

METALS AUSTRALIA LTD

ABN 38 008 982 474

Notice of General Meeting

and

Explanatory Statement

and

Proxy Form

DATE AND TIME OF MEETING:

3 September 2010 at 10.00 AM

VENUE: The Celtic Club

48 Ord Street West Perth WA 6005

These documents should be read in their entirety. If shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor.

METALS AUSTRALIA LTD
ABN 38 008 982 474

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of METALS AUSTRALIA LTD ("**MLS**" or the "**Company**") will be held on 3 September 2010 commencing at 10.00 AM at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting describes in more detail the matters to be considered.

AGENDA

ORDINARY BUSINESS

Resolution 1 – Placement of Shares and Options

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 150,000,000 Shares at an issue price of not less than 0.8 cents each together with one free attaching Option for every Share allotted. Each Option shall be exercisable at 2.0 cents on or before 30 September 2013 on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting"

VOTING EXCLUSION

The Company will disregard any votes cast on Resolution 1 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or 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.

Resolution 2 – Approval for Grant of Options

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Directors be authorised to grant up to 150,000,000 Options at an issue price of 0.01 cents. Each Option shall be exercisable at 2 cents on or before 30 September 2013, and otherwise granted on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting."

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or 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.

Voting Entitlements

For the purposes of determining voting entitlements at the General Meeting, Shares will be taken to be held by persons who are registered as holding Shares at 10.00 AM on 1 September 2010.

Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the general meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of General Meeting.

By order of the Board

**David N Zukerman
Company Secretary**

Date: 29 July 2010

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of members of Metals Australia Ltd in connection with the business to be conducted at the General Meeting of members to be held at The Celtic Club Inc, 48 Ord Street, West Perth, Western Australia, on 3 September 2010 at 10.00 AM.

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of General Meeting.

Shareholders should note that all the Directors approved the proposal to put the resolutions to shareholders as outlined in the Notice of General Meeting and to prepare this Explanatory Statement.

Terms used in the Notice of General Meeting and this Explanatory Statement will, unless the context otherwise requires, have the same meaning given to them in the Definitions section as contained in this Explanatory Statement.

Australian Securities Exchange Limited ("ASX") Listing Rule Requirements

ASX Listing Rule 7.1 provides that, subject to certain exceptions, the prior approval of the shareholders of MLS is required for an issue of equity securities if the securities will, when aggregated with the securities issued by MLS during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

2. RESOLUTION 1 - PLACEMENT OF SHARES AND OPTIONS

On 27 July 2010, the Company announced it had agreed to place up to 150 million Shares at not less than 0.8 cents each together with one free attaching Option for every Share allotted to raise up to \$ 1,200,000.

In compliance with the information requirements of ASX Listing Rule 7.3, members are advised of the following particulars in relation to the placement:

- a) Up to 150,000,000 Shares are to be allotted and issued, and for every Share allotted one attaching Option will be issued.
- b) The Shares and Options will be issued within 3 months of the date of the meeting.
- c) The Shares are to be issued at not less than 0.8 cents each. The Options are to be free of charge.
- d) Allottees will be determined at the direction of the Directors but will not be issued to related parties of the Company
- e) The Shares rank equally in all respects with the existing Shares on issue. The Options will be issued on the terms and conditions set out in Annexure A of this Explanatory Statement.
- f) The funds raised will be used for exploration and to provide additional working capital
- g) Allotment will occur progressively.

Directors and their associates are not entitled to participate in the placement.

3. RESOLUTION 2 – APPROVAL FOR GRANT OF 150,000,000 OPTIONS

Resolution 2 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 150,000,000 Options at an issue price of 0.01 cents per Option exercisable at 2 cents on or before 30 September 2013

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed grant of Options pursuant to Resolution 2.

- a) A maximum of 150,000,000 Options are to be issued.
- b) The Options will be issued no later than 3 months after the date of the meeting.
- c) The Options will be issued at 0.01 cents each
- d) The allottees will be at the direction of the Directors but will not be issued to related parties of the Company.
- e) The Options will be issued on the terms and conditions as set out in Annexure A of this Explanatory Statement
- f) The funds raised will be to augment working capital.
- g) Allotment will occur progressively.

Directors and their associates are not entitled to participate in the grant of Options.

5. DEFINITIONS

In this Explanatory Statement:

“ASX”	means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.
“Company” or “MLS”	means Metals Australia Ltd (ACN 008 982 474).
“Director”	means a Director of Metals Australia Ltd.
“Listing Rules”	means the Official Listing Rules of ASX as amended from time to time.
“Meeting”	means the General Meeting to be held on 3 September 2010
“Resolution”	means a resolution in the Notice of Meeting.
“Share”	means a fully paid ordinary share in the capital of the Company.
“Shareholder”	means the registered holder of a Share in the Company.

ANNEXURE 'A'

METALS AUSTRALIA LTD TERMS AND CONDITIONS OF OPTIONS

RESOLUTIONS 1 AND 2

The terms and conditions of the Options are as follows:

- a) Each Option shall entitle the Option holder, when exercised, to one fully paid ordinary share in the Company ("Share").
- b) The Options are exercisable wholly or in part at any time prior to 5.00 pm (WST) on 30 September 2013 ("Expiry Date"). The Options not exercised by that date shall lapse.
- c) Each Option may be exercised by notice in writing to the Company, together with the payment for the number of shares in respect of which the Options are exercised, at any time before the Expiry Date. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- d) The Option exercise price is \$0.02 per Option.
- e) An Option does not confer the right to a change in exercise price or a change in the number of the underlying Shares over which the Option can be exercised.
- f) Shares issued upon exercise of the Options will be issued following receipt of all the relevant documents and payments and will rank equally in all respects with the then issued Shares.
- g) The Options are not to be quoted on ASX and the Company is under no obligation to apply for quotation of the Options on ASX. The Company may apply for quotation on ASX of the Options.
- h) The Company will apply for quotation on ASX of all Shares issued upon exercise of the Options.
- i) Subject to the Corporations Act, the Constitution and the Listing Rules, the Options are freely transferable.
- j) There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 5 Business Days after the issue is announced so as to give Option holders the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.
- k) If at any time the issued capital of the Company is reorganised, the rights of an Option holder are to be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

PROXY FORM

The Secretary
METALS AUSTRALIA LTD
1st Floor
8 Parliament Place
West Perth WA 6872

Facsimile: (08) 9481 7835

I/We (full name) _____

Of (address) _____

being a member(s) of METALS AUSTRALIA LTD, hereby appoint as my/our proxy

Of (address)

or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the general meeting of the Company to be held at 10 AM on 3 September 2010 and at an adjournment thereof in respect of _____% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

Should you so desire to direct the proxy how to vote, then please tick the appropriate box below:

RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1. Placement of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval for Grant of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given the proxy may vote as the proxy thinks fit or may abstain subject to the below

If the member is an individual or joint holder:

Usual Signature

Dated this _____ day of _____ 2010

Usual Signature

If the member is a Company:

Signed in accordance with the
Constitution of the company in
the presence of:

Director/Sole Director/Secretary

Director/Secretary

Dated this _____ day of _____ 2010.

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy. A member that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. A proxy is not entitled to vote unless the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed is either deposited at the registered office of the Company (1st Floor, 8 Parliament Place, West Perth, Western Australia, 6872) or sent by facsimile to that office on Fax: 08 94817835 to be received not less than 48 hours prior to the time of the meeting.
5. The proxy form must be signed personally by the member or his attorney duly authorised in writing. If the member is a company it must execute under its Common Seal or otherwise in accordance with its Constitution and s.127 of the Corporations Act, or its duly authorised attorney. In the case of joint members, the proxy must be signed by at least one of the joint members, personally or by a duly authorised attorney.
6. The Chairman intends to vote all undirected proxies in favour of the resolutions.
7. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolutions, the proxy must not vote on a show of hands; and
 - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in anyway that the proxy sees fit.