

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, please consult your Central Securities Depository Participant ("CSDP") broker; sponsor; attorney, accountant, banker or other professional advisor immediately.

### Action required

1. If you have disposed of part or all of your ordinary shares in Metorex Limited, this circular should be handed to the purchaser of such shares or the broker; banker or other agent through whom the sale was effected.
2. If you have dematerialised your Metorex ordinary shares:

#### Own-name registration

- You are entitled to attend or be represented by proxy at the general meeting to be held in the Acacia Room, The Grace Hotel, 54 Bath Avenue, Rosebank, Johannesburg, South Africa at 09:30 on Monday, 21 December 2009.
- You must not provide your CSDP or broker with your voting instructions or obtain a Letter of Representation from your CSDP or broker.
- If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to the transfer secretaries to be received by no later than 09:30 on Thursday, 17 December 2009.

#### Other than own-name registration

- You are entitled to attend or be represented by proxy at the general meeting. You must however not complete the form of proxy (*yellow*).
- You must provide your CSDP or broker with your voting instructions in terms of the custody agreement entered into with your CSDP or broker.
- You must advise your CSDP or broker timeously if you wish to attend, or be represented at the general meeting.
- If you do wish to attend or be represented at the general meeting, your CSDP or broker will be required to issue the necessary Letter of Representation to you to attend or to be represented at the general meeting.

3. If you have not dematerialised your Metorex ordinary shares, you are entitled to attend or be represented by proxy at the general meeting.

If you are unable to attend the general meeting but wish to be represented thereat, you must return a completed form of proxy (*yellow*) accompanying this circular to the transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), which form, in order to be valid, must be received by not later than 09:30 on Thursday, 17 December 2009.

# METOREX L I M I T E D

A NEW FOCUS FOR THE FUTURE

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

## CIRCULAR TO METOREX LIMITED SHAREHOLDERS

regarding

**the proposed disposal by Metorex Limited of its entire 55% shareholding being 137 500 ordinary shares in Vergenoeg Mining Company (Proprietary) Limited to a related party, Minerale y Productos Derivados S.A, for a cash consideration of US\$60 000 000, which constitutes a related party and Category 2 transaction in terms of the Listings Requirements of the JSE Limited;**

and incorporating

- **a notice of general meeting; and**
- **for use by certificated and own name dematerialised shareholders only, a form of proxy (*yellow*).**

### Sponsor and Corporate Advisor



Corporate Finance

### Independent Reporting Accountants and Auditors

**Deloitte.**  
Deloitte & Touche  
Registered Auditors

### Transfer Secretaries



### Independent Expert

**VENMYN**  
Independence you can trust

Date of issue: 4 December 2009

This document is only available in English. Copies may be obtained at the registered address of Metorex Limited and the transfer secretaries whose details are set out in the "Corporate information and advisors" section of this circular.

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## CORPORATE INFORMATION AND ADVISORS

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### Registered office

Metorex Limited  
2nd Floor; Cradock Heights  
21 Cradock Avenue  
Rosebank  
Johannesburg, 2196  
South Africa  
(PO Box 2814, Saxonwold, 2132)

### Website

[www.metorexgroup.com](http://www.metorexgroup.com)

### Date and place of incorporation

18 April 1934  
Johannesburg, South Africa

### Sponsor and corporate advisor

Barnard Jacobs Mellet Corporate Finance (Pty) Ltd  
BJM House  
24 Fricker Road  
Illovo  
Johannesburg, 2196  
South Africa  
(PO Box 62200, Marshalltown, 2107)

### Company secretary

Moore Stephens MWM Incorporated  
Chartered Accountants (SA)  
7 West Street  
Houghton, 2198  
South Africa  
(PO Box 1574, Houghton, 2141)

### Transfer secretaries

Link Market Services South Africa (Pty) Ltd  
11 Diagonal Street  
Johannesburg, 2001  
South Africa  
(PO Box 4844, Johannesburg, 2000)

### Independent reporting accountants and auditors

Deloitte & Touche, Registered Auditors  
The Woodlands  
Woodlands Drive, Woodmead  
Sandton, 2196  
South Africa  
(Private Bag X6, Gallo Manor, 2052)

### Independent expert

Venmyn Rand (Proprietary) Limited  
First Floor, Block G, Rochester Place  
173 Rivonia Road  
Sandton, 2146  
South Africa  
(PO Box 782761, Sandton, 2146)

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## TABLE OF CONTENTS

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The definitions have, where necessary, been used in the table of contents.

	<b>Page</b>
<b>Corporate information and advisors</b>	Inside front cover
<b>Important dates and times</b>	2
<b>Definitions</b>	3
<b>Circular to Metorex shareholders</b>	7
1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR	7
2. RATIONALE FOR THE TRANSACTION	7
3. DETAILS OF THE TRANSACTION	8
4. RELATED PARTY AND VOTING	8
5. SALIENT INFORMATION ON VERGENOEG	9
6. UNAUDITED <i>PRO FORMA</i> FINANCIAL EFFECTS OF THE TRANSACTION	9
7. MAJOR SHAREHOLDERS	10
8. DIRECTORS' INTERESTS	10
9. FAIRNESS OPINION	11
10. DIRECTORS' RESPONSIBILITY STATEMENT	11
11. MATERIAL CHANGES	11
12. MATERIAL CONTRACTS	11
13. OPINION AND RECOMMENDATION	12
14. CONSENTS	12
15. GENERAL MEETING	12
16. PRELIMINARY EXPENSES	12
17. DOCUMENTS AVAILABLE FOR INSPECTION	12
<b>ANNEXURE 1</b> Fairness opinion	14
<b>ANNEXURE 2</b> <i>Pro forma</i> income statement and balance sheet	22
<b>ANNEXURE 3</b> Report of the reporting accountants on the <i>pro forma</i> financial information	26
<b>Notice of general meeting</b>	28
<b>Form of proxy</b> ( <i>yellow</i> )	Attached

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## IMPORTANT DATES AND TIMES

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2009

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Circular posted to Metorex shareholders on	Friday, 4 December
Last day for receipt of forms of proxy for general meeting of shareholders at 09:30 on	Thursday, 17 December
General meeting of shareholders at 09:30 on	Monday, 21 December
Results of general meeting released on SENS on	Monday, 21 December
Results of general meeting published in press on	Tuesday, 22 December

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**Notes:**

1. These dates and times are subject to change. Any such change will be released on SENS and published in the press. Any reference to time is a reference to South African time.
2. If the general meeting is adjourned or postponed, forms of proxy must be received by no later than 48 hours prior to the time of the adjourned or postponed general meeting, provided that, for the purpose of calculating the latest time by which forms of proxy must be received, Saturdays, Sundays and gazetted public holidays in South Africa will be excluded.

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## DEFINITIONS

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In this circular and its annexures, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column the singular includes the plural and *vice versa* and words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other gender:

“the Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“Beankin”	Beankin Investments (Proprietary) Limited (Registration number 2003/008102/07), a company wholly-owned by a trust of which Mr R Still (a director of Metorex) is a trustee and potential beneficiary;
“BEE”	Broad-Based Black Economic Empowerment as defined by the Broad-Based Black Economic Empowerment Act, No. 53 of 2003;
“the Board”	the board of directors of Metorex whose names are listed on page 7 of this circular;
“bridging facility”	a term loan provided to Metorex by Standard Bank to a maximum amount of R300 million which was governed by the bridging facility agreement for the purposes of working capital;
“bridging facility agreement”	the agreement, entered into between Standard Bank and Metorex on Tuesday, 11 November 2008, containing the terms and conditions under which Standard Bank agreed to provide the bridging facility to Metorex as described in the circular to Metorex shareholders dated 1 December 2008;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“cents”	South African cents, being the lawful currency of South Africa;
“certificated shareholder”	a holder of certificated shares, being shares which have not yet been dematerialised in terms of Strate, title to which is represented by share certificates or other documents of title;
“this circular”	the documents contained in and enclosed with this bound document, including all annexures, the notice of general meeting and form of proxy;
“Claw-Back Offer”	the renounceable claw-back offer by Metorex of 129 461 597 ordinary shares at a subscription price of 200 cents per share in the ratio of 34.94 new ordinary shares for every 100 ordinary shares held at the close of business on Friday, 2 January 2009 as described in the circular to Metorex shareholders dated 5 January 2009;
“Closing Date”	the third business day after all the conditions precedent in terms of the Sale of Shares Agreement have been fulfilled or waived. The outstanding conditions precedent are listed in paragraph 3.2 of this circular;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“CSDP”	Central Securities Depository Participant;
“dematerialised shareholder”	a holder of shares which have been incorporated into the Strate system and which are no longer evidenced by physical documents of title, the evidence of ownership of which is determined electronically;
“DRC”	The Democratic Republic of the Congo;

“Effective Date”	the effective date in terms of the Sale of Shares Agreement, being 30 September 2009;
“form of proxy”	the form of proxy ( <i>yellow</i> ) attached to and forming part of this circular which details the instructions and notes relating to the procedure for use by shareholders who hold certificated shares or dematerialised shareholders with own name registration;
“general meeting”	the meeting of shareholders to be held at 09:30 on Monday, 21 December 2009 to consider and vote on the ordinary resolutions authorising the Company to dispose of 55 percent of the issued share capital of Vergenoeg;
“the Group”	collectively, Metorex, its subsidiaries and any other company which is controlled or jointly controlled by it and a reference to the Group shall embrace a reference to each subsidiary;
“independent expert” or “Venmyn”	Venmyn Rand (Proprietary) Limited (Registration number 1988/004918/07), a private company duly registered and incorporated with limited liability under the company laws of South Africa;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly registered and incorporated with limited liability under the company laws of South Africa, licensed as an exchange under the Securities Services Act, Act 36 of 2004, as amended;
“last practicable date”	Wednesday, 2 December 2009 being the last practicable date before the finalisation of this circular;
“legal advisor”	DLA Cliffe Dekker Hofmeyr Incorporated;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“Management”	the executive management team of Metorex;
“Medu”	Medu Capital Fund II Partnership, an en commandite partnership, represented by Medu Capital Fund II (Proprietary) Limited (Registration number 2005/013847/07), a private company duly registered and incorporated with limited liability under the company laws of South Africa and Medu II Development Fund (Master’s reference number IT12931/0) a trust represented by its corporate trustee Medu Capital Fund II (Proprietary) Limited, which together currently hold 15% of the issued share capital of Vergenoeg;
“the Medu Transaction”	the BEE transaction involving the disposal by Metorex of 15% of the issued ordinary share capital of Vergenoeg to Medu for a cash consideration of R108 750 000, as announced on SENS on 29 July 2009 and as set out in the annual report of Metorex for the year ended 30 June 2009;
“Metorex shares”	ordinary shares of 10 cents each in the share capital of Metorex;
“Metorex” or “the Company”	Metorex Limited (Registration number 1934/005478/06), a public company duly registered and incorporated with limited liability under the company laws of South Africa, the entire issued share capital of which is listed on the JSE;
“Minersa”	Minerales y Productos Derivados S.A. a privately owned company incorporated in Spain (IVA/VAT number ES A/48008502) the purchaser of the Sale Shares and 30% shareholder in Vergenoeg. Minersa is a related party to Metorex as a result of being an associate of a director of Metorex as defined in the Listings Requirements as well as being a material shareholder in Metorex;
“Purchase Consideration”	a cash consideration of US\$60 million, less all dividends declared and distributions made in respect of the Sale Shares during the period commencing on the Effective Date and ending on the Closing Date, to be paid by Minersa to Metorex for the Sale Shares in accordance with the Sale of Shares Agreement as more fully explained in paragraph 3.4 of this circular;

“Put Option”	the put option granted to Medu in terms of the Shareholders' Agreement whereby Medu has the right to dispose of its shareholding in Vergenoeg to Metorex and/or Vergenoeg and/or Minersa which can be exercised should there be a material impact on mining rights or between the fifth and the seventh anniversary of the implementation date of the Shareholders' Agreement;
“reporting accountants” and/or “auditors”	Deloitte & Touche, Registered Auditors;
“Ruashi” or “Ruashi Project”	Ruashi Mining sprl, owned 75% by Ruashi Holdings (Proprietary) Limited (a wholly-owned subsidiary of Metorex), is Metorex's operating copper and cobalt company in the DRC;
“Sale Shares”	137 500 Vergenoeg ordinary shares, representing 55% of the issued share capital of Vergenoeg which are to be sold by Metorex to Minersa for US\$60 million in terms of the Sale of Shares Agreement;
“Sale of Shares Agreement”	the agreement entered into on 22 September 2009 between Metorex, Minersa and Vergenoeg in terms of which, subject to the conditions precedent, Metorex undertook to dispose of 137 500 ordinary shares in Vergenoeg to Minersa for a cash consideration of US\$60 million including the First Addendum dated 24 September 2009, the Second Addendum dated 15 October 2009, the Third Addendum dated 22 October 2009 and the Fourth Addendum dated 16 November 2009;
“SARB”	the South African Reserve Bank;
“SENS”	the Securities Exchange News Services of the JSE;
“shareholders” or “Metorex shareholders”	holders of Metorex shares;
“Shareholders' Agreement”	the Vergenoeg shareholders' agreement entered into between Medu, Metorex, Minersa and Vergenoeg on 27 July 2009 which Metorex shall exit on implementation of the Transaction and should have no effect on the Transaction or Metorex post implementation of the Transaction;
“South Africa”	the Republic of South Africa;
“Specific Issue”	the specific issue of 242 538 403 ordinary Metorex shares for cash at the subscription price of 200 cents per share to the subscribers of these shares, effective 24 December 2008 as detailed in the circular to Metorex shareholders dated 1 December 2008;
“sponsor and corporate advisor”	Barnard Jacobs Mellet Corporate Finance (Proprietary) Limited (Registration number 2000/023249/07), a private company duly registered and incorporated with limited liability in accordance under the laws of South Africa;
“Standard Bank”	The Standard Bank of South Africa Limited (Registration number 1962/000738/06), a public company duly registered and incorporated with limited liability under the company laws of South Africa and a subsidiary of Standard Bank Group Limited;
“Strate”	Strate Limited (Registration number 1998/022242/06), a public company registered and incorporated in South Africa, which is a registered CSDP in terms of the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“the Transaction”	the proposed disposal by Metorex of 55% of the entire issued share capital of Vergenoeg to a related party in terms of the Sale of Shares Agreement, full details of which are included in this circular;
“transfer secretaries”	Link Market Services South Africa (Proprietary) Limited (Registration number 2000/007239/07), a private company duly registered and incorporated with limited liability under the company laws of South Africa;

“US\$”	United States Dollars, being the lawful currency of the United States of America;
“US\$ LIBOR”	the 3 (three)-month London Interbank Offered Rate, being the arithmetic mean (rounded upwards to four decimal places) of the offered quotation which appears on the US\$ LIBOR page of the Reuters Monitor (RIC Code USLIBOR) Money Rates Service at 11:00 on the day for the determination thereof;
“VAT”	Value-added tax levied in terms of the Value-added Tax Act, 1991 (Act 89 of 1991), as amended from time to time;
“Vergenoeg”	Vergenoeg Mining Company (Proprietary) Limited (Registration number 1951/004241/07), a private company duly registered and incorporated with limited liability under the company laws of South Africa on 15 December 1951 in which 55% and 30% of the issued share capital is held by Metorex and Minersa, respectively; and
“ZAR” or “Rand” or “R”	South African Rand.

# METOREX L I M I T E D

A NEW FOCUS FOR THE FUTURE

(Incorporated in the Republic of South Africa)

(Registration number 1934/005478/06)

(JSE code: MTX ISIN: ZAE000022745)

("Metorex" or "the Company")

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## Directors

R G Still (*Non-executive Director and Chairman*)

T P Goodlace (*Chief Executive Officer*)

M Smith (*Chief Financial Officer*)

J Hopwood (*Independent Non-executive Director*)

A Barrenechea ^ (*Non-executive Director*)

L Paton (*Independent Non-executive Director*)

P Chevalier # (*Non-executive Director*)

N Kgositsile (*Independent non-executive Director*)

V Mabuza (*Independent non-executive Director*)

# Belgian

^ Spanish

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## CIRCULAR TO METOREX SHAREHOLDERS

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### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

Shareholders are referred to the announcements dated 23 September 2009 and 30 October 2009 in which shareholders were advised that Metorex, Minersa and Vergenoeg entered into a sale of shares agreement on 22 September 2009 whereby Metorex will dispose of its entire shareholding in Vergenoeg comprising 137 500 ordinary shares constituting 55% of the issued ordinary share capital of Vergenoeg, to Minersa, currently a 30% shareholder in Vergenoeg and a related party to Metorex, for a cash consideration of US\$60 million.

The Purchase Consideration comprises a total cash consideration of US\$60 million to be discharged in the manner more fully described in paragraph 3.4 of this circular.

The purpose of this circular is to provide Metorex shareholders with the relevant information relating to the Transaction and the implications thereof so as to enable them to make an informed decision as to whether or not they should vote in favour of the ordinary resolutions necessary to authorise the Company to enter into the Transaction.

Due to a delay in obtaining European regulatory approvals, the circular has not been issued within 28 days from 23 September 2009 (being the date of the first announcement) as required in terms of the Listings Requirements.

The Transaction is a Category 2 and related party transaction as described in the Listings Requirements. The related party relationship between Minersa and Metorex is more fully described in paragraph 4 of this circular.

### 2. RATIONALE FOR THE TRANSACTION

In line with Management's intention to restructure and reduce debt at its Ruashi Project in the DRC, Management has continued to pursue the strategy of disposing of certain of the Group's assets.

Minersa is currently a 30% shareholder in Vergenoeg and has the necessary expertise to continue operating Vergenoeg successfully, thereby retaining the integrity of the recently concluded Medu Transaction.

Through the disposal of its remaining interest in Vergenoeg, Metorex continues to further define itself as a base metals producer through the increased focus of its resources towards that objective and Management is of the view that a deliberate and resolute approach towards the operation of the Ruashi Project and advancement of its other growth projects in the DRC will generate value for shareholders.

The Purchase Consideration will assist with the execution of Management's ongoing strategy, as set out above, and will furthermore reduce debt levels on the Ruashi Project as set out in the *pro forma* financial information of the Transaction provided in paragraph 6 below and Annexure 2 to this circular.

### 3. DETAILS OF THE TRANSACTION

#### 3.1 Salient terms

Metorex has, subject to the fulfilment of the conditions precedent, entered into the Sale of Shares Agreement with Minersa and Vergenoeg in terms of which Metorex will dispose of its entire holding of 55% of the issued share capital of Vergenoeg, being 137 500 ordinary Vergenoeg shares, for a total cash consideration of US\$60 million as more fully described in paragraph 3.4 below.

The salient terms and conditions of the Transaction are provided below.

#### 3.2 Conditions precedent

The Transaction is conditional upon the fulfilment of the following outstanding conditions precedent:

3.2.1 shareholders of Metorex approving the Transaction no later than 31 December 2009; and

3.2.2 Standard Bank releasing the Sale Shares from the existing pledge and cession, on such terms and conditions as may be acceptable to Metorex within two days after the fulfilment or waiver of the remaining conditions precedent.

All other conditions precedent have been waived or fulfilled by the parties.

#### 3.3 Warranties

The Transaction is subject to limited warranties that are normal for a transaction of this nature. Further to this Minersa has indemnified Metorex against any claims, damages or costs resulting from Medu not releasing Metorex from its obligations in terms of the Put Option.

#### 3.4 Purchase Consideration

The Purchase Consideration is an amount equal to US\$60 million less all dividends declared and distributions made in respect of the Sale Shares during the period commencing on the Effective Date and ending on the Closing Date.

Within three business days after the Closing Date, Minersa shall pay Metorex the Purchase Consideration and accrued interest less all dividends declared and distributions made in respect of the Sale Shares during the period commencing on the Effective Date and ending on the Closing Date. All the rights attaching to the Sale Shares will only be transferred to Minersa on the Closing Date, subject to receipt in full by Metorex of the Purchase Consideration.

The Purchase Consideration will bear interest at a rate of US\$ LIBOR plus 250 basis points, with effect from the Effective Date until the date on which the Purchase Consideration is paid by Minersa to Metorex, both dates inclusive. Should any payment under or arising from the Sale of Shares Agreement fail to be made on the due date thereof then such overdue amounts will bear interest at a rate of US\$ LIBOR plus 500 basis points.

In terms of the Sale of Shares Agreement, it was agreed that the Purchase Consideration would be settled by way of two payments. This mechanism was introduced to make provision for a possible delay in the timing of the European regulatory approvals which was expected to be obtained by 31 March 2010.

However, as a result of those approvals having been obtained, there will only be one payment of the full Purchase Consideration to Metorex.

### 4. RELATED PARTY AND VOTING

Minersa and its associates currently hold 13.36% of Metorex's issued share capital making it a material shareholder in Metorex. Furthermore, Minersa currently also hold 30% in Vergenoeg.

In addition, Mr A Barrenechea is a director of Metorex, Vergenoeg and Minersa and holds shares in Minersa. Minersa is therefore a related party to Metorex in accordance with the Listings Requirements.

In terms of the Listings Requirements, the Transaction is a related party transaction and therefore requires the approval by Metorex shareholders. The Metorex shares held by Mr A Barrenechea and his associates (being Minersa) and Minersa and its associates (being its subsidiaries) will be taken into account in determining a quorum at the general meeting but their votes will not be taken into account in determining the results of the voting in relation to the resolutions approving the Transaction.

Metorex shares held by The Metorex Share Incentive Scheme will be precluded from voting on the resolutions proposed at the general meeting. The Metorex Share Incentive Scheme currently holds 120 000 Metorex shares, representing 0.02% of Metorex's entire issued share capital.

## 5. SALIENT INFORMATION ON VERGENOEG

The Vergenoeg mine is situated on the farm Kromdraai, approximately 70km north-east of Pretoria and 32km east of the village and rail siding of Pienaars River. The oxidised (upper) zone of the Vergenoeg deposit is exploited for fluorite (flourspar) and the flourspar concentrate (acid grade) is exported through Durban to clients mainly in Europe and the America's.

The Vergenoeg deposit is one of the largest fluorite resources in the world. Estimates are that it contains approximately 10 per cent of the world's resources. The mine life is estimated to be in excess of 100 years and the fluorite (CaF<sub>2</sub>) grade of the mine is in the upper quartile of world deposits.

Vergenoeg boasts a modern concentrator enabling it to meet market qualities and demand. Spanish-based Minersa, has been an active partner and has provided advice on metallurgical processes and international marketing to this operation for many years.

## 6. UNAUDITED PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION

The unaudited *pro forma* financial effects set out below are provided for illustrative purposes only to provide information about how the Transaction and the Medu Transaction may have impacted on Metorex' results and financial position. Due to the nature of the unaudited *pro forma* financial information, it may not give a fair presentation of the Group's results and financial position after the Transaction and the Medu Transaction. The directors of Metorex are responsible for the preparation of the unaudited *pro forma* financial effects.

	<b>Audited results for the year ended 30 June 2009</b>	<b>Unaudited <i>pro forma</i> after the Medu Transaction</b>	<b>Unaudited <i>pro forma</i> after the Transaction</b>	<b>Percentage change (%)</b>
(Loss) per share (cents) <sup>(2)</sup>	(272.4)	(259.9)	(205.4)	21.0
Headline earnings per share (cents) <sup>(2)</sup>	23.9	21.4	11.7	(45.3)
Net asset value per share (cents) <sup>(3)</sup>	323.1	332.4	377.7	13.6
Net tangible asset value per share (cents) <sup>(3)</sup>	321.6	330.9	376.2	13.7
Weighted average number of shares in issue ('000)	553 349	553 349	553 349	–
Shares in issue ('000)	742 538	742 538	742 538	–

### Notes:

- (1) The unaudited *pro forma* financial effects on the Income Statement were prepared on the basis that the Transaction and the Medu Transaction were completed on 1 July 2008 and the unaudited *pro forma* financial effects on the Balance Sheet were prepared on the basis that the Transaction and the Medu Transaction were completed on 30 June 2009.
- (2) Earnings and headline earnings per share are based on the weighted average number of shares in issue at 30 June 2009 and have been adjusted to take into account costs of the Transaction of R3.1 million (before taxation), the removal of the earnings attributable to Vergenoeg of R67.9 million and an after-tax profit on the sale of the Sale Shares of R359 million.
- (3) Net asset value per share and net tangible asset value per share have been adjusted to include the net cash proceeds of the Transaction of R459.8 million, basic gross proceeds of R462.9 million (US\$60 million translated at a rate of R7.71/US\$) and costs of R3.1 million.
- (4) The after-tax profit of R355.9 million on the Transaction incorporates a deferred taxation charge of R42.6 million. Metorex has various assessed losses on which a deferred taxation asset has been raised. The capital gain on the Vergenoeg disposal will be offset against the assessed losses and hence there is an adjustment to the deferred taxation balance.
- (5) The Medu Transaction was accounted for by incorporating the proceeds of R108.8 million, the deferred taxation of R9.2 million and the resultant profit on the transaction of R82.9 million, with no material separately identifiable transaction costs. The minority interest has been adjusted to represent the 45% outside shareholding. This transaction is assumed to be implemented on 1 July 2008 for the purposes of earnings and headline earnings.
- (6) Net asset value per share and net tangible asset value per share have been adjusted to include the net cash proceeds of the Medu Transaction of R108.8 million, which represent the basic gross proceeds as there were no material separately identifiable transaction costs. The resultant profit at 30 June 2009 amounted to R68.8 million.

The report of the independent reporting accountants, relating to these *pro forma* financial effects and the *pro forma* income statement and balance sheet provided in Annexure 2 is set out in Annexure 3 to this circular.

## 7. MAJOR SHAREHOLDERS

As at the last practicable date, insofar as is known to the Board, the following shareholders (excluding directors) directly or indirectly are beneficially interested in 5% or more of the issued share capital of Metorex:

Shareholder	Number of shares	Percentage %
Industrial Development Corporation	1 12 756 899	15.16
Stanlib Limited	68 278 012	9.18
Minerales y Productos Derivados S.A.	66 982 297	9.02
Usat Nominees (Pty) Limited	39 404 796	5.30
	<b>287 422 004</b>	<b>38.66</b>

## 8. DIRECTORS' INTERESTS

### 8.1 Directors' interests in securities

As at 30 June 2009, the beneficial interests of directors and their associates in the ordinary share capital of Metorex were as follows:

Director	Direct	Indirect	Shares held by associates	Total	Percentage %
T P Goodlace	–	–	–	–	–
C D S Needham*	2 092 346	–	–	2 092 346	0.3
A Barrenechea	–	–	99 359 211	99 359 211	13.4
A J Laughland#	–	–	–	–	–
E W Legg*	299 567	–	404 820	704 387	0.1
R G Still	–	–	9 491 545	9 491 545	1.3
M Smith	–	–	–	–	–
	<b>2 391 913</b>	<b>–</b>	<b>109 255 576</b>	<b>111 647 489</b>	<b>15.1</b>

\* Resigned during August 2009.

# Retired during November 2009.

Details of the directors' interests in share options over Metorex shares as at 30 June 2009, with varying strike dates, are provided below:

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

^ Resigned during January 2009.

& Resigned during March 2009.

\* Resigned during August 2009.

# Retired during November 2009.

## 8.2 **Directors' trading in Metorex shares**

There have been no changes in the directors' shareholding or interests in share options since 30 June 2009, being the date of Metorex's last financial year-end, up to the last practicable date.

## 8.3 **Directors' interests in transactions**

Mr A Barrenechea has an indirect beneficial interest in the Transaction as a result of his shareholding in Minersa. He currently has a beneficial interest in 2.92% of Minersa's issued share capital. In addition, Mr A Barrenechea is a director of Minersa, Metorex and Vergenoeg.

Minersa and Beankin, associates of Mr A Barrenechea and Mr R Still, respectively, subscribed for Metorex shares in terms of the Specific Issue and Claw-Back Offer. Minersa and Beankin received 43 425 438 and 16 345 988 Metorex ordinary shares, respectively, in terms of the Specific Issue and Claw-Back Offer.

No other director has or had any interest, directly or indirectly, in any transaction, which is, or was, material to the business of Metorex and which was effected by the Company since incorporation, which remains in any respect outstanding or unperformed.

## 8.4 **Directors' service contracts**

Each of Metorex's executive directors has entered into a service contract with Metorex, containing such terms as are normal for such contracts and the terms relating to their remuneration. No restraint payments have been made to any of the directors but the notice period in terms of the directors' service contracts is three months. These service contracts will not be varied as a result of the Transaction.

## 9. **FAIRNESS OPINION**

The Transaction is classified as a related party transaction in terms of the Listings Requirements and, accordingly, Metorex has mandated Venmyn, acting as independent expert in terms of the Listings Requirements, to consider the terms and conditions of the Transaction with regard to Metorex shareholders.

Venmyn has advised the Board that it has considered the terms and conditions of the Transaction and is of the opinion that the Transaction is fair to Metorex shareholders.

Venmyn's opinion in this regard is set out in Annexure I to this circular.

## 10. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors of Metorex collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this circular contains all information required by law and the Listings Requirements.

## 11. **MATERIAL CHANGES**

There has been no material change in the financial or trading position of the Group since the publication of the audited financial results of the Company for the year ended 30 June 2009.

## 12. **MATERIAL CONTRACTS**

Other than the agreements detailed below, Metorex has not entered into any material agreements, other than in the ordinary course of business, during the two years preceding the date of this circular or at any time which contain an obligation or settlement that is material to the Group:

- the Sale of Shares Agreement;
- all agreements relating to the Medu Transaction;
- all agreements relating to the disposal of Phoenix Platinum (Proprietary) Limited to Pan African Resources Plc, as announced on 21 May 2009;
- all agreements relating to the disposal of Metorex's interest in Pan African Resources Plc through a bookbuild to various investors, as announced on 25 June 2009;

- all agreements directly related to the Specific Issue;
- all agreements directly related to the Claw-Back Offer; and
- the bridging facility agreement.

### 13. **OPINION AND RECOMMENDATION**

The Board has considered the terms and conditions of the Transaction as well as Venmyn's fairness opinion and is of the opinion that the Transaction is fair to all Metorex shareholders. Accordingly, the Board recommends that Metorex shareholders vote in favour of the ordinary resolutions proposed at the general meeting. The directors of Metorex who hold shares in Metorex (other than Mr Barrenechea) intend on voting in favour of the Transaction.

### 14. **CONSENTS**

The sponsor and corporate advisor, independent reporting accountants and auditors, independent expert and transfer secretaries have all given, and have not withdrawn, their written consents, prior to publication of this circular, for their names to be stated in their respective capacities.

The independent reporting accountants and auditors and independent expert have consented in writing to the inclusion of their reports and/or opinions in this circular in the form and context in which they appear and have not withdrawn such consents prior to the publication of this circular.

### 15. **GENERAL MEETING**

In compliance with the provisions of the Listings Requirements, a general meeting of shareholders will be convened to consider the ordinary resolutions necessary to approve the Transaction.

The general meeting of shareholders will be held at 09:30 on Monday, 21 December 2009 in the Acacia Room, The Grace Hotel, 54 Bath Avenue, Rosebank, Johannesburg, South Africa.

A notice convening the general meeting is included in and forms part of this circular. Details relating to the determination of the quorum and restrictions relating to voting at the general meeting are set out in paragraph 4 above.

### 16. **PRELIMINARY EXPENSES**

The estimated costs related to the Transaction, excluding VAT, are detailed below:

<b>Description</b>	<b>Estimated cost (R'000)</b>
Independent expert	300
Reporting accountants	200
Sponsor and corporate advisor*	2 000
Ince (Pty) Limited – printing costs	100
JSE documentation fees	11
Other	500
	<b>3 111</b>

\* Acting under a single mandate for purposes of this Transaction.

### 17. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection by shareholders at the registered office of the Company during normal business hours on business days from the date of this circular up to and including the date of the general meeting:

- the memoranda and articles of association of Metorex, its subsidiaries and Vergenoeg;
- the Sale of Shares Agreement;
- the Shareholders' Agreement;
- the bridging facility agreement;
- the service contracts of the executive directors of Metorex;
- the most recent competent person's report for Vergenoeg dated 8 November 2007;

- material contracts referred to in paragraph 12 above;
- the letters of consent referred to in paragraph 14 above;
- the fairness opinion dated 30 November 2009 as issued by Venmyn;
- a signed copy of this circular;
- audited financial statements for Metorex and Vergenoeg for the years ended 30 June 2009, 2008 and 2007; and
- the reporting accountants' report on the *pro forma* financial effects included in this circular.

Duly authorised on behalf of the Board

**METOREX LIMITED**

**T P Goodlace**

4 December 2009

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## FAIRNESS OPINION

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**“Attention:** Mr Terence Goodlace  
Metorex Limited  
21 Cradock Avenue  
Rosebank, 2132  
South Africa

30 November 2009

The Directors

**REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT  
TO  
METOREX LIMITED  
REGARDING THE DISPOSAL OF A 55% INTEREST  
IN  
VERGENOEG MINING COMPANY (PTY) LIMITED  
TO  
MINERALES Y PRODUCTOS DERIVADOS S.A.**

### 1. INTRODUCTION

Venmyn Rand (Pty) Limited (Venmyn) was appointed by the board of directors of Metorex Limited (Metorex) to provide an independent fairness opinion, in terms of Section 10.4(f) of the JSE Limited (JSE) Listings Requirements, whereby Metorex wishes to dispose of its entire shareholding in Vergenoeg Mining Company (Pty) Limited (Vergenoeg Mine) comprising 137,500 ordinary shares, constituting 55% of the issued ordinary share capital of Vergenoeg Mine, to Minerales Y Productos Derivados S.A. (Minersa), currently a 30% shareholder in Vergenoeg Mine, for a cash consideration of USD60m (the Transaction).

In terms of the Listings Requirements of the JSE, the Transaction is a related party transaction since:

- Minersa and associated parties currently hold approximately 13.4% of Metorex's issued share capital, making it a material shareholder in Metorex;
- Minersa holds a 30% interest in Vergenoeg Mine, making it a material shareholder in Vergenoeg Mine; and
- Mr Alberto Barrenechea, a director of Metorex, is also a shareholder and director of Minersa.

### 2. FAIRNESS OPINION REQUIRED IN TERMS OF SECTION 10 OF THE JSE LISTINGS REQUIREMENTS

In order for the directors of Metorex to provide a statement that the Transaction is “fair” insofar as the shareholders of Metorex (excluding any related parties) are concerned, the directors of Metorex are required, in terms of Section 10.4(f) of the JSE Listings Requirements, to obtain an independent fairness opinion before making this statement.

The fairness opinion will be made available for inspection at the offices of Metorex during normal business hours for 28 days from the date the Circular is issued to the Metorex shareholders.

### 3. RESPONSIBILITY

Compliance with the JSE Listings Requirements is the responsibility of the directors of Metorex.

Reporting to the shareholders on the fairness of the terms and conditions of the Transaction is the responsibility of Venmyn.

#### 4. **EXPLANATION AS TO HOW THE TERM “FAIR” APPLIES IN THE CONTEXT OF THE TRANSACTION**

Schedule 5.7 of the JSE Listings Requirements states that the “fairness” of a transaction is based upon quantitative issues.

Broadly speaking the Transaction would be considered “fair” to the shareholders of Metorex if the value received in terms of the Transaction amount is equal to or greater than the value of the assets being disposed of, or “unfair” if the value received in terms of the Transaction amount is less than the value of the disposed assets. This is notwithstanding consideration of the circumstances of other issues that might influence the estimation of the price of the Transaction.

The Transaction would be considered “fair” to the shareholders of Metorex if:

- the 55% attributable value, of Vergenoeg Mine, being disposed of by Metorex to Minersa, is less than or equal to the Transaction value of USD60m, in cash.

In this particular case, it was important to be mindful of the requirements of the South African Code for the Reporting of Mineral Asset Valuation (SAMVAL Code) prepared under the auspices of the Southern African Institute of Mining and Metallurgy (SAIMM) and the Geological Society of Southern Africa (GSSA) which is specifically relevant to mineral companies.

To this end, Venmyn not only employs Competent Persons and Competent Valuers in the minerals industry, but has also prepared numerous fairness opinions for mineral companies in the past.

The valuation, as presented in Section 11, upon which this fairness opinion is based, was done in accordance with the SAMVAL Code (2008), as defined.

#### 5. **DETAILS AND SOURCES OF INFORMATION**

In arriving at our opinion, Venmyn has considered the following principal sources of information:

- Metorex annual reports (2009 and 2008);
- Vergenoeg Mine annual financial statements (June 2009/2008/2007 and 2006);
- Vergenoeg Mine supplier contracts;
- marketing agreement between Vergenoeg Mine and Minersa for the marketing of all fluorspar export sales from Vergenoeg Mine, except sales to Minersa or its affiliates (February 2006, May 2004 and September 2002);
- articles of association of Vergenoeg Mine;
- product off-take agreements with Vergenoeg Mine;
- Mining Right to Vergenoeg Mine for the mining of Fluorspar on the Remainder of the farm Kromdraai 209JR;
- management agreement between Metorex and Vergenoeg Mine (30 June 1999);
- sale of shares agreement dated 27 July 2009, governing the sale of a 15% shareholding in Vergenoeg Mine from Metorex to Medu Capital Fund II Partnership and the Medu II Development Fund;
- shareholders agreement dated 27th July 2009, between the Medu Capital Fund II Partnership, the Medu II Development Fund, Minersa, Metorex and Vergenoeg Mine, governing the shareholding of Vergenoeg Mine;
- sale of shares agreement dated 30 June 1999, between Metorex, Vergenoeg Mine and Minersa, governing the sale of a 30% shareholding in Vergenoeg Mine from Metorex to Minersa;
- signed-off Mineral Resource and Mineral Reserve Statement of Vergenoeg Mine by H Terblance, Production Manager – Mining, a Competent Person as defined by the SAMREC Code (30 June 2009);
- mine plan and production schedule for the Vergenoeg mine (2008 actual, 2009 plan, 2009 actual and 2010 plan), as prepared by Vergenoeg Mine;
- Vergenoeg Mine pre and post the Transaction major shareholdings;
- historical (2008 to 2009) and committed future (2010) expenditure by Alfluorco (Pty) Limited (Alfluorco), a wholly-owned subsidiary of Vergenoeg Mine, prepared by G Baumgarten (Metorex);
- review of all assets of Alfluorco and Vergenoeg Exploration Company (Pty) Limited (Vergenoeg Exploration), in which Vergenoeg Mine has a 100% and 74% interest, respectively;
- financial models for Vergenoeg Mine, prepared by G Baumgarten (Metorex);
- supplied head grades, mining and production rates, recoveries, price forecasts and costs, prepared by Vergenoeg Mine;
- desktop review by Venmyn on prevailing market, economic, legal and other conditions which may affect underlying value;

- publicly available information relating to the mining sector; and
- publicly available information relating to Vergenoeg Mine and Metorex that Venmyn deemed to be relevant, including company announcements, analysts' reports and media articles.

The information above was sourced from:

- directors and management of Metorex and Vergenoeg Mine and their advisors; and
- third party sources, insofar as such information related to publicly available economic, market and other data applicable to or potentially influencing Vergenoeg Mine.

## 6. ASSUMPTIONS

Venmyn arrived at the opinion based upon the following assumptions:

- reliance can be placed on the audited financial statements of Vergenoeg Mine;
- reliance can be placed on the signed product take-off agreements with Vergenoeg Mine;
- reliance can be placed on the signed Mineral Resource and Mineral Reserve Statements of Vergenoeg Mine, prepared by H Terblance (Production Manager, Vergenoeg Mine);
- reliance can be placed on the mine plan and production schedule for Vergenoeg Mine (2008 actual, 2009 plan, 2009 actual and 2010 plan);
- reliance can be placed on the total historical and committed expenditure till end of 2009 of Alflurco of ZAR14.5m;
- Vergenoeg Mine's interest in Alflurco is 100%;
- reliance can be placed on the historical and future (2008 to 2010), forecasted, head grades, mining and production rates, recoveries, price forecasts and costs for Vergenoeg Mine as prepared by Vergenoeg Mine;
- ongoing capital expenditure per annum can be based on 3.5% of the replacement value of fixed property plant and equipment assumed to be ZAR500m;
- royalties rate for refined minerals of 5% (since Vergenoeg Mine's sales of Fluorspar contains >80% CaF<sub>2</sub>, the saleable product will be taxed as a refined mineral at a maximum rate of 5% on revenue) as per the 4th draft (3 June 2008);
- corporate tax rate of 28%;
- discount rate of 12% in real terms;
- ZAR/USD exchange rate of:
  - ZAR8.00/USD, being the "fair" value as per the currency strategist at Global Markets, Standard Bank;
  - ZAR7.41 as on the effective date (30th September 2009); and
  - a range of between ZAR7.00/USD and ZAR8.00/USD; and
- Venmyn used an average of the 2008 actual, 2009 actual and 2010 planned production information to calculate the production and sales figures as outlined in the table below:

<b>DEFINITION</b>	<b>ACTUAL 2008</b>	<b>ACTUAL 2009</b>	<b>ACTUAL 2010 PLAN</b>	<b>VALUE USED</b>
Metspar (Gravel) Sold (tpa)	8 682	7 200	1 596	5 826
Milled (tpa)	570 826	537 589	514 286	540 167
Head Grade (%)	39.9	38.9	38.9	39.0
Acidspar Recovery (%)	74.20	69.80	70.00	70.00
Metspar (Filter Cake) Recovery (%)	4.90	7.70	8.00	6.87
Acidspar Purity (%)	97.70	97.60	97.50	97.60
Metspar Purity (%)	90.0	90.0	90.0	90.0
Acidspar Price (FOB Durban) (USD/t)	191.09	258.33	272.79	240.74
Metspar (Gravel) Price (ex-works) (ZAR/t)	1 236.00	1 622.00	1 950.00	1 602.67
Metspar (Filter Cake) Price (ex-works) (ZAR/t)	1 110.52	1 236.43	–	1 173.48
Operating Cost/t (ZAR/t milled)	163.02	283.00	283.71	283.36

## 7. **APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS**

Venmyn performed the following to satisfy themselves of the appropriateness and reasonableness of the information and assumptions employed in arriving at the opinion:

- review the critical assumptions required to construct a discounted cash flow (DCF) model to ensure no obvious fatal flaws existed;
- compared operating expenditure costs to standard industry values for similar facilities;
- compared capital expenditure costs to standard industry values of similar facilities;
- reviewed the metallurgical recoveries and compared them with standard industry values of similar facilities;
- reviewed the Mineral Resources and Mineral Reserves Statements of Vergenoeg Mine (30 June 2009) prepared by H Terblance (Production Manager, Vergenoeg Mine);
- reviewed the audited financial information related to Vergenoeg Mine and Metorex; (June 2009/2008/2007 and 2006);
- considered the SAMVAL Code requirements for valuation of mineral assets;
- held discussions with certain directors, not related to the Transaction, and management and considered such other matters as we considered necessary;
- reviewed the Vergenoeg Mine financial forecast as prepared by Vergenoeg Mine and the basis of the assumptions therein. This review included an assessment of the historical performance of the Vergenoeg Mine to-date as well as the reasonableness of the future outlook;
- reviewed certain publicly available information relating to Vergenoeg Mine and Metorex, deemed to be relevant, including Company announcements, analysts' reports and media articles; and
- undertook a site visit to Vergenoeg Mine on 22 October 2009.

## 8. **GOING CONCERN**

The going concern assumption is the assumption that an entity will continue to operate for the foreseeable future. Where there is a reasonable expectation that a company will be unable to meet its current obligations as they become due, the going concern assumption may not apply.

In line with the Metorex management's stated intention to restructure and reduce debt at its Ruashi Project in The Democratic Republic of the Congo, Metorex's management has continued to pursue the strategy of disposing of certain of the Group's assets.

Through the disposal of Metorex's remaining interest in the Vergenoeg Mine, Metorex continues to further define itself as a base metals producer through the increased focus of its resources towards that objective and Metorex's management is of the view that a deliberate and resolute approach towards the operation of the Ruashi Project will generate value for shareholders.

As emphasised in the report of the independent auditors as contained in the Metorex 2009 Annual Report, subject to the successful implementation of the Group's strategy aimed at reducing and restructuring the Ruashi project debt, the directors are satisfied that the Group will be a going concern.

## 9. **LIMITING CONDITIONS**

This opinion is provided to the Board of directors and shareholders of Metorex in connection with and for the purposes of the Transaction. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Metorex shareholders.

An individual shareholder's decision as to whether to vote in favour of the Transaction may be influenced by his or her particular circumstances. The assessment as to whether or not the directors of Metorex decide to recommend the Transactions is a decision that can only be taken by the directors of Metorex. Should a Metorex shareholder be in doubt as to what action to take, he or she should consult an independent advisor.

Venmyn have relied upon and assumed the accuracy of the information provided to us in deriving our opinion having made due enquiry. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management of Vergenoeg Mine or Metorex, by reference to publicly available or independently obtained information.

While our work has involved an analysis of, *inter alia*, the annual financial statements, the underlying technical and cash flow valuation information for Vergenoeg Mine, together with other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information on Vergenoeg Mine and Metorex related to future events and was based upon 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 projected results will correspond to the actual future results of Vergenoeg Mine. Where practicable, we have compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with the relevant management.

We have also assumed that the Transaction will have the legal consequences described in discussions with, and materials furnished to us by, representatives and advisors of Vergenoeg Mine and Metorex and we express no opinion on such consequences.

Our opinion is based upon the current economic, regulatory and market conditions which for the commodity industry are currently particularly unusual and exceptional. Subsequent developments may affect this opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

## 10. INDEPENDENCE

In terms of Schedule 5.1(a) of the JSE Listings Requirements, we confirm that Venmyn has no equity interest in Vergenoeg Mine, Metorex, or in any other party to the Transaction.

In terms of Schedule 5.1(a) of the JSE Listings Requirements, we confirm that there is no existing relationship between Venmyn, Vergenoeg Mine, Metorex or in any other party to the Transaction.

Furthermore, we confirm that our professional fees are not contingent upon the successful implementation of the Transaction.

## 11. Valuation methods and procedures

Being mindful of the SAMVAL Code, Venmyn performed a valuation of Vergenoeg Mine and specifically the mineral assets thereof, to determine whether the Transaction value, as outlined in the table below for a range of ZAR/USD exchange rates, for the USD60.0m cash consideration for the 55% interest in the Vergenoeg Mine is "fair":

	7.00	7.41	8.0
Transaction Value (ZARm)	420.000	444.600	480.000

The valuation of Vergenoeg Mine has been based upon:

- the value for the mineral assets of the Vergenoeg Mine;
- the value of Alfluorco, based on the historical and future expenditure of ZAR14.5m. No enhancement multiplier was used since Alfluorco is currently only in the process of completing a pre-feasibility study (PFS) on a planned hydrogen fluoride and aluminium fluoride production facility, with no previous completed study or assets;
- no value could be derived for Vergenoeg Exploration since it has to date no assets and is not actively exploring. All expenditure to date by Vergenoeg Exploration was to secure the exploration permit for iron ore;
- future economic information based upon analysts' forecasts and most recent Reuters consensus views as determined by various contributing economists;
- historical and estimated future operating costs, capital expenditure, metallurgical recoveries and production rates as determined by the Vergenoeg Mine and reviewed and accordingly adjusted by Venmyn;
- life of mine (LOM) for Vergenoeg Mine of 30 years;
- 55% interest in Vergenoeg Mine.

There are three generally accepted valuation approaches as defined in the SAMVAL Code used in the valuation of mineral properties. These include the following:

- cash flow approach;
- market approach; and
- cost approach.

Venmyn applied both the market and cash flow approaches to value the Vergenoeg mine. To relate the Vergenoeg mine to any of the historical arm's length transactions is challenging since there are no true comparables and each asset is unique.

## 12. OPERATING ASSETS

### 12.1 Market Approach

The market approach relies on the principle of "willing buyer; willing seller" and requires that the amount obtainable from the sale of the asset is determined as if in an arm's length transaction.

The market approach valuation method requires comparison with relatively recent transactions of assets that have similar characteristics to those of the asset being valued. It is generally based upon a monetary value per unit of resource (where available) or per unit of defined mineralisation.

Venmyn has performed a search of public domain documentation and obtained the following most recent fluorspar transactions that occurred world-wide:

PURCHASED							
PURCHASER	MINE	STAKE	SELLER	YEAR	PRICE (ZARM)	100%	
Medu Capital	Vergenoeg Mine	15.0%	Metorex	July '09	108.75	725.00	
Firebird Global Master Fund	Buffalo and Witkop Fluorspar Mines	36.6%	Sallies Limited	October '09	63.06	172.00	
Central African Mining and Exploration Company Plc	Doomhoek Fluorite Project	51.0%	Nelesco 346	September '09	39.36	77.18	
Sallies Limited	Buffalo Fluorspar Mine	100.0%	Transvaal Mining and Finance Company Limited	July '06	65.00	65.00	

All the above transactions occurred on an arm's length basis, in relation to their specific stage of exploration. This methodology, when applied, provides guidance in terms of a range of transaction values.

The above transactions occurred at a specific point in time and therefore at a specific fluorspar price and USD/ZAR exchange rate, which have been adjusted to current fluorspar prices and exchange rates.

Venmyn does not believe using the arm's length transactions involving the sale of Sallies Limited (Sallies) to Firebird or the Doomhoek Fluoride Project to be appropriate to that of the Vergenoeg Mine for the following reasons:

- the Buffalo Mine produces a high phosphorous product, making the product difficult to market;
- the mineral assets of the Buffalo Mine, are existing tailings dumps with a limited LOM of four years;
- at the time of the Sallies transaction, the Company had significant cash flow constraints and both the Buffalo Mine and Witkop Mine were placed on care and maintenance;
- on 21 September 2009, Sallies reported it would need up to ZAR100m to reopen Witkop Mine; and
- the Doomhoek Fluoride Project is an exploration project with only a scoping study having been completed.

Taking the above factors into consideration, the only comparable arm's length transaction is the disposal of a 15% interest in Vergenoeg Mine to Medu Capital, Vergenoeg Mine's black economic empowerment (BEE) transaction (the BEE Transaction) in July 2009 for ZAR108.75m.

Using the BEE Transaction to calculate a "fair" value for a 55% interest in Vergenoeg Mine equates to ZAR398.750m. In order to determine a value range, a 10% deviation around the "fair" value was used, concluding an upper value of ZAR438.625m and lower value of ZAR358.875m.

### 12.2 Cash Flow Approach

The cash flow approach relies on the "value in use" principle and requires determination of the present value of future cash flows over the useful life of the asset. The asset is valued using the free cash flow capitalisation, i.e. the DCF methodology.

The cash flow approach focuses on the value of a company's future income streams. The future forecasts are usually based on the historic results and the value of the business is based on the value, in present day terms, of an anticipated series of future income streams.

It is difficult to accurately project earnings several years into the future. Consequently, a variation of this approach is used, that capitalises existing, proven cash flows (adjusted for any non-recurring or extraordinary events) and which takes into consideration prospects for future growth.

The cash flow assumptions are based upon realistic estimates, at the time of the valuation, of the costs of ongoing capital spending, production, sales revenues and expenditures.

A discount rate is then applied to the cash flows, which is dependent on the nature of the project and operating company's cost of capital and risk profile, to yield a net present value (NPV) on the post-tax un-escalated DCF. The cash flow approach takes into account the unique technical and financial characteristics of each project.

Venmyn constructed a constant DCF model, using cash flow projections based on production, recoveries, sales and expenses over the LOM, assumed from actual historical and future information of Vergenoeg Mine, supplied by Metorex.

In Venmyn's experience the difference between the valuation results of the escalated and un-escalated cash flow models is zero, where the correct real and nominal discount rates have been applied. For this reason, the un-escalated model, discounted at a real (no inflation) discount rate is considered to be accurate and the preparation of an escalated model to demonstrate the un-escalated model's accuracy is unwarranted.

The total "fair" value of Vergenoeg Mine was determined as follows for the different subsidiaries:

- valuation of the mine was based on the NPV, applying a 12% discount rate, to the post-tax, un-escalated cash flows. The upper and lower value range was determined, using varying discount rates, as well as sensitivities on revenue, capital expenditures and operating expenditures;
- Alfluorco was valued based on the historical and future expenditure of ZAR14.5m. No enhancement multiplier was used since Alfluorco is currently only in the process of completing a PFS on a planned hydrogen fluoride and aluminium fluoride production facility, with no previous completed study or assets; and
- Vergenoeg Exploration was valued at ZAR0.00 since it currently has no assets and is not actively exploring. All expenditure to date by Vergenoeg Exploration was to secure the exploration permit for iron ore.

The attributable value was determined applying Metorex's 55% interest in Vergenoeg Mine to the calculated "fair" and range of values.

Using the cash flow approach, Venmyn determined a "fair" and range of (attributable) values for Vergenoeg Mine for a range of ZAR/USD exchange rates as follows:

ATTRIBUTABLE VALUE OF VERGENOEG MINE	ZAR/USD		
	7.00	7.41	8.00
"Fair" Value (ZARm)	314.933	360.125	425.157
Upper Value (ZARm)	339.345	384.537	449.569
Lower Value (ZARm)	290.521	335.713	400.746

### 12.3 Value Drivers

The most important value driver to the DCF was the commodity price revenues which, to a degree, are subject to the current economic climate in South Africa driving the ZAR/USD exchange rate. Other factors that were reviewed were the Mineral Resources and Mineral Reserves and their ability to sustain the relevant cash flows together with head grades, the discount rate, working capital, operating costs and future capital expenditure requirements.

Prevailing market and industry conditions were also considered in assessing the risk profile of Vergenoeg Mine. The valuations were performed taking into account technical risk, market and other industry factors affecting Vergenoeg Mine. Additionally, sensitivity analyses were performed considering the key value drivers.

### 13. OPINION

Venmyn applied both the market and cash flow approaches to value the Vergenoeg Mine. Relating the Vergenoeg Mine to any of the historical arm's length transactions is challenging since there are no true comparables (unlike real estate or oil and gas), since each asset is unique with respect to key factors such as geology, mineralisation, costs, stage of exploration and infrastructure. In addition, there was only one true related transaction, i.e. the BEE Transaction.

The above facts lead the competent valuator to prefer the results of the cash flow approach versus the market approach. Consequently the concluding opinion of value for the Vergenoeg Mine is based on the cash flow approach as follows:

<b>VERGENOEG MINE</b>	<b>7.00</b>	<b>7.41</b>	<b>8.00</b>
"Fair" Value (ZARm)	314.933	360.125	425.157
Upper Value (ZARm)	339.345	384.537	449.569
Lower Value (ZARm)	290.521	335.713	400.746

Being mindful of the different transaction values, as outlined in the table below for the specified range of ZAR/USD exchange rates, for the total USD60.0m cash consideration, Venmyn concludes the Transaction is "fair" for the specified range of exchange rates.

Venmyn has considered the terms and conditions of the Transaction, based upon and subject to the conditions set out herein, and is of the opinion that the Transaction value of USD60m, that equates to a ZAR equivalent for the specified range or ZAR/USD exchange rates as outlined in the following table, is "fair" to the shareholders of Metorex for all exchange rates.

	<b>7.00</b>	<b>7.41</b>	<b>8.0</b>
Transaction Value (ZARm)	420.000	444.600	480.000

Our opinion is necessarily based upon the information available to us up to 27 November 2009, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Transaction have been fulfilled 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.

Yours faithfully

#### **D R de Wit**

Pr Tech Eng, B Tech (Chem Eng),  
MAP (WBS), MSAIMM, MIASSA, MAusIMM

**CORPORATE MINERALS ADVISER**

#### **A N CLAY**

M.Sc. (Geol.), M.Sc. (Min. Eng.), Dip. Bus. M.  
Pr Sci Nat, MSAIMM, FAusIMM, FGSSA, MAIMA,  
M.Inst.D., AAPG, MCIMMP

**MANAGING DIRECTOR**

## PRO FORMA INCOME STATEMENT AND BALANCE SHEET

The unaudited *pro forma* income statement and balance sheet ("*pro forma* financial information") are provided for illustrative purposes only to provide information about how the Transaction and the Medu Transaction may impact on Metorex's results and financial position. Due to the nature of the unaudited *pro forma* financial information, it may not give a fair presentation of the Company's results and financial position after the Transaction and the Medu Transaction.

The unaudited *pro forma* financial information is based on the audited financial information for the year ended 30 June 2009 as set out in the Annual Report of Metorex (posted to shareholders on or about 13 November 2009), and have been prepared in accordance with the accounting policies of Metorex at that date.

The unaudited *pro forma* financial information has been included in terms of the Listings Requirements. The Board is responsible for the preparation of the unaudited *pro forma* financial information.

### Pro forma consolidated income statement for the year ended 30 June 2009

	Unadjusted before the Transaction <sup>1</sup> R'000	The Medu Trans- action <sup>1,5</sup> R'000	Pro forma after the Medu Trans- action R'000	Decon- solidate Verge- noeg <sup>3</sup> R'000	Profit on Trans- action <sup>4</sup>	Pro forma after the Transaction R'000
<b>Revenue</b>						
Mineral Sales						
Copper	866 407	–	866 407	–	–	866 407
Cobalt	70 677	–	70 677	–	–	70 677
Fluorspar	304 637	–	304 637	(304 637)	–	–
<b>Gross revenue</b>	1 241 721	–	1 241 721	(304 637)	–	937 084
Realisation costs	204 894	–	204 894	(68 185)	–	136 709
<b>On-mine revenue</b>	1 036 827	–	1 036 827	(236 452)	–	800 375
Cost of production	895 871	–	895 871	(97 565)	–	798 306
<b>Mining profit</b>	140 956	–	140 956	(138 887)	–	2 069
Other income (expenses)	147 623	–	147 623	3 458	–	151 081
Impairments	(2 273 429)	–	(2 273 429)	–	–	(2 273 429)
Held-for-sale assets, net of tax	63 809	–	63 809	–	–	63 809
Discontinued operations	(438)	–	(438)	–	–	(438)
Profit on Transaction	–	92 025	92 025	–	398 475	490 500
Finance income	7 871	–	7 871	(1 709)	–	6 162
Finance costs	(7 621)	–	(7 621)	1 740	–	(5 881)
<b>(Loss)/profit before taxation</b>	(1 921 229)	92 025	(1 829 204)	(135 398)	398 475	(1 566 127)
Income tax (credit) expense	(380 785)	9 156	(371 629)	(39 468)	42 553	(368 544)
<b>(Loss)/profit for the year from continuing operations</b>	<b>(1 540 444)</b>	<b>82 869</b>	<b>(1 457 575)</b>	<b>(95 930)</b>	<b>355 922</b>	<b>(1 197 583)</b>
<b>Attributable to:</b>						
Equity holders of the parent	(1 507 218)	68 847	(1 438 371)	(53 864)	355 922	(1 136 313)
Minority interest	(33 226)	14 022	(19 204)	(42 066)	–	(61 270)
	<b>(1 540 444)</b>	<b>82 869</b>	<b>(1 457 575)</b>	<b>(95 930)</b>	<b>355 922</b>	<b>(1 197 583)</b>
<b>Basic (loss) per share (cents)</b>	(272.4)		(259.9)			(205.4)

	<b>Unadjusted before the Transaction<sup>1</sup> R'000</b>	<b>The Medu Trans- action<sup>1,5</sup> R'000</b>	<b>Pro forma after the Medu Trans- action R'000</b>	<b>Decon- solidate Verge- noeg<sup>3</sup> R'000</b>	<b>Profit on Trans- action<sup>4</sup></b>	<b>Pro forma after the Transaction R'000</b>
<b>Reconciliation between earnings and headline earnings from continuing and discontinuing operations</b>						
(Loss)/profit as reported	(1 507 218)	68 847	(1 438 371)	(53 864)	355 922	(1 136 313)
Adjustments						
Discontinued operations	438	–	438	–	–	438
(Profit) on sale of mining assets, net of tax	(431)	–	(431)	–	–	(431)
Profit on the Transaction		(82 869)	(82 869)		(355 922)	(438 791)
Impairments	2 273 429	–	2 273 429	–	–	2 273 429
Tax on impairments	(474 642)	–	(474 642)	–	–	(474 642)
Minorities on impairments	(159 230)	–	(159 230)	–	–	(159 230)
<b>Headline earnings</b>	<b>132 346</b>	<b>(14 022)</b>	<b>118 324</b>	<b>(53 864)</b>	<b>–</b>	<b>64 460</b>
Weighted average shares ('000)	553 349		553 349			553 349
Headline earnings per share (cents)	23.9		21.4			11.7

**Notes:**

1. The amounts set out in the "Unadjusted before the Transaction" column have been extracted, without adjustment, from the audited annual report for Metorex for the year ended 30 June 2009.
2. The Transaction is assumed to be implemented on 1 July 2008 for purposes of basic earnings and headline earnings.
3. The actual results for Vergenoeg were extracted from the audited results of Vergenoeg for the twelve months ended 30 June 2009 and incorporates the deconsolidation journal entries applicable to Vergenoeg. The Vergenoeg results have been audited by the Group's auditors and an unmodified opinion has been issued.
4. The profit on the Transaction was calculated by incorporating the proceeds of the sale of the 55%, less transaction costs of R3m and less a deferred taxation charge of R42.6m. The interest on the debt was previously capitalized to the Ruashi Project and therefore any interest saving would be reversed and have no effect on income or the net asset value.
5. The disposal of the 15% interest in Vergenoeg was accounted for by incorporating the proceeds of R108.8m, deferred taxation of R9.2m and the resultant profit on the transaction of R82.9m. There were no material separately identifiable transaction costs. The minority interest has been adjusted to represent the 45% (additional 15%) outside shareholding, resulting in an increase of the minority interest charge to the income statement of R14.0m. The Transaction is assumed to be implemented on 1 July 2008 for the purposes of earnings and headline earnings.

**Pro forma consolidated balance sheet as at 30 June 2009**

	<b>Unadjusted before the Transaction<sup>1</sup> R'000</b>	<b>The Medu Trans- action<sup>1,5</sup> R'000</b>	<b>Pro forma after the Medu Trans- action R'000</b>	<b>Decon- solidate Verge- noeg<sup>3</sup> R'000</b>	<b>Profit on Trans- action<sup>4</sup></b>	<b>Appli- cation of funds</b>	<b>Pro forma after the Transaction R'000</b>
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	3 467 738	–	3 467 738	(92 059)	–	–	3 375 679
Mineral Rights	1 367 689	–	1 367 689	(16 343)	–	–	1 351 346
Goodwill	11 514	–	11 514	–	–	–	11 514
Investments	79 718	–	79 718	(161)	–	–	79 557
Derivative financial instrument	94 942	–	94 942	–	–	–	94 942
Rehabilitation trust fund	779	–	779	–	–	–	779
	<b>5 022 380</b>	<b>–</b>	<b>5 022 380</b>	<b>(108 563)</b>	<b>–</b>	<b>–</b>	<b>4 913 817</b>
<b>Current assets</b>							
Inventories	264 051	–	264 051	(42 892)	–	–	221 159
Trade and other receivables	447 628	–	447 628	(46 554)	–	–	401 074
Current tax assets	6 194	–	6 194	(1 388)	–	–	4 806
Bank balances and cash	73 553	108 750	182 303	(8 574)	459 800	(459 800)	173 729
	<b>791 426</b>	<b>108 750</b>	<b>900 176</b>	<b>(99 408)</b>	<b>459 800</b>	<b>(459 800)</b>	<b>800 768</b>
Assets held-for-sale	1 078 229	–	1 078 229	41 250	(41 250)	–	1 078 229
<b>Total assets</b>	<b>6 892 035</b>	<b>108 750</b>	<b>7 000 785</b>	<b>(166 721)</b>	<b>418 550</b>	<b>(459 800)</b>	<b>6 792 814</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Capital and reserves</b>							
Share capital	74 255	–	74 255	–	–	–	74 255
Share premium	2 979 136	–	2 979 136	–	–	–	2 979 136
Hedging and translation reserve	(319 870)	–	(319 870)	57	–	–	(319 813)
Retained earnings	(118 129)	68 847	(49 282)	(58 553)	375 997	–	268 162
Share option reserve	47 586	–	47 586	(2 963)	–	–	44 623
Equity reserve	(117 300)	–	(117 300)	21 900	–	–	(95 400)
Assets held for sale	(146 219)	–	(146 219)	–	–	–	(146 219)
<b>Equity attributable to equity holders of the parent</b>	<b>2 399 459</b>	<b>68 847</b>	<b>2 468 306</b>	<b>(39 559)</b>	<b>375 997</b>	<b>–</b>	<b>2 804 744</b>
<b>Minority interest</b>	<b>457 208</b>	<b>30 747</b>	<b>487 955</b>	<b>(72 967)</b>	<b>–</b>	<b>–</b>	<b>414 988</b>
<b>Total equity</b>	<b>2 856 667</b>	<b>99 594</b>	<b>2 956 261</b>	<b>(112 526)</b>	<b>375 997</b>	<b>–</b>	<b>3 219 732</b>
<b>Non-current liabilities</b>							
Long-term liabilities	1 415 563	–	1 415 563	(4 875)	–	(275 473)	1 135 215
Long-term provisions	179 486	–	179 486	(8 012)	–	–	171 474
Deferred tax liabilities	469 292	9 156	478 448	(25 845)	42 553	–	495 156
Post-retirement medical aid	1 824	–	1 824	–	–	–	1 824
	<b>2 066 165</b>	<b>9 156</b>	<b>2 075 321</b>	<b>(38 732)</b>	<b>42 553</b>	<b>(275 473)</b>	<b>1 803 669</b>

	Unadjusted before the Transaction <sup>1</sup> R'000	The Medu Trans- action <sup>1,5</sup> R'000	<i>Pro forma</i> after the Medu Trans- action R'000	Decon- solidate Verge- noeg <sup>3</sup> R'000	Profit on Trans- action <sup>4</sup> R'000	Appli- cation of funds R'000	<i>Pro forma</i> after the Transaction R'000
<b>Current liabilities</b>							
Trade and other payables	557 831	–	557 831	(24 344)	–	–	533 487
Short-term borrowings	695 604	–	695 604	2 613	–	(184 327)	513 890
Short-term provisions	35 065	–	35 065	(2 208)	–	–	32 857
Bank overdraft	54 323	–	54 323	(1 523)	–	–	52 800
Derivative financial instrument	230 240	–	230 240	–	–	–	230 240
Taxation	29 999	–	29 999	9 999	–	–	39 998
	<b>1 603 062</b>	<b>–</b>	<b>1 603 062</b>	<b>(15 463)</b>	<b>–</b>	<b>(184 327)</b>	<b>1 403 272</b>
Liabilities held-for-sale	366 141	–	366 141	–	–	–	366 141
<b>Total equity and liabilities</b>	<b>6 892 035</b>	<b>108 750</b>	<b>7 000 785</b>	<b>(166 721)</b>	<b>418 550</b>	<b>(459 800)</b>	<b>6 792 814</b>
<b>Net asset value per share (cents)</b>	323.1	9.3	332.4	(5.3)	50.6	–	<b>377.7</b>
<b>Tangible net asset value per share (cents)</b>	321.6	9.3	330.9	(5.3)	50.6	–	<b>376.2</b>
<b>Shares in issue ('000)</b>	742 538	742 538	742 538	742 538	742 538	–	<b>742 538</b>

**Notes:**

1. The amounts set out in the "Unadjusted before the Transaction" column have been extracted, without adjustment, from the audited annual report for Metorex for the year ended 30 June 2009.
2. The Transaction and the Medu Transaction are assumed to be effective 30 June 2009.
3. The actual results for Vergenoeg were extracted from the audited results of Vergenoeg for the twelve months ended 30 June 2009 and incorporates the deconsolidation journal entries applicable to Vergenoeg. The Vergenoeg results have been audited by the Group's auditors and an unmodified opinion has been issued.
4. The sale of the 55% interest in Vergenoeg resulted in proceeds of R459,8m, net of transaction costs of R3.1m and a net profit of R376m. The taxation which has been raised is deferred as it is anticipated that this liability will be offset against future losses. The 55% disposal, has resulted in an elimination of the investment amounting to R41.3m.
5. The sale of the 15% interest in Vergenoeg resulted in proceeds of R108.8m and net profit of R68.8m. There were no material separately identifiable costs. The taxation which has been raised is deferred as it is anticipated that his liability will be offset against future losses. The minority interest has been adjusted to reflect the 15% increase in the outside shareholders' interest. The 15% of the investment (R11.3m) has been eliminated.
6. The proceeds on the Transaction have been applied to reduce the debt. The interest on the debt was previously capitalised to the Ruashi Project and therefore any interest saving would be reversed and have no effect on income or the net asset value.

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## REPORT OF THE REPORTING ACCOUNTANTS ON THE *PRO FORMA* FINANCIAL INFORMATION

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"The Directors  
Metorex Limited  
2nd Floor, Cradock Heights  
21 Cradock Avenue  
Rosebank  
2196

30 November 2009

Dear Sir or Madam

### **INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF METOREX LIMITED ("METOREX")**

#### **INTRODUCTION**

We have performed our limited assurance engagement in respect of the *pro forma* financial effects as set out in paragraph 6 and the *pro forma* income statement and balance sheet included in Annexure 2 ("*pro forma* financial information") of the circular to be dated on or about 2 December 2009 ("the circular") to be issued to Metorex ordinary shareholders in connection with the proposed disposal by Metorex of its entire shareholding in Vergenoeg Mining Company (Proprietary) Limited ("Vergenoeg"), comprising 137 500 ordinary shares constituting 55% of the issued ordinary share capital of Vergenoeg ("the Sale Shares") for a cash consideration of US\$60 million ("the Transaction").

The *pro forma* financial effects also incorporate the disposal by Metorex of 15% of the issued ordinary share capital of Vergenoeg comprising 37 500 ordinary shares for a cash consideration of R108.8 million to Medu Capital on 29 July 2009.

The *pro forma* financial information has been compiled from the audited financial statements of Metorex for the year ended 30 June 2009 and has been prepared in accordance with the Listings Requirements of the JSE Limited, for illustrative purposes only, to provide information about how the Transaction might have affected the reported historical information presented, had the Transaction been implemented at the date of the *pro forma* financial information being reported on. Because of their nature, the unaudited *pro forma* financial information may not fairly present the financial position of Metorex.

#### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which they have been prepared. Their responsibility includes determining that:

- the *pro forma* financial information has been properly compiled on the basis stated;
- the basis is consistent with the accounting policies of Metorex; and
- the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the Listings Requirements.

#### **REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the circular. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro Forma* Financial Information issued by The South African Institute of Chartered Accountants. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

## SOURCES OF INFORMATION AND SCOPE OF WORK PERFORMED

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Metorex, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors of Metorex in respect of the Transaction.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Metorex and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

## CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of paragraphs 8.17 and 8.30 of the Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Metorex; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed.

## CONSENT

This report on the *pro forma* financial information relating to the Transaction is included in the circular solely for the information of the shareholders of Metorex. We consent to the inclusion of this report on the *pro forma* financial information and the references thereto, in the circular in the form and context in which they appear.

Yours faithfully,

### **Deloitte & Touche**

*Registered Auditors*

Deloitte Place  
The Woodlands  
Woodlands Drive  
Woodmead  
2196

### **Per IT Marshall**

Partner

**National Executive:** G G Gelink *Chief Executive*, A E Swiegers *Chief Operating Officer*, G M Pinnock *Audit*, D L Kennedy *Tax & Legal and Risk Advisory*, L Geeringh *Consulting*, L Bam *Corporate Finance*, C Beukman, *Finance*, T J Brown *Clients & Markets*, N T Mtoba *Chairman of the Board*, C R Qually *Deputy Chairman of the Board*.

BBBEE Rating: Level 3 contributor/AA (certified by Empowerdex)

A full list of partners and directors is available on request"

# METOREX L I M I T E D

A NEW FOCUS FOR THE FUTURE

(Incorporated in the Republic of South Africa)

(Registration number: 1934/005478/06)

(JSE code: MTX ISIN: ZAE000022745)

("Metorex" or "the Company")

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## NOTICE OF GENERAL MEETING

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Notice is hereby given that a general meeting of shareholders of Metorex will be held in the Acacia Room, The Grace Hotel, 54 Bath Avenue, Rosebank, Johannesburg, South Africa at 09:30 on Monday, 21 December 2009 for the purpose of considering and, if deemed fit, passing with or without modification, the following ordinary resolutions:

### Ordinary Resolution 1

"RESOLVED THAT the disposal by Metorex Limited of 137 500 Vergenoeg Mining Company (Proprietary) Limited ("Vergenoeg") ordinary shares, representing 55% of the entire issued share capital of Vergenoeg, in terms of an agreement entered into on 22 September 2009 between Metorex Limited, Vergenoeg and Minerales y Productos Derivados S.A, hereby be approved."

### Ordinary Resolution 2

"RESOLVED THAT any director of Metorex Limited be and is hereby authorised to do all such things as may be necessary to give effect to ordinary resolution number 1 as set out in this notice of general meeting."

### Voting

The presence and votes of the shareholders referred to in paragraph 4 of the accompanying circular will be taken into account in determining the quorum for the meeting. Such shareholders and their associates, as defined in the Listings Requirements of the JSE Limited ("Listings Requirements"), will however, in accordance with the provisions of the Listings Requirements, be precluded from voting on the above ordinary resolutions.

Metorex shares held by the Group and the Metorex Share Incentive Scheme will be precluded from voting on the above ordinary resolutions.

### Proxies

The form of proxy (yellow) for the general meeting, which includes the relevant instructions for its completion, is attached hereto and additional forms of proxy may be obtained on request from the Company's transfer secretaries.

The following shareholders are entitled to complete a form of proxy:

- Certificated shareholders whose names appear on the Company's register; and
- Own name electronic shareholders whose names appear on a CSDP's sub-register.

All other beneficial owners who have dematerialised their shares through a CSDP or broker and who wish to attend the general meeting, must instruct their CSDP or broker to provide them with the Letter of Representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Forms of proxy should be forwarded to reach the Company's transfer secretaries by not later than 09:30 on Thursday, 17 December 2009. The completion of a form of proxy will not preclude a member from attending the general meeting.

By order of the Board

**T P Goodlace**

*Chief Executive Officer*

4 December 2009

# METOREX L I M I T E D

A NEW FOCUS FOR THE FUTURE

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

## FORM OF PROXY

**For use by certificated shareholders, nominee companies of Central Securities Depository Participants ("CSDP"), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected own-name registration, who wish to vote on the resolutions set out in the circular to which this form is attached, at a general meeting of all shareholders to be held in the Acacia Room, The Grace Hotel, 54 Bath Avenue, Rosebank, Johannesburg, South Africa at 09:30 on Monday, 21 December 2009.**

Shareholders who have dematerialised their shares through a CSDP or broker must not complete this form of proxy and must provide their CSDP or broker with their voting instructions, except for shareholders who elected own-name registration in the sub-register through a CSDP, which shareholders must complete this form of proxy and lodge it with Link Market Services South Africa (Pty) Limited.

Holders of dematerialised shares, other than with own name registration, and who wish to attend the general meeting must inform their CSDP or broker of such intention and request their CSDP or broker to issue them with the necessary authorisation to attend.

I/We (please print) (full names)

of

Telephone (work) area code ( )

Mobile phone

being the holders of  Metorex ordinary shares,

hereby appoint:

1.  or failing him/her,

2.  or failing him/her,

3. the Chairperson of the general meeting,

as my/our proxy to vote on my/our behalf at the general meeting of shareholders to be held at 09:30 on Monday, 21 December 2009 and at every/any adjournment of that meeting.

Signed on this  day of  2009

Signature(s)

Assisted by, if applicable

Please indicate in the appropriate space below with an "X" how you wish your votes to be cast. If no instructions are given then the proxy shall be entitled to vote or abstain from voting as that proxy deems fit.

	In favour	Against	Abstain
<b>Ordinary resolution 1</b> To approve the disposal of 55% of the issued share capital of Vergenoeg Mining Company (Pty) Limited			
<b>Ordinary resolution 2</b> To authorise the directors to do all such things necessary to give effect to ordinary resolution number 1			

**Please read the notes overleaf.**

**NOTES:**

1. A shareholder may insert the name(s) of one or more proxies (none of whom need be a Metorex shareholder) in the space provided, with or without deleting the words "the Chairperson of the general meeting". The person whose name stands first on this form of proxy and has not been deleted and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the Chairperson of the general meeting.
2. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that Metorex shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote as he/she deems fit. Where the proxy is the Chairperson, such failure shall be deemed to authorise the Chairperson to vote in favour of the general resolutions in respect of all the shareholder's votes exercisable thereat.
3. The completion and lodging of this form of proxy shall in no way preclude the Metorex shareholder from attending, speaking and voting in person at the general meeting to the exclusion of any proxy appointed in terms hereof.
4. Should this form of proxy not be completed and/or received in accordance with these notes, the Chairperson may accept or reject it, provided that, in respect of its acceptance, the Chairperson is satisfied as to the manner in which the shareholder wishes to vote.
5. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Metorex's transfer secretaries or waived by the Chairperson of the general meeting of Metorex shareholders.
6. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy unless it has previously been registered with Metorex.
7. Where shares are held jointly, all joint holders are required to sign.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity have been produced or have been registered by the transfer secretaries of Metorex.
9. Any alteration or correction made to this form of proxy must be signed in full and not initialled by the signatories.
10. This form of proxy must be lodged with, or posted to the transfer secretaries, Link Market Services South Africa (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) so as to be received by no later than 09:30 on Thursday, 17 December 2009.
11. The completion and lodging of this form of proxy by the shareholders holding certificated shares, nominee companies of CSDP's or brokers and the shareholders who have dematerialised their shares and who have elected own-name registration, will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof. The shareholders who have dematerialised their shares, other than with own name registration and who wish to attend the general meeting, must instruct their CSDP or broker to issue them with the necessary authority/Letter of Representation to attend.



