
19 October 2006

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

Dear Sirs,

HIGH GRADE INTERSECTIONS AT MANINDI ZINC PROJECT

HIGHLIGHTS

- Diamond drill hole MND 005 at Kultarr Zone intersects over ten metres of high grade sulphide mineralisation, assaying 10.22m @ 12.60% Zinc and 2.4m at 12.75% Zinc, 25m below the existing resource.
- Results from drilling confirm that the known ore system at Kultarr (Zone D North) continues at depth.

Metals Australia Ltd is pleased to announce that diamond drilling at the Manindi Zinc Project has been completed and that initial assay results are available from the drilling at Kultarr (Zone D North).

Two of the diamond drill holes emplaced to facilitate the down hole EM programme at Kultarr (Zone D North), intersected the ore body at depth, as designed. These intersections have been assayed with the following results:

1. MND 005 (Kultarr Deep)

This drill hole was drilled approximately 25 metres to the north and 25 metres below the existing resource position at Kultarr (Zone D North). The drill hole intersected two zones of mineralisation, being the interpreted footwall and main lodes of the ore body, with assays as follows:

Footwall		
MND 005	2.4m @ 12.75% Zinc	from 163.52 metres

Main Lode		
MND 005	10.22m @ 12.60% Zinc	from 172.36 metres

These intersections confirm that the ore body continues at depth below the current resource and a further program of diamond drilling is now being planned, in concert with the ongoing EM interpretation, to further define the resource at depth.

2. MND 001 (Kultarr South Deep)

This drill hole was drilled to facilitate the EM programme at depth in the area between Kowari (Zone D South) and Kultarr (Zone D North). This drill hole encountered a previously totally unknown zone of mineralisation, with assays as follows:

MND 001	1.61m @ 4.11% Zinc	from 253.6 metres
----------------	---------------------------	--------------------------

Although this zone is relatively narrow, this intercept confirms the presence of mineralisation at depth in an area of previously unrecognised & untested mineralisation and appears to tie in with preliminary targets generated through the EM survey (pending).

3. Down Hole EM Survey

The interpretation of the down hole EM undertaken in September is currently in progress. The results of this program will be released to the market when interpretation is completed.

The current announced JORC compliant resource at Manindi stands at 1,052,640 tonnes @ 7.64% Zinc (at a 1% zinc cut off grade). This resource does not include the results of the drilling programme completed in June or the results of the diamond drilling reported above.

The Company is highly encouraged by the results and the preliminary indications of the EM interpretation, and it intends to pursue an aggressive drilling programme over the coming months.

Yours faithfully
Metals Australia Limited



Norman Grafton
Company Secretary

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. Timothy 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".