

ASX Announcement
28 October 2014

ACTIVITIES FOR THE QUARTER ENDED 30 SEPTEMBER 2014

Highlights

- **Confirmation of high grade graphite and vanadium mineralisation at the Montepuez Graphite Project.**
- **Identification of high priority drill targets at Rio Mazoe Project.**
- **Placement and underwritten rights issue completed to raise \$5m.**
- **Formalisation of agreement for Cherie Leeden to change role to Managing Director.**

Operations

Mozambique

Metals of Africa Limited (ASX: MTA) continued to rapidly progress exploration at both the Montepuez Graphite Project and the Rio Mazoe base metals project during the quarter.

A reconnaissance team collected 16 samples from outcropping graphite and trenching at the Montepuez Graphite Project that were sent for laboratory analysis. Laboratory results confirmed large flake size in grades of up to 16.5% TGC and 0.3% Vanadium. A large VTEM anomaly (10km strike length) has been identified as a target area and being coincident with graphite outcropping. Additional airborne geophysics and follow-up drilling is required to ascertain depth and grade potential "sweet spots".

During the quarter the Company identified three new high priority base metal targets at its Rio Mazoe project, located within the Changara JV Project area, as announced to the ASX on 17 July 2014 in accordance with the JORC Code (2012). The targets are:

- **Cassidy Shea prospect:** Very large Zinc-Copper target with spot high grades up to 11.9% Cu and 5.1% Zn.
- **Rhodonite Hill prospect:** Outcrops of Broken Hill type alteration over a 2km strike length and grades up to 14.4% Pb at surface.
- **Downeaster prospect:** 1.4km long Cu anomaly in soils with elevated Pb and Zn and spot high grades up to 28.7% Zn.

The positive results' from the Company's continued exploration efforts to define these targets has provided MTA with further strong belief in the potential for discovery of a major zinc-copper-lead deposit within the project area. The prospects are shallow drill worthy targets and further exploration will be conducted to define drill targets, with drilling planned to commence in November 2014.

AUSTRALIA


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

AFRICA

385 Avenue de Zimbabwe
Bairro de Sommerschield
Cidade de Maputo Mozambique
T +258 214 937 33 **F** +258 214 937 35

www.metalsofafrica.com.au

ABN 75 152 071 095



The Company entered into a binding License Sale agreement to acquire the Balama Central Project in the world class Cabo Delgado Graphite Province in Mozambique, subject to completion of due diligence. The project (license 4118) is located along strike and immediately adjacent to Syrah Resources major Balama graphite project. MTA has recently been successful in negotiating a 6 week due diligence extension to appraise the project. Within this time the Company will conduct an airborne EM (VTEM) survey over the license. Subject to the successful completion and satisfaction of final due diligence, the Company plans to complete the acquisition and begin exploration immediately.

Gabon

The Company commenced its first exploration field program at the Kroussou project in Gabon during the quarter. Portable XRF Niton (pXRF) results from multiple mineralised outcrops at the Project are expected shortly. Rock chip samples have been sent to the laboratory with assay results expected in December 2014. It is likely that shallow base metal drill targets will be determined as a result of this initial exploration program, in preparation for an exploration drilling program to commence in 2015.

Corporate

On 15 September 2014 the Company completed a placement of 12.2m fully paid ordinary shares at \$0.15 per share to professional and sophisticated investors to raise \$1.83m. Subsequent to the end of the quarter, the Company completed a one for five rights issue and shortfall placement to raise \$3.2m before costs, by way of rights issue of 21.55m shares at \$0.15 per share.

Funds raised from the placement and the Entitlement Offer will be utilised toward on-going exploration exploration work at the Company's current projects, including upcoming drilling programs at the Rio Mazoe base metal and Montepuez graphite projects, in addition to providing general working capital.

On 18 July 2014 the Company completed a Placement under its Listing Rule 7.1A 10% Placement Capacity, issuing 7,604,000 shares at \$0.125 per share to raise \$950,000 before costs.

During the quarter, the Company allotted 2.5m shares on the exercise of unlisted options at \$0.093 per option, to raise \$233,000.

A shareholder meeting was held on 29 July 2014 to seek approval of, amongst other items, ratification of a previous placement by the Company and to approve the directors receiving shares and options in lieu of director fees.

Ms Cherie Leeden was appointed Managing Director of Metals of Africa Limited following the successful placement and rights issue, and with imminent drilling campaigns demonstrating the strength of the Company's current exploration strategies.

For further information please contact:

Cherie Leeden
Executive Director
+61 8 9322 7600
admin@metalsofaufrica.com.au

Tenement Summary – 30 September 2014

1. MINING TENEMENTS HELD				
Tenement Reference	Location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Rio Mazoe Project				
1411L	Mozambique	Granted	100%	100%
1442L	Mozambique	Granted	100%	100%
3588L	Mozambique	Granted	100%	100%
1492L	Mozambique	Granted	100%	100%
1509L	Mozambique	Granted	100%	100%
1885L	Mozambique	Granted	100%	100%
Changara JV				
1421	Mozambique	JV	25%	51%
1431	Mozambique	JV	25%	51%
1123	Mozambique	JV	25%	51%
1122	Mozambique	JV	25%	51%
Express Licences				
5701L	Mozambique	Granted	100%	100%
5571L	Mozambique	Granted	100%	100%
5473L	Mozambique	Granted	100%	100%
5572L	Mozambique	Granted	100%	100%
5573L	Mozambique	Granted	100%	100%
6172L	Mozambique	Granted	100%	100%
6254	Mozambique	Granted	0%	100%
6251	Mozambique	Granted	0%	100%
6253	Mozambique	Granted	0%	100%
5345	Mozambique	Granted	0%	100%
5350	Mozambique	Granted	0%	100%
6187	Mozambique	Granted	0%	100%
6191	Mozambique	Granted	0%	100%
6170	Mozambique	Granted	0%	100%
6167	Mozambique	Granted	0%	100%
Tanga Gold				
HQP6356	Tanzania	Granted	100%	100%
HQP6357	Tanzania	Granted	100%	100%
HQP6988	Tanzania	Granted	100%	100%

Gabon				
Lastourville (495)	Gabon	Granted	90%	90%
Kroussou (3)	Gabon	Granted	90%	90%
Tanzania				
PL9384/2013 (Dodoma East)	Tanzania	Granted	100%	100%
HQ-P27216 (Godegode 3)	Tanzania	Granted	100%	100%
HQ-P27498 (Godegode 7)	Tanzania	Granted	100%	100%
HQ-P27238 (Mukombe 1)	Tanzania	Granted	100%	100%
HQ-P27825(Mukombe 2)	Tanzania	Granted	100%	100%
HQ-P27744 (Mkindu 1)	Tanzania	Granted	100%	100%
PL9382/2013 (Mkindu 2)	Tanzania	Granted	100%	100%
PL9356/2013 (Mkindu 3)	Tanzania	Granted	100%	100%
PL9381/2013 (Mkindu 4)	Tanzania	Granted	100%	100%
PL9383/2013 (Mkindu 5)	Tanzania	Granted	100%	100%
PL9385/2013 (Mkindu 6)	Tanzania	Granted	100%	100%

2. MINING TENEMENTS ACQUIRED/DISPOSED

Tenement Reference	Location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
ACQUIRED				
6254	Mozambique	Granted	0%	100%
6251	Mozambique	Granted	0%	100%
6253	Mozambique	Granted	0%	100%
5345	Mozambique	Granted	0%	100%
5350	Mozambique	Granted	0%	100%
6187	Mozambique	Granted	0%	100%
6191	Mozambique	Granted	0%	100%
6170	Mozambique	Granted	0%	100%
6167	Mozambique	Granted	0%	100%
DISPOSED				
PL9360/2013 (Kizumbi 1)	Tanzania	Relinquished	100%	0%
PL9409/2013 (Kizumbi 2)	Tanzania	Relinquished	100%	0%
PL9309/2013 (Godegode 1)	Tanzania	Relinquished	100%	0%
HQ-P27239 (Godegode 2)	Tanzania	Relinquished	100%	0%
HQ-P27217 (Godegode 4)	Tanzania	Relinquished	100%	0%
PL9310/2013 (Godegode 5)	Tanzania	Relinquished	100%	0%
PL9380/2013 (Godegode 6)	Tanzania	Relinquished	100%	0%
540L	Mozambique	Amalgamated into 1411L	100%	0%
1410L	Mozambique	Amalgamated into 1411L	100%	0%

5319L	Mozambique	Relinquished	100%	0%
5327L	Mozambique	Relinquished	100%	0%
5328L	Mozambique	Relinquished	100%	0%
6216L	Mozambique	Not yet granted	100%	0%

3. BENEFICIAL PERCENTAGE INTERESTS HELD IN FARM-IN OR FARM-OUT AGREEMENTS

Tenement Reference	Location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Changara JV				
1421	Mozambique	JV	25%	51%
1431	Mozambique	JV	25%	51%
1123	Mozambique	JV	25%	51%
1122	Mozambique	JV	25%	51%

4. BENEFICIAL PERCENTAGE INTERESTS HELD IN FARM-IN OR FARM-OUT AGREEMENTS ACQUIRED OR DISPOSED


Tenement Reference	Location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
ACQUIRED Nil				
DISPOSED Nil				

About the Montepuez Graphite Project

The Montepuez Graphite Project is located in the Cabo Delgado Province, in Mozambique, and is 100% owned by Metals of Africa. It comprises three exploration licenses, all of which are partially underlain by the litho-stratigraphic rock units which are known to contain major graphite mineralisation to the south at Balama (Syrah Resources Limited - ASX: SYR) and Balama North (Triton Minerals Limited - ASX: TON). Much of the Montepuez project occurs within the same regional geological setting as these large graphite deposits.

About Metals of Africa Limited (MTA)

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



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

In Tanzania, MTA boasts 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Metals of Africa Limited

ABN

75 152 071 095

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(884)	(1,853)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(380)	(757)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	6	10
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	20	13
Net Operating Cash Flows		(1,238)	(2,587)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	(54)	(54)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (costs related to Express Acquisition)	-	-
Net investing cash flows		(54)	(54)
1.13	Total operating and investing cash flows (carried forward)	(1,292)	(2,641)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,292)	(2,641)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,036	4,047
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	(187)	(279)
	Net financing cash flows	2,849	3,768
	Net increase (decrease) in cash held	1,557	1,126
1.20	Cash at beginning of quarter/year to date	428	859
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,985	1,985

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	128
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director fees, including a portion accrued from previous periods.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

n/a

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	800
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	950

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,985	428
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,985	428

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Mozambique			
	540L	Amalgamated into 1411L	100%	0%
	1410L	Amalgamated into 1411L	100%	0%
	5319L	Relinquished	100%	0%
	5327L	Relinquished	100%	0%
	5328L	Relinquished	100%	0%
	6216L	Not yet granted	100%	0%
	Gabon			
	Nil			
	Tanzania			
	PL9360/2013 (Kizumbi 1)	Relinquished	100%	0%
	PL9409/2013 (Kizumbi 2)	Relinquished	100%	0%
	PL9309/2013 (Godegode 1)	Relinquished	100%	0%
	HQ-P27239 (Godegode 2)	Relinquished	100%	0%
	HQ-P27217 (Godegode 4)	Relinquished	100%	0%
	PL9310/2013 (Godegode 5)	Relinquished	100%	0%
	PL9380/2013 (Godegode 6)	Relinquished	100%	0%
6.2 Interests in mining tenements and petroleum tenements acquired or increased	Mozambique			
	6254	Granted	0%	100%
	6251	Granted	0%	100%
	6253	Granted	0%	100%
	5345	Granted	0%	100%
	5350	Granted	0%	100%
	6187	Granted	0%	100%
	6191	Granted	0%	100%
	6170	Granted	0%	100%
	6167	Granted	0%	100%
	Gabon			
	Nil			
	Tanzania			
	Nil			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	107,773,418	97,430,218 (10,343,200 subject to escrow)		Ordinary fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	a) 24,129,417	a) 24,129,417	a) Fully paid	a) Fully paid
7.5	*Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	5,000,000 5,000,000 3,000,000 1,000,000 2,488,500 600,000 57,904,395 2,500,000	Unquoted Unquoted Unquoted Unquoted Unquoted Unquoted Quoted Unquoted	Exercise price \$0.25 \$0.40 \$0.25 \$0.25 \$0.15 \$0.168 \$0.15 \$0.093	Expiry date 30 June 2015 30 June 2015 31 Dec 2015 31 Dec 2015 3 Dec 2016 3 Dec 2016 7 Jan 2017 31 March 2017

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.8	Issued during quarter	822,394	Quoted	\$0.15	7 Jan 2017
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here: Date: 28 October 2014
(Director/Company secretary)

Print name: Steven Wood
.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

+ See chapter 19 for defined terms.

- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==