



## ASX ANNOUNCEMENT

16 April, 2009

# CHINA NICKEL MAJOR MOVES TO 15% STAKE IN METALLICA

Metallica Minerals Limited (ASX-MLM) is pleased to announce that China's second largest nickel producer, **Jilin HOROC Nonferrous Metal Group Co., Ltd (Jilin)**, has increased its holding in the Australian diversified resource company to just over 15% (see ASX Release 15 April 2009).

This follows a recent off-market transaction under which **Jien Mining Pty Ltd (Jien)**, an Australian based subsidiary of Jilin, acquired 14 million ordinary shares in Metallica from Kagara Ltd (see KZL ASX release dated 9 April 2009). Kagara retains approximately 5.72 million MLM shares.

Jien had previously acquired approximately 3.25 million shares in MLM. The latest share purchase increases Jien's holding now to approximately 17.25 million shares or 15.1% of Metallica's issued capital, becoming MLM's largest shareholder as a result.

Jilin controls Jilin Jien Nickel Industry Co. Ltd. (Jilin Jien Nickel), a large-scale nonferrous metals enterprise integrated with mining, smelting and chemicals with total assets of RMB 4.8b (A\$972m). In 2008 Jilin Jien Nickel's revenue was RMB1,82b (A\$368m), a profit of RMB275m (A\$55.6m), and had 4,600 full time employees. The Company listed on the Shanghai Stock Exchange in 2003 (code 600432) and its Market Capitalisation as of April 14, 2009, was RMB 11.7b (A\$2.3b).

Jilin Jien Nickel is one of the world's largest enterprises producing nickel sulphate. Its main products include nickel sulphate, nickel matte, electrolytic nickel, nickel hydroxide, nickel chloride, copper sulphate, copper concentrate, sulphuric acid and a range of established high-quality "JIEN" brand products. Jilin Jien Nickel also has major interests in nickel-cobalt mining, project development, nickel and cobalt processing technologies and nickel cobalt products – a portfolio of assets and expertise which is complimentary to Metallica's minerals focus in Queensland.

Kagara has been an investor in Metallica for a number of years and its subscription funding was important in enabling Metallica to grow, following its ASX debut late in 2004.



**Metallica is currently bidding to take over Queensland Ores Limited (ASX : QOL) on the basis of 1 MLM share for every 22 QOL shares, which if achieved, will see the merged group control:**

- A diversified portfolio of Queensland mineral assets, including major interests in nickel, cobalt, coal, bauxite, limestone, zircon, rutile, scandium, tungsten, molybdenum, tin, copper and gold;
- 100% of Metallica's NORNICO nickel cobalt project where substantial work has been completed on the Bell Creek, Minnamoolka and Kokomo nickel-cobalt deposits;
- Major investments in coal (through the 84% owned unlisted Metrocoal Limited), and bauxite (through 32% of the listed Cape Alumina Limited, ASX-CBX);
- Subject to detailed review, further detailed drilling, resource estimation, trial mining, bulk sampling and processing plant trials - the potential re-commissioning of the 85% owned Wolfram Camp tungsten-molybdenum mine, which is currently on care and maintenance;
- 100% of the Mount Cannindah copper gold exploration project;
- A highly prospective exploration position around NORNICO and Wolfram Camp in North Queensland.
- Low political risk with all assets located in Queensland, Australia.

Metallica also has the benefit of having a very strong cash position, currently over \$19.5 million (over 17 cents cash per MLM share) and no debt.

**The Directors of QOL have recommended to QOL shareholders to accept MLM's offer.**

**For Further Information**

**Mr Andrew Gillies**

Managing Director, Metallica Minerals Ltd  
Ph: (07) 3891 9611

**Mr Kevin Skinner**

Field Public Relations  
Ph: (08) 8234 9555, Mob: 0414 822 631

