

ASX Announcement

22 December 2011

EARN-IN AND JV AGREEMENT WITH XSTRATA MOUNT ISA MINES OVER THE BOOMARA PROJECT (MOUNT ISA REGION)

Highlights:

- **Earn-in and JV Agreement signed with Xstrata Mount Isa Mines over MET's highly prospective Boomara Project tenements.**
- **Xstrata Mount Isa Mines can earn up to 51% of the Boomara Project by spending \$1 million over 3 years and an additional 29% by spending an additional \$2.5 million in the 3 years after initial earn-in.**
- **Xstrata Mount Isa Mines obliged to complete at least 500m of drilling within 18 months.**

The Board of Mt Isa Metals Limited (MET) is pleased to announce that MET and Xstrata **Mount Isa Mines** (Xstrata) have signed an Earn-in and Joint venture Agreement over MET's highly prospective Boomara Project tenements in the Mount Isa region of north-west Queensland.

The Boomara Project tenements have a complex magnetic basement, interpreted multiple fault systems, and iron-oxide copper-gold (IOCG) style mineralisation in historical drilling (figure 1). The Boomara Project area encompasses more than 650km² of prospective Mount Isa Inlier lithologies, and is located on the western flank and to the north of the Boomara Ridge (figure 2).

To date only 28 holes have been drilled to basement across the entire tenement area, and historical drill holes have intersected significant mineralisation, including drill hole BMD030 which intersected:

- 52m @ 0.26% Cu and 0.12g/t Au (from 242m), and
- 60m @ 0.21% Cu (from 302m).



Figure 1 – IOCG style alteration and mineralisation in the Boomara Project (KDD13, 375.6m)

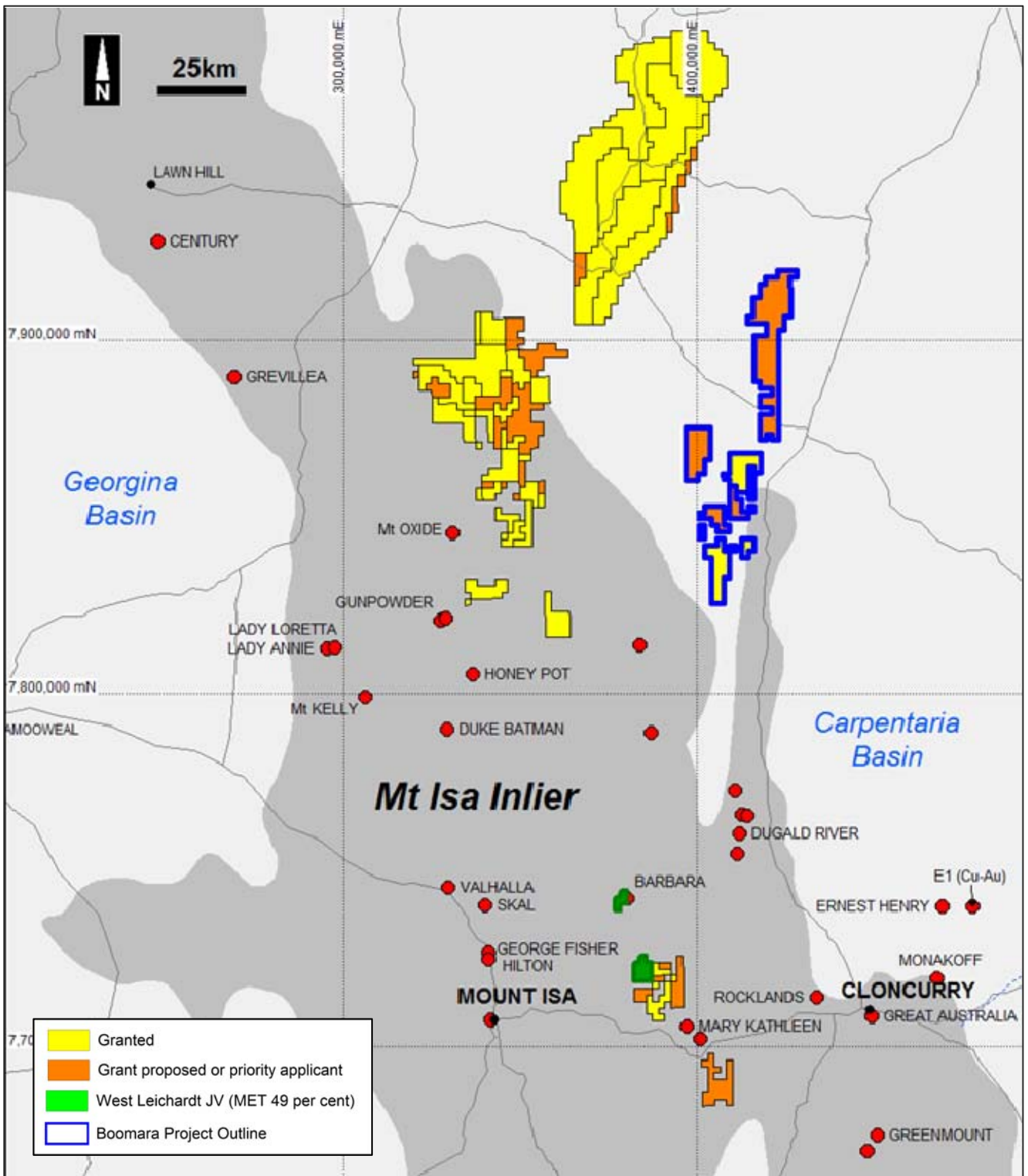


Figure 2 – MET’s Mount Isa Project Locations – Boomara Project highlighted in Blue.

In addition to significant exploration funding, Xstrata brings extensive in-house expertise in specialist geophysical techniques for exploration under cover, as well as local copper exploration and development experience.

Xstrata own and operate the Mount Isa Copper and Pb-Zn-Ag mines and smelters, the Ernest Henry Cu-Au mine and processing facility, and are currently developing the E1 Cu-Au deposit located 10 kilometres east of Ernest Henry (figure 2).

Under the terms of the agreement Xstrata must spend a minimum of \$0.5 million on exploration and drill at least 500m in the first 18 months, and have the right to earn 51% by spending \$1.0 million within 3 years. After earning 51%, Xstrata may elect to earn an additional 29% (80% in total) by sole funding a further \$2.5 million on exploration within a further 3 years.

This agreement complements MET's strategy of retaining equity in a large tenement footprint in the prospective Mount Isa Region, whilst building value for shareholders through Joint Venture relationships.

MET continues to focus on its exciting gold projects in Burkina Faso, including at Nabanga gold discovery, where resource drilling is currently underway. Two RC drill rigs are presently in operation at the Nabanga Prospect.

The Company anticipates that it will release initial assay results from this new drilling at Nabanga in early January 2012 and is targeting the release of a maiden resource estimate for Nabanga by March 2012.

For further information please contact:

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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.