

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the Offer or as to what action you should take, you are recommended to seek your own personal independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your Metals Exploration Shares, please forward this document and the accompanying reply-paid envelope (for use within the UK only), but not any personalised Form of Acceptance, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. These documents should not, however, be mailed or otherwise sent into any other jurisdiction if to do so would constitute a violation of the laws of such jurisdiction. If you have sold or otherwise transferred only part of your holding of Metals Exploration Shares, you should retain these documents.

This document should be read in conjunction with the accompanying Form of Acceptance (if you hold Metals Exploration Shares in certificated form).

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**CASH OFFER**  
by  
**Strand Hanson Limited**  
on behalf of  
**Solomon Capital Limited**  
for  
**the entire issued and to be issued ordinary share capital of**  
**Metals Exploration plc**  
**not already owned by Solomon Capital Limited**

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Your attention is drawn to the letter from the Independent Director of Metals Exploration which is set out on pages 6 to 13 (inclusive) of this document.

**The procedure for acceptance of the Offer is set out on pages 20 to 24 (inclusive) of this document and, in respect of Metals Exploration Shares held in certificated form, also in the Form of Acceptance. To accept the Offer in respect of Metals Exploration Shares held in certificated form, you must complete and return the accompanying Form of Acceptance as soon as possible together with your share certificate(s) or other documents of title and, in any event, so as to be received by the receiving agent, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 1.00 p.m. (London time) on 10 September 2010. Acceptances in respect of Metals Exploration Shares held in uncertificated form must be made electronically through CREST so that the TTE instruction settles no later than 1.00 p.m. (London time) on 10 September 2010. If you are a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.**

Strand Hanson, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting exclusively as financial adviser to Solomon in connection with the Offer and no-one else and will not be responsible to anyone other than Solomon for providing the protections afforded to clients of Strand Hanson nor for providing advice in relation to the Offer, the contents of this document or any other matter referred to herein.

Westhouse Securities, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting exclusively as financial adviser to Metals Exploration in connection with the Offer and no-one else and will not be responsible to anyone other than Metals Exploration for providing the protections afforded to clients of Westhouse Securities nor for providing advice in relation to the Offer, the contents of this document or any other matter referred to herein.

### **IMPORTANT NOTICE**

The availability of the Offer and the release, publication and distribution of this document in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons who are not resident in the United Kingdom into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. Copies of this document and any other documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Restricted Jurisdiction. Further details in relation to Overseas Shareholders are contained in paragraph 12 of the letter from Strand Hanson in Part II of this document.

This document has been prepared for the purposes of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Neither the United States Securities and Exchange Commission nor any state securities commission has reviewed, approved or disapproved this document or any of the proposals described in this document.

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

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

### **DISCLOSURE REQUIREMENTS OF THE CITY CODE**

Under Rule 8.3(a) of the City Code, any person who is interested in one per cent. or more of any class of relevant securities of Metals Exploration or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash)

must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Metals Exploration and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of Metals Exploration or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of Metals Exploration or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of Metals Exploration or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Metals Exploration and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of Metals Exploration or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by Metals Exploration and by any offeror and Dealing Disclosures must also be made by Metals Exploration, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and the offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

In accordance with Rule 19.11 of the City Code, a copy of this document, and the information incorporated by reference in this document, and the Form of Acceptance will be made available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, on the website of Metals Exploration at [www.metalsexploration.com](http://www.metalsexploration.com) and a copy of this document and the Form of Acceptance will also be made available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, on the website of CPC Group at [www.cpcgroup.gg](http://www.cpcgroup.gg), in each case until 14 days after the Offer lapses or is declared unconditional in all respects.

## TO ACCEPT THE OFFER:

1. If you do not hold your Metals Exploration Shares in CREST, please complete the Form of Acceptance in accordance with paragraphs 13(a) to 13(d) of the letter from Strand Hanson (see pages 21 and 22). Return the completed Form of Acceptance (along with any appropriate share certificate(s) or other documents of title) to the receiving agent, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU using the enclosed first class reply-paid envelope (for use within the UK only) as soon as possible and, in any event, so as to be received by 1.00 p.m. (London time) on 10 September 2010.
2. If you hold your Metals Exploration Shares in CREST, you must follow the procedures set out in paragraphs 13(e) to 13(h) of the letter from Strand Hanson (see pages 22 and 23).

If you require assistance, please telephone Capita Registrars on 0871 664 0321 (from within the UK) and +44 20 8639 3399 (from outside the UK). Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. However, you should be aware that Capita Registrars cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice in connection with the Offer. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

**THE FIRST CLOSING DATE OF THE OFFER IS 1.00 P.M. (LONDON TIME) ON  
10 SEPTEMBER 2010.**

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## PART I

### LETTER FROM THE INDEPENDENT DIRECTOR OF METALS EXPLORATION



## METALS EXPLORATION PLC

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

*Directors:*

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

*\* Independent Director*

*Registered office:*

200 Strand  
London  
WC2R 1DJ

20 August 2010

*To Metals Exploration Shareholders and, for information only, participants in the Metals Exploration Share Scheme and Warranholders*

Dear Metals Exploration Shareholder

**Cash Offer by Strand Hanson Limited on behalf of Solomon Capital Limited  
for the whole of the issued and to be issued share capital of Metals Exploration plc  
not already owned by Solomon Capital Limited**

### **1 Introduction**

Following the acquisition of one Metals Exploration Share on 22 July 2010 at a price of 13 pence from Rock (Nominees) Limited, acting as nominee for Reef Securities, Solomon announced, on 23 July 2010, the terms of a cash offer for the entire issued and to be issued ordinary share capital of Metals Exploration not already owned by Solomon, to be made by Strand Hanson on its behalf.

**Further to consultations with representatives of Solomon and Metals Exploration and their respective financial advisers, the Panel Executive has determined that the aforementioned purchase of a single share constitutes an acquisition between two members of a pre-existing Concert Party, with, therefore, no increase in the Concert Party's aggregate holding of, or interests in, Metals Exploration Shares. Accordingly, the Panel Executive has determined that Solomon did not incur an obligation to make an offer pursuant to Rule 9 of the City Code, as a result of the acquisition. Solomon will therefore proceed to make an Offer on the basis of Rule 10 of the City Code, with an equivalent acceptance level condition and identical principal terms to those announced by Solomon in its firm offer announcement released on 23 July 2010.**

This document and, if you hold Metals Exploration Shares in certificated form, the accompanying Form of Acceptance, contains the formal Offer (including its terms and condition) and also contains certain other information on Metals Exploration and Solomon.

### **2 The Offer**

Under the terms of the Offer, which is subject to the condition and further terms set out in Appendix I to this document, Metals Exploration Shareholders are entitled to receive:

**for each Metals Exploration Share 13 pence in cash**



The Offer values the entire issued and to be issued share capital of Metals Exploration, including in the money Metals Exploration Share Options and Warrants at, in aggregate, approximately £35.76 million.

The price of 13 pence in cash for each Metals Exploration Share represents a premium of 26.83 per cent. over the Closing Price of 10.25 pence per Metals Exploration Share on 22 July 2010, being the last Business Day prior to the commencement of the Offer Period.

### **3 Information relating to Metals Exploration**

Metals Exploration was incorporated on 8 April 2004 and joined AIM on 22 October 2004. The Company is registered in England and is focused on gold exploration and development in the Western Pacific Rim region. Metals Exploration's flagship asset is the Runruno gold-molybdenum project on the island of Luzon in the northern Philippines. The project has a JORC-compliant resource estimate of 1.42Moz of gold and 25.6Mlb of molybdenum.

The Company acquired its initial 40 per cent. interest, and rights to earn up to an additional 30 per cent. economic interest, in the Runruno Project, in February 2005, pursuant to which it commenced a drilling programme to define a resource. It was granted an option over a further 15 per cent. interest in Runruno in November 2005 (the "**November Option**") which, at that time, increased the Company's rights in the Runruno Project to an aggregate interest of 85 per cent. In August 2007, the Company acquired the remaining 15 per cent. of the Runruno Project which increased its rights to 100 per cent. of the Runruno Project subject to the payment of US\$6 million to exercise the November Option. In January 2008, the Company commenced a scoping study under the guidance of Ian Holzberger, who was later appointed Executive Chairman of the Company in July 2008. In November 2008, the Company reported the results of the scoping study which confirmed the viability of a mine producing 183,000oz of gold and 1.7Mlb of molybdenum per annum and provided the Metals Exploration Board with the confidence to commission a full feasibility study on the project.

In January 2009, the Company received equity funding of £3.7 million and a debt facility of £8 million from Solomon to assist in funding a feasibility study on the Runruno Project. In May 2009, the Company undertook a further equity placing of £12 million to fund the Feasibility Study through to completion. Solomon subscribed for £8 million in the placing, the subscription being subject to a waiver from the Takeover Panel to make a mandatory offer pursuant to Rule 9 of the City Code, and the debt facility was cancelled. Through this process, Solomon acquired 44.10 per cent. of the issued share capital of the Company.

In October 2009, Metals Exploration was granted a Financial or Technical Assistance Agreement ("**FTAA**") by President Macapagal-Arroyo, President of the Republic of the Philippines. The agreement secures the Company's legal title to Runruno for 25 years, with an option to extend for a further 25 years.

In November 2009, the Company released an independent JORC-compliant resource update which confirmed approximately 1.5Moz of gold and 25.4Mlb of molybdenum at Runruno.

The Company received its environmental compliance certificate ("**ECC**") on the Runruno Project in February 2010.

The Feasibility Study was published by the Company on 4 May 2010 confirming the viability of the Runruno Project, producing an average of 96,700oz of gold per annum. The study reported 780,000oz of gold as a proven and probable mining reserve and a capital cost of the project of approximately US\$150 million. Average annual production was estimated to be 96,700oz of gold over a ten year mine life with an average operating cost of US\$477/oz gold.

#### **4 Current trading and prospects of Metals Exploration**

In May 2010, the Company announced its audited results for the year ended 31 December 2009. Metals Exploration reported nil turnover (2008: £nil) and a loss on ordinary activities before and after taxation of £4.30 million (2008: loss of £0.52 million). As at 31 December 2009, total assets were £27.51 million (2008: £15.59 million) with net assets of £24.76 million (2008: £13.28 million).

Following the award of the FTAA and ECC, the publication of the Feasibility Study in May 2010 and continued good relations at community and political levels, the Company has progressed developments on a number of fronts.

The Company continues to target overall molybdenum recoveries of approximately 45 per cent., resulting in the potential production of approximately 0.9Mlb of molybdenum per annum. Detailed information relating to the incremental capital cost of adding a molybdenum circuit, and the operating cost per pound of molybdenum, will not be available until further testwork is completed, and these results are not expected for some months. Nevertheless, the Company believes that the addition of a molybdenum circuit to the plant at Runruno has the potential to add significant leverage to project economics.

The Company continues to believe in the wider prospectivity of the Runruno volcanogenic system, a belief supported by external independent reports and by the results of preliminary exploration techniques. Some limited drilling has been completed to date outside of the immediate resource area without material result and, while there is no guarantee that future exploration efforts will be successful, the Company believes there is ample evidence to justify continuing its exploration activities over the system.

In view of the project financing expertise and experience available within the Company, as well as the external advisers retained to assist, the prospect of raising project construction funds appears achievable. Since the announcement of the Feasibility Study in May 2010 the Company has been in discussions with various sources of funds and, from indications of interest received to date, the Company is confident that sufficient debt funding is available on terms to be determined. The nature and extent of the equity portion of funding required would depend in large part on Solomon's appetite and capacity to participate. Pending receipt of guidance as to Solomon's intentions, the Company has been in discussions with potential providers of a variety of innovative and structured proposals that could potentially reduce the pure equity requirement (for example convertible loans, subordinated debt and forward sales agreements). It must be acknowledged, however, that whichever solution is pursued it is likely to require additional equity to be raised which, given the current share price, may imply a further dilution of shareholders' interests.

From time to time, the Company receives proposals to engage in corporate activity or approaches from other companies. None of the approaches or opportunities reviewed to date have been deemed by Metals Exploration to be sufficiently attractive to take further. At present there are no situations under active review.

The Company last raised equity funding in August 2009 for the purpose of completing the Feasibility Study, the results of which were announced in May 2010. Realistically, it can be expected to take six to nine months to arrange the US\$149.3 million capital requirement for project construction contemplated in the Feasibility Study. The Company therefore has a requirement for interim funding until such project funding can be secured. The Company has been in receipt of short term funding proposals from various sources, but has not been in a position to progress them while the discussions relating to the Offer have been in progress. Consequently, on 19 August 2010, the Company entered into an agreement with Solomon in respect of a £2 million working capital bridging loan facility, further details of which are provided in paragraph 5 of this letter.



## **5 £2 million On Demand Facilities Agreement**

On 19 August 2010, Metals Exploration and Solomon entered into an on demand facilities agreement (the “**£2 million On Demand Facilities Agreement**”). Under the terms of the £2 million On Demand Facilities Agreement, Solomon agreed to make available, subject to the terms therein, a credit facility for a sum of up to £2,000,000 (the “**Facility**”). The £2 million On Demand Facilities Agreement shall terminate on the date falling 120 days from the date of utilisation of the Facility (the “**Termination Date**”).

Metals Exploration may only make two utilisation requests to Solomon. The amount of the proposed utilisation must, in the case of the first utilisation, be an amount not exceeding £1,500,000 and in the case of the second utilisation must be an amount not exceeding £500,000. Solomon will only be obliged to advance the sums requested under the second utilisation if not less than 21 days has expired after the date of this document.

Metals Exploration shall be obliged to repay the utilisation of the Facility in full within 30 days of written demand for repayment being made by Solomon. Any sums due to Solomon and not repaid prior to the Termination Date shall be repaid by Metals Exploration on the Termination Date. If all or part of the utilisation of the Facility is not repaid when due, Metals Exploration will pay to Solomon a fee equal to three per cent. of the sums due to be repaid and not repaid.

The rate of interest on the sums drawn down under the Facility is ten per cent. per annum. If Metals Exploration fails to pay any amount payable under the £2 million On Demand Facilities Agreement on its due date, interest shall accrue at the rate of fifteen per cent. per annum. Metals Exploration shall pay to Solomon on the first and second utilisation dates an arrangement fee of two per cent. of the utilisation made on those dates.

This facility is currently unsecured however Metals Exploration is obliged to procure that the Metals Exploration Group provide such security as Solomon may reasonably require within 60 days of a written request from Solomon.

The £2 million On Demand Facilities Agreement contains a number of general undertakings and restrictions on Metals Exploration which are usual for a facility agreement of this nature.

The provision of the Facility constitutes a related party transaction in accordance with AIM Rule 13. Tim Dean is also a director of Solomon and is therefore not considered to be independent for the purposes of this transaction. In accordance with the requirements of AIM Rule 13, the Directors of Metals Exploration (other than Tim Dean) consider, having consulted Westhouse Securities in its role as the Company’s Nominated Adviser, that the terms of the Facility are fair and reasonable insofar as the Company’s shareholders are concerned.

## **6 View of the Independent Director on the Offer**

Ian Holzberger is deemed not to be an independent director of the Company by the Panel, as the offeror, Solomon, has had a number of preliminary discussions with him with regard to his role and responsibilities should the Offer be successfully completed. These discussions have encompassed the possibility that, subsequent to completion of the Offer and a review of the management requirements of the Company by Solomon, Mr Holzberger may be appointed as Chief Executive Officer of the Company, with a commensurate compensation package, likely to be in excess of his current level of remuneration as Executive Chairman. Whilst these discussions are at a very early stage and are in no way legally binding, the Metals Exploration Board therefore felt it prudent to deem Mr Holzberger to no longer be independent.

Tim Dean, non-executive director of Metals Exploration, is also a director of Solomon and is therefore unable to give his opinion to Metals Exploration Shareholders with regards to the Offer.

Accordingly, I, Jonathan Beardsworth, as the only director deemed independent of the offeror, have taken independent advice from Westhouse Securities on the Offer on behalf of Metals Exploration Shareholders in accordance with Rule 3.1 of the City Code.

I have always believed in the potential value of the Company and its project at Runruno. It is why I joined the Company four years ago, and why I accepted an incentive package earlier this year which would only deliver benefit to me at a share price in excess of 25 pence.

The options issued to me in March this year, at a time when the share price was 13.75 pence, also provide a useful indication of Solomon's value expectations for the Company. The options were instigated and approved by Solomon in order to incentivise management to achieve a share price for the Company well in excess of the exercise price of 25 pence.

In making the Offer at the Offer Price, Solomon is further demonstrating its belief in the value potential to be realised from the Company, and backing that belief to the extent of a potential cash outlay of £20.3 million to acquire the Metals Exploration Shares it does not already own. Solomon would only make that commitment, together with assuming responsibility for the capital expenditure required to bring Runruno into production, if they believed that the returns amply justified the investment.

In practical terms it must be recognised that, starting from a base of 44.10 per cent., with letters of intent in place amounting to approximately a further 9.03 per cent. and with a condition for acceptances of 50 per cent., the Offer is likely to succeed.

The outline sequence of events that has brought us to this situation is as follows:

- Solomon made its initial 29.90 per cent. investment in the Company in January 2009 at a fair market price, and indeed was the only source of potential funds known to the Company at that time. At the same time, Shelfco 725 Limited, a sister company of Solomon, made an £8 million debt facility available to the Company.
- In May 2009, Solomon, evidencing its continued support for and interest in the Company, expressed a wish to increase its investment in the Company, which was subsequently overwhelmingly approved in July 2009 at a general meeting of shareholders with 99.997 per cent. of eligible shareholders (excluding Solomon) who voted approving it. Solomon's resulting interest in the Company was 44.10 per cent. The £8 million debt facility was retired at this time.
- From Solomon's initial investment in January 2009 through much of the rest of the year the share price rose steadily, reaching a peak of 24 pence on 23 October 2009, a threefold increase from the 6 pence share price on 1 January 2009, and seemingly endorsing the confidence of all shareholders in the potential value of the Company.
- In November 2009, the Company announced a downward revision of the resource estimate at Runruno and the share price fell from 22 pence to 10 pence and has traded in the range of 10 pence to 14 pence since that time.
- Since the resource revision the Company has announced positive news in the form of encouraging exploration results outside of the immediate resource area, the award of the ECC, and the delivery of a positive Feasibility Study on the project including, for the first time, the confirmation of 780,000 ounces of gold classified as a mining reserve.
- Despite all of this progress the Company's share price has remained within the range of 10 pence to 14 pence since November last year.

This period of poor share price performance, in difficult market and macro-economic conditions, and despite positive news from the Company at a time of record gold prices, provided the opportunity for Solomon to take advantage of its 44.10 per cent. interest in the issued share capital of the Company.

Many loyal and long standing Metals Exploration Shareholders will share with me the conviction that the Offer Price undervalues the potential of our Company.

There are, however, certain practical realities that should be considered by all Metals Exploration Shareholders in deciding their course of action:

- Solomon has received letters of intent to accept the Offer from Metals Exploration Shareholders representing approximately 9.03 per cent. of the issued share capital. When Solomon's existing 44.10 per cent. interest is taken into account, this suggests that Metals Exploration Shareholders can reasonably expect Solomon to have a post-Offer interest in the Company of at least 53.12 per cent.
- Metals Exploration Shareholders should be aware that the Offer will become unconditional if Solomon receives sufficient acceptances to take its shareholding to over 50 per cent. With the letters of intent already received, and starting from an interest of 44.10 per cent., it appears likely that this will be achieved.
- Metals Exploration Shareholders should be further aware that Solomon has stated its intention that, should it achieve sufficient acceptances from Metals Exploration Shareholders and/or acquire sufficient shares to take its shareholding to over 75 per cent. of Metals Exploration Shares, it will procure the cancellation of the admission of Metals Exploration Shares to trading on AIM.
- Even if Solomon does not reach 75 per cent. as a result of this Offer, it is still likely to secure a resulting interest in Metals Exploration greater than 50 per cent., and there will be nothing to prevent Solomon, notwithstanding its current intention, requisitioning a general meeting of the Company at any time with the purpose of cancelling the admission to trading on AIM of Metals Exploration Shares. Such a resolution would require a vote in favour by 75 per cent. of the votes cast by Metals Exploration Shareholders and Solomon would be able to vote its interest at that general meeting. Notwithstanding Solomon's holding being below 75 per cent., the resolution may still be passed, resulting in the Company's admission to trading on AIM being cancelled.
- If the Company's admission to trading on AIM is cancelled, Solomon intends to procure that Metals Exploration will be re-registered as a private limited company under the relevant provisions of the Companies Act 2006.
- If a resolution to cancel the Company's AIM admission is defeated, Solomon would be at liberty to requisition another general meeting at any time, and in the interim would be able, following the expiry of a six month period following the closing of the Offer, if it wished, to acquire further shares in the market at any price in order to increase its interest in the Company.
- If the Company's AIM admission is cancelled and the Company re-registered as a private limited company, Metals Exploration Shareholders will find it difficult to trade their shares, and opportunities for realising their shareholding in the future will be uncertain. Metals Exploration Shareholders may therefore feel that the certainty of the Offer Price is preferable to the uncertainty of a minority shareholding in an unquoted company, even with the possibility of a greater return to shareholders over a longer period.
- The Offer represents an immediate opportunity for Metals Exploration Shareholders to exit for cash, at a premium of 26.83 per cent. to the Closing Price of 10.25 pence per Metals Exploration Share on 22 July 2010 (being the last Business Day prior to the commencement of the Offer Period).

Since Solomon is starting from a position of 44.10 per cent., with letters of intent representing approximately a further 9.03 per cent., and will declare the Offer unconditional once acceptances are received taking it above 50 per cent., it is difficult to see Solomon failing to achieve a holding of at least 53.12 per cent. following the Offer.

**Metals Exploration Shareholders should carefully consider the information set out above in making a decision as to whether to accept the Offer. If Metals Exploration Shareholders are in any doubt about the action they wish to take in respect of the Offer they should consult an independent financial adviser without delay.**

## **7 Letters of intent**

In aggregate, Solomon has received letters of intent to accept the Offer (or to procure the acceptance of the Offer) in respect of 24,343,903 Metals Exploration Shares, representing approximately 9.03 per cent. of Metals Exploration's existing issued share capital.

Further details of the letters of intent are set out in paragraph 4 of the letter from Strand Hanson in Part II of this document and in paragraph 4 of Appendix IV of this document.

## **8 Compulsory acquisition, cancellation of AIM admission and re-registration**

Your attention is drawn to paragraph 8 of the letter from Strand Hanson, set out in Part II of this document, in relation to Solomon's intentions with regard to the compulsory acquisition and cancellation of admission to trading on AIM of the Metals Exploration Shares and the re-registration of Metals Exploration as a private limited company, following the Offer becoming or being declared unconditional in all respects and sufficient acceptances being achieved and/or sufficient shares being acquired.

## **9 Directors, management and employees**

I am pleased that Solomon has given assurances that the existing employment rights, including pension rights, of directors, management and employees of Metals Exploration will be safeguarded. I understand that it is intended that Timothy Dean will remain as a Metals Exploration director on his existing terms and that Ian Holzberger will be invited to remain as a Metals Exploration director on terms to be agreed following the Offer becoming, or being declared, wholly unconditional. I have agreed to step down from the board following the Offer becoming, or being declared, wholly unconditional, on compensation arrangements to be agreed in accordance with the terms of my existing service agreement.

Your attention is drawn to paragraph 7 of the letter from Strand Hanson in Part II of this document.

## **10 Metals Exploration Share Scheme and Warrants**

The Offer extends to any Metals Exploration Shares which are unconditionally allotted or issued fully paid (or credited as fully paid) whilst the Offer remains open for acceptance (or by such earlier time and date as Solomon may, subject to the City Code or with the consent of the Panel, determine), as a result of the exercise of options granted under the Metals Exploration Share Scheme or otherwise or the exercise of Warrants.

Solomon will write to the holders of Metals Exploration Share Options and to Warranholders to inform them of the effect of the Offer on their rights under the Metals Exploration Share Scheme and/or warrant instruments and to set out any appropriate proposals to be made in respect of their options and/or Warrants to the extent that such options and/or Warrants have not by then been exercised or lapsed. Such letters will be sent out as soon as practicable after the date of this document.

## **11 United Kingdom taxation**

Your attention is drawn to the section headed "United Kingdom taxation" in paragraph 11 of the letter from Strand Hanson in Part II of this document. If you are in any doubt about your own tax position or you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an independent financial adviser immediately.

## **12 Action to be taken to accept the Offer**

Your attention is drawn to the letter from Strand Hanson on pages 14 to 25 (inclusive) of this document, the Appendices to this document and, in respect of holders of certificated Metals Exploration Shares, the accompanying Form of Acceptance. The procedure for acceptance of the Offer is set out in paragraph 13 of the letter from Strand Hanson and, if you hold your shares in certificated form, in the Form of Acceptance.

Your decision as to whether to accept the Offer will depend upon your individual circumstances. If you are in any doubt as to what action you should take, you should seek your own independent financial advice.

If you wish to accept the Offer in respect of Metals Exploration Shares held in certificated form, you should complete and return the Form of Acceptance in accordance with the instructions printed on it and given in paragraphs 13(a) to (d) of the letter from Strand Hanson. The Form of Acceptance should be returned by post, together with the relevant share certificate(s) and/or other documents of title, in the enclosed reply-paid envelope (for use within the UK only) or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received by no later than 1.00 p.m. (London time) on 10 September 2010.

If you wish to accept the Offer in respect of Metals Exploration Shares held in uncertificated form (that is, shares held in CREST) your acceptance must be made electronically through CREST by following the procedure set out in paragraphs 13(e) to (h) of the letter from Strand Hanson and, in any event, so that the TTE instruction settles no later than 1.00 p.m. (London time) on 10 September 2010.

If you require further assistance on how to complete the Form of Acceptance or how to make an Electronic Acceptance, please contact Capita Registrars by telephoning 0871 664 0321 (from within the UK) or, if telephoning from outside the UK, +44 20 8639 3399. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. However, you should be aware that Capita Registrars cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice in connection with the Offer.

## **13 Independent Director's recommendation and intention**

**I, Jonathan Beardsworth, as the Independent Director, having been so advised by Westhouse Securities, am unable to recommend acceptance of the Offer because I believe it falls short of a price that fully recognises the future potential of the Company. However, I recognise that given the likely cancellation of the admission to trading on AIM of the Metals Exploration Shares and the subsequent re-registration of the Company as a private limited company, Metals Exploration Shareholders may choose to take advantage of the Offer. In providing its advice, Westhouse Securities has taken into account my commercial assessments.**

**Accordingly, I do not intend to accept the Offer in respect of my own shareholding, totalling 750,000 shares representing 0.28 per cent. of the issued share capital. However, if the Offer becomes or is declared unconditional, and in the absence of any revised circumstances, I will then accept the Offer.**

Yours faithfully

**Jonathan Beardsworth**  
*Managing Director*



## PART II

### LETTER FROM STRAND HANSON

# STRAND HANSON

2 6 M O U N T R O W

L O N D O N W 1 K 3 S Q

TEL +44 (0)20 7409 3494

FAX +44 (0)20 7409 1761

20 August 2010

*To Metals Exploration Shareholders and, for information only, participants in the Metals Exploration Share Scheme and Warrantholders*

Dear Metals Exploration Shareholder

**Cash Offer by Strand Hanson Limited on behalf of Solomon Capital Limited  
for the whole of the issued and to be issued share capital of Metals Exploration plc  
not already owned by Solomon Capital Limited**

#### **1 Introduction**

On 23 July 2010, Solomon announced the terms of a cash offer to be made by Strand Hanson, on behalf of Solomon, to acquire the entire issued and to be issued ordinary share capital of Metals Exploration not already owned by Solomon.

Solomon is a private limited company, incorporated in Guernsey in December 2008, for the purposes of investing in Metals Exploration and is beneficially wholly owned by Christian Candy. Further information on Solomon and Christian Candy is set out in paragraph 5 below.

On 22 July 2010, Solomon acquired one Metals Exploration Share at a price of 13 pence from Rock (Nominees) Limited, acting as nominee for Reef Securities. Reef Securities is considered to be acting in concert with Solomon for the purposes of the Offer, for the reasons set out in paragraph 5 below.

**Further to consultations with representatives of Solomon and Metals Exploration and their respective financial advisers, the Panel Executive has determined that the aforementioned purchase of a single share constitutes an acquisition between two members of a pre-existing Concert Party, with, therefore, no increase in the Concert Party's aggregate holding of, or interests in, Metals Exploration Shares. Accordingly, the Panel Executive has determined that Solomon did not incur an obligation to make an offer pursuant to Rule 9 of the City Code, as a result of the acquisition. Solomon will therefore proceed to make an Offer on the basis of Rule 10 of the City Code, with an equivalent acceptance level condition and identical principal terms to those announced by Solomon in its firm offer announcement released on 23 July 2010.**

STRAND HANSON LIMITED  
REGISTERED IN ENGLAND COMPANY NO. 02780169  
REGISTERED OFFICE 26 MOUNT ROW LONDON W1K 3SQ  
REGULATED BY THE FINANCIAL SERVICES AUTHORITY



This document and, if you hold Metals Exploration Shares in certificated form, the accompanying Form of Acceptance, contains the formal Offer (including its terms and condition) and also contains certain other information on Solomon and Metals Exploration.

Your attention is drawn, in particular, to paragraph 13 below which sets out the procedures for acceptance of the Offer, the condition and further terms of the Offer set out in Appendix I to this document and, if you hold Metals Exploration Shares in certificated form, the Form of Acceptance. Your attention is also drawn to the financial and other information on Solomon and Metals Exploration contained in Appendices II, III and IV to this document.

## **2 The Offer**

Strand Hanson, on behalf of Solomon, hereby offers to acquire the entire issued and to be issued share capital of Metals Exploration not already owned by Solomon subject to the condition and further terms set out in Appendix I to this document and, in the case of certificated Metals Exploration Shares, in the Form of Acceptance, on the following basis:

**for each Metals Exploration Share 13 pence in cash**

The Offer values the entire existing issued ordinary share capital of Metals Exploration, including in the money Metals Exploration Share Options and Warrants at, in aggregate, approximately £35.76 million.

The Offer Price of 13 pence in cash for each Metals Exploration Share represents a premium of approximately 26.83 per cent. to the Closing Price of 10.25 pence per Metals Exploration Share on 22 July 2010, being the last Business Day prior to the commencement of the Offer Period.

The Offer extends to all Metals Exploration Shares in issue or unconditionally allotted fully paid (or credited as fully paid) on the date of the Offer and to any further Metals Exploration Shares which are unconditionally allotted or issued fully paid (or credited as fully paid) while the Offer remains open for acceptance (or such earlier date as Solomon may, subject to the City Code or with the consent of the Panel, determine).

The Metals Exploration Shares to which the Offer relates will be acquired by Solomon fully paid, or credited as fully paid, and free from all liens, equitable interests, mortgages, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights now and hereafter attaching to them, including all voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after 23 July 2010.

The condition to the Offer is set out in Appendix I to this document.

## **3 Background to and reasons for the Offer and future plans for Metals Exploration**

Further to the results of the Feasibility Study on Metals Exploration's Runruno Project on the island of Luzon in the northern Philippines, announced on 4 May 2010, the Company requires estimated development funding of approximately US\$149.3 million in order to meet the capital expenditure required to establish an open-pit mining operation. Although Solomon has to date been supportive of management's efforts to secure appropriate project financing, it is mindful that the Company's financing options in the current challenging global economic environment are limited and time consuming to pursue and that the outlook remains uncertain, with credit conditions and the availability of debt unlikely to improve materially in the short term. Furthermore, any such financing proposal obtained is likely to require the raising of a significant element of equity capital.

Accordingly, although Solomon has agreed to provide a short term loan facility of £2 million to assist, *inter alia*, with the cost of the ongoing drilling programme and general working capital, as the Company's largest shareholder, Solomon is only minded to continue its financial support and

potentially inject further funds in the near term, if it has a controlling majority ownership stake in Metals Exploration commensurate with the risks involved and its required long term investment returns. Furthermore, the Solomon Board believes that Metals Exploration would be better suited to a private company environment, where management will be able to concentrate on the more efficient delivery of their strategic plans, free from the requirement to meet the public equity market's shorter term expectations. In addition, Solomon believes that, as a small UK quoted company with a significant overseas project and operations, Metals Exploration will struggle to attract the research coverage, liquidity and level of market rating that would make retaining its existing AIM quotation worthwhile.

If the Offer becomes, or is declared, wholly unconditional, Solomon will become the holding company of the Metals Exploration Group. Solomon believes that with its full backing and resources, Metals Exploration would gain additional credibility and be better placed to overcome the short to medium term financial barriers to obtaining appropriate credit facilities of a reasonable quantum and on acceptable terms to progress the development of Runruno. It also believes that Metals Exploration would benefit from the elimination of the regulatory burden, constraints and numerous expenses associated with maintaining a UK public quotation, thereby enhancing shareholder value in the longer term. On completion of the Offer, Solomon will undertake a full strategic and operational view of Metals Exploration in conjunction with Metals Exploration's executive management team.

Upon the Offer becoming or being declared unconditional in all respects, the Offer will provide a certain cash exit for Metals Exploration Shareholders at a 26.83 per cent. premium to the Closing Price of 10.25 pence per Metals Exploration Share on 22 July 2010 (being the last Business Day prior to the commencement of the Offer Period).

#### **4 Letters of intent**

Solomon has received letters of intent to accept, or procure the acceptance of the Offer, from the following:

(a) Funds managed by Baker Steel Capital Managers LLP in respect of 19,267,654 Metals Exploration Shares; and

(b) Reef Securities in respect of 5,076,249 Metals Exploration Shares,

representing, in aggregate, 24,343,903 Metals Exploration Shares and approximately 9.03 per cent. of the existing issued share capital of Metals Exploration.

Except for Reef Securities (for the reasons set out in paragraph 5 below), no Metals Exploration Shareholder who has entered into a letter of intent with Solomon is acting in concert with Solomon. Further details of the letters of intent received by Solomon are set out in paragraph 4 of Appendix IV of this document.

The Metals Exploration Shares already held by Solomon and the Metals Exploration Shares which are the subject of the aforementioned letters of intent represent, in aggregate, approximately 53.12 per cent. of the existing issued Metals Exploration Shares. Accordingly, the acceptance condition to the Offer (as set out in Appendix I of this document) is most likely to be met shortly following the date of this document.

#### **5 Information on Solomon, Christian Candy, Reef Securities and Steven Smith**

Solomon is a private company incorporated on 22 December 2008 under the laws of Guernsey with registered number 49841 and has its registered office at PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB.

Solomon was formed specifically to invest in Metals Exploration and is beneficially wholly owned by Christian Candy. Solomon has not traded since its date of incorporation, has paid no dividends and

has not entered into any obligations other than in connection with its historic investments in Metals Exploration and the financing of the Offer.

The directors of Solomon are Timothy Dean, Simon Graham and Richard Williams. Solomon does not currently have any subsidiaries or subsidiary undertakings.

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 that 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 often provided by Candy & Candy. As the joint founder and CEO of Candy & Candy, Christian remains actively involved in both companies' growth strategies.

Steven Smith is a director of, and owns 100 per cent. of the share capital of, Reef Securities which has given a letter of intent to accept the Offer. Mr Smith has been a full time employee of the CPC Group since 1 February 2010 and has been authorised by the Solomon Board to give instructions and provide assistance to Strand Hanson and Solomon's other professional advisers in connection with the Offer. Mr Smith is also a director of various companies including the CPC Group of which Christian Candy, who beneficially owns Solomon, is also a shareholder. Accordingly, Reef Securities is considered to be acting in concert with Solomon for the purposes of the Offer.

Reef Securities was incorporated on 23 January 1996 under the laws of the Bahamas with registered number 40387B and has its registered office at Providence House, East Hill Street, PO Box 3944, Nassau, Bahamas. Reef Securities is an investment company investing in a range of both quoted and unquoted companies.

Further information concerning Solomon, Christian Candy, Reef Securities and Steven Smith is set out in Appendix III to this document

## **6 Information relating to the Metals Exploration Group**

Incorporated on 8 April 2004, Metals Exploration is a UK public company whose principal activity is to identify, acquire and develop mining companies, businesses or projects with particular emphasis on precious and base metals mining opportunities in the Western Pacific Rim region. Since the Company's admission to trading on AIM in October 2004, the Metals Exploration Group has focused its efforts on the acquisition and development of exploration properties in South East Asia. It is currently focused on the development of its Runruno gold and molybdenum project in the Philippines, following the completion of a definitive Feasibility Study in May 2010, and an ongoing step-out drilling programme intended to demonstrate the additional resource potential within the Runruno permit area.

For its latest financial year ended 31 December 2009, the Metals Exploration Group reported nil turnover (2008: £nil) and a loss on ordinary activities before and after taxation of £4.30 million (2008: loss of £0.52 million). As at 31 December 2009, total assets were £27.51 million (2008: £15.59 million) with net assets of £24.76 million (2008: £13.28 million) and net cash of £1.40 million (2008: net debt of £1.27 million).

The total number of Metals Exploration Shares in issue as at 22 July 2010 (the latest practical date prior to the commencement of the Offer Period) was 269,716,344. The market capitalisation of Metals Exploration, based on the mid-market price of a Metals Exploration Share of 10.25 pence at the close of business on 22 July 2010 (being the last Business Day prior to the commencement of the Offer Period), was approximately £27.65 million.

Further financial and other information on Metals Exploration is set out in Appendix II and Appendix IV to this document.

If the Offer becomes, or is declared, wholly unconditional, Solomon will become the holder of at least a majority of the Metals Exploration Shares.

## **7 Metals Exploration's directors, management, employees and locations**

The Solomon Board gives assurances to the Metals Exploration Board that, following the Offer becoming or being declared unconditional in all respects, the existing employment rights, including pension rights, of the directors, management and employees of the Metals Exploration Group will be fully safeguarded. There are currently no plans to significantly change the incentivisation arrangements with the management of Metals Exploration, although preliminary discussions have taken place, as set out in paragraph 6 of Part I of this document, regarding the role and responsibilities of Mr Holzberger should the Offer be successfully completed.

Further, Solomon has no current intention, subject to the outcome of the strategic and operational review referred to in paragraph 3 above, to change the principal locations of the Metals Exploration Group's existing places of business and no proposals currently exist to materially change the terms and conditions of employment of any of Metals Exploration's employees. Nor does Solomon currently intend to redeploy the fixed assets of Metals Exploration to an extent that would have a material impact on the business of Metals Exploration.

Following the Offer becoming wholly unconditional, the employee resources of the Metals Exploration Group will be considered as part of Solomon's strategic and operational review process as referred to in paragraph 3 above. It is intended that Timothy Dean will remain as a Metals Exploration director on his existing terms and that Ian Holzberger will be invited to remain as a Metals Exploration director on terms to be agreed following the Offer becoming, or being declared, wholly unconditional. Jonathan Beardsworth has agreed to step down from the board following the Offer becoming, or being declared, wholly unconditional, on compensation arrangements to be agreed in accordance with the terms of his existing service agreement.

## **8 Compulsory acquisition, cancellation of AIM admission and re-registration**

If Solomon receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more in value of the Metals Exploration Shares to which the Offer relates (and not less than 90 per cent. of the voting rights carried by Metals Exploration Shares), Solomon currently intends to exercise its rights pursuant to the provisions of sections 979 to 982 (inclusive) of the Companies Act 2006 to compulsorily acquire any remaining Metals Exploration Shares to which the Offer relates on the same terms as the Offer.

Furthermore, if the Offer becomes, or is declared, wholly unconditional and Solomon receives sufficient acceptances from Metals Exploration Shareholders, and/or otherwise acquires sufficient Metals Exploration Shares, to take its shareholding to over 75 per cent. of the Metals Exploration Shares, Solomon intends to procure the making of an application by Metals Exploration to the London Stock Exchange for the cancellation of the admission of the Metals Exploration Shares to trading on AIM. It is anticipated that, subject to any applicable requirements of the London Stock Exchange, such cancellation will take effect no earlier than 20 Business Days after the date on which the Offer becomes, or is declared, wholly unconditional and Solomon receives sufficient acceptances from Metals Exploration Shareholders, and/or otherwise acquires sufficient Metals Exploration Shares, to take its shareholding to over 75 per cent.

It is further proposed that following the Offer becoming, or being declared, wholly unconditional and after the Metals Exploration Shares are no longer admitted to trading on AIM, Metals Exploration will be re-registered as a private limited company under the relevant provisions of the Companies Act 2006.

**Cancellation of the admission of Metals Exploration Shares to trading on AIM and the re-registration as a private limited company will significantly reduce the liquidity and marketability of any Metals Exploration Shares not acquired under the Offer at that time and the value of any such Metals Exploration Shares may be adversely affected as a consequence.**

## **9 Financing of the Offer**

Solomon is an entity which is beneficially owned by Christian Candy and he has undertaken to support Solomon with regard to the financing of the Offer.

Strand Hanson, financial adviser to Solomon, is satisfied that sufficient financial resources are available to Solomon to enable it to implement the Offer in full. Full acceptance of the Offer, assuming the exercise of all outstanding Metals Exploration Share Options and Warrants with an exercise price of less than 13 pence per Metals Exploration Share, would require a maximum cash payment of approximately £20.3 million by Solomon, which will be funded by way of a loan facility being made available to it by CPC Group in respect of the Offer.

Further details of the facility agreement between CPC Group and Solomon are set out in paragraph 9 of Appendix IV.

## **10 Metals Exploration Share Options and Warrants**

The Offer extends, subject to the terms and condition set out in Appendix I and any accompanying Form of Acceptance, to any Metals Exploration Shares which are unconditionally allotted or issued fully paid (or credited as fully paid), whilst the Offer remains open for acceptance (or, subject to the City Code, by such earlier time and date as Solomon may decide or with the consent of the Panel, determine), including (without limitation) any Metals Exploration Shares issued pursuant to the exercise of any outstanding Metals Exploration Share Options or Warrants.

Solomon will write to the holders of Metals Exploration Share Options and to Warrantheolders to inform them of the effect of the Offer on their rights under the Metals Exploration Share Scheme and/or warrant instruments and to set out any appropriate proposals to be made in respect of their Metals Exploration Share Options and/or Warrants to the extent that such Metals Exploration Share Options and/or Warrants have not by then been exercised or lapsed. Such letters will be sent out as soon as practicable after the date of this document.

## **11 United Kingdom taxation**

**The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of the Offer. They are based on current UK legislation and what is understood to be the current practice of HMRC as at the date of this document. Both of these may change, possibly with retroactive effect. They apply only to Metals Exploration Shareholders who are resident for tax purposes in (and only in) the UK and who hold their Metals Exploration Shares as an investment (other than under an individual savings account), and who are the absolute beneficial owners of their Metals Exploration Shares. The tax position of certain categories of Metals Exploration Shareholders who are subject to special rules (such as dealers in securities, insurance companies and collective investment schemes) is not considered.**

**Special tax provisions may apply to Metals Exploration Shareholders who have acquired or acquire their Metals Exploration Shares under the Metals Exploration Share Scheme or otherwise in connection with employment, including provisions imposing a charge to income tax on acquisition of the Metals Exploration Shares. These special provisions are not considered in the following paragraphs.**



**Metals Exploration Shareholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own independent financial advisers without delay.**

(a) ***Taxation of chargeable gains***

A Metals Exploration Shareholder's liability to UK taxation of chargeable gains will depend on that Metals Exploration Shareholder's individual circumstances.

The transfer of Metals Exploration Shares under the Offer will constitute a disposal for the purposes of UK taxation of chargeable gains. Such a disposal may give rise to a liability to tax depending on the Metals Exploration Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses) and, in particular, the Metals Exploration Shareholder's base cost in his holding of Metals Exploration Shares.

For Metals Exploration Shareholders who are individuals, the capital gains tax annual exemption (which is £10,100 for individuals in the tax year to 5 April 2011) should also be available to offset any chargeable gain (to the extent that it has not already been utilised).

For Metals Exploration Shareholders within the charge to UK corporation tax (but which do not qualify for the substantial shareholding exemption in respect of their Metals Exploration Shares), indexation allowance may be available in respect of the period of ownership of the Metals Exploration Shares to reduce any chargeable gain arising on the disposal of Metals Exploration Shares, but not to create or increase an allowable loss.

(b) ***Stamp duty and stamp duty reserve tax ("SDRT")***

No stamp duty or SDRT will be payable by Metals Exploration Shareholders as a result of their accepting the Offer.

## **12 Overseas Shareholders**

The attention of Overseas Shareholders (and any person, including without limitation, any custodian, nominee or trustee who may have an obligation to forward any document in connection with the Offer outside the United Kingdom) is drawn to paragraph 7 of Part B of Appendix I to this document and to paragraph (b) of Part C of Appendix I and the relevant provisions of the Form of Acceptance (for holders of Metals Exploration Shares in certificated form) and to paragraph (b) of Part D of Appendix I to this document (for holders of Metals Exploration Shares in uncertificated form).

Any persons (including nominees, trustees and custodians) who may have a legal or contractual obligation to forward this document, the Form of Acceptance or any related documents to any jurisdiction outside the United Kingdom should seek appropriate advice and read paragraph 7 of Part B of Appendix I to this document before doing so.

## **13 Procedure for acceptance of the Offer**

**This section should be read in conjunction with Appendix I and, in respect of Metals Exploration Shares held in certificated form, the notes to, and instructions on, the accompanying Form of Acceptance which shall be deemed to be incorporated in, and form part of, the terms of the Offer.**

Holders of Metals Exploration Shares in certificated form (i.e. not in CREST) may only accept the Offer in respect of such shares by completing and returning the accompanying Form of Acceptance together with share certificates or other documents of title in accordance with the procedure set out in paragraphs 13(a) to 13(d) below. Holders of Metals Exploration Shares held in certificated form, but under different designations, must complete a separate Form of Acceptance for each designation. Additional Forms of Acceptance are available from Capita Registrars at the address set out below.



Holders of Metals Exploration Shares in uncertificated form (i.e. in CREST) may only accept the Offer in respect of such shares by TTE instruction in accordance with the procedure set out in paragraphs 13(e) to 13(h) below. If those Metals Exploration Shares are held under different member account IDs, you should send a separate TTE instruction for each member account ID.

**If you are in any doubt as to the procedure for acceptance, please contact Capita Registrars by telephone on 0871 664 0321 or, if calling from outside the UK, on +44 20 8639 3399 or in writing at Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Capita Registrars cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice in connection with the Offer. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.**

#### **METALS EXPLORATION SHARES HELD IN CERTIFICATED FORM (I.E. NOT IN CREST)**

##### *(a) Completion of the Form of Acceptance*

To accept the Offer in respect of Metals Exploration Shares held in certificated form, you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. The instructions printed on the Form of Acceptance are deemed to form part of the terms of the Offer. You should complete a separate Form of Acceptance for Metals Exploration Shares held in certificated form but under different designations.

Additional Forms of Acceptance are available from Capita Registrars at the address set out above. The instructions for completing a Form of Acceptance in the paragraph immediately below apply, where relevant, to each separate Form of Acceptance to be completed by you.

To accept the Offer in respect of your Metals Exploration Shares, you must complete Box 1 and sign Box 2 on the Form of Acceptance including, if you are an individual, in the presence of a witness who should also sign in accordance with the instructions printed on it. Any Metals Exploration Shareholder which is a company should execute the Form of Acceptance in accordance with the instructions printed on it. **If you do not insert a number in Box 1 or insert a number greater than your entire certificated holding, your acceptance will be deemed to be in respect of all certificated Metals Exploration Shares held by you.**

##### *(b) Return of Form of Acceptance*

To accept the Offer, the completed Form of Acceptance must be returned, together with your share certificate(s) and/or other document(s) of title for your Metals Exploration Shares, to Capita Registrars at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by post or (during normal business hours only), by hand, as soon as possible **and in any event so as to be received by no later than 1.00 p.m. (London time) on 10 September 2010.** A first class reply-paid envelope is enclosed for your convenience and may be used by Metals Exploration Shareholders for returning a Form of Acceptance from within the UK only. No acknowledgement of receipt of any document(s) will be given.

Any Form of Acceptance received in an envelope post-marked in a jurisdiction where acceptance of the Offer would constitute a violation of the relevant laws of that jurisdiction or otherwise appearing to Solomon or its agents to have been sent from such jurisdiction may be rejected as an invalid acceptance of the Offer. For further information on Overseas Shareholders, see paragraph 12 above.

(c) *Share certificates not readily available or lost*

If your share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, the Form of Acceptance should still be completed, signed and returned as stated above so as to arrive by no later than 1.00 p.m. (London time) on 10 September 2010. You should send any share certificate(s) and/or other document(s) of title that you have available, accompanied by a letter stating that the balance will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title. You should submit the relevant share certificate(s) and/or other document(s) of title as soon as possible. No acknowledgement of receipt of any document(s) will be given.

In the case of loss, you should write as soon as possible to Metals Exploration's registrars at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, requesting a letter of indemnity for lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned to Capita Registrars as set out in paragraph 13(b) above.

(d) *Validity of acceptances*

Without prejudice to Part B and Part C of Appendix I to this document and subject to the provisions of the City Code, Solomon reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to Solomon has/have been received.

#### **METALS EXPLORATION SHARES HELD IN UNCERTIFICATED FORM (I.E. IN CREST)**

(e) *General*

If your Metals Exploration Shares are in uncertificated form, to accept the Offer you should take (or procure the taking of) the action set out below to transfer the Metals Exploration Shares in respect of which you wish to accept the Offer to the appropriate escrow balance(s), specifying Capita Registrars (in its capacity as a CREST participant under the Escrow Agent's participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE instruction settles not later than 1.00 p.m. (London time) on 10 September 2010. Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) – you should therefore ensure that you time the input of any TTE instructions accordingly.**

The input and settlement of a TTE instruction in accordance with this paragraph (e) will (subject to satisfying the requirements set out in Part B and Part D of Appendix I) constitute an acceptance of the Offer in respect of the number of Metals Exploration Shares so transferred to escrow.

**If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action.** Only your CREST sponsor will be able to send the TTE instruction(s) to Euroclear in relation to your Metals Exploration Shares.

After settlement of a TTE instruction, you will not be able to access the Metals Exploration Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the Metals Exploration Shares concerned to itself in the first instance for onward transfer to the offeror in accordance with paragraph (d) of Part D of Appendix I to this document.

You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined below.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection

with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Metals Exploration Shares to settle prior to 1.00 p.m. (London time) on 10 September 2010. In this connection you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

(f) *To accept the Offer*

To accept the Offer in respect of Metals Exploration Shares held in uncertificated form, you should send (or if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear a TTE instruction in relation to such shares. A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following details:

- (i) the ISIN number for the Metals Exploration Shares. This is GB00B0394F60;
- (ii) the number of Metals Exploration Shares in respect of which you wish to accept the Offer (i.e. the number of Metals Exploration Shares to be transferred to escrow);
- (iii) your member account ID;
- (iv) your participant ID;
- (v) the participant ID of the Escrow Agent, Capita Registrars, in its capacity as a CREST receiving agent, which is RA10;
- (vi) the member account ID of the Escrow Agent, which is SOLMET01;
- (vii) the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. on 10 September 2010;
- (viii) the corporate action number of the Offer. This is allocated by Euroclear and will be available on screen from Euroclear;
- (ix) input with a standard delivery instruction priority of 80; and
- (x) the contact name and telephone number in the shared note field.

(g) *Validity of acceptances*

A Form of Acceptance which is received in respect of Metals Exploration Shares held in uncertificated form will not constitute a valid acceptance and will be disregarded. Holders of Metals Exploration Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction will only be a valid acceptance of the Offer as at the relevant closing date if it has settled on or before 1.00 p.m. (London time) on that date.

(h) *Overseas Shareholders*

The attention of Metals Exploration Shareholders holding Metals Exploration Shares in uncertificated form and who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 7 of Part B and paragraph (b) of Part D of Appendix I to this document.

## **GENERAL**

- (i) Solomon will make an appropriate announcement if any of the details contained in this paragraph 13 alter for any reason.

Normal CREST procedures (including timings) apply in relation to any Metals Exploration Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion

arises as a result of a transfer of Metals Exploration Shares or otherwise). Holders of Metals Exploration Shares who are proposing so to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and/or other document(s) of title or sending a TTE instruction as described above) prior to 1.00 p.m. (London time) on 10 September 2010.

**If you are in any doubt as to the procedure for acceptance, please contact Capita Registrars by telephone on 0871 664 0321 or, if calling from outside the UK, on +44 20 8639 3399 or at the address stated in paragraph (c) on page 22 of this document. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Capita Registrars cannot provide any advice on the merits of the Offer nor give any financial, legal or tax advice in connection with the Offer. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.**

#### **14 Settlement**

Subject to the Offer becoming or being declared unconditional in all respects (except as provided in paragraph 7 of Part B of Appendix I to this document in the case of certain Overseas Shareholders) settlement of the consideration to which any Metals Exploration Shareholder is entitled under the Offer will be effected by the issue of cheques or crediting of CREST accounts: (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared unconditional in all respects, within 14 days of such date; or (ii) in the case of acceptances of the Offer received, complete in all respects, after the date on which the Offer becomes or is declared unconditional in all respects but while it remains open for acceptance, within 14 days of such receipt, in the following manner:

(a) *Metals Exploration Shares in certificated form (i.e. not in CREST)*

Where an acceptance relates to Metals Exploration Shares in certificated form, settlement of any cash due will be despatched by first class post (or by such other method as may be approved by the Panel) to accepting Metals Exploration Shareholders or their appointed agents. All such cash payments will be made in pounds sterling by cheque drawn on a branch of a United Kingdom clearing bank.

(b) *Metals Exploration Shares in uncertificated form (i.e. in CREST)*

Where an acceptance relates to Metals Exploration Shares in uncertificated form, the cash consideration to which the accepting Metals Exploration Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting Metals Exploration Shareholder's payment bank in accordance with CREST payment arrangements. Solomon reserves the right to settle all or any part of the consideration referred to in this paragraph 14(b) for all or any accepting Metals Exploration Shareholder(s) in the manner referred to in paragraph 14(a) if, for any reason, it wishes to do so.

(c) *General*

If the Offer does not become or is not declared unconditional in all respects:

- (i) in the case of Metals Exploration Shares held in certificated form, the relevant Form of Acceptance and accompanying document(s) will be returned by post (or by such other method as may be approved by the Panel) within 14 days of the Offer lapsing to the person or agent whose name and address is set out in Box A or Box 4 on the Form of Acceptance; and

- (ii) in the case of Metals Exploration Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days after the lapsing of the Offer), give TFE instructions to Euroclear to transfer all Metals Exploration Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Metals Exploration Shareholders concerned.

All remittances, communications, notices, certificates and/or documents of title sent by, to or from Metals Exploration Shareholders or their appointed agents will be sent at their own risk.

## **15 Further information**

The terms and condition of the Offer are set out in full in Appendix I to this document. Your attention is drawn to the further information in the Appendices, which form part of this document, and, if your Metals Exploration Shares are held in certificated form, to the accompanying Form of Acceptance which should be read in conjunction with this document.

## **16 Action to be taken to accept the Offer**

**To accept the Offer in respect of Metals Exploration Shares held in certificated form you must complete the Form of Acceptance in accordance with the instructions printed on it and return it together with your share certificate(s) and/or other document(s) of title to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by post or by hand (during normal business hours only), as soon as possible, but in any event so as to arrive by no later than 1.00 p.m. (London time) on 10 September 2010.**

Acceptances in respect of Metals Exploration Shares held in uncertificated form should be made electronically through CREST so that the TTE instruction settles not later than 1.00 p.m. (London time) on 10 September 2010.

If you require further assistance on how to complete the Form of Acceptance or how to make an Electronic Acceptance, please contact Capita Registrars by telephoning 0871 664 0321 (from within the UK) or, if telephoning from outside the UK, +44 20 8639 3399. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. However, you should be aware that Capita Registrars cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice in connection with the Offer.

Yours faithfully

**Simon Raggett**  
*Chief Executive*

for and on behalf of  
Strand Hanson Limited



## APPENDIX I

### CONDITION AND FURTHER TERMS OF THE OFFER

#### PART A:

#### CONDITION OF THE OFFER

1. The Offer is subject to the following condition:
  - (a) valid acceptances being received (and not, where permitted, withdrawn) by no later than 1.00 p.m. (London time) on 10 September 2010 (or such later time(s) and/or date(s) as Solomon may, subject to the City Code or with the consent of the Panel, decide) in respect of such number of Metals Exploration Shares which, together with Metals Exploration Shares acquired or agreed to be acquired by Solomon before or during the Offer Period, will result in Solomon holding Metals Exploration Shares which together carry more than 50 per cent. of the voting rights then normally exercisable at general meetings of Metals Exploration. For the purpose of this condition:
    - (i) Metals Exploration Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights which they will carry upon issue; and
    - (ii) valid acceptances shall be deemed to have been received in respect of Metals Exploration Shares which are treated for the purposes of sections 979(8) and 979(9) of the Companies Act 2006 as having been acquired or contracted to be acquired by Solomon by virtue of acceptances of the Offer.

#### Certain further terms of the Offer

2. The Metals Exploration Shares which are the subject of the Offer will be acquired by Solomon fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attaching to them, including the right to receive and retain in full all dividends and other distributions (if any) declared, paid or made on or after 23 July 2010.
3. The Offer is made on the terms and is subject to, *inter alia*, the condition and other terms set out in this document and the Form of Acceptance or as may be required to comply with the AIM Rules, the rules and regulations of the London Stock Exchange and the provisions of the City Code.
4. The Offer will lapse if the acquisition of Metals Exploration pursuant to the Offer is referred to the Competition Commission or if the European Commission initiates proceedings under Article 6(1)(c) of the Merger Regulation, or following a referral under Article 9(1) of the Merger Regulation, there is a subsequent reference to the Competition Commission before 1.00 p.m. on the first closing date of the Offer or the time and date on which the Offer becomes or is declared unconditional as to acceptances, whichever is the later, in such circumstances, the Offer will cease to be capable of further acceptance and persons accepting the Offer and Solomon shall thereupon cease to be bound by Forms of Acceptance or electronic acceptances delivered on or before the date on which the Offer so lapses.



5. If the Offer lapses it will cease to be capable of further acceptance. Metals Exploration Shareholders who have accepted the Offer and Solomon shall then cease to be bound by acceptances delivered on or before the date on which the Offer lapses.
6. The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable legal or regulatory requirements.

## PART B:

### FURTHER TERMS OF THE OFFER

The following further terms apply to the Offer unless the contrary is expressed or the context otherwise requires.

Unless the context requires otherwise, any reference in Parts B, C or D of this Appendix I and in the Form of Acceptance:

- (i) to the “**Offer**” includes any revision, variation, renewal or extension of the Offer;
- (ii) to the “**acceptance condition**” means the condition set out in paragraph 1(a) of Part A of this Appendix I;
- (iii) to the “**Offer becoming unconditional**” means the acceptance condition becoming or being declared satisfied and references to the Offer having become or not become unconditional shall be construed accordingly;
- (iv) to “**acceptances of the Offer**” includes deemed acceptances of the Offer; and
- (v) to the “**Offer Period**” means, in relation the Offer, the period commencing on 23 July 2010 until the latest of:
  - A. 1.00 p.m. on 10 September 2010;
  - B. the time and date when the Offer lapses; and
  - C. the time and date when the Offer becomes unconditional.

#### **1 Acceptance Period**

- (a) The Offer will initially be open for acceptance until 1.00 p.m. on 10 September 2010. Although no revision is envisaged, if the Offer is revised it will remain open for acceptance for a period of at least 14 days (or such other period as the Panel may permit) from the date on which written notification of the revision is posted to Metals Exploration Shareholders. Except with the Panel’s consent, no revision of the Offer may be made or posted after 5 October 2010 or, if later, the date falling 14 days before the last date the Offer can become unconditional.
- (b) The Offer, whether revised or not, shall not (except with the Panel’s consent) be capable of becoming unconditional after midnight on 19 October 2010 (or any earlier time and/or date beyond which Solomon has stated that the Offer will not be extended unless Solomon has, where permitted, withdrawn that statement or extended the Offer beyond the stated earlier date), nor of being kept open for acceptance after that time and date unless it has previously become unconditional, provided that Solomon reserves the right, with the Panel’s consent, to extend the Offer to a later time(s) and/or date(s). Except with the Panel’s consent, Solomon may not, for the purpose of determining whether the acceptance condition has been satisfied, take into account acceptances received or purchases of Metals Exploration Shares made after 1.00 p.m. on 19 October 2010 (or any earlier time and/or date beyond which Solomon has stated that the Offer will not be extended unless where permitted, it has withdrawn that statement or extended the Offer beyond the stated earlier date) or, if the Offer is so extended, any such later time(s) and/or date(s) as may be agreed with the Panel. If the latest time at which the Offer may become unconditional is extended beyond midnight on 19 October 2010, acceptances received and purchases of Metals Exploration Shares made in respect of which relevant documents are received by Capita Registrars after 1.00 p.m. on 19 October 2010 may (except where the City Code permits otherwise) only be taken into account with the Panel’s agreement.

- (c) If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If the Offer has become unconditional and it is stated by or on behalf of Solomon that the Offer will remain open until further notice, then not less than 14 days' notice in writing will be given, before closing the Offer, to those Metals Exploration Shareholders who have not accepted the Offer.
- (d) If a competitive situation arises and is continuing on 19 October 2010, Solomon will enable holders of Metals Exploration Shares in uncertificated form who have not already validly accepted the Offer but who have previously accepted the competing offer to accept the Offer by special form of acceptance to take effect on 19 October 2010. It shall be a condition of such special form of acceptance being a valid acceptance of the Offer that (i) it is received by Capita Registrars on or before 19 October 2010; (ii) the relevant Metals Exploration Shareholder shall have applied to withdraw his acceptance of the competing offer but that the Metals Exploration Shares to which such withdrawal relates shall not have been released from escrow before 19 October 2010 by the escrow agent to the competing offer; and (iii) the Metals Exploration Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in this document on or before 19 October 2010, but an undertaking is given that they will be so transferred as soon as possible thereafter. Metals Exploration Shareholders wishing to use such forms of acceptance should apply to Capita Registrars on 0871 664 0321 or if calling from outside the UK, on +44 20 8639 3399, between 9.00 a.m. and 5.00 p.m. on the Business Day preceding 19 October 2010 in order that such forms can be despatched. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Notwithstanding the right to use such special form of acceptance, holders of Metals Exploration Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such shares.
- (e) If a competitive situation arises after Solomon has made a "no extension" statement and/or a "no increase" statement in relation to the Offer, Solomon may, if it specifically reserved the right to do so at the time such statement was made, or otherwise with the Panel's consent, choose not to be bound by and withdraw that statement and extend or revise the Offer (as appropriate) provided that it complies with the requirements of the City Code and, in particular, that:
- (i) it announces such withdrawal and that it is free to extend or revise the Offer (as appropriate) as soon as possible (and in any event within four Business Days of the firm announcement of the competing offer or other competitive situation) and Metals Exploration Shareholders are informed in writing at the earliest practicable opportunity or, in the case of Metals Exploration Shareholders with registered addresses outside the United Kingdom or whom Solomon or Strand Hanson knows to be a nominee, trustee or custodian holding Metals Exploration Shares for such persons, by announcement in the UK at the earliest practicable opportunity; and
  - (ii) any Metals Exploration Shareholders who accepted the Offer after the date of the "no extension" or "no increase" statement are given a right of withdrawal in accordance with paragraph 3(d) of this Part B of Appendix I.
- (f) Solomon may, if it has reserved the right to do so, choose not to be bound by a "no increase" or a "no extension" statement if it would otherwise prevent the posting of an increased or improved offer (either as to the value or nature of the consideration offered or otherwise) which

is recommended for acceptance by the Metals Exploration Board or in other circumstances permitted by the Panel.

- (g) Solomon may, if it has reserved the right to do so and Metals Exploration makes an announcement of the kind referred to in Rule 31.9 of the City Code after 28 September 2010, choose not to be bound by a “no increase” or a “no extension” statement and revise or extend the Offer with the consent of the Panel, provided that Solomon complies with the requirements of the City Code and in particular that notice to this effect is given as soon as possible (and in any event within four Business Days of the date of Metals Exploration’s announcement) and shareholders are informed in writing at the earliest opportunity.
- (h) For the purpose of determining at any particular time whether the acceptance condition has been satisfied, Solomon shall be entitled to take account only of those Metals Exploration Shares carrying voting rights which have been unconditionally allotted or issued before that time and written notice of allotment or issue of which, containing all the relevant details, has been received before that time by Capita Registrars from Metals Exploration or its agents at the address specified in paragraph 3(b) of this Part B. Telex, e-mail or facsimile transmission will not constitute written notice for these purposes.

## 2 Announcements

- (a) Without prejudice to paragraph 3(b) of this Part B, by 8.00 a.m. on the Business Day (the “**relevant day**”) following the day on which the Offer is due to expire or becomes unconditional or is revised or extended, as the case may be (or such later time(s) or date(s) as the Panel may agree), Solomon will make an appropriate announcement. The announcement will also state (unless otherwise permitted by the Panel):
  - (i) the number of Metals Exploration Shares for which acceptances of the Offer have been received (showing the extent, if any, to which such acceptances have been received from persons acting in concert with Solomon or in respect of Metals Exploration Shares which were subject to an irrevocable commitment, or letter of intent, to accept the Offer procured by Solomon or any of its concert parties);
  - (ii) details of any relevant securities of Metals Exploration in which Solomon or any person acting in concert with it has an interest or in respect of which it has a right to subscribe, in each case specifying the nature of the interests or rights concerned. Similar details of any short positions (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, will also be stated;
  - (iii) details of any relevant securities of Metals Exploration in respect of which Solomon or any of its concert parties has an outstanding irrevocable commitment or letter of intent; and
  - (iv) details of any relevant securities of Metals Exploration which Solomon or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold, and will in each case specify the percentage of each class of relevant securities of Metals Exploration represented by each of these figures.

Any such announcement shall include a prominent statement of the total number of Metals Exploration Shares which Solomon may count towards the satisfaction of the acceptance condition and the percentage of Metals Exploration Shares represented by this figure.

- (b) Any decision to extend the time and/or date by which the acceptance condition has to be fulfilled may be made at any time up to, and will be announced not later than, 8.00 a.m. on the relevant day (as defined in paragraph 2(a) of this Part B) or such later time(s) and/or date(s)

as the Panel may agree. The announcement will state the next expiry date unless the Offer is then unconditional, in which case a statement may instead be made that the Offer will remain open until further notice. In computing the number of Metals Exploration Shares represented by acceptances and/or purchases, there may be included or excluded for announcement purposes acceptances and purchases which are not complete in all respects or which are subject to verification save that those which could not be counted towards fulfilment of the acceptance condition under Notes 4, 5 and 6 of Rule 10 of the City Code shall not (unless agreed by the Panel) be included.

- (c) In this Appendix I, references to the making of an announcement or the giving of notice by or on behalf of Solomon include the release of an announcement by public relations consultants or by Strand Hanson to the press and the delivery by hand or telephone or telex or facsimile or other electronic transmission of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service shall be notified simultaneously to a Regulatory Information Service (unless otherwise agreed by the Panel).

### **3 Rights of withdrawal**

- (a) Except as provided by this paragraph 3 of this Part B or as otherwise permitted by Solomon (either generally or for any particular Metals Exploration Shareholder), acceptances and elections under the Offer shall be irrevocable.
- (b) If Solomon, having announced the Offer to be unconditional, fails to comply by 3.30 p.m. on the relevant day (as defined in paragraph 2(a) of this Part B (or such later time(s) and/or date(s) as the Panel may agree) with any of the other requirements specified in paragraph 2(a) of this Part B, an accepting certificated Metals Exploration Shareholder may (unless the Panel agrees otherwise) immediately thereafter withdraw his acceptance of the Offer by written notice received by post or, during normal business hours only, by hand by Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Subject to paragraph 1(b) of this Part B, this right of withdrawal may be terminated not less than eight days after the relevant day (as defined in paragraph 2(a) of this Part B) by Solomon confirming, if that be the case, that the Offer is still unconditional, and complying with the other requirements specified in paragraph 2(a) of this Part B. If any such confirmation is given, the first period of 14 days referred to in paragraph 1(c) of this Part B will run from the date of such confirmation and compliance.
- (c) If by 1.00 p.m. on 1 October 2010 (or such later time(s) and/or date(s) as the Panel may agree) the Offer has not become unconditional, an accepting certificated Metals Exploration Shareholder may withdraw his acceptance at any time thereafter by written notice in the manner referred to in paragraph 3(b) of this Part B (or, in the case of Metals Exploration Shares held in uncertificated form, in the manner set out in paragraph 3(f) of this Part B) before the earlier of:
  - (i) the time when the Offer becomes unconditional; and
  - (ii) the final time for lodgement of acceptances of the Offer which can be taken into account in accordance with paragraph 1(b) of this Part B.
- (d) If a “no extension” statement and/or a “no increase” statement has been withdrawn in accordance with paragraph 1(e) of this Part B, any Metals Exploration Shareholder who accepts the Offer after the date of the statement may withdraw his acceptance in the manner referred to in paragraph 3(b) of this Part B (or, in the case of Metals Exploration Shares held in uncertificated form, in the manner set out in paragraph 3(f) of this Part B) not later than the eighth day after the date on which written notice of withdrawal of the statement is posted to Metals Exploration Shareholders.

- (e) In this paragraph 3, “written notice” (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting Metals Exploration Shareholder(s) or his/their agent(s) duly appointed in writing (evidence of whose appointment is produced with the notice in a form reasonably satisfactory to Solomon). Telex, e-mail or facsimile transmissions or copies will not be sufficient to constitute written notice.
- (f) In the case of Metals Exploration Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraphs 3(b), 3(c) or 3(d) of this Part B, an accepting Metals Exploration Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and settle, include the following details:
  - (i) the number of Metals Exploration Shares to be withdrawn, together with their ISIN number (this is GB00B0394F60);
  - (ii) the member account ID of the accepting shareholder;
  - (iii) the participant ID of the accepting shareholder;
  - (iv) the Escrow Agent’s participant ID (this is RA10);
  - (v) the member account ID of the Escrow Agent included in the relevant Electronic Acceptance (this is SOLMET01);
  - (vi) the CREST transaction ID of the Electronic Acceptance to be withdrawn, to be inserted at the beginning of the shared note field;
  - (vii) the intended settlement date for the withdrawal;
  - (viii) the corporate action number for the Offer allocated by Euroclear;
  - (ix) input with a standard delivery instruction priority of 80; and
  - (x) a contact telephone number in the shared note field.

Any such withdrawal will be conditional upon Capita Registrars verifying that the withdrawal request is validly made. Accordingly, Capita Registrars will on behalf of Solomon either reject the withdrawal by transmitting in CREST a receiving agent reject (AEAD) message or accept the withdrawal by transmitting in CREST a receiving agent accept (AEAN) message.

- (g) Any question as to the validity (including time of receipt) of any notice of withdrawal will be determined by Solomon whose determination (save as the Panel otherwise determines) will be final and binding. None of Solomon, Metals Exploration, Strand Hanson, Westhouse Securities, Capita Registrars or any other person will be under any duty to give notification of any defect in any notice of withdrawal or will incur any liability for failure to do so.

#### **4 Revisions of the Offer**

- (a) No revision of the Offer is envisaged. However, if the Offer (in its original or any previously revised form(s)) is revised (either in its terms and conditions or in the value or nature of the consideration offered or otherwise) and such revision represents on the date on which it is announced (on such basis as Strand Hanson may consider appropriate) an improvement or no diminution in the value of the revised Offer compared with the consideration or terms previously offered or in the overall value received and/or retained by a Metals Exploration Shareholder (under the Offer or otherwise), the benefit of the revised Offer will, subject to paragraphs 4(c), 4(d) and 7 of this Part B, be made available to any Metals Exploration



Shareholder who has accepted the Offer in its original or any previously revised form(s) (a "**previous acceptor**"). The acceptance of the Offer by or on behalf of a previous acceptor in its original or any previously revised form(s) shall, subject as provided in paragraphs 4(c), 4(d) and 7 of this Part B, be treated as an acceptance of the Offer as so revised and shall also constitute the irrevocable and separate appointment of Solomon and each of the Solomon Directors as his attorney and/or agent with authority: (i) to accept any such revised Offer on behalf of such previous acceptor; (ii) if such revised Offer includes alternative forms of consideration, to make on his behalf such elections for and/or accept such alternative forms of consideration in the proportions such attorney and/or agent in his absolute discretion thinks fit; and (iii) to execute on behalf of and in the name of such previous acceptor all such further documents (if any) as may be required to give effect to such acceptances and/or elections. In making any such election and/or acceptance, such attorney and/or agent shall take into account such facts or matters as he may reasonably consider relevant.

- (b) Subject to paragraph 4(c) and paragraph 4(d) of this Part B, the powers of attorney and authorities conferred by this paragraph 4 and any acceptance of a revised Offer and/or any election pursuant thereto shall be irrevocable unless and until the previous acceptor becomes entitled to withdraw his acceptance under paragraph 3 of this Part B and duly and validly does so.
- (c) The deemed acceptance referred to in paragraph 4(a) of this Part B shall not apply, and the authorities conferred by that paragraph shall not be exercised, to the extent that a previous acceptor:
  - (i) in respect of Metals Exploration Shares in certificated form, lodges with Capita Registrars, within 14 days of the posting of the document containing the revised Offer, a Form of Acceptance (or other form validly issued by or on behalf of Solomon) in which he validly elects to receive the consideration receivable by him under such revised Offer in some other manner than that set out in his original or any previous acceptance; or
  - (ii) in respect of Metals Exploration Shares in uncertificated form, sends (or, if a CREST sponsored member, procures that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied. Each ESA instruction must, in order for it to be valid and settle, include the following details:
    - A. the number of Metals Exploration Shares in respect of which the changed election is made, together with their ISIN number (this is GB00B0394F60);
    - B. the member account ID of the previous acceptor;
    - C. the participant ID of the previous acceptor;
    - D. the member account ID of the Escrow Agent included in the relevant Electronic Acceptance. This is SOLMET01;
    - E. the Escrow Agent's participant ID. This is RA10;
    - F. the CREST transaction ID of the Electronic Acceptance in respect of which the election is to be changed to be inserted at the beginning of the shared note field;
    - G. the intended settlement date for the changed election;
    - H. the corporate action number for the Offer allocated by Euroclear;
    - I. the member account ID of the Escrow Agent relevant to the new election; and
    - J. input with a standard delivery instruction priority of 80.

Any such change of election will be conditional upon Capita Registrars verifying that the request is validly made. Accordingly, Capita Registrars will on behalf of Solomon reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message as appropriate.

- (d) The deemed acceptance referred to in paragraph 4(a) of this Part B shall not apply, and the authorities conferred by that paragraph shall not be exercised, if, as a result thereof, the previous acceptor would (on such basis as Strand Hanson may consider appropriate) thereby receive less in aggregate in consideration under the revised Offer than he would have received in aggregate as a result of acceptance of the Offer in the form in which it was previously accepted by him or on his behalf unless the previous acceptor has previously agreed in writing. The authorities conferred by paragraph 4(a) of this Part B shall not be exercised in respect of any election available under the revised Offer save in accordance with this paragraph.
- (e) Solomon and Capita Registrars reserve the right to treat an executed Form of Acceptance or TTE instruction (in respect of the Offer in its original or any previously revised form(s)) which is received (or dated) on or after the announcement of any revised Offer as a valid acceptance of the revised Offer and/or, where applicable, a valid election for or acceptance of any of the alternative forms of consideration. Such acceptances shall constitute an authority in the terms of paragraph 4(a) of this Part B, mutatis mutandis, on behalf of the relevant Metals Exploration Shareholder.

## **5 Acceptances and purchases**

Except as otherwise agreed by the Panel:

- (a) subject to paragraph (d) below, an acceptance of the Offer shall not be treated as valid for the purposes of the acceptance condition unless the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the City Code are satisfied in respect of it (and the Metals Exploration Shares to which such acceptance relates do not fall within Note 8 on Rule 10 of the City Code);
- (b) subject to paragraph (d) below, a purchase of Metals Exploration Shares by Solomon or its nominee(s) or any person acting or deemed to be acting in concert with Solomon (or such person's nominee) will only be treated as valid for the purposes of the acceptance condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the City Code are satisfied in respect of it (and the Metals Exploration Shares to which such acceptance relates do not fall within Note 8 on Rule 10 of the City Code);
- (c) subject to paragraph (d) below, Metals Exploration Shares subscribed by Solomon as a result of the exercise of the Metals Exploration Share Options and/or Warrants (and continuing to be held by Solomon at the relevant time) shall be treated as having been acquired by Solomon for the purposes of the acceptance condition from the time at which such shares are unconditionally allotted; and
- (d) before the Offer may become unconditional, Capita Registrars must have issued a certificate to Solomon or to Strand Hanson which states (i) the number of Metals Exploration Shares in respect of which acceptances have been received and which comply with paragraph 5(a) of this Part B, (ii) the number of Metals Exploration Shares otherwise acquired, whether before or during the Offer Period, which comply with paragraph 5(b) of this Part B and (iii) the number of Metals Exploration Shares subscribed by Solomon during the Offer Period and which comply with paragraph 5(c) of this Part B.

## **6 General**

- (a) Except with the Panel's consent, the Offer will lapse unless the condition has been satisfied by midnight on 19 October 2010 or by midnight on the date which is 21 days after the date on which the Offer becomes unconditional, whichever is the later, or such later date(s) as Solomon

may, with the Panel's consent, decide. If the Offer lapses for any reason, then it shall cease to be capable of further acceptance and Solomon and Metals Exploration Shareholders shall cease to be bound by acceptances received on or before the date on which the Offer lapses.

- (b) The Offer will lapse if it is referred to the Competition Commission before the later of 1.00 p.m. (London time) on 10 September 2010 and the date on which the Offer becomes or is declared unconditional as to acceptances. The Offer will also lapse if it is reviewed by the European Commission before the later of 10 September 2010 and the date on which the Offer becomes or is declared unconditional as to acceptances and: (i) the European Commission initiates proceedings under Article 6(1)(c) of the Merger Regulation or (ii) following a referral of the Offer by the European Commission under Article 9.1 of the Merger Regulation to a competent authority in the United Kingdom, there is a reference to the Competition Commission.
- (c) Except with the Panel's consent, settlement of the consideration to which any Metals Exploration Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Solomon, may otherwise be, or claim to be, entitled as against such Metals Exploration Shareholder and will be effected in the manner described in this document.
- (d) The Offer is made at noon on 20 August 2010 and is capable of acceptance from that date and after that time. Copies of this document, the Form of Acceptance and any related documents are available from Capita Registrars at the address set out in paragraph 3(b) of this Part B from that time.
- (e) The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. The provisions of this Appendix I shall be deemed to be incorporated in and form part of each Form of Acceptance. Words and expressions defined in this document have the same meanings when used in the Form of Acceptance, unless the context otherwise requires.
- (f) The Offer, all acceptances of it and all elections pursuant to it, the Form of Acceptance and Electronic Acceptances, all contracts made pursuant to the Offer, all action taken or made or deemed to be taken or made pursuant to any of these terms, the relationship between a Metals Exploration Shareholder and Solomon and/or Capita Registrars and/or Strand Hanson and all non-contractual obligations arising from any of the foregoing shall be governed by and interpreted in accordance with English law and:
  - (i) execution of a Form of Acceptance or the making of an Electronic Acceptance by or on behalf of a Metals Exploration Shareholder will constitute his agreement that the Courts of England are (subject to paragraph 6(f)(ii) of this Part B) to have exclusive jurisdiction to settle any dispute which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by the Offer and the Form of Acceptance or the Electronic Acceptance or otherwise arising in connection with the Offer and the Form of Acceptance or the Electronic Acceptance, and for such purposes that he irrevocably submits to the jurisdiction of the English Courts; and
  - (ii) execution of a Form of Acceptance or the making of an Electronic Acceptance by or on behalf of a Metals Exploration Shareholder will constitute his agreement that the agreement in paragraph 6(f)(i) of this Part B is included for the benefit of Solomon, Strand Hanson and Capita Registrars and accordingly, notwithstanding the exclusive agreement in paragraph 6(f)(i) of this Part B, each of Solomon, Strand Hanson and Capita Registrars shall each retain the right to, and may in their absolute discretion, bring proceedings in the courts of any other country which may have jurisdiction and that the accepting Metals Exploration Shareholder irrevocably submits to the jurisdiction of the courts of any such country.

- (g) If the expiry date of the Offer is extended, any reference in this document and in the Form of Acceptance to, the First Closing Date or 10 September 2010 shall, except in paragraph 1(a) and paragraph 6(b) of this Part B and where the context otherwise requires, be deemed to refer to the expiry date of the Offer as so extended.
- (h) Any omission or failure to despatch this document or the Form of Acceptance or any other document relating to the Offer or any notice required to be despatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made, or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to paragraph 7 of this Part B, the Offer extends to any such person and to all Metals Exploration Shareholders to whom this document, the Form of Acceptance and any related documents may not be despatched and who may not receive such documents, and such persons may collect copies of those documents from Capita Registrars at the address set out in paragraph 3(b) of this Part B.
- (i) If the Offer lapses:
- (i) in respect of Metals Exploration Shares held in certificated form, Forms of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as the Panel may approve) within 14 days of the Offer lapsing, at the risk of the Metals Exploration Shareholder concerned, to the person or agent whose name and address is set out in Box A or Box 4 on the Form of Acceptance; and
  - (ii) in respect of Metals Exploration Shares held in uncertificated form, Capita Registrars will, immediately after the Offer lapses (or within such longer period as the Panel may permit), give TFE instructions to Euroclear to transfer all Metals Exploration Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Metals Exploration Shareholders concerned.
- (j) All powers of attorney, appointments as agent and authorities on the terms conferred by or referred to in this Appendix I or in the Form of Acceptance are given by way of security for the performance of the obligations of the Metals Exploration Shareholder concerned and are irrevocable (in respect of powers of attorney in accordance with Section 4 of the Powers of Attorney Act 1971) except in the circumstances where the donor of such power of attorney, appointment or authority is entitled to withdraw his acceptance in accordance with paragraph 3 of this Part B and duly and validly does so.
- (k) Without prejudice to any other provisions of this Part B, Solomon, Strand Hanson and Capita Registrars reserve the right to treat acceptances of the Offer as valid if not entirely in order or not accompanied by the relevant TTE instruction or (as applicable) the relevant share certificate(s) and/or other document(s) of title or if received by or on behalf of any of them at any place or places or in any manner determined by any of them or otherwise than as set out in this document or, in respect of Metals Exploration Shares held in certificated form, in the Form of Acceptance.
- (l) All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from any Metals Exploration Shareholders will be delivered by or sent to or from them (or their designated agents) at their risk. No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, communication, notice, share certificate(s) and/or other document(s) of title will be given by or on behalf of Solomon.
- (m) Solomon and Strand Hanson reserve the right to notify any matter (including the making of the Offer) to all or any Metals Exploration Shareholder(s) with (i) registered addresses outside the UK or (ii) whom Solomon knows to be nominees, trustees or custodians for such Metals Exploration Shareholder(s) with registered addresses outside the UK by announcement or paid advertisement in any daily newspaper published and circulated in the UK, in which case such

notice shall be deemed to have been sufficiently given notwithstanding any failure by any such shareholders to receive or see such notice. All references in this document to “notice in writing” (other than in paragraph 3 of this Part B) shall be construed accordingly.

- (n) If sufficient acceptances are received and/or sufficient Metals Exploration Shares to which the Offer relates are otherwise acquired, Solomon intends to apply the provisions of Part 28 of the Companies Act 2006 to acquire compulsorily any Metals Exploration Shares not acquired or agreed to be acquired by or on behalf of Solomon pursuant to the Offer or otherwise. The expression “Metals Exploration Shares to which the Offer relates” means Metals Exploration Shares except any Metals Exploration Shares which are treated at the date of the Offer as already held by Solomon for the purposes of Chapter 3 of Part 28 of the Companies Act 2006.
- (o) It is also intended that, when Solomon has by virtue of its shareholdings and acceptances of the Offer acquired or agreed to acquire Metals Exploration Shares carrying at least 75 per cent. of the voting rights attaching to the ordinary share capital of Metals Exploration, Solomon will procure the making of an application by Metals Exploration to the London Stock Exchange for the cancellation of trading of Metals Exploration Shares on AIM. At least 20 Business Days’ notice of cancellation will be given once Solomon announces it has acquired 75 per cent. of the voting rights.
- (p) All references in this Appendix I to any statute or statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date of this document).
- (q) In relation to any acceptance of the Offer in respect of a holding of Metals Exploration Shares which are in uncertificated form, Solomon reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the City Code or are otherwise made with the Panel’s consent.
- (r) For the purposes of this document, the time of receipt of a TTE instruction, an ESA instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.

## **7 Overseas Shareholders**

- (a) The making of the Offer in, or to persons resident in, or to nationals or citizens of, jurisdictions outside the United Kingdom or to nominees of, or custodians or trustees for, citizens or nationals of other countries (“**Overseas Shareholders**”) may be prohibited or affected by the laws of the relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. No person receiving a copy of this document and/or a Form of Acceptance in any jurisdiction other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Form of Acceptance if, in the relevant jurisdiction, such invitation or offer cannot lawfully be made to him or such Form of Acceptance cannot lawfully be used without contravention of any relevant or other legal requirements. In such circumstances, this document and/or Form of Acceptance are deemed to be sent for information purposes only. It is the responsibility of such Overseas Shareholder receiving a copy of this document and/or Form of Acceptance and wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities needing to be observed and payment of any issue, transfer or other taxes or duties due in such jurisdiction. Any such Overseas Shareholder will be responsible for any such issue, transfer or other taxes or other payments by whomsoever payable and Solomon (and any person acting on its behalf) shall be fully indemnified and held harmless by such



Overseas Shareholder for any such issue, transfer or other taxes or duties as Solomon (or any such person) may be required to pay.

**If you are an Overseas Shareholder and you are in any doubt about your position, you should consult your independent financial adviser in the relevant jurisdiction.**

- (b) A Metals Exploration Shareholder will be deemed not to have validly accepted the Offer if:
- (i) he puts “NO” in Box 3 of the Form of Acceptance and thereby does not give the representations and warranties set out in sub-paragraph (b) of Part C of this Appendix I; or
  - (ii) he makes a Restricted Escrow Transfer pursuant to paragraph 7(d) below unless he also makes a related Restricted ESA instruction which is accepted by Capita Registrars.

Solomon reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in paragraph (b) of Part C of this Appendix I or (as the case may be) Part D of this Appendix I could have been truthfully given by the relevant Metals Exploration Shareholder and, if such investigation is made and, as a result, Solomon cannot satisfy itself that such representation and warranty was true and correct, the acceptance shall not be valid.

**Any acceptance of the Offer by Metals Exploration Shareholders who are unable to give the representations and warranties set out in paragraph (b) of Part C of this Appendix I is liable to be disregarded.**

- (c) Solomon reserves the right, in its absolute discretion, to treat any acceptance as invalid if it believes that such acceptance may violate applicable legal or regulatory requirements.
- (d) If a Metals Exploration Shareholder holding Metals Exploration Shares in uncertificated form cannot give the warranty set out in paragraph (b) of Part D of this Appendix I, but nevertheless can provide evidence satisfactory to Solomon that he can accept the Offer in compliance with all relevant legal and regulatory requirements, he may only purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) both:
- (i) a TTE instruction to a designated escrow balance detailed below (a “**Restricted Escrow Transfer**”); and
  - (ii) one or more valid ESA instructions (a “**Restricted ESA instruction**”).

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA instruction(s) settle in CREST and Solomon decides, in its absolute discretion, to exercise its right described in paragraph 7(e) of Part B of this Appendix I to waive, vary or modify the terms of the Offer relating to Overseas Shareholders, to the extent required to permit such acceptance to be made, in each case during the acceptance period set out in paragraph 1(a) of Part B of this Appendix I. If Solomon accordingly decides to permit such acceptance to be made, Capita Registrars will, on behalf of Solomon, accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, Capita Registrars will, on behalf of Solomon, reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message. Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- A. the ISIN number for the Metals Exploration Shares. This is GB00B0394F60;
- B. the number of Metals Exploration Shares in uncertificated form in respect of which the Offer is to be accepted;

- C. the member account ID of the Metals Exploration Shareholder;
- D. the participant ID of the Metals Exploration Shareholder;
- E. the participant ID of the Escrow Agent (this is RA10);
- F. the member account ID specific to a Restricted Escrow Transfer (this is RESTRICT);
- G. the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. (London time) on 10 September 2010;
- H. the corporate action number for the Offer allocated by Euroclear;
- I. input with a standard delivery instruction priority of 80; and
- J. the contact name and telephone number inserted in the shared note file.

Each Restricted ESA instruction must, in order for it to be valid and settle, include the following details:

- K. the ISIN number for the Metals Exploration Shares. This is GB00B0394F60;
  - L. the number of Metals Exploration Shares relevant to that Restricted ESA instruction;
  - M. the member account ID of the accepting Metals Exploration Shareholder;
  - N. the participant ID of the accepting Metals Exploration Shareholder;
  - O. the member account ID of the Escrow Agent set out in the Restricted Escrow Transfer;
  - P. the participant ID of the Escrow Agent set out in the Restricted Escrow Transfer;
  - Q. the participant ID (which is RA10) and the member account ID (which is SOLMET01) of the Escrow Agent;
  - R. the CREST transaction ID of the Restricted Escrow Transfer to which the Restricted ESA instruction relates to be inserted at the beginning of the shared note field;
  - S. the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. (London time) on 10 September 2010;
  - T. input with a standard delivery instruction priority of 80; and
  - U. the corporate action number for the Offer.
- (e) These provisions and any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Metals Exploration Shareholders or on a general basis by Solomon in its absolute discretion. Subject thereto, the provisions of this paragraph 7 supersede any terms of the Offer inconsistent with them. References in this paragraph 7 to a Metals Exploration Shareholder include references to the person or persons executing a Form of Acceptance and, if more than one person executes the Form of Acceptance, the provisions of this paragraph 7 shall apply to them jointly and severally.

## PART C:

### FORM OF ACCEPTANCE

**This Part C only applies to Metals Exploration Shares held in certificated form (unless Solomon otherwise agrees). If you hold all your Metals Exploration Shares in uncertificated form, you should (unless Solomon has agreed that you can use a Form of Acceptance) ignore this Part C and instead read Part D below.**

Each Metals Exploration Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and delivered to Capita Registrars irrevocably undertakes, represents, warrants and agrees to and with Solomon, Strand Hanson and Capita Registrars (so as to bind him, his personal or legal representatives, heirs, successors and assigns) to the following effect:

- (a) that the execution of the Form of Acceptance shall constitute:
  - (i) an acceptance of the Offer in respect of the number of Metals Exploration Shares in certificated form inserted or deemed to be inserted in Box 1 of the Form of Acceptance; and
  - (ii) an undertaking to execute any further documents and give any further assurances which may be required to enable Solomon to obtain the full benefit of this Part C and/or to perfect any of the authorities expressed to be given in this Part C,

in each case on and subject to the terms and conditions set out or referred to in this document and in the Form of Acceptance and that, subject only to the rights of withdrawal set out or referred to in paragraph 3 of Part B of this Appendix I, each such acceptance shall be irrevocable provided that if (i) Box 1 is not completed or (ii) the total number of Metals Exploration Shares inserted in Box 1 is greater than the number of Metals Exploration Shares comprised in the acceptance, but the Form of Acceptance is signed, it will be deemed to be an acceptance of the Offer in respect of all of the Metals Exploration Shares comprised in the acceptance.

For the purposes of this Appendix I and the Form of Acceptance, the phrase “**Metals Exploration Shares comprised in the acceptance**” shall mean the number of Metals Exploration Shares inserted in Box 1 of the Form of Acceptance or if no number (or a number greater than the relevant Metals Exploration Shareholder’s registered holding of Metals Exploration Shares) is inserted, the greater of:

- a. the relevant Metals Exploration Shareholder’s entire holding of Metals Exploration Shares as disclosed by the register of members made available to Capita Registrars prior to the time the relevant Form of Acceptance is processed by them;
  - b. the relevant Metals Exploration Shareholder’s entire holding of Metals Exploration Shares as disclosed by the register of members made available to Capita Registrars prior to the latest time for receipt of the Form of Acceptance which can be taken into account for determining whether the Offer is unconditional; or
  - c. the number of Metals Exploration Shares in respect of which certificates or an indemnity in lieu thereof is received by Capita Registrars;
- (b) unless “NO” is put in Box 3 of the Form of Acceptance, that such Metals Exploration Shareholder, if an Overseas Shareholder, has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken

or omitted to take any action that will or may result in Solomon, Strand Hanson or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance thereof;

- (c) that the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Metals Exploration Shareholder not having validly withdrawn his acceptance, the irrevocable and separate appointment of each of Solomon and/or Strand Hanson and any director of, or any person authorised by them, as such shareholder's attorney and/or agent (the "**attorney**") and an irrevocable instruction and authorisation to the attorney:
  - (i) to complete and execute all or any form(s) of transfer and/or other document(s) at the discretion of the attorney in relation to the Metals Exploration Shares referred to in paragraph (a) of this Part C in favour of Solomon or such other person or persons as Solomon or its agents may direct in connection with acceptance of the Offer;
  - (ii) to deliver such form(s) of transfer and/or other document(s) in the attorney's discretion and/or the certificate(s) and/or other document(s) of title relating to such Metals Exploration Shares for registration within six months of the Offer becoming unconditional in all respects; and
  - (iii) to execute all such other documents and do all such other acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer pursuant to the Form of Acceptance and to vest the Metals Exploration Shares referred to in paragraph (a) of this Part C in Solomon or its nominee;
- (d) that, in relation to Metals Exploration Shares in certificated form, the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes, subject to the Offer becoming unconditional in all respects and to an accepting Metals Exploration Shareholder not having validly withdrawn his acceptance, an irrevocable authority and request (subject to the provisions of paragraph 7 of Part B of this Appendix I):
  - (i) to Metals Exploration or its agents to procure the registration of the transfer of those Metals Exploration Shares referred to in paragraph (a) of this Part C pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect of the Metals Exploration Shares to Solomon or as it may direct;
  - (ii) to Solomon or its respective agents to procure the despatch by post (or by such other method as the Panel may approve) of the cheque for the cash consideration to which an accepting Metals Exploration Shareholder is entitled, at the risk of such shareholder, to the person or agent whose name and address is set out in Box A of the Form of Acceptance, or to the name and address set out in Box 4 (if any);
- (e) that the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes a separate authority to Solomon and/or Strand Hanson and/or their respective directors within the terms of paragraph 4 of Part B of this Appendix I in respect of the Metals Exploration Shares in certificated form comprised in the acceptance;
- (f) that, subject to the Offer becoming or being declared unconditional in all respects (or if the Offer will become unconditional in all respects or lapse immediately upon the outcome of the resolution in question or if the Panel consents) and pending registration:
  - (i) Solomon or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Metals Exploration or of any class of its shareholders) attaching to any Metals Exploration Shares in certificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn; and

- (ii) the execution of a Form of Acceptance in respect of the Metals Exploration Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
  - A. constitutes an authority to Metals Exploration and its agents from such Metals Exploration Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him/her as a member of Metals Exploration (including any share certificate(s) or other document(s) of title) to Solomon at its registered office;
  - B. constitutes an authority to Solomon or any director of Solomon to sign any consent to short notice of a general or separate class meeting as his attorney and/or agent and on his behalf and/or to attend and/or execute a form of proxy in respect of such Metals Exploration Shares appointing any person nominated by Solomon to attend general and separate class meetings of Metals Exploration (and any adjournments thereof) and to exercise the votes attaching to such shares on his behalf, where relevant such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and
  - C. will also constitute the agreement of such Metals Exploration Shareholder not to exercise any of such rights without the consent of Solomon and the irrevocable undertaking of such Metals Exploration Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting,

save that this authority will cease to be valid if the acceptance is validly withdrawn;

- (g) that he will deliver or procure the delivery to Capita Registrars at the address referred to in paragraph 3(b) of Part B of this Appendix I his share certificate(s) and/or other document(s) of title in respect of all Metals Exploration Shares in certificated form held by him in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn, or an indemnity acceptable to Solomon in lieu thereof, as soon as possible and in any event within six months of the Offer becoming unconditional in all respects;
- (h) that he is the sole legal and beneficial owner of the Metals Exploration Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted or he is the legal owner of such Metals Exploration Shares and he has the necessary capacity and authority to execute the Form(s) of Acceptance;
- (i) that the Metals Exploration Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid up and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or paid on or after 23 July 2010;
- (j) that the terms and condition of the Offer contained in this document shall be deemed to be incorporated in, and form part of, the Form of Acceptance which shall be read and construed accordingly;
- (k) that, if he accepts the Offer, he will do all such acts and things as shall be necessary or expedient to vest the Metals Exploration Shares referred to in paragraph (a) of this Part C in Solomon or its nominee(s) or such other persons as it may decide;
- (l) that he agrees to ratify each and every act or thing which may be done or effected by Solomon, Strand Hanson or Capita Registrars or any director of Solomon, Strand Hanson or Capita Registrars or their respective agents or Metals Exploration or its agents, as the case may be, in the exercise of any of his powers and/or authorities under this document;



- (m) that the execution of the Form of Acceptance constitutes his agreement to the terms of paragraphs 6(f) (i) and (ii) of Part B of this Appendix I;
- (n) that on execution the Form of Acceptance shall take effect as a deed;
- (o) that if any provision of Part B or this Part C of this Appendix I shall be unenforceable or invalid or shall not operate so as to afford Solomon or Strand Hanson or Capita Registrars or any director of any of them the benefit or authority expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents as may be required to enable Solomon and/or Strand Hanson and/or Capita Registrars and/or any director of any of them to secure the full benefits of Part B and this Part C; and
- (p) that he is not a customer (as defined by the rules of the Financial Services Authority) of Strand Hanson in connection with the Offer.

References in this Part C to a Metals Exploration Shareholder shall include references to the person or persons executing a Form of Acceptance and, if more than one person executes a Form of Acceptance, the provisions of this Part C shall apply to them jointly and severally.

## PART D:

### ELECTRONIC ACCEPTANCE

**This Part D only applies to Metals Exploration Shares held in uncertificated form. If you hold all your Metals Exploration Shares in certificated form, you should ignore this Part D and instead read Part C above.**

Each Metals Exploration Shareholder by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with Solomon, Strand Hanson and Capita Registrars (so as to bind him, his personal representatives, heirs, successors and assigns) to the following effect:

- (a) that the Electronic Acceptance shall constitute an acceptance of the Offer in respect of the number of Metals Exploration Shares in uncertificated form to which a TTE instruction relates on and subject to the terms and conditions set out or referred to in this document and that, subject only to the rights of withdrawal set out or referred to in paragraph 3 of Part B of this Appendix I, each such acceptance and election shall be irrevocable;
- (b) that, if such Metals Exploration Shareholder is an Overseas Shareholder, he has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in Solomon, Strand Hanson or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance thereof;
- (c) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Metals Exploration Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of each of Solomon and/or Strand Hanson and any director of, or any person authorised by, either of them as such shareholder's attorney and/or agent (the "*attorney*") and an irrevocable instruction and authorisation to the attorney to do all such acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest the Metals Exploration Shares referred to in paragraph (a) of this Part D in Solomon or its nominee;
- (d) that the Electronic Acceptance constitutes the irrevocable appointment of Capita Registrars as Escrow Agent and an irrevocable instruction and authority to the Escrow Agent (i) subject to the Offer becoming unconditional in all respects in accordance with its terms and to the accepting Metals Exploration Shareholder not having validly withdrawn his acceptance, to transfer to itself (or to such other person or persons as Solomon or its agents may direct) by means of CREST all or any of the Metals Exploration Shares in uncertificated form (but not exceeding the number of Metals Exploration Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted) and (ii) if the Offer does not become unconditional in all respects, to give instructions to Euroclear, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), to transfer all such Metals Exploration Shares to the original available balance of the accepting Metals Exploration Shareholder;
- (e) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects and to the accepting Metals Exploration Shareholder not having validly withdrawn his acceptance, an irrevocable authority and request to Solomon or its agents to procure the making of a CREST payment obligation in favour of the Metals Exploration Shareholder's

payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such shareholder is entitled, provided that Solomon may (if, for any reason, it wishes to do so) determine that all or any part of any such cash consideration shall be paid by cheque despatched by post;

- (f) that the Electronic Acceptance constitutes a separate authority to Solomon, Strand Hanson and/or their respective directors within the terms of paragraph 4 of Part B of this Appendix I in respect of the Metals Exploration Shares in uncertificated form referred to in paragraph (a) of this Part D;
- (g) that, subject to the Offer becoming or being declared unconditional in all respects (or if the Offer will become unconditional in all respects or lapse immediately upon the outcome of the resolution in question or if the Panel consents) and pending registration:
  - (i) Solomon and/or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Metals Exploration or of any class of its shareholders) attaching to such Metals Exploration Shares in uncertificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn; and
  - (ii) an Electronic Acceptance in respect of the Metals Exploration Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
    - A. constitutes an authority to Metals Exploration from such Metals Exploration Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him/her as a member of Metals Exploration (including any share certificate(s) and/or other document(s) of title issued as a result of a conversion of such Metals Exploration Shares into certificated form) to Solomon at its registered office;
    - B. constitutes an authority to Solomon or any director of Solomon to sign any consent to short notice of a general or separate class meeting as his attorney and/or agent and on his behalf and/or to attend and/or execute a form of proxy in respect of such Metals Exploration Shares appointing any person nominated by Solomon to attend general and separate class meetings of Metals Exploration (and any adjournments thereof) and to exercise the votes attaching to such shares on his behalf, where relevant such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and
    - C. will also constitute the agreement of such Metals Exploration Shareholder not to exercise any of such rights without the consent of Solomon and the irrevocable undertaking of such Metals Exploration Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting,save that this authority will cease to be valid if the acceptance is validly withdrawn;
- (h) that he is the sole legal and beneficial owner of the Metals Exploration Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted or he is the legal owner of such Metals Exploration Shares and he has the necessary capacity and authority to effect an Electronic Acceptance;
- (i) that the Metals Exploration Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid up and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and other distributions (if any) declared, made or paid on or after 23 July 2010;

- (j) that he will do all such acts and things as shall be necessary or expedient to vest the Metals Exploration Shares referred to in paragraph (a) of this Part D in Solomon or its nominee(s) or such other persons as it may decide and all such acts and things as may be necessary or expedient to enable Capita Registrars to perform its functions as Escrow Agent for the purposes of the Offer;
- (k) that he agrees to ratify each and every act or thing which may be done or effected by Solomon, Strand Hanson or Capita Registrars or any director of Solomon, Strand Hanson or Capita Registrars or their respective agents or Metals Exploration or its agents, as the case may be, in the exercise of any of his powers and/or authorities under this document;
- (l) that if, for any reason, any Metals Exploration Shares in respect of which a TTE instruction has been effected in accordance with paragraph 13 of the letter from Strand Hanson contained in this document are converted to certificated form, he will (without prejudice to paragraph (g)(ii)(A) of this Part D) immediately deliver or procure the immediate delivery of the share certificate(s) and/or other document(s) of title in respect of all such Metals Exploration Shares as so converted to Capita Registrars at the address referred to in paragraph 3(b) of Part B of this Appendix I or to Solomon at its registered office or as Solomon or its agents may direct; and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part C of this Appendix I in relation to such Metals Exploration Shares without prejudice to the application of this Part D as far as Solomon deems appropriate;
- (m) that the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements referred to in paragraph (e) of this Part D shall, to the extent of the obligation so created, discharge in full any obligation of Solomon to pay him the cash consideration to which he is entitled pursuant to the Offer;
- (n) that the making of an Electronic Acceptance constitutes his agreement to the terms of paragraphs 6(f)(i) and (ii) of Part B of this Appendix I;
- (o) that, by virtue of the CREST Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the relevant Metals Exploration Shareholder in the terms of all the powers and authorities expressed to be given by Part B, this Part D and (where applicable by virtue of paragraph (l) above) Part C of this Appendix I to Solomon, Strand Hanson, Capita Registrars and any of their respective agents;
- (p) that if any provision of Part B or this Part D of this Appendix I shall be unenforceable or invalid or shall not operate so as to afford Solomon, Strand Hanson or Capita Registrars or any director of any of them the benefit or authority expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Solomon and/or Strand Hanson and/or Capita Registrars and/or any director of either of them to secure the full benefits of Part B and this Part D; and
- (q) that he is not a customer (as defined by the rules of the Financial Services Authority) of Strand Hanson in connection with the Offer.

References in this Part D to a Metals Exploration Shareholder shall include references to the person or persons making an Electronic Acceptance and, if more than one makes an Electronic Acceptance, the provisions of this Part D shall apply to them jointly and severally.

## APPENDIX II

### FINANCIAL INFORMATION ON THE METALS EXPLORATION GROUP

#### METALS EXPLORATION'S AUDITED RESULTS FOR THE FOUR FINANCIAL PERIODS ENDED 31 DECEMBER 2009, 31 DECEMBER 2008, 30 SEPTEMBER 2008 AND 30 SEPTEMBER 2007

##### **Incorporation of the relevant information by reference**

The financial information listed below relating to the Metals Exploration Group is (to the extent that the same has been published by Metals Exploration) hereby incorporated by reference into this document.

<b>No.</b>	<b>Information</b>	<b>Source of Information in Annual Reports</b>
1.	Turnover, net profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends, and earnings and dividends per share for the Metals Exploration Group for the four financial periods ended 31 December 2009, 31 December 2008, 30 September 2008 and 30 September 2007.	2009: page 23 2008 (3 month period ended 31 December): page 20 2008 (year ended 30 September): page 21 2007: page 17 If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document. <a href="http://www.metalsexploration.com/financials">http://www.metalsexploration.com/financials</a>
2.	A statement of the assets and liabilities shown in the audited accounts for the Metals Exploration Group for the four financial periods ended 31 December 2009, 31 December 2008, 30 September 2008 and 30 September 2007.	2009: page 24 2008 (as at 31 December): page 21 2008 (as at 30 September): page 24 2007: page 19 If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document. <a href="http://www.metalsexploration.com/financials">http://www.metalsexploration.com/financials</a>
3.	A cash flow statement as provided in the audited accounts for the Metals Exploration Group for the four financial periods ended 31 December 2009, 31 December 2008, 30 September 2008 and 30 September 2007.	2009: page 26 2008 (3 month period ended 31 December): page 23 2008 (year ended 30 September): page 25 2007: page 21 If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document. <a href="http://www.metalsexploration.com/financials">http://www.metalsexploration.com/financials</a>



No.	Information	Source of Information in Annual Reports
4.	Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures.	<p>2009: pages 30 to 54</p> <p>2008 (3 month period ended 31 December): pages 27 to 49</p> <p>2008 (year ended 30 September): pages 29 to 53</p> <p>2007: pages 22 to 34</p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p><i><a href="http://www.metalsexploration.com/financials">http://www.metalsexploration.com/financials</a></i></p>

The audited financial results for the Metals Exploration Group for the four financial periods ended 31 December 2009, 31 December 2008, 30 September 2008 and 30 September 2007 are available free of charge on the Metals Exploration website at <http://www.metalsexploration.com/financials>.

Information in relation to items 1, 2, 3 and 4 above in relation to the audited financial statements has not been published in an inflation adjusted form.

The annual reports are available in “read only” format and can be printed from the Metals Exploration website. Hard copies of any information and/or documents incorporated by reference in this document will not be sent to recipients of this document. However, such recipients may request a copy of the information so incorporated in hard copy by contacting Capita Registrars by telephone or by post via the contact details set out on page 4 of this document.

## APPENDIX III

### INFORMATION RELATING TO SOLOMON, CHRISTIAN CANDY, REEF SECURITIES AND STEVEN SMITH

#### 1 SOLOMON

##### 1.1 Incorporation and registered office

Solomon is a private company incorporated on 22 December 2008 under the laws of Guernsey with registered number 49841 and has its registered office at PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB.

##### 1.2 Directors

The directors of Solomon are:

- Timothy James Dean
- Simon Graham
- Richard Steven Williams

##### 1.3 Share capital and shareholder

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

##### 1.4 Financial information and activities

Solomon was formed specifically to invest in Metals Exploration and is beneficially wholly owned by Christian Candy.

Its current holding in Metals Exploration represents Solomon's only asset, its first investment in the mining sector, and only investment made to date, and was acquired principally by way of subscriptions in placings completed by the Company in January 2009, May 2009 and August 2009.

Solomon has not traded or filed any audited accounts since its date of incorporation, has paid no dividends and has not entered into any obligations other than in connection with its historic investments in Metals Exploration and the financing of the Offer. Christian Candy intends that Solomon will continue to focus solely on its investment in Metals Exploration.

##### 1.5 Details of financing

Solomon is an entity which is beneficially wholly owned by Christian Candy and he has undertaken to support Solomon with regard to the financing of the Offer.

Full acceptance of the Offer, assuming the exercise of all outstanding Metals Exploration Share Options and Warrants with an exercise price of less than 13 pence per Metals Exploration Share, would require a maximum cash payment of approximately £20.3 million by Solomon, which will be funded by way of a loan facility being made available to it by CPC Group in respect of the Offer. Further details of the facility agreement between CPC Group and Solomon are set out in paragraph 9 of Appendix IV to this document.

##### 1.6 Material change

Save as disclosed in this document, there has been no material change in the financial or trading position of Solomon since the date of its incorporation.

## 2 CHRISTIAN CANDY

### 2.1 Background information 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 that 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, his principal business interest engaged in property trading and development in 2003. CPC Group specialises in purchasing trophy properties around the world and developing them with outstanding design often provided by Candy & Candy. As the joint founder and CEO of Candy & Candy, Christian remains actively involved in both companies' growth strategies. Further information on the CPC Group and Candy & Candy is available on their respective websites ([www.cpcgroup.gg](http://www.cpcgroup.gg) and [www.candyandcandy.com](http://www.candyandcandy.com)).

### 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  
Candy & Candy Holdings Limited  
Candy & Candy Limited  
CC1 Group Limited  
GA.011 The Knightsbridge Limited  
Project Grande Delta LLP  
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  
West Point Securities Limited

#### 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 Dormsub (UK) Limited  
Project Grande Property (UK) 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 holds no other private investments in the mining sector and he knows of no potential conflict of interest between Solomon, Metals Exploration and him or any of his private interests.

### **3 REEF SECURITIES**

#### **3.1 Incorporation and registered office**

Reef Securities was incorporated on 23 January 1996 under the laws of the Bahamas with registered number 40387B and has its registered office at Providence House, East Hill Street, PO Box 3944, Nassau, Bahamas.

#### **3.2 Directors**

The directors of Reef Securities are Steven Miles Smith and his wife, Lesley Anne Smith.

#### **3.3 Share capital and shareholder**

The current authorised share capital of Reef Securities is \$1,000 divided into 1,000 shares of \$1 each. The shares have all been issued to and are currently held by Steven Smith.

#### **3.4 Background information on Reef Securities**

Reef Securities is an investment company investing in a range of both quoted and unquoted companies. Mr Smith has been a full time employee of the CPC Group since 1 February 2010 and has been authorised by the Solomon Board to give instructions and provide assistance to Strand Hanson and Solomon's other professional advisers in connection with the Offer. Mr Smith is also a director of various companies including the CPC Group of which Christian Candy, who beneficially owns Solomon, is also a shareholder. Accordingly, Reef Securities is considered to be acting in concert with Solomon for the purposes of the Offer.

#### **3.5 Further information on Steven Smith**

Steven Smith completed a Bachelor of Commerce (BCom) in 1980, prior to qualifying as a Chartered Accountant with BDO in 1983 and as an Associate of the Institute of Taxation in 1986 with KPMG. Following three years of lecturing in taxation, Mr Smith held a number of senior financial positions

in several publicly quoted companies. Mr Smith became a director of CPC Group in 2006, specialising in Structured Finance and Taxation and an employee in February 2010.

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

#### **Current directorships and partnerships**

21 Chesham Place Limited  
 Amity Events Limited (Guernsey)  
 Becclebrook Limited  
 Bobstay Developments Limited  
 Candy & Candy Aviation Limited  
 Candy & Candy Limited  
 Candyscape Limited  
 Candyscape II Limited  
 CMIYC Limited  
 CPC Aviation Services Limited  
 CPC Group Limited  
 Eaton Investments Limited  
 Project Lateral Limited  
 Project Lateral Limited (Guernsey)  
 Project Lotus LLC  
 Project Lotus Manager LLC  
 Reef Securities Limited  
 RISC Management Limited  
 Shelfco 725 Limited

#### **Previous directorships and partnerships**

2.12 The Knightsbridge Limited  
 2.14 The Knightsbridge Limited  
 3.12 The Knightsbridge Limited  
 Amity Events Limited  
 Belgravia Investments Limited  
 Buygreatwines Limited  
 Cambulo Kensington Palace Developments Ltd  
 Cambulo Kensington Park Developments Ltd  
 Cambulo Property Holdings Limited  
 CC1 Group Limited  
 C&C Commercial Properties I Limited  
 CPC No. 14 Limited  
 CPC No. 15 Limited  
 CPC No. 16 Limited  
 CPC No. 19 Limited  
 CPC No. 20 Limited  
 Kami Development Group Inc  
 Lowndes Square Limited  
 Metals Exploration plc  
 Metals Exploration Runruno (Gsy) Ltd  
 Newsplayer International Limited  
 Penbranch Limited  
 Performance Management Group Limited  
 P.Square 1 Limited  
 P.Square 2 Limited  
 Project Abbey (Guernsey) Developments Limited  
 Project Abbey (Guernsey) Holdings Limited  
 Project Abbey (Guernsey) Limited  
 Project Grande (Guernsey) Nominee 1 Limited  
 Project Grande (Guernsey) Nominee 2 Limited  
 Rockpace Limited  
 Spooof.com Limited  
 Trackace Limited

Steven Smith was the Group Finance Director of Photobition Group plc until 12 October 2001. Photobition Group plc carried on business as display graphics printers. It went into administrative receivership on 31 October 2001. During the course of his employment with Photobition Group plc, Steven Smith was also a director of the following group companies which went into creditors' voluntary liquidation (after he had left the board):

<b>Company Name</b>	<b>Date of creditors' voluntary liquidation</b>
GLG Holdings Limited	1 November 2001
Graphics Realisations (CPL) Limited	2 November 2001
Graphics Realisations (Holdings) Limited	1 November 2001
Graphics Realisations (Investments) Limited	31 October 2001
Graphics Realisations (Media) Limited	20 November 2001
Photobition International (No. 1) Limited	31 October 2001
Photobition International (No. 2) Limited	31 October 2001
Photobition Overseas Limited	31 October 2001
Warren Holdings Limited	13 November 2001



Graphics Realisations (BS) Limited was also part of the Photobition group and Steven Smith served as a director of this company until 12 October 2001. An administration order was made in respect of Graphics Realisations (BS) Limited on 16 January 2002 and was subsequently discharged on 9 July 2002. The company then went into compulsory liquidation on 9 July 2002.

Steven Smith also served as a director on the board of Equinox Special Projects Limited until 16 September 2002. It went into creditors' voluntary liquidation on 12 February 2003.

Save as disclosed above, at the date of this document Steven Smith 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.

## APPENDIX IV

### ADDITIONAL INFORMATION

#### 1 Responsibility

- (a) Timothy Dean is a director of both Solomon and Metals Exploration. He has declared his interest in the Offer to the Metals Exploration Board and the Solomon Board.
- (b) Subject to paragraph 1(a) above, the Directors of Solomon, whose names are set out in paragraph 2(a) below, and Mr Christian Candy accept responsibility for the information contained in this document, other than the letter set out in Part I from the Independent Director, the financial information relating to the Metals Exploration Group set out in Appendix II and the information relating to the Metals Exploration Group, the Directors of Metals Exploration and their immediate families, related trusts and controlled companies set out in this Appendix IV. To the best of the knowledge and belief of the Directors of Solomon and Mr Christian Candy (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (c) The Directors of Metals Exploration, whose names are set out in paragraph 2(b) below, accept responsibility for the information relating to the Metals Exploration Group and to themselves and their immediate families, related trusts and controlled companies contained in this document other than as set out in paragraph 1(d) below. 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 accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (d) The Independent Director accepts responsibility for the contents of paragraphs 6 and 13 of the letter set out in Part I of this document. To the best of the knowledge and belief of the Independent Director (who has taken all reasonable care to ensure that such is the case), the information contained in this document for which he accepts responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2 Directors of Solomon and Metals Exploration

- (a) The names of the Directors of Solomon and their respective positions are as follows:

<b>Name</b>	<b>Position</b>
Simon Graham	Director
Richard Steven Williams	Director
Timothy James Dean	Director

The business address of each of the Directors of Solomon and the registered office address of Solomon is PO Box 119, Martello Court, Admiral Park, St. Peter Port, Guernsey GY1 3HB.

- (b) The names of the Directors of Metals Exploration and their respective positions are as follows:

<b>Name</b>	<b>Position</b>
Ian Raymond Holzberger	Executive Chairman
Jonathan Paul Bingham Beardsworth	Managing Director
Timothy James Dean	Non-Executive Director

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

### **3 Disclosure of interests and dealings in relevant securities**

#### **(a) Definitions**

For the purposes of this paragraph 3:

- (i) “acting in concert” with a person means any other person acting or deemed to be acting in concert with that first person for the purposes of the City Code and the Offer;
- (ii) “connected adviser”, in relation to Metals Exploration or Solomon (as the case may be), means an organisation which is advising Metals Exploration or Solomon (as the case may be) in relation to the Offer, its corporate broker, an organisation which is advising a person acting in concert with Metals Exploration or Solomon (as the case may be) in relation to the Offer or in relation to the matter which is the reason for that person being a member of the concert party;
- (iii) “control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control (and “controlling” and “controlled by” shall be construed accordingly);
- (iv) “dealing” or “dealt” means:
  - A. acquiring or disposing of securities, or of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;
  - B. taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;
  - C. subscribing or agreeing to subscribe for relevant securities;
  - D. exercising or converting, whether in respect of new or existing relevant securities, any securities carrying conversion or subscription rights;
  - E. acquiring, disposing of, entering into, closing out, exercising (by either party) any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
  - F. entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
  - G. any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (v) “dealing arrangement” means any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to Metals Exploration relevant securities which may be an inducement to deal or refrain from dealing therein;
- (vi) “derivative” means any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
- (vii) “disclosure date” means 19 August 2010, being the latest practicable date prior to the posting of this document;

- (viii) “disclosure period” means the period commencing on 23 July 2009 (being the date 12 months prior to the Offer Period in respect of Metals Exploration for the purposes of the City Code in connection with the Offer) and ending on the disclosure date;
- (ix) a person having an “interest”, or being “interested”, in relevant securities includes where a person:
  - A. owns relevant securities;
  - B. has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
  - C. by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
  - D. 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;
- (x) “Metals Exploration relevant securities” means Metals Exploration Shares and any securities convertible into or carrying rights to subscribe for Metals Exploration Shares;
- (xi) “Solomon relevant securities” means any shares in the equity share capital of, or carrying voting rights in, Solomon and any securities convertible into or carrying rights to subscribe for any such shares;
- (xii) “related parties”, in relation to a director, means those persons whose interests in shares the director would be required to disclose pursuant to Part 22 of the Companies Act 2006 and related regulations;
- (xiii) “relevant securities” means Metals Exploration relevant securities and Solomon relevant securities; and
- (xiv) “short position” means any short position (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.

**(b) *Interests in relevant securities***

As at the close of business on the disclosure date:

- (i) the Metals Exploration Directors and their respective related parties owned or controlled the following Metals Exploration Shares:

<b>Name</b>	<b>Number of Metals Exploration Shares</b>
Ian Holzberger	305,000
Jonathan Beardsworth	750,000
Timothy Dean	Nil

- (ii) the Metals Exploration Directors held the following Warrants and Metals Exploration Share Options which remain unexercised:

Warrants held by Metals Exploration Directors

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

Share options held by Metals Exploration Directors

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

(iii) Solomon owned or controlled 118,935,655 Metals Exploration Shares and Reef Securities owned or controlled 5,076,249 Metals Exploration Shares;

(iv) Reef Securities held the following Warrants:

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

(v) On 3 August 2009, Solomon subscribed for 54,643,962 Metals Exploration Shares at a price of 11.5p per share and on 22 July 2010 Solomon acquired 1 Metals Exploration Share at a price of 13p from Rock (Nominees) Limited, acting as nominee for Reef Securities.

(vi) Mr Steven Smith, the beneficial owner of Reef Securities, has dealt in Metals Exploration Shares during the disclosure period as follows:

Date of dealing	Type of transaction	Number of Metals Exploration Shares	Price
19 November 2009	Purchase	150,000	16.5p*
2 December 2009	Sale	150,000	14.5p
3 December 2009	Purchase	150,000	14.55p*
17 December 2009	Sale	173,750	12.5p

\* – The Panel Executive has confirmed, on an *inter partes* basis, that these dealings carry no Code consequences in relation to the Offer.



**(c) General**

Save as disclosed in this paragraph 3, as at the close of business on the disclosure date:

- (i) neither Solomon, nor any of the Solomon Directors, nor any of such directors' related parties, nor any person acting in concert with Solomon, nor any person with whom Solomon or any person acting in concert with Solomon had any dealing arrangement, had any interest in any Metals Exploration relevant securities, or right to subscribe for any Metals Exploration relevant securities, or any short position in respect of Metals Exploration relevant securities or (save for any borrowed shares which have been on-lent or sold) had borrowed or lent any Metals Exploration relevant securities, nor has any such person dealt in any Metals Exploration relevant securities during the disclosure period;
- (ii) neither Metals Exploration, nor any other member of the Metals Exploration Group, nor any of the Metals Exploration Directors, nor any of such directors' related parties, nor any persons acting in concert with Metals Exploration had any interest in any Metals Exploration relevant securities, or right to subscribe for any Metals Exploration relevant securities, or any short position in respect of Metals Exploration relevant securities, nor has any such person dealt in any Metals Exploration relevant securities between the commencement of the Offer Period and the disclosure date;
- (iii) neither Metals Exploration, nor any of the Metals Exploration Directors, nor any of such directors' related parties, had any interest in any Solomon relevant securities, or right to subscribe for any Solomon relevant securities, or any short position in respect of Solomon relevant securities, nor has any such person dealt in any Solomon relevant securities between the commencement of the Offer Period and the disclosure date; and
- (iv) neither Metals Exploration nor any person acting in concert with Metals Exploration had borrowed or lent any Metals Exploration relevant securities, save for any borrowed shares which have been either on-lent or sold.

**(d) No arrangements**

Save as disclosed in this document:

- (i) neither Solomon nor any person acting in concert with Solomon has any dealing arrangement with any person;
- (ii) neither Metals Exploration, nor any Director of Metals Exploration or of any company acting in concert with Metals Exploration, nor any of such directors' related parties, nor any person acting in concert with Metals Exploration has any dealing arrangement with any person; and
- (iii) no arrangement exists between any person and Solomon or any person acting in concert with Solomon in relation to relevant Metals Exploration relevant securities including, in addition to indemnity and option arrangements, any agreement or understanding, formal or informal, of whatever nature, which may be an inducement to deal or refrain from dealing.

#### 4 Letters of intent

- (a) Solomon has received letters of intent from certain other Metals Exploration Shareholders in respect of their entire holdings of 24,343,903 Metals Exploration Shares, representing approximately 9.03 per cent. of Metals Exploration's existing issued share capital. The Metals Exploration Shareholders who have given letters of intent are as follows:

<b>Name of Metals Exploration Shareholder</b>	<b>Number of Metals Exploration Shares</b>	<b>Percentage of existing issued share capital</b>
Baker Steel Capital Managers LLP		
– Genus Dynamic Gold Fund*	2,200,000	0.81
– Ruffer Baker Steel Gold Fund*	14,219,654	5.27
– RIT Capital Partners Ltd*	1,127,000	0.42
– Baker Steel Gold Fund*	1,721,000	0.64
Sub total:	19,267,654	7.14
Reef Securities	5,076,249	1.88
<b>TOTAL:</b>	<b>24,343,903</b>	<b>9.03</b>

\* – fund managed by Baker Steel Capital Managers LLP.

The letters of intent will lapse if the Offer lapses or is withdrawn or if a third party announces a firm intention to make an offer for the entire issued and to be issued share capital of Metals Exploration at a price or value which, on the date such announcement is made, is at least 10 per cent. higher than the Offer Price.

#### 5 Market quotations

The following table shows the closing middle-market quotations of Metals Exploration Shares, as derived from the AIM appendix to the Daily Official List on the following dates:

- (a) the first Business Day of each of the six months immediately before the date of this document;
- (b) 22 July 2010, being the last dealing day before the commencement of the Offer Period; and
- (c) the disclosure date.

<b>Date</b>	<b>Price per Metals Exploration Share (pence)</b>
1 March 2010	12.50
1 April 2010	12.50
4 May 2010	13.50
1 June 2010	10.50
1 July 2010	11.00
22 July 2010	10.25
2 August 2010	12.75
19 August 2010	13.00

#### 6 Material contracts

##### a) *Metals Exploration*

Save as set out below, Metals Exploration and its subsidiaries have not entered into any contracts, other than contracts entered into in the ordinary course of business, since 22 July 2008 (being the date two years before the commencement of the Offer Period) which are or may be material:

##### (i) *Placing Agreement*

Metals Exploration and HansonWesthouse (now named Westhouse Securities) entered into a placing agreement dated 7 May 2009 (the "Placing Agreement") under which Hanson

Westhouse agreed, on the terms and conditions of the Placing Agreement, to use its reasonable endeavours to procure subscribers for 104,347,828 Placing Shares (the "Placing Shares") at a placing price of 11.5p per Metals Exploration Share to raise £12 million before expenses, (the "Placing").

Under the Placing Agreement Metals Exploration agreed:

- (aa) To pay to HansonWesthouse a commission of £205,519 on the issue of 49,703,866 Placing Shares and a commission of £282,782 on the issue of the remaining 54,643,962 Placing Shares, from which HansonWesthouse was entitled to pay any of its agents or third parties who procured subscribers for the Placing Shares; and
- (bb) To reimburse HansonWesthouse's reasonable costs and expenses reasonably incurred in relation to the Placing.

The Placing Agreement contains warranties given to HansonWesthouse by Metals Exploration as to the business and affairs of Metals Exploration at the date of the agreement, and an uncapped indemnity given to HansonWesthouse by Metals Exploration 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.

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

On 9 January 2009 Metals Exploration 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 Metals Exploration drew-down the sum of £250,000 under the Facility Agreement, which principal sum attracted interest under the Facility Agreement at a rate of £63 per day.

On 16 February 2009, Metals Exploration granted to Shelfco 725 Limited a debenture over the property, assets and undertaking of Metals Exploration as security for sums due from time to time under the Facility Agreement (the "Debenture"). In particular, Metals Exploration granted a fixed charge over its interest in the Runruno Project and its rights in relation to the FCF Option. Under the terms of the Debenture, Metals Exploration was 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 Metals Exploration, Shelfco 725 Limited had 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 Metals Exploration and Shelfco 725 Limited (the "Deed of Termination") Metals Exploration agreed 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 was terminated and all rights and obligations of the parties under the Facility Agreement were irrevocably waived. The outstanding balance was repaid in full on 15 September 2009.

**(iii) £2 million On Demand Facilities Agreement**

On 19 August 2010, Metals Exploration and Solomon entered into an on demand facilities agreement (the "£2 million On Demand Facilities Agreement"). Under the terms of the £2 million On Demand Facilities Agreement, Solomon agreed to make available, subject to the terms therein, a credit facility for a sum of up to £2,000,000 (the "Facility"). The £2 million On Demand Facilities Agreement shall terminate on the date falling 120 days from the date of utilisation of the Facility (the "Termination Date").

Metals Exploration may only make two utilisation requests to Solomon. The amount of the proposed utilisation must, in the case of the first utilisation, be an amount not exceeding £1,500,000 and in the case of the second utilisation must be an amount not exceeding

£500,000. Solomon will only be obliged to advance the sums requested under the second utilisation if not less than 21 days has expired after the date of this document.

Metals Exploration shall be obliged to repay the utilisation of the Facility in full within 30 days of written demand for repayment being made by Solomon. Any sums due to Solomon and not repaid prior to the Termination Date shall be repaid by Metals Exploration on the Termination Date. If all or part of the utilisation of the Facility is not repaid when due, Metals Exploration will pay to Solomon a fee equal to three per cent. of the sums due to be repaid and not repaid.

The rate of interest on the sums drawn down under the Facility is ten per cent. per annum. If Metals Exploration fails to pay any amount payable under the £2 million On Demand Facilities Agreement on its due date, interest shall accrue at the rate of fifteen per cent. per annum. Metals Exploration shall pay to Solomon on the first and second utilisation dates an arrangement fee of two per cent. of the utilisation made on those dates.

The Facility is currently unsecured however Metals Exploration is obliged to procure that the Metals Exploration Group provide such security as Solomon may reasonably require within 60 days of a written request from Solomon.

The £2 million On Demand Facilities Agreement contains a number of general undertakings and restrictions on Metals Exploration which are usual for a facility agreement of this nature.

**b) Solomon**

Save for the CPC Facility Agreement referred to in paragraph 9(b) of this Appendix IV and the £2 million On Demand Facilities Agreement referred to in paragraph 6(a)(iii) of this Appendix IV, Solomon has not entered into any contracts, other than contracts entered into in the ordinary course of business, since 22 July 2008 (being the date two years before the commencement of the Offer Period) which are or may be material.

**7 Service contracts and letters of appointment of the Metals Exploration Directors**

Save as disclosed below, there are no service contracts or letters of appointment between any member of the Metals Exploration Group and any Director of Metals Exploration and no such contracts have been entered into or amended within six months preceding the date of this document.

- (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 Metals Exploration. 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 service agreement dated 2 July 2009, Mr Jonathan Beardsworth is engaged by Metals Exploration as managing director. Either party may terminate the arrangement upon twelve months' written notice. 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) Solomon Capital Limited – Although there is no formal consultancy agreement with Solomon, Solomon procure the services of Timothy Dean as a non-executive director of Metals Exploration. The arrangement will continue, unless extended or terminated earlier by either party on three months' notice, until 22 January 2012. Under the agreement Solomon 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 Metals Exploration Board).

## **8 Bases of calculations and sources of information**

In this document, unless otherwise stated or the context otherwise requires, the following bases and sources have been used:

- (a) The issued and to be issued ordinary share capital of Metals Exploration consists of 269,716,344 ordinary shares of 1 penny each, 18,010,000 Warrants to subscribe for Metals Exploration Shares and 15,580,000 options outstanding over Metals Exploration Shares granted under the Metals Exploration Share Scheme. 8,000,000 of the Warrants and 500,000 options have an exercise price below the Offer Price.
- (b) On 1 August 2007 Metals Exploration issued a £2,000,000 convertible loan note to assist the Company in funding working capital costs. The loan note carries a 9 per cent. coupon payable quarterly in arrears and is convertible at the option of the holder at any time prior to 1 August 2011 into 3,846,154 Metals Exploration Shares representing a conversion price of 52 pence per ordinary share.

Upon a change of control involving the acquisition of voting control or direction over 50 per cent. or more of Metals Exploration Shares, the holder of the convertible loan will have the right to require the Company to repurchase its convertible loan note, in whole or in part, at a price equal to 101 per cent. of the principal amount, plus accrued and unpaid interest thereon.

- (c) The value of £35.76 million attributed to the issued and to be issued ordinary share capital of Metals Exploration is based upon the 269,716,344 Metals Exploration Shares in issue on 19 August 2010 (being the last practicable date before the date of this document), the 8,000,000 Metals Exploration Shares which may be issued as a result of the exercise of Warrants and the 500,000 Metals Exploration Shares which may be issued as a result of the exercise of options granted under the Metals Exploration Share Scheme, in each case which have an exercise price of less than 13p. For the purposes of this document, it is assumed that all such options to subscribe for new Metals Exploration Shares granted under the Metals Exploration Share Scheme will become fully vested and exercisable as a result of the Offer being declared wholly unconditional. The Warrants are already exercisable in full at the date of this document.
- (d) Unless otherwise stated, all prices for Metals Exploration Shares have been obtained from the AIM appendix to the Daily Official List and represent closing middle market prices on the relevant date.
- (e) Unless otherwise stated, the financial information on the Metals Exploration Group has been extracted from Metals Exploration's audited consolidated annual report and accounts for the year ended 31 December 2009.
- (f) All information relating to Solomon has been provided by persons duly authorised by the Solomon Board.

## **9 Financing arrangements and cash confirmation**

- (a) The maximum amount of cash consideration payable under the Offer is approximately £20.3 million. This is based on the existing issued share capital of Metals Exploration on 19 August 2010 (being the latest practicable date prior to the posting of this document) and assumes the full exercise of all outstanding Warrants and options which have an exercise price of less than 13p.
- (b) The consideration will be financed pursuant to a facility agreement dated 22 July 2010 between CPC Group and Solomon (the "CPC Facility Agreement"). Under the CPC Facility Agreement, CPC Group has agreed to make available to Solomon a facility of £25,000,000 which will not be repayable until at least 14 days after the Offer has closed.



- (c) Strand Hanson, financial adviser to Solomon, has confirmed that it is satisfied that the necessary financial resources are available to Solomon to enable it to satisfy in full the cash consideration payable by Solomon as a result of full acceptance of the Offer.

## 10 Persons acting in concert

The persons who, for the purposes of the City Code, are acting in concert with Solomon include:

Name	Type	Registered Office	Relationship with Solomon
Reef Securities Limited	Private limited company registered in the Bahamas	Providence House East Hill Street PO Box 3944 Nassau Bahamas	Please refer to paragraph 5 of Part II of this document
Strand Hanson Limited	Private limited company registered in England and Wales	26 Mount Row London W1K 3SQ	Connected Adviser

The persons who, for the purpose of the City Code, are acting in concert with Metals Exploration include:

Name	Type	Registered Office	Relationship with Metals Exploration
Westhouse Securities Limited	Private limited company registered in England and Wales	12th Floor One Angel Court London EC2R 7HJ	Connected Adviser
Renaissance Capital Limited	Private limited company registered in England and Wales	One Angel Court Cophall Avenue London EC2R 7HJ United Kingdom	Connected Adviser

## 11 General

- (a) Solomon is not party to any agreement or arrangement which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.
- (b) Save as disclosed in this document, the Directors of Metals Exploration do not know of any material change in the financial or trading position of the Metals Exploration Group since 31 December 2009, being the date to which Metals Exploration's last audited accounts were prepared.
- (c) Strand Hanson has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name and its letter in the form and context in which they appear.
- (d) Westhouse Securities has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.
- (e) Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Solomon or any person acting or presumed to be acting in concert with it and any of the Metals Exploration Directors or recent directors, shareholders or recent shareholders of Metals Exploration having any connection with, or dependence upon, the Offer.

- (f) Save as disclosed in this document, there is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Metals Exploration Shares to be acquired by Solomon pursuant to the Offer will be transferred to any other person.
- (g) Solomon does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of Metals Exploration.
- (h) The contents and issue of this document have been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 (as amended) by Strand Hanson.

## **12 Documents incorporated by reference**

Appendix II incorporates financial information on the Metals Exploration Group by reference to Metals Exploration's audited annual report and accounts for the four financial periods ended 31 December 2009, 31 December 2008, 30 September 2008 and 30 September 2007. These documents are available for inspection at the following website address: <http://www.metalsexploration.com/financials>.

Please refer to Appendix II for the relevant page numbers of the documents referred to above.

Any Metals Exploration Shareholder or holder of options or awards under the Metals Exploration Share Scheme or Warrantholders may request a copy of any such document in hard copy form. A hard copy of such documents will not be sent to such persons unless requested from Capita Registrars by telephone or by post via the contact details set out on page 4 of this document. If requested, copies will be provided within two Business Days of such request.

## **13 Documents available for inspection**

Copies of all of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Lewis Silkin LLP, 5 Chancery Lane, Clifford's Inn, London EC4A 1BL and on the website of the CPC Group, <http://www.cpcgroup.gg>, in respect of documents (a), (d), (e), (f), (g) and (h) and on the website of Metals Exploration, <http://www.metalsexploration.com>, in respect of documents (b), (c), (d) and (h) whilst the Offer remains open for acceptance:

- (a) the memorandum and articles of incorporation of Solomon;
- (b) the memorandum and articles of association of Metals Exploration;
- (c) the published audited consolidated accounts of Metals Exploration for each of the two financial periods ended 31 December 2008 and 31 December 2009;
- (d) the consent letters referred to in paragraph 11 of this Appendix IV;
- (e) copies of the letters of intent to accept the Offer, as referred to in Part II of this document and at paragraph 4 of this Appendix IV;
- (f) a copy of the CPC Facility Agreement referred to in paragraph 9(b) of this Appendix IV;
- (g) a copy of the Offer Announcement; and
- (h) this document and the Form of Acceptance.

20 August 2010

## APPENDIX V

### DEFINITIONS

The following definitions apply throughout this document and in any accompanying Form of Acceptance, unless the context requires otherwise:

<b>“AIM”</b>	the market known as AIM operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time;
<b>“Australia”</b>	the Commonwealth of Australia, its states, territories and possessions;
<b>“Business Day”</b>	a day (other than a Saturday, Sunday or a UK public holiday) on which clearing banks in the City of London are open for the transaction of general commercial business;
<b>“Canada”</b>	Canada, its provinces and territories and all areas subject to its jurisdiction and any political sub-division thereof;
<b>“Candy &amp; Candy”</b>	Candy & Candy Limited, a company incorporated in England and Wales with registered number 04207327 whose registered office is at Thames House, Portsmouth Road, Esher, Surrey KT10 9AD;
<b>“Capita Registrars”</b>	a trading name of Capita Registrars Limited;
<b>“certificated” or “in certificated form”</b>	a share or other security which is not in uncertificated form (that is, not in CREST);
<b>“City Code” or “Code”</b>	the City Code on Takeovers and Mergers issued by the Panel, as amended from time to time;
<b>“Closing Price”</b>	the closing middle-market quotation of a Metals Exploration Share as derived from the AIM appendix of the Daily Official List;
<b>“Companies Act 2006”</b>	the Companies Act 2006 (as amended from time to time);
<b>“Concert Party”</b>	Solomon and Reef Securities and their beneficial owners;
<b>“CPC Group”</b>	CPC Group 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>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
<b>“CREST member”</b>	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);

<b>“CREST participant”</b>	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
<b>“CREST payment”</b>	shall have the meaning given in the CREST manual issued by Euroclear;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
<b>“CREST sponsor”</b>	a CREST participant admitted to CREST as a CREST sponsor;
<b>“CREST sponsored member”</b>	a CREST member admitted to CREST as a sponsored member;
<b>“Daily Official List”</b>	the Daily Official List published by the London Stock Exchange;
<b>“Dealing Disclosure”</b>	has the meaning given in Rule 8 of the City Code;
<b>“Directors of Metals Exploration” or “Metals Exploration Directors”</b>	the directors of Metals Exploration at the date of this document whose names are set out in paragraph 2(b) of Appendix IV of this document;
<b>“Directors of Solomon” or “Solomon Directors”</b>	the directors of Solomon at the date of this document whose names are set out in paragraph 2(a) of Appendix IV of this document;
<b>“Electronic Acceptance”</b>	means the inputting and settling of a TTE instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document;
<b>“ESA instruction”</b>	means an Escrow Account Adjustment Input (AESN), transaction type “ESA” (as described in the CREST manual issued by Euroclear);
<b>“Escrow Agent”</b>	Capita Registrars, (in its capacity as an escrow agent, as described in the CREST manual issued by Euroclear);
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<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 Minerals Corporation;
<b>“Feasibility Study”</b>	the feasibility study on the Runruno Project comprising a comprehensive forward analysis by independent external consultants of the project’s economics for use by financial institutions to assess the credit-worthiness for project financing, the results of which were announced on 4 May 2010;

<b>“Financial Services Authority”</b>	the UK Financial Services Authority in its capacity as the competent authority for the purposes of Part IV of the Financial Services and Markets Act 2000;
<b>“First Closing Date”</b>	10 September 2010 (or such other date as Solomon, subject to the provisions of the City Code, may decide);
<b>“Form of Acceptance”</b>	the form of acceptance and authority relating to the Offer and (where appropriate) accompanying this document, which may only be completed by holders of Metals Exploration Shares in certificated form;
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs;
<b>“Independent Director”</b>	Jonathan Beardsworth;
<b>“Japan”</b>	Japan, its cities, prefectures, territories and possessions;
<b>“JORC”</b>	Joint Ore Reserves Committee;
<b>“Listing Rules”</b>	the rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority’s publication of the same name;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“member account ID”</b>	the identification code or number attached to any member account in CREST;
<b>“Merger Regulation”</b>	Council Regulation 139/2004/EC;
<b>“Metals Exploration” or “the Company”</b>	Metals Exploration plc, a company registered in England and Wales with company number 05098945, whose registered office is at 200 Strand, London WC2R 1DJ;
<b>“Metals Exploration Board”</b>	the board of directors of Metals Exploration at the date of this document;
<b>“Metals Exploration Group”</b>	Metals Exploration and its subsidiaries and subsidiary undertakings;
<b>“Metals Exploration Shareholders”</b>	holders of, from time to time, Metals Exploration Shares;
<b>“Metals Exploration Shares”</b>	includes: <ul style="list-style-type: none"> <li>(i) the existing unconditionally allotted or issued and fully paid (or credited as fully paid) ordinary shares of 1 pence each in the capital of Metals Exploration; and</li> <li>(ii) any further ordinary shares of 1 pence each in the capital of Metals Exploration which are unconditionally allotted or issued and fully paid (or credited as fully paid) before the date on which the Offer closes or before such earlier date as Solomon (subject to the City Code or with the consent of the Panel) may determine not being</li> </ul>



	earlier than the date on which the Offer becomes or is declared unconditional as to acceptances;
<b>“Metals Exploration Share Options”</b>	outstanding options under the Metals Exploration Share Scheme;
<b>“Metals Exploration Share Scheme”</b>	The Metals Exploration Unapproved Share Option Scheme 2006;
<b>“Mlb”</b>	million avoirdupois pounds;
<b>“Moz”</b>	million troy ounces;
<b>“Offer”</b>	the cash offer being made by Strand Hanson on behalf of Solomon to acquire all of the issued and to be issued Metals Exploration Shares not already owned by Solomon on the terms and subject to the condition set out in this document and, where appropriate, the Form of Acceptance including, where the context so requires, any subsequent revision, variation, extension, or renewal of such offer;
<b>“Offer Announcement”</b>	the announcement by Solomon on 23 July 2010 of its firm intention to make the Offer;
<b>“Offer Period”</b>	the period referred to in paragraph (v) of Part B of Appendix I;
<b>“Offer Price”</b>	13 pence per Metals Exploration Share;
<b>“Opening Position Disclosure”</b>	has the meaning given in Rule 8 of the City Code;
<b>“Overseas Shareholders”</b>	Metals Exploration Shareholders (or nominees of, or custodians or trustees for Metals Exploration Shareholders) whose registered addresses are outside of the UK or who are citizens or residents of countries other than the UK;
<b>“oz”</b>	troy ounce (=31.103477 grammes);
<b>“Panel” or “Takeover Panel”</b>	the Panel on Takeovers and Mergers;
<b>“participant ID”</b>	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
<b>“pence” or “p”</b>	UK pence sterling, the lawful currency of the United Kingdom;
<b>“Philippines”</b>	the Republic of the Philippines;
<b>“pounds” or “£”</b>	UK pounds sterling, the lawful currency of the United Kingdom;
<b>“Reef Securities”</b>	Reef Securities Limited, a company incorporated in the Bahamas under company number 40387B;
<b>“Regulatory Information Service”</b>	any of the services set out in schedule 12 to the Listing Rules;

<b>“Restricted Jurisdiction”</b>	the United States, Canada, Australia, South Africa or Japan and any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Metals Exploration Shareholders in that jurisdiction;
<b>“Runruno Project” or “Runruno”</b>	Metals Exploration’s principal project located in the Philippines with a JORC-compliant resource of 1.42 Moz of gold and 25.6 Mlb of molybdenum;
<b>“Solomon”</b>	Solomon Capital Limited, a company registered in Guernsey with company number 49841, whose registered office is at PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey GY1 3HB;
<b>“Solomon Board”</b>	the board of directors of Solomon;
<b>“South Africa”</b>	South Africa, its possessions and territories and all areas subject to its jurisdiction or any political sub-division thereof;
<b>“Strand Hanson”</b>	Strand Hanson Limited, the financial adviser to Solomon;
<b>“TFE instruction”</b>	a Transfer from Escrow instruction (as described in the CREST manual issued by Euroclear);
<b>“TTE instruction”</b>	a Transfer to Escrow instruction (as described in the CREST manual issued by Euroclear) in relation to Metals Exploration Shares in uncertificated form meeting the requirements set out in paragraph 13(f) of Part II of this document;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“uncertificated” or “in uncertificated form”</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“United States” or “USA”</b>	the United States of America, its territories and possessions, all areas subject to its jurisdiction or any subdivision thereof, any state of the United States of America and the District of Columbia;
<b>“US\$” or “\$”</b>	the lawful currency of the United States;
<b>“Warrantholders”</b>	the holders, from time to time, of Warrants;
<b>“Warrants”</b>	the existing outstanding warrants over Metals Exploration Shares; and
<b>“Westhouse Securities”</b>	Westhouse Securities Limited (previously named Hanson Westhouse Limited), the financial adviser to Metals Exploration.

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

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

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

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

Terms defined in the CREST manual shall, unless the context otherwise requires, bear the same meanings where used in this document.



