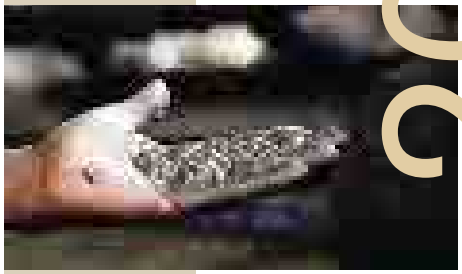
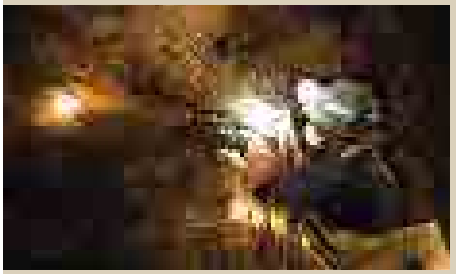
METOREX LIMITED ANNUAL REPORT 2009



2009

a new focus for the future

ANNUAL REPORT 2009





METOREX
LIMITED

Contents

2009







Overview

1 Salient features

Management review

2 Directorate
4 Chairman's review
10 Chief Executive Officer's report
16 Executive committee
17 Statistical information

Operational review

18 Ruashi
22 Chibuluma
26 Sable Zinc
30 Vergenoeg
34 Consolidated Murchison
38 Pan African

42 **Sustainable development**
48 **Corporate governance**

Annual financial statements

56 Group secretary's certification
56 Directors' approval
57 Independent auditors' report
58 Directors' report
60 Income statements
61 Balance sheets
62 Cash flow statements
63 Notes to the cash flow statements
64 Statements of changes in equity
65 Notes to the annual financial statements

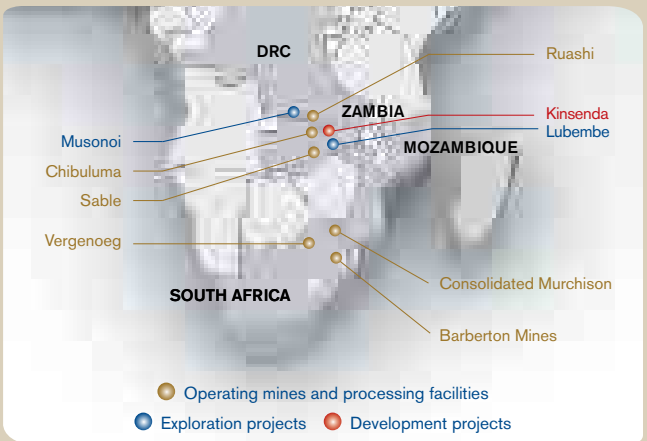
97 **Supplementary information**
116 **Notice of annual general meeting**
119 **Proxy**
IBC **Corporate information**

www.metorexgroup.com

Metorex is an established mid-tier mining group that occupies a unique position in the southern African mining industry.

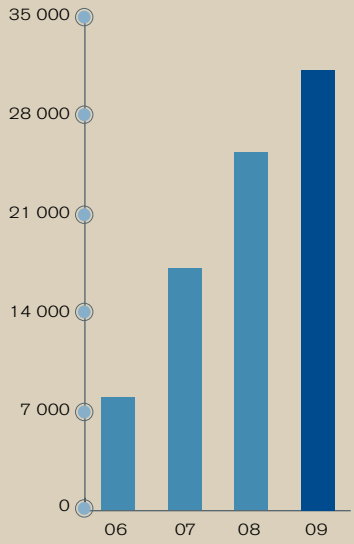
Our vision is to expand our mining and exploration activities within and from sub-Saharan Africa through acquiring, developing and managing a portfolio of quality base-metal assets.

Geographic locations



Salient features

Copper production
(tons)



Copper production history for the four years ended 30 June 2009

Focus on restoring the reputation of Metorex

Advancements made to restore the Group balance sheet

Pan African shareholding sold for R386 million with effect from 1 July 2009

Vergenoeg BEE transaction announced for R109 million

Resource and Reserve review at Ruashi completed

Performance for the years ended 30 June		2006	2007	2008	2009
Gross revenue	(R000)	1 013 328	1 703 757	1 614 789*	**1 241 721**
Mining profit before depreciation	(R000)	272 135	598 026	799 245*	**263 190**
Cash mining profit margin	(%)	25	35	50	**21**
EPS	(cents)	54,3	183,5	159,4	**(272,4)**
HEPS	(cents)	47,7	110,5	131,7	**23,9**
Market capitalisation	(R000)	3 237 093	8 048 840	8 856 460	**2 227 614**
Shares in issue	(000)	289 026	324 550	369 173	**742 538**
Weighted average number of shares	(000)	286 147	302 810	347 797	**553 349**
Share price	(cents)	1 120	2 480	2 399	**300**
ZAR/US$ rate – Average	(R/US$)	6,4	7,2	7,30	**9,03**
ZAR/US$ rate – Closing	(R/US$)	7,2	7,0	7,83	**7,72**

**Restated for assets held-for-sale*

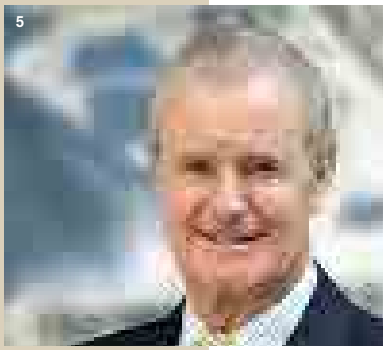
Directorate

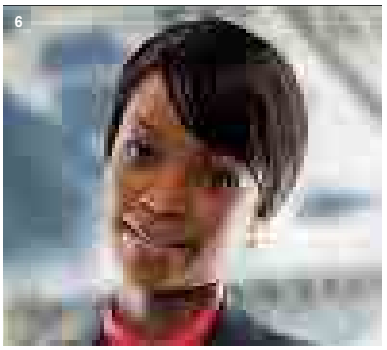












Directors

1. Robert George Still – (54)
Non-Executive Director
BCom (Hons), CA(SA), IMM
Rob started his career as a chartered accountant, becoming a partner of Ernst & Whinney before leaving in 1986 to co-found the JSE listed exploration and mining company Rhoex Limited. Since that time Rob has been involved in both the senior and junior sectors of the mining industry worldwide and has held both executive and non-executive director positions in mining and exploration companies listed in South Africa, Australia, Canada and the UK. Rob has participated in the development of several new mining projects including Rhovan, Ticor Titanium, Pangea Goldfields, Southern Mining (Corridor Sands), Great Basin Gold (Burnstone) and Zimbabwe Platinum Mines Limited.

Rob was appointed to the Metorex Board in February 2005 and as Chairman in January 2009.

Chairman of the Nomination Committee, and member of the Remuneration and Audit Committee.

2. Terence Philip Goodlace – (50)
Chief Executive Officer: Executive Director
MBA, BCom, NHD (Metalliferous mining)
Terence was appointed Chief Executive and Director on the Board with effect from 2 March 2009. He has more than 27 years' operating experience and was previously the Chief Operating Officer at Gold Fields Limited.

Member of the SHEC committee.

3. Alberto Barrenechea Guimón – (66)
Non-Executive Director
Alberto is CEO of Minersa, a multi-commodity mineral and chemical group. He has been a Board member of several industrial and financial companies. He provides a life-long experience in the mining and chemical industry.

Member of the Remuneration Committee.

4. Pierre Chevalier – (57)
Non-Executive Director
Degree in law and criminology
Pierre has been a member of Parliament for the district of Brugge since 1985, he is currently a member of the VLD party bureau. Since October 2000, he has been Town Councillor of Brugge. He is also a personal representative for the Prime Minister and the Minister of Foreign Affairs at the Inter-governmental Conference. Since 2007 he has been a special envoy for the Belgian Foreign Ministry in charge of UN Security Council Affairs.

5. John G Hopwood – (57)
Independent Non-Executive Director
BCom, CA(SA)
John is a non-executive director of Gold Fields Limited and Pan African Resources plc and is presently chairman of the audit committees of both companies. He is also a member of the board of trustees of the New Africa Mining Fund and chairman of the fund's investment committee. Previous experience includes being an executive director of Gold Fields of South Africa Limited from January 1992 to September 1998 and director and Head of Mergers and Acquisitions at Ernst & Young Corporate Finance.

Appointed on 1 November 2009 as Chairman of the Audit Committee, to succeed Alistair Laughland.

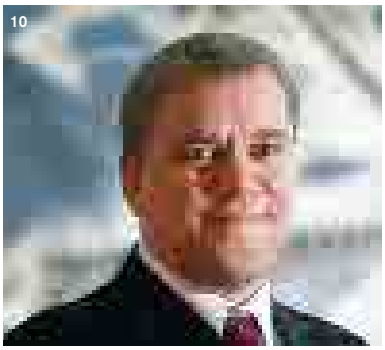
6. Nonkululeko ("Nkuli") Kgositsile – (35)
Independent Non-Executive Director
Nkuli has a background in journalism and was a founder of the Voice of Soweto Community radio station. She is an entrepreneur with her own entertainment company. She brings experience in social and political affairs in Africa, having lived and been educated in a number of southern African countries.

Member of the SHEC committee. Appointed 11 August 2009.









7. Alistair John Laughland – (62)
Independent Non-Executive Director
LLB (London), MBL (Unisa)
Alistair has extensive experience in banking, specifically in corporate and mining finance. He was on the board of the previous Maranda Mines Limited. He has served as an Independent Non-Executive Director of Metorex since 1999.

Chairman of the Audit Committee. Resigned 31 October 2009.

8. Victor Mabuza – (39)
Independent Non-Executive Director
BCom (Acc)
Victor runs EsopShop (Pty) Limited, which advises on employee and community ownership trust structures. He has advised many mining companies on employee stock ownership schemes, including African Rainbow Minerals Limited, Anglo Platinum Limited, Gold Fields Limited and Northam Platinum and black economic empowerment transactions including Sasol Inzalo and Vodacom YeboYethu. He has held various directorships in retail, corporate and investment banking and has worked for major financial institutions including Standard Bank, ABSA and Stanlib. He was also previously an Executive Head for Asset Management and sat on the Board of the National Empowerment Fund, where he was at the forefront of the highly successful Asonge MTN retail share offer.

Appointed as Chairman of the Remuneration Committee on 11 August 2009.

9. Leslie John Paton – (57)
Independent Non-Executive Director
BSc (Hons) Geology, BCom
Les is an executive director of several Implats companies and has been with the group for 34 years. His career incorporates spells in base metal exploration throughout southern Africa, as well as gold and platinum mining and exploration experience. Les rose to the position of Chief Consulting Geologist within the Gencor Group, and was subsequently transferred to Implats where, in 2003, he was appointed to the Board of both Implats and Zimplats. Les is experienced in the evaluation and technical overview of projects and in project management.

Chairman of the SHEC committee and member of the Nomination and Remuneration Committees. Appointed 20 January 2009.

10. Maritz Smith – (33)
Chief Financial Officer: Executive Director
BCom (Hons), CA(SA)
Maritz, who is a Chartered Accountant (SA), joined Metorex in 2002 from Deloitte & Touche. He was appointed Chief Financial Officer in 2005, and in this capacity has overall responsibility for the Group's financial affairs and reporting. Maritz was appointed to the Metorex Board as Financial Director in December 2008.

Chairman's review



"Your company is steadily emerging from its ordeal with more determination and a new focus for the future, improved executive and operational skills, a strengthened balance sheet and renewed confidence."

Robert G Still
Chairman

Dear Fellow Shareholder

This is my first annual report to Metorex shareholders, since my appointment as Chairman in January 2009.

It has been an extremely difficult year, so much so that the very survival of your Company was at times threatened. It is thus pleasing to report that, although much still remains to be accomplished, the worst is probably behind us. Indeed, your Company is steadily emerging from its ordeal with more determination and a new focus for the future, improved executive and operational skills, a strengthened balance sheet and renewed confidence.

Metorex's past year was dominated by a liquidity crisis which became apparent in September 2008 and the raising of emergency funds as a consequence thereof in December 2008. Since then a range of measures have been taken to restore the Company's reputation and capacity, repair its balance sheet and prevent the recurrence of similar situations in future.

Safety, health, environment and communities ("SHEC")

Whilst pleasing to report that the Metorex Group incurred no fatal accidents during the financial year, independent SHEC audits carried out across Group operations, highlighted deficiencies compared with international standards and inconsistencies in the application of Group SHEC policies and procedures.

The development of an holistic Group SHEC strategy incorporating leading industry practice is a priority at Metorex. A range of initiatives adopted have already begun to show results. Your Board and management is committed to a no compromise top-down culture of safety and health excellence. We are fortunate in having Mr Les Paton, an experienced industry expert in this field, serve as Chairman of the Board's SHEC sub-committee.

Notwithstanding funding constraints Group companies have progressed a range of social and community initiatives as outlined on pages 45 to 47.

Operating and financial results

The Group's established operations at Chibuluma, Barberton and Vergenoeg delivered excellent operational performances for the year, whilst that of Consolidated Murchison was unacceptable. The operations at Ruashi I were discontinued in December 2008 and the resulting cessation of concentrate feed to the Sable business unit spoilt an otherwise solid performance, by Sable.

Group copper and cobalt production increased by 23 per cent to 31,207 tons and by 54 per cent to 871 tons respectively (including Ruashi II). Fluorspar production reduced by 15 per cent, driven largely by weaker product demand during the latter part of the financial year.

Primarily as a result of dramatic reductions in commodity prices and the impact of the Rand, mining profit before depreciation decreased by 67 per cent to R263 million.

It is Group policy to annually assess assets for impairment. Following this review, the Group impairment charge before taxation and minorities amounted to R2.3 billion mainly related to the holding in Copper Resources Corporation (R1.7 billion), the closure of the Ruashi phase I project (R216 million) and a write-off of the Consolidated Murchison assets (R125 million).

Group debt at financial year-end amounted to R2.1 billion. With the disposal of Pan African subsequent to the financial year-end and the proposed disposal of Vergenoeg for US$60 million, the Group debt level should reduce to R1.5 billion.

The development of the Ruashi Copper/Cobalt Mine operation

The construction of the Ruashi solvent extraction electro winning ("SX/EW") plant in the DRC has been a considerable achievement by Meterox. Ruashi II is in the final stages of being constructed and the operating results were thus capitalised for the period under review. Capital spent on Ruashi II to 30 June 2009 amounts to US$320 million and is estimated at US$333 million at final completion. The slow production build-up at Ruashi II was disappointing and was caused by a number of factors including delays in completing the plant, design and process modifications, de-bottlenecking, an untrained/inexperienced workforce and inadequate resource data and mine planning.

However, your executive team has addressed the commissioning challenges at Ruashi and production has been increasing steadily to date.

Great mines are built on superior ore bodies and a full understanding with supporting analysis, is required for optimal exploitation. It was thus deeply concerning that early mining at Ruashi revealed that prior interpretations of the Ruashi mineral resource required revision. Your executive team has implemented a mineral resource management programme at Ruashi commencing with a drilling campaign and a re-interpretation and analysis of the extensive legacy database. It focuses on revised geological, structural and lithological interpretations. It is pleasing to report that results have confirmed the quality of the Ruashi orebody and that the evolving process will result in an optimised mine plan. The new mine plan and production profile will be communicated to the market during the December 2009 quarter.

Your Board is confident that Ruashi will soon become one of the most efficient and successful mines on the copper belt.

The Metorex liquidity crisis

In common with many capital projects developed during the late stage of the previous bull market, the Group's main capital development programme, the Ruashi copper/cobalt mine in the Democratic Republic of the Congo ("DRC"), experienced a capital cost over-run and ramp-up delays. The estimated capital cost of completing Ruashi now stands at US$333 million, over US$120 million more than estimated in 1H 2008 financial year.

Whilst a large portion of this capital cost over-run was the result of massive input cost increases, particularly steel and cement, poor project management and weak engineering design and estimating also played a significant role. More importantly, weak costing, planning and reporting disciplines failed to alert your Board to the resultant funding shortfall. This exacerbated a situation which could otherwise have been addressed in a pre-emptive fashion in a more stable financial environment.

Chairman's review continued

Consequently the Company required emergency funds which were raised during December 2008 under highly adverse market conditions. The result was the issue of 372 million new shares at R2 per share raising R704 million, net of costs, and securing a one-year bridge loan facility of R178 million repayable on 30 November 2009. Details of these transactions were provided in the circular issued to shareholders dated 1 December 2008. Metorex would like to re-iterate for the record, its appreciation for the support given to the Company by its bankers, Standard Bank, and by the subscribers to this new equity issue.

The Ruashi capital cost over-run and ramp-up delays further resulted in Ruashi being in default of several covenants contained in its Ruashi project finance agreements.

Consequently, this project finance debt reverted to Metorex and was secured against remaining Group assets.

Furthermore, in December 2008 the Group's lenders insisted that a new four-year copper hedging facility be implemented. As at 30 September 2009 this hedge has a negative value to the Company of US$40 million. Details of this "hedge" are set out in this annual report in note 25.

Consequent to the crisis and emergency funding outlined above, Metorex vigorously implemented a series of initiatives to restore the Company to health as set out below:

Action taken # 1: Board oversight and corporate governance

The Metorex Board appointed me in a temporary executive capacity to urgently address a range of initiatives and this assignment ended in May 2009. During the year the Board was substantially reconstituted and improved corporate governance procedures implemented. The composition, experience, skills base and enhanced profile of your new Board, is compliant with the King reports and governance guidelines.

Action taken # 2: Strengthening executive and operational management

Several changes were made to strengthen the Company's executive management team and operational staff. The process of improving Group talent and enhancing management capacity, whilst addressing transformation imperatives, is ongoing.

From 2 March 2009 Terence Goodlace, an experienced mining industry professional, was appointed Chief Executive Officer and immediately made a positive impact by introducing rigorous technical standards and modern management. Your business is now effectively managed in a collaborative manner by the Group Executive Committee.

Action taken # 3: Disposal of non-core assets

The Group embarked upon a process of disposing of some of its assets, which has to date resulted in:

- the disposal of Phoenix Platinum for R71 million; and
- subsequent to year-end, the sale of the Pan African shareholding for R386 million and the conclusion of a Vergenoeg black economic empowerment deal for R109 million.

These proceeds provided much needed liquidity and secured the completion of Ruashi's capital requirements, repayment of the Group's bridge loans, ongoing funding of CRC and absorption of losses at Consolidated Murchison, including the closure of its negative gold hedge book for R41 million.

Action taken # 4: Strategic financing initiative

Early in 2009 the Company commenced with a process to secure risk capital at the DRC asset level to reduce existing levels of debt and fund the project pipeline which includes Kinsenda, Musonoi and Lubembe.

This process is ongoing and well advanced. During most of the financial year the Company has traded at a market value significantly below the value of its underlying assets making funding at the asset level imperative.

Action taken # 5: Refocus of the Company strategy and sale of Vergenoeg

The Company's former multi-commodity strategy has served it well throughout past business cycles. Unfortunately a side-effect of this has been the ongoing structural disadvantage of the Company being valued at less than the "sum of its parts" as analysts were unwilling to focus attention on diverse commodities within the Company's portfolio.

Additionally, changing circumstances across local, national and international levels necessitated a review of this strategy.

Firstly, asset disposals and the planned disposal or closure of Consolidated Murchison have reduced the breadth of the remaining commodity range to base minerals in the form of copper/cobalt and industrial minerals in the form of fluorspar.

Secondly, whilst developing relatively small mines in a developed environment was within the capability of the Company, the successful development of medium/large complex mining operations in challenging environments is clearly a different proposition as the travails of developing Ruashi have demonstrated.

We believe that success requires clear focus and that the Company needs to develop a depth of industry expertise and skill in its focused area. We have reviewed the skills needed to succeed in taking the fluorspar business platform to the next value level for shareholders (industrial minerals marketing and chemical engineering and manufacturing), and concluded that the Company currently lacks both these skills as well as the financial resources to simultaneously develop two diverse non-synergistic focused platforms.

Metorex has thus decided to focus on base minerals, initially in the DRC/Zambian copper belt, and to develop its exciting project pipeline as an initial base. Metorex believes that it is fast developing the required depth of industry expertise and skills in this area to generate a sustained competitive advantage.

Accordingly on 23 September 2009 Metorex announced its intent to dispose of Vergenoeg Mining Limited ("VML") to its strategic partners, Minersa Minerales Y Productos Derivados S.A., for US$60 million subject to the completion of various conditions. VML has been a stellar asset for Metorex for the last decade and this decision was not easily taken.

This disposal and the post year-end disposals referred to above will enable the Company to further reduce Group debt and enable the strategic finance initiative to progress without artificial pressure from its lenders.

Action taken #6: Consolidated Murchison ("Cons Murch")

Operations at Cons Murch were negatively impacted by a number of factors during the year under review. Revenue was adversely affected by a sharp reduction in the antimony price exacerbated by an interruption in offtake when the contractual buyer, Chemtura, filed for Chapter 11 protection in the mined stakes. The toxic gold hedge at R111 per gram also affected revenue and was closed out in April 2009. A lack of investment into the mine has led to a situation of low plant availability and limited ore reserve flexibility.

Initial assessments revealed that the costs of an immediate unplanned closure of Cons Murch were prohibitive, owing to significantly under-estimated and under-funded closure and retrenchment costs. This situation is being rectified.

Metorex's new management accordingly focused aggressively on implementing a turnaround plan including a reduction of staff levels and a focus on improving all aspects of the operation. In the last quarter of the year head grades improved by 63 per cent and 25 per cent for antimony and gold respectively, the plant recoveries improved by 25 per cent and 30 per cent for antimony and gold respectively, and therefore production of antimony and gold increased by 102 per cent and 27 per cent respectively enabling losses to be significantly reduced.

Chairman's review continued

Furthermore feasibility studies and evaluations carried out as part of the turnaround plan indicate that Cons Murch may become a viable and sustainable operation following substantial recapitalisation and investment. As Cons Murch is not a core asset for Metorex, discussions are taking place with interested parties to dispose of the operation in an effort to save the mine, associated jobs and the affected community.

Action taken #7 – Copper Resources Corporation ("CRC")

The acquisition initially of 46 per cent and subsequently of 50,1 per cent of CRC was made during 2007 primarily via the issue of 87 million new Metorex shares and R90 million cash with the purpose of:

a) targeting the future development of the high grade Kinsenda mine, located 85km south east of Lubumbashi on the Zambian border; and
b) progressing the evaluation of the Lubembe prospect situated 25km away.

Metorex has proceeded with the evaluation and planning needed to develop Kinsenda and has carried out initial drilling at Lubembe with positive results. Regrettably costs relating to standing overheads at Kinsenda (mainly the pumping of underground water and costs of staff to maintain the operation), and additional costs imposed on the Company's assets as a result of the DRC government's mineral review process were far higher than anticipated. It has thus been a challenge to justify retaining this investment, despite its attractive prospects.

Management has successfully lowered the ongoing costs at Kinsenda and increased the Metorex shareholding in CRC to 87 per cent via capitalising its loan accounts after offering other shareholders an opportunity to exercise their pre-emptive rights.

Kinsenda and Lubembe represent quality long-term projects for early development in line with the Company's new strategy.

The Metorex Board

Since the last annual report, Messrs S Malone, E Legg, K Spencer, C Needham, G Forrest, (P Chevalier – alternate) and A Laughland have retired or resigned from the Board and T Goodlace, M Smith, J Hopwood, L Paton, V Mabuza, P Chevalier and N Kgositsile have been appointed to your Board in what represents a complete recomposition and rebalancing of the Board.

We believe that your new Board is now well balanced in terms of skills, including mining, finance, technical and social skills, experience and background and is in accordance with the Company's evolving transformation objectives. An optimal balance of non-executive, and indeed independent non-executive and executive members has also been achieved and this Board and its various sub-committees is now King compliant. Details of this Board's functions and the background of the new members are set out in this Annual Report.

Metorex wishes to record its appreciation to all the directors who have retired or resigned for their services to the Company over, in some instances, many years. Simon Malone retired on 21 January 2009 after 34 years' service to this Company which he co-founded. Metorex would simply not exist today without his inspired past leadership. Keith Spencer, Ed Legg and Charles Needham have retired or resigned after years of service to this Group, although Charles remains a Group executive and Alistair Laughland retires after 10 years of diligent and wise counsel as a non-executive director.

The Company's operating environment

The near demise of the systemically connected global financial system commencing with the collapse of Lehman Brothers in September 2008 and proceeding at bewildering pace to the virtual closure of international credit markets, propelled the global economy into the most severe recession in 75 years. Fortunately, unprecedented, co-ordinated and massive intervention by monetary authorities globally appears to have largely achieved its objectives and world financial

systems have stabilised the global economy for a long, hard and slow road to recovery.

This unprecedented collapse in world markets impacted severely on raw material demand which was exacerbated by a period of sustained de-stocking from November 2008 to March 2009. This impacted on commodity prices with copper having declined some 60 per cent over a three-month period. The resource industry reacted by postponing new projects, reducing output, closing marginal operations and severely cutting capital expenditure which will impact supply in the future.

Some indications of a nascent recovery in emerging markets, particularly China, have led to a robust rebound in energy and infrastructure raw material demand with copper now trading at over US$6,000/ton.

The Company operating environment in Zambia and the DRC was negatively impacted by the proposed tax system changes in Zambia and the mineral review process or 'revisitation' in the DRC. Fortunately, the authorities in Zambia have suspended the proposed new tax system changes regarding windfall taxes and your Company completed the mineral review process with confirmation of the legal tenure of its projects. Unfortunately this process was not without a direct cost to Metorex. However, we believe in the long-term value of our DRC projects and we understand the government's desire to create a level playing field for investors.

Your Company's evolving operational scale in the DRC is facilitating a gradual improvement in its ability to operate effectively but the environment remains difficult. However, it is pleasing to note that the development and evolution of effective political and government structures in the DRC continues.

Prospects

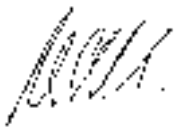
During the last few months Metorex has focused on strengthening its executive and operational structures and capacity and restoring the Company's reputation and technical excellence. The achievement of full nameplate capacity and operational stability at Ruashi will remain the Company's primary target. In addition your Company will focus on creating shareholder value by progressing the Kinsenda, Musonoi and Lubembe projects.

The strategic financing initiative will be progressed to further strengthen the balance sheet and to provide the Company with the funds needed to proceed with the development of Kinsenda and later Musonoi and further advance its stated policy of targeting base minerals in the African copper belt.

Appreciation

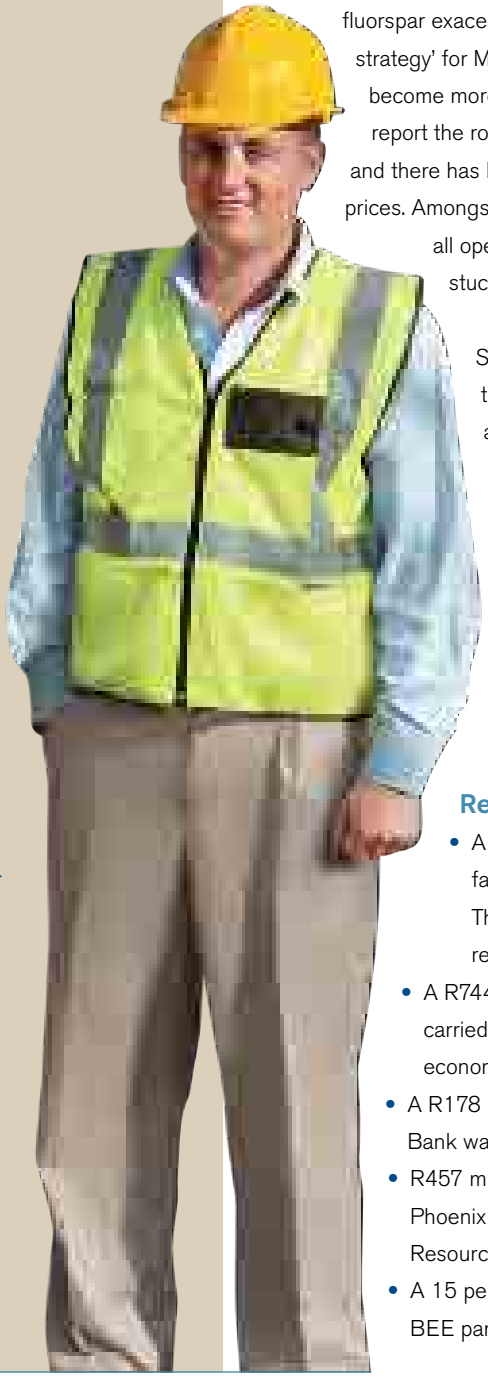
Your Company's Board, the executive team led by Terence Goodlace and all staff have put in an enormous effort under extreme conditions to commence restoring your Company to health and to lay a platform for future growth. My appreciation to you all.

The counsel and support of my fellow directors, past and new, during this difficult year is appreciated.



Rob Still
4 November 2009

Chief Executive Officer's report



"We are confident that with a strong balance sheet, technical excellence and a broader geographic spread, our reputation for safe, reliable and profitable work, will hold us in good stead as we move to focus on the future."

T P Goodlace
Chief Executive

Dear Shareholder

The 2009 financial year was somewhat of a roller coaster ride for the Metorex Group. Performance was marred by financial market turmoil which led to a steep fall in most commodity prices other than gold. The effect on Metorex and its share price was severe and resulted in a complete change in strategy during the second half of the financial year. The Group debt position, the capital over-runs, delayed ramp-up at Ruashi, and reduced off-take in antimony and fluorspar exacerbated the situation. The previous 'growth strategy' for Metorex developed in 2008 changed to become more of a fight for survival. At the time of this report the roller coaster ride appears to have calmed and there has been a pleasing increase in commodity prices. Amongst all the turmoil, I'm pleased to report that all operations have held their heads high and stuck diligently to the tasks at hand.

Since joining the Company in March 2009 there have been two key areas of focus at Metorex. The first focus area is on the restoration of the balance sheet. The second revolves around the restoration of the Company's reputation. There have been various changes at Board and management levels and a number of decisive corporate and operational actions were initiated and successfully executed during the year under review.

Restoring the balance sheet

- A R282 million (US$36 million) loan facility was raised at the Chibuluma mine. The repayment schedule was successfully renegotiated to create some headroom;
- A R744 million capital raising was successfully carried out during December 2008 in turbulent economic conditions;
- A R178 million bridging loan facility with Standard Bank was secured during December 2008;
- R457 million was raised from the sales of Phoenix Platinum (R71 million) and Pan African Resources (R386 million);
- A 15 per cent stake in Vergenoeg was sold to a BEE partner for R109 million;

- The remaining 55 per cent stake in Vergenoeg is to be sold to Minersa for US$60 million (R462 million), subject to certain conditions precedent, the proceeds of which will be used towards further reducing Ruashi debt; and
- The Company initiated and advanced the process of seeking strategic investors specifically intended to further reduce debt levels at Ruashi.

Restoring the reputation of the Company

- Continuously improving our safety, health, environment and community ("SHEC") performance and elevating risk management processes to higher levels across the Group;
- Increasing technical inputs and diligence across all operations and new projects;
- Increasing productivity through integrated, all inclusive productivity plans which focus on mine and plant design and set up, simulations and benchmarking, continuous improvement in volume, value, quality, costs and capital ("VVQ2C"). This includes motivating our people to achieve higher levels of output through appropriate remuneration, recognition and rewards ("RRR") within their own unique cultural settings;
- Increasing real profits for today and tomorrow by focusing on revenues and real costs with the cash margin being the ultimate measure. The cash margin is defined as revenue less actual costs less actual capital; and
- Delivering on organic and other growth initiatives such that we maximise on current installed infrastructure and resource bases.

Disposals

Post an assessment of the Metorex portfolio and commodity prices, the Company embarked on a process of seeking alternatives to unlock value through disposals of the Phoenix Platinum Project and Pan African Resources plc ("PAR") shares. The primary aim was to advance a process that would accelerate receipt of any disposal consideration and thus reduce Metorex's debt exposure and provide for other funding.

The sale of Phoenix Platinum (Pty) Limited to PAR was completed on 21 May 2009 for a cash consideration of R71 million. PAR had accelerated their four-month option on the asset after detailed sampling indicated that grades were consistent with the pre-feasibility work carried out by Metorex.

On the 18 June 2009 PAR announced that Shanduka Gold (Pty) Limited ("Shanduka Gold") was disposing of its 26 per cent shareholding in Barberton Mines to Pan African and the Shanduka rights and the Metorex flip-up right would cease to be exercisable. Pan African then allotted and issued 296 million new ordinary shares to Shanduka Gold giving it a 21 per cent shareholding in PAR.

Metorex owned 594 million PAR ordinary shares that constituted approximately 53,4 per cent of the issued share capital of PAR. On 25 June 2009 we were pleased to announce that, via a bookbuild process, we had conditionally sold these shares at a price of 65 cents per PAR share, resulting in the disposal of all the Metorex owned PAR shares. The gross proceeds amounted to R386 million and the transaction became unconditional in July 2009.

At the same time we announced that we had agreed to allow Shanduka Gold to participate in the bookbuild and that Shanduka Gold had agreed to acquire a further five per cent of PAR's enlarged issued share capital from Metorex through this process. In terms of this agreement, Shanduka Gold acquired 70 million PAR shares from Metorex. The overall effect of the transactions mentioned above was a fully empowered PAR with Shanduka owning 26 per cent of the issued share capital of the Company. As noted at the time, Metorex had proudly been associated with Barberton Mines over a period of six years and we wished the new Pan African Resources shareholders every success in the future.

Shareholders of Metorex were advised on 23 September 2009 that Metorex, Minerales Y Productos Derivados S.A. ("Minersa") and Vergenoeg entered into a sale of shares agreement whereby Metorex will dispose of its entire shareholding in Vergenoeg comprising 137 500 ordinary shares constituting 55 per cent of the issued ordinary share capital of Vergenoeg, to Minersa, currently a 30 per cent shareholder in Vergenoeg, for a cash consideration of US$60 million. This is in line with our stated intention to restructure and reduce debt at the Ruashi project. Minersa has the necessary expertise to continue operating Vergenoeg successfully, thereby retaining the integrity of the recently concluded black economic empowerment ("BEE") transaction involving Medu Capital ("Medu"), a consortium of BEE controlled entities, as announced on 29 July 2009. Through the disposal of its remaining interest in Vergenoeg,

Chief Executive Officer's report continued

the Company continues to further define itself as a base metals producer, through the increased focus of its resources towards that objective and management is of the view that a deliberate and resolute approach towards the development of the Ruashi project will generate value for shareholders. The Vergenoeg consideration will assist with the execution of the ongoing strategy and will furthermore reduce debt levels on the Ruashi project.

SHEC

It is pleasing to report that the Metorex Group had no fatal accidents during the last financial year. However, the development of a holistic Group SHEC strategy is a priority at Metorex. This was highlighted after an independent SHEC audit was undertaken at four of the Group operations during the June 2009 quarter. Key benefits of such a strategy are the alignment of all Metorex operations and an acceleration towards industry leading practice.

Another priority identified during the audit was the need to address the occupational health and safety competence of Metorex line managers as well as related specialist functions. To meet this shortcoming the Group is set to focus on specific training interventions including hazard identification, risk assessment and consequential thinking thereby ensuring that internal competencies are developed beyond current levels. The development and use of external and internal expertise during the design and implementation of the SHEC strategy and resultant systems facilitates the process of ownership by our teams at Metorex.

Risk management is a critical element in the "toolkit" of the operating companies and all baseline risk assessments are being reviewed at all mines in the Group. In the absence of proper baseline risk assessments, mines are not able to manage risks nor develop systems that will assist in doing so.

A set of Metorex Safe Production Rules has been compiled and developed for the Group. All staff employed in the Group are being made familiar with these rules that are aimed at providing guidance on health and safety for critical activities on the mines. In addition a new set of safety definitions has been introduced with effect from 1 July 2009. This will ensure consistency of reporting.

The progress of the South African operations to achieve the 2013 Mine Health and Safety Council milestones targets for occupational safety and hygiene will be well monitored and encouraged at operational level. To this end the focus will remain on reducing accidents to achieve safety performance levels that are comparable to international benchmarks. The approach to occupational hygiene will focus on managing a healthy work environment, the control of airborne pollutants and the management of noise and vibration in order to eliminate the incidence of silicosis and noise-induced hearing loss by 2013.

Licence to operate

During February 2009 the Company announced that it had successfully completed negotiations with the Democratic Republic of the Congo authorities with respect to the licence review process instituted during April 2007. The final agreement with Ruashi Mining entailed a US$4 million mineral content fee (pas-de-porte) to be paid to La Generale des Carrieres et des Mines ("Gécamines"), an equity participation adjustment whereby the Gécamines shareholding increased from 20 per cent to 25 per cent of Ruashi Holdings and a royalty of 2,5 per cent on gross revenue to be paid to Gécamines. Since the agreement we have paid US$1 million to Gécamines. The final agreement with CRC/MMK entailed a mineral content fee of US$3 million to be paid to Societe des Developmente Industrial et Miniere du Congo ("Sodimico"), an equity participation adjustment whereby Sodimico's shareholding increased from 20 per cent to 23 per cent, the return to Sodimico of the Musoshi Mine and a royalty of 2,5 per cent on gross revenue to be paid to Sodimico. To date the Musoshi mine has been returned to Sodimico and US$1 million paid as part of the mineral content fee.

Our South African operations submitted their licence conversions to the Department of Mineral Resources during the year. Post-year-end it was announced that Metorex had entered into a sale of shares agreement whereby Metorex disposed of 37 500 ordinary shares in Vergenoeg, representing 15 per cent of the issued ordinary share capital of Vergenoeg, to Medu Capital, a consortium of BEE controlled entities, for a cash consideration of R109 million. An empowerment partner continues to be sought for the loss-making Consolidated Murchison mine.

Ruashi

There are a number of factors affecting the reputation of Metorex but the primary issue was one of a lack of delivery at Ruashi. Firstly, the capital project overspent in relation to the

feasibility study and secondly, the production ramp-up did not meet plan and this in turn impacted negatively on cash flows for the mine and the Group. The capital spend for the year amounted to R752 million (US$98 million) and the SX/EW plant is now substantially complete. There were and continue to be bottlenecks and commissioning issues but these are being systematically addressed and solved through constraint management. Key capital items outstanding include the acid plant, the cobalt drying section and the crusher front-end with its associated coarse ore stockpile. The plant reached 50 per cent of capacity by the end of the financial year and the build up should continue during F2010. However, a key shortcoming in planning at Ruashi was a lack of focus on mineral resource management ("MRM"). This was subsequently rectified and a proper constrained resource model for the three open pits at the mine was completed. This resource model is currently being used to determine a production profile for the mine and it is anticipated that the results of this work will be presented to the market during the December 2009 quarter. A Group Mineral Resource Management Consultant (Tim Williams) was appointed during April 2009 to oversee Mineral Resource and Ore Reserve reporting for the Group and to date he has made great strides in advancing the changes needed at Metorex.

Production and revenue

Copper production for the year increased by 23 per cent to 31,207 tons primarily as a result of 10,378 tons having been produced at the developing Ruashi (phase II) mine in the Democratic Republic of the Congo ("DRC"). Ruashi Phase I, which was supplying concentrate to the Sable plant in Zambia was discontinued during December 2008, and this resulted in a loss of copper production of 5,131 tons as compared to F2008. The Chibuluma mine in Zambia had an exceptional year and increased its annual production by nine per cent for the year to 15,940 tons of copper.

Unfortunately, the decline of some 40 per cent in copper prices achieved to an average of US$4.464 per ton (2008: US$7.277 per ton) resulted in a significant reduction in revenue for the Group. The copper price has since rebounded and at the time of writing is in excess of US$6.000 per ton.

Cobalt production for the F2009 increased by 54 per cent to 871 tons as a direct result of the commissioning of the cobalt plant at Ruashi (phase II). The average price achieved was US$14 per pound and was based on 64 per cent of the London Metals Bulletin ("LMB") in terms of the Ruashi off-take agreement with Jinchuan. Cobalt sales for the year lagged behind that which was produced and this was caused by distribution bottlenecks, which continue to be addressed. The Kasumbalesa border post between the DRC and Zambia is a key logistical bottleneck and needs resolution at the highest levels.

Fluorspar production from the Vergenoeg mine in South Africa was reduced by 15 per cent. This was driven largely by weaker product demand during the second part of the financial year. Fluorspar prices achieved increased by 62 per cent, which together with a weaker Rand/US$ exchange rate, resulted in an overall 20 per cent increase in fluorspar revenue at the Vergenoeg mine.

Operating costs

Group operating costs increased by 41 per cent to R774 million for the year, mainly as a result of a 24 per cent weakening in the Rand/US$ exchange rate and its effect on translation of the foreign operations costs. Furthermore, the Group experienced strong inflationary increases across its operations driven largely by the exponential price increases in consumables, utilities and services during 2007/2008.

Mining profit before depreciation

Following the effect of the changes in Group revenues and operating costs, mining profit before depreciation decreased by 67 per cent to R263 million.

Depreciation and impairments

Depreciation increased by 28 per cent to R122 million in line with the weaker Rand/US$ exchange rate on translation of the Group's foreign operations.

It is Group policy to annually assess assets for impairment. Following this review, the Group impairment charge before taxation and minorities amounted to R2.3 billion mainly related to Copper Resources Corporation ("CRC") (R1.7 billion), the discontinuance of the Ruashi phase I project (R216 million) and a write-off of the Consolidated Murchison operation (R125 million). The primary CRC asset, being the Kinsenda mine, was impaired to R230 million (US$30 million) based upon a risk-based valuation using a real discount rate of some 20 per cent. This was to take account of specific risks as they relate to future project funding, project development and the DRC operating environment in general. A copper price of US$5.000 per ton

Chief Executive Officer's report continued

was applied in these valuations. The Kinsenda project however, has an estimated internal rate of return of 30 per cent and is considered core to the Group's future development strategy. As the Group advances toward securing funding for a comprehensive bankable feasibility study and ultimately the development of the Kinsenda project, the risk-based discount rate is expected to reduce.

Borrowing costs

Cash flows from Group debt introduced during the year were mainly applied to the development of the Ruashi project in the DRC. The associated borrowing costs were accordingly capitalised.

Headline earnings

Group headline earnings per share reduced to 24 cents for the year ended 30 June 2009 and exclude the effect of the impairment charges. The weighted average number of Metorex shares in issue increased by 59 per cent to 553 million shares following the equity issue concluded during December 2008.

Group cash flow

Cash generated by operations reduced by 49 per cent to R466 million. After dividends paid to minorities of R108 million and taxation payments totalling R236 million, the Group generated net cash from operating activities of R122 million. Cash applied to investing activities of R1.4 billion principally related to capital expenditure at Ruashi and Chibuluma together with ongoing funding of CRC. The Group secured net cash inflows of R1.2 billion from financing activities, which primarily resulted from new debt of R282 million (US$36 million) introduced at Chibuluma, further project loans at Ruashi of R125 million, bridge loan draw-downs of R132 million and new equity of R704 million at the Metorex corporate level.

Group balance sheet

The Group net asset value reduced by 65 per cent to 323 cents per share following the impairment of CRC, Ruashi phase I and Consolidated Murchison. Interest-bearing debt increased to R2.1 billion of which R696 million is due during the forthcoming 12 months. The subsequent disposal of Pan African and the Vergenoeg deal secured repayment of the Group's short-term loans of R190 million and furthermore the funding of Ruashi to completion as well as the ongoing funding of CRC and Consolidated Murchison. Chibuluma is in a position to service its debt instalments during the next financial year. The first Ruashi instalment of R193 million (US$25 million) is due 31 December 2009. The Group is still trading under cautionary as it is involved in negotiations with the objective of injecting further liquidity and simultaneously restructuring the Ruashi debt profile.

The Ruashi hedge book was restructured during December 2008 which resulted in forward prices of US$3.900 per ton until September 2010 for approximately 50 per cent to 60 per cent of production. Thereafter, fully paid put options apply to June 2012 protecting a minimum price of US$3.900 per ton and full price exposure to the upside.

A limited hedge book was introduced at Chibuluma securing copper prices ranging between US$4.415 per ton and US$5.308 per ton for 50 per cent of production to June 2010. The objective was to introduce some price certainty at Chibuluma taking cognisance of its debt commitments for the financial year ending 30 June 2010.

Business development

There are a number of potential growth projects in the Group and all of these are concentrated in the central African copper belt. The key projects in our portfolio are the Kinsenda, Lubembe and Musonoi deposits all in the DRC. The Musoshi project has been returned to Sodimico, a state mining company, as a result of the licence review process concluded during the year.

During the year under review, cash constraints delayed the exploration work needed at the CRC assets namely the Kinsenda and Lubembe projects. These two projects are situated near Kasumbalesa on the DRC/Zambian border. The Kinsenda mine forms a part of the Zambian copper belt and has the potential of being a high grade underground copper mine with proved and probable reserves of 11,3 million tons of sulphide ore at 4,92 per cent copper. Pre-feasibility studies for this mine continue to be advanced and should the cash position of the Group change, then an exploration programme would be initiated to upgrade additional resources to reserves. The mine is being dewatered at a rate of 2,000 cubic metres per hour and contingency pump columns have been installed to provide for additional pumping flexibility. Holding costs were reduced from

US$2 million to US$1 million per month during the year as part of the Group's cash preservation strategy. The Lubumbashi office was closed during the June 2009 quarter to reduce holding costs and to establish a base closer to the mine. The development of the underground mine, a copper concentrator and mine general infrastructure will need some US$180 million in capital funding.

Exploration drilling at the Lubembe deposit continued during the first half of the year but these activities were curtailed due to cash constraints in January 2009. The current resource indicates sulphide and oxide mineralisation with good copper grades, amenable to efficient open-pit mining and low stripping ratio oxide open-pit operation. The strike length of the deposit is 1,000 metres and dips at some 25 degrees. Ore body width is around 30 metres and the sub-outcrop is 35 metres below surface. The Lubembe deposit has an historical, non-SAMREC compliant, inferred resource of 47,5 million tons at grades of 2,2 per cent copper. A total of US$1.8 million has been invested in exploration and further exploration drilling is required to advance the resource model. Metorex has completed 115 holes (13,010 metres) in addition to historical drilling. Assay results have been received and a revised SAMREC compliant resource model will be completed in the coming year.

Conceptual order of magnitude studies continue to be advanced for the Musonoi project in Kolwezi. This virgin deposit is of a similar style to the nearby Kamoto underground mine and the project falls under Ruashi Holdings. It is located approximately two kilometres north of the town of Kolwezi and is adjacent to the Katanga Mining Limited operations. The deposit has the potential of being a high grade deposit with copper grades of 3,6 per cent and cobalt grades of one per cent. The deposit is made up of oxide and sulphide mineralisation and US$3.3 million has been invested in 44 boreholes (9,221 metres) drilled by Ruashi/Metorex. Exploration drilling, at a rate of US$30.000 per month, recommenced post 30 June 2009 with the aim of producing a resource model by June 2010.

Outlook

The team at Metorex will continue to drive at the restoration of the balance sheet and rebuild the reputation of the Company. The balance sheet continues to improve and once settled the Company will be better positioned to participate and grow as a more focused base metals producer. The Company is now operating in the resource rich, infrastructure poor DRC and has a pipeline of projects and an established base to work from. On the operational front we will continue to design and implement a comprehensive SHEC strategy and drive for high levels of performance that can match Australian or Canadian benchmarks.

Operations will focus on increased volumes, values and quality as well as cost leadership and capital optimisation. Key to the operations is the application of constraint theory and operational improvement principles and performance. Human resource development is being advanced through new formal performance management processes that include balanced scorecards and a new incentive system aligned to the operational strategy. Initially this will focus on the management levels but will be rolled out into the organisations over the coming year.

A new Group strategic planning and operational planning process has been implemented to ensure high levels of technical inputs and diligence into plans. As part of this process we will complete the current Ruashi mineral resource and ore reserve programme by the end of October 2009. This work will dictate the ramp-up at the mine. In addition we will continue to improve throughput at the process plant and complete the outstanding capital works.

Metorex as a Company has fundamentally changed over the last year and along with the disposals highlighted in this report, we are now a more focused base metals Company. We will complete the restoration of the Group balance sheet in this financial year and once complete we will be positioned for growth and the advancement of our pipeline of projects.



Terence Goodlace
4 November 2009

Executive committee



From left: Maritz Smith, Lloyd Bradford, Darryll Castle, Trevor Faber, Terence Goodlace, Charles Needham and Tim Williams.

Lloyd Bradford – (47)
Group Metallurgical Manager
BSc (Hons) Chemical Engineering
Before joining Metorex about four-and-a-half years ago, Lloyd spent 19 years working for Anglovaal Mining in various operational and technical roles. He has gained experience across a wide range of metallurgy, from precious metals, base metals, and industrial minerals to other products such as uranium, and acid. He spent 10 years in various capacities working on the mines and also 14 years in a head office environment where he has led feasibility studies, carried out design work and provided technical consulting to the mines. Current responsibilities include providing technical input into metallurgical related projects and operations.

Darryll Castle – (40)
Chief Operating Officer
BSc (Eng) Civil Engineering, BCom, MBA (UCT), CFA
Before joining Metorex Darryll was Executive Director of Zungu Investments Company, a diversified BEE company with interests in mining, finance, media and other industrial interests. His responsibilities extended through all aspects of the business, including finance and administration, human resources, and strategy and acquisitions. Darryll was responsible for Africa Vanguard Resources, a mining company with joint ventures with Uranium One, Harmony, Rockwell Diamonds and Gold One.

Prior to this Darryll was a fund manager and analyst with STANLIB Asset Management, one of South Africa's largest asset managers. Darryll managed several high profile funds, and held positions on the STANLIB Executive Committee, was Head of Mining and Resources and Head of Mutual Funds.

Darryll previously worked for Billiton in the mining environment, and started his career at Transnet as a civil engineer.

Trevor John Faber – (38)
Group Mining Engineer
BSc Engineering (Mining)
Trevor joined Metorex in June 2006 as Project Manager for Ruashi phase II. His early career incorporated operational and construction management experience obtained mainly in the South African platinum sector. More recently Trevor was appointed as Technical Director at Ridge Mining and was responsible for the development of its Blue Ridge Platinum Mine in Groblersdal.

Trevor's role on EXCO is two fold. First he is responsible for implementing the Group SHEC framework and second for general overview of all technical issues related to mine design, layout, scheduling and implementation.

Charles Denby Stockton Needham – (55)
Corporate Affairs
Charles joined Metorex in 1983. His specific expertise lies in the field of financing, financial reporting, management reporting, hedging and company affairs, as well as in-depth knowledge of and experience in the Metorex Group operations. As our Managing Director, Charles is active in the interface between corporate and operational management.

Tim Williams – (42)
Group Mineral Resources Manager
BSc (Hons) Geology (Wits); GDE (Wits); Pr.Sci.Nat; Fellow (SAIMM)
Tim is a geologist with 19 years experience in exploration, resource development and mining geology in gold and base metals through West, Central and East Africa. Previously he worked for a major South African mining company with interests throughout Africa. Most recently spent seven years on the Copperbelt in Zambia as Mineral Resources Manager for a large copper mining company.

Joined Metorex in January 2007. Assumed responsibility for Group Mineral Resources Management from May 2009.

Statistical information

Commodity production statistics

Commodity	Unit	2006	2007	2008	**2009**
Copper	(t)	8 002	17 131	25 350	**31 207***
Cobalt	(t)	–	132	565	**871***
Antimony	(mtu)	576 317	377 998	361 455	**257 983**
Fluorspar (all grades)	(dmt)	156 692	183 199	180 854	**152 934**
Gold	(kg)	3 763	3 348	3 517	**3 498**

**Includes Ruashi II production.*

Commodity sales statistics

Commodity	Unit	2006	2007	2008	**2009**
Copper	(t)	8 369	17 107	23 291	**31 846***
Cobalt	(t)	–	129	386	**578***
Antimony	(mtu)	585 600	371 061	337 403	**271 286**
Fluorspar (all grades)	(dmt)	158 285	181 286	184 299	**135 962**
Gold	(kg)	3 777	3 332	3 603	**3 451**

**Includes Ruashi II sales, not part of income statement.*

Average commodity prices achieved

Commodity	Unit	2006	2007	2008	**2009**
Copper	(US$/t)	5 514	7 066	7 277	**4 464**
Cobalt (64% of LMB quoted price)	(US$/lb)	–	11	18	**14**
Gold	US$/oz	508	581	804	**818**
Antimony	(USmtu)	44	54	58	**39**
Fluorspar (all grades)	(R/t)	992	1 253	1 387	**2 241**
Exchange rate (average)	R/US$	6,4	7,2	7,3	**9,03**
Exchange rate (year-end)	R/US$	7,2	7,0	7,8	**7,72**

Capital expenditure

Company	Description	2008 R000	**2009 R000**
Pan African Resources plc	– Plant, equipment and development (Barberton)	49 817	**58 305**
	– Losses and exploration expenditure	4 356	**77 864**
Vergenoeg Mining Company (Pty) Limited	– Mineral rights	5 049	**3 213**
	– Plant, equipment and development	9 088	**24 040**
	– Land/building and infrastructure	2 191	**2 471**
	– Other	2 530	**10 923**
Consolidated Murchison	– Plant, equipment and development	67 828	**27 985**
	– Other	558	**1 683**
Chibuluma Mines plc	– Plant, equipment and development	119 569	**121 065**
Ruashi Mining and Sable Zinc Kabwe Limited	– Capital work in progress	1 294 910	**669 504**
	– Plant and equipment	17 569	**16 166**
	– Other	128 333	**66 961**
	– Borrowing costs and losses	120 192	**136 408**
Copper Resources Corporation	– Plant, equipment, development and holding costs	74 239	**383 068**
Metorex Limited	– Furniture and office equipment	202	**282**
Total capital expenditure for the year (excluding mineral rights from acquisitions)		1 896 431	**1 599 938**

Operational review

Ruashi Mining sprl – Copper and Cobalt

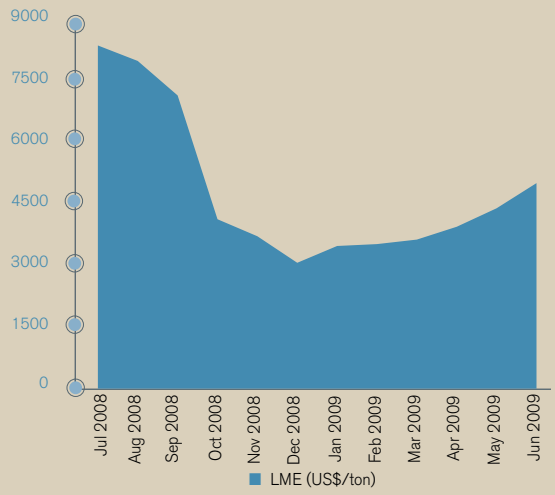


CCD tanks (Ruashi view over PLS pond)

Ruashi is a developing copper and cobalt operation located a few kilometres from Lubumbashi in the south eastern province of Katanga in the Democratic Republic of the Congo ("DRC"). Ruashi Holdings (Pty) Limited owns 75 per cent (F2008: 80 per cent) of the operating company (Ruashi Mining sprl), while the remaining 25 per cent (F2008: 20 per cent) is held by the state-owned Gécamines. The decrease in the interest held by Ruashi Holdings (Pty) Limited is as a result of the finalisation of the contract revisitation process and the subsequent amendment to the contract of creation of Ruashi Mining sprl.

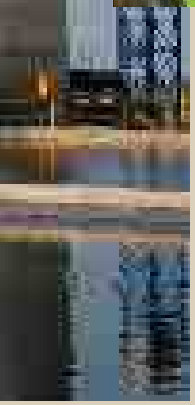
During F2009, the process plant took major strides to enhance its engineering and development capacity. During plant commissioning many bottlenecks were identified and solved and a comprehensive mineral resource modelling programme was undertaken to achieve greater certainty and resolution of mineral resources and ore reserves. All costs were capitalised for the Ruashi phase II during the entire financial year.

Copper price: July 2008 – June 2009









Management
G Dempsey, Managing Director
J Mukinkwe, Deputy Managing Director
R Proulx, Financial Director
E Mounsey, Chief Operations Officer
J Lubbe, Finance Executive

Directors
C Needham, Chairman
G Dempsey
R Proulx
D Castle
Dr M Mutamba
C Umba
K Kasakoto

Ruashi			Year	
			June 2008	**June 2009**
Tons milled		(t)	n/a	**485 360**
Headgrade	– Copper	(%)	n/a	**2,8**
	– Cobalt	(%)	n/a	**0,5**
Recovery	– Copper	(%)	n/a	**76**
	– Cobalt	(%)	n/a	**27**
Copper produced		(t)	n/a	**10 378**
Copper sold		(t)	n/a	**10 351**
Cobalt produced		(t)	n/a	**720**
Cobalt sold		(t)	n/a	**326**
Total cash cost/ton of copper produced, net of cobalt credits*		(US$/t)	n/a	**4 518**
Capital expenditure, excluding losses and borrowing costs		(R'000)	1 365 773	**752 632**

**Cobalt credit calculated basis cobalt production and a gross cobalt price of US$15/pound (US$9.60/pound payable) for illustrative purposes*

SHEC report

Safety performance frequency rates

Frequency rates	F2008	**F2009**
Non-lost time frequency rate	42,7	**6,9**
Lost time injury frequency rate	–	**0,5**
Total recordable injury frequency rate	42,7	**7,4**
Reportable injury frequency rate	–	**0,5**
Serious injury frequency rate	–	**0,5**
Lost day severity rate	–	**9,5**
Fatality frequency rate	–	**–**

Safety and health

Data from the last two financial years are not fully comparable given that reporting methodology of the mine's safety statistics changed to match the new Metorex standard definitions. However, the non-lost time injury frequency rate showed a favourable downward trend. The number of non-lost time injuries increased marginally to the increase in the number of employees. The operation has not had a fatal accident since inception in May 2005 and has achieved 1,27 million fatality-free shifts.

A new Safety, Health, Environment and Communities ("SHEC") policy was introduced in February 2009 in alignment with Metorex's Group policy. Safety training progressed well in the period under review, and safety awareness was heightened through a number of initiatives and an increase in training.

Environment

Ruashi introduced Metorex's reporting levels in April 2009 to capture its environmental incidents. Only four incidents were reported in the latter half of the year, one of which was an incident that occurred when return water from the tailings dam overflowed and discharged mine water into a nearby stream. Prompt corrective action was taken and measures were put in place to prevent further occurrences.

Improved systems have been installed to clean and prevent further hydrocarbon spills from large earthmoving equipment on the mine. Once a fully operational sulphuric acid plant has been established at Ruashi, it will further reduce the operational risk and costs associated with importing sulphuric acid from the Zambian copper belt.

In terms of occupational health Ruashi has sampling devices around the plant for dust collection. Subsequent chemical analysis is undertaken to ensure compliance with environmental standards for workplaces. Water quality is

Operational review continued

Ruashi Mining sprl – Copper and Cobalt continued

monitored in and around the mine and plant, as well as in the community and other general water courses. Equipment to enable a comprehensive range of workplace health monitoring programmes for workers is on order, but a formal system is not yet in place. This will be implemented in F2010. Ruashi undertakes limited malaria spraying and provides impregnated mosquito nets. This specifically structured preventative programme will be enhanced in F2010.

Serving the community

Ruashi provided both power and water to various sections of the Ruashi village during the year under review. A water storage tank and reticulation system at the main village was upgraded and transformers have been installed at three of the subsections of the village. The company also sponsors sports days and annually hosts the "Ruashi Water Fun Run" to celebrate the commissioning of the water system in F2008. A total of US$1.0 million was spent on social initiatives during F2009. The proximity of the mine to Lubumbashi and more specifically the Ruashi village requires a high level of engagement with local communities. This is a key risk and management focus area.

In addition, a number of additional projects were supported and these are listed in the Corporate Social Investment section.

Operational review

Commencing in April 2009 the mine embarked on a 5,000 metre infill diamond drilling programme to improve its knowledge of the orebody in areas where there is a lower concentration of information, and also to confirm the different ore types within the overall orebody. The drilling and assay interpretation is complete and a revised South African Mineral Resource Committee ("SAMREC") mineral resource and ore reserve has been defined for publication. A full technical team has been set-up at the mine to ensure compliance with best practice.

Mining commenced in Ruashi Pit 1 at the start of the financial year. Benches and access to the pit were established and dewatering efforts accelerated. Additional curtain dewatering boreholes were drilled on the south sides of Pit 1 and Pit 2. At the close of the 2009 financial year, Pits 1 and 2 were fully established.

The mine delivered 738,236 tons of ore to plant, 252,876 tons of which were initially processed through the phase I concentrator and commencing December 2008, 485,360 tons at the new phase II base metal refinery. The grades recorded were 3,05 per cent copper and 0,47 per cent cobalt to the Phase I concentrator and 2,8 per cent copper and 0,5 per cent cobalt to the Phase II refinery. Waste tonnage stripped for the period amounted to 6,3 million tons.

During the latter half of the year considerable progress was made in developing the Phase II plant into a steady state of operation. Both the milling and the leach sections were stress tested to 200 tons/hour and 180 tons/hour of solids respectively. The pre-leach thickener operated to its design specifications, and transfer to the leaching section was satisfactory. The counter-current decantation circuit operated effectively, as did the solvent extraction ("SX") and electro-winning ("EW") sections.

Annual production comparisons are difficult for F2009 as the Phase I concentrator was placed on care and maintenance while the Phase II plant was being commissioned. In addition the mine blended ores from stockpiles to maintain plant stability until sufficient ore was available from the open pits for full grade and "gangue acid consumption" flexibility.

The Phase II processing facility commenced production of London Metal Exchange "A" grade copper in early January 2009, after commissioning the solvent extraction facility in the last quarter of the 2008 calendar year. This was followed by the commissioning of the cobalt plant in February 2009.

Total Phase II production totalled 10,378 tons of copper and 720 tons of cobalt since the start up of the new facility in January 2009.

Copper sales tonnages have largely been aligned with their anticipated production profile. Conversely cobalt sales lagged considerably behind production due to various logistical problems experienced in the last quarter of the financial year.

Considerable time and effort has been and will continue to be spent on improving logistics flows to and from the DRC.

The company was materially impacted by the decline in commodity prices but benefited from a copper hedge at US$7.071 per ton to 30 June 2009. The company currently maintains a hedge book which is briefly summarised as:

- 24,750 tons to September 2010 at US$3.900 per ton.
- 34,425 tons from October 2010 to 30 June 2012 at a put level of US$3.900 per ton with full exposure to the upside.

The average cobalt price achieved reduced from US$18 per pound to US$14 per pound.

Unit costs for the Phase II processing facility were distorted due to commissioning and ramp-up activities in the year. Although commissioning did not satisfactorily meet the originally expected profile, ongoing elimination of technical bottlenecks, improved maintenance and availability of critical spares ensured encouraging month-on-month improvements. Staff training is augmenting the current ramp-up profile and ensuring its sustainability.

A large proportion of the capital expenditure, totalling US$60.1 million, was spent on finalising the Phase II processing facility and bringing the plant into production. Investment was focused on mainly electrics and instrumentation, commissioning and the front-end crushing section. Overburden stripping in Pit 2 was capitalised and the first dewatering infrastructure was established.

Exploration projects included resource drilling of the Musonoi Project, at a cost of US$1 million and US$1.8 million was spent on infill drilling at Ruashi during the latter half of the financial year.

Looking forward

The mining and processing ramp-up of Phase II will continue in the year ahead. By the second half of F2010 Ruashi will be producing in excess of 2,000 tons of copper per month and 200 tons of cobalt per month. To achieve this Ruashi will complete a comprehensive mine design and scheduling programme and will complete several projects by the end of the December 2009 quarter as displayed below:

Area	Activity
Front-end crusher and coarse ore stockpile	Completion of civil, mechanical and electrical works.
Lime Plant upgrade	Scope defined and equipment orders placed. Construction has commenced
Cobalt Plant dryer	All civil, structural, mechanical and instrumentation equipment is on site. Construction is ongoing.
Flottweg Tricanter	An additional centrifuge has been ordered for the SX section.
Pit Dewatering Project	• Re-positioning of electrical and mechanical equipment for in-pit water pumping • Commissioning of the coffer dam water flow to plant • Constructing and equipping of a number of permanent sumps in both pits • Constructing and equipping seven additional pit dewatering boreholes

A number of additional capital and developmental projects are planned for the coming year, namely:

- A design review and scope clarification for the mine's acid plant will be completed at the end of October 2009. During this period all engineering work is expected to be completed and the site will be prepared for construction access;
- Exploration work has commenced on identifying sites with the best potential for further exploration to extend mineral resources and resultant ore reserves; and
- The mine design and an evaluation of the development and processing options for the Musonoi (Dilala East) feasibility study are under way for completion in December 2009.

Operational review continued

Chibuluma Mines plc – Copper

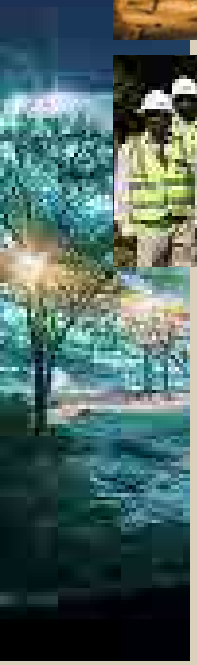


Crushing plant

Chibuluma is situated in the heart of Northern Zambia's copper belt, west of Kitwe, near the town of Kalulushi. Metorex acquired 85 per cent of the company in 1997, while the remaining 15 per cent is held by the Zambian Government and Zambia Consolidated Copper Mines Limited. It is an efficient operation with a high grade orebody and an estimated mine life of seven years. The mine produces approximately 16,000 tons of copper per annum.







Management
J Trouw, General Manager
M Bullock, Financial Manager
P Jordaan, Mining Manager
D Olivier, Engineering Manager
R von Bardeleben, Metallurgical Manager
G van Heerden, Finance Executive

Directors
C Needham
D Castle
J Makumba
D Littleford
M Lumamba

Chibuluma Mines plc		Year	
		June 2008	**June 2009**
Tons milled	(t)	555 575	**568 187**
Headgrade	(%)	2,9	**3,1**
Overall recovery	(%)	89,6	**90,0**
Copper produced	(t)	14 583	**15 940**
Copper sold	(t)	14 491	**15 905**
Total cash cost/ton sold	(US$/t)	2 663	**2 793**
Mining profit before depreciation	(R'000)	539 380	**155 786**
Depreciation	(R'000)	49 070	**72 781**

SHEC report

Safety performance frequency rates

Frequency rates	F2008	**F2009**
Non-lost time frequency rate	5,5	**21,3**
Lost time injury frequency rate	6,0	**4,0**
Total recordable injury frequency rate	11,5	**25,3**
Reportable injury frequency rate	6,6	**0,9**
Serious injury frequency rate	3,3	**0,9**
Lost day severity rate	618*	**18,7**
Fatality frequency rate	0,6	**–**

**Includes 1000 shifts for the fatality in 2008*

Safety and health

A substantial improvement in safety performance was achieved in the fatality, reportable and serious injury frequency rates in F2009. Improved safety awareness resulted in employees being more aware of and willing to report minor injuries.

During the year, the safety team at Chibuluma was restructured to incorporate a training department and the mine's induction programme was entirely revised. Additionally, an integrated computer database auditing system was commissioned to monitor and report safety and training information.

A number of additional developments took place at Chibuluma in F2009 which included:

- A geotechnical audit to model the mining sequence and method was conducted. The mine plan was modified to minimise ground failure risk;
- A "Mining Skills Improvement Programme" was delivered to employees, many of whom participated on a voluntary basis. (Altogether 134 of the 230 mining employees have enrolled, and 32 modules were completed in F2009);
- Three female truck operators successfully commenced work underground; and
- All mining, concentrator and engineering staff attended a one day safety teamwork presentation.

Environment

No environmental incidents occurred during the year. The mine's environmental reporting system is under development and several steps were also taken to improve the mine's environmental impact during the year. These included:

- Weekly sampling of effluent discharges to ensure containment within regulated limits;
- Successful sealing of number seven shaft at Chibuluma West;

Operational review continued

Chibuluma Mines plc – Copper continued

- Trail dust suppression sprays were installed on the secondary crusher and the system will be extended to other areas in future; and
- The rehabilitation of the Chibuluma South tailings dam, including lawn planting, is well under way.

Serving the community

Despite community expenditure being adversely affected by liquidity constraints, approximately US$50.000 was spent on supporting ongoing community initiatives, including continued sponsorship of both the local soccer and rugby clubs. The mine continued to drive the 'malaria roll-back campaign' through financing a large portion of a malaria spraying initiative in Kalulushi.

Local police were assisted with fuel, while repairs were carried out on district roads and local schools received building materials.

Chibuluma has played a significant role at the Kalulushi Mine Hospital. In F2009 the hospital continued to provide basic diagnosis and treatment for the wider community. The hospital was also instrumental in assisting with an anti-malaria campaign.

Progress was made in setting up an HIV/Aids centre at the Kalalushi Mine Hospital with the help of the Zambia National Aids Network. The HIV/Aids initiative leverages the hospital infrastructure, but further investigations are under way to rightsize the hospital appropriately for the number of in-patients that it services. Audiometric testing for employees, to be conducted on an annual basis is planned to be introduced at the hospital in the coming year.

In addition a number of additional projects were supported and these are listed in the Corporate Social Investment section.

Operational review

Chibuluma milled 568,187 tons in the period under review, representing an increase of 2,3 per cent on last year, while the tonnage mined improved by one per cent.

Mining the higher grade lower sections of the orebody delivered a significantly improved average copper grade of 3,1 per cent compared with the prior year's 2,9 per cent. This positively affected sales performance, with a 9,8 per cent increase in copper tons sold of 15,905 tons.

The total capital metres developed of 2,225 metres was 410 metres lower than F2008 and was a deliberate reduction in response to the copper price decline in the second quarter of the year. This decision was subsequently revisited and the main ramp has been restarted.

A contract to sell all copper concentrate to Konkola Copper Mines terminated in December 2008, and F2009 production was allocated to three customers: Republic House Limited (4,697 tons) for exportation; Konkola (6,250 tons), and the Chambishi Copper Smelter (4,960 tons). A new agreement has been finalised to supply all concentrates to the Chambishi Copper Smelter from June 2009 to December 2009. During the year the mine was granted an export tax exemption as a consequence of the Zambian smelters' inability to provide capacity during commissioning of the industry's two new smelters (Konkola and Chambishi). Smelter recoveries increased following a new offtake agreement with the Chambishi Copper Smelter.

The deterioration of the copper price achieved from an average of US$7.811 per ton in F2008 to US$3.887 per ton in F2009 resulted in management implementing a cash flow improvement programme to mitigate its adverse effects on the operation's liquidity. These measures contained the cash cost of copper at US$2.793 per ton for the financial year.

Although the overall tonnage of copper sold increased by 1,416 tons, the deterioration of the copper price substantially impacted the net on-mine revenue which fell from US$106 million to US$52 million for the year.

Smelting, transport and refining costs were marginally higher at US$917 per ton compared to the US$903 per ton achieved in F2008. This was due to the higher realisation costs incurred with the Chambishi smelter.

On-mine costs increased by 17 per cent from US$30 million to US$35 million. This equated to US$2.164 per ton, representing a seven per cent increase year on year from US$2.030 per ton. Production throughput was higher with 568,187 tons milled.

Consumable costs were affected primarily by the fluctuation in the oil price from around US$50 per barrel to over US$140 per barrel. This also substantially impacted on the domestic cost of many of the mine's oil price related costs, in particular diesel, oils and explosives which all increased by over 50 per cent. The steel used for machine maintenance also escalated by more than 20 per cent. Payroll costs increased due to an annual pay award of 16 per cent, which was largely offset by the depreciation of the Zambian Kwacha.

Lower copper prices influenced Chibuluma's expenditure on capital of US$16 million for F2009. This represented a seven per cent reduction and was 17 per cent below the approved budget. During the year under review, capital expenditure was focused on production items with the acquisition of two new underground hauling vehicles for US$3 million. Several machine rebuilds took place to extend the life of the existing fleet, at a cost of US$2 million in F2009. Expenditure at the metallurgical plant totalled US$0.2 million in F2009, a reduction from the US$2 million spent in F2008 when several large investments in crushing equipment were made.

Looking forward

Chibuluma has overcome significant challenges during the financial year, precipitated by the sharp fall in copper prices at the beginning of the second quarter.

Safety performance continued to improve, and this should continue into the next year as a result of current SHEC initiatives.

Copper production has shown an increase year on year since production commenced at Chibuluma South in F2006. The mine achieved record copper production of 1,600 tons of copper in June 2009 and based on current volumes and forecast grades in the deeper parts of the mine, this improvement trend should continue.

Sites with the potential for further exploration are being identified in the vicinity of the mine with the aim of extending Chibuluma's life of mine.

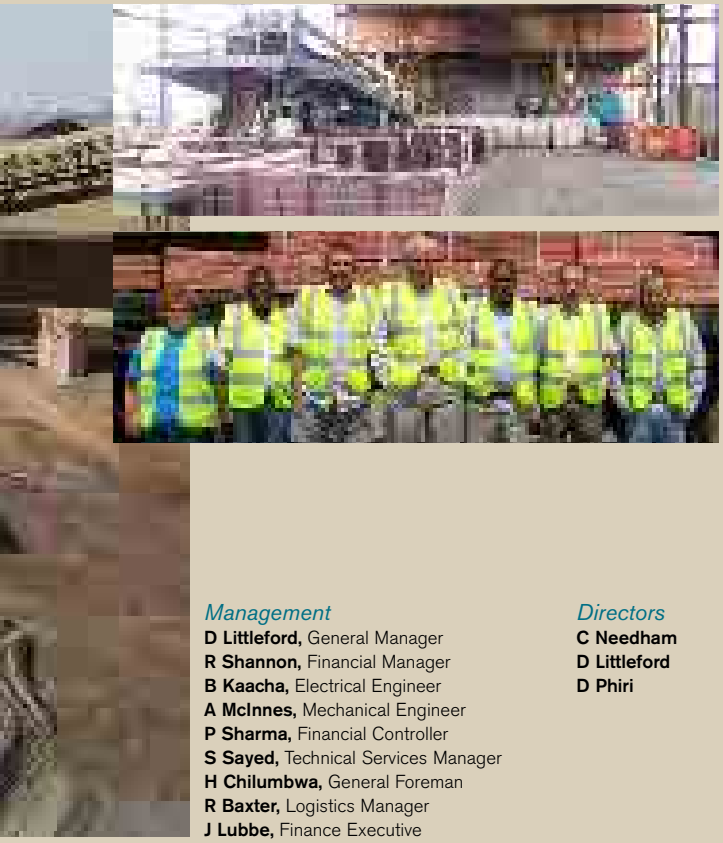
Operational review continued

Sable Zinc Kabwe Limited – Copper and Cobalt



Raw material receiving and pulverising pad

Sable is located near the town of Kabwe in the central province of Zambia, approximately 150 kilometres north of Lusaka – the country's capital. The operation comprises a copper and cobalt processing facility that treats concentrate purchased from various suppliers in Zambia and the Democratic Republic of the Congo ("DRC"). The plant is accessed by either the main railway line or the tarred road between the copperbelt and Lusaka.



Management
D Littleford, General Manager
R Shannon, Financial Manager
B Kaacha, Electrical Engineer
A McInnes, Mechanical Engineer
P Sharma, Financial Controller
S Sayed, Technical Services Manager
H Chilumbwa, General Foreman
R Baxter, Logistics Manager
J Lubbe, Finance Executive

Directors
C Needham
D Littleford
D Phiri

Ruashi I/Sable		Year	
		June 2008	**June 2009**
Copper produced	(t)	10 767	**4 889**
Copper sold	(t)	8 800	**5 588**
Cobalt produced	(t)	565	**151**
Cobalt sold	(t)	386	**252**
Mining profit before depreciation	(R'000)	176 915	**11 470**
Depreciation	(R'000)	35 244	**35 826**

SHEC report

Safety performance frequency rates

Frequency rates	F2008	**F2009**
Non-lost time frequency rate	14,9	**108,0**
Lost time injury frequency rate	11,0	**22,0**
Total recordable injury frequency rate	25,9	**130,0**
Reportable injury frequency rate	14,9	**30,0**
Serious injury frequency rate	–	**15,0**
Lost day severity rate	14,9	**97,0**
Fatality frequency rate	–	**–**

Safety and health

Revised methods of collecting, defining and collating safety performance frequency rates in order to comply with the new Metorex safety standards came into effect at the operation in F2009. As a small surface operation with a limited workforce Sable has historically had a good safety track record. The inflated safety figures for F2009 are a reflection of the new reporting definitions. The most serious injury for the year was a hand injury which resulted in the injured being away for 21 days and this increased the severity rate statistics.

Environment

A new system for measuring and recording environmental incidents was implemented at Sable in April 2009. Environmental incidents at Sable were limited to minor occurrences of higher than normal emissions at the acid plant as a result of stopping and starting the operation. These were of short duration and were reported accordingly.

Serving the community

The labour force for Sable resides in the Kabwe Municipal Council housing area and Sable therefore supports the local community and assists the Kabwe Municipal Council in various projects. Over the past year this support ranged from waste removal to the installation of a clock tower at the Kabwe Municipal offices. Sable assists local community churches and recently refurbished the St Margaret's Anglican Church built in 1926.

A number of additional projects were supported and these are listed in the Corporate Social Investment section.

Operational review continued

Sable Zinc Kabwe Limited – Copper and Cobalt continued

Operational review

The F2009 copper cathode production of 4,889 tons was based on Ruashi's oxide concentrate feed, coupled with some locally sourced ore. Oxide concentrate deliveries from Ruashi Phase I ceased in December 2008.

In the second quarter, Sable secured 4,500 tons of third party heavy medium separation ("HMS") concentrate at a grade of 26 per cent acid soluble copper. This supply was suspended in December 2008 when the London Metal Exchange copper price collapsed and the supplier operations in the Congo were placed on care and maintenance. In the latter half of the year, Sable received only 2,389 tons of locally sourced ore and copper production was low at an average of 183 tons per month.

In March 2009, Sable secured an off-take agreement to supply the operation with 21,000 tons of oxide ore at an average grade of 22 per cent scheduled for the period to December 2009. Deliveries commenced in May 2009 and Sable had received 3,582 dry metric tons of oxide ore by year-end.

The copper cathode tonnage improved to 678 tons in June 2009, while sales for the year totalled 5,588 tons of copper.

In the year under review, profits were materially affected by the collapse of both the cobalt and copper prices in the latter months of calendar 2008. In addition, revenue was materially impacted by a lack of ore supply following the collapse in global demand. The total operating costs of the company reduced in line with the lower production levels.

Capital expenditure for F2009 was limited to US$0.4 million. Capital works were carried out on Zinc electro mining plant, additions to plant and machinery, a compressor and a crushing plant for pulverising oxide ore. An acid storage tank with greater capacity was erected and a new forklift was purchased.

Looking forward

Sable is confident of being able to source suitable ore tonnages and grades from both the DRC and the local market well into F2010. The terms under which these ores are sourced are such that Sable should operate profitably for the year provided copper prices remain robust. Capital spending will be limited in F2010.



Consolidated Murchison: Flotation plant



Long hole open stope driller at Chibuluma Mine



Ruashi LME Grade A copper ready for export



Mining on bench 1245m in western portion of Ruashi Pit 1

Operational review continued

Vergenoeg Mining Co (Pty) Limited – Fluorspar



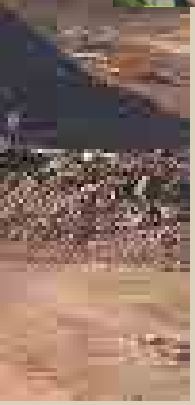
Primary stockpile and crushing facilities

Situated 150 kilometres north of Johannesburg, Vergenoeg Mining Company ("Vergenoeg") is one of the world's largest known fluorspar resources. Vergenoeg is an open-pit operation with a modern concentrator and magnetic separator which enables it to meet market demand.

Metorex owns 55 per cent of Vergenoeg after the disposal of 15 per cent of the share capital of Vergenoeg to Medu Capital in July 2009, a consortium of black economic empowerment ("BEE") entities. Minerales Y Productos Derivados S.A. ("Minersa") provides Vergenoeg with advice on both metallurgical processes and international marketing. Minersa is a 30 per cent shareholder.







Management
D Cook, General Manager
F Opperman, Financial Manager
H Pretorius, Engineering Manager
H Terblanche, Mining Manager
G Brooker, Metallurgical Manager
G Thomson, Financial Executive

Directors
T Goodlace, Chairman
J Alonso
A Barrenechea
D Castle
G Thomson
E January
S Nhlumayo

Vergenoeg		Year	
		June 2008	**June 2009**
Tons milled	(t)	570 826	**537 589**
CaF_2 grade	(%)	39,9	**38,9**
CaF_2 recovery	(%)	74,2	**69,8**
Fluorspar produced (all grades)	(dmt)	180 854	**152 934**
Fluorspar sold (all grades)	(dmt)	184 299	**135 962**
Price (all grades)	(R/dmt)	1 387	**2 241**
Total cash cost/ton sold	(R/t)	841	**1 123**
Mining profit before depreciation	(R'000)	93 846	**151 934**
Depreciation	(R'000)	11 218	**13 437**

SHEC report

Safety performance frequency rates

Frequency rates	F2008	**F2009**
Non-lost time frequency rate	18,3	**47,0**
Lost time injury frequency rate	2,0	**2,1**
Total recordable injury frequency rate	20,4	**49,1**
Reportable injury frequency rate	2,0	**2,1**
Serious injury frequency rate	2,0	**2,1**
Lost day severity rate	10,0	**17,0**
Fatality frequency rate	–	**–**

Safety and health

The non-lost time frequency rate for F2009 has increased from F2008 with the largest category of dressing case injuries being a result of employee carelessness and mainly associated with minor hand injuries. There does not appear to be an obvious reason for this increase in dressing cases but high levels of communication were initiated in an attempt to reduce these injuries. There was one lost time injury in the year which resulted in 17 lost days. This lost time injury led to an increase in the lost day severity rate.

The mine commissioned an external Safety, Health, Environment and Community ("SHEC") audit in the year under review, the results of which form the basis of a system improvement plan to strengthen conformance levels in the coming year. Standard occupational hygiene measurements were performed and no noise-induced hearing loss or silicosis (an occupational lung disease) issues were evident among the mine's employees.

Environment

A new system for measuring and recording environmental incidents was implemented at Vergenoeg in April 2009. Minor incidents were caused by hydrocarbon spillage from heavy vehicle breakdowns. The mine is in the process of installing systems to minimise environmental exposure, particularly in the area of waste handling.

Serving the community

Several local economic development projects were progressed in F2009 in accordance with the mine's social and labour plan. Although the appropriate involvement of local municipalities delayed implementation in some areas in the year, heightened activity is expected in the coming year.

Operational review continued

Vergenoeg Mining Co (Pty) Limited – Fluorspar continued

Vergenoeg spent in excess of R1.5 million on several of its existing social commitments. Notably during the year Vergenoeg sponsored a training programme for eight local youths in NQF Level 1 Field Guiding and Basic Hospitality. The course is registered by the Field Guide Association of South Africa, and is accredited by the Tourism, Hospitality, Sport, Education and Training Authority.

A number of additional projects were supported and these are listed in the Corporate Social Investment section.

Operational review

The tons mined and milled for the year are lower than F2008 due to decisions made to reduce the output of the mine to match lower market demand.

Production of fluorspar for the year was 27,917 tons lower in line with the reduced mill throughput, but also due to a lower acidspar recovery. The recovery reduced by four per cent to 70 per cent as a result of the commissioning of new magnetic separators which improve the quality of the final product at the expense of the recovery. There was an increased focus on producing and delivering higher quality acidspar to match customer requirements in F2009.

During the 2008 resource boom there was a perception of a shortage of fluorspar and this created significant demand. This resulted in an increase in fluorspar prices from around US$220 per ton to in excess of US$400 per ton. During this period Vergenoeg was constrained at previously negotiated prices of around US$215 per ton. At calendar year-end, contracts for 2009 were negotiated at prices well over US$300 per ton but some customers were already being affected by the global slowdown and thus did not conclude contracts. In 2009 some consumers who had negotiated contracts for the year called for re-negotiation of the terms and timing of shipments. Prices have regressed by about US$100 per ton. A number of fluorspar mines around the world have been mothballed as they are not viable at current prices.

The reduction in demand for fluorspar provided Vergenoeg the opportunity to stop the mine for a month to perform critical maintenance. A significant amount of fluorspar has been warehoused in an off-site stockpile for sale when the market improves. The fluorspar (all grades) sales were significantly affected by the poor state of the market and reduced from 184,299 tons in F2008 to 135,962 tons in F2009, a 26 per cent reduction.

Fluorspar (all grades) pricing improved from R1.387 per ton to R2.241 per ton year on year. Rand pricing was improved through the depreciation of the Rand which weakened from R7.30 per US$ to R9.03 per US$ year on year. Revenue was negatively affected by the lower sales but positively affected by the higher selling price and the weaker Rand. The net result was that revenue improved from R256 million in F2008 to R305 million in F2009.

On-mine operating costs were negatively affected by the resource boom which resulted in increased input costs and the significant increase in the price of electricity in South Africa. This resulted in costs increasing from R91 million in F2008 to R112 million in F2009.

Vergenoeg's mining profit before depreciation increased by 62 per cent to R152 million for F2009.

During F2009 Vergenoeg increased its capital spending to R41 million, up from R19 million in F2008. A large part of this was the cost of the magnetic separators which improve product quality. The remainder of the capital was spent primarily on increasing plant capacity and on mining operations.

Looking forward

Fluorspar prices are expected to bottom in the first half of F2010 with volumes becoming more robust in the latter half of the year. Several capital projects are also planned for the coming year, most notable being the construction of a new tailings facility.

Shareholders of Metorex were advised on 23 September 2009 that Metorex and Minerales Y Productos Derivados S.A. ("Minersa") entered into a conditional sale of shares agreement whereby Metorex will dispose of its entire shareholding of 55 per cent in Vergenoeg for US$60 million.

Operational review continued

Consolidated Murchison – Antimony



Ore being transported from Monarch decline

Consolidated Murchison, a division of Metorex, is currently one of the largest known antimony orebodies in the world. The operation is situated at Gravelotte, in the Limpopo Province and produces both antimony and gold. Antimony is used mostly for flame retardants but has a variety of commercial applications in plastic, fabric and electronic printed circuit boards.



Management
Z Barnard, General Manager
W Bodenstein, Financial Manager
C Wilson, Technical Service Manager
K Venter, Metallurgical Manager
L Swart, HR Manager
G van Heerden, Finance Executive

Consolidated Murchison
(Asset held-for-sale)

		Year June 2008	**June 2009**
Tons milled	(t)	355 076	**345 349**
Produced – antimony	(mtu)	361 455	**257 983**
– gold	(kg)	533	**423**
Sold – antimony	(mtu)	337 403	**271 286**
– gold	(kg)	521	**423**
Total cash cost/mtu sold~	(R/mtu)	343	**592**
Mining profit/(loss) before depreciation	(R/t)	24 925	**(79 223)**
Depreciation	(R'000)	10 196	**13 590**

~Net of gold revenue

SHEC report

Safety performance frequency rates

Frequency rates	F2008	**F2009**
Non-lost time injury frequency rate	2,8	**2,1**
Lost time injury frequency rate	7,8	**8,9**
Total recordable injury frequency rate	10,5	**11,0**
Reportable injury frequency rate	1,4	**2,1**
Serious injury frequency rate	1,4	**2,1**
Lost day severity rate	12,2	**11,3**
Fatality frequency rate	–	**–**

Safety and health

Consolidated Murchison's safety performance during the year under review included the achievement of 1,295 million fatality-free production shifts. Conversely, an increase in injuries continued to hamper the operation's overall safety performance.

At mid-year management implemented several measures to curb an increase in the lost time injury frequency rate. Although the situation improved, three reportable injuries were recorded in the last two months of F2009, which led to a noticeable increase in the reportable injury rate. Accidents and injuries were attributed to engineering activities and operations at the Monarch shaft.

Unfortunately the year under review was not without issues, with the mine having to comply with an instruction by the Department of Mineral Resources ("DMR") to halt production for 10 days in light of safety concerns. It was found that the practice of mid-shift secondary blasting was resulting in limited exposure of some employees to gasses. As a result, this secondary blasting was stopped. During the stoppage the mine re-examined its ventilation regime, analysed the chemical composition of its explosives and embarked on a re-training exercise.

Occupational hygiene is given a high priority at the operation. A full-time medical practitioner conducts all of the medical examinations and compiles information in relation to all illnesses and sicknesses, including noise-induced hearing loss and dust-related diseases.

Operational review continued

Consolidated Murchison – Antimony continued

Environment

In F2009 several audits were undertaken at Consolidated Murchison by the Department of Mine's Environmental Auditors and the Department of Environmental Affairs. No outstanding issues remained following the audits, and a new method of reporting on incidents will be a focus in the coming year.

In an effort to continue sound environmental management practices, an internal review of the mine's environmental rehabilitation liability was undertaken, with an independent consultant appointed to conduct a detailed assessment.

Serving the community

The community service contributions by the operation's Occupational Medical Practitioner, in conjunction with the Limpopo Department of Health, continues to function well. The surrounding community was impacted by the completion of a retrenchment process ending in March 2009. Of the 304 employees retrenched, 35 were due to medical incapacity while the remaining 269 employees were retrenched as a result of new operational requirements. Management has engaged with the Ba-Phalaborwa Municipality regarding post-retrenchment support, which could potentially extend to the clinic, water and other services.

Social investments undertaken during the year include an Occupational Health Management Programme (R2.9 million), adult education and computer training (R240.000), spending on schools (R120.000), transport for employees (R1.6 million) and hostel feeding (R2.2 million). The mine also supplies the local Gravelotte community with potable water.

Operational review

The overall tonnage mined at Consolidated Murchison declined by five per cent compared with the prior year. Production was adversely affected by lightning damage to the Beta shaft and a planned reduction in mining in response to the global economic crisis, reduced prices and the bankruptcy of the company's sole antimony client. The previously mentioned closure of the mine for 10 days on the instruction of the DMR further impinged on production.

During the latter part of F2009 the mine ramped up its efforts to target high grade areas, which resulted in improved recovery grades. However, the tons milled declined by three per cent due to the lower mined tonnage.

The mine's overall antimony production declined by 29 per cent, while gold production was 21 per cent lower than the previous year. The primary causes were lower headgrades and lower plant recoveries. Both antimony and gold headgrades recovered during the latter part of F2009 by focusing on high grade areas. It is anticipated that plant repairs and upgrades under consideration will improve plant recoveries to their previous levels in the coming year.

Antimony and gold sales fell 20 per cent and 19 per cent respectively compared with F2008. The mine's only antimony customer, US-based GLCC Laurel, experienced severe financial difficulties and was consequently unable to purchase antimony from the mine after October 2008. Alternative clients were sourced, albeit at substantially lower prices.

The price of antimony reached a high of US$54.68 per metric ton unit ("MTU") at the end of September 2008 but declined to US$16.81 per MTU in January 2009. The subsequent increase in price of antimony was insufficient to close the gap and unit prices were 33 per cent lower on average than the previous year. More positively, the price of gold showed a healthy improvement of 23 per cent in Rand terms.

Overall operating costs increased by 29 per cent year on year, while labour costs increased by 37 per cent (including R5 million retrenchment costs). This was incurred primarily after plans were implemented at the end of F2008 to boost production, which required a larger staff complement. The cost of staff retrenchments, coupled with increased capacity building in the first half of the year, also contributed to increased costs. The continuing international rise of key raw materials (such as steel and reagents) substantially impacted on the domestic cost of many of these indispensable materials.

Reduced production and lower unit prices resulted in an overall revenue decline of 15 per cent against the prior year. Combined with increased costs, Consolidated Murchison recorded a mining loss before depreciation of R79 million. The closing out of a negative gold hedging position realised a loss of R41 million.

All capital projects ceased in October 2008 in response to cash flow constraints, with total capital expenditure for the year amounting to R30 million, well below the R68 million spent in F2008. In the first few months of F2009, capital was spent on new declines, trackless machinery purchasing and the purchase of wet screens for the plant.

Looking forward

The antimony price began to show some strength towards the end of F2009 and this should continue into F2010, relieving some of the financial pressure on the operation. However, Rand strength continues to offset some of the benefits of the higher Dollar antimony and gold prices. Capital has also been spent on critical maintenance at the plant which should return recoveries to normal levels. The mining plans demonstrate sufficient available tonnages for F2010, but constraints are apparent thereafter. The mine continues to make losses and all alternatives are being investigated to save jobs and return the operation to profitability.

Operational review continued

Pan African Resources plc



Concentrate flotation froth

Barberton Mines (Pty) Ltd – Gold (Au)

Barberton Mines is situated 25 kilometres southeast of the town of Nelspruit, the main business hub of the Mpumalanga Province in South Africa and 10 kilometres outside the town of Barberton.

Gold is produced from the Fairview, Sheba and Consort sections. Concentrate is produced at each mine section and trucked for final processing to the Fairview section (BIOX®, Carbon-in-Leach (CIL) and elution). Barberton was sold with effect from 1 July 2009.



Management
J Nelson, Chief Executive Officer
K Spencer, Chairman
K Loots, Finance Director
M Gericke, Mining Executive
N Reynolds, Financial Manager
P Wiese, New Business Executive
R Holding, Platinum Mining Executive
M Bevelander, Consulting Geologist

Barberton
(Asset held-for-sale)

		Year	
		June 2008	**June 2009**
Tons milled	(t)	315 305	**313 952**
Headgrade	(g/t)	8,91	**10,32**
Overall recovery	(%)	91	**91**
Produced: Gold including Calcine dump	(kg)	2 984	**3 075**
Sold: Gold including Calcine dump	(kg)	3 082	**3 028**
Total cash cost/kg sold	(R/kg)	111 272	**136 251**
Mining profit before depreciation	(R'000)	226 990	**347 604**
Depreciation	(R'000)	33 688	**33 837**
Capital expenditure	(R'000)	54 173	**58 302**

SHEC report

Safety performance frequency rates

Frequency rates	F2008	**F2009**
Total injury frequency rate	50,8	**37,8**
Lost time injury frequency rate	4,8	**6,4**
Reportable injury frequency rate	3,1	**1,7**
Serious injury frequency rate	3,1	**1,7**
Lost day severity rate	11,0	**6,2**
Fatality frequency rate	0,4	**0,0**

Safety

The number of lost time injuries increased compared to the previous year (2008) mainly due to a higher incidence of minor accidents. The number of serious injuries decreased significantly together with a reduction in the lost day severity rate for the year, which is an indication of the lower severity of injuries experienced.

The mine introduced a new Safety, Health, Environment and Community Development policy in February 2009 and with this initiative is striving to achieve:

- An improvement of health and safety performance through the setting and achievement of goals taking into account stakeholder expectations and industry leading practices;
- The implementation of systems to provide a working environment that is conducive to good health and safety; and
- The management of risks in the workplace and ensuring that employees have the relevant skills to perform work-related tasks in a safe manner.

Environment

All mining and exploration activities are run with the highest level of environmental awareness realistically possible. The environmental monitoring programme has been approved by the Department of Minerals Resources. The water and air monitoring programmes are compliant with the regulations and requirements of the Department of Water Affairs and Forestry as well as the Department of Environmental Affairs and Tourism.

During the year under review, a water retreatment programme was initialised. Although this type of programme is normally associated with mine closure, the company has decided to begin this process in advance in order to responsibly manage the use of water.

Operational review continued

Pan African Resources plc continued

A water use licence application has been submitted to the Department of Water Affairs. The annual environmental performance audit is in progress and was completed by the end of July 2009. The auditor is conducting a gap analysis from the environmental management programme ("EMP") and prepare an amendment to address undefined issues and changes from the current EMP. The mine experienced a serious incident during the year, which involved the spillage of hydrocarbons at the Fairview workshops. The spillage was cleaned and additional controls were implemented to prevent any future recurrence.

Progress made during the year on the environmental programme:

- 58 tons of AsO_3 has been removed to ZINCOR.
- The waste rock dump at Fairview has been removed and re-vegetation of the area has commenced.

Community development

Barberton Mines (Pty) Ltd is involved in a number of community development projects in the areas surrounding the mine. The Verulam lifeskills centre is situated in the Verulam township alongside the Fairview mine and focuses on the development of skills such as brickmaking, welding and boilermaking, bread making and other lifeskills in the community.

The Sinqobile vegetable project is also situated in the Verulam community and is run by the community. This project supplies fresh vegetable produce to the soup kitchen at Royal Sechaba and also sells directly to the community. The Verulam soup kitchen also benefits from the supply of vegetables and provides food to approximately 50 Aids orphans from the surrounding communities on a daily basis.

The Umjindi jewellery project is a jewellery training facility in Barberton, which runs learnership programmes with the support of the Mines Qualifications Authority (MQA). Jewellery-making apprentices from the Umjindi area benefit from the MQA programmes and the jewellery made here is sold commercially.

Operational review

Barberton Mines milled 313,952 tons at a run-of-mine ("ROM") grade of 10,32 g/t for the financial year. This resulted in gold sales of 3,028 kg for the year, which is marginally down on 3,082 kg achieved for the F2008 year. The focus during the year was on quality reef tons rather than volumes, which resulted in gold production increasing on the previous year at 3,075 kg (2008: 2,984 kg).

At Fairview, 139,301 tons at a ROM grade of 10,10 g/t were produced. These good grades were boosted by the earlier than expected exposure of the 62/11 high-grade block. At Sheba, 103,819 tons at a ROM grade of 11,72 g/t were produced. At Consort, 70,832 tons at a ROM grade of 8,72 g/t were produced.

Gold was sold at spot prices during the past year with no production hedged. The average spot price achieved during the year in review was R251.820 per kg which was 27,4 per cent above that achieved during the previous year. The average R/US$ exchange rate achieved for the year was 16 per cent above the previous year at R9.23 to the Dollar. Mining profit before depreciation improved significantly and was R347.6 million for the year compared to R226.9 million for F2008.

Capital expenditure for the year amounted to R58.3 million, which was 7,5 per cent up on the R54.2 million spent in the previous financial year. The primary focus was on ore reserve replacement and the generation of new ore reserves and approximately 50 per cent of the capital expenditure was spent on this initiative. At Fairview, capital development to replace ore reserves progressed well and a total of 817 metres was completed on the 60/62 platform and 128 metres on the 58 level platform. Work to open up the three shaft bottom to enable the deepening of the shaft is progressing satisfactorily. Exploration drilling continues to confirm and determine the down dip extent of these ore bodies.

At Sheba, the available ore reserves at the MRC orebody are decreasing and there is a focus on capital development to replace these ore reserves in the Edwin Bray tunnel and the 35 ZK decline areas. At Edwin Bray 740 metres were developed towards the Thomas and Joe's Luck ore bodies. The 35 ZK decline was sunk for 69 metres. Exploration drilling at the Thomas and Joe's Luck ore bodies has been completed.

At Consort, ore reserve flexibility remains tight and capital development to replace ore reserves continues. At 50W 1,224 metres were sunk in the two declines which is on target to open up known pay shoots. On 45 level, 227 metres of exploration development was completed and exploration drilling confirmed the up dip extension of the Bullion orebody currently being mined on 50 level.

Capital expenditure on maintenance of the processing plants included the construction of a cyanide storage facility at the Consort plant and the replacement of three cone crushers at the Sheba and Fairview sections. The plant maintenance programme also included the replacement of a triple deck vibrating screen at Sheba and a conveyor vibrating feeder at Fairview.

The capital spend in the BIOX plant situated at Fairview included the procurement of a new set of regrind rollers for the concentrate regrind circuit and the purchase of a spare BIOX reactor gearbox for the secondary reactor tanks.

Capital expenditure on the maintenance of engineering equipment and infrastructure focused on the re-building and upgrading of the mining equipment fleet. The rehabilitation of shafts and headgears at the mine was also a critical area. This included the replacement of skips, cages and bridles together with the replacement of slack/tight rope safety devices. At Consort and Sheba sections some of the obsolete reciprocating compressors were replaced by modern and efficient screw compressors.

Capital expenditure for the general environmental and administration activities and equipment included the silencing of rock drills and work done to rehabilitate various areas on the mine together with the installation of environmental monitoring equipment at selected points on the mine. In addition the procurement and installation of an electronic clocking system was done to improve time management.

Sustainable development

INTRODUCTION

Metorex has a new focus on sustainability through having established the Safety, Health, Environmental and Communities ("SHEC") Board sub-committee in May 2009. This committee has the following role:

- To develop the framework, policies and guidelines for SHEC management;
- To review the policies and performance of the Group, and the ongoing implementation of such policies;
- To encourage independently managed subsidiaries, associates and significant investments to develop guidelines and practices congruent with the Company's SHEC policies;
- To receive reports covering matters relating to SHEC risks and liabilities at:
  - the head office and divisions of the Company
  - managed subsidiaries, and
  - independently managed subsidiaries and significant investments where appropriate.
- To monitor key indicators on accidents and incidents and ensure such information is communicated to other companies managed by or associated with the Company;
- To approve the SHEC content of the Company's annual report;
- To consider substantive national and international regulatory and technical developments in the SHEC fields; and
- To facilitate participation, co-operation and consultation on SHEC matters with relevant stakeholders, including but not limited to, governments, national and international organisations, other companies and other SHEC bodies.

In light of the committee's role and based upon a review of all policies in place at the various Metorex operations it was necessary to completely revamp SHEC related policies and commence with a repositioning in this regard. To this end the new policies have been ratified for implementation at the various operations throughout the Group.

Metorex occupational health and safety policy

Metorex Limited is a diversified mining company that strives towards world-class health and safety performance. The Company aims to prevent all incidents and accidents at its operations in a reasonably practicable manner and strives to minimise hazards inherent in the working environment.

Metorex is committed to:

- Continually improving occupational health and safety performance through the setting and achievement of goals and taking into account evolving stakeholder expectations, best practices, scientific knowledge and new technology;
- Providing a working environment that is conducive to good health and safety;
- Managing risks in the workplace and ensuring that there is adequate surveillance of workplaces and employees;
- Complying with applicable legal requirements and with other requirements to which the organisation subscribes. In the absence of relevant occupational health and safety laws the Company will apply best practice standards and procedures;
- Ensuring that appropriate resources, training and personal protective equipment are provided to improve occupational health and safety;
- Ensuring that employees and contractors have the relevant skills to perform work-related tasks in a safe manner and that they are aware of their individual health and safety obligations and rights; and
- Following a consultative, transparent and constructive approach in interactions with stakeholders.

Employees and contractors working on Metorex operations play a fundamental role in achieving occupational health and safety objectives through:

- Taking ownership of, and participating in, occupational health and safety management programmes and initiatives and complying with standards and procedures; and
- Exercising their right to work in a healthy and safe environment and their duty to withdraw from an unhealthy or dangerous situation.

Metorex environmental policy

Metorex Limited is a diversified mining company that undertakes its activities in a manner that strives to minimise or eliminate negative impacts and maximise positive impacts of an environmental or socio-economic nature. The Company is committed to responsible stewardship of natural resources and the ecological environment.

Metorex is committed to:

- Continually improving the assessment and improvement of environmental performance and the prevention of pollution through the implementation of processes, practices and techniques to avoid, reduce or control the creation, emission or discharge of any type of pollutant or waste and to reduce adverse environmental impacts;
- The integration of environmental management into management practices throughout the Company;
- Minimising the use of consumptive resources and promoting the reduction and recycling of waste products where possible;
- Rehabilitating disturbed land and protecting environmental biodiversity;
- Exercising prudence with critical ecological resources, in particular where impacts are unknown or uncertain;
- Managing environmental risk in the workplace and surrounding areas;
- Complying with applicable legal requirements and with other requirements to which the organisation subscribes and which relate to its environmental aspects;
- Training and educating employees in environmental responsibilities; and
- Being transparent and constructive in interactions with stakeholders.

Employees and contractors working on Metorex operations play a fundamental role in achieving environmental objectives through:

- Taking ownership of, and participating in, environmental management programmes and initiatives; and
- Integrating environmental concerns into everyday practice.

Metorex communities policy

Metorex Limited is a diversified mining company that operates in different countries each with their own unique cultures. The Company strives to minimise potential negative social impacts while promoting opportunities and benefits for host communities. The Company engages in a range of sustainable development and community relations activities.

Metorex is committed to:

- Continually improving community development and community investment programmes through monitoring, measuring and managing our social and economic impacts;
- Developing programmes that ensure the sustainable welfare of communities;
- Upholding and promoting the human rights of our employees and contractors, our suppliers, and the communities in which we operate;
- Recognising and respecting indigenous people's culture, heritage and traditional rights and supporting the identification, recording, management and protection of indigenous cultural heritage;
- Building and maintaining stakeholder relationships with people who are directly affected or interested in our operations; and
- Managing the risk of public health threats amongst employees, contractors and local communities.

SHEC AUDIT

To assess the SHEC state of play at Metorex an assessment was conducted over a three-week period during the last quarter of F2009 covering four Metorex operations, i.e. Vergenoeg Mining Company, Barberton Mines, Ruashi Mining (DRC), and Chibuluma Mines (Zambia). The focus was placed on safety, health, environmental management as well as community development. In addition, an organisational culture and leadership assessment was also conducted at the said operations.

Sustainable development continued

Recommendations of the audit

Based upon the recommendations of the audit Metorex is now advancing an all inclusive process with the most critical activity being the review of, or creation of, baseline risk assessments for all operations covering all SHEC related aspects. The outcome is considered critical for the development of SHEC management systems and related actions. To advance the base line risk assessments a risk management framework for Metorex is being instituted and all personnel are being trained to understand hazard identification and risk management. The whole process is being facilitated and progress will be monitored to ensure quality and the meeting of timelines.

The audit further identified that there was a need to develop and implement a Metorex SHEC management system at the operating units as no systems were found that could fully stand the test of reasonability. In the development of subsequent policies, structures, systems and operating procedures leading practice is being considered. The most cost-effective approach is to develop the Metorex SHEC management system on a centralised basis as similar systems and policies will be enforced. The teams at an operational level will be developed to resume full responsibility and accountability once the SHEC management system has been designed and implemented. The implementation includes training and overseeing of compliance with the systems. Crucial leadership training that will assist in building more effective organisational cultures and accelerate consequential thinking is also being introduced.

SAFETY

It is pleasing to report that the Group had no fatal accidents during the year. The Metorex Safe Production Rules were introduced in March 2009 and have been developed to provide a basis for eliminating fatal and serious accidents. These rules were formulated through undertaking an historical review of the fatal and serious incidents in other mining groups. In addition new consistent safety definitions were implemented in the Group and are reflected in the various operational reports. The Group is committed to meeting South Africa's Mine Health and Safety Council ("MHSC") 2013 milestones as they relate to occupational safety and hygiene.

OCCUPATIONAL HYGIENE

Metorex is committed to providing a healthy workplace for our employees. The major challenge is the mitigation, reduction or elimination of occupational health exposures. Where Metorex operations are unable to eliminate such exposures, the strict use of personal protective equipment is enforced to avoid adverse health effects. Occupational medical examinations are in place at all operations. Malaria and HIV/Aids remain a significant health issue for operations on the central African copper belt and Metorex continues to find the most effective ways to help address them. HIV/Aids voluntary counselling and testing and various malaria mitigation measures are in place.

ENVIRONMENT

The operations at Metorex are in need of environmental management systems that are, at the very least, aligned with international best practice. To this end a decision was made to employ a Group Environmental Consultant and this post will be filled in November 2009. The operations comply with legislative requirements and environmental management programmes are in place at the various sites. In addition to the new environmental policy an environmental incident classification system has been introduced to highlight incidents and remedial measures as well as ensure consistency of reporting.

COMMUNITIES

Metorex operations are intent on meeting their social licence to operate and all operations contribute to the community via their corporate social responsibility programmes. In South Africa, the operations have completed their social and labour plans and submitted these to the authorities for approval. These plans are comprehensive and cover the South African Mining Charter requirements. Statutory employment equity reports are submitted to the South African Department of Labour.

Corporate social responsibility

Project focus area	Locality of the project	Target groups (beneficiaries)
Ruashi Mining, DRC		
Education		
The complete rehabilitation of the Katuba School, this is a secondary school for 10,000 students	The school is in the suburb of Katuba, one of the largest in Lubumbashi	Children of Lubumbashi, and eventually the economy of the DRC.
Regular planting of trees together with environmental awareness for the children continues	Mostly in the Ruashi town, although all areas in Lubumbashi are affected	The population of Lubumbashi The population of Ruashi residents, with particular emphasis on the youth
Social upliftment		
Water and power supply, a transformer for the local power distribution has been installed in the Ruashi suburb of Kalukuluku	The Ruashi town, which is a suburb of Lubumbashi	The population of Lubumbashi
The repairing of roads	The Ruashi town	The population of Ruashi, and the surrounding areas
Participating in and sponsoring numerous clean-up campaigns	The Ruashi town	The population of Lubumbashi
Promoting of sport, by arranging an annual marathon and an annual soccer schools tournament	Primarily in Ruashi town, but does extend on occasions across the entire Lubumbashi	The population of Ruashi, although the marathon is open to all residents of Lubumbashi
Enterprise development		
Utilising local entrepreneurs and artists, for various construction activities on the mine, such as wall construction, small buildings, etc	The Ruashi town	The population of Lubumbashi
We have a policy of utilising and purchasing from local business	The whole of Katanga	The population of Katanga
Chibuluma Mines plc, Zambia		
Roads		
Chief Nkana Road – pothole mending/levelling	Ex-mine through Chief Nkana village	Concentrate haulers and community
Airport access road – re-surfacing	Ex-mine to airport road junction	Employees and the community
Empowerment		
Job opportunities – recruitment of locals full-time/casual posts	Chief Nkana's surrounding villages	Local community
Local contractors and suppliers	Mine	Local business people
Gender equality – female recruitment	Mine	Females with requisite qualifications
Sports and recreation		
Soccer and rugby clubs – financial/monetary assistance	Kalulushi	Community
School sports sponsorship	Kalulushi	Kalulushi Trust School
Security		
State police assistance	Kalulushi/Lufwanyama	Local community
Donations – material and monetary		
Schools, churches, chiefs	Kalulushi/Lufwanyama	Pupils, congregants and chiefdoms
National events – Independence Day – Youth Day – Women's Day – Labour Day	Kalulushi/Lufwanyama	Community

Sustainable development continued

Project focus area	Locality of the project	Target groups (beneficiaries)
Sable Zinc, Kabwe		
Schools		
Entrepreneur of the Year Award – donation	Kabwe Schools	Students
Social		
Donation to Catholic Women's League – Fund-raising luncheon	Kabwe	The local community
Health		
Donation of diesel for Cholera clean-up campaign	Kabwe	The local community
Kabwe Municipal Council		
Installation of new clock in Municipal Council Clock Tower	Kabwe	The local community
Culture		
Complete renovation and painting of St Margaret's Anglican Church	Kabwe	The local community
Women		
Donation towards the commemoration of International Women's Day celebrations	Kabwe	The local community
Vergenoeg Mining Company (VMC)		
Education and training	VMC	Two females and one male from the community on electrical and millwright learnerships
	Bethesda Outreach Ministries	Aids orphans
Social, health and arts and culture		
Donations and support HIV/Aids awareness	Witlaagte	Community
Donations for celebrating Heritage Day	Pankop	Community
Erection of community hall	Witlaagte	Community
Job creation		
Metspar production project	VMC	Community – Steve Bikoville
Enterprise development		
Scrap removals and sales	VMC	Various local entrepreneurs
Transportation of staff – Moloto	VMC	Various local entrepreneurs
Transportation of staff – Hammanskraal	VMC	Various local entrepreneurs
VMC canteen	VMC	Various local entrepreneurs
Consolidated Murchison Mine division		
Khomelelani community project: (hostel kitchen)		
Job creation – five women operate their own business providing food to our employees.	Consolidated Murchison Mine village	Mine employees (770)
Lifeskills training		
Education Brick-laying Welding Cooking classes and bread-making	Training centre	Employees as well as the greater community
Busy-bodies Pre-school		
Maintenance of the building and supply of water and electricity Set monthly donation	Consolidated Murchison Mine village	Mine employee children and surrounding community • 52 children in total • 46 from the mine; and • 6 from Gravelotte

Project focus area	Locality of the project	Target groups (beneficiaries)
Consolidated Murchison Mine division continued		
Leseding Primary School Maintenance of the building, supply cleaning material, water and electricity	Consolidated Murchison Mine village	Mine employee children and surrounding community • 126 children in total • 50 from Gravelotte • 6 from the farms • 70 from the mine
Gravelotte Primary School Maintenance of the buildings Supply water to the school Pay 50 per cent of the bus transport cost to and from the mine to Gravelotte	Gravelotte	Mine employee children and surrounding community
Mine school bus to schools in Phalaborwa Transport cost and driver's salary cost	Gravelotte/Consolidated Murch Mine Village/Phalaborwa	Mine employees
Water supply to Ba-Phalaborwa Municipality	Supply approximately 12,660kℓ water to Gravelotte reservoir @ R2.96 (VAT inclusive) Maintenance of pump, pipes and meters	Farmers along the pipeline from Letaba pump station Gravelotte residents All Consolidated Murchison residents
Mathoma Stores (sell clothes and electrical appliances) Service and job creation Maintain buildings and equipment Provide deduction facilities for employees at payroll department	Consolidated Murchison Mine village	Mine employee children
Formal training Seven teachers tutor N2 adult basic education training ("ABET")	Training Centre Consolidated Murchison Mine	Mine employees and surrounding community – N6 engineering fields – 37 students Tutor N2 – N6 mining fields – 39 students Computer training (Word, Excel and PowerPoint) – 12 students Grade 12 classes – 33 learners
Churches Progress Victory Centre, Old Apostle, Anglican, Apostolic Faith Mission, Dutch Reformed Supply and maintain buildings (including electricity and water supply)	Consolidated Murchison Mine village and Gravelotte	Mine employees and surrounding communities
BBR Nyati health care 24-hour clinic, medical surveillance and primary health care	Consolidated Murchison Mine village	Mine employees and the greater community
Meisie se winkel Mariaan se winkel Wisani Café J C I Hostel bar Job creation and service		Mine employees and surrounding communities

Corporate governance

INTRODUCTION

Our vision at Metorex is to grow our mining activities in southern Africa by acquiring, developing and managing a portfolio of quality long-life mineral resource projects.

Our management philosophy is that of centralised strategic logic, combined with a strong decentralised profit centre concept at operational level, which gives management at our mines the confidence and flexibility to conduct their operations efficiently. The elements that contribute to the success of Metorex include a natural caution, operational leanness, controlled overheads, rigid cost control, strong accountability, efficient capital expenditure, utilisation of specialist consultants, and the quality of the orebody.
Best business practice in respect of corporate governance and internal controls throughout the Group were adhered to and specifically with regard to:

COMPLIANCE WITH THE KING II REPORT ON CORPORATE GOVERNANCE

The Metorex Group endorses the code of corporate governance as set out in the King II Report as well as in the Listings Requirements of the JSE. In the opinion of the directors, the Group has complied in all material aspects with the code of King II and the JSE throughout the current financial year.

In supporting the code, the Board reviews and enhances the Group's systems of internal control and governance on a continual basis to ensure that its business is managed ethically and in conformity with accepted standards of best practice. The directors of Metorex are committed to the principles of fairness, accountability, responsibility and transparency in all their dealings with our stakeholders.

CODE OF ETHICS

The Group's code of ethics requires all employees within the Group to act with the utmost good faith and integrity in all transactions and with all stakeholders with whom they interact. It commits Metorex and its employees to sound business practices and compliance with legislation.

Metorex is committed to operating in accordance with the highest standards of professional and business ethics by maintaining a Board of directors and management as well as the development of a community of employees with the highest ethical levels.

The Company has developed a code of ethics which complies with sound corporate governance principles, and has the full support of the Board of directors and senior management. The Company has also established a method for reporting fraud which is well communicated to all staff and management. Further insight regarding the Company's code of ethics can be obtained via our website: www.metorexgroup.com.

Amongst the principles to which the directors, management and employees dedicate themselves are:

- compliance with legislative and regulatory provisions;
- the protection of human life by following sound safety, health and environmental practices;
- treating all employees and stakeholders with respect;
- not discriminating against any person;
- providing employees with equality of opportunity, based on merit;
- ensuring that the quality of life of stakeholders is maintained by seeking to improve, rather than adversely affect, the environment;
- upholding the integrity of all stakeholders;
- respecting the cultural background of stakeholders;
- avoiding all potential conflicts of interest by being transparent in the declaration of all interests;
- only using Company resources for the benefit of the Company and its shareholders; and
- providing all employees with the opportunity to grow and advance.

THE BOARD

The Board of directors sets overall Group policy, which provides input and makes decisions on matters of strategic importance.
The roles of the Chairman and Chief Executive Officer are separated to ensure that no one person has unfettered powers.

The main responsibilities of the Board are to:

- determine the Company's purpose and values;
- determine the strategy to achieve its purpose;
- exercise leadership, enterprise, integrity and judgement in directing the Company so as to achieve continuing prosperity for its shareholders;
- ensure that procedures and practices are in place that protect the Company's assets and reputation;
- monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans;
- ensure that the Company complies with all the relevant laws, regulations and codes of best business practice;
- ensure that technology and systems used in the Company are adequate to run the business properly and for it to compete through the efficient use of its assets, processes and human resources;
- identify key risk areas and key performance indicators of the business in order for the Company to generate economic profit, so as to enhance shareholders' value in the long term;
- regularly assess its performance and effectiveness as a whole; and that of individual directors, including the CEO; and
- ensure that the Company has developed a succession plan for its executive directors and senior management.

The Board of directors meets quarterly and is responsible for preparing financial statements, monitoring executive management and exercising control over Group activities.

ANNUAL FINANCIAL STATEMENTS

In accordance with the requirements of the Companies Act, 1973, the directors are responsible for the preparation of annual financial statements, which fairly present the state of affairs of the Company and the Group and that the accounting policies, supported by reasonable and prudent judgements and estimates, have been applied consistently. The directors are further responsible for ensuring that applicable accounting standards have been adhered to. The external auditors are responsible for carrying out an independent examination of the financial statements and reporting their findings thereon in accordance with statements of International Standards on Auditing.

ACCOUNTABILITY AND CONTROL

The Board of directors recognises its responsibilities to retain full and effective control over the Group, review strategy, plan operational and financial performance, consider acquisitions, disposals and major capital expenditures, manage stakeholder communications and other material matters reserved for its decisions. There is also a provision in the Group's articles of association for decisions to be taken between meetings by way of directors' written resolutions.

The directors set standards and management implements systems of internal control to meet their responsibilities aimed at reducing the risk of error, fraud or loss in a cost-effective manner. This includes the proper delegation of responsibilities within a defined framework, accounting procedures and adequate segregation of duties. These controls are monitored throughout the Group, and all employees are required to maintain the highest ethical standards to ensure that business practices are conducted in a beyond-reproach manner under reasonable circumstances.

The directors are of the opinion, based on information obtained from management as well as internal and external auditors, that the internal accounting controls are adequate, and the financial records may be relied on for the preparation of the financial statements as presented.

Board composition

Mr Robert Still	–	Non-Executive Chairman	
Mr Terence Goodlace	–	Chief Executive Officer	
Mr Alberto Barrenechea	–	Non-Executive Director	
Mr Pierre Chevalier	–	Non-Executive Director	
Mr John Hopwood	–	Independent Non-Executive Director	– Appointed November 2009
Mr Nkuli Kgositsile	–	Independent Non-Executive Director	
Mr Victor Mabuza	–	Independent Non-Executive Director	
Mr Les Paton	–	Independent Non-Executive Director	
Mr Maritz Smith	–	Chief Financial Officer	

Corporate governance continued

ROTATION AND SELECTION PROCESS OF DIRECTORS

The retirement of directors follows a staggered process, with one-third of the directors retiring at each annual general meeting, and no director serving for more than three years without being re-elected by the members in general meeting. Retiring directors are free to make themselves available for re-election and may, as such, be re-elected at the annual general meeting at which they retire. All new directors appointed during the year are also subject to the approval of the shareholders. A summarised curriculum vitae of each retiring director is circulated to shareholders with the notice of annual general meeting, in terms of the Company's articles of association.

The Company in general meeting may also from time to time increase or reduce the number of directors and may also determine in what rotation such increased or reduced number is to go out of office.

Non-Executive directors are individuals of calibre and credibility, and have the necessary skill and experience to bring judgement to bear, independent of management, on issues of strategy, performance, resources, transformation and diversity and they also maintain the balance of power between shareholders and management. Non-Executive directors do not receive any remuneration from the Company for their services as directors other than the fees as reflected in the annual financial statements (refer to note 29 of the financial statements).

All Non-Executive directors receive remuneration in the form of share options in line with the Company's previous remuneration policies (refer to note 29 of the annual financial statements).

Executive directors

Executive directors are directors that are involved in the day-to-day management and running of the business and are in full-time salaried employment of the Company.

Non-Executive directors

Non-Executive directors are directors that are not involved in the day-to-day management of the business and are not full-time salaried employees of the Company and/or any of its subsidiaries.

Board committees

In order to aid and assist the Board and its directors in discharging their duties and responsibilities, specific responsibilities have been allocated to four committees, namely: the Audit Committee, the Remuneration Committee, Nomination Committee and the SHEC Committee.

All the Board committees are chaired by a Non-Executive director and these committees are free to seek independent, professional advice at the Company's expense if so required. Mr R G Still was appointed as a temporary Executive Chairman as announced 20 January 2009. This term ended in May 2009.

Audit Committee

Messrs A J Laughland (Chairman) and R G Still serve as members of the Audit Committee, which meets semi-annually. Three meetings were held in the current financial year. Subsequently, Mr J G Hopwood was appointed Chairman and Mr A J Laughland retired.

The Audit Committee has satisfied itself that Mr M Smith has the appropriate expertise and knowledge to fulfil the role of Financial Director.

The external and internal auditors have unrestricted access to the committee and representatives of the external auditors attend the committee meetings by invitation.

The principal functions of the committee, as set out in the formal terms of reference, are to review the financial statements and accounting policies, the effectiveness of internal controls and to review and discuss the risks facing the Group and the findings and recommendations of the internal and external auditors, as well as the appointment of the auditors, the remuneration, scope of the audit and the control of the internal audits. The use of auditors for non-audit services is controlled by the committee. Deloitte & Touche was involved in the capital raising initiative and provided the accountant's report.

SHEC Committee

Messrs L J Paton (Chairman), T P Goodlace, D Castle and T J Faber serve as members of the SHEC Committee, which meets at least quarterly. Metorex has engaged an external consultant, Mr H Moorcroft, to advise the Group and SHEC Committee on safety and health matters. In addition a new Group Environmental Consultant will be appointed to the Group with effect 15 November 2009. Subsequent to year-end N Kgotsitsile joined the SHEC Committee.

One meeting was held in the current financial year as this committee was established on 14 May 2009.

The principal role of the committee is highlighted on page 42 – 44.

Remuneration Committee and Nomination Committee

The Remuneration Committee, which comprises Messrs V Mabuza (Chairman), A Barrenechea, L J Paton and R G Still, meets quarterly and reviews directors' and senior management's salaries. This is done by reviewing salaries in the marketplace to ensure that the Company is competitive and offers reward for individual contributions which enhance the performance and achievements of the Group. The directors' remuneration and emoluments are disclosed in the annual financial statements (refer to note 29).

The committee also puts recommendations forward with regard to new share option grants in terms of the Group Share Incentive Plan. This is done by reviewing similar trends in the marketplace, assessment of management performance as well as Group and subsidiary performance.

The Nomination Committee comprises Messrs R G Still (Chairman) and L J Paton.

Board and committee meeting attendance

Year ended 30 June 2009

	Board		Audit		Remuneration Committee		SHEC	
	Held while member	Attended	Held while member	Attended	Held while member	Attended	Held while member	Attended
R G Still (Chairman)	6	6	3	2	3	3		
T P Goodlace (CEO)	2	2			1#	1#	1	1
A Barrenechea	6	6			3	3		
P Chevalier	3	2						
A J Laughland	6	5	3	3				
L J Paton	3	3			3	3	1	1
M Smith (CFO)	6	6	3	3#	1#	1#		
A S Malone	4	4						
C D S Needham	6	6	1	1				
E W Legg	5	5						
K C Spencer	4	4						

By invitation

DIRECTORS' INTERESTS

The declaration of directors' interests is a standard item on the Board agenda. A register of interests is maintained and retained by the Company Secretary. When a director declares an interest in a specific matter, such director is recused from voting on such matter.

Corporate governance continued

INTERNAL CONTROL

The directors set policies and management implements systems of internal control to meet their responsibilities aimed at reducing the risk of error, fraud or loss in a cost-effective manner. This includes the proper delegation of responsibilities within a defined framework, accounting procedures and adequate segregation of duties. These controls are monitored throughout the Group, and all employees are required to maintain the highest ethical standards to ensure that business practices are conducted in a beyond-reproach manner under reasonable circumstances.

The directors are of the opinion, based on information obtained from management as well as internal and external auditors, that the internal accounting controls are adequate, and the financial records may be relied on for the preparation of the financial statements as presented.

INTERNAL AUDIT

The internal audit function is currently performed by Moore Stephens MWM. This function provides management with an independent objective consulting and assurance service that reviews matters relating to control, risk management and corporate governance.

The function's responsibility is to independently assess and appraise the systems of internal control and the policies and procedures of the Group, in order to monitor how adequate and effective they are in ensuring the achievement of organisational objectives, the relevance, reliability and integrity of management and financial information, the safeguarding of assets and compliance with relevant policies, procedures, laws and regulations.

The internal audit function reports directly to the Audit Committee. Bi-annual operational visits are undertaken to each of our operations and the results of these audits are tabled at Audit Committee meetings. A corporate governance review was also conducted by the internal audit function during the financial year.

RISK MANAGEMENT

The Board of directors accepts its accountability and responsibility for risk management and has delegated to the Audit Committee responsibility for monitoring strategic risks. A consolidated Group risk register is presented to the Metorex Board every six months.

The Board of directors meets quarterly and is responsible for the Group's system of internal financial and operational control. The Group's internal controls are designed to provide reasonable, but not absolute, assurance with regard to the integrity and reliability of the financial statements and to safeguard, verify and maintain accurate records of the Group's assets and efficient management of the Group's resources, and facilitate the early detection of potential fraud, liability, loss and material misstatement, whilst complying with applicable laws and regulations.

During the year under review, nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred. A material breakdown is defined as a critical weakness in process or financial systems which could result in a material loss, contingency or uncertainty requiring disclosure in the published annual financial statements.

The Board of directors is responsible for the maintenance of proper disaster management policies at an operational and Group level, to ensure prompt effective action in case of any emergencies during the course of general business operations.

Effective risk management is about identifying the potential risks which can impact the enterprise's objectives, improving understanding of the causes and consequences of those risks, and working to reduce uncertainty and/or increase the ability to control events or outcomes.

Some of the risks associated with our entities and to which they, to the best of their abilities, attempted to mitigate directly, are:

Financial
- volatility in commodity prices, which are subject to normal supply and demand pressures as well as, increasingly, speculative activity;
- foreign exchange rate volatility, as a result of product sales and costs being Dollar denominated;
- interest-rate risk;
- inflation;
- credit and liquidity risks;
- rising labour, commodity input costs, sourcing bottlenecks and financing costs; and
- risk financing.

Political
- changes in the regulatory environment and associated costs;
- potential political instability in countries in which the Group operates; and
- security of tenure of operations.

Operational
- unexpected events which may impact on production targets being met;
- logistical risks to and from the DRC;
- ore reserves – forecasting and delivery; and
- exploration and project development risks, due to long-lead times and uncertainty inherent in these activities.

Environmental and social
- the cost impact of increasingly stringent environmental and social requirements and potential unexpected changes to these requirements;
- local community demands and expectations;
- infrastructure development and reliability can significantly impact on costs; and
- climate/weather can have an important bearing on the consistency of operating results.

Health and safety
- HIV, malaria, TB and other diseases;
- occupational health and safety risks; and
- risk of changes to health and safety legislation and the potential costs of these.

Human resources
- the cost of training and retaining employees due to a lack of skills and experience in the industry.

Within Metorex Limited it is the Board's responsibility to ensure that the Company maintains a system of internal financial controls to provide reasonable assurance regarding the reliability of the financial information used within the business for publication and that assets are safeguarded. The Board has delegated this duty to the Audit Committee which regularly reviews risk identification and mitigation procedures and reports back to the Board.

Economic risk is the danger that the economy as a whole will perform poorly. When the whole economy experiences a downturn, it affects stock prices, the job market, and the prices of consumer products.

Market risk is the chance that the entire market will decline, thus affecting the prices and values of securities. Market risk in turn, is influenced by outside factors such as interest rate changes.

Inflation risk is the danger that the currency invested in will buy less in the future because prices of consumer goods rise. When the rate of inflation rises, investments have less purchasing power. This is especially the case with investments that earn fixed rates of return. For as long as investments are held at constant rates, they are threatened by inflation. Inflation risk is tied to interest-rate risk, because interest rates often rise to compensate for inflation.

Corporate governance continued

Industry risk is the chance that a specific industry will perform poorly. When problems plague one industry, they affect the individual business involved, as well as the securities issued by those businesses. They may also cross over into other industries.
The Group's financial risk management activities are also discussed in note 25 to the financial statements.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

The Company Secretary is appointed by the Board. The Company Secretary's statement of compliance is set out on page 56 of the financial statements.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring compliance with procedures and regulations of a statutory nature. Furthermore, all directors are entitled to seek independent professional advice concerning the affairs of the Group at the Group's expense, should they believe that course of action would be in the best interests of the Group.

The Company Secretary is also responsible for alerting directors to any relevant changes to the Companies Act, the Insider Trading Act and the JSE Listings Requirements, as well as any other statutory regulations or laws affecting them in their capacity as directors.

EMPLOYMENT EQUITY

The Group is committed to providing fair and equitable treatment for all employees and creating a workplace in which individuals of ability and application can develop rewarding careers at all levels, regardless of ethnicity or gender, and is in the process of executing an employment equity programme that focuses strongly on providing training and development opportunities for historically disadvantaged groups.

In compliance with the Employment Equity Act (1998), the Group submitted a report and future action plan to government and has been working towards achieving those targets set out in the report and action plan.

GOING CONCERN

Subject to a successful implementation of the Group's strategy aimed at reducing and restructuring the Ruashi project debt, the directors are satisfied that the Group will be a going concern for the foreseeable future, and have adopted the going-concern basis in preparing these financial statements.

STAKEHOLDER COMMUNICATION

The Group is committed to transparency and to ensuring regular and open communication with its various stakeholders. The members of the Group's Executive Committee, and more specifically the executive directors, are available at all times to address shareholder queries and concerns. All communication takes full cognisance of the obligations placed on the Group by its listing and the regulatory environment in which it operates.

The Group's communication with its shareholders is premised on a clear understanding of shareholders' desire to maximise returns on investment and that, in order to do so, they and/or their advisers require equitable, timeous access to operating, financial and other information relevant to the health of the Group.

Information defined or deemed to be influential on the Group's share price is first released to the market via the JSE Limited's Stock Exchange News Service ("SENS") and, as soon as possible thereafter, to local and international media and to the addressees on the Group's electronic shareholder database. These addressees include shareholders, fund managers, and analysts. All information is also available on the Group's website.

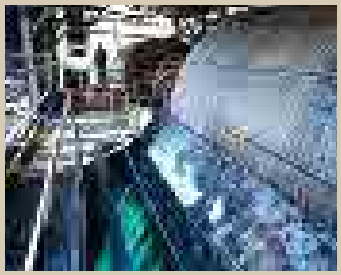
Information relating to the Group's operating and financial performance is released proactively to the market at least bi-annually in the same way, and sometimes more frequently, as determined by circumstances. The Group disseminates its results by means of a leaflet which is distributed to all shareholders on the database.

The Group hosted frequent analysts' briefings during the year under review and will be hosting such briefings on a regular basis in the future.

Annual financial statements

2009







Contents

Annual financial statements

56 Group secretary's certification
56 Directors' approval
57 Independent auditors' report
58 Directors' report
60 Income statements
61 Balance sheets
62 Cash flow statements
63 Notes to the cash flow statements
64 Statements of changes in equity
65 Notes to the annual financial statements

Group secretary's certification

I hereby certify that Metorex Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of section 268G(d) of the Companies Act, 1973. All such returns are true, correct and up to date.



per O Barbeau

MOORE STEPHENS MWM INC.
Group Secretary

4 November 2009

Directors' approval

TO THE MEMBERS OF METOREX LIMITED

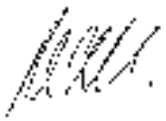
The directors of the Company and Group are responsible for the preparation and integrity of the annual financial statements and related financial information included in this report. The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa and incorporate full and responsible disclosure in line with the accounting philosophy of the Group and Company.

The directors are responsible for the maintenance of adequate accounting records, the preparation and integrity of the Group and Company annual financial statements and all related information. The directors are also responsible for the systems of internal control which are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets and to prevent and detect material misstatement and loss.

Subject to the successful implementation of the Group's strategy aimed at reducing and restructuring the Ruashi project debt, the directors are satisfied that the Group will be a going concern for the foreseeable future, and have adopted the going-concern basis in preparing these financial statements.

It is the responsibility of the external auditors to express an opinion on the financial statements and their opinion is included on page 57.

The annual financial statements, set out on pages 58 to 96, were approved by the Board of directors on 4 November 2009 and are signed on its behalf by:



R G Still
Chairman



T P Goodlace
Chief Executive Officer

Independent auditors' report

TO THE MEMBERS OF METOREX LIMITED

We have audited the Group annual financial statements and annual financial statements of Metorex Limited which comprise the consolidated and separate balance sheets as at 30 June 2009, and the consolidated and separate income statements, the consolidated and separate statement of changes in equity and consolidated and separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 58 to 96.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

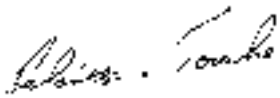
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metorex Limited as at 30 June 2009, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Emphasis of matter

Without qualifying our opinion, we draw attention to the directors' statement that subject to the successful implementation of the Group's strategy aimed at reducing and restructuring the Ruashi project debt, they are satisfied that the Group will be a going concern for the foreseeable future, and have adopted the going-concern basis in preparing these financial statements.



Deloitte & Touche
Per IT Marshall
Partner

4 November 2009

National Executive: G G Gelink Chief Executive, A E Swiegers Chief Operating Officer, G M Pinnock Audit, D L Kennedy Tax and Legal and Financial Advisory, L Geeringh Consulting, L Bam Corporate Finance, C R Beukman Finance, T J Brown Clients and Markets, N T Mtoba Chairman of the Board, C R Qually Deputy Chairman of the Board.
A full list of partners and directors is available on request.
BBBEE rating: Level 3 contributor/AA (certified by Empowerdex)
Member of Deloitte Touche Tohmatsu

Directors' report

NATURE OF BUSINESS
Metorex is an established mid-tier mining company, listed on the JSE Limited (JSE). Metorex was delisted from the London Stock Exchange Plc (LSE) effective 9 March 2009. In addition, Metorex has a level 1 ADR programme sponsored by the Bank of New York. The Company owns and manages quality mining projects on a decentralised profit-centre basis, and provides technical, administrative and financial support to operational management.

FINANCIAL RESULTS
The results for the year are set out in the audited annual financial statements which appear on pages 58 to 96.

ASSETS HELD-FOR-SALE
The financial statements for the year ended 30 June 2009 were prepared on the basis of the Pan African and Consolidated Murchison assets being held-for-sale. This follows the disposal of Pan African subsequent to year-end and the Group's intention to exit the Consolidated Murchison operation. The Group's continuing operating assets at year-end are Vergenoeg, Chibuluma Mines plc ("Chibuluma"), Ruashi and Sable Zinc Kabwe Limited. The operational results from these assets other than the Ruashi project comprise mining profit as reported in the consolidated income statement with comparatives having been reclassified as assets held-for-sale in terms of IFRS 5: *Non-current Assets Held-for-Sale and Discontinued Operations*. Refer note 31.

SPECIAL RESOLUTIONS ADOPTED
A special resolution to increase the authorised share capital of the Company from 500 000 000 shares to 1 500 000 000 shares was adopted during the current year.

SHARE CAPITAL
The authorised and issued share capital of the Company is detailed in note 17 to the annual financial statements.
The shares issued during the year are as follows:

Shares issued:
- 8 July 2008: 18 250 shares at R24 per share to acquire a further interest in CRC; and
- 2 September 2008: 1,2 million shares at R16 per share as payment towards mineral rights.

The values were determined in accordance with the respective agreements.

Capital raising:
- 24 December 2008: private placement of 242,5 million shares for cash at R2 per share; and
- 19 January 2009: 129,5 million shares issued for cash followed by a clawback offer at R2 per share.

A cumulative amount of 33,9 million (2008: 14,1 million) share options are available for implementation or exercise in terms of the Metorex Limited Share Incentive Scheme. Share options are offered at the ruling market price and vest between one and five years after their grant. Options on 26,5 million shares at a weighted average price of R1.78 per share were offered to Group employees during the year, significantly out of the money options were amended, and 0,4 million share options were exercised at an average price of R2.45 per share.

Directors

R G Still (Chairman)*		T V Mabuza*^ ^	appointed 11/08/2009
T P Goodlace (Chief Executive Officer)	appointed 02/03/2009	L J Paton*^ ^	appointed 01/12/2008
A Barrenechea*#		A S Malone	resigned 20/01/2009
A J Laughland*~ ^ ^	resigned 31/10/2009	C D S Needham	resigned 11/08/2009
M Smith (Chief Financial Officer)	appointed 01/12/2008	E W Legg	resigned 01/07/2009
P Chevalier*^	appointed 20/01/2009	K C Spencer	resigned 31/03/2009
N N Kgositsile*^ ^	appointed 11/08/2009	J G Hopwood*^ ^	appointed 01/11/2009

**Non-Executive; ~British; #Spanish; ^Belgian; ^ ^Independent*

GROUP COMPANY SECRETARY
Moore Stephens MWM Inc
7 West Street, Houghton 2198, South Africa
(PO Box 1574, Houghton 2041)

DIRECTORS' INTERESTS IN THE COMPANY
The interests of the directors in the issued share capital of the Company at the end of the financial year were:

	Beneficial 2008		**Beneficial 2009**	
	Direct	Indirect	**Direct**	**Indirect**
T P Goodlace	–	–	**–**	**–**
C D S Needham	2 092 346	–	**2 092 346**	**–**
A Barrenechea	–	51 587 253*	**–**	**99 359 211**
A J Laughland	–	–	**–**	**–**
E W Legg	222 000	300 000	**299 567**	**404 820**
R G Still	–	478 403	**–**	**9 491 545**
M Smith	–	–	**–**	**–**
	2 314 346	52 365 656	**2 391 913**	**109 255 576**

**Pro rata shares adjusted in order to reflect gross shares held by companies related to Mr A Barrenechea.*

DIVIDENDS
In view of the funding requirements and the strategy to reduce and restructure the Ruashi debt, the Board considers it inappropriate to declare a dividend for the year ended 30 June 2009 (2008: Rnil).

SUBSIDIARIES
Refer to note 14 of the annual financial statements for details of subsidiary companies.

The aggregated after-tax earnings attributable to the Group from its subsidiaries were R370 million (2008: R609 million). The aggregated after-tax losses attributable to the Group from its subsidiaries were R299 million (2008: Rnil).

SUBSEQUENT EVENTS
On 25 June 2009, the Group announced the disposal of its entire shareholding in Pan African Resources plc for R386 million, subject to certain conditions precedent. These conditions have subsequently been fulfilled and accordingly this two-tiered transaction became unconditional on 1 July 2009 and 20 August 2009 respectively. Through this sale Pan African is now an empowered company with 26 per cent of its shareholding being held by Shanduka.

On 29 July 2009, the Group announced the disposal of 15 per cent of the issued ordinary share capital of Vergenoeg to Medu Capital, a consortium of black economic empowerment (BEE) controlled entities, for a cash consideration of R108.8 million.

On 23 September 2009, the Group announced the proposed disposal of its entire remaining shareholding in Vergenoeg comprising 137 500 ordinary shares constituting 55 per cent of the issued ordinary share capital of Vergenoeg to Minersa, currently a 30 per cent shareholder in Vergenoeg, for a cash consideration of US$60 million. This transaction is still subject to a number of conditions precedent, including shareholder approval.

GOING CONCERN
Subject to the successful implementation of the Group's strategy aimed at reducing and restructuring the Ruashi project debt, the directors are satisfied that the Group will be a going concern for the foreseeable future, and have adopted the going-concern basis in preparing these financial statements.

MAJOR SHAREHOLDERS (UNAUDITED)
At 30 June 2009 the following shareholders held more than five per cent of the 742 538 403 ordinary shares in issue:

Shareholder	Number of shares	% of shares
Industrial Development Corporation (IDC)	112 756 899	15,18
Minerales Y Productos Derivados S.A.	66 982 297	9,02
CIB Strategic No 2 Standard Bank of South Africa Limited	61 000 000	8,21
Usat Nominees (Pty) Limited	55 598 523	7,49

As far as can be ascertained from the register of members, and to the best of the directors' knowledge, there were no other holders of five per cent or more in the capital of the Company at that date.

Analysis of shareholders (unaudited)

Range of shareholding	Number of shareholders	% of shareholders	Number of shares	% of shares
0 – 1 000	1 751	26,58	893 668	0,12
1 001 – 5 000	2 427	36,84	6 406 652	0,86
5 001 – 10 000	910	13,81	6 851 558	0,92
10 001 – 50 000	1 021	15,50	23 365 934	3,15
50 001 – 100 000	158	2,40	11 440 576	1,54
100 001 – 1 000 000	243	3,69	74 232 021	10,00
1 000 001 and above	78	1,18	619 347 994	83,41
	6 588	**100,00**	**742 538 403**	**100,00**
Individuals	5 226	79,33	77 011 882	10,37
Banks and trust funds	499	7,57	41 244 779	5,55
Companies	825	12,52	599 111 845	80,69
Corporate bodies	38	0,58	25 169 897	3,39
	6 588	**100,00**	**742 538 403**	**100,00**
Non-public shareholders	4	0,06	111 647 489	15,04
Directors	2	0,03	2 796 733	0,38
Associates	2	0,03	108 850 756	14,66
Public shareholders	6 584	99,94	630 890 914	84,96
	6 588	**100,00**	**742 538 403**	**100,00**

Income statements

	Notes	Group 2008* R000	Group 2009 R000	Company 2008* R000	Company 2009 R000
Revenue					
Mineral sales					
Copper		1 247 710	**866 407**	–	**–**
Cobalt		111 436	**70 677**	–	**–**
Fluorspar		255 643	**304 637**	–	**–**
Gross revenue		1 614 789	**1 241 721**	–	**–**
Realisation costs		268 715	**204 894**	–	**–**
On-mine revenue		1 346 074	**1 036 827**	–	**–**
Cost of production	2	642 477	**895 871**	38 085	**62 186**
Mining profit/(loss)		703 597	**140 956**	(38 085)	**(62 186)**
Other (expenses)/income	4	(22 425)	**147 623**	116 129	**100 355**
Impairments	5	–	**(2 273 429)**	–	**(1 648 110)**
Held-for-sale assets, net of tax	31	245 090	**63 809**	19 763	**(142 415)**
Discontinued operations	31	(8 859)	**(438)**	–	**–**
Reverse acquisition of PAR				376 967	**–**
Finance income	6	7 764	**7 871**	55 570	**17 877**
Finance costs	6	(9 287)	**(7 621)**	(2 358)	**(18 453)**
Profit/(loss) before taxation	7	915 880	**(1 921 229)**	527 986	**(1 752 932)**
Income tax expense/(credit)	8	219 786	**(380 785)**	82 974	**(84 639)**
Profit/(loss) for the year from continuing operations		696 094	**(1 540 444)**	445 012	**(1 668 293)**
Attributable to:					
Equity holders of the parent		554 552	**(1 507 218)**	445 012	**(1 668 293)**
Minority interests		141 542	**(33 226)**		
		696 094	**(1 540 444)**	445 012	**(1 668 293)**
From continuing and discontinued operations:					
Basic earnings (loss) per share (cents)	9	159,4	**(272,4)**		
Diluted earnings (loss) per share (cents)	9	156,5	**(272,4)**		
From continuing operations:					
Basic earnings (loss) per share (cents)	9	161,9	**(272,3)**		
Diluted earnings (loss) per share (cents)	9	159,0	**(272,3)**		

**Restated for assets held-for-sale.*

Balance sheets

	Notes	Group 2008* R000	Group 2009 R000	Company 2008* R000	Company 2009 R000
ASSETS					
Non-current assets					
Property, plant and equipment	11	2 823 685	**3 467 738**	482	**574**
Mineral rights	11	2 701 699	**1 367 689**	13 943	**–**
Goodwill	12	11 514	**11 514**	11 514	**11 514**
Investments	13	3 443	**79 718**	3 443	**16 487**
Derivative financial instrument	25	–	**94 942**	–	**–**
Deferred tax asset	22	1 354	**–**	–	**–**
Subsidiaries	14			2 732 493	**2 296 762**
Rehabilitation trust fund	21	6 450	**779**	–	**–**
		5 548 145	**5 022 380**	2 761 875	**2 325 337**
Current assets					
Inventories	15	300 143	**264 051**	–	**–**
Trade and other receivables	16	572 101	**447 628**	79 215	**13 381**
Derivative financial instruments	25	189	**–**	–	**–**
Group companies				68 609	**–**
Current tax assets		13 900	**6 194**	–	**–**
Bank balances and cash	24	119 066	**73 553**	11 204	**6 800**
		1 005 399	**791 426**	159 028	**20 181**
Assets held-for-sale	31	1 414 185	**1 078 229**	671 364	**406 309**
Total assets		7 967 729	**6 892 035**	3 592 267	**2 751 827**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	17	36 917	**74 255**	36 917	**74 255**
Share premium	17	2 292 746	**2 979 136**	2 292 746	**2 979 136**
Hedging and translation reserve	18	(167 546)	**(319 870)**	16 480	**(11 846)**
Retained earnings		1 389 089	**(118 129)**	1 038 285	**(630 008)**
Share option reserve		21 797	**47 586**	6 813	**21 375**
Equity reserve		(117 300)	**(117 300)**	(108 378)	**(108 378)**
Assets held-for-sale		(5 599)	**(146 219)**	(30 026)	**264**
Equity attributable to equity holders of parent		3 450 104	**2 399 459**	3 252 837	**2 324 798**
Minority interest	19	683 570	**457 208**		
Total equity		4 133 674	**2 856 667**	3 252 837	**2 324 798**
Non-current liabilities					
Long-term liabilities	20	1 342 935	**1 415 563**	57 934	**–**
Long-term provisions	21	171 038	**179 486**	–	**–**
Deferred tax liabilities	22	799 236	**469 292**	108 195	**33 970**
Post-retirement medical aid	23	1 599	**1 824**	–	**–**
		2 314 808	**2 066 165**	166 129	**33 970**
Current liabilities					
Trade and other payables		512 638	**557 831**	2 719	**8 099**
Short-term borrowings	20	175 296	**695 604**	–	**189 482**
Short-term provisions	21	25 059	**35 065**	845	**1 232**
Bank overdraft	24	17 735	**54 323**	15 006	**29 717**
Derivative financial instruments	25	273 888	**230 240**	–	**28 326**
Group companies				–	**9 922**
Taxation		109 189	**29 999**	36 560	**21 019**
		1 113 805	**1 603 062**	55 130	**287 797**
Liabilities held-for-sale	31	405 442	**366 141**	118 171	**105 262**
Total equity and liabilities		7 967 729	**6 892 035**	3 592 267	**2 751 827**
Net asset value per share (cents)		935	**323**		
Net tangible asset value per share (cents)		931	**322**		

Restated for assets held-for-sale.

Cash flow statements

	Notes	Group 2008 R000	Group 2009 R000	Company 2008 R000	Company 2009 R000
CASH INFLOWS/(OUTFLOW) FROM OPERATING ACTIVITIES		783 956	**121 602**	102 777	**(32 276)**
Cash generated by/(utilised in) operations	A	915 442	**465 997**	(606)	**(183 957)**
Dividends received				51 142	**158 049**
Dividends paid		(16 284)	**(108 224)**	–	**–**
Taxation paid		(115 070)	**(236 421)**	–	**(5 792)**
Finance income		10 556	**7 871**	55 750	**17 877**
Finance costs		(10 688)	**(7 621)**	(3 509)	**(18 453)**
CASH (OUTFLOWS)/INFLOW FROM INVESTING ACTIVITIES		(1 848 615)	**(1 393 693)**	146 758	**(822 914)**
Additions to property, plant and equipment and mineral rights		(2 015 085)	**(1 381 650)**	(82 529)	**(282)**
Acquisition of subsidiaries	33	(169 710)	**–**	–	**–**
Proceeds on disposal of property, plant and equipment		119	**1 162**	–	**–**
Proceeds on disposal of shares in subsidiary	33	338 575	**–**	338 575	**57 403**
Increase in investments		(2 514)	**(13 205)**	(2 514)	**(13 044)**
Loans to subsidiaries				(63 725)	**(885 143)**
Movement in Group companies				(43 049)	**18 152**
CASH INFLOWS/(OUTFLOW) FROM FINANCING ACTIVITIES		1 137 289	**1 191 426**	(259 105)	**836 075**
Borrowings raised		1 364 993	**513 475**	79 730	**189 482**
Borrowings repaid		(232 328)	**(26 576)**	(343 459)	**(57 934)**
Shares issued		4 624	**704 527**	4 624	**704 527**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		72 630	**(80 665)**	(9 570)	**(19 115)**
Cash and cash equivalents at the beginning of the year	24	54 558	**101 331**	3 677	**(3 802)**
Effect of foreign exchange rate changes		2 516	**(1 436)**	–	**–**
Acquisition of CRC	33	53 867	**–**	–	**–**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	B	183 571	**19 230**	(5 893)	**(22 917)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR – DISCONTINUING OPERATIONS			**23 191**		**(7 064)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR – CONTINUING AND DISCONTINUING OPERATIONS			**42 421**		**(29 981)**

Notes to the cash flow statements

		Group		Company	
		2008 R000	**2009 R000**	2008 R000	**2009 R000**
A	RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED BY/(UTILISED IN) OPERATIONS				
	Profit/(loss) before taxation	1 031 355	**(1 921 229)**	527 986	**(1 752 932)**
	Adjusted for:	(2 338)	**2 321 365**	(467 369)	**1 588 011**
	Dividends received			(51 142)	**(158 049)**
	(Profit)/loss for the year from subsidiary sold/discontinued operations/assets held-for-sale	(157 995)	**76 409**	(376 967)	**79 353**
	Net profit on hedgebook close-outs	–	**(169 598)**	–	**–**
	Profit on disposal of mining assets	(119)	**(914)**	–	**–**
	Share option costs	16 112	**20 055**	2 669	**17 831**
	Net finance costs/(income)	132	**(250)**	(52 241)	**576**
	Impairments	–	**2 273 429**	–	**1 648 110**
	Depreciation	139 532	**122 234**	10 312	**190**
	Operating profit before working capital changes	1 029 017	**400 136**	60 617	**(164 921)**
	Working capital changes	(113 575)	**65 861**	(61 223)	**(19 036)**
	(Increase)/decrease in inventories	(180 202)	**13 348**	(12 098)	**–**
	(Increase)/decrease in trade and other receivables	(109 694)	**43 067**	(4 361)	**(25 468)**
	Increase/(decrease) in trade and other payables and provisions	176 321	**9 446**	(44 764)	**6 432**
	Cash generated by/(utilised in) operations	915 442	**465 997**	(606)	**(183 957)**
B	CASH AND CASH EQUIVALENTS				
	Bank balances and cash	203 435	**73 553**	11 242	**6 800**
	Bank overdraft	(19 864)	**(54 323)**	(17 135)	**(29 717)**
		183 571	**19 230**	(5 893)	**(22 917)**

Statements of changes in equity

	Notes	Group 2008 R000	Group 2009 R000	Company 2008 R000	Company 2009 R000
Share capital		36 917	**74 255**	36 917	**74 255**
– Balance at beginning of year		32 454	**36 917**	32 454	**36 917**
– Issue of shares		4 463	**37 338**	4 463	**37 338**
Share premium		2 292 746	**2 979 136**	2 292 746	**2 979 136**
– Balance at beginning of year		1 293 733	**2 292 746**	1 293 733	**2 292 746**
– Issue of shares, net of costs		999 013	**686 390**	999 013	**686 390**
Foreign exchange translation reserve		75 999	**(237 085)**	16 480	**16 480**
– Balance at beginning of year		(41 312)	**75 999**	16 480	**16 480**
– Foreign exchange reserve		161 434	**(270 539)**		
– Translation profit on foreign monetary item		(56 726)	**(45 150)**		
– Transfer to AHFS		(1 578)	**–**		
– Tax effect of translation profit on foreign monetary item		14 181	**2 605**		
Hedging reserve		(243 545)	**(82 785)**	–	**(28 326)**
– Balance at beginning of year		(73 818)	**(243 545)**	(11 345)	**–**
– Fair value (losses)/profits for the year		(126 202)	**122 266**	(20 140)	**(28 326)**
– Transfer to AHFS		7 210	**–**	31 485	**–**
– Minority interest		(50 735)	**38 494**		
Equity reserve		(117 300)	**(117 300)**	(108 378)	**(108 378)**
– Balance at beginning of year		(121 922)	**(117 300)**	(108 378)	**(108 378)**
– Transfer to AHFS		4 622	**–**	–	**–**
Share option reserve		21 797	**47 586**	6 813	**21 375**
– Balance at beginning of year		10 340	**21 797**	5 603	**6 813**
– Transfer to AHFS		(4 655)	**–**	(1 459)	**–**
– Expense for the year		16 112	**25 789**	2 669	**14 562**
Retained income		1 389 089	**(118 129)**	1 038 285	**(630 008)**
– Balance at beginning of year		834 537	**1 389 089**	593 273	**1 038 285**
– Profit/(loss) for the year attributable to equity holders of parent		554 552	**(1 507 218)**	445 012	**(1 668 293)**
Equity attributable to equity holders of parent		3 455 703	**2 545 678**	3 282 863	**2 324 534**
Equity attributable to assets held-for-sale		(5 599)	**(146 219)**	(30 026)	**264**
Minority interest	19	683 570	**457 208**		
Total equity		4 133 674	**2 856 667**	3 252 837	**2 324 798**

Notes to annual financial statements

1. ACCOUNTING POLICIES

Basis of preparation

The annual financial statements have been prepared under the historical-cost basis, except for certain financial instruments which are stated at fair value, and in accordance with International Financial Reporting Standards ("IFRS"). The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous year; except for the classification of Pan African Resources and Consolidated Murchison as assets held-for-sale in terms of IFRS 5: *Non-current Assets Held-for-Sale and Discontinued Operations.*

New and revised International Financial Reporting Standards not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations applicable to the Group were in issue but not yet effective:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 2	Share-based Payments
IFRS 3	Business Combinations
IFRS 5	Non-current Assets Held-for-Sale and Discontinued Operations
IFRS 8	Operating Segments (new)
IAS 1	Presentation of Financial Statements
IAS 16	Property, Plant and Equipment
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 23	Borrowing Costs
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 29	Financial Reporting in Hyperinflationary Economies
IAS 31	Interest in Joint Ventures
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 16	Hedges of a net investment in a foreign operation (new)
IFRIC 17	Distributions of Non-cash Assets to Owners (new)
IFRIC 18	Transfers of Assets from Customer (new)

The directors anticipate that the adoption of these standards and interpretations in future periods except for IFRS 3, will not have a material impact on the financial statements of the Group other than additional disclosure.

Critical accounting estimates and judgements

In preparing the annual financial statements in terms of IFRS, the Group's management is required to make certain judgements, estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported year and the related disclosures. The estimates and judgements are based on historical experience, current and expected future economic conditions and other factors. Actual results may differ from these estimates.

Judgements made by management

The following judgements, apart from those involving estimates (as mentioned below) have been made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

- In applying IFRS 5, Non-current Assets Held-for-Sale and Discontinued Operations, management had to make judgements as to which non-current assets and discontinued operations fall within the scope of the standard and had to be reclassified and measured in terms of IFRS 5 (refer note 31).
- In applying IFRS 2, Share-based Payments, management had to make certain judgements in respect of the fair value option-pricing models to be used in determining the various share-based arrangements in respect of employees, as well as the variable elements used in these models (refer note 30).
- In applying IFRIC 4, Determining whether an Arrangement contains a Lease, and IAS 17, Leases, contractual agreements were assessed to determine whether they convey the right to use an asset and their classification as either an operating or finance lease.
- Estimates made in determining the present obligation of environmental provisions including decommissioning and rehabilitation.
- Estimates made in determining the recoverable amount of assets where there is an indication that an asset may be impaired, this includes the estimation of cash flows and the discount rates used.
- Estimates made in determining the probability of future taxable income thereby justifying the recognition of a deferred tax asset.
- Estimates made in determining changes in the estimated useful lives of assets and their residual values.
- Estimates made in determining the life of the mines.
- Estimates made in the valuation of mineral rights.

Notes to annual financial statements continued

1. ACCOUNTING POLICIES (continued)

Judgements made by management (continued)

- Estimates made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted.
- Estimates made of contingent liabilities disclosed.
- Estimates of mineral resources and ore reserves in accordance with the SAMREC code (2000) for South African properties. Such estimates relate to the category for the resource (measured, indicated or inferred), the quantum and the grade.

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree plus any costs directly attributable to the business combination. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Inter-company transactions and balances between Group entities are eliminated on consolidation.

1.2 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combinations is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Mineral rights and goodwill arising on acquisition are recognised as an asset, and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of net fair value of the assets, liabilities and contingent liabilities recognised.

1.3 Property, plant and equipment

1.3.1 Mining assets

Mining assets, including mine development costs and mine plant facilities, are recorded at cost of acquisition.

Expenditure incurred to develop new ore bodies, to define mineralisation in existing ore bodies, to establish or expand productive capacity and expenditure designed to maintain productive capacities, are capitalised until commercial levels of production are achieved.

1.3.2 Mineral and surface rights

Mineral and surface rights are recorded at cost of acquisition.

1.3.3 Land

Land is shown at cost and is not depreciated.

1.3.4 Gain or loss on disposal or retirement of assets

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.4 Depreciation

1.4.1 Depreciation of mining assets and mineral and surface rights

Mining assets, mine development costs, mineral and surface rights and plant mine facilities are depreciated over the lives of the mines to their residual values using the units-of-production method based on estimated proved and probable ore reserves or where impractical, directors' estimates subject to a maximum life of mine of 20 years.

1. ACCOUNTING POLICIES (continued)

1.4 Depreciation (continued)

1.4.1 Depreciation of mining assets and mineral and surface rights (continued)

The assets of the underlying mines are depreciated over the following periods:

Consolidated Murchison Mine	Impaired
Vergenoeg Mine	20 years
Chibuluma South	±8 years
Barberton Mines	±15 years
Ruashi	±15 years
Sable	±10 years

Other mining plant and equipment is depreciated on the straight-line basis over the shorter of the life of the mine or their estimated useful lives.

1.4.2 Depreciation of non-mining assets

Buildings and other non-mining assets are recorded at cost and depreciated on the straight-line basis over their expected useful lives, which vary between 4 to 10 years.

1.4.3 Mining exploration

Expenditure on exploration activities is capitalised until the viability of the mining venture has been proven. If the mining venture is subsequently considered non-viable the expenditure is charged against income as and when that fact becomes known.

1.5 Impairment (except for goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses are immediately recognised as an expense. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of a subsidiary is described in 1.2 above.

1.7 Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which affects neither tax nor accounting profit.

Notes to annual financial statements continued

1. ACCOUNTING POLICIES (continued)

1.7 Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt within equity, or where they arise from the initial accounting of a business combination. In a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or parts of the asset to be recovered.

1.8 Provisions

Provisions are recognised when the Group has a legal or constructive obligation resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle a present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.9 Foreign currencies

Transactions in currencies other than Rand are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling at the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

In order to hedge its exposure to foreign exchange risks, the Group may enter into forward contracts (see note 1.18 for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates ruling at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising from the translation of foreign operations are classified as equity and are recognised as income or expenses in the period in which the operation is disposed of. Translation differences on foreign loans to subsidiaries which are classified as equity loans are accounted for as non-distributable reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the reporting entity and are recorded using the exchange rate at the date of the transaction.

1.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until commercial levels of production are achieved. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are recognised in net profit or loss in the period in which they are incurred.

1.11 Consumable stores and product inventories

Consumable stores are valued at the lower of cost, determined on a weighted average basis, and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Obsolete and slow-moving consumable stores are identified and are written down to their economic or realisable values. Product inventories are valued at the lower of cost, determined on a weighted average basis, and net realisable value. Costs include direct mining costs and mine overheads.

1.12 Retirement benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed schemes are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

1. ACCOUNTING POLICIES (continued)

1.13 Post-retirement benefits other than pension

Certain companies within the Group provide retirement benefits by way of medical aid schemes for employees. Charges to the income statement are based on the accrual basis. The estimated cost for retiree health care is accrued during the participants' actual service periods, up to the date they become eligible for full benefits.

1.14 Equity participation plan

Equity settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 30.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on the straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the equity settled employee benefits reserve.

1.15 Provision for environmental rehabilitation costs

Long-term environmental obligations are based on the Company's environmental plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. 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 shown separately in the income statement.

The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure, in view of the uncertainty of estimating the potential future proceeds.

1.16 Provision for closure costs

The Group provides for closure costs other than rehabilitation costs when the directors have prepared a detailed plan for closure of the particular operation, the remaining life of which is such that significant changes to the plan are unlikely; and the directors have raised a valid expectation in those affected that it will carry out the closure by starting to implement that plan or announcing its main features to those affected by it.

1.17 Revenue recognition

Revenue represents the value of minerals sold, excluding value added tax and is recognised when goods are delivered and risk and reward has passed, and is measured at the fair value of the consideration received or receivable.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rates applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

1.18 Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Notes to annual financial statements continued

1. ACCOUNTING POLICIES (continued)

1.18 Financial assets (continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms a part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 25.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classed as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownerships and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1. ACCOUNTING POLICIES (continued)

1.18 Financial assets (continued)

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 25.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

1.19 Derivative financial instruments

In the ordinary course of its operations, the Group may enter into a variety of derivative financial instruments to manage its exposure to commodity prices and foreign exchange rate risk.

Derivatives are initially recognised at cost at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of commodity price risk or foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of commodity price risk or foreign exchange risk or firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item.

Note 25 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity.

Notes to annual financial statements continued

1. ACCOUNTING POLICIES (continued)

1.19 Derivative financial instruments (continued)

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line of the income statement.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationships, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

1.20 Leases

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total lease commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease. Operating leases are accounted for on a systematic basis over the period of the lease.

1.21 Non-current assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

1.22 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

	Group		Company	
	2008* R000	**2009 R000**	2008* R000	**2009 R000**
2. COST OF PRODUCTION				
Mining	78 924	**97 820**	–	**–**
Salaries and wages	144 389	**176 254**	20 188	**27 953**
Processing	172 531	**232 012**	–	**–**
Engineering and technical	113 575	**152 302**	–	**–**
Administration	87 716	**90 425**	17 781	**34 043**
Inventory movement	(50 306)	**24 824**	–	**–**
Depreciation	95 648	**122 234**	116	**190**
	642 477	**895 871**	38 085	**62 186**
3. OPERATING LEASES				
At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases mainly in respect of office equipment, security cameras, building rentals and compressors, which fall due as follows:				
Within one year	3 613	**3 459**	1 666	**1 839**
Years 2 to 5	5 131	**3 362**	4 782	**3 154**
	8 744	**6 821**	6 448	**4 993**
4. OTHER (EXPENSES)/INCOME				
Management and technical fees income	1 056	**–**	47 152	**19 406**
Profit on Ruashi hedgebook close-outs	–	**210 954**	–	**–**
Prior year copper price finalisation charges	–	**(28 168)**	–	**–**
Dividends received – subsidiaries			51 142	**158 049**
Foreign exchange gains	7 558	**25 418**	4 750	**20 118**
(Loss)/profit on disposal of assets	(43)	**914**	–	**–**
Loss on disposal of Phoenix	–	**–**	–	**(79 353)**
Share option expense	(18 099)	**(20 055)**	15 584	**(17 831)**
Rehabilitation expense	(6 577)	**(9 040)**	–	**–**
Royalties	(10 626)	**(20 410)**	–	**–**
Sundry other	4 306	**(11 990)**	(2 499)	**(34)**
	(22 425)	**147 623**	116 129	**100 355**

5. IMPAIRMENTS

It is Group policy to annually assess assets for impairment. Following this review, the Group impairment charge before taxation and minorities amounted to R2.3 billion (Company: R1.6 billion).

This charge is made up as follows:

	2009 R000
Group	
CRC	**1 720 247**
Ruashi phase I project	**216 025**
Consolidated Murchison Division	**124 477**
PAR	**57 575**
Other	**155 105**
	2 273 429

The primary CRC asset being the Kinsenda mine, was impaired to R230 million (US$30 million) based on a risk based valuation at a real after tax discount rate of 20 per cent. This discount rate accounts for risks related to project funding, project development and operating in the DRC. A copper price of US$5 000/ton was applied in these valuations. The net CRC impairment, after tax and minorities, of R1.2 billion principally relates to the original investment cost. This cost constituted the issue of 37 million new Metorex shares at R24 per share (R888 million) and R85 million in cash.

Company	
CRC	**1 134 284**
Property, plant, equipment and mineral rights	**116 928**
PAR	**141 931**
Other	**254 967**
	1 648 110

**Restated for assets held-for-sale.*

Notes to annual financial statements continued

		Group		Company	
		2008* R000	**2009 R000**	2008* R000	**2009 R000**
6.	**FINANCE (COSTS)/INCOME**				
	Interest received	7 764	**7 871**	55 570	**17 877**
	Interest paid	(129 479)	**(116 010)**	(2 358)	**(18 453)**
	Less: Borrowing costs capitalised	120 192	**108 389**	–	**–**
	Net finance (costs)/income	(1 523)	**250**	53 212	**(576)**
7.	**PROFIT/(LOSS) BEFORE TAXATION**				
	Is stated after charging:				
	Audit fee				
	– current year	1 316	**1 967**	657	**916**
	– prior year	585	**–**	–	**–**
	Retirement benefit costs	9 664	**5 896**	–	**–**
	Operating leases and rentals				
	– equipment and buildings	5 238	**2 989**	1 198	**1 370**
	Exploration expenditure	805	**1 488**	–	**–**
8.	**INCOME TAX EXPENSE**				
	SA normal taxation				
	– current year	25 313	**23 806**	4 086	**–**
	– prior year	2	**(413)**	–	**(413)**
	Foreign normal taxation				
	– current year	104 197	**3 570**	–	
	Deferred taxation				
	– current year	89 074	**(408 766)**	78 888	**(84 194)**
	– prior year	–	**(32)**	–	**(32)**
	Secondary taxation on companies				
	– current year	1 200	**1 050**	–	**–**
	Total taxation charge – continuing operations	219 786	**(380 785)**	82 974	**(84 639)**
	Profit/(loss) before taxation	915 880	**(1 921 229)**	527 986	**(1 752 932)**
	Less: Held-for-sale assets, net of tax	–	**(210 704)**	–	**–**
	Total profit/(loss) before taxation – continuing operations	915 880	**(2 131 933)**	527 986	**(1 752 932)**
	Taxation at the domestic taxation rate of 28%	256 446	**(596 941)**	147 836	**(490 821)**
	Secondary taxation on companies	1 200	**1 050**	–	**–**
	Under/(over) provision – prior year	2	**(445)**	–	**(445)**
	Non-deductible/(exempt income) expenses	2 968	**7 902**	(22 300)	**186 826**
	Tax rate change	(923)	**–**	(485)	**–**
	Deferred tax asset not recognised	–	**203 813**	–	**219 801**
	Taxation rate differentials	(39 907)	**3 836**	(42 077)	**–**
	Taxation expense/(credit) for the year – continuing operations	219 786	**(380 785)**	82 974	**(84 639)**
	Effective taxation rate for the year – continuing operations (%)	24,0	**17,9**	15,7	**4,8**
	Unredeemed capital expenditure available	39 256	**1 316 749**	39 256	**67 583**
	Unredeemed capital expenditure recognised	30 459	**1 249 166**	30 459	**–**
	Losses available for future taxable income set off	19 849	**1 997 688**	–	**135 132**
	Taxation losses recognised	–	**1 862 556**	–	**–**

**Restated for assets held-for-sale.*

9. EARNINGS/(LOSS) PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings/(loss) per share (EPS)

EPS is based on the Group's net profit for the year attributable to equity holders of the parent, divided by the weighted average number of shares in issue during the year.

	2008			2009		
	Net profit (R000)	Shares (000)	Per share (cents)	**Net profit/ (loss) R000**	**Shares (000)**	**Per share (cents)**
From continuing and discontinued operations						
Basic EPS	554 552	347 797	159,4	**(1 507 218)**	**553 349**	**(272,4)**
Share options	–	6 650	(2,9)	**–**	**–**	**–**
Diluted EPS	554 552	354 447	156,5	**(1 507 218)**	**553 349**	**(272,4)**
From continuing operations						
Basic EPS	563 411	347 797	161,9	**(1 506 780)**	**553 349**	**(272,3)**
Share options	–	6 650	(2,9)	**–**	**–**	**–**
Diluted EPS	563 411	354 447	159,0	**(1 506 780)**	**553 349**	**(272,3)**
Headline earnings per share						
Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the year.						
Reconciliation between earnings and headline earnings from continuing and discontinued operations						
Earnings/(loss) as reported	554 552	347 797	159,4	**(1 507 218)**	**553 349**	**(272,4)**
Adjustments						
– Discontinued operations	8 859		2,5	**438**		**–**
– (Profit)/loss on sale of mining assets, net of tax	31		–	**(431)**		**–**
– Impairments	–		–	**2 273 429**	**–**	**410,8**
– Tax on impairments	–		–	**(474 642)**	**–**	**(85,8)**
– Minorities on impairments	–		–	**(159 230)**	**–**	**(28,7)**
– Profit after tax on reverse acquisition of PAR	(105 220)		(30,2)			
Headline earnings per share	458 222	347 797	131,7	**132 346**	**553 349**	**23,9**
Share options	–	6 650	(2,4)	**–**	**–**	**–**
Diluted headline earnings per share	458 222	354 447	129,3	**132 346**	**553 349**	**23,9**

10. DIVIDENDS

In view of the funding requirements and the strategy to reduce and restructure the Ruashi debt, the Board considers it inappropriate to declare a dividend for the 12 months ended 30 June 2009 (2008: nil).

Notes to annual financial statements continued

	Group		Company	
	2008* R000	**2009 R000**	2008* R000	**2009 R000**
11. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS				
Land				
Cost and net book value	5 895	**6 292**	–	**–**
Buildings and infrastructure				
Cost	69 562	**84 631**	–	**–**
Accumulated depreciation and impairments	47 698	**52 249**	–	**–**
Net book value	21 864	**32 382**	–	**–**
Plant, machinery and shafts				
Cost	1 129 783	**1 228 867**	–	**–**
Accumulated depreciation and impairments	524 271	**794 248**	–	**–**
Net book value	605 512	**434 619**	–	**–**
Other				
Cost	207 425	**275 974**	1 212	**1 494**
Accumulated depreciation and impairments	34 719	**47 531**	730	**920**
Net book value	172 706	**228 443**	482	**574**
Capital work in progress				
Cost	2 017 843	**2 766 002**	–	**–**
Accumulated depreciation and impairments	135	**–**	–	**–**
Net book value	2 017 708	**2 766 002**	–	**–**
Property, plant and equipment				
Aggregate cost	3 430 508	**4 361 766**	1 212	**1 494**
Aggregate accumulated depreciation and impairments	606 823	**894 028**	730	**920**
Aggregate net book value	2 823 685	**3 467 738**	482	**574**
Mineral rights				
Cost	2 722 417	**3 247 877**	13 943	**13 943**
Accumulated depreciation and impairments	20 718	**1 880 188**	–	**(13 943)**
Net book value	2 701 699	**1 367 689**	13 943	**–**
Property, plant, equipment and mineral rights	5 525 384	**4 835 427**	14 425	**574**

The Group reviews the residual values used for purposes of depreciation calculations annually.

**Restated for assets held-for-sale.*

2009	Balance 30 June 2008 R000	Transfers R000	Additions R000	Disposals R000	Foreign currency trans-lation R000	Impair-ment R000	Depre-ciation R000	Balance 30 June 2009 R000
11. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS (continued)								
Group								
Land*	5 895	(1 854)	2 251	–	–	–	–	**6 292**
Buildings and infrastructure	21 864	–	15 399	(9)	1 247	–	(6 119)	**32 382**
Plant, machinery and shafts	605 512	–	110 771	–	55 080	(248 613)	(88 131)	**434 619**
Other	172 706	1 854	69 493	(239)	(1 235)	–	(14 136)	**228 443**
Capital work in progress	2 017 708	–	778 577	–	(30 283)	–	–	**2 766 002**
Mineral rights	2 701 699	–	457 610	–	(37 481)	(1 740 291)	(13 848)	**1 367 689**
Total	5 525 384	–	1 434 101	(248)	(12 672)	(1 988 904)	(122 234)	**4 835 427**
Company								
Land*	–	–	–	–	–	–	–	**–**
Buildings and infrastructure	–	–	–	–	–	–	–	**–**
Plant, machinery and shafts	–	–	–	–	–	–	–	**–**
Other	482	–	282	–	–	–	(190)	**574**
Capital work in progress	–	–	–	–	–	–	–	**–**
Mineral rights	13 943	–	–	–	–	(13 943)	–	**–**
Total	14 425	–	282	–	–	(13 943)	(190)	**574**

2008**	Balance 30 June 2007 R000	Transfers R000	Additions R000	Foreign currency translation R000	Transfer to AHFS	Depre-ciation R000	Balance 30 June 2008 R000
Group							
Land*	3 913	–	2 127	–	(145)	–	5 895
Buildings and infrastructure	16 316	–	6 985	1 313	(1 602)	(1 148)	21 864
Plant, machinery and shafts	780 857	(65 085)	197 597	51 373	(290 978)	(68 252)	605 512
Other	17 120	–	165 912	227	(3 416)	(7 137)	172 706
Capital work in progress	571 462	(32 983)	1 415 102	64 127	–	–	2 017 708
Mineral rights	1 160 751	98 068	1 531 710	40 299	(110 018)	(19 111)	2 701 699
Total	2 550 419	–	3 319 433	157 339	(406 159)	(95 648)	5 525 384
Company							
Land*	82	–	–	–	(82)	–	–
Buildings and infrastructure	4 126	–	1 094	–	(5 220)	–	–
Plant, machinery and shafts	40 386	–	64 515	–	(104 901)	–	–
Other	2 409	–	760	–	(2 571)	(116)	482
Capital work in progress	–	–	2 217	–	(2 217)	–	–
Mineral rights	–	–	13 943	–	–	–	13 943
Total	47 003	–	82 529	–	(114 991)	(116)	14 425

**Details of land are maintained in a register at the Company's registered office, which may be inspected by a member or their duly authorised agents.*

Certain property, plant and equipment is encumbered (refer to note 20).

***Restated for assets held-for-sale.*

Notes to annual financial statements continued

	Group		Company	
	2008* R000	**2009 R000**	2008* R000	**2009 R000**
12. GOODWILL				
Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. Goodwill is allocated as follows:				
Cost				
Balance at the beginning and end of the year	11 514	**11 514**	11 514	**11 514**
The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.				
The goodwill of R11.5 million (2008: R11.5 million) relates to the Metorex Group and has been assessed for impairment. Management deems no impairment necessary.				
The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, production and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.				
The Group prepares life of mine cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on certain production, price and cost estimates.				
13. INVESTMENTS				
Unlisted sundry investments at cost	3 443	**16 648**	3 443	**16 487**
Long-term prepayment – DRC power utility (note 1)	–	**63 070**	–	**–**
Directors' valuation	3 443	**79 718**	3 443	**16 487**

Note 1: A loan provided to Snel (a DRC state-owned power company) for the construction and commissioning of a high voltage powerline and substation in the DRC. The loan generates interest at US 1 month LIBOR plus two per cent and is recoverable from the monthly tariff over a period of five years commencing from six months after the commissioning of this infrastructure.

**Restated for assets held-for-sale.*

14. SUBSIDIARIES

Details of the Company's subsidiaries and investments therein at 30 June 2009 are as tabled below.

	Place of incorporation	Proportion of ownership %	Principal commodity
Abbey Commodities SA Niue	Switzerland	100	Dormant
Chibuluma Mines plc	Zambia	85	Copper
Copper Resources Corporation plc	British Virgin Islands	87	Copper
Maranda Mines (Pty) Limited	South Africa	100	Dormant
Sable Zinc Kabwe Limited	Zambia	100	Copper/Cobalt
O'Okiep Copper Company (Pty) Limited	South Africa	100	Dormant
Vergenoeg Mining Company (Pty) Limited	South Africa	70	Fluorspar
Pan African Resources plc	United Kingdom	53	Gold
Ruashi Holdings (Pty) Limited	South Africa	100	Copper/Cobalt

Investments and loans in subsidiaries	Loans		Cost (net of impairment)	
	2008 R000	**2009 R000**	2008 R000	**2009 R000**
Abbey Commodities SA Niue	(3 928)	**(3 890)**	37	**37**
Chibuluma Mines plc	98 438	**–**	121	**121**
Maranda Mines (Pty) Limited	(3 164)	**(49 071)**	53 498	**53 498**
Sable Zinc Kabwe Limited*	103 414	**64 118**	692	**692**
O'Okiep Copper Company (Pty) Limited	(2 789)	**(2 789)**	–	**–**
Vergenoeg Mining Company (Pty) Limited*	–	**(7 791)**	52 500	**52 693**
Ruashi Holdings (Pty) Limited/Ruashi Mining sprl*	870 390	**1 557 143**	381 351	**400 551**
Copper Resources Corporation*	59 547	**110 250**	974 517	**121 200**
Phoenix Platinum (Pty) Limited	10 576	**–**	137 293	**–**
	1 132 484	**1 667 970**	1 600 009	**628 792**
Loans to subsidiaries			1 132 484	**1 667 970**
			2 732 493	**2 296 762**

**Interest-bearing loans at market-related rates.*

Loans to/(from) subsidiaries carry no fixed terms of repayment and are interest-free, except where noted otherwise.

Notes to annual financial statements continued

	Group		Company	
	2008* R000	**2009 R000**	2008* R000	**2009 R000**
15. INVENTORIES				
Consumable stores	106 587	**169 072**	–	**–**
Product inventories	193 556	**94 979**	–	**–**
	300 143	**264 051**	–	**–**
Inventory amounting to R35.2 million (2008: Rnil) is carried at net realisable value, and inventory to the value of R160 million (2008: R107 million) is pledged as security.				
16. TRADE AND OTHER RECEIVABLES				
Trade receivables	374 968	**326 761**	2 002	**2 641**
Other receivables	102 362	**72 361**	76 998	**9 814**
VAT receivable	49 303	**5 912**	215	**926**
Prepayments	45 468	**42 594**	–	**–**
	572 101	**447 628**	79 215	**13 381**
Ageing of amounts past due but not impaired				
The following provides an analysis of the amounts and number of days that trade debtors are past due				
Less than 30 days	51 371	**76 637**	–	**–**
Between 31 – 60 days	4 580	**7 901**	–	**–**
The average credit period is 55 days (2008: 56 days). No interest is charged on the trade receivables.				
There are no additional provisions for doubtful debt raised for any amounts past due at balance sheet date as there has not been a significant change in credit quality and the amounts are still considered recoverable.				
Before accepting any new customers, the Group and the Company uses a credit bureau or performs a credit assessment to assess the potential customers credit limit and credit quality.				
The fair value of trade receivables is not materially different from the carrying values presented. Certain Group companies have ceded their trade receivables as security for banking and overdraft facilities. As at year-end amounts totalling R144.1 million (2008: R190.9 million) included in receivables were pledged. Included in Group trade and other receivables are uncovered Dollar-denominated receivables of US$33.3 million (2008: US$7.7 million).				
The directors consider that the trade and other receivables approximate their fair value.				

**Restated for assets held-for-sale.*

	Group		Company	
	2008* R000	**2009 R000**	2008* R000	**2009 R000**
17. SHARE CAPITAL				
Authorised				
1 500 000 000 (2008: 500 000 000) ordinary shares of 10 cents each	50 000	**150 000**	50 000	**150 000**
Issued and fully paid				
742 538 403 (2008: 369 172 653) ordinary shares of 10 cents each	36 917	**74 255**	36 917	**74 255**
Shares issued:				
• 8 July 2008: 18 250 shares at R24 per share to acquire a further interest in CRC;				
• 2 September 2008: 1,2 million shares at R16 per share as payment towards mineral rights.				
The values were determined in accordance with the respective agreements.				
Capital raising:				
• 24 December 2008: private placement of 242,5 million shares at R2 per share for cash;				
• 19 January 2009: 129,5 million shares issued at R2 per share followed by a clawback offer.				
Share options				
During the year 147 500 shares were issued at an average price of R2.60 per share in terms of the Metorex Share Incentive Scheme.				
SHARE PREMIUM				
Balance at the beginning of the year	1 293 733	**2 292 746**	1 293 733	**2 292 746**
Ordinary shares issued	1 014 176	**727 381**	1 014 176	**727 381**
Expenses written off against share premium	(15 163)	**(40 991)**	(15 163)	**(40 991)**
Balance at the end of the year	2 292 746	**2 979 136**	2 292 746	**2 979 136**
18. HEDGING AND TRANSLATION RESERVE				
Hedging reserve	(243 545)	**(82 785)**	–	**(28 326)**
Foreign exchange translation reserve	75 999	**(237 085)**	16 480	**16 480**
	(167 546)	**(319 870)**	16 480	**(11 846)**
19. MINORITY INTEREST				
Attributable to minorities at the beginning of the year	105 147	**683 570**		
– current year	141 542	**(33 226)**		
– acquisitions/equity conversion	503 900	**(123 406)**		
Share in hedging reserve	(50 735)	**38 494**		
Dividends	(16 284)	**(108 224)**		
	683 570	**457 208**		

**Restated for assets held-for-sale.*

Notes to annual financial statements continued

	Group		Company	
	2008* R000	**2009 R000**	2008* R000	**2009 R000**
20. LONG-TERM LIABILITIES				
Term loans	1 476 294	**2 056 795**	57 934	**189 482**
See note 1				
Instalment finance, lease agreements and trade facility	41 937	**54 372**	–	**–**
See note 2				
	1 518 231	**2 111 167**	57 934	**189 482**
Less: Repayable within the next 12 months from operating activities:				
– term loans	155 854	**653 544**	–	**189 482**
– instalment finance and lease agreements	19 442	**42 060**	–	**–**
Total current portion	175 296	**695 604**	–	**189 482**
Net long-term liabilities	1 342 935	**1 415 563**	57 934	**–**
The Company's articles of association do not restrict the level of borrowings.				
Note 1				
RUASHI				
Standard Bank				
Ecic facility	1 017 272	**1 040 217**	–	**–**
US Dollar denominated Facility value – US$125 000 000 plus capitalised interest during moratorium period. Interest: US six-month LIBOR plus 1,25%				
Repayable in nine semi-annual instalments – commencing 31 December 2009				
Commercial facility	241 048	**252 723**	–	**–**
US Dollar denominated Facility value – US$30 000 000 plus capitalised interest during moratorium period. Interest: Pre-project completion – US six-month LIBOR plus 3,5% Post-project completion – US six-month LIBOR plus 2,75%				
Repayable in seven semi-annual instalments – commencing 31 December 2009				
Cost overrun facility				
US Dollar denominated Facility value – US$15 000 000 plus capitalised interest during moratorium period.				
Interest: US Dollar six-month LIBOR plus 5%. Repayable in seven semi-annual instalments – commencing 31 December 2009	–	**124 884**	–	**–**
Security for Standard Bank facilities				
– A pledge over all subsoil use rights, land use rights and assets and undertakings of Ruashi under DRC law, including project assets, assignment of rights under all material contracts including, supply contracts, hedging agreement, offtake contracts and project contracts. – First ranking pledge over ordinary shares held by Metorex Limited in Ruashi, Pan African, Chibuluma, Sable and Vergenoeg. – Assignment of insurance proceeds				
Guarantees				
The Standard Bank facilities are guaranteed by Metorex Limited				
Pre-offtake finance	158 436	**162 315**	–	**–**
US Dollar denominated Facility value – US$20 000 000 plus capitalised interest Interest fixed at 4,68% per annum				
Repayable in 36 monthly instalments – first repayment being 31 January 2010.				
Chibuluma Loan	–	**281 649**	–	**–**
US Dollar dominated Facility value – US$36 000 000 Interest: US Dollar six-month LIBOR plus 4,85% secured by the underlying assets of Chibuluma. Repayable in nine semi-annual instalments – commencing 30 September 2009.				

	Group		Company	
	2008* R000	**2009 R000**	2008* R000	**2009 R000**
20. LONG-TERM LIABILITIES (continued)				
Security for pre-offtake finance				
Secured by Metorex guarantee which is subordinated to Standard Bank				
Term loan facility				
Standard Bank				
South African Rand denominated				
Interest at JIBAR +7,5%	57 934	**132 477**	57 934	**132 477**
Facility repayable on or before 30 November 2009				
ABSA Bank				
South African Rand denominated	–	**57 005**	–	**57 005**
Interest at the prime lending rate				
Facility repayable on or before 30 November 2009				
Other	1 604	**5 525**	–	**–**
Note 2				
INSTALMENT FINANCE, LEASE AGREEMENTS AND TRADE FACILITY				
Secured by the underlying assets.				
Bears interest at an average rate of between 10,5% to prime less 2% (2008: 7,5% to prime less 2%).				
Repayable either monthly or quarterly within 36 or 48 months (2008: 36 or 48 months).	41 937	**54 372**	–	**–**
21. PROVISIONS				
Long-term provisions				
Terminal benefits	25 500	**14 106**	–	**–**
Rehabilitation provision	145 538	**149 950**	–	**–**
Other	–	**15 430**	–	**–**
	171 038	**179 486**	–	**–**
Current provisions				
Terminal benefits	1 138	**4 144**	–	**–**
Pension fund shortfall	754	**–**	–	**–**
Rehabilitation provision	5 854	**5 768**	–	**–**
Leave pay and bonuses	10 259	**8 844**	845	**1 232**
Other	7 054	**16 309**	–	**–**
	25 059	**35 065**	845	**1 232**
Total provisions	196 097	**214 551**	845	**1 232**
Balance at beginning of year	113 586	**196 097**	10 017	**845**
Transfer to assets held-for-sale	(49 447)	**–**	(8 517)	**–**
Utilised during the year	(25 276)	**(9 866)**	(7 897)	**(213)**
Released during the year	(63)	**(12 176)**	–	**–**
Foreign currency translation	5 096	**(12 434)**	–	**–**
Provided during the year	152 201	**52 930**	7 242	**600**
Balance at end of year	196 097	**214 551**	845	**1 232**

**Restated for assets held-for-sale.*

Terminal benefits

The terminal benefits provision represents the directors estimate of the portion of the terminal benefits liability outstanding relating to the period of employment of certain employees of Chibuluma Mines plc.

Notes to annual financial statements continued

21. PROVISIONS (continued)

Rehabilitation trust fund

The Group is exposed to environmental liabilities relating to its mining operations. Estimates of the cost of environmental and other remedial work such as reclamation costs, close down and restoration and pollution control are made on an annual basis, based on the estimated life of the mine, following which payments are made to a rehabilitation trust set up as required by the Minerals Act and Regulations.

The individual companies in the Group contribute, for their own account, to the Metorex Rehabilitation Trust Fund. A guarantee amounting to R25 million has been entered into with Lombard Insurance Company in favour of the DMR relating to the Consolidated Murchison Division.

Leave pay

The provision for leave pay is provided for, based on the total cost of employment of employees and the amount of leave days owing to them.

	Group		Company	
	2008* R000	**2009 R000**	2008* R000	**2009 R000**
Rehabilitation trust fund				
The balance of the environmental rehabilitation trust fund, which is represented by cash, was as follows:				
Balance at beginning of the year	35 340	**6 450**		
Transfer to assets held-for-sale	(34 512)	**–**		
Receipts/(withdrawals), net	1 718	**(6 073)**		
Interest earned during the year	3 904	**402**		
Balance at end of the year	6 450	**779**		

22. DEFERRED TAX

22.1 Deferred tax liabilities

Property, plant and equipment	917 654	**878 015**	17 360	**16 269**
Leave pay provision	(4 022)	**(802)**	(2 621)	**(2 662)**
Other provisions	(14 276)	**(6 589)**	(724)	**(758)**
Foreign exchange	(18 538)	**(3 904)**	–	**–**
Assessable tax losses	(37 580)	**(547 496)**	–	**–**
Transfer to assets held-for-sale	(144 216)	**–**	–	**–**
Other	100 214	**150 068**	94 180	**13 572**
Net deferred tax liabilities	799 236	**469 292**	108 195	**26 421**
Reconciliation of deferred tax liabilities				
Net deferred tax liabilities at the beginning of the year	416 050	**799 236**	29 307	**108 195**
Transfer from deferred tax asset opening balance	(1 887)	**–**	–	**–**
Deferred tax charge for the year	90 083	**(410 360)**	79 373	**(84 226)**
Deferred tax credit – rate adjustment	(923)	**–**	(485)	**–**
Deferred tax on equity loan included in non-distributable reserve	606	**11 545**	–	**–**
Translation difference	22 443	**4 172**	–	**–**
Transfer to assets held-for-sale	(90 285)	**–**	–	**–**
Deferred tax raised on additional mineral rights and other	363 149	**64 669**	–	**10 001**
Net deferred tax liabilities at end of the year	799 236	**469 262**	108 195	**33 970**

22.2 Deferred tax asset

Leave pay provision	(178)	**–**	–	**–**
Other provisions	(1 176)	**–**	–	**–**
Net deferred tax asset	(1 354)	**–**	–	**–**

**Restated for assets held-for-sale.*

	Group		Company	
	2008* R000	**2009 R000**	2008* R000	**2009 R000**
22. DEFERRED TAX (continued)				
22.2 Deferred tax asset (continued)				
Reconciliation of deferred tax asset				
Net deferred tax asset at the beginning of the year	(1 887)	**(1 354)**	–	**–**
Transfer to deferred tax liability opening balance	1 887	**–**	–	**–**
Acquisition of subsidiary	(1 104)	**–**	–	**–**
Deferred tax charge for the year	(86)	**1 562**	–	**–**
Translation difference	(164)	**(208)**	–	**–**
Net deferred tax asset at the end of the year	(1 354)	**–**	–	**–**
Deferred tax asset not recognised				
Property, plant and equipment, impairments and other	8 181	**165 976**	–	**181 964**
Assessable losses	–	**37 837**	–	**37 837**
	8 181	**203 818**	–	**219 801**
The following table shows the movement in the unrecognised deferred tax asset for the year:				
Opening balance	5 322	**8 181**	–	**–**
Net unrecognised deferred tax asset during the current year	2 859	**195 632**	–	**219 801**
Closing balance	8 181	**203 813**	–	**219 801**
23. POST-RETIREMENT MEDICAL AID				
The Group sponsors defined benefit post-retirement plans that provide certain health care benefits to eligible employees. Full provision is made for the liability and is based on internal assessments. The following table provides the changes in the obligation:				
Benefit obligation at beginning of year	8 997	**1 599**	2 565	**–**
Transferred to assets held-for-sale	(7 295)	**–**	(2 587)	**–**
Transferred in	290	**–**	–	**–**
Interest cost	482	**666**	22	**–**
Benefits paid	(875)	**(441)**	–	**–**
Benefit obligation at end of year	1 599	**1 824**	–	**–**
Discount rate to estimate accumulated benefit (%)	12	**12**	–	**–**
Health care cost inflation (%)	12	**12**	–	**–**
24. GENERAL BANKING FACILITIES				
Cash and bank balances	119 066	**73 553**	11 204	**6 800**
Bank overdraft	(17 735)	**(54 323)**	(15 006)	**(29 717)**
	101 331	**19 230**	(3 802)	**(22 917)**
The Group has the following overdraft facilities at 30 June 2009:				
Metorex Limited		**30 000**		
Barberton Mines (Pty) Limited		**20 000**		
Consolidated Murchison Division		**9 000**		
Chibuluma Mines plc**		**30 840**		
Copper Resources Corporation		**10 685**		
Vergenoeg Mining Company (Pty) Limited**		**20 000**		
Ruashi Mining sprl		**3 858**		
		124 383		

The banking facilities are reviewed on an annual basis

***Secured by trade receivables.*

**Restated for assets held-for-sale.*

Notes to annual financial statements continued

25. FINANCIAL INSTRUMENTS

25.1 Capital risk management

The Group and Company manages its capital to ensure that the Group and Company will be able to continue as a going concern with the ultimate objective of maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy is focused on the restoration of the balance sheet with specific reference to the reduction of debt to a sustainable level.

The capital structure of the Group and Company consists of debt, which includes borrowings, cash and cash equivalents and equity, comprising share capital, share premium, reserves and retained earnings as disclosed in the statement of changes in equity.

Management regularly reviews the capital structure of the Group.

The gearing ratio at year-end was as follows:

	Group		Company	
	2008* R000	**2009 R000**	2008* R000	**2009 R000**
Interest-bearing debt	1 518 231	**2 111 167**	57 934	**189 482**
Cash and cash equivalents	(101 331)	**(19 230)**	3 802	**22 917**
Net interest-bearing debt	1 416 900	**2 091 937**	61 736	**212 399**
Equity	4 133 674	**2 856 667**	3 252 837	**2 324 798**
Net debt to equity ratio (%)	34	**73**	2	**9**

25.2 Categories of financial instruments

Financial assets				
Loans and receivables	648 314	**516 058**	90 204	**19 255**
Derivative instruments	189	**94 942**	–	**–**
Financial liabilities				
Amortised cost	2 157 793	**2 753 320**	112 219	**248 317**
Derivative instruments	273 888	**230 240**	–	**28 326**

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company. The Group and Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as means of mitigating the risk.

The Group's and Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on the current economic environment. The Group has no concentration of credit risk in any specific country, but is mainly exposed to copper.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

**Restated for assets held-for-sale.*

	Less than R50 million R000	Greater than R50 million but less than R150 million R000	Total R000
25. FINANCIAL INSTRUMENTS (continued)			
25.2 Categories of financial instruments (continued)			
The Group has the following amounts due from major customers. These customers represent more than 5% of the trade receivable balance for the individual companies.			
Group			
2009			
Copper/Cobalt	**139 591**	**81 400**	**220 991**
Fluorspar	**39 346**	**–**	**39 346**
Total	**178 937**	**81 400**	**260 337**
2008*			
Copper/Cobalt	37 993	136 578	174 571
Fluorspar	30 178	–	30 178
Total	68 171	136 578	204 749

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

Foreign currency commodity price risk

The Group and Company may enter into forward contracts in order to hedge their exposure to fluctuations in mineral prices and exchange rates on specific transactions. The contracts are matched with anticipated future cash flows from mineral sales.

In the normal course of business, the Group primarily enters into transactions for the sale of its commodities, denominated in US Dollars. In addition, the Group has some investments and liabilities in US Dollars and Euros. As a result, the Group is subject to transactions and translation exposure from fluctuations in foreign currency exchange rates.

Currency risk

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at balance sheet date is as follows:

	South African Rand R000	US Dollar R000	Total R000
2009			
Assets	**1 863 454**	**742 039**	**2 605 493**
Liabilities	**790 485**	**2 678 326**	**3 468 811**
2008			
Assets	567 827	666 780	1 234 607
Liabilities	475 715	1 900 074	2 375 789

Foreign currency sensitivity analysis

The US Dollar is the primary currency to which the Group is exposed. The following table indicates the Group's sensitivity at year-end to the indicated movements in the US Dollar on financial instruments. The rates of sensitivity are the rates used when reporting to key management.

	2008 US Dollar		2009 US Dollar	
	R000 10% increase	R000 10% decrease	**R000 10% increase**	**R000 10% decrease**
Financial assets	61 721	(61 721)	**74 204**	**(74 204)**
Financial liabilities	217 334	(217 334)	**286 713**	**(286 713)**

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

**Restated for assets held-for-sale.*

Notes to annual financial statements continued

25. FINANCIAL INSTRUMENTS (continued)

25.2 Categories of financial instruments (continued)

Fair value of financial instruments

Foreign currency hedges – On balance sheet

Currency	Maturity	Amount 000	Average forward rate	Fair value profit/(loss) R000
2009				
US Dollar	**1 month**	**US$10 000**	**R8,14/US$**	**(3 773)**
US Dollar*	**1 month**	**US$8 054**	**R10,87/US$**	**(24 553)**
Total assets				**(28 326)**
2008				
US Dollar	1 month	US$750 000	R7,6 – R9,13/US$	189
Total assets				189

**Represents the Company.*

Foreign currency sensitivity analysis

The US Dollar is the primary currency in which the Group has entered into forward foreign exchange contracts. At year-end the risk of change on the forward exchange contracts are minimal.

Commodity price risk

The carrying amount of the Group's financial assets and liabilities at balance sheet date that are subject to commodity price risk is as follows:

Commodity hedges – On balance sheet

Commodity	Maturity	Volume	Average forward rate	Fair value profit/(loss) R000
2009				
Copper – Chibuluma South (ATM forwards)	**July 09**	**650t**	**US$3 368/t**	**(15 925)**
Copper – Chibuluma South (ATM forwards)	**Aug 09 – Dec 09**	**3 075t**	**US$4 415/t**	**(10 796)**
Copper – Chibuluma South (ATM forwards)	**Jan 10 – Jun 10**	**4 200t**	**US$5 308/t**	******
Copper – Ruashi (ATM forwards)	**July 09 – Sep 10**	**24 750t**	**US$3 900/t**	**(219 060)**
Copper – Ruashi (put options)	**Oct 10 – Jun 12**	**34 425t**	**Put US$3 900/t**	**138 809**
Total liabilities, net				**(106 972)**

***Transaction executed subsequent to year-end.*

2008				
Copper – Chibuluma South	2 months	2 775t	US$8 015	(14 729)
Copper – Ruashi (zero cost collar)	1 month	100t	US$6 500/t US$8 040/t	(467)
Copper – Ruashi (forwards)	1 month	200t	US$4 952,50/t	(5 740)
Copper – Ruashi (participating forwards)	1 – 12 months	24 000t	US$7 055/t	(224 845)
Copper – Ruashi (put options)	13 – 24 months	15 000t	US$4 420 – US$4 765/t	(28 107)
Total liabilities				(273 888)

**Represents the Company.*

25. FINANCIAL INSTRUMENTS (continued)

25.2 Categories of financial instruments (continued)

Commodity price sensitivity analysis

The Group is exposed primarily to movements in the copper price. A sensitivity analysis is not performed for Fluorspar as it is an annually contracted price. The following table indicates the sensitivity of the Group's derivative instruments to the indicated movement in the copper price. The rates of sensitivity are the rates used when reporting to key management.

	Copper	
	R000 10% increase	**R000 10% decrease**
2009		
Profit/(loss)	**137 223**	**(144 089)**
Derivative financial instrument asset	**(46 596)**	**53 459**
Derivative financial instrument liability	**(90 627)**	**90 630**
2008		
(Loss)/profit	(137 641)	153 798
Derivative financial instrument liability	137 641	(153 798)

25.3 Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short-term investment and financing activities, giving rise to interest rate risk.

In the ordinary course of business, the Group and Company receive cash proceeds from its operations and are required to fund working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent by only investing with reputable financial institutions.

Contractual arrangements for committed borrowing facilities are maintained with several banking counterparties to meet the Group's normal and contingency funding.

Interest rate risk

The Group and Company is exposed to interest rate risk as entities within the Group borrow funds at both fixed and floating interest rates.

Interest rate sensitivity

The sensitivity analysis has been determined based on the exposure to interest rates as at balance sheet date. The effect of the interest rate exposure of the Group and Company on the income statement is minimal in the current and prior year as the interest on the major long-term borrowings are capitalised to the development project.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has built an appropriate 12-month rolling monthly cash flow forecast model for the management of the Group's short-term funding and liquidity requirements. The Group manages liquidity risk by seeking to generate adequate reserves, banking facilities and reserve borrowings facilities, by continually monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Group has access to limited financing facilities (refer to note 24). The Group expects to meet its financial obligations from operating cash flows, proceeds of maturing financial assets and the disposal of certain mining investments.

Notes to annual financial statements continued

25. FINANCIAL INSTRUMENTS (continued)

25.3 Interest rate and liquidity risk (continued)

Liquidity risk analysis

The following table indicates the Group's remaining contractual maturity from its non-derivative financial liabilities.

	Weighted average interest rate %	Less than 12 months R000	1 – 5 years R000	5+ years R000	Total R000
Group					
2009					
Trade payables*	**–**	**423 249**	**–**	**–**	**423 249**
Long-term liabilities	**4,6**	**–**	**1 415 563**	**–**	**1 415 563**
Short-term liabilities	**6,2**	**695 604**	**–**	**–**	**695 604**
2008					
Trade payables*	–	449 682	–	–	449 682
Long-term liabilities	7,6	–	1 342 935	–	1 342 935
Short-term liabilities	7,6	175 296	–	–	175 296
Company					
2009					
Trade payables*	–	**5 005**	**–**	**–**	**5 005**
Long-term liabilities	14	**–**	**–**	**–**	**–**
Short-term liabilities	7,6	**189 482**	**–**	**–**	**189 482**
2008					
Trade payables*	–	1 734	–	–	1 734
Long-term liabilities	7,6	–	57 934	–	57 934
Short-term liabilities	7,6	–	–	–	–

**Excludes value added taxation.*

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and liabilities recorded approximate their fair values at 30 June 2009. The fair values have been determined with reference to quoted market prices where available or with the standard terms and conditions per the agreements.

	Group		Company	
	2008* R000	**2009 R000**	2008* R000	**2009 R000**
26. CAPITAL COMMITMENTS				
Authorised by directors but not contracted	151 081	**1 970**	–	**–**
Authorised by directors and contracted	330 493	**40 734**	–	**–**
	481 574	**42 704**	–	**–**

Capital commitments mainly relate to the Ruashi phase II project.

**Restated for assets held-for-sale.*

27. RETIREMENT BENEFIT INFORMATION

Contributions are made by the Group to independent pension and provident funds which are defined contribution retirement benefit plans governed by the Pension Fund Act 1956. All eligible employees are required to become members of these schemes. The assets of the schemes are held separately from those of the Group in funds under the control of the trustees.

Costs charged to income of R11.5 million (2008: R28.9 million) represent contributions payable to these defined contribution schemes by the Group at rates specified in the rules of the schemes.

28. STAFF COMPLEMENT

At 30 June 2009: 4 593 (2008: 5 150) people were employed by the Group.

	2008 R000	2009 R000
29. DIRECTORS' EMOLUMENTS		
Executive directors		
Emoluments	8 706	**11 537**
Company contributions	976	**1 029**
Share options	–	**383**
Total	9 682	**12 949**
Non-executive directors		
Fees	566	**1 465**
Total	566	**1 465**
Total	10 248	**14 414**

Individual directors' emoluments	2008 Total R000	Share options exercised and sold R000	Basic salary R000	Bonuses R000	Vehicle allowances R000	Company contributions †R000	2009 Total R000
Executive							
Mr A S Malone[1]	1 374	–	1 003	200	94	129	**1 426**
Mr T P Goodlace[2]		–	951	–	–	92	**1 043**
Mr C D S Needham	3 135	–	2 082	910	182	220	**3 394**
Mr E W Legg	2 025	–	1 506	510	123	230	**2 369**
Mr K C Spencer[3]	2 360	–	1 208	610	105	228	**2 151**
Mr M Smith[6]	788	383	1 431	500	122	130	**2 566**
Total	9 682	383	8 181	2 730**	626	1 029	**12 949**

	2008 R000	Fees for director services R000	Fees for other services R000	2009 R000
Non-executive				
Mr A Barrenechea	143	155	–	**155**
Mr A J Laughland	145	200	–	**200**
Mr R G Still	173	350	600	**950**
Mr P Chevalier[4]	–	75	–	**75**
Mr L J Paton[5]	105	85	–	**85**
Total	566	865	600	**1 465**

The directors have no fixed term service contracts.

†Pension, medical aid and leave pay.

***Bonuses relate to the previous financial year ended 30 June 2008 but only determined in August 2008.*

[1]Resigned 20/1/2009.

[2]Appointed 2/03/2009 – Emoluments for four months.

[3]Resigned 31/3/2009 – Emoluments for nine months.

[4]Appointed 20/01/2009 – Emoluments for five months.

[5]Appointed 1/12/2008 – Emoluments for seven months.

[6]Emoluments for 2008 for seven months.

Notes to annual financial statements continued

29. DIRECTORS' EMOLUMENTS (continued)

2009 Share options	**Total options 1 July 2008**	**Options granted**	**Options exercised**	**Average option price cents**	**Total options 30 June 2009**
Mr A S Malone	**1 200 000**	**–**	**–**	**550**	**1 200 000**
Mr T P Goodlace	**–**	**5 000 000**	**–**	**128**	**5 000 000**
Mr C D S Needham	**846 250**	**–**	**–**	**980**	**846 250**
Mr K C Spencer	**776 000**	**–**	**(225 000)**	**927**	**551 000**
Mr E W Legg	**434 500**	**–**	**–**	**910**	**434 500**
Mr M Smith	**442 000**	**–**	**(40 000)**	**1 471**	**402 000**
Mr A Barrenechea	**325 000**	**–**	**–**	**1 166**	**325 000**
Mr A J Laughland	**325 000**	**–**	**–**	**1 166**	**325 000**
Mr R G Still	**325 000**	**–**	**–**	**1 166**	**325 000**
Total	**4 673 750**	**5 000 000**	**(265 000)**		**9 408 750**

2008 Share options	Total options 1 July 2007	Options granted	Options exercised	Average option price cents	Total options 30 June 2008
Mr A S Malone	1 000 000	200 000	–	550	1 200 000
Mr C D S Needham	681 250	350 000	(185 000)	980	846 250
Mr K C Spencer	550 000	226 000	–	725	776 000
Mr E W Legg	725 000	172 000	(462 500)	910	434 500
Mr M Smith	170 000	272 000	–	1 345	442 000
Mr A Barrenechea	200 000	125 000	–	1 166	325 000
Mr A J Laughland	200 000	125 000	–	1 166	325 000
Mr R G Still	200 000	125 000	–	1 166	325 000
Total	3 726 250	1 595 000	(647 500)		4 673 750

30. SHARE-BASED PAYMENTS

Equity settled share option scheme

The Company has a share incentive scheme for eligible employees of the Group. Options are offered at a price equal to the average quoted market price of the Company's shares on the trading day preceding the offer date. The vesting period is between one and five years and exercise is subject to Board approval. Options lapse if not exercised within 10 years of the option date. Options are forfeited if the employee leaves the Group on account of resignation or dismissal.

Details of the share options outstanding during the year are:

	30 June 2008		**30 June 2009**	
	Number of share options	Weighted average exercise price R	**Number of share options**	**Weighted average exercise price R**
Outstanding at the beginning of the year	10 601 375	6,54	**14 110 750**	**12,24**
Granted during the year	6 314 000	19,31	**26 472 000**	**1,78**
Amendment	(725 500)	12,20	**(6 301 000)**	**17,99**
Exercised during the year	(2 079 125)	2,70	**(372 000)**	**2,45**
Outstanding at the end of the year	14 110 750	12,24	**33 909 750**	**3,22**
Exercisable at the end of the year	2 390 750		**3 232 250**	

Options exercisable between one and nine years.

The weighted average share price at the date of exercise for share options exercised during the year was R8.39. During 2009, the following options were granted:

	Shares	**Option price R**
23 January 2009	**18 222 000**	**2,00**
18 March 2009	**8 250 000**	**1,28**
	26 472 000	**1,78**

30. SHARE-BASED PAYMENTS (continued)

Equity-settled share option scheme (continued)

The fair values were calculated using the American-Binomial option-pricing model. The inputs into the model were as follows:

	30 June 2009
Weighted average share price (R)	**2,33**
Weighted average exercise price (R)	**2,34**
Expected volatility (%)	**41 – 58**
Expected life (years)	**2 – 5**
Risk-free rate (%)	**7,0 – 9,3**
Expected dividend yield (%)	**0 – 4,6**

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous eight years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of R25.2 million (2008: R23.1 million) related to equity-settled share-based payment transactions during the year.

31. NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Pan African Resources, Consolidated Murchison and the Antimony/Gold segment, have been classified as assets held-for-sale and O'Okiep is classified as a discontinued operation.

The operating results are detailed below:

	Group		Company	
	2008 R000	**2009 R000**	2008 R000	**2009 R000**
Revenue – mineral sales	823 730	**901 196**	247 473	**224 025**
Realisation costs	(35 866)	**(44 743)**	(34 306)	**(42 721)**
Cost of production	(570 590)	**(635 499)**	(195 071)	**(266 404)**
Other income/(expenditure)	141 900	**(43 554)**	2 638	**(51 988)**
Discontinued operations	(8 859)	**(438)**	–	**–**
Finance income, net	1 391	**4 662**	(971)	**(5 327)**
Profit before taxation	351 706	**181 624**	19 763	**(142 415)**
Income tax expense	(115 475)	**(118 253)**	–	**–**
Profit after taxation	236 231	**63 371**	19 763	**(142 415)**
The major classes of assets and liabilities comprising the operations classified as held-for-sale at the balance sheet date are as follows:				
Goodwill	221 590	**221 590**	–	**–**
Property, plant, equipment and mineral rights	997 138	**754 537**	101 150	**–**
Subsidiaries			514 826	**372 897**
Inventories	27 953	**22 012**	22 072	**17 474**
Trade and other receivables	83 135	**49 648**	33 118	**15 911**
Derivative financial instrument	–	**–**	160	**–**
Cash and cash equivalents	84 369	**30 442**	38	**27**
Assets classified as held-for-sale	1 414 185	**1 078 229**	671 364	**406 309**
Borrowings	34 744	**27 160**	33 093	**26 898**
Provisions	56 459	**82 973**	11 104	**26 128**
Trade payables	88 868	**94 209**	40 361	**45 145**
Current tax liabilities	47 542	**3 212**	–	**–**
Deferred tax liabilities	144 216	**151 496**	–	**–**
Derivative financial instrument	31 484	**–**	31 484	**–**
Bank overdraft	2 129	**7 091**	2 129	**7 091**
Liabilities classified as held-for-sale	405 442	**366 141**	118 171	**105 262**
Net assets classified as held-for-sale	1 008 743	**712 088**	553 193	**301 047**
Cash inflows/(outflows) from operating activities	–	**342 765**	–	**(62 248)**
Cash outflows from investing activities	–	**(7 585)**	–	**(6 196)**
Cash outflows from financing activities	–	**(156 085)**	–	**(23 616)**

Notes to annual financial statements continued

32. RELATED PARTIES

The immediate parent and ultimate controlling party of the Group is Metorex Limited (incorporated in the Republic of South Africa).

Furthermore, the Group did not enter into any significant transactions during the year with related parties that are not members of the Group.

Fees paid for services by the Group to Sam Aviation (Pty) Limited into which Mr R G Still and A S Malone have a vested interest amounted to R2.2 million (2008: R2.6 million).

Marketing fees paid by the Group to Minerales Y Productos Derivados S.A. amounted to R3.5 million (2008: R2.8 million).

Management and technical fees amounted to R19.4 million (2008: R47.2 million).

Consulting fees paid by the Group to Pangea Group amounted to R0.6 million (2008: Rnil) for the semi-executive assignment of Mr R G Still during December 2008 to June 2009.

The remuneration of directors, and other members of key management of the Group, is determined by the Remuneration Committee having regard to their performance and market trends. The remuneration of directors is disclosed under note 29.

33. ACQUISITIONS AND DISPOSALS

During the 2009 financial year, the Group made no new acquisitions (2008: CRC, PAR and Phoenix was acquired). During the year the Company disposed of Phoenix Platinum Mining (Pty) Limited to Pan African Resources. Details are as follows:

2009	**30 June 2009 R000**
Book value of net assets sold	
Non-current assets	
Investment	**137 124**
Loan	**11 722**
Current liabilities	
Payables	**1 757**
Net assets disposed of	**150 603**
Loss on disposal	**(79 353)**
	71 250
Proceeds	
Proceeds paid in cash and cash equivalents	**57 403**
Deferred sales proceeds	**12 090**
Payables settled	**1 757**
	71 250

During the 2008 financial year, the Group made the following acquisitions:

2008	Principal commodity	Date of acquisition	Proportion of share acquired %	Cost of acquisition R000
Copper Resources Corporation plc	Copper	1 January 2008	50,3	974 517
Pan African Resources plc (PAR)**	Gold	31 July 2007	55	–
Phoenix Platinum (Pty) Limited*	Platinum	31 December 2007	100	137 293
				1 111 810

* *Phoenix Platinum is carried as an investment in the Company and classified as a mineral right asset from a Group perspective. Phoenix has not contributed to the results of the Group in the current year.*

***The reverse acquisition followed the disposal of Barberton Mines for a share in PAR.*

33. ACQUISITIONS AND DISPOSALS (continued)

The major classes of assets and liabilities at acquisition are as follows:

	PAR R000	CRC R000	Year ended 30 June 2008 R000
Total assets excluding cash and cash equivalents	674 891	481 605	1 156 496
Cash and cash equivalents	–	53 867	53 867
Total assets	674 891	535 472	1 210 363
Total liabilities	6 280	62 037	68 317
Net assets	668 611	473 435	1 142 046
Goodwill on acquisition			221 590
Mineral rights on acquisition			601 465

The abovementioned assets and liabilities represent the fair value at acquisition and no further adjustments were made.

Goodwill arising on acquisition

Goodwill amounting to R222 million arose on the reverse acquisition of Pan African Resources plc, which is now disclosed as assets held-for-sale.

A profit of R158 million is included in the 2008 year earnings, which relates to this reverse acquisition and is now disclosed as assets held-for-sale.

Cost of acquisitions

	Phoenix R000	CRC R000	Year ended 30 June 2008 R000
Total purchase consideration	137 293	974 517	1 111 810
Less: Non-cash consideration	(53 503)	(888 597)	(942 100)
Consideration paid in cash	83 790	85 920	169 710
Less: Cash and cash equivalents acquired	–	(53 867)	(53 867)
	83 790	32 053	115 843

Impact of the acquisitions on the results of the Group

PAR's exploration expenditure and related holdings costs since acquisition have been capitalised and therefore not included in the Group's results for the prior and current year.

CRC's loss since acquisition has been capitalised and therefore not included in the Group's results for the prior and current year as CRC is in a development phase.

Had these business combinations been effective 1 July 2007, the 2008 results of the Group would not be materially different.

34. SUBSEQUENT EVENTS

On 25 June 2009, the Group announced the disposal of its entire shareholding in Pan African Resources plc for R386 million, subject to certain conditions precedent. These conditions have subsequently been fulfilled and accordingly this two-tiered transaction became unconditional on 1 July 2009 and 20 August 2009 respectively. Through this sale Pan African is now an empowered company with 26 per cent of its shareholding being held by Shanduka.

On 29 July 2009, the Group announced the disposal of 15 per cent of the issued ordinary share capital of Vergenoeg to Medu Capital, a consortium of black economic empowerment (BEE) controlled entities, for a cash consideration of R108.8 million.

On 23 September 2009, the Group announced the proposed disposal of its entire remaining shareholding in Vergenoeg comprising 137 500 ordinary shares constituting 55 per cent of the issued ordinary share capital of Vergenoeg to Minersa, currently a 30 per cent shareholder in Vergenoeg for a cash consideration of US$60 million. This transaction is still subject to a number of conditions precedent, including shareholder approval.

Notes to annual financial statements continued

35. SEGMENTAL ANALYSIS

Primary segmental information

	External sales		Mining profit before depreciation		Depreciation		Capital expenditure*		Assets†		Liabilities#	
	R000	%	R000	%	R000	%	R000	%	R000	%	R000	%
2009												
Fluorspar	**304 637**	**25**	**151 934**	**58**	**13 437**	**11**	**40 647**	**3**	**191 674**	**3**	**37 521**	**4**
Copper/ Cobalt	**937 084**	**75**	**167 256**	**64**	**108 607**	**89**	**1 393 454**	**97**	**5 615 938**	**97**	**1 021 248**	**96**
Other	**–**	**–**	**(56 000)**	**(22)**	**190**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Group	**1 241 721**	**100**	**263 190**	**100**	**122 234**	**100**	**1 434 101**	**100**	**5 807 612**	**100**	**1 058 769**	**100**
2008												
Fluorspar	255 643	16	93 846	12	11 218	12	18 858	1	153 408	2	31 587	3
Copper/ Cobalt	1 359 146	84	716 295	90	84 314	88	3 293 743	99	6 386 236	98	970 370	97
Other	–	–	(10 896)	(2)	116	–	–	–	–	–	–	–
Group	1 614 789	100	799 245	100	95 648	100	3 312 601	100	6 539 644	100	1 001 957	100

Secondary segmental information

	Total sales by customer location		Assets†		Liabilities#		Capital expenditure*	
	R000	%	R000	%	R000	%	R000	%
2009								
Africa	**616 931**	**50**	**5 807 612**	**100**	**1 058 769**	**100**	**1 434 101**	**100**
Switzerland	**284 996**	**23**	**–**	**–**	**–**	**–**	**–**	**–**
USA	**96 119**	**8**	**–**	**–**	**–**	**–**	**–**	**–**
Other	**243 675**	**19**	**–**	**–**	**–**	**–**	**–**	**–**
Group	**1 241 721**	**100**	**5 807 612**	**100**	**1 058 769**	**100**	**1 434 101**	**100**
2008								
Africa	881 403	55	6 539 644	100	1 001 957	100	3 312 601	100
Switzerland	491 631	30	–	–	–	–	–	–
USA	81 716	5	–	–	–	–	–	–
Other	160 039	10	–	–	–	–	–	–
Group	1 614 789	100	6 539 644	100	1 001 957	100	3 312 601	100

†*Excludes taxation (current and deferred).*
#*Excludes interest-bearing debt, taxation (current and deferred).*
**Includes increases in mineral rights.*

Supplementary information

SALIENT TERMS OF THE METOREX SHARE INCENTIVE SCHEME, AS AMENDED ("THE SCHEME")

The object and purpose of the scheme is to attract and retain employees and to provide offerees with a performance-based incentive.
The aggregate number of shares which may be utilised for the scheme is limited to 55 782 255 (fifty-five million, seven hundred and eighty-two thousand, two hundred and fifty-five) ordinary shares of Metorex Limited ("the Company"), equivalent to 7,5 per cent of the current issued shares of the Company. Shares which are the subject of an expired or terminated instrument are not taken into account in determining the aggregate number of shares.

The aggregate number of shares which any one offeree may acquire in terms of the scheme shall not exceed in the aggregate 7 437 634 (seven million, four hundred and thirty-seven thousand, six hundred and thirty-four) ordinary shares of the Company, equivalent to one per cent of the current issued shares of the Company.

Options or share appreciation rights ("SARs") may be offered to employees of the Company (which includes anyone employed on a full-time basis by the Company or any of its subsidiaries). The criteria for awards shall be aligned with the strategic requirements of the Company and shall incorporate the objective of incentivising offerees for good performance and promoting the continued growth of the Company.

The option price of an option and the grant price of a SAR is the volume weighted average price of a share of the Company on the JSE on the last trading day preceding the grant date of the option or SAR. The exercise price of a SAR is the volume weighted average price of a share of the Company on the JSE on the last trading day preceding the exercise date of the SAR.

The options are pure vanilla options. Upon the exercise of SARs, an offeree shall be entitled to subscribe for a number of shares of the Company calculated as follows:

SAR exercise price – SAR grant price x number of SARs exercised = TV
TV/SAR exercise price = N
Where:
TV is the total value attributable to the exercise by the offeree of SARs and;
N is the number of shares to be issued by the Company to the offeree, rounded down to the nearest share.

Options and SARs granted are irrevocable and their exercise requires the written approval of the Board of directors ("the Board") in its absolute discretion. Options and SARs shall lapse if not exercised within seven years of their grant, provided that such date may be extended to take account of closed periods.

Options and SARs may be exercised as follows:

- up to 50% (fifty per cent) of the instruments after the third anniversary of the grant date;
- up to 100% (one hundred per cent) of the instruments after the fourth anniversary of the grant date.

If any employee ceases to be employed by reason of death, retrenchment, illness, serious incapacity, serious disability, or by reason of him/her ceasing to be an employee as a result of his employer ceasing to be a member of the Metorex Group, such employee shall be entitled to exercise in full any option or SAR (whether vested or unvested), provided that such exercise must take place within 365 days after the termination of employment.

If any employee ceases to be employed by reason of his retirement, including early retirement, such employee shall be entitled to exercise in full any option or SAR which has vested as at the date of his retirement provided that such exercise must take place within 365 days after the termination of employment.

If any employee ceases to be employed by reason of resignation or dismissal or any other reason not specified above then, and in such event, any unexercised option or SAR (whether vested or unvested) at the date of termination of employment, shall lapse with effect from the date of such termination.

The scheme may be amended from time to time by resolution of the Board, provided that no such amendment shall operate adversely to alter the terms and conditions under which any scheme shares are held prior thereto and provided further that no amendment to the scheme may be made without prior approval of the JSE if so required in terms of the listings requirements of the JSE.

No amendment in respect of the following matters shall operate unless such amendment has been approved by 75 per cent of the Company's shareholders, present in person or represented by proxy in general meeting:

- the determination of the offerees;
- the aggregate number of shares which may be utilised for the scheme;
- the aggregate number of shares which any one offeree may acquire in terms of the scheme;
- the determination of the option price or SAR grant price;
- the determination of the period in which payment of the option price, or SAR grant price has to be made by the offeree;
- the voting, dividend, transfer and other rights (including those arising on liquidation of the Company) attaching the scheme shares;
- the basis upon which an award of options or SARs has to be made;
- the treatment of options or SARs in the instance of mergers, takeovers or corporate actions; and
- the rights of offerees who leave the employment of the Company.

Supplementary information continued

INTERESTS IN SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND INVESTMENTS

Metorex Limited ("the Company") acts as a holding company for the Group. All mining operations are conducted by companies which are members of the Group. The Company holds beneficial interests in its subsidiaries at 30 June 2009 are as follows:

Subsidiaries	Place of incorporation	Percentage of ownership and voting power held	Principal commodity
Ruashi Holdings (Pty) Limited[1]	South Africa	100%	Copper, cobalt
Chibuluma Mines plc	Zambia	85%	Copper
Copper Resources Corporation[2]	British Virgin Islands	87%	Copper
Sable Zinc Kabwe Limited	Zambia	100%	Copper, cobalt
Vergenoeg Mining Company (Pty) Limited[4]	South Africa	70%	Fluorspar
Consolidated Murchison Division	South Africa	100%	Gold, antimony
Pan African Resources plc[3]	UK	53%	Gold
O'Okiep Copper Company (Pty) Limited	South Africa	100%	Dormant
Maranda Mines (Pty) Limited	South Africa	100%	Dormant

1. *Ruashi Holdings has a 75 per cent (2008: 80 per cent) interest in Ruashi Mining sprl which is incorporated in the DRC.*
2. *Copper Resources Corporation (CRC) owns a 77 per cent interest in Minière de Musoshi et Kinsenda sarl (MMK) which holds the Kinsenda and Lubembe copper deposits in the Democratic Republic of the Congo (DRC).*
3. *With effect 1 July 2009, Metorex disposed of its entire shareholding in Pan African Resources plc. Consequently, this asset no longer form part of the Metorex Group.*
4. *Vergenoeg became empowered on 27 July 2009 through the sale of 15 per cent to Medu Capital. Consequently, the Company's interest in this asset reduced to 55 per cent.*

LEGAL ENTITLEMENT TO MINERALS

The Company conducts its mining operations and exploration activities in terms of approved permits and licences that have been issued and registered according to the regulatory requirements of the various countries in which these are conducted. The details of the permits and licences are set out below:

Mine or prospect	Farm name	Type of title	Hectares
Ruashi Mining sprl			
	Ruashi PE 578	Permis de Exploitation	900
	Musonoi Est PE 4958	Permis de Exploitation	2 000
	Sokoroshe I PE 523	Permis de Exploitation	
	Sokoroshe II PE 528	Permis de Exploitation	
Chibuluma Mines plc			
	LML23	Large-scale mining licence	4 440
	LML24	Large-scale mining licence	960
Minière de Musoshi et Kinsenda sarl [1]			
	Kinsenda PE 101	Permis de Exploitation	5 012
	Lubembe PE 330	Permis de Exploitation	2 378
Prospecting	Kinsenda PR 4724	Permis de Reserche	13 168
Sable Zinc Kabwe Limited			
	SML1	Large-scale mining licence	80
Consolidated Murchison Division			
	Farrell 781LT	Old order mining rights [2]	663
	Josephine 777LT	Old order mining rights [2]	792
	Claimland 780LT	Old order mining rights [2]	502
	Begin 765LT	Old order mining rights [2]	840
Prospecting		Converted prospecting rights 29/06/2007 – 2010	9 454
Vergenoeg Mining Company (Pty) Limited			
	Kromdraai 209JR	Old order mining rights [2]	393
O'Okiep Copper Company (Pty) Limited			
	Melkboschkuil 132	Old order mining rights	
	Nigramoep 136	Old order mining rights	
	Nababeep 134	Old order mining rights	
	Brakkefontein 133	Old order mining rights	
	Plaatjiesfontein 135	Old order mining rights	
	Steinkopf Rural Area	Old order mining rights	

1. *Following the review of mining titles by the DRC Ministry of Mines in 2008, it was agreed that all mining and prospecting licences associated with the Musoshi deposit would be returned to Sodimico (the state mining company holding 23 per cent of the MMK assets).*
2. *In terms of the Minerals and Petroleum Resources Development Act (MPRDA), Consolidated Murchison and Vergenoeg are required to submit applications to convert these old order mining rights to new order mining rights. Vergenoeg submitted a conversion application on 24 April 2009. Consolidated Murchison has yet to attain an acceptable level of empowerment.*

MINING OPERATIONS, MINERAL RESOURCES AND ORE RESERVES

RUASHI HOLDINGS (PTY) LIMITED

The Ruashi mine is an opencast oxide copper and cobalt mine situated in the Democratic Republic of the Congo (DRC) on the outskirts of Lubumbashi which is the capital of Katanga Province.

The Ruashi mine consists of three open pitable deposits. These deposits occur along strike of each other over a combined strike length of 2,000m, and are separated by cross-cutting faults and breccias zones.

Historical and Recent Exploration Activities

The Ruashi deposits were discovered by Union Miniére in 1919 and have been intensively evaluated by drilling over the years. Drilling has been conducted on sections spaced at 50m intervals along strike and drill hole intervals along section of between 25m and 50m. Historical drilling activities at Ruashi prior to Metorex's involvement amounted to 1,047 holes over a total of 76,548m of which a total of 914 holes were captured into the Ruashi geological database from Gécamines geological logs at the time of the 2003 Phase I feasibility study.

Metorex completed a drilling campaign at Ruashi shortly after being granted a Permis d'Exploitation (PE578) in 2003. The Company carried out a verification drilling programme during F2006 consisting of 6 665m of drilling across the three orebodies, of which 5,088m (69 holes) were by reverse circulation (RC) and 1,577m (15 holes) diamond drilling. This programme was carried out to verify and infill the existing Gécamines' drilling where possible and to provide core for assays, lithological identification, Quality Assurance and Quality Control (QAQC) and density determinations for the Phase II feasibility study.

During the course of F2009, Ruashi Mining completed two drilling campaigns between January and June 2009. 1,651m (48 holes) of RC drilling was completed in the Ruashi 1 open pit with a further 5,229m (52 holes) of diamond drilling completed across all three orebodies. Since discovery in 1919, 1,269 drill holes have been completed on the Ruashi property for a total of 94,589m.

In addition to activities at Ruashi, the Company has been involved in exploration activities on the Sokoroshi I (PE523) and Sokoroshe II (PE538) deposits as well as the Dilala East Project, located on the Musonoi Est Permis d'Explotation (a portion of PE 4958) close to Kolwezi. These permits form part of the licences granted to Ruashi Mining sprl in 2003.

Exploration commenced on the Dilala East Project in 2006, and to date, 44 diamond drillholes have been drilled for a total drilled length of 9,221m. Steeply dipping mineralisation has been identified over a strike length of 600m and to a maximum depth of 400m below surface. Drilling activities were stopped in December 2008 but will recommence in F2010 to extend the orebody at depth.

Geological setting and geological model

The copper and cobalt deposits of Ruashi occur in the Proterozoic Katangan Supergroup rocks of the Congolese Copperbelt and are hosted in a succession of siltstones, sandy dolomites and shales associated with dislocated thrust sheets and 'rafts' within the northwest trending Lufilian Thrust Belt.

The Ruashi deposits form part of a recumbent synclinal fold trending northwest with flanks compromising Kundulungu Group (Upper Katangan) sediments and a core of Mines Group sediments, which is the Lower Roan Formation equivalent in Zambia. Three orebodies have been recognised, namely Ruashi 1, 2 and 3 with respective strike lengths of 800m, 200m and 450m.

The primary copper and cobalt sulphide mineralisation is stratiform. The orientation of these horizons has been affected by folding and their orientation in the orebody varies from horizontal through vertical to overturned. Supergene enrichment of copper and cobalt resulted in an irregular blanket of oxide ore to a depth of 50m to 70m overlying the steeply dipping sulphide ore and extending laterally beyond the sulphide bodies from 20m to 100m. The main oxide minerals are malachite, chrysocolla and heterogenite.

The supergene cap, which was previously mined by Union Miniere and Gécamines consists of malachite and heterogenite in massive saprolite or in fracture controlled mineralisation along joint planes, fracture cleavages and shear fractures. Mixed oxide-sulphide mineralisation occurs at the transition zone extending into the sulphides at depth over a thickness of 10m to 20m. The sulphide mineralisation comprises chalcopyrite, bornite, carrolite and pyrite.

The Dilala East orebody in Kolwezi occurs along strike from, and is similar to, the Kamoto underground orebody. The orebody occurs on the eastern end of the Dilala Syncline and is a blind deposit with mineralisation starting at between 50 and 100m below surface. It consists of a lower and an upper copper rich zone separated by a copper poor, cobalt rich zone. The full mineralised package is approximately 60m in width and is open ended at depth. A feasibility study is in progress to complete the geological resource model, mining and metallurgical treatment options and capital forecasts for the Dilala East Project.

Supplementary information continued

Type of mining, mining activities

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. Approximately 5,5 Mt was mined at a grade of 7,9 per cent Cu.

Metorex has been involved since 2003 with a first phase of copper and cobalt production being derived from old stockpiles previously not treated by Gécamines. The old stockpiles and tailings were reclaimed in Phase I using a load and haul contractor, and treatment through an oxide flotation circuit to recover a low grade copper/cobalt concentrate.

The Phase II solvent extraction, electro winning (SX-EW) plant is now substantially complete. The Ruashi 1 and 2 orebodies have been opened up and oxide copper and cobalt ore production is being ramped up to feed the new SX-EW plant at a rate of 120 ktpm. Pre-stripping on the Ruashi 3 orebody is targeted to commence in F2010. Mining is by a conventional drill, blast, load and haul operation.

Production figures

Production figures for Ruashi for 2009 in comparison to 2008 are as follows:

Description	Units	2008	**2009**
Phase 1 (Concentrator)			
Tons milled	(t)	601 505	**238 447**
Head grade			
Copper	(%)	3,2	**3,05**
Cobalt	(%)	0,4	**0,47**
Metal recovery			
Copper	(%)	57	**43**
Cobalt	(%)	23	**24**
Concentrate produced	(t)	65 481	**24 640**
Concentrate grade			
Copper	(%)	17,10	**13,59**
Cobalt	(%)	1,95	**1,27**
Phase 2 (SX/EW Plant)			
Tons milled	(t)	–	**485 360**
Head grade			
Copper	(%)	–	**2,8**
Cobalt	(%)	–	**0,54**
Metal recovery			
Copper	(%)	–	**76**
Cobalt	(%)	–	**27**
Cu Cathode produced – Standard grade	(t)	–	**1 448**
Cu Cathode produced – LME grade	(t)	–	**8 931**
Co Metal produced in Carbonate	(t)		**720**

Methods and key assumptions in estimation and classification of Mineral Resources and Ore Reserves

Reconciliation of open pit mining actuals to the 2007 resource model during F2009 highlighted limitations in the model. Recent re-interpretation based on the 2009 drilling campaign results and in-pit mapping has resulted in a dramatically improved structural and lithological interpretation with the orebody being further sub-divided into oxide and sulphide zones based on the observed degree of weathering in the drillholes. A hard boundary approach has been applied to oxide and sulphide zones of the same lithological unit to more accurately reflect the statistical difference in grades between the weathered and unweathered units.

The 2009 model geostatistical estimation was carried out by IGS (Pty) Limited using ordinary kriging and has interpolated grades into discrete geological (lithological and structural) domains based on geostatistical estimation parameters matched to each domain.

The 2009 Ruashi orebody model has been classified into SAMREC compliant resource categories on a subjective basis by the Competent Person, with the majority of the drill hole data spaced close enough to categorise the resource as either indicated or measured. A high geological confidence exists in the location and continuity of the lower orebody strataform units. These units have been categorised as measured in the Ruashi 1 and 2 pits where current mining activity has confirmed the continuity and grade of the units. Further drillings will be required to upgrade these units to measured in the Ruashi 3 orebody.

With the exception of the Calcaire a Minerais Noirs zone (CMN), all other lithological units have been classified as Indicated. The CMN zone occurs in the stratigraphic hangingwall of the orebody and is dominated by wad mineralisation (weathered and altered dolomite). It has proved to be more lenticular in nature with a vertical structural and surface weathering control. In the opinion of the Competent Person, this zone has a low geological confidence based on the current drilling grid and has consequently been downgraded to an Inferred category. Additional drilling will be required to upgrade the CMN zone into the indicated or measured during the next year.

A revised Ruashi LOM reserve pit shell for the 2009 model has being completed by VBKOM Consulting Engineers (Pty) Limited using the Whittle 4X pit optimisation software. A mining cost of US$4.1/t mined and a processing cost of US$72.7/t processed has been used based on F2010 steady state budget prices and the completion of the acid plant. A final pit design and schedule is being generated using an optimal NPV Whittle shell based on a long-term copper and cobalt price of US$5.000/t copper and US$15/lb co-respectively.

Inclusion of Inferred Resources
Inferred Resources are not included in the life of mine (LOM) plan and production schedule for Ruashi. Consequently, there has been a 22 per cent reduction in LOM reserves from that reported in June 2008.

Material risk factors that could impact on the Mineral Resource and Ore Reserve Statement
The possibility of an amendment to the Ruashi resource model was flagged in the 2008 annual report as a risk based on new information from mining activities, ore reconciliations and further enhancements to the geological interpretation.

Remodelling of the orebody in F2009 based on hard lithological, structural and ore type boundaries has significantly de-risked the resource estimate and has highlighted areas that need additional drilling. Open pit Whittle optimisation using revised F2010 budget costs derived from steady state on-mine and off-mine costs will further de-risk the LOM plan and reserve.

Changes in the copper price could impact on the cut-off grade used to define the Mineral Resources and Mineral Reserves which in turn would affect the LOM.

Legal proceedings or other material conditions that may impact on mining or exploration activities
The DRC mining licence review process with regard to Ruashi Mining sprl is now complete. Metorex has been informed by Gécamines that the review process with regards to Ruashi has been concluded and no further amendments are likely.

Ruashi Holdings (previously an 80 per cent shareholder in Ruashi Mining sprl) conceded a five per cent interest in Ruashi Mining sprl to Gécamines resulting in a revised shareholding of 75 per cent held by Ruashi Holdings (Pty) Limited and 25 per cent held by Gécamines.

In addition to the change in shareholding, a Pas de Porte of US$4 million is payable to Gécamines on deferred terms and the royalty calculation payable to Gécamines was increased from 0,5 per cent to 2,5 per cent on gross revenue from sales of product.

Ruashi – Mineral Resources

Oxides	Tons (Mt)		Cu Grade (%)		Copper ('000t)		Co Grade (%)		Cobalt ('000t)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Oxides										
Measured	–	**1,0**	–	**6,7**	–	**70**	–	**0,29**	–	**3**
Indicated	44,8	**19,6**	2,8	**2,8**	1 254	**553**	0,24	**0,35**	107	**68**
Inferred	–	**8,6**	–	**2,2**	–	**186**	–	**0,13**	–	**11**
Total oxides	44,8	**29,2**	2,8	**2,8**	1 254	**809**	0,24	**0,28**	107	**83**
Surface oxide stockpiles										
Measured	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Indicated	–	**0,3**	–	**2,5**	–	**7**	–	**–**	–	**–**
Inferred	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Total surface stockpiles	–	**0,3**	–	**2,5**	–	**7**	–	**–**	–	**–**
Oxide total	44,8	**29,5**	2,8	**2,8**	1 254	**817**	0,24	**0,28**	107	**83**

Supplementary information continued

Sulphides	Tons (Mt)		Cu Grade (%)		Copper ('000t)		Co Grade (%)		Cobalt ('000t)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Sulphides										
Inferred	–	**7,9**	–	**3,1**	–	**248**	–	**0,26**	–	**21**
Total sulphides	–	**7,9**	–	**3,1**	–	**248**	–	**0,26**	–	**21**
Surface sulphide stockpiles										
Measured	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Indicated	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Inferred	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Total surface stockpiles	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Sulphide total	–	**7,9**	–	**3,1**	–	**248**	–	**0,26**	–	**21**

Oxides + Sulphides	Tons (Mt)		Cu Grade (%)		Copper ('000t)		Co Grade (%)		Cobalt ('000t)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Oxides + sulphides										
Measured	–	**1,0**		**6,7**	–	**70**	–	**0,29**	–	**3**
Indicated	44,8	**19,6**	2,8	**2,8**	1 254	**553**	0,24	**0,35**	107	**68**
Inferred	–	**16,6**		**2,6**	–	**434**	–	**0,19**	–	**32**
Total oxides + sulphides	44,8	**37,2**	2,8	**2,8**	1 254	**1 057**	0,24	**0,28**	107	**103**
Surface stockpiles										
Measured	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Indicated	–	**0,3**	–	**2,5**		**7**	–	**–**	–	**–**
Inferred	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Total surface stockpiles	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Grand total	44,8	**37,5**	2,8	**2,8**	1 254	**1 065**	0,24	**0,28**	107	**103**

Ruashi – Ore Reserves

Oxides	Tons (Mt)		Cu Grade (%)		Copper ('000t)		Co Grade (%)		Cobalt ('000t)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Oxides										
Proved										
Probable	18,5	**15,1**	3,7	**3,2**	686	**483**	0,36	**0,39**	67	**59**
Total oxides	18,5	**15,1**	3,7	**3,2**	686	**483**	0,36	**0,39**	67	**59**
Surface stockpiles										
Proved										
Probable	–	**0,3**	–	**2,5**	–	**7**	–	**–**	–	**–**
Total surface stockpiles	–	**0,3**	–	**2,5**	–	**7**	–	**–**	–	**–**
Oxide total	18,5	**15,4**	3,7	**3,2**	686	**491**	0,36	**0,39**	67	**59**

CHIBULUMA MINES PLC

Location

The Chibuluma South mine is part of the Chibuluma mines complex situated near the Zambian town of Kalulushi, approximately 12km west of Kitwe. Kitwe is the second largest town on the Zambian Copperbelt and is approximately 300km north of the capital city, Lusaka.

Historical and Recent Exploration Activities

The Chibuluma South orebody was discovered in 1969 by Roan Selection Trust (RST). A total of 113 diamond drill holes were drilled in the area, of which 77 drill holes intersected the Chibuluma South orebody. Orebody intersections were spaced between 75 and 150m apart. Metorex drilled three twin holes in 1999 and verified the thickness and grade of the orebody as defined by the historical drilling.

A feasibility study for Chibuluma was completed by Metorex in May 2000. The oxide zone down to 60m below surface was mined in an open pit and treated through a differential flotation and oxide leach plant. The open pit was stopped in 2001 due to poor leach recoveries and operations focused on opening up the underground reserve.

Geological setting and geological model

Mineralisation in the copper mines of the Zambian Copperbelt is predominantly stratabound and confined to the Lower Roan Group of the Katanga stratigraphic succession. The Katangan Supergroup consists of Proterozoic age siliclastic, greywacke and carbonate sediments deposited in an extensional rift basin environment that has subsequently been subjected to Pan African age tectonism and deformation.

Mineralisation in the Chibuluma orebody is limited to copper only and is hosted in detrital conglomerates, sandstones and argillaceous siltstones of the Lower Roan Group. The orebody occurs over a strike length of 300m, dipping at about 38° towards the north-west and varies in thickness from a few metres to over 20m in places.

Type of mining, mining activities

Post pillar cut and fill (PPCF) mining with trackless mining equipment is used to extract the bulk of the orebody and longhole stoping is often used where the orebody is narrow. The longhole stopes are post filled along with the adjacent cut. The sulphide ore is hauled to surface via a decline ramp at a rate of 45 to 50ktpm.

Mining takes place from the bottom up, while development is from the top down. The orebody is mined in 40m vertical sections as they become available. This necessitates the leaving of sill pillars between these sections, which locks up ore. The sill pillars are partially recoverable at the end of the life of mine.

Underground development waste and classified tailings are used as backfill in the mining process to support exhausted stopes and minimise dilution from the hangingwall through adequate support of the weak hangingwall sediments.

The underground sulphide ore is treated by conventional flotation, which produces a concentrate grade of between 45 and 50 per cent copper and recoveries of 95 per cent. The concentrates are currently transported approximately 40km by road to the Chambishi Copper Smelter (CCS).

Production figures

Total production for Chibuluma for 2009 in comparison to 2008 is as follows:

Description	Units	2008	**2009**
Tons milled	(t)	555 575	**568 187**
Head grade	(% Cu)	2,9	**3,1**
Overall recovery	(%)	89,6	**90**
Copper produced	(t)	14 583	**15 940**

Methods and key assumptions in estimation and classification of Mineral Resources and Mineral Reserves

Geological block modelling of the Chibuluma orebody is carried out using Surpac. Grade envelopes are delineated on a one per cent copper assay grade and wireframed to produce a 3-dimensional solid model. Lithological contacts are modelled as surfaces. Grade is interpolated into the blocks using ordinary kriging. A Surpac model was completed by IGS (Pty) Limited (IGS) in 2007 utilising updated surface and underground drill hole data. This model was further updated in F2009 using all new data and depleted on a cut by cut basis using a 3-dimensional mining excavation volume model.

The resource is classified as a measured or indicated Resource based on drillhole spacing. A block is considered measured if there are three or more drill holes within a 50m radius of the block and indicated if there are more than three drill holes between 50 and 150m. In general, infill drilling is carried out from the ramp decline and currently all levels above the 411mℓ are considered measured.

Supplementary information continued

The modifying factors applied to convert the Mineral Resources to Ore Reserves in the upper levels takes into account a waste parting, which is identified in the boreholes and modelled accordingly. Current mining has largely mined the waste parting zone, and little or no internal waste is anticipated in the lower levels. The modifying factors for the conversion of the Resources to Reserves have consequently been modified to reflect the lower dilution expected in the lower levels of the mine.

Inclusion of Inferred Resources
Inferred Resources are not included in the LOM plan and production schedule.

Material risk factors that could impact on the Mineral Resource and Reserve Statement
The method of stope support was considered adequate at shallow mining depths, and was substantially revamped in December 2008 following a number of hangingwall failures on the 298 and 309m levels. On advice from African Mining Consultants in Kitwe, the mining echelon and timing of backfill support has been scheduled such that the risk of stope failure due to geotechnical reasons will be contained and kept to a minimum.

Changes in the copper price could impact on the cut-off grade used to define the Mineral Resources and Mineral Reserves which in turn would affect the LOM.

Legal proceedings or other material conditions that may impact on mining or exploration activities
The Company is not aware of any material conditions that may affect the mining activities at Chibuluma.

Chibuluma South – Mineral Resources

	Tons (Mt)		Cu Grade (%)		Copper (000t)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Chibuluma South – Underground						
Measured	0,9	**2,4**	3,5	**3,3**	32	**80**
Indicated	4,3	**2,1**	4,0	**4,8**	172	**99**
Total underground	5,2	**4,5**	3,9	**4,0**	204	**180**
Resources in buttress pillars						
Indicated	0,7	**0,7**	4,0	**4,0**	30	**30**
Total pillars	0,7	**0,7**	4,0	**4,0**	30	**30**
Chifupu prospect						
Inferred	1,9	**1,9**	3,1	**3,1**	59	**59**
Total prospects	1,9	**1,9**	3,1	**3,1**	59	**59**
Total underground and prospects	7,9	**7,2**	3,7	**3,7**	293	**268**

Chibuluma South – Ore Reserves

	Tons (Mt)		Cu Grade (%)		Copper (000t)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Chibuluma South – Underground						
Proved	0,8	**2,1**	3,0	**2,9**	24	**61**
Probable	3,7	**1,8**	3,4	**4,1**	127	**73**
Total underground	4,5	**3,9**	3,4	**3,4**	150	**135**
Reserves in buttress pillars						
Probable	0,3	**0,3**	2,7	**3,0**	7	**8**
Total pillars	0,3	**0,3**	2,7	**3,0**	7	**8**
Total underground	4,7	**4,2**	3,3	**3,4**	158	**143**

COPPER RESOURCES CORPORATION PLC

Miniere de Musoshi et Kinsenda sarl (MMK)

The Kinsenda mine together with the Lubembe prospect is owned by Copper Resources Corporation through Miniére de Musoshi et Kinsenda sarl (MMK). Both are located within a 50km radius of Kasumbalesa, a main border town into the DRC from Zambia. The border is located approximately 75km northwest of Kitwe in Zambia, and 130km southeast of Lubumbashi in the DRC.

The Kinsenda mine is located approximately 24km east of Kasumbalesa and is the focus of a re-equipping programme to bring the mine into production during 2010. Lubembe is located a further 25km south-east of Kinsenda. The Musoshi mine was returned to Sodimico during F2009 as part of the mining title revisitation process, and no longer forms part of the MMK assets.

Historical and Recent Exploration Activities

Two hundred and three surface diamond drill holes totalling 51,000m were drilled by Sodimico and Nippon Mining on the Kinsenda orebody from the mid 1960s to early 1970s. Very little core remains from these drilling programmes. Metorex plans to complete a limited surface drilling programme to verify reserves below the 285m level and improve the confidence in the geological interpretation of the lower levels of the mine.

The Lubembe deposit is an advanced exploration prospect, with 22 holes previously drilled by Sodimico in the early 1970s. 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. In total, 7,506m of shallow reverse circulation drilling and 5,272m of diamond core drilling were completed during F2009. A SAMREC compliant resource model will be completed in F2010 before progressing to a full feasibility study.

Geological setting and geological model

The Kinsenda and Lubembe orebodies are Zambian Copperbelt style orebodies and are geologically similar to the Chibuluma South and Mufulira mines in Zambia. Mineralisation occurs in the footwall of the Ore Shale Member.

Mineralisation in the Kinsenda orebody is limited to copper only and is hosted in detrital conglomerates, sandstones and argillaceous siltstones of the lower Roan Group and varies from 2 to 20m with an average width of 6m. The orebody occurs in three zones, namely the lower, middle and upper orezones over a strike of approximately 2,000m dipping moderately at 25 – 30°. These zones pinch and swell and in places merge to form a single zone. Kinsenda is a sulphide orebody consisting of predominantly chalcocite, bornite and chalcopyrite mineralisation. The orebody has not been subjected to significant folding and is reasonably uniform along strike and down dip. A normal fault with a throw of 50 to 100m truncates the orebody on the southern, down dip extent of the resource. The downthrown block (starting at 600m below surface) has not been extensively delineated, and presents upside potential for the Kinsenda resource.

The Lubembe deposit is analogous to Kinsenda with a strike length of 1km and an average width of 40m dipping 25 – 30°. A second zone of mineralisation has been identified approximately 1km north of the Lubembe deposit by recent drilling. This zone requires additional exploration drilling to delineate before a resource can be established. Lubembe is distinguished from Kinsenda by lower grades (1,8 to 2,2 per cent copper) and a mixed oxide/sulphide ore type consisting of predominantly chalcocite and chalcopyrite with minor malachite.

Type of mining, mining activities

The Kinsenda mine is an old underground operation commissioned in 1977 as a joint venture between Sodimico and Nippon Mining. Ore was mined from Kinsenda and hauled 40km by truck to Musoshi where it was treated through the Musoshi concentrator. In total, 4,5 million tons was mined at Kinsenda from 1977 to 2002 with a maximum tonnage of 410,000 tons in 1984.

The operation was taken over by a Canadian company in the early 1980s, but was curtailed by 1987 due to low copper prices and limited developed reserves. Operations stopped completely with the flooding of the mine in 2002.

The infrastructure at Kinsenda comprises three inclined shafts and one vertical shaft to a depth of 285m below surface. Mine dewatering has lowered the water level to 285m below surface. Metorex has been involved in re-establishing the operation since the beginning of 2008.

The Kinsenda mine programme was curtailed in F2009 to conserve cash outflows with the project being placed on care and maintenance in January 2009. A revised feasibility study is in progress with sulphide ore production planned at a rate of between 60 and 80ktpm using the cut and fill mining method.

Lubembe is a greenfields site, and has not been previously mined.

Supplementary information continued

Production figures
There are no production figures for 2009 and 2008.

Methods and key assumptions in estimation and classification of Mineral Resources and Ore Reserves
Resources reported for the Kinsenda mine are based on a model compiled by FinOre in 2006 using Datamine software as part of the feasibility study completed by Mineral Engineering Technical Services (METS) of Perth, Australia on behalf of Copper Resources Corporation. The digital database used by FinOre was generated by EGMF in 2005. The FinOre model used a two per cent Cu assay grade to delineate the orebody with assay data being composited to one metre intervals within individual orezones. No top cuts were applied.

The resource estimation used ordinary kriging to estimate both Total and Acid Soluble Copper with separate geostatistical parameters for each zone and variable. FinOre classified the resources into Measured, Indicated and Inferred using the JORC system of resource reporting.

Reserves were derived by MMK using a spreadsheet scheduling methodology. Individual mining cuts were scheduled using a top down mining philosophy and were modified using generic cut and fill mining extraction and dilution factors. The risk associated with generic nature of the reserve calculation is reflected in the mineral reserve classification.

Inclusion of Inferred Resources
No inferred resources were included in the production plan.

Material risk factors that could impact on the Mineral Resource and Ore Reserve Statement
The classification of resources into Measured, Indicated or Inferred by FinOre was subjective and was not elaborated on in any detail in the FinOre report. In the conversion of resources to reserves, Metorex has downgraded Measured resources to Probable rather than Proved reserves to reflect uncertainty and risk in the mining plan.

Legal proceedings or other material conditions that may impact on mining or exploration activities
Following the 2006 general elections for the National Assembly in the DRC, the application of the regulations of the DRC relating to foreign investment and mining licensing was under review. The DRC Government initiated a review process by the Licence Review Commission in relation to all joint venture agreements entered into by private investors with state-owned companies including the contract between CRC and Sodimico, a DRC state-owned company.

The final outcome of the review process resulted in Sodimico increasing its shareholding in MMK from 20 per cent to 23 per cent. A Pas de Porte payment of US$3 million has been agreed to on deferred terms with a royalty payment calculated at 2,5 per cent on gross proceeds from sales of product. The Musoshi mine (currently flooded to a depth of 200m below surface) and related Prospecting permits have been returned to Sodimico as part of the settlement. The CRC shareholding in MMK has now been amended to an effective 77 per cent.

It has been confirmed that the review process relating to MMK has been finalised, and no further payments or relinquishing of licences will be required.

Miniere de Musoshi et Kinsenda sarl (MMK) – Mineral Resources

	Tons (Mt)		Cu Grade (%)		Copper (000t)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Kinsenda Mine – Underground						
Measured	13,1	**13,1**	4,8	**4,8**	628	**628**
Indicated	4,1	**4,1**	5,8	**5,8**	235	**235**
Total underground	17,1	**17,1**	5,0	**5,0**	863	**863**
Lubembe prospect						
Inferred	47,5	**47,5**	2,2	**2,2**	1 045	**1 045**
Total prospects	47,5	**47,5**	2,2	**2,2**	1 045	**1 045**
Total underground and prospects	64,6	**64,6**	3,0	**3,0**	1 908	**1 908**

Miniere de Musoshi et Kinsenda Sarl (MMK) – Mineral Resources

	Tons (Mt)		Cu Grade (%)		Copper (000t)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Kinsenda Mine – Underground						
Proved	0,6	**0,6**	5,7	**5,7**	32	**32**
Probable	10,7	**10,7**	4,9	**4,9**	522	**522**
Total underground	11,3	**11,3**	4,9	**4,9**	554	**554**

SABLE ZINC KABWE LIMITED

The Sable Zinc facility is located approximately 2km south of the centre of Kabwe in central Zambia, some 150km north of the capital Lusaka.

Sable Zinc is a copper and cobalt toll processing facility produced a combination of standard and A-grade copper cathode and was commissioned during May 2006.

Exploration activities

There is an old dump of oxidised zinc material which contains some 400kt at an average grade of 9,78 per cent zinc. In addition, there is a dump which contains 4,9Mt grading 4,47 per cent zinc. Testwork is underway to evaluate the dumps, but no results were available at the time of preparing this report.

Geological setting and geological model

Not applicable.

Type of mining, mining activities

No mining activities were carried out at Sable Zinc during F2009.

The leach, solvent extraction and electro-winning circuits previously enabled Sable to process the copper and cobalt concentrates from Ruashi Phase I.

Sable Zinc plant no longer receives oxide concentrate from Ruashi and is reliant on sourcing high-grade oxide copper feed in the open market and via traders.

Production figures

Production figures for Sable Zinc for 2009 in comparison to 2008 are as follows:

Description	Units	2008	**2009**
Tons concentrate treated	(t)	65 481	**32 638**
Concentrate grade			
Copper	(% Cu)	17,10	**16,81**
Cobalt	(% Co)	1,95	**0,50**
Metal Recovery			
Copper	(%)	96	**40**
Cobalt	(%)	44	**75**
Metal Production			
Copper	(t)	10 767	**4 889**
Cobalt	(t)	565	**151**

Includes concentrate from Ruashi phase I and oxide concentrates purchased from third parties.

Methods and key assumptions in estimation and classification of Mineral Resources and Ore Reserves

Metorex has classified the two dumps as Inferred Mineral resources due to the inherent problems associated with representative sampling and tonnage determination of dumps and the restricted sampling data.

Supplementary information continued

Inclusion of inferred resources
Inferred resources are not included in the current LOM plan and production schedule for Sable Zinc.

Material risk factors that could impact on the Mineral Resource and Ore Reserve Statement
The classification of the dumps into the Inferred Resource category adequately reflects the unknowns and risks associated with the dumps.

Legal proceedings or other material conditions that may impact on mining or exploration activities
The Company is not aware of any material conditions that may affect the mining activities at Sable Zinc.

Sable Zinc – Mineral Resources

	Tons (Mt)		ZN Grade (%)		Zinc (000t)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Washing plant stockpile						
Inferred	0,4	**0,4**	9,8	**9,8**	39	**39**
Total washing plant stockpile	0,4	**0,4**	9,8	**9,8**	39	**39**
Residue tailings						
Inferred	4,9	**4,9**	4,5	**4,5**	219	**219**
Total tailings	4,9	**4,9**	4,5	**4,5**	219	**219**
Total stockpiles and tailings	5,3	**5,3**	4,9	**4,9**	258	**258**

VERGENOEG MINING COMPANY (PTY) LIMITED

The Vergenoeg mine is situated on the farm Kromdraai, approximately 70km north-east of Pretoria and 32km east of the village and rail siding of Pienaars River. The oxidised (upper) zone of the Vergenoeg deposit is exploited for fluorite (fluorspar) and the fluorspar concentrate (acid grade) is exported through Durban to clients mainly in Europe and the America's.

The Vergenoeg deposit is one of the largest fluorite resources in the world. Estimates are that it contains approximately 10 per cent of the world's resources. The mine life is estimated to be in excess of 100 years and the fluorite (CaF_2) grade of the mine is in the upper quartile of world deposits.

Exploration Activities
The orebody was evaluated in 2000 using 254 percussion drill holes spaced approximately 50m x 50m, and 58 diamond drill holes with a spacing of approximately 100m x 100m. A total of 1 160 blast holes were also used.

Drilling of 23 diamond drill holes during 2003 resulted in the delineation of a good quality orebody termed the A-orebody on the eastern contact of the volcanic pipe with the surrounding wall rock. Two holes in this programme also intersected high-grade fluorspar (metspar). Further drilling allowed for the delineation of a discrete small high-grade fluorspar plug within the main volcanic pipe. This was subsequently mined for metallurgical grade fluorspar (gravel) until the end of 2008 when the overburden: ore ratio became excessive.

From the results of 34 boreholes drilled in F2007, an extension of the A-orebody was traced southwards into the valley and eastwards under the hill and the deposit footprint was more accurately defined.

RC exploration drilling was conducted in F2008 as well as F2009. 181 boreholes totalling 9,836m targeting the upper portion of the Vergenoeg deposit. Samples were taken at 1m intervals and submitted for multiple element analyses. This new data, combined with some of the previous data is currently being used for Surpac modelling and resource estimations of the deposit.

Geological Setting and Geological Model
Fluorite (fluorspar) mineralisation is contained within the 1,950Ma Vergenoeg volcanic pipe. Felsic rocks of the Rooiberg Group constituting the roof of the Bushveld Igneous Complex (BIC), host the discordant volcanic pipe and associated surrounding pyroclastic and sedimentary rocks of the Vergenoeg suite. The volcanic pipe and surrounding pyroclastic rocks are related to the Lebowa Granite Suite of the Bushveld Complex, which is regarded as the source of the mineralisation. The volcanic pipe is situated at the intersection of regional lineaments and is centrally located between the four lobes of the BIC.

The Vergenoeg volcanic pipe is about 900m in diameter at surface tapering down at depth where it is still open ended at a depth of approximately 600m. Fluorite is found in massive and disseminated forms throughout the pipe, but its concentration decreases with depth. To the east of the pipe is a spill area (referred to as the A-orebody) where mining currently takes place. The mineralogy of the upper portion of the pipe is dominated by iron oxides and fluorite, with increasing siderite and fayalite occurring with depth.

Recent exploration (2007 – 2009) has resulted in a significant improvement in the understanding of the internal geology of the Vergenoeg orebody. The mineable resource at Vergenoeg is highly dependent on the type and quality of material that is required by the end users.

The ore being mined can now be classified into a number of different ore types. Blending of ores from the pit and crushed ore stockpiles occur commonly. Ores that cannot be processed under current conditions are stockpiled. It is expected that metallurgical extraction methods will improve and ore types that are presently not economical to treat will be processed in the future. The installation of a high-powered magnetic separator at the end of 2008 has resulted in more than 50 per cent of the high aluminium stockpile being successfully submitted to the processing plant. This has also resulted in an increase in the reserves of the best-quality ores.

Type of Mining, Mining Activities

Mine planning and production scheduling is spreadsheet based with the three dimensional modelling restricted to the original block modelling and grade estimation. Vergenoeg considers it adequate to plan in a spreadsheet format, as the critical parameters are the fluorspar grade and the contaminants. Currently production planning is determined by marketing factors and no long-term pit planning is viable.

Production Figures

Production figures for Vergenoeg for 2009 in comparison to 2008 are as follows:

Description	Units	2008	**2009**
Ore milled	(t)	570 826	**537 589**
CaF_2 feed grade	(%)	39,9	**39,2**
Fluorspar concentrate produced (all grades)	(dmt)	180 854	**152 934**
CaF_2 Recovery	(%)	74,2	**69,8**

Methods and key assumptions in estimation and classification of Mineral Resources and Ore Reserves

A SURPAC block model was constructed in 2000 using diamond drill, percussion drill, blast hole and other available geological and survey data. Grade values were estimated into this model using the inverse distance squared method. Since then the resources have not been re-estimated, but adjusted by depleting this resource model for mining. The Reserves were, however, re-assessed in 2008 following exploration work. Reserve criteria, particularly the cut-off levels of the contaminants, were significantly changed in view of improved plant efficiency as well as the changed market contaminant specifications. Re-assessment of the resources by consultants (IGS) is underway and will be completed before the end of September 2009. Reserves will be categorised into four ore types corresponding to the salient specification requirements of the clients.

The Resources, as determined in 2000, are estimated to a depth of 360m, although mineralisation has been shown to exist to a depth of 600m. Survey data representing the surface topography of the pit, exploration drill hole collar positions and blast hole collar positions are routinely measured.

A specific gravity of 3,28 is applied to the B-orebody and a value of 3,7 has been applied to orebody A. Indicated and Inferred Resources have been estimated using a cut-off of 10 per cent CaF_2. Measured Resources consists of ore on stockpiles outside the pit at a cut-off off of 20 per cent CaF_2. Inferred Resources consists of low grade material located at significant depths within the geological block model.

The Reserves are based on the following criteria and assumptions:

- Fluorspar concentrate (acid spar) specifications acceptable to existing customers.
- Acid spar concentrate specifications acceptable to customers not currently serviced by VMC.

This assessment also considers the installation of a recently installed SLON magnetic separator that would allow for higher flotation primary-feed aluminium levels and would reduce the iron and arsenic levels of the final concentrates.

Supplementary information continued

In order to achieve acceptable acidspar concentrate grades, the insitu reserves need to meet the following criteria:

	Parameter	Criteria
1	CaF_2	>12%
2	P_2O_5	<2,5%
3	As	<11000ppm
4	Al_2O_3	≤1,5%
5	S	Less than 0,3%
6	Hydrated iron oxides	Low levels
7	Regolith or soils	Low levels
8	K and Mg	Low levels
9	Overburden	Less than 33m
10	Thickness of mineralisation	Not specified

Proven Reserve is distinguished from Probable Reserve based primarily on the following criteria:

- Degree of certainty of geometry/distribution/occurrence/grade (main criteria).
- Level of metallurgical knowledge regarding the treatment of the particular ore (has material been submitted to the processing plant/pilot plant/lab bench test).
- Overburden thickness (accessibility).
- Geological complexity (faulting, intrusions, weathering, secondary mineralogy).

Inclusion of inferred resources

Inferred resources are not included in mine planning and production scheduling.

Material risk factors that could impact on the Mineral Resource and Ore Reserve statement

Certain contaminants and minerals have been identified in the ore that negatively affect the final concentrate and recovery. Metallurgical test work is in progress to find processes and methods for eliminating or managing the negative effects.

Legal proceedings or other material conditions that may impact on mining or exploration activities

The application for conversion of old order mining rights to New Order Mining Rights in terms of the MPRDA was submitted before 30 April 2009. Feedback regarding this submission was received from the DME and minor modifications to the SLP and MWP as requested by the DME were attended to.

Vergenoeg – Mineral Resources

	Tons (Mt)		CuF_2 Grade (%)		CuF_2 (000t)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Open pit						
Measured	12,4	**11,4**	37,0	**40,4**	4 570	**4 606**
Indicated	145,1	**144,7**	27,9	**28,0**	40 483	**40 516**
Inferred	69,6	**69,6**	12,7	**12,7**	8 839	**8 839**
Total open pit	227,1	**225,7**	23,7	**23,9**	53 892	**53 961**
Surface stockpiles						
Measured	–	**0,4**	–	**40,4**	–	**162**
Total stockpiles	–	**0,4**	–	**40,4**	–	**162**
Total open pit and surface stockpiles	227,1	**226,1**	23,7	**23,9**	53 892	**54 122**

Vergenoeg – Ore Reserves

	Tons (Mt)		CuF_2 Grade (%)		CuF_2 (000t)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Open pit						
Proved	12,0	**11,4**	37,0	**40,4**	4 440	**4 606**
Probable	5,7	**5,7**	40,0	**40,0**	2 280	**2 280**
Total open pit	17,7	**17,1**	38,0	**40,3**	6 720	**6 886**
Surface stockpiles						
Proved	–	**–**	–	**–**	–	**–**
Total surface stockpiles	–	**–**	–	**–**	–	**–**
Total open pit and surface stockpiles	17,7	**17,1**	38,0	**40,3**	6 720	**6 886**

CONSOLIDATED MURCHISON MINES (A DIVISION OF METOREX LIMITED)

The Consolidated Murchison Mine is situated in the Murchison Greenstone belt near Gravelotte in Limpopo. Gold was discovered in the Murchison range towards the end of the 19th century and was mined on a small-scale for many years. Prior to 1937, the high stibnite (antimony sulphide) of the gold ores rendered all but the oxidised ore too refractory to process. Metorex acquired the mine in July 1997. It is the only producer of antimony concentrate in South Africa, and contributes three to five per cent of world production.

Exploration activities

No current exploration programme is underway.

Geological setting and geological model

The Murchison Greenstone belt is an assemblage of lavas and sediments. The belt strikes WSW-ENE and dips steeply to the north. The rocks are extremely sheared and have been intruded by granites and iron rich gabbros on a number of separate occasions. The greenstone belt is approximately 6 000m thick near Gravelotte and thins to the east. Gold mineralisation occurs erratically throughout the greenstones. Areas of particular economic interest are the Copper-Zinc line, the Antimony line and the various emerald deposits.

The Antimony line is a discontinuous zone of mineralisation approximately 55km long. Stibnite is associated with quartz veining and occurs sporadically along the entire strike length, but has only been worked significantly between the Alpha-Gravelotte area and the Free State-Monarch area. It is generally accepted that the Antimony line represents a major shear zone along which stibnite and gold have been concentrated. The stibnite and gold occur in remobilised quartz veins hosted in quartz-carbonate rocks which have been formed by the hydrothermal alteration of the country rocks. Later tectonic deformation has concentrated the minerals and all major orebodies have strong structural controls. Approximately two-thirds of the known and exploited gold deposits are from quartz veins, while the remainder is associated with banded iron-formations.

Type of mining, mining activities

Ore is mined by sub-level open stoping and is hoisted from three working shafts Athens, Monarch and Beta.

During mining, the strike and dip of orezones and extensions to the orezones are followed.

Supplementary information continued

Production figures

Production figures for Consolidated Murchison for 2009 in comparison to 2008 are as follows:

Description	Units	2008	**2009**
Tons milled	(t)	355 076	**345 349**
Head grade			
Antimony	(% Sb)	1,2	**1,0**
Gold	(g/t Au)	1,8	**1,7**
Metal recovery			
Antimony	(%)	84,8	**72,5**
Gold	(%)	82,0	**70,4**
Metal production			
Antimony	(mtu)	361 061	**257 983**
Gold	(kg)	533	**423**

Methods and key assumptions in estimation and classification of Mineral Resources and Ore Reserves

Mining blocks are categorised as inferred resources and probable and proved reserves, as follows:

- *Inferred resources are defined as an ore block which has been defined wholly by boreholes.*
  A haulage is developed in the footwall of the orezone. A diamond drill cubby is developed every 30m. Three holes are drilled from each cubby – a horizontal hole at 45° to the orebody, a hole trending upwards perpendicular to the orebody aimed to intersect the orebody approximately 20m above the haulage elevation and a hole aimed downwards to intersect the orebody 20m below the haulage elevation. This results in a grid of approximately 20m x 30m. Boreholes are carefully logged and surveyed. The quartz carbonate orezone and any other mineralised zones are completely sampled. This information is plotted on plans and cross sections to ensure the mineralised zones are continuous. If there is any doubt as to the continuity, additional holes are drilled.

  All values are plotted on longitudinal sections and areas of 30m x 60m are blocked off and a tonnage and grade is assigned to each block. A minimum stoping width of 1,5m is assumed and an area of 30m x 45m in a block is used to allow for the foot and crown pillars. The tonnage of possible ore from the block is estimated using the mean orebody width or measuring the cross-sectional area using a planimeter and applying the frustrum formula. A SG of 2,94 is used. Drill cores are sampled every 50cm and a weighted arithmetic mean is used to estimate both the grade of the borehole intersections and the block value.

  This initial evaluation determines which blocks of ground require secondary development and more detailed evaluation.

- *Probable Reserves are defined as ore blocks that are partly defined by diamond saw sampling and partly by boreholes, but are not fully developed.*
  After a block of ground has been identified, secondary development is planned in order to fully evaluate the orezone and to enable stoping to take place. A cross cut is developed from the haulage to the orezone and two raises are developed at the most suitable position. At each interlevel elevation drives are developed along the orezone for 30m and additional twin raises are developed and sampled. At a 15m interval along the reef drive the orezone is evaluated by boreholes or by developing cross cuts.

- *Proved Reserves are defined as blocks that are fully developed, evaluated and ready for stoping.*
  Cross sections are interpreted and drawn every 10m. The orebody outline is interpreted from sample results. Often the orezone consists of more than a single band and there are areas where the orezone has been severely folded. For each 10m cross section, an area and grade is estimated and hence, an undiluted tonnage and grade is assigned to a proven 30m block.

This information is plotted on interlevel plans and sections. Block values are converted to Reserve estimates by adding a 15 per cent dilution at grades of 0,2 per cent antimony and 0,5g/t gold. Paylimit calculations are performed on each block in order to convert it to a mineral reserve. Paylimit values are plotted on a graph with the antimony grade on the Y axis and the gold grade on the X axis. A line is drawn connecting the two paylimit values. The present paylimit values from which the paylimit line is constructed on X and Y axes are presently 4,53g/t gold and 1,98 per cent antimony. Individual block grades are plotted on the graph and those plotting to the left of the line are considered as uneconomic and remain in the mineral resource category and those to the right of the line are classed as a mineral reserve. Resources five levels or 300m below the present working are classified as Inferred Resources. An 85 per cent mine call factor is applied to the Resource values estimated for both gold and stibnite.

Consolidated Murchison adjusts the grade and tonnage values by regression curves that have been constructed from historical data. The different areas have unique regression curves.

Inclusion of inferred resources

To be able to achieve the LOM production plan for Consolidated Murchison, some 60 per cent of the scheduled production will have to come from Inferred Resources. The confidence in Inferred Resources is low. The Inferred Resources enable the LOM to be extended by eight to ten years.

Material risk factors that could impact on the Mineral Resource and Reserve Statement

The SAMREC Code states that a Mineral Reserve is inclusive of diluting materials and allows for losses that may occur when the mineral is mined. Some economic criteria have been taken into consideration when estimating the Proved Reserves in the form of grade cutoff values. However, the fact that Consolidated Murchison has found it necessary to apply regression curves to its Reserve estimates indicates that not all the factors reflecting losses that may occur during mining have been taken into consideration in its Reserve estimates.

Legal proceedings or other material conditions that may impact on mining or exploration activities

The application for conversion of old order mining rights to New Order Mining Rights in terms of the MPRDA was submitted before 30 April 2009. The Company is in negotiations to identify suitable BEE partners, once these negotiations are finalised, the Company will progress the conversion application.

Consolidated Murchison – Mineral Resources

	Tons (Mt)		Sb Grade (%)		Antimony (000t)		Gold Grade (g/t)		Gold (000 oz)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Underground										
Measured	0,2	**0,3**	2,0	**2,0**	5	**5**	1,4	**1,2**	11	**10**
Indicated	3,5	**3,4**	2,0	**2,0**	70	**68**	3,3	**3,2**	371	**352**
Inferred	6,0	**6,0**	2,3	**2,3**	141	**141**	2,1	**2,1**	403	**400**
Total underground	9,8	**9,7**	2,2	**2,2**	216	**214**	2,5	**2,4**	785	**762**
Surface stockpiles										
Measured	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Indicated	15,3	**15,3**	0,5	**0,5**	70	**70**	0,6	**0,6**	280	**280**
Total surface stockpiles	15,3	**15,3**	0,5	**0,5**	70	**70**	0,6	**0,6**	280	**280**
Total underground and surface	25,1	**25,0**	0,5	**1,1**	286	**284**	1,3	**1,3**	1 065	**1 042**

Supplementary information continued

Consolidated Murchison – Ore Reserves

	Tons (MT)		Cu Grade (%)		Copper (000t)		Co Grade (%)		Cobalt (000t)	
Classification	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**	F2008	**F2009**
Underground										
Proved	0,1	**0,1**	1,4	**1,5**	1	**1**	2,4	**2,1**	5	**4**
Probable	1,3	**1,2**	1,6	**1,5**	20	**19**	2,4	**2,5**	99	**98**
Total underground	1,3	**1,3**	1,6	**1,5**	21	**20**	2,4	**2,4**	104	**103**
Surface stockpiles										
Proved	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Probable	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Total surface stockpiles	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Total underground and surface	1,3	**1,3**	1,6	**1,5**	21	**20**	2,4	**2,4**	104	**103**

Review of exploration activities
No greenfields exploration activities were conducted by Metorex during F2009.

Drilling at the Dilala East Project (Ruashi Mining) and the Lubembe Project (MMK) are covered under the relevant sections above.

FACTORS APPLIED TO ORE RESERVE ESTIMATES

2009	Ruashi	Chibuluma South	Kinsenda	Vergenoeg	Consolidated Murchison
Cut-off grade	1,04% Cu 0,41% Co	2,73% Cu	1% Cu	12% CaF_2	2,32% Sb 3,74 g/t Au
Mining extraction factor (%)	95%	82%	70%	100%	100%
Block factor (%)	–	90%	90%	–	85%
Dilution factor (%)	5%	5%	7,5%	–	–
Mine call (%)	–	–	–	–	–
Metallurgical recovery factor (%)	83% Cu 59% Co	94%	90%	75%	85%

2008	Ruashi	Chibuluma South	Kinsenda	Vergenoeg	Consolidated Murchison
Cut-off grade	3,5% Cu Eqv	1% Cu	1% Cu	12% CaF_2	2,02% Sb 4,27 g/t Au
Mining extraction factor (%)	95%	80%	70%	100%	–
Block factor (%)	–	90%	90%	–	85%
Dilution factor (%)	5%	5%	7.5%	–	–
Mine call (%)	–	–	–	–	–
Metallurgical recovery factor (%)	80% Cu 70% Co	94%	90%	75%	87%

Notes

1. All resources are stated inclusive of reserves.
2. Reserves are a subset of resources and have been modified by mining extraction, dilution and block/mine call factors. All reserves are stated as run-of-mine feed delivered to mill.
3. With the exception of Kinsenda and Ruashi, all mining factors are based on historical results.
4. Mineral Resources for Ruashi have been restated, based on a revised geological block model completed in 2007. The new model has addressed geostatistical and geological issues for both copper and cobalt mineralisation. Whilst the copper metal content has not changed significantly, the contained cobalt has been adjusted downwards by 17 per cent. This downward adjustment is as a result of incomplete capture of cobalt assays from historical boreholes dating between 1920 and 1964.

COMPETENT PERSONS DECLARATION

Mineral Resources and Ore Reserves for the various operations and projects have been compiled under the direction of the following people:

Mine	Mineral Resource estimation	Ore Reserve estimation
Ruashi	Mr S Savage PrSciNat BSc (Hons) (independent consultant)	Mr F van Dalen, PrEng, BSc (Eng) (independent consultant)
Chibuluma	Mr S Savage PrSciNat BSc (Hons) (independent consultant)	Mr C Sihole, BSc (Hons)
Copper Resources Corporation	Mr G Fahey, MAusIMM, MAIG (independent consultant)	Mr E Patris
Vergenoeg	Mr H Terblanche, BSc (Hons)	Mr H Terblanche, BSc (Hons)
Consolidated Murchison	Mr C Willson, MGSSA, BSc (Hons)	Mr C Willson, MGSSA, BSc (Hons)

The competent person who has checked and authorises publication of the Mineral Resources, is Mr T P Williams, PrSciNat (SA Council of Natural and Scientific Professionals Registration No 400387/04), Fellow of the Southern African Institute of Mining and Metallurgy, BSc (Hons). Mr Williams is Group Mineral Resource Manager and is a full-time employee of the Company. He is a mining geologist with 19 years' experience in exploration, resource development and estimation and mining geology in gold and base metals through west, central and east Africa. Mr Williams is based at the Company's Head Office at 2nd Floor, Cradock Heights, 21 Cradock Avenue, Rosebank 2146, Johannesburg.

Messrs Williams, Legg and Faber have confirmed in writing that the information disclosed in terms of 8,63(m) is compliant with the SAMREC Code and where applicable, the relevant Section 12 and Table 1 requirements, and that it may be published in the form and context in which it is intended.

GROUP ENVIRONMENTAL MANAGEMENT AND FUNDING

The Company is exposed to environmental liabilities relating to its mining operations. Estimates of the cost of environmental and other remedial work such as rehabilitation costs, closure and pollution control are made on an annual basis. Based on the estimated remaining life of mine and any shortfall between total closure liability and accrued funds in a rehabilitation trust fund, additional payments are made to the fund once a year. Estimates of closure liability and the balance in the rehabilitation trust fund for each operation at 30 June 2009 are shown in the table below, together with the annual contribution required to ensure each operation has sufficient funds at the end of operations for rehabilitation:

		Environmental costing (R million)		
Mining operation	Date of environmental approval	Closure liability	Accumulated fund	Annual contribution
Chibuluma Mines plc	19/09/2006	15,4	2,0	1,0
Consolidated Murchison	12/06/1995	25,0	9,9	2,7
Pan African (Barberton)	27/10/2003	35,4	30,0	0,5
Ruashi Mining sprl	02/03/2005	115,1	2,2	6,0
Sable Zinc Kabwe Limited	04/06/2008	5,0	–	2,0
Vergenoeg	01/2009	6,2	3,6	0,1
O'Okiep	Dormant	4,7	5,1	–
Rooiberg	Dormant	0,3	0,8	–

Environmental factors that could have a material impact of economic extraction have been identified and appropriate measures implemented to mitigate the impact.

All necessary permits have been approved.

Notice of annual general meeting

Notice is hereby given that the seventy-fifth annual general meeting of members of Metorex Limited ("the Company") will be held in Acacia Room, The Grace Hotel, 54 Bath Avenue, Rosebank, Johannesburg, South Africa on 7 December 2009 at 10:00 for the following purposes:

Ordinary business

1. To receive, consider and adopt the annual financial statements of the Company and of the Group for the year ended 30 June 2009.

2. To re-elect and appoint directors in accordance with the provisions of the company's articles of association. In terms of the articles of association of the Company, Messrs A Barrenechea, and P A Chevalier retire by rotation but being eligible, offer themselves for re-election. Messrs T P Goodlace, T V Mabuza, and J G Hopwood and Ms N N Kgositsile being directors appointed by the Board since the previous annual general meeting retire, but being eligible, offer themselves for re-election. Brief CVs of these directors are set out on page 2 of this annual report.

3. To approve the directors' remuneration. The remuneration paid to executive directors is detailed in note 29. With effect from 1 April 2009, the fees payable to the non-executive directors for the ensuing 12-month period be set as follows:

	Proposed annual fee	Proposed attendance fee/meeting
Chairman	R600 000	R15 000
Board member	R100 000	R15 000
Sub-committee members		R5 000

1 *The same fee is payable to those Board members who attend special Board meetings.*
2 *The nomination committee has historically only met once per annum.*

4. To reappoint Deloitte & Touche, as nominated by the Company's Audit Committee, as independent auditors of the Company, to hold office until the conclusion of the next annual general meeting of the Company. It is noted that the individual registered auditor who will undertake the audit during the financial year ending 30 June 2010 is Mr I Marshall.

Special business

5. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions:

5.1 Ordinary resolution number 1 – Control of authorised but unissued shares

"Resolved that, subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, the authority given to the directors to allot and issue, at their discretion, the unissued share capital of the Company for such purposes as they may determine, be extended until the Company's next annual general meeting."

5.2 Ordinary resolution number 2 – General authority

"Resolved that, subject to the passing of ordinary resolution number 1, in terms of the Listing Requirements of the JSE Limited ("JSE"), the mandate given to the directors of the Company in terms of a general authority to issue securities for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

- That this general authority be valid until the Company's next annual general meeting provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution (whichever period is shorter);
- That the securities be of a class already in issue;
- That securities be issued to public shareholders and not to related parties as defined in the Listings Requirements of the JSE;
- That a paid press announcement giving full details, including the impact on net asset value and earnings per share, be published at the time of any issue representing, on a cumulative basis within a financial year, 5 per cent or more of the number of securities in issue prior to the issue/s;
- That issues in the aggregate in any one financial year shall not exceed 15 per cent of the Company's issued share capital of that class; and
- That, in determining the price at which an issue of securities will be made in terms of this authority, the maximum discount permitted shall be 10 per cent of the weighted average traded price of those securities over the 30-business days prior to the date that the price of the issue is determined or agreed by the directors."

5.3 Ordinary resolution number 3 – Approval of Share Incentive Scheme

"Resolved as an ordinary resolution that subject to the approval of a 75 per cent majority of the votes cast by the shareholders of the Company present in person or represented by proxy at the annual general meeting at which this resolution is proposed and the Listings Requirements of the JSE, the replacement and amendment of the provisions of the current Metorex Share Incentive Scheme signed on 17 November 2005 by the provisions of the amended Metorex Share Incentive Scheme dated 7 December 2009 ("Scheme") (a summary of the principal terms of the Scheme is in the supplementary information on page 97 of the annual report), be and is hereby approved and that the directors of the Company be and they are hereby authorised to take all such steps as may be necessary for the amendment and carrying into effect of the Scheme, including the allotment and issue of ordinary shares in the capital of the Company on the terms and conditions set out in the Scheme, to participants of the Scheme, including executive directors of the Company.

5.4 Ordinary resolution number 4 – Specific authority

Resolved as an ordinary resolution that all the ordinary shares of the Company required for the purpose of carrying out the terms of the Metorex Share Incentive Scheme dated 7 December 2009 ("the Scheme"), be and are hereby specifically placed under the control of the directors of the Company, who be and are hereby authorised to allot and issue those shares in terms of the Scheme.

5.5 Ordinary resolution number 5 – Signature of documents

Resolved as an ordinary resolution that any one director or the secretaries of the Company be and they are hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to implement the resolutions set out in the notice convening this annual general meeting at which this ordinary resolution will be considered.

6. To conduct such other business as may be conducted at an annual general meeting.

Note

In terms of the Listings Requirements of the JSE, the approval of a 75 per cent majority of the votes of all shareholders, present or represented by proxy, is required to approve ordinary resolution number 5.2. and 5.3.

Shares held in terms of the Metorex Share Incentive Scheme and by subsidiaries of the Company are restricted from voting on the resolutions above.

Directors – refer pages 2 and 3;
Major shareholders of the Company – refer page 59;
Directors' interests in the Company's securities – refer page 58;
Share capital – refer page 58.

Litigation statement

The directors of the Company, whose names are given on pages 2 and 3 of this annual report, are not aware of any legal or arbitration proceedings, pending or threatened against the Group, which may have or have had, in the 12 months preceding the date of this notice, a material effect on the Group's financial position.

Directors' responsibility statement

The directors, whose names are given on pages 2 and 3 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report contains all the information required by law and the Listings Requirements of the JSE.

Notice of annual general meeting continued

Material change

Other than the facts and developments reported on in this annual report, there have been no material changes in the affairs, financial or trading position of the Group since the signature date of this annual report and the posting date hereof.

Voting and proxies

On a show of hands every shareholder present in person or by proxy and if a member is a body corporate, its representative, shall have one vote and on a poll every shareholder present in person or by proxy and if the person is a body corporate, its representative, shall have one vote for every share held or represented by him/her.

A form of proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own name registration who are unable to attend the annual general meeting in person but wish to be represented thereat. Forms of proxy must be completed and received by the transfer secretaries at least 48 hours excluding Saturday, Sunday and public holidays, before the time appointed for the meeting. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting to the exclusion of their appointed proxy/(ies) should such member wish to do so. Dematerialised shareholders, other than with own name registrations, must inform their CSDP or broker of their intention to attend the annual general meeting and obtain the necessary authorisation from their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person but wish to be represented thereat. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned by the cut-off time stipulated therein.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and to vote in his/her stead.

By order of the Board



MOORE STEPHENS MWM INC
Secretaries

Proxy form

METOREX LIMITED

(Incorporated in the Republic of South Africa) • (Registration number 1934/005478/06)

Share code: MTX • ISIN: ZAE000022745 • Issuer code: MEMTX

To be completed by certificated shareholders and dematerialised shareholders with own name registration only.

For use in respect of the annual general meeting to be held in Acacia Room, The Grace Hotel, 54 Bath Avenue, Rosebank, Johannesburg, South Africa at 10:00 on 7 December 2009. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registrations, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We _____
(full name and surname in block letters)

of _____
(full address)

as a member of _____

being the registered holder of _____ shares in the Company hereby appoint:

1. _____ or

2. _____ or

3. the Chairman of the meeting
as my/our proxy to attend and vote on my/our behalf, as indicated below, at the annual general meeting of the shareholders of the Company, to be held in Acacia Room, The Grace Hotel, 54 Bath Avenue, Rosebank, Johannesburg, South Africa at 10:00 on 7 December 2009 and any adjournment thereof.

Resolutions		For	Against	Abstain
Ordinary resolution	– adoption of annual financial statements			
Ordinary resolution	– re-election of A Barrenechea as a director			
Ordinary resolution	– re-election of P Chevalier as a director			
Ordinary resolution	– appointment of T P Goodlace as a director			
Ordinary resolution	– appointment of J G Hopwood as a director			
Ordinary resolution	– appointment of V Mabuza as a director			
Ordinary resolution	– appointment of N Kgositsile as a director			
Ordinary resolution	– to approve the directors' remuneration			
Ordinary resolution	– to reappoint the auditors and I T Marshall as designated auditor			
Ordinary resolution	– to place the unissued shares under the control of the directors			
Ordinary resolution	– to provide the directors with a general authority to issue shares for cash			
Ordinary resolution	– to approve the amendment of the Metorex Share Incentive Scheme			
Ordinary resolution	– to specifically place all the ordinary shares of the Company required for the purpose of carrying out the terms of the Metorex Share Incentive Scheme under the control of the directors of the Company			
Ordinary resolution	– to provide any one of the directors or secretaries of the Company with the authority to do all such things, sign all documents and take all action necessary to implement the above resolutions			

Signed this _____ day of _____ 2009

Signed _____ (normal signature)

Capacity and authorisation (see note 6) _____

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable). Indicate with an X in the appropriate block.

Corporate information

Postal: PO Box 2814, Saxonwold, 2132, South Africa
Telephone: +27 (0)11 880 3155
Facsimile: +27 (0)11 880 3322
Website: www.metorexgroup.com **Email:** ir@metorexgroup.com
Registration number: 1934/005478/06

Investor relations

College Hill, PO Box 413187, Craighall, 2024, South Africa
Telephone: +27 (0)11 447 3030

St James Corporate Services Limited, 6 St James's Place,
London, SW1A INP, England
Telephone: +44 207 499 3916

Registrars

Link Market Services South Africa (Pty) Limited, PO Box 4844, Johannesburg, 2001, South Africa
Telephone: +27 (0)11 834 2266

Company secretaries

Moore Stephens MWM, PO Box 1574, Houghton, 2041, South Africa
Telephone: +27 (0)11 728 7240

Sponsor

Barnard Jacobs Mellet Corporate Finance (Pty) Limited, PO Box 62200, Marshalltown, 2107, South Africa
Telephone: +27 (0)11 750 0000

Auditors

Deloitte & Touche, Private Bag X6, Gallo Manor, 2052, South Africa
Telephone: +27 (0)11 806 5000

Legal representatives

Bowman Gilfillan attorneys, PO Box 785812, Sandton, 2196
Telephone: +27 (0)11 669 9000

ADR Programme – North America and Canada

The Bank of New York, 101 Barclay Street, New York, NY 10286, USA
Telephone: +1 212 815 3326

Directors

R G Still* (Chairman), T P Goodlace (CEO), A Barrenechea* (Spanish), P Chevalier* (Belgian), J G Hopwood*
N N Kgositsile*, A J Laughland* (British), T V Mabuza*, L J Paton*, M Smith (CFO) *Non-Executive

BASTION GRAPHICS



CONTACT US

Physical and registered address

Cradock Heights: 2nd Floor
21 Cradock Avenue, Rosebank
Johannesburg, South Africa

Postal address

PO Box 2814, Saxonwold, 2132
South Africa

Telephone: +27 (0)11 880 3155
Fax: +27 (0)11 880 3322 (Management)
+27 (0)11 447 5449 (Development Division)

www.metorexgroup.com
ir@metorexgroup.com

METOREX
LIMITED