



METALLICA MINERALS LIMITED

Subsidiary Companies

NORNICO Pty Ltd ACN 065 384 045 | Oresome Australia Pty Ltd ACN 071 762 484 | Greenvale Operations Pty Ltd ACN 139 136 708
Lucky Break Operations Pty Ltd ACN 126 272 580 | Scandium Pty Ltd ACN 138 608 894 | Phoenix Lime Pty Ltd ACN 096 355 761

ABN: 45 076 696 092

15 October 2010

ASX RELEASE

METROCOAL LIMITED

Metallica Minerals Limited (ASX-MLM) advises MetroCoal Limited (ASX-MTE) which Metallica holds approximately 56% shareholding has released an announcement to the market regarding a Share Placement to raise \$10.5 Million.

The MetroCoal Limited ASX release is attached.

For more information contact:

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Director
Metallica Minerals Limited
Phone: 07 3249 3000



ACN 117 763 443

ASX ANNOUNCEMENT

15 October 2010

METROCOAL TO RAISE \$10.5 MILLION

MetroCoal Limited (**ASX: MTE**) is pleased to advise it has agreed to place 35 Million Shares at an issue price of 30 cents per share to raise a gross amount of funds totalling \$10.5 Million.

The proceeds of the capital raising will be used for:

- acceleration of the exploration activity across MetroCoal's extensive tenement portfolio including a focus on the Bundi Project area;
- funding early commitments for planned infrastructure participation, namely the expansion of Stage 2 of Wiggins Island;
- additional working capital; and
- offer costs.

The Placement is being done to institutional and sophisticated investor clients under the provisions of Section 708 of the Corporations Act with Patersons Securities Limited acting as Lead Manager to the offer.

MetroCoal has previously announced an inferred resource of 292Mt¹ in its Bundi Project area. The Company plans to increase its exploration and evaluation program in this project.

MetroCoal is also seeking to participate in the planned infrastructure programs that will provide rail and port capacity for the highly prospective Surat Basin region. Funds raised from this placement will be used for participation in the Feasibility process for Stage 2 of the expansion of the Wiggins Island port in Gladstone.

The placement will be undertaken in two tranches. Approximately 21m shares will be issued on or about 18 October 2010. The balance of 14 million shares is subject to shareholder approval that will be sought at the upcoming Annual General Meeting.

For further information, please contact:

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Further information on MetroCoal can be found on our website www.metrocoal.com.au

¹ See MTE ASX Release 21 June 2010 – 500% Increase in Bundi Resource to 292Mt



About MetroCoal Limited (ASX code: MTE)

MetroCoal is an Australian based emerging coal and energy company focused on its 100% owned coal projects in the Surat Basin in South East Queensland.

MetroCoal's vision is to build a substantial cleaner energy and coal business based on:

1. Export thermal coal from underground mining and where possible, open cut mining; and
2. Underground Coal Gasification ('UCG') with small scale power generation and an integrated gas synthesis process producing high quality, clean liquid fuel (e.g. clean diesel and jet fuel), chemicals and fertilizers.

MetroCoal holds extensive coal exploration tenements in the Surat Coal Basin covering approximately 4,000km². These tenements are down dip of well known resources including Wandoan, Elimatta, Cameby Downs and Woori. Based on the geological information from the historic drilling programs and its own drilling results, MetroCoal has a thermal coal Exploration Target of between **2.5 and 3.5 billion tonnes*** with a JORC Code classification of "inferred" or better, by December 2011 for evaluation for conventional underground coal mining and where more suited - UCG.

**The potential quantity and quality is conceptual in nature, and that there has been insufficient exploration to define a Mineral Resource or Ore Reserve and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.*

Competent Person Statement

The information in this Announcement that relates to the Exploration Targets is based on information compiled by Mr Neil Mackenzie-Forbes who is a Member of the Australian Institute of Geoscientists (Membership No 2035). Mr Mackenzie-Forbes is currently the exploration manager of MetroCoal. Mr Mackenzie-Forbes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mackenzie-Forbes has consented in writing to the inclusion in this announcement of the matters based on the information in the form and context it appears.