

Metorex Limited
 (Incorporated in the Republic of South Africa)
 (Registration number 1934/005478/06)
 Share code: MTX
 ISIN: ZAE000022745
 Issuer code: MEMTX
 (“Metorex” or “the Company” or “the Group”)

QUARTERLY OPERATIONAL AND GENERAL UPDATE

Chief Executive Officer Terence Goodlace said “The Metorex Group is now well positioned to advance its growth strategy following the completion of the US\$ 120 million capital raising announced on 19 April 2010 (“the claw back offer”). Since the June 2009 financial year end and subsequent to having raised US\$120 million through a claw back offer and following partial repayment of the Ruashi debt, the gross and debt net of cash balances reduced by 46 per cent and 77 per cent respectively. Quarterly copper production increased overall by 2 percent for the quarter to 12 880 tons and cobalt production declined marginally to 810 tons. Rectifier problems during January 2010 at Ruashi reduced copper production there by some 950 tons. The Group has now rapidly moved to mobilize teams for all associated activities needed to advance exploration drilling and feasibility studies for the three new development projects in the DRC namely Kinsenda, Lubembe and Dilala East.”

Table 1: Metorex quarterly production statistics:

Commodity	Unit	3 Months ended September 2009 (Q1 F2010)	3 Months ended December 2009 (Q2 F2010)	3 Months ended March 2010 (Q3 F2010)	% Change Q3 vs Q2	Year to date March 2010
Copper – Chibuluma	(t)	4 573	3 846	4 393	14%	12 812
Copper – Sable	(t)	1 943	1 270	1 444	14%	4 657
Copper – Ruashi	(t)	5 690	7 518	7 043	(6%)	20 251
Copper – subtotal	(t)	12 206	12 634	12 880	2%	37 720
Cobalt – Sable	(t)	12	11	15	36%	38
Cobalt – Ruashi	(t)	666	812	795	(2%)	2 273
Cobalt – subtotal	(t)	678	823	810	(2%)	2 311

Table 2: Metorex quarterly sales statistics:

Commodity	Unit	3 Months ended September 2009 (Q1 F2010)	3 Months ended December 2009 (Q2 F2010)	3 Months ended March 2010 (Q3 F2010)	% Change Q3 vs Q2	Year to date March 2010
Copper – Chibuluma	(t)	4 613	3 866	4 337	12%	12 816
Copper – Sable	(t)	1 927	1 279	1 422	11%	4 628
Copper – Ruashi	(t)	4 986	8 052	7 349	(9%)	20 387
Copper – subtotal	(t)	11 526	13 197	13 108	(1%)	37 831
Cobalt – Sable	(t)	13	9	12	33%	34
Cobalt – Ruashi	(t)	801	683	903	32%	2 387
Cobalt – subtotal	(t)	814	692	915	32%	2 421

Commentary on production and sales for the quarter ended 31 March 2010

Group copper and cobalt production was in line with the performance of the previous quarter despite the rectifier problems experienced by Ruashi during January 2010.

Copper

Ruashi copper production declined by 6 per cent when compared to the previous quarter as a result of rectifier and thyristor problems experienced during January 2010. These impacted on 10 days of production and reduced production by some 950 tons of copper. The quarterly tonnage milled at Ruashi decreased by 2 per cent from the previous quarter to 321 235 tons at an average blended copper head grade of 2.95 per cent and a blended cobalt head grade of 0.46 per cent. Ruashi continues to improve output and it is pleasing to report that the mine produced 2 857 tons of copper in March 2010. Ruashi delivered 5 850 tons of copper (83 per cent of the quarter's production) against its hedge book during the quarter.

Chibuluma's copper production increased by 14 per cent due to higher delivered copper head grades of 3.61 per cent as well as higher concentrate recoveries of 95 per cent. The primary crusher was replaced during the quarter which reduced output during February 2010.

The Sable facility increased copper production by 14 per cent to 1 444 tons of copper on the back of the increased 3rd party ore feed.

It is estimated that Metorex copper production will increase to around 14 000 tons for the June 2010 quarter.

Cobalt

Ruashi Cobalt production declined by 2 per cent when compared to the previous quarter which was also due to the production problems experienced at Ruashi during January 2010. For the month of March 2010, Ruashi produced 306 tons of contained cobalt. Cobalt sales increased by 32 per cent from the previous quarter as the transport efficiencies of cobalt from Lubumbashi to Johannesburg continued to improve. It is estimated that Ruashi will produce 775 tons of cobalt in the June 2010 quarter.

Group debt position

During the quarter ended 31 March 2010, the Group's gross debt position reduced by R335 million to R1.1 billion at an exchange rate of R7.28 to the US\$1.00. Chibuluma continued to service its term loan with a repayment installment of US\$4 million having been made during March 2010.

Funds received from subscribers to the claw back offer were partially applied to the further reduction of Group debt. A prepayment of US\$35m was applied to the Ruashi Standard Bank Project Finance Facility which has triggered a more favourable Ruashi Debt Package. In addition R30 Million was applied to the repayment of a Metorex overdraft from Investec Bank.

Table 3: Group debt position:

Entity	Nature	3 Months ended December 2009 (Rm)	3 Months ended March 2010 (Rm)	Interest	Term
Ruashi	Jinchuan pre-offtake finance	155	137	Fixed 4,68%	36 months from January 2010
Ruashi	ECIC facility	824	593	US Libor +1.25%	7 semi-annual from 1 January 2011
Ruashi	Commercial facility	193	140	US Libor + 2,75% to 3.5%	5 semi-annual from 1 January 2011
Chibuluma	Term loan	237	204	US Libor +4.85%	9 semi-annual from 30 September 2009
Various		69	69	Various	One to three years
TOTAL GROSS DEBT		1 478	1 143		
Cash balances		201	663*		
TOTAL NET DEBT		1 277	480		

*Includes the cash received post finalisation of the rights offer

Group commodity hedgebook status:

The Group hedge book has been restructured such that it now considerably mitigates the impact on Ruashi and Chibuluma to service their respective debt profiles in the event of negative movements in the copper price.

Table 4: Group hedging positions:

Commodity		Maturity (months)	Volume (tons)	Copper Price (US\$/t)	Comment
Copper:	Ruashi	3 (April 2010 – June 2010)	5 850	3 900	Forwards
	Ruashi	12 (July 2010 – June 2011)	16 200	5 972	Forwards
	Ruashi	12 (July 2011 – June 2012)	12 000	6 600 - 7 600	Zero Cost Collar
	Chibuluma	3 (April 2010 – June 2010)	4 625	6 274	Forwards
	Chibuluma	6 (July 2010 – December 2010)	3 000	7 000 – 8 065	Zero Cost Collar
	Chibuluma	6 (January 2011 – June 2011)	3 000	6 805 – 8 000	Zero Cost Collar

Growth projects

The feasibility studies on the DRC Growth Projects consisting of Kinsenda, Dilala East and Lubembe were progressed during the quarter. This should take the Dilala East and Kinsenda feasibility studies to Bankable Feasibility Study ("BFS") level, and the Lubembe study to Pre-Feasibility Study level ("PFS") by December 2010.

At Kinsenda, drill crews have been mobilized and the drilling of 7 500 metres of infill and twin hole drilling commenced in mid-April for completion by early July 2010. This drilling will provide quantitative data for comparison against historical data to allow conversion of the mineral resource to a fully SAMREC compliant mineral resource. Infill drilling of the resource blocks selected for the first five years of production will be completed.

Independent consultants have been appointed for the environmental, social, geotechnical, geohydrological, mining, metallurgical and tailings disposal studies for the Kinsenda BFS. The BFS will be managed by Venmyn (Pty) Ltd.

A SAMREC compliant mineral resource of the Dilala East project was released on 1 March 2010, which estimated 563 000 tons of copper and 170 000 tons of cobalt.. This mineral resource estimation used boreholes up to and including MM48. An additional 8 holes have subsequently been completed, of which 5 intersected significant mineralisation and 3 failed to intersect mineralisation as a result of abandonment due to poor ground conditions or having defined the limit of mineralisation. Drilling activities continue to, infill drill the resource to a depth of 400 metres, and to establish extensions of the orebody below the 400 metres below surface level. The Dilala East orebody remains open ended at depth.

Metallurgical testwork on the Dilala East sulphide deposit has progressed during the quarter. Various process flowsheet options have been completed at Mintek, which will be used for the selection of an optimal metallurgical process plant design for the Bankable Feasibility Study.

Work has commenced on a SAMREC compliant mineral resource estimate for Lubembe which will be released in the June quarter. A conceptual mining study will immediately commence once the mineral resource estimate has been completed. This study will provide guidance on the appropriate mining method, size and scope of the project and will guide the environmental, geotechnical, metallurgical and infrastructure design aspects of the PFS.

Infill and extensional drilling activities are expected to commence on the Lubembe Prospect once the drilling at Kinsenda is completed. A baseline environmental and social study is also scheduled to commence on the Lubembe Prospect in the coming quarter.

The information contained in this announcement has not been reviewed or reported on by the Metorex's auditors.

Johannesburg
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Sponsor
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