



ASX RELEASE

28 May 2009

INITIAL RESOURCE OF 172Mt ANNOUNCED FOR METROCOAL'S JUANDAH UCG PROJECT

An initial resource of 171.7 million tonnes has been announced for the underground coal gasification (UCG) project being developed by MetroCoal Limited in the Surat Basin northwest of Brisbane.

The JORC-compliant Inferred and Indicated Resource estimate was prepared following a successful 16 hole drilling program completed recently at Juandah Prospect by MetroCoal, an 84% owned subsidiary of, Metallica Minerals Limited (ASX code: MLM).

The drilling campaign delineated the target Macalister Upper Seam in all 16 boreholes and is continuous and correlateable across the drilled area, generating the resource estimate announced today, and which comprises:

Juandah Project Macalister Upper Coal Seam Resource

Inferred Resource 149.2Mt

Indicated Resource 22.5Mt

Inferred & Indicated 171.7 Mt

This resource comfortably exceeds MetroCoal's 100Mt target required to support a major UCG project producing 20,000 barrels a day of high quality, cleaner liquid fuels. There is also significant scope to increase the resource in areas where the Macalister Lower Seam coalesce with the Macalister Upper creating potential working sections up to 12 metres thick. Further drilling is planned in these areas and in the remaining, undrilled area of the MDLA to better define coal quality and areas of thickened and coalesced Macalister Seams.



The Juandah Project in MDLA 406, covers 60km² with the coal seam encountered at depths within the target area of between 150 to 350 metres below surface - ideal depths for UCG. The Indicated Resource component was defined in the southeast corner of MDLA 406 (see Figure 1 below).



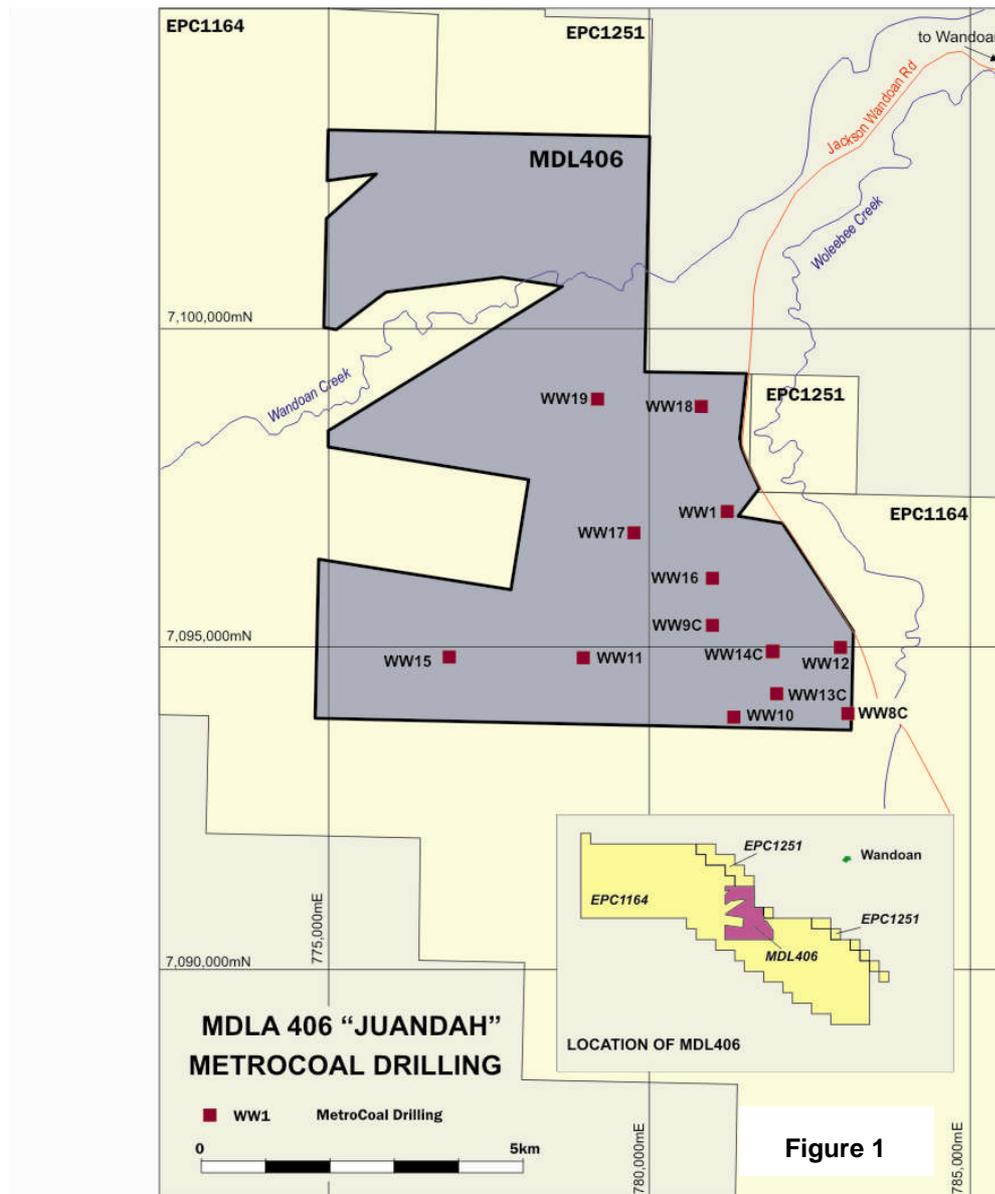
The initial JORC Code resource is a favourable result as only a very small portion of MetroCoal's tenement coverage was involved in the drilling.

The indicated coal resource has been defined in the south east corner of MDLA 406 where core drilling has been completed, see Figure 1 below.

Coal quality appears typical of Surat Basin coals with laboratory analysis showing insitu specific energy of the working sections averaging 20.6 MJ/kg on an air dried basis (see coal profile and quality ranges for Hole WW9 in Figure 2 below). Further drilling is planned to extend the area (and improve resource status and confidence) as well as increase resources.

The JORC Code resource announced today supports MetroCoal's growth strategy to establish significant Surat Basin coal deposits within its 4,000km² tenement area, suitable for both:-

- Underground Coal Gasification (UCG) and
- Conventional underground and open pit coal mining.



Coal resource estimation has been carried out over the Juandah Project Area in accordance with the JORC Code. The inferred resource estimate is based on points of observation no more than 4km apart and not exceeding 1km past the last data point. The indicated resource estimate is based on points of observation no more than 1km apart. The working section used comprises the

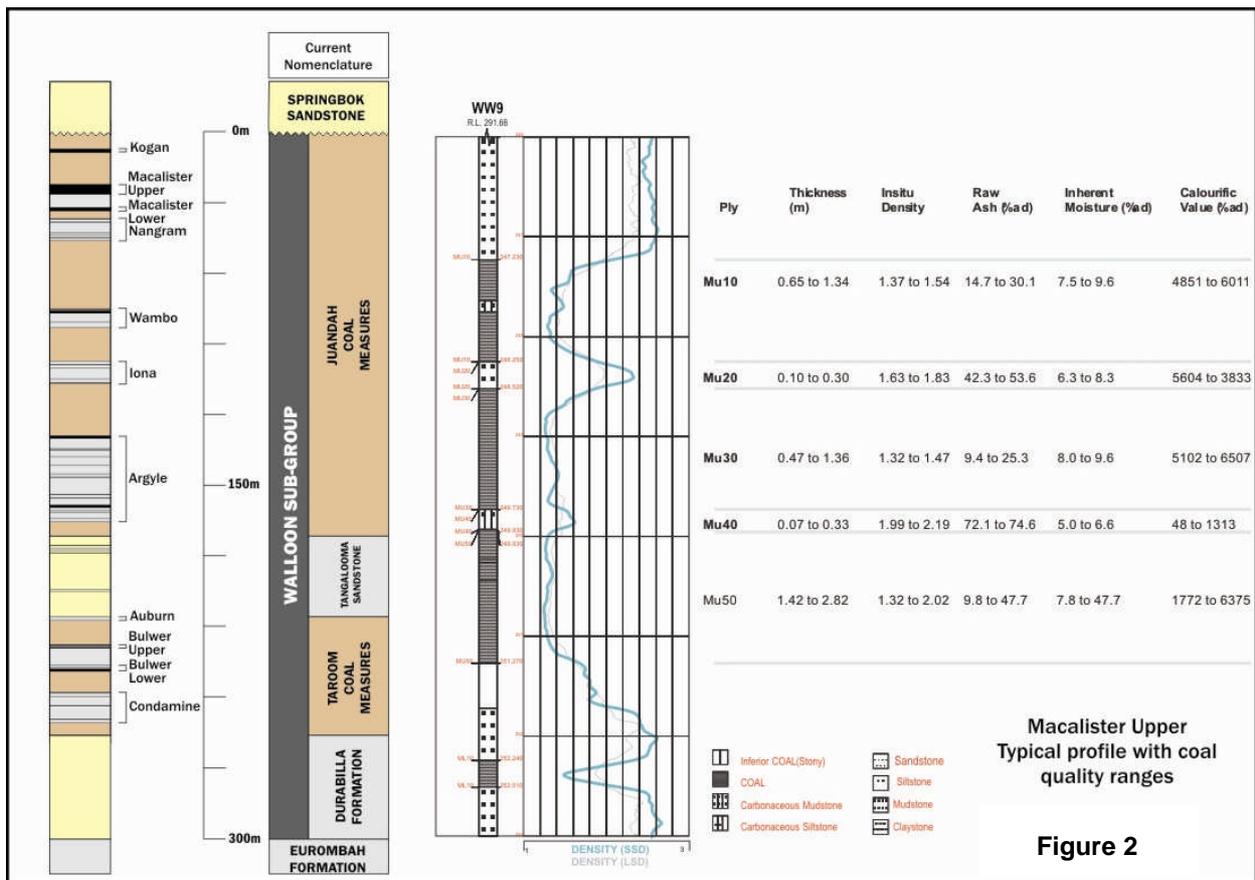
MU10, MU20, MU30, MU40 and MU50 ply's of the Macalister Upper Seam. The Macalister Lower Seam and all uncorrelated coal has been **excluded** from the resource estimate.

Drill holes which were classified as valid points of observation for determining resource estimations are summarised as follows:

- The entire Macalister Upper (Mu) seam was drilled
- Borehole contained slimline density geophysics
- If cored, core recovery was greater than 95%
- Ash and RD analysis as a minimum were taken on cored holes

Other limiting parameters were applied to the resource estimate, and are summarised as follows:

- Minimum seam thickness of 2m
- Minimum depth of cover greater than 150m (i.e. for UCG > 150m depth)
- Maximum in seam stone parting of 0.5m
- Maximum ash limit of up to 50% raw ash



The information in this statement that relates to in situ coal results and resources is based on information compiled by GeoConsult and reviewed by Warwick Smyth, who is a member of the Australasian Institute of Mining and Metallurgy (CP) Geology; and the Australian Institute of Geoscientists. Warwick Smyth is a qualified geologist (BSc Geol, Grad Dip AF&I, MAusIMM (CP), MGSA, MAIG), and has over 17 years experience which is relevant to the style of mineralisation, the type of deposit under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the Australia Code for Reporting of Coal Resources. Warwick Smyth consents in writing to the inclusion in the statement of the matters based on the information in the form and context in which it appears.

The information in this statement that relates to in situ coal results are based on information compiled by Neil Mackenzie-Forbes, who is a member of the Australian Institute of Geoscientists and a full time employee of MetroCoal Ltd. Neil Mackenzie-Forbes is a qualified geologist (B App Sc, MAIG), and has over 15 years experience with over 9 years relevant to the style of mineralisation, the type of deposit under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the Australia Code for Reporting of Coal Resources. Neil Mackenzie-Forbes consents in writing to the inclusion in the statement of the matters based on the information in the form and context in which it appears.

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