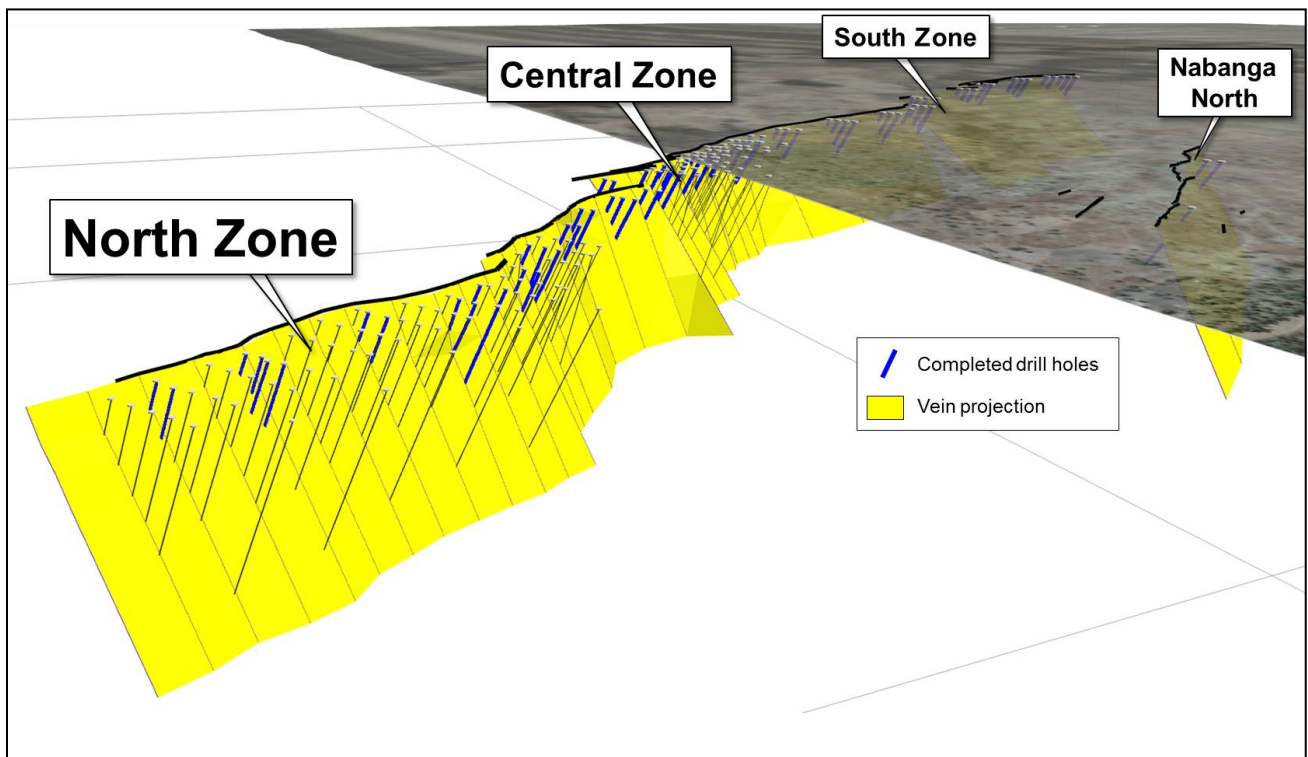


Quarterly Activities Report

December 2011



3D perspective view of Nabanga gold veins (showing planned drill holes for current RC drill program).

Mt Isa Metals Limited

ACN 120 212 017

Head Office

Level 32, AMP Place, 10 Eagle Street
Brisbane QLD 4000

Ouagadougou Office

Section 281, Secteur 15
Quartier Ouaga 2000

Telephone: +61 7 3198 3040

Facsimile: +61 7 3236 5036

Email: info@mtisametals.com.au

Website: www.mtisametals.com.au

Highlights

West African - Gold

- On-ground exploration programs re-commenced in Burkina Faso following the end of the annual wet season.
- Current activities focussed on advancement of high potential Nabanga and Boungou Prospects in south-east Burkina Faso.
- Additional near-surface high grade gold mineralisation intersected in RC drilling at the Nabanga Prospect (Central Zone and North Zone areas) – the near-surface drill intersections present a significant opportunity for potential open pit gold mine development.
- New near-surface high-grade RC drill intersections received for the Nabanga Gold Prospect (including those received subsequent to the end of the quarter) include:

Nabanga - North Zone

- 5m @ 6.81g/t Au from 21m (in NARC122)
(incl. 2m @ 11.25g/t from 23m)
- 12m @ 4.78g/t Au from 16m (in NARC128)
(incl. 3m @ 16.02g/t from 24m)
- 4m @ 16.06g/t Au from 21m (in NARC131)
(incl. 3m @ 21.23g/t from 21m)
- 5m @ 22.99g/t Au from 74m (in NARC135)
(incl. 3m @ 37.39g/t from 75m)
- 3m @ 20.77g/t Au from 33m (in NARC139)
(incl. 1m @ 54.10g/t from 34m)
- 4m @ 7.67g/t Au from 55m (in NARC149)
(incl. 2m @ 11.42g/t from 57m)

Nabanga - Central Zone

- 2m @ 19.00g/t Au from 24m (in NARC091)
- 3m @ 8.65g/t Au from 85m (in NARC099)
- 3m @ 20.49g/t Au from 72m (in NARC100)
- 10m @ 17.70g/t Au from 51m (in NARC114)
(incl. 5m @ 34.68g/t Au (from 51m)
- 4m @ 7.47g/t Au from 37m (in NARC 117)
- 8m @ 4.45g/t Au from 51m (in NARC120)
(incl. 3m @ 10.16g/t Au from 51m)
- 3m @ 8.00g/t Au from 69m (in NARC121)

- Deeper RC drilling at Nabanga Prospect extends gold mineralisation (in the North Zone and Central Zones areas) to a minimum 100m vertical depth - mineralisation remains open ended below this level.

- Significant new “deeper” Nabanga RC drill intersections include:

Nabanga - North Zone

- 3m @ 20.12g/t Au from 110m (in NARC151)
- 4m @ 3.96g/t Au from 131m (in NARC152)

Nabanga - Central Zone

- 14m @ 3.68g/t Au from 94m (in NARC105)
(incl. 6m @ 7.37g/t Au from 101m)
 - 14m @ 2.94g/t Au from 115m (in NARC111)
(incl. 4m @ 5.93g/t Au from 117m)
- RC drilling ongoing at Nabanga with two RC rigs in operation in the current quarter.
 - Detailed mapping and sampling of artisanal workings continued at Boungou Prospect in preparation for maiden RC drilling – now scheduled to commence in February 2012.
 - Regional soil sampling programs continued – soil sampling program commenced (and substantially completed) over the Villibongo Project/Permit area – assays awaited.

Mount Isa - Copper

- Earn-in and Joint Venture Agreement signed with Xstrata Mount Isa Mines (Xstrata) over the Boomara Project tenements – prospective for iron-oxide copper-gold (IOCG) deposits.

Corporate

- Cash balance \$12.43m (31 December 2011), including \$1.04m held by Harmattan Gold Limited.



Figure 1 - Nabanga Prospect – drill sampling crew (inset - taking magnetic susceptibility readings).

Exploration – West Africa

During the quarter the Company focused on the high-grade discovery at Nabanga with resource definition drilling commencing, whilst continuing to advance gold exploration activities across its substantial portfolio of exploration permits in Burkina Faso, West Africa.

The majority of MET's Burkina Faso permits were secured under option agreements that provide the Company with the exclusive right to conduct exploration activities and an option to acquire a 100% interest in each permit by making staged payments over a three year period.

Significant exploration activities undertaken during the quarter included:

- commencement of resource definition drilling at the Nabanga high grade gold discovery
- detailed mapping and sampling at the Boungou Prospect in preparation for maiden RC drilling
- re-commencement of regional geochemical (soil sampling) programs - soil sampling commenced and substantially completed over the Villibongo permit
- acquisition of high-resolution satellite imagery over the Villibongo permit and Tapoa Project

The location of the Company's exploration permits and project areas in Burkina Faso are shown in figure 2.

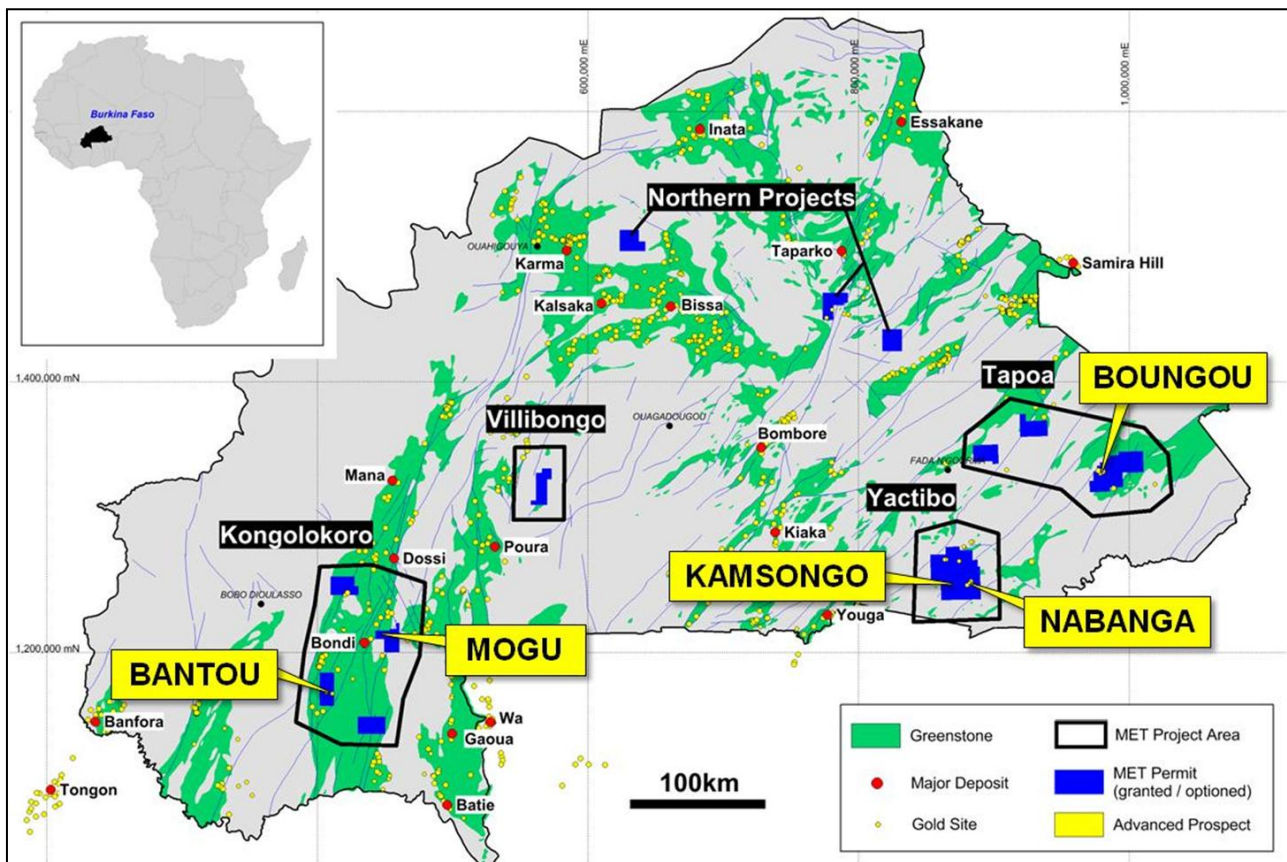


Figure 2 - Location of MET Burkina Faso exploration permits / project areas (excludes applications).

Yactibo Project

Nabanga Prospect

The Nabanga Gold Prospect is located in south-east Burkina Faso and lies within the Company's Yactibo Project area (figure 2).

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.

A significant gold discovery was announced by MET at Nabanga in early 2011 following the completion of an initial broad-spaced reverse circulation (RC) drilling program. The initial drilling program intersected near-surface high grade gold mineralisation in multiple locations along the line of shallow surface workings.

As a result of the success of the maiden drilling program an extended RC drilling program was carried out at Nabanga from June – August 2011. Further success in this "phase 2" program, with results demonstrating excellent grades, continuity, and the presence of three high grade zones, has led to MET commencing a resource drilling program on the Nabanga prospect.

The resource drilling started at the end of the wet season, in early November 2011, and is designed to allow calculation of a maiden resource to a minimum depth of 100m below surface in each of the three high grade zones – North Zone, Central Zone, and South Zone (figure 3).

A significant portion of the planned drilling of the North and Central Zones has been completed, confirming high grade gold mineralisation at the North Zone over a 600m strike length and minimum 100m vertical depth, and at the Central Zone over a 500m strike length and minimum 100m vertical depth.

High grade **North Zone** drill intersections announced subsequent to the quarter include:

- 5m @ 6.81g/t Au from 21m (in NARC122)
(incl. 2m @ 11.25g/t from 23m)
- 12m @ 4.78g/t Au from 16m (in NARC128)
(incl. 3m @ 16.02g/t from 24m)
- 4m @ 16.06g/t Au from 21m (in NARC131)
(incl. 3m @ 21.23g/t from 21m)
- 5m @ 22.99g/t Au from 74m (in NARC135)
(incl. 3m @ 37.39g/t from 75m)
- 3m @ 20.77g/t Au from 33m (in NARC139)
(incl. 1m @ 54.10g/t from 34m)
- 4m @ 7.67g/t Au from 55m (in NARC149)
(incl. 2m @ 11.42g/t from 57m)

Mineralisation remains open at depth below the deepest drilling to date which includes;

- 3m @ 20.12g/t Au from 110m (in NARC151)
(intercept at 100m vertical depth)
- 4m @ 3.96g/t Au from 131m (in NARC152)
(intercept at 120m vertical depth)

A longitudinal section through the North Zone area showing the new drill hole intersections is provided at figure 4.

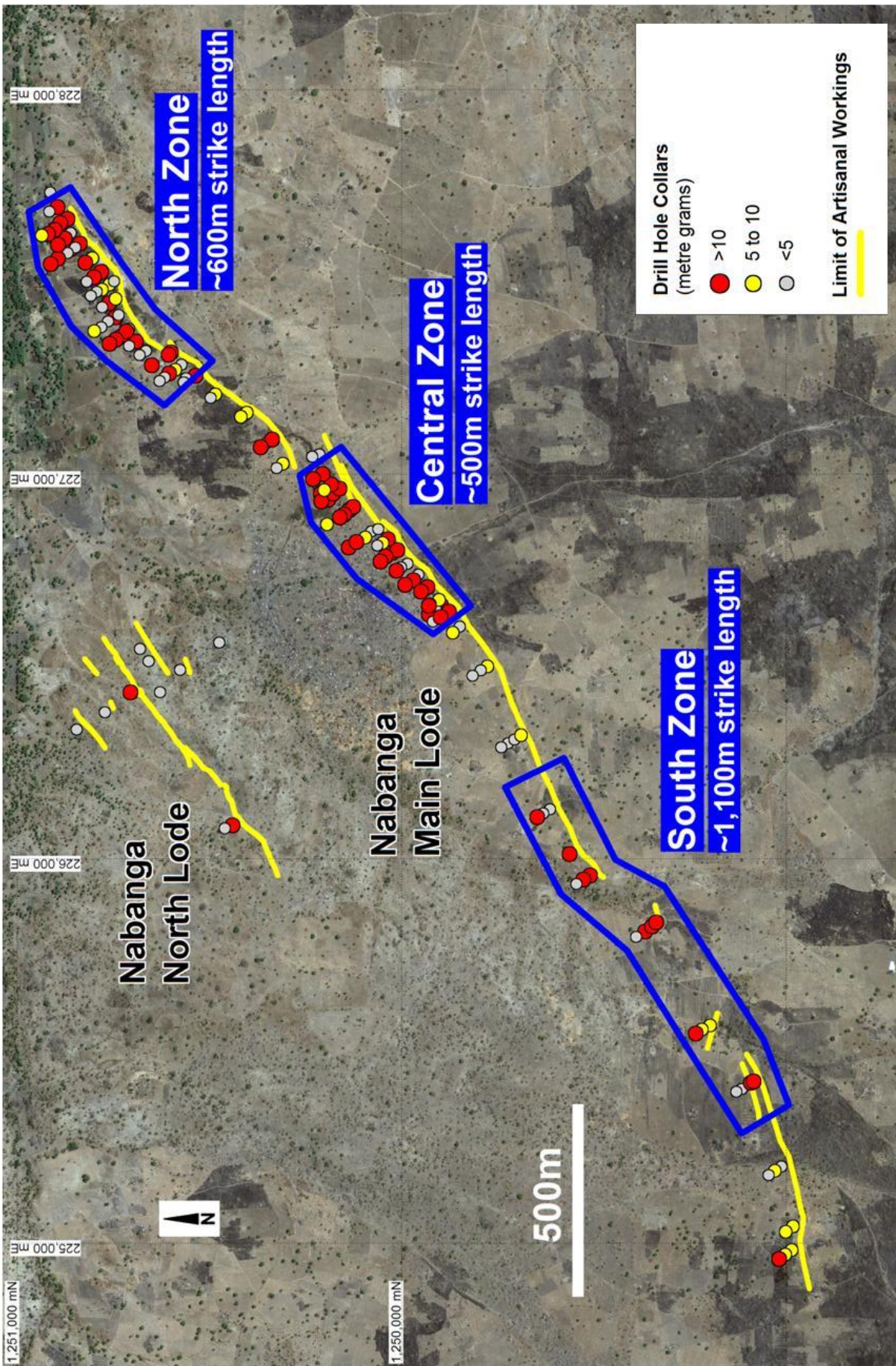


Figure 3 - Nabanga location diagram (showing location of high grade zones and drill hole collars).

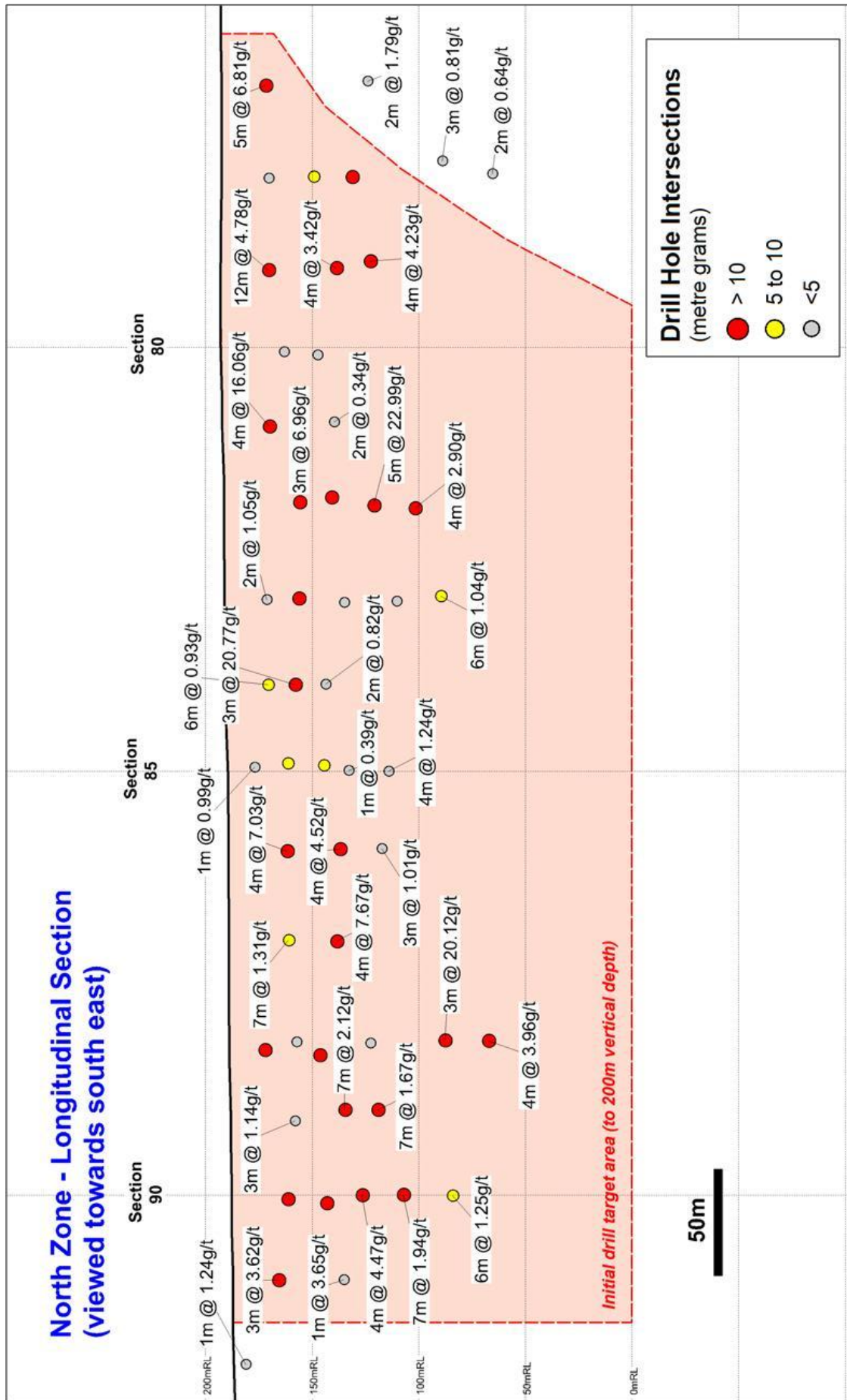


Figure 4 – North Zone long section (new drill intersections labelled).

To date, assay results have been received for 47 RC drill holes from within the North Zone target area. The average down hole drill intersection for all such holes is **4.0 metres @ 4.98 g/t Au**. Further details for the new North Zone drill results can be found in our recent ASX release *“Nabanga Prospect – New High Grade Results from North Zone”* – dated 25/01/2012.

As well as remaining open at depth, mineralisation on the North Zone area is open along strike both to the north and south. Further drilling is proposed to test these areas.

Subsequent to the end of the quarter the Company also announced new near-surface high grade drill intersections for the **Central Zone** area including:

- 2m @ 19.00g/t Au from 24m (in NARC091)
- 3m @ 8.65g/t Au from 85m (in NARC099)
- 3m @ 20.49g/t Au from 72m (in NARC100)
- 10m @ 17.70g/t Au from 51m (in NARC114)
(incl. 5m @ 34.68g/t Au (from 51m))
- 4m @ 7.47g/t Au from 37m (in NARC 117)
- 8m @ 4.45g/t Au from 51m (in NARC120)
(incl. 3m @ 10.16g/t Au from 51m)
- 3m @ 8.00g/t Au from 69m (in NARC121)

The new Central Zone assay results also included “wide” intersections with high grade intervals at approximately 100 metres vertical depth comprising:

- 14m @ 3.68g/t Au from 94m (in NARC105)
(incl. 6m @ 7.37g/t Au from 101m)
- 14m @ 2.94g/t Au from 115m (in NARC111)
(incl. 4m @ 5.93g/t Au from 117m)

A longitudinal section through the Central Zone area showing the recent drill hole intersections is provided at figure 5.

A schematic cross section through the middle of the Central Zone target (cross section 60) is provided at figure 6.

To date, assay results have been received for 44 RC drill holes from the Central Zone area. The average down hole drill intersection for all such holes is **4.2 metres @ 6.49 g/t Au**. Further details for the new Central Zone drill results can be found in our recent ASX release *“New Drill Confirms Extension of High Grade Gold at Nabanga”* – dated 11/01/2012.

Mineralisation remains open at depth in the Central Zone area, with a strong potential to extend the known gold mineralisation with further drilling, including the potential for wider intercepts.

When considered in the context of modern open pit mining methods, all of the RC drill intersections recorded from the Nabanga Prospect to date have been relatively shallow. The shallow depth in, combination with the generally high grade nature of the drill results, presents a significant opportunity for possible future open pit gold mine development at Nabanga.

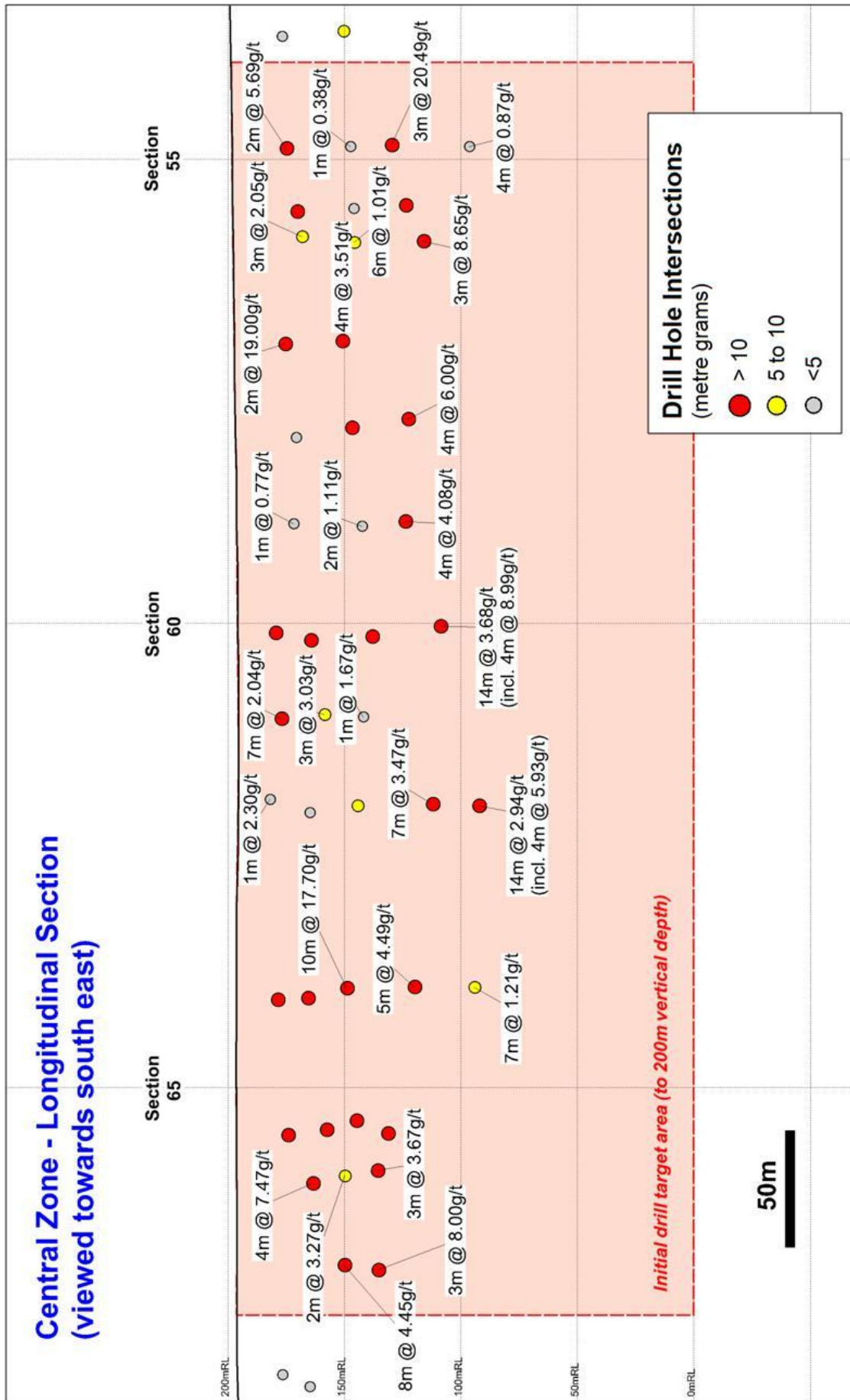


Figure 5 – Central Zone long section (new assay results labelled).

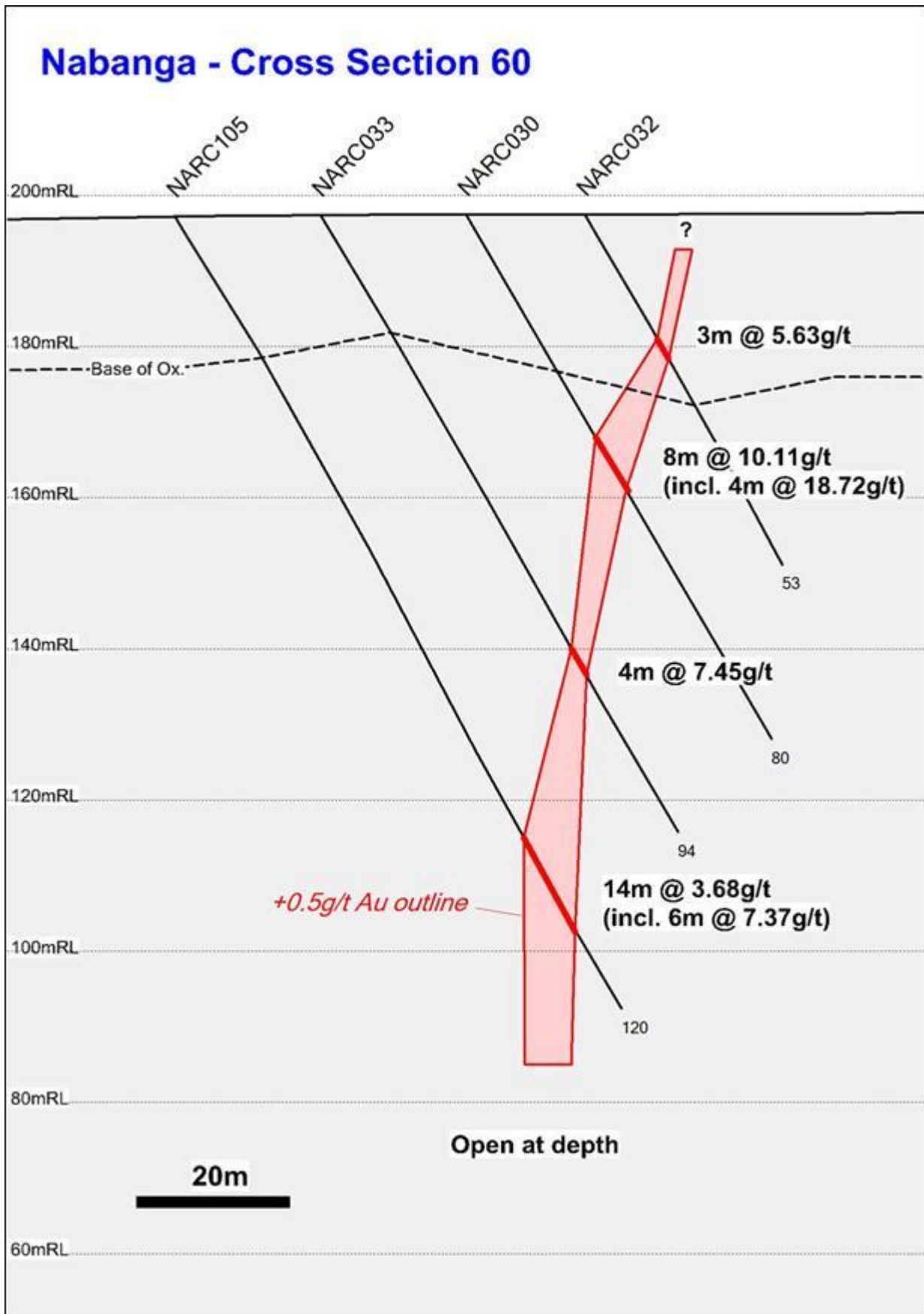


Figure 6 – Nabanga Central Zone (Cross section 60) – Showing extension of gold mineralisation to a minimum 100 metres vertical depth.

Nabanga Strike Extension

During the quarter the Company completed a short (8 hole) RC drill program along the interpreted south-west strike extension of the Nabanga structure (ie: remote from the current artisanal workings).

The strike extension was interpreted from a high resolution magnetic survey completed by the Company in late 2010. The survey indicates a possible extension of the Nabanga structure over an additional 5 kilometre strike length (figure 7).

Assays are awaited for this drilling.

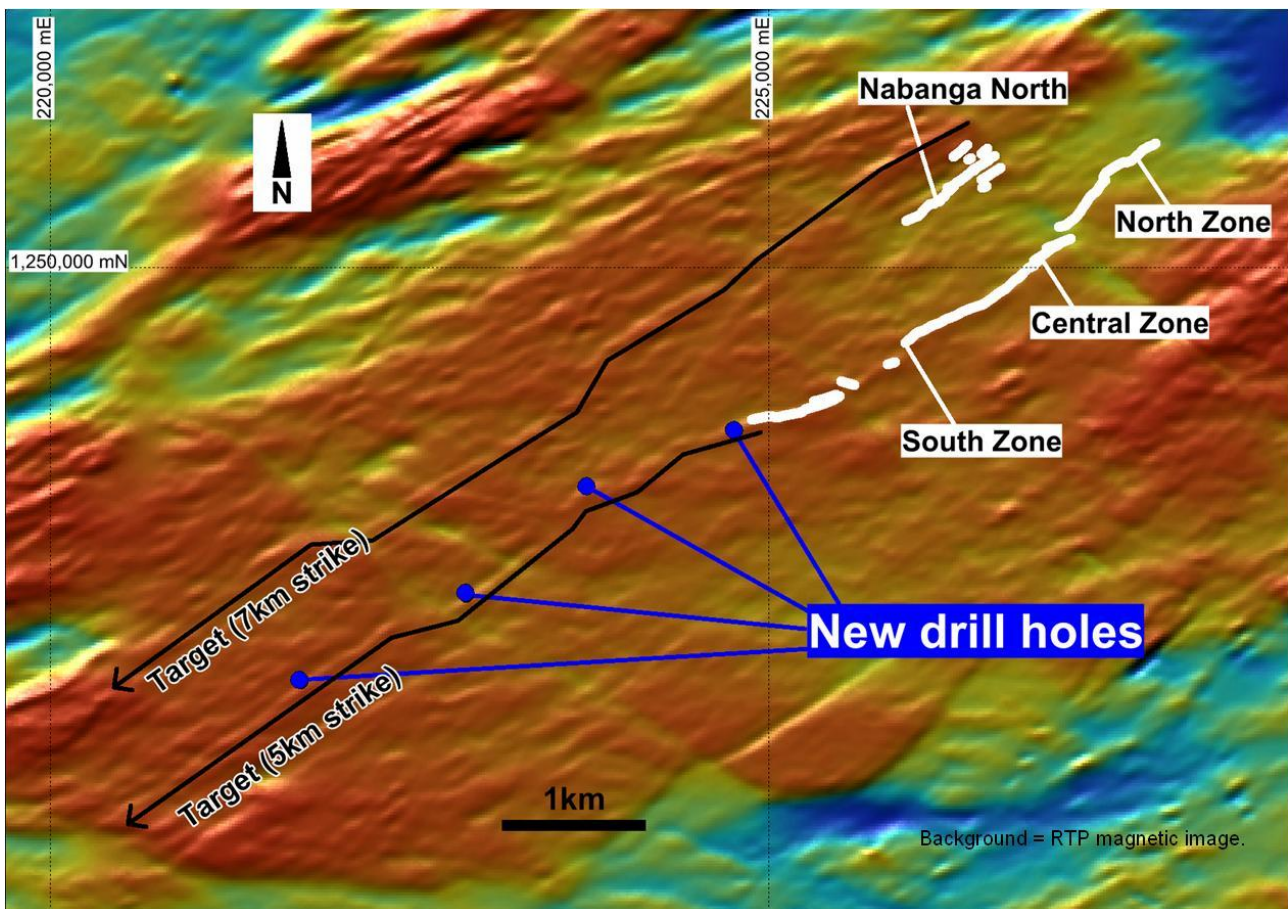


Figure 7 – Interpreted strike extension of Nabanga structure based on magnetic geophysical data (location of new RC drill hole collars shown).

Forward Program

The Company is aiming to complete the entire resource-focused drill program (to a minimum 100m depth) by March 2012, and subject to receipt of assays and analysis, release a maiden resource estimate for these zones as soon as practicable thereafter.

Following the completion of the resource-focused drilling, RC drilling of the Nabanga high grade gold zones will be extended to an approximate 200 metre vertical depth (limit of RC rig capacity). A diamond drill rig has also been contracted to conduct deeper exploration drilling of the Nabanga structure in the range 200m to 400m vertical depth, and is scheduled to commence in February.

Both the deeper RC drilling and the diamond drilling have significant potential to further extend the currently defined high grade gold mineralisation in the Nabanga area.

Tapoa Project (MET option - 100%)

Boungou Prospect

The Boungou Prospect is located in the Tapoa Project area in the far-east of Burkina Faso (figure 2). The Tapoa Project area, including the recently acquired Pambourou Permit, covers a 50km strike length of prospective greenstone, including gold multiple mineralised structures (figure 8).

Gold mineralisation in the Boungou Prospect area is marked by the presence of extensive shallow artisanal gold workings in highly weathered surface rocks.

Gold-in-soil anomalism greater than 20ppb Au has been defined over a total 6.6 kilometre strike length (notional NNE-SSW orientation – parallel to main zone of artisanal workings) and, a 3.7 kilometre maximum width (notional NNW-SSE orientation). The anomalism includes multiple discrete zones above 50ppb Au – including the Kodjini Zone, Western Zone, Link Zone and the Natougou Zone anomalies (refer figure 9).

The highest order soil assay results received to date are from the **Natougou Zone**, and comprise an average sample grade of 156 ppb Au (0.16g/t Au), including a maximum assay value 744 ppb Au (0.74g/t Au).

During the quarter MET conducted detailed mapping and grab sampling of the artisanal workings in the immediate Boungou Prospect area to assist in drill targeting.

Initial drill sites have been prepared and RC drilling is scheduled to commence at Boungou in early February comprising an initial minimum 3,000m program.

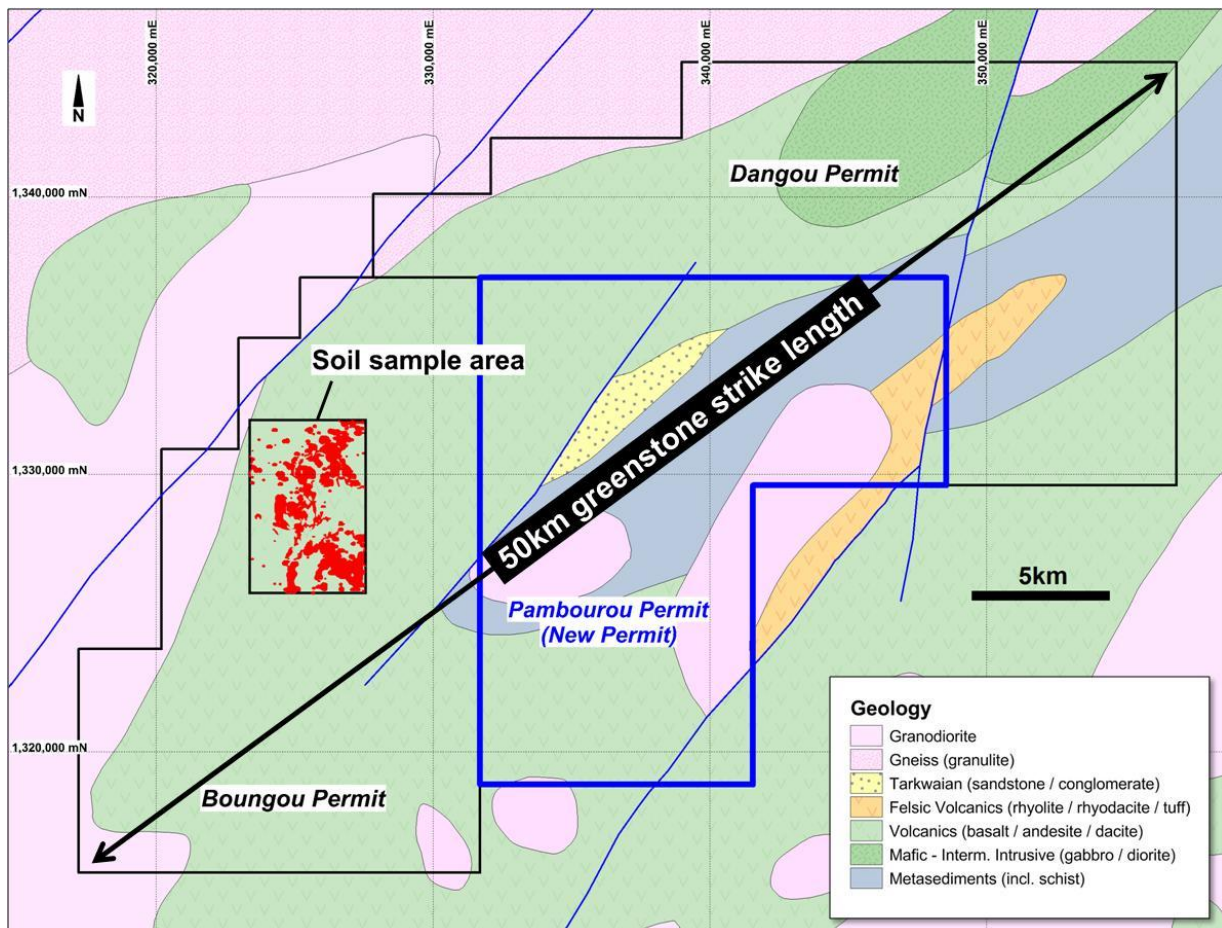


Figure 8 – Tapoa Project - showing regional geology (inset shows area of +20ppb gold-in-soils in red).

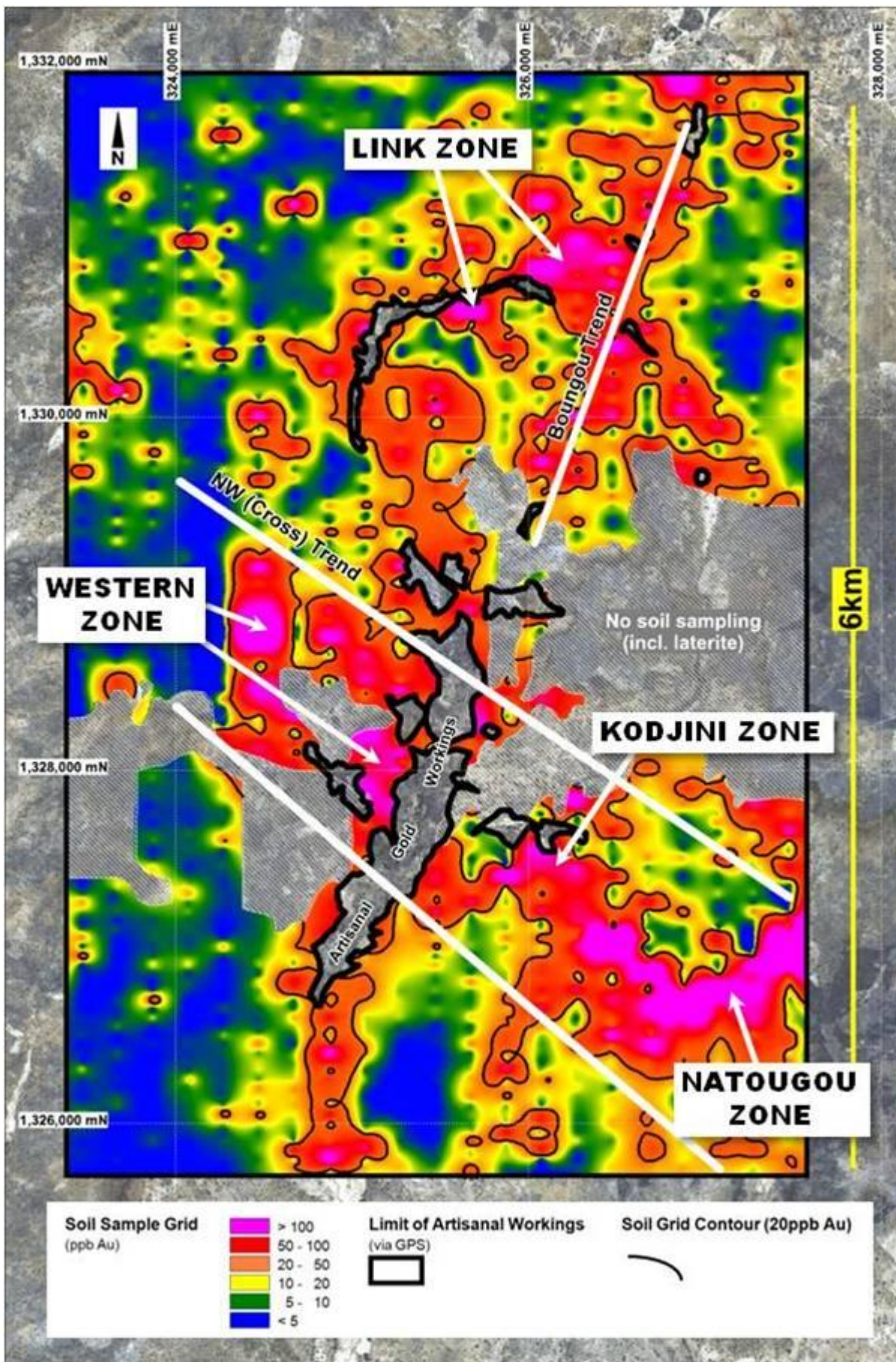


Figure 9 - Boungou Prospect – Showing phase one soil sample results.

Villibongo Project

The Villibongo Project/Permit is located in central Burkina Faso 100km to the south-west of the capital, Ouagadougou (figure 2).

The Villibongo permit overlies a 30km long isolated block of greenstone rocks situated some 20 kilometres to the east of the margin of the Boromo Greenstone Belt. A number of significant third party gold deposits and base metal occurrences are known in the region.

MET considers the project permit to be prospective for gold discoveries on the basis of structural gold targets that have been identified at either end of the Villibongo greenstone.

The gold target areas occur at the intersection of cross cutting north-east trending structures with north-south trending structures that parallel the long axis of the greenstone belt. The dominant structural trends are apparent in regional scale magnetic data.

During the quarter the Company commenced (and substantially completed) a regional soil sampling program over the Villibongo Permit to provide a first pass assessment of the structural targets.

Assay results are awaited.

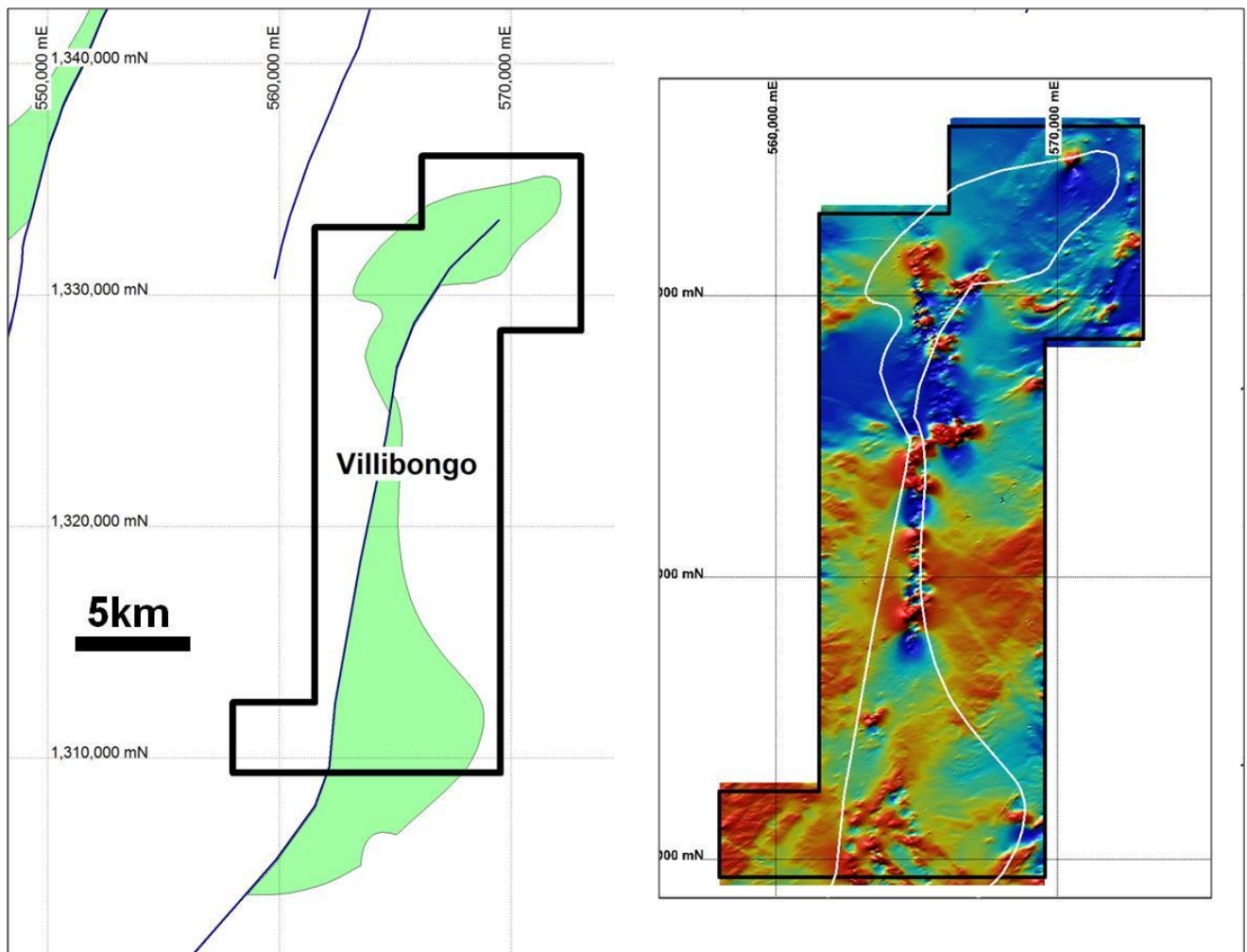


Figure 10 - Villibongo Permit – showing greenstone “boundary” and magnetic data (inset image).

Exploration – Mount Isa Region

Mt Isa Metals holds in excess of 4,000km² of exploration tenements in the Mount Isa region of north-west Queensland. The location of the Company's exploration tenements and project areas in the Mount Isa region is shown in figure 11.

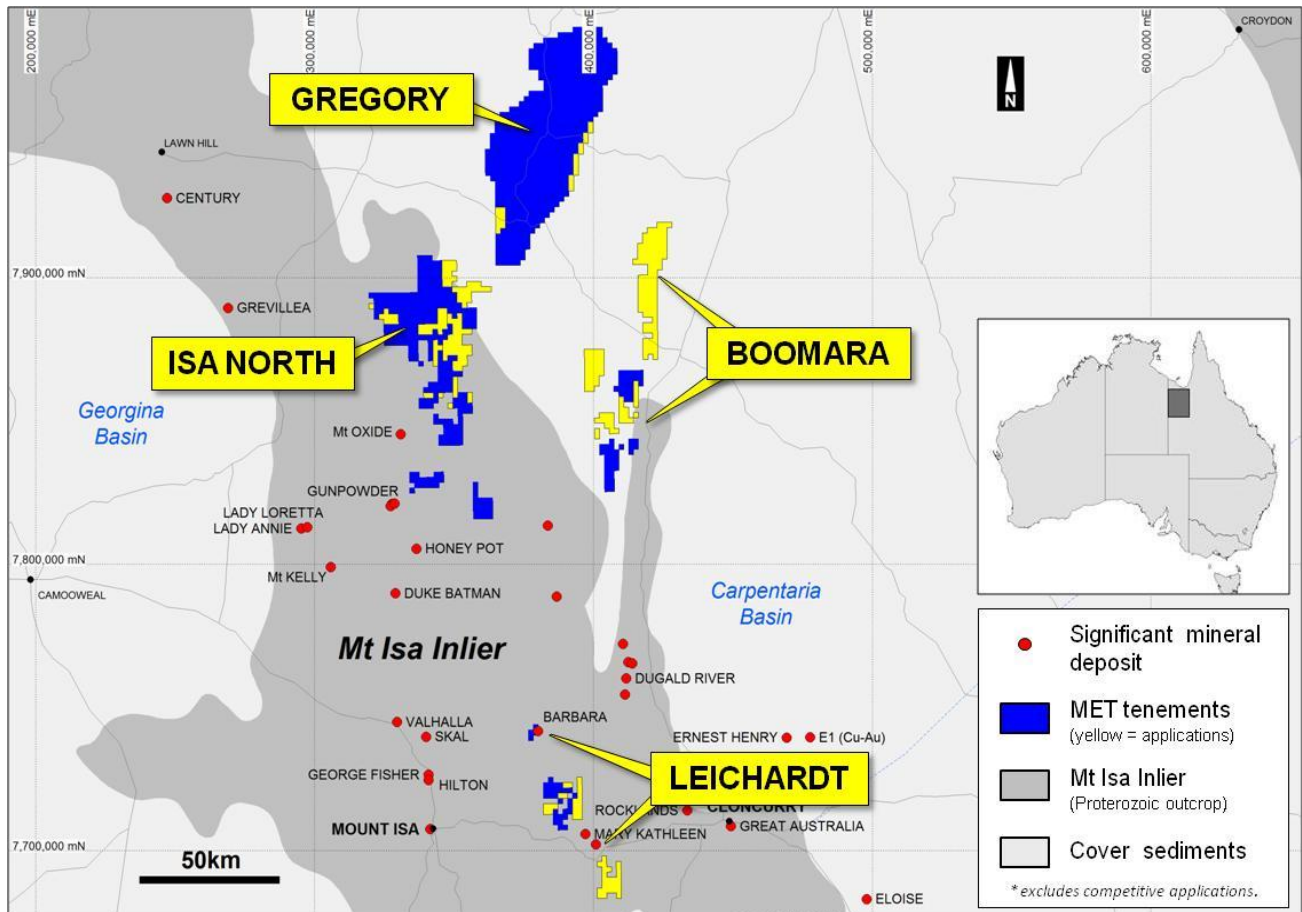


Figure 11 - Location of Mount Isa region exploration tenements and project areas.

Boomara Project

During the quarter the company signed an Earn-in and Joint Venture Agreement with Xstrata Mount Isa Mines (Xstrata) over the highly prospective Boomara Project tenements.

The Boomara Project tenements have a complex magnetic basement, interpreted multiple fault systems, and iron-oxide copper-gold (IOCG) style mineralisation in historical drilling. The Boomara Project area encompasses more than 650km² of prospective Mount Isa Inlier lithologies, and is located on the western flank and to the north of the Boomara Ridge (figure 11).

To date only 28 holes have been drilled to basement across the entire 650km² tenement area, and historical drill holes have intersected significant copper-gold mineralisation (figure 12) including drill hole BMD030 which intersected:

- 52m @ 0.26% Cu and 0.12g/t Au (from 242m), and
- 60m @ 0.21% Cu (from 302m).



Figure 12 – IOCG style alteration and mineralisation in the Boomara Project (KDD13, 375.6m)

In addition to significant exploration funding, Xstrata brings extensive in-house expertise in specialist geophysical techniques for exploration under cover, as well as local copper exploration and development experience.

Under the terms of the agreement Xstrata must spend a minimum of \$0.5 million on exploration and drill at least 500m in the first 18 months, and have the right to earn 51% by spending \$1.0 million within 3 years. After earning 51%, Xstrata may elect to earn an additional 29% (80% in total) by sole funding a further \$2.5 million on exploration within a further 3 years.

This agreement complements MET's strategy of retaining equity in a large tenement footprint in the prospective Mount Isa Region, whilst building value for shareholders through Joint Venture relationships.

Leichardt Project (MET 49% to 100%)

The Leichardt Project is located approximately 50km east of Mount Isa and includes multiple copper and copper-gold targets (figure 13).

A significant copper-gold Mineral Resource has been defined over three separate deposits in the Leichardt Project area. The deposits have a combined metal inventory of 31,940 tonnes of contained copper⁽¹⁾ and are comprised of the following components:

Deposit	Resource Category	Tonnes	Copper (%)	Gold (g/t)	Copper (tonnes)	Gold (ounces)
Barbara ⁽¹⁾	Indicated	801,000	1.40	0.10	24,000	8,000
	Inferred	1,191,000	1.00	0.10		
Green Zone ⁽¹⁾	Inferred	430,000	0.90	0.01	3,860	200
Blue Star ⁽¹⁾	Inferred	177,000	2.31	0.27	4,080	1,520
Total		2,599,000	1.20	0.10	31,940	9,720

Table 1 – Total Mineral Resource Inventory – Leichardt Project deposits.

The Barbara deposit and Green Zone deposits are located within exploration permit EPM16112 (Barbara) and the Blue Star deposit is located within EPM16197 (Blockade) (figure 13). Both tenements are held in joint venture with Syndicated Metals Limited (MET 49% / SMD 51% and manager).

¹ Comprises combined Indicated and Inferred Mineral resources in the Barbara, Green Zone and Blue Star deposits above a 0.5% copper cut-off grade and on a 100% JV basis. MET equity in all deposits is 49%.

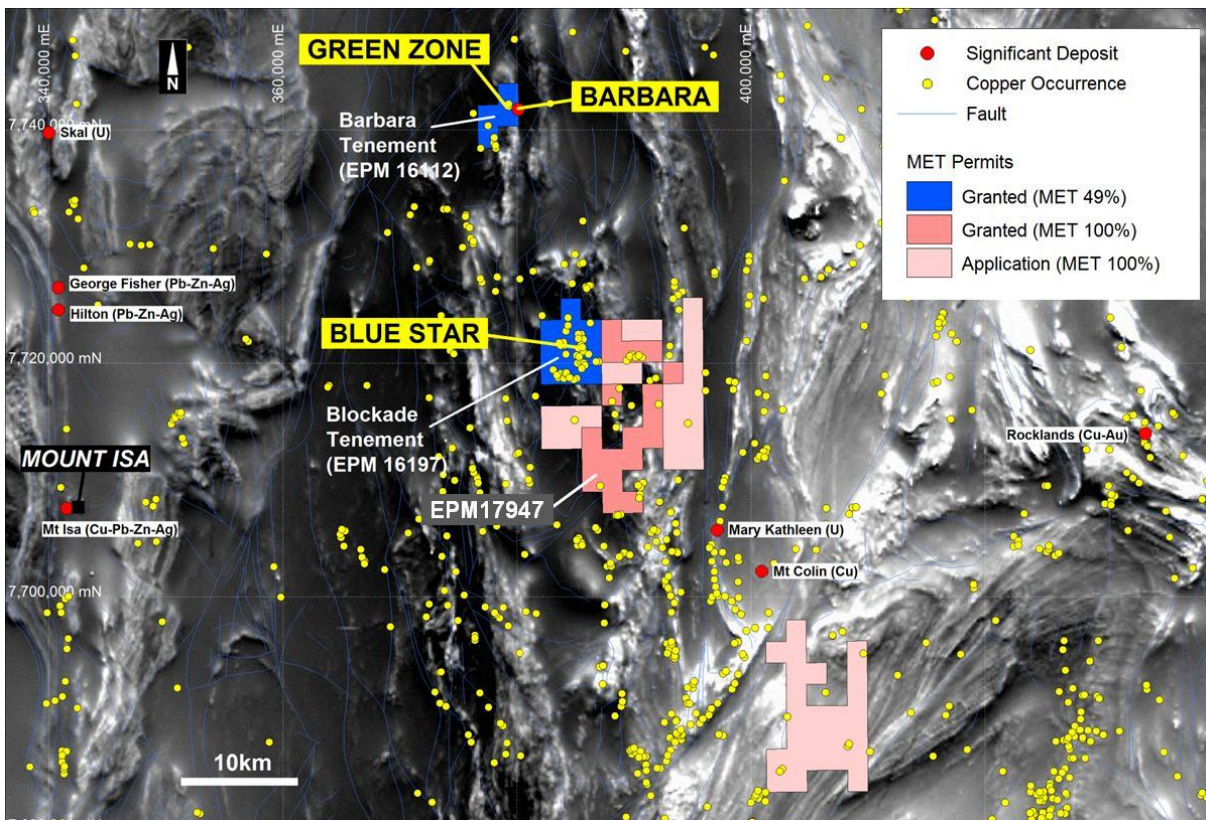


Figure 13 – MET Leichardt Project permits / copper-gold deposits.

Leichardt Copper Project - Forward Program

Preliminary scoping studies are continuing at Barbara, Green Zone, and Blue Star deposits to assess the potential for development of the currently defined copper-gold mineralisation.

Copper-gold mineralisation in all three deposits (Barbara, Green Zone and Blue Star) is open along strike and at depth. Further drilling is required to assess the full potential of these deposits and to assess other targets within the joint venture permits.

In addition to the above MET awaits the grant of a further two 100%-owned permit applications in the Leichardt Project area (figure 13). These applications include additional identified copper-gold exploration targets.

Corporate

Head Office Relocation

During the quarter the Company re-located its head office to new premises as follows:

Level 32, AMP Place, 10 Eagle Street
Brisbane, QLD, 4000.

Telephone: +61 7 3198 3040
Facsimilie: +61 7 3236 5036
Email: info@mtisametals.com.au (unchanged)

Cash Reserves

Cash reserves and liquid investments held by the Company totalled approximately \$11.39 million at 31 December 2011.

Harmattan Gold Limited (MET 47.8%)

During the quarter Harmattan Gold continued business development activity focussed on securing additional exploration permits in Burkina Faso. Preparations continued for a planned Initial Public Offering and proposed listing on the Australian Securities Exchange.

Capital Structure (at 31 December 2011)

Share price (MET): \$0.265
 Issued shares: 163.7m
 Unlisted options: 14.3m
 Market Capitalisation: \$43.4 million (at 31 December 2011)

Major Shareholders

Shareholder	Shares Held	%
D'Aguilar Gold Ltd	51,218,973	31.3%
National Nominees Limited	13,842,299	8.5%
Tenstar Trading Limited	10,330,357	6.3%
Other	88,260,960	53.9%
Total	163,652,589	100.0%

Table 2 - Summary of major shareholders at 31 December 2011.

For further information please contact:

Mr Peter Spiers
 Managing Director
 Ph: (07) 3198 3040 or 0409 407 265

Mr Peter Harding-Smith
 Company Secretary
 Ph: (07) 3198 3040 or 0488 771 588

Email: info@mtisametals.com.au

Further information on Mt Isa Metals can be found on our website www.mtisametals.com.au

Competent Persons Statement

The information in this report that relates to Exploration Results 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.