

MT ISA METALS LIMITED
AND ITS SUBSIDIARIES

A.B.N. 59 120 212 017

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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

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AUDITORS

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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 ITS SUBSIDIARIES

DIRECTORS 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 2010.

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 large-scale gold deposits in world-class mineral provinces.

Exploration - West Africa

Mt Isa Metals has continued to advance gold exploration activities across its substantial portfolio of exploration permits in Burkina Faso, West Africa.

Mt Isa Metals' Burkina Faso permits are secured under option agreements that provide the Company with the exclusive right to conduct exploration activities and an option to acquire a 100% interest in each permit by making staged payments over a three year period.

During the half-year:

- Mt Isa Metals completed its maiden drilling program in Burkina Faso testing three prospect areas in the Kongolokoro and Yactibo Project areas.
- Significant high grade drill intersections were received from the Bantou Prospect (located in Kongolokoro Project area in south-west Burkina Faso). Assay results included:
 - 4m @ 3.59g/t Au from 38m (in DYRC01)
 - 8m @ 80.32g/t Au from 36m (in DYRC03)
 - 5m @ 6.12g/t Au from 60m (in DYRC04)
 - 4m @ 4.26g/t Au from 42m (in DYRC05)
- A high resolution helicopter-borne magnetic / radiometric survey was completed over the Yactibo and Tapoa Project areas, identifying significant new structural gold exploration targets including interpreted extensions to the Nabanga structure.

MT ISA METALS LIMITED AND ITS SUBSIDIARIES

DIRECTORS REPORT

Subsequent to the end of the half-year:

- A significant new high grade gold discovery was announced from the drilling at the Nabanga Prospect (located in the Yactibo Project area in south-east Burkina Faso). Assay results included:
 - 2m @ 15.98g/t Au from 19m (in NARC003)
 - 10m @ 3.00g/t Au from 25m (in NARC004)
 - 8m @ 14.01g/t Au from 26m (in NARC006)
 - 3m @ 24.62g/t Au from 59m (in NARC011)
 - 4m @ 13.88g/t Au from 17m (in NARC017)
 - 8m @ 10.11g/t Au from 34m (in NARC030)
 - 3m @ 11.36g/t Au from 36m (in NARC031)

Exploration - Mount Isa Region

Mt Isa Metals holds in excess of 4,000km² of exploration tenements in the world-class Mount Isa region of north-west Queensland.

During the half-year:

- Mt Isa Metals sought to extend its tenement position in the region and was notified that it was the priority applicant or that grant to Mt Isa Metals was proposed over a number of new tenement areas in the Mount Isa region.
- Exploration activities in the Mount Isa region continued to focus within the Leichardt Project area which includes multiple copper-gold targets with the Barbara and Blockade exploration tenements, held in joint venture between Mt Isa Metals (49%) and Syndicated metals Limited (51% and Manager). Mt Isa Metals announced that an updated resource estimate had been completed for the Barbara Copper deposit (within EPM 16112) based on drilled completed during the 2010 field season.
- Positive assay results were received for a further 2 RC drill holes completed at the Green Zone target, located within the Barbara exploration tenement, indicating potential for a shallow open-pittable sulphide copper deposit.

Corporate

During the half-year:

- Mt Isa Metals completed a \$3.9 million capital raising by way of a 1 for 4 entitlement issue to existing shareholders together with an additional \$0.9 million placement to sophisticated investors. Funds raised are primarily being directed towards gold exploration in Burkina Faso.

Subsequent to the half-year:

- Mt Isa Metals completed a \$14.4 million capital raising (before costs) through a placement of approximately 20.57 million ordinary shares. These funds will be directed towards advancement of gold exploration projects and provide an opportunity to accelerate the assessment of the recently announced high grade Nabanga gold discovery in south-east Burkina Faso.

MT ISA METALS LIMITED AND ITS SUBSIDIARIES

DIRECTORS REPORT

- Mt Isa Metals announced the incorporation of a new and independent Burkina Faso focussed gold exploration company - Harmattan Gold Pty Ltd (HMG).

The Board of Mt Isa Metals believe that Burkina Faso offers significant potential to secure highly prospective exploration opportunities in addition to those already within Mt Isa Metals' exploration portfolio. However, Burkina Faso mining legislation restricts Mt Isa Metals from pursuing a significant expansion to its present project portfolio (a maximum limit of 10 permits per company applies).

In order to capitalise on Mt Isa Metals' operational capability, knowledge and experience gained to date in Burkina Faso, and secure an interest in an enhanced exploration footprint, MET incorporated HMG and completed a \$1.8 million seed capital raising within HMG via sophisticated investors.

Harmattan Gold Pty Ltd intends to use the seed capital funds to complete business development activities and to commence preliminary exploration activities leading up to a proposed IPO and application for a stock exchange listing in 2011.

Mt Isa Metals holds a 47.8% interest in Harmattan Gold Pty Ltd (22 million shares). In addition Mt Isa Metals also holds 34 million convertible shares in Harmattan Gold Pty Ltd which can be converted to fully paid ordinary shares at Mt Isa Metals' election.

For the half-year ended 31 December 2010, the loss for the consolidated entity after providing for income tax was \$1,345,734 (2009: \$732,816).

Auditors Independence Declaration

A copy of the independence declaration by the auditor under section 307C of the Corporations Act 2001 is included on page 6 of this half-year financial report.

This report 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
14 March 2011



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DECLARATION OF INDEPENDENCE BY DAMIAN WRIGHT TO THE DIRECTORS OF MT ISA METALS LIMITED

As auditor for the review of Mt Isa Metals Limited for the half-year ended 31 December 2010, 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, 14 March 2011

MT ISA METALS LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated Entity	
	31 December 2010	31 December 2009
	\$	\$
Revenue	32,730	31,256
Employee benefits expense	(837,972)	(306,580)
Depreciation and amortisation expenses	(24,083)	(10,864)
Legal expenses	(2,607)	(30,180)
Finance costs	(5)	(2,731)
Administration and consulting expenses	(303,587)	(148,945)
Other expenses	(210,210)	(264,772)
	(1,345,734)	(732,816)
Profit/(Loss) before income tax expense		
Income tax expense	-	-
	(1,345,734)	(732,816)
Net Profit/(Loss) for the half-year		
Other comprehensive income	-	-
	(1,345,734)	(732,816)
Total comprehensive income for the half-year		
Profit/(Loss) for the half-year is attributable to:		
Owners of Mt Isa Metals Ltd	(1,345,734)	(732,816)
Total comprehensive income for the half-year is attributable to:		
Owners of Mt Isa Metals Ltd	(1,345,734)	(732,816)
	Cents	Cents
Earnings/(loss) per share for profit attributable to owners of Mt Isa Metals Ltd:		
Basic earnings/(loss) per share (cents per share)	(1.1)	(0.7)
Diluted earnings/(loss) per share (cents per share)	(1.1)	(0.7)

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

MT ISA METALS LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	Consolidated Entity	
		31 December 2010 \$	30 June 2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents		4,447,254	1,243,388
Trade and other receivables		29,428	60,040
Other current assets		50,522	145,042
Total Current Assets		4,527,204	1,448,470
Non-Current Assets			
Plant and equipment		325,177	130,705
Other non-current assets		47,000	52,000
Exploration and evaluation expenditure		5,328,495	3,528,464
Total Non-Current Assets		5,700,672	3,711,169
TOTAL ASSETS		10,227,876	5,159,639
LIABILITIES			
Current Liabilities			
Trade and other payables		310,043	439,804
Prepaid capital contribution		1,203,336	-
Total Current Liabilities		1,513,379	439,804
TOTAL LIABILITIES		1,513,379	439,804
NET ASSETS		8,714,497	4,719,835
CONTRIBUTED EQUITY			
Issued capital	2	12,068,946	7,917,300
Reserves		2,146,289	957,539
Accumulated losses		(5,500,738)	(4,155,004)
TOTAL EQUITY		8,714,497	4,719,835

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

MT ISA METALS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
At 1 July 2009	7,945,117	(2,114,483)	957,539	6,788,173
Total comprehensive income for the half-year				
Loss for the half-year	-	(732,816)	-	(732,816)
	-	(732,816)	-	(732,816)
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Costs associated with issue of share capital	(27,817)	-	-	(27,817)
Share-based payments	-	-	-	-
	(27,817)	-	-	(27,817)
At 31 December 2009	7,917,300	(2,847,299)	957,539	6,027,540
Total comprehensive income for the half-year				
Loss for the half-year	-	(1,307,705)	-	(1,307,705)
	-	(1,307,705)	-	(1,307,705)
At 30 June 2010	7,917,300	(4,155,004)	957,539	4,719,835
Total comprehensive income for the half-year				
Loss for the half-year	-	(1,345,734)	-	(1,345,734)
	-	(1,345,734)	-	(1,345,734)
Transactions with owners in their capacity as owners				
Issue of share capital	5,086,109	-	-	5,086,109
Costs associated with issue of share capital	(934,463)	-	-	(934,463)
Share-based payments	-	-	1,188,750	1,188,750
	4,151,646	-	1,188,750	5,340,396
At 31 December 2010	12,068,946	(5,500,738)	2,146,289	8,714,497

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

MT ISA METALS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated Entity	
	31 December 2010	31 December 2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	5,655
Payments to suppliers and employees (including payments of Goods & Services Tax)	(697,045)	(625,880)
Interest paid	(5)	(2,731)
Interest received	32,730	25,601
Net cash (outflow)/inflow from operating activities	(664,320)	(597,355)
CASH FLOWS FROM INVESTING ACTIVITIES		
Refunds of security deposits	5,000	2,500
Payments for plant and equipment	(218,555)	(8,953)
Payments for exploration & evaluation	(1,921,690)	(1,877,213)
Net cash (outflow)/inflow from investing activities	(2,135,245)	(1,883,666)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	5,086,109	-
Proceeds from prepaid capital contribution	1,203,336	-
Payments for share issue expenses	(286,014)	-
Net cash (outflow)/inflow from financing activities	6,003,431	-
NET INCREASE/(DECREASE) IN CASH HELD	3,203,866	(2,481,021)
Net cash at beginning of period	1,243,388	5,056,492
NET CASH AT END OF PERIOD	4,447,254	2,575,471

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

MT ISA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

These general purpose financial statements for the half-year reporting period ended 31 December 2010 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

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 2010 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.

(a) Going concern

The half-year financial report has 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. Whilst the Directors believe sufficient funds are held for commitments over the next 12 months, the ability of the consolidated entity beyond that period, to maintain continuity of normal business activities and to pay its debts as and when they fall due, is dependent on the ability of the consolidated entity to successfully raise additional funding through debt, equity or farmout and/or the successful exploration and subsequent exploitation of areas of interest.

(b) Comparatives

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

MT ISA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated Entity		Consolidated Entity	
	2010	2009	2010	2009
	No.	No.	\$	\$
2. EQUITY SECURITIES ISSUED				
(a) Ordinary shares				
At 1 July	103,750,000	103,750,000	7,917,300	7,945,117
Shares issued during the half-year				
- 17 September 2010 (1)	1,085,716	-	232,143	-
- 20 September 2010 (2)	95,239	-	19,048	-
- 23 September 2010 (3)	12,500,000	-	1,875,000	-
- 19 October 2010 (4)	19,732,786	-	2,959,918	-
Share issue costs	-	-	(934,463)	(27,817)
At 31 December	<u>137,163,741</u>	<u>103,750,000</u>	<u>12,068,946</u>	<u>7,917,300</u>

- (1) On 17 September 2010, 785,716 unlisted \$0.20 options and 300,000 unlisted \$0.25 options were exercised into ordinary shares.
- (2) On 20 September 2010, 95,239 unlisted \$0.20 options were exercised into ordinary shares.
- (3) On 23 September 2010, 12,500,000 ordinary shares were issued, pursuant to an institutional placement, raising \$1,875,000 before issue costs.
- (4) On 19 October 2010, 19,732,786 ordinary shares were issued, pursuant to a non-renounceable retail entitlement offer, raising \$2,959,918 before issue costs.

(b) Options

During the half-year ended 31 December 2010, the Company issued the following options:

- 2,500,000 unlisted options exercisable at \$0.25 each on or before 19 October 2013 issued to the underwriter of the non-renounceable retail entitlement offer.
- 2,000,000 unlisted options exercisable at \$0.54 each on or before 27 October 2013 issued to employees. The options vest as follows:
 - o 1,000,000 on 27 October 2010
 - o 1,000,000 on 27 October 2011
- 2,500,000 unlisted options exercisable at \$0.46 each on or before 23 November 2013 issued to directors.
- 500,000 unlisted options exercisable at \$0.46 each on or before 23 November 2013 issued to a consultant.

The following options lapsed during the half-year ended 31 December 2010 due to employee resignation:

- 600,000 unlisted options exercisable at \$0.25 each on or before 30 June 2012

MT ISA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

3. SEGMENT INFORMATION

Identification of operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group operates in the mineral exploration sector where the Group is actively pursuing opportunities.

The Group is managed primarily on the basis of geographical location of its exploration activities as the regulatory environment is different in Australia and West Africa.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

Corporate charges are allocated to segments based on the segments' overall proportion of exploration expenditure within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrance of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

MT ISA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

3. SEGMENT INFORMATION (continued)

Basis of accounting for purposes of reporting by operating segments (continued)

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense
- income tax expense
- deferred tax assets and liabilities
- current tax liabilities
- other financial liabilities
- intangible assets

31 December 2010	Australia \$	West Africa \$	Total \$
Segment performance			
<i>Revenue</i>			
External revenue	-	-	-
Interest revenue	32,730	-	32,730
<i>Total segment revenue</i>	32,730	-	32,730
<i>Reconciliation of segment revenue to group revenue</i>			
Inter-segment elimination			-
Total group revenue			32,730
<i>Segment net loss before tax</i>	(928,527)	(86,925)	(1,015,452)
<i>Reconciliation of segment result to group net profit / loss before tax</i>			
Amounts not included in segment result but reviewed by Board			
- corporate charges	(268,570)	(37,623)	(306,193)
- depreciation and amortisation	(20,481)	(3,602)	(24,083)
<i>Unallocated items</i>			
- finance costs			(5)
- other			-
<i>Net loss before tax</i>			(1,345,734)
Segment assets			
<i>Segment assets</i>	9,379,404	3,469,362	12,848,766
Segment asset increases for the period:			
- Exploration & evaluation expenditure	285,197	1,514,835	1,800,032
- Capital expenditure (plant & equipment)	(4,645)	199,117	194,472
- Acquisitions	-	-	-
	280,552	1,713,952	1,994,504
<i>Reconciliation of segment assets to group assets</i>			
Inter-segment eliminations			(2,620,890)
<i>Total group assets</i>			10,227,876

MT ISA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

3. SEGMENT INFORMATION (continued)

31 December 2009	Australia	West Africa	Total
	\$	\$	\$
Segment performance			
<i>Revenue</i>			
External revenue	4,046	1,609	5,655
Interest revenue	25,601	-	25,601
<i>Total segment revenue</i>	29,647	1,609	31,256
<i>Reconciliation of segment revenue to group revenue</i>			
Inter-segment elimination			-
Total group revenue			31,256
<i>Segment net loss before tax</i>	(501,382)	(38,714)	(540,097)
<i>Reconciliation of segment result to group net profit / loss before tax</i>			
Amounts not included in segment result but reviewed by Board			
- corporate charges	(161,835)	(17,289)	(179,124)
- depreciation and amortisation	(10,864)	-	(10,864)
Unallocated items			
- finance costs			(2,731)
- other			-
<i>Net loss before tax</i>			(732,816)

30 June 2010	Australia	West Africa	Total
	\$	\$	\$
Segment assets			
<i>Segment assets</i>	5,442,194	495,245	5,937,439
Segment asset increases for the period:			
- Exploration & evaluation expenditure	1,760,986	310,342	2,071,328
- Capital expenditure (plant & equipment)	82,194	5,575	87,769
- Acquisitions	-	-	-
	1,843,180	315,917	2,159,097
<i>Reconciliation of segment assets to group assets</i>			
Inter-segment eliminations			(777,800)
<i>Total group assets</i>			5,159,639

MT ISA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

4. CONTROLLED ENTITIES

During the half-year, Mt Isa Metals Limited formed Birimian Resources Pty Ltd and Harmattan Gold Pty Ltd.

Both companies are 100% owned subsidiaries of Mt Isa Metals Limited, formed specifically to carry out gold exploration activities in the Birimian Gold Province of West Africa.

Also during the half-year, MET BF Pty Ltd, another 100% owned subsidiary of Mt Isa Metals Limited, formed Birimian Resources SARL, a 100% owned subsidiary incorporated in Burkina Faso.

5. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

6. EVENTS SUBSEQUENT TO REPORTING DATE

On 2 February 2011, Mt Isa Metals announced that it had completed a \$14.4 million capital raising (before costs) through a placement of approximately 20.57 million ordinary shares.

On 7 February 2011, the issued capital of Harmattan Gold Pty Ltd (a 100% owned subsidiary of Mt Isa Metals Limited), was subdivided such that 1 ordinary share became 22,000,000 ordinary shares.

Also on 7 February 2011, Harmattan Gold Pty Ltd completed a capital raising of \$1,800,000, through the issue of 24,000,000 shares at an issue price of \$0.075, reducing Mt Isa Metals interest in the company to 47.83%.

There have been no other events since 31 December 2010 that impact upon the financial report as at 31 December 2010.

MT ISA METALS LIMITED AND ITS SUBSIDIARIES

DECLARATION BY DIRECTORS

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 16 are in accordance with the Corporations Act 2001, including:
 - (a) Complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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
14 March 2011



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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 2010, 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 2010 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 2010 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.

BDO Audit (QLD) Pty Ltd

D P Wright
Director

Brisbane, 14 March 2011