



METALLICA MINERALS LIMITED

Subsidiary Companies

NORNICO 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 | Phoenix Lime Pty Ltd ACN 096 355 761

ASX Code: MLM

ASX AND MEDIA RELEASE

20 DECEMBER 2007

- **KAGARA LIFTS METALLICA SHAREHOLDING TO 18.2%**
- **SUBSCRIBES \$1.8M.INTO METALLICA BY EXERCISING OPTIONS**
- **METALLICA'S CURRENT CASH & INVESTMENTS NOW OVER \$22M.**

Diversified Australian base metals group, Kagara Limited (ASX: "KZL"), has increased its shareholding in emerging nickel producer, Metallica Minerals Limited (ASX: "MLM"), to 18.2%.

The increased shareholding results from Kagara subscribing an additional \$1.8 million into Metallica by exercising 6 million options to acquire Metallica shares at an exercise price of 30 cents per share.

These options were issued to Kagara under share placements in December 2005 and February 2006. Kagara now holds 18.2% of Metallica's expanded, undiluted share issued capital.

The additional \$1.8 million received from Kagara will be added to Metallica's working capital and used towards its NORNICO nickel project feasibility study, some long lead items and its portion of preparing an IPO for its 40% held associate Cape Alumina Pty Ltd (100% holder of the Weipa bauxite project) for an ASX listing in mid 2008.

One of Kagara's key Queensland operations, the Mt Garnet base metal plant, is located 30 km north of Metallica's proposed NORNICO nickel project.

Metallica currently holds over \$22 million in cash and ASX listed shares. This includes cash on hand of approximately \$8 million following the latest Kagara subscription and 25 million shares (escrowed until July 27, 2008) in Cockatoo Coal Limited (ASX-COK) with a current market value of approximately \$15 million.

Andrew Gillies

Managing Director