



ASX RELEASE

15 December 2011

Metallica strengthens cash position with sale of 6.7 million MetroCoal shares for \$3.35 million

Metallica Minerals Limited is pleased to announce that it has substantially added to its cash reserves with the sale of 6,706,038 ordinary shares in ASX-listed coal group, MetroCoal Limited (ASX-MTE) which has large thermal coal projects in the Surat Basin of southeast Queensland.

The shares were sold for 50 cents each for gross proceeds of \$3.35 million approximately, with settlement due on 19 December 2011.

Metallica had previously held 80 million shares or 38.3% of MetroCoal's shares on issue and will retain 73.3 million shares approximately or an investment stake of 35.08% in the coal company.

RBS Morgans Corporate Limited placed the MetroCoal shares with its institutional and other clients.

As part of the sale, Metallica has entered into a voluntary lock-up with RBS Morgans Corporate Limited for three months for its remaining 73.3 million shares in MetroCoal, and these shares cannot be sold during this period without the consent of RBS Morgans which is not to be unreasonably withheld.

The primary purpose of the sale of a portion of its MetroCoal holding is to considerably increase Metallica's cash reserves to enable it to progress the advanced NORNICO nickel-cobalt-scandium project (100% owned MLM) northwest of Townsville, and its emerging zircon-rutile mineral sands projects. Following settlement, Metallica will have approximately \$8 million in cash plus its substantial investments in MetroCoal Ltd, Cape Alumina Ltd, Planet Metals Ltd and Orion Metals Ltd.

Due to carried forward and current year tax losses, Metallica expects to pay no tax on the sale.

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