



QUEENSLAND ORES LTD

## Supplementary Target's Statement

of Queensland Ores Limited ABN 35 108 146 694 (QOL)  
supplementing:

- (1) the Target's Statement dated 27 March 2009 and Supplementary Target's Statement dated 3 April 2009 in response to the Offer by Outback Metals Limited ABN 74 126 797 573 (Outback) to acquire all of your Shares in QOL; and
- (2) the Target's Statement dated 14 April 2009 in response to the Offer by Metallica Minerals Limited ABN 45 076 696 092 (Metallica) to acquire all of your Shares in QOL

**The Directors of QOL confirm its recommendation that you:**

- (1) **IMMEDIATELY ACCEPT the Metallica Offer to purchase all of your Shares in QOL; and**
- (2) **NOT ACCEPT the Outback Offer to purchase all of your Shares in QOL**

This document contains important information and requires your immediate attention. It should be read in its entirety.

If you are in doubt about how to deal with this document, you should consult your legal, financial or other professional advisor immediately.

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# Supplementary Target's Statement of Queensland Ores Ltd

## Important Notices

### Nature of this document

This Supplementary Target's Statement is dated 1 May 2009 and supplements:

- (1) the Target's Statement dated 27 March 2009 (**Original Outback TS**) and the Supplementary Target's Statement dated 3 April 2009 (**Supplementary Outback TS**) by Queensland Ores Limited ABN 35 108 146 694 (**QOL**) in response to the bidder's statement dated 13 March 2009 and supplementary bidder's statement dated 24 April 2009 from Outback Metals Limited ABN 74 126 797 573 (**Outback**); and
- (2) the Target's Statement dated 14 April 2009 (**Original Metallica TS**) by QOL in response to the bidder's statement dated 6 April 2009 from Metallica Minerals Limited ABN 45 076 696 092.

This Supplementary Target's Statement is to be read together with the Original Outback TS, the Supplementary Outback TS and the Original Metallica TS and prevails to the extent that there is any inconsistency between this Supplementary Statement and the Original Outback TS, the Supplementary Outback TS and the Original Metallica TS.

### Australian Securities and Investments Commission and ASX

A copy of this Supplementary Target's Statement was lodged with ASIC and provided to the ASX on 1 May 2009. Neither ASIC, ASX nor any of their officers takes any responsibility for the content of this Supplementary Target's Statement.

### Interpretation

Unless set out in Section 6 of this Supplementary Target's Statement or the context requires otherwise, terms used in this Supplementary Target's Statement have the same meaning as in the Original Outback TS, the Supplementary Outback TS and the Original Metallica TS.

### Information line

If you have any questions in relation to the Outback Offer or the Metallica Offer, or in relation to anything contained in this document, the Original Outback TS, the Supplementary Outback TS, the Original Metallica TS issued by the Company, please call 07 3230 2000 (for callers within Australia) or +61 7 3230 2000 (for callers outside Australia).

## 1. Introduction

### 1.1 Chronology of Announcements and Offers

QOL has presently received offers from both Outback and Metallica towards acquiring all of the QOL Shares. The chronology of events leading to the present position is as follows:

Date	Event
18 February 2009	QOL and Outback announce the Outback Offer
13 March 2009	Outback issues the Outback Bidder's Statement
27 March 2009	QOL issues its Target's Statement in relation to the Outback Offer (the Original Outback TS) recommending that QOL Shareholders take no action in relation to the Outback Offer
1 April 2009	Metallica announces the Metallica Offer
3 April 2009	QOL issues the Supplementary Target's Statement in relation to the Outback Offer (the Supplementary Outback TS) recommending that QOL Shareholders <b>not accept the Outback Offer</b>
6 April 2009	Metallica issues the Metallica Bidder's Statement
14 April 2009	QOL issues its Target's Statement in relation to the Metallica Offer (the Original Metallica TS) recommending that QOL Shareholders <b>accept the Metallica Offer</b>
23 April 2009	Outback announces the variation of the Outback Offer
24 April 2009	Outback issues a Supplementary Bidder's Statement and QOL announces that it is considering the revision of the Outback Offer
28 April 2009	QOL confirms its recommendation to <b>accept the Metallica Offer</b>

### 1.2 Current Status and Terms of the Outback Metals Offer and the Metallica Minerals Limited Offer

As at the date of this Statement, the terms and status of the competing Outback Offer and Metallica Offer are as follows:

#### **Outback Offer:**

- Offer under the Outback Supplementary Bidder's Statement is to purchase your QOL Shares in exchange for 1 Outback Share for every 4 QOL Shares held by you. This is varied from the offer of 1 Outback Share for every 4.79 QOL Shares contained in the Outback Bidder's Statement;
- Outback has declared its offer free of the minimum acceptance condition requiring Outback to obtain a 90% Relevant Interest in QOL. Otherwise, the remainder of the defeating conditions contained in the Outback Bidder's Statement remain to be satisfied;
- Outback have announced that they hold a Relevant Interest of 19.68% as at 28 April 2009; and
- The Outback Offer is open until 5pm 14 May 2009, subject to extension.

### ***Metallica Offer***

- Offer is to purchase your QOL Shares in exchange for 1 Metallica Share for every 22 QOL Shares held by you;
- Metallica announced on 27 April 2009 that it will declare its offer free of the minimum acceptance condition (requiring Metallica to obtain a 90% Relevant Interest in QOL) if it obtains a Relevant Interest of at least 50.1%. The remainder of the defeating conditions contained in the Metallica Bidder's Statement remain to be satisfied;
- The Metallica announcement on 27 April 2009 also included the Metallica Funding Proposal, that it will provide funding of up to \$1 million to QOL, on terms to be agreed with QOL, if it obtains a Relevant Interest of at least 50.1% in QOL and all other conditions of its offer are satisfied;
- Metallica have announced that they hold a Relevant Interest of 12.88% as at 30 April 2009; and
- The Metallica Offer is open until 7pm 11 May 2009, subject to extension.

Outback have, in addition, announced that:

- it does not intend to accept the Metallica Offer in relation to its shareholding in QOL; and
- it does not intend to renegotiate the terms for repayment of the Outback Loan and will enforce its security if the Outback Loan is not repaid in accordance with its terms.

### **1.3 Shareholders Alternatives**

As a QOL Shareholder, you can either:

1. accept the Metallica Offer (rejecting the Outback Offer);
2. accept the Outback Offer (rejecting the Metallica Offer); or
3. do nothing (rejecting both the Outback Offer and the Metallica Offer).

QOL shareholders should note that by doing nothing there is a significant likelihood that the QOL Board will be required to immediately institute a strategy to ensure QOL remains solvent. Such strategy may jeopardise the status of both the Outback Offer and the Metallica Offer. For further details regarding this strategy (and corresponding risk to each offer), refer to Section 3.2.

If you have already accepted either the Outback Offer or the Metallica Offer, you cannot do anything unless you become entitled in the future to withdraw your acceptance.

### **1.4 Directors' Recommendation**

**The recommendation of the QOL Directors is, subject to a Superior Offer, to:**

**ACCEPT the Metallica Offer; and**

**NOT ACCEPT the Outback Offer.**

**Further details of the recommendation of the Directors are set out in Section 2 of this Supplementary Target's Statement.**

**The Directors also strongly request that you accept the Metallica Offer as soon as possible. Refer to Section 2 for more information regarding this request.**

## 1.5 Acceptance of offers

Details about how you can accept the Metallica Offer are contained in the Metallica Bidder's Statement and details about how to accept the Outback Offer are contained in the Outback Bidder's Statement.

## 2. Recommendation of the Directors of QOL

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### 2.1 Directors' Recommendation

Each of the Directors of QOL desires to make and considers themselves justified in making a recommendation in relation to each of the Outback Offer and the Metallica Offer.

Each of the abovementioned Directors recommends that, subject to a Superior Offer, you **ACCEPT THE METALLICA OFFER** and do not accept the Outback Offer.

The reasons that the Directors recommend that you accept the Metallica Offer are as follows:

- Metallica currently has a cash reserve \$19.9 million as at 31 March 2009. This is a higher level than that held by Outback (\$0.9 million as at 31 March 2009);
- Metallica had a market capitalisation of \$26.4 million (as at 31 March 2009). This is a higher level of market capitalisation than that held by Outback (\$6.2 million as at 31 March 2009);
- Metallica has been listed since November 2004. Metallica has a more established track record than Outback which listed in September 2008;
- Based on average trading volumes over the 3 months to 31 March 2009, Metallica's shares are significantly more liquid than Outback's shares;
- Metallica has announced that it will waive its requirement for a minimum acceptance of 90% if they achieve acceptances of at least 50.1% of QOL Shares (against Outback's announcement that it has waived its requirement for a minimum acceptances of 90% of QOL Shares); and
- Otherwise, the defeating conditions of the Metallica Offer and of the Outback Offer are substantially the same.

The announcement by Outback on 23 April 2009 noted that the current Outback Offer represents a higher premium over QOL's current share price than the Metallica Offer. Both Outback and Metallica have noted in their announcements that their respective share prices move daily and that the apparent premium that one offer may represent over the other offer and as to which of the offers represents the greater premium over the other can vary on a daily basis. The QOL Directors acknowledge that the premium that one offer represents over another offer (whether on a previous day or a periodic volume weighted trading average basis) can change daily and, accordingly, the Directors have considered but not afforded significant weight on recent trading performances of Outback and Metallica in forming their decision to accept the Metallica Offer.

Also, Metallica has announced the Metallica Funding Proposal for the purposes of addressing questions concerning repayment of the Outback Loan, as well as on-going working capital, if it obtains acceptances for at least 50.1% of QOL Shares. Outback have not made any announcement in relation to its intentions for repayment of the Outback Loan or working capital if it obtains acceptances for more than 50% but less than 90% of QOL Shares, despite

requests for such information from the solicitors for QOL. However, the Metallica Funding Proposal is highly conditional and requires these conditions to be addressed in a short period of time (refer to Section 2.2 of this Supplementary Target's Statement). Accordingly, QOL Shareholders are advised that the terms of the Metallica Funding Proposal are still to be negotiated and agreed. The Directors have considered but not afforded significant weight to these funding arrangements in forming their decision to accept the Metallica Offer.

## 2.2 Immediate Attention to Acceptance

**The Directors request that you act immediately to accept the Metallica Offer.**

QOL has a number of ongoing and impending financial commitments (including the repayment of the Outback Loan) that will require the QOL Board to make certain decisions in the near term to ensure that these commitments are met. The decisions made by the QOL Board will depend upon how shareholders respond to the competing takeover bids.

As noted elsewhere in this Supplementary Target's Statement, Metallica announced the Metallica Funding Proposal if it has received acceptances of at least 50.1% of QOL Shares. This is in conjunction with Metallica waiving its minimum acceptance condition.

If QOL is unable to confirm access to this funding from Metallica by 11 May 2009 (the current closing date for the Metallica Offer) as a result of either Metallica not receiving acceptances for 50.1% of QOL or because Metallica and QOL have failed to reach agreement on the terms for the cash funding by Metallica, the QOL Board will need to review its ongoing and impending expenditure and repayment commitments and implement a strategy to ensure that it remains solvent. **At this time, it is likely that QOL would be required to take steps to ensure that it is able to satisfy its ongoing and impending commitments through appropriate means, for example refinancing or disposal of assets.**

**To ensure that the QOL Board is able to make appropriate decisions concerning QOL's ongoing and impending expenditure and repayment commitments and implement a strategy to ensure that it remains solvent, the QOL Board recommends that you accept the Metallica Offer before 11 May 2009.**

## 2.3 Acceptance by QOL Directors

Each Director, by whom or on whose behalf QOL Shares are held, has already **ACCEPTED THE METALLICA OFFER** in respect of those QOL Shares. The announcement by QOL of these matters occurred on 16 April 2009.

## 3. Risks

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### 3.1 Introduction

In deciding whether to accept the Outback Offer or the Metallica Offer, you should read carefully, and in their entirety, each of the following documents:

- the Outback Bidder's Statement;
- the Outback Supplementary Bidder's Statement;
- QOL's Original Outback TS;
- QOL's Supplementary Outback TS;
- the Metallica Bidder's Statement; and
- this Supplementary Target's Statement.

Each of these documents contains specific sections that discuss the risks associated with either of the offers.

The risks identified by the Directors as arising from the current position of each of the Outback Offer and the Metallica Offer are outlined below.

**If you require further information in relation to the risks associated with refusing or accepting either the Outback Offer or the Metallica Offer, please contact your professional advisor.**

### 3.2 QOL ensuring its financial commitments

As noted in Section 2.2 of this Supplementary Target's Statement:

- (a) QOL has a number of ongoing and impending financial commitments that will require the QOL Board to make certain decisions to ensure that these commitments are met;
- (b) Metallica has announced the Metallica Funding Proposal; and
- (c) the decisions to be made by QOL must be made by mid-May 2009 if the QOL Board is to proceed with alternative arrangements to meet these commitments and to remain solvent.

The extension of the Outback Offer, the subsequent Metallica Offer and the failure of either Outback or Metallica to achieve the minimum acceptance condition of their bids has required QOL to use its cash reserves to satisfy its working capital commitments for a prolonged period. Both the Outback Offer and Metallica Offer contain defeating conditions which would be triggered upon QOL disposing of mining tenements or other assets, issuing shares or raising debt. Accordingly, QOL has been severely restricted in its ability to raise further funds without, as a consequence, triggering a defeating condition of either the Outback Offer or the Metallica Offer. To date, QOL has not raised funds in this manner to afford shareholders the opportunity to consider the respective offers of Outback and Metallica. That said the QOL Board must ensure that QOL remains solvent, which may require it to institute a strategy necessary to ensure that the ongoing and impending financial commitments of QOL can be met.

Matters relevant to the implementation of such a strategy are as follows:

- ***If Metallica does not receive acceptances for at least 50.1% of QOL Shares***

As at 1 May 2009, Metallica have received acceptances for 12.88% of the QOL Shares (according to their most recent ASIC Form 604 lodged with ASX on 1 May 2009). Altogether, including acceptances received by Outback, acceptances have been received for 32.56% of QOL Shares. Therefore, there is a reasonable prospect that Metallica can achieve the required level of 50.1% of QOL Shares.

However, there is a risk that Metallica will not obtain acceptances for at least 50.1% of QOL Shares.

If Metallica do not obtain acceptances for at least 50.1% of QOL Shares, then the Metallica Funding Proposal may not be available to QOL and the QOL Board will need to make decisions to ensure that ongoing and impending financial commitments of QOL can be met through appropriate means, for example refinancing or disposal of assets.

**Any requirement for QOL to seek alternative cash financing in this manner is not guaranteed of success and would likely trigger a defeating condition of the Metallica Bid and OUM Bid.**

▪ ***If QOL and Metallica do not reach agreement on terms for the Metallica Funding Proposal***

The Metallica Funding Proposal requires QOL and Metallica to agree on the commercial terms for Metallica providing the funding to QOL. QOL and Metallica have only undertaken preliminary discussions in relation to the potential terms of the funding and further discussions are required before agreement is reached on what the terms for the funding will be.

There is a risk that QOL and Metallica may not reach agreement on the terms of the Metallica Funding Proposal.

If Metallica and QOL fail to reach agreement on the terms of the Metallica Funding Proposal, then the Metallica Funding Proposal will not be available to QOL and the QOL Board will need to make decisions to ensure that ongoing and impending financial commitments of QOL can be met through appropriate means, for example refinancing or disposal of assets.

**Any requirement for QOL to seek alternative cash financing in this manner is not guaranteed of success and would likely trigger a defeating condition of the Metallica Bid and OUM Bid.**

▪ ***The timing for both receipt of acceptances by Metallica and agreement on terms for the Metallica Funding Proposal***

The Outback Loan is due for repayment on 29 June 2009. Outback announced on 9 April 2009 that it will not renegotiate the terms of the Outback Loan and will enforce its security if that loan is not repaid in accordance with its terms.

If the QOL Board must make decisions to ensure that ongoing and impending financial commitments of QOL can be met through appropriate means, for example refinancing or disposal of assets, these must be instigated with sufficient time available to enable them to take effect before 29 June 2009. The QOL Board considers that 6 weeks is sufficient time to instigate and complete any necessary activity. This requires the Board to make a decision on these matters on or before 15 May 2009.

The closing date of the Metallica Offer is 11 May 2009. Whilst Metallica is able to extend this closing date to enable it to obtain the required number of acceptances, the Board will still need to make a decision shortly after 11 May 2009 in relation to the financial affairs of QOL. If QOL and Metallica have not reached agreement on terms for the Metallica Funding Proposal or if Metallica has not obtained acceptances for 50.1% of QOL Shares by 11 May 2009, then the QOL Board will be required to make decisions and instigate the necessary activities to ensure that the ongoing and impending financial commitments of QOL can be met.

There are only ten (10) days between the date of this Supplementary Statement and the closing date for the Metallica Offer, therefore there is a risk that by 11 May 2009 QOL and Metallica will not have reached agreement on terms for the Metallica Funding Proposal or that Metallica has not obtained acceptances for 50.1% of QOL Shares.

**Whilst Metallica may extend the closing date of its offer to accommodate receipt of the required number of acceptances or to complete negotiations for the terms of the Metallica Funding Proposal, the decisions and activities pursued by the QOL Board during that extended period would likely trigger a defeating condition of the Metallica Offer and Outback Offer. The consequences of a defeating condition being triggered are that Outback or Metallica may withdraw their offers due to them being unable to satisfy the defeating conditions of their respective offers.**

### **3.3 Control of QOL if neither Outback nor Metallica obtain acceptances of 50.1% of QOL Shareholders**

If an insufficient number of QOL Shareholders do not accept either the Outback Offer or the Metallica Offer, then there is a risk that neither Outback nor Metallica will receive a sufficient number of acceptances to gain control of QOL.

If Metallica does not obtain acceptances for 50.1% of QOL Shares, then its defeating condition in relation to minimum acceptances will not be satisfied and it has the option to either waive that condition or to allow its offer to lapse.

If Outback does not obtain acceptances for 50.1% of QOL Shares, it is already committed to accepting those acceptances that it has obtained, subject to it being satisfied with the remainder of its defeating conditions. If Outback obtains acceptances for at least 40% of QOL Shares, it will be entitled to appoint nominees representing one-half of the overall number of directors on the QOL Board, but this will not necessarily give it control of QOL.

### **3.4 Non-availability of CGT Roll-Over Relief if neither Outback nor Metallica obtain acceptances of 80% of QOL Shareholders**

The previous Target's Statements issued by QOL have noted that acceptance of either the Outback Offer or the Metallica Offer may trigger a capital gains tax (CGT) event, but that QOL Shareholders may be eligible for CGT roll-over relief under the CGT scrip-for-scrip rules either Outback or Metallica acquires at least 80% of the QOL Shares. However, this relief will not be available to QOL Shareholders if Outback or Metallica does not acquire at least 80% of the QOL Shares.

As at 1 May 2009, Outback hold acceptances for 19.68% and have announced its intention to not take up the Metallica Offer with respect to its and its associates holdings in QOL. Therefore there is a risk that Metallica will acquire less than 80% of QOL Shares. On the basis of the recommendation to accept the Metallica Offer contained in this Supplementary Target's Statement, there is also the risk that Outback will acquire less than 80% of QOL Shares. In either scenario, the CGT roll-over relief will not be available for QOL Shareholders.

Income tax and CGT liabilities of each QOL Shareholder will depend upon the individual circumstances of each such shareholder. QOL Shareholders should obtain their own professional taxation advice regarding the applicable law in respect of either the Outback Offer or the Metallica Offer and neither QOL nor any of its officers or advisors accepts any responsibility or liability in respect of any statement given in relation to tax liability or any actual tax liability which may arise.

## **4. Additional Information**

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### **4.1 Notice of Voting Power of Outback and Metallica**

As at 28 April 2009, as recorded in the most recent Form 604 lodged by Outback under the Listing Rules, Outback held a relevant interest of 19.68% in QOL's issued capital.

As at 29 April 2009, as recorded in the most recent Form 604 lodged by Metallica under the Listing Rules, Metallica held a relevant interest of 12.88% in QOL's issued capital

## 5. Consents

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### 5.1 Directors

The Directors have given and have not, before the date of issue of this Supplementary Target's Statement withdrawn, their consent to be named in this Supplementary Target's Statement in the form and context in which they are named.

## 6. Interpretation

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### 6.1 In this Supplementary Target's Statement unless the contrary intention appears the following words have the following meanings:

**Metallica** means Metallica Minerals Limited ABN 45 076 696 092;

**Metallica Bidder's Statement** means the bidder's statement issued by Metallica dated 6 April 2009 containing the offer by Metallica to acquire all of the QOL Shares as varied by the announcement made by Metallica of 27 April 2009;

**Metallica Funding Proposal** means the proposal contained in the announcement by Metallica on 27 April 2009 that it will provide cash funding of up to \$1 million to QOL, on terms to be agreed with QOL, if it obtains a Relevant Interest of at least 50.1% in QOL and all other defeating conditions of the Metallica Offer are waived or satisfied;

**Metallica Offer** means the offer to acquire all of the QOL Shares as contained in the Metallica Bidder's Statement;

**Metallica Shares** means ordinary issued shares of Metallica;

**Outback Bidder's Statement** means the Bidder's Statement issued by Outback dated 18 February 2009 containing the offer by Outback to acquire all of the QOL Shares;

**Outback Loan** means the loan of \$600,000 by Outback to QOL, more details of which are contained in the Original Outback TS;

**Outback Offer** means the offer contained in the Outback Bidder's Statement of dated 18 February 2009 as varied by the Outback Supplementary Bidder's Statement;

**Outback Supplementary Bidder's Statement** means the Supplementary Bidder's Statement issued by Outback dated 24 April 2009 and being supplementary to the Outback Bidder's Statement.

**Dated** the first day of May 2009.

**Signed** for and on behalf of Queensland Ores Limited ABN 35 108 146 694 by John Greenwood.



John Greenwood  
Managing Director