

EPM 16038
CLERMONT PROJECT
Capella West

PARTIAL RELINQUISHMENT REPORT
September 2009

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Digital Data

Appendix 1 –16038_ Rockchips

1. Summary

Application for EPM 16038 was lodged on 08 December 2006 together with applications for a further six exploration tenements within the broader Clermont region. In aggregate these tenements comprise Mt Isa Metals' Clermont Project.

EPM 16038 was granted to Mt Isa Metals Ltd on 19 June 2007. The second annual report for EPM 16038 covering the period from 19 June 2008 to 18 June 2009 was submitted in July 2009. This report outlines the area surrendered at the end of the second year of the EPM in accordance with the requirements of the exploration permit.

The Clermont Project is focused on the discovery of several principal deposit types:

- Polymetallic mineralisation – believed to be evidenced by regional copper-gold-PGE-uranium anomalism in historical data sets
- Secondary uranium mineralisation – potentially developed by leaching of uranium from primary polymetallic deposits with transport and precipitation into unconformities overlying the Anakie Metamorphic basement.
- Stratabound/stratiform copper deposits associated with sulphide ironstone horizons, similar to the Peak Downs copper deposit.
- Copper and Molybdenum Porphyry style deposits, in association with intrusive batholiths like the Retreat Batholith where several of these deposit types are currently being developed.
- Unconformity style gold deposits similar to the Black ridge and Miclere deposits, which are responsible for the majority of gold produced in the Anakie-Clermont area.

Activities during the reporting period included the compilation of historical third party exploration reports and on the procurement and compilation of regional geophysical data sets. An area of anomalous uranium to the south of the tenement was investigated (Figure 3).

2. Introduction

EPM 16038 was granted to Mt Isa Metals Limited (MET) on 19 June 2007 and comprises 92 sub-blocks.

Summary tenure details for EPM 16038 are provided below (relinquished sub-blocks shaded orange):

| Tenement No. | | Grant Date | | | | Term | | | | | | | | | | | | Sub-Blocks | | | | | | | | | | | |
|--------------|------|--------------|---|---|---|---------|---|---|---|---|---|---|---|---|---|---|---|------------|---|---|---|---|---|---|---|---|--|--|--|
| EPM 16038 | | 19 June 2008 | | | | 5 years | | | | | | | | | | | | 92 | | | | | | | | | | | |
| BIM | BLK | A | B | C | D | E | F | G | H | J | K | L | M | N | O | P | Q | R | S | T | U | V | W | X | Y | Z | | | |
| CLER | 2636 | | | | | | | | | | | L | M | N | O | P | Q | R | S | T | U | V | W | X | Y | Z | | | |
| CLER | 2637 | | | | | | | | | | L | | | | | | Q | | | | | V | | | | | | | |
| CLER | 2708 | A | B | C | D | E | F | G | H | J | K | L | M | N | O | P | Q | R | S | T | U | V | W | X | Y | Z | | | |
| CLER | 2709 | A | B | C | | | F | G | H | | | L | M | N | | | Q | R | S | T | | V | W | X | Y | | | | |
| CLER | 2780 | A | B | C | D | E | F | G | H | J | K | L | M | N | O | P | | | | | | | | | | | | | |
| CLER | 2781 | A | B | C | D | | F | G | H | J | K | L | M | N | O | P | | R | S | T | | | | | | | | | |

Table 1: Summary Tenure Details.

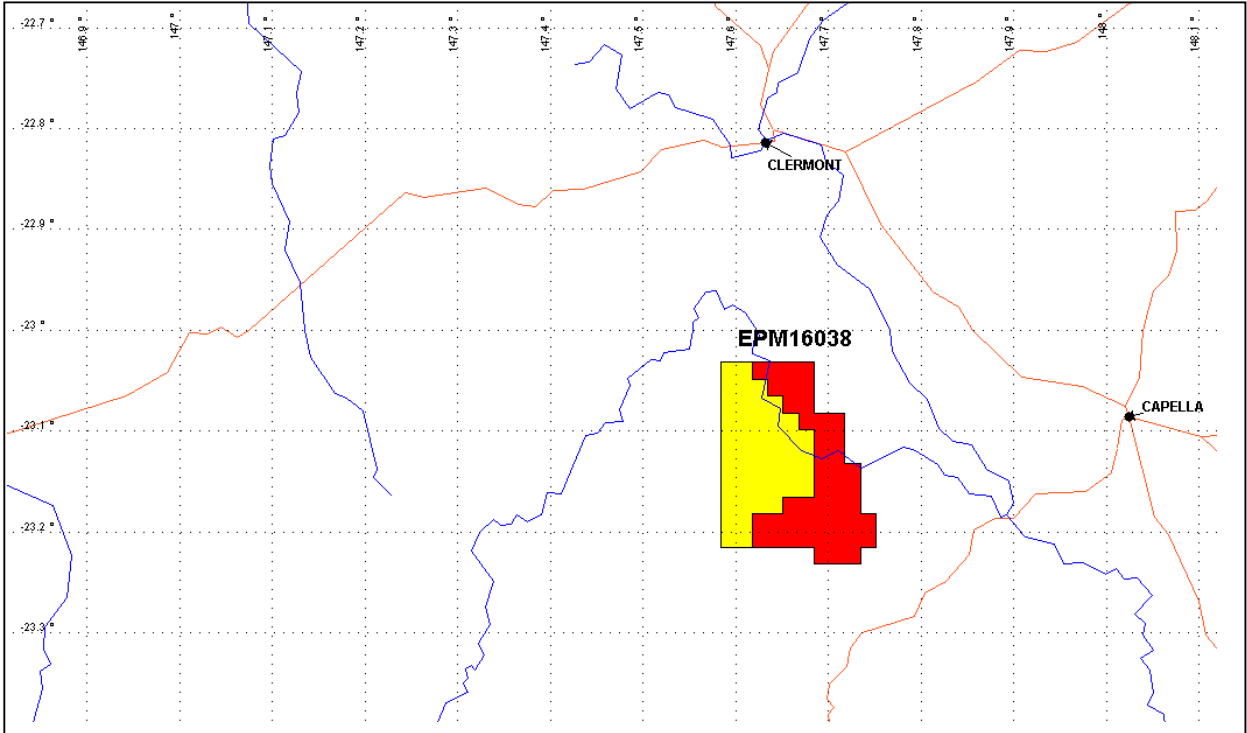


Figure 1: Tenement Location (relinquished sub-blocks in yellow; retained sub-blocks in red).

EPM 16038 is located approximately 30km to the south of Clermont and 30km to the west of Capella in Central Queensland. The tenement is one of seven tenements which comprise Mt Isa Metals' Clermont Project.

Access can be gained via secondary roads and tracks which extend into the tenement area from both Clermont and Capella.

The tenement location is shown in Figure 1.

3. Geology

Regional Geology

The Clermont Project tenements are located on and around the southern margin of the Anakie Inlier, an elongate belt of Neoproterozoic to Cambrian age metamorphic rocks which forms the basement to the region. The Anakie Inlier is bounded by the Permian Bowen Basin to the east and the Devonian to Carboniferous Drummond Basin to the west. The Anakie Metamorphic Group, the main unit in the Anakie Inlier, contains metasedimentary and metavolcanic rocks.

Ordovician to Devonian aged batholiths intrude the Anakie Inlier, the largest of which is the Retreat Granite.

Tertiary basalt flows with interbedded clastic sediments and pyroclastics rest unconformably on the Anakie Metamorphics and Permian sediments, especially to the north-east of Clermont. Quaternary alluvium covers much of the region.

Primary mineralisation recorded in the area includes gold associated with quartz veins and stratabound/stratiform copper mineralisation which has been exploited at the Peak Downs mine and other small scale prospects. Substantial gold has also been mined from alluvial deposits and deep leads in conglomerates at the base of the Permian Bowen Basin.

Total production from the Clermont goldfield during the period 1862 to 1901 is documented as 8200 kg of gold. In 1931 a new lead discovered at Miclere sparked a revival of mining which continued through to the mid 1950s.

Copper was mined at the Peak Downs Mine following its discovery in 1863 and during the period to 1877, 17 000 tonnes of copper is reported to have been produced from the mining and smelting operations. Numerous small scale copper workings occur throughout the district.

Economic quantities of the target deposits styles (polymetallics and unconformity-related uranium) have not been identified in the Clermont region to date.

Local Geology

EPM 16038 is dominated by outcrop of the Upper Devonian Retreat Granite which occupies most of the southern half of the tenement area.

The Retreat Granite has been subdivided by various authors into a number of subordinate bodies including the Annmore Quartz Monzodiorite, Kilmarnock Granodiorite, Llandillo Granite, and Stevenson Quartz Monzodiorite.

Minor small (sub 600m wide) porphyritic olivine basalt plugs classified as members of the Tertiary Hoy Basalt have been recorded along the western margin of the tenement.

The remainder of EPM 16038 (the northern and eastern margins of the tenement area) are dominated by undifferentiated Cainozoic gravels and Quaternary alluvium developed along Tomahawk Creek, Theresa Creek and associated drainage features. These recent sediments completely obscure the interpreted contact between the Retreat Granite and the basement Anakie Metamorphics.

Undifferentiated sandstones and mudstones of the Upper Permian Bowen Basin are recognized within and adjacent to the extreme south-east corner of the tenement area, these unit have been variably mapped as siltstones, shales, sandstones, and conglomerates of the Reids Dome Beds, and the Kettle Conglomerate Member.

The geology of the tenement area sourced from DME 1:250k map series is presented in Figure 2.

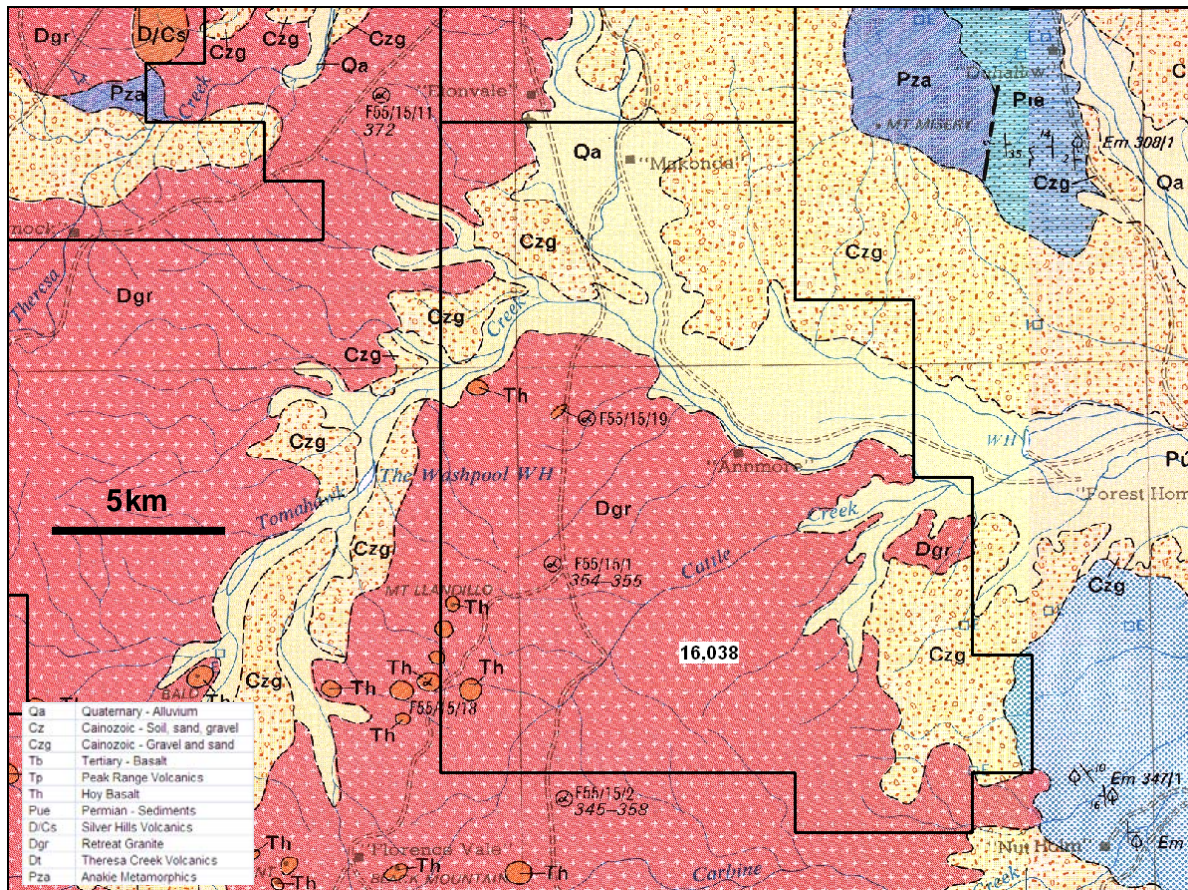


Figure 2: Tenement Geology (DME 1:250k map series).

4. Summary of Historical Exploration

A large number of companies have explored in the district within and around the MET's Clermont Project tenements. The principal focus has been gold and base metal (copper) exploration. Minor exploration activity has also been directed towards uranium, gemstones, kaolin and coal.

Prior exploration activity has identified a significant amount of prospect-scale gold and base metal anomalism, however, there have been no recent discoveries of economically significant gold or base metal mineralisation in the Clermont district.

A summary of companies that have previously held tenure and completed field work within the current MET Clermont Project area together with the principal exploration target/s are provided below (shaded cells indicate tenure which overlapped EPM 16038):

| Company | Period | Principal Target/s | Tenement No's. |
|--|--------------------|---|------------------------|
| Newmont Pty Ltd | 1968-70 | Cu - stratabound, Anakie Metamorphics | 522 |
| Utah Development Company | 1970-75 | Cu - stratabound, Anakie Metamorphics | 811, 885, 1183, 1492 |
| Uranium Consolidated NL | 1970-72? | Base metals – Anakie Metamorphics | 798 |
| Keith White | 1974 | Au – alluvial | 1383 |
| Dampier Mining Company Ltd | 1976 | Au – alluvial | 1625 |
| A.O. Australia Pty Ltd | 1977-80 | U - Drummond Basin | 1842 |
| Swiss Aluminium Mining Australia Pty Ltd | 1978-79? | U - Bowen Basin | 1931, 32 |
| Pennzoil of Australia Limited | 1979-82 | Cu - stratiform (Anakie), volcanic massive sulphides (Drummond Basin), Au- alluvial | 2077, 2117 |
| Gowland Resources | 1980-81 | Au – alluvial | 2297 |
| CRA Exploration Pty Ltd | 1983-85 1993-94 | Base Metals – Palaeozoic Cu/Au porphyry | 3411 9838 |
| Ladnote Pty Ltd | 1983-86 | Au – alluvial | 3424, 3409 |
| Plutonic Operations Limited | 1984-90 | Au | 3750 |
| Bindamoss Pty Ltd / Ross Mining NL | 1985-89 | Au – Anakie metamorphic | 4139, 5563 |
| Southern Goldfields Limited | 1986-01 | Au – alluvial and shear zone hosted. | 4508,5741 |
| Noranda Australia Ltd / Pioneer Minerals Australia | 1986-90 | Au | 4376, 4377, 4386, 5076 |

| | | | |
|---|---------|---|----------------|
| Ashton Mining Limited | 1986-90 | Au – Anakie metamorphic | 4458, 60, 6025 |
| BHP Minerals Pty Ltd | 1988-89 | Au – epithermal Drummond Basin | 5623 |
| Battle Mountain Australia Limited | 1989-90 | Au – epithermal Drummond Basin | 5891 |
| Austwhim Resources NL / Dominion Mining Limited | 1988-91 | Au – epithermal Drummond Basin | 5894 |
| Rension Gold Limited | 1989-91 | Au +/- base metals – Drummond Basin and basement | 6067, 6068 |
| Normandy Poseidon Limited | 1991-92 | Au – epithermal, porphyry and other | 7831 |
| Orion Resources NL | 1993 | Au | 9245 |
| Acacia | 1993-95 | Au +/- Cu (epithermal, porphyry +/- breccia & skarn) Drummond Basin | 9449 |
| Plutonic Operations Limited | 1993-96 | Au | 9446, 9679 |
| Straits Resources Limited | 1993-99 | Cu/Au oxide, Cu - stratiform (Anakie) | 9537, 9539 |
| Cyprus Gold Australia | 1995-96 | Cu-Au porphyry related | 10769 |
| Australian Gold Fields NL | 1996-01 | Au - epithermal and base metals (including porphyry copper) | 11235, 36 |
| Conarco Minerals Pty Ltd | 2006 | U | 15159 |

Table 2: Summary of Historical Exploration – MET Clermont Project.

5. Work Completed During the Reporting Period

Work completed by MET during the reporting period comprised:

- compilation and analysis of historical third party exploration data, and
- The compilation of regional geophysical data sets
- Reconnaissance of an area of anomalous uranium in the south of the tenement (shown in figure 3) with the collection of 2 rock chip samples.

A summary of sample collection, preparation and analytical procedures is provided in table 3.

| Sample Type | Sampling Procedure | Analytical Techniques |
|-------------|----------------------------|--|
| Rock | Approx. 2kg surface sample | 50 gram split after crushing Assayed by MS ICP with aqua regia digest |

Table 3: Summary Geochemical Sampling Protocol.

Rock chip samples taken in the zone of anomalous uranium, did not contain any detectable uranium. There was no visual evidence for uranium mineralisation found in the area.

Assay results are summarized in Appendix 1. Please note that the lower and upper detection limits are given and any sample that has values below the lower detection limit is listed as the negative value of the lower detection limit. NT denotes that the sample has not undergone that particular analysis.

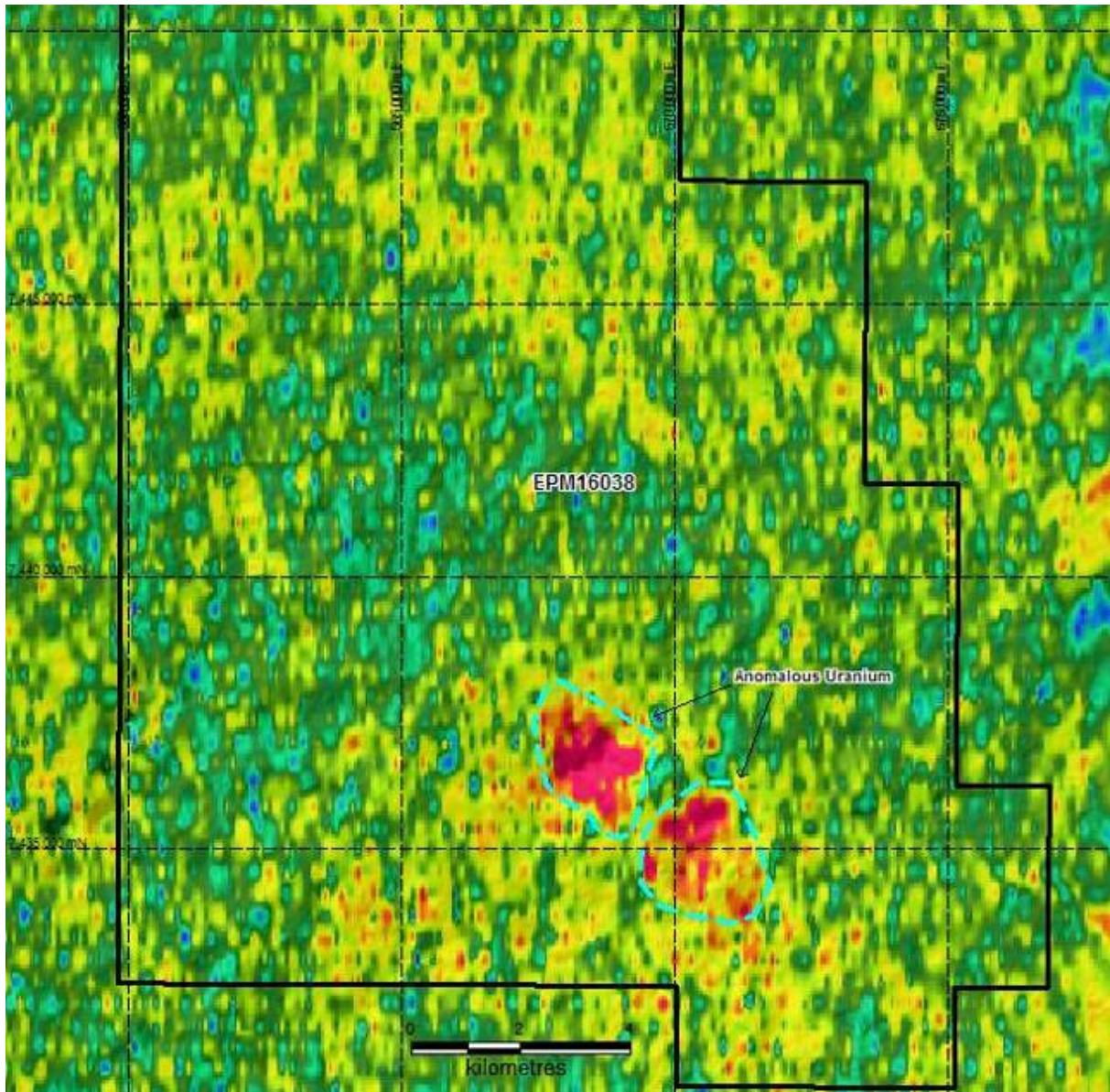


Figure 3: Regional uranium image showing anomalous uranium circled in dashed blue.

The area surrendered at the end of the second year under the requirements of the exploration permit is underlain principally by the Retreat Granite. The retained area covers the possible covered contact

between the Retreat Granite and the Anakie metamorphic s and hosts the major uranium anomalism of the tenement which requires further exploration effort.

6. Bibliography

A summary of DME open file reports reviewed in the preparation of this report is as follows:

Acacia Resources. EPM 9449 – CR26286, 27155.

AO Australia Pty Ltd, ATP 674 – CR3372; ATP 1842 – CR6634, 7146, 7948.

Ashton Mining Ltd. EPM 4458 and 4460 – CR16540, 16542, 19117, 19123, 19124, 19250, 19338, 19633, 21264, 21445; EPM 6025 – CR21429, 21578.

Australian Gold Fields NL, 2004. EPM 11235 and 11236 – CR29121, 30224, 30670, 32045, 37882.

Battle Mountain Australia. EPM 5891 – CR21282.

BHP Gold Mines Limited. EPM 5623 – CR20256, 20662.

Conarco Minerals Pty Ltd. EPM 15159 – CR43262.

Consolidated Resources NL, 1995. EPM 5741 - CR 26670. 32475

CRA Exploration Pty Limited. ATP3411 – CR12431, 12923, 12924, 14034, 14035; EPM 9838 – CR27143.

C Q Mines Pty Limited, 1988. EPM 4508, CR 17037, 19279, 19875. Cyprus Gold Australia. EPM 10769 – CR28150.

Dampier Mining Company Limited, ATP 1625 – CR6005; ATP 1627 – CR6040, 6188; ATP 1635 – CR6194.

Dominion Mining Ltd. EPM 5894 – CR20806, 21604, 23016, 23020.

Gold and Minerals Exploration NL, 1995. EPM 5741, CR 28089A.

Gowland Resources Pty Ltd. ATP 2297 – CR8990.

Ladnote Pty Ltd. ATP 3424 – CR12494, 13908; ATP 3409 – CR12496, 12497, 14047.

Mines Administration Pty Ltd, EPM 321, CR2147, CR2148, CR2545.

Newmont Pty Ltd, ATP 522, CR2729, CR 2941

Normandy Poseidon Limited. EPM 7831 – CR23594, 23961, 23964, 23965, 24444, 24760, 25142.

Orion Resources NL. EPM 9245 – CR24530.

Penzoil of Australia Ltd, EPM 2077 - CR7771, 8245, 8429, 10960; ATP 2117 – CR7772, 8244, 8430, 9601, 10284, 11176, 11448.

Plutonic Operations Limited. EPM 3750 – CR14455, 14621, 15576, 15577, 16208, 16841, 16843, 17910, 18579, 18926, 19873, 20320, 20738, 21450, 22856, 23048; EPM 9446 – CR26668, 28254, 28996, 29393; EPM 9679 – CR27665.

Pioneer Minerals Australia. EPM4376 – CR16603, 17088, 17855, 18805, 18919, 19552, 20991, 21224, 21542; EPM 4377 – CR16375, 17574, 18543, 18699, 18916, 19544, 20896; EPM 4386 – CR16413, 17233, 17573, 17605, 18523, 19449, 21091; EPM 5076 – CR17963, 20015.

Renison Gold Limited. EPM 6067 and 6068 – CR21448, 22283, 22677.

Ross Mining NL. EPM 4139 – CR18524, 21052; EPM 5563 – CR21238.

Southern Goldfields Limited, 1995. EPM5741 & EPM10455, CR 23410, CR 28979, 29711 and Annual reports for 1993, 1994, 1995, 1997 and 1999.

Straits Resources Limited, 1996. EPM 9537 & 9539, CR 29492, 29711, 30989.

Swiss Aluminium Mining Australia, EPM 1931, 1932 – CR6751, 6754.

Uranium Consolidated NL - ATP 798, CR 3596, CR3763, CR4236, CR4301.

Utah Development Company EPM 811, CR3610, 3767, 4055, 4056, 4057, 4550, 4551; EPM 1183, CR4969; EPM 1492, CR5702, 5949.

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