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\$579,280 R&D TAX OFFSET REFUND RECEIVED

Metallica Minerals Limited (**ASX-MLM**) is pleased to announce that the Company has received A\$579,280 as a tax offset (refund) under the Federal Government's Research and Development ("**R&D**") Tax Incentive program for expenditure.

Unique aspects of Metallica's Scandium extraction process, and which have been developed over a number of years in conjunction with progress on the Company's high grade scandium, and nickel-cobalt project northwest of Townsville in Queensland, have formed the principal basis of Metallica's R and D activities to date.

Metallica's Managing Director, Mr Andrew Gillies:

"We appreciate the Australian Government's long-term R&D support for explorers and resource developers such as Metallica, particularly in the current uncertain equity market conditions which present difficulties for raising capital. This funding, together with the recently completed sale of Metallica's shares in MetroCoal Limited, places Metallica in a good financial position with total funds on hand of approximately \$2.85 Million and at a time the Company has its first mining project now underway – the Urquhart heavy mineral sands and bauxite project near Weipa on the west coast of Cape York is being fully funded by joint venture partner OzOre Resources Pty Ltd (earning 50%) – and targeting first production mid next year." Metallica has no debt.

Background:

The R&D Tax Incentive is a targeted, self-assessment program that helps businesses offset a portion of costs relating to certain R&D activities. It aims to:

- Boost competitiveness and improve productivity across the Australian economy;
- Encourage industry to conduct R&D activities that may not otherwise have been conducted;
- Provide businesses with more predictable, less complex support; and
- Improve the incentive for smaller firms to engage in R&D.

The R&D Incentive is jointly administered by AusIndustry (on behalf of Innovation Australia) and the Australian Taxation Office. AusIndustry is a specialist program delivery division within the Australian Government's Department of Industry, Innovation, Science, Research and Tertiary Education.

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