

Quarterly Activities Report

March 2010



Drilling of copper targets in the Barbara area.

Mt Isa Metals Limited

ACN 120 212 017

Head Office

Level 5, 60 Edward Street
Brisbane QLD 4000

Mt Isa Office

5 Alpha Avenue
Mt Isa QLD 4825

Telephone: +61 7 3303 0624

Facsimile: +61 7 3303 0681

Email: info@mtisametals.com.au

Website: www.mtisametals.com.au

Highlights

- 5,000 metre drilling campaign commenced within the Leichardt Project area, multiple copper targets to be tested including:
 - down plunge extensions to the Barbara – North Lode deposit
 - Green Zone target – 10 metres @ 1.0% Cu in surface channel sample
 - historical copper workings at Trey Bit and Blue Star mine sites
- Maiden resource estimate announced for Barbara copper deposit - combined Indicated and Inferred Mineral Resource of 0.74Mt @ 1.23% Cu (0.5% Cu cut-off grade)
- Subsequent to the end of the quarter MET secured option agreements secured over 11 gold properties in Burkina:
 - 2,400km² total permit area - includes 1,500km² of highly prospective greenstones.
 - permits contain 17 formal artisanal gold mining sites.
 - immediate commencement of reconnaissance exploration activities planned

Exploration Projects – Mt Isa

The location of the Company's exploration project areas in the Mt Isa region is shown below:

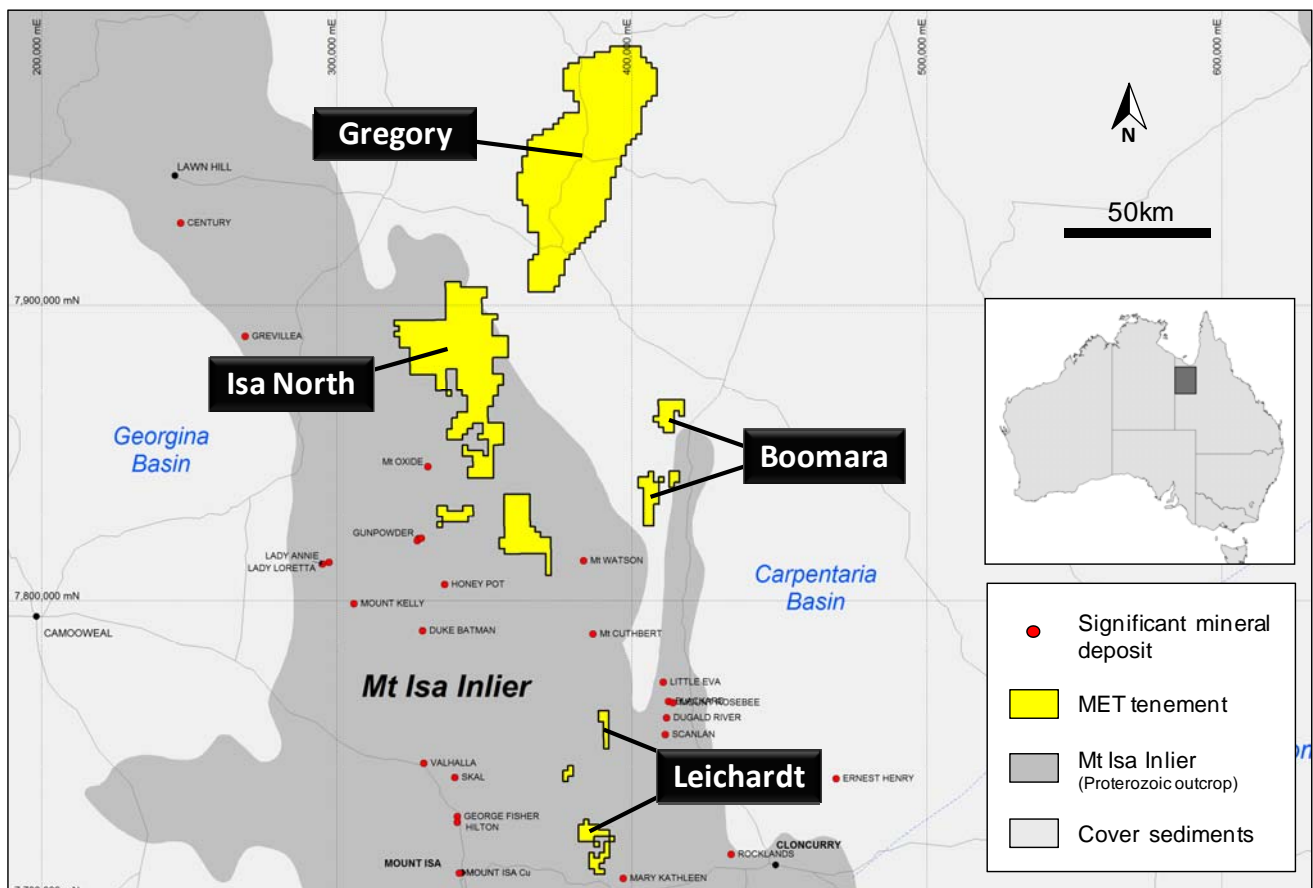


Figure 1 - Location of Mt Isa region project areas (excludes competitive tenement applications).

Leichardt Project (MET 49% to 100%)

During the quarter the exploration activity within the Leichardt Project was focussed on the Barbara Copper deposit. The Barbara deposit is located 50km north-east of Mt Isa and forms part of the Company's broader Leichardt Exploration Project. The Barbara Copper Prospect – North Lode is held in joint venture between Mt Isa Metals Limited (49%) and Syndicated Metals Limited (51% and manager).

Barbara Copper Project – Maiden Resource

During the quarter Mt Isa Metals announced that a maiden resource estimate has been completed for the Barbara North Lode copper deposit based on the limit of early stage drilling.

The combined Indicated and Inferred Mineral Resource estimate is 740,000 tonnes at 1.23% Cu containing 9,100 tonnes of copper, based on an 0.5% Cu minimum cut-off grade. The resource estimate was completed by Hellman & Schofield Pty Ltd, an independent geological consultancy.

The early stage drilling completed at North Lode during 2009 focused on a limited area of the total Barbara mineralised system and was carried out to an average maximum depth of 150 metres from surface.

The mineralisation defined to date at North Lode has a 300 metre strike length, dips at 50° to 60° to the south-west, and appears to have a moderate to steep south-east plunge (refer Figure 2).

The North Lode mineralisation is open down plunge below 150m depth.

The Barbara North Lode resource estimates based on a 0.5% copper and 1.0% copper cut-off grade are tabulated below (tables 1 and 2). Note that approximately 10% of the resource (in terms of tonnes) is within the oxidised and partially oxidised domains.

Category	Tonnes	Cu %	Au g/t	Cu Tonnes	Au Ounces
Indicated	281,000	1.35	0.1	3,790	900
Inferred	459,000	1.16	0.1	5,310	1,480
Total	740,000	1.23	0.1	9,100	2,380

Table 1 - Barbara North Lode Resource Estimate (0.5% Cu cut-off).

Average density of 2.89t/m³ for sulphide, 2.59t/m³ for oxide; minor rounding errors; significant figures quoted do not imply precision and are used to minimize round-off errors.

Category	Tonnes	Cu %	Au g/t	Cu Tonnes	Au Ounces
Indicated	137,000	2.04	0.1	2,800	440
Inferred	185,000	1.83	0.1	3,380	600
Total	322,000	1.92	0.1	6,180	1,040

Table 2 - Barbara North Lode Resource Estimate (1.0% Cu cut-off).

Average density of 2.89t/m³ for sulphide, 2.59t/m³ for oxide; minor rounding errors; significant figures quoted do not imply precision and are used to minimize round-off errors

Note – Additional information on the Barbara resource estimate can be found in the Company's ASX Release "MAIDEN RESOURCE ESTIMATE FOR BARBARA - NORTH LODE COPPER DEPOSIT" dated 01 March 2010.

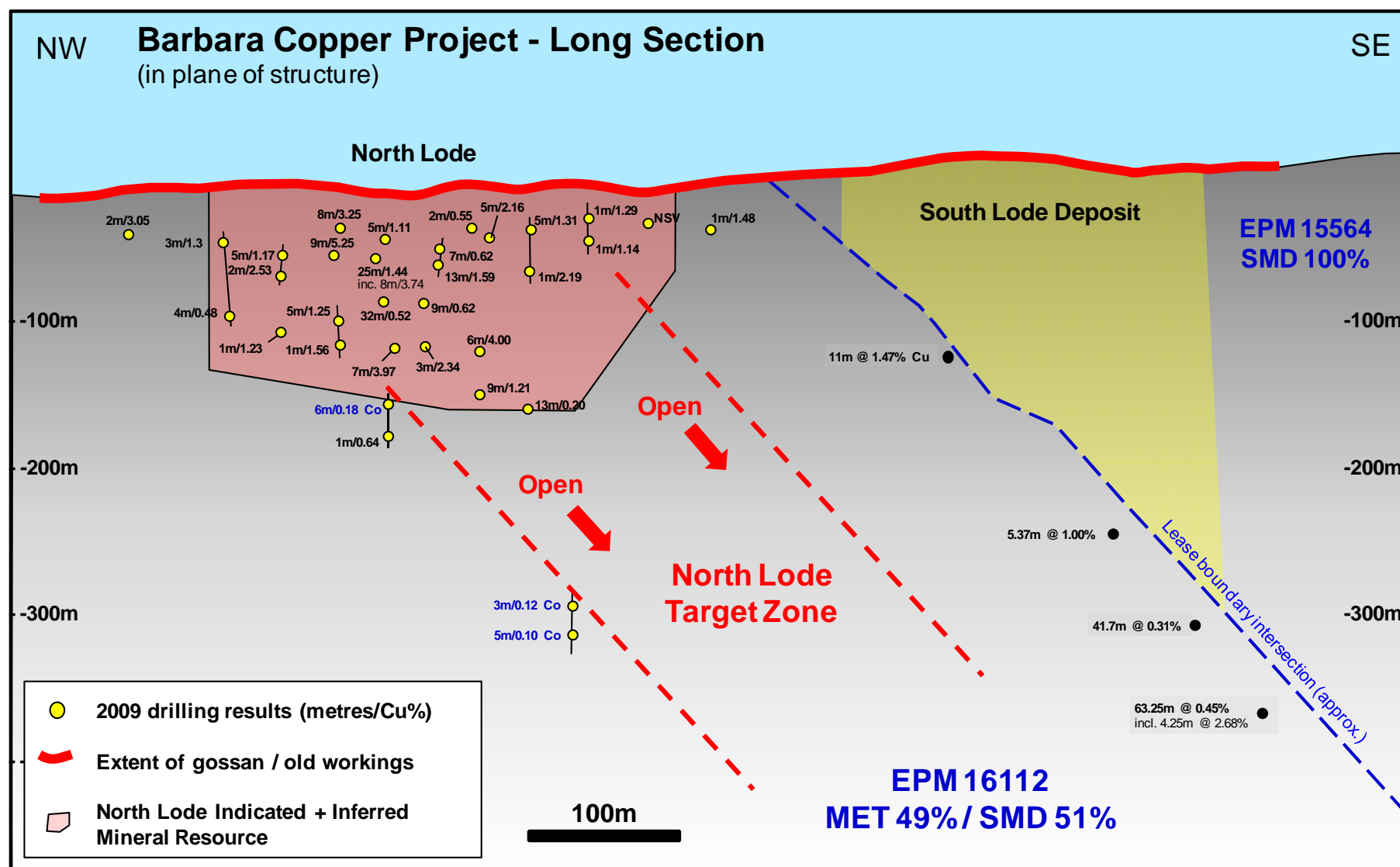


Figure 2 – Barbara longitudinal section.

West Leichardt JV – 2010 Drilling Program

During the quarter the Company announced the commencement of a 5,000 metre drilling program within the Barbara and Blockade tenements (EPM 16112 and EPM 16197 respectively). Both tenements are held in joint venture between Mt Isa Metals Limited (49%) and Syndicated Metals Limited (51% and manager) (figure 3).

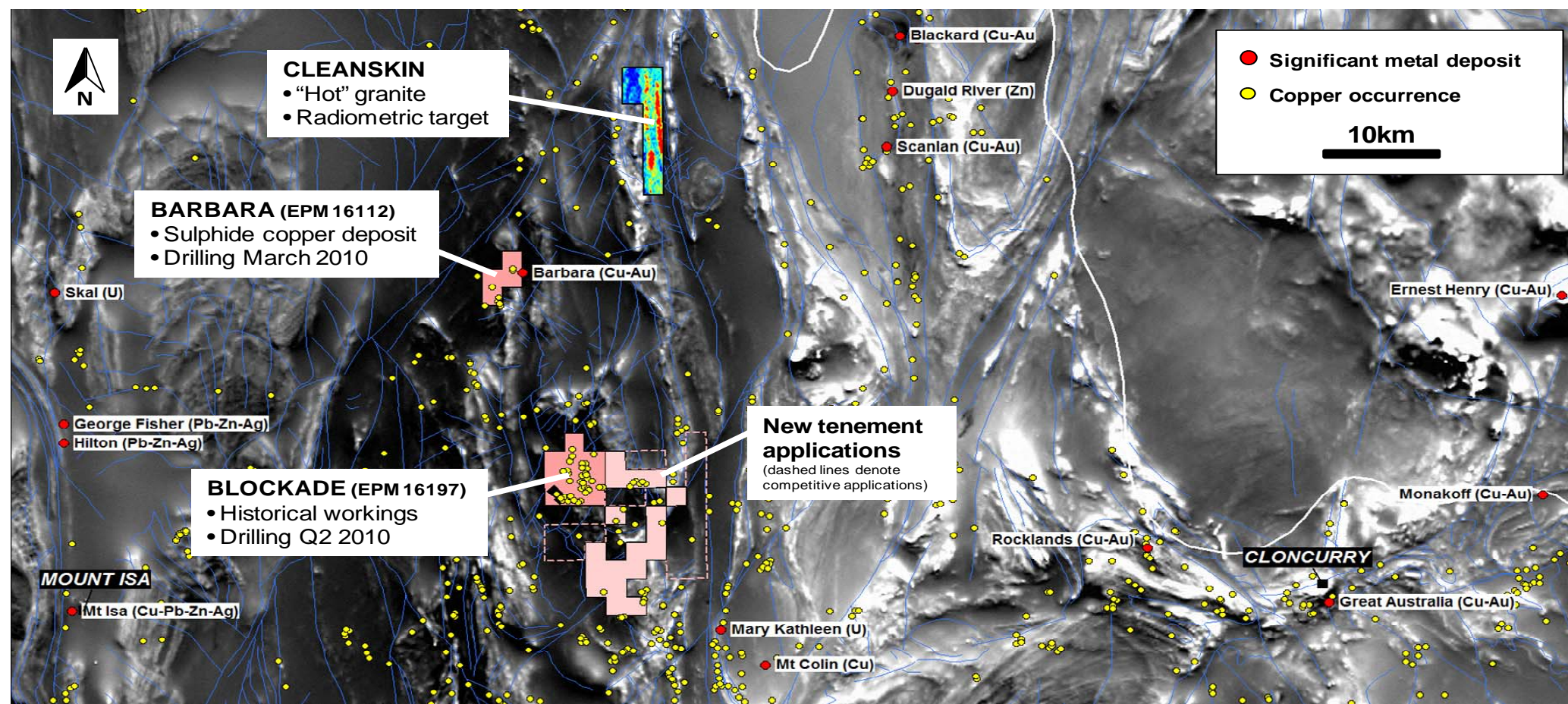


Figure 3 - Tenement locations in the Leichardt Exploration Project.

Barbara Drilling (EPM 16112)

Drilling within the Barbara tenement during 2009 focussed on delineating the near-surface extent of sulphide copper mineralisation within the Barbara copper deposit. Positive results from this drilling led to the recent announcement of a JORC compliant resource for the North Lode deposit (refer above).

The Barbara North Lode deposit remains open down plunge below 150m depth. The current drill program will include multiple holes to test the deposit below the base of current drilling and within the projected higher grade core of the structure (figure 2).

Recent exploration activity from elsewhere within the Barbara tenement (including mapping, surface channel sampling and soil sampling) has also identified additional copper targets that show sufficient potential to warrant drill testing within the current drilling program. These targets include:

Green Zone – Copper-bearing structure defined over a 400m strike length. Surface channel samples include 10 meters @ 1.0% Cu, and 15 metres @ 0.63% Cu. Individual rock chip samples to 2.9% Cu (figure 4).

North Gossan – Gossan mapped at surface. Geochemical results show elevated Cu, Co and As. Located at the possible favourable intersection of the “Barbara” and “Green Zone” structures (figure 4).

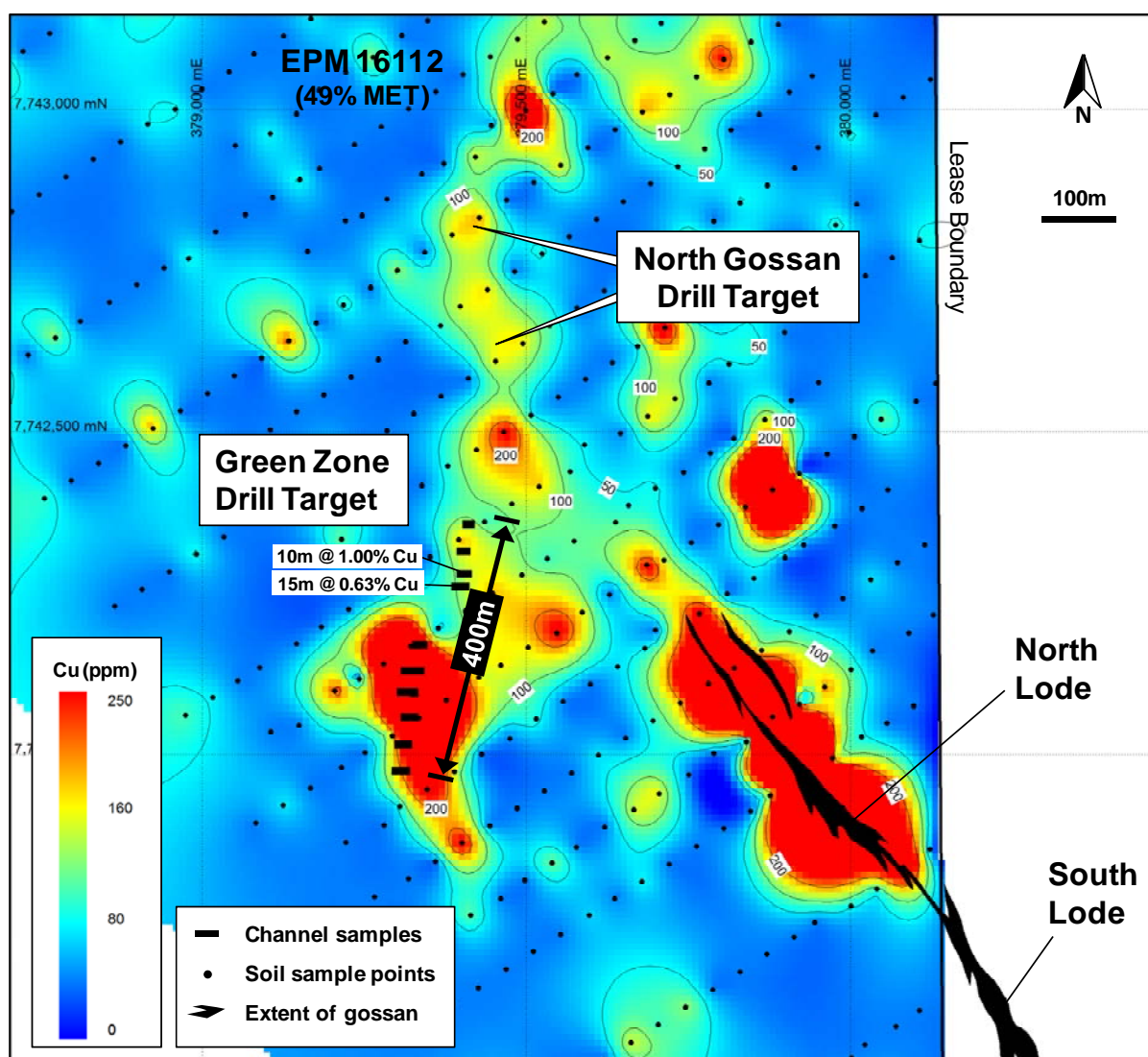


Figure 4 – New drill targets – Barbara tenement.

Blockade Drilling (EPM 16197)

The Blockade tenement is located approximately 20km south of Barbara and was acquired on the basis of the high concentration of historical copper workings identified within the permit area (figure 3).

No recent drilling has been conducted within the Blockade tenement.

Two historical copper mine sites (Trey Bit and Blue Star) have been selected for drill testing in the current program (figure 5):

Trey Bit – Copper sulphides (including chalcocite and chalcopyrite) have been reported from the sulphide zone at this prospect. Depth to sulphide is reported as approximately 10 metres from surface. The target strike length identified by historical workings is in excess of 250 metres.

Blue Star – At this prospect historical mining / drilling encountered multiple (at least four) stacked lodes developed parallel to a lithological (mafic – felsic) contact

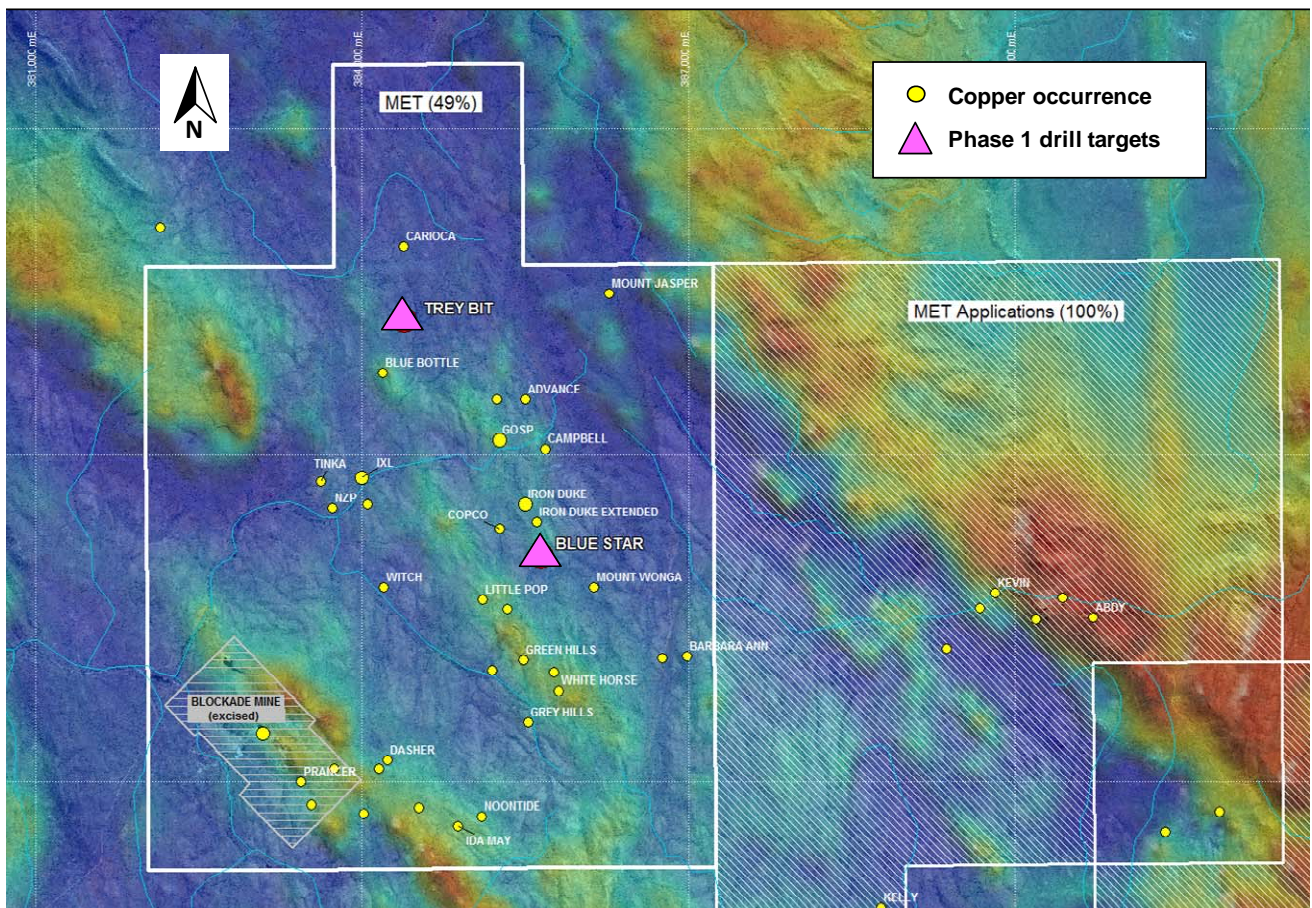


Figure 5 – Blockade tenement – Phase 1 drill targets and historical copper workings (background = TMI magnetic image).

Drilling is progressing satisfactorily and was incomplete at the end of the quarter.

Exploration drilling results for all target areas will be provided as they come to hand.

Gregory Project (MET 100%)

Work on the Gregory Project during the quarter focussed on review of data generated from the two deep diamond drill holes completed in late 2009. AUGDD-01 was completed at 812 metres final depth, NEUDD-01 was completed at 947 metres final depth) (figure 6).

The Gregory Project is located 230 kilometres north of Mt Isa and comprises 2,044km² of 100%-owned exploration permits that lie along a projected 90km strike length of the regionally mineralised Gunpowder Fault system.

MET is exploring for giant IOCG (iron-oxide copper gold) deposits at Gregory.

Access to the Gregory site was not possible during the quarter due to the continuation of the annual “Gulf Country” wet season.

Results received during the quarter included petrographic description of rock samples taken from the recent diamond drill holes.

Both drill holes include significant intervals of ubiquitous magnetite alteration interpreted as responsible (in part) for generation of the significant geophysical (gravity) peaks.

The thin section interpretations suggest that magnetite is present in both holes as a metasomatic (fluid-induced) alteration assemblage.

In drill hole AUGDD-01 - pyrite and trace chalcopyrite development was noted as associated with syn-tectonic quartz veins overprinting metasomatic albite-carbonate-magnetite alteration.

In drill hole NEUDD-01 – pyrite, pyrrhotite and trace chalcopyrite development was noted as associated with retrograde alteration phase overprinting an early magnetite-epidote skarn (refer figure 7).

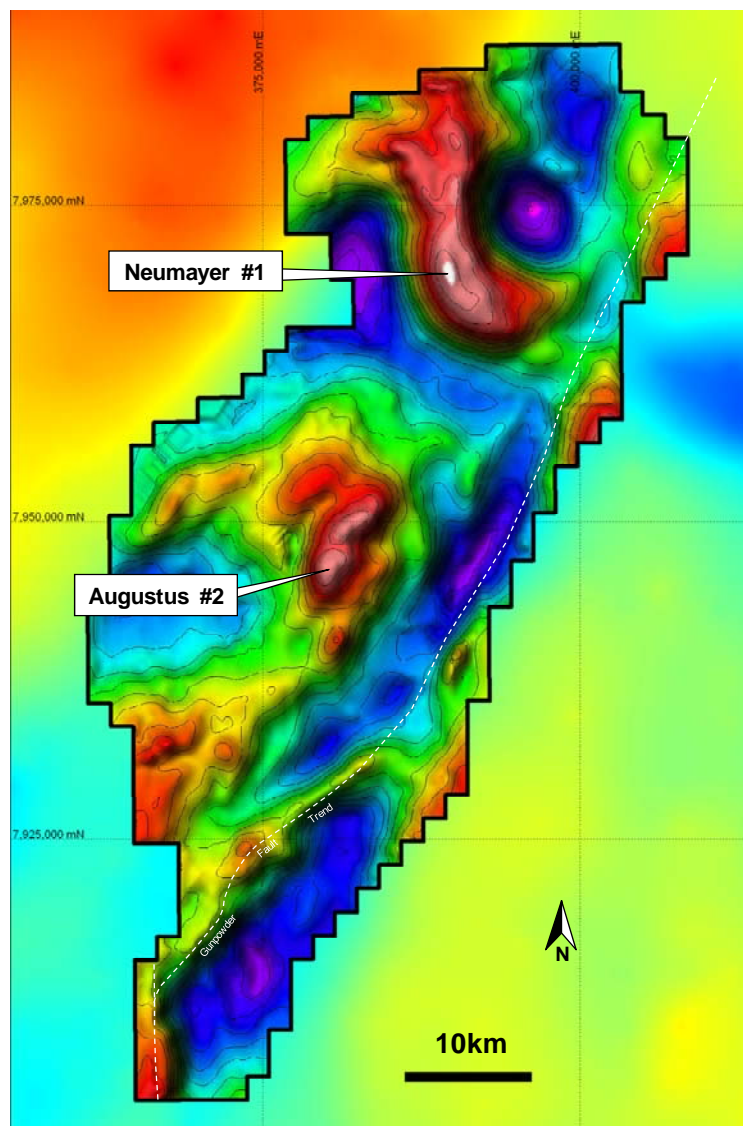


Figure 6 - Gregory drill hole locations and residual gravity image (30km band pass filtered, 1Mgal contours).

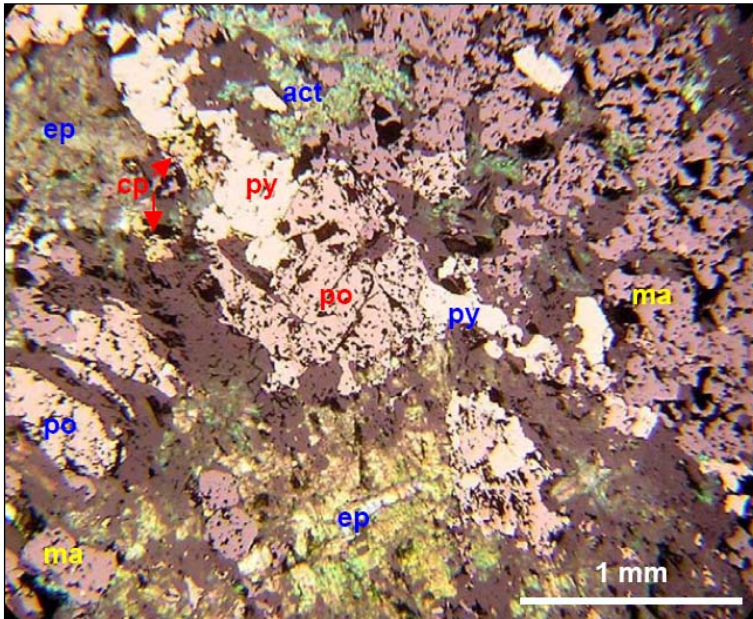


Figure 7 - Thin section photomicrograph of core from drill hole NEUDD-01 (758m).

Magnetite (ma) – epidote (ep) – ferroactinolite (act) skarn host overprinted by retrograde pyrite (py) – pyrrhotite (po) – chalcopyrite (cp).

As noted above the Gregory tenements overlie a significant project area (in excess of 2,000km²). The initial drill holes have provided only a preliminary assessment of two of the multiple geophysical anomalies defined in the project area to date. MET is very encouraged by the results of the first two drill holes completed to date in the Gregory Project area. Both drill holes intersected Proterozoic basement with variable width intervals of disseminated sulphides (including trace amounts of chalcopyrite) and iron-oxides, ingredients typically associated with the formation of the IOCG deposits.

MET proposes additional drilling in the project area as target modelling is advanced.

Subsequent to the end of the quarter MET received re-imbursement of \$150,000 of drilling costs for the 2009 drilling program from the Queensland Department of Mines and Energy (DME). The funding was provided under Round 3 of the Collaborative Drilling Initiative (CDI). The Company is most appreciative for the support provided by the DME in the partial funding of our exploration activities at Gregory.

Boomara Project (MET 100%)

The Boomara Project is located 150km north-east of Mt Isa and comprises two granted tenements totaling 162km². The project area was targeted for IOCG deposits on the basis of a complex magnetic basement, interpreted multiple fault systems and evidence of IOCG-style alteration systems (figure 8).

During the quarter 48 MMI soil samples were collected on a detailed grid to follow up elevated coincident gold and silver values with associated copper from the previously announced MMI sampling. Assay results are pending.

MET has commenced a re-interpretation of project scale geophysical data as a basis for drill hole targeting.

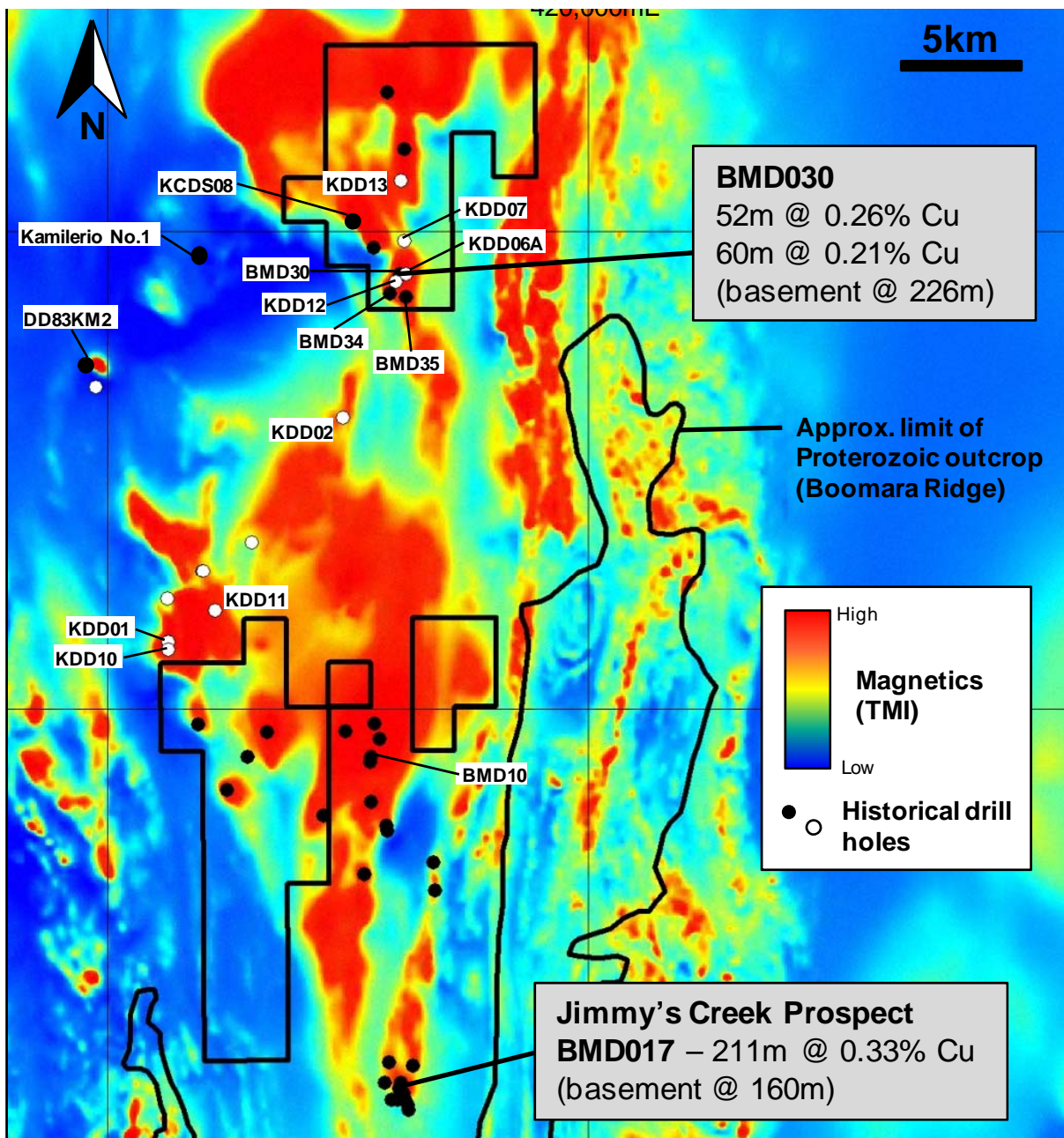


Figure 8 - Boomara Project – Historical drill holes on TMI Magnetic image.

Reconnaissance Projects (MET 100%)

During the quarter MET elected to relinquish its tenements in two reconnaissance project areas:

Normanton – geophysical modeling of potential IOCG targets in this area indicated an excessive probable depth to basement.

Toolebuc – tenements associated with this former roll front uranium project were relinquished on the basis of an un-favourable assessment of potential drill targets.

Exploration Projects – West Africa

Subsequent to the end of the quarter the Company announced that it had finalised agreements that provide an option to acquire a 100% interest¹ in eleven highly prospective gold exploration permits in Burkina Faso, West Africa.

The agreements provide access to multiple gold targets for the Company that warrant immediate exploration investment.

The permits comprise a total area of approximately 2,400km² and are located in multiple greenstone belts across Burkina Faso. The permits include approximately 1,500km² of highly prospective greenstone belt rocks – host to a significant number of large gold deposits in the region (figure 9).

Burkina Faso is regarded by MET as one of the most richly gold endowed areas of sub-Saharan West Africa and is host to current exploration development and mining operations being advanced by numerous companies including Ampella Resources, Iamgold, Cluff Gold, Etruscan Resources, Riverstone Resources and SEMAFO. More than ten gold deposits have been discovered to date in Burkina Faso with a size in excess of one million ounces gold².

The Burkina Faso properties were selected following a comprehensive regional target assessment program by MET. Target selection criteria included, amongst other factors, a favourable geological/structural setting, presence of known gold occurrences (artisanal workings), access to granted tenure and a favourable assessment of prior exploration activity.

A significant number of recent gold discoveries in West Africa have been facilitated by follow-up of artisanal mining activity. MET is pleased to report that the optioned permits contain seventeen (17) formal artisanal mining sites focussed on exploitation of near-surface gold occurrences.

MET's permits encompass an area equivalent to entire mineralised greenstone belts in prolific gold districts such as the Kalgoorlie Goldfields in Western Australia and the Abitibi Greenstone Belt in Northern Canada. MET greenstone belt/granite targets extend over a 160km of strike length with artisanal sites throughout.

The agreements provide for a three year option period and include an up-front payment of US\$18,500 (single lump sum signing payment covering all agreements) followed by per-permit payments ranging from US\$7,500 to US\$10,000 at the end of a 60 day due diligence period. The options can be maintained by staged annual cash payments ranging from US\$10,000 to US\$15,000 per permit at the end of the first year of the option period, up to US\$35,000 to US\$45,000 per permit at the end of the third year of the option period.

If MET elects to participate to the end of the third year 100% ownership of the permits will be transferred to MET. MET has a right to withdraw from the agreements at any time. The vendors will be entitled to a 1.0% royalty over any gold produced from the properties.

¹ Subject to a net 10% Government free carry interest.

² Source - JORC and 43-101 compliant company reports.

Managing Director Peter Spiers commented, “We are very pleased to have concluded these option agreements in Burkina Faso. The agreements provide MET with access to an exciting portfolio of gold properties that we believe are highly prospective for future gold discoveries.”

“This is a key first step for MET in establishing a portfolio of gold properties in the region. The gold properties will significantly enhance the value of the company’s exploration portfolio and will complement our core base metal properties in the Mt Isa region which continue to yield exciting results particularly with respect to copper exploration.”

MET has recently appointed additional senior geological staff in both Australia and Burkina Faso to manage the Company’s African gold projects. These experienced staff will have a sole focus on Africa to ensure the projects achieve rapid advancement.

Reconnaissance exploration on the permits is scheduled for immediate commencement. On exercise of the options, MET will commence drilling programs as soon as large targets are defined by reconnaissance exploration and assessment of artisanal sites, weather and logistics permitting.

The Company is maintaining active business development activity in the region.

The location of the Company’s exploration project areas in Burkina Faso is shown below.

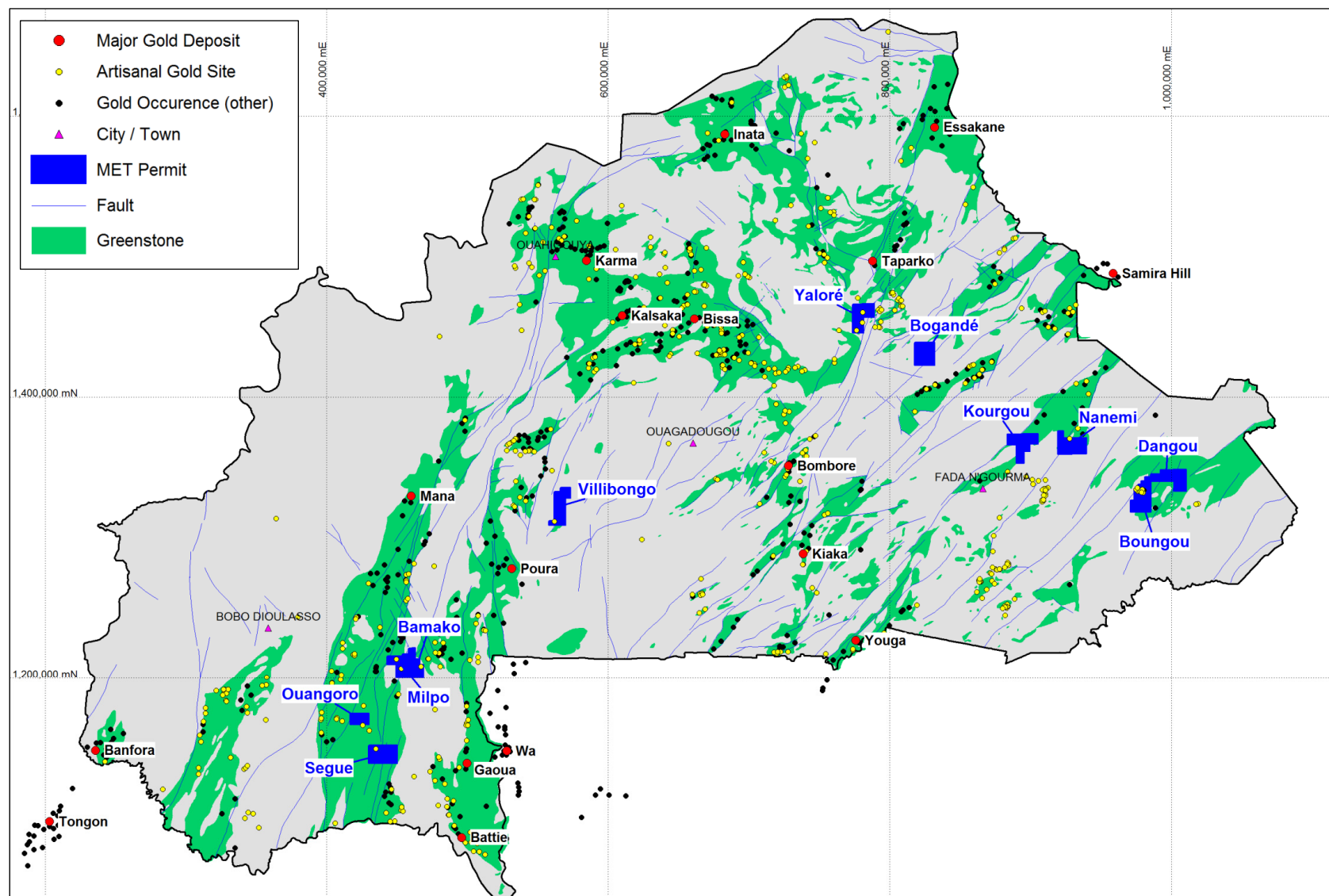


Figure 9 - Location of MET Burkina Faso exploration permits.

Corporate

Cash Reserves

Cash reserves and liquid investments totalled approximately \$2.06 million at the end of the quarter.

Capital Structure (at 31 March 2010)

Share price (MET): \$0.14
 Issued shares: 103.75m (52.29m under escrow)
 Unlisted options: 13.20m

Market Capitalisation: \$14.5 million (at 31 March 2010)

Major Shareholders

Shareholder	Shares Held	%
D'Aguilar Gold Ltd	50,000,000	48.2%
Tinkler Investments Pty Ltd	19,445,180	18.7%
Other (all <2% issued capital)	34,304,820	33.1%
Total	103,750,000	100.0%

Table 3 - Summary of major shareholders at 31 March 2010.

For further information please contact:

Mr Peter Spiers
 Managing Director
 Ph: (07) 3303 0624 or 0409 407 265

Mr Duncan Cornish
 Company Secretary
 Ph: (07) 3212 6255 or 0407 623 302

Email: info@mtisametals.com.au

Further information on Mt Isa Metals can be found on our website www.mtisametals.com.au

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.

The data in this report that relates to Mineral Resources for the Barbara North Deposit is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Tear is a full-time employee of Hellman & Schofield Pty Ltd. Mr Tear 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 Tear consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.