

MILE 72 URANIUM DRILL PERMITS FINALISED



Drilling Rig at Mile 72 in Early 2012. Metals is set to commence an RC program in September targeting primary uranium mineralisation

HIGHLIGHTS

- Metals has received the renewal of the environmental permit at Mile 72 uranium project, allowing drilling to proceed
- A drilling contractor has been engaged and final preparations are underway for September drilling commencement at the project
- Metals will conduct a 4,000 m RC drilling program to test a number of priority targets down to approximately 85 m below surface
- The Company has raised \$500,000 to fund the current drill program and potential further drill programs.

DRILLING TO COMMENCE AT MILE 72

Metals intends to commence an initial 4,000 m RC drilling program at the Company's Mile 72 Project in Namibia (Figure 1). It has finalised a number of priority targets for drill testing. Forty drill holes are planned to test up to a depth of approximately 85 m below the surface. The drilling will target primary Rössing-style, alaskite-hosted uranium mineralisation.

Recent geophysical, radiometric and geochemical exploration has allowed the company to refine the geological interpretation of the Mile 72 area. A large area of the licence is interpreted to be underlain by the potential uranium-bearing target sequence of Damara schists, granites and alaskites.

The Mile 72 project lies within Namibia's alaskite province, which also hosts the Rössing and Husab uranium deposits (Figure 2). Uranium mineralisation on surface at Mile 72 occurs as secondary carnotite within gypcrete, and importantly, as carnotite in the alaskite units.

ENVIRONMENTAL PERMIT RENEWAL

The company has now received renewal of the environmental permit required before drilling can commence. The permit is valid for a period of three years.



Figure 1 – Location of the Mile 72 uranium project, Namibia.



Figure 2 – Areas exhibiting prime geological conditions for the genesis of alaskites. Mile 72 has the same conditions as those experienced at Husab, Rössing and Valencia. (Red = peak conditions ideal for genesis of alaskite. Pink = peak conditions exceeded required conditions but area still hosts potential for alaskites.)

PLANNED DRILLING

The Company plans to commence a 4,000 m drilling program at Mile 72 this month. A drilling contractor has been engaged and is expected to be on site in mid-September. The program is designed to test several target areas previously identified in the south of the Kudu-Impala prospect area (See Figure 3).

CORPORATE

On Monday, 19 August, Metals announced that it had agreed to raise A\$500,000 through a placement to a sophisticated investor under ASX Listing Rule 7.1. The money will be used to fund the current drill program, potential future programs and also to provide additional working capital.

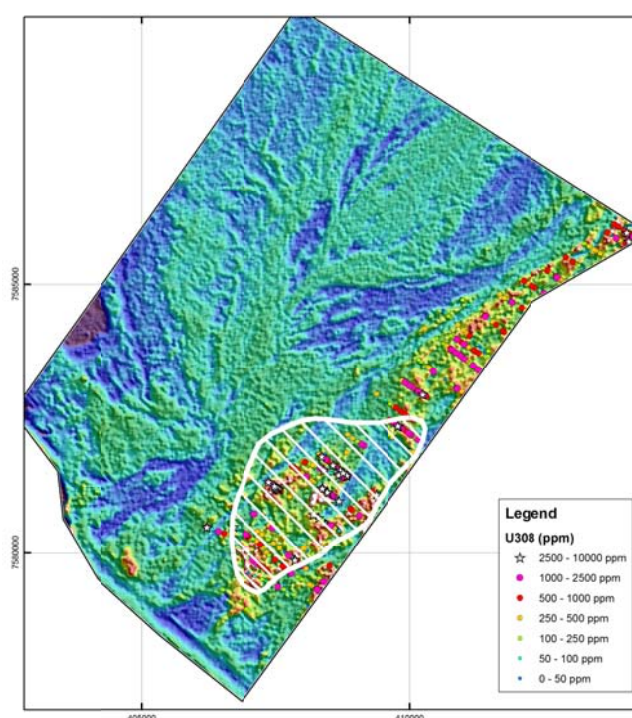


Figure 3 – Several target areas have been defined in a broad zone in the south of the licence (white, cross-hatched). The targets are defined on numerous criteria, including geology, and magnetic and radiometric response. Shown on the licence area are surface geochemical results and high-resolution radiometrics.

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Competent Person Declaration

The information in this release relating to the geology and exploration results of the projects owned by Metals Australia Ltd is based on information compiled by Dr Matthew Painter, who is a consultant to Metals Australia. Dr Painter is a member of The Australian Institute of Geoscientists, a Recognised Professional Organisation by the Australasian Joint Ore Reserves Committee, and has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken 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". Dr Painter consents to the inclusion in this 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.