



METALLICA MINERALS LIMITED

Subsidiary Companies: QLD Gold Pty Ltd ACN 085 384 045 - 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

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METALLICA RAISES \$2.5 MILLION FROM EXERCISE OF OPTIONS

Metallica Minerals Limited (ASX Code 'MLM') today announced it had raised \$2.5 million through the conversion by investors of listed and unlisted options in the diversified Brisbane-based resource company.

Approximately 10.5 million listed and unlisted options were exercised between late October and the close of the conversion period on 31 December 2006, with 100% of the unlisted options exercised and over 95% of the listed options exercised.

Metallica's Managing Director, Mr Andrew Gillies, said he was very pleased with the high rate of conversion of the options.

"I expect that with Metallica's current strong cash position, plus eventual conversion of the remaining longer dated outstanding options, no additional funding is likely to be required to satisfy the Company's current budgeted 2007 exploration and operational expenditures," Mr Gillies said.

"It is extremely satisfying to know that the majority of investors who participated in Metallica's Initial Public Offer in November 2004 have made further strong investment returns from the free options attached to that share issue," he said.

Following the option exercises, Metallica has funds on hand of approximately \$4.4 million.

Mr Gillies said Metallica would receive a further \$4.375 million next month if China's largest independent alumina refinery, Chiping Xinfu Huayu Alumina Co Ltd, exercises an option to purchase from Metallica a 10% equity interest in Cape Alumina Pty Ltd. Metallica owns 50% of Cape Alumina which holds the Wenlock bauxite deposit near Weipa on Queensland's Cape York Peninsula.

"While a purchase by Xinfu of a 10% stake in Cape Alumina would result in Metallica selling a portion of a valuable bauxite asset, it would bring in substantial extra funding (mainly for the NORNICO nickel feasibility studies) without any further Metallica equity dilution and introduce a very attractive, strategically placed partner to Cape Alumina," Mr Gillies said.

For and behalf of the Board

Mr Andrew Gillies

Managing Director, Metallica Minerals Ltd

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