



ASX Release
16 November 2011

COMMENCED DETAILED DRILLING ON KEY LUCKNOW DEPOSIT SCANDIUM RESOURCE UPGRADE EARLY 2012

Metallica Minerals Limited's (**ASX: MLM**) is pleased to announce that it has commenced a detailed in-fill and step out Reverse Circulation (RC) drilling program across high grade scandium mineralisation within its Lucknow deposit located at the southern end of the Company's wholly-owned NORNICO "Tri-metal" nickel-cobalt, scandium project northwest of Townsville in Queensland.

The approximate 3,500m, 150-hole campaign is expected to be completed by mid December, allowing an expected Mineral Resource upgrade for Lucknow to be calculated by late January to early February, 2012.

This drilling is being conducted on an approximate 40 metre x 40 metre grid pattern to more fully and accurately define the high grade scandium resource boundaries and expand the Measured and Indicated Resources for further detailed mine planning and preliminary plant feed scheduling studies.

Scandium is a very important component of the NORNICO project. For further information on the current Lucknow scandium resource estimate and general information on scandium, see *Metallica Quarterly Report ASX Release 31 October 2011, page 9 & 10*.

Metallica Managing Director, Mr Andrew Gillies, said this drilling campaign is an important part of the Company's current spread of feasibility and environmental studies, permitting, Mineral Resource studies and detailed metallurgical work. Lucknow will be the main long term source of scandium ore and will be blended with nickel and cobalt ores from the historical Greenvale mine site for the proposed High Pressure Acid Leach (HPAL) processing plant.

"The Lucknow scandium resource currently stands at 6.24 million tonnes (Mt) at an average grade of 169 grams per tonne (g/t) at a 70 g/t Sc cut off grade. Using a higher grade cut-off of 120 g/t, a higher grade scandium resource of 4.12 Mt at 206 g/t is revealed, containing approximately 1,200 tonnes (t) of scandium oxide. see *Metallica Quarterly Report ASX Release 31 October 2011, page 9 & 10*.

"High grade scandium resources will be selectively mined for blending with higher grade nickel and cobalt ores from our Greenvale Ni-Co mine just eight kilometres by road to the northwest (see figure next page), to maximise revenues and project life. All three metals will be recovered from the same plant and produce nickel metal, cobalt sulphide and scandium oxide for sale into export markets."

Metallica is currently seeking Expressions of Interest in offtake agreements for NORNICO's scandium production, primarily targeting aluminium alloy companies and Solid Oxide Fuel Cell (SOFC) developers. The current studies are based around a HPAL process plant with its own onsite power and acid plant, treating 750,000 t of combined nickel, cobalt and scandium ore per year over a 20 year mine life. Preliminary testwork on the Greenvale and Lucknow ores has indicated high metal recovery and low to moderate acid consumption. NORNICO's initial production target is approximately 6,000 t of Ni-Co and 40 t of scandium oxide per year, commencing early 2015. Scandium production could easily be expanded to match expected growth in scandium oxide demand once a long term reliable supply is presented to aluminium and SOFC end users.

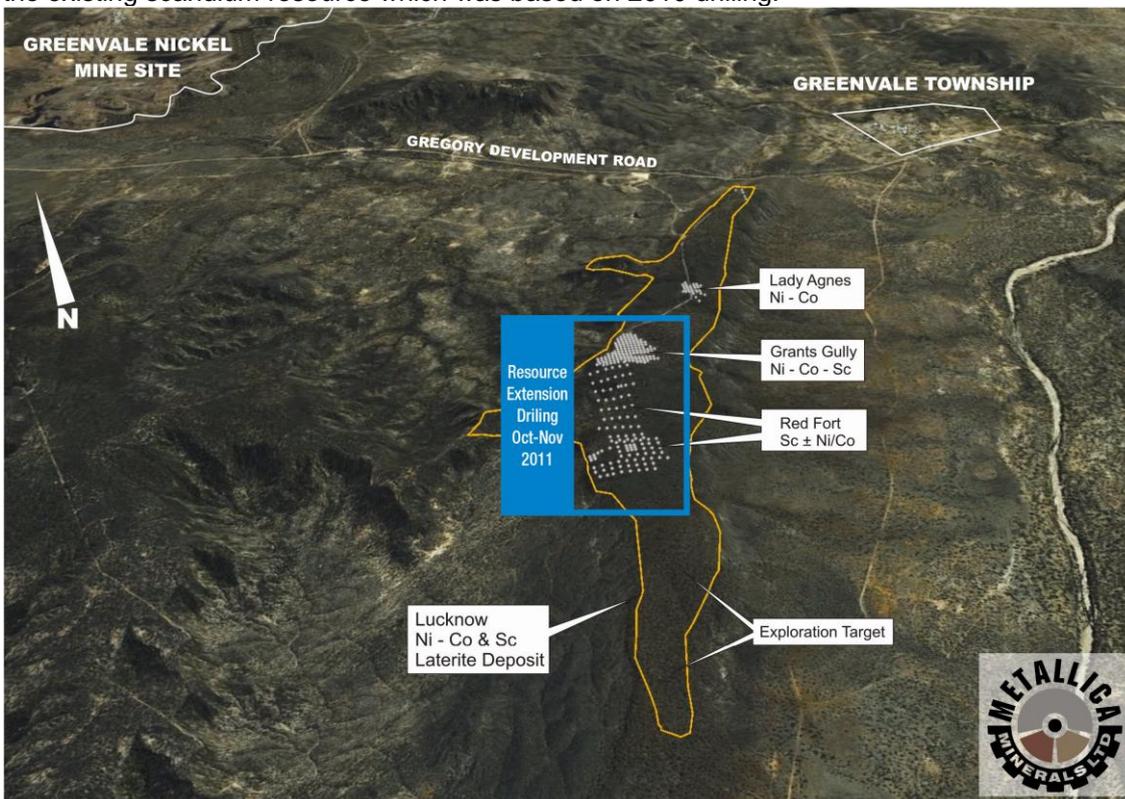
For further information, please contact:

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Competent Person : Technical information contained in this report has been compiled and/or supervised by Mr Andrew Gillies B.Sc (Geology) M.AusIMM (Managing Director of Metallica Minerals Limited) who is a competent person and member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Gillies has relevant experience with regard to the mineralisation, exploration results and targets being reported on such as to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Gillies consents to the inclusion of this information in the form and context in which it appears in this report.



Drilling along 40m spaced drill lines at the southern end of the Lucknow Scandium deposit – this site is south of the existing scandium resource which was based on 2010 drilling.



Looking north over Lucknow Scandium rich Ni-Co deposit, towards Greenvale township and NW towards proposed Greenvale Mine site. Blue box comprises majority of the current new drilling. (white dots are 2010 drill hole collars)