

## ASX Announcement

Friday, 09 October 2009

### **DRILLING COMMENCES AT GREGORY IOCG (IRON-OXIDE COPPER-GOLD) PROJECT**

#### Highlights

- **Exploration drilling today commenced at the Company's 100%-owned Gregory IOCG Project.**
- **Despite the proximity to Mt Isa the 2,000km<sup>2</sup> project area has received virtually no prior exploration of basement rocks.**
- **The Gregory Project is interpreted to overlie the projected northern extension of the regionally mineralised Mt Isa - Gunpowder Fault System**
- **An initial program of two diamond drill holes is proposed to test gravity and magnetic anomalies defined by MET's regional geophysical programs.**
- **A large number of additional targets remain to be tested in subsequent phases of exploration.**

The Board of Mt Isa Metals (MET) is pleased to announce that drilling has today commenced on the Company's 100%-owned Gregory IOCG Project located 240km north of Mt Isa.

At Gregory MET is targeting Olympic Dam-style iron-oxide copper-gold (IOCG) deposits along the projected northern extension of the regionally mineralised Mt Isa - Gunpowder Fault system and associated Western Succession lithologies (refer Figure 1).

The Gregory Project comprises a large tenement area of approximately 2,000km<sup>2</sup> that, despite its proximity to Mt Isa, has received virtually no prior exploration of the prospective basement rocks. Historical records report only one drill hole to basement within the entire project area.

MET recently completed a detailed regional gravity survey of the project area and, in conjunction with high resolution public domain magnetic survey data, has defined a significant number of geophysical anomalies in a complex structural setting that offer attractive targets for drill testing as potential IOCG alteration systems.

Geophysical targets include discrete gravity and/or magnetic features and more complex systems including both gravity and magnetic anomalies.

The current drill program at Gregory will comprise two deep diamond drill holes that will provide an initial test of geophysical anomalies in the central and northern parts of the project area. It is anticipated that drilling will be completed to a final depth in the range 750m to 1,000m for both holes.

### **Augustus #2 Target**

The Augustus #2 target is located in the centre of the project area within EPM 16119. Drilling is targeting a 7Mgal residual gravity anomaly defined over a 10km strike length. The gravity anomaly is flanked by a subtle magnetic feature which may be indicative of an early phase of magnetite alteration. Multiple alteration phases are a common feature of IOCG deposits (refer Figure 2).

### **Neumayer #1 Target**

The Neumayer #1 target is located in the northern end of the project area within EPM 15774. The target lies within a major NW-SE-trending cross cutting structural corridor that is evident in regional scale geophysical data. Drilling will target co-incident gravity and magnetic peaks that are interpreted to be flanked by two discrete granitic intrusives (refer Figure 3).

Funding for the current program will be supported by a grant of up to \$150,000 from the Queensland Department of Mines and Energy under the Collaborative Drilling Initiative (CDI). The CDI is designed to directly support companies in the generation and testing of high quality, innovative exploration targets and concepts throughout Queensland.

It is anticipated that drilling will take up to one month to complete.

The Company looks forward to announcing the results of this initial drill program in due course.

### **Barbara Drilling Continues**

This is the second drilling program currently in progress by the company in the Mt Isa region. A 21 hole RC drilling program is also in progress at the Barbara Copper Project (MET 49%) located 50km to the north-east of Mt Isa.

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Further information on Mt Isa Metals can be found on our website [www.mtisametals.com.au](http://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.



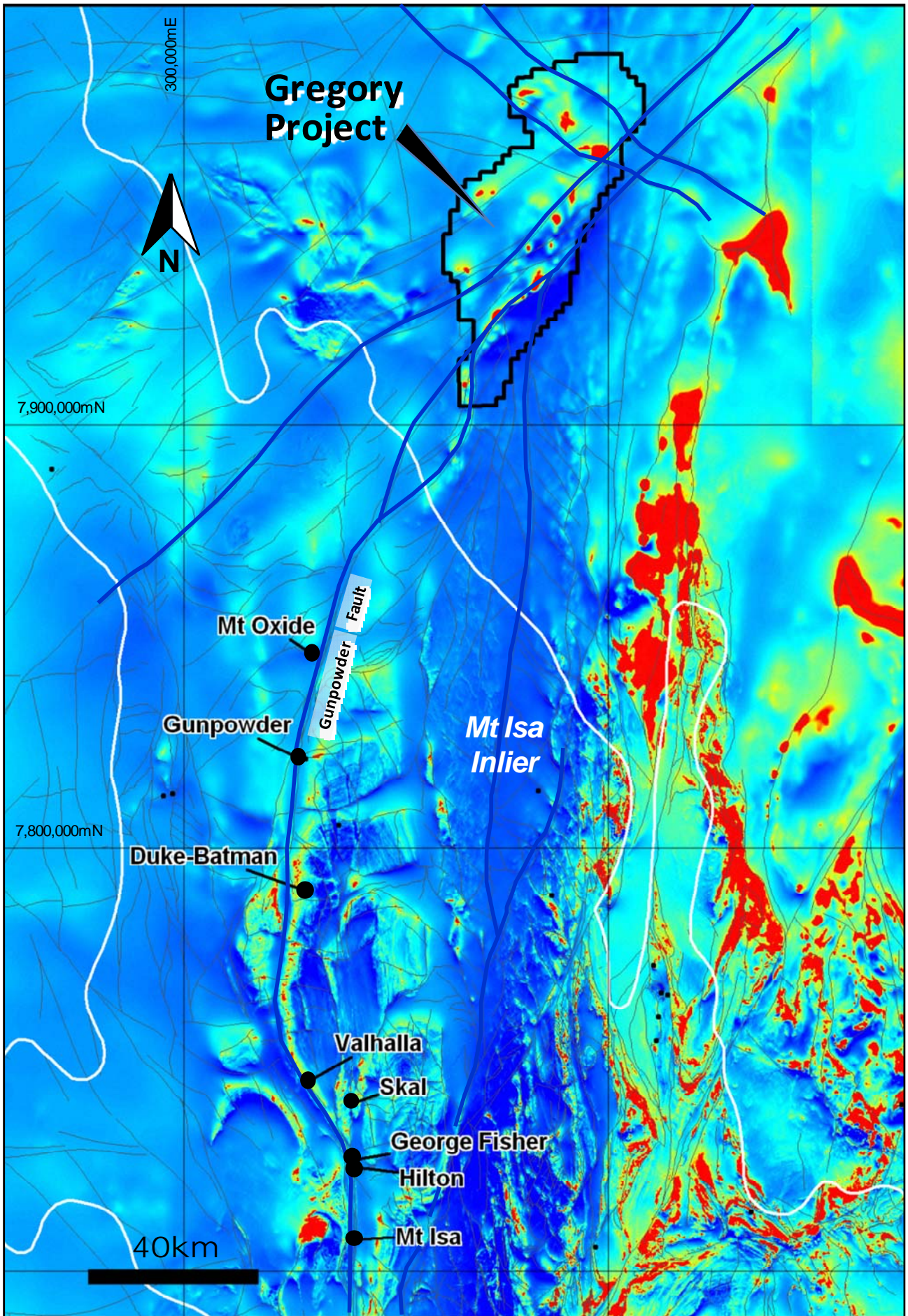


Figure 1 – Regional magnetic (TMI) image showing location of Gregory Project and major metal deposits.



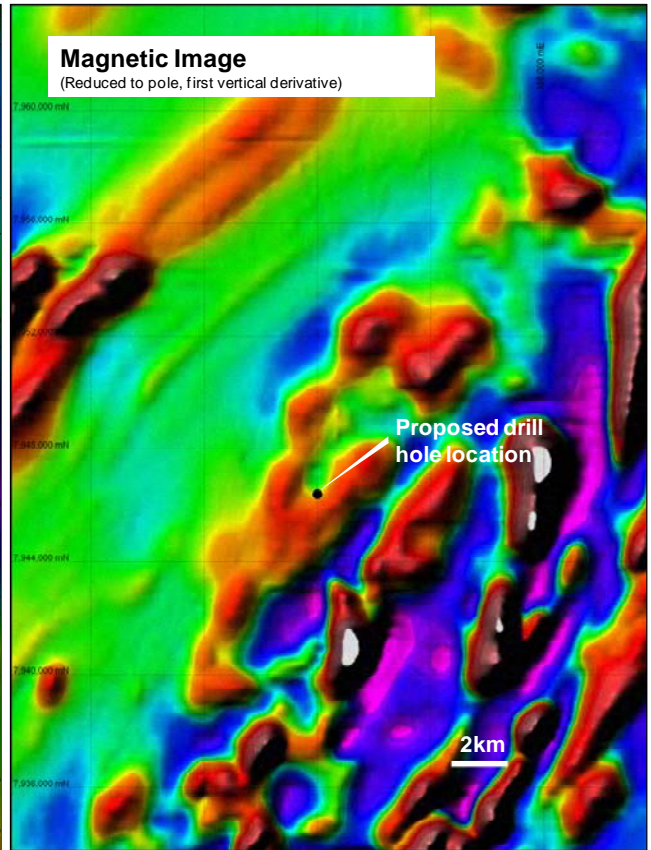
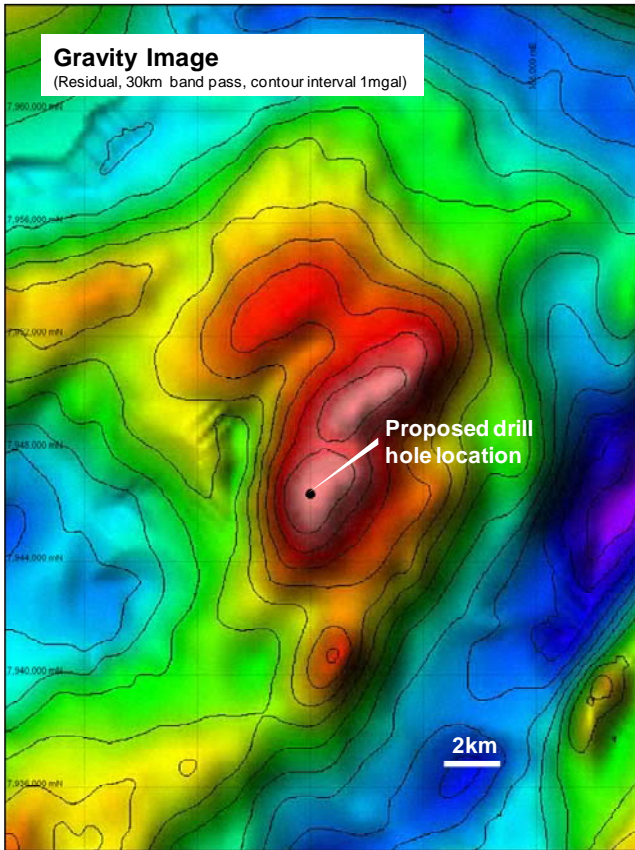


Figure 2 – Augustus #2 Target.

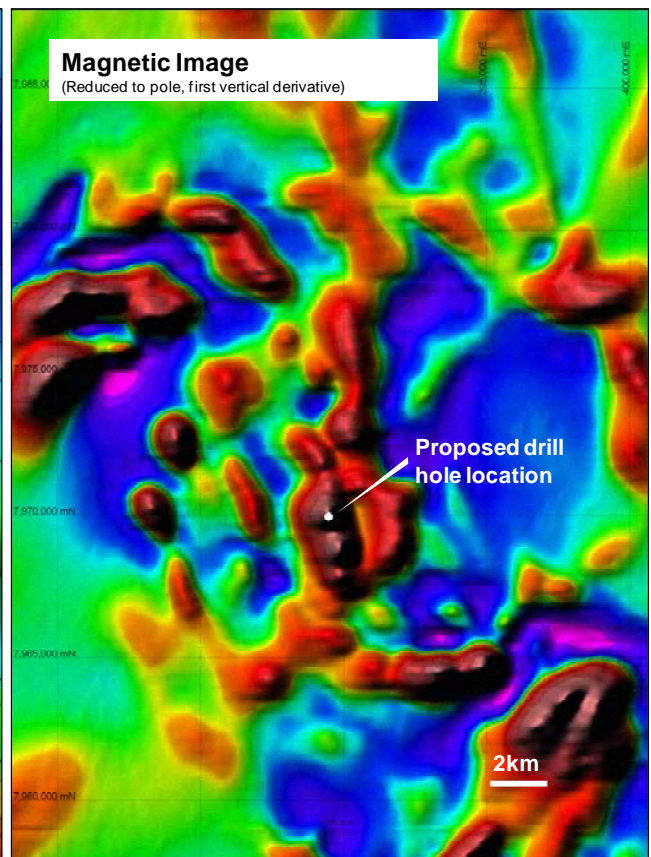
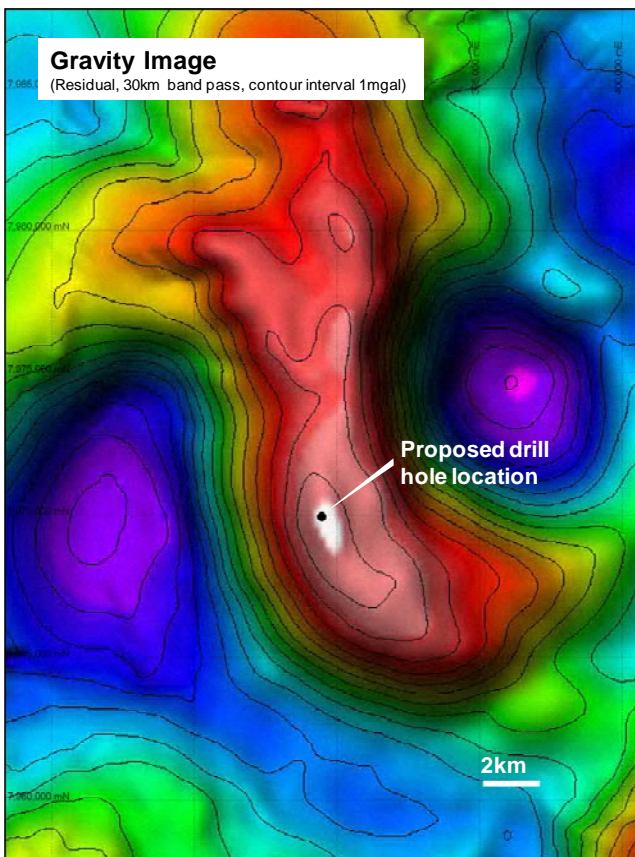


Figure 3 – Neumayer #1 Target.