



ASX RELEASE

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SCONI scandium oxide successfully used in Aluminium / Scandium Master Alloy

Metallica Minerals Limited ("Metallica") is pleased to announce that its European strategic alliance partner KBM Affilips has used scandium from Metallica's SCONI pilot plant to manufacture an ingot of aluminium/scandium master alloy (often referred to as "Al2%Sc master alloy", nominally containing some 2% scandium).

KBM Affilips' Australian representative Bob McKee handed over the "waffle" ingot, at Metallica's East Brisbane office on 30th October.

Metallica CEO Gavin Becker said the production of the ingot had reinforced the positive working relationship between Metallica and KBM Affilips and was a step in developing the market for aluminium/scandium alloys.

"Whilst we have a very important customer in Bloom Energy seeking significant scandium oxide off-take in the Solid Oxide Fuel Cell sector (as announced 2 October), Metallica also realises the need, and opportunity, for the aluminium alloy sector to be a substantial long-term consumer of SCONI scandium," Mr Becker said.

"This master alloy manufactured by KBM Affilips is the first practical step in that direction. We look forward to continuing to work with KBM Affilips, and its customers and colleagues in Europe, to assist in the supply of improved aluminium alloys for numerous applications, by positioning SCONI to be the world's first reliable long-term supplier of scandium."

Managing Director Andrew Gillies said "as far as Metallica is aware this is the first aluminium/scandium master alloy produced in the West using scandium sourced from scandium ore types (ie not as a minor by product from other metal processing)."

The master alloy was displayed at the Metallica booth during the Mining 2012 Conference at the Brisbane Conference and Exhibition Centre 31 October through 2 November.

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Bob McKee from KBM Affilips presenting aluminium/scandium “waffle” to Metallica MD Andrew Gillies and CEO Gavin Becker at Metallica Minerals office

About KBM Affilips

KBM Affilips is the marketing and sales organisation for a wide range of specialised master alloys manufactured by its production companies KBM Master Alloys in The Netherlands and Affilips in Belgium, both founded in the early sixties of the last century.

KBM was originally named as Kawecki-Billiton formerly owned by Shell/Billiton. KBM Affilips is the world’s largest manufacturer of non-ferrous master alloys delivering well over 40,000 tonnes of products to 80 different countries.

KBM Affilips has built an excellent reputation in the field of Aluminium-, Copper-, Nickel-, Cobalt- and Zinc-based master alloys. These master alloys are used in the manufacture of a wide range of metal products, including aluminium aircraft sheet, special steels and super alloys for aircraft engines, products for aerospace applications, nuclear reactors and other demanding or high performance applications.

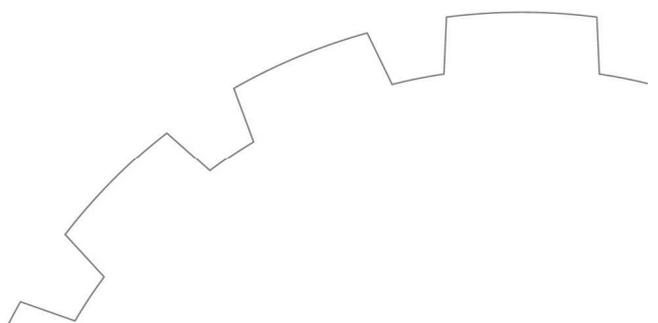
KBM Affilips has established a reputation as an innovator and cost leader in the production of highly specialised Aluminium based master alloys such as the full range of Aluminium-Titanium-Boron grain refiners, Aluminium-Boron, Aluminium-Strontium and **Aluminium-Scandium** master alloys.

In 1989 KBM Affilips became the first master alloy manufacturer to be certified with ISO9001 and it is the oldest European producer of Aluminium Titanium Boron grain refiner rod products.

With more than 50 years of experience KBM Affilips presents itself as a financially solid, as well as global, partner for a wide range of industries.

Today KBM Affilips and its affiliates are part of the ROBA Group of companies, which has been active in the metal industry for over 75 years and is based in The Netherlands.

For more information on KBM Affilips, please refer to its website www.kbmaffilips.com



Scandium

Scandium (Element 21 of the periodic table) is considered one of the 17 rare earth elements (REE) and one of the most useful and valuable. High-grade, large tonnage, easily mineable scandium deposits are scarce, making it a commodity that is difficult to obtain in large quantities.

Scandium has unique properties that can enhance the world's technological future. Scandium is one of the most potent strengthening elements that can be alloyed with aluminium to create stronger alloys with applications in aerospace, transport and high performance sporting equipment.

Scandium is also used in the production of the most efficient solid oxide fuel cells (SOFC's). As the western world transitions towards green energy, SOFC's will become more widely used, providing clean and efficient energy that is driven by natural gas.

The importance of scandium to the world market cannot be overestimated, especially with the massive worldwide expansion of natural gas usage and gas distribution infrastructure. Natural gas and fuel cells are the future, and Metallica believes scandium is going to be a part of that future by getting the most amount of electrical and thermal energy from the least amount of fuel – where efficient cleaner energy is the gateway to a more sustainable society.

The use of scandium has been limited by its scarcity and lack of reliable supply. The current total world supply of scandium is estimated to be around ten tonnes of scandium oxide per annum, all of which is sourced as a by-product from other strategic metal processing.

High purity scandium oxide currently sells at prices in the range of US\$3,000-8,000/kg depending on product purity.

