

ASX Announcement

Monday, 27 April 2009

PHOSPHATE JV WITH LEGEND INTERNATIONAL HOLDINGS AND LODGEMENT OF MINING LEASE APPLICATION

Highlights:

- **JV Agreement signed with Legend International Holdings over the D-Tree phosphate deposit**
- **Mining Lease Application (MLA 90190) submitted to the DME for D-Tree North DSO Project**
- **Definition drilling re-commenced within MLA 90190 targeting potential direct shipment ore**

The Board of Mt Isa Metals (MET) is pleased to announce that it has executed formal documentation with Legend International Holdings, Inc. (Legend) in relation to the Joint Venture over each party's respective interest in tenements overlying the D-Tree phosphate deposit, as announced on 28 October 2008.

The JV tenements (including applications) cover a total area of 492km² and include an estimated 100 km² of mineralised phosphorite horizon that has been defined by historical drilling (figure 1).

The joint venture consolidates ownership over 100% of the D-Tree deposit and is a significant positive step towards near-term mine development.

Under the JV, Legend will contribute EPM 14753, EPMA's 17333, 17437, 17443 and 17446, and, MET will contribute EPM 15763 (D-Tree West).

Legend will manage the Joint Venture and holds an 80% interest. MET holds a 20% contributing interest in the Joint Venture. Significantly, the Joint Venture will also have the opportunity to access plant and infrastructure at Legend's 100%-owned proposed Paradise phosphate development located 15km to the east of D-Tree.

A summary of the key terms of the JV Agreement are included at Annexure 1.

The arrangements entered into with Legend also include a separate Marketing Agreement whereby Legend will act as Agent for the sale of all MET product derived from the JV tenements.

Managing Director Peter Spiers said, "We are particularly pleased to announce formalisation of the Joint Venture with Legend. Legend brings a substantial amount of value to the project including an agreement with the Indian Farmers Federation Co-operative Limited (IFFCO) for the purchase of 4 million tonnes of phosphate product per year."

MET is also pleased to announce that a **Mining Lease Application** (MLA 90190) was recently submitted by the JV to the Queensland Department of Mines and Energy over the D-Tree North area.

D-Tree North comprises an area of higher grade phosphate mineralisation defined by the 2008 drilling program which is considered prospective as potential direct shipment ore (DSO).

A North-South cross section through the centre of MLA 90190 based on the broad spaced 2008 drilling program (300m centres) is included at figure 3 which shows:

- multiple wide mineralised horizons
- near-surface phosphate intersections (potential low strip ratios)
- a significant number of high grade (+20% P₂O₅) intersections (potential DSO)

Resource estimation from the recently announced results of the 2008 drilling program throughout EPM 14753 is continuing.

Further to the above MET is also pleased to advise that **definition drilling has resumed at D-Tree North** within MLA 90190. The drilling, on a maximum 100m x 100m grid, is aimed at defining JORC compliant Mineral Resources and Ore Reserves.

Drilling within MLA 90190 is anticipated to be completed by the end of April with assay results thereafter.

Subject to conclusion of a positive Feasibility Study, the JV partners are targeting development of an 0.5Mtpa open pit mine producing direct shipment ore from the D-Tree North Project area.

Peter Spiers further added, "We are very encouraged by the results achieved to date at D-Tree and the significant progress made by Legend across all aspects of the project feasibility study."

"We look forward to working closely with Legend to pursue all development options available from this substantial phosphate occurrence and to announcing further results on the project as they come to hand."

For further information please contact:

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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.

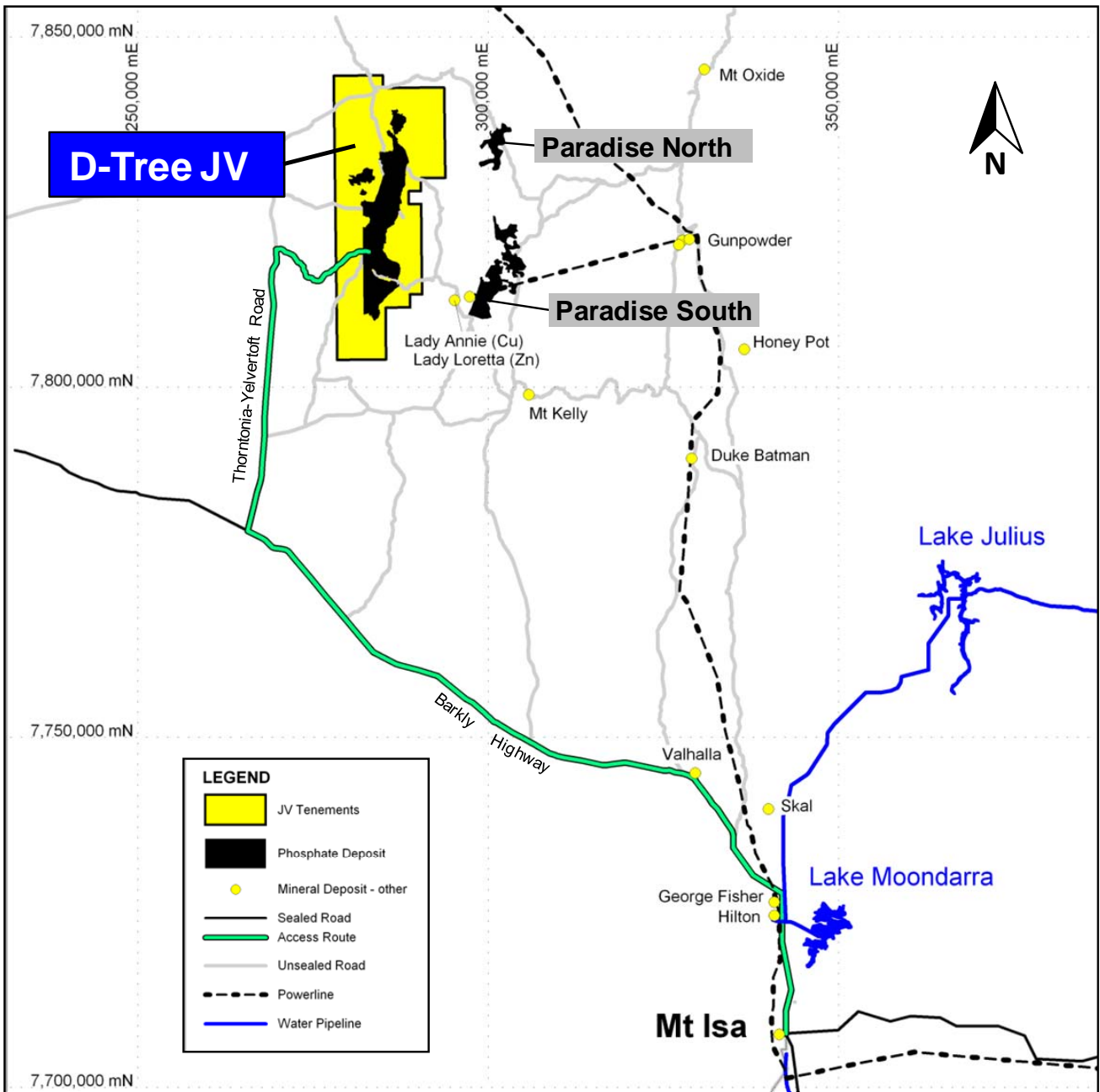


Figure 1 - Location diagram – D-Tree deposit and joint venture tenements.

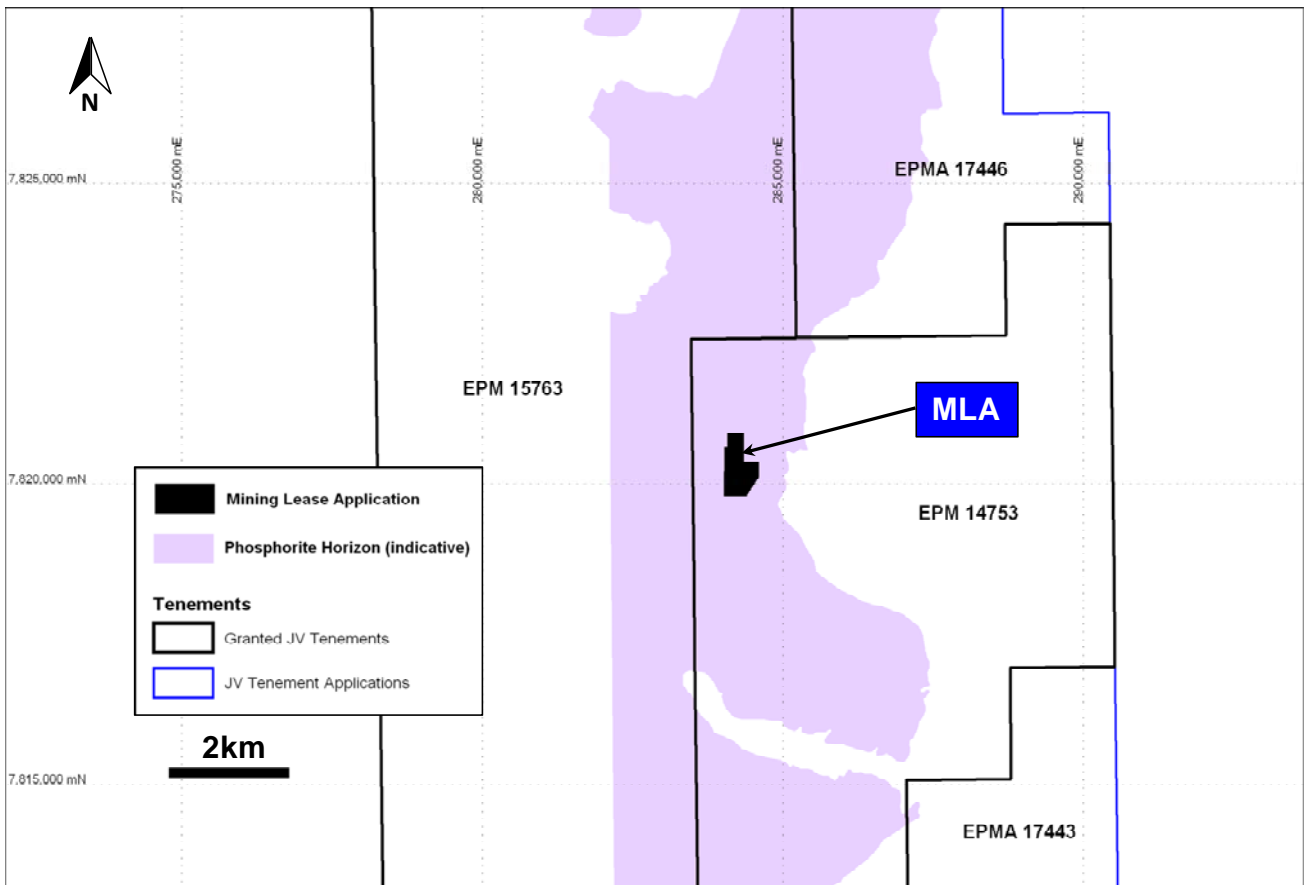


Figure 2A – Location diagram for MLA 90190 (D-Tree North).

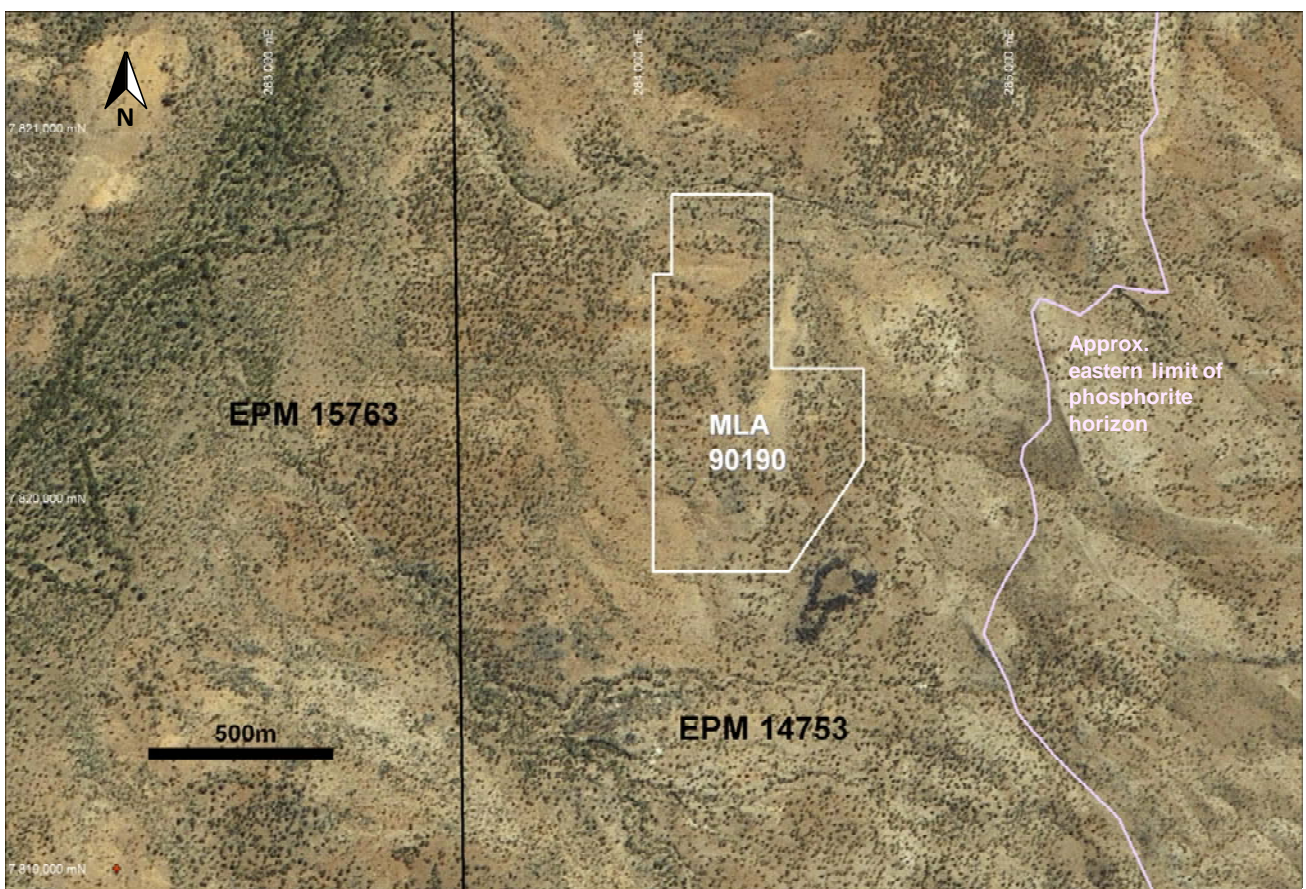
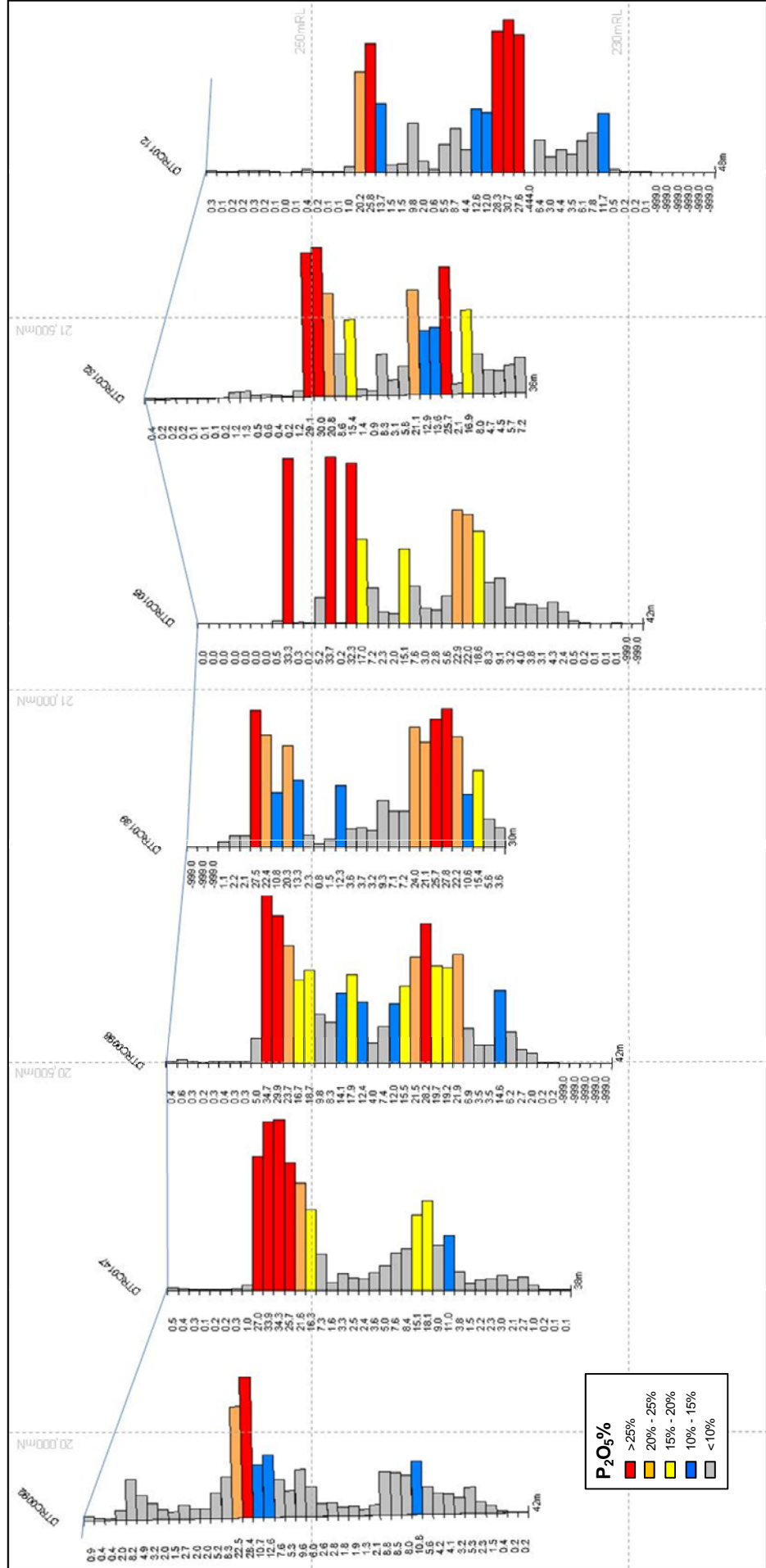


Figure 2B – Detailed location for MLA 90190 (D-Tree North).

Figure 3 - D-Tree North Section 284,200mE

Vertical scale exaggerated by a factor of ~14:1.
Histogram and text both show P₂O₅ results.



Annexure 1 – Summary of JV Terms.

The formal Joint Venture Agreement documents in more detail the D-Tree Heads of Agreement dated 27 October 2008 and covers tenements EPM 14753, EPMA 17333, EPMA 17437, EPMA 17443 and EPMA 17446 (Legend) and EPM 15763 (MET).

Participating Interest

The initial interests of the parties are:

- (a) Legend – 80%;*
- (b) MET – 20%.*

Management of the JV

The JV will be initially managed by Legend. The manager's tenure will remain for so long as it is not in breach and Legend retains the largest participating interest.

The manager is entitled to charge a management fee based on allowable joint venture costs.

The manager is subject to the oversight of the management committee. Other than in respect of:

- (a) the setting of annual JV scope and objectives;*
- (b) related party transactions;*
- (c) the deeming of costs to be added to the manager's fee*

(which require a unanimous vote of Legend and MET), all other decisions of the management committee require a majority vote in accordance with each party's participating interest.

Development

In the event that the manager or a joint venturer wishes to undertake a development, a proposal must be made to the management committee. The proposal must include a feasibility study.

If the joint venturers agree to the proposal, a separate mining joint venture will be formed for the development.

If a joint venturer does not wish to proceed with the development, the other joint venturer is entitled to proceed alone, and acquire the non-proceeding joint venturer's interest in that development for market price.

Funding

Funding of joint venture will be via cash calls made by the manager.

In the event that a joint venturer does not wish to proceed with a cash call or an entire program / budget, it may elect to dilute.

If a party dilutes to less than 5%, its interest will be converted to a royalty of \$1.00 per tonne of product sold.