

ASX Announcement

Monday, 27 April 2009

DME FUNDING GRANT AND COMMITMENT TO DRILLING OF IRON-OXIDE COPPER GOLD TARGETS

Highlights

- **MET secures \$150,000 drill funding from the Queensland Department of Mines and Energy**
- **Commitment to diamond drilling of Gregory Project IOCG targets during Q2/Q3 2009**
- **Geophysical surveys to re-commence in Q2, focussed on an 80km of strike length of untested magnetic and structural targets**

The Board of Mt Isa Metals (MET) is pleased to announce that the Company has been successful in securing a grant of \$150,000 from the Queensland Department of Mines and Energy under Round 3 of the Collaborative Drilling Initiative. The Collaborative Drilling Initiative (CDI) is designed to directly support companies in the generation and testing of high quality, innovative exploration targets and concepts throughout Queensland.

The CDI funding will go towards meeting 50% of the cost of two deep diamond drill holes within MET's 100% owned Gregory Project, located 240km north of Mt Isa. The Gregory Project is targeting Olympic Dam-style iron-oxide copper-gold (IOCG) deposits in projected covered extensions to the highly mineralised Mt Isa - Gunpowder Fault system.

MET is also pleased to announce that it has committed to complete an initial two hole diamond drilling program at Gregory during Q2/Q3 2009. The program will test the Augustus #1 and Augustus #2 IOCG targets identified by MET during its recent (late 2008) gravity survey.

The Augustus #1 and #2 targets are large-scale gravity features with a variable magnetic response that each extend over an approximate 10km strike length (refer figure 1).

The Gregory Project comprises a large tenement area of approximately 2,000km² that has received virtually no prior exploration of the prospective Proterozoic-age basement rocks. Historical records report only one drill hole to basement within the entire project area.

In addition to the immediate drill program the Company is pleased to announce that it has scheduled the recommencement of geophysical surveys over the Gregory area during Q2 2009 including:

- detailed IP and magnetic surveys over Augustus #1 and #2 targets (to assist with drill hole targeting)
- completion of the regional gravity survey (~50% of the project area remains to be surveyed)

Areas to be covered by the balance of the gravity survey, which were previously inaccessible due to outstanding tenement grants, include more than 80km of strike length of untested magnetic and structural targets.

The gravity survey will include assessment of high priority structural targets at the southern end of the Gregory Project area which are interpreted to lie along the direct extension of the regionally mineralised Gunpowder Fault system.

The Gregory Project is a major exploration initiative of the Company. The Project tenements overlie the projected covered extension of rocks which host some of the most significant deposits in the world-class Mt Isa mineral province. The project area is owned 100% by MET and has received virtually no prior exploration.

The Company looks forward to announcing the future results of the Augustus #1 and #2 drill holes which represents only the initial assessment of this substantial project area.

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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.

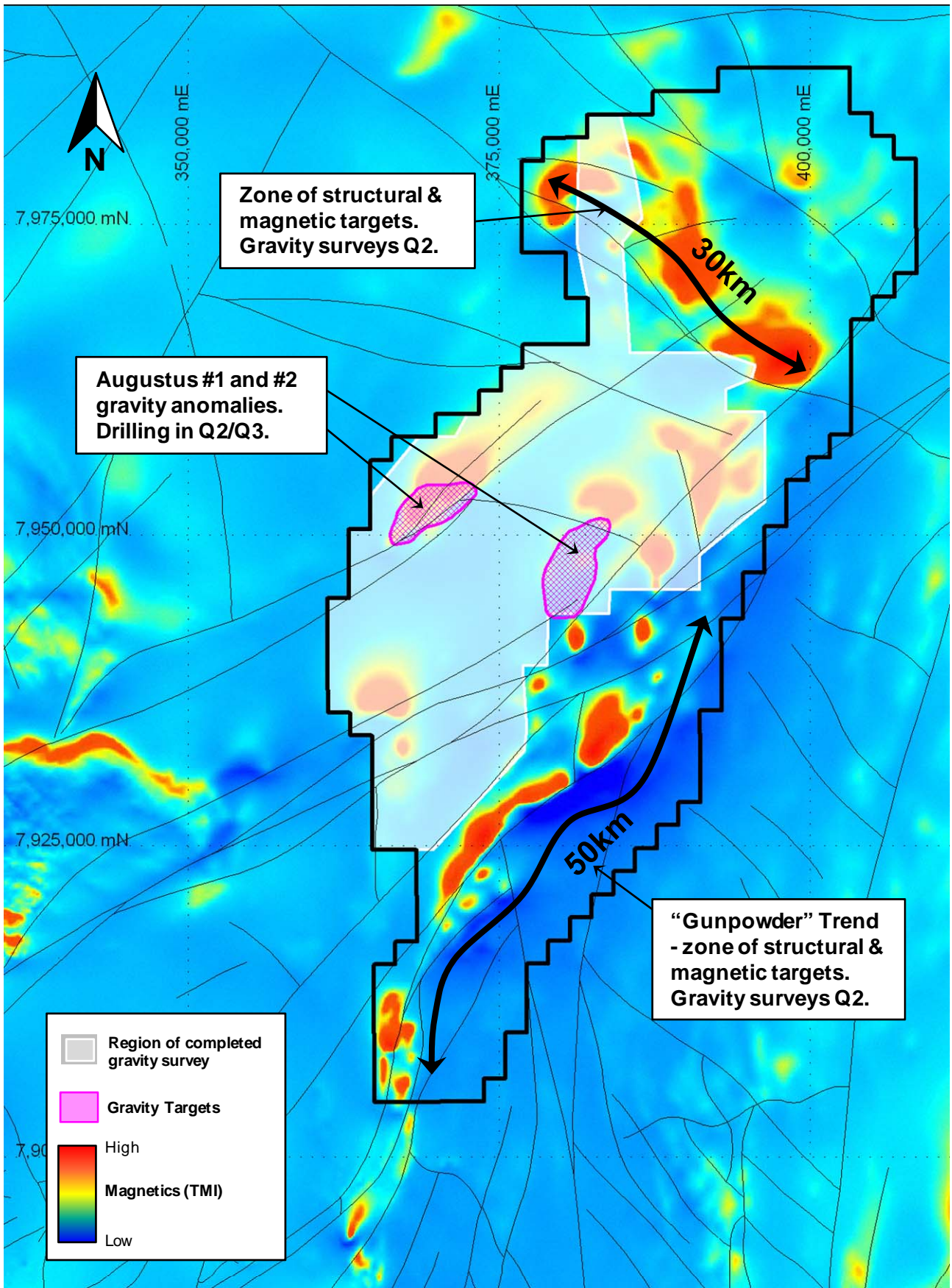


Figure 1 - Magnetic survey image (TMI) of the Gregory Project area showing area covered to date by the regional gravity survey, gravity drill targets and untested magnetic-structural targets.