
METALS OF AFRICA LIMITED

ACN 152 071 095

NOTICE OF GENERAL MEETING

The General Meeting of the Company will be held at 945 Wellington Street, West Perth, Western Australia on Friday 16 January 2015 at 10.00AM (WST).

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 9322 7600.

METALS OF AFRICA LIMITED

ACN 152 071 095

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Metals of Africa Limited (**Company**) will be held at 945 Wellington Street, West Perth, Western Australia on Friday 16 January 2015 at 10.00AM (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday 14 January 2015 at 4.00 pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 9.

AGENDA

1. **Resolution 1 – Approval of the issue of the Dombeya Consideration Shares pursuant to the Dombeya Acquisition Agreement**

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of Shares under the terms of the Dombeya Acquisition Agreement on the terms and conditions in the Explanatory Memorandum accompanying this Notice.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the issue of the Shares under the terms of the Dombeya Acquisition Agreement and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Approval of issue of Convertible Notes under the Convertible Note Facility

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 1,500,000 Convertible Notes to Mitchell on the terms and conditions as set out in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the issue of the Convertible Notes and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 – Issue of Incentive Options – Ms Cherie Leeden

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 10.11, and for all other purposes, approval is given for the Company to issue 1,000,000 Incentive Options to Ms Cherie Leeden (or her nominee) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Ms Cherie Leeden (or her nominee) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 – Ratification of issue of September Placement Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 12,196,011 Shares at an issue price of \$0.15 each (**September Placement Shares**) on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Ratification of issue of July Placement Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 7,604,000 Shares at an issue price of \$0.125 each (**July Placement Shares**) on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 – Ratification of issue of Mitchell Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of up to 2,103,063 that may be issued to Mitchell prior to the date of the Meeting (**Mitchell Shares**) on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated Friday 12 December 2014

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Steven Wood', written in a cursive style.

Steven Wood
Company Secretary

METALS OF AFRICA LIMITED

ACN 152 071 095

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 945 Wellington Street, West Perth, Western Australia on Friday 16 January 2015 at 10.00AM (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the General meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolution 3 if:

- (a) the person is either:
 - (i) a member of the Key Management Personnel of the Company; or

- (ii) a Closely Related Party of such a member, and
- (b) the appointment does not specify the way the proxy is to vote on Resolution 3.

However, the prohibition does not apply if:

- (c) the proxy is the Chairman; and
- (d) the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 3 is connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

3. Resolution 1 – Approval of the issue of the Dombeya Consideration Shares pursuant to the Dombeya Acquisition

3.1 Background

As announced by the Company on 22 August 2014, the Company has entered into a binding Licence Sale Agreement with Mozambican registered company, Dombeya, to acquire 100% of Mozambique Exploration Licence 4118, termed the Balama Central Project (**Dombeya Acquisition Agreement**). The Dombeya Acquisition Agreement is subject to the Company finalising its due diligence on the licence.

Under the terms of the Dombeya Acquisition Agreement, the Company has agreed to pay cash and issue Shares as consideration to Dombeya.

3.2 Overview of the Balama Central Project

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.

On successful completion of due diligence, Metals of Africa conducted 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 results of this EM survey will be released to the market upon the finalisation of the acquisition.

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

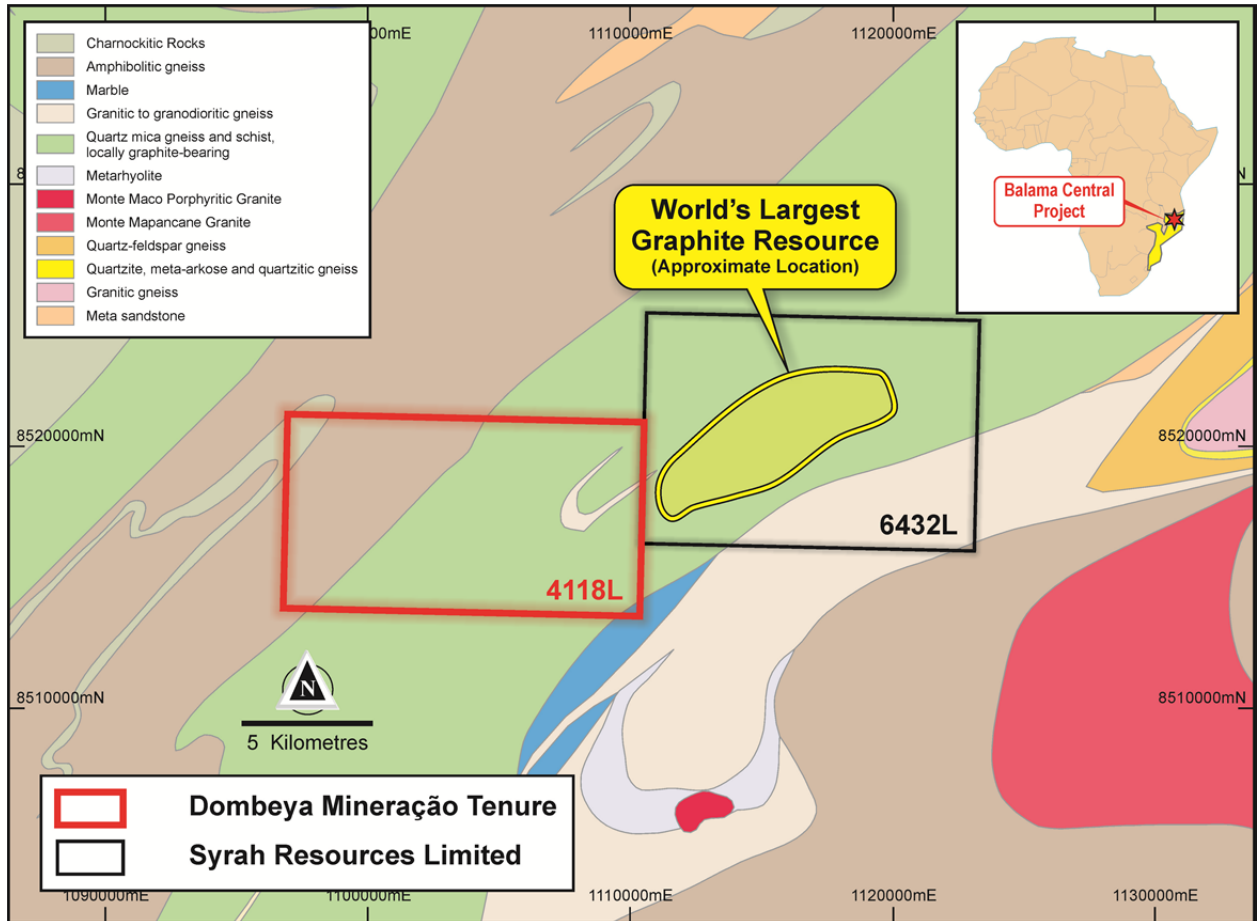


Figure 1. Mozambique Country Location Map and general location of graphite project area to be acquired by Metals of Africa.

3.3 Commercial Terms

The total consideration payable to Dombeya under the Dombeya Acquisition Agreement is as follows:

- (a) a cash payment of US\$50,000, paid on 21 August 2014;
- (b) a cash payment of US\$200,000, payable on completion; and
- (c) the issue of US\$200,000 worth of Shares, with a deemed issue price per Share being the lower of:
 - (i) the closing volume-weighted average mid-market Share price for the period of 10 trading days prior to 21 August 2014 (using the US\$/AUD\$ exchange rate on the 21 August 2014) (being \$0.176 per Share); and
 - (ii) the closing volume-weighted average mid-market Share price for the period of 10 trading days prior to the completion date of the acquisition (using the US\$/AUD\$ exchange rate on the completion date),

(Dombeya Consideration Shares).

There are certain legal restrictions regarding the issue of shares to parties in Mozambique. Depending on the extent of these restrictions, the Company may be unable to issue the Dombeya Consideration Shares directly to Dombeya, and it may be necessary for the Company to first issue the Dombeya Consideration Shares to a Mozambican subsidiary of the Company, and for that subsidiary

to then immediately transfer the Dombeya Consideration Shares to Dombeya. The Company is currently determining whether this will be required. If this is the case, the Company will be required to obtain an ASIC exemption in respect of section 259C of the Corporations Act, which prohibits a Company issuing shares to any entity it controls.

3.4 Listing Rule 7.1

The Company seeks prior Shareholder approval under Listing Rule 7.1 for the issue of the Dombeya Consideration Shares.

Listing Rule 7.1 provides that, subject to certain exceptions, Shareholder approval is required for any issue of equity securities (including convertible securities) by a listed company during a 12 month period, where the securities proposed to be issued represent more than 15% of the Company's securities on issue at the commencement of that 12 month period.

If Shareholders approve Resolution 1, issue of the Dombeya Consideration Shares will not count towards the Company's 15% capacity.

Resolution 1 is an ordinary Resolution.

3.5 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3 information regarding the issue of the Dombeya Consideration Shares is provided as follows:

- (a) The maximum number of Shares to be issued will be that number of Shares with a total value of US\$200,000, using a deemed issue price per Share of the lower of:
 - (i) the closing volume-weighted average mid-market Share price for the period of 10 trading days prior to 21 August 2014 (using the US\$/AUD\$ exchange rate on the 21 August 2014) (being \$0.176 per Share, or US\$0.164 per Share based on the A\$/US\$ exchange rate of 0.933 on that date); and
 - (ii) the closing volume-weighted average mid-market Share price for the period of 10 trading days prior to the completion date of the acquisition (using the US\$/AUD\$ exchange rate on the completion date).

For illustrative purposes, the following table sets out the potential number of Shares that may be issued at different issue prices and the percentage dilution to existing Shareholders that would occur:

	Number of Shares	Dilution
Current Issued Shares	129,378,027	-
Issue price of A\$0.176 (US\$0.164) ¹	1,219,512	0.93%
Issue price of A\$0.129 (US\$0.10) ²	1,869,159	1.42%
Issue price of A\$0.086 (US\$0.071) ^{2, 3}	2,816,901	2.13%
Issue prices of A\$0.043 (US\$0.036) ²	4,651,162	3.47%

1. Based on the A\$/US\$ exchange rate of 0.933 on 21 August 2014.

2. Based on the A\$/US\$ exchange rate of 0.831 on 11 December 2014.
 3. The prevailing Share price on ASX on 11 December 2014.
- (b) The Company will issue the Dombeya Consideration Shares no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
 - (c) The Dombeya Consideration Shares will be issued as consideration for the Dombeya Acquisition and accordingly no funds will be raised from the issue of the Dombeya Consideration Shares.
 - (d) The Dombeya Consideration Shares will be issued to Dombeya. As foreshadowed in Section 3.3, in the event that Mozambican law restricts the issue of the Dombeya Consideration Shares direct to Dombeya, then subject to receipt of the appropriate ASIC exemption in respect of section 259C of the Corporations Act, the Dombeya Consideration Shares will be first transferred to a Mozambican subsidiary of the Company and then immediately transferred by that subsidiary to Dombeya.
 - (e) The Shares to be issued are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue.
 - (f) The Dombeya Consideration Shares will be issued on one date.
 - (g) A voting exclusion statement is included in the Notice.
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4. Resolution 2 – Approval of issue of Convertible Notes under Convertible Note Facility

4.1 Background

The Company has entered into Drilling Agreements under which Mitchell Drilling Mozambique Limitada (**Mitchell**) provides drilling services for the Company's projects in Mozambique. The Company has also entered into the Convertible Note Facility under which, subject to Shareholder approval, Mitchell will subscribe for Convertible Notes in the Company, and may set-off the subscription price of those Convertible Notes to receive Shares in lieu of 50% of the fees payable under the Drilling Agreements. The Convertible Note Facility facilitates the potential issue of Shares to Mitchell for drilling services provided to the Company, up to a maximum of \$1,500,000 (including taxes), until the end of 2015.

Following the issue of invoices for work undertaken by Mitchell pursuant to the Drilling Agreements during 2014, Metals will pay 50% of the total amount under any invoices (including taxes) in cash, and 50% of the amount under any invoices (including taxes) will be satisfied by the issue of Shares at the Conversion Price (as defined below). The issue of Shares shall occur concurrently with the payment of the invoice in accordance with the Drilling Agreement.

In respect of any work undertaken by Mitchell pursuant to any subsequent Drilling Agreements in 2015, Mitchell may elect, at any time prior to the commencement of a drilling programme, by notice in writing to Metals, for 50% of the amount under the relevant invoices (including taxes) to be satisfied by the issue of Shares at the Conversion Price (as defined below) and the remaining 50% (including taxes) to be paid in cash. Metals must agree to this election. To clarify, both Mitchell and Metals are to agree prior to any drill programmes in 2015 that the relevant drill program is payable in both cash and shares. If not agreed, the drill program will be payable 100% in cash.

The conversion price of the Convertible Notes will be the volume weighted average market price of Shares on the ASX for the five trading days prior to the day that an invoice for drilling activities is issued by Mitchell (**Conversion Price**).

For illustrative purposes, the following table sets out the potential number of Shares that may be issued at different Conversion Prices (based around the prevailing Share price on 11 December 2014 of \$0.086) and the percentage dilution to existing Shareholders that would occur, assuming that the maximum of \$1,500,000 is converted:

	Number of Shares	Dilution
Current Issued Shares	129,378,027	-
Conversion Price of \$0.172	8,720,930	6.31%
Conversion Price of \$0.129	11,627,907	8.25%
Conversion Price of \$0.086	17,441,860	11.88%
Issue prices of \$0.043	34,883,721	21.24%

Further key terms of the Convertible Notes are as follows:

- (a) Face Value – \$1.00 per Convertible Note.
- (b) Term – until issue of the final invoice for drilling services performed under the Drilling Agreement to the end of 2015.
- (c) Interest – the Convertible Notes do not bear interest.

If approved by Shareholders, the issue of the Convertible Notes will enable 50% of the invoiced amounts under the Drilling Agreements to be satisfied through the issue of Shares, up to a maximum of \$1,500,000 (including taxes), until the end of 2015. If Shareholder approval is not obtained for the issue of the Convertible Notes, the Company will be obliged to settle all amounts invoiced under the Drilling Agreement in cash.

4.2 Listing Rule 7.1

The Company seeks prior Shareholder approval under Listing Rule 7.1 for the issue of the Convertible Notes.

A summary of Listing Rule 7.1 is set out in Section 3.4 above. Equity securities under Listing Rule 7.1 includes convertible notes.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Convertible Notes.

If Shareholder approval is given under Listing Rule 7.1 for the issue of the Convertible Notes, approval is not required under Listing Rule 7.1 for the issue of the Shares to Mitchell on conversion of the Convertible Notes pursuant to exception 4 of Listing Rule 7.2.

Resolution 2 is an ordinary resolution.

4.3 Listing Rule 7.3 Disclosure

For the purposes of Listing Rule 7.3, information regarding the Convertible Notes is provided as follows:

- (a) The Convertible Notes will be issued to Mitchell.
- (b) Up to 1,500,000 Convertible Notes will be issued to Mitchell, which will be convertible into Shares at the Conversion Price.
- (c) The Company will issue the Convertible Notes as soon as practicable after, and in any event by no later than 3 months after the Meeting. The Convertible Notes will be convertible at any time in accordance with the Convertible Note Facility.
- (d) No funds will be raised by the issue of the Convertible Notes, which will be used for set-off against drilling invoices in accordance with the Convertible Note Facility for drilling completed by Mitchell. No funds will be raised from the issue of Shares on conversion of the Convertible Notes.
- (e) The Convertible Notes will be issued at a face value of \$1.00 per Convertible Note and will be convertible into Shares at the Conversion Price. The Shares will be issued on the same terms as the Company's existing Shares. Further terms and conditions of the Convertible Notes are set out in Section 4.1.

A voting exclusion statement is included in the Notice.

5. Resolution 3 – Issue of Incentive Options – Ms Cherie Leeden

5.1 Background

Pursuant to Resolution 3, the Company proposes to grant 1,000,000 Incentive Options to Ms Cherie Leeden, and/or her nominees, as was foreshadowed in an ASX announcement made on 22 August 2014.

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies. Approval pursuant to Listing Rule 7.1 is not required in order to issue the Incentive Options as approval is being obtained under Listing Rule 10.11.

Cherie Leeden is a related party of the Company by virtue of being a Director of the Company.

The Board (other than Ms Leeden, who makes no recommendation) supports the grant of Incentive Options to Cherie Leeden.

5.2 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, information regarding the issue of the Incentive Options is provided as follows:

- (a) The Incentive Options will be issued to Ms Cherie Leeden, and/or her nominees.
- (b) The maximum number of Incentive Options the Company will issue is 1,000,000.

- (c) The Company will issue the Incentive Options to Ms Cherie Leeden and/or her nominees no later than one month after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) The Incentive Options will be issued for nil cash consideration.
- (e) The Incentive Options will have the terms and conditions set out in Schedule 1.
- (f) A voting exclusion statement is included in the Notice.

6. Resolution 4 – Ratification of issue of September Placement Shares

6.1 Background

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.4 for ratification of the prior issue of 12,196,011 Shares which were issued to professional and sophisticated investors on 15 September 2014 to raise approximately \$1,830,000 before costs (**September Placement Shares**).

The Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval. Listing Rule 7.4 provides an exception to Listing Rule 7.1 that where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) the issue of those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The effect of Shareholders passing Resolution 4 ratifying the issue of the Shares will be to restore the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months.

Resolution 4 is an ordinary resolution.

6.2 Specific Information Required by Listing Rule 7.5

For the purposes of Listing Rule 7.5 information regarding the issue of the September Placement Shares is provided as follows:

- (a) 12,196,011 Shares were issued by the Company.
- (b) The Shares were issued at \$0.15 per Share.
- (c) The Shares are fully paid ordinary shares and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Shares were issued to professional and sophisticated investors none of whom were related parties of the Company.
- (e) Funds raised from the issue of the September Placement Shares were used towards exploration work on the Company's projects, including drilling programs at the Rio Mazoe base metal and Montepuez graphite projects.
- (f) A voting exclusion statement is included in the Notice.

7. Resolution 5 – Ratification of issue of July Placement Shares

7.1 Background

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.4 for ratification of the prior issue of 7,604,000 Shares which were issued to professional and sophisticated investors on 18 July 2014 to raise approximately \$950,000 before costs (**September Placement Shares**).

A summary of Listing Rule 7.4 is set out in Section 6.1 above.

Listing Rule 7.1A provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue up to 10% of their issued share capital during the 12 month period after the date of the annual general meeting. This extra 10% capacity is in addition to the Company's placement capacity under Listing Rule 7.1. The Company obtained approval from its Shareholders at its last annual general meeting for the additional 10% capacity in accordance with the Listing Rules.

The Shares were issued within the Company's additional 10% annual limit permitted under Listing Rule 7.1A, without the need for Shareholder approval.

The effect of Shareholders passing Resolution 5 ratifying the issue of the Shares will be to restore the Company's ability to issue securities within its placement capacity under Listing Rule 7.1 during the next 12 months.

Resolution 5 is an ordinary resolution.

7.2 Specific Information Required by Listing Rule 7.5

For the purposes of Listing Rule 7.5 information regarding the issue of the July Placement Shares is provided as follows:

- (a) 7,604,000 Shares were issued by the Company.
- (b) The Shares were issued at \$0.125 per Share.
- (c) The Shares are fully paid ordinary shares and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Shares were issued to professional and sophisticated investors who are not related parties of the Company.
- (e) Funds raised from the issue of the July Placement Shares were used to advance exploration work on the Company's Montepuez graphite project and provide working capital towards the Company's Rio Mazoe project and Changara Joint Venture.
- (f) A voting exclusion statement is included in the Notice.

8. Resolution 6 – Ratification of issue of Mitchell Shares

8.1 Background

As alluded to in Section 2, the Company is establishing a Convertible Note Facility to facilitate the potential issue of Shares to Mitchell in part satisfaction of invoices under the Drilling Agreements during 2015. The Company may also seek to satisfy existing invoices for services under the Drilling

Agreements during 2014, by issuing Shares in lieu of cash, utilising the Company's available capacity under Listing Rule 7.1. Resolution 6 seeks Shareholder approval pursuant to Listing Rule 7.4 for ratification of the prior issue of up to 2,103,063 Shares (**Mitchell Shares**) that the Company may issue in accordance with the above arrangements prior to the date of the Meeting. As at the date of this Notice, the Company has not yet issued any of the Mitchell Shares, but it is likely that they will be issued prior to the date of the Meeting.

A summary of Listing Rule 7.4 is set out in Section 6.1 above.

The effect of Shareholders passing Resolution 6 ratifying the issue of the Mitchell Shares will be to restore the Company's ability to issue securities within its placement capacity under Listing Rule 7.1 during the next 12 months.

Resolution 6 is an ordinary resolution.

8.2 Specific Information Required by Listing Rule 7.5

For the purposes of Listing Rule 7.5 information regarding the issue of the Mitchell Shares is provided as follows:

- (a) Up to 2,103,063 Shares may be issued by the Company prior to the date of the Meeting.
- (b) The Shares will be issued in lieu of cash due pursuant to invoices under the Drilling Agreements and will be issued volume weighted average market price of Shares on the ASX for the five trading days prior to the day that an invoice for drilling activities is issued by Mitchell.
- (c) The Shares are fully paid ordinary shares and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Shares will be issued to Mitchell.
- (e) No funds will be raised from the issue of the Mitchell Shares as they will be issued in lieu of cash due pursuant to invoices under the Drilling Agreements.
- (f) A voting exclusion statement is included in the Notice.

9. Definitions

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Board means the board of Directors.

Capitol Resources means Capitol Resources Limitada, a limited liability company incorporated under the laws of the Republic of Mozambique.

Chairman means the person appointed to chair the Meeting.

Closely Related Party means has the meaning in section 9 of the Corporations Act.

Company or **Metals of Africa** means Metals of Africa Limited ACN 152 071 095.

Constitution means the constitution of the Company.

Convertible Note Facility means the convertible note facility between the Company and Mitchell under which the Company may issue Convertible Notes.

Convertible Notes means the convertible notes in the Company having a face value of \$1.00 each to be issued to Mitchell with the key terms set out in Section 4.1.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Dombeya means Dombeya Mineração Lda, a company incorporated in the Republic of Mozambique with registration number 100167646.

Dombeya Acquisition Agreement has the meaning in Section 3.1.

Dombeya Consideration Shares has the meaning in Section 3.3.

Drilling Agreement means the drilling agreement or agreements between the Company and Mitchell, under which Mitchell provides drilling services for the Company's projects in Mozambique.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Incentive Option means an Option issued on the terms and conditions set out in Schedule 1.

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Mitchell means Mitchell Drilling Mozambique Limitada.

Mitchell Shares has the meaning given in Resolution 6.

Notice means this notice of meeting.

Option means an option which entitles the holder to subscribe for one Share.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

Schedule 1 – Terms and Conditions of Incentive Options

(a) Entitlement

The Incentive Options entitle the holder to subscribe for one Share upon the exercise of each Incentive Option.

(b) Exercise price

The exercise price of each Incentive Option is \$0.26.

(c) Vesting conditions

The Incentive Options are subject to, and are only exercisable following satisfaction of, the following vesting conditions:

- i. 333,333 Incentive Options vest if the Company's Shares trade at \$0.30 or above for a minimum of 30 consecutive days on or before 22 August 2016.
- ii. 333,333 Incentive Options vest if the Company has raised AU\$5 million in aggregate via way of a capital raising/s or cornerstone investment/s and/or rights issue on or before 22 August 2016 (this vesting condition was satisfied in October 2014).
- iii. 333,334 Incentive options vest if the Company announces a maiden JORC resource within one of its majority owned exploration assets on or before 22 August 2017.

(d) Expiry date

The expiry date of each Incentive Option is the third anniversary of the date of issue of the Incentive Option (**Expiry Date**).

(e) Exercise period

The Incentive Options are exercisable, subject to satisfaction of the vesting conditions, at any time on or prior to the Expiry Date.

(f) Notice of exercise

The Incentive Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Incentive Option being exercised. Any Notice of Exercise of an Incentive Option received by the Company will be deemed to be a notice of the exercise of that Incentive Option as at the date of receipt.

(g) Shares issued on exercise

Shares issued on exercise of the Incentive Options will rank equally with the then issued Shares of the Company.

(h) Incentive Options not quoted

The Company will not apply to ASX for quotation of the Incentive Options.

(i) Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Incentive Options.

(j) Timing of issue of Shares

After an Incentive Option is validly exercised, the Company must as soon as possible:

- (i) issue the Share; and
- (ii) do all such acts, matters and things to obtain:
 - (A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Incentive Option; and
 - (B) receipt of cleared funds equal to the sum payable on the exercise of the Incentive Option.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Incentive Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options.

However, the Company will give the holders of Facilitator Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

(l) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Incentive Option will be increased by the number of Shares which the option holder would have received if the option holder had exercised the Incentive Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(m) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Incentive Option.

(n) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the option holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(o) Transferability

The Incentive Options are not transferable.

(p) Lodgement instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Incentive Options with the appropriate remittance should be lodged at the Company's share registry.

METALS OF AFRICA LIMITED

ACN 152 071 095

PROXY FORM

The Company Secretary
Metals of Africa Limited

By delivery:

c/- Grange Consulting
945 Wellington Street
WEST PERTH WA 6005

By post:

PO Box 1263
WEST PERTH WA 6872

By facsimile:

+61 8 9322 7602

By email:

admin@metalsofafrica.com.au

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We¹ _____

of _____

being a Shareholder/Shareholders of the Company and entitled to _____

votes in the Company, hereby appoint:

The Chairman of the Meeting (mark box)

☐

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and address of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally on my/our behalf at the Meeting to be held at 945 Wellington Street, West Perth, Western Australia on Friday 16 January 2015 at 10.00AM (WST) and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit, except for as set out below).

Important – If the Chairman of the Meeting is your proxy or is appointed your proxy by default

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 3. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolution 3, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolution 3 even if Resolution 3 connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Step 2 – Instructions as to Voting on Resolutions

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Approval of the issue of Shares pursuant to the Dombeya Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of issue of Convertible Notes under Convertible Note Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of issue of Incentive Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of September Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of July Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Mitchell Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.

Individual or Shareholder 1	Shareholder 2	Shareholder 3
<div style="border: 1px solid black; height: 25px; width: 100%;"></div>	<div style="border: 1px solid black; height: 25px; width: 100%;"></div>	<div style="border: 1px solid black; height: 25px; width: 100%;"></div>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name	Contact Daytime Telephone	Date
<div style="border: 1px solid black; height: 25px; width: 100%;"></div>		

¹Insert name and address of Shareholder

Proxy Notes:

A Shareholder entitled to attend and vote at the General Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting. If the Shareholder is entitled to cast 2 or more votes at the General Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting, the representative of the body corporate to attend the General Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders should sign.
 Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
 Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the General Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the General Meeting (WST).

Hand deliveries: Grange Consulting
945 Wellington Street
WEST PERTH WA 6005

Postal address: PO Box 1263
WEST PERTH WA 6872

Facsimile: (08) 9322 7602 if faxed from within Australia or + 61 8 9322 7602 if faxed from outside Australia.

Email: admin@metalsofafrica.com.au