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OTC Bulletin Board: MMGG

President's Letter to Metalline Mining Company Shareholders

On March 6, 2006 Metalline Mining Company ("Metalline") announced that it had completed a private placement offering of 13,945,636 shares of Metalline's common stock at a price of \$0.80 per share resulting in aggregate proceeds of \$11,156,509. In connection with the sale of these shares, for each share sold, Metalline also issued a warrant to purchase one additional share of common stock at an exercise price of \$1.25 per share. The warrants are exercisable for a period of five years from their issuance. These funds will be used to conduct a feasibility study on Sierra Mojada's Iron Oxide Manto, and to provide Metalline with working capital for general operations, including further exploration of the Sierra Mojada concessions.

Metalline retained Reserva International, LLC, an independent contractor specializing in resource evaluation, to generate a block model evaluation based upon the data compiled from the Sierra Mojada concessions. The purpose of this evaluation was to determine the size and grade of the mineralization of the Iron Oxide Manto and the Smithsonite Manto. Based on the estimates generated from this block model evaluation, Metalline has determined that the estimated mineralization justifies a feasibility study of the Iron Oxide Manto.

Although we believe that sufficient mineralized material has been identified to justify construction of a mine, extraction plant and refinery, Metalline must first complete a feasibility study to determine whether a mining operation may be profitably conducted. Completion of this feasibility study is our first priority, and will consist of a detailed engineering and economic evaluation of the Iron Oxide Manto mineralized material to determine the viability and profitability of a potential mining operation.

On March 15 through 18, 2006, Metalline and Green Team International met in Johannesburg, South Africa to review the feasibility study results to date and to establish an updated schedule for completion of the study. The next critical path item for completion of the feasibility study is to prepare a mine plan.

On April 10, 2006 Metalline announced that has awarded the Mine Plan contract for the Sierra Mojada Bankable Feasibility Study to Pincock Allen & Holt. The scope of work includes:

- Geologic Review
- Review of Resource Estimate and Methodology
- Detailed mine plan Development
- Mine Equipment Selection
- Mine Capital Estimate

Mine Operating Cost Estimate Development of an Ore Reserve Estimate

Pincock Allen & Holt is a well known and respected international mining and financial consulting firm and has extensive experience working in Mexico and Latin America. Since completing the definition of the Iron Oxide Manto mineralization and the block model evaluation Metalline has continued to conduct channel sampling and drilling in the San Salvador and Esmeralda mines exploring the continuation of Iron Oxide Manto to the west and on the copper silver mineral system north of the Sierra Mojada fault.

The Esmeralda mine is adjacent to the San Salvador mine to the west and is the site of the proposed decline to access the Iron Oxide Manto for mining. Historic data for the Esmeralda mine is from the early 1900's and is incomplete, and determining the location of the historic workings is necessary in order to locate the decline access route. These workings are being surveyed and sampled and it is planned that some of these workings will be used as drill sites for additional percussion and diamond drilling.

The Esmeralda mine historically produced ore from the Lead Manto and from the copper silver mineral system, and is one of the largest mines in the Sierra Mojada District. The Lead Manto ore was silver bearing lead carbonate, the mineral cerussite. Examination and sampling of the Esmeralda Lead Manto stopes has revealed that the host rock for the cerussite mineralization is a high iron oxide rock containing oxide zinc mineralization similar to the Iron Oxide Manto and that the stope back-fill contains oxide zinc mineralization. Colorimetric (Zinc Zap) and XRF (x-ray fluorescence) analyses of the back fill and host rock indicates high zinc content. Sampling and analysis of this material is in progress and results will be reported as they are received. The result of this discovery is that the 5 kilometers of historic lead manto workings has potential to define oxide zinc reserves.

Work on the copper silver mineral system has been reactivated. The copper silver mineral system produced high grade direct shipping ore from 1906 until about 1995 from about 45 mines over an area of approximately 5 kilometers east-west by 1 kilometer north-south. The dump material from all of these mines has mill grade copper silver mineralization. There is underground access through these mines continuously for 5 kilometers east-west. Metalline explored the north side copper silver mineralization from 1996 to 1999 and has collected over five thousand channel samples from these workings that have economic grades, particularly at present metal prices. We are drilling and channel sampling this mineralization in the area known as the Polymetallic Manto that runs for a distance of about 1500 meters from the San Salvador mine to the Fronteriza mine parallel to the Iron Oxide Manto to the north. We are evaluating the data that has been collected and analyzed and will announce the results as this work progresses.

Zinc, Copper and Silver Market Fundamentals

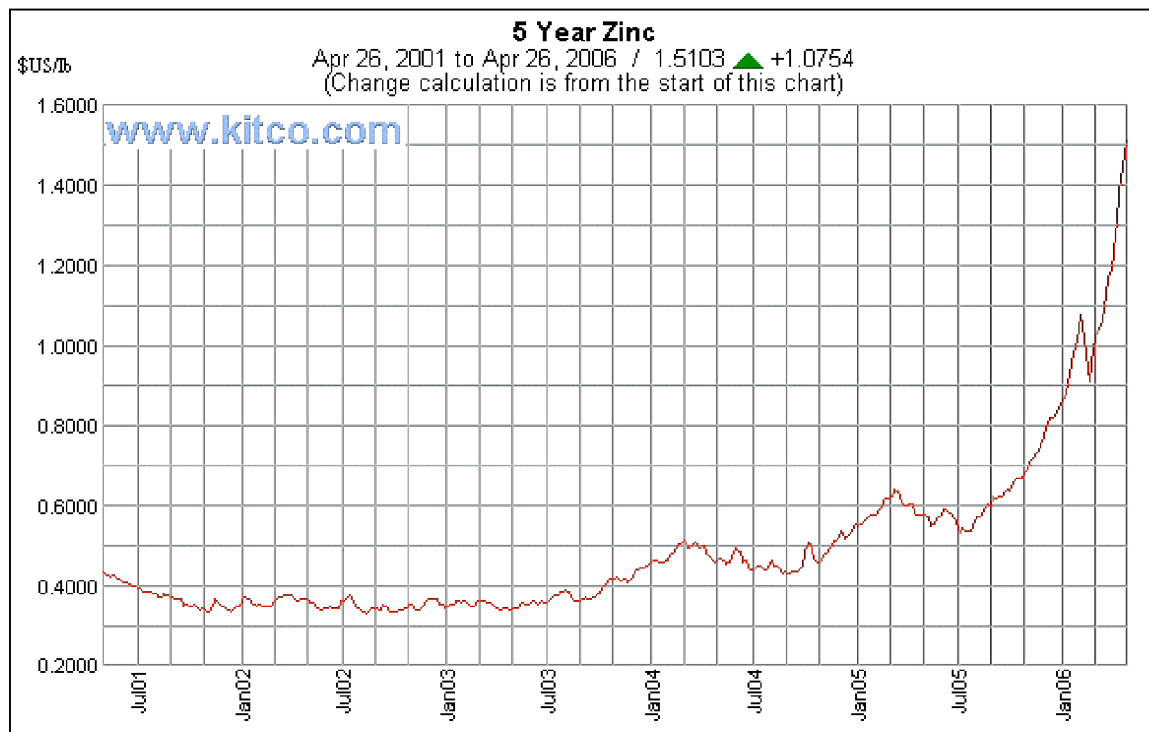
Zinc, copper and silver market fundamentals, supply relative to demand, indicate that prices can be expected to rise for the foreseeable future. Zinc and copper are trading at

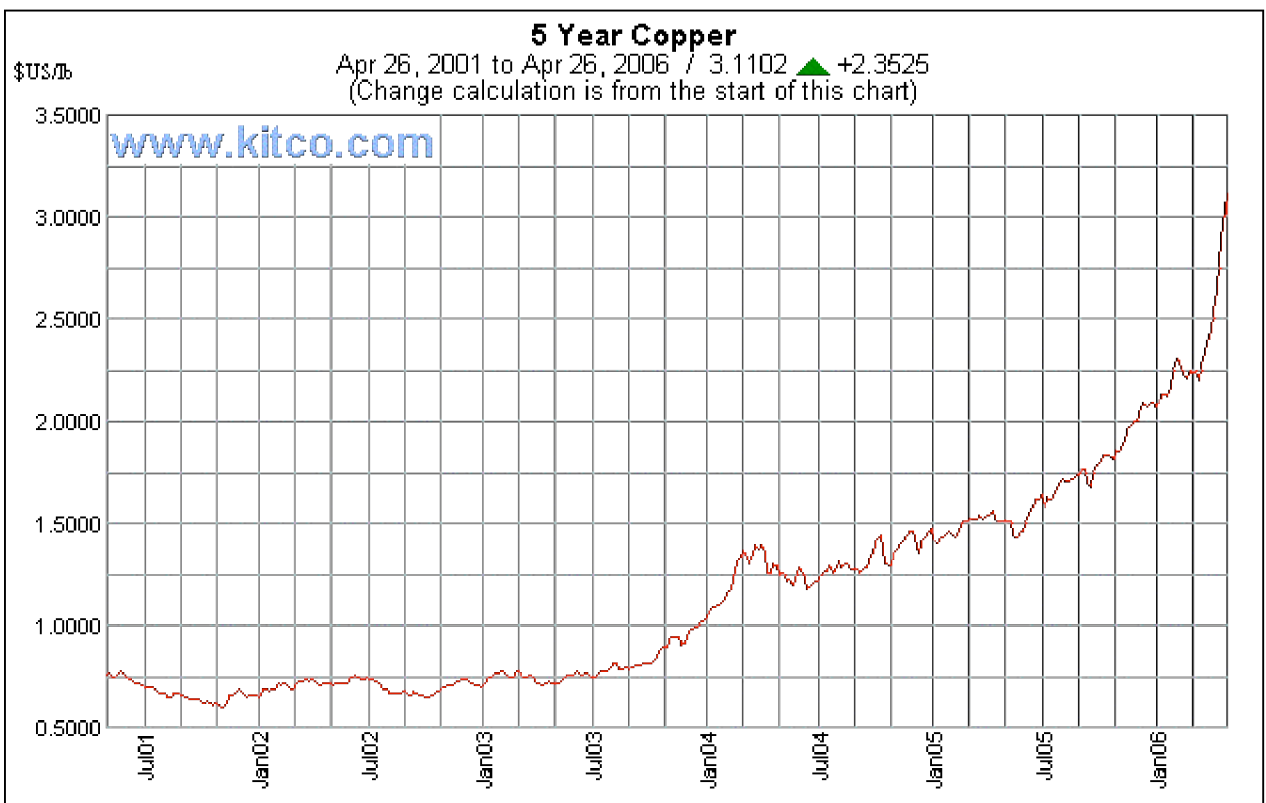
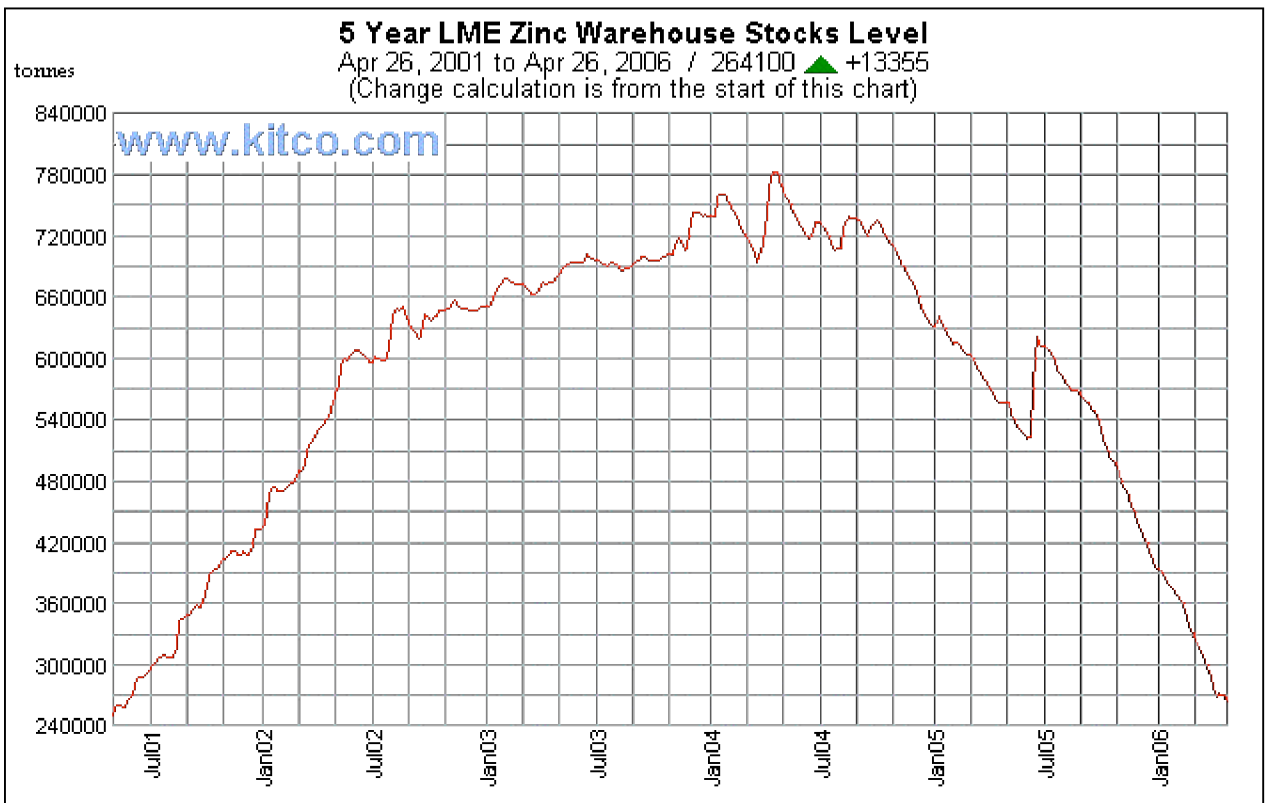
record highs and silver has moved above \$12 per ounce. Demand exceeds production and inventories are low and being depleted. Competition for supply is becoming intense and is moving prices higher. The driving force for demand is the rapid growth of metal consumption by China, India and other Asian countries, along with moderate growth in the western world. Zinc consumption in China, during 2005, increased 18.4%, the driving force behind the 2.3% world increase in Consumption (UBS). China's zinc imports for 2006 are projected to be 285,000 tonnes (ILZSG); present LME inventory is 264,000 tonnes.

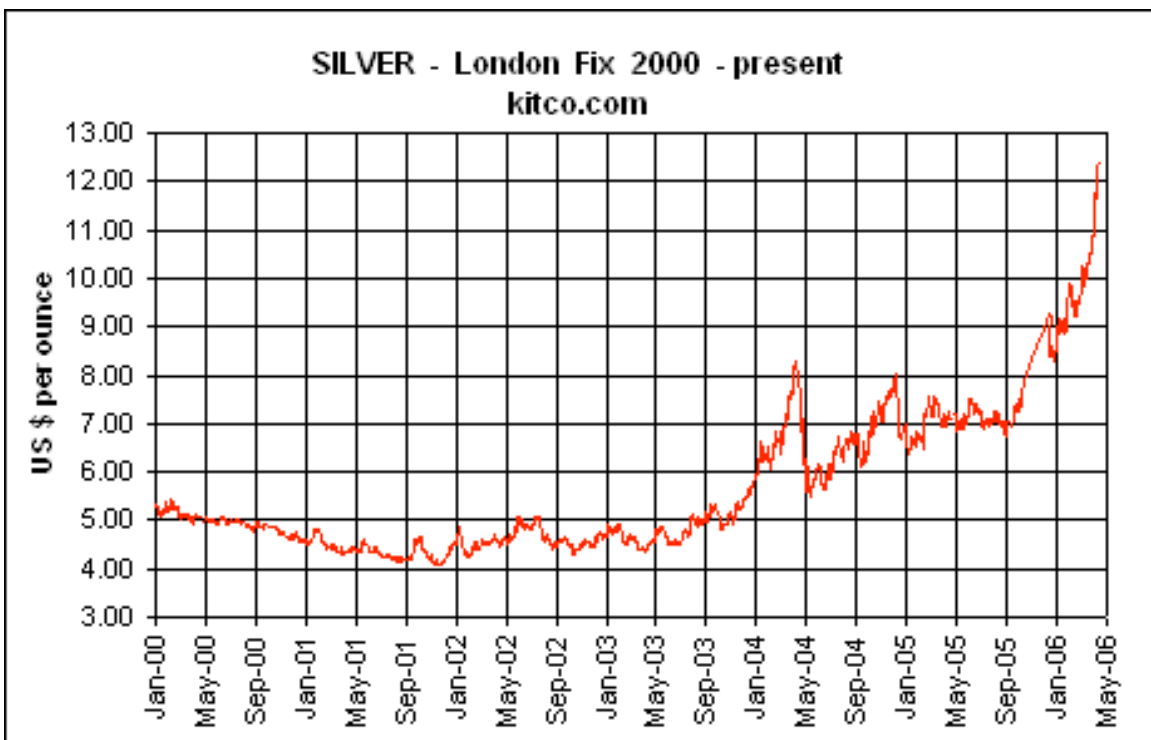
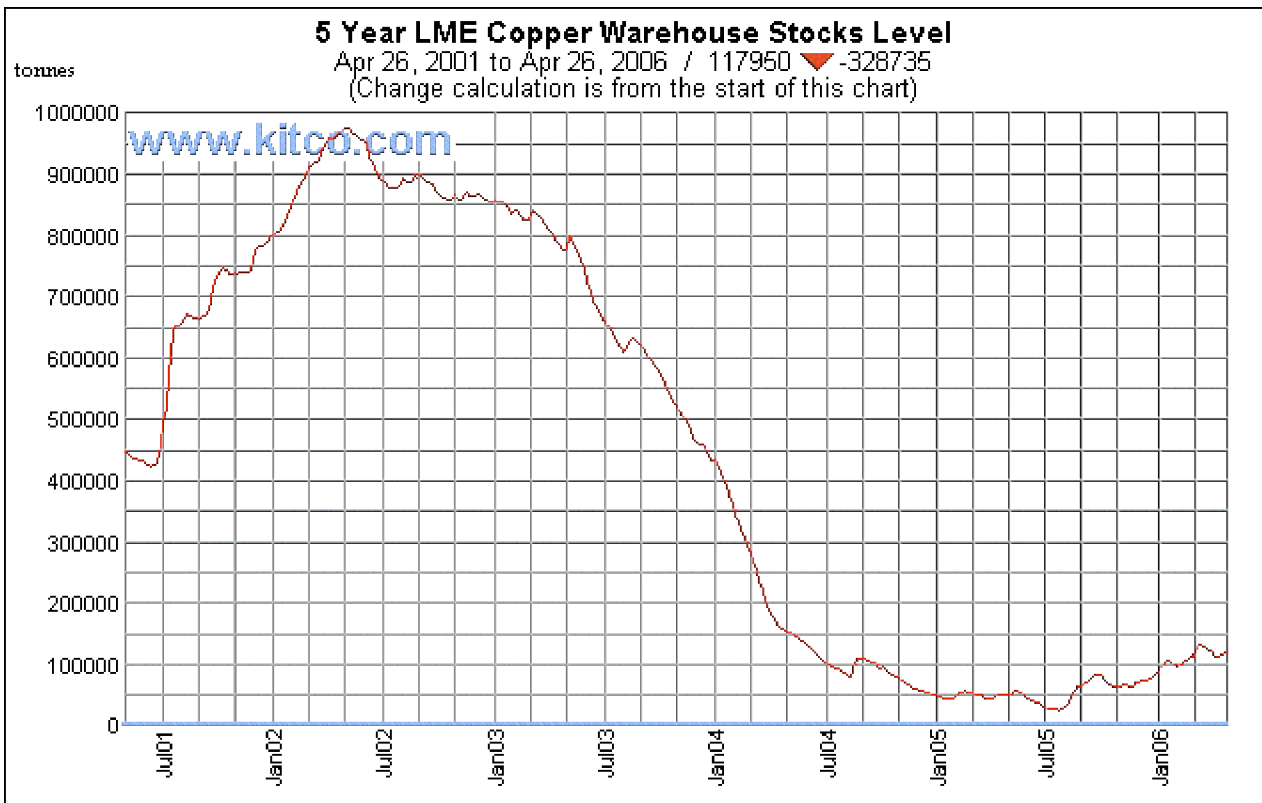
| Metal Price Performance in US Dollars (as at February 17, 2006) | | | | | |
|--|--|-------------------------|-------------|--|---|
| Metal | Historic 25 Year High (pre this cycle) | Historic 25 Year Bottom | Recent High | Historic Price Increase From Cycle Bottoms | Recent Price Increase from Cycle Bottom |
| Copper | \$1.52 | \$0.62 | \$2.32 | 245% | 375% |
| Nickel | \$8.42 | \$1.76 | \$8.05 | 478% | 457% |
| Aluminum | \$1.08 | \$0.47 | \$1.18 | 230% | 251% |
| Lead | \$0.48 | \$0.17 | \$0.64 | 282% | 376% |
| Zinc | \$0.91 | \$0.34 | \$1.08 | 267% | 317% |

Source: Yukon Zinc Corporation

April 26, 2006 (Kitco): Zinc \$1.51, Copper \$3.11, Silver \$12.72.

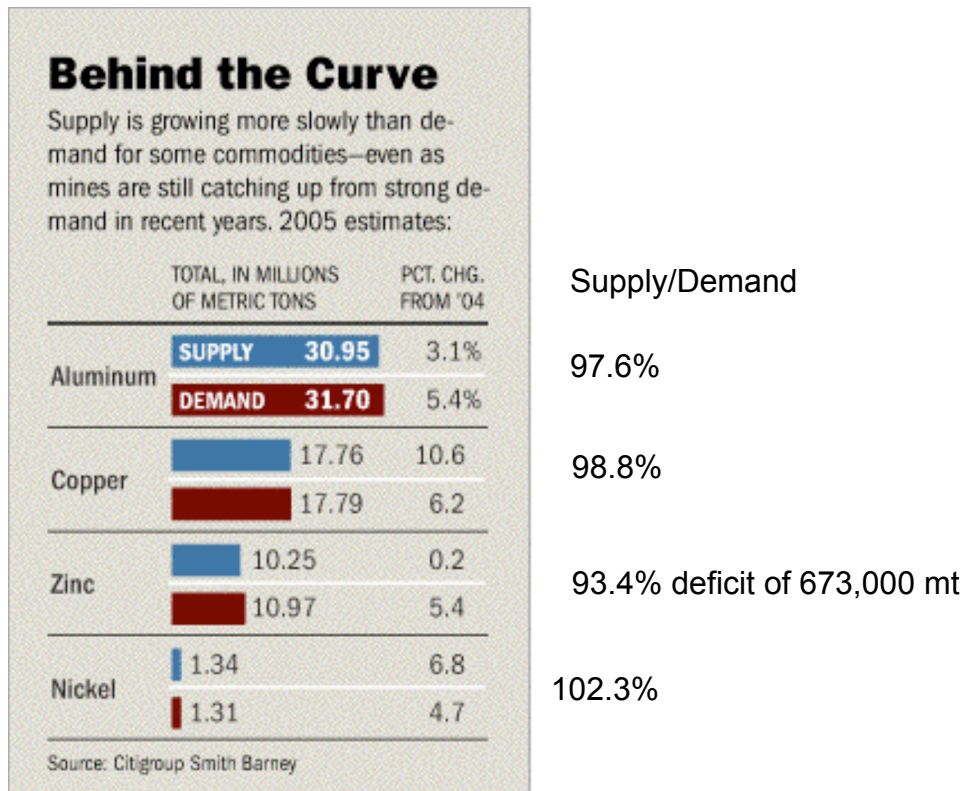






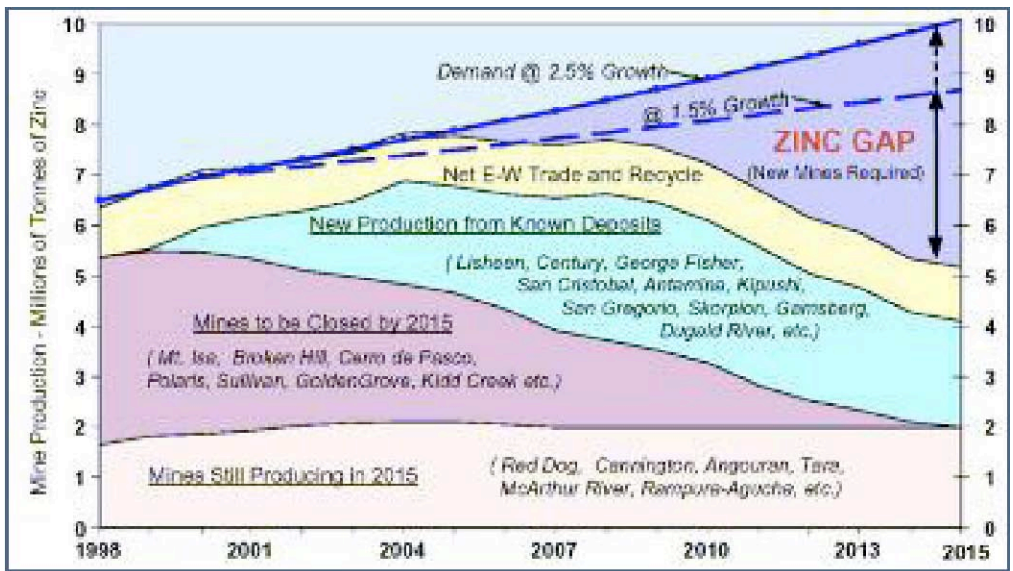
Wall Street Journal

August 18, 2005 by Patrick Barta



Zinc consumers are reducing inventories because refined production cannot keep pace with consumption. Smelter and refinery capacity are approximately equal with demand, but a deficit is being created because mines are not supplying sufficient concentrate to the smelters, which is causing smelters to produce below capacity. The underlying problem is that zinc reserves are being depleted faster than new production is coming on line. To compound this situation, there is a lack of new discoveries, and very few projects that are expected to begin production. Sierra Mojada is among the few projects that could potentially come on line in the next few years

The missing solution to the current zinc market deficit is the addition of new supply, from either new mines or expansions of existing mines. Given that most mines have anticipated the supply deficit for some time, the continuance of tight supplies indicates they are producing at their maximum ability and either have no additional capacity or have chosen not to develop it until prices rise further. This is compounded by the fact that most zinc mines have already been in production over 20 to 30 years and have low known reserves. All of this highlights the need for new mines and major expansions of existing mines if possible.



Teck Cominco Jan 2003

The following table indicates zinc projects that are currently in development, as well as mines that are expected to be restarted in the near future:

| New Mines | Start Production | Zinc tpa | Lead tpa | Capex | Source |
|--|---|---|-----------------|--------------|-------------------------|
| Lanping, China | Late 2005?? | 140,000 | | | |
| Dairi, Indonesia | Late 2006/07 | 90,000 | 50,000 | US\$118M | Brook Hunt Nov 2005 |
| Jaguar, Australia | Early 2007 | 25,000 | | | Brook Hunt Nov 2005 |
| Duck Pond, NFLD Canada | Late 2006 | 34,500 | | | Macquarie |
| San Cristobal, Bolivia | Early 2007?? | 182,500 | 85,000 | US600M | Apex silver |
| Duddar, Pakistan | Late 2007 | 100,000 | | | Macquarie |
| Cerro Lindo, Peru | Mid 2007 | 140,000 | 20,000 | | Brook Hunt Nov 2005 |
| Perkoa, Burkina Faso | Late 2007 | 60,000 | | \$US72.5 | Mining News, Dec 2005 |
| Wolverine, Canada | Q3 2007 | 44,000 | 4,000 | | |
| Aljustrel, Portugal | 2007? | 78,000 | 18,000 | | Brook Hunt Nov 2005 |
| Subtotal 2006 and 2007 | | 754,000 | 177,000 | | |
| Development Projects | | | | | |
| Mehdiabad, Iran | 2010 | 450,000 | 110,000 | | Brook Hunt Nov 2005 |
| Penasequito, Mexico | Mid 2008 | 75,000 | 40,000 | | Brook Hunt Nov 2005 |
| Khandiza, Uzbekistan | 2008? | 45,000 | 17,000 | | Brook Hunt Nov 2005 |
| Expansions, Restarts, Reductions | | | | | |
| Endeavor, Australia CBH Resources | Mine failure Oct 2005 and restart | 85,000? | 52,000? | | Brook Hunt Nov 2005 |
| Balmat, USA | Mid 2006 | 35 mths to ramp up to 54,000 | | \$20M | Brook Hunt Nov 2005 |
| Lennard Shelf, Australia | 18 mths after restart decision | 180,000 | | | TeckCominco Jan 2006 |
| Sa Dena Hess, Canada | 9 to 24 mths after a decision | 40,000 | | | TeckCominco Jan 2006 |
| Antamina, Peru | | Est.120,000 vs 184,000 in 2005 | | | TeckCominco Jan 2006 |
| Langlois, Canada | Mid 2007 | 54,000 | | | Brook Hunt Nov 2005 |
| Black Mountain-Deeps expansion, Namibia | 2005 | Increase from 28,200 to 45,000 | | | |

Source: Yukon Zinc Corporation

These additions are expected to be partially or totally offset by mine closures due to reserve depletion. Mines that have recently closed or announced that they will close are: Sullivan, Pine Point, Polaris, Mt. Isa, Broken Hill, Cerro de Pasco, Kidd Creek and other smaller mines that are near the end of their reserves. It is estimated that the reserves of

the Century Mine, the world's second largest zinc producer, with 500,000 tonnes per year, will be depleted by 2018.

Andrew Roebuck of TeckCominco has forecasted that mine closures will remove 1.4 million tonnes of zinc production by 2011. The Lennard Shelf deposit in Australia, with historic annual production of 180,000 tonnes of zinc, is expected to be restarted, but at this production rate, it is expected to have only 18 months of reserves left.

As indicated in the above table, the estimated amount of possible new production and expansions, ignoring the possible closure of the 160,000 tonne McArthur River mine in Australia's Northern Territory, is projected to be about 1.3 million tonnes, which is about the amount needed to replace the projected closures.

The supply deficit is currently at least 450,000 tonnes per annum and new consumption grew last year by more than 600,000 tonnes. The deficit will be with us for the foreseeable future, until new zinc deposits are discovered or existing zinc production is expanded. In some cases, new or expanded production would likely not be justified for low grade deposits until the price of zinc increases further.

The price for zinc has improved dramatically from its low of \$0.335 per pound on November 7, 2001 to \$1.53 per pound on April 26, 2006. The inventory of zinc traded on the LME has fluctuated from a low of 240,000 tonnes in May 2001 to a high of 790,000 tonnes in April of 2004, with a subsequent decline to the present 260,000 tonnes.

The copper and silver supply demand fundamentals are very similar to the above documentation for zinc. Demand exceeds supply and mine production is in deficit to both demand and metal production, hence the depletion of inventories of all three metals. All three metals have a deficit between consumption and mine production and a lack of new discovery sufficient to satisfy projected increase in consumption. Zinc, copper and silver prices are expected to continue to increase and remain strong due to increasing demand and inadequate supply. This situation will likely persist until sufficient new production can be discovered, developed and put into production to balance the markets of each of the metals. The process to develop a new mine, from discovery through production, generally takes 10 to 15 years. Metalline has been exploring and developing Sierra Mojada for 10 years.

Metals rank in the order of tonnes consumed: iron, aluminum, copper and zinc. Silver ranks among the most important of the precious metals and has a strong, increasing, industrial demand.

Zinc, copper and silver are among the most important metals to the world's industrial economy and are the major metals contained in the Sierra Mojada mineral systems. We are confident that the market fundamentals will continue to support increasing demand and prices for zinc, copper and silver. Metalline is adequately funded to complete the

feasibility study for the Iron Oxide Manto as the next step in potentially bringing Sierra Mojada into production and supply part of the increasing demand for these metals.

We thank our long-time investors for their support over the many years involved and welcome our new investors as we look forward to a very productive future.

Sincerely
Merlin Bingham
President

Cautionary Note to Investors

Metalline is an exploration stage company and does not currently have any known reserves and cannot be expected to have reserves unless and until a feasibility study is completed for the Sierra Mojada property that shows proven and probable reserves.

Forward-Looking Statements

This letter contains forward-looking statements regarding future events and Metalline's future results that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934. These statements are based on current expectations, estimates, forecasts, and projections about the industry in which Metalline operates and the beliefs and assumptions of Metalline's management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "may," "will," variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of Metalline's future financial performance, Metalline's anticipated growth and potentials in its business, the mining industry, the demand and prices for metals, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified elsewhere herein and in Metalline's Annual Report on Form 10-KSB for the fiscal year ended October 31, 2005 under "Risk Factors." Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Metalline undertakes no obligation to revise or update any forward-looking statements for any reason.