ASX ANNOUNCEMENT 1 July 2014

MILE 72 URANIUM DRILLING RESULTS

Drilling at Mile 72 in May 2014

HIGHLIGHTS

- **Drilling completed at Mile 72; confirmation of primary Rössing-style uranium mineralisation hosted by alaskitic pegmatites in southeast of licence.**
- **53 RC drillholes completed for 2,688m in a campaign of widely-spaced drilling to assess large areas of the licence.**
- **Assays received for 7 holes show 7 Significant Intercepts[1], including an intercept of 2m@690ppm U_3O_8 in MSRC0037 and 2m@226ppm U_3O_8 in MSRC0047.**
- **Confirmation of previously identified multiple anomalous uranium-mineralised zones showing strike continuity of up to 2km in drilling and trenching.**
- **Primary mineralised zones confirmed under sand cover, including mineralised calcrete channels (secondary mineralisation).**
- **Radon Cup anomalism in northwest of licence shown by drilling to be near surface and localised in nature, underlain by areas of barren schist.**
- **Further exploration will focus on identifying the extent of trap sites in southeastern uranium mineralised zones.**

[1] Significant Intercept being 1m>50ppm U3O8

DRILLING PROGRAM COMPLETED

Metals is pleased to announce the completion of a second phase of reverse circulation (RC) drilling at its Mile 72 Project north of Swakopmund in Namibia (Figure 1). Initial results from the first program in November 2013 confirmed the existence of alaskite-hosted uranium mineralisation at Mile 72. The programs carried out by the Company are the first ever to test this area for uranium mineralisation at significant depth below surface.

The November 2013 program focused on a series of priority outcropping targets testing the Damaran schist-granite-pegmatite/alaskite sequence where it correlated with surface geochemical, radiometric, and aeromagnetic anomalies. The primary objective of the initial program was met, with the identification of multiple strike-persistent pegmatitic horizons containing anomalous uranium mineralisation, within 85m of surface at Mile 72.

Figure 1 – Location of the Mile 72 uranium project, Namibia.

This most recent program was designed to target blind mineralised uranium horizons that are hidden under shallow blanketing sands. These sandy plains host a number of Radon Cup anomalies in the undrilled northeast of the Mile 72 licence area which required testing.

ASSAYS RECEIVED

Laboratory assays have been received from 7 holes of the 53 hole program. Intersections are shown in Table 1, and explained in further detail in Appendix 1 of this release. The drillhole locations are shown in Figure 2. A full list of the hole locations in the program is shown in Appendix 2.

The most significant assay intercepts from the program included;

- **2m at 690ppm U_3O_8 in MSRC0037 from 3m including 1m at 737ppm U_3O_8**
- **2m at 226ppm U_3O_8 in MSRC0046 from 3m including 1m at 312ppm U_3O_8**

Also of significance was an intersection of **1m at 136ppm U_3O_8 from 30m** in MSRC0054, in which a pegmatite is hosted within a medium grained granite. These new results are consistent with the results of the first drill program, further validating the presence of continuous primary uranium mineralisation at Mile 72.

A calcrete palaeochannel hosts an intersection of **5m at 62ppm U_3O_8 from surface in MSRC055 including 1m at 106 ppm U_3O_8**, (secondary Langer Heinrich style of mineralisation) .This is considered promising for the accumulation of surface mineralisation sourced from hard rock sources already identified at the Project.

Table 1 includes all samples taken during the program that were sent for laboratory analysis. Each of the 53 drillholes in the program was assayed in the field on a metre-by-metre basis using a RS125 spectrometer and a handheld XRF machine. Significant anomalism in either spectrometer or XRF samples were sent for assay. This significantly reduced assay costs to the Company. The spectrometer and XRF results have an excellent correlation to mineralisation and uranium grade, and are considered a valid sample selection guide.

Table 1: U_3O_8 values determined by X-Ray Fluorescence Spectrometry.

Hole ID	Collar coordinates		Hole direction		Intercept			U_3O_8 ppm	Comments
	Easting	*Northing*	*Dip*	*Azimuth (mag)*	*From*	*To*	*Interval*		
MSRC0037	409610	7581851	-60	133	3 4	4 5	1 1	737 643	2m at 690ppm
MSRC0041	409521	7581673	-60	133	13	14	1	200	1m at 200ppm
MSRC0046	409555	7581685	-60	133	3 4	4 5	1 1	312 141	2m at 227ppm
MSRC0047	409504	7581720	-60	133	7	8	1	94	1m at 94ppm
MSRC0054	410153	7582939	-60	133	30	31	1	136	1m at 136ppm
MSRC0055	410043	7583019	-60	133	0 1 2 3 4	1 2 3 4 5	1 1 1 1 1	106 35 29 88 53	5m at 63ppm
MSRC0056	409991	7583056	-60	133	17	18	1	218	1m at 218ppm

The November 2013 results included significant assay intercepts including:

- **3m at 1,192ppm U_3O_8 in MSRC0042 from 13m, including 1m at 3,407ppm U_3O_8.**
- **6m at 158ppm U_3O_8 in MSRC0031 from 9m , including 3m at 265ppm U_3O_8 from 12m and including 1m at 572ppm U_3O_8**
- 3m at 106ppm U_3O_8 in MSRC0004 from 11m, including 1m at 141ppm U_3O_8
- 3m at 102 U_3O_8 in MSRC0043 from 45m, including 1m at 147ppm U_3O_8
- 3m at 96ppm U_3O_8 in MSRC0009 from 32m , including 1m at 159 U_3O_8
- 3m at 88ppm U_3O_8 in MSRC0001 from 96m, including 1m at 106ppm U_3O_8
- 7m at 82ppm U_3O_8 in MSRC0026 from 2m , including 2m at 144ppm U_3O_8

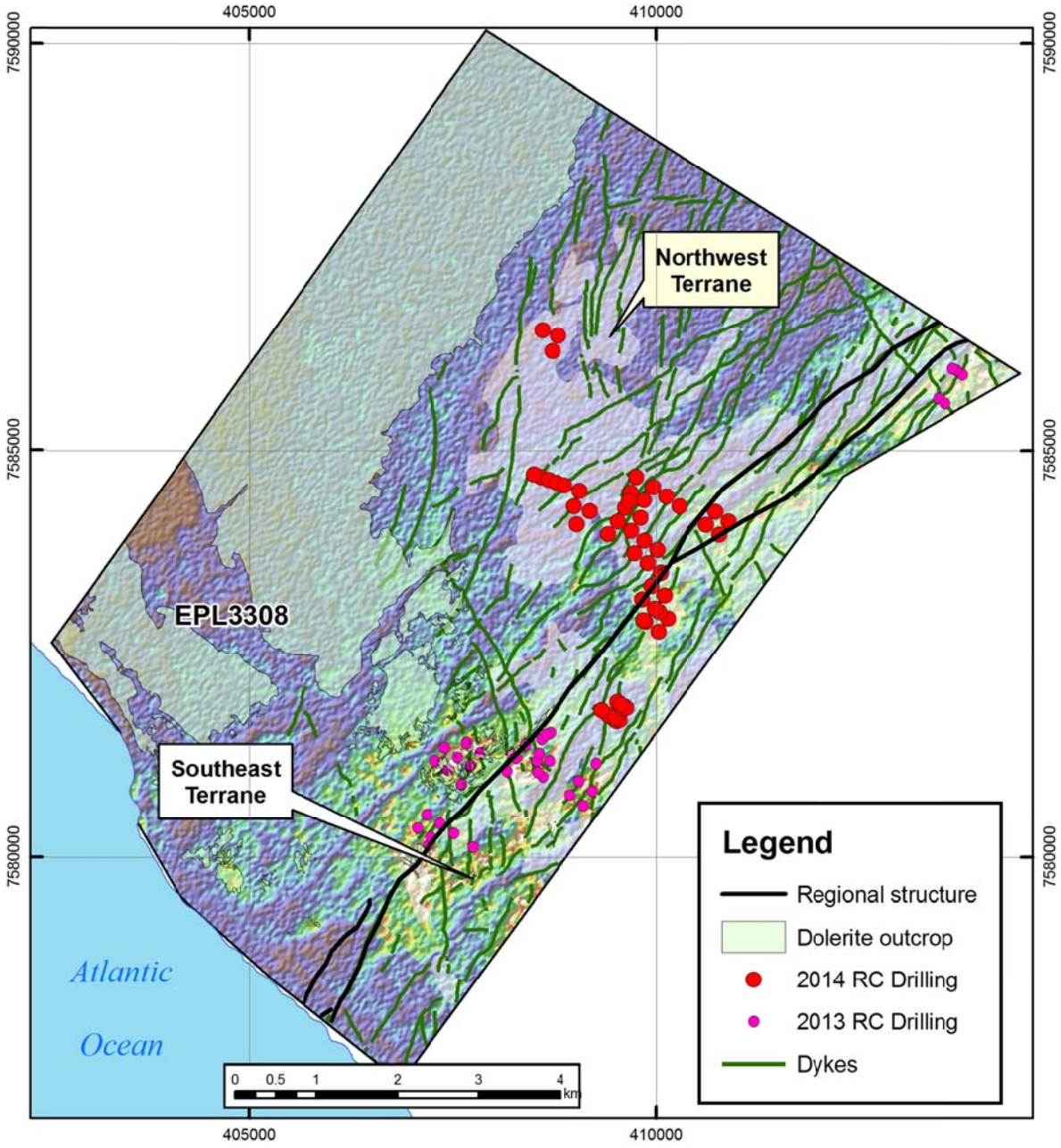

Figure 2 – Location of deeper RC drilling at Mile 72. Drilling has intercepted alaskite-hosted uranium mineralisation in several drillholes in the Southeast terrane, defining a series of uranium trends up to 2km long. The drilling in the Northwest terrane defined a large area underlain by schist

RADON CUP ANOMALIES TESTED

This most recent drill program was designed to test a number of targets located under sand cover as well as others identified by radon cup anomalism. The first 18 holes of the program tested the extensions of previous uranium trends identified in the November 2013 drilling program, such as the results at MSRC0031, which identified mineralisation under sand cover. The presence of multiple, narrow uranium-enriched horizons within a sequence of schist-granite-pegmatite/alaskite is confirmed by the drilling around MSRC 0031, and includes the results from MSRC0037 and

MSRC0046. These uranium-mineralised zones represent an ongoing opportunity for the southeast of the project to host significant primary and/or secondary uranium mineralisation.

Of the program, 35 holes targeted highly anomalous radon cup highs located in a radiometrically barren region in the centre and northwest of the licence. Localised anomalous radon cup anomalism was seen to be potentially representative of buried primary or secondary uranium mineralisation. The drilling found this not to be the case, with the central and northwest areas being underlain by pelitic schist with sporadic pegmatites (barren) and underlain by deeper granite bodies (also barren). The schist-granite-pegmatite/alaskite geological terrane of the southeast is in stark contrast to the schist dominated northwest, separated by a major geological structure (See Figure 2).

The drill program was terminated early when it became evident that all of the northwestern subsurface targets were barren of uranium mineralisation. Exploration will re-focus on the southeast terrane where previous drilling has been successful at identifying both near surface and buried zones over significant distances.

In addition, the identification of mineralised calcrete palaeochannels in the southeastern terrrane opens up further opportunities for preserved secondary uranium mineralisation at Mile 72.

FURTHER EXPLORATION

This most recent drilling, while sterilising a significant portion of the project area, allows future exploration to focus on the most prospective areas and possible trap zones in the southeastern terrane. As well as primary Rossing-style uranium mineralisation, this program has confirmed the presence of calcrete-hosted uranium at Mile 72.

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Competent Person Declaration

The information in this release relating to the geology and exploration results of the projects owned by Metals Australia Ltd is based on information compiled by Dr Matthew Painter, who is a consultant to Metals Australia. Dr Painter is a member of The Australian Institute of Geoscientists, a Recognised Professional Organisation by the Australasian Joint Ore Reserves Committee, and has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results. Dr Painter consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Metals Australia Ltd's planned exploration programme and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Metals Australia Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

JORC TABLE 1

Section 1 – Sample Techniques and Data

Criteria	***Explanation***
Sampling techniques	Exploration results are based on industry best practices, including sampling, assay methods, and appropriate quality assurance quality control (QAQC) measures. Reverse circulation (RC) drilling samples are collected as 1m composite samples through a cyclone which are riffle split for analysis. Each 1m split sample is analysed with a handheld XRF analyser and an RS125 Spectrometer. Anomalous samples are submitted to Bureau Veritas Laboratory in Swakopmund for more precise analysis. All drill samples submitted to the laboratory are dried then crushed. A sample is then split with a riffle splitter to obtain a sub-fraction which is then pulverised with a vibrating pulveriser. Samples are then prepared by mixing with a special wax and pressing to form a solid button and analysed by X-Ray Fluorescence Spectrometry (XRF). Sample preparation and analysis are undertaken at Bureau Veritas Laboratory in Swakopmund, Namibia.
Drilling techniques	RC drilling is completed by a 5 ¼ inch diameter hole drilled with a face sampling hammer. All coordinates are quoted in WGS84 datum unless otherwise stated.
Drill sample recovery	The quality of RC drilling samples is optimised by the use of riffle and/or cone splitters and the logging of various criteria designed to record sample size, recovery and contamination, and use of field duplicates to measure sample precision. The quality of analytical results is monitored by the use of internal laboratory procedures together with certified standards, duplicates and blanks and statistical analysis on a monthly basis to ensure that results are representative and within acceptable ranges of accuracy and precision.
Logging	All logging is completed according to industry best practice. RC drill chips are wet sieved on 1m intervals and stored in plastic chip trays for future reference. Logging is completed using a standard Metals/Datashed logging template. The resulting data is uploaded to a Datashed database and validated. Once validated, the data is exported to modelling software for visual validation and interpretation. Detailed information on lithology, sample quality, structure, geotechnical information, alteration and mineralisation are collected in a series of detailed self-validating logging templates.
Sub- sampling techniques and sample preparation	RC samples are riffle split on 1m intervals when dry. When wet, samples are dried out before riffle splitting takes place. For all sample types, the nature, quality and appropriateness of the sample preparation technique is considered suitable as per industry best practice. Field duplicates are taken every 20 samples to ensure the samples are representative. Quality control reports are undertaken routinely to monitor the performance of field standards and duplicates. Sample sizes are appropriate to the grain size of the material being sampled.
Quality of assay data and laboratory tests	The samples have been sorted, dried, crushed and pulverised. Primary preparation has been by crushing the whole sample. The samples have been split with a riffle splitter, if required, to obtain a 3kg sub-fraction which has then been pulverised in a vibrating pulveriser. Samples are then prepared by mixing with a special wax and pressing to form a solid button and analysed by X-Ray Fluorescence Spectrometry (XRF) to determine U and Th contents. Field Standards and Blanks are inserted every 10 samples. Laboratory inserts its own standards and blanks at random intervals, but several are inserted per batch regardless of the size of the batch.

Verification of sampling and assaying	All significant intercepts are reviewed and confirmed by at least three senior personnel before release to the market. No adjustments are made to the raw assay data. Data is imported directly to Datashed in raw original format. All data is validated using the QAQCr reporter validation tool with Datashed. Visual validations are then carried out by senior staff members.
Location of data points	Holes are set out using a handheld 12 channel GPS. Accurate collar locations are picked up by a licenced surveyor on completion of the hole.
Data spacing and distribution	Data spacing and distribution used to determine geological continuity is dependent on the deposit type and style under consideration. Where a mineral resource is to be estimated, the appropriate data spacing and density is decided and reported by the competent person.
Orientation of data in relation to geological structure	Orientation of sampling is as unbiased as possible based on the dominating mineralised structures and interpretation of the deposit geometry. If structure and geometry is not well understood, sampling is orientated to be perpendicular to the general strike of stratigraphy and/or regional structure. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this would be assessed and reported if considered material. Drilling is at an angle to surface and is drilled to maximise perpendicular intersection with the known interpretation of the strike of previously intersected mineralisation.
Sample security	All samples remain in the custody of company geologists, and are fully supervised from point of field collection to laboratory drop-off.
Audits and reviews	None yet undertaken for this dataset.

Section 2 – Reporting of Exploration Results

Criteria	***Explanation***
Mineral, tenement and land tenure status	The Company controls an Exclusive Prospecting Licence (EPL) at Mile 72, namely EPL3308. EPL 3308 is currently pending renewal by the Namibian Ministry of Minerals and Energy, however the licence reports and expenditure are all in good standing at the time of reporting, despite the pending status. There are no known impediments with respect to renewing the licence to operate in the area. The Company maintains a 100% interest in EPL3308, and a 3% government royalty is in place on any metal production. There are no known native title interests, historical sites or environmental impediments. The licence is located in the Dorab Park recreational area. The Company holds a current environmental clearance certificate to operate in the Park.
Exploration done by other parties	Prior to the exploration completed by Metals on EPL3308, no record of modern exploration is recorded in the area. Historical exploration in the area focused on the nearby Mile 72 Uranium deposit, located on adjacent ground and not within EPL3308. Appraisal of previous work has therefore been limited to high level reviews of historical reports because very limited data are available in either digital or hardcopy format. In most cased Metals has had to re-collect the data.
Geology	The geology consists of a sequence of Damaran schists, granites and alaskites. The target mineralisation is alaskite-hosted uranium (Rössing-style uranium), with potential for uranium within the schists, and supergene uranium mineralisation.
Drill hole information	All relevant drillhole information is supplied in appendix 1 of the announcement.
Data aggregation methods	All exploration results are reported by a length weighted average. This ensures that short lengths of high grade material receive less weighting than longer lengths of low grade material.

	No high grade cut-offs are applied.
Relationship between mineralisation widths and intercept lengths	Mineralisation seen at Mile 72 is currently interpreted to be largely strata bound and oriented between a magnetic bearing of 020° and 045°. Dips of the various units are close to vertical and these have been exposed in numerous trenches across the project All holes drilled to date dip at 50° and 60° and drilled at orientations that result in as high angle intersection as practicable to the above orientation. Intercept lengths, therefore, are interpreted to be close to true thickness.
Diagrams	A series of relevant diagrams are included in the body of the announcement.
Balanced reporting	Information relating to geophysical and geochemical testwork is included in the announcement. No laboratory assay results are excluded. Samples taken in the field with handheld Spectrometer and XRF are recorded and used to select samples for laboratory assay. The handheld Spectrometer and XRF data are not included in the release.
Further work	Plans for further work are outlined in the body of the announcement

Appendix 2 – Mile 72 RC Drilling

Hole No	Easting	Northing	Final Depth (m)	Dip (^{O})	Azimuth (^{O} mag)
MSRC0036	409529	7581909	45	-60	133
MSRC0037	409610	7581851	50	-60	133
MSRC0038	409492	7581689	50	-60	133
MSRC0039	409411	7581747	50	-60	133
MSRC0040	409330	7581806	50	-60	133
MSRC0041	409521	7581673	21	-60	133
MSRC0046	409555	7581685	15	-60	133
MSRC0047	409504	7581720	15	-60	133
MSRC0048	409595	7581821	15	-60	133
MSRC0049	409634	7581833	15	-60	133
MSRC0050	409566	7581877	15	-60	133
MSRC0051	410036	7582777	50	-60	133
MSRC0052	409876	7582895	15	-60	133
MSRC0053	409849	7582915	50	-60	133
MSRC0054	410153	7582939	50	-60	133
MSRC0055	410043	7583019	50	-60	133
MSRC0056	409991	7583056	45	-60	133
MSRC0057	409830	7583174	50	-60	133
MSRC0058	410109	7583218	50	-60	133
MSRC0059	409947	7583336	50	-60	133
MSRC0060	410065	7583498	50	-60	133
MSRC0061	409903	7583615	50	-60	132.83
MSRC0062	409741	7583733	50	-60	132.83
MSRC0063	410020	7583777	50	-60	132.83
MSRC0064	409859	7583895	50	-60	132.83
MSRC0065	409697	7584012	50	-60	132.83
MSRC0066	409535	7584130	50	-60	132.83
MSRC0067	409411	7583976	50	-60	132.83
MSRC0068	409192	7584260	100	-60	120.83
MSRC0069	409030	7584096	100	-60	120.83
MSRC0070	408991	7584318	50	-60	120.83
MSRC0071	410778	7583968	50	-60	132.83
MSRC0072	410616	7584086	50	-60	132.83
MSRC0073	410895	7584130	50	-60	132.83
MSRC0074	410733	7584248	50	-60	132.83

MSRC0075	410292	7584321	50	-60	132.83
MSRC0076	410130	7584439	50	-60	132.83
MSRC0077	409969	7584556	50	-60	132.83
MSRC0078	409760	7584677	100	-60	300.83
MSRC0079	409692	7584489	100	-60	300.83
MSRC0080	409851	7584394	87	-60	312.83
MSRC0081	409624	7584301	100	-60	300.83
MSRC0082	409673	7584383	50	-60	120.83
MSRC0083	409814	7584174	50	-60	312.83
MSRC0084	408590	7584677	50	-60	120.83
MSRC0085	408684	7584643	50	-60	300.83
MSRC0086	408778	7584609	50	-60	300.83
MSRC0087	408872	7584574	50	-60	300.83
MSRC0088	409060	7584506	50	-60	300.83
MSRC0089	408496	7584711	50	-60	300.83
MSRC0090	408608	7586480	50	-60	300.83
MSRC0091	408796	7586411	50	-60	300.83
MSRC0092	408727	7586223	50	-60	300.83