METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES

ACN 076 696 092

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

CONTENTS

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

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 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. A full copy of the Company's Corporate Governance Charter is available on the Company's website at www.metallicaminerals.com.au

Role of the Board

Generally, the powers and obligations of the Board are governed by the *Corporations Act* and the general law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

1. Ensuring compliance with the *Corporations Act*, ASX Listing Rules (where appropriate) and all relevant laws;

2. Developing, implementing and monitoring operational and financial targets for the Company;

3. Appointment of appropriate staff, consultants and experts to assist in the Company's operations specifically, including the selection and monitoring of a chief executive officer or Managing Director;

4. Ensuring appropriate financial and risk management controls are implemented;

5. Approving and monitoring financial and other reporting;

6. Setting, monitoring and ensuring appropriate accountability for directors' and executive officers' remuneration;

7. Establishing and maintaining communications and relations between the Company and third parties, including its shareholders and ASX by delegating such a role to the Managing Director;

8. Implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;

9. Oversight of the Company including its framework of control and accountability systems to enable risk to be assessed and managed;

10. Appointing and removing the chief executive officer and/or Managing Director;

11. Ratifying the appointment and, where appropriate, removal of the Chief Financial Officer and the Company Secretary;

12. Input into and final approval of the management's development of corporate strategy and performance objectives;

13. Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;

14. Monitoring senior management's performance, implementation of strategy and ensuring appropriate resources are available;
15. Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
16. Approval of the annual budget;
17. Monitoring the financial performance of the Company;
18. Liaising with the Company's external auditors;
19. Monitoring, and ensuring compliance with, all of the Company's legal obligations;
20. Approving and monitoring financial and other reporting;
21. Appointing and overseeing Committees where appropriate to assist in the above functions and powers.

Role of Management

The Board has delegated responsibilities and authorities to the Managing Director to enable him 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. An evaluation of the performance of senior management during the Financial Year, being the two executive Directors, will be undertaken at a Board Meeting of the Company by the three non-executive Directors, with the Chairman then discussing this review separately with each of the Executives. This is considered to be an appropriate process as the company is in the exploration and evaluation stage therefore it is not possible to evaluate performance against revenue or profit targets.

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 Chairman and an independent director.

Director	Appointed	Non-Executive	Independent	Retiring at 2009 AGM	Seeking re-election at 2009 AGM
A Gillies	15 January 1997	No	No	No	N/A
D Barwick	11 March 2004	Yes	Yes	No	N/A
S Wu	12 May 2009	Yes	No	Yes	Yes
J Haley	22 December 2003	No	No	Yes	Yes
P Nicholson	11 May 2006	Yes	No	No	N/A

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.

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

CORPORATE GOVERNANCE STATEMENT

The current Directors have a broad range of qualifications, experience and expertise in managing mineral exploration companies as set out in 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.

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.

CORPORATE GOVERNANCE STATEMENT

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.
During the financial year the Company has reviewed its risk management procedures and considered the "Guide for small-mid market capitalised companies on Principle 7: Recognise and Manage Risk" released under the ASX Markets Supervision Education and Research Program when updating its risk management processes designed to manage and report on the management of the Company's material business risks. The review process resulted in the completion of an updated Risk Management Policy, Risk Register and a Risk Management Framework which forms the basis of the risk management and internal control system to manage the Company's material business risk and report to it on whether those risks are being managed effectively. The Risk Register identified risk in the broad categories of operations management, asset management, environment, compliance/financial reporting, strategic management, ethical conduct, reputation, occupational health and safety/human resources, IT/technology, finance/business continuity, tenements/resource statements and stakeholder communications. A copy of the Risk Management Policy is publicly available on the Company's web site at www.metallicaminerals.com.au

The Board has required management to design and implement a risk management and internal control system to manage the group's material business risks. After considering the "Guide for small-mid market capitalised companies on Principle 7: Recognise and Manage Risk" released under the ASX Markets Supervision Education and Research Program, the Company has recently updated its Risk Management Policy and Risk Management Framework and have identified the material business risks affecting the Company and has delegated responsibilities for those material business risks to senior staff members.

The Board has received reports from management as to the effectiveness of the company's management of its business risks. The Company has a number of mechanisms in place to ensure that the management regularly reports on matters relating to risks. The reports by management to the Board have been provided under the the former system of risk management and internal control.

The Board requires management to report to it on whether material business risks are being managed effectively. As the Company has recently updated its Risk Management Framework, Risk Management Policy and procedures the Board has yet to receive reports from management as to the effectiveness of the company's updated system for managing its material business risk. However an independent review of risks by Marsh Insurance brokers was carried out during the year ended 30 June 2009 also.

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

CORPORATE GOVERNANCE STATEMENT

In accordance with section 259A of the Corporations Act 2001, the Managing Director and Chief Financial Officer have provided a declaration to the Board that:

- In their view provided in the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

It is noted that the assurance from the Managing Director and Chief Financial Officer can only be reasonable and not absolute due to the level of judgement required the limitations of sampling and the difficulty in designing systems to detect all weaknesses in internal control procedures.

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 and the policy is contained in the Company's Corporate Governance Charter available on the Company's website at www.metallicaminerals.com.au . 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 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. These functions are set out under Role of the Board and Role of Management in this Statement.	Yes	
1.2	A clear description of the process for evaluating the performance of senior executives.	Yes	
1.3	An explanation of whether an evaluation of senior executives took place in the financial year, and a statement as to whether it was in accordance with the process disclosed.	Yes	
	A statement as to where a copy of matters reserved for the board is publicly available.	Yes	
	A statement as to where a copy of matters delegated to senior executives is publicly available and a statement as to where a copy of the board charter is publicly available.	Yes	
1.4	Provide the information indicated in the Guide to reporting on Principle 1.	Yes	
2.1	A majority of the Board should be independent directors , and a statement made as to which Directors are independent	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 and should have policies for the selection of Directors.	No	2, 4
2.5	A clear description of the process for evaluating the performance of the board, its committees and individual directors.	No	3
2.6	Provide the information indicated in the Guide to reporting on Principle 2	Yes	
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	

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

CORPORATE GOVERNANCE STATEMENT

	Description	Complied	Note
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 aspects, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards.	Yes	
4.1	The Board should establish an Audit Committee.	Yes	
4.2	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	5
	• at least three members.	Yes	
4.3	The Audit Committee should have a formal charter.	Yes	
4.4	The Details of the names and qualifications of those appointed to the audit committee are specified in the Corporate Governance Charter.	Yes	
	The details of the number of meetings of the audit committee are set out in the Directors Report.	Yes	
	A statement as to the procedures for the selection, appointment and rotation of external audit engagement partners is included in the Company's Corporate Governance Charter.	Yes	
4.5	Provide the information indicated in the Guide to reporting on Principle 4	Yes	
5.2	The Company's continuous disclosure policy is publicly available in the Company's Corporate Governance Charter.	Yes	
5.3	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-refer to Continuous Disclosure and Shareholder Communication as set out above.	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	
6.3	Provide the information indicated in the Guide to reporting on Principal 6.	Yes	
7.1	The Board or appropriate Board Committee should establish policies on risk oversight and management	Yes	
7.2	The board has required management to design and implement a risk management and internal control system to manage the entity's material business risks and report to it on whether those risks are being managed effectively and management has reported to the board as to effectiveness of the entity's management of its material business risks.	Yes	

CORPORATE GOVERNANCE STATEMENT

	Description	Complied	Note
7.3	The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that:		
7.3.1	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	
7.3.2	the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects	Yes	
7.4	The board has received the report from management under Recommendation 7.2, has received assurance from the CEO and CFO under Recommendation 7.3; and the entity's policies on risk oversight and management of material business risks are publicly available on the Company's website at www.metallicaminerals.com.au	Yes	
7.5	Provide the information indicated in the Guide to reporting on Principle 7.	Yes	
8.1	Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.	No	4
8.2	The Board should establish a Remuneration Committee.	No	2
8.3	Provide the information indicated in the Guide to reporting on principle 8.	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 at www.metallicaminerals.com.au 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 Remuneration and Nomination 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. There is no formal policy on the selection of Directors as this is done on a case by case basis by the Board acting as the Nomination Committee. The remuneration of all Directors and key management personnel is as set out in the Remuneration Report in the Directors Report.

4. 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.

5. 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.

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 2009.

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 65	—	***Non-Executive Chairman***
Qualifications	—	N/A
Experience and other Directorships in listed entities	—	Appointed Chairman and Board member on 11 March 2004. Chairman of • Manaccom Corporation Limited-appointed 28/8/2006-Continuing • Planet Metals Limited (formerly Queensland Ores Limited)-appointed 9 June 2009-Continuing • Orion Metals Limited (formerly Queensland Gold and Minerals Limited)-appointed 28 November 2008 -Continuing
Interest in Shares and Options	—	150,000 Ordinary Shares in Metallica Minerals Ltd and options to acquire a further 500,000 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. • Cape Alumina Limited-appointed 2 February 2004-Resigned 29 January 2009 • Macarthur Minerals Limited (TSX-V)-Appointed 24/10/2005-Ceased 31 August 2009
Andrew Gillies-Age 46	—	***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 1,350,000 ordinary shares
Special Responsibilities	—	Managing Director, Member of Audit Committee
Directorships held in other listed entities	—	Planet Metals Limited (formerly Queensland Ores Limited)-appointed 9 June 2009-Continuing
	—	Orion Metals Limited (formerly Queensland Gold and Minerals Limited)-appointed 28 November 2008 –Continuing
	—	Cape Alumina Limited-appointed 2 February 2004-Continuing

DIRECTORS' REPORT

1. THE DIRECTORS CONTINUED

Wu Shu-Age 50	—	***Non Executive Director (appointed 12 May 2009)***
Qualifications	—	Nil
Experience	—	Appointed Director on 12 May 2009
Interest in Shares and Options	—	Wu Shu is a Director of Jien Mining Pty. Ltd which holds 22,854,462 shares in Metallica Minerals Limited.
Special Responsibilities	—	Nil
Directorships held in other listed entities	—	Nil
Directorships formerly held in other listed entities	—	Nil

Peter Nicholson-Age 34	—	***Non Executive Director***
Qualifications	—	Bachelor of Engineering (Mining), Graduate Diploma in Applied Finance and Investment, F Fin, MAusImm, GAICD.
Experience	—	Appointed Director on 11 May 2006
Interest in Shares and Options	—	Peter Nicholson is a Director of Resource Capital Funds Management Pty. Ltd, which is the Manager of Resource Capital Fund III and IV L.P. which together hold 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	—	Cape Alumina Limited-appointed 17 March 2007-Continuing

John Haley-Age 47	—	***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	—	50,000 Shares in Metallica Minerals Ltd and Options to acquire a further 750,000 ordinary shares
Special Responsibilities	—	Company Secretary and Chief Financial Officer
Directorships held in other listed entities	—	Nil

1. THE DIRECTORS CONTINUED

Mark Ashley-Age 50	—	***Non Executive Director (resigned 12 May 2009)***
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
Special Responsibilities	—	N/A
Directorships held in other listed entities	—	Kagara Limited-appointed 23 July 2003-contiunuing Apex Minerals Limited-appointed 18 April 2006-contiuning
Directorships formerly held in other listed entities	—	Previous Director of Tianshan Goldfields Limited -appointed 11 April 2006 ceased 7 September 2007

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, evaluation and in progressing development of its various mineral projects.

3. OPERATING RESULTS

The profit of the economic entity for the year was $2,578,402 (30 June 2008: profit of $10,544,569). This included non-cash items of $322,079 (30 June 2008: $422,994) for option expense. As at 30 June 2009, the economic entity had cash and cash equivalents of over $17 million with total current liabilities of approximately $1.2 million

The economic entity's strategy for future years is to continue the exploration, evaluation and development of its mineral 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 2009 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

During the year of income, Cape Alumina Limited, in which Metallica Minerals Limited holds approximately 33% of the issued capital at 30 June 2009, listed on the Australian Stock Exchange. Also during the year of income, Metallica Minerals Limited made a takeover bid for Planet Metals Limited (formerly Queensland Ores Limited) and at 30 June 2009, holds approximately 77% of the issued capital of Planet Metals Limited (Metallica holds approximately 76% at the date of this Report). Other than the above, 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

Planet Metals Ltd (previously named Queensland Ores Limited, ASX Code PMQ), which is 76% owned by Metallica Minerals Limited (77% at 30 June 2009), announced the commencement of a new resource definition drilling program at the 85%-owned Wolfram Camp tungsten and molybdenum mine site, near Dimbulah in North Queensland. The program has a budget of $600,000 for the 3,000 m HQ diamond core drilling program.

The program is expected to include approximately 65 drill holes within the proposed open pit area, to substantially add to the quantity and quality of the drill database for mineral resource estimation.

This drilling is designed to gain a better understanding of the geology and mineralisation of the greisen and granite hosted tungsten and molybdenite deposit, and increase confidence of ore zone interpretation ahead of a revised resource estimate expected in December 2009.

Planet Metals Limited (ASX-PMQ) also announced a 1 for 2 non-renounceable rights issue at 10 cents per share to PMQ shareholders. The Rights Issue will raise approximately $2 million to principally fund a further resource evaluation drilling program, resource estimate, mining studies, other mine site and processing plant evaluation and reviews at the Wolfram Camp tungsten/molybdenum Mine (currently under care and maintenance) in north Queensland, and for working capital. The Rights Issue will be carried out on a post-consolidation basis following the consolidation of the share capital of PMQ on a 10 for 1 basis, as approved by the shareholders at the general meeting held on 4 September 2009.

Dependant on the results of the drilling program and any follow-up drilling required, resource estimate results and other work, tungsten and molybdenum price movements, any remaining funds will be used towards further progressing the Wolfram Camp project toward a decision for recommencing production. The issue is fully underwritten by Metallica Minerals Limited.

Metallica Minerals Limited made a $100,000 cornerstone seed capital investment in private Adelaide-based explorer, Salisbury Resources Ltd, and contributed an additional initial $300,000 to earn a joint venture interest in three of Salisbury's greenfields Gawler Craton Iron Oxide-Copper-Gold-Uranium (IOCGU) - Olympic Dam style target exploration tenements.

Subsequent to year-end, MetroCoal Limited (MetroCoal) announced that it has successfully raised $1 million in seed capital, and that it was proposed that an ASX listing of MetroCoal also occur in the 2009/2010 Financial Year. MetroCoal is a subsidiary of Metallica Minerals Limited (ASX: MLM). Metallica holds 84% of MetroCoal at 30 June 2009, and 79% of the issued capital in MetroCoal following the seed capital raising in September 2009.

Except for the above no matter or circumstance has arisen since 30 June 2009 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 the 2009/2010 financial year and onwards the Company plans to actively continue the exploration and evaluation of the NORNICO nickel project and undertake feasibility studies on the processing of nickel cobalt laterites. The Company also intends to continue its exploration and evaluation programmes, including through its 76% owned subsidiary (77% owned at Balance Date), Planet Metals Limited, and with its joint venture partners, Straits Resources Limited (Kokomo Scandium), and Metals Finance Corporation (Lucky Break Nickel Project).

The Company is planning to list MetroCoal Limited, in which it currently has a shareholding of approximately 84% of the issued capital at 30 June 2009 and 79% as at the date of this report, on the Australian Securities Exchange in the 2009/2010 Financial Year.

9. ENVIRONMENTAL REGULATIONS

The company is subject to environmental regulations under laws of Queensland where it holds mineral exploration and mining 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 2009 are as follows:

Date options granted	Expiry Date	Exercise Price	Number under option
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	1,850,000
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
			6,750,000

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:
2,130,000 options issued to Directors and an employee was exercised at 20 cents in December 2008.

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	7	7	8,870,000	1,350,000 Directors Options
David Keith Barwick	7	7	150,000	500,000 Directors Options
Mark John Ashley (resigned 12 May 2009)	6	3	Nil	500,000 Directors Options
Wu Shu (alternate Tao Li)* (appointed 12 May 2009)	1	1	Nil	Nil
John Kevin Haley	7	7	50,000	750,000 Directors Options
Peter Bruce Nicholson**	7	7	Nil	Nil

*Wu Shu is a Director of Jien Mining Pty. Ltd which holds 22,854,462 shares in Metallica Minerals Limited.

11. DIRECTORS' MEETINGS AND SHAREHOLDING INTERESTS (CONTINUED)

**Peter Bruce Nicholson is a Director 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 Nichols	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.

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. 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. The Company retains the right to terminate contracts immediately by making payment of an amount based on the employees years of service. Upon retirement or termination key management personnel, excluding non-executives, are paid employee benefits accrued to date of retirement or termination. No other termination benefits are payable under service contracts except that Mr Andrew Gillies is entitled to 6 months salary if a change in control of the company occurs, providing the amount payable does not exceed any amount allowable under the Corporations Law or the ASX Listing Rules. Any options issued which are not exercised on or before the date of termination lapse 3 months after termination. Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as considered appropriate by the Board of Directors.

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The board ensures that director and executive rewards satisfy the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

The remuneration framework is aligned to shareholders' interests through:

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

12. REMUNERATION REPORT – AUDITED (CONTINUED)

The remuneration framework is aligned to employees' interests through:

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

Relationship between remuneration and Company performance
Because the company is in exploration and not production, there is no direct relationship between the company's financial performance and the level of remuneration paid to key management personnel.

At 30 June 2009 the market price of the Company's ordinary shares was 31 cents per share. At 30 June 2008 the market price of the Company's ordinary shares was 31 cents per share No dividends were paid during the year ended 30 June 2009.

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

Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as determined by the Board of Directors.

Except in so far as Directors and key management personnel hold options over shares in the Company, there is no relationship between remuneration policy and the Company's performance. The Company's shares were last traded at 31 cents on 30 June 2009.

The table below sets out summary information about the Consolidated Entity's earnings, movements in shareholders wealth for the four years to 30 June 2009:

Description	30 June 2009	30 June 2008	30 June 2007	30 June 2006	30 June 2005
Revenue	$10,084,395	$651,289	$493,418	$175,603	$170,286
Net profit/(loss) before tax	$3,485,962	$14,185,492	($164,312)	($1,639,913)	($646,708)
Net profit(loss) after tax	$2,578,402	$10,544,569	($164,312)	($1,639,913)	($646,708)
Basic earnings/(loss) per share (cents)	2.26	0.0974	(0.0017)	(2.10)	(1.13)
Diluted earnings/(loss) per share (cents)	2.38	0.0896	(0.0017)	(2.10)	(1.13)

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 2009 was $138,510.

12. REMUNERATION REPORT – AUDITED (CONTINUED)

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 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 Wu Shu, and a former Director, 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 during the time that they hold an Office or employment in the company.

The Company has adopted a policy in respect of employees and directors trading in the Company's securities. Employees and directors are not permitted to hedge their exposure to holdings of the Company's securities. No employees or directors have hedged their exposures.

2009 Remuneration

Economic Entity	Short-term employee benefits	Bonus	Share Based Remuneration	Post Employment Benefits	Total	Performance Related Percentage	% consisting of options
	Salary, fees & commission		Equity Settled Options*	Superannuation			
	$	$	$	$	$	%	%
Directors							
DK Barwick	60,000	-	-	-	60,000	-	-
AL Gillies	248,179	15,000***	-	22,336	285,515	5.2	-
JK Haley	90,766	10,000***	-	39,234	140,000	7.14	-
PB Nicholson**	36,000	-	-	-	36,000	-	-
MJ Ashley	39,000	-	-	3,510	42,510	-	-
Mr W Shu	-	-	-	-		-	-
Other key Management Personnel							
P. Smith	125,577	-	-	11,825	137,402	-	-
Total	599,522	25,000	-	76,905	701,427		

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, and of which Mr Nicholson is a Director.

Note (***) In July 2008, Mr Gillies and Mr Haley were paid a one off cash bonus of $15,000 and $10,000 respectively. This bonus was approved by the Board of Directors following the sale of the Company's shareholding in Cockatoo Coal Limited for gross proceeds of $20 million. No other agreed bonuses were payable to Mr, Gillies, Mr. Haley or any other key management personnel in the 30 June 2009 year, or are payable in future years.

12. REMUNERATION REPORT – AUDITED (CONTINUED)

2008 Remuneration

Economic Entity	Short-term employee benefits	Bonus ***	Share Based Remuneration	Post Employment Benefits	Total	Performance Related Percentage	% consisting of options
	Salary, fees & commission		Equity Settled Options*	Superannuation			
	$	$	$	$	$	%	%
Directors							
DK Barwick	54,000	-	-	-	54,000	-	-
AL Gillies	203,057	5,000	227,500	28,775	464,332	50	49
JK Haley	60,917	5,000	162,500	49,083	277,500	60	59
PB Nicholson**	24,600	-	-	-	24,600	-	-
MJ Ashley	24,600	-	400,000	1,620	426,220	94	94
Other key Management Personnel							
P. Smith	98,621	-	45,500	13,104	157,225	29	29
Total	465,795	10,000	835,500	92,582	1,403,877	60	60

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. , and of which Mr Nicholson is a Director.

Note (***) In 2008, Mr Gillies and Mr Haley were paid a one off cash bonus of $5,000 each. This bonus was approved by the Board of Directors following the sale of the Company's coal subsidiaries to Cockatoo Coal Limited. No other agreed bonuses were payable to Mr, Gillies, Mr. Haley or any other key management personnel in the 30 June 2008 year, or are payable in future years. Key management personnel were also granted options with a value 0f $835,500 in the year ended 30 June 2008.

(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 a term commencing on 23 March 2009 and ending on 30 June 2011.
- 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 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.

(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

No Key Management Personnel options were granted as remuneration during the year.

(f) Equity Settled-Options issued as part of remuneration for the year ended 30 June 2009 and 30 June 2008

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	22/11/2006	0.28	0.50	22/11/2006	31/12/2009
Mr A L Gillies	1,000,000	1,000,000	22/11/2006	0.28	0.50	22/11/2006	31/12/2009
	-	350,000	28/09/2007	0.23	0.65	28/9/2009	28/9/2012
Mr J K Haley	500,000	500,000	22/11/2006	0.28	0.50	22/11/2006	31/12/2009
	-	250,000	28/09/2007	0.23	0.65	28/05/2009	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	12/02/2007	0.45	0.80	12/02/2007	31/12/2009
	500,000	70,000	28/09/2007	0.23	0.65	28/09/2009	28/09/2012

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

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 are all only exercisable after 28 September 2009. All other options vested immediately and are therefore exercisable. 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. 1,370,000 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. $426,000 of options were exercised during the year by key management personnel.

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 2009: Taxation services $26,799.

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.

16. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 19 of the directors' report.

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

Signed:

D K Barwick
Chairman

30 September 2009

BDO Kendalls

BDO Kendalls (QLD)
Level 18, 300 Queen St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Phone 61 7 3237 5999
Fax 61 7 3221 9227
info.brisbane@bdo.com.au
www.bdo.com.au

ABN 70 202 702 402

30 September 2009

The Directors
Metallica Minerals Limited
Unit 3, 1 Potts Street
East Brisbane QLD 4169

Dear Directors

AUDITOR'S INDEPENDENCE DECLARATION

In relation to our audit of the Financial Report of Metallica Minerals Limited for the year ended 30 June 2009, to the best of my knowledge and belief as lead auditor, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

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

Yours faithfully
BDO Kendalls (QLD)

Craig Jenkins
Partner

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Revenue	2	1,834,395	651,289	1,231,881	555,840
Profit on sale of investment	2	8,250,000	15,938,798	8,250,000	15,936,798
Cost of goods sold		(306,799)	(96,545)	-	-
Employee benefits expense	3	(2,385,875)	(1,465,918)	(1,641,928)	(1,283,086)
Finance cost		(43,672)	(8,781)	(38,154)	(8,773)
Depreciation and amortisation expense		(195,079)	(149,446)	(130,035)	(101,083)
Impairment on loans receivable	8	(292,231)	-	(930,121)	-
Share of net losses of associate	10	(1,238,263)	(763,410)	-	-
Impairment of associate	10	-	-	1,163,410	(763,410)
Impairment of financial assets		(50,000)	-	(50,000)	-
Discount on acquisition of subsidiary		89,554	-	-	-
Other expenses	3	(2,176,068)	(79,505)	(1,635,374)	251,400
Profit/(loss) before income tax expense		3,485,962	14,185,492	6,219,679	14,587,686
Income tax expense	4	(907,560)	(3,640,923)	(1,515,865)	(3,324,278)
Profit for the year after income tax expense		2,578,402	10,544,569	4,703,814	11,263,408
Profit attributable to minority equity interest		134,641	-	-	-
Net profit/(loss) attributable to members of the parent entity		2,713,043	10,544,569	4,703,814	11,263,408
Basic earnings/(loss) per share (cents per share)	20	2.26	9.74		
Diluted earnings per share (cents per share)	20	2.38	8.96		

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 2009

	Note	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current Assets					
Cash and cash equivalents	5	17,598,541	7,457,431	16,283,739	5,935,066
Trade and other receivables	8	343,660	233,323	347,617	190,733
Inventories	9	151,624	125,441	-	-
Other current assets	6	5,712	7,443	-	7,443
Total Current Assets		18,099,537	7,823,638	16,631,356	6,133,302
Non – Current Assets					
Trade and other receivables	8	-	-	1,600,953	958,843
Other non-current assets	6	985,500	124,695	104,693	107,195
Investment in associate	10	1,703,074	1,236,590	4,104,747	1,236,590
Available-for-sale financial assets	11	294,763	20,107,000	294,763	21,313,948
Investments in controlled entities	12	-	-	5,141,350	1,206,948
Plant and equipment	13	2,825,802	371,197	145,108	240,276
Exploration and evaluation expenditure	7	18,821,929	11,719,106	14,151,249	10,437,201
Intangible Assets	31	71,018	-	-	-
Deferred tax assets	16	1,054,376	3,474,521	518,999	3,406,594
Total Non-Current Assets		25,756,462	37,033,109	26,061,862	37,700,647
TOTAL ASSETS		43,855,999	44,856,747	42,693,218	43,833,949
Current Liabilities					
Trade and other payables	14	1,219,952	593,158	812,040	532,407
Provision for income tax		893,330	-	1,050,042	-
Short term financial liabilities	16	66,347	-	-	-
Total Current Liabilities		2,179,629	593,158	1,862,082	532,407
Non-Current Liabilities					
Provisions	15	817,627	-	-	-
Long term financial liabilities	16	-	-	10,458	12,473
Deferred tax liabilities	17	4,629,737	9,510,652	4,229,308	9,126,080
Total Non-Current Liabilities		5,447,364	9,510,652	4,239,766	9,138,553
TOTAL LIABILITIES		7,626,993	10,103,810	6,101,848	9,670,960
NET ASSETS		36,229,006	34,752,937	36,591,370	34,162,989
Equity					
Issued capital	18	20,934,374	17,886,879	19,735,685	16,688,190
Reserves	19	5,671,608	10,986,895	5,663,967	10,986,895
Retained profits/ (Accumulated losses)		8,309,751	5,596,708	11,191,718	6,487,904
Total equity attributable to equity holders of the company		34,915,733	34,470,482	36,591,370	34,162,989
Minority interests		1,313,273	282,455	-	-
TOTAL EQUITY		36,229,006	34,752,937	36,591,370	34,162,989

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 2009

Economic Entity	Issued capital	Options reserve	Asset revaluation reserve	Retained income/ (Accumulated losses)	Minority interest	Totals
	$	$	$	$	$	$
Balance at 01.07.2008	17,886,879	5,136,228	5,850,667	5,596,708	282,455	34,752,937
Profit /(Loss)	-	-	-	2,713,043	(134,641)	2,578,402
Amortisation of options issued	-	329,720	-	-	-	329,720
Transfer from Asset Revaluation Reserve (net of tax)	-		(5,645,007)	-		(5,645,007)
Total recognised income and expense	-	329,720	(5,645,007)	2,713,043	(134,641)	(2,736,885)
Options exercised during the year	426,000	-	-	-	-	426,000
Shares issued to Planet Metals Limited shareholders	2,621,495	-	-	-	-	2,621,495
Recognition of minority interest	-	-	-	-	1,165,459	1,165,459
Balance at 30.06.2009	20,934,374	5,465,948	205,660	8,309,751	1,313,273	36,229,006

Economic Entity	Issued capital	Options reserve	Asset revaluation reserve	Retained income/ (Accumulated losses)	Minority interest	Totals
	$	$	$	$	$	$
Balance at 01.07.2007	13,197,065	4,713,234	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	3,430,000	-	-	-	-	3,430,000
Amortisation of Options issued	-	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	17,886,879	5,136,228	5,850,667	5,596,708	282,455	34,752,937

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 2009

Parent Entity	Issued capital	Options reserve	Asset revaluation reserve	Retained income/ (Accumulated losses)	Totals
	$	$	$	$	$
Balance at 01.07.2008	16,688,190	5,136,228	5,850,667	6,487,904	34,162,989
Profit /(Loss)	-	-	-	4,703,814	4,703,814
Amortisation of options issued	-	322,079	-	-	322,079
Transfer from Asset Revaluation Reserve (net of tax)	-	-	(5,645,007)	-	(5,645,007)
Total recognised income and expense	-	322,079	(5,645,007)	4,703,814	(619,114)
Options exercised during the year	426,000	-	-	-	426,000
Shares issued to Planet Metals Limited shareholders	2,621,495	-	-	-	2,621,495
Balance at 30.06.2009	19,735,685	5,458,307	205,660	11,191,718	36,591,370

Parent Entity	Issued capital	Options reserve	Asset revaluation reserve	Retained income/ (Accumulated losses)	Totals
	$	$	$	$	$
Balance at 01.07.2007	13,197,065	4,713,234	20,000	(4,775,504)	13,154,796
Profit /(Loss)	-	-	-	11,263,408	11,263,408
Transfer to Asset Revaluation Reserve	-	-	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	3,430,000	-	-	-	3,430,000
Amortisation of Options issued	-	422,994	-	-	422,994
Tax on issue costs	61,125	-	-	-	61,125
Balance at 30.06.2008	16,688,190	5,136,228	5,850,667	6,487,904	34,162,989

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 ENDED 30 JUNE 2009

	Note	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Cash Flows From Operating Activities					
Receipts from customers		833,544	119,634	99,065	361,975
Payments to suppliers and employees		(2,671,812)	(2,553,708)	(2,227,876)	(1,496,623)
Interest received		947,835	448,281	911,221	448,281
Net Cash Provided By/ (Used In) Operating Activities	27 (a)	(890,433)	(1,985,793)	(1,217,590)	(686,367)
Cash Flows From Investing Activities					
Cash acquired in business combination	28	452,698	-	-	-
Investment in subsidiaries		-	-	(1,312,927)	(599,000)
Proceeds from sale of investments		20,000,000	4,750,000	20,000,000	4,750,000
Payment for plant and equipment		(171,613)	(248,208)	(34,867)	(212,451)
Loans to/(from) associates		-	1,250,000	-	1,250,000
Loans advanced		(292,231)	-	(2,015)	(561,202)
Payment for exploration expenditure		(6,142,127)	(4,587,717)	(4,127,702)	(4,766,635)
Investment in associate	6	(1,704,747)	(2,000,000)	(1,704,747)	(2,000,000)
Increase (decrease) in security deposits		(860,805)	-	2,502	-
Increase in available for sale financial assets		(107,770)	-	(107,770)	-
Net Cash Provided By/ (Used In) Investing Activities		11,173,405	(835,925)	12,712,494	(2,139,288)
Cash Flows From Financing Activities					
Proceeds from share issue		426,000	3,430,000	426,000	3,430,000
Proceeds from issues of shares to minority interests		-	1,481,144	-	-
Payment of borrowings		(567,862)	-	(1,572,231)	-
Net Cash Provided By/ (Used In) Financing Activities		(141,862)	4,911,144	(1,146,231)	3,430,000
Net Increase/(Decrease) In Cash and Cash Equivalents		10,141,110	2,089,426	10,348,673	604,345
Cash and Cash Equivalents At 1 July		7,457,431	5,368,005	5,935,066	5,330,721
Cash and Cash Equivalents At 30 June	5	17,598,541	7,457,431	16,283,739	5,935,066

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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 30 September 2009. 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 financial report is presented in Australian Dollars, which is the Company's functional currency.

The financial report was authorised by the Board of Directors on 29 September 2009.

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. This includes the realisation of capitalised exploration expenditure of $18,821,929 (30 June 2008: $11,719,106) as summarised in Note 7.The ability of the company and economic entity to maintain continuity of normal business activities, to pay its debts as and when they fall due and to recover the carrying value of areas of interest, is dependent on the ability of the company and the economic entity to the successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development.

.

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 12 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.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Metallica Minerals Limited.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Minority interests represent the portion of profit and loss and net assets that is not held by the the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders equity. Where a loss is generated in the subsidiary, unless agreement exists with the majority interest exists to assume a proportion of the loss, the parent company assumes the total loss.

c) Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised

d) Income Tax

The charge for current income tax expense is based on the profit/loss 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

d) Income Tax Continued

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. (Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the group taxpayer approach to allocation.)

e) 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.

f) 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.

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	15-40% 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.

The plant and equipment's residual values, useful lives and depreciation methods are reviewed at each balance sheet date and adjusted prospectively if appropriate.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) 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.

h) 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.

i) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) 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 of other entities where there is neither a fixed maturity nor fixed or determinable payments. Where the investments are listed, they are measured at fair value based on market prices at balance date 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. Where the investments are not listed, they are measured on the cost basis less impairments recognised.

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 that a financial instrument has been impaired. In the case of loans and receivables, the Group first assess individually whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. In the case of available for sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Losses are recognised in the income statement where no revaluation reserve is available to offset against 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)

k) Impairment of Non-Financial 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.

l) 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.

m) Equity Settled Share Based Compensation

The Group issues equity-settled share-based payments to directors and employees. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a valuation which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instrument that eventually vest.

n) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is recognised using the effective 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).

p) 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.

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 other assets and financial assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations are performed or market based information is obtained in assessing recoverable amounts that incorporate a number of key estimates.

Key estimate-share based payment
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Black-Scholes option-pricing formula detailed in Note 31.

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) Issued Capital

Issued Ordinary Shares are classified as equity. Costs directly attributable to the issue of new shares or options are recognised as transaction costs under AASB 139 and shown as a deduction from equity.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 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.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) New accounting standards and interpretations (continued)

(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.

(v) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2008-5 is effective for annual reporting periods commencing on or after 1 January 2009. The amendment results from the International Accounting Standards Board's annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to accounting standards. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The subjects of the principle amendments to the standards are set out in the preface to the standard.

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $

NOTE 2: REVENUE AND OTHER INCOME

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Revenue from continuing operations				
Sales	466,134	78,933	-	-
Interest received	1,214,279	333,137	1,172,147	330,923
Other revenue	153,982	239,219	59,734	224,917
Total revenue	1,834,395	651,289	1,231,881	555,840
Profit on sale of investments	8,250,000	15,938,798	8,250,000	15,936,798

NOTE 3: EXPENSES

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

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Employee benefits expense				
Salaries, wages and provisions	2,056,155	1,042,924	1,319,849	860,092
Share based payments	329,720	422,994	322,079	422,994
Total employee benefits expense	2,385,875	1,465,918	1,641,928	1,283,086
Other expenses				
Reversal of impairment - loan to associate	-	(1,250,000)	-	(1,250,000)
Rental expenses on operating leases	75,393	12,060	51,393	12,060
Exploration costs written off	210,145	-	138,634	-
Airfares, meals and accommodation	102,341	213,793	88,626	188,867
Brokerage and IPO costs	317,089	-	201,812	-
Consultants	175,705	-	-	-
Legal fees	131,121	65,123	72,857	63,010
Listing fees	51,177	41,290	51,177	41,290
Public relations and marketing	72,902	97,204	70,711	94,233
Motor vehicle expenses and diesel	83,813	30,782	10,361	30,103
Postage	5,090	10,683	5,090	10,683
Printing and stationary	52,314	70,162	47,736	66,075
Share register	22,230	22,612	22,230	22,612
Planet Metals Limited project costs	305,175	-	305,175	-
Mineral properties written off	413,654	185,651	413,654	152,347
Telephone and fax	40,540	47,158	32,458	43,111
Other miscellaneous costs	117,379	373,877	123,460	274,209
Total other expenses	2,176,068	79,505	1,635,374	251,400

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $

NOTE 4: INCOME TAX EXPENSE

Components of tax expense comprise:				
Current tax	893,330	-	1,050,042	-
Deferred tax	14,230	622,377	465,823	372,484
Prior year unrealised losses	-	3,018,546	-	2,951,794
	907,560	3,640,923	1,515,865	3,324,278

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:

The prima facie income tax (benefit)/expense on profit/(loss) before income tax at a tax rate of 30% (2008 – 30%)	1,045,788	4,255,648	1,865,903	4,376,305
Non deductible expenses	103,416	130,286	93,905	130,286
Deferred tax asset not brought to account -tax losses (subsidiaries outside of tax Consolidated Group)	233,391	-	-	-
Prior year under/(over) provision	(377,191)	34,844	(443,943)	(607,671)
R&D concession	-	(521,607)	-	(521,607)
Recognition of deferred tax balances	(97,844)	(258,248)	-	(53,035)
Income tax expense	907,560	3,640,923	1,515,865	3,324,278

Unrecognised deferred tax assets and liabilities

(for subsidiaries outside of the Metallica Minerals Ltd tax consolidated group where probability of realisation is low)

Deferred tax assets				
Deductible temporary differences	2,817,988	2,599,491	-	-
Tax losses	4,057,563	1,523,594	-	-
	6,875,551	4,123,085	-	-
Deferred tax liabilities				
Taxable temporary differences	514,098	-	-	-
Net unrecognised deferred tax asset	6,361,453	4,123,085	-	-

Tax losses

Unused tax losses for which no deferred tax asset has been recognised	4,057,563	1,523,594	-	-
Potential tax benefit	13,525,210	5,078,647	-	-
Franking credits available	-	-	-	-

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $

NOTE 5: CASH AND CASH EQUIVALENTS

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Cash at bank	2,598,541	1,349,950	1,283,739	827,585
Short-term bank deposits	15,000,000	6,107,481	15,000,000	5,107,481
	17,598,541	7,457,431	16,283,739	5,935,066

NOTE 6: OTHER ASSETS

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current				
Prepayments	5,712	7,443	-	7,443
Non-Current				
Security deposits	985,500	124,695	104,693	107,195

NOTE 7: EXPLORATION AND EVALUATION EXPENDITURE

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Exploration and evaluation expenditure carried forward in respect of areas of interest	18,812,978	11,709,654	14,142,298	10,427,749
Other deposits	8,951	9,452	8,951	9,452
	18,821,929	11,719,106	14,151,249	10,437,201
Balance at the beginning of the year	11,719,106	7,314,713	10,437,201	5,853,890
Additions	6,071,109	4,590,044	4,127,702	4,735,658
Acquisition of subsidiary	1,445,368	-	-	-
Exploration costs written off	(413,654)	(185,651)	(413,654)	(152,347)
Balance at the end of the year	18,821,979	11,719,106	14,151,249	10,437,201

NOTE 8: TRADE & OTHER RECEIVABLES

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current				
GST refunds owing	81,846	110,109	58,383	98,521
Accrued interest	230,938	8,166	230,938	8,166
Other receivables	30,876	115,048	58,296	84,106
	343,660	233,323	347,617	190,733
Non-Current				
Loans receivable – wholly owned subsidiaries	-	-	2,238,843	958,843
Loans-other related parties	292,231	-	292,231	-
Less Impairment	(292,231)	-	(930,121)	-
	-	-	1,600,953	958,843

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $

NOTE 8: TRADE & OTHER RECEIVABLES CONTINUED

Provision for Impairment

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Opening balance	-	1,250,000	-	1,250,000
Charge for the year	292,231	-	930,121	-
Amounts written off	-	-	-	-
Reversal of impairment	-	(1,250,000)	-	(1,250,000)
Closing balance	292,231	-	930,121	-

The current receivable represents amounts that are not past due and are considered recoverable in full.

NOTE 9: INVENTORIES

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Finished goods-at cost	151,624	125,441	-	-

NOTE 10: INVESTMENT IN ASSOCIATE

(a) Cape Alumina Ltd

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Investment	4,104,747	2,400,000	4,104,747	2,400,000
Share of profit/(loss)	(2,401,673)	(1,163,410)	-	-
Accumulated Impairment	-	-	-	(1,163,410)
Closing balance	1,703,074	1,236,590	4,104,747	1,236,590

The economic entity has a 33% ownership interest (2008 - 40%) in Cape Alumina Ltd, an exploration company incorporated in Australia.

(b) Movements

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Opening Balance	1,236,590	-	1,236,590	-
Investment	1,704,747	2,000,000	1,704,747	2,000,000
Share of profit/(loss)	(1,238,263)	(763,410)	-	-
(Impairment)/Reversal	-	-	1,163,410	(763,410)
Closing balance	1,703,074	1,236,590	4,104,747	1,236,590

NOTE 10: INVESTMENT IN ASSOCIATE CONTINUED

(c) Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates

	Economic Entity 2009 $	Economic Entity 2008 $
Current assets	11,670,203	1,209,062
Non-current assets	6,568,558	4,148,358
Total assets	18,238,761	5,357,420
Current liabilities	727,344	994,074
Non-current liabilities	-	-
Total liabilities	727,344	994,074
Net Assets/(Liabilities)	17,511,417	4,363,346
Revenues	165,973	81,536
Profit/(Loss) after income tax of associate	(3,505,981)	(1,051,772)
(d) Market value of listed investment in associate	21,149,746	-

NOTE 11: AVAILABLE FOR SALE FINANCIAL ASSETS

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Investments in listed entities-at fair value***	311,786	20,169,223	311,786	20,169,223
Investments in unlisted entities	50,000	-	50,000	-
Provision for impairment	(67,023)	(62,223)	(67,023)	(62,223)
	294,763	20,107,000	294,763	21,313,948

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

NOTE 12: INVESTMENTS IN CONTROLLED ENTITIES

Investments in controlled entities	-	-	5,141,350	1,206,948

NOTE 12: INVESTMENTS IN CONTROLLED ENTITIES (CONTINUED)

Investments in controlled entities	Country of Incorporation	Percentage Ownership 2009	Percentage Ownership 2008	Class of Shares	2009 $	2008 $
NORNICO Pty. Ltd (formerly QLD Gold Pty Ltd)	Australia	100%	100%	Ord	139,221	139,221
Oresome Australia Pty Ltd	Australia	100%	100%	Ord	67,042	67,042
MetroCoal Limited	Australia	84.21%	84.21%	Ord	600,000	600,000
Phoenix Lime Pty. Ltd	Australia	100%	100%	Ord	400,000	400,000
Lucky Break Operations Pty. Ltd	Australia	100%	100%	Ord	685	685
Planet Metals Ltd	Australia	77.23%	-	Ord	3,934,402	-
					5,141,350	1,206,948

NOTE 13: PLANT & EQUIPMENT

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Plant & equipment at cost	3,498,004	642,003	486,297	451,429
Accumulated depreciation	(672,202)	(270,806)	(341,189)	(211,153)
	2,825,802	371,197	145,108	240,276

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				
Balance at the beginning of the year	371,197	272,435	240,276	128,908
Additions	171,613	248,208	34,867	212,451
Disposals	-	-	-	-
Acquisition of subsidiary	2,478,071	-		-
Depreciation	(195,079)	(149,446)	(130,035)	(101,083)
Balance at the end of the year	2,825,802	371,197	145,108	240,276

NOTE 14: TRADE AND OTHER PAYABLES

Trade payables and accruals	1,084,092	529,647	710,542	473,257
Other payables - annual leave	135,860	63,511	101,498	59,150
	1,219,952	593,158	812,040	532,407

NOTE 15: PROVISIONS

Rehabilitation	817,627	-	-	-
Opening Balance	-	-	-	-
Acquisition of subsidiary	817,627	-	-	-
Closing Balance	817,627	-	-	-

NOTE 16: FINANCIAL LIABILITIES

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Short Term				
Hire purchase loan	66,347	-	-	-
	66,347	-	-	-
Long Term				
Loan from wholly owned subsidiary	-	-	10,458	12,473
	-	-	10,458	12,473

NOTE 17: DEFERRED TAX ASSETS & LIABILITIES

Economic Entity-2009

	Opening Balance $	Net Charged to Income $	Net Charged to Equity $	Closing Balance $
Deferred Tax Asset				
Impairment of loans	-	87,669	-	87,669
Carried forward tax losses	3,018,546	(3,018,546)	-	-
Employee benefits	33,249	3,443	-	36,692
Associate's losses	349,023	371,479	-	720,502
Capital raising costs	61,125	-	-	61,125
Other	12,578	135,810	-	148,388
	3,474,521	(2,420,145)	-	1,054,376
Deferred Tax Liability				
Revaluations of financial assets	5,980,906	(3,524,573)	(2,456,333)	-
Deferred tax on exploration expenditure	3,512,897	1,033,159	-	4,546,056
Other	16,849	66,832	-	83,681
	9,510,652	(2,424,582)	(2,456,333)	4,629,737

Economic Entity-2008

	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
	-	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 17: DEFERRED TAX ASSETS & LIABILITIES (CONTINUED)

Parent Entity-2009

	Opening Balance $	Net Charged to Income $	Net Charged to Equity $	Closing Balance $
Deferred Tax Asset				
Impairment of loans	-	279,036	-	279,036
Carried forward tax losses	2,951,794	(2,951,794)	-	-
Impairment of Associate	349,023	(349,023)	-	-
Employee benefits	31,525	(1,076)	-	30,449
Capital raising costs	61,125	-	-	61,125
Other	13,127	135,262	-	148,389
	3,406,594	(2,887,595)	-	518,999
Deferred Tax Liability				
Revaluations of financial assets	5,980,906	(3,524,573)	(2,456,333)	-
Deferred tax on exploration expenditure	3,128,325	1,017,322	-	4,145,627
Other	16,849	66,832	-	83,681
	9,126,080	(2,440,419)	(2,456,333)	4,229,308

Parent Entity-2008

	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
Impairment of Associate	-	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 18: ISSUED CAPITAL

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
121,740,917 (2008: 112,432,628) fully paid ordinary shares	20,339,783	17,292,188	20,339,783	17,292,188
Transaction costs relating to share issues (net of tax)	(604,098)	(604,098)	(604,098)	(604,098)
	19,735,685	16,688,190	19,735,685	16,688,190
Outside equity interest	1,217,545	1,217,545	-	-
Costs relating to share issue	(18,856)	(18,856)	-	-
	20,934,374	17,886,879	19,735,685	16,688,190

NOTE 18: ISSUED CAPITAL (CONTINUED)

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
a) Ordinary Shares-Metallica Minerals Ltd				
Balance at beginning of the year	16,688,190	13,197,065	16,688,190	13,197,065
Tax on issue costs	-	61,125	-	61,125
Shares issued during the year				
- Share options exercised	426,000	3,430,000	426,000	3,430,000
- Acquisition of Planet Metals Ltd	2,621,495	-	2,621,495	-
Balance at end of the year	19,735,685	16,688,190	19,735,685	16,688,190
b) Gain on capital issued by subsidiary				
Balance at beginning of the year	1,198,689	-	-	-
MetroCoal Limited seed capital raising	-	1,198,689	-	-
Balance at end of the year	1,198,689	1,198,689	-	-

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meeting each ordinary share is entitled to one vote when a poll is called, otherwise each share has one vote on a show of hands.

Balance at beginning of the year	112,432,628	102,332,628	112,432,628	102,332,628
Shares issued during year:				
Share options exercised	2,130,000	10,100,000	2,130,000	10,100,000
Shares issued to acquire subsidiary	7,178,289	-	7,178,289	-
Balance at end of the year	121,740,917	112,432,628	121,740,917	112,432,628

During the current year 2,130,000 options issued to Directors and an employee and exercisable at 20 cents were exercised. In addition, 7,178,289 shares were issued in the takeover of Planet Metals Ltd as detailed in notes 28 and 31.

During the prior 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.

NOTE 18: ISSUED CAPITAL (CONTINUED)

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

Grant Date	Expiry Date	Exercise Price $	Qualifying Price $	Economic Entity 2009 Number	Economic Entity 2008 Number	Parent Entity 2009 Number	Parent Entity 2008 Number
17/11/05	31/12/08	20 cents	N/A	-	2,500,000	-	2,500,000
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	400,000	400,000	400,000
12/02/07	31/12/09	80 cents	N/A	1,850,000	1,950,000	1,850,000	1,950,000
21/03/07	21/03/09	30 cents	N/A	-	1,000,000	-	1,000,000
01/07/07	31/12/09	80 cents	N/A	400,000	400,000	400,000	400,000
29/09/07	28/12/12	65 cents	N/A	1,100,000	1,100,000	1,100,000	1,100,000
23/11/07	31/12/10	80 cents	N/A	500,000	500,000	500,000	500,000
				6,750,000	10,350,000	6,750,000	10,350,000

Options

During the current year, no options were issued.

During the prior 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.

Refer to Note 31 for further details.

NOTE 19: RESERVES

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
a) Options reserve	5,465,948	5,136,228	5,458,307	5,136,228
b) Asset revaluation reserve	205,660	5,850,667	205,660	5,850,667
Total reserves	5,671,608	10,986,895	5,663,967	10,986,895

a) Options reserve

Opening Balance	5,136,228	4,713,234	5,136,228	4,713,234
Option expense-parent	322,079	422,994	322,079	422,994
Options issued-subsidiary	7,641	-	-	-
Closing Balance	5,465,948	5,136,228	5,458,307	5,136,228

NOTE 19: RESERVES (CONTINUED)

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
b) Asset revaluation reserve				
Opening Balance	5,850,667	20,000	5,850,667	20,000
Net revaluation (net of tax)	(5,645,007)	5,830,667	(5,645,007)	5,830,667
Closing Balance	205,660	5,850,667	205,660	5,850,667

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 fair value movements in available for sale financial assets.

NOTE 20: EARNINGS PER SHARE

	2009 (Cents)	2008 (Cents)
Basic earnings per share	2.26	9.74
Diluted earnings per share	2.38	8.96

	2009 (Number)	2008 (Number)
Weighted average number of shares used as the denominator in calculating basic earnings per share	114,175,744	108,213,176
Weighted average number of options used in calculating diluted earnings per share	7,886,658	14,180,411
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	122,062,402	122,393,587

	2009 $	2008 $
Net profit/(loss) after tax used in calculating basic earnings per share	2,578,402	10,544,569
Employee share option expense	329,720	422,994
Net profit after tax used in calculating diluted earnings per share	2,908,122	10,967,563

NOTE 21: 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.

NOTE 21: JOINT VENTURE AND OTHER AGREEMENTS (CONTINUED)

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 pending a revised Feasibility Study and decision to proceed on a smaller scale project.

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 Million. 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 and continues to hold this interest.

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.

To earn a 70% joint venture interest Matilda must spend $1 million on exploration within 18 months of the grant of the Tenement. EPM 15268 was granted on 25 October 2007. 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.

In late 2008 Matilda went into administration and no significant exploration has been conducted on the project since that time. Metallica is reviewing on how best to progress the Weipa HMS project.

NOTE 21: JOINT VENTURE AND OTHER AGREEMENTS (CONTINUED)

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

NOTE 22: COMMITMENTS FOR EXPENDITURE

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
a) Commitments for maintaining exploration tenements payable:				
- Not longer than 1 year	1,714,300	1,260,028	1,075,000	1,260,028
- Longer than 1 year but not longer than 5 years	4,351,200	4,033,703	1,685,000	4,033,703
- Longer than 5 years		-	-	-
	6,065,500	5,293,731	2,760,000	5,293,731
Tenement rental per year	409,602	269,577	119,072	269,577
b) Share of Associate's Commitments for maintaining exploration tenements payable:				
- not longer than 1 year	80,190	160,000	-	-
- longer than 1 year but not longer than 5 years	404,910	786,800	-	-
- longer than 5 years		-	-	-
	485,100	946,800	-	-
Tenement rental per year	26,080	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	63,260	94,890	63,260	94,890
	94,890	126,520	94,890	126,520

NOTE 22: COMMITMENTS FOR EXPENDITURE (CONTINUED)

d) Loan Fund Commitments

Metallica Minerals Limited has provided loan facilities to controlled entities and other related parties. The position of these loan facilities as at 30 June 2009 is:

	$ Used	$ Unused	$ Total Facility
Orion Metals Limited	292,231	-	292,231
Planet Metals Limited	-	1,200,000	1,200,000
MetroCoal Limited	750,000	250,000	1,000,000

NOTE 23: CONTINGENT LIABILITIES AND 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 of ore produced and $2.00/t for production of ore in excess of 5 Mt.

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

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

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

NOTE 23: CONTINGENT LIABILITIES AND 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 24: SEGMENT REPORTING

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

NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
a) Key management personnel compensation				
Short term employee benefits	624,522	475,795	624,522	475,795
Post-employment benefits	76,905	92,582	76,905	92,582
Termination benefits	-	-	-	-
Share-based payments	-	835,500	-	835,500
	701,427	1,403,877	701,427	1,403,877

NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

b) Option holdings of Key Management Personnel

2009

	Balance 1.07.08	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30.06.09	Total Vested 30.06.09	Total Exercisable 30.06.09
Directors							
DK Barwick	1,000,000	-	(305,000)	(195,000)	500,000	500,000	500,000
AL Gillies	1,850,000	-	(500,000)	-	1,350,000	1,000,000	1,000,000
JK Haley	1,250,000	-	(325,000)	(175,000)	750,000	500,000	500,000
P Nicholson*	-	-	-	-	-	-	-
M Ashley	500,000	-	-	-	500,000	500,000	500,000
Other key management personnel							
P Smith	1,070,000	-	(500,000)	-	570,000	500,000	500,000
Total	5,670,000	-	(1,630,000)	(370,000)	3,670,000	3,000,000	3,000,000
Value of options granted	-	-	-	-	-	-	-

2008

	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	1,170,000	-	-	5,670,000	5,000,000	5,000,000
Value of options granted		835,500					

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

c) Shareholdings of Key Management Personnel

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

	Balance 1 July 08	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 09
Directors					
DK Barwick	295,000	-	305,000	(500,000)	100,000
AL Gillies	8,970,000	-	500,000	(500,000)	8,970,000
JK Haley	275,000	-	325,000	(600,000)	-
PB Nicholson	-	-	-	-	-
MJ Ashley	-	-	-	-	-
Other key management personnel					
P Smith	195,000	-	500,000	(500,000)	195,000
Total	9,735,000	-	1,630,000	(2,100,000)	9,265,000

NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

	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	9,250,000	-	-	(280,000)	8,970,000
JK Haley	275,000	-	-	-	275,000
PB Nicholson	-	-	-	-	-
MJ Ashley	-	-	-	-	-
Other key management personnel					
P Smith	195,000	-	-	-	195,000
Total	10,015,000	-	-	(280,000)	9,735,000

No shares are held nominally at balance date for either the directors or other key management personnel.

d) 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 2009 (2008: nil).

NOTE 26: SUBSEQUENT EVENTS

Planet Metals Limited (previously named Queensland Ores Limited, ASX Code PMQ), which is 76% owned by Metallica Minerals Limited at the date of this report, announced the commencement of a new resource definition drilling program at the 85%-owned Wolfram Camp tungsten and molybdenum mine site, near Dimbulah in North Queensland. The program has a budget of $600,000 for the 3,000 m HQ diamond core drilling program.

The program is expected to include approximately 65 drill holes within the proposed open pit area, to substantially add to the quantity and quality of the drill database for mineral resource estimation.

This drilling is designed to gain a better understanding of the geology and mineralisation of the greisen and granite hosted tungsten and molybdenite deposit, and increase confidence of ore zone interpretation ahead of a revised resource estimate expected in December 2009.

Planet Metals Limited (ASX-PMQ) also announced a 1 for 2 non-renounceable rights issue at 10 cents per share to PMQ shareholders (**Rights Issue**). The Rights Issue will raise approximately $2 million to principally fund a further resource evaluation drilling program, resource estimate, mining studies, other mine site and processing plant evaluation and reviews at the Wolfram Camp tungsten/molybdenum Mine (currently under care and maintenance) in north Queensland, and for working capital. The Rights Issue will be carried out on a post-consolidation basis following the consolidation of the share capital of PMQ on a 10 for 1 basis, as approved by the shareholders at the general meeting held on 4 September 2009.

Dependant on the results of the drilling program and any follow-up drilling required, resource estimate results and other work, tungsten and molybdenum price movements, any remaining funds will be used towards further progressing the Wolfram Camp project toward a decision for recommencing production.

The issue is fully underwritten by Metallica Minerals Limited.

MetroCoal Limited (MetroCoal) announced that it has successfully raised $1 million in seed capital, and that it was proposed that an ASX listing of MetroCoal also occur in the 2009/2010 Financial Year. MetroCoal is a subsidiary of Metallica Minerals Limited (ASX: MLM). Metallica holds 84% of MetroCoal at 30 June 2009, and 79% of the issued capital in MetroCoal following the seed capital raising.

NOTE 26: SUBSEQUENT EVENTS (CONTINUED)

Metallica Minerals Limited made a $100,000 cornerstone seed capital investment in private Adelaide-based explorer, Salisbury Resources Ltd, and contributed an additional initial $300,000 to earn a joint venture interest in three of Salisbury's greenfields Gawler Craton Iron Oxide-Copper-Gold-Uranium (IOCGU) - Olympic Dam style target exploration tenements.

NOTE 27: CASH FLOW INFORMATION

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
a) Reconciliation of cash flow from operations with profit (loss) after tax				
Profit/(loss) after income tax	2,578,402	10,544,569	4,703,814	11,263,408
Non-cash flows:				
Depreciation	195,079	149,446	130,035	101,083
Share of net losses of associate	1,238,263	763,410	-	-
Reversal of impairment-loan to associate	-	(1,250,000)	-	(1,250,000)
Provision for reversal/impairment of loans & receivables	292,231	-	930,121	-
Share based payments	329,720	422,994	322,079	422,994
Impairment of exploration expenditure	413,654	185,681	413,654	152,347
Profit on sale of investment	(8,250,000)	(15,938,798)	(8,250,000)	(15,936,798)
Impairment of associate	-	-	(1,163,410)	763,410
Impairment of financial assets	50,000	-	50,000	=
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
Decrease/(increase) in inventory	(26,183)	(125,441)	-	-
Decrease/(increase) in deferred tax assets	2,420,145	(456,525)	2,887,595	(454,801)
Decrease/(increase) in other assets	1,063,483	38,432	7,443	113,293
Decrease/(increase) in trade & other receivables	(110,337)	(115,048)	(156,824)	(84,106)
Increase/(decrease) in provisions	3,727	-	42,348	-
Increase/(decrease) in provision for income tax	893,330	506,577	1,050,042	572,780
Increase/(decrease) in trade & other payables	423,968	(240,836)	237,285	504,849
Increase/(decrease) in deferred tax liabilities	(2,405,918)	3,529,746	(2,421,772)	3,145,174
Cash flow from operations	(890,433)	(1,985,793)	(1,217,590)	(686,367)

b) 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. These subsidiaries did not hold cash prior to disposal.

NOTE 28: ACQUISITION OF SUBSIDIARIES

On 4 June 2009 the parent entity acquired 71.53% of the issued share capital of Planet Metals Limited (formerly Queensland Ores Limited). This had increased to 77.23% by 30 June 2009, and had been reduced to 76.16% as at the date of this report.

Planet Metals Limited is an exploration company that has recently mined one of its tenements which has recently ceased operating as a mine.

The acquired business contributed revenues of $322 and a net loss of $169,795 to the Economic Entity for the period 4 June 2009 to 30 June 2009.

If the acquisition had occurred on 1 July 2008, consolidated revenue and consolidated loss for the year ended 30 June 2009 would have been $10,942,372 and $36,032,077 respectively. These amounts have been calculated using the Economic Entity's accounting policies.

Purchase consideration	
Equity issued	$2,621,495
Cash consideration	-
Transaction costs	-
Total consideration	$2,621,495
Fair value of net assets acquired	
Cash	$452,698
Other Assets	$840,404
Plant and equipment	$2,478,071
Exploration expenditure	$1,445,368
Trade and other payables	($130,477)
Provisions	($886,249)
Financial Liabilities	($634,209)
Net Assets on Acquisition	$3,565,605
Minority Interest (28.47%)	(1,015,128)
Total net asset acquired	2,550,477
Goodwill	71,018
Inflow of cash net of cash acquired	
Cash consideration including transaction costs	-
Less cash balances acquired	$452,698
Inflow of cash	$452,698

Additional investment of 5.7% in Planet Metals Limited

On 30 June 2009, the Group acquired an additional 5.7% of the voting shares of Planet Metals Limited, resulting to an increase in ownership to 77.23% by 30 June 2009.

The Group paid a cash consideration of $1,312,907. Fair value of the net assets of Planet Metals Limited at this date amounted to $5,118,398 which equated to a proportionate fair value of the additional investment of $1,402,461, and total net assets acquired of $3,952,939. The difference of $89,554 between the consideration and the fair value of the additional investment acquired has been recognised as a discount on acquisition of subsidiary in the income statement.

NOTE 29: 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 2008.

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

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current assets	18,099,587	7,823,638	16,631,356	6,133,702
Current liabilities	(2,179,629)	(593,158)	(1,862,082)	(532,407)
Working capital surplus/ (deficit)	15,919,958	7,230,480	14,769,274	5,601,295

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.

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.

NOTE 29: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Sensitivity				
Cash and cash equivalents	17,598,541	7,457,431	16,283,789	5,935,066
Effect on income before taxes				
increase 0.25%	43,996	18,644	40,709	14,838
decrease 0.25%	(43,996)	(18,644)	(40,709)	(14,838)

(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 is 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 2009 and 30 June 2008 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 27 (a).

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 30: AUDITOR'S REMUNERATION

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Remuneration of the auditors for:				
Audit and review of financial reports	60,150	59,800	41,150	54,800
Other services - taxation	14,255	14,062	11,086	12,650
	74,405	73,862	52,236	67,450

NOTE 31: SHARE-BASED PAYMENTS

Options-Metallica Minerals Limited
During the current year no options were issued.

During the prior 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, 1,170,000 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			
	2009		2008		2009		2008	
	No. of options	Weighted average exercise price $	No. of options	Weighted average exercise price $	No. of options	Weighted average exercise price $	No. of options	Weighted average exercise price $
Outstanding at beginning of year	10,350,000		18,450,000		10,350,000		18,450,000	
Granted	-	-	2,070,000		-	-	2,070,000	
Forfeited	(1,470,000)		-		(1,470,000)		-	
Exercised	(2,130,000)		(10,170,000)		(2,130,000)		(10,170,000)	
Outstanding at year-end	6,750,000	$0.487	10,350,000	$0.487	6,750,000	$0.487	10,350,000	$0.487
Exercisable at year-end	6,180,000		9,680,000		6,180,000		9,680,000	

The price of all options were calculated by using a Black-Scholes options pricing model applying the following inputs (there were no employee options granted in the 2009 year):

2008	**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 $322,079 (2008: $422,994) and relates in full to amortisation of equity-settled share-based payment transactions.

NOTE 31: SHARE-BASED PAYMENTS (CONTINUED)

Options-MetroCoal Limited

During the prior year no options were issued.

During the current year the following options were issued:

- On 28 November 2008, 3,500,000 options were issued to directors of MetroCoal Ltd with an exercise price of the price at which shares will be offered under MetroCoal's IPO;
- On 29 June 2009, 2,250,000 options were issued to management of MetroCoal Ltd with an exercise of the price at which shares will be offered under MetroCoal's IPO;

	Economic Entity			
	2009		2008	
	No. of options	Weighted average exercise price $	No. of options	Weighted average exercise price $
Outstanding at beginning of year	-		-	
Granted	5,750,000		-	
Forfeited	-		-	
Exercised	-		-	
Outstanding at year-end	5,750,000		-	-
Exercisable at year-end	5,750,000			

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

2009	Issued on 28/11/08	Total issued in 2009
Weighted average exercise price	$0.30	$0.30
Weighted average life of the option	3 yrs	3 yrs
Underlying share price	$0.019	$0.019
Expected share price volatility	-	-
Risk free interest rate	4.58%	4.58%
Number of options issued	3,500,000	3,500,000
Value (Black-Scholes) per option	$0.001	$0.001
Total value of options issued	$2,004	$2,004

Options-MetroCoal Limited

2009	Total Issued on 29/06/09
Weighted average exercise price	$0.40
Weighted average life of the option	2.33 yrs
Underlying share price	$0.0125
Expected share price volatility	-
Risk free interest rate	5.19%
Number of options issued	2,250,000
Value (Black-Scholes) per option	$0.001
Total value of options issued	$5,637

NOTE 31: SHARE-BASED PAYMENTS (CONTINUED)

Historical volatility has been determined to be nil given the company is not listed.

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 $7,641 (2008: Nil) and relates in full to amortisation of equity-settled share-based payment transactions.

Shares

On 4 June 2009 Metallica Minerals Limited issued shares to the shareholders of Planet Metals Limited in its onmarket takeover bid as detailed in note 28. Metallica Minerals Limited issued one share for each 22 Planet Metals Limited shares. Accordingly 7,178,289 Metallica Minerals Limited shares were issued with a weighted average share price of $0.3651. The fair value of the shares was determined based The fair value of the shares was determined based on the opening bid price the day the shares were issued.

NOTE 32: PRIOR YEAR ERROR NOTE

The aggregated effect of the errors on the annual financial report for the period ending 30 June 2008 is as follows (no tax effect results from these errors):

	As previously reported	Adjustments	As restated
Economic entity			
EQUITY			
Issued Capital	20,082,884	(2,196,005)	17,886,879
Reserves	8,790,890	2,196,005	10,986,895
Retained profits/(accumulated losses)	5,596,708	-	5,596,708
Total equity attributable to equity holders of the company	34,470,482	-	34,470,482
Minority Interests	282,455		282,455
TOTAL EQUITY	34,752,937	-	34,752,937
Parent Entity			
EQUITY			
Issued Capital		18,884,195	
Reserves	8,790,890	(2,196,005)	16,688,190
Retained profits/(accumulated losses)	6,487,984	2,196,005	10,986,895
Total equity attributable to equity holders of the company	34,162,989	-	6,487,984
Minority Interests		-	34,162,989
TOTAL EQUITY	34,162,989		-

The value of options in the options reserve relating to exercised options were previously incorrectly transferred to issued capital. In the current year this error has been reversed.

NOTE 33: 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 2009 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 year 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 30th day of September 2009

BDO Kendalls

BDO Kendalls (QLD)
Level 18, 300 Queen St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Phone 61 7 3237 5999
Fax 61 7 3221 9227
info.brisbane@bdo.com.au
www.bdo.com.au

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 2009, 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 economic 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 controls 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 controls. 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:

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

   (i) giving a true and fair view of the company's and economic entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

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

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

Emphasis of Matters on Going Concern and Carrying Value of Exploration Expenditure

Without qualification to the opinion expressed above, we draw attention to the matters set out in Note 1(a). 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. This includes the realisation of capitalised exploration expenditure of $18,821,959 (30 June 2008: $11,719,106) as summarised in Note 7. The ability of the company and economic entity to maintain continuity of normal business activities, to pay their debts as and when they fall due and to recover the carrying value of their areas of interest, is dependent upon the ability of the company and economic entity to successfully raise additional capital and/or the successful exploration and subsequent exploitation of their areas of interest through sale or development.

No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the company and economic entity's plans not eventuate.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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 Metallica Minerals Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls (QLD)

BDO Kendalls

C R Jenkins
Partner

Brisbane
30 September 2009

METALLICA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 076 696 092

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 28 September 2009.

Distribution of equity securities and the number of holders by size of holding in each class of security (the Company has only one class of listed securities, being Ordinary Shares) are:

	Ordinary shares	
	Number of holders	Number of shares
1-1,000	487	243,734
1,001-5,000	808	2,345,674
5,001-10,000	460	3,781,635
10,001-100,000	712	21,582,230
100,001 and over	99	93,787,644
Total	2,566	121,740,917

The number of security investors holding less than a marketable parcel of 1755 securities ($0.285 on 17/09/2009) is 666 and they hold 487,124 securities.

Unlisted Director and Employee Options

	Unlisted $0.50 options exercisable on or before 31 December 2009		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				
Total	4	2,000,000	1	500,000

	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				
Total	12	1,100,000	1	400,000

	Unlisted $0.80 options exercisable on or before 31 December 2010		Unlisted $0.80 options exercisable on or before 31 December 2009	
	Number of holders	Number of options	Number of holders	Number of options
100,001 and over				
Total	1	500,000	10	2,250,000

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 (the Company has only one class of listed securities, being Ordinary Shares) are:

Rank	Investor	Current Balance	% Issued Capital
1.	Jien Mining Pty Ltd	22,218,730	18.25
2.	Resource Capital Fund III LP	13,473,290	11.07
3.	Golden Breed Pty Ltd	8,770,000	7.20
4.	Bondline Limited	4,910,966	4.03
5.	Codan Trustees <The Mount Cotton Account>	2,500,000	2.05
6.	Asden Investments Pty Ltd	2,418,474	1.99
7.	Outback Metals Limited	2,164,682	1.78
8.	Colwell Kennedy Australia Pty Ltd	2.000,000	1.64
9.	China Xinfa Group Corporation	1,964,386	1.61
10.	Latsod Pty Ltd <Dostal Superfund A/C>	1,687,000	1.39
11.	Mr Paul Dostal	1,521,957	1.25
12.	Resource Captial Fund IV LP	1,473,290	1,21
13.	Robert John Gillies	1,342,429	1,10
14.	Miss Judith Emily Ruwolt	1,261,911	1.04
15.	K E Bryan No 2 Pty Ltd <K E Bryal No 2 A/C>	1,200,000	.99
16.	Minnelex Pty Ltd	1,147,410	.94
17.	Select Resources Pty Ltd	1,007,410	.83
18.	Tregantle Pty Ltd <Tregantle A/C>	950,000	.78
19.	Mr Shane Colin Mardon	833,000	.68
20.	Ryahed Pty Ltd <Ryahed Super Fund A/C>	813,933	.67
TOTAL		73,659,126	60.50

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
Jien Mining Pty Ltd	22,218,730
Resource Capital Fund III LP	13,473,290
Golden Breed Pty Ltd	8,770,000

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.