



Friday 3 April 2009

Dear QOL Shareholder

## ACCEPT Metallica's offer for Queensland Ores Limited (QOL)

As you may be aware, Metallica recently announced a proposed merger with QOL by offering 1 Metallica share for every 22 QOL shares (**Metallica Offer**).

### Attractive price

Metallica's Offer values QOL at approximately **\$2.3 million** and represents a **premium** of approximately:

- ❖ **49% over QOL's share price** and
- ❖ **25 % over the value of the Outback Metals bid,**

based on the closing prices of Metallica (23 cents), QOL (0.7 cents) and OUM (4 cents) on the date of the announcement (1 April 2009).

### QOL Board recommendations

The QOL Board has today released a Supplementary Target's Statement stating that they:

- ❖ recommend that you **DO NOT ACCEPT the Outback Metals Offer**
- ❖ will be giving a recommendation to **ACCEPT the Metallica Offer**, in the absence of a Superior Proposal providing that the Metallica Offer is consistent with the announcement to the ASX.
- ❖ each Director intends to **ACCEPT the Metallica Offer** in respect of the QOL shares that they hold, in the absence of a Superior Proposal

### Benefits of merger with Metallica

Metallica believes that a merger would enhance value for both Metallica and QOL shareholders, combine resource assets and provide a platform for growth when the market inevitably improves.

The benefits for QOL shareholders include:

- **Balance sheet strength of Merged Group** - Metallica currently has substantial cash reserves (with no debt) of approximately \$20 million. This will assist QOL continue as a going concern and give the merged group the ability to progress its interests.
- **Clear strategy** - Metallica has a clear strategy focussed on creating value from its diversified minerals portfolio for both sets of shareholders.



- **Attractive asset package-** the Merged Group will have:
  - A diversified portfolio of Queensland mineral assets, including major resource interests in nickel, cobalt, coal, bauxite, zircon, rutile, scandium, limestone, tungsten, molybdenum, copper and gold;
  - 100% of Metallica's NORNICO nickel cobalt project where substantial work has been completed on the Bell Creek, Minnamoolka and Kokomo nickel-cobalt deposits;
  - Major investments in coal (through the 84% owned unlisted Metrocoal Limited), and bauxite (through 32% of the listed Cape Alumina Limited, ASX-CBX);
  - The possibility of the Wolfram Camp Mo-W mine, after further evaluation, being re-commissioned when metal prices recover.
  - The Mount Cannindah Copper Gold exploration project.

If the merger was completed, QOL shareholders would hold approximately 8% of the Merged Group.

**You will receive our formal offer document in the mail shortly after Easter.** The details of the Offer, instructions on how to accept the Offer and the reasons why you should accept the Offer will be outlined in that document.

The Offer period is expected to commence on **9 April 2009** and close, unless extended, on **11 May 2009**.

The Directors of Metallica encourage you to accept the Metallica offer.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Gillies', written in a cursive style.

Mr Andrew Gillies  
Managing Director

