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The Manager - Companies
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SIGNIFICANT COPPER MINERALISATION AT THE MANINDI ZINC PROJECT.

HIGHLIGHTS

- Drilling has intersected a significant zone of near surface copper-zinc mineralisation associated with the Mulgara (Zone B) gossan.
- Drill hole MND 003 at Mulgara (Zone B) was sampled with a result of:
4.9m @ 3.95% Copper, 1.89% Zinc & 23 gpt Silver from 5.7 metres.
- Significant additional sulphide mineralisation has been recognised in both the footwall and hanging wall positions of the existing resources, and at depth.

Metals Australia Ltd ('Metals') is pleased to announce that prior to the commencement of its current drilling programme at Manindi, a comprehensive review of the historical drilling and geological modeling was undertaken. This review resulted in the sampling of a number of drill holes, with significant results.

1. Mulgara (Zone B)

Geological analysis of MND 003 showed significant anomalous copper oxide/sulphide mineralisation. This drill hole was emplaced into the footwall zone at Mulgara to facilitate the recent DHEM programme and was not designed to intersect the known mineralisation.

Detailed logging of the drill core noted the presence of copper mineralisation, which was subsequently assayed with the following result:

MND 003 4.9m @ 3.95% Cu, 1.89% Zn & 23 gpt Ag from 5.7 metres.

This mineralisation is significant from the viewpoint that Volcanogenic Massive Sulphide (VMS) base-metal deposits typically show a zonation between the zinc and copper lodes within the mineralised system.

Previous drilling at Manindi has delineated four main zinc lodes with a notable absence of copper mineralisation. Copper has on average assayed at levels of less than 0.5% within the existing resource positions.

Drill hole MND 003 demonstrates the potential of the mineralised system to contain ore-grade copper mineralisation in addition to zinc. The current drilling programme also appears to have intersected this new copper-zinc lode at depth and along strike, with assays pending.

2. Kultarr (Zone D North)

In the second half of 2006 a number of drill holes were emplaced into Kultarr to facilitate DHEM and to test the continuity of the ore system at depth. These drill holes showed additional sulphide mineralisation in both the footwall and hanging wall positions to the main zinc lodes, as well as the continuity of the mineralised system at depth.

Massive pyrite-pyrrohotite sulphide mineralisation was delineated in several of these drill holes and represents previously unrecognized lode horizons. The recent sampling shows these lodes to be weakly mineralised, but demonstrate that the mineralised system continues at depth.

The mineralisation in the footwall lode of MND 001 is particularly worthy of note and included:

13 metres of Massive to Vein-Hosted Sulphide from 209.35 metres down hole

Including 212.0-212.71 metres @ 1.61 gpt Gold &

218.31-218.81 metres @ 0.59% Copper

The mineralisation within this lode indicates that it may represent part of the 'feeder zone' to the Manindi ore system, which has to date remained undiscovered. Typically the 'feeder zones' to VMS base metal deposits host gold-copper rich mineralisation and can produce substantial additional ore positions, such as those found at Oxiana's Golden Grove and Jabiru Metals' Teutonic Bore-Jaguar operations.

A detailed analysis of the historic drilling results shows the presence of significant sulphide mineralisation in both footwall and hanging wall positions to the main lodes, and at depth. These parallel lodes demonstrate the potential for significant additional resource positions at Manindi, both within the known mineralised system, and at depth.

The first phase of drilling at Warabi (Zone A) & Mulgara (Zone B) has now been completed, with assays pending. Metals Australia looks forward to updating the market when the results have been received and evaluated.

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 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.

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