

Metals Australia Ltd

ACN 008 982 474

Notice of Annual General Meeting

Explanatory Statement

and

Proxy Form

**9:00 am (WST) on Wednesday 30 November 2011
Celtic Club, 48 Ord Street, West Perth, Western Australia**

METALS AUSTRALIA LTD

ACN 008 982 474

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of METALS AUSTRALIA LTD (**MLS** or the **Company**) will be held on Wednesday 30 November 2011 commencing at 9:00 am (Australian Western Standard Time) at the Celtic Club, 48 Ord Street, West Perth, Western Australia.

The Explanatory Statement that accompanies and forms part of this Notice of Annual General Meeting describes in more detail the matters to be considered. Terms used in this Notice of Annual General Meeting have the meaning given to them in the "Definitions" section contained in the Explanatory Statement.

AGENDA

BUSINESS OF THE MEETING

A. Accounts and reports

To receive and consider the Financial Statements and the reports of the Directors and the Auditors for the year ended 30 June 2011.

B. Resolution 1 – Adoption of the Remuneration Report

To consider and, if thought fit, pass with or without amendment, the following as a **non-binding** resolution:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report as contained in the Company's Annual Report for the financial year ended 30 June 2011 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors of the Company.

Voting prohibition statement

A vote on this resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- a Closely related Party of such a member, (collectively referred to as a **Prohibited Voter**).

However, a Prohibited Voter may cast a vote on the resolution if:

- the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; and
- the vote is not cast on behalf of a Prohibited Voter.

If you appoint the Chairman of the Meeting as your proxy, the Company encourages you to direct the Chairman how to vote on this advisory Resolution. The Chairman, as one of the Key Management Personnel of the Company, is not permitted to cast any votes in respect of this advisory Resolution that arise from undirected proxies held.

C. Resolution 2 - Re-election of a Director

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

"That Mr Alex Clemen, who retires by rotation in accordance with the Company's Constitution, be re-elected a Director of the Company."

D. Resolution 3 - Approval for a proposed Share and Option issue

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

"That, pursuant to Listing Rule 7.1 of the Listing Rules of the Australian Securities Exchange and for all other purposes, approval is given for the Company to allot and issue up to 150,000,000 ordinary fully paid Shares, together with a maximum of one free attaching Option for every Share allotted (each Option being exercisable at \$0.05 (5 cents) each on or before 1December 2013 and on the terms and conditions set out in Annexure A in the Explanatory Memorandum attached.) at a minimum issue price per Share which is at least 80% of the average market price of ordinary Shares in the capital of the Company trading on ASX over the last 5 days on which sales in the securities were recorded before the day on which the issue was made (or if there is a prospectus or offer information statement relating to the issue, over the last 5 days on which sales in the securities were recorded before the date the prospectus or offer information statement is signed), on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting."

VOTING EXCLUSION

The Company will disregard any votes cast on Resolution 3 by a person who may participate in the proposed issue and any associate of those persons or any person who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. Also associates of persons who may obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, will also be excluded. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with directions on the proxy form or if 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 9.00am on 28 November 2011. 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.

Proxies

A member of the Company entitled to attend and vote at the meeting shall be entitled to appoint not more than two other persons (whether members of the company or not) as the member's proxy or proxies, to attend and vote on the member's behalf. Where two proxies are appointed the appointments shall be of no effect unless each proxy is appointed to represent a specified proportion of the member's voting rights. Forms of proxy must be deposited at the registered office of the company in West Perth not less than forty-eight (48) hours before the time appointed for the holding of the meeting.

By order of the Board
Norman Grafton
Company Secretary

21 October 2011

EXPLANATORY STATEMENT

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 Annual General Meeting of members to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia, on 30 November 2011 at 9:00 am (Australian Western Standard Time).

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

A. FINANCIAL REPORTS

The Corporations Act requires the Company to lay before the Annual General Meeting its annual financial report and reports of the Directors and Auditor for the last financial year. The annual financial report of the Company for the year ended 30 June 2011 is available on its website at www.metalsaustralia.com.

Shareholders are not required to vote on these reports. However, shareholders will be given a reasonable opportunity at the Meeting to comment on, or to ask questions about, the management of the Company. Shareholders will also be given a reasonable opportunity to ask the Auditor questions relevant to the Auditor's report, the conduct of the audit, accounting policies adopted by the Company and the independence of the Auditor.

Written questions to the Company's Auditor about the content of the Auditor's report or the conduct of the audit may be submitted no later than 23 November 2011 to:

Metals Australia Ltd
PO Box 1618
West Perth WA 6872.

Facsimile: +618 9481 7835
Email: norman@kmm.com.au

Copies of the questions, if any, to the Company's Auditor will be available at the meeting.

B. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Under Section 250R(2) of the Corporations Act, the Company must put to its shareholders at each annual general meeting a resolution adopting the report on remuneration of the Company's Directors, Secretary and senior managers.

The Remuneration Report of the Company for the financial year ended 30 June 2011 is included in the Directors' Report in the Company's 2011 Annual Report. It is also available on the Company's website at www.metalsaustralia.com.au.

The Remuneration Report includes:

- An explanation of the Company's policy in relation to the nature and amount of remuneration paid to Directors, Secretary and senior executives of the Company;
- A discussion of the link between this policy and the Company's performance;
- Details of any element of the remuneration of Directors and executives of the Company which is dependent upon the satisfaction of a performance condition; and
- Details of the total remuneration of each Director (including a breakdown of components of that remuneration) and the senior executives of the Company who receive the highest remuneration.

The vote on this resolution is advisory only and does not bind the Company

C. RESOLUTION 2 – RE-ELECTION OF A DIRECTOR

Pursuant to the Company's Constitution, Mr Alex Clemen, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

Mr Clemen is a qualified geologist with over thirty years experience practising in this field. He has worked for several large international mining companies in various parts of the world and has gained experience in

exploring for gold, base metals, industrial minerals and diamonds. During the past three years he has served as a Director of Golden Deeps Ltd and Sabre Resources Ltd.

D. RESOLUTION 3 – APPROVAL FOR A PROPOSED SHARE AND OPTION ISSUE

Subject to shareholder approval, pursuant to Listing Rule 7.1, the Company proposes to issue up to 150,000,000 Shares with a maximum of one free attaching Option for every Share issued (each Option exercisable at \$0.05 (5 cents) on or before 1 December 2013).

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities where the securities proposed to be issued represent more than 15% of the Company's shares then on issue.

For the purposes of Listing Rule 7.3, the following information is provided to shareholders:

- a) The maximum number of Shares which may be issued pursuant to this resolution is 150,000,000 and the maximum number of Options which may be issued is 150,000,000.
- b) The Shares and Options will be issued and allotted no later than 3 months after the date of this meeting or such later date as approved by ASX by waiver to the Listing Rules;
- c) The Shares will be issued at a minimum issue price which is at least 80% of the average market price of Shares trading on ASX over the last 5 days on which sales in the securities were recorded before the day on which the issue was made (or if there is a prospectus or offer information statement relating to the issue, over the last 5 days on which sales in the securities were recorded before the date the prospectus or offer information statement is signed. The Options are free attaching Options and therefore will be issued for no consideration;
- d) The proposed allottees are unknown at the date of the Notice of Meeting but will not be related parties of the Company and will be selected at the Directors discretion.
- e) The terms of the Shares will be the same as the existing ordinary fully paid Shares in the Company. the Options will be issued on the terms and conditions set out in Annexure A of the Explanatory Statement.
- f) The purpose of the issue is for ongoing mineral exploration and additional working capital.

The Board of Directors unanimously recommends Shareholders vote in favour of the resolution.

DEFINITIONS

ASX	means ASX Limited (operating under the name, Australian Securities Exchange).
Board	means the Board of Directors.
Company	means Metals Australia Ltd ACN 008 982 474.
Corporations Act	means Corporations Act 2001 (Cth).
Director	means a director of the Company.
Listing Rules	means the official listing rules of ASX.
Notice	means the Notice of Annual General Meeting accompanying this Explanatory Statement.
Option	means an option to acquire a Share on the terms and conditions as outlined in Annexure "A".
Share	means a fully paid ordinary share in the capital of the Company and Shares has a corresponding meaning.

ANNEXURE "A"

Terms and Conditions of Options

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 1 December 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 5 cents 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 10 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.

METALS AUSTRALIA LTD

ACN 008 982 474

PROXY FORM

The Secretary
Metals Australia
Ltd^{1st} Floor, 8 Parliament Place
West Perth WA 6005
Facsimile: (08) 9481 7835

I/We.....

of.....

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

☐ **the Chairman
Of the Meeting** **OR**

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 at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held on Wednesday, 30 November 2011 at 9:00am (WST) and at any adjournment thereof. If two proxies are appointed, the proportion or number of votes this proxy is authorised to exercise is []% of the Shareholder's votes [] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request

The Chairman intends to vote all undirected proxies in favour of each resolution.

INSTRUCTIONS AS TO VOTING ON THE RESOLUTIONS

If the Chairman of the Meeting is your proxy and you have not directed him how to vote please mark the box in this section.

☐

By marking this box you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

If you do not mark this box and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called on any resolution.

OR

Should you wish to direct your proxy how to vote, please tick the appropriate boxes below.

RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1. Adoption of Remuneration Report	☐	☐	☐
2. Re-election of Director	☐	☐	☐
3. Approval for a proposed share & option issue	☐	☐	☐

If the member is an individual or joint holder:

.....
Usual Signature

.....
Usual Signature

Dated this day of2011

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 2011

METALS AUSTRALIA LTD
ACN 008 982 474

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. 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.
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 Chairman, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairman, 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.

Attendance and Voting Eligibility

For the purposes of the meeting, securities will be taken to be held by the persons who are registered holders at 9:00 am on Monday, 28 November 2011. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Proxies

A member of the Company entitled to attend and vote at the meeting shall be entitled to appoint not more than two other persons (whether members of the company or not) as the member's proxy or proxies, to attend and vote on the member's behalf. Where two proxies are appointed the appointments shall be of no effect unless each proxy is appointed to represent a specified proportion of the member's voting rights. Forms of proxy must be deposited at the registered office of the company in West Perth not less than forty-eight (48) hours before the time appointed for the holding of the meeting.