



ASX Release

27 April 2009

QOL's largest shareholder accepts, Metallica to waive 90% condition, upon receiving acceptances for 50.1%

Highlights

- QOL's largest shareholder, the Talbot Group, has accepted Metallica's offer
- Metallica now holds a relevant interest in 10.36% of QOL shares
- Metallica intends to waive its Minimum Acceptance Conditions, upon receiving acceptances for at least 50.1% of QOL
- Upon receiving acceptances for at least 50.1% of QOL and other offer conditions being satisfied or waived, Metallica will offer QOL up to **\$1 million** cash funding on terms to be agreed with QOL
- Outback has not disclosed how it intends to fund QOL if it only achieves majority ownership but less than 90%.

The Talbot Group, QOL's largest shareholder, has accepted Metallica's offer

Metallica Minerals Limited (ASX:MLM) is pleased to advise that Queensland Ores Limited's (QOL) largest shareholder, Talbot Group Holdings Pty Ltd, a company related to Mr Ken Talbot, has accepted Metallica's offer. Metallica now holds a relevant interest in 10.36% of QOL shares. The Talbot Group had approximately 5.25% of QOL.

Metallica intends to waive its Minimum Acceptance Conditions, upon receiving acceptances for at least 50.1% of QOL

Metallica intends to waive the Minimum Acceptance Conditions¹ in its offer if it receives acceptances during the offer period which take its relevant interest in QOL to at least 50.1% of all QOL shares.

Metallica's offer ends at 7.00pm (Brisbane Time) on 11 May 2009, unless extended.

This announcement means that once Metallica has received acceptances which take its relevant interest in QOL to at least 50.1% of all QOL shares, if the other conditions of Metallica's offer are satisfied or waived by the end of the offer period, Metallica will issue its shares to those QOL shareholders who have accepted its offer of 1 Metallica share for every 22 QOL shares.

¹ The Minimum Acceptance Conditions are conditions 13.1 and 13.11 in Metallica's bidder's statement, being, that Metallica acquires, by the end of the offer period, a relevant interest in at least 90% of the QOL shares on issue and that 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.



Metallica's intention to offer funding to QOL

QOL has an immediate cash requirement. As at 31 December 2008, QOL had \$835,041 in cash which it needed for both its working capital requirements and to repay the Outback Metals Limited (Outback) loan of \$600,000 (plus interest) due at the end of June 2009.

Metallica currently has approximately \$19.5 million in cash reserves.

If, by the end of the offer period, Metallica receives acceptances which take its relevant interest in QOL to at least 50.1% of all QOL shares and the other conditions of Metallica's offer are satisfied or waived, Metallica intends to offer QOL up to **\$1 million** in cash funding to enable it to meet its immediate working capital and debt repayment obligations. The form and terms of that funding would need to be separately agreed with QOL.

By comparison, Outback had only \$2.1 million of cash as at 31 December 2008 (almost four months ago). Outback has not disclosed how it intends to fund QOL if it only achieves majority ownership but less than 90%.

Reasons QOL shareholders should accept Metallica's offer

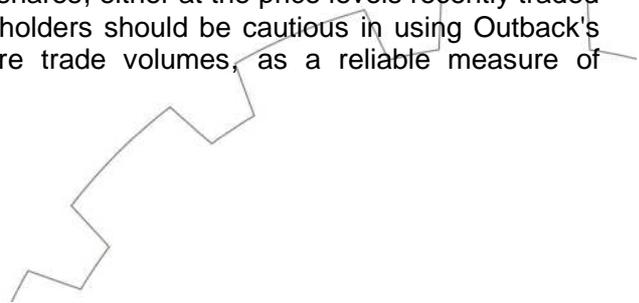
Metallica notes that QOL's directors have already each accepted the Metallica offer for the shares that they personally held in QOL.

The relative premiums inherent in Metallica's offer and Outback's offer may change on a daily basis due to movements in the market prices of QOL shares, Metallica shares and Outback shares.

In addition to the relative premiums, QOL shareholders should consider other factors.

- **Benefits of holding Metallica shares** - By accepting the Metallica offer and becoming a Metallica shareholder, QOL shareholders will participate in:
 - **Attractive mineral asset project package** – Metallica has a diversified resource project portfolio of Queensland mineral assets, including major interests in nickel, cobalt, coal, bauxite (through 32% Cape Alumina Ltd (CBX), limestone, zircon, rutile, scandium and gold.
 - **Strong balance sheet** - Metallica currently has substantial cash reserves (with effectively no debt) of approximately \$19.5 million.
 - **Focussed Value Creation Strategy**
 - **Strong Management team** - Metallica has a strong management team and Board with extensive experience in the Queensland resource industry sector.
- **Metallica shares have greater liquidity than Outback shares** - Outback shares are relatively illiquid. For example, in the 38 trading days from 1 March 2009 to 24 April 2009, there was trading in Outback shares on only 6 days for a total of only \$7,965 worth of Outback shares. In the same period, Metallica shares traded on 29 days for a total of approximately \$709,000 worth of Metallica shares.

The relative illiquidity of Outback shares means that QOL shareholders may find it difficult to sell any Outback shares issued to them for their QOL shares, either at the price levels recently traded on ASX or at all. It also means that QOL shareholders should be cautious in using Outback's closing share price achieved off very low share trade volumes, as a reliable measure of Outback's value.





- **Risks of being a minority shareholder in QOL** - If Metallica became the majority shareholder in QOL, subject to the Corporations Act and the constitution of QOL, Metallica would be able to control the QOL Board and influence significantly decisions made at shareholders meetings.

Reasons QOL shareholders should NOT ACCEPT Outback's offer

Metallica believes that QOL shareholders should **NOT ACCEPT** Outback's offer because:

- Outback has not disclosed how it intends to fund QOL if it only achieves majority ownership but less than 90%
- Metallica has a much stronger cash position than Outback
- Metallica's shares are much more liquid than Outback's shares
- Metallica is a much larger company in terms of market capitalisation
- Metallica has been listed since November 2004 and as a result has a more established track record than Outback which listed in September 2008

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For Further Information

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