

27 April 2007

The Manager - Companies
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

PROGRESS OF EXPLORATION ON THE SHERLOCK BAY EXTENDED PROJECT AREA.

HIGHLIGHTS

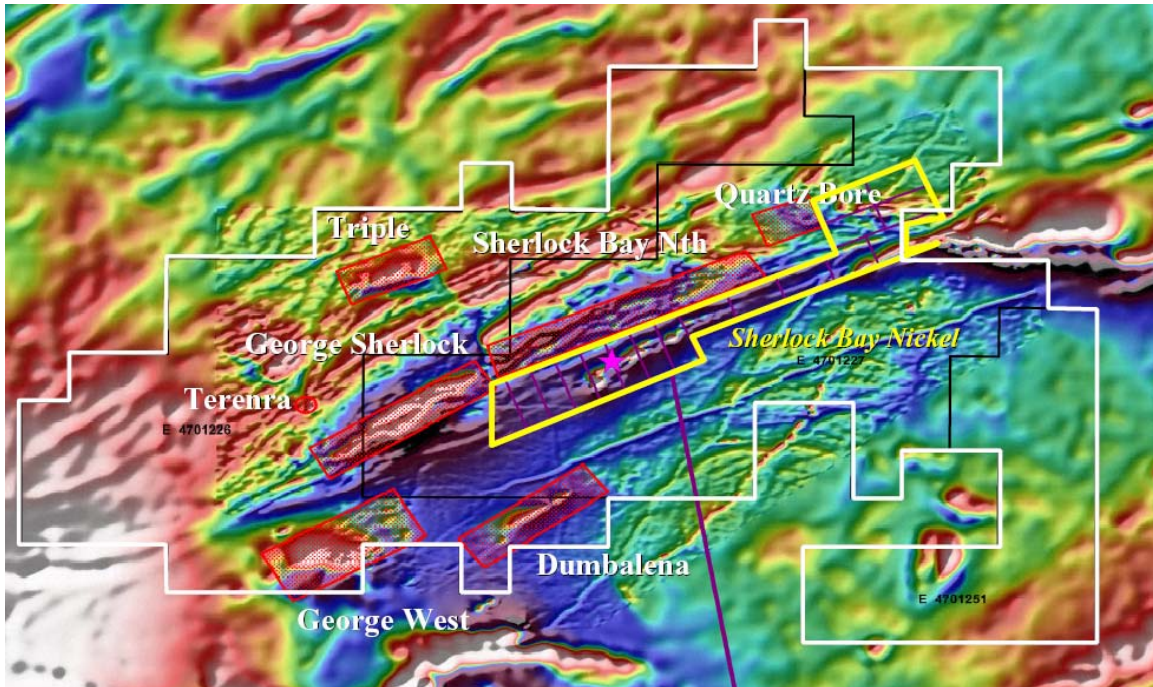
- **Sherlock Bay Extended is composed of granted E 47/1227 and applications ELA 47/1769-1770, which cover an area of more than 470 km² and surround the main Sherlock Bay nickel project area.**
- **Soil sampling has been completed over a number of anomalies on EL 47/1227, with results currently being evaluated.**

The Sherlock Bay Extended project is composed of a granted Exploration Licence (E 47/1227) and two Exploration Licence Applications (ELA 47/1769 and ELA 47/1770) which cover an area of more than 470 km² and surround the main Sherlock Bay nickel project area. The project is a joint venture between the Australasian Resources Ltd (70% interest) and Metals Australia Ltd (30% interest). Australasian Resources are the managers of the project, with Metals Australia being 'free-carried' through to the completion of a bankable feasibility study and the decision to commence commercial mining.

Australasian Resources Ltd, as the project managers, were recently advised that Mining Act objections lodged by Ngarluma Aboriginal Corporation over E47/1769 and E47/1770 were withdrawn in April 2007. This allows the tenements to be advertised under the Native Title Act, which entails a further 4 month notice period. Australasian Resources Ltd is therefore expecting that these tenements will be granted during the second half of 2007.

An initial programme of soil sampling on tenement E47/1227 was completed in January 2007 in order to test a number of anomalies identified by Metals Australia Ltd and other previous

explorers. A total of seven geophysical targets occur within the Sherlock Bay Extended Project area and require testing (see below).



Assay results from the soil sampling programme are currently being analysed by Australasian Resources which will assist with the planning of future exploration work on the tenement.

Yours faithfully,

Norman Grafton

Company Secretary

Metals Australia Ltd

Competent Person Declaration

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Timothy Putt of Exploration and Mining Information Systems, who is a member of The Australasian Institute of Geoscientists. Mr. Putt 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". Timothy Putt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For further information please contact:

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Or consult our website:

www.metalsaustralia.com.au