

Metallica – A Diversified driver behind Queensland's modern era minerals resurgence

Brisbane-based Metallica Minerals Limited – a diversified company with a Queensland resources industry focus – continues to successfully build a portfolio of modern minerals assets that are on the verge of first mining within the next few years.

With emphasis on a multi-commodity resource portfolio – primarily running the length of the Queensland east coast – and with a balance now of near and medium term maiden mining and revenue opportunities, those doing their homework on Metallica would find themselves starting to tick most of the Company's boxes, against the track record of value-adds and upside streaming from the MLM bunkers.

It is not just Metallica's own major domestic interests in nickel-cobalt, coal, bauxite, tungsten-moly, scandium, zircon-rutile, gold and copper that are attracting renewed equities market interest but the way in which the Andrew Gillies-led explorer and developer has aggressively driven, and directly linked its future to, key resource projects with high mine potential, and strategic, some would say, pivotal stakes in like-minded and newly ASX-listed explorers which themselves are carving an invigorated, new era resources sector in Queensland.

The flagship in the MLM stable is Metallica's 100%-owned **NORNICO nickel cobalt project**, for which a favourable pre-feasibility study for a 1 million tonnes per annum processing operation was completed towards the end of last year – although new mining and processing strategic options have since taken its place.

Nestled between Mt Garnet and Greenvale, inland from Cairns and Townsville, the 38.6 million tonnes (Mt) NORNICO Measured, Indicated and Inferred Resource grading 0.78% Ni and 0.08% Co for 302,000t Ni and 30,600t Co, features three main areas of nickel laterite deposition – Bell Creek, Minnamoolka and Kokomo.

Metallica recently added to the NORNICO holding with the A\$1.65 million acquisition and inclusion of the remnant 37Mt Inferred and Indicated **Greenvale nickel-cobalt resource**, the Lucknow Co-Ni deposit. Importantly, this mineralised area in the southern end of the main NORNICO footprint contains high grade nickel zones in excess of 1.4% nickel and large low grade areas and mine dumps which may be suitable for upgrading by simple screening. It is also home to the former Greenvale nickel mine which operated between 1974 and 1992 and was Australia's largest high grade nickel laterite mine.

The Company's nickel profile is rounded out by the inclusion of its 60% stake in the **Lucky Break nickel project** about 100km to the southeast of Greenvale and 140 kilometres west of Townsville.

Metallica has a free carried interest in Lucky Break to which 40% farm-in partner, the ASX-listed Metals Finance Corporation ("MFC") is planning an 800 tonne per annum nickel metal production operation with feasibility studies due for completion early in 2010.

Heavy mineral sands interests around Weipa, some producing and developing limestone quarry assets around Queensland, and a 75% stake earned in 2009 in three **IOCGU targets** near Oodnadatta, Hawker and Carrapateena in South Australia (the Company's only venture to date

outside of its home state) complete the Metallica minerals assets portfolio.

In addition to its major shareholding in ASX listed entities – **MetroCoal** (ASX: MTE), **Cape Alumina** (ASX: CBX), **Planet Metals** (ASX: PMQ), and **Orion Metals** (ASX: ORM) – Metallica's future is firmly cemented in the NORNICO nickel-cobalt-scandium project.

As resource drilling has been all but completed in the main three NORNICO deposits, Metallica's 2010 drill momentum will swing primarily over the next 12 months to proving up additional Greenvale-Lucknow resource – particularly high grade zones.

This will add to the strong head-start for NORNICO in 2010 when **Kokomo** opened its account in January with a 36% boost in total Measured, Indicated and Inferred Mineral resource to 16.3Mt @ 0.67% Ni and 0.12% Co – containing approximately 109,000 tonnes of nickel and 19,500 tonnes of cobalt.

A drilling and resource update – expected by the end of the March 2010 quarter of the newly acquired Greenvale assets – is aimed at further expanding the overall NORNICO resource picture.

In addition, **scandium** – the rare earth used as an additive in aluminium alloys, in fuels cells and lighting – is present in high grades at Kokomo (9Mt @ 109 g/t Sc containing 970 tonnes of scandium metal or 1,480 tonnes of scandium oxide) – scandium is very rarely enriched >50g/t Sc. Metallica has 80% of Kokomo's scandium rights with Straits Resources holding the other 20% stake.

When assessed by Metallica, along with the deposit's cobalt rich nickel mineralisation and the end of 2009 appraisal of the Company's original plans for a 1 million tonne per annum NORNICO mining operation – Metallica elected to take up a new tack on how its maiden nickel mining should be optimised.

This resulted in the initiation of a scoping pre-feasibility study into mining high grade ores from Greenvale and trucking over a 50 kilometre distance, some of the cobalt rich Kokomo nickel laterite ore to a processing plant at the disused Greenvale mine site, and blending the Kokomo cobalt rich nickel ore with high grade Greenvale nickel ore to establish a small-scale but high grade nickel-cobalt-scandium mining operation of around 100,000 – 150,000 tonnes per annum – effectively – **NORNICO Stage 1 mine**.

Greenvale is an excellent development site, with roads, water, town infrastructure extremely close by. Acid supply via road delivery would be sourced from Townsville. Already, initial pit design work, mining schedule and mining lease applications for Kokomo's first mined offerings, are being progressed in the opening months of 2010.

A final green-light on Stage 1 awaits further metallurgical work and the feasibility study but start-up would deliver earlier than anticipated maiden cash flow around mid 2012, while allowing Metallica

to maintain its wider evaluation and project development momentum within the region – an area serviced by excellent sealed road links to smelting or export shipping outlets on the nearby coast.

NORNICO Stage 2 would be a scale-up to a much larger or full-scale operation of between 700,000 and one million tonnes per annum, serviced by its own acid generation and power plant and with ore then sourced and blended from all four main NORNICO deposits.

While driving NORNICO, Metalliga has taken particular care to shield itself from the pitfalls of becoming a one project company, morphing instead into a canny investor behind new resources floats of commodities with long-term, solid demand dynamics.

This investment portfolio alone already covers major stakes in four separate and fresh ASX plays:

- ▶ A **33% stake in Cape Alumina Ltd** (“CBX”) – full owner of the highly promising Pisolite Hills bauxite project at Weipa and which has now moved to a Definitive Feasibility Study (DFS) after a positive pre-feasibility study. Most of the studies for the full Environmental Impact Statement have also been completed.
- ▶ A **56% stake in MetroCoal Limited** (“MTE”) – which wholly owns a 4,000 square kilometre thermal coal project in the general Wandoan area of the Surat Basin northwest of Brisbane, and aims to confirm a 2.5-3.5 billion tonne thermal coal resource by the end of 2011, for conventional coal mining and underground coal gasification opportunities.
- ▶ **76% ownership of Planet Metals Limited** (“PMQ”), majority owner (85%) of the (on care and maintenance) Wolfram Camp tungsten and molybdenum mine near Cairns (consideration underway to recommencing mining on site) and 100% owner of the 5.6Mt @

0.95% Cu and 0.4 g/t Au mineral resource. Mt Cannindah copper-gold project near Gladstone and where deeper drilling is planned in the opening months of 2010. Planet Metals was buoyed at the end of 2009 by a fully subscribed A\$2 million rights issue, and

- ▶ A **47% holding in Orion Metals Limited** (“ORM”) – an acquisitive Brisbane-based gold and rare earth explorer.

“We are not exposed to the costs and regulatory impasses of managing multiple-state mining regimes nor are we exposed to sovereign risk issues from what can be challenging involvement in overseas exploration or mining projects,” Andrew Gillies, Metalliga’s Managing Director, says.

“The underdeveloped and underexplored mineral wealth of Queensland offers significant opportunity for commercial outcome from modern-day exploration techniques and processing breakthroughs – and offers development timeframes and infrastructure adequacy that are realistic and capable of generating genuine wealth over a long time for our 2,500 shareholders.

“That has been our focus and we have not been tempted away from that vision.

“As a result, Metalliga has commenced 2010 with a **well geared and financed two-tiered growth engine** combining a well balanced and transparent mix of significant minerals assets and advanced projects and a complimentary direct investment warchest across a resources portfolio in our own backyard – backed by a solid cash in bank position (>A\$10 million).

“That is a highly enviable position for any Australian mineral resource company post the GFC and in the firming equities and resources markets, has positioned Metalliga for substantial project progress in calendar 2010.”

