



METALLICA MINERALS LIMITED CHAIRMAN'S ADDRESS PRESENTED TO ANNUAL GENERAL MEETING

11.00am Thursday 27th November 2008

Good morning Ladies & Gentlemen,

I welcome you to our AGM. This year has been another exciting and active year for our Company and whilst the stock market and market conditions for mineral commodities reduced notably, I am sure that if you have been following our ASX and press releases you will see that this has not affected the progress on our nickel-cobalt and various mineral projects plus our major interests in coal and bauxite. Metallica has been extremely busy on the evaluation and exploration perspective plus corporate activities in the past twelve months. This has been made easier due to our strong cash position, currently around \$22 million in the bank.

Despite this years global upheavals, Metallica has successfully adhered to its growth and development strategy, and, in such a manner that there has been no material impact on progressing the evaluation of our Queensland nickel-cobalt and various mineral projects - plus - our major interests in coal and bauxite.

Metallica will not only survive meltdown pressures but are exceptionally well placed to take advantage of growth opportunities presenting from stressed asset sales or struggling joint ventures for example. However, no such expansions will be at the expense of our core growth ambitions.

Let's look briefly at our major activities.

Nickel- At our flagship NORNICO Project, we elected in April this year to base the Feasibility Study on a one million tonnes per annum heap leach operation (previously 1.5Mtpa) and include Ion Exchange (IX) Resins into the flow sheet to produce approximately 8,000 tonnes of nickel product per annum for the first 10 years of what is expected be a long life project. As we are also undertaking significant additional metallurgical test work, the feasibility study will take longer and is expected to be completed by mid 2009.

Drilling has increased the size and quality of the Bell Creek and Minnamoolka nickel deposits and the recent completion of 530 drill holes at the Kokomo cobalt rich nickel project will further boost NORNICO.

Our Lucky Break Nickel Project Joint Venture Partner and Manager, Metals Finance Corporation progressed the Lucky Break Feasibility to development and construction stage. However, Lucky Break's immediate development earlier this year was deferred after the acid supplier disputed the nature of the acid supply agreement with MFC. MFC has elected to put Lucky Break construction on hold until a suitable acid supply price is secured and the nickel prices have improved from current lows. In the meantime, MFC has commenced a detailed re-examination of the Lucky Break



project. The new study is examining potential for significant lowering in capital cost, through reduction in nickel output, and lowering of operating costs through treating the higher grade nickel laterite ore.

Bauxite (Cape Alumina) – As you would be aware, Metallica's 40% owned pure bauxite explorer and developer, Cape Alumina Ltd opened its IPO Prospectus with the ASX on 11 November and we strongly encourage you to avail yourself of this offer as while Cape Alumina expects to readily achieve the minimum subscription of \$15 million, we also need to achieve 400 individual shareholders each holding a minimum of \$2,000 worth of shares, to get the shareholder spread required for listing. A successful IPO will have significant positive impact on Metallica's asset base and balance sheet.

Coal (MetroCoal Limited) - following the successful seed capital raising of \$1.5 million in June 2008, Metallica now owns 84% of MetroCoal, a company well positioned to be an Australian coal, associated fuels and energy focused entity. Work continues on a proposed float and listing next year, subject to market sentiment. MetroCoal recently completed a 7 hole drilling program in the Bundi Project within EPC 1164, Wandoan West. Bundi is located adjacent and down dip to Xstrata's billion tonne plus Wandoan coal deposit and Northern Energy's Elimatta coal deposit. Data from this drilling program will be available by the end of the year. The size of the coal deposits within MetroCoal's tenure is potentially many billions of tonnes.

Queensland Gold and Minerals Limited (QGM) - Last week Metallica acquired a strategic stake in QGM which holds gold, copper and tin exploration properties and mining leases. This investment will add to Metallica's considerable mineral portfolio and geographic focus within the Queensland minerals sector. Metallica purchased an initial placement of approximately 15% at a price of 0.75c/share (7,702,500 = \$57,569). A further \$292,231 will be provided subject to Metallica Board approval, other due diligence and statutory approvals in convertible loan funding. Metallica will also consider vending in one or two coal tenements currently held by MetroCoal. Andrew Gillies and I have joined the QGM Board as non executive director and chairman respectively.

On behalf of the Board I sincerely thank you all for your continued support in these challenging times. I acknowledge the effort of my Board and in particular the efforts of Andrew Gillies and his loyal team. They continue to enhance value and meet our deadlines as they progress our various projects, though, as is being expressed across equity markets, such efforts are not yet recognised in current share price. However, we are confident this will improve as we progress our projects in 2009 and market sentiment eventually turns around.

In closing, I and your Board, remain confident of a positive year ahead.

A handwritten signature in black ink, appearing to read 'D K Barwick', written over a circular stamp or seal.

D K Barwick
Chairman

