



ASX ANNOUNCEMENT

26 March, 2009

QUEENSLAND NICKEL PROJECT STUDY DEFERRED

The Board of Metallica Minerals Limited (ASX code: "MLM") has elected to defer the current feasibility study on the proposed 1 Mtpa heap leach nickel laterite operation at its NORNICO project northwest of Townsville in Queensland.

The decision has been made in light of the poor current and forecast market conditions, depressed metal prices and sentiment, particularly for nickel (<US\$5/lb Ni) and nickel laterite projects. The feasibility study is at a stage that will enable it to be quickly restarted.

The study, which was at an advanced stage, was confined to the two most advanced nickel deposits, Bell Creek and Minnamoolka at the northern end of the NORNICO project but did not include the emerging cobalt-rich Kokomo nickel laterite deposit in the centre of the project area.

Metallica says work will continue at Kokomo to upgrade its existing resource base (refer to ASX Release 19 January 2009) as well as ongoing metallurgical test-work, enhanced process flowsheet development and the permitting of mining tenements over NORNICO's key deposits – Bell Creek, Minnamoolka and Kokomo. Deferral of the feasibility will also allow management, once market conditions improve, to include Kokomo in a reactivated NORNICO feasibility study, most likely significantly enhancing the project's overall mining schedule, due to the addition of high cobalt bearing nickel laterite ores.

Metallica maintains a healthy cash position of approximately \$19.8 million (17.3 cents per share), has no debt and owns and manages a diversified minerals portfolio. In addition to the Company's substantial nickel and cobalt projects, this portfolio currently includes major interests in coal, coal fuels & energy (84% MetroCoal), bauxite (through 32% interest in Cape Alumina – ASX - CBX) and exploration mineral properties.

The Company continues to actively evaluate mineral resource opportunities becoming available in the current commodities market.

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