



QUEENSLAND **ORES** LTD

Supplementary Target's Statement

of Queensland Ores Limited ABN 35 108 146 694 (QOL)
supplementing the Target's Statement dated 27 March 2009 in response to the Offer
by Outback Metals Limited ABN 74 126 797 573 (Outback) to acquire all of your
Shares in QOL

The Directors of QOL recommend that you DO 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 3 April 2009 and supplements the Target's Statement dated 27 March 2009 (**Original Statement**) by Queensland Ores Limited ABN 35 108 146 694 (**QOL**) in response to the Bidder's Statement and Offer dated 13 March 2009 from Outback Metals Limited ABN 74 126 797 573 (**Outback**).

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

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 3 April 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 5 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 Statement.

Information line

If you have any questions in relation to the Offer, the Original Statement or this document, please call 07 3230 2000 (for callers within Australia) or +61 7 3230 2000 (for callers outside Australia).

1. Introduction

1.1 Current Offer by Outback

The Outback Offer is contained in the Bidder's Statement of 13 March 2009. In summary, the Outback Offer provides for Outback to acquire all of your QOL Shares and to issue you with 1 Outback Share for every 4.79 QOL Shares held by you.

Under the Target's Statement issued by the Company dated 27 March 2009, the Directors recommended that you take no action with respect to the Outback Offer based on the reasons set out in Section 3.2 of the Target's Statement, being that:

- the Independent Expert's Report concluded that the Outback Offer was not fair but reasonable; and
- a third party was undertaking due diligence on QOL with a view to making an offer for all of the QOL Shares which may represent a Superior Proposal to the Outback Offer.

1.2 New Offer by Metallica Minerals Limited

On 1 April 2009, Metallica Minerals Limited released to the ASX the Metallica Announcement containing the Metallica Offer. A copy of the Metallica Announcement is **attached** as Appendix A.

The Metallica Offer is to acquire all of your QOL Shares and to issue you with 1 Metallica Share for every 22 QOL Shares held by you. The Metallica Offer is subject to a number of conditions, as described in the Metallica Announcement.

A bidder's statement in accordance with section 633 of the Corporations Act is being prepared by Metallica for lodgement with ASIC and forwarding to you on or about 9 April 2009.

1.3 Directors' Recommendation

The Directors have indicated to Metallica that they intend to **support the Metallica Offer** in the absence of a Superior Proposal and that the target's statement from the Company in response to the bidder's statement from Metallica will be giving a recommendation to accept the Metallica Offer providing it accurately reflects the Metallica Announcement.

With this intention in mind, the recommendation of the QOL Directors is to 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.

1.4 Acceptance of Metallica Offer

This Supplementary Target's Statement is in relation to the Outback Offer specifically.

Details about the Metallica Offer and how you can accept the Metallica Offer will be contained in a separate bidder's statement from Metallica. As noted in the Metallica Announcement, Metallica intends to have their bidder's statement lodged with ASIC and forwarded to you on or about 9 April 2009.

After Metallica have forwarded their bidder's statement to you, the Company and Directors will forward to you another target's statement specifically in relation to the Metallica Offer which will contain the formal recommendation of the Directors to accept the Metallica Offer in the absence of a Superior Proposal.

It is important to note that you are unable to accept the Metallica Offer until after you have received the bidder's statement from Metallica.

2. Recommendation of the Directors of QOL

2.1 Directors' Recommendation

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

Each of the abovementioned Directors recommends that you **DO NOT ACCEPT** the Outback Offer.

The reasons that the Directors recommend that you **DO NOT ACCEPT** the Outback Offer are as follows:

- Metallica's offer represents a greater premium over QOL's share price at 49.4% compared to Outback's at a 19.3% premium (based on closing prices as at 31 March 2009);
- Metallica has a stronger cash position than Outback (\$21.4 million compared to Outback \$2.1 million as at 31 December 2008);
- Metallica's shares are more liquid than Outback (based on average trading volumes over the 3 months to 31 March 2009). This means that the share price for Metallica may be a better indicator of the true value of the Company;
- Metallica is a larger company in terms of market capitalisation (\$26.4 million compared to \$6.2 million for Outback – as at 31 March 2009);
- Metallica has been listed since November 2004 and as a result has a more established track record than Outback which listed in September 2008.
- The Directors have compared the defeating conditions of the Metallica Offer against the defeating conditions of the Outback Offer and have concluded that the defeating conditions of each offer are substantially the same.

2.2 Intentions of QOL Directors

Each Director, by whom or on whose behalf QOL Shares are held, intends to **NOT ACCEPT** the Outback Offer in respect of those QOL Shares and intends to accept the Metallica Offer after receipt of the bidder's statement from Metallica in the absence of a Superior Proposal.

3. Additional Information

3.1 Notice of the Bidder's Voting Power

As at 3 April 2009, as recorded in the most recent Form 604 (Notice of Change of Interests of Substantial Holder) lodged by the Bidder under the Listing Rules, the Bidder held a relevant interest of 7.37% in QOL's issued capital.

4. Consents

4.1 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.

5. Interpretation

5.1 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 Announcement means the announcement issued to the ASX by Metallica dated 1 April 2009 **attached** as Appendix A and containing the offer by Metallica to acquire all of the QOL Shares;

Metallica Offer means the offer to acquire all of the QOL Shares as contained in the Metallica Announcement;

Metallica Shares means ordinary issued shares of Metallica; and

Outback Offer means the offer contained in the Bidder's Statement of Outback dated 18 February 2009.

Dated the 3rd day of April 2009.

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



John Greenwood
Managing Director

Appendix A: Announcement of Metallica Offer

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ASX release

1 April 2009

Metallica makes takeover offer for Queensland Ores Ltd (QOL)

Highlights

- ❖ **MLM has substantial cash reserves** of approximately \$20 million with no debt.
- ❖ **Scrip offer of 1 MLM share for every 22 QOL shares (Offer)**
- ❖ **MLM's offer values QOL at approximately \$2.3 million** based on the closing price of MLM on the date of this announcement.
- ❖ **Attractive price** - MLM's Offer represents a premium of approximately:
 - ❖ **49% over QOL's share price** and
 - ❖ **25 % over the value of the bid by Outback Metals Limited (OUM),**based on the closing prices of MLM (23 cents), QOL (0.7 cents) and OUM (4 cents) on the date of this announcement.
- ❖ **QOL board intends to support the Offer** in the absence of a Superior Proposal being received and providing that an Independent Expert concludes that the MLM Offer is superior to the OUM Offer.

Metallica Minerals Limited (ASX:MLM) today announced its intention to combine the operations and assets of MLM with **Queensland Ores Limited (ASX: QOL)** by making an off-market takeover offer for all of the shares in QOL for scrip consideration of 1 MLM share for every 22 QOL shares.

MLM believes that a merger would enhance value for both MLM and QOL shareholders and provide a platform for growth when the market inevitably improves.

Benefits to QOL shareholders

MLM believes that its proposal would provide significant benefits to QOL shareholders including:

- **Balance sheet strength of Merged Group-** MLM currently has substantial cash reserves (with no debt) of approximately \$20 million. This will assist QOL to continue as a going concern and give the merged group the ability to progress its interests. MLM intends to systematically complete its evaluation of the QOL assets without expending significant amounts of its cash reserves until this evaluation is completed and there is a sustained improvement in commodity prices.
- **Attractive price** - MLM's Offer represents a premium of approximately:
 - **49% over QOL's share price** and
 - **25 % over the value of the OUM Bid,**based on the closing prices of MLM (23 cents), QOL (0.7 cents) and OUM (4 cents) on the date of this announcement.



- **Clear strategy-** MLM has a clear strategy focussed on creating value from its diversified minerals portfolio for both sets of shareholders;
- **Prospective asset package-** the Merged Group will have:
 - A diversified portfolio of Queensland mineral assets, including major interests in nickel, cobalt, coal, bauxite, limestone, mineral sands, tungsten, molybdenum, copper and gold;
 - 100% of MLM's NORNICO nickel cobalt project where substantial work has been completed on the Bell Creek, Minnamoolka and Kokomo nickel-cobalt deposits;
 - Major investments in coal (through the 84% owned unlisted Metrocoal Limited), and bauxite (through 32% of the listed Cape Alumina Limited, ASX-CBX);
 - The possibility of the Wolfram Camp Mo-W mine, after further evaluation, being re-commissioned when metal prices recover.
 - The Mount Cannindah Copper Gold exploration project.

If the merger was completed, QOL shareholders would hold approximately 8% of the Merged Group.

Offer conditions

The Offer is subject to a number of conditions which are set out in the **attachment** to this announcement, including a 90% minimum acceptance condition.

MLM currently has no relevant interest in any ordinary shares in QOL.

MLM is preparing a Bidder's Statement which will be lodged with the Australian Securities & Investments Commission (**ASIC**) and be sent to QOL shareholders on about **9 April 2009**. QOL has agreed to facilitate the prompt despatch of the Bidder's Statement by consenting to despatch at any time after it is given to QOL and lodged with the ASIC and ASX and agreeing to provide to MLM certain share register information by the end of the business day after the day on which MLM gives to QOL MLM's bidder's statement

The QOL Board has advised MLM that it intends to support the MLM Offer in the absence of a Superior Proposal being received and providing that an Independent Expert concludes that the MLM offer is superior to the OUM Offer.

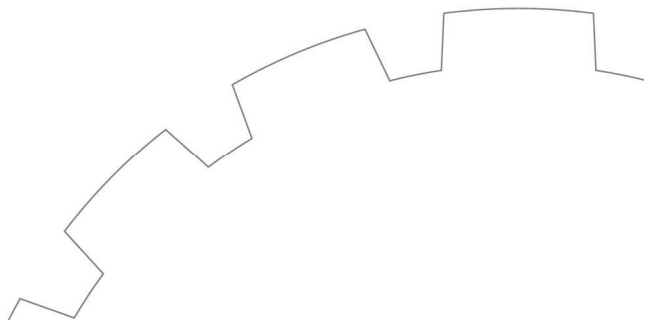
QOL has advised MLM that QOL expects to be in a position to update the market on Friday **3 April 2009**.

The Offer period is expected to commence on **9 April 2009** and close, unless extended, on **11 May 2009**.

For further information, contact

A handwritten signature in black ink, appearing to read 'Andrew Gillies'.

Mr Andrew Gillies
Managing Director
+61 (7) 3891 9611



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Attachment - Offer conditions

1 CONDITIONS OF THE OFFER

90% minimum acceptance

- 1.1 By the end of the Offer Period, Metallica and its Associates together have a Relevant Interest in at least 90% of the QOL shares on issue.

Prescribed Occurrences

- 1.2 Before the end of the Offer Period, no Prescribed Occurrence occurs.

No action by a Public Authority adversely affecting the Offer

- 1.3 Between the Announcement Date and the end of the Offer Period:

- 1.3.1 there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and
- 1.3.2 no application is made to any Public Authority (other than by a member of the Metallica Group), and no action or investigation is announced, threatened or commenced by a Public Authority,

in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which:

- 1.3.3 restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Metallica in respect of QOL and the QOL shares to be acquired under the Offer; or
- 1.3.4 requires divestiture by Metallica of any QOL shares, or the divestiture of any assets of the QOL Group, the Metallica Group or otherwise.

Approvals by Public Authority

- 1.4 Between the Announcement Date and the end of the Offer Period (each inclusive), all QOL Approvals which are required by law or by any Public Authority for any member of the QOL Group to carry on its business remains in force (including by renewal).

No dividends

- 1.5 Between the Announcement Date and the end of the Offer Period (each inclusive), QOL does not make or declare or announce an intention to make or declare any distribution whether by way of dividend, special dividend, capital reduction or otherwise and whether in cash or in specie.

No material transactions or new commitments

- 1.6 Between the Announcement Date and the end of the Offer Period (each inclusive), except for any proposed transaction publicly announced by QOL before the Announcement Date, no member of the QOL Group:
- 1.6.1 Consolidates with or merges with or into any other person (other than, in the case of a subsidiary of QOL, a wholly-owned subsidiary of QOL).
- 1.6.2 Acquires, offers to acquire or agrees to acquire or tenders for, one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than \$1 million.
- 1.6.3 Disposes, offers to dispose or agrees to dispose of one or more entities, businesses or assets, including any mining tenement (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value (as recorded in QOL's consolidated statement of financial position as at 31 December 2008) is, in aggregate, greater than \$1 million.



- 1.6.4 Enters, offers to enter or agrees to enter into any transaction or becomes the subject of any obligation which would require the expenditure, the foregoing of revenue or may result in QOL or any subsidiary of QOL incurring any actual or contingent liability of an amount which is, in aggregate, more than \$1 million.
- 1.6.5 Enters, offers to enter or agrees to enter into, any agreement, joint venture or partnership.
- 1.6.6 Carries on its business otherwise than in the ordinary and usual course.
- 1.6.7 Enters into, renews or changes the terms of, any contract of service with any director or senior executive of QOL or another member of the QOL Group.
- 1.6.8 Has had any claim made or threatened against it, or litigation, arbitration proceedings, prosecution or other legal proceedings commenced against it (including a petition for winding up or appointment of an administrator or an application for appointment of a receiver or receiver and manager).
- 1.6.9 Waives or compromises any claim for a material amount (or for amounts which in aggregate are material).
- 1.6.10 Makes any changes in its constitution or passes any special resolution.
- 1.6.11 Borrows or agrees to borrow any money (except for temporary borrowing in the ordinary course of business) for a material amount (or for amounts which in aggregate are material);
- 1.6.12 Publicly discloses the existence of any matter described in paragraphs 1.6.1 - 1.6.14.
- 1.6.13 Enters into any contract, commitment, arrangement or agreement, passed any resolution or makes any offer (which remains open for acceptance) with respect to, or publicly announces an intention to, or proposal to, do anything described in clauses paragraphs 1.6.1 - 1.6.14.
- 1.6.14 Makes any material correction or restatement to any documents lodged by QOL with ASX or ASIC under its periodic or continuous disclosure obligations under the ASX Listing Rules or the Corporations Act prior to the Announcement Date.

Change of control and other rights under certain agreements

- 1.7 On or before the Announcement Date and before the end of the Offer Period (each inclusive), no person exercises or purports to exercise or states an intention to exercise, any rights under any provision of any agreement or other instrument to which QOL or any subsidiary of QOL is a party or by or to which QOL or any subsidiary of QOL or any of its assets may be bound or be subject, and no such rights become capable of being exercised, which results or could result to an extent which is material in the context of QOL and QOL's subsidiaries taken as a whole, in:
- 1.7.1 Any monies borrowed by QOL or any subsidiary of QOL being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment or maturity date stated in such agreement or other instrument.
- 1.7.2 Any other such agreement or other instrument being terminated or modified or becoming capable of being terminated or modified, or any action being taken or arising thereunder;
- 1.7.3 The interest or rights of QOL or any subsidiary of QOL in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified or becoming capable of being terminated or modified; or
- 1.7.4 The business or assets of QOL or any subsidiary of QOL with any other person being adversely affected; or
- 1.7.5 QOL or a subsidiary of QOL being required to dispose of or offer to dispose of, any material asset of the QOL Group or acquire any asset,

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as a result of the acquisition of QOL Shares by Metallica.

No QOL Material Adverse Change

- 1.8 Before the end of the Offer Period, no QOL Material Adverse Change occurs, is discovered, announced or disclosed or otherwise becomes known to Metallica (whether or not becoming public).

No material defect in filings

- 1.9 Between the Announcement Date and the end of the Offer Period (each inclusive), Metallica does not become aware that any document filed by or on behalf of QOL or by or on behalf of any other person in relation to QOL with the ASIC or ASX contains a statement which is incorrect or misleading in any material particular or form which from which there is a material omission.

Interest in QOL

- 1.10 Between the Announcement Date and the end of the Offer Period (each inclusive), no person whether alone or with that person's Associates, other than Metallica or a Related Entity of Metallica, obtains a Relevant Interest in more than 10% of QOL shares.

Acquisition or cancellation of options

- 1.11 By no later than 7 days before the end of the Offer Period, all rights to acquire QOL Shares have been exercised or cancelled.

Due diligence and access

- 1.12 At all times during the period from the Announcement Date until the end of the Offer Period, QOL promptly (and in any event within 2 business days), giving to Metallica and its legal, financial and technical advisors with all reasonable access and information that Metallica may reasonably request in relation to the QOL Group and their respective assets, liabilities or business operations, including the right to take copies of documents.

Interpretation

- 1.13 In this attachment, unless the context otherwise requires:

Announcement Date means the date of this announcement.

Approvals includes approvals, licences, authorisations, authorities, consents, permissions, clearances, grants, confirmations, orders, exemptions, waivers or rulings.

ASIC means the Australian Securities and Investments Commission.

Associate has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time).

ASX means ASX Limited ACN 008 624 691 or the securities market operated by ASX Limited ACN 008 624 691, as the context requires.

Corporations Act means the *Corporations Act 2001* (Cth).

Metallica means Metallica Minerals Limited ACN 076 696 092.

Metallica Group means Metallica and each of its subsidiaries.

Offer means Metallica's offer to acquire all the ordinary shares of QOL.

Offer Period means the period during which the Offer is open for acceptance.

OUM means Outback Metals Limited ACN 126 797 573.

OUM Bid means the proposed off-market takeover offer for QOL by Outback Metals Limited ACN 126 797 573 announced on 18 February 2009.

OUM Financing Documents includes a Deed of Loan with OUM as lender dated 27 January 2009, a Fixed Charge granted by QOL in favour of Wolfram Camp Mining Pty Ltd as chargor dated 27 January 2009 and any other security document granted by QOL pursuant to any of those documents.

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Material Adverse Change means:

- (a) any event, matter, change, thing or condition including a decline in cash balances (which individually or when aggregated with all such events, matters, changes, things or conditions) which has occurred or has been disclosed to the market or of which Metallica has otherwise become aware since the Announcement Date and which had, or could reasonably be expected to have (whether now or in the future), a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the QOL Group (taken as a whole) or causes a material delay in operations; or
- (b) QOL or a Related Entity of QOL is or becomes unable to pay its debts as and when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act.

It includes the occurrence of any event which would require the repayment or payment of any monies under the OUM Financing Documents earlier than 29 June 2009 and any existing QOL mining tenement being relinquished or becoming liable to forfeiture in whole or in any material part.

Prescribed Occurrence means any of the following events:

- (a) QOL converts all or any of its shares into a larger or smaller number of shares;
- (c) QOL or a Subsidiary of QOL resolves to reduce its capital in any way;
- (b) QOL or a Subsidiary of QOL enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
- (d) QOL or a Subsidiary of QOL issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) QOL or a Subsidiary of QOL issues, or agrees to issue, convertible notes;
- (f) QOL or a Subsidiary of QOL disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) QOL or a Subsidiary of QOL charges, or agrees to charge the whole, or a substantial part, of its business or property;
- (h) QOL or a Subsidiary of QOL resolves to be wound up;
- (i) a liquidator or provisional liquidator of QOL or of a Subsidiary of QOL is appointed;
- (j) a court makes an order for the winding up of QOL or of a Subsidiary of QOL;
- (k) an administrator of QOL or of a Subsidiary of QOL is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) QOL or a Subsidiary of QOL executes a deed of company arrangement;

a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of QOL or of a Subsidiary of QOL.

Public Authority means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority tribunal, agency or entity.

QOL Group means QOL and each of its subsidiaries.

Related Entity means, in respect of a party, another entity which is:

- (a) related to the first entity within the meaning of section 50 of the Corporations Act; or
- (b) in any consolidated entity (as defined in section 9 of the Corporations Act) which contains the first entity.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Subsidiary has the meaning given to the term in section 9 of the Corporations Act.

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