

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Mt Isa Metals Limited

ABN

59 120 212 017

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 25,937,500 fully paid ordinary shares to be issued in accordance with a 1 for 4 Institutional and Retail Non-Renounceable Entitlement Offer. |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Yes

5 Issue price or consideration

\$0.15 per Ordinary Share

6 Purpose of the issue

(If issued as consideration for the acquisition of assets, clearly identify those assets)

Pro rata issue

7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates

The shares will be issued as follows:

- 12,500,000 on 23 September 2010 (Institutional Offer)
- 13,437,500 on 19 October 2010 (Retail Offer)

8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)

Number	⁺ Class
Currently on Issue:	103,750,000 Ordinary
Rights issue shares to be issued on 23-Sep-10	12,500,000 Ordinary
Rights issue shares to be issued on 19-Oct-10	13,437,500 Ordinary
Total	129,687,500 Ordinary

9 Number and ⁺class of all ⁺securities not quoted on ASX (including the securities in clause 2 if applicable)

Number	⁺ Class
5,900,000	Options (\$0.20 @ 31-May-12)
3,700,000	Options (\$0.20 @ 20-Aug-11)
1,500,000	Options (\$0.25 @ 20-Aug-11)
700,000	Options (\$0.25 @ 30-Jun-12)

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

+ See chapter 19 for defined terms.

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-Renounceable
13	Ratio in which the ⁺ securities will be offered	1:4
14	⁺ Class of ⁺ securities to which the offer relates	Ordinary
15	⁺ Record date to determine entitlements	20 September 2010
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded up to the nearest whole number
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	The offer is not being extended to any shareholders whose registered address is outside Australia, New Zealand or Hong Kong
19	Closing date for receipt of acceptances or renunciations	11 October 2010 (Retail Offer)
20	Names of any underwriters	The Retail Offer will be fully underwritten by Bizzell Capital Partners Pty Ltd

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

21	Amount of any underwriting fee or commission	<p>The Company has agreed to pay the Underwriter the following fees:</p> <ul style="list-style-type: none"> ▪ 5% on the value of all New Shares issued by the Company under the Offer and the Institutional Placement; ▪ A 1% fee on the value of the Underwritten Amount; and ▪ 1 million Options exercisable at \$0.25 each expiring three years from the date of issue <p>In the event that any Existing Options are exercised before the Record Date, entitling the holder of the Shares issued upon exercise of the Existing Options to participate in the Offer, the Additional Rights will not be underwritten, consequently no further underwriting fees will be payable relating to the Additional Shares issued as a result of the exercise of the Existing Options.</p>
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	1% of the application amount (including GST) to a maximum of \$250 per application
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	23 September 2010
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	6 September 2010
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable

+ See chapter 19 for defined terms.

30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	Not applicable
33	⁺ Despatch date	Not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(*tick one*)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
 If the additional securities do not rank equally, please state:
 ▪ the date from which they do
 ▪ the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 ▪ the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-
- 41 Reason for request for quotation now
 Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)
-
- | | Number | +Class |
|---|--------|--------|
| 42 Number and +class of all +securities quoted on ASX (including the securities in clause 38) | | |

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those +securities should not be granted +quotation.

 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

DP Cornish
Company Secretary
7 September 2010

== == == == ==

+ See chapter 19 for defined terms.