ASX RELEASE

24 September 2008

METALLICA MINERALS RELEASES 30 JUNE 2008 RESULTS AND AN AFTER TAX PROFIT OF $10.5 MILLION

Metallica Minerals Limited is pleased to release its audited Financial Statements for the year ended 30 June 2008. A copy of the Financial Statements is attached.

Metallica has reported a consolidated audited after tax profit of $10.5 million approximately as a result of a profit on the sale of two coal subsidiaries to Cockatoo Coal Limited (ASX-COK) during the year ended 30 June 2008. As advised in an ASX Release dated 24 July 2008, Metallica has subsequently sold the 25 million Cockatoo Coal Limited shares it received from this sale for gross proceeds of $20 million.

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METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES

ACN 076 696 092

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

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METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Revenue	2	651,289	493,418	555,840	491,998
Other income	2	15,938,798	4,919,500	15,936,798	4,919,500
Cost of goods sold		(96,545)	-	-	-
Employee benefits expense	3	(1,465,918)	(2,951,832)	(1,283,086)	(2,838,619)
Interest Expense		(8,781)	-	(8,773)	-
Depreciation and amortisation expense		(149,446)	(67,889)	(101,083)	(56,900)
Share of net losses or impairment of associate		(763,410)	(390,000)	(763,410)	(390,000)
Impairment and write-off of investments		-	(59,611)	-	(59,611)
Other expenses		79,505	2,107,898	251,400	1,973,874
Profit/(loss) before income tax expense		14,185,492	(164,312)	14,587,686	92,494
Income tax expense		(3,640,923)	-	(3,324,278)	-
Profit for the year after income tax expenses		10,544,569	164,312	11,263,408	92,494
Profit attributable to minority equity interest		-	-	-	-
Net profit/(loss) attributable to members of the parent entity		10,544,569	(164,312)	11,263,408	92,494
Basic earnings/(loss) per share – (cents per share)	18	0.0974	(0.0017)		
Diluted earnings per share (cents per share)	18	0.0896	0.0184		

The Income Statement should be read in conjunction with the notes to the financial statements

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

BALANCE SHEET
AS AT 30 JUNE 2008

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current Assets					
Cash and cash equivalents	5	7,457,431	5,368,005	5,935,066	5,330,721
Inventories	9	125,441	-	-	-
Trade and other receivables	8	115,048	-	84,106	-
Other current assets	6	125,718	180,430	114,130	169,790
Total Current Assets		7,823,638	5,548,435	6,133,302	5,500,511
Non – Current Assets					
Trade and other receivables	8	-	-	958,843	1,156,242
Other non-current assets	6	124,695	108,415	107,195	105,915
Investment in associate	10	1,236,590	-	1,236,590	-
Available for sale Financial assets	11	20,107,000	70,000	21,313,948	679,948
Plant and equipment	12	371,197	272,435	240,276	128,908
Exploration and Evaluation Expenditure	7	11,719,106	7,314,713	10,437,201	5,853,890
Deferred tax assets	15	3,474,521	-	3,406,594	-
Total Non-Current Assets		37,033,109	7,765,563	37,700,647	7,924,903
TOTAL ASSETS		44,856,747	13,313,998	43,833,949	13,425,414
Current Liabilities					
Trade and other payables	13	593,158	331,559	532,407	260,161
Total Current Liabilities		593,158	331,559	532,407	260,161
Non-Current Liabilities					
Long term borrowings	14	-	-	12,473	10,457
Deferred tax liabilities	15	9,510,652	-	9,126,080	-
Total Non-Current Liabilities		9,510,652	-	9,138,553	10,457
TOTAL LIABILITIES		10,103,810	331,559	9,670,960	270,618
NET ASSETS		34,752,937	12,982,439	34,162,989	13,154,796
Equity					
Issued capital	16	20,082,884	14,381,218	18,884,195	14,381,218
Reserves	17	8,790,890	3,549,082	8,790,890	3,549,082
Retained profits/ (Accumulated losses)		5,596,708	(4,947,861)	6,487,904	(4,775,504)
Total equity attributable to equity holders of the company		34,470,482	12,982,439	34,162,989	13,154,796
Minority interests		282,455	-	-	-
TOTAL EQUITY		34,752,937	12,982,439	34,162,989	13,154,796

The Balance Sheet should be read in conjunction with the notes to the financial statements

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

Economic Entity	**Issued capital**	**Options reserve**	**Asset revaluation reserve**	**Retained income/ (Accumulated losses)**	**Minority interest**	**Totals**
	$	**$**	**$**	**$**	**$**	**$**
Balance at 01.07.2007	14,381,218	3,529,082	20,000	(4,947,861)	-	12,982,439
Profit /(Loss)	-	-	-	10,544,569	-	10,544,569
Transfer to Asset Revaluation Reserve (net of tax)	-	-	5,830,667	-	-	5,830,667
Total recognised income and expense	-	-	5,830,667	10,544,569	-	16,375,236
Options exercised during the year	4,441,852	(1,011,853)	-	-	-	3,429,999
Options issued during the year	-	422,994	-	-	-	422,994
Tax on issue costs	61,125	-	-	-	-	61,125
Issue of shares in controlled entity	1,198,689	-	-	-	282,455	1,481,144
Balance at 30.06.2008	20,082,884	2,940,223	5,850,667	5,596,708	282,455	34,752,937

Economic Entity	**Issued capital**	**Options reserve**	**Asset revaluation reserve**	**Retained income/ (Accumulated losses)**	**Minority interest**	**Totals**
	$	**$**	**$**	**$**	**$**	**$**
Balance at 01.07.2006	10,740,888	2,396,626	-	(4,794,540)	-	8,342,974
Profit /(Loss)	-	-	-	(164,312)	-	(164,312)
Transfer to Asset Revaluation Reserve	-	-	20,000	-	-	20,000
Total recognised income and expense	-	-	20,000	(164,312)	-	(144,312)
Options exercised during the year	3,640,330	(1,184,185)	-	-	-	2,456,145
Options issued during the year	-	2,327,632	-	-	-	2,327,632
Options expired during the year	-	(10,991)	-	10,991	-	-
Balance at 30.06.2007	14,381,218	3,529,082	20,000	(4,947,861)	-	12,982,439

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

Parent Entity	**Issued capital**	**Options reserve**	**Asset revaluation reserve**	**Retained income/ (Accumulated losses)**	**Totals**
	$	**$**	**$**	**$**	**$**
Balance at 01.07.2007	14,381,218	3,529,082	20,000	(4,775,504)	13,154,796
Profit /(Loss)	-	-	-	11,263,408	11,263,408
Transfer to Asset Revaluation Reserve (net of tax)	-	-	5,830,667	-	5,830,667
Total recognised income and expense	-	-	5,830,667	11,263,408	17,094,075
Options exercised during the year	4,441,852	(1,011,853)	-	-	3,429,999
Options issued during the year	-	422,994	-	-	422,994
Tax on issue costs	61,125	-	-	-	61,125
Balance at 30.06.2008	18,884,195	2,940,223	5,850,667	6,487,904	34,162,989

Parent Entity	**Issued capital**	**Options reserve**	**Asset revaluation reserve**	**Retained income/ (Accumulated losses)**	**Totals**
	$	**$**	**$**	**$**	**$**
Balance at 01.07.2006	10,740,888	2,396,626		(4,878,989)	8,258,525
Profit /(Loss)	-	-	-	92,494	92,494
Transfer to Asset Revaluation Reserve	-	-	20,000	-	20,000
Total recognised income and expense	-	-	20,000	92,494	112,494
Options exercised during the year	3,640,330	(1,184,185)	-	-	2,456,145
Options issued during the year	-	2,327,632	-	-	2,327,632
Options expired during the year	-	(10,991)	-	10,991	-
Balance at 30.06.2007	14,381,218	3,529,082	20,000	(4,775,504)	13,154,796

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

CASH FLOW STATEMENT
FOR THE YEAR 30 JUNE 2008

	Note	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Cash Flows From Operating Activities					
Receipts from customers		119,634	844,816	361,975	843,682
Payments to suppliers and employees		(2,553,708)	(2,316,194)	(1,496,623)	(2,072,415)
Interest received		448,281	347,809	448,281	347,523
Net Cash Provided By/ (Used In) Operating Activities	25	(1,985,793)	(1,123,569)	(686,367)	(881,210)
Cash Flows From Investing Activities					
Investment in subsidiaries (net cash outflow on acquisition)	25	-	(400,000)	(599,000)	(400,000)
Proceeds from sale of investments		4,750,000	4,625,000	4,750,000	4,625,000
Payment for plant and equipment		(248,208)	(233,440)	(212,451)	(82,945)
Loans to/(from) associates		1,250,000	(850,000)	1,250,000	(850,000)
Loans advanced		-	-	(561,202)	(608,214)
Payment for exploration expenditure		(4,587,717)	(3,000,627)	(4,766,635)	(2,778,822)
Investment in associate		(2,000,000)	(390,000)	(2,000,000)	(390,000)
Net Cash Provided By/ (Used In) Investing Activities		(835,925)	(249,067)	(2,139,288)	(484,981)
Cash Flows From Financing Activities					
Proceeds from share issue		3,430,000	2,453,419	3,430,000	2,453,419
Proceeds from issues of shares to minority interests		1,481,144	-	-	-
Net Cash Provided By/ (Used In) Financing Activities		4,911,144	2,453,419	3,430,000	2,453,419
Net Increase/(Decrease) In Cash and Cash Equivalents		2,089,426	1,080,783	604,345	1,087,228
Cash and Cash Equivalents At 1 July		5,368,005	4,287,222	5,330,721	4,243,493
Cash and Cash Equivalents At 30 June	5	7,457,431	5,368,005	5,935,066	5,330,721

The Cash Flow Statement should be read in conjunction with the notes to the financial statements

NOTES TO THE FINANICAL STATEMENTS FOR THE YEAR 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

The financial report of Metallica Minerals Limited and controlled entities, and Metallica Minerals Limited as an individual parent entity comply with all International Financial Reporting Standards (IFRS) in their entirety. Metallica Minerals Ltd is a listed public company, incorporated and domiciled in Australia.

The financial report was approved by the Board of Directors on 24 September 2008. The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) 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 Economic Entity to continue to adopt the going concern assumption will depend upon a number of matters including the successful exploration and subsequent development of the company's tenements and when necessary, the successful raising of additional funding.

b) Principles of Consolidation

A controlled entity is any entity Metallica Minerals Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of Controlled Entities is contained in Note 11 to the financial statements. All controlled entities have a June Financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until or until the date control ceased.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

c) Income Tax

The charge for current income tax expenses is based on the profit/loss for the year adjusted for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Income Tax Consolidation

Metallica Minerals Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Metallica Minerals Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overheads.

e) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flow that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Plant and Equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the economic entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

All assets are depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5-33% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

f) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Production is not considered to have commenced as sales for the year are of off take inventory that is of an incidental nature.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

g) 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.

NOTES TO THE FINANICAL STATEMENTS FOR THE YEAR 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the economic entity are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are depreciated over the shorter of the asset's useful life and the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the income statement on a straight line basis over the period of the lease.

i) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method less impairment losses.

Available for Sale Financial Assets

Available for sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise of investments in the equity or other entities where there is neither a fixed maturity nor fixed or determinable payments. These investments are measured at fair value with fair value adjustments going directly to the asset revaluation reserve. When the investment is de-recognised the cumulative gain or loss is removed from equity and transferred to profit and loss.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all other financial instruments.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost using the effective interest method, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the group assesses whether there is objective evidence and a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Losses are recognised in the income statement for all unlisted securities, including recent arms length transactions and reference to similar instruments and option pricing models.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Impairment of Assets

At each reporting date, the economic entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over it recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the economic entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

k) Investment in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over these policies. The equity method of accounting recognises the economic entity's share of post acquisition reserves of its associates.

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

Unrealised gains on transactions between the economic entity and its associates are eliminated to the extent of the economic entity's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the economic entity.

l) Equity Settled Compensation

The economic entity operates a number of share based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the Income Statement. The total amount to be expensed over the vesting period as determined by reference to the fair value of the shares and options granted.

m) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

n) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

All revenue is stated net of the amount of goods and services tax (GST).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p) Directors and Executives Remuneration

Information about the remuneration of Directors and Executives which is required under Section 300A of the Corporations Act 2001 is included in the Remuneration Report within the Directors' Report.

q) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates – impairment

The economic entity assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgements – exploration & evaluation expenditure

The economic 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 performed to balance date.

r) Comparative Figures

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

s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. These standards and interrelations have not been adopted in the preparation of the financial report. The following standards, amendments to standards and interpretations have been identified as those which may have a material disclosure impact, but not measurement impact on the economic entity and the parent entity in the period of initial application.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101
A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The economic entity intends to apply the revised standard from 1 July 2009.

(ii) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The economic entity has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(iii) Revised AASB 3 Business Combinations, Amended AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards Arising from AASB 3 and AASB 127.

A revised AASB 3, the amended AASB 127 and AASB 2008-3 are effective from 1 July 2009. AASB 3 (Revised), AASB 127 (Amended) and AASB 2008-3 are available for early adoption “for profit entities” only in respect of business combinations effected subsequent to 30 June 2007. The impact of adopting Revised AASB 3 is likely to be significant for entities with some of the revised requirements actually clarifying existing requirements. If AASB 3 is adopted early, the amendments to AASB 127 will have to be adopted concurrently. The revised Standards must generally be applied on a prospective basis, with some exceptions.

Revisions may result in merger and acquisition activity having a high impact on profit and loss in some entities. The economic entity intends to apply the revised standard from 1 July 2009.

(iv) AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2]
AASB 2008-1 is effective for annual reporting periods commencing on or after 1 January 2009. The amendment clarifies that vesting conditions are restricted to: service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. This restriction was not clearly stated in the pre-amended standards. This means that all other terms and conditions are accounted for in the value of the share or option at grant date. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $

NOTE 2: REVENUE AND OTHER INCOME

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Revenue from continuing operations				
Sales	78,933	-	-	-
Interest received	333,137	347,809	330,923	347,523
Other revenue	239,219	145,609	224,917	144,475
Total revenue	651,289	493,418	555,840	491,998
Other income				
Profit on sale of proportionate investment in associate	-	4,625,000	-	4,625,000
Profit on sale of subsidiaries	15,938,798	-	15,936,798	-
Option fees	-	294,500	-	294,500
Total other income	15,938,798	4,919,500	15,936,798	4,919,500

NOTE 3: EXPENSES

Profit/(Loss) before income tax expense has been determined after:

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Employee benefits expense				
Salaries, wages and provisions	1,042,924	624,200	860,092	510,987
Employee share option expense	422,994	2,327,632	422,994	2,327,632
Total employee benefits expense	1,465,918	2,951,832	1,283,086	2,838,619
Impairment and write off of investments				
Impairment of associate	-	-	763,410	390,000
Impairment of unlisted investment	-	59,611	-	59,611
Equity accounted losses	763,410	390,000	-	-
	763,410	449,611	763,410	449,611

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $

NOTE 3: EXPENSES CONTINUED

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Other expenses				
Provision for loans to associates	-	850,000	-	850,000
Reversal of impairment loan to associate	(1,250,000)	-	(1,250,000)	-
Rental expenses on operating leases	12,060	46,389	12,060	46,132
Exploration costs written off	185,651	370,331	152,347	363,902
Bank fees	1,864	2,087	1,364	1,807
Airfares, meals and accommodation	213,793	78,238	188,867	71,832
Fees & permits	-	-	-	-
Legal fees	65,123	133,305	63,010	132,452
Listing fees	41,290	43,553	41,290	43,553
Public relations and marketing	97,204	83,794	94,233	68,679
Motor vehicle expenses	30,782	18,130	30,103	13,159
Postage	10,683	4,999	10,683	4,999
Printing and stationary	70,162	62,036	66,075	52,286
Share register	22,612	47,622	22,612	47,622
Telephone & fax	47,158	31,828	43,111	31,224
Coal asset IPO costs	-	117,847	-	31,593
Other miscellaneous costs	372,113	217,739	272,845	214,634
Total other expenses	(79,505)	2,107,898	(251,400)	1,973,874

NOTE 4: INCOME TAX EXPENSE

Reconciliation of the effective tax rate
The prima facie tax on profit/(loss) before income tax is reconciled to income tax expense as provided in the financial statements as follows:

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
The prima facie income tax (benefit)/expense on profit/(loss) before income tax at a tax rate of 30% (2007 – 30%)	4,255,648	(49,294)	4,376,305	27,748
Non deductible expenses	130,286	713,731	130,286	713,731
Deferred tax liability not recognised	-	(1,054,043)	-	(1,054,043)
Deferred tax asset not brought to account				
-temporary difference	-	352,642	-	275,600
-tax losses	-	36,964	-	36,964
Prior year under/(over) provision	34,844	-	(607,671)	-
R&D concession	(521,607)	-	(521,607)	-
Recognition of deferred tax balances	(258,248)	-	(53,035)	-
Income tax expense	3,640,923	-	3,324,278	-

NOTE 4: INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax assets and liabilities
The economic entity has no unrecognised deferred tax assets and liabilities in 2008 and has since recognised all deferred tax assets and liabilities.

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Deferred tax assets				
Deductible temporary differences	-	675,473	-	2,300,946
Tax losses	-	1,890,534	-	204,702
	-	2,566,007	-	2,505,648
Deferred tax liabilities				
Taxable temporary differences	-	2,252,636	-	2,397,486
Net unrecognised deferred tax asset	-	313,371	-	108,162

Tax losses

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Unused tax losses for which no deferred tax asset has been recognised	-	6,301,780	-	682,340
Potential tax benefit	-	1,890,534	-	204,702

There are no franking credits available to shareholders of the company

NOTE 5: CASH AND CASH EQUIVALENTS

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Cash at bank	1,349,950	1,259,138	827,585	1,221,854
Short-term bank deposits	6,107,481	4,108,867	5,107,481	4,108,867
	7,457,431	5,368,005	5,935,066	5,330,721

NOTE 6: OTHER ASSETS

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current				
Prepayments	7,443	33,488	7,443	32,488
GST refunds owing	110,109	11,418	98,521	1,778
Accrued Interest	8,166	135,524	8,166	135,524
	125,718	180,430	114,130	169,790
Non Current				
Security deposits	124,695	108,415	107,195	105,915

NOTE 7: EXPLORATION AND EVALUATION EXPENDITURE

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Exploration and evaluation expenditure carried forward in respect of areas of interest	11,709,654	7,305,261	10,427,749	5,844,438
Other Deposits	9,452	9,452	9,452	9,452
	11,719,106	7,314,713	10,437,201	5,853,890
Balance at the beginning of the year	7,314,713	3,914,086	5,853,890	3,075,068
Additions	4,590,044	3,770,958	4,735,658	3,142,724
Disposals	(185,651)	(370,331)	(152,347)	(363,902)
Balance at the end of the year	11,719,106	7,314,713	10,437,201	5,853,890

NOTE 8: TRADE & OTHER RECEIVABLES

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current				
Other receivables	115,048	-	84,106	-
Loans to associate - Cape Alumina Pty Ltd	-	1,250,000	-	1,250,000
Provision for Impairment – Loan to associate	-	(1,250,000)	-	(1,250,000)
	115,048	-	84,106	-
Non Current				
Loan – wholly owned subsidiaries	-	-	958,843	1,156,242
Provision for Impairment				
Opening balance	1,250,000	400,000	1,250,000	400,000
Charge for the year	-	850,000	-	850,000
Amounts written off	-	-	-	-
Reversals of impairment	(1,250,000)	-	(1,250,00)	-
Closing balance	-	1,250,000	-	1,250,000

The other receivables represent amounts owed by an associated entity, a joint venture partner and by other unrelated parties. These receivables are current , not past due and are considered recoverable in full.

NOTE 9: INVENTORIES

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Finished goods	125,441	-	-	-

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $

NOTE 10: INVESTMENT IN ASSOCIATE

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Cape Alumina Pty Ltd				
Investment	2,400,000	390,000	2,400,000	390,000
Accumulated Share of profit/(loss)	(1,163,410)	(390,000)	-	-
Accumulated Impairment	-	-	(1,163,410)	(390,000)
Closing Balance	1,236,590	-	1,236,590	-

The economic entity has a 40% ownership interest (2007 40%) in Cape Alumina Pty Ltd. During the year ended 30 June 2008 $2,000,000 in shares were issued by the associate to the Company (2007 $390,000).

Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates

	Economic Entity 2008	Economic Entity 2007
Current assets	1,209,062	683,863
Non-current assets	4,148,358	1,009,853
Total assets	5,357,420	1,693,716
Current liabilities	994,074	32,436
Non-current liabilities	-	1,250,000
Total liabilities	994,074	1,282,436
Net Assets/Liabilities	4,363,346	411,280
Revenues	81,536	9,546
Profit/(Loss) after income tax of associates	(1,051,772)	(354,602)

NOTE 11: AVAILABLE FOR SALE FINANCIAL ASSETS

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Investments in Listed Entities***	20,169,223	70,000	20,169,223	70,000
Investments in Unlisted Entities	-	119,222	-	119,222
Provision for Impairment	(62,223)	(119,222)	(62,223)	(119,222)
Investments in Controlled Entities	-	-	1,206,948	609,948
	20,107,000	70,000	21,313,948	679,948

NOTE 11: AVAILABLE FOR SALE FINANCIAL ASSETS (CONTINUED)

Investments in controlled entities	Country of Incorporation	Percentage Ownership	Class of Shares	2008 $	2007 $
NORNICO Pty. Ltd (formerly QLD Gold Pty Ltd)	Australia	100%	Ord	139,221	139,221
Oresome Australia Pty Ltd	Australia	100%	Ord	67,042	67,042
SE Qld Energy Pty. Ltd *	Australia	-	Ord	-	1,000
SE Qld Coal Pty. Ltd *	Australia	-	Ord	-	1,000
Metrocoal Limited**	Australia	84.21%	Ord	600,000	1,000
Phoenix Lime Pty. Ltd	Australia	100%	Ord	400,000	400,000
Lucky Break Operations Pty. Ltd	Australia	100%	Ord	685	685
				1,206,948	609,948

* SE Qld Energy Pty Ltd and SE Qld Coal Pty Ltd were sold to Cockatoo Coal Ltd for $5million in cash and 25 million shares in Cockatoo Coal Ltd.

**During the year the group's ownership interest in Metrocoal Limited was reduced by 15.79% following the issue of shares to third parties.

***All the listed entity investments are listed on the Australian Securities Exchange.

NOTE 12: PLANT & EQUIPMENT

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Plant & equipment at cost	642,003	393,794	451,429	238,977
Accumulated depreciation	(270,806)	(121,359)	(211,153)	(110,069)
	371,197	272,435	240,276	128,908

Movements in Carrying Amounts
Movements in the carrying amount of each class of property, plant and equipment between the beginning and the end of the current financial year.

Plant & Equipment	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Balance at the beginning of the year	272,435	106,884	128,908	102,863
Additions	248,208	233,440	212,451	82,945
Disposals	-	-	-	-
Depreciation	(149,446)	(67,889)	(101,083)	(56,900)
Balance at the end of the year	371,197	272,435	240,276	128,908

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
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NOTES TO THE FINANICAL STATEMENTS
FOR THE YEAR 30 JUNE 2008

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $

NOTE 13: TRADE AND OTHER PAYABLES

Trade payables and accruals	529,647	279,898	473,257	210,161
Annual leave	63,511	51,661	59,150	50,000
	593,158	331,559	532,407	260,161

NOTE 14: LONG TERM BORROWINGS

Loan from wholly owned subsidiary	-	-	12,473	10,457
	-	-	12,473	10,457

NOTE 15 – DEFERRED TAX ASSETS & LIABILITIES

Economic Entity

	Opening Balance $	Net Charged to Income $	Net Charged to Equity $	Closing Balance $
Deferred Tax Asset				
Carried forward tax losses	-	3,018,546	-	3,018,546
Employee Benefits	-	33,249	-	33,249
Associate's Losses	-	349,023	-	349,023
Capital Raising Costs	-	-	61,125	61,125
Other	-	12,578	-	12,578
Gross deferred tax assets	-	3,413,396	61,125	3,474,521
Deferred Tax Liability				
Revaluations of Financial Assets	-	3,524,573	2,456,333	5,980,906
Deferred tax on Exploration Expenditure	-	3,512,897	-	3,512,897
Other	-	16,849	-	16,849
	-	7,054,319	2,456,333	9,510,652

NOTE 15 – DEFERRED TAX ASSETS & LIABILITIES (CONTINUED)

Parent Entity

	Opening Balance $	Net Charged to Income $	Net Charged to Equity $	Closing Balance $
Deferred Tax Asset				
Carried forward tax losses	-	2,951,794	-	2,951,794
Associate's Losses	-	349,023	-	349,023
Employee Benefits	-	31,525	-	31,525
Capital Raising Costs	-	-	61,125	61,125
Other	-	13,127	-	13,127
	-	3,345,469	61,125	3,406,594
Deferred Tax Liability				
Revaluations of Financial Assets	-	3,524,573	2,456,333	5,980,906
Deferred tax on Exploration Expenditure	-	3,128,325	-	3,128,325
Other	-	16,849	-	16,849
	-	6,669,747	2,456,333	9,126,080

NOTE 16: ISSUED CAPITAL

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
112,432,628 (2007: 102,332,628) fully paid ordinary shares	19,488,293	15,046,441	19,488,293	15,046,441
Transaction costs relating to share issues (net of tax)	(604,098)	(665,223)	(604,098)	(665,223)
	18,884,195	14,381,218	18,884,195	14,381,218
Outside equity interest	1,217,545	-	-	-
Costs relating to share issue	(18,856)	-	-	-
	20,082,884	14,381,218	18,884,195	14,381,218

a) Ordinary Shares

Balance at beginning of the year	14,381,218	10,740,888	14,381,218	10,740,888
Tax on issue costs	61,125	-	61,125	-
Shares issued during the year				
— Share options exercised	4,441,852	3,640,330	4,441,852	3,640,330
Balance at end of the year	18,884,195	14,381,218	18,884,195	14,381,218

NOTE 16: ISSUED CAPITAL (CONTINUED)

	Economic Entity 2008 Number	Economic Entity 2007 Number	Parent Entity 2008 Number	Parent Entity 2007 Number
Balance at beginning of the year	102,332,628	91,413,752	102,332,628	91,413,752
Shares issued during year:				
— Share options exercised	10,100,000	10,918,876	10,100,000	10,918,876
Balance at end of the year	112,432,628	102,332,628	112,432,628	102,332,628

During the current year 100,000 options issued to an employee were exercised at 30 cents. 6,000,000 placement options were exercised at 30 cents and 4,000,000 placement options were exercised at 40 cents.

During the prior year 5,368,876 options issued to subscribers to the Company's Initial Public Offering and to the Broker to the Initial Public Offering were exercised at 25 cents. 5,050,000 Options issued to Directors and Employees were exercised at 20 cents and 500,000 Options issued to a Director were exercised at 50 cents.

b) Details of the options outstanding as at the end of the year:

Grant Date	Expiry Date	Exercise Price $	Qualifying Price $	Economic Entity 2008 Number	Economic Entity 2007 Number	Economic Entity 2008 Number	Economic Entity 2007 Number
17/11/05	31/12/08	20 cents	N/A	2,500,000	2,500,000	2,500,000	2,500,000
16/12/05	31/12/07	30 cents	N/A	-	3,500,000		3,500,000
09/02/06	31/12/07	30 cents	N/A	-	2,500,000		2,500,000
12/05/06	30/06/08	40 cents	N/A	-	4,000,000		4,000,000
22/11/06	31/12/09	25 cents	N/A	500,000	500,000	500,000	500,000
22/11/06	31/12/09	50 cents	N/A	2,000,000	2,000,000	2,000,000	2,000,000
12/02/07	31/12/09	30 cents	N/A	400,000	500,000	400,000	500,000
12/02/07	31/12/09	80 cents	N/A	1,950,000	1,950,000	1,950,000	1,950,000
21/03/07	21/03/09	30 cents	N/A	1,000,000	1,000,000	1,000,000	1,000,000
01/07/07	31/12/09	80 cents	N/A	400,000	-	400,000	-
29/09/07	28/12/12	65 cents	N/A	1,100,000	-	1,100,000	-
23/11/07	31/12/10	80 cents	N/A	500,000	-	500,000	-
				10,350,000	18,450,000	10,350,000	18,450,000

NOTE 16: ISSUED CAPITAL (CONTINUED)

c) Options

During the current year, the following options were issued:

- On 1 July 2007, 400,000 options were issued to an employee. The exercise price of these options is 80 cents.
- On 29 September 2007, a further 1,100,000 options were issued to Directors and employees. The exercise price of these options is 65 cents but the options only vest if the executive Director is still employed in 2 years.
- On 23 November 2007, 500,000 options previously issued to a Director subject to Shareholder Approval were approved by Shareholders. The exercise price of these options is 80 cents.

NOTE 17: RESERVES

	Economic Entity 2008	Economic Entity 2007	Parent Entity 2008	Parent Entity 2007
	$	$	$	$
a) Option reserve balances	2,940,223	3,529,082	2,940,223	3,529,082
b) Asset revaluation reserve balances	5,850,667	20,000	5,850,667	20,000
Total reserves	8,790,890	3,549,082	8,790,890	3,549,082
a) Options Reserve				
Opening Balance	3,529,082	2,396,626	3,529,082	2,396,626
Options exercised	(1,011,853)	(1,184,185)	(1,011,853)	(1,184,185)
Options expired transferred to retained earnings	-	(10,991)	-	(10,991)
Options issued	422,994	2,327,632	422,994	2,327,632
Closing Balance	2,940,223	3,529,082	2,940,223	3,529,082
b) Asset revaluation reserve				
Opening Balance	20,000	-	20,000	-
Net revaluation (net of tax)	5,830,667	20,000	5,830,667	20,000
Closing Balance	5,850,667	20,000	5,850,667	20,000

The purpose of the options reserve is to record the issue of share based payments. The purpose of the asset revaluation reserve is to record movements in financial assets available for sale.

NOTE 18 EARNINGS PER SHARE

	2008 (Cents)	2007 (Cents)
Basic earnings per share	0.0974	(0.0017)
Diluted earnings per share	0.0896	0.0184

	2008 (Number)	2007 (Number)
Weighted average number of shares used as the denominator in calculating basic earnings per share	108,213,176	97,564,094
Weighted average number of options used in calculating diluted earnings per share	14,180,411	20,125,949
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	122,393,587	117,690,043

	2008 $	2007 $
Net profit/(loss) after tax used in calculating basic earnings per share	10,544,569	(164,312)
Employee share option expense	422,994	2,327,632
Net profit after tax used in calculating diluted earnings per share	10,967,563	2,163,320

NOTE 19: JOINT VENTURE AND OTHER AGREEMENTS

Lucky Break Farm In Agreement

On the 27 September 2005, Metallica 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.

The net operating cashflow will be distributed 85% MFC and 15% Metallica up until MFC has been reimbursed its Lucky Break JV outlays, after which time the net operating cashflow distribution will be 60% Metallica and 40% MFC All costs (except mining lease permitting, bulk sampling and exploration) shall be borne by MFC.

Metallica can purchase MFC equity by paying 140% of MFC's total feasibility, development and processing costs contributed to the Lucky Break joint venture, at which time Metallica would hold 100% of the Lucky Break nickel operation.

This Project is currently on hold due to a potential legal dispute between the Project Manager, MFC, and the proposed supplier of acid.

NOTE 19: JOINT VENTURE AND OTHER AGREEMENTS (CONTINUED)

Six Mile Joint Venture Agreement

QLD Gold (now NORNICO Pty. Ltd) entered into a joint venture arrangement with Mt Isa Mines Limited (MIM) dated 18 June 2002 in respect of EPM 13873 whereby MIM was entitled to earn a 70% interest in the tenement by completing expenditure of $1 million within 5 years of election (Expenditure Period) on this tenement. On 31st March 2003 MIM exercised the option to earn an interest in this tenement. By way of a Deed of Accession dated 14 October 2003, Straits Exploration (Australia) Pty Ltd (Straits) assumed all rights and obligations of MIM under this agreement. Furthermore, by way of a variation agreement dated 26th September 2003, QLD Gold (now NORNICO) and Straits have agreed to vary this arrangement whereby Straits' rights to earn a 70% interest in the project will be achieved upon incurring expenditure of $1.5 million (increased from $1 million under the original agreement). Should Straits not expend the minimum $1.5 million, it shall be deemed to have withdrawn from this joint venture arrangement and will have no interest in this tenement. By way of a letter agreement dated 6 May 2005, Metallica agreed with Straits that due to Native Title related exploration access and restriction delays before the signing of the ILUA with the Traditional landowners, the term of the joint venture agreement be extended to 31 December 2008 (previously 31 March 2008). This extension would allow for an extra field season.

Kokomo Gold Option And Joint Venture Agreement (Kokomo Gold JVAO)

Pursuant to an agreement dated 10 January 2003 QLD Gold (now NORNICO) granted certain rights to MIM in respect of an area of the Kokomo tenement EPM10699 namely, the sub-block described as "Townsville 2247-A" (Gold Sub-block). The rights and obligations of MIM under this agreement have been assumed by Straits pursuant to a Deed of Accession dated 14 October 2003. Under these arrangements, QLD Gold (now NORNICO) has granted to Straits the right to earn up to a 70% interest in the area of the Gold Sub-block by completing $1 million in expenditure during the farm-in period, being 5 years from 10 July 2003 (Expenditure Period). Upon Straits earning a 70% interest in this tenement, QLD Gold (now NORNICO) may, at its election, require Straits to earn a further 10% interest in the tenement (taking its total interest to 80%) by expending a further $1 million expenditure on the Gold Sub-block or completing a Feasibility Study. QLD Gold (now NORNICO) in discharge of its obligations under the Whim Creek Consolidated (WCC) Royalty Agreement has procured the consent of WCC to the proposed Kokomo joint venture arrangements, to the extent that they may relate to EPM10699 and WCC's corresponding royalty rights.

On 1 September 2004 Straits and QLD Gold (now NORNICO) entered in to a letter agreement which contemplates the expansion of the exploration and expenditure area contemplated in the Kokomo Gold JVAO from the Gold Sub-Block to the entire Kokomo EPM area.

Kokomo Scandium Joint Venture

On the 1st of September 2004 QLD Gold Pty Ltd (now NORNICO Pty. Ltd) signed a formal Joint Venture Agreement with Straits Resources Ltd. QLD Gold (now NORNICO) granted certain rights to Straits Exploration (Australia) Pty Ltd principally with respect to the potential of scandium within EPM10699 Under this agreement, Straits have a 5 year period in which to earn a maximum 70% interest in the Tenement by contributing a total of $1.4 M. Straits shall earn an interest in the Tenement at a rate of a 10% interest for every $200,000 it spends. Straits are obliged to incur at least $100,000 expenditure per annum. In addition to the scandium rights granted with respect to the tenement, QLD Gold (now NORNICO) has granted Straits the right (but not the obligation) to fund any exploration of a commercial scandium project in any tenement that QLD Gold (now NORNICO) or any of its related bodies corporate has an interest in that falls within a 200 km radius of the centre of the Kokomo tenement. During the year, Straits earned a 20% interest in the Kokomo tenement.

Matilda Minerals Ltd Joint Venture Agreement

In June 2006 an Agreement was entered into between Metallica's wholly-owned subsidiary, Oresome Australia Pty Ltd, and Matilda Minerals Ltd (Matilda) over Metallica's tenement, Exploration Permit Minerals Application (EPMA) 15268. Under the agreement Matilda has paid Metallica $20,000 and issued 100,000 fully paid ordinary shares. Matilda will manage all exploration.

NOTE 19: JOINT VENTURE AND OTHER AGREEMENTS (CONTINUED)

Matilda Minerals Ltd Joint Venture Agreement (Continued)

To earn a 70% joint venture interest Matilda must spend $1 million on exploration within 18 months of the grant of the Tenement. The following contingent consideration may also be payable to Oresome:

- issue of 400,000 shares in Matilda upon grant of a mining lease;
- issue of a further 1,500,000 shares in Matilda upon completion of a positive feasibility study leading to a decision to mine.

Upon Matilda earning 70% interest in the Tenement, further activities on the Tenement will be undertaken in joint venture (“the Joint Venture”) with expenditure funded by the parties in proportion to their respective percentage interests, failing which, dilution will apply. Matilda will manage the Joint Venture.

Matilda has the right to withdraw from the Farm-in Agreement if it is not satisfied with exploration results provided that, at the time of withdrawal, it has complied with pro rata expenditure requirements. The Farm-in Agreement is subject to any approvals required under the Mineral Resources Act of Queensland.

EPM 15268 was granted on 25 October 2007.

Megauranium (formerly Glengarry) Uranium Joint Venture

In October 2005, Metallica signed an agreement with Glengarry Resources Ltd (“Glengarry”) specific to Uranium exploration rights on one of Metallica’s nickel tenements EPM 14987 Sandy Creek, which is adjacent south and east of Glengarry’s wholly owned Oasis Uranium prospect.

Under the terms of the joint venture agreement, Glengarry may earn 80% equity in the Uranium rights on Metallica’s Sandy Creek tenement by spending $1,000,000 over 5 years. Metallica retains the exclusive rights to explore for all other minerals on the tenement; Metallica is principally targeting nickel and platinum group metals associated with the ultramafic rocks within the tenement.

Glemgarry Resources Limited subsequently assigned its rights under the Joint Venture Agreement to MegaUranium Limited.

NOTE 20: COMMITMENTS FOR EXPENDITURE

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
a) Commitments for maintaining exploration tenements payable:				
- Not longer than 1 year	1,260,028	1,410,028	1,260,028	1,410,028
- Longer than 1 year but not longer than 5 years	4,033,703	4,518,703	4,033,703	4,518,703
- Longer than 5 years	-	-	-	-
	5,293,731	5,928,731	5,293,731	5,928,731
Tenement rental per year	269,577	269,383	269,577	2,69,388

NOTE 20: COMMITMENTS FOR EXPENDITURE (CONTINUED)

b) Share of Associate's Commitments for maintaining exploration tenements payable:				
- not longer than 1 year	160,000	73,200	-	-
- longer than 1 year but not longer than 5 years	786,800	828,000	-	-
- longer than 5 years	-	-	-	-
	946,800	901,200	-	-
Tenement rental per year	7,102	-	-	-
c) Operating lease commitments payable:				
- Not longer than 1 year	31,630	31,630	31,630	31,630
- longer than 1 year but not longer than 5 years	94,890	126,520	94,890	126,520
	126,520	158,150	126,520	158,150

Operating lease commitment relates to the office premise rental in East Brisbane.

NOTE 21: CONTINGENT LIABILITIES & ASSETS

Estimates of material amounts of contingent liabilities, not provided for in the financial statements arising from:

a) The Company does not believe it has any contingent liability arising from any possible Native Title or other claims.

b) The Company does not believe it has any contingent assets.

Royalty Agreements

On condition of QLD Gold Pty Ltd (now NORNICO 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 are summarised below.

Royalty agreements between Metallica and third parties

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 produced and $2.00/t for production 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/ dry tonne for production to 1 Mt, $1.50/ dry tonne from 1 – 3 Mt and $2.00/ dry tonne for production > 3 Mt.

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

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

NOTE 21: CONTINGENT LIABILITIES & ASSETS (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 22 SEGMENT REPORTING

The economic entity operates in the mining exploration sector in Australia.

NOTE 23 RELATED PARTIES

a) Option holdings of Key Management Personnel

	Balance 1.07.07	**Granted as Remuneration**	**Options Exercised**	**Net Change Other**	**Balance 30.06.08**	**Total Vested 30.06.08**	**Total Exercisable 30.06.08**
Directors							
DK Barwick	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000
AL Gillies	1,500,000	350,000	-	-	1,850,000	1,500,000	1,500,000
JK Haley	1,000,000	250,000	-	-	1,250,000	1,000,000	1,000,000
P Nicholson*	-	-	-	-	-	-	-
M Ashley	500,000	-	-	-	500,000	500,000	500,000
Other key management personnel							
P Smith	1,000,000	70,000	-	-	1,070,000	1,000,000	1,000,000
Total	5,000,000	670,000	-	-	5,670,000	5,000,000	5,000,000
Value of options granted		422,994					

NOTE 23 RELATED PARTIES (CONTINUED)

	Balance 1.07.06	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30.06.07	Total Vested 30.06.07	Total Exercisable 30.06.07
Directors							
DK Barwick	1,500,000	500,000	1,000,000	-	1,000,000	1,000,000	1,000,000
AL Gillies	1,250,000	1,000,000	750,000	-	1,500,000	1,500,000	1,500,000
JK Haley	1,250,000	500,000	750,000	-	1,000,000	1,000,000	1,000,000
BR Smith	500,000	-	500,000	-	-	-	-
P Nicholson*	-	500,000	-	(500,000)	-	-	-
M Ashley	-	500,000	-	-	500,000	-	-
Other key management personnel							
P Smith	1,250,000	500,000	750,000	-	1,000,000	500,000	500,000
Total	5,750,000	3,500,000	3,750,000	(500,000)	5,000,000	4,000,000	4,000,000
Value of options granted		948,546					

* Options are held by Resource Capital Funds Management Pty. Ltd of which Peter Nicholson is an employee.

b) Shareholdings of Key Management Personnel

Number of Shares held by Parent Entity Directors and other key management personnel

	Balance 1 July 07	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30 June 08
Directors					
DK Barwick	295,000	-	-	-	295,000
AL Gillies	9,150,000	-	-	(280,000)	8,870,000
JK Haley	275,000	-	-	-	275,000
PB Nicholson	-	-	-	-	-
MJ Ashley	-	-	-	-	-
Other key management personnel					
P Smith	195,000	-	-	-	195,000
Total	9,915,000	-	-	(280,000)	9,635,000

	Balance 1 July 06	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30 June 07
Directors					
DK Barwick	150,000	-	1,000,000	(855,000)	295,000
AL Gillies	9,015,602	-	750,000	(615,602)	9,150,000
BR Smith	-	-	500,000	(500,000)	-
JK Haley	215,000	-	750,000	(690,000)	275,000
PB Nicholson	-	-	-	-	-
MJ Ashley	-	-	-	-	-
Other key management personnel					
P Smith	-	-	750,000	(555,000)	195,000
Total	9,380,602	-	3,750,000	(3,215,602)	9,915,000

NOTE 23 RELATED PARTIES (CONTINUED)

c) Loans and/or transactions with key management personnel

There were no transactions with or loans outstanding to key management personnel for the year ended 30 June 2008 (2007: nil)

d) Subsidiaries

All loans to subsidiaries are disclosed in Note 8 and all loans from subsidiaries are disclosed in Note 14. There were no other transactions with subsidiaries for the year ended 30 June 2008 (2007: nil)

e) Associates

The loans to associates are disclosed in Note 8. This loan has been repaid in the 30 June 2008 financial year.

NOTE 24: SUBSEQUENT EVENTS

The only matter or circumstances that has arisen since 30 June 2008 that has significantly affected or may significantly affect the operations, results or state of affairs of the economic entity in the following or future years, is that on 24 July 2008, the parent entity disposed of 25 million shares in Cockatoo Coal Limited for gross proceeds of $20 million, and net proceeds of $19.8 million. These shares were held in the Balance Sheet at a value of $20 million at 30 June 2008.

Otherwise, no events subsequent to balance date have occurred.

NOTE 25: CASH FLOW INFORMATION

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
a) Reconciliation of cash flow from operations with profit (loss) after Tax				
Profit/(loss) after income tax	10,544,569	(164,312)	11,263,408	92,494
Non-cash flows from ordinary activities:				
Depreciation	149,446	67,889	101,083	67,889
Share of net losses of associate	763,410	390,000	-	-
Provision for impairment of investments	(1,250,000)	59,611	(486,590)	449,611
Provision for impairment of trade & other receivables	-	850,000	-	850,000
Share based payments	422,994	2,327,632	422,994	2,327,632
Impairment of exploration expenditure	185,681	370,331	152,347	363,902
Profit on sale of investment	-	(4,625,000)	-	(4,625,000)
Profit on sale of subsidiaries	(15,938,798)	-	(15,936,798)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
Decrease/(increase) in inventory	(125,441)	-	-	-
Decrease/(increase) in deferred tax assets	(456,525)	-	(454,801)	-
Decrease/(increase) in other assets	38,432	(87,787)	113,293	(87,744)
Decrease/(increase) in trade & other receivables	(115,048)	-	(84,106)	(372,732)
Increase/(decrease) in provision for income tax	506,577	-	572,780	-
Increase/(decrease) in trade & other payables	(240,836)	(311,933)	504,849	52,738
Increase/(decrease) in deferred tax liabilities	3,529,746	-	3,145,174	-
Cash flow from operations	(1,985,793)	(1,123,569)	(686,367)	(881,210)

NOTE 25: CASH FLOW INFORMATION (CONTINUED)

b) Acquisition of Subsidiaries

(i) During the year ended 30 June 2007, 100% owned Lucky Break Operations Pty Ltd was established with no cash flow effects.

(ii) During the year ended 30 June 2007, 100% of Phoenix Lime Pty. Ltd was acquired. Details of this transaction are:

Purchase Consideration	$400,000
Cash Consideration	$400,000
Cash Outflow	$400,000
Assets and Liabilities at Acquisition Date:	
Plant and Equipment	$131,470
Exploration Expenditure	$268,530
	$ 400,000

c) Disposal of Subsidiaries

During the year ended 30 June 2008 the group disposed of its 100% interest in SE Qld Energy Pty Ltd and SE Qld Coal Pty Ltd to Cockatoo Coal Ltd for $5million in cash of which $250,000 was paid in the prior reporting period, and 25 million shares in Cockatoo Coal Ltd which at acquisition date had a fair value of $11,750,000. No cash were held by these subsidiaries prior to disposal.

NOTE 26: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Capital risk management

The economic entity manages its capital to ensure that it will be able to continue as a going concern.

The capital structure of the economic entity consists of cash and cash equivalents and equity attributable to equity holders of the parent entity, as disclosed in Notes 5 and 16 comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity. In common with many other exploration companies, the parent raises finance for the economic entity's exploration and appraisal activities in discrete tranches. The economic entity's overall strategy remains unchanged from 2007.

The working capital position (ie liquidity risk) of the group is as follows:

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current assets	7,823,638	5,543,435	6,133,702	5,500,511
Current liabilities	(593,158)	(331,559)	(532,407)	(260,161)
Working capital surplus/ (deficit)	7,230,480	5,216,876	5,601,295	5,240,350

b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability, and equity instrument are disclosed in Note 1 to the financial statements.

c) Financial risk management objectives

The financial risks of the economic entity include market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The economic entity does not hedge these risk exposures. The economic entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

NOTE 26: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

d) Market risk

Market risk is the risk that changes in market prices such as interest rates and equity prices will affect the groups income and value of its holdings.

The economic entity's and parent entity's activities expose it primarily to the financial risks of changes in interest rates on its cash and cash equivalents and equity price risk arising from its available-for-sale equity securities. It is the policy of the group to manage their risks by continuously monitoring interest rates and equity prices of its investments. There has been no change to the economic entity's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(i) Foreign currency risk management

The economic entity and the parent entity do not yet undertake any transactions denominated in foreign currencies.

(ii) Interest risk management

Interest rate risks are caused by fluctuations in interest rates which, in turn, are due to market factors.

Interest rate sensitivity

The economic entity's main interest rate risk arises from cash and cash equivalents. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the economic entity and the parent entity's profit/loss before taxes through the impact on cash and cash equivalents with a decrease or an increase of 0.25% in interest rates.

	Economic Entity 2008 $	Economic Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Sensitivity				
Cash and cash equivalents	7,457,431	5,368,005	5,935,066	5,330,721
Effect on income before taxes				
increase 0.25%	18,644	13,420	14,838	13,327
decrease 0.25%	(18,644)	(13,420)	(14,838)	(13,327)

(iii) Price risk management

The economic entity and the parent entity are exposed to equity securities price risk. This arises from investments held by the economic and parent entities and classified on the balance sheet as available-for-sale. All of the economic and parent entities equity investments are publicly traded on the ASX and the shares held in Cockatoo Coal Limited represent 99% of the total equity investments in listed securities. The shares in Cockatoo Coal Limited were disposed of subsequent to the year end for their carrying value less transaction costs.

The price risk for the unlisted securities in immaterial in terms of the possible impact on profit or loss or total equity.

e) Liquidity risk management

Liquidity risks are caused by the inability to raise the money needed to meet payment liabilities as and when they fall due. The economic entity manages liquidity risk by maintaining adequate reserves and by continually monitoring forecast and actual cash flows and cash balances. The parent entity raises finance for the economic entity's exploration and appraisal activities in discrete tranches.

At 30 June 2008 and 30 June 2007 the only financial liabilities of the economic entity and the parent entity were trade payables and accruals. All trade payables and accruals have a contractual maturity of 6 months or less. The working capital position is disclosed in Note 26 (a).

NOTE 26: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

f) Credit risk management

In relation to financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under a contract or arrangement. Credit risk for the economic entity and the parent entity arises from cash and cash equivalents and outstanding receivables. The economic entity and the parent entity are not exposed to any material credit risks and only trade with credit worthy third parties.

g) Fair values

All financial assets and liabilities comprising cash and cash equivalents, trade and other receivables, available for sale financial assets, and trade and other payables are stated at their fair value.

NOTE 27: AUDITOR'S REMUNERATION

Remuneration of the auditors for:

Audit/review of financial reports	59,800	54,938	54,800	54,177
Taxation Services	14,062	9,741	12,650	9,741
Total	73,862	64,679	67,450	63,918

NOTE 28: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2008.

During the year the following options were issued:

- On 1 July 2007, 400,000 options were issued to an employee with an exercise price of 80 cents;
- On 29 September 2007, 1,100,000 options were issued to directors and employees with an exercise price of 65 cents, but only vest if the director is still employed within 2 years of grant date; and
- On 23 November 2007, 500,000 options previously issued to a director subject to shareholder approval were subsequently approved by the shareholders. These options have an exercise price of 80 cents.

	Economic Entity				**Parent Entity**			
	2008		**2007**		**2008**		**2007**	
	No. of options	**Weighted average exercise price $**	**No. of options**	**Weighted average ex price $**	**No. of options**	**Weighted average exercise price $**	**No. of options**	**Weighted average exercise price $**
Outstanding at beginning of year	18,450,000		23,550,126		18,450,000		23,550,126	
Granted	2,000,000		5,818,750		2,000,000		5,818,750	
Forfeited	-		-		-		-	
Exercised	(10,100,000)		(10,918,876)		(10,100,000)		(10,918,876)	
Expired	-		-		-		-	
Outstanding at year-end	10,350,000	$0.487	18,450,000	$0.381	10,350,000	$0.487	18,450,000	$0.381
Exercisable at year-end	9,680,000		17,450,000		9,680,000		17,450,000	

NOTE 28: SHARE-BASED PAYMENTS (CONTINUED)

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

	Issued on 01/07/07	Issued on 29/09/07	Total issued in 2008
Weighted average exercise price	$0.800	$0.697	$0.718
Weighted average life of the option	1 year	1.5 years	1.4 years
Underlying share price	$0.865	$0.700	$0.733
Expected share price volatility	77.447%	77.447%	77.447%
Risk free interest rate	6.35%	6.38%	6.37%
Number of options issued	400,000	1,600,000	2,000,000
Value (Black-Scholes) per option	$0.453	$0.447*	$0.448
Total value of options issued	$181,201	$241,793	$422,994

* 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 Income Statement is $422,994 (2007: $2,327,632), and relates, in full, to equity-settled share-based payment transactions.

NOTE 29: COMPANY DETAILS

The company's registered office and principal place of business is located at:

Unit 3, 1 Potts Street
East Brisbane Qld 4169

Company Secretary: John Kevin Haley

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes:

   (a) comply with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2008 and performance for the year ended on that date of the company and economic entity,

2. The financial statements also comply with International Financial Reporting Standards as disclosed in note 1.

3. The Remuneration Report as set out in the Directors' Report complies with Section 300A of The Corporations Act 2001.

4. The Managing Director and Chief Financial Officer have declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Australian Accounting Standards (including Australian Accounting Interpretations); and

   (c) the financial statements and notes for the financial period give a true and fair view.

5. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A L GILLIES
Director

D K BARWICK
Director

Dated at Brisbane this 24th day of September 2008

BDO Kendalls

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ABN 70 202 702 402

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF METALLICA MINERALS LIMITED

Report on the Financial Report

We have audited the financial report of Metallica Minerals Limited, which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial report 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 opinions.

BDO Kendalls

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF METALLICA MINERALS LIMITED (CONTINUED)

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 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion the financial report of Industrea Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of its performance for the year ended on that date;

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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

Emphasis of Matter Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As set out in Note 1, the financial statements have been prepared on a going concern basis. The ability of the company and economic entity to maintain continuity of normal business activities and to pay its debts as and when they fall due is dependent upon the ability of the company to raise capital, and or successfully explore and subsequently exploit the company and economic entity's tenements.

No adjustments have been made to the carrying value of assets or recorded amount of liabilities should this financial support not continue.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. 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.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF METALLICA MINERALS LIMITED (CONTINUED)

Auditor's Opinion

In our opinion, the Remuneration Report of Industrea Limited for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

BDO Kendalls (QLD)

BDO Kendalls

C R Jenkins
Partner

Brisbane
24 September 2008

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 19 September 2008.

Distribution of equity securities. The number of holders, by size of holding, in each class of security are:

	Ordinary shares	
	Number of holders	**Number of shares**
1-1,000	94	73,722
1,001-5,000	471	1,488,742
5,001-10,000	367	3,142,395
10,001-100,000	622	19,201,827
100,001 and over	101	88,525,942
Total	1,655	112,432,628

	Unlisted $0.20 options exercisable on or before 31 December 2008		Unlisted $0.25 options exercisable on or before 31 December 2009	
	Number of holders	**Number of options**	**Number of holders**	**Number of options**
100,001 and over	5	2,500,000	1	500,000
Total	5	2,500,000	1	500,000

	Unlisted $0.50 options exercisable on or before 31 December 2009		Unlisted $0.30 options exercisable on or before 21 March 2009	
	Number of holders	**Number of options**	**Number of holders**	**Number of options**
100,001 and over	3	2,000,000	1	1,000,000
Total	3	2,000,000	1	1,000,000

	Unlisted $0.65 options exercisable on or before 28 September 2012		Unlisted $0.30 options exercisable on or before 21 December 2009	
	Number of holders	**Number of options**	**Number of holders**	**Number of options**
100,001 and over	12	1,100,000	1	400,000
Total	12	1,100,000	1	400,000

	Unlisted $0.80 options exercisable on or before 31 December 2009	
	Number of holders	**Number of options**
100,001 and over	11	2,850,000
Total	11	2,850,000

Ordinary Shares - The number of security investors holding less than a marketable parcel of 1563 securities with the closing price of $0.32 on 19 September 2008 is 153 and they hold 152,309 securities.

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

SHAREHOLDER INFORMATION

Twenty largest Shareholders

The names of the twenty largest shareholders, in each class of security are:

Rank	Investor	Current Balance	% Issued Capital
1.	Kagara Zinc Limited	19,718,730	17.54
2.	Resource Capital Fund III LP	12,000,000	10.67
3.	Golden Breed Pty Ltd	8,400,000	7.47
4.	Bondline Limited	4,910,966	4.37
5.	Codan Trustees<The Mount Cotton Account>	2,500,000	2.22
6.	Asden Investments Pty Ltd	2,418,474	2.15
7.	Colwell Kennedy Australia	2,000,000	1.78
8.	China Xinfa Group Corporation Limited	1,964,386	1.75
9.	Resource Captial Fund III LP	1,473,290	1.31
10.	Resource Capital Fund IV LP	1,473,290	1.31
11.	Mr Paul Dostal + Mrs Jennifer Maria Dostal <Dostal Super Fund A/C	1,400,000	1.25
12.	Mr Robert John Gillies	1,372,429	1.22
13.	Judith Emily Ruwolt	1,271,911	1.13
14.	Transmere Pty Ltd	1,200,000	1.07
15.	Minnelex Pty Ltd	1,147,668	1.02
16.	Mr Roderick William Siller	1,060,000	0.94
17.	Select Resources Pty. Ltd	1,007,410	0.90
18.	Shane Colin Mardon	833,000	0.74
19.	Ryahec Pty Ltd	813,933	0.72
20.	Mr Anthony Bruce Perkins	769,540	0.68
TOTAL		67,735,027	60.24

Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of shares
Kagara Zinc Limited	19,718,730
Golden Breed Pty Ltd	8,400,000
Resource Capital Fund III L.P	13,473,290
Resource Capital Fund IV L.P	1,473,290

Voting rights

Each ordinary share has one vote at any meeting of members.

Restricted securities

There are no restricted securities (held in escrow) that are on issue.

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

DIRECTORS' REPORT

Your directors present their report on the economic entity consisting of Metallica Minerals Limited and the entities it controlled at the end of, or during the year ended 30 June 2008.

1. THE DIRECTORS

The following persons were directors of the Company during the financial year and up to date of this report:

David Barwick-Age 64	—	***Non-Executive Chairman***
Qualifications	—	N/A
Experience and other Directorships in listed entities	—	Appointed Chairman and Board member on 11 March 2004. Chairman of • Macarthur Minerals Limited-Appointed 24/10/2005-Continuing • Manaccom Corporation Limited (formerly Jumbo Corporation Limited)-appointed 28/8/2006-Continuing
Interest in Shares and Options	—	295,000 Ordinary Shares in Metallica Minerals Ltd and options to acquire a further 1,000,000 ordinary shares
Special Responsibilities	—	Chairman of the Audit Committee
Directorships formerly held in other listed entities	—	Previous Director of • International Gold Mining Limited-appointed 15/08/2006-Resigned 31 August 2007 • Morningstar Holdings (Australia) Limited-appointed 12/10/2006-Resigned 30/08/2007 • Global Approach Limited-Appointed 29/11/1996- Resigned 26/10/2007.
Andrew Gillies-Age 45	—	***Managing Director***
Qualifications	—	Bachelor of Science (Geology), MAusIMM
Experience	—	Appointed Director on 15 January 1997
Interest in Shares and Options	—	8,870,000 Ordinary Shares in Metallica Minerals Ltd and options to acquire a further 1,850,000 ordinary shares
Special Responsibilities	—	Managing Director, Member of Audit Committee
Directorships held in other listed entities	—	N/A

DIRECTORS' REPORT

1. THE DIRECTORS CONTINUED

Mark Ashley-Age 50	—	***Non Executive Director***
Qualifications	—	Fellow Chartered Institute of Management Accountants (FCMA)
Experience	—	Appointed Director on 22 November 2006
Interest in Shares and Options	—	Options to acquire 500,000 ordinary shares Mark Ashley is a Director of Kagara Zinc Limited which holds 19,718,730 shares in Metallica Minerals Limited.
Special Responsibilities	—	N/A
Directorships held in other listed entities	—	Kagara Zinc Limited-appointed 23 July 2003 Apex Minerals Limited-appointed 18 April 2006
Directorships formerly held in other listed entities	—	Previous Director of • Tianshan Goldfields Limited -appointed 11 April 2006 ceased 7 September 2007

Peter Nicholson-Age 32	—	***Non Executive Director***
Qualifications	—	Bachelor of Engineering (Mining), Graduate Diploma in Applied Finance and Investment, F Fin, MAusImm, MAICD (Member Australian Institute of Company Directors).
Experience	—	Appointed Director on 11 May 2006
Interest in Shares and Options	—	Peter Nicholson is an employee of Resource Capital Funds Management Pty. Ltd, which is the Manager of Resource Capital Fund III and IV L.P. which together hold 14,946,580 shares in Metallica Minerals Limited. Resource Capital Funds Management Pty. Ltd holds 500,000 options to acquire shares in Metallica Minerals Limited.
Special Responsibilities	—	Member of Audit Committee
Directorships held in other listed entities	—	N/A

John Haley-Age 46	—	***Executive Director, Company Secretary, Chief Financial Officer***
Qualifications	—	Bachelor of Commerce, MBA, GradCert (Marketing), Grad Dip CSP, FCA, FFINA, FTIA
Experience	—	Appointed Company Secretary on 16 October 2003 and Director on 22 December 2003.
Interest in Shares and Options	—	275,000 Shares in Metallica Minerals Ltd and Options to acquire a further 1,250,000 ordinary shares
Special Responsibilities	—	Company Secretary and Chief Financial Officer
Directorships held in other listed entities	—	N/A

DIRECTORS' REPORT

2. PRINCIPAL ACTIVITIES OF THE ECONOMIC ENTITY

The principal activities of the economic entity during the course of the financial year were in mineral exploration and progressing development of its various mineral projects.

3. OPERATING RESULTS

The profit of the economic entity for the year was $10,544,569 (30 June 2007: loss of $164,312). This included non-cash items of $422,994 for option expense and $1,250,000 for the reversal of a provision against a loan to, Cape Alumina Pty. Ltd, an associated entity.

As at 30 June 2008, the economic entity had cash and cash equivalents of over $7 million with total current liabilities of approximately $593,000.

The economic entity's strategy for future years is to continue the exploration, evaluation and development of its Projects, and to sell or joint venture non-core assets. The economic entity believes it's future strategy is achievable.

4. DIVIDENDS

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend since 30 June 2008 and to the date of this report.

5. REVIEW OF ACTIVITIES

A review of activities of the economic entity during the financial year is set out in the section entitled "Activities Review" in the Economic Entity's Annual Report.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the economic entity during the year other than that referred to in the Financial Report or notes thereto.

7. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year end, the economic entity sold 25 million shares in Cockatoo Coal Limited (ASX: COK) for gross proceeds of $20 million dollars. This transaction was completed on 22 July 2008.

Except for the above no matter or circumstance has arisen since 30 June 2008 that has significantly affected, or may significantly affect:

a) the economic entity's operations in the future financial years; or
b) the results of those operations in future financial years; or
c) the economic entity's state of affairs in future financial years

8. LIKELY DEVELOPMENTS

During 2009 and onwards the Company plans to actively continue the exploration and evaluation of its flagship project – NORNICO and undertake feasibility studies on the heap leach processing of nickel laterites. The Company also intends to continue its exploration programmes, including with its joint venture partners, Straits Resources Limited, Metals Finance Corporation, Matilda Minerals Limited and Mega Uranium Limited.

The Company is planning to list both Metrocoal Limited, in which it currently has a shareholding of approximately 84% of the issued capital, and Cape Alumina Limited, in which it currently has a shareholding of approximately 40% of the issued capital, on the Australian Securities Exchange in the 2009 Financial Year.

9. ENVIRONMENTAL REGULATIONS

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

10. SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at 30 June 2008 are as follows:

Date options granted	Expiry Date	Exercise Price	Number under option
17 November 2005	31 December 2008	20 cents	2,500,000
22 November 2006	31 December 2009	25 cents	500,000
22 November 2006	31 December 2009	50 cents	2,000,000
12 February 2007	31 December 2009	80 cents	1,950,000
21 March 2007	21 March 2009	30 cents	1,000,000
12 February 2007	31 December 2009	30 cents	400,000
1 July 2007	31 December 2009	80 cents	400,000
23 November 2007	31 December 2010	80 cents	500,000
29 September 2007	28 September 2012	65 cents	1,100,000
			10,350,000

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

During the year, the following shares were issued on the exercise of options:
100,000 options issued to an employee were exercised at 30 cents. 6,000,000 placement options were exercised at 30 cents and 4,000,000 placement options were exercised at 40 cents

11. DIRECTORS' MEETINGS AND SHAREHOLDING INTERESTS

The number of directors' meetings held during the financial year and the number of meetings attended by each director whilst a Director and the relevant interests of each director in the share capital of the Company, as notified to the Australian Stock Exchange in accordance with S205(G) of the Corporations Act 2001, as at the date of this report is as follows:

Director	Meetings of Directors Held	Meetings of Directors Attended	Directors Interest in shares of the Company at date of this Report	Directors Interest in options of the Company at date of this Report
Andrew Langham Gillies	8	8	9,150,000	1,850,000 Directors Options
David Keith Barwick	8	8	295,000	1,000,000 Directors Options
Mark John Ashley*	8	6	Nil	500,000 Directors Options
John Kevin Haley	8	8	275,000	1,250,000 Directors Options
Peter Bruce Nicholson**	8	8	Nil	Nil

*Mark Ashley is a Director of Kagara Zinc Limited which holds 19,718,730 shares in Metallica Minerals Limited.

**Peter Bruce Nicholson is an employee of Resource Capital Funds Management Pty. Ltd, an entity related to Resource Capital Fund III and IV L.P. which together hold 14,946,580 shares in Metallica Minerals Limited. Resource Capital Funds Management Pty. Ltd holds 500,000 options to acquire shares in Metallica Minerals Limited at 25 cents.

The number of meetings of the Audit Committee held during the year and the number of meetings attended by each member of the Audit Committee is as follows:

Director	Meetings of Audit Committee Held	Meetings Of Audit Committee Attended
Andrew Langham Gillies	2	2
David Keith Barwick	2	2
Peter Bruce Nicholson	2	2

12. REMUNERATION REPORT - AUDITED

(a) Remuneration Practices

The company's policy for determining the nature and amount of emoluments of key management personnel, including Board members and other key management personnel of the company is set out below.

DIRECTORS' REPORT

The remuneration structure for key management personnel, excluding non-executive directors, is set by the Board of Directors 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 company. Refer (c) below for further details. The contracts for service between the company and key management personnel are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement key management personnel excluding non- executives are paid employee benefits accrued to date of retirement. No other termination benefits are payable under service contracts. Any options issued under the Company's Employee Share Ownership Plan not exercised before or on the date of termination lapse 3 months after termination.

The table below sets out summary information about the Consolidated Entity's earnings, movements in shareholders wealth for the four years to 30 June 2008:

Description	30 June 2008	30 June 2007	30 June 2006	30 June 2005
Revenue	$651,289	$493,418	$175,603	$170,286
Net profit/(loss) before tax	$14,185,492	($164,312)	($1,639,913)	($646,708)
Net profit(loss) after tax	$10,544,569	($164,312)	($1,639,913)	($646,708)
Basic earnings/(loss) per share (cents)	0.0974	(0.0017)	(2.10)	(1.13)
Diluted earnings/(loss) per share (cents)	0.0896	0.0184	(1.75)	(0.98)

There were no dividends paid or returns of capital by the Consolidated Entity in the previous four years.

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 10 May 2004 and is currently $200,000 per annum. The amount paid to Non-executive Directors during the year to 30 June 2008 was $147,994.

The Company has adopted a policy in respect of employees and directors trading in the Company's securities. No formal policy has been adopted regarding employees and directors hedging exposure to holdings of the Company's securities. No employees or directors have hedged their exposures.

The company has a Directors Option Plan and an Employee Share Ownership Plan 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 serve to align the interests of key management personnel with the company's shareholders.

The key management personnel of Metallica Minerals Limited and the consolidated entity includes the directors, Mr Andrew Gillies, Mr John Haley, Mr David Barwick, Mr Peter Nicholson and Mr Mark Ashley, and Mr Pat Smith an executive officer. These personnel have authority for planning, directing and controlling the activities of the company and the consolidated entity

METALLICA MINERALS LIMITED
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DIRECTORS' REPORT

12. REMUNERATION REPORT – AUDITED (CONTINUED)

2008

Remuneration

Economic Entity	**Short-term employee benefits**	**Bonus**	**Share Based Remuneration**	**Post Employment Benefits**	**Total**	**Performance Related Percentage**	**% consisti of optio**
	Salary, fees & commission		Options	Superannuation			
	$	**$**	**$**	**$**	**$**	**%**	**%**
Directors							
DK Barwick	54,000	-	-	-	54,000	-	
AL Gillies	203,057	5,000	63,354	28,775	300,186	23	2
JK Haley	60,917	5,000	45,254	49,083	160,254	31	2
PB Nicholson**	24,600	-	-	-	24,600	-	
MJ Ashley	24,600	-	43,174	1,620	69,394	62	6
Other key Management Personnel							
P. Smith	98,621	-	12,670	13,104	124,395	10	1
Total	465,795	10,000	164,452	92,582	732,829		

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DIRECTORS' REPORT

12. REMUNERATION REPORT – AUDITED (CONTINUED)

2007
Remuneration

Economic Entity	**Short-term employee benefits** Salary, fees & commission	**Share Based Remuneration** Options	**Post Employment Benefits** Superannuation	**Total**	**Performance Related Percentage**	**% consisting of options**
	$	**$**	**$**	**$**	**%**	**%**
Directors						
DK Barwick	68,350	137,905	-	206,255	66	66
AL Gillies	173,170	275,810	49,768	498,748	55	55
JK Haley	93,430	137,905	-	231,335	60	60
B. Smith	7,515	-	-	7,515	-	-
PB Nicholson**	20,350	173,426	-	193,776	89	89
MJ Ashley	4,310	-	7,400	11,710	-	-
Other key Management Personnel						
P. Smith	91,743	223,500	8,257	323,500	69	69
Total	458,868	948,546	65,425	1,472,839		

Note (*) non-cash benefit – deemed option value
Note (**) amounts paid in respect of Mr. Nicholson are paid to Resource Capital Funds Management Pty. Ltd an entity related to Resource Capital Fund III and IV L.P.
2007 remuneration above includes an equal proportion of premiums paid for directors and officers liability insurance.

(b) Performance income as a proportion of total remuneration

Executive directors and executives are paid performance based bonuses based on set monetary figures, rather than as proportions of their salary. Bonuses are also paid in the form of stock options. This has led to the proportions of remuneration related to performance varying between individuals. The Company has set bonuses with performance conditions to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth of the group. Performance conditions generally include progressing the company's projects toward production, and funding the company by disposals of non-core assets either by sale or otherwise on satisfactory terms.

At the end of the year, the Board of Directors compare the actual performance of the executives and executive Directors against the performance conditions set by the Board of Directors for that individual and assess whether or not the conditions have been met. This method of assessment was chosen as it provides the Board of Directors with an objective assessment of the individuals performance.

The Board of Directors will review the performance conditions to gauge their effectiveness against achievement of the set goals, and adjust future year's incentives as they see fit, to ensure use of the most cost effective and efficient methods.

12. REMUNERATION REPORT – AUDITED (CONTINUED)

(c) Managing Directors and Executive Directors Contract

The Company has entered into a contract with Mr. Andrew Langham Gillies, the Managing Director of the Company. Key terms of the contract are:

- The contract has term commencing on 12 February 2007 and ending on 22 March 2009.
- The contract may be terminated by 3 months notice from either party.
- The contract is to be reviewed annually by the Board of Directors.

The Company has entered into a contract with Mr. John Kevin Haley, an Executive Director, Chief Financial Officer and Company Secretary of the Company. Key terms of the contract are:

- The contract has a 2 year term commencing on 1 July 2007.
- The contract may be terminated by 3 months notice from either party.
- The contract is to be reviewed annually by the Board of Directors.

(d) Options issued as part of remuneration

Options are issued to directors and executives as part of their remuneration. The options are not issued solely on performance criteria, but are also issued to all directors and executives of Metallica Minerals Limited and it's subsidiaries to increase goal congruence between executives, directors and shareholders.

(e) Remuneration Options

Key Management Personnel options with a value of $164,452 were granted as remuneration during the year.

12. REMUNERATION REPORT – AUDITED (CONTINUED)

(f) Options issued as part of remuneration for the year ended 30 June 2008 and 30 June 2007

Options Granted as Remuneration
Terms and Conditions for Each Grant

Key Management Personnel	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date $	Exercise Price $	First Exercise Date	Last Exercise and Expiry Date
Mr D K Barwick	500,000 500,000	500,000 500,000	17/11/2005 22/11/2006	0.11 0.28	0.20 0.50	17/11/2005 22/11/2006	31/12/2008 31/12/2009
Mr A L Gillies	500,000 1,000,000 -	500,000 1,000,000 350,000	17/11/2005 22/11/2006 28/09/2007	0.11 0.28 0.23	0.20 0.50 0.65	17/11/2005 22/11/2006 28/9/2009	31/12/2008 31/12/2009 28/9/2012
Mr J K Haley	500,000 500,000 -	500,000 500,000 250,000	17/11/2005 22/11/2006 28/09/2007	0.11 0.28 0.23	0.20 0.50 0.65	17/11/2005 22/11/2006 28/05/2009	31/12/2008 31/12/2009 28/9/2012
Mr P B Nicholson*	500,000	500,000	22/11/2006	0.35	0.25	22/11/2006	31/12/2009
Mr M J Ashley	500,000	500,000	28/09/2007	0.05	0.80	31/12/2010	31/12/2010
Mr P Smith	500,000 500,000	500,000 500,000 70,000	17/11/2005 12/02/2007 28/09/2007	0.11 0.45 0.23	0.20 0.80 0.65	17/11/2005 12/02/2007 28/09/2009	31/12/2008 31/12/2009 28/09/2012

*Peter Nicholson has assigned his options to Resource Capital Funds Management Pty. Ltd

100% of these options vested immediately and are therefore exercisable except for 350,000 options exercisable at 65 cents granted to Mr. Andrew Gillies, 250,000 options exercisable at 65 cents granted to Mr. John Haley, and 70,000 options exercisable at 65 cents granted to Pat Smith which are all only exercisable after 28 September 2009. Options are granted to directors and key management personnel as determined by the directors subject to shareholder approval being obtained when required.

0 % of options were forfeited during the year.

$0 of options lapsed during the year.

Exercise price is as determined by the directors but is largely based on market price of the company's shares at the time of grant.

All options were granted for nil consideration.

$0 of options were exercised during the year by key management personnel.

DIRECTORS' REPORT

13. NON-AUDIT SERVICES

During the year, BDO Kendalls (QLD), the Company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor;
- the non-audit services do not undermine the general principles relating to auditor independence;
- as set out in APES110 Code of Ethics for Professional Accountants, they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The following fees for non-audit services were paid/payable to the BDO Kendalls (QLD) during the year ended 30 June 2008: Taxation services $28,860.

14. INDEMNIFICATION OF OFFICERS OR AUDITOR

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 Ltd. 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.

The Company has not indemnified its auditor.

15. PROCEEDINGS ON BEHALF OF A COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

METALLICA MINERALS LIMITED
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DIRECTORS' REPORT

16. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 13 of the directors' report.

This report is made in accordance with a resolution of the Directors.

Signed:

D K Barwick
Chairman

24 September 2008

BDO Kendalls

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ABN 70 202 702 402

24 September 2008

The Directors
Metallica Minerals Ltd
GPO Box 122
BRISBANE QLD 4001

Dear Directors

AUDITOR'S INDEPENDENCE DECLARATION

In relation to our audit of the Financial Report of Metallica Minerals Ltd for the year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Yours faithfully,
BDO Kendalls (QLD)

Craig Jenkins
Partner

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CORPORATE GOVERNANCE STATEMENT

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX Best Practice Recommendations in the reporting period. These recommendations are guidelines designed to produce an efficiency, quality or integrity outcome. The recommendations are not prescriptive so that if a company considers that a recommendation is inappropriate having regard to its own circumstances, the company has the flexibility not to follow it. Where a company has not followed all the recommendations, the annual report must identify which recommendations that have not been followed and give reasons for not following them.

A table has been included at the end of this statement which sets out the ASX Best Practice Recommendations and states whether the Company has complied with each recommendation in the reporting period. Where the Company considered it was not appropriate to comply with a particular recommendation the reasons are set out in the notes referenced in the table.

Role of the Board

The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of shareholders which it accomplishes by:

- establishing corporate governance, and ethical, business standards;
- setting and monitoring objectives, goals and strategic direction with a view to maximising shareholder value;
- approving and monitoring budgets and financial performance;
- ensuring adequate internal controls exist and are appropriately monitored for compliance;
- ensuring significant business risks are identified and appropriately managed;
- approving of financial and other reporting, and announcements prior to lodgement with the ASX and release to shareholders;
- ensuring the composition of the Board is appropriate, selecting directors for appointment to the Board and reviewing the performance of the Board and the contributions of individual directors;
- setting remuneration policy;

The Board has delegated responsibilities and authorities to management to enable management to conduct the Company's day to day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits or do not form part of the approved budget, require Board approval.

Board Processes

The Board of Metallica Minerals Limited meets on a regular basis. The agenda for these meetings is prepared by the Managing Director and Company Secretary in conjunction with the directors. Relevant information is circulated to Board members in advance of the meetings.

Composition of the Board

At the date of this report the Board comprises two executive directors and three non-executive directors, one of whom is an independent director.

METALLICA MINERALS LIMITED
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CORPORATE GOVERNANCE STATEMENT

Director	Appointed	Non-Executive	Independent	Retiring at 2008 AGM	Seeking re-election at 2008 AGM
A Gillies	15 January 1997	No	No	No	N/A
D Barwick	11 March 2004	Yes	Yes	Yes	Yes
M Ashley	22 November 2006	Yes	No	Yes	N/A
J Haley	22 December 2003	No	No	Yes	N/A
P Nicholson	11 May 2006	Yes	No	Yes	Yes

The Directors are subject to re-election by shareholders. All Directors, apart from the Managing Director, are subject to re-election by rotation within every three years. The Company's Constitution provides that one-third of the Directors retire by rotation each AGM. Those Directors who are retiring may submit themselves for re-election by shareholders, including any Director appointed to fill a casual vacancy or recruited since the date of the last AGM.

The current Directors have a broad range of qualifications, experience and expertise in managing mineral exploration companies refer to the Directors section of the Directors' Report.

Independence of Non-Executive Directors
The board considers an independent director to be a non-executive director who meets the criteria for independence included in the ASX Best Practice Recommendations. The Board considers that David Barwick meets these criteria.

Director Access to Independent Professional Advice
The Company acknowledges that Directors require high quality information and advice on which to base their decisions and considerations. With the prior approval of the Chairman, all Directors have the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as directors. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient.

Company Materiality Threshold
The Board acknowledges that assessment on materiality and subsequent appropriate thresholds are subjective and open to change.

The Board has considered quantitative, qualitative and cumulative factors when determining the materiality of a specific relationship of directors.

Ethical Standards
As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibility to the environment and the community.

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CORPORATE GOVERNANCE STATEMENT

Board Committees
As at the date of this report, the Company does have an Audit but does not have a Nomination or Remuneration Committee of the Board of Directors. The full Board of Directors undertake the role of these two individual committees. Given the composition of the Board and the size of the Company, it is felt that individual committees are not yet warranted, however it is expected that as the Company's operations expand that each of these committees will be established.

Continuous Disclosure and Shareholder Communication
The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market. In accordance with continuous disclosure requirements under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. All information disclosed to the ASX is posted on the company's website www.metallicaminerals.com.au.

Shareholders are forwarded documents if requested relating to each Annual General Meeting, being the Annual Report, Notice of Meeting and Explanatory Memorandum and Proxy Form, and are invited to attend these meetings. The Company's External Auditor is also present at Annual General Meetings to answer any queries shareholders may have with regard to the audit and preparation and content of the Audit Report.

The Company actively encourages shareholders to provide their email contact details so that they can receive all ASX releases as they are released to the market.

Managing Business Risk
The Board constantly monitors the operational and financial aspects of the company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. Duties in relation to risk management that are conducted by the Directors include but are not limited to:

- initiate action to prevent or reduce the adverse effects of risk;
- control further treatment of risks until the level of risk becomes acceptable;
- identify and record any problems relating to the management of risk;
- initiate recommend or provide solutions through designated channels;
- verify the implementation of solutions; and
- communicate and consult internally and externally as appropriate; and
- to inform investors of material changes to the company's risk profile.

Ongoing review of the overall risk management program (inclusive of the review of adequacy of treatment plans) is conducted by external parties where appropriate.

The board ensures that recommendations made by the external parties are investigated and, where considered necessary, appropriate action is taken to ensure that the company has an appropriate internal control environment in place to manage the key risks identified.

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CORPORATE GOVERNANCE STATEMENT

Board Performance Evaluations
The evaluation of individual board members performance is undertaken by the Chairman. During the reporting period, board performance evaluations of the current board have not been conducted, as an evaluation criteria is yet to be agreed upon.

ASX Best Practice Recommendations

The table below contains each of the ASX Best Practice Recommendations. Where the Company has complied with a recommendation during the reporting period, this is indicated with a "Yes" in the appropriate column. Where the Company considered it was not appropriate to comply with a particular recommendation, this is indicated with a "No" and the Company's reasons are set out in the corresponding note appearing at the end of the table.

	Description	**Complied**	**Note**
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	Yes	
2.1	A majority of the Board should be independent directors	No	2
2.2	The Chairperson should be an independent director.	Yes	
2.3	The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.	Yes	
2.4	The Board should establish a Nomination Committee.	No	2
2.5	Provide the information indicated in the Guide to reporting on Principle 2.	No	N/A
3.1	Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent) and any other key executives as to:		
3.1.1	the practices necessary to maintain confidence in the Company's integrity;	Yes	
3.1.2	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
3.2	Disclose the policy concerning trading in company securities by directors, Officers and Employees.	Yes	
3.3	Provide the information indicated in the Guide to reporting on Principle 3.	Yes	
4.1	Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards.	Yes	
4.2	The Board should establish an Audit Committee.	Yes	

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ASX Best Practice Recommendations (Continued)

	Description	Complied	Note
4.3	Structure the Audit Committee so that it consists of:		
	• only Non-Executive Directors	No	2
	• a majority of Independent Directors	No	
	• an independent Chairperson, who is not chairperson of the Board	No	2
	• at least three members.	Yes	3
4.4	The Audit Committee should have a formal charter.	Yes	
4.5	Provide the information indicated in the Guide to reporting on Principle 4	Yes	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements to ensure accountability at a senior management level for that compliance.	Yes	
5.2	Provide the information indicated in the Guide to reporting on Principal 5.	Yes	
6.1	Design and disclose a communication strategy to promote effective communication with the shareholders and encourage effective participation at general meetings.	Yes	
6.2	Request the external auditor to attend the Annual General Meeting and be available to answer questions about the conduct of the audit and the preparation and content of the auditors report.	Yes	
7.1	The Board or appropriate Board Committee should establish policies on risk oversight and management	Yes	
7.2	The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that:		
7.2.1	the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board	Yes	
7.2.2	the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects	Yes	
7.3	Provide the information indicated in the Guide to reporting on Principal 7.	Yes	
8.1	Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.	No	2

	Description	Complied	Note
9.2	The Board should establish a Remuneration Committee.	No	2
9.3	Clearly distinguish the structure of Non-Executive Directors remuneration from that of Executives.	Yes	
9.4	Ensure that payment of equity-based Executive remuneration is made in accordance with thresholds set in plans approved by shareholders	Yes	
9.5	Provide the information in the Guide to Reporting on Principal 9	Yes	
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations.	Yes	

Notes

1. The Company has compiled relevant corporate governance documentation, such as charters, codes of conduct, and policies, which have been placed on the Company's website under the heading "Corporate Governance".

2. As at the date of this report, the Company does not have a Remuneration or Nomination Committee of the Board of Directors, and does not have a majority of independent Directors. The full Board of Directors undertake the role of the individual committees. Given the composition of the Board and the size of the Company, it is felt that individual committees are not yet warranted, and a majority of independent Directors is not achievable, however it is expected that as the Company's operations expand that each of these committees will be established and if possible the Company will increase the number of independent Directors.

3. The Chairman of the Company is also Chairman of the audit committee as he is deemed to be the only available non-executive director with the appropriate accounting experience to undertake the position.