



METALLICA MINERALS LIMITED

Subsidiary Companies: QLD Gold Pty Ltd ACN 065 384 045 - Oresome Australia Pty Ltd ACN 071 762 484
Cape Alumina Pty Ltd ACN 107 817 694 - Metrocoal Limited ABN 45 117 763 443 - SE QLD Energy Pty Ltd ACN 112 045 708 - SE QLD Coal Pty Ltd ACN 114 039 155

ASX Code: MLM

ASX AND MEDIA RELEASE - 7 FEBRUARY 2007

XINFA EXERCISES OPTION TO ACQUIRE 10% OF CAPE ALUMINA FROM METALLICA FOR \$4.625 MILLION

A major Chinese aluminium producer will acquire a 10% stake in Queensland company, Cape Alumina Pty Ltd, in a \$4.6 million deal with Metallica Minerals Limited (ASX: MLM).

Metallica Minerals Managing Director, Mr Andrew Gillies, announced today that the company has been formally advised by Chiping Xinha Huayu Alumina Co Ltd (Xinha) that it has elected to exercise its option to acquire 10% of the issued capital in Cape Alumina Pty Ltd from Metallica.

Metallica, which will retain a 40% stake in Cape Alumina after the Xinha transaction, will receive total payments of \$4.625 million, including the option fee of \$250,000 received on 24 August, 2006. Xinha will also today make a second payment to Metallica of \$250,000 and pay the balance of \$4.125 million within 90 days.

Mr Gillies welcomed Xinha's investment in Cape Alumina, which recently published a maiden JORC-compliant bauxite ore resource for its Wenlock project, located approximately 60 kilometres north-east of Weipa in Cape York, Queensland.

Cape Alumina Chief Executive, Dr Paul Messenger, said Xinha's presence as a shareholder in the company was a vote of confidence in the emerging bauxite supplier. "Cape Alumina's close link with Xinha may also lead to a major off-take agreement for bauxite eventually produced by Cape Alumina. Xinha is one of the largest bauxite importers in China, which it uses to feed its Chiping alumina refinery and aluminium smelter complex in Shandong Province, eastern China," Dr Messenger said.

Last year, Xinha imported approximately 5 million tonnes of bauxite, while official statistics show that China imported 9.7 million tonnes of bauxite in 2006, a figure that is expected to grow further in 2007 and beyond.

Due to its close geographical proximity, stable government, political and economic ties Australia is highly regarded as a trustworthy and reliable industrial supplier to China. Cape Alumina is well positioned to capture part of the expanding Chinese market for bauxite imports as it is the only independent Australian company with significant undeveloped bauxite resources under tenure, Dr Messenger said.

Cape Alumina anticipates a number of its other 16 exploration permit applications in Cape York to be granted in the first half of 2007 with exploration drilling programmes currently being planned and a Scoping Study into mining, beneficiation and export of bauxite in progress.

* * *

Media contacts:

Mr Andrew Gillies

Managing Director, Metallica Minerals Ltd
Ph: (07) 3891 9611, Mob: 0416 137 556

Dr Paul Messenger

Chief Executive Officer, Cape Alumina Pty Ltd
Ph: (07) 3891 9611, Mob: 0400 065 547