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Metallica looks to the future of clean energy at Cape Flattery Silica project

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Metallica Minerals' two billion dollar baby is set to help power clean energy revolution.

Metallica Minerals (ASX:MLM) Chief Executive Theo Psaros says the high purity silica sand from the company's flagship Cape Flattery Silica (CFS) Project in North Queensland is well positioned to help power the global clean energy revolution.

Psaros said new research commissioned by the company by Brisbane based Arche Energy shows that the Project could produce the equivalent of 3.35 billion solar panels over the 25-year mine life at full production.

On an annual basis, CFS's 1.35 mtpa production could produce more than 133 million 375W solar panels — based on 74 percent of a single panel consisting of SiO2 (silicon).

Those panels have the potential to generate more than 41,312 MWh of renewable energy over their 25-year operating life, assuming an output of 4.0 kWh/day.

"Over the life of these solar panels, they have an opportunity to reduce emissions from coal fire power generation by 35,528 Mt of CO2. That is the equivalent to the annual emissions of 1.78 billion households or the emissions of 7.7 billion cars in a single year," Psaros said.

Putting the solar PV opportunity into a global context, the International Energy Agency (IEA) foresees solar PV to reach 4,674,000 MW of total generation by 2050.

Psaros said solar PV capacity had grown 20-fold over the past decade and is set to triple over the next 10 years.

Furthermore, leading international market research company IMARC estimated the global silica sand market could grow from US\$7B to US\$20B in 2024.

High hopes for strong returns

The recent release of the Pre-Feasibility Study (PFS) for the CFS Project has highlighted its strong economics.

The Project has a high purity silica resource identified (52.2Mt) and maiden Ore Reserve estimated (46 Mt).

The PFS estimates the project could generate revenue of \$2.13 billion over the 25-year life of the project.

Metallica expects the project can be a long-life project producing high quality silica sand given the surging Asia-Pacific glass manufacturing markets supplying the solar panel industry.

The PFS estimates a pre-tax Net Present Value of \$290 million and IRR of 34.9%, both measures of profitability.

Capital costs are estimated at \$79 million with a payback from commencement of production of 3.9 years.

Building for the future

A further positive for the project is that a purpose-built jetty is planned (subject to Development Approval) and located within the port limit of Cape Flattery. This will allow barge loading and transhipping operations.

"Given our excellent ore reserve, solid financial outcomes and a modest capital cost from our pre-feasibility work, the company is extremely positive about the project's potential and the next steps in its development.

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"We are moving forward to undertake a DFS with confidence and are keen to take our place as an important contributor to Queensland's strategy to deliver new economy minerals to a growing global silica sand market.

"The world's markets are transitioning to lower-carbon energy products, so there's booming demand for the high-quality silica sand at CFS.

Metallica and our flagship CFS Project is set to play an important role in the development of new economy minerals in Australia and the transition towards a lower carbon future," Psaros said.

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