



ASX RELEASE 9 January 2012

- **Metallica further strengthens cash position**
- **9 million MetroCoal shares sold for \$4.5m**
- **2012 New Year cash-on-hand exceeds \$12m**

Australian resource development company, Metallica Minerals Limited, is pleased to announce that it has substantially added to its cash reserve strength to in excess of A\$12 million for the start of the 2012 calendar year with the further sale of 9 million 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 share tranche was sold offmarket for 50 cents a share to DADI Engineering Development (Group) (Hong Kong) Co. Ltd., which is a subsidiary company of DADI Engineering Development (Group) Co. Ltd, a major Chinese coal engineering group which recently emerged as one of the major MetroCoal shareholders (see ASX release 30 November).

Gross proceeds from the transaction of A\$4.5 million comprise A\$3.5 million already received with the outstanding \$1 million due by close of business on 31 January, 2012.

The cash boost is in addition to Metallica's sale of 6.7 million MetroCoal shares at 50 cents a share for proceeds of A\$3.35 million, announced on 15 December last year.

That transaction saw Metallica move to a holding of 73.3 million shares or 35.08% of MetroCoal's shares on issue (see ASX release 15 December) and it will continue to retain 64.3 million shares approximately or an investment stake of 30% in the coal company after today's announcement.

Metallica is not planning any further sales of MetroCoal's shares in 1H 2012 unless current circumstances change substantially.

The primary purpose of Metallica's further sale of a portion of its MetroCoal holding is to 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. Metallica is also taking a cautious approach to 2012 given the uncertain state of the overall world economy and equities markets.

Following full settlement, Metallica will have more than A\$12 million in cash plus its substantial direct investments in ASX-listed commodity plays:-

- | | | | |
|----------------------------|-----------------|-----|-----------------------------|
| ➤ MetroCoal Ltd | (~64.3m shares, | MTE | thermal coal), |
| ➤ Cape Alumina Ltd | (~ 26.8m shares | CBX | bauxite), |
| ➤ Planet Metals Ltd | (~22.0m shares | PMQ | copper and gold) and |
| ➤ Orion Metals Ltd | (~12.5m shares | ORM | rare earth elements & gold) |

(Refer ASX release 21 December, 2011).

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

For further information please contact:

Mr Andrew Gillies, Managing Director
Ph: (07) 3249 3000

Mr John Haley, Director/Company Secretary
Office : (07) 3249 3000