

MT ISA METALS 2011 ANNUAL REPORT
ANNUAL REPORT MT ISA METALS 2011
MT ISA METALS **2011 ANNUAL REPORT**



Mt Isa **Metals**



Contents

Corporate Information	1
Chairman's Letter to Shareholders	2
Review of Operations	3
Directors' Report	15
Declaration of Independence by Damian Wright to the Directors of Mt Isa Metals Limited	27
Shareholder Information	28
Interests in Tenements	30
Corporate Governance Statement	32
Consolidated Statement of Comprehensive Income for the year ended 30 June 2011	37
Consolidated Statement of Financial Position as at 30 June 2011	38
Consolidated Statement of Changes in Equity for the year ended 30 June 2011	39
Consolidated Statement of Cash Flows For the year ended 30 June 2011	40
Notes to the Financial Statements for the year ended 30 June 2011	41
Declaration by Directors	70
Independent Audit Report to the Members of Mt Isa Metals Limited	71

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources 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.

Corporate Information

DIRECTORS

John Bovard
Peter Spiers
Nicholas Mather
Michele Muscillo

COMPANY SECRETARY

Peter Harding-Smith

REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE

Level 5, 60 Edward Street
Brisbane QLD 4000
Phone: + 61 7 3303 0624
Fax: +61 7 3303 0681

COUNTRY OF INCORPORATION

Australia

SOLICITORS

HopgoodGanim Lawyers
Level 8, Waterfront Place
1 Eagle Street
Brisbane QLD 4000
Phone: + 61 7 3024 0000
Fax: +61 7 3024 0300

SHARE REGISTRY

Link Market Services Limited
Level 15
324 Queen Street
Brisbane QLD 4000
Phone: 1300 554 474
Fax: +61 2 9287 0303

AUDITORS

BDO Audit (QLD) Pty Ltd
Level 18, 300 Queen Street
Brisbane QLD 4000
Phone: +61 7 3237 5999
Fax: +61 7 3221 9227

STOCK EXCHANGE LISTING

Australian Securities Exchange Ltd
ASX Code: MET

INTERNET ADDRESS

www.mtisametals.com.au

AUSTRALIAN BUSINESS NUMBER

ABN 59 120 212 017

Chairman's Letter to Shareholders

Dear Shareholders,

On behalf of the Board, it gives me great pleasure to report on the exciting progress made by your company, Mt Isa Metals Ltd, since the date of our last Annual Report.

Shareholders will be aware that last year we took the significant step of expanding our portfolio into exploration for gold in Burkina Faso, West Africa. The board believes that West Africa is highly prospective for large-scale gold discoveries based on the geology, and the lack of intense past exploration together with results achieved by companies who have moved into the region over the recent years.

Through the hard work of your management the Company has successfully secured a large number of valuable tenements in Burkina Faso. It now holds (either directly or under option agreements) a portfolio of exploration tenements with an area in excess of 4,000km².

The company commenced and implemented a significant gold exploration program in Burkina Faso during the year comprising a broad range of activities including – soil sampling, rock chip sampling, field mapping, geophysical surveys and drilling of priority targets.

Shareholders will be aware through reading the number of exciting announcements by the company during the year of the continuing positive results from the ongoing exploration programs. During the year we were very pleased to be able to announce a significant high grade gold discovery at the Nabanga Prospect and promising results from a number of other prospect areas.

The ability of management to identify prospective areas and to negotiate suitable commercial agreements for those tenements has proved to be a major asset of your company. Shareholders will be aware from the announcement earlier this year that the Company successfully established a new 47.8% owned subsidiary, Harmattan Gold, which will be exploring in Burkina Faso and likely elsewhere for gold. Exploration success in this new company will create additional value for shareholders of Mt Isa Metals.

Also during the year exploration activities continued in the Mount Isa region of north-west Queensland with the main focus being exploration for copper-gold deposits within the West Leichardt joint venture (MET 49%). The joint venture continues to explore successfully on those tenements with significant copper-gold drill intersections recorded across multiple prospect areas during the year.

As well as the continuing exploration success in Burkina Faso the company continues to review additional exploration and investment opportunities elsewhere to grow the company and to expand shareholder value. A number of business opportunities were considered during the year but none to date have met the company's strict investment criteria.

The global economy continued to cause concern to the investment community during the year and the board appreciates shareholders' ongoing support. Against these continuing concerns, the gold price has continued to rise during the year making the recent exploration results all the more promising.

Exploration activities in remote areas rely entirely on the skill and enthusiasm of a good team. On behalf of the Board and also its shareholders I wish to thank Peter Spiers and his team for their hard work and enthusiasm during the year.

We all look forward to the ongoing results of the exploration during this coming year

Yours sincerely

John Bovard
Chairman

Review of Operations

Highlights

During the year ended June 30 2011, the Company made substantial progress in the advancement and further development of its portfolio of high quality exploration properties. The focus of activities during the year was gold exploration in Burkina Faso, West Africa (figure 1).

Significant exploration results achieved during the year included:

Burkina Faso

- **Nabanga Prospect** – discovery of a 3.6km long, high grade gold system through reverse circulation (RC) drilling
- **Bantou Prospect** – high grade gold assays recorded in maiden RC drilling including 8m @ 80.32g/t Au (in DYRC003) and 5m @ 6.12g/t Au (in DYRC004).
- **Boungou Prospect** – definition of a large-scale (6.6km long x up to 3.8km wide) (+20ppb) gold-in-soil anomaly through prospect-scale geochemical sampling.
- **Kamsongo Prospect** – definition of a large-scale (14km long x up to 1.5km wide) +10ppb gold-in-soil anomaly through regional geochemical sampling.
- **Mogu Prospect** – extension of the target structure to a 5km long strike length through a high resolution airborne geophysical survey.

Mount Isa Region

- **Barbara Copper-Gold Deposit (MET 49%)** - upgrade of combined Indicated and Inferred Mineral Resource to 1.99Mt @ 1.2%Cu (refer table 1 for classification by Mineral Resource category).
- **Blue Star Prospect** – high grade copper-gold intersections recorded in maiden RC drilling including 9m @ 6.12% Cu and 0.69g/t Au (in BSRC008).

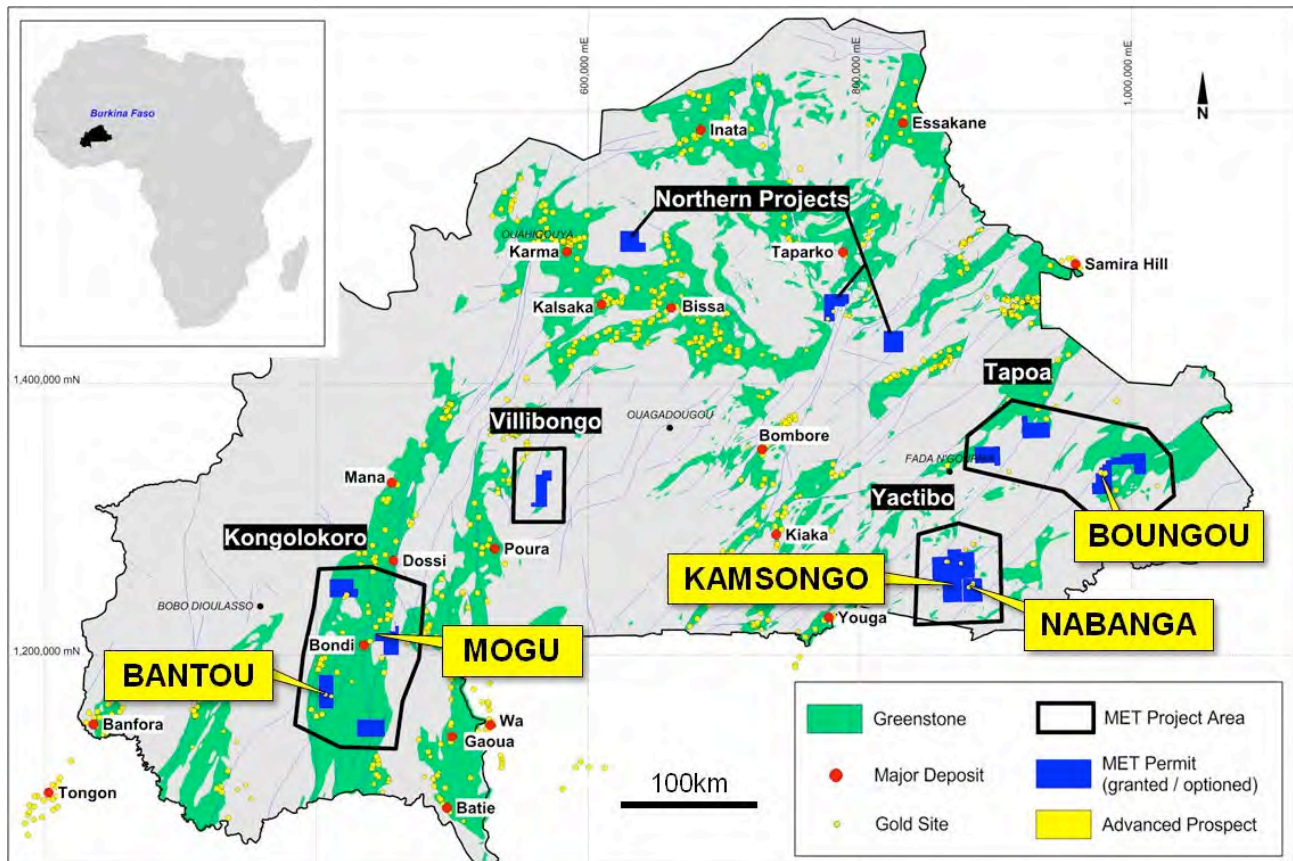


Figure 1 – Burkina Faso – MET location diagram.

Burkina Faso Gold Projects

During the financial year, MET built on its enviable tenement position in Burkina Faso by establishing a permanent exploration office in Ouagadougou (the capital of Burkina Faso) and assembling a skilled team of geoscientists and support staff. This operational base allowed the Company to rapidly advance exploration programs across its project areas from the end of the annual wet season rains in October 2010.

Significant exploration success was achieved during the year and MET identified multiple prospects with evidence of high grade gold mineralisation at surface. All of the Company's gold projects lie within the world-class West African Gold Province and each of the gold prospects advanced by the Company during the year have clear potential for discovery of large-scale gold deposits.

The rapid advancement of high-priority targets resulted in the announcement by MET of two new gold discoveries during the financial year, including the high grade Nabanga Gold Deposit (in the south-east of Burkina Faso) and encouraging gold drill intersections from the Bantou Gold Prospect (in the south-west of Burkina Faso).

Despite the significant results achieved to date the Company has explored only a small percentage of the total Burkina Faso permit area. Therefore, significant potential exists to define additional high quality gold prospects through ongoing exploration activities.

Nabanga Gold Prospect

The Nabanga Gold Prospect is located within the Company's Yactibo Project area in the south-east of Burkina Faso.

The Nabanga Prospect is defined at surface by a shallow northeast-trending zone of artisanal gold workings that extend over a 3.6 kilometre strike length.

During the year, and following the completion of an initial broad-spaced reverse circulation (RC) program, MET announced Nabanga as a significant new gold discovery. Gold mineralisation above 0.5g/t Au was recorded in every drill hole in the phase 1 drilling program completed at Nabanga confirming a significant gold mineralised system (figure 2).

Nabanga is a high grade quartz vein associated gold deposit (figure 3).

As a result of the success of the maiden drilling program, an extended program of RC drilling re-commenced at the Nabanga Prospect in Q2 2011. The drilling was designed to:

- identify higher grade "shoots" by conducting an initial drill out of the Nabanga structure on 200 metre-spaced cross sections to an approximate 65 metre vertical depth,
- further infill drill the Nabanga structure on selected 40 to 80 metre spaced cross sections, in conjunction with
- deeper drilling of high grade shoots to approximately 150 metres vertical depth (limit of RC rig capacity)

Significant intersections received during the year from RC drilling at Nabanga included:

- 8m @ 14.01g/t Au from 26m (in NARC006)
- 3m @ 24.62g/t Au from 59m (in NARC011)
- 4m @ 13.88g/t Au from 17m (in NARC017)
- 8m @ 10.11g/t Au from 34m (in NARC030)
- 4m @ 7.45g/t Au from 66m (in NARC033)
- 4m @ 8.52g/t Au from 74m (in NARC035)

MET considers the drilling results received to date from Nabanga to be extremely encouraging and indicative of potential for a significant gold deposit. Greenstone-hosted gold systems such as those in Burkina Faso and other major gold provinces such as Eastern Canada and Western Australia are often noted for a significant depth extent to gold mineralisation.

MET is targeting an initial resource estimate for the Nabanga discovery during the first half of calendar 2012, and has secured an additional RC drill rig and a contract for 40,000 metre RC drilling commencing in October 2011 to facilitate this objective.

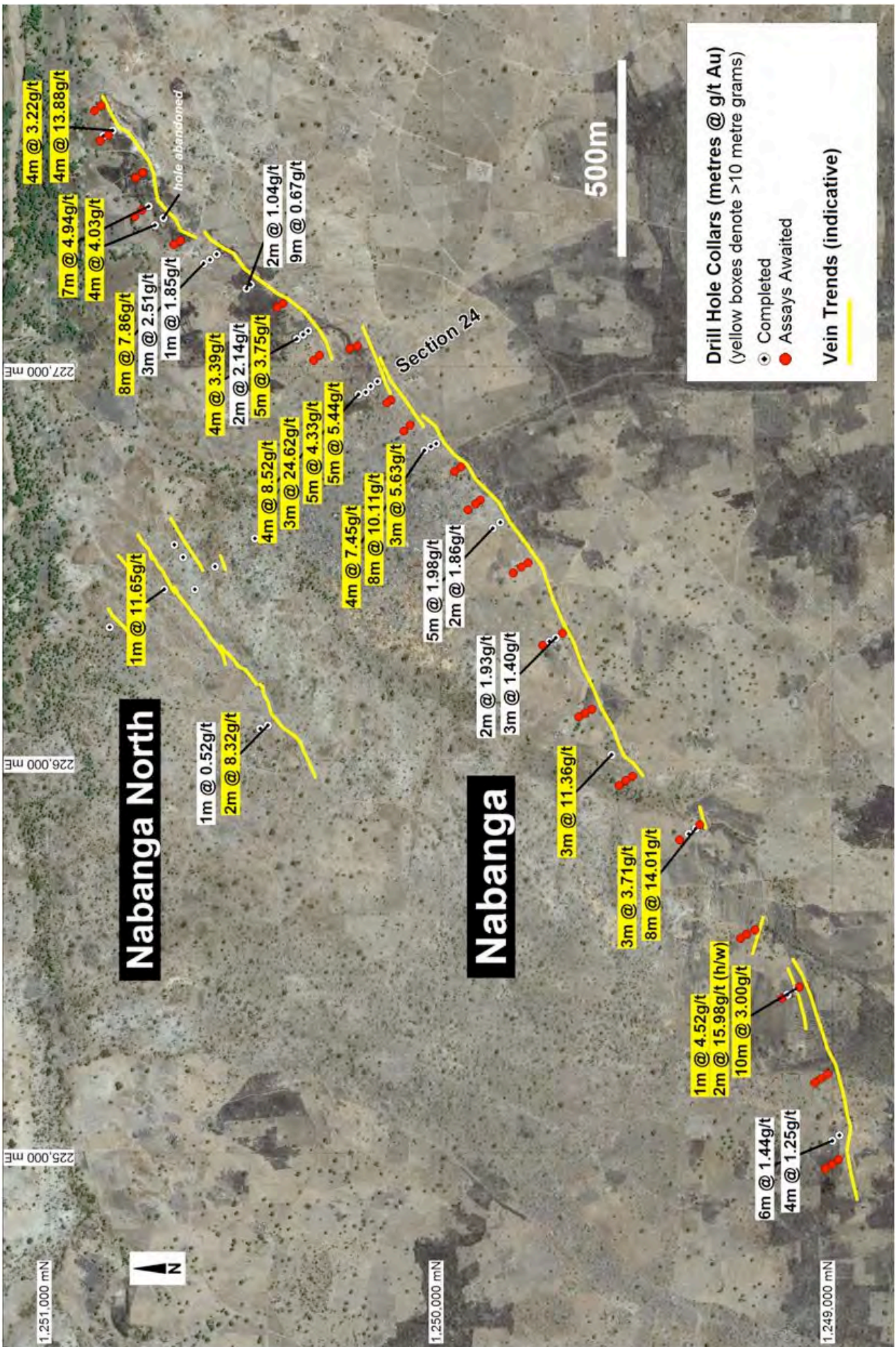


Figure 2 – Nabanga – Drill hole location diagram (showing results as of the date of this report).



Figure 3 – Nabanga drill chips (RC drill holes NARC004, 006, and 040).

Bantou Gold Prospect

The Bantou Gold Prospect is located within the Kongolokoro Project area in south-west Burkina Faso (figure 1).

The Bantou Prospect is defined at surface by a north-east trending zone of shallow artisanal gold workings that extend over an approximate 1 kilometre strike length (figure 4).

MET completed a maiden drilling program in the Bantou area in late 2010 which included eight RC drill holes along the strike length of the main workings. This phase 1 drilling intersected significant gold mineralisation towards the southern end of the known workings over an approximate 450 metre strike length. In addition to the main lode intersections, the drilling recorded significant gold mineralisation in a separate, and previously unknown, hangingwall structure (refer inset image of figure 4).

Assays results received from the Bantou Prospect during the year included the following intersections:

- 4m @ 3.59g/t Au from 38m (in DYRC001)
- 8m @ 80.32g/t Au from 36m (in DYRC003)
- 5m @ 6.12g/t Au from 60m (in DYRC004)
- 4m @ 4.26g/t Au from 42m (in DYRC005)

In mid-2011, the Company completed a second phase RC drilling program over the Bantou Prospect. The second phase drilling program was designed to test the known gold mineralised zone on 80 metre-spaced cross sections and to a maximum 100 metre vertical depth. In addition step out drilling was completed to the south of the known mineralisation.

A drill hole location plot, which shows phase 1 drill hole intersections and phase 2 drill hole collar locations is provided at figure 8. Phase 2 drill assay results are awaited as of the date of this report.

Further RC drilling of the Bantou Prospect is proposed during the forthcoming year.

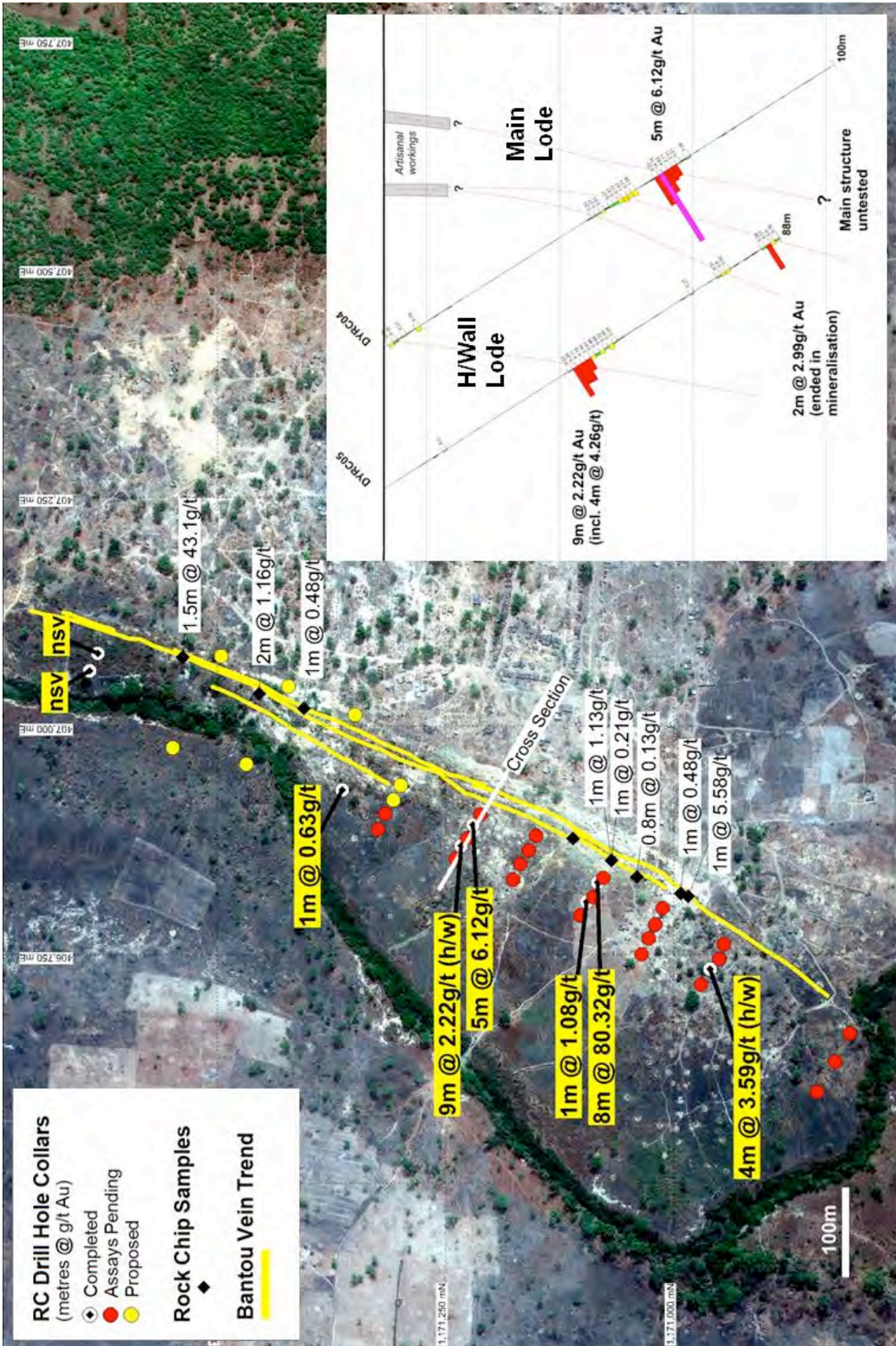


Figure 4 – Bantou Prospect – Drill hole and rock chip location diagram.

Kamsongo Gold Prospect

The Kamsongo Prospect is located within the Yactibo Project area in south-east Burkina Faso (figure 1).

During the financial year a regional-scale soil sampling program defined a significant (14km long / +10ppb Au) gold-in-soil anomaly at the Kamsongo Prospect. The Kamsongo Prospect is a totally new gold occurrence with no known artisanal workings.

The Kamsongo gold-in-soil anomaly is up to 1.5 kilometres across at its widest point and includes multiple discrete zones of higher order (+20ppb) gold anomalism that extend up to a 5 kilometre strike length - including the South, Central and North Zone targets.

During the year MET commenced a program of combined reverse circulation (RC) and rotary air blast (RAB) drilling at Kamsongo to provide an initial assessment of bedrock below the +20ppb Au soil anomalies.

Subsequent to year end, MET received initial drill assay results from RAB drilling of the North Zone anomaly. The results included wide zones of elevated gold mineralisation in three consecutive RAB holes coincident with the main structural (geophysical) target as follows:

- 23m @ 0.50g/t Au from 3m (in KARA0012)
- 4m @ 0.22g/t Au from 10m and 7m @ 0.25g/t Au from 25m (in KARA0013)
- 8m @ 1.11g/t Au from 4m (in KARA0014)

Visible free gold was observed in selected field pan samples from the Kamsongo RAB drilling. The samples did not produce elevated gold assays in laboratory analysis. MET is currently investigating the potential use of alternative analytical techniques using a larger sample size (screen fire analysis) in areas of potential coarse free gold.

Additional assay results are awaited from the Kamsongo Prospect and further drilling is proposed to complete a first pass assessment of the large area of gold-in-soil anomalism.

Boungou Gold Prospect

The Boungou Gold Prospect is located in the far east of Burkina Faso within the Tapoa Project area (figure 1).

Significant artisanal gold mining sites were identified within the Boungou Prospect area during 2010, and high grade gold assays were recorded by MET from initial grab sampling of quartz vein material (up to 93.40g/t Au).

During the year detailed geophysical and soil geochemical surveys were completed over the greater Boungou area to assist in geological interpretation and drill targeting. Numerous structural targets were identified from the high resolution geophysical survey that warrant follow-up drilling. Extensive areas of high order gold-in-soil anomalism were defined over the prospect area by the soil sampling program (figure 5).

Gold-in-soil anomalism (above 20ppb Au) has been defined at Boungou over a total 6.6 kilometre strike length and up to a 3.7 kilometre maximum width. The anomalism includes multiple discrete zones above 50ppb Au – including the Kodjini Zone, Western Zone, Link Zone and the Natougou Zone anomalies (refer figure 5).

A number of large-scale third-party gold deposits discovered in the region to date are associated with broad-scale soil anomalies at or above the 50ppb Au threshold. Therefore, the results received from the Boungou phase one soil sampling program indicate significant potential for discovery of large-scale bedrock gold deposits.

Gold-in-soil anomalism at Boungou remains open in multiple directions at the limit of the soil sampling area.

To date MET has explored only a very small proportion of the Boungou Prospect area. The phase one soil sampling program (which covered a 24km² area) has provided a first pass assessment of less than 10% of the Boungou permit.

Following the end of the current West African wet season the Company intends to:

- commence RC drill testing of the multiple high order (+50ppb Au) gold anomalies across the Boungou Prospect area, and
- expand the soil sampling program beyond the limit of the Boungou phase one sample area – in particular to the east of the open-ended high-order Natougou Zone anomaly (figure 5)

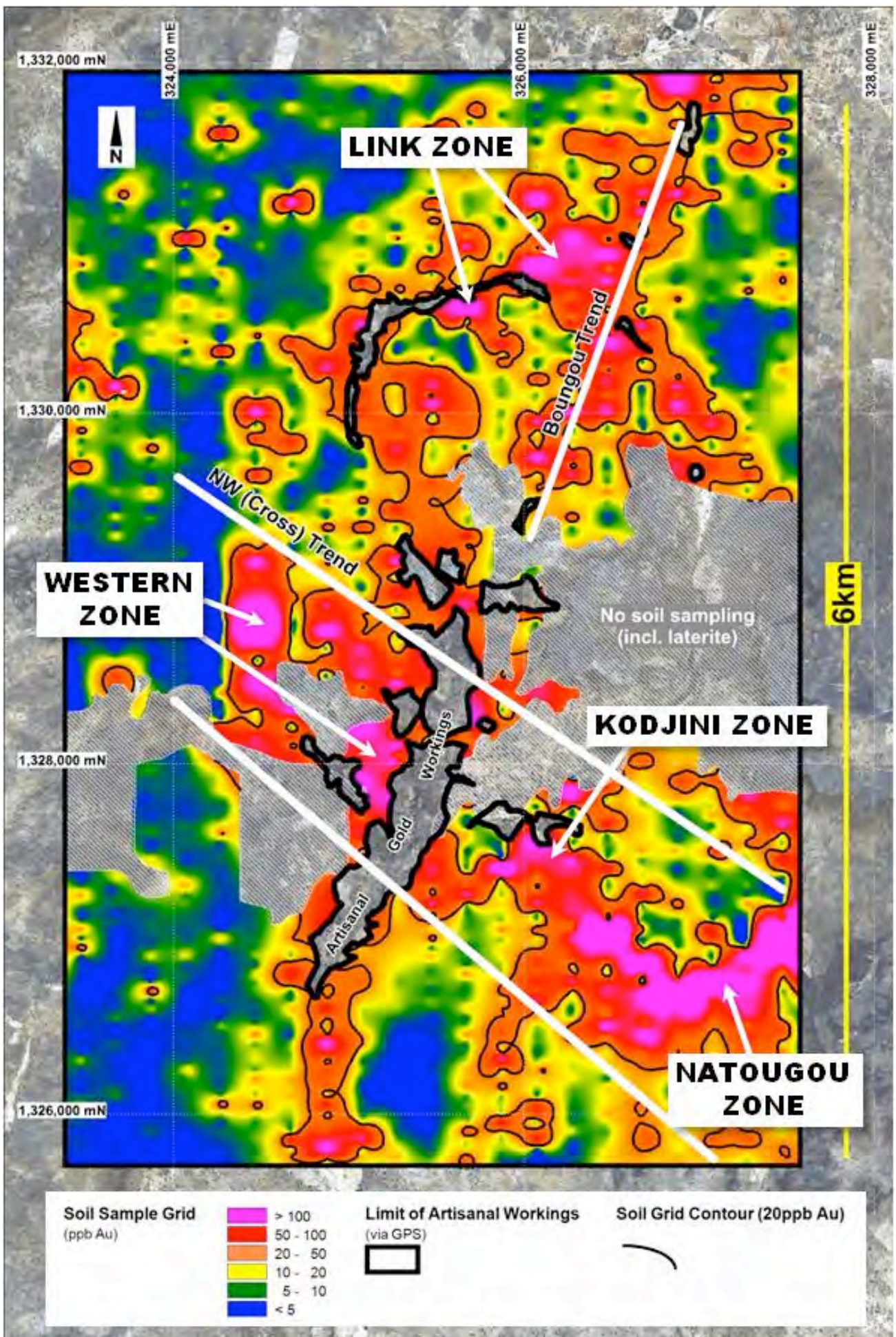


Figure 5 – Boungou Prospect – Gridded gold-in-soil results.

Mogu Gold Prospect

The Mogu Gold Prospect is located within the Kongolokoro Project area of central west Burkina Faso (figure 1).

The **Mogu Prospect** is defined by high grade gold assays recorded at surface by rock chip and grab sampling of quartz vein material associated with artisanal workings (figure 6).

During the year a combined high-resolution magnetic and radiometric survey was flown over the Mogu Prospect area.

The survey enhanced the potential of the Mogu Prospect by identifying a significant strike extension to the Mogu structural target. Previously the Mogu Prospect was thought to be restricted to an approximate 500 metre strike length associated with a topographic high. The high resolution geophysical survey completed during the year extended the target structure “ten-fold” to a minimum 5km strike length.

Additional on-ground exploration activity is proposed for the Mogu Prospect during the forthcoming year.

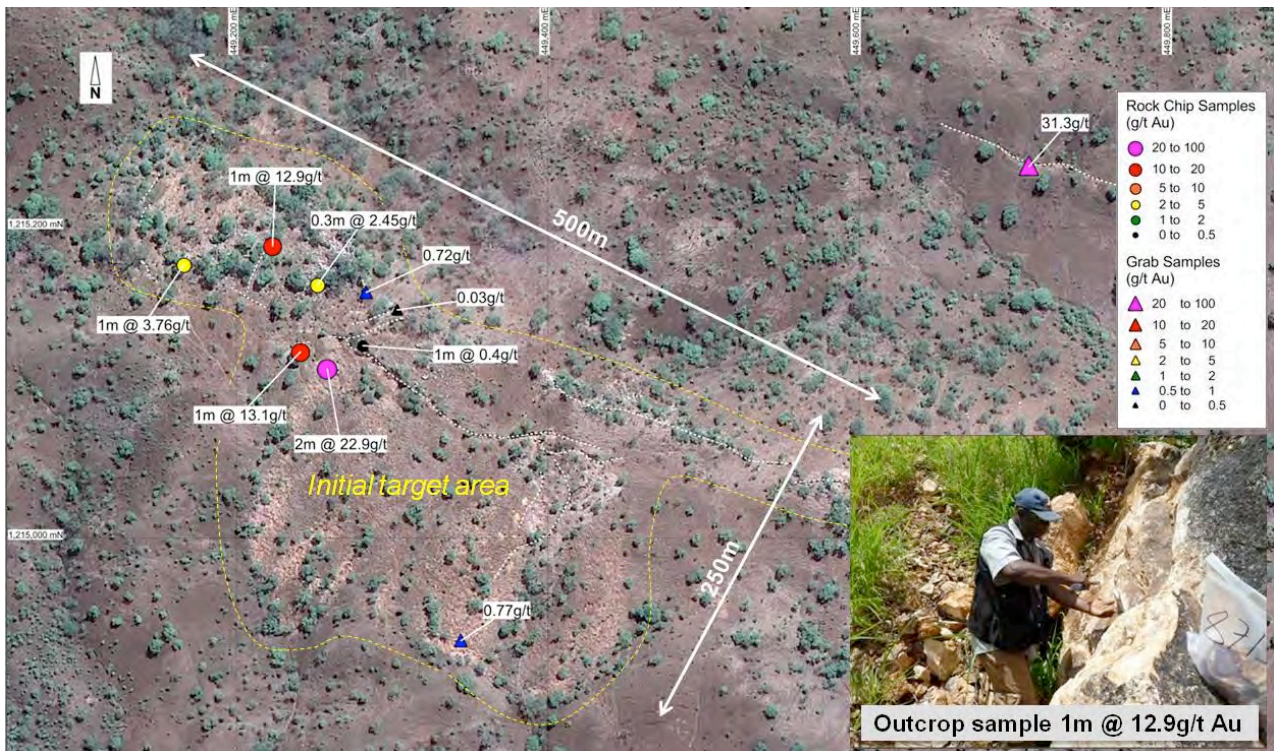


Figure 6 – Mogu Prospect - Grab and rock chip sample results.

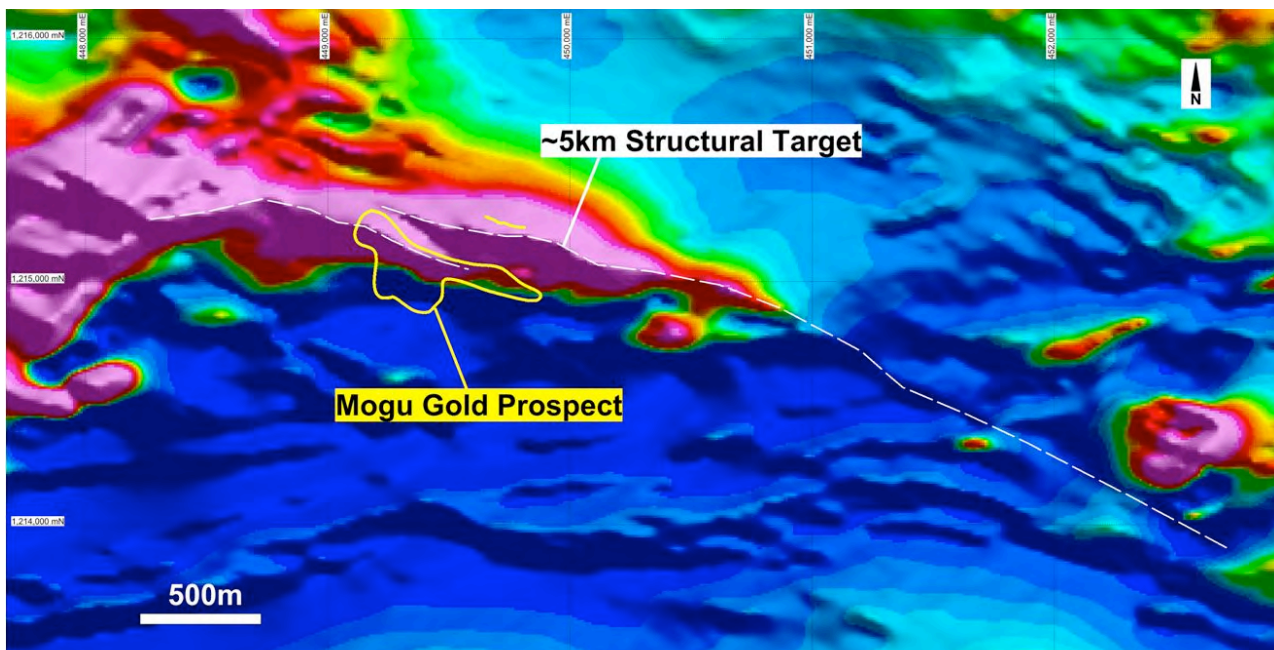


Figure 7 – Mogu Prospect – High resolution magnetic image showing structural target.

Mount Isa Projects (Copper and Copper-Gold)

During the year the Company continued to advance exploration activities within its large portfolio of exploration tenements in the Mount Isa region of north-west Queensland.

The Mount Isa region is recognised as one of the world's premier mineral provinces. Exploration in the region has produced a number of significant mineral discoveries in recent years including iron-oxide copper gold deposits (IOCG), uranium deposits, silver-lead-zinc deposits and complex base metal rare earth element associated deposits.

The Company's primary interest in the Mount Isa region is the discovery of IOCG deposits and shear-hosted copper deposits. During the financial year the Company's exploration activities in the Mount Isa region focussed on targets within the Leichardt Project area (figure 8).

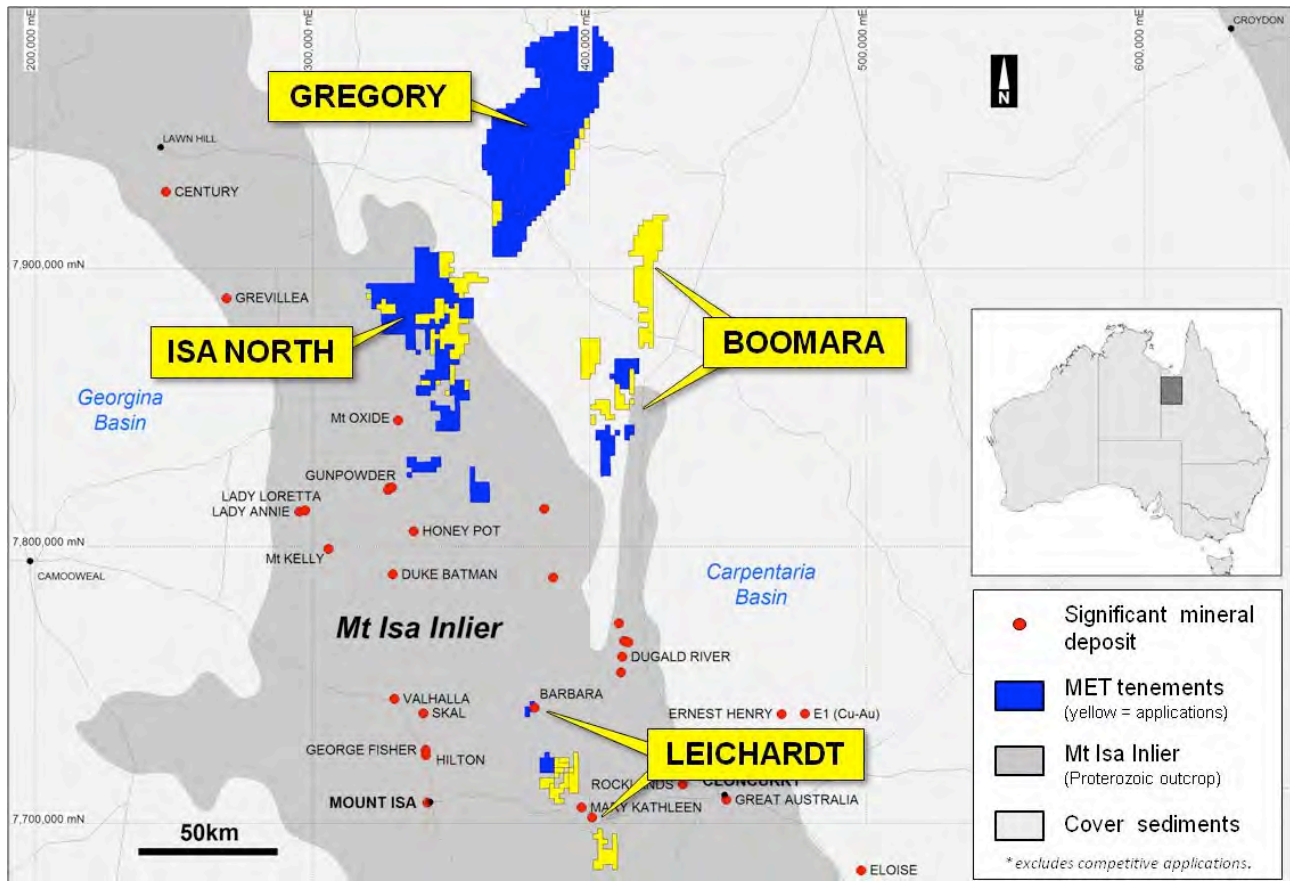


Figure 8 - Location of MET tenements and applications in the Mount Isa region.

Barbara Copper Deposit

The Barbara Copper deposit is located 50km north-east of Mount Isa and forms part of the Company's Leichardt Exploration Project (figure 8). The Barbara deposit also lies within exploration tenement EPM16112, which is held in joint venture between Mt Isa Metals Limited (49%) and Syndicated Metals Limited (51% and manager) (figure 9).

During the year the joint venture conducted further resource drilling at Barbara focused on extending the margins of known copper-gold mineralisation within a vertical depth of approximately 200m from surface. This drilling successfully intersected additional copper sulphide mineralisation and provided incremental extensions to the known copper-gold mineralisation.

As a result of the new drilling (and drilling completed in the prior financial year) a revised resource estimate was completed that significantly increased the resource to a combined Indicated and Inferred Mineral Resource of **1,992,000 tonnes at 1.2% Cu for 24,000 tonnes of contained copper** (within EPM 16112, 100% JV basis - refer table 1 for classification by Mineral Resource category).

Significant potential exists to further extend the deposit through additional drilling particularly in the areas below 150 metres vertical depth.

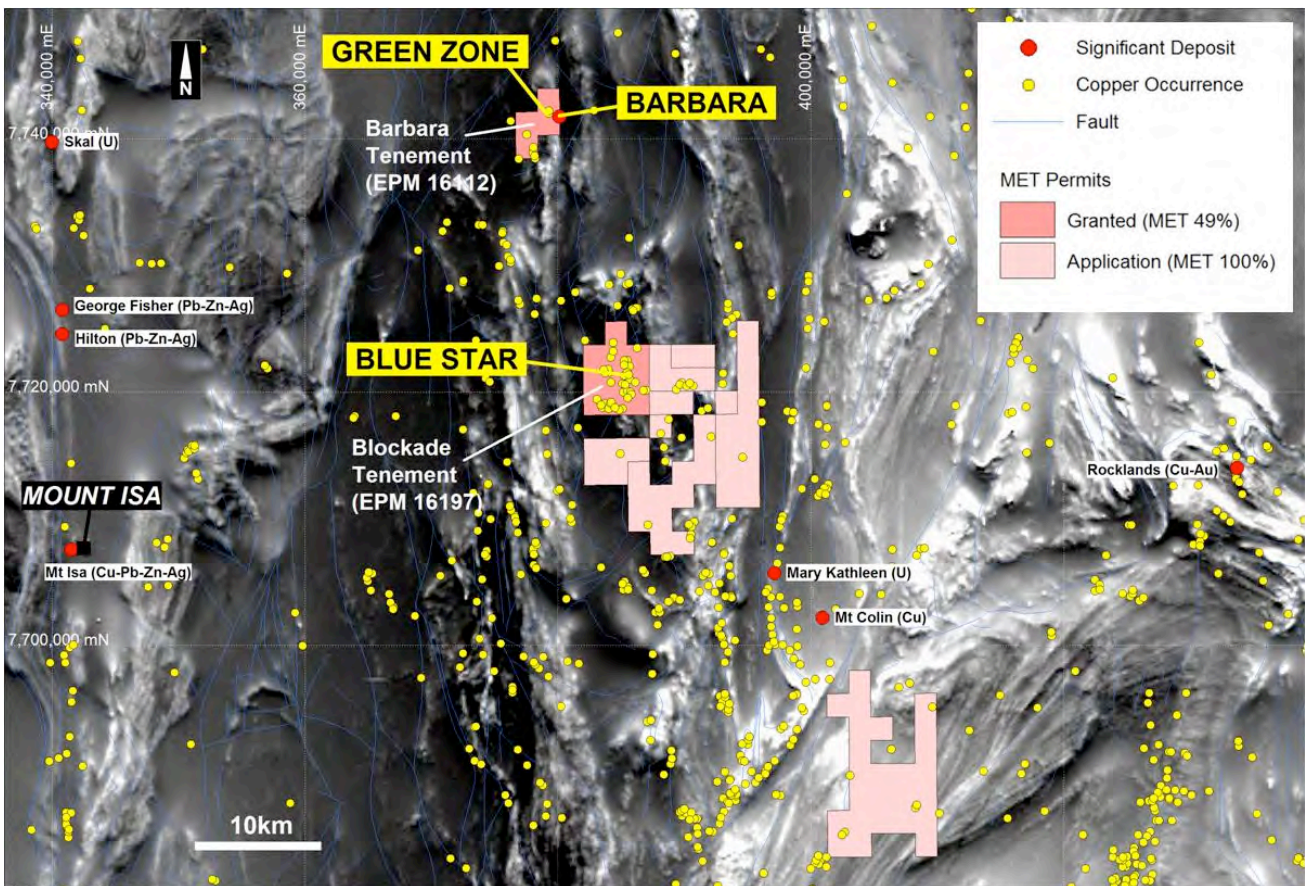


Figure 9 – Leichardt Project – Location of MET tenements / prospects.

Category	Tonnes	Copper (%)	Gold (g/t)	Silver (g/t)	Cobalt (ppm)	Copper (tonnes)	Gold (ounces)
Indicated	801,000	1.4	0.1	2.7	247		
Inferred	1,191,000	1.0	0.1	1.9	265		
Total	1,992,000	1.2	0.1	2.2	258	24,000	8,000

Table 1. Barbara Resource Estimate (0.5% Cu cut-off, EPM 16112, 100% JV basis).

Significant figures quoted do not imply precision and are used to minimize round-off errors. Full details of resource estimation parameters can be found within MET ASX release “Resource Update for Barbara Copper Project” dated 17 November 2010.

During the year preliminary scoping studies were commenced over the Barbara Deposit to assess the potential for mine development based on the current resource inventory. These analyses include pit optimisation studies and metallurgical studies of selected diamond drill core samples, as well as environmental baseline studies.

Results of the scoping studies were awaited as at the date of this report.

MET continues to seek to expand its tenement position in broader Leichardt Project area. The company is awaiting grant of three additional 100% owned permits in the area for an additional 206km² (figure 9).

Blue Star Prospect (Number 2 Reef)

The Blue Star Prospect is located within EPM16197 (MET 49%) and is defined at surface by a zone of shallow historical copper workings that exploited multiple “reef” structures (figure 9).

A short reverse circulation RC drilling program was completed at the Blue Star prospect in mid-2011 to follow up encouraging shallow first pass drilling results. The drilling focussed on the assessment of the steeply dipping, north-west striking, Number 2 Reef which has generated the most significant copper-gold drill intersections in the prospect to date.

New copper-gold intersections recorded on the Number 2 Reef during the year included:

- 14m @ 1.10% Cu and 0.20g/t Au from 23m (in BSRC007)
- 9m @ 6.12% Cu and 0.69g/t Au from 85m (in BSRC008)
- 7m @ 1.55% Cu and 0.12g/t Au from 38m (in BSRC014)
- 8m @ 1.41% Cu and 0.11g/t Au from 155m (in BSRC022)

The Number 2 Reef intersections define a steeply dipping mineralised structure with generally elevated copper and gold assay values on the hangingwall and footwall contacts. Significant copper mineralisation has now been defined on the Number 2 Reef to a vertical depth of approximately 150 metres from surface (figure 10).

The mineralisation on the Number 2 Reef remains open at depth and along strike.

An initial resource estimate is currently in progress for the Number 2 Reef. Further drilling is proposed during the forthcoming financial year.

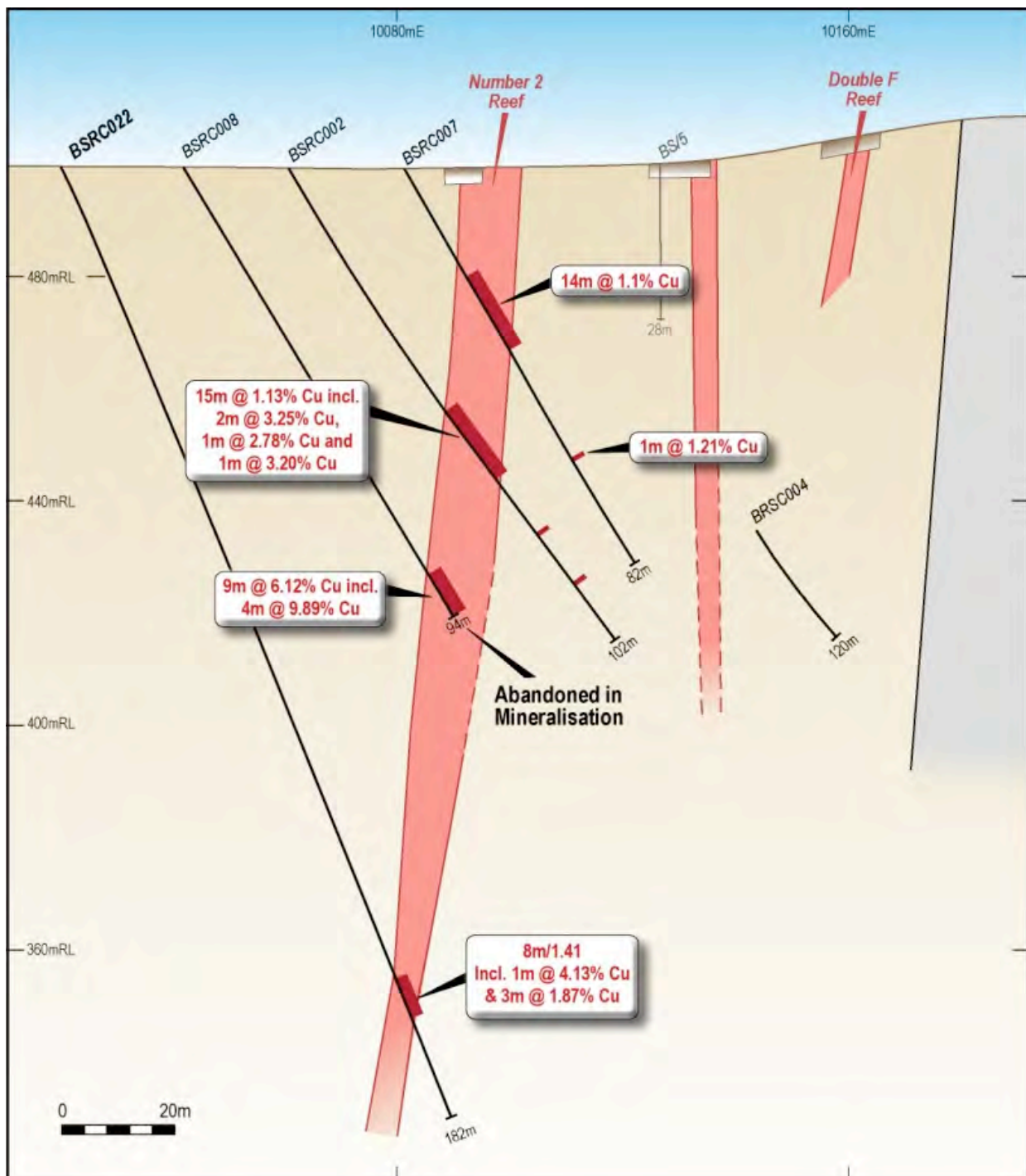


Figure 10 – Blue Star Prospect – Cross section showing Number 2 Reef intersections.

Green Zone Prospect

The Green Zone Prospect is located within exploration permit EPM 16112 (MET 49%) and is defined by near-surface low grade copper sulphide mineralisation that was discovered by soil and rock chip sampling programs (figure 9).

Drilling completed over the Green Zone Prospect during the year confirmed the presence of potentially mineable widths and grades of copper sulphide mineralisation over a 400m strike length. The new assay results included a best interval of 8m @ 1.81% Cu (from 6m depth in GZRC 020).

An initial resource estimate is currently in progress for the Green Zone Prospect.

Other Mount Isa Region Project Areas

During the year, MET commenced a review of the Company's other project areas within the Mount Isa region, comprising the Gregory, Boomara, and Isa North Projects (figure 8).

The review, which was incomplete as at the date of this report, will utilise integrated geological, geophysical and geochemical datasets to define exploration targets across the various project areas. In addition the review will assess each project area for additional exploration investment by MET together with potential for joint venture or divestment opportunities.



Figure 11 – Burkina Faso rural scene.

Directors' Report

Your directors present their report for the year ended 30 June 2011.

The following persons were directors of Mt Isa Metals Limited during the financial year and up to the date of this report, unless otherwise stated:

Peter Spiers - Managing Director
BSc (Hons – Geol), MAusIMM

Mr Spiers is a qualified geologist with in excess of 25 years of experience in the resources industry. Mr Spiers has substantial operations and exploration experience having worked in a wide range of commodities and operating environments both within Australia and offshore.

A significant proportion of his career to date was spent with Western Mining Corporation (WMC) where he held numerous senior technical and commercial roles. His most recent role was Group Manager – Business Development, where he managed the targeting and evaluation of major mineral investment opportunities including copper, gold, nickel, iron ore, mineral sands, coal and other industrial minerals.

Previously Mr Spiers was also responsible for WMC's operations strategic planning which included planning oversight for a multi-billion dollar asset portfolio comprising the company's nickel, copper-gold-uranium, and phosphate fertilizer operations.

More recently Mr Spiers held an executive position with ASX listed Atlas Group Holdings Limited where he was focused on the development of business-wide improvement initiatives and the definition of strategies for growth.

Mr Spiers has not served as a director of any other listed entities in the last 3 years.

John Bovard – Non-Executive Chairman
BE Civil, FAusIMM

Mr Bovard is a civil engineer and has over 45 years' experience in mining, heavy construction, project development and corporate management. His career has included roles as CEO of public companies and both executive and non-executive directorships in the resources industry.

He holds a Bachelor of Civil Engineering, and is a Fellow of the Australian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Company Directors.

Mr Bovard is a member of the Audit and Risk Management Committee.

Mr Bovard also serves as non-executive Chairman of the ASX listed company Australian Pacific Coal Limited (formally Pacific Enviromin Limited) (since October 2009) and a non-executive Director of AIM listed Solomon Gold plc (November 2009).

Nicholas Mather – Non-Executive Director
BSc (Hons, Geol), MAusIMM

Mr Mather's special area of experience and expertise is the generation of and entry into undervalued or unrecognised resource exploration opportunities. He has been involved in the junior resource sector at all levels for more than 25 years. In that time he has been instrumental in the delivery of major resource projects that have delivered significant gains to shareholders. As an investor, securing projects and financiers, leading exploration campaigns and managing emerging resource companies, Mr Mather brings a wealth of valuable experience.

Mr Mather is currently CEO (and co-founder) of Solomon Gold plc (AIM) and Managing Director (and founder) of D'Aguilar Gold Ltd (ASX).

As an Executive Director (and co-founder) of Arrow Energy Ltd until 2004, Mr Mather was responsible for the generation of its Surat Basin Coal Bed Methane project. Arrow Energy Ltd was recently acquired by CS CSG (Australia) Pty Ltd, which is jointly owned by Shell and PetroChina, for consideration of \$3.5 billion. Previously as CEO of BeMax Resources Limited, Mr Mather was instrumental in the discovery of the company's Pooncarie mineral sands project in 1998.

Mr Mather has also been a non-executive Director of Ballarat Goldfields, having assisted with the recapitalisation of the company in 2002. Ballarat Goldfields was taken over by Lihir Gold at a value in excess of \$300 million.

Mr Mather is a member of the Audit and Risk Management Committee.

During the past three years Mr Mather has also served as a Director of the following ASX listed companies:

- D'Aguilar Gold Ltd * (since October 2001)
- Bow Energy Ltd * (since September 2004)
- AusNiCo Limited * (since December 2006)
- Navaho Gold Limited - Chairman * (since January 2003)
- Waratah Coal Inc. (May 2005 until December 2008) (ASX listed from November 2008 to December 2008)

During the past three years Mr Mather has also served as a Director of the following AIM listed company:

- Solomon Gold plc * (since May 2005)

* denotes current directorship.

Michele Muscillo – Non-Executive Director LLB (Hons)

Mr Muscillo is a Partner specialising in corporate law with HopgoodGanim Lawyers. He was admitted as a Solicitor in 2004 and has a practice focusing almost exclusively on mergers and acquisitions, and capital raising.

He has a Bachelor of Laws from Queensland University of Technology and was a recipient of the QUT University Medal.

In his role with HopgoodGanim Lawyers, Mr Muscillo has acted on a variety of corporate transactions including initial public offerings, takeovers and other acquisitions. Michele's experience brings to the Board expertise on corporate regulation, governance and compliance matters.

Mr Muscillo is the Chairman of the Audit and Risk Management Committee.

Mr Muscillo was an alternative director for Mr Prefontaine, Bow Energy Ltd, between 24 May 2010 and 6 July 2010.

Peter Harding-Smith – Company Secretary, CFO B.Bus, CA, F.Fin, ACIA, JP

Mr Peter Harding-Smith is the company secretary of Mt Isa Metals Limited since his appointment on the 30 May 2011 and up to the date of this report.

Mr Harding-Smith joins Mt Isa Metals with past senior financial management and company secretarial positions with listed and non-listed companies.

Mr Harding-Smith is a chartered accountant with over 20 years of business experience with a Bachelor of Business from Queensland University of Technology. Mr Harding-Smith is a member of the Institute of Chartered Accountants of Australia and Chartered Secretaries Australia, and is a fellow of the Financial Services Institute of Australia.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and options of Mt Isa Metals Limited are shown in the table below:

	Ordinary Shares	Unlisted Options \$0.20 @ 31/5/12	Unlisted Options \$0.46 @ 23/11/13
John Bovard	610,000	-	500,000
Peter Spiers	3,789,287	47,619	1,000,000
Nicholas Mather	1,469,646	190,478	500,000
Michele Muscillo	531,250	-	500,000

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were exploration for gold and copper-gold deposits.

The Company made substantial progress in the advancement and further development of its portfolio of exploration properties during and subsequent to the end of the 2011 financial year.

In Burkina Faso, the Company has continued gold exploration on permits during the financial year. There have been high grade gold assays recorded from multiple prospect areas. On the Mt Isa tenements, the Company has focused exploration activities on the Leichardt Project and it has recorded copper and copper-gold mineralisation at the Barbara and Blue Zone prospects.

OPERATING RESULTS

For the year ended 30 June 2011, the loss for the consolidated entity after providing for income tax was \$2,605,811 (2010: \$2,040,521).

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during the financial year.

REVIEW OF OPERATIONS

Detailed comments on operations and exploration programs up to the date of this report are included separately in the Annual Report under Review of Operations and Future Developments.

REVIEW OF FINANCIAL CONDITION

Capital structure

At 30 June 2011, the Company had 159,385,921 ordinary shares and 18,571,426 unlisted options on issue.

At the date of this report the Company had 163,652,589 ordinary shares and 14,304,758 unlisted options on issue.

Financial position

The net assets of the consolidated entity have increased by \$18,714,695 from \$4,719,835 at 30 June 2010 to \$23,434,530 at 30 June 2011. This increase has largely resulted off capital raising activities during the financial year offset by operating losses.

The consolidated entity's working capital, being current assets less current liabilities has increased from \$1,008,666 in 2010 to \$14,860,161 in 2011.

During the past year the consolidated entity has invested in expanding its gold exploration activities to include the world-class Birimian Gold Province of West Africa.

Treasury policy

The consolidated entity does not have a formally established treasury function. The Board is responsible for managing the consolidated entity's finance facilities. The consolidated entity does not currently undertake hedging of any kind and is not directly exposed to material currency risks.

Liquidity and funding

The consolidated entity has sufficient funds to finance its operations and exploration activities, and to allow the consolidated entity to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred in the financial year:

On 7 September 2010, the Board of Mt Isa Metals announced a 1 for 4 non-renounceable entitlement offer at \$0.15 per share to raise approximately \$3.9 million which would be separated into two components:

- an accelerated institutional entitlement offer of \$1.9 million, and
- a retail entitlement offer raising approximately \$2.0 million.

On 9 September 2010 the Company announced the successful completion of the accelerated institutional component (Institutional Offer) of the 1 for 4 non-renounceable entitlement offer (Entitlement Offer) announced on 7 September 2010. The Institutional Offer raised approximately \$1.9 million at offer price of \$0.15 per share. Settlement of the Institutional Offer occurred on 23 September 2010.

Proceeds from the Institutional Offer and fully underwritten \$2.0 million Entitlement Offer were raised to be utilised in conjunction with existing cash reserves to fund an aggressive gold exploration program in Burkina Faso. This exploration includes significant drilling programs on identified high grade gold prospects.

In September 2010, a Burkina Faso entity, Birimian Resources SARL, was established to support operations in country. Birimian Resources SARL is a 100% subsidiary of MET BT Pty Ltd and employees nationals working on the project areas.

During December 2010, Mt Isa Metals Ltd formed a subsidiary, Harmattan Gold Pty Ltd and successfully raised \$1.8 million in seed capital. Mt Isa Metals has retained a 47% interest in the subsidiary and intend on listing the entity on the ASX in late 2011.

In February 2011 the company successful placed 20,574,561 fully paid ordinary shares, raising a further \$14,402,192 to fund further exploration activities in Burkina Faso. An EGM was held on the 24 March 2011 to obtain shareholders' approval for the placement.

AFTER BALANCE DATE EVENTS

In July and August 2011, 4,266,668 unlisted share options have been exercised, 3,400,000 relating to directors or director related entities.

There have been no other events since 30 June 2011 that impact upon the financial report as at 30 June 2011.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Likely developments in the operations of the Company and the expected results of those operations in subsequent financial years have been discussed where appropriate in the Annual Report under Review of Operations and Future Developments.

There are no further developments of which the Directors are aware which could be expected to affect the results of the Company's operations in subsequent financial years other than information which the Directors believe comment on or disclosure of, would prejudice the interests of the Company.

ENVIRONMENTAL ISSUES

The Company is subject to environmental regulation in relation to its exploration activities. There are no matters that have arisen in relation to environmental issues up to the date of this report.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of Mt Isa Metals Limited, and for the key management personnel.

Remuneration policy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

The Board does not presently have Remuneration and Nomination Committees. The directors consider that the Company is not of a size, nor are its affairs of such complexity, as to justify the formation of separate committees. All matters which might be dealt with by such committees are reviewed by the directors meeting as a Board. The Board, in carrying out the functions of the Remuneration and Nomination Committees, are responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The Board, in carrying out the functions of the Remuneration and Nomination Committees, assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Company.

The Company aims to reward the Managing Director and senior management with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The Board's policy is to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives.

In accordance with best practice corporate governance, the structure of non-executive directors, Managing Director and senior management remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of the Company and the ASX Listing Rules specify that the non-executive directors are entitled to remuneration as determined by the Company in a general meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The aggregate remuneration currently determined by the Company is \$350,000 per annum. Additionally, non-executive directors will be entitled to be reimbursed for properly incurred expenses.

If a non-executive director performs extra services, which in the opinion of the directors are outside the scope of the ordinary duties of the director, the Company may remunerate that director by payment of a fixed sum determined by the directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to non-executive directors. A non-executive director is entitled to be paid travel and other expenses properly incurred by them in attending directors' or general meetings of the Company or otherwise in connection with the business of the Company.

The remuneration of non-executive directors for the year ending 30 June 2011 is detailed in this Remuneration Report.

Managing Director and senior management remuneration

The Company aims to reward the Managing Director and senior management with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward Executives for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Managing Director and senior management may from time to time be fixed by the Board. As noted above, the Board's policy is to align the Managing Director and senior management objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board, in carrying out the functions of the Remuneration and Nomination Committees, and the process consists of a review of Company-wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices. Senior management are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Long-term incentives are provided in the form of options and/or the issue of shares following the completion of satisfactory time periods of service. The Company uses employee continuity of service and the future share price to align comparative shareholder return and reward for executives.

The remuneration of the Managing Director and senior management for the year ending 30 June 2011 is detailed in this Remuneration Report.

Relationship between remuneration and Company performance

During the financial year, the Company has generated losses as its principal activity was exploration for copper-gold and gold deposits and the recent expansion of its gold exploration activities to include the world-class Birimian Gold Province of West Africa.

On 22 August 2008, official quotation of the Company's shares on the ASX commenced at a price of \$0.20. The share price at the end of the financial year ended 30 June 2011 was \$0.35 (2010: \$0.175).

There were no dividends paid during the year ended 30 June 2011.

As the Company is still in the exploration and development stage, the link between remuneration, company performance and shareholder wealth is tenuous. Share prices are subject to the influence of metals prices and market sentiment toward the sector, and as such increases or decreases may occur quite independent of executive performance or remuneration.

	2011	2010	2009
Share price	\$0.35	\$0.175	\$0.115
Current year loss	(\$2,546,977)	(\$2,040,521)	(\$1,466,836)
Dividends	nil	Nil	nil

Employment contracts

It is the Board's policy that employment agreements are entered into with all Executive Directors, Executives and employees.

Contracts do not provide for pre-determining compensation values or method of payment. Rather the amount of compensation is determined by the Board in accordance with the remuneration policy set out above.

The current employment agreement with the Managing Director has a three month notice periods. Mrs Gunter has a two month notice period and all other employment agreements have one month (or less) notice periods. No current employment contracts contain early termination clauses. All Non-Executive Directors have received letters outlining the key terms of their appointment.

Key management personnel are entitled to their statutory entitlements of accrued annual leave and long service leave together with any superannuation on termination. No other termination payments are payable.

Managing Director

The Company has an Executive Service Agreement with Peter Spiers. The Agreement commenced on 1 January 2008 and will continue until the Agreement is terminated by either party. Under the Executive Service Agreement, Mr Spiers has agreed to provide certain services to the Company and be appointed as the Chief Executive Officer and Managing Director of the Company.

Mr Spiers receives a base remuneration of \$350,000 per annum (not including superannuation contributions) from 1 October 2010. Mr Spiers was eligible for an annual bonus of up to 30% of his annual base salary if he successfully achieves key performance indicators established by the Board (KPI's) by 31 December 2010. Mr Spiers also received a 20% bonus on his past salary in recognition of outcomes achieved in the 2010 financial year.

Pursuant to the Company's Incentive Option Scheme, during the year ended 30 June 2011, Mr Spiers was granted 1,000,000 unlisted options, exercisable at \$0.46 on or before 23 November 2013.

The Company is obliged to reimburse Mr Spiers for all reasonable and necessary expenses incurred by him in the performance of his duties.

The Company is entitled to terminate the agreement upon the Board giving three (3) months written notice or upon the happening of various events in respect of Mr Spiers' solvency or other conduct. There is no termination payment provided for in the Executive Service Agreement with Peter Spiers.

Senior Management

Company Secretary and CFO

The company has an Employment Contract with Mr Peter Harding-Smith for the position of Company Secretary and CFO. Mr Peter Harding-Smith began employment with the Company on 30 May 2011. Mr Harding-Smith receives a base remuneration of \$225,000 per annum (not including superannuation contributions) from 30 May 2011.

The employment contract may be terminated by either party by providing one month's written notice, or immediately in the case of gross negligence or serious misconduct.

Pursuant to the employment agreement, on the 2 June 2011, Mr Harding-Smith was granted 1,000,000 unlisted options, exercisable at \$0.61 on or before 2 June 2014.

Business Development Manager

The company has an Employment Contract with Mr Peter Ledwidge for the position of Business Development Manager. Mr Ledwidge began employment with the Company on 8 September 2008 in the position of Senior Exploration Geologist. On 1 October 2010 Mr Ledwidge accepted the position of Business Development Manager. Mr Ledwidge receives a base remuneration of \$190,000 per annum (not including superannuation contributions) from 1 July 2011.

The employment contract may be terminated by either party by providing one month's written notice, or immediately in the case of gross negligence or serious misconduct.

Pursuant to the Company's Incentive Option Scheme, during the year ended 30 June 2011, Mr Ledwidge was granted 1,000,000 unlisted options, exercisable at \$0.54 on or before 27 October 2013.

Exploration Manager – Africa

The company has an Employment Contract with Mrs Ann Ledwidge for the position of Exploration Manager – Africa. Mrs Ledwidge began employment with the Company on 13 July 2009 in the position of Contract Geologist. On 1 October 2010 Mrs Ledwidge accepted the position of Exploration Manager – Africa. Mrs Ledwidge receives a base remuneration of \$176,000 per annum (not including superannuation contributions) from 1 July 2011.

The employment contract may be terminated by either party by providing one month's written notice, or immediately in the case of gross negligence or serious misconduct.

Pursuant to the Company's Incentive Option Scheme, during the year ended 30 June 2011, Mrs. Ledwidge was granted 1,000,000 unlisted options, exercisable at \$0.54 on or before 27 October 2013.

Manager - Exploration Projects

The company has an Employment Contract with Mrs Jennifer Gunter for the position of Manager – Exploration Projects. Mrs Gunter began employment with the Company on 22 November 2010. Mrs Gunter receives a base remuneration of \$160,000 per annum (not including superannuation contributions) from 1 July 2011

The employment contract may be terminated by either party by providing two month's written notice, or immediately in the case of gross negligence or serious misconduct.

Pursuant to the Company's Incentive Option Scheme, during the year ended 30 June 2011, Mrs. Gunter was granted 1,000,000 unlisted options, exercisable at \$0.89 on or before 21 March 2014.

Contracted Company Secretarial and CFO

The Company had a Services Agreement with Corporate Administration Services Pty Ltd (CAS) and Duncan Cornish, the Secretary of the Company. The Services Agreement commenced on the date the Company listed on the Australian Securities Exchange (20 August 2008) and was terminated on the 6 June 2011 after give the required three month notice. Under the Services Agreement CAS has agreed to provide certain company secretarial and other services to the Company.

From 1 March 2010 the base fee was \$110,000 per annum. The Company has reimbursed CAS for all reasonable and necessary expenses incurred by it in the performance of its duties.

Pursuant to the Company's Incentive Option Scheme, during the year ended 30 June 2011, Mr Cornish was granted 500,000 unlisted options, exercisable at \$0.46 on or before 23 November 2013.

There was no termination payment provided for in the Services Agreement with CAS and Duncan Cornish.

(a) Details of Key Management Personnel

(i) Directors

John Bovard	Non-Executive Chairman
Peter Spiers	Managing Director
Nicholas Mather	Non-Executive Director
Michele Muscillo	Non-Executive Director

(ii) Senior Management

Peter Harding-Smith	Company Secretary and Chief Financial Officer (appointed on 30 May 2011)
Ann Ledwidge	Exploration Manager – Africa (appointed to position of Exploration Manager – Africa on 1 October 2010)
Peter Ledwidge	Business Development Manager (appointed to position of Business Development Manager on 1 October 2010)
Jennifer Gunter	Manager – Exploration Projects (appointed on 22 November 2010)
Duncan Cornish	Company Secretary and Chief Financial Officer (resigned on 6 June 2011)

(b) Remuneration details

The following table shows remuneration, in respect to the financial years ended 30 June 2011 and 2010, the component of remuneration for each key management person and, to the extent different, the five Group executives and five company executives who received the highest remuneration:

2011	Short-Term Benefits		Post-Employment		Long-term employee benefits	Termination benefits	Share-based payments		Total	% Remuneration as options	% Remuneration performance related
	Salary & Fees	Cash Bonus	Superannuation				Equity-settled (options)	Cash-settled			
	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Directors											
John Bovard	50,000	-	-	-	-	-	67,000	-	117,000	57%	-
Peter Spiers	349,038	130,000	25,962	-	-	-	134,000	-	639,000	21%	20%
Nicholas Mather	40,000	-	-	-	-	-	67,000	-	107,000	63%	-
Michele Muscillo	40,000	-	-	-	-	-	67,000	-	107,000	63%	-
Total	479,038	130,000	25,962	-	-	-	335,000	-	970,000		
Senior Management											
Peter Harding-Smith*	20,769	-	1,869	-	-	-	15,148	-	37,786	40%	-
Ann Ledwidge	185,308	-	14,435	-	-	-	123,874	-	323,617	38%	-
Peter Ledwidge	178,462	-	14,954	-	-	-	123,874	-	317,290	39%	-
Jennifer Gunter^	85,615	-	7,705	-	-	-	210,333	-	303,653	69%	-
Duncan Cornish#	90,120	-	-	-	-	-	67,000	-	157,120	41%	-
Total	560,274	-	38,963	-	-	-	540,229	-	1,139,466		

* Peter Harding-Smith was appointed on 30 May 2011.

^ Jennifer Gunter was appointed on 22 November 2010.

Duncan Cornish ceased employment on 6 June 2011.

2010	Short-Term Benefits		Post-Employment		Long-term employee benefits	Termination benefits	Share-based payments		Total	% Remuneration as options
	Salary & Fees	Cash Bonus	Other short-term benefits	Superannuation			Equity-settled (options)	Cash-settled		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Directors										
John Bovard	50,000	-	-	-	-	-	-	-	50,000	-
Peter Spiers	289,461	-	-	25,000	-	-	-	-	314,461	-
Nicholas Mather	40,000	-	-	-	-	-	-	-	40,000	-
Michele Muscillo	40,000	-	-	-	-	-	-	-	40,000	-
Total	419,461	-	-	25,000	-	-	-	-	444,461	
Senior Management										
Andrew Bowden *	124,821	-	-	8,098	-	20,046	-	-	152,965	-
Ann Ledwidge ^	113,812	-	-	8,997	-	-	-	-	122,809	-
Peter Ledwidge #	161,154	-	-	13,590	-	-	-	-	174,744	-
Duncan Cornish	96,667	-	-	-	-	-	-	-	96,667	-
Total	496,454	-	-	30,685	-	20,046	-	-	547,185	

* Andrew Bowden ceased employment on 4 June 2010

^ Ann Ledwidge was appointed to position of Exploration Manager – Mount Isa on 19 January 2010

Peter Ledwidge was appointed to position of Exploration Manager – Africa on 19 February 2010

There was no performance based remuneration in 2010. In both 2010 and 2011 the Group and Company had fewer than 5 Executives.

Cash bonuses, performance-related bonuses and share-based payments

During the year ended 30 June 2011, Mr Spiers received \$130,000 as a cash bonus. \$60,000 of this bonus related to outcomes achieved in the year ended 2010 and \$70,000 was paid on 31 December 2010 for achieving the following KPI's:

- Commencing drilling in Burkina Faso;
- Establishing an independent Burkina Faso company; \$1,000,000 seed capital raised and at least 5 new tenements or option agreements in place;
- The capital raising started in September 2010 is completed.

Share based payments in 2011:

	Remuneration type	Number of Options	Exercise Price \$	Grant date	Grant value (per option) \$ #	Percentage vested / paid during year %	Percentage remaining as unvested %	Expiry date for vesting or payment
Group key management personnel								
John Bovard	Options	500,000	0.46	24/11/10	0.134	100	-	23/11/13
Peter Spiers	Options	1,000,000	0.46	24/11/10	0.134	100	-	23/11/13
Nicholas Mather	Options	500,000	0.46	24/11/10	0.134	100	-	23/11/13
Michele Muscillo	Options	500,000	0.46	24/11/10	0.134	100	-	23/11/13
Peter Harding-Smith	Options	1,000,000	0.61	2/06/11	0.198	-	100	2/06/14
Ann Ledwidge	Options	1,000,000	0.54	27/10/10	0.148	50	50	27/10/13
Peter Ledwidge	Options	1,000,000	0.54	27/10/10	0.148	50	50	27/10/13
Jennifer Gunter	Options	1,000,000	0.89	21/03/11	0.330	50	50	21/03/14
Duncan Cornish	Options	500,000	0.46	24/11/10	0.134	100	-	23/11/13

Calculation of value of options granted using the Black-Scholes option pricing model, which takes into account factors such as the option exercise price, the market price at the date of issue and volatility of the underlying share price and the time to maturity of the option.

These options were not issued based on performance criteria. The options were issued to the directors and senior management of Mt Isa Metals Limited to align comparative shareholder return and reward for directors and senior management.

All options were issued by Mt Isa Metals Limited and entitle the holder to one ordinary share in Mt Isa Metals Limited for each option exercised. All options granted as part of remuneration for the year ended 30 June 2011 were granted for nil consideration. Some of the above options vested during the year ended 30 June 2011. Once vested, options can be exercised at any time up to the expiry date.

The unvested portions of the options issued to senior management are tied to service criteria. The plan rules contain a restriction on removing the "at risk" aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the "at risk" aspect of an instrument before it vests.

There were no share-based payments to key management personnel and other executives during the year ended 30 June 2010.

Options Exercised

	Grant Details			For the Financial Year Ended 30 June 2011				Overall		
	Date	No.	Value \$	Exercised No.	Exercised Date	Exercise Price \$	Value at Exercise Date \$	Vested %	Unvested %	Lapsed %
Group key management personnel										
John Bovard	20/08/2008	500,000	38,500	300,000	17/09/2010	0.25	37,800	100%	-	-
Peter Spiers	20/08/2008	3,747,619	336,700	500,000	10/06/2011	0.18	72,500	100%	-	-
				1,000,000	21/06/2011	0.18	116,000	100%	-	-

The value of options granted and as shown in the above table has been determined in accordance with applicable Australian Accounting Standards.

All options exercised result in the issue of ordinary shares in Mt Isa Metals Limited on a 1:1 basis. All persons exercising options paid the relevant exercise price in its entirety. The value of options that have been exercised during the year as shown in the above table as determined as at the time of the issue.

During the years ended 30 June 2010 there were no options exercised that had been granted as remuneration in current or prior years.

End of Remuneration Report

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each Director was as follows:

	Board		Audit & Risk Management Committee	
	Number of meetings held while in office	Meetings attended	Number of meetings held while in office	Meetings attended
John Bovard	7	7	2	2
Peter Spiers	7	7	n/a	n/a
Nicholas Mather	7	7	2	-
Michele Muscillo	7	7	2	2

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

Each of the Directors and the Secretary of the Company have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and Secretary.

The Company has insured all of the Directors of Mt Isa Metals Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

The Company has not indemnified or insured its auditor.

OPTIONS

At the date of this report, there were 14,304,758 unissued ordinary shares under options as follows:

- 4,804,758 unlisted options exercisable at 18 cents, on or before 31 May 2012.
- 2,500,000 unlisted options exercisable at 25 cents, on or before 19 October 2013.
- 2,000,000 unlisted options exercisable at 54 cents, on or before 27 October 2013.
- 3,000,000 unlisted options exercisable at 46 cents, on or before 23 November 2013.
- 1,000,000 unlisted options exercisable at 89 cents, on or before 21 March 2014.
- 1,000,000 unlisted options exercisable at 61 cents, on or before 2 June 2014.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor BDO Audit (QLD) Pty Ltd. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

BDO Audit (QLD) Pty Ltd received the following amounts for the provision of non-audit services:

Tax services	\$7,645
--------------	---------

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 27.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Mt Isa Metals Limited support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement can be found on page 32.

This report is signed in accordance with a resolution of the directors.

Peter Spiers
Director

Brisbane
21 September 2011



BDO Kendalls

The Directors
Mt Isa Metals Limited
GPO Box 5263
BRISBANE QLD 4001

Dear Directors

DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF MT ISA METALS LIMITED

As lead auditor of Mt Isa Metals Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mt Isa Metals Limited and the entities controlled during the period.

D P Wright

Director

BDO Audit (QLD) Pty Ltd

Brisbane

21 September 2011

Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 12 September 2011.

(a) Distribution of equity securities

The number of holders, by size of holding, in each class of security are:

	Ordinary shares		Unlisted options (\$0.18 @ 31/5/12)		Unlisted options (\$0.18 @ 31/5/12)	
	Number of holders	Number of shares	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	100	24,100	-	-	-	-
1,001 – 5,000	225	693,540	-	-	-	-
5,001 – 10,000	224	1,848,064	-	-	-	-
10,001 – 100,000	642	21,503,491	15	757,118	-	-
100,001 and over	142	139,583,394	5	4,047,640	2	2,500,000
Total	1,333	163,652,589	34	4,804,758	2	2,500,000

	Unlisted options (\$0.54 @ 27/10/13)		Unlisted options (\$0.46 @ 23/11/13)		Unlisted options (\$0.25 @ 30/6/12)	
	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	-	-
100,001 and over	2	2,000,000	5	3,000,000	1	1,000,000
Total	2	2,000,000	5	3,000,000	1	1,000,000

	Unlisted options (\$0.54 @ 27/10/13)	
	Number of holders	Number of options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	1	1,000,000
Total	1	1,000,000

The number of shareholders holding less than a marketable parcel (1,612 ordinary shares) is 144 and they hold 83,907 ordinary shares.

(b) Twenty largest holders

The names of the twenty largest holders, in each class of quoted security are:

Ordinary shares:

		Number of shares	% of total shares
1	D'Aguilar Gold Limited *	52,000,000	31.77%
2	National Nominees Limited	14,908,736	9.11%
3	Tenstar Trading Limited *	10,330,357	6.31%
4	UBS Nominees Pty Ltd	5,710,554	3.49%
5	J P Morgan Nominees Australia Limited	4,529,046	2.77%
6	HSBC Custody Nominees (Australia) Limited	2,270,595	1.39%
7	Mr Peter David Spiers & Mrs Fiona Lynette Spiers	1,930,000	1.18%
8	Mr Peter Spiers	1,859,287	1.14%
9	Mr Brian McCubbing	1,800,000	1.10%
10	C M Super Fund Pty Ltd	1,660,000	1.01%
11	Pan Australian Nominees Pty Limited	1,565,000	0.96%
12	Citicorp Nominees Pty Limited	1,407,582	0.86%
13	Carpentaria Corporation Pty Ltd	1,362,500	0.83%
14	Justevian Pty Limited	1,171,428	0.72%
15	CPS Control Systems Pty Limited	1,071,430	0.65%
16	K J Hays Corporation Pty Ltd	1,000,000	0.61%
17	Samuel Holdings Pty Ltd *	941,073	0.58%
18	Indium Investments Pty Ltd	908,788	0.56%
19	Mr Duncan Patrick Cornish	858,484	0.52%
20	Mr Warren William Brown & Mrs Marilyn Helena Brown	750,000	0.46%
	Top 20	108,034,860	66.01%
	Total	163,652,589	100.00%

* merged

(c) Substantial shareholders

Substantial shareholders as shown in substantial shareholder notices received by the Company at 12 September 2011 are:

Name of Shareholder:	Ordinary Shares:
D'Aguilar Gold Limited *	52,000,000
Acorn Capital Limited	14,000,000

(d) Voting rights

All ordinary shares carry one vote per share without restriction.

(e) Restricted securities

There are no restricted securities on issue at 12 September 2011.

(f) Business objectives

The Company has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

Interests in Tenements

Mt Isa Metals Limited held the following interests in tenements as at 12 September 2011:

Tenement Number	Tenement Name	Location	% Interest	Grant Date	Expiry Date
EPM 15762	Mt Fox	Queensland, Australia	100	5/06/2008	4/06/2013
EPM 15764	Weberra	Queensland, Australia	100	5/06/2008	4/06/2013
EPM 15767	Myally	Queensland, Australia	100	5/06/2008	4/06/2013
EPM 15772	Gregory Two	Queensland, Australia	100	30/10/2008	29/10/2013
EPM 15774	Gregory One	Queensland, Australia	100	10/03/2008	9/03/2013
EPM 16031	Kamileroi	Queensland, Australia	100	4/11/2008	3/11/2013
EPM 15961	Surprise Creek	Queensland, Australia	100	3/03/2008	2/03/2013
EPM 15962	Peartree 2	Queensland, Australia	100	12/03/2008	11/03/2013
EPM 15963	Peartree 1	Queensland, Australia	100	12/03/2008	11/03/2013
EPM 15913	Gunpowder	Queensland, Australia	100	15/06/2010	14/06/2012
EPM 15914	Gunpowder Creek	Queensland, Australia	100	21/10/2008	20/10/2012
EPM 16116	Gregory Extended	Queensland, Australia	100	8/12/2008	7/12/2013
EPM16119	Gregory Central	Queensland, Australia	100	5/06/2008	4/06/2008
EPM 16498	Johnnies	Queensland, Australia	100	9/01/2009	8/01/2014
EPM 16786	Kamileroi 2	Queensland, Australia	100	8/12/2008	7/12/2012
EPM 16112	Barbara *	Queensland, Australia	49	3/11/2008	2/11/2013
EPM 16197	Blockade *	Queensland, Australia	49	3/11/2008	2/11/2013
EPM 18217	Isa North Consol	Queensland, Australia	100	25/02/2011	24/02/2016
EPMA 17947	Blockade East	Queensland, Australia	100	Application	n/a
EPMA 17914	Blockade East	Queensland, Australia	100	Application	n/a
EPMA 18477	Kamileroi 5	Queensland, Australia	100	Application	n/a
EPMA 18481	Kamileroi 3	Queensland, Australia	100	Application	n/a
EPMA 18482	Kamileroi 4	Queensland, Australia	100	Application	n/a
EPMA 18591	Moonamarra	Queensland, Australia	100	Application	n/a
EPMA 18671	Bulonga	Queensland, Australia	100	Application	n/a
EPMA 18757	Coollulah	Queensland, Australia	100	Application	n/a
08-141	Bogandé	Burkina Faso, West Africa	100 ^	4/08/2008	4/08/2017
09-126	Boungou	Burkina Faso, West Africa	100 ^	5/05/2009	5/05/2018
09-281	Dangou	Burkina Faso, West Africa	100 ^	16/12/2009	16/12/2018
08-243	Dynikongolo	Burkina Faso, West Africa	100 ^	17/12/2008	17/12/2017
09-174	Founa	Burkina Faso, West Africa	100 ^	29/06/2009	29/06/2018
08-195	Gonaba Ouest	Burkina Faso, West Africa	100 ^	29/09/2008	29/09/2017
08-192	Kamsongo	Burkina Faso, West Africa	100 ^	24/09/2008	24/09/2017
09-134	Milpo	Burkina Faso, West Africa	100 ^	19/05/2009	19/05/2018
08-059	Nabanga	Burkina Faso, West Africa	100 ^	1/04/2008	1/04/2017
11-037	Naboudi	Burkina Faso, West Africa	100 ^	19/05/2011	19/05/2020
08-151	Nanemi	Burkina Faso, West Africa	100 ^	21/08/2008	21/08/2017
07-006	Ouargaye	Burkina Faso, West Africa	100 ^	16/01/2007	16/01/2016
08-060	Pogoro	Burkina Faso, West Africa	100 ^	1/04/2008	1/04/2017
09-133	Segué	Burkina Faso, West Africa	100 ^	19/05/2009	19/05/2018
09-116	Villibongo	Burkina Faso, West Africa	100 ^	15/04/2009	15/04/2018
08-204	Yacti	Burkina Faso, West Africa	100 ^	17/10/2008	17/10/2017
11-530	Napade	Burkina Faso, West Africa	100 ^	-	-
11-092	Yaloré	Burkina Faso, West Africa	100 ^	30/05/2011	30/05/2020
-	Bissiguin	Burkina Faso, West Africa	100 ^	-	-
-	Pepin	Burkina Faso, West Africa	100 ^	-	-
-	Pambourou	Burkina Faso, West Africa	100 ^	-	-

06-032	So	Burkina Faso, West Africa	100 ^ #	19/05/2006	25/05/2017
07-120	Benere	Burkina Faso, West Africa	100 ^ #	13/08/2007	19/11/2016
09-205	Debehel	Burkina Faso, West Africa	100 ^ #	10/08/2009	10/08/2018
09-269	Tondiata	Burkina Faso, West Africa	100 ^ #	9/12/2009	9/12/2018
11-157	Dombo	Burkina Faso, West Africa	100 ^ #	14/07/2011	14/07/2020
11-158	Mena	Burkina Faso, West Africa	100 ^ #	14/07/2011	14/07/2020
11-156	Oudouga	Burkina Faso, West Africa	100 ^ #	13/07/2011	13/07/2020
11-154	Paounde	Burkina Faso, West Africa	100 ^ #	13/07/2011	13/07/2020
11-155	Tem	Burkina Faso, West Africa	100 ^ #	13/07/2011	13/07/2020
11-153	Tilere	Burkina Faso, West Africa	100 ^ #	13/07/2011	13/07/2020
-	Nassoumb	Burkina Faso, West Africa	100 ^ #	-	-

* Joint venture tenements with Syndicated Metals Ltd (MET 49%).

^ Option to acquire a 100% interest of granted tenement. Current holders of tenement interests are Burkina Faso landowners.

Permit held by Harmattan Gold Pty Ltd a 47.8% owned subsidiary of Mt Isa Metals Limited.

Corporate Governance Statement

The board of directors of Mt Isa Metals Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Mt Isa Metals Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Mt Isa Metals Limited's Corporate Governance Statement is structured with reference to the Australian Securities Exchange ("ASX") Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations, 2nd Edition", which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website.

The Board is of the view that with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

ASX Principles and recommendations	Summary of the Company's Position
Principle 1 – Lay solid foundations for management and oversight	
Recommendation 1.2 – Companies should disclose the process for evaluating the performance of senior executives	The Board has not established a separate nomination committee. In the absence of a formally constituted nomination committee, the full Board is responsible for proper oversight of the Board, the Directors and senior management. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate committee.
Principle 2 – Structure the board to add value	
Recommendation 2.1 – A majority of the Board should be independent directors	While the Company does not presently comply with this recommendation, the Company may consider appointing further independent directors in the future. The Company believes that given the size and scale of its operations, non-compliance by the Company with this recommendation will not be detrimental to the Company.
Recommendation 2.4 – The board should establish a nomination committee	The Board's view is that the Company is not currently of the size to justify the formation of a separate nomination committee. The Board currently performs the functions of a nomination committee and where necessary will seek advice of external advisors in relation to this role. The Board shall, upon the Company reaching the requisite corporate and commercial maturity, approve the constitution of a nomination committee to assist the Board in relation to the appointment of Directors and senior management.

ASX Principles and recommendations	Summary of the Company's Position
------------------------------------	-----------------------------------

Principle 8 - Remunerate fairly and responsibly

Recommendation 8.1 – The board should establish a remuneration committee	The Board has not established a remuneration committee. The Board considers that given its size, no efficiencies or other benefits would be gained by the establishing of such committee. The role of the remuneration committee is carried out by the full Board. The Company has adopted a Remuneration Committee Charter, which is set out in the Company's Corporate Governance Charter.
--	--

Recommendation 8.2 – Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive Directors and senior executives	The Corporate Governance Charter sets out the Remuneration Committee Charter. The Board, in the absence of a formally constituted remuneration committee, is responsible for reviewing the remuneration policies and practices of the Company in respect of executive remuneration and incentive plan, remuneration packages for Management and Directors and non-executive director remuneration.
---	--

Board

The Board has adopted a formal board charter that outlines the roles and responsibilities of directors and senior executives. The Board Charter has been made publicly available on the Company's website.

The skills, experience and expertise relevant to the position of Director held by each Director on office at the date of the Annual Report is included in the Director's Report. Corporate Governance Council Recommendation 2.1 requires a majority of the Board should be independent Directors. The Corporate Governance Council defines an independent director as a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

In the context of Director independence, "materiality" is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 10% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

Factors that may impact on a director's independence are considered each time the Board meets.

At the date of this report:

In accordance with the Council's definition of independence above, and the materiality thresholds set, the following Directors are considered to be independent:

Name	Position
John Bovard	Non-Executive Chairman
Michele Muscillo	Non-executive Director

In accordance with the Council's definition of independence above, and the materiality thresholds set, the following Directors are not considered to be independent:

Name	Position	Reason for non-compliance
Peter Spiers	Managing Director	Mr Spiers is employed by the Company in an executive capacity.
Nicholas Mather	Non-Executive Director	Mr Mather is the Managing Director of D'Aguilar Gold Ltd, as substantial shareholder in the Company.

Mt Isa Metals Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Mt Isa Metals Limited due to their considerable industry and corporate experience.

There are procedures in place, agreed by the board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
John Bovard	3 years 3 months
Peter Spiers	3 years 6 months
Nicholas Mather	4 years 9 months
Michele Muscillo	3 years 3 months

Trading Policy

The Board has adopted a policy and procedure on dealing in the Company's securities by Directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information until it has been released to the market and adequate time has passed for this to be reflected in the security's prices, and during certain pre-determined windows.

The Company's policy regarding dealings by directors in the Company's shares is that directors should never engage in short term trading and should not enter into transactions when they are in possession of price sensitive information not yet released by the Company to the market; or for a period of fourteen (14) days prior to the scheduled (per ASX Listing Rules) release by the Company of (ASX) Quarterly Operations and Cash Flow Reports or such shorter period as may be approved of by the Board of Directors after receipt of notice of intention to buy or sell by a director to other members of the Board.

Directors will generally be permitted to engage in trading (subject to due notification being given to the Chairperson) for a period commencing one (1) business day after the release of (ASX) Quarterly Operations and Cash Flow Reports to the market and for a period commencing one (1) business day following the release of price sensitive information to the market which allows a reasonable period of time for the information to be disseminated among members of the public.

Remuneration and Nomination Committees

Due to the size and scale of operations, Mt Isa Metals Limited does not have separately established Remuneration or Nomination Committees. The full Board carries out the functions of Remuneration and Nomination Committees.

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Company to the Audit and Risk Management Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit and Risk Management Committee are Non-Executive Directors.

The members of the Audit and Risk Management Committee at the date of this report are:

- Michele Muscillo (Chairman)
- John Bovard
- Nicholas Mather

For additional details of directors' attendance at Board and Audit and Risk Management Committee meetings and to review the qualifications of the members of the Audit and Risk Management Committee, please refer to the Directors' Report.

The Audit and Risk Management Charter has been made publicly available on the Company's website.

Risk Management

The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further detail of the Company Risk management Policies can be found within the Audit and Risk Management Committee Charter available on the Company website (www.mtisametals.com.au).

Recommendation 7.2 requires that the Board disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. Business risks are considered regularly by the Board and management. A formal report as to the effectiveness of the management of the Company's material business risks has been provided to the Board.

As required by Recommendation 7.3, the Board has received written assurances from the Managing Director and Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that they system is operating effectively in all material respects in relation to financial reporting risks.

Performance Evaluation

The full Board, in carrying out the functions of the Remuneration and Nomination Committees, considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board.

No formal performance evaluation of the directors was undertaken during the year ended 30 June 2011.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating directors and key executives fairly and appropriately with reference to relevant and employment market conditions. To assist in achieving this objective, the Board links the nature and amount of Executive Director's and Officer's emoluments to the Company's financial and operations performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives
- attraction of quality management to the Company
- performance incentives which allow Executives to share the rewards of the success of Mt Isa Metals Limited

For details on the amount of remuneration and all monetary and non-monetary components for each of the five highest paid (Non-Director) Executives during the period, and for all Directors, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Mt Isa Metals Limited and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, subject to the Company's constitution and prior shareholder approvals, and the Executive team.

Continuous Disclosure Policy

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. The Company's Obligation of Disclosure Policy can be found within the Company's Corporate Governance Charter on the Company's website (www.mtisametals.com.au) in the Corporate Governance section.

Communications

The Company has designed a disclosure system to ensure it complies with the ASX's continuous disclosure rules and that information is made available to all investors equally, promoting effective communications with shareholders and encouraging shareholder participation at general shareholder meetings. A copy of the Information Disclosure Program Procedures can be found within the Company's Corporate Governance Charter on the Company's website (www.mtisametals.com.au) in the Corporate Governance section. In addition to corporate and project information generally available on the Company's website, in the Investors section of the Company's website the following information is made available:

- ASX Releases
- Annual Reports
- Quarterly Reports
- Presentations

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at: <http://www.mtisametals.com.au/corporate-governance/>

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	Consolidated Entity	
		2011	2010
		\$	\$
Revenue	2	314,493	46,153
Other income	2	-	1,609
Employee benefits expenses		(1,809,939)	(674,329)
Depreciation and amortisation expenses		(59,219)	(28,884)
Finance costs		-	(2,731)
Marketing		(193,800)	(67,975)
Legal expenses		(12,772)	(61,959)
Administration and consulting expenses		(313,777)	(330,418)
Other expenses		(530,797)	(921,986)
Profit/(loss) before income tax expense	3	(2,605,811)	(2,040,521)
Income tax expense	4	-	-
Net profit/(loss) for the year		(2,605,811)	(2,040,521)
Other comprehensive income		-	-
Total comprehensive income for the year		(2,605,811)	(2,040,521)
Profit/(Loss) for the year is attributable to:			
Non-controlling Interest		(58,834)	-
Owners of Mt Isa Metals Ltd		(2,546,977)	(2,040,521)
		(2,605,811)	(2,040,521)
Total comprehensive income for the year is attributable to:			
Non-controlling Interest		(58,834)	-
Owners of Mt Isa Metals Ltd		(2,546,977)	(2,040,521)
		(2,605,811)	(2,040,521)
Earnings/(loss) per share attributable to owners of Mt Isa Metals Ltd:		Cents	Cents
Basic earnings/(loss) per share (cents per share)	8	(1.9)	(2.0)
Diluted earnings/(loss) per share (cents per share)	8	(1.9)	(2.0)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	Consolidated Entity	
		2011	2010
		\$	\$
Current Assets			
Cash and cash equivalents	9	15,281,370	1,243,388
Trade and other receivables	10	367,227	60,040
Other current assets	15	67,695	145,042
Total Current Assets		15,716,292	1,448,470
Non-Current Assets			
Plant and equipment	13	347,532	130,705
Exploration and evaluation assets	14	8,181,741	3,528,464
Other non-current assets	15	45,095	52,000
Total Non-Current Assets		8,574,369	3,711,169
TOTAL ASSETS		24,290,661	5,159,639
Current Liabilities			
Trade and other payables	16	856,131	439,804
Total Current Liabilities		856,131	439,804
TOTAL LIABILITIES		856,131	439,804
NET ASSETS		23,434,530	4,719,835
Equity			
Issued capital	17	25,950,076	7,917,300
Reserves	18	3,396,305	957,539
Accumulated Losses	19	(6,701,981)	(4,155,004)
Capital and reserves attributable to Mt Isa Metals Limited		22,644,400	4,719,835
Non-controlling Interest		790,130	-
TOTAL EQUITY		23,434,530	4,719,835

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

	Issued Capital	Accumulated Losses	Option Reserve	Change in proportionate interest reserve	Sub-total	Non-controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$
At 30 June 2009	7,945,117	(2,114,483)	957,539	-	6,788,173	-	6,788,173
Total comprehensive income for the year							
Profit/(loss) for the year	-	(2,040,521)	-	-	(2,040,521)	-	(2,040,521)
	-	(2,040,521)	-	-	(2,040,521)	-	(2,040,521)
Transactions with owners in their capacity as owners							
Issue of share capital	-	-	-	-	-	-	-
Costs associated with issue of share capital	(27,817)	-	-	-	(27,817)	-	(27,817)
Issue of options	-	-	-	-	-	-	-
	(27,817)	-	-	-	(27,817)	-	(27,817)
At 30 June 2010	7,917,300	(4,155,004)	957,539	-	4,719,835	-	4,719,835
Total comprehensive income for the year							
Profit/(loss) for the year	-	(2,546,977)	-	-	(2,546,977)	(58,834)	(2,605,811)
	-	(2,546,977)	-	-	(2,546,977)	(58,834)	(2,605,811)
Transactions with owners in their capacity as owners							
Issue of Shares to Non-controlling Interest	-	-	-	951,036	951,036	848,964	1,800,000
Issue of share capital	19,798,873	-	-	-	19,798,873	-	19,798,873
Costs associated with issue of share capital	(1,766,097)	-	-	-	(1,766,097)	-	(1,766,097)
Issue of options	-	-	1,487,730	-	1,487,730	-	1,487,730
	18,032,776	-	1,487,730	951,036	20,471,542	848,964	21,320,506
At 30 June 2011	25,950,076	(6,701,981)	2,445,269	951,036	22,644,400	790,130	23,434,530

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	Note	Consolidated Entity	
		2011	2010
		\$	\$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,332,071)	(1,280,639)
Interest received		209,041	46,153
Interest paid		-	(2,731)
Net cash (outflow)/inflow from operating activities	24	(1,123,030)	(1,237,217)
Cash Flows from Investing Activities			
Security deposit (payments) / refunds		6,905	22,500
Proceeds from receipt of government grant		-	150,000
Proceeds from sale of plant & equipment		-	2,416
Payments for plant and equipment		(273,722)	(87,769)
Payments for exploration and evaluation assets		(4,985,447)	(2,663,034)
Net cash (outflow)/inflow from investing activities		(5,252,264)	(2,575,887)
Cash Flows from Financing Activities			
Proceeds from issue of shares by Mt Isa Metals Limited		19,766,874	-
Proceeds from issue of shares by subsidiary to non-controlling interest		1,800,000	-
Capital raising expenses		(1,153,598)	-
Net cash (outflow)/inflow from financing activities		20,413,276	-
Net increase/(decrease) in cash held		14,037,982	(3,813,10)
Net cash at beginning of year		1,243,388	5,056,492
Net cash at end of year	9	15,281,370	1,243,388

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 30 June 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Mt Isa Metals Limited for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 21 September 2011 and covers the consolidated entity consisting of Mt Isa Metals Limited and its subsidiaries as required by the Corporations Act 2001.

The financial statements are presented in the Australian currency.

Mt Isa Metals Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the Company to continue to adopt the going concern assumption will depend upon a number of matters including the successful raising in the future of necessary funding through debt, equity or farm-out, or the successful exploration and subsequent exploitation of the Company's tenements.

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. Whilst the Directors believe sufficient funds are held for commitments over the next 12 months, the ability of the consolidated entity beyond that period, to maintain continuity of normal business activities and to pay its debts as and when they fall due, is dependent on the ability of the consolidated entity to successfully raise additional funding through debt, equity or farmout and/or the successful exploration and subsequent exploitation of areas of interest.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Mt Isa Metals Limited at the end of the reporting period. A controlled entity is any entity over which Mt Isa Metals Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existences and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that that they were controlled. A list of controlled entities is contained in Note 11 to the financial statements.

In preparing the consolidated financial statements, all inter-group balance and transaction between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to the parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(b) Foreign Currency Translation**

The functional and presentation currency of Mt Isa Metals Limited is Australian dollars (A\$). The functional currency of its controlled entities, MET BF Pty Ltd and Birimian Resources SARL, that operates in Burkina Faso, West Africa, is CFA Franc (XOF). The functional currency of its controlled entity, Harmattan Gold Pty Ltd, that operates in Burkina Faso, West Africa, is Australian dollars (A\$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Non-monetary items measured at historical costs continue to be carried at the exchange rate at the day of the transaction.

Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or qualifying investment hedges.

(c) Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as interest accrues using the effective interest method.

(d) Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants relating to costs are deferred and recognised as income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to assets are deducted from the carrying value of the asset to which they relate. The grants are recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(e) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income are also recognised directly in other comprehensive income.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Income Tax (continued)***Tax consolidation*

Mt Isa Metals Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 20 October 2009. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(f) Impairment of Assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(h) Financial Instruments*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the consolidated entity commits itself to either the purchase or sale of the asset (ie. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(h) Financial Instruments (continued)**

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments. Classification and subsequent measurement categories are as follows:

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are measured at fair value and included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative instruments

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(h) Financial Instruments (continued)**

Amounts accumulated in equity are transferred to the statement of comprehensive income in the periods when the hedged item will affect profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all other financial assets and liabilities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Plant and Equipment*Plant and equipment*

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated over their useful life to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10% - 25% Straight Line
Computer Equipment	33.3% Straight Line
Furniture and Office Equipment	10% - 20% Straight Line
Motor Vehicles	25% Straight Line

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(i) Plant and Equipment (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. The gains and losses are included in the statement of comprehensive income.

(j) Exploration and Evaluation Assets

Exploration and evaluation assets incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A provision is raised against exploration and evaluation assets where the Directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that restoration will be completed within one year of abandoning the site.

In considering to include and carry forward exploration and evaluation assets in accordance with the above principles, the Directors are required to assess a number of risks relating to the relevant tenements, with a particular emphasis on those risks which may lead to the loss or non-renewal of tenements (amongst other matters).

Some of the Company's tenements are located in Burkina Faso. In addition to the usual geological and exploration risks, the tenements carry additional risks resulting from operating in that jurisdiction, including the following:

- Geo-political and government risk, including the risk that laws or policies may change which adversely affect the Company's tenements;
- The risk of forfeiture or non-renewal of the Company's tenements as a result of certain known failures by the registered holders to comply with the conditions of grant (including minimum expenditure requirements);
- Contractual and legal risk, to the extent that counterparties to contracts fail to comply with the obligations to deliver title in circumstances where a legal remedy may be impossible or impractical to obtain.

The risks may result in loss of title to tenements and have a consequent impact on the ability to carry forward exploration and evaluation assets.

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(l) Employee Benefits***Wages and Salaries, Annual Leave and Sick Leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

(m) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

(n) Issued Capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

(o) Share-Based Payments

The Group provides benefits to employees in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options granted to employees and consultants are recognised as an employee benefit expense with a corresponding increase in equity (option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by an independent valuer using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Mt Isa Metals Limited ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(p) Earnings per Share*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to members of Mt Isa Metals Limited by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the amount used in determining basic earnings per share by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(q) GST**

Revenues, expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
 - the objective of the entity's business model for managing the financial assets; and
 - the characteristics of the contractual cash flows.

Other new and amended standards and interpretations are not expected to impact the Group.

(s) Accounting Estimates and Judgments*Critical accounting estimates and judgements*

Details of critical accounting estimates and judgements about the future made by management at the end of the reporting period are set out below:

(i) Key estimates – share-based payments

The Group uses estimated to determine the fair value of equity instruments issued to directors, executives and employees. Further detail of estimates used in determining the value of share-based payments is included in Note 25.

(ii) Key estimates – impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No assets are considered impaired at year end.

(iii) Key judgements – exploration & evaluation assets

The Group performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$8,181,741 (2010: \$3,528,464).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Note	Consolidated Entity	
		2011	2010
		\$	\$

NOTE 2 REVENUE AND OTHER INCOME

Revenue			
- interest received	(a)	314,493	46,153
Total revenue		314,493	46,153

Other income			
- gain on sale of equipment		-	1,609
Total other income		-	1,609

(a) Interest revenue from:

- other persons		314,493	46,153
Total interest revenue		314,493	46,153

		Consolidated Entity	
		2011	2010
		\$	\$

NOTE 3 PROFIT/(LOSS)

Profit(loss) before income tax includes the following specific expenses:

<i>Depreciation</i>			
Plant & equipment		59,219	28,884
<i>Finance costs</i>			
Interest paid		-	2,731
Write-off of capitalised exploration and evaluation assets		244,021	765,752
Share based payments (shares)		32,000	-
Share based payments (options)		875,229	-
Exchange differences		68,102	4,148
Defined contribution superannuation expense		56,157	36,690

NOTE 4 INCOME TAX EXPENSE

The prima facie income tax on the loss is reconciled to the income tax expense as follows:

Prima facie tax benefit (30%) on loss before income tax	(781,743)	612,156)
Add tax effect of:		
Deferred tax not recognised on current year loss	535,062	1,048,061
Permanent differences	263,871	-
	17,190	435,905
Less tax effect of:		
Deductible items recognised in equity	-	(47,123)
Other temporary differences	-	(388,782)
Prior year over/under provision	(17,190)	-
	(17,190)	(435,905)
Income tax expense	-	-
Recognised deferred tax assets		
Unused tax losses	750,499	918,787
Deductible temporary differences	392,966	139,752
Underprovision for income tax in prior year	-	-
	1,143,465	1,058,539
Recognised deferred tax liabilities		
Assessable temporary differences	1,143,465	1,058,539
	1,143,465	1,058,539
Unrecognised deferred tax assets		
Unrecognised tax losses	7,815,983	4,892,047
Tax effect of tax losses not recognised @ 30% (2010 30%)	2,344,795	1,467,614

There are no franking credits available to shareholders of the Company.

The above deferred tax liability has not been recognised as there are sufficient tax losses for which no deferred tax asset has been recognised to offset the potential deferred tax liability

In order to recoup carried forward losses in future periods, either the Continuity of Ownership Test (COT) or Same Business Test must be passed. The majority of losses are carried forward at 30 June 2011 under COT

Deferred tax assets which have not been recognised as an asset, will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the economic entity in realising the losses.

NOTE 5 KEY MANAGEMENT PERSONNEL**(a) Key management personnel compensation**

	2011	2010
	\$	\$
Short-term employee benefits	1,169,312	915,915
Post-employment benefits	64,925	55,685
Termination benefits	-	20,046
Share-based payments	875,229	-
	2,109,466	991,646

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the directors' report.

(b) Equity instruments*Shareholdings*

Details of ordinary shares held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

	Balance 1 July 2010	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2011
Directors					
John Bovard	30,000	-	300,000	80,000	410,000
Peter Spiers	71,429	-	1,500,000	17,858	1,589,287
Nicholas Mather	775,716	-	-	193,930	969,646
Michele Muscillo	25,000	-	-	6,250	31,250
Senior Management					
Ann Ledwidge	-	-	-	-	-
Peter Ledwidge	-	-	-	-	-
Peter Harding-Smith	-	-	-	-	-
Jennifer Gunter	-	-	-	6,000	6,000
Duncan Cornish	627,358	-	-	(627,358)	-
Total	1,519,503	-	1,800,000	(323,320)	2,996,183

Net Change Other above includes the balance of shares held on appointment / resignation, and shares acquired for cash.

Shareholdings (continued)

	Balance 1 July 2009	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2010
Directors					
John Bovard	30,000	-	-	-	30,000
Peter Spiers	71,429	-	-	-	71,429
Nicholas Mather	765,716	-	-	10,000	775,716
Michele Muscillo	25,000	-	-	-	25,000
Senior Management					
Ann Ledwidge	-	-	-	-	-
Peter Ledwidge	-	-	-	-	-
Andrew Bowden	-	-	-	-	-
Duncan Cornish	322,358	-	-	305,000	627,358
Total	1,204,503	-	-	315,000	1,519,503

Net Change Other above includes shares acquired for cash.

There were no shares held nominally at 30 June 2011 and 30 June 2010.

NOTE 5 KEY MANAGEMENT PERSONNEL (continued)**(b) Equity instruments (continued)***Options holdings*

	Balance 1 July 2010	Granted as Remuneration	Exercise of Options	Net Change Other #	Balance 30 June 2011	Total vested at 30 June 2011	Total vested and exercisable at 30 June 2011	Total vested and unexercisable at 30 June 2011
Directors								
John Bovard	500,000	500,000	(300,000)	-	700,000	700,000	700,000	-
Peter Spiers	3,747,619	1,000,000	(1,500,000)	-	3,247,619	3,247,619	3,247,619	-
Nicholas Mather	690,478	500,000	-	-	1,190,478	1,190,478	1,190,478	-
Michele Muscillo	500,000	500,000	-	-	1,000,000	1,000,000	1,000,000	-
Senior Management								
Ann Ledwidge	-	1,000,000	-	-	1,000,000	500,000	500,000	-
Peter Ledwidge	200,000	1,000,000	-	-	1,200,000	700,000	700,000	-
Andrew Bowden *	500,000	-	-	(500,000)	-	-	-	-
Peter Harding-Smith	-	1,000,000	-	-	1,000,000	-	-	-
Jennifer Gunter	-	1,000,000	-	-	1,000,000	500,000	500,000	-
Duncan Cornish	571,430	500,000	-	(1,071,430)	-	-	-	-
Total	6,709,527	7,000,000	(1,800,000)	(1,571,430)	10,338,097	7,838,097	7,838,097	-

* Andrew Bowden's options were forfeited on 6 September 2010 due to ending of his employment contract, pursuant to the terms of the Employee Share and Option Scheme.

#Net Change Other above includes the balance of options held on appointment / resignation.

	Balance 1 July 2009	Granted as Remuneration	Exercise of Options	Net Change Other	Balance 30 June 2010	Total vested at 30 June 2010	Total vested and exercisable at 30 June 2010	Total vested and unexercisable at 30 June 2010
Directors								
John Bovard	500,000	-	-	-	500,000	500,000	500,000	-
Peter Spiers	3,747,619	-	-	-	3,747,619	3,747,619	3,747,619	-
Nicholas Mather	690,478	-	-	-	690,478	690,478	690,478	-
Michele Muscillo	500,000	-	-	-	500,000	500,000	500,000	-
Senior Management								
Ann Ledwidge	-	-	-	-	-	-	-	-
Peter Ledwidge ^	200,000	-	-	-	200,000	200,000	200,000	-
Andrew Bowden	500,000	-	-	-	500,000	500,000	500,000	-
Duncan Cornish	571,430	-	-	-	571,430	571,430	571,430	-
Total	6,709,527	-	-	-	6,709,527	6,709,527	6,709,527	-

^ Options were issued in the previous financial year

(c) Loans to Key Management Personnel

There were no loans to Key Management Personnel during the year.

(d) Other transactions and balances

Other transactions with Key Management Personnel are set out in Note 27 (d). There were no other transactions or balances with Key Management Personnel during the year.

NOTE 6 DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the financial year.

There were no franking credits available to the shareholders of the Company.

	Consolidated Entity	
	2011	2010
	\$	\$

NOTE 7 AUDITORS' REMUNERATION**Audit services**

Amounts paid/payable to BDO Audit (QLD) Pty Ltd for audit or review of the financial statements for the entity or any entity in the group

	57,670	27,292
--	--------	--------

Taxation services

Amounts paid/payable to BDO Audit (QLD) Pty Ltd for taxation services performed for the entity or any entity in the group:

Preparation of income tax return	7,645	12,875
----------------------------------	-------	--------

	65,315	40,167
--	--------	--------

NOTE 8 EARNINGS PER SHARE**Basic earnings per share**

Loss attributable to owners of Mt Isa Metals Limited used to calculate basic earnings per share

	(2,546,977)	(2,040,521)
--	-------------	-------------

Diluted earnings per share

Loss attributable to owners of Mt Isa Metals Limited used to calculate diluted earnings per share

	(2,546,977)	(2,040,521)
--	-------------	-------------

	2011	2010
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	136,184,190	103,750,000
Adjustments for calculation of diluted earnings per share:		
Options *	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	136,184,190	103,750,000

* Options are considered anti-dilutive as the Group is loss making they could potentially dilute basic earnings per share in the future.

	Consolidated Entity	
	2011	2010
	\$	\$

NOTE 9 CASH & CASH EQUIVALENTS

Cash at bank and in hand	4,281,370	1,243,388
Short-term bank deposits	11,000,000	-
	15,281,370	1,243,388

Cash in hand is non-interest bearing. Cash at bank bear floating interest rates between 5% and 6% (2010: 1 and 2%).

Reconciliation of Cash

The above figures are reconciled to the cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	15,281,370	1,243,388
Balances per statements of cash flows	15,281,370	1,243,388

NOTE 10 TRADE & OTHER RECEIVABLES

GST receivable	55,818	54,963
Sundry receivables	311,409	5,077
	367,227	60,040

No receivables balances are past due or impaired at the end of the reporting period.

NOTE 11 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(a).

Name of entity	Country of Incorporation	Class of Shares	Percentage Owned (%) [*]	
			2011	2010
MET BF Pty Ltd	Australia	Ordinary	100%	100%
Harmattan Gold Pty Ltd	Australia	Ordinary	47.8%#	-
Birimian Resources Pty Ltd	Australia	Ordinary	100%	-
Birimian Resources SARL	Burkina Faso		100%	-

* the proportion of ownership interest is equal to the proportion of voting power held at 30 June 2011.

Mt Isa Metals also hold 32,000,000 O class shares in Harmattan Gold Pty Ltd. The O Class share has no voting or dividend rights and can be converted to ordinary shares at Mt Isa Metals discretion. At 30 June 2011 and up to the date of signing the accounts, Mt Isa Metals Limited has not converted the O Class shares. However, given the rights attaching to the O class shares the directors have continued to consolidate Harmattan Gold Pty Ltd.

NOTE 12 JOINT VENTURES

The Group has a 49% interest in a joint venture arrangement for EPMs 16112 and 16197. The other party to the joint venture is Syndicated Metals Limited. The Group's share of the expenditure commitment for this joint venture over the next 5 years is \$189,466 which has been recognised in Note 21 Commitments.

At 30 June 2009, the Group had a 20% interest in a joint venture arrangement for EPMs 14753 and 15763 and applications EPMA 17333, 17437, 17443, 17446 and MLA 90190. The other party to the joint venture was Legend International Holdings, Inc.

On 29 September 2009 the Group reached agreement with Legend to exit from the D-Tree Joint Venture. Legend, as manager of the D-Tree Joint Venture, had invoiced the Group \$1.739 million for the Group's 20% interest in the D-Tree project for the period 1 September 2008 - 30 June 2009. The Group decided to dilute rather than pay the invoices and in accordance with the Joint Venture agreement, the Group's interest has been reduced to less than 5%, thus requiring the Group to exit the Joint Venture.

The Group is entitled to a royalty of A\$0.50 per tonne from any future phosphate product derived from the former D-Tree Joint Venture tenements.

	Consolidated Entity	
	2011	2010
	\$	\$

NOTE 13 PLANT & EQUIPMENT**Plant and equipment**

At cost	117,308	112,472
Accumulated depreciation	(42,045)	(19,833)
	75,264	92,639

Computer equipment

At cost	122,182	42,623
Accumulated depreciation	(45,314)	(21,344)
	76,868	21,279

Furniture and office equipment

At cost	38,612	12,839
Accumulated depreciation	(5,118)	(1,627)
	33,494	11,212

Motor Vehicles

At cost	171,452	5,575
Accumulated depreciation	(9,546)	-
	161,906	5,575

Total plant and equipment

	347,532	130,705
--	----------------	----------------

(a) Movements in carrying amounts

2011	Plant and equipment	Computer equipment	Furniture and office equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Balance at the beginning of the year	92,639	21,279	11,212	5,575	130,705
Additions	4,836	79,559	25,773	165,877	276,045
Disposals	-	-	-	-	-
Depreciation expense	(22,211)	(23,970)	(3,491)	(9,546)	(59,218)
Carrying amount at the end of the year	75,264	76,868	33,494	161,906	347,532

2010	Plant and equipment	Computer equipment	Furniture and office equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Balance at the beginning of the year	35,027	27,573	10,027	-	72,627
Additions	73,148	6,711	2,335	5,575	87,769
Disposals	(807)	-	-	-	(807)
Depreciation expense	(14,729)	(13,005)	(1,150)	-	(28,884)
Carrying amount at the end of the year	92,639	21,279	11,212	5,575	130,705

Consolidated Entity	
2011	2010
\$	\$

NOTE 14 EXPLORATION AND EVALUATION ASSET**Non-Current**

Exploration and evaluation asset

- exploration and evaluation phases	8,181,741	3,528,464
-------------------------------------	-----------	-----------

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of copper-gold and gold deposits, or alternatively, sale of the respective areas of interest.

As described in Note 1(j), the ongoing ability to carry exploration and evaluation asset in the manner is subject to a number of risks. Please see Note 1(j) for details.

(a) Movements in carrying amounts

Balance at the beginning of the year	3,528,464	2,222,888
Additions	4,897,298	2,071,328
Written-off *	(244,021)	(765,752)
Carrying amount at the end of the year	8,181,741	3,528,464

* Amounts written-off during the financial year relate to areas of interest which have been surrendered as the directors did not see a commercial value in continuing exploration in the area, as well as, competitive tenement applications that were unsuccessful.

During 2010, Mt Isa Metals received a grant of \$150,000 from the Queensland Department of Mines and Energy under Round 3 of the Collaborative Drilling Initiative, designed to directly support companies in the generation and testing of high quality, innovative exploration targets and concepts throughout Queensland. The grant was utilised in meeting the cost of two deep diamond drill holes within MET's 100% owned Gregory Project, located 240km north of Mt Isa. The amount of the grant has been deducted from the carrying value of exploration and evaluation asset in accordance with the accounting policy described in note 1(d).

Commitments for exploration and evaluation expenditure are disclosed in Note 21.

NOTE 15 OTHER ASSETS**Current**

Prepayments	67,695	145,042
-------------	--------	---------

Non-Current

Security deposits	45,095	52,000
-------------------	--------	--------

NOTE 16 TRADE & OTHER PAYABLES**Current**

Trade payables	520,253	303,422
----------------	---------	---------

Sundry payables and accrued expenses	242,652	95,989
--------------------------------------	---------	--------

Employee benefits	93,226	40,393
-------------------	--------	--------

	856,131	439,804
--	---------	---------

Consolidated Entity

	2011	2010
--	-------------	-------------

	\$	\$
--	----	----

NOTE 17 ISSUED CAPITAL

159,385,921 fully paid ordinary shares (2010: 103,750,000)	28,568,617	8,769,744
--	------------	-----------

Share issue costs	(2,618,541)	(852,444)
-------------------	-------------	-----------

	25,950,076	7,917,300
--	------------	-----------

Note	2011 Number	2010 Number	2011 \$	2010 \$
------	----------------	----------------	------------	------------

(a) Ordinary shares

At the beginning of the year	103,750,000	103,750,000	8,769,744	8,769,744
------------------------------	-------------	-------------	-----------	-----------

Shares issued during the year

17/9/10 Exercise of Option (1)	1,085,716	-	232,143	-
--------------------------------	-----------	---	---------	---

20/9/10 Exercise of Option (1)	95,239	-	19,048	-
--------------------------------	--------	---	--------	---

23/9/10 Private Placement (2)	12,500,000	-	1,875,000	-
-------------------------------	------------	---	-----------	---

19/10/10 Rights Issue (3)	19,732,786	-	2,959,918	-
---------------------------	------------	---	-----------	---

7/2/11 Private Placement (4)	20,574,561	-	14,402,193	-
------------------------------	------------	---	------------	---

7/4/11 Exercise of Options (1)	47,619	-	8,571	-
--------------------------------	--------	---	-------	---

9/6/11 Exercise of Options (1)	500,000	-	90,000	-
--------------------------------	---------	---	--------	---

14/6/11 Issue of Shares under Employment Agreement (5)	100,000	-	32,000	-
--	---------	---	--------	---

20/6/11 Exercise of Options (1)	1,000,000	-	180,000	-
---------------------------------	-----------	---	---------	---

At reporting date	159,385,921	103,750,000	28,568,617	8,769,744
--------------------------	--------------------	--------------------	-------------------	------------------

(1) Shares issued through the exercising of unlisted option issued.

(2) Issue of 12,500,000 ordinary shares at \$0.15 each to Institutional Shareholders, through an Institutional and Retail Non-Renounceable Entitlement Offer issued on 9 September 2010.

(3) Issue of 19,732,786 ordinary shares at \$0.15 each to shareholders on the basis of 1 share for every 4 shares held, through an Institutional and Retail Non-Renounceable Entitlement Offer issued on 9 September 2010.

(4) Issue of 20,574,561 ordinary shares at \$0.70 as approved at an EGM held on the 7 February 2011.

(5) Issue of shares at nil consideration as part of an employment agreement to Issouf Ouedraogo.

NOTE 17 ISSUED CAPITAL (continued)

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Options

As at 30 June 2011, there were 18,571,426 unissued ordinary shares under options as follows:

- 4,971,426 unlisted options exercisable at 18 cents, on or before 31 May 2012.
- 2,200,000 unlisted options exercisable at 18 cents, on or before 20 August 2011.
- 1,200,000 unlisted options exercisable at 23 cents, on or before 20 August 2011.
- 700,000 unlisted options exercisable at 23 cents, on or before 30 June 2012.
- 2,500,000 unlisted options exercisable at 25 cents, on or before 19 October 2013.
- 2,000,000 unlisted options exercisable at 54 cents, on or before 27 October 2013.
- 3,000,000 unlisted options exercisable at 46 cents, on or before 23 November 2013.
- 1,000,000 unlisted options exercisable at 89 cents, on or before 21 March 2014.
- 1,000,000 unlisted options exercisable at 61 cents, on or before 2 June 2014.

(c) Capital Risk Management

Management controls the capital of the Group in order to provide capital growth to shareholders and ensure the Group can fund its operations and continue as a going concern.

The Group's capital comprises equity as show in the Statement of Financial Position. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

NOTE 18 RESERVES

	Option Reserve – Capital Raising	Option Reserve – director and employee options	Change in proportionate interest reserve	Total
	\$	\$	\$	\$
Opening Balance at 1 July 2010	411,555	545,984	-	957,539
Options issued during the year	612,500	875,230	-	1,487,730
Change in parent interest following contribution by non-controlling interest in subsidiary	-	-	951,036	951,036
Closing Balance at 30 June 2011	1,024,055	1,421,214	951,036	3,396,305

Option Reserve

The option reserve records the value of options issued as part of capital raisings, as well as expenses relating to director and employee share options.

Change in proportionate interest reserve

The change in proportionate interest reserve is used to recognise differences between the book value of net assets attributable to the equity instruments held by non-controlling interests and any consideration paid or received which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

	Consolidated Entity	
	2011	2010
	\$	\$

NOTE 19 ACCUMULATED LOSSES

Accumulated losses attributable to members of Mt Isa Metals Limited at beginning of the financial year	(4,155,004)	(2,114,483)
Losses after income tax	(2,546,977)	(2,040,521)
Accumulated losses attributable to members of Mt Isa Metals Limited at the end of the financial year	(6,701,981)	(4,155,004)

NOTE 20 PARENT ENTITY INFORMATION

The Corporations Act requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity (Mt Isa Metals Limited). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described in Note 1(a).

Parent Entity	2011	2010
	\$	\$
Current assets	13,944,400	1,269,141
Non-current assets	8,954,451	4,173,053
Total assets	22,898,851	5,442,194
Current liabilities	546,542	438,249
Total liabilities	546,542	438,249
Net assets	22,352,309	5,003,945
Issued capital	25,953,376	7,917,300
Reserves	2,445,269	957,539
Accumulated losses	(6,046,336)	(3,870,894)
Total shareholder's equity	22,352,309	5,003,945
Profit / (loss) for the year	(2,175,442)	(1,756,411)
Total comprehensive income for the year	(2,175,442)	(1,756,411)

Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

Contractual Commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2011 (2010 - nil).

Contingent liabilities

The parent entity has no contingent liabilities.

	Consolidated Entity	
	2011	2010
	\$	\$

NOTE 21 COMMITMENTS**(a) Future Exploration**

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The commitments to be undertaken are as follows:

Payable

- not later than 12 months	4,079,951	3,494,332
- between 12 months and 5 years	12,947,728	13,044,763
- greater than 5 years	4,506,644	5,850,926
	21,534,323	22,390,021

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements. The Group also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

(b) Option Payments

The Group has secured a number of option agreements over gold exploration permits in Burkina Faso. These agreements provide for a three year option period and include up-front payments and staged annual cash payments.

If the Group elects to participate to the end of the third year, 100% ownership of the permit will be transferred to the Group. The Group has a right to withdraw from the agreement at any time. The vendor will be entitled to a 1.5% net smelter royalty over any gold produced from the permit.

The commitments to be undertaken are as follows:

Payable

- not later than 12 months	581,180	683,000
- between 12 months and 5 years	1,295,829	2,125,915
- greater than 5 years	-	-
	1,877,009	2,808,915

NOTE 22 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The directors are not aware of any significant contingent liabilities or contingent assets at the date of this report.

NOTE 23 OPERATING SEGMENTS**Segment information***Identification of operating segments*

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group operates in the mineral exploration sector where the Group is actively pursuing opportunities.

The Group is managed primarily on the basis of geographical location of its exploration activities as the regulatory environment is different in Australia and West Africa.

NOTE 23 OPERATING SEGMENTS (continued)**Basis of accounting for purposes of reporting by operating segments***(a) Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Inter-segment transactions

Corporate charges are allocated to segments based on the segments' overall proportion of exploration expenditure within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

(c) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(d) Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

impairment of assets and other non-recurring items of revenue or expense

income tax expense

deferred tax assets

30 June 2011	Australia \$	West Africa \$	Total \$
(i) Segment performance			
<i>Revenue</i>			
External revenue	-	-	-
Interest revenue	300,587	13,906	314,493
Total segment revenue	300,587	13,906	314,493
<i>Reconciliation of segment revenue to group revenue</i>			
Inter-segment elimination			-
Total group revenue			314,493
<i>Segment net loss before tax</i>	(1,657,811)	(368,433)	(2,026,244)
<i>Reconciliation of segment result to group net profit / loss before tax</i>			
Amounts not included in segment result but reviewed by Board			
- corporate charges	(474,759)	(45,590)	(520,349)
- depreciation and amortisation	(42,872)	(16,347)	(59,219)
<i>Unallocated items</i>			
- finance costs			-
- other			-
Net loss before tax			(2,605,812)

NOTE 23 OPERATING SEGMENTS (continued)**(ii) Segment assets**

<i>Segment assets</i>	22,898,851	6,368,013	29,266,864
<i>Segment non-current asset increases for the period:</i>			
- Exploration & evaluation assets	593,427	4,059,851	4,653,278
- Capital expenditure (plant & equipment)	2,813	214,014	216,827
- Acquisitions	-	-	-
<i>Reconciliation of segment assets to group assets</i>			
Inter-segment eliminations			(4,976,101)
<i>Unallocated assets:</i>			
- Derivative assets			-
- Deferred tax assets			-
<i>Total group assets</i>			24,290,661

30 June 2010	Australia	West Africa	Total
	\$	\$	\$

(i) Segment performance*Revenue*

External revenue	-	1,609	1,609
Interest revenue	46,153	-	46,153
<i>Total segment revenue</i>	46,153	1,609	47,762

Reconciliation of segment revenue to group revenue

Inter-segment elimination			-
<i>Total group revenue</i>			47,762
<i>Segment net loss before tax</i>	(1,395,552)	(205,096)	(1,600,648)

*Reconciliation of segment result to group net profit / loss before tax**Amounts not included in segment result but reviewed by Board*

- corporate charges	(329,244)	(79,014)	(408,258)
- depreciation and amortisation	(28,884)	-	(28,884)
<i>Unallocated items</i>			
- finance costs			(2,731)
- other			-
<i>Net loss before tax</i>			(2,040,521)

(ii) Segment assets

<i>Segment assets</i>	5,442,194	495,245	5,937,439
<i>Segment non-current asset increases for the period:</i>			
- Exploration & evaluation assets	1,760,986	310,342	2,071,328
- Capital expenditure (plant & equipment)	82,194	5,575	87,769
- Acquisitions	-	-	-
<i>Reconciliation of segment assets to group assets</i>			
Inter-segment eliminations			(777,800)
<i>Unallocated assets:</i>			
- Derivative assets			-
- Deferred tax assets			-
<i>Total group assets</i>			5,159,639

Note	Consolidated Entity	
	2011	2010
	\$	\$
NOTE 24 CASH FLOW INFORMATION		
(a) Reconciliation of profit/(loss) after income tax to net cash flow from operating activities		
Loss for the year	(2,605,811)	(2,040,521)
Depreciation	59,219	28,884
Write-off of capitalised exploration and evaluation assets	244,021	765,752
Gain on disposal of plant and equipment	-	(1,609)
Share based payments	907,230	-
Change in operating assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(307,187)	4,349
- (Increase)/decrease in other assets	40,572	(16,268)
- Increase/(decrease) in trade payables and accruals	538,925	22,196
Net cash flow from operating activities	(1,123,030)	(1,237,217)

NOTE 25 SHARE-BASED PAYMENTS

The following share based payment arrangements existed at 30 June 2011.

Share-based payments to directors, executives and employees

During the year ended 30 June 2011 the following options were issued to directors, senior management and employees of the Company:

- 2,000,000 \$0.54 options expiring 27 October 2013 issued to the Peter and Ann Ledwidge;
- 3,000,000 \$0.46 options expiring 23 November 2013 issued to the Peter Spiers, Non-Executive Directors and Duncan Cornish;
- 1,000,000 \$0.89 options expiring 21 March 2014 issued to Jennifer Gunter: and
- 1,000,000 \$0.61 options expiring 2 June 2014 issued to Peter Harding-Smith.

All options were issued by Mt Isa Metals Limited and entitle the holder to one ordinary share in Mt Isa Metals Limited for each option exercised. The options were granted for nil consideration. Options issued to the directors and Mr Cornish vested immediately upon issue while the options issued to senior management had varying vesting dates. Once vested, options can be exercised at any time up to the expiry date.

On the 14 June 2011, 100,000 ordinary share in Mt Isa Metals Limited were issue to Issuof Ouedraogo for nil consideration as part of his employment agreement. These were valued at \$0.32 per share, being the quoted share price on that date of issue.

During the year ended 30 June 2010 there were no options or shares issued to directors, senior management or employees of the Company.

NOTE 25 SHARE-BASED PAYMENTS (continued)

	2011		2010	
	No. of options	Weighted average exercise price \$	No. of options	Weighted average exercise price \$
Outstanding at beginning of year	6,785,716	0.20	6,785,716	0.20
Granted	7,000,000	0.54	-	-
Forfeited	(600,000)	0.23	-	-
Exercised	(1,800,000)	0.19	-	-
Expired	-	-	-	-
Sub-division	-	-	-	-
Outstanding at year-end	11,385,716	0.43	6,785,716	0.20
Exercisable at year-end	8,885,716	0.37	6,785,716	0.20

The options outstanding at 30 June 2011 had a weighted average exercise price of \$0.43 (2010: \$0.22) and weighted average remaining contractual life of 1.67 years (2010: 1.31 years). Exercise prices range from \$0.18 to \$0.89 in respect of options outstanding at 30 June 2011 (2010: \$0.20 to \$0.25).

Pursuant to the Company's, Incentive Option Scheme, if an employee ceases to be any employed by the Company then options will expire three months from the date employment ceases.

The weighted average fair value of the options granted during the year ended 30 June 2011 was \$0.175. This price was calculated by using a Black Scholes options pricing model applying the following inputs:

Weighted average exercise price	\$0.57
Weighted average life of the option	3 years
Underlying share price	\$0.37
Expected share price volatility	84.76%
Risk free interest rate	5.07%

Historical volatility has been the basis for determining expected share price volatility.

The expected life of the options has been taken to be the full period of time from grant date to expiry date. The options pricing model assumes that options will be exercised on or immediately before the expiry date.

The settlement method for the above options is on a 1:1 basis. During the year 1,800,000 options were exercised into ordinary shares.

As these were options issued to directors, senior management or employees of the Group during the financial year the amount included under Employee Benefits Expense in the Statements of Comprehensive Income is \$875,229 (2010: \$nil).

Other share-based payments

During the year ended 30 June 2011 the Company issued 2,000,000 \$0.25 options expiring 19 October 2013 as part of the fees paid to the underwriters of the accelerated institutional component (Institutional Offer) of the 1 for 4 non-renounceable entitlement offer. Pursuant to the agreement the underwriter agreed to underwrite the offer to the extent of \$2.01 million and the Company agreed to pay the underwriter a 5% fee of the underwritten amount along with 2,000,000 \$0.25 options expiring 19 October 2013. The rights issue was fully subscribed and, having met the requirements of the agreement, the Company issued the options to the underwriter. There was a further placement of 500,000 options on the same terms as a placement fee arising from the institutional component of the offer. All options vested immediately and can be exercised at any time up to the expiry date.

During the year ended 30 June 2010 there were no other share-based payments.

NOTE 25 SHARE-BASED PAYMENTS (continued)

The weighted average fair value of the underwriter options granted during the year ended 30 June 2011 was \$0.245. This price was calculated by using a Black Scholes options pricing model applying the following inputs:

Weighted average exercise price	\$0.25
Weighted average life of the option	3.00 years
Underlying share price	\$0.38
Expected share price volatility	80.25%
Risk free interest rate	4.94 %

Historical volatility has been the basis for determining expected share price volatility.

The expected life of the options has been taken to be the full period of time from grant date to expiry date. The options pricing model assumes that options will be exercised on or immediately before the expiry date.

The settlement method for the above options is on a 1:1 basis. During the year no underwriter options were exercised into ordinary shares.

The value attributed to these options included as a Share Issue Cost within Issued Capital in the Statements of Financial Position is \$612,500 (2010: \$nil).

NOTE 26 EVENTS AFTER BALANCE DATE

In July and August 2011, 4,266,668 unlisted share options have been exercised, 3,400,000 relating to directors or director related entities.

Mt Isa Metals acquired its first permit in its own right through its subsidiary Birimian Resources SARL. The Napade permit forms part for the Yactibo project and was granted in July 2011.

There have been no other events since 30 June 2011 that impact upon the financial report as at 30 June 2011.

NOTE 27 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The parent entity and ultimate controlling entity is Mt Isa Metals Limited, which is incorporated in Australia.

(b) Subsidiaries

Interests in subsidiaries are disclosed in Note 11.

(c) Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report contained in the Directors' Report and in Note 5 of the Financial Statements.

(d) Transactions with directors and director-related entities

(i) The Company has a Services Agreement with D'Aguilar Gold Limited under which D'Aguilar has agreed to provide certain corporate and administrative services to the Company. Nicholas Mather (a Director) is a director of D'Aguilar.

Under the Services Agreement, D'Aguilar grants a non-exclusive licence to the Company for the term of the agreement to occupy its premises for the purpose of the Company conducting its business. The Services Agreement commences from the date of incorporation of the Company up to the Completion of the IPO and then continues for a period of one year from the date the Company's Shares are first quoted on ASX.

The Company must carry out a review of the performance of D'Aguilar's every three months from the commencement date and, if the Company is not satisfied with D'Aguilar's performance, the Company may terminate the Services Agreement by notice in writing to D'Aguilar.

NOTE 27 RELATED PARTY TRANSACTIONS (continued)**(d) Transactions with directors and director-related entities (continued)**

Either party may terminate the Services Agreement by giving three months' notice in writing to the other party of its intention to do so. The Company is also entitled to terminate the agreement upon the happening of various events in respect of D'Aguilar's solvency or other conduct.

During the year ended 30 June 2011 \$65,561 (2010 \$61,541) has been incurred from D'Aguilar under the service agreement. An amount of \$13,509 (2010: \$8,733) was owing to D'Aguilar under the Service Agreement at 30 June 2011.

(ii) Mr Michele Muscillo, a non-executive director of the Company, is a Partner with HopgoodGanim Lawyers, the Company's legal advisers.

During the financial year the Company incurred legal expenses of \$92,797 (2010: \$31,497) from HopgoodGanim Lawyers. An amount of \$11,000 (2010: \$11,805) was owing to HopgoodGanim Lawyers in relation to legal expenses at 30 June 2011.

Share and Option transactions of Directors and Director-Related Entities are shown in Note 5 of the Financial Statements.

Details of transactions and balances in relation to joint ventures are shown in Note 12 of the Financial Statements.

NOTE 28 FINANCIAL RISK MANAGEMENT**(a) General objectives, policies and processes**

In common with all other businesses, the consolidated entity is exposed to risks that arise from its use of financial instruments. This note describes the consolidated entity's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the consolidated entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The consolidated entity's financial instruments consist mainly of deposits with banks, security deposits and accounts payable.

The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the consolidated entity's finance function. The consolidated entity's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the consolidated entity where such impacts may be material.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the consolidated entity's competitiveness and flexibility. Further details regarding these policies are set out below:

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the consolidated entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the consolidated entity. The consolidated entity's objective is to minimise the risk of loss from credit risk exposure.

The consolidated entity's maximum exposure to credit risk at the end of the reporting period, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date, is as follows:

	Consolidated Entity	
	2011	2010
Note	\$	\$
Cash and cash equivalents	15,281,370	1,243,388
Receivables	367,227	60,040
Security deposits	45,095	52,000
	15,693,692	1,355,428

NOTE 28 FINANCIAL RISK MANAGEMENT (continued)**(b) Credit Risk (continued)**

The maximum exposure to credit risk at the end of the reporting period by country is as follows:

Note	Consolidated Entity	
	2011	2010
	\$	\$
Australia	15,357,662	1,176,145
Burkina Faso	336,029	179,283
	15,693,692	1,355,428

Credit risk is reviewed regularly by the Board and the audit committee.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity. No receivables balances were past due or impaired at year end. The credit quality of receivables that are neither past due nor impaired is good. Bank deposits are held with Macquarie Bank Limited (Australia) and Ecobank (Burkina Faso).

(c) Liquidity Risk

Liquidity risk is the risk that the consolidated entity may encounter difficulties raising funds to meet financial obligations as they fall due. The object of managing liquidity risk is to ensure, as far as possible, that the consolidated entity will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

Liquidity risk is reviewed regularly by the Board and the audit committee.

The consolidated entity manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The consolidated entity's working capital, being current assets less current liabilities has increased from \$1,008,666 in 2010 to \$14,860,161 in 2011.

	Carrying Amount	Contractual Cash flows	<6 months	6 – 12 months	1 – 3 years	>3 years
MATURITY ANALYSIS – GROUP – 2011	\$	\$	\$	\$	\$	\$
Financial Liabilities						
- Trade and other payables	856,131	856,131	856,131	-	-	-
MATURITY ANALYSIS – GROUP – 2010	\$	\$	\$	\$	\$	\$
Financial Liabilities						
- Trade and other payables	439,804	439,804	439,804	-	-	-

(d) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The Group does not have any material exposure to market risk other than as set out below.

(i) Interest rate risk

Interest rate risk arises principally from cash and cash equivalents. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimising the return.

NOTE 28 FINANCIAL RISK MANAGEMENT (continued)**(d) Market Risk (continued)***(i) Interest rate risk (continued)*

For further details on interest rate risk refer to the tables below:

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the statements of financial position	Weighted average effective interest rate
	2011	2011	2011	2011	2011
	\$	\$	\$	\$	%
<i>Financial assets</i>					
Cash and cash equivalents	15,281,370	-	-	15,281,370	5.70%
Receivables	-	-	367,227	367,227	-
Security deposits	-	45,095	-	45,095	2.20%
Total financial assets	15,281,370	45,095	367,227	15,693,692	
<i>Financial liabilities</i>					
Trade and other payables	-	-	856,131	856,131	-
Total financial liabilities	-	-	856,131	856,131	-

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the statements of financial position	Weighted average effective interest rate
	2010	2010	2010	2010	2010
	\$	\$	\$	\$	%
<i>Financial assets</i>					
Cash and cash equivalents	1,243,388	-	-	1,243,388	1.67%
Receivables	-	-	60,040	60,040	-
Security deposits	-	52,000	-	52,000	2.20%
Total financial assets	1,243,388	52,000	60,040	1,355,428	
<i>Financial liabilities</i>					
Trade and other payables	-	-	439,804	439,804	-
Total financial liabilities	-	-	439,804	439,804	-

The Consolidated entity has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity demonstrates the effect on the current year results and equity which could result from a change in these risks.

At 30 June 2011 the effect on profit and equity as a result of changes in the interest rate would be as follows:

	Carrying Amount	Increase in interest rate by 1% Profit	Other comprehensive income	Decrease in interest rate by 1% Profit	Other comprehensive income
	\$	\$	\$	\$	\$
CONSOLIDATED – 2011					
Cash and cash equivalents	15,281,370	152,813	-	(152,813)	-
Tax charge of 30%		-	-	-	-
After tax increase/ (decrease)		152,813	-	(152,813)	-
CONSOLIDATED - 2010					
Cash and cash equivalents	1,243,388	12,434	-	(12,434)	-
Tax charge of 30%		-	-	-	-
After tax increase/ (decrease)		12,434	-	(12,434)	-

The above analysis assumes all other variables remain constant.

NOTE 28 FINANCIAL RISK MANAGEMENT (continued)**(d) Market Risk (continued)***(ii) Currency risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group hold financial instruments which are other than the AUD functional currency of the Group.

The consolidated entity is exposed to currency risk on its cash and cash equivalents held (in CFA Franc) in Burkina Faso as well as on purchases made from suppliers in Burkina Faso.

The consolidated entity's exposure to foreign currency risk is as follows:

	CFA Franc \$A *
2011	
Cash and cash equivalents	155,209
Trade Payables	(268,934)
Net Exposure	(113,725)
2010	
Cash and cash equivalents	179,283
Trade Payables	(1,555)
Net Exposure	177,728

* expressed in Australian dollars

At 30 June 2011 the effect on profit and equity as a result of changes in the exchange rate would not be material.

(e) Fair Values

The fair values of financial assets and financial liabilities approximate their carrying values.

Declaration by Directors

The directors of the company declare that:

1. The financial statements, comprising the statements of comprehensive income, statements of financial position, statements of cash flows, statements of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date.
2. The consolidated entity has included in the notes to the financial statement and explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures included in pages 19 to 24 of the directors' report (as part of audited Remuneration Report) for the year ended 30 June 2011, comply with section 300A of the *Corporations Act 2001*.
5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is signed in accordance with a resolution of the directors.

Peter Spiers
Director

Brisbane
21 September 2011



INDEPENDENT AUDITOR'S REPORT

To the Members of Mt Isa Metals Limited

We have audited the accompanying financial report of Mt Isa Metals Limited, which comprises the statements of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

- (a) the financial report of Mt Isa Metals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Mt Isa Metals Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

BDO Audit (QLD) Pty Ltd**D P Wright**

Director

Brisbane

21 September 2011



MT ISA METALS 2011 ANNUAL REPORT ANNUAL REPORT MT ISA METALS 2011 MT ISA METALS **2011 ANNUAL REPORT**

Mt Isa Metals Limited ACN 120 212 017

Registered Office and Principal Place of Business
Level 5, 60 Edward Street, Brisbane QLD 4000

Tel: (07) 3303 0624
Fax: (07) 3303 0681

Email: info@mtisametals.com.au
Web: www.mtisametals.com.au

Share Registry
Link Market Services Limited



Mt Isa **Metals**

Level 15, 324 Queen Street, Brisbane QLD 4000
Tel: 1300 554 474 Web: www.linkmarketservices.com.au