



3 September 2014

Dear Shareholder

Notice to Ineligible Shareholders of Non-Renounceable Pro Rata Offer

We write to you as the registered holder of Metals of Africa Limited ("**Metals**" or the "**Company**") shares (**ASX: MTA**) as at today's date whose registered address is outside of Australia and New Zealand.

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 (plus GST) 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

AUSTRALIA

945 Wellington Street,
West Perth, Western Australia 6005
T +61 8 9322 7600 **F** +61 8 9322 7602
E admin@metalsofafrica.com.au

MOZAMBIQUE

Edifício Solar das Acacias
Av. Julius Nyrere, 4000
Lojas 05 e 06
Maputo

www.metalsofafrica.com.au

ABN 75 152 071 095

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

The Company does not currently have a dividend policy, and no dividends have been paid by the Company since it was listed on ASX.

A copy of the Offer Document and a personalised Entitlement and Acceptance Form will be sent to Eligible Shareholders on 23 September 2014.



This letter is to inform you that you are not an Eligible Shareholder for the purposes of the Offer and consequently you will not be able to subscribe for Shares under the Offer. This letter is not an offer to grant Shares to you, nor an invitation to apply for Shares. You are not required to do anything in respect to this letter.

The Company has determined that it would be unreasonable on this occasion to extend the Offer to you as an Ineligible Shareholder having regard to:

- (a) the number of holders in your jurisdiction;
- (b) the number and value of securities the holders in your jurisdiction would be offered; and
- (c) the cost of complying with the legal requirements and the requirements of the regulatory authorities in your jurisdiction.

For further information on the Offer:

- (d) visit the Company's website at www.metalsofafrica.com.au;
- (e) see the Prospectus (available at www.asx.com.au or www.metalsofafrica.com.au); or
- (f) 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

