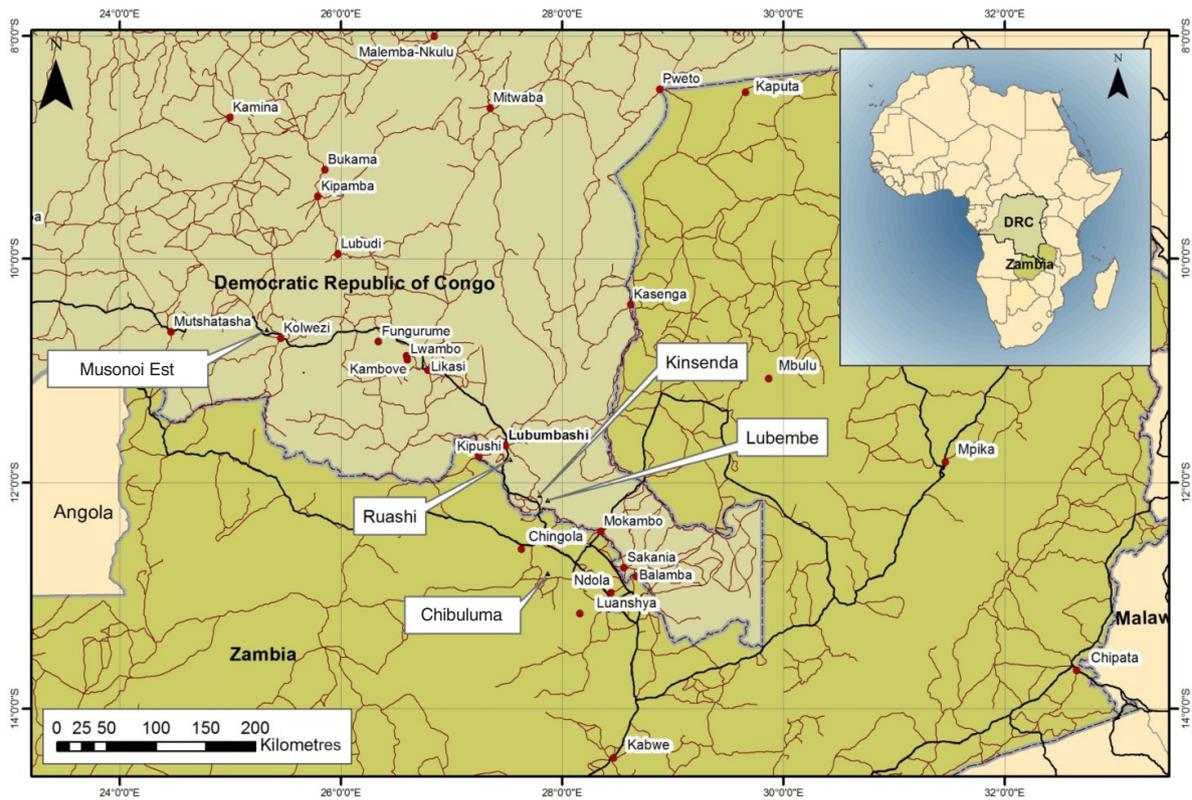

INFORMATION OF THE TARGET GROUP

I. OVERVIEW

Metorex is headquartered in South Africa and controls two mining projects in Africa which are in operation and are profit generating: (i) Ruashi Mine, a copper and cobalt mine located in the DRC; and (ii) Chibuluma South Mine, a copper mine located in Zambia. In addition, Metorex also has control over the Kinsenda copper project, the Development Project located in the DRC which is held by Kinsenda Sarl, and two advanced stage Exploration Projects located in the DRC, namely (i) Lubembe copper project; and (ii) Musonoi Est copper/cobalt project.

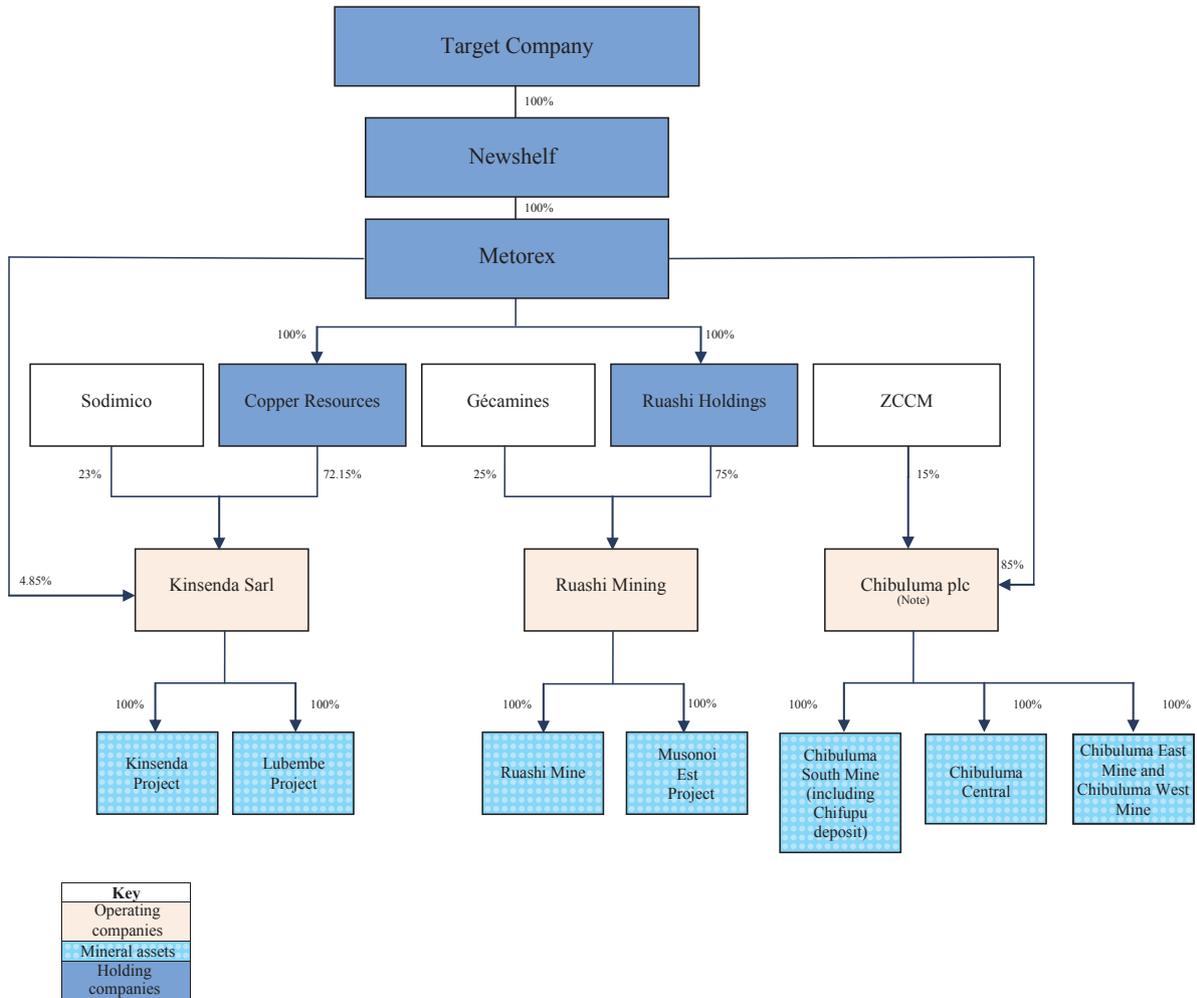
The following map illustrates the location of Metorex's key projects:



Source: Competent Person's Report (figure 1.1)

INFORMATION OF THE TARGET GROUP

The following group structure shows the key companies and mineral assets within the Target Group:



Note: The minister responsible for finance holds one special share of Chibuluma plc on behalf of the Government of Zambia.

Metorex (formerly CML) was incorporated in 1934 and owned and operated the Consolidated Murchison Mine, a gold and antimony mine located in Gravelotte in the Limpopo Province of South Africa. In 1999, Metorex, which was listed on the Johannesburg Stock Exchange and the London Stock Exchange, acquired a number of mineral assets spanning a variety of minerals including copper, zinc, tin, coal, manganese and fluorspar from Old Metorex and minority shareholders within the Old Metorex group.

Included in the assets acquired in 1999 was an 85% interest in Chibuluma plc which had been established through a privatization process implemented by the Government of Zambia in 1997, a 70% interest in Vergenoeg Mining Company (Proprietary) Limited, a fluorspar producer and a 92% interest in Wakefield Investments (Proprietary) Limited, a coal producer.

INFORMATION OF THE TARGET GROUP

In 2003, Metorex acquired a majority interest in Barbeton Mines Limited from Anglovaal Limited, a gold mine located in Mpumalanga which was subsequently vended into Pan African Resources plc, a gold exploration and development company listed in London and South Africa. This resulted in Metorex holding a controlling interest in Pan African Resources plc.

In 2004, Metorex acquired a majority shareholding in Ruashi Holdings which had entered into a joint venture agreement to develop the Ruashi Mine together with Gécamines. Metorex subsequently acquired the remaining shareholding in Ruashi Holdings in a series of transactions resulting in Ruashi Holdings becoming a wholly-owned subsidiary of Metorex in 2007.

Metorex disposed of its shareholding in Wakefields Investments (Proprietary) Limited in 2007 and continued to grow its portfolio of assets in the DRC through the acquisition of a significant shareholding in Copper Resources, the controlling shareholder of Kinsenda Sarl, and the acquisition of a minority interest directly in Kinsenda Sarl during 2007. Metorex gained control of Copper Resources in 2008 and increased its shareholding to 100% between 2008 and 2010.

During 2009, Metorex disposed of a number of assets including its 53% shareholding in Pan African Resources plc and its 55% interest in Vergenoeg Mining Company (Pty) Limited to refocus as a base metals company and reduce group debt. Vergenoeg Mining Company mainly produced several grades of fluorspar which were sold for the production of hydrofluoric acid and for applications in the metallurgical and ferro-metals industry, while Pan African Resources produced gold.

In line with this strategy, Metorex also entered into an agreement for the disposal of the business and assets of its Consolidated Murchison division in 2010 which transaction comprised three parts: (1) Part A being the disposal of certain assets and the business, (2) Part B being the disposal of the mining right and transfer of the environmental obligations and (3) Part C being the disposal of the prospecting right. Parts A and B of the transaction were completed in 2011 and 2013 respectively and Part C is in the process of being completed.

Jinchuan Group acquired and privatised Metorex through the making of a takeover offer (through Newshelf acting as the offeror) in July 2011 which was completed on 16 January 2012 resulting in the delisting of Metorex from the Johannesburg Stock Exchange on 17 January 2012. Metorex had already been delisted from the London Stock Exchange since March 2009.

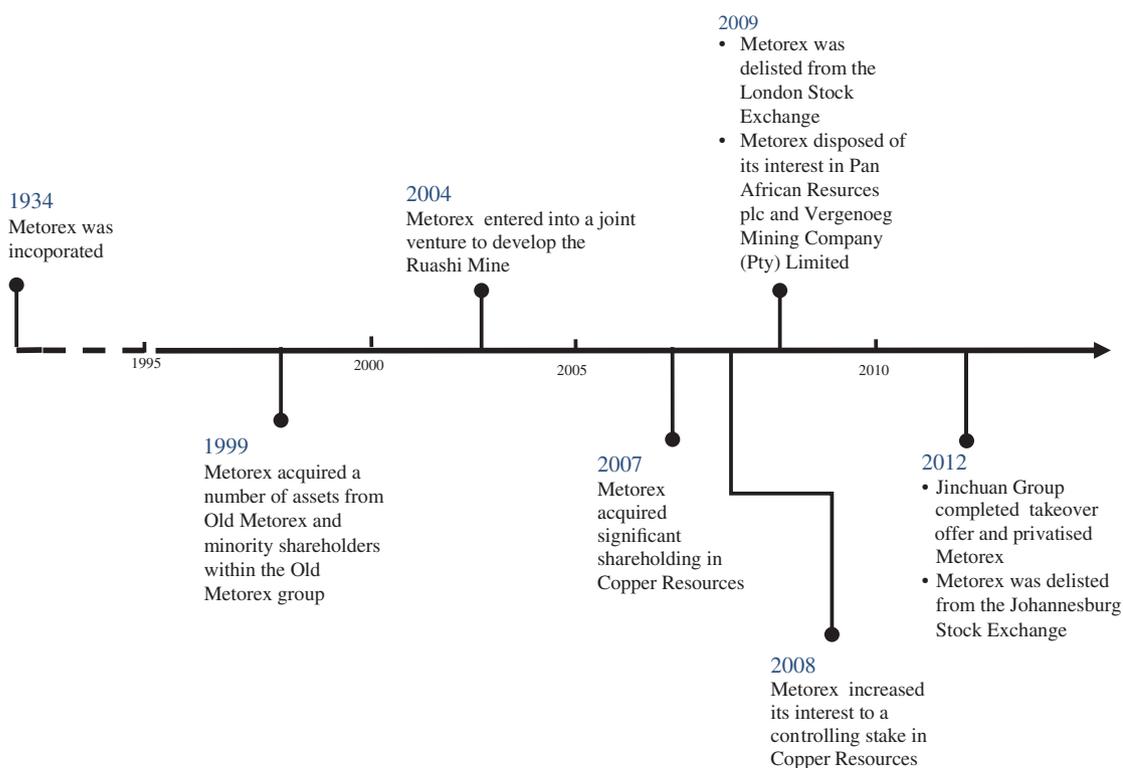
The actual purchase price (excluding financing and transaction costs) paid by Jinchuan Group in January 2012 for the acquisition of Metorex upon completion of the takeover amounted to US\$1.27 billion. Upon the completion of such acquisition, the Target Company came to hold the entire issued share capital of Metorex through Newshelf and Metorex became an indirect wholly-owned subsidiary of Jinchuan Group. The acquisition of Metorex represents a landmark step of Jinchuan Group to expand its global footprint to the African continent. Since such acquisition, Metorex has become an important platform for Jinchuan Group to implement its mineral resource strategy in Africa.

The major developments of the Metorex Group after the acquisition by Jinchuan Group in January 2012 include (i) the successful conclusion of the bankable feasibility study and subsequent internal approval for undertaking the Kinsenda Project; (ii) finalisation of the issuance of a new exploitation permit PE13083 in respect of the Musonoi Est Project in the name of Ruashi Mining for a portion of area held under exploitation licence PE4958 of Gécamines; (iii) further exploration activities were conducted

INFORMATION OF THE TARGET GROUP

on the Chifupu deposit which yielded favourable results and the subsequent internal approval for mining the Chifupu deposit; (iv) improvements in the efficiencies and stability of Metorex Group's operations, including the purchase and rental of diesel powered generators to address the electricity shortage problems faced by the Ruashi Mine and the Kinsenda Project, and the construction and commissioning of the ASFDs; (v) the award of prospecting licence 17314-HQ-LPL for the Chibuluma Central exploration area; (vi) the commencement of development of the Kinsenda Project in the second quarter of 2013; and (vii) continued investment in neighbouring communities in the DRC, creating a working relationship with all stakeholders.

The following timeline marks the milestones of the Metorex Group:



The key assets of the Metorex Group are summarised in the following table:

Operating Mines/ Development Project/ Exploration Projects	Effective Interest held by Metorex		Location	Status	Minerals
	Effective Interest held by Metorex	Location			
Ruashi Mine	75%	DRC		operating	copper/cobalt
Chibuluma South Mine (including Chifupu deposit)	85%	Zambia		operating (Chibuluma South Mine)/exploration project (Chifupu deposit)	copper
Kinsenda Project	77%	DRC		development project	copper
Lubembe Project	77%	DRC		exploration project	copper
Musonoi Est Project	75%	DRC		exploration project	copper/cobalt

Source: Competent Person's Report

INFORMATION OF THE TARGET GROUP

The concessions and their key terms (area and expiry date) that are associated with each of the Operating Mines, the Development Project and the Exploration Projects are summarised in the following table:

Concession	Number	Location/ Licencing Authority	Area (ha)	Valid from	Licence Holder	Expiry Date	Commodity
Ruashi Mine							
• Exploitation Permit	PE578	DRC/DRC Minister of Mines	900	26 September 2001	Ruashi Mining	25 September 2021	Cu, Co, base and precious metals
	PE11751	DRC/DRC Minister of Mines	420	11 December 2009	Ruashi Mining	10 December 2039	Cu, Co, base and precious metals
Chibuluma South Mine (including Chifupu)							
• Large-scale Mining Licence	7064-HQ- LML ⁽¹⁾ (Chibuluma East Mine and Chibuluma West Mine)	Zambia/ Zambia Ministry of Mines	4,895	6 October 1997	Chibuluma plc	5 October 2022	Cu, Co, base and precious metals
	7065-HQ- LML (Chibuluma South Mine and Chifupu deposit)	Zambia/ Zambia Ministry of Mines	1,120	6 October 1997	Chibuluma plc	5 October 2022	Cu, Co, base and precious metals
• Prospecting Licence	17314-HQ- LPL (Chibuluma Central exploration area)	Zambia/ Zambia Ministry of Mines	9,309	1 February 2013	Chibuluma plc	31 January 2015	Cu, Co, Ni, Zn, Au
Kinsenda Project							
• Exploitation Permit	PE101	DRC/DRC Minister of Mines	4,928	6 October 2006	Kinsenda Sarl	5 October 2021	Cu, Co, Pb, Ni, Pd, W
	PE12548	DRC/DRC Minister of Mines	5,695	10 March 2012	Kinsenda Sarl	9 March 2042	Cu, Co, Ag, Ni Au, Pt
Lubembe Project							
• Exploitation Permit	PE330	DRC/DRC Minister of Mines	2,338	29 January 2002	Kinsenda Sarl	28 January 2017	Cu, Co, Pb, Ni, Pd, W
Musonoi Est Project							
• Exploitation Permit	PE13083	DRC/DRC Minister of Mines	324	4 December 2012	Ruashi Mining	3 April 2024	Cu, Co, Ni and Au

INFORMATION OF THE TARGET GROUP

Notes:

- (1) *The mining licence of 7064-HQ-LML is held by Chibuluma plc for the Chibuluma west property which comprises the Chibuluma West Mine and the Chibuluma East Mine which are defunct as Mineral Resources and Mineral Reserves have been depleted.*
- (2) *There is no material outstanding licence or permit for the conduct by the Metorex Group of the relevant mining, development and exploration activities for the Ruashi Mine, the Chibuluma South Mine (including the Chifupu Deposit), the Kinsenda Project, the Lubembe Project and the Musonoi Est Project.*
- (3) *The mining licences and permits of the Metorex Group do not impose limits on the permitted annual production capacities as regards its mining and processing operations at its respective mineral assets.*
- (4) *There is no annual mining licence review in the DRC. A concession (exploitation permit) is valid for its whole duration except when the company holding the permit does not pay the surface area fee. To monitor compliance of their mining duties, the DRC authorities require, among other things, mining companies to submit: (i) audit report on environment once every two years, (ii) periodical reports on mining operations and (iii) annual report on environmental impact of mining operations and the measures taken to mitigate and rehabilitate this impact.*
- (5) *There is no annual review of mining and prospecting licences in Zambia. A licence is valid for its whole duration unless revoked earlier. A licence may be revoked for failure to comply with licence conditions, failure to comply with provisions of mining legislation, failure to comply with statutory directives issued under mining legislation, conviction on account of environmental, safety or health matters, wasteful mining practices and ineligibility to hold mining rights. The Zambian authorities supervise compliance with mining laws and regulations.*

Ruashi Mining has pledged, *inter alia*, the mining right of permit PE578 for the Ruashi Mine in favour of Standard Bank to secure the US\$30 million commercial term loan facility, the US\$125 million export credit term loan facility and US\$15 million cost overrun facility, extended to Ruashi Mining. As at 30 June 2013, no amounts were outstanding under the US\$30 million commercial term loan facility and the US\$15 million cost overrun facility. US\$22.9 million remains outstanding under the US\$125 million export credit from loan facility as at 30 June 2013. In addition, Chibuluma plc has also pledged, *inter alia*, its mining licence in the Chibuluma South Mine in favour of Standard Chartered Bank to secure the banking facilities for a total amount of US\$40 million extended to Chibuluma plc, of which US\$22.8 million remains outstanding as at 30 June 2013. As at 30 June 2013, neither Standard Bank nor Standard Chartered Bank has sought to enforce any of its rights over the security under these banking facilities.

The above concessions are legally owned by the Metorex Group. Appendix VI headed “Legal and Regulatory Regime in which the Target Group Operates” to this circular describes the key terms of the regulatory framework pursuant to which the concessions are subject to. In particular, that appendix describes the basis upon which concessions are granted and renewed, and the rights and obligations that a holder of a concession has. Importantly, the relevant regulatory regime in each jurisdiction generally allows for concessions to be renewed upon the expiry of a concession if the concession holder has complied with the conditions of the concession and the relevant regulation.

During the course of its due diligence with the assistance of its legal advisers, the Company has made detailed inquiries of the identities of the Metorex Group’s customers, suppliers and joint venture partners and obtained confirmations from the Metorex Group and understands that (i) the Metorex Group has not been involved in any incidents of non-compliance that are of a material nature or have had material consequences on its business operations as regards the laws in which it conducts its operations; (ii) no sanctions have been imposed on Zambia that may have a material adverse impact on the Metorex Group’s operations; and (iii) the Metorex Group has not entered and does not intend to enter into any

INFORMATION OF THE TARGET GROUP

transactions with any person/entity on the specially designated nationals list (who are subject to sanctions) in the DRC. Based on confirmations received from Metorex Group, the Company understands that the Metorex Group has, as far as reasonably possible, assessed its shareholders, employees, officers, directors, suppliers and customers and understood that none of them is a sanction target, and that none of the key customers of the Metorex Group is a company established in the DRC or any sanctioned country. In view of the above, the Company does not believe that the Acquisition, the operations of the Metorex Group, and the sales made by the Metorex Group to its customers are sanctionable activities under the US Treasury Department's Office of Foreign Assets Controls. Upon completion of the Acquisition, in view of the business activities of the Metorex Group and with a view to continuously monitoring and evaluating the Company's exposure to United States sanctions risks and protecting Shareholders' interests, the Company will implement appropriate measures, safeguards and undertakings on a regular basis through the risk management committee of Metorex and the Company respectively.

The risk management committee of Metorex will continue to be involved in reviewing potential projects or business opportunities at the project origination stage before any substantive work commences, and approving all projects to ensure that the Metorex Group does not have any dealings with those groups of entities or individuals of the DRC who are listed under the specially designated nationals lists and thereby monitoring on an ongoing basis regarding the Metorex Group's exposure to sanctions risk. If the risk management committee considers that any existing or potential business will expose the Company or its Shareholders to any material sanctions risk, the risk management committee will either mandate the relevant business department to terminate the existing business or disallow the entering into of the potential business. Where appropriate or required, the risk management committee of Metorex will seek external legal advice on U.S. sanction related issues to assist it in the assessment of sanctions risk. The risk management committee of Metorex also intends to organise trainings for Metorex's senior management on U.S. sanction laws, with the help of external legal advisers who have expertise on the relevant topics. The risk management committee of the Company, comprising of certain directors of the Company, will monitor the work of the risk management committee of Metorex on a regular basis and will organise trainings for the Company's senior management on U.S. sanction laws, with the help of external legal advisers who have expertise on the relevant topics.

The decision by the Metorex Group as to whether to renew a mining or exploration title is generally a cost-benefit analysis based upon a comparison of the expected or potential return or benefit from retaining the title to the holding cost of retaining the title.

The expected or potential return might be in the form of either the right to extract ore through mining operations; access to mineral resources and reserves; the opportunity to increase mineral resources and reserves; or in the case of greenfields exploration, the right to have access to an area to investigate its prospectivity. The holding costs of the title include, among others, annual rental, expenditure conditions or minimum work programme conditions and access payments to landholders and indigenous titleholders.

INFORMATION OF THE TARGET GROUP

The following table summarises the Mineral Resources of the Metorex Group as at 30 June 2013.

Mineral Resources ⁽¹⁾	Tonnage (Mt)	Grade ⁽²⁾		Contained Metals	
		(% Cu)	(% Co)	(kt Cu)	(kt Co)
Ruashi Mine (oxide and sulphide)					
– Measured	0.7	4.71	0.26	34.7	1.9
– Indicated	18.6	2.15	0.38	400.0	70.2
– Inferred	14.0	2.08	0.21	290.4	29.4
– Total Ruashi Mine	33.3	2.18	0.30	725.0	101.4
Chibuluma					
Chibuluma South Mine					
– Measured	1.6	3.99	–	63.8	–
– Indicated	1.2	4.34	–	52.0	–
– Inferred	0.7	4.55	–	31.9	–
– Total Chibuluma South Mine	3.5	4.22	–	147.7	–
Chifupu deposit					
– Measured	–	–	–	–	–
– Indicated	1.3	2.68	–	34.8	–
– Inferred	0.9	2.41	–	21.7	–
– Total Chifupu deposit	2.2	2.57	–	56.5	–
– Total Chibuluma South Mine (including Chifupu deposit)	5.7	3.58	–	204.2	–
Kinsenda Project (Development Project)					
– Measured	0.0	0.00	–	0.0	–
– Indicated	13.5	5.25	–	711.1	–
– Inferred	7.5	5.96	–	445.6	–
– Total Kinsenda Project	21.0	5.51	–	1,156.6	–
Musonoi Est Project (Exploration Project)					
– Measured	13.0	3.27	0.92	424.4	118.9
– Indicated	13.9	2.36	0.92	328.2	127.2
– Inferred	4.8	2.52	0.87	120.6	41.4
– Total Musonoi Est Project	31.7	2.76	0.91	873.2	287.6
Lubembe Project (Exploration Project)					
– Measured	–	–	–	–	–
– Indicated	54.0	1.88	–	1,015.8	–
– Inferred	36.6	2.08	–	761.4	–
– Total Lubembe Project	90.6	1.96	–	1,777.2	–
Metorex's Resources					
– Measured	15.3	3.41	0.79	522.9	120.8
– Indicated	102.5	1.49	0.19	2,541.9	197.4
– Inferred	64.5	2.59	0.11	1,671.5	70.8
– Total Resources	182.3	2.04	0.21	4,736.4	388.9

Source: Competent Person's Report

INFORMATION OF THE TARGET GROUP

Notes:

(1) The figures do not imply precision and may not total due to rounding. Mineral Resources for the various operations and projects have been compiled in compliance with SAMREC Code. Mineral Resources are quoted inclusive of Mineral Reserves.

(2) The grade for the Chibuluma South Mine, the Chifupu deposit and the Lubembe Project is TCu grade.

The following table summarises the Mineral Reserves of the Metorex Group as at 30 June 2013.

Mineral Reserves ⁽¹⁾	Tonnage (Mt)	Grade ⁽²⁾		Contained Metals	
		(% Cu)	(% Co)	(kt Cu)	(kt Co)
Ruashi Mine (oxide)					
– Proved Reserves	0.3	6.12	0.26	19.7	0.8
– Probable Reserves	12.7	2.59	0.46	329.7	58.5
– Total Ruashi Mine	13.1	2.68	0.45	349.4	59.3
Chibuluma South Mine					
– Proved Reserves	1.4	3.06	–	43.6	–
– Probable Reserves	0.9	3.95	–	35.4	–
– Total Chibuluma South Mine	2.3	3.41	–	79.0	–
Chifupu deposit					
– Proved Reserves	–	–	–	–	–
– Probable Reserves	1.1	2.12	–	22.4	–
– Total Chifupu deposit	1.1	2.12	–	22.4	–
– Total Chibuluma South Mine (including Chifupu deposit)	3.4	3.01	–	101.4	–
Kinsenda Project (Development Project)					
– Proved Reserves	–	–	–	–	–
– Probable Reserves	6.1	4.80	–	293.1	–
– Total Kinsenda Project	6.1	4.80	–	293.1	–
Metorex's Reserves					
– Proved Reserves	1.7	3.63	0.05	63.4	0.8
– Probable Reserves	20.8	3.27	0.28	680.6	58.5
– Total Reserves	22.5	3.30	0.26	743.9	59.3

Source: Competent Person's Report

Notes:

(1) The figures do not imply precision and may not total due to rounding. Mineral Reserves for the various operations and projects have been compiled in compliance with SAMREC Code. No Mineral Reserve has as yet been declared for the Lubembe Project and the Musonoi Est Project.

(2) The grade for the Chibuluma South Mine and the Chifupu deposit is TCu grade.

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The following table summarises the capacity, production volume and utilisation rates of the Operating Mines for the 18 months ended 31 December 2010, the year ended 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013, respectively:

Operations	Capacity		Actual Production Volume (Utilisation Rate)							
			18 months ended 31 December 2010 ^(Note)		Year ended 31 December 2011		Year ended 31 December 2012		Six months ended 30 June 2013	
	Copper (t)	Cobalt (t)	Copper (t)	Cobalt (t)	Copper (t)	Cobalt (t)	Copper (t)	Cobalt (t)	Copper (t)	Cobalt (t)
Ruashi Mine	38,500	5,000	42,998 (74%)	5,058 (67%)	34,534 (90%)	3,678 (74%)	26,976 (70%)	3,035 (61%)	16,092 (84%)	1,462 (58%)
Chibuluma South Mine	19,000	-	26,148 (92%)	-	17,533 (92%)	-	17,906 (94%)	-	8,279 (87%)	-
Total Volume	57,500	5,000	69,146 (80%)	5,058 (67%)	52,067 (91%)	3,678 (74%)	44,882 (78%)	3,035 (61%)	24,371 (85%)	1,462 (58%)

Note:

The total production volume does not include the copper and cobalt produced by Sable Zinc Kabwe Limited, which was sold by the Metorex Group to independent third parties in 2010 and 2011. The utilisation rates for the 18 months ended 31 December 2010 and for the six months ended 30 June 2013 for both the Ruashi Mine and the Chibuluma South Mine are calculated based on the annualised figures of the actual production volume of the respective mines.

OPERATION AND MANAGEMENT MODEL OF THE METOREX GROUP

Metorex operates on a matrix management system with line management at the mining operations reporting to the Chief Operating Officer and ultimately the Chief Executive Officer, who are both based at the Metorex Corporate Head Office in Johannesburg, South Africa. The specialist aspects of metallurgy, mine planning, geology, finance, environmental and safety are managed by functional specialists based in Johannesburg who have dotted line management responsibilities for their respective functions at the operations and projects of the Metorex Group. These functional specialists in turn report to the Chief Executive Officer. All operations management committees adhere to a regular governance process, and all stakeholders participate in quarterly board meetings where minority shareholders are kept up to date with operational and corporate developments. In addition, all aspects of expenditure beyond a certain threshold are governed by a board approved policy to ensure that material and strategic decisions are escalated to the appropriate level within the Metorex Group.

In the operations of the Operating Mines and the Kinsenda Project, the Metorex Group employs its own employees and casual and contract workers. As at 30 June 2013, 1,187 employees and 1,408 casual and contract workers were engaged at the Ruashi Mine, 577 employees and 169 casual and contract workers were engaged at the Chibuluma South Mine, and 459 employees and 142 casual and contract workers were engaged for the Kinsenda Project. The Metorex Group engages contractors to carry out various activities for the Ruashi Mine and for the Kinsenda Project. The major contractors are as follows:

- MCK has been appointed by Ruashi Mining to perform certain mining activities at the Ruashi Mine. For further details, please refer to the sub-section headed “Information of the Target Group – Ruashi Mine – Mining Contractor”.

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- DRA Mining (Pty) Ltd has been appointed by Kinsenda Sarl to provide engineering procurement, project management and construction management services for the Kinsenda Project, The obligations of the parties under this contract are expected to be fulfilled by March 2015.
- MCK has been appointed by Kinsenda Sarl to provide all labour, goods, materials, plant and services necessary for the construction of terraces for surface infrastructure, a box-cut, roads, laydown areas and concentrator plant infrastructure for the Kinsenda Project. Such works include, but are not limited to, earthworks in respect of a management camp, a contractors' camp, the central and plant area, the box-cut and haul roads. The obligations of the parties under this contract are expected to be fulfilled by October 2013.
- Safricas Congo Sarl has been appointed by Kinsenda Sarl to provide all labour, goods, materials, plant and services necessary for the manufacture, supply, delivery and construction and/or erection of the civil works at the Kinsenda Project site. The scope includes civil works in respect of the plant section, mining section and infrastructure including the management camp, the contractors' camp, the central and plant area and roads. The obligations of the parties under this contract are expected to be fulfilled by September 2014.
- Allterrain Services DRC Sprl has been appointed by Kinsenda Sarl to provide all labour, goods, materials, plant and services necessary for the construction, management and operation of the contractor's and management camp for the Kinsenda Project. Such works include the supply and erection of prefabricated buildings, appliances, equipment, internal plumbing and electrical works. The obligations of the parties under this contract are expected to be fulfilled by September 2013.
- Outotec (RSA) (Pty) Ltd has been appointed by Kinsenda Sarl to supply the semi-autogenous grinding mill, flotation cells, flash flotation cells and thickeners for the Kinsenda Project. The obligations of the parties under this contract are expected to be fulfilled by December 2014.
- Zhongdu International (Zambia) Company Limited has been appointed by Kinsenda Sarl to conduct primary mining development works for the Kinsenda Project. The obligations of the parties under this contract are expected to be fulfilled by October 2014.

No major contractors have been appointed by the Metorex Group for the activities carried out at the Chibuluma South Mine.

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II. BUSINESS OF THE METOREX GROUP

The Metorex Group currently operates two Operating Mines and holds a portfolio of highly attractive development and advanced stage Exploration Projects. All the projects of the Metorex Group are located in the DRC and Zambia, which are within the Central African Copperbelt. The Central African Copperbelt which extends from north eastern Angola through southern DRC and into Zambia, is one of the richest sources of copper and cobalt in the world containing over a tenth of the world's copper mineral reserves and a third of the world's cobalt mineral reserves. The grades of the copper deposits found in this area are generally in the range of 1.0% to 4.0% and grades of 7.0% to 8.0% have been recorded in some instances, which are significantly higher than the typical grade of world deposits in the range of 0.2% to 2%, according to British Geological Survey. It is second only to the Chilean Porphyry Belt in terms of copper endowment. The main cities of the copperbelt are Kitwe, Ndola, Mufulira, Luanshya, Chingola, Chililabombwe, Lubumbashi and Kolwezi.

The Metorex Group operates and holds the mining rights to some of the highest grade copper projects in the world. Mineral Resources at the Chibuluma South Mine and the Ruashi Mine have average grades of 3.58% copper and 2.18% copper, respectively. The Kinsenda Project is one of the world's highest grade copper deposits, with Mineral Resources grade averaging 5.51% copper. In addition, the two advanced stage Exploration Projects, the Lubembe Project and the Musonoi Est Project, also benefit from relatively high grade Mineral Resources with average copper grades ranging between 1.96% and 2.76%.

As at 30 June 2013, the Metorex Group has SAMREC-compliant total Mineral Reserves of approximately 744 kt of contained copper metal (22.5 Mt at 3.30% Cu) and 59 kt of contained cobalt metal (22.5 Mt at 0.26% Co) and Mineral Resources (inclusive of Mineral Reserves) of approximately 4,736 kt of contained copper metal (182.3 Mt at 2.04% Cu) and 389 kt of contained cobalt metal (182.3 Mt at 0.21% Co).

OPERATING MINES

The Metorex Group operates two Operating Mines, namely the Ruashi Mine and the Chibuluma South Mine, through Ruashi Mining and Chibuluma plc, respectively.

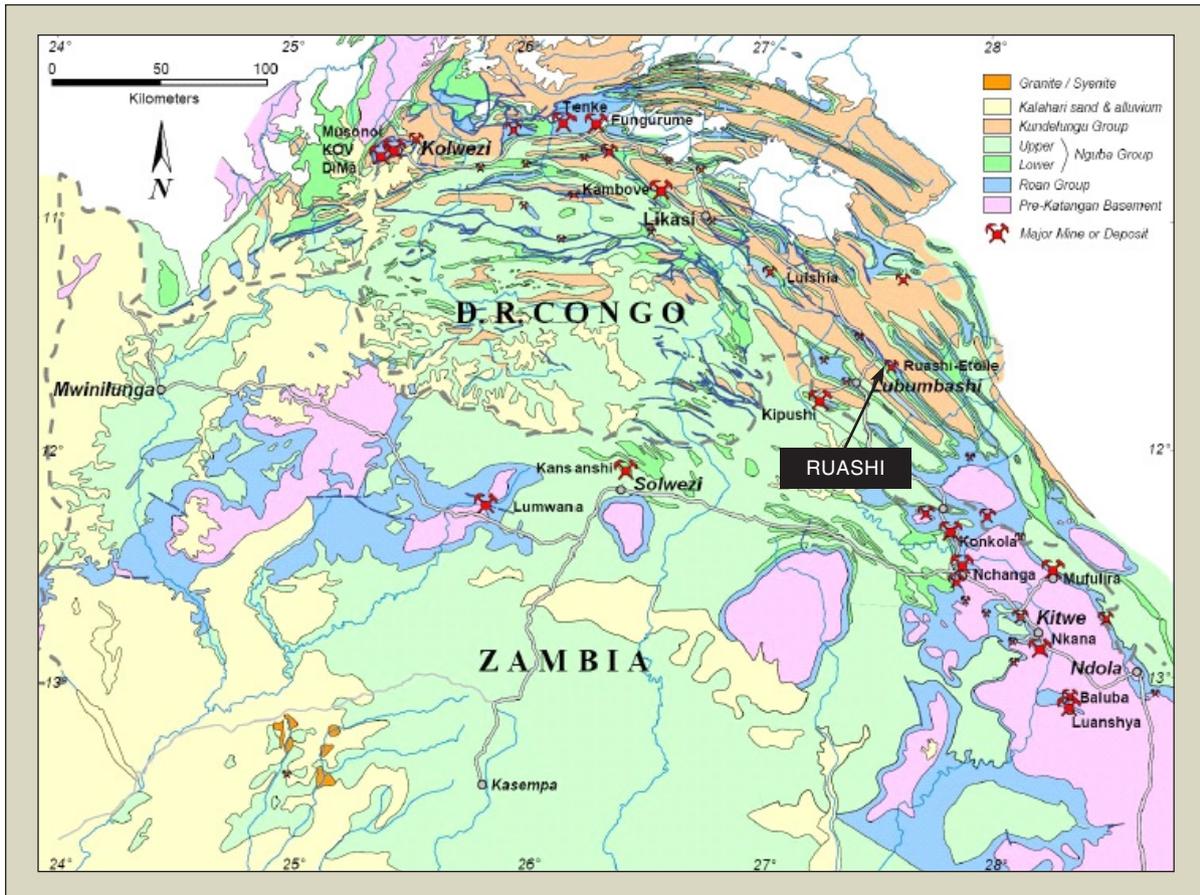
RUASHI MINE

Metorex indirectly owns a 75% interest in Ruashi Mining which owns the Ruashi Mine, a copper and cobalt mine located in the DRC. The remaining 25% interest in Ruashi Mining is held by Gécamines, a state enterprise wholly-owned by the Government of the DRC.

INFORMATION OF THE TARGET GROUP

Project overview

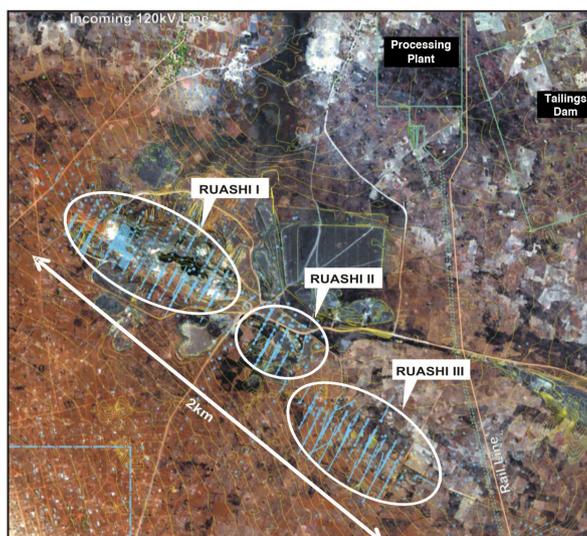
Ruashi Mine is an open pit copper and cobalt mine, on the fabled Central African Copperbelt, located near Lubumbashi, which is the capital of the Katanga province of the DRC. The location of the Ruashi Mine is illustrated below:



Source: Competent Person's Report (figure 3.2)

Ruashi Mine comprises three open pits (namely, Ruashi I, II and III orebodies) and a modern leach SX-EW processing plant. The figure on the next page shows the locations of the Ruashi I, II and III orebodies within the Ruashi Mine area.

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Source: Competent Person's Report (figure 3.5)

Ruashi I, the largest orebody of the three orebodies, is located in the northwest of the mining area and extends approximately 900 m in a northwest to southwest direction and approximately 350 m across strike. Some open pit and underground mining were carried out on the Ruashi I orebody in the 1920s and 1930s. Ruashi II is a smaller fragment, extending along strike for approximately 200 m and 250 m across strike. Previous mining activity on a limited scale was evident at Ruashi II. Ruashi III occurs at the south-easterly end and has a strike length of approximately 650 m and a cross strike width of approximately 200 m. No historic mining was evident in respect of Ruashi III as there was significant overburden covering the deposit which needed to be removed before the ore could be mined. The site at the Ruashi Mine also accommodates a processing plant, including the SX-EW plant, and a tailings dam.

History of the Ruashi Mine

The deposits at the Ruashi Mine were discovered in 1919 and have been intensively evaluated by drilling over the years. Prior to Metorex's involvement, the Ruashi Mine comprised an old open pit originally mined by Union Minière starting in the early 1920s and later by Gécamines up to the early 1980s.

In 2000, Cobalt Metals, an independent third party, entered into the Ruashi JVA with Gécamines for the exploitation of the Ruashi orebodies and the Ruashi-Etoile stockpiles under Concession 237. Ruashi Mining was created and registered in the DRC in 2003, with Cobalt Metals holding a 55% interest and Gécamines holding a 45% interest. Concession 237 was transformed into an exploitation licence (PE 578) and was registered in the name of Gécamines in 2003. PE 578 was subsequently ceded to Ruashi Mining in June 2004. The 55% shareholding interest of Cobalt Metals in Ruashi Mining was transferred to Ruashi Holdings (a company owned by Metorex) in 2004 at which time Ruashi Holdings' interest in Ruashi Mining was increased to 80%. The DRC Government commenced a mining titles review process in 2008 to review and, where necessary, renegotiate historic joint ventures which had been entered into by state-owned companies. The review resulted in a negotiation which concluded with, amongst other matters, Ruashi Holdings conceding a 5% interest in Ruashi Mining thereby reducing its shareholding in Ruashi Mining to 75% and Gécamines increasing its shareholding from 20% to 25%. By virtue of the exploitation licence, Ruashi Mining is entitled to extract ore, use the land on which the stockpiles and orebodies are situated, and to build installations and facilities required for mining exploitation and processing.

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Metorex has been involved in the Ruashi Mine since 2004 and has developed the project in two phases. Phase I involved the construction of a concentrator plant to treat the oxide stockpiles that were left untreated by Union Minière and Gécamines with the concentrate being transported to the SX-EW facility owned by Sable Zinc in Zambia where copper cathode and cobalt carbonate were produced. Phase II of the project commenced in March 2007 and involved the development of the Ruashi Mine opencast orebody and the construction of an expanded crushing and milling section, the new acid leaching section and SX-EW plant for the production of copper cathode and cobalt hydroxide on site from ore mined from the Ruashi Mine orebody. Open-pit mining operations at the Ruashi Mine commenced in October 2007. Stockpile reserves were depleted and the Phase I concentrator plant was placed on care and maintenance in March 2009. All copper and cobalt have been produced from the Phase II plant since then.

Operation overview

Ruashi Mine is an open cast mining operation and the deposit is mined by conventional open-pit mining methods using truck and excavator combinations. It has an annual production capacity of approximately 38.5 kt of copper and 5 kt of cobalt. The Ruashi Mine currently has a mine life of approximately ten years based on its Mineral Reserves. Mining of ore will be completed in eight years, but the stockpiled material allows the plant to be fed for a further two years, hence a total of ten years mine life. Currently, the sulphide orebodies which exist at lower elevations of Ruashi I and III are not mined, and if economical, could extend the life of the Ruashi Mine.

The majority of the current management team of Ruashi Mining, including the chairman of the board of directors and the managing director, are appointed by Ruashi Holdings, while Gécamines appoints other members in the management team, including the deputy managing director and the director in charge of human resources. There is a life-time management arrangement between Ruashi Mining and Metorex where Ruashi Mining appoints Metorex as manager of its business to perform all the functions, services and duties that a manager of such business would be required to carry out.

As at 30 June 2013, 1,187 employees and 1,408 casual and contract workers were engaged at the Ruashi Mine.

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Mineral Resources and Mineral Reserves

Mineral Resources for the Ruashi Mine as at 30 June 2013 are summarised in the table below:

Resource Classification	Mineral Resources (at 0.78% Cu or 0.62% Co cut-off)				
	Tonnage (Mt)	Grade (% Cu)	Contained Cu (kt)	Grade (% Co)	Contained Co (kt)
Oxide Material					
Measured	0.7	4.71	34.7	0.26	1.9
Indicated	15.7	2.22	348.3	0.38	57.4
Inferred	6.6	1.07	71.1	0.13	8.4
Total Oxide Resources	23.0	1.97	454.1	0.29	67.6
Sulphides					
Indicated	2.9	1.78	51.7	0.44	12.8
Inferred	7.3	2.98	219.3	0.29	21.0
Total Sulphide Resources	10.3	2.64	270.9	0.33	33.8
Oxides + Sulphides Material					
Measured	0.7	4.71	34.70	0.26	1.90
Indicated	18.6	2.15	400.00	0.38	70.2
Total Measured and Indicated	19.3	2.25	434.7	0.37	72.1
Inferred	14.0	2.08	290.4	0.21	29.4
Total Mineral Resources	33.3	2.18	725.0	0.30	101.4

Source: Competent Person's Report

Note: The figures do not imply precision and may not total due to rounding.

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Mineral Reserves for the Ruashi Mine as at 30 June 2013 are summarised in the table below:

Reserve Classification	Mineral Reserves (at 1.23% Cu cut-off)				
	Tonnage (Mt)	Grade (% Cu)	Contained Cu (kt)	Grade (% Co)	Contained Co (kt)
Oxide Material (in LoM Plan)					
Proved	0.3	6.12	19.7	0.26	0.8
Probable	12.7	2.57	329.7	0.46	58.5
Total Mineral Reserves	13.1	2.68	349.4	0.45	59.3

Source: Competent Person's Report

Note: The figures do not imply precision and may not total due to rounding. No Mineral Reserve has as yet been declared for the sulphide orebodies at the Ruashi Mine.

Mining contractor

The Ruashi Mine derives revenues from both copper and cobalt through the mining and production of copper cathode and cobalt hydroxide from oxide ores. The current oxide mining operations are based on a conventional truck and shovel open pit mining method, with the majority of the material capable of being loaded without drilling and blasting. In this mining process, the surface layer of waste rock covering the ore is first removed and then the exposed orebody is extracted.

In line with industry practice, Ruashi Mining outsourced its mining work to an independent third-party contractor, MCK, seven years ago under a tender process of selecting contractors for its mining operations at the Ruashi Mine, taking into account each candidate's skills and experience. MCK is a well-established mining contractor which has been operating for a number of years and performs mining services for several other mining companies in the DRC. Ruashi Mining is one of the largest customers of MCK. MCK possesses the requisite licences, permits, qualifications and capabilities for undertaking the work for which it is commissioned under the MCK Mining Contract.

Under the terms of the current MCK Mining Contract, which was renegotiated in September 2011, MCK performs certain mining activities such as mine site establishment, production mining, hauling, drilling and ore reclamation under the supervision of personnel from Metorex. Ruashi Mining is required to provide certain facilities and equipment (such as workshop on the site, sewerage system, water and diesel fuel supply) as expressly assigned to it under the MCK Mining Contract. MCK is responsible for providing all the other equipment required for completing such activities and for maintaining all equipment in a fully serviced and safe condition as well as taking all measures necessary to protect the environment and the safety of people and property on the site.

MCK's obligation under the MCK Mining Contract comprises a number of components, which include (a) mobilisation, site establishment and demobilisation; (b) monthly management; (c) clearing, grubbing and topsoil stripping; (d) blast hole drilling; (e) excavation, loading, hauling and dumping; (f) ore re-handle and (g) day works. The largest component of the contract relates to excavation, loading, hauling and dumping services. Specified U.S. Dollar rates per bank cubic meter are quoted and applied to each bank cubic meter of ore and waste mined and hauled from the specifically identified mining areas to the ore stockpiles and waste dumps, respectively. Management fees are charged at a fixed monthly rate

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and comprise the second largest component of the contract. MCK is required to submit a monthly payment claim (based on the portions of works completed, which is measured by Ruashi Mining, and certain fixed amounts for administrative expenses and management fees) for approval and certification before the monthly payment is made. The MCK Mining Contract also has a rise and fall formula which is applicable to all services by MCK other than establishment, mobilisation, demobilisation and early termination payments. The formula, with reference to indices determined on a quarterly basis, seeks to adjust the specified rates for changes in the cost to MCK of providing the contract mining services due to the effects of inflation and general market conditions. The formula recognises that a portion of the specified rates are fixed in nature and not subject to escalation or reduction. Under the MCK Mining Contract, Ruashi Mining has paid MCK US\$36.8 million, US\$37.2 million, US\$32.8 million and US\$14.3 million for the 18 months period ended 31 December 2010, the years ended 31 December 2011 and 31 December 2012 and the six months ended 30 June 2013, respectively for contract mining services. Whilst maintenance of MCK's mining fleet is carried out by the original equipment manufacturer under a maintenance and repairment contract, mine design and planning, grade control and pit survey are managed by Ruashi Mining. Ruashi Mining monitors the operation performance of MCK by reviewing a comprehensive report submitted by MCK on a monthly basis detailing production performance, SHEC related matters, fleet performance and security related matters.

During the term of the MCK Mining Contract, Ruashi Mining is entitled to terminate the contract at any time upon 60 days written notice to MCK, subject to the applicable early termination payment amount. The current term of the MCK Mining Contract will expire in June 2016, which may be extended upon 90 days written notice to MCK for a period of more than one month but not exceeding six months.

The Metorex Group has a review system with respect to third party contractors' safety record before engaging such contractors. As part of its request for quotes or tenders for its contractors, the Metorex Group requests for such candidates to submit their safety plans, policies, statistics and procedures. The Metorex Group also conducts site visits to observe their systems before awarding a tender. In addition, the Metorex Group will undertake the necessary background checks to ensure that its contractors possess the requisite qualifications and capabilities for undertaking the work for which they are commissioned. Under the MCK Mining Contract, MCK is required to abide by the safety management system and environmental standards of Ruashi Mining and all applicable statutory requirements in relation to operational safety. Ruashi Mining appoints an on-site business area manager as its agent to approve the site safety plan submitted by MCK every three months and to monitor the compliance of the terms of the MCK Mining Contract and the safety standards at the Ruashi Mine by the employees, subcontractors and agents of MCK. MCK is also required to provide induction and training to all employees, subcontractors and agents of MCK and maintain insurance covering the safety and casualty of its employees that perform work for Ruashi Mining. MCK indemnifies Ruashi Mining against all liabilities, losses, claims, costs or damages which may be incurred by Ruashi Mining or brought against or claimed from Ruashi Mining arising out of or in connection with MCK's execution of the works and/or its presence at the site or its failure to comply with the obligations under the MCK Mining Contract. Such liability of indemnification is reduced proportionally to the extent that such loss, damage, death or injury is proven to be contributed by the act or omission of Ruashi Mining, its on-site business area manager or its employees or agents. As of the Latest Practicable Date, Ruashi Mining has not experienced any material disputes with MCK since its engagement as mining contractor.

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If MCK were to cease operating, there are a number of mining contractors in Southern Africa that could be approached. Otherwise, Ruashi Mining could also undertake the mining function itself. In this regard, Ruashi Mining is entitled to conduct mining activities pursuant to its exploitation permits. Mining equipment comprising predominantly trucks and loaders could be leased from equipment manufacturers (as is the case with MCK) or purchased outright. It is therefore considered that Ruashi Mining has the necessary skills and would be able to obtain the necessary mining equipment readily to conduct these activities should it so desire or if it becomes necessary for it to do so.

For further details, please refer to the Competent Person's Report set out in Appendix V to this circular.

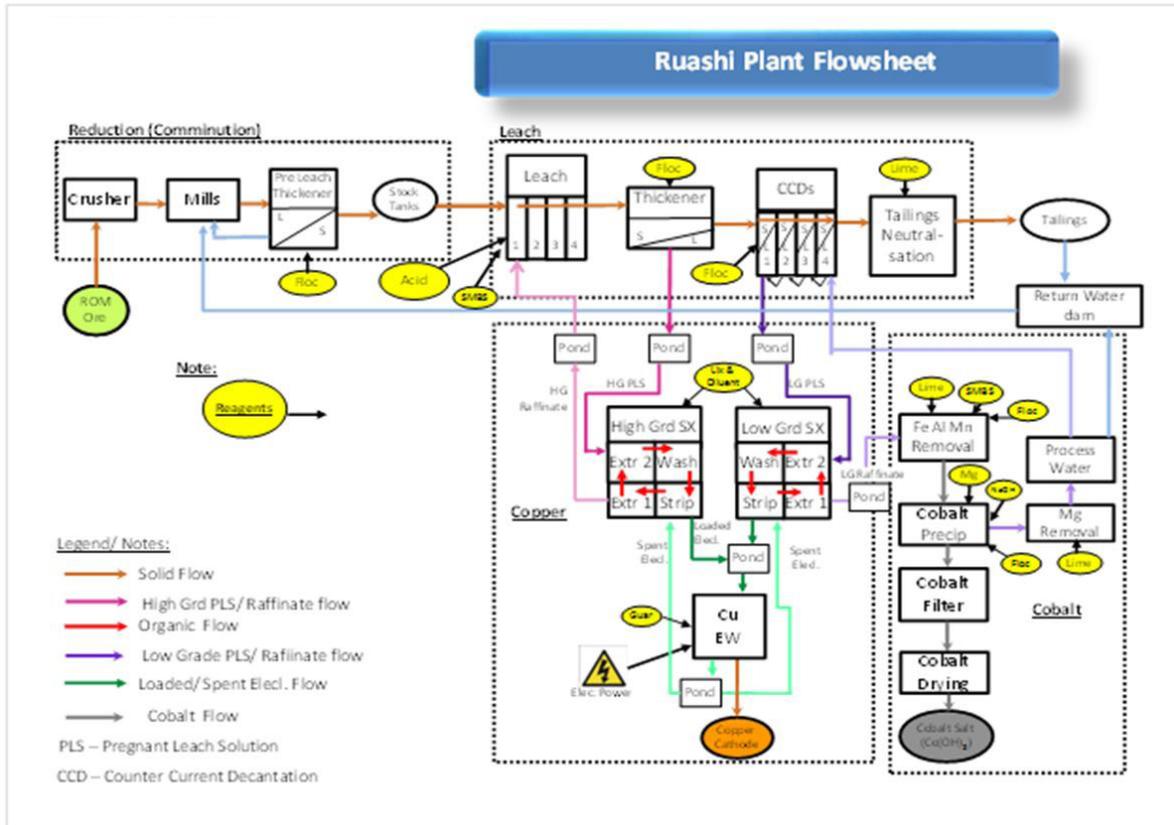
Mineral Processing

There are primarily two broad routes of producing copper from copper ore: (1) the smelting and refining route which is typically used in sulphide ores and (2) the SX-EW route which is typically used in oxide ores. The SX-EW route is used in the processing of the oxide ores at the Ruashi Mine. This involves the mined ores being sent to the reduction plant, where they are crushed and milled into slurry. The slurry is then prepared at the pre-leach thickener before being sent to the copper plant.

At the copper plant the feed undergoes four processes: (1) leaching (copper and cobalt), (2) leach counter current decantation, (3) tailings neutralization, and (4) copper SX-EW. First, copper and cobalt metal in the ore is dissolved using sulphuric acid in a leach solution. The Metorex Group has constructed a sulphuric acid plant on site at the Ruashi Mine to produce sulphuric acid and sulphur dioxide and has commissioned the sulphur dioxide section of the plant in the first half of 2013. Solids are then separated from the leach solution using the leach counter current decantation. At the tailing neutralisation stage, the remaining acidic solution is neutralised. Copper is then extracted into a copper sulphate solution. Finally, the solution goes to the electrowinning stage, where it is electrochemically purified and produces copper cathode (LME A Grade). The copper cathode plates are then cleaned, separated and packed for dispatch.

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Solution containing cobalt from the solvent extraction process is processed at the cobalt plant. Impurities such as iron and aluminium are first removed from the solution. A cobalt product is then precipitated and further purified as a result of the removal of magnesium. The resultant cobalt salt is dried, packed, and prepared for dispatch. The cobalt hydroxide produced is exported from the Ruashi Mine to Johannesburg. The Phase II SX-EW plant construction was completed in October 2008 and a simplified flow chart of the processing plant at the Ruashi Mine is set out below:



Source: Competent Person's Report (figure 3.24)

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Operating performance

A summary of the operational performance of Ruashi Mining for the periods indicated in the table is set out below:

Item	Units	For the 18 months ended 31 December 2010	For the year ended 31 December 2011	For the year ended 31 December 2012	For the six months ended 30 June 2013
Production					
RoM ore mined	(kt)	2,038.1	1,456.9	1,273.7	811.0
Waste mined	(bcm)	6,343.0	7,557.1	5,281.1	1,495.9
Strip Ratio	(bcm/kt)	6.2	5.2	4.2	1.8
Plant feed	(kt)	1,838.0	1,259.3	961.7	546.9
Head grade – Cu	(%)	2.9	3.3	3.2	3.3
Head grade – Co	(%)	0.51	0.43	0.46	0.41
Plant recovery – Cu	(%)	80.1	84.3	85.0	88.8
Plant recovery – Co	(%)	55.0	68.5	69.5	67.7
Recovered Cu	(kt)	43.0	34.5	27.0	16.1
Recovered Co metal in hydroxide	(kt)	5.1	3.7	3.0	1.5
Sales					
Sales – LME grade Cu	(kt)	43.0	34.6	26.8	16.1
Sales – Co	(kt)	5.1	4.0	3.2	1.4
Average price received – Cu	(US\$/t)	7,067	8,513	7,731	7,497
Average price received – Co	(US\$/t)	26,371	24,142	16,484	17,828
Operating Costs					
On-mine costs	(US\$ m)	194.2	148.3	164.6	99.3
Salaries & wages	(US\$ m)	20.0	26.7	31.4	18.3
Mining Costs	(US\$ m)	40.8	17.8	18.9	14.8
Processing Costs	(US\$ m)	88.6	70.2	68.5	43.7
Engineering costs	(US\$ m)	17.8	10.8	12.5	5.3
SHEC	(US\$ m)	– ⁽¹⁾	5.5	0.9	1.6
Administration costs	(US\$ m)	27.9	17.3	32.3	11.4
Stock movement	(US\$ m)	(0.9)	–	–	4.2
Off mine costs	(US\$ m)	54.1	49.8	39.2	16.3
Transport costs	(US\$ m)	32.2	31.2	20.2	9.6
Clearing costs	(US\$ m)	21.9	18.6	19.0	6.7
Royalties	(US\$ m)	18.9	17.8	14.3	6.2
Unit Costs					
On-mine cost	(US\$/t mined)	100.0	117.8	171.2	181.6
Operating cost per tonne Cu produced	(US\$/t Cu produced)	4,539	4,294	6,103	5,914
Operating cost per tonne of Cu, net of Co credits	(US\$/t Cu produced)	2,627	2,356	4,146	4,929

Source: Competent Person's Report (table 3.2)

Notes:

1. The SHEC cost in respect of the 18 months ended 31 December 2010 was not reported by Ruashi Mining.
2. The figures do not imply precision and may not total due to rounding.

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Marketing

Ruashi Mining sells its copper cathode and cobalt hydroxide produced by the Ruashi Mine under off-take agreements entered into with its customers. Ruashi Mining sources its customers through a tender process conducted annually for its copper cathode products. Ruashi Mining has not yet initiated the tender process for the off-take of its 2014 production. This is normally done in the last quarter of a particular year. Market demand is high for copper cathode and Ruashi Mining expects to receive tenders from a number of potential off-takers based on its experience in the past years.

Off-take agreement with Glencore

Glencore International AG (“**Glencore**”), a leading integrated producer and marketer of commodities, historically purchased 50% and presently purchases approximately 50% annual production of copper cathode produced by Ruashi Mining pursuant to off-take agreements entered into between Ruashi Mining and Glencore, which was first entered into on 4 September 2007. The current off-take agreement has a duration of twelve months which will expire on 31 December 2013, which can be extended upon mutual agreement. Glencore may, upon written notice to Ruashi Mining, terminate the agreement or suspend or defer its performance of the agreement if there is a material adverse change to the creditworthiness of Ruashi Mining and/or to the ability of Ruashi Mining to perform its obligations under the agreement.

The price per tonne of copper cathodes that Ruashi Mining sells is calculated through a mechanism set out in the agreement, in accordance with normal industry practice for the supply of copper cathodes, which is by reference to the official LME cash settlement price for grade A copper plus a long term contract premium as announced annually by an independent premium benchmark known as the ‘Codelco physical long term contract premium benchmark’. The price is then adjusted for impurities, if applicable, by a discount prescribed in the agreement depending on the copper content of the copper cathodes. Provisional payment is made to Ruashi Mining in the month of delivery with adjustment made for final pricing once final details are known.

In connection with the off-take agreement, Glencore entered into a pre-export finance facility on 13 November 2012 pursuant to which Glencore made an advanced payment of US\$10 million to be repaid by Ruashi Mining against future delivery of its copper cathode products. Ruashi Mining granted a performance guarantee to Glencore in respect of its repayment obligations under the pre-export finance facility. As at 30 June 2013, an amount of US\$3.2 million remained outstanding. Ruashi Mining expects to repay this outstanding amount under the pre-export finance facility in full by September 2013.

Off-take agreement with MRI

Ruashi Mining sells approximately 50% of the annual production of copper cathode produced at the Ruashi Mine to MRI, an international commodity trading company, pursuant to an off-take agreement entered into between Ruashi Mining and MRI on 13 November 2012. The current off-take agreement has a duration of 12 months and will expire on 31 December 2013, which can be extended by mutual agreement. Either party may terminate the agreement if there is a long-term force majeure event or certain insolvency related events affecting the other party.

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The price per tonne of copper cathodes that Ruashi Mining sells is calculated through a mechanism set out in the agreement, in accordance with normal industry practice for the supply of copper cathodes, which is by reference to the official LME cash settlement price for grade A copper cathodes plus a premium and minus a freight allowance to cover all transport, finance and insurance costs. The price may then be adjusted for certain penalties if there are impurities. Provisional payment is made to Ruashi Mining in the month of delivery with adjustment made for final pricing once final details are known.

Off-take agreement with Jinchuan Group

All of the cobalt carbonate and/or cobalt hydroxide produced at the Ruashi Mine is sold to Jinchuan Group and/or its affiliates pursuant to an off-take agreement entered into between Ruashi Mining and Jinchuan Group. The terms of such off-take agreement will be reviewed and agreed by Ruashi Mining and Jinchuan Group every three years. Please refer to the section headed “Information of the Target Group – Ongoing Transactions that will become Continuing Connected Transactions upon Completion” of this circular for more information about such off-take agreement. Whilst the scope of this off-take agreement potentially covers the Group (being a subsidiary of Jinchuan Group), the Group has not obtained any cobalt carbonate or cobalt hydroxide from Ruashi Mining under such off-take agreement.

All the above off-take agreements are consistent with market practices and commercial terms by reference to an independent benchmark price that reflects prevailing rates plus an adjustment mechanism set out in the respective agreement.

Ruashi Mining’s sales are managed by the marketing team of Metorex in Johannesburg with assistance of a local team based in the DRC.

Infrastructure

Roads and Railway

The Ruashi Mine is located approximately 3.5 km southeast of the Lubumbashi International airport, and is accessed using two roads which are in a relatively good condition. The main arterial road from Kasumbalesa (the border post) to Lubumbashi has recently been upgraded by Chinese contractors. Rail infrastructure owned by the state-owned national railway company is, however, in poor condition and is therefore unreliable. As a result, the vast majority of consumables and finished products (copper cathode and cobalt hydroxide) to and from the Ruashi Mine are moved by road transport. One of the logistics risks that the Ruashi Mine faces is the extended periods that road vehicles have to endure at the DRC-Zambia border crossing point, especially the fuel (diesel) vehicles which are necessary to power the mining fleet and the diesel powered generators. To cope with these border delays, Ruashi Mining ensures that fuel stock levels are sufficient at the Ruashi Mine to enable it to run seamlessly.

Water

There are ample water resources available, to support all the mining and processing operations at the Ruashi Mine. Bulk service water for the surface plant and infrastructure is supplied from three sources, namely, surface boreholes, in pit dewatering pumps and open pit dewatering boreholes.

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Electricity

In the DRC, supply of hydro-electric power by the DRC's national electricity company, SNEL, has been erratic due to the poor infrastructure and inadequate maintenance of the national power grids, cables and plants. Ruashi Mining spent approximately US\$11 million in upgrading SNEL's main supply sub-station in Lubumbashi. As with many of the DRC state-owned enterprises, SNEL did not have sufficient financial resources to fund the upgrade. Accordingly, Ruashi Mining had funded the upgrade and recovers this funding on a monthly basis by way of a set-off arrangement against a portion of SNEL's invoices on electricity consumed by Ruashi Mining. Despite this upgrade, the power supply to the Ruashi Mine continues to suffer from under voltage and unstable voltages, resulting in equipment failures and prolonged power outages. The mining and processing operations of Ruashi Mining at the Ruashi Mine have been disrupted from time to time, and at times significantly, as a result of such power outages or instabilities.

In addition, the Ruashi Mine is also supplied with power imported from Zambia, from the Zambian Electrical Supply Commission and the Copperbelt Electrical Corporation. Fees payable by Ruashi Mining in respect of these sources of power are in line with market practice. These alternative sources have not fully resolved the Ruashi Mine's power shortage issue as both the Zambian supplies suffer from low supply availability into the DRC, due to restrictions and maintenance issues. The Ruashi Mine also has a number of back up diesel powered generators with a combined generation capacity of 4 MW but these units are becoming unreliable due to their age and over-utilisation.

In an effort to improve the availability and stability of power supplies on the site, Ruashi Mining purchased seven diesel powered generators with a combined generation capacity of 15 MW to generate power on site. The new generators and the majority of the ancillary equipment have been delivered to the Ruashi Mine and commissioning of these generators had recently taken place in August 2013. These generators are capable of supplementing the power supplied by SNEL and are expected to significantly reduce the possibility of disruptions in the Ruashi Mine's mining operations. As an interim measure pending the commissioning of the seven new diesel powered generations, Ruashi Mining had entered into a six-month lease agreement for 13 diesel powered generators with a combined generation capacity of 13 MW. The leased diesel powered generators were commissioned in February 2013 and the introduction of these leased generators had an immediate impact on improving the power availability up to 99.8% since being commissioned. Ruashi Mining plans to purchase these leased diesel powered generators during the second half of 2013 following the expiry of the lease term as an additional measure for the Ruashi Mine to reduce its reliance on power supplies from SNEL and Zambia and become fully self-sufficient in power supply, and therefore minimising the negative impact on the mining operations when national grid power disruptions and/or reductions occur. Whilst the leasing arrangements and the commissioning of the diesel powered generators have further increased its on-mine costs due to the increase in fuel consumption, Ruashi Mining considers that the stability in power supply brought about by such measures will be beneficial to its mining operations through increasing efficiency and utilisation of mining equipment.

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Initiatives to improve efficiencies in mining and processing operations

Apart from seeking alternative sources of power, Ruashi Mining has undertaken several initiatives to improve efficiencies in the mining and processing operations at the Ruashi Mine. These include:

A) Construction of the H₂SO₄/SO₂ Combination Plant

The construction of the H₂SO₄/SO₂ combination plant was completed in August 2012 at a cost of US\$17 million and the SO₂ section of the plant was commissioned in the first half of 2013. The installation of this plant had become essential to the mining operations at the Ruashi Mine due to the increased usage of acid and SO₂. The benefits of erecting this plant on site include the constant supply of heat via steam for (i) the iron removal at the cobalt plant, which improves the quality of cobalt, (ii) increase in the electrolyte temperature which improves EW tankhouse performance, which in turn has a positive impact on copper quality and current efficiency; (iii) provides heated air to be utilised for cobalt drying in the cobalt dryer; and (iv) the washing efficiency of the wash tanks for good sulphate removal, which improves cobalt precipitation performance. In addition, residual heat in the process water also improves cobalt leach efficiency. The commissioning of this plant also means that Ruashi Mining is able to produce SO₂ itself and hence reduce the costs to purchase SMBS, which is used as an alternative to SO₂.

B) Cobalt Agitated Spin Flash Drier Project

Ruashi Mining commissioned Somika in March 2012 to install three ASFDs for the purpose of drying the cobalt hydroxide prior to transportation. The moisture content of the cobalt hydroxide when processed through the ASFDs can be reduced from 70% to 15%. The reduced moisture content in the cobalt hydroxide will bring about lower transportation costs. The cost of this initiative is estimated to be US\$16 million and two of the ASFDs have been commissioned in July 2013 and the third ASFD has been commissioned in August 2013.

Expansion and exploration plans

Currently, the sulphide ores at the Ruashi Mine are not mined and processed, which if undertaken could extend the life of mine of the Ruashi Mine. However, changes to the process plant would be required to process such sulphide ore. Metorex had undertaken a pre-feasibility study in January 2012 for such sulphide orebodies. The study shows that the project to mine and process the sulphide orebodies is sub-economical due to the high off-mine costs. SRK has commented that this however represents an opportunity for the Metorex Group to convert the sulphide Inferred Mineral Resources to Mineral Reserves through completion of a feasibility study to determine the economic viability of mining the sulphide orebodies.

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Closure and Rehabilitation

Metorex's operations at the Ruashi Mine continue to provide funds for the eventual closure and rehabilitation of this mine. Ruashi Mining procures independent closure cost estimates from time to time for its operations on the basis of closure at that particular point in time. In years when estimates are not obtained, Ruashi Mining escalates the previous estimate for inflation. Any increase in the closure cost from year to year as determined by considering the independent estimates is accounted for as an increase to the provision for closure liability.

The Ruashi Mine has had its closure costs estimated by a professional valuation surveyor in 2011. SRK has reviewed the list of items set out in the closure assessment and considers that there may be some possible omissions. These omissions identified by SRK are regarded as possibilities and not certainties. These include:

- The need for ongoing water treatment following closure due to deteriorating pH levels in ground and surface water which potentially represent a long term liability;
- Provision for the rehabilitation of the tailings dam;
- Adequate provision for re-profiling of the dumps; and
- Provision for soil contamination remediation.

SRK has identified the following major risks associated with the closure cost estimate: (i) the possibility of ongoing long term water treatment; and (ii) unexpected social costs due to community expectations being enforced.

Water treatment and other related provisions

Ruashi Mining is actively assessing the situation regarding ground and surface water contamination and has implemented measures for its control and monitoring of water quality in the operational phase (including the building of a fence of drill holes around the tailing storage facilities and equipped them with pumps to pump the low pH water back to the tailing storage facilities for neutralisation with lime). Ruashi Mining has included a provision for water monitoring post-closure in the closure plan and will update the plan to include post-closure treatment if required.

Metorex has a group-wide provision for post-closure for water treatment of around US\$5 million. However, in the absence of any proper evaluation of the extent and severity of the water to be treated, SRK has agreed with Metorex to increase the provision for post-closure water treatment for the Metorex Group by US\$20 million of which US\$10 million was allocated to Ruashi Mining.

In terms of the need for provisions for the rehabilitation of the tailings dam and remediation of soil contamination, provisional amounts have been accounted for in the financial statements of the Metorex Group. Ongoing re-shaping of the overburden dumps and plans for depositing overburden from Ruashi II and Ruashi III into the depleted Ruashi I when mining schedules allow for this, as is currently occurring, can be addressed during the operational phase and adequate planning and implementation is possible to address this omission.

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Social Costs

Apart from the potential need for long-term water treatment following closure, social risks associated with closure are also regarded as significant and cannot be quantified at this stage. The Ruashi Mine is faced with several social challenges / issues related, among others, to poverty in the area, poor basic infrastructure in communities, high community expectations and government scrutiny. The Ruashi Mine is involved in several corporate social responsibility projects in the areas of education, health, infrastructure, potable water and power.

The Ruashi Mine has budgeted for a closure plan to be compiled in 2013. It is expected that the plan will address some of the concerns relating to the Equator Principle compliance and lead to a more accurate assessment of the closure cost. Ruashi Mining had obtained a professional valuation estimate of the closure cost of the Ruashi Mine and such cost was estimated to be approximately US\$16.7 million in 2011. This amount has been accounted for in the consolidated financial statements of the Metorex Group as long-term provision. The provision is made based on the net present value of the estimated cost, taking into account the professional valuation estimate. However, SRK has estimated this closure cost to range from US\$19.9 million (if conducted in-house) to US\$25.9 million (if an external party is contracted) including provisions for the rehabilitation of the tailings dam and the remediation of contaminated soils. As discussed above, SRK has also agreed with Metorex to increase the provision for post-closure water treatment for Ruashi Mining by US\$10 million, thereby increasing the total closure cost estimate for the Ruashi Mine to US\$35.9 million. Ruashi Mining has accepted this latter figure for evaluation purposes and will continue to revise its closure estimates on a regular basis.

Ruashi Joint Venture Agreement

The Ruashi Mine is owned by Ruashi Mining, which is indirectly owned by Metorex (through Ruashi Holdings) with an interest of 75%. The remaining 25% interest in Ruashi Mining is held by Gécamines, a state-owned mining company in the DRC. The relationship between the shareholders of Ruashi Mining is governed by the Ruashi JVA and its amendments made by the shareholders from time to time and the statutes of Ruashi Mining. The key provisions under these constitutional documents (as amended from time to time) of Ruashi Mining include:

- Ruashi Mining is constituted for an unlimited duration and the Ruashi JVA and the arrangements hereunder will remain in force until the end of the life of the Ruashi Mine which is currently expected to continue until 2022;
- The shareholders agreed that if there is any future event of an increase in the share capital of Ruashi Mining, the shares held by Gécamines will be fully exchangeable, into as many shares as are necessary to maintain the percentage of shareholding interest of Gécamines in Ruashi Mining at 25%, at no expense to Gécamines;
- Ruashi Mining shall pay Gécamines 2.5% of its gross turnover in the form of royalties, in payment for the exploitation of the ore able to be exploited economically. The mining rights to the Ruashi Mine deposit were held by Gécamines prior to the parties' entry into the Ruashi JVA.

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- Subject to the availability of sufficient funds in order to provide the cash reserve required for operation, the net profits will be allocated as: 75% to reimburse borrowed capital and interest, and 25% to payment to parties, proportionally to their participation in the share capital. Therefore, net profits of Ruashi Mining (after making reimbursements of borrowed capital and interest, if any), if distributable and indeed is distributed, will be shared in the proportion of 75% and 25% by Ruashi Holdings and Gécamines respectively;
- The board of directors comprises eight members, three nominated by Gécamines and five nominated by Ruashi Holdings. It was agreed between the parties at the time of negotiations of the Ruashi JVA that the nomination of directors to the board of Ruashi Mining will not be in accordance with their respective shareholding in Ruashi Mining;
- Ruashi Holdings shall pay Gécamines the pas de porte (mineral content fee) at the rate of US\$35 per tonne of copper produced from geologic reserve that is in excess of 1.5 Mt of geologic reserve depleted for production; and
- Ruashi Holdings may terminate the Ruashi JVA by giving notice in writing 30 days in advance to Gécamines. Gécamines may terminate the Ruashi JVA if Ruashi Holdings is in breach of its material obligations under the Ruashi JVA. However, the Ruashi JVA does not stipulate which of the obligations of Ruashi Mining are considered to be material. The Metorex Group has confirmed that Ruashi Mining has not been in breach of a material obligation under the Ruashi JVA prior to the Latest Practicable Date.

The historical royalties and pas de porte (mineral content fee) paid by Ruashi Mining to Gécamines for the periods indicated below were as follows:

	18 months ended 31 December 2010 <i>(US\$ million)</i>	Year ended 31 December 2011 <i>(US\$ million)</i>	Year ended 31 December 2012 <i>(US\$ million)</i>	Six months ended 30 June 2013 <i>(US\$ million)</i>
Royalties paid to				
Gécamines	10.9	9.2	6.6	3.4

Note: Ruashi Holdings also paid a mineral content fee in the total amount of US\$13.5 million to Gécamines in 2010 and 2012. Such fee of US\$35 per tonne of copper produced may be payable in the future should the amount of geologic reserve depleted for production exceed 1.5 Mt.

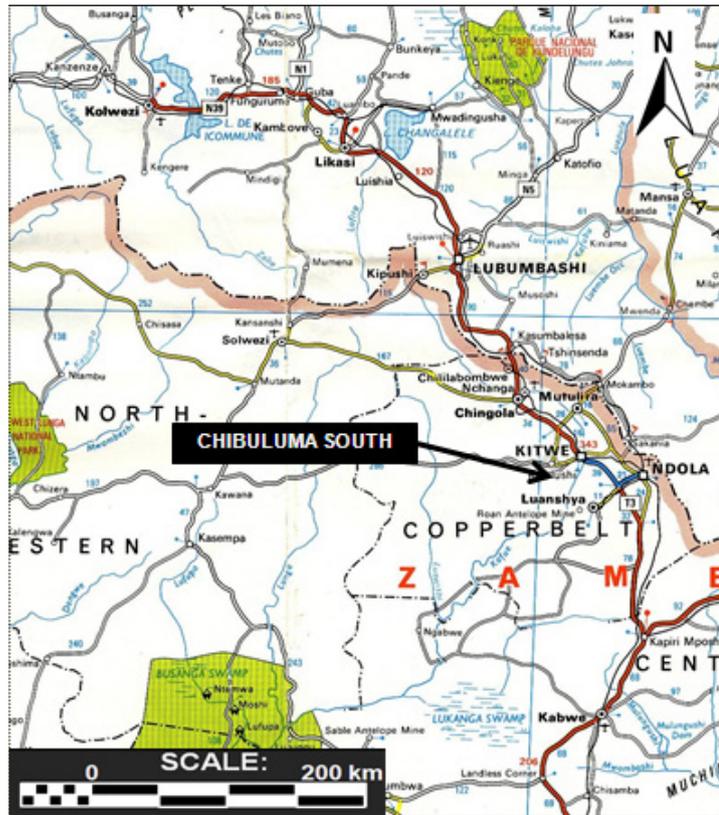
INFORMATION OF THE TARGET GROUP

CHIBULUMA SOUTH MINE AND CHIFUPU DEPOSIT

Metorex directly owns an 85% interest in Chibuluma plc, which owns the Chibuluma South Mine, an underground copper mine located in Zambia, the Chifupu deposit, the Chibuluma West Mine and the Chibuluma East Mine, the latter two of which have been mined out and are defunct. The remaining 15% interest in Chibuluma plc is held by ZCCM.

Project Overview

The 7065-HQ-LML licence consists of the existing Chibuluma South Mine, being an underground operating mine, and the Chifupu deposit, which is under exploration and for which a feasibility study has recently been completed. The Chibuluma South Mine is an underground mine located 13 km from the town of Kalulushi, which is approximately 12 km west of Kitwe, one of the metropolitan and industrial centres of Zambia and is approximately 300 km north of Lusaka, the capital city of Zambia. The Chifupu deposit is located approximately 1.7 km southwest of the Chibuluma South Mine. These deposits are located in the Zambian portion of the Central African Copperbelt. The location of the Chibuluma South Mine is illustrated below:



Source: Competent Person's Report (figure 4.1)

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History of Chibuluma Mine

Chibuluma East Mine began production in 1955 and Chibuluma West Mine in 1963 and the town of Kalulushi was developed to support mining operations in the early 1950s. The Chibuluma South Mine deposit was discovered in 1969 as a strike extension to the Chifupu deposit which had been discovered in 1967. The mines on the Zambian Copperbelt were nationalised and merged into ZCCM in 1982. In October 1997, Old Metorex led a consortium of investors which acquired certain assets from ZCCM and procured the issue of prospecting licences and mining licences from the Ministry of Mines and Mineral Development acting through a new company, Chibuluma plc. As part of the purchase consideration, a 15% shareholding in Chibuluma plc was issued to ZCCM. Metorex acquired the consortium members' interests in 1999.

The feasibility study for the Chibuluma South Mine was completed in May 2000. The Chibuluma South Mine reached steady state production as an underground mine by mid-2007. Since the privatisation in 1997, Chibuluma plc has produced in excess of 100,000 t of copper in concentrate. Metorex carried out exploration campaigns involving three twin drill holes in 1999 and 15 holes at the Chifupu deposit in 2007. The feasibility study for the Chifupu deposit was completed in March 2013 and the environmental impact assessment was prepared and approved in June 2013.

Apart from the Chibuluma South Mine and the Chifupu deposit, Chibuluma plc also holds the Chibuluma west property under mining licence 7064-HQ-LML which comprises the Chibuluma West Mine and the Chibuluma East Mine, which are defunct as Mineral Resources and Mineral Reserves have been depleted. At the time of the privatisation in 1997, a price reduction was agreed between the parties on the basis that all environmental liabilities as at the point of sale in respect of the Chibuluma west property would be assumed by Chibuluma plc. The latest closure cost estimate provided by SRK in relation to the Chibuluma West Mine and Chibuluma East Mine are US\$2.9 million and US\$1 million respectively. Such closure costs have been accounted for in the consolidated financial statements of the Metorex Group as long term provision.

Chibuluma Central tenement was previously explored by African Rainbow Minerals and certain exploration activities were conducted but no significant mineralisation was intersected in the drill holes. In October 2010, a low resolution airborne magnetic, electromagnetic and radiometric survey was flown over the area. On 9 January 2013, Chibuluma plc was awarded a large scale prospecting licence in respect of Chibuluma Central for two years until 8 January 2015. An exploration budget has been included in Chibuluma plc's budget for 2013 in respect of work for Chibuluma Central.

Operation overview

The Chibuluma South Mine is the main operating asset of Chibuluma plc and is an underground, mechanised mine capable of treating up to 50 ktpm of run of mine ore. The Chibuluma South Mine and processing facility have an annual production capacity of approximately 19 kt of copper in concentrate. Chibuluma plc is planning on mining the Chifupu deposit simultaneously with the Chibuluma South Mine going forward. Development of the decline shaft system to access the Chifupu deposit has commenced with excavation of the box cut and development of the decline is planned to commence in the fourth quarter of 2013. Ore development of the Chifupu deposit is planned to commence in 2014,

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with production from stopes expected to begin in 2016. Total production from the Chibuluma South Mine and the Chifupu deposit is expected to cease in 2019. It should be noted that there was some 1.2 Mt of material included in the LoM plan, 0.7 Mt and 0.5 Mt from the Chibuluma South Mine and the Chifupu deposit, respectively, which was removed from the Mineral Reserves as SRK downgraded the resource classification of this material. If included, this would extend the LoM for the Chibuluma South Mine and the Chifupu deposit by approximately two years and Chibuluma plc plans to undertake the necessary work to potentially upgrade these resources.

Chibuluma plc has entered into a life-time management agreement with Metorex and ZCCM where Chibuluma plc appointed Metorex as its manager to perform the management of Chibuluma plc and undertake all matters that may ordinarily or reasonably be required of the conduct of the business undertaking of Chibuluma plc. Please also refer to the section headed “Information of the Target Group – Ongoing Transactions that will become Continuing Connected Transactions upon Completion” below for more details of this management agreement.

As at 30 June 2013, 577 employees and 169 casual and contractors were engaged at the Chibuluma South Mine.

Mineral Resources and Mineral Reserves

Mineral Resources for the Chibuluma South Mine and the Chifupu deposit as at 30 June 2013 are summarised below:

Classification	Mineral Resources (at 1% TCu Cut-off)		
	Tonnage (Mt)	Grade (% TCu)	Contained Cu (kt)
Chibuluma South Mine Underground			
Measured	0.8	4.06	32.5
Indicated	0.8	4.58	36.6
Inferred	0.7	4.55	31.9
Buttress Pillars			
Measured	0.8	3.91	31.3
Indicated	0.4	3.85	15.4
Sub-Total Chibuluma South Mine	3.5	4.22	147.7
Chifupu underground deposit			
Measured	–	–	–
Indicated	1.3	2.68	34.8
Inferred	0.9	2.41	21.7
Sub-Total Chifupu deposit	2.2	2.57	56.5
Total Chibuluma South Mine/Chifupu deposit	5.7	3.58	204.2

Source: Competent Person's Report

Note: The figures do not imply precision and may not total due to rounding.

INFORMATION OF THE TARGET GROUP

Mineral Reserves for the Chibuluma South Mine and the Chifupu deposit as at 30 June 2013 are summarised below:

Classification	Mineral Reserves (at 1% Cu Cut-off)		
	Tonnage (Mt)	Grade (% TCu)	Contained Cu (kt)
Chibuluma South Mine Underground			
Proved	0.5	3.83	17.6
Probable	0.9	3.95	35.4
Buttress Pillars			
Proved	1.0	2.70	26.0
Probable	–	–	–
Sub-Total Chibuluma South Mine	2.3	3.41	79.0
Chifupu underground deposit			
Proved	–	–	–
Probable	1.1	2.12	22.4
Sub-Total Chifupu deposit	1.1	2.12	22.4
Total Chibuluma South Mine/Chifupu deposit	3.4	3.01	101.4

Source: Competent Person's Report

Note: The figures do not imply precision and may not total due to rounding.

Mining activities

The Chibuluma South Mine is an underground mine and access to the mine for miners, materials and utilities is through the decline ramp positioned from the bottom of the open pit. Fresh air is downcast through the ramp and is directed to all underground workings. A cut and fill mining method is applied to extract the majority of the orebody and long hole stoping method is often used where the orebody is narrow or to mine the remaining 7.5 m cut where cut and fill mining approaches a mined out level above. A post pillar cut and fill method has been introduced in the 398 m level block since April 2009. Mining takes place from the bottom up, while development is from top down. Chibuluma plc intends to extend the use of the long hole stoping method to the majority of the orebody for the remaining life of mine. SRK concludes that the long hole stoping method has been trialled sufficiently and is feasible in the prevailing mining environment.

The mine commenced underground mining in 2005 and reached a mining rate of 40.0 ktpm by June 2007, and has been operating at a mining rate between 45.0 ktpm and 50.0 ktpm since then. A mining rate of about 50.0 ktpm is planned from two mining blocks at any one time and each block is scheduled at 25.0 ktpm. The mine recently upgraded its haul fleet from 30 t to 40 t capacity units to maintain production at this level.

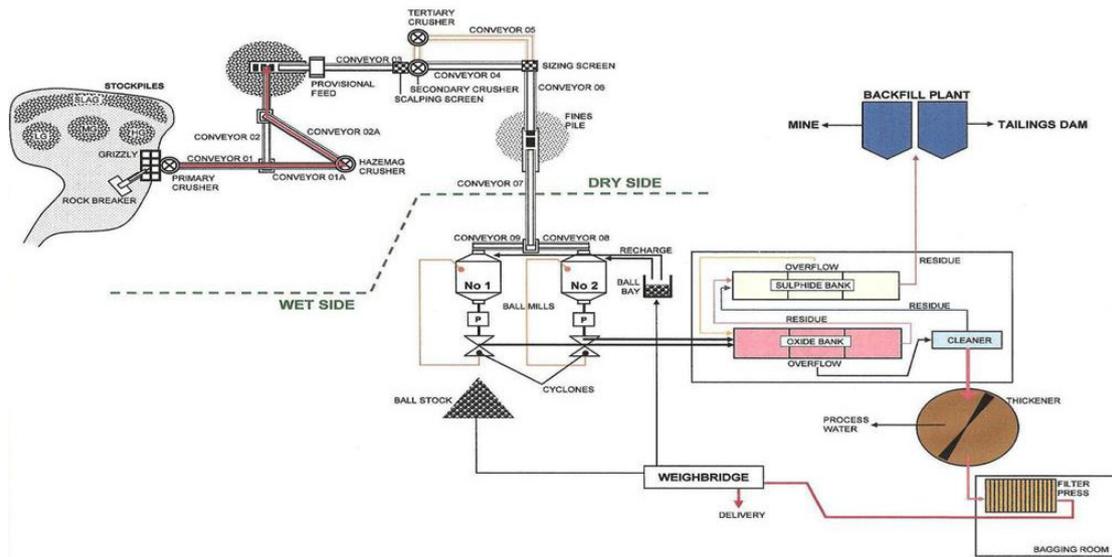
For further details, please refer to section 4.9.3 of the Competent Person's Report set out in Appendix V to this circular.

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Mineral Processing

Ore from the Chibuluma South Mine is treated at the on-site Chibuluma concentrator. Ore is first crushed and milled into a fine powder before being fed into the flotation plant for concentration. At the concentration stage, the ore is mixed with chemicals and introduced to a water bath. Copper sulphides form as a froth at the surface and are skimmed off. The froth is dried and forms a copper concentrate with a grade of 46.0% copper. Trucks then haul the concentrate to CCS, where it is purchased.

The simplified process flow chart of the concentrator at the Chibuluma South Mine is set out below:



Source: Competent Person's Report (figure 4.22)

The Chibuluma concentrator was commissioned in 2000. Originally copper oxide and copper sulphide ores were treated. The percentage copper recovery and the silica content of the copper oxide ore made it uneconomical to treat and currently only copper sulphide ore is treated.

The concentrator is currently treating ore from the Chibuluma South Mine and Chibuluma plc plans to blend ore from the Chibuluma South Mine with ore from the Chifupu deposit in the future. The concentrator rated capacity is 48 ktpm.

For further details, please refer to section 4.10.3 of the Competent Person's Report set out in Appendix V to this circular.

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Operating performance

A summary of the operational performance of Chibuluma plc for the periods indicated in the table is set out below:

Item	Units	For the 18 months ended 31 December 2010	For the year ended 31 December 2011	For the year ended 31 December 2012	For the six months ended 30 June 2013
Production					
RoM ore mined	(kt)	863.1	559.4	560.1	274.1
Plant feed	(kt)	853.7	559.8	556.8	274.0
Head grade – Cu	(%)	3.39	3.46	3.46	3.25
Plant recovery – Cu	(%)	94.8	95.0	96.5	96.3
Concentrate produced	(kt)	56.8	40.5	40.5	18.9
Concentrate grade	(% Cu)	48.3	45.2	45.9	45.5
Smelter recovery	(%)	95.7	95.8	96.3	96.5
Payable Cu (after smelting)	(kt)	26.1	17.5	17.9	8.3
Sales					
Sales – LME grade Cu	(kt)	26.2	17.5	17.9	8.3
Average price received – Cu	(US\$/t)	6,907	8,844	7,943	7,586
Operating Costs					
On-mine costs	(US\$ m)	47.6	41.1	44.3	22.4
Salaries & wages	(US\$ m)	16.2	12.9	15.2	8.1
Mining Costs	(US\$ m)	7.5	6.6	8.6	3.9
Processing Costs	(US\$ m)	7.3	1.7	2.2	0.7
Engineering (including power)	(US\$ m)	12.8	15.9	14.6	8.2
SHEC	(US\$ m)	– ⁽¹⁾	0.8	0.9	0.2
Administration costs	(US\$ m)	4.3	3.2	2.8	1.4
Stock movement	(US\$ m)	(0.5)	–	–	0.0
Off mine costs	(US\$ m)	24.7	16.5	15.3	7.3
Transport costs	(US\$ m)	14.6	0.6	0.7	0.4
Refining/smelting costs	(US\$ m)	10.1	15.9	14.6	6.9
Management fees	(US\$ m)	2.2	2.5	2.5	1.3
Hospital separation ⁽³⁾	(US\$ m)	–	–	–	0.9
Royalties	(US\$ m)	5.8	4.6	7.5	3.8
Unit Costs					
On-mine cost	(US\$/t mined)	56.3	77.8	84.1	98.4
Operating cost per tonne Cu produced	(US\$/t Cu produced)	2,841	3,694	3,887	3,749

Source: Competent Person's Report (table 4.2)

Note:

1. Chibuluma plc did not report the SHEC cost for the 18 months period ended 31 December 2010.
2. The figures do not imply precision and may not total due to rounding.
3. Costs relating to the transfer of the Kalulushi hospital to the local government. The Kalulushi hospital was part of the mine assets acquired in 1997 but was unsustainable as the hospital was not generating reasonable income.

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Marketing

All of the Chibuluma South Mine's copper production is sold to CCS, a company which is incorporated in Zambia and a subsidiary of China Nonferrous Mining Corporation Limited, pursuant to off-take agreements entered into between Chibuluma plc and CCS on a yearly basis. CCS operates a copper smelter that processes copper concentrate into copper blisters. The production of Chibuluma plc is currently transported approximately 50 km by road to CCS. The first off-take agreement was entered into between Chibuluma plc and CCS on 12 January 2010. The off-take agreement is consistent with market practices and commercial terms are based on an LME base price for copper. The current off-take agreement has a duration of 12 months and will expire on 20 December 2013. Either party may terminate the agreement on the basis of a payment default of the other party.

The price per dry metric ton of copper concentrates that Chibuluma plc sells is calculated through a mechanism set out in the agreement, in accordance with normal industry practice for the supply of copper concentrate, as a prescribed percentage of an independent benchmark price that reflects prevailing rates. The price is then adjusted for treatment charges, refining charges, realisation charges and certain penalties for impurities, if applicable, in accordance with the agreement. Please refer to the section headed "Industry Overview – Copper Pricing" in this circular for an overview of the industry standard for pricing copper concentrates. The sales of Chibuluma plc are managed by the marketing teams of Metorex and Chibuluma plc.

CCS processes the copper concentrate purchased from Chibuluma plc at its smelter into copper blister, an intermediate raw material used in the manufacture of refined copper. Since April 2012, the Group purchases copper blisters indirectly from CCS for its minerals and metals trading business. As at 30 June 2013, CCS is the only supplier of copper blisters for the Group.

Infrastructure

Road

The Chibuluma South Mine is located 8 km from the South Downs airstrip, which is a tarred strip capable of handling light aircraft. The Chibuluma South Mine is accessed via a service road off the South Downs access road. This road was upgraded in 2007 from gravel to a tarred surface. Concentrate and other heavy trucks are however routed via an alternate back road to avoid damage to the new tar road.

Concentrate from the Chibuluma South Mine is hauled between the Chibuluma South Mine and CCS smelter for 50 km through road transport. The Chibuluma South Mine negotiates an annual road transport contract with a third party who is responsible for providing the vehicles and the security guards to guard the daily shipments. No major problems have been encountered with the road transport of the copper concentrate to CCS smelter.

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Water

There are ample water resources available to support all the mining and processing operations at the Chibuluma South Mine. Bulk service water for the process plant and underground section is supplied from the Kalulushi stream 3 km from the mine. Surface water for the process plant is also available from the clear water dam on surface should it be required. The surface treatment plant has recently been upgraded and potable water was available to the workforce from October 2012.

The Chibuluma South Mine dewateres up the decline ramp in staged pumping to the plant surface water storage dams. Each pump station is equipped with four centrifugal pumps fitted with 185 kW drive motors.

Electricity

The Chibuluma South Mine has an adequate power supply to ensure continuous operations. A power line was constructed by Copperbelt Electrical Corporation (“CEC”) in 2000 and supplies power to the Chibuluma South Mine. In addition, the mine has recently procured two backup diesel powered generators capable of producing 2 MW which is sufficient to provide emergency power for underground ventilation fans and pumping. To improve on the mine’s power factor, Chibuluma plc plans to install power factor control equipment in the future. Chibuluma plc is closely monitoring the power situation on a daily basis to ensure that the peak demand limit is not exceeded.

Chibuluma plc entered into a power supply agreement dated 8 October 1997 with CEC, initially for a term of 15 years, which was then extended to 7 October 2022 pursuant to an amendment agreement dated 1 December 2010. Under the power supply agreement, CEC agrees to supply all of Chibuluma plc’s electrical power requirements subject to a supply limit. Fees payable by Chibuluma plc are indexed in line with market tariffs.

The electricity infrastructure for the Chibuluma South Mine is well designed and constructed and both surface and underground electrical infrastructure has been upgraded over the last two to three years.

Expansion and exploration

Chibuluma South Mine

In order to improve the performance of existing plants, replacement of mining equipment and underground development, Chibuluma plc has budgeted capital expenditure for the Chibuluma South Mine in the amount of US\$9.6 million for the second half of 2013, US\$17.9 million for 2014 and US\$11.4 million for 2015.

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Chifupu Deposit

The Chifupu deposit is located approximately 1.7 km southwest from the Chibuluma South Mine and Chibuluma plc is planning on mining the Chifupu deposit in the future. A feasibility study was completed in March 2013 by the Chibuluma Mining Technical Services department and was independently reviewed by Sound Mining Solutions, which indicated that the Chifupu mineral resources could be mined economically, and converted into a mineral reserve. The grade of copper identified at the Chifupu deposit is relatively lower than that found in the Chibuluma South Mine deposit. When blended in with the higher quality resources mined at the Chibuluma South Mine, the Chifupu deposit will support the mining operations of the entire Chibuluma complex (including the Chifupu deposit) until 2019. Based on the mineralogical and metallurgical testwork conducted by Chibuluma plc, the metallurgical properties of the Chifupu ore are assumed to be similar to those at the Chibuluma South Mine. Ore development at the Chifupu deposit is planned to commence in 2014, with production from stopes expected to begin in 2016. Capital expenditure for the development of the Chifupu deposit is budgeted at US\$28.1 million and will be incurred in stages from the second half of 2013 to 2017. This capital expenditure may be funded using internal cash resources of Chibuluma plc. Alternatively, Chibuluma plc may seek external funding for this capital expenditure. In the event of downside market developments, or if the internal cash resources of Chibuluma plc are to be materially adversely affected, Metorex may consider delaying the funding of the Chifupu development project for a limited period.

Because of the geometry and other physical characteristics of the Chifupu deposit orebodies being broadly similar to that of the Chibuluma South Mine, the cut and fill mining method proposed for the Chifupu deposit is the same as that practised at the Chibuluma South Mine, with stopes being mined from the bottom towards the top of the orebody. Similar to the Chibuluma South Mine, the Chifupu deposit will also be accessed through one single ramp and the decline ramp from surface will allow the miners to access the mine and will also act as the main air intake airway for the underground mine.

Chibuluma Central

On 9 January 2013, Chibuluma plc was awarded a large-scale prospecting licence 17314-HQ-LPL over an area of 93 km², which covers the ground between the Chibuluma South Mine and Chibuluma West Mine, known as Chibuluma Central. This licence is valid for two years until 8 January 2015. An exploration budget had been included in Chibuluma plc's budget for 2013 in respect of work on Chibuluma Central, accordingly such exploration costs have already been provided for by Chibuluma plc. Considerable work has to be conducted on this prospecting licence before Mineral Resources may be declared at this asset.

Chibuluma plc Shareholders Agreement

The Chibuluma South Mine is owned by Chibuluma plc, a holding company owned by Metorex with an interest of 85%. The remaining 15% interest is held by ZCCM, a state-owned mining company in Zambia.

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The relationship between the shareholders of Chibuluma plc is governed by the Shareholders Agreement relating to Chibuluma plc and the Articles of Association of Chibuluma plc. The key provisions under these constitutional documents of Chibuluma plc include:

- The shareholders agreement will remain in force and effect until whichever may be the earlier: (a) the termination by the mutual consent of the shareholders, or (b) the date upon which all the shares are held by one shareholder, or (c) the date upon which the company is dissolved;
- The board of directors shall comprise no more than ten members. Each of Metorex and ZCCM shall have the exclusive right to appoint, remove and replace one director for each 10% of the then issued shares which it owns; and
- Profits in respect of each year, after (a) the provision of working capital as determined by the board, (b) making of such transfers to reserves and provisions, and (c) full compliance with the restrictions on dividend payments contained in any financing agreement, is distributed to the shareholders by way of dividend within six months of the end of each year. Net profits of Chibuluma plc, if distributable and indeed is distributed, will be shared in the proportion of 85% and 15% to Metorex and ZCCM respectively.

The Government of Zambia holds one share with special rights that enables it, in the national interest, to intervene in the operations of Chibuluma plc where specific actions are undertaken by Chibuluma plc. These specific actions to be undertaken by Chibuluma plc that require the written consent of the Government of Zambia include the winding up, change of control, disposal of a material part of the undertaking, property or assets and material change in the business of Chibuluma plc. In addition, the Government of Zambia shall, in the case of a distribution of capital in a winding up of Chibuluma plc, be entitled to repayment of the capital paid up on the one special share in priority to repayment of capital to any other member. The special share confers no other right to participate in the capital or profits of Chibuluma plc. The Government of Zambia may also require Chibuluma plc to redeem this one special share at nominal value at any time by written notice. At the time of the acquisition by Jinchuan Group of the Metorex Group in 2012, the consent of the Government of Zambia for the change in control was obtained. Other than the aforesaid consent being sought, the Government of Zambia has not, in the past exercised its right over such special share.

Closure and Rehabilitation

Mine closure costs have been estimated by African Mining Consultants (“AMC”) for the Chibuluma West Mine, the Chibuluma East Mine and the Chibuluma South Mine in 2011. Chibuluma plc has fully provided for these closure costs based on AMC’s estimates. As set out in the Competent Person’s Report, SRK has made certain adjustments to the closure cost estimated by AMC. Differences between the AMC cost estimate and the reworked calculation include differences between the unit costs for re-vegetation of the tailing dams and waste rock dumps, inflation estimates and an increased contingency percentage.

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Chibuluma South Mine

The total closure cost estimate by AMC in 2011 amounted to some US\$1.9 million. The closure cost estimate of SRK by reworking the AMC estimate is US\$4.1 million.

Chibuluma West Mine

The total cost estimate by AMC in 2011 amounted to some US\$1.3 million. The closure cost estimate of SRK by reworking the AMC estimate and taking into account the differences is US\$2.9 million.

Chibuluma East Mine

No cost estimate has been seen for Chibuluma East. Chibuluma plc may be liable for environmental damage at Chibuluma East not caused by Chibuluma plc. There is thus a risk that the projected environmental rehabilitation and closure costs may be understated. The associated rehabilitation costs for Chibuluma East is included in the current liability assessment but this may not include all of the applicable third party liabilities. SRK has made a provision of US\$1 million.

Total cost and residual risk

According to a SHEC report prepared in 2012, sulfides in waste rock and in-situ rock in the underground workings pose a risk of acid mine drainage. The possibility that on-going water treatment may be required in the post closure scenario and that closure liabilities at Chibuluma East may be greater than the provision suggested, remain a risk. Neither the likelihood nor quantum associate with this risk can be ascertained at this stage. Chibuluma plc is actively assessing the situation regarding ground water contamination and has implemented measures for its control in the operational phase.

As part of a group-wide increase the provision for the overall post-closure water treatment for the Metorex Group by a total of US\$20 million, US\$5 million of such additional provision was allocated to Chibuluma plc. SRK's total closure cost estimate for Chibuluma plc is therefore US\$13.0 million and Chibuluma plc has accepted this figure for evaluation purposes.

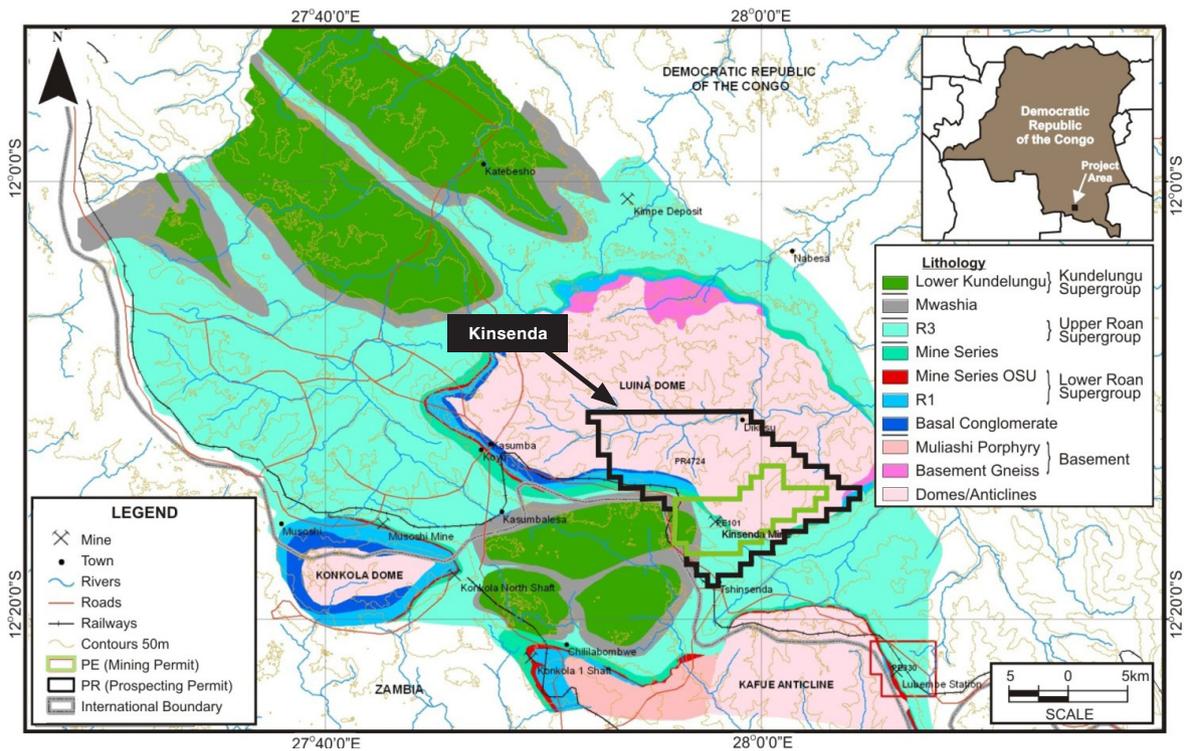
INFORMATION OF THE TARGET GROUP

DEVELOPMENT PROJECT – KINSEDA PROJECT

The Kinsenda Project is held by Kinsenda Sarl, previously known as Minière de Musoshi et Kinsenda sarl, in which a 4.85% interest is directly held by Metorex and a 72.15% interest is held by Copper Resources, a wholly-owned subsidiary of Metorex. The remaining 23% interest in Kinsenda Sarl is held by Sodimico.

Project Overview

The Kinsenda Project is a brownfields underground mining project, located 5 km from the border of Zambia, in southern Katanga Province of the DRC.



Source: Competent Person's Report (figure 5.1)

The Kinsenda Project is one of the world's highest grade copper deposits, with an average resource grade at 5.51%. The Kinsenda Project mineralisation consists mainly of copper sulphides (75-80%) and copper oxides (20-25%).

History of Kinsenda Deposit

The Kinsenda deposit was discovered in 1930 and was previously operated between 1977 and 2002. In total, 4.2 Mt of ore was mined during this period at an average grade of 5% copper. The operation was taken over by a Canadian company in the early 1980s, but was curtailed in 1987 due to low copper prices and limited developed reserves. Operations stopped completely with the flooding of the mine in the mid-1990s.

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Copper Resources took a controlling interest in Kinsenda Sarl in September 2005 and in 2006, installed and refurbished the pumping operations of the mine. A feasibility study completed in 2006 was never fully accepted by Metorex, due to concerns regarding the mine design and engineering design of the concentrator plant. Between 2010 and 2012, Metorex undertook three drilling campaigns comprising of an aggregate of 71 drill holes.

Operation overview

A feasibility study was completed by Metorex in 2013 which determined the viability of the Kinsenda Project. The ore reserves at the Kinsenda Project are planned to be extracted in two phases. Phase 1 will involve the high grade extraction of copper sulphides/oxides which is estimated to last for a period of ten years. Phase 2 which will involve the lower grade extraction of copper sulphides/oxides, if determined to be economically feasible and undertaken, will allow the life of mine of the Kinsenda Project to be further extended beyond the ten year period. The Kinsenda Project is expected to produce, on average, approximately 24 ktpa of copper. The board of Metorex approved the development of the Kinsenda Project in April 2013 and the development has commenced since April 2013, and if the development were to proceed as planned, the first production is expected to occur during the first quarter of 2015. Total project capital expenditure is expected to be approximately US\$319.4 million.

Estimated capital expenditure for the Kinsenda Project⁽¹⁾	Total⁽²⁾	2H2013E	2014E	2015E	2016E	2017-2024E
	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>	<i>US\$m</i>
Mine development	107.7	28.1	47.5	26.1	6.1	–
Process plant	86.2	19.7	62.2	4.3	–	–
EPCM costs	39.5	5.7	31.6	2.2	–	–
Owners costs (holding costs)	35.2	10.2	20.0	5.0	–	–
Community development plan	5.0	0.2	0.3	0.3	0.3	3.9
Other	4.8	–	–	3.6	1.2	–
Contingencies	28.7	6.6	20.6	1.4	–	–
Total	307.1	70.5	182.2	42.9	7.6	3.9

Note:

1. *The projected capital expenditure for 2015 and 2016 exclude the allowance for sustaining capital in the amount of US\$3.8 million and US\$3.8 million respectively. The figures do not imply precision and may not total due to rounding. US\$89.4 million of the US\$307.1 million represents committed costs of Kinsenda Sarl as at the Latest Practicable Date and relate to mine development, process plant and surface infrastructure.*
2. *The total amount excludes an amount of US\$12.3 million spent during the first half of 2013.*

The estimated capital expenditure for the project is likely to be financed by external bank loans and equity, and Metorex intends to use part of the US\$80 million term loan facility obtained from the China Development Bank Corporation in July 2013 to fund certain of the above estimated capital expenditure. As at the Latest Practicable Date, Metorex is undertaking the necessary steps to procure that full funding of the capital expenditure is arranged upfront to reduce the risk of any shortfall of funds required for this

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development project. Please refer to “Financial Information of the Target Group” set out in Appendix I to the circular for more information. As full funding is expected to be in place, the development of the Kinsenda Project is less likely to be adversely impacted by downside market developments.

Mineral Resources and Mineral Reserves

The statement of Mineral Resources and Mineral Reserves as derived by Metorex from the Kinsenda model and based on the LoM plan at 30 June 2013 is presented in the table below.

Classification	Mineral Resources (at 1.5% Cu cut-off)			Classification	Mineral Reserves (at 3.5% Cu cut-off)		
	Tonnage (Mt)	Grade (% Cu)	Contained Cu (kt)		Tonnage (Mt)	Grade (% Cu)	Contained Cu (kt)
Measured	0.0	0.00	0.0	Proved			
Indicated	13.5	5.25	711.1	Probable	6.1	4.80	293.1
Inferred	7.5	5.96	445.6				
Total Kinsenda	21.0	5.51	1,156.6	Total Kinsenda	6.1	4.80	293.1

Source: Competent Person’s Report

Note: The figures do not imply precision and may not total due to rounding.

Mining and Processing

The mechanised cut and fill and longitudinal drift-and-fill mining method has been proposed as the most appropriate mining method for the Kinsenda Project. Test work has confirmed that high metal recovery rates can be achieved with standard crushing, grinding and flotation processing. It is proposed that access to the mine from the surface be through decline ramps and a verticle shaft equipped with one cage only.

The proposed Kinsenda Project concentrator is designed to recover copper from a copper sulphide/oxide orebody at a treatment rate of 50 ktpm at an average feed grade of 4.5% Cu over the LoM. It is expected that the copper sulphide/oxide orebody will be processed in a substantially similar manner as the copper ores at the Chibuluma South Mine.

The sulphide concentrate produced from the Kinsenda concentrator plant will be sold to the nearby smelters in Zambia for smelting and refining. The oxide concentrate will be transported to Lubumbashi for processing at the Ruashi SX-EW processing facility. These concentrates are planned to be transported by road. Ruashi Mining will treat the oxide concentrate on a toll basis – charge Kinsenda Sarl a tolling fee for the concentrate treated and return to Kinsenda Sarl a certain prescribed percentage of total copper in concentrate in the form of copper cathodes. Kinsenda Sarl will be responsible for collecting the copper cathodes from Ruashi Mining and selling these into the open market.

Development of the Kinsenda Project has commenced since April 2013 and Kinsenda Sarl has appointed contractors to undertake construction work and other related activities for the project. Please refer to the section headed “Information of the Target Group – Operation and Management Model of the Metorex Group” of this circular for further details.

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Infrastructure

As the Kinsenda Project was historically a production facility, it has considerable industrial and social infrastructure.

Road/Railway Infrastructure

Kinsenda Project has good access to road infrastructure and the majority of the roads between the Kinsenda Project and the Ruashi Mine are blacktopped and in reasonably good condition. Rail infrastructure is however in poor condition. Copper concentrates are planned to be transported by truck to smelters in Zambia (sulphides) and the Ruashi Mine (oxides). As part of its project capital programme, Kinsenda Sarl intends to fix certain aspects of the road network that requires rehabilitation. These areas of the roads that require rehabilitation currently do not pose a significant risk to the operations at the Kinsenda Project.

Electricity

High-voltage power is available on site and a power purchase agreement has been entered into with SNEL, the national electricity supply company. Whilst Kinsenda Sarl has concluded a power purchase agreement with SNEL in which the agreed tariff for power is US\$0.042/kWhr which is in line with market rates, the supply of power by SNEL has been erratic due to the poor infrastructure and inadequate maintenance of the national power grids, cables and plants. The mine suffers from power supply interruptions due to unstable supplies or power shedding on part of the power provider. As an alternative power source, Kinsenda Sarl also has two 2.5 MVA backup diesel powered generators. These generators have been well maintained, but suffer from a lack of parts. To address the power outages anticipated at the Kinsenda Project, Kinsenda Sarl has plans in place to extend the diesel generating capacity by installing additional generators to meet its future power needs. The operation of these diesel powered generators will require diesel to be road hauled in from Zambia and the congestion and long waiting periods to cross the DRC-Zambian border may consequently subject the mine to operational risks. Kinsenda Sarl has considered SRK's recommendation of installing alternative solar-voltaic/diesel hybrid back-up generators to drastically reduce the diesel consumption on-site and will be conducting studies to determine the feasibility of this project. According to SRK, the latest hybrid systems installed in South African mines have reported payback period of less than four years and an operational life of at least 25 years.

Water

Adequate potable and industrial water is available at the Kinsenda Project for use in the mining and processing operations. The bulk water supplies required for mining and processing will mainly come from the large dewatering system. A treatment plant has been provided to treat the nearby spring water, situated to the south east on the mining area. This is necessary, as water testing has revealed that e-coli was present in the spring water.

Kinsenda Sarl dewateres the underground water from the mine using a water pumping system operated by three 3-stage pumps fitted with 900kW drive motors from 285 m level to 209 m level, and the system utilises existing pipes in the main shaft. The pumping system was viewed by SRK as a temporary arrangement as the pipe columns are corroded and there were many welded repairs. However, the installation of new pipes has been provided in the planned capital expenditure. In addition, the water

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pumping system has been recently upgraded by Kinsenda Sarl commissioning three vertical 30 m settlers and one clear water vertical dam which is 30 m high to ensure a flooded suction to the clear water pumps. Additional provision has been made by Kinsenda Sarl to install three off mud pumps, which is expected to be used to control the level of mud in each dirty water settler. The existing water pumping system is expected to be extended as the mine deepens and the plan is to install six multi-stage clear water pumps, fitted with 1 MW motors on 430 m level. It is considered that mud pumping will also be required to ensure that mud is pumped separately to the settler overflows reporting to the stage dam for clear water.

Communications

The communication network is reasonable with cellular telephone operators having extensive coverage in the area.

Labour

Kinsenda Sarl will employ local residents from nearby settlements as far as possible. Accommodation for workers is readily available in these settlements and the majority of homes have running water and power.

Closure and Rehabilitation

The closure cost estimate which was prepared by SLR Consulting for Kinsenda Sarl was US\$13.21 million. Such closure cost was not based on a definitive closure plan and hence may change as closure objectives are identified and/or more information becomes available. SRK had used guidelines developed by the South African Department of Mineral Resources (“DMR”) to check these closure estimates. The DMR rates were escalated to account for escalation and also increased by 50% to account for working outside of South Africa. On the basis above, SRK did not identify any reason to change the cost estimate for demolition and rehabilitation but highlights that no allowance was made for post closure decant of contaminated water which is regarded to be a risk to the closure cost estimate. This is regarded as a risk which may, however be regarded as relatively low in the light of the fact that no evidence of decant has been noted. However, as part of a group-wide increase in the provision for post-closure water treatment of a total of US\$20 million, US\$5 million of such additional provision was allocated to the Kinsenda Project. As a result, the closure cost estimate has increased to US\$18.21 million and Kinsenda Sarl has accepted this figure for evaluation purposes. Provisions for closure costs will be made in the financial statements once the mine is commissioned.

Salient terms of the Articles of Association of Kinsenda Sarl

The relationship between the shareholders of Kinsenda Sarl is governed by the Articles of Association of Kinsenda Sarl. The key provisions under the Articles of Association of Kinsenda Sarl include:

- Kinsenda Sarl shall be established for a period of thirty years commencing on the date of the Articles of Association (i.e. 3 April 2003). Shareholders of Kinsenda Sarl may unanimously dissolve Kinsenda Sarl or extend the term of it by a resolution at the general meeting;
- Sodimico’s shares may not be diluted;

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- Kinsenda Sarl shall pay Sodimico and to the Congolese Government, a combined royalty of 2.5% of the gross turnover in the form of royalties. It was agreed between the parties at the time of the mining titles review that such combined royalty will be payable to Sodimico and the Congolese Government, in consideration for ZCCM allowing Kinsenda Sarl to exploit the ore at the Kinsenda Project. Under the DRC Mining Code, a 2% royalty is payable to the state. The Metorex Group had negotiated that the 2.5% would be a combined royalty payable to both Sodimico and the Congolese Government. Such royalties are payable throughout the term of the LoM of the Kinsenda Project if Kinsenda Sarl generates revenue. Until the company generates revenue through the sale of ore, Kinsenda Sarl shall pay an advance of US\$100,000 per month from September 2009;
- Copper Resources shall appoint four members, Metorex shall appoint one member and Sodimico shall appoint three members to the board of the directors;
- If there are profits, the general meeting may decide to allocate the profits for the creation of special reserve fund, provisions or they may be carried forward in the accounts, the remaining cash after covering third party claims shall be allocated by up to 80% to the repayment of loans and the balance shall be distributed among the shareholders.

The historical royalties paid by Kinsenda Sarl to Sodimico for the periods indicated below were as follows:

	18 months ended 31 December 2010	Year ended 31 December 2011	Year ended 31 December 2012	Six months ended 30 June 2013
	<i>(US\$ million)</i>	<i>(US\$ million)</i>	<i>(US\$ million)</i>	<i>(US\$ million)</i>
Royalties paid to Sodimico and the Congolese Government ^(Note)	1.8	1.2	1.2	0.6

Note: Copper Resources and Metorex also paid a mineral content fee in the total amount of US\$3 million to Sodimico in 2010 and 2012. The obligation of Copper Resources and Metorex to pay a mineral content fee has ceased in 2013.

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EXPLORATION PROJECTS

Mine exploration is conducted to add further resources to Metorex's mineral portfolio and has potential to create an entirely new mining operation for Metorex and significant shareholder value. The table below sets out the exploration expenses incurred by the relevant companies of the Metorex Group for the mentioned periods.

	18 months ended 31 December 2010 <i>(US\$'000)</i>	Year ended 31 December 2011 <i>(US\$'000)</i>	Year ended 31 December 2012 <i>(US\$'000)</i>	Six months ended 30 June 2013 <i>(US\$'000)</i>
Ruashi Mining	1,097	974	2,677	2,770
Chibuluma plc	–	2,162	1,586	2,256
Kinsenda Sarl	5,252	4,632	353	6
Total	6,349	7,768	4,616	5,032

Note: The above exploration expenses includes costs incurred in conducting technical studies such as pre-feasibility and feasibility studies as well as relevant consultancy fees.

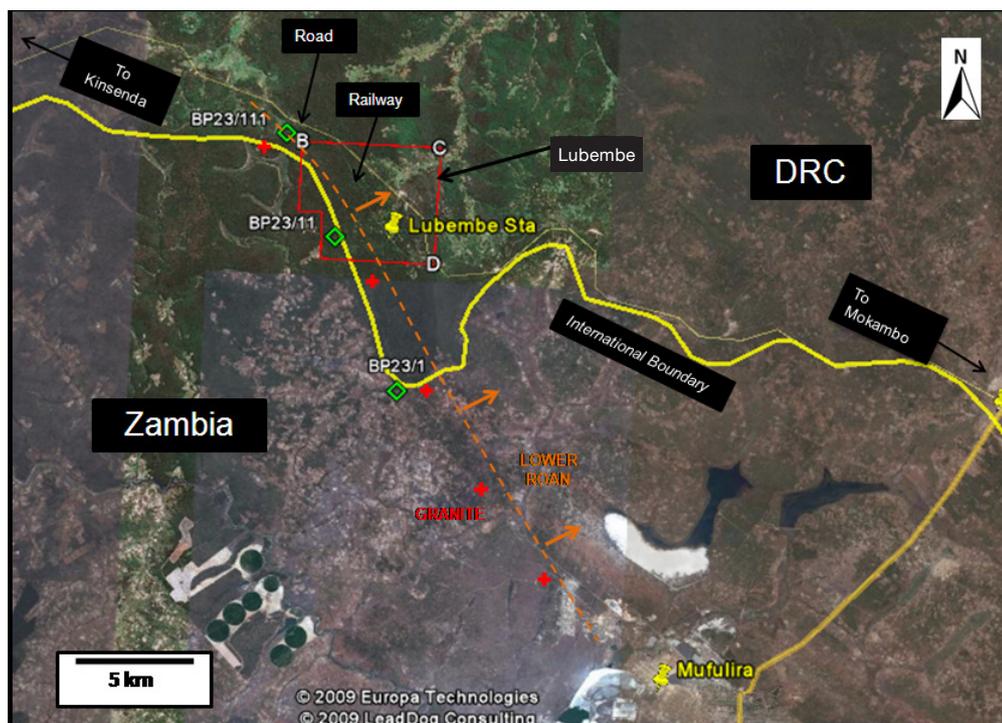
Metorex's accounting policy is to capitalise such costs until the viability of the mining venture has been proven. The Enlarged Group will regularly monitor the funding requirements and maintain sufficient cash and cash equivalents to cover any expected cash demands in connection with the exploration budget of Metorex.

Metorex's exploration projects in the DRC include the following:

LUBEMBE PROJECT

The Lubembe Project is also held by Kinsenda Sarl. The Lubembe Project is a greenfields site and has not been previously mined. The Lubembe Project is located in the DRC, a further 25 km south-east of the Kinsenda Project and within a 50 km radius of Kasumbalesa. Logistically, the Lubembe Project is closer to the operating mines and support industries of the Zambian Copperbelt than it is to Lubumbashi. It is possible that many of the services for the Lubembe Project will be sourced via Zambia.

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Source: Competent Person's Report (figure 7.1)

Kinsenda Sarl owns the mining rights under mining licence PE330 for the exploitation of the Lubembe Project.

The Lubembe Project is an advanced stage exploration project. An infill drilling programme on the Lubembe deposit was funded by Metorex and commenced in June 2008 to verify old data and improve the resource confidence. A number of mining options were considered in the mining scoping study completed in 2011, with options including open pit, longitudinal and transverse sub-level caving, block caving and open stoping. This scoping study confirmed the potential to mine and process mixed sulphide and oxide ores at Lubembe. Conceptually, the Lubembe Mineral Resource of 90.6 Mt at 1.96% TCu copper, is likely to be exploited using large-scale open-pit mining methods. At a planned mining rate of 3.6 Mtpa, the operation is expected to have a 20-year life of mine. No Mineral Reserve has as yet been declared for the Lubembe Project.

The Mineral Resources estimates for the Lubembe Project as at 30 June 2013 are set out in the table below.

Resource classification	Mineral Resources (at 1.15% Cu Cut-off grade)		
	Tonnage (Mt)	Grade (% TCu)	Contained Cu (kt)
Measured	–	–	–
Indicated	54.0	1.88	1,015.8
Inferred	36.6	2.08	761.4
Total	90.6	1.96	1,777.2

Note: The figures do not imply precision and may not total due to rounding.

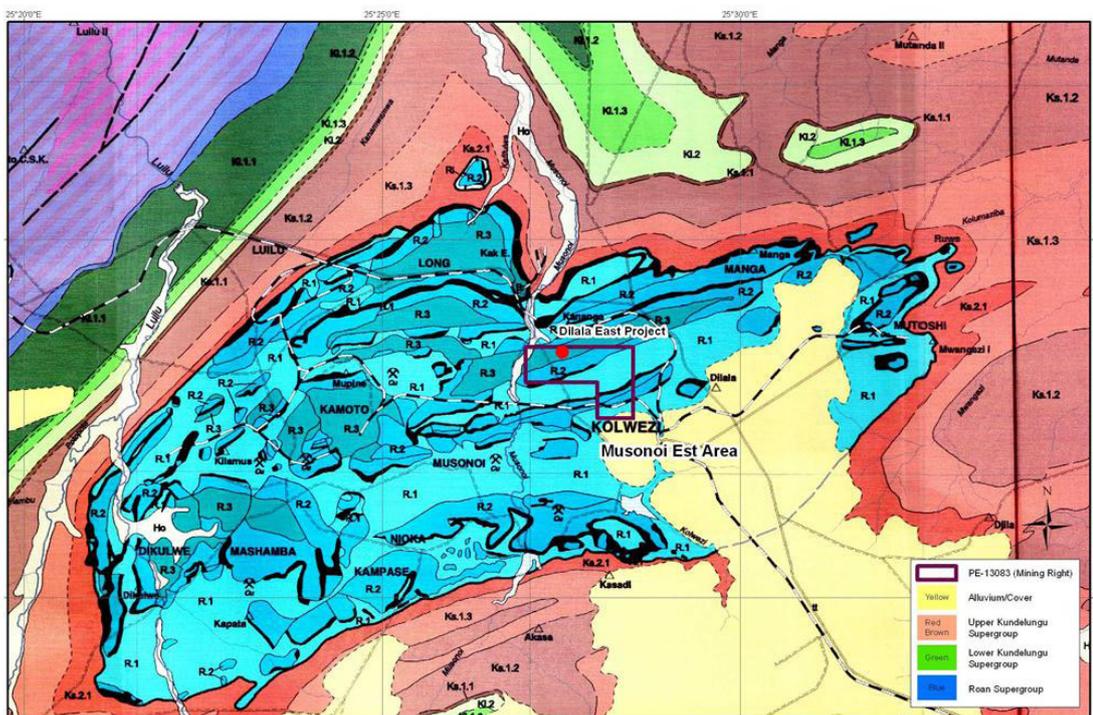
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A pre-feasibility study commenced in mid 2012 to determine the optimal processing option, to carry out detailed metallurgical testing and to commence baseline environmental fieldwork in the areas identified for waste rock dumping and tailings storage. The results of the pre-feasibility study recommended that two possible ore processing methods be taken through to definitive feasibility study level. Generally, the two methods will involve the copper containing minerals being recovered by flotation and the concentrate being subjected to ferric and acid leaching to produce an electrolytic solution from which copper cathodes will be produced by electrowinning methods, with slight modifications. SRK has flagged certain inadequacies in this pre-feasibility study mainly relating to infrastructural aspects which Kinsenda Sarl is addressing. Kinsenda Sarl has taken on board SRK's recommendations and has incorporated plans to work on the infrastructural aspects of this project in 2013 and 2014. Kinsenda Sarl is currently undertaking the work required to advance the Lubembe Project to a feasibility study level of confidence and has already spent US\$4.0 million on exploration at the Lubembe Project. The budget for the compilation of the feasibility study is a further amount of US\$9.0 million, split into US\$3.0 million and US\$6.0 million to be spent in 2014 and 2015 respectively. The estimated capital expenditure for the project is likely to be financed by external third party bank loans and equity.

As at 30 June 2013, no employees were engaged at the Lubembe Project. The project managers of the Lubembe Project are based at Metorex's headquarters in South Africa.

MUSONOI EST PROJECT

The Musonoi Est Project is held by Ruashi Mining and is located in the DRC, on the outskirts of the mining town of Kolwezi. The Musonoi Est Project is a greenfields copper/cobalt prospect.



Source: Competent Person's Report (figure 6.2)

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The project area covers the Dilala Syncline which has been extensively drilled by the Metorex Group since 2006. The Musonoi Est Project is located within the area for which mining licence PE13083 has been issued and which is held by Ruashi Mining. No Mineral Reserve has as yet been declared for the Musonoi Est Project.

The Mineral Resources estimates for the Musonoi Est Project as at 30 June 2013 are set out in the table below:

Classification	Mineral Resources (at 1.6% Cu Cut-off grade)				
	Tonnage (Mt)	Grade (% Cu) (% Co)		Contained Metals (kt Cu) (kt Co)	
Oxide Material					
Measured	3.8	3.17	1.02	120.0	38.6
Indicated	1.3	1.72	0.84	22.8	11.1
Inferred	0.2	2.14	0.47	5.3	1.2
Total Oxide	5.4	2.76	0.95	148.1	50.9
Mixed + Sulphide Material					
Measured	9.2	3.32	0.87	304.3	80.3
Indicated	12.6	2.43	0.92	305.5	116.1
Inferred	4.5	2.54	0.89	115.3	40.2
Total Mixed + Sulphide	26.3	2.76	0.90	725.1	236.6
Oxide + Sulphide Material					
Measured	13.0	3.27	0.92	424.4	118.9
Indicated	13.9	2.36	0.92	328.2	127.2
Inferred	4.8	2.52	0.87	120.6	41.4
Total	31.7	2.76	0.91	873.2	287.6

Source: Competent Person's Report

During 2010, Ruashi Mining completed a pre-feasibility study to evaluate the economic viability of establishing an underground mine at the Musonoi Est Project with mineral processing to recover copper and cobalt in concentrate via a differential flotation plant. This study recommended the optimal extraction rate for the mine as 70 ktpm run-of-mine, which would support ten years of mining operations. Due to the high off-mine costs associated with transport and treatment of copper and cobalt concentrates, it was recommended that a bulk copper/cobalt concentrate would be produced through a flotation plant which will then be further processed to final copper and cobalt products through a roaster and leach SX-EW plant located within the DRC. Metorex has indicated that the copper concentrate produced at the Musonoi Est Project could be transported to the Ruashi Mine for treatment. The Musonoi Est Project Mineral Resources is likely to be mined using the long hole open stoping and sub-level open stoping methods.

As at 30 June 2013, no employees were engaged at the Musonoi Est Project. The project managers of the Musonoi Est Project are based at Metorex's headquarters in South Africa.

Metorex has appointed an independent third party to complete a definitive feasibility study in respect of the Musonoi Est Project which is presently underway. To date, only Mineral Resources have been declared on the Musonoi Est Project. The feasibility study which will undertake the necessary mine

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planning, engineering design and costing, metallurgical testwork, environmental studies and tailings design, necessary for the full evaluation of the project including the applicable modifying factors to enable the conversion of Mineral Resources to Mineral Reserves is expected to be completed in 2014. Ruashi Mining's budget for the compilation of the feasibility study for the Musonoi Est Project is a total of US\$6.8 million, divided as US\$2.7 million for the second half of 2013 and US\$4.1 million for 2014. A total of US\$1.8 million had already been spent in 2012 and the first half of 2013.

Headquarters in South Africa

Metorex is headquartered in South Africa and through its headquarters in Johannesburg which is managed by 43 employees and 4 casual and contract workers as at 30 June 2013 provides management and technical services to the Metorex Group. As part of its strategy to improve productivity and efficiency in all parts of its operations, Metorex Commercial Services was established in 2011 as the start of a full-fledged shared services function within the Metorex Group. The main objective of Metorex Commercial Services is to provide the resource flexibility within the group to address administrative areas such as procurement, supply chain, accounts payable, receivables, project commercial management, treasury, logistics and consolidation, and the accounting and reporting of the Metorex Group. Metorex seeks to capitalise on the efficiencies and economies of scale through this centralised, standardised and systematic approach for shared services driven by Metorex Commercial Services.

SUSTAINABLE DEVELOPMENT

Metorex continues to implement SHEC policies and management plans that guide safety, health, environment and community performance across the Metorex Group. The SHEC subcommittee of the board of Metorex meets quarterly to review SHEC performance reports from the various operations. Information considered includes the number and nature of incidents, serious potential incidents, hazards identified, risk assessments, occupational health trends, consumption of resources, community initiatives and stakeholder concerns raised at the Metorex Group and at operational level. Based upon this input as well as the guidance provided by the policies of Metorex Group, the SHEC subcommittee provides strategic guidance to the operations, works to share and standardise best practice across operations, and provides feedback to the board of Metorex.

During the 18 month period ended 31 December 2010, the year ended 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013, no money was paid by the Metorex Group or its operations in fines or penalties resulting from transgressions related to environmental, community or occupational health and safety matters. No legal action was brought against the Metorex Group in this regard.

Metorex's total cost incurred for the implementation of its environment, safety, occupational health and community and social initiatives were nil, US\$6.3 million, US\$1.9 million and US\$2.2 million for the 18 month period ended 31 December 2010, the year ended 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013, respectively.

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Environment

Metorex is committed to conduct its operations in a manner that complies with environmental laws and regulations and continually monitors its environmental performance to minimise its impact on the environment. Metorex has integrated environmental management considerations into its overall management practices throughout the Metorex Group. In order to minimise any damage to the environment caused by its operations, Metorex includes environmental considerations into its project planning, implements pollution control and remediation recommendations from internal and external sources, monitors the effects of mining on mining areas, undertakes rehabilitation concurrent with mining operations where possible, and compiles rehabilitation and closure plans. Metorex conducts environmental impact assessments (“EIA’s”), compiles environmental management plans (“EMP’s”) and undertakes required environmental audits in order to comply with the environmental laws of the countries in which the Metorex Group has operations. In addition, the Metorex Group is required to comply with the Equator Principles and the International Finance Corporation’s performance standards on mines where capital funding is provided by signatory banks. Equator Principles compliant management plans are compiled in this regard, and annual audits are undertaken at relevant operations by external parties. These principles are also used as a best practice guideline for all Metorex Group operations. All EIAs and EMPs are compiled by independent consultants.

Mining and ore processing operations inherently disturb the land surface and have the potential to cause air pollution through dust and emissions and water pollution, which requires management in order to minimise and address the impacts thereof. The key environmental and social challenges of the Metorex Group are (i) the management of ground surface water pollution sources; and (ii) the proximity of the surrounding communities to the mines which presents socio-economic, health, and safety risks that require continual management. For further details of these environmental and social challenges of the Metorex Group, please refer to section 9.2.15 of the Competent Person’s Report set out in Appendix V to this circular.

To address these challenges, Metorex has appointed a group environmental consultant at its head office in Johannesburg as well as environmental management staff on all operating mines which appointments are expected to augment the current resource capabilities and provide additional momentum to its continually improving social and environmental management performance. In addition, Metorex has implemented an electronic SHEC system which has resulted in an increase in the reporting of environmental incidents and has allowed the mines to identify the most common causes of such incidents. Metorex intends to obtain certification to ISO14001, the international standard for environmental management systems at its operating mines by the end of 2014.

Essential environmental monitoring, e.g. the daily pH sampling undertaken at the Ruashi Mine, is indicated on electronic system dashboards, and the data is then available to all managers on site, as well as at Metorex’s head office in Johannesburg. Each site also operates an environmental plan which includes surface water, groundwater and air quality monitoring forms part of this at each site. Metorex collects the necessary data to ensure that all controlled effluent discharge remains within discharge permit limits. Water quality monitoring measures pH, conductivity, temperature, total dissolved solids as well as the levels of specific dissolved metals as required by legislation. Sampling and analysis is done by the on-site laboratories and verified selectively at off-site facilities. Metorex is committed to performing its mining and exploration activities in an environmentally conscious manner and returning the environment to a state as required under applicable laws and engages in several environmental and community management projects, including resettlement action plans, re-vegetation efforts and mitigation of dust dispersion.

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The Metorex Group has obtained all material environmental permits and approvals to conduct its business, and its mining and production facilities, operation, processes and equipment and is in compliance with relevant national environmental and safety standards.

Rehabilitation

Metorex provides funds for the eventual closure and rehabilitation of its mines. In accordance with the relevant national regulatory requirements these calculations are based on different methodologies and are compiled by external consultants. Full provision of the rehabilitation expenses is made based on the net present value of the estimated cost of restoring the environmental disturbance that had occurred up to the end of the relevant year. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. Annual increases in the provisions relating to the change in the net present value of the provision and inflationary increases are reflected as profit or loss. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Metorex has not implemented a specific funding plan for potential increased costs due to ongoing water treatment after mine closure at its operations. In the event that the annual reviews of the closure estimates identify increased ongoing water treatment after mine closure as a cost which needs to be provided for, such costs would be included in the closure cost estimate and the necessary adjustment made to the financial provision. Funding of such potential increase in costs would be included by Metorex in the overall funding plan for the operations, as required.

Due to the inherent need to carry out water treatment work upon the closure of mines to address the surface water or underground water contamination issues that are caused by mining activities. Metorex has a group-wide provision for post-closure water treatment in the amount of approximately US\$5 million. In SRK's experience, this figure is likely to be considerably more, particularly considering the potential water-related issues for the Ruashi Mine, the Chibuluma South Mine and the Kinsenda Project. In the absence of any proper evaluation of the extent and severity of water to be treated, SRK has agreed with Metorex to increase this provision for post-closure water treatment by US\$20 million to US\$25 million for the Metorex Group and this has been accepted for evaluation purposes. Of the additional US\$20 million provision, US\$10 million was allocated to Ruashi Mining, US\$5 million to Chibuluma plc and US\$5 million to Kinsenda Sarl.

Safety

Metorex believes that employees are an integral part of its operations and consider injuries to its employees as a threat to its reputation and success. Metorex is focused on ensuring that all employees and contractors accept as their shared responsibility that zero harm and loss is a priority when performing all work-related activities so that no one is hurt or harmed, and no ill health is caused because of an individual's work and exposure to conditions or toxins. To achieve this target, Metorex has set minimum standards and requirements for safety measures to be implemented at each mine. Metorex believes that it is essential that all employees and contractors believe that all loss is preventable and accept responsibility for their personal safety and the safety of others. No fatalities occurred at the Metorex Group operations during 2010, 2011 and 2012. Since 1 January 2013 up to the Latest Practicable Date, one fatality had occurred at the Ruashi Mine in March 2013 – an employee of African Mechanical Superlift Limited, the construction contractor commissioned by Ruashi Mining for the construction of the ASFDS. The fatality was caused by contractor employee's negligence in operation and non-compliance with relevant rules and procedures. Metorex stopped construction of the ASFDS for three weeks to ensure that the safety condition of the site had been improved and the safety standard is at an acceptable level. Neither Metorex nor Ruashi Mining are subject to any liabilities in relation to such fatality.

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The table below sets out, among others, information regarding the number of lost time injuries (i.e. any injuries that have resulted in the employee being unable to return to his normal duties at work within 24 hours of the incident) (“**LTIs**”) sustained at the Metorex Group’s operations for the year 2010, 2011 and 2012 and the six months ended 30 June 2013:

Year	Number of LTIs	LTI frequency rate (calculated based on the accidents per million man hours worked)
2010	16	1.8
2011	12	1.3
2012	11	1.5
1H2013	4	1.0

Source: Competent Person’s Report

Note:

- 1. The number of LTIs and LTI frequency rate do not include fatalities.*

The above table shows that there has been an overall improving trend in terms of the number of LTIs from 2010 to the first half of 2013. In particular, the Kinsenda Project has reported no non-lost time inquiries and no lost days due to accidents (being the injured person not being able to return to work) during the first half of 2013.

As these compensation claims have been settled by Metorex Group or covered by insurance maintained by the Metorex Group, Metorex is not subject to any outstanding liabilities in respect of the LTIs sustained at its operations for 2010, 2011 and 2012 and the six months ended 30 June 2013. Metorex is of the view that its LTI frequency rate during these periods is satisfactory compared with the safety records of other mining companies in the DRC and Zambia.

In order to avoid future accidents, Metorex has been improving and will continue to improve its safety procedures and condition, including additional training for its employees and contractor’s employees, better workplace safety facilities and personal protection equipment. In particular, the electronic SHEC system which has been implemented by Metorex has brought about improvements in incident reporting, investigation, the reporting of hazards and the reduction of the number of LTIs sustained at the Metorex Group’s operations. The system allows for the inclusion of actions required to repair and remediate incident causes as well as the assignment of actions for the prevention of repeat incidents. A full audit trail of incidents, hazards and actions are available in the system. The system is also used by the Ruashi Mine’s mining contractors. Metorex believes that this SHEC system will enable improvements in incident investigation as well as rectifying the causes of incidents and hazard identification. Metorex also has policies and programmes in place to ensure compliance with applicable laws and to track and improve overall safety performance, including the Metorex Group Safe Production Rules. Metorex has a number of safety-related training programs for its employees, including a training program regarding the Metorex Group Safe Production Rules to ensure that its employees fully understand these rules to ensure compliance.

As a testament to Metorex’s effective safety policies, the Chibuluma South Mine was awarded first position in the occupational health and safety category and second positions in the environmental, corporate social responsibility as well as employer of the year category for 2011 at the annual Zambian Federation of Employers award ceremony held in Lusaka.

INFORMATION OF THE TARGET GROUP

For further details of the safety policies, performance and issues of the Metorex Group, please refer to section 3.15.1 of the Competent Person's Report set out in Appendix V to this circular.

Occupational Health

Metorex is committed to providing a healthy workplace for its employees by progressively identifying, mitigating and where possible eliminating occupational health exposures. Wherever such exposures cannot be eliminated, the use of personal protective equipment is strictly enforced. In addition regular, scheduled medical examinations are conducted of each employee and long-term contractors at appropriately equipped occupational health centres. This surveillance programme forms the mainstay of the Metorex operations occupational health efforts by ensuring regular screening, appropriate work placement, early detection and the prompt referral of occupational diseases. Although the number of malaria cases decreased year on year, malaria remains the major cause of sick leave. Metorex has responded to this by implementing a mosquito control program by supplying mosquito nets and mosquito repellent to workers. A group-wide occupational medical surveillance audit and base line risk assessment was also conducted by an independent consultant, and action plans have been put in place to address the findings of the report.

Communities and CSI

In the countries in which the Metorex Group operates, there is increasing pressure by civil, social and the foreign community on mining companies to be more accountable for and transparent about their actions in the communities within which they operate. This requires Metorex to look beyond immediate profitability and production challenges by contributing to socio-economic development in a manner that can leave a lasting legacy. CSI projects are selected, supported and evaluated for the greatest positive impact, at every operation of Metorex. The Metorex Group is involved in CSI projects in the areas of education, health, infrastructure, potable water and power. These projects, which are coordinated by a committee on which the mine, mayoral office, water and electricity utilities and local community leaders are represented, are continuing. The main CSI projects of Metorex includes: the electrification of 1,000 residences in the Kawama, Zambia and Luwuwoshi areas within the Ruashi Township together with the upgrade of 16 historic sub-stations to improve overall supply to the Ruashi Township, construction of dormitory at Hodari School in the Ruashi area, construction and rehabilitation of ONESS School (nursing school in the Ruashi area), clean-up of water trenches in the Ruashi area, repairing of roads in the Ruashi town, construction of classrooms and provision of books to Milemu School near the Chibuluma South Mine and recruitment of local full-time/casual posts in the villages near the Chibuluma South Mine.

Metorex implements resettlement action plans from time to time to ensure that the communities where its operations are located are not adversely impacted.

Stakeholder engagement

Metorex believes that open stakeholder engagement is an essential component of working in a sustainable manner. It is committed to engaging and working with all interested and affected parties with a view to achieving legitimate sustainable solutions. The mining operations consult regularly with local communities through meetings with community leaders and representatives. A number of community meetings and focus groups have been undertaken.

INFORMATION OF THE TARGET GROUP

EMPLOYEES

As at 30 June 2013, Metorex had 2,266 full-time employees, of whom 58 were expatriates. The following table provides a breakdown of the full-time employees directly employed by the Metorex Group as at 30 June 2013.

Functions	Number of employees
Mining	446
Processing	657
Engineering	446
Site support	634
Exploration	23
Projects	36
Management	24
Total:	2,266

The Metorex Group's local DRC and Zambian employees are employed under employment contracts negotiated between the respective subsidiaries of Metorex and local labour unions in the DRC and Zambia which sets out, among other things, the employee's responsibilities, remuneration, benefits and grounds for termination of employment.

Employee Remuneration Policy

The remuneration package offered by the Metorex Group to its employees typically includes basic salary and bonus. In determining an employee's remuneration package, the Metorex Group will take into account factors such as market practices, benchmark data and employment regulations and will also consider the employee's qualification and relevant experience. The wages of its local employees in the DRC and Zambia have been negotiated with trade unions.

Annual remuneration reviews are conducted based on individual performance and economic indicators like consumer price index.

The Metorex Group also provides other benefits to its employees, including free medical care, housing allowances, meal subsidies and transportation subsidies.

Employee Retirement Benefits and Pension Scheme

The Metorex Group maintains employee retirement benefits and pension schemes for its employees as required by relevant laws in which it conducts its operations, as applicable. The Metorex Group has not experienced any default in making such payments nor received penalties from the relevant authorities for a violation of the social security regulations.

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Collective Agreements

A substantial portion of Metorex's employees are members of trade unions.

Ruashi Mining entered into a collective agreement in June 2009 with UPS Union Pour La Paix Social, Garantie Sociale des Travailleurs (Social Guarantee of Workers), Confédération Syndicale du Congo (Trade Union Confederation of Congo), SLC Syndicate Libre du Congo and CTP Conscience Des Travailleurs et Paysance du Congo in respect of its employees. This collective agreement is for an unlimited duration but is subject to a review process every two years.

Kinsenda Sarl entered into a collective agreement on 29 June 2011 with certain trade unions in the DRC, namely Confédération Syndicale du Congo (Trade Union Confederation of Congo), Union National des Travailleurs du Congo (National Union of Workers of Congo) and Garantie Sociale des Travailleurs (Social Guarantee of Workers) in respect of its employees. This collective agreement is for an unlimited duration but is subject to a review process every two years.

Chibuluma plc entered into a collective agreement on 9 January 2013 with the Mineworker's Union of Zambia and Zambia Union of Nurses Organisation in respect of its employees. This collective agreement is for the duration of one year and covers the period from 1 January 2013 to 31 December 2013.

These agreements primarily cover employees' responsibilities, remuneration, benefits and grounds for termination of employment and should be interpreted in conjunction with the individual employment contracts signed between each of the subsidiaries of the Metorex Group and its employees.

Each of Ruashi Mining, Kinsenda Sarl and Chibuluma plc plans to commence negotiating with these labour unions about the renewal and review of these collective agreements before they expire or are subject to review. There has been no disturbance or disputes in connection with the negotiations of these collective agreements in the past. However, there can be no assurance that the trade unions and the workers would not engage in prolonged work stoppages concurrently with their re-negotiations with the respective subsidiaries of Metorex, which could result in labour disputes or disturbances (including civil disturbances or riots). Please refer to the section headed "Risk Factors – Labour disputes, conflicts and disruptions may lead to suspensions of mining and processing operations, which could materially and adversely affect the Target Group's productivity and business" of this circular for more details.

NO MATERIAL ADVERSE CHANGE

No material adverse changes have occurred from the effective date of the Competent Person's Report being 30 June 2013 up to the Latest Practicable Date. SRK has confirmed that no material changes have occurred from the effective date of the Competent Person's Report, being 30 June 2013, up to the Latest Practicable Date that could adversely affect the Mineral Resources and Mineral Reserves statements or the values for the mineral assets contained in the Competent Person's Report and the Valuation Report respectively.

INFORMATION OF THE TARGET GROUP

III. ONGOING TRANSACTIONS THAT WILL BECOME CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION

Upon the Completion of the Acquisition, the existing agreements and arrangements between (1) Ruashi Mining and Jinchuan Group (or its subsidiary, Lanzhou Jinchuan); and (2) certain non-wholly owned subsidiaries of Metorex and the minority shareholders of such subsidiaries would become continuing connected transactions of the Enlarged Group pursuant to Rule 14A.41 of the Listing Rules. Such existing agreements and arrangements are described below:

(1) Cobalt Off-take Agreement between Ruashi Mining and Jinchuan Group/Lanzhou Jinchuan

Ruashi Mining had entered into an off-take agreement for cobalt carbonate and/or cobalt hydroxide (the “**Cobalt Off-take Agreement**”) with Jinchuan Group in August 2007 pursuant to which Ruashi Mining agreed to sell and Jinchuan Group agreed to purchase all cobalt carbonate and/or cobalt hydroxide to be produced by Ruashi Mining during the life of the Ruashi Mine. The parties agreed that the terms of the Cobalt Off-take Agreement including minimum/maximum tonnages will be reviewed and agreed by the parties every three years. At that time, Jinchuan Group and the Metorex Group had no shareholding relationship and Jinchuan Group entered into such a long term agreement for the purpose of securing a long term steady and exclusive supply of cobalt carbonate and/or cobalt hydroxide from a quality mine. The pricing mechanism under the Cobalt Off-take Agreement was negotiated between the parties at arm’s length and was tied to the cobalt base price published by the Metal Bulletin from time to time. The parties agreed that the maximum tonnage of supplies by Ruashi Mining to Jinchuan Group under the Cobalt Off-take Agreement was to be 5,000 t of contained cobalt metal per year, with a minimum supply of 340 t of contained cobalt metal per month. Jinchuan Group has been the only off-taker of cobalt metals from the Ruashi Mine since it commenced commercial production in 2009.

Since August 2007, several amendments were made to the commercial terms of the Cobalt Off-take Agreement. Since July 2011, Lanzhou Jinchuan (a company indirectly owned as to approximately 99% by Jinchuan Group) has been taking deliveries of contained cobalt metals from Ruashi Mining pursuant to the Cobalt Off-take Agreement (as amended). Such arrangements have been formalised by the parties agreeing to enter into a novation agreement to novate the rights and obligations of Jinchuan Group under the Cobalt Off-take Agreement (as amended) to Lanzhou Jinchuan with effect from July 2011. The implementation of such novation of rights under the Cobalt Off-take Agreement had been undertaken in connection with Jinchuan Group’s decision to integrate or consolidate all of its cobalt assets into Lanzhou Jinchuan. The terms of the Cobalt Off-take Agreement under which the parties are operating and which the parties have also agreed to formalise are as follows:

- (i) the duration of the amended terms of the Cobalt Off-take Agreement will be until 31 December 2015 and upon the expiry such period, Lanzhou Jinchuan and Ruashi Mining should review and agree the new terms of the Cobalt Off-take Agreement for the next duration of three years;

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- (ii) the supply of contained cobalt metal under the Cobalt Off-take Agreement during the above period is priced at a basis price multiplied by a basis coefficient:
- (a) the basis price is tied to the monthly average price of the low quotation for low grade cobalt in the free market as published on the Metal Bulletin from time to time, subject to an adjustment mechanism should such monthly average price reduce below US\$8/lb or increase above US\$20/lb; and
- (b) the basis coefficient is 69.5% subject to an adjustment schedule based on the moisture content, percentage of cobalt content and the impurity element content in the metals.

The historical supply volumes and purchase amounts under the Cobalt Off-take Agreement for the periods indicated below were as follows:

	18 months ended 31 December 2010		Year ended 31 December 2011		Year ended 31 December 2012		Six months ended 30 June 2013	
	(US\$ million)	(t)	(US\$ million)	(t)	(US\$ million)	(t)	(US\$ million)	(t)
Supply of cobalt hydroxide	135.2	4,934	95.4	3,952	54.4	3,202	24.6	1,462

In March 2008, in order to assist Ruashi Mining with the production of contained cobalt metals, Jinchuan Group provided a pre-offtake financing for Jinchuan Group's purchase of contained cobalt metals under the Cobalt Off-take Agreement in the amount of US\$20 million. The interest on the prepayment is charged at a fixed annual rate of 4.68%. Ruashi Mining has been servicing the prepayment plus accrued interest by offsetting the purchase consideration payable by Lanzhou Jinchuan for the supply of contained cobalt metals and the pre-offtake financing has been reduced to US\$1.3 million as of 30 June 2013. As such the financing support arrangement is tied to the Cobalt Off-take Agreement under which Lanzhou Jinchuan is a customer, the claims that Lanzhou Jinchuan may have over the remaining prepayment amount is subordinated to the claims of the project financier, Standard Bank, who provided project financing to the Ruashi Mine project.

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In view of the annual maximum tonnage for the supply of contained cobalt metals provided under the Cobalt Off-take Agreement (as amended) and the historical data of cobalt basis price published by the Metal Bulletin from time to time, the annual cap for the purchase amounts, based on the maximum annual supply volume contracted for, under the Cobalt Off-take Agreement for the years ending 31 December 2013, 31 December 2014 and 31 December 2015, respectively, will be as follows:

	Year ending 31 December 2013		Year ending 31 December 2014		Year ending 31 December 2015	
	<i>(US\$ million)</i>	<i>(t)</i>	<i>(US\$ million)</i>	<i>(t)</i>	<i>(US\$ million)</i>	<i>(t)</i>
Supply of cobalt hydroxide	102.0	5,000	112.3	5,000	112.3	5,000

Under the Cobalt Off-take Agreement, the parties could discuss the supply of contained cobalt metals that exceed this annual maximum of 5,000 t if the production of contained cobalt metals at the Ruashi Mine exceeds such amount.

Upon Completion, Ruashi Mining will become a non-wholly owned subsidiary of the Company. As Jinchuan Group is the controlling shareholder of the Company and hence a connected person of the Company, immediately after Completion, the continuing transactions under the Cobalt Off-take Agreement (as amended) between Lanzhou Jinchuan will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules if there is any change to the terms of the Cobalt Off-take Agreement or the parties extend the duration of the supply of contained cobalt metals thereunder for a further period of three years when the current period expires on 31 December 2015.

(2) Arrangements between certain subsidiaries of Metorex and the minority shareholders of such subsidiaries

Payment of management fees by Chibuluma plc to ZCCM

Chibuluma plc had entered into a management agreement with Metorex and ZCCM on 29 September 1997 (the “**Management Agreement**”) pursuant to which Chibuluma plc agreed to appoint Metorex as its manager. Metorex is required to manage the business of Chibuluma plc and subject to the provisions in the agreement, undertake all necessary actions that may ordinarily or reasonably be required of, or associated with, the conduct of the business undertaking and the objects generally of Chibuluma plc. The Management Agreement will remain in force on a continuous basis until the closure of Chibuluma plc’s mines or the termination of the Management Agreement in accordance with the provisions thereunder or twelve months written notice of termination is given by either party to the other. Chibuluma plc is planning on mining the Chifupu deposit simultaneously with the Chibuluma South Mine going forward. The Mineral Reserves of the Chibuluma South Mine and the Chifupu deposit as at 30 June 2013 support mining operations up to 2019.

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The Management Agreement provides that ZCCM, as a part owner of Chibuluma plc and the previous owner of Chibuluma mine, is entitled to a portion of the management fees payable by Chibuluma plc for so long ZCCM holds 10% or more interest in Chibuluma plc. In consideration for the performance and execution of the services under the Management Agreement, Chibuluma plc should pay an amount of US\$3.75 per tonne of ore mined exclusive of value added tax, monthly in arrears within 30 days of the last day of each month. This fee is split in the ratio of 15% payable to ZCCM and 85% payable to Metorex. The fee is required to be adjusted in proportion to the percentage shareholding in Chibuluma plc held by ZCCM from time to time. If the holding of ZCCM in Chibuluma plc falls below 10%, ZCCM will no longer be entitled to receive such fee. There are no specific obligations placed on ZCCM under the Management Agreement. ZCCM has no rights under the Management Agreement save for its right to receive the aforementioned management fees.

Upon Completion, Chibuluma plc will become a non-wholly owned subsidiary of the Company. As ZCCM currently holds 15% interest in Chibuluma plc, ZCCM will become a connected person of the Company under Rule 14A.11(1) of the Listing Rules. Therefore, immediately after Completion, the continuing transactions under the Management Agreement which require the payment of part of the management fees by Chibuluma plc to ZCCM will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The historical management fees paid by Chibuluma plc to ZCCM for the periods indicated below were as follows:

	18 months ended 31 December 2010 (US\$)	Year ended 31 December 2011 (US\$)	Year ended 31 December 2012 (US\$)	Six months ended 30 June 2013 (US\$)
Management fees paid to ZCCM^(Note)	331,000	371,000	371,000	191,388

Note: The amount of management fees paid to ZCCM includes the withholding tax of 15% paid directly to the Zambia Revenue Authority.