METALLICA MINERALS LIMITED Subsidiary Companies



NORNICO Pty Ltd ACN 065 384 045 | Oresome Australia Pty Ltd ACN 071 762 484 | Greenvale Operations Pty Ltd ACN 139 136 708 Lucky Break Operations Pty Ltd ACN 126 272 580 | Scandium Pty Ltd ACN 138 608 894 | Phoenix Lime Pty Ltd ACN 096 355 761

ASX Announcement

15th March 2010

First drilling commences on newly acquired

GREENVALE NICKEL PROJECT

HIGHLIGHTS

- A 8,000m Reverse Circulation (RC) Queensland drilling program (~300 holes) commenced on Metallica's 100%-owned newly acquired Greenvale and Lucknow Nickel – Cobalt projects (remnant 38Mt resource at 0.8% Ni & 0.05% Co-See below & Table 1)
- Specifically targeting high grade zones (>1.5% Ni Eq or Ni+2Co) located on the historic Greenvale mine site and the nearby Lucknow deposit in southern portion of Metallica's flagship NORNICO Ni-Co project northwest of Townsville, Queensland.
- Drill results to be incorporated in current scoping/prefeasibility study to establish initial NORNICO Stage 1 processing operation at Greenvale
- New Resource Estimate for Greenvale & Lucknow Ni-Co projects to be prepared once RC assay results available
- Indicative mine schedule will then be prepared for study, sourcing and blending high grade nickel ores from Greenvale, high grade cobalt nickel ores from Lucknow, and high grade cobalt and scandium (a rare earth element/tech metal) ores trucked from the Kokomo deposit in the central NORNICO project area.

Metallica Minerals Limited **(ASX code: "MLM")** is pleased to announce that the Company's maiden nickel-cobalt drilling program has commenced on the recentlyacquired Greenvale Mine Site located in the southern portion of Metallica's flagship NORNICO Ni-Co project northwest of Townsville in Queensland.

The drilling schedule comprises 8,000 metres of Reverse Circulation (RC) for approximately 300 holes. It is targeting previously defined areas of high grade mineralisation within the 100%-owned Greenvale and Lucknow tenements acquired by Metallica in December last year.



The tenements host a remnant resource of 38 million tonnes (Mt) of 0.8% Ni and 0.05% Co using a 0.5% Ni cut off grade - *for further information, see Table 1 below & ASX Release 21 December 2009.*

Metallica has identified within Greenvale, including its former mine area, nine drill targets hosting potential high grade nickel mineralisation. The targets have been selected based on drill results by Straits Resources in 2008, historical drilling information from the 1970s and from recent surface sampling using a hand-held XRF Unit. The XRF sampling has identified areas of remnant +1.5% Ni mineralisation in old mining faces, and on benches on pit boundaries and which may extend out from the previously mined limits. Potential exists to delineate significant high grade nickel – cobalt mineralisation on these pit margins and in potentially un-mined areas near old workings. The priority areas identified for detailed drilling are presented in **Figure 1**.

Metallica intends to complete close-spaced RC drilling (to 20m centres) for a total of 6,000 metres in these areas of high grade nickel mineralisation.

In the areas of shallow (<20m) mineralisation, better results from the Straits drilling completed in 2008 include:-

GVM-015, 15m @ 1.69% Ni and 0.03% Co GVM-046, 24m @ 1.51% Ni and 0.04% Co GVM-067, 17m @ 1.41% Ni and 0.08% Co GVM-090, 17m @ 1.81% Ni and 0.07% Co

The deeper (>15m) high grade mineralisation such as in the area defined in the Power Line target will be close space drilled in a later drill programme. There are also zones of remnant high grade mineralisation outside the mined area such as historical hole DDH-1077 which recorded **0-35m at 1.9% Ni, 0.05% Co** within the AWR target area – **see Figure 1**.

Metallica also intends to drill up to and additional 2,000 metres of RC holes in the Lucknow Nickel – Cobalt deposit which is approximately 3km southeast of the Greenvale Mine site. Previous drilling by Anaconda Resources (2001) and QNI in the 1970s intersected high nickel and cobalt zones in several holes with results including:-

LKRC-004, 16m @ 1.09% Ni and 0.26% Co LKRC-009, 9m @ 0.76% Ni and 0.38% Co LKRC-010, 5m @ 0.68% Ni and 0.64% Co QNLK-085, 5m @ 1.47% Ni and 0.14% Co QNLK-108, 16m @ 0.97% Ni and 0.41% Co

These priority areas will be drilled on a 20m by 20m grid in order to confidently define these higher grade zones.

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Figure 1 : Greenvale Mine Site – Priority Exploration Drilling Targets



Two RC rigs are being utilised for the program announced today with drilling underway at Greenvale from today and commencing at Lucknow in five days time. It is envisaged that the campaign will be completed by mid to late May, after which a new resource estimates will be completed.

Exploration, Resource, Feasibility & Development Strategy

The drill results and preliminary mining schedule will be incorporated into the current scoping/prefeasibility study for the development on an approximate 180,000 tpa sized Nickel – Cobalt – Scandium ore processing plant sited at the Greenvale Mine site, sourcing very high grade (1.8-2% Ni Eq or Ni+2Co) Ni-Co ores from on-site, and supplemented with feed from the nearby Lucknow deposit and Ni-Co-Scandium ores trucked from the Kokomo deposit approximately 55km to the north by existing road.

The proposed NORNICO Stage 1 operation under study is for a 180,000 tpa sized heated atmospheric acid leach operation (AAL) extracting Ni-Co & Sc, sourcing key reagents; acid from Townsville and limestone/lime locally and producing ~ 2,900 t Ni metal or Ni sulphate, ~ 200 t Co sulphide and ~5,000 kg Sc oxide per annum.

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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Table 1: Mineral Resource at Greenvale Nickel Mine, Queensland

Classification	Ni % (COG)	Mt	Nickel %	Cobalt %	Contained Ni tonnes	Contained Co tonnes
Indicated	0.5	4.8	0.90	0.05	40,000	2,400
Inferred	0.5	32.90	0.80	0.05	270,000	17,300
Total	0.5	37.70	0.80	0.05	310,000	19,700

* This resource information was previous released by Straits Resources Ltd in a Quarterly Report to the ASX dated 29th July 2009. The information in this report relating to the Greenvale Mineral Resource is based on information estimated by Byron Dumpleton, who is a member of the Australian Institute of Geoscientist. Mr Dumpleton is a Resource Geologist Consultant and has sufficient experience relevant to the style of mineralisation, type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for reporting of Minerals Resources and Ore Reserves." Mr Dumpleton consents to the inclusion in the report of the matters based on their information in the form and context in which it appears is JORC compliant.