



26th May, 2009

ASX RELEASE

Outback Metals announces acceptance of Metallica Minerals' offer for Queensland Ores shares

Outback Metals Limited (ASX: OUM) wishes to announce that the Company will be accepting Metallica Minerals Limited's (ASX: MLM) offer for its holding in Queensland Ores Limited (ASX: QOL).

From the outset of this transaction and the potential acquisition, it was always Outback Metals' objective to acquire a controlling interest in Queensland Ores. As Metallica Minerals' offer is now unconditional and the Company has a controlling interest of approximately 40% of Queensland Ores, it is no longer in Outback Metals shareholders' best interest to remain with only a strategic stake in the company. Subsequently, Outback Metals has elected to accept the Metallica Minerals' offer to sell its shares in Queensland Ores.

The following factors summarise Outback Metals' decision making process in accepting the Metallica Minerals' offer:

- Metallica Minerals' offer is now unconditional
- Metallica Minerals have indicated that the \$1 million funding to be raised via the rights issue is to be used to repay the Outback Metals loan. As such, Outback Metals will not have to renegotiate this arrangement. This was announced to the ASX on 21st May 2009
- Outback Metals was successful in achieving a strategic stake in Queensland Ores and with this shareholding converted to Metallica Minerals' equity it can then be converted into cash for the benefit of Outback Metals shareholders
- Outback Metals' current holding is 49,587,578 Queensland Ores shares or 22.46%
- Outback Metals issued 12,084,381 fully paid shares to the Queensland Ores shareholders who accepted the Outback Metals offer
- Upon accepting the Metallica offer and assuming the Metallica offer is successful Outback Metals will be issued an estimated 2,253,985 Metallica fully paid ordinary shares, which at yesterday's close (31 cents at 25 May 2009) has a deemed value in the order of A\$699,000

It is Outback Metals' intention to continue to look for undervalued companies in the mining and resource sector and take advantage of a unique position in the market where many companies appear cheap relative to their prospective interests and lease holdings.

In commenting on the conclusion of this successful undertaking and the satisfactory result of this transaction, Outback Metals, Managing Director, Chris Jordinson said,

"A number of opportunities in this sector of the market have resulted from a severe decline in the mining and resources sector over 2008/2009, creating a window of opportunity for emerging companies, like Outback Metals. By continuing to source acquisition opportunities that potentially provide increased value as well as a profitable result, Outback Metals is acting in the best interests of its shareholders. In the case of Queensland Ores, this satisfactory financial result, coupled with existing cash reserves, enables Outback Metals to continue to maintain its current program of exploration as well as keeping an eye out for other acquisition opportunities."

For further information, please contact:**Chris Jordinson**

Chief Executive Officer
Outback Metals Limited
Tel: + 61 2 9420 7200

Rod North

Executive Director
Bourse Communications Pty Ltd
Tel: + 61 3 9510 8309
Mobile: 0408 670 706
Email: rod@boursecommunications.com.au

About Outback Metals Limited

Outback Metals holds 7 granted exploration tenements totaling over 1,600km² and 10 applications for exploration licences for over 2,000km². The company also has 40 mining leases and mining claims, where previous miners have mined and produced saleable metal in the form of concentrate. Its primary target is tin with secondary targets including gold, uranium and copper.

Outback Metals' objective is to reach production by 2010 from two advanced projects, Mt Wells and Maranboy, both with a history of small scale mining over many years. These projects have excellent access to infrastructure including bitumen and all weather roads, rail, power, water and gas.

The immediate priorities are to commence drilling with a view to estimating resources at both projects and to commence a scoping and final feasibility study.

For more information please visit the website at: www.outbackmetals.com