

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 12 of this Circular apply throughout this Circular, including these cover pages (unless the context indicates a contrary intention).

Action required:

1. This entire Circular is important and should be read with particular attention to the section entitled "Action required by Metorex Shareholders," which commences on page 7.
2. If you are in any doubt as to what action to take, you should consult your Broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
3. If you have disposed of all your Metorex Shares, please forward this Circular to the purchaser of such Metorex Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

Metorex and Vale Africa do not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any Beneficial Owner of Metorex Shares to notify such Beneficial Owner of the transactions set out in this Circular.

METOREX
L I M I T E D

(Incorporated in the Republic of South Africa)
(Registration number 1934/005478/06)
JSE code: MTX ISIN: ZAE000022745.
Issuer code: MEMTX



**BUSINESS VENTURE INVESTMENTS
NO. 1509 (PROPRIETARY) LIMITED
(to be renamed Vale Africa
Investments (Proprietary) Limited)**
(Incorporated in the Republic of South Africa)
(Registration number 2011/005963/07)
An indirect wholly-owned subsidiary of Vale S.A.
("Vale Africa")

CIRCULAR TO METOREX SHAREHOLDERS

relating to:

- **a scheme of arrangement in terms of section 114(1)(c) of the Companies Act proposed by the Metorex Board between Metorex and its Shareholders, in terms of which, if implemented, Vale Africa will acquire all of the Scheme Shares from Scheme Participants for a cash consideration of R7.35 per Metorex Share;**
- **the cash settlement of the Options;**
- **the Sable Disposal and Sable Distribution; and**
- **the delisting of the Metorex Shares from the JSE;**

and incorporating:

- **a report prepared by the Independent Expert in terms of section 114(3) of the Companies Act;**
- **historical financial information in respect of Metorex;**
- **a summary of the Metorex Group mineral resources and ore reserves;**
- **a notice of the General Meeting;**
- **a form of proxy in respect of the General Meeting (*pink*) for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration only; and**
- **a form of surrender and transfer in respect of the Scheme (*white*) (for use by Certificated Shareholders only).**

**Lead financial advisor and investment bank
to Metorex**



**Joint financial advisor and transaction sponsor
to Metorex**

ONE CAPITAL

Legal advisor to Metorex



Independent Expert to Metorex



Joint financial advisor to Vale S.A.



Joint financial advisor to Vale S.A.



Joint legal advisor to Vale S.A.



Joint legal advisor to Vale S.A.



Tax advisor to Vale S.A.



Date of issue: 17 June 2011

This Circular is only available in English. Copies of this Circular may be obtained during normal business hours from the registered office of Metorex and the offices of One Capital and the Transfer Secretaries at their respective addresses set out in the "Metorex Corporate Information and Advisors" section of this Circular from the date of issue hereof until the date of the General Meeting.

Standard Bank, 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 Scheme and will not be responsible to anyone, other than Metorex, for providing the protections afforded to clients of Standard Bank, nor for providing advice in relation to the Scheme.

One Capital Advisory (Proprietary) Limited is acting exclusively for Metorex and no one else in connection with the Scheme and will not be responsible to anyone, other than Metorex, for providing the protections afforded to clients of One Capital Advisory (Proprietary) Limited, nor for providing advice in relation to the Scheme.

Société Générale, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Vale S.A. and no one else in connection with the Scheme and will not be responsible to anyone, other than Vale S.A., for providing the protections afforded to clients of Société Générale, nor for providing advice in relation to the Scheme, the contents of this Circular or any other matter referred to herein.

Investec Bank Limited, which is authorised and regulated in South Africa by the Financial Services Board, is acting exclusively for Vale S.A. and no one else in connection with the Scheme and will not be responsible to anyone, other than Vale S.A., for providing the protections afforded to clients of Investec Bank Limited, nor for providing advice in relation to the Scheme, the contents of this Circular or any other matter referred to herein.

IMPORTANT LEGAL NOTES

The definitions and interpretations commencing on page 12 of this Circular apply to this section on Important Legal Notes.

FORWARD-LOOKING STATEMENTS

This Circular contains statements about Metorex, Vale S.A. and Vale Africa that are or may be forward-looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe," "aim," "expect," "anticipate," "intend," "foresee," "forecast," "likely," "should," "planned," "may," "estimated," "potential" or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth in the copper and cobalt markets, estimates of capital expenditures, acquisition strategy, estimates of future levels of mineral reserves, mineral resources, future exploration and expansion prospects or future capital expenditure levels and the expected Rand to US\$ rate of exchange, production forecasts and parameters, commodity prices, availability of electricity and other economic factors, such as, *inter alia*, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Metorex, Vale S.A. and Vale Africa caution that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Metorex, Vale S.A. and Vale Africa operate may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions, as regards Metorex, made by Metorex or, as regards Vale S.A., made by Vale S.A. or, as regards Vale Africa, made by Vale Africa as communicated in publicly available documents by the respective companies, all of which estimates and assumptions, although Metorex, Vale S.A. and Vale Africa believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Metorex, Vale S.A. or Vale Africa or not currently considered material by Metorex, Vale S.A. or Vale Africa.

Metorex and Vale S.A. shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of either Metorex, Vale S.A. or Vale Africa not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Metorex, Vale S.A. and Vale Africa have no duty to, and do not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

NOTICE TO U.S. INVESTORS

This Circular may include statements that present Vale S.A.'s expectations about future events or results. All statements, when based upon expectations about the future and not on historical facts, involve various risks and uncertainties. Vale S.A. cannot guarantee that such statements will prove correct. These risks and uncertainties include factors related to the following: (a) the countries where Vale S.A. operates, especially Brazil and Canada; (b) the global economy; (c) the capital markets; (d) the mining and metals prices and their dependence on global industrial production, which is cyclical by nature; and (e) global competition in the markets in which Vale S.A. operate. To obtain further information on factors that may lead to results different from those forecast by Vale S.A., please consult the reports Vale S.A. files with the U.S. Securities and

Exchange Commission (the "SEC"), the Brazilian Comissão de Valores Mobiliários, the French Autorité des Marchés Financiers, and The Stock Exchange of Hong Kong Limited and, in particular, the factors discussed under "Forward-Looking Statements" and "Risk Factors" in Vale S.A.'s annual report on Form 20-F filed with the SEC.

FOREIGN SHAREHOLDERS

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

The release, publication or distribution of this Circular 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. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

This Circular 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 Circular does not constitute a prospectus or a prospectus equivalent document. Metorex Shareholders are advised to read this Circular, which contains the full terms and conditions of the Scheme, with care. Any decision to approve the Scheme or other response to the proposals should be made only on the basis of the information in this Circular.

METOREX CORPORATE INFORMATION AND ADVISORS

Company secretary

Statucor (Proprietary) Limited
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Registered office

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Joint financial advisor and transaction sponsor

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Independent Expert

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Transfer Secretaries

Link Market Services South Africa (Proprietary) Limited
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(PO Box 4844, Johannesburg, 2000)

VALE AFRICA CORPORATE INFORMATION AND ADVISORS TO VALE S.A.

Registered office of Vale Africa

Business Venture Investments No. 1509
(Proprietary) Limited
(to be renamed Vale Africa Investments
(Proprietary) Limited)
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and

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Joint legal advisors to Vale S.A.

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and

Webber Wentzel
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Illovo Boulevard
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Ernst & Young LLP
(a limited liability partnership registered in England
and Wales with registered number OC30001)
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London
SE1 2AF
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TABLE OF CONTENTS

	<i>Page</i>
IMPORTANT LEGAL NOTES	1
METOREX CORPORATE INFORMATION AND ADVISORS	3
VALE AFRICA CORPORATE INFORMATION AND ADVISORS TO VALE S.A.	4
ACTION REQUIRED BY METOREX SHAREHOLDERS	7
IMPORTANT DATES AND TIMES RELATING TO THE SCHEME	10
DEFINITIONS AND INTERPRETATIONS	12
CIRCULAR TO METOREX SHAREHOLDERS	
1. INTRODUCTION	19
2. PURPOSE OF THIS CIRCULAR	20
3. BACKGROUND INFORMATION ON VALE S.A. AND VALE AFRICA	20
4. RATIONALE FOR THE SCHEME	20
5. BENEFITS OF THE SCHEME TO METOREX SHAREHOLDERS	20
6. TERMS AND CONDITIONS OF THE SCHEME	21
7. OPTIONS	26
8. ADRs	27
9. DELISTING OF METOREX SHARES	27
10. INTERESTS OF VALE S.A., VALE AFRICA AND THEIR RESPECTIVE DIRECTORS' INTERESTS IN METOREX SECURITIES	27
11. INTERESTS OF DIRECTORS OF VALE S.A. AND VALE AFRICA IN VALE S.A. AND VALE AFRICA SECURITIES	27
12. INTERESTS OF METOREX AND METOREX DIRECTORS IN VALE S.A. AND VALE AFRICA SECURITIES	27
13. INTERESTS OF METOREX DIRECTORS IN METOREX SECURITIES	28
14. IRREVOCABLE UNDERTAKINGS	28
15. INTERESTS AND DEALINGS IN METOREX SHARES AND VALE S.A. SHARES BY PROVIDERS OF IRREVOCABLE UNDERTAKINGS	29
16. REMUNERATION OF METOREX DIRECTORS	29
17. AGREEMENTS IN RELATION TO THE SCHEME	29
18. DISPOSAL OF SABLE	29
19. BREAK FEE	31
20. FINANCIAL INFORMATION OF METOREX	31
21. INDEPENDENT BOARD	31
22. THE VIEWS OF THE INDEPENDENT BOARD AND THE METOREX BOARD ON THE SCHEME	32
23. METOREX DIRECTORS' SERVICE CONTRACTS	32
24. OTHER SERVICE CONTRACTS	33
25. REPORT OF THE INDEPENDENT EXPERT	33
26. INTENDED ACTION OF METOREX DIRECTORS	33
27. FOREIGN SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS	33
28. TAX IMPLICATIONS FOR SHAREHOLDERS	33
29. INDEPENDENT BOARD RESPONSIBILITY STATEMENT	34
30. VALE AFRICA RESPONSIBILITY STATEMENT	34
31. DOCUMENTS AVAILABLE FOR INSPECTION	34

	<i>Page</i>
ANNEXURE 1 REPORT OF THE INDEPENDENT EXPERT	35
ANNEXURE 2 HISTORICAL FINANCIAL INFORMATION OF METOREX	39
ANNEXURE 3 A SUMMARY OF THE METOREX GROUP MINERAL RESOURCES AND ORE RESERVES	86
ANNEXURE 4 FOREIGN SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS	100
ANNEXURE 5 COPIES OF SECTION 115 AND SECTION 164 OF THE COMPANIES ACT	102
ANNEXURE 6 DEALINGS IN METOREX SHARES AND VALE S.A. SHARES BY PROVIDERS OF IRREVOCABLE UNDERTAKINGS	107
NOTICE OF GENERAL MEETING	112
FORM OF PROXY FOR USE AT THE GENERAL MEETING (<i>pink</i>)	Attached
FORM OF SURRENDER AND TRANSFER (<i>white</i>)	Attached

ACTION REQUIRED BY METOREX SHAREHOLDERS

The definitions and interpretations commencing on page 12 of this Circular apply to this section on the action required by Metorex Shareholders.

This Circular is important and requires your immediate attention. The action you need to take is set out below. If you are in any doubt as to what action to take, you should consult your Broker, CSDP, banker, accountant, attorney or other financial advisor. If you have disposed of your Metorex Shares, this Circular should be handed to the purchaser of such Metorex Shares or the Broker, CSDP or other agent who disposed of your Metorex Shares for you.

Please take careful note of the following provisions regarding the action to be taken by Shareholders:

A General Meeting of Metorex Shareholders will be held in the Ilanga Room 2, Hyatt Regency Johannesburg, 191 Oxford Road, Rosebank, Johannesburg on Friday, 22 July 2011 at 10h00 to consider and, if deemed fit, to pass the resolutions required to enable Vale Africa to acquire the entire issued and to be issued share capital of Metorex (save for the Shares held by Dissenting Shareholders that do not withdraw their respective demands made in terms of sections 164(5) to 164(8) of the Companies Act or allow any offers by the Company to them in terms of section 164(11) of the Companies Act to lapse, as more fully described in paragraph 6.7 of this Circular) in terms of a scheme of arrangement under the Companies Act. A notice convening such General Meeting is attached to, and forms part of, this Circular.

1. IF YOU HAVE DEMATERIALISED YOUR METOREX SHARES AND DO NOT HAVE "OWN-NAME" REGISTRATION:

1.1 Voting at the General Meeting

1.1.1 If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker immediately and furnish your CSDP or Broker with your voting instructions in the manner and by the cut-off time stipulated by your CSDP or Broker in terms of the Custody Agreement between you and your CSDP or Broker.

1.1.2 If your CSDP or Broker does not obtain voting instructions from you, your CSDP or Broker will be obliged to act in accordance with the instructions contained in the Custody Agreement between you and your CSDP or Broker.

1.1.3 You must **not** complete the attached form of proxy (*pink*).

1.2 Attendance and representation at the General Meeting

1.2.1 In accordance with the Custody Agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:

1.2.1.1 attend, speak and vote at the General Meeting; or

1.2.1.2 send a proxy to represent you at the General Meeting.

1.2.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to attend, speak and vote at the General Meeting.

1.3 Surrender of Documents of Title

You must **not** complete the attached form of surrender and transfer (*white*).

1.4 Settlement of Scheme Consideration

If the Scheme becomes operative, you will have your account held at your CSDP or Broker credited with the Scheme Consideration and debited with the Metorex Shares you are transferring to Vale Africa on the Operative Date or, if you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 6.7.1.2 of this Circular, on the date set out in paragraph 6.7.1.2 of this Circular.

2. IF YOU HAVE NOT DEMATERIALISED YOUR METOREX SHARES OR IF YOU HAVE DEMATERIALISED YOUR METOREX SHARES WITH "OWN-NAME" REGISTRATION:

2.1 Voting, attendance and representation at the General Meeting

You may attend, speak and vote at the General Meeting in person (or if you are a company or other body corporate be represented by a duly authorised natural person). Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*pink*) in accordance with its instructions and returning it to the Transfer Secretaries at 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, South Africa or PO Box 4844, Johannesburg, 2000, to be received by them at any time before the commencement of the General Meeting (or any adjournment of the General Meeting) or handing it to the Chairman of the General Meeting before the appointed proxy exercises any of your Shareholder rights at the General Meeting (or any adjournment of the General Meeting), provided that, should you return such form of proxy (*pink*) to the Transfer Secretaries at either of the above addresses less than 24 hours before the General Meeting, you will also be required to furnish a copy of such form of proxy to the Chairman of the General Meeting before the appointed proxy exercises any of your Shareholder rights at the General Meeting (or any adjournment of the General Meeting).

2.2 Surrender of Documents of Title (this applies only to Certificated Shareholders and *not* to "own-name" Dematerialised Shareholders)

2.2.1 In order to have the Scheme Consideration transferred electronically or posted to you on the Operative Date, you are required to complete the attached form of surrender and transfer (*white*) in accordance with its instructions and return it, together with the Documents of Title representing all your Certificated Shares, to the Transfer Secretaries at 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, South Africa or PO Box 4844, Johannesburg, 2000, to be received by them by no later than 12h00 on the Scheme Consideration Record Date.

2.2.2 Documents of Title held by Certificated Shareholders in respect of their Metorex Shares will cease to be of any value, and shall not be good for delivery, from the Operative Date, other than for surrender in terms of the Scheme and/or the Appraisal Rights.

2.3 Settlement of Scheme Consideration

2.3.1 Certificated Shareholders

2.3.1.1 If the Scheme becomes operative and you have surrendered your Documents of Title to the Transfer Secretaries at 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, South Africa or PO Box 4844, Johannesburg, 2000 on or before 12h00 on the Scheme Consideration Record Date, the Scheme Consideration will be posted to you, at your risk, within five Business Days of the Operative Date unless you elect to receive the Scheme Consideration by way of an EFT, in which case the Scheme Consideration will be paid to the bank account nominated by you on the form of surrender and transfer (*white*) on the Operative Date.

2.3.1.2 If the Scheme becomes operative and you surrender your Documents of Title after 12h00 on the Scheme Consideration Record Date, the Transfer Secretaries will only post the Scheme Consideration to you, at your risk, or pay it to you by way of an EFT (if you selected that option on the form of surrender and transfer (*white*)), within five Business Days of receipt of your Documents of Title and form of surrender and transfer (*white*), provided that should you:

2.3.1.2.1 be a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 6.7.1.2 of this Circular, you will still need to surrender your Documents of Title, together with a completed form of surrender and transfer (*white*), to the Transfer Secretaries and payment of the Scheme Consideration will only be posted to you or paid to you by way of EFT (if you select that option on the form of surrender and transfer (*white*)) on the date set out in paragraph 6.7.1.2.1 of this Circular; and

- 2.3.1.2.2 fail to surrender your Documents of Title and completed form of surrender and transfer (*white*) to the Transfer Secretaries within 12 months after the Operative Date or, if you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 6.7.1.2 of this Circular, within 12 months after the date on which you subsequently became a Scheme Participant pursuant to paragraph 6.7.1.2 of this Circular, the Scheme Consideration payable to you will be forfeited for the benefit of the Company.
- 2.3.1.3 If you wish to surrender your Documents of Title in anticipation of the Scheme becoming operative:
 - 2.3.1.3.1 you should complete the form of surrender and transfer (*white*) in accordance with its instructions and return it, together with your Documents of Title, to the Transfer Secretaries at 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, South Africa or PO Box 4844, Johannesburg, 2000; and
 - 2.3.1.3.2 it should be noted that you will not be able to Dematerialise or deal in your Metorex Shares between the date of surrender of your Documents of Title and the Operative Date or, if the Scheme does not become operative, the date on which your Documents of Title are returned to you pursuant to paragraph 2.3.1.5 below.
- 2.3.1.4 Documents of Title surrendered prior to 12h00 on the Scheme Consideration Record Date in anticipation of the Scheme becoming operative will be held in trust by the Transfer Secretaries, at the risk of the Certificated Shareholder, pending the Scheme becoming operative.
- 2.3.1.5 Should the Scheme not become operative any Documents of Title surrendered and held by the Transfer Secretaries will be returned to you by the Transfer Secretaries, at your own risk, by registered post, within five Business Days from the date of receipt of the Documents of Title or the date on which it becomes known that the Scheme will not become operative, whichever is the later.

2.3.2 "Own-name" Dematerialised Shareholders

- 2.3.2.1 If you are an "own-name" registered Dematerialised Shareholder who is, or is deemed (pursuant to paragraph 6.7.1.2 of this Circular) to be, a Scheme Participant, you will have your account held at your CSDP or Broker credited with the Scheme Consideration and debited with the Metorex Shares you are transferring to Vale Africa pursuant to the Scheme on the Operative Date or, if you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 6.7.1.2 of this Circular, on the date contemplated in paragraph 6.7.1.2 of this Circular.
- 2.3.2.2 You must **not** complete the attached form of surrender and transfer (*white*).

If you wish to Dematerialise your Metorex Shares, please contact your CSDP or Broker. No Dematerialisation or re-materialisation of Metorex Shares may take place from the Business Day following the Scheme LDT. You do not need to Dematerialise your Metorex Shares to receive the Scheme Consideration.

Metorex Shareholders are advised to consult their professional advisors about their personal tax positions regarding the Scheme.

IMPORTANT DATES AND TIMES RELATING TO THE SCHEME

The definitions and interpretations commencing on page 12 of this Circular shall apply to this important dates and times relating to the Scheme section.

2011

Circular posted to Metorex Shareholders and notice convening the General Meeting published on SENS on	Friday, 17 June
Notice convening the General Meeting published in the South African press on	Monday, 20 June
Last day to trade Metorex Shares in order to be recorded in the Register on the Scheme Voting Record Date on	Monday, 11 July
Scheme Voting Record Date being 17h00 on	Monday, 18 July
Last date and time for Metorex Shareholders to give notice to Metorex objecting to the special resolution approving the Scheme by 10h00 on	Friday, 22 July
General Meeting to be held at 10h00 on	Friday, 22 July
Results of General Meeting published on SENS on	Friday, 22 July
Results of General Meeting published in the South African press on	Monday, 25 July
Last date for Metorex to send objecting Metorex Shareholders notices of the adoption of the special resolution approving the Scheme on	Friday, 5 August
Finalisation Date expected to be on	Friday, 16 September
Finalisation Date announcement expected to be published on SENS on	Friday, 16 September
Finalisation Date announcement expected to be published in the South African press on	Monday, 19 September
Expected last day to trade Metorex Shares on the JSE in order to be recorded in the Register to receive the Scheme Consideration and the Sable Distribution on	Friday, 23 September
Suspension of listing of Metorex Shares at the commencement of trade on the JSE expected to be on	Monday, 26 September
Scheme Consideration Record Date to be recorded in the Register in order to receive the Scheme Consideration and the Sable Distribution expected to be on or about	Friday, 30 September
Expected Operative Date of the Scheme on	Monday, 3 October
Payment or delivery of the Scheme Consideration and the Sable Distribution expected to be transferred electronically or posted to certificated Scheme Participants (if form of surrender and transfer (<i>white</i>) and Documents of Title are received by the Transfer Secretaries on or before 12h00 on the Scheme Consideration Record Date) on or about	Monday, 3 October
Dematerialised Scheme Participants expected to have their accounts held at their CSDP or Broker credited with the Scheme Consideration and the Sable Distribution on or about	Monday, 3 October
Expected termination of listing of Metorex Shares on the JSE at the commencement of trade on or about	Tuesday, 4 October

Notes:

1. The above dates and times are subject to such changes as may be agreed to by Metorex and Vale Africa and approved by the JSE and/or the Takeover Panel, if required. If the Conditions Precedent are not met by Friday, 16 September 2011, an updated timetable will be published on SENS and published in the South African press.
2. Metorex Shareholders should note that, as trade in Metorex Shares on the JSE is settled through Strate, settlement of trades takes place five Business Days after the date of such trades. Therefore, Shareholders who acquire Shares on the JSE after the last day to trade in Metorex Shares in order to be recorded in the Register on the Scheme Voting Record Date will not be entitled to vote at the General Meeting.
3. Metorex Shareholders who wish to exercise their Appraisal Rights are referred to Annexure 5 to this Circular for purposes of determining the relevant timing for the exercise of their Appraisal Rights.
4. Dematerialised Shareholders, other than those with "own-name" registration, must provide their CSDP or Broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective Custody Agreements.
5. No Dematerialisation or re-materialisation of Shares may take place from the Business Day following the Scheme LDT.
6. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.
7. Although the salient dates and times are stated to be subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Takeover Regulations, where applicable, and any such consents or dispensations must be specifically applied for and granted.
8. All times referred to in this Circular are references to South African Standard Time.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates a contrary intention, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

“Abbey Commodities”	Abbey Commodities S.A. (registration number R29135), a company duly incorporated and registered under the company laws of Samoa and a subsidiary of Metorex;
“ADRs”	American depositary receipts evidencing American depositary shares, each of which represents one Metorex Share;
“Appraisal Rights”	the rights afforded to Metorex Shareholders in terms of section 164 of the Companies Act as set out in Annexure 5 to this Circular;
“Beankin”	Beankin Investments (Proprietary) Limited (registration number 2003/008102/07), a company duly incorporated and registered under the company laws of South Africa, which is wholly-owned by a trust of which Mr R G Still (a Metorex Director and the chairman of the Metorex Board) is a trustee and potential beneficiary;
“Beneficial Owner”	a person on whose behalf any Dematerialised Share (not held in “own-name” form) is held by a CSDP or Broker or a nominee of a CSDP or Broker in accordance with a Custody Agreement;
“Broker”	a “stockbroker”, as defined in the Securities Services Act, or its nominee;
“Business Day”	a day which is not a Saturday, Sunday or official public holiday in South Africa;
“Cautionary Announcement”	the cautionary announcement published by the Company on SENS on Monday, 28 March 2011;
“CCPC”	the Zambian Competition and Consumer Protection Commission;
“cent”	South African cent, being one-hundredth of a Rand;
“Certificated Share”	a Metorex Share that has not been Dematerialised, title to which is evidenced by a Document of Title;
“Certificated Shareholder”	a Metorex Shareholder who holds Certificated Shares;
“Chibuluma”	Chibuluma Mines Plc (registration number 39097), a company duly incorporated and registered under the company laws of Zambia and a subsidiary of Metorex;
“China”	the People’s Republic of China;
“Circular”	this bound document, dated 17 June 2011, addressed to Metorex Shareholders and which includes the Notice, the form of proxy (<i>pink</i>) in relation to the General Meeting and the form of surrender and transfer (<i>white</i>);
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended from time to time, which came into effect on 1 May 2011;

“Companies Regulations”	the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
“Competition Act”	the Competition Act, No. 89 of 1998, as amended from time to time;
“Conditions Precedent”	the conditions precedent to which the Scheme is subject, as set out in paragraph 6.2 of this Circular;
“Court”	any South African court with competent jurisdiction to approve the implementation of the special resolution set out in the Notice pursuant to section 115 of the Companies Act and/or to determine the fair value of Metorex Shares pursuant to section 164(14) of the Companies Act;
“CRC”	Copper Resources Corporation (registration number 626550), a company incorporated as an International Business Company and automatically re-registered as a BVI Business Company and existing under the laws of the British Virgin Islands and a subsidiary of Metorex;
“CSDP”	a “participant”, as defined in the Securities Services Act;
“Custody Agreement”	a custody mandate agreement between a person and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on a sub-register of Metorex Shareholders administered by a CSDP or Broker on behalf of that person;
“Dematerialise” or “Dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in Metorex’s uncertificated securities register maintained by a CSDP;
“Dematerialised Share”	a Metorex Share that has been Dematerialised or has been issued in Dematerialised form, and is held on a sub-register of Metorex Shareholders administered by a CSDP;
“Dematerialised Shareholder”	a Metorex Shareholder who holds Dematerialised Shares;
“Depositary Agreement”	the depositary agreement between Metorex and the Bank of New York Mellon in respect of the ADRs;
“Dilala East Project”	the greenfields copper and cobalt project located close to the town of Kolwezi in the DRC, being a portion of exploitation permit PE 4958 currently registered in the name of La Generale des Carrieres et des Mines, which permit is to be transferred to Ruashi Mining following the acceptance by La Generale des Carrieres et des Mines of a bankable feasibility study;
“Dissenting Shareholders”	Metorex Shareholders who validly exercise their Appraisal Rights by demanding, in terms of sections 164(5) to 164(8) of the Companies Act, that the Company pay them the fair value of all of their Metorex Shares;
“Document of Title”	a share certificate, certified transfer deed, balance receipt or any other document of title acceptable to Metorex in respect of Metorex Shares;
“DRC”	the Democratic Republic of Congo;
“EBITDA”	earnings before interest, tax, depreciation and amortisation on a consolidated basis for the relevant period, calculated by applying the same accounting principles and conventions as applied by Metorex in its annual financial statements for the period ended 31 December 2010;
“EFT”	electronic funds transfer;
“Eligible Option Holders”	Option Holders who accept the Option Holder Offer;

“Exchange Control Regulations”	the Exchange Control Regulations 1961, as amended from time to time, issued in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended from time to time;
“Finalisation Date”	the date on which all the Conditions Precedent shall have been fulfilled or waived, as the case may be, as set out in paragraph 6.2 of this Circular;
“Firm Intention Announcement”	the joint announcement by Metorex and Vale S.A. setting out the terms of a firm intention by Vale S.A., through a wholly-owned subsidiary, to make a cash offer to acquire the entire issued and to be issued ordinary share capital of Metorex as published on SENS on Friday, 8 April 2011;
“Foreign Shareholder”	a Metorex Shareholder who is a non-resident of South Africa as contemplated in the Exchange Control Regulations;
“General Meeting”	the general meeting of Metorex Shareholders to be held at 10h00 on Friday, 22 July 2011 in the Ilanga Room 2, Hyatt Regency Johannesburg, 191 Oxford Road, Rosebank, Johannesburg to consider and, if deemed fit, approve the Scheme and the ordinary resolution recorded in the Notice;
“Glencore”	Glencore Investments B.V., a subsidiary of Glencore International plc (registration number 107710), a public company duly incorporated and registered under the laws of the Bailiwick of Jersey;
“Implementation Agreement”	the agreement entered into between Vale S.A. and Metorex in relation to the transactions described in this Circular, dated 8 April 2011;
“In The Money Option”	an Option in respect of which the exercise price is less than the Scheme Consideration;
“Income Tax”	income tax levied in terms of the Income Tax Act;
“Income Tax Act”	the Income Tax Act, No. 58 of 1962, as amended from time to time;
“Independent Board”	collectively, Mr R G Still, Ms H Hickey, Ms N Kgositsile, Mr V Mabuza, Mr P Molapo and Mr L Paton, being the Directors that the Company has indicated are independent directors for purposes of the Takeover Regulations;
“Independent Expert”	KPMG Services (Proprietary) Limited (registration number 1999/012876/07), a private company duly incorporated and registered under the company laws of South Africa;
“JSE”	the exchange, licensed under the Securities Services Act, operated by JSE Limited (registration number 2005/022939/06), a public company duly incorporated and registered under the company laws of South Africa;
“Kinsenda”	Kinsenda Copper Company Sarl (registered number NRC KHO/021), a company duly incorporated and registered under the company laws of the DRC and a subsidiary of Metorex;
“Kinsenda Project”	the brownfields copper project owned by Kinsenda located close to the town of Kasumbalesa in the DRC and held under exploitation permit PE101;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being 9 June 2011;
“Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;

“Lubembe Project”	the greenfields copper project owned by Kinsenda located close to the town of Kasumbalesa in the DRC and held under exploitation permit PE330;
“Maranda”	Maranda Mines (Proprietary) Limited (registration number 1908/002946/07), a company duly incorporated and registered under the company laws of South Africa and a subsidiary of Metorex;
“MCC”	Metorex Copper Corporation (DRC) (Proprietary) Limited (registration number 2007/015735/07), a company duly incorporated and registered under the company laws of South Africa and a subsidiary of Metorex;
“Metorex” or “the Company”	Metorex Limited (registration number 1934/005478/06), a company duly incorporated and registered under the company laws of South Africa, all the Shares of which are listed on the JSE;
“Metorex Board”	the board of Metorex Directors from time to time;
“Metorex Directors”	the directors of Metorex from time to time, it being recorded that the names of the directors as at the Last Practicable Date are set out on page 19 of this Circular;
“Metorex Group” or “the Group”	collectively, Metorex, the Metorex Subsidiaries and any other company which is directly or indirectly controlled or jointly controlled by Metorex;
“Metorex Growth Projects”	collectively, the Kinsenda Project, the Lubembe Project and the Dilala East Project;
“Metorex Share Incentive Schemes”	the Metorex Share Incentive Scheme adopted by a resolution of Shareholders on 17 November 2005 and the share incentive scheme operated in terms of The Metorex Limited Share Incentive Trust constituted by the trust deed, dated 26 November 1997;
“Metorex Shareholders” or “Shareholders”	registered holders of Metorex Shares;
“Metorex Shares” or “Shares”	ordinary shares of 10 cents each in the issued share capital of Metorex;
“Metorex Subsidiaries”	collectively, Abbey Commodities, Chibuluma, CRC, Kinsenda, Maranda, MCC, O’Okiep, Ruashi Holdings, Ruashi Mining and Sable;
“MOFCOM”	the Ministry of Commerce of China;
“Notice”	the notice of General Meeting forming part of this Circular;
“O’Okiep”	O’Okiep Copper Company (Proprietary) Limited (registration number 1937/009669/07), a company duly incorporated and registered under the company laws of South Africa and a subsidiary of Metorex;
“Offer Period”	the period commencing on the date of publication of the Firm Intention Announcement, being 8 April 2011, and ending on the Operative Date;
“Operative Date”	the date on which the Scheme becomes operative, being the first Business Day immediately following the Scheme Consideration Record Date, which operative date is expected to be Monday, 3 October 2011;
“Option Holder Offer”	the offer being made by Vale Africa to Option Holders, as more fully described in paragraph 7.1 of this Circular;
“Option Holders”	holders of Options;
“Options”	options to subscribe for Metorex Shares issued to Option Holders in terms of the Metorex Share Incentive Schemes;

“Rand” or “R”	the South African Rand, the official currency of South Africa;
“Register”	Metorex’s securities register, including all sub-registers;
“Ruashi Holdings”	Ruashi Holdings (Proprietary) Limited (registration number 2003/027352/07), a company duly incorporated and registered under the company laws of South Africa and a subsidiary of Metorex;
“Ruashi Mining”	Ruashi Mining Sprl (registration number 8711 ID-NAT 6-128-N45421Z), a company duly incorporated and registered under the company laws of the DRC and a subsidiary of Ruashi Holdings;
“SA Competition Authorities”	the SA Competition Commission, Competition Tribunal and/or Competition Appeal Court, as contemplated in the Competition Act;
“SA Competition Commission”	the South African Competition Commission, as contemplated in the Competition Act;
“Sable”	Sable Zinc Kabwe Limited (registration number 43840), a company duly incorporated and registered under the company laws of Zambia and a subsidiary of Metorex;
“Sable Disposal”	the disposal by Metorex of the Sable Sale Equity to Glencore in terms of the Sable Disposal Agreement or, if the Sable Disposal Agreement is not implemented for any reason, any other disposal or transfer of the Sable Sale Equity to another third party or parties, as more fully described in paragraph 18.1 of this Circular;
“Sable Disposal Agreement”	the sale of shares and claims agreement entered into between Metorex, Sable and Glencore on 7 June 2011 to effect the Sable Disposal, as more fully described in paragraph 18.2 of this Circular;
“Sable Disposal Consideration”	the amount payable by Glencore to Metorex in cash for the Sable Sale Equity in terms of the Sable Disposal Agreement, as more fully described in paragraph 18.3 of this Circular;
“Sable Distribution”	the distribution and payment by Metorex to Metorex Shareholders and Eligible Option Holders in respect of their In The Money Options, respectively, of the proceeds received from the Sable Disposal, net of any taxes arising from the Sable Disposal and distribution thereof, or the unbundling or transfer of the Sable Sale Equity, or the benefit thereof, to the Metorex Shareholders and Eligible Option Holders in respect of their In The Money Options, as more fully described in paragraph 18.4 of this Circular;
“Sable Sale Claims”	all amounts of any nature whatsoever owing by Sable to Metorex or to any Metorex Group company on the date of completion of the Sable Disposal;
“Sable Sale Equity”	the Sable Sale Shares and Sable Sale Claims;
“Sable Sale Shares”	all the issued and to be issued share capital of Sable, constituting the entire issued share capital of Sable and held, as at the date of this Circular, by Metorex;
“SARB”	the South African Reserve Bank;
“Scheme” or “Scheme of Arrangement”	the scheme of arrangement in terms of section 114(1)(c) of the Companies Act, proposed by the Metorex Board between Metorex and its Shareholders, which scheme of arrangement is more fully described in paragraph 6 of this Circular, in terms of which Vale Africa will, if the Scheme becomes operative, acquire each of the Scheme Shares held by Scheme Participants for the Scheme Consideration, subject to any modification or amendment to the scheme of arrangement agreed to

	in writing by Vale Africa and Metorex and, if necessary, the Takeover Panel, which modification or amendment may not be detrimental to Scheme Participants;
“Scheme Consideration”	the consideration payable to the Scheme Participants in terms of the Scheme, being an amount of R7.35 in cash per Scheme Share;
“Scheme Consideration Record Date”	17h00 on the fifth Business Day after the Scheme LDT, being the latest time and date for holders of Metorex Shares to be registered as such in the Register in order to receive the Scheme Consideration, which date and time is expected to be 17h00 on Friday, 30 September 2011;
“Scheme LDT”	being the last day to trade Metorex Shares on the JSE in order to be registered in the Register on the Scheme Consideration Record Date, which date and time is expected to be at 17h00 on Friday, 23 September 2011;
“Scheme Members”	Metorex Shareholders who are entitled to attend and vote at the General Meeting, being those Metorex Shareholders who are registered as such in the Register on the Scheme Voting Record Date;
“Scheme Participants”	Metorex Shareholders who are entitled to receive the Scheme Consideration, being those Metorex Shareholders who are registered as such in the Register on the Scheme Consideration Record Date, except Dissenting Shareholders who have not withdrawn their demand made in terms of sections 164(5) to 164(8) of the Companies Act or allowed any offers made to them in terms of section 164(11) of the Companies Act to lapse;
“Scheme Shares”	Metorex Shares held by Scheme Participants on the Scheme Consideration Record Date;
“Scheme Voting Record Date”	the last time and date to be recorded in the Register in order for Metorex Shareholders to be eligible to attend, speak and vote at the General Meeting (or any adjournment thereof), being 17h00 on Monday, 18 July 2011;
“Securities Services Act”	the Securities Services Act, No. 36 of 2004, as amended from time to time;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Standard Bank”	The Standard Bank of South Africa Limited (registration number 1962/000738/06), a public company duly incorporated and registered under the company laws of South Africa and a registered bank;
“STC”	secondary tax on companies levied in terms of section 64B of the Income Tax Act;
“Strate”	Strate Limited (registration number 1998/022242/06), a company duly incorporated and registered under the company laws of South Africa, a central securities depository licensed in terms of the Securities Services Act and responsible for the electronic clearing and settlement system provided to the JSE;
“Takeover Panel”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“Takeover Regulations”	the Takeover Regulations issued in terms of section 120 of the Companies Act, as amended from time to time;

“Transfer Secretaries”	Link Market Services South Africa (Proprietary) Limited (registration number 2000/007239/07), a private company duly incorporated and registered under the company laws of South Africa;
“US\$”	the United States dollar, the official currency of the United States of America;
“USA” or “U.S.”	the United States of America;
“Vale Africa”	Business Venture Investments No. 1509 (Proprietary) Limited (to be renamed Vale Africa Investments (Proprietary) Limited) (registration number 2011/005963/07), a private company duly incorporated and registered under the company laws of South Africa and an indirect wholly-owned subsidiary of Vale S.A.;
“Vale Africa Directors”	the directors of Vale Africa as at the Last Practicable Date, whose names are set out on page 19 of this Circular;
“Vale S.A.”	Vale S.A. (registration number 33.592.510/0001-54), a public company duly incorporated and registered under the company laws of Brazil, the shares of which are listed on BM&FBovespa, the New York Stock Exchange, the Hong Kong Exchanges and Clearing Ltd, Euronext Paris and traded on The Mercado de Valores Latinoamericanos en Euros;
“VAT”	value-added tax levied in terms of the Value-Added Tax Act, No. 89 of 1991, as amended from time to time;
“VWAP”	volume weighted average price; and
“Zambia”	the Republic of Zambia.

METOREX LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1934/005478/06)
JSE code: MTX ISIN: ZAE000022745.
Issuer code: MEMTX



**BUSINESS VENTURE INVESTMENTS
NO. 1509 (PROPRIETARY) LIMITED
(to be renamed Vale Africa
Investments (Proprietary) Limited)**
(Incorporated in the Republic of South Africa)
(Registration number 2011/005963/07)
An indirect wholly-owned subsidiary of Vale S.A.
("Vale Africa")

Directors of Metorex

R G Still (*Chairman*)[^]
T P Goodlace (*Chief Executive Officer*)^{*}
A Barrenechea[†]#
H Hickey[^]
N Kgositsile[^]
V Mabuza[^]
P Molapo[^]
L Paton[^]
M Smith (*Chief Financial Officer*)^{*}

[^]*Independent non-executive*

^{*}*Executive*

[†]*Non-executive*

[#]*Spanish*

Directors of Vale Africa

R R Carvalho[~]
P S S Araujo[~]

[~]*Brazilian*

COMBINED CIRCULAR TO METOREX SHAREHOLDERS

1. INTRODUCTION

In the Firm Intention Announcement published on SENS on 8 April 2011 and in the South African press on 11 April 2011, Shareholders were advised of Vale S.A.'s firm intention to make a cash offer, through a wholly-owned subsidiary, to acquire the entire issued and to be issued share capital of Metorex.

Metorex and Vale S.A. entered into the Implementation Agreement in relation to the transactions as described in this Circular. The Implementation Agreement contains provisions relating to the implementation of the Scheme and certain undertakings by Vale S.A. and Metorex (including, *inter alia*, undertakings by Metorex in respect of the conduct of business of Metorex during the period between the date of publication of the Firm Intention Announcement and the Operative Date, the circumstances under which a break fee is payable and certain obligations of Metorex with regard to third party approaches). Vale S.A. has elected to implement the Scheme through its indirect wholly-owned subsidiary, Vale Africa.

The Metorex Board proposes that the acquisition of the entire issued share capital of Metorex be implemented by way of the Scheme and that the Options be settled on a net cash cancellation basis by way of a separate offer to Option Holders as more fully described in paragraph 7 below.

Following the implementation of the Scheme, Vale Africa will become the registered and beneficial owner of the entire issued and to be issued ordinary share capital of Metorex (other than Metorex Shares held by Dissenting Shareholders that do not withdraw their respective demands made in terms of sections 164(5) to 164(8) of the Companies Act or allow any offers by the Company to them in terms of section 164(11) of the Companies Act to lapse, as more fully described in paragraph 6.7 below) and the listing of Metorex Shares on the JSE will be terminated.

2. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to:

- provide Shareholders with information regarding the Scheme;
- provide Shareholders with the Independent Expert's report in respect of the Scheme prepared in terms of section 114(3) of the Companies Act;
- advise Shareholders of the Independent Board and Metorex Directors' recommendation in respect of the Scheme (as supported by the Independent Expert's report);
- provide Shareholders with information regarding the Sable Disposal and the Sable Distribution; and
- convene the General Meeting to consider and, if deemed fit, approve the resolutions as set out in the Notice.

3. BACKGROUND INFORMATION ON VALE S.A. AND VALE AFRICA

Vale S.A. is the world's second largest metals and mining company and one of the world's 20 largest publicly traded companies, and is the largest private sector company in Latin America, with a market capitalisation of approximately US\$157 billion.

Headquartered in Brazil, Vale S.A. currently operates in 38 countries on five continents and employs over 115 000 people. Vale S.A. was chosen by the Boston Consulting Group, one of the leading consultancy firms in the world, as the one of the global top 25 sustainable value creators, due to its extraordinary track record over the last 10 years.

Vale S.A. is the world's largest producer of iron ore and iron ore pellets, the key raw material for steelmaking, and the world's second largest producer of nickel, the raw material used to produce stainless steel, aircrafts, mobile phones, batteries and other products. Vale S.A. also produces manganese, ferroalloys, thermal and coking coal, bauxite, alumina, aluminium, copper, cobalt, platinum group metals, fertiliser nutrients and important raw materials for the global industrial and food production industries.

Vale Africa is an indirect wholly-owned subsidiary of Vale S.A. and will acquire the Scheme Shares from Scheme Participants pursuant to the Scheme.

Vale Africa is the ultimate purchaser of the Scheme Shares pursuant to the Scheme and is acting alone and not in conjunction with, or as agent or broker for, any other party with respect to the Scheme, other than Vale S.A..

4. RATIONALE FOR THE SCHEME

The acquisition of the Metorex Shares is consistent with Vale S.A.'s goal to become one of the largest copper producers in the world. Moreover, the majority of Metorex's assets are located near two of Vale S.A.'s Central African copper projects, namely Konkola North, which is under development in Zambia, and Kalumines, which is under feasibility study in the DRC (both projects being part of a joint venture with African Rainbow Minerals Limited).

Vale S.A. is also currently developing the first phase of the Salobo copper mine in the Carajás mineral province in the state of Pará, Brazil.

Given Vale S.A.'s copper portfolio, comprised of copper operations and projects in Carajás, its operations in Canada and Chile and the enlarged growth platform in the African copperbelt, Vale S.A. expects that the acquisition of Metorex will create value for Vale S.A.'s shareholders.

5. BENEFITS OF THE SCHEME TO METOREX SHAREHOLDERS

The Scheme Consideration represents a premium of:

- 20% to the closing price of Metorex Shares on the JSE as at 25 March 2011, being the Business Day immediately prior to the date of publication of the Cautionary Announcement;
- 30% to the VWAP of Metorex Shares on the JSE for the 30 days up to and including 25 March 2011, being the Business Day immediately prior to the date of publication of the Cautionary Announcement;

- 44% to the VWAP of Metorex Shares on the JSE for the six months up to and including 25 March 2011, being the Business Day immediately prior to the date of publication of the Cautionary Announcement; and
- 64% to the VWAP of Metorex Shares on the JSE for the 12 months up to and including 25 March 2011, being the Business Day immediately prior to the date of publication of the Cautionary Announcement.

6. TERMS AND CONDITIONS OF THE SCHEME

In terms of section 114(1)(c) of the Companies Act, the Metorex Board proposes the Scheme as set out in this paragraph 6 between the Company and the Shareholders.

6.1 The Scheme

- 6.1.1** In terms of the Scheme, Vale Africa will acquire the Scheme Shares from the Scheme Participants for the Scheme Consideration.
- 6.1.2** If the Scheme takes effect and becomes operative:
- 6.1.2.1** the Scheme Participants shall be deemed to have disposed of their Scheme Shares, free of encumbrances, to Vale Africa on the Operative Date in exchange for the Scheme Consideration and Vale Africa shall be deemed to have acquired registered and beneficial ownership of all the Scheme Shares as of the Operative Date;
- 6.1.2.2** the disposal and transfer by each Scheme Participant of the Scheme Shares held by each such Scheme Participant to Vale Africa, and the acquisition of ownership of those Scheme Shares by Vale Africa, pursuant to the provisions of the Scheme, shall be effected on the Operative Date;
- 6.1.2.3** each Scheme Participant shall be deemed to have transferred to Vale Africa, on the Operative Date, all of the Scheme Shares held by each such Scheme Participant, without any further act or instrument being required; and
- 6.1.2.4** Scheme Participants shall be entitled to receive the Scheme Consideration, subject to the remaining provisions of this paragraph 6.
- 6.1.3** Each Scheme Participant irrevocably and *in rem suam* authorises Metorex, as principal, with power of substitution, to cause the Scheme Shares disposed of by the Scheme Participants in terms of the Scheme to be transferred to, and registered in the name of, Vale Africa on or at any time after the Operative Date, and to do all such things and take all such steps (including the signing of any transfer form) as Metorex in its discretion considers necessary in order to effect that transfer and registration.
- 6.1.4** The Scheme Consideration shall be paid, in full, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Metorex or Vale Africa may otherwise be, or claim to be, entitled against any Scheme Participant.
- 6.1.5** Metorex, as principal, shall procure that Vale Africa complies with its obligations under the Scheme, and Metorex alone shall have the right to enforce those obligations (if necessary) against Vale Africa.
- 6.1.6** The rights of the Scheme Participants to receive the Scheme Consideration will be rights enforceable by Scheme Participants against Metorex only. Scheme Participants will be entitled to require Metorex to enforce its rights in terms of the Scheme against Vale Africa.
- 6.1.7** The effect of the Scheme, *inter alia*, will be that Vale Africa will, with effect from the Operative Date, become the registered and beneficial owner of all the Scheme Shares. None of the Scheme Shares will be transferred to any other person.
- 6.1.8** Vale Africa and Metorex have agreed that, upon the Scheme becoming operative, they will give effect to the terms and conditions of the Scheme and will take all actions and sign all necessary documents to give effect to the Scheme.

6.2 Conditions Precedent

6.2.1 The Scheme is subject to the fulfilment, or waiver (in whole or in part) by Vale Africa, of the following conditions by no later than Wednesday, 5 October 2011:

- 6.2.1.1 the approval of the Scheme by the requisite majority of Shareholders as contemplated in section 115(2)(a) of the Companies Act, and: (a) to the extent required, the approval of the implementation of such resolution by a Court in terms of section 115(2) and/or section 115(3) of the Companies Act and (b) if applicable, Metorex not treating the aforesaid resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act (Metorex having undertaken in terms of the Implementation Agreement that it will not treat the resolution as a nullity);
- 6.2.1.2 the disposal or transfer by Metorex of the Sable Sale Equity to a third party or parties free of any assumption or retention by Metorex or any member of the Metorex Group of any historic, present or future liability (including any liability under any indemnities or warranties, other than warranties in respect of title to the issued and to be issued share capital of Sable and such other warranties as may be agreed between Vale Africa and Metorex) and, in the event of any funding being provided to Sable between 8 April 2011 and the date on which such disposal or transfer becomes effective, such funding shall not exceed US\$5 000 000 in the aggregate;
- 6.2.1.3 in relation to any objection to the Scheme by Shareholders, either:
 - 6.2.1.3.1 Shareholders give notice objecting to the Scheme as contemplated in section 164(3) of the Companies Act and vote against the special resolution proposed at the General Meeting in respect of no more than 5% of all the Metorex Shares; or
 - 6.2.1.3.2 if Shareholders do give notice objecting to the Scheme and vote against the special resolution proposed at the General Meeting as set out in paragraph 6.2.1.3.1 above in respect of more than 5% of all the Metorex Shares, within 30 Business Days following the General Meeting, Shareholders have not exercised Appraisal Rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of more than 5% of all the Metorex Shares;
- 6.2.1.4 the receipt of unconditional approvals, consents or waivers from all regulatory bodies, governmental or quasi-governmental entities or joint venture partners necessary to implement the Scheme including, but not limited to, the governments of the DRC and Zambia, the Takeover Panel (in terms of a compliance certificate to be issued in terms of the Companies Act in relation to the Scheme), the SA Competition Authorities, the CCPC and MOFCOM or, to the extent that any such approvals, consents or waivers are subject to conditions, such conditions being satisfactory to Vale Africa;
- 6.2.1.5 to the extent necessary or required by Vale Africa, receipt of waivers from lenders to Metorex or any member of the Metorex Group of any change of control rights they may have or any events of default which may be triggered by the Scheme; and
- 6.2.1.6 by the date on which each of the above conditions referred to in this paragraph 6.2.1 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 each member of the Metorex Group (whether as a consequence of the Scheme or not) and/or any restrictive covenant or covenants or similar provision entered into by Metorex or any member of the Metorex Group which may materially reduce the operating performance

of Metorex. For the purposes of this sub-paragraph 6.2.1.6, to be material, the adverse effect, fact or circumstance or covenant or provision must have (or be reasonably expected to have) an adverse impact upon Metorex's annual 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).

6.2.2 Metorex and Vale Africa will use their reasonable endeavours to procure the fulfilment of each of the Conditions Precedent as soon as reasonably practicable.

6.2.3 The Conditions Precedent in:

6.2.3.1 paragraphs 6.2.1.2, 6.2.1.3, 6.2.1.5 and 6.2.1.6 above have been inserted for the benefit of Vale Africa, which will be entitled, at its sole discretion, to waive fulfilment of any of such Conditions Precedent, in whole or in part, on written notice to Metorex prior to 5 October 2011 or such later date as agreed by Metorex and Vale Africa pursuant to paragraph 6.2.4 below; and

6.2.3.2 paragraphs 6.2.1.1 and 6.2.1.4 above are not capable of being waived.

6.2.4 Should all the Conditions Precedent not have been fulfilled or waived, as the case may be, on or before 5 October 2011 or by such later date as may be agreed upon between Metorex and Vale Africa in writing, subject to the approval by the Takeover Panel (if necessary), the Scheme shall not become operative and shall be of no force or effect.

6.2.5 An announcement will be published on SENS and in the South African press as soon as practicable after all the Conditions Precedent have been fulfilled or waived, as the case may be, or if the Scheme lapses pursuant to the provisions of paragraph 6.2.4 above.

6.3 Competition consents

6.3.1 South Africa

A filing to the SA Competition Commission has been made by Metorex and Vale S.A. on the basis that the Scheme, if implemented, will be an intermediate merger in terms of the Competition Act. The SA Competition Commission has an initial review period of 20 Business Days, which may be, and routinely is, extended by a further 40 Business Days. On the basis that Metorex no longer has any turnover in South Africa, Vale S.A. does not expect any issues to arise from the filing and anticipates receiving clearance prior to the General Meeting.

6.3.2 Zambia

A filing to the CCPC has been made by Vale Africa and Metorex in respect of the Scheme. On the basis of prior discussions with the CCPC, Vale Africa and Metorex hope to obtain interim approval from the technical committee of the CCPC by mid-July 2011. It is expected that the CCPC will formally confirm and approve this decision within two weeks of the meeting of the technical committee.

6.3.3 China

A filing to MOFCOM will be made by Vale S.A. shortly in respect of the Scheme due to the turnover of Vale S.A. and Metorex in China exceeding the minimum thresholds established by Chinese legislation. MOFCOM has 30 days to conduct its phase I review of the transaction, at the end of which it must either clear the transaction or commence a phase II review. If a phase II review is required, MOFCOM has a further 90 days to conduct its review. Based on historical transaction statistics, where filings have extended to a phase II review, MOFCOM's total review period from the time of filing has, on average, been approximately two and a half months. As Vale S.A.'s and Metorex's market shares in China of copper and cobalt are each less than 1%, Vale S.A. does not anticipate that the filing with MOFCOM will raise competition concerns and believes that the transaction will be cleared in due course, even if a phase II review is required.

6.4 Scheme Consideration

- 6.4.1** If the Scheme becomes unconditional and is implemented, each Scheme Participant will receive R735 for every Scheme Share held by such Scheme Participant as at the Scheme Consideration Record Date.
- 6.4.2** The Scheme Consideration is calculated on the assumption that Metorex does not make any distributions to Shareholders (other than the Sable Distribution) from the date of publication of the Firm Intention Announcement. In the event that Metorex makes a distribution (other than the Sable Distribution) to Shareholders, the Scheme Consideration will be reduced by the amount of the distribution on a per share basis.

6.5 Settlement of the Scheme Consideration

- 6.5.1** Subject to paragraphs 6.5.2 and 6.5.4 below, if the Scheme becomes operative, Scheme Participants will be entitled to receive the Scheme Consideration.
- 6.5.2** Settlement of the Scheme Consideration is subject to the Exchange Control Regulations, the salient provisions of which are set out in Annexure 4 to this Circular.
- 6.5.3** Metorex or its agents will administer and effect payment of the Scheme Consideration to Scheme Participants.
- 6.5.4** If the Scheme becomes operative:
- 6.5.4.1** Scheme Participants who hold Dematerialised Shares will have their accounts held at their CSDPs or Brokers credited with the Scheme Consideration and debited with the Metorex Shares they are transferring to Vale Africa pursuant to the Scheme on the Operative Date or, in the case of Dissenting Shareholders who subsequently become Scheme Participants pursuant to paragraph 6.7.1.2 below, on the date contemplated in paragraph 6.7.1.2; and
- 6.5.4.2** Scheme Participants who hold Certificated Shares:
- 6.5.4.2.1** who have surrendered their Documents of Title and completed form of surrender and transfer (*white*) to the Transfer Secretaries on or before 12h00 on the Scheme Consideration Record Date, will have the Scheme Consideration posted to them, at their risk, within five Business Days of the Operative Date, unless they have elected to receive the Scheme Consideration by way of an EFT by completing the relevant sections of the form of surrender and transfer (*white*), in which case the Scheme Consideration will be paid to them on the Operative Date; or
- 6.5.4.2.2** who surrender their Documents of Title and completed form of surrender and transfer (*white*) to the Transfer Secretaries after 12h00 on the Scheme Consideration Record Date, will have the Scheme Consideration posted to them, at their risk, or paid to them by way of an EFT (if this option was selected on the form of surrender and transfer (*white*)), within five Business Days of the Transfer Secretaries receiving their Documents of Title and completed form of surrender and transfer (*white*), unless such Scheme Participants were Dissenting Shareholders who have subsequently become Scheme Participants pursuant to paragraph 6.7.1.2 below, in which case such Scheme Participants will still need to surrender their Documents of Title, together with completed forms of surrender and transfer (*white*), to the Transfer Secretaries and payment of the Scheme Consideration will only be posted to such Scheme Participants, at their risk, or paid to them by way of EFT (if this option was selected on the form of surrender and transfer (*white*)) on the date set out in paragraph 6.7.1.2.1 below.

6.5.4.3 In the event that a Scheme Participant who holds Certificated Shares fails to surrender its Documents of Title and completed form of surrender and transfer (*white*) to the Transfer Secretaries within 12 months of the Operative Date or, in respect of a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 6.7.1.2 below, within 12 months of the date on which such Dissenting Shareholder became a Scheme Participant, the Scheme Consideration payable to such Scheme Participant will be forfeited for the benefit of the Company.

6.6 Effects of the Scheme

6.6.1 If all of the Conditions Precedent are fulfilled or waived, as the case may be, and the Scheme becomes operative:

6.6.1.1 Scheme Participants (whether they voted in favour of the Scheme or not, or failed to vote) shall, with effect from the Operative Date, be deemed to have disposed of their Scheme Shares to Vale Africa, which will be deemed to have acquired registered and beneficial ownership of the Scheme Shares in exchange for payment of the Scheme Consideration, and Scheme Participants shall no longer be Metorex Shareholders;

6.6.1.2 Scheme Participants shall be deemed to have irrevocably authorised and instructed Metorex to cause the Scheme Shares to be transferred and registered in the name of Vale Africa on or at any time after the Operative Date and to take all such steps and sign all such documents as may be necessary to procure such transfer and registration; and

6.6.1.3 Scheme Participants shall be deemed to have instructed Metorex as principal, but with the power to appoint agents, to procure that the Scheme Consideration is paid to the Scheme Participants in accordance with the provisions of the Scheme.

6.6.2 The effect of the Scheme will be that Vale Africa will, with effect from the Operative Date, become the registered and beneficial owner of all the Scheme Shares.

6.7 Dissenting Shareholders

6.7.1 Any Dissenting Shareholder that withdraws its demand made in terms of sections 164(5) to 164(8) of the Companies Act, either voluntarily or pursuant to an order of Court, or allows an offer by the Company in terms of section 164(11) of the Companies Act to lapse without exercising its rights in terms of section 164(14) of the Companies Act shall, if that Dissenting Shareholder withdrew its demand or allowed the offer to lapse:

6.7.1.1 on or prior to the Scheme LDT:

6.7.1.1.1 be a Scheme Participant and be subject to the provisions of the Scheme; and

6.7.1.1.2 be entitled to receive the Sable Distribution simultaneously with the Scheme Consideration, as contemplated in paragraph 18.4.1 below; or

6.7.1.2 after the Scheme LDT:

6.7.1.2.1 be deemed to have been a Scheme Participant as at the Operative Date of the Scheme, provided that settlement of the Scheme Consideration and transfer of that Dissenting Shareholder's Metorex Shares to Vale Africa shall take place on the later of: (i) the Operative Date; (ii) the date which is five Business Days after that Dissenting Shareholder so withdrew its demand or allowed the Company's offer to lapse, as the case may be and (iii) if that Dissenting Shareholder is a Certificated Shareholder, the date which is five Business Days after that Dissenting Shareholder shall have surrendered its Documents of Title and completed form of surrender and transfer (*white*) to the Transfer Secretaries; and

6.7.1.2.2 be deemed, for the purposes of receiving the Sable Distribution to have been a Shareholder as at the Scheme LDT, provided that settlement of the obligation to pay or transfer any rights pursuant to the Sable Distribution to that Dissenting Shareholder shall take place on the later of the Operative Date and the date which is five Business Days after that Dissenting Shareholder so withdrew its demand or allowed the Company's offer to lapse, as the case may be.

6.7.2 A copy of section 164 of the Companies Act (which sets out the Appraisal Rights) is included in Annexure 5 to this Circular.

6.8 Exchange Control Regulations

Annexure 4 to this Circular contains a summary of the Exchange Control Regulations as they apply to Scheme Participants. Scheme Participants who are not resident in, or who have a registered address outside of South Africa, must satisfy themselves as to the full observance of the laws of any relevant territory concerning the receipt of the Scheme Consideration, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory.

6.9 Funding of the Scheme Consideration

Société Générale, Johannesburg branch (registration number 1996/006193/10) has provided an irrevocable and unconditional bank guarantee in favour of Metorex Shareholders to the Takeover Panel for the sole purpose of fully satisfying the Scheme Consideration and the aggregate amount payable to Option Holders pursuant to the Option Holder Offer if the Scheme becomes operative.

6.10 Restricted jurisdictions

6.10.1 To the extent that the distribution of this Circular in certain jurisdictions outside of South Africa may be restricted or prohibited by the laws of such foreign jurisdiction then this Circular is deemed to have been provided for information purposes only and neither the Metorex Board nor the Vale Africa board of directors accept any responsibility for any failure by Scheme Participants to inform themselves about, and to observe, any applicable legal requirements in any relevant foreign jurisdiction.

6.10.2 Scheme Participants who are in doubt as to their position should consult their professional advisors.

7. OPTIONS

7.1 As required under the Takeover Regulations, concurrently with the Scheme, Vale Africa is extending an offer to Option Holders comparable to that being made to Metorex Shareholders, in terms of which:

7.1.1 Option Holders will waive their rights under the Options in existence on the Operative Date; and

7.1.2 Vale Africa will pay to each Option Holder, on the Operative Date, in respect of each In The Money Option which they hold on that date, an amount in cash equal to the Scheme Consideration minus the exercise price of the relevant Option.

7.2 As at the Last Practicable Date, there were 29 096 850 Options outstanding, including 28 677 850 In The Money Options, resulting in an aggregate payment to Option Holders under the Option Holder Offer described above of up to R129 599 703.

7.3 In order to ensure that Option Holders are treated on a comparable basis to Metorex Shareholders in respect of the Sable Distribution, Metorex shall either make a payment to Eligible Option Holders, on the Operative Date, in respect of each of their In The Money Options which they hold on that date or unbundle or transfer a proportionate amount of the Sable Sale Equity, or the benefit thereof, to Eligible Option Holders in respect of each of their In The Money Options, as set out in paragraph 18.4 below.

7.4 The report of the Independent Expert prepared in accordance with section 114(3) of the Companies Act and regulation 90 of the Companies Regulations in relation to the offer by Vale to acquire Metorex, incorporating the Option Holder Offer, is provided in Annexure 1 to this Circular.

8. ADRs

Holders of ADRs will be entitled to vote on the Scheme as provided for under the terms of the Depositary Agreement and the Metorex Shares represented by such ADRs will be acquired by Vale Africa under the terms of the Scheme upon the Scheme becoming operative. Vale Africa intends to procure that Metorex will terminate the ADR program and the Depositary Agreement as soon as practicable after the Operative Date.

9. DELISTING OF METOREX SHARES

Following the implementation of the Scheme, the listing of Metorex Shares on the JSE will be terminated and Vale Africa intends to procure the termination of the listing of Metorex Shares on the Frankfurt Stock Exchange.

10. INTERESTS OF VALE S.A., VALE AFRICA AND THEIR RESPECTIVE DIRECTORS' INTERESTS IN METOREX SECURITIES

As at the Last Practicable Date, none of Vale S.A., Vale Africa or any of their respective directors held any direct or indirect beneficial interests in Metorex.

11. INTERESTS OF DIRECTORS OF VALE S.A. AND VALE AFRICA IN VALE S.A. AND VALE AFRICA SECURITIES

As at the Last Practicable Date, directors of Vale S.A. held the following aggregated beneficial interests in Vale S.A. and indirect beneficial interests in Vale Africa:

Class of Vale S.A. shares	Quantity	Percentage of same class of shares	Percentage of all classes of shares	Percentage indirect interest in Vale Africa
Ordinary shares	44 344	<1	<1	<1
Preferred A shares	1 044	<1	<1	<1
Total	45 388	<1	<1	<1

As at the Last Practicable Date, Vale Africa Directors held the following aggregated beneficial interests in Vale S.A. and indirect beneficial interests in Vale Africa:

Class of Vale S.A. shares	Quantity	Percentage of same class of shares	Percentage of all classes of shares	Percentage indirect interest in Vale Africa
Ordinary shares	32 773	<1	<1	<1
Preferred A shares	–	–	–	–
Total	32 773	<1	<1	<1

Neither the Vale Africa Directors nor the directors of Vale S.A. had any dealings in Vale Africa shares during the period beginning six months before the Offer Period and ending on the Last Practicable Date.

12. INTERESTS OF METOREX AND METOREX DIRECTORS IN VALE S.A. AND VALE AFRICA SECURITIES

As at the Last Practicable Date, neither Metorex nor any Metorex Directors held any direct or indirect beneficial interests in Vale S.A. or Vale Africa, nor did they have any dealings in Vale S.A. or Vale Africa shares during the period beginning six months before the Offer Period and ending on the Last Practicable Date.

13. INTERESTS OF METOREX DIRECTORS IN METOREX SECURITIES

As at the Last Practicable Date, Metorex Directors held the following interests in Metorex Shares:

Director	Direct beneficial	Indirect beneficial	Total	Percentage of issued share capital
R G Still	–	9 079 000 ⁽¹⁾	9 079 000	0.90
A Barrenechea	–	129 764 902 ⁽²⁾	129 764 902	12.92
Total	–	138 843 902	138 843 902	13.82

Notes:

- (1) R G Still's indirect beneficial interest in Metorex Shares arises by virtue of his being a potential beneficiary of a trust which wholly owns Beankin.
- (2) A Barrenechea's indirect beneficial interest in Metorex Shares arises by virtue of his being a director and shareholder in Minerale y Productos Derivados, S.A. and a director and indirect shareholder in Fami Cuatro de Inversiones S.A. and S.A. Sulquisa.

The Metorex Directors have not had any dealings in Metorex Shares during the period beginning six months before the Offer Period and ending on the Last Practicable Date.

As at the Last Practicable Date, Metorex Directors held the following interests in Options:

Director	Vesting Dates	Total Options	Weighted Average Strike Price (R)	"In The Money" Options	Weighted Average Strike Price (R)
R G Still	16 November 2007 to 28 February 2013	325 000	11.66	200 000	6.95
T P Goodlace	18 March 2010 to 18 March 2013	5 000 000	1.28	5 000 000	1.28
M Smith	16 November 2008 to 23 January 2013	2 286 000	3.80	2 286 000	3.80
A Barrenechea	16 November 2007 to 28 February 2013	325 000	11.66	200 000	6.95
Total		7 936 000	2.86	7 686 000	2.32

14. IRREVOCABLE UNDERTAKINGS

The following parties have provided irrevocable undertakings to vote the stated number of Metorex Shares in favour of the Scheme:

Party	Shares subject to undertaking	Percentage holding
Beankin	9 079 000	0.90
Coronation Asset Management (Proprietary) Limited	68 378 875	6.81
Fami Cuatro de Inversiones S.A.	28 442 214	2.83
Investec Asset Management (Proprietary) Limited	14 166 422	1.41
Minerale y Productos Derivados, S.A.	89 242 524	8.89
Prudential Portfolio Managers (South Africa) (Proprietary) Limited	13 000 000	1.29
S.A. Sulquisa	12 080 164	1.20
Standard Bank	24 000 000	2.39
Total	258 389 199	25.72

15. INTERESTS AND DEALINGS IN METOREX SHARES AND VALE S.A. SHARES BY PROVIDERS OF IRREVOCABLE UNDERTAKINGS

15.1 As at the Last Practicable Date, holdings in Metorex Shares by parties who have provided irrevocable undertakings were as follows:

Party	Nature of holding	Metorex
Bankin	Direct beneficial	9 079 000
Coronation Asset Management (Proprietary) Limited	Non-beneficial	69 991 975
Fami Cuatro de Inversiones S.A.	Direct beneficial	28 442 214
Investec Asset Management (Proprietary) Limited	Non-beneficial	39 490 459
Minerales y Productos Derivados, S.A.	Direct beneficial	89 242 524
Prudential Portfolio Managers (South Africa) (Proprietary) Limited	Non-beneficial	33 119 579
S.A. Sulquisa	Direct beneficial	12 080 164
Standard Bank	Direct beneficial	24 000 000

15.2 As at the Last Practicable Date, none of the above parties held any shares in Vale S.A.

15.3 Dealings in Metorex Shares and Vale S.A. shares for the period beginning six months before the Offer Period and ending on the Last Practicable Date by parties who have provided irrevocable undertakings are provided in Annexure 6 to this Circular.

16. REMUNERATION OF METOREX DIRECTORS

The remuneration of Metorex Directors in their capacity as Metorex Directors will in no way be affected by the Scheme.

17. AGREEMENTS IN RELATION TO THE SCHEME

Other than the Implementation Agreement, the Process Letter (as defined in the Implementation Agreement) and the irrevocable undertakings provided to vote in favour of the Scheme, no other agreements have been entered into between Vale S.A., Vale Africa, Vale S.A. directors and/or Vale Africa Directors and any of Metorex, the Metorex Directors or Metorex Shareholders in relation to the Scheme.

18. DISPOSAL OF SABLE

18.1 The Sable Disposal

18.1.1 The Condition Precedent set out in paragraph 6.2.1.2 above provides for the disposal or transfer by Metorex of the Sable Sale Equity to a third party or parties. In this context, Metorex, Sable and Glencore have entered into the Sable Disposal Agreement, in terms of which Metorex will sell the Sable Sale Equity to Glencore for the Sable Disposal Consideration.

18.1.2 Metorex Shareholders are reminded that the Condition Precedent set out in paragraph 6.2.1.2 above remains outstanding and, until all aspects of the Sable Disposal have been finalised and the fulfilment of the Condition Precedent has been verified, Metorex Shareholders should not view the said Condition Precedent as having been fulfilled.

18.1.3 In the event that the Sable Disposal Agreement is not implemented for any reason, Metorex has evaluated alternative methods by which the Sable Disposal can be implemented, which alternatives include the disposal of the Sable Sale Equity to one of the alternative third parties which have previously made bids to acquire the Sable Sale Equity or to another third party or the unbundling or transfer of the Sable Sale Equity, or the benefit thereof, to Metorex Shareholders and Eligible Option Holders in respect of their In The Money Options, respectively.

18.1.4 Shareholders are advised that, in terms of the Listings Requirements, any unbundling of the Sable Sale Equity would require that Metorex obtains the approval of its shareholders in a separate general meeting of Metorex Shareholders convened for that purpose.

18.2 The Sable Disposal Agreement

18.2.1 The Sable Disposal Agreement is subject to the fulfilment or waiver, as the case may be, of the following conditions precedent by no later than:

- 17h00 on 15 July 2011, the unconditional approval of the Sable Disposal (or the conditional approval on terms and conditions acceptable to Metorex and Glencore) by the CCPC, in terms of the Zambian Competition and Consumer Protection Act, No. 24 of 2010;
- 17h00 on 15 July 2011, the unconditional approval of the Sable Disposal (or the conditional approval on terms and conditions acceptable to Metorex and Glencore) by the Zambian Ministry of Mines in terms of the Mines and Minerals Development Act, No. 7 of 2008;
- 17h00 on 12 September 2011, the unconditional approval of the Sable Disposal (or the conditional approval on terms and conditions acceptable to Metorex and Glencore) by the Financial Surveillance Department of the SARB;
- 17h00 on 12 September 2011, to the extent required, the receipt of any additional regulatory, administrative and similar approvals and consents; and
- 17h00 on 12 September 2011, all the Conditions Precedent to the Scheme, other than the Conditions Precedent referred to in paragraphs 6.2.1.2 and 6.2.1.6 above have been fulfilled or, where possible, waived in whole or in part by Vale Africa in terms of paragraph 6.2.3 above.

18.2.2 The dates for fulfilment of the above conditions precedent may be extended at the instance of Metorex, provided that the date of 15 July 2011 may not be extended beyond 12 September 2011 without the written agreement of Glencore in respect of those conditions precedent which are to be fulfilled or waived by 15 July 2011 and the date of 12 September 2011 may not be extended beyond 5 October 2011 without the written agreement of Glencore in respect of those conditions precedent which are to be fulfilled or waived by 12 September 2011.

18.3 The Sable Disposal Consideration

18.3.1 The Sable Disposal Consideration, which is payable upon closing under the Sable Disposal Agreement, will be an amount of R190 000 000 in cash, which amount may be:

- reduced for potential liabilities and breaches of representations given in favour of Glencore (if any) in respect of Sable, which are to be identified, determined and quantified pursuant to a verification process provided for in the Sable Disposal Agreement prior to closing; and
- increased or reduced by changes in the audited net asset value of Sable between 31 March 2011 and a date determined by reference to the date upon which the Sable Disposal Agreement becomes unconditional,

provided that (in the absence of wilful default or fraud) the Sable Disposal Consideration may not be reduced by more than R70 000 000.

18.3.2 It is intended that Metorex will advance a further shareholder loan to Sable amounting to R35 000 000 prior to the completion of the Sable Disposal. This loan will form part of the Sable Sale Equity and will have the effect of increasing the Sable Disposal Consideration by the face value of that loan.

18.3.3 Upon the Sable Disposal Agreement becoming unconditional, the Sable Disposal Agreement provides for a process whereby the net asset value adjustment and any adjustment under the verification process referred to above are finally determined, so that the Sable Disposal Consideration can be finally determined and paid upon closing, which will occur prior to the Operative Date.

18.4 The Sable Distribution

18.4.1 Metorex will:

18.4.1.1 following completion of the Sable Disposal, distribute to Metorex Shareholders and Eligible Option Holders, on the Operative Date, in respect of their In The Money Options which they hold on that date the proceeds received from the Sable Disposal, net of any taxes arising from the Sable Disposal and distribution thereof; or

18.4.1.2 transfer or unbundle the Sable Sale Equity, or the benefit thereof, to the Metorex Shareholders and Eligible Option Holders in respect of their In The Money Options.

18.4.2 Final details of the Sable Distribution will be provided in the Finalisation Date announcement. The Sable Distribution will be made to Metorex Shareholders and Eligible Option Holders in respect of their In The Money Options in accordance with the dates and times set out in the "Important dates and times relating to the Scheme" section on pages 10 and 11 of this Circular, save in relation to any Dissenting Shareholders, in respect of whom Metorex will transfer into trust to hold on their behalf a proportionate amount of the distribution pending the possible withdrawal of their demands or lapsing of Metorex's offers to them as contemplated in section 164(9) of the Companies Act, which is set out in Annexure 5 to this Circular. To the extent that Dissenting Shareholders do withdraw their demands made in terms of sections 164(5) to 164(8) of the Companies Act or allow any offers made to them in terms of section 164(11) of the Companies Act to lapse, the Sable Distribution will be made to such Shareholders on the date set out in paragraph 6.7 above.

19. BREAK FEE

The Implementation Agreement provides for a break fee of R75 240 000 which will be payable by Metorex if:

- the Metorex Board does not unanimously and without qualification recommend the Scheme;
- the Metorex Board at any time withdraws, qualifies or modifies its recommendation of the Scheme;
- Metorex or the Metorex Board approves or recommends and/or enters into an agreement to effect a superior proposal (as defined in the Implementation Agreement);
- an alternative proposal (as defined in the Implementation Agreement) in relation to Metorex is announced and subsequently completed; or
- the Metorex Board determines not to implement the Scheme as a consequence of refusing or failing to take the necessary procedural steps to implement the Scheme pursuant to section 115 of the Companies Act or by treating the shareholder approval as a nullity as contemplated in section 115(5)(b) of the Companies Act.

20. FINANCIAL INFORMATION OF METOREX

The annual financial statements of Metorex for the two financial years ended 30 June 2008, 30 June 2009 and the 18 months ended 31 December 2010 (the latter reflecting the change in Metorex's year-end to 31 December during 2010) are provided in Annexure 2 to this Circular.

21. INDEPENDENT BOARD

The Independent Board, out of an abundance of caution, has resolved that, in the event that Mr R G Still might be considered to be non-independent in terms of Companies Regulation 108(8)(b) as a result of the investment held by Beankin in Metorex or as a result of the Options held by Mr Still, and on the basis that the Independent Board considers Mr R G Still to have acted independently at all times in the past, including during the recent corporate activity involving Metorex, and to be wholly capable of continuing to so act, the rebuttable presumption referred to in Companies Regulation 108(8)(b) be (if and to the extent that such presumption is applicable) rebutted and Mr R G Still's position as a member of the Independent Board be continued. It is recorded that Mr R G Still recused himself from the deliberations of the Independent Board regarding the aforesaid resolution.

22. THE VIEWS OF THE INDEPENDENT BOARD AND THE METOREX BOARD ON THE SCHEME

- 22.1** The Independent Board, after due consideration of the report of the Independent Expert, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the Scheme and the Scheme Consideration as contemplated in Companies Regulation 110(3)(b). The Independent Board has formed a view of the range of the fair value of the Metorex Shares, which accords with the valuation range contained in the Independent Expert's report, in considering its opinion and recommendation. The Independent Board has considered the following factors which are difficult to quantify or are unquantifiable (as contemplated in Companies Regulation 110(6)) in forming its opinion:
- 22.1.1** the factors identified in the Independent Expert's report;
 - 22.1.2** the factors identified in the 2010 Annual Report of the Company under the section headed "Risk Management";
 - 22.1.3** the ability of the Company to enforce the terms of the Scheme against Vale Africa and the enforceability of the guarantee referred to in paragraph 6.9 above; and
 - 22.1.4** the likelihood of the Conditions Precedent being timeously fulfilled and the Scheme becoming operative.
- 22.2** The Independent Board, taking into account the report of the Independent Expert, has considered the terms and conditions of the Scheme and the members of the Independent Board are unanimously of the opinion that the terms and conditions thereof are fair and reasonable to Shareholders and, accordingly, recommend that Shareholders vote in favour of the Scheme at the General Meeting.
- 22.3** Each of the non-independent members of the Metorex Board recommends that Shareholders vote in favour of the Scheme at the General Meeting and, accordingly, the Metorex Board unanimously recommends that Shareholders vote in favour of the Scheme at the General Meeting.

23. METOREX DIRECTORS' SERVICE CONTRACTS

23.1 Executive directors

Material particulars of service contracts with executive Metorex Directors are as follows:

Director	Position	Gross guaranteed remuneration (R)	Notice period	Leave	Retirement age
T P Goodlace	Chief Executive Officer	3 596 000	3 months	20 Business Days per 12-month period	60
M Smith	Chief Financial Officer	2 350 000	3 months	20 Business Days per 12-month period	60

The service contracts of T P Goodlace and M Smith provide that, in the event their employment is terminated by Metorex within 12 months of a change in control of Metorex, they will be entitled to a lump sum compensatory payment equal to twice their gross annual remuneration, plus the average of the incentive bonuses paid to them by Metorex during the previous two completed financial years, together with any other payments and/or benefits due and payable in terms of their respective agreements. Furthermore, the current financial year's incentive bonus will vest on the basis that any bonus targets will be deemed to be achieved.

M Smith also has a retention agreement in place, in terms of which an amount of R1 789 480 is payable in two equal tranches of R894 740 on 23 January 2012 and 23 January 2013, respectively. The entire amount is payable in the event of constructive dismissal, retrenchment, ill-health retirement, death or a change in control of Metorex.

23.2 Non-executive directors

Material particulars of service contracts with non-executive Metorex Directors are as follows:

Director	Position	Effective 1 July 2010		Effective 1 July 2011	
		Annual fee (R)	Attendance fee per meeting (R)	Annual fee (R)	Attendance fee per meeting (R)
R G Still	Chairman	800 000	16 500	840 000	17 500
A Barrenechea	Non-executive	105 000	16 500	112 000	17 500
H Hickey	Non-executive	105 000	16 500	112 000	17 500
N Kgositsile	Non-executive	105 000	16 500	112 000	17 500
V Mabuza	Non-executive	105 000	16 500	112 000	17 500
P Molapo	Non-executive	105 000	16 500	112 000	17 500
L Paton	Non-executive	105 000	16 500	112 000	17 500

In addition to the above, non-executive Metorex Directors are paid an additional R7 000 per sub-committee meeting (R7 500 effective 1 July 2011) if they attend in their capacity as a sub-committee member and R10 000 (R10 500 effective 1 July 2011) if acting in their capacity as sub-committee chair.

23.3 Term of office

In terms of the Metorex memorandum of incorporation, one-third of Metorex Directors, being the longest serving directors, retire from office by rotation at every Metorex annual general meeting, the Metorex Directors so retiring being the longest serving in office since their last election. Metorex Directors so retiring are eligible for re-election as per the Metorex memorandum of incorporation.

24. OTHER SERVICE CONTRACTS

No service contracts have been entered into or amended within six months before the Offer Period, other than in the ordinary course of business and on arm's length terms.

25. REPORT OF THE INDEPENDENT EXPERT

The report of the Independent Expert prepared in accordance with section 114(3) of the Companies Act and Regulation 90 of the Companies Regulations is provided in Annexure 1 to this Circular. Copies of section 115 and section 164 of the Companies Act are provided in Annexure 5 to this Circular.

Having considered the terms and conditions of the Scheme and, based on the conditions set out in its report, the Independent Expert has concluded that the terms and conditions of the Scheme are fair and reasonable to Metorex Shareholders and that the Option Holder Offer is comparable to the offer being made to Metorex Shareholders by way of the Scheme.

26. INTENDED ACTION OF METOREX DIRECTORS

All the Metorex Directors who own Metorex Shares in their personal capacity intend to vote in favour of the Scheme.

27. FOREIGN SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS

Information regarding Foreign Shareholders and Exchange Control Regulations is set out in Annexure 4 to this Circular.

28. TAX IMPLICATIONS FOR SHAREHOLDERS

The tax treatment of Scheme Participants is dependent on their individual circumstances and on the tax jurisdiction applicable to such Scheme Participants. It is recommended that the Scheme Participants seek appropriate advice in this regard.

29. INDEPENDENT BOARD RESPONSIBILITY STATEMENT

The Independent Board accepts responsibility for the information contained in this Circular which relates to Metorex and confirms that, to the best of its knowledge and belief, such information which relates to Metorex is true and the Circular does not omit anything likely to affect the importance of such information.

30. VALE AFRICA RESPONSIBILITY STATEMENT

Vale Africa accepts responsibility for the information contained in this Circular which relates to Vale Africa and Vale S.A. and confirms that, to the best of its knowledge and belief, such information which relates to Vale Africa and Vale S.A. is true and the Circular does not omit anything likely to affect the importance of such information.

31. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at Metorex's registered office from the date of posting of this Circular until the end of the Offer Period:

- the consolidated audited annual financial statements of the Metorex Group for the two financial years ended 30 June 2008, 30 June 2009 and the 18 months ended 31 December 2010 (the latter reflecting the change in Metorex's year-end to 31 December during 2010);
- the constitutional documents (including the memoranda of incorporation) of Metorex and the Metorex Subsidiaries;
- a signed copy of the Implementation Agreement;
- a signed copy of this Circular;
- the signed report of the Independent Expert;
- copies of the irrevocable undertakings referred to in paragraph 14 above;
- a copy of the Metorex Share Incentive Schemes trust deed and rules; and
- a copy of the circular to Metorex Shareholders, dated 29 March 2010, containing, *inter alia*:
 - an executive summary of the competent person's report on Ruashi Holdings and Ruashi Mining dated 12 March 2010;
 - an executive summary of the competent person's report on Chibuluma dated 12 March 2010; and
 - an executive summary of the competent person's report on the Metorex Growth Projects dated 12 March 2010,

(the complete unabridged competent person's reports, as well as the summaries thereof referred to above, are available on the Metorex website (www.metorexgroup.com)).

SIGNED ON BEHALF OF THE INDEPENDENT BOARD

R G Still

17 June 2011

SIGNED ON BEHALF OF VALE AFRICA

Pedro Jose Rodrigues

17 June 2011

SIGNED ON BEHALF OF THE METOREX BOARD

T P Goodlace

17 June 2011

REPORT OF THE INDEPENDENT EXPERT

The Directors
Metorex Limited
PO Box 2814
Saxonwold
2132

1 June 2011

Dear Sirs

INDEPENDENT FAIR AND REASONABLE OPINION REGARDING THE PROPOSED OFFER BY VALE TO ACQUIRE THE ENTIRE ORDINARY SHARE CAPITAL OF METOREX LIMITED

Introduction

In an announcement published by Metorex Limited ("Metorex") on 8 April 2011, shareholders were advised that Vale S.A., through a wholly-owned subsidiary ("Vale"), will make a cash offer to acquire the entire issued and to be issued ordinary share capital of Metorex ("the Transaction").

Vale proposes to implement the Transaction by way of a scheme of arrangement in terms of section 114 of the Companies Act, No. 71 of 2008, as amended ("the Companies Act").

Under the terms of the Transaction, if implemented, Metorex shareholders will receive a cash consideration of R7.35 per share and holders of options in respect of shares in Metorex will be offered 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 R7.35 and the strike price of the relevant options.

Full details of the Transaction are contained in the circular to Metorex shareholders ("the Circular"), to be dated on or about 15 June 2011, which will include the text of this letter.

Scope

An independent fair and reasonable opinion is required to be obtained by the board of directors of Metorex ("the Metorex Board") in terms of section 114 of the Companies Act with regard to the Transaction.

Section 114 provides that the company must retain an independent expert to compile a report to the board concerning the proposed arrangement.

KPMG Services (Proprietary) Limited ("KPMG") has been appointed by the Metorex Board as the independent professional expert to advise on whether the terms and conditions of the Transaction are fair and reasonable to the shareholders of Metorex.

Responsibility

The compliance with the Companies Act is the responsibility of the Metorex Board. Our responsibility is to report on the terms and conditions of the Transaction.

We confirm that our fair and reasonable opinion has been provided to the Metorex Board for the sole purpose of assisting the Metorex Board in forming and expressing an opinion for the benefit of Metorex shareholders.

Definition of the terms "fair" and "reasonable"

A transaction will generally be considered fair to a company's shareholders if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value surrendered by the shareholders.

The assessment of fairness is primarily based on quantitative issues. The Transaction may be considered fair if the consideration received per share by Metorex shareholders is considered to be equal to or greater than the value surrendered by Metorex shareholders in terms of the Transaction.

The assessment of reasonableness is generally based on qualitative considerations surrounding the transaction. Hence, even though the consideration received by Metorex shareholders may be less than the value surrendered by Metorex shareholders, the entire Transaction may still be reasonable in certain circumstances after considering other significant qualitative factors.

Information utilised and procedures performed

Key fairness considerations

In arriving at our opinion we have undertaken the following procedures in evaluating the fairness of the Transaction:

- obtained an understanding of the structure of the Transaction;
- reviewed the terms and conditions of the Transaction;
- considered the audited consolidated financial statements of Metorex for the 18 months ended 31 December 2010 including the Reserve and Resources statement therein;
- considered the unaudited management accounts of the underlying entities within the Metorex group as at 31 December 2010;
- held discussions with the directors and management of Metorex to establish its strategy and considered such other matters as we consider necessary, including assessing the prevailing economic, legal and market conditions in the mining industry;
- consulted with Mr Martin Redford (B.Sc. (Eng), Pr.Eng., MSAICE, FSAIMM), an independent mining consultant appointed by KPMG, on technical matters, *inter alia*, technical reports on the mineral assets and valuation thereof;
- evaluated the risks and expected returns associated with Metorex;
- reviewed Metorex's financial model ("the financial model") and the basis of the assumptions therein including the prospects of the business. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management;
- considered both scenarios contained in the financial model, the likelihood of each scenario realising and the risk associated with each scenario;
- reviewed the process followed in the preparation of the financial model and reliance placed thereon by Metorex directors;
- reviewed the reasonableness of material assumptions in the financial model relating to commodity prices; production volumes, grades and recoveries; operating expenses and capital expenditure;
- stress tested the material assumptions applied in the financial model which included, *inter alia*, commodity prices; production volumes, grades and recoveries; operating expenses and capital expenditure and key economic parameters used in order to test the operation of the model;
- adjusted the financial model to reflect KPMG's assumptions of cost of capital and of future macro-economic variables such as commodity prices and inflation rates;
- reviewed certain publicly available information relating to Metorex, including company announcements, analyst reports and media articles;
- compared the 12-month historical share price movement of Metorex shares to shares of comparable companies in order to assess the relative trading activities, liquidity and volatility of Metorex shares;
- considered the historical performance of Metorex, including the recent rights issues and sale of assets;
- considered any further material adjustments to value based on matters arising in the period from 1 January 2011 to the date of this opinion; and
- confirmed that the offer to Metorex option holders is comparable to the offer to Metorex ordinary shareholders.

Key qualitative considerations

In arriving at our opinion, we have also considered the following key qualitative considerations in evaluating the reasonableness of the Transaction:

- the rationale for the Transaction as set out in the Circular; and
- our understanding of the Transaction process and of the extent of the negotiations and resulting agreements in respect of the Transaction.

Valuation

KPMG performed a valuation of Metorex to determine whether the Transaction offer consideration represents fair value to Metorex shareholders.

The discounted cash flow methodology was the primary valuation methodology employed for Ruashi, Chibuluma and the Kinsenda Project. The Dilala East Project and Lubembe Project were valued based on the application of pricing multiples (US Dollar per tonne) from comparable transactions to the resources per the Reserve and Resources statement. The discounted cash flow methodology was also applied to the forecast cash flows for the Dilala East Project and Lubembe Project as a secondary valuation methodology for reasonableness testing purposes. The valuation approach and methodology comply with the South African Code for the Reporting of Mineral Asset Valuation ("the SAMVAL Code").

The valuation was performed taking cognisance of risk and other market and industry factors affecting Metorex. Additionally, sensitivity analyses were performed considering key assumptions.

Key value drivers to the valuation included the discount rate, commodity prices, operating margins and capital expenditure. Prevailing market and industry conditions were also considered in assessing the risk profile of Metorex.

In undertaking the valuation exercise above, we determined a valuation range of Metorex's shares of R6.94 to R8.27 per ordinary share with a most likely value of R7.57 per ordinary share.

The valuation above is provided solely in respect of this fair and reasonable opinion and should not be used for any other purposes.

Opinion

KPMG has considered the terms and conditions of the Transaction and, based upon and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Transaction are fair to the Metorex ordinary shareholders.

Based on the qualitative considerations set out above, we are of the opinion that the terms and conditions of the Transaction are reasonable in the circumstances.

Our opinion is necessarily based upon the information available to us up to 25 May 2011, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory, other approvals and consents required in connection with the Transaction have been or will be timeously fulfilled and/or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Limiting conditions

This opinion is provided to the Metorex Board in connection with and for the purposes of the Transaction. This opinion is prepared solely for the Metorex Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights. This opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Metorex shareholders. Should a Metorex shareholder be in doubt as to what action to take, he or she should consult an independent advisor.

An individual Metorex shareholder's decision as to whether to vote in favour of any transaction may be influenced by his or her particular circumstances. The assessment as to whether or not the Metorex Board decides to recommend the Transaction is a decision that can only be taken by the Metorex Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management of Metorex, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

Where relevant, the forecasts of Metorex relate to future events and are based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Metorex will correspond to those projected. Where practicable, we compared the forecast financial information to past trends and third party estimates as well as discussing the assumptions inherent therein with the management of Metorex. On the basis of these enquiries and such other procedures we consider appropriate to the circumstances, we believe that the forecasts have been prepared with due care and consideration.

We have also assumed that the Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of Metorex and we express no opinion on such consequences. We have assumed that all agreements that will be entered into in respect of the Transaction will be legally enforceable.

Independence, competence and fees

We confirm that we have no direct or indirect interest in Metorex shares or the Transaction. We also confirm that we have the necessary competence to provide the fair and reasonable opinion on the Transaction.

Furthermore, we confirm that our professional fees of approximately R970 000 are not contingent upon the success of the Transaction.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the Circular to be issued to the shareholders of Metorex in the form and context in which it appears.

Yours faithfully

Neeraj Shah

Director – Corporate Finance

KPMG Services (Proprietary) Limited

KPMG Crescent
85 Empire Road
Parktown
2193

HISTORICAL FINANCIAL INFORMATION OF METOREX

Group statement of comprehensive income

	Notes	12 months June 2008 R'000	12 months June 2009 R'000	18 months December 2010 R'000
Revenue				
Mineral sales				
Copper		1 247 710	866 407	3 540 602
Cobalt		111 436	70 677	1 015 319
Fluorspar		255 643	–	–
Gross revenue		1 614 789	937 084	4 555 921
Realisation costs		268 715	184 258	595 192
On-mine revenue		1 346 074	752 826	3 960 729
Cost of production	2	642 477	750 367	2 699 153
Mining profit		703 597	2 459	1 261 576
Other (expenses)/income	4	(22 425)	142 750	233 063
Amortisation of deferred hedge premium		–	–	(88 190)
Impairments	5	–	(2 273 429)	–
Held-for-sale assets, net of tax	31	245 090	166 897	(32 505)
Discontinued operations	31	(8 859)	(438)	(23 549)
Finance income	6	7 764	6 945	23 427
Finance costs	6	(9 287)	(5 881)	(121 609)
Profit/(loss) before taxation	7	915 880	(1 960 697)	1 252 213
Income tax expense/(credit)	8	219 786	(420 253)	285 790
Profit/(loss) for the period from continuing operations and discontinued operations		696 094	(1 540 444)	966 423
Other comprehensive income				
Exchange difference on translating foreign operations		–	(313 084)	(926 610)
Effects of cash flow hedge		–	160 760	(52 111)
Total other comprehensive income for the period		–	(152 324)	(978 721)
Profit attributable to:				
Equity holders of the parent		554 552	(1 507 218)	836 827
Non-controlling interest		141 542	(33 226)	129 596
		696 094	(1 540 444)	966 423
Total comprehensive income attributable to:				
Equity holders of the parent			(113 830)	(1 020 245)
Non-controlling interest			(38 494)	41 524
			(152 324)	(978 721)
From continuing and discontinued operations:				
Basic earnings/(loss) per share (cents)	9	159.4	(272.4)	96.3
Diluted earnings/(loss) per share (cents)	9	156.5	(272.4)	95.3
From continuing operations:				
Basic earnings/(loss) per share (cents)	9	161.9	(272.3)	99.0
Diluted earnings/(loss) per share (cents)	9	159.0	(272.3)	98.0
Headline earnings per share (cents)	9	131.7	23.9	55.1
Diluted headline earnings per share (cents)	9	129.3	23.9	54.5

Group statement of financial position

	Notes	June 2008 R'000	June 2009 R'000	December 2010 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	2 823 685	3 467 738	3 205 840
Mineral rights	11	2 701 699	1 367 689	1 266 049
Goodwill	12	11 514	11 514	11 514
Investments	13	3 443	79 718	75 154
Derivative financial instrument	25	–	94 942	–
Deferred tax asset	21	1 354	–	–
Rehabilitation trust fund	20	6 450	779	6 364
		5 548 145	5 022 380	4 564 921
Current assets				
Inventories	14	300 143	264 051	330 932
Trade and other receivables	15	572 101	447 628	537 475
Derivative financial instruments	25	189	–	–
Current tax assets		13 900	6 194	15 115
Bank balances and cash	23	119 066	73 553	436 838
		1 005 399	791 426	1 320 360
Assets held-for-sale	31	1 414 185	1 078 229	41 296
Total assets		7 967 729	6 892 035	5 926 577
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	16	36 917	74 255	100 052
Share premium	16	2 292 746	2 979 136	3 840 809
Hedging and translation reserve	17	(167 546)	(319 870)	(1 298 591)
Retained earnings		1 389 089	(118 129)	718 698
Share option reserve		21 797	47 586	69 241
Equity reserve		(117 300)	(117 300)	(100 022)
Assets held-for-sale		(5 599)	(146 219)	2 344
Equity attributable to equity holders of parent		3 450 104	2 399 459	3 332 531
Non-controlling interest	18	683 570	457 208	105 225
Total equity		4 133 674	2 856 667	3 437 756
Non-current liabilities				
Long-term borrowings	19	1 342 935	1 415 563	504 730
Long-term provisions	20	171 038	179 486	143 884
Deferred tax liabilities	21	799 236	469 292	573 658
Post-retirement medical aid	22	1 599	1 824	1 995
Deferred financial instruments	25	–	–	60 285
		2 314 808	2 066 165	1 284 552
Current liabilities				
Trade and other payables	24	512 638	557 831	411 579
Short-term borrowings	19	175 296	695 604	347 814
Short-term provisions	20	25 059	35 065	25 929
Bank overdraft	23	17 735	54 323	–
Derivative financial instruments	25	273 888	230 240	317 254
Taxation		109 189	29 999	28 319
		1 113 805	1 603 062	1 130 895
Liabilities held-for-sale	31	405 442	366 141	73 374
Total equity and liabilities		7 967 729	6 892 035	5 926 577
Net asset value per share (cents)		935	323	333
Net tangible asset value per share (cents)		931	322	331

Group statement of cash flow

	Notes	12 months June 2008 R'000	12 months June 2009 R'000	18 months December 2010 R'000
CASH INFLOWS FROM OPERATING ACTIVITIES		783 956	121 602	771 439
Cash generated by operations	A	915 442	465 997	1 021 510
Dividends paid		(16 284)	(108 224)	(8 263)
Taxation paid		(115 070)	(236 421)	(143 626)
Finance income		10 556	7 871	23 427
Finance costs		(10 688)	(7 621)	(121 609)
CASH OUTFLOWS FROM INVESTING ACTIVITIES		(1 848 615)	(1 393 693)	(56 208)
Additions to property, plant and equipment and mineral rights		(2 015 085)	(1 381 650)	(864 734)
Acquisition of subsidiaries	33	(169 710)	–	–
Proceeds on disposal of property, plant and equipment		119	1 162	–
Proceeds on disposal of shares in subsidiary	33	338 575	–	936 046
Increase in investments		(2 514)	(13 205)	–
Movement in AHFS/discontinued operations		–	–	(127 340)
CASH INFLOWS/(OUTFLOWS) FROM FINANCING ACTIVITIES		1 137 289	1 191 426	(270 003)
Borrowings raised		1 364 993	513 475	–
Borrowings repaid		(232 328)	(26 576)	(1 157 473)
Shares issued		4 624	704 527	887 470
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		72 630	(80 665)	445 408
Cash and cash equivalents at the beginning of the year	23	54 558	101 331	19 230
Effect of foreign exchange rate changes		2 516	(1 436)	(20 749)
Acquisition of CRC	33	53 867	–	–
Disposal of Vergenoeg Mining Company (Pty) Ltd		–	–	(7 051)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	B	183 571	19 230	436 838
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD – DISCONTINUING OPERATIONS		–	23 191	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD – CONTINUING AND DISCONTINUING OPERATIONS		183 571	42 421	436 838

Notes to group statement of cash flow

	12 months June 2008 R'000	12 months June 2009 R'000	18 months December 2010 R'000
A. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED BY OPERATIONS			
Profit/(loss) before taxation	1 031 355	(1 921 229)	1 252 213
Adjusted for	(2 338)	2 321 365	290 031
(Profit)/loss for the period from subsidiary sold/ discontinued operations/assets held-for-sale	(157 995)	76 409	(375 436)
Deferred put premium	–	–	88 190
Net profit on hedgebook close-outs	–	(169 598)	–
Loss/(profit) on disposal of mining assets	(119)	(914)	1 774
Share option costs	16 112	20 055	22 569
Net finance costs/(income)	132	(250)	98 182
Impairments	–	2 273 429	–
Depreciation	139 532	122 234	454 752
Operating profit before working capital changes	1 029 017	400 136	1 542 244
Working capital changes	(113 575)	65 861	(520 734)
(Increase)/decrease in inventories	(180 202)	13 348	(141 750)
(Increase)/decrease in trade and other receivables	(109 694)	43 067	(233 082)
Increase/(decrease) in trade and other payables and provisions	176 321	9 446	(145 902)
Cash generated by operations	915 442	465 997	1 021 510
B. CASH AND CASH EQUIVALENTS			
Bank balances and cash	203 435	73 553	436 838
Bank overdraft	(19 864)	(54 323)	–
	183 571	19 230	436 838

Group statement of changes in equity

	June 2008 R'000	June 2009 R'000	December 2010 R'000
Share capital	36 917	74 255	100 052
– Balance at beginning of the period	32 454	36 917	74 255
– Issue of shares, net of cost	4 463	37 338	25 971
– Share option scheme	–	–	(174)
Share premium	2 292 746	2 979 136	3 840 809
– Balance at beginning of the period	1 293 733	2 292 746	2 979 136
– Issue of shares, net of costs	999 013	686 390	861 673
Foreign exchange translation reserve	75 999	(237 085)	(1 163 695)
– Balance at beginning of the period	(41 312)	75 999	(237 085)
– Foreign exchange reserve	161 434	–	–
– Translation profit on foreign monetary item	(56 726)	–	–
– Transfer to AHFS	(1 578)	–	–
– Tax effect of translation profit on foreign monetary item	14 181	–	–
– Other comprehensive loss for the period	–	(313 084)	(926 610)
Hedging reserve	(243 545)	(82 785)	(134 896)
– Balance at beginning of the period	(73 818)	(243 545)	(82 785)
– Fair value (losses)/profits for the period	(126 202)	–	–
– Transfer to AHFS	7 210	–	–
– Minority interest	(50 735)	–	–
– Other comprehensive loss for the period	–	160 760	(52 111)
Equity reserve	(117 300)	(117 300)	(100 022)
– Balance at beginning of the period	(121 922)	(117 300)	(117 300)
– Transfer to AHFS	4 622	–	–
– Disposal of subsidiaries/assets held-for-sale	–	–	17 278
Share option reserve	21 797	47 586	69 241
– Balance at beginning of the period	10 340	21 797	47 586
– Transfer to AHFS	(4 655)	–	–
– Expense for the year	16 112	–	–
– Recognition of share-based payment	–	25 789	23 384
– Disposal of subsidiary/asset held-for-sale	–	–	(1 729)
Retained income	1 389 089	(118 129)	718 698
– Balance at beginning of the period	834 537	1 389 089	(118 129)
– Profit/(loss) for the period	554 552	(1 507 218)	836 827
Equity attributable to equity holders of parent	3 455 703	2 545 678	3 330 187
– Balance at beginning of the year		3 455 703	2 545 678
– Issue of shares, net of cost		723 728	887 644
– Share option scheme		–	(174)
– Profit/(loss) for the period		(1 507 218)	836 827
– Other comprehensive loss for the period		(152 324)	(978 721)
– Disposal of subsidiaries/assets held-for-sale		–	15 549
– Recognition of share-based payments		25 789	23 384

	Note	June 2008 R'000	June 2009 R'000	December 2010 R'000
Equity attributable to assets held-for-sale		(5 599)	(146 219)	2 344
– Balance at beginning of the period			(5 599)	(146 219)
– Disposal of subsidiaries/assets held-for-sale			(140 620)	148 563
Non-controlling interest	19	683 570	457 208	105 225
– Balance at beginning of the period			683 570	457 208
– Profit/(loss) for the period			(33 226)	129 596
– Other comprehensive loss for the period			38 494	(41 524)
– Disposal of subsidiaries/assets held for sale			(123 406)	(431 792)
– Distributions to non-controlling interests			(108 224)	(8 263)
Total equity		4 133 674	2 856 667	3 437 756
– Balance at beginning of the year			4 133 674	2 856 667
– Issue of shares, net of cost			723 728	887 644
– Share option scheme			–	(174)
– Profit/(loss) for the period			(1 540 444)	966 423
– Other comprehensive loss for the period			(113 830)	(1 020 245)
– Disposal of subsidiaries/assets held for sale			(264 026)	(267 680)
– Recognition of share-based payments			25 789	23 384
– Distributions to non-controlling interests			(108 224)	(8 263)

Notes to annual financial statements

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Group financial statements are set out below:

Basis of preparation

The annual financial statements have been prepared under the historical-cost basis, except for certain financial instruments which are stated at fair value, and in accordance with International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB"), the AC 500 standards as issued by the Accounting Practices Board, requirements of the South African Companies Act, 1973, as amended, and Regulations of the JSE Limited. The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous period; except for IAS 1 (revised): Presentation of Financial Statements, and IFRS 8: Operating Segments, which has been applied in the current period. The comparative statement of comprehensive income have been re-presented for Vergenoeg Mining Company (Pty) Limited ("VMC") as an asset held for sale in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The copper smelting charges at Chibuluma have also been reclassified from cost of production to realisation costs in line with the current period treatment.

New and revised International Financial Reporting Standards not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations applicable to the Group were in issue but not yet effective:

IFRS 2 Share-based Payments

IFRS 3 Business Combinations

IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations

IFRS 8 Operating Segments (new)

IFRS 9 Financial Instruments – replacement of IAS 39

IAS 16 Property, Plant and Equipment

IAS 18 Revenue

IAS 19 Employee Benefits

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance

IAS 23 Borrowing Costs

IAS 27 Consolidated and Separate Financial Statements

IAS 28 Investments in Associates

IAS 29 Financial Reporting in Hyperinflationary Economies

IAS 31 Interest in Joint Ventures

IAS 32 Financial Instruments: Presentation

IAS 36 Impairment of Assets

IAS 38 Intangible Assets

IAS 39 Financial Instruments: Recognition and Measurement

IFRIC 16 Hedges of a net investment in a foreign operation (new)

IFRIC 17 Distributions of Non-cash Assets to Owners (new)

IFRIC 18 Transfers of Assets from Customer (new)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The directors anticipate that the adoption of these standards and interpretations in future periods, except for IFRS 3, will not have a material impact on the financial statements of the Group, other than additional disclosure.

Critical accounting estimates and judgements

In preparing the annual financial statements in terms of IFRS, the Group's management is required to make certain judgements, estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported period and the related disclosures. The estimates and judgements are based on historical experience, current and expected future economic conditions and other factors. Actual results may differ from these estimates.

Judgements made by management

The following judgements, apart from those involving estimates (as mentioned below) have been made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

- In applying IFRS 5, Non-current Assets Held-for-Sale and Discontinued Operations, management had to make judgements as to which non-current assets and discontinued operations fall within the scope of the standard and had to be reclassified and measured in terms of IFRS 5 (refer note 31).
- In applying IFRS 2, Share-based Payments, management had to make certain judgements in respect of the fair value option-pricing models to be used in determining the various share-based arrangements in respect of employees, as well as the variable elements used in these models (refer note 30).
- In applying IFRIC 4, Determining Whether an Arrangement Contains a Lease, and IAS 17, Leases, contractual agreements were assessed to determine whether they convey the right to use an asset and their classification as either an operating or finance lease.
- Estimates made in determining the present obligation of environmental provisions including decommissioning and rehabilitation.
- Estimates made in determining the recoverable amount of assets where there is an indication that an asset may be impaired, this includes the estimation of cash flows and the discount rates used.
- Estimates made in determining the probability of future taxable income thereby justifying the recognition of a deferred tax asset.
- Estimates made in determining changes in the estimated useful lives of assets and their residual values.
- Estimates made in determining the life of the mines.
- Estimates made in the valuation of mineral rights.
- Estimates made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted.
- Estimates made of contingent liabilities disclosed.
- Estimates of mineral resources and ore reserves in accordance with the SAMREC Code (2000) for South African properties. Such estimates relate to the category for the resource (measured, indicated or inferred), the quantum and the grade.

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) to 31 December (previous years to 30 June) each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree plus any costs directly attributable to the business combination. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Inter-company transactions and balances between Group entities are eliminated on consolidation.

1.2 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combinations is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Mineral rights and goodwill arising on acquisition are recognised as an asset, and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after re-assessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of net fair value of the assets, liabilities and contingent liabilities recognised.

1.3 Property, plant and equipment

1.3.1 Mining assets

Mining assets, including mine development costs and mine plant facilities, are recorded at cost of acquisition.

Expenditure incurred to develop new ore bodies, to define mineralisation in existing ore bodies, to establish or expand productive capacity and expenditure designed to maintain productive capacities, are capitalised until commercial levels of production are achieved.

1.3.2 Mineral and surface rights

Mineral and surface rights are recorded at cost of acquisition.

1.3.3 Land

Land is shown at cost and is not depreciated.

1.3.4 Gain or loss on disposal or retirement of assets

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.3.5 Mine development and deferred waste stripping

Mine development costs

Mine development costs are capitalised and amortised over the life of the pit using the units of production method. Mine development costs consist of the establishment of access to deposits, preparation for commercial production including permanent excavations, roads, tunnels and advanced removal of overburden and waste rock.

Deferred waste stripping costs

Normalised waste stripping costs will be recognised during the period in which they are incurred and will not be deferred.

Waste stripping costs that are incurred on overburden stripping, where the strip ratio exceeds the average strip ratio of the life of the pit by more than 25%, will be capitalised as mine development costs.

1.4 Depreciation

1.4.1 Depreciation of mining assets and mineral and surface rights

Mining assets, mine development costs, mineral and surface rights and plant mine facilities are depreciated over the lives of the mines to their residual values using the units-of-production method based on estimated proved and probable ore reserves or where impractical, directors' estimates subject to a maximum life of mine of 20 years.

The assets of the underlying mines are depreciated over the following periods effective 1 July 2009:

- Consolidated Murchison Mine: Impaired
- Chibuluma South: ±7 years
- Ruashi: ±15 years
- Sable: ±10 years

Other mining plant and equipment is depreciated on the straight-line basis over the shorter of the life of the mine or their estimated useful lives.

1.4.2 Depreciation of non-mining assets

Buildings and other non-mining assets are recorded at cost and depreciated on the straight-line basis over their expected useful lives, which vary between 4 to 10 years.

1.4.3 Mining exploration

Expenditure on exploration activities is capitalised until the viability of the mining venture has been proven. If the mining venture is subsequently considered non-viable the expenditure is charged against income as and when that fact becomes known.

1.5 Impairment (except for goodwill)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses are immediately recognised as an expense. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of a subsidiary is described in 1.2 above.

1.7 Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which affects neither tax nor accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt within equity, or where they arise from the initial accounting of a business combination. In a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or parts of the asset to be recovered.

1.8 Provisions

Provisions are recognised when the Group has a legal or constructive obligation resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle a present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.9 Foreign currencies

Transactions in currencies other than Rand are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling at the reporting date. Profits and losses arising on exchange are dealt with in the statement of comprehensive income.

In order to hedge its exposure to foreign exchange risks, the Group may enter into forward contracts (see note 1.18 for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates ruling at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising from the translation of foreign operations are classified as equity and are recognised as income or expenses in the period in which the operation is disposed. Translation differences on foreign loans to subsidiaries which are classified as equity loans are accounted for as non-distributable reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the reporting entity and are recorded using the exchange rate at the date of the transaction.

1.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until commercial levels of production are achieved. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are recognised in net profit or loss in the period in which they are incurred.

1.11 Consumable stores and product inventories

Consumable stores are valued at the lower of cost, determined on a weighted average basis, and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Obsolete and slow-moving consumable stores are identified and are written down to their economic or realisable values. Product inventories are valued at the lower of cost, determined on a weighted average basis, and net realisable value. Costs include direct mining costs and mine overheads.

1.12 Retirement benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state managed schemes are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

1.13 Post-retirement benefits other than pension

Certain companies within the Group provide retirement benefits by way of medical aid schemes for employees. Charges to the statement of comprehensive income are based on the accrual basis. The estimated cost for retiree healthcare is accrued during the participants' actual service periods, up to the date they become eligible for full benefits.

1.14 Equity participation plan

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 30.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on the straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled employee benefits reserve.

1.15 Provision for environmental rehabilitation costs

Long-term environmental obligations are based on the Company's environmental plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. Annual increases in the provisions relating to the change in the net present value of the provision and inflationary increases are shown separately in the statement of comprehensive income.

The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure, in view of the uncertainty of estimating the potential future proceeds.

1.16 Provision for closure costs

The Group provides for closure costs other than rehabilitation costs when the directors have prepared a detailed plan for closure of the particular operation, the remaining life of which is such that significant changes to the plan are unlikely; and the directors have raised a valid expectation in those affected that it will carry out the closure by starting to implement that plan or announcing its main features to those affected by it.

1.17 Revenue recognition

Revenue represents the value of minerals sold, excluding value-added tax and is recognised when goods are delivered and risk and reward has passed, and is measured at the fair value of the consideration received or receivable.

Copper products are sold under pricing arrangements where final prices are set at a specified date based on market prices. Revenue is recognised using the average LME cash settlement price over the agreed customer quotation period. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in the copper market prices are accounted for as adjustments to revenue.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rates applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

1.18 Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), available-for-sale ("AFS") financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms a part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 25.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classed as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownerships and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities “at FVTPL” or “other financial liabilities”.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 25.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

1.19 Derivative financial instruments

In the ordinary course of its operations, the Group may enter into a variety of derivative financial instruments to manage its exposure to commodity prices and foreign exchange rate risk.

Derivatives are initially recognised at cost at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of commodity price risk or foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of commodity price risk or foreign exchange risk or firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item.

Note 25 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line of the statement of comprehensive income.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationships, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised

when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

1.20 Leases

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total lease commitments and the fair value of the assets acquired, are charged to the statement of comprehensive income over the term of the relevant lease. Operating leases are accounted for on a straight-line basis over the period of the lease.

1.21 Non-current assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

1.22 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.23 Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); and
- for which discrete financial information is available.

	2008 R'000	2009 R'000	2010 R'000
2. COST OF PRODUCTION			
Mining	78 924	89 300	358 316
Salaries and wages	144 389	149 810	347 962
Processing	172 531	156 638	1 021 684
Engineering and technical	113 575	119 527	230 950
Administration	87 716	82 305	280 148
Inventory movement	(50 306)	43 990	5 341
Depreciation	95 648	108 797	454 752
	642 477	750 367	2 699 153

3. OPERATING LEASES

At the reporting date, the Group had outstanding commitments under non-cancellable operating leases mainly in respect of office equipment, security cameras, building rentals and compressors, which fall due, as follows:

Within one year	3 613	3 390	5 090
Years 2 to 5	5 131	3 212	17 487
	8 744	6 602	22 577

	2008 R'000	2009 R'000	2010 R'000
4. OTHER (EXPENSES)/INCOME			
Management and technical fees income	1 056	–	–
Profit on Ruashi hedgebook close-outs	–	210 954	–
Foreign exchange gains/(losses)	7 558	20 126	(4 226)
(Loss)/profit on disposal of subsidiaries/assets	(43)	446	429 748
Share option expense	(18 099)	(18 248)	(22 569)
Rehabilitation expense	(6 577)	(9 040)	(7 277)
Royalties	(10 626)	(20 410)	(183 880)
Sundry other income/(cost)	4 306	(41 078)	21 267
	(22 425)	142 750	233 063

5. IMPAIRMENTS

It is Group policy to annually assess assets for impairment. Following this review, the Group impairment charge before taxation and minorities amounted to nil (2009: R2.3 billion).

This charge is made up as follows:

Group

CRC	–	1 720 247	–
Ruashi Phase I Project	–	216 025	–
Consolidated Murchison Division	–	124 477	–
PAR	–	57 575	–
Other	–	155 105	–
	–	2 273 429	–

2009

The primary CRC asset being the Kinsenda mine, was impaired to R230 million (US\$30 million) based on a risk based valuation at a real after-tax discount rate of 20%. This discount rate accounts for risks related to project funding, project development and operating in the DRC. A copper price of US\$5 000/ton was applied in these valuations. The net CRC impairment, after tax and minorities, of R1.2 billion principally relates to the original investment cost. This cost constituted the issue of 37 million new Metorex shares at R24.00 per share (R888 million) and R85 million in cash.

6. FINANCE (COSTS)/INCOME

Interest received	7 764	6 945	23 427
Interest paid	(129 479)	(114 270)	(121 609)
Less: Borrowing costs capitalised	120 192	108 389	–
Net finance (costs)/income	(1 523)	1 064	(98 182)

	2008 R'000	2009 R'000	2010 R'000
7. PROFIT/(LOSS) BEFORE TAXATION			
Is stated after charging:			
Audit fee			
– current period	1 316	2 809	3 487
– prior period	585	–	–
Other non-audit services	–	215	704
Retirement benefit costs	9 664	5 896	11 870
Operating leases and rentals			
– equipment and buildings	5 238	2 989	9 054
Exploration expenditure	805	1 488	–
8. INCOME TAX EXPENSE/(CREDIT)			
SA normal taxation			
– current period	25 313	(7 740)	24 584
– prior period	2	(413)	(93)
Foreign normal taxation			
– current period	104 197	3 570	116 829
– prior period	–	–	6 419
Deferred taxation			
– current period	89 074	(415 638)	139 246
– prior period	–	(32)	(1 195)
Secondary Taxation on Companies			
– current period	1 200	–	–
Total taxation charge/(credit) – continuing operations	219 786	(420 253)	285 790
Profit/(loss) before taxation	915 880	(1 960 697)	1 252 213
Less: Held-for-sale assets, net of tax and discontinuing operations	–	(305 946)	56 054
Total profit/(loss) before taxation – continuing operations	915 880	(2 266 643)	1 308 267
Taxation at the domestic taxation rate of 28%	256 446	(634 660)	366 315
Secondary Taxation on Companies	1 200	–	–
Under/(over) provision – prior period	2	(445)	5 131
Non-deductible expenses	2 968	7 203	21 054
Tax rate change	(923)	–	–
Deferred tax asset not recognised	–	203 813	(42 077)
Taxation rate differentials	(39 907)	3 836	(64 471)
Other	–	–	(162)
Taxation expense/(credit) for the period – continuing operations	219 786	(420 253)	285 790
Effective taxation rate for the period – continuing operations (%)	24.0	18.5	21.8
Unredeemed capital expenditure available	39 256	1 316 749	1 779 028
Losses available for future taxable income set-off	19 849	1 997 688	1 368 607

Note: The Chibuluma variable taxes and historic windfall taxes have been recorded as a receivable from the Government of the Republic of Zambia (“GRZ”) against the taxation account. As at 31 December 2010, this receivable amounted to US\$9.7 million. The Group maintains that these taxes are in excess of those permitted under the Development Agreement signed in 1997 (“DA”). This GRZ receivable will be assessed for impairment on an ongoing basis and depends on the outcome of negotiations with the GRZ. The Group’s tax charge would have increased by R64 million had the Chibuluma taxes been accrued in accordance with the new tax regime. The effective Chibuluma tax rate would increase to an effective rate of 42% of taxable income under the proposed regime.

9. EARNINGS/(LOSS) PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings/(loss) per share ("EPS")

EPS is based on the Group's net profit for the year attributable to equity holders of the parent, divided by the weighted average number of shares in issue during the period.

	2008			2009			2010		
	Net profit (R'000)	Shares ('000)	Per share (cents)	Net profit R'000	Shares ('000)	Per share (cents)	Net profit R'000	Shares ('000)	Per share (cents)
From continuing and discontinued operations									
Basic EPS	554 552	347 797	159.4	(1 507 218)	553 349	(272.4)	836 827	868 982	96.3
Share options	–	6 650	(2.9)	–	–	–	–	9 310	(1.0)
Diluted EPS	554 552	354 447	156.5	(1 507 218)	553 349	(272.4)	836 827	878 292	95.3
From continuing operations									
Basic EPS	563 411	347 797	161.9	(1 507 218)	553 349	(272.4)	836 827	868 982	96.3
Discontinued operation	–	–	–	438	–	0.1	23 549	–	2.7
Basic EPS	563 411	347 797	161.9	(1 506 780)	553 349	(272.3)	860 376	868 982	99.0
Share options	–	6 650	(2.9)	–	–	–	–	9 310	(1.0)
Diluted EPS	563 411	354 447	159.0	(1 506 780)	553 349	(272.3)	860 376	878 292	98.0
Headline earnings per share									
Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the period.									
Reconciliation between earnings and headline earnings from continuing and discontinued operations									
Earnings/(loss) as reported	554 552	347 797	159.4	(1 507 218)	553 349	(272.4)	836 827	868 982	96.3
Adjustments									
– Discontinued operations	8 859		2.5	438	–	–	23 549	–	2.7
– (Profit)/loss on sale of mining assets, net of tax	31		–	(431)	–	–	(381 323)	–	(43.9)
– Impairments	–		–	2 273 429	–	410.8	–	–	–
– Tax on impairments	–		–	(474 642)	–	(85.8)	–	–	–
– Minorities on impairments	–		–	(159 230)	–	(28.7)	–	–	–
– Profit after tax on reverse acquisition of PAR	(105 220)		(30.2)						
Headline earnings per share	458 222	347 797	131.7	132 346	553 349	23.9	479 053	868 982	55.1
Share options	–	6 650	(2.4)	–	–	–	–	9 310	(0.6)
Diluted headline earnings per share	458 222	354 447	129.3	132 346	553 349	23.9	479 053	878 292	54.5
Adjusted headline earnings per share									
Adjusted headline earnings per share are based on the Group's adjusted headline earnings, which represent recurring earnings divided by the weighted average number of shares in issue during the period.									
Headline earnings per share				132 346	553 349	23.9	479 053	868 982	55.1

	Net profit (R'000)	2008 Shares ('000)	Per share (cents)	Net profit (R'000)	2009 Shares ('000)	Per share (cents)	Net profit (R'000)	2010 Shares ('000)	Per share (cents)
<i>Adjustments</i>									
- Ruashi hedge profit, net of tax and minorities				(118 134)	-	(21.3)	-	-	-
- Ruashi deferred put premium, net of tax and minorities				-	-	-	44 977	-	5.2
- Once off deferred tax credit relating to AHFS				-	-	-	(42 077)	-	(4.8)
- AHFS, net of tax				(166 897)	-	(30.2)	32 505	-	3.7
- Non-controlling interest related to AHFS				105 851	-	19.1	5 740	-	0.7
Adjusted headline earnings/(loss) per share				(46 834)	-	(8.5)	520 198	868 982	59.9

10. DIVIDENDS

In view of the Group's near-term growth strategy, the Board considers it inappropriate to declare a dividend for the 18 months ended 31 December 2010 (2009: nil, 2008: nil).

	2008 R'000	2009 R'000	2010 R'000
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11. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS

Land

Cost and net book value	5 895	6 292	33 010
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Buildings and infrastructure

Cost	69 562	84 631	113 500
Accumulated depreciation and impairments	47 698	52 249	44 751
Net book value	21 864	32 382	68 749

Plant, machinery and shafts

Cost	1 129 783	1 228 867	3 487 223
Accumulated depreciation and impairments	524 271	794 248	948 428
Net book value	605 512	434 619	2 538 795

Other

Cost	207 425	275 974	304 223
Accumulated depreciation and impairments	34 719	47 531	77 004
Net book value	172 706	228 443	227 219

Capital work in progress

Cost	2 017 843	2 766 002	338 067
Accumulated depreciation and impairments	135	-	-
Net book value	2 017 708	2 766 002	338 067

Property, plant and equipment

Aggregate cost	3 430 508	4 361 766	4 276 023
Aggregate accumulated depreciation and impairments	606 823	894 028	1 070 183
Aggregate net book value	2 823 685	3 467 738	3 205 840

	2008 R'000	2009 R'000	2010 R'000
Mineral rights			
Cost	2 722 417	3 247 877	3 079 730
Accumulated depreciation and impairments	20 718	1 880 188	1 813 681
Net book value	2 701 699	1 367 689	1 266 049
Property, plant, equipment and mineral rights	5 525 384	4 835 427	4 471 889

The Group annually reviews the residual values used for purposes of depreciation calculations.

2010	Balance 30 June 2009 R'000	Transfers R'000	Additions R'000	Disposals R'000	Foreign currency translation R'000	Transfer to AFHS** R'000	Depre- cia- tion R'000	Balance 31 December 2010 R'000
Land*	6 292	–	37 092	–	(4 097)	(6 277)	–	33 010
Buildings and infrastructure	32 382	36 869	18 002	(393)	(4 311)	(3 006)	(10 794)	68 749
Plant, machinery and shafts	434 619	2 308 808	227 388	2 299	(38 360)	(52 562)	(335 416)	2 546 776
Other	228 443	30 423	58 317	(80)	(28 750)	(20 267)	(40 867)	227 219
Capital work in progress	2 766 002	(2 342 685)	303 696	–	(388 946)	–	–	338 067
Mineral rights	1 367 689	(33 415)	220 239	–	(202 481)	(26 289)	(67 675)	1 258 068
	4 835 427	–	864 734	1 826	(666 945)	(108 401)	(454 752)	4 471 889

2009	Balance 30 June 2008 R'000	Transfers R'000	Additions R'000	Disposals R'000	Foreign currency translation R'000	Impairment R'000	Depre- cia- tion R'000	Balance 31 December 2009 R'000
Land*	5 895	(1 854)	2 251	–	–	–	–	6 292
Buildings and infrastructure	21 864	–	15 399	(9)	1 247	–	(6 119)	32 382
Plant, machinery and shafts	605 512	–	110 771	–	55 080	(248 613)	(88 131)	434 619
Other	172 706	1 854	69 493	(239)	(1 235)	–	(14 136)	228 443
Capital work in progress	2 017 708	–	778 577	–	(30 283)	–	–	2 766 002
Mineral rights	2 701 699	–	457 610	–	(37 481)	(1 740 291)	(13 848)	1 367 689
	5 525 384	–	1 434 101	(248)	(12 672)	(1 988 904)	(122 234)	4 835 427

2008	Balance 30 June 2007 R'000	Transfers R'000	Additions R'000	Foreign currency translation R'000	Transfer to AFHS R'000	Depre- cia- tion*** R'000	Balance 31 December 2008 R'000
Land*	3 913	–	2 127	–	(145)	–	5 895
Buildings and infrastructure	16 316	–	6 985	1 313	(1 602)	(1 148)	21 864
Plant, machinery and shafts	780 857	(65 085)	197 597	51 373	(290 978)	(68 252)	605 512
Other	17 120	–	165 912	227	(3 416)	(7 137)	172 706
Capital work in progress	571 462	(32 983)	1 415 102	64 127	–	–	2 017 708
Mineral rights	1 160 751	98 068	1 531 710	40 299	(110 018)	(19 111)	2 701 699
	2 550 419	–	3 319 433	157 339	(406 159)	(95 648)	5 525 384

* Details of land are maintained in a register at the Company's registered office, which may be inspected by a member or their duly authorised agents.

** This relates to Vergenoeg Mining Company (Pty) Limited which was disposed of during the 18-month period.

*** Includes depreciation of VMC, which is re-presented as asset held-for-sale in the current period.

Certain property, plant and equipment is encumbered (refer to note 19).

	2008	2009	2010
	R'000	R'000	R'000

12. GOODWILL

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Goodwill is allocated as follows:

Cost

Balance at the beginning and end of the period	11 514	11 514	11 514
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The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The goodwill of R11.5 million (2009: R11.5 million, 2008: R11.5 million) relates to the Metorex Group and has been assessed for impairment. Management deems no impairment necessary.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, production and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares life of mine cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on certain production, price and cost estimates.

13. INVESTMENTS

Unlisted sundry investments, at cost	3 443	16 648	18 583
Long-term prepayment – DRC power utility (note 13.1)	–	63 070	56 571
Directors' valuation	3 443	79 718	75 154

13.1 A US\$-denominated loan provided to Snel (a DRC State-owned power company) for the construction and commissioning of a high voltage powerline and sub-station in the DRC. The loan generates interest at US 1-month LIBOR plus 2% and is recoverable from the monthly tariff over a period of five years commencing from six months after March 2011.

	2008	2009	2010
	R'000	R'000	R'000

14. INVENTORIES

Consumable stores	106 587	169 072	211 093
Product inventories	193 556	94 979	119 839
	300 143	264 051	330 932

Inventory amounting to R11.8 million (2009: R35.2 million, 2008: R nil) is carried at net realisable value, and inventory to the value of R273 million (2009: R160 million, 2008: R107 million) is pledged as security.

	2008 R'000	2009 R'000	2010 R'000
15. TRADE AND OTHER RECEIVABLES			
Trade receivables	374 968	326 761	343 188
Other receivables and prepayments	147 830	114 955	176 199
VAT receivable	49 303	5 912	18 088
	572 101	447 628	537 475
Ageing of amounts past due but not impaired			
The following provides an analysis of the amounts and number of days that trade debtors are past due:			
Less than 30 days	51 371	–	–
Between 31 – 60 days	4 580	9 757	–
The average credit period is 42 days (2009: 55 days, 2008: 56 days). No interest is charged on the trade receivables.			
There are no additional provisions for doubtful debt due to no amounts being past due at reporting date.			
Before accepting any new customers, the Group and the Company uses a credit bureau or performs a credit assessment to assess the potential customers' credit limit and credit quality.			
The fair value of trade receivables is not materially different from the carrying values presented. Certain Group companies have ceded their trade receivables as security for banking and overdraft facilities. As at period-end amounts totalling R343.0 million (2009: R144.1 million, 2008: R190.9 million) included in receivables were pledged. Included in Group trade and other receivables are uncovered Dollar-denominated receivables of US\$52.0 million (2009: US\$33.3 million, 2008: US\$7.7 million).			
The directors consider that the trade and other receivables approximate their fair value.			
16. SHARE CAPITAL			
<i>Authorised</i>			
1 500 000 000 (2009: 1 500 000 000, 2008: 500 000 000) ordinary shares of 10 cents each	50 000	150 000	150 000
<i>Issued and fully paid</i>			
1 002 263 403 (2009: 742 538 403, 2008: 369 172 653) ordinary shares of 10 cents each	36 917	74 255	100 226
<i>Treasury shares</i>			
At period end, the Group held 1 741 600 ordinary shares, which were acquired through a subsidiary in terms of its share incentive scheme	–	–	(174)
	36 917	74 255	100 052

	2008 R'000	2009 R'000	2010 R'000
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Shares issued

8 July 2008: 18 250 shares at R24.00 per share to acquire a further interest in CRC; and

2 September 2008: 1.2 million shares at R16.00 per share as payment towards mineral rights.

The values were determined in accordance with the respective agreements.

Capital raising:

Refundable option fee – Strategic

4 June 2008: 2.3 million shares at R24.00 per share
The value was determined in accordance with the agreement.

Acquisition of Phoenix Platinum

22 November 2007: 2.3 million shares at R24.00 per share;
24 April 2008: 0.5 million shares at R21.00 per share; and
21 May 2008: 0.7 million shares at R21.00 per share.

The value was determined per the agreement and was set at 10% below the volume weighted average closing price at which Metorex shares were quoted on the JSE during the 30-day period preceding the completion date.

Acquisition of 50.3% of Copper Resources Company

29 October 2007: 25 million shares at R24.00 per share;
31 December 2007: 2 million shares at R24.40 per share;
and 12 May 2008: 5.3 million shares at R24.00 per share.

The value was determined in accordance with the agreement.

24 December 2008: private placement of 242.5 million shares at R2.00 per share for cash.

19 January 2009: 129.5 million shares issued at R2.00 per share followed by a clawback offer.

12 April 2010: 250 million shares at R3.60 per share in terms of a clawback offer to shareholders.

Share options

During the year 8 000 000 (2009: 147 500, 2008: 1 700 000) shares were issued at an average price of R3.99 (2009: R2.60, 2008: R2.80) per share in terms of the Metorex Share Incentive Scheme.

Share premium

Balance at the beginning of the period	1 293 733	2 292 746	2 979 136
Ordinary shares issued	1 014 176	727 381	883 040
Expenses written off against share premium	(15 163)	(40 991)	(21 367)
Balance at the end of the period	2 292 746	2 979 136	3 840 809

17. HEDGING AND TRANSLATION RESERVE

Hedging reserve – note 17.1	(243 545)	(82 785)	(134 896)
Foreign exchange translation reserve	75 999	(237 085)	(1 163 695)
	(167 546)	(319 870)	(1 298 591)

17.1 The hedging reserve includes the deferred put premium which relates to historical put option premiums at Ruashi. These put option premiums were fully paid-up in December 2008 and subsequently restructured as part of Ruashi's current forward contracts for 1 350 tons per month at US\$5 972 per ton over the 12 months ending 30 June 2011. The current period earnings include this non-cash amortisation charge of R88 million and this put premium amortisation charge will continue to June 2011.

	2008 R'000	2009 R'000	2010 R'000
18. NON-CONTROLLING INTEREST			
Attributable to minorities at the beginning of the period	105 147	683 570	457 208
– current period	141 542	(33 226)	129 596
– acquisitions/equity conversion/disposals	503 900	(123 406)	(431 792)
Share in hedging reserve	(50 735)	38 494	(41 524)
Dividends	(16 284)	(108 224)	(8 263)
	683 570	457 208	105 225

19. LONG-TERM BORROWINGS

Term loans	1 476 294	2 056 795	818 404
<i>See note 19.1</i>			
Instalment finance, lease agreements and trade facility	41 937	54 372	34 140
<i>See note 19.2</i>			
	1 518 231	2 111 167	852 544
Less: Repayable within the next 12 months from operating activities:			
– term loans	155 854	653 544	313 674
– instalment finance, lease agreements and invoice discounting facility	19 442	42 060	34 140
Total current portion	175 296	695 604	347 814
Net long-term liabilities	1 342 935	1 415 563	504 730

The Company's articles of association do not restrict the level of borrowings.

19.1 Ruashi

Standard Bank

ECIC facility	1 017 272	1 040 217	458 287
US Dollar-denominated			
Interest: US six-month LIBOR plus 1.25% plus 0.13% rescheduling premium. Repayable in seven semi-annual instalments – commencing 1 January 2011			

Commercial facility

	241 048	252 723	109 850
US Dollar-denominated			
Interest: US six-month LIBOR plus 2.75% plus 0.13% rescheduling premium Repayable in five semi-annual instalments – commencing 1 January 2011			

Cost overrun facility

	–	124 884	–
US Dollar-denominated			
Interest: US Dollar six-month LIBOR plus 5%. Repayable in seven semi-annual instalments – commencing 31 December 2009			

	2008 R'000	2009 R'000	2010 R'000
Security for Standard Bank facilities			
– A pledge over all subsoil use rights, land use rights and assets and undertakings of Ruashi under DRC law, including project assets, assignment of rights under all material contracts including, supply contracts, hedging agreement, offtake contracts and project contracts			
– First ranking pledge over issued share capital of Ruashi Mining sprl held by Ruashi Holdings			
– Assignment of insurance proceeds			
Pre-offtake finance	158 436	162 315	89 822
US Dollar-denominated			
Interest fixed at 4.68% per annum			
Repayable in 36 monthly instalments – first repayment commenced 31 January 2010			
Chibuluma Loan	–	281 649	160 445
US Dollar-dominated			
Interest: US Dollar six-month LIBOR plus 3.85% secured by the underlying assets of Chibuluma.			
Repayable in nine semi-annual instalments – commenced on 30 September 2009			
Standard Bank – Metorex bridge loan			
South African Rand-denominated			
Interest at JIBAR +7.5%	57 934	132 477	–
Facility repayable on or before 30 November 2009			
ABSA Bank			
South African Rand-denominated	–	57 005	–
Interest at the prime lending rate			
Facility repayable on or before 30 November 2009			
Other	1 604	5 525	–
19.2 Instalment finance, lease agreements and trade facility			
Secured by the underlying assets.			
Bears interest at an average rate of between 10% to prime less 2% (2009: 10.5% to prime less 2%. 2008: 7.5% to prime less 2%).			
Repayable either monthly or quarterly within 36 or 48 months (2009: 36 or 48 months , 2008: 36 or 48 months)	41 937	54 372	34 140

	2008 R'000	2009 R'000	2010 R'000
20. PROVISIONS			
Long-term provisions			
Terminal benefits	25 500	14 106	–
Rehabilitation provision	145 538	149 950	141 138
Other	–	15 430	2 746
	171 038	179 486	143 884
Current provisions			
Terminal benefits	1 138	4 144	1 683
Pension fund shortfall	754	–	–
Rehabilitation provision	5 854	5 768	6 899
Leave pay and bonuses	10 259	8 844	7 089
Other	7 054	16 309	10 258
	25 059	35 065	25 929
Total provisions	196 097	214 551	169 813
Balance at beginning of the period	113 586	196 097	214 551
Transfer to assets held-for-sale	(49 447)	–	4 697
Utilised during the period	(25 276)	(9 866)	(52 409)
Released during the period	(63)	(12 176)	(8 396)
Foreign currency translation	5 096	(12 434)	(32 270)
Provided during the period	152 201	52 930	43 640
Balance at end of the period	196 097	214 551	169 813

Terminal benefits

The terminal benefits provision represents the directors estimate of the portion of the terminal benefits liability outstanding relating to the period of employment of certain employees of Chibuluma Mines plc.

Rehabilitation trust fund

The Group is exposed to environmental liabilities relating to its mining operations. Estimates of the cost of environmental and other remedial work such as reclamation costs, close down and restoration and pollution control are made on an annual basis, based on the estimated life of the mine, following which payments are made to a rehabilitation trust set up as required by the Minerals Act and Regulations.

The South African companies in the Group contribute, for their own account, to the Metorex Rehabilitation Trust Fund. A guarantee amounting to R25 million has been entered into with Lombard Insurance Company in favour of the DMR relating to the Consolidated Murchison Division which is disclosed as an asset held-for-sale.

Our Zambian and DRC operations comply with their respective environmental laws and regulations in Zambia and DRC. In addition to the regulations these operations contribute to an investment account held by a reputable banking institution with the intention of fully funding these liabilities.

Leave pay

The provision for leave pay is provided for, based on the total cost of employment of employees and the amount of leave days owing to them.

	2008 R'000	2009 R'000	2010 R'000
Rehabilitation trust fund			
The balance of the environmental rehabilitation trust fund, which is represented by cash, was as follows:			
Balance at beginning of the period	35 340	6 450	779
Transfer to assets held-for-sale	(34 512)	–	5 119
Receipts/(Withdrawals), net	1 718	(6 073)	–
Interest earned during the period	3 904	402	466
Balance at end of the period	6 450	779	6 364

	2008 R'000	2009 R'000	2010 R'000
21. DEFERRED TAX			
21.1 Deferred tax liabilities			
Recognised directly in profit and loss:			
Property, plant and equipment	917 654	878 015	900 272
Leave pay provision	(4 022)	(802)	(2 556)
Other provisions	(14 276)	(6 589)	(21 453)
Foreign exchange	(18 538)	(3 904)	(4 498)
Assessable tax losses	(37 580)	(547 496)	(410 149)
Transfer to assets held-for-sale	(144 216)	–	–
Other	100 214	150 068	99 235
Recognised directly in other comprehensive income:			
Other	–	–	12 807
Net deferred tax liabilities	799 236	469 292	573 658
Reconciliation of deferred tax liabilities			
Net deferred tax liabilities at the beginning of the period	416 050	799 236	469 262
Transfer from deferred tax asset opening balance	(1 887)	–	–
Deferred tax charge for the period	90 083	(410 360)	138 051
Deferred tax credit – rate adjustment	(923)	–	–
Deferred tax on equity loan included in non-distributable reserve	606	11 545	–
Translation difference	22 443	4 172	(25 388)
Transfer to assets held-for-sale	(90 285)	–	–
Subsidiary disposed	–	–	(21 074)
Deferred tax raised on additional mineral rights and other	363 149	64 669	12 807
Net deferred tax liabilities at end of the period	799 236	469 262	573 658
21.2 Deferred tax asset			
Leave pay provision	(178)	–	–
Other provisions	(1 176)	–	–
Net deferred tax asset	(1 354)	–	–
Reconciliation of deferred tax asset			
Net deferred tax asset at the beginning of the period	(1 887)	(1 354)	–
Transfer to deferred tax liability opening balance	1 887	–	–
Acquisition of subsidiary	(1 104)	–	–
Deferred tax charge for the period	(86)	1 562	–
Translation difference	(164)	(208)	–
Net deferred tax asset at the end of the period	(1 354)	–	–
Deferred tax asset not recognised			
Property, plant and equipment, impairments and other	8 181	165 976	183 693
Assessable losses	–	37 837	7 057
	8 181	203 813	190 750
The following table shows the movement in the unrecognised deferred tax asset for the period:			
Opening balance	5 322	8 181	230 813
Net unrecognised deferred tax asset during the current period	2 859	195 632	(13 063)
Closing balance	8 181	203 813	190 750

	2008	2009	2010
	R'000	R'000	R'000

22. POST-RETIREMENT MEDICAL AID

The O'OKiep Copper Company Limited has a defined benefit post-retirement plans that provide certain healthcare benefits to eligible employees. Full provision is made for the liability and is based on internal assessments. The following table provides the changes in the obligation:

Benefit obligation at beginning of the period	8 997	1 599	1 824
Transferred to assets held-for-sale	(7 295)	–	2 330
Transferred out due to disposal	–	–	(1 824)
Transferred in	290	–	–
Interest cost	482	666	20
Benefits paid	(875)	(441)	(355)
Benefit obligation at end of the period	1 599	1 824	1 995
Discount rate to estimate accumulated benefit (%)	12	12	10
Healthcare cost inflation (%)	12	12	10

23. GENERAL BANKING FACILITIES

Cash and bank balances	119 066	73 553	436 838
Bank overdraft	(17 735)	(54 323)	–
	101 331	19 230	436 838

The Group has the following overdraft facilities at period-end:

Metorex Limited	39 000	9 000
Chibuluma Mines plc*	30 840	79 194
Copper Resources Corporation	10 685	–
Ruashi Mining sprl	3 858	–
Barberton Mines (Pty) Limited**	20 000	–
Vergenoeg Mining Company (Pty) Limited**	20 000	–
	124 383	88 197

* Secured by trade receivables.

** Sold during the 18 months.

The banking facilities are reviewed on an annual basis.

	2009	2010
	R'000	R'000

24. TRADE AND OTHER PAYABLES

Trade payables	423 249	306 483
Other payables	134 582	105 096
	557 831	411 579

The average credit period on the purchases of certain goods is 45 days. No interest is charged on overdue trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

25. FINANCIAL INSTRUMENTS

25.1 Capital risk management

The Group and Company manage their capital to ensure that they will be able to continue as a going concern with the ultimate objective of maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group is in a growth phase and strategically aims at right-sizing the scope of new projects to its financial means through a risk-based approach.

The capital structure of the Group and Company consists of debt, which includes borrowings, cash and cash equivalents and equity, comprising share capital, share premium, reserves and retained earnings as disclosed in the statement of changes in equity.

Management regularly reviews the capital structure of the Group.

The gearing ratio at period-end was as follows:

	2008 R'000	2009 R'000	2010 R'000
Interest-bearing debt	1 518 231	2 111 167	852 544
Cash and cash equivalents	(101 331)	(19 230)	(436 838)
Net interest-bearing debt	1 416 900	2 091 937	415 706
Equity	4 133 674	2 856 667	3 437 756
Net debt to equity ratio (%)	34	73	12

25.2 Categories of financial instruments

Financial assets

Loans and receivables	648 314	516 058	995 130
Derivative instruments	189	94 942	–

Financial liabilities

Amortised cost	2 157 793	2 753 320	1 292 442
Derivative instruments	273 888	230 240	377 539

Included in loans and receivables are accounts receivable which include the changes between the prices recorded upon initial recognition of copper products sold and the final price due to fluctuations in copper market prices. This is due to selling copper products under agreed pricing arrangements where final prices are set at a specified future date based on an agreed customer quotation period and market copper prices.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company. The Group and Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as means of mitigating the risk.

The Group's and Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on the current economic environment. The Group has no concentration of credit risk with any one customer. The Group's copper and cobalt sales are allocated between four customers, all of whom have a good track record with respect to settling invoices within the agreed terms.

The credit risk on liquid funds is limited because the counterparties are recognised banking institutions with high credit ratings.

	Less than R50 million R'000	Greater than R50 million but less than R150 million R'000	Total R'000
The Group has the following amounts due from major customers. These customers represent more than 5% of the trade receivable balance for the individual companies.			
2010			
Copper/Cobalt	68 560	266 721	334 281
Total	68 560	266 721	334 281
2009			
Copper/Cobalt	139 591	81 400	220 991
Fluorspar	39 346	–	39 346
Total	178 937	81 400	260 337
2008			
Copper/Cobalt	37 993	136 578	174 571
Fluorspar	30 178	–	30 178
Total	68 171	136 578	204 749

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

Foreign currency commodity price risk

The Group and Company may enter into forward contracts in order to hedge their exposure to fluctuations in mineral prices and exchange rates on specific transactions. The contracts are matched with anticipated future cash flows from mineral sales.

In the normal course of business, the Group primarily enters into transactions for the sale of its commodities, denominated in US Dollars. In addition, the Group has some investments and liabilities in US Dollars and Euros. As a result, the Group is subject to transactions and translation exposure from fluctuations in foreign currency exchange rates.

Currency risk

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at balance sheet date is as follows:

	South African Rand R'000	US Dollar R'000	Total R'000
2010			
Assets	376 371	966 740	1 343 111
Liabilities	104 506	1 635 419	1 739 925
2009			
Assets	1 863 454	742 039	2 605 493
Liabilities	790 485	2 678 326	3 468 811
2008			
Assets	567 827	666 780	1 234 607
Liabilities	475 715	1 900 074	2 375 789

Foreign currency sensitivity analysis

The US Dollar is the primary currency to which the Group is exposed. The following table indicates the Group's sensitivity at period-end to the indicated movements in the US Dollar on financial instruments. The rates of sensitivity are the rates used when reporting to key management.

	2008 US Dollar		2009 US Dollar	
	R'000 10% increase	R'000 10% decrease	R'000 10% increase	R'000 10% decrease
Financial assets	61 721	(61 721)	74 204	(74 204)
Financial liabilities	217 334	(217 334)	286 713	(286 713)
	2010 US Dollar			
Financial assets			96 674	(96 674)
Financial liabilities			163 542	(163 542)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the period-end exposure does not reflect the exposure during the period.

Fair value of financial instruments

Foreign currency hedges – On statement of financial position

Currency	Maturity	Amount US\$'000	Average forward rate	Fair value profit/(loss) R'm
2010				
US Dollar	11-month	21 897	R7.74/US\$	(21.6)
Total assets				(21.6)
2009				
US Dollar	1-month	10 000	R8.14/US\$	(3.8)
US Dollar	1-month	8 054	R10.87/US\$	(24.6)
Total assets				(28.4)
2008				
US Dollar	1-month	750R7.6 – R9.13/US\$		–
Total assets				–

Foreign currency sensitivity analysis

The US Dollar is the primary currency in which the Group has entered into forward foreign exchange contracts. At period-end the risk of change on the forward exchange contracts are minimal.

Commodity price risk

The carrying amount of the Group's financial assets and liabilities at reporting date that are subject to commodity price risk is as follows:

Commodity hedges – On balance sheet

Commodity	Maturity	Volume	Average forward rate (US\$/t)	Fair value profit/(loss) R'm
2010				
Chibuluma South (zero cost collar)	Jan 11 – Jun 11	3 000t	6 805 – 8 000	(24.5)
Chibuluma South (zero cost collar)	Jul 11 – Dec 11	3 000t	7 000 – 8 015	(25.3)
Ruashi (forward)	Jan 11 – Jun 11	8 100t	5 972	(167.0)
Invoice hedges	Jan 11 – Mar 11	6 680t	various	(14.6)
Ruashi (zero cost collar)	Jul 11 – Jun 12	12 000t	6 600 – 7 600	(124.5)
Ruashi (zero cost collar)	Jul 12 – Dec 12	6 000t	7 500 – 10 565	**
Chibuluma (zero cost collar)	Jan 12 – Dec 12	6 000t	7 000 – 11 900	**
Total liabilities, net				(355.9)
2009				
Copper – Chibuluma South (ATM forwards)	Jul 09	650t	3 368	(15.9)
Copper – Chibuluma South (ATM forwards)	Aug 09 – Dec 09	3 075t	4 415	(10.8)
Copper – Chibuluma South (ATM forwards)	Jan 10 – Jun 10	4 200t	5 308	**
Copper – Ruashi (ATM forwards)	Jul 09 – Sep 10	24 750t	3 900	(219.1)
Copper – Ruashi (put options)	Oct 10 – Jun 12	34 425t	Put 3 900	138.8
Total liabilities, net				(107.0)

** Transaction executed subsequent to period-end.

2008

Copper – Chibuluma South	2 months	2 775t	8 015	(14.7)
Copper – Ruashi (zero cost collar)	1 month	100t	6 500/8 040	(0.5)
Copper – Ruashi (forwards)	1 month	200t	4 952.50	(5.7)
Copper – Ruashi (participating forwards)	1 – 12 months	24 000t	7 055	(224.8)
Copper – Ruashi (put options)	13 – 24 months	15 000t	4 420 – 4 765	(28.1)
Total liabilities				(273.9)

Commodity price sensitivity analysis

The Group is exposed to movements in the copper price. The following table indicates the sensitivity of the Group's derivative instruments to the indicated movement in the copper price. The rates of sensitivity are the rates used when reporting to key management.

	Copper	
	R'000 10% increase	R'000 10% decrease
2010		
Profit/(loss)	(186 240)	172 995
Derivative financial instrument liability	186 240	172 995
2009		
Profit/(loss)	137 223	(144 089)
Derivative financial instrument asset	(46 596)	53 459
Derivative financial instrument liability	(90 627)	90 630
2008		
(Loss)/profit	(137 641)	153 798
Derivative financial instrument liability	137 641	(153 798)

The Group's commodity price risk is partly related to change in fair value of embedded derivatives in accounts receivables reflecting copper sales provisionally priced based on the average LME cash settlement price at the end of each month. At 31 December 2010, 9 369 tons were provisionally priced at an average price of US\$8 637 per ton, of which 3 273 tons, 2 367 tons and 3 729 tons were subject to final pricing in January 2011, February 2011 and March 2011, respectively. The Group entered into short-term hedges for 6 680 tons priced at an average of US\$8 793, with the objective to mitigate price risk related to the provisionally priced sales of 9 369 tons.

25.3 Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short-term investment and financing activities, giving rise to interest rate risk.

In the ordinary course of business, the Group and Company receive cash proceeds from its operations and are required to fund working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent by only investing with reputable financial institutions.

Contractual arrangements for committed borrowing facilities are maintained with several banking counterparties to meet the Group's normal and contingency funding.

Interest rate risk

The Group and Company is exposed to interest rate risk as entities within the Group borrow funds at both fixed and floating interest rates.

Interest rate sensitivity

The sensitivity analysis has been determined based on the exposure to interest rates as at reporting date. The effect of the interest rate exposure of the Group and Company on the statement of comprehensive income is not material.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has built an appropriate 12-month rolling monthly cash flow forecast model for the management of the Group's short-term funding and liquidity requirements linked to a commodity price sensitivity matrix. The Group manages liquidity risk by seeking to generate adequate reserves, banking facilities and reserve borrowings facilities, by continually monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Group has access to limited financing facilities (refer to note 23). The Group expects to meet its financial obligations from operating cash flows and proceeds from maturing financial assets.

Liquidity risk analysis

The following table indicates the Group's remaining contractual maturity from its non-derivative financial liabilities:

	Weighted average interest rate %	Less than 12 months R'000	1 – 5 years R'000	5 + years R'000	Total R'000
2010					
Trade payables*	–	306 483	–	–	306 483
Long-term liabilities	2.7	–	504 730	–	504 730
Short-term liabilities	3.1	347 814	–	–	347 814
2009					
Trade payables*	–	423 249	–	–	423 249
Long-term liabilities	4.6	–	1 415 563	–	1 415 563
Short-term liabilities	6.2	695 604	–	–	695 604
2008					
Trade payables*	–	449 682	–	–	449 682
Long-term liabilities	7.6	–	1 342 935	–	1 342 935
Short-term liabilities	7.6	175 296	–	–	175 296

* Excludes value-added taxation.

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and liabilities recorded approximate their fair values at 31 December 2010. The fair values have been determined with reference to quoted market prices where available or with the standard terms and conditions per the agreements.

	2008 R'000	2009 R'000	2010 R'000
26. CAPITAL COMMITMENTS			
Authorised by directors but not contracted	151 081	1 970	296 553
Authorised by directors and contracted	330 493	40 734	17 552
	481 574	42 704	314 105

Capital commitments mainly relate to the Ruashi Phase II Project.

27. RETIREMENT BENEFIT INFORMATION

Contributions are made by the South African companies to independent pension and provident funds which are defined contribution retirement benefit plans governed by the Pension Funds Act, 1956. All eligible employees are required to become members of these schemes. The assets of the schemes are held separately from those of the Group in funds under the control of the trustees.

DRC employees contribute to the DRC National Social Security fund in terms of the applicable labour laws. All eligible Zambian employees are required to join and contribute to the external pension fund, African Life.

Costs charged to income of R11.9 million (2009: R11.5 million, 2008: R28.9 million) represent contributions payable to these defined contribution schemes by the Group at rates specified in the rules of the schemes.

28. STAFF COMPLEMENT

At 31 December: 3 794 (2009: 4 593, 2008: 5 150) people were employed by the Group.

29. DIRECTORS' EMOLUMENTS

2010

The following table illustrates the directors' share options per tranche, which forms part of their remuneration. It should be noted that, to comply with the requirements of King III and the JSE Listings Requirements, non-executive directors are not being granted share options with effect from 2010. These options were previously an integral part of their remuneration packages.

2010 share options	Options at 1 July 2009	Options granted	Options cancelled or lapsed	Strike price (R)	Vesting date	Options at 31 December 2010
T P Goodlace	1 000 000			1.28	18/03/2010	1 000 000
T P Goodlace	1 000 000			1.28	18/03/2011	1 000 000
T P Goodlace	1 000 000			1.28	18/03/2012	1 000 000
T P Goodlace	2 000 000			1.28	18/03/2013	2 000 000
M Smith	10 000			3.20	18/05/2009	10 000
M Smith	20 000			3.20	18/05/2010	20 000
M Smith	25 000			6.95	16/11/2008	25 000
M Smith	15 000		15 000	21.00	08/08/2009	–
M Smith	15 000		15 000	21.00	08/08/2010	–
M Smith	15 000		15 000	21.00	08/08/2011	–
M Smith	30 000		30 000	21.00	08/08/2012	–
M Smith	39 400		39 400	18.00	28/02/2010	–
M Smith	39 400		39 400	18.00	28/02/2011	–
M Smith	39 400		39 400	18.00	28/02/2012	–
M Smith	78 800		78 800	18.00	28/02/2013	–
M Smith	25 000			6.95	16/11/2009	25 000
M Smith	50 000			6.95	16/11/2010	50 000

2010 share options	Options at 1 July 2009	Options granted	Options cancelled or lapsed	Strike price (R)	Vesting date	Options at 31 December 2010
M Smith	–	539 000		3.66	19/05/2010	539 000
M Smith	–	539 000		3.66	23/01/2011	539 000
M Smith	–	539 000		3.66	23/01/2012	539 000
M Smith	–	539 000		3.66	23/01/2013	539 000
A Barrenechea	40 000			6.95	16/11/2007	40 000
A Barrenechea	40 000			6.95	16/11/2008	40 000
A Barrenechea	40 000			6.95	16/11/2009	40 000
A Barrenechea	80 000			6.95	16/11/2010	80 000
A Barrenechea	10 000			21.00	08/08/2009	10 000
A Barrenechea	10 000			21.00	08/08/2010	10 000
A Barrenechea	10 000			21.00	08/08/2011	10 000
A Barrenechea	20 000			21.00	08/08/2012	20 000
A Barrenechea	15 000			18.00	28/02/2010	15 000
A Barrenechea	15 000			18.00	28/02/2011	15 000
A Barrenechea	15 000			18.00	28/02/2012	15 000
A Barrenechea	30 000			18.00	28/02/2013	30 000
R Still	40 000			6.95	16/11/2007	40 000
R Still	40 000			6.95	16/11/2008	40 000
R Still	40 000			6.95	16/11/2009	40 000
R Still	80 000			6.95	16/11/2010	80 000
R Still	10 000			21.00	08/08/2009	10 000
R Still	10 000			21.00	08/08/2010	10 000
R Still	10 000			21.00	08/08/2011	10 000
R Still	20 000			21.00	08/08/2012	20 000
R Still	15 000			18.00	28/02/2010	15 000
R Still	15 000			18.00	28/02/2011	15 000
R Still	15 000			18.00	28/02/2012	15 000
R Still	30 000			18.00	28/02/2013	30 000
A J Laughland	40 000		40 000	6.95	16/11/2007	–
A J Laughland	40 000		40 000	6.95	16/11/2008	–
A J Laughland	40 000		40 000	6.95	16/11/2009	–
A J Laughland	80 000		80 000	6.95	16/11/2010	–
A J Laughland	10 000		10 000	21.00	08/08/2009	–
A J Laughland	10 000		10 000	21.00	08/08/2010	–
A J Laughland	10 000		10 000	21.00	08/08/2011	–
A J Laughland	20 000		20 000	21.00	08/08/2012	–
A J Laughland	15 000		15 000	18.00	28/02/2010	–
A J Laughland	15 000		15 000	18.00	28/02/2011	–
A J Laughland	15 000		15 000	18.00	28/02/2012	–
A J Laughland	30 000		30 000	18.00	28/02/2013	–
Total	6 377 000	2 156 000	597 000			7 936 000

2009 share options	Options at 1 July 2008	Options granted	Options exercised	Exercise price	Strike price (R)	Vesting date	Options at 30 June 2009
T P Goodlace		1 000 000			1.28	18/03/2010	1 000 000
T P Goodlace		1 000 000			1.28	18/03/2011	1 000 000
T P Goodlace		1 000 000			1.28	18/03/2012	1 000 000
T P Goodlace		2 000 000			1.28	18/03/2013	2 000 000
M Smith	30 000		30 000	12.17	2.34	05/03/2008	–
M Smith	10 000		10 000	12.17	3.20	18/05/2008	–
M Smith	10 000				3.20	18/05/2009	10 000

2009 share options	Options at 1 July 2008	Options granted	Options exercised	Exercise price	Strike price (R)	Vesting date	Options at 30 June 2009
M Smith	20 000				3.20	18/05/2010	20 000
M Smith	25 000				6.95	16/11/2008	25 000
M Smith	15 000				21.00	08/08/2009	15 000
M Smith	15 000				21.00	08/08/2010	15 000
M Smith	15 000				21.00	08/08/2011	15 000
M Smith	30 000				21.00	08/08/2012	30 000
M Smith	39 400				18.00	28/02/2010	39 400
M Smith	39 400				18.00	28/02/2011	39 400
M Smith	39 400				18.00	28/02/2012	39 400
M Smith	78 800				18.00	28/02/2013	78 800
M Smith	25 000				6.95	16/11/2009	25 000
M Smith	50 000				6.95	16/11/2010	50 000
A Barrenechea	40 000				6.95	16/11/2007	40 000
A Barrenechea	40 000				6.95	16/11/2008	40 000
A Barrenechea	40 000				6.95	16/11/2009	40 000
A Barrenechea	80 000				6.95	16/11/2010	80 000
A Barrenechea	10 000				21.00	08/08/2009	10 000
A Barrenechea	10 000				21.00	08/08/2010	10 000
A Barrenechea	10 000				21.00	08/08/2011	10 000
A Barrenechea	20 000				21.00	08/08/2012	20 000
A Barrenechea	15 000				18.00	28/02/2010	15 000
A Barrenechea	15 000				18.00	28/02/2011	15 000
A Barrenechea	15 000				18.00	28/02/2012	15 000
A Barrenechea	30 000				18.00	28/02/2013	30 000
R Still	40 000				6.95	16/11/2007	40 000
R Still	40 000				6.95	16/11/2008	40 000
R Still	40 000				6.95	16/11/2009	40 000
R Still	80 000				6.95	16/11/2010	80 000
R Still	10 000				21.00	08/08/2009	10 000
R Still	10 000				21.00	08/08/2010	10 000
R Still	10 000				21.00	08/08/2011	10 000
R Still	20 000				21.00	08/08/2012	20 000
R Still	15 000				18.00	28/02/2010	15 000
R Still	15 000				18.00	28/02/2011	15 000
R Still	15 000				18.00	28/02/2012	15 000
R Still	30 000				18.00	28/02/2013	30 000
A J Laughland	40 000				6.95	16/11/2007	40 000
A J Laughland	40 000				6.95	16/11/2008	40 000
A J Laughland	40 000				6.95	16/11/2009	40 000
A J Laughland	80 000				6.95	16/11/2010	80 000
A J Laughland	10 000				21.00	08/08/2009	10 000
A J Laughland	10 000				21.00	08/08/2010	10 000
A J Laughland	10 000				21.00	08/08/2011	10 000
A J Laughland	20 000				21.00	08/08/2012	20 000
A J Laughland	15 000				18.00	28/02/2010	15 000
A J Laughland	15 000				18.00	28/02/2011	15 000
A J Laughland	15 000				18.00	28/02/2012	15 000
A J Laughland	30 000				18.00	28/02/2013	30 000
Total	1 417 000	5 000 000	40 000				6 377 000

The remuneration paid to non-executive directors for the 18 months ended 31 December 2010 is reflected in the table below:

All figures (R'000)	Directors' remuneration for the 18 months ended 31 December 2010
R G Still	1 333
A Barrenechea	300
H Hickey ¹	106
J G Hopwood ²	100
N N Kgositile ³	253
A J Laughland ⁴	40
T V Mabuza ⁵	317
P Molapo ⁶	79
L Paton ⁷	332
Total	2 860

¹ Appointed 20 May 2010.

² Deceased 19 March 2010.

³ Appointed 11 August 2009.

⁴ Retired 31 October 2009.

⁵ Appointed 11 August 2009.

⁶ Appointed 19 August 2010.

⁷ Appointed 20 January 2009.

The remuneration paid to executive directors for the 18 months ended 31 December 2010 is reflected in the table below:

All figures (R'000)	Salary	Retirement contribution	Total guaranteed remuneration	Performance incentives	Other benefits	Share-based payments	Total
T P Goodlace	4 384	823	5 207	1 894	–	–	7 101
M Smith	2 564	313	2 877	1 205	895	–	4 977
Total	6 948	1 136	8 084	3 099	895	–	12 078

2009 and 2008

Executive directors	2008 R'000	2009 R'000
Emoluments	8 706	11 537
Company contributions	976	1 029
Share options	–	383
Total	9 682	12 949
Non-executive directors		
Fees	566	1 465
Total	566	1 465
Total	10 248	14 414

Individual director's emoluments	2008 Total R'000	Share options exercised and sold R'000	Basic salary R'000	Bonuses R'000	Vehicle allowances R'000	Company contributions †R'000	2009 Total R'000
Executive							
Mr A S Malone ¹	1 374	–	1 003	200	94	129	1 426
Mr T P Goodlace ²		–	951	–	–	92	1 043
Mr C D S Needham	3 135	–	2 082	910	182	220	3 394
Mr E W Legg	2 025	–	1 506	510	123	230	2 369
Mr K C Spencer ³	2 360	–	1 208	610	105	228	2 151
Mr M Smith ⁶	788	383	1 431	500	122	130	2 566
Total	9 682	383	8 181	2 730**	626	1 029	12 949

	2008 R'000	Fees for director services R'000	Fees for other services R'000	2009 R'000
Non-executive				
Mr A Barrenechea	143	155	–	155
Mr A J Laughland	145	200	–	200
Mr R G Still	173	350	600	950
Mr P Chevalier ⁴	–	75	–	75
Mr L J Paton ⁵	105	85	–	85
Total	566	865	600	1 465

The directors have no fixed term service contracts.

† Pension, medical aid and leave pay.

** Bonuses relate to the previous financial year ended 30 June 2008 but only determined in August 2008.

¹ Resigned 20/1/2009.

² Appointed 2/03/2009 – Emoluments for four months.

³ Resigned 31/3/2009 – Emoluments for nine months.

⁴ Appointed 20/01/2009 – Emoluments for five months.

⁵ Appointed 20/01/2009 – Emoluments for seven months.

⁶ Emoluments for 2008 for seven months.

2009 Share options	Total options 1 July 2008	Options granted	Options exercised	Average option price (cents)	Total options 30 June 2009
Mr A S Malone	1 200 000	–	–	550	1 200 000
Mr T P Goodlace	–	5 000 000	–	128	5 000 000
Mr C D S Needham	846 250	–	–	980	846 250
Mr K C Spencer	776 000	–	(225 000)	927	551 000
Mr E W Legg	434 500	–	–	910	434 500
Mr M Smith	442 000	–	(40 000)	1 471	402 000
Mr A Barrenechea	325 000	–	–	1 166	325 000
Mr A J Laughland	325 000	–	–	1 166	325 000
Mr R G Still	325 000	–	–	1 166	325 000
Total	4 673 750	5 000 000	(265 000)		9 408 750

2008 Share options	Total options 1 July 2007	Options granted	Options exercised	Average option price (cents)	Total options 30 June 2008
Mr A S Malone	1 000 000	200 000	–	550	1 200 000
Mr C D S Needham	681 250	350 000	(185 000)	980	846 250
Mr K C Spencer	550 000	226 000	–	725	776 000
Mr E W Legg	725 000	172 000	(462 500)	910	434 500
Mr M Smith	170 000	272 000	–	1 345	442 000
Mr A Barrenechea	200 000	125 000	–	1 166	325 000
Mr A J Laughland	200 000	125 000	–	1 166	325 000
Mr R G Still	200 000	125 000	–	1 166	325 000
Total	3 726 250	1 595 000	(647 500)		4 673 750

30. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Group has a share incentive scheme for eligible employees of the Group. Options are offered at a price equal to the average quoted market price of the Company's shares on the trading day preceding the offer date. The vesting period is between one and five years and exercise is subject to Board approval. Options lapse if not exercised within 10 years of the option date. Options are forfeited if the employee leaves the Group on account of resignation or dismissal.

Details of the share options outstanding during the year are:

	30 June 2008		30 June 2009	
	Number of share options	Weighted average exercise price (R)	Number of share options	Weighted average exercise price (R)
Outstanding at the beginning of the period	10 601 375	6.54	14 110 750	12.24
Granted during the period	6 314 000	19.31	26 472 000	1.78
Amended, cancelled or lapsed	(725 500)	12.20	(6 301 000)	17.99
Exercised during the period	(2 079 125)	2.70	(372 000)	2.45
Outstanding at the end of the period	14 110 750	12.24	33 909 750	3.22
Exercisable at the end of the period	2 390 750		3 232 250	
			31 December 2010	
			Number of share options	Weighted average price (R)
Outstanding at the beginning of the period			33 909 750	3.22
Granted during the period			11 342 000	4.07
Amended, cancelled or lapsed			(4 622 250)	6.44
Exercised during the period			(6 758 400)	4.17
Outstanding at the end of the period			33 871 100	2.82
Exercisable at the end of the period			7 776 050	

Options exercisable between one and nine years

The weighted average share price at the date of exercise for share options exercised during 2010 was R3.92 (2009: R8.39. R22.82). During 2008 to 2010, the following options were granted:

	Shares	Option price R
2008		
8 August 2007	2 170 000	21.00
13 November 2007	250 000	24.94
28 February 2008	3 894 000	18.00
	6 314 000	19.31
2009		
23 January 2009	18 222 000	2.00
18 March 2009	8 250 000	1.28
	26 472 000	1.78
2010		
28 August 2009	1 236 000	3.95
12 November 2009	632 000	3.99
19 May 2010	5 239 000	3.66
19 November 2010	4 235 000	4.62
	11 342 000	4.07

The fair values were calculated using the American-Binomial option-pricing model. The inputs into the model were as follows:

	30 June 2008	30 June 2009	31 December 2010
Weighted average share price (R)	11.21	2.33	2.79
Weighted average exercise price (R)	10.81	2.34	2.82
Expected volatility (%)	41 – 57	41 – 58	41 – 64
Expected life (years)	2 – 5	2 – 5	2 – 5
Risk-free rate (%)	7.0 – 9.3	7.0 – 9.3	8.2 – 8.9
Expected dividend yield (%)	2.5 – 4.6	0 – 4.6	2.5 – 4.6

The Group recognised total expenses of R22.6 million (2009: R25.2 million, 2008: R23.1 million) related to equity-settled share-based payment transactions during the period.

31. NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Pan African Resources, Consolidated Murchison and the Antimony/Gold segment, have been classified as assets held-for-sale and O'Okiep is classified as a discontinued operation.

Vergenoeg Mining Company contributed to the operating results as an asset held-for-sale for the six months ended 31 December 2009.

The operating results are detailed below:

	2008 R'000	2009 R'000	2010 R'000
Revenue – mineral sales	823 730	1 205 833	395 021
Realisation costs	(35 866)	(112 928)	(40 953)
Cost of production	(570 590)	(731 431)	(397 987)
Other income/(expenditure)	141 900	(41 030)	(1 006)
Discontinued operations	(8 859)	–	–
Finance income/(cost), net	1 391	4 631	(2 122)
Profit/(Loss) before taxation	351 706	325 075	(47 047)
Income tax credit/(expense)	(115 475)	(158 178)	14 542
Profit/(loss) after taxation, asset held for sale	236 231	166 897	(32 505)
Discontinued operations	–	(438)	(23 549)
Total profit after taxation	236 231	166 459	(56 054)
The major classes of assets and liabilities comprising the Consolidated Murchison operation classified as held-for-sale at the reporting date are as follows:			
Goodwill	221 590	221 590	–
Property, plant, equipment and mineral rights	997 138	754 537	–
Inventories	27 953	22 012	12 722
Trade and other receivables	83 135	49 648	28 359
Cash and cash equivalents	84 369	30 442	215
Assets classified as held-for-sale	1 414 185	1 078 229	41 296
Borrowings	34 744	27 160	–
Provisions	56 459	82 973	33 128
Trade payables	88 868	94 209	36 816
Current tax liabilities	47 542	3 212	–
Deferred tax liabilities	144 216	151 496	–
Derivative financial instrument	31 484	–	–
Bank overdraft	2 129	7 091	3 430
Liabilities classified as held-for-sale	405 442	366 141	73 374
Net assets/(liabilities) classified as held-for-sale	1 008 743	712 088	(32 078)
Cash inflows/(outflows) from operating activities	–	342 765	–
Cash outflows from investing activities	–	(7 585)	(127 340)
Cash outflows from financing activities	–	(156 085)	–

32. RELATED PARTIES

The immediate parent and ultimate controlling party of the Group is Metorex Limited (incorporated in the Republic of South Africa).

The Group did not enter into any significant transactions during the year with related parties that are not members of the Group.

Fees paid for services by the Group to Sam Aviation (Pty) Limited into which Messrs R G Still and A S Malone have a vested interest amounted to R1.2 million (2009: R2.2 million, 2008: R2.6 million).

Marketing fees paid by the Group to Minerales Y Productos Derivados S.A. amounted to R nil (2009: R3.5 million, 2008: R2.8 million).

Inter-Group management and technical fees amounted to R23.1 million (2009: R19.4 million, 2008: R47.2 million).

Secretarial fees paid by the Group to Pangea Group amounted to R0.1 million (2009: R0.6 million, 2008: R nil) in which Mr R G Still has a vested interest.

The remuneration of directors, and other members of key management of the Group, is determined by the Remuneration Committee having regard to their performance and market trends. The remuneration of directors is disclosed under note 29.

33. ACQUISITIONS AND DISPOSALS

Acquisitions

During the 18 months ended 31 December 2010, the Group made no new acquisitions (2009: none).

Disposals

During the 18 months ended 31 December 2010, the Group disposed of its interest in Vergenoeg Mining Company (Pty) Limited ("VMC") and Pan African Resources Plc ("PAR") (2009: the Company disposed of Phoenix Platinum (Pty) Limited to PAR). Details are as follows:

31 December 2010

On 1 July 2009, the Group disposed of its interest in PAR, which contributed to its Antimony/Gold segment. This subsidiary was disclosed as an asset held-for-sale in June 2009.

On 26 December 2009, the Group disposed of its entire interest in VMC, which contributed to its Fluorspar segment.

2010	PAR R'000	VMC R'000	Total R'000
Book value of net assets sold			
Current assets			
Cash and cash equivalents	30 255	13 007	43 262
Trade and other receivables	18 367	33 807	52 174
Inventories	4 538	71 788	76 326
Non-current assets			
Property, plant, equipment and mineral rights	736 816	125 103	861 919
Goodwill	221 590	–	221 590
Current liabilities			
Trade and other payables	55 791	19 302	75 093
Provisions	51 722	22 084	73 806
Non-current liabilities			
Borrowings	–	7 464	7 464
Deferred tax liabilities	147 775	14 987	162 762
Non-controlling interests	383 382	48 410	431 792
Net assets disposed of	372 896	132 458	505 354
Profit on disposal	–	430 692	430 692
	372 896	563 150	936 046
Proceeds			
Proceeds paid in cash and cash equivalents	372 896	563 150	936 046

The gain on disposal is included in the profit for the period in the statement of comprehensive income (see note 4).

PAR did not contribute to the Group's earnings for the 18 month period ended 31 December 2010. VMC made a positive contribution to the Group's earnings for the 18 months amounting to R9.9 million (2009: R67.9 million).

During the 2009 financial year, the Group made no new acquisitions (2008: CRC, PAR and Phoenix was acquired). During the year the Company disposed of Phoenix Platinum Mining (Pty) Limited to Pan African Resources. Details are as follows:

2009	30 June 2009 R'000*
Book value of net assets sold	
Non-current assets	
Investment	137 124
Loan	11 722
Current liabilities	
Payables	1 757
Net assets disposed of	150 603
Loss on disposal	(79 353)
	71 250
Proceeds	
Proceeds paid in cash and cash equivalents	57 403
Deferred sales proceeds	12 090
Payables settled	1 757
	71 250

* Phoenix Platinum was carried as an investment in the Company and classified as a mineral right asset from a Group perspective. Phoenix did not contribute to the results of the Group.

During the 2008 financial year, the Group made the following acquisitions:

2008	Principal commodity	Date of acquisition	Proportion of share acquired (%)	Cost of acqui- sition (R'000)
Copper Resources Corporation plc	Copper	1 January 2008	50.3	974 517
Pan African Resources plc (PAR)**	Gold	31 July 2007	55.0	–
Phoenix Platinum (Pty) Limited*	Platinum	31 December 2007	100.0	137 293
				1 111 810

* Phoenix Platinum is carried as an investment in the Company and classified as a mineral right asset from a Group perspective. Phoenix has not contributed to the results of the Group in the current year.

** The reverse acquisition followed the disposal of Barberton Mines for a share in PAR.

The major classes of assets and liabilities at acquisition are as follows:

	PAR (R'000)	CRC (R'000)	Year ended 30 June 2008 (R'000)
Total assets excluding cash and cash equivalents	674 891	481 605	1 156 496
Cash and cash equivalents	–	53 867	53 867
Total assets	674 891	535 472	1 210 363
Total liabilities	6 280	62 037	68 317
Net assets	668 611	473 435	1 142 046
Goodwill on acquisition			221 590
Mineral rights on acquisition			601 465

The abovementioned assets and liabilities represent the fair value at acquisition and no further adjustments were made.

Goodwill arising on acquisition

Goodwill amounting to R222 million arose on the reverse acquisition of Pan African Resources plc, which is now disclosed as assets held-for-sale.

A profit of R158 million is included in the 2008 year earnings, which relates to this reverse acquisition and is now disclosed as assets held-for-sale.

Cost of acquisitions

	Phoenix (R'000)	CRC (R'000)	Year ended 30 June 2008 (R'000)
Total purchase consideration	137 293	974 517	1 111 810
Less: Non-cash consideration	(53 503)	(888 597)	(942 100)
Consideration paid in cash	83 790	85 920	169 710
Less: Cash and cash equivalents acquired	–	(53 867)	(53 867)
	83 790	32 053	115 843

Impact of the acquisitions on the results of the Group

PAR's exploration expenditure and related holdings costs since acquisition have been capitalised and therefore not included in the Group's results for the prior and current year.

CRC's loss since acquisition has been capitalised and therefore not included in the Group's results for the prior and current year as CRC is in a development phase.

Had these business combinations been effective 1 July 2007, the 2008 results of the Group would not be materially different.

34. SUBSEQUENT EVENTS

On 6 September 2010, the Company announced that it had entered into a sale of business agreement with To The Point Growth Specialists (Pty) Limited ("TTP") in terms of which it would dispose of Cons Murch to Cons Murch Mine (Pty) Limited ("Cons Murch Mine") which is held 74% by TTP (indirectly) and 26% by the Cons Murch Black Economic Empowerment Trust in a transaction to be implemented in three phases, Part A, Part B and Part C. Part A of the transaction encompasses the disposal of the Cons Murch business together with the employees as a going concern to Cons Murch Mine, subsequent to which Cons Murch Mine will provide contract mining services to Cons Murch until Part B of the transaction is completed, being the conversion of the old order mining right into a new order mining right and the subsequent transfer thereof to Cons Murch Mine. Part C of the transaction encompasses the renewal of the new order prospecting right and the transfer thereof to Cons Murch Mine.

The conditions precedent to Part A of the transaction which were required to be fulfilled by no later than 28 February 2011 have been met. Accordingly, Part A of the transaction has become unconditional. Accordingly the business, including all employees will be transferred as a going concern to Cons Murch Mine. Metorex will retain the environmental obligations pending the conversion of the mining licence into a new order mining licence and obtaining of the necessary consent for the transfer thereof to Cons Murch Mine. The Company will continue to work with Cons Murch Mine in pursuance of the satisfaction of the conditions required for completion of Part B and Part C of the transaction in accordance with the agreement.

On 28 March 2011, the Company released an announcement advising shareholders that it had entered into discussions and that shareholders were to exercise caution in dealing in the Company's shares. This cautionary announcement was lifted on 8 April 2011 following a joint announcement by Metorex and Vale Africa in which Vale Africa will make a cash offer to acquire 100% of the shares issued and to be issued in Metorex for a cash consideration of R7.35 per share (excluding Metorex's shareholding in Sable Zinc). This transaction is subject to a number of conditions as announced. Shareholders are referred to the detailed announcement released on the Securities Exchange News Service on 8 April 2011 for further information relating to the transaction.

35. SEGMENTAL ANALYSIS

During the 18 months ended 31 December 2010 the Group disposed of PAR, which included Barberton Mines, as well as VMC. The CM division is also classified as an asset held-for-sale and therefore the primary segmental reporting for the Group has changed. In 2009 the Group distinguished its segments between commodities produced. In 2010 the Group distinguishes its segments between the corporate office and its copper mining operations being Ruashi, Chibuluma, Sable and Copper Resources Corporation ("CRC"). The corporate segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury and finance, corporate administration and management of the mining operations.

Primary segmental information

	External sales		Mining profit before depreciation		Depreciation		Capital expenditure*		Assets [†]		Liabilities [#]	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
2010												
Ruashi	2 823 762	62	985 453	57	313 284	69	416 217	48	4 020 584	68	681 230	71
Chibuluma	1 340 957	29	789 721	46	111 408	25	231 998	27	954 744	16	141 501	15
Sable	391 202	9	34 838	2	29 481	6	505	–	171 639	4	34 198	4
CRC	–	–	–	–	–	–	210 570	24	348 812	6	35 509	3
Corporate/ Other	–	–	(93 384)	(5)	579	–	5 444	1	374 387	6	68 488	7
Group	4 555 921	100	1 716 328	100	454 752	100	896 734	100	5 870 166	100	960 926	100
2009												
Fluorspar Copper/ Cobalt Other	–	–	–	–	–	–	40 647	3	191 674	3	37 521	4
	937 084	100	167 256	150	108 607	99	1 393 454	97	5 615 938	97	1 021 248	96
	–	–	(56 000)	(50)	190	1	–	–	–	–	–	–
Group	937 084	100	111 256	100	108 797	100	1 434 101	100	5 807 612	100	1 058 769	100
2008												
Fluorspar Copper/ Cobalt Other	255 643	16	93 846	12	11 218	12	18 858	1	153 408	2	31 587	3
	1 359 146	84	716 295	90	84 314	88	3 293 743	99	6 386 236	98	970 370	97
	–	–	(10 896)	(2)	116	–	–	–	–	–	–	–
Group	1 614 789	100	799 245	100	95 648	100	3 312 601	100	6 539 644	100	1 001 957	100

Secondary segmental information

	Total sales by customer location		Assets [†]	Liabilities [#]	Capital expenditure*		R'000	%	R'000	%
	R'000	%			R'000	%				
2010										
Africa	3 162 029	69	5 870 166	–	100	960 926	100	864 734	100	–
Switzerland	380 514	8	–	–	–	–	–	–	–	–
Other	1 013 378	23	–	–	–	–	–	–	–	–
Group	4 555 921	100	5 870 166	–	100	960 926	100	864 734	100	–
2009**										
Africa	598 671	64	5 807 612	–	100	1 058 769	100	1 434 101	100	–
Switzerland	284 996	30	–	–	–	–	–	–	–	–
Other	53 417	6	–	–	–	–	–	–	–	–
Group	937 084	100	5 807 612	–	100	1 058 769	100	1 434 101	100	–
2008										
Africa	881 403	55	6 539 644	–	100	1 001 957	100	3 312 601	100	–
Switzerland	491 631	30	–	–	–	–	–	–	–	–
USA	81 716	5	–	–	–	–	–	–	–	–
Other	160 039	10	–	–	–	–	–	–	–	–
Group	1 614 789	100	6 539 644	–	100	1 001 957	100	3 312 601	100	–

[†] Excludes taxation (current and deferred).

[#] Excludes interest bearing debt, taxation (current and deferred).

* Includes increases in mineral rights.

A SUMMARY OF THE METOREX GROUP MINERAL RESOURCES AND ORE RESERVES

The definitions and interpretations commencing on page 12 of this Circular do **not** apply to this Annexure 3.

Group summary as at March 2011 ("F2010") compared to June 2009 ("F2009")

All Mineral Resource and Ore Reserve figures contained in this report are reflected on a 100 percent ownership basis and not on an attributable basis.

Introduction

Over the past two years Metorex has implemented a Mineral Resource and Ore Reserve estimation process that is managed in a conservative, consistent manner and conforms to international standards. This implementation is good corporate governance and best practice and was initiated to de-risk existing operations and growth projects and in so doing enhance the technical inputs into the business. Over the past 12 months the Group has escalated exploration and associated project activity to increase confidence in the growth projects and ensure reporting is in full compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC Code") of the South African Mineral Resource Committee ("SAMREC").

Mineral Resources

Group Mineral Resources increased, with a general upgrading of copper and cobalt resources from the Inferred Mineral Resource category into the Indicated and Measured categories. Historical non-SAMREC resource estimates for two of the growth projects (Dilala East and Lubembe) have been converted into SAMREC-compliant resources and updated resource estimates have been included for both Kinsenda and Lubembe.

Summary of Metorex Group Company copper Mineral Resources

Mineral Resources (000t contained copper)						
Group copper Operation/Project	Measured and Indicated		Inferred		Total resources	
	F2010	F2009	F2010	F2009	F2010	F2009
Ruashi oxides	611	630	181	186	792	817
Ruashi sulphides	45	–	407	248	452	248
Chibuluma	196	238	–	–	196	238
Chifupu	27	–	–	59	27	59
Kinsenda	166	863	744	–	910	863
Lubembe	1 040	–	761	1 045	1 801	1 045
Dilala East	452	–	110	–	563	–
Total	2 537	1 732	2 203	1 539	4 740	3 270
	+46,5%		+43,2%		+44,9%	

Rounding errors may occur.

Total Group copper Mineral Resources for the F2010 period increased by 44,9 percent from 3,27 Mt to 4,74 Mt of contained copper, driven largely by the Dilala East and Lubembe deposits. Contained copper in resources at Dilala East and Lubembe increased by 563 kt (+100 percent) and 756 kt (+72 percent), respectively, compared to the F2009 resource base. Incremental gains in total contained copper tonnage were also made at Kinsenda, where the total contained copper resource increased by 47 kt (+5 percent), and the Ruashi sulphides where the contained copper resource increased by 204 kt (+82 percent).

Drilling on the eastern side of the Ruashi 3 oxide resource has established a +100 metre strike continuation of the orebody as well as a significant thickening of the mineralisation in the upper stratigraphic units. In addition, the continued increase in the copper price during F2010 has had a positive impact on the economics of the operation and resulted in a reduction in the cut-off grade used in the December 2010 Ruashi life-of mine reserve plan and schedule. In order to comply with the SAMREC Code and the Metorex MRM Code of Practice, the economic viability of the Ruashi resource has been defined using a US\$12 000/t copper optimised whittle pit (economic resource based on a +50 percent increase in the US\$8 000/t pricing scenario used for LOM planning). The impact of both exploration and cut-off grade changes at Ruashi is a 179 kt (+16 percent) increase in the Ruashi oxide and sulphide contained copper Mineral Resource.

A large proportion of the Kinsenda resource was changed from Measured/Indicated to Inferred by Snowden Mining Industry Consultants ("Snowden") due to, in their opinion, the inadequacy of quality assurance quality control ("QA/QC") data on the historical assay data. This resource had previously been signed off by FinOre, based in Perth, as a qualified JORC-compliant Measured Mineral Resource on the basis of limited QA/QC checks against two historical drillholes to verify the historical assay data used in the resource estimate. Comparison of data from 19 new drillholes completed in F2010 with the historical data in a portion of the orebody does, however, indicate a conservative grade bias in the historical data and it is Metorex's opinion that this trend will be reflected in the rest of the orebody. Subsequent to year-end the Metorex Board approved an additional drilling programme on the Kinsenda property.

Summary of Metorex Group Company cobalt Mineral Resources

Mineral Resources (000t contained copper)						
Group copper Operation/Project	Measured and Indicated		Inferred		Total resources	
	F2010	F2009	F2010	F2009	F2010	F2009
Ruashi oxides	98	71	14	11	112	83
Ruashi sulphides	7	–	41	21	48	21
Dilala East	136	–	34	–	170	–
Total	241	71	89	32	330	103
	237%		180%		219%	

Rounding errors may occur.

Group cobalt Mineral Resources increased by 219 percent from F2009 to the end of F2010. The Dilala East Project in Kolwezi was the main driver behind these increases, contributing an additional 170 kt of contained cobalt.

Ore Reserves

Summary of Metorex Group Company copper and cobalt Mineral Reserves

Group copper and cobalt Operation/Project	Copper reserves (000t) Proved and Probable		Cobalt reserves (000t) Proved and Probable	
	F2010	F2009	F2010	F2009
Ruashi oxides	523	491	88	59
Ruashi sulphides	–	–	–	–
Chibuluma	132	143	–	–
Chifupu	–	–	–	–
Kinsenda	–	–	–	–
Lubembe	–	–	–	–
Dilala East	–	–	–	–
Total	655	634	88	59
	3%		49%	

Rounding errors may occur.

Group copper Mineral Reserves have increased by three percent due to exploration and changes in the reserve cut-off grade. There has been a 49 percent increase in the contained cobalt Mineral Reserves as a result of the application of a bimetallic, copper equivalent cut-off grade at Ruashi.

Mining design and scheduling studies for the Kinsenda project were still in progress at year-end and were not defined to an adequate level of detail for reporting of Mineral Reserves.

Outlook

Extension and infill drilling at Ruashi will continue during F2011 and is likely to continue adding incremental tons and confidence to the Ruashi oxide resource. Infill drilling on the Ruashi sulphide resource will convert further inferred sulphide resources in Ruashi 1 into the Indicated or Measured category.

A key focus area for the Group will be the conversion of Inferred Resources at Kinsenda, Lubembe and Dilala East into the Indicated and Measured category to derisk the projects further and provide confidence in the resource estimate to be converted to reserves in the early years of the project.

Exploration drilling at Chibuluma South and Chifupu are also expected to add incremental tons to the resource.

Completion of the Kinsenda mining study for the bankable feasibility study ("BFS") will enable the declaration of a SAMREC-compliant Mineral Reserve during F2011.

Ruashi Mining sprl

Location

The Ruashi Mine is an opencast oxide copper and cobalt mine situated in the Democratic Republic of Congo ("DRC") on the outskirts of Lubumbashi, which is the capital of Katanga Province.

The Ruashi Mine consists of three open-pit deposits. These deposits occur along strike of each other over a combined strike length of 2 000 metres, and are separated by cross-cutting faults and breccia zones.

Historical and recent exploration activities

Ruashi

The Ruashi deposits were discovered by Union Minière in 1919 and have been intensively evaluated by drilling over the years. Drilling has been conducted on sections spaced at 50 metre intervals along strike and drill hole intervals along sections of between 25 and 50 metres. Since discovery in 1919 and up to December 2010, 110 952 metres of drilling (1 434 holes) has been completed on the Ruashi property.

During F2009, Ruashi Mining completed two drilling campaigns altogether. Altogether 1 651 metres (48 holes) of reverse circulation ("RC") drilling was completed in the Ruashi 1 open pit with 5 229 metres (52 holes) of diamond drilling completed across all three orebodies. Infill and extension drilling activities have continued uninterrupted during F2010 with a further 12 685 metres (114 holes) of diamond drilling and 979 metres (51 holes) of percussion drilling having been completed. Infill drilling has been carried out to improve the confidence in both oxide and sulphide Mineral Resources, with 90 percent of the oxide ore drilling in the Ruashi 1 pit having been completed on a grid of 25 x 25 metres. Exploration drilling in the Ruashi 3 pit area has defined oxide and sulphide ore beyond the known limits of the orebody, and added significantly to the Mineral Resource.

In addition to activities at Ruashi, the Company has been involved in exploration activities on the other licences granted to Ruashi Mining sprl.

Dilala East

Exploration continued on the Musonoi Est Permis d'Exploitation (a portion of PE4958) close to Kolwezi. Drilling activities recommenced in F2010 after being placed on hold in F2009, with a further 4 681 metres (13 holes) being completed in the period. To date, 15 573 metres (62 holes) of diamond drilling has been completed. A SAMREC-compliant resource estimate for the Dilala East Project was released in March 2010. A prefeasibility mining study was also submitted to Gécamines in F2010 in accordance with the legal agreement between Ruashi Holdings and Gécamines.

Limited work was carried out on the Sokoroshi I (PE523) and Sokoroshe II (PE538) permits north of Lubumbashi.

Geological setting and geological model

Ruashi

The copper and cobalt deposits of Ruashi occur in the Proterozoic Katangan Supergroup rocks of the Congolese Copperbelt and are hosted in a succession of siltstones, sandy dolomites and shales associated with dislocated thrust sheets within the north-west trending Lufilian Thrust Belt.

The Ruashi deposits form part of a recumbent synclinal fold trending north-west with flanks comprising Kundulungu Group (Upper Katangan) sediments and a core of Mines Group sediments, which is the Lower Roan Formation equivalent in Zambia. Three orebodies have been recognised, namely Ruashi 1, 2 and 3 with respective strike lengths of 800 metres, 200 metres and 450 metres separated by barren breccia zones.

The primary copper and cobalt sulphide mineralisation is stratiform consisting of chalcopyrite, carrollite, pyrite and minor bornite. The orientation of these horizons has been affected by folding and their orientation in the orebody varies from horizontal through vertical to overturned. Supergene enrichment of copper and cobalt resulted in an irregular blanket of oxide ore to a depth of 50 to 70 metres overlying the steeply dipping sulphide ore and extending laterally beyond the sulphide bodies from 20 to 100 metres. The main oxide minerals are malachite, chrysocolla and heterogenite.

The supergene cap, which was previously mined by Union Minière and Gécamines, consists of malachite and heterogenite in massive saprolite or in fracture-controlled mineralisation along joint and fracture planes, cleavages and shear zones. Mixed oxide-sulphide mineralisation occurs at the transition zone extending into the sulphides at depth over a thickness of 10 to 20 metres.

Dilala East

The Dilala East orebody in Kolwezi occurs along strike from, and is similar to the Kamoto underground orebody. The orebody occurs on the eastern end of the Dilala Syncline and is a blind deposit with high-grade mineralisation starting at between 50 and 100 metres below surface. It consists of a lower and an upper copper-rich zone separated by a copper-poor, cobalt-rich zone. The full mineralised package is approximately 60 metres in width and is open-ended at depth.

Type of mining, mining activities

Ruashi

Prior to Metorex's involvement, the Ruashi Mine comprised an old open pit originally mined by Union Minière starting in the early 1920s and later by Gécamines up to the early 1980s. Approximately 3,1 Mt were mined from the Ruashi 1 and Ruashi 2 deposits at an average grade of 7,8 percent copper and 0,11 percent cobalt.

Metorex has been involved since 2003 with a first phase of copper and cobalt production being derived from old stockpiles previously not treated by Gécamines. The old stockpiles and tailings were reclaimed in Phase I using a load-and-haul contractor with treatment through an oxide flotation circuit to recover a low-grade copper/cobalt concentrate.

The Ruashi 1 and 2 orebodies have been opened up and oxide copper and cobalt ore production has been ramped up to feed the solvent extraction, electrowinning ("SX-EW") plant at a rate of 120 ktpm. Pre-stripping on the Ruashi 3 orebody commenced in F2010. Mining is by a conventional drill, blast, load-and-haul operation.

The Phase II SX-EW plant is now operating at a steady-state production rate of roughly 3 000 t of finished copper cathode and 350 t of cobalt in concentrate per month.

Methods and key assumptions in estimation and classification of Mineral Resources and Ore Reserves

The Ruashi resource model was updated three times during F2010. The most recent update was completed in December 2010 by Integrated Geological Solutions (Pty) Limited ("IGS"), based in Johannesburg. Digital resource modelling is carried out by first modelling the broad lithological contacts, followed by definition of mineralised domains within specific lithological horizons using a 0,5 percent total copper or a 0,1 percent total cobalt grade envelope. A hard-boundary approach has been applied to oxide and sulphide zones of the same lithological unit to more accurately reflect the statistical difference in grades between the weathered and unweathered units.

The December 2010 grade model was interpolated using ordinary kriging into discrete domains based on geostatistical estimation parameters matched to each domain. This resource model has been classified into SAMREC-compliant resource categories on a subjective basis by IGS working closely with the mine geologists. The majority of the drillhole data is spaced close enough to categorise the resource as either Indicated or Measured.

A high geological confidence exists in the location and continuity of the lower orebody stratiform units. These units have been categorised as measured in the Ruashi 1 and 2 pits where current mining activity has confirmed the continuity and grade of the units. Further drilling is required to upgrade these units to those measured in the Ruashi 3 orebody. With the exception of the Calcaire a Minerais Noirs zone ("CMN"), all other lithological units have been classified as Indicated. The CMN zone is dominated by erratic wad mineralisation (weathered and altered dolomite) and generally requires drill testing at a spacing of less than 10 x 10 metres using the blast hole drill rig to upgrade the confidence in the resource estimate, and for conversion into mineable reserves.

Work commenced on an Unfold model in December 2010 to address geometric difficulties associated with the Ruashi fold structure. Grade in this model will be estimated using conditional simulation to determine a geostatistically derived, probabilistic classification methodology and recoverable reserve estimate.

A revised Ruashi life-of-mine ("LOM") plan and scheduled reserve for F2011 was completed in January 2011 by VBKOM Consulting Engineers (Pty) Limited using the Whittle 4X pit optimisation, Mine24D and XPac mine planning software. A mining cost of US\$4,1/t material mined and a processing cost of US\$72,7/t ore processed have been used based on F2011 steady-state budget prices and the completion of the acid plant. An open pit with multi-phase push-back mining methodology has been selected for the LOM schedule based on optimal Whittle NPV shells using long-term copper price scenarios of US\$5 000/t and US\$8 000/t copper and a constant cobalt price of US\$15/lb. Pit 3 is planned to be mined in three phases, with phases 1 and 2 falling within the \$5 000/t copper ultimate pit shell, and phase 3 defined using the \$8 000 ultimate pit shell.

Inclusion of Inferred Resources

Inferred resources are not included in the LOM plan and production schedule for Ruashi.

Material risk factors that could impact the Mineral Resource and Ore Reserve statement

Continuous drilling, reinterpretation and modelling of the orebody using hard lithological, structural and ore type boundaries in F2010 has significantly de-risked the resource estimate and has highlighted areas that need additional drilling. Modelling of previous mining activities from historical plans and pit mapping has also improved the reliability of the resource model to accurately forecast in situ ore grades and tonnages.

Positive changes in the copper price in F2010 have impacted the cut-off grade used to define the Mineral Resources and Mineral Reserves. This has positively impacted the declared Resource and Reserve at the end of the reporting period. Should copper and cobalt prices reduce during F2011, the cut-off grade and declared resources and reserves could reduce in the future.

Legal proceedings or other material conditions that may impact mining or exploration activities

Metorex was informed by Gécamines in 2009 that the Ruashi mining licence review process had been concluded. New statutes have been signed and gazetted.

Transfer of the Musonoi Est permit from Gécamines to Ruashi Mining is still outstanding, subject to the acceptance of a BFS submitted in F2010. Metorex continues to engage with Gécamines in this regard.

Mineral Resources for Ruashi Mine

Mineral Resources for Ruashi have been defined using an optimised whittle pit based on a US\$12 000/t copper price (economic resource based on a +50 percent increase in the US\$8 000/t pricing scenario used for LOM planning). A cut-off grade of 0,9 percent copper equivalent has been used. The copper equivalent cut-off grade is used as it best reflects the bimetallic nature of the Ruashi ore body.

Oxide Mineral Resources

Oxide Classification	Tons (Mt)		Cu grade (%)		Copper (000t)		Co grade (%)		Cobalt (000t)	
	F2010	F2009	F2010	F2009	F2010	F2009	F2010	F2009	F2010	F2009
Measured	1,0	1,0	4,7	6,7	47	70	0,3	0,3	3	3
Indicated	22,3	19,6	2,5	2,8	548	553	0,4	0,4	90	68
Inferred	12,2	8,6	1,4	2,2	172	186	0,1	0,1	12	11
Total oxides	35,5	29,2	2,2	2,8	766	809	0,3	0,3	106	83
Surface stockpiles										
Measured	–	–	–	–	–	–	–	–	–	–
Indicated	0,5	0,3	2,0	2,5	11	7	0,6	–	3	–
Inferred	–	–	–	–	–	–	–	–	–	–
Total surface stockpiles	0,5	0,3	2,0	2,5	11	7	0,6	–	3	–
Surface tailing dams										
Measured	–	–	–	–	–	–	–	–	–	–
Indicated	0,3	–	1,8	–	5	–	0,4	–	1	–
Inferred	0,5	–	1,9	–	10	–	0,4	–	2	–
Total surface tailings	0,8	–	1,9	–	15	–	0,4	–	3	–
Oxide total	36,8	29,5	2,2	2,8	792	817	0,3	0,3	112	83

Rounding errors may occur.

Sulphide Mineral Resources

Sulphides Classification	Tons (Mt)		Cu grade (%)		Copper (000t)		Co grade (%)		Cobalt (000t)	
	F2010	F2009	F2010	F2009	F2010	F2009	F2010	F2009	F2010	F2009
Measured	–	–	–	–	–	–	–	–	–	–
Indicated	1,5	–	3,0	–	45	–	0,5	–	7	–
Inferred	14,3	7,9	2,9	3,1	407	248	0,3	0,3	41	21
Total sulphides	15,8	7,9	2,9	3,1	452	248	0,3	0,3	48	21

Rounding errors may occur.

Mineral Resources for the Dilala East Project

A new mineral resource estimate was declared for the Dilala East Project in F2010 using a two percent copper equivalent cut-off grade. This has added 563kt of contained copper and 170kt of contained cobalt to the Metorex mineral resource inventory.

Dilala East Project – Mineral Resource

Classification	Tons (Mt)		Cu grade (%)		Copper (000t)		Co grade (%)		Cobalt (000t)	
	F2010	F2009	F2010	F2009	F2010	F2009	F2010	F2009	F2010	F2009
Oxides										
Measured	4,1	–	3,0	–	122	–	1,0	–	39	–
Indicated	1,1	–	3,2	–	36	–	0,9	–	10	–
Inferred	–	–	1,3	–	–	–	0,5	–	–	–
Total oxides	5,2	–	3,0	–	158	–	0,9	–	48	–
Sulphides										
Measured	3,5	–	3,0	–	106	–	0,9	–	30	–
Indicated	6,5	–	2,9	–	189	–	0,9	–	58	–
Inferred	3,9	–	2,8	–	110	–	0,9	–	34	–
Total sulphides	13,9	–	2,9	–	404	–	0,9	–	121	–
Oxides and sulphides										
Measured	7,6	–	3,0	–	228	–	0,9	–	68	–
Indicated	7,6	–	2,9	–	225	–	0,9	–	68	–
Inferred	3,9	–	2,8	–	110	–	0,9	–	34	–
Total oxides and sulphides	19,1	–	2,9	–	563	–	0,9	–	170	–

Rounding errors may occur.

Mineral Reserves for Ruashi Mine

Only oxide and mixed Indicated and Measured Mineral Resources have been converted to Proved and Probable Reserves for inclusion in the LOM design and schedule at a 0,9 percent copper equivalent cut-off. The LOM has been extended by a further five years giving a total LOM of 15,5 years from F2011. The schedule has been prepared using a three bench per annum dropdown rate.

Ruashi – Mineral Reserves

Oxide classification	Tons (Mt)		Cu grade (%)		Copper (000t)		Co grade (%)		Cobalt (000t)	
	F2010	F2009	F2010	F2009	F2010	F2009	F2010	F2009	F2010	F2009
Open pit										
Proved	–	–	–	–	–	–	–	–	–	–
Probable	21,4	15,1	2,4	3,2	507	483	0,4	0,4	84	59
Total oxides	21,4	15,1	2,4	3,2	507	483	0,4	0,4	84	59
Surface stockpiles										
Proved	–	–	–	–	–	–	–	–	–	–
Probable	0,5	0,3	2,0	2,5	11	7	0,6	–	3	–
Total surface stockpiles	0,5	0,3	2,0	2,5	11	7	0,6	–	3	–
Surface tailings dams										
Proved	–	–	–	–	–	–	–	–	–	–
Probable	0,3	–	1,8	–	5	–	0,4	–	1	–
Total surface tailings	0,3	–	1,8	–	5	–	0,4	–	1	–
Proved	–	–	–	–	–	–	–	–	–	–
Probable	22,2	15,4	2,4	3,2	523	491	0,4	0,4	88	59
Oxide total	22,2	15,4	2,4	3,2	523	491	0,4	0,4	88	59

Rounding errors may occur.

Chibuluma Mines plc

Location

The Chibuluma South Mine is part of the Chibuluma mines complex situated near the Zambian town of Kalulushi, approximately 12 kilometres west of Kitwe. Kitwe is the second largest town on the Zambian Copperbelt and is approximately 300 kilometres north of the capital city, Lusaka.

Historical and recent exploration activities

The Chibuluma South orebody was discovered in 1969 by Roan Selection Trust. A total of 113 diamond drill holes were drilled in the area, of which 77 drill holes intersected the Chibuluma South orebody. Orebody intersections were spaced between 75 and 150 metres apart. Metorex drilled three twin holes in 1999 and verified the thickness and grade of the orebody as defined by the historical drilling.

A feasibility study for Chibuluma South was completed by Metorex in May 2000. The oxide zone down to 60 metres below surface was mined in an open pit and treated through a differential flotation and oxide leach plant. The open pit was stopped in 2001 due to poor leach recoveries and low copper prices, and operations focused on opening up the underground reserve.

Chibuluma Mines has recognised the risk associated with a relatively short remaining life-of-mine, and has embarked on a resource replacement exploration programme. Extension drilling has commenced at both the Chibuluma South and Chifupu deposits, with encouraging early results at Chifupu. A high-resolution airborne electromagnetic ("EM"), magnetic and radiometric geophysical survey was completed by Spectrem Air in October 2010, covering both the Chibuluma East and Chibuluma South licences. A high-resolution gravity survey over Chibuluma South was also completed in January 2011. A regional geological and geophysical data integration study will be completed in early F2011 for detailed target generation.

Geological setting and geological model

Mineralisation in the copper mines of the Zambian Copperbelt is predominantly strata bound and confined to the Lower Roan Group of the Katanga stratigraphic succession. The Katangan Supergroup consists of Proterozoic age siliclastic, greywacke and carbonate sediments deposited in an extensional rift basin environment that has subsequently been subjected to pan-African age tectonism and deformation.

Mineralisation in the Chibuluma orebody is limited to copper only and is hosted in detrital conglomerates, sandstones and argillaceous siltstones of the Lower Roan Group. The orebody occurs over a strike length of 300 metres, dipping at about 38 degrees towards the west and varies in thickness from a few metres to over 30 metres in places.

Type of mining, mining activities

Post pillar cut-and-fill ("PPCF") mining with trackless mining equipment is used to extract the bulk of the orebody and longhole stoping ("LHS") is often used where the orebody is narrow. The longhole stopes are post filled along with the adjacent cut. The sulphide ore is hauled to surface via a decline ramp at a rate of 45 ktpm to 50 ktpm.

Development is from the top down, while mining takes place from the bottom up. The orebody is mined in 40 metres vertical sections as they become available. This necessitates the leaving of sill pillars between these sections, which locks up ore. The sill pillars are partially recoverable at the end of the life of mine.

Underground development waste and classified tailings are used as backfill in the mining process to support exhausted stopes and minimise dilution from the hanging wall through adequate support of the weak hanging wall sediments.

The underground sulphide ore is treated by conventional flotation, which produces a concentrate grade of between 45 and 50 percent copper at recoveries of 95 percent. The concentrates are currently transported approximately 40 kilometres by road to the Chambishi copper smelter ("CCS").

Methods and key assumptions in estimation and classification of Mineral Resources and Mineral Reserves

Geological block modelling of the Chibuluma orebody is carried out using Surpac. Grade envelopes are delineated on a 1 percent copper assay grade and wireframed to produce a three-dimensional solid model. Lithological contacts are modelled as surfaces, and grade is interpolated into the blocks using ordinary kriging.

A Surpac model was completed by IGS (Pty) Limited ("IGS") in 2008 utilising updated surface and underground drill hole data. This model was updated on-mine in F2010 by the Mining Technical Services Department and depleted on a cut-by-cut basis using a three-dimensional mining excavation volume model.

The resource is classified as a Measured or Indicated Resource based on drillhole spacing. A block is considered Measured if there are three or more drill holes within a 40 metre radius of the block and Indicated if there are more than three drill holes between 50 and 150 metres. In general, infill drilling is carried out from the ramp decline.

The modifying factors applied to convert the mineral resources to ore reserves in the upper levels considered a waste parting, which was identified in the boreholes and modelled accordingly. While current mining activities have largely mined beyond the waste parting zone in the upper levels, a small proportion of internal waste is anticipated in the lower levels. The modifying factors for the conversion of the resources to reserves have consequently been modified in F2011 to reflect the higher dilution expected in the lower levels of the mine.

Inclusion of Inferred Resources

Inferred resources are not included in the LOM plan and production schedule.

Material risk factors that could impact the Mineral Resource and Reserve statement

The method of stope support was considered adequate at shallow mining depths, and was substantially revamped in December 2008 following a number of hanging wall failures on the 298 and 309 metre levels. On advice from African Mining Consultants in Kitwe, the mining echelon and timing of backfill support have been scheduled such that the risk of stope failure due to geotechnical reasons will be contained and kept to a minimum.

Changes in the copper price could impact the cut-off grade used to define the Mineral Resources and Mineral Reserves which in turn would affect the LOM.

Legal proceedings or other material conditions that may impact mining or exploration Activities

The Company is not aware of any material conditions that may affect the mining activities at Chibuluma.

Chibuluma South – Mineral Resources

Classification	Tons (Mt)		Cu grade (%)		Copper (000t)	
	F2010	F2009	F2010	F2009	F2010	F2009
Chibuluma – underground						
Measured	2,2	2,4	4,1	3,3	91	80
Indicated	1,3	2,1	5,1	4,8	65	99
Total underground	3,5	4,5	4,5	4,0	156	179
Resources in buttress pillars						
Measured	0,9	0,7	3,6	4,0	32	30
Indicated	0,2	0,7	4,2	4,0	8	30
Total pillars	1,1	1,5	3,7	4,0	40	60
Chifupu prospect						
Indicated	1,1	–	2,4	–	27	–
Inferred	–	1,9	–	3,1	–	59
Total prospects	1,1	1,9	2,4	3,1	27	59
Total underground and prospects	5,7	7,9	3,9	3,7	223	297

Rounding errors may occur.

Chibuluma South – Mineral Reserves

Classification	Tons (Mt)		Cu grade (%)		Copper (000t)	
	F2010	F2009	F2010	F2009	F2010	F2009
Underground						
Proved	1,9	2,1	3,5	2,9	69	61
Probable	1,2	1,8	4,2	4,1	50	73
Total underground	3,1	3,9	3,8	3,4	119	135
Reserves in buttress pillars						
Proved	0,3	–	3,4	–	10	–
Probable	0,1	0,3	4,0	3,0	3	8
Total pillars	0,4	0,3	3,5	3,0	13	8
Underground total	3,5	4,2	3,8	3,4	132	143

Rounding errors may occur.

Minière de Musoshi et Kinsenda sarl

Location

The Kinsenda Mine together with the Lubembe prospect is owned by Copper Resources Corporation through Minière de Musoshi et Kinsenda sarl (“MMK”). Both are located within a 50 kilometre radius of Kasumbalesa, the main border town into the DRC from Zambia. The border is located approximately 75 kilometres north-west of Kitwe in Zambia, and 130 kilometres south-east of Lubumbashi in the DRC.

The Kinsenda Mine is located approximately 24 kilometres east of Kasumbalesa and is the focus of a BFS to bring the mine back into production. Lubembe is located a further 25 kilometres south-east of Kinsenda. The Musoshi Mine was returned to Sodimico during F2009 as part of the mining title revisitation process, and no longer forms part of the MMK assets.

Historical and recent exploration activities

Kinsenda

Altogether 51 000 metres (203 holes) of surface diamond drilling was completed by Sodimico and Nippon Mining on the Kinsenda orebody from the mid-1960s to early 1970s. Very little core remains from these drilling programmes and the lack of adequate QA/QC has been raised as a concern with respect to the SAMREC sign-off of the resource estimate. During F2010, Metorex undertook a 7 790 metre (26 hole) drilling programme comprising five twin holes and 15 infill holes focused on an area of high-grade mineralisation to the west of the Fracture Zone. Six holes were abandoned in this programme as a result of poor ground conditions. This drilling was carried out to test the reliability of the historical assay database and the confidence in the resource model for the BFS. All analytical results have been received and an updated geological resource model for the western portion of the mine has been completed by Snowden.

Lubembe

The Lubembe deposit is an advanced exploration prospect, with 22 holes drilled by Sodimico in the early 1970s. An infill drilling programme on the Lubembe deposit was funded by Metorex and commenced in June 2008 to verify old data and improve the resource confidence. In total, 7 506 metres (91 holes) of shallow RC drilling and 5 272 metres (21 holes) of diamond core drilling were completed during F2009. A SAMREC-compliant resource model was declared in F2010 and an infill drilling programme was initiated in the latter half of the year to upgrade tonnages from Inferred to Indicated. At year-end, an additional 5 326 metres (29 holes) had been drilled. Subsequent to period-end an updated resource model was received from IGS.

Geological setting and geological model

The Kinsenda and Lubembe orebodies are Zambian Copperbelt style orebodies and are geologically similar to the Chibuluma South and Mufulira Mines in Zambia. Mineralisation occurs in the footwall of the Ore Shale Member.

Kinsenda

Mineralisation in the Kinsenda orebody is limited to copper only and is hosted in detrital conglomerates, sandstones and argillaceous siltstones of the Lower Roan Group and varies from two to 20 metres with an average width of six metres. The orebody occurs in four zones, namely the LLOZ, LOZ, MOZ and UOZ, over a strike of approximately 2 000 metres dipping moderately at 25° to 30°. The LOZ zone bifurcates and merges in places to form a single zone. The Kinsenda Mine Mineral Resource is split into an East and a West section by a north south trending Fracture Zone. The East section is dominated by the UOZ and MOZ zones and was the main area of focus for previous mining activities. The West section has a larger remaining Mineral Resource and is dominated by the LOZ and LLOZ zones.

Kinsenda is a sulphide orebody consisting of predominantly chalcocite, chalcopyrite and minor bornite mineralisation with native copper observed in places. The orebody has not been subjected to significant folding and is reasonably uniform along strike and down-dip. A basement fault with a throw of 50 to 100 metres results in a rapid down-dip thickening of the Lower Roan stratigraphy on the southern extent of the resource. This block (starting at 600 metres below surface) has not been extensively delineated, and presents upside potential for the Kinsenda resource.

Lubembe

The Lubembe Tache B deposit is geologically similar to Kinsenda with a strike length of 1 kilometre and an average width of 40 metres dipping 25° to 30°. Lubembe is distinguished from Kinsenda by lower grades (1,8 to 2,2 percent copper) and a mixed oxide/sulphide ore type consisting of predominantly chalcocite and malachite with minor chalcopyrite.

A second zone of mineralisation (Tache A) was identified by drilling in F2008 approximately 2 kilometres north of the Lubembe Tache B deposit. Step-out drilling during F2010 has established the lateral continuity of low- to medium-grade mineralisation over a strike length of 200 metres at an average width of 10 to 15 metres. Further follow-up drilling is needed to convert this into a Mineral Resource.

Type of mining, mining activities

Kinsenda

The Kinsenda Mine is an old underground operation commissioned in 1977 as a joint venture between Sodimico and Nippon Mining. Ore was mined from Kinsenda and hauled 25 kilometres by truck to Musoshi where it was treated through the Musoshi concentrator. In total, 4,5 million tons were mined from 1977 to 2002 at an average grade of 5 percent copper.

The operation was taken over by a Canadian company in the early 1980s, but was curtailed in 1987 due to low copper prices and limited developed reserves. Operations stopped completely with the flooding of the mine in 2002. The infrastructure at Kinsenda comprises three inclined shafts and one vertical shaft to a depth of 285 metres below surface. Mine dewatering has lowered the water level to 305 metres below surface. Metorex has been involved in re-establishing the operation since F2008.

The Kinsenda Mine rehabilitation programme was curtailed in F2009 to conserve cash outflows with the project being placed on care and maintenance in January 2009. A BFS is in progress with sulphide ore production planned at a rate of 40 ktpm using the cut-and-fill mining method.

Lubembe

Lubembe is a greenfields site and is at a concept study level. The deposit has not been previously mined.

Methods and key assumptions in estimation and classification of Mineral Resources and Ore Reserves

The F2010 drilling programme was independently managed by GeoQuest (Pty) Limited, based in Lusaka, Zambia. All samples were analysed by ALS Chemex Laboratory in Johannesburg, with QA/QC of the programme carried out under the supervision and sign-off of IGS.

The BFS has focused exclusively on the West section of the mine. Mineral Resources for the West section were re-estimated by Snowden in December 2010 using the Datamine software. The Snowden model has defined a low-grade halo around the orebody at a 0,5 percent copper grade with a high-grade, internal zone being delineated using two percent copper grade envelope. The East section Mineral Resource is based on a resource estimate carried out by MMK and Deswik Mining Consultants in F2009 using a two percent copper grade envelope.

A lithological domain model was generated by Snowden and was used to domain the mineralisation into discrete lithostratigraphic units. The Snowden resource estimation has used ordinary kriging to estimate both total and acid-soluble copper with separate geostatistical parameters for each zone and variable. Snowden has classified the resources into Measured, Indicated and Inferred using the SAMREC Code for resource reporting.

In Snowden's opinion, although the historical drill spacing for a large part of the area investigated is considered adequate to allow a reasonable level of confidence in the estimate of the data, the lack of historical laboratory QA/QC records (as per the SAMREC reporting code) restricts any new estimate to an Inferred Resource. Consequently, Snowden has accepted certain of the historical drilling data where it is supported by proximal new drilling data as reasonable for the purposes of resource estimation at the Indicated level. All other areas, where the old results are not supported by new and proximal results, have been classified as Inferred Resource.

In Snowden's opinion, the confidence in the estimate for these areas could be rapidly upgraded by carrying out additional drilling, which will both increase the density of drillhole data and provide additional data to validate the historical data. Snowden is also preparing the mining study and Mineral Reserves for the Kinsenda BFS. This study was not completed by year-end, and consequently, no Mineral Reserves have been declared. These will be released on completion of the BFS in F2011.

Inclusion of Inferred Resources

The mining study is being carried out on the total resource inclusive of Inferred Resources, and as at year-end had not been completed. Any Inferred Resources included in the BFS mining plan will be flagged as "Inferred Resources scheduled in reserve".

Material risk factors that could impact the Mineral Resource and Ore Reserve statement

Snowden has reclassified a significant part of the Kinsenda Mineral Resource to the Inferred category, on the basis that the historical assay data was not subjected to rigorous, modern assay laboratory QA/QC. Comparison of the historical data against the new QA/QC controlled data collected by Metorex in F2010 (in a portion of the West mine) has, however, indicated a positive bias of approximately 10 to 15 percent. Snowden has recommended that further drilling with QA/QC measures in place be carried out to test this positive bias in the areas of historical drilling reclassified as Inferred, and convert these resources to a SAMREC-compliant Indicated Resource. The Metorex Board has approved this programme of drilling.

Metorex plans to actively follow up on these recommendations in a second phase of drilling to commence in F2011, to further de-risk the Kinsenda BFS and mining project.

Legal proceedings or other material conditions that may impact mining or exploration activities

It has been confirmed that the review process relating to MMK has been finalised, and no further payments or relinquishing of licences will be required.

Minière de Musoshi et Kinsenda sarl – Mineral Resources

Sulphide Classification	Tons (Mt)		Cu grade (%)		Copper (000t)	
	F2010	F2009	F2010	F2009	F2010	F2009
Kinsenda – high-grade sulphides						
Measured	–	13,1	–	4,8	–	628
Indicated	2,7	4,1	5,2	5,8	142	235
Inferred	11,9	–	5,8	–	685	–
Total Kinsenda – high-grade sulphides	14,6	17,1	5,7	5,0	827	863
Kinsenda – low-grade sulphides						
Measured	–	–	–	–	–	–
Indicated	2,3	–	1,1	–	24	–
Inferred	5,3	–	1,1	–	59	–
Total Kinsenda – low-grade sulphides	7,5	–	1,1	–	83	–
Total Kinsenda sulphides	22,1	17,1	4,1	5,0	910	863
Lubembe – mixed and sulphides						
Measured	–	–	–	–	–	–
Indicated	56,5	–	1,8	–	1 040	–
Inferred	36,6	47,5	2,1	2,2	761	1 045
Total Lubembe – mixed and sulphides	93,1	47,5	1,9	2,2	1 801	1 045
Grand total	115,2	64,6	2,4	3,0	2 711	1 908

Rounding errors may occur.

Sable Zinc Kabwe Limited

Location

The Sable Zinc facility is located approximately 2 kilometres south of the centre of Kabwe in central Zambia, some 150 kilometres north of the capital Lusaka. Sable Zinc is a copper and cobalt toll processing facility which produced a combination of standard and A-grade copper cathode and was commissioned during May 2006.

Processing activities

The leach, solvent extraction and electrowinning circuits previously enabled Sable to process the copper and cobalt concentrates from Ruashi Phase I. The Sable Zinc plant no longer receives oxide concentrate from Ruashi and is reliant on sourcing high-grade oxide copper feed in the open market and via traders.

Attributable interest

Operation/Project	F2010
Ruashi	75%
Chibuluma	85%
Chifupu	85%
Kinsenda	77%
Lubembe	77%
Dilala East	75%

Competent person's declaration

Mineral Resources and Reserves for the various operations have been compiled and signed off under the direction of the following independent consultants in compliance with the SAMREC Code of 2007:

Mine/Project	Mineral Resource	Ore Reserve
Ruashi Mine	Mr S Savage, BSc (Hons), MEng, PrSciNat Integrated Geological Solutions (Pty) Limited Most recent update: February 2011	Mr F van Daalen, BEng (Mining), PrEng VBKOM Consulting Engineers (Pty) Limited Most recent update: February 2011
Chibuluma South Mine	Mr C Sihole, BSc (Hons) Chibuluma Mines plc Independently verified and signed off by Venmyn Rand (Pty) Limited Most recent update: March 2011	Mr C Sihole, BSc (Hons) Chibuluma Mines plc Independently verified and signed off by Venmyn Rand (Pty) Limited Most recent update: March 2011
Kinsenda Project	Mr I Jones, BSc (Hons), MSc, FAusIMM Snowden Mining Industry Consultants Most recent update: March 2011	In progress by Snowden Mining Industry Consultants
Lubembe Project	Mr S Savage, BSc (Hons), MEng, PrSciNat Integrated Geological Solutions (Pty) Limited Most recent update: March 2011	No reserve declared
Dilala East Project	Mr S Savage, BSc (Hons), MEng, PrSciNat Integrated Geological Solutions (Pty) Limited Most recent update: November 2009	No reserve declared

Mineral Resources and Reserves in this report have been reviewed and compiled by Mr T P Williams, BSc (Hons), PrSciNat (South African Council of Natural and Scientific Professionals Registration No 400387/04), Fellow of the Southern African Institute of Mining and Metallurgy. Mr Williams is Group Mineral Resource Manager and is a full-time employee of the company. He is a mining geologist with 20 years' experience in exploration, resource development, estimation and mining geology in gold and base metals through west, central and east Africa. Mr Williams is based at the company's Head Office at 5th Floor, The Mall Offices, Cradock Avenue, Rosebank, 2146, Johannesburg.

Mr Williams has confirmed in writing that the information disclosed is compliant with Section 12 of the JSE Listings Requirements and Table 1 of the SAMREC Code, 2007, and that it may be published in the form and context in which it is intended.

FOREIGN SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS

1. FOREIGN SHAREHOLDERS

The Scheme may be affected by the laws of the relevant jurisdiction of a Foreign Shareholder. A Foreign Shareholder should acquaint itself about and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this Circular that may affect it. It is the responsibility of each Foreign Shareholder to satisfy itself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental, Exchange Control or other consents, the making of any filings which may be required, the compliance with other necessary formalities and the payment of any taxes or other requisite payments due in such jurisdiction.

The Scheme is governed by the laws of South Africa and is subject to any applicable laws and regulations, including the Exchange Control Regulations.

Any Shareholder who is in doubt as to its position, including, without limitation, its tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

2. EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which apply to Scheme Participants. Scheme Participants who have any queries regarding the Exchange Control Regulations should contact their own professional advisors without delay.

2.1 Residents of the Common Monetary Area

In the case of:

Scheme Participants holding Certificated Shares whose registered addresses in the Register are within the Common Monetary Area and whose Documents of Title are not restrictively endorsed in terms of the Exchange Control Regulations, the Scheme Consideration will be posted or transferred to such Scheme Participants by EFT (should this option have been selected on the form of surrender and transfer (*white*));

or

Scheme Participants holding Dematerialised Shares whose registered addresses in the Register are within the Common Monetary Area and whose accounts with their CSDP or Broker have not been restrictively designated in terms of the Exchange Control Regulations, the Scheme Consideration will be credited directly to the accounts nominated for the relevant Scheme Participants by their duly appointed CSDP or Broker in terms of the provisions of the Custody Agreement with their CSDP or Broker.

2.2 Emigrants from the Common Monetary Area

2.2.1 The Scheme Consideration is not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations.

2.2.2 The Scheme Consideration due to a Certificated Scheme Participant who is an emigrant from South Africa, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations will be deposited in a blocked Rand account with the authorised dealer in foreign exchange in South Africa controlling the Scheme Participant's blocked assets in accordance with his instructions, against delivery of the relevant Documents of Title.

2.2.3 In terms of a recent relaxation to the Exchange Control rulings, emigrants may externalise the Scheme Consideration by making application to the Financial Surveillance Department of the SARB via the requisite authorised dealer channel. Previously, a 10% levy would have been payable on externalisation. This is however no longer the position and the Scheme Consideration may, on application, be externalised free of the levy.

2.2.4 The authorised dealer releasing the relevant documents of title in terms of the Scheme must countersign the form of surrender and transfer (*white*) thereby indicating that the Scheme Consideration will be placed directly in its control.

2.2.5 The attached form of surrender and transfer (*white*) makes provision for the details and signature of the authorised dealer concerned to be provided.

2.3 All other non-residents of the Common Monetary Area

2.3.1 The Scheme Consideration due to a Certificated Scheme Participant who is a non-resident of South Africa and who has never resided in the Common Monetary Area, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited with the authorised dealer in foreign exchange in South Africa nominated by such Scheme Participant. It will be incumbent on the Scheme Participant concerned to instruct the nominated authorised dealer as to the disposal of the amounts concerned, against delivery of the relevant documents of title.

2.3.2 The form of surrender and transfer (*white*) attached to this Circular makes provision for the nomination required in terms of paragraph 2.3.1 above. If the information regarding the authorised dealer is not given in terms of such paragraph 2.3.1, the Scheme Consideration will be held in trust by Metorex for the Scheme Participants concerned pending receipt of the necessary information or instruction.

COPIES OF SECTION 115 AND SECTION 164 OF THE COMPANIES ACT

“Section 115: Required approval for transactions contemplated in Part A

- (1) Despite section 65, and any provision of a company’s Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
- (a) the disposal, amalgamation or merger, or scheme of arrangement:
 - (i) has been approved in terms of this section; or
 - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
 - (b) to the extent that Parts B and C of this Chapter and the Takeover Regulations apply to a company that proposes to:
 - (i) dispose of all or the greater part of its assets or undertaking;
 - (ii) amalgamate or merge with another company; or
 - (iii) implement a scheme of arrangement,the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).
- (2) A proposed transaction contemplated in subsection (1) must be approved:
- (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company’s Memorandum of Incorporation, as contemplated in section 64(2); and
 - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company’s holding company if any, if:
 - (i) the holding company is a company or an external company;
 - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
 - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
 - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
- (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
 - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).
- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:

- (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
 - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- (4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:
- (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
 - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
- (a) is acting in good faith;
 - (b) appears prepared and able to sustain the proceedings; and
 - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
- (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
 - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
- (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
 - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
- (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
 - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
 - (c) the transfer of shares from one person to another;
 - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
 - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
 - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger."

"Section 164: Dissenting shareholders appraisal rights

- (1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
- (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
 - (b) enter into a transaction contemplated in section 112, 113 or 114,
- that notice must include a statement informing shareholders of their rights under this section.

- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
 - (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither:
 - (i) withdrawn that notice; or
 - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
 - (a) the shareholder:
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
 - (b) the company has adopted the resolution contemplated in subsection (2); and
 - (c) the shareholder:
 - (i) voted against that resolution; and
 - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
 - (a) 20 business days after receiving a notice under subsection (4); or
 - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:
 - (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
 - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
 - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of:
 - (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

- (12) Every offer made under subsection (11):
- (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12):
- (a) the shareholder must either in the case of:
 - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
 - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
 - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
 - (i) tendered the share certificates; or
 - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
- (a) failed to make an offer under subsection (11); or
 - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14):
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
 - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
 - (c) the court:
 - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
 - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
 - (iii) in its discretion may:
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
 - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
 - (v) must make an order requiring:
 - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
 - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- (15A) At any time until the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:
- (a) that shareholder must comply with the requirements of subsection 13(a); and
 - (b) the company must comply with the requirements of subsection 13(b).
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
 - (b) the court may make an order that:
 - (i) is just and equitable, having regard to the financial circumstances of the company; and
 - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- (a) the provisions of that section; or
 - (b) the application by the company of the solvency and liquidity test set out in section 4.
- (20) Except to the extent:
- (a) expressly provided in this section; or
 - (b) that the Panel rules otherwise in a particular case,
- a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

DEALINGS IN METOREX SHARES AND VALE S.A. SHARES BY PROVIDERS OF IRREVOCABLE UNDERTAKINGS

Dealings in Metorex Shares for the period beginning six months before the Offer Period and ending on the Last Practicable Date by parties who have provided irrevocable undertakings are as follows:

Date	Purchase/ Sale	Volume bought	Volume sold	Average Daily Purchase Price (R)	Average Daily Selling Price (R)
Bankin	–	–	–	–	–
Coronation Asset Management (Proprietary) Limited					
13/10/2010	Sale	–	1 700	–	5.69
22/10/2010	Sale	–	1 500	–	5.70
25/10/2010	Sale	–	200 700	–	5.71
26/10/2010	Sale	–	82 275	–	5.81
27/10/2010	Sale	–	152 700	–	5.79
28/10/2010	Sale	–	20 000	–	5.81
29/10/2010	Sale	–	1 900	–	5.80
01/11/2010	Sale	–	189 800	–	5.01
02/11/2010	Purchase	54 400	48 500	5.54	5.68
03/11/2010	Sale	–	366 000	–	5.73
04/11/2010	Sale	–	71 300	–	5.75
05/11/2010	Sale	–	116 400	–	5.04
08/11/2010	Purchase	23 300	76 936	5.04	5.72
09/11/2010	Purchase	202 870	27 816	5.02	5.79
10/11/2010	Purchase	179 187	540 269	5.34	5.79
11/11/2010	Sale	–	96 400	–	5.69
12/11/2010	Sale	–	169 100	–	5.71
17/11/2010	Sale	–	206 700	–	5.58
18/11/2010	Sale	–	99 700	–	5.69
19/11/2010	Sale	–	145 800	–	5.45
23/11/2010	Sale	–	26 700	–	5.71
24/11/2010	Sale	–	700	–	5.73
25/11/2010	Sale	–	555 100	–	5.71
26/11/2010	Sale	–	66 500	–	5.72
29/11/2010	Sale	–	372 700	–	5.79
01/12/2010	Sale	–	143 300	–	5.76
02/12/2010	Sale	–	25 300	–	5.77
03/12/2010	Sale	–	5 100	–	5.49
07/12/2010	Sale	–	18 000	–	5.68
09/12/2010	Purchase	64 100	–	5.58	–
10/12/2010	Sale	–	2 300	–	5.68
13/12/2010	Sale	–	1 600	–	5.69
14/12/2010	Sale	–	124 800	–	5.70
15/12/2010	Sale	–	17 200	–	5.01
20/12/2010	Sale	–	85 500	–	5.74
21/12/2010	Sale	–	16 800	–	5.72
22/12/2010	Sale	–	34 000	–	5.71
23/12/2010	Sale	–	119 100	–	5.53
24/12/2010	Sale	–	15 900	–	5.65
28/12/2010	Sale	–	20 300	–	5.81

Date	Purchase/ Sale	Volume bought	Volume sold	Average Daily Purchase Price (R)	Average Daily Selling Price (R)
30/12/2010	Sale	–	18 800	–	5.72
03/01/2011	Sale	–	26 200	–	5.68
04/01/2011	Sale	–	1 500	–	5.68
05/01/2011	Purchase & Sale	68 842	695 446	5.15	5.65
06/01/2011	Purchase & Sale	215 800	823 700	5.31	5.70
07/01/2011	Purchase & Sale	82 300	128 000	4.62	5.80
10/01/2011	Sale	–	8 000	–	5.70
11/01/2011	Sale	–	11 400	–	5.69
12/01/2011	Purchase & Sale	130 400	206 600	5.65	5.66
13/01/2011	Purchase & Sale	17 350	250 470	5.80	5.75
14/01/2011	Sale	–	229 400	–	5.66
17/01/2011	Sale	–	22 300	–	5.72
18/01/2011	Sale	–	46 600	–	5.66
19/01/2011	Sale	–	177 200	–	5.74
20/01/2011	Sale	–	223 400	–	5.74
21/01/2011	Sale	–	6 600	–	5.69
24/01/2011	Sale	–	4 000	–	5.74
25/01/2011	Sale	–	5 500	–	5.69
26/01/2011	Sale	–	600	–	5.72
27/01/2011	Sale	–	42 500	–	5.70
31/01/2011	Sale	–	59 400	–	5.76
02/02/2011	Purchase & Sale	77 300	1 341 000	5.03	5.71
03/02/2011	Sale	–	84 000	–	5.75
04/02/2011	Sale	–	7 000	–	5.58
07/02/2011	Purchase & Sale	14 400	2 283 558	5.25	5.68
08/02/2011	Purchase & Sale	193 800	1 420 900	5.13	5.71
09/02/2011	Purchase & Sale	104 600	1 207 514	4.83	5.68
10/02/2011	Purchase & Sale	308 200	4 376 798	5.08	5.70
11/02/2011	Purchase & Sale	503 900	1 654 373	5.48	5.65
14/02/2011	Purchase & Sale	94 200	1 326 503	5.26	5.66
15/02/2011	Purchase & Sale	98 400	1 955 600	5.43	5.63
16/02/2011	Purchase & Sale	157 000	1 456 281	5.64	5.69
18/02/2011	Sale	–	114 400	–	5.69
21/02/2011	Purchase & Sale	305 200	2 100 972	5.02	5.70
22/02/2011	Purchase & Sale	33 900	8 600	5.34	5.69
23/02/2011	Purchase & Sale	426 625	2 043 132	5.01	5.72
25/02/2011	Sale	–	172 300	–	5.75
28/02/2011	Purchase & Sale	59 277	1 231 766	5.53	5.71
01/03/2011	Purchase & Sale	441 700	872 008	5.08	5.71
02/03/2011	Purchase & Sale	486 564	967 641	5.63	5.73
03/03/2011	Purchase & Sale	642 429	2 163 524	5.46	5.69
04/03/2011	Purchase & Sale	379 600	2 803 602	4.77	5.69
07/03/2011	Purchase & Sale	1 433 731	2 020 914	4.92	5.67
08/03/2011	Purchase & Sale	775 055	1 395 621	4.53	5.68
09/03/2011	Purchase & Sale	316 900	945 854	5.18	5.70
10/03/2011	Sale	–	200	–	5.68
11/03/2011	Sale	–	165 300	–	5.71
14/03/2011	Sale	–	39 800	–	5.38
15/03/2011	Sale	–	11 000	–	5.68
16/03/2011	Sale	–	26 556	–	5.68
22/03/2011	Sale	–	300	–	5.69
23/03/2011	Sale	–	5 000	–	5.70
25/03/2011	Purchase & Sale	197 000	1 446 780	4.81	5.68

Date	Purchase/ Sale	Volume bought	Volume sold	Average Daily Purchase Price (R)	Average Daily Selling Price (R)
29/03/2011	Sale	–	44 000	–	5.75
30/03/2011	Sale	–	1 000	–	5.69
31/03/2011	Sale	–	44 420	–	5.73
01/04/2011	Sale	–	468 900	–	5.63
05/04/2011	Sale	–	7 900	–	5.74
14/04/2011	Sale	–	14 600	–	5.00
03/05/2011	Sale	–	154 300	–	5.01
20/05/2011	Purchase	109 731	–	7.00	–
23/05/2011	Purchase	604 269	–	6.99	–
26/05/2011	Purchase	1 530	–	7.15	–
27/05/2011	Purchase & Sale	44 300	44 300	7.12	7.12
30/05/2011	Purchase & Sale	9 140	6 420	7.12	7.12
02/06/2011	Purchase	38 700	–	7.18	–
03/06/2011	Purchase	11 537	–	7.17	–
07/06/2011	Purchase	39300	–	7.19	–
08/06/2011	Purchase	123 900	–	7.22	–
09/06/2011	Purchase & Sale	6 300	61 100	7.25	7.24
Fami Cuatro de Inversiones S.A.	–	–	–	–	–
Investec Asset Management (Proprietary) Limited					
28/10/2010	Purchase	205 446	–	4.33	–
20/01/2011	Sale	–	578 567	–	5.69
21/01/2011	Sale	–	582 183	–	5.61
24/01/2011	Sale	–	374 156	–	5.47
02/02/2011	Sale	–	461 247	–	5.66
03/02/2011	Purchase	661 540	–	5.54	–
10/02/2011	Sale	–	1 138 592	–	5.57
11/02/2011	Sale	–	2 389 614	–	5.66
Minerales y Productos Derivados, S.A.	–	–	–	–	–
Prudential Portfolio Managers (South Africa) (Proprietary) Limited					
15/10/2010	Purchase	250 000	–	4.35	–
19/10/2010	Purchase	350 000	–	4.26	–
21/10/2010	Purchase	180 000	–	4.23	–
22/10/2010	Purchase	100 000	–	4.21	–
10/11/2010	Purchase	2 250 000	–	5.00	–
12/11/2010	Purchase	738 234	–	4.82	–
15/11/2010	Purchase	1 000 000	–	4.83	–
16/11/2010	Purchase	2 000 000	–	4.62	–
17/11/2010	Purchase	1 300 000	–	4.50	–
18/11/2010	Purchase	914 849	–	4.60	–
19/11/2010	Purchase	1 133 075	–	4.71	–
22/11/2010	Purchase	854 601	–	4.71	–
23/11/2010	Purchase	650 000	–	4.60	–
14/12/2010	Purchase	614 098	–	5.04	–
15/12/2010	Purchase	630 000	–	5.20	–
17/12/2010	Purchase	909 688	–	5.23	–
20/12/2010	Purchase	233 976	–	5.22	–
21/12/2010	Purchase	477 588	–	5.25	–
22/12/2010	Purchase	252 819	–	5.22	–

Date	Purchase/ Sale	Volume bought	Volume sold	Average Daily Purchase Price (R)	Average Daily Selling Price (R)
23/12/2010	Purchase	480 000	–	5.32	–
28/12/2010	Purchase	64 507	–	5.24	–
30/12/2010	Purchase	75 000	–	5.23	–
03/01/2011	Purchase	40 000	–	5.39	–
04/01/2011	Purchase	50 000	–	5.89	–
05/01/2011	Purchase	116 262	–	5.83	–
07/01/2011	Purchase	850 000	–	5.68	–
10/01/2011	Purchase	128 015	–	5.71	–
11/01/2011	Purchase	191 870	–	5.67	–
12/01/2011	Purchase	300 000	–	5.84	–
13/01/2011	Purchase	125 000	–	5.85	–
17/01/2011	Purchase	135 000	–	5.86	–
18/01/2011	Purchase	250 000	–	5.81	–
19/01/2011	Purchase	365 000	–	5.87	–
21/01/2011	Purchase	230 000	–	5.60	–
24/01/2011	Purchase	239 119	–	5.45	–
25/01/2011	Purchase	598 134	–	5.36	–
26/01/2011	Purchase	796 304	–	5.44	–
27/01/2011	Purchase	400 000	–	5.55	–
28/01/2011	Purchase	598 712	–	5.53	–
31/01/2011	Purchase	3 510 356	–	5.44	–
01/02/2011	Purchase	50 000	–	5.51	–
02/02/2011	Purchase	297 461	–	5.58	–
03/02/2011	Purchase	1 250 000	–	5.59	–
04/02/2011	Purchase	650 000	–	5.55	–
07/02/2011	Purchase	50 000	–	5.67	–
08/02/2011	Purchase	600 000	–	5.66	–
10/02/2011	Purchase	800 000	–	5.60	–
11/02/2011	Purchase	352 528	–	5.67	–
25/02/2011	Purchase & Sale	25 000	15 000	5.45	5.49
02/03/2011	Purchase	158 860	–	5.67	–
03/03/2011	Purchase	1 282 136	–	5.73	–
04/03/2011	Purchase	250 000	–	5.80	–
07/03/2011	Purchase	41 511	–	5.75	–
08/03/2011	Purchase & Sale	430 000	80 000	5.65	5.66
14/03/2011	Purchase	53 363	–	5.55	–
22/03/2011	Sale	–	500 000	–	5.34
23/03/2011	Purchase & Sale	86 800	186 800	5.70	5.64
31/03/2011	Purchase	30 000	–	6.47	–
01/04/2011	Purchase	500 000	–	6.50	–
04/04/2011	Purchase & Sale	160 000	160 000	6.66	6.66
05/04/2011	Purchase & Sale	30 100	30 100	6.82	6.82
07/04/2011	Sale	–	700 000	–	6.95
14/04/2011	Purchase	22 684	–	7.30	–

Date	Purchase/ Sale	Volume bought	Volume sold	Average Daily Purchase Price (R)	Average Daily Selling Price (R)
S.A. Sulquisa	–	–	–	–	–
Standard Bank					
13/10/2010	Sale	–	2 233 258	–	4.42
14/10/2010	Sale	–	740 464	–	4.43
25/10/2010	Sale	–	124 894	–	4.37
26/10/2010	Sale	–	110 123	–	4.39
02/11/2010	Sale	–	1 291 261	–	4.49
03/11/2010	Sale	–	1 000 000	–	4.69
04/11/2010	Sale	–	500 000	–	4.80
05/11/2010	Sale	–	1 000 000	–	4.89
08/11/2010	Sale	–	1 500 000	–	4.97
09/11/2010	Sale	–	111 280	–	5.05
11/11/2010	Sale	–	388 720	–	4.96

Dealings in Vale S.A. shares for the period beginning six months before the Offer Period and ending on the Last Practicable Date by parties who have provided irrevocable undertakings are as follows:

Date	Purchase/ Sale	Volume bought	Volume sold	Average Daily Purchase Price (R)	Average Daily Selling Price (R)
Coronation Asset Management (Proprietary) Limited					
Vale S.A. preference shares					
04/01/2011	Purchase	5 000	–	31.07	–
23/02/2011	Sale	–	5 000	–	29.37

METOREX LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1934/005478/06)
JSE code: MTX ISIN: ZAE000022745
Issuer code: MEMTX

NOTICE OF GENERAL MEETING

The definitions and interpretations commencing on page 12 of the Circular to which this Notice of General Meeting is attached apply, *mutatis mutandis*, to this Notice of General Meeting. The record date in terms of section 59 of the Companies Act for Shareholders to be recorded on the Shareholders' register of the Company in order to be able to attend, participate and vote at the General Meeting is Monday, 18 July 2011.

Shareholders are reminded that:

- a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the General Meeting in the place of the Shareholder, and Shareholders are referred to the attached form of proxy;
- a proxy need not also be a Shareholder of the Company;
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as Shareholder or as proxy for a Shareholder) has been reasonably verified.

Notice is hereby given that a General Meeting of Shareholders will be held at 10h00, on Friday, 22 July 2011 for the purpose of considering and, if deemed fit, passing with or without modification, the following special and ordinary resolutions:

SPECIAL RESOLUTION NUMBER 1 – Approval of the Scheme in terms of sections 114 and 115 of the Companies Act

"Resolved that the scheme of arrangement in terms of section 114 of the Companies Act proposed by the board of directors of the Company between the Company and its Shareholders (as more fully described in paragraph 6 of the Circular), in terms of which Vale Africa will, if such scheme of arrangement becomes operative, acquire the entire issued and to be issued share capital of the Company (save for those Shares held by Dissenting Shareholders that do not withdraw their respective demands made in terms of sections 164(5) to 164(8) of the Companies Act or allow any offers by the Company to them in terms of section 164(11) of the Companies Act to lapse, as more fully described in paragraph 6.7 of the Circular) for a cash consideration of R7.35 per Scheme Share, be and is hereby approved as a special resolution in terms of section 115(2)(a) of the Companies Act."

Quorum requirement for special resolution number 1 to be adopted: sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on the special resolution.

Percentage of voting rights required for special resolution number 1 to be adopted: at least 75% of the voting rights exercised on the special resolution.

ORDINARY RESOLUTION NUMBER 1 – Authority

"Resolved that any director or the company secretary of Metorex be and is hereby authorised to do all such things, sign all documents and procure the doing of all things and signature of all documents as may be necessary for or incidental to the implementation of special resolution number 1."

Percentage of voting rights required for ordinary resolution number 1 to be adopted: more than 50% of the voting rights exercised on the resolution.

ELECTRONIC PARTICIPATION

Should any Shareholder wish to participate in the General Meeting by way of electronic participation, that Shareholder should make application in writing (including details as to how the Shareholder or its representative can be contacted) to so participate to the Transfer Secretaries at the address below, to be received by the Transfer Secretaries at least 5 (five) Business Days prior to the General Meeting in order for the Transfer Secretaries to arrange for the Shareholder (and its representative) to provide reasonably satisfactory identification to the Transfer Secretaries for the purposes of section 63(1) of the Companies Act and for the Transfer Secretaries to provide the Shareholder (or its representative) with details as to how to access any electronic participation to be provided. The Company reserves the right to elect not to provide for electronic participation at the General Meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the Shareholder so accessing the electronic participation. Shareholders are advised that participation in the General Meeting by way of electronic participation will not entitle a Shareholder to vote. Should a Shareholder wish to vote at the General Meeting, he/she may do so by attending and voting at the General Meeting either in person or by proxy.

VOTING AND PROXIES

A Shareholder entitled to attend, speak and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his or her stead. A proxy need not be a member of the Company. For the convenience of Certificated Shareholders and Dematerialised Shareholders with "own-name" registration, a form of proxy is attached (*pink*) hereto. Duly completed forms of proxy must be lodged with the Transfer Secretaries at either of the below addresses at any time before the commencement of the General Meeting (or any adjournment of the General Meeting) or handed to the Chairman of the General Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting), provided that should a Shareholder lodge a form of proxy with the Transfer Secretaries at either of the below addresses less than 24 hours before the General Meeting, such Shareholder will also be required to furnish a copy of such form of proxy to the Chairman of the General Meeting before the appointed proxy exercises any of such Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).

Dematerialised Shareholders without "own-name" registration who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary authority in terms of their Custody Agreement with their CSDP or Broker. Dematerialised Shareholders without "own-name" registration who do not wish to attend but wish to be represented at the General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised Shareholders without "own-name" registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS

In terms of section 164 of the Companies Act, at any time before special resolution number 1 as set out in this Notice is voted on, a Dissenting Shareholder may give the Company a written notice objecting to special resolution number 1.

Within ten business days after the Company has adopted special resolution number 1, the Company must send a notice that special resolution number 1 has been adopted to each Shareholder who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of special resolution number 1.

A Shareholder may demand that the Company pay the Shareholder the fair value for all of the Shares of the Company held by that person if:

- the Shareholder has sent the Company a notice of objection;
- the Company has adopted the special resolution number 1; and
- the Shareholder voted against special resolution number 1 and has complied with all of the procedural requirements of section 164 of the Companies Act.

A copy of section 164 of the Companies Act is set out in Annexure 5 to the Circular.

Hand deliveries to:

Link Market Services South Africa
(Proprietary) Limited
13th Floor
19 Ameshoff Street
Braamfontein
Johannesburg, 2001
South Africa

Postal deliveries to:

Link Market Services South Africa
(Proprietary) Limited
PO Box 4844
Johannesburg
2000

By order of the Metorex Board

T P Goodlace

Chief Executive Officer

17 June 2011

Registered Office

5th Floor, The Mall Offices
11 Cradock Avenue
Corner Baker Street
Rosebank, 2196
South Africa
(PO Box 2814, Saxonwold, 2132)

METOREX L I M I T E D

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

FORM OF PROXY FOR USE AT THE GENERAL MEETING

Only for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration. For use by Scheme Members at the General Meeting convened in terms of the Companies Act to be held in the Ilanga Room 2, Hyatt Regency Johannesburg, 191 Oxford Road, Rosebank, Johannesburg at 10h00 on Friday, 22 July 2011 or any adjourned or postponed meeting.

The definitions and interpretations commencing on page 12 of the Circular to which this form of proxy is attached apply, *mutatis mutandis*, to this form of proxy.

If you are a Dematerialised Shareholder without "own-name" registration you must **not** complete this form of proxy but must instruct your CSDP or Broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or Broker.

I/We (Please PRINT names in full)

of (address)

being the holder(s) of Certificated Shares or Dematerialised Shares with "own-name" registration, do hereby appoint (see notes 1 and 2):

1. _____ or failing him/her,
2. _____ or failing him/her,

3. the Chairman of the General Meeting,
as my/our proxy to attend, speak and vote on my/our behalf at the General Meeting (or any adjournment thereof).

I/We desire to vote as follows (see note 2):

For Special Resolution Number 1	Number of votes *
Against Special Resolution Number 1	Number of votes *
Abstain from Special Resolution Number 1	Number of votes *
For Ordinary Resolution Number 1	Number of votes *
Against Ordinary Resolution Number 1	Number of votes *
Abstain from Ordinary Resolution Number 1	Number of votes *

* One vote per Metorex Share held by Scheme Members

Signed at _____ on _____ 2011

Signature

Capacity of signatory (where applicable)

Note: Authority of signatory to be attached – see notes 8 and 9.

Assisted by me (where applicable)

Full name

Capacity

Signature

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 15);
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 5);
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company; and
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 3).

Notes:

1. Each Scheme Member is entitled to appoint one (or more) proxies (none of whom need be a member of Metorex) to attend, speak and vote in place of that Scheme Member at the General Meeting.
2. A Scheme Member may insert the name of a proxy or the names of two alternative proxies of the Scheme Member's choice in the space/s provided with or without deleting "the Chairman of the General Meeting" but the Scheme Member must initial any such deletion. The person whose name stands first on this form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Scheme Member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Scheme Member in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the Chairman of the General Meeting, if the Chairman is the authorised proxy, to vote in favour of the Scheme, or any other proxy to vote or abstain from voting at the General Meeting as he/she deems fit, in respect of all the Scheme Member's votes exercisable at the General Meeting.
4. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries at Link Market Services South Africa (Proprietary) Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, South Africa (PO Box 4844, Johannesburg, 2000) at any time before the commencement of the General Meeting (or any adjournment of the General Meeting) or handed to the Chairman of the General Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting), provided that should a Shareholder lodge a form of proxy with the Transfer Secretaries at either of the above addresses less than 24 hours before the General Meeting, such Shareholder will also be required to furnish a copy of such form of proxy to the Chairman of the General Meeting before the appointed proxy exercises any of such Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).
5. The completion and lodging of this form of proxy will not preclude the relevant Scheme Member from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Scheme Member wish to do so.
6. The Chairman of the General Meeting may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the Memorandum of Incorporation of Metorex.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by Metorex or the Transfer Secretaries.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has been registered by Metorex or the Transfer Secretaries or waived by the Chairman of the General Meeting.
10. Where shares are held jointly, all joint holders are required to sign this form of proxy.
11. A minor Shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by Metorex or the Transfer Secretaries.
12. Dematerialised Shareholders who do not own Metorex Shares in "own-name" dematerialised form and who wish to attend the General Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the General Meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the Scheme Member and his/her CSDP or Broker.
13. This form of proxy shall be valid at any resumption of an adjourned scheme meeting to which it relates, although this form of proxy shall not be used at the resumption of an adjourned scheme meeting if it could not have been used at the General Meeting from which it was adjourned for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This form of proxy shall, in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Transfer Secretaries before the commencement of the meeting or adjourned meeting at which the proxy is used.
15. Any proxy appointed pursuant to this form of proxy may not delegate his/her authority to act on behalf of the relevant Shareholder.
16. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.

Signature of Certificated Shareholder	Stamp and address of agent lodging this form	
Assisted by me (if applicable)		
State full name and capacity		
Date		2011
Telephone number (Home) ()		
Telephone number (Work) ()		
Cellphone number ()		

Signatories may be called upon for evidence of their authority or capacity to sign this form.

PART B

1. To be completed only by Certificated Shareholders who are emigrants from the Common Monetary Area.

The Scheme Consideration will be forwarded to the authorised dealer nominated below for its control and credited to the emigrant's blocked account. Accordingly, a non-resident who is an emigrant from South Africa must provide the following information:

Name and address of authorised dealer in South Africa or substitute instruction

Account number

2. To be completed only by all other non-resident Certificated Shareholders who wish to provide a substitute address.

The Scheme Consideration will be posted to the registered address of the non-resident concerned, unless written instructions to the contrary are received and a substitute address provided below:

Substitute address

If no nomination is made in terms of 1 above, the Scheme Consideration will be held in trust by the Transfer Secretaries.

PART C – Bank details for EFT

Certificated Shareholders who wish to receive the Scheme Consideration via EFT should complete this section.

Account holder	Branch code
Bank	Type of account
Branch	Account number
SWIFT code	

Notes:

- Emigrants from the Common Monetary Area must complete Part B.
- All other non-residents of the Common Monetary Area must complete Part B if they wish the Scheme Consideration to be sent to an address other than their address in the Register.
- If Part B is not properly completed, the Scheme Consideration (in the case of emigrants) will be held in trust by the Transfer Secretaries pending receipt of the necessary nomination or instruction.
- The Scheme Consideration will not be sent to Certificated Shareholders unless and until Documents of Title in respect of the relevant Metorex Shares have been surrendered to the Transfer Secretaries.
- If a Certificated Shareholder produces evidence to the satisfaction of Metorex and Vale Africa that Documents of Title in respect of Metorex Shares have been lost or destroyed, Metorex may waive the surrender of such Documents of Title against delivery of a duly executed indemnity in a form and on terms and conditions approved by Metorex, or may in its discretion waive such indemnity.
- If this form is not signed by the Certificated Shareholder, the Certificated Shareholder will be deemed to have irrevocably appointed the company secretary of Metorex to implement that Shareholder's obligations under the Scheme on his/her behalf.
- Persons who have acquired Metorex Shares after the date of posting of the Circular to which this form is attached, can obtain copies of the form and the Circular from Link Market Services South Africa (Proprietary) Limited, whose address is 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, South Africa (PO Box 4844, Johannesburg, 2000).
- No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form.
- Any alteration to this form must be signed in full and should not be merely initialled.
- If this form is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form for noting (unless it has already been noted by Metorex or the Transfer Secretaries).
- Where the Certificated Shareholder is a company or a close corporation, unless it has already been registered with Metorex or the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form must be submitted if so requested by Metorex.
- Note 11 above does not apply in the event of this form bearing the stamp of a broking member of the JSE.
- Where Metorex Shares are held jointly, all joint holders are required to sign. Any joint holder may vote at the General Meeting in respect of his/her joint shares as if he/she was solely entitled thereto, but if more than one such joint holders are present or represented at the General Meeting, the one whose name stands first in the Register is the respect of such shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.

