

22 November 2006

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

Dear Sirs,

FURTHER STRONG POTENTIAL FOR RESOURCE GROWTH
AT THE MANINDI ZINC PROJECT

HIGHLIGHTS

- **Down Hole Electromagnetics (DHEM) & Grade Modelling at Kowari (Zone D Sth) & Kultarr (Zone D Nth) strongly indicate the presence of further mineralisation at depth and along strike.**
- **Modelling shows that the resource positions at Kowari & Kultarr have yet to be fully drill tested both along strike and depth.**
- **A number of previously unrecognised target areas have been generated from the DHEM survey.**
- **The targets generated 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 Kowari (Zone D Sth) & Kultarr (Zone D Nth).

Two diamond drill holes were emplaced adjacent to the Kultarr (Zone D Nth) ore body to facilitate the DHEM program in September. In addition a number of historical drill holes, along the full strike extent of Kowari & Kultarr, were 'reamed out' and utilised for an extensive DHEM survey. The results of the DHEM and geological 'grade' modelling are as follows:

1. KOWARI (ZONE D STH)

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

111,930 t @ 6.43% Zn

A number of historical drill holes were 'reamed out' and utilised to facilitate the DHEM survey through the Zone D area. This survey, combined with grade modelling, has successfully delineated a number of targets in the vicinity of the Kowari resource. These include:

TARGET 1 (T1)*

The DHEM survey has located a significant conductor below the current drilling at Kowari. This conductor is untested by current drilling.

TARGET 2 (T2)*

A geological study of the ore system, which included long & cross sectional analysis, has delineated a target area to the north of the Kowari resource that requires drill testing and may significantly increase the resource at this location.

Kowari has yet to be tested by the ongoing Metals Australia drilling program.

2. KULTARR (ZONE D NTH)

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

603,130 t @ 7.66% Zn

Two drill holes were emplaced to the east and adjacent to the Kultarr main lode. These holes, as well as a number of 'reamed out' historical drill holes, were then used to facilitate the DHEM survey. This survey has successfully delineated a number of targets in the vicinity of the Kultarr resource. These include:

TARGET 3 (T3)*

This target zone has been delineated through DHEM and shows a broad conductive halo surrounding the main Kultarr lode, as well as extensions to the north, at depth.

TARGET 4 (T4)*

Located to the south of the main Kultarr lode and at depth this DHEM target probably represents a structural displacement of the main lode.

TARGET 5 (T5)*

Grade and DHEM modelling show the mineralisation from the main Kultarr lode continues, and appears to exhibit an increase in grade, at depth. Recent drilling by Metals Australia has confirmed the validity of this target zone. Results have included:

MND 005 663155E 6819018N 172.36-182.58m 10.22m @ 12.60% Zn

These targets have yet to be effectively tested by drilling, with Target 5 in particular, a priority in the upcoming diamond drilling program.

3. OTHER TARGETS

In addition to the targets surrounding and adjacent to the existing resources, a further target (T6) has been defined by both the surface and DHEM. This target zone is approximately 250 metres to the north of the Kultarr resource, and 150 metres below the surface. The target represents a significant conductor and lies in an offset position to the main lode and remains untested by drilling.

****See attached diagrams for target and resource locations.***

4. JORC RESOURCE

The current JORC compliant resource contained within the four zones of the Manindi Zinc Project, namely Warabi (Zone A), Mulgara (Zone B), Kowari (Zone D Sth) & Kultarr (Zone D Nth), and utilising a 1% Zinc cut-off grade, is:

1,052,540 t @ 7.64% Zn

This resource **does not** include the results from the latest RC & Diamond drilling programs completed in June & September 2006.

The grade modelling shown on the accompanying diagram shows the grades and drill hole 'pierce-points' on the main lode of each of the Kowari & Kultarr ore bodies, 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.

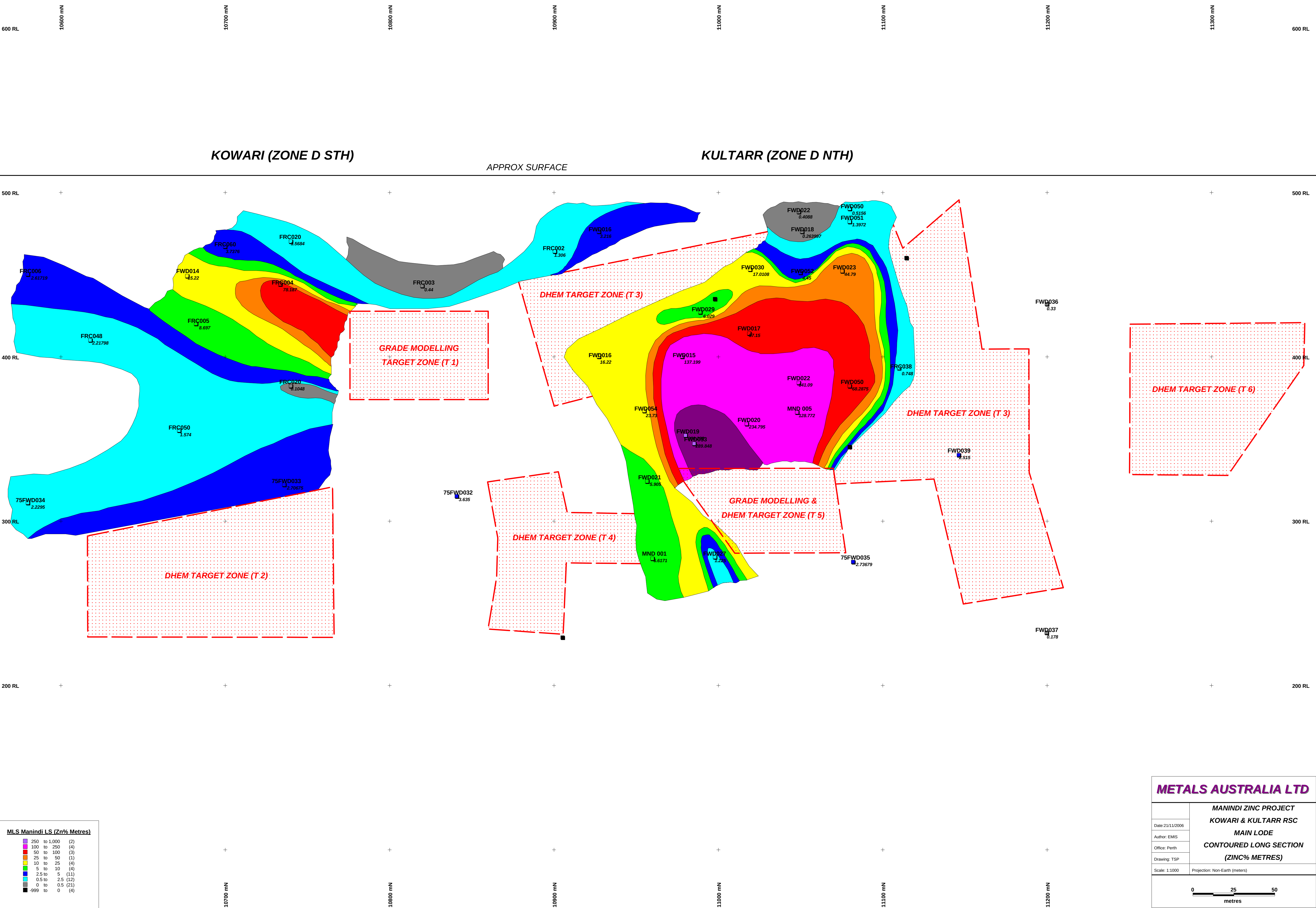
Kowari & Kultarr also contain a number of smaller/ discontinuous 'footwall' and 'hanging wall' lodes that add incremental tonnage to a potential mining scenario; these smaller lodes are not represented on the attached diagram.

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

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.



MLS Manindi LS (Zn% Metres)

250 to 1.000 (2)

100 to 250 (4)

50 to 100 (3)

25 to 50 (1)

10 to 25 (4)

5 to 10 (4)

2.5 to 5 (11)

0.5 to 2.5 (12)

0 to 0.5 (21)

-999 to 0 (4)

METALS AUSTRALIA LTD

MANINDI ZINC PROJECT

KOWARI & KULTARR RSC

MAIN LODE

CONTOURED LONG SECTION

(ZINC% METRES)

Date: 21/11/2006

Author: EMIS

Office: Perth

Drawing: TSP

Scale: 1:1000

Projection: Non-Earth (metres)

0

25

50

metres

