



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 - SE QLD Energy Pty Ltd ACN 112 045 708 - SE QLD Coal Pty Ltd ACN 114 039 155

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POSITIVE TEST RESULTS BOOST PROSPECTS FOR NORNICO NICKEL PROJECT

The development prospects of Metallica Minerals' North Queensland Nickel Cobalt (NORNICO) project have been boosted by strong results from testwork using the relatively simple heap leaching nickel extraction technique.

Metallica Minerals Limited (ASX Code 'MLM') announced today that the first substantial test results of 'heap leaching' of nickel laterites from the company's Minnamoolka deposit near Mt Garnet showed faster extraction rates than had been anticipated.

Metallica is at the forefront of exclusively testing heap leaching on nickel laterite-oxide ores in Australia – a process traditionally used for the extraction of copper and gold.

'Heap leaching' uses dilute sulphuric acid, passing through a pile of crushed ore, to extract metals into a solution, from which metal concentrates are then precipitated. The heap leach nickel process is also being used by London-based European Nickel Plc (in which BHP Billiton is a shareholder) for its Caldag nickel laterite mine development in Turkey.

"The results from the first substantial test of this technique, being undertaken for Metallica by Hydrometallurgical Research Laboratories in Brisbane, are extremely encouraging," Metallica Managing Director, Mr Andrew Gillies, said today.

"The heap leach nickel extraction process provides us with a potentially low capital, low operating cost and high return development option for the NORNICO project.

"Approximately one-third of the nickel available in a three metre column of agglomerated, crushed ore (simulating heap leach conditions) was leached out in the first 30 days of a planned six month trial. This provides a high level of confidence in achieving the expected final nickel recovery of over 70%.

"Furthermore, only 92 kilograms of acid per tonne of ore was consumed in the process.

"If such results are sustained throughout the remainder of the testwork programme, which will also include work on similar ores at Bell Creek and Lucky Break, then we are looking at a likely robust development option for the NORNICO project," he said.

The current heap leaching trials of the various NORNICO ores are expected to be completed by December 2005.

The NORNICO project, based in the Greenvale nickel province south of Mt Garnet, is Metallica Mineral's flagship project. It contains three nickel-cobalt laterite deposits – Bell

Creek, Minnamoolka, and Kokomo. The Bell Creek South mining lease has Joint Ore Reserves Committee (JORC) compliant inferred resource of 6.29 million tonnes at 1.02% nickel and 0.1% cobalt, containing approximately 64,000 tonnes of nickel and 4,400 tonnes of cobalt. There are also substantial additional deposits in the Minnamoolka and Kokomo nickel projects which require further drilling to achieve resource status.

Further south towards Townsville, the company owns the Lucky Break nickel-cobalt project with a "measured and indicated" nickel resource of 566,000 tonnes at 0.91% nickel and 0.06% cobalt at the Dingo Dam deposit. Metallica intends to evaluate Dingo Dam for a demonstration heap leach nickel operation producing nickel concentrate.

Metallica Minerals Limited was listed on the Australian Stock Exchange in November 2004 with a diversified portfolio of exploration and mineral assets in Queensland, ranging from bauxite at Cape York, nickel in north Queensland to coal in south-east Queensland.

Metallica signed a joint venture agreement with BHP Billiton Limited last week under which BHP Billiton could outlay up to \$11.75 million (for a 75% stake in any one tenement) in the search primarily for nickel-copper-platinoid sulphide deposits in Metallica's NORNICO North tenements. The BHP Billiton exploration joint venture does not include Metallica's 100% held nickel laterite deposits and resources which Metallica is currently evaluating for heap leach nickel development.

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Andrew Gillies – Managing Director

Note: Please see following regional setting location map for Metallica Minerals' NORNICO nickel projects.

NORNICO PROJECT REGIONAL SETTING

