



## ASX/MEDIA RELEASE

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# METALLICA TO DRILL PROMINENT SOUTH AUSTRALIAN GRAVITY HIGH TARGETS

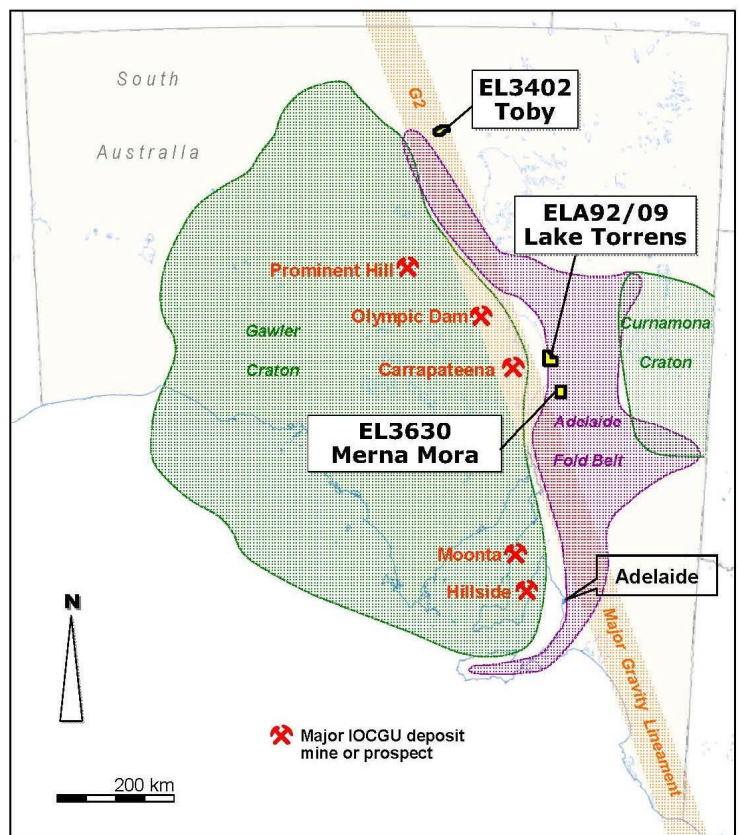
Under-explored areas of South Australia's minerals province, have been targeted by Metallica Minerals Limited (ASX code: MLM) in the Company's first venture outside of its core Queensland-based multi-commodity resource portfolio, citing the three highly attractive tenements (Toby, Lake Torrens and Merna Mora) with SA Olympic Dam type targets as highly appealing in current market environments. .

Directors announced today the Company had taken a cornerstone seed capital investment in private Adelaide-based explorer, Salisbury Resources Ltd, and would inject an additional initial \$300,000 into exploration campaigns on three of Salisbury's greenfields Gawler Craton Iron Oxide-Copper-Gold-Uranium (IOCGU) - Olympic Dam style target prospective tenements.

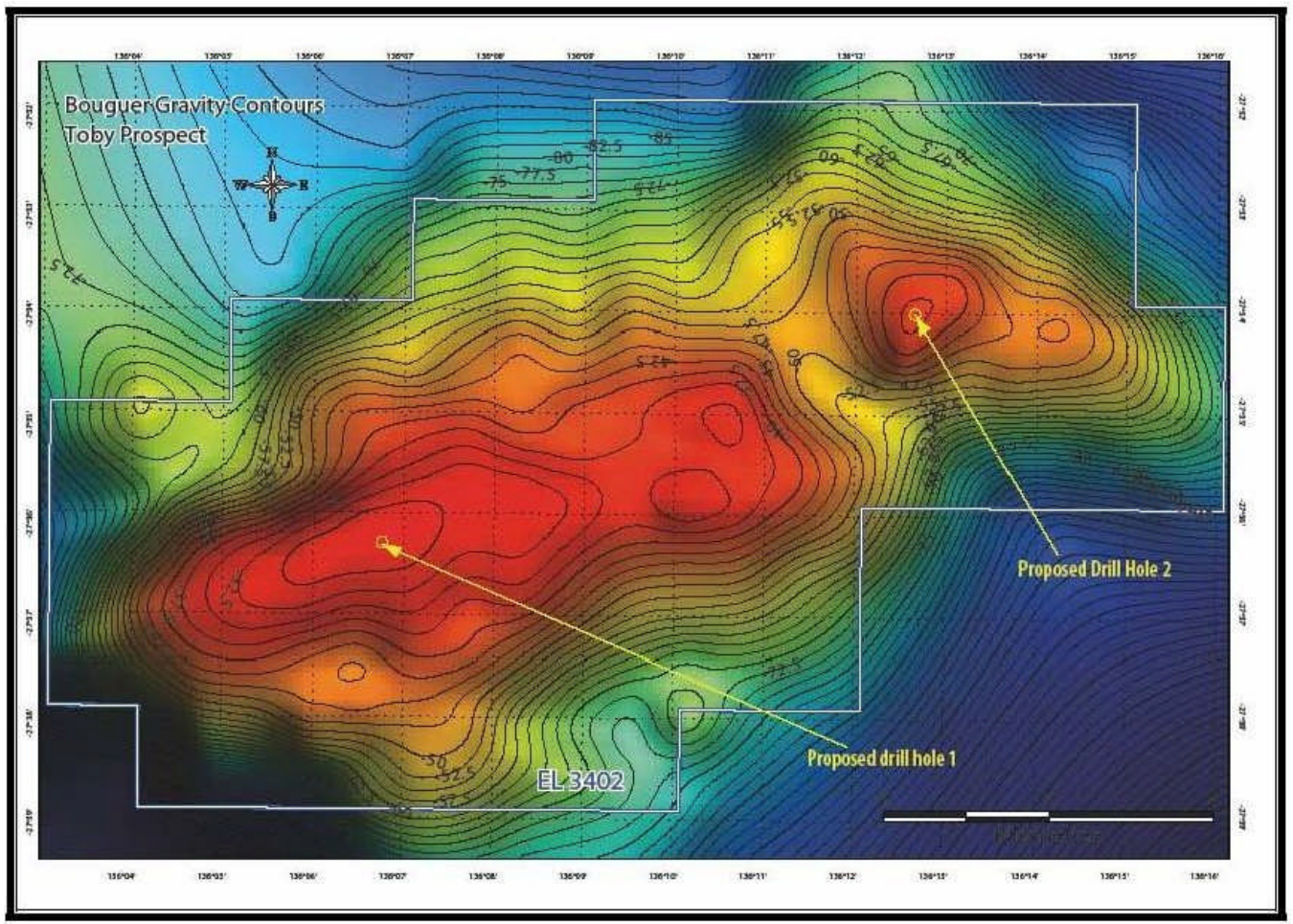
In addition to the \$300,000 - to be immediately used for three selected Salisbury projects - Metallica has made a \$100,000 cash investment that will give Metallica a 6% interest ahead of the Adelaide explorer's planned Initial Public offer (IPO) and ASX listing later this year, subject to improved equity market conditions.

"We are basically using coincident prominent gravity highs associated with interesting magnetic features under cover in a similar exploration setting to Olympic Dam, Carrapateena and Prominent Hill deposits, to chase very large hidden deposits on the three tenements generated and presented by Salisbury or its vendors." Metallica's Managing Director, Mr Andrew Gillies, said today.

"Like all exploration, particularly drilling geophysical anomalies, there is high exploration risk. However on balance, any success in detecting any significant mineralisation could have major upside given for example, the size and intensity of the Toby's gravity image (see figure below) and its setting (for example being within or very close to the G2 Transcontinental Gravity Corridor) to understand why we have been attracted, and are very keen to drill test," Mr Gillies, said today.



“The region is home to large-scale copper-gold and uranium mining operations and high quality mineral discoveries and hosts sufficient infrastructure backed by pro-mining industry and government support to enable commercialisation of economic discoveries in reasonable timeframes-a very attractive combination,” he said.

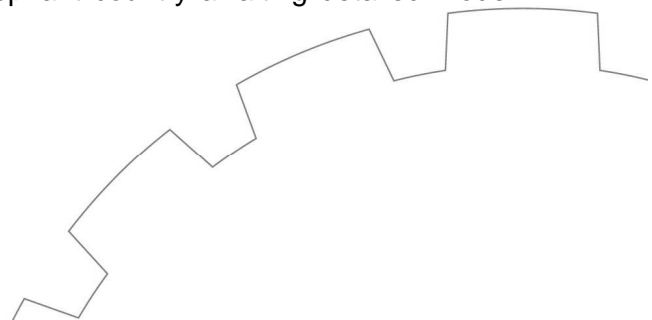


**EL 3402 & Toby Target – Bouguer Gravity Anomaly Highs RTP Plan showing the 2 proposed drill holes**

“The partnership with Salisbury also satisfies our preference to take a first mover, cost-effective position to assist and build an enlarged listed explorer with a commodity focus on IOCGU style gold-copper-uranium – that can further broaden the Metallica stable. Any success on these exciting targets can provide huge rewards - we are planning two 500m vertical holes (spaced approximately 12 km apart) to test the distinct Toby gravity anomaly and basement high, most likely followed by drilling on Merna Mora and Lake Torrens targets.” he said.

Salisbury Chairman, Mr Les Mann, welcomed Metallica as a joint venture partner, saying the Queensland company’s participation in its South Australians projects was a strong endorsement of the calibre of Salisbury’s tenement package and its plans to list later this year.

“While much work has been conducted in recent years across the Gawler Craton, with its well regarded Olympic Dam, Prominent Hill and Carrapateena mines and discoveries – nonetheless the sheer size of the province means much of it remains elephant country awaiting detailed modern exploration and drill testing,” Mr Mann said.





“The JV with Metallica will give momentum to our objectives with mobilisation of the drill rig for Toby commencing this Wednesday 22 July.”

The three IOCGU farm-in projects are:

- The 188 km<sup>2</sup> EL 3402 (**Toby**), 65km east of Oodnadatta
- The 293 km<sup>2</sup> EL 3630 (**Merna Mora**) 30km SW of Hawker, and
- The 1,207 km<sup>2</sup> EL 4118 and EL 4119 (**Lake Torrens**) project, 50km east of the Carrapateena IOCGU deposit.

### **Terms of Agreement**

For the Toby targets, Metallica will fund a \$200,000, two hole drilling program totalling approximately 1,000 metres to earn an initial 50% interest of the Toby tenement with an option to take that to 75%.

The Company will also spend \$100,000 on a gravity survey of the Merna Mora and Lake Torrens properties to earn a 30% interest in each, with options to earn up to a 75% stake for a further expenditure of \$400,000.

Salisbury will receive a free 25% carried interest until the earlier of the granting of a mining lease or the expenditure by Metallica of \$10 million.

Under the direct cash injection, Metallica has been awarded 2 million shares in Salisbury at \$0.05 cents each. If Metallica elects not to proceed with JV commitments after initial work, it can convert its initial \$300,000 expenditure to further share allocations in Salisbury at 10 cents per share.

**Metallica** is a strongly cashed up Queensland resource company with major interests in nickel cobalt (100% NORNICO project), coal (84% MetroCoal Ltd) and bauxite (through its 32% holding in Cape Alumina Ltd CBX) and through its recently completed acquisition of approximately 76% Queensland Ores Limited (QOL), which owns 85% of the Wolfram Camp molybdenum and tungsten mine (under care and maintenance, and evaluation for recommissioning) and 100% of the advanced Mount Cannindah Copper Gold exploration project.

In addition to its South Australian gold-copper-uranium exploration projects, **Salisbury Resources** also has gold exploration and mining interests in the Northern Territory (Goodall gold mine) and Western Australia (Red Castle) as well as uranium holdings in South Australia.

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