



ASX Release

14 June 2012

NORNICO PROJECT STATUS UPDATE

- **SCOPING STUDY PROGRESSING WELL – COMPLETION IMMINENT**
- **METALLURGICAL TESTWORK ONGOING – OUR FIRST HIGH PURITY SCANDIUM OXIDE PRODUCED**
- **DISCUSSIONS ONGOING WITH POTENTIAL SCANDIUM OFFTAKERS IN THE ALUMINIUM MASTER ALLOY & FUEL CELL SECTORS**

Australian resource development company, Metallica Minerals Limited (**ASX: MLM**), is pleased to provide a brief status update on the NORNICO "Tri-metal" project.

Scoping Study

Metallica has commissioned engineering consultant firm Jacobs, in collaboration with its own project team, to complete a Scoping Study on the NORNICO project. The Scoping Study is well advanced and will be completed by the end of June. The Scoping Study (+/- 35% accuracy) is based on the development of a 750,000 tonne per annum nickel-cobalt & scandium laterite operation sited on the Greenvale Nickel Mine site in North Queensland. Metallica is confident that the results of the Scoping Study will be positive both from an operational and financial point of view.

Environmental studies and permitting activities are also progressing favourably.

Metallurgical Test Work (with emphasis on Scandium Extraction & Recovery)

The second phase of its pilot metallurgical test program, focussed on the production of high-purity scandium oxide, has proceeded with excellent results. Metallica recently produced its first scandium oxide (Sc_2O_3 or Scandia) at a purity exceeding 99.9% and this has been replicated consistently. This was a major achievement for the company and effectively proves Metallica's in-house developed technology.

The company's purpose-built solvent extraction (SX) and purification pilot plant in Brisbane (see Photo next page) has successfully treated a scandium rich pregnant leach solution (PLS) to produce a small quantity of high-purity scandium product from NORNICO scandium ores.

Managing Director Mr Andrew Gillies said the Brisbane SX pilot plant is on track to produce 1 kilogram of high purity scandium oxide (99.9% or higher) by mid July and we are very encouraged so far by the results from our pilot testwork which suggest that Metallica has the appropriate process flowsheet to efficiently produce high-purity scandium product," Mr Gillies said. "While proving our flowsheet and technology for producing high purity scandia from our NORNICO ores it also provides enough scandium oxide product for potential off-takers to conduct initial testwork to determine its suitability for use in their respective applications."

Metallica is also in the process of patenting its scandium extraction, recovery and purification technology to protect its intellectual property and processing flowsheet.

Scandium Market Development

Metallica has held discussions with a number of potential scandium off-takers or customers, and these are ongoing. Metallica is focussed on securing binding scandium off-take agreements with various counterparties, to underpin the major portion of our planned scandium/scandia production, and therefore the financial viability of the NORNICO project.

Metallica's objective is to become the world's major and most reliable supplier of high purity scandium oxide, a rare earth element oxide that is a potent strengthening element to aluminium and its alloys. Scandia is also used to make solid oxide fuel cells (SOFC's) significantly more efficient.

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Figure 1. Metallica Minerals' purpose built pilot plant located in Brisbane for scandium extraction and recovery from scandium rich pregnant liquor solutions (PLS) generated from the SGS Lakefield Oretest high pressure acid leach (HPAL) pilot plant (in Perth) treating NORNICO scandium rich nickel laterite ore types.

