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NAMIBIAN URANIUM PROJECTS

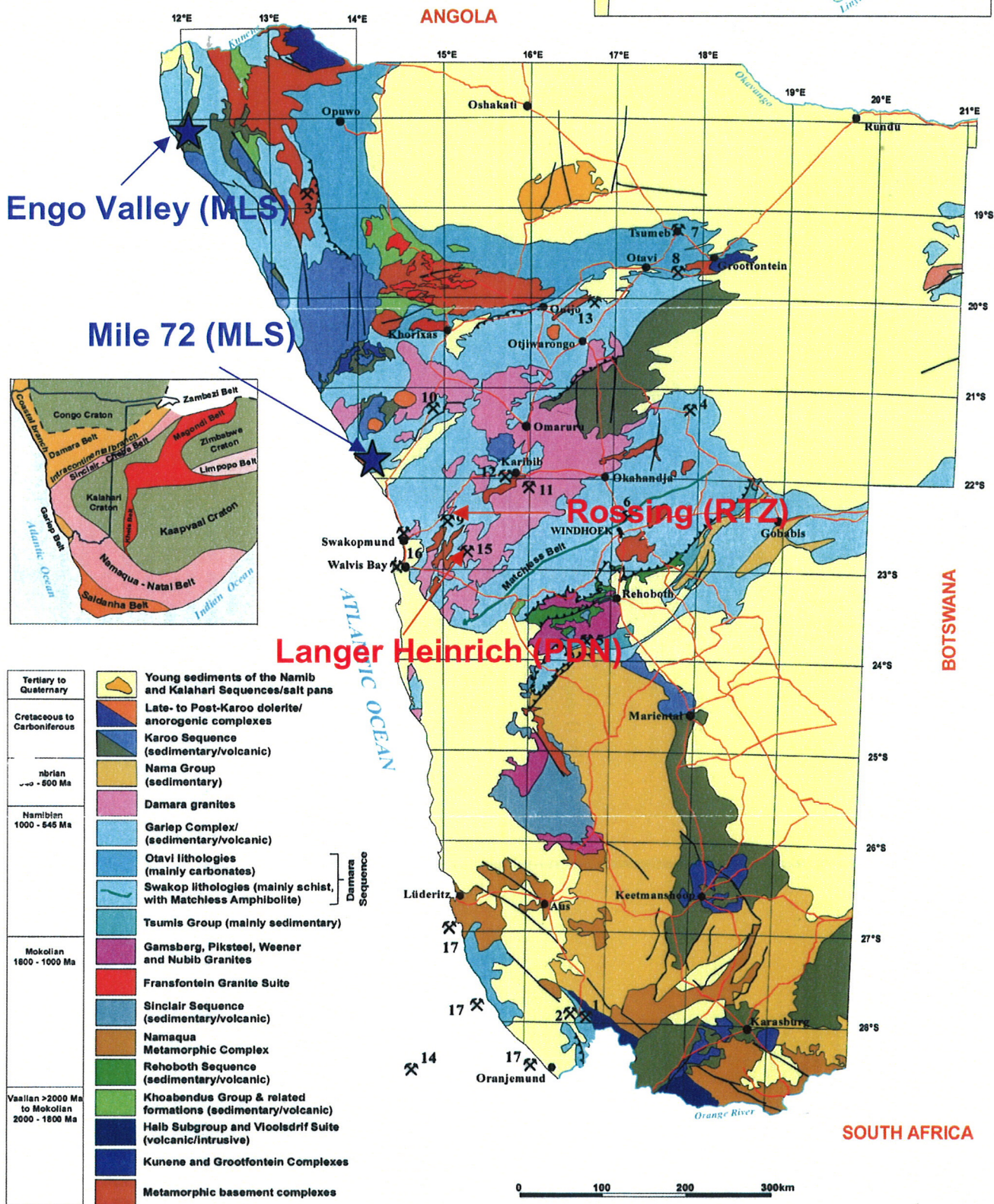
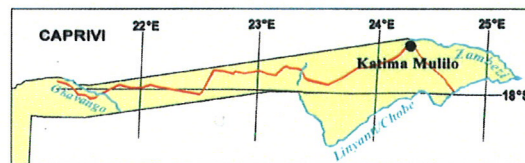
HIGHLIGHTS

- **Two granted project areas at Mile 72 and Engo Valley, in Namibia, which are highly prospective for uranium mineralisation.**
- **The project areas are along strike from, or adjacent to, known uranium occurrences.**
- **The project areas have not been explored in more than 20 years and have yet to be tested utilising modern methods.**

Metals Australia Ltd ('Metals') is pleased to announce that it has concluded an agreement with a local Namibian title-holder to acquire the Mile 72 and Engo Valley projects in Namibia (see Figure 1). These project areas have had little or no exploration for the past twenty years and have yet to be explored utilising modern exploration techniques. The projects have the potential to host near surface, pedogenic and syngenetic uranium deposits.

The two project areas are detailed below:

SIMPLIFIED GEOLOGICAL MAP OF NAMIBIA FIGURE 1.



1. Mile 72 (Exclusive Prospecting License 3308)

The Mile 72 project is located on the central coast of Namibia, within the Erongo province, approximately 167 kilometres to the north of Paladin Resources Ltd's Langer-Heinrich Uranium Project and is prospective for uranium mineralisation. The project has the potential to host near surface, pedogenic uranium deposits.

The Mile 72 project covers an area of over 7200 hectares and lies directly to the north of the known uranium occurrences at Mile 72 (see Figure 2). The tenement is accessed via the Swakopmund-Henties Bay coastal road and internal tracks.

The Mile 72 stratigraphy is defined by a basement of Khomas Subgroup sediments, namely marbles, quartzites, calc-silicates & schists. This sedimentary sequence has been intruded by various granitic units that include granites, pegmatites and alaskites; primary uraniferous minerals occur associated with the alaskites.

The mineralisation at Mile 72 was initially discovered through ground radiometrics, which detected anomalous radiation associated with the underlying granitic units. It was found that the radiation signature was associated with carnotite, and minor uraninite, which is leached from the underlying stratigraphy, primarily the in the alaskites. Further investigation found that the mineralisation has been emplaced within gypsum and calcite fracture infill, due to weathering of the stratigraphy and evaporitic processes. The mineralisation has been found associated with most of the regional stratigraphy including metasediments, granites and dolerites in the Mile 72 area.

A number of anomalies have been defined within the immediate vicinity of the original radiometric targets at Mile 72, however exploration has not extended far beyond these zones. Metals Australia's Mile 72 project lies immediately to the north of the known Mile 72 anomalies, and shows many geological synergies. Initial exploration will consist of acquiring available airborne or ground based radiometric data for the project followed by mapping and surface sampling. Metals Australia has defined two targets that require immediate follow up (see Figure 2.)

2. Engo Valley (Exclusive Prospecting License 3306)

The Engo Valley project is located in the extreme northwest coast of Namibia, in the Skeleton Coast Park. The Engo Valley is a broad erosion channel draining the north eastern interior of Namibia to the south west.

The project is accessed via the defunct Cape Fria Radio Station and covers an area of over 19400 hectares. The tenement lies along the southern strike extent of the Engo Valley uranium occurrences (see Figure 3).

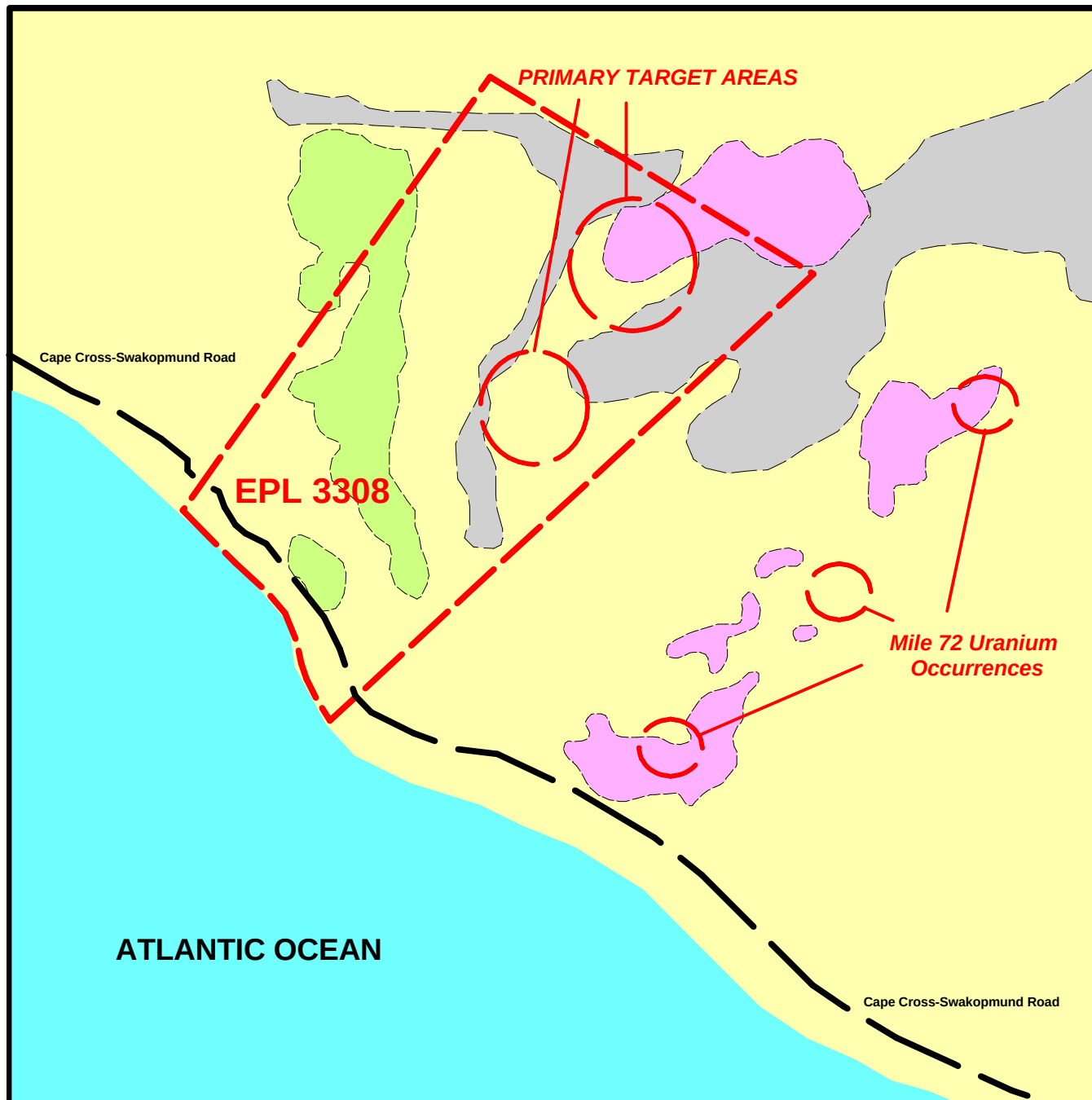


FIGURE 2.

0 10 km
SCALE

LEGEND

	Eolian Sand, Calcrete & Wash
	Salem Granite
	Basalts
	Damara Sediments

METALS AUSTRALIA LTD

NAMIBIAN URANIUM PROJECTS	
MILE 72	
GEOLOGY & TARGET AREAS	
Date: 6/3/2007	
Author: TSP	
Office: Perth	
Drawing: TSP	
Scale: 1:3000	Projection: Custom

The Engo Valley deposits were discovered during a regional airborne radiometric survey conducted by General Mining & Finance Corporation (Gencor) in the 1970's. The survey delineated anomalous mineralisation along more than 20 kilometres of the Engo Valley. Ground radiometric surveys, mapping and sampling subsequently defined four deposits on the eastern flank of the Engo River Valley, which are hosted by sediments of the Karoo sequence. The Karoo sediments host a number of uranium deposits throughout southern Africa in Tanzania, South Africa and most recently A-Cap Resources Ltd's discovery at Mokobaesi in neighbouring Botswana.

The stratigraphy at Engo Valley consists of basement of Damara sediments, composed of schist's, gneisses and calc-silicate rocks. Numerous small irregular granite bodies, and a large granitic body on the western flank of the Engo Valley have also intruded the basement sequence; these granites are thought to be the source of the uranium mineralisation.

The Damara basement is unconformably overlain by Karoo equivalent sediments, which consist of tillite, shale's, conglomerate, marl, mudstone and sandstone. Uranium mineralisation is found in two distinct styles within the stratigraphy:

1. Disconformity – this mineralisation is found associated with alluvial fan deposits within the basal units of the Karoo equivalent sediments. The mineralisation is typically found as carnotite and is associated with coarse clastic units within the stratigraphy.
2. Shale Hosted – the shale units within the Karoo equivalent sediments may be mineralised showing fine-grained uraninite associated with pyrite and chalcopyrite within the shale units.

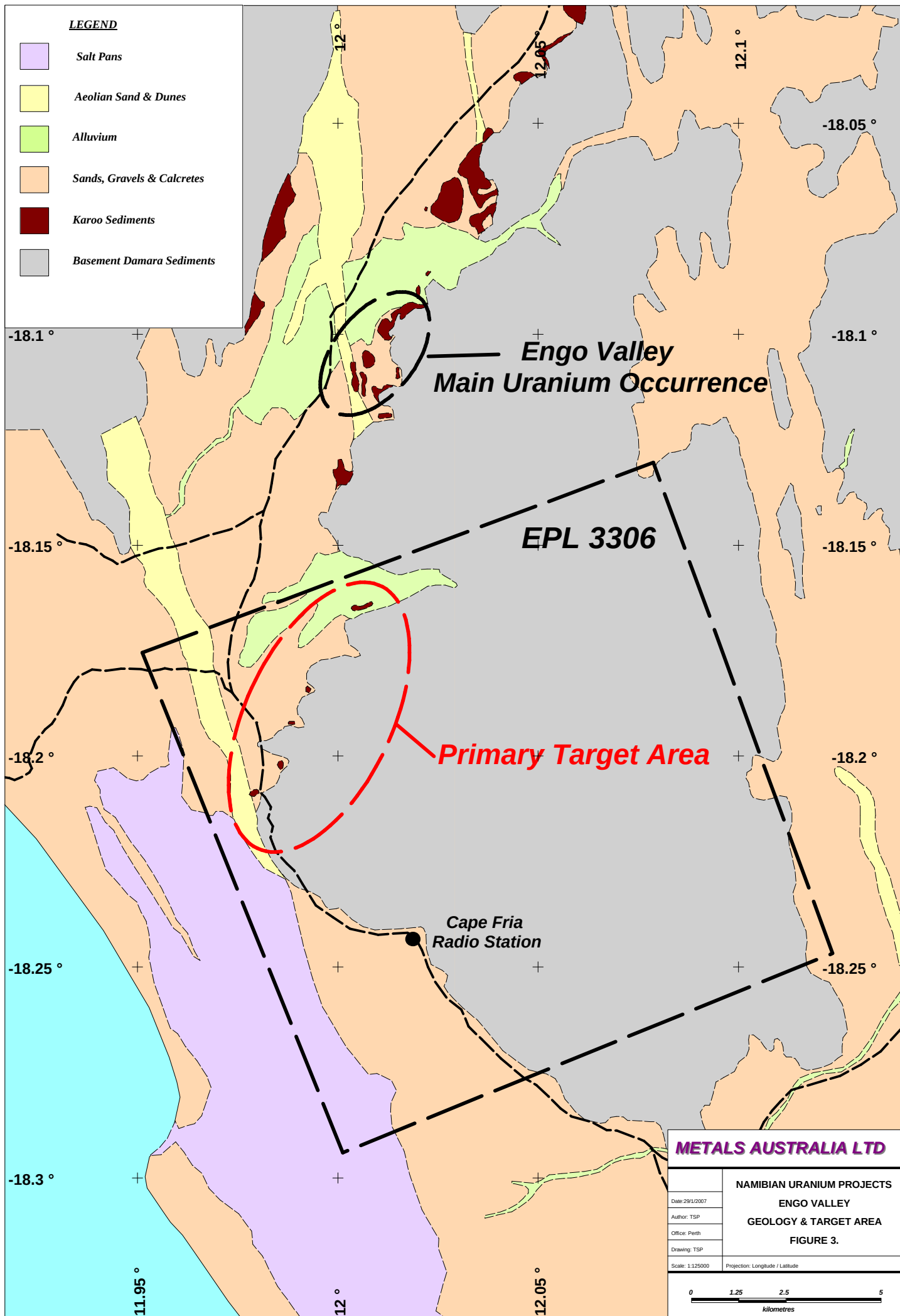
General Mining & Finance Corporation explored the area between 1973 and 1980, focusing their work on the main Engo Valley occurrence and its immediate surrounds, identifying a number of deposits including the MUO & D1 occurrences. Regional mapping of the Engo Valley drainage channel indicates that Karoo equivalent sediments underlie thin sand cover within the Metals Australia project area.

Metals Australia will focus its exploration on the acquisition of available airborne and ground based radiometric data for the project as well as mapping and surface sampling of the project area.

Results of Due Diligence

In November 2005 Metals Australia Ltd ('Metals') announced that it had entered into an agreement with a local Namibian title-holder to acquire two Exclusive Prospecting Licenses (EPL) in Namibia.

Following the signing of a heads of agreement, but before settling the purchase and paying the vendors, Metals conducted a comprehensive geological and legal due diligence programme. The



due diligence discovered that the main tenement at Engo Valley was not located as stated by the vendors. The main uranium occurrence at Engo Valley was in fact located outside the tenement boundary. Metals applied for a third tenement to cover the main uranium occurrence, however the company has since been advised that this tenement has not been granted.

The final result of the due diligence concluded that both tenements are located in known uranium provinces and are located sufficiently close to known uranium occurrences to have high prospectivity for uranium mineralisation.

The consideration for the acquisition of the project areas was to have been paid through a parcel of fully paid shares and cash, but the company has paid no consideration to the vendors.

As a result of protracted legal and other negotiations, the vendors have in fact agreed to allow Metals to retain a 100% interest in and title to the two existing Exclusive Prospecting Licenses at no cost to Metals, in consideration for Metals agreeing not to pursue the vendors and their advisers for damages arising from representations made by the vendors to metals about the two Exclusive Prospecting Licenses.

Metals Australia Ltd is currently assembling its exploration team in Namibia and looks forward to updating the market as work progresses on the Mile 72 & Engo Valley project areas.

Yours faithfully,

Norman Grafton

Company Secretary

Metals Australia Limited

Competent Person Declaration

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Alex Clemen of Clemen & Associates Pty Ltd. Mr Clemen has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that 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 Resource and Ore Reserves". Alex Clemen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears".