

ASX Announcement

7th September 2010

CAPITAL RAISING TO FUND EXPANSION OF WEST AFRICAN GOLD EXPLORATION

Highlights:

- **1 for 4 non-renounceable entitlement offer to raise \$3.9 million**
- **Retail component (\$2 million) fully underwritten by Bizzell Capital Partners**
- **Issue price \$0.15 per share represents:**
 - **a 36% discount to the latest MET closing price (\$0.235 per share)**
 - **a 33% discount to the 1 month MET VWAP (\$0.222 per share)**
- **Proceeds to fund expansion of West African gold exploration activity**
- **High grade gold targets to be drilled before year end**
- **Record date for retail entitlement 7.00pm (AEST) on Monday 20 September 2010**

The Board of Mt Isa Metals (MET) is pleased to announce a 1 for 4 non-renounceable entitlement offer at \$0.15 per share to raise approximately \$3.9 million ('Entitlement Offer').

The proceeds of the equity raising will be utilised in conjunction with existing cash reserves to fund an aggressive gold exploration program in Burkina Faso. This exploration will include significant drilling programs on identified high grade gold prospects.

Mt Isa Metal's Managing Director, Peter Spiers commented - "the Company has secured a substantial portfolio of gold properties in Burkina Faso. High grade gold assays have been recorded across eight separate project areas sampled to date. This capital raising will allow MET to commit to drilling of these exciting gold targets before the year end and also allow the Company to accelerate regional exploration activities across the balance of the project area."

Offer Summary

The equity raising will be separated into two components:

- an accelerated institutional entitlement offer of \$1.9 million ('Institutional Offer'), and
- a retail entitlement offer raising approximately \$2.0 million ('Retail Offer').

Bizzell Capital Partners is managing the Institutional Offer and fully underwriting the Retail Offer.

The Record Date for the Entitlement Offer will be 7.00pm (AEST) on Monday 20 September 2010.

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 new share for 4 existing Mt Isa Metals' shares that they own at a price of \$0.15 per share ('Entitlements'). The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable.

The Offer price of \$0.15 per share represents:

- a 36% discount to the latest MET closing price (\$0.235 per share)
- a 33% discount to the 1 month volume weighted average price (VWAP) (\$0.222 per share)

The Institutional Offer will be conducted on Wednesday, 08 September 2010. Mt Isa Metals expects to announce the outcome of the Institutional Offer to the market on Thursday, 09 September 2010, with trading expected to recommence at 10.00am (AEST) on that day.

The Retail Offer will be open between Thursday, 23 September 2010 and Monday, 11 October 2010.

Further details relating to the Retail Entitlement, including how to participate, will be provided in a prospectus which will be lodged with ASIC on Thursday, 9 September 2010 and mailed to eligible shareholders on or about Thursday 23 September. You may wish to obtain professional advice to assist you with your decision to take up your Entitlement.

A timetable in relation to the Entitlement Offer is provided below:

Mt Isa Metals goes into trading halt	07 September 2010
Institutional Offer opens	07 September 2010
Institutional Offer closes	08 September 2010
Announcement of outcome of the Institutional Offer	09 September 2010
Prospectus lodged with ASIC	09 September 2010
Trading resumes	09 September 2010
Ex-date	14 September 2010
Record date	20 September 2010 (7pm AEST)
Retail Offer opens	23 September 2010
Settlement of Institutional Offer	23 September 2010
New shares issued under the Institutional Offer quoted on a normal settlement basis	24 September 2010
Retail Offer closes	11 October 2010
Allotment of Retail Offer	19 October 2010
New shares issued under the Retail Offer quoted on a normal settlement basis	21 October 2010

The dates set out in the table above are subject to change and are indicative only.

In addition to the above MET has provided Bizzell Capital Partners with the right, but not the obligation, to place up to a further 6 million shares at \$0.15 per share after the close of the Retail Offer. This placement, if completed in full, will raise an additional \$0.9 million.

The Directors of Mt Isa Metals intend to take up all of their Entitlements under the Entitlement Offer.



Figure 1 – Visible free gold in sample from MET’s Yacti Prospect, Burkina Faso.

For further information please contact:

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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 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.