DIATREME Resources

5 June 2024

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Takeover bid by Diatreme Resources Limited for Metallica Minerals Limited Fourth Supplementary Bidder's Statement

Diatreme Resources Limited (**Diatreme**) refers to its off-market takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) (**Corporations Act**) for all the fully paid ordinary shares in Metallica Minerals Limited ACN 076 696 092 (ASX: MLM) (**Metallica**) (the **Offer**).

We **attach** by way of service pursuant to section 647(3)(b) of the Corporations Act a fourth supplementary bidder's statement dated 5 June 2024, which supplements Diatreme's bidder's statement dated 28 March 2024 (as supplemented and varied from time to time) in relation to the Offer.

This market announcement was authorised for release by:

Neil McIntyre
Chief Executive Officer

Greg Starr
Non-executive director

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DIATREME Resources

Fourth Supplementary Bidder's Statement

in relation to the Offer by

DIATREME RESOURCES LIMITED

ACN 061 267 061

to purchase all of your ordinary shares in

Metallica Minerals Limited

ACN 076 696 092

for 1.3319 Diatreme Shares for each Metallica Share that you own

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This document is important and requires your immediate attention.

If you are in any doubt about how to deal with this document or the Offer, you should contact your legal, financial or other professional adviser as soon as possible.

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diatreme.com.au

Fourth Supplementary Bidder's Statement

1 Introduction and important notices

This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**). It is the fourth supplementary bidder's statement (**Fourth Supplementary Bidder's Statement**) issued by Diatreme Resources Limited ACN 061 267 061 (**Diatreme**) in relation to its off-market takeover bid for all the ordinary shares in Metallica Minerals Limited ACN 076 696 092 (**Metallica**).

This Fourth Supplementary Bidder's Statement supplements, and should be read together with, Diatreme's bidder's statement dated 28 March 2024 (**Original Bidder's Statement**), the notices of variation dated 17 May 2024, 24 May 2024 and 3 June 2024, and the first supplementary bidder's statement dated 10 April 2024 (**First Supplementary Bidder's Statement**), second supplementary bidder's statement dated 17 April 2024 (**Second Supplementary Bidder's Statement**) and third supplementary bidder's statement date 8 May 2024 (**Third Supplementary Bidder's Statement**). This Fourth Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Original Bidder's Statement, the First Supplementary Bidder's Statement, the Second Supplementary Bidder's Statement and Third Supplementary Bidder's Statement. Unless the context requires otherwise, terms defined in the Original Bidder's Statement have the same meaning in this Fourth Supplementary Bidder's Statement.

A copy of this Fourth Supplementary Bidder's Statement was lodged with ASIC on 5 June 2024. Neither ASIC nor any of its officers takes any responsibility for the content of this Fourth Supplementary Bidder's Statement.

2 Acceptances over 56%

Diatreme has received acceptances for over 56% of issued shares in Metallica.

This includes acceptances from the three largest shareholders in Metallica plus many other shareholders.

This means that, once the Offer is declared unconditional or those conditions are satisfied, Diatreme will hold enough shares to control the board of directors of Metallica. Subject to the discussion below about the standstill condition, Diatreme is not aware of any reason why the Offer conditions will not all be satisfied.

3 Takeovers Panel proceedings

3.1 Diatreme's Takeovers Panel application

On 21 May 2024, Diatreme made an application to the Takeovers Panel (**Panel**) in relation to the affairs of Metallica.[1] This was intended to seek greater clarity about the status of discussions that Metallica is holding with third parties about possible competing transactions

[1] Refer to Takeovers Panel media release dated 21 May 2024: "Metallica Minerals Limited – Panel Receives Application".

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and to seek orders that Metallica would release the Standstill Undertaking to enable the Offer conditions to be satisfied.

The application brought by Diatreme has led to Metallica giving certain undertakings at the Panel's request which will better inform Metallica Shareholders and add certainty to the Offer.[2] In brief, this led to the following:

(a) Metallica has provided updated disclosure in relation to potential competing proposals by way of a Second Supplementary Target's Statement released on ASX on 4 June 2024 (see commentary in section 3.4 below);

(b) the Standstill Undertaking will be released on the earlier of:

  (i) if a Superior Proposal *is not announced* by Metallica before 17 June 2024, on 17 June 2024;

  (ii) if a Superior Proposal *is not announced* by Metallica before the end of the Offer Period, immediately prior to the end of the Offer Period; and

  (iii) if a Superior Proposal *is announced* by Metallica before 17 June 2024, on 28 June 2024;

(c) the standard required for what would constitute a 'Superior Proposal' has been significantly enhanced. A proposal now may only be regarded as a 'Superior Proposal' if the Metallica board, after receiving written legal and financial advice, determines the proposal is reasonably capable of being valued and completed in a reasonable timeframe and would, or would be reasonably likely to, provide a more favourable outcome to Metallica shareholders than the Offer, in each case taking into account all relevant factors.

To give effect to (b) and (c), Metallica has executed a deed poll in favour of Diatreme, a copy of which is annexed to this Fourth Supplementary Bidder's Statement.

3.2 Impact of the Takeovers Panel's application on Diatreme's Offer

The outcome of the Panel application is that Diatreme's Offer is no longer impeded by the Standstill Undertaking, even if a Superior Proposal is announced by Metallica.

If no 'Superior Proposal' is announced by Metallica before 17 June 2024, the Standstill Undertaking will be released. That will enable Diatreme to declare the Offer unconditional.

If a 'Superior Proposal' is announced by Metallica before 17 June 2024 that involves a sale of Metallica's CFS Project, being its main undertaking, Metallica Shareholders must approve that transaction under the Takeovers Panel policy against frustrating action and under ASX Listing Rule 11.2 (**CFS Sale Resolution**) at a general meeting convened on not less than 28 days' notice.

Because Metallica cannot convene a general meeting before 28 June 2024, if Diatreme declares its Offer unconditional on or after 28 June 2024 it will be permitted under the Offer Terms to take ownership of any Metallica Shares for which acceptances have been received.[3] If Metallica proceeds with a general meeting in those circumstances and

[2] Refer to Takeovers Panel media release dated 5 June 2024: "Metallica Minerals Limited – Panel Declines to Make Declaration".

[3] If Diatreme extends the closing date of the Offer to a date on or after 28 June 2024 while the Offer is subject to a defeating condition, then any Metallica Shareholder that has accepted the Offer before Diatreme gives the

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Diatreme votes against the CFS Sale Resolution while it holds more than 50% of the Metallica Shares on issue, the resolution will fail.

Diatreme intends to vote all Metallica Shares it holds against any resolution for approval of a competing proposal.

Given Diatreme currently has acceptances for over 56% of Metallica Shares and the fact it will be alleviated of the Standstill Undertaking no later than 28 June 2024, Diatreme believes the possibility of a third party negotiating with Metallica to develop and agree a competing proposal that would give a more favourable outcome to Metallica Shareholders than Diatreme's Offer or is reasonably capable of being approved by the requisite majority of Metallica Shareholders is very low.

3.3 Statements by Metallica regarding voting restrictions on a CFS Sale Resolution

Metallica has repeated statements in its Second Supplementary Bidder's Statement that it intends to take steps to seek advice from ASX or orders from the Takeovers Panel that certain common shareholders in Diatreme and Metallica be excluded from voting against a CFS Sale Resolution.

Diatreme considers that there is no reasonable basis to expect that the Panel or ASX would prevent those shareholders from voting.

The ASX policy relates to preventing certain shareholders from voting *in favour* of a resolution to approve a sale of an entity's main undertaking. The rules do not provide a discretion to prevent shareholders voting *against* such a resolution. In fact, the ASX rules were changed with this in mind in 2017.

At the time, ASX said[4]:

> *Currently, the voting exclusion requirements in listing rule 14.11 apply whether an excluded person is voting for or against the relevant resolution. ASX has seen instances where parties have structured a transaction in such a way to attract a voting exclusion for persons who are opposed to the transaction.*
>
> *The intent of the voting exclusion requirement is to ensure that a transaction can only proceed if it is approved by security holders who do not have a personal interest in the transaction. It is not to deny security holders who are opposed to a transaction an opportunity to vote against it.*
>
> *ASX is therefore amending listing rule 14.11 so that excluded persons are only precluded from voting in favour of a resolution. They will be entitled to vote against the resolution. This change will apply to all voting exclusions under the listing rules, not just those related to security holder resolutions approving an issue of securities under or to fund a reverse takeover for the purposes of listing rule 7.1.*

Metallica has not disclosed whether it has taken steps to obtain in-principle advice from ASX on this issue, despite having first indicated an intention to do so in its Target's Statement released on 24 April 2024.

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notice of variation will be permitted under section 650E of the Corporations Act to withdraw their acceptance by giving notice to Diatreme within 1 month beginning on the day after the day on which the notice of variation was received. A Metallica Shareholder that withdraws their acceptance must return any consideration received for accepting the Offer. If a Metallica Shareholder withdraws their acceptance, they will be able to vote their shares at a general meeting of Metallica, including on a resolution to consider a 'Superior Proposal.'

[4] ASX Compliance Update 09/17.

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In the absence of an unequivocal statement from ASX on the issue, Metallica Shareholders should treat with extreme caution statements by Metallica that suggest it has any reasonable prospects of preventing the common shareholders from voting on a resolution to approve a CFS Sale Resolution.

Diatreme considers that it follows from these points that, if the common shareholders do not support a competing transaction, that transaction cannot constitute a 'Superior Proposal' nor will it become effective.

3.4 Competing proposal unlikely

Diatreme considers that the prospects of a competing proposal, let alone one that would be a 'Superior Proposal', is very low for the following reasons:

- Despite Metallica seeking an alternative proposal since at least February, no alternative has emerged.
- Metallica's public statements about the possibility of an alternative transaction have been very vague. The strongest statement it has made refers to one unnamed party who, according to Metallica, '*continues to conduct due diligence, but is yet to put a proposal to Metallica*'.
- Metallica has also said that the relevant transaction '*would likely be the sale of a subsidiary of MLM which holds the CFS Project*'. In contrast, Diatreme's certain and clear Offer is for the whole of Metallica, with accepting Metallica Shareholders to receive new Diatreme shares. They would become shareholders in a significantly larger combined group with greater market relevance and optionality, while still maintaining exposure to Metallica's assets, including the CFS Project. That would not be the case for Metallica Shareholders if Metallica sold its CFS Project to a third party.
- It would be surprising if a third party was prepared to invest the time and money required to develop a competing proposal in view of the timing and approval requirements for it to succeed, as outlined in this supplementary bidder's statement.

4 Closing date for the Offer to be extended to 25 June 2024

Diatreme will extend the closing date for the Offer to 7.00pm (Sydney time) 25 June 2024. Formal documentation for the extension will be issued on 6 June 2024.

Metallica Shareholders are urged to **ACCEPT** Diatreme's Offer without delay.

5 Consents

5.1 ASIC Instrument 2023/683

Diatreme has relied on the modification to section 636(3) of the Corporations Act in paragraph 6(e) of ASIC Instrument 2023/683 to include in this Fourth Supplementary Bidder's Statement, without obtaining specific consents, statements which are made in, or based on statements made in, documents lodged with ASIC and ASX.

As required by ASIC Instrument 2023/683, Diatreme will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to Metallica Shareholders who request them before the end of the Offer Period. To

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obtain a copy of these documents (or the relevant extracts) Metallica Shareholders should contact the shareholder information line on 1300 636 752 (or +61 2 8318 7933 for overseas domiciled holders) between 8.30am (Sydney time) and 5.00pm (Perth time) Monday to Friday.

6 Further information

Metallica Shareholders who have any questions in relation to the Offer should contact their stockbroker, or legal, financial or other professional adviser or call the shareholder information line on 1300 636 752 (or +61 2 8318 7933 for overseas domiciled holders) between 8.30am (Sydney time) and 5.00pm (Perth time) Monday to Friday.

7 Approval of Fourth Supplementary Bidder's Statement

This Fourth Supplementary Bidder's Statement has been approved by a unanimous resolution passed by the Directors of Diatreme.

Dated 5 June 2024

Signed for and on behalf of
Diatreme Resources Limited
by

Wayne Swan
Chairman

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Baker McKenzie.

Deed Poll
Waiver of Standstill Provision

Metallica Minerals Limited
(ACN 076 696 092)

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Title	**Deed Poll – Waiver of Standstill Provision**
Date	4 June 2024
By	**Metallica Minerals Limited** (ACN 076 696 092) of Level 1, 527 Gregory Terrace, Fortitude Valley, QLD 4006 (**Company**)
In favour of	**Diatreme Resources Limited** (ACN 061 267 061) of Unit 8, 55-61 Holdsworth Street, Coorparoo, QLD 4151 (**Diatreme**)

Recitals

A The Company entered into the 'Confidentiality Deed' with Diatreme on or about 30 October 2023 (**Confidentiality Deed**).

B The Confidentiality Deed included a mutual standstill undertaking.

C On 8 May 2024, the Company provided a deed poll which sets out circumstances in respect which the Company will waive the standstill undertaking that applies to Diatreme, in respect of Diatreme's takeover bid for the Company (**Original Deed Poll**).

D On 17 May 2024, the Company proposed a replacement deed poll to replace the Original Deed Poll (**Replacement Deed Poll**), and provided a regime for that to occur by way of written acceptance of that Replacement Deed Poll by Diatreme.

E The Company now proposes to replace the Replacement Deed Poll (and the Original Deed Poll), and provides a regime for that to occur by way of delivery of this deed poll to Diatreme by the Company.

Operative provisions

1. Definitions and interpretation

1.1 Unless the context otherwise requires, all words and expressions defined in the Confidentiality Deed have the same meaning in this deed poll, otherwise:

Bidder's Statement means the bidder's statement dated 28 March 2024 issued by Diatreme, which contains the Offer, as amended from time to time.

Board means the board of directors of the Company.

Effective Time means the earlier of:

(a) if a Superior Proposal is not announced by the Company before 17 June 2024, on 17 June 2024;

(b) if a Superior Proposal is not announced by the Company before the end of the Offer Period, immediately prior to the end of the Offer Period; and

(c) if a Superior Proposal is announced by the Company before 17 June 2024, on 28 June 2024.

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Metallica Shares has the meaning given to that term under the Bidder's Statement.

Offer means the offer by Diatreme to acquire Metallica shares as set out in Diatreme's bidder's statement dated 11 April 2024.

Offer Period has the meaning given to that term in the Bidder's Statement and includes, for avoidance of doubt, any extension of the Offer made in accordance with the law.

Superior Proposal means a bona fide written proposal by a person, other than Diatreme and its associates (**Competing Proposal**), which the Board acting in good faith, and after receiving written legal advice from its external legal adviser and written financial advice from its financial adviser, determines:

(a) is reasonably capable of being valued and completed in a reasonable timeframe; and

(b) would, or would be reasonably likely to, if completed substantially in accordance with its terms, provide an outcome that is more favourable to the Company's shareholders (as a whole) than the Offer,

in each case, taking into account all relevant factors, including the identity and financial standing of the party or parties making the Competing Proposal, its terms and conditions, any timing considerations, and any other aspects of the Competing Proposal that would affect the probability of the Competing Proposal being completed substantially in accordance with its terms.

Standstill Provision means clause 7.1 of the Confidentiality Deed and any related definitions thereto.

1.2 This deed poll may not be construed adversely to the Company only because the Company was responsible for preparing it.

2. Effectiveness

2.1 This deed poll is effective immediately upon being executed and sent to Diatreme, the effect of which is that the Original Deed Poll and the Replacement Deed Poll will lapse immediately and this deed poll will become effective at such time.

3. Waiver and release

3.1 On and with effect from the Effective Time, the Company:

(a) unconditionally waives all of its rights and interests arising under the Standstill Provision and releases and discharges Diatreme from all obligations, covenants, liabilities or claims arising under the Standstill Provision; and

(b) for the purpose of, and in addition to clause 3.1(a), unconditionally consents to Diatreme undertaking any action or other step that they are otherwise prohibited or restricted from undertaking pursuant to the Standstill Provision,

in each case, to allow Diatreme to acquire Metallica Shares under the Offer.

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4. Deed poll to act as a bar and consent to disclose

4.1 This deed poll may be pleaded by Diatreme as a full or complete defence to any claim commenced by or on behalf of the Company in relation to the application of the Standstill Provision to the Offer, subject to the specific terms of release in clause 3.1.

5. Sunset date

5.1 Notwithstanding anything else in this deed, this deed shall cease to have effect on 3 May 2025, provided however that the waiver and release of the transfer of any Metallica Shares under the Offer prior to this date is effective in accordance with clause 3.1.

6. General provisions

No merger and survival

6.1 The rights and obligations under this deed poll are continuing and do not merge on completion of any transaction contemplated by this deed poll.

Invalid or unenforceable provisions

6.2 If a provision of this deed poll is invalid or unenforceable in a jurisdiction:

(a) it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability; and

(b) it does not affect the validity or enforceability of that provision in another jurisdiction or of the remaining provisions.

Governing law

6.3 This deed poll is governed by the laws of Queensland.

6.4 The Company irrevocably and unconditionally:

(a) submits to the non-exclusive jurisdiction of the courts of Queensland; and

(b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

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Execution

Executed as a deed poll.

Signed sealed and delivered by
Metallica Minerals Limited (ACN 076 696 092)
in accordance with section 127 of the *Corporations Act 2001* (Cth) by a director and a director/secretary:

[redacted]

Signature of director

[redacted]

Signature of ~~director/~~secretary (please strike out as applicable)

Theo Psaros

Name of director (please print)

Scott Waddell

Name of ~~director/~~secretary (please print)

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