



METALS of AFRICA

LIMITED

ASX Announcement Metals of Africa Ltd

3 October 2014

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MTA Capital Structure

Shares on Issue: 107,773,418

Shares Trading: 97,430,218

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. @ \$0.135; A\$14.5M

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 Balama Project Update

New exploration license immediately adjacent to Syrah Resources' Balama Graphite Project – due diligence period extended to allow the flying of VTEM over the license

Summary

- Metals of Africa has successfully negotiated a 6 week due diligence extension to appraise the Balama Central Project in the world class Cabo Delgado Graphite Province in Mozambique.
- The Company will conduct an airborne EM (VTEM) survey over the license this month (October).
- The Project (license 4118) is located along strike and immediately adjacent to Syrah Resources world class Balama graphite project.
- Subject to the successful completion of final due diligence, the Company plans to complete the acquisition and commence exploration immediately.

Metals of Africa Limited (ASX: MTA) (the Company) is pleased to announce that it has negotiated an additional six weeks to conduct due diligence over License 4118 (Balama Central) to allow flying of an airborne electromagnetic (VTEM) survey.

The Balama Central Project is located along strike and immediately adjacent to Syrah Resources' (ASX: SYR) world class 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 subject to successful completion of due diligence.

Montepuez Graphite Project Update - Mozambique

The airborne geophysical survey (VTEM) commencement has been delayed due to technical problems associated with the contractors EM transmitter. This issue has now been rectified and the equipment is operational, however it is running approximately 3-4 weeks behind schedule. Meanwhile the Company has established an exploration field camp within its 100% owned Balama Central Project and has commenced detailed geological mapping and trenching to define drill hole locations over the existing 10km long VTEM graphitic anomaly.

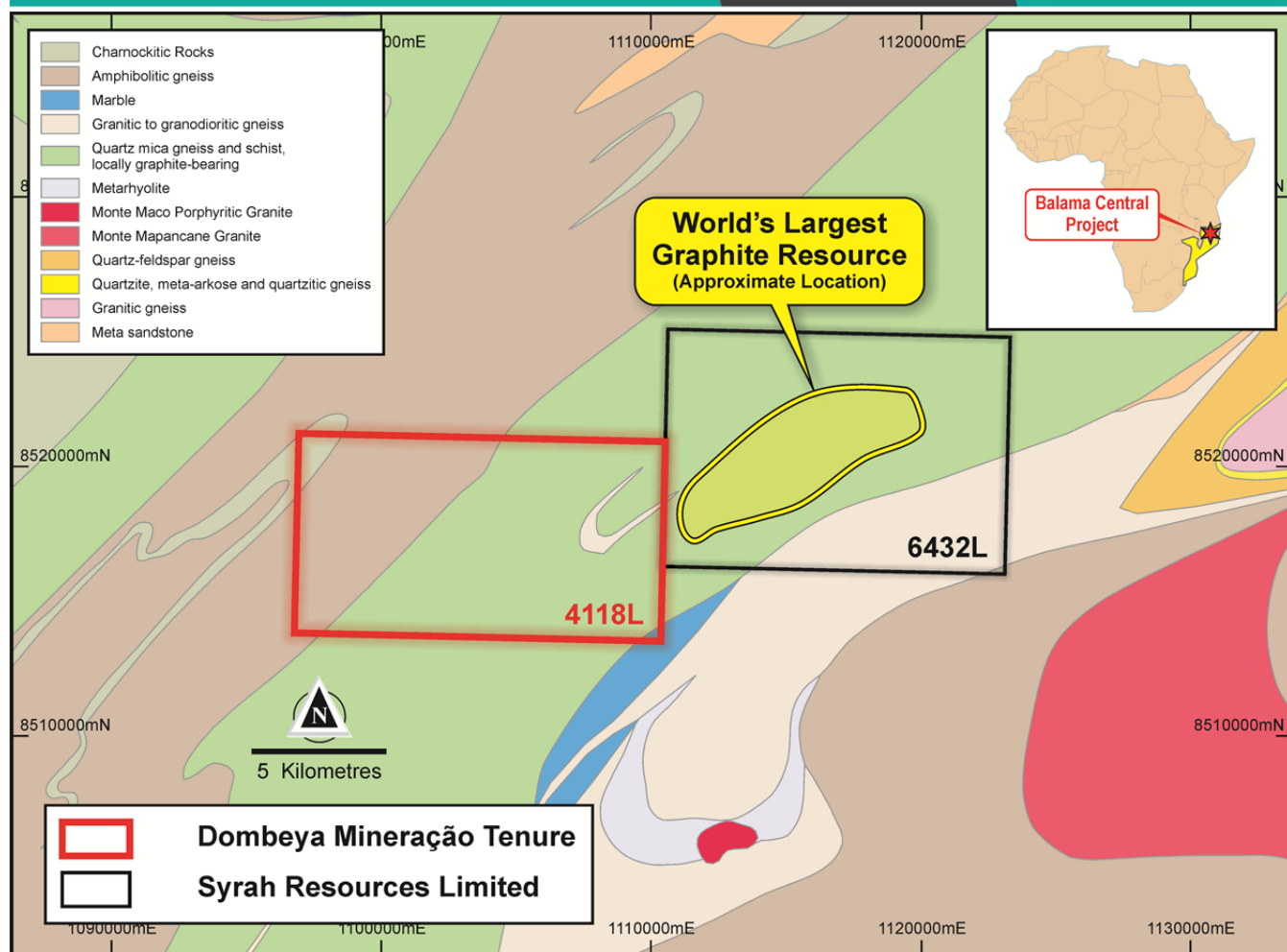


Figure 1. Location of the Balama Central Project and Syrah Resources Balama Graphite Project

Key Terms of the revised 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 (21st August 2014) the Buyer will pay the Seller a payment of U.S.\$50,000 (First Cash Payment), being the first part payment for transfer of the Licence; and
- (b) On the Completion Date (on or before 13th November 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 U.S.\$200,000 (Second Cash Payment), being the third and final payment for transfer of the Licence.

There are no residual royalties payable.

Previous Exploration of license 4118 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 magnetics 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.

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

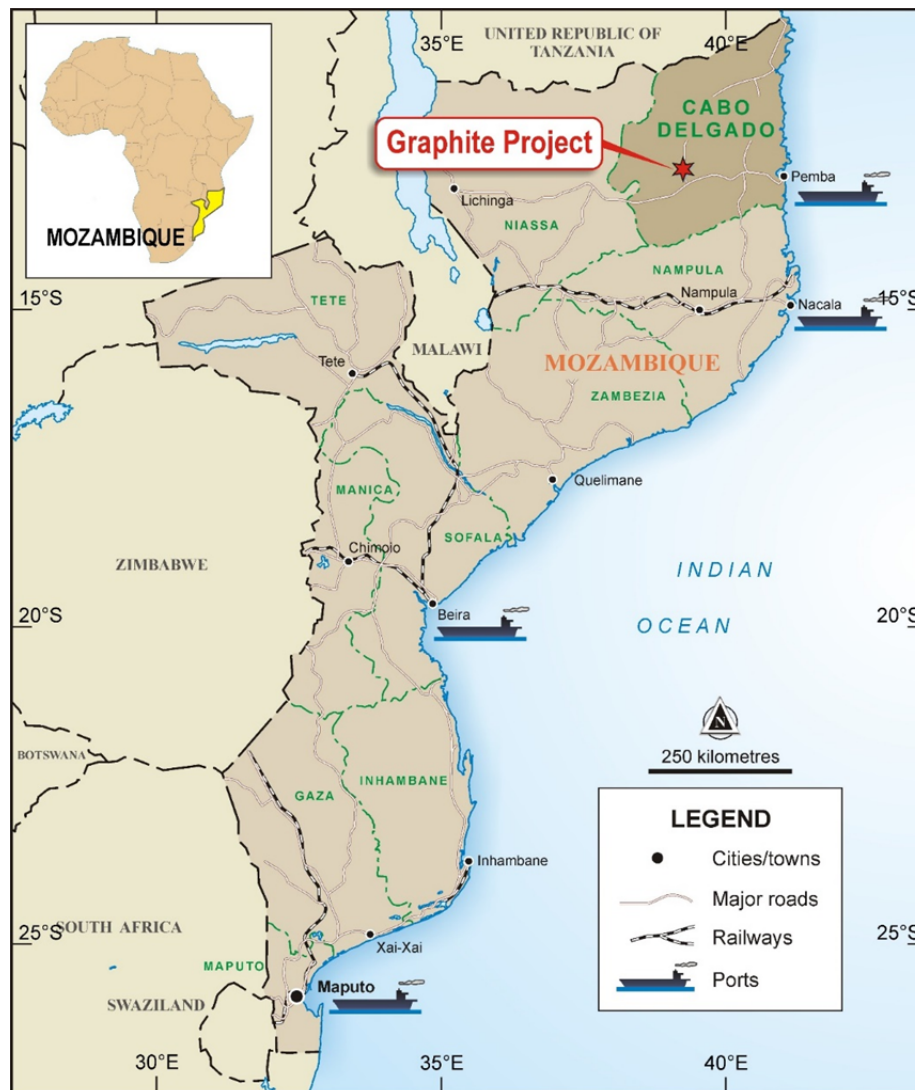


Figure 3. Mozambique Country Location Map and general location of Metals of Africa graphite project area.



Rio Mazoe & Changara Base Metal Project Update - Mozambique

Ground geophysics and geological surface advancement is ongoing and remains on schedule. An exploration camp to support the drill program has been established and the main access tracks have been created. Drilling remains on track to commence in late October to test the most compelling of the 39 zinc-copper-lead geochemical and geophysical anomalies the Company has identified.

Kroussou Base Metal Project - Gabon

The Company is currently conducting geological mapping and surface sampling at its Kroussou project with the aim of verifying the historical BRGM zinc-lead-silver-copper data for this project. The primary target is zinc. This field work is anticipated to take another month, with laboratory assay results anticipated toward the end of the year.

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.

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.

