



ASX RELEASE

15 October 2013

MAJOR MILESTONE ACHIEVED WITH MINING LEASE GRANTED FOR ZIRCON-RUTILE MINERAL SAND RESOURCE IN NORTH QLD

Metallica Minerals Ltd (“Metallica”), is pleased to announce the granting of its Mining Lease, (ML) 20669, over the Urquhart Point Zircon-Rutile Mineral Sands Project – see **Figure 1**. This Mining Lease is held 100% by wholly-owned Metallica subsidiary, Oresome Australia Pty Ltd.

The granting of the Urquhart Point Mining Lease is the second major milestone for the project in as many months, with the Queensland Government last month awarding the key environmental approval for Urquhart Point.

The new Mining Lease covers an area of 366 hectares and has been granted for a 10 year term (31 October 2023). Metallica is in advanced discussions with a number of interested parties for project development funding and zircon-rutile product offtake.

The Urquhart Point Project (EPM 15268 & ML 20669), part of a large low lying sand mass located 3 km southwest of Weipa on the western coast of Cape York Peninsula, covers high grade mineral sands from surface to an average depth of 2 to 3 metres. It contains an Indicated Mineral Resource estimate (completed under JORC Code 2012 guidelines) of 2.7 million tonnes (Mt) at 6.53% Heavy Mineral (HM) at a cut-off grade of 2.0% (see ASX dated 20 September 2013).



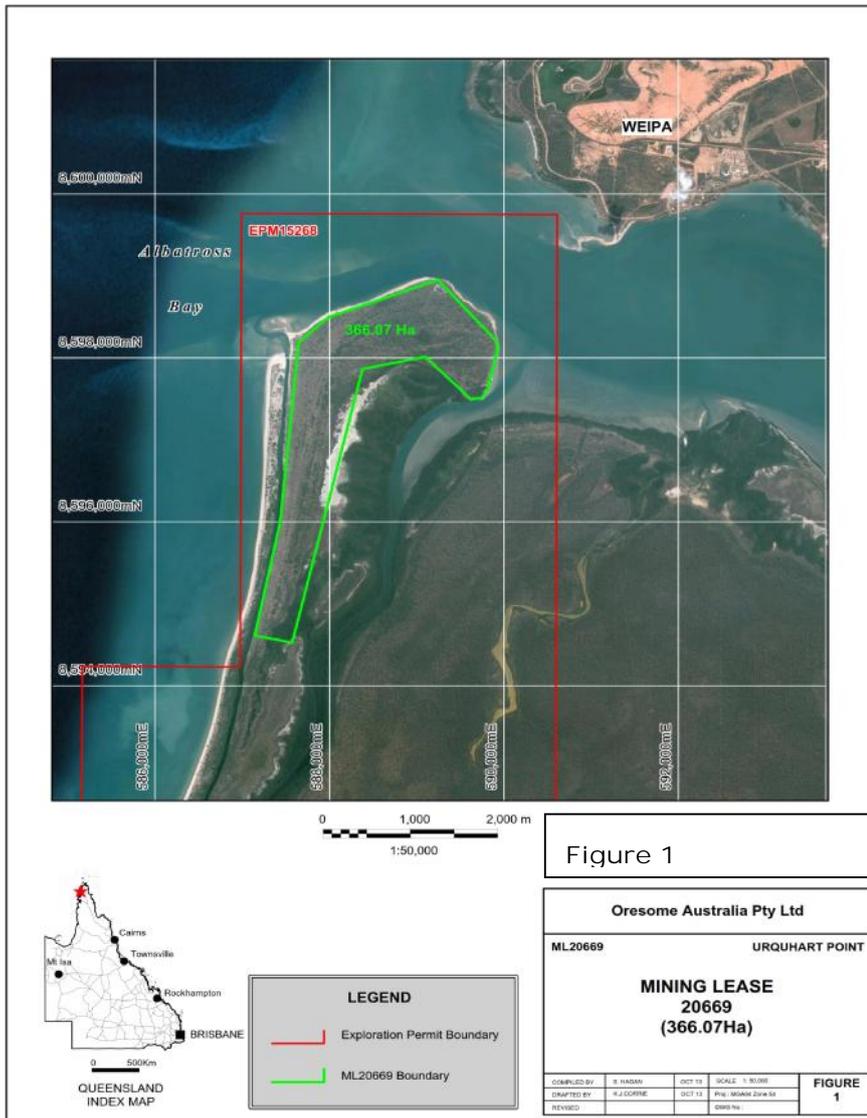
*Traditional Owners and Metallica/Oresome staff pegging the Urquhart Point ML Application in early August 2010.
(from left – Sammy Kerindun, Tony Kerindun, Stewart Hagan, Lenford Mathews & Tom Hall)*



**Oresome’s General Manager,
Mr Stewart Hagan:-**

“The support we have received from the Wik and Wik Waya Peoples (the traditional owners of Urquhart Point (traditional name “Mbung”)) has been greatly appreciated. Traditional Owners have assisted us every step of the way, and we now look forward to working with them through the proposed development and construction phase to bring the project into production for our mutual benefit.”

Oresome’s Environmental Impact Statement (EIS) was accepted by the Queensland Department of Environment and Heritage Protection and an Environmental Authority (EA) issued (see ASX dated 20 September 2013).



Oresome has also entered into a Native Title Agreement with the Traditional Landowners.

Metallica Managing Director, Mr Andrew Gillies:-

“Metallica acknowledges the support and the proactive attitude of the relevant Queensland Government departments which adopted a professional approach to ensuring all environmental, community and other requirements for this project were met, whilst not unduly delaying its progress.

Urquhart Point has now matured to an advanced stage, after we first applied for the exploration tenement in (EPM 15268) in 2005 and Mining Lease Application in August 2010.

Metallica has now effectively fully completed the exploration, evaluation and permitting phases for the Urquhart Point project and we look forward (subject to achieving project funding and zircon-rutile product offtake agreements) to developing the project and achieving maiden cashflow from our companies’ first mining operation.”



Proposed Urquhart Point Mining Operation

Metallica is planning to develop a simple dry mining (<3m depth) and wet processing procedure using standard gravity (using spirals) heavy mineral sand separation and concentration operation – no chemicals are required. The HM sand processing rate is planned to be 300 tonnes per hour (approximately 700,000 tonnes per year) to produce an average of approximately 20,000 tpa of non-magnetic HM concentrate over a 4 year mining and processing life. The mixed concentrate is expected to contain in the order of 40% zircon and 50% rutile with both being of high quality. In addition to Urquhart Point, Oresome holds a further 2,000km² of prospective mineral sands tenements in the Western Cape York region.

Funding Strategy

Metallica/Oresome is actively working on funding (capital and establishment costs estimated to be approximately \$15 million) for the projects development (100% Metallica) with debt/equity project finance or with partnership (joint venture or operational).

For more information please contact:-

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The Technical information contained in this report has been compiled and/or supervised by Mr Andrew Gillies B.Sci (Geology) M.AusIMM (Managing Director of Metallica Minerals Ltd) who is a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (M.AusIMM). Mr Gillies has relevant experience in the mineralisation, exploration results and targets being reported on to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Gillies consents to the inclusion of this information in the form and context in which it appears in this release.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Simon Coxhell, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and a consultant to Metallica Minerals Ltd. Mr Coxhell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Coxhell consents to the inclusion of this information in the form and context in which it appears in this release/report.

