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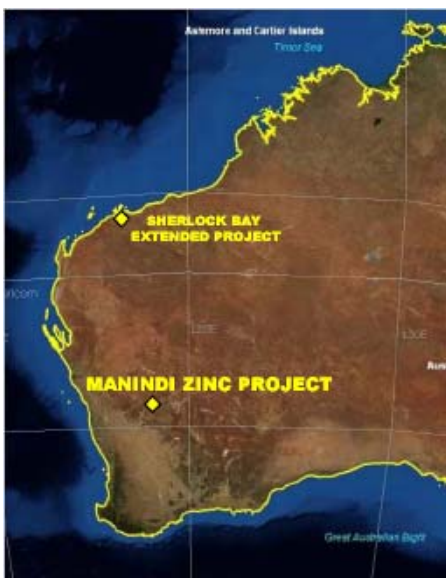
**The Manager
Company Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000**

Dear Sir,

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 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 (see Section 1.2).

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.

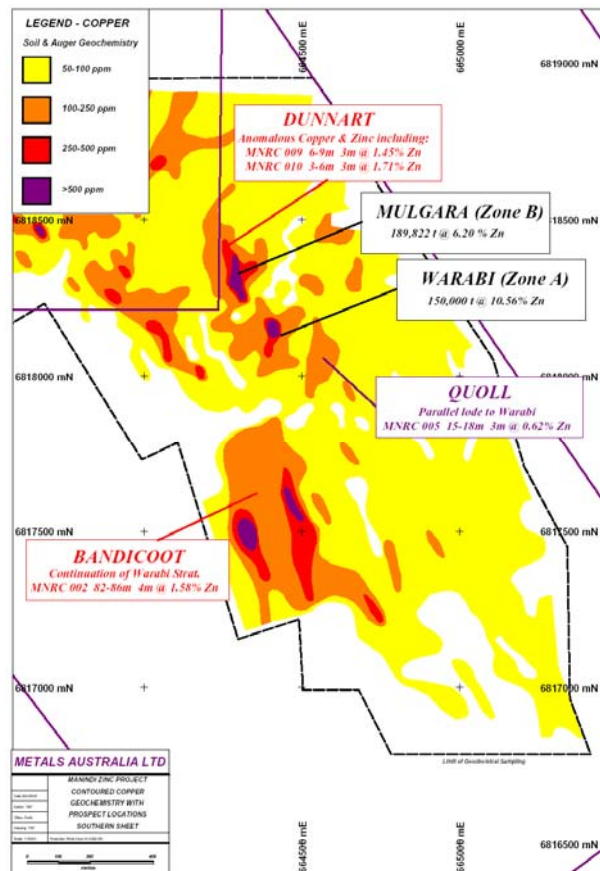
1.1.1 POTENTIAL COPPER MINERALISATION

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, will be investigated as part of the field programme during the next quarter. In addition, a field evaluation of the 'Wombat' prospect in the southern project area will also be evaluated.



Surface Copper Geochemistry over the Mulgara & Warabi deposits and their surrounds.

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 license (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 on the 5 holes only 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. Exploration on the project will commence in the next quarter.

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.

Recent work on this project by ARH has been limited. The coming quarter is expected to see planning for fieldwork to progress in the target areas.

2. VICTORIAN GOLD PROJECTS (EL 5242 - 5245)



Metals has applied for tenure over four **historical gold mining areas in western Victoria, namely the Wedderburn, South Arnaud, Moyston and Scarsdale projects**. The tenements at Wedderburn and South Arnaud have now been granted, whilst the Scarsdale and Moyston tenements are in the final phases of the approvals process. 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.

Metals looks forward to updating shareholders as exploration advances in Victoria.

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, and after seeking further legal advice, lodged an appeal against the judgment in the Namibian Supreme Court. We have just been officially advised that the appeal has been set down for hearing on 5 July 2010.

An appeal automatically suspends the operation of a judgment pending the outcome of the appeal and accordingly, the Minister of Mines and Energy is therefore prohibited from dealing with the Licences until the appeal proceedings are finalised. Mr Amakutuwa has nevertheless applied to the Court to execute the judgment pending the appeal.

As announced on 19 March 2010, the vendor's application to have the tenements transferred back to him, pending the outcome of the appeal, is now to be heard on 22 June 2010.

Further updates to shareholders will be provided as soon as the outcome of the application is known.

4. PROJECT GENERATION

Metals has recently 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.

Yours faithfully
Norman Grafton
Company Secretary
Metals Australia Ltd

For further information please contact:
Tim Putt – Exploration Manager

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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.