



ACN 008 982 474

**METALS**  
AUSTRALIA LTD

1st Floor 8 Parliament Place West Perth WA 6005

PO Box 1618 West Perth WA 6872

Tel: (08) 9481-7833

Fax: (08) 9481-7835

Email: [mls@metalsaustralia.com.au](mailto:mls@metalsaustralia.com.au)

Website: [www.metalsaustralia.com.au](http://www.metalsaustralia.com.au)

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**The Manager**  
**Company Announcements Office**  
**Australian Securities Exchange**  
**Exchange Centre**  
**20 Bridge Street**  
**SYDNEY NSW 2000**

## **Quarterly Activities Report**

### **for the period ended 30 June 2011**

#### **1. NAMIBIAN URANIUM PROJECTS**

Following the Supreme Court of Namibia's unanimous ruling that Metals is the true holder of prospecting rights for uranium on EPL 3306 (Engo Valley) and EPL 3308 (Mile 72), the Company has received a written notice pursuant to Section 48(4) of the Minerals (Prospecting and Mining) Act from the Namibian Ministry of Mines and Energy stating that they are prepared to grant a renewal of the licences to the Company's 100% owned Namibian subsidiary.

Each Notice sets out a schedule of terms and conditions which would apply to the renewal of the respective licence. The Company considers the terms and conditions of the renewal as set out in the two Notices are normal and acceptable to the Company.

The licences were originally due for renewal on 14 June 2008 (EPL 3306) and 18 May 2008 (EPL 3308), but were not renewed at that time due to the then unresolved dispute and litigation. The Ministry is currently reviewing the proper administrative procedure required to effectively renew the two licences.

The Mile 72 & Engo Valley uranium projects have the potential to host near surface, pedogenic and syngenetic uranium deposits. Prior to Metals' involvement, the projects had little or no exploration undertaken on them in the past twenty years. Metals has focused on systematically exploring the Mile 72 uranium project.



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High-grade uranium mineralisation occurs at Mile 72, with sampling regularly producing results in excess of 1,000 ppm  $U_3O_8$ . Two styles of uranium mineralisation have been identified:

- Gypcrete-hosted oxide mineralisation at surface, with up to **23,113 ppm (2.31%)  $U_3O_8$** .
- Alaskite-hosted primary mineralisation beneath, with up to **2,000 ppm (0.20%)  $U_3O_8$** .

Since notification of the Ministry's intention to renew the two uranium licences, rehabilitation of previous trenching has been underway in preparation for recommencement of exploration with the licence renewals. The Company now looks forward to the renewal of the two tenements by the Ministry of Mines and Energy and the commencement of an aggressive exploration programme to be focused on Mile 72.

## 2. WESTERN AUSTRALIAN BASE METAL PROJECTS

### 2.1. Manindi Zinc Project (Murchison District)

The Manindi zinc project is located in the Murchison District of WA and is being explored by Metals with a view to expanding the existing resources and examining the project's copper potential.

Manindi is a volcanogenic massive sulphide (VMS) zinc deposit hosted by Archaean greenstones of the Murchison district. Strong similarities are drawn with Golden Grove, Teutonic Bore-Jaguar, and other like deposits of the Yilgarn Craton and the Canadian Abitibi province.

The deposit comprises a folded and faulted series of copper-bearing sphalerite-rich bodies near the contact of a mafic intrusive and a felsic volcanoclastic sequence. Metals has previously delineated a JORC resource of:

**1,354,129 tonnes @ 6.04% Zinc, 0.25% Copper, 3.4 gpt Silver & 0.25 gpt Gold**

The resource is divided into the following categories (at a 1% Zinc cut-off):

<b>Measured</b>	<b>497,171 tonnes @ 7.32% Zinc</b>
<b>Indicated</b>	<b>438,131 tonnes @ 6.38% Zinc</b>
<b>Inferred</b>	<b>418,827 tonnes @ 4.14% Zinc</b>

After investigating in detail the most appropriate method for geophysical exploration, Metals is presently receiving quotes for a high-resolution electromagnetic (EM) survey over the entire project area. This survey will assist in defining extensions to known zinc mineralisation and in assessing the copper potential of the deposit and its surrounds.

### 2.2. Sherlock Bay Extended Base Metal Project (Pilbara)

The Sherlock Bay base metal project is located in the Pilbara region and is being managed and explored by Australasian Resources Ltd (ARH). The project surrounds ARH's Sherlock Bay nickel



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deposit and comprises two Exploration Licences (E47/1769 and E47/1770). Sherlock Bay Extended is prospective for nickel, copper, silver and gold mineralisation.

The project is a joint venture between ARH (70% interest) and Metals (30% interest). ARH is the manager of the project, with Metals being 'free-carried' through to the completion of a bankable feasibility study and the decision to commence commercial mining.

The results from a biogeochemical sampling programme are still being reviewed and assessed by ARH. Subsequent work in the programme area will be determined by these final results. This review will be completed within the third quarter of 2011.

### 3. VICTORIAN GOLD PROJECTS

Ongoing investigation of historic gold mining areas continued during the quarter, with numerous investigations of historic shafts and adits mostly near to Wedderburn townsite. An extensive soil sampling programme is planned for the Wedderburn licence, and quotes are presently being received for a detailed aeromagnetic survey over the entire Wedderburn licence area.

On the other western Victorian tenements, reconnaissance of the historic minesites continued.



Metals holds tenure over four historical gold mining areas in western Victoria, namely the South Arnaud (EL 5242), Wedderburn (EL 5243), Scarsdale (EL 5244), and Moyston (EL 5245) projects. The tenure allows for low impact gold exploration over a number of historical gold mining areas that have not been adequately explored utilising modern exploration methods.

Over 450 gold prospects, mines and occurrences are documented within the four licence areas. Combined production from reef and vein gold deposits is over 59,000 ounces, at average grades in excess of 16 gpt gold. A similar amount of gold was also recovered from alluvial deposits in the licence areas.

### 4. PROJECT GENERATION

The Company is continuing to seek out and evaluate high quality exploration opportunities to add to the Company's project portfolio. Various gold, uranium and base metal projects, both in Australia and Namibia, have been the subject of further evaluation during the quarter. Ongoing assessment and discussions with vendors continue on a particular series of uranium plays in Namibia.

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**For further information please contact:**  
Norman Grafton – Company Secretary

(08) 9481 7833

**Or consult our website:**

[www.metalsaustralia.com.au](http://www.metalsaustralia.com.au)

**Competent Persons Declaration**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Alexander Clemen of Clemen and Associates consultants, who is a member of The Australasian Institute of Geoscientists and the Society of Economic Geologists. Mr. Clemen has sufficient experience that is relevant to the various styles of mineralisation and types of deposit under consideration, and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Alexander Clemen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Forward-Looking Statements**

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Metals Australia Ltd's planned exploration programme and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Metals Australia Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.