



METALLICA MINERALS LIMITED

Subsidiary Companies: QLD Gold 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 - SE QLD Energy Pty Ltd ACN 112 045 708 - SE QLD Coal Pty Ltd ACN 114 039 155

ASX Code: MLM

ASX AND MEDIA RELEASE - 16 MARCH 2007

CHINESE ALUMINA PRODUCER COMPLETES PURCHASE OF 10% OF CAPE ALUMINA FROM METALLICA MINERALS FOR \$4.625M

A \$4.125 million payment today by China's largest independent alumina-aluminium producer - Chiping Xinha Huayu Alumina Co Ltd (Xinha) - has completed the total payment of \$4.625M to Metallica Minerals Limited to acquire a 10% stake in Queensland bauxite company, Cape Alumina Pty Ltd. As advised on 7 February 2007, Metallica Minerals (ASX: MLM) will remain the largest shareholder in Cape Alumina with a 40% holding.

Cape Alumina recently published a maiden JORC-compliant bauxite ore resource for its Wenlock project, located approximately 60 kilometres north-east of Weipa in Cape York, Queensland. CEO, Dr Paul Messenger, said today that Xinha's investment in the Company followed phenomenal growth in imports of bauxite by Chinese refineries over the past two years, with average annual growth of over 300% to a record 10 million tonnes in 2006 and 1.6 million tonnes for the month of January 2007.

"Chinese imported bauxite demand forecasts have also been revised upwards to in excess of 20Mt in 2008," he said.

Dr Messenger said off-take negotiations between Cape Alumina and Xinha will commence next month, and be subject to delineation of sufficient resources to justify the development costs and an agreed off-take bauxite sale price formula.

"A scoping study into development of the Wenlock bauxite deposit is well advanced and due to be completed in April," he said. "Traditional Landowner negotiations are also progressing well and it is envisaged that further drilling on new granted tenements aimed at substantially increasing the resources at Wenlock, which currently stand at 54 million tonnes of insitu bauxite (for details, see ASX release dated 22 January 2006), will be completed during the coming dry season."

Metallica Minerals Managing Director Mr Andrew Gillies said proceeds of the sale of 10% of Cape Alumina to Xinha, would be applied to Metallica's flagship NORNICO nickel project in North Queensland as well as ongoing funding of Cape Alumina. Mr Gillies said that with approximately \$7.5 million in the bank - including the balance of the funds now received from XINFA - Metallica was in a strong position to continue to progress detailed NORNICO evaluations and feasibility studies.



Paul Messenger and Andrew Gillies with Xinha representatives Baobin Liu and Ken Xiao on completion of shareholding purchase.

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