

METOREX L I M I T E D

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

CHAIRMAN'S STATEMENT: ANNUAL GENERAL MEETING – 15 JUNE 2011

Ladies and Gentlemen and Fellow Shareholders,

Welcome to this, the 76th Annual General Meeting of the shareholders of Metorex.

The Annual Report for the 18 month period ended 31 December 2010 was issued to shareholders on 11 May 2011 and contained, as usual, the notice of today's Annual General Meeting, as well as a comprehensive report back to you, the shareholders, on the activities, results and strategies of your Company. We hope that you found it useful and informative.

It is not my intention today to repeat the information set out in the Annual Report or indeed my Chairman's report contained therein but simply to highlight some of the key aspects thereof and to deal with some of the recent Company announcements and corporate action.

The 18 month period to 31 December 2010 covered by the Annual Report saw a restoration of the fortunes of your Company across all dimensions. Having disposed of non-core assets, substantially restored the balance sheet, tightened strategic focus and steadied and improved operating performances and cash flows, your Company is now able to re-address growth in its core base mineral and copper focus area. The Group has also made considerable progress in implementing a new Risk Management Framework and associated systems and inculcating a risk management culture.

It is pleasing to report on the good results and steady progress made in safety, health and environmental issues across all areas and in particular the baseline monitoring and addressing of environmental issues at existing operations and progress towards identifying, tackling and resolving issues at legacy operations.

Corporate Social Responsibility ("CSR") is developing into a strategic focus and a priority for Metorex and your Annual Report outlines progress made towards leveraging our CSR activities into a future competitive advantage.

Group copper and cobalt production increased by 145 percent to 76,409 tonnes and by 488 percent to 5,123 tonnes respectively in the 18 month period to 31 December 2010 as compared to the 12 month period to 30 June 2009 and, importantly, increased each of the five six-month periods throughout this and the prior reporting periods.

Cash Mining Profit for the 18 month period to 31 December 2010 amounted to R1,72 billion (2010 12 months R111 million) of which R851 million represents the last 6 months. Adjusted headline earnings per share amounted to 59.9c (2009: -8.5 c) of which 32c was earned in the last 6 months of the 18 month period.

These improved financial performance measures in ZAR are despite a 20 percent strengthening in the average Rand/US\$ exchange rate, leading to lower Rand-based earnings.

Net group debt for the 18 month to 31 December 2010 decreased from R2.1 billion to R416 million, despite capital investment of R865 million partly incurred on advancing and retaining the new project portfolio. This was achieved from operational cash flows, the proceeds of the sale of non-core assets of R940 million and the capital raising of R900 million in March 2010.

Chibuluma produced an excellent performance throughout the reporting period with all planned operational metrics of "Volume, Value, Quality, Cost, Capital and Cash Flow" being achieved or exceeded. Chibuluma's standard is to be a "Model Mine in Zambia" and this has been met.

At the Ruashi mine, planned operational metrics improved steadily throughout the period with targeted production levels being reached during several months in the last half year, except when output was negatively impacted by transformer and rectifier failures during June and November 2010.

It is gratifying to report that Ruashi's Mineral Resource Management function and associated mine planning is much improved and that, despite 18 months of depletion, the new mineral reserve and resource inventory has increased. In addition, the new Sulphide Ore project under evaluation should further extend the life of mine or utilise excess processing capacity.

With the planned commissioning of a new acid plant in August 2011 and the planned installation of improved cobalt 'flash spin drying' technology, Ruashi is expected to further lower its structural operating costs and improve its efficiency. Emphasis remains on improving systems, ongoing training and developing its human capital.

My Chairman's Review for the year ended June 2009 set out Seven Action Steps then underway to address and complete the strategic objectives set by the Company. It is gratifying to report that all of these Action Steps have been successfully completed.

The exclusive focus of your Company is now base metals with particular reference initially to copper and cobalt.

This focus allows Metorex to develop the depth of technical and regional operating skills essential as a competitive advantage and the experiences and lessons learnt in establishing and operating copper mines in the Copper Belt, and especially in the DRC.

The Company has made considerable progress with respect to its development projects, Kinsenda, the Ruashi Sulphides, Lubembe and Dilala East and a proposal for the full go ahead with the Kinsenda Project will be evaluated by your board in August 2011.

Preliminary construction work and the community development plan have been initiated and the phase II surface drilling programme has made considerable progress. The detailed design for the concentrator plant and tailings facility is nearing completion, as is the mine design and scheduling programme. Optimisation of the mine pumping infrastructure, in line with higher underground water flow estimates, is also underway. Capital cost estimates have increased on the back of the detailed design work and inflation. The new estimates will be provided to the market once the final round of the technical due diligence is completed and the project capital costs are optimised.

The scale and funding of this relatively high-grade new Kinsenda mine will be within the sensible funding capacity of the Company, given its current balance sheet and cash flows generated from existing operations.

Prospects

Given the steady-state production platforms at the major operations of Chibuluma and Ruashi and strong forecasted copper prices, your Company views its prospects in the forthcoming period with confidence and results to date this year have been encouraging.

Operations, particularly in the DRC, may be adversely impacted by power supply difficulties. Although a regional programme is underway to upgrade and improve power infrastructure, risks of irregular power supply will remain well into 2012.

Major value-adding initiatives include the construction and development of the new Kinsenda mine and further advances in the Ruashi Sulphide, Lubembe and Dilala East projects.

Recent Corporate Events

Since mid-2010 Metorex has been approached on numerous occasions by parties, (some highly credible), interested in acquiring the Company, given its critical mass, managerial record and strategic platform to operate and develop future mines in the Copper Belt, one of the world's most important future sources of copper and base mineral supply.

Mindful throughout of its duty to act in the very best interests of shareholders, Metorex in late 2010 implemented a highly disciplined and professional process, under a tight legal and confidentiality regime, to allow qualified and credible parties the necessary data access to thereby facilitate any credible offer for the Company to be considered by its shareholders.

On 8 April 2011 Metorex announced a binding offer from Vale S.A. ("Vale Offer") to acquire all of the fully diluted shares in Metorex at a price of R7.35 per share, which offer excluded Metorex's shareholding in Sable Zinc Kabwe which was to be sold or unbundled for the benefit of Metorex shareholders as a condition of the Vale Offer.

A Circular to Metorex shareholders with regard to the Vale Offer will be distributed to Metorex shareholders on Friday, 17 June 2011. In addition, the Circular will be made available to shareholders via the Metorex Website.

It is pertinent to highlight that the Company General Meeting to consider and vote on the Scheme of Arrangement proposed, is scheduled for Friday, 22 July 2011. Shareholders are requested to ensure that their votes and processes are aligned with the timetable published in the Circular.

The completion and distribution of the Circular was somewhat delayed by the introduction of the new Companies Act 71 of 2008, effective 1 May 2011, which impacted on the legal framework and complexity of the documentation and approval process by the regulatory authorities responsible.

Importantly, it should be noted that whilst the Circular has indeed been somewhat delayed, any such delay has no impact upon the critical path of the completion of conditions precedent required to conclude the Vale offer.

I would like to thank all the advisors involved in the process of completing this Circular and my fellow board members and members of the Independent Board of your Company, for their considerable efforts and diligence throughout the process of considering and settling this document.

On 8 June 2011 Metorex announced the disposal of its Interest in Sable Zinc Kabwe to a subsidiary of Glencore International plc for R190 million subject to a price adjustment mechanism for undisclosed liabilities, if any, and changes in the net asset value from 31 March 2011 to the final disposal date. Furthermore, it is intended that Metorex will advance a shareholder loan to Sable amounting to R35 million prior to the completion of the Sable Disposal which will form part of the Sable Sale Equity and will have the effect of increasing the Base Price to R225 million. This disposal is subject to the fulfilment or waiver of a number of conditions precedent which importantly include approval of the Vale S.A. offer by Metorex shareholders.

It is important to note that whilst this Sable disposal process has been undertaken in order to comply with the pre-conditions of the Vale Offer it is conditional upon the success thereof. However, if the Vale Offer is not approved by Metorex shareholders the Metorex board may still choose to proceed

with this disposal as Sable is non-core to Metorex and the price offered by Glencore may be regarded as fair and reasonable.

With regard to the process underway to consider the Vale Offer it is important to stress that your board retains an unfettered fiduciary duty and right to consider any subsequent superior offers made by any other party.

Appreciation

Your Company's board, the executive team so capably led by Terence Goodlace and all staff have put in an enormous effort to restore your Company to health and to lay a solid platform for future growth. On behalf of shareholders - my appreciation to you all. The counsel and support of my fellow directors, past and new, during this past year is also appreciated.

Rob Still
15 June 2011

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