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**If you have sold or transferred all of your Ordinary Shares in Metals Exploration plc, you should forward this document, together with the accompanying Form of Proxy, immediately to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.**

This document does not constitute an offer to issue or sell or a solicitation of any offer to subscribe for or buy ordinary shares in Metals Exploration plc.

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## **METALS EXPLORATION PLC**

*(Incorporated and registered in England and Wales with company registration number 05098945)*

### **Approval of Proposals and Notice of General Meeting**

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Westhouse Securities, which is regulated by The Financial Services Authority, is acting on behalf of Metals Exploration plc. Westhouse Securities is not acting for any other persons (including any recipient of this document) and will not be responsible to anyone other than Metals Exploration plc for providing the protections afforded to customers of Westhouse Securities or for providing advice in relation to the contents of this document.

Your attention is drawn to the letter from the Chairman of Metals Exploration plc which is set out within Part I this document and the additional information in Part III of this document.

Notice of a General Meeting is set out at the end of this document. Shareholders are requested to complete and return the enclosed Form of Proxy by post or by hand to the Company's registrars, Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, but in any event so as to arrive no later than 11.00 a.m. on 29 March 2011, whether or not they propose to be present at the General Meeting. The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.

#### **IMPORTANT NOTICE**

The release, publication and distribution of this document in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons who are not resident in the United Kingdom into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

#### **CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

This document, including information included or incorporated by reference in this document, may contain "forward-looking statements", concerning Metals Exploration. Generally, the words "anticipate", "believe", "continue", "estimate", "expect", "forecast", "intend", "may", "plan", "project", "should", and "will" or similar expressions identify forwarding-looking statements. Such statements reflect Metals Exploration's current views with respect to future events and are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the Company's abilities to control or estimate precisely, such as changes in general economic and business conditions, changes in currency rates and interest rates, lack of acceptance of new exchange rates and interest rates, introduction of competing products or services, lack of acceptance of new products or services, changes in business strategy and the behaviour of other market participants and therefore undue reliance should not be placed on such statements. The directors of Metals Exploration do not intend to, nor do they assume any obligation to, update these forward-looking statements, except as required pursuant to applicable law.

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## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>“2006 Act”</b>	the Companies Act 2006 (including any modification or re-enactment thereof) for the time being in force
<b>“Accepting Shareholders”</b>	former shareholders of the Company who have accepted the Solomon Offer
<b>“Admission”</b>	admission of the Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
<b>“Agreed Strategy”</b>	the construction of the mine at the Runruno Project with limited step out drilling and as amended from time to time by the Board pursuant to the terms of the Subscription and Shareholders’ Agreement
<b>“AIM”</b>	the AIM Market of the London Stock Exchange
<b>“AIM Rules”</b>	together the rules published by the London Stock Exchange governing the admission to, and the operation of, AIM and the rules published by the London Stock Exchange from time to time for Nominated Advisers
<b>“Allegations”</b>	has the meaning set out in the Subscription and Shareholders’ Agreement
<b>“Approval Authorities Manual”</b>	an authorities manual in respect of operations and transacting business approved by the Board from time to time pursuant to the Subscription and Shareholders’ Agreement
<b>“Australia”</b>	the Commonwealth of Australia, its states, territories and possessions
<b>“AUS\$”</b>	the lawful currency of Australia
<b>“Board”</b>	the board of directors of Metals Exploration from time to time
<b>“Canada”</b>	Canada, its provinces and territories and all areas subject to its jurisdiction and any political sub-division thereof
<b>“Capita Registrars”</b>	a trading name of Capita Registrars Limited
<b>“City Code”</b>	The City Code on Takeovers and Mergers
<b>“Company” or “Metals Exploration”</b>	Metals Exploration plc
<b>“Complainant Shareholders”</b>	Jonathan Anderson, Mark Smith, Philip Barnett, Michael Stratton, Vivienne Stratton, Mark Perowne, Graham Edwards, Mr Catto, Andrew MacDonald and Alethea MacDonald;
<b>“Completion”</b>	the completion of the Subscription and Shareholders’ Agreement following the passing of the Resolutions
<b>“Concert Party”</b>	the Solomon Concert Party and the RHL Concert Party
<b>“Directors”, “Metals Exploration Directors”</b>	the directors of the Company as at the date of this document

<b>“Enlarged Share Capital”</b>	the issued share capital of the Company following the Placing, the Loan Conversion, the exercise of the Right to Rescind by Accepting Shareholders and the exercise of options under the Option Agreements
<b>“Existing Ordinary Shares”</b>	the 270,016,344 Metals Exploration Shares in issue at the date of this document
<b>“Form of Proxy”</b>	the form of proxy for use by Independent Shareholders in connection with the GM
<b>“General Meeting” or “GM”</b>	the general meeting of the Company to be held on 31 March 2011, or any adjournment thereof
<b>“Group”</b>	the Company and any undertaking which is for the time being a subsidiary undertaking of the Company, whether mediate or intermediate; and <b>“Group Companies”</b> , shall be construed accordingly
<b>“Independent Director”</b>	Jonathan Beardsworth
<b>“Independent Shareholders”</b>	holders of Existing Ordinary Shares, excluding Solomon Capital, Graham Edwards and WDB
<b>“Japan”</b>	Japan, its cities, prefectures, territories and possessions
<b>“Loan Conversion”</b>	the conversion, at Completion, of the entire amount outstanding under the Loan Facility into Ordinary Shares at 13p per share
<b>“Loan Facility”</b>	the loan facility of up to £13 million made available by Shelfco 724 to the Company pursuant to an agreement dated 12 November 2010
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Metals Exploration Shares” or “Ordinary Shares”</b>	ordinary shares of 1p each in the capital of the Company
<b>“Metals Exploration Share Options”</b>	outstanding options under the Metals Exploration Share Scheme
<b>“Metals Exploration Share Scheme”</b>	the Metals Exploration Unapproved Share Option Scheme 2006
<b>“Minority Shareholders”</b>	those Shareholders as set out in Part 1 of Schedule 1 to the Subscription and Shareholders’ Agreement
<b>“Mr Catto”</b>	Robert William James Catto
<b>“Option Agreements”</b>	the option agreements to be entered into on Completion between the Company and each of RHL and Solomon Capital
<b>“Option Holders”</b>	holders of options granted by the Company to subscribe for Ordinary Shares
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Philippines”</b>	the Republic of the Philippines
<b>“Placing”</b>	the placing of the Placing Shares by the Company pursuant (in the case of RHL and WDB) to the Subscription and Shareholders’ Agreement and (in the case of Shelfco 724) to the Loan Conversion at the Placing Price

<b>“Placing Price”</b>	13p per Ordinary Share
<b>“Placing Shares”</b>	the 192,307,692 new Ordinary Shares which are the subject of the Placing and the Loan Conversion
<b>“Proposals”</b>	the terms of the Subscription and Shareholders’ Agreement to include the details of the Placing, Loan Conversion, Option Agreements, Settlement and the future operation of the Group
<b>“Realisation”</b>	a Sale or a disposal of the whole or substantially the whole of the assets of the Company
<b>“Reef Securities” or “Reef Securities Limited”</b>	Reef Securities Limited, a company incorporated in the Bahamas under company number 40387B
<b>“Related Party”</b>	has the meaning given in the AIM Rules
<b>“Released Parties”</b>	Solomon Capital, Shelfco 724, Reef Securities Limited, the Company, any of their respective directors and officers and Mr Christian Candy
<b>“Resolutions”</b>	the resolutions set out in the notice of General Meeting at the end of this document to approve the Proposals
<b>“Restricted Jurisdiction”</b>	the United States, Canada, Australia, South Africa or Japan and any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning this document is sent to Shareholders in that jurisdiction
<b>“RHL”</b>	Runruno Holdings Limited, a company registered in Jersey under company number 107417 with its registered office at 1 Grenville Street, St. Helier, Jersey JE2 4UF
<b>“RHL Concert Party”</b>	RHL, Graham Edwards and WDB
<b>“RHL Entities”</b>	<p>(i) RHL, any connected person of RHL, any associate of RHL and/or of any connected person of RHL, any subsidiary undertaking or parent undertaking of RHL and/or of any connected person of RHL, any person having control of RHL and/or of any connected person of RHL, any person being subject to the control of RHL and/or of any connected person of RHL and any person acting in concert with RHL and/or with any connected person of RHL; and</p> <p>(ii) any connected person of, any associate of, any subsidiary undertaking or parent undertaking of, any person having control of, any person being subject to the control of, and any person acting in concert with, any person within sub-paragraph (i) above,</p> <p>provided that where a Solomon Entity or WDB would be within this definition only by reason of acting in concert, it is not one of the RHL Entities</p>
<b>“RHL Percentage”</b>	whichever number of Metals Exploration Shares is the lower of (i) 10.5 per cent. of the issued share capital of the Company and (ii) 18/65 multiplied by the number of Metals Exploration Shares held or owned by the Solomon Entities

<b>“Right to Rescind”</b>	the right of an Accepting Shareholder to rescind the contract entered into with Solomon Capital when such Accepting Shareholder accepted the Solomon Offer
<b>“Runruno Project”</b>	the Company’s principal project located in the Philippines
<b>“Sale”</b>	the completion of any transaction whereby any person or group of persons acting in concert acquires more than 50 per cent. of the ordinary share capital of the Company
<b>“Settlement”</b>	the full and final settlement of the Allegations
<b>“Shareholder(s)”</b>	holder(s) of Existing Ordinary Shares
<b>“Shelfco 724”</b>	Shelfco 724 Limited, a company incorporated in Guernsey with company registration number 49005
<b>“Solomon Capital”</b>	Solomon Capital Limited, a company incorporated in Guernsey with its registered office at PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey GY1 3HB
<b>“Solomon Circular”</b>	a document published by Solomon Capital on or about today’s date providing, <i>inter alia</i> , Accepting Shareholders with the opportunity to rescind the acceptance of the Solomon Offer
<b>“Solomon Concert Party”</b>	Solomon Capital, Shelfco 724 and Reef Securities Limited
<b>“Solomon Entities”</b>	<p>(i) the Released Parties, any connected person of any of the Released Parties, any associate of any of the Released Parties and/or of any connected person of any of the Released Parties, any subsidiary undertaking or parent undertaking of any of the Released Parties and/or of any connected person of any of the Released Parties, any person having control of any of the Released Parties and/or of any connected person of any of the Released Parties, any person being subject to the control of any of the Released Parties and/or of any connected person of any of the Released Parties and any person acting in concert with any of the Released Parties and/or with any connected person of any of the Released Parties; and</p> <p>(ii) any connected person of, any associate of, any subsidiary undertaking or parent undertaking of, any person having control of, any person being subject to the control of, and any person in concert with, any person within sub-paragraph (i) above,</p> <p>provided that where a RHL Entity or WDB would be within this definition only by reason of acting in concert, it is not one of the Solomon Entities</p>
<b>“Solomon Offer”</b>	the cash offer made by Strand Hanson on behalf of Solomon Capital to acquire all of the issued and to be issued Metals Exploration Shares not already owned by Solomon Capital on the terms and conditions set out in a document dated 20 August 2010 including, where the context so required, any subsequent revision, variation, extension, or renewal of such offer
<b>“Solomon Offer Document”</b>	the document published by Solomon Capital on 20 August 2010 in connection with the Solomon Offer

<b>“South Africa”</b>	South Africa, its possession and territories and all areas subject to its jurisdiction or any political sub-division thereof
<b>“Sterling” or “£”</b>	the lawful currency of the United Kingdom
<b>“Strand Hanson”</b>	Strand Hanson Limited, the financial adviser to Solomon Capital
<b>“Subscription and Shareholders’ Agreement”</b>	the conditional agreement dated 8 March 2011 between Solomon Capital, Shelfco 724, RHL, the Company, the Minority Shareholders and others
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “USA”</b>	the United States of America, its territories and possessions, all areas subject to its jurisdiction or any subdivision thereof, any state of the United States of America and the District of Columbia
<b>“US\$” or “\$”</b>	the lawful currency of the United States
<b>“Warrant Holders”</b>	holders of warrants granted by the Company to subscribe for Ordinary Shares
<b>“Warrants”</b>	the outstanding warrants over Metals Exploration Shares
<b>“WDB”</b>	Williams de Broë Limited, a company incorporated in England under number 02485266
<b>“Westhouse Securities”</b>	Westhouse Securities Limited, nominated adviser and financial adviser to Metals Exploration
<b>“William Pears EBT”</b>	Williams Pears Group of Companies Limited Employee Benefit Trust
<b>“Written Submission”</b>	a written submission made by certain Independent Shareholders to the Panel expressing, amongst others, concerns that a concert party, comprising Solomon Capital and Reef Securities Limited, was in existence at the time of the subscription by Solomon Capital for Ordinary Shares in the Company in January 2009 and/or in May and July 2009 and that these subscriptions were in breach of Rule 9 of the City Code

All references to legislation in this document are to English legislation unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

All references to time in this document are to London time.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

For the purposes of this document, subsidiary, subsidiary undertaking and parent undertaking have the respective meanings given to them by the Companies Act 2006 and substantial interest means the direct or indirect interest of twenty (20) per cent. or more of the equity share capital (as defined in the Companies Act 2006) of any undertaking.

## EXPECTED TIMETABLE

<i>Event</i>	<i>2011</i>
Metals Exploration Circular and Solomon Circular posted	8 March
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 29 March
General Meeting	11.00 a.m. on 31 March
Completion of the Agreement	31 March
Latest time and date for Forms of Rescission	1.00 p.m. on 14 April
Closing date of Solomon Offer	1.00 p.m. on 14 April

**Note:**

These times and dates are indicative only.

## PART I

### LETTER FROM THE CHAIRMAN OF METALS EXPLORATION



*(Incorporated and registered in England and Wales with company registered number 05098945)*

*Directors:*

Ian Holzberger (*Executive Chairman*)  
Jonathan Beardsworth (*Non-Executive Director*)  
Timothy Dean (*Non-Executive Director*)

*Registered Office:*

200 Strand  
London  
WC2R 1DJ

8 March 2011

*To the holders of Existing Ordinary Shares and, for information only, to Option Holders and Warrant Holders*

Dear Shareholder

#### **Approval of the Proposals**

**and**

#### **Notice of General Meeting**

##### **1 Introduction**

On 23 July 2010, Solomon Capital announced a cash offer for the entire issued and to be issued share capital of the Company at 13p per Ordinary Share, valuing the Company, including “in the money” share options and warrants, at approximately £35.76 million.

On 20 August 2010, Solomon Capital published the Solomon Offer Document setting out the formal terms of the Solomon Offer. On 6 September 2010, Solomon Capital declared the Solomon Offer wholly unconditional, holding (together with persons acting in concert with it) approximately 53.97 per cent. of the entire issued share capital of the Company at that time. As at the date of this document, Solomon owns 180,706,958 Metals Exploration Shares, representing approximately 67 per cent. of the entire issued share capital of the Company.

On 17 September 2010, the Independent Director made a statement that he had been informed that certain Independent Shareholders had made a written submission to the Panel expressing concerns that a concert party, comprising Solomon Capital and Reef Securities Limited, was in existence at the time of the subscription by Solomon Capital for Ordinary Shares in January 2009 and/or in May and July 2009 and that these subscriptions were in breach of Rule 9 of the City Code and that if the Panel were to rule that a breach of Rule 9 had occurred at any of these times, a mandatory bid obligation may be triggered at a price higher than 13p per Ordinary Share. Pending the outcome of a review, the Panel required Solomon Capital to make no purchases of Metals Exploration Shares (save in relation to valid acceptances of the Solomon Offer) and that the Solomon Offer should remain open for acceptances until further notice.

On 27 September 2010, Solomon Capital made an announcement that the Solomon Offer was to remain open for acceptance until further notice.

On 12 November 2010, the Company announced that it had entered into a £13 million convertible facility agreement with Shelfco 724, a related company of Solomon Capital. Under the terms of the Loan Facility, Shelfco 724 agreed to make available to the Company, subject to the terms therein, a convertible facility for up to £13 million. As at 7 March 2011, £5,750,000 of the loan facility had been drawn down by the Company, of which £2 million was used to repay a bridging loan facility provided by Solomon Capital on 19 August 2010.

Pending the review and investigations of the Written Submission by the Panel, discussions between Solomon Capital and the representatives of Complainant Shareholders were held with a view to resolving the dispute.

**Agreement has now been reached between Solomon Capital and the Complainant Shareholders such that, on Completion, the concerns raised in the Written Submission will be withdrawn. In light of this, the Panel has confirmed to Solomon Capital and the Complainant Shareholders that whilst it has not reached a ruling on the matter, it is satisfied that there is no requirement under the City Code for Solomon Capital to revise the terms of the Solomon Offer.**

The agreement reached between Solomon Capital and the Minority Shareholders encompasses the Proposals, which are detailed in the Subscription and Shareholders' Agreement and summarised in Part III of this document, and the Right to Rescind for Accepting Shareholders, which is set out in the Solomon Circular. The Subscription and Shareholders' Agreement, to which the Company is also party, is subject to approval by Independent Shareholders at a General Meeting which is expected to be held on 31 March 2011.

A summary of the key elements of the Proposals and the Right to Rescind is set out below:

- The Company will raise approximately £12 million, before expenses, through a placing of Ordinary Shares at 13p per share with RHL and WDB;
- Simultaneously with the Placing, the Company will draw down the balance of the Loan Facility of £13 million and Shelfco 724 will immediately serve notice to convert the entire loan into Ordinary Shares at 13p per share; and
- The Company will enter into the Option Agreements, under which Solomon Capital and RHL will be entitled to subscribe within the four months following Completion for such number of new Ordinary Shares at 13p per share as will enable them (together with persons acting in concert with them) to hold 65 per cent. and 18 per cent. respectively of the Enlarged Share Capital. In the event that as a result of the Right to Rescind, the aggregate holding of Solomon Capital and any other Solomon Concert Party falls below 50.1 per cent. of the issued share capital of the Company, the option granted to Solomon Capital will be deemed to be automatically partially exercised such that the aggregate holding of Solomon Capital and any other Solomon Concert Party is 50.1 per cent. Therefore, at no point will the holding of the Solomon Concert Party fall below 50.1 per cent.

As set out in the Solomon Circular, a copy of which is enclosed with this document, former Shareholders who accepted the Solomon Offer are being given the right to rescind their acceptance through repaying the consideration received to Solomon Capital, following which their Ordinary Shares will be returned to them. The Right to Rescind will expire on 14 April 2011, the date 14 days following the General Meeting. At the same time, the Solomon Offer will close.

The purpose of this document is to provide you with further information on the Proposals and to seek the approval of the Independent Shareholders to the Proposals.

Shareholders are also referred to the accompanying Solomon Circular providing written notice of the closing date of the Solomon Offer and giving each Accepting Shareholder the Right to Rescind.

## **2 Reasons for the Proposals**

2.1 The purpose of the Proposals is:

- to provide working capital towards the construction of the mine at the Runruno Project and undertake limited step out drilling; and
- to assist with the resolution of the dispute between the Complainant Shareholders and Solomon Capital and to allow the Company to proceed with the development of the mine at the Runruno Project.

2.2 Subject to the approval of the Proposals, the Company will receive equity funding of between £25 million and, subject to the level of options exercised pursuant to the Option Agreements and the level of exercise of the Right to Rescind, up to a further £46.8 million with which to pursue the development of the Runruno Project and be able to seek full funding in the form of further equity and/or debt funding for the construction of the mine at the Runruno Project.

2.3 In the event that the Proposals are not approved at the General Meeting, the future of the Company will remain uncertain.

## **3 The Proposals**

The Proposals comprise the Placing, Loan Conversion, Option Agreements, Settlement and agreement over the future operation of the Group as described in this paragraph 3 and paragraphs 4 and 5 of Part I of this document.

### **The Placing, Loan Conversion and Option Agreements**

3.1 The Company has conditionally raised approximately £12 million, before expenses, by way of a placing of, in aggregate, 92,307,692 Ordinary Shares at the Placing Price. The places to the Placing are RHL and WDB. The proceeds of the Placing shall be applied by the Company as general working capital and towards the development of the Runruno Project.

3.2 Simultaneously with the Placing, it is intended that the Company will draw down the balance of the Loan Facility (which as at 7 March 2011, being the latest practicable date prior to the publication of this document was £7,250,000) and it is proposed that Shelfco 724 shall immediately serve notice upon the Company to convert the entire loan of £13 million into 100,000,000 new Ordinary Shares at 13p per share.

3.3 Upon Completion, the Company will enter into the Option Agreements pursuant to which the Company will grant options to both Solomon Capital and RHL to subscribe for such number of new Metals Exploration Shares at 13p per share which will enable them (together with persons acting in concert with them) to hold 65 per cent. and 18 per cent. respectively of the Enlarged Share Capital.

The options described in this paragraph 3.3 will each be exercisable on more than one occasion by Solomon Capital and RHL at any time during the period of four months from Completion. In addition, in circumstances where the exercise of a Right to Rescind by an Accepting Shareholder (or any other exercise of a right to subscribe for or convert into Metals Exploration Shares (including the Option Agreement with RHL)) would potentially result in Solomon Capital together with any other Solomon Concert Party holding in aggregate less than 50.1 per cent. of the entire issued share capital of the Company, the option granted to Solomon will be deemed to be automatically exercised over such number of Metals Exploration Shares as will result in Solomon Capital and the Solomon Concert Party holding in aggregate 50.1 per cent. of the fully diluted issued share capital of the Company following such rescission, subscription or conversion. At no time, therefore, will the holding of the Solomon Concert Party in Metals Exploration fall below 50.1 per cent. of the issued share capital of Metals Exploration whilst the Offer remains open for acceptance and, accordingly, the Offer will remain unconditional.

### **Shareholdings**

The Solomon Concert Party and the RHL Concert Party are deemed to be acting in concert for the purposes of the City Code. As at the date of this document, the Concert Party holds the following Metals Exploration Shares:

<i>Name</i>	<i>Number of Metals Exploration Shares</i>	<i>Percentage of issued share capital of the Company (%)</i>
Solomon Capital	180,706,958	66.92
WDB	22,276,850	8.25
Graham Edwards	19,001,919	7.04

No other member of the Solomon Concert Party or the RHL Concert Party currently holds any Metals Exploration Shares. Reef Securities holds Warrants as set out in paragraph 2.1(b) of Part III of this document.

Following Completion, and assuming no Accepting Shareholder exercises his Right to Rescind, shareholdings of the Concert Party will be as follows:

<i>Name</i>	<i>Number of Metals Exploration Shares</i>	<i>Percentage of issued share capital of the Company before exercise of the rights under the Option Agreements</i>	<i>Percentage of issued share capital of the Company (assuming the full exercise of rights under the Option Agreements)</i>
Solomon Capital	180,706,958	39.1	45.7
Shelfco 724	100,000,000	21.6	19.3
RHL	76,923,077	16.6	14.8
WDB	37,661,465	8.1	7.3
Graham Edwards	19,001,919	4.1	3.7

Following Completion, and assuming no Accepting Shareholder exercises his Right to Rescind, if the rights under the Option Agreement are exercised by Solomon Capital, Solomon Capital will acquire an additional 56,581,902 Metals Exploration Shares at 13p per share and at a total cost of approximately £7.4 million, giving it a total holding of 237,288,860 Metals Exploration Shares, which together with the holding of Shelfco 724 would represent 65.0 per cent. of the Enlarged Share Capital.

Following Completion, and assuming all Accepting Shareholders exercise their Right to Rescind in full, the shareholdings of the Concert Party will be as follows:

<i>Name</i>	<i>Number of Metals Exploration Shares</i>	<i>Percentage of issued share capital of the Company before exercise of the rights under the Option Agreements</i>	<i>Percentage of the issued share capital of the Company (assuming the full exercise of rights under the Option Agreements)</i>
Solomon Capital	126,253,945	27.3	52.9
Shelfco 724	100,000,000	21.6	12.1
RHL	76,923,077	16.6	15.7
WDB	37,661,465	8.1	4.6
Graham Edwards	19,001,919	4.1	2.3

Following Completion, and assuming all Accepting Shareholders exercise their Right to Rescind in full, if the Option Agreements are exercised in full by Solomon Capital and RHL, (i) Solomon Capital will acquire an additional 308,733,367 Ordinary Shares at a total cost of

£40.1 million, resulting in a holding of 434,987,312 Ordinary Shares which, together with the holding of Shelfco 724, represents an aggregate holding of 65.0 per cent. of the Enlarged Share Capital; and (ii) RHL will acquire an additional 52,000,000 Ordinary Shares, resulting in a total holding of 128,923,077 Ordinary Shares, which together with the holding of Graham Edwards, represents an aggregate holding of 18.0 per cent. of the Enlarged Share Capital.

Even if all Rights to Rescind are exercised in full, the Concert Party will hold at least 77.7 per cent. of the issued share capital of the Company. If the Option Agreements are exercised in full, the Concert Party will hold 87.6 per cent. of the issued share capital of the Company.

- 3.4 Further details of the Placing, Loan Conversion and the Option Agreements are set out in paragraphs 5.3 (a) and (b) of Part III of this document.

#### **4 Settlement**

- 4.1 Subject to the approval of the Proposals by the Independent Shareholders, the Minority Shareholders, *inter alia*, have consented to the withdrawal of the Written Submission and agreed to the full and final settlement of all claims that they or any of them have or may have against the Released Parties in respect of the Allegations. Further details are set out in paragraph 5.3 (c) of Part III of this document.
- 4.2 On Completion, the concerns raised in the Written Submission will be withdrawn and the Panel has confirmed to Solomon Capital and the Complainant Shareholders that whilst it has not reached a ruling on the matter, it is satisfied that there is no requirement under the City Code for Solomon Capital to revise the terms of the Solomon Offer.

#### **5 Operation of the Group**

- 5.1 The Proposals include certain restrictions upon the manner in which the Company may operate unless with the consent of the majority of the Board including the consent of the director appointed by RHL (or such director's alternate). Further details are set out in paragraph 5.3 (e) of Part III of this document.
- 5.2 The Company will review whether to apply for the cancellation of the Company's admission to trading on AIM and to re-register as a private limited company within three months from Completion. At the end of this review, there is no guarantee that the Company will remain on AIM, and in view of the shareholdings of the Concert Party, any resolutions proposed to cancel the AIM admission and re-register, will be passed if the members of the Concert Party vote in favour.

#### **6 Solomon Offer**

- 6.1 The accompanying Solomon Circular sets out the details of the Right to Rescind available until the Solomon Offer closes. The Right to Rescind is conditional on Completion, which is expected to take place immediately following the General Meeting, and is not exercisable prior to that date. Following Completion, any Accepting Shareholder will be permitted to exercise his Right to Rescind in respect of any or all of the Metals Exploration Shares for which he accepted the Solomon Offer at any time up to the date of closing of the Solomon Offer, which is currently expected to be 14 April 2011.
- 6.2 As announced on 10 November 2010, the holder of 305,000 Metals Exploration Shares in which the Chairman has a beneficial interest, this being the Holzberger Family Trust, accepted the Solomon Offer. It is considered likely that the trustee of the Holzberger Family Trust will exercise its Right to Rescind upon receipt of the Solomon Circular.

## **7 Composition of the Board**

- 7.1 The current members of the Board comprise Ian Holzberger as executive Chairman, Jonathan Beardsworth as a non-executive Director and Tim Dean as a non-executive Director.
- 7.2 Subject to the approval of the Proposals, it is proposed that Richard Williams and Edward Parsons will join the Board as non-executive directors nominated by Solomon Capital. RHL will be entitled to appoint one director to the Board on Completion. As at the date of this document, RHL has not identified whom it proposes to appoint at Completion.

## **8 Information on Solomon Capital and Shelfco 724**

Solomon Capital is a Guernsey incorporated investment company, which is focused solely on investment in Metals Exploration and which is wholly owned by Christian Candy. Further details on Solomon Capital and Christian Candy are set out in the Solomon Offer Document which is available at [www.cpcgroup.gg](http://www.cpcgroup.gg). The Company has been advised by Solomon Capital that there have been no material changes since publication of the Solomon Offer Document.

Shelfco 724 is a Guernsey incorporated investment company, which is focused solely on investment in Metals Exploration and which is wholly owned by Christian Candy. Further details on Shelfco 724 are set out in paragraph 1 of Part II of this document.

## **9 Information on RHL**

RHL is a private company incorporated on 28 January 2011 under the laws of Jersey with registered number 107417 and has its registered office at 1 Grenville Street, St. Helier, Jersey JE2 4UF. Further details on RHL are set out in paragraph 3 of Part II of this document.

## **10 Irrevocable Undertakings**

The Company has received irrevocable undertakings to vote for the Resolutions from Independent Shareholders representing approximately 59.1 per cent. of the issued share capital of the Company held by Independent Shareholders. Solomon Capital, Graham Edwards and WDB have also provided undertakings to vote for the Resolutions (excluding Resolution 1 to be proposed at the General Meeting). Further details of these undertakings are set out in paragraph 4 of Part III of this document.

## **11 General Meeting**

You will find at the end of this document a notice of the GM to be held at 200 Strand, London WC2R 1DJ at 11.00 a.m. on 31 March 2011. As required by the Panel, only the Independent Shareholders will be permitted to vote on Resolution 1 to approve the Proposals however all Shareholders may vote on the other resolutions proposed at the General Meeting. **Any Accepting Shareholder who intends to exercise his Right to Rescind will not be eligible to vote unless his name appears on the register of members of the Company 48 hours prior to the GM.**

## **12 Action to be taken**

You will find enclosed with this document the Form of Proxy for use by Shareholders in connection with the General Meeting.

**Whether or not you propose to attend the General Meeting in person you are requested to complete the Form of Proxy in accordance with the instructions printed thereon. It is important that you duly complete, execute and return the Form of Proxy. To be valid, the completed Form of Proxy must be returned by post or by hand (during normal business hours only) to Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, but in any event so as to arrive no later than 11.00 a.m. on 29 March 2011, whether or not you propose to be present at the GM.**

If you complete and return the Form of Proxy, you may still attend and vote at the General Meeting in person should you decide to do so.

### **13 Further Information**

Your attention is drawn to the remainder of this document which contains further information in relation to the Proposals.

### **14 Conclusion**

**The Company entering into the Subscription and Shareholders' Agreement with, *inter alia*, Solomon Capital and Shelfco 724 constitutes a related party transaction under Rule 13 of the AIM Rules. Accordingly, the Directors (excluding Timothy Dean), having consulted Westhouse Securities, the Company's nominated adviser, consider that the terms of the Proposals are fair and reasonable so far as the Shareholders are concerned.**

**Jonathan Beardsworth, the only director who, as at the date of this document, owns Metals Exploration Shares has indicated that he intends to vote in favour of all the Resolutions.**

Yours faithfully

**Ian Holzberger**  
*Executive Chairman*

## PART II

### INFORMATION RELATING TO THE CONCERT PARTY

#### 1 Shelfco 724

##### 1.1 Incorporation and registered office

Shelfco 724 is a private company incorporated on 6 June 2008 under the laws of Guernsey with registered number 49005 and has its registered office at PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB.

##### 1.2 Directors

The directors of Shelfco 724 are:

- CPC Group Limited;
- Simon Graham; and
- Richard Steven Williams.

##### 1.3 Share capital and shareholders

The current authorised share capital of Shelfco 724 is £2 divided into two shares of £1 each. The shares have been issued to Cosign Nominees Limited and Spread Nominees Limited. Christian Candy is the beneficial owner of both shares.

##### 1.4 CPC Group Limited

The current authorised share capital of CPC Group Limited is £2 divided into two shares of £1 each. The shares have been issued to Cosign Nominees Limited and Spread Nominees Limited. Christian Candy is the beneficial owner of both shares.

#### 2 Solomon Capital, Christian Candy, Reef Securities and Steven Smith

As far as the Board is aware, there has been no change to the information regarding Solomon Capital (other than as disclosed in this document), Christian Candy, Reef Securities and Steven Smith to that previously set out in the Solomon Offer Document (other than immaterial changes to the lists of directorships for Christian Candy and Steven Smith).

#### 3 RHL

##### 3.1 Incorporation and registered office

RHL is a private company incorporated on 28 January 2011 under the laws of Jersey with registered number 107417 and has its registered office at 1 Grenville Street, St. Helier, Jersey JE2 4UF.

##### 3.2 Directors

The sole director of RHL is HSBC PB Corporate Services 1 Limited, which has its registered office at the same address as RHL.

##### 3.3 Shareholders

3.3.1 RHL's nominal capital is £10,000 divided into 10,000 ordinary shares of £1.00 each, of which 2 such shares have been issued and are held (as to 1 each) by HSBC Trustee (C.I.) Limited and HSBC Private Banking Nominee 1 (Jersey) Limited.

3.3.2 William Pears EBT is the beneficial owner of both shares.

3.3.3 The trustee of Williams Pears EBT is HSBC International Trustee Limited (Jersey Branch), its settlor is William Pears Group of Companies Limited and its specified beneficiary is Graham Edwards.

#### **4 Graham Edwards**

Graham Edwards is currently Chief Executive of the Telereal Trillium property outsourcing and investment business. Prior to joining Telereal, Mr Edwards was Chief Investment Officer of Talisman Global Asset Management, the William Pears asset management arm.

#### **5 Williams de Broë Limited**

WDB is a UK firm of investment managers, established in 1869, providing, amongst others, bespoke discretionary and advisory services to clients.

## PART III

### ADDITIONAL INFORMATION

#### 1 Responsibility

- 1.1 Timothy Dean is a director of both Solomon Capital and Metals Exploration. He has declared his interest in the Solomon Offer to both boards of Metals Exploration and Solomon Capital.
- 1.2 The Directors of Metals Exploration have relied in good faith upon the information provided by the Concert Party in respect of each of them and included in this document.

#### 2 Shareholdings

##### 2.1 Shareholdings in Metals Exploration Shares

- (a) As at the close of business on 7 March 2011 (being the latest practicable date prior to the publication of this document) Solomon Capital was interested in 180,706,958 Ordinary Shares in Metals Exploration.
- (b) Reef Securities, which is deemed to be acting in concert with Solomon Capital for the purposes of the Offer, held the following Warrants\*:

<i>Date of grant</i>	<i>Number of Warrants</i>	<i>Exercise price</i>	<i>Earliest vesting date</i>	<i>Expiry date</i>
30 September 2004	1,000,000	3.25p	on grant	30 September 2011
3 November 2005	1,000,000	20p	on grant	3 November 2012
3 November 2005	500,000	40p	on grant	3 November 2012

*\*The Warrants held by Reef Securities Limited automatically lapsed in accordance with their terms as they were not exercised within the requisite exercise period in the context of the Solomon Offer. However, if the Proposals are approved, steps will be taken to restore them as described in paragraph 3.2 of this Part III.*

- (c) As at the close of business on 7 March 2011 (being the latest practicable date prior to the publication of this document) Graham Edwards was interested in 19,001,919 Ordinary Shares in Metals Exploration.
- (d) As at the close of business on 7 March 2011 (being the latest practicable date prior to the publication of this document) WDB was interested in 22,276,850 Ordinary Shares in Metals Exploration.
- (e) As at the close of business on 7 March 2011 (being the last practicable date prior to the publication of this document), the interests of the Metals Exploration Directors were as follows:

<i>Name</i>	<i>Number of Metals Exploration Shares</i>
Ian Holzberger	Nil
Jonathan Beardsworth	750,000
Timothy Dean	Nil

- (f) As at 7 March 2011, Warrants and options over Metals Exploration Shares which have been granted to Metals Exploration Directors and remain unexercised, are as follows:

Warrants held by Directors:

Name	Date of grant	Number of Warrants	Exercise price	Earliest vesting date	Expiry date
Ian Holzberger	8 July 2008	1,000,000	20p	on grant	30 June 2013
	8 July 2008	1,000,000	40p	4 May 2010	30 June 2013
Jonathan Beardsworth	30 April 2007	1,000,000	26.25p	30 April 2008	30 April 2015
	30 April 2007	1,000,000	39.375p	30 April 2009	30 April 2016
	30 April 2007	500,000	52.5p	30 April 2010	30 April 2017

Share options held by Directors:

Name	Date of grant	Number of options	Exercise price	Earliest vesting date	Expiry date
Ian Holzberger	18 March 2010	6,000,000	25p	18 March 2012	17 March 2017
Jonathan Beardsworth	30 April 2007	2,000,000	26.25p	30 April 2010	29 April 2017
	18 March 2010	5,000,000	25p	18 March 2012	17 March 2017

### 3 Options and Warrants

- 3.1 As at the date of the Solomon Offer Document, there were 18,010,000 Warrants\* and 15,030,000 options outstanding over Metals Exploration Shares granted under the Metals Exploration Share Scheme.
- 3.2 Pursuant to the terms of the Subscription and Shareholders' Agreement and subject to the approval of the Proposals, the Company has undertaken to use reasonable endeavours to restore the terms and conditions of the outstanding Warrants and the options described in paragraph 3.1 as though the Solomon Offer has not occurred.

*\* 12,500,000 of these Warrants automatically lapsed in accordance with their terms as they were not exercised within the requisite exercise period in the context of the Solomon Offer. However, if the Proposals are approved, steps will be taken to restore them as described in paragraph 3.2 of this Part III.*

### 4 Irrevocable Undertakings

- 4.1 The following persons have given irrevocable undertakings to vote, or to procure the vote, in favour of all the resolutions to be proposed at the General Meeting:

Name of Registered/Beneficial owner	Number of Metals Exploration Shares
Chris Cahillis	2,237,603
Brewin Nominees (Channel Islands) Limited	850,000
Mark Perowne	600,000
J M Finn Nominees Limited	1,423,550
Kevin Mahoney	5,520
Peter Draper	1,450,000
Michael James Lowles Stratton	360,000
Paul William Varcoe	542,500
Mark Smith	927,381
John Peat	400,000
Altus Capital Resources Fund	5,950,000
Filminera Resources Corporation	800,000
Jonathan Anderson	50,000
Nigel Mills	1,030,190
Aegeon Trust Company Limited	365,000
Redmayne (Nominees) Limited	1,569,000
Aerion Fund Management Limited	7,682,919
Andrew Holmes	544,500
Richard Jagger	180,000

<i>Name of Registered/Beneficial owner</i>	<i>Number of Metals Exploration Shares</i>
John Prior	150,000
Catherine Jagger	104,650
Andrew Macdonald	579,079
Alethea Macdonald	144,503
KAS Nominees Limited	441,919

- 4.2 In addition to the persons listed in paragraph 4.1 above, the following persons have given irrevocable undertakings to vote in respect of all the resolutions other than the resolution to approve the Proposals:

<i>Name of Registered Holder</i>	<i>Number of Metals Exploration Shares</i>
Solomon Capital	180,706,958
Graham Edwards	19,001,919
WDB	22,202,629

## 5 Material contracts

### *Metals Exploration*

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or any of its subsidiaries:

#### 5.1 Loan Notes 2011

On 17 July 2007 the Company constituted £2,000,000 principal amount fixed rate convertible loan notes 2011 (the "2011 Loan Note").

On 1 August 2007, the Company issued £2,000,000 in nominal amount of the 2011 Loan Note to HSBC Global Custody Nominees (UK) Limited. The proceeds of the 2011 Loan Note were used to assist the Company in funding working capital costs, in particular at the Runruno Project, and to assist in the development of new projects in the South East Asian region.

The principal terms of the 2011 Loan Note are that an interest rate of 9 per cent. per annum is convertible at the option of the Noteholder into Ordinary Shares prior to 1 August 2011 (the "Redemption Date") at the conversion rate of one ordinary share for every 52p in nominal value of Loan Notes (subject to any anti-dilution adjustments).

The Company shall redeem the principal amount (together with any accrued but unpaid interest) of all outstanding Loan Notes on the Redemption Date.

#### 5.2 Leightons Agreement

An agreement was entered into on 8 December 2010 by the Company and Leighton Contractors Asia Limited ("Leightons") to develop a fixed lump sum price for the engineering, procurement and construction delivery mechanism at the Runruno Project. The term of the appointment is 90 days from 18 November 2010 subject to extension for a further period of 6 months by the Company by one month's written notice to Leightons. The term has subsequently been extended for a period of up to 45 days by agreement.

Under the terms and conditions of the agreement, the maximum amount which the Company may be obliged to pay for the services provided by Leightons shall not exceed US\$1,624,541.

#### 5.3 Subscription and Shareholders' Agreement

On 8 March 2011, the Company entered into a conditional agreement with amongst others, Solomon Capital, Shelfco 724 and RHL. The principal terms of the Subscription and Shareholders' Agreement are as follows:

(a) **Placing and Loan Conversion**

At Completion, the Company will issue 92,307,692 new Metals Exploration Shares at 13p per share to raise approximately £12,000,000 (before expenses), as follows:

- RHL will subscribe for 76,923,077 new Metals Exploration Shares for an aggregate consideration of £10,000,000; and
- WDB will subscribe for 15,384,615 new Metals Exploration Shares for an aggregate consideration of £2,000,000.

Simultaneously with the Placing the Company will draw down the balance of the Loan Facility (which as at 7 March 2011, being the latest practicable date prior to the publication of this document, was £7,250,000). Shelfco 724 will then immediately convert the entire loan of £13,000,000 into 100,000,000 new Metals Exploration Shares at 13p per share. Shelfco 724 has undertaken not to dispose of any Metals Exploration Shares prior to the closing of the Offer.

Commissions will be payable by the Company to each of Solomon Capital, RHL and WDB equal to 4 per cent. of the monies subscribed/loan converted less, in the case of Solomon Capital, 1 per cent. of the sum already drawn down under the Loan Facility.

(b) **Option Agreements**

On Completion and in accordance with the terms of the Subscription and Shareholders' Agreement, the Company will enter into the Option Agreements pursuant to which the Company will grant options to both Solomon Capital and RHL to subscribe for such number of new Metals Exploration Shares at 13p per share as will enable the Solomon Concert Party and the RHL Concert Party to hold 65 per cent. and 18 per cent. respectively of the issued share capital of Metals Exploration following exercise of the rights under the Option Agreements.

The rights under the Option Agreements will each be exercisable on more than one occasion by Solomon Capital and RHL at any time during the period of four months from Completion. In addition, in circumstances where the exercise of a Right to Rescind by an Accepting Shareholder (or any other exercise of a right to subscribe for or convert into Metals Exploration Shares (including the Option Agreement with RHL)) would potentially result in the Solomon Concert Party holding in aggregate less than 50.1 per cent of the entire issued share capital of the Company, the option granted to Solomon will be deemed to be automatically exercised over such number of Metals Exploration Shares as will result in the Solomon Concert Party holding in aggregate 50.1 per cent. of the fully diluted issued share capital of the Company following such rescission, subscription or conversion. At no time, therefore, will the holding of the Solomon Concert Party in Metals Exploration fall below 50.1 per cent. of the issued share capital of Metals Exploration whilst the Offer remains open for acceptance and, accordingly, the Offer will remain unconditional.

Solomon Capital and RHL will each receive from the Company commission equal to 3 per cent. of monies subscribed on each exercise of the rights under the respective Option Agreements.

(c) **Settlement**

Subject to Completion and the terms of the Subscription and Shareholders' Agreement, WDB, Mr. Catto and the Minority Shareholders, *inter alia*;

- consent to the Solomon Offer proceeding at 13p per share;
- undertake to not make any further representations to the Panel in respect of the Allegations unless required by a regulatory body;
- undertake not to make any further complaint or allegation with respect to the Allegations (and to the extent any have been made, not to make any further representations in respect of such

Allegations) to any other regulatory or governmental body concerning any of the Released Parties unless required by a regulatory body;

- undertake not to assist in any way, by way of the provision of information or otherwise, any other shareholder in the Company or any other third party in the making of any claim against any of the Released Parties which is in any way related to the Allegations unless required by a regulatory body;
- undertake to co-operate with Solomon Capital, and to provide such assistance as Solomon Capital may reasonably request, in seeking a ruling from the Panel that will result in the settlement of the Allegations on a basis acceptable to Solomon Capital and to RHL, WDB and the Minority Shareholders;
- in the case of certain Warrant Holders, undertake to withdraw all claims against the Company and its officers in respect of the Warrants; and
- agree that the provisions of the Agreement are in full and final settlement of all claims that WDB, Mr. Catto, the Minority Shareholders and the Warrant-Holders, or any of them, have or may have with respect to the Allegations or the facts or matters in connection with or arising out of the Allegations.

(d) ***Metals Exploration Board following Completion***

At the time of the Solomon Offer, the board of Metals Exploration comprised Ian Holzberger as Chairman, Jonathan Beardsworth as CEO and Tim Dean as a non-executive. Since then, Mr. Beardsworth has stepped down to become non-executive (as announced by the Company on 27 October 2010). On Completion, Edward Parsons and Richard Williams will join the Board as non-executive Directors nominated by Solomon Capital and RHL will be entitled to appoint one director to the Board on Completion. As at the date of this document, RHL has not identified whom it proposes to appoint at Completion.

(e) ***Running of the Company***

Following Completion, Ian Holzberger, as executive Chairman, will continue to be responsible for the day to day running of the Company and its operations. Under the Subscription and Shareholders' Agreement, the Company has undertaken not to carry out certain actions without the consent of both a majority of the Metals Exploration Directors and the consent of the director appointed by RHL (or such director's alternate). Save as provided for in the Approval Authorities Manual, these actions include, amongst others:

- Any change in the issued share capital, including the creation of any options or warrants or of any rights to acquire or to convert into shares or any interest in shares (except to the extent such rights exist at the date of the Subscription and Shareholders' Agreement, or are required to implement the Subscription and Shareholders' Agreement including the issue of shares pursuant to the Option Agreements or are solely between Group Companies).
- The acquisition or disposal of any asset having a value of more than US\$150,000 (other than an intra-Group corporate transaction).
- Entering into any joint venture, partnership, profit sharing arrangement or consolidation involving the Company and/or its business.
- The lease or licensing of any of the assets of the Company of a value of more than US\$150,000.
- The creation or grant of any debenture, guarantee, mortgage, charge or any other security over the whole or any part of the property, assets or undertaking of the Company.

- The creation or grant of any guarantee, indemnity or security in respect of the obligations of any other person.
- The creation of any indebtedness by the Company (other than intra-Group loans) otherwise than in the ordinary course of business, or the creation of any indebtedness above a value of US\$150,000.
- The lending or advancing of money by the Company other than (i) intra-Group loans; or (ii) loans to employees not exceeding US\$20,000 in respect of any one employee.
- The making of any charitable donation other than required by the terms of the mining licences held by any of the Group Companies.
- The entry into contracts or transactions outside of the ordinary course of business.
- The entry into contracts or transactions in the ordinary course of business (i) having a value in excess of US\$150,000 or (ii) otherwise than on an arms' length basis.
- The appointment or engagement of an employee or consultant on terms such that his remuneration (including emoluments) exceeds US\$150,000 per annum and any material variation of the terms of such appointment or engagement.
- The commencement or settlement of any legal or arbitration proceedings other than routine debt collection not exceeding US\$50,000 in respect of any single claim or employment claims not exceeding US\$50,000 in respect of any single claim (exclusive in each case of associated legal and professional costs).
- The proposal of all ordinary and special resolutions.
- Entering into any agreement or arrangement relating to the sale, transfer or other disposal of any asset (including a share or similar interest in a body corporate or unincorporated body) of the Company to any Related Party otherwise than on arm's length terms.
- The declaration or payment of dividends (whether final or interim) or declaration or making of any other distribution to shareholders.
- Removal of any director of the Company appointed by RHL (other than by RHL).
- Any material changes to the nature of the Company's business or its Agreed Strategy.
- The proposal of any resolution or the making of any request for the re-registration of the Company as a private company or the de-listing from AIM.
- Approval of the Approval Authorities Manual or any variation thereto to the extent that the Approval Authorities Manual or any variation would affect any of the undertakings listed above in this paragraph 5.3(e).

All shareholder resolutions of the Company will be proposed as special resolutions for so long as the aggregate holding of the Concert Party is 70 per cent. or more of the issued share capital of the Company. These resolutions include:

- Save for an intra-Group corporate transaction, the sale, transfer or other disposal of any asset (including a share or similar interest in a body corporate or unincorporated body) of the Company to any Related Party otherwise than on arm's length terms;
- Save for an intra-Group corporate transaction, the declaration or payment of dividends or declaration or making of any other distribution to shareholders; and
- Removal of the Director appointed by RHL (other than by RHL).

(f) ***Termination of the Subscription and Shareholders' Agreement***

The Subscription and Shareholders' Agreement has no fixed term but will terminate if:

- (i) the RHL Entities no longer hold, in aggregate, such number of Metals Exploration Shares as is equal to or more than the RHL Percentage; or
- (ii) by way of an arms' length transaction, voting control and all concomitant economic rights of both Solomon Capital and Shelfco 724 shall pass to a person who is not a Solomon Entity and, as a result of that transaction, majority control of, and the concomitant economic rights over, the Company are transferred to the third party purchaser of Solomon and Shelfco; or
- (iii) by way of an arms' length transaction, voting control and all concomitant economic rights of RHL shall pass to a person who is not a RHL Entity and, as a result of that transaction, RHL Entities are unable to exercise the voting rights in respect of the RHL Percentage without the consent of the third party purchaser of RHL; or
- (iv) as a result of arms' length transactions the RHL Entities and the Solomon Entities together hold less than 50 per cent. of the issued share capital of the Company; or
- (v) the mid-market share price of the Company (as shown by the AIM Appendix to the Daily Official List) is in excess of 50p per Share and stays above that price for a continuous period of three months; or
- (vi) as a result of arms' length transactions the aggregate shareholding of the Solomon Entities falls below 39.5 per cent. of the issued share capital of the Company; or
- (vii) the completion of a Realisation; or
- (viii) the appointment of an administrator or liquidator to or of the Company.

If an issue of Metals Exploration Shares pursuant to the exercise of a right conferred by a Warrant or a Metals Exploration Share Option existing at the date of the Subscription and Shareholders' Agreement would cause the termination of the Subscription and Shareholders' Agreement pursuant to sub-paragraphs (i), (iv) or (vi) above, the Subscription and Shareholders' Agreement shall remain in full force and effect and the issue of Metals Exploration Shares pursuant to such exercise will be deemed not to have taken place for the calculating of the relevant percentages.

5.4 ***Convertible Loan Facility***

On 12 November 2010, Metals Exploration and Shelfco 724 entered into a £13 million Loan Facility. Under the terms of the Loan Facility, Shelfco 724 has agreed to make available to the Company, subject to the terms therein, a convertible credit facility for up to £13,000,000. The Loan Facility contains a number of general undertakings and restrictions on the Company which are usual for a facility agreement of this nature.

**6 Directors' service contracts and letters of appointment of the Metals Exploration Directors**

6.1 Details of the Directors service agreements, letters of appointment, and consultancy arrangements under which each of them provide his services are set out below:

- (a) Holzberger Family Trust – Although there is no formal consultancy agreement with the Holzberger Family Trust, under the terms of an arrangement with the Trust it procures the services of Ian Holzberger as executive chairman and project director of the Company. The arrangement will continue, unless terminated by either party on one month's notice. As agreed and customary between the parties, the Holzberger Family Trust receives a consultancy fee of AUS\$2,000 per day for providing the services of Mr. Holzberger, who is required to provide such time as is reasonably necessary for the proper performance of his responsibilities.

- (b) Jonathan Beardsworth – Pursuant to a letter of appointment dated 26 October 2010, Jonathan Beardsworth was appointed as a non-executive director of the Company for an initial term of 6 months commencing on 26 October 2010 unless terminated earlier by either party giving to the other one month's prior written notice. Mr. Beardsworth is paid an annual fee of £20,000 for a time commitment of two days a month on work for the Company.
- (c) Solomon Capital – Although there is no formal consultancy agreement with Solomon Capital, Solomon Capital procures the services of Timothy Dean as a non-executive director of the Company. The arrangement will continue, unless extended or terminated earlier by either party on three months' notice, until 22 January 2012. Under the agreement, Solomon Capital receives a basic gross fee of £24,000 per annum (any additional time above two days per month being paid at a rate determined by the Board).

Save as disclosed above, there are no existing or proposed service contracts or terms of appointment between any of the Metals Exploration Directors and any member of Metals Exploration and no such contract has been entered into or amended within six months preceding the date of this document.

- 6.2 Save as disclosed in this document, there is no contract or arrangement to which the Company or any of its subsidiaries is a party and in which any Director is materially interested and which is significant in relation to the business of the Company and no amount or benefit has been or is intended to be paid or given to any promoter of the Company.

## **7 General**

Westhouse Securities has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

## **8 Documents available for inspection**

Copies of the following documents will be available for inspection at the registered office of the Company and on the website of the Company, [www.metalsexploration.com](http://www.metalsexploration.com), during normal business hours on any weekday (Saturdays and public holidays excepted) until the conclusion of the GM:

- (a) the letter of appointment of the Metals Exploration Director referred to in paragraph 6.1(b) of this Part III;
- (b) the written consent referred to in paragraph 7 of this Part III;
- (c) the material contracts of Metals Exploration referred to in paragraph 5 of this Part III;
- (d) the agreed form Option Agreements
- (e) the proposed new Articles of Association of Metals Exploration; and
- (f) this document and the Form of Proxy.

8 March 2011



## Metals Exploration plc (the “Company”)

(Incorporated in England and Wales with company registration number 05098945)

### NOTICE OF GENERAL MEETING

NOTICE is hereby given that a General Meeting of the Company will be held at 200 Strand, London WC2R 1DJ on 31 March 2011 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

#### **Ordinary Resolution**

- 1 That the Proposals as described in the circular dated 8 March 2011 published by the Company (the “Circular”) be and are hereby approved and that the Directors be authorised to take such steps as they may consider necessary to implement the Proposals.

#### **Special Resolution**

- 2 That, with immediate effect:
  - (a) the Articles of Association of the Company be amended by deleting all the provisions of the Company’s Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are treated as provisions of the Company’s Articles of Association; and
  - (b) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

#### **Ordinary Resolution**

- 3 That the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (“Rights”):
  - (a) up to an aggregate nominal amount of £1,923,077 pursuant to the Placing (as defined in the Circular);
  - (b) up to an aggregate nominal amount of £3,607,334 pursuant to the Option Agreements (as defined in the Circular);
  - (c) up to an aggregate nominal amount of £330,400 in connection with the exercise of the Warrants (as defined in the Circular) and current outstanding options granted pursuant to Metals Exploration Share Scheme (as defined in the Circular);
  - (d) up to an aggregate nominal amount of £38,462 in connection with the conversion of the Loan Notes 2011 (as described in paragraph 5.1 in Part III of the Circular);
  - (e) up to an aggregate nominal amount of £823,057 (being 10 per cent. of the issued share capital of the Company as enlarged by the Placing and assuming the issue of the maximum number of shares pursuant to the Option Agreements) in connection with the Metals Exploration Share Scheme; and

- (f) (other than pursuant to paragraphs (a) to (e) above), up to an aggregate nominal amount of £823,057 (being 10 per cent. of the issued share capital of the Company as enlarged by the Placing and assuming the issue of the maximum number of shares pursuant to the Option Agreements);

provided that this authority shall expire on the date of the next annual general meeting held by the Company following the passing of this resolution save that the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to such offers or agreements as if this authority had not expired; and all unexercised authorities previously granted to the Directors to allot shares and grant Rights be and are hereby revoked.

### ***Special Resolution***

- 4 That, subject to the passing of Resolution 3 set out above, the Directors be empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities, within the meaning of section 560 of that Act, for cash pursuant to the authority conferred by Resolution 3, as if section 561 of that Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - (a) in connection with a rights issue to holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory authority or any stock exchange;
  - (b) up to an aggregate nominal amount of £1,923,077 pursuant to the Placing (as defined in the Circular);
  - (c) up to an aggregate nominal amount of £3,607,334 pursuant to the Option Agreements (as defined in the Circular);
  - (d) up to an aggregate nominal amount of £330,400 in connection with the exercise of the Warrants (as defined in the Circular) and current outstanding options granted pursuant to the Metals Exploration Share Scheme (as defined in the Circular);
  - (e) up to an aggregate nominal amount of £38,462 in connection with the conversion of the Loan Notes 2011 (as described in paragraph 5.1 in Part III of the Circular);
  - (f) up to an aggregate nominal amount of £823,057 (being 10 per cent. of the issued share capital of the Company as enlarged by the Placing and assuming the issue of the maximum number of shares pursuant to the Option Agreements) in connection with the the Metals Exploration Share Scheme; and
  - (g) (other than pursuant to paragraphs (a) to (f) above), up to an aggregate nominal amount of £823,057 (being 10 per cent. of the issued share capital of the Company as enlarged by the Placing and assuming the issue of the maximum number of shares pursuant to the Option Agreements);

and such power shall expire upon the expiry of the authority conferred by Resolution 3 set out above, save that the Directors shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired.

By order of the Board

**J K Sembi**

*Company Secretary*

8 March 2011

**Registered Office:**

200 Strand

London

WC2R 1DJ

**Notes:**

- 1 A member of the Company entitled to attend and vote at the above meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.
- 2 Completion and return of a form of proxy does not preclude a member from attending and voting at the meeting in person should he so wish.
- 3 A form of proxy is enclosed and to be valid must be completed and returned so as to reach the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU (together with a letter or power of attorney or other written authority, if any, under which it is signed or a notarially certified or office copy of such power or written authority) not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- 4 In accordance with regulation 41(1) of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the Company's register of members at 6 p.m. on 29 March 2011 (or in the case of adjournment 48 hours before the time of the adjourned meeting) will be entitled to attend or vote at the meeting.
- 5 In the case of joint holders, the vote of the senior holder who renders a vote, whether in person or by proxy, will be accepted to the exclusion to the vote of the other registered holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
- 6 At the close of business on 7 March 2011, the Company's issued share capital comprised 270,016,344 ordinary shares each of £0.01. Each ordinary share carries the right to one vote at a general meeting. Solomon Capital Limited, Williams de Broë Limited and Graham Edwards have undertaken not to vote the 221,911,506 shares in which they are interested on Resolution number 1. Therefore, the total number of shares eligible to be voted in respect of Resolution number 1 is 48,030,617. Save for Resolution number 1, the total number of shares entitled to vote on the Resolutions is 270,016,344.