

## METOREX LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1934/005478/06)

Share code: MTX

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Issuer code: MEMTX

("Metorex" or "the Company")

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### Operational Update and Further Cautionary Announcement

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Metorex, the diversified mining group listed on the JSE Limited, wishes to inform shareholders and update the market on:

- Quarterly Production and Sales Statistics;
- Ruashi Mining sprl ("Ruashi") Resources and Reserves;
- Black Economic Empowerment at Vergenoeg Mining Company (Proprietary) Limited ("Vergenoeg");
- Chibuluma Mines plc ("Chibuluma") Debt Restructuring;
- Consolidated Murchison Mine ("Consolidated Murchison") Hedge Losses;
- Progress with Metorex's Asset Disposal Strategy;
- Copper Resources Corporation ("CRC"); and
- a Further Cautionary Announcement.

Chief Executive Officer Terence Goodlace said; ***"Metorex continues to advance a strategy to ensure survival in the current economic climate. This includes our decisive asset disposal strategy and an intense focus on the Ruashi project production ramp up. We continue to upgrade our technical and operational expertise and at present are conducting intensive reviews of operational performance and rolling out best practice mineral resource management processes as one of the fundamental steps in our strategy to turn the Company around."***

**Table 1: Metorex quarterly production statistics:**

Commodity	Unit	3 Months ended March 2009 (Q3)	3 Months ended December 2008 (Q2)	3 Months ended September 2008 (Q1)
Copper – Chibuluma	(t)	3 848	4 226	3 887
Copper – Sable	(t)	549	1 302	1 933
Copper – Ruashi	(t)	2 919	1 754	461
Copper – subtotal	(t)	7 316	7 282	6 281
Cobalt – Sable	(t)	13	86	49
Cobalt – Ruashi	(t)	152	0	0
Cobalt – subtotal	(t)	165	86	49
Fluorspar (acidspar)	(dmt)	37 908	45 301	39 541
Gold *	(kg)	83	86	148

Antimony	(mtu)	35 692	66 302	84 069
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\* Gold production only includes the production from Consolidated Murchison. Pan African Resources Plc is not included as it is a separately listed entity and it does not publish quarterly results.

**Table 2: Metorex quarterly sales statistics:**

Commodity	Unit	3 Months ended March 2009 (Q3)	3 Months ended December 2008 (Q2)	3 Months ended September 2008 (Q1)
Copper – Chibuluma	(t)	4 009	3 980	3 869
Copper – Sable	(t)	496	1 917	2 054
Copper – Ruashi	(t)	3 029	1 509	514
Copper – subtotal	(t)	7 534	7 406	6 437
Cobalt – Sable	(t)	10	150	87
Cobalt – Ruashi	(t)	0	0	0
Cobalt – subtotal	(t)	10	150	87
Fluorspar (acid spar)	(dmt)	27 760	35 926	49 621
Gold**	(kg)	78	103	139
Antimony	(mtu)	43 368	18 246	112 359

\*\* Gold sales only include the sales from Consolidated Murchison. Pan African Resources Plc is not included as it is a separately listed entity and it does not publish quarterly results.

### **Commentary on production and sales for the quarter ended 31 March 2009**

**Copper** production increased 0.5 per cent to 7 316 tons and copper sales by 1.7 per cent to 7 534 tons. This was driven largely by increased production out of Ruashi offset by a reduction at Sable as a direct result of a lack of third party ore. The tonnage milled at Ruashi increased by 40 per cent to 143 000 tons at an average blended copper head grade of 2.63 per cent and a blended cobalt head grade of 0.59 per cent. Tonnage feed was made up of ore from the open pits, stockpiles and old tailings facilities. The Ruashi mill circuit was affected by a 10-day planned shut down for re-lining and this had an effect on tonnage throughput. Ruashi continues to improve output and it is pleasing to report that the mine produced 1 500 tons of copper in April 2009 in line with actions that have been aimed at increasing plant availabilities and debottlenecking key areas of the metallurgical process. Chibuluma tonnage volumes decreased for the quarter as a result of a safety and mining cycle review which necessitated the curtailing of certain workings and completely waste-filling mined out areas adjacent to current workings and this affected copper production negatively. This void filling process is now completed.

**Cobalt** production increased by 92 per cent to 165 tons. Cobalt production at Ruashi continues to ramp up as does the quality of the product. For the month of April 2009 Ruashi produced 150 tons of contained cobalt at a quality which is approaching specification requirements. Cobalt sales declined as a result of timing differences and offtake continues to be encouraging.

**Fluorspar** production decreased as a result of a drive to produce a higher quality product which is low in impurities and as a result of power outages. Tonnage throughput remains at 150 000 tons per quarter and feed grades are consistent at 40 per cent CaF<sub>2</sub>, however acidspar recoveries have reduced from 73 to 63 per cent as a result of the new magnetic separation circuit commissioned during the December 2008 quarter. The magnetic separation reduces iron contamination in the concentrate and thus upgrades poorer quality ore to meet customer requirements. The market for fluorspar remains tight and at present Vergenoeg acidspar sales have not yet been fully committed for the 2009 calendar year. Marketing opportunities are being pursued to take advantage of our cost competitiveness and continually improving acidspar quality.

**Gold** production at Consolidated Murchison was affected for the reasons mentioned below.

**Antimony** production declined due to the scaling back of operations, reduced output from the Beta shaft and poor recoveries at Consolidated Murchison. The Beta shaft winder was affected by a lightning strike during January 2009. This was rectified during March 2009. The poor recoveries for the quarter were primarily a result of a breakdown of one of the primary mills in the circuit as well as the high level of plant stoppages. The re-opening of the Beta shaft along with full mill availability will improve production. Consolidated Murchison is implementing a turn-around plan in an attempt to stave off closure. Sales of antimony have improved on the back of increased demand and improved pricing.

### **Ruashi Resources and Reserves**

The Ruashi Mineral Resource was restated in the Metorex Annual Report for the twelve months ended June 2008 based on a remodeling exercise conducted in 2007. Geological risk inherent in the Ruashi model remains of such a nature that the resource was classified as no higher than 'Indicated' as per SAMREC Code definitions.

In January 2009, Ruashi commenced an infill reverse circulation ("RC") drilling programme focusing on shallow mineralisation of the northern portion of the Ruashi 1 pit in order to improve confidence in the geological and orebody interpretation and to enable moving the Ruashi 1 resource into a 'Measured' category.

In summary, 47 RC holes were completed for a total of approximately 1 620 meters. Final assay results from this programme are pending and should be returned within the next month.

Additionally, a diamond core drilling programme of 5 160 metres commenced in the first week of April 2009 targeting areas of low confidence in the geological interpretation and grade estimation of the Ruashi 1, 2 and 3 pit resources. Shallow holes of about 100 metres will test the southern portions of the Ruashi 1 and 2 pits, followed by deeper holes in the Ruashi 3 resource to improve geological boundary definition and to further validate historical assay results in the overall Ruashi database.

Drilling completion is targeted for end of June 2009 with core logging, sampling and assay activities running concurrently. Completion of an updated, geologically constrained resource model, 'whittle pit optimisation', mine design and schedule is planned for completion by mid August 2009. The full cost of the entire programme is estimated at US\$1.88 million.

The urgency of this project is driven by a need to gain certainty in the short-term plan and to review the mine design using revised copper and cobalt consensus forecast prices to limit possible unnecessary overburden stripping. Additionally, it will provide a foundation for reviewing the medium term ramp up and the Ruashi Ore Resource and Mineral Reserve Statement as at 30 June 2009, as required by JSE reporting regulations.

### **Black Economic Empowerment at Vergenoeg**

Metorex received a cash offer from a Black Economic Empowerment company for a 15% equity interest in Vergenoeg. The offer is conditional upon completion of a due diligence review and the necessary regulatory approvals. The transaction should become unconditional in early June 2009. A detailed announcement setting out the terms of the transaction will be made as soon as a final agreement has been concluded.

### **Chibuluma Debt Restructuring**

Chibuluma has a US\$36 million term loan with Standard Chartered Bank (“the debt facility”) and we are pleased to report that the debt facility agreement has been successfully restructured. The first installment has been deferred from 31 March 2009 to 30 September 2009 and the facility is repayable over 9 semi-annual installments.

### **Consolidated Murchison’s Hedge Losses**

Consolidated Murchison’s historic gold hedging contract losses have been crystallised at R41million, down from a level of R52 million previously reported. This debt will now be repaid on 30 November 2009.

### **Progress with Asset Disposal Strategy**

Metorex is progressing with its drive to dispose of certain assets within its portfolio. The objective is to generate sufficient liquidity for purposes of its near-term debt commitments whilst funding the Ruashi project during its ongoing build-up phase.

Further announcements will be made as and when respective disposals are concluded.

### **CRC**

CRC pursued a rights offer to all existing shareholders in order to provide CRC with working capital. In addition to a very small number of shareholders, Metorex participated in the rights offer by converting a portion of its loan to CRC into equity which resulted in it holding in excess of 87% of the enlarged issued share capital of CRC. The rights offer failed to inject sufficient fresh capital into CRC. An equity partner is being sought for this project.

Metorex announced on 30 April 2009 that it has sought legal advice on its position as a member of CRC and based on this advice Metorex has commenced legal proceedings against Central African Mining & Exploration Company plc, in the amount of £86.3 million, stemming from a breach of Article 56A of CRC’s articles of association.

## **Further Cautionary Announcement**

Metorex shareholders are advised that Metorex remains involved in negotiations which may have an effect on the price of the Company's securities. Accordingly, shareholders should continue to exercise caution when dealing in their Metorex securities until a further announcement is made.

### **For further enquiries please contact:**

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Johannesburg  
11 May 2009

Sponsor

Barnard Jacobs Mellet Corporate Finance (Pty) Limited