

30 July 2008

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 JUNE 2008

HIGHLIGHTS

MILE 72 URANIUM PROJECT - NAMIBIA

- Spot sampling of the trenches at Kudu has returned assays in excess of 5,000 ppm (0.5%) uranium oxide including:

Trench 2A	G1624	5,251 ppm (0.525%) Uranium Oxide
Trench 6	G1540	5,413 ppm (0.541%) Uranium Oxide
- Limited channel sampling has been undertaken, with results including:

Channel 3A-1	5 metres @ 3,351 ppm (0.335%) Uranium Oxide
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- Sampling shows strong mineralisation throughout the Kudu prospect area, hosted by both alaskites and basement schists.

MANINDI ZINC PROJECT – WESTERN AUSTRALIA

- Geological review of the Manindi Zinc project has highlighted a number of copper and zinc targets along strike from and adjacent to the known resources.
- Mineralisation occurs along more than FOUR kilometres of strike, with a further TWO kilometres of strike remaining untested by exploration.
- Copper mineralisation is associated with the defined resources, however several untested geochemical copper anomalies remain untested by drilling.

1. NAMIBIAN URANIUM PROJECTS



Prior to Metals Australia Ltd ('Metals') involvement, Mile 72 & Engo Valley uranium projects had little or no exploration undertaken on them in the past twenty years. The projects have the potential to host near surface, pedogenic and syngenetic uranium deposits. Metals is now systematically exploring the Mile 72 uranium project.

Exploration at Mile 72 during the quarter was focused on trenching of the Kudu and Impala prospects. These trenches have been geologically mapped, radiometrically surveyed and geochemically sampled. This exploration shows subsurface uraniferous alaskites and host schist with assay values of up to 5,413 ppm uranium oxide.

Metals continue to seek approval from the Namibian Department of Tourism and the Environment to access and explore the Engo Valley area.

A. MILE 72 (EXCLUSIVE PROSPECTING LICENSE 3308)

The Mile 72 project is located on the central coast of Namibia, within the Erongo province, approximately 115 kilometres to the northwest of RTZ's Rossing Uranium Mining Operations and 30 kilometres to the north of the coastal town of Henties Bay. The project has the potential to host both near surface, pedogenic uranium deposits and primary 'alaskite' style mineralisation.

The Mile 72 uranium project lies within a small depression on the central Namibian coast and is largely covered by surficial aeolian sand and alluvial gravels of varying thickness. These sands and gravels partially mask the radiometric and geochemical signature of the subsurface uranium mineralisation.

The results of the first and second phases of trench sampling were received during the quarter and a third phase of trenching was also completed. This third phase of trenching was designed to extend the geological mapping and sampling of the underlying stratigraphy in the prospect areas and to establish geological continuity between the Kudu and Impala prospects.

TRENCH SAMPLING

Metals received the results from its first and second phases of trenching at Mile 72 during the quarter. These samples are predominantly 'spot samples' taken within the trenches in areas of high radiometric response. Sampling shows widespread mineralisation throughout the Kudu area, with a number of samples grading **over 5,000 ppm (0.5%) uranium oxide** (see Figure 1). Results from the Kudu sampling include:

Sample No.	Trench No.	U3O8 ppm	U3O8 %	Th ppm
G1616	2A	2,348	0.235	13
G1623	2A	2,425	0.242	15
G1624	2A	5,251	0.525	24
G1249	3A	2,326	0.233	18
G1239	3A	3,351	0.335	24
F1698	3	3,796	0.380	21
G1275	5	2,406	0.241	13
G1284	5	2,636	0.264	14
G1292	5	2,765	0.276	18
G1545	6	2,690	0.269	19
G1536	6	5,119	0.512	29
G1540	6	5,413	0.541	27
G1554	7	3,341	0.334	19
G1576	7	3,920	0.392	17
G1586	7	4,438	0.444	22

**A list of all samples assaying above 100 ppm uranium oxide (U3O8) are included in Appendix A.*

The sampling across the Kudu trenches was designed to verify the radiometric response against the geochemical assays. The majority of samples were taken in areas of high radiometric response (greater than 500 cps) although a number of samples were taken in areas of low response to test the background mineralisation levels of the area. A total of 358 samples were taken throughout the trenches, with more than 50% of those samples returning **assays in excess of 100 ppm uranium oxide**.

Both the intrusive alaskites, and the host Damaran schist carry the uranium mineralisation at Kudu. Spot sampling shows assays of up to 1,977ppm uranium oxide within the alaskites, with the highest assay from the schist being **5,413 ppm uranium oxide**. The samples also show low levels of thorium, which is also indicative of alaskitic mineralisation.

In addition to the spot sampling, a limited programme of channel sampling has been undertaken. Results from the channel sampling include:

Channel 2A-1	6 metres @ 150 ppm (0.015%) Uranium Oxide
Channel 3A-1	5 metres @ 3,351 ppm (0.335%) Uranium Oxide
Channel 4-1	8 metres @ 214 ppm (0.021%) Uranium Oxide

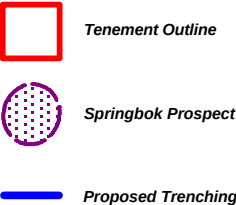
It should be emphasised that **channel sampling is at an early stage** and that a more comprehensive and systematic programme of sampling will be undertaken following the renewal of the lease. The channel sampling completed to date indicates that anomalous mineralisation occurs over significant widths within both the alaskites and sediments of the Kudu prospect area.

TRENCH MAPPING & RADIOMETRICS

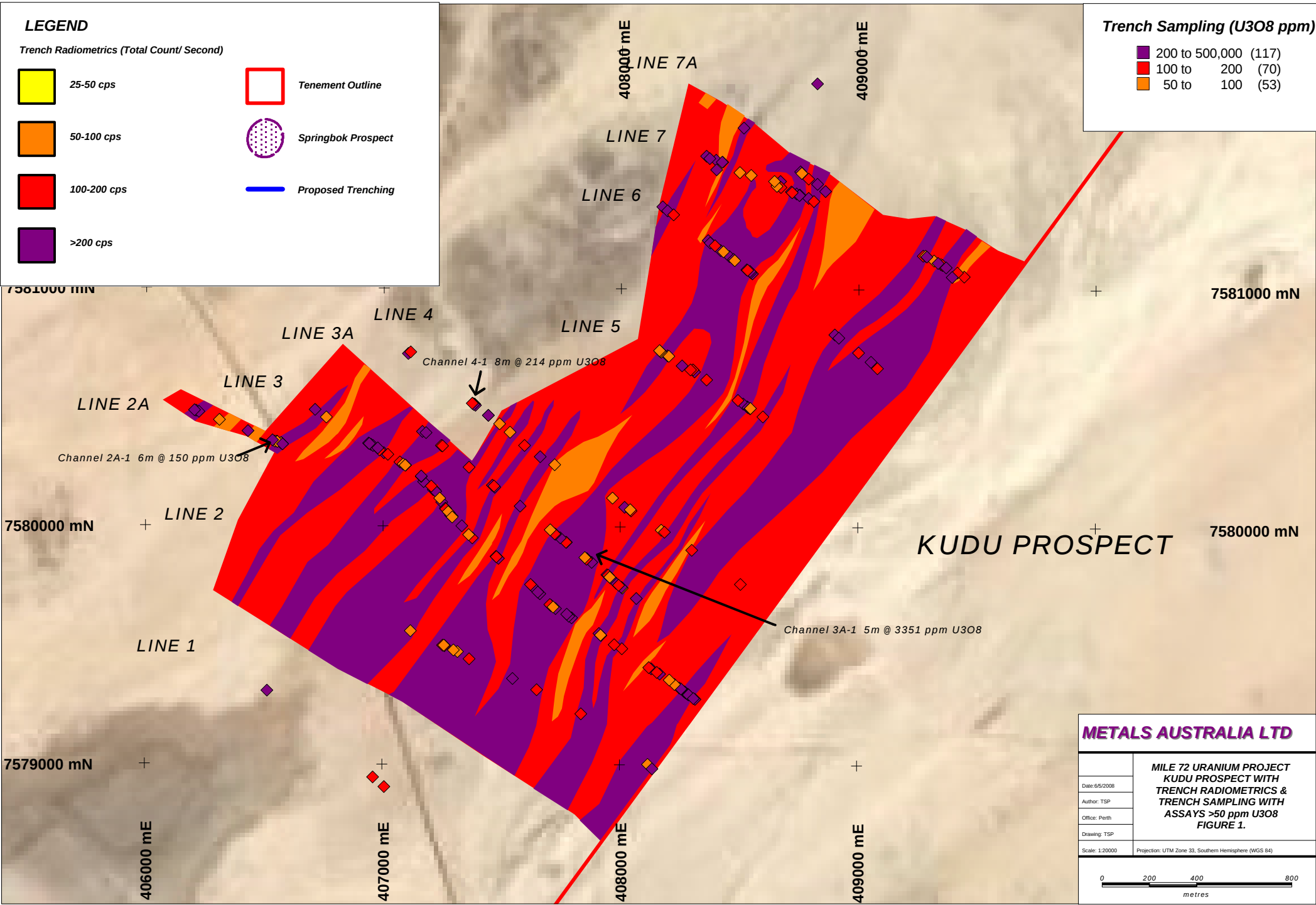
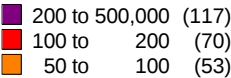
The mapping and radiometric testing of the first phase of trenching has shown a good correlation between the two methods of exploration. The radiometric sampling highlights the uraniferous alaskitic units and will assist in targeting future exploration, particularly drilling.

LEGEND

Trench Radiometrics (Total Count/ Second)



Trench Sampling (U3O8 ppm)



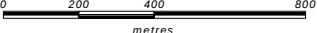
METALS AUSTRALIA LTD

MILE 72 URANIUM PROJECT
KUDU PROSPECT WITH
TRENCH RADIOMETRICS &
TRENCH SAMPLING WITH
ASSAYS >50 ppm U3O8
FIGURE 1.

Date: 6/5/2008
Author: TSP
Office: Perth
Drawing: TSP

Scale: 1:20000

Projection: UTM Zone 33, Southern Hemisphere (WGS 84)



A comparison between the earlier ground radiometrics, and the recent trench radiometrics (See Figure 2) highlights the effect that the gravel and sand cover has in 'blanketing' the mineralisation. The trench radiometrics clearly show a higher-level response than the ground radiometrics and also indicate that the mineralisation continues beneath the cover to the north of both Kudu and Impala. These target areas will be tested through both trenching and drilling as part of the continuing exploration programme.

ONGOING TRENCHING & SAMPLING

Metals has recently completed a third phase of trenching at Mile 72. This trenching is designed to extend the previous trenches at Kudu, and to test the zone between Kudu and Impala, which covers more than 2 kilometres of strike.

The recent trenching programme included extending four of the existing trenches at Kudu and the emplacement of three new trenches in the area between Kudu and Impala. This new trenching is now being radiometrically tested and sampled.

ENVIRONMENTAL SURVEY

The Namibian Ministry of Environment and Tourism ('NMET') requested that Metals complete an environmental survey of the Mile 72 lease area during the quarter. The survey was requested due to increased exploration and the resulting ground disturbance.

The survey was completed by local contractor, EnviroSolutions of Swakopmund, and submitted to the NMET in early June. The survey concluded that the only part of the tenement where ground disturbance should be kept to a minimum were the lichen fields in the northeastern tenement area. This area now largely lies outside the revised boundary of EPL 3308.

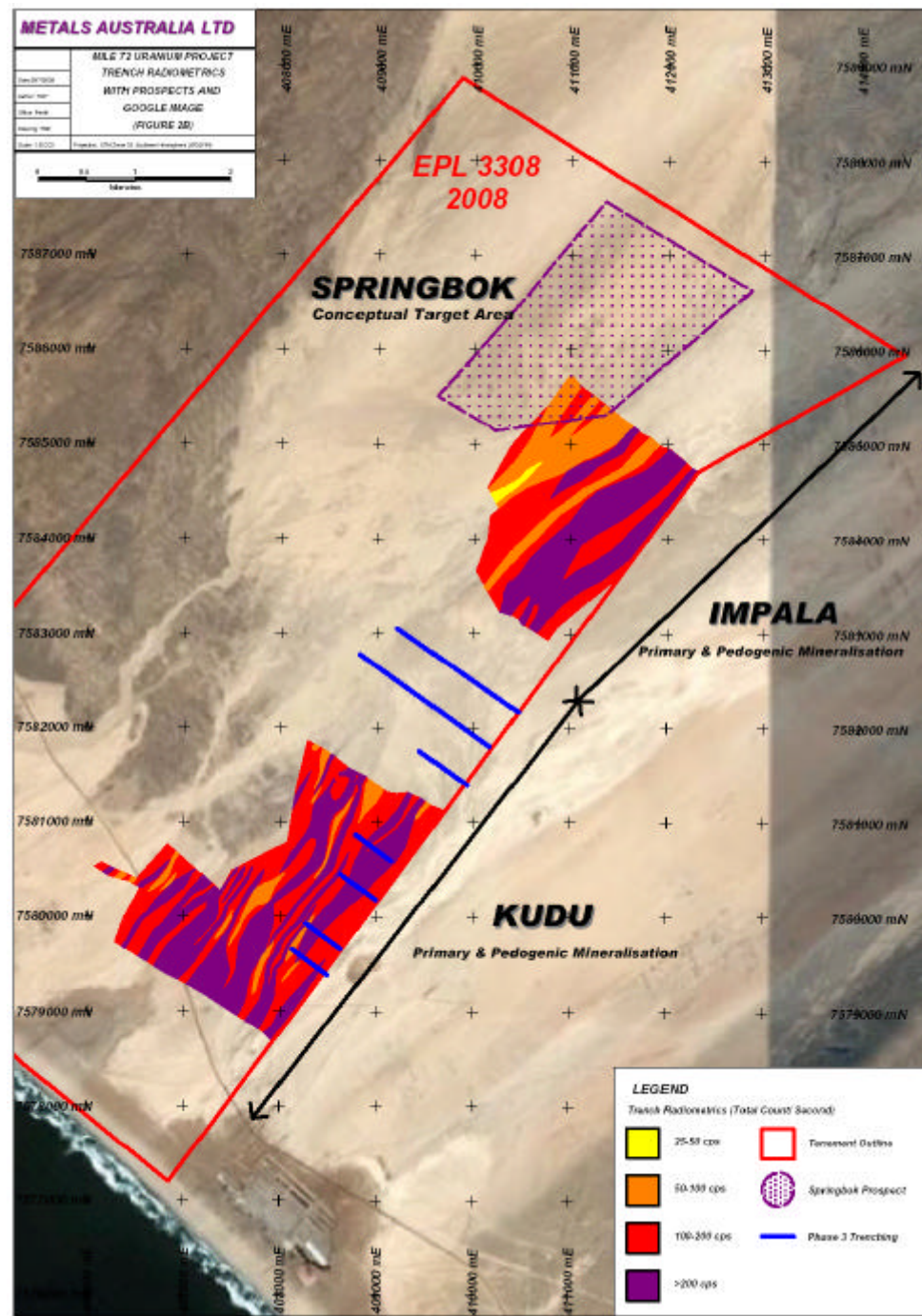
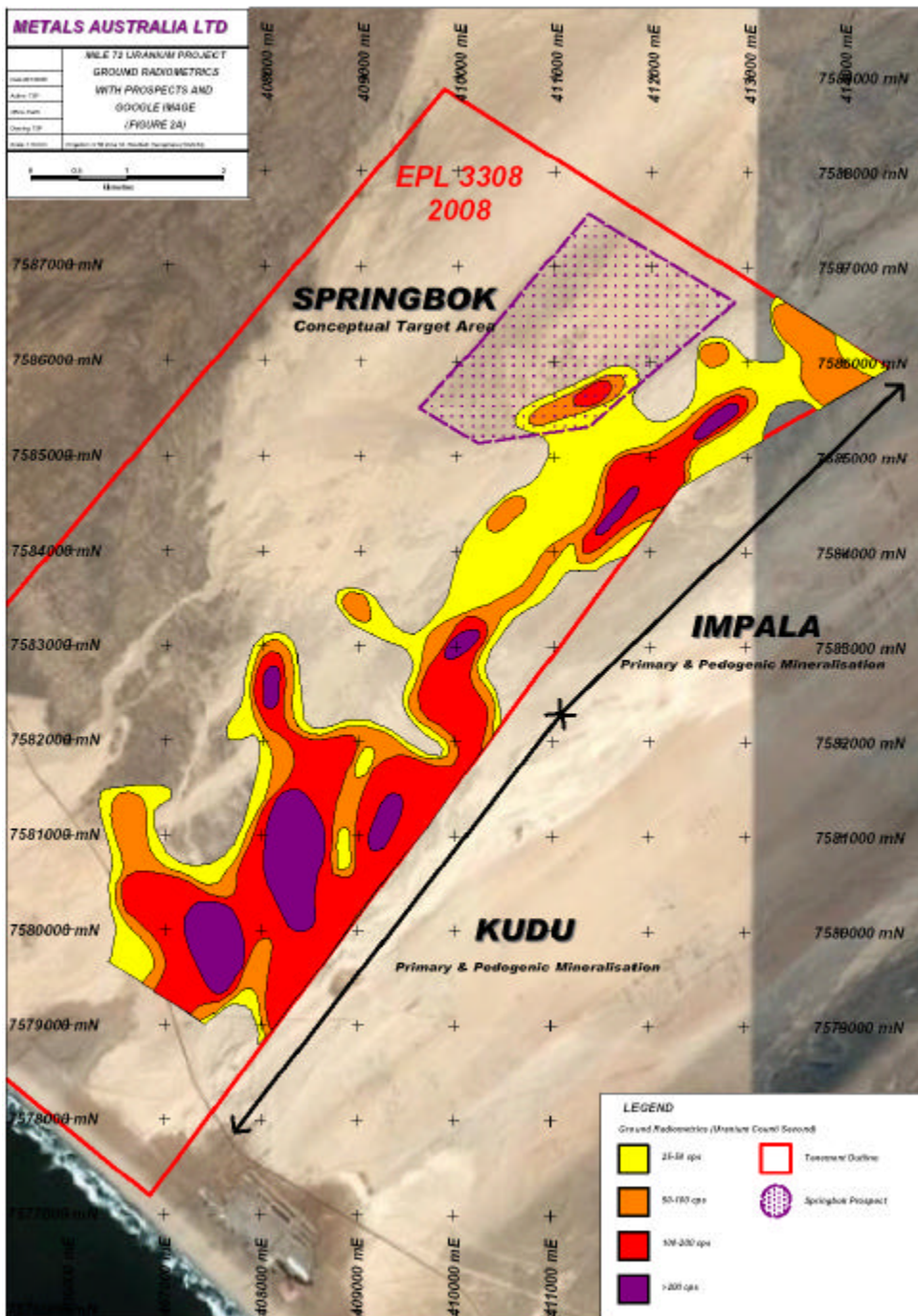
All ground disturbing activities have necessarily been suspended until the NMET has reviewed the environmental survey. Clearance from the NMET to recommence field operations is expected during the current quarter.

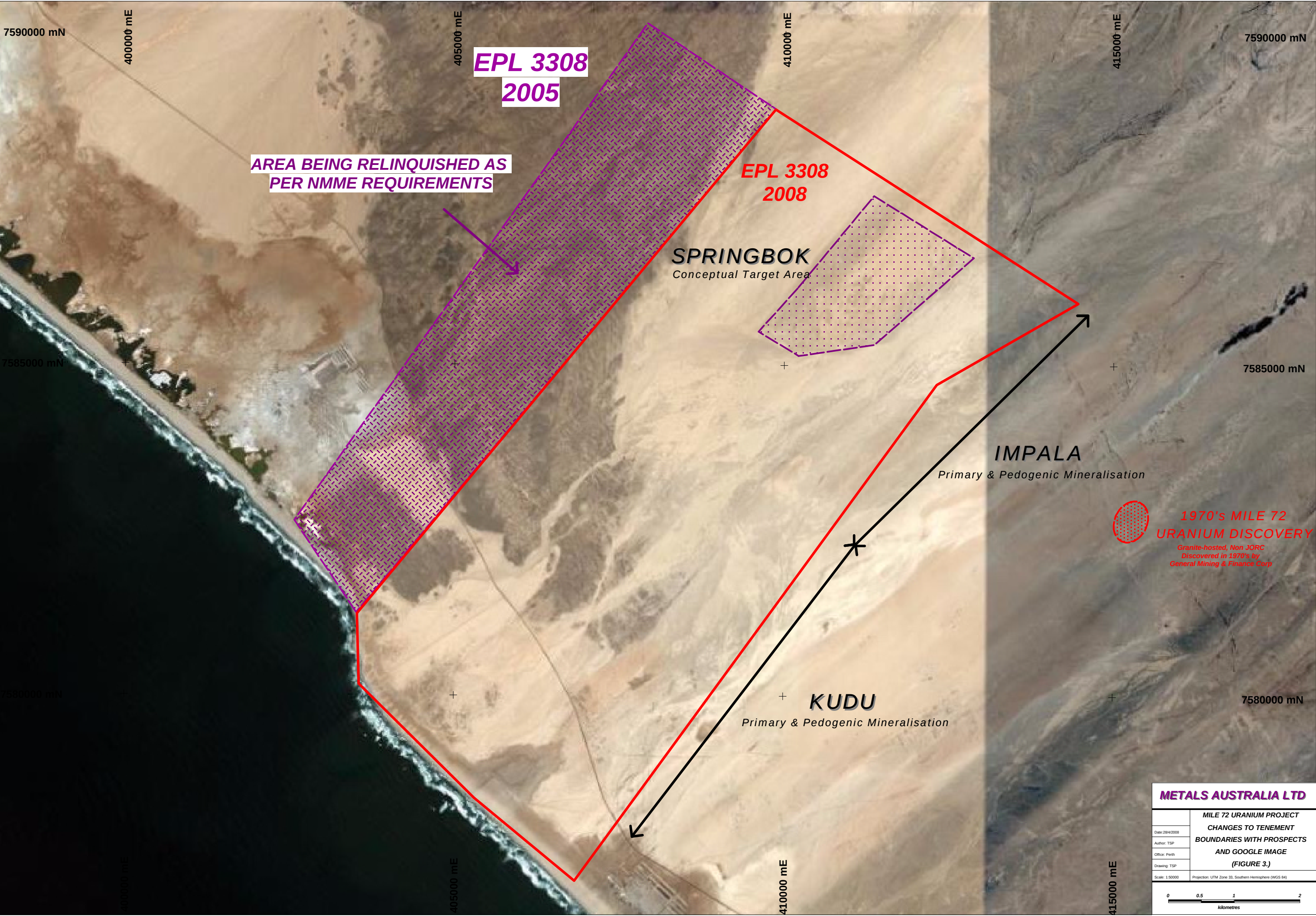


Lichen covered pebbles at Mile 72.

TENEMENT RENEWAL

The Mile 72 tenement, EPL 3308, was granted on 19 May 2005 for an initial three year term. In accordance with the standard requirements of the Namibian Ministry of Mines and Energy ('NMME'), Metals has relinquished 25% of the tenement (see below) and applied for renewal of the remainder of the tenement for a further period of two years, the maximum period permitted under Namibian mining law. The 25% of the tenement relinquished was largely covered by a thick sequence of Etendeka Lavas that overlie





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MILE 72 URANIUM PROJECT	
CHANGES TO TENEMENT	
BOUNDARIES WITH PROSPECTS	
AND GOOGLE IMAGE	
(FIGURE 3.)	
Date: 29/4/2008	
Author: TSP	
Office: Perth	
Drawing: TSP	
Scale: 1:50000	Projection: UTM Zone 33, Southern Hemisphere (WGS 84)

basement stratigraphy (see Figure 3). The area surrendered was deemed to be an area of **low priority** for exploration.

The application for the renewal of the tenement is currently with the NMME awaiting approval.

B. ENGO VALLEY (EXCLUSIVE PROSPECTING LICENSE 3306)

The Engo Valley project is located on the northwest coast of Namibia, in the Skeleton Coast Park, and forms a broad erosion channel draining the northeastern interior of Namibia.

The project is accessed via the road to the defunct Cape Fria Radio Station and covers an area of over 19,400 hectares. The tenement lies along the southern strike extent of the Engo Valley uranium occurrences.

Gencor discovered the Engo Valley uranium deposits in the early 1970s during a regional airborne radiometric survey, which delineated anomalous mineralisation along more than 30 kilometres of the Engo Valley.

Ground radiometric surveys, mapping and sampling subsequently defined four deposits on the eastern flank of the Engo Valley, which are hosted by sediments of the Karoo sequence. The Karoo sediments host a number of uranium deposits throughout southern Africa, including those in Tanzania, South Africa, and, most recently, A-Cap Resources Ltd's discovery at Mokobaesi in neighbouring Botswana.

Gencor explored the Engo Valley between 1973 and 1980, but focused their work on the main Engo Valley occurrence and its immediate surrounds, identifying a number of shallow, sediment hosted deposits, including the MUO & D1 occurrences. These two occurrences are listed in the Namibian Ministry of Mines & Energy publication, 'Mineral Resources of Namibia' as having a pre-JORC deposit. Regional mapping of the Engo Valley palaeochannel indicates that Karoo sediments underlie thin sand cover over more than 30 kilometres of strike, which includes the Metals project area.

The stratigraphy in the Engo Valley consists of basement Damara sediments, composed of schists, gneisses and calc-silicate rocks. Numerous small irregular granite bodies, and a large granitic body on the western flank of the Engo Valley have also intruded the basement sequence. These granites are thought to be the source of the uranium mineralisation.

The Damara basement is unconformably overlain by Karoo sediments, which consist of tillite, shales, conglomerate, marl, mudstone and sandstone. Uranium mineralisation is found in two distinct styles within the stratigraphy:

1. Disconformity – this mineralisation is found associated with alluvial fan deposits within the basal units of the Karoo sediments. The mineralisation is typically found as carnotite and is associated with coarse clastic units within the stratigraphy.
2. Shale Hosted – the shale units within the Karoo sediments may be mineralised, showing fine-grained uraninite associated with pyrite and chalcopyrite within the shale units.

EXPLORATION & TARGETS

A review and subsequent interpretation of the Gencor radiometric data by Metals has delineated an extensive anomaly over the northwestern corner of EPL 3306.

The radiometric anomaly covers more than 14 square kilometres of the southern Engo Valley palaeochannel. The anomaly has a strike length of over 7 kilometres and is more than 2 kilometres wide within the tenement area (see attached figure).

River sands and gravels cover much of the target area, partially masking the radiometric signature of the underlying sediments. Despite this cover, an extensive radiometric anomaly, with 'total count'* values from 1,000 to over 2,000 counts per second, covers the target area and is coincident with mapped sub to outcropping Karoo sediments.

The primary target area will initially be explored utilising surface sampling to test for uranium mineralisation. Sampling will concentrate on testing the Karoo sediments that lie on the margin on the Engo Valley palaeochannel.

Metals continue to seek approval from the Namibian Ministry of Environment and Tourism ('NMET') to access and explore the project area.

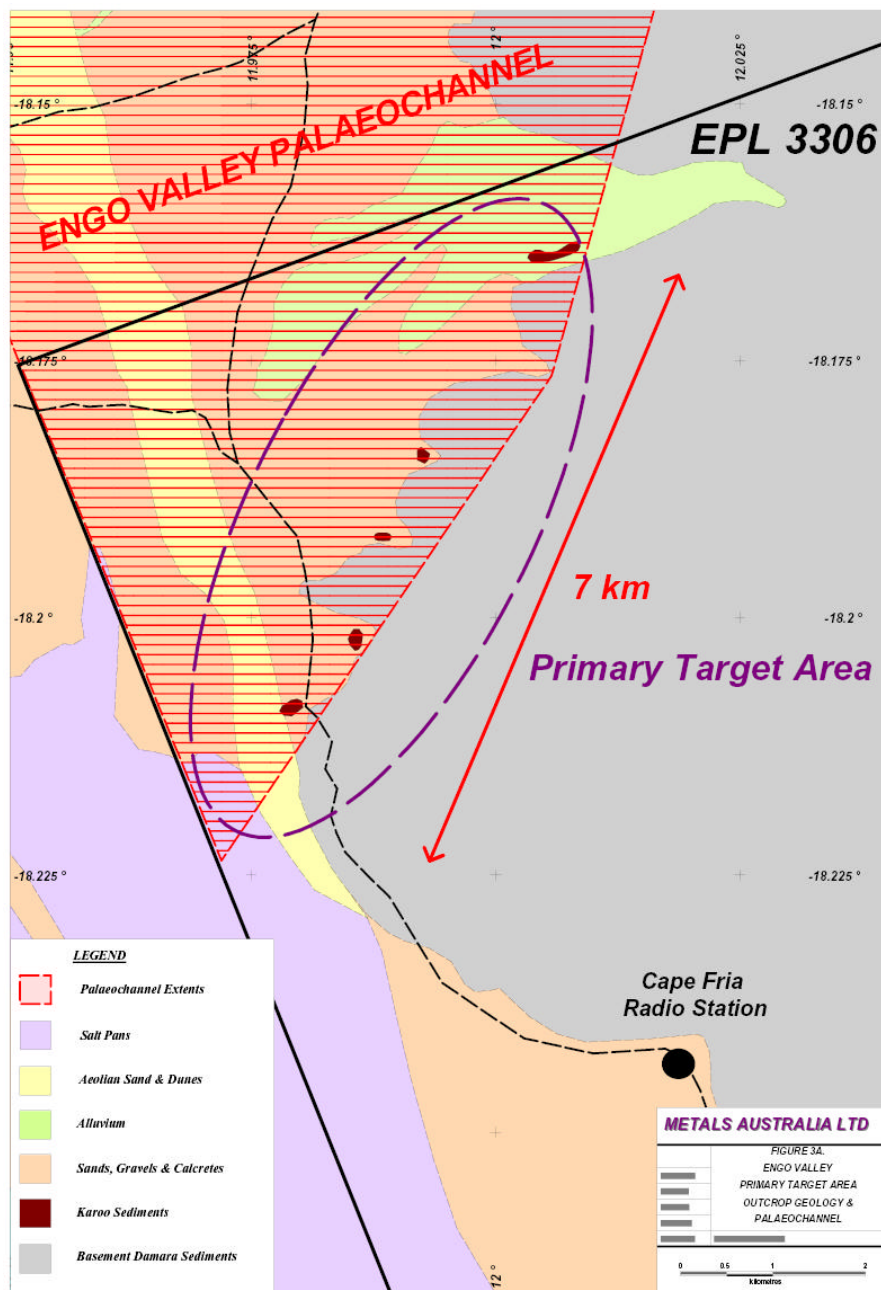
*'Total count' is a measure of the total radioactivity given off by all of the radioactive elements in the source rock or sediments. These include both uranium and thorium.

TENEMENT RENEWAL

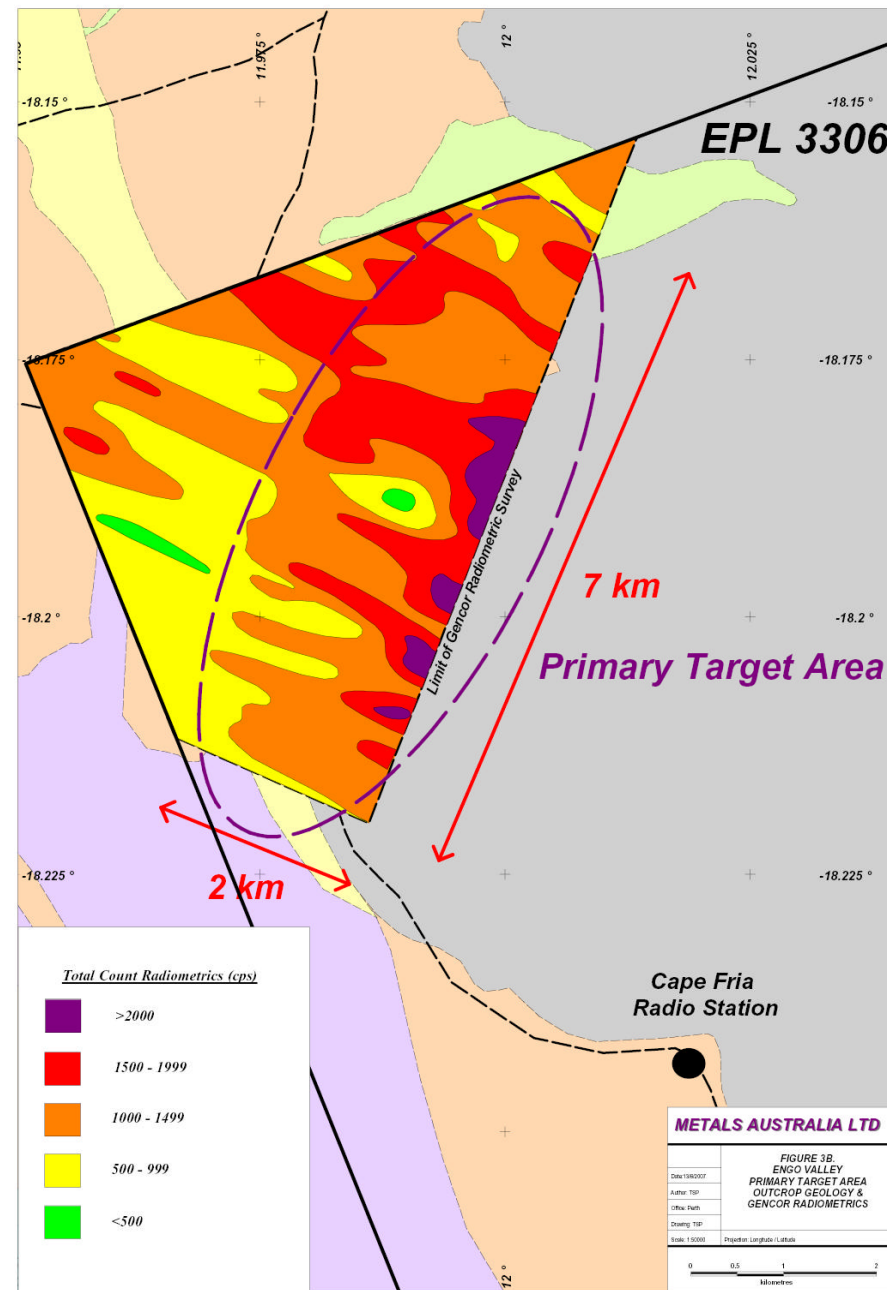
The Engo Valley tenement, EPL 3306, was granted on 15 June 2005 for an initial three year term. In accordance with the standard requirements of the Namibian Ministry of Mines and Energy ('NMME'), Metals has applied for renewal of the tenement for a further period of two years, the maximum period permitted under Namibian mining law. An exemption from the required 25% relinquishment of the tenement has also been applied for as the tenement has yet to be fully assessed.

The application for the renewal of the tenement is currently with the NMME awaiting approval.

FIGURE 3.



Outcrop Geology, Palaeochannel Extents & Primary Target Area



Outcrop Geology & Gencor Radiometrics

2. WESTERN AUSTRALIAN BASE METAL PROJECTS



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 and bringing the project into production. Work during the quarter has included geochemical sampling and the continuing development study.

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 completed a detailed geological review of the project area during the quarter, with a view to exploring for further mineralisation both inside the resource area and its regional extensions. The Manindi development study, including metallurgical test work, also continues.

MANINDI GEOLOGICAL REVIEW

Metals has undertaken a detailed review of the Manindi project that has involved the following:

- Review of all exploration data.
- Relogging and resampling of previous explorers drilling (where available).
- Regional and prospect scale mapping programme.
- Review and reinterpretation of surface geochemical dataset.
- Geological and structural modelling.

The study also identified a number of factors that control the nature and style of the mineralisation at Manindi:

- The mineralisation occurs within multiple stratigraphic horizons, along an extended strike length of over FOUR kilometres (See Figures 2A & B).
- The gabbro footwall does NOT stope out the mineralisation, but rather forms a 'marker' unit within the stratigraphy above which to explore for mineralisation.
- The recrystallisation of the Manindi mineralisation is more likely due to contact metamorphism from the emplacement of the footwall gabbro, rather than remobilisation of the mineralisation itself.

The geological study has highlighted a number of poorly tested copper and zinc exploration targets within both the 'resource environs' and on a regional scale.

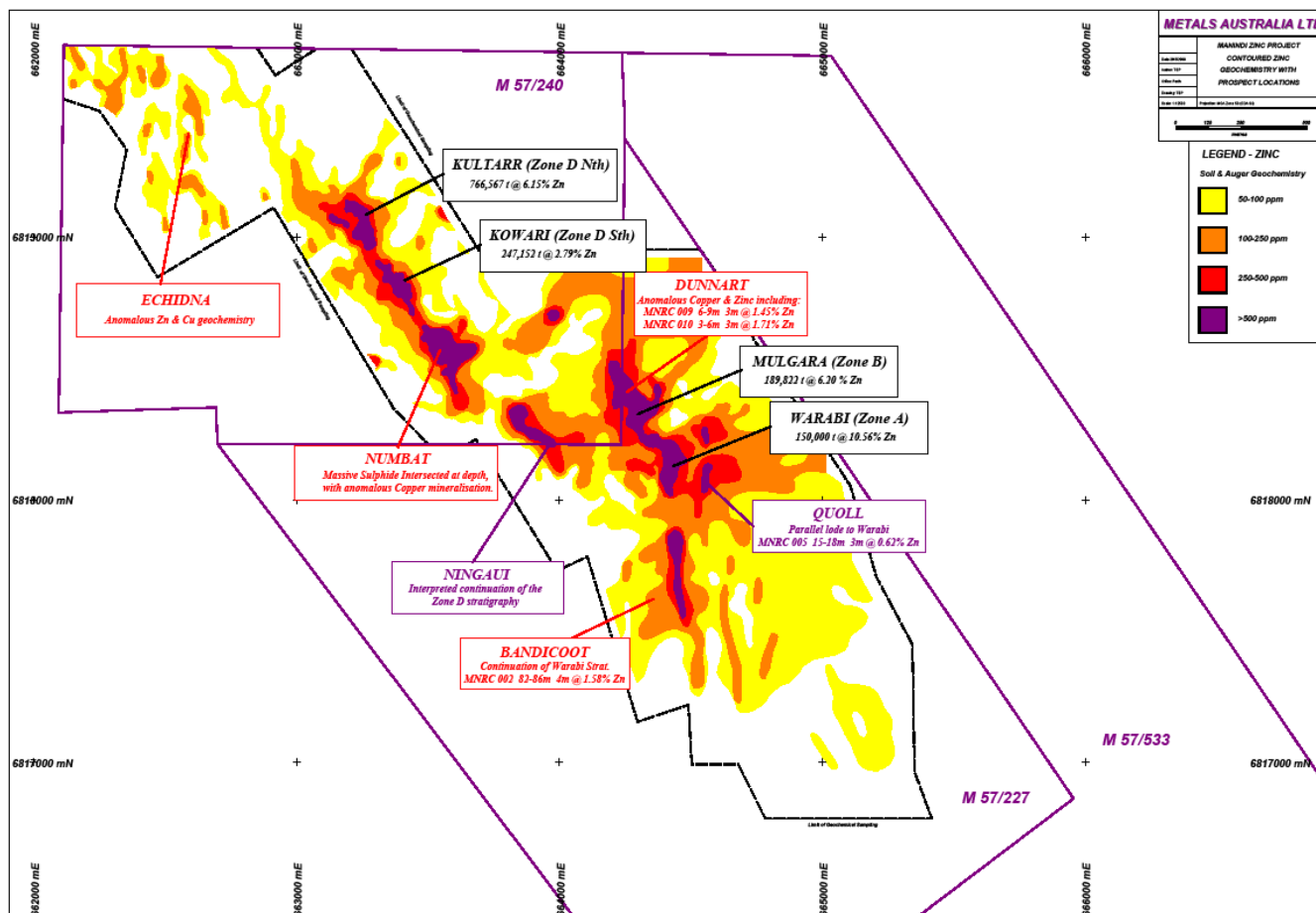


Figure 2A – Manindi contoured zinc geochemistry & prospects

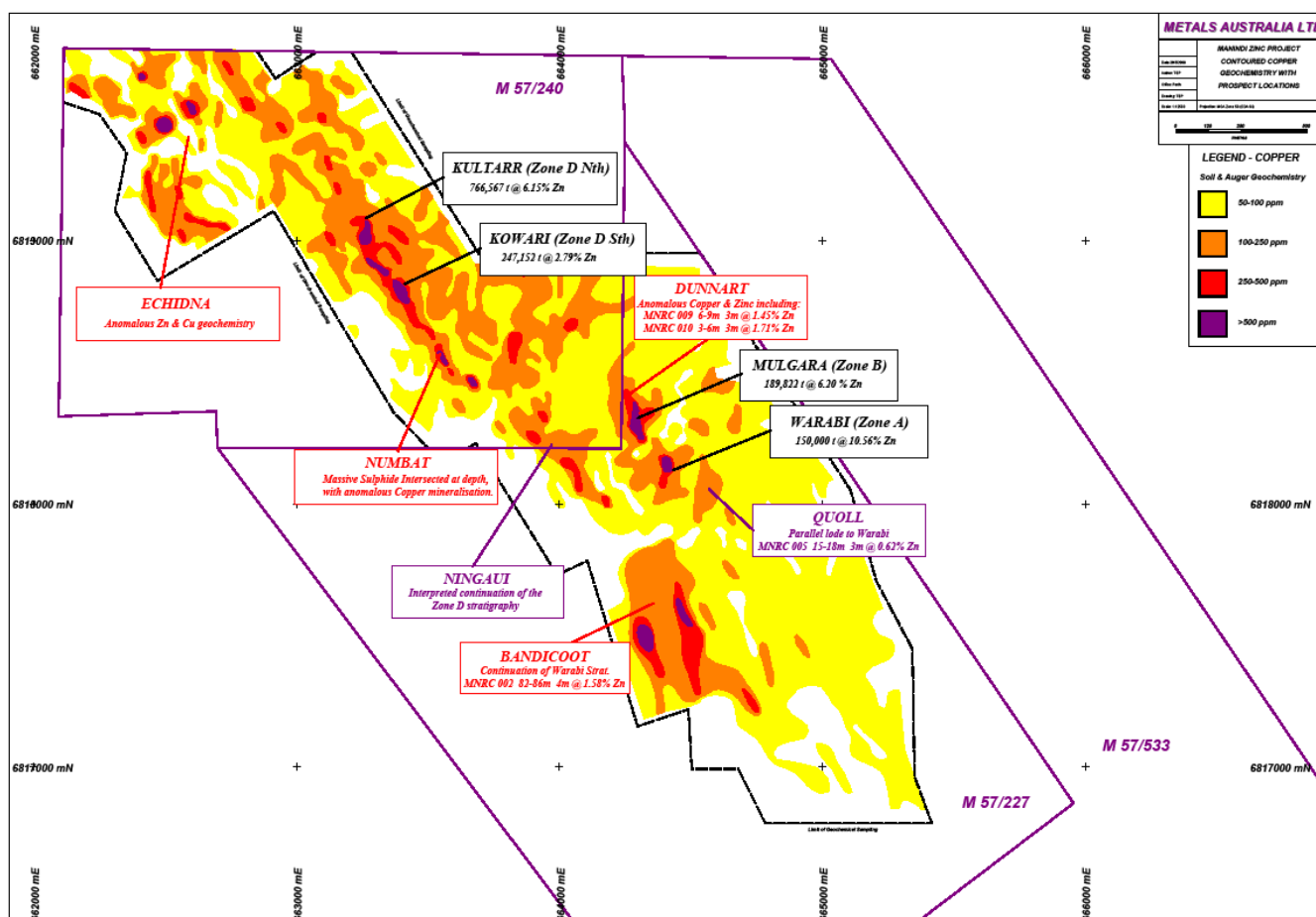


Figure 2B – Manindi contoured copper geochemistry & prospects

NEAR RESOURCE POTENTIAL

Drilling by Metals has been aimed at defining and expanding the existing resources at Warabi (Zone A), Mulgara (Zone B), Kowari (Zone D Sth) and Kultarr (Zone D Nth). This drilling was successful in defining the resources, in addition to which further target areas were outlined. A review of the exploration data shows that both copper and zinc targets are present within the 'resource environs'.

Target areas highlighted by the geological study include:

NUMBAT

The Numbat target is located along strike from Zone D, to the south. Numbat shows a larger geochemical 'footprint' (>350 metres of strike) than Kultarr (250 metres of strike), which are located 600 metres to the north along strike and hosts the largest of the Manindi resources (733,000 tonnes @ 6.05% Zn) identified to date.

Numbat is highlighted by a number of criteria that targets it for further drill testing (see Figures 3A & B):

- **Stratigraphy** – the target lies directly along strike from the largest resource within the Manindi stratigraphy.
- **Geochemistry** – the Numbat geochemical anomaly covers more than **400 metres of strike and remains largely untested by drilling**. The anomaly averages more than 250 ppm zinc, with peak values in excess of 1,000 ppm, and copper values in excess of 500 ppm.

Limited drilling beneath the geochemical anomaly at Numbat encountered massive sulphide mineralisation over significant widths (see photo below), including:

MND 025	23.00 metres of Semi to Massive Sulphides	from 115.00 metres
Including	17.53 metres @ 0.26% Copper	from 115.25 metres
With	0.80 metres @ 1.20% Copper	from 129.30 metres



Drilling appears to have intersected the 'feeder' to the mineralised system. These 'feeders' generally lie below the base metal mineralisation and are characterised by weak gold and copper mineralisation.

Drilling is required higher in the stratigraphy, or further to the west, which should then intersect the base metal mineralisation.

Drilling will be extended along the strike length of the target area, with drill fences testing both the 'feeder' system and the mineralised lode.

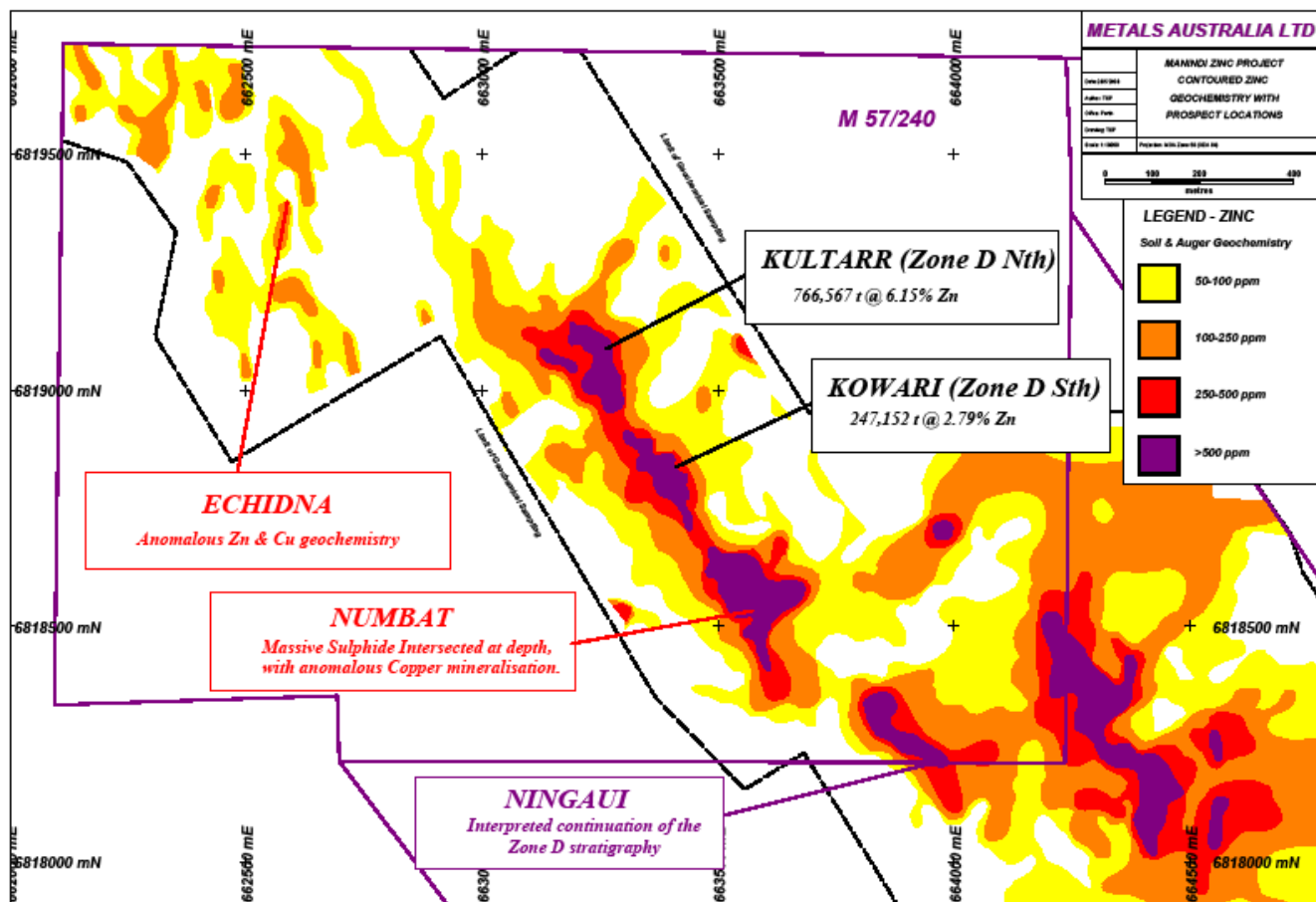


Figure 3A – Northern prospects, Contoured zinc geochemistry.

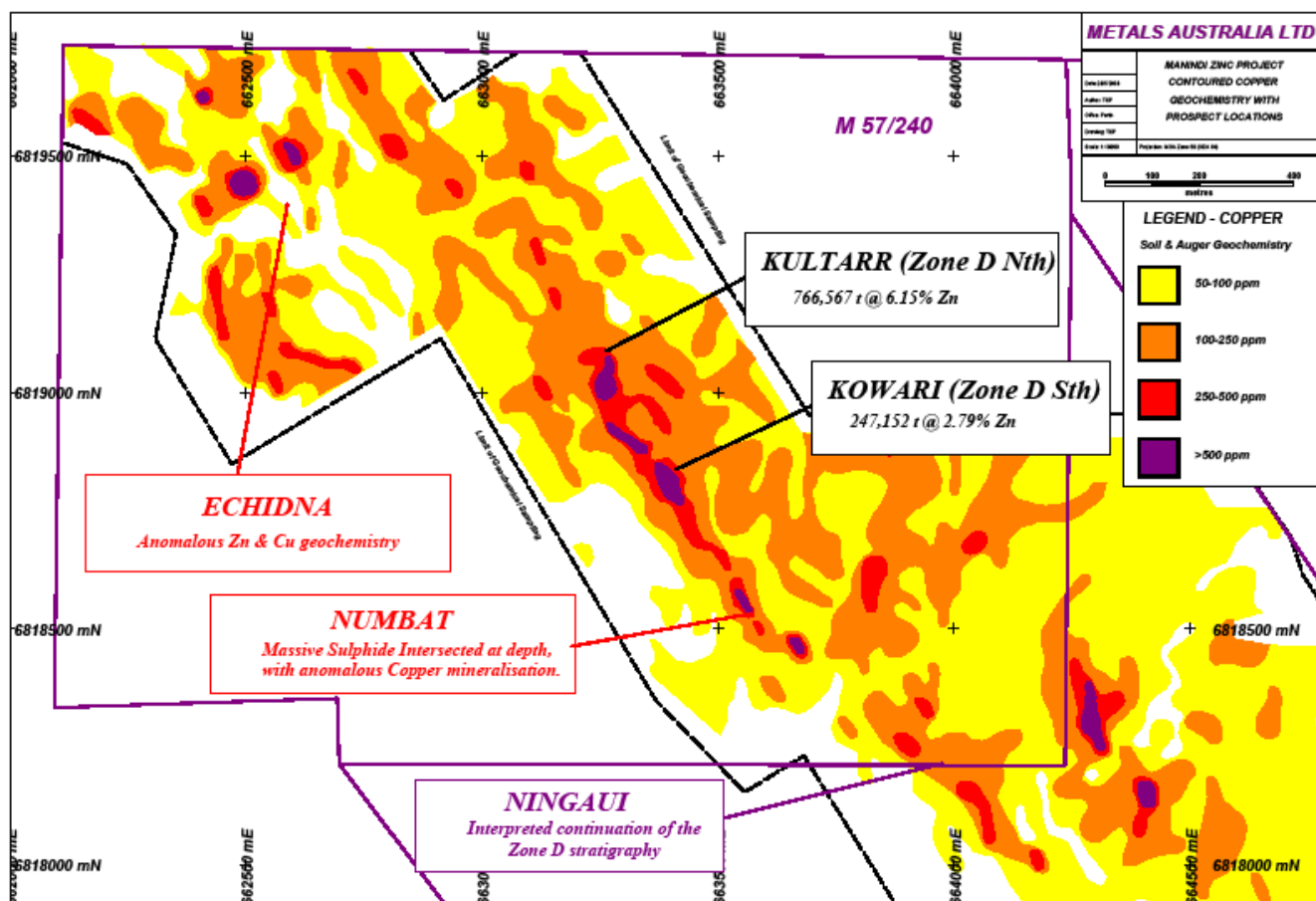


Figure 3B – Northern prospects, Contoured copper geochemistry.

NINGAUI

The Ningai prospect is located along the southern strike extensions of Kultarr, Kowari and Numbat. Ningai remains only partially tested by drilling.

Ningai is highlighted by a number of criteria that targets it for drill testing (see Figures 3A & B):

- **Stratigraphy** – along the southern strike extensions of Numbat and Kultarr. The target covers a fold hinge that may have acted as a focus for mineralisation.
- **Geochemistry** - a substantial geochemical anomaly covers the Numbat target and remains largely untested by drilling. The anomaly covers more than 300 metres of strike and averages more than 250 ppm zinc, with peak values in excess of 1,000 ppm and copper values in excess of 250 ppm (see Figure 3).

Limited drilling at Ningai has previously intersected zinc mineralisation, including:

MNRC 015 3.00 metres @ 1.00% Zinc from 71.00 metres

Drilling will be extended to cover the strike length of the target area.

DUNNART (NEW TARGET AREA)

The Dunnart target is located directly along strike from the Mulgara (Zone B) resource. The target covers the northern extensions of the geochemical anomaly, with more than 150 metres of strike remaining largely untested by drilling.

Dunnart is highlighted by a number of criteria that targets it for further exploration (see Figures 4A & B):

- **Stratigraphy** – Dunnart is directly along strike from the Mulgara and Warabi resources and covers a fold hinge that may have acted as a focus for mineralisation.
- **Geochemistry** – geochemical anomalism shows mineralisation continuing to the north of Mulgara, before being masked by recent alluvial sediments. Dunnart shows copper and zinc values in excess of 1,000 ppm at surface.

Drilling has only tested part of the geochemical anomaly at Dunnart. The only two holes into the target both returned significant zinc mineralisation, including:

MNRC 009 3.00 metres @ 1.45% Zinc & 0.38% Copper from 6.00 metres

MNRC 010 3.00 metres @ 1.71% Zinc & 0.20% Copper from 3.00 metres

In addition shallow drilling at Mulgara, to the south, has shown significant copper mineralisation that has yet to be followed up, including:

MND 003 4.90 metres @ 3.95% Copper from 5.70 metres

Drilling will be designed to test the strike extents of the geochemical anomaly as well as the strike extensions of the anomaly below alluvial cover.

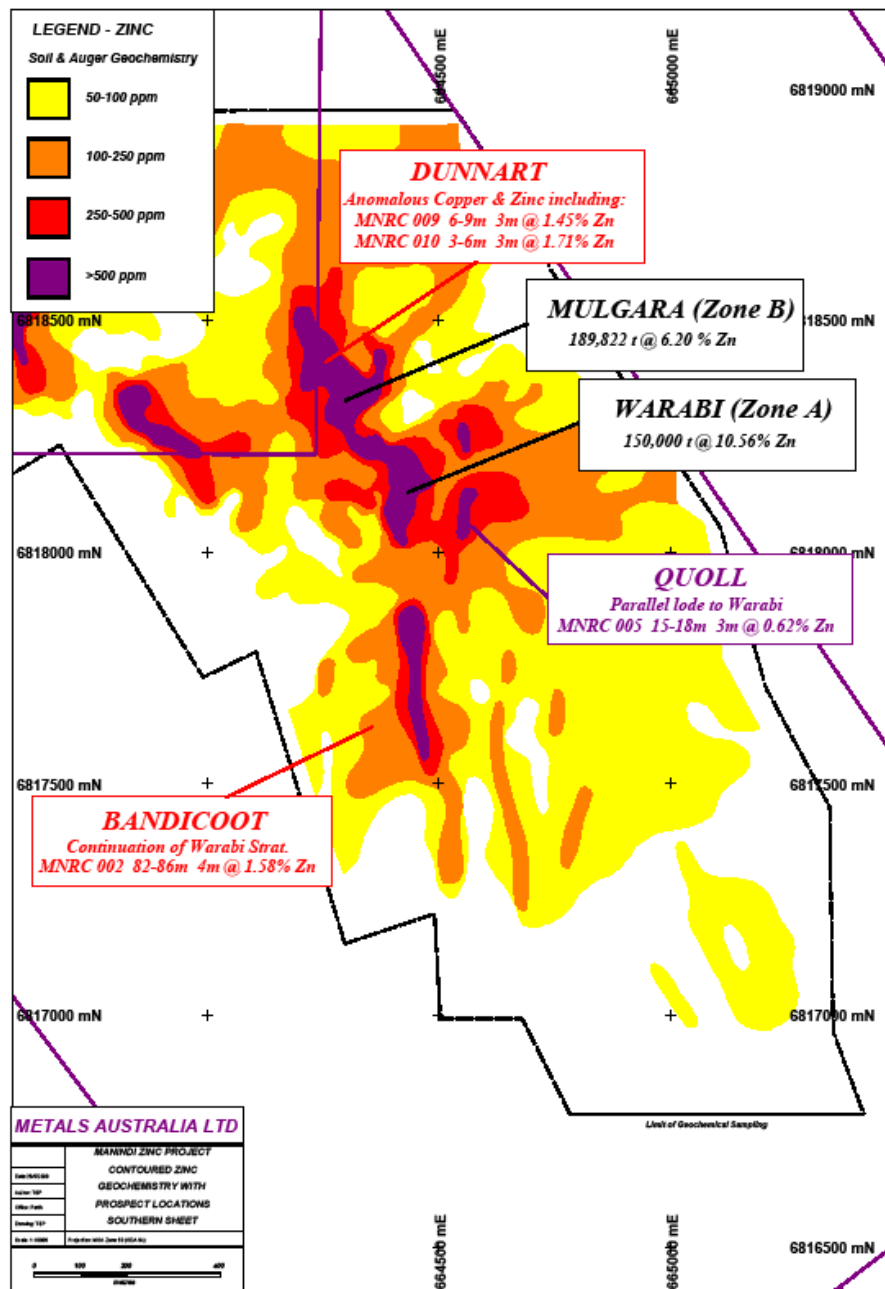


Figure 4A – Southern Prospects, Contoured Zinc Geochemistry

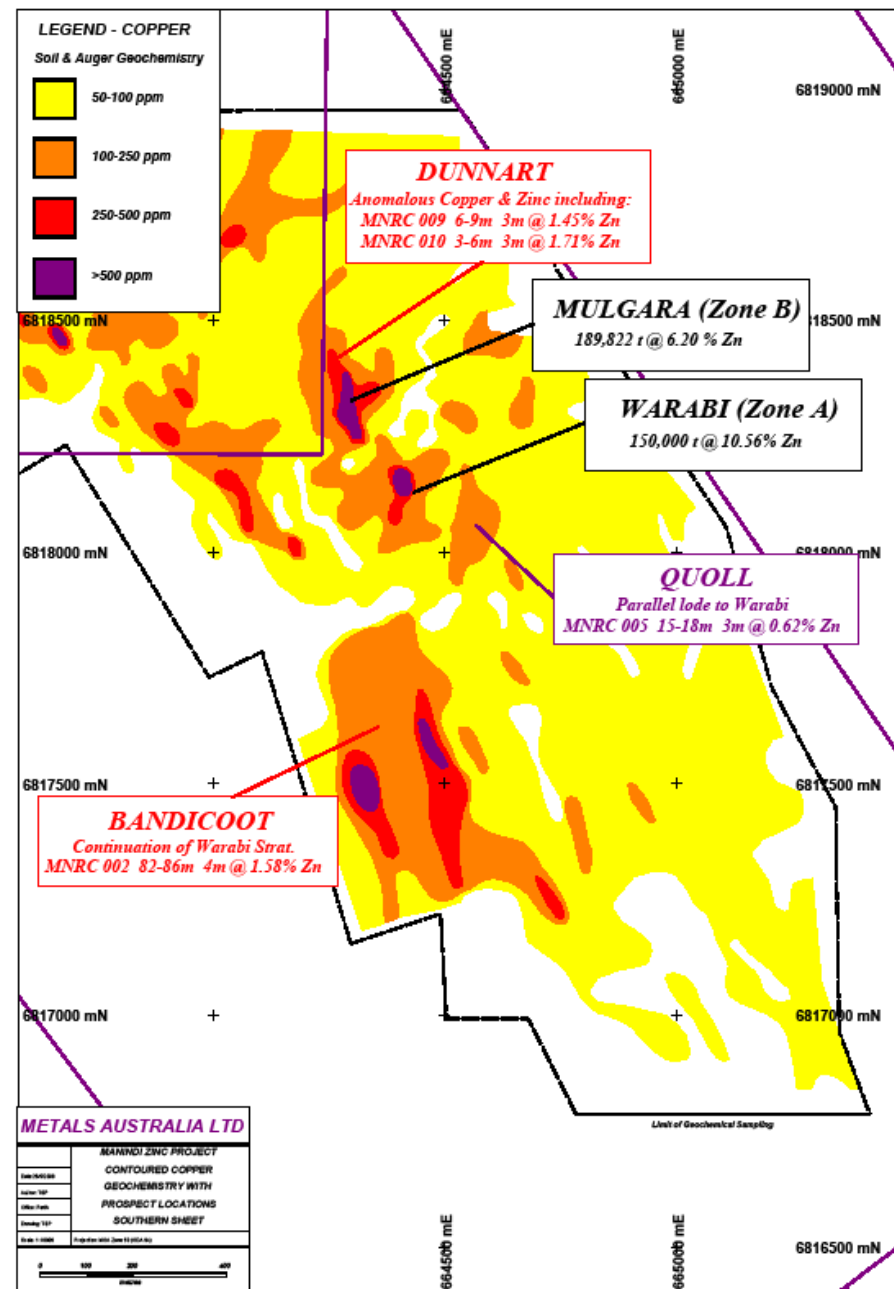


Figure 4B – Southern Prospects, Contoured Copper Geochemistry

QUOLL

The Quoll target area is located immediately to the east of Warabi and appears to be a repetition of the mineralised lode. The target is defined by geochemistry with preliminary drilling returning positive results.

The target area extends into an area of thin sand and soil cover, however geochemistry defines the target (see Figures 4A & B):

- **Stratigraphy** – Quoll appears to be a ‘footwall’ repetition of the Warabi resource.
- **Geochemistry** – geochemical anomalism shows mineralisation 100 metres to the east of Warabi. The anomaly covers **more than 300 metres of strike**, prior to being masked by increasing recent sand and gravel cover. The geochemical target shows a broad 100 ppm zinc anomaly, with peak values of over 1,000 ppm and copper values of over 100 ppm copper.

Preliminary drilling returned encouraging results such as:

MNRC 005	3.00 metres @ 0.62% Zinc	from 15.00 metres
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Further drilling is required along the strike extents of the anomaly and at depth to evaluate its potential to host economic mineralisation.

BANDICOOT

Resource drilling and modelling indicates that the mineralisation defined at Warabi continues to the south into the Bandicoot area, covering **over 600 metres of strike**. Existing drilling is limited to the northern extents of Bandicoot, but has intersected zinc mineralisation including:

MNRC 002	4.00 metres @ 1.58% Zinc	from 82.00 metres
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The target area extends into an area of sand and soil cover, however auger geochemistry and modelling has highlighted the target for further exploration (see Figures 4A & B):

- **Stratigraphy** – Bandicoot extends south from Warabi with geological modelling highlighting the target for drill testing.
- **Geochemistry** – geochemical anomalism shows mineralisation continuing to the south of Warabi for more than 600 metres, prior to being masked by increasing recent sand and gravel cover. The geochemical target shows a zinc response as well as two parallel copper anomalies, showing peak values in excess of 500 ppm copper.

The copper geochemistry appears to show two separate lodes at Bandicoot that require drill testing. A programme of drilling will be designed to test the strike extensions of Warabi through to Bandicoot.

REGIONAL POTENTIAL

Metals have undertaken a detailed review of the entire Manindi project area, which includes **more than 7.5 kilometres of prospective strike**. To date drilling has tested **less than 2.5 kilometres** of stratigraphy, while the remaining 5 kilometres of strike remain only partially tested by surface geochemistry. The surface geochemistry highlights a number of copper and zinc targets that require drill testing.

The geological review highlighted several new target areas that warrant further exploration (see Figure 5):

Target 1 – Northern Strike Extensions

The strike extensions of the stratigraphy to the north of Kultarr remain largely untested by drilling. The target area extends to the northern tenement boundary with a number of criteria highlighting the target for further exploration:

- **Stratigraphy** – the target area lies directly along the northern strike extensions of the Kultarr-Kowari mineralised stratigraphy.
- **Geophysics** – surface and down hole geophysics (EM) indicates a conductive target along strike from Kultarr.
- **Geochemistry** – geochemical anomalism shows mineralisation continuing to the north along strike from Kultarr, below increasing recent sand and gravel cover. In addition the **Echidna** target area (see Figure 3), showing anomalous copper and zinc mineralisation, is located approximately 700 metres to the northwest of Kultarr.

The target area covers **more than 750 metres of strike**, with detailed analysis of existing drilling underway.

Target 2 – Southern Strike Extensions

Shallow drilling has only sparsely tested the strike extensions of the stratigraphy, to the south of the Warabi resource. The target area extends through the southern project area along the gabbro-volcanoclastic contact, with a number of criteria highlighting the target area for further exploration:

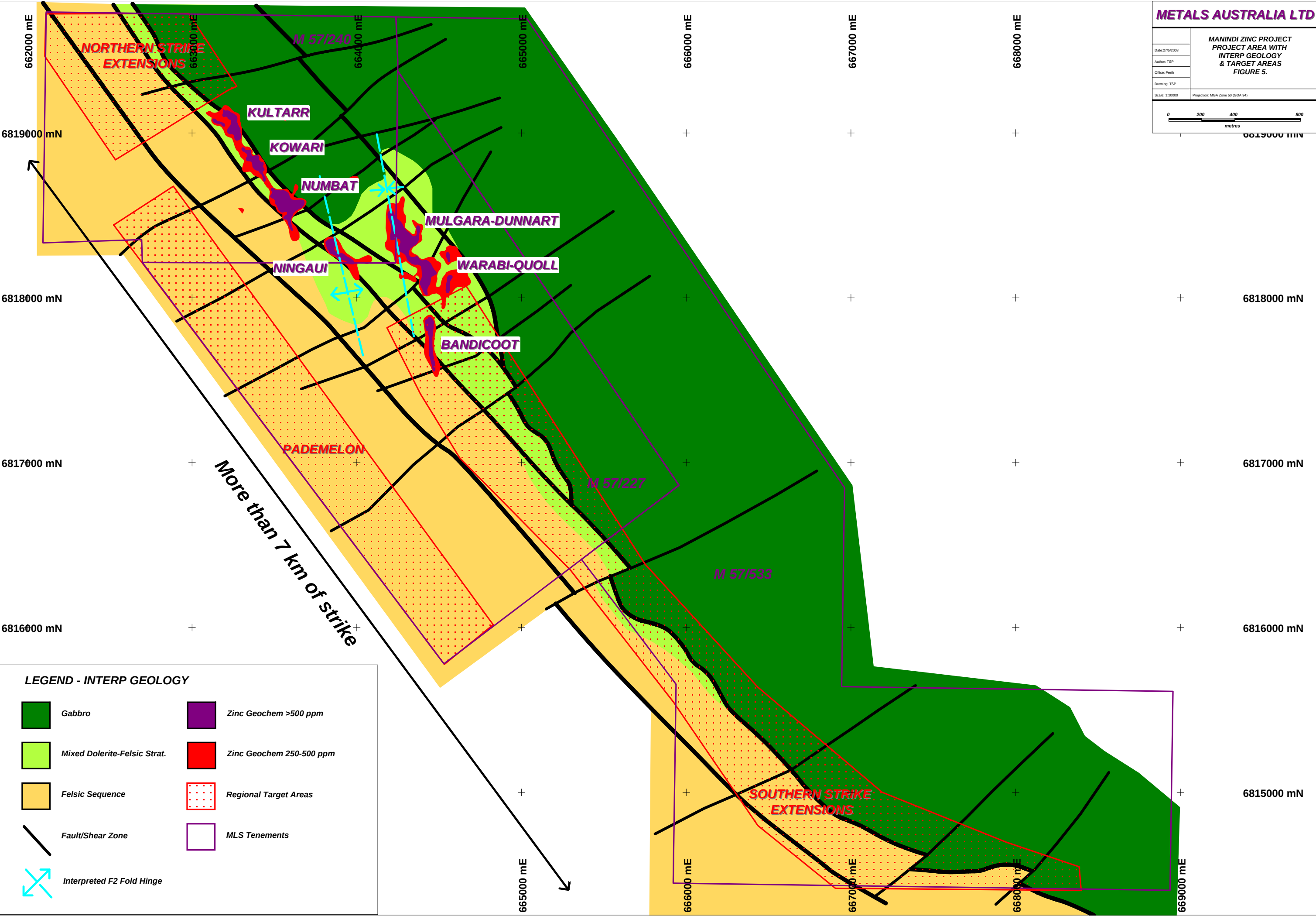
- **Stratigraphy** – the target area follows the mineralised stratigraphy to the south, along strike from both the Mulgara and Warabi resources.
- **Geophysics** – aeromagnetic data demonstrates the continuation of the mineralised contact along strike.
- **Geochemistry** – geochemical anomalism shows mineralisation continuing to the south of Warabi, highlighted by a strong copper-zinc target at Bandicoot. Increasing recent sand and gravel cover masks any anomalism to the south of the Bandicoot target area.

The target area covers more than **5,000 metres of strike**, with geochemical targets defined through both surface sampling and shallow drilling. The southern extremities of the tenement area are amenable to geochemical sampling but remain unsampled to date.

A programme of surface geochemistry is planned for the southern target area, while analysis of shallow drilling through the areas of thick cover, is currently underway.

Target 3 – Pademelon

The Pademelon target is located to the west of the delineated mineralisation in the resource areas. The target area covers upper units of volcanoclastic stratigraphy, with a number of criteria highlighting the target area for sampling:



- **Stratigraphy** – the target area covers the upper units of the host volcanoclastic stratigraphy. Volcanogenic Massive Sulphides (VMS) are known to be long-lived, stacked systems with several pulses of mineralisation. To date only one of these pulses has been defined at Manindi.
- **Geochemistry** – limited geochemistry over the eastern side of the target already shows several discrete anomalies, with sampling to the north (Echidna) showing anomalism. The target requires close spaced geochemical sampling.

The target area covers more than **three kilometres of strike** and has yet to be comprehensively tested with either geochemistry or drilling, however the geochemical anomalism at '**Echidna**', along strike, enhances the prospectivity of the target.

ONGOING EXPLORATION & DEVELOPMENT

Metals have an active exploration and development programme within the project area. The ongoing work programme includes:

4.1 Exploration

Exploration in the coming months will be undertaken in two phases:

Surface Geochemistry

A programme of surface geochemistry has been completed over a number of areas, including both the northern and southern extensions to the known mineralisation. In addition sampling covered the areas of outcrop to the west of the resource areas.

A total of 726 soil samples were collected and submitted to Genalysis Laboratories in Perth for assay. Results of this sampling should be received in August of 2008.

Drilling

Drilling is currently being planned on a number of targets area, including:

- Numbat
- Ningau
- Dunnart
- Quoll
- Bandicoot

Drilling will test both near surface and deeper targets, in addition to any targets generated through geochemical sampling.

4.2 Development

Mining and metallurgical studies continue with a view to progressing the development of the project. Consultants have recently commenced a mining study to assess the viability of mining the existing resources and the methodology required, whether by underground or open pit methods.

The metallurgical test work for flotation, to produce a concentrate, is entering its final phases, with results to be announced as they are received.

B. SHERLOCK BAY EXTENDED BASE METAL PROJECT - PILBARA

The Sherlock Bay Extended project is composed of a granted 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 Australasian Resources Ltd (70% interest) and Metals Australia Ltd (30% interest). Australasian Resources 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.

No exploration was reported during the quarter at Sherlock bay Extended.

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 Alex Clemen of Clemen & Associates Pty Ltd, who is a member of the Australian Institute of Mining & Metallurgy. Mr. Putt and Mr Clemen have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are 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". Messers Putt and Clemen consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

For further information please contact:

Tim Putt - Exploration Manager Phone (08) 9481 7833

Or consult our website:

www.metalsaustralia.com.au

APPENDIX A - MILE 72 SAMPLES >100 ppm URANIUM OXIDE

Sample No.	Trench No.	MLS Rock Type	U3O8 ppm	U3O8 %	Th ppm
G1645	1	ALASKITE	173	0.017	9
G1646	1	ALASKITE	117	0.012	15
G1647	1	SCHIST	249	0.025	12
G1650	1A		368	0.037	9
G1653	1A		157	0.016	6
G1654	1A		196	0.020	14
G1655	1A		184	0.018	8
G1626	2	SCHIST	209	0.021	12
G1629	2		124	0.012	10
G1632	2	GRAVEL	149	0.015	8
G1633	2	SCHIST	1,195	0.120	16
G1634	2	SAND	192	0.019	22
G1637	2	SCHIST	124	0.012	8
G1638	2		237	0.024	<5
G1640	2		103	0.010	8
G1603	2A	GRAVEL/ GYPCRETE	450	0.045	<5
G1606	2A		236	0.024	<5
G1608	2A		165	0.017	<5
G1613	2A		103	0.010	<5
G1615	2A		676	0.068	10
G1616	2A		2,348	0.235	13
G1623	2A		2,425	0.242	15
G1624	2A		5,251	0.525	24
G1625	2A		769	0.077	16
F1603	3	SCHIST	321	0.032	9
F1604	3	GYPCRETE	1,093	0.109	7
F1606	3	ALASKITE	1,219	0.122	10
F1607	3	SCHIST	1,252	0.125	16
F1608	3	SCHIST	118	0.012	6
F1609	3	SCHIST	185	0.019	<5
F1610	3	ALASKITE	1,770	0.177	17
F1613	3	PEGMATITE	644	0.064	13
F1614	3	PEGMATITE	152	0.015	14
F1620	3	ALASKITE	260	0.026	9
F1622	3	ALASKITE	135	0.013	6
F1623	3	SCHIST	360	0.036	8
F1624	3	SCHIST	190	0.019	12
F1625	3	SCHIST	181	0.018	10
F1626	3	SCHIST	156	0.016	7
F1627	3	SAND/GRAVEL	155	0.015	13
F1630	3		229	0.023	11
F1633	3	PEGMATITE	1,313	0.131	18
F1634	3	SCHIST	267	0.027	10
F1635	3		260	0.026	8
F1637	3	SCHIST	283	0.028	8
F1639	3	SCHIST	517	0.052	10
F1640	3	GYPCRETE	671	0.067	12
F1641	3	GYPCRETE	185	0.019	11
F1645	3	PEGMATITE	913	0.091	8
F1646	3	SCHIST	367	0.037	10
F1649	3	SCHIST	812	0.081	16
F1650	3	PEGMATITE	106	0.011	12
F1651	3	CLAY	955	0.095	14
F1652	3	PEGMATITE	159	0.016	<5

APPENDIX A - MILE 72 SAMPLES >100 ppm URANIUM OXIDE

Sample No.	Trench No.	MLS Litho	U3O8 ppm	U3O8 %	Th ppm
F1653	3	DOLERITE	203	0.020	8
F1654	3	PEGMATITE	156	0.016	<5
F1657	3	DOLERITE	291	0.029	7
F1659	3		118	0.012	12
F1663	3	SCHIST	176	0.018	10
F1664	3	SCHIST	123	0.012	20
F1666	3	PEGMATITE	129	0.013	9
F1667	3	SCHIST	214	0.021	9
F1669	3	GYPCRETE	242	0.024	13
F1671	3	SCHIST	457	0.046	7
F1672	3	PEGMATITE	525	0.053	11
F1673	3	GYPCRETE	741	0.074	10
F1675	3	SCHIST	156	0.016	10
F1677	3	GRANITE	430	0.043	9
F1679	3	GYPCRETE	354	0.035	<5
F1680	3		280	0.028	7
F1683	3	GYPCRETE	116	0.012	<5
F1686	3		133	0.013	9
F1687	3	GRANITE	110	0.011	<5
F1688	3	PEGMATITE	544	0.054	<5
F1690	3	GRANITE	191	0.019	<5
F1691	3	GRANITE	549	0.055	13
F1692	3		1,480	0.148	12
F1693	3	QUARTZITE	1,977	0.198	16
F1694	3	PEGMATITE	607	0.061	<5
F1695	3		208	0.021	<5
F1698	3		3,796	0.380	21
G1225	3A	ALASKITE	349	0.035	12
G1228	3A	DOLERITE	474	0.047	7
G1229	3A	SCHIST	198	0.020	10
G1230	3A	ALASKITE	1,215	0.122	8
G1231	3A	ALASKITE	328	0.033	6
G1233	3A	GRANITE	116	0.012	<5
G1234	3A		523	0.052	<5
G1236	3A	ALASKITE	401	0.040	<5
G1238	3A		119	0.012	6
G1239	3A		3,351	0.335	24
G1240	3A		227	0.023	8
G1245	3A	ALASKITE	194	0.019	12
G1246	3A	ALASKITE	145	0.015	7
G1249	3A	GRANITE/SCHIST	2,326	0.233	18
G1251	3A	GRANITE	465	0.046	6
G1252	3A		133	0.013	<5
G1256	3A	ALASKITE	306	0.031	9
G1257	3A	ALASKITE	466	0.047	<5
G1258	3A	SCHIST	190	0.019	<5
G1259	3A	ALASKITE	459	0.046	9
G1260	3A	ALASKITE	149	0.015	7
G1261	3A	ALASKITE	143	0.014	<5
G1262	3A	DOLERITE	438	0.044	<5
G1263	3A		178	0.018	<5
G1265	3A		367	0.037	8
G1267	3A	ALASKITE	376	0.038	9
F1699	4	SAND/GRAVEL	158	0.016	8

APPENDIX A - MILE 72 SAMPLES >100 ppm URANIUM OXIDE

Sample No.	Trench No.	MLS Litho	U3O8 ppm	U3O8 %	Th ppm
F1700	4	DOLERITE	100	0.010	<5
G1204	4	PEGMATITE	190	0.019	13
G1207	4	ALASKITE	125	0.013	<5
G1209	4		266	0.027	<5
G1217	4		254	0.025	<5
G1219	4		117	0.012	10
G1504	4	CLAY	342	0.034	<5
G1506	4	DOLERITE	319	0.032	5
G1508	4	DOLERITE	221	0.022	6
G1511	4	ALASKITE	261	0.026	7
G1512	4	PEGMATITE	224	0.022	8
G1513	4	ALASKITE	242	0.024	8
G1514	4	CLAY	129	0.013	7
G1518	4	GRAVEL/GYPCRETE	1,847	0.185	9
G1519	4		175	0.017	<5
G1271	5	ALASKITE	130	0.013	5
G1273	5		176	0.018	<5
G1274	5		745	0.074	5
G1275	5		2,406	0.241	13
G1276	5		906	0.091	8
G1277	5		168	0.017	<5
G1280	5	ALASKITE	185	0.019	6
G1282	5	ALASKITE	330	0.033	8
G1284	5		2,636	0.264	14
G1286	5		111	0.011	<5
G1288	5		104	0.010	<5
G1290	5		526	0.053	7
G1292	5	CLAY	2,765	0.276	18
G1294	5		173	0.017	5
G1300	5	CLAY	1,267	0.127	<5
G1521	6	GYPCRETE	197	0.020	<5
G1522	6	ALASKITE	1,476	0.148	6
G1524	6	SCHIST	118	0.012	10
G1526	6	GRANITE	571	0.057	13
G1527	6	SCHIST	207	0.021	11
G1529	6	SCHIST	1,627	0.163	15
G1531	6		1,343	0.134	14
G1532	6	GRANITE	558	0.056	11
G1533	6	PEGMATITE	107	0.011	<5
G1534	6	ALASKITE	1,015	0.101	9
G1536	6	SCHIST	5,119	0.512	29
G1540	6	SCHIST	5,413	0.541	27
G1542	6	GRANITE	795	0.080	6
G1543	6	SCHIST	138	0.014	12
G1544	6		1,838	0.184	17
G1545	6		2,690	0.269	19
G1546	6	SCHIST	119	0.012	11
G1547	6		315	0.032	10
G1548	6		386	0.039	7
G1551	7		155	0.015	5
G1552	7	GRANITE	118	0.012	<5
G1553	7	SCHIST	342	0.034	12
G1554	7	SCHIST	3,341	0.334	19
G1555	7	SCHIST	143	0.014	11

APPENDIX A - MILE 72 SAMPLES >100 ppm URANIUM OXIDE

Sample No.	Trench No.	MLS Litho	U3O8 ppm	U3O8 %	Th ppm
G1557	7	GRANITE	278	0.028	6
G1560	7	GRANITE/SCHIST	726	0.073	8
G1561	7	GRANITE	182	0.018	<5
G1562	7	GRANITE	343	0.034	8
G1563	7	ALASKITE	199	0.020	<5
G1564	7	ALASKITE	789	0.079	6
G1567	7	ALASKITE	975	0.097	7
G1568	7		230	0.023	<5
G1569	7	GRANITE	1,342	0.134	8
G1570	7	PEGMATITE	136	0.014	<5
G1571	7		664	0.066	<5
G1572	7	PEGMATITE	119	0.012	7
G1573	7	SCHIST	493	0.049	6
G1576	7	SCHIST	3,920	0.392	17
G1583	7	SCHIST	202	0.020	<5
G1584	7		1,416	0.142	9
G1586	7	SCHIST	4,438	0.444	22
G1587	7		856	0.086	11
G1588	7	SCHIST	1,035	0.103	8
G1590	7	SCHIST	304	0.030	6
G1593	7A	SCHIST	245	0.025	9
G1594	7A	SCHIST	1,536	0.154	13
G1595	7A	SCHIST	129	0.013	9
G1597	7A		248	0.025	8
G1600	7A	SCHIST	290	0.029	6