



Media Release

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FEASIBILITY WORK AND PERMITTING SET TO ACCELERATE STUDIES ON MAJOR QUEENSLAND TRI-METAL PROJECT

Feasibility studies are set to be accelerated on a major new Australian tri-metal mining development following completion of the exploration phase at Metallica Minerals Limited's (ASX: "MLM") NORNICO nickel-cobalt-scandium project in North Queensland.

An updated scandium and nickel-cobalt resource announced today by Metallica for the Lucknow deposit - a key deposit within the Company's flagship NORNICO project - includes another significant boost to the scandium resource and a further upgrade to nickel-cobalt resources.

The revised resources follow an updated block model estimate prepared for the Lucknow deposit by leading independent mining and engineering consultants, Golder Associates of Brisbane.

Metallica's Managing Director, Mr Andrew Gillies, said completion of the exploration phase enabled the Company to focus more on its mining and engineering feasibility studies, permitting for development and marketing efforts towards potential end users of scandium. Metallica has a strong technical team which was put together in H2 2011 and is headed up by CEO Gavin Becker.

"The latest significant upgrade of our high-grade Lucknow scandium resource is a further boost to the prospects of Metallica as an emerging world-leader and long-term supplier of scandium, which is increasing in demand as one of the 17 rare earth elements. Scandium is one of the most valuable rare earth elements with Scandium Oxide currently selling for over US\$1,500 per kilogram," Mr Gillies said.

"There has already been strong customer interest and enquiry in our project and the Company remains confident in our potential to establish long-term customers who require scandium for high performance and high value aluminium alloys, more efficient solid oxide fuel cells (SOFC's) and scandium-bearing metal halide lighting," he said.

"We look forward to the imminent start of detailed pilot scale test work at the SGS Lakefield Oretest laboratories in Perth, with the initial focus on production of scandium oxide for evaluation by potential off-take customers and/or joint venture participants."

More than doubled scandium Indicated and Measured Resource

The latest scandium resource upgrade from the Lucknow laterite deposit more than doubles the Indicated and Measured Resource to 7.5 million tonnes (Mt) @ 156 grams per tonne scandium (Sc) from the previous 3.3 Mt @ 176 g/t Sc. The resource is well defined, shallow, and mostly at or near surface less than 20 m deep, making it amenable to relatively simple mining.

The new resource figures have boosted Metallica's total NORNICO scandium resource (Lucknow and neighbouring Kokomo deposit) to 16.8 Mt @ 130g/t Sc, containing approximately 3,250 tonnes of scandium oxide. This includes an Indicated and Measured Resource of 12.0 Mt @ 145 g/t Sc.

Results from the latest exploration program have increased the Lucknow nickel (Ni) – cobalt (Co) Indicated and Measured Resource estimate to 3.2 Mt @ 0.58% Ni, 0.19% Co and 85 g/t Sc.

The Company's accompanying ASX Release dated 20 February 2012 sets out the split of Measured, Indicated and Inferred Resources.

Metallica's 100%-owned NORNICO project comprises five key nickel laterite deposits, Greenvale, Lucknow, Kokomo, Minnamoolka and Bell Creek. Metallica's focus will be on the Greenvale-Lucknow deposits with supplementary ore supply from Kokomo, and in later years trucked ores from Bell Creek and Minnamoolka.

As previously announced, the Company's feasibility studies are targeting a proposed combined nickel-cobalt-scandium mining and processing operation on the historic Greenvale nickel mine site (mined 1974-1992) northwest of Townsville, at an annual laterite ore throughput rate of approximately 750,000 tonnes, producing nickel metal, cobalt intermediate product and scandium oxide.

First production is targeted for 2015.

Metallica is well placed for an active 2012 on NORNICO and its two zircon-rutile mineral sand projects (Weipa & Gippsland-option to acquire) as it has approximately \$12 million cash (1 February 2012) and \$37 million in ASX listed investments.

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