



Spherical Graphite Mill and Market Update – Response to ASX Query

Metals of Africa Limited (ASX: MTA)

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MTA Capital Structure

Shares on Issue:	211m
Listed Options:	58m
(\$0.15, 07/01/2017)	
Unlisted Options	8.5m
(various price, expiry)	
Market Cap. @ \$0.055	\$12m

MTA Board

Gilbert George
Non-Executive Chairman

Cherie Leeden
Managing Director

Brett Smith
Non-Executive Director

Steven Wood
Company Secretary

Projects

Mozambique - Graphite

Montepuez Central
61.6Mt at 10.3% TGC, 0.26% V2O5

Balama Central
16.26Mt at 10.45% TGC, 0.21% V2O5

Gabon - Lead Zinc

Kroussou
Up to 9.69% zinc and 33.10% lead
www.metalsofafrica.com.au

Metals of Africa Limited (ASX: MTA) ("the Company") is pleased to provide the following information in response to a query from the ASX in relation to its ASX announcement of 30 March 2016, to jointly acquire a spherical graphite plant in the USA.

In response to the ASX query, MTA advises that:

- The cost to the Company of its interest in the proposed mill is not material, relevant to its current cash position. As was stated in the original announcement, the proposed mill is to be jointly acquired by the project partners, and the cost of acquiring the mill will be shared by the project partners. Significant expenditure has been incurred to date by the project partners, subsidising the cost of acquiring the mill. MTA has now paid in full for its share of the pilot spherical graphite mill, out of existing cash reserves.
- The expected commissioning date of the mill is June 2016.

Background

The acquisition of the spherical graphite mill will allow MTA and its new mill partners to supply lithium ion battery ("LiB") manufacturers with a fully qualified test product that can be traced 100% back to its source. The aim is that LiB grade spherical graphite will be produced from natural graphite from future mining operations proposed at the Company's Balama Central and Montepuez Central Projects in Mozambique.

The mill will be ready for testing by 16 May 2016. Once tested the mill is anticipated to be installed and running by early June 2016. It plans to demonstrate high yield (>50%), high tap density (>1.0 g/cc), and low surface area (<6m²/g) spherical graphite.

Due to new environmental best-practice laws currently being legislated in the US and Europe, technical verification on the graphite's source has emerged in 2016 as one of the critical hurdles that graphite producers need to satisfy to gain access to the key supply chains of high end LiB battery manufacturers.

Joining Metals of Africa in the acquisition of the spherical graphite mill are three prominent Canadian graphite companies; Elcora Advanced Materials Corp (TSXV: ERA); Northern Graphite Corporation (TSXV: NGC) and Nouveau Monde Mining Enterprises Inc. (TSXV: NOU); as well as a private industry partner and Tennessee-based Coulometrics LLC, one of America's most renowned providers of energy storage consulting services and advanced battery component manufacturing services.

The plant being acquired is a specialist micronizing and spheronizing mill to produce spherical graphite and will be installed as part of Coulometrics' existing battery production and test facility. The production of spherical graphite is a critical step in the production of anode-ready material used in lithium ion batteries.

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It is planned that ore for the test mill will be supplied from Metals of Africa's high grade and 100% owned Montepuez deposit (61.6Mt @ 10.3% TGC) and nearby Balama Central resource (16.3 Mt at 10.4% TGC defined in less than one month of drilling this year). Please refer previous ASX announcements by the Company on 16 November and 8 December 2015 and 21 March 2016 in relation to the flake size and distribution at the Company's Montepuez and Balama Central Projects.

The Company aims to progress both projects into early low cost mine development opportunities.

Metals of Africa Managing Director, Ms Cherie Leeden, said that the purchase of the mill would enable the Company and its project partners to produce and test Coated Spherical Purified Graphite ("C-SPG") from "end-to-end" within North America and elsewhere. C-SPG is processed into battery ready anode material for end users.

"Having been selected to participate in the development of a next generation graphite facility, and tasked to produce high yield battery grade spherical graphite that can provide significant cost savings with reduced environmental impacts is a very exciting step for the Company. We look forward to being a key contributor to the initiative via test material from our superior graphite," she said.

The Company will continue to provide further details on the mill, on-going test work and production results as they become available.

The specific processes being advanced by the Company with Coulometrics involves no chemicals or acids, as per traditional spherical graphite production, which will provide significant environmental benefits. The ultimate aim is to increase the standard yield from a current average 30% to greater than 50%. Coulometrics have spent over 3 years working on this process under the stewardship of Dr. Edward Buiel. Dr. Buiel received his Ph.D. from Dalhousie University in 1998 for the study of carbon anode materials for LiBs, and he then spent seven years developing carbon materials for LiBs with MeadWestvaco and five years as Chief Technology Officer of Axion Power International. Dr. Buiel founded Coulometrics in 2008 to provide leading energy storage consulting and advanced battery component manufacturing services in North America.

Next Steps

The mill scheduled to be fully installed in June 2016 to complete the relevant test work in the US to produce a world class LiB anode material. Graphite flake from the Montepuez Central and Balama Central Projects is intended to form part of the graphite that can subsequently be used to produce full sized LiB batteries and complete full life cycle testing of these batteries.

Initial test work data is expected to be available in Q3 2016, including specifications for any spherical graphite produced for testing by selected LiB battery producers and electric vehicle and battery storage manufacturers globally.

On behalf of Board of Directors Metals of Africa Ltd

For further information, please contact

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About Metals of Africa Limited

Metals of Africa Limited (ASX: MTA) is a graphite focused exploration company, rapidly progressing towards development. MTA has successfully delineated two world class, high grade graphite resources in Mozambique, East Africa.

The 100% owned Montepuez Resource boasts 61.6Mt at 10.3% TGC, and the nearby Balama Central Resource contains 16.3 Mt at 10.4% TGC. The Balama Central Resource was defined in less than one month of drilling, less than 5% of the prospective geology has been tested and both resources remain open in all directions, signifying the potential scale of the projects. MTA is now seeking a JV partner to advance its zinc project located in Gabon.

MTA has uniquely positioned itself amongst its peers and is now poised to quickly transition into development with an extremely low cost operating profile. MTA prides itself on its environmental best practice policies, zero harm and ongoing positive community development programs.

Metals of Africa is conducting a series of research and development activities and trials in both Australia and Africa in establishing the best process methodology in mineral exploration, mining and processing. This activity is for the benefit of the company's holdings and in the licensing of intellectual property as a means of bringing these ideas to the market.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Ms. Cherie Leeden, who is Managing Director and who holds shares and options in 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.

The information in this report that relates to Exploration Targets and Mineral Resources is based on information compiled by Mr Robert Dennis who is a Member of Australian Institute of Geoscientists and a full time employee of RPM Limited. Mr Dennis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Dennis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.