



ENVIRONMENTAL MILESTONE ACHIEVED FOR FAR NORTH QLD ZIRCON-RUTILE (HMS) MINING LEASE APPLICATION

ASX RELEASE

20 September 2013

KEY POINTS

- Environmental Authority (EA) issued for Zircon-Rutile Heavy Mineral Sand (HMS) Project Mining Lease Application (MLA) near Weipa, Queensland
- MLA to be submitted for consideration to grant a Mining Lease
- Project planned to be developed in 2014, with production targeted 3Q 2014
- JORC Code 2012 Indicated Resource of 2.7M tonnes at 6.53% HM

Metallica Minerals Ltd (ASX:MLM) (Metallica or “the Company”), is pleased to announce that an Environmental Authority (EA) has been issued by the Queensland Department of Environment and Heritage Protection for the Company’s Mining Lease Application (MLA 20669) over the Urquhart Point Zircon-Rutile HMS Project (the Project). The project is located 3km southwest of Weipa on the western coast of Cape York Peninsula, Queensland (figure 1).

Metallica Managing Director, Mr Andrew Gillies said the issuing of the EA is a significant permitting milestone, “*This paves the way for the MLA to be submitted to the Queensland Minister for Natural Resources and Mines for consideration to grant the Mining Lease.*”

“*The MLA is held 100% by Oresome Australia Pty Ltd (Oresome), a wholly owned subsidiary of Metallica and incorporates high grade mineral sands from surface to a depth of three metres. Subject to the Mining Lease being granted and funding obtained by the end of calendar 2013, Metallica will target zircon-rutile HMS production for the third quarter of 2014,*” he added.

Updated JORC Resource

Oresome has recently completed a revised Mineral Resource estimate for Urquhart Point according to the guidelines of the JORC Code 2012. The Urquhart Point Mineral Sand Resource is classified as Indicated and is stated below.

INDICATED RESOURCE				
Tonnes	HM%	Oversize %	Slimes %	COG
2,700,000	6.53	8.4	0.72	2.0%



All drilling data collected by the previous joint venture partner, Matilda Minerals, was updated into a Micromine database. The revised estimation was completed by independent consultant, Simon Coxhell, using a cut-off grade (COG) of 2.0% Heavy Mineral (HM) cut-off grade (COG), the same COG as was previously used in the 2002 resource estimation. The modelling involved individual strandlines wire-framed together to form a series of solids and associated grades (HM%, slimes% and oversize%). The wireframe solids were interpolated to form a block model of the Mineral Resource. Any blocks lying outside the wireframes were trimmed and the results reported.

Project Update and Exploration Targets

Oresome is in the process of obtaining quotes from suppliers for plant and equipment required to establish a full scale, commercial mineral sands operation, with a sand processing throughput target of 300 tonnes per hour producing approximately 20,000 tonnes per annum of approximately 50% zircon and 40% rutile sand concentrate. Meanwhile, Metallica is actively exploring appropriate funding and offtake options to enable planned development of the Project. The Weipa HMS project has the potential to make Oresome Australia a significant greenfields producer of high quality zircon and rutile product.

Oresome plans to continue evaluating its extensive regional exploration tenements along the 300km coastline between Weipa and the tip of the Cape York Peninsula. Initial evaluations will occur on 22 untested radiometric targets already identified within strandlines, sand dunes and inland sand formations. These features are not known to have been previously investigated for HMS accumulations. Urquhart Point EPM and MLA is a very small part of extensive exploration permits and applications covering approximately 2,000sq.km of ground prospective for mineral sands on Cape York which so far includes the 22 radiometric targets that has the potential to yield significant additional HM accumulations (figure 1).

For more information please contact:-

Stewart Hagan, General Manager or

John Haley, Director/CFO

Andrew Gillies, MD

Oresome Australia Pty Ltd

Metallica Minerals Ltd

Phone: +61 07 3249 3000

Phone: +61 07 3249 3000

Email: admin@metallicaminerals.com.au

The information in this report that relates to Resource Estimation is based on information compiled and reviewed by Mr Simon Coxhell. Mr Coxhell is a consultant to the Company and a member of the Australasian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Coxhell consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

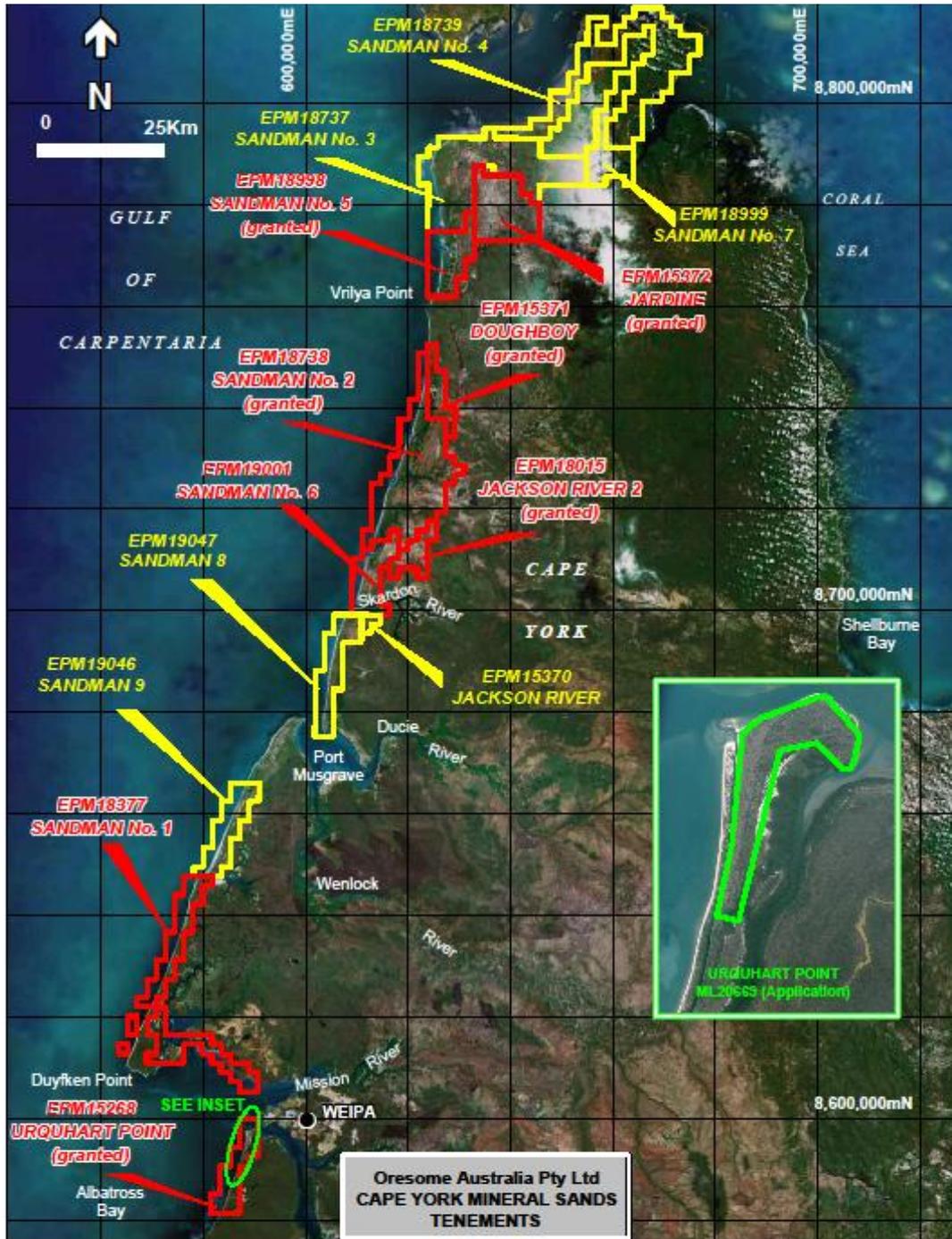


Figure 1: Urquhart Point Project near Weipa and regional tenure along western side of the Cape York Peninsular.