Metallica Minerals Limited
ACN 076 696 092

Financial Report
For The Year Ended 30 June 2011

Metallica Minerals Limited
Corporate Directory
30 June 2011

Directors	D K Barwick - Non-executive Chairman A L Gillies - Managing Director J K Haley - Executive Director/CFO B J Casson - Non-executive Director Wu Shu - Non-executive Director T Li - Alternate Director to Wu Shu
Chief executive officer	G Becker
Company secretary	J K Haley
Registered office	71 Lytton Road East Brisbane QLD 4169 Mail: GPO Box 122, Brisbane Q 4001
Principal place of business	71 Lytton Road East Brisbane QLD 4169 T +61 7 3249 3000 F +61 7 3249 3041
Share register	Link Market Services Limited Level 19, 324 Queen Street Brisbane QLD 4001
Auditor	BDO Audit (QLD) Pty Ltd Level 18, 300 Queen Street Brisbane QLD 4001
Solicitors	HopgoodGanim Level 8, Waterfront Place, 1 Eagle Street Brisbane QLD 4001
Stock exchange listing	Metallica Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: MLM)
Website address	www.metallicaminerals.com.au

Metallica Minerals Limited
Directors' Report
For the year ended 30 June 2011

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Metallica Minerals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2011.

Directors

The following persons were directors of Metallica Minerals Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

David K Barwick
Andrew L Gillies
Wu Shu
Peter B Nicholson (resigned on 24 November 2010)
John K Haley
Barry J Casson (appointed on 1 December 2010)
Tao Li (alternate to Wu Shu)

Principal activities

During the financial year the principal activities of the consolidated entity consisted of mineral exploration, evaluation and progressing development of its various mineral projects. There were no significant changes in the principal activities of the consolidated entity.

Dividends

Dividends paid during the financial year were as follows:

	2011 $	2010 $
Distribution in specie	3,746,826	-

During the year Metallica Minerals Limited distributed to all its shareholders 11,708,831 shares held by it in Cape Alumina Limited.

Review of operations

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $24,887,604 (30 June 2010: loss of $3,822,395).

During the period the consolidated entity:

a) Sold the Wolfram Camp Mining project for estimated $7 million realising a profit of $3,248,856.
b) Distributed to its shareholders 11,708,831 shares it held in Cape Alumina Limited.
c) Deconsolidated MetroCoal Limited with effect from 1 June 2011 and the remaining investment in MetroCoal Limited was recognised as an associate resulting in a fair value gain of $45,800,000. The net gain after tax on deconsolidation of MetroCoal Limited was $36,070,322.
d) Commenced the permitting and statutory approval process for its Urquhart Point Heavy Minerals Sands (HMS) Project in Cape York, Queensland.
e) Carried out drilling & assaying and resume studies from the final round of drilling, on the Greenvale nickel-cobalt laterite deposits at the southern end of the NORNICO project area. This boosted resource estimates, further enhancing the prospect of a new tri-metal processing plant being established in North Queensland.

Capital expenditure
Exploration and evaluation costs have decreased in 2011 to $6,710,081 from $8,297,429 for the year ended 30 June 2010.

Review of operations (continued)

Cash flows
During 2011 net cash used in operating activities decreased to $4,096,035 from $4,558,018 for the year ended 30 June 2010. The decrease in the net cash outflow is largely attributable to an increase in interest received by and a reduction in tax paid. Interest received increased in 2011 to $1,142,790 from $632,294 owing to a combination of the increase in term deposits held in 2011, by MetroCoal Limited, to $10,000,000 from $5,000,000 for the year ended 30 June 2010, as well as the benefit of earning interest on the 2010 $5,000,000 increase for a full financial year. The increase in term deposits in 2011 was as a result of net proceeds of $9,823,666 (2010: 10,241,321) from the issue of shares by MetroCoal Limited. Following the deconsolidation of MetroCoal Limited on 31 May 2011, these term deposits are no longer reflected in the consolidated statement of financial position at 30 June 2011. Tax paid decreased by $427,083.

Cash used in investing activities decreased to $7,806,724 from $17,875,818 for the year ended 30 June 2010. The decrease in the net cash outflow is largely attributable to an inflow of $3,500,000 for the sale of Wolfram Camp Mining Limited and a $6,077,961 reduction in amounts invested in term deposits.

Significant changes in the state of affairs

In May 2011, Planet Metals Limited, in which Metallica Minerals Limited held 76.16% of the issued capital at 30 June 2011, completed the sale of the Wolfram Camp project for a total contracted sale price of $7 million, comprising an initial $3.5 million in cash and the balance of $3.5m payable via a deferred settlement arrangement. Deutsche Rohstaff AG was given an option (expiring 31 July 2011) to settle the outstanding balance either by the issuance to Planet Metals Limited of 180,500 shares in Deutsche Rohstaff AG (the company is listed on the Frankfurt Stock Exchange) which were worth $3.5m on signing, or by a further $3.5m cash payment. A further condition stated that if the market value of the agreed number of shares to be worth less than $2.8m on settlement, then Deutsche Rohstaff AG would be required to pay a cash top up cash payment, so that the balance consideration was not below $2.8m. Deutsche Rohstaff AG deposited the initial cash component being $3.5m into Planet's bank account prior to year end, and the remaining balance $3,500,000 is shown as a current receivable in Note 10 of the financial report. Post year end, and prior to 31 July 2011, Deutsche Rohstaff AG advised the company that it intended to exercise its option and wished to settle the outstanding balance by issuing 180,500 shares to Planet. On settlement (1 September 2011), the company received these shares, but due to significant equity market fluctuations since signing the sale contract, the shares are valued at $2,888,740. This means that Planet Metals Limited will recognise an impairment loss of up to $611,260 in its financial report for the year ending 30 June 2012 should no further change in values occur.

Metallica Minerals Limited distributed to its shareholders 11,708,831 shares held by it in Cape Alumina Limited. The distribution was on the basis of 1 share in Cape Alumina Limited for every 10 shares held in Metallica Minerals Limited at 11 May 2011.

On 10 June 2011 Metallica Minerals Limited invited its shareholders to subscribe to a fully underwritten renounceable rights issue of 11,707,065 shares on the basis of 1 new Metallica share for every 10 Metallica shares currently held plus 2 Planet Metals Limited shares, for an aggregate issue price of 42 cents. The new shares in Metallica were issued on 18 July 2011. Metallica Minerals Limited held 76% of the issued shares in Planet Metals Limited at 30 June 2011 and following completion of the rights issue holds 37% of the issued shares. The rights issue raised gross proceeds of $4.9 million. The funds raised will be used to advance the company's NORNICO nickel-cobalt-scandium project, and the company's mineral sands and other projects.

In October 2010 the group's interest in the ordinary shares of MetroCoal Limited decreased to 45.27% following a share placement by MetroCoal Limited. The directors concluded that whilst the group no longer held more than half of the voting shares in MetroCoal Limited it was deemed to have de facto control until 31 May 2011 for reasons other than potential voting rights, contract or other statutory means. Consequently the consolidated statement of comprehensive income incorporates the group's share of MetroCoal Limited's financial performance to 31 May 2011 being the date on which MetroCoal Limited was derecognised. Subsequent to 31 May 2011 MetroCoal Limited is recognised as an associate.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 10 June 2011 Metallica Minerals Limited invited its shareholders to subscribe to a fully underwritten renounceable rights issue of 11,707,065 shares on the basis of 1 new Metallica share for every 10 Metallica shares currently held plus 2 Planet Metals Limited shares, for an aggregate issue price of 42 cents. The new shares in Metallica were issued on 18 July 2011. Metallica Minerals Limited held 76% of the issued shares in Planet Metals Limited at 30 June 2011 and following completion of the rights issue holds 37% of the issued shares. Consequently, post 30 June 2011 Planet Metals Limited will no longer be consolidated and the group's interest in the company will be recognised as an investment in an associate. The investment in Planet Metals Limited will be stated at its fair value of $4,093,537. The deconsolidation of Planet Metals Limited should result in a net gain of $2,172,584 being recognised in the consolidated statement of comprehensive income.

Mr Gavin Becker was appointed Chief Executive Officer of Metallica Minerals Limited on 29 July 2011.

On 16 August 2011 Metallica Minerals Limited issued 3,400,000 fully paid ordinary shares and 2,000,000 options for the acquisition of the 20% interest in the Scandium Ore rights related to Kokomo and Lucknow resources for a deemed value of $1,858,649.

In May 2011 the sale of the Wolfram Camp project was successfully completed for a total contracted sale price of $7 million, comprising an initial $3.5 million in cash and the balance of $3.5m payable via a deferred settlement arrangement. Deutsche Rohstaff AG was given an option (expiring 31 July 2011) to settle the outstanding balance either by the issuance to Planet Metals Limited of 180,500 shares in Deutsche Rohstaff AG (the company is listed on the Frankfurt Stock Exchange) which were worth $3.5m on signing, or by a further $3.5m cash payment. A further condition stated that if the market value of the agreed number of shares to be worth less than $2.8m on settlement, then Deutsche Rohstaff AG would be required to pay a cash top up cash payment, so that the balance consideration was not below $2.8m. Deutsche Rohstaff AG deposited the initial cash component being $3.5m into Planet's bank account prior to year end, and the remaining balance $3,500,000 is shown as a current receivable in Note 10 of the financial report. Post year end, and prior to 31 July 2011, Deutsche Rohstaff AG advised the company that it intended to exercise its option and wished to settle the outstanding balance by issuing 180,500 shares to Planet. On settlement (1 September 2011), the company received these shares, but due to significant equity market fluctuations since signing the sale contract, the shares are valued at $2,888,740. This means that Planet Metals Limited may recognise an impairment loss of up to $611,260 in its financial report for the year ending 30 June 2012 should no further change in values occur.

On 26 August 2011 Metallica Minerals Limited announced that its wholly owned subsidiary, Oresome Australia Pty Ltd, had entered into a Right to Explore and Option to Purchase Agreement with Rio Tinto Exploration Pty Ltd. Pursuant to the agreement, Oresome will have the exclusive right to explore certain exploration licences which comprise the Gippsland Heavy Mineral Sands Project in Victoria's south east and option to purchase a 100% interest in the exploration licences at any time during the term of the agreement for a purchase price of $8m.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity will continue the exploration and evaluation of the NORNICO nickel project and the Gippsland and Urqhart Point Heavy Mineral Sands Projects, and undertake feasibility studies on the processing of nickel cobalt laterites and scandium. The consolidated entity also intends to continue its exploration and evaluation programme with its joint venture partner Metals Finance Corporation (Lucky Break Nickel Project).

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in the financial report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is subject to environmental regulations under laws of Queensland where it holds mineral exploration and mining tenements. During the financial year the consolidated entity's activities recorded no non-compliance issues.

Information on directors

Name:	David K Barwick
Title:	Non-executive Chairman
Age:	67
Qualifications:	N/A
Experience and expertise:	In his capacity as Chairman, Managing Director and or President, Mr Barwick has played a significant role in successfully funding and bringing into production, four mining projects throughout his career in both Australia and Canada. He has considerable expertise in the restructure and financing of entities. An accountant by profession, Mr Barwick has more than 37 years' experience in the management and administration of publicly listed companies in both Australia and North America. As a director, he has managed over thirty public companies, using his strong skills in strategic planning to successfully restructure these and give them a solid financial base from which to operate. He has experience in preparing prospectuses and ensuring companies meet the necessary compliance standards for listing on both the Australian and Canadian Securities Exchanges.
Other current directorships:	Chairman of: Jumbo Interactive Limited - appointed 28 August 2006 Planet Metals Limited - appointed 9 June 2009 Orion Metals Limited - appointed 28 November 2008 MetroCoal Limited - appointed 6 January 2006
Former directorships (in the last 3 years):	Former Director of: Macarthur Minerals Limited (TSX-V) 24 October 2005 - 31 August 2009 Cape Alumina Limited - 2 February 2004 – 29 January 2009
Special responsibilities:	Member of the Audit Committee (was Chairman of the committee to 1 December 2010)
Interests in shares:	209,000
Interests in options:	500,000

Name:	Andrew L Gillies
Title:	Managing Director
Age:	48
Qualifications:	Bachelor of Science (Geology), MAusIMM
Experience and expertise:	Mr Gillies graduated from the University of Queensland in 1985 with a BSc (Geology), is a member of the Aus.I.M.M. and is a Director of the Queensland Resources Council. Mr Gillies' key strength is mineral resource management and strategic planning specialising in project generation, selection and acquisition. He has acquired a considerable database and significant knowledge of mineral deposits in Queensland. Since 1985 he has worked continuously as a geologist in the mining and exploration industry, accruing over 22 years' experience across a range of commodities. He has been a company geologist with BHP Gold Mines Limited, Perseverance Corporation Limited and Cracow Mining Venture and as a consulting geologist for various exploration companies until his full time role with Metallica in 1997. Over the last 22 years he gained valuable experience in the exploration, feasibility, development, open pit and underground mining of mineral deposits.

Information on directors (continued)

Other current directorships:	Planet Metals Limited - appointed 9 June 2009 Orion Metals Limited - appointed 28 November 2008 Cape Alumina Limited - appointed 2 February 2004 MetroCoal Limited - appointed 6 January 2006
Former directorships (in the last 3 years):	None
Special responsibilities:	Managing Director
Interests in shares:	10,000,967
Interests in options:	1,350,000
Name:	Wu Shu
Title:	Non-executive Director
Age:	45
Qualifications:	MBA, CPA (Certified Public Accountant-China)
Experience and expertise:	Wu Shu is a director of Jien Mining Pty Ltd which holds 22,854,462 shares in Metallica Minerals Limited.
Other current directorships:	Chairman and Director of Jien Nickel Industry Co. Ltd listed on the Shanghai Stock Exchange - appointed September 2003 Chairman of Liberty Mines Inc. listed on the TSX, Canada - appointed July 2009
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Audit Committee
Interests in shares:	None
Interests in options:	None
Name:	Peter B Nicholson
Title:	Non-executive Director
Age:	36
Qualifications:	Bachelor of Engineering (Mining), Graduate Diploma in Applied Finance and Investment, F Fin, MAusImm, GAICD
Experience and expertise:	Mr Peter Nicholson is a Director of Resource Capital Funds Management Pty Ltd, which is the Manager of Resource Capital Fund III and IV L.P. which together hold 7,203,532 shares in Metallica Minerals Limited as at 30 June 2011. Prior to joining Resource Capital Funds Management Pty Ltd, he gained technical experience in mine production, planning and management with LionOre Australia (Nickel) Limited and WMC Resources Limited. Mr Nicholson resigned on 24 November 2010.
Other current directorships:	Director of Cape Alumina Limited - appointed 26 March 2007
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Audit Committee (resigned on 24 November 2010)
Interests in shares:	None
Interests in options:	None
Name:	John K Haley
Title:	Executive Director
Age:	49
Qualifications:	Bachelor of Commerce, MBA, GradCert (Marketing), Grad Dip CSP, FCA, FTIA

Information on directors (continued)

Experience and expertise:	Mr Haley brings almost thirty years of senior corporate experience from positions in Canada and Australia to the board of Metallica Minerals. He has a diverse career in a range of industries including mineral exploration and has participated as a seed capitalist in a number of mineral exploration companies. With extensive experience in the preparation of prospectuses, he has had significant involvement in the listing of companies in Australia and Canada. He has previously worked with Coopers & Lybrand and Arthur Andersen & Co and in Australia in general management, financial reporting and company secretarial positions.
Other current directorships:	Director of MetroCoal Limited - appointed 6 January 2006 Alternate Director of Cape Alumina Limited - appointed 1 February 2011
Former directorships (in the last 3 years):	None
Special responsibilities:	Chief Financial Officer and Company Secretary
Interests in shares:	172,100
Interests in options:	750,000

Name:	Barry J Casson
Title:	Non-executive Director
Age:	60
Qualifications:	CA, MAICD
Experience and expertise:	Non-executive Director since 1 December 2010. Mr Casson has more than 40 years' experience in accounting, finance and general management with several listed and unlisted companies, primarily in the resources industry. He has had extensive international experience in project financing and corporate transactions.
Other current directorships:	Global Resources Corporation Limited (formerly Cloncurry Metals Limited) - appointed 12 October 2006
Former directorships (in the last 3 years):	Non-executive director of Archipelago Resources plc 2 September 2002 - 12 January 2009
Special responsibilities:	Chairman of the Audit Committee from 1 December 2010
Interests in shares:	None
Interests in options:	None

Name:	Tao Li
Title:	Alternate Director to Wu Shu
Age:	56
Qualifications:	PhD in Mining Engineering
Experience and expertise:	Dr Tao Li is a specialist in geotechnical and mining engineering as the Principal and Director of TL Geotechnics & Mining. He provides technical and business advice to Australian, Canadian, and Chinese mining companies. He previously worked for 7 years in the Chinese mining industry and for the past 23 years he was an internal advisor to the Australian mining industry as an engineer, manager and group manager for organisations such as Mount Isa Mines, WMC Resources, Gold Fields and Newcrest Mining.
Other current directorships:	Director of: Liberty Mines Inc. listed on the TSX, Canada - appointed 3 February 2010 Orion Metals Limited - appointed 30 September 2010
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	500,000

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

The Company Secretary in office for the whole of the financial year was John Haley. John is a Chartered Accountant with over 30 years experience in accounting and finance. John has served in Chief Financial Officer and Company Secretary roles for a number of listed and non-listed entities.

Meetings of directors

The number of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2011, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	**Held**	**Attended**	**Held**
D K Barwick	9	9	3	3
A L Gillies	9	9	-	-
J K Haley	9	9	-	-
P B Nicholson*	2	2	2	2
Wu Shu (alternate T Li)	9	9	3	3
B J Casson**	7	7	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

*Mr P B Nicholson resigned on 24 November 2010
**Mr B J Casson was appointed on 1 December 2010

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

A Principles* used *to determine the nature and amount of remuneration

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- Transparency

The remuneration structure for key management personnel, excluding non-executive directors and group executives, is set by the Board and is based on a number of factors including, market remuneration for comparable companies, particular experience of the individual concerned and overall performance of the consolidated entity. The contracts for service between the consolidated entity and key management personnel are on a continuing basis the terms of which are not expected to change in the immediate future. The consolidated entity retains the right to terminate contracts immediately by making payment of an amount based on the employees years of service. Upon retirement or termination key management personnel, excluding non-executives, are paid employee benefits accrued to date of retirement or termination. No other termination benefits are payable under service contracts except that Mr Andrew Gillies is entitled to 6 months' salary if a change in control of the company occurs and his employment is terminated, providing the amount payable does not exceed any amount allowable under the Corporations Law or the ASX Listing Rules. Any options issued which are not exercised on or before the date of termination lapse 3 months after termination. Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as considered appropriate by the Board.

The remuneration framework is aligned to shareholders' interests through:

- a focus on sustained growth in share price and key non-financial drivers of value
- attracting and retaining high caliber executives

The remuneration framework is aligned to employees' interests through:

- rewards capability and experience
- reflecting competitive rates of remuneration in respect of skills and responsibility
- provides a clear structure for earning rewards
- providing recognition for contribution

In accordance with best practice corporate governance, the structure of non-executive directors and executive remuneration is separate.

Remuneration report (audited) (continued)

A Principles used to determine the nature and amount of remuneration (continued)

Non-executive directors remuneration
Remuneration of the non-executive directors is approved by the Board and set in aggregate within the maximum amount approved by the shareholders from time to time. The fees have been determined by the Board having regard to industry practice and the need to obtain appropriately qualified independent persons.

The aggregate pool of remuneration paid to non-executive directors was approved by shareholders on 24 November 2010 and is currently $300,000 per annum for Metallica Minerals Limited as parent entity. The amount paid to non-executive directors of the parent entity (Metallica Minerals Limited) during the year to 30 June 2011 was $195,094 (2010: $132,000). The amount paid to non-executive directors of the consolidated entity from Metallica Minerals Limited and its controlled entities which are listed during the year to 30 June 2011 was $278,161 (2010: $219,913).

Executive remuneration
The consolidated entity and company aims to reward executives with a level and mix of remuneration, both fixed and variable, based on their position and responsibility.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

The long-term incentives ('LTI') includes share-based payments. Options to acquire shares are awarded to executives and exercisable over a period of two years.

Consolidated entity performance and link to remuneration
Because the consolidated entity is in exploration and not production, there is no direct relationship between the consolidated entity's financial performance and the level of remuneration paid to key management personnel.

At 30 June 2011 the market price of the company's ordinary shares was 32 cents per share (30 June 2010: 21 cents per share). No dividends were paid during the year ended 30 June 2011.

Given that the remuneration is commercially reasonable, the link between remuneration, company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration. The company may issue options to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the company's shareholders.

Remuneration report (audited) (continued)

Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as determined by the Board of Directors.Except in so far as Directors and key management personnel hold options over shares in the company, there is no relationship between remuneration policy and the company's performance. Refer to Section E below for further information relating to consolidated entity and company performance.

B Details of remuneration

Amounts of remuneration
This remuneration report sets out remuneration information for Metallica Minerals Limited non-executive directors, executive directors, other key management personnel and the five highest remunerated executives of the group and the company. The names of the directors of Metallica Minerals Limited and their position is set out on pages 5 to 7 above.

The key management personnel of the consolidated entity consisted of the directors of Metallica Minerals Limited and the following executives:
- P Smith - Exploration Manager - Metallica Minerals Limited (until 28 February 2011)
- M O'Brien - Chief Executive Officer - MetroCoal Limited
- T Psaros - Chief Operating Officer/CFO - MetroCoal Limited
- M Hansel - Non-executive Director - MetroCoal Limited
- B O'Donovan - Chief Executive Officer - Planet Metals Limited
- B Kelly - Non-executive Director - Planet Metals Limited

2011	**Short-term benefits**			**Post-employment benefits**	**Long-term benefits**	**Share-based payments**	**Total**
Name	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity- settled options	
	$	$	$	$	$	$	$
Non-Executive Directors:							
D K Barwick	142,669	-	-	8,798	-	17,898	169,365
P B Nicholson*	9,000	-	-	-	-	17,898	26,898
B J Casson****	28,000	-	-	-	-	-	28,000
Wu Shu	-	-	-	-	-	-	-
T Li (alternate)	36,000	-	-	-	-	17,898	53,898
Executive Directors:							
A L Gillies	311,678	-	-	21,964	5,618	35,795	375,055
J K Haley***	167,931	5,000	-	13,329	675	17,898	204,833
Other Key Management Personnel:							
P Smith****	95,761	4,000	-	8,979	-	10,728	119,468
M O'Brien**	232,518	-	-	45,832	-	151,250	429,600
T Psaros**	173,543	-	-	15,331	-	121,000	309,874
M Hansel**	28,417	-	-	-	-	-	28,417
B O'Donovan***	128,751	35,000	-	14,738	-	20,850	199,339
B Kelly	25,000	-	-	2,250	-	-	27,250
	1,379,268	44,000	-	131,221	6,293	411,215	1,971,997

Remuneration report (audited) (continued)
B Details of **remuneration** ***(continued)***

* Mr P B Nicholson resigned on 24 November 2010. The amounts paid to Mr Nicholson are paid to Resource Capital Funds Management Pty Ltd an entity related to Resource Capital Fund III and IV L.P., and of which Mr Nicholson is a director.
** The remuneration disclosed in the table for the MetroCoal Limited personnel represents their remuneration from the beginning of the financial year to 31 May 2011, being the date MetroCoal Limited was deconsolidated.
*** In December 2010 Mr B O'Donovan was paid a bonus of $10,000 following the successful completion of the Mount Cannindah Copper-Gold Project farm-in agreement. In May 2011 Mr J Haley and Mr B O'Donovan were paid bonuses of $5,000 and $25,000 respectively following the successful sale of the company's shareholding in Wolfram Camp Mining Pty Ltd. No other bonuses were payable to Mr Haley and Mr O'Donovan or any other key management personnel in the 30 June 2011 year.
****Mr B J Casson was appointed a director on 1 December 2010 and Mr P Smith resigned on 28 February 2011.

2010	**Short-term benefits**			**Post-employment benefits**	**Long-term benefits**	**Share-based payments**	**Total**
Name	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled options	
	$	$	$	$	$	$	$
Non-Executive Directors:							
D K Barwick	128,638	-	-	8,742	-	4,123	141,503
P B Nicholson*	36,000	-	-	-	-	3,205	39,205
Wu Shu	-	-	-	-	-	-	-
T Li (alternate)	36,000	-	-	-	-	3,205	39,205
Executive Directors:							
A L Gillies	276,483	-	-	25,010	17,251	30,819	349,563
J K Haley	144,910	-	-	23,715	1,154	18,933	188,712
Other Key Management Personnel:							
P Smith**	131,752	5,000	-	11,771	6,984	13,044	168,551
M O'Brien**	208,836	100,000	-	11,108	-	1,565	321,509
T Psaros	180,610	-	-	15,750	-	2,710	199,070
M Hansel	24,000	-	-	-	-	918	24,918
B O'Donovan	40,000	-	-	3,600	-	20,399	63,999
B Kelly	-	-	-	27,250	-	-	27,250
	1,207,229	105,000	-	126,946	25,389	98,921	1,563,485

* Amounts paid to Mr P B Nicholson are paid to Resource Capital Funds Management Pty Ltd an entity related to Resource Capital Fund III and IV L.P., and of which Mr Nicholson is a director.
** In June 2010 Mr P Smith was paid a bonus of $5,000 for successful completion of the Lucknow drilling program, being 100% of the bonus entitlement. In December 2009 Mr M O'Brien was paid a one off cash bonus of $100,000 by MetroCoal Limited pursuant to his employment contract following the successful IPO raising of $10 million by MetroCoal Limited. No other agreed bonuses were payable to Mr Smith, Mr O'Brien or any other key management personnel in the 30 June 2010 year, or are payable in future years.

Changes in key management personnel since the end of the reporting period
Mr Gavin Becker was appointed Chief Executive Officer of Metallica Minerals Limited on 29 July 2011. Included in Mr Becker's employment contract are 2,000,000 options to acquire shares in the company. Whilst the grant date of the options is 28 June 2011, Mr Becker only became entitled to the options on his commencement of employment on 29 July 2011.

Remuneration report (audited) (continued)

B Details of remuneration (continued)

The proportion of remuneration linked to performance (i.e. options) and the fixed proportion are as follows:

Name	Fixed remuneration 2011	Fixed remuneration 2010	At risk - STI 2011	At risk - STI 2010	At risk - LTI 2011	At risk - LTI 2010
Non-Executive Directors:						
D K Barwick	89%	97%	- %	- %	11%	3%
P B Nicholson	33%	92%	- %	- %	67%	8%
Wu Shu/T Li	67%	92%	- %	- %	33%	8%
B J Casson	100%	- %	- %	- %	- %	- %
Executive Directors:						
A L Gillies	90%	91%	- %	- %	10%	9%
J K Haley	89%	90%	2%	- %	9%	10%
Other Key Management Personnel:						
P Smith	88%	89%	3%	3%	9%	8%
M O'Brien	65%	68%	- %	31%	35%	1%
T Psaros	61%	99%	- %	- %	39%	1%
M Hansel	100%	96%	- %	- %	- %	4%
B O'Donovan	72%	68%	18%	- %	10%	32%
B Kelly	100%	100%	- %	- %	- %	- %

The proportion of the cash bonus paid and forfeited is as follows:

Name	Cash bonus paid 2011	Cash bonus paid 2010	Cash bonus forfeited 2011	Cash bonus forfeited 2010
Executive Directors:				
J K Haley	100%	- %	- %	- %
Other Key Management Personnel:				
P Smith	100%	100%	- %	- %
M O'Brien	- %	100%	- %	- %
B O'Donovan	100%	- %	- %	- %

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Andrew Langham Gillies
Title:	Managing Director
Agreement commenced:	23 March 2009
Term of agreement:	Ending on 30 June 2013

Details:	a) The contract may be terminated by 3 months' notice from either party. b) The contract is to be reviewed annually by the Board of Directors and the date of the last review was 30 June 2011. c) The base salary including the 9% superannuation guarantee levy is $330,000 per annum (the short term benefits disclosed in the remuneration table for Andrew Gillies includes amounts received from controlled entities). d) It provides for payment of 6 months of base salary if control of the company changes and Mr Gillies employment is terminated.
Name:	John Kevin Haley
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	1 July 2009
Term of agreement:	Ending on 1 July 2013
Details:	a) The contract may be terminated by 3 months' notice from either party. b) The contract is to be reviewed annually by the Board of Directors and the date of the last review was 30 June 2011. c) The base salary including the 9% superannuation guarantee levy is $150,000 per annum (the short term benefits disclosed in the remuneration table for John Haley includes amounts received from controlled entities).
Name:	Mike O'Brien
Title:	Chief Executive Officer - MetroCoal Limited
Agreement commenced:	27 October 2009
Term of agreement:	On going
Details:	a) The base remuneration is $262,500 per annum, excluding superannuation, and is subject to annual review by the Board. The date of the last review was November 2010. b) The CEO is also entitled to: 1. an annual bonus if certain criteria, as agreed to between the company and the CEO, are satisfied 2. superannuation of the greater of 10% of the base remuneration or the level required by statute from time to time; and 3. reimbursement for payment of medical insurance coverage, reasonable travel and accommodation expenses incurred in attending Board and other meetings of the company, and for other reasonable expenses incurred in performance of the CEO's duties which have the prior approval of the Board; and c) The agreement can be terminated: 1. by the CEO giving three (3) months' notice; 2. by the company giving six (6) months' notice or payment of six (6) months base remuneration in lieu of notice; or 3. by the company immediately (and without notice or an entitlement to any redundancy or other payment) in the event of bankruptcy or prescribed misconduct by the CEO.
Name:	Theo Psaros
Title:	Chief Operating Officer and Company Secretary - MetroCoal Limited
Agreement commenced:	25 August 2008
Term of agreement:	On going

Details:	a) The current base remuneration is $185,833 per annum, excluding superannuation, and is subject to annual review by the Board; b) The COO is also entitled to: 1. superannuation at the level required by statute from time to time; 2. 1 million options to subscribe for shares in the company; and 3. use of a mobile phone for work purposes and for reasonable personal use; c) The agreement can be terminated: 1. by the COO giving six (6) months' notice; 2. by the Company giving six (6) months' notice or payment of six (6) months base remuneration in lieu of notice; or 3. by the Company immediately (and without notice or an entitlement to any redundancy or other payment) in the event of gross negligence or serious misconduct.
Name:	Gavin Becker
Title:	Chief Executive Officer
Agreement commenced:	29 July 2011
Term of agreement:	On going
Details:	a) Fixed remuneration of $330,000 per annum (including superannuation) and is reviewable at the Board's discretion each year; b) The CEO is also entitled to: 1. 2,000,000 options to acquire shares in the company 2. Cash bonuses based on the achievement of agreed key performance indicators. c) The agreement can be terminated: 1. by the CEO giving four (4) months' notice; 2. by the company at any time by giving not less than four (4) months' notice or payment of a pro-rata payment of annual salary and superannuation entitlement up to the date of termination 3. by the company immediately (and without notice or an entitlement to any redundancy or other payment) in the event of gross negligence or serious misconduct.
Name:	Brett O'Donovan
Title:	Chief Executive Officer - Planet Metals Limited
Agreement commenced:	1 March 2010 (renewed in April 2011)
Term of agreement:	2 years
Details:	Key terms of the contract are: a) The contract may be terminated by 3 months' notice from either party. b) The contract is to be reviewed annually by the Board of Directors.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Except as disclosed above, no other termination benefits are payable under the relevant contracts.

D *Share-based* **compensation**

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011.

Options

The terms and conditions of each grant of options affecting remuneration in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
24/11/10*	24/11/10	19/11/13	$0.40	$0.132
18/05/11*	18/05/11	18/05/14	$0.50	$0.201

* Options issued by MetroCoal Limited as part of remuneration for the year ended 30 June 2011 and do not have any specific performance conditions.

Options granted carry no dividend or voting rights.

Details of options over ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011 are set out below:

Name	Number of options granted during the year		Number of options vested during the year	
	2011	2010	2011	2010
Mr M O'Brien (Chief Executive Officer – MetroCoal Limited)	1,250,000	-	1,250,000	-
Mr T Psaros (Chief Operating Officer/CFO – MetroCoal Limited)	1,000,000	500,000	-	500,000

All options granted in the current year are options of MetroCoal Limited being a controlled entity of Metallica Minerals Limited to 31 May 2011.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel during the year ended 30 June 2011 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $
Mr M O'Brien (Chief Executive Officer – MetroCoal Limited)	165,000	-	-
Mr T Psaros (Chief Operating Officer/CFO – MetroCoal Limited)	132,000	-	-

Remuneration report (audited) (continued)

E *Additional* **information**

The factors that are considered to affect total shareholders return (TSR) are summarised below:

	2007	2008	2009	2010	2011
Share price at financial year end ($A)	0.88	0.50	0.31	0.21	0.32
Net profit/(loss) after tax ($000)	(164)	10,544.57	2,578	(3,822)	24,888
Basic earnings per share (cents per share)	(0.00)	0.10	2.38	(2.49)	21.22
Return of capital ($000)	-	-	-	374.51	89

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Metallica Minerals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
29 September 2007	28 September 2012	$0.65	1,100,000
12 February 2010	12 February 2012	$0.35	2,320,000
31 May 2010	31 May 2012	$0.35	2,500,000
28 June 2011*	28 June 2014	$0.35	2,000,000
3 August 2011**	3 August 2013	$0.50	1,000,000
3 August 2011**	3 August 2016	$0.70	1,000,000
			9,920,000

* These options were granted to Gavin Becker (CEO) on 28 June 2011 however, he only became entitled to the options on his commencement of employment on 29 July 2011

** The consideration for the acquisition of entire interest held by Straits Resources Limited in the NORNICO Scandium joint venture included the issuance of 2,000,000 options to Straits Resources Limited to acquire shares in Metallica Minerals Limited

No option holder has any right under the options to participate in any other share issue of the company or any other entity

Indemnity and insurance of officers

Each of the Directors and the Secretary of the company have entered into a Deed with the company whereby the company has provided certain contractual rights of access to books and records of the company to those Directors and Secretary. The company has insured all of the Directors of Metallica Minerals Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 32 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 32 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of BDO Audit (QLD) Pty Ltd

There are no officers of the company who are former audit partners of BDO Audit (QLD) Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor

BDO Audit (QLD) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

D K Barwick
Chairman

Brisbane, 30 September 2011

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DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF METALLICA MINERALS LTD

As lead auditor of Metallica Minerals Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Metallica Minerals Limited and the entities it controlled during the period.

C R JENKINS

Director

BDO Audit (QLD) Pty Ltd

Brisbane, 30 September 2011

Contents

General information

The financial report covers Metallica Minerals Limited as a consolidated entity consisting of Metallica Minerals Limited and the entities it controlled during the financial year. The financial report is presented in Australian dollars, which is Metallica Minerals Limited’s functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Metallica Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

71 Lytton Road
East Brisbane
QLD 4169

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 30 September 2011. The directors have the power to amend and reissue the financial report.

Metallica Minerals Limited
Statement of Comprehensive Income
For the year ended 30 June 2011

	Note	Consolidated 2011 $	2010 $
Revenue from continuing operations	4	2,376,925	1,315,796
Share of profits /(loss)of associates accounted for using the equity method		(1,663,286)	(536,967)
Other income	5	4,606,047	55,295
Expenses			
Rental expenses		(282,077)	(164,642)
Brokerage and listing costs		-	31,990
Employee benefits expense		(3,174,484)	(1,595,706)
Exploration costs		(104,616)	(334,359)
Depreciation and amortisation expense	6	(167,109)	(238,812)
Exploration and evaluation expenditure written-off		-	(403,120)
Legal fees		(74,035)	(118,646)
Reversal of loans receivable impairment		-	292,231
Impairment of financial assets		(974,058)	(200,913)
Airfares and conferences		(147,177)	(129,021)
Professional fees		(94,776)	(151,293)
Other expenses		(2,103,648)	(761,088)
Finance costs	6	(10,152)	(67,632)
Raw materials and consumables		(371,711)	(334,412)
Advertising and promotional costs		(102,460)	(83,358)
Listing fees and share register expenses		(97,494)	(83,301)
Loss before income tax from continuing operations		(2,384,111)	(3,507,958)
Income tax (expense)/benefit	7	(37,128)	1,341,312
Loss after income tax from continuing operations		(2,421,239)	(2,166,646)
Discontinued operations			
Profit/(loss) after income tax from discontinued operations	8	27,308,843	(1,655,749)
Profit/(loss) after income tax for the year		24,887,604	(3,822,395)
Other comprehensive income			
Gain on the revaluation of available-for-sale financial assets, net of tax		4,201	-
Loss on the revaluation of available-for-sale financial assets, net of tax		-	(4,200)
Other comprehensive income for the year, net of tax		4,201	(4,200)
Total comprehensive income for the year		28,891,805	(3,826,595)
Profit/(loss) for the year is attributable to:			
Non-controlling interest		(476,542)	(797,447)
Owners of Metallica Minerals Limited		25,364,146	(3,024,948)
		24,887,604	(3,822,395)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(476,542)	(797,447)

Metallica Minerals Limited
Statement of Comprehensive Income
For the year ended 30 June 2011

Owners of Metallica Minerals Limited		25,368,347	(3,029,148)
		24,891,805	(3,826,595)
		Cents	**Cents**
Earnings per share from continuing operations attributable to the owners of Metallica Minerals Limited			
Basic earnings per share	43	(2.06)	(1.13)
Diluted earnings per share	43	(2.06)	(1.13)
Earnings per share from discontinued operations attributable to the owners of Metallica Minerals Limited			
Basic earnings per share	43	23.27	(1.36)
Diluted earnings per share	43	23.27	(1.36)
Earnings per share attributable to the owners of Metallica Minerals Limited			
Basic earnings per share	43	21.22	(2.49)
Diluted earnings per share	43	21.22	(2.49)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Metallica Minerals Limited
Statement of Financial Position
As at 30 June 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
Assets			
Current assets			
Cash and cash equivalents	9	4,934,549	7,120,294
Trade and other receivables	10	4,605,390	389,742
Inventories	11	78,527	147,421
Held to maturity investments	12	2,333,275	9,205,618
Other	13	-	45,013
		11,951,741	16,908,088
Assets classified as held for sale	14	-	4,301,980
Total current assets		11,951,741	21,210,068
Non-current assets			
Investments accounted for using the equity method	15	46,448,302	1,416,388
Available-for-sale financial assets	16	54,684	118,683
Property, plant and equipment	17	305,553	564,033
Exploration and evaluation assets	18	24,373,373	25,496,119
Other	19	205,151	151,921
Total non-current assets		71,387,063	27,747,144
Total assets		83,338,804	48,957,212
Liabilities			
Current liabilities			
Trade and other payables	20	368,056	901,654
Borrowings	21	5,455	30,398
Employee benefits	22	110,101	86,829
		483,612	1,018,881
Liabilities directly associated with assets classified as held for sale	23	-	817,627
Total current liabilities		483,612	1,836,508
Non-current liabilities			
Deferred tax	24	16,449,750	2,700,296
Employee benefits	25	30,213	26,812
Total non-current liabilities		16,479,963	2,727,108
Total liabilities		16,963,575	4,563,616
Net assets		66,375,229	44,393,596
Equity			
Contributed equity	26	20,212,797	20,294,506
Reserves	27	6,607,978	12,811,086
Retained profits		37,383,618	5,284,803
Equity attributable to the owners of Metallica Minerals Limited		64,204,393	38,390,395
Non-controlling interest	28	2,170,836	6,003,201
Total equity		66,375,229	44,393,596

The above statement of financial position should be read in conjunction with the accompanying notes.

Metallica Minerals Limited
Statement of Changes in Equity
For the year ended 30 June 2011

	Contributed equity $	Reserves $	Retained profits $	Non-controlling interests $	Total equity $
Consolidated					
Balance at 1 July 2009	19,735,685	6,870,297	8,309,751	1,313,273	36,229,006
Other comprehensive income for the year, net of tax	-	(4,200)	-	-	(4,200)
Loss after income tax for the year	-	-	(3,024,948)	(797,447)	(3,822,395)
Total comprehensive income for the year	-	(4,200)	(3,024,948)	(797,447)	(3,826,595)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	933,333	-	-	-	933,333
Share-based payments		215,303	-	-	215,303
Shares bought back during the year	(374,512)	-	-	-	(374,512)
Change in proportionate interest of subsidiary	-	5,729,686	-	5,487,375	11,217,061
Balance at 30 June 2010	20,294,506	12,811,086	5,284,803	6,003,201	44,393,596
Balance at 1 July 2010	20,294,506	12,811,086	5,284,803	6,003,201	44,393,596
Other comprehensive income for the year, net of tax	-	4,201	-	-	4,201
Profit after income tax (expense)/benefit for the year	-	-	25,364,165	(476,542)	24,887,623
Total comprehensive income for the year	-	4,201	25,364,165	(476,542)	24,891,824
Transactions with owners in their capacity as owners:					
Share-based payments	-	721,066	-	-	721,066
Shares bought back and cancelled, net of transactions costs	(81,709)	-	-	-	(81,709)
Change in proportionate interest of subsidiary	-	3,553,101	-	6,490,679	10,043,780
Transfer to/from reserves	-	(10,481,476)	10,481,476	-	-
Deconsolidation of MetroCoal Ltd	-	-	-	(9,846,502)	(9,846,502)
Dividends paid	-	-	(3,746,826)	-	(3,746,826)
Balance at 30 June 2011	20,212,797	6,607,978	37,383,618	2,170,836	66,375,229

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Metallica Minerals Limited
Statement of Cash Flows
For the year ended 30 June 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,262,675	1,480,706
Payments to suppliers and employees (inclusive of GST)		(7,569,395)	(6,243,935)
Interest received		1,226,449	632,294
Income taxes paid		-	(427,083)
Net cash used in operating activities	41	(3,080,271)	(4,558,018)
			-
Cash flows from investing activities			
Payments for investments		-	(20,000)
Payments for property, plant and equipment	17	(127,936)	(252,833)
Payments for exploration and evaluation	18	(6,710,081)	(8,297,429)
Payments for security deposits		(53,230)	-
Payments for assets held for sale		(266,791)	-
Net cash disposed of on deconsolidation		(12,598,526)	
Disposal of discontinued operation		3,500,000	-
Proceeds from sale of investments		861,733	-
Proceeds from sale of property, plant and equipment		-	134,090
Proceeds from release of security deposits		-	15,972
Loans to associates		(300,000)	(250,000)
Payment/receipt for term deposit		6,872,343	(9,205,618)
Net cash used in investing activities		(8,822,488)	(17,875,818)
Cash flows from financing activities			
Proceeds from issue of shares to non-controlling interests		9,823,666	13,036,097
Payments for share buy-backs		(81,709)	-
Share issue transaction costs		-	(1,044,559)
Repayment of borrowings		(24,943)	(35,949)
Net cash from financing activities		9,717,014	11,955,589
Net decrease in cash and cash equivalents		(2,185,745)	(10,478,247)
Cash and cash equivalents at the beginning of the financial year		7,120,294	17,598,541
Cash and cash equivalents at the end of the financial year	9	4,934,549	7,120,294

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2 Share-based Payment Transactions - amendments for Group Cash-settled Share-based Payment Transactions

The consolidated entity has applied the amendments to AASB 2 from 1 July 2010. The amendments clarified the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the consolidated entity settles the transaction, and no matter whether the transaction is settled in shares or cash.

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The consolidated entity has applied Interpretation 19 from 1 July 2010. The interpretation clarified that equity instruments issued to a creditor to extinguish a financial liability qualifies as consideration paid. The equity instruments issued are measured at their fair value, or if not reliably measured, at the fair value of the liability extinguished, with any gain or loss recognised in profit or loss.

AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2009-5 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:

- AASB 101 'Presentation of Financial Statements' - classification is not affected by the terms of a liability that could be settled by the issuance of equity instruments at the option of the counterparty;
- AASB 107 'Statement of Cash Flows' - only expenditure that results in a recognised asset can be classified as a cash flow from investing activities;
- AASB 117 'Leases' - removal of specific guidance on classifying land as a lease;
- AASB 118 'Revenue' - provides additional guidance to determine whether an entity is acting as a principal or agent; and
- AASB 136 'Impairment *of Assets'* - clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 'Operating Segments' before aggregation for reporting purposes.

AASB 2009-10 Amendments to AASB 132 - Classification of Rights Issues

The consolidated entity has applied AASB 2009-10 from 1 July 2010. The amendments clarified that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendment therefore provides relief to entities that issue rights in a currency other than their functional currency from treating the rights as derivatives with fair value changes recorded in profit or loss.

Note 1. Significant accounting policies (continued)

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
The consolidated entity has applied AASB 2010-3 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:
AASB 127 'Consolidated and Separate Financial Statements' and AASB 3 Business Combinations - clarifies that contingent consideration from a business combination that occurred before the effective date of revised AASB 3 is not restated; the scope of the measurement choices of non-controlling interest is limited to when the rights acquired include entitlement to a proportionate share of net assets in the event of liquidation; requires an entity in a business combination to account for the replacement of acquiree's share-based payment transactions, unreplaced and voluntarily replaced, by splitting between consideration and post combination expenses.

Material uncertainty regarding going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the consolidated entity to maintain continuity of normal business activities, to pay its debts as and when they fall due is dependent on the ability of the consolidated entity to successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 36.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Metallica Minerals Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries and special purpose entities for the year then ended. Metallica Minerals Limited, its subsidiaries and special purpose entities together are referred to in these financial statements as the 'consolidated entity'.

Note 1. Significant accounting policies (continued)

Special purpose entities ('SPEs') are those entities where the consolidated entity, in substance, controls the SPE so as to obtain the majority of benefits without having any ownership interest.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries and special purpose entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services
Rendering of services revenue is recognised by reference to the stage of completion.

Note 1. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Metallica Minerals Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Note 1. Significant accounting policies (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

Note 1. Significant accounting policies (continued)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity’s share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Investments and other financial assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Note 1. Significant accounting policies (continued)

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal can not exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss. Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised directly in the available-for-sale reserve.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	15-40% per annum
Motor vehicles	20% per annum

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Restoration, rehabilitation and environmental expenditure

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are dealt with retrospectively, with any amounts that would have been written off or provided against under the accounting policy for exploration and evaluation immediately written off.

Restoration from exploration drilling is carried out at the time of drilling and accordingly no provision is required.

Note 1. Significant accounting policies (continued)

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on hire purchases

Employee benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long service leave
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Note 1. Significant accounting policies (continued)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Contributed equity
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Note 1. Significant accounting policies (continued)

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Metallica Minerals Limited , excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

Comparatives
Where required by the Australian Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 2009-12 Amendments to Australian Accounting Standards
These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which have no major impact on the requirements of the amended pronouncements. The main amendment is to AASB 8 'Operating Segments' and requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any ‘recycling’ of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity’s own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instrument; clarifies that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provides guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 2010-5 Amendments to Australian Accounting Standards
These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 124 Related Party Disclosures (December 2009)
This revised standard is applicable to annual reporting periods beginning on or after 1 January 2011. This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets
These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 July 2011 will increase the disclosure requirements on the consolidated entity when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the consolidated entity continues to have a continuing exposure to the asset after the sale.

AASB 2010-8 Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets
These amendments are applicable to annual reporting periods beginning on or after 1 January 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life. The consolidated entity is yet to quantify the tax effect of adopting these amendments from 1 July 2012.

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in other Entities and revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures (effective 1 January 2013)
In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 112 Consolidation – special purpose entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation; however the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

Note 1. Significant accounting policies (continued)

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The group does not anticipate that this standard will have any significant impact on its financial statements.

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in other Entities and revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures (effective 1 January 2013)(continued)

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

AASB 127 is renamed Separate Financial Statements and is now a standard dealing solely with separate financial statements. Application of this standard by the group will not affect any of the amounts recognised in the financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a “partial disposal” concept. The group is still assessing the impact of these amendments.

The group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Key judgements – exploration & evaluation expenditure

The consolidated entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results, maintenance of tenure and considering the ability to meet future exploration commitments against the level of prospectivity for each area of interest. In addition, given the advanced stages of exploration for the NORNICO project, further information has been considered in performing the impairment assessment including resource assessments and preliminary feasibility studies.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity has identified its operating segments on the basis of the internal reports that are regularly reviewed by the parent company's Board of Directors (the Board), which is the chief operating decision maker for the consolidated entity. These internal reports are used to assist the Board to assess performance and allocate resources. In accordance with its internal reporting the consolidated entity has determined that there are five operating segments within the consolidated entity. These are:

1. NORNICO, a nickel development and exploration project in Queensland;
2. Bauxite, through an investment in an Associate exploring for bauxite;
3. Coal Related, through an investment in MetroCoal Limited;
4. Copper and gold through an investment in Planet Metals Limited; and
5. Other immaterial , reflecting the balance of the consolidated entity's assets over a variety of exploration targets.

For the year ended 30 June 2011 the bauxite segment has not been separately reported as it does not exceed the quantitative thresholds of accounting standard AASB 8. The information relating to this segment has been included in the 'Other' category. For the year ended 30 June 2010 the bauxite segment, which represents an equity interest in Cape Alumina Limited, exceeded the quantitative thresholds and was disclosed as a separate segment. The group's share of the bauxite losses for 2010 amounted to $304,728 and the value of assets attributed to this segment was $1,023,834.

All operating segments are contained to Australia and the Board has determined that it is not necessary to report separately in relation to geographical segments.

Inter-segment transactions
Inter-segment transactions are carried out at arm's length and eliminated on consolidation.

Intersegment receivables, payables and loans- allocated and unallocated items
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the economic entity as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings. Unallocated items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of the segment.

Note 3. Operating segments (continued)

Operating segment information

2011	NORNICO $	Coal related $	Copper & gold, tin , silver & molybdenum $	Other $	Intersegment eliminations/ unallocated $	Consolidated $
Revenue						
Sales to external customers	-	-	-	-	-	-
Total sales revenue	-	-	-	-	-	-
Other income	-	758,462	509,609	3,974,672	1,740,229	6,982,972
Total revenue	-	758,462	509,609	3,974,672	1,740,229	6,982,972
Segment result	-	758,462	509,609	3,974,672	1,740,229	6,982,972
Depreciation and amortisation	-	(26,927)	(29,794)	(110,388)	-	(167,109)
Impairment of assets	-	(904,058)	-	(1,496,007)	1,426,007	(974,058)
Finance costs	-	(45,833)	-	(10,152)	45,833	(10,152)
Other income	-	-	-	-	-	-
Profit from discontinued operations	-	-	3,248,856		24,059,987	27,308,843
Employee benefits expense	-	(1,020,941)	(415,847)	(1,737,696)	-	(3,174,484)
Other expenses	-	(892,348)	(592,473)	(1,794,922)	-	(3,279,743)
Share of loss of associates	-	(98,251)	-	-	(1,663,286)	(1,761,537)
Profit/(loss) before income tax expense	-	(2,229,896)	2,720,351	(1,174,493)	25,608,770	24,924,732
Income tax expense						(37,128)
Profit after income tax expense						24,887,604
Assets						
Segment assets	17,535,946	46,301,749	9,198,372	17,227,382	(6,924,645)	83,338,804
Unallocated assets:						
Total assets						83,338,804
Total assets includes:						
Investments in associates	-	-	-	146,553	-	146,553
Acquisition of non-current assets		-	424,141	-	-	424,141
Liabilities						
Segment liabilities	-	-	92,317	435,500	(13,992)	513,825
Unallocated liabilities:						
Deferred tax liability						16,449,750
Total liabilities						16,963,575

Note 3. Operating segments (continued)

2010	NORNICO $	Coal related $	Copper, gold, tungsten tin, silver & molybdenum $	Other $	Intersegment eliminations/ unallocated $	Consolidated $
Revenue						
Sales to external customers	-	-	-	619,865	-	619,865
Total sales revenue	-	-	-	619,865	-	619,865
Other income	-	119,456	42,408	653,523	-	815,387
Total revenue	-	119,456	42,408	1,273,388	-	1,435,252
Segment result	-	119,456	42,408	1,273,388	-	1,435,252
Depreciation and amortisation	-	(10,663)	(75,374)	(163,438)	-	(249,475)
Finance costs	-	-	-	(91,693)	-	(91,693)
Impairment reversal - loans receivable	-	-	-	292,231	-	292,231
Impairment of financial assets	-	-	-	-	(200,913)	(200,913)
Employee benefits expense	-	-	-	-	(1,975,278)	(1,975,278)
Other expenses	-	-	-	(40,556)	(3,796,308)	(3,836,864)
Share of loss of associates	-	-	-	(536,967)	-	(536,967)
Profit/(loss) before income tax benefit	-	108,793	(32,966)	732,965	(5,972,499)	(5,163,707)
Income tax benefit						1,341,312
Loss after income tax benefit						(3,822,395)
Assets						
Segment assets	29,620,242	10,302,864	2,062,674	2,669,452	-	44,655,232
Unallocated assets:						
Non-current assets classified as held for sale						4,301,980
Total assets						48,957,212
Total assets includes:						
Investments in associates	-	-	-	1,416,388	-	1,416,388
Acquisition of non-current assets	-	1,646,561	1,403,367	5,500,334	-	8,550,262
Liabilities						
Segment liabilities	345,989	498,984	88,982	111,738	-	1,045,693
Unallocated liabilities:						
Deferred tax liability						2,700,296
Liabilities directly associated with assets held for sale						817,627
Total liabilities						4,563,616

Note 3. Operating segments (continued)

	Consolidated	
	2011	**2010**
	$	**$**
Reconciliation of reportable segment revenues		
Total revenue for reportable segments	2,376,924	1,435,252
Revenue from of discontinued operations	(758,462)	(119,456)
Revenue from continuing operations	1,618,462	1,315 796

As the group does not produce any products or provide any services, no disclosure has been made for this information.

Note 4. Revenue

	Consolidated	
	2011	**2010**
	$	**$**
From continuing operations		
Sales revenue		
Sale of goods	389,621	619,865
Other revenue		
Interest	1,063,232	517,479
Option fee - sale of assets	460,000	-
Other revenue	464,072	178,452
	1,987,304	695,931
Revenue from continuing operations	2,376,925	1,315,796

Note 5. Other income

	Consolidated	
	2011	**2010**
	$	**$**
Net gain on disposal of property, plant and equipment	-	55,295
Net gain on disposal of investments	856,933	-
Other income	2,288	-
Gain arising from the distribution of Cape Alumina shares to Metallica shareholders (refer Note 38)	3,746,826	-
Other income	4,606,047	55,295

Note 6. Expenses

	Consolidated 2011 $	Consolidated 2010 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	138,957	231,092
Motor vehicles	28,152	7,720
Total depreciation	167,109	238,812
Finance costs		
Interest and finance charges paid/payable	10,152	67,632
Superannuation expense		
Defined contribution superannuation expense	167,545	174,720

Note 7. Income tax expense/(benefit)

	Consolidated 2011 $	Consolidated 2010 $
Income tax expense/(benefit)		
Current tax	(1,343,429)	55,028
Deferred tax	14,784,246	(875,065)
Under/(over) provision in prior years	306,835	(521,275)
Aggregate income tax expense/(benefit)	13,747,652	(1,341,312)
Income tax expense/(benefit) is attributable to:		
Profit/(loss) from continuing operations	37,128	(1,341,312)
Profit from discontinued operations	13,710,524	-
Aggregate income tax expense/(benefit)	13,747,652	(1,341,312)
Deferred tax included in income tax expense/(benefit) comprises:		
(Decrease)/increase in deferred tax liabilities (note 24)	13,747,652	(875,065)
Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Loss before income tax from continuing operations	(2,384,111)	(3,507,958)
Profit/(loss) before income tax from discontinued operations	41,019,369	(1,655,749)
	38,635,258	(5,163,707)
Tax at the Australian tax rate of 30%	11,590,577	(1,549,112)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	333,121	71,914

Note 7. Income tax expense/(benefit) (continued)

Realised Joint Venture Capital gain not in profit /(loss)	1,230,000	-
Non-assessable R&D refund	(79,269)	-
Deferred tax on unrealised gain not in profit /(loss)	2,408,841	-
	15,483,270	(1,477,198)
Under/(over) provision in prior years	306,835	(521,275)
Recoupment of prior year tax losses not previously recognised	(816,105)	-
Deferred tax asset not brought to account (subsidiaries outside of tax consolidated group)	(721,914)	657,161
Non –assessable disposal of investments	(504,434)	-
Income tax expense/(benefit)	13,747,652	(1,341,312)
Amounts charged directly to equity		
Deferred tax liabilities (note 24)	1,800	-
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	16,312,343	13,948,898
Potential tax benefit @ 30%	4,893,703	4,184,669

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated	
	2011	2010
	$	$
Deferred tax assets not recognised		
Deferred tax assets not recognised relating temporary differences:		
Deductible temporary differences	13,055,577	24,146,383
Total deferred tax assets not recognised	3,916,673	7,243,915

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 8. Discontinued operations

Description

Wolfram Camp Mining Pty Ltd

In May 2011 the sale of Planet Metals wholly-owned subsidiary, Wolfram Camp Mining Pty Ltd, was successfully completed for a total sale price of $7 million, comprising $3.5 million cash and $3.5 million worth of Deutsche Rohstoff AG shares (listed on the Frankfurt Stock Exchange). The balance of the purchase consideration ($3.5 million) was settled by the issue of 180,500 Deutsche Rohstoff AG shares on 1 September 2011.

MetroCoal Limited

During the year, the group's interest in the ordinary shares of MetroCoal Limited decreased to 45.27% following a share placement by MetroCoal Limited. The directors concluded that at 31 May 2011 the group lost control of Metrocoal Limited on the basis of the decline in the group's interest in Metrocoal Limited and the emergence of another significant shareholder. Consequently the consolidated statement of comprehensive income incorporates the group's share of MetroCoal Limited's financial performance to 31 May 2011 being the date on which MetroCoal Limited was derecognised. Metallica Minerals Limited has treated the loss of control as a disposal of a subsidiary in accordance with AASB 127 *Consolidated and Separate Financial Statements*. In accordance with AASB 127, the investment retained in MetroCoal Limited has been measured at its fair value at the date of its initial recognition as an associate.

2011	MetroCoal Limited $	Wolfram Camp Mining Pty Ltd $	Total $
Gain on deconsolidation of MetroCoal Limited	37,770,513	-	37,770,513
Income tax expense	(13,710,526)	-	(13,710,526)
Gain on sale Wolfram Camp Mining Pty Ltd	-	3,248,856	3,248,856
Income tax expense	-	-	-
Profit/(loss) after income tax	24,059,987	3,248,856	27,308,843

Cash flow information

Net cash used in operating activities	(886,956)	(113,473)	(1,000,429)
Net cash used in investing activities	(9,910,091)	3,233,209	(6,676,882)
Cash disposed in deconsolidation	(12,598,526	-	(12,958,526)
Net cash from financing activities	9,823,666	-	9,823,666

Note 8. Discontinued operations (continued)

2010

Financial performance information

Revenue	-	-	-
Expenses	-	(40,556)	(40,556)
Profit/(loss) before income tax	-	(40,556)	(40,556)
Income tax expense	-	-	-
Profit/(loss) after income tax	-	(40,556)	(40,556)

Cash flow information

Net cash used in operating activities	(624,991)	(40,556)	(665,547)
Net cash used in investing activities	(6,646,561)	-	(6,646,561)
Net cash from financing activities	10,241,321	-	10,241,321

Details of the sale of Wolfram Camp Mining Pty Ltd and deemed disposal of Metrocoal Limited

	Metrocoal Limited	**Wolfram Camp Mining Pty Ltd**
Total sale consideration		7,000,000
Net fairvalue of investment retained	45,800,000	-
Carrying amount of net assets sold	(17,875,989)	(3,751,144)
Non controlling interest	9,846,502	
Gain on sale before income tax	37,770,513	3,248,856
Income tax expense #	(13,710,526)	-
Gain on sale after income tax	24,059,987	3,248,856

-No Net income tax expense has arisen for Wolfram Camp Mining Pty Ltd on the sale as there are sufficient tax losses not recognised which offset the assessable gain on sale when recognised to offset the tax on assessable gain.

The carrying amounts of assets and liabilities as at the date of sale (May 2011) were:

Cash And cash equivalents	12,958,526	-
Trade and other receivables	87,764	-
Plant and equipment	165,093	2,193,216
Exploration and evaluation assets	7,569,253	1,538,599
Security deposits	-	836,956
Total assets	20,780,636	4,568,771
Trade and other payables	2,904,647	-
Provision for rehabilitation	-	817,627
Total liabilities	2,904,647	817,627
Net assets	17,875,989	3,751,144

9. Current assets - cash and cash equivalents

	Consolidated	
	2011	2010
	$	$
Cash on hand	1,082	1,082
Cash at bank	1,933,467	3,037,121
Cash on deposit	3,000,000	4,082,091
	4,934,549	7,120,294

Note 10. Current assets - trade and other receivables

	Consolidated	
	2011	2010
	$	$
Trade receivables	4,657	-
Loans to associates	1,000,000	-
Deferred sales proceeds - Wolfram Camp Mining Pty Ltd*	3,500,000	-
Interest receivable	72,383	235,600
BAS receivable	28,350	154,142
	4,605,390	389,742

All receivables are unsecured and no receivables are past due.

* On 1 September 2011, the consolidated entity received 180,500 shares in Deutsche Rohstaff AG (the acquirer of Wolfram Camp Mining Pty Ltd) in settlement of the outstanding sale proceeds. Due to significant equity market fluctuations since signing the sale contract, the shares were valued at that date $2,888,740. This means may recognise an impairment loss of up to $611,260 in its financial report for the year ending 30 June 2012 should no further change in values occur (refer note 40).

Note 11. Current assets - inventories

	Consolidated	
	2011	2010
	$	$
Finished goods - at cost	78,527	147,421

Note 12. Current assets - held to maturity investments

	Consolidated	
	2011	2010
	$	$
Term deposits	2,333,275	9,205,618

Note 13. Current assets - other

	Consolidated 2011 $	Consolidated 2010 $
Prepayments	-	45,013

Note 14. Current assets - assets classified as held for sale

	Consolidated 2011 $	Consolidated 2010 $
Plant and equipment	-	2,193,216
Exploration and evaluation assets	-	1,291,137
Security deposits	-	817,627
	-	4,301,980

The assets classified as held for sale were those of Wolfram Camp Mining Pty Ltd. This subsidiary was sold in May 2011, refer Note 8.

Note 15. Non-current assets - investments accounted for using the equity method

	Consolidated 2011 $	Consolidated 2010 $
Investment in Cape Alumina Limited	-	1,023,834
Investment in Orion Metals Limited	146,553	392,554
Investment in MetroCoal Limited	46,301,749	-
	46,448,302	1,416,388

Refer to note 38 for detailed information on investments in associates.

Note 16. Non-current assets - available-for-sale financial assets

	Consolidated 2011 $	Consolidated 2010 $
Investments in listed entities - at fair value	54,000	47,999
Investments in unlisted entities	684	70,684
	54,684	118,683

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2011	2010
Opening fair value	118,683	294,763
Additions	-	20,633
Revaluation increments	6,001	4,200
Impairment of assets	(70,000)	(200,913)
Closing fair value	54,684	118,683

Refer to note 30 for detailed information on financial instruments.

Note 17. Non-current assets - property, plant and equipment

	Consolidated 2011 $	Consolidated 2010 $
Plant and equipment - at cost	1,008,512	1,203,403
Less: Accumulated depreciation	(707,325)	(725,297)
	301,187	478,106
Motor vehicles - at cost	31,473	155,510
Less: Accumulated depreciation	(27,107)	(69,583)
	4,366	85,927
	305,553	564,033

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & Equipment $	Motor Vehicles $	Total $
Consolidated			
Balance at 1 July 2009	2,732,155	93,647	2,825,802
Additions	252,833	-	252,833
Classified as held for sale (note 14)	(2,193,216)	-	(2,193,216)
Disposals	(71,911)	-	(71,911)
Depreciation expense	(241,755)	(7,720)	(249,475)
Balance at 30 June 2010	478,106	85,927	564,033
Additions	127,936	-	127,936
Derecognised on deconsolidation of MetroCoal Limited	(165,093)	-	(165,093)
Write-off of assets	(1,691)	(53,409)	(55,100)
Depreciation expense	(138,071)	(28,152)	(166,223)
Balance at 30 June 2011	301,187	4,366	305,553

Note 18. Non-current assets - exploration and evaluation assets

	Consolidated	
	2011	2010
	$	$
Exploration and evaluation expenditure	24,373,373	25,496,119

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	
Balance at 1 July 2009	18,892,947
Additions	8,297,429
Classified as held for sale (note 14)	(1,291,137)
Write-off of assets	(403,120)
Balance at 30 June 2010	25,496,119
Additions	6,710,081
Disposals	(263,574)
Derecognised on deconsolidation of MetroCoal Limited	(7,569,253)
Balance at 30 June 2011	24,373,373

Note 19. Non-current assets - other

	2011	2010
	$	$
Security deposits	205,151	151,921

Note 20. Current liabilities - trade and other payables

	Consolidated	
	2011	2010
	$	$
Trade payables	310,106	718,105
Other payables	57,950	183,549
	368,056	901,654

Refer to note 30 for detailed information on financial instruments.

Note 21. Current liabilities - borrowings

	Consolidated	
	2011	2010
	$	$
Hire purchase	5,455	30,398

Note 22. Current liabilities - employee benefits

	Consolidated 2011 $	Consolidated 2010 $
Annual leave	110,101	86,829

Note 23. Current liabilities - liabilities directly associated with assets classified as held for sale

	Consolidated 2011 $	Consolidated 2010 $
Provision for rehabilitation	-	817,627

Note 24. Non-current liabilities - deferred tax

Recognised deferred tax assets and liabilities

Consolidated 2011	Opening Balance $	Net Charged to Profit/(loss) $	Other $	Loss of Control of MetroCoal Limited $	Closing Balance $
Deferred tax asset					
Impairment of loans	96,689	236,085	(1,800)	(229,967)	101,007
Carried forward tax losses	2,958,289	1,277,616	-	(1,425,648)	2,810,256
Employee benefits	35,863	19,849	-	(12,834)	42,878
Investment in associates	881,592	72,360	-	-	953,952
Other temporary differences	864,770	239,772	-	(446,723)	657,818
	4,837,203	1,845,682	(1,800)	(2,115,173)	4,565,911
Deferred tax liability					
Revaluations of financial assets	-	13,710,524	-	-	13,710,524
Exploration & evaluation assets	7,505,610	1,875,467	-	(2,090,341)	7,290,737
Other	31,889	7,344	-	(24,832)	14,400
	7,537,499	15,593,335	-	(2,115,173)	21,015,661
Net deferred tax liability	**2,700,296**	**13,747,654**	**1,800**	**-**	**16,449,750**

Consolidated 2010	Opening Balance $	Profit/(loss) $	Other $	Loss of Control of MetroCoal Limited $	Closing Balance $
Deferred tax asset					
Impairment of loans	87,669	9,020	-	-	96,689
Carried forward tax losses	462,888	2,495,401	-	-	2,958,289
Employee benefits	42,378	(6,514)	-	-	35,863
Investment in associates	720,502	161,090	-	-	881,592
Other temporary differences	692,954	171,815		-	864,770
	2,006,390	2,830,812	-	-	4,837,203

Note 24. Non-current liabilities - deferred tax (continued)

Consolidated **2010**	**Opening Balance** **$**	**Profit/(loss)** **$**	**Other** **$**	**Loss of Control of MetroCoal Limited** **$**	**Closing Balance** **$**
Deferred tax liability					
Exploration evaluation assets	5,498,071	2,007,539	-	-	7,505,610
Other	83,681	(51,792)	-	-	31,889
	5,581,752	1,955,747	-	-	7,537,499
Net deferred tax liability	**3,575,361**	**(875,065)**	**-**	**-**	**2,700,296**

Note 25. Non-current liabilities - employee benefits

	Consolidated 2011 $	Consolidated 2010 $
Long service leave	30,213	26,812

Note 26. Equity - contributed

	Consolidated 2011 Shares	Consolidated 2010 Shares	Consolidated 2011 $	Consolidated 2010 $
Ordinary shares - fully paid	117,070,645	117,331,202	20,212,797	20,294,506

Movements in ordinary share capital

Details	**Date**	**No of shares**	**Issue price**	**$**
Balance	1 July 2009	121,740,917		19,735,685
Acquisition of Greenvale and Lucknow tenements	27 April 2010	3,333,333	$0.28	933,333
Selective share buy back	3 June 2010	(7,743,048)	$0.05	(374,512)
Balance	30 June 2010	117,331,202		20,294,506
Shares bought on-market and cancelled	13 April 2011	(260,557)	$0.28	(72,956)
Buy-back transaction costs		-		(8,753)
Balance	30 June 2011	117,070,645		20,212,797

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 26. Equity - contributed (continued)

Share buy-back
2011
On 13 April 2011 the company purchased and cancelled 260,557 shares. This buy-back offer was made to shareholders who held less than a marketable parcel and the shares were acquired at 28 cents per share. The total cost of $81,709, including $8,753 of after tax transaction costs, was deducted from contributed equity.

2010
On 3 June 2010 the company purchased and cancelled 7,743,048 shares in accordance with a selective buy-back and transfer agreement.

There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The capital structure of the consolidated entity consists of equity attributable to equity holders of the parent entity comprising of issued capital, reserves and accumulated losses as disclosed in the statement of changes in equity. In common with many other exploration companies, the parent raises finance for the consolidated entity's exploration and appraisal activities in discrete tranches.

Management effectively manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

There are no externally imposed capital requirements.

The capital risk management policy remains unchanged from the 2010 Annual Report.

The consolidated entity monitors capital on the basis of its working capital position (i.e. liquidity risk). The net working capital of the consolidated entity at 30 June 2011 was $11,468,129 (2010 $ 19,373,560).

Note 27. Equity - reserves

	Consolidated	
	2011 $	2010 $
Available-for-sale reserve	205,661	201,460
Share-based payments reserve	6,044,314	5,681,251
Change in proportionate interest reserve	(45,740)	6,928,375
	6,204,235	12,811,086

	Available-for--sale reserve $	Change in proportionate interest reserve $	Share-based payments reserve $	Total $
Consolidated				
Balance at 1 July 2009	205,660	1,198,689	5,465,948	6,870,297
Revaluation - gross	(4,200)	-	-	(4,200)
Share based payments	-	-	215,303	215,303
Change in proportionate interests subsidiaries	-	5,729,686	-	5,729,686

Note 27. Equity - reserves (continued)

	Available-for--sale reserve $	Change in proportionate interest reserve $	Share-based payments reserve $	Total $
Balance at 30 June 2010	201,460	6,928,375	5,681,251	12,811,086
Share based payments	-	-	721,066	721,066
Change in proportionate interests subsidiaries	-	3,553,101	-	3,553,101
Transfers (to)/ from retained profits	-	(10,481,476)	-	(10,481,476)
Revaluation of other available-for-sale assets	4,201	-	-	4,201
Balance at 30 June 2011	205,661	-	6,402,317	6,607,978

Available-for-sale reserve
The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.
Change in proportionate interest reserve
The reserve is used to recognise the proportionate change in interests in the assets of subsidiaries that raise capital from non-controlling interests.
Share based payments reserve
The reserve is used to recognise share based payments.

Note 28. Equity - non-controlling interest

	Consolidated 2011 $	Consolidated 2010 $
Contributed equity	11,764,905	17,337,434
Reserves	32,319	45,776
Accumulated losses	(9,626,388)	(11,380,009)
	2,170,836	6,003,201

Note 29. Equity - dividends

	Consolidated 2011 $	Consolidated 2010 $
Distribution in specie	3,746,826	-

During the year Metallica Minerals Limited distributed to all its shareholders 11,708,831 shares held by it in Cape Alumina Limited.

Franking credits	Consolidated 2011 $	Consolidated 2010 $
Franking credits available for subsequent financial years based on a tax rate of 30%	583,794	583,794

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 30. Financial instruments

Financial risk management objectives

Risk management is carried out under policies set by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas.

The board monitors and manages the financial risk relating to the operations of the consolidated entity. The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Foreign currency risk
The consolidated entity does not have any significant exposure to foreign currency risk.

Price risk
The consolidated entity is exposed to equities securities price risk. This arises from investments held by the consolidated entity and classified in the statement of financial position as available-for-sale. The majority of the consolidated entity's equity investments are publicly traded.

The price risk for the listed securities and the unlisted equity securities is immaterial in terms of the possible impact on profit or loss or total equity other than for the price risk relating to the deferred sales proceeds for the shares in
Ductshe Rohstaff AG as disclosed in note 10.

Interest rate risk
The consolidated entity’s main interest rate risk arises from cash and cash equivalents and held to maturity investments.

As at the reporting date, the consolidated entity had the following variable rate investments:

	2011		**2010**	
	Weighted average interest rate	**Balance**	**Weighted average interest rate**	**Balance**
	%	**$**	**%**	**$**
Consolidated				
Cash and cash equivalents	6.09	4,934,549	5.86	7,120,294
Held to maturity investments	6.09	2,333,275	5.86	9,205,618
Net exposure to cash flow interest rate risk		7,267,824		16,325,912

At 30 June 2011, if interest rates had increased/decreased by 25 basis points (bps) from the year end rates with all other variables held constant, pre-tax loss for the year would have been $18,170 lower/higher (2010 changes of 25 bps: $40,815 lower/higher), mainly as a result of higher/lower interest income from cash and cash equivalents and held to maturity investments.

Note 30. Financial instruments (continued)

Credit risk
Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2011	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	310,106	-	-	-	310,106
Other payables	57,950	-	-	-	57,950
Interest-bearing - variable rate					
Hire purchase	5,455	-	-	-	5,455
Total non-derivatives	373,511	-	-	-	373,511

Consolidated - 2010	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	718,105	-	-	-	718,105
Other payables	183,549	-	-	-	183,549
Interest-bearing - variable rate					
Hire purchase	30,398	-	-	-	30,398
Total non-derivatives	932,052	-	-	-	932,052

Fair value of financial instruments
The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Note 30. Financial instruments (continued)

Consolidated - 2011	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available for sale financial assets - listed equity securities	54,000	-	-	54,000
Available for sale financial assets - unlisted equity securities*	-	-	684	684
Total assets	54,000	-	684	54,684

	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available for sale financial assets - listed equity securities	47,999	-	-	47,999
Available for sale financial assets - unlisted equity securities*	-	-	70,684	70,684
Total assets	47,999	-	70,684	118,683

There were no transfers between levels during the financial year.

* The fair value has been based on the underlying nets assets of the investment.

Movements in level 3 financial instruments
Movements in level 3 financial instruments during the current and previous financial year are set out below:

	Available-for-sale $	Total $
Consolidated - 2011		
Balance at 1 July 2009	50,000	50,000
Purchases	20,684	20,684
Balance at 30 June 2010	70,684	70,684
Impairment	(70,000)	(70,000)
Balance at 30 June 2011	684	684

Changing one or more inputs would not significantly change the fair value of level 3 financial instruments.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

Note 31. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated **2011** **$**	 **2010** **$**
Short-term employee benefits	1,423,268	1,312,229
Post-employment benefits	131,221	126,946
Long-term benefits	6,293	25,389
Share-based payments	411,215	98,921
	1,971,997	1,563,485

Note 31. Key management personnel disclosures (continued)

Shareholding –Metallica Minerals Ltd

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2011	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
D K Barwick	190,000	-	-	-	190,000
A L Gillies	8,870,000	-	-	-	8,870,000
J K Haley	100,000	-	-	-	100,000
P Smith*	100,000	-	-	(100,000)	-
	9,260,000	-	-	(100,000)	9,160,000

* Mr P Smith resigned on 28 February 2011

2010	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
D K Barwick	100,000	-	90,000	-	190,000
A L Gillies	8,970,000	-	-	(100,000)	8,870,000
J K Haley	-	-	100,000	-	100,000
P Smith	195,000	-	-	(95,000)	100,000
	9,265,000	-	190,000	(195,000)	9,260,000

Mr Wu Shu (Non-executive Director) is a director of Jien Mining Pty Ltd which holds 22,854,462 shares (2010: 22,854,462 shares) in Metallica Minerals Limited.

No shares were received by the above parties on exercise of options during the current or prior year.

Option holding –Metallica Minerals Ltd

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2011	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
D K Barwick	500,000	-	-	-	500,000
A L Gillies	1,350,000	-	-	-	1,350,000
J K Haley	750,000	-	-	-	750,000
T Li	500,000	-	-	-	500,000
P Smith*	570,000	-	-	-	570,000
	3,670,000	-	-	-	3,670,000

* Mr P Smith resigned on 28 February 2011

Note 31. Key management personnel disclosures (continued)

2011	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
D K Barwick	500,000	-	500,000
A L Gillies	1,350,000	-	1,350,000
J K Haley	750,000	-	750,000
T Li	500,000	-	500,000
P Smith	570,000	-	570,000
	3,670,000	-	3,670,000

2010	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
D K Barwick	500,000	500,000	-	(500,000)	500,000
A L Gillies	1,350,000	1,000,000	-	(1,000,000)	1,350,000
J K Haley	750,000	500,000	-	(500,000)	750,000
T Li	-	500,000	-	-	500,000
P Smith	570,000	500,000	-	(500,000)	570,000
	3,170,000	3,000,000	-	(2,500,000)	3,670,000

2010	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
D K Barwick	-	-	-
A L Gillies	350,000	-	350,000
J K Haley	250,000	-	250,000
T Li	-	-	-
P Smith	70,000	-	70,000
	670,000	-	670,000

No other key management personnel held options.

Related party transactions
Related party transactions are set out in note 35.

Note 32. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (QLD) Pty Ltd , the auditor of the company, and its related practices:

	Consolidated	
	2011	2010
	$	$
Audit services - BDO Audit (QLD) Pty Ltd		
Audit or review of the financial reports of the Group	101,100	75,800
Other services - BDO (QLD) Pty Ltd		
Preparation of the tax returns	47,870	29,727
	148,970	105,527
Audit services – Grant Thornton		
Audit or review of the financial reports	45,253	48,454
Other services - Grant Thornton		
Preparation of the tax return	8,400	-
	53,653	48,454

Note 33. Contingent liabilities

The consolidated entity does not believe it has any contingent liability arising from any possible Native Title or other claims. The consolidated entity does not believe it has any contingent assets.

Royalty Agreements
On condition of NORNICO Pty Ltd (formerly known as QLD Gold Pty Ltd) acquiring the Bell Creek Mining Leases, and the Minnamoolka and Kokomo tenements the company entered into royalty agreements with the previous owners of these tenements. Metallica has also entered into a royalty deed with the Dostal Superannuation Fund with respect to the Star River Limestone ML, as a condition of discharging a $100,000 loan owed to the fund (this loan was converted to 1 million fully paid ordinary Metallica shares in April 2001).

The royalty agreements between Metallica Minerals Limited and third parties are summarised below.

Tenement/Company/Terms of the Royalty Agreement

ML 4187 / ML 4188/ EPM 11285 - AO Australia Pty Ltd
$1.00/t for the first 5 Mt of ore produced and $2.00/t for production of ore in excess of 5 Mt.

EPM 10699 - Whim Creek Consolidated NL
$50,000 per year upon granting of an ML, reduced by a royalty payable to WCC of $1.00/ per dry tonne for production to 1 Mt of ore, $1.50 per dry tonne from 1 – 3 Mt of ore and $2.00/ dry tonne for production > 3 Mt of ore.

EPM 10235 - Renison & Goldfields
$1.00/t for the first 500,000t of ore produced and $1.50/t for production in excess of 500,000t.of ore.

ML 10276 - Dostal Superannuation Fund
$0.20 /t of Limestone produced from the Star River Limestone ML 10276

Note 33. Contingent liabilities (continued)

Indigenous Land Use Agreement (ILUA)
Metallica has negotiated an Indigenous Land Use Agreement (ILUA) with the Gugu Badhun People as the Traditional Landowners in the southern portion of the NORNICO project area. The ILUA was signed in Townsville on the 24th February 2005 and covers all of Metallica's southern NORNICO tenements from Broken River in the south to the Burdekin River in the North. The ILUA (QI2005/002) was approved by the National Native Title Tribunal (NNTT) on the 24th of August 2005 and is valid for 20 years.

Under the terms of the agreement, Metallica is required to pay for and facilitate a liaison committee which has to meet every 6 months probably in Townsville. Metallica also has to pay $400 per day to members of the Cultural Heritage Survey and Monitoring team, and pay an annual rental fee of $850 per exploration tenement for each Exploration Permit for Minerals (EPM) held by Metallica which fall within the area covered by the ILUA.

The tenements which currently fall within ILUA QI2005/002 are listed below:
EPM 14518 – Mt Garnet South #2 (portion only)
EPM 10699 – Kokomo
EPM13873 – Six Mile
EPM 14070 – Greenvale North
EPM 14181 – Lucky Downs
EPM 14066 – Greenvale South
EPM 14381 – Greenvale South #2

Note 34. Commitments for expenditure

	Consolidated	
	2011	2010
	$	$
Commitments for maintaining exploration tenements payable		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,331,000	1,999,648
One to five years	5,324,000	3,771,856
More than five years	-	106,260
	6,655,000	5,877,764
Tenement rentals		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	183,573	282,547
One to five years	734,292	-
	917,865	282,547
Operating lease commitments payable		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	236,149	168,034
One to five years	183,653	266,143
	419,802	434,177

Note 34. Commitments for expenditure (continued)

Operating lease commitments includes contracted amounts for offices and equipment under non-cancellable operating leases expiring within 1 to 3 years with an option to extend. The office lease has a consumer price index escalation clause. On renewal, the terms of the leases are renegotiated. Excess office space is sub-let to related parties also under non-cancellable operating leases.

Note 35. Related party transactions

Parent entity
Metallica Minerals Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 37.

Associates
Interests in associates are set out in note 38.

Joint ventures
Interests in joint ventures are set out in note 39.

Key management personnel

There were no loans (2010: nil) or other transactions (2010: nil) with key management personnel.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2011	**2010**
	$	**$**
Other income:		
Interest received from associate	4,167	-
Other transactions:		
Expenses recovered from associate	35,915	-

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the reporting date.

Loans to/from related parties		
Convertible notes receivable – Metrocoal Ltd	1,000,000	1,000,000
Convertible notes receivable – Cape Alumina Limited #	300,000	

Terms and conditions - Metrocoal Ltd
Repayment of the Facility is under the Convertible Note Deed, Metallica Minerals has the convertible note (Note). Upon conversion of the Note, in full or in part, one Share will be issued for every 25 cents (Conversion Price) owing under the Facility (including any capitalised interest). Conversion of the note, or repayment, must occur by 9 January 2012.

Note 35. Related party transactions (continued)

Terms and conditions – Cape Alumina Ltd
The Convertible Notes may be redeemed:
- by the Company at any time prior to the maturity date (30 June 2012) by giving written notice of the redemption to the Relevant Shareholders; or
- If the Company undertakes an offer of Shares to its shareholders, the Relevant Shareholders agree to participate in the offer up to the amount notified by the Company to the Relevant Shareholders (but no more than the monies owing under the respective Convertible Notes) at a price being the lower of 17.5 cents per ordinary Share and the offer price of the Shares. After the closing of the offer, the Company will issue a redemption notice to the Relevant Shareholders redeeming the Convertible Notes to the extent they have participated in the offer.

This loan receivable is a component of the investment of the associate. The value of the loan has been reduced to nil because of equity accounting.

Note 36. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent	
	2011	**2010**
	$	**$**
Loss after income tax	(20,541)	(1,041,256)
Total comprehensive income	(20,541)	(1,041,256)

Statement of financial position

	Parent	
	2011	**2010**
	$	**$**
Total current assets	3,396,960	7,152,750
Total assets	36,309,697	39,827,912
Total current liabilities	277,709	308,720
Total liabilities	3,480,262	3,507,873
Equity		
Contributed equity	20,212,798	20,294,506
Reserves	6,233,542	5,875,071
Retained profits	6,383,095	10,150,462
Total equity	32,829,435	36,320,039

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2011 and 30 June 2010.

Note 36. Parent entity information (continued)

Guarantees
No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries as at 30 June 2011 and 30 June 2010.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2011 and 30 June 2010.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment.
- Investments in associates are accounted for at cost, less any impairment.

Note 37. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Equity holding	
	Country of	**2011**	**2010**
Name of entity	**incorporation**	**%**	**%**
Greenvale Operations Pty Ltd	Australia	100.00	100.00
Scandium Pty Ltd	Australia	100.00	100.00
NORNICO Pty Ltd	Australia	100.00	100.00
Oresome Australia Pty Ltd	Australia	100.00	100.00
MetroCoal Limited**	Australia	-	56.46
Phoenix Lime Pty Ltd	Australia	100.00	100.00
Lucky Break Operations Pty Ltd	Australia	100.00	100.00
Planet Metals Ltd*	Australia	76.16	76.16

* Subsequent to 30 June 2011, Metallica Minerals Limited issued 11,707,065 ordinary shares in terms of a rights offer to its existing shareholders on the basis of 1 new Metallica share for every 10 Metallica shares currently held plus 2 shares in Planet Metals Limited. This has resulted in the group's equity holding in Planet Metals Limited reducing to 37%.

** During the year the group's interest in the ordinary shares of MetroCoal Limited decreased to 45.27% following a share placement by the former subsidiary. MetroCoal Limited is no longer consolidated, refer to Note 8.

The fair values of subsidiaries listed separately on the Australian Securities Exchange are not recognised in the financial statements. The fair value of the investment in Planet Metals Limited at 30 June 2011 was $4,548,375 (2010: $4,093,209). The fair value of the investment in MetroCoal Ltd at 30 June 2011 was $47,200,000 (Refer note 38) (2010:$20,000,000).

Note 38. Investments in associates

Information relating to associates is set out below:

		Consolidated Percentage interest	
		2011	2010
Associate	**Principal activities**	%	%
Cape Alumina Limited	Exploration & evaluation	20.82	29.89
Orion Metals Limited	Exploration & evaluation	14.90	33.33
MetroCoal Limited	Exploration & evaluation	45.27	-

Information relating to the associates is set out below.

	Consolidated	
	2011	2010
	$	$
Share of assets and liabilities		
Current assets	3,912,107	5,019,005
Non-current assets	59,077,142	13,656,049
Total assets	62,989,249	18,675,054
Current liabilities	3,442,228	680,765
Total liabilities	3,442,228	680,765
Net assets	59,547,021	17,994,289
Share of revenue, expenses and results		
Revenue	48,700,314	681,860
Expenses	(6,032,550)	(3,121,485)
Profit/(Loss) before income tax	42,667,764	(2,439,625)

The market value of the investments at 30 June 2011 was:

- Cape Alumina Limited - $5,373,524 (2010: $15,486,096)
- Orion Metals Limited -$2,373,332 (2010: $1,166,666)
- MetroCoal Limited - $47,200,000 (2010: N/A)

Note 38. Investments in associates (continued)

During the years ended 30 June 2011 and 30 June 2010 the consolidated entity did not receive dividends from any of its associates. MetroCoal Limited became an associate during the year ended 30 June 2011 and Orion Metals Limited became an associate during the year ended 30 June 2010.

In accordance with Accounting Standard AASB 127 *Consolidated and Separate Financial Statements*, the investment retained in MetroCoal Limited has been measured at its fair value at the date of its initial recognition as an associate as detailed in Note 8.

During the year Metallica Minerals Limited distributed to its shareholders 11,708,831 shares that it held in Cape Alumina Limited valued at $3.7m. This transaction has been recognised as a dividend in the financial report. As the fair value of the shares distributed was greater than the carrying value of the investment in Cape Alumina Limited, Metallica Minerals Limited recognised a gain on the distribution. The value of the distribution was measured at the market value of the Cape Alumina Limited shares at the date of the distribution. As the equity accounted value of Cape Alumina Ltd fully offsets the value of the investment and receivables, the gain on distribution is equal to the value of the shares distributed to shareholders of $3.7m. No franking credits were attached to this distribution.

Note 39. Interests in joint ventures

		Consolidated Percentage interest	
		2011	2010
Joint venture	**Principal activities**	%	%
Lucky Break Joint Venture Agreement	Exploration	50.00	60.00
Kokomo and Lucknow Scandium Joint Venture	Exploration	80.00	80.00
Wolfram Camp Tungsten-Molybdenum Project	Exploration	-	85.00
Bamford Hill Tungsten-Molybdenum-Tin-Gold Project	Exploration	-	85.00
China Coal Joint Venture Agreement	Exploration	-	51.00

Lucky Break Joint Venture Agreement
On 27 September 2005, Metallica Minerals Limited and Metals Finance Corporation (MFC) signed a joint venture agreement with respect to Metallica's Lucky Break nickel project. MFC has completed a detailed feasibility study on the proposed Heap Leach Nickel Demonstration (HLND) project and elected to proceed (at its cost) to develop the project. Under a recently revised joint venture agreement, MFC is responsible for funding, developing and managing the Lucky Break project if it proceeds.

Kokomo and Lucknow Scandium Joint Venture
On 1 September 2004 NORNICO Pty Ltd (formerly known as QLD Gold Pty Ltd) signed a formal Joint Venture Agreement with Straits Resources Ltd. NORNICO Pty Ltd granted certain rights to Straits Exploration (Australia) Pty Ltd (Straits) principally with respect to the potential of scandium within EPM10699. Under this agreement, Straits had a 5 year period in which to earn a maximum 70% interest in the tenement by contributing a total of $1.4 million. On 16 August 2011 Metallica Minerals Limited issued 3,400,000 fully paid ordinary shares and 2,000,000 options for the acquisition of the 20% interest in the Scandium Ore rights related to Kokomo and Lucknow resources.

Wolfram Camp Tungsten-Molybdenum Project and Bamford Hill Tungsten-Molybdenum-Tin Gold Project
The interests in these projects was held by Wolfram Camp Mining Pty Ltd, a wholly-owned subsidiary of Planet Metals Ltd. In May 2011 the sale of Wolfram Camp Mining Pty Ltd was successfully completed for a total sale price of $7 million (refer note 8).

China Coal Joint Venture Agreement
The interest in the China Coal Joint Venture Agreement is held by MetroCoal Limited. As MetroCoal Limited is no longer consolidated by Metallica Minerals Limited.

Note 40. Events occurring after the reporting date

On 10 June 2011 Metallica Minerals Limited invited its shareholders to subscribe to a fully underwritten renounceable rights issue of 11,707,065 shares on the basis of 1 new Metallica share for every 10 Metallica shares currently held plus 2 Planet Metals Limited shares, for an aggregate issue price of 42 cents. The new shares in Metallica were issued on 18 July 2011. Metallica Minerals Limited held 76% of the issued shares in Planet Metals Limited at 30 June 2011 and following completion of the rights issue holds 37% of the issued shares. Consequently, post 30 June 2011 Planet Metals Limited will no longer be consolidated and the group's interest in the company will be recognised as an investment in an associate. The investment in Planet Metals Limited will be stated at its initial fair value of $4,093,537. The deconsolidation of Planet Metals Limited should result in a net gain of $2,172,584 being recognised in the consolidated statement of comprehensive income.

Mr Gavin Becker was appointed Chief Executive Officer of Metallica Minerals Limited on 29 July 2011.

On 16 August 2011 Metallica Minerals Limited issued 3,400,000 fully paid ordinary shares and 2,000,000 options for the acquisition of the 20% interest in the Scandium Ore rights related to Kokomo and Lucknow resources for a fair value of $1,858,649.

In May 2011 the sale of the Wolfram Camp project was successfully completed for a total contracted sale price of $7 million, comprising an initial $3.5 million in cash and the balance of $3.5m payable via a deferred settlement arrangement. Deutsche Rohstaff AG was given an option (expiring 31 July 2011) to settle the outstanding balance either by the issuance to Planet Metals Limited of 180,500 shares in Deutsche Rohstaff AG (the company is listed on the Frankfurt Stock Exchange) which were worth $3.5m on signing, or by a further $3.5m cash payment. A further condition stated that if the market value of the agreed number of shares to be worth less than $2.8m on settlement, then Deutsche Rohstaff AG would be required to pay a top up cash payment, so that the balance consideration was not below $2.8m. Deutsche Rohstaff AG deposited the initial cash component being $3.5m into Planet’s bank account prior to year end, and the remaining balance $3,500,000 is shown as a current receivable in Note 10 of the financial report. Post year end, and prior to 31 July 2011, Deutsche Rohstaff AG advised the company that it intended to exercise its option and wished to settle the outstanding balance by issuing 180,500 shares to Planet. On settlement (1 September 2011), the company received these shares, but due to significant equity market fluctuations since signing the sale contract, the shares are valued at $2,888,740. This means that Planet Metals Limited may recognise an impairment loss of up to $611,260 in its financial report for the year ending 30 June 2012 should no further change in values occur.

On 26 August 2011 Metallica Minerals Limited announced that its wholly owned subsidiary, Oresome Australia Pty Ltd, had entered into a Right to Explore and Option to Purchase Agreement with Rio Tinto Exploration Pty Ltd. Pursuant to the agreement, Oresome will have the exclusive right to explore certain exploration licences which comprise the Gippsland Heavy Mineral Sands Project in Victoria's south east and option to purchase a 100% interest in the exploration licences at any time during the term of the agreement for a purchase price of $8m.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 41. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	Consolidated	
	2011	2010
	$	$
Profit/(loss) after income tax (expense)/benefit for the year	24,887,604	(3,822,395)
Adjustments for:		
Depreciation and amortisation	167,109	249,475
Impairment of property, plant and equipment	55,100	-
Net gain on disposal of property, plant and equipment	-	(61,952)
Share of profit – associates	1,663,286	536,967
Share-based payments	360,063	227,178
Gain arising from distribution of Cape Alumina Limited shares	(3,746,826)	-
Impairment of loans and receivables	-	(292,231)
Impairment of financial assets	917,652	200,913
Impairment of exploration and evaluation expenditure	263,574	403,120
Net gain on sale of investments	(856,933)	-
Gain on deconsolidation of MetroCoal Limited	(37,770,513)	-
Gain on sale of discontinued operation	(3,248,856)	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	121,135	(46,081)
Decrease in inventories	68,894	4,203
Increase in other operating assets	(4,422)	(39,301)
Increase/(decrease) in trade and other payables	266,735	(171,738)
Increase/(decrease) in deferred tax liabilities	13,749,454	(1,768,395)
Increase in employee benefits	26,673	22,219
Net cash used in operating activities	(3,080,271)	(4,558,018)

Note 42. Non-cash investing and financing activities

	Consolidated	
	2011	2010
	$	$
Shares issued to the vendors of Greenvale and Lucknow tenements	-	933,333
Shares bought back by transferring title in Cape Alumina Limited shares to RCF	-	(374,512)
Distribution in specie	(3,746,826)	-
	(3,746,826)	558,821

Note 43. Earnings per share

	Consolidated	
	2011	**2010**
	$	**$**
Earnings per share from continuing operations		
Loss after income tax	(2,421,239)	(2,166,646)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	117,274,808	121,527,345
Weighted average number of ordinary shares used in calculating diluted earnings per share	117,274,808	121,527,345
	Cents	**Cents**
Basic earnings per share	(2.06)	(1.13)
Diluted earnings per share	(2.06)	(1.13)

	Consolidated	
	2011	**2010**
	$	**$**
Earnings per share from discontinued operations		
Loss after income tax attributable to the owners of Metallica Minerals Limited	27,308,843	(1,655,749)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	117,274,808	121,527,345
Weighted average number of ordinary shares used in calculating diluted earnings per share	117,274,808	121,527,345
	Cents	**Cents**
Basic earnings per share	23.27	(1.36)
Diluted earnings per share	23.27	(1.36)

Note 43. Earnings per share (continued)

	Consolidated 2011 $	Consolidated 2010 $
Earnings per share for profit/(loss) attributable to the owners of Metallica Minerals Limited		
Profit/(loss) after income tax	25,364,106	(3,024,948)
Non-controlling interest	(476,542)	(797,447)
Profit/(loss) after income tax	24,887,604	(3,822,395)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	117,274,808	121,527,345
Weighted average number of ordinary shares used in calculating diluted earnings per share	117,274,808	121,527,345

	Cents	Cents
Basic earnings per share	21.22	(2.49)
Diluted earnings per share	21.22	(2.49)

Options are considered to be potential ordinary shares but were anti-dilutive in nature and therefore the diluted loss per share is the same as the basic loss per share.

Ordinary share transactions occurring after the reporting date

On 18 July 2011 Metallica Minerals Limited issued 11,707,065 ordinary shares in terms of a renounceable rights offer. Additionally on 16 August 2011 Metallica Minerals Limited issued 3,400,000 fully paid ordinary shares and 2,000,000 options to acquire a 20% interest in the Scandium Ore Rights related to the Kokomo and Lucknow resources. The issue of shares and options post 30 June 2011 would have significantly changed the number of ordinary shares outstanding at 30 June 2011 if these transactions had occurred before the end of the current reporting period.

Note 44. Share-based payments

During the prior year the following share-based payment options were granted:

• On 12 February 2010, 2,400,000 options were granted to employees. These options vest if the employee is still employed on 12 February 2011, are exercisable at 35 cents and expire on 12 February 2012; and

• On 31 May 2010, 3,000,000 options were granted to Directors. These options vest if the Director is still a Director on 31 May 2011, are exercisable at 35 cents and expire on 31 May 2012.

Note 44. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

2011

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ Other	Balance at the end of the year
29/09/07	28/12/12	$0.65	1,100,000	-	-	-	1,100,000
29/09/07	31/12/10	$0.80	500,000	-	-	(500,000)	-
12/02/10	12/02/12	$0.35	2,400,000	-	-	-	2,400,000
31/05/10	31/05/12	$0.35	3,000,000	-	-	(500,000)	2,500,000
28/6/11	28/06/14	$0.35	-	2,000,000	-	-	2,000,000
			7,000,000	2,000,000	-	(1,000,000)	8,000,000

2010

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ Other	Balance at the end of the year
22/11/06	31/12/09	$0.25	500,000	-	-	(500,000)	-
22/11/06	31/12/09	$0.50	2,000,000	-	-	(2,000,000)	-
12/02/07	31/12/09	$0.30	400,000	-	-	(400,000)	-
12/02/07	31/12/09	$0.80	1,950,000	-	-	(1,950,000)	-
01/07/07	31/12/09	$0.80	400,000	-	-	(400,000)	-
29/09/07	28/12/12	$0.65	1,100,000	-	-	-	1,100,000
29/09/07	31/12/10	$0.80	500,000	-	-	-	500,000
12/02/10	12/02/12	$0.35	-	2,400,000	-	-	2,400,000
31/05/10	31/05/12	$0.35	-	3,000,000	-	-	3,000,000
			6,850,000	5,400,000	-	(5,250,000)	7,000,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.91 years (2010: 1.81 years).

The following share-based payment arrangements were in existence during the current and previous financial year:

	Consolidated 2011 $	Consolidated 2010 $
Expenses arising from share-based payment transactions		
Options issued	656,298	265,814

Note 44. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

	Series 1	Series 2	Series 3	Series 4
Weighted average exercise price	0.25	0.25	0.25	0.35
Weighted average life of the option	5 years	3 years	3 years	3 years
Underlying share price	0.01	0.01	0.01	0.32
Expected share price volatility	95.25%	95.25%	95.25%	70.38%
Risk free interest rate	5.17%	5.19%	3.97%	4.58%
Number of options issued	1,100,000	2,400,000	2,500,000	2,000,000
Fair value (black-scholes) per option	0.481	0.069	0.078	0.151
Total value of options issued	$529,100	$165,600	$195,000	$302,000

Options granted had varying exercise prices and vesting dates and therefore different values. This value represents the weighted average value per option.

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under Employee Benefits Expense in the Statement of Comprehensive Income is $352,470 (2010: $227,178) for amortisation of equity-settled share-based payment transactions in accordance with AASB2.

Metrocoal Limited

During the current year the following options were issued:

- On 24 November 2010, 3,250,000 options were granted to directors and employees for nil consideration. These options are exercisable at 40 cents and expire on 19 November 2013; and
- On 18 May 2011, 750,000 options were granted to employees for nil consideration. These options are exercisable at 50 cents and expire on 8 May 2014.

During the prior year the following options were issued:

- On 28 November 2008, 3,500,000 options were granted to directors and employees for nil consideration. These options are exercisable at 25 cents and expire on 4 December 2012; and
- On 29 June 2009, 2,250,000 options were granted to employees for nil consideration. These options are exercisable at 25 cents and expire on 4 December 2012.
- On 1 July 2009, 500,000 options were granted an employee for nil consideration. These options are exercisable at 25 cents and expire on 4 December 2014.

Note 44. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

2011

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
28/11/08	04/12/12	$0.25	3,500,000	-	-	-	3,500,000
29/06/09	04/12/12	$0.25	2,250,000	-	-	-	2,250,000
01/07/09	04/12/14	$0.25	500,000	-	-	-	500,000
24/11/10	19/11/13	$0.40	-	3,250,000	-	-	3,250,000
18/05/11	08/05/14	$0.50	-	750,000	-	-	750,000
			6,250,000	4,000,000	-	-	10,250,000

2010

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
28/11/08	04/12/12	$0.25	3,500,000	-	-	-	3,500,000
29/06/09	04/12/12	$0.25	2,250,000	-	-	-	2,250,000
01/07/09	04/12/14	$0.25	-	500,000	-	-	500,000
			5,750,000	500,000	-	-	6,250,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3 years (2010: 5 years).

In the current year 250,000 options were issued to non-key management personnel.

The price of all options were calculated by using a Black-Scholes options pricing model applying the following inputs:

	Series 1	Series 2	Series 3	Series 4	Series 5
Weighted average exercise price	0.25	0.25	0.25	0.40	0.50
Weighted average life of the option	3 years	3 years	3 years	3 years	3 years
Underlying share price	0.02	0.01	0.01	0.31	0.38
Expected share price volatility	95.36%	95.36%	95.36%	75.38%	69.26%
Risk free interest rate	3.97%	5.19%	5.17%	5.17%	4.81%
Number of options issued	3,500,000	2,250,000	500,000	3,250,000	500,000
Fair value (black-scholes) per option	0.004	0.002	0.004	0.132	0.201
Total value of options issued	$14,000	$4,500	$2,000	$429,000	$100,500

Note 44. Share-based payments (continued)

Options granted had varying exercise prices and vesting dates and therefore different values. This value represents the weighted average value per option.

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under Employee Benefits Expense in the Statement of comprehensive income is $282,978 (2010: $18,237) and relates in full to amortisation of equity-settled share-based payment transactions.

Options - Planet Metals Limited

No options was granted during the financial year. During the prior year, on 1 March 2010 the Company issued 1,500,000 C.E.O. Options to Brett O'Donovan which expires on 1 March 2013. The options were valued at their grant date by an independent expert. Total expense in 2011 was $20,850 (2010: $20,399).

Set out below are summaries of options granted under the plan:

2011

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/03/2010	01/03/2013	$0.100	2,500,000	-	-	-	2,500,000

2010

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/03/2010	01/03/2013	$0.100	2,500,000	-	-	-	2,500,000

Metallica Minerals Limited
Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

D K Barwick
Chairman

Brisbane, 30 September 2011

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INDEPENDENT AUDITOR'S REPORT

To the members of Metallica Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Metallica Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Metallica Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Metallica Minerals Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Material Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, we draw attention to the matter set out in Note 1. The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the consolidated entity to maintain continuity of normal business activities, and to pay their debts as and when they fall due is dependent upon the ability of the consolidated entity to successfully raise additional capital and/or the successful exploration and subsequent exploitation of their areas of interest through sale or development. No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the consolidated entity's plans not eventuate.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Metallica Minerals Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

BDO Audit (QLD) Pty Ltd

BDO

C R JENKINS

Director

Brisbane, 30 September 2011