consumption in the glass manufacturing application segment and was followed by the flat glass and the fibreglass sub-segments.
- The market in this application segment is expected to benefit heavily from the increasing demand for flat glass and fibreglass from the rapidly growing automotive and construction sectors in the emerging economies in Asia, especially India and China.
- Moreover, the use of specialty glass in the reputable electronics sector in developed countries, like South Korea and Japan, is expected to further aid the growth of the glass manufacturing industry, which in turn, may increase the demand for silica sand in the region.
- All the aforementioned factors are expected to drive the global market during the forecast period.