



## ASX release

1 April 2009

## Metallica makes takeover offer for Queensland Ores Ltd (QOL)

### Highlights

- ❖ **MLM has substantial cash reserves** of approximately \$20 million with no debt.
- ❖ **Scrip offer of 1 MLM share for every 22 QOL shares (Offer)**
- ❖ **MLM's offer values QOL at approximately \$2.3 million** based on the closing price of MLM on the date of this announcement.
- ❖ **Attractive price** - MLM's Offer represents a premium of approximately:
  - ❖ **49% over QOL's share price** and
  - ❖ **25 % over the value of the bid by Outback Metals Limited (OUM)**,based on the closing prices of MLM (23 cents), QOL (0.7 cents) and OUM (4 cents) on the date of this announcement.
- ❖ **QOL board intends to support the Offer** in the absence of a Superior Proposal being received and providing that an Independent Expert concludes that the MLM Offer is superior to the OUM Offer.

**Metallica Minerals Limited (ASX:MLM)** today announced its intention to combine the operations and assets of MLM with **Queensland Ores Limited (ASX: QOL)** by making an off-market takeover offer for all of the shares in QOL for scrip consideration of 1 MLM share for every 22 QOL shares.

MLM believes that a merger would enhance value for both MLM and QOL shareholders and provide a platform for growth when the market inevitably improves.

### Benefits to QOL shareholders

MLM believes that its proposal would provide significant benefits to QOL shareholders including:

- **Balance sheet strength of Merged Group-** MLM currently has substantial cash reserves (with no debt) of approximately \$20 million. This will assist QOL to continue as a going concern and give the merged group the ability to progress its interests. MLM intends to systematically complete its evaluation of the QOL assets without expending significant amounts of its cash reserves until this evaluation is completed and there is a sustained improvement in commodity prices.
- **Attractive price** - MLM's Offer represents a premium of approximately:
  - **49% over QOL's share price** and
  - **25 % over the value of the OUM Bid**,based on the closing prices of MLM (23 cents), QOL (0.7 cents) and OUM (4 cents) on the date of this announcement.



- **Clear strategy**- MLM has a clear strategy focussed on creating value from its diversified minerals portfolio for both sets of shareholders;
- **Prospective asset package**- the Merged Group will have:
  - A diversified portfolio of Queensland mineral assets, including major interests in nickel, cobalt, coal, bauxite, limestone, mineral sands, tungsten, molybdenum, copper and gold;
  - 100% of MLM's NORNICO nickel cobalt project where substantial work has been completed on the Bell Creek, Minnamoolka and Kokomo nickel-cobalt deposits;
  - Major investments in coal (through the 84% owned unlisted Metrocoal Limited), and bauxite (through 32% of the listed Cape Alumina Limited, ASX-CBX);
  - The possibility of the Wolfram Camp Mo-W mine, after further evaluation, being re-commissioned when metal prices recover.
  - The Mount Cannindah Copper Gold exploration project.

If the merger was completed, QOL shareholders would hold approximately 8% of the Merged Group.

#### **Offer conditions**

The Offer is subject to a number of conditions which are set out in the **attachment** to this announcement, including a 90% minimum acceptance condition.

MLM currently has no relevant interest in any ordinary shares in QOL.

MLM is preparing a Bidder's Statement which will be lodged with the Australian Securities & Investments Commission (**ASIC**) and be sent to QOL shareholders on about **9 April 2009**. QOL has agreed to facilitate the prompt despatch of the Bidder's Statement by consenting to despatch at any time after it is given to QOL and lodged with the ASIC and ASX and agreeing to provide to MLM certain share register information by the end of the business day after the day on which MLM gives to QOL MLM's bidder's statement

**The QOL Board has advised MLM that it intends to support the MLM Offer in the absence of a Superior Proposal being received and providing that an Independent Expert concludes that the MLM offer is superior to the OUM Offer.**

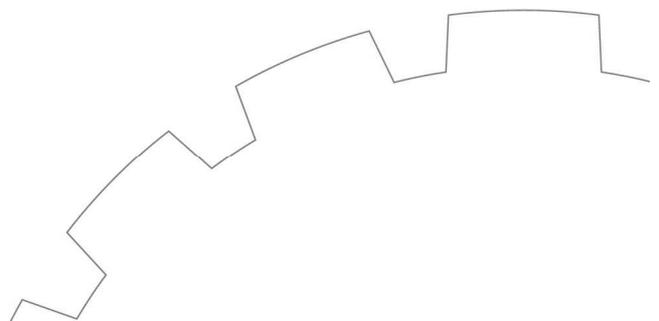
QOL has advised MLM that QOL expects to be in a position to update the market on Friday **3 April 2009**.

The Offer period is expected to commence on **9 April 2009** and close, unless extended, on **11 May 2009**.

For further information, contact

A handwritten signature in black ink, appearing to read 'Andrew Gillies', written in a cursive style.

Mr Andrew Gillies  
Managing Director  
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## Attachment - Offer conditions

### 1 CONDITIONS OF THE OFFER

#### 90% minimum acceptance

- 1.1 By the end of the Offer Period, Metallica and its Associates together have a Relevant Interest in at least 90% of the QOL shares on issue.

#### Prescribed Occurrences

- 1.2 Before the end of the Offer Period, no Prescribed Occurrence occurs.

#### No action by a Public Authority adversely affecting the Offer

- 1.3 Between the Announcement Date and the end of the Offer Period:

- 1.3.1 there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and
- 1.3.2 no application is made to any Public Authority (other than by a member of the Metallica Group), and no action or investigation is announced, threatened or commenced by a Public Authority,

in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which:

- 1.3.3 restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Metallica in respect of QOL and the QOL shares to be acquired under the Offer; or
- 1.3.4 requires divestiture by Metallica of any QOL shares, or the divestiture of any assets of the QOL Group, the Metallica Group or otherwise.

#### Approvals by Public Authority

- 1.4 Between the Announcement Date and the end of the Offer Period (each inclusive), all QOL Approvals which are required by law or by any Public Authority for any member of the QOL Group to carry on its business remains in force (including by renewal).

#### No dividends

- 1.5 Between the Announcement Date and the end of the Offer Period (each inclusive), QOL does not make or declare or announce an intention to make or declare any distribution whether by way of dividend, special dividend, capital reduction or otherwise and whether in cash or in specie.

#### No material transactions or new commitments

- 1.6 Between the Announcement Date and the end of the Offer Period (each inclusive), except for any proposed transaction publicly announced by QOL before the Announcement Date, no member of the QOL Group:
- 1.6.1 Consolidates with or merges with or into any other person (other than, in the case of a subsidiary of QOL, a wholly-owned subsidiary of QOL).
- 1.6.2 Acquires, offers to acquire or agrees to acquire or tenders for, one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than \$1 million.
- 1.6.3 Disposes, offers to dispose or agrees to dispose of one or more entities, businesses or assets, including any mining tenement (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value (as recorded in QOL's consolidated statement of financial position as at 31 December 2008) is, in aggregate, greater than \$1 million.



- 1.6.4 Enters, offers to enter or agrees to enter into any transaction or becomes the subject of any obligation which would require the expenditure, the foregoing of revenue or may result in QOL or any subsidiary of QOL incurring any actual or contingent liability of an amount which is, in aggregate, more than \$1 million.
- 1.6.5 Enters, offers to enter or agrees to enter into, any agreement, joint venture or partnership.
- 1.6.6 Carries on its business otherwise than in the ordinary and usual course.
- 1.6.7 Enters into, renews or changes the terms of, any contract of service with any director or senior executive of QOL or another member of the QOL Group.
- 1.6.8 Has had any claim made or threatened against it, or litigation, arbitration proceedings, prosecution or other legal proceedings commenced against it (including a petition for winding up or appointment of an administrator or an application for appointment of a receiver or receiver and manager).
- 1.6.9 Waives or compromises any claim for a material amount (or for amounts which in aggregate are material).
- 1.6.10 Makes any changes in its constitution or passes any special resolution.
- 1.6.11 Borrows or agrees to borrow any money (except for temporary borrowing in the ordinary course of business) for a material amount (or for amounts which in aggregate are material);
- 1.6.12 Publicly discloses the existence of any matter described in paragraphs 1.6.1 - 1.6.14.
- 1.6.13 Enters into any contract, commitment, arrangement or agreement, passed any resolution or makes any offer (which remains open for acceptance) with respect to, or publicly announces an intention to, or proposal to, do anything described in clauses paragraphs 1.6.1 - 1.6.14.
- 1.6.14 Makes any material correction or restatement to any documents lodged by QOL with ASX or ASIC under its periodic or continuous disclosure obligations under the ASX Listing Rules or the Corporations Act prior to the Announcement Date.

#### **Change of control and other rights under certain agreements**

- 1.7 On or before the Announcement Date and before the end of the Offer Period (each inclusive), no person exercises or purports to exercise or states an intention to exercise, any rights under any provision of any agreement or other instrument to which QOL or any subsidiary of QOL is a party or by or to which QOL or any subsidiary of QOL or any of its assets may be bound or be subject, and no such rights become capable of being exercised, which results or could result to an extent which is material in the context of QOL and QOL's subsidiaries taken as a whole, in:
  - 1.7.1 Any monies borrowed by QOL or any subsidiary of QOL being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment or maturity date stated in such agreement or other instrument.
  - 1.7.2 Any other such agreement or other instrument being terminated or modified or becoming capable of being terminated or modified, or any action being taken or arising thereunder;
  - 1.7.3 The interest or rights of QOL or any subsidiary of QOL in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified or becoming capable of being terminated or modified; or
  - 1.7.4 The business or assets of QOL or any subsidiary of QOL with any other person being adversely affected; or
  - 1.7.5 QOL or a subsidiary of QOL being required to dispose of or offer to dispose of, any material asset of the QOL Group or acquire any asset,



as a result of the acquisition of QOL Shares by Metallica.

### No QOL Material Adverse Change

- 1.8 Before the end of the Offer Period, no QOL Material Adverse Change occurs, is discovered, announced or disclosed or otherwise becomes known to Metallica (whether or not becoming public).

### No material defect in filings

- 1.9 Between the Announcement Date and the end of the Offer Period (each inclusive), Metallica does not become aware that any document filed by or on behalf of QOL or by or on behalf of any other person in relation to QOL with the ASIC or ASX contains a statement which is incorrect or misleading in any material particular or form which from which there is a material omission.

### Interest in QOL

- 1.10 Between the Announcement Date and the end of the Offer Period (each inclusive), no person whether alone or with that person's Associates, other than Metallica or a Related Entity of Metallica, obtains a Relevant Interest in more than 10% of QOL shares.

### Acquisition or cancellation of options

- 1.11 By no later than 7 days before the end of the Offer Period, all rights to acquire QOL Shares have been exercised or cancelled.

### Due diligence and access

- 1.12 At all times during the period from the Announcement Date until the end of the Offer Period, QOL promptly (and in any event within 2 business days), giving to Metallica and its legal, financial and technical advisors with all reasonable access and information that Metallica may reasonably request in relation to the QOL Group and their respective assets, liabilities or business operations, including the right to take copies of documents.

### Interpretation

- 1.13 In this attachment, unless the context otherwise requires:

**Announcement Date** means the date of this announcement.

**Approvals** includes approvals, licences, authorisations, authorities, consents, permissions, clearances, grants, confirmations, orders, exemptions, waivers or rulings.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time).

**ASX** means ASX Limited ACN 008 624 691 or the securities market operated by ASX Limited ACN 008 624 691, as the context requires.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Metallica** means Metallica Minerals Limited ACN 076 696 092.

**Metallica Group** means Metallica and each of its subsidiaries.

**Offer** means Metallica's offer to acquire all the ordinary shares of QOL.

**Offer Period** means the period during which the Offer is open for acceptance.

**OUM** means Outback Metals Limited ACN 126 797 573.

**OUM Bid** means the proposed off-market takeover offer for QOL by Outback Metals Limited ACN 126 797 573 announced on 18 February 2009.

**OUM Financing Documents** includes a Deed of Loan with OUM as lender dated 27 January 2009, a Fixed Charge granted by QOL in favour of Wolfram Camp Mining Pty Ltd as chargor dated 27 January 2009 and any other security document granted by QOL pursuant to any of those documents.



**Material Adverse Change** means:

- (a) any event, matter, change, thing or condition including a decline in cash balances (which individually or when aggregated with all such events, matters, changes, things or conditions) which has occurred or has been disclosed to the market or of which Metallica has otherwise become aware since the Announcement Date and which had, or could reasonably be expected to have (whether now or in the future), a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the QOL Group (taken as a whole) or causes a material delay in operations; or
- (b) QOL or a Related Entity of QOL is or becomes unable to pay its debts as and when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act.

It includes the occurrence of any event which would require the repayment or payment of any monies under the OUM Financing Documents earlier than 29 June 2009 and any existing QOL mining tenement being relinquished or becoming liable to forfeiture in whole or in any material part.

**Prescribed Occurrence** means any of the following events:

- (a) QOL converts all or any of its shares into a larger or smaller number of shares;
- (c) QOL or a Subsidiary of QOL resolves to reduce its capital in any way;
- (b) QOL or a Subsidiary of QOL enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
- (d) QOL or a Subsidiary of QOL issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) QOL or a Subsidiary of QOL issues, or agrees to issue, convertible notes;
- (f) QOL or a Subsidiary of QOL disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) QOL or a Subsidiary of QOL charges, or agrees to charge the whole, or a substantial part, of its business or property;
- (h) QOL or a Subsidiary of QOL resolves to be wound up;
- (i) a liquidator or provisional liquidator of QOL or of a Subsidiary of QOL is appointed;
- (j) a court makes an order for the winding up of QOL or of a Subsidiary of QOL;
- (k) an administrator of QOL or of a Subsidiary of QOL is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) QOL or a Subsidiary of QOL executes a deed of company arrangement;

a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of QOL or of a Subsidiary of QOL.

**Public Authority** means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority tribunal, agency or entity.

**QOL Group** means QOL and each of its subsidiaries.

**Related Entity** means, in respect of a party, another entity which is:

- (a) related to the first entity within the meaning of section 50 of the Corporations Act; or
- (b) in any consolidated entity (as defined in section 9 of the Corporations Act) which contains the first entity.

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Subsidiary** has the meaning given to the term in section 9 of the Corporations Act.