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Cape Alumina Ltd launches \$15m IPO to fund Cape York Bauxite Project

Emerging bauxite producer Cape Alumina Limited is forging ahead with plans to raise \$15 million through an Initial Public Offering (IPO) to fund pre-development of the Company's promising Pisolite Hills bauxite mining project on Queensland's Cape York Peninsula.

Cape Alumina, which is 40% owned by the listed commodity resource company, Metallica Minerals Limited (ASX Code:MLM) today registered a prospectus with the Australian Securities and Investment Commission (ASIC) to support the IPO and planned listing on the Australian Securities Exchange in December this year.

The offer of a minimum of 30 million shares at \$0.50 per share is scheduled to open for applications on 4 November 2008 and will accommodate oversubscriptions for up to a further 20 million shares enabling the Company to raise up to \$25 million. Assuming the minimum subscription, Cape Alumina's issued capital will be 130 million shares and its market capitalisation at the offer price will be \$65 million.

Cape Alumina's Chairman-elect, Mr George Lloyd, said the Company had been able to press ahead with the IPO in spite of recent market turbulence after receiving, ahead of today's launch, a minimum of \$10.25 million in commitments from existing shareholders Chiping Xinfu Huaya Alumina Co Ltd (Xinfu) and Resource Capital Funds (RCF), and from major new investor Run Bo Investment Holding Co Ltd (Run Bo).

"This support underpins the potential of Cape Alumina's projects to help meet China's rising demand for raw materials. It also reflects well on the strength of the Company's management team and the quality of its major shareholders including its cornerstone investors, and Metallica," Mr Lloyd said.

The primary use of the funds to be raised through the IPO is to complete an environmental impact study and a feasibility study for the development of the Pisolite Hills bauxite deposit, which is located within the world class Weipa Bauxite Province of western Cape York, and to undertake extensive regional exploration programmes aimed at increasing the Company's bauxite resource base there" he said..

Xinfu, one of China's largest alumina refiners, acquired a 17.5% stake in Cape Alumina early in 2007 and has entered into an offtake agreement with Cape Alumina for the supply of 1 million tonnes of bauxite per year over five years.

"This is a strong endorsement of our Company's development plans and its assets," Mr Lloyd said. In the interest of maximising market exposure, the Board has elected to defer any further off-take negotiations until after completion of the Pisolite Hills Bankable Feasibility Study in 2009.

As part of the Offer, Metallica Shareholders on the Record Date (October 31, 2008) will receive priority for a period of two weeks from the Opening Date of a minimum guaranteed parcel of 4000 Shares or \$2000 worth.

It takes 4-8 tonnes of bauxite to produce one tonne of aluminium. Chinese aluminium consumption grew 39% in 2007 and global demand for aluminium is expected to continue to increase over the long term.

Cape Alumina has an established resource base of 101 million tonnes (Mt) of insitu bauxite (comprising 76Mt Indicated Resource and 25Mt Inferred Resource at an average grade 53.5% Al₂O₃, 12.2% SiO₂, reactive silica 7.4%) with significant upside potential.

“The Company has an experienced Board and an experienced and highly motivated management team which, together with other key stakeholders, are committed to ensuring near-term bauxite production and a long production life,” Mr Lloyd said.

The Cape Alumina offer is being made pursuant to a Prospectus dated 27 October 2008 which is available free of charge by contacting Cape Alumina on +617 3229 3644, by email to info@capealumina.com.au or by downloading from Cape Alumina's website at www.capealumina.com.au. Prior to making an investment decision you should consider the Prospectus carefully.

If you want to acquire Cape Alumina shares you will need to complete the Prospectus application form accompanying the Prospectus.

Competent Persons Statement

The mineral resources information in this report is based on, and accurately reflects, information compiled by Dr Paul Messenger BSc (Hon) Geology, PhD (CEO of Cape Alumina Ltd) who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Messenger has the relevant experience in relation to the mineralisation and resources being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Dr Messenger consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

INVESTMENT HIGHLIGHTS

- Emerging bauxite producer with substantial land position covering approximately 2,400 km² in the world-class Weipa Bauxite Province in Cape York, Queensland, Australia.
- Production targeted for export primarily to China's alumina refinery market.
- Pisolite Hills Project believed to be the largest independently owned JORC code-compliant bauxite resource in Australia with significant expansion potential.
- Pre-feasibility study completed July 2008, Bankable Feasibility Study planned for completion late 2009 and production planned to commence in 2012-13
- Proposed bauxite production of up to 7 million tonnes per year for export.
- Established relationships with key Chinese aluminium companies including Xinfu.
- China is the world's largest alumina consumer and alumina producer with bauxite imports growing from 1 Mtpa in 2004 to a forecast 25-30Mtpa in 2008.
- Existing substantial shareholders Xinfu and Resource Capital Fund (RCF) to subscribe to the IPO and maintain their interests at a minimum of 17.5%.
- Firm commitments of a minimum of \$10.25 million already received for subscription to the IPO.
- Four exploration access agreements in place with traditional land owner groups

KEY DATES

Metallica Record Dated	31 October 2008
Applications Open	4 November 2008
Applications Close	28 November 2008
Allotment of Shares under this Prospectus	2 December, 2008
Dispatch of Statements of Shareholder Entitlements	4 December, 2008
Anticipated Date of Trading of Shares listed for quotation on ASX	8 December, 2008

About Cape Alumina and Pisolite Hills Bauxite Project

Cape Alumina is a Brisbane-based, Cape York-focused emerging bauxite company. Cape Alumina has international support from Chinese alumina majors including Xinfu, one of China's leading independent aluminium and alumina groups. Cape Alumina is evaluating the development of the 7Mtpa Pisolite Hills project and plans to complete an Indigenous Land Use Agreement, Environmental Impact Study and Bankable Feasibility Study in 2009 with permits and approvals in 2010, finance and construction between 2011 and 2012 and production to commence 2012-13.

For further enquiries please contact

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