



Quarterly Report

to 31 March 2011



ASX Release

29 April 2011

Metallica Minerals Ltd

A Queensland focused multi-commodity resource development company, with major project interests in Nickel-Cobalt, Scandium, Zircon-Rutile and Limestone, plus strategic investments in Coal, Bauxite, Tungsten, Gold-Copper & Rare Earth Elements.

ASX:MLM

Issued Capital (31/03/2011):

117,331,202 Shares issued

5,900,000 Unlisted Employee & Director Options

~ 2,303 shareholders

Top 20 shareholders: Hold 58.1%

Directors:

David K. Barwick - Non Exec Chairman
Andrew Gillies - Managing Director
John Haley - Exec Director & Comp. Sec.
Barry Casson - Non Exec Director
Shu Wu - Non Exec Director
(Tao Li - Alternate Non Exec Director)

Largest Shareholders:

Jien Mining Pty Ltd 18.94%
Golden Breed Pty Ltd 7.47%
RCF (Funds III LP & IV LP) 6.14%

Cash Balance:

As at 31 March 2011,
MLM's cash balance was
approximately \$4.31M.

Project Highlights

NORNICO NI-CO-SC "TRI-METAL" PROJECT

- ▶ Change in development strategy from heated Atmospheric Acid Leach (AAL) processing to High Pressure Acid Leach (HPAL) processing with an acid-power plant to allow for considerable advantages of larger size (from ~200ktpa to ~500 Ktpa) and economy of scale, plus the cost benefits of an acid plant providing secure local acid, heat and power to lower operating costs.
- ▶ HPAL processing is expected to have considerably more certainty by being an efficient process technology which is now well established.
- ▶ HPAL will allow all iron rich ores to be treated, particularly the high scandium high iron Lucknow and Kokomo ores, as scandium co-products and added scandium resources will be a major competitive advantage for the NORNICO Ni-Co & Sc project.
- ▶ Initial HPAL metallurgical testwork on Ni-Co and Sc ores has commenced and AAL Metallurgical testwork ongoing. AAL processing is planned for the low iron bearing Bell Creek & Minnamoolka ores.
- ▶ Pit optimisation studies commenced and will continue in the June Quarter allowing for a new larger scale ~500,000 tpa HPAL operation sourcing base load Ni-Co laterite feed from the Greenvale mine site and trucked Ni-Co-Sc ore from nearby Lucknow and Kokomo deposits.
- ▶ Desk top studies to commence shortly based on a 500,000 tpa HPAL operation sited on the former Greenvale mine site with its own acid-power plant to provide overall project scope and indicative capital and operating cost estimates.

- ▶ Continued significant customer interest and enquiry on Metallica's potential to become a major long term reliable scandium producer.

LUCKY BREAK MLM 50% : MFC 50% JV

- ▶ Metals Finance Ltd (MFC) is progressing the Lucky Break nickel project towards implementation, with commissioning (subject to MFC financing) targeted to commence Q2, 2012.

WEIPA ZIRCON-RUTILE HMS PROJECT

- ▶ The Urquhart Point zircon-rutile project is progressing satisfactorily towards development, with the permitting and evaluation, Environmental Impact Statement (EIS), bankable feasibility and metallurgical development test work well underway.
- ▶ Successfully completed metallurgical testwork on a representative 6 tonne sample from over 30 sample points by Robbins Metallurgical (Ballina).
- ▶ The Bankable Feasibility Study (BFS) has commenced using Brisbane based Calder Maloney Engineering.
- ▶ Indications to date are that zircon recovery after Wet High Intensity Magnetic Separation (WHIMS) is very high at 94.8%. Processing the heavy mineral concentrate through the Magnetic/Gravity Concentration Circuit produced a non-magnetic concentrate product containing 27.1% ZrO₂ and 47.3% TiO₂, and a calculated zircon grade of 41.7%.
- ▶ Produced zircon products are of high quality, and have low levels of uranium and thorium within the concentrate.

Listed Investment Highlights

METROCOAL (ASX:MTE) – MLM 45%

- ▶ Metrocoal is actively drilling the Bundi (100% MTE) and Columboola (China Coal JV 51% : 49% MTE) thermal coal project area in the Surat Basin Qld.
- ▶ Columboola Joint Venture (JV) partner, SinoCoal Resources, has waived its pre-emptive rights over MetroCoal's EPC1164 restricted to offers in excess of that offered to SinoCoal Resources.
- ▶ MetroCoal has appointed Caldrex Capital to coordinate the process of marketing and managing Expressions of Interest and the tender process for a second JV partner on MetroCoal's 100% owned Wandoan West tenement (EPC1164), adjacent to Xstrata's Wandoan coal project.
- ▶ The Draft Terms of Reference for the Bundi and Norwood Environmental Impact Statements has been released and Mining Lease approval process commenced

As at 31 March 2011, MetroCoal's cash position was approximately A\$14.2m.

For more information, see MetroCoal's March 2011 Quarterly Report.

PLANET METALS LIMITED (ASX:PMQ) - MLM 76%

- ▶ Planet Metals entered in to a Share Sale Agreement with Deutsche Rohstoff AG (DRA) to sell its 100% owned subsidiary, Wolfram Camp Mining Pty Ltd (holding 85% of the Wolfram Camp tungsten-molybdenum project in north Qld) for a total sale price of \$7m, comprising \$3.5m cash and \$3.5m in DRA shares (listed on the Frankfurt Stock Exchange).

For more information see Planet Metals' March 2011 Quarterly Report.

ORION METALS (ASX:ORM) – MLM 16%

- ▶ Orion increased its landholding in the Killi Killi Rare Earth Element (REE) and gold project area in the Tanami (WA) by successfully applying for two additional tenements E80/4558 & 4559.
- ▶ Orion further strengthened its exploration land holding in the Tanami area to 616 sq km having agreed to acquire and JV with MetalBank Ltd (ASX:MBK) on tenement E80/4212 and on an additional tenement application, E80/4596 by Orion.

- ▶ As at 28 February 2011, Orion's cash position was approximately \$4.4m. Extensive exploration is planned for the Killi Killi discovery area and for additional REE and gold discoveries in the regional tenements.

For more information see Orion Metal's February 2011 Quarterly Report.

CAPE ALUMINA (ASX:CBX) – MLM 30%

- ▶ Cape Alumina is focused on the Bauxite Hills high grade bauxite discovery, 60km NW of the Pisolite Hills bauxite project (which is on hold due to Wild Rivers legislation) in Western Cape York.
- ▶ Work progressed on the development of the Bauxite Hills mine and port project following the successful completion of a concept study.
- ▶ The Bauxite Hills mine and port project has received in-principle support from the Queensland Government.

For more information see Cape Alumina's March 2011 Quarterly Report.

Table 1: Metallica's ASX Listed Investments

ASX Code (shares on issue)	Commodity	Company	MLM%	No. Shares MLM hold	Share Price (as at 28/04/2011)	MLM's Market Value (\$M)
MTE (176,683,663)	Coal	MetroCoal	45.3%	80,000,000	37.5c	\$30.0
CBX (129,050,803)	Bauxite	Cape Alumina	29.9%	38,600,000	35c	\$13.5
PMQ (59,717,114)	Tungsten & Copper Gold	Planet Metals	76.2%	45,500,000	9.5c	\$4.3
ORM (79,597,443)	Gold & REE's	Orion Metals	14.9%	11,866,658	23c	\$2.7
Total Listed Investments						\$50.5M
Cash at Bank (28/04/2011)						\$4.1M
Cash & Total Listed Investments						\$54.6M
Shares on Issue (MLM)						117.3M
MLM Cash & Listed Investments/share						\$0.47

Metallica's combined cash and value of its ASX listed share investments is approximately \$54m (see Table 1) compared to Metallica's current market capitalisation of around \$34m. Metallica has substantial additional mineral asset value in its flagship NORNICO nickel-cobalt & scandium project in north Queensland, plus advanced zircon-rutile and limestone-lime projects.

Queensland Project Locations

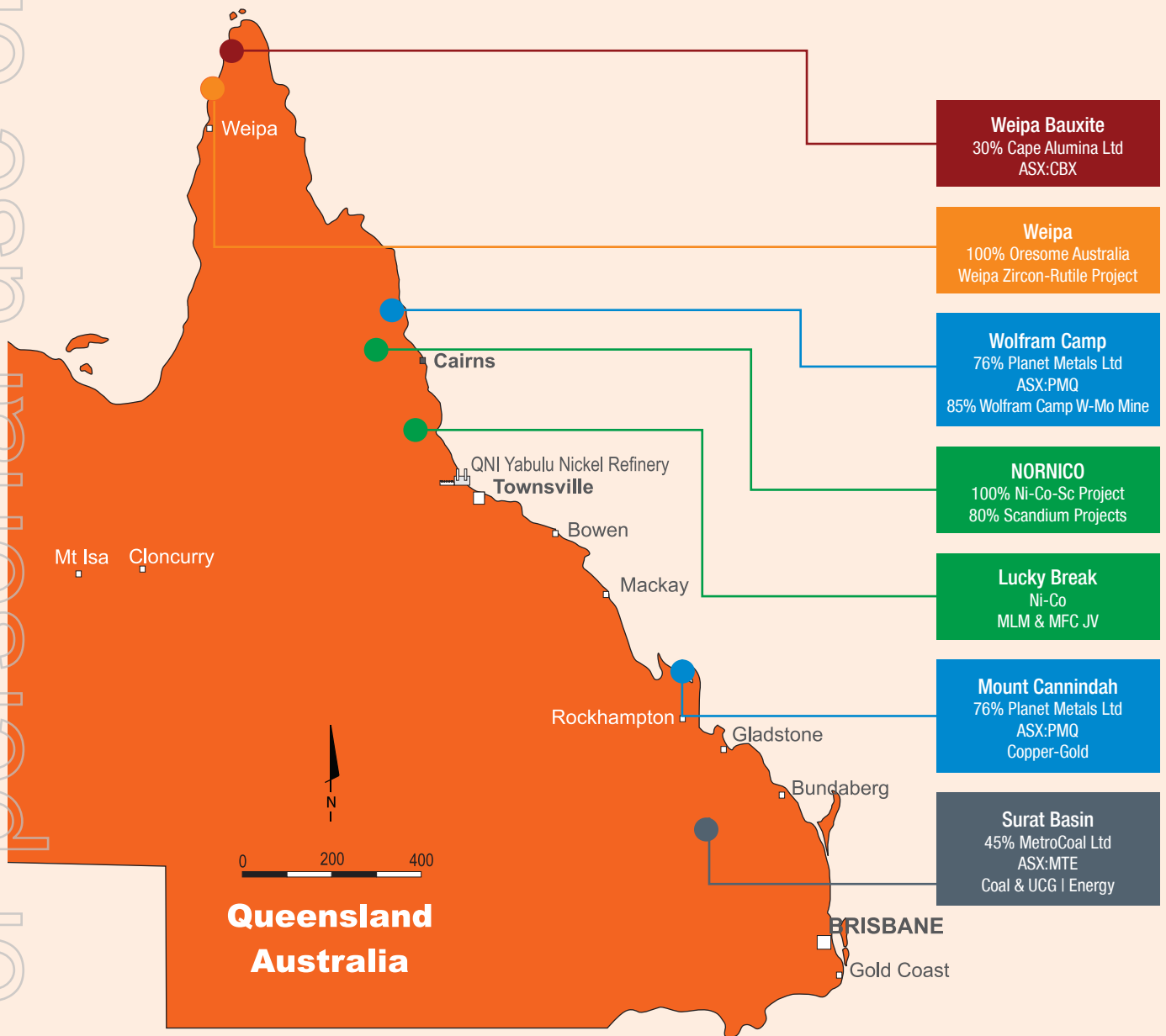


Figure 1 : Queensland project locations of Metallica's direct major interests in nickel-cobalt, scandium, zircon-rutile, limestone plus strategic interests in coal, bauxite, tungsten-moly, copper-gold

Corporate and Financial

TO BE READ IN CONJUNCTION WITH APPENDIX 5B ATTACHED

CORPORATE

Metallica currently has combined cash and ASX listed investments of around \$54m or approximately 47 cents per share, (see Table 1).

On the 4 April, Metallica was pleased to announce the distribution of 11.7m ordinary shares in Cape Alumina (CBX) to Metallica shareholders, the distribution being on a 1 CBX share for every 10 shares held in Metallica basis, as at 11 May 2011. A General Meeting is to be held on 3 May 2011 to vote on the in-specie distribution. The Metallica Board decided it was timely to distribute approximately 30% of its Cape Alumina investment to MLM shareholders, so that each shareholder could benefit by holding this investment, as well as adding liquidity to Cape Alumina which currently has a small shareholder base.

On the 14 March, Metallica announced it had offered to buy back all of the shares held by MLM shareholders who held less than a marketable parcel (having less than \$500 based on the closing price of 28 cents for the company's shares on 10 March) of shares in Metallica. The offer closed on 11 April 2011. It resulted in 395 shareholders holding a total of 260,557

shares having their shares bought back (total consideration \$73,000) and these shares will shortly be cancelled.

FINANCIAL

As at 31 March 2011, Metallica's cash was approximately \$4.31 million including interest income of \$91,000 received during the March quarter.

Exploration and evaluation expenditure totalled \$570,000 and administration expenditure was \$464,000 for the quarter to 31 March 2011. The total combined quarterly expenditure was approximately \$1.03m.

The planned estimated exploration and evaluation expenditure by Metallica for the June 2011 quarter is approximately \$400,000.

Metallica currently has 117,331,202 ordinary shares on issue. However, this is expected to be reduced by 260,557 shares being cancelled, to 117,070,654 shares on issue as a result of the recent share buy-back.

There are 5,900,000 unlisted options on issue, comprising 2.3 million employee options, exercisable at 35 cents on or before 12 February 2012, 1.1 million options exercisable at 65 cents on or

before 28 September 2012 and 2.5 million Director options exercisable at 35 cents on or before 31 May 2012.

No Directors or Management Unlisted Performance Options were issued during the quarter.

The Company intends to actively progress Metallica's key 100% NORNICO nickel-cobalt & scandium project and its significant Queensland-based wholly owned advanced exploration interests in zircon-rutile, gold-base metals, limestone-lime (all 100% MLM) and scandium (80%).

Metallica continues to assess attractive corporate and project opportunities that are compatible to the Company's core operations.

SAFETY & ENVIRONMENT

During the March quarter, there were no reportable lost time injuries or safety incidents. Metallica remained fully compliant with all its environmental obligations during the period. The Company takes environmental responsibility and land care seriously and progressively rehabilitates areas disturbed by exploration activities.

Competent Person's Statement

Technical information contained in this report has been compiled by Andrew Gillies B.Sc (Geology) Managing Director of Metallica Minerals Ltd, and Mr Pat Smith MSc. B.Sc (Hons), M.AusIMM, previously Exploration Manager of Metallica, who are competent persons and Members of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Gillies and Mr Smith have relevant experience to the mineralisation, Exploration Targets and Mineral Resources 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 the report of the matters based on the information in the form and context in which it appears.

Andrew Gillies

Managing Director,
29 April 2011



*Drilling on the Greenvale
nickel project*

NORNICO Project Development

NICKEL-COBALT & SCANDIUM | NORNICO "TRI-METAL" PROJECT 100%

NORNICO STAGE 1

GREENVALE NICKEL-COBALT & SCANDIUM PROJECT

In April, it was decided to change NORNICO's development strategy from heated Atmospheric Acid Leach (AAL) processing to more conventional and efficient High Pressure Acid Leach (HPAL) processing with an acid-power plant to allow for considerable advantages of larger size (from ~200ktpa to ~500 Ktpa) and economies of scale, plus the cost benefits of the an acid plant providing secure local acid, heat and power to lower operating costs.

Why has HPAL not been more seriously considered for NORNICO before?

1. The higher upfront HPAL capital cost (albeit larger plant size).
2. A then more modest NORNICO Ni-Co resource base.
3. NORNICO (predominantly Bell Creek & Minnamoolka), before the acquisition of the Greenvale and Lucknow project acquisitions was predominantly low Fe / moderate Mg, and better suited for AAL over HPAL processing.
4. Metallica only acquired Greenvale & Lucknow in March 2010 and discovery of the high Sc (and high Fe) Lucknow deposit was made only in April 2010.
5. There was an expectation AAL with pressure oxidation (POX) (Autoclave) would work at lower than 200 deg Celcius and offer cost benefits above HPAL (+/- 240 dec C for Fe removal and acid regeneration) with blending ores to provide manageable Fe content and still recover 90% Ni and Co and 85% Sc.

KEY ACTIVITIES UNDERTAKEN DURING THE MARCH QUARTER

The proposed metallurgical flowsheet was reviewed in detail and further metallurgical testwork involving heated atmospheric acid leaching (AAL) and

pressure oxidation (POX) for removal of iron was initiated to allow higher iron content scandium ores to be treated.

Testwork was also initiated at Ammtec, Perth to evaluate the suitability of High Pressure Acid Leach (HPAL) technology for treatment of NORNICO's Greenvale, Lucknow and Kokomo deposit oretypes, including the higher iron (~35% Fe) - high Scandium ores.

Baseline flora and fauna environmental studies for both Greenvale and Lucknow were completed.

Preliminary pit optimization studies for the Greenvale Ni-Co resources were initiated with further pit optimisation studies planned for the Greenvale, Lucknow and Kokomo Ni-Co & Sc resources.

These studies will employ a variety of parameters and allowing for a larger scale HPAL operation, nominally targeted at 500,000 tpa to provide significantly improved economies of scale, less acid consumption, lower operating costs and lower capital costs (per tonne of metal product).



NORNICO - PROJECT STUDIES

The Greenvale Ni-Co-Sc Scoping Study (Mark 1) and financial outcomes were previously reported in the September 2010 quarterly.

This study was based on a modest size 180,000tpa project located at the former Greenvale mine site using heated agitated Atmospheric Acid Leaching (AAL) processing, with acid supply trucked from Townsville, solvent extraction (SX) and recovery of nickel, cobalt and scandium, with options to produce either nickel metal or nickel sulphate, plus cobalt sulphide and scandium oxide (99.9% purity) products.

Feed material is to be sourced from selectively mined high grade Ni & Co ores primarily sourced from the Greenvale Ni-Co deposit and blended with supplementary high grade cobalt and scandium rich nickel laterite ores trucked from the Lucknow deposit (6km away) and/if required the Kokomo (55km) Ni-Co-Sc deposit in later years.

Forecast average annual production of contained metal was 2,700t Ni as Nickel Sulphate Hexahydrate product, 160t Co as Cobalt Sulphide intermediate product and 7,500kg of Sc as Scandium Oxide (99.9% purity).

Details of the Scoping Study and financial outcomes were previously

reported (see *Metallica September Quarterly Report, October 2010*).

This Scoping Study (Mark I) was being upgraded (Mark II) to include a pressure oxidation (POX) section in the process flow sheet for iron removal for higher iron bearing ores, particularly the high scandium ores at Lucknow and was previously planned to be completed in March-April 2011.

However following a review of the project, the added cost over benefit of incorporating the POX section and the likely considerable benefits from economies of scale by moving towards a larger scale ~500,000 tpa operation and using the highly efficient HPAL treatment process, the Mark II Scoping Study was not progressed to completion and the HPAL NORNICO project development strategy is now being pursued.

The HPAL flowsheet being developed is suitable for simultaneous tri-metal processing of Ni, Co and Sc bearing laterite ores.

Metallurgical testwork using the HPAL process on NORNICO ores has commenced and desk top studies in to a nominal 500,000tpa HPAL operation (with acid & power plant) are expected to commence shortly using Brisbane based external engineering firms and consultants.

NORNICO NI-CO & SC RESOURCES

The NORNICO project includes five key nickel laterite deposit areas; Bell Creek, Minnamoolka, Kokomo, Greenvale and Lucknow.

The NORNICO project's combined resource base is 49 Mt at 0.81% Ni, 0.09% Co (~1% Ni Eq*, Ni+2 Co), using a 0.7% Ni Eq* cut off grade, containing approximately 400Kt Ni and 42 Kt Co – see Table 2 and Appendix 1.

Approximately 90% of this resource is within the Measured and Indicated category.

After the acquisition of the Greenvale and Lucknow projects and the discovery of a new scandium orebody early in 2010, NORNICO's development focus moved from the northern portion of the NORNICO project area (i.e. Bell Creek & Minnamoolka projects) to the former Greenvale mine site in the southern portion of the project area, see Figure 2.

During the March quarter, resource estimate studies were completed by Golder Associates of Brisbane on the Greenvale and Lucknow projects, using block modelling Ordinary Kriging (OK) techniques.



Nickel laterite exposure on the Greenvale mine site

*Ni Eq is calculated using Ni+2Co - this is based on a nickel price of US\$10/lb and a Cobalt price of US\$20 /lb, scandium (Sc) has **not** been used in the equivalency equation.

NORNICO Update

GREENVALE Ni-Co PROJECT

The Greenvale Resource was estimated using data from 779 Reverse Circulation (RC) and Aircore holes (23,000m drilling).

The Measured, Indicated and Inferred resource for Greenvale now stands at 8.0Mt @ 1.04% Ni and 0.08% Co (1.20% NiEq) – see Table 3 & 4.

Approximately 90% of Greenvale Ni-Co resource is in the Measured & Indicated resource category – sufficient for mining studies. This resource includes a higher grade portion of 3.87Mt at 1.27% Ni and 0.10% Co (1.47% NiEq), see Table 5 for the breakdown of the resource categories.

Compared to the Lucknow and Kokomo Ni-Co-Sc deposits, the scandium (Sc) content of the Greenvale nickel laterite ores is relatively low. The Greenvale scandium values are typically between 10-80g/t Sc and average around 33g/t Sc in the Greenvale Ni-Co ore zones.

For further information, see Metallica's ASX release dated 19 January 2011.

LUCKNOW NI-CO & SC PROJECT

The Lucknow Resource was estimated using data from 298 Reverse Circulation (RC) drill holes comprising 7,036m of drilling.

The Ni-Co Measured, Indicated and Inferred resource now stands at 1.76Mt @ 0.60% Ni and 0.19% Co (0.98% NiEq) and 44g/t Sc at a 0.70% NiEq COG (see Table 6).

The Lucknow scandium resource now stands at 6.24Mt at 169g/t Sc (at a 70g/t Sc COG), see Table 7. Using a higher cut-off grade of 120g/t Sc there is a higher grade scandium resource of 4.12Mt at 206g/t Sc, containing more than 1.2 million kg of scandium oxide, see Table 8.

The scandium ore rights at Lucknow is covered by a Joint Venture agreement between Straits Resources Ltd (20%) and Metallica Minerals Ltd (80%).

Table 3: NORNICO Ni-Co Resource Base

Containing approx 400,000t Nickel & 42,000t Cobalt - approximately 90% in Measured & Indicated.

Nickel-Cobalt Deposit	Million Tonnes (Mt)	Ni%	Co%	Insitu Contained Ni Metal	Insitu Contained Co Metal
Bell Creek S	9.12	0.97	0.07	88,086	6,040
Bell Creek N	2.30	0.83	0.03	19,090	621
Bell Creek NW	3.07	0.77	0.05	23,639	1,443
The Neck	0.84	0.84	0.03	7,056	218
Minnamoolka	7.08	0.80	0.04	56,408	2,872
Kokomo	16.20	0.67	0.12	107,910	19,450
Greenvale	8.00	1.04	0.08	50,510	3,730
Lucknow	2.43	0.58	0.20	13,810	4,800
TOTAL	49.04	0.81	0.09	399,534	41,990

Note – using 0.7% NiEq (Ni+2Co) COG

See Appendix 1 at end of this report providing individual breakdown of Measured, Indicated and Inferred resource categories.

MINING STUDIES

Preliminary mining studies on the Greenvale resources are currently being undertaken by Golder Associates.

The resource was re-blocked to a 10mx10x2m block size, with assumed ore loss and dilution. The initial pits shells recently modelled on the Greenvale resource are based on the small high grade (and higher cost) concept (~200,000 tpa size AAL plant) gave 2.9Mt at 1.29 % Ni and 0.1% Co (~1.5% NiEq) and 34 g/t Sc using a 1.2% NiEq cut off grade (COG) within overall pit shell containing 5.76 Mt at 1.08% Ni, 0.08% Co (1.24% Ni Eq) and 32g/t Sc. The average strip ratio was approximately 2.4 waste : 1 ore. The Powerline and the Edge pits are the two dominating pits, making up 83% of the Measured and Indicated Resource in the pit shell for the base case, allowing for Ni-Co ore feed base for a ~200,000 tpa operation for approximately 15 years.

The Greenvale Ni-Co resource base would be supplemented with trucked high grade Co-Sc-Ni, Sc-Co and Sc ores from nearby Lucknow and Kokomo projects.

In addition to the Ni-Co ores predominantly supplied from the Greenvale mine site deposit, there is considerable high grade scandium ore at the Lucknow deposit comprising 4.12Mt at 206 g/t Sc (see Table 8) and from which significantly higher grade scandium ore would be selectively mined and blended with the Greenvale ores to maximise revenues. The Lucknow and Kokomo projects both contain modest size Ni-Co-Sc deposits which in the June quarter, will also undergo pit optimisation. Further mining and operating cost sensitivity studies are planned for the Kokomo and Lucknow Ni-Co & Sc resources.

Given the new 500,000 tpa HPAL development strategy, emphasis will be on establishing the optimal mineable resource to allow for at least a 15 year operation (i.e. >7.5 Mt total plant ore feed) with plant feed sourced from Greenvale, Lucknow and Kokomo. It is envisaged that as the market for scandium is expected to grow, a higher percentage of scandium ore would be incorporated in to the plant feed.

There is also likely to be additional scope for trucking high Ni-Co ores (>1.6% Ni Eq) from the Bell Creek

South deposit for supplementary feed and trucking acid from the proposed Greenvale acid plant to Bell Creek for a potential AAL operation there, as this process is more suited for treating this deposit's lower iron Ni-Co laterite ore types.

There is considerable benefit in having three metals (Ni-Co & Sc) to blend, so when there are higher prices for any one or more metals, the Ni, Ni-Co, Ni-Co-Sc, Sc-Co and Sc ores can be scheduled to maximise revenues.

METALLURGICAL TESTWORK

Initial testwork investigating alternative methods of dealing with higher iron levels has been ongoing at Burnie Laboratories, Tasmania.

The testwork is based on a flowsheet using heated AAL including a Pressure Oxidation (POX) section in the proposed flow sheet for removal of iron as hematite.

All work associated with solution chemistry and using an autoclave for treating solutions has been completed. In all cases unstable ferric sulphate was precipitated, not hematite.

This test program is complex and is aimed at defining and confirming a suitable process flowsheet that allows the nickel, cobalt and scandium to be sufficiently leached, while maintaining a low overall iron extraction via iron leaching and subsequent precipitation.

Further preliminary testwork involving heated atmospheric acid leaching (AAL) of samples of Greenvale ore from the Powerline and the Edge deposits (average 22% Fe) followed by autoclaving has shown considerable promise with some precipitation of

Table 4: Greenvale Ni - Co Resource (Using a 0.70% NiEq COG)

Classification	Mt	Ni%	Co%	NiEq%	Fe%	Scg/t
Measured	2.63	1.08	0.09	1.26	22.0	33
Indicated	4.47	1.03	0.08	1.19	21.0	33
Inferred	0.90	0.99	0.07	1.12	19.0	30
Total	8.00	1.04	0.08	1.20	21.0	33

The above resource conforms to JORC guidelines for the reporting of mineral resources, the resources have been classed as either Measured Indicated or Inferred based on geological continuity, sample intervals and drill hole spacing. The Measured and Indicated resource is sufficient for preliminary pit design and scheduling. The Mineral resource estimate is appropriate for a selective open pit mining scenario, but does not account for mining dilution or mining losses.

Table 5: Greenvale Ni-Co Resource (Using a 1.2% NiEq COG)

Classification	Mt	Ni%	Co%	NiEq%	Fe%	Scg/t
Measured	1.4	1.33	0.10	1.53	21	31
Indicated	2.13	1.24	0.10	1.43	21	33
Inferred	0.34	1.23	0.08	1.40	19	28
Total	3.87	1.27	0.10	1.46	21	32

Table 6: Lucknow Ni-Co Resource (Using a 0.70% NiEq COG)

Classification	Mt	Ni%	Co%	NiEq%	Fe%	Scg/t
Measured	0.74	0.66	0.17	1.00	24	38
Indicated	0.55	0.55	0.22	0.99	22	47
Inferred	0.47	0.55	0.19	0.93	20	50
Total	1.76	0.60	0.19	0.98	22	44

Table 7: Lucknow Sc Resource (70g/t Sc COG)

Classification	Mt	Sc (g/t)	Ni%	Co%	Fe%	Mg%
Measured	0.72	194	0.24	0.05	30.6	1.93
Indicated	2.67	170	0.19	0.04	35.3	0.94
Inferred	2.85	159	0.20	0.04	35.0	0.80
Total	6.24	169	0.20	0.04	34.6	0.99

Table 8: Lucknow Sc Resource (120g/t Sc COG)

Classification	Mt	Sc (g/t)	Ni%	Co%	Fe%	Mg%
Measured	0.51	239	0.25	0.06	0.37	21.8
Indicated	1.77	209	0.20	0.05	0.31	35.4
Inferred	1.84	194	0.21	0.05	0.31	36.1
Total	4.12	206	0.21	0.05	0.32	35.2

hematite. However, nickel and cobalt extractions to date have been lower than with two stage AAL leaching.

AAL and POX testwork is ongoing and will investigate free acid concentrations, and autoclave residence times and/or temperatures.

However it should be noted that increasing either of these variables – temperature or residence time would take away any of the cost/benefit advantages of going AAL+POX as opposed to the conventional HPAL.

HPAL testwork has recently been commissioned at Ammtec Perth to confirm the suitability of this process route for the NORNICO (Greenvale-Lucknow and Kokomo deposits) project ore types.

SCANDIUM (ELEMENT 21)

There continues to be significant customer interest and enquiry on Metallica's potential to become a major long-term reliable scandium producer.

Scandium is well known as a powerful grain refining element for aluminium alloys whereby its addition in small amounts is known to greatly increase

strength, durability and corrosion resistance. Such enhanced aluminium alloys were first developed and used by the USSR for MIG fighter aircraft and missile structural components.

World scandium usage is currently small (<10tpa) as it has been severely restricted by scandium's scarcity and lack of reliable supply. High grade scandium deposits are rare.

Current applications of scandium today are for high-end sporting goods (e.g. bicycles), hand guns, specialised lighting and currently much interest into solid oxide fuel cell (SOFC) technology development, whereby scandia-stabilized zirconia is used as a high conductivity cathode material.

Demand is expected to grow dramatically once long term reliable supply is established, particularly for SOFC's (for cleaner natural gas generated electricity and heat) and Sc-Al alloys in the transport and aviation industries.

Metallica's combined scandium resource (Lucknow & Kokomo) is 15.1Mt @ 133g/t Sc using a 70g/t COG containing over 3,000t of scandium oxide (see Tables 7 & 8, Appendix 1).

As part of the development of NORNICO, Metallica is in a unique position to develop a high grade scandium resource with good acid leaching and metal recovery characteristics to produce a long term reliable supply of scandium oxide in significant quantities of >20tpa to 100 tpa.

Scandium is one of the most valuable of the 17 rare earth elements (REE), scandium oxide is priced over US\$1,500/kg (99.9% purity).

Metallica believes there is an excellent opportunity to create a whole new strategic metal market.

ACTIVITIES PLANNED FOR THE JUNE QUARTER 2011

Initiate a scoping study for a nominal 500,000 tpa HPAL operation with an acid and power plant on the Greenvale mine site, using an engineering firm and external consultants.

Continue with mining studies for the Greenvale Ni-Co resources, the higher grade portions of the Lucknow and Kokomo Ni-Co-Sc zones and high Sc zones in the Lucknow deposit.

Continue metallurgical testwork related to AAL and pressure oxidation (POX) on the Greenvale and Lucknow high iron bearing ore types. Similarly, ongoing HPAL testwork on all NORNICO resources.

Planning of Mining Lease Application(s) over portion(s) of the Greenvale mine site and the Lucknow projects.

Continued negotiations with the Gugu Badhun Traditional Landowners for an ILUA which will include, Kokomo, Lucknow and Greenvale.

Negotiation with landowners for agreements to cover ML applications at Greenvale, Lucknow and Kokomo

Initiate field work on the new Pinnacles nickel laterite prospect NE of Greenvale and which has not been drill tested.



Scandium-Aluminium Alloy



*Drilling the Lucknow
Ni-Co & Sc project*

Lucky Break Nickel Project

MFC 50% MLM 50% JOINT VENTURE

The Lucky Break nickel project, located 140km west of Townsville, north Queensland (see Figure 3) is in a joint venture between Metals Finance Ltd (ASX:MFC) and Metallica.

Metallica holds two granted Mining Leases (ML 10324 and 10332).

Under the Lucky Break joint venture agreement, Metals Finance is responsible for funding, developing and managing the Lucky Break project, if it proceeds.

A limited recourse loan will be created from Metals Finance to a Metallica subsidiary for 50% of the project costs.

The project, with a minimum planned mine life of just under six years with

nickel recoveries of 85% and average grades of 1.3% Ni, is to be developed and brought into production at no cash cost to Metallica.

Upon implementation, 100% of cash flow surplus will be directed to repayment of the loan from Metals Finance until this loan is repaid. After this, the cash flow surplus will be shared 50:50.

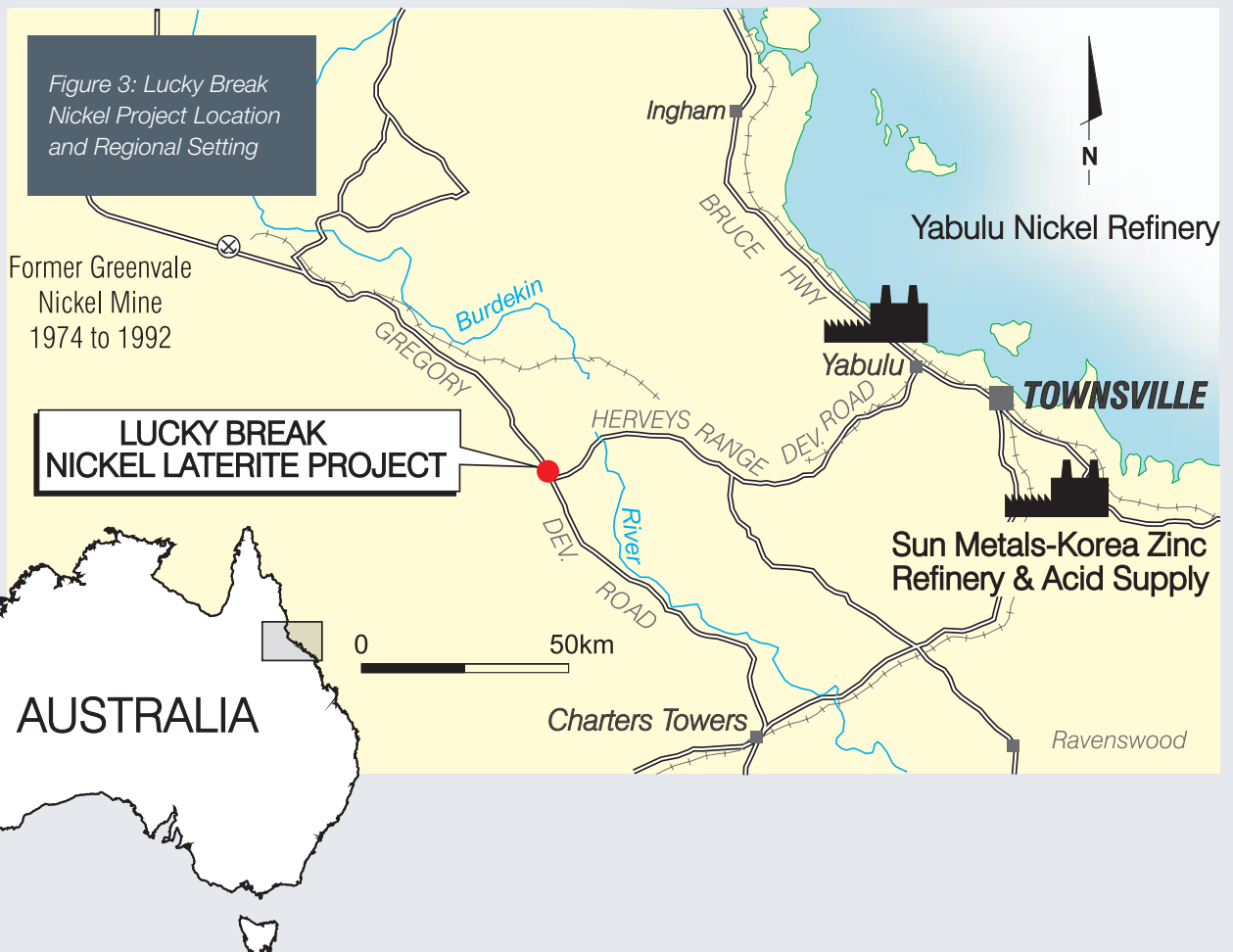
The development of the Lucky Break project would provide Metallica with significant hydrometallurgical operational experience and know-how, ahead of the proposed larger scale NORNICO Stage 1 development at Greenvale (approximately 100km north of Lucky Break).

PROJECT STATUS

The Lucky Break Nickel project remains on-track for commissioning during the second quarter of 2012.

The updated Definitive Feasibility Study (DFS) was submitted to specialist hydrometallurgist consultant John Canterford (Process Technologies) at the end of February. This report has been received and two minor suggestions implemented.

The Environmental Assessment (EA) Amendment, including the Amended Plan of Operation (POO) was submitted to DERM at the end of February. The initial assessment has been completed with no concerns raised. Final assessment is anticipated by the end of April.



PLANNED (MFC) ACTIVITIES
FOR THE JUNE 2011
QUARTER

- ▶ Obtain signoff from Sun Metals on the acid MoU once project funding is in place.
- ▶ Finalise negotiations for project financing.
- ▶ Continue pre-EPCM planning to allow fast-tracking once funding is in place.
- ▶ Continue operational planning to ensure regulatory and legislative requirements are met.
- ▶ Continue dialogue with DEEDI (the new landowners) to identify opportunities for synergy between the two organisations.
- ▶ Commence detailed discussions with the preferred mining/earthworks and building contractors.



*Drilling Ni-Co & Sc
laterite*

Weipa HMS-Zircon & Rutile Project

MLM 100%

Through its wholly owned subsidiary Oresome Australia Pty Ltd, Metallica holds 100% of the Cape York Mineral Sands Project. At this stage the project consists of four granted EPMs (Urquhart Point, Jardine, Doughboy and Jackson River 2), eight EPM Applications and one Mining Lease Application, all over the Urquhart Point deposit approximately 5km south west of Weipa (see Tenement Schedule).

Exploration on the project is targeting rutile and zircon in sand dunes and strandlines along the coast line near Weipa and north to the tip of Cape York Peninsula. Oresome currently holds approximately 2,000km² of highly prospective yet under-explored ground for zircon-rutile mineral sand deposits.

Urquhart Point, three kilometres southwest of Weipa, contains an Indicated Resource of 2.8Mt @ 7.0% Heavy Mineral Sand (HMS) with a high proportion of zircon and rutile to a maximum depth of three metres, with a further nine kilometres of coastline still to be tested, (see Figure 4).

Project development is progressing satisfactorily with the Environmental Impact Statement (EIS), bankable feasibility and metallurgical development test work well underway. Indications to date are that zircon recovery after Wet High Intensity Magnetic Separation (WHIMS) is very high at 94.8%.

Processing the heavy mineral concentrate through the Magnetic/ Gravity Concentration Circuit produced a non-magnetic concentrate product containing 27.1% ZrO₂ and 47.3% TiO₂, equating to a calculated zircon grade of 41.7%.

Produced zircon products are of high quality, and of note are the low levels of uranium and thorium within the concentrate calculated at 245ppm.

The valuable heavy mineral sands (HMS) suite is dominated by zircon and rutile, typically greater than 40% combined. The strandlines are characterised with an extremely low slimes content and minimal overburden.

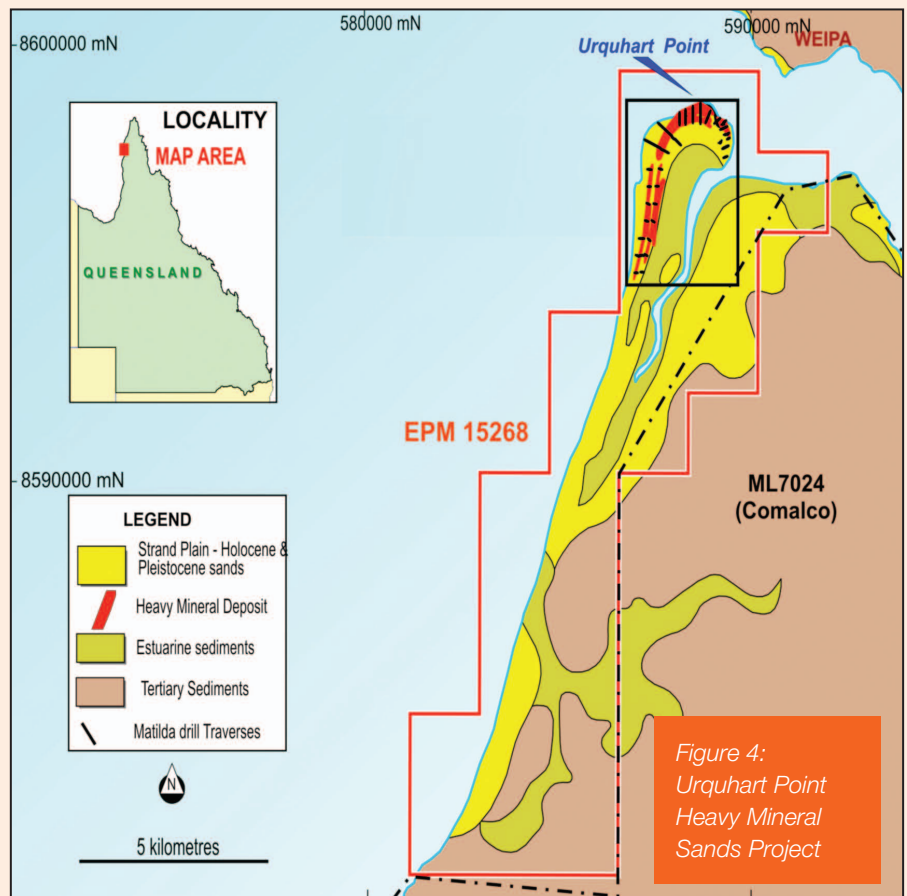


Figure 4:
Urquhart Point
Heavy Mineral
Sands Project

There are a further nine kilometres of coastline still to be tested within the Urquhart Point tenement alone (EPM15268).

Metallica, through Oresome, is pursuing the development of the Cape York Zircon-Rutile Mineral Sands Project. Discussions are underway with all key stakeholders related to the MLA 20699 over Urquhart Point. Management is working closely with the Traditional Owners and the Aurukun Shire Council to ensure this project delivers positive outcomes to all parties.

The remainder of 2011 will see:

- ▶ continued work toward the completion of the EIS currently underway over the Urquhart Point mineral sands project area (ML20669 application);
- ▶ continued work on granted EPM's, the results of which will hopefully enhance the life of the project; and

- ▶ completion of the Bankable Feasibility Study (BFS) currently underway in relation to the Urquhart Point mineral sands project.

There is excellent potential to form a modest size high grade zircon and rutile project with relatively low capital cost to produce a zircon and rutile concentrate, with first production targeted early in 2013.

Competent Person's Statement

The exploration comments have been prepared by Mr Roger Hobbs B. App. Sc. (Geophys & Geol), MAusIMM, who was previously a Director of Matilda Minerals Ltd (Oresome's former joint venture partner), who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is to be undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hobbs consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Limestone Projects

METALLICA 100%

Metallica owns seven strategically located, high quality limestone projects comprising Ootann (near NORNICO), Star and Mt Podge (near Lucky Break & Townsville), Boyne and Fairview (both near Gladstone), the Blue Rock deposit (between Minnamoolka and Kokomo) and the Craigie limestone project 60km south west of Greenvale.

Due primarily to an extended wet season work this quarter was primarily focused on the Ootann project and production of road construction material.

OOTANN

Phoenix Lime Pty Ltd (a wholly owned subsidiary of Metallica) holds 240 hectares of mining leases covering a large, high grade limestone deposit suitable for calcining and underpinning NORNICO's lime and limestone requirements.

Ootann is located approximately 130km via road from the proposed NORNICO processing site. This site is currently operational, manufacturing crushed rock and limestone products for sale into the local market.

BLUE ROCK

This limestone deposit is conveniently located between NORNICO's

Minnamoolka and Kokomo nickel deposits, and approximately 60km from the proposed NORNICO nickel operation at Greenvale.

It is Phoenix's intention to peg a mining lease encompassing this outcrop and survey access roads in 2011 in order to have this deposit available for Metallica's NORNICO Project.

FAIRVIEW

Fairview is being developed to supply limestone into the expanding industrial market of Gladstone when the opportunity arises.

In December 2010, ML80162 was granted. This lease covers 692.8 hectares within Fairview Station. Compensation agreements are in place with landowners in readiness for future development.

BOYNE

The two Boyne mining leases contain large, high quality limestone deposits suitable for lime and limestone markets in the Gladstone region.

Proposed activities include a drilling program for the purpose of defining a limestone resource within the Boyne tenements.

STAR RIVER

The high grade limestone deposit at Star River occurs as a slightly elevated mostly exposed limestone deposit with little or no overburden and is only 105km from Townsville.

No field work or activities have been undertaken recently.

MOUNT PODGE

The project is located 80km west of Townsville near the Herveys Range Road and close to the Star River mining lease.

The final report encompassing results of recent drilling campaigns and a full assessment of the project's potential is nearing completion.

CRAIGIE

Phoenix Lime has recently applied for EPM18253 covering 16 sub-blocks in an area highly prospective for high quality limestone.

If successful, this will further underpin the limestone requirements of Metallica's NORNICO Project.

Craigie is approximately 60km south west of Greenvale.



Ootann Limestone
Deposit and Limeworks

NORNICO Project Ni-Co Resource Table

APPENDIX 1

Nickel Deposit	Million Tonnes (Mt)	Ni (%)	Co (%)	Fe (%)	Mg (%)	In situ contained Ni metal	In situ contained Co metal
Bell Creek South							
Measured	8.85	0.97	0.07	11.70	7.50	85,845	5,930
Indicated	0.27	0.83	0.04	8.50	9.10	2,241	111
Inferred							
Totals	9.12	0.97	0.07	11.61	7.55	88,086	6,040
Bell Creek North							
Measured							
Indicated	2.3	0.83	0.03	8.60	7.70	19,090	621
Inferred							
Totals	2.3	0.83	0.03	8.60	7.70	19,090	621
Bell Creek Northwest							
Measured							
Indicated	3.07	0.77	0.047	15.70	5.20	23,639	1,443
Inferred							
Totals	3.07	0.77	0.05	15.70	5.20	23,639	1,443
The Neck							
Measured							
Indicated	0.84	0.84	0.026	8.80	6.50	7,056	218
Inferred							
Totals	0.84	0.84	0.03	8.80	6.50	7,056	218
Minnamoolka							
Measured							
Indicated	5.92	0.8	0.044	11.30	10.60	47,360	2,605
Inferred	1.16	0.78	0.023	8.90	10.20	9,048	267
Totals	7.08	0.80	0.04	10.91	10.53	56,408	2,872
Kokomo							
Measured	1.3	0.81	0.17	20.40	4.60	10,530	2,210
Indicated	11.7	0.66	0.12	21.90	3.20	77,220	14,040
Inferred	3.2	0.63	0.1	19.10	3.00	20,160	3,200
Totals	16.2	0.67	0.12	21.23	3.27	107,910	19,450

NORNICO Project Ni-Co Resource Table

APPENDIX 1

Nickel Deposit	Million Tonnes (Mt)	Ni (%)	Co (%)	Fe (%)	Mg (%)	In situ contained Ni metal	In situ contained Co metal
Greenvale Mine Site							
Measured	2.63	1.08	0.09	22.00	3.90	28,404	2,367
Indicated	4.47	1.03	0.08	21.00	4.50	46,041	3,576
Inferred	0.90	0.99	0.07	19.00	5.50	8,910	630
Totals	8.0	1.04	0.08	21.10	4.42	83,355	6,573
Lucknow							
Measured	0.86	0.66	0.17	24.30	2.20	5,676	1,462
Indicated	0.82	0.52	0.23	22.50	2.10	4,264	1,886
Inferred	0.75	0.54	0.19	23.10	2.10	4,050	1,425
Totals	2.43	0.58	0.20	23.32	2.14	13,990	4,773
COMBINED NORNICO RESOURCE							
Measured	13.64	0.96	0.09	15.31	6.20	130,455	11,969
Indicated	29.39	0.77	0.08	17.46	5.57	226,911	24,500
Inferred	6.01	0.70	0.09	17.62	4.65	42,168	5,522
Totals	49.04	0.81	0.09	16.88	5.63	399,534	41,990

Notes:

- Above categories all calculated using a 0.70% NiEq cut-off grade.
- Block models for the above resources estimates were constructed by filling wire frame surfaces representing nickel laterite mineralisation boundary with 10m by 10m by 1m blocks. Nickel (Ni) grades were estimated by ordinary kriging using various search radius, depending on the drill spacing of the deposit. A minimum of 4 and a maximum of 15 composites were used to estimate each block, with a maximum of 3 composites from any 1 drill hole. Therefore, at least 3 drill holes were used to estimate block grade values. At Bell Creek South, Minnamoolka and Kokomo a nominal 0.3% Ni mineralised envelope was used as a hard boundary for Ni and Co block grade estimation. Hard boundaries were also used between the laterite and basement zones.
- Variations due to rounding factors.
- Iron (Fe) and magnesium (Mg) are included to indicate the overall ore quality, as both metals influence acid consumption as well as dissolved Fe, Mg and other metals, which are contaminants to nickel loaded pregnant solution which is treated to produce a marketable nickel and cobalt intermediate product. As a rule, the lower the Fe and Mg in the laterite ore the better metallurgy and the ore is more suited to heap leach processing.

KOKOMO SCANDIUM RESOURCE ESTIMATE (USING A 70G/T SC COG)

Classification	Mt	Sc (g/t)	Ni (%)	Co (%)	Fe (%)	Mg (%)
Measured	0.7	154	0.22	0.03	36	0.6
Indicated	3.8	121	0.32	0.05	29	2.1
Inferred	4.4	91	0.18	0.02	13	6.0
Total	9.0	109	0.24	0.03	22	4.0

Tenement Schedule

(AS AT 31 MARCH 2011)

NORNICO NICKEL-COBALT PROJECT – NORTH (100%)

Tenement	Project Name	Holder/Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
ML 4187	Bell Creek North Lease	NORNICO Pty Ltd	Granted (29/2/2020)	71.35 Ha	Ni , Co	N/A
ML 4188	Bell Creek South Lease	NORNICO Pty Ltd	Granted (29/2/2020)	98.11 Ha	Ni , Co	N/A
MLA 20549	Bell Creek Consolidated	NORNICO Pty Ltd	Application	2145 Ha	Ni, Co	N/A
MDL 387	Minnamoolka	NORNICO Pty Ltd	Granted (30/6/2013)	654.26 Ha	Ni, Co	\$100,000
EPM 10235	Minnamoolka	NORNICO Pty Ltd	Granted (8/9/2011)	5	Ni , Co	\$100,000
EPM 11285	Bell Creek	NORNICO Pty Ltd	Granted (27/8/2011)	8	Ni , Co	\$50,000
EPM 14101	Mt Garnet South	NORNICO Pty Ltd	Granted (22/12/2010)	80	Ni, Co, Au, PGE	\$60,000
EPM 14518	Mt Garnet South #2	NORNICO Pty Ltd	Granted (7/3/2012)	56	Ni, Co, Au, Cu	\$60,000

NORNICO NICKEL-COBALT-SCANDIUM PROJECT – SOUTH (100%)

Tenement	Project Name	Holder/Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
EPM 10680	Lucknow North	Greenvale Operations Pty Ltd	Granted (31/12/2010)*	3	Ni, Co, Sc	\$60,000
EPM 10866	Lucknow South	Greenvale Operations Pty Ltd	Granted (31/12/2010)*	4	Ni, Co, Sc	\$60,000
EPM 11223	Dinner Creek	Greenvale Operations Pty Ltd	Granted (31/12/2010)*	7	Ni, Co	\$61,000
MLA 10342	Kokomo	NORNICO Pty Ltd	Application	3593.07 Ha	Ni, Co, Sc	N/A
EPM 10699	Kokomo	NORNICO Pty Ltd	Granted (21/8/2013)	21	Ni, Co, Sc, Au	\$50,000
EPM 14066	Greenvale South	NORNICO Pty Ltd	Granted (22/08/2011)	48	Ni, Co, PGE	\$70,000
EPM 14070	Greenvale North	NORNICO Pty Ltd	Granted (22/08/2011)	35	Ni, Co, Cu, Au	\$70,000
EPM 14181	Lucky Downs	NORNICO Pty Ltd	Granted (22/08/2011)	18	Ni, Co, Cu	\$40,000
EPM 14381	Greenvale South #2	NORNICO Pty Ltd	Granted (14/12/2011)	8	Ni, Co, Cu	\$50,000
EPMA 17892	Lockup Well	NORNICO Pty Ltd	Application	1	Ni, Co	N/A
EPMA 17893	Broken River South	NORNICO Pty Ltd	Offered for grant	3	Ni, Co	N/A
EPM 18175	Pinnacles Consolidated	NORNICO Pty Ltd	Granted (22/2/2015)	21	Ni, Co	\$50,000

Tenement Schedule

LUCKY BREAK NICKEL PROJECT (100%) – SUBJECT TO 50/50 JOINT VENTURE WITH MFC

Tenement	Project Name	Holder/Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
ML 10324	Dingo Dam	NORNICO Pty Ltd	Granted (28/02/2026)	36.17 Ha	Ni	N/A
ML 10332	Lucky Break	NORNICO Pty Ltd	Granted (30/11/2027)	241.7 Ha	Ni	N/A

GOLD & BASE METALS (100%)

Tenement	Project Name	Holder/Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
EPM 13873	Six Mile	NORNICO Pty Ltd	Granted (10/12/2011)	31	Tungsten, Molybdenum, Gold, Copper	\$70,000

LIMESTONE PROJECTS (100%)

Tenement	Project Name	Holder/Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
ML 10276	Star River Limestone	Metallica Minerals Ltd	Granted (30/4/2023)	18.54 Ha	Limestone	N/A
ML 80131	Boyne Limestone NE	Metallica Minerals Ltd	Granted (30/4/2027)	54.40 Ha	Limestone	N/A
ML 80132	Boyne Limestone SW	Metallica Minerals Ltd	Granted (30/9/2027)	52.70 Ha	Limestone	N/A
EPM 13423	Boyne Limestone	Metallica Minerals Ltd	Granted (1/1/2011)	4	Limestone	\$15,000
EPMA 18253	Craigie	Phoenix Lime Pty Ltd	Offered for grant	16	Limestone	N/A
EPMA 18761	Fairview	Metallica Minerals Ltd	Offered for grant	6	Limestone	N/A
MDL 394	Fairview	Metallica Minerals Ltd	Granted (31/8/2014)	776.6 Ha	Limestone	Nil
MDLA 440	Fairview	Metallica Minerals Ltd	Application	692.8 Ha	Limestone	Nil
MLA 80162	Fairview	Metallica Minerals Ltd	Granted (31/12/2035)	692.8 Ha	Limestone	N/A
ML 4788	Crotty 1	Phoenix Lime Pty Ltd	Granted (31/1/2026)	2.023 Ha	Limestone	N/A
ML 4789	Crotty 2	Phoenix Lime Pty Ltd	Granted (31/1/2026)	2.023 Ha	Limestone	N/A
ML 5079	Crotty	Phoenix Lime Pty Ltd	Granted (30/4/2025)	25.95 Ha	Limestone	N/A
ML 5372	Crotty 3	Phoenix Lime Pty Ltd	Granted (31/1/2013)	210 Ha	Limestone	N/A

Tenement schedule

MINERAL SANDS: ZIRCON-RUTILE (100%)

Tenement	Project Name	Holder/Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
MLA 20669	Urquhart Point	Oresome Australia Pty Ltd	Application	366.07 Ha	Rutile, Zircon, HMA	N/A
EPM 15268	Urquhart Point	Oresome Australia Pty Ltd	Granted (24/10/2012)	24	Rutile, Zircon, HMS	\$30,000
EPMA 15370	Jackson River	Oresome Australia Pty Ltd	Offered for grant	3	Rutile, Zircon, HMS	N/A
EPM 15371	Doughboy	Oresome Australia Pty Ltd	Granted (28/9/2014)	16	Rutile, Zircon, HMS	\$15,000
EPM 15372	Jardine	Oresome Australia Pty Ltd	Granted (28/9/2014)	45	Rutile, Zircon, HMS	\$15,000
EPM 18015	Jackson River #2	Oresome Australia Pty Ltd	Granted (18/10/2015)	14	Rutile, Zircon, HMS	N/A
EPMA 18377	Sandman #1	Oresome Australia Pty Ltd	Offered for grant	63	Rutile, Zircon, HMS	N/A
EPMA 18737	Sandman #3	Oresome Australia Pty Ltd	Application	126	Rutile, Zircon, HMS	N/A
EPMA 18738	Sandman #2	Oresome Australia Pty Ltd	Application	122	Rutile, Zircon, HMS	N/A
EPMA 18739	Sandman #4	Oresome Australia Pty Ltd	Application	125	Rutile, Zircon, HMS	N/A
EPMA 18998	Sandman #5	Oresome Australia Pty Ltd	Application	31	Rutile, Zircon, HMS	N/A
EPMA 18999	Sandman #7	Oresome Australia Pty Ltd	Application	31	Rutile, Zircon, HMS	N/A
EPMA 19001	Sandman #6	Oresome Australia Pty Ltd	Application	28	Rutile, Zircon, HMS	N/A
EPMA 19046	Sandman #9	Oresome Australia Pty Ltd	Application	29	Rutile, Zircon, HMS	N/A
EPMA 18747	Sandman #8	Oresome Australia Pty Ltd	Application	32	Rutile, Zircon, HMS	N/A

Note:

All tenements 100% held unless expressed otherwise

(*) Renewal pending

PGE = Platinum Group Elements

HMS = Heavy Mineral Sands

EPM = Exploration Permit for Minerals

EPMA = Application for Exploration Permit for Minerals

ML = Mining Lease

MLA = Application for Mining Lease

MDL = Mineral Development Licence

MDLA = Mineral Development Licence Application

MFC = Metals Finance Ltd

A Queensland multi-commodity resource development company, with direct major interests in nickel-cobalt, scandium, zircon-rutile and limestone, plus strategic investments in coal, bauxite, tungsten, copper, gold and rare earth elements



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	Quarter ended ("current quarter")
45 076 696 092	March 31, 2011

CONSOLIDATED STATEMENT OF CASH FLOW

	Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	52	158
1.2	Payments for		
	(a) exploration and evaluation	(526)	(2,480)
	(b) development	-	-
	(c) production	(44)	(96)
	(d) administration	(464)	(1,614)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	91	252
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(891)	(3,780)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	1,000
	(c) other fixed assets	-	-
1.10	Loans to other entities – Orion Metals Limited	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material) -Loan and IPO costs Metrocoal	-	-
	Net investing cash flows	-	1,000
1.13	Total operating and investing cash flows (carried forward)	(891)	(2,780)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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)	-	-
	Net financing cash flows	-	-

	Net financing cash flows (brought forward)	-	-
	Net increase (decrease) in cash held	(891)	(2,780)
1.20	Cash at beginning of quarter/year to date	5,200	7,089
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,309	4,309

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	136
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	Nil

NON-CASH FINANCING AND INVESTING ACTIVITIES

		Current quarter \$A'000
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	Nil
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	Nil

FINANCING FACILITIES AVAILABLE

Add notes as necessary for an understanding of the position

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

ESTIMATED CASH OUTFLOWS FOR NEXT QUARTER

		\$A'000
4.1	Exploration and evaluation	400
4.2	Development - care and maintenance	-
4.3	Production	100
4.4	Administration	400
	Total	900

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	324	285
5.2	Deposits at call	3,985	4,915
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of Quarter (item 1.22)	4,309	5,200

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				
6.2	Interests in mining tenements acquired or increased				

ISSUED AND QUOTED SECURITIES AT END OF CURRENT QUARTER

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference + securities (description)	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3	*Ordinary securities	117,331,202	117,331,202		
7.4	Changes during quarter (a) Increases through issues Escrow Release (b) Decreases through returns of capital, buy-backs	Nil			
7.5	*Convertible debt securities (description)	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		2,300,000 Unlisted Options	Nil	35 cents	12 February 2012 (only vest if still employed on 12 February 2011)
		2,500,000 Unlisted Options	Nil	35 cents	31 May 2012 (only vest if still employed on 31 May 2011)
		1,100,000 Unlisted Options	Nil	65 cents	28 September 2012

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	500,000 Unlisted Options	Nil	80 cents	31 December 2010
		500,000 Unlisted Options	Nil	35 cents	31 May 2012 (only vest if still employed on 31 May 2011)
7.11	Debentures (totals only)	Nil			
7.12	Unsecured notes (totals only)	Nil			

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: April 29, 2011

(Director/Company secretary)

Print name: JOHN KEVIN HALEY

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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A Queensland focused multi-commodity
resource development company

ASX:MLM

Subsidiary companies:

NORNICO Pty Ltd ACN 065 384 045
Oresome Australia Pty Ltd ACN 071 762 484
Lucky Break Operations Pty Ltd ACN 126 272 580
MetroCoal Limited ABN 45 117 763 443
Phoenix Lime Pty Ltd ACN 096 355 761
Greenvale Operations Pty Ltd ACN 139 136 708
Scandium Pty Ltd ACN 138 608 894