



3 September 2014

Dear Optionholder

Notice to Optionholders of Non-Renounceable Pro Rata Offer

We write to you as the registered holder of Metals of Africa Limited ("**Metals**" or the "**Company**") options as at today's date.

Offer

As advised in the ASX announcement dated 3 September 2014 and as detailed by the Company in the offer document lodged by the Company with the ASX on 3 September 2014 ("**Offer Document**"), Metals is undertaking a non-renounceable pro-rata offer ("**Offer**") to Eligible Shareholders (defined below) of ordinary fully paid shares in the Company ("**Shares**") at an issue price of \$0.15 per Share and on the basis of one (1) Share for every five (5) Shares held at 5.00pm (WST) on 18 September 2014 ("**Record Date**").

Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share.

No shareholder approval is required for the Offer.

The Offer Document has been lodged with the ASX and is available on the Company's ASX platform at the ASX website (www.asx.com.au) and on the Company's website (www.metalsofafrica.com.au).

Eligible Shareholders

Eligible Shareholders are those persons who:

- (a) are registered as a holder of Shares as at 5.00pm (WST) on the Record Date; and
- (b) have a registered address in Australia or New Zealand (together the "Eligible Countries").

The Offer is not being extended to any Shareholder whose registered address is outside the Eligible Countries ("**Ineligible Shareholder**"). Shareholders not satisfying the above criteria will not be eligible to participate in the Offer.

Underwriting

The Offer is fully underwritten by Morgans Corporate Limited ("**Underwriter**"). The Underwriter will be paid fees of approximately \$160,000 in relation to its services as lead manager and underwriter to the Offer.

The Underwriter has entered into various sub-underwriting agreements pursuant to which the sub-underwriters will sub-underwrite the Underwriter's underwriting commitment. Each of the Directors of the Company (or their nominee) are sub-underwriters of the Offer, as per the following table:

	Sub-underwriting Commitment Shares	Potential sub- underwriting fee
Gilbert George	900,000	\$2,700
Cherie Leeden	500,000	\$1,500
Brett Smith	133,333	\$400
Total	1,533,333	\$4,600

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Effect of the Offer and Use of Funds

The Company currently has the following shares and options on issue:

- (a) 95,577,407 Shares;
- (b) 57,904,395 listed options; and
- (c) 19,588,500 unlisted options.

On the basis that no options are exercised prior to the Record Date, approximately 21,554,684 Shares will be issued pursuant to the Offer.

The Offer will raise approximately \$3,233,203 (before payment of the costs associated with the Offer).

Funds raised from the Offer will be used to fund exploration activities on the Company's exploration licences in Mozambique and Tanzania, pay the costs of the Offer and otherwise for general working capital purposes.

Timetable

The proposed timetable of the Offer is as follows:

Announcement of Placement and Entitlement Offer, lodgement of Offer Document, Appendix 3B and section 708AA(2)(f) Cleansing Notice	3 September 2014 (pre-market open)
Notice of Entitlement Offer sent to Optionholders and Shareholders	3 September 2014
Shares commence trading on an ex basis	16 September 2014
Record Date for the Entitlement Offer (5:00pm WST)	18 September 2014
Opening Date of Entitlement Offer (9:00am WST)*	23 September 2014
Closing Date of Entitlement Offer (5:00pm WST)	2 October 2014
Shares commence trading on deferred settlement basis	3 October 2014
Notify ASX of under subscriptions	7 October 2014
Allotment of New Shares**	9 October 2014
Despatch of holding statements for New Shares and deferred settlement trading ends	10 October 2014
Normal trading of New Shares on ASX begins	10 October 2014

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion (in consultation with the Underwriter). Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the Shares.

** Indicative date.

Other

Under the terms of the options you currently hold, there is no entitlement to participate in the Offer unless you exercise your options, and are entered into the register as a shareholder of the Company on or before the Record Date.



If you wish to participate in the Offer, you need to exercise your options so that you are registered as a shareholder of the Company at 5.00pm (WST) on the Record Date. A notice of exercise of options and payment of the exercise price of the options should be lodged with the Company's Share Registry, Automic Registry Services, with sufficient time to ensure that you are registered as a shareholder of the Company by the Record Date

The directors of Metals recommend that if you are in doubt as to the value of the Offer, or whether you should exercise your options, then you should contact your financial advisor. Please note this letter is provided to you under the ASX listing rules and Metals of Africa makes no recommendation as to whether or not you should exercise your options.

For further information on the Offer:

- (a) visit the Company's website at www.metalsofafrica.com.au;
- (b) see the Offer Document (available at www.asx.com.au or www.metalsofafrica.com.au);
or
- (c) contact the Company Secretary on +61 8 9322 7600 between 8.30am and 5.00pm (WST) Monday to Friday.

Yours Sincerely
METALS OF AFRICA LIMITED



Gilbert George
Chairman

