



# METALLICA MINERALS LIMITED

Wholly owned subsidiaries: QLD Gold Pty Ltd ACN 065 384 045 - Oresome Australia Pty Ltd ACN 071 762 484 - Kingaroy Aluminium Pty Ltd ACN 107 817 694

## QUARTERLY REPORT Period Ending – 31 December 2004

### ASX

#### ANNOUNCEMENT

27 January 2005

### METALLICA MINERALS LTD

*"An emerging Queensland  
focused multi-commodity  
resource company"*

ASX Code :

**MLM / MLMO**

#### Issued Capital:

62,111,252 Shares issued  
3,929,876 trading Options  
1,572,750 escrowed Options  
5,050,000 Directors & Management  
Performance Options

#### Largest Shareholders: (843 shareholders)

Golden Breed Pty Ltd 13.63 %  
Asden Investments 4.22 %  
Codan Trustee 4.03 %  
RBC Global Services Aust 3.42%  
Korea Zinc Australia Pty Ltd 3.22 %

#### Directors:

Mr David K. Barwick -Chairman  
Mr Andrew Gillies-Managing Director  
Mr Robert Pyper – Director  
Mr Rod Siller - Director  
Mr John Haley –Director & Company Sec

#### Multi-Commodity Portfolio

##### 100% owned Qld Projects

1. **Nickel** – NORNICO, Lucky Break Nickel projects
2. **Coal** – Kingaroy, Condamine
3. **Bauxite** – Weipa, Kingaroy
4. **Scandium** – Kokomo Straits JV
5. **Limestone** – Boyne, Fairview, Star
6. **Gold, Silver, PGE, Basemetals**  
Exploration

### Highlights

- **Successful IPO** – Metallica Minerals Limited closed its IPO, fully subscribed, on the 5 November 2004, having raised \$3.14 million (before expenses) and listed on the Australian Stock Exchange (ASX) on **23 November 2004**.
- Following listing, **drilling programmes were completed by mid December** on the following North Queensland projects:-
  1. **Lucky Break Nickel** 100% (including Dingo Dam resource) – 57 drill holes, with recent results identifying **extensions to the existing Dingo Dam nickel laterite** resource. Best drill intercept recorded **24m @ 2.17 % Ni and 0.25 % Co**.
  2. **Minnamoolka nickel** (100%) – 12 drill holes, recent results **confirmed continuous low grade nickel** laterite mineralisation.
- On the 9<sup>th</sup> December, MLM signed a **Heads of Agreement with BHP Billiton** covering the key terms for a joint venture over the northern half of MLM's 100% held North Queensland Nickel Cobalt (NORNICO). **The proposed NORNICO North JV is predominantly for the search for nickel-sulphide deposits**, BHP Billiton could earn up to a 75% interest in any portion of the NORNICO North project area outside currently known nickel laterite, gold and scandium deposits.
- On the 20<sup>th</sup> December, MLM signed a letter of Intent with Internickel Ltd (INL) for the **divestment of MLM's Kingaroy Coal project** which includes the Taabinga Measured & Indicated thermal coal Resource of 181 Mt. INL proposes to acquire 100% of SE QLD Energy, a subsidiary of MLM, which holds Kingaroy Coal project for **share consideration with a value of \$6 million**.

**Enquiries:** Andrew Gillies – Managing Director - agillies@metallicaminerals.com.au

## Further Highlights post 31 December to date

Several ASX announcements since the 31 December have been released which are summarised in the body of this Quarterly Report. Highlights include: -

- The December drilling programme has identified **extensions to the existing Dingo Dam nickel laterite** resource (near the Yabulu Nickel Refinery) which should increase the current Indicated Resource of 114,000t at 1.5% Ni and 0.09% Co. Best high grade nickel drill intercept recorded 24m @ 2.17 % Ni and 0.25 % Co.
- On the 19<sup>th</sup> January, MLM acquired **100% ownership of the Dingo Dam nickel resource** after the purchase of its partners 10% holding in Mineral Development Licence 312. The project has better scope to generate early cashflow from trucked nickel laterite sales to the nearby Yabulu Nickel Refinery at relatively low start-up and development cost by late 2005/early 2006.
- December drilling results on the **Minnamoolka nickel project** have confirmed a large area of low grade nickel mineralisation covering an approximate area 1 km long by 200m wide (which is open ended in all directions) with the highest result of 8m @ 1.09% Ni from surface being recorded.

## FINANCIAL

As of 31 December 2004, MLM had 61.11 million shares on issue and cash of \$2.34 million. Exploration and administration expenditure for the Quarter to 31 December 2004 was \$501,000. The estimated expenditure for next Quarter is \$300,000.

## GENERAL

Metallica Minerals Ltd (MLM/MLMO) was established in 1997 with the primary objective of creating opportunity and wealth for its shareholders through the evaluation and development of mineral projects in Queensland.

With North Queensland Nickel Cobalt "NORNICO" as its flagship project, MLM is an emerging mineral resource company with a quality multi-commodity portfolio of advanced exploration projects covering nickel-cobalt, coal, bauxite, scandium, limestone and precious metals, see Figure 1.

Metallica's principle development project is the Bell Creek resource in NORNICO; this will be the focus of evaluation in to the application of low capital cost heap leaching of the laterites producing Ni-Co (approx 30%) concentrate which could be trucked to Yabulu or other nickel refineries.

The Company has a highly experienced and motivated Brisbane based team.

MLM looks forward to systematically releasing progressive material updates on the progress of various planned activities on its diversified commodity portfolio.

Enquiries: - [agillies@metallicaminerals.com.au](mailto:agillies@metallicaminerals.com.au) or phone :- (07) 32117366 or further information visit [www.metallicaminerals.com.au](http://www.metallicaminerals.com.au).



**A.L. Gillies** BSc, M. AusIMM

**Managing Director**

27 January 2005

*In accordance with Listing Rules 5.10, 5.12 and 5.1 of the Australian Stock Exchange Limited, technical information contained in this report has also been compiled by Andrew Gillies and Metallica Minerals Ltd, Exploration Manager, Mr Pat Smith B.Sc (Hons), M.AusIMM, who are competent persons and members of the Australasian Institute of Mining and Metallurgy. Mr Gillies and Mr Smith have relevant experience to the mineralisation being reported on to qualify as Competent Persons as defined by the Australasian Code for Reporting of Minerals Resources and Reserves.*

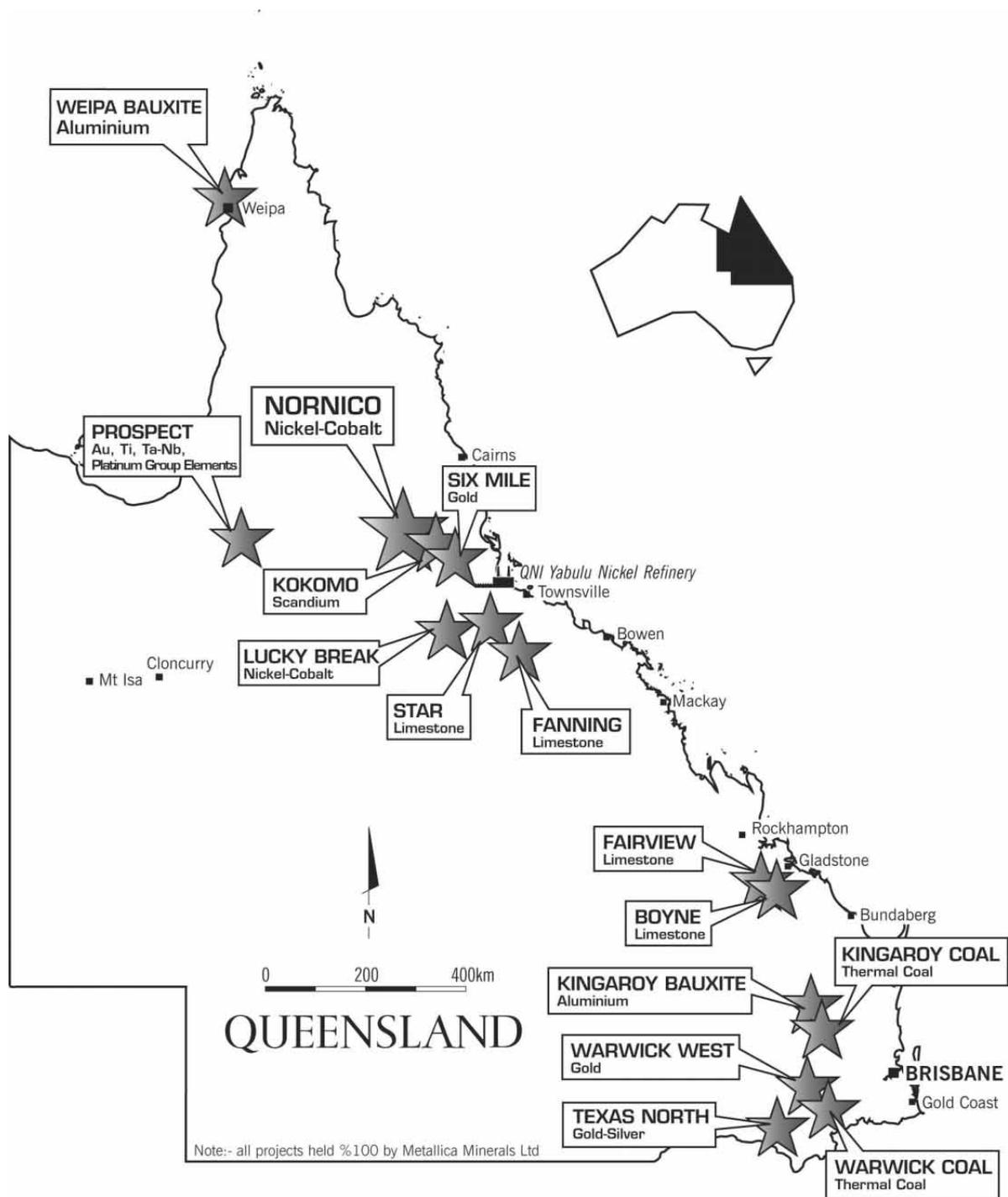


FIGURE 1: Project Locations - Queensland

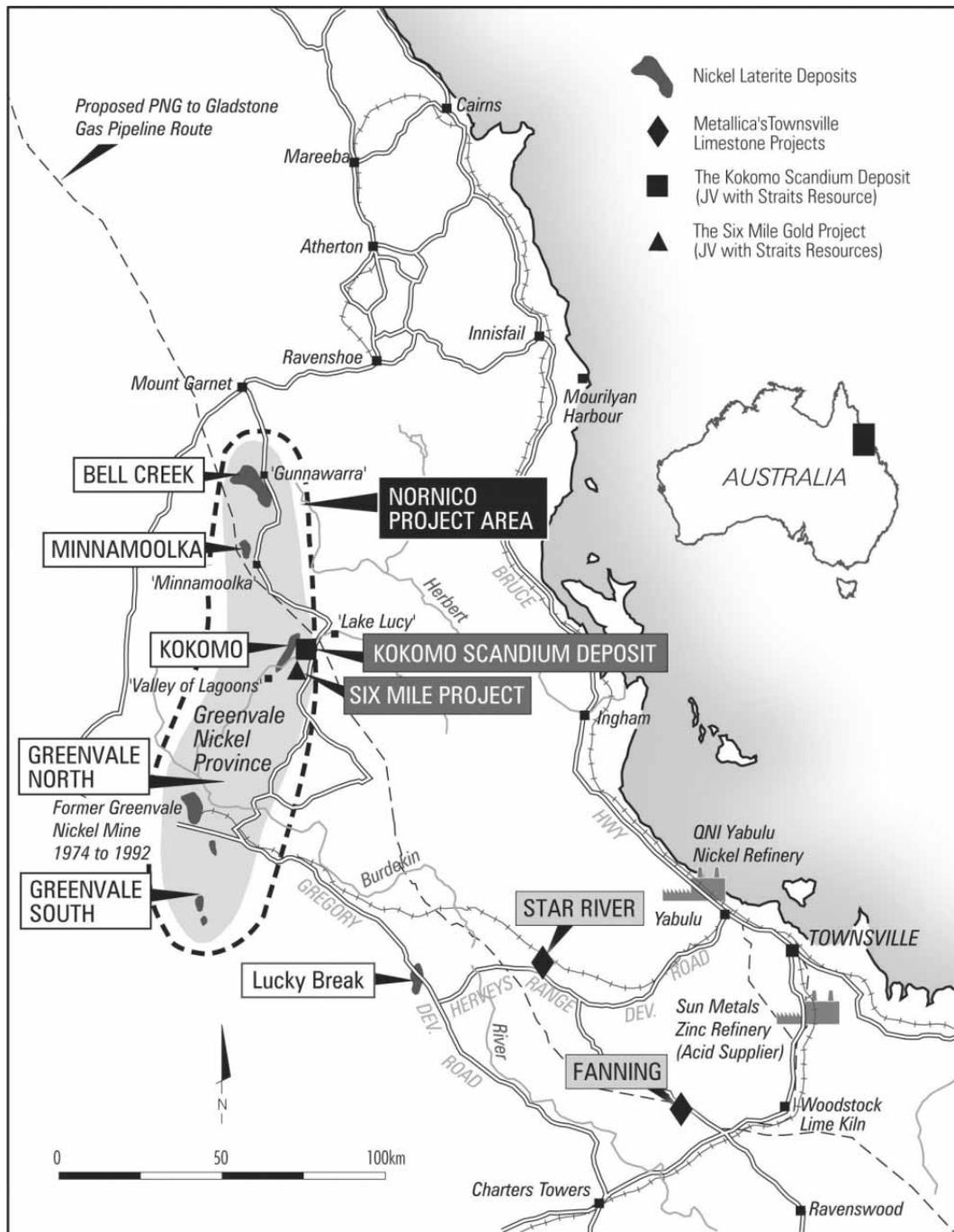


FIGURE 2: Project Locations and Regional Setting - North Queensland

# 1. NICKEL-COBALT PROJECTS

## (A) North Queensland Nickel Cobalt (NORNICO) Project (100% - 2 ML's, 11 EPM's, 1 EPMA)

NORNICO includes two granted ML's and over 2000 sq km of contiguous tenements covering prospective and under explored ground in the Greenvale Nickel Province. NORNICO is conveniently located approximately 300 km from BHP Billiton's Yabulu Nickel Refinery near Townsville North Queensland, see Figure 2. The project includes several drilled Ni-Co laterite deposits (Bell Creek, Minnamoolka and Kokomo), one scandium deposit and considerable exploration potential for additional Ni-Co laterite deposits as well as Ni-Cu-PGE sulphides, gold, platinumoids, base metals and other commodities.

MLM is investigating processing its NORNICO laterite deposits (initially focusing on Bell Creek mining leases) by heap leaching to produce a Ni-Co concentrate, which could be trucked to Yabulu or exported.

### Corporate Activity

#### **Metallica signs JV with BHP Billiton for new nickel sulphide exploration project**

On the 9<sup>th</sup> December, MLM signed a Heads of Agreement ('HOA') with BHP Billiton covering the key terms for a joint venture over the northern half of MLM's 100% held North Queensland Nickel Cobalt (NORNICO). The proposed JV is predominantly for the search for Ni-Cu-PGE sulphide deposits, there is also potential for gold-basemetal skarns and breccia style (eg Kidston/Mt Leyshon) mineralisation.

BHP Billiton can earn up to a 75% interest in any portion of the NORNICO North project area, with the exception of currently known nickel laterite deposits, and the gold or scandium mineralisation within the Kokomo EPM 10699 (which is currently in joint venture with Straits Resources Ltd) by the expenditure of \$10 million or the completion of a bankable feasibility study within a maximum of seven years of commencement.

Despite NORNICO having a similar geological setting to many large nickel - copper platinumoid sulphide deposits such as Voisey's Bay (Canada), importantly there has been no known exploration for these types of deposits. Any discovery of nickel sulphide mineralisation in the region would have wide ramifications for future exploration. The basement rocks are almost entirely under cover and outcropping ultramafic rocks have only been explored for nickel laterites.

Under the intended NORNICO North joint venture, BHP Billiton may acquire a 30%, 51% and ultimately a 75% interest in any single tenement of the seven exploration Permits for Minerals (EPM's) 10235, 10699, 11235, 13603, 14101, 14273, 14518 held by Metallica. The NORNICO North area extends from the Mt Garnet Township to approximately 100 km south, see the attached Figure 3.

<b><i>Earn- In Stage No.</i></b>	<b><i>% Interest Earned in the Prescribed Tenement</i></b>	<b><i>Required Expenditure for each Prescribed Tenement</i></b>	<b><i>Time Limit (Years from Commencement Date)</i></b>
1.	30%	\$750,000	2 years ( <b>First Time Limit</b> )
2.	51%	A further \$1,000,000	4 years ( <b>Second Time Limit</b> )
3.	75%	A further \$10,000,000 – or completion of a feasibility study	7 years ( <b>Final Time Limit</b> )

BHP Billiton must spend a minimum of \$250,000 in the first year, with exploration likely to include airborne and ground geophysics to delineate high quality electromagnetic (EM) conductors, which may represent massive nickel sulphides up to several hundreds of meters below surface. These targets would then be drill tested.

BHP Billiton's rights do not include the two mining leases, or the three nickel laterite areas (Bell Creek, Minnamoolka and Kokomo) within which areas BHP Billiton only has mineral rights below the laterite profile. Metallica is currently investigating processing these laterite deposits by heap leaching to produce nickel-cobalt concentrate, which could be trucked to Yabulu or exported.

The HOA includes terms whereby Metallica can have a once only opportunity to participate on an 80:20 basis on BHP Billiton's tenements (surrounding Metallica's) after BHP Billiton has expended \$1 million on its own tenements. BHP Billiton's surrounding contiguous tenements include EPM applications 14608, 14609 and 14610. The agreement also provides the opportunity for Metallica to progress any discovery 100% on a sole risk basis, where such a discovery is not of development interest for BHP Billiton (at BHPB's discretion).

The HOA constitutes a non-legally binding document between BHPB and Metallica. As soon as possible, the Parties must negotiate in good faith a formal agreement legally binding the rights and obligations of the Parties which shall come into effect upon such formal agreement being executed. The agreement with BHP Billiton reinforces Metallica's belief in the NORNICO regions high prospectivity.

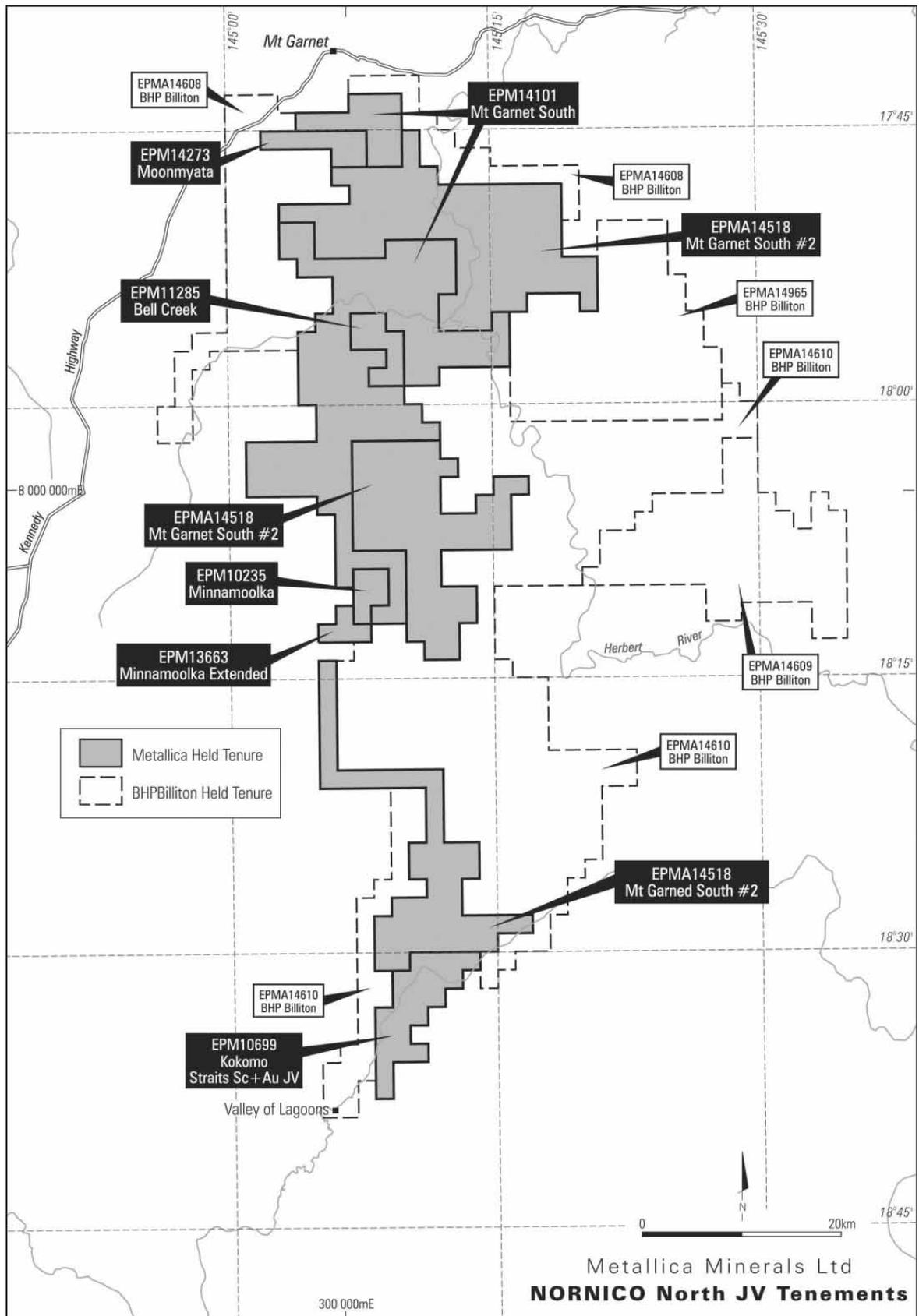


FIGURE 3: NORNICO North JV Tenements & BHP Billiton EPMA's

## **Exploration Activities**

### ***Minnamoolka Nickel Project***

Minnamoolka is one of the three key laterite deposits so far being evaluated within NORNICO. The area of exposed nickel laterite at Minnamoolka being targeted for resource drilling is approximately 120 hectares with maximum dimensions of approximately 2.5 km by 1 km. The Laterite ore at Minnamoolka is particularly high in free silica with honeycomb and silica box work textures being common.

A drill programme at Minnamoolka in December 2004 was aimed at delineating an area of additional nickel resource potential to be used for any future atmospheric heap leach nickel operation at Bell Creek, approximately 25 km north.

The drilling programme confirmed a large area of low grade nickel mineralisation which covers an area 1 km long by 200 m wide (which is open ended in all directions) with the highest result from hole Min-18 which intersected 8m @ 1.09% Ni from surface. Further information is summarised in ASX release dated 24 January 2005.

No other fieldwork was completed on NORNICO during the December Quarter other than drilling at the Rudd Creek Au-PGE-basemetal prospect, summarised under gold-platinoid exploration.

### ***NORNICO general - Key Work Planned to 31 March 2005***

- Complete formal agreement with BHP Billiton for the NORNICO North JV.
- Screening and beneficiation work on Minnamoolka drill samples from the 2004 programme.
- Select Metallurgical consulting firms, consultants and testwork laboratories suitable for heap leach testwork and feasibility studies.
- Initiate Metallurgical / Atmospheric heap leach testwork
- PQ size core drilling programme on the high grade Bell Creek Ni-Co resource for metallurgical testwork (subject to wet season).
- Additional infill and step-out drilling to establish initial resources for the Minnamoolka project (subject to wet season).
- Apply for a Mineral Development Licence or Mining Lease to secure important portions of the Minnamoolka and Bell Creek NW nickel laterites and allow bulk sampling.
- Detailed ground magnetic survey over the Rudd Creek and Moonmyata prospects to define further drill targets.
- Complete a regional Indigenous Land Use Agreement (ILUA) with the traditional landowners to allow access for all exploration activities.
- Regional reconnaissance on recently granted NORNICO EPM's (14066, 14070, 14181, and 14381).
- Site visit to the Dry River copper prospect for the purpose of drill site selection.

### **(B) Lucky Break Nickel Project (100% - 2 EPM's and MDL 312 Dingo Dam)**

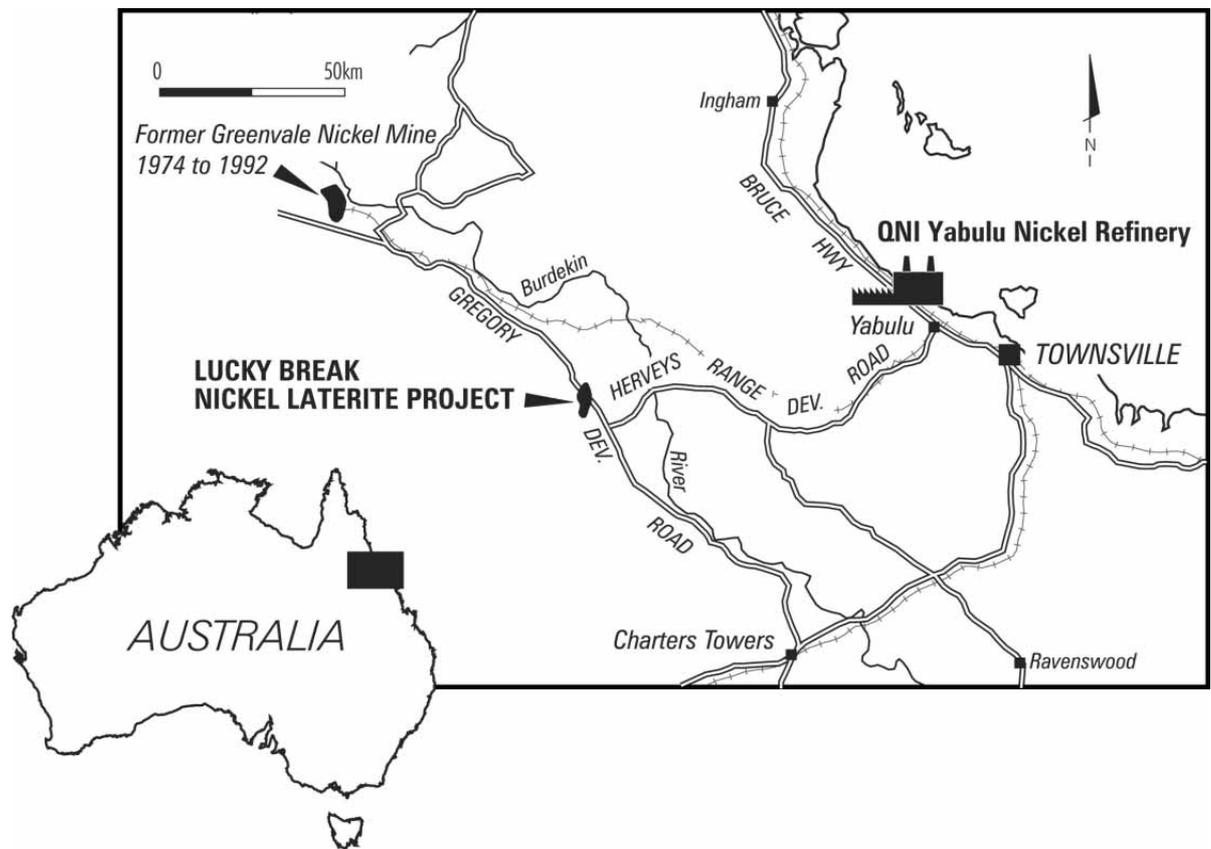
The Lucky Break nickel project, including the Dingo Dam nickel resource is strategically located only 140km from the Yabulu Nickel refinery, using the recently sealed Herveys Range Development Road. Metallica's aim is to extract the high grade nickel laterite, which could then be trucked and sold to the

Yabulu Nickel Refinery which currently processes imported nickel laterite ores and has indicated an interest in purchasing unprocessed high grade nickel laterite ore from Lucky Break.

### **Corporate Activity**

#### **Metallica Gains 100% ownership of Dingo Dam Nickel Resource**

On the 19 January, MLM acquired 100% ownership after the purchase of its partners 10% holding in MDL 312 for \$50,000 cash. Metallica is now the sole owner of the Dingo Dam nickel deposit. This has created a much more confident platform for Metallica in its evaluation and development of the nickel project. The Dingo Dam deposit now is better positioned to generate cash flow from trucked nickel laterite sales to the nearby Yabulu Nickel Refinery (see Figure 4) at relatively low start-up and development cost by late 2005/early 2006.



*FIGURE 4 : LUCKY BREAK / DINGO DAM NICKEL LATERITE PROJECT*

### **Exploration Activities**

In December 2004, a fifty seven (57) hole Aircore / RC programme was completed on the Lucky Break Nickel laterite project, 38 holes were drilled in the Dingo Dam resource area (within MDL 312), where a previously estimated Indicated Resource of 114,000t @ 1.50 % Ni and 0.09% Co (using a 1.0% Ni cut-off grade and based 83 drill holes completed in 2000).

A number of holes were also drilled into two other laterite bodies which occur along strike of the Dingo Dam deposit within the Lucky Break EPM, and significant nickel mineralisation was recorded.

The following key points resulted from the drill programme:-

- December Drilling results have identified extensions to the existing Dingo Dam nickel laterite resource which should increase the current Indicated Resource of 114,000 t at 1.5 % Ni and 0.09 % Co.
- Best high grade nickel drill intercept (DD-013) recorded 24m (8m to 32m) @ 2.17 % Ni, 0.25 % Co (3.17% Nieq)
- The base of laterite mineralisation has been extended from 20 m (limit of previous drilling) to 32m from surface
- New high grade zone of nickel mineralisation identified along strike, approximately 1 km north of the Dingo Dam resource, with the best result being 7m @ 1.62% Ni (in DD – 28).

For further information, see ASX release dated 17 January.

## **2. COAL PROJECTS**

### **(A) Kingaroy Coal Project (100% - EPC 882)**

Through its recently formed wholly owned subsidiary SE QLD Energy Pty Ltd (EPC 882 has been transferred from Kingaroy Aluminium Pty Ltd (KAPL) another MLM subsidiary) holds the Kingaroy coal project, EPC 882 which includes the Taabinga coal resource and other drilled coal prospects within the Tarong Basin. The 181.9 Mt Measured and Indicated Taabinga coal Resource is strategically located 25 km from the Tarong Power Station, the largest power station in Queensland. We understand that the Tarong Power Station does not own a coal deposit within current transport range and is reliant on purchasing coal from the nearby Meandu coal mine. MLM will investigate the possibility of being able to secure a portion of this local coal market estimated to be over 6 Mt of thermal coal per annum.

#### **Corporate Activity**

On the 20<sup>th</sup> December, MLM signed a letter of Intent with Internickel Ltd (INL) for the divestment of MLM's Kingaroy Coal project.

INL proposes to acquire 100% of SE QLD Energy Pty. Ltd, a subsidiary of Metallica, for share consideration valued at \$6 million, based on 30 million shares at an issue price of 20 cents each. INL will also issue Metallica 30 million options to acquire shares in Internickel at 20 cents exercisable on or before June 30, 2009. Metallica may, at its discretion, distribute some or all of these shares and options to its shareholders.

The transaction will be subject to INL conducting due diligence and receiving shareholder approval. It will also be subject to INL raising additional capital under a rights-issue prospectus, being re-listed on the ASX and meeting all other regulatory consents and approvals, including appointing at least two Metallica nominees to the board.

A deed of royalty already exists over EPC 882 whereby the holder of the tenement is to pay Metallica a royalty of \$0.40 per ton of any coal produced and this arrangement will remain on foot for the benefit of Metallica.

Currently suspended INL intends to focus its direction towards coal, change its name to Intercoal Limited, gather a management team of considerable coal experience and refinance itself in preparation for ASX re-listing in the first half 2005.

The proposed agreement will give Metallica a \$6 million investment in a listed vehicle and effectively a controlling interest in this coal project through which there is considerable upside.

This will allow Metallica to more effectively focus its resources on our NORNICO and Lucky Break nickel projects. The divestment also ensures that Metallica does not have to dilute its share capital to raise funds to progress the coal project.

### **Exploration Activities**

No field work was completed on the Kingaroy project during the December Quarter.

### **(B) Coal Project Generation – New Coal Project**

After a comprehensive review of coal project opportunities in Queensland, one opportunity that has been advanced are the lodgement of two Exploration Permits for Coal (EPC) applications, EPCA 935 “Condamine” and EPC 936 “Allora” in SE QLD, which were applied for in mid January.

The combined EPCA area covers 245 sub-blocks (approx 750 sq km) from established coal bearing areas from Millmerran to Felton to East of Warwick along the southern edge of Clarence Moreton Basin. The EPCA area surrounds the mining leases and MDL’s at Commodore (near the Millmerran coal fired power station) and Felton (a 1 Billion tonne coal deposit) and extends over known drilled coal areas to the south east of Warwick.

MLM in its own right or with a Joint Venture partner, plans to conduct preliminary regional geological assessments to identify significant opportunities for low strip-ratio thermal coal deposits in the EPCA’s area, with the objective of delineating potential high quality resources with low cost extraction.

## **3. BAUXITE PROJECTS**

### **(A) Weipa Bauxite Project**

(100% - EPMA 14547 and Minerals Rights Sharing Deed with Sigma Kaolin Pty Ltd)

EPMA 14547 covers significant bauxite deposits centred approximately 50 km NE of Weipa. MLM through its wholly owned subsidiary KAPL has an exclusive Mineral Rights Sharing Deed with Sigma Kaolin Ltd and its subsidiary Norkay Pty Ltd which have in excess of 500 sub-blocks in the Bamaga-Weipa-Aurukun region under application. The tenements are adjoining and along strike of the world-class bauxite reserves and mining operations within the Alcan and Camalco mining leases. The combined tenement areas cover vast areas of mapped bauxite (>800 sq km) which have only been partly explored by some exploration drilling in the 1960’s-70’s.

### **Exploration Activities**

The Company is awaiting the processing of MLM’s and Sigma’s EPM application’s by the Department of Natural Resources and Mines (DNRM) and as the underlying land tenure is subject to Native Title there could be substantial delays or restrictions before field exploration (ie drilling) could commence. A site visit is being planned for the purpose of meeting the Traditional Landowners at the end of the wet season, possibly in April-May.

MLM is hopeful that portions of the combined tenement area will become available for exploration drilling before the end of the 2005 dry season.

**(B) Kingaroy Bauxite Project**  
(100% - EPM 14639 & 14514)

The Kingaroy region is considered prospective for bauxite beneath red clay soils. It is a concept driven project and is modelled on the Darling Ranges bauxite-alumina-aluminium operations in Western Australia.

**Exploration Activities**

No fieldwork was conducted in the December Quarter. An initial drilling programme is being planned in March to establish if economic bauxite grades are present.

## **4. SCANDIUM PROJECT**

**Kokomo Scandium Project** (100% - EPM 10699, Straits Resources Ltd can earn a 70% interest)

MLM holds a high grade scandium (Sc) deposit associated with Ni-Co laterite mineralisation within the Kokomo EPM 10699. Approximately 12 drillholes have so far defined a high grade scandium zone (approximately 300m by 50m) which remains open and averages approximately 170 g/t Sc. Scandium is a valuable rare earth metal, mainly used to enhance aluminium alloys. Straits Resources Ltd (Straits) can earn up to a 70% interest in the scandium project.

**Exploration Activities**

Straits had completed a detailed multi-element soil survey (approximately 600 samples) using a 100m by 50m sample spacing over a 3.5 km by 1 km area in the central portion of the Kokomo ultramafic. This sampling has identified additional areas of highly anomalous Sc soil geochemistry of the same tenor or higher than the scandium soil anomaly over the drilled high grade scandium zone. Metallurgical testwork on extracting scandium from the lateritic oretypes is being undertaken by Straits. The soil and metallurgical results will be released by Straits in due course.

Exploration drilling is planned once an access agreement has been completed with the Gugu Badhun traditional landowners.

## **5. LIMESTONE PROJECTS**

MLM holds several high quality and strategically located limestone deposits at the Boyne, Fairview (both near Gladstone), Star (near Townsville) and Warwick projects.

**Exploration Activities**

No field exploration activities were completed on the limestone projects during the December Quarter.

A large industrial minerals company has completed a site visit to the Boyne limestone project for the purpose of possibly purchasing or joint venturing the project.

In the March Quarter, MLM is planning a drilling programme at Boyne before considering a mining lease application.

## 6. GOLD & OTHER PROJECTS

MLM's principle gold interest centres on the Six Mile gold project within the NORNICO precinct. This area comprises the Kokomo Gold Sub-Block (3 sq km) within the Kokomo EPM and the adjoining Six Mile EPM (100 sub-blocks) both of which are in joint venture with Straits. A considerable portion of the NORNICO project area is also prospective for precious and base metals, eg Rudd Creek prospect and Greenvale North tenement (including the Dry River copper prospect).

MLM also hold the Texas North and the Warwick West gold-silver projects close to a proposed silver-gold mining development near Texas. The Prospect project is prospective for titanium (eg previous explorers drill intercept recorded 98m @ 15% TiO<sub>2</sub>) and a range of other minerals including PGE, gold, tantalum-niobium, nickel and basemetal sulphides and diamonds.

Exploration for gold-PGE during the Quarter focused on the Rudd Creek prospect.

### Exploration Activities

#### *Rudd Creek Drilling*

The December 2004 drilling aimed at doing step-out holes approximately 100-140m away from RCRC - 02 to test for a major mineralised system and to drill test the distinct magnetic highs nearby. The area is covered with between 9m and +40m of tertiary sands, gravels and clays.

Five holes (RCRC-03 to RCRC-07) were drilled in the Rudd Creek Prospect area for a total of 187m. Due to major drilling difficulties through the cover sediments, only 3 of the holes intersected basement. Two holes were abandoned due to adverse ground conditions caused by high levels of ground water, and the tertiary sands and gravel constantly blocking the drill bit and drill rods. In particular one priority drill hole RCRC-03 targeting the peak high magnetic anomaly failed to reach basement.

Of the 3 holes that intersected basement, no significant gold or platinoid mineralisation was intersected. Hole RCRC- 07 did however intersect a wide zone of elevated zinc and copper mineralisation. The anomalous Au, Pt and Pd mineralisation intersected in hole RCRC-02 was contained within a zone of 20m of + 0.14% Zn. Metallica believes the presence of elevated zinc levels in hole RCRC-07 is encouraging and that further work is required at Rudd Creek to adequately test the areas for Au, Pt and basemetals. Little is understood about the subsurface geology, however the mineralisation style seems to be consistent with Au-platinum basemetal skarn type mineralisation. For further information and figures, see ASX announcement dated 24 January.

Metallica is planning a detailed ground magnetic survey over the Rudd Creek area in February-March. This will be followed by drill testing anomalies generated by the magnetic survey as well as additional drilling in the area immediately adjacent to RCRC-02.

#### *Other project activity*

Straits contracted a consultant geologist to undertake a 10 day geological reconnaissance over the Six Mile gold project in October November 2004.

No field exploration activities were completed on the other gold-basemetal projects during the December Quarter. The Prospect Project (EPM 14406) situated approximately 75 km SSW of Croydon, was granted during the period.

## TENEMENT SCHEDULE (as at 31<sup>st</sup> December 2004)

### Nickel – Cobalt Projects

Tenement	Project Name	Holder/ Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
ML 4187	Bell Creek South	QLD Gold Pty Ltd	Granted (29/2/2020)	71.35 Ha	Ni , Co	
ML 4188	Bell Creek North	QLD Gold Pty Ltd	Granted (29/2/2020)	98.11 Ha	Ni , Co	
MDL 312	Dingo Dam	QLD Gold P/L (90%)	Granted (31/12/2006)	74.34 Ha	Ni , Co	
EPM 10235	Minnamoolka	QLD Gold Pty Ltd	Granted (8/9/2006)	5	Ni , Co	\$70,000
EPM 10699	Kokomo	QLD Gold Pty Ltd	Granted (21/8/2006)	21	Ni , Co, Sc, Au	\$100,000
EPM 11285	Bell Creek	QLD Gold Pty Ltd	Granted (21/8/2006)	8	Ni , Co	\$70,000
EPM 13663	Minnamoolka Ext.	QLD Gold Pty Ltd	Granted (12/6/2006)	3	Ni , Co	\$20,000
EPM 14101	Mt Garnet South	QLD Gold Pty Ltd	Granted (22/12/2008)	125	Ni , Co, Au, PGE	\$40,000
EPM 14273	Moonmyata	QLD Gold Pty Ltd	Granted (22/12/2008)	8	Ni , Co, Au , PGE	\$12,000
EPM 14066	Greenvale South	QLD Gold Pty Ltd	Granted (22/08/2009)	68	Ni , Co, PGE	\$35,000
EPM 14070	Greenvale North	QLD Gold Pty Ltd	Granted (22/08/2009)	100	Ni , Co, Cu, Au	\$45,000
EPM 14181	Lucky Downs	QLD Gold Pty Ltd	Granted (22/08/2009)	18	Ni , Co, Cu	\$15,000
EPM 14381	Greenvale South 2	QLD Gold Pty Ltd	Granted (15/12/2009)	62	Ni , Co, Cu	\$40,000
EPM 14518	Mt Garnet South #2	QLD Gold Pty Ltd	Application	193	Ni , Co, Au, Cu	N/A
EPM 14392	Lucky Break	QLD Gold Pty Ltd	Granted (29/6/2009)	43	Ni , Co	\$30,000
EPMA 14658	Yellow Jack	QLD Gold Pty Ltd	Application Expedited Procedure	50	Ni , Co	N/A

### Coal Project

Tenement	Project Name	Holder/ Applicant	Status	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
EPC 882	Kingaroy Coal	SE Queensland Energy	Granted (26/09/2009)	64	Open Cut Thermal Coal	\$40,000

### Bauxite Projects

Tenement	Project Name	Holder/ Applicant	Status	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
EPMA 14639	Kingaroy Bauxite	Kingaroy Aluminium Pty Ltd	Granted (19/10/2009)	111	Bauxite	\$43,000
EPMA 14514	Kingaroy Bauxite N	Kingaroy Aluminium Pty Ltd	Application	129	Bauxite	N/A
EPMA 14547	Weipa Bauxite	Kingaroy Aluminium Pty Ltd	Application	100	Bauxite	N/A

### Limestone Project

Tenement	Project Name	Holder/ Applicant	Status	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
ML 10276	Star Limestone	Metallica Minerals Ltd	Granted (30/4/2023)	18.54 Ha	Limestone	N/A
EPM 13000	Star River	Metallica Minerals Ltd	Relinquished	-	Limestone	N/A
EPM 12765	Fanning	Metallica Minerals Ltd	Granted (1/4/2005)	9	Limestone	\$18,000
EPM 13423	Boyne Limestone	Metallica Minerals Ltd	Granted (1/1/2006)	6	Limestone	\$45,000
EPM 13756	Fairview Limestone	R.W. Siller	Under Renewal	2	Limestone	\$15,000
EPM 14042	Fairview Extended	R.W. Siller	Granted (23/10/2005)	4	Limestone	\$15,000

## Gold, PGE, Other Projects

Tenement	Project Name	Holder/ Applicant	Status	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
EPM 13873	Six Mile	QLD Gold Pty Ltd	Granted (10/12/2007)	100	Gold, Copper	\$70,000
EPM 14406	Prospect	Oresome Australia Pty Ltd	Granted (19/12/2009)	83	Ti, Au ,PGE Diamonds	\$30,000
EPM 14477	Texas North	Oresome Australia Pty Ltd	Granted (22/08/2009)	100	Au, Ag	\$40,000
EPM 14478	Warwick West	Oresome Australia Pty Ltd	Granted (22/08/2009)	118	Au	\$40,000

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Metallica Minerals Limited

ABN

45 076 696 092

Quarter ended ("current quarter")

December 31, 2004

### Consolidated statement of cash flows

	Current quarter \$A '000	Year to date (..... months) \$A '000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		50
1.2 Payments for (a) exploration and evaluation	(334)	(472)
(b) development		
(c) production		
(d) administration	(167)	(194)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	21	24
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	(224)	(223)
Deferred fees		
<b>Net Operating Cash Flows</b>	<b>(704)</b>	<b>(815)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(2)	(6)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(2)</b>	<b>(6)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(706)</b>	<b>(821)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(706)	(821)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	2,895	2,687
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	2,895	2,687
	<b>Net increase (decrease) in cash held</b>	2,189	1,867
1.20	Cash at beginning of quarter/year to date	155	477
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	2,344	2,344

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	45
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

\$50,000 fee received by the Reporting Entity on exercise of option to enter into a Joint Venture Agreement over the Kokomo Project

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

Amount available \$A'000	Amount used \$A'000

+ See chapter 19 for defined terms.

3.1	Loan facilities		
3.2	Credit standby arrangements		

**Estimated cash outflows for next quarter**

		\$A'000	
4.1	Exploration and evaluation	\$300	
4.2	Development		
<b>Total</b>		<b>\$300</b>	

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	319	155
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)-Term Deposits	2,025	
<b>Total: cash at end of quarter</b> (item 1.22)	2,344	155

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	13000	EPM	EPM	NIL
6.2 Interests in mining tenements acquired or increased	14381 14639 14406	EPM granted EPM granted EPM granted	EPMA EPMA EPMA	EPM EPM EPM

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	62,111,252	47,148,152		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	15,730,000	15,730,000		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	3,929,876 Listed Options 6,622,750 Unlisted escrowed options		<i>Exercise price</i> 25 cents 20 cents	<i>Expiry date</i> 31 December 2006 31 December 2006
7.8 Issued during quarter	5,505,126	3,932,376		
7.9 Exercised during quarter	2,500	2,500		
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 25/01/2005  
(Director/Company Secretary)

Print name: JOHN KEVIN HALLEY.....

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.