



2 November 2009

Dear Shareholder,

MetroCoal IPO Prospectus Lodged

It gives me great pleasure to advise you that we have just lodged the MetroCoal Limited (MetroCoal) prospectus seeking to raise \$10 million and list MetroCoal on the ASX in December 2009. The offer is underwritten to the extent of \$8.4 Million by Patterson's Securities Limited as lead broker to the IPO. The offer is expected to open late this week.

MetroCoal's IPO is consistent with our policy of giving our non-core assets within Metallica's diversified portfolio their own commodity focused entity, in this case a coal and energy company, with its own management team, funding capability and ASX listing. You would be aware in January this year we successfully achieved a \$15 million IPO raising and ASX listing through Cape Alumina Limited (ASX code: CBX) for the Bauxite assets. Even with the global financial downturn I am pleased to be able to say that Cape shares are still trading around the IPO price.

The Board of Metallica would like to offer you the opportunity of investing in MetroCoal and for your convenience the investment highlights relating to these assets are:

- MetroCoal holds 100% of extensive coal tenements covering approximately 4,000km² in the Surat Basin region.
- MetroCoal has identified thermal coal Exploration Targets(*) totaling between 2.5 and 3.5 Billion tonnes and expects to confirm these targets within the next two years.
- MetroCoal's projects include the 100% owned Juandah thermal coal project area which has a 172Mt (149Mt inferred and 23Mt indicated**) resource and this area represents only 1.5% of MetroCoal's prospective coal tenements. This resource is based on just one coal seam- the Macalister Upper Seam.
- The Macalister Coal Seam package is continuous and correlateable over most of MetroCoal's tenements. The Macalister Upper Seam generally has a thickness and continuity that is highly prospective for longwall mining.
- MetroCoal's suite of tenements provides investors with excellent exposure to the increased global and domestic demand for energy
- In addition to conventional coal exploitation, MetroCoal anticipates certain tenements will hold extensive thermal coal seams deeper than 150m below surface, suited to Underground Coal Gasification (UCG). MetroCoal's Juandah Project area is one of the few areas in Queensland that has no overlapping gas tenure.
- UCG is an attractive new source of cleaner coal energy, producing syngas for electricity generation and clean liquid fuels. UCG unlocks vast quantities of previously stranded coal resources.
- Experienced Board of Directors and Management within the mining industry.

The coal and related energy sector, has had strong renewed investor interest this year and is an attractive component in the resources investment industry and we believe its fundamentals will remain positive.

METALLICA MINERALS LIMITED



The key IPO dates are:

Lodgement of Prospectus	28 October 2009
Applications Open	6 November 2009
Applications Close	19 November 2009
Allotment of Shares	26 November 2009
Dispatch of Holding Statements	30 November 2009
Listing of MCL on ASX	4 December 2009

These dates are indicative. MetroCoal has reserved the right to vary the Closing Date of IPO which may have a consequential effect on the other dates.

Any person:

- (a) considering investing in the MetroCoal IPO should carefully consider the MetroCoal Prospectus.
- (b) wanting to apply for MetroCoal shares must complete the application form that will accompany the Prospectus.

On the offer opening date which is expected to be 6 November 2009, the MetroCoal Prospectus including the application form shall be available:

- by contacting MetroCoal by phone: (07) 3891 9611, by facsimile: (07) 3891 9199 or email: admin@metrocoal.com.au;
- on to the MetroCoal website: www.metrocoal.com.au.

Should you wish to receive a Prospectus for MetroCoal please complete the form attached and either email or fax it back to our office (at the contact details set out above) to ensure that as soon as the Prospectus is open and printed you will receive one (including application forms) via mail and/or e-mailed at your request. Alternatively you can download the application form from the MetroCoal web site set out above.

Due to the maximum subscription of \$10 million and the offer being underwritten to \$8.4 million there is only \$1.6 million available to Metallica and the general public. We believe the offer to be attractively priced and given that there is likely to be strong interest we recommend that you read the Prospectus and consider your investment early to avoid disappointment.

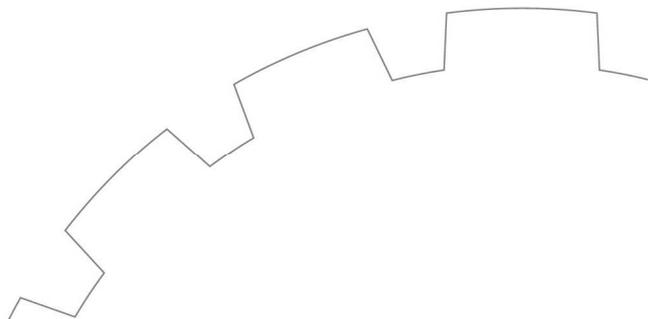
Applications will be on an as received basis and MetroCoal has reserved its rights to close the offer early.

To ensure that you do receive an entitlement I would encourage you to after due consideration to forward your application and cheque at your earliest convenience after the official opening of the IPO.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David K Barwick', written over a large, faint circular stamp or watermark.

David K Barwick
Chairman





Please complete the below form and return either by fax to (07) 3891 9199, email to admin@metallicaminerals.com.au or post to GPO Box 122, Brisbane QLD 4001

Name

Postal address

Email address

- I would prefer to receive the MetroCoal Prospectus electronically by email.
- I would prefer to receive the MetroCoal Prospectus by mail.

(*) With regard to Exploration Targets – the potential quantity and quality is conceptual in nature, and that there has been to date, insufficient exploration to define a Mineral Resource or Ore Reserve and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.

()Competent Persons Statement**

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.

