



METALLICA MINERALS LIMITED

Subsidiary Companies

NORNICO Pty Ltd ACN 065 384 045 | Oresome Australia Pty Ltd ACN 071 762 484 | Greenvale Operations Pty Ltd ACN 139 136 708
Lucky Break Operations Pty Ltd ACN 126 272 580 | Scandium Pty Ltd ACN 138 608 894 | Phoenix Lime Pty Ltd ACN 096 355 761

ABN: 45 076 696 092

4 April 2011

Dear Shareholder

We are pleased to enclose documentation relating to a proposed distribution by Metallica Minerals Limited (Metallica) of a portion of its shareholding in Cape Alumina Limited (Cape) equal to one Cape share for every ten Metallica shares held.

The board of Metallica have decided it timely to distribute approximately 30% of its Cape investment to shareholders so that each shareholder can benefit by holding this investment, adding value directly within their own share portfolio, as well as adding liquidity to Cape which currently has a small shareholder base.

While Cape did suffer a set back with one of its bauxite projects in 2010, the company is moving forward with its second bauxite project – Bauxite Hills - within its Weipa project located in Queensland. This will hopefully be rewarding to you both through your direct shareholding as well as the remaining substantial 20% investment Metallica still retains in Cape.

On behalf of the Metallica board we thank you for your continued support and remind you that even after the distribution of the Cape shares Metallica still maintains a healthy share portfolio with a marked value of approximately \$40 million as at today's date post proposed distribution.

Yours Truly

David K Barwick
Chairman

Andrew Gillies
Managing Director