



**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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29 April 2009

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

Dear Sir,

**QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2009**

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**1. WESTERN AUSTRALIAN BASE METAL PROJECTS**



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

The Manindi Zinc project is located in the Murchison District and is being actively explored by Metals with a view to expanding the existing resource base. Work during the quarter has included continued evaluation of the geochemistry and drilling, as well as metallurgical studies.

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 and is currently being explored for both base and precious metals.

**A. 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 is currently undertaking a detailed study of the project dataset with a view to identifying further targets for exploration.

## EXPLORATION & DEVELOPMENT

Metals' exploration and development programme within the Manindi project area includes the following:

### **Exploration**

Exploration at Manindi is focusing on the identification of copper and zinc targets for drilling. Surface sampling and reconnaissance work has proved effective in the delineation of targets with further ground reconnaissance required at Echidna, Ringtail and Wombat. Other targets to be evaluated include Numbat, Ningaui, Dunnart, Quoll and Bandicoot.

### **Development**

The initial phase of metallurgical studies on the Manindi resources has now been completed.

The recently completed metallurgical test work focused upon the potential for the production of a base metal concentrate. The test work included:

- **'Rougher' Concentrate**

The 'rougher concentrate' is the first phase of concentrate production. The Zone D and Zone A & B samples showed recoveries in excess of 90% and produced a concentrate of greater than 24% Zinc for 'cleaning'.

- **'First Cleaning'**

The 'first cleaning' is the second phase of concentrate production. Results from the Manindi samples show recoveries in excess of 80%, with the concentrate rising to a greater than 40% zinc grade. This stage of production has yet to be fully refined with tests indicating that recoveries of greater than 90%, together with a higher grade concentrate, can be achieved by adjusting the parameters of the cleaning.

Further test work may be undertaken when market conditions improve and would include refinement of the 'roughing' process and the first cleaning. The development of the second cleaning has yet to be undertaken but would markedly improve both recoveries and grade, with the target parameters for the concentrate being **in excess of 90% recovery with a grade of greater than 50% zinc**.

## B. 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 km<sup>2</sup> 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 undertook little field work during the quarter due to inclement weather conditions.

## 2. NAMIBIAN URANIUM PROJECTS



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.

Metals has 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 has 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.

This action is being vigorously opposed in the Namibian High Court, by the Company. A preliminary hearing is tentatively scheduled for 26 to 29 May, and confirmation of these dates will be announced when confirmed.

**Yours faithfully**  
**Norman Grafton**  
**Company Secretary**  
**Metals Australia Ltd**

### **Competent Person 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 style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Putt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

### **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)