



Quarterly Report

to 30 Sept 2010



ASX Release

28 October 2010

Metallica Minerals Ltd

A Queensland focused multi-commodity resource development company with major interests in Nickel-Cobalt, Scandium, Coal, Bauxite, Tungsten, Limestone, Zircon-Rutile, Gold-Copper & Rare Earth Elements

ASX:MLM

Issued Capital (30/09/2010):
117,331,202 Shares issued

7,000,000 Unlisted Employee & Director Options

~ 2,389 shareholders

Top 20 shareholders: Hold 56.5%

Directors:

David K. Barwick - Non Exec Chairman
Andrew Gillies - Managing Director
John Haley - Director & Company Sec
Peter Nicholson - Non Executive Director
Shu Wu - Non Executive Director
(Tao Li - Alternate Non Executive Director)

Largest Shareholders:

Jien Mining Pty Ltd 18.94%
Golden Breed Pty Ltd 7.47%
RCF (Funds III LP & IV LP) 6.14%

Cash Balance:

As at 30 September 2010,
MLM's cash balance was
approximately \$5.6M.

Current cash position is approx. \$6.18M

Highlights

NORNICO Ni-Co-Sc PROJECT

- ▶ Positive NORNICO Stage 1 Ni-Co & Sc Scoping Study based on modest size 180,000 tpa project located on Greenvale Mine Site using Heated AAL processing and solvent extraction (Sx) to produce nickel sulphate, cobalt sulphate and scandium oxide (99.9% purity)
- ▶ Total CAPEX A\$132M (including contingencies, EPCM)
- ▶ Total OPEX estimated at US\$6.20/lb Ni, US\$8.10/lb (after Co credits), and <US\$3.00/lb (after Co & Sc credits)
- ▶ Forecast cashflow \$45M and 4 years payback
- ▶ NPV A\$75M, IRR 23% (10 year project life)
- ▶ Study being revised (Mark II) to allow for high grade scandium ores (>200g/t Sc) (typically being high iron) and an enhanced Greenvale resource
- ▶ NORNICO strategy is focused on margins and maximizing returns and project life from flexibility of simultaneous tri-metal Ni, Co & Sc revenue streams
- ▶ Greenvale initial high grade resources: 4.5Mt @ 1.12% Ni, 0.08% Co (1.28% Ni + 2 Co) which contains 1.43Mt @ 1.39% Ni, 0.11% Co (1.61% Ni Eq) 34g/t Sc (see p8 Table 2)
- ▶ Resumption of drilling on Greenvale mine site to increase resource base and status
- ▶ Maiden Lucknow Ni-Co and Sc resources (see page 9 and Table 6)
 - ▶ 0.57Mt @ 0.70% Ni, 0.30% Co (1.3% NiEq), 107g/t Sc
 - ▶ 4.1Mt @ 205g/t Sc

LUCKY BREAK

- ▶ MFC progressing the nickel project toward implementation, with commissioning currently targeted to commence in first quarter 2012.

METROCOAL (ASX:MTE)

- ▶ Maiden thermal coal resource of 156Mt in Norwood Project (see page 14, Table 8)
- ▶ Increase in thermal coal resource from 292Mt to 381Mt in Bundi project
- ▶ MTE's total thermal coal resource base in Surat Basin expanded to 709Mt incorporating 100% owned Bundi, Norwood and Juandah areas (see page 14, Table 8).
- ▶ China Coal gains final approval from Chinese Government for \$30M JV on Columboola Coal Project.

ORION METALS (ASX:ORM)

- ▶ Discovery of high levels of Rare Earth Elements (REE), gold and uranium mineralization at Killi Killi project in Tanami desert (WA).

PLANET METALS LIMITED (ASX:PMQ)

- ▶ Progressing sale of Wolfram Camp Mining assets for \$7.9M cash.
- ▶ Mt Cannindah Cu-Au project first assays from recent 2 hole deep drill program confirmed Cu-Au mineralization extends down-dip of existing resource.

CAPE ALUMINA (ASX:CBX)

- ▶ New high grade bauxite discovery – Bauxite Hills, 60km NW of Pisolite Hills.

Corporate

- ▶ Metallica currently has combined cash and ASX listed investments of around \$55M.
- ▶ On 15th October Orion Metals advised it had agreed to place 8M shares to Institutional and Sophisticated investors at an issue price of 25 cents per share to raise \$2M.
- ▶ Metallica sold 4M Orion shares for \$1M and exercised its entire 1.4M Orion Options at 12 cents. Metallica's shareholding is now 11.866.658M shares or 16.5%.
- ▶ MetroCoal (ASX:MTE) placed 35M shares at 30 cents raising \$10.5M. As at 27th October MTE's cash balance was approximately \$12.8M.
- ▶ Planet Metals (ASX:PMQ) shareholders approved the Wolfram Camp share sale agreement for \$7.9M. Sale is expected on or before 15th November.
- ▶ PMQ shareholders approved a return of capital of 7 cents per share pending completion of Wolfram Camp Mining Pty Ltd for \$7.9M (capital return represents \$4.18M proceeds).

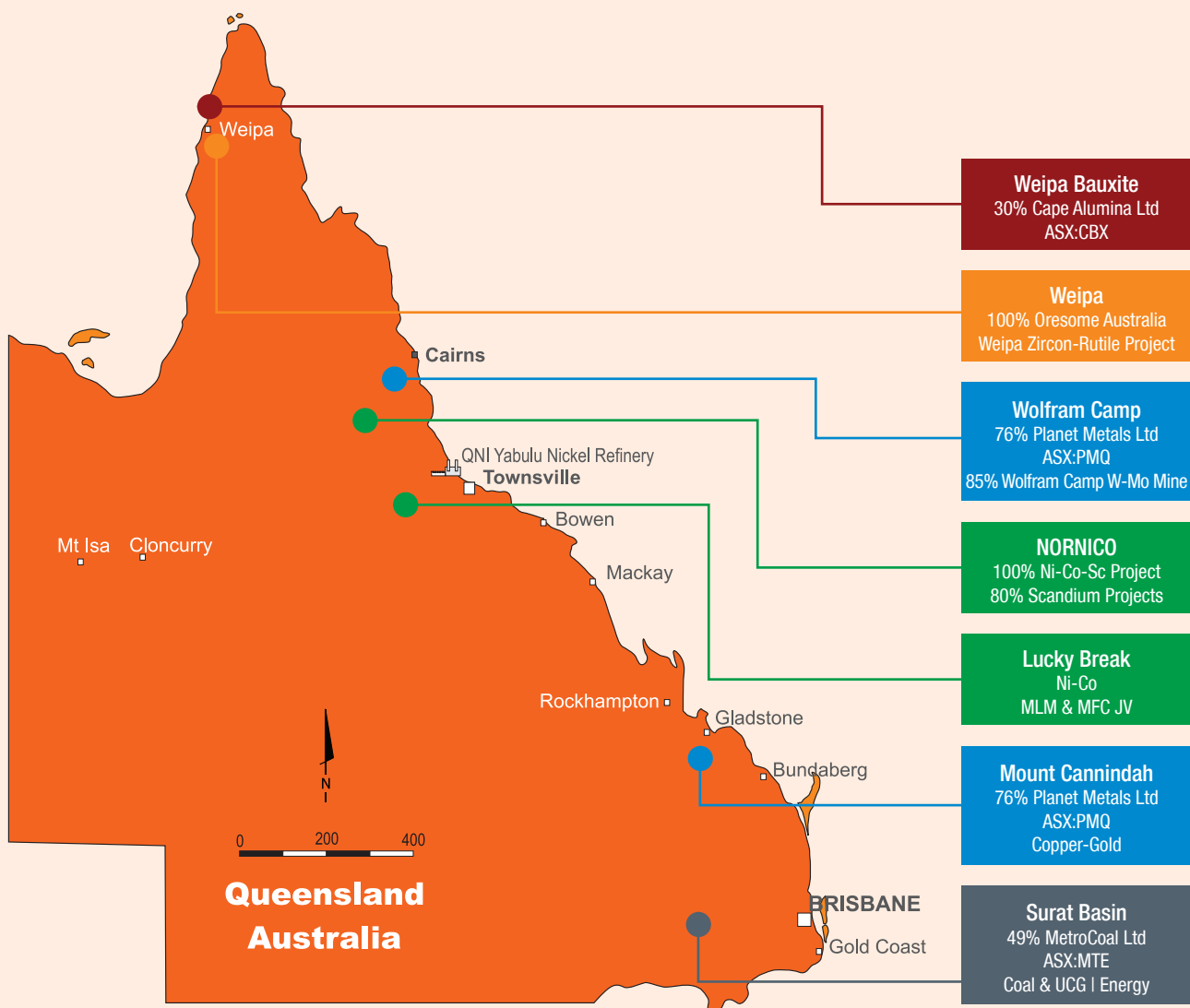


Figure 1 : Queensland project locations of Metallica's major interests in nickel-cobalt, scandium, coal, bauxite, tungsten-moly, zircon-rutile, copper-gold & limestone

Financial

TO BE READ IN CONJUNCTION WITH **APPENDIX 5B** ATTACHED

- ▶ As at 30 September 2010, Metallica's cash balance was \$5.6M including interest income of \$82,000 received during the September Quarter.
- ▶ The cash balance at 26 October was \$6.18M after receipt of net proceeds of approximately \$800,000 from the sale of 4M shares in Orion Metals Limited at 25 cents and the exercise of 1.4M options at 12 cents in Orion.
- ▶ Exploration and evaluation expenditure totalled \$949,000, production \$52,000 (Ootann) and administration expenditure was \$528,000 for the quarter to 30 September 2010.
- ▶ The total combined September quarterly expenditure was approximately \$1.35M.
- ▶ The planned estimated exploration and evaluation expenditure by Metallica for the December 2010 quarter is \$1.2M.
- ▶ There are 7M unlisted options on issue, comprising 2.4M employee options exercisable at 35 cents on or before 12 February 2012 (providing the employees are still employed at 12 February 2011), 1.1M options exercisable at 65 cents on or before 28 September 2012, 3M Director options exercisable at 35 cents on or before 31 May 2012 and 500,000 options exercisable at 80 cents on or before 31 December 2010.
- ▶ The Company's cash reserves will be utilised to progress Metallica's key 100% NORNICO nickel-cobalt & scandium project, and its significant Queensland-based wholly owned exploration interests in zircon-rutile, gold-base metals, limestone-lime and scandium (80%).
- ▶ Metallica continues to assess attractive corporate and project opportunities that are compatible to the Company's core operations.



*RC Drilling at the
Greenvale Nickel Deposit*

Metallica Company and ASX Listed Investment Structure



Figure 2 : Metallica's Company & ASX Listed Investment Structure

Competent Persons Statement

Technical information contained in this report has been compiled by Andrew Gillies B.Sc (Geology) Managing Director of Metallica Minerals Ltd and Metallica Minerals Ltd, Exploration Manager, Mr Pat Smith MSc. B.Sc (Hons), M.AusIMM, who are competent persons and Members of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Gillies and Mr Smith have relevant experience to the mineralisation, Exploration Targets and Mineral Resources being reported on to qualify as Competent Persons as defined by the Australasian Code for Reporting of Minerals Resources and Reserves. Information on Cape Alumina bauxite projects in this report are compiled by Mr John Cameron, Exploration Manager of Cape Alumina Limited who is a Member of the AusIMM and has 20 years experience in exploration and mining including a significant time studying bauxite projects. Mr Gillies, Mr Smith and Mr Cameron consent to the inclusion in the report of the matters based on the information in the form and context in which it appears. A separate Competent Person Statement is included for the MetroCoal Ltd (Coal) section on page 15 of this report.

Andrew Gillies
Managing Director,
28 October 2010

NORNICO Project Development

NICKEL-COBALT & SCANDIUM | NORNICO PROJECT 100%

KEY ACTIVITIES UNDERTAKEN DURING THE SEPTEMBER QUARTER:

- ▶ The NORNICO Stage 1 Ni-Co-Sc Scoping Study was completed and a technical report finalised.
- ▶ Financial modelling positive with IRR 23% and NPV A\$75M (not including high grade scandium ores).
- ▶ Lucknow high grade scandium ore (low nickel) beneficiation testwork and single stage batch leach testwork was completed.
- ▶ Dry season baseline environmental studies were completed over the Greenvale and Lucknow deposits.
- ▶ Further resource drilling at the Greenvale Nickel Minesite (mined 40Mt at 1.56% Ni and 0.12% Co from 1974-1992) was initiated to further enhance resources of remnant high grade Ni-Co ores.

NORNICO PROJECT STUDIES

NORNICO STAGE 1 – NI-CO-SC PROJECT SCOPING STUDY

The Greenvale Ni-Co-Sc Scoping Study was based on a modest size 180,000tpa project located at the old Greenvale minesite using heated agitated Atmospheric Acid Leaching (AAL) processing, with acid supply trucked from Townsville, solvent extraction and recovery of nickel, cobalt and scandium, with options to produce either nickel metal or nickel sulphate plus cobalt sulphide and scandium oxide products.

Feed material will be selected high grade Ni & Co (>1.6% Ni Eq¹) feed primarily sourced from the Greenvale deposit and blended with cobalt and scandium rich nickel laterite ores trucked from the Lucknow deposit (6km away) and/if required the Kokomo (55km) Ni-Co-Sc deposit in later years.

Forecast average annual production of contained metal was 2,700t Ni

¹ Ni Eq (Nickel equivalency) is defined by Ni+2Co using prices for nickel of \$9/lb and \$18/lb for Cobalt assuming similar recoveries, no scandium mineralisation is included in the Ni equivalency calculation.

as Nickel Sulphate Hexahydrate product, 160t Co as Cobalt Sulphide intermediate product and 7,500kg of scandium as Scandium Oxide (99.9% purity).

The Scoping Study was undertaken by the “in house” NORNICO project team and assisted by external consultants.

Acid supply for the project would be sourced from Townsville. Limestone could be supplied from Phoenix Lime (Ootann Project) or its other limestone

deposits close to NORNICO – Lucky Star. Quicklime will be sourced from Ootann or an alternate supplier at Rockhampton.

The former Greenvale minesite is an excellent location to establish a Ni-Co & Sc ore processing facility as it is within a previously disturbed (and partially rehabilitated) large mining area, which has remnant zones of high grade nickel and cobalt, it is close to the Greenvale township, sealed access roads, and existing infrastructure,



Figure 3: NORNICO Project Regional Setting

Resource Projects

water and limestone supplies.

SCOPING STUDY HIGHLIGHTS (SEE TABLE 1)

- ▶ The scoping study estimated total Stage 1 capital cost of A\$132M (including 10% EPCM and 15% contingency but excluding working capital) and the average total operating cost was \$250/t ore. The study used long-term metal price assumptions of US\$9/lb Ni, US\$18/lb Co and US\$1,750/kg Sc oxide and exchange rate of US\$0.85.
- ▶ Based on the above assumptions, the financial model calculated a project NPV of A\$75M and project IRR of 23%, using a 10% discount rate and project life of 10 years.
- ▶ Total operating costs estimated to be in the order of US\$6.20/lb Ni or US\$5.10/lb Ni with Co credits or <US\$3/lb Ni after Co & Sc credits, assuming conservative scandium oxide prices and offtake.
- ▶ Due to potential improvements identified on the proposed processing flow sheet, the Scoping Study will be revised (Mark II) to incorporate a more efficient iron removal step (with a potential reduction in reagent consumption) which will also potentially allow the increased ability to process higher iron bearing ores, particularly the high grade (>200g/t Sc) scandium ores discovered at Lucknow earlier this year.
- ▶ The revised Scoping Study (Mark II) will also allow for further resource drilling to further enhance and define the Greenvale Ni-Co resource base in preparation for mining studies before the expected commencement of a full Feasibility Study in early 2011.
- ▶ The flowsheet being developed is suitable for simultaneous tri-metal processing of Ni, Co and Sc bearing laterite ores.
- ▶ The project delivers significant

revenue and margin performance.

The study is currently being revised to allow for higher bearing iron scandium ores to maximise revenue and ability to grow future scandium production and extend project life well beyond 10 years.

Table 1: Initial Scoping Study Key Points

Size Operation	180,000tpa Heated Agitated AAL/Solvent Extraction (Sx)/crystalisation
Assumed average plant feed grades	1.8%Ni Eq (Ni + 2Co), 50g/t Sc
Project Life - NORNICO Stage 1	10 years /starting 2013 (not including Sc Ore >200g/t Sc)
Assumed Ore feed total (excluding Sc Ore)	Greenvale & Lucknow 1.8Mt @ 1.8% Ni Eq*, 50g/t Sc (later years Kokomo) (*assuming no Sc ore)
Metal Recoveries	90% Ni, 90% Co, 85% Sc
Average Ni-Co-Sc Production	~2,700tpa Ni (12,100t Ni Sulphate) ~160tpa Co (in Co Sulphide) ~7,500kg/pa Sc (11,600kg/pa Sc oxide)
Estimated Capex & Op Ex Cost	A\$132M per annum (including infrastructure, EPCM 10%, 15% contingency)
Long term assumed prices paid	100% LME contained Ni (due to high quality end product) 80% LME contained Co 100% contained Sc oxide (99.9% purity)
Long term average metal prices	US\$9/lb Ni, US\$18/lb Co, US\$1,750/kg Sc oxide (exchange rate 85c)
Annual Net Cash Flow	A\$45M per annum
NPV ₁₀ /IRR	A\$75M / 23% IRR
Forecast captial payback period	4 years
Total Cost /lb Nickel produced	US\$6.20/lb, US\$5.10/lb after Co credits <US\$3/lb after Sc credits
**(-10% + 30% accurac), currently being revised (mark II) to allow for higher iron + sccanium bearing ores	

METALLURGICAL TESTWORK

LUCKNOW HIGH GRADE SCANDIUM ORE – HRL TESTING PROGRAM

A sample of high grade scandium was collected for metallurgical testwork. This first sample was sent to HRL in Brisbane for metallurgical testing. Testwork undertaken at HRL was related

to beneficiation and acid leaching.

Beneficiation by wet scrubbing and screening indicated that the Lucknow scandium ore did not upgrade. This is explained by the natural fineness of the ore.

A range of single stage batch leaching tests, using different acid additions,

was conducted to investigate acid consumption and metal extractions. Acid consumptions ranged from 200 to 1,000kg/t, with the higher acid additions to maximize the extraction of Scandium in the high iron ores.

Lucknow metallurgical responses were found to be similar to the Kokomo scandium ores.

ENVIRONMENTAL

Dry season environmental flora and fauna baseline studies over the Greenvale and Lucknow projects were completed. Wet season baseline studies are planned for the March quarter 2011.

ACTIVITIES PLANNED FOR THE DECEMBER QUARTER 2010

- ▶ Revise and update the Scoping Study (Mark II) 80,000tpa (this size may be increased) nickel laterite processing plant (NORNICO Stage 1) located at Greenvale to incorporate a more efficient iron removal stage to allow treatment of the higher iron bearing ores particularly the high scandium ore with high iron content (35% Fe) sourced from Lucknow.
- ▶ Initiate pit design and mining schedule for the high Sc zones in the Lucknow deposit.
- ▶ Initiate further AAL metallurgical testwork including pressure oxidation on the Greenvale and Lucknow high iron bearing ore types.
- ▶ Planning of Mining Lease Application(s) over portion(s) of the Greenvale mine site and the Lucknow projects.



Nickel laterite exposure on the Greenvale mine site

NORNICO Exploration Update

EXPLORATION WORK COMPLETED ON THE NORNICO PROJECT AREA IN THE SEPTEMBER QUARTER INCLUDES:

- ▶ Completion of a maiden Scandium resource for the Lucknow Deposit
- ▶ Initial Ni-Co resource statements for the Greenvale and Lucknow Ni-Co projects
- ▶ Resumption of RC Drilling at Greenvale, to increase resource base, to date 100 RC holes completed for a total of 2,573m
- ▶ Completion of a 6 hole PQ diamond drilling programme at Lucknow and Greenvale for metallurgical, bulk density and geological purposes
- ▶ Completion of 10 RC holes for 612m at the Junction Bore W-Mo prospect
- ▶ Completion of Dry Season Environmental Study at Greenvale and Lucknow

GREENVALE NICKEL PROJECT

In September 2010 an initial resource for the previously mined (1974-92) Greenvale Ni-Co laterite deposit was completed by Golder Associates of Brisbane, details of this resource are included in an announcement to the ASX dated 8th September 2010.

The initial Indicated and Inferred resource for Greenvale stands at 4.5Mt @ 1.12% Ni and 0.08% Co (1.28% Ni Eq¹) with a higher grade zone of 1.43Mt @ 1.39% Ni and 0.11% Co (1.61% NiEq), (see Tables 2 and 3). It is possible that when the bulk density data from the recently completed PQ diamond drilling programme is incorporated into the updated resource estimate some of the existing resource may be upgraded to the Measured category (see Table 2 & 3).

Table 2: Greenvale Ni - Co Resource (Using a 0.70% NiEq COG)

Classification	Mt	Ni %	Co %	NiEq %	Fe %	Sc g/t
Indicated	3.2	1.16	0.08	1.31	22	35
Inferred	1.3	1.03	0.09	1.21	23	39
Total	4.5	1.12	0.08	1.28	23	36

Table 3: Greenvale Ni - Co Resource (Using a 1.40% NiEq COG)

Classification	Mt	Ni %	Co %	NiEq %	Fe %	Sc g/t
Indicated	1.1	1.42	0.11	1.63	22	33
Inferred	0.3	1.23	0.15	1.52	24	40
Total	1.4	1.39	0.11	1.61	22	34

The above conforms to JORC guidelines for the reporting of mineral resources, the resources have been classed as either Indicated or Inferred based on geological continuity, sample intervals and drill hole spacing, parts of the resource could be classed as Measured once additional bulk density data has been obtained. The Indicated resource is sufficient for preliminary pit design and scheduling. The Mineral resource estimate is appropriate for a selective open pit mining scenario, but does not account for mining dilution or mining losses.

The Greenvale Resource was estimated using data from 417 Reverse Circulation (RC) holes. Holes GVM 142 to GVM 417 were drilled by Metallica between March 2010 and June 2010 (comprising approximately 9,000m) and holes GVM-001 to GVM 141 were drilled by Straits Resources Ltd between May 2007 and August 2008 (comprising approximately 6,000m of drilling). The Greenvale resource has predominantly been drilled out on a 40m by 40m grid with some infill drilling to 20m by 20m. This is sufficient to classify the resource as Indicated.

Due to the geological continuity of the Greenvale nickel-cobalt laterite mineralisation it is likely than once Metallica obtains additional Bulk Density data, parts of these resources could then be re-classified as Measured. An additional 150 holes are planned for Greenvale comprising between 4,000–6,000m of drilling, it is expected that this work will be completed by mid-November.

GREENVALE PHASE 2 DRILLING PROGRAMME

Drilling re-commenced at Greenvale in mid September, with a total of 100 holes, (GVM-418 to GVM-517) for 2,573m of drilling has been completed to date. The holes are designed to step out around existing resources identified at The Edge and The Power Line and also to identify shallow high grade resources at Area 15, Moonscape and the Powder Magazine.

Results have been received for the first 8 holes (GVM-418 to GVM-425) drilled at Greenvale in the current programme with results tabulated in Table 4 on page 10.

LUCKNOW NI-CO & SC PROJECT

LUCKNOW RESOURCE

A maiden scandium resource was complete for the Lucknow Scandium (Sc) deposit in August 2010, (ASX Release dated 20th August 2010) and

an initial Ni-Co Resource for Lucknow was announced in conjunction with the Greenvale Ni-Co Resource on the 8th September 2010.

The combined Indicated and Inferred resource for the Lucknow Ni-Co laterite deposit based on the drilling to date is 2.4Mt @ 0.57% Ni, 0.20% Co (0.97% NiEq) and 96g/t Sc, at a 0.7% NiEq cut-off grade (COG) (see Table 5), including a higher grade zone of 0.57Mt @ 0.70% Ni, 0.30% Co (1.30% NiEq) and 107g/t Sc, using a 1.1% NiEq COG.

The combined Indicated and Inferred resource for the entire Lucknow Sc laterite deposits stands at 6.10Mt @ 169g/t Sc, at a 70g/t cut-off grade (COG), including a high grade zone of 4.1Mt @ 205g/t Sc, using a 120g/t Sc COG (Indicated Resource 2.3Mt @ 210g/t Sc & Inferred Resource 1.8Mt @ 190g/t Sc). A breakdown of the resource categories for Lucknow is included in Table 6.

The scandium ore at Lucknow is covered by a Joint Venture agreement between Straits Resources Ltd (20%) and Metallica Minerals Ltd (80%), under the terms of the JV all scandium ore is to be mined or stockpiled separately and kept for later processing by the JV. Laterite resources are classified as either Ni-Co ore or Sc ore under a formulae defined by the terms of the JV agreement.

The Lucknow Ni-Co & Sc resource was completed by using data from 298 RC drill holes comprising 7,036m of drilling. The resource has been drilled out on either a 20m (N-S) by 20m (E-W) grid or a nominal 40m (N-S) by 40m (E-W) grid which is sufficient to classify the resource as Indicated. Where the drilling has been completed on a 80m (N-S) by a 40m (E-W) grid the resource has been classed as Inferred. It is possible that once additional bulk density data becomes available, the majority of the Indicated Resource may then be classed as Measured.

DIAMOND DRILLING

Six PQ diamond holes for a total 201.71m of have been completed at the Greenvale and Lucknow Ni-Co and Scandium deposits. Three holes GVMDDH-001 to GVMDDH-003 for 128m were drilled at Greenvale and three holes LKDDH-001 to LKDDH-003 for 73.7m were drilled at Lucknow.

The holes were twins of RC holes completed by Metallica earlier this year and were drilled 2 to 5m away from the RC collars. The holes were collared in the parts of the Lucknow and Greenvale deposits which are expected to be mined first, (subject to feasibility) and are spatially representative of the deposit.

The holes were also drilled to provide samples for additional metallurgical testwork, bulk density data and for detailed geological information. Each of the holes were logged and photographed and an indicative grade for each 1m sample was obtained from the hand held XRF.

Bulk density data was obtained for each 1m interval, with 2 determinations taken in zones which recorded greater than 0.80% Ni or 100g/t Sc on the XRF. The bulk density data will be incorporated in an updated estimate for both the Greenvale and Lucknow Resources due in late November to mid December.

SIX MILE TENEMENT

At Junction Bore 10 shallow RC for 612m meters were drilled to test a newly recognised area of anomalous molybdenum (Mo) – tungsten (W) and arsenic (As) geochemistry associated with a distinct magnetic low and where wolfram bearing quartz float and sub-crop is common, no modern exploration appears to have been undertaken in this area.

The holes were drilled to a maximum depth of 66m and were designed to intersect quartz bearing veins

perpendicular to their observed strike. All of the holes intersected quartz veining in sediments – with minor to intense stockworking observed in all 10 (ten) holes.

Assays results indicate that the quartz veins contain anomalous Mo-W and Bismuth (Bi), with low grade Mo (>250ppm) and to a lesser extent W intersected over several meters. The more anomalous results for the 10 holes are summarised in Table 7.

Although no zones of economic mineralisation were intersected the area is still considered prospective for porphyry style Mo-W mineralisation, with the modeled depth of the magnetic anomaly estimated to be at approximately 200m, it is possible that increased quartz veining, alteration and mineralisation will occur either within the modeled intrusive or immediately adjacent to it.

WORK PROGRAM FOR DECEMBER QUARTER

- ▶ Completion of Phase 2 of the Greenvale Drilling programme.
- ▶ Updated Resource estimates for Greenvale and Lucknow.
- ▶ Mining Lease applications over Lucknow and Greenvale Resources and proposed mining, treatment and infrastructural areas.
- ▶ Continued negotiations with relevant landowners and the Gugu Badhun Traditional Land owners for an ILUA which will include, Kokomo, Lucknow and Greenvale.

¹ Ni Eq (Nickel equivalency) is defined by Ni+2Co using prices for nickel of \$9/lb and \$18/lb for Cobalt assuming similar recoveries, no scandium mineralisation is included in the Ni equivalency calculation.

Table 4: Greenvale Exploration Drilling Assay Results – September 2010

Hole Number	From	To	Intercept	Ni (%)	Co (%)	Sc (g/t)	Fe (%)	Mg (%)	NiEq %
GVM-418	NSR								
GVM-419	NSR								
GVM-420	6	11	5	1.24	0.15	19	12.61	8.42	1.54
GVM-421	NSR								
GVM-422	NSR								
GVM-423	0	3	3	1.35	0.32	49	32.43	3.88	1.99
GVM-424	NSR								
GVM-425	22	33	11	1.25	0.09	35	21.98	6.43	1.43
inc	26	32	6	1.48	0.02	15	11.36	10.40	1.52

NSR – No Significant Result, only intercepts of >1.0% NiEq over a 2m interval are listed, intercepts include a maximum of 2m internal dilution

Table 5: Global Lucknow Nickel-Cobalt Resource (Using a 0.70% NiEq COG)

Classification	Mt	Ni %	Co %	NiEq %	Fe %	Sc g/t
Indicated	1.7	0.59	0.20	0.99	24	85
Inferred	0.7	0.54	0.20	0.93	23	116
Total	2.4	0.57	0.20	0.97	24	96

The above resource conforms to JORC guidelines for the reporting of mineral resources, the resources have been classed as either Indicated or Inferred based on geological continuity, sample intervals and drill hole spacing, parts of the resource could be classed as Measured once additional bulk density data has been obtained. The Indicated resource is sufficient for initial pit design and scheduling.

Table 6: Lucknow Sc Resource – Subject to the JV Agreement (using a 70 g/t Sc COG)

Classification	Mt	Ni %	Co %	NiEq %	Fe %	Sc g/t
Indicated	3.3	176	0.20	0.05	34.0	1.1
Inferred	2.8	161	0.20	0.04	35.0	0.8
Total	6.1	169	0.20	0.04	35	1.0

Table 7: Junction Bore – Exploration Drill Hole Results

Hole No	From	To	Interval	W (ppm)	WO3 (%)	Mo (ppm)	Bi (ppm)
JBRC-002	31	34	2	850	0.11	708	-
	22	36	14	813	0.10	498	-
JBRC-006	31	34	3	367	0.05	420	-
JBRC-007	33	39	6	-	-	406	-
JBRC-008	7	8	1	-	-	437	1840
JBRC-009	28	38	10	522	0.07	-	-
JBRC-010	0	2	2	345	0.04	-	4000

Lucky Break Nickel Project

MFC 50% MLM 50% JOINT VENTURE

The Lucky Break nickel project, located 140km west of Townsville, North Queensland (see Figure 4) is in a joint venture between Metals Finance Ltd (ASX:MFC) and Metallica. Metallica holds two granted Mining Leases (ML 10324 and 10332).

Under the Lucky Break joint venture agreement, Metals Finance is responsible for funding, developing and managing the Lucky Break project, if it proceeds. A limited recourse loan will be created from Metals Finance to the Metallica subsidiary for 50% of the project costs.

The project, with a planned mine life of just under six years with nickel recoveries of 85% and average grades

of 1.3% Ni, is to be developed and brought into nickel production at no cash cost to Metallica and hence does not dilute shareholder equity.

Upon implementation 100% of cash flow surplus will be directed to repayment of the loan from Metals Finance until this loan is repaid. After this, the cash flow surplus will be shared 50:50.

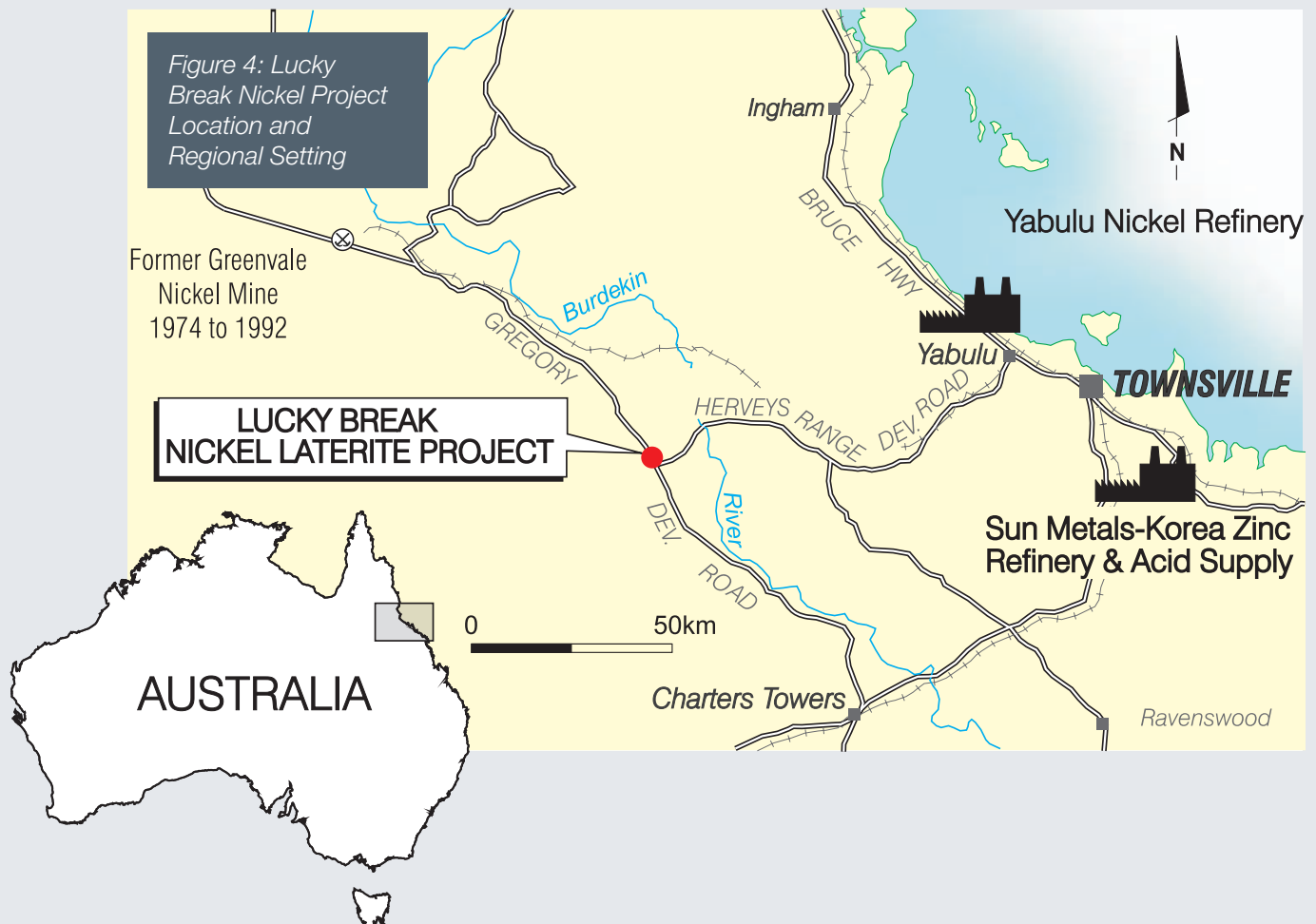
The development of the Lucky Break project would provide Metallica with significant hydrometallurgical operational experience and know-how, ahead of the proposed larger scale NORNICO Stage 1 development at Greenvale (approximately 100km north of Lucky Break).

LUCKY BREAK NICKEL PROJECT STATUS – SEPTEMBER 2010

The Lucky Break Nickel project is progressing toward implementation, with commissioning currently targeted to commence during the first quarter of 2012.

The Plan of Operations has been updated to reflect the revised design and only requires an update of site layout drawings before submitting to DERM for approval. The aim is to submit the amended plan before 31st December 2010.

EPCM tenders were submitted by Calder Projects, Intech Engineering and



Lucky Break Nickel Project

Fraser Osborn. After due consideration of the submissions, it has been agreed that the project EPCM will be managed by MFC's Operations Manager Peter Shelley, with assistance from relevant contractors as required.

A Memorandum of Understanding (MoU) for the legally binding supply of acid to the project has been drafted and agreed to in principal by Sun Metals and Metals Finance. Finalisation of the MoU is in progress and is expected to be signed by the end of October 2010. The MoU will guarantee the availability of the acid, however not the price, which will be subject to a further round of negotiations prior to finalisation of the supply agreement, about three months prior to the first acid delivery.

The process design has been finalised with all sections having been tested successfully for refining the feasibility study. The only remaining issue is the less than expected loading capacity of the Ion Exchange (IX) resin at the target

pH of 1.8 to 2.0, which may require the addition of more resin to the carousel. This should be finalised by the end of November 2010.

Process Technologies (John Canterford) completed a fatal flaw analysis of the feasibility study. Items identified by John are in progress with most of the queries having been resolved.

PLANNED ACTIVITIES FOR THE DECEMBER 2010 QUARTER:

- ▶ Finalise the Bankable Feasibility Study by 30th November 2010.
- ▶ Arrange for updated site layout drawings to be produced for the revised Plan of Operations.
- ▶ Arrange for an updated mine plan to be produced to finalise strip ratio estimates.
- ▶ Finalise and submit new Plan of Operations to Environmental Consultants AARC for review and submission to DERM by 31st December 2010.
- ▶ Execute a binding Memorandum of Agreement with Sun Metals to guarantee acid supply to the project – by 30th November 2010.
- ▶ Finalise the planned project schedule and include a commissioning schedule by 30th November 2010.
- ▶ Determine if and how much should be included in capital for the treatment of raffinate and process water to neutralise residual acid by 30th November 2010.
- ▶ Agree whether owner operator (or contractor) mining will be carried out at Lucky Break by 30th November 2010.
- ▶ Finalise the Cu guard column design by 31st December 2010.



MetroCoal Limited

SURAT BASIN COAL | ASX:MTE | MLM 49.1%

AN EMERGING COAL AND ENERGY COMPANY FOCUSED ON THE SURAT BASIN

METALLICA CURRENTLY HAS A 49.1% SHAREHOLDING COMPRISING 80M SHARES IN MTE

HIGHLIGHTS

- ▶ Maiden Inferred resource of 156Mt announced in Norwood Project area, Surat Basin (see Figure 6 & Table 8).
- ▶ In October MetroCoal announced an increase in the JORC inferred resource from 292Mt to 381Mt of thermal coal at the Bundi Project area, Surat Basin.
- ▶ 381Mt Inferred Resource contained within 84km² of Bundi Project area (within EPC 1164 & EPC 1251 “Wandoan West”) and strong

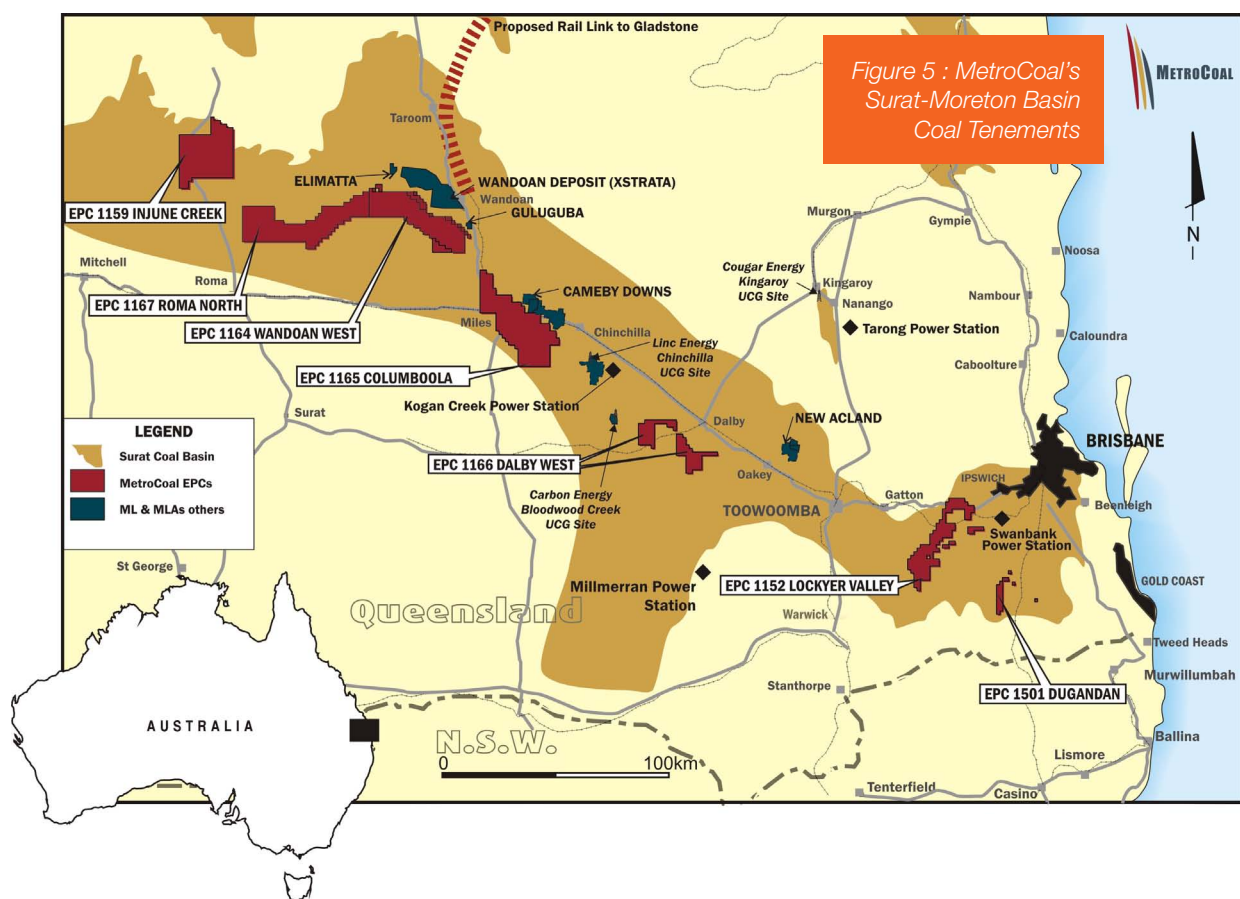
potential to increase the Inferred Resource area with ongoing drilling.

- ▶ Exploration planning is underway to increase the borehole density within the Bundi resource. The next drilling program for Bundi area is being planned to increase the resource confidence to an ‘Indicated’ category via a staged process commencing in 2011.
- ▶ MetroCoal’s total thermal coal resource base in the Surat Basin expanded to 709Mt incorporating the Bundi, Norwood and Juandah areas (see Table 8).
- ▶ China Coal received final approval from Chinese Government for the \$30M JVA on the Columboola Coal project, and the JV has become unconditional. The first JV committee meeting has been held.

- ▶ Placement 35M shares at 30 cents raising \$10.5M.

MetroCoal is an emerging coal based energy company focused on the Surat Basin, with a vision to build a substantial thermal coal and cleaner energy business. MetroCoal holds 100% of extensive coal tenements covering 4,000km² in the Surat Basin region, in southern Queensland (see Figure x). The coal in the Surat Basin is ideally suited to provide high quality export thermal product and also to provide the feedstock for an alternative energy and fuel production from Underground Coal Gasification (UCG). MetroCoal’s strategy is to confirm Exploration Target* of between 2.5 and 3.5 billion tonnes by December 2011.

To date, MetroCoal has defined a combined total inferred and indicated resource of approximately 709Mt



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

of thermal coal from the Juandah, Norwood and Bundi resource areas (see Table 8).

The coal is suitable for conventional Underground mining for export thermal coal or UCG for syngas production to produce electricity for fuels.

Drilling in the Bundi area, confirms the continuity of the upper Macalister seam that supports MetroCoal's ambitions to establish a 7Mt pa long wall operation with a minimum mine life of 20 years.

Import & Export Company (CCIEC), a wholly owned subsidiary of China National Coal Group Corp (China Coal), under which CCIEC has acquired a 51% interest in MetroCoal's EPC 1165 Columboola by completing for an exploration and evaluation expenditure of A\$30M.

China Coal has now received final approval from Chinese Government for the \$30M JVA and the Columboola Coal project JV has become unconditional and first JV committee meeting has been held.

A minimum spend of \$4M is required within the first two years of the agreement.

funds totalling \$10.5M. The proceeds of the capital raising will be used for:

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

CHINA COAL JV: CUMBOOLA PROJECT (EPC1165)

In April 2010, MetroCoal signed a Joint Venture Agreement (JVA) with China Coal

CORPORATE – CAPITAL RAISING

On 15th October 2010, MetroCoal advised it will place 35M Shares at an issue price of 30 cents per share to raise a gross amount of

The placement will be undertaken in two tranches. Approximately 21M shares were placed on 18th October. The balance of the 14M shares is subject to shareholder approval that will be sought at the upcoming Annual General Meeting on 18th November 2010.

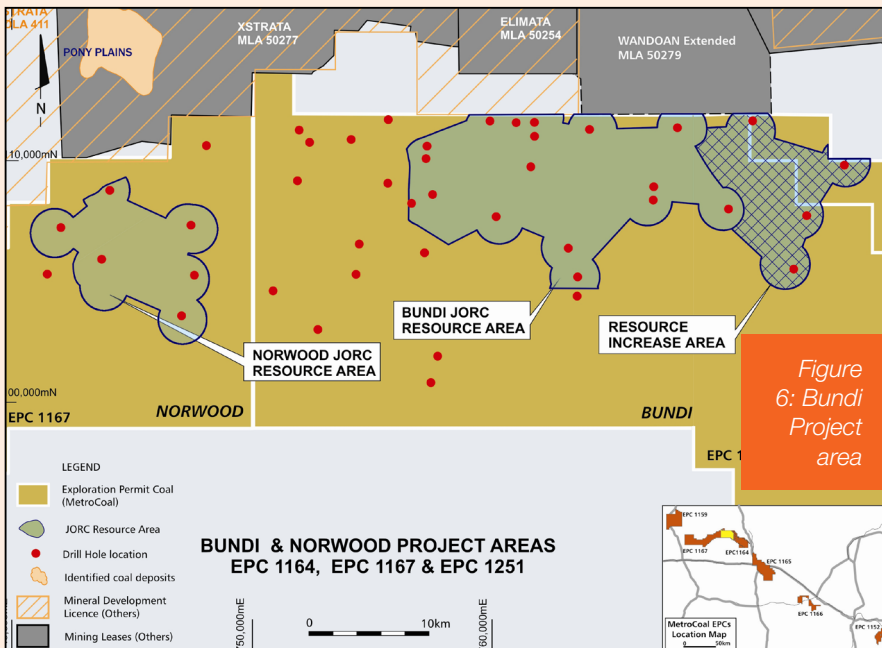
Table 8: MetroCoal – Surat coal project resource*

Resource	Norwood (Underground Coal)	Bundi (Underground Coal)	Juandah (UCG)	Total (UG & UCG)
Inferred	156 Mt	381 Mt	149 Mt	686 Mt
Indicated			23 Mt	23 Mt
TOTAL	156 Mt	381 Mt	172 Mt	709 Mt

As at 26th October MetroCoal's cash balance was approximately \$12.8M.

Competent Persons Statement

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



Cape Alumina Limited

BAUXITE | ASX:CBX | MLM 29.9%

METALLICA HAS A STRATEGIC 29.9% SHAREHOLDING (COMPRISING 38.57M ORDINARY SHARES) IN CAPE ALUMINA.

Cape Alumina Ltd (Cape) listed on the ASX (ASX:CBX) in January, 2009 on the back of its 100% ownership of the Weipa Bauxite project on Queensland's Cape York Peninsula (see Figure 7). Cape is a specialist bauxite (ore for aluminium) exploration and development company.

KEY POINTS

- ▶ New high-grade bauxite discovery at Bauxite Hills 60km NW of Pisolite Hills in western Cape York.
- ▶ Wenlock Wild River declaration renders Pisolite Hills project unviable due to arbitrary 500-meter Buffer reducing available bauxite by 45%.
- ▶ Cape Alumina completed a review of the impact of the declaration of the Wenlock River Basin as a wild river area under the Queensland Government's Wild Rivers Act (2005). The review concluded that the Wenlock Wild River declaration has rendered Cape Alumina Limited's Pisolite Hills bauxite mine and port project unviable under forecast economic conditions.
- ▶ Major consequences of the declaration of the Wenlock River Basin as a wild river area and the Pisolite Hills project not proceeding include:
 - ▶ the denial of the opportunity for indigenous communities of Cape York, which are amongst the most disadvantaged communities in Queensland, to obtain jobs, employment skills, business opportunities and an escape from the welfare cycle; and
 - ▶ the people of Queensland being denied a project that would boost economic activity in Queensland by \$1.2 billion and directly inject hundreds of Ms of dollars into the State budget by way of royalties and other taxes.

- ▶ Cape Alumina believes that on the basis of sound science, published environmental guidelines and independent expert advice, the Queensland Government should roll back the High Preservation Areas in the vicinity of the Pisolite Hills project, and base its decision making on the existing Environmental Impact Statement (EIS) process that has evolved over many years as a highly sophisticated instrument for making informed decisions in the public interest. The EIS carefully assesses all environmental, economic, community and social benefits and costs for proposed resource development projects.

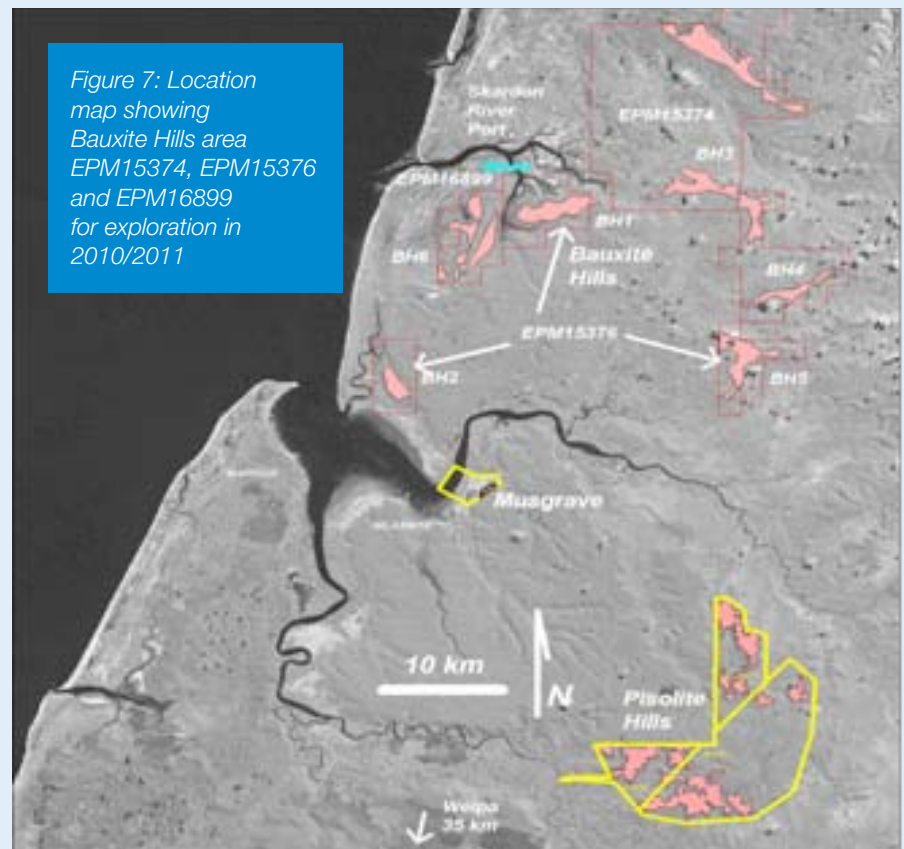
The total resource at Pisolite Hills and Musgrave is estimated to be 134.6Mt in situ bauxite which would yield 88.9Mt of beneficiated bauxite on a dry basis (see Table 9). This resource estimate underpins the commercial development of the Pisolite Hills project.

Table 10 sets out the reduced Pisolite

Hills resources available to the project as a result of the Wenlock River basin wild river declaration and the establishment of a 500-metre-wide HPA. The result is the direct sterilisation of 20.1Mt of higher-grade bauxite and is a reduction of the Pisolite Hills resource by 23% to 103.5Mt of in situ bauxite to yield 67.2Mt of dry product bauxite.

Additionally, due to the lower grade nature of the PH3, PH5 and PH6 deposits, the declaration has unnecessarily reduced a further 19.6Mt (equivalent to 22% of the resource) of lower grade, dry-product bauxite from PH3, PH5 and PH6 deposits that are unsaleable without blending with the now sterilised portions of the higher-grade bauxite from PH1, PH2 and PH4.

The result of the Queensland Government's declaration of the Wenlock River Basin as a wild rivers area is, therefore, a reduction of 45% of the bauxite resources available to the Pisolite Hills project.



NEW HIGH-GRADE BAUXITE DISCOVERY AT BAUXITE HILLS

Cape Alumina has identified six prospective zones within a dissected lateritic plateau between the Ducie and Skardon rivers now called the Bauxite Hills project. Reconnaissance traverses were conducted across three of these areas, BH1, BH2 and BH5 which lie within EPM15376 held 100% by Cape Alumina.

The most promising area is BH1 which lies 5km SSE of the existing Skardon River port. At BH1, eight surface float samples were collected along a 1.8km traverse and five of these returned

excellent grades ranging from 53.6% to 56.6% Al_2O_3 and 4.6% to 7.6% total SiO_2 . The remaining three samples returned assays between 48.9% and 51.9% Al_2O_3 and 10.6% to 16.1% SiO_2 .

Mapping of the BH1 area indicates bauxite mineralisation covers an area of up to 1,000 Ha. Assuming an average bauxite thickness of 2.5m, average beneficiation recovery of 70%, and an average dry bulk density of 1.8 g/cm³, there is potential for up to 30Mt of dry product bauxite within the BH1 deposit alone.

The close proximity to an existing port or a possible new barge loading facility suggests that this area may be capable of supporting low-cost, high-grade

bauxite production.

EXPLORATION AND TENURE

Cape Alumina controls 1,900km² of tenements, including 13 granted and four applications for Exploration Permits for Minerals (EPM), adjoining Rio Tinto mining leases in the Weipa bauxite province of Cape York, Queensland.

In light of the impact of the Wild Rivers legislation on the companies interests, all tenements in Cape York are currently under review on a case by case basis.

Table 9: Pisolite Hills Bauxite Resource

Resource Category	In-situ Dry Tonnes (Mt)	Dry Beneficiated Tonnes (Mt)	Beneficiated Bauxite Qualities							
			Total SiO_2 (%)	Total Al_2O_3 (%)	Fe_2O_3 (%)	TiO_2 (%)	LOI (%)	Recovery (%)	RXSi (%)*	THA (%)**
Total Measured	27.5	20.1	10.8	54.4	6.7	2.2	25.6	73.1	6.4	41.8
Total Indicated	56.1	37.9	12.5	53.5	6.2	2.2	25.3	67.7	7.6	41.8
Total Inferred	48.8	29.3	13.2	51.8	7.6	2.3	24.8	60.6	8.2	40.8
Pisolite Hills Total	132.4	87.3	12.3	53.1	6.8	2.2	25.2	66.6	7.5	41.5

* RXSi – Reactive silica at 150°C

** THA - Trihydrate Available Alumina (gibbsite alumina + kaolinite alumina – low temperature desilication product [DSP] alumina) at 150°C

Table 10: Pisolite Hills Bauxite Resource with the Wild River High Preservation Area 500m exclusion zone applied

Area	Resource Category	In-situ Dry Tonnes (Mt)	Dry Beneficiated Tonnes (Mt)	Beneficiated Bauxite Qualities							
				Total SiO_2 (%)	Total Al_2O_3 (%)	Fe_2O_3 (%)	TiO_2 (%)	LOI (%)	Recovery (%)	$RSiO_2^*$ (%)**	THA** (%)**
Total	Measured	17.3	12.6	10.9	54.3	6.6	2.2	25.6	72.9	6.4	41.7
	Indicated	46.9	31.7	12.6	53.4	6.2	2.2	25.3	67.6	7.6	41.8
	Inferred	39.1	22.9	13.3	51.4	8.0	2.4	24.7	58.4	8.2	40.6
Pisolite Hills	Total	103.6	67.2	12.6	52.8	6.9	2.3	25.1	65.0	7.7	41.3

ENVIRONMENT

As reported previously, Cape Alumina has undertaken a range of detailed investigations as part of the environmental assessment process for the Pisolite Hills mine and port project.

A compliance review of the baseline reports against the terms of reference for the EIS has been completed and a programme is being formulated to complete the EIS after it was suspended following the Wenlock Wild River declaration.

At this stage, Cape Alumina intends to continue its environmental studies given the growing level of uncertainty around the Queensland

Government's controversial wild rivers legislation and the potential for either the Federal or the current or future State Governments to over rule the legislation.

CULTURAL HERITAGE AND COMMUNITY

Cape Alumina remains committed to meaningful consultation with the local community and continues to support its Mapoon office located in the Mapoon Community Land and Sea centre.

The majority of the local community and the Traditional Owners of the

Pisolite Hills project area support Cape Alumina's project because of the rare opportunity that it would provide for them to gain social and economic prosperity – more than 80% of the local community are in favour of the proposed mine project going ahead.

FINANCIAL

As at 30th September 2010, Cape Alumina Limited had a cash balance of approximately \$3.0M

For further information see Cape Alumina September Quarterly Report dated 26th October 2010.



Surface exposure of high-grade cemented pisolitic bauxite at Bauxite Hills

Planet Metals Limited

ASX:PMQ | MLM 76%

- ▶ **WOLFRAM CAMP TUNGSTEN-MOLYBDENUM PROJECT**
- ▶ **MOUNT CANNINDAH COPPER-GOLD PROJECT**

SEPTEMBER QUARTER HIGHLIGHTS

- ▶ Progressing Sale of Wolfram Camp Mining assets for \$7.9M cash.
- ▶ Mount Cannindah Cu-Au project – first assays from a recent two hole deep drill program have confirmed Cu-Au mineralization extends down-dip of existing resource.

Planet Metals is a Brisbane-based ASX-listed mining development and exploration company, with a focus on tungsten, molybdenum, copper and gold. Key operations include the Wolfram Camp tungsten-molybdenum project (85% owned) and the Mount Cannindah copper-gold project (100% owned) – see Figure 8.

Planet Metals has 59.7M shares on issue as well as 1.5M unlisted options. Metallica Minerals has a 76% shareholding.

WOLFRAM CAMP TUNGSTEN- MOLYBDENUM MINE (PMQ 85%)

LOCATED APPROX. 90KM WEST OF CAIRNS, QLD

Wolfram Camp comprises an established 150,000 tpa processing plant (currently on care and maintenance) and tungsten-molybdenum resource of 1.42Mt at 0.60% WO₃ and 0.12% Mo within granted mining leases. This resource was derived from block model estimates for a tungsten equivalent (W Eq) cut-off grade of 0.25% and is outlined in Table 11.

Table 11: Wolfram Camp Resource Estimate

Resource Classification	Tonnage (Mt)	WO ₃ (%)	Mo (%)
Indicated	0.78	0.56	0.13
Inferred	0.64	0.65	0.11
Total Resource	1.42	0.60	0.12

On 15 September 2010, Planet Metals Ltd finalised and signed a Share Sale Agreement with Tropical Metals Pty Ltd in respect of Planet Metals' 100% owned subsidiary, Wolfram Camp Mining Pty Ltd (85% owner of Wolfram Camp project) for a total sale price (including deposits) of \$7.9M.

Tropical Metals has completed due diligence and paid a total of \$400,000 in deposits. Planet Metals' shareholders

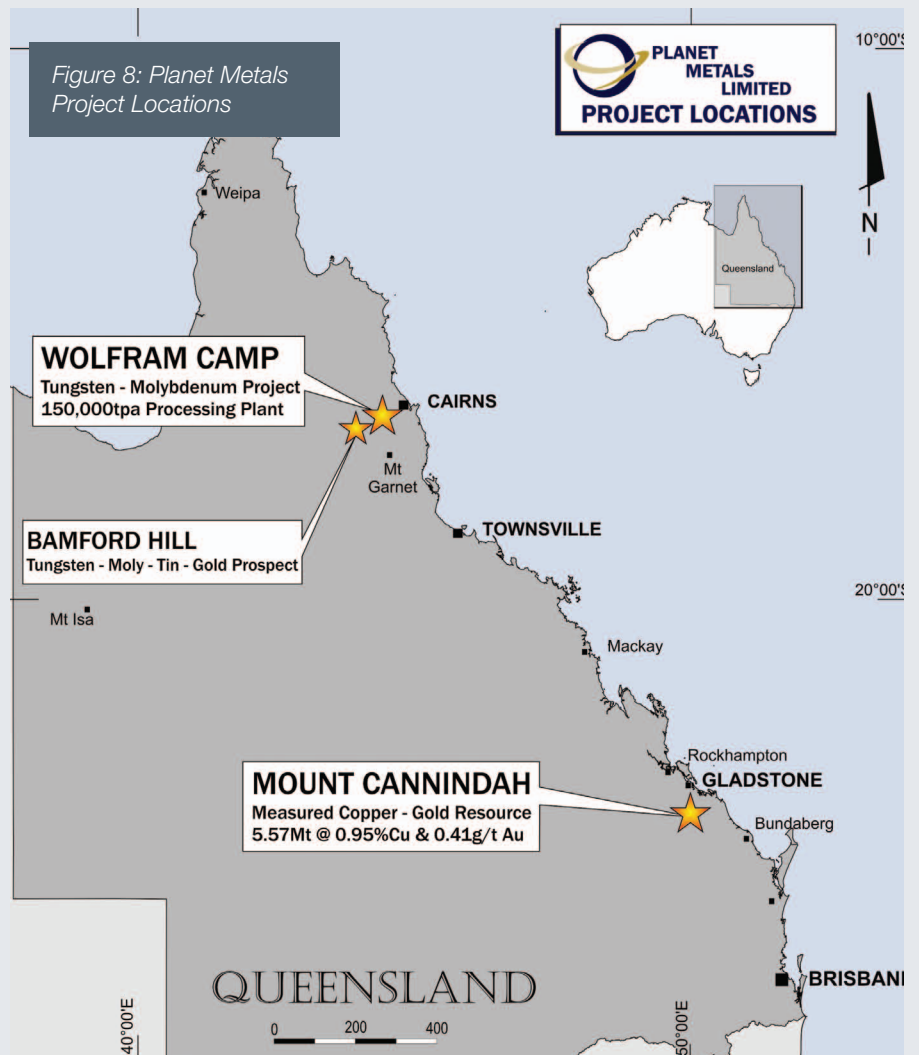
approved the sale at the Company's AGM on 22 October and completion of the transaction is expected on or before 15 November 2010.

General care and maintenance activities continued throughout the quarter.

MOUNT CANNINDAH COPPER-GOLD PROJECT (PMQ 100%)

LOCATED APPROXIMATELY 100KM SOUTH OF GLADSTONE, QLD

The Mt Cannindah project is centered on a large Cu-Au mineralised porphyry system within 6km² granted mining leases. The project includes a resource of 7.43Mt at 0.97% copper and 0.38g/t



gold, of which 5.57Mt at 0.95% copper and 0.41g/t gold are in the Measured Resource category, see Table 12 below.

Table 12: Mount Cannindah Mine Resource Inventory (March 2008)

Category	Million tonnes	Copper (%)	Gold (g/t)
Measured	5.57	0.95	0.41
Inferred	1.86	1.01	0.30
Total	7.43	0.97	0.38

This JORC compliant resource estimate was undertaken by Golder Associates Pty Limited and is based on 25 diamond drill holes and 17 reverse circulation holes. Refer ASX release dated 31 March 2008.

Geological interpretation of key targets within this large gold bearing porphyry copper system reveal similarities to the style of mineralisation at Newcrest's Cadia and Ridgeway Cu-Au deposits (NSW).

On 11 October 2010, Planet released the first assays from a recent two hole deep drill program at Mount Cannindah copper-gold project have confirmed the Cu-Au mineralised zone extends down-dip of the existing resource. Results from the first hole shows continuous mineralisation was intercepted over 93m (from 282m drill hole depth), which included a 38m higher grade zone assaying 1.08% copper, 0.18g/t gold and 11.7g/t silver.

Results for the second hole MCMDD026

(413m) are pending and are expected before the end of October. Visual assessment of this core confirmed a zone of brecciated metasediments was intercepted with visible copper mineralisation.

Both holes were drilled approximately 100m down-dip of the existing resource base (presently open at depth).

The drilling of carboniferous sediments and outcropping magnetite rich skarns at the Appletree U-Au prospect will test significant geochemical and geophysical anomalies on the south-eastern flank of the Monument Intrusive. Appletree potentially hosts shallow stacked skarns and copper-gold mineralisation within the Monument Intrusive proper

CORPORATE

Shareholders approved a return of capital of \$0.07 per share pending completion of the sale of Wolfram Camp Mining Pty Ltd for \$7.9M. The capital return represents \$4.18M of the proceeds.

Planet Metals remains active in reviewing additional opportunities as they arise and also continues to discuss various growth options regarding its projects with potential partners.

As at 30 September 2010, the Company's cash position was approximately \$674,000.

ACTIVITIES PLANNED FOR DECEMBER QUARTER 2010

- ▶ Completion of Sale of Wolfram Camp Mining Pty Ltd.
- ▶ Normal care and maintenance activities at Wolfram Camp will continue.
- ▶ Completion of up to 5 RC drill holes at the Appletree Cu-Au prospect.
- ▶ Review of Mount Cannindah's regional copper-gold-base metal prospectivity.
- ▶ Assessment of additional resource development opportunities as they arise.

Competent Persons Statement

The **Wolfram Camp Resource** estimate is based upon and accurately reflects data compiled or supervised by Dr Andrew Richmond, Principal Geostatistician, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Golder Associates Pty Ltd. Dr Richmond has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 edition of the „Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr. Richmond consents to the inclusion of this information in the form and context in which it appears in this report.

Technical information contained in this report relating to the **Mount Cannindah** project has been compiled and/or supervised by Mr Andrew Border and Dr Andrew Richmond, both of whom are members of the Australian Institute of Mining and Metallurgy (AusIMM). Dr Richmond, a full time employee of Golder Associates Pty Ltd was responsible for the resource block model and estimation. Mr Border was a full time employee of Planet Metals Limited and was responsible for all other aspects of the mineral resource estimate. Both Mr Border and Dr Richmond have sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they have undertaken to qualify as Competent Persons as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Border and Dr Richmond consent to the inclusion of this information in the form and context in which it appears in this report



Orion Metals Limited

GOLD & RARE EARTHS | ASX:ORM | MLM 17%

Orion Metals (Orion) is a Brisbane based exploration company focused on Gold and Rare Earth Elements (REEs).

Orion has gold and REE projects located in Queensland and the Killi Killi REE Project in Western Australia, (see Figure 9).

KILLI KILLI HILLS (WA) (REE AND GOLD)

In July-August 2010, Orion completed due diligence and a site visit on the Killi Killi Hills Project, a uranium and rare earth element (REE) project, located approximately 80km North-East of the Coyote Gold Mine in the Tanami Desert in Western Australia. On 9th September 2010 an option to purchase the two Killi Killi exploration tenements was exercised.

During a helicopter reconnaissance, 45 rock chip samples were collected and a suite of geochemical analyses, petrological examination and preliminary mineral separation were subsequently completed. Many samples have recorded significant levels of REE, especially those of the “heavy” end (HREE) of the sequence and the preliminary data is being collated and assessed.

Orion has obtained title transfers and statutory clearances so a drilling program comprising up to 37 holes can be completed before December.

The initial surface sampling at Killi Killi Hills indicated potential for substantial neodymium and HREE’s mineralisation, including dysprosium and terbium within the unconformity-conglomerate-sandstone host plus the possibility of a deeper and hopefully a richer “feeder” zone, both of which will be targeted by our drilling program.

TOP CAMP (GOLD)

Eight RC holes were drilled at Top Camp in June, providing overall less than expected results. Anomalous copper values were associated with the magnetite zones and scattered anomalous gold grades. Future exploration options are being considered including attracting a JV partner to test deep exploration targets.

MALCOLM CREEK (GOLD)

The Malcolm Creek Gold Project is located 80km south of Georgetown in Queensland and Orion holds its interests there in joint venture with Newmont Exploration Pty Ltd.

Newmont Exploration Pty Ltd has advised that it has completed four RC drill holes to depths exceeding 300 metres at the Bald Mountain Prospect south of Forsayth in far north Queensland.

The holes intersected zones of quartz veining, clay alteration and disseminated sulphides with areas of possible breccia development consistent with surface features.

Samples have been submitted to the laboratory and results are expected in November.

CORPORATE

On the 15th October 2010 the Company announced the Placement of 8M shares at an issue price of 25 cents to raise a further \$2M. The Placement was to institutional and sophisticated investor clients of Fosters Stockbroking Pty Ltd and Taylor Collison Limited as Co-Lead Managers.

This was followed on the 20th October 2010 with the two largest shareholders of Orion exercising their February 2011 Options early raising a further \$600,000. The additional cash is to be used to progress its exploration activities on both its Rare Earth and Gold prospects and to seek other opportunities as they arise.

Orion’s cash position is approximately \$3.6M with effectively no debt as at 28th October 2010.

For further information regarding Orion Metals see ASX announcement dated 6, 15 & 20 October 2010.

Competent Persons Statement

In accordance with Listing Rules 5.1 and 5.12 of the Australian Securities Exchange technical information contained in this report has been compiled by Mr. Adrian Day BSc (Geology), MAIG, MSEG, MGSA who is a competent person and member of the Australasian Institute of Geoscientists. Mr Day has relevant experience to the mineralisation being reported on to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves. Mr Day is a non-executive Director of Orion Metals Limited and part-time consultant to the company. He consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

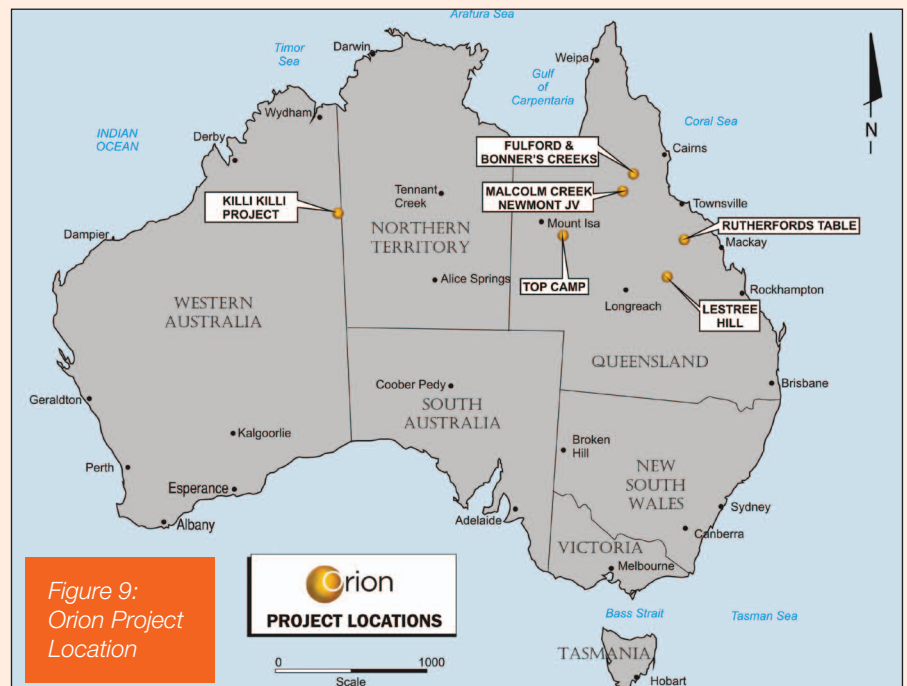


Figure 9:
Orion Project
Location

Weipa HMS–Zircon & Rutile Project

MLM 100%

Urquhart Point, three kilometres southwest of Weipa, contains an Indicated Resource of 2.8Mt @ 7.0% Heavy Mineral Sand (HMS) with a high proportion of Zircon & Rutile to a maximum depth of three metres, with a further nine kilometres of coastline still to be tested, (see Figure 10).

Through its wholly owned subsidiary Oresome Australia Pty Ltd, Metallica holds 100% of the Cape York Mineral Sands Project. At this stage the project consists of three granted EPM's (Urquhart Point, Jardine and Doughboy), six EPM Applications and one Mining Lease Application. (see Tenement Schedule).

Exploration on the project is targeting rutile and zircon in sand dunes and strandlines along the coast line near Weipa and north to the tip of Cape York Peninsula. Oresome currently holds approximately 1,500km² of highly prospective yet under-explored ground.

In 2008, an Indicated Resource of 2.8Mt @ 7.0% Heavy Mineral Sands (HMS) to a maximum depth of three metres was identified at the Urquhart Point deposit, three kilometres south-west of Weipa (see Figure 10). The valuable HMS suite is dominated by zircon and rutile, likely greater than 30% combined. The strandlines are characterised with an extremely low slimes content and minimal overburden. There is a further nine kilometres of coastline still to be tested within the Urquhart Point tenement alone, EPM15268.

Metallica, through Oresome, is pursuing the development of the Cape York Mineral Sands Project. Discussions are underway with all affected parties related to the MLA over Urquhart Point, including the Aurukun Shire Council and the Traditional Owners. 2010–2011 will see continued work on granted EPM's, the results of which will hopefully enhance the potential life of the project.

There is excellent potential to form a modest size high grade zircon and rutile project with relatively low capital cost to produce a zircon and rutile concentrate.

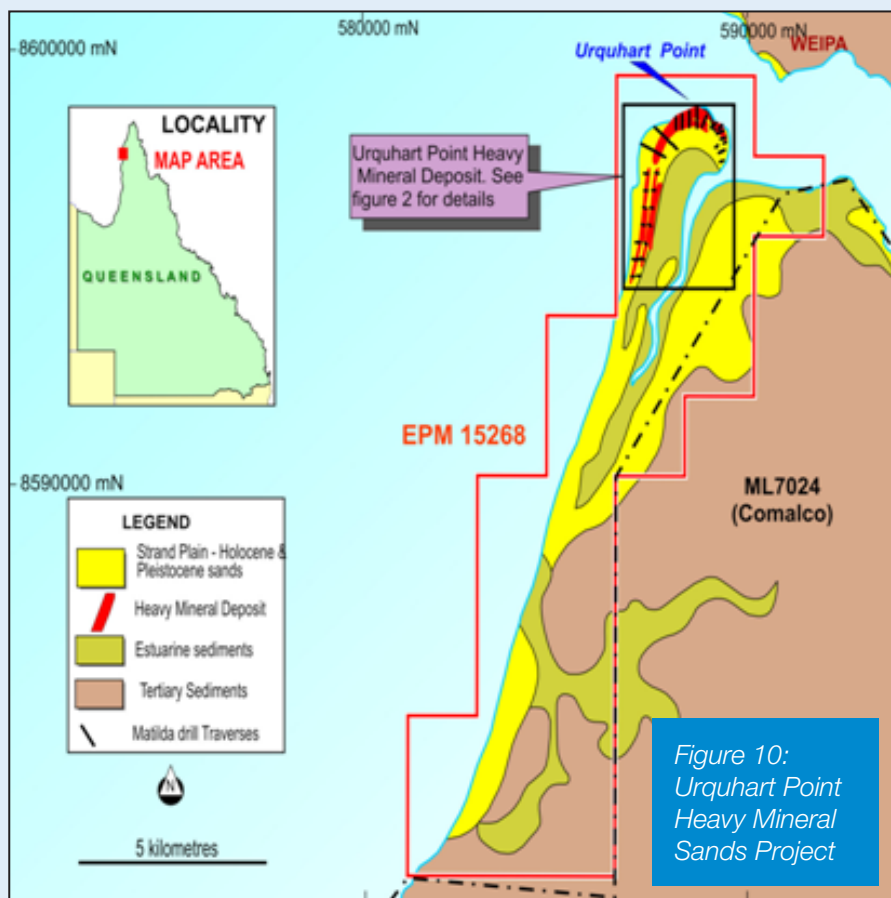


Figure 10:
Urquhart Point
Heavy Mineral
Sands Project

Competent Person Statement

The exploration comments have been prepared by Mr Roger Hobbs B. App. Sc. (Geophys & Geol), MAusIMM, who was previously a Director of Matilda Minerals Ltd (Oresome's former joint venture partner), who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is to be undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hobbs consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Limestone Projects

METALLICA 100%

Metallica owns six strategically located, high quality limestone projects comprising Ootann (near NORNICO), Star and Mt Podge (near Lucky Break & Townsville), Boyne and Fairview (both near Gladstone), the Blue Rock deposit (between Minnamoolka and Kokomo) and the Craigie Limestone Project 60km SW of Greenvale.

OOTANN

Phoenix Lime Pty Ltd (a wholly owned subsidiary of Metallica) holds 240 hectares of mining leases covering a large high grade limestone deposit suitable for calcining and underpinning NORNICO's lime and limestone requirements. Ootann is located approximately 130km via road from the proposed NORNICO processing site.

The September quarter saw some quarry development take place to prepare the site for future development and put stone on the ground to feed the plant over the wet season. Ootann is carrying stocks of crushed rock products in anticipation of road upgrades and maintenance over the coming months.

BLUE ROCK

This limestone deposit is conveniently located between Minnamoolka and Kokomo nickel deposits, approximately 60km from the proposed NORNICO nickel operation. It is Phoenix's intention to peg a mining lease encompassing this outcrop and survey access roads in 2011 in order to have this deposit available for Metallica's NORNICO Project.

FAIRVIEW

Fairview is being developed to ensure its readiness to supply limestone into the expanding industrial market of Gladstone when the opportunity arises.

BOYNE

The two Boyne mining leases contain large, high quality limestone deposits suitable for lime and limestone markets in the Gladstone region. Proposed activities include a drilling program for the purpose of defining a limestone resource within the Boyne tenements.

STAR RIVER

The high grade limestone deposit at Star River occurs as a slightly elevated mostly exposed limestone deposit with little or no overburden and is only 105km from Townsville. No field work or activities have been undertaken recently.

MOUNT PODGE

The project is located 80km West of Townsville near the Herveys Range Road and close to the Star River mining lease. Results of recent drilling campaigns are encouraging, and are currently being assessed. Early indications are that the area has the potential to provide a significant high grade limestone deposit close to infrastructure.



*Ootann Limestone
Deposit and Limeworks*

Exploration

COPPER-GOLD URANIUM | SOUTH AUSTRALIA

Metallica has earned a 75% interest in three tenements (see Figure 11) with attractive Iron Oxide-Copper-Gold-Uranium (IOCGU) Olympic Dam Style targets.

In addition to the joint venture agreement signed in mid 2009 with unlisted Adelaide based explorer, Sailsbury Resources Limited (Sailsbury), Metallica has also taken a \$100,000 cornerstone seed capital investment in Sailsbury, and has to date injected approximately \$350,000 into exploration campaigns on the three Sailsbury JV projects.

The three South Australian IOCGU farm-in projects are:

- ▶ The 188km² EL 3402 (Toby), 65km east of Oodnadatta
- ▶ The 293km² EL 3630 (Merna Mora) 30km south-west of Hawker
- ▶ The 1,207km² EL 4118 and EL 4119 (Lake Torrens) project, 50km east of the Carrapateena IOCGU Cu-Au deposit.

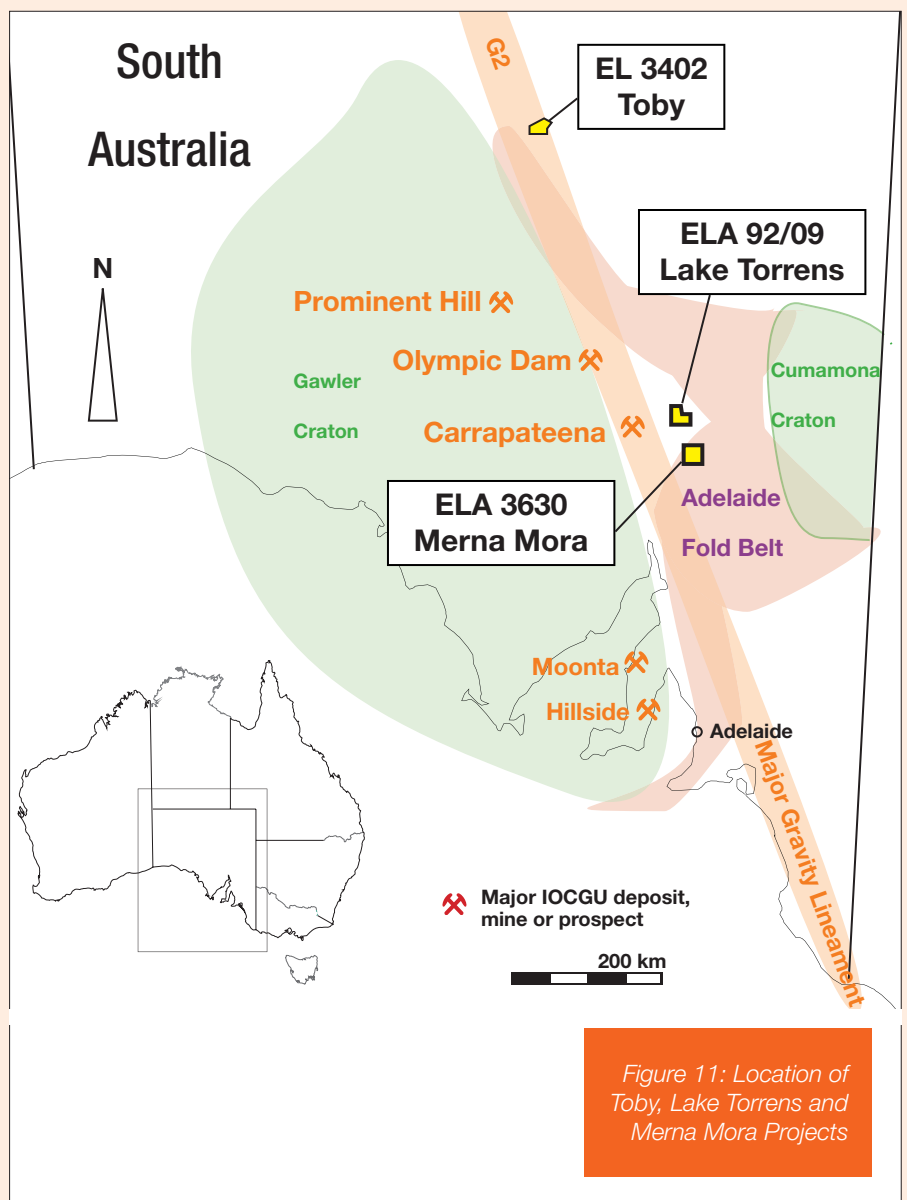
The targets have prominent coincident gravity-highs associated strong magnetic features under cover in a similar exploration setting to Olympic Dam, Carrapateena and Prominent Hill deposits (see Figure 11). To date gravity surveys have been completed on the Merna Mora and Lake Torrens IOCGU projects.

In late 2009, the first deep drill hole (TB02) was completed on the Toby gravity feature and magnetic complex.

No fieldwork or significant expenditure was expended on the SA projects during the September Quarter.

Sailsbury is currently preparing an IPO Prospectus to list on the ASX by the end of 2010. Metallica holds 2M shares or approximately 8% of the total shares on issue.

A drilling program, including cultural heritage and landowner liaison is currently being prepared on the Merna Mora (EL3630) gravity-magnetic anomaly targets with drilling planned for the September Quarter further delayed and now planned for the December Quarter.



Tenement Schedule

(AS AT 30 SEPTEMBER 2010)

NORNICO NICKEL-COBALT PROJECT – NORTH (100%)

Tenement	Project Name	Holder/Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
ML 4187	Bell Creek North Lease	NORNICO Pty Ltd	Granted (29/2/2020)	71.35 Ha	Ni , Co	N/A
ML 4188	Bell Creek South Lease	NORNICO Pty Ltd	Granted (29/2/2020)	98.11 Ha	Ni , Co	N/A
MLA 20549	Bell Creek Consolidated	NORNICO Pty Ltd	Application	2145 Ha	Ni, Co	N/A
MDL 387	Minnamoolka	NORNICO Pty Ltd	Granted (30/6/2013)	654.26 Ha	Ni, Co	\$100,000
EPM 10235	Minnamoolka	NORNICO Pty Ltd	Granted (8/9/2011)	5	Ni , Co	\$100,000
EPM 11285	Bell Creek	NORNICO Pty Ltd	Granted (27/8/2011)	8	Ni , Co	\$50,000
EPM 14101	Mt Garnet South	NORNICO Pty Ltd	Granted (22/12/2010)	80	Ni, Co, Au, PGE	\$60,000
EPM 14273	Moonmyata	NORNICO Pty Ltd	Granted (22/12/2012)	6	Ni, Co, Au , PGE	\$50,000
EPM 14518	Mt Garnet South #2	NORNICO Pty Ltd	Granted (7/3/2012)	56	Ni, Co, Au, Cu	\$60,000
EPM 15198	Kinrara	NORNICO Pty Ltd	Granted (26/9/2011)	67	Ni, Co, PGE, Cu	\$50,000

NORNICO NICKEL-COBALT-SCANDIUM PROJECT – SOUTH (100%)

Tenement	Project Name	Holder/Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
EPM 10680	Lucknow North	Greenvale Operations Pty Ltd	Granted (31/12/2010)*	3	Ni, Co, Sc	\$60,000
EPM 10866	Lucknow South	Greenvale Operations Pty Ltd	Granted (31/12/2010)*	4	Ni, Co, Sc	\$60,000
EPM 11223	Dinner Creek	Greenvale Operations Pty Ltd	Granted (31/12/2010)*	7	Ni, Co	\$61,000
MLA 10342	Kokomo	NORNICO Pty Ltd	Application	3593.07 Ha	Ni, Co, Sc	N/A
EPM 10699	Kokomo	NORNICO Pty Ltd	Granted (21/8/2013)	21	Ni, Co, Sc, Au	\$50,000
EPM 14066	Greenvale South	NORNICO Pty Ltd	Granted (22/08/2011)	48	Ni, Co, PGE	\$70,000
EPM 14070	Greenvale North	NORNICO Pty Ltd	Granted (22/08/2011)	35	Ni, Co, Cu, Au	\$70,000
EPM 14181	Lucky Downs	NORNICO Pty Ltd	Granted (22/08/2011)	18	Ni, Co, Cu	\$40,000
EPM 14381	Greenvale South #2	NORNICO Pty Ltd	Granted (14/12/2011)	15	Ni, Co, Cu	\$50,000
EPMA 17892	Lockup Well	NORNICO Pty Ltd	Application	1	Ni, Co	N/A
EPMA 17893	Broken River South	NORNICO Pty Ltd	Application	3	Ni, Co	N/A
EPM 18175	Pinnacles Consolidated	NORNICO Pty Ltd	Granted (22/2/2015)	21	Ni, Co	\$50,000

Tenement Schedule

LUCKY BREAK NICKEL PROJECT (100%) – SUBJECT TO 50/50 JOINT VENTURE WITH MFC

Tenement	Project Name	Holder/Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
ML 10324	Dingo Dam	NORNICO Pty Ltd	Granted (28/02/2026)	36.17 Ha	Ni	N/A
ML 10332	Lucky Break	NORNICO Pty Ltd	Granted (30/11/2027)	241.7 Ha	Ni	N/A

GOLD & BASE METALS (100%)

Tenement	Project Name	Holder/Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
EPM 13873	Six Mile	NORNICO Pty Ltd	Granted (10/12/2011)	31	Tungsten, Molybdenum, Gold, Copper	\$70,000

LIMESTONE PROJECTS (100%)

Tenement	Project Name	Holder/Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
ML 10276	Star River Limestone	Metallica Minerals Ltd	Granted (30/4/2023)	18.54 Ha	Limestone	N/A
ML 80131	Boyne Limestone NE	Metallica Minerals Ltd	Granted (30/4/2027)	54.40 Ha	Limestone	N/A
ML 80132	Boyne Limestone SW	Metallica Minerals Ltd	Granted (30/9/2027)	52.70 Ha	Limestone	N/A
EPM 13423	Boyne Limestone	Metallica Minerals Ltd	Granted (1/1/2011)	4	Limestone	\$15,000
EPM 17018	Mt Podge	Phoenix Lime Pty Ltd	Granted (12/2/2014)	4	Limestone	\$25,000
EPMA 18253	Craigie	Phoenix Lime Pty Ltd	Application	16	Limestone	N/A
EPMA 18761	Fairview	Metallica Minerals Ltd	Application	6	Limestone	N/A
MDL 394	Fairview	Metallica Minerals Ltd	Granted (31/8/2014)	776.6 Ha	Limestone	Nil
MDLA 440	Fairview	Metallica Minerals Ltd	Application	692.8 Ha	Limestone	Nil
MLA 80162	Fairview	Metallica Minerals Ltd	Application	692.8 Ha	Limestone	N/A
ML 4788	Ootann -Crotty 1	Phoenix Lime Pty Ltd	Granted (31/1/2026)	2.023 Ha	Limestone	N/A
ML 4789	Ootann -Crotty 2	Phoenix Lime Pty Ltd	Granted (31/1/2026)	2.023 Ha	Limestone	N/A
ML 5079	Ootann -Crotty	Phoenix Lime Pty Ltd	Granted (30/4/2025)	25.95 Ha	Limestone	N/A
ML 5372	Ootann -Crotty 3	Phoenix Lime Pty Ltd	Granted (31/1/2013)	210 Ha	Limestone	N/A

Tenement schedule

MINERAL SANDS: ZIRCON-RUTILE (100%)

Tenement	Project Name	Holder/Applicant	Status (Expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
EPM 15268	Urquhart Point	Oresome Australia Pty Ltd	Granted (24/10/2012)	24	Rutile, Zircon, HMS	\$30,000
EPMA 15370	Jackson River	Oresome Australia Pty Ltd	Offered for grant	3	Rutile, Zircon, HMS	N/A
EPM 15371	Doughboy	Oresome Australia Pty Ltd	Granted (28/9/2014)	16	Rutile, Zircon, HMS	\$15,000
EPM 15372	Jardine	Oresome Australia Pty Ltd	Granted (28/9/2014)	45	Rutile, Zircon, HMS	\$15,000
EPMA 18015	Jackson River #2	Oresome Australia Pty Ltd	Offered for grant	14	Rutile, Zircon, HMS	N/A
EPMA 18377	Sandman #1	Oresome Australia Pty Ltd	Application	63	Rutile, Zircon, HMS	N/A
EPMA 18737	Sandman #3	Oresome Australia Pty Ltd	Application	126	Rutile, Zircon, HMS	N/A
EPMA 18738	Sandman #2	Oresome Australia Pty Ltd	Application	122	Rutile, Zircon, HMS	N/A
EPMA 18739	Sandman #4	Oresome Australia Pty Ltd	Application	125	Rutile, Zircon, HMS	N/A
MLA 20669	Urquhart Point	Oresome Australia Pty Ltd	Application	366.07 Ha	Rutile, Zircon, HMA	N/A

Note:

All tenements 100% held unless expressed otherwise

(*) Renewal pending

PGE = Platinum Group Elements

HMS = Heavy Mineral Sands

EPM = Exploration Permit for Minerals

EPMA = Application for Exploration Permit for Minerals

ML = Mining Lease

MLA = Application for Mining Lease

MDL = Mineral Development Licence

MDLA = Mineral Development Licence Application

MFC = Metals Finance Ltd

**A Queensland multi-commodity
resource development company,
with major interests in nickel-cobalt,
scandium, coal, bauxite, tungsten,
copper, gold, zircon-rutile
and rare earth elements**



Appendix 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity	
Metallica Minerals Limited	
ABN	Quarter ended ("current quarter")
45 076 696 092	September 30, 2010

CONSOLIDATED STATEMENT OF CASH FLOW

	Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	91	91
1.2	Payments for		
	(a) exploration and evaluation	(949)	(949)
	(b) development	(52)	(52)
	(c) production	(528)	(528)
	(d) administration		
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	82	82
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(1,356)	(1,356)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments		
	- Shares in Salisbury Resources Limited and East West Corporation	-	-
	- Shares in Orion Metals Limited	-	-
	- Shares in Planet Metals Limited	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities – Orion Metals Limited	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material) -Loan and IPO costs Metrocoal	-	-
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	(1,356)	(1,356)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-

	Net financing cash flows (brought forward)	-	-
	Net increase (decrease) in cash held	(1,356)	(1,356)
1.20	Cash at beginning of quarter/year to date	7,089	7,089
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,733	5,733

**PAYMENTS TO DIRECTORS OF THE ENTITY AND ASSOCIATES OF THE DIRECTORS
PAYMENTS TO RELATED ENTITIES OF THE ENTITY AND ASSOCIATES OF THE RELATED ENTITIES**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	128
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions	

NON-CASH FINANCING AND INVESTING ACTIVITIES

		Current quarter \$A'000
2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	Nil
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	Nil

FINANCING FACILITIES AVAILABLE

Add notes as necessary for an understanding of the position

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

ESTIMATED CASH OUTFLOWS FOR NEXT QUARTER

		\$A'000
4.1	Exploration and evaluation	1,000
4.2	Development - care and maintenance	200
4.3	Production	-
4.4	Administration	400
	Total	1,600

RECONCILIATION OF CASH

	Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows	Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	883	302
5.2	Deposits at call	4,850	6,787
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of Quarter (item 1.22)	5,733	7,089

CHANGES IN INTERESTS IN MINING TENEMENTS

		Tenement reference	Nature of interest (note 2)	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	EPMA 18167	EPMA	EPMA	Nil
6.2	Interests in mining tenements acquired or increased	MLA 20669	MLA	Nil	MLA

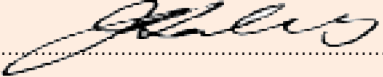
ISSUED AND QUOTED SECURITIES AT END OF CURRENT QUARTER

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference + securities (description)	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	117,331,202	117,331,202		
7.4	Changes during quarter (a) Increases through issues Escrow Release (b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities (description)	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			Exercise price	Expiry date
		2,400,000 Unlisted Options	Nil	35 cents	12 February 2012 (only vest if still employed on 12 February 2011)
		3,000,000 Unlisted Options	Nil	35 cents	31 May 2012 (only vest if still employed on 31 May 2011)
		1,100,000 Unlisted Options	Nil	65 cents	28 September 2012
		500,000 Unlisted Options	Nil	80 cents	31 December 2010

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)	Nil			
7.12	Unsecured notes (totals only)	Nil			

COMPLIANCE STATEMENT

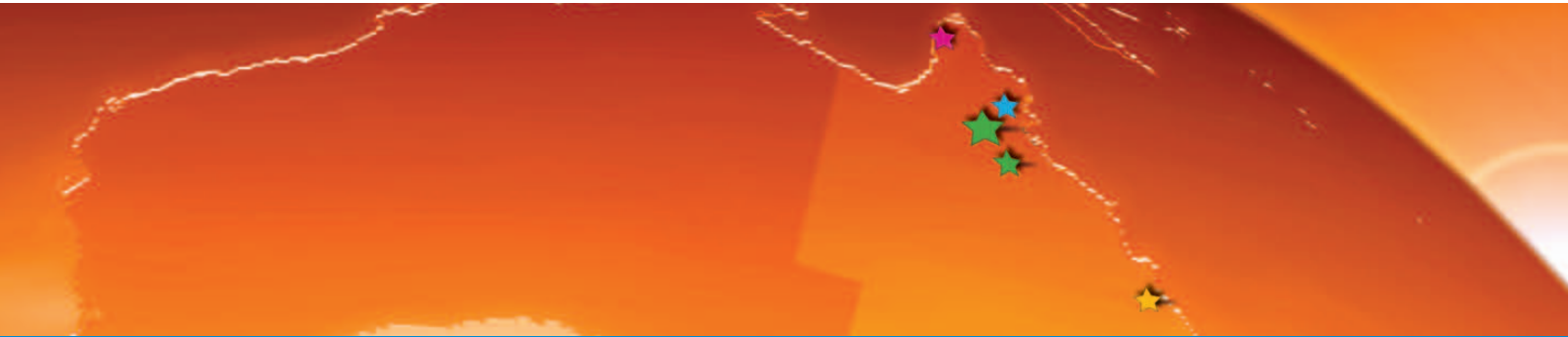
- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: October 28, 2010
(Director/Company secretary)

Print name: JOHN KEVIN HALEY

NOTES

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.



A Queensland focused multi-commodity
resource development company

ASX:MLM

Subsidiary companies:

NORNICO Pty Ltd ACN 065 384 045

Oresome Australia Pty Ltd ACN 071 762 484

Lucky Break Operations Pty Ltd ACN 126 272 580

MetroCoal Limited ABN 45 117 763 443

Phoenix Lime Pty Ltd ACN 096 355 761

Greenvale Operations Pty Ltd ACN 139 136 708

Scandium Pty Ltd ACN 138 608 894