

Metallica Minerals Limited

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Metallica Minerals sells share of Weipa bauxite project for cash and royalties

Metallica Minerals Ltd (ASX:MLM) has entered into an agreement to sell subsidiary company Oresome Australia Pty Ltd, 50% joint venture partner in the Urquhart Bauxite Project near Weipa in Far North Queensland.

The purchaser Clear Logistics Australia Pty Ltd is a private company with experience in bauxite, heavy mineral sand and industrial sand and gravel operations.

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; and
- Bauxite royalties.

Maintaining project "not in company's interest"

Metallica executive chairman Theo Psaros said: "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 Sand Project and subject to finalisation of the Traditional Landowner agreements, we expect to be drilling in the near future."

Bauxite royalty payment

As a part of the sales agreement, the company is entitled to a royalty payment of \$0.75/tonne shipped if the benchmark CBIX Bauxite Index price is less than US\$60/tonne.

The royalty payment increases to \$1.50/tonne shipped if the CBIX Bauxite Index price is between US\$60.01 and US\$70/tonne and it will increase to \$2 shipped if the prices rose above US\$70.01/tonne.

Sand royalties

The company will also earn royalty payments of \$0.25/tonne shipped if the price of sand is between US\$30.01 and USD\$40/tonne CIF Singapore, which will rise to \$1 shipped if the price received is more than US\$40.01/tonne CIF Singapore.

Price: 0.045

Market Cap: \$14.58 m

1 Year Share Price Graph



March 2020 September 2020 March 2021

Share Information

Code: MLM

Listing: ASX

52 week High Low
0.05 0.007

Sector: Mining

Website: www.metallicaminerals.com.au

Company Synopsis:

Metallica Minerals Ltd (ASX:MLM) is listed on the Australian Securities Exchange.

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Besides this, if at any time in future Clear Logistics transfers or disposes of the shares in Oresome, the profit on that sale will be shared 50% with Metallica.

Downturn in bauxite market

Metallica said the concept work on the project had been greatly impacted by the current downturn in the bauxite market evident from the following developments:

- Reports of recent Chinese alumina refinery production reducing from 2019 levels, partly due to COVID-19 related issues; and
- Reports of Guinea increasing their share of sales of higher-quality bauxite into China.

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