

ASX Announcement Metals of Africa Ltd

22 August 2014

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MTA Capital Structure

Shares on Issue: 95,577,407

Shares Trading: 80,234,207

Listed Options: 57,904,395
(\$0.15, 07/01/2017)

Unlisted Options
5M (\$0.25; 30/6/15)
5M (\$0.40; 30/6/15)
4M (\$0.25; 31/12/15)
2.49M (\$0.15; 3/12/16)
600k (\$0.168; 3/12/16)
2.5M (\$0.093; 31/3/17)

Market Cap. @ \$0.19; A\$18.16M

MTA Board

Gilbert George
Non Exec Chairman

Cherie Leeden
Executive Director

Brett Smith
Non Exec Director

Steven Wood
Company Secretary

ASX Code: MTA

www.metalsofafrica.com.au

Metals of Africa expands Mozambique Graphite Project area New exploration license immediately adjacent to Syrah Resources Balama Graphite Project

Highlights

- Metals of Africa has entered into a binding License Sale Agreement to acquire the Balama Central Project in the world class Cabo Delgado Graphite Province in Mozambique.
- The Project (license 4118) is located along strike and immediately adjacent to Syrah Resources major Balama graphite project.
- Subject to successful completion of final due diligence, Company plans to complete the acquisition and commence exploration immediately.
- Company plans to conduct an airborne EM survey over the Project to rapidly define exploration targets.

Metals of Africa Limited (ASX: MTA) (the Company) is pleased to announce that it has expanded its graphite project area in the world class Cabo Delgado graphite province of Mozambique with an agreement to acquire the Balama Central Project (license 4118).

The Balama Central Project is located along strike and immediately adjacent to Syrah Resources' (ASX: SYR) major Balama Graphite Project (see Figure 1; Project Location Map), which hosts the world's largest graphite resource, of 1.15Bt at 10.2% Total Graphitic Carbon (TGC) and 0.23% Vanadium Oxide (V₂O₅).

Metals of Africa has entered into a binding License Sales Agreement with Mozambican registered company, Dombeya Mineraco Lda (Dombeya), to acquire 100% of license 4118, termed the Balama Central Project.

The Company will now undertake a period of final due diligence of up to six weeks, and subject to satisfactory completion will move to immediately finalise the acquisition and commence exploration.

MTA Executive Director Cherie Leeden said:

"The Cabo Delgado district in Mozambique is the place to be for graphite and vanadium exploration. We are excited at the opportunity to acquire this new graphite exploration asset and, on successful completion of due diligence, we look forward to finalising the acquisition and commencing exploration immediately along strike of the world's largest and most valuable graphite and vanadium resource."

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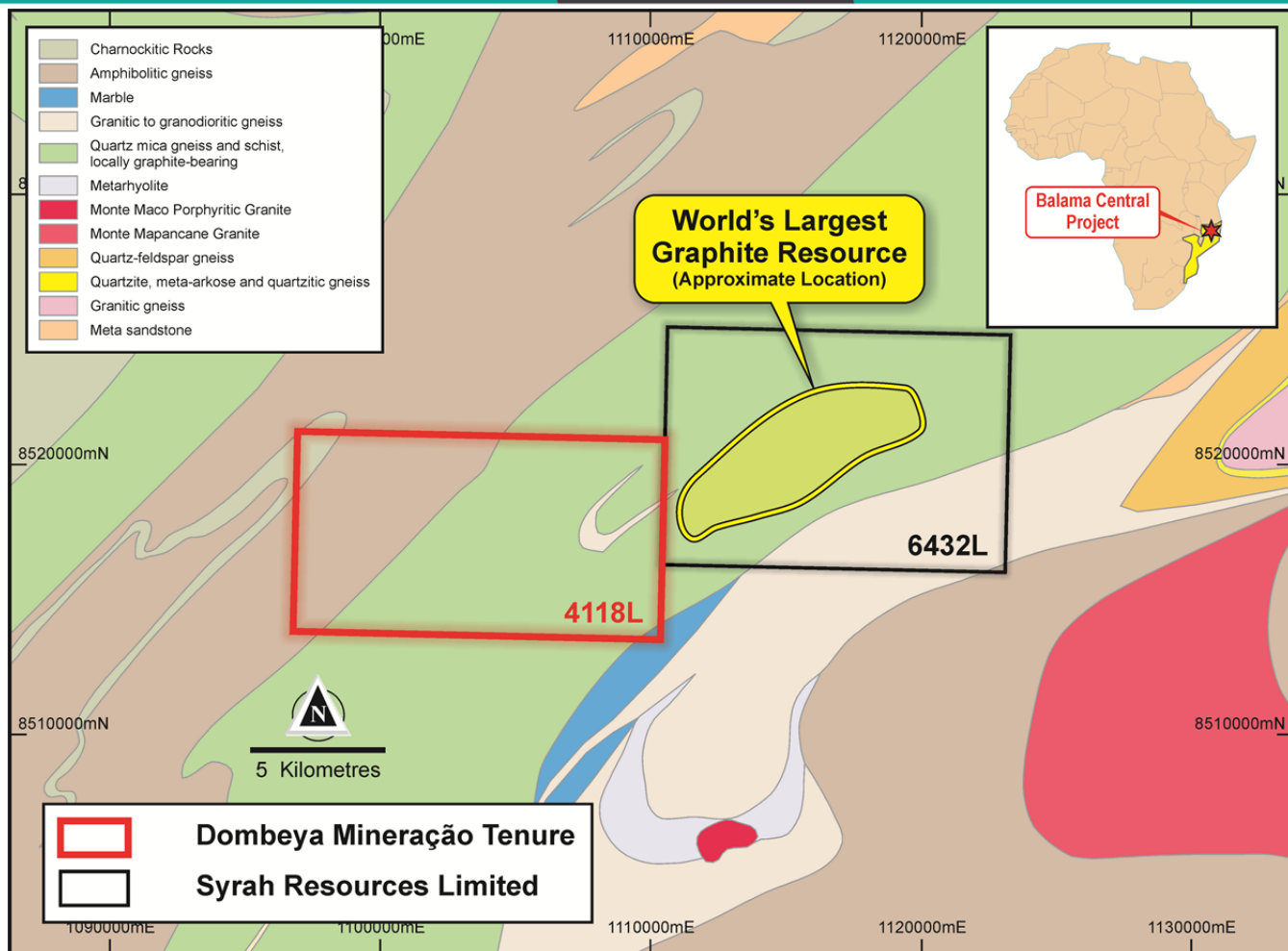


Figure 1. Location of the Balama Central Project and Syrah Resources Balama Graphite Project

Key Terms of Acquisition Agreement for Balama Central Project (license 4118)

Metals of Africa has entered into a binding acquisition agreement to acquire 100% of license 4118. A summary of the terms are:

- (a) On the Signature Date (21 August 2014) the Buyer will pay the Seller a payment of US\$50,000 (First Cash Payment), being the first part payment for transfer of the Licence; and
- (b) On the Completion Date (on or before 2 October 2014) the Buyer will issue to the Seller or its nominee such number of fully paid ordinary shares in the Buyer (Consideration Shares) as would have a market value of US\$200,000 using the lower of the closing volume-weighted average mid-market share price for the period of 10 trading days prior to the Signature Date and 10 trading days prior to the Completion Date, and using the US\$/AUD\$ exchange rate on the Signature Date and Completion Date as appropriate, such issuance being the second part payment for transfer of the Licence; and
- (c) On the Completion Date the Buyer will pay the Seller US\$200,000 (Second Cash Payment), being the third and final payment for transfer of the Licence.

There are no residual royalties payable.

Previous Exploration and General Geology

The Balama Central Project has not been subject to any previous systematic or on the ground exploration. The granted license comprises a surface area of 9600 hectares. The project area has been subject to country wide regional geological mapping plus government airborne geophysics surveys flown over the region, which produced magnetic and radiometric data.

Desktop appraisals of the results of this broad scale regional exploration conducted to date has concluded that the project area is prospective for graphite on the basis of the prospective geology mapped and airborne magnetic signature. Approximately 70% of the exploration license is mapped to contain the regions prospective geological unit called: X3Pqm – Graphite bearing quartz mica gneiss and schist.

On successful completion of due diligence, Metals of Africa intends to conduct an airborne electro-magnetic (EM) survey over the license, as an initial phase of exploration, in order to rapidly delineate any potential conductors and target areas for more rigorous on-ground exploration.

The project boasts excellent logistics, with a main road passing through the middle of the license.

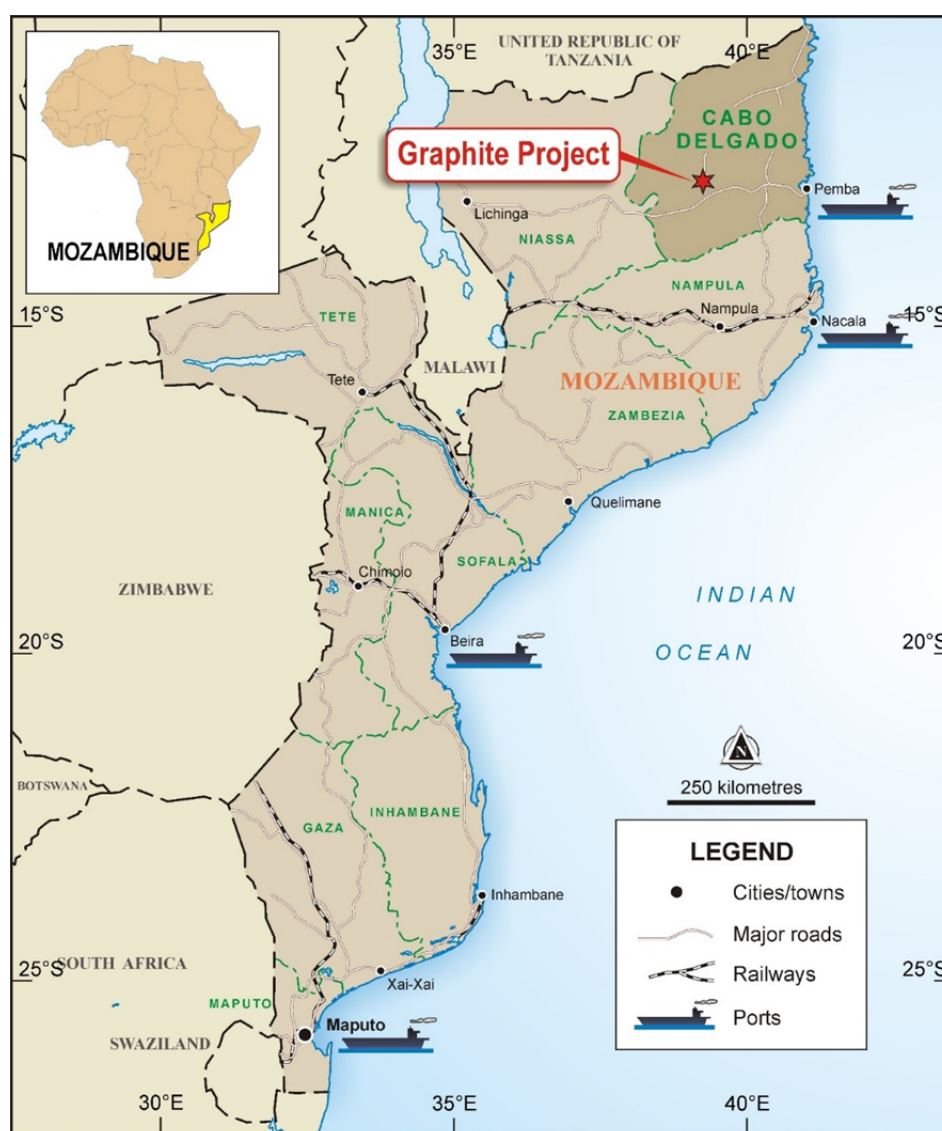


Figure 2. Mozambique Country Location Map and general location of Metals of Africa graphite project area.



Corporate

In order to encourage participation by employees in the Company through share ownership, and motivate and maintain the Company's staff to continued positive performance and results, the Company has resolved to issue 2.6m unlisted options, exercisable at \$0.26 and expiring 31 December 2017, to existing employees of the Company in accordance with the terms of the Company's existing Employee Incentive Option Plan (EIOP). The options will be subject to various vesting conditions over the next three years from date of issue.

In addition, and subject to shareholder approval, the Company has resolved to issue 1m unlisted options, on the same terms as those issued above under the EIOP (exercisable at \$0.26 and expiring 31 December 2017), and also subject to vesting conditions, to Executive Director Ms Cherie Leeden. Shareholder approval will be sought at the next shareholder meeting, at a date to be confirmed.

About Metals of Africa Limited

Metals of Africa (ASX: MTA) is a diversified minerals exploration company dedicated to exploring for world class deposits in Africa. The Company's core commodity targets are: lead, zinc, copper and graphite.

In Mozambique, it is focused on lead-zinc-silver exploration for a Broken Hill Type target within the Rio Mazoe Project and adjacent Changara Project. The Company is also focused on graphite exploration at its Montepuez Project.

In Tanzania, Metals of Africa is currently focused on the Mkindu Project where the target is an Olympic Dam-style, Uranium-Iron oxide-Copper-Gold (U-IOCG) deposit. The Kroussou Project in Gabon represents a shallow Mississippi Valley Type lead-zinc-silver target. The Company's management staff reside in Africa, which ensures optimum in-country relationships and maximum resources are spent in-ground.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Ms. Cherie Leeden, who is Executive Director of the Company. Ms Leeden is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ms Leeden consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

