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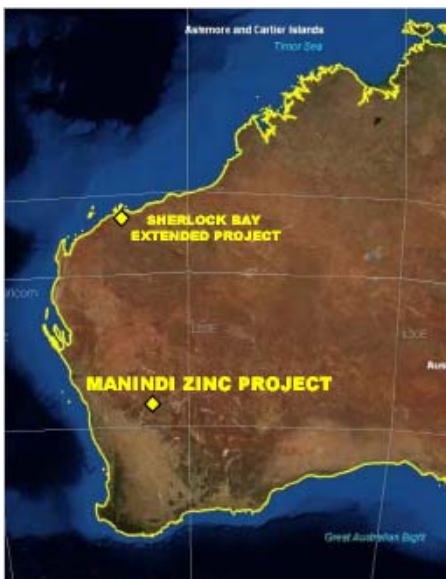
**The Manager
Company Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000**

Dear Sir,

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2010

AUSTRALIAN PROJECTS

1. WESTERN AUSTRALIAN BASE METAL PROJECTS



Metals Australia Ltd ('Metals') currently holds an interest in two base metals projects and one uranium project in Western Australia.

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

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 deposit.

The Marmion Uranium project is located in the Eastern Goldfields and has the potential to contain calcrete-hosted styles of uranium mineralisation.

1.1 MANINDI ZINC PROJECT - MURCHISON DISTRICT

The Manindi zinc project is located in the Murchison District of Western Australia, 20 kms southwest of the Youanmi mine site. The project comprises a series of volcanogenic massive sulphide zinc deposits. The geological environment shows similarities to those of other base metal sulphide deposits in the Yilgarn Craton of Western Australia such as the Golden Grove deposits located to the west of Manindi, at Yalgoo, and the Teutonic Bore-Jaguar deposits in the Eastern Goldfields.

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):

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

Metals is currently undertaking a detailed review of the project to identify further targets for exploration to expand the existing resource base, which may then allow the project to be developed.

1.1.1 COPPER MINERALISATION

Field work and drilling have previously identified copper mineralisation associated with a gossan to the north of Mulgara (Zone B). Limited sampling of the gossan indicates that it hosts **visible copper** mineralisation and requires further investigation.

Drilling at Mulgara has previously intersected near surface mineralisation in the southern area of the gossan and included:

MND 003 4.90 metres @ 3.95% Copper from 5.70 metres.

This gossan, and its associated copper mineralisation, was investigated as part of the field programme during the quarter. The gossan was shown to be offset from the Mulgara resource position with only limited drill testing. Sampling returned a number of highly anomalous assays including:

MRX 003 6818375 N/ 664319 E 3.84% Copper, 7.43% Zinc & 11.48 gpt Silver

MRX 004 6818374 N/ 664325 E 17.67% Copper, 4.77% Zinc & 6.35 gpt Silver

This target area will be further evaluated as part of the overall assessment of the Manindi project.

1.2 MARMION URANIUM PROJECT – EASTERN GOLDFIELDS



The Marmion Uranium project is located to the northeast of the town of Menzies, in the Eastern Goldfields. The project is composed of one granted exploration licence (E 29/740) that covers in excess of 200 km².

The lease area covers the eastern end of Lake Ballard, the north end of Lake Marmion and more than 16 km of palaeochannel linking the two lakes.

The project is prospective for calcrete-hosted styles of uranium mineralisation, specifically playa lake styles of mineralisation as found at Mega Uranium's Lake Maitland project and channel calcrete styles, such as the mineralisation at BHP's Yeelirrie deposit.

The 'first pass' literature review shows limited exploration for uranium, with no exploration in recent times. The eastern end of the Lake Ballard area was explored in the late 1970s by Uranerz, with grab samples returning up to **100 ppm U₃O₈**. The northern end of Lake Marmion was explored by Afmeco in 1978, having conducted radiometric surveys and a limited shallow drilling programme. The drilling was limited to 5 holes only on the margin of the lake due to access issues, and only intersected low grade (<50 ppm) uranium mineralisation.



Google Imagery of the Marmion Uranium Project show the tenement outline and target areas.

The area of highest potential is the palaeochannel between the two lakes, which is over 16 km long. The palaeochannel has yet to be explored, and may host Yeelirrie style channel calcrete-hosted mineralisation. Ongoing exploration will include a detailed data compilation and evaluation as well as field reconnaissance.

1.3 SHERLOCK BAY EXTENDED BASE METAL PROJECT - PILBARA

The Sherlock Bay Extended project is composed of an Exploration Licence (E 47/1227) and two Exploration Licence Applications (ELA 47/1769 and ELA 47/1770), which cover an area of more than 470 km² and surround the main Sherlock Bay nickel deposit, which is wholly owned by Australasian Resources Ltd ('ARH'). The project is prospective for nickel, copper, silver and gold mineralisation.

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

ARH advise that they are in the process of compiling available data and reports, which will then lead to a summary report and exploration plan for the JV tenements. It is expected that a follow-up vegetation sampling programme will be undertaken in the third quarter.

2. VICTORIAN GOLD PROJECTS (EL 5242 – 5245)



Metals has recently been granted tenure over two **historical gold mining areas in western Victoria**, namely the South Arnaud (EL 5242) and Wedderburn (EL 5243) projects. Applications have also been lodged for additional projects at Scarsdale (EL 5244) and Moyston (EL 5245). 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.

Government records show that over 450 gold prospects, mines and occurrences are documented within the four licence areas, with a combined production from reef and vein gold deposits of 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.

These gold fields were discovered in the Victorian Gold Rush of the mid-1800s, with all significant gold mining activity ceasing in these areas by 1930. The Company believes that a significant opportunity exists in western Victoria, and **that historic mining has only exploited the upper portions of the extensive gold mineralising systems.**

A detailed review of the geology, structure and historical exploration data is currently underway for all of the project areas. This study will be utilised to formulate the field exploration programme as work progresses on the projects. Work this quarter has included the initiation of a detailed data compilation for each of the project areas and 'first pass' field reconnaissance.

AFRICAN PROJECTS

3. NAMIBIAN URANIUM PROJECTS



The Mile 72 & Enko 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.

Metals held these licences since March 2006 and they fell due for renewal in May and June 2008. Metals lodged its applications to renew the licences in February and May 2008.

As previously reported, the vendor of the tenements lodged a court application against the Company, the Minister of Mines and Energy and the vendor's former partner who facilitated the tenement acquisition in 2005. Judgement was given in favour of the vendor on the 30th of July 2009.

The Board of the Company and its lawyers had a number of concerns with the judgment made in the second half of 2009, and after seeking further legal advice, lodged an appeal against the judgment in the Namibian Supreme Court.

As previously announced, the appeal, was heard on 22 June 2010, at which the judges reserved their decision. A further update will be provided when the decision is handed down.

4. PROJECT GENERATION

Metals has acquired a number of gold and uranium projects, in both Victoria and Western Australia through its active project generation programme. The Company will continue to seek out and evaluate 'low-cost' exploration opportunities to add to the Company's project portfolio.

For further information please contact:
Norman Grafton – Company Secretary

(08) 9481 7833

Or consult our website:

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 Timothy Putt of Exploration and Mining Information Systems, who is a member of The Australasian Institute of Geoscientists and the Society of Economic Geologists. Mr. Putt 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". Timothy Putt 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.