



ASX Announcement

21 October 2009

- **REVISED RESOURCE ESTIMATE COMMENCED FOR NORNICO'S - KOKOMO PROJECT**
- **HIGH Ni-Co & Sc CONFIRMED BY NEW DRILL RESULTS**

Metallica Minerals Limited (ASX : "MLM") is pleased to announce that a revised resource estimate is expected next month for the Kokomo nickel-cobalt laterite component of the Company's flagship 100% NORNICO project in North Queensland.

An updated independent resource estimate for the Kokomo resource is currently being undertaken by Golder Associates of Brisbane, using data from the recently completed infill and step out drilling program.

It is expected that this revised resource estimate will be completed by mid-late November.

It is likely that the size of the Kokomo resource will increase using the latest 2009 drilling data, as significant mineralisation was identified outside the current resource boundary, plus the levels of confidence in the resource will also increase.

The current (January 2009) Kokomo nickel-cobalt laterite Inferred & Indicated mineral Resource estimate (based on 2008 drilling programs) stands at 12.2 Mt @ 0.67% Ni and 0.12% Co, (using a 0.70% Ni Eq.¹ cut-off grade). Of this, 5.2Mt @ 0.69% Ni and 0.13% Co is classified in the Indicated Resource category with 7.0 Mt @ 0.66% Ni and 0.11 % Co classified in the Inferred Resource category. (See ASX Release dated 19th January 2009).

¹ Ni equivalent value obtained using $1Ni + 3Co$ and is based on recent nickel and cobalt prices of around \$7 / lb for nickel and a cobalt price of \$21 / lb (Jan 2009).

The revised independent resource estimate currently being undertaken follows completion of the Company's major infill and step out drilling program at the Kokomo Nickel (Ni) – Cobalt (Co) & Scandium (Sc) laterite project (EPM 10699 & MLA 10342) located approximately 45km north of the township of Greenvale, North Queensland, see Figure 1.

In June – September 2009, a further 307 RC holes (KK-607 to KK- 913 for 7,686m) and 4 diamond holes (KKDDH-009 to 012 for 112m) have been drilled on the central portion of the Kokomo Ni-Co-Sc laterite project. The drilling was aimed at further defining and finding new higher grade zones of nickel-cobalt mineralisation on the eastern and western sides of the Kokomo Plateau and to complete infill holes within the high grade Ni-Co zone to increase the current resource categories from Indicated and Inferred to Indicated and Measured.

The diamond drilling provided additional geological information, bulk density data and provide large diameter core for future metallurgical testwork.

The Kokomo Ni-Co & Sc laterite deposit formed on a north-east/south-west trending ultramafic unit which outcrops for a strike length of 16km and can be up to 800m wide. The ultramafic unit is bounded by two major faults, referred to as the Eastern and Western Boundary

Faults, with meta-sediments of the Wiruna formation outcropping on either side of the ultramafic.

Metallica has drill tested approximately 7km of the entire ultramafic strike length, however the drilling has been concentrated in the central (and most prospective) part of the Kokomo laterite (the Central Plateau Area) where laterite development is most pronounced and where it is at its widest. In the 4.5 km long Central Plateau Area the laterite can be up to 60m in thickness, between 400m and 800m wide.



Figure 1 – NORNICO Location & Geographic setting



Cobalt rich nickel laterite mineralisation predominately occurs along the eastern and western margins of the laterite plateau, see Figure 3.

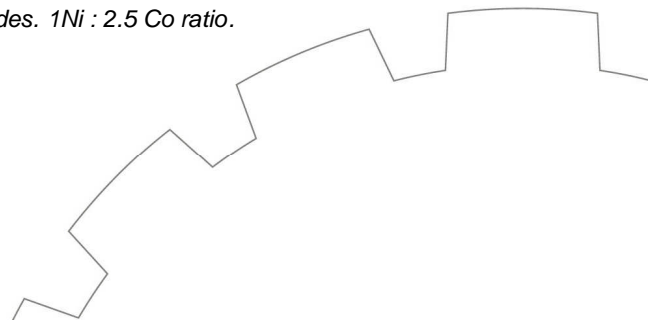
Assay results have been received for all the holes drilled and the high grade intercept highlights are presented below, (note: results for holes KK-607 to KK-745 have not been included as they have been previously reported) and a simplified drilling layout map is included as **Figure 2**. A Ni-Co metal factor map showing the distribution of the nickel-cobalt mineralisation is included as **Figure 3**.

Highlights from the 2009 drilling not previously reported (holes 746-913) include:-

KK- 771,	35m @	0.81% Ni and 0.22% Co (1.36% Ni eq) (Ni+ 2.5 Co*)
KK- 785,	7m @	1.14% Ni and 0.79% Co (3.11% Ni eq)
KK- 787,	16m @	0.80% Ni and 0.54% Co (2.15% Ni eq)
KK- 793,	19m @	1.15% Ni and 0.20% Co (1.65% Ni eq)
KK- 799,	12m @	1.05% Ni and 0.48% Co (2.25% Ni eq)
KK- 800,	8m @	1.38% Ni and 0.30% Co (2.13% Ni eq)
KK- 835,	20m @	1.02% Ni and 0.21% Co (1.54% Ni eq)
KK- 840,	9m @	1.50% Ni and 0.26% Co (2.15% Ni eq)
KK- 847,	12m @	0.94% Ni and 0.23% Co (1.51% Ni eq)
KK- 854,	10m @	1.13% Ni and 0.22% Co (1.68% Ni eq)
KK- 855,	12m @	0.76% Ni and 0.36% Co (1.66% Ni eq)
KK- 865,	10m @	1.00% Ni and 0.36% Co (1.90% Ni eq)
KK- 873,	11m @	0.87% Ni and 0.45% Co (2.00% Ni eq)
KK- 875,	23m @	0.95% Ni and 0.18% Co (1.40% Ni eq)
KK- 876,	10m @	1.15% Ni and 0.38% Co (2.10% Ni eq)
KK- 879,	9m @	0.98% Ni and 0.40% Co (1.98% Ni eq)
KK- 891,	29m @	0.90% Ni and 0.16% Co (1.30% Ni eq)
KK- 900,	17m @	1.11% Ni and 0.31% Co (1.88% Ni eq)
KK- 908,	20m @	0.69% Ni and 0.36% Co (1.59% Ni eq)
KK- 909,	8m @	1.12% Ni and 0.54% Co (2.47% Ni eq)
KK- 910,	6m @	1.15% Ni and 0.45% Co (2.27% Ni eq)
KK- 913,	7m @	1.09% Ni and 0.45% Co (2.21% Ni eq)

Note:- Drill holes KK-607 to 745 have previously been reported – see MLM 2009 June Quarterly Report, Table 7.

**The Nickel Equivalent (Ni Eq) grade has been calculated using Ni plus 2.5 Co to represent approximate nickel equivalent grade eg US\$8/lb Ni and US\$20/lb Co (example only) provides. 1Ni : 2.5 Co ratio.*



High grade scandium (Sc) mineralisation (a valuable rare earth/tech metal used in Fuel Cells and as a major enhancer of aluminium alloys) was also intersected in the current round of drilling at Kokomo, with drill hole, **KK-805, intersecting 37m averaging 437ppm Sc.** *Results are still being compiled and details on the Kokomo scandium project and drilling results will be included in a separate release.*

Mining Lease application for Kokomo

Metallica has recently applied for a 3,600 hectare mining lease (MLA 10342) over the Kokomo deposit, has commenced environmental studies of the area and metallurgical testwork on Ni-Co & Sc laterite samples from the Kokomo project is ongoing at HRL Testing in Brisbane.

Metallica will re-commence drilling at Kokomo in late October to undertake close spaced drilling (20m by 25m) over a discrete area of high (i.e. >1.5 Ni Eq) nickel-cobalt mineralisation and another area of predominantly very high grade scandium mineralisation (i.e. >200s/t Sc). This extra drilling is being undertaken so mining studies and mine scheduling can be completed on high grade “starter pits” which can be included



Metallica Exploration Manager, Pat Smith and Chairman, David Barwick at NORNICO Pty Ltd - Kokomo Mining Lease Datum post (Oct 09)

in the proposed Feasibility Study for the NORNICO Ni-Co laterite project.

Back ground - NORNICO

NORNICO so far includes three main deposits: Bell Creek, Minnamoolka and Kokomo, see Figure 1. The NORNICO project definition is currently based on a 1 Mtpa heated agitated Atmospheric Acid Leach (AAL) and solvent extraction/electrowinning (SX/EW) operation sourcing higher grade (i.e. >1% Ni Eq) Ni-Co ores from Bell Creek, Minnamoolka and Kokomo deposits, with an onsite acid generation plant and co-generation of power, to produce LME nickel metal and cobalt product over a minimum 15 year life.

Kokomo will be an important component of the proposed NORNICO Ni-Co operation as it contains high nickel+cobalt grades which will enhance future Ni-Co feed grade and substantially extend project life. Kokomo Ni-Co laterite mineralisation also has potential by-products of manganese and



scandium oxides. Preliminary metallurgical testwork has been very encouraging with results indicating that 90% extraction of both nickel and cobalt are achieved within 6 hours using heated agitated AAL methods. Extractions of scandium have also been very high.

NORNICO is in an excellent location, close to markets, fresh water, limestone, infrastructure and port facilities (140km via road) and is safe and in an ideal climate and environment.

Competent Persons

Technical information and exploration results contained in this report has been compiled by Metallica Minerals Ltd full time employees Andrew Gillies in the position of Managing Director and Metallica Minerals Ltd Exploration Manager, Mr Pat Smith MSc. B.Sc (Hons).. Mr Gillies and Mr Smith are members of the Australasian Institute of Mining and Metallurgy and 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. Mr Gillies and Mr Smith consent to the inclusion in this report of the matters based on the information in the form and context in which it appears

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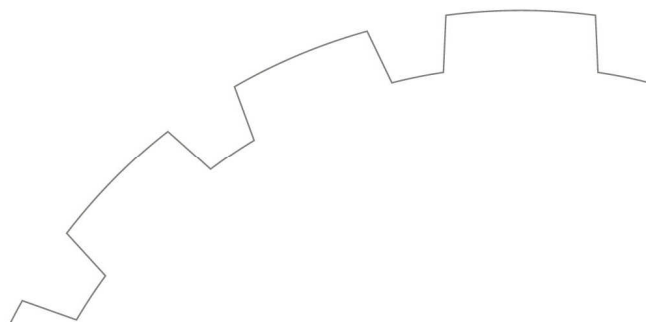
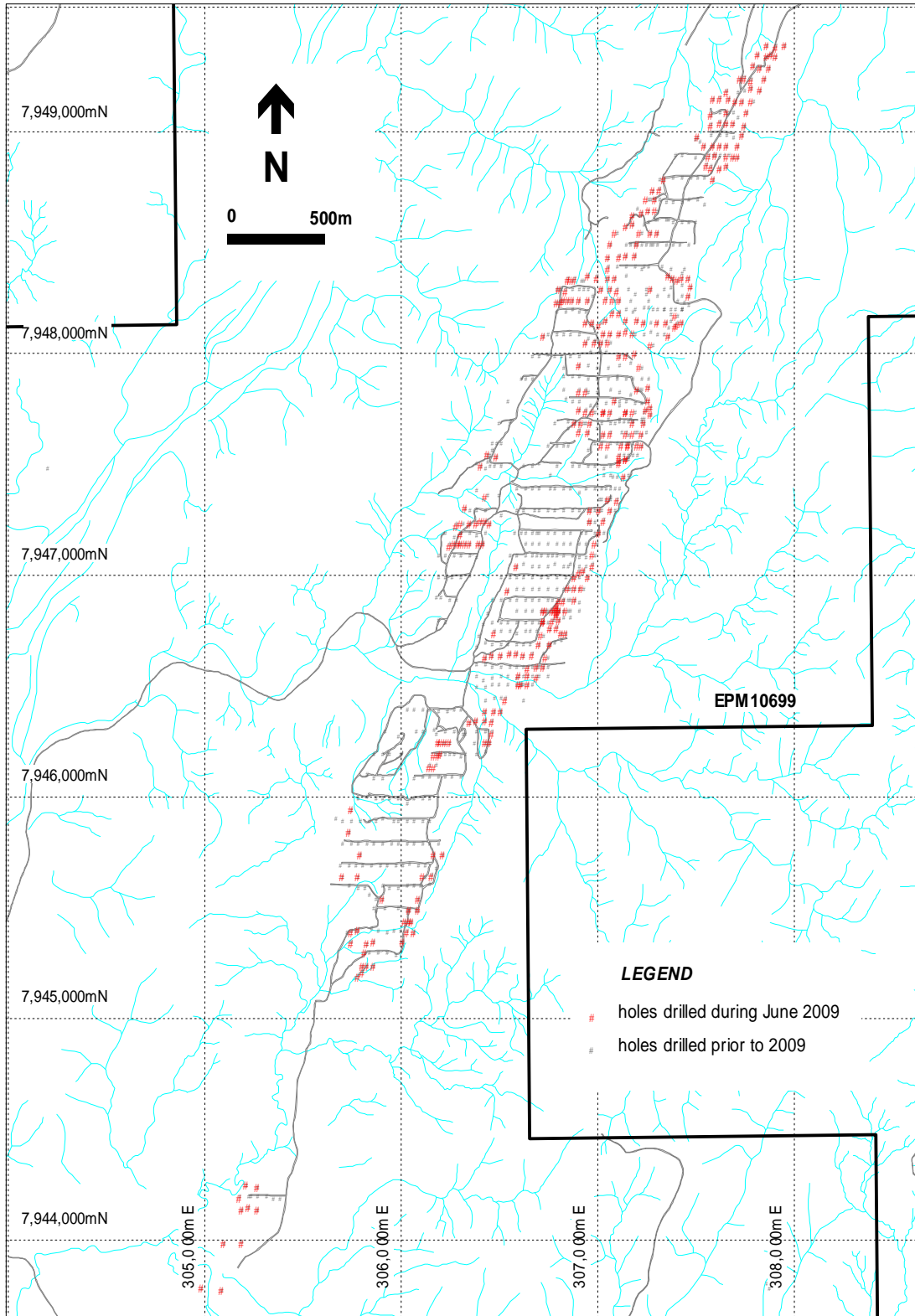




Figure 2; Drill Program Location Map (2009 & prior to 2009)



**EPM10699 - KOKOMO
DRILL HOLE LOCATIONS**

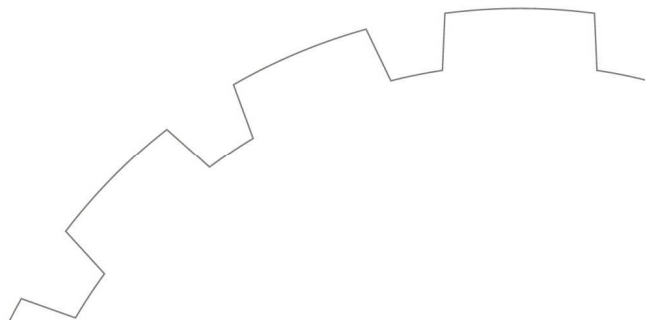
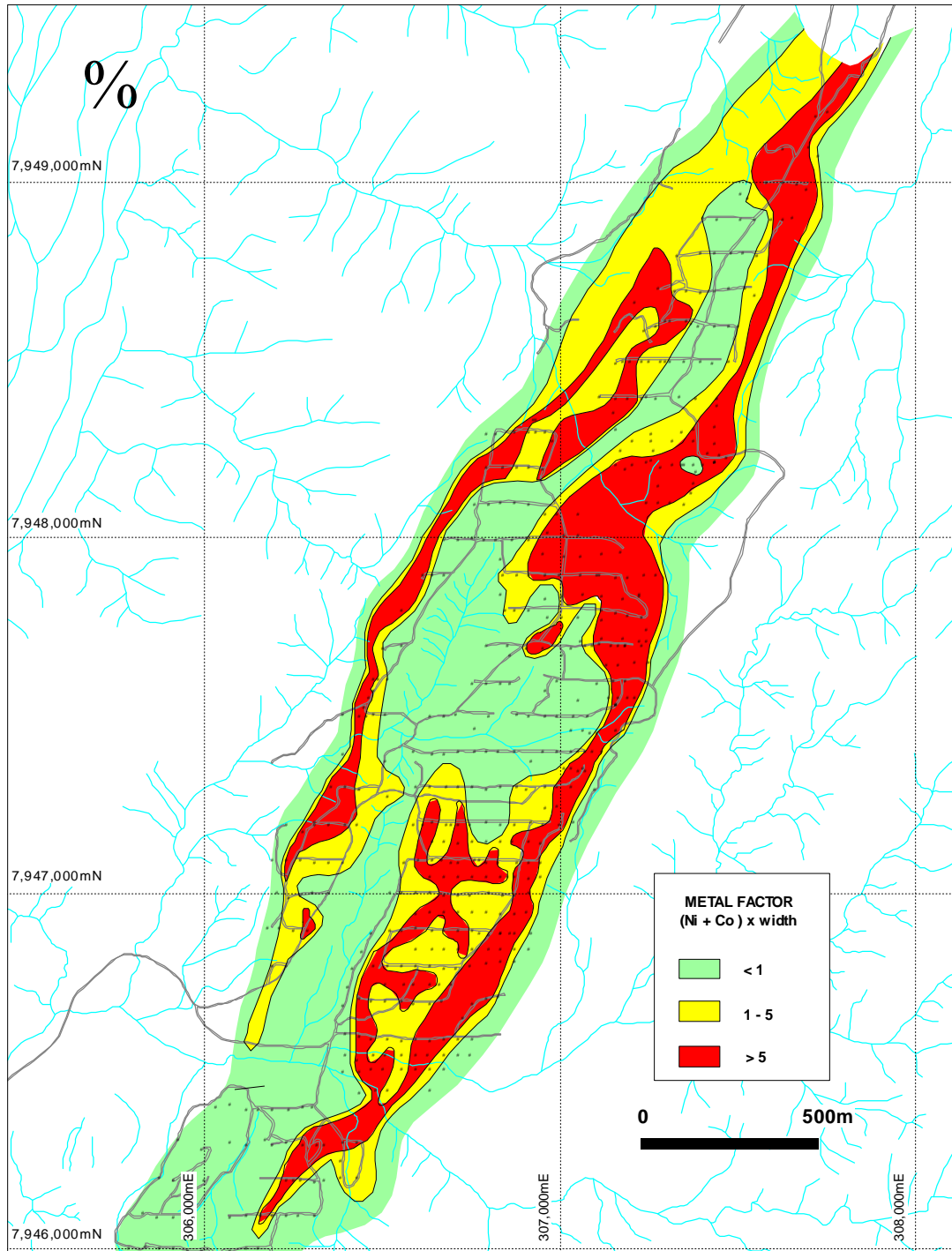




Figure 3; Kokomo Metal Factor Map (Ni + Co only)



EPM10699 - KOKOMO NICKEL COBALT PROJECT
CENTRAL PLATEAU METAL FACTOR MAP

