

**This document is important and requires your immediate attention. If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own independent financial advice from your stockbroker, solicitor or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.**

**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.**

Copies of this document will be available free of charge, for a period of one month from the date of this document, at the Company's registered office, the address of which is set out on page 12, during normal business hours (Saturdays, Sundays and public holidays excepted) and from the Company's website, [www.metalsexploration.com](http://www.metalsexploration.com), for 12 months from the date of this document.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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.



# **METALS EXPLORATION PLC**

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

## **Approval of waiver of obligations under Rule 9 of the City Code on Takeovers and Mergers**

**and**

## **Notice of Extraordinary General Meeting**

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HansonWesthouse, which is regulated by The Financial Services Authority, is acting on behalf of Metals Exploration plc (acting through the Independent Directors). HansonWesthouse 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 HansonWesthouse or for providing advice in relation to the contents of this document, the Placing or the Waiver.

Your attention is drawn to the letter from the Chairman of Metals Exploration plc which is set out within this document and which contains the unanimous recommendation of the Independent Directors that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting to be held on 28 July 2009 at 11.00 a.m.

Notice of an Extraordinary 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 (Proxy Department), The Registry, 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 24 July 2009, whether or not they propose to be present at the Extraordinary General Meeting. The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the EGM should you wish to do so.

## DEFINITIONS

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

<b>“1985 Act”</b>	the Companies Act 1985 (including any modification or re-enactment thereof) for the time being in force
<b>“2006 Act”</b>	the Companies Act 2006 (including any modification or re-enactment thereof) for the time being in force
<b>“Admission”</b>	admission of the Placing Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
<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>“AUS\$”</b>	means the lawful currency of Australia
<b>“Bankable Feasibility Study” or “BFS”</b>	a comprehensive forward analysis of a project’s economics to be used by financial institutions to assess the credit-worthiness for project financing
<b>“City Code”</b>	The City Code on Takeovers and Mergers
<b>“Company” or “Metals Exploration”</b>	Metals Exploration plc
<b>“Directors”, “Metals Exploration Directors” or “Board”</b>	the directors of the Company as at the date of this document whose names are set out in paragraph 1.2 of Part III of this document
<b>“Disclosure and Transparency Rules”</b>	the Disclosure and Transparency Rules (in accordance with section 73A(3) of the Financial Services and Markets Act 2000 being the rules published by the Financial Services Authority from time to time
<b>“Enlarged Share Capital”</b>	the issued share capital of the Company following the Placing
<b>“Existing Ordinary Shares”</b>	the 215,072,382 Metals Exploration Shares in issue at the date of this document
<b>“Extraordinary General Meeting” or “EGM”</b>	the extraordinary general meeting of the Company to be held on 28 July 2009, or any adjournment thereof
<b>“FCF”</b>	FCF Minerals Corporation, a company incorporated in the Philippines whose principal office is at Unit 21, Legaspi Suites, 178 Salcedo Street, Legaspi Village, Makati City 1200, Metro Manila, Philippines and which is an 85 per cent. owned subsidiary of the Company
<b>“FCF Option”</b>	means the agreement dated 14 November 2005 made between the Company and Christian Mining, Inc. (a company incorporated in the Philippines) upon and subject to the terms and conditions of which Christian Mining, Inc. granted the Company an option to purchase its 15 per cent. shareholding in FCF

<b>“First Admission”</b>	Admission of the First Placing Shares which occurred on 12 May 2009
<b>“First Placing”</b>	the placing of the First Placing Shares pursuant to the Placing Agreement
<b>“First Placing Shares”</b>	the 49,703,866 new Ordinary Shares which were the subject of the First Placing
<b>“Form of Proxy”</b>	the form of proxy for use by Independent Shareholders in connection with the EGM
<b>“HansonWesthouse”</b>	Hanson Westhouse Limited, financial adviser, Rule 3 adviser and broker to the Company
<b>“Independent Directors”</b>	Ian Holzberger, Jonathan Beardsworth, Timothy Wheeler, Gary Powell and Jonathan Pearson
<b>“Independent Shareholders”</b>	holders of Existing Ordinary Shares, excluding Solomon Capital
<b>“JORC”</b>	Joint Ore Reserves Committee
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Metals Exploration Shares”</b> or <b>“Ordinary Shares”</b>	ordinary shares of 1p each in the capital of the Company
<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>“Placing”</b>	the First Placing and the Second Placing
<b>“Placing Agreement”</b>	the agreement dated 7 May 2009 between the Company and HansonWesthouse in relation to the Placing
<b>“Placing Price”</b>	11.5p per Ordinary Share
<b>“Placing Shares”</b>	the 104,347,828 new Ordinary Shares which are the subject of the Placing
<b>“Proposals”</b>	the Second Placing and the Waiver
<b>“Resolution”</b>	the resolution set out in the notice of Extraordinary General Meeting at the end of this document to approve the Waiver
<b>“Runruno Project”</b> or <b>“Runruno”</b>	the Company’s principal project located in the Philippines with a JORC-compliant resource of 2.005 million ounces of gold and 34.4 million pounds of molybdenum
<b>“Second Admission”</b>	Admission of the Second Placing Shares pursuant to the Placing Agreement
<b>“Second Placing”</b>	the placing of the Second Placing Shares pursuant to the Placing Agreement
<b>“Second Placing Shares”</b>	the 54,643,962 new Ordinary Shares which are the subject of the Second Placing
<b>“Shareholder(s)”</b>	holder(s) of Existing Ordinary Shares

<b>“Shelfco 725 Limited”</b>	Shelfco 725 Limited, a company incorporated in Guernsey with company registration number 49006
<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 Capital Directors”</b>	the directors of Solomon Capital as at the date the date of this document whose names are set out at paragraph 1.3 of Part II of this document
<b>“Sterling” or “£”</b>	the lawful currency of the United Kingdom
<b>“Waiver”</b>	the waiver (further details of which are set out in Part I of this document) of the obligations of Solomon Capital to make a general offer under Rule 9 of the City Code which may otherwise arise as a consequence of the issue of the Second Placing Shares to Solomon Capital, granted by the Panel conditional upon the approval of Independent Shareholders voting on a poll
<b>“Warrant Holders”</b>	holders of warrants granted by the Company to subscribe for Ordinary Shares

## 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 (*Chief Executive Officer*)\*  
Timothy Wheeler (*Finance Director*)\*  
Gary Powell (*Executive Director*)\*  
Jonathan Pearson (*Non-Executive Director*)\*  
Timothy Dean (*Non-Executive Director*)  
\**Independent Director*

*Registered Office:*

200 Strand  
London  
WC2R IDJ

6 July 2009

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

Dear Shareholder

#### **Approval of waiver of obligation to make a general offer under Rule 9 of the City Code Notice of Extraordinary General Meeting**

### **1 Introduction**

On 7 May 2009, Metals Exploration announced a conditional placing to raise £12 million, before expenses, through the issue of, in aggregate, 104,347,828 Ordinary Shares at 11.5p per share. Solomon Capital, the Company's largest shareholder, conditionally agreed to subscribe for £8 million in the Placing, which would increase its interest in the Company from 29.9 per cent. to 44.1 per cent.

The purpose of this document is to provide you with further information on the Placing and to seek the approval of the Independent Shareholders to a waiver, which the Panel has agreed to give (subject to such approval), of the obligation that might otherwise arise under Rule 9 of the City Code for Solomon Capital to make a mandatory offer for the Existing Ordinary Shares not already owned by it. The approval of the Resolution to be proposed at the EGM by the Independent Shareholders is required to enable the Second Placing to proceed.

### **2 Background to the Placing**

The Placing is being undertaken in two tranches. The First Placing, which completed on 12 May 2009, raised approximately £5.72 million through the issue of 49,703,866 Ordinary Shares. Solomon Capital subscribed for 14,921,256 Ordinary Shares in the First Placing, which maintained its holding at 29.9 per cent. of the issued share capital of the Company. Subject to the satisfaction of the conditions set out below, the Second Placing will raise approximately £6.28 million and has been subscribed for only by Solomon Capital.

The increase in Solomon Capital's interest, through the Second Placing, to 30 per cent. or more of the issued share capital is subject to the grant of the Waiver and the Resolution being approved by Independent Shareholders voting on a poll.

### **3 Reasons for the Placing**

The purpose of the Placing is to provide funds:

- to complete the ongoing Bankable Feasibility Study at the Runruno Project in the Philippines;
- to fund a drilling programme outside the existing resource boundary with the aim of adding to the existing 2 million ounce gold resource;
- to fund a separate exploration programme and associated drilling to test for copper porphyry potential at Runruno; and
- to provide resources to enable a smooth transition to mine development on completion of the Bankable Feasibility Study.

Of the £12 million conditionally raised in the Placing, the Directors plan that £8 million will be used to fund the completion of the Bankable Feasibility Study, while the step-out drilling and early construction works will be allocated £1.5 million each. The remaining £1 million is being used to provide a contingency for the Bankable Feasibility Study and to pay the expenses of the Placing.

On completion of the Second Placing, the £8 million debt facility provided by Shelfco 725 Limited, a sister company of Solomon Capital, on 9 January 2009, would be terminated.

### **4 Information on Solomon Capital**

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 Part II of this document.

### **5 The Placing**

The Company has conditionally raised £12 million, before expenses, by way of a placing of, in aggregate, 104,347,828 Ordinary Shares at the Placing Price.

Solomon Capital's subscription in the Placing would normally give rise to the requirement under Rule 9 of the City Code to make a general offer for the Existing Ordinary Shares it does not own. The Placing is therefore being undertaken in two stages. Following the First Placing, Solomon Capital holds 64,291,692 Ordinary Shares, representing 29.9 per cent. of the issued share capital of the Company. The Second Placing, which is conditional, *inter alia*, on the grant of the Waiver and the passing of the Resolution at the EGM, comprises the placing of 54,643,962 Placing Shares with Solomon Capital raising approximately £6.28 million and is expected to be completed at 8.00 a.m. on 3 August 2009.

Subject to the Waiver being given and the Resolution being passed, Solomon Capital will make payment for the Second Placing Shares by not later than 15 September 2009. Christian Candy has entered into a personal guarantee with the Company to guarantee the obligations of Solomon Capital in respect of the Second Placing. Further details of the guarantee are set out in paragraph 6.1(e) of Part IV of this document.

Independent Shareholders are therefore being asked to vote on a resolution to approve the waiver granted by the Panel of any obligation on Solomon Capital to make a general offer to all other Shareholders. The Panel has agreed, subject to the Resolution being passed on a poll, to waive this obligation.

### **6 The City Code**

The Placing gives rise to certain considerations under the City Code. Brief details of the Panel, the City Code and the protections they afford to Shareholders are described below.

The Panel is an independent body, established in 1968, whose main functions are to issue and administer the City Code and to supervise and regulate takeovers and other matters to which the City Code applies in accordance with the rules set out in the City Code. The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on

Takeover Bids (2004/25/EC) (the “**Directive**”). Its statutory functions are set out in and under Chapter 1 of Part 28 of the Companies Act 2006.

Under Rule 9 of the City Code (“**Rule 9**”), a person who acquires, whether by a series of transactions over a period of time or not, an interest in shares as defined in the City Code which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, is normally required to make a general offer in cash to all other shareholders of that company to acquire the balance of the shares not held by such a person (or group of persons acting in concert).

In addition, Rule 9 provides that where any person, together with persons acting in concert with him, is interested in shares in a company which is subject to the City Code and which in aggregate carry not less than 30 per cent. but not more than 50 per cent. of that company’s voting rights, and such person, or any person acting in concert with him, acquires further interests in shares, such person is normally required, in the same way, to make a general offer to all shareholders.

An offer under Rule 9 must be in cash and at the highest price paid within the preceding 12 months for any interest in shares in the company by the person required to make the offer or any person acting in concert with him.

Following completion of the Second Placing, Solomon Capital would hold 118,935,654 Ordinary Shares, representing 44.1 per cent. of the Enlarged Share Capital.

Unless the Waiver is approved by the Independent Shareholders by the passing of the Resolution, the issue of the Second Placing Shares to Solomon Capital would give rise to an obligation on Solomon Capital to make a general offer to all Shareholders for the balance of the equity share capital of the Company under Rule 9 of the City Code. If the Waiver is not approved by the Independent Shareholders, the Second Placing will not complete.

**The Panel has agreed, subject to the Resolution being passed on a poll by the Independent Shareholders, to waive the obligation of Solomon Capital to make a general offer under Rule 9 that would otherwise arise as a result of the Second Placing. Accordingly, the approval of the Independent Shareholders voting on a poll is being sought for the Resolution.**

**Neither Solomon Capital nor any person acting in concert with it, has purchased Ordinary Shares, other than in a subscription for new Ordinary Shares, in the 12 months immediately preceding the date of this document. The Waiver will be invalidated if any purchases of Ordinary Shares are made by Solomon Capital, or any person acting in concert with it, in the period between the date of this document and the EGM. Solomon Capital has undertaken to the Company that it will not make any such purchases of Ordinary Shares.**

**Following the Second Placing, Solomon Capital would be interested in 30 per cent. or more of the issued share capital of the Company, but will not hold more than 50 per cent. of the Enlarged Issued Share Capital and any further increase in that aggregate percentage will be subject to the provisions of Rule 9.**

The Waiver is conditional upon the Resolution being approved by Shareholders voting on a poll at the EGM. The Resolution is an ordinary resolution of the Shareholders and is set out in full in the notice of the EGM.

## **7 Extraordinary General Meeting**

You will find at the end of this document a notice of the EGM to be held at the offices of Kerman & Co LLP, 200 Strand, London WC2R 1DJ on 28 July 2009 at 11.00 a.m. At this meeting, the Resolution will be proposed to approve the Waiver.

In accordance with the City Code, Solomon Capital has undertaken not to vote on the Resolution.

## **8 Action to be taken**

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

**Whether or not you propose to attend the EGM in person you are requested to complete the Form of Proxy in accordance with the instructions printed thereon. It is important particularly in view of the fact that the Resolution to be put to the EGM will be determined by a poll, 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 to Capita Registrars, Capita Registrars (Proxy Department), The Registry, 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 24 July 2009, whether or not you propose to be present at the EGM.**

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

## **9 Further Information**

Your attention is drawn to the remainder of this document which contains further information in relation to Metals Exploration and Solomon Capital.

## **10 Recommendation**

Timothy Dean is a director of Solomon Capital, the Company's largest shareholder and sole participant in the Second Placing, and is therefore not participating in the recommendation to the Independent Shareholders in respect of voting at the EGM.

**The Independent Directors, who have been so advised by HansonWesthouse, consider that the Proposals are fair and reasonable and in the best interests of Shareholders and the Company. Consequently, the Independent Directors recommend that Independent Shareholders vote in favour of the Resolution as they intend so to do in respect of their own holdings of, in aggregate 3,360,000 Metals Exploration Shares, which represent 2.23 per cent. of the Existing Ordinary Shares held by Independent Shareholders. In providing advice to the Independent Directors, HansonWesthouse has taken into account the Independent Directors' commercial assessments.**

Voting on the Resolution will be by means of a poll of Independent Shareholders and Solomon Capital has undertaken not to vote on the Resolution.

Yours faithfully

**Ian Holzberger**  
*Executive Chairman*



## **PART II**

### **Information on Solomon Capital and Christian Candy**

#### **1 SOLOMON CAPITAL**

##### **1.1 Background on Solomon Capital**

Solomon Capital, which was incorporated in December 2008 to hold an equity interest in Metals Exploration, is wholly owned by Christian Candy.

In a placing by the Company completed on 14 January 2009, Solomon Capital subscribed for 49,370,436 Ordinary Shares at a price of 7p per share, representing 29.9 per cent. of the then enlarged issued share capital. On 12 May 2009, Solomon Capital subscribed for a further 14,921,256 Ordinary Shares in the First Placing, which maintained its shareholding at 29.9 per cent. of the current issued share capital of the Company.

As at 6 July 2009 the only assets held by Solomon Capital are the 64,291,692 Ordinary Shares subscribed for in placings by the Company. Funding for the subscriptions has been provided through loans from Christian Candy.

##### **1.2 Directors**

The directors of Solomon Capital are:

Timothy James Dean  
Simon Graham  
Richard Steven Williams

##### **1.3 Incorporation and registered office**

Solomon Capital was incorporated on 22 December 2008 with registered number 49841. The registered office of Solomon Capital is at PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey GY1 3HB.

##### **1.4 Share Capital**

The current authorised share capital of Solomon Capital 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.

##### **1.5 Financial and trading prospects**

Christian Candy intends that Solomon Capital will continue to focus solely on investment in Metals Exploration. As set out below under “Intentions of Solomon Capital”, Christian Candy believes that the development of a mine at Runruno has the potential to generate substantial value for all Shareholders, including Solomon Capital.

##### **1.6 Intentions of Solomon Capital**

Solomon Capital has confirmed that, following completion of the Proposals, it intends that the business of Metals Exploration will continue in substantially the same form as it does currently, including in respect of the continued employment of the existing staff and the locations of Metals Exploration’s business. Solomon Capital has also confirmed that it does not currently intend to seek any changes to the Board following the completion of the Proposals. However, in the event that Solomon Capital believes that the Board requires strengthening, Solomon Capital will make appropriate recommendations to the Board as necessary.

Solomon Capital has also confirmed that the existing employment rights, including pension rights (where relevant), of all employees of the Company will be maintained following completion of the Proposals. Solomon Capital has further confirmed that it has no intention to implement any redeployment of the fixed assets of Metals Exploration.

The funds raised through the Placing will be primarily applied to the completion of the BFS on Runruno. On, and subject to, satisfactory completion of the BFS, the Company will seek to raise the necessary finance to build a mine at Runruno. Christian Candy believes that the development of Runruno has the potential to generate significant value for Shareholders and intends to assist the Company where possible in arranging the finance required.

### **1.7 Financing**

Solomon Capital has confirmed that it will finance its subscription in the Second Placing from existing cash resources of itself and Christian Candy.

Neither the payment of interest on, nor the repayment of, nor the security for, any liability (contingent or otherwise) of Solomon Capital or Christian Candy will depend on the business of Metals Exploration.

### **1.8 Financial information on Solomon Capital**

Solomon Capital's accounting reference date is 30 June and its first accounts will be prepared for the year ending 30 June 2009. Further information on the assets and financing of Solomon Capital is set out under "Background on Solomon Capital" above.

## **2 INFORMATION ON CHRISTIAN CANDY**

### **2.1 Background on Christian Candy**

Christian Candy graduated from Kings College, London, in 1996 with a degree in Business Management. From there he went to work in commodity trading and corporate finance. In the late 1990s Christian and his brother Nick jointly bought a property in London decorated it with their own style and sold it. It was at this point that they recognised there was a niche in the top end of the market to supply properties that go beyond the typical luxury home. Candy & Candy has since become one of London's leading design and development managers.

Christian founded Guernsey based, CPC Group, a property development business, in 2003. CPC Group specialises in purchasing trophy properties around the world and developing them with outstanding design and architecture through Candy & Candy. As the joint founder and CEO of Candy & Candy, Christian remains actively involved in both companies' growth strategies.

## 2.2 Further information on Christian Candy

Details of any directorships and partnerships currently held by Christian Candy and held in the five years preceding the date of this document are set out below:

### *Current directorships and partnerships*

Candy & Candy Aviation Limited (UK)  
Candy & Candy Holdings Limited (UK)  
Candy & Candy Limited (UK)  
CC1 Group Limited  
GA.011 The Knightsbridge Limited  
Project Lateral (Guernsey) Limited  
Project Lotus LLC  
Project Lotus Manager LLC  
Shelfco 725 Limited  
The CPC Grande & Lateral Limited Partnership  
The Project Grande General Partnership  
The Project Lateral General Partnership

### *Previous directorships and partnerships*

Bradil Investors Limited  
Byblos Holdings Limited  
Cambulo Kensington Palace Developments Limited  
Cambulo Kensington Park Developments Limited  
Cambulo Property Holdings Limited  
Celestial Assets Limited  
CPC Group Limited  
CPC No. 2 Limited  
CPC No. 3 Limited  
CPC No. 4 Limited  
CPC No. 5 Limited  
CPC No. 6 Limited  
CPC No. 7 Limited  
CPC No. 8 Limited  
CPC No. 9 Limited  
CPC No. 11 Limited  
CPC No. 12 Limited  
CPC No. 13 Limited  
CPC No. 14 Limited  
Kings Fern Limited  
Le Park Palace (BVI) Limited  
Maelstrom Investments Limited  
Nectar Holdings Inc.  
OHP 73 Limited  
OHP 74 Limited  
Pomeranian Holdings Limited  
Project Grande (Guernsey) Holdings Limited  
Project Lateral Management (Guernsey) Limited  
The Knightsbridge 6.09 Limited  
Wimple Trading Limited

As at the date of this document Christian Candy confirms that he:

- (a) has no unspent convictions in relation to indictable offences;
- (b) has not been declared bankrupt or entered into an individual voluntary arrangement;
- (c) was not a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
- (d) was not a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
- (e) has not had his assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
- (f) has not been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

Mr. Candy also confirms that he knows of no potential conflict of interest between the Company and him or any of his private interests.

## **PART III**

### **Financial and Other Information on Metals Exploration**

#### **1 Background on Metals Exploration**

Metals Exploration is a natural resources exploration and development company with mineral resource assets in the Pacific Rim region. The Company's principal asset is the Runruno Project in the Philippines.

##### **1.1 Nature of business**

Metals Exploration's primary objective is to discover and develop high value mineral resources within the Pacific Rim region with particular emphasis on the Philippines. The Company is focused on increasing shareholder value through the acquisition, development of, and production from, mineral resources assets, particularly gold and molybdenum.

The Company has a strategy of reviewing opportunities as they arise with the aim of expanding and adding to its existing projects and resource base.

##### **1.2 Directors**

Ian Raymond Holzberger (*Executive Chairman*)

Jonathan Paul Bingham Beardsworth (*Chief Executive Officer*)

Timothy George Wheeler (*Finance Director*)

Gary Raymond Powell (*Executive Director*)

Jonathan Michael Kuvay Pearson (*Non-Executive Director*)

Timothy James Dean (*Non-Executive Director*)

The principal place of business of Metals Exploration is University House, 11-13 Lower Grosvenor Place, London SW1W 0EX and its registered office address is 200 Strand, London WC2R 1DJ.

##### **1.3 Financial and trading prospects**

Following the completion of the Second Placing the Company will have the necessary resources to complete the Bankable Feasibility Study on the Runruno Project. The completed BFS will be used by financial institutions to assess the credit-worthiness of the project for financing purposes. As the project progresses to the construction stage and into production, the Company aims to provide Shareholders with high capital growth potential, delivered by the development of a mineral project into a fully operational mine.

##### **1.4 Financial Information on Metals Exploration**

Nature of financial information

The financial information in this Part III has been extracted from the statutory accounts of the Group for the 3 month period ended 31 December 2008 and the three years ended 30 September 2008. The auditors reported on those accounts; their reports were unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 or, Section 237 (2) or Section 237 (3) of the Companies Act 1985.

## CONSOLIDATED INCOME STATEMENT

For the three years ended 30 September 2008 and three months ended 31 December 2008

	<i>Three months ended 31 December 2008</i>	<i>Year ended 30 September</i>		
	<i>2008</i>	<i>2008</i>	<i>2007 Restated</i>	<i>2006 Restated</i>
	£	£	£	£
<b>Continuing Operations</b>				
Revenue	–	–	–	–
Cost of sales	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Gross loss</b>	–	–	–	–
Administrative expenses	(500,892)	(3,259,863)	(2,092,014)	(2,588,059)
<b>Analysed as follows:</b>				
Foreign exchange gains/(losses)	173,973	153	(10,927)	N/A
Other administrative expenses	(674,865)	(3,260,016)	(2,081,087)	N/A
	<u>(500,892)</u>	<u>(3,259,863)</u>	<u>(2,092,014)</u>	<u>(2,588,059)</u>
	<u>(500,892)</u>	<u>(3,259,863)</u>	<u>(2,092,014)</u>	<u>(2,588,059)</u>
<b>Operating loss</b>	(500,892)	(3,259,863)	(2,092,014)	(2,588,059)
Finance income	6,695	106,978	178,898	30,875
Finance costs	(27,791)	(285,868)	(284,305)	(478)
	<u>(521,988)</u>	<u>(3,438,753)</u>	<u>(2,197,421)</u>	<u>(2,557,662)</u>
<b>Loss before taxation</b>	(521,988)	(3,438,753)	(2,197,421)	(2,557,662)
Taxation	–	–	–	–
	<u>(521,988)</u>	<u>(3,438,753)</u>	<u>(2,197,421)</u>	<u>(2,557,662)</u>
<b>Loss for the period</b>	(521,988)	(3,438,753)	(2,197,421)	(2,557,662)
<b>Attributable to:</b>				
Equity holders of the parent	(490,594)	(3,516,433)	(2,192,055)	(2,561,226)
Minority interest	(31,394)	77,680	(5,366)	3,564
	<u>(521,988)</u>	<u>(3,438,753)</u>	<u>(2,197,421)</u>	<u>(2,557,662)</u>
<b>Loss per share:</b>				
Basic and diluted	(0.44)p	(3.55)p	(2.81)p	(5.01)p
	<u>(0.44)p</u>	<u>(3.55)p</u>	<u>(2.81)p</u>	<u>(5.01)p</u>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2008 and 30 September 2008

	<i>31 December</i> 2008 £	<i>30 September</i> 2008 £
<b>Non-current assets</b>		
Property, plant and equipment	1,341,807	965,575
Goodwill	1,010,816	1,010,816
Other intangible assets	11,608,254	8,958,889
Investments designated at fair value through profit and loss	201,219	183,464
Trade and other receivables	356,230	275,113
	<u>14,518,326</u>	<u>11,393,857</u>
<b>Current assets</b>		
Trade and other receivables	340,328	267,843
Cash and cash equivalents	731,313	1,955,210
	<u>1,071,641</u>	<u>2,223,053</u>
<b>Current liabilities</b>		
Trade and other payables	(308,795)	(432,551)
	<u>(308,795)</u>	<u>(432,551)</u>
<b>Non-current liabilities</b>		
Long-term borrowings	(2,000,000)	(2,000,000)
	<u>(2,000,000)</u>	<u>(2,000,000)</u>
<b>Net assets</b>	<u>13,281,172</u>	<u>11,184,359</u>
<b>Equity</b>		
Share capital	1,122,838	1,122,838
Share premium account	15,503,969	15,503,969
Shares to be issued reserve	2,287,969	2,275,025
Translation reserve	2,748,026	588,027
Profit and loss account	(8,930,094)	(8,439,500)
Equity attributable to equity holders of the parent	<u>12,732,708</u>	<u>11,050,359</u>
Minority interest	548,464	134,000
	<u>13,281,172</u>	<u>11,184,359</u>

## CONSOLIDATED CASH FLOW STATEMENT

For the three months ended 31 December 2008 and year ended 30 September 2008

	<i>Three months ended</i> <i>31 December</i> 2008 £	<i>Year ended</i> <i>30 September</i> 2008 £
<b>Net cash used in operating activities</b>	(825,447)	(3,191,647)
<b>Investing activities</b>		
Purchase of intangible assets	(506,778)	(2,179,646)
Purchase of property, plant and equipment	(228,686)	(868,671)
<b>Net cash used in investing activities</b>	<u>(735,464)</u>	<u>(3,048,317)</u>
<b>Financing activities</b>		
Proceeds from issue of share capital	–	3,838,506
<b>Net cash from financing activities</b>	<u>–</u>	<u>3,838,506</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,560,911)	(2,401,458)
Cash and cash equivalents at beginning of year	1,955,210	3,934,510
Foreign exchange difference	337,014	422,158
<b>Cash and cash equivalents at end of year</b>	<u>731,313</u>	<u>1,955,210</u>

# NOTES TO THE FINANCIAL INFORMATION

## 1 Accounting Policies

### *Basis of preparation*

The financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements have been prepared in accordance with IFRS as adopted by the European Union applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

### *Basis of consolidation*

The Group financial statements incorporate the financial statements of the Company and its subsidiary undertakings for the 3 month period ended 31 December 2008. A subsidiary is an entity controlled, directly or indirectly, by the Group. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiary companies have been included in the Group’s financial statements from the date of acquisition when control was passed to the Group using the purchase method of accounting. The Group financial statements include the results of the Company and its subsidiaries as if they were a single reporting entity. On consolidation, intra-Group transactions and balances are eliminated.

Minority interest representing the net assets held by the Group but attributable to minority shareholders are presented separately in the income statement and within equity in the consolidated balance sheet.

### *Business combinations and goodwill*

On acquisition, the assets, liabilities and contingent liabilities of the Company’s subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Goodwill arising on consolidation is recognised as an asset in the consolidated balance sheet and tested annually for impairment and any impairment is accounted for as a reduction in the value of the asset.

### *Foreign currency*

The individual financial statements of the Company and its subsidiaries are presented in their functional currencies which are the currencies of the primary economic environments in which the entities operate. The Group financial statements are presented in pounds sterling which is the presentation currency for the Group and Company financial statements.

Transactions in currencies different to the entity’s functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange gains and losses on the settlement of monetary items are recognised in the income statement.

On consolidation, the assets and liabilities of foreign subsidiaries are translated to pounds sterling at the rates prevailing at the balance sheet date. Income and expenses are translated at the average exchange rates for the period. Exchange differences are recognised within equity in the consolidated balance sheet.

### *Taxation*

Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are

accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset, when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority, on either the same taxable Group Company or different Group entities, which intend to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

### ***Share Based Payments***

The Company enters into equity-settled share based payment transactions with its employees including Directors and some associates in which the counterparty provides services to the Company in exchange for remuneration in the form of certain equity instruments of the Company. The equity instruments comprise warrants and share options.

The services received by the Company in a share based payment transaction are measured by reference to the fair value of the equity instruments at the date of grant and are recognised as an expense in the income statement with a corresponding increase in equity.

The Company estimates the fair value of the equity instruments at the grant date using the Black Scholes model in which the terms and conditions upon which those equity instruments were granted are taken into account.

For equity instruments granted that do not vest until the counterparty completes a specified period of service, the expense is recognised as the services are being rendered by the counterparty during the vesting period. The expense recognised is based on the best available estimate of the number of equity instruments expected to vest and on the vesting date, the expense is revised to reflect the actual number of equity instruments that vested.

For equity instruments granted that vest immediately and the counterparty is unconditionally entitled to the equity instruments, the expense is recognised in full on the grant date.

### ***Exploration costs***

Costs relating to the exploration of precious and base metal properties are capitalised as intangible assets in the balance sheet once the Group has obtained the legal right to explore an area.

Capitalised exploration costs will be amortised once technical feasibility and commercial viability of extracting a mineral resource are demonstrable. The capitalised exploration costs are tested for impairment annually.

### ***Intangible assets***

Intangible assets acquired separately are initially recognised at cost. Intangible assets acquired as part of a business combination are measured at their fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Computer software is amortised over its expected useful life of 3 years using the straight-line method. Licences acquired to support mining operations will be amortised over the expected useful life of the mining operation when development is complete and mining commences. Intangible assets are tested annually for impairment.



### ***Property, plant and equipment***

Property, plant and equipment are initially recognised at cost plus directly attributable costs and are subsequently carried at cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated over their expected useful lives, using the straight-line method.

The classes of depreciable assets, their expected useful lives and their depreciation methods are:

Buildings	10 years, Straight line
Drilling equipment	5 years, Straight line
Leasehold improvements	5 years, Straight line
Motor vehicles	5 years, Straight line
Fixtures, fittings and equipment	3 years, Straight line

Land is not a depreciable asset.

### ***Investments***

Investments in subsidiaries are recognised at cost less any impairment losses.

### ***Financial instruments***

Financial instruments are recognised as assets, liabilities or within equity in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets of the Group comprise cash and cash equivalents, other receivables and an investment in shares in a quoted company. The Group's financial liabilities comprise trade and other payables and long-term borrowings.

Cash and cash equivalents include cash in hand and short-term bank deposits with a maturity of one week or less. Other receivables are measured at fair value.

Investment in shares in a quoted company is classified as held-for-trading and is initially measured at fair value, which equates to cost excluding transaction costs. At subsequent balance sheet dates, assets held-for-trading are re-measured to fair value and any gains or losses arising from changes in fair value are recognised in the income statement.

Trade and other payables and long-term borrowings are initially measured at fair value and subsequently measured at amortised cost. Fair value usually equates to the proceeds received. Finance costs are accrued for in the income statement to the extent that they are unpaid.

## **2 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### ***Intangible assets***

In determining whether the carrying values of goodwill and other intangible assets are recoverable, the carrying values are compared to the estimated current value of the Group's projects mainly based on the current resource estimate and expected commodity prices.

### ***Share based payments***

In determining the fair value of equity-settled share based payment transactions, the Group estimates the number of equity instruments expected to vest. The fair value is determined by the Black Scholes model which is dependent on further estimates.

### 3 Prior year adjustment

The figures for the year ended 30 September 2007 have been restated to recognise exploration costs as intangible assets in the balance sheet that had previously been expensed in the income statement but which should have been capitalised. As a result, administrative expenses in the income statement decreased and intangible assets in the balance sheet increased by £348,270. The effect on the basic loss per share was a decrease from 3.26 pence to 2.81 pence.

The adjustment relates to costs incurred in the year ended 30 September 2007 and has no impact on the figures for the years ended 30 September 2006 and 30 September 2008.

The year ended 30 September 2006 figures have been restated to comply with the provisions of IFRS 2 Share Based Payments to recognise the expense, measured at fair value, in respect of share based payments made by the Company. The calculation of the fair value of employee share options and warrants has resulted in the loss increasing by £1,432,448.

### 4 Loss per share

	<i>Three months ended 31 December 2008</i>	<i>Year ended 30 September</i>		
		<i>2008</i>	<i>2007 Restated</i>	<i>2006 Restated</i>
	£	£	£	£
Loss				
Net loss attributable to equity shareholders for the purpose of basic and diluted loss per share	<u>(490,594)</u>	<u>(3,516,433)</u>	<u>(2,192,055)</u>	<u>(2,561,226)</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>112,283,795</u>	<u>99,076,462</u>	<u>77,872,958</u>	<u>50,970,424</u>
Basic and diluted loss per share	<u>(0.44)p</u>	<u>(3.60)p</u>	<u>(2.81)p</u>	<u>(5.02)p</u>

The loss per share was calculated on the basis of net loss attributable to equity shareholders divided by the weighted average number of ordinary shares. The basic and diluted loss per share is the same, as the exercise of share options and warrants would reduce the loss per share and therefore, is anti-dilutive.

Number of potential ordinary shares that are not currently dilutive	<u>26,996,154</u>	<u>24,494,696</u>	<u>19,866,811</u>	<u>N/A</u>
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### 5 Called up share capital

	<i>31 December 2008</i>	<i>30 September 2008</i>	<i>30 September 2007</i>
	£	£	£
<b>Authorised</b>			
250,000,000 ordinary shares of 1p each (as at 30 September 2008: 250,000,000)	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
<b>Allotted, called up and fully paid</b>			
112,283,795 ordinary shares of 1p each (as at 30 September 2008: 112,283,795)	<u>1,122,838</u>	<u>1,122,838</u>	<u>913,738</u>

During the year ended 30 September 2008, the Company issued the following ordinary shares of 1p each:

On 22 October 2007, 200,000 shares at a price of 8p per share realising £16,000 as a result of an exercise of warrants

On 5 February 2008, 200,000 shares at a price of 11.5p per share as deferred consideration for a 70% holding in FCF Mining Corporation, under an agreement entered into in February 2005

On 16 May 2008, 20,210,000 shares at a price of 20p per share realising £4,042,000 as a result of a share placing

On 19 August 2008, 100,000 shares at a price of 8p per share realising £8,000 as a result of an exercise of warrants

On 15 September 2008, 200,000 shares at a price of 8p per share realising £16,000 as a result of an exercise of warrants

## **6 Post balance sheet events**

On 14 January 2009, the Company issued 52,834,721 ordinary shares of 1p each at a price of 7p per share realising £3,698,430 in a share placing. The Company also agreed terms for an £8 million debt facility available for drawdown in tranches conditional on development milestones being met. T J Dean was appointed as Non-Executive Director.

On 23 January 2009, the Company issued 250,000 warrants to subscribe for ordinary shares of 1p each to J M K Pearson at a price of 20p per share which can be exercised immediately and expire on 30 June 2013.

On 12 May 2009, the Company issued 49,703,866 ordinary shares of 1p each at a price of 11.5p per share realising £5,715,945 in a share placing. A further 54,643,962 ordinary shares of 1p each at a price of 11.5p per share will be issued by 1 September 2009 if certain conditions are met. Following this share issue, the £8m debt facility arranged on 9 January 2009 will be terminated.

On 5 June 2009, the Company issued 50,000 ordinary shares of 1p each at a price of 12p per share following the receipt of a notice of exercise of options in the Company.

## PART IV

### Additional Information

#### 1 Responsibility

- 1.1 The Directors of Metals Exploration, whose names are set out on page 12 of this document, accept responsibility for the information contained in this document other than that relating to Solomon Capital and Christian Candy. To the best of the knowledge and belief of the Directors of Metals Exploration, who have taken all reasonable care to ensure that such is the case, the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The directors of Solomon Capital, whose names are set out on page 9 of this document accept responsibility for the information contained in this document relating to Solomon Capital. To the best of the knowledge and belief of the directors of Solomon Capital, who have taken all reasonable care to ensure that such is the case, the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 Christian Candy accepts responsibility for the information contained in this document relating to himself. To the best of his knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2 Market quotations

- 2.1 The following table shows the middle market quotations for an Ordinary Share (as derived from the London Stock Exchange Daily Official List) on the first dealing day in each of the six months immediately before the posting of this document and on 2 July 2009 (being the last business day prior to the date of this document):

<i>Date</i>	<i>Price per Ordinary Share</i>
2 July 2009	13.50p
1 July 2009	13.75p
1 June 2009	14.00p
1 May 2009	13.25p
1 April 2009	11.50p
2 March 2009	8.63p
2 February 2009	9.63p

#### 3 Shareholdings and dealings

##### 3.1 For the purposes of this Part IV

- “acting in concert” means any person acting or deemed to be acting in concert for the purpose of the City Code;
- “arrangement” includes any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities of Metals Exploration which may be an inducement to deal or refrain from dealing;
- “associate” is to
- (A) any parent companies, subsidiaries, fellow subsidiaries and associated companies of a company or companies of which

such companies are associated (“relevant associates”). For this purpose, ownership or control of 20 per cent. or more of the equity share capital of company is regarded as the test of associated company status;

- (B) connected advisers to Metals Exploration or (as the case may be) Solomon Capital and persons controlling, controlled by or under the same control as any such connected advisers;
- (C) Directors or Solomon Capital Directors or any relevant associate (together, in each case, with their close relatives and related trusts); and
- (D) the pension funds of Metals Exploration, Solomon Capital or any relevant associate.

**“connected adviser”**

means, in relation to any person, the organisation which is advising that person in relation to the Proposals including, but not limited to banks, financial and other professional advisers (including stockbrokers) and, if that person is Metals Exploration or Solomon Capital, the corporate broker to that person (other than any corporate broker which is unable to act in connection with the Proposals because of a conflict of interest);

**“connected person”**

has the meaning given in section 252 of the 2006 Act;

**“control”**

means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control;

**“dealing” or “dealt”**

includes the following:

- the acquisition or disposal of securities, or the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attaching to securities, or of general control of securities;
- the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
- subscribing or agreeing to subscribe for securities;
- the exercise of conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
- the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
- entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
- any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;

**“derivative”**

includes any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security;

<b>“Disclosure Period”</b>	means the period commencing on 7 May 2008 (the date twelve months prior to the announcement of the Proposals) and ending on 2 July 2009 (being the latest practicable date prior to the date of this document);
<b>“exempt principal trader”</b> or <b>“exempt fund manager”</b> a person has an <b>“interest”</b> or is treated as <b>“interested”</b>	<p>is to such term as defined in the City Code;</p> <p>in securities if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as “interested” in securities if:</p> <ul style="list-style-type: none"> <li>• he owns them;</li> <li>• he has a right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;</li> <li>• by virtue of any agreement to purchase, option or derivative, he: <ul style="list-style-type: none"> <li>◦ has the right or option to acquire them or call for their delivery; or</li> <li>◦ is under an obligation to take delivery of them,</li> </ul> <p>whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or</p> </li> <li>• he is party to any derivative whose value is determined by reference to their price, and which results, or may result in his having a long position in them.</li> </ul>
<b>“pension fund”</b>	of Metals Exploration or Solomon Capital or of a company which is a relevant associate does not include any such pension funds which are managed under an agreement or arrangement with an independent third party in the terms set out in Note 7 of the definition of “acting in concert” in the City Code;
<b>“relevant securities of Metals Exploration”</b>	means Ordinary Shares and securities convertible into, rights to subscribe for, options (including traded options) in respect of, and derivatives referenced to, any of the foregoing;
<b>“relevant securities of Solomon Capital”</b>	means shares in Solomon Capital and securities convertible into, rights to subscribe for, options (including traded options) in respect of, and derivatives referenced to, any of the foregoing;
<b>“short position”</b>	means any short position (whether conditional or absolute and whether in the money or otherwise) any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

### 3.2 Shareholdings and dealings in relevant securities of Solomon Capital

Save as disclosed in this document, as at 2 July 2009 (being the latest practicable date prior to the publication of this document), neither Metals Exploration nor any of the Metals Exploration Directors, nor any member of their immediate families or related trusts was interested in any relevant securities of Solomon Capital, had any right to subscribe, or had any short position in relation to the relevant securities of Solomon Capital (whether conditional or absolute and whether in the money or otherwise), including any short position under

a derivative, any agreement to sell or any delivery obligations or right to require another person to purchase or take delivery nor has any such person dealt therein during the Disclosure Period.

### 3.3 Shareholdings and dealings in Metals Exploration Shares

- (a) As at the close of business on 2 July 2009 (being the latest practicable date prior to the publication of this document), Solomon Capital was interested in 64,291,692 Ordinary Shares in Metals Exploration.

Dealings in Ordinary Shares by Solomon Capital during the Disclosure Period were as follows:

On 14 January 2009, Solomon Capital subscribed for 49,370,436 Ordinary Shares at 7p share.

On 12 May 2009, Solomon Capital subscribed for 14,921,256 Ordinary Shares in the First Placing at 11.5p per share.

- (b) As at the close of business on 2 July 2009 (being the last practicable date prior to the publication of this document), the interests of the Metals Exploration Directors and their immediate families, related trusts and connected persons, all of which are beneficial unless otherwise stated, in Metals Exploration Shares which have been notified to Metals Exploration pursuant to Chapter 3 of the Disclosure and Transparency Rules were as follows:

<i>Name</i>	<i>Number of Metals Exploration Shares</i>
Ian Holzberger	305,000
Jonathan Beardsworth	750,000
Timothy Wheeler	1,000,000
Gary Powell	1,050,000
Jonathan Pearson	255,000
Timothy Dean	–

- (c) As at 2 July 2009, warrants and options over Metals Exploration Shares which have been granted to Metals Exploration Directors and remain unexercised, are as follows:

<i>Name</i>	<i>Date of grant</i>	<i>Number of warrants</i>	<i>Exercise price</i>	<i>Earliest vesting date or rate per month</i>	<i>Expiry date</i>
Ian Holzberger	8 July 2008	1,000,000	20p	8 July 2008	30 June 2013
	8 July 2008	1,000,000	40p	On completion of the Runruno feasibility study	30 June 2013
Jonathan Beardsworth	30 April 2007	1,000,000	26.25p	29 April 2008	29 April 2014
	30 April 2007	1,000,000	39.375p	29 April 2009	29 April 2014
	30 April 2007	500,000	52.5p	29 April 2010	29 April 2014
Tim Wheeler	8 July 2008	1,000,000	20p	40,000 per month to 31 July 2010	30 June 2013
Gary Powell	3 November 2005	1,000,000	12p	3 November 2005	2 November 2012
	3 November 2005	500,000	40p	3 November 2005	2 November 2012
Jonathan Pearson	23 January 2009	250,000	20p	23 January 2009	30 June 2013

Share options held by Directors:

<i>Name</i>	<i>Date of grant</i>	<i>Number of share options</i>	<i>Exercise price</i>	<i>Earliest vesting date or rate per month</i>	<i>Expiry date</i>
Jonathan Beardsworth	30 April 2007	2,000,000	26.25p	29 April 2010	29 April 2017

- (d) As at the close of business on 2 July 2009 (being the latest practicable date prior to the publication of this document), HansonWesthouse held 122,106 Ordinary Shares.

Dealings in Ordinary Shares by HansonWesthouse during the Disclosure Period were as follows:

On 12 May 2009, HansonWesthouse subscribed for 122,106 Ordinary Shares in the First Placing at 11.5p per share.

- (e) As at the close of business on 2 July 2009 (being the latest practicable date prior to the publication of this document), the Metals Exploration Directors were interested in 3,360,000 Ordinary Shares in Metals Exploration.

Save as disclosed in above paragraph 3.3 (c), dealings in Ordinary Shares by the Directors during the Disclosure Period were as follows:

On 14 January 2009, certain directors of the Company subscribed for Ordinary Shares at 7p per share as follows:

<i>Name</i>	<i>Number of Metals Exploration Shares</i>
Ian Holzberger	200,000
Jonathan Beardsworth	350,000
Timothy Wheeler	1,000,000
Jonathan Pearson	200,000

- (f) Save as disclosed in this document, as at 2 July 2009 (being the latest practicable date prior to the publication of this document), neither Metals Exploration nor any of the Metals Exploration Directors, nor any member of their immediate families or related trusts was interested in or held any right to subscribe in any relevant securities of Metals Exploration or had any short position in relation to the relevant securities of Metals Exploration (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to purchase or take delivery nor has any such person dealt therein during the Disclosure Period.
- (g) As at 2 July 2009 (being the latest practicable date prior to the publication of this document), no company which is an associate of Metals Exploration (by virtue of paragraph (A) in the definition of associate above) has an interest in or a right to subscribe for any relevant securities of Metals Exploration (whether conditional or absolute and whether in the money or otherwise), or had any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor has any such associate borrowed, lent, dealt in any relevant securities of Metals Exploration during the Disclosure Period.
- (h) Save as disclosed in this document, as at 2 July 2009 (being the latest practicable date prior to the publication of this document), no connected adviser to Metals Exploration or to any company which is an associate of Metals Exploration (by virtue of paragraph (A) in the definition of associate above) or to a person acting in concert with the Metals Exploration Directors, nor any persons controlling, controlled by, or under the same control as such connected adviser (excluding exempt principal traders or exempt fund managers), nor any member of the wider Metals Exploration Group, nor any pension fund of Metals Exploration or of any company which is an associate of Metals Exploration (by virtue of paragraph (A) in the definition of associate above), nor any person whose investments are managed on a discretionary basis by a fund manager (other than an exempt fund manager) connected to Metals Exploration nor any employee benefit trust of Metals Exploration or any company which is an associate of Metals Exploration (by virtue of paragraph (A) in the definition of associate above), owned or controlled or had an interest in or right to subscribe for any relevant securities of Metals Exploration or had any short position in relation to the relevant securities of Metals Exploration (whether conditional absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to purchase or take delivery, nor has any such person borrowed, lent or dealt therein during the Disclosure Period.
- (i) As at 2 July 2009, neither Metals Exploration, nor the Metals Exploration Directors nor any person acting in concert with the Metals Exploration Directors had borrowed or lent any relevant securities in Metals Exploration.



- (j) As at 2 July 2009, neither Solomon Capital nor any person acting in concert with them had borrowed or lent any relevant securities in Metals Exploration.
- (k) Save as disclosed in this document, neither Solomon Capital, nor the Solomon Capital Directors, nor any member of their immediate families, nor, so far as the Solomon Capital Directors are aware (having made due and careful enquiry), any connected person (within the meaning of section 252 of the 2006 Act), nor any person deemed to be acting in concert with Solomon Capital, nor any person with whom Solomon Capital, or any person acting in concert with Solomon Capital, owns or controls or in the case of the Solomon Capital Directors, members of their immediate families, related trusts and connected persons, is interested, directly or indirectly, in, or has the right to subscribe for, any relevant securities in Metals Exploration, or has any short position in relation to relevant securities in Metals Exploration (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery nor has any such person dealt therein during the Disclosure Period.

#### 3.4 **Save as disclosed in this document:**

- (a) no Director or any person acting in concert with a Director is interested in any relevant securities of the Company or has dealt in any such securities during the period from 7 May 2008 until the date of this document;
- (b) Solomon Capital is not, nor any person acting in concert with it, interested in any relevant securities of the Company and have not dealt in any such securities during the period from 7 May 2008 until the date of this document;
- (c) HansonWesthouse is not interested in any relevant securities of the Company and has not dealt, other than as an exempt market-maker, in any such securities during the period from 7 May 2008 until the date of this document; and

neither:

- (i) any subsidiary of the Company, nor any pension fund of the Company nor any of its subsidiaries, nor any bank, stockbroker or other financial or professional adviser of the Company (other than an exempt market-maker), including any person controlling, controlled by or under the same control as any such bank, stockbroker or financial or other professional adviser; nor
- (ii) any discretionary fund manager (other than an exempt fund manager) connected with the Company;

owns or controls any relevant securities of the Company or has dealt in any such securities in the 12 months prior to the date of this document.

#### **4 Irrevocable Undertakings**

Each investor in the First Placing gave an irrevocable undertaking within the placing letter issued by HansonWesthouse, as agent for the Company, to vote in favour of the Resolution in respect of his entire holding in the Company. The Company and HansonWesthouse believe that on First Admission such undertakings covered approximately 58.1 per cent. of the Ordinary Shares then held by Independent Shareholders. Since First Admission, certain of the investors in the First Placing may have purchased or sold Ordinary Shares. Therefore the irrevocable undertakings to vote in favour of the Resolution given by such investors may be greater or less than 58.1 per cent. of the Ordinary Shares eligible to be voted at the EGM.

## 5 Potential shareholdings resulting from the transaction

- 5.1 As at 2 July 2009 (being the latest practicable date prior to the posting of this document), the following interests of greater than 3 per cent. in Existing Ordinary Shares have been disclosed to Metals Exploration:

<i>Name</i>	<i>Number of Metals Exploration Shares</i>	<i>Percentage of current issued share capital of Metals Exploration (%)</i>
Solomon Capital Limited	64,291,692	29.89
Williams de Broe Limited	20,877,400	9.71
Baker Steel Capital Managers LLP	18,140,654	8.44
Allianz Insurance plc	12,001,919	5.58
Aerion Fund Management Limited	6,682,919	3.11

- 5.2 Following completion of the Second Placing Solomon Capital will hold 118,935,654 Ordinary Shares representing 44.1 per cent. of the issued share capital of the Company and the Company will be aware of the following interests of greater than 3 per cent. in the Company:

<i>Name</i>	<i>Number of Metals Exploration Shares</i>	<i>Percentage of current issued share capital of Metals Exploration as enlarged by the Second Placing (%)</i>
Williams de Broe Limited	20,877,400	7.74
Baker Steel Capital Managers LLP	18,140,654	6.73
Allianz Insurance plc	12,001,919	4.45

## 6 Material contracts

### 6.1 Metals Exploration

The following material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company or any of its subsidiaries since 6 July 2007 (being the date two years before the date of this document):

#### (a) 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 Loan Notes to HSBC Global Custody Nominees (UK) Limited. The proceeds of the Loan Notes 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 the Loan Notes carry an interest rate of 9 per cent. per annum and are 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.

#### (b) Placing Agreement

The Company and HansonWesthouse entered into a placing agreement dated 7 May 2009 (the "Placing Agreement") under which HansonWesthouse agreed, on the terms and conditions of

the Placing Agreement, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

Under the Placing Agreement the Company agreed:

- (i) to pay to HansonWesthouse a commission of £207,519 on the issue of the First Placing Shares and a commission of £282,782 on the issue of the Second Placing Shares; from which HansonWesthouse is entitled to pay any of its agents or third parties who procured subscribers for the Placing Shares; and
- (ii) to reimburse HansonWesthouse's reasonable costs and expenses reasonably incurred in relation to the Placing.

The Placing Agreement contains warranties given to HansonWesthouse by the Company as to the business and affairs of the Company at the date of the agreement, and on the date of the First Admission and Second Admission, and an uncapped indemnity given to HansonWesthouse by the Company to cover any losses and liabilities of HansonWesthouse, or its employees or agents, incurred in the proper performance of its obligations under the Placing Agreement.

(c) **Facility Agreement, Debenture and Deed of Termination**

On 9 January 2009 the Company and Shelfco 725 Limited, entered into a term facility agreement under which Shelfco 725 Limited agreed to make available, subject to the terms therein, a credit facility for a sum of up to £8,000,000 (the "Facility Agreement"). On 11 March 2009 the Company drew-down the sum of £250,000 under the Facility Agreement, which principal sum attracting interest under the Facility Agreement at a rate of £63 per day.

On 16 February 2009, the Company granted to Shelfco 725 Limited a debenture over the property, assets and undertaking of the Company as security for sums due from time-to-time under the Facility Agreement (the "Debenture"). In particular, the Company granted a fixed charge over its interests in the Runruno Project and its rights in relation to the FCF Option. Under the terms of the Debenture, the Company is restricted from granting any encumbrance over, or dealing with the secured assets other than in the ordinary course of business. In the event of default by the Company, Shelfco 725 Limited has the right to appoint administrators and/or receivers to protect its interests.

Under the terms of a deed of termination dated 2 July 2009 between the Company and Shelfco 725 Limited (the "Deed of Termination") the Company has agreed, subject to completion of the Second Placing, to repay in full the outstanding balance due under the Facility Agreement. On repayment of the outstanding balance and interest due at the date of termination, the Facility Agreement will be terminated and all rights and obligations of the parties under the Facility Agreement shall be irrevocably waived.

(d) **Solomon Undertaking**

By deed of undertaking dated 2 July 2009 between Solomon Capital, the Company and Hanson Westhouse (the "Solomon Undertaking"), Solomon Capital undertakes to the Company and Hanson Westhouse that:

- (i) it shall not vote on the Resolution;
- (ii) between Second Admission and the date on which Solomon Capital makes payment of the Placing Price for the Second Placing Shares (which shall be not later than 15 September 2009) interest shall accrue daily on the outstanding consideration at a rate of 1 per cent. per annum and all interest accruing during this period shall be paid in full with Placing Price (on or before 15 September 2009); and

- (iii) it shall not, for the duration of the period between the date of this document and the date of the Second Admission, purchase or dispose of any interest of any nature in ordinary shares of Metals Exploration.

(e) **Deed of Guarantee**

On 2 July 2009, Christian Candy executed a deed of guarantee in favour of the Company to guarantee the obligations of Solomon Capital, *inter alia*, to pay the subscription monies for the Second Placing Shares (the “Deed of Guarantee”). Under the terms of the Deed of Guarantee, Christian Candy shall pay on demand, without set-off, the Placing Price for the Second Placing Shares, together with any interest due, if Solomon Capital fails to make payment in full by 15 September 2009. The Deed of Guarantee also includes an indemnity in respect of any costs and expenses incurred by the Company in enforcing its rights against Solomon Capital and/or Christian Candy.

6.2 *Solomon Capital*

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Solomon Capital or any of its subsidiaries since 6 July 2007 (being the date two years before the date of this document).

**7 Directors’ service contracts**

7.1 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 – Under the terms of his original engagement, Mr. Jonathan Beardsworth is engaged by the Company as chief executive officer. Either party may terminate the arrangement upon twelve months’ written notice. As agreed and customary between the parties, Mr. Beardsworth is paid an annual salary of £150,000 and provides such time as is reasonably necessary for the proper performance of his responsibilities.
- (c) Wheeler & Dunne LLP – Under the terms of a consultancy agreement commencing on 2 June 2008 between the Company and Wheeler & Dunne LLP (“W&D”), W&D provides certain services to the Company including the procurement of the services of Mr. Wheeler as a consultant providing the services of an executive finance director and chief operating officer to the Company making such time available as is reasonably necessary for the proper performance of such services. The agreement will continue until 1 July 2010 unless and until terminated by the either party upon three months’ written notice. Under the agreement, W&D receives a gross fee of £125,000 per annum (increased from £60,000 on 1 January 2009) plus expenses reasonably incurred in the proper performance of the service. In addition W&D will be granted a monthly warrant over 40,000 new shares in the Company (for the 25 month term of the agreement meaning in aggregate, warrants over 1,000,000 new shares) each with an exercise price of 20 pence.
- (d) Gary Powell – Although no formal agreement has been put in place, Mr. Gary Powell is engaged by the Company as an executive director of the Company. Either party may terminate the arrangement on three months’ written notice. As agreed and customary between the parties, Mr. Powell is paid an annual salary of £105,000 and provides such time as is reasonably necessary for the proper performance of his responsibilities.

- (e) Pearson Consulting Limited – Under the terms of a consultancy agreement dated 30 September 2008 between the Company and Pearson Consulting Limited (“PCL”), PCL provides certain services to the Company including the procurement of the services of Mr. Jonathan Pearson as a consultant providing the services of a non-executive director to the Company for at least two days per month. The agreement will continue until 30 April 2010 unless and until terminated by the either party upon three months’ written notice. Under the agreement PCL 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).
- (f) Solomon Capital Limited – Although there is no formal consultancy agreement with Solomon Capital, Solomon Capital procure 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.

- 7.2 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.

## **8 General**

- 8.1 HansonWesthouse has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name and its advice to the Independent Directors in the form and context in which they appear.
- 8.2 There is no agreement, arrangement or understanding (including any compensation arrangement) between Christian Candy and Solomon Capital or any person acting in concert with them and any of the Metals Exploration Directors, recent directors, shareholders or recent shareholders of Metals Exploration having any connection with or dependence upon the outcome of the Proposals.
- 8.3 There is no agreement, arrangement or understanding whereby the legal or beneficial ownership of any of the Metals Exploration Shares to be acquired by Solomon Capital will be transferred to another person.
- 8.4 Save as disclosed in this document, there has been no material change in the financial or trading position of Metals Exploration since 31 December 2008 (the date to which the last audited accounts of Metals Exploration were prepared).
- 8.5 Unless otherwise stated, the financial information concerning Metals Exploration is extracted from the statutory accounts of Metals Exploration for the three years ended 30 September 2008 and three months ended 31 December 2008.

## **9 Documents available for inspection**

- 9.1 Copies of the following documents will be available for inspection at the registered office of the Company and the offices of HansonWesthouse at 12th Floor, One Angel Court, London EC2R 7HJ, during normal business hours on any weekday (Saturdays and public holidays excepted) until the conclusion of the EGM:
- (a) the memoranda and articles of association of Metals Exploration and Solomon Capital;

- (b) the audited consolidated accounts for the Company for the financial years ended 30 September 2007, 30 September 2008 and the three months ended 31 December 2008;
- (c) the executed service contracts and letters of appointment of the Metals Exploration Directors referred to in paragraph 7.1 of this Part IV;
- (d) the written consent referred to in paragraph 8.1 of this Part IV;
- (e) the material contracts of Metals Exploration referred to in paragraph 6.1 of this Part IV;
- (f) this document and the Form of Proxy.

**6 July 2009**



**Metals Exploration plc (the “Company”)**

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

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

NOTICE is hereby given that an Extraordinary General Meeting of the Company will be held on 28 July 2009 at 11.00 a.m. at the offices of Kerman & Co LLP, 200 Strand, London WC2R 1DJ, for the purpose of considering and, if thought fit, passing the following ordinary resolution:

**ORDINARY RESOLUTION**

THAT the waiver granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise for Solomon Capital Limited to make a general offer to shareholders of the Company pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the issue of shares to it in connection with the proposals set out in the circular to shareholders dated 6 July 2009 (the “Circular”) of which this notice forms part, be and is hereby approved.

Note 1: In order to comply with the City Code on Takeovers and Mergers, the resolution will be taken on a poll and Solomon Capital Limited has undertaken not to vote on the resolution.

By order of the Board

**J K Sembi**  
*Company Secretary*

6 July 2009

**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 (on a poll) 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 Solomon Capital Limited will not vote on the ordinary resolution set out in this notice of extraordinary general meeting.
- 4 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 (Proxy Department), The Registry, 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.
- 5 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 6.00 p.m. on 26 July 2009 (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.
- 6 In the case of joint holders, the vote of the senior holder who tenders 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.
- 7 At the close of business on 2 July 2009 the Company’s issued share capital comprised 215,072,382 ordinary shares each of £0.01. Each ordinary share carries the right to one vote at a general meeting. Solomon Capital have undertaken not to vote the 64,291,692 shares in which they are interested on the Resolution. Therefore the total number of shares to be voted on the Resolution is 150,780,690.
- 8 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal

Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent ("ID") by 11.00 a.m. on 24 July 2009. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The issuer's agent ID is RA10.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.





**METALS EXPLORATION PLC**

**EXTRAORDINARY GENERAL MEETING TO BE HELD ON 28 July 2009**

**FORM OF PROXY**

I/We \_\_\_\_\_

of \_\_\_\_\_

being a holder of Ordinary Shares of Metals Exploration plc, appoint the chairman of the meeting, or (see Note 1) \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at 11.00 a.m. on 28 July 2009 and at every adjournment of it. In the event of a poll, I/we desire my/our votes to be cast as indicated with an X in the space provided. If you select “discretionary” or fail to select any of the given options, your proxy can vote as he/she chooses or can decide not to vote at all.

	<b>For</b>	<b>Against</b>	<b>Withheld*</b>	<b>Discretionary</b>
Ordinary resolution to approve the waiver of certain obligations under Rule 9 of the City Code on Takeovers and Mergers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* The vote withheld option is provided to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a vote in law and will not be counted in the calculation of the proportion of votes “For” and “Against” a resolution.

Signature \_\_\_\_\_

Dated \_\_\_\_\_

Notes:

- 1 You may delete the words “chairman of the meeting” and insert the name of your own choice of proxy, who need not be a member of the Company. Please initial any such alteration.
- 2 A proxy can speak and vote on a poll.
- 3 To be valid, this proxy form must reach the Company’s registrars, Capita Registrars (Proxy Department), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time fixed for the meeting. Completion of this form of proxy does not prevent you from attending and voting in person.
- 4 In the case of joint registered holders, any joint holder may sign this proxy form, but the vote of the person whose name appears first in the register of members in respect of the holding or his proxy will be accepted to the exclusion of the votes of other joint holders or their proxies.
- 5 This form of proxy must be signed under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, this form must be under the common seal or under the hand of some officer or attorney duly authorised in that behalf. If this proxy form is executed under a power of attorney, the power of attorney or other authority (or a notarially certified copy of it) must be lodged with the Company with the proxy form.
- 6 Solomon Capital Limited will not vote on the ordinary resolution set out in this notice of extraordinary general meeting.
- 7 Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual. To be valid, the appropriate message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent, RA10.
- 8 At the close of business on 2 July 2009 the Company’s issued share capital comprised 215,072,382 ordinary shares each of £0.01. Each ordinary share carries the right to one vote at a general meeting. Solomon Capital has undertaken not to vote the 64,291,692 shares in which they are interested on the Resolution. Therefore the total number of shares to be voted on the Resolution is 150,780,690.
- 9 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy this form.



3rd Fold and tuck in

BUSINESS REPLY SERVICE  
Licence No. MB122



**Capita Registrars (Proxy Department)**  
**PO Box 25**  
**Beckenham**  
**Kent**  
**BR3 4BR**

1st Fold

2nd Fold



