

MT ISA METALS LIMITED  
AND IT'S SUBSIDIARIES

A.B.N. 59 120 212 017

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

MT ISA METALS LIMITED

CORPORATE DIRECTORY

**DIRECTORS**

John Bovard  
Peter Spiers  
Nicholas Mather  
Michele Muscillo

**AUSTRALIAN BUSINESS NUMBER**

59 120 212 017

**SECRETARY**

Duncan Cornish

**ADMINISTRATION AND REGISTERED OFFICE**

Level 5  
60 Edward Street  
Brisbane Qld 4000  
Phone: + 61 7 3303 0624  
Fax: +61 7 3303 0681  
Website: [www.mtisametals.com.au](http://www.mtisametals.com.au)

**SHARE REGISTRY**

Link Market Services Limited  
Level 19, 324 Queen Street  
Brisbane Qld 4000  
Phone: 1300 554 474  
Fax: +61 2 9287 0303

**SOLICITORS**

Hopgood Ganim  
Level 8, Waterfront Place  
1 Eagle Street  
Brisbane Qld 4000  
Phone: + 61 7 3024 0000  
Fax: +61 7 3024 0300

**AUDITORS**

BDO Audit (QLD) Pty Ltd  
Level 18  
300 Queen Street  
Brisbane Qld 4000  
Phone: +61 7 3237 5999  
Fax: +61 7 3221 9227

**Competent Persons Statement**

The information in this report that relates to Exploration Results is based on information compiled by Mr Peter Spiers B.Sc (Hons) Geol., who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Spiers is a full time employee of the company. Mr Spiers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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 Resources and Ore Reserves'. Mr Spiers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## MT ISA METALS LIMITED AND IT'S SUBSIDIARIES

### DIRECTOR'S REPORT

Your directors present their report on the consolidated entity consisting of Mt Isa Metals Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

#### Directors

The names of persons who were directors of Mt Isa Metals Ltd during the whole of the half-year and up to the date of this report are:

Peter Spiers  
Nicholas Mather  
John Bovard  
Michele Muscillo

#### Review of Operations

Mt Isa Metals Limited is an Australian-based exploration company focused on the discovery and development of copper and gold deposits in world-class mineral provinces.

Significant activities which occurred during the half-year include:

- Drilling programs successfully completed for two key project areas in the Mt Isa region.
- Deep diamond drilling at the Gregory Project intersected variable width intervals of iron-oxide alteration and disseminated sulphides (primarily pyrite). Assay results confirmed a "live" copper system with low order anomalous copper values recorded (peak value 0.2% Cu).
- Significant copper assay results were received from the Barbara Copper Prospect (MET 49%) including:
  - 8m @ 3.74% Cu and 0.27g/t Au from 32m (in BARC19)
  - 9m @ 5.25% Cu and 0.45g/t Au from 31m (in BARC025)
  - 7m @ 3.97% Cu and 0.26 g/t Au from 98m (in BARC038)
  - 8m @ 3.25% Cu and 0.32 g/t Au from 10m (in BARC040)
  - 6m @ 4.00% Cu and 0.29 g/t Au from 95m (in BARC044)
- A new priority drill target was identified in close proximity to Barbara North Lode. Surface channel sampling results at the "Green Zone" anomaly included 10m @ 1.0% Cu, and 15m @ 0.63% Cu.
- Surface exploration activities continued across a number of additional project areas in the Mt Isa region including the Isa North and Boomara Projects.
- Due diligence commenced over a number of gold properties in the world class Birimian Gold Province of Burkina Faso.
- Mt Isa Metals Limited withdrew from the D-Tree Phosphate Project. A\$0.50/t phosphate royalty is retained over any future phosphate production from the former Joint Venture area.

**MT ISA METALS LIMITED AND IT'S SUBSIDIARIES**

**DIRECTOR'S REPORT**

For the half-year ended 31 December 2009, the consolidated loss from ordinary activities for the economic entity after providing for income tax was \$732,816 (2008: \$875,788).

**Auditors Independence Declaration**

A copy of the independence declaration by the lead auditor under section 307C is included on page 5 to these half-year financial statements.

This report is signed in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

**Peter Spiers**  
**Director**

**Brisbane**  
**22 February 2010**



Tel: +61 7 3237 5999  
Fax: +61 7 3221 9227  
www.bdo.com.au

Level 18, 300 Queen St  
Brisbane QLD 4000,  
GPO Box 457, Brisbane QLD 4001  
Australia

**DECLARATION OF INDEPENDENCE BY D P WRIGHT UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MT ISA METALS LIMITED**

As lead auditor for the review of Mt Isa Metals Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mt Isa Metals Limited and the entities it controlled during the period.

**Damian Wright**

Director

**BDO Audit (QLD) Pty Ltd**

Brisbane, 22 February 2010

**MT ISA METALS LIMITED AND IT'S SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Note	Consolidated Entity	
		31 December 2009	31 December 2008
		\$	\$
Revenue from continuing operations		31,256	162,962
Employee benefits expense		(306,580)	(694,341)
Depreciation and amortisation expenses		(10,864)	(3,663)
Legal expenses		(30,180)	(38,747)
Finance costs		(2,731)	-
Administration and consulting expenses		(148,945)	(107,715)
Other expenses		(264,772)	(194,284)
		<hr/>	<hr/>
<b>Profit/(Loss) before income tax expense</b>		<b>(732,816)</b>	<b>(875,788)</b>
Income tax expense		-	-
		<hr/>	<hr/>
<b>Net Profit/(Loss) for the half-year</b>		<b>(732,816)</b>	<b>(875,788)</b>
		<hr/>	<hr/>
Other comprehensive income		-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the half-year</b>		<b>(732,816)</b>	<b>(875,788)</b>
		<hr/>	<hr/>
Profit/(Loss) for the half-year is attributable to:			
Owners of Mt Isa Metals Ltd		(732,816)	(875,788)
		<hr/>	<hr/>
Total comprehensive income for the half-year is attributable to:			
Owners of Mt Isa Metals Ltd		(732,816)	(875,788)
		<hr/>	<hr/>
Earnings/(loss) per share for profit attributable to owners of Mt Isa Metals Ltd:			
Basic earnings/(loss) per share (cents per share)		(0.71)	(0.92)
Diluted earnings/(loss) per share (cents per share)		(0.71)	(0.92)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**MT ISA METALS LIMITED AND IT'S SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Note	Consolidated Entity	
		31 December 2009 \$	30 June 2009 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,575,471	5,056,492
Trade and other receivables		115,266	92,207
Other current assets		38,086	10,307
<b>Total Current Assets</b>		<b>2,728,823</b>	<b>5,159,006</b>
<b>Non-Current Assets</b>			
Plant and equipment		129,841	72,627
Other non-current assets		72,000	74,500
Exploration and evaluation expenditure		3,336,478	2,222,888
<b>Total Non-Current Assets</b>		<b>3,538,319</b>	<b>2,370,015</b>
<b>TOTAL ASSETS</b>		<b>6,267,142</b>	<b>7,529,021</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		239,602	740,848
<b>Total Current Liabilities</b>		<b>239,602</b>	<b>740,848</b>
<b>TOTAL LIABILITIES</b>		<b>239,602</b>	<b>740,848</b>
<b>NET ASSETS</b>		<b>6,027,540</b>	<b>6,788,173</b>
<b>CONTRIBUTED EQUITY</b>			
Issued capital	3	7,917,300	7,945,117
Reserves		957,539	957,539
Accumulated losses		(2,847,299)	(2,114,483)
<b>TOTAL EQUITY</b>		<b>6,027,540</b>	<b>6,788,173</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

MT ISA METALS LIMITED AND IT'S SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
At 1 July 2008	1,637,916	(647,647)	320,655	1,310,924
<b>Total comprehensive income for the half-year</b>				
Profit for the year	-	(875,788)	-	(875,788)
	-	(875,788)	-	(875,788)
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	7,000,000	-	-	7,000,000
Costs associated with issue of share capital	(692,799)	-	-	(692,799)
Issue of employee options	-	-	543,100	543,100
	6,307,201	-	543,100	6,850,301
At 31 December 2008	7,945,117	(1,523,435)	863,755	7,285,437
<b>Total comprehensive income for the half-year</b>				
Profit for the year	-	(591,048)	-	(591,048)
	-	(591,048)	-	(591,048)
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	-	-	-	-
Costs associated with issue of share capital	-	-	-	-
Issue of employee options	-	-	93,784	93,784
	-	-	93,784	93,784
At 30 June 2009	7,945,117	(2,114,483)	957,539	6,788,173
<b>Total comprehensive income for the half-year</b>				
Profit for the year	-	(732,816)	-	(732,816)
	-	(732,816)	-	(732,816)
<b>Transactions with owners in their capacity as owners</b>				
Issue of share capital	-	-	-	-
Costs associated with issue of share capital	(27,817)	-	-	(27,817)
Issue of employee options	-	-	-	-
	(27,817)	-	-	(27,817)
At 31 December 2009	7,917,300	(2,847,299)	957,539	6,027,540

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



MT ISA METALS LIMITED AND IT'S SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated Entity	
		31 December 2009	31 December 2008
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		5,655	-
Payments to suppliers and employees (including payments of Goods & Services Tax)		(625,880)	(637,143)
Interest paid		(2,731)	-
Interest received		25,601	162,962
<b>Net cash (outflow)/inflow from operating activities</b>		<u>(597,355)</u>	<u>(474,181)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for security deposits		2,500	(14,340)
Payments for plant and equipment		(8,953)	(43,003)
Payments for exploration & evaluation		(1,877,213)	(437,662)
<b>Net cash (outflow)/inflow from investing activities</b>		<u>(1,883,666)</u>	<u>(495,005)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	7,000,000
Payments for share issue expenses		-	(446,460)
<b>Net cash (outflow)/inflow from financing activities</b>		<u>-</u>	<u>6,553,540</u>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		(2,481,021)	5,584,354
Net cash at beginning of period		5,056,492	592,429
<b>NET CASH AT END OF PERIOD</b>		<u>2,575,471</u>	<u>6,176,783</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

MT ISA METALS LIMITED AND IT'S SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

These general purpose financial statements for the half-year reporting period ended 31 December 2009 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

The historical cost basis has been used, except for investment properties, land and buildings, derivatives and available-for-sale financial assets which have been measured at fair value.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2009 and any public announcements made by Mt Isa Metals Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements, except as follows:

(a) Determination and presentation of operating segments

The Group has applied AASB 8 Operating Segments and its associated amending standards from 1 July 2009. As of 1 July 2009 the Group determines and presents operating segments based on information that is internally provided to the board of directors, who are the Group's chief operating decision makers.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the board to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

Segment results that are reported to the board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate office assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

MT ISA METALS LIMITED AND IT'S SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS (continued)

(b) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. This includes the realisation of capitalised exploration expenditure of \$3,336,478 (30 June 2009: \$2,222,888). The ability of the company to maintain continuity of normal business activities, to pay their debts as and when they fall due and to recover the carrying value of their areas of interest, is dependent upon the ability of the company and to successfully raise additional capital and/or the successful exploration and subsequent exploitation of their areas of interest through sale or development.

(c) Comparatives

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current financial year.

Consolidated Entity	
31 December 2009	31 December 2008
\$	\$

2. LOSS FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Write off of capitalised exploration expenditure on areas of interest abandoned during the period	161,862	-
Depreciation	10,864	3,663
Auditors' remuneration	17,446	7,000

3. EQUITY SECURITIES ISSUED

(a) Ordinary shares

	Consolidated Entity		Consolidated Entity	
	2009	2008	2009	2008
	No.	No.	\$	\$
At 1 July	103,750,00	68,750,000	7,945,117	1,637,916
Shares issued during the year				
- 13 August 2008 (1)	-	35,000,000	-	7,000,000
Share issue costs	-	-	(27,817)	(692,799)
At 31 December	103,750,000	103,750,00	7,917,300	7,945,117

(1) On 13 August 2008, 35,000,000 shares were issued pursuant to an Initial Public Offering.

MT ISA METALS LIMITED AND IT'S SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

3. EQUITY SECURITIES ISSUED (continued)

(b) Options

There were no options issued during the half-year ended 31 December 2009.

4. SEGMENT INFORMATION

The group operates predominantly in Australia and that, while there are some small overseas operations, these are not material and would not impact on the users of the financial statements.

5. CONTROLLED ENTITIES

On 20 October 2009, Mt Isa Metals Limited formed MET BF Pty Ltd.

MET BF Pty Ltd is a 100% owned company formed specifically to carry out gold exploration activities in the Birimian Gold Province of West Africa.

6. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

7. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events since 31 December 2009 that impact upon the financial report as at 31 December 2009.

MT ISA METALS LIMITED AND IT'S SUBSIDIARIES

DECLARATION BY DIRECTORS

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 12 are in accordance with the Corporations Act 2001, including:
  - (a) Complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Peter Spiers  
Director

Brisbane  
22 February 2010



Tel: +61 7 3237 5999  
Fax: +61 7 3221 9227  
www.bdo.com.au

Level 18, 300 Queen St  
Brisbane QLD 4000,  
GPO Box 457, Brisbane QLD 4001  
Australia

## INDEPENDENT AUDITOR'S REVIEW REPORT

To The Members of Mt Isa Metals Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mt Isa Metals Limited, which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mt Isa Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors as at the time that this auditor's review report was made.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mt Isa Metals Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

## Emphasis of Matters on Going Concern and Carrying Value of Exploration Expenditure

Without qualification to the opinion expressed above, we draw attention to the matters set out in Note 1(b). The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. This includes the realisation of capitalised exploration expenditure of \$3,336,478 (30 June 2009: \$2,222,888). The ability of the company to maintain continuity of normal business activities, to pay their debts as and when they fall due and to recover the carrying value of their areas of interest, is dependent upon the ability of the company and to successfully raise additional capital and/or the successful exploitation of their areas of interest through sale or development.

No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the company plans not eventuate.

**BDO Audit (QLD) Pty Ltd**

**D P Wright**  
Partner

Brisbane, 22 February 2010