

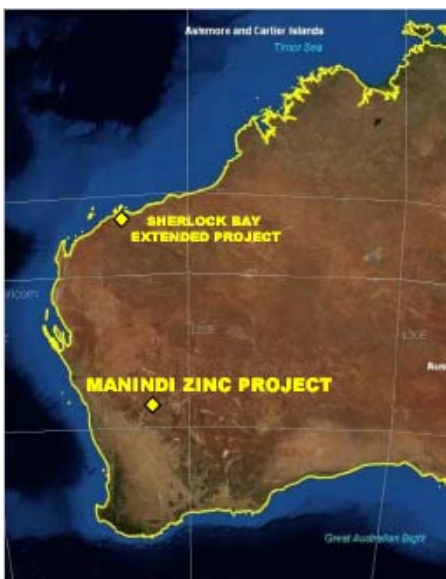
30 October 2009

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

Dear Sir,

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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 explored by Metals with a view to expanding the existing resources. Work during the quarter has included a continued evaluation of the project to identify further exploration targets.

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 has previously delineated a global 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.

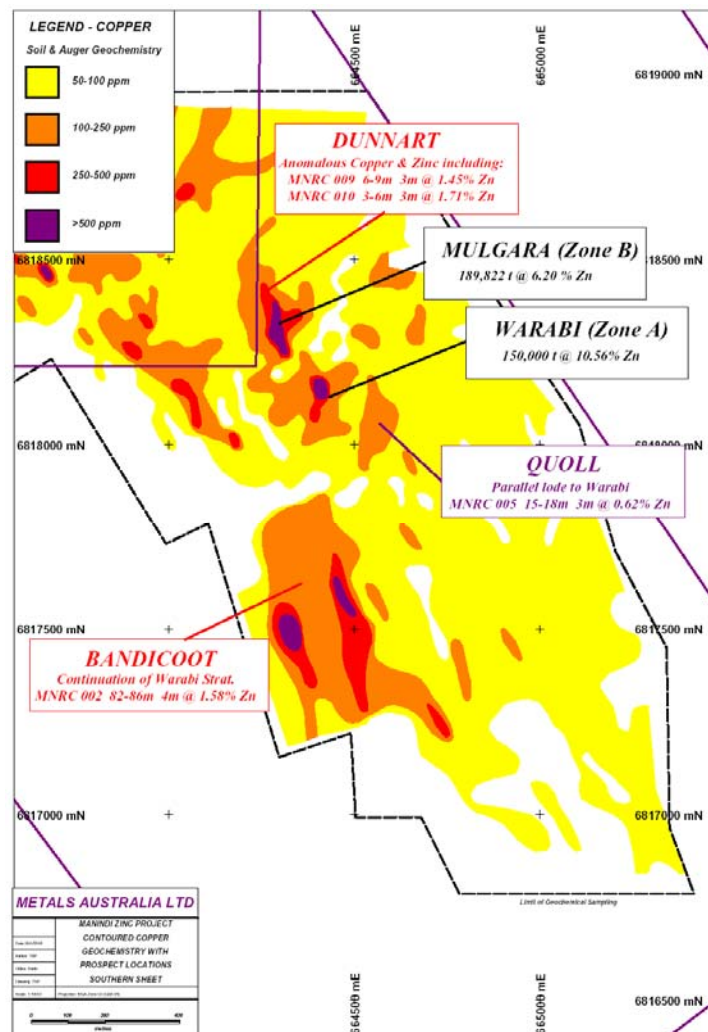
POTENTIAL COPPER MINERALISATION

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 ongoing assessment of the Manindi project.



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

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 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 are presently planning further programmes of sampling across the tenement to test a number of target areas.

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 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.

The hearing of the matter before the Namibian High Court was undertaken between 26 and 29 May, and after a short adjournment, was concluded Tuesday 9 of June.

The Namibian High Court handed down its judgment during the quarter, in relation to the claim by the vendor for the return of Metals Australia's Exploration Prospecting Licences 3306 and 3308.

Judgment was issued in favour of the vendor of the tenements.

The Board of Metals has a number of concerns with the judgment, and has sought and received further legal advice that there are **strong grounds for an appeal of the judgment**. Accordingly, an appeal has now been lodged in the Namibian Supreme Court against the judgment.

An appeal automatically suspends the operation of the judgment pending the outcome of the appeal, and, as such, the Minister of Mines and Energy is thereby prohibited from transferring the tenements back to the vendor pending the outcome of the appeal.

3. PROJECT GENERATION

Metals has made a number of applications during the quarter, for projects that are considered prospective for gold and uranium. Applications include an exploration license to the northeast of Menzies in the Eastern Goldfields of Western Australia that overlies a palaeochannel considered prospective for **calcrete-hosted uranium mineralisation**.

In addition Metals has applied for tenure over a number of **historical gold mining areas in western Victoria**. The Company has been awarded priority on four exploration licence applications in western Victoria. The applications are 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 licence application areas. Government records show that combined production from reef and vein gold deposits within these areas is over 59,000 ounces at average grades **in excess of 16 gpt gold**. A similar amount of gold was also recovered, at lower grades, from alluvial deposits in the licence areas.

These gold fields were discovered in the Victorian Gold Rush of the mid-1800s, and significant underground gold mining ceased in these areas between 1910 and 1930. The Company believes that substantial opportunity exists in western Victoria, and that historic mining has only exploited the upper portions of the extensive gold mineralising systems throughout the region.

The applications in both Western Australia and Victoria are currently moving through the approvals process and shareholders will be further updated as these projects move to grant.

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

For further information please contact:

NormanGrafton – 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.