



Quarterly Report

to 30 June 2010



ASX Release

30 July 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

ASX:MLM

Issued Capital (30/06/2010):

117,331,202 Shares issued

7,000,000 Unlisted Employee & Director Options

~ 2,440 shareholders

Top 20 shareholders: Hold 57%

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 June 2010,

MLM's cash balance was

approximately \$7.1 million.

Highlights

- ▶ NORNICO: Major RC drilling programs completed on Greenvale Ni-Co and Lucknow Ni-Co & scandium (Sc) deposits, specifically targeting high grade (>1.6 Ni Eq or Ni+2Co) zones.
- ▶ Total of 264 RC holes (8,452M) competed within old Greenvale nickel minesite and a total of 298 RC holes (7,036m) on the Lucknow deposit.
- ▶ Broad and thick high grade scandium (Sc) mineralisation (>150g/t Sc) confirmed and extended within the Lucknow Ni-Co & Sc deposit.
- ▶ Revised Greenvale Ni-Co resource and a maiden Lucknow Ni-Co and Sc resource study commenced and is expected early August.
- ▶ Near completion of NORNICO Stage 1 Scoping Feasibility Study for a 180,000tpa heated AAL operation on the Greenvale mine site, sourcing high grade Ni-Co & Sc ores from Greenvale, Lucknow and Kokomo, with acid supply trucked from Townsville. Summary of Scoping Feasibility Study and financial analysis is expected in early August.
- ▶ MFC completed revised Feasibility Study on Lucky Break nickel project for a 60,000tpa Atmospheric Acid Leach (AAL) operation resulting in cumulative production of approximately 3,800 tonnes of nickel metal during the 5-6 year life of the operation at an average operating cost equivalent to US\$5.07/lb nickel.
- ▶ MetroCoal Ltd ASX:MTE (MLM 56%) announced a 500% increase in JORC Inferred Resource from 58Mt to 292Mt of thermal coal at the Bundi Project area, Surat Basin in late June.
- ▶ MetroCoal's drilling programs on the Bundi and Norwood prospects continue with positive results.
- ▶ Orion Metals (ASX:ORM (MLM 29.29%) successfully completed a rights issue raising \$1.235 million.
- ▶ Planet Metals Ltd ASX:PMQ (MLM 76%) signed option agreement for sale of Wolfram Camp Mining Pty Ltd for \$8 million cash.
- ▶ PMQ: Increased Wolfram Camp Tungsten resource using 200 additional drill holes to 1.42Mt at 0.6% WO₃ and 0.12% Mo.
- ▶ PMQ: Mount Cannindah Cu-Au project reviewed with targets selected for drilling in August.
- ▶ During the Quarter, Metallica transferred 3.87 million Cape Alumina shares for 7.74 million MLM shares with Resource Capital Funds (RCF) on a 1:2 basis. Metallica's shareholding in Cape was therefore reduced from 33% to 29.9%.

Corporate

- ▶ 3.33 million MLM shares were issued to Straits Resources as part of the settlement for the acquisition of Greenvale and Lucknow tenements.
- ▶ Metallica completed a non-cash selective share buy-back and transfer agreement with its second largest shareholder, Resource Capital Funds (RCF). Which effectively involved RCF exchanging 7.74 million of its shares in Metallica for approximately 3.87 million shares in Cape Alumina Limited (Cape Alumina) which were held by Metallica.
- ▶ The effect of this share transaction is:
 - Metallica's interest in Cape Alumina Limited is reduced from 32.9% to 29.9%;
 - RCF's interest in Metallica is reduced from 12.28% to approximately 6.3%, and;
 - The 7.74 million shares bought back from RCF by Metallica have been cancelled reducing Metallica's total issued shares to approximately 117.3M.
- ▶ Metallica has a 29.29% shareholding of Brisbane based Orion Metals Limited ASX:ORM. Orion's focus is on gold and rare earth metal projects in Australia. In May Orion completed a fully underwritten pro-rata rights issue to shareholders and raised \$1.235 million.
- ▶ Cape Alumina Ltd ASX:CBX (MLM holds 29.9%) The Government declared Wild Rivers 500m buffer zone on small springs, creeks and gullies significantly encroach on Pisolite Hill bauxite resource and lowered the projects expected economic returns.
- ▶ Metallica has maintained a strong cash position of approximately \$7.1 million with effectively no debt.
- ▶ Metallica's ASX listed investments and major projects are summarised graphically in Figure 2 and Table 1.

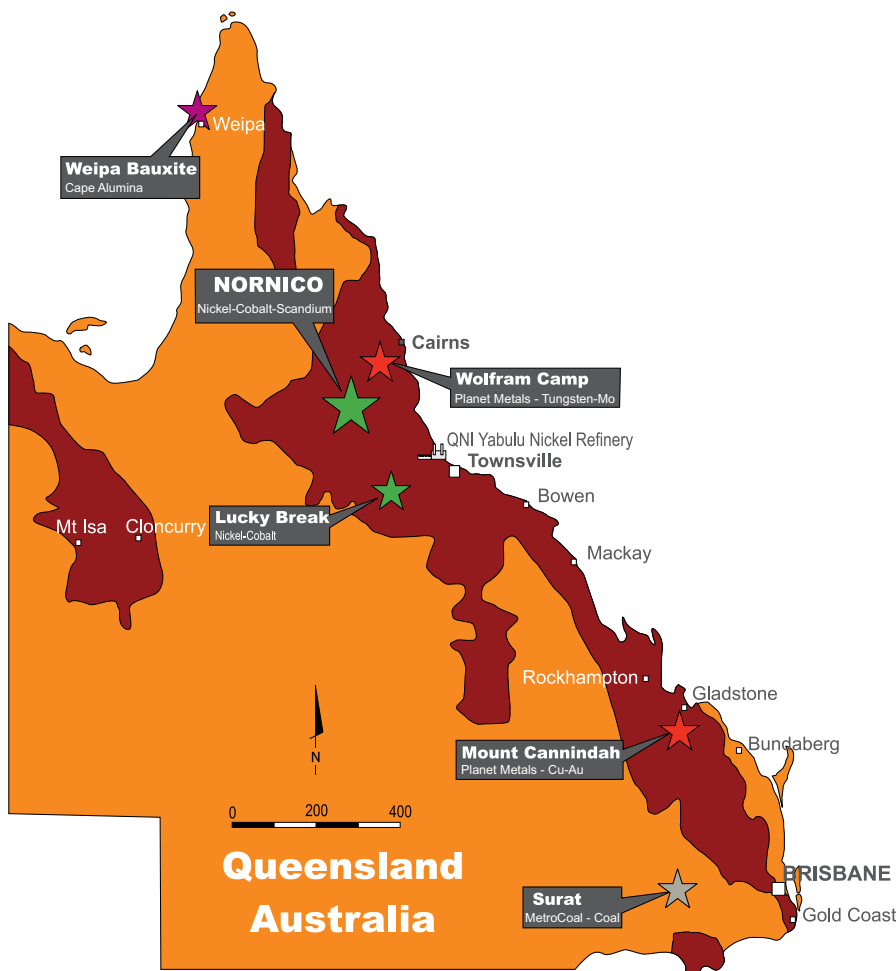


Figure 1 : Queensland project locations of Metallica's major interests in nickel-cobalt, scandium, coal, bauxite, tungsten-moly, zircon-rutile, copper-gold & limestone

Table 1: MLM's ASX Listed investments

Commodity	Company	% Ownership
Nickel-Cobalt-Scandium & Limestone	Metallica ASX:MLM	100%
Coal & Energy	MetroCoal ASX:MTE	56%
Bauxite	Cape Alumina ASX:CBX	29.9%
Gold & Rare Earth Tech Metals	Orion Metals ASX:ORM	29.3%
Tungsten & Moly/Copper & Gold	Planet Metals ASX:PMQ	76%

Financial

To be read in conjunction with **Appendix 5B** attached

- ▶ As at 30 June 2010, Metallica's cash balance was \$7.1 million including interest income of \$50,000 received during the June Quarter.
- ▶ Exploration and evaluation expenditure totalled \$1,082,000, production \$95,000 (Ootann) and administration expenditure was \$583,000 for the quarter to 30 June 2010.
- ▶ The total combined June quarterly expenditure was approximately \$1.51 million.
- ▶ The planned estimated exploration and evaluation expenditure by Metallica for the September 2010 quarter is \$1.45 million.
- ▶ There are 7 million unlisted options on issue, comprising 2.4 million employee options exercisable at 35 cents on or before 12 February 2012 (providing the employees are still employed at 12 February 2011), 1.1 million options exercisable at 65 cents on or before 28 September 2012, 3 million 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.
- ▶ A General Meeting of shareholders was held on 31 May 2010 which approved the buy back and subsequent cancellation of approximately 7.74 million MLM shares and; the grant of a total of 3 million Director options.
- ▶ 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, scandium (80%) and limestone-lime.

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 at 30 June 2010

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 16 of this report.

Andrew Gillies
 Managing Director,
 30 July 2010

Resource Projects

Nickel-Cobalt & Scandium | NORNICO Project 100%

Highlights

Development strategy focusing on selectively extracting high grade Ni-Co ores sourced from within Greenvale Mine Site, supported by high Co-Sc bearing Ni ores trucked from Lucknow (8km) and Kokomo (55km) in later years (see Figure 3).

The proposed NORNICO Stage 1 plant has been designed to extract three metals (Ni-Co-Sc) using the same process.

- ▶ 561 hole drilling program completed on Greenvale and Lucknow deposits confirming substantial high grade cobalt-scandium rich nickel ores at Lucknow.
- ▶ NORNICO Stage 1 Ni-Co & Sc scoping study currently being finalised, with summary of results expected mid August.
- ▶ Revised Greenvale and maiden Lucknow resource estimates expected by mid August.

Resource definition and exploration drilling continued on the Greenvale and Lucknow projects to increase the size and status of the Greenvale Ni-Co resource and provide a maiden Ni-Co and Sc resource for Lucknow. Emphasis has been on defining the high grade (>1.6% NiEq) portions of each deposit to provide the highest Ni-Co (and Sc) grade, to maximise revenue and operating margins.

Key Activities Undertaken During the June Quarter:

- ▶ The NORNICO Stage 1 Ni-Co-Sc Scoping Study was further progressed with completion scheduled for early August with financial review in mid August
- ▶ Metallurgical testwork of Kokomo Ni-Co-Sc ore from the Wild Honey Deposit for recovery of Scandium was completed.

- ▶ Samples of Lucknow high grade scandium ore were collected for metallurgical testwork.
- ▶ Resource drilling at the Greenvale Nickel Minesite which had previously (mined 40 Mt at 1.56% Ni and 0.12% Co from 1974-1992) and the Lucknow Ni-Co-Sc deposit was completed.
- ▶ Incorporating 263 new drill holes at Greenvale and 298 drill holes at Lucknow into enhanced database for resource studies, which have commenced.



Figure 3: NORNICO Project Regional Setting

NORNICO Project Studies

NORNICO STAGE 1 – Ni-Co-Sc PROJECT SCOPING STUDY

The NORNICO Stage 1 Ni-Co & Sc Scoping Study (-10% +30% accuracy) is based on a modest size 180,000 tpa project located at the old Greenvale minesite using heated agitated Atmospheric Acid Leaching (AAL) processing, with acid supply trucked from Townsville, solvent extraction (SX) and recovery of nickel, cobalt and scandium, to produce nickel sulphate, plus cobalt sulphide and scandium oxide products.

Feed material will be selected and blended high grade Ni & Co (>1.6% Ni Eq) feed primarily sourced from several deposits within the Greenvale mine site (particularly Powerline and The Edge) and blended with cobalt and scandium rich nickel laterite ores trucked from the Lucknow deposit (8km away) and when required in later years, from the Kokomo (55km) Ni-Co-Sc deposit.

Annual production of contained metal is targeted at approximately 2,900t Ni, 200t Co and over 7,000kg scandium.

The Scoping Study is being undertaken by the "in house" NORNICO project team and assisted with 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 – such as Star River. 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 and Sc ore processing facility as it is within a previously disturbed (and rehabilitated) large mining area, has remnant zones of high grade nickel, it is close to the Greenvale township, sealed access roads, and existing infrastructure, water and limestone supplies.

The following summarizes the current status of the Scoping Study in early July:

- ▶ Flowsheets have been finalised with two options considered for nickel recovery; by electrowinning to produce LME nickel

or precipitation to produce high purity nickel sulphate.

- ▶ Process design criteria have been developed based on detailed testwork undertaken during previous studies and current batch testwork.
- ▶ Metsim modelling has been completed and mass and energy balances completed.
- ▶ Plant equipment sizing has been finalised.
- ▶ Budget equipment quotations have been received from vendors and estimates of total project Capital Costs (CAPEX) are near completion.
- ▶ Operating costs (OPEX) are complete.
- ▶ Compilation and write up of the report has commenced.

Metallurgical Testwork

GREENVALE HIGH GRADE NICKEL ORE – HRL PROGRAM

Testwork undertaken at HRL in Brisbane during the June Quarter comprised beneficiation and acid leaching.

Beneficiation by wet scrubbing indicated that the ore grade could be upgraded significantly by rejecting a coarser barren to low grade fraction. Both Ni/Co/Sc and Fe were all upgraded. A range of leaching tests, using different acid additions was conducted to investigate acid consumption and metal extractions. Nickel and cobalt extractions exceeded 90% whilst Scandium was slightly lower but still exceeded 85% extraction. Acid consumptions ranged from 400 to 1,000 kg/t with the higher acid consumptions related to maximising the extraction of scandium in higher iron bearing ores.

The summary from the leach testwork has indicated that the ore from Greenvale is highly amenable to acid leaching. Findings are summarised below;

- ▶ Very fast leach kinetics, with up to 90% of the extraction completed within the first hour of the leach tests.
- ▶ Low terminal free acid, indicating the high neutralising capacity of the ore,

which has significant advantages in two stage acid leaching (CCAL).

The fast leach kinetics has been attributed to the high magnesium carbonate content.

CANOPEAN TESTWORK FOR RECOVERY OF SCANDIUM

Batch proof of concept solvent extraction (SX) testwork was undertaken and it was determined that scandium can selectively be extracted from leach liquors (i.e. separated from other dissolved metals such as Ni, Co and Fe) in the pregnant liquor solution.

The process for extracting scandium from the pregnant liquor is to extract only the scandium, with little co-extraction of other impurities such as iron and aluminium. This process will form the basis of the scandium extraction in the scoping study. This testwork has been completed and to date the data has indicated that a high percentage of the scandium can be extracted in a single pass. This extraction data is very encouraging and it would be expected that with additional stages of extraction this would be around 90%.

LUCKNOW SAMPLES FOR METALLURGICAL TESTWORK

Lucknow high grade scandium ore testwork has not yet commenced but it is expected that metallurgical performance will be similar to Kokomo and therefore for the Scoping Study it has been assumed that Lucknow responses are the same as the Kokomo scandium ores.

Environmental

The Kokomo flora and fauna field studies were completed in March 2010 and the final report will be available late July.

A number of Greenvale environmental reports written by AGC Woodward Clyde in the 1990's have been sourced and should prove invaluable when undertaking baseline environmental studies.

Site water sampling has indicated that the water sources have high carbonate levels with high pH (greater than pH8.5) but no elements detrimental to the project requirements.

Environmental baseline studies on the Greenvale and Lucknow tenements were again delayed whilst further site historical information was sourced. Baseline studies are now planned for the September Quarter.

Activities Planned for the September Quarter 2010

- ▶ In early August, complete the Scoping Study for an 180,000 tpa nickel-cobalt-scandium laterite processing plant (NORNICO Stage 1) located at Greenvale sourcing high grade nickel ores from Greenvale and cobalt-scandium rich nickel ores from Lucknow and possibly Kokomo.
- ▶ Financial analysis in mid August and assuming the Scoping Study and financial assessment is positive, then immediately commence NORNICO Stage 1 Feasibility Study.
- ▶ Initiate pit design and mining schedule for the high Ni-Co-Sc zones in the Lucknow deposit and high Ni-Co zones with the combined Greenvale mine site resources.
- ▶ Initiate AAL metallurgical testwork on the Lucknow Co-Ni and Sc ores.
- ▶ Undertake baseline site environmental studies on the old Greenvale Minesite & Lucknow.
- ▶ Planning of Mining Lease Application(s) over portion(s) of the Greenvale mine site and the Lucknow projects.
- ▶ Initiate Scoping Study for a separate AAL operation treating 100% scandium ore feed from Lucknow and Kokomo. Scandium oxide production capacity would likely be in the range of 30-50 tonnes Sc oxide per year.



Nickel laterite exposure on the Greenvale mine site

NORNICO Exploration Update

Exploration and evaluation work completed on the NORNICO Project area in the last three months includes:

- ▶ Completion of a 264 hole RC drill program comprising 8,452m of drilling within the old Greenvale Nickel Mine Pit limits
- ▶ Completion of the Phase 2 drilling program at Lucknow, which comprised 142 RC holes for 3,516m of drilling, with an overall total for the Phase 1 and 2 drill programs of 298 holes for 7,036m
- ▶ Completion of mapping and sampling of pit faces at Greenvale
- ▶ Completion of survey pick up of Lucknow and Greenvale drill holes
- ▶ Initiated meetings with the traditional owners, the Gugu Badhun, for a Mining ILUA covering the combined Lucknow, Greenvale and Kokomo Project Areas
- ▶ Completion of wet season environmental survey at Kokomo
- ▶ Ground Magnetic survey, geological prospecting and rock chip sampling of the Junction Bore tungsten - molybdenum prospect and porphyry target

Greenvale Nickel Project

Nine areas within the Greenvale Pit area (3km²) were selected for drilling (see Figure 4 and Image 1), based on historical holes drilled by MetalsEx in the 1960's and 1970's and more recent holes drilled by the previous holders Straits Resources between 2007 to 2008. Hand held XRF surveys have been completed on old pit walls and excavated faces with this data being used to further identify drill targets and possibly used in resource estimation.

Drilling at Greenvale commenced on the 16th of March and was completed on the 2nd July 2010. A total of 264 RC holes

(GVM-142 to GVM-405) have been drilled for 8,452m in eight of the nine planned target areas in and around the Greenvale Pit.

Two areas, (The Edge and The Power Line zones) within the existing pit limits have been tested and the potential for these areas to host significant tonnages of high grade Ni-Co ore has been confirmed. Wide intercepts (+10m) of significant Ni-Co mineralisation have been intersected in both areas, with the laterite mineralisation proving to of fairly consistent grade and thickness over a length (100–300m).

Details of the drilling and the assay results for holes GVM-142 to GVM- 348 have been previously announced in a release to the ASX dated 9th June 2010.

Better drill hole intercepts for assay data (GVM-349-405) not previously released include:-

TABLE 2: THE POWER LINE

GVM-349	11m @ 1.78% Ni & 0.11% Co (2.00% NiEq*)
GVM-350	17m @ 1.46% Ni & 0.09% Co (1.64% NiEq)

TABLE 3: THE EDGE

GVM-356	10m @ 1.45% Ni & 0.06% Co (1.57% NiEq)
GVM-357	17m @ 1.71% Ni & 0.07% Co (1.86% NiEq)
GVM-364	10m @ 1.25% Ni & 0.10% Co (1.45% NiEq)
GVM-367	10m @ 1.55% Ni & 0.06% Co (1.67% NiEq)
GVM-376	8m @ 1.49% Ni & 0.07% Co (1.63% NiEq)
GVM-383	10m @ 1.47% Ni & 0.12% Co (1.71% NiEq)
GVM-386	11m @ 1.55% Ni & 0.06% Co (1.67% NiEq)

Drilling at the Power Line and The Edge areas is on a nominal 40m by 40m grid, with infill drilling at The Edge to 20m by 20m centers. It is expected that the drilling density and the continuity of the mineralisation in these areas is sufficient for the resources in these areas to be classed either as Measured or Indicated, (sufficient category for pit design).

High grade nickel-cobalt mineralisation has been intersected at other areas in the Greenvale Pit, better results from results not previously reported include:

TABLE 4: AREA 15

GVM-397	9m @ 1.67% Ni & 0.03% Co (1.73% NiEq)
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TABLE 5: THE POWDER MAGAZINE

GVM-389	11m @ 1.25% Ni & 0.09% Co (1.44% NiEq)
GVM-391	8m @ 1.25% Ni & 0.15% Co (1.55% NiEq)

These areas are close to previous mine workings with significant ground disturbance and areas of rehabilitation and it is therefore unlikely that at this stage a definitive Measured or Indicated resource can be estimated from drilling. However, if mining commences at Greenvale, these are all areas where significant high grade ores can be selectively sourced for the operation at start-up with minimal pre-stripping or infrastructure costs.

Table 11 appended to this report details the drilling results for Greenvale holes (GVM-349-405) which have not previously been reported to the ASX. The drill holes have been surveyed using a differential GPS and this data as well as the geology information has been put into a database which has been forwarded to Golders Associates who have commenced a resource estimate. Resource estimates for Greenvale and Lucknow are now due by mid August.

* 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.

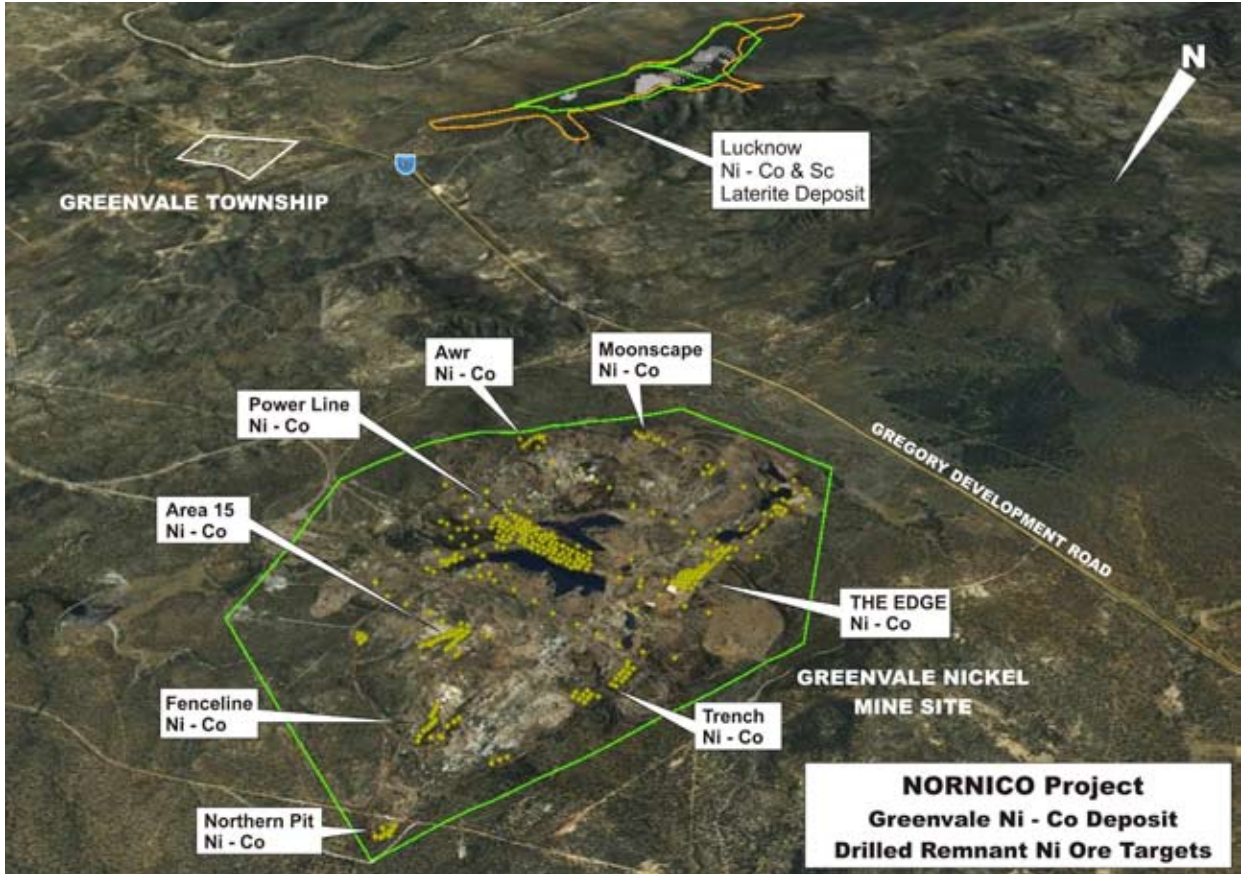


Image 1

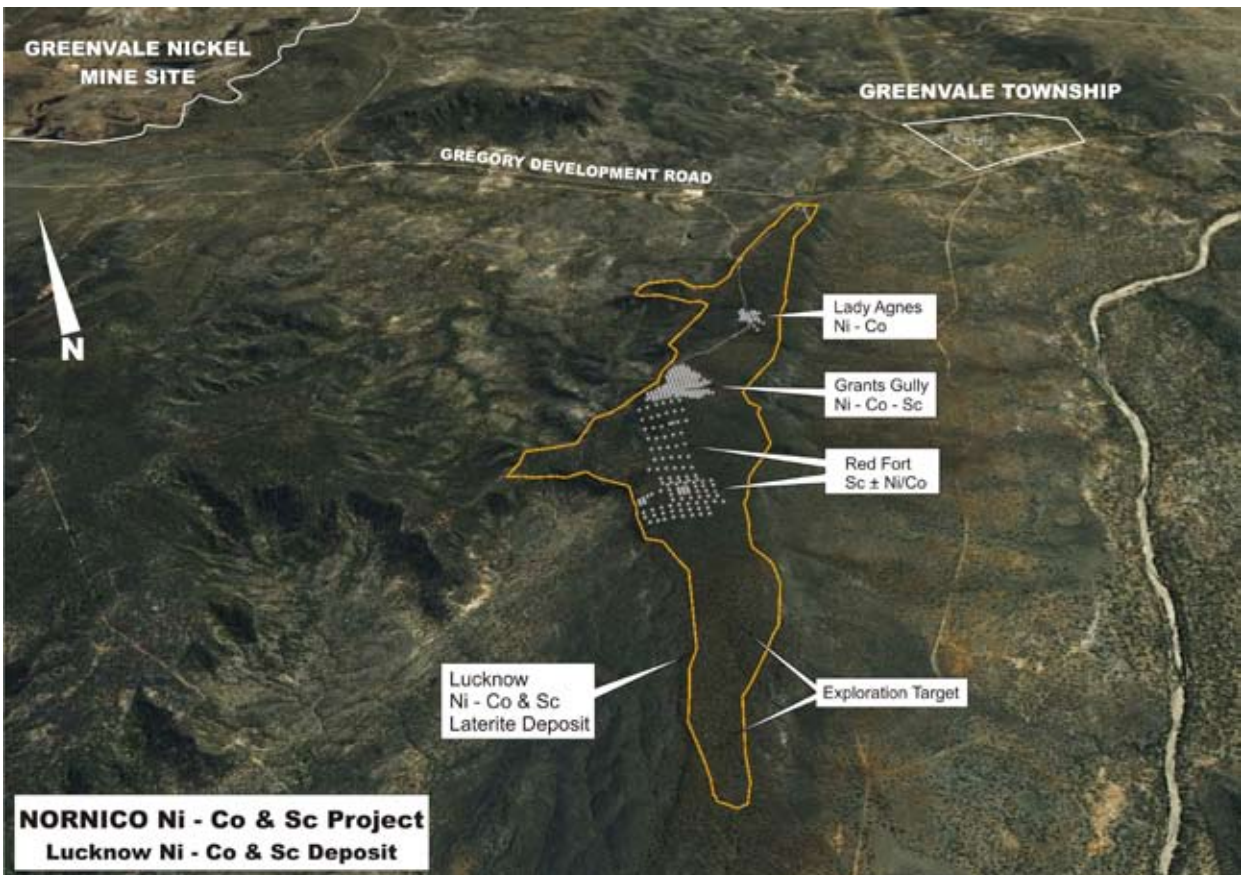


Image 2

Lucknow Ni-Co & Sc Project

DRILLING

Metallica has completed a total of 298 RC holes at Lucknow (LKRC-013 to LKRC-310) for a total of 7,036m at between March and July 2010.

Phase 1 of the drill program was completed in early April, and comprised of 156 RC holes (LKRC-013 to LKRC-168) for 3,520m. These holes were drilled at four separate areas on the Lucknow Ridge (see Figure 5 and Image 2). The holes were designed to test areas of elevated Ni-Co mineralisation identified by previous explorers (QNI and Anaconda). Drilling was aimed at defining areas of high grade nickel-cobalt laterite mineralisation which can be trucked to the Greenvale minesite to supplement high grade Greenvale nickel ores for the proposed 180,000t processing plant.

Phase 2 drilling was undertaken at Lucknow in June-July 2010 and comprised 142 holes (LKRC 169-310) for 3,516m. This phase of drilling was designed to follow up high grade nickel-cobalt and scandium assays at three areas at Lucknow. Drilling was completed on a 20m by 20m grid or on a wider 40m by 40m grid pattern, this was to ensure that any mineral resources defined could be classified as either Measured or Indicated. Infill drilling on an 80m (N-S) by 40m (E-W) grid was completed between the Grants Gully Ni-Co-Sc area and the Red Fort Sc area to determine if the scandium mineralisation identified at these two areas was continuous. Results from the drilling confirmed this.

Lucknow Ni-Co & Sc Results

All the assay results from the Phase 1 and 2 Lucknow drilling program have now been received, with results confirming the presence of high grade nickel and cobalt mineralisation at two of the targeted areas at Lucknow referred to as Lady Agnes and Grants Gully (see Figure 5).

High grade scandium mineralisation has also been discovered at Grants Gully and

extended in to another area referred to as Red Fort. Broad and thick high grade scandium mineralisation has been drilled between Grants and Red Fort (see Figure 6 Cross Section).

A map showing the drill hole locations for the Phase 1 and 2 drilling programs is included as Figure 4 and Image 2.

The results for the Lucknow phase 1 and 2 drilling programs are detailed in previous releases to the ASX dated 10th May 2010 and the 21st July 2010 respectively.

Highlights from the Lucknow Phase 2 drilling include:-

TABLE 6: LUCKNOW Ni-Co DRILL HIGHLIGHTS:-

LKRC-178	6m @ 1.31% Ni, 0.45% Co and 30g/t Sc (1.73% NiEq ¹)
LKRC-200	9m @ 0.86% Ni, 0.75% Co and 344g/t Sc (2.36% NiEq)
LKRC-209	5m @ 0.85% Ni, 0.71% Co and 66g/t Sc (2.27% NiEq)
LKRC-221	8m @ 1.14% Ni, 0.53% Co and 99g/t Sc (2.20% NiEq)
LKRC-252	10m @ 1.02% Ni, 0.52% Co and 22g/t Sc (2.10% NiEq)

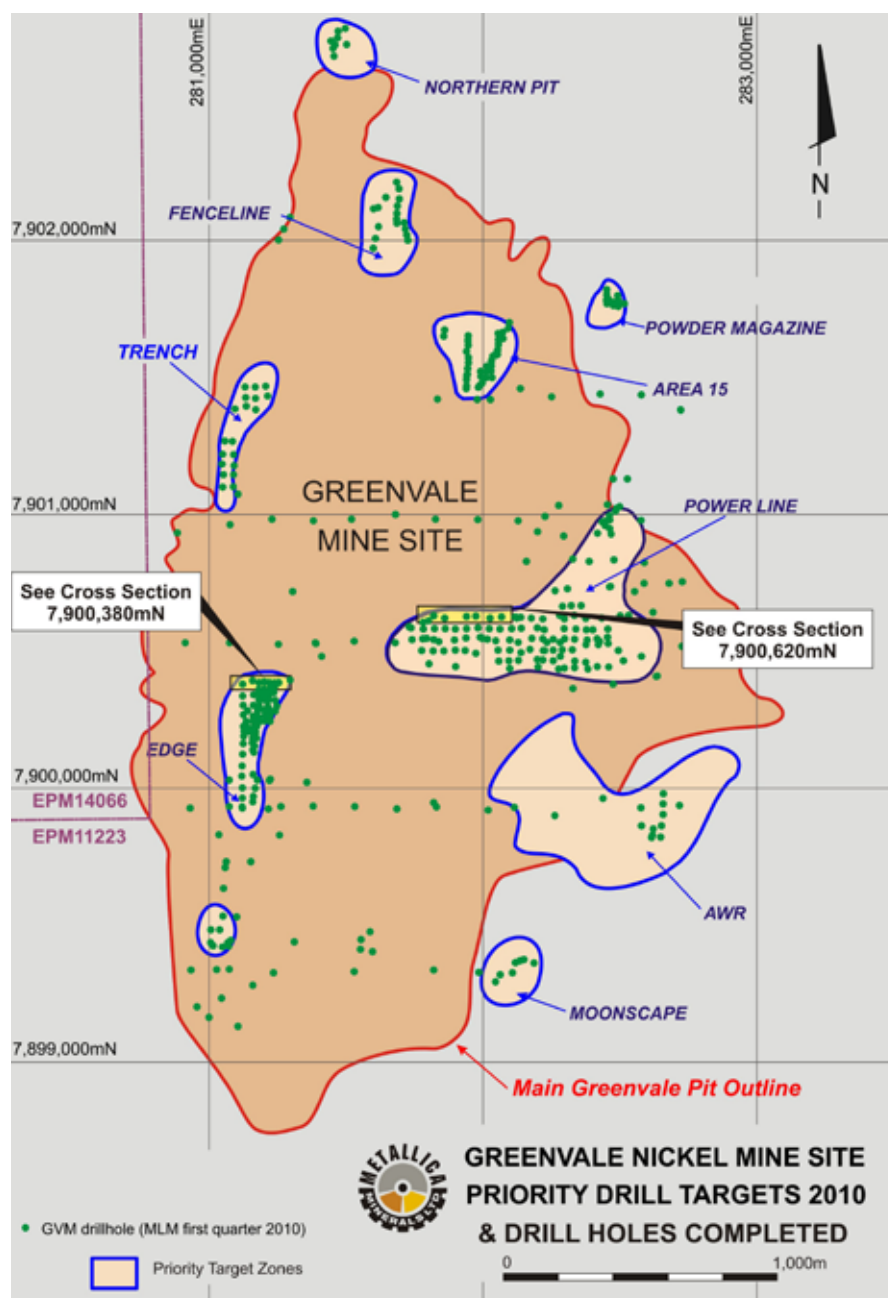


Figure 4 : Greenvale Nickel Mine Site Priority Drill Targets 2010

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.

LKRC-260	6m @ 0.79% Ni, 0.47% Co and 202g/t Sc (1.73% NiEq)
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TABLE 7: LUCKNOW Sc DRILL HIGHLIGHTS:-

LKRC-196	21m @ 242g/t Sc from 0m
LKRC-200	21m @ 320g/t Sc from 0m
LKRC-205	21m @ 430g/t Sc from 0m
LKRC-206	28m @ 340g/t Sc from 0m
LKRC-216	17m @ 324g/t Sc from 0m
LKRC-217	23m @ 401g/t Sc from 0m
LKRC-254	8m @ 432g/t Sc from 7m
LKRC-271	17m @ 257g/t Sc from 8m

Ni-Co & Sc Resource Work

A site visit was made to the Greenvale and Lucknow prospects in mid March by John Horton of Golder Associates as part of their due diligence. Golder Associates have commenced resource studies for Lucknow and Greenvale and the resource estimates are expected in early August.

Six Mile Project (EPM 13873)

The Six Mile project is located approximately 55km north of Greenvale and south east of the Kokomo Ni-Co & Sc laterite deposit. The Six Mile tenement includes several gold, base metal and tungsten targets with current attention focused on the Junction Bore tungsten prospect and porphyry target.

Junction Bore Prospect

A ground magnetic survey was completed over the Junction Bore tungsten-molybdenum porphyry target, which provided for better magnetic imagery resolution for target generation and field checking. Geological prospecting and ground checking of the magnetic anomalies has identified wolframite bearing quartz veins as float and sub-crop over a wide area. The area is underlain by a circular regional magnetic low feature and a six to eight hole shallow first pass drilling

program is planned to test the tungsten-molybdenum areas late July/early August.

and mining ILUA which will include, Kokomo, Lucknow and Greenvale

Work Program for September Quarter

- ▶ Complete resource studies for Lucknow and Greenvale
- ▶ Preliminary pit design and scheduling
- ▶ Mining Lease applications over Lucknow and Greenvale project sites
- ▶ Dry season environmental surveys over Lucknow and Greenvale projects
- ▶ Continued negotiations with the Gugu Badhun for an exploration, development and mining ILUA which will include, Kokomo, Lucknow and Greenvale
- ▶ Collect additional metallurgical samples from Lucknow and Greenvale for testing
- ▶ Six to eight hole shallow drill program at Junction Bore
- ▶ Rehabilitation of drill sites at Greenvale and Lucknow
- ▶ Drill the Dry River Copper Prospect
- ▶ XRF soil survey over the Pinnacles Nickel Laterite prospect (located approximately 25km north of Greenvale)

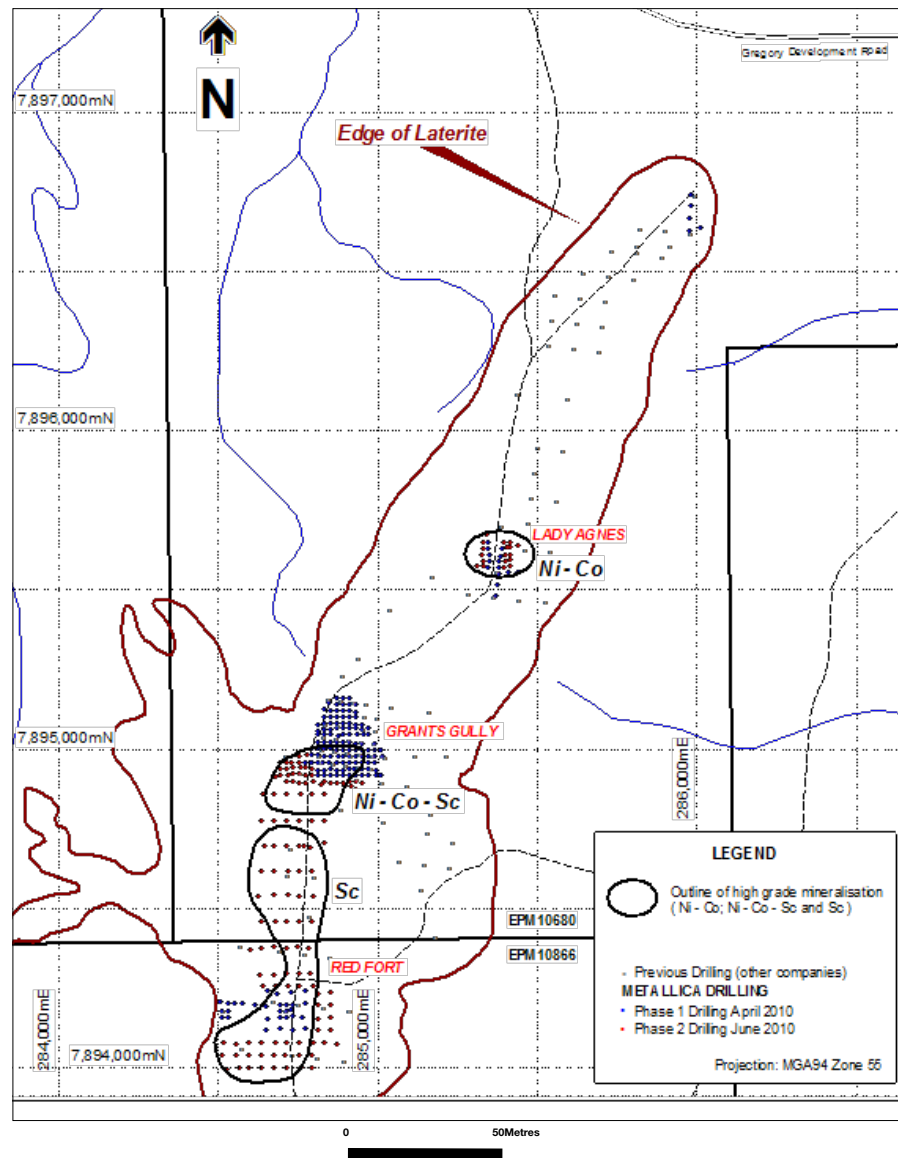


Figure 5 : Lucknow Ni-Co-Sc Project Drilling Program 2010

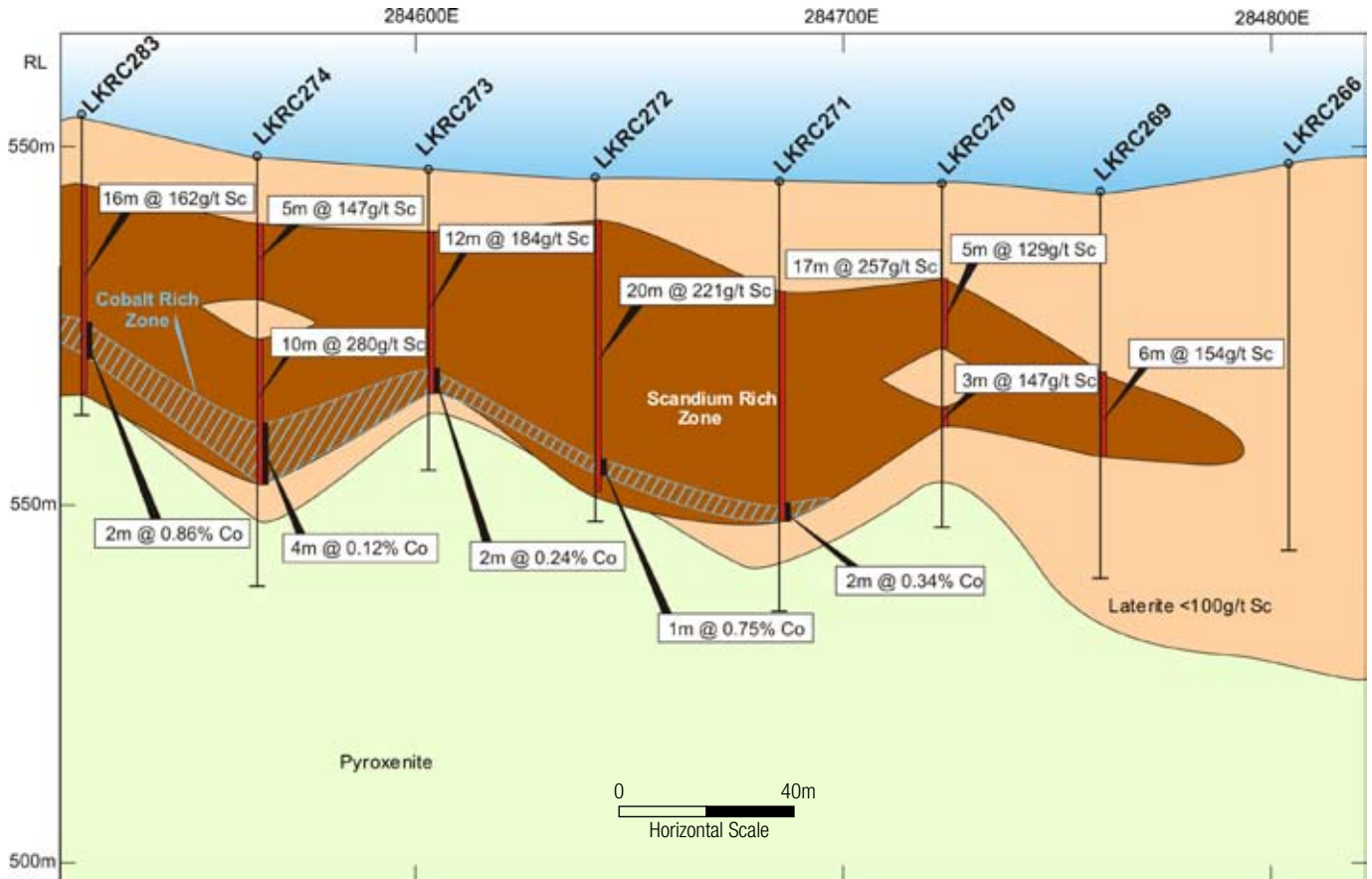


Figure 6 : Lucknow Red Fort Cross-Section 7894080mN

What is Scandium?

Scandium (Sc - element 21- next to zirconium, yttrium and titanium) is a Rare Earth Metal which has the potential to significantly enhance and possibly revolutionise the "Green Economy". It is currently used in fuel cells, high strength low weight aluminium alloys (AlSc), high intensity lamps and structural ceramics (PSZ). The lack of readily available and reliable long term scandium supply in the market has limited its commercial applications to date.

Scandium is generally marketed as scandium oxide (e.g. 99.9% purity) which sells for more than US\$1,400 per kilogram (kg).



Scandium bearing aluminium alloys (ScAl) is increasingly being used in a number of industries including aerospace, automotive, sporting equipment and mobile consumer electronics. Scandium stabilised zirconia (ScSZ) is a critical component of high efficiency Solid Oxide Fuel Cells (SOFC's). Partially stabilized ScSZ has the potential to replace high strength alloys in mechanical and aerospace applications.

Scandium has similar properties to other important and commonly used elements,

such as titanium, zircon and rare earth yttrium. All three are currently used in a broad range of commercial applications and Scandium has similar characteristics that – in combination make it an extremely desirable element, however, with limited reliable supplies available it has been difficult to establish a strong market base beyond its current uses – hence an opportunity for Metallica.

For further information on scandium – for more detailed information on Scandium - see ASX Release dated 10 May 2010.

Lucky Break Nickel Project

MFC 50% MLM 50% Joint Venture

The Lucky Break nickel project, located 140km west of Townsville, North Queensland (see Figure 7) is in joint venture between Metals Finance Ltd (ASX:MFC) and Metallica. Metallica holds two granted Mining Leases (ML 10324 and 10332).

During the quarter, an amended Lucky Break Joint Venture agreement was executed between MFC and Metallica's 100% owned Lucky Break Operations Pty Ltd. MFC have completed a revised Definitive Feasibility Study (DFS) on the project with a positive result.

JOINT VENTURE AGREEMENT

Under the 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 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. Under the original joint venture agreement, surplus after capital repayment was to be distributed 40% to Metals Finance and 60% to Metallica.

The development of the Lucky Break project would provided 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).

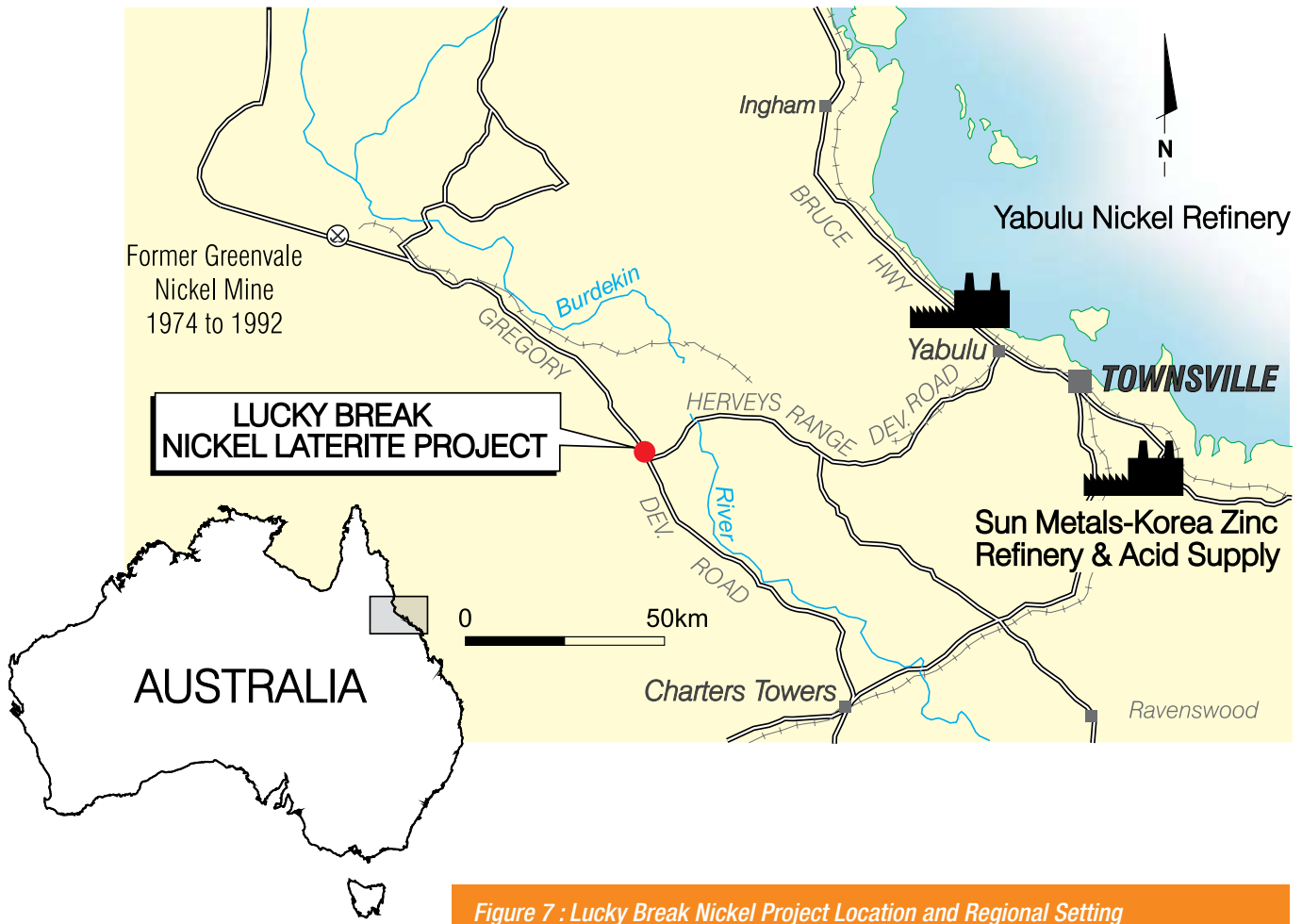


Figure 7 : Lucky Break Nickel Project Location and Regional Setting

The revised agreement removes an option previously held by Metallica to acquire Metals Finance interest in the project, one year after commissioning of a plant, for a price relative to the total capital expenditure on the project.

LUCKY BREAK FEASIBILITY STUDY OUTCOME

MFC's revised Lucky Break Feasibility Study has been based around the following key production parameters, assumptions and financial factors:

Factor	Value	Unit
Ore throughput	60,000	tpa
Life of operation	5.8	yrs
Nickel recovery	85	%
Average Nickel grade	1.3	%
Acid consumption	420	Kg/t ore
Acid price	88	\$/t
Exchange rate	0.91	US\$ per A\$
Nickel price	9.25	US\$/lb
Nickel price	10.16	A\$/lb

Under the Base Case project parameters outlined above, the projected result of implementation of the project is as follows:

	\$A
Construction capital	12,447,000
Gross revenue	86,047,000
Operating costs	47,179,000
Projected surplus	38,868,000

The modelled project results in the cumulative production of approximately 3,800 tonnes of nickel during the 5-6 year life of the operation, at an average operating cost equivalent to US\$5.07/lb nickel (\$A5.58/lb at the exchange rate provided above).

MFC has noted that the indicated result provided above is subject to firm pricing of equipment and consumables through establishment of formal contracts, in particular relating to acid supply for the ongoing operation. It will also be subject to potential variations in market and operating conditions through the potential life of the operation, including periodic and potentially adverse movements in the ruling value of nickel and exchange rates.

The feasibility study provides for a 12 month implementation schedule, including time required for establishment of supply contracts and arrangement of an appropriate funding structure. At this stage MFC have advised that it is examining

potential funding of the project through a mix of debt and equity, in a proportion that will be established through discussions with potential project financiers.

The next stage of the MFC's Management program on Lucky Break will focus on the following key areas:

- ▶ Procurement of the long term contract for acid supply
- ▶ Negotiation of product sales arrangements
- ▶ Confirmation and amendment if necessary of existing permits
- ▶ Establishment of an appropriate funding mechanism for the project
- ▶ Detailed engineering of the site and flow sheet
- ▶ Establishment of fixed quotes for plant and machinery

Successful outcomes in these areas will be required in order for MFC to proceed with the development and establishment of the project.

For further information please see MFC's ASX Announcement dated 4 June 2010.



MetroCoal Limited

Surat Basin Coal | ASX:MTE | MLM 56%

An Emerging Coal and Energy Company Focused on the Surat Basin
 Metallica has a 56% shareholding comprising 80 Million shares in MTE

500% Increase in Bundi Coal Resource to 292Mt

- ▶ In June MetroCoal announced an increase in the JORC Inferred Resource from 58Mt to 292Mt of thermal coal at the Bundi Project area, Surat Basin
- ▶ 292Mt Inferred Resource contained within 60km² of Bundi Project ores and strong potential to increase the Inferred Resource area with ongoing drilling.
- ▶ Average thickness of the Macalister Upper seam in the Bundi project area is 3.31m

- ▶ Raw coal quality confirms potential for an export thermal coal

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. 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.

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

MetroCoal holds 100% of extensive coal tenements covering 4,000km² in the Surat Basin region, in southern Queensland (see Figure 8).

To date, MetroCoal has defined a combined total inferred and indicated resource of approximately 464Mt of thermal coal from the Juandah and Bundi resource areas (see Table 8).

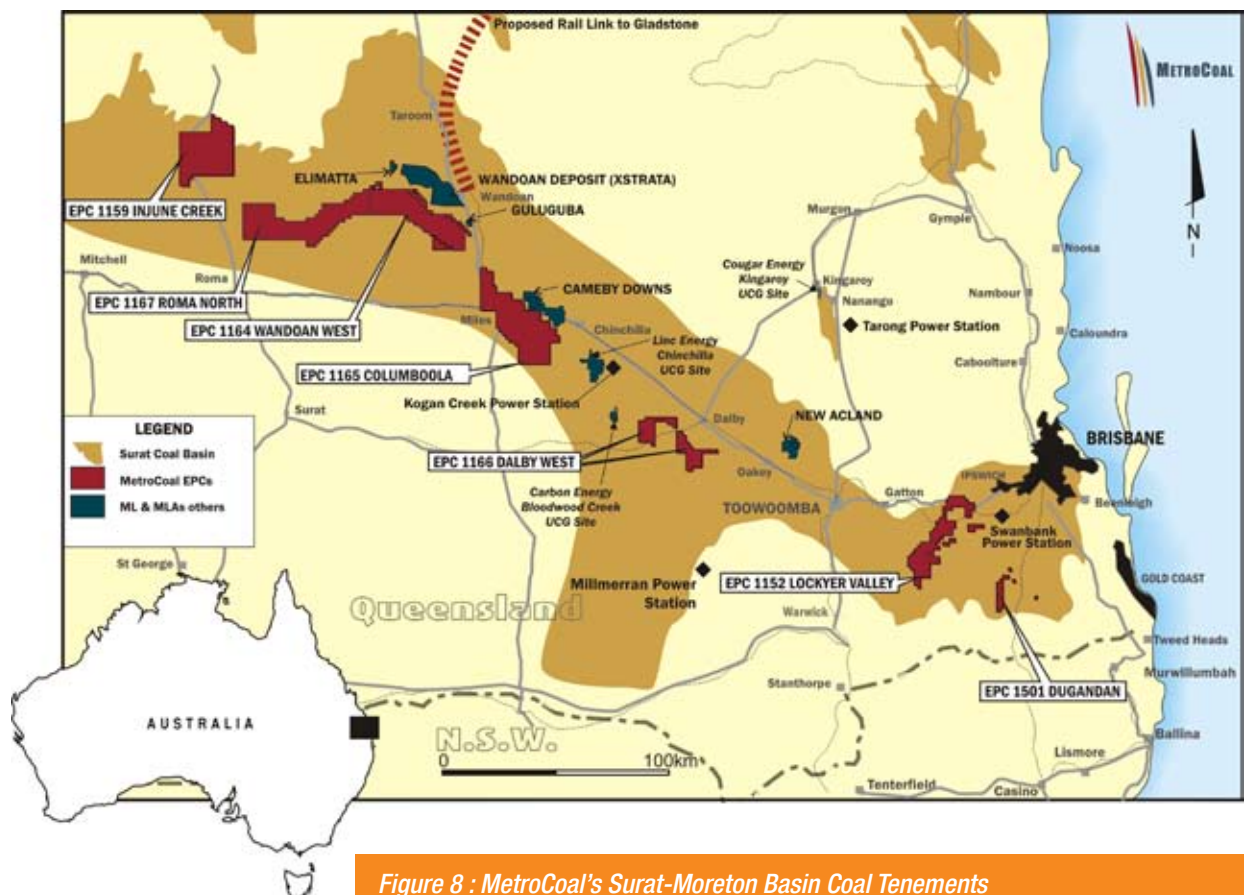


Figure 8 : MetroCoal's Surat-Moreton Basin Coal Tenements

MetroCoal's cash balance was approximately \$8.0 million as at 30 June 2010.

Table 8: MetroCoal Resources

Resource Area	Indicated Resource (MT)	Inferred Resource (MT)	Total Resource (MT)	Potential Thermal Coal Exploitation Method
Juandah ¹	23	149	172	UCG
Bundi ²		292	292	Underground

¹ See MLM ASX Announcement 28th May 2009 "MLM Initial resource for MetroCoal's Juandah UCG Project"

² See MTE ASX Announcement 21st June 2010 "MTE announces "500% Increase in Bundi Coal Resource"

Bundi Coal Project

The Bundi Project area, within the Company's EPC 1164 Wandoan West in the Surat Basin, is down dip of Elimatta and Xstrata Ltd's Wandoan mining project areas (see Figure 9). The 292Mt Inferred Resource is contained within an area of approximately 60km².

The primary target is an underground mining resource in the Macalister Upper (MU) Seam of the Juandah Coal Measures within the Bundi Project Area. The Inferred Resource estimate is based on a working section within the MU Seam.

The MU Seam has been selected as it is continuous and correlatable across the

resource area and provides 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 thermal coal product. The average thickness of the working section is 3.3m at a depth between 90m and 300m.

The estimate is considered to be conservative with the focus on a continuous, correlatable coal seam.

Drilling is continuing and the resource area is expected to be expanded further over the next few months.

The Bundi resource is proving up to be a very good point for mining studies to fulfil MetroCoal's ambitions of a 7 Mtpa long wall operation with a minimum mine life of 20 years.

Exploration is currently focusing on establishing an initial resource at Norwood which is located immediately west of Bundi within EPC 1167 (see figure 9).

CHINA COAL JVA & UPDATE

On 8 April 2010, MetroCoal announced it had signed a Joint Venture Agreement (JVA) with China Coal Import & Export Company (CCIEC), a wholly owned subsidiary of China National Coal Group Corp (China Coal).

Under the terms of the Agreement, CCIEC acquired a 51% interest in MetroCoal's EPC 1165 Columboola in the Surat Basin, Queensland (Figure 8) for an agreed expenditure 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.

On 16 July 2010, MetroCoal announced that China Coal had received approval for the JVA from the Chinese Government's National Development Reform Commission (NDRC). On 28 July 2010, MetroCoal announced that the date by which all conditions precedent of the Joint Venture with China Coal are to be satisfied have been extended to 30 September 2010 to enable China Coal to obtain the last of their approvals with their local Chinese Government agencies.

For further information see MetroCoal Quarterly Report dated 30 July 2010.

Competent Persons Statement

The information in this statement that relates to in situ coal results and Exploration Targets are based on information compiled by Neil Mackenzie-Forbes, who is a member of the Australian Institute of Geoscientists and a full time employee of MetroCoal Ltd. Neil Mackenzie-Forbes is a qualified geologist (B App Sc, MAIG), and has over 15 years experience with over 9 years 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 Australia Code for Reporting of Coal Resources. Neil Mackenzie-Forbes consents in writing to the inclusion in the statement of the matters based on the information in the form and context in which it appears.

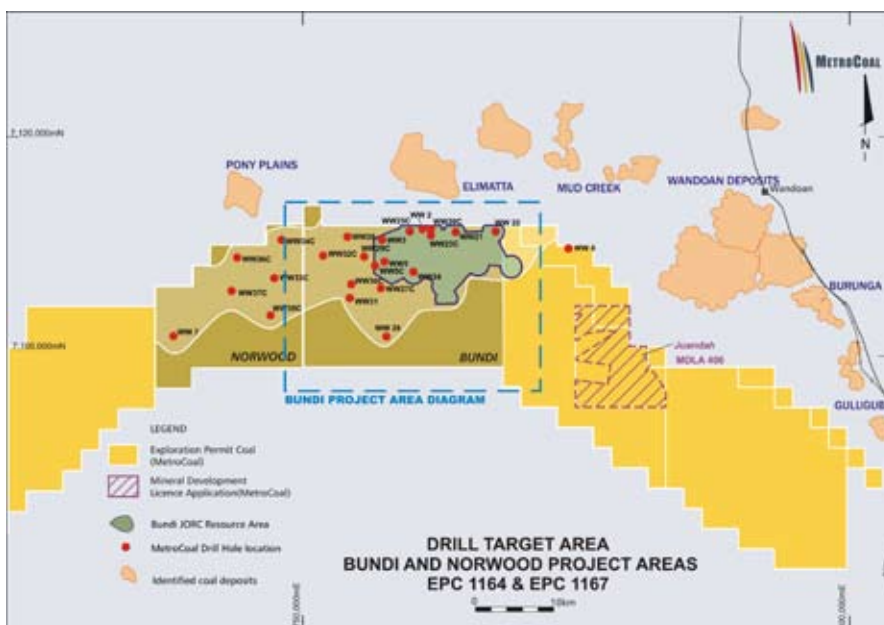


Figure 9 : Drill Target Area - Bundi and Norwood Project Areas

Cape Alumina Limited

Bauxite | ASX:CBX | MLM 29.9%

Metallica has a strategic 29.9% shareholding (comprising 38.57 million 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 10). Cape is a specialist bauxite (ore for aluminium) exploration and development company.

June Quarter

- ▶ The Queensland Minister for Environment and Resource Management declared the Wenlock River Basin a wild river area and announced environmental buffer zones of 500m around small springs, creeks and gullies which are significantly greater in size than is justified based on the available science. The Pisolite Hills project's bauxite resource has been significantly encroached by the buffers and has therefore considerably lowered the projects expected economic returns. As a result, the proposed 7 million tonnes per annum export bauxite project has been rendered uneconomic.
- ▶ Cape has commenced a review of the Pisolite Hills project to determine the appropriate next steps in view of the Queensland Government's decision.
- ▶ Cape's other bauxite tenements in Cape York are under review with the objectives of prioritising future exploration activities for the generation of an additional bauxite project in Western Cape York and rationalising the expansive tenement holdings.
- ▶ Cape Alumina is also reviewing a number of opportunities including outside of Queensland.
- ▶ During the Quarter, Metallica transferred 3.87 million Cape Alumina shares for 7.74 million MLM Shares with Resource

Capital Funds (RCF) on a 1:2 basis. Metallica's shareholding in Cape was therefore reduced from 33% to 29.9%.

For further information, see Cape Alumina Limited Quarterly Report dated 28 July 2010.

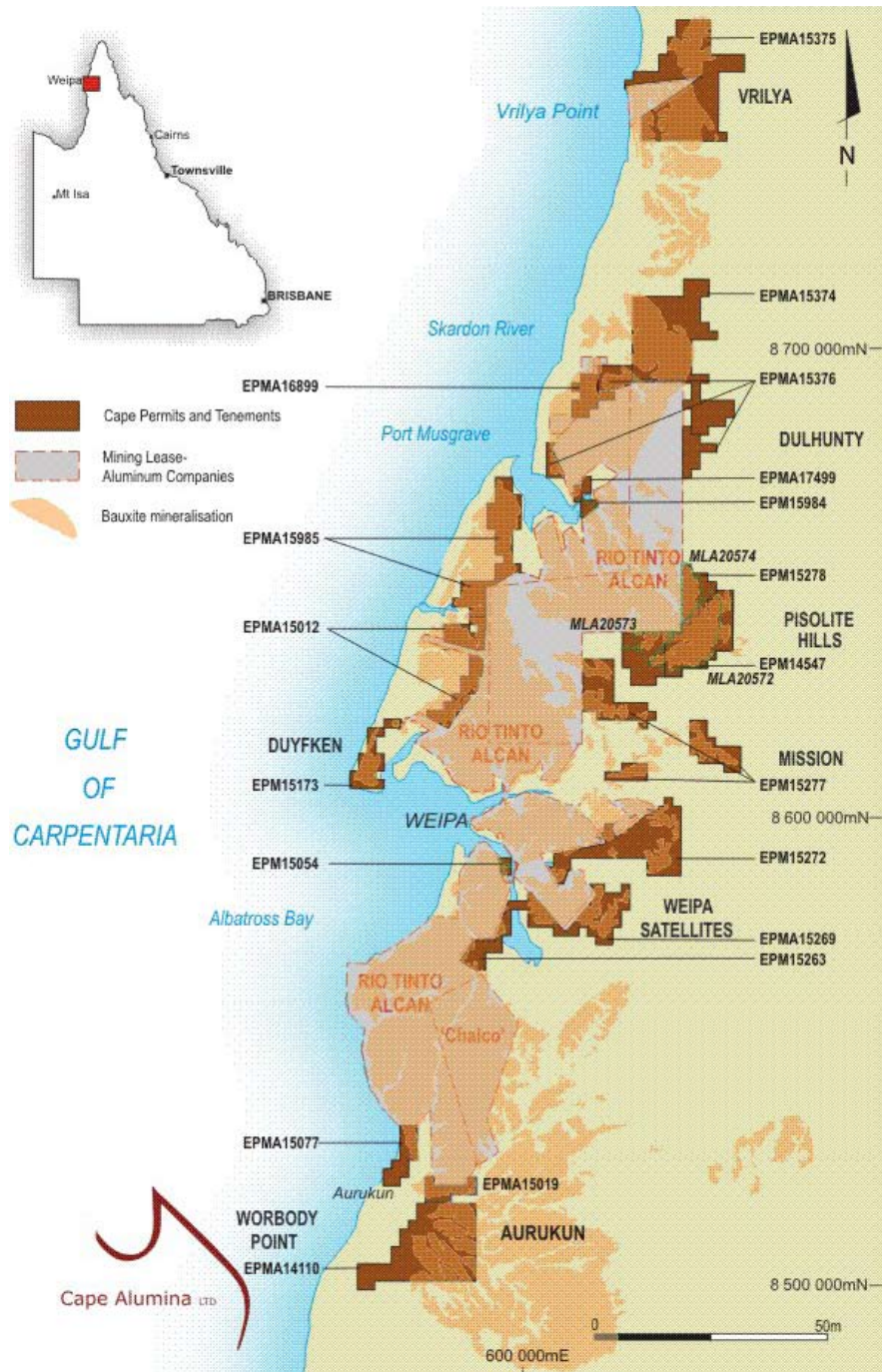


Figure 10 : Cape Alumina's Weipa Bauxite Project Tenements & Regional Setting

Wenlock Basin Wild River Declaration

The Pisolite Hills bauxite resource is located on an elevated dry plateau over 3km-10km distance from the Wenlock River. The most damaging aspect of the Queensland Government's decision, is the establishment of an arbitrary 500 metre wide buffer zone (known as a High Preservation Area – HPA) around minor tributaries and small springs in the vicinity of Pisolite Hills, which independent experts concluded are neither unique nor threatened but are common in north-western Cape York. Mining and many other activities are prohibited within this buffer zone. A 500 metre wide buffer zone substantially reduces the bauxite resources available to the project.

This is illustrated in Figures 11 and 12 which show the impact on the area of the Pisolite Hills project bauxite resource of a 200 metre wide buffer zone, (as proposed by Cape Alumina), and the 500 metre wide buffer zone imposed by the Queensland Government.

Corporate

APPOINTMENT OF FULL TIME CFO

During the last quarter, Cape Alumina appointed experienced resources industry and finance executive Mr Scott Waddell to the positions of Chief Financial Officer and Company Secretary. Mr Waddell's appointment took effect from June 1, 2010.

CALL TO REOPEN TENDERS FOR AURUKUN DEPOSIT

Cape Alumina has urged the Queensland Government to once again call for tenders for the development of the Aurukun bauxite deposits in western Cape York.

It was announced recently that the Queensland Government and Chinese aluminium producer Chalco had failed to reach agreement on the development of the Aurukun project, the rights of which were awarded to Chalco in 2006.

Cape Alumina is interested in developing the Aurukun project and believes that it is particularly important to call for tenders again if the terms of the original tender are to be changed – and the Government

no longer requires the developer of the Aurukun bauxite deposits to build an alumina refinery on Queensland's east coast.

Cape Alumina strongly believes that the government should maximize its options and allow the free market to determine how best to develop the strategic Aurukun

bauxite resources for the benefit of all Queenslanders.

Financial

As at 30 June 2010, Cape Alumina Limited had funds on hand of approximately \$4.0 million.

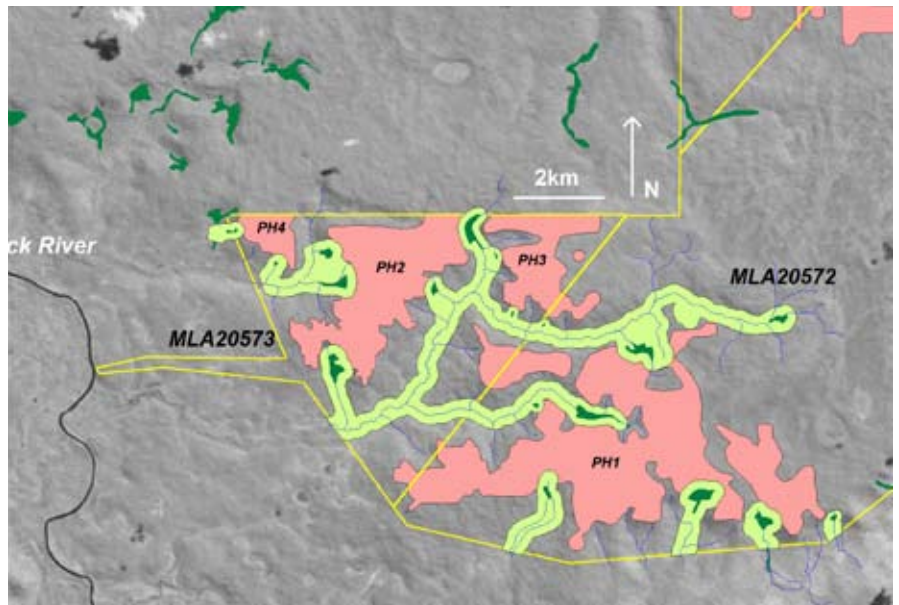


Figure 11 : Impact of the recommended 200 metre wide HPA Buffers on the Pisolite Hills project resource area. Pink areas are bauxite resources, dark green areas are springs, pale green areas are recommended 200 metre wide buffers.

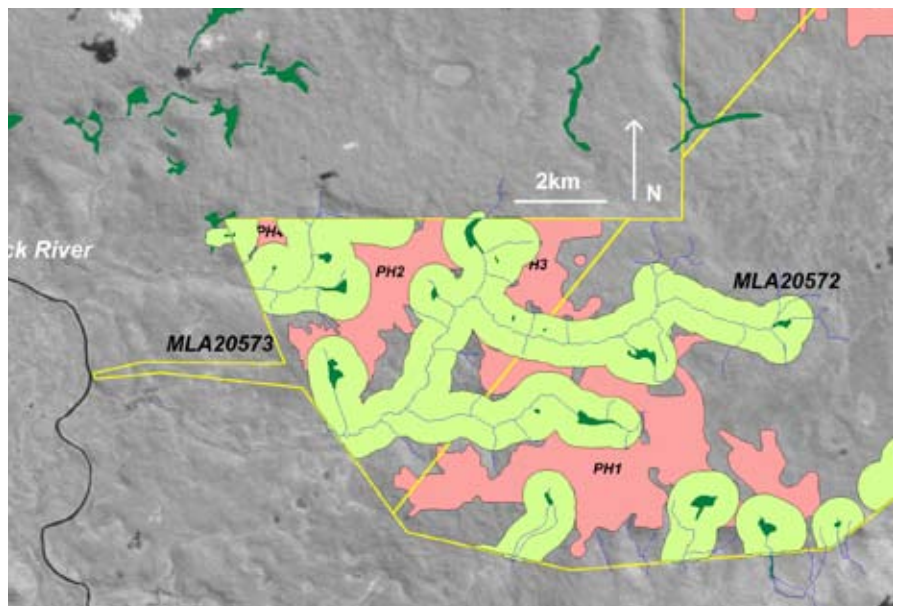


Figure 12 : Impact of Queensland Government's 500 metre wide HPA Buffer on the Pisolite Hills project resource area. Pink areas are bauxite resources, dark green areas are springs, pale green areas are declared 500m wide buffers.

Planet Metals Limited

ASX:PMQ | MLM 76%

- ▶ **Wolfram Camp Tungsten–Molybdenum Project**
- ▶ **Mount Cannindah Copper–Gold Project**

June Quarter Highlights

- ▶ Signed Option Agreement for sale of Wolfram Camp Mining assets for \$8 million cash
- ▶ Mount Cannindah Cu-Au project being reviewed and high priority drill targets selected – drilling planned for mid August

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

Wolfram Camp Tungsten–Molybdenum Mine (PMQ 85%)

Located approx. 90km west of Cairns, Qld

- ▶ On 21 June 2010, Planet Metals Ltd entered into a binding Heads of Agreement (“HOA”) – Option to Purchase with Tropical Metals Pty Ltd (“Tropical Metals”) to sell its 100% owned subsidiary, Wolfram Camp Mining Pty Ltd (“WCMPL”) for a cash sale price of \$8 million. WCMPL is the holding company for all assets associated with the Wolfram Camp tungsten-molybdenum project. The HOA is subject to conditions including satisfactory due diligence by Tropical Metals. Initial due

diligence is set to be completed in late August.

- ▶ On 10 May 2010, the Company released a revised independent resource estimate of 1.42 million tonnes at 0.60% WO₃ and 0.12% Mo (see Table 9). This estimate was prepared by Golder Associates Pty Ltd and represented a 50 per cent increase in tonnage and

45% increase in grade compared with previous internal resource estimates. The significant boost in resources was the direct result of a combination of factors, including the assessment of the additional drill results from Planet Metals’ 200 hole (4,840m) drill program completed in late 2009 / early 2010 and the Company taking a more holistic view of the project’s resource potential.

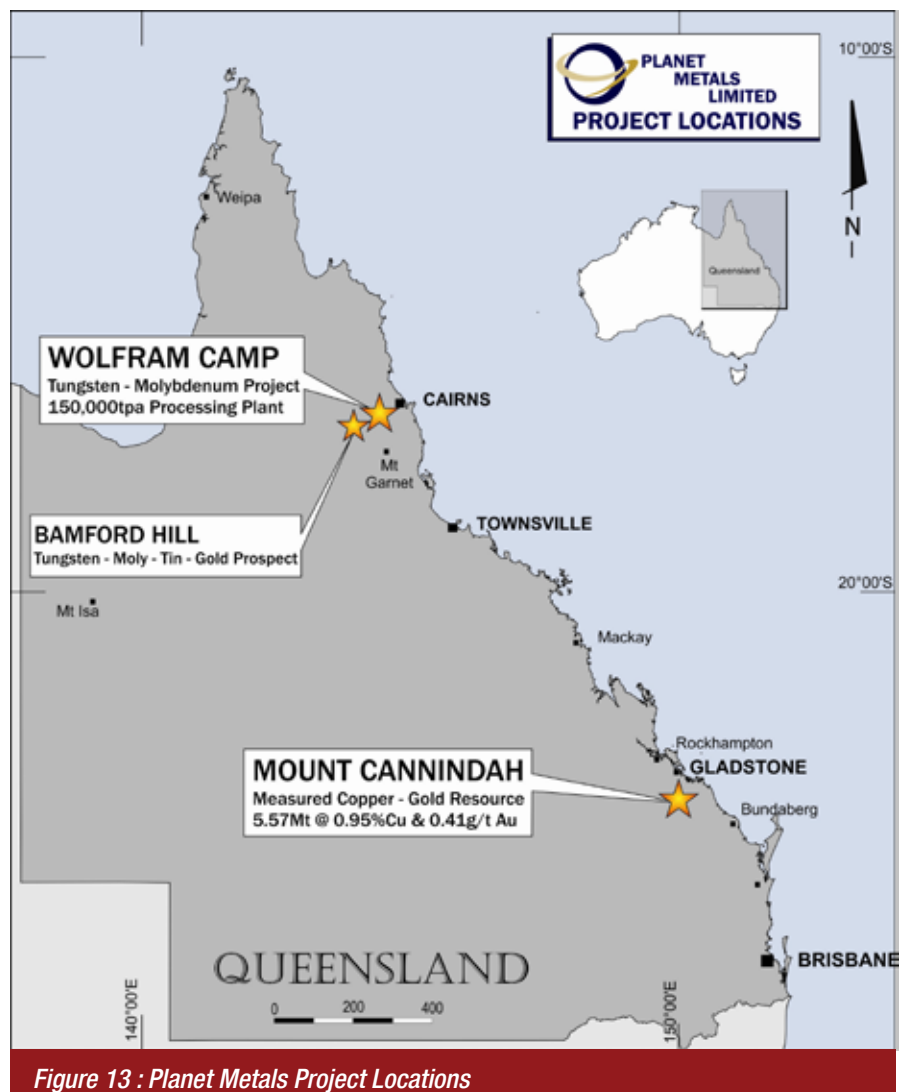


Figure 13 : Planet Metals Project Locations

This resource was derived from block model estimates for a tungsten equivalent (W Eq) cut-off grade of 0.25% and is outlined in the below table:

Table 9: 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

Investigations also continued on run of mine pre-concentration via X Ray Ore Sorting in order to enhance mill feed grade. Preliminary sample testwork has indicated that a feed grade upgrade factor of 250% is achievable, milling only approximately 45% of the pre-sorted tonnes (Run-of-Mine Ore).

General care and maintenance activities continued throughout the quarter.

Additional features and assumptions relating to the resource estimate are contained in Planet Metal's ASX release dated 10 May 2010.

Mount Cannindah Copper–Gold Project (PMQ 100%)

Located approximately 100km south of Gladstone, Qld

- ▶ A significant amount of work has been undertaken to compile and analyse all available historical exploration data relating to the project's 6km² of granted Mining Leases. This includes drill data relating to the calculation of the existing total Resource of 7.43 million tonnes at 0.97% copper and 0.38g/t gold, of which 5.57 million tonnes at 0.95% copper and 0.41g/t gold are in the Measured Resource category.

Table 10 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).
- ▶ Site visits to finalise drill hole locations have been completed with the drill program expected to commence in mid August. This program will comprise two deep RC/diamond holes to test

the down-dip potential of the existing resource base (presently open at depth) and up to 5 RC holes at the Appletree copper-gold prospect, less than 3km from the main existing resource. This will be the first drill program conducted at Mount Cannindah since the Company completed 42 holes in 2007/2008 to define the current resource.

- ▶ Proposed deep drill hole A – (refer below figure 14) will be drilled 100m further down-dip of a hole which contained an intercept assaying 65m at 1.56% copper, 0.36g/t gold and 16.7g/t silver from 200m.

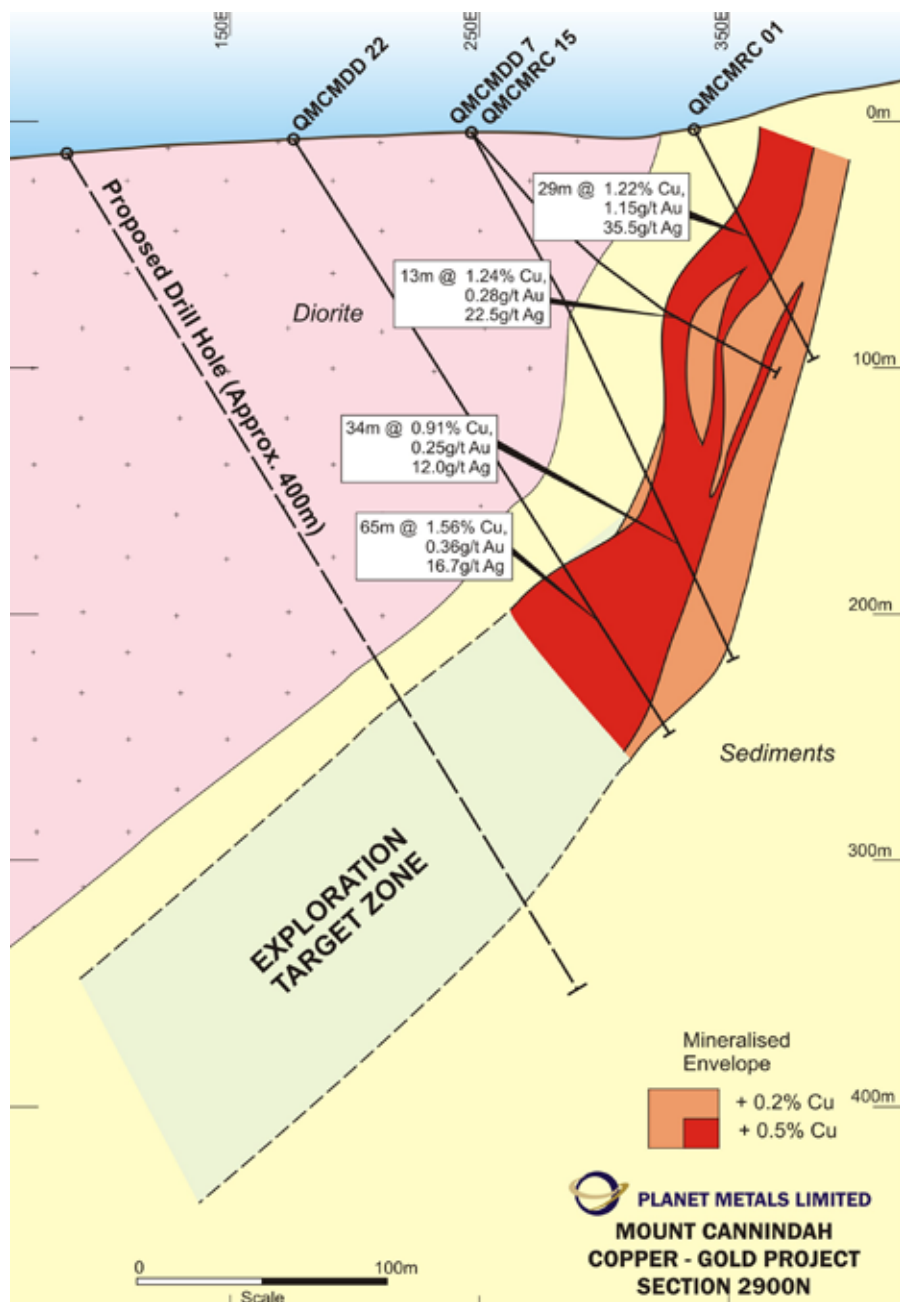


Figure 14 : Cross-section 2900N showing proposed drill hole A

- ▶ Proposed deep drill hole B (refer Figure 15) will be drilled 150m north of hole A. Hole B will be drilled 100m down-dip of a hole which contained a 119m mineralised intercept including 28m at 2.53% copper, 0.39g/t gold and 32.6g/t silver (from 210m – 238m).

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

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 June 2010, the Company's cash position was approximately \$1.24 million.

Activities Planned for the September Quarter 2010

- ▶ Finalise Heads of Agreement and completion of sale of Wolfram Camp Mining Pty Ltd.
- ▶ Normal care and maintenance activities at Wolfram Camp will continue.
- ▶ Completion of a 2-hole deep drill program targeting down dip extensions at the Mount Cannindah mine Cu-Au resource and potential for higher grade "feeder zones".
- ▶ 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.

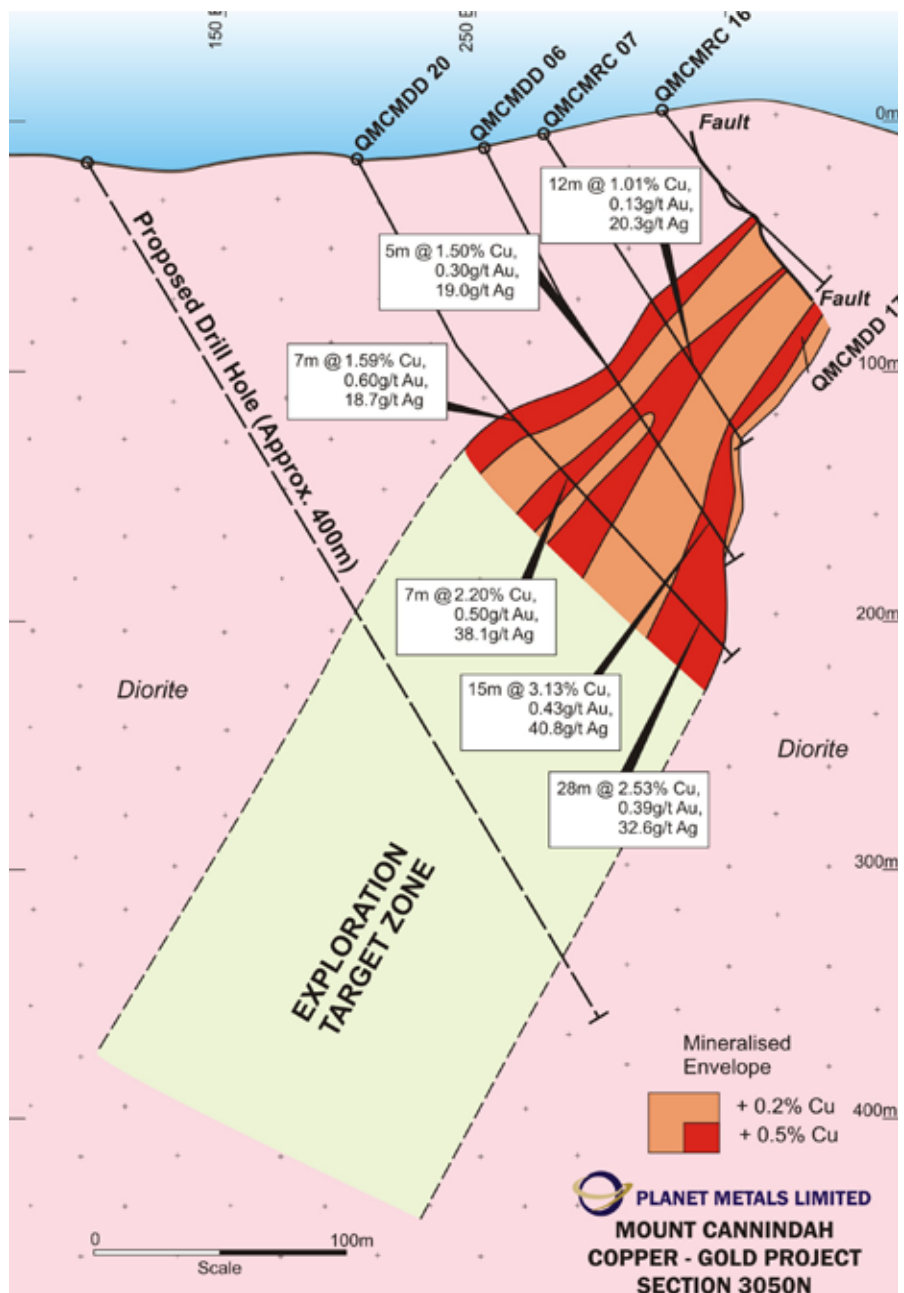


Figure 15 : Cross-section 3050N showing proposed drill hole B

Orion Metals Limited

Gold & Rare Earths | ASX:ORM | MLM 29.3%

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

It has 49.39M shares and 12.35M options on issue, with its two largest shareholders:

Metallica Minerals Limited – 29.30%
Jien Mining Pty Ltd – 14.98%

- ▶ In May, Orion successfully completed a rights issue to raise \$1.235 million to fund a drilling program at the Top Camp gold-copper prospect (located 40km south Cloncurry), working capital and further drilling exploration activities.
- ▶ Drilling of 8 RC holes at the Top Camp mining lease was completed in June with assay results due in early August.
- ▶ Managing Director James Canning-Ure was appointed on a part-time basis on 18 March 2010.
- ▶ Malcolm Creek Gold Project (80Km south of Georgetown) JV partner Newmont Exploration Pty. Ltd. has completed field work with drill targets defined and advised that a drilling program is to start later this year.
- ▶ The Company continues to assess other gold, rare earth metals and resource project opportunities and explore new project generation concepts.
- ▶ Orion has commenced a 60 day due diligence period on Killi Killi Hills, a uranium and Rare Earth project located in Western Australia, due to finish in late September 2010. The Company has been to site and has taken some rock chip samples for urgent testing.
- ▶ Orion is actively reviewing a number of exploration projects for mineral accumulations that may host rare earth elements (REE).
- ▶ As at 29 July 2010, Orion's cash balance was approximately \$683,000k.

For further information see Orion Metals' ASX announcement dated 31 May 2010.



Drilling for Gold at 'Top Camp' July 2010

Weipa HMS–Zircon & Rutile Project MLM 100%

Through wholly owned subsidiary Oresome Australia Pty Ltd, Metallica holds 100% of three granted tenements (Urquhart Point, Jardine and Doughboy) and 6 tenement applications Jackson River, Jackson River 2 and newly applied Sandman #1, Sandman #2, Sandman #3 and Sandman #4, (see Table 18 at the back of this report). All Oresome tenements are targeting zircon and rutile in sand dunes and strandlines along the coast line near Weipa and Western Cape York Peninsula.

In 2008, an Indicated Resource of 2.8Mt @ 7.0% Heavy Mineral Sand (HMS) to a maximum depth of three metres was identified at the Urquhart Point deposit, three kilometres south-west of Weipa (see Figure 16). The valuable HMS suite is dominated by zircon and rutile, likely greater than 30% combined. There is a further 9km of coastline still to be tested within just the Urquhart Point tenement.

Exploration to date has defined a high grade zircon and rutile sand deposit (Urquhart Point) with significant strandlines extending over three kilometres to the South. The strandlines are characterized with an extremely low slimes content and minimal overburden. This provides excellent potential to form a modest size high grade zircon and rutile project with relatively low capital and operating costs to produce a zircon & rutile concentrate.

Competent Person Statement

The exploration comments have been prepared by Mr Roger Hobbs B. App. Sc. (Geophys & Geol), MAusIM, who was a Director of Matilda Minerals Limited (previously Oresome Australia Pty Ltd's 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.

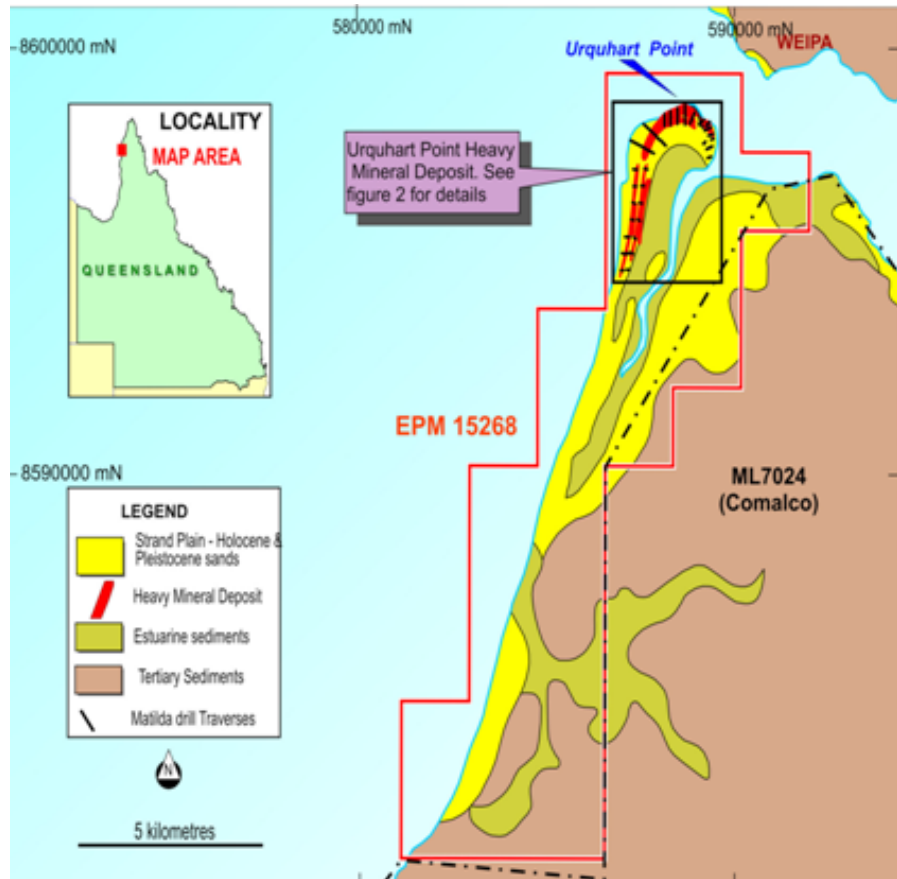


Figure 16 : Urquhart Point Heavy Mineral Sands Project



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), and the Blue Rock deposit between Minnamoolka and Kokomo. A new EPM application (Craigie) has been placed over prospective ground for large high quality limestone deposits 65km SW of Greenvale near Dosey Creek.

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 future lime and limestone requirements.

FAIRVIEW

The Mining Lease Application (MLA) process is progressing well with all objections removed and compensation

agreements now in place. Fairview has a defined resource and we are well placed to be able to extract limestone at Fairview when the opportunity arises.

BOYNE

The two Boyne mining leases contain large high quality limestone deposits for crushed limestone and lime products suitable for markets in the Gladstone region. Proposed activities for 2010 include a drilling program for the purpose of defining a limestone resource within the Boyne SW mining lease.

STAR

The high grade limestone deposit at Star River occurs as a slightly elevated (1 to 10m) mostly exposed limestone with little or no overburden. It enjoys good access to Herveys Range road and is only 105km's from Townsville. No field work or activities have been undertaken recently.

BLUE ROCK

This limestone deposit is conveniently located between Minnamoolka and Kokomo nickel deposits, approximately 60km from the proposed NORNICO nickel operation. Stone samples assayed indicate outcropping limestone to be of high quality. It's Phoenix's intention to peg a mining lease encompassing this outcrop.

MOUNT PODGE

The Mount Podge EPM was granted in January 2009. The project is located 80km West of Townsville near the Herveys Range Road and close to the Star River mining lease. A follow up drilling campaign was completed in July 2010 to confirm areas of high grade limestone identified in the drilling campaign completed in September 2009. The assay results of this drilling are yet to be received and collated. This area has the potential to provide a significant quantity of high grade limestone product 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 17) 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 17). 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 June Quarter.

Merna Mora (EL 3630) – Next Drill Target

In mid 2009 gravity data was collected on a 500m x 1,000m station spacing to define a large amplitude positive gravity anomaly defined by a single station on the National Gravity Data Base.

The firstly vertical derivative image along with the resultant 3D model, suggest that the positive gravity complex is sourced by a synformal structure with tow very shallow inwardly dipping, semi parallel, north-easterly striking positive limbs. A significant strike-slip fault striking north-westerly across the southern margin of the fold

structure displaces the south western nose of the structure. The synform is open to the north-west. Adjacent to the north-westerly striking structure within the fold there are some moderate positive gravity anomalies.

The first vertical derivative of the terrain corrected gravity data. The limbs and nose of the fold are outlined/traced with the grey dashed lines, the north-westerly structure is delineated by the black dashed line and the “residual” gravity anomalies are highlighted by the magenta circle (see Figure 18).

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

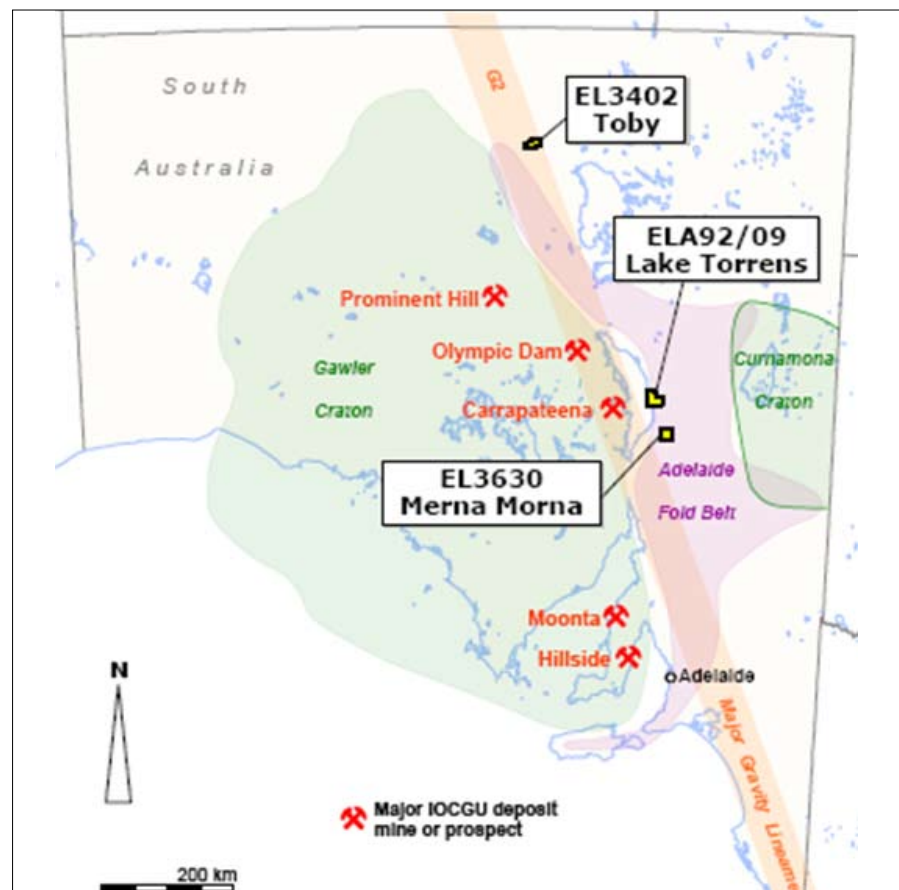


Figure 17 : Location of Toby, Lake Torrens and Merna Mora Projects

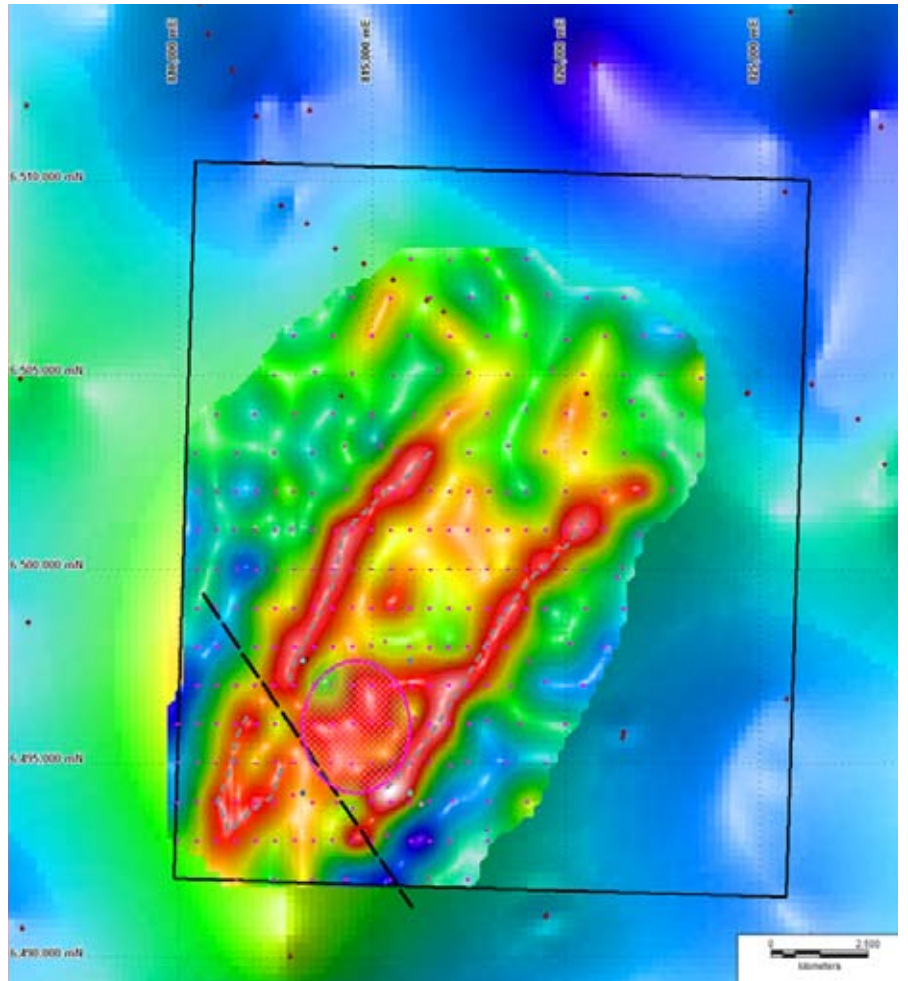


Figure 18 : Gravity Data Image - Toby Prospect



Drilling of TB02 on the Toby Gravity and Magnetic Anomaly

Table 11: Greenvale Mine Site - Drill hole Results GVM-349 to GVM-405

Hole Number	Easting	Northing	Hole depth	From	To	Intercept	Ni (%)	Co (%)	Sc (ppm)	Fe (%)	Mg (%)	NiEq %
GVM-349	282004.72	7900578.87	43	31	39	8	1.78	0.11	22	14.90	6.20	2.00
GVM-350	282007.74	7900617.87	43	22	39	17	1.46	0.09	28	19.50	6.71	1.64
GVM-351	282120.41	7900619.61	49	34	38	4	1.35	0.14	19	16.87	4.53	1.63
GVM-352	282159.28	7900617.92	49	38	41	3	1.41	0.06	20	14.77	5.61	1.53
GVM-353	282340.63	7900663.33	40	27	31	4	1.22	0.19	34	23.95	3.90	1.60
GVM-354	282304.86	7900663.17	49	24	27	3	1.10	0.13	27	16.44	5.66	1.36
GVM-355	282273.46	7900660.81	49	NSR								
GVM-356	281162.57	7900381.86	43	27	37	10	1.45	0.06	21	14.25	4.79	1.57
GVM-357	281200.13	7900380.58	49	32	43	11	1.72	0.07	20	15.40	4.22	1.86
GVM-358	281200.90	7900357.09	46	31	34	3	1.14	0.13	36	23.13	1.71	1.40
and				37	43	6	1.10	0.11	19	13.41	2.97	1.32
GVM-359	281181.23	7900356.66	52	43	49	6	1.13	0.16	28	20.90	3.28	1.45
GVM-360	281162.19	7900355.88	55	34	36	2	1.10	0.16	26	16.25	2.57	1.42
GVM-361	281162.97	7900341.11	55	33	37	4	1.34	0.13	28	19.25	2.97	1.60
GVM-362	281183.23	7900318.19	49	27	31	4	1.24	0.05	30	19.10	1.93	1.34
GVM-363	281163.47	7900317.89	55	38	52	14	1.11	0.11	24	19.30	2.91	1.33
GVM-364	281162.94	7900297.01	58	39	49	10	1.25	0.10	32	22.90	2.84	1.45
GVM-365	281157.73	7900279.00	60	45	57	12	1.23	0.05	14	11.72	3.57	1.33
GVM-366	281180.33	7900280.55	60	42	47	5	1.11	0.14	44	29.60	2.40	1.39
GVM-367	281160.45	7900255.93	60	43	53	10	1.55	0.06	21	14.05	6.52	1.67
GVM-368	281199.49	7900336.80	46	29	43	14	1.22	0.08	18	12.62	3.75	1.38
GVM-369	281198.94	7900319.40	43	24	31	7	1.26	0.04	21	15.92	3.74	1.34
GVM-370	281221.56	7900316.59	37	25	33	8	1.30	0.10	36	20.81	2.86	1.50
GVM-371	281201.58	7900279.88	17	NSR								
GVM-372	281227.57	7900295.00	40	25	34	9	1.23	0.04	25	17.36	3.42	1.31
GVM-373	281202.76	7900259.97	37	19	28	9	0.85	0.10	48	24.95	2.12	1.05
GVM-374	281202.55	7900240.14	40	NSR								0.00
GVM-375	281163.10	7900237.63	64	57	60	3	1.07	0.07	31	26.57	4.51	1.21
GVM-376	281155.19	7900221.52	51	34	42	8	1.49	0.07	23	15.69	6.35	1.63
GVM-377	281151.21	7900199.61	37	24	30	6	1.41	0.10	37	26.93	2.07	1.61
GVM-378	281153.53	7900178.77	43	24	29	5	1.40	0.12	36	23.82	5.35	1.64
and				31	38	7	1.45	0.04	22	15.11	8.18	1.53
GVM-379	281146.63	7900149.39	40	31	34	3	1.49	0.24	37	25.63	3.25	1.97
and				37	41	4	1.82	0.05	25	18.02	3.90	1.92
GVM-380	281139.86	7900134.85	49	NSR								
GVM-381	281139.78	7900200.49	55	45	51	6	1.82	0.18	30	24.20	3.25	2.18
GVM-382	281141.14	7900239.55	55	42	45	3	1.37	0.25	34	22.87	2.80	1.87
GVM-383	281116.28	7900240.00	52	39	49	10	1.47	0.12	23	20.00	2.72	1.71
GVM-384	281116.97	7900221.18	49	41	44	3	1.27	0.06	39	25.86	3.49	1.39
GVM-385	281108.48	7900203.70	43	31	41	10	1.29	0.08	31	19.44	3.73	1.45
GVM-386	281122.97	7900201.50	53	40	51	11	1.55	0.06	29	18.61	4.14	1.67
GVM-387	282481.22	7901777.12	18	NSR								
GVM-388	282463.55	7901757.81	21	7	12	5	0.97	0.18	36	30.82	2.33	1.33

Hole Number	Easting	Northing	Hole depth	From	To	Intercept	Ni (%)	Co (%)	Sc (ppm)	Fe (%)	Mg (%)	NiEq %
GVM-389	282481.25	7901755.35	39	11	22	11	1.26	0.09	45	31.25	4.44	1.44
and				27	31	4	1.16	0.04	31	20.10	7.13	1.24
GVM-390	282437.62	7901778.46	30	17	22	5	1.06	0.04	24	18.90	5.55	1.14
GVM-391	282439.97	7901764.71	30	3	11	8	1.25	0.15	31	26.05	4.32	1.55
GVM-392	282438.95	7901797.91	18	NSR								
GVM-393	282479.21	7901794.00	9	NSR								
GVM-394	282439.35	7901816.25	24	NSR								
GVM-395	282024.43	7901573.90	15	NSR								
GVM-396	282038.50	7901586.64	24	NSR								
GVM-397	282043.71	7901632.88	30	9	18	9	1.67	0.03	12	9.58	11.34	1.73
GVM-398	282042.98	7901656.72	21	8	15	7	1.08	0.03	11	8.24	11.33	1.14
GVM-399	282083.60	7901695.76	15	NSR								
GVM-400	282080.50	7901675.01	18	6	8	2	1.62	0.04	15	11.18	8.88	1.70
GVM-401	282480.00	7901020.00	42	21	27	6	0.70	0.21	58	47.03	1.99	1.12
GVM-401 cont.				29	33	4	1.35	0.06	35	26.92	4.68	1.47
GVM-402	282450.00	7900999.00	51	29	44	15	1.41	0.03	37	15.34	6.51	1.47
GVM-403	282450.00	7900977.00	51	37	41	4	1.17	0.02	31	11.16	1.04	1.21
GVM-404	282433.00	7900957.00	39	NSR##								
GVM-405	282450.00	7900945.00	39	21	31	10	0.75	0.47	67	38.31	0.41	1.69

Table 12: Lucknow Drill Results (received after last drilling update 21 July 2010)

Hole Number	Easting	Northing	Hole depth	From	To	Intercept	Ni (%)	Co (%)	Sc (ppm)	Fe (%)	Mg (%)	NiEq %
LKRC-302	284784	7894982	21	6	13	7	0.15	0.01	182	0.17	34.24	0.17
inc				13	17	4	0.33	0.20	137	0.73	12.31	0.73
LKRC-303	284760	7894980	9	0	3	3	0.19	0.02	165	0.23	31.43	0.23
LKRC-304	284720	7894960	24	8	14	6	0.33	0.01	118	0.35	30.45	0.35
and				14	20	6	1.38	0.16	78	1.70	16.43	1.70
LKRC-305	284700	7894960	21	NSR								
LKRC-306	284720	7894940	21	6	8	2	0.47	0.01	297	0.49	24.20	0.49
and				8	13	5	1.16	0.28	101	1.72	12.70	1.72
LKRC-307	284700	7894940	30	15	17	2	0.28	0.01	224	0.30	15.50	0.30
and				17	22	5	1.00	0.16	132	1.32	15.87	1.32
LKRC-308	284724	7894920	30	2	17	15	0.13	0.01	162	0.15	35.10	0.15
and				17	22	5	1.17	0.26	126	1.69	12.34	1.69
LKRC-309	284704	7894920	30	1	14	13	0.26	0.01	122	0.28	38.57	0.28
and				16	24	8	1.11	0.11	73	1.33	22.32	1.33
LKRC-310	284687	7894915	24	1	5	4	0.13	0.01	112	0.15	42.78	0.15
and				18	20	2	0.83	0.55	67	1.93	13.05	1.93

NSR - No Significant results -

NSR## - No Significant results (hole not drilled to target depth - commonly due to high water pressures)

NiEq = Ni% + 2Co%

Tenement Schedule (as at 30 June 2010)

NORNICO Project - North (100%) Table 13

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 Ck 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	\$60,000
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 (22/12/2010)	6	Ni, Co, Au, PGE	\$50,000
EPM 14518	Mt Garnet South #2	NORNICO Pty Ltd	Granted (7/3/2010)	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 Project - South (100%) Table 14

Tenement	Project Name	Holder/ Applicant	Status (expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
EPM 106380	Lucknow North	Greenvale Operations P/L	Granted (31/12/2010)	3	Ni, Co, Sc	\$60,000
EPM 10866	Lucknow South	Greenvale Operations P/L	Granted (31/12/2010)	4	Ni, Co, Sc	\$60,000
EPM 11223	Dinner Creek	Greenvale Operations P/L	Granted (31/12/2010)	7	Ni, Co	\$61,000
MLA 10342	Kokomo	NORNICO Pty Ltd	Application	3593 Ha	Ni, Co, Sc	N/A
EPM 10699	Kokomo	NORNICO Pty Ltd	Granted (21/8/2013)	21	Ni, Co, Sc, Au	\$100,000
EPM 14066	Greenvale South	NORNICO Pty Ltd	Granted (22/08/2009)*	48	Ni, Co, PGE	\$50,000
EPM 14070	Greenvale North	NORNICO Pty Ltd	Granted (22/08/2009)*	65	Ni, Co, Cu, Au	\$50,000
EPM 14181	Lucky Downs	NORNICO Pty Ltd	Granted (22/08/2009)*	18	Ni, Co, Cu	\$40,000
EPM 14381	Greenvale South #2	NORNICO Pty Ltd	Granted (14/12/2009)*	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
EPMA 18167	Canoona	NORNICO Pty Ltd	Application	22	Ni, Co	N/A
EPM 18175	Pinnacles Consolidated	NORNICO Pty Ltd	Granted (22/2/2015)	21	Ni, Co	\$50,000

Lucky Break Nickel & Cobalt (100%) Table 15

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

Gold and Base Metals

Table 16

Tenement	Project Name	Holder/ Applicant	Status (expiry date)	No. Sub Block	Commodity Targeted	Min. Annual Expenditure
EPM 13873	Six Mile	NORNICO Pty Ltd	Granted (10/12/2009)*	31	Tungsten, Molybdenum, Gold & Copper,	\$70,000

Limestone Projects

Table 17

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	Crotty 1	Phoenix Lime Pty Ltd	Granted (31/1/2026)	2.023 Ha	Limestone	N/A
ML 4789	Crotty 2	Phoenix Lime Pty Ltd	Granted (31/1/2026)	2.023 Ha	Limestone	N/A
ML 5079	Crotty	Phoenix Lime Pty Ltd	Granted (30/4/2025)	25.95 Ha	Limestone	N/A
ML 5372	Crotty 3	Phoenix Lime Pty Ltd	Granted (31/1/2013)	210 Ha	Limestone	N/A

Heavy Mineral Sands (HMS–100%) Table 18

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	14	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	3	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

Note:-

All tenements 100% held unless expressed otherwise

(*) Renewal pending

(#) Surrender 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

Appendix 5B



Phoenix Lime—Ootann Limestone Quarry

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	June 30, 2010

Consolidated statement of cash flow

	Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	186	382
1.2	Payments for		
	(a) exploration and evaluation	(1,082)	(4,570)
	(b) development		
	(c) production	(95)	(242)
	(d) administration	(583)	(2,070)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	50	626
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	(584)
1.7	Other (provide details if material)	6	6
	Net Operating Cash Flows	(1,518)	(6,452)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	(650)
	(b) equity investments		
	- Shares in Salisbury Resources Limited and East West Corporation	-	(120)
	- Shares in Orion Metals Limited	(140)	(140)
	- Shares in Planet Metals Limited	-	(1,516)
	(c) other fixed assets	(30)	(290)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities – Orion Metals Limited	-	(100)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material) -Loan and IPO costs Metrocoal	-	(125)
	Net investing cash flows	(170)	(2,941)
1.13	Total operating and investing cash flows (carried forward)	(1,688)	(9,393)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,000
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)	-	(860)
	Net financing cash flows	-	140

	Net financing cash flows (brought forward)	-	140
	Net increase (decrease) in cash held	(1,688)	(9,253)
1.20	Cash at beginning of quarter/year to date	8,777	16,342
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	7,089	7,089

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	-
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	1,450
4.2	Development - care and maintenance	500
4.3	Production	-
4.4	Administration	450
	Total	2,400

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	302	2,022
5.2	Deposits at call	6,787	6,755
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of Quarter (item 1.22)	7,089	8,777

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				
6.2	Interests in mining tenements acquired or increased	MDLA 440	MDLA	Nil	MDLA
		EPMA 18737, 18738, 18739	EPMA	Nil	MDLA


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	(7,743,048)	3,333,333 (7,743,048)		
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)	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	3,000,000 Unlisted Options		35 cents	31 May 2012 (only vest if still employed on 31 May 2011)
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: July 30, 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