



ASX Announcement

Monday 12 April 2010

SHARE BUYBACK-TRANSFER AGREEMENT WITH RCF

The Directors of Metallica Minerals Limited (ASX-MLM) are pleased to announce a non-cash selective share buy-back and transfer agreement (the Agreement) between the Company and its second largest shareholder, Resource Capital Funds III and IV (RCF).

The agreement, which is subject to Metallica shareholder approval, effectively involves RCF exchanging 7.74 million of its shares in Metallica for approximately 3.9 million shares in Cape Alumina Limited (Cape Alumina) (ASX-CBX) which are currently held by Metallica. The effect of the agreement will be that:

- Resource Capital Funds interest in Metallica will be reduced from 12.28% to 6.3%,
- Metallica's interest in Cape Alumina Limited will be reduced from approximately 32.9% to 29.9%, and
- Resource Capital Funds interest in Cape Alumina will be increased from 22.1 % to approximately 25.1%.

The 7.74 million shares bought back from RCF by Metallica will be cancelled, reducing Metallica's issued capital from 121.7 million shares to 113.9 million shares, a reduction of approximately 6.4%.

Metallica says the proposed portfolio adjustment also parallels the Company's ongoing focus on its flagship NORNICO Ni-Co-Sc project northwest of Townsville in Queensland.

Metallica's Managing Director, Mr Andrew Gillies, said:

"We see this as a good opportunity to preserve Metallica's share capital, something we have been conscious of since listing more than five years ago, and to maximise leverage to our shareholders as we progress Metallica's growth strategy."

"The buy-back has the benefit of ensuring our shareholders can increase their proportion of the total shares on issue without being required to take up more shares."

"Thus increasing their exposure to future earnings and cash flow per share potential."

"As the consideration for the buy-back is not cash but shares held by Metallica in Cape Alumina, the buy-back will not have any impact on Metallica's cash reserves – currently standing at around A\$8.8million as at 31 March, 2010."



The Board of Metallica stated that the proposed reduction in its shareholding in Cape Alumina is a minor adjustment of its portfolio company interests and confirmed that it intends to continue as a long term and a supportive major shareholder of Cape Alumina.

Metallica shareholders will vote on the resolutions to give effect to the Agreement at a meeting proposed to be held in Brisbane on 27 May 2010.

Subject to the buy back and planned subsequent transfer being approved, the investment strategies by Metallica in the past two years now provide the Company with a portfolio mix comprising:

Commodity	Company	% MLM
Nickel / Cobalt / Scandium / Limestone	Metallica (ASX-MLM)	100.0%
Coal and energy	MetroCoal (ASX-MTE)	56.0%
Bauxite	Cape Alumina (ASX-CBX)	29.9%
Gold / Rare Earth Tech Metals	Orion Metals (ASX-ORM)	47.0%
Tungsten & Moly / Copper & Gold	Planet Metals (ASX-PMQ)	76.0%

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