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METOREX L I M I T E D

(Incorporated in the Republic of South Africa)
(Registration number 1934/005478/06)
Share code: MTX
ISIN: ZAE000022745
Issuer code: MEMTX
(**"Metorex"** or **"Company"**)

Jinchuan Group Limited

(Registration number 620300000000923)
(**"Jinchuan"**)

JOINT ANNOUNCEMENT OF A FIRM INTENTION BY JINCHUAN TO MAKE AN OFFER TO ACQUIRE THE ENTIRE ISSUED AND TO BE ISSUED ORDINARY SHARE CAPITAL OF METOREX (**"JINCHUAN FIRM INTENTION ANNOUNCEMENT"**) AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Further to the cautionary announcement published on the Securities Exchange News Service (**"SENS"**) of the JSE Limited (**"JSE"**) on Friday, 17 June 2011 (**"Second Cautionary Announcement"**), the board of directors of Metorex (**"Board"**) has now received a firm intention from Jinchuan to make a cash offer, which offer may be implemented directly by Jinchuan or through a wholly-owned subsidiary of Jinchuan (**"Bidco"**), (**"Jinchuan Offer"**) to acquire the entire issued and to be issued ordinary share capital of Metorex (**"Shares"**) which, if implemented, would result in Jinchuan becoming the registered and beneficial owner of the Shares. Jinchuan is acting as principal in relation to the Jinchuan Offer and is not acting in concert with any party.

Jinchuan proposes that the Board implement the Jinchuan Offer by way of a scheme of arrangement (**"Jinchuan Scheme"**), which will be implemented in terms of section 114 of the Companies Act, No. 71 of 2008, as amended, (**"Companies Act"**) and by way of a separate offer to the holders of options to acquire Metorex shares in terms of the Metorex Share Incentive Scheme (**"Options"**).

Under the terms of the Jinchuan Offer, if implemented, the Metorex shareholders (**"Shareholders"**) will receive a cash consideration of R8.90 per Share (**"Jinchuan Offer Consideration"**), which represents a premium of:

- 46% to the closing price of the Shares on the securities exchange operated by the JSE as at 25 March 2011, being the last business day immediately prior to the date of publication of the first cautionary announcement wherein Metorex announced it had entered into discussions (**"First Cautionary Announcement"**);
- 58% to the volume weighted average price (**"VWAP"**) of the Shares on the securities exchange operated by the JSE for the 30 trading days up to and including 25 March 2011, being the last business day immediately prior to the date of publication of the First Cautionary Announcement;

- 22% to the closing price of the Shares on the securities exchange operated by the JSE as at 15 June 2011, being the last business day immediately prior to the date of publication of the Second Cautionary Announcement; and
- 24% to the VWAP of the Shares on the securities exchange operated by the JSE for the 30 trading days up to and including 15 June 2011, being the last business day immediately prior to the Second Cautionary Announcement.

2. VALE'S OPPORTUNITY TO MATCH

Shareholders are referred to the joint firm intention announcement of the Company and Vale S.A. ("**Vale**") published on SENS on 8 April 2011 ("**Vale Firm Intention Announcement**") and the announcement published on SENS on 17 June 2011 announcing the posting of the offer circular ("**Vale Offer Circular**") relating to the scheme of arrangement proposed by the Board in terms of which Vale intends acquiring the issued and to be issued share capital of Metorex ("**Vale Offer**").

The independent directors of Metorex ("**Independent Board**") has retained KPMG Services (Proprietary) Limited ("**KMPG**") as independent expert, as required under section 114(2) and (3) of the Companies Act. KPMG was retained as the independent expert for the purposes of providing a report and opinion on the Vale Offer. KPMG has furnished a preliminary opinion ("**Preliminary Opinion**") to the Independent Board that it considers the Jinchuan Offer to be fair and reasonable to Shareholders and that the separate offer to the holders of options to acquire Metorex shares ("**Option Holders**") is comparable to the offer to Shareholders. The Preliminary Opinion, which may be subject to change, is based on information available to KPMG up to and including 1 July 2011 and is subject to the limitations and conditions to be set out in the formal opinion to be contained in the circular to Shareholders in relation to the Jinchuan Offer ("**Jinchuan Offer Circular**").

The Board (and the Independent Board), acting in good faith and through the exercise of their fiduciary responsibilities, and after due consideration of the Preliminary Opinion prepared by KPMG, have determined that the Jinchuan Offer would, if implemented in accordance with its terms, result in a transaction more favourable to Shareholders than the Vale Offer and accordingly have deemed it a superior offer in relation to the Vale Offer ("**Superior Proposal**").

Metorex has notified Vale of the Jinchuan Offer and that the Independent Board has considered it to be a Superior Proposal in relation to the Vale Offer. Vale has been afforded an opportunity for a period of eight business days ("**Matching Period**") to match or better the terms of the Jinchuan Offer, and it may or may not decide to make an amended offer (such offer if made, an "**Amended Vale Offer**").

The Matching Period shall close by no later than 17h00 on Friday, 15 July 2011, whereafter the Board and the Independent Board intend to reconsider its recommendation of the Vale Offer or, if applicable, consider any Amended Vale Offer and the Jinchuan Offer. A further announcement to Shareholders regarding the recommendation of the Independent Board and the non-independent members of the Board will be made following this meeting.

Shareholders are advised that Jinchuan retains the right to improve the Jinchuan Offer.

Metorex has not yet approved, recommended or entered into any agreement in relation to the Jinchuan Offer.

3. DETAILS OF JINCHUAN AND RATIONALE FOR THE JINCHUAN OFFER

Headquartered in Jinchang City, Gansu Province, Jinchuan is China's largest producer of nickel, cobalt and platinum group metals, as well as one of the top three producers of refined copper. Globally, Jinchuan is currently the fourth largest producer of nickel and the second largest producer of cobalt.

Jinchuan has an integrated business in non-ferrous metals from mining, refining and marketing to project engineering and mining equipment manufacturing, which helps achieve a competitive cost structure and rapid project development capabilities in the industry. Jinchuan currently conducts exploration, development and production of non-ferrous metals in more than 20 countries through subsidiaries, joint-venture companies and co-operative projects worldwide.

Copper and Africa have been Jinchuan's two strategic focuses. With copper smelting and refining capacity already reaching 600,000 tons, Jinchuan is in the process of increasing its copper production base in Guangxi Province in Southern China, which is specifically designed to receive and process imported materials in order to meet the rapidly growing Chinese market demand. In Africa, Jinchuan has established its Johannesburg office as its regional headquarters to support investments and operations in the Republic of South Africa ("**South Africa**"), the Republic of Zambia ("**Zambia**"), the Democratic Republic of Congo ("**DRC**") and other countries.

If the Jinchuan Offer is implemented, Jinchuan plans to establish Metorex as Jinchuan's integrated platform for the acquisition, exploration, development and operation of copper and cobalt projects in Africa.

4. MATERIAL TERMS OF THE JINCHUAN OFFER

The firm intention of Jinchuan to make the Jinchuan Offer, is subject to the terms and conditions set out in this paragraph 4 and paragraphs 5 to 7 below.

4.1. Jinchuan Offer consideration

Under the terms of the Jinchuan Offer Shareholders will receive a cash consideration of ZAR8.90 (eight rand ninety cents) per Share and Option Holders will receive a separate offer from Jinchuan to waive their rights under their Options, for a consideration equal to the Jinchuan Offer Consideration per Share which is the subject of the Option, less the strike price payable upon exercise of the Option, for each Option which is "in the money", on a net cash cancellation basis. The Jinchuan Offer Consideration values the issued and to be issued ordinary share capital of Metorex at ZAR9 111.99 million.

The Jinchuan Offer Consideration is calculated on the assumption that Metorex will not conduct any capital reduction, make any distributions, dividends or similar payments for the benefit of Shareholders ("**Metorex Distribution**") between 5 July 2011 and the settlement date of the Jinchuan Offer Consideration. In the event that the Company makes any Metorex Distribution, the Jinchuan Offer Consideration will be adjusted downwards by the amount of the Metorex Distribution on a per share basis.

4.2. Jinchuan Offer structure

Jinchuan proposes that the Board implement the Jinchuan Offer by way of the Jinchuan Scheme and a separate offer to Option Holders.

4.3. Offer to Option Holders

Option Holders will be offered, as consideration for waiving their options, a cash consideration equivalent to the "in the money" value of such Options on a net cash cancellation basis, being an amount equal to the difference between the Jinchuan Offer Consideration and the strike price under the relevant Options, upon the Jinchuan Scheme becoming operative.

4.4. Metorex American Depositary Receipts ("**ADRs**")

Holders of ADRs will be entitled to vote on the Jinchuan Offer, if implemented, as provided for under the terms of the depositary agreement with the Bank of New York Mellon ("**Depositary Agreement**") and the shares in Metorex represented by the ADRs will be acquired by Jinchuan under the terms of the Jinchuan Offer upon the Jinchuan Scheme becoming operative. Promptly following the completion of the Jinchuan Offer, Jinchuan intends to terminate the ADR programme and the Depositary Agreement.

4.5. Sable Zinc Kabwe Limited ("**Sable**")

The disposal or transfer by Metorex of the issued and to be issued share capital of Sable to a subsidiary of Glencore International plc ("**Glencore**") as published on SENS on 8 June 2011, or to any other third party, is not a condition to the completion of the Jinchuan Offer. In the event that Sable is disposed of to Glencore, Metorex will retain the proceeds and will not distribute the proceeds to Shareholders.

5. RIGHT TO IMPROVE THE JINCHUAN OFFER

Jinchuan retains the right to improve the Jinchuan Offer.

6. CONDITIONS PRECEDENT TO COMPLETION OF THE JINCHUAN OFFER

6.1. The completion of the Jinchuan Offer will be subject to the fulfilment or waiver, in whole or in part, (provided, however that the conditions set forth in paragraphs 6.1.1 to 6.1.5 inclusive may be waived by Jinchuan unilaterally) of the following conditions by not later than:

6.1.1. 17h00 on 19 July 2011 (or any extension of such period by Jinchuan), Metorex provides Jinchuan with written notice that the Independent Board has withdrawn its recommendation to Shareholders that they vote in favour of the scheme of arrangement proposed by the Board between Metorex and its Shareholders as set out in the Vale Offer Circular ("**Vale Scheme**") and has published such withdrawal on SENS;

6.1.2. 17h00 on 19 July 2011 (or any extension of such period by Jinchuan), Metorex provides Jinchuan with written notice that the non-independent members of its Board have withdrawn their recommendation to Shareholders that they vote in favour of the Vale Scheme and has published such withdrawal on SENS;

6.1.3. 24h00 on 23 July 2011 (or any extension of such period by Jinchuan) (i) Metorex provides Jinchuan with written notice that the Vale Implementation Agreement has lawfully terminated and (ii) Metorex has accepted the implementation agreement proposed by Jinchuan ("**Jinchuan Implementation Agreement**") by way of a duly authorised representative of Metorex executing the Jinchuan Implementation Agreement and providing a copy thereof to Jinchuan or its legal advisers;

6.1.4. 24h00 on 23 July 2011 (or any extension of such period by Jinchuan), the general meeting of Shareholders convened at 10h00 on Friday 22 July 2011 to consider and if deemed fit, approve the Vale Scheme ("**Vale Scheme Meeting**") has been held (and not adjourned to a later day) and the special resolution proposed to approve the Vale Scheme has been put to the vote and not adopted as a result of a failure to procure the required majority, provided that if Vale makes an Amended Vale Offer on or before 22 July 2011, then should the Vale Scheme Meeting be adjourned to a date no later than 10 August 2011, in order to provide Jinchuan with an opportunity to consider whether to improve the terms of its offer, the date for fulfilment of this condition shall automatically be extended to the same time on the day immediately following the date of the reconvened Vale Scheme Meeting and all references to the Vale Scheme Meeting shall be read in relation to this condition as such reconvened Vale Scheme Meeting;

6.1.5. the date Metorex enters into the Jinchuan Implementation Agreement, the Board and the majority of the Independent Board having undertaken to recommend in the Jinchuan Offer Circular that Shareholders vote in favour of the resolutions proposed to implement the Jinchuan Scheme;

6.1.6. the date of the posting of the Jinchuan Offer Circular, the requisite approvals have been received from the JSE, the Takeover Regulation Panel ("**Takeover Panel**") and the Financial Surveillance Department of the South African Reserve Bank for the Jinchuan Offer and posting of the Jinchuan Offer Circular;

- 6.2. In addition to the above conditions the completion of the Jinchuan Offer will also be subject to the fulfilment or waiver, in whole or in part, of the following conditions by not later than:
- 6.2.1. 90 days after the date of publication of this Jinchuan Firm Intention Announcement (or such later date as Jinchuan or Metorex may agree in writing), the approval of the Jinchuan Scheme by the requisite majority of Shareholders, as contemplated in section 115(2) of the Companies Act, and to the extent required in terms of the Companies Act, the approval by the Long Stop Date (as set out in paragraph 6.3 below) of the implementation of such resolution by the High Court of South Africa;
- 6.2.2. the Long Stop Date, the receipt of all necessary approvals, consents or waivers ("**Consents**") from all regulatory bodies, governmental or quasi-governmental entities or joint venture shareholders (including waivers of pre-emptive and other rights that would be triggered by the Jinchuan Scheme) necessary to implement the Jinchuan Offer and any other Consents from any third party the failure to obtain which would result in a Material Adverse Change as more fully detailed in paragraph 6.2.4 below, unconditionally or, to the extent that any such Consents are subject to any condition, the party or parties adversely affected by the condition confirming in writing that the condition is acceptable to it or them, which confirmation shall not be unreasonably withheld or delayed. Such Consents include, but are not limited to, the governments of the People's Republic of China, the DRC and Zambia, the Takeover Panel, the Chinese, South African and Zambian competition authorities;
- 6.2.3. the Long Stop Date, to the extent necessary or required by Jinchuan, receipt of waivers from lenders to Metorex or any of its subsidiaries of any change of control rights they may have or any events of default which may be triggered by the Jinchuan Offer ("**Lender Waivers**"); and
- 6.2.4. by the date on which each of the above conditions referred to in this paragraph 6 have been fulfilled or waived (as the case may be), there not having occurred an adverse effect, fact, circumstance or any potential adverse effect, fact or circumstance which has arisen or occurred, or might reasonably be expected to arise or occur and which is or might reasonably be expected (alone or together with any other such actual or potential adverse effect, fact or circumstance) to be material with regard to the operations, continued existence, business, condition, assets and liabilities of Metorex and its subsidiaries (whether as a consequence of the Jinchuan Offer or not) and/or any restrictive covenant or covenants or similar provision entered into by Metorex or any of its subsidiaries which may materially reduce the operating performance of Metorex or its subsidiaries. For the purposes of this paragraph 6.2.4, to be material, the adverse effect, fact or circumstance or covenant or position must have (or be reasonably expected to have) an adverse impact upon Metorex's annual consolidated earnings before interest, tax, depreciation and amortisation ("**EBITDA**") of no less than 25% when measured against Metorex's EBITDA for the two month period to 28 February 2011 (on an annualised basis) or, if the adverse impact relates to Metorex's operating performance, no less than a 25% negative variation to Metorex's annual copper production when measured against the production numbers for the two month period to 28 February 2011 (on an annualised basis) ("**Material Adverse Change**"), excluding a Material Adverse Change which can in any way, directly or indirectly, be attributed to the actions or omissions of Jinchuan including the unilateral waiver of the conditions set out in 6.2.2.
- 6.3. The "Long Stop Date" for fulfilment of the above conditions is a date which is 90 days after the date of publication of this announcement (or such later date as the Metorex and Jinchuan may agree in writing), provided that –
- 6.3.1. if, within the aforesaid period of 90 days (or extension thereof), the approval of the Jinchuan Scheme by the Shareholders has occurred, and either Jinchuan or

Metorex, acting in good faith, gives notice in writing to the other of such extension, then the Long Stop Date will be extended to a date which is 190 days after the publication of this announcement; and

6.3.2. if, within the aforesaid period of 190 days, the only conditions precedent which remain outstanding are the obtaining of the Consents relating to the regulatory Consents required, either Jinchuan or Metorex may, upon notice in writing to the other, extend the Long Stop Date to a date which is 210 days after the publication of this announcement, provided that the guarantee referred to in paragraph 7 is extended or replaced so as to continue to guarantee Jinchuan's obligation to pay the Jinchuan Offer Consideration until the last practical date for implementation of the Jinchuan Scheme.

6.4. At any time prior to Metorex's acceptance of the Jinchuan Implementation Agreement, Jinchuan can extend the date for fulfilment or waiver any of the conditions to the Jinchuan Offer. After acceptance of the Jinchuan Implementation Agreement, all of the conditions can be waived by Bidco on notice to Metorex except for the conditions in paragraph 6.1.6 and paragraph 6.2.2 in respect of the regulatory Consents only. Bidco can, after consulting with Metorex and in accordance with Metorex's reasonable requests as to the manner in which such waiver is notified, unilaterally waive third party Consents.

7. GUARANTEE TO THE TAKEOVER PANEL

Jinchuan has furnished an irrevocable and unconditional bank guarantee from Bank of China Limited, Johannesburg Branch, a registered South African bank, for the payment of the Jinchuan Offer Consideration which is in form and substance acceptable to the Board and which complies with regulation 111(4) and (5) of the Companies Regulations.

8. UNDERTAKINGS

Jinchuan has received irrevocable undertakings from certain Shareholders representing in aggregate 8.02% of the existing issued ordinary share capital of Metorex to vote in favour of the Jinchuan Offer.

As at the date of this announcement, providers of irrevocable undertakings detailed in the Vale Offer Circular are precluded from supporting the Jinchuan Offer in terms of the irrevocable undertakings provided in respect of the Vale Scheme ("**Vale Irrevocable Undertakings**").

The Vale Irrevocable Undertakings shall terminate automatically and with immediate effect from the earlier of:

- the date upon which all written agreements entered into between Vale and Metorex relating to the implementation of the Vale Offer have been terminated;
- ten business days from the date of this announcement in the event that Vale does not make a revised offer for the entire issued and to be issued share capital of Metorex for an equivalent or improved consideration in relation to the Jinchuan Offer Consideration.

9. DE-LISTING OF METOREX

Should the Jinchuan Scheme be implemented, application will be made by Metorex to the JSE to terminate the listing of Metorex shares on the JSE and to terminate the ADR programme.

10. SHAREHOLDINGS IN METOREX

Neither Jinchuan, Bidco nor any of their respective directors currently hold or control any Metorex shares or any options to acquire Metorex shares.

11. VALE OFFER AND PROCESS

The Vale Offer Circular posted to Shareholders on 17 June 2011 sets out details of the Vale Offer and Vale Scheme. Shareholders are advised that the Vale Scheme Meeting has not been postponed and shall proceed as detailed in the Vale Offer Circular.

12. POSTING OF THE JINCHUAN OFFER CIRCULAR

If Vale does not propose an Amended Vale Offer, or if the proposed Amended Vale Offer does not result in the Jinchuan Offer ceasing to be considered to be a Superior Proposal, it is anticipated that the Jinchuan Offer Circular will be posted to Shareholders within 20 business days of the date of this Jinchuan Firm Intention Announcement in terms of regulation 102(2)a of the Companies Regulations, 2011, subject to any extension thereto granted upon application to the Takeover Panel.

13. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Following the release of this announcement, the Second Cautionary announcement is hereby withdrawn and caution is no longer required to be exercised by Shareholders when dealing in Metorex shares.

14. RESPONSIBILITY STATEMENT

Jinchuan and the Independent Board of Metorex accept responsibility for the information contained in this announcement insofar as it relates to Jinchuan and Metorex respectively. To the best of their respective knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the import of the information contained herein.

Johannesburg
5 July 2011

Lead financial advisor and investment bank to Metorex: **Standard Bank**

Joint financial advisor and Transaction Sponsor to Metorex: **One Capital**

Legal advisor to Metorex: **Cliffe Dekker Hofmeyr**

Financial advisors to Jinchuan: **Goldman Sachs International**

Joint legal advisors to Jinchuan: **Allen & Overy and Edward Nathan Sonnenbergs Inc.**

The Standard Bank of South Africa Limited, which is authorised and regulated in South Africa by the Financial Services Board, is acting exclusively for Metorex and no one else in connection with the Jinchuan Offer and will not be responsible to anyone, other than Metorex, for providing the protections afforded to clients of The Standard Bank of South Africa Limited, nor for providing advice in relation to the Jinchuan Offer.

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General

The release, publication or distribution of this announcement in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe any applicable requirements. This announcement has been prepared for the purposes of complying with the Companies Act and the Takeover Regulations published in terms thereof and the information disclosed may not be the same as that which would have been disclosed if this

announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

This announcement is not intended to, and does not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This announcement does not constitute a prospectus or a prospectus equivalent document. Shareholders are advised to read carefully the formal documentation in relation to the Jinchuan Offer once it has been dispatched. The Jinchuan Offer will be made solely through the Jinchuan Offer Circular, which will contain the full terms and conditions of the Jinchuan Offer. Any decision to approve the Jinchuan Offer or other response to the proposals should be made only on the basis of the information in the Jinchuan Offer Circular.

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