



16 February 2022

Capital Raising to progress Cape Flattery Silica Sand Project

Highlights

- Placement of \$3,035,000 to new and existing shareholders at a share price of 3.1c (a 7% premium to the closing price of 2.9c on 11 February 2021)
- The placement introduces new institutional investor, SPARTA AG as part of Deutsche Balaton Group who have purchased shares to the value of \$2m
- Cornerstone shareholders Ilwella Pty Ltd and Dostal group also subscribed for shares in the Placement
- The three placement participants will also receive 1 option for every 2 new shares at A\$0.06 strike price ranking pari passu with the existing options issued April 2021, with an expiry date 25th March 2024
- Proceeds to continue to advance the 100% owned Cape Flattery Silica Sand project

Metallica Minerals Limited (ASX: MLM) (“Metallica Minerals” or “the Company”) is pleased to announce the completion of a Placement to raise \$3,035,000 to continue funding the development of its 100% held silica sand project located in the world class Cape Flattery Dune field.

The Placement was completed with support from a new Institutional investor, Deutsche Balaton Group and with continued support from the Company’s largest pre-placement shareholders, Ilwella Pty Ltd and Dostal Group.

In addition to the purchase of the shares, the three participants will receive listed options that have the same terms as those options issued to shareholders in April 2021 (1 option for every 2 new shares of Metallica Minerals at A\$0.06 strike price ranking pari passu with the existing options issued April 2021, with an expiry date 25th March 2024).

Metallica Executive Chairman, Theo Psaros said: “We are delighted this Placement has enabled us to introduce a high-quality institutional shareholder, Deutsche Balaton Group, to our register. Combined with additional support from Ilwella and Dostal Group, this represents a significant milestone for the company. We had planned to be in a position to attract institutional support as our project progressed, and to secure this support now is testament to the delivery of our strategy. This Placement has enabled us to strengthen our cash reserves ahead of a big program of activity this year and importantly, the recognition from leading investors provides significant external validation for Metallica’s Cape Flattery silica sand project. “

“I would like to thank all new and existing shareholders for their ongoing support and look forward to providing updates on the progress of our silica sand project at a particularly exciting time for the industry and our company.”

Upon the new funds being received, the Company will be well-funded with over \$7 million available to progress our significant program of activity in the current calendar year including:

- Completing environmental studies and applications to advance the project's development
- Finalising the Cape Flattery Silica Sand Pre-Feasibility Study
- Commencing the project's Definitive Feasibility Study in Q2 2022
- Implementing a more formal silica sand marketing program to procure potential offtake partners for the project

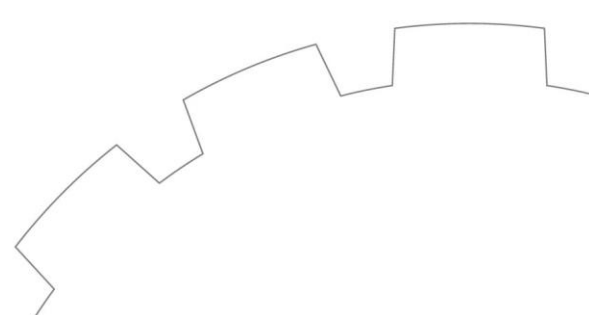
The issue of the options will, when taking into account the new shares issued under the Placement, exceed the Company's Placement limit under Listing Rules 7.1 and 7.1A. Hence, an Extraordinary General Meeting will be called shortly to seek shareholder approval for the issue of 7,342,742 options to the three shareholders. The new shares will be issued on the same terms and rank equally in all respects with the existing fully paid ordinary shares in the Company.

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:

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About the Cape Flattery Silica Sand (CFS) Project

Metallica's 100% owned Cape Flattery Silica Sands (CFS) project is adjacent to the world class Cape Flattery Silica Sand mining and shipping operation owned by Mitsubishi. Exploration drilling to date has now confirmed that the sand dunes within EPM 25734 contain high purity silica sands with an in-situ quality which is understood to be comparable to Mitsubishi's Cape Flattery Silica Mine.



Figure 4: Metallica's EPM 25734 location and orientation at Cape Flattery and within the Cape Flattery Port limit

On 21 October 2021, the Company released an upgraded resource in the CFS Eastern Resource Area estimated and summarised in Table 1, as follows (see ASX release: "Revised 40% Increase of the Cape Flattery Resource to 53.5Mt").

Resource Category	Silica Sand (Mt)	SiO ₂ (%)	Fe ₂ O ₃ (%)	TiO ₂ (%)	LOI (%)	Al ₂ O ₃ (%)	Density (t/m ³)	Silica Sand (Mm ³)
Measured	9.6	99.29	0.10	0.13	0.18	0.08	1.6	6.0
Indicated	38.2	99.15	0.13	0.14	0.19	0.12	1.6	23.9
Inferred	5.7	99.26	0.11	0.11	0.18	0.16	1.6	3.5
Total	53.5	99.19	0.12	0.14	0.19	0.12	1.6	33.4

¹ Table 1 – EASTERN RESOURCE Area Cape Flattery Silica Project

The Resource has been prepared in accordance with the JORC Code 2012 – A cut-off grade 98.5% has been defined based on the surrounding data. These results show there is good potential to produce a premium grade silica product using standard processing techniques.

On 15 June 2021 the Company announced that it had lodged a Mine Lease Application (MLA) for the project (see map below and ASX release MLA lodged for Cape Flattery Silica).

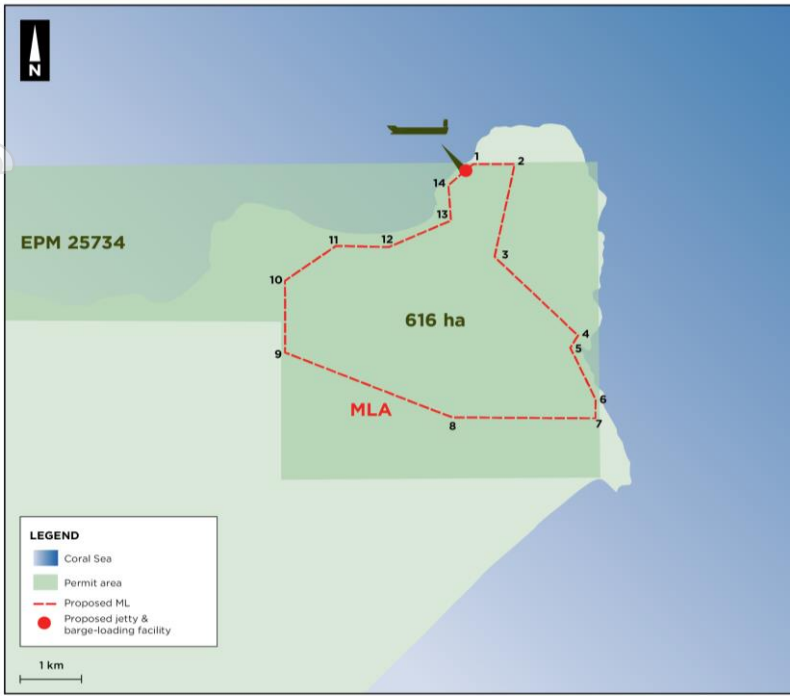


Figure 6: Cape Flattery Silica Sand project MLA area boundary and EPM

Competent Person Statements

Cape Flattery Silica Sands Exploration Results

The information in this report that relates to the Exploration Sampling and Exploration Results is based on information compiled by Mr Patrick Smith, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy.

Mr Smith is the owner and sole Director of PSGS Pty Ltd and is contracted to Metallica Minerals as their Exploration Manager. Mr Smith confirms there is no potential for a conflict of interest in acting as the Competent Person. Mr Smith has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Mr Smith consents to the inclusion of this information in the form and context in which it appears in this release/report.

Cape Flattery Silica Sands Mineral Resource

The information in this report that relates to the Cape Flattery Silica Project – Eastern Resource Area is based on information and modelling carried out by Chris Ainslie, Project Engineer, who is a full-time employee of Ausrocks Pty Ltd and a Member of the Australasian Institute of Mining & Metallurgy. The work was supervised by Mr Carl Morandy, Mining Engineer who is Managing Director of Ausrocks Pty Ltd and a Member of the Australasian Institute of Mining & Metallurgy and also by Mr Brice Mutton who is a Senior Associate Geologist for Ausrocks Pty Ltd. Mr Mutton is a Fellow of the Australasian Institute of Mining & Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Morandy and Mr Ainslie and Mr Mutton are employed by Ausrocks Pty Ltd who have been engaged by Metallica Minerals Ltd to prepare this independent report, there is no conflict of interest between the parties.

Mr Morandy, Mr Ainslie and Mutton consent to the disclosure of information in the form and context in which it appears in this report.

The overall resource work for the Cape Flattery Silica Project – Eastern Resource Area is based on the direction and supervision of Mr Mutton who has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

The corresponding JORC 2012 Table 1 is attached.

Cape Flattery Silica Sands metallurgy

The technical information in this report that relates to process metallurgy is based on information reviewed by Arno Kruger (MAusIMM) and work completed by IHC Mining. Mr Kruger is a metallurgical consultant and an employee of IHC Mining. Mr Kruger has sufficient experience that is relevant to the type of processing under consideration and to the activity being undertaken to qualify as a Competent Person as defined by the JORC Code 2012. Mr Kruger consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Reference to Previous Releases

Scoping Study results were released to the ASX on 18 August 2021 “Scoping Study for Cape Flattery Silica Sand Project” and 10 November 2021 “Cape Flattery Silica Sand Project Production Target” and the results in this announcement are to be read in conjunction with these ASX releases.

Drilling, resource estimates and metallurgical results referred to in this announcement have been previously announced to the market in reports dated; 2nd March, 15th June, 22nd June, 12th August and the 21st October 2021 and are available to view and download from the Company’s website:

<https://metallicaminerals.com.au>.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements. Metallica confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

Forward-looking statements

Forward-looking statements are based on assumptions regarding Metallica, business strategies, plans and objectives of the Company for future operations and development and the environment in which Metallica may operate.

Forward-looking statements are based on current views, expectations and beliefs as at the date they are expressed and which are subject to various risks and uncertainties. Actual results, performance or achievements of Metallica could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained in this presentation are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Metallica, which may cause the actual results, performance or achievements of Metallica to differ materially from those expressed or implied by the forward-looking statements. For example, the factors that are likely to affect the results of Metallica include general economic conditions in Australia and globally; ability for Metallica to fund its activities; exchange rates; production levels or rates; demand for Metallica’s products, competition in the markets in which Metallica does and will operate; and the inherent regulatory risks in the businesses of Metallica. Given these uncertainties, readers are cautioned to not place undue reliance on such forward-looking statements.