

20 November 2006

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

Dear Sirs,

STRONG POTENTIAL FOR LARGER RESOURCE
AT THE MANINDI ZINC PROJECT

HIGHLIGHTS

- **Down Hole Electromagnetics (DHEM) & Grade Modelling at both Warabi (Zone A) & Mulgara (Zone B) strongly indicates the presence of further mineralisation at depth.**
- **Modelling shows that the resource positions at Warabi & Mulgara have been extended by recent drilling and have strong potential of continuing at depth.**
- **The target areas generated from this modelling will be tested in the upcoming diamond drilling program.**

Metals Australia Ltd is pleased to announce the modelling of the Down Hole Electromagnetic (DHEM) program recently completed at Warabi (Zone A) & Mulgara (Zone B).

Diamond drill holes were emplaced at the northern end of both Warabi & Mulgara to facilitate the DHEM program in September. The results of the DHEM and 'grade' modelling is as follows:

1. WARABI (ZONE A)

The current JORC compliant resource at Warabi, utilising a 1% Zinc cut-off grade, is:

119,350 t @ 8.42% Zn

A single drill hole was emplaced to the west and adjacent to the northern extensions of Warabi main lode. This hole was then used to facilitate the DHEM survey. This survey successfully located a dipping conductor to the east of the drill hole in the target position shown on the attached diagram.

A geological study of the ore system, which included long & cross sectional analysis, confirms this target area, which will be further tested by the upcoming drilling program.

It should be noted, that despite the resource for this area having yet to be recalculated, recent drilling in this area has increased the physical size of this deposit, both to the north and at depth.

Recent drilling by Metals Australia has included the following results:

MNRC 008	664246E 6818038N	44-49 m	5m @ 11.8% Zn
MNRC 014	664314E 6817997N	43-61 m	18m @ 14.96% Zn

2. MULGARA (ZONE B)

The current JORC compliant resource at Mulgara, utilising a 1% Zinc cut-off grade, is:

218,240 t @ 7.77% Zn

A single drill hole was emplaced to the east and adjacent to the northern extensions of Mulgara main lode. This hole was then used to facilitate the DHEM survey. This survey successfully located a dipping conductor to the east of the drill hole in the target position shown on the attached diagram.

A geological study of the ore system, which included long & cross sectional analysis, confirms this target area, which will be further tested by the upcoming drilling program.

It should be noted, that recent drilling in this area combined with the DHEM & grade modelling indicate that the ore system has a northerly plunge component and remains untested along strike, at depth.

Recent drilling by Metals Australia has included the following results:

MNRC 012	664174E 6818174N	23-39 m	16m @ 7.40% Zn
MNRC 013	664211E 6818144N	82-92 m	3m @ 16.90% Zn

The grade modelling shown on the accompanying diagram shows the grades and drill hole 'pierce-points' on the main lode of each ore body, which contains the majority of the resource tonnage. The diagram is a slice along the long axis of the deposits, with north on the right hand side of the page.

Warabi & Mulgara also contain a number of smaller/ discontinuous 'footwall' and 'hanging wall' lodes that add incremental tonnage to a mining scenario; these smaller lodes are not represented on the attached diagram.

A program of diamond drilling is currently being planned to test the target zones delineated at Warabi & Mulgara, and should commence in either December 2006 or January 2007, subject to drill rig availability.

KULTARR & KOWARI (ZONE D)

The current JORC compliant resources at both Kultarr & Kowari , utilising a 1% Zinc cut-off grade, are:

715,060 t @ 7.46% Zn

The interpretation and modelling of Kultarr & Kowari (Zone D) is currently being finalised and will be announced in the near future.

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, 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.



