

Metallica Minerals Limited

ACN 076 696 092

Interim Financial Report - 31 December 2021

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Metallica Minerals Limited
Corporate directory
31 December 2021

Directors	T Psaros - Executive Chairman M Bojanjac - Non-executive Director B Sampson - Non-executive Director
Company secretary	S Waddell
Registered office and principal place of business	Level 1, North Tower Terrace Office Park 527 Gregory Terrace Bowen Hills QLD 4006 Phone: (07) 3249 3000
Share register	Link Market Services Limited Level 21, 10 Eagle Street Brisbane QLD 4001 Phone: 1300 554 474
Auditor	Moore Australia Audit Level 12, 10 Eagle Street Brisbane QLD 4000
Solicitors	Colin Biggers & Paisley Pty Ltd Level 35, Waterfront Place 1 Eagle Street Brisbane QLD 4000
Stock exchange listing	Metallica Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: MLM)
Website	www.metallicaminerals.com.au
Corporate Governance Statement	www.metallicaminerals.com.au/corporate-governance

Metallica Minerals Limited
Directors' report
31 December 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Metallica Minerals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were directors of Metallica Minerals Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Theo Psaros
 Mark Bojanjac
 Brad Sampson
 Scott Waddell (resigned 31 August 2021)
 Andrew Gillies (resigned 31 August 2021)

Principal activities

During the financial half-year, the principal activities of the consolidated entity consisted of mineral exploration, evaluation and progressing the development of its Cape Flattery Silica Sands Project.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$857,014 (31 December 2020: \$2,567,495).

The 31 December 2020 consolidated loss included the net loss of \$1,999,754 on disposal of the wholly-owned subsidiary companies, Oresome Australia Pty Ltd, Oresome Bauxite Pty Ltd and their respective 50% interest holdings in the JV.

During the half-year ended 31 December 2021 the company:

(a) Continued to advance its Cape Flattery Silica Sands Project which included the following activities:

- Successfully completed a 24-hole infill drilling program in December 2021 within the Eastern Target Area. All drilling was undertaken with the permission from the Aboriginal Corporations.
- Progressing the Pre-Feasibility Study (PFS) which is expected to be completed in the first quarter of 2022.
- Commenced planning for the Definitive Feasibility Study (DFS) that is anticipated to follow completion of the PFS.
- Held a meeting with the Dingaal and Nguurruumungu clan members on 14 December 2021 in Hope Vale where the terms of a Negotiation Protocol document was finalised and each clan's representation for the negotiation process was also agreed upon.
- On 21 October 2021, released an upgraded resource in the Eastern Resource Area estimated and summarised in the table below. These results show there is good potential to produce a premium grade silica product using standard processing techniques.

On 21 October 2021, the company released an upgraded resource in the Cape Flattery Silica Eastern Resource Area estimated and summarised in Table 1, as is shown below:

	Silica Sand (Mt)	SiO₂ %	Fe₂O₃ %	TiO₂ %	LOI %	Al₂O₃ %	Density (t/m³)	Silica Sand (Mm³)
Measured	9.6	99.29	0.10	0.13	0.18	0.08	1.6	5.97
Indicated	38.2	99.15	0.13	0.14	0.19	0.12	1.6	23.91
Inferred	5.7	99.26	0.11	0.11	0.18	0.16	1.6	3.54
Total	53.5	99.19	0.12	0.14	0.19	0.12	1.6	33.41

¹Table 1 – EASTERN RESOURCE Area Cape Flattery Silica Project

For further details, see ASX Release on 21 October 2021 "Revised 40% Increase of the Cape Flattery Resource to 53.5Mt".

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.

See the Competent Person statement below.

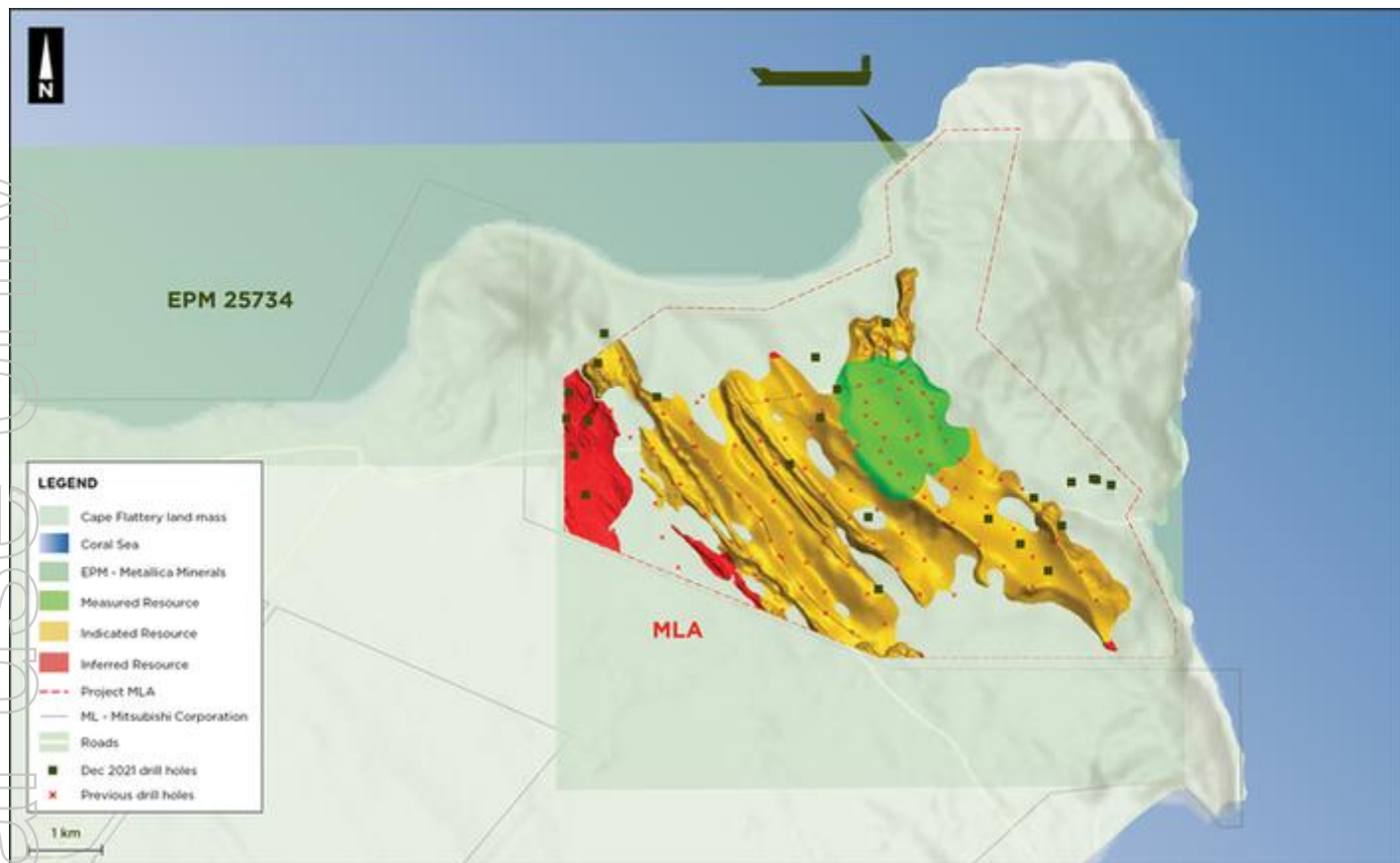


Figure 1. CFS Project Resource Areas

(b) On 5 August 2021, the company announced the signing of a Memorandum of Understanding (“MoU”) with Diatreme Resources (ASX: DRX) for a potential joint venture on the Clermont Gold Copper Project which comprises EPM 17968. On 26 October 2021 the company requested an extension to the initial expenditure stage, which was agreed to and extended to 29 April 2022. Drilling is planned to be undertaken in Q1 2022, subject to weather conditions.

1. Competent Person Statement

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.

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.

Metallica Minerals Limited
Directors' report
31 December 2021

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 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.

COVID-19

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

Other than restricted access to some remote communities, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Material business risks

The consolidated entity is engaged in the exploration and development of mine projects in Australia. The consolidated entity is currently focused on successfully delivering high purity silica sand to a diversified customer base through the development of its Cape Flattery Silica Sands Project. Material business risks that could impact the consolidated entity's performance are described below.

Resource and reserve estimates

Resource and reserve estimates are inherently prone to variability. They involve expressions of judgement with regard to the presence and quality of mineralisation and the ability to extract and process the mineralisation economically. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. This may result in alterations to development and mining plans which may, in turn, adversely affect the consolidated entity's operations and reduce the estimated amount of mineral resources and ore reserves available for production and expansion plans.

The consolidated entity manages the risk associated with resource and reserve estimates by engaging suitably experienced and qualified contractors and operators and ensuring that the Competent Person meets the requirements of the JORC Code 2012.

Commodity prices

Commodity prices fluctuate and are affected by numerous factors beyond the control of the consolidated entity. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic or political factors on both a regional and global basis. These factors may have a negative effect on the consolidated entity's exploration, project development and production plans and activities, together with its ability to fund those plans and activities.

Operating risks

The operations of the consolidated entity may be affected by various factors, including operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions (e.g. significant rainfall); delays in construction of tails dam wall lifts; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. Such changes may have an adverse effect on the operations and production ability of the consolidated entity by increasing costs or delaying activities.

The consolidated entity manages operating risks through a variety of means including selecting suitably experienced and qualified contractors and operators; regular monitoring of the performance of contractors and operators; the recruitment and retention of appropriately qualified employees and contractors; and the regular review by the Board of the consolidated entity's key risks.

Environmental risks

The ability of the consolidated entity to operate, develop and explore projects may be delayed and limited by environmental considerations and significant costs may result from complying with the consolidated entity's environmental obligations.

The consolidated entity recognises management's best estimate for assets' retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Metallica Minerals Limited
Directors' report
31 December 2021

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Theo Psaros
Chairman

10 February 2022
Brisbane

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Metallica Minerals Limited

As lead auditor for the review of Metallica Minerals Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Metallica Minerals Limited and the entities it controlled during the period.



Murray McDonald
Director - Audit and Assurance

Brisbane
10 February 2022



Moore Australia Audit (QLD/NNSW)
Chartered Accountants

Metallica Minerals Limited

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General information

The financial statements cover Metallica Minerals Limited as a consolidated entity consisting of Metallica Minerals Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Metallica Minerals Limited's functional and presentation currency.

Metallica Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, North Tower
Terrace Office Park
527 Gregory Terrace
Bowen Hills
QLD 4006

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 February 2022. The directors have the power to amend and reissue the financial statements.

Metallica Minerals Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Revenue		4,182	37,696
Other income	3	2,500	102,294
Interest revenue		8,542	6,847
Expenses			
Airfares and conferences		(17,391)	(11,045)
Depreciation and amortisation expense		(28,453)	(9,164)
Employee benefits expense		(302,466)	(289,013)
Exploration costs		(47,329)	(230,209)
Extraordinary General Meeting costs		(14,667)	-
Impairment of receivables	6	(60,000)	-
Insurance		-	(41,569)
Listing fees and share register expenses		(59,864)	(21,828)
Legal fees	4	(33,206)	44,440
Net loss on disposal of subsidiary and joint operation		-	(1,999,754)
Professional fees		(54,298)	(56,446)
Rental expenses		(11,058)	(47,286)
Other expenses		(235,892)	(52,458)
Finance costs		(7,614)	-
Total expenses		<u>(872,238)</u>	<u>(2,714,332)</u>
Loss before income tax expense		(857,014)	(2,567,495)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Metallica Minerals Limited		(857,014)	(2,567,495)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Metallica Minerals Limited		<u>(857,014)</u>	<u>(2,567,495)</u>
		Cents	Cents
Basic earnings per share	19	(0.15)	(0.79)
Diluted earnings per share	19	(0.15)	(0.79)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Metallica Minerals Limited
Consolidated statement of financial position
As at 31 December 2021

	Note	31 Dec 2021 \$	30 June 2021 \$
Assets			
Current assets			
Cash and cash equivalents	5	5,072,134	7,531,567
Trade and other receivables	6	305,946	45,923
Other current assets	7	21,723	-
Total current assets		<u>5,399,803</u>	<u>7,577,490</u>
Non-current assets			
Property, plant and equipment	8	12,902	10,788
Right-of-use assets	9	515,099	-
Exploration and evaluation assets	10	3,048,779	1,183,081
Other current assets	7	73,498	48,443
Total non-current assets		<u>3,650,278</u>	<u>1,242,312</u>
Total assets		<u>9,050,081</u>	<u>8,819,802</u>
Liabilities			
Current liabilities			
Trade and other payables	11	536,253	382,022
Lease liabilities	12	60,437	-
Employee benefits		26,653	11,447
Total current liabilities		<u>623,343</u>	<u>393,469</u>
Non-current liabilities			
Lease liabilities	12	457,437	-
Provisions		3,761	-
Total non-current liabilities		<u>461,198</u>	<u>-</u>
Total liabilities		<u>1,084,541</u>	<u>393,469</u>
Net assets		<u>7,965,540</u>	<u>8,426,333</u>
Equity			
Issued capital	13	51,225,482	50,896,470
Reserves	14	286,956	219,747
Accumulated losses		(43,546,898)	(42,689,884)
Total equity		<u>7,965,540</u>	<u>8,426,333</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Metallica Minerals Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2021

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	36,436,227	8,158,563	(39,634,893)	4,959,897
Loss after income tax expense for the half-year	-	-	(2,567,495)	(2,567,495)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,567,495)	(2,567,495)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 20)	-	7,088	-	7,088
Shares issued for services rendered	6,600	-	-	6,600
Balance at 31 December 2020	<u>36,442,827</u>	<u>8,165,651</u>	<u>(42,202,388)</u>	<u>2,406,090</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	50,896,470	219,747	(42,689,884)	8,426,333
Loss after income tax expense for the half-year	-	-	(857,014)	(857,014)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(857,014)	(857,014)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	299,000	-	-	299,000
Share-based payments (note 20)	-	97,221	-	97,221
Transfer from share-based payments reserve to issued capital	30,012	(30,012)	-	-
Balance at 31 December 2021	<u>51,225,482</u>	<u>286,956</u>	<u>(43,546,898)</u>	<u>7,965,540</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Metallica Minerals Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,294	22,384
Payments to suppliers and employees (inclusive of GST)		(529,069)	(756,339)
		(526,775)	(733,955)
Interest received		8,542	6,847
Other revenue		6,682	139,990
Interest and other finance costs paid		(7,614)	-
Net cash used in operating activities		(519,165)	(587,118)
Cash flows from investing activities			
Payments for property, plant and equipment	8	(4,812)	-
Payments for exploration and evaluation assets	10	(1,865,698)	(175,460)
Payments for security deposits		(25,055)	(500)
Payments for other deposits		(21,723)	-
Sale proceeds - HMS plant and tenements		-	330,000
Proceeds from disposal of subsidiary and joint operation		-	41,737
Net cash from/(used in) investing activities		(1,917,288)	195,777
Cash flows from financing activities			
Repayment of lease liabilities		(22,980)	-
Net cash used in financing activities		(22,980)	-
Net decrease in cash and cash equivalents		(2,459,433)	(391,341)
Cash and cash equivalents at the beginning of the financial half-year		7,531,567	2,797,535
Cash and cash equivalents at the end of the financial half-year	5	<u>5,072,134</u>	<u>2,406,194</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

New and revised standards have been issued by the AASB and are effective for the half year. However, there are no material changes to the policies that affect measurement of the results or financial position of the consolidated entity.

Going concern

For the half-year ended 31 December 2021 the consolidated entity incurred a loss of \$857,014 after income tax and net cash outflows from operating activities of \$519,165.

The Coronavirus (COVID-19) pandemic is restricting access to some remote communities. However, there does not currently appear to be any significant impact upon solvency or going concern of the consolidated entity as at the reporting date or subsequent to the date of this report as a result of the pandemic.

The Directors have concluded that the going concern basis of preparation of the financial statements is appropriate and any uncertainty regarding going concern is mitigated by the following:

- At 31 December 2021 the consolidated entity had net current assets of \$4,776,460 (30 June 2021: \$7,184,021) and total net assets of \$7,965,540 (30 June 2021: \$8,426,333). Cash and cash equivalents at 31 December 2021 amounted to \$5,072,134 (30 June 2021: \$7,531,567).
- If additional cash is required outside of current cash holdings, the consolidated entity is expected to be in a position to complete capital raising with no foreseeable challenges as they have a proven history of successfully raising funds. During the year ended 30 June 2021, the company raised \$6,303,417 from the issue of ordinary shares in the company (net of share issue costs).

Based on the above, the Directors are of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the consolidated entity will be able to meet its liabilities from its assets in the ordinary course of business, for a period of not less than 12 months from the date of this financial report and has accordingly prepared the financial report on a going concern basis.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2021

Note 1. Significant accounting policies (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the parent entity's Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity is managed primarily on a geographic basis that is the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level.

The consolidated entity does not have any products/services it derives revenue from.

Management currently identifies the consolidated entity as having only one operating segment, being exploration and development of mine projects in Australia. All significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from the segment are equivalent to the financial statements of the consolidated entity as a whole.

Note 3. Other income

	31 Dec 2021	31 Dec 2020
	\$	\$
Government grants	-	102,294
Sundry	2,500	-
Other income	<u>2,500</u>	<u>102,294</u>

Note 4. Expenses

	31 Dec 2021	31 Dec 2020
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Legal fees</i>		
Legal fee expense	33,206	55,560
Reversal of prior year accrual	-	(100,000)
	<u>33,206</u>	<u>(44,440)</u>

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2021

Note 5. Cash and cash equivalents

	31 Dec 2021 \$	30 June 2021 \$
<i>Current assets</i>		
Cash on hand	50	50
Cash at bank	1,547,961	3,508,758
Cash on deposit	3,524,123	4,022,759
	<u>5,072,134</u>	<u>7,531,567</u>

Note 6. Trade and other receivables

	31 Dec 2021 \$	30 June 2021 \$
<i>Current assets</i>		
Trade receivables	740	3,034
Loans to other parties	186,017	186,017
Less: Allowance for expected credit losses	(186,017)	(186,017)
	<u>-</u>	<u>-</u>
Loans to Directors (a)	290,000	-
Less: Allowance for expected credit losses	(60,000)	-
	<u>230,000</u>	<u>-</u>
Other receivables	404	404
BAS receivable	74,802	42,485
	<u>305,946</u>	<u>45,923</u>

(a) Loans to Directors

On 27 July 2021, the company allotted 10,000,000 ordinary shares for the exercise of employee options held by Directors, and entered into non-cash and interest-free loan agreements with three Directors as outlined in the EGM held on 7 July 2021 and the Notice of Meeting dated 7 and 8 June 2021. The shares issued are subject to escrow until 23 December 2022 and the loans are required to be repaid no later than 31 December 2022. The amount to be repaid will be the lesser of:

- the aggregate exercise price of the relevant employee options (\$0.029); and
- the proceeds (sale proceeds) received by the Director from the on-market sale of the shares issued on exercise of the options after their release from escrow on 23 December 2022.

At 31 December 2021, the market price of the company's shares was lower than the exercise price of the options resulting in an impairment provision of \$60,000 for the half year.

Note 7. Other current assets

	31 Dec 2021 \$	30 June 2021 \$
<i>Current assets</i>		
Other deposits	21,723	-
<i>Non-current assets</i>		
Security deposits	73,498	48,443
	<u>95,221</u>	<u>48,443</u>

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2021

Note 8. Property, plant and equipment

	31 Dec 2021 \$	30 June 2021 \$
<i>Non-current assets</i>		
Plant and equipment - at cost	68,723	63,911
Less: Accumulated depreciation	<u>(55,821)</u>	<u>(53,123)</u>
	<u><u>12,902</u></u>	<u><u>10,788</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Plant and equipment \$
Balance at 1 July 2021	10,788
Additions	4,812
Depreciation expense	<u>(2,698)</u>
Balance at 31 December 2021	<u><u>12,902</u></u>

Note 9. Right-of-use assets

	31 Dec 2021 \$	30 June 2021 \$
<i>Non-current assets</i>		
Land and buildings - right-of-use	540,854	-
Less: Accumulated depreciation	<u>(25,755)</u>	<u>-</u>
	<u><u>515,099</u></u>	<u><u>-</u></u>

On 23 July 2021, the company entered into a 4-year lease for office premises.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Land and buildings \$
Balance at 1 July 2021	-
Additions	540,854
Depreciation expense	<u>(25,755)</u>
Balance at 31 December 2021	<u><u>515,099</u></u>

Note 10. Exploration and evaluation assets

	31 Dec 2021 \$	30 June 2021 \$
<i>Non-current assets</i>		
Exploration and evaluation - at cost	<u><u>3,048,779</u></u>	<u><u>1,183,081</u></u>

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2021

Note 10. Exploration and evaluation assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Exploration and evaluation \$
Balance at 1 July 2021	1,183,081
Additions	<u>1,865,698</u>
Balance at 31 December 2021	<u><u>3,048,779</u></u>

Note 11. Trade and other payables

	31 Dec 2021 \$	30 June 2021 \$
<i>Current liabilities</i>		
Trade payables and accruals	496,245	375,401
BAS payable	40,008	-
Other payables	-	6,621
	<u>536,253</u>	<u>382,022</u>

Note 12. Lease liabilities

	31 Dec 2021 \$	30 June 2021 \$
<i>Current liabilities</i>		
Lease liability - land and buildings	<u>60,437</u>	-
<i>Non-current liabilities</i>		
Lease liability - land and buildings	<u>457,437</u>	-
	<u><u>517,874</u></u>	<u>-</u>

On 23 July 2021, the company entered into a 4-year lease for office premises. The company has an option to extend the lease for 3 years.

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Lease liabilities	<u>81,439</u>	<u>84,289</u>	<u>270,986</u>	<u>162,694</u>	<u>599,408</u>

The lease liabilities assume the company exercises a three-year option at the end of the current lease period. These liabilities are based on the gross lease payments.

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2021

Note 13. Issued capital

	31 Dec 2021 Shares	30 June 2021 Shares	31 Dec 2021 \$	30 June 2021 \$
Ordinary shares - fully paid	<u>568,023,140</u>	<u>557,732,777</u>	<u>51,225,482</u>	<u>50,896,470</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2021	557,732,777		50,896,470
Share options exercised	27 July 2021	10,000,000	\$0.029	290,000
Shares for services rendered	22 October 2021	290,363	\$0.031	9,000
Transfer from share-based payments reserve (note 14)				<u>30,012</u>
Balance	31 December 2021	<u>568,023,140</u>		<u>51,225,482</u>

Options exercised

On 27 July 2021, the company allotted 10,000,000 shares for the exercise of employee options held by Directors, and entered into non-cash loan agreements with three Directors as outlined in the EGM held on 7 July 2021 and Notice of Meeting dated 7 and 8 June 2021.

Note 14. Reserves

	31 Dec 2021 \$	30 June 2021 \$
Share-based payments reserve	<u>286,956</u>	<u>219,747</u>

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

	Share based payments reserve \$
Balance at 1 July 2021	219,747
Share based payments	97,221
Transfer to issued capital (note 13)	<u>(30,012)</u>
Balance at 31 December 2021	<u>286,956</u>

Note 15. Contingent assets

In respect of the disposal of the SCONI Project in September 2017, additional consideration of \$2,500,000 in cash or shares in Australian Mines Limited (the Production Payment), will be payable to the company on commencement of commercial production. This additional consideration has not been recognised in the 31 December 2021 financial statements, as the receipt of the additional consideration is not virtually certain. The commencement of commercial production from the SCONI Project requires favourable commodity prices and markets, availability of significant funding and various government approvals.

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2021

Note 16. Contingent liabilities

During the half-year the company entered into a farm-out agreement with Diatreme Resources Limited (ASX:DRX) for the Clermont Copper/Gold Project (the Project). Under the terms of the Memorandum of Understanding (MOU), Metallica Minerals Limited has the sole and exclusive right to earn:

- a 25% interest in the Project by sole funding exploration expenditure of \$300,000 by 30 April 2022 (Minimum Commitment Date);
- an additional 26% interest in the Project by sole funding exploration expenditure of an additional \$700,000 by no later than 12 months after the Minimum Commitment Date (Further Commitment Date), (the Earn-in Requirement); and
- an additional 24% interest by sole funding the first \$1 million of JV expenditure.

There have been no other changes to the contingent liabilities noted in the 30 June 2021 annual financial report.

Note 17. Related party transactions

Loans to/from related parties

	31 Dec 2021	30 June 2021
	\$	\$
Loans to Directors		
Opening balance	-	-
Amounts advanced	290,000	-
Impairment	<u>(60,000)</u>	<u>-</u>
Closing balance	<u>230,000</u>	<u>-</u>

On 27 July 2021, the company allotted 10,000,000 ordinary shares for the exercise of employee options held by Directors, and entered into non-cash and interest-free loan agreements with three Directors as outlined in the EGM held on 7 July 2021 and the Notice of Meeting dated 7 and 8 June 2021 (see note 6).

Note 18. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 19. Earnings per share

	31 Dec 2021	31 Dec 2020
	\$	\$
Loss after income tax attributable to the owners of Metallica Minerals Limited	<u>(857,014)</u>	<u>(2,567,495)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>566,431,775</u>	<u>324,113,767</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>566,431,775</u>	<u>324,113,767</u>
	Cents	Cents
Basic earnings per share	(0.15)	(0.79)
Diluted earnings per share	(0.15)	(0.79)

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2021

Note 20. Share-based payments

Employee Equity Incentive Plan (EEIP)

At an Extraordinary General Meeting (EGM) held on 7 July 2021, the company's shareholders approved the following:

- (1) A new Employee Equity Incentive Plan (EEIP).
- (2) The issue of a total of 4,030,000 Performance Rights to the following Directors: Scott Waddell, Theo Psaros, Mark Bojanjac, and Brad Sampson.
- (3) Cashless loans to the following Directors: Scott Waddell, Theo Psaros and Andrew Gillies, for the exercise of employee options held by them.

The EEIP is open to certain contractors and employees (including Directors) of the company who are invited by the Board to participate in the EEIP (Participants). The Board may invite Participants to apply for shares (including in these terms and conditions, a right to the issue of a share), performance rights and/or options under the EEIP in its absolute discretion.

The vesting of a performance right will be conditional on the satisfaction of any conditions and performance hurdles attaching to the performance right. Performance hurdles will be determined by the Board in its discretion and specified in the Participant's invitation letter.

The vesting of an option will be conditional on the satisfaction of any conditions attaching to the option. Conditions will be determined by the Board in its discretion and specified in the Participant's invitation letter.

Each performance right will entitle a Participant to one share upon vesting. Each option will entitle a Participant upon vesting to subscribe for one share at the exercise price specified by the Board in the Participant's invitation letter.

On 27 July 2021, the company allotted 10,000,000 shares for the exercise of employee options held by Directors, and entered into non-cash loan agreements with three Directors as outlined in the EGM held on 7 July 2021 and Notice of Meeting dated 7 and 8 June 2021.

On 2 August 2021, the company issued 7,160,000 performance rights to Directors and employees based on the terms detailed at the EGM held on 7 July 2021 and Notice of Meeting dated 7 and 8 June 2021.

The performance rights convert in 3 equal tranches into ordinary shares on achievement of the following successive performance hurdles (**Hurdles**):

Hurdle 1: The VWAP of the Metallica Minerals Limited (MLM) share price for the month of June 2022 (based on trading days during that month) is at least 20% higher than the VWAP of the MLM share price for the month of June 2021.

Hurdle 2: The total JORC resource of silica sand held by the company in relation to its Cape Flattery Silica Sands Project is at least 50 million tonnes, with at least 25 million tonnes included at the measured and/or Indicated JORC category.

Hurdle 3: The company has successfully completed the Pre-Feasibility Study for the Cape Flattery Silica Project and released the results of this study to the ASX.

Movements in options and performance rights

Set out below are summaries of options granted:

31 Dec 2021

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
23/12/2019	23/06/2022	\$0.029	10,000,000	-	(10,000,000)	-	-
27/04/2021	25/03/2024	\$0.060	14,001,322	-	-	-	14,001,322
			24,001,322	-	(10,000,000)	-	14,001,322
Weighted average exercise price			\$0.047	\$0.000	\$0.029	\$0.000	\$0.060

Metallica Minerals Limited
Notes to the consolidated financial statements
31 December 2021

Note 20. Share-based payments (continued)

Set out below are summaries of performance rights granted:

31 Dec 2021

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
07/07/2021	01/07/2022	\$0.000	-	7,160,000	-	-	7,160,000
			-	7,160,000	-	-	7,160,000

The fair value of performance rights granted was measured using the Monte Carlo simulation pricing model for Hurdle 1 and the Binomial pricing model for Hurdles 2 and 3. The valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
07/07/2021	01/07/2022	\$0.036	\$0.000	113.02%	-	0.06%	\$0.024
07/07/2021	01/07/2022	\$0.036	\$0.000	113.02%	-	0.06%	\$0.034

Expenses arising from share-based payment transactions

The total expense arising from share-based payment transactions recognised during the half-year as part of employee benefits expense was \$97,221.

Metallica Minerals Limited
Directors' declaration
31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Theo Psaros
Chairman

10 February 2022
Brisbane

Independent Auditor's Review Report

To the members of Metallica Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Metallica Minerals Limited (the company and its subsidiaries "the Group") which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

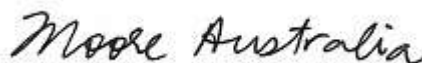
Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Murray McDonald
Director - Audit and Assurance
Brisbane
10 February 2022



Moore Australia Audit (QLD/NNSW)
Chartered Accountants