



# METALLICA MINERALS LIMITED

## Subsidiary Companies

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

ABN: 45 076 696 092

**18 August 2010**

**ASX RELEASE**

## **METROCOAL LIMITED**

Metallica Minerals Limited (ASX-MLM) advises that its 56% owned subsidiary, Metrocoal Limited (ASX-MTE), has released the below announcements

- China Coal receives second major approval
- Maiden Resource for Norwood Thermal Coal Project

The Metrocoal Limited ASX releases are attached.

For more information contact:

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ACN 117 763 443

## ASX ANNOUNCEMENT

18 August 2010

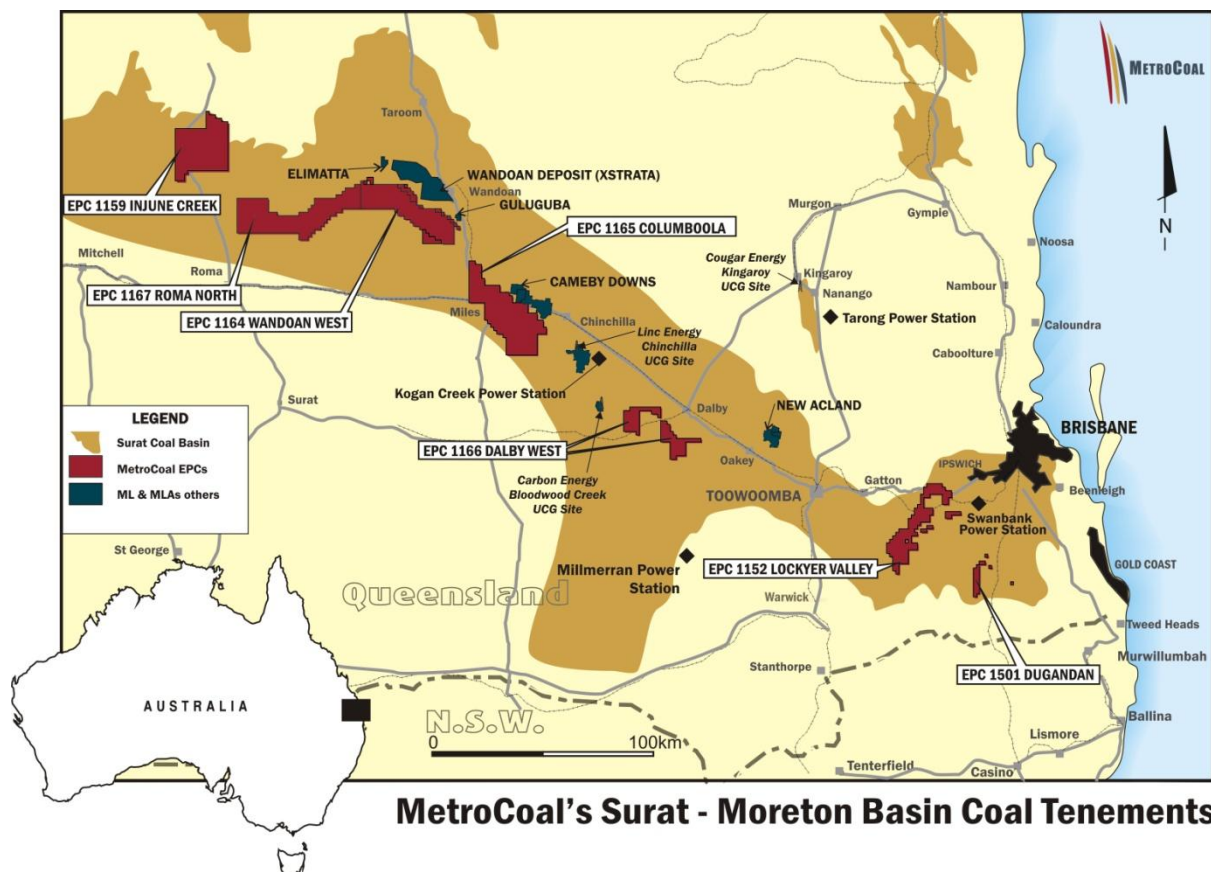
### CHINA COAL RECEIVES SECOND MAJOR APPROVAL

MetroCoal Limited (ASX-MTE) is pleased to announce that China Coal Import & Export Company (**CCIEC**), a wholly owned subsidiary of China National Coal Group Corp (**China Coal**) has received the second major approval from People's Republic of China for China Coal's \$30 million joint venture agreement.

The Ministry of Commerce has formally notified China Coal of their approval to enter into the joint venture agreement with MetroCoal.

The final approval required is from the State Administration of Foreign Exchange and this process is underway.

MetroCoal CEO Mike O'Brien said "we are very pleased that the approval process for China Coal is progressing positively. We are now very close to starting the Joint Venture and commencing exploration drilling on EPC 1165, Columboola with China Coal."(see Figure below)





## About the CCIEC Joint Venture

Under the terms of the Agreement, CCIEC has acquired a 51% interest in MetroCoal's EPC 1165 Columboola in the Surat Basin, Queensland (see Figure above) for an agreed expenditure commitment of AUD\$30 million on EPC 1165. The funds will be used for exploring and evaluating the potential for future commercialisation options within the Columboola tenement and also opens up the opportunity for participation in MetroCoal's other tenements. The Columboola JVA requires a minimum expenditure of \$4 million within the first two years of the agreement.

The transaction has been approved by the Foreign Investment Review Board (FIRB) but is subject to approvals from a number of Chinese Government agencies and the transfer of the \$30 million in funds to China Coal's Australian subsidiary company. Other salient aspects of the Joint Venture Agreement are:

- within 10 days of receipt by CCIEC of the \$30 million, MetroCoal will amend the ownership of EPC 1165 with Queensland Mines and Energy;
- after the first \$4 million has been expended, either party may withdraw from the joint venture and the withdrawing party will forfeit its interest in the Joint Venture;
- when the \$30 million has been fully expended each party will be required to contribute in proportion to their respective Joint Venture interests;
- CCIEC will be the Manager of the Joint Venture; and
- CCIEC will also have first right to enter into a Joint Venture over the other MetroCoal tenements.

### **For further information, please contact:**

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Further information on MetroCoal can be found on our website [www.metrocoal.com.au](http://www.metrocoal.com.au)



## **About MetroCoal Limited (ASX code: MTE)**

MetroCoal is an Australian based emerging coal and energy company focused on its 100% owned coal projects in the Surat Basin in South East Queensland. MetroCoal listed on the ASX on 4 December 2009 after closing a fully subscribed IPO raising \$10 million.

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

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

MetroCoal holds extensive coal exploration tenements in the Surat Coal Basin covering approximately 4,000km<sup>2</sup>. These tenements are down dip of well known resources including Wandoan, Elimatta, Cameby Downs and Woori. Based on the geological information from the historic drilling programs and its own drilling results, MetroCoal has an Exploration Target of between **2.5 and 3.5 billion tonnes\*** with a JORC Code classification of "inferred" or better, within the next two years for evaluation for conventional underground coal mining and where more suited - UCG.

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

## **Competent Person Statement**

*\* The information in this Announcement that relates to the 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 announcement of the matters based on the information in the form and context it appears.*





The primary target is an underground mining resource based on the Macalister Upper (MU) Seam of the Juandah Coal Measures within the Norwood Project Area. The Inferred Resource estimate is based on a working section comprising the MU10, MU20 and MU30. The MU 40 & MU 50 ply's, the Kogan Seam, the Macalister Lower Seam and other coal seams and splits have been excluded from the resource estimate.

Resource Block Name	Seam/Plys	Area (km <sup>2</sup> )	Volume (m <sup>3</sup> )	Tonnage (t)	Tonnage (Mt)
<b>NORWOOD EAST</b>	MU10 – MU30	20,023,674	82,447,625	120,093,177	<b>120</b>
<b>NORWOOD WEST</b>	MU30	8,932,379	24,596,054	36,539,763	<b>36</b>
<b>INFERRED: NORWOOD TOTAL</b>					<b>156</b>

These MU ply's have been selected as they are continuous and correlatable across the resource area and provide a sound basis for an underground mining resource. Initial raw coal quality data suggests that the resource will be suited to the production of a typical Surat Basin export quality thermal coal.

Average thickness of the working sections are approximately 2.76m for Norwood West and 4.15m for Norwood East at a depth between 81m and 291m.

The Resource estimate is considered to be conservative with the focus based solely on the continuous, correlatable Macalister Upper Coal Seam. The planned exploration drill program and future modelling is expected to increase the resource by extending the resource area, potentially including additional plies of the Macalister Upper and where possible including the Macalister Middle and Macalister Lower seams

MetroCoal's CEO, Mr Mike O'Brien said "This additional Norwood resource brings MetroCoal's total thermal coal resource base in the Surat Basin to 620 Mt. We are particularly pleased to see this latest drilling confirm the continuous extension of the Macalister Seam over the EPC's with attractive mining thicknesses."

Resource	Norwood (Underground Coal)	Bundi <sup>1</sup> (Underground Coal)	Juandah <sup>2</sup> (UCG)	Total (UG & UCG)
<b>Inferred</b>	156 Mt	292 Mt	149 Mt	597Mt
<b>Indicated</b>			23Mt	23Mt
<b>TOTAL</b>	<b>156 Mt</b>	<b>292 Mt</b>	<b>172 Mt</b>	<b>620 Mt</b>

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

2. See MLM ASX Announcement 28th May 2009 "MLM Initial resource for MetroCoal's Juandah UCG Project

**For further information, please contact:**

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**Mr Theo Psaros**

Chief Operating Officer and Company Secretary

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## Competent Person Statement

*\* The information in this statement that relates to in situ coal resources potential is based on information compiled by GeoConsult Pty Ltd and reviewed by Warwick Smyth, who is a member of the Australasian Institute of Mining and Metallurgy (CP) Geology; and the Australian Institute of Geoscientists. Warwick Smyth is a qualified geologist (BSc Geol, Grad Dip AF&I, MAusIMM (CP), MGSA, MAIG), and a Principal Consultant for GeoConsult Pty. Ltd. and has over 17 years experience which is relevant to the style of mineralisation, the type of deposit under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the Australian Code for Reporting of Coal Resources. Neither Warwick Smyth nor GeoConsult Pty Ltd has any material interest or entitlement, direct or indirect, in the securities of MetroCoal or the Projects. GeoConsult has been commissioned to provide geological services to MetroCoal since early 2008. Fees for the preparation of this report are on a time and materials basis. Warwick Smyth and GeoConsult Pty Ltd consent to the use of this statement and references to it and extracts from it, in the form and context in which they are included. Apart from the above, neither the whole nor any part of the statement document, nor references thereto, may be included in, or with, or attached to any document, circular, resolution, letter or statement without the prior written consent of Warwick Smyth or GeoConsult Pty Ltd.*

*\*\* The information in this Announcement 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.*

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