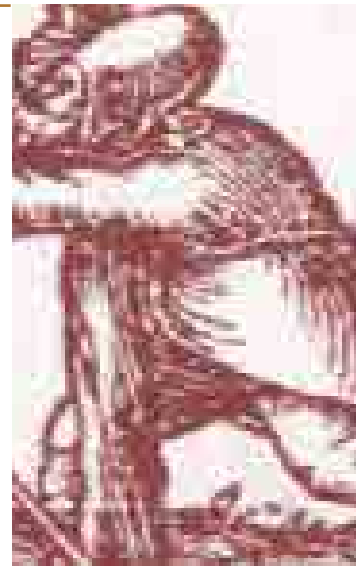


Metorex Limited



Annual Report 2003

NATURE OF BUSINESS

Metorex Limited was listed on the JSE Securities Exchange and London Stock Exchange on 6 December 1999. Metorex is an established mid-tier mining company, which owns and manages quality mining projects on a decentralised profit centre basis, and provides technical, administrative and financial support to operational management.

PROFILE

Metorex's expertise ranges across the broad spectrum of the mining industry, from prospect selection, ground acquisition, exploration and feasibility studies through operations management and financing, to mine closure.

It is:

- *Established*
- *Diversified*
- *Entrepreneurial*
- *Profitable*
- *Growth orientated*
- *Good value*

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MISSION

As the pre-eminent mid-tier mining group in Southern Africa, to create wealth for our stakeholders by acquiring, developing and managing quality mineral resource projects. We have:

- *Competent and experienced management*
- *Listings on the JSE Securities Exchange, the London Stock Exchange and an established ADR programme*

OUR OBJECTIVES

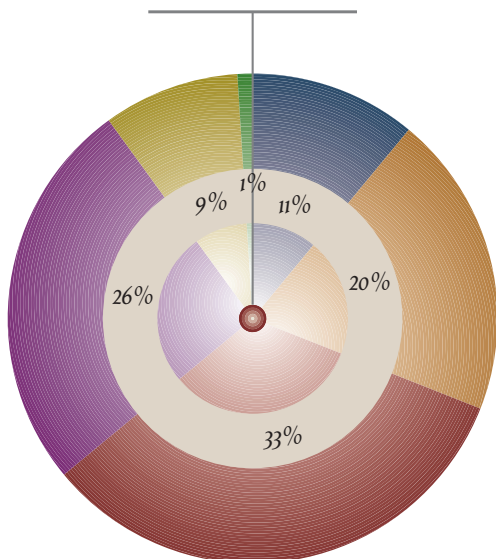
- *To develop and maintain a quality portfolio of mining and mineral assets which diversify risk and provide sustainable earnings growth*
- *To maximise the return on investment on the portfolio assets*
- *To sustain an appropriate Metorex culture throughout the Group*
- *To create and maintain a market profile which provides tradability and creates wealth and income for our shareholders*

financial highlights & ratios

		Year ended 30 June 2003	Year ended 30 June 2002
Gross revenue	(R000)	886 317	862 951
Income before exceptional items	(R000)	25 262	111 030
Earnings per share	(cents)	7.4	(18.6)
Headline earnings per share	(cents)	9.1	72.8
Dividend per share	(cents)	14.0	12.0
Number of shares in issue (weighted average)	(000)	140 498	124 140
Number of shares in issue (year-end)	(000)	175 019	138 970
Number of shares traded	(000)	53 294	17 234
Highest price	(cents)	375	405
Lowest price	(cents)	205	201

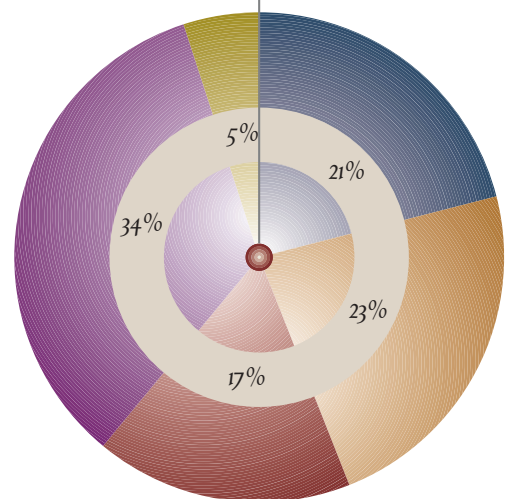
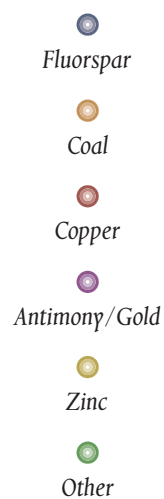
Segmental Sales

2003



Segmental Mining Profit before Depreciation

2003



statistical information

COMMODITY SALES STATISTICS

Commodity	Unit	2003	2002
Copper	(t)	20 758	22 852
Cobalt	(t)	43	100
Coal	(t)	1 416 569	1 271 444
Zinc	(t)	12 038	12 929
Manganese	(t)	13 408	23 988
Fluorspar (all grades)	(dmt)	108 269	126 045
Antimony	(mtu)	551 352	542 934
Gold	(kg)	1 095	959

AVERAGE COMMODITY PRICES ACHIEVED

Commodity	Unit	2003	2002
Copper	(\$/t)	1 541	1 475
	(R/t)	13 975	14 898
Cobalt	(\$/t)	15 348	15 278
	(R/t)	139 206	155 580
Coal	(R/t)	127	97
Zinc	(\$/t)	765	811
	(R/t)	6 936	8 181
Manganese	(R/t)	233	138
Fluorspar (FOB acid grade)	(\$/t)	95	94
	(R/t)	866	950
Antimony	(\$/mtu)	24	13
	(R/mtu)	220	132
Gold	\$/kg	10 650	8 115
	R/kg	96 593	83 724
Exchange rate (average)	R/\$	9,1	10,1
Exchange rate (Year-end)	R/\$	7,6	10,3

CAPITAL EXPENDITURE

The Group capital expenditure by company and project is tabled below:

Company/division	Description	2003 R000	2002 R000
Consolidated Murchison Division	– Beta shaft	2 957	888
	– Rehabilitation equipment	1 343	–
Vergenoeg Mining Company (Pty) Limited	– Plant improvements and machinery	2 525	13 306
	– Buildings and infrastructure	105	279
Chibuluma Mines plc	– Plant and machinery	1 182	3 577
	– Furniture and fittings	61	93
	– Chibuluma West deepening	–	2 021
	– Chibuluma South Project	318	26 806
Wakefield Investments (Pty) Limited	– Mineral rights	1 097	10 411
	– Plant and machinery	3 470	2 722
Metorex Burkina Faso BV	– Project expenditure	1 458	–
Maranda Mining Company (Pty) Limited	– Shaft improvements	40	540
	– Plant and machinery	–	1 169
	– Vehicles	185	–
O’Okiep Copper Company (Pty) Limited	– Slag dump	2 626	36 638
	– Smelter refurbishment	13 414	–
Barberton Mines Limited	– Acquisition of business	323 952	–
Metorex Limited	– Furniture and office equipment	70	136
Total capital expenditure for the year		354 803	98 586

directorate and management

Simon Malone

Chairman & CEO

A founding shareholder of Metorex. His expertise lies in the identification, evaluation and development of mining assets, and interface between corporate and operational management. Simon has worked for JCI, Chapman Wood & Griswold, Vancouver, Canada, King Resources, and Rand London. A Remuneration Committee member.

Alberto Barrenechea

Non-Executive Director

Director of the largest producer and consumer of fluorspar in Europe – Spanish based Minerales Y Productos Derivados. Adviser on plant upgrades and the general metallurgical process of Metorex's fluorspar mine, Vergenoeg. 34 years of industry experience. Appointed to the board in May 2002.

Jomo King

Alternate Director

A mining engineer with considerable experience in managing base metal and gold mines throughout Southern Africa. Joined Metorex in 1986 and has managed a number of the Group's assets, including Barberton Mines Limited.

Alistair Laughland

Non-Executive Director

Extensive experience in banking, specifically in corporate and mining finance. Was on the board of the previous Maranda Mines Limited. Has served as a Non-Executive Director of Metorex since 1999 and is a member of the Audit Committee.

Charles Needham

Financial Director

Joined Metmin – then Rand London Manganese Mines in 1981, his association with Metorex began during 1983 on his appointment as Financial Manager, and then Financial Director of the company. His expertise lies in financing, financial reporting, management reporting, hedging and company matters. A member of the Audit Committee.

Hans Qvist

Non-Executive Director

Extensive experience with companies in oil exploration, production and trading in the international arena. Considerable experience as CEO with a number of international IT companies. Director of Crew Development Corporation. Appointed a non-executive Director of Metorex in March 2002. A member of the Audit Committee.

Keith Spencer

Operations Director

A mine manager, consulting engineer and director of various companies in the Goldfields of South Africa stable before establishing himself as an independent consultant. He joined Metorex as a Consultant in 1999, and was appointed to our Directorate in 2001.

Tony Trollip

Non-Executive Director

A lawyer by profession, a founding shareholder of Metorex. He acts as consultant to Bowman Gilfillan Inc. He was our Chairman from 1984 to 2001. He now serves as a non-executive director of Metorex. A member of the Remuneration Committee.

Jan Vestrum

Non-Executive Director

Has extensive experience as a senior executive in the international resource and technology industries, as well as in international corporate finance. He is CEO of Crew Development Corporation. He was appointed a Director of Metorex in March 2002. A member of the Remuneration Committee.

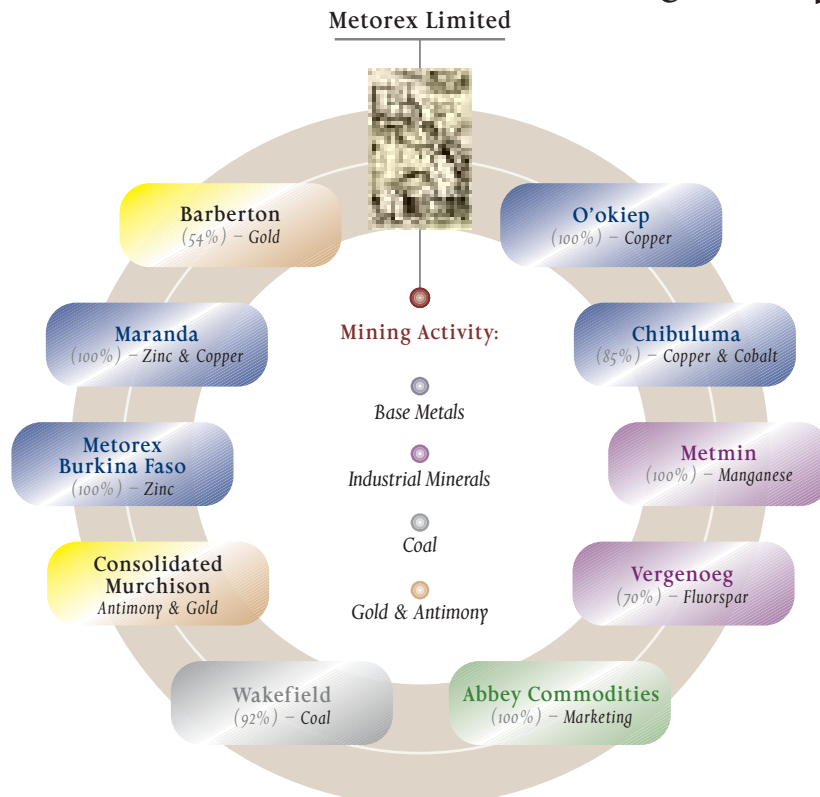
g e o g r a p h i c a l i n f o r m a t i o n

OUR ACTIVITIES IN AFRICA:

- Consolidated Murchison
- Wakefield
- Maranda
- O'okiep
- Metmin
- Chibuluma
- Vergenoeg
- Barberton



g r o u p s t r u c t u r e



chairman's review

The Group has had a significant year of which the two major events have been:

1. The acquisition of the ETC Division from Avgold Limited; and
2. The unexpected strengthening of the Rand against the Dollar.

The Group results show a profit of R10,4million for the year (2002: Loss R23,1 million) and headline earnings of 9,1 cents per share (2002: 72,8 cents per share).

The major strategic event during 2003 was the acquisition of the ETC Division from Avgold Limited (Avgold) in conjunction with our empowerment partner, MCI Gold (Pty) Limited (MCI) and Crew Development Corporation (Crew). This acquisition of a 100 000 oz/year gold producer has achieved for the Group a significant exposure to gold in what appears to be the emergence of a more favourable environment for gold. The acquisition became effective on 15 June 2003 and will make an important contribution to the forthcoming year's results.

The profitability of the Group changed during the course of the year as the Rand appreciated against the Dollar. The results for the first six months to December 2002 were encouraging and all operations ran well. The second half of the year saw an appreciation in the Rand resulting in profitability deteriorating during that period. Management action was taken to restore profitability by increasing production where possible and containing costs. These actions resulted in a return to profit in the last few months of the year.

Although headline earnings were down on the previous year, another measure of Group performance is the cash generated by operations. The Group generated R94 million (2002: R82 million) or 115% of the cash generated by operations in the prior year. The Group profits are, however, sensitive to Rand strength and its sustained strength may require possible mothballing or closure of the more Rand sensitive operations with the inevitable job losses.

The capital expenditure for the year was R31 million (2002: R99 million) excluding the acquisition of the ETC Division, incurred largely on the smelter refurbishment at O'Okiep and underground equipment at the coal operations. This capital, together with loan repayments of R53 million was funded by internal resources.

The Group's asset value increased to R978 million during the year due mainly to the acquisition of ETC Division from Avgold Limited for R255 million. This acquisition was funded by a six year loan facility of R105 million and the balance with Group funds and by our partners, Crew and MCI. The acquisition was effective 15 June 2003 and due to the agreement format, the inclusion of the ETC division's net current liability position of R32 million at acquisition resulted in a deterioration of the Group net current liability position to R28 million. It is anticipated that this position will improve during the course of the forthcoming year. The debt to equity ratio of 59% (2002: 39%) also reflects the acquisition. The Group raised R90 million by the issue of

chairman's review

(continued)

36 million shares at R2,50/share to partially fund its portion of the ETC Division acquisition from Avgold Limited.

The Group's empowerment position was advanced during the year with a partnership being formed with MCI, chaired by Mr C Ramaphosa, which is a 26% shareholder in the ETC project. This project thus meets a portion of the requirements of the Mining Charter. In addition, since year end our empowerment partner in the coal operations, Umnotho weSizwe (Umnotho), have increased their shareholding from 8% to 9,5% by having secured an incremental ore reserve. Discussions continue with the Richards Bay Coal Terminal (RBCT) and the Department of Minerals and Energy (DME) regarding an export allocation via the RBCT. In the event this is approved, Umnotho will earn a further shareholding in the coal operations.

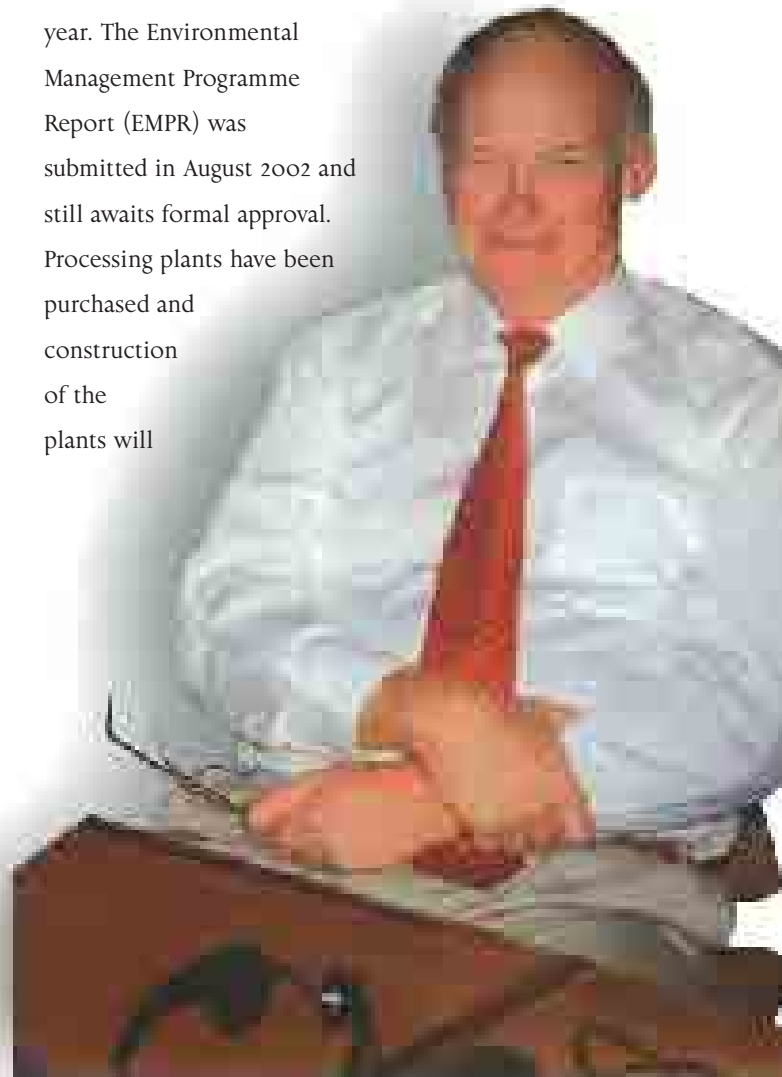
Discussions are in progress with other potential empowerment partners at Group level and operating company level, in accordance with the requirements of the Mining Charter.

The Board has approved two internal expansion projects, namely:

1. The developing of the Chibuluma South orebody in Zambia by means of a decline shaft to access the 4% copper orebody sub-outcropping approximately 70 metres below surface. First production is anticipated from this orebody in mid-2004, to be treated in the existing concentrator on site. The production build up to its targeted capacity of 40 000 tons per month of ore will take a further six to nine months. The Industrial Development

Corporation (IDC) has agreed to acquire a 35% equity holding in Chibuluma South for US\$8,3million. Chibuluma Mines plc (in which your Company is invested), holding the other 65%, is required to fund only 15% of the capital expenditure during the forthcoming 24 months at a rate of approximately \$600 000 per annum.

2. The Middelburg Townlands Coal Project was referred to in the Chairman's Review last year. The Environmental Management Programme Report (EMPR) was submitted in August 2002 and still awaits formal approval. Processing plants have been purchased and construction of the plants will



chairman's review

(continued)

commence during September 2003 aimed at producing low phosphorus coal in the second quarter of 2004. The cost of this project is estimated at approximately R40 million and negotiations are in progress with our empowerment partner, Umnotho, to assist in obtaining preferential loan funding to further increase their shareholding. The planned production levels are approximately 100 000 tons of ROM coal per month to produce 50 000 to 60 000 saleable tons per month or in excess of 600 000 tons per annum.

Commodity prices during the year, with the exception of antimony, remained depressed reflecting the subdued growth in western world economies. Stockpile levels in the base metal sector remain at reassuringly high levels for the consumer, but not the producer. Hedged commodities have begun to show an improvement in demand and the gold price commentators are bullish on the gold price maintaining its current levels or moving above them. Our budgets for the year 2003/4 reflect slightly improved Dollar commodity prices as western world industrial demand picks up. However, as most of the Group's products are exported at Dollar prices a critical factor in the Group's profitability is the Rand/Dollar exchange rate; and while Government policy, if aimed at a stronger Rand/Dollar exchange rate in attempting to contain inflation, is understandable, it is at odds with an export driven economy.

At the corporate level, extended discussions with the Group's major shareholder, Crew, and their revised corporate

strategy have resulted in Crew reducing their shareholding to a level of approximately 5% at 31 August 2003. These shares have been largely placed with local institutions and this Group is now a truly South African owned company with a broad range of institutional and private shareholders owning the Company in association with the management.

My thanks to all the members of the Board for their support during the year and for their understanding in handling the demands of the corporate governance requirements and the International Financial Reporting Standards (IFRS) requirements that are creating an unnecessary cost add-on to business in South Africa.

Thanks are due to all the staff and management at the operating mines for their innovative and constructive management of their operations during a demanding year.



A S MALONE

Chairman

notice of annual general meeting

Notice is hereby given that the sixty-ninth annual general meeting of members of Metorex Limited will be held at the Grace Hotel, Bath Avenue, Rosebank, Johannesburg, South Africa on Wednesday, 5 November 2003 at 10:00 for the following purposes:

1. To present the annual financial statements for the year ended 30 June 2003;
2. To elect directors. In terms of the Articles of Association of the Company, Messrs A J Laughland, K C Spencer and H C Qvist retire by rotation but Messrs A J Laughland and K C Spencer being eligible, offer themselves for re-election;
3. To approve the directors' remuneration;
4. To re-appoint the auditors;
5. To place the unissued shares of the Company under the control of the directors;
6. To approve the issue of shares for cash.

CHANGE OF ADDRESS

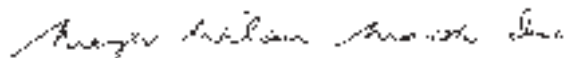
Members are requested to notify any change of address to:

SOUTH AFRICAN TRANSFER SECRETARIES

Ultra Registrars (Pty) Limited
11 Diagonal Street
Johannesburg 2001
South Africa
PO Box 4844, Johannesburg 2000

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. The proxy so appointed need not be a member. Proxy forms should be forwarded to reach the offices of the transfer secretaries or the registered offices of the Company at least 48 hours excluding Saturday, Sunday and Public Holidays, before the time appointed for the meeting.

By order of the board



Moore Stephens Meyer Wilson Marsh Inc.

Secretaries

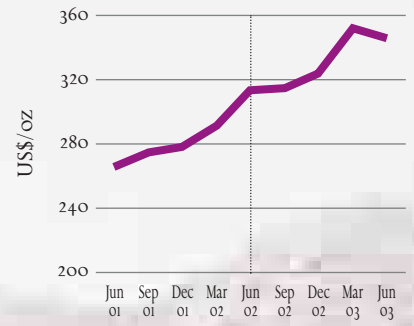
26 August 2003

UNITED KINGDOM REGISTRARS

The Capita Group plc
The Registry
34 Beckenham Road
Beckenham, Kent, BR34TU
England



GOLD
Financial Years 2001 – 2003

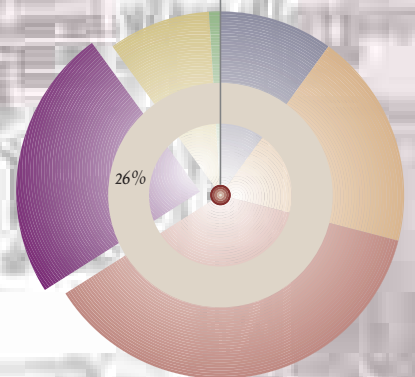


ANTIMONY
Financial Years 2001 – 2003



gold & antimony

Gold & Antimony Sales
2003



directors' review of operations

BARBERTON MINES LIMITED (“Barberton”)

Directors

A S Malone
 J C King
 C D S Needham
 M C Ramaphosa
 J A Vestrum
 R M Smith (*Alternative*)
 K C Spencer (*Alternative*)

Management

Tony de Beer *General Manager*
 Craig de Billot *Finance and Administration Manager*
 Cules Kolbé *Mining Manager*
 Richard van Bardeleben *Operations Manager*
 Dario Negri *Engineering Manager*
 André van den Bergh *Human Resources Manager*

		2002/2003	2001/2002
Gold sold	(kg)	138	—
Gold price	(R/kg)	101 895	—
Mining profit	(R000)	3 957	—

Barberton was acquired to purchase the ETC Division of Avgold Limited comprising three operating mines, namely Sheba Mine, New Consort Mine, and Fairview Mine, situated in the Magisterial District of Barberton, Mpumalanga, for R255 million with effect from 15 June 2003.

This acquisition was financed by a project loan of R105 million and shareholders' equity of R150 million provided by Metorex Limited, MCI and Crew. The MCI shareholding of 26% provides Barberton with significant Black Economic Empowerment credentials.

A requirement of the project loan was that Barberton sell a proportion of its future gold production forward through a hedge mechanism thereby securing a gold price in Rand terms. This hedge programme has secured prices between

R103 462 and R136 834 per kilogram during the tenure of the loan.

The results for the period 16 June 2003 to 30 June 2003 yielded gold sales of 138 kilograms at an average price of R101 895 per kilogram and a mining profit of R4 million.

Barberton is expected to make a significant contribution to the Group's future earnings.

directors' review of operations

(continued)

CONSOLIDATED MURCHISON DIVISION ("Cons Murch")

Management

Wessel Joubert *General Manager*

Willem Bodenstein *Finance Manager*

Jannie Vermaak *Engineering Manager*

Colin Willson *Technical Services Manager*

Danny Russell *Metallurgical Manager*

		2002/2003	2001/2002
Antimony sales	(mtu)	551 352	542 934
Gold sales	(kg)	916	903
Average antimony price	(\$/mtu)	24	13
Average gold price	(\$/kg)	10 650	8 292
Mining profit	(R000)	24 517	12 673

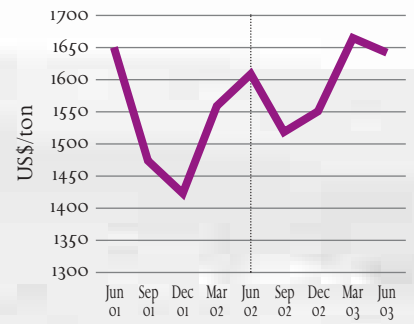
By year-end Beta Shaft was hoisting its targeted 15 000 tons per month of ore from on-reef development and established stopes. The gold and antimony grades achieved were below the ore reserve forecasts due to the patchy nature of the orebody. During the forthcoming year the development of incremental ore reserves should see an increase in both the antimony and gold grades. The incremental tonnage from Beta Shaft resulted in an increase in antimony production and sales of 2% during the year. The average price of antimony, however, increased by 85% due to accidents that closed down some 50% of the Chinese antimony producers. The major mine in the Guangxi Province of China, which was closed in April 2002, has still to re-open. The antimony price increased to US\$3 300 per ton in October 2002 but had fallen back to US\$2 350 by year-end. However, the supply/demand volumes are currently finely balanced and an upswing in the North American and European markets should lead to a meaningful price increase.

Gold production for the year increased by 13 kg year-on-year and the average gold price derived on gold sales improved by 28% in Dollar terms. The mining profit for the year of R24,5 million is a 93% improvement on the previous year.

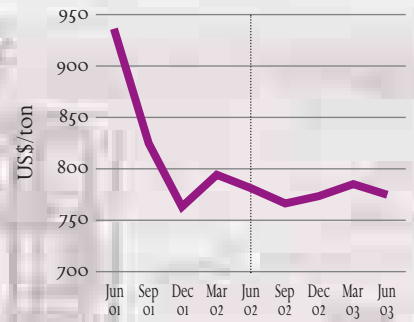
The ore reserves calculated in accordance with Samrec's standards indicates a remaining life of approximately seven years at current production levels and prices, which is in line with that of the previous year.



COPPER
Financial Years 2001 – 2003

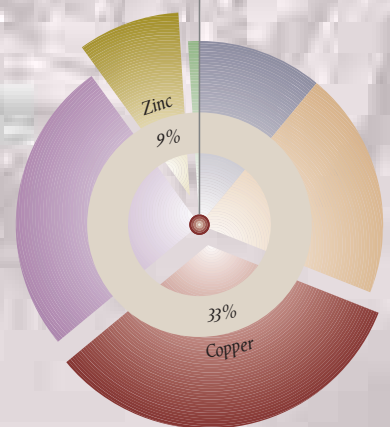


ZINC
Financial Years 2001 – 2003



base metals

Copper & Zinc Sales
2003



directors' review of operations

(continued)

CHIBULUMA MINES PLC (“chibuluma”)

Directors

A S Malone
K C Spencer
G Chibuye
Dr M W Lewanika
D Littleford

Management

Gavin Hepburn *General Manager*
Malcolm Bullock *Finance Manager*
Mark Williams *Metallurgical Manager*
Simon Pepper *Technical Services Manager*
Alick Miti *Mining Manager*
Ian Dickson *Engineering Manager*
Jason Ndhlovu *Human Resources Manager*
Dr Chris Kawesha *Chief Medical Officer*

		2002/2003	2001/2002
Copper sold	(t)	8 262	7 917
Cobalt sold	(t)	43	100
Average copper price	(\$/t)	1 643	1 476
Mining loss	(R000)	(6 122)	(6 475)
Capital expenditure	(R000)	1 561	32 497

Production of copper from Chibuluma West increased year-on-year. In September 2002, the contract for the toll treatment of ore through the Nkana Concentrator (Nkana) came to an end, and all ore from Chibuluma West is now processed through the Chibuluma South plant. This plant does not have a cobalt circuit, consequently, total cobalt sales reflects the returns from Nkana up to the end of the toll treatment contract.

Profitability was adversely affected by a combination of factors, a major factor being the drop in cobalt revenue.

Capital expenditure for the year was incurred on safety critical items and upgrading of machinery at Chibuluma West, as well as the electrical reticulation and reproduction expenditure required for starting of the Chibuluma South Project.

During the year, the IDC agreed to take an equity stake in the Chibuluma South Project. This operation will be placed

in a separate company – Chibuluma South (Private) Limited – in which the IDC will have a 35% share, and Chibuluma a 65% share. The IDC will provide funding of US\$8,3 million, and Chibuluma US\$1,2 million, for the development of the project.

All the necessary agreements between the relevant parties have been finalised and signed, and the commencement of development of the underground mine to access the sulphide orebody should begin in September 2003 and the projected first delivery of ore to the plant during mid-2004. Efforts are being made to extend the life of Chibuluma West to coincide with the production build-up of Chibuluma South. The initial design for Chibuluma South is to build up the tonnage progressively to 40 000 tons per month at a grade of approximately 4% copper.

directors' review of operations

(continued)

MARANDA MINES (PROPRIETARY) LIMITED ("Maranda")

Directors

A S Malone *Chairman*

J C King *Managing*

Management

Zieg Barnard *General Manager*

Pieter van Wyngaard *Engineering Manager*

Harry Kruger *Financial Manager*

Brian O'Neill *Mining Manager*

Hennie Terblanche *Technical Manager*

		2002/2003	2001/2002
Zinc sold	(t)	12 038	12 929
Copper sold	(t)	1 227	1 534
Average zinc price	(\$/t)	765	811
Mining (loss)/profit	(R000)	(1 729)	17 193

The mining and production operations at Maranda are in a steady state with continued focus being placed on productivity improvement, cost containment, maximising ore extraction with regard to grade mined and plant efficiencies with the view to optimise the remaining ore reserves.

Zinc and copper production during the year were lower than the previous year due to limited stoping areas. The zinc price in US\$ terms was below that of the previous year which, combined with the strong Rand, resulted in a mining loss of R1,7 million (2002: Profit R17,2 million).

The remaining Maranda and Romotshidi ore reserves are expected to provide an ongoing life of approximately twelve to eighteen months at current production levels.



directors' review of operations

(continued)

O'OKIEP COPPER COMPANY (PROPRIETARY) LIMITED ("O'Okiep")

Directors

A S Malone *Chairman*
 K C Spencer *Managing*
 C D S Needham
 A E G Trollip

Management

Olaf Meijer *Acting General Manager*
 Tokkie Truter *Administration Manager*
 Marthinus van Schalkwyk *Engineering Manager*
 Scheepers Goosen *Operations Manager*
 Des Munro *Human Resources Manager*

		2002/2003	2001/2002
Copper sales – Captive	(t)	9 514	11 276
– Custom – external	(t)	1 755	2 125
– Custom – in-group	(t)	3 843	1 534
Average copper price (captive)	(\$/t)	1 545	1 517
Mining profit	(R000)	8 167	61 002

Production from the Nigramoep shaft continued for the full year at between 25 000 to 30 000 ROM tons per month. A new development drive, developed on 735 level, enabled the extension of the life from that reported previously. These last portions of ore extended the life of mine of Nigramoep in scaled down production for the full year under review.

Assessment of the potential orebodies in the vicinity of the slag plant justified the re-equipping of the Wheal Flat orebody. This commenced in February with the installation of a power line, dewatering of the excavations and re-equipping of the decline. A crusher and compressor reclaimed from other operations were refurbished for installation at Wheal Flat early in the new year. Wheal Flat South orebody has a developed ore reserve of 81 000 tons at a grade of 1.4% Cu. Wheal Flat North has a resource of approximately 484 000 tons at a grade of 1.73%. An economic study of Wheal Flat North will be commenced in the new year prior to development commencing.

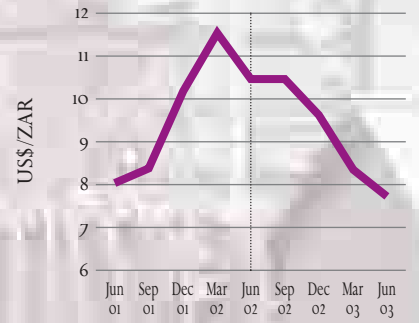
The slag plant was commissioned towards the end of May 2002. Performance in terms of tonnage milled, recoveries,

and head grade was below that planned and hence actions focused on improving the tonnage milled and the metallurgical performance. In October a flash flotation cell was added between the primary and secondary milling stages, and in November the flotation plant was converted to a 'duplex rougher system'. Subsequently construction commenced on the installation of the water flush crusher reclaimed from Nigramoep, to increase milling capacity, to be commissioned early in the new financial year.

The smelter was shut down during March for a full refurbishment. The work included rebuilding of the furnace, re-tubing and overhaul of the boilers, refurbishment of mechanical equipment and structural steelwork.

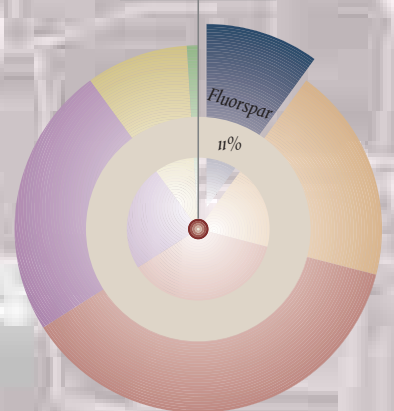
Toll treatment charges during the year regressed from the previous highs as a result of excess smelting capacity worldwide. New treatment charges were concluded at significantly lower levels for the year.

RAND/DOLLAR EXCHANGE RATE
Financial Years 2001 – 2003



industrial minerals

Fluorspar
2003



directors' review of operations

(continued)

VERGENOEG MINING COMPANY (PROPRIETARY) LIMITED (“Vergenoeg”)

Directors

A S Malone *Chairman*

J C King *Managing*

J S Alonso

A Barrenechea

C D S Needham

A E G Trollip

D A Cooke *Alternate*

Management

Dennis Cooke *General Manager*

Liebie Marcantuono *Finance Manager*

Hugo Pretorius *Engineering Manager*

Basie Fourie *Mining Manager*

		2002/2003	2001/2002
Fluorspar sales (all grades)	(dmt)	108 269	126 045
Mining profit	(R000)	13 225	42 772

The mine had a good safety year. The company recorded 408 392 fatality free shifts by year-end, and received the DME's award for 3 000 fatality free production shifts.

The downturn in the world's economy, which resulted in an oversupply position for Acidspar, and the strength of the Rand, had the effect of significantly reducing the Rand price of Acidspar during the year. This compounded the requirement for improvements in the quality of the product to achieve increased unit Dollar prices.

Exploration revealed the existence of a new ore body ('A' ore body) to the North East of the current pit. The ore body was drilled and subjected to metallurgical testing. This has resulted in the addition of 5,2 million tons of high quality ore to the proven reserve.

553 000 tons (2002: 520 000 tons) of rock was mined, of which 436 000 tons (2002: 434 389 tons) was delivered as ore to the plant. The tonnage treated had a head-grade of 37,1% Calcium Fluoride (CaF₂) (2002: 38,4% CaF₂) and the recovery of acid fluorspar during the year was 62,1% (2002: 65,5%). The plant produced 102 000 dry metric tons

(2002: 111 000 dry metric tons) of acid grade product. The decrease in production was the result of the lower recoveries achieved to improve product quality.

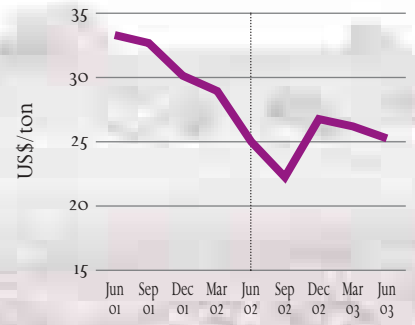
Plant modifications continued during the year with the commissioning of a new bank of rougher flotation cells as well as additional instrumentation. The mining of the 'A' ore body together with the plant improvements resulted in a major improvement in the quality of the Acidgrade fluorspar. Dried metspar continues to be sold internally in South Africa.

As a result of the exploitation of the higher-grade orebody, and the processing plant improvements, Vergenoeg now produces a world class Acidspar, and as a result of trial shipments during the financial year 2003, now have access to at least eight potential customers for the next year.

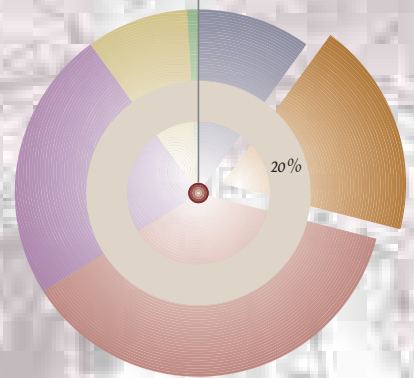
The labour relations climate on the mine remains excellent.



COAL
Financial Years 2001 – 2003



Coal Sales
2003



directors' review of operations

(continued)

WAKEFIELD INVESTMENTS (PROPRIETARY) LIMITED (“Wakefield”)

Directors

A S Malone
D E Gibbon
K C Spencer
V Nkosi
S Phala (*Alternate*)

Management

Dave Gibbon *General Manager*
Kobus van Wyk *Finance Manager*
Don Comyn *Engineering Manager*
Roger Soden *Mining Manager*

		2002/2003	2001/2002
Sales tons	(t)	1 416 569	1 271 444
Coal price	(R/t)	127	97
Mining profit/(loss)	(R000)	13 148	(5 619)

Wakefield comprises three producing collieries, namely Leeuwfontein, Bankfontein and Lakeside. The collieries are all situated in the Kendal area of Mpumalanga, and jointly mine 2.4 million ROM tons of coal at an average yield of 60%, to produce 1.4 million tons of saleable coal. The majority of this coal is sold to the local industrial markets and domestic users. The balance, being approximately 19%, was sold through traders and other producers via Richards Bay into the export market.

The company enjoyed a good year, and the upgrading of the underground fleet paid dividends. The sales tons, when compared to that of the previous year, increased, and a R5,6 million mining loss in the previous year was converted to a profit of R13 million in the current year.

The Middelburg Townlands project progressed slowly, but the feasibility study is complete and two second-hand coal-washing plants have been procured. Design work is in progress for the relocation of these plants and the company

is at an advanced stage of negotiation with the IDC to secure ±R40 million of project finance to bring this mine into operation. Initial projections show the first production of coal in the final quarter of the ensuing financial year.

The reserves at Bankfontein are close to exhaustion. However, an agreement has been concluded with Anglo American for the purchase of coal rights over 51 hectares adjoining the current operation. An EMPR has been submitted to the DME, as well as an application for an extension to the Bankfontein Mining Licence. These additional reserves will extend the life of Bankfontein by more than 5 years.

The company, together with its empowerment partner, Umnotho, continues to actively pursue an export allocation through Richards Bay.

directors' review of operations (continued)

METOREX BURKINA FASO – PERKOA PROJECT

Continued project evaluation activities were carried out during the year to establish incremental reserves, which involved an exploration-drilling programme. The Burkina Faso Government has been kept apprised of progress.

No further progress was made in establishing a Mining Convention with the Government, due to the current zinc price, cost of transport to the nearest smelter and the ruling treatment charges.

COMMODITY PRICES

As has been indicated in the Statistical Information section, the Rand commodity prices of copper, zinc and fluorspar have deteriorated during the year, which has required that the Group focus its attention on increasing production, productivity and cost containment.

As previously mentioned, an increase in the base metal prices is not envisaged until a demand driven upturn in world economic activity becomes evident.

The significant improvement in the antimony and coal prices and increase in the gold price however, provides a satisfactory revenue base for the Metorex Group in these times of weaker base metal prices. The Group's increased exposure to gold supported by its gold hedges should enhance the revenue stream during the forthcoming year

but continued strength of the Rand/Dollar exchange rate impacts negatively on sales revenues.

It is the view of the Board that whilst the international base metal prices are in an extended trough, more medium and long term upside potential exists for those commodity prices and medium term Rand weakness is envisaged. The Group is placing management focus on increased production and cost containment during this period of lower commodity prices and is partially protected by its multi-commodity portfolio.

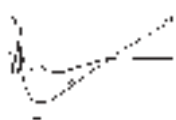
CAPITAL EXPENDITURE

Group capital expenditure for the year is detailed in the "Statistical Information" schedule on page 3.



C D S NEEDHAM

Financial Director



K C SPENCER

Director

c o r p o r a t e governance

The Group endorses the code of corporate governance as set out in the King II Report. In the opinion of the directors, the Company has complied with the code of King I throughout the current financial year and is working towards compliance with the recommendations of the King II Report.

The directors of Metorex Limited are committed to the principles of transparency, integrity and accountability in dealings with all stakeholders.

Specifically the directors report on the following matters:

ANNUAL FINANCIAL STATEMENTS

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

BOARD OF DIRECTORS

The board of directors meets quarterly and is responsible for preparing financial statements, monitoring executive management and exercising control over Group activities. The roles of the chairman and the chief executive officer are not separate in accordance with the King recommendations.

The board of directors includes one independent non-executive, four non-executive and four executive directors. The board of directors sets overall Group policy, provides input and makes decisions on matters of strategic importance. The Group does not have a separate nominations committee. The nomination process is formal and transparent and is handled by the board.

RISK MANAGEMENT

Although there is no formalised risk committee, the board of directors, which meets quarterly, 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 as 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 the 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.

AUDIT COMMITTEE

Messrs A J Laughland, H C Qvist and C D S Needham serve as members of the audit committee, which meets quarterly.

The external 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 are to review the financial statements and accounting policies, the effectiveness

corporate governance (continued)

of internal controls and to review and discuss the risks facing the Group and the findings and recommendations of the external auditors. The use of auditors for non-audit services is controlled by the committee.

INTERNAL AUDIT

A limited internal audit function exists consisting of the financial director and group financial managers. Whilst not independent they have intimate knowledge of the businesses.

Post year-end, a formal independent internal audit function has been outsourced.

REMUNERATION COMMITTEE

This committee comprises Messrs A S Malone, A E G Trollip and J A Vestrum, and meets quarterly. The purpose of the committee is to review directors' salaries. This is done by reviewing salaries in the marketplace to ensure that the Company is competitive and also offers a fair reward for individual contributions to the performance and well-being of the Group during the year under review.

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.

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.

HEALTH AND SAFETY

The Group safety record for the year was marred by four fatal accidents. Two occurred at Wakefield Investments (Pty) Ltd and one each at Maranda Mining Company (Pty) Ltd and Consolidated Murchison.

The Group strives to conduct its activities with due regard to the health and safety of its employees.

The Health and Safety committee, which is a sub-committee of the board is responsible for developing the guidelines for the health and safety management of the Group.

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 the Company and employees to sound business practices and compliance with legislation. The directors are of the opinion that appropriate ethical standards have been met.

GOING CONCERN

The directors are satisfied that the Group will continue in operation for the foreseeable future. On this basis, the "going concern" concept is used when preparing the annual financial statements.

g r o u p 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 correct and up to date.



per

MOORE STEPHENS MEYER WILSON MARSH INC.

Secretary

26 August 2003

d i r e c t o r s ' approval

The annual financial statements, set out on pages 26 to 57, were approved by the Board of Directors on 26 August 2003 and are signed on its behalf by:



A S MALONE

Chairman



C D S NEEDHAM

Financial Director

r e p o r t o f t h e independent auditors

TO THE MEMBERS OF METOREX LIMITED

INTRODUCTION

We have audited the annual financial statements and the Group annual financial statements of Metorex Limited set out on pages 26 to 57 for the year ended 30 June 2003. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

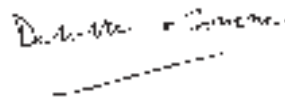
We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion the financial statements fairly present, in all material respects, the financial position of the Company and the Group at 30 June 2003 and the results of their operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.



DELOITTE & TOUCHE

Registered Accountants and Auditors
Chartered Accountants (SA)

Sandton

26 August 2003

directors' report

NATURE OF BUSINESS

Metorex Limited was listed on 6 December 1999. Metorex is an established mid-tier mining company, listed on the JSE Securities Exchange, South Africa and the London Stock Exchange. 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 26 to 57.

SHARE CAPITAL

The authorised and issued share capital of the Company is detailed in Note 17 to the annual financial statements.

On 16 June 2003, 36 000 000 shares were issued at a price of 250c per share as a vendor placing for the partial financing of the acquisition of the ETC division from Avgold.

A cumulative amount of 6 400 000 (2002: 6 320 000) share options had been granted to employees at year-end in terms of the Metorex Limited Share Incentive Scheme. Share options are offered at the ruling market price and can only be

implemented two years after the date of acceptance of the offer. Options of 180 000 shares at R2,60 per share were offered to Metorex Limited Group employees during the year. A total of 100 000 share options were cancelled on resignation of employees.

DIRECTORS

The board of directors for the financial year under review and to the date of this report comprised:

A S Malone (Chairman and Chief Executive Officer);
C D S Needham (Financial Director); A Barrenechea^{**},
J C King[#], A J Laughland[~]; H C Qvist^{*}; K C Spencer;
A E G Trollip^{*}; J A Vestrum[^]

^{*}non-executive, [#]alternate, [~]British; [^]Spanish; [`]Norwegian;
[^]Independent

During the year J S Petersen resigned as a director.

In terms of the Articles of Association of the Company, Messrs A J Laughland, K C Spencer and H C Qvist are due to retire however, Messrs A J Laughland and K C Spencer being eligible, offer themselves for re-election.

The interests of the directors in the issued share capital of the Company at the end of the financial year were as below:

	Beneficial 2003		Beneficial 2002	
	Direct	Indirect	Direct	Indirect
A S Malone	26 127	20 105 353	26 127	19 652 793
C D S Needham	2 008 652	1 074	2 008 652	—
A Barrenechea	—	158 567	—	59 020
J C King	1 142 736	—	1 142 736	—
J S Petersen	—	—	—	552 589
K C Spencer	—	15 000	—	15 000
A E G Trollip	—	1 003 936	—	1 003 936
J A Vestrum	—	30 803	—	—
	3 177 515	21 314 733	3 177 515	21 283 338

No change in directors' shareholdings occurred post year-end. The directors have no non-beneficial share interests in the Company.

directors' report

(continued)

DIVIDENDS

An interim dividend (referenced 006) of 4 (four) cents per share was declared to shareholders and paid on 17 March 2003.

A final dividend (referenced 007) of 3 (three) cents per share was proposed to shareholders on 26 August 2003, payable on 29 September 2003.

SUBSIDIARIES

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

MAJOR SHAREHOLDERS

At 30 June 2003 the following shareholders held more than 5% of the 175 018 570 ordinary shares issued by the Company:

Shareholder	Number of shares	%
Rand Merchant Bank Limited	29 898 264	17,1
Metallica Trust	20 073 593	11,5
Sepiol S.A.	16 300 000	9,3
Sociedad Anonima Sulquisa	9 500 000	5,4
Crew Development Corporation	9 353 662	5,3

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 5% or more in the capital of the Company at that date.

ANALYSIS OF SHAREHOLDERS

Range of shareholding	Number of shareholders	% of shareholders	Number of shares	% of shares
0 – 1 000	804	46,2	368 270	0,2
1 001 – 5 000	517	29,7	1 367 510	0,8
5 001 – 10 000	146	8,4	1 180 339	0,7
10 001 – 50 000	155	8,9	3 615 738	2,1
50 001 – 100 000	27	1,6	1 907 709	1,1
100 001 – 1 000 000	63	3,6	21 710 145	12,4
1 000 001 and above	27	1,6	144 868 859	82,7
	1 739	100,0	175 018 570	100,0
Range of shareholding	Number of shareholders	% of shareholders	Number of shares	% of shares
Individuals	1 484	85,3	39 069 926	22,3
Banks & nominee companies	81	4,7	39 460 361	22,6
Companies	165	9,5	88 134 100	50,4
Corporate bodies	9	0,5	8 354 183	4,7
	1 739	100,0	175 018 570	100,0
Non-public shareholders	8	0,5	54 389 438	31,1
Public shareholders	1 731	99,5	120 629 132	68,9
	1 739	100,0	175 018 570	100,0

income statement

for the year ended 30 June 2003

	Notes	Group		Company	
		2003 R000	2002 R000	2003 R000	2002 R000
Revenue					
Mineral sales					
Copper		290 092	340 441	—	—
Zinc		83 492	105 774	—	—
Coal		179 236	122 928	—	—
Fluorspar		93 730	119 746	—	—
Gold		105 703	80 291	87 770	75 666
Antimony		121 484	71 772	121 484	71 772
Cobalt		5 986	15 558	—	—
Other		6 594	6 441	72	—
Gross revenue		886 317	862 951	209 326	147 438
Realisation costs		150 709	170 524	37 348	34 697
On-mine revenue		735 608	692 427	171 978	112 741
Cost of production	2	694 054	584 016	161 461	112 941
Mining profit/(loss)		41 554	108 411	10 517	(200)
Other (expenditure)/income	4	(2 058)	9 090	92 802	32 097
Income before finance costs	5	39 496	117 501	103 319	31 897
Finance income		4 692	5 539	14 542	2 469
Finance costs	6	(18 926)	(12 010)	(11 484)	(1 197)
Income before exceptional items		25 262	111 030	106 377	33 169
Exceptional items	7	—	(132 702)	—	—
Income/(loss) before taxation		25 262	(21 672)	106 377	33 169
Taxation	8	12 450	(6 686)	8 751	(3 585)
Income/(loss) after taxation		12 812	(14 986)	97 626	36 754
Income attributable to outside shareholders		2 459	8 088	—	—
Net income/(loss) for the year		10 353	(23 074)	97 626	36 754
Earnings per share (cents)	9	7.4	(18.6)		
Diluted earnings per share (cents)	9	7.4	(18.6)		
Headline earnings per share (cents)	9	9.1	72.8		
Diluted headline earnings per share (cents)	9	9.1	72.8		
Dividend per share (cents)	10	14.0	12.0		

b a l a n c e s h e e t

at 30 June 2003

	Notes	Group		Company	
		2003 R000	2002 R000	2003 R000	2002 R000
ASSETS					
Non-current assets					
Property, plant and equipment	11	499 952	239 346	23 623	22 489
Mineral rights	11	218 288	240 665	-	-
Goodwill	12	21 971	25 633	13 815	16 117
Investments	13	891	891	891	891
Deferred tax asset	23	-	8 030	-	8 030
Subsidiaries	14	-	-	577 329	346 289
Rehabilitation trust funds	22	41 063	21 636	-	-
		782 165	536 201	615 658	393 816
Current assets					
Inventories	15	53 074	70 858	6 639	7 404
Trade and other receivables	16	109 072	110 809	23 673	19 181
Derivative instruments	26	840	-	220	-
Group companies		-	-	3 497	5 610
Taxation prepaid		9 550	6 314	473	473
Bank balances and cash		23 498	82 986	3 054	47 355
		196 034	270 967	37 556	80 023
Total assets		978 199	807 168	653 214	473 839
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	17	17 502	13 897	17 502	13 897
Share premium		455 702	369 186	455 702	369 186
Hedging and translation reserve	18	(32 391)	10 924	16 700	16 480
Retained income		116 069	125 175	188 160	109 993
Equity reserve	19	(128 066)	(128 066)	(108 378)	(108 378)
		428 816	391 116	569 686	401 178
Minority interest		16 699	16 490	-	-
Non-current liabilities					
Shareholder loans	20	42 589	7 370	7 370	7 370
Long-term liabilities	21	137 385	77 537	21 999	27 706
Long-term provisions	22	60 413	39 912	-	-
Deferred tax liabilities	23	56 370	71 283	721	-
Post retirement medical aid	24	10 668	8 522	2 169	2 146
Deferred income		1 343	-	1 343	-
		308 768	204 624	33 602	37 222
Current liabilities					
Trade and other payables		124 582	102 223	15 316	11 714
Derivative instruments	26	-	380	-	-
Group companies		-	-	-	423
Shareholder loans	20	3 593	14 607	-	8 966
Short-term borrowings	21	41 487	43 127	18 833	9 235
Short-term provisions	22	28 168	14 517	5 790	5 101
Bank overdraft	25	25 554	9 353	9 987	-
Taxation		532	10 731	-	-
		223 916	194 938	49 926	35 439
Total equity and liabilities		978 199	807 168	653 214	473 839
Net asset value per share (cents)		245	281		
Net tangible asset value per share (cents)		233	263		

cash flow statement

for the year ended 30 June 2003

	Notes	Group		Company	
		2003 R000	2002 R000	2003 R000	2002 R000
CASH INFLOWS FROM OPERATING ACTIVITIES		38 114	21 494	6 543	16 752
Cash generated by operations	A	94 216	82 417	22 944	3 940
Dividends received		—	47	—	26 037
Dividends paid		(21 709)	(20 706)	(19 459)	(14 497)
Taxation paid		(20 159)	(33 793)	—	—
Net finance (costs)/income		(14 234)	(6 471)	3 058	1 272
CASH OUTFLOWS FROM INVESTING ACTIVITIES		(59 413)	(95 704)	(145 877)	(98 021)
Additions to property, plant and equipment and mineral rights		(29 603)	(98 586)	(3 027)	(1 022)
Acquisition of going concern	B	(30 573)	—	—	—
Proceeds on disposal of property, plant and equipment		1 716	5 389	—	—
Movement in rehabilitation trust fund		(953)	(1 643)	—	—
Loans to subsidiaries		—	—	(144 540)	(94 252)
Movement in group companies		—	—	1 690	(1 883)
Listing costs		—	(864)	—	(864)
CASH (OUTFLOWS)/INFLOWS FROM FINANCING ACTIVITIES		(53 109)	79 161	85 046	111 573
Borrowings raised		—	59 473	—	53 277
Borrowings repaid		(53 230)	(38 608)	(5 075)	—
Shares issued		121	58 296	90 121	58 296
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(74 408)	4 951	(54 288)	30 304
Cash and cash equivalents at the beginning of the year		73 633	68 193	47 355	17 051
Effect of foreign exchange rate changes		(1 281)	489	—	—
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	C	(2 056)	73 633	(6 933)	47 355

n o t e s t o t h e c a s h f l o w s t a t e m e n t

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
A RECONCILIATION OF INCOME/(LOSS) BEFORE TAXATION TO CASH GENERATED BY OPERATIONS				
Income/(loss) before taxation	25 262	(21 672)	106 377	33 169
Adjusted for:	57 126	166 819	(84 020)	(22 194)
Dividends received	—	(47)	(86 500)	(26 037)
Profit on disposal of mining assets	(1 704)	(3 720)	—	—
Unrealised foreign exchange gain	—	(2 646)	—	—
Net finance costs/(income)	14 234	6 471	(3 058)	(1 272)
Goodwill amortisation	3 662	3 662	2 302	2 302
Exceptional items	—	132 702	—	—
Depreciation	40 934	30 397	3 236	2 813
Operating profit before working capital changes	82 388	145 147	22 357	10 975
Working capital changes	11 828	(62 730)	587	(7 035)
Decrease/(increase) in inventories	14 553	(19 852)	765	(3 182)
Decrease/(increase) in trade and other receivables	527	15 012	(4 492)	(6 247)
(Decrease)/increase in payables and provisions	(3 252)	(57 890)	4 314	2 394
Cash generated by operations	94 216	82 417	22 944	3 940
B ACQUISITION OF GOING CONCERN				
On 15 June 2003, Barberton Mines Limited acquired the assets and liabilities of the ETC Division of Avgold Limited, a gold mining operation in Barberton. The fair values of the assets and liabilities have been provisionally determined as follows:				
Assets acquired:	349 014			
Property, plant and equipment	287 048			
Mineral rights	36 809			
Rehabilitation trust fund	18 474			
Inventories	2 671			
Trade and other receivables	4 012			
Liabilities acquired:	88 441			
Provisions	38 641			
Deferred tax	21 454			
Trade and other payables	27 414			
Instalment lease commitments	932			
Net assets acquired	260 573			

notes to the cash flow statement

(continued)

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
B ACQUISITION OF GOING CONCERN (continued)				
Final valuations will be determined when the Group has obtained the necessary valuations from the DME				
Allocated as follows:				
Purchase consideration	255 000			
Costs relating to the acquisition	5 573			
	260 573			
Settled as follows:				
Issue of shares	90 000			
Paid	30 573			
Net cash outflow	12 099			
Rehabilitation trust acquired	18 474			
Borrowings raised	140 000			
	260 573			
C CASH AND CASH EQUIVALENTS				
Bank balances and cash	23 498	82 986	3 054	47 355
Bank overdraft	(25 554)	(9 353)	(9 987)	—
	(2 056)	73 633	(6 933)	47 355

s t a t e m e n t o f c h a n g e s i n e q u i t y

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
Share capital	17 502	13 897	17 502	13 897
– Balance at beginning of year	13 897	12 073	13 897	12 073
– Issue of new shares	3 605	1 824	3 605	1 824
Share premium	455 702	369 186	455 702	369 186
– Balance at beginning of year	369 186	313 578	369 186	313 578
– Issue of new shares	86 516	56 472	86 516	56 472
– Listing expenses	—	(864)	—	(864)
Foreign exchange translation reserve	(33 231)	11 304	16 480	16 480
– Balance at beginning of year	11 304	(4 903)	16 480	11 536
– Foreign exchange reserve	15 832	(18 309)	—	—
– Translation (loss)/gain on foreign monetary item	(84 631)	42 230	—	—
– Tax effect of translation (loss)/gain on foreign monetary item	24 264	(7 714)	—	4 944
Hedging reserve	840	(380)	220	—
– Balance at beginning of year	(380)	—	—	—
– Change in accounting policy	—	718	—	35
– Restated hedging reserve	(380)	718	—	35
– Fair value gains/(losses) for the year	5 603	(10 227)	1 860	(13 977)
– Foreign exchange movement	(92)	—	—	—
– Transferred to income statement	(4 291)	9 129	(1 640)	13 942
Equity reserve	(128 066)	(128 066)	(108 378)	(108 378)
Retained income	116 069	125 175	188 160	109 993
– Balance at beginning of year	125 175	162 746	109 993	87 736
– Net income/(loss) for the year	10 353	(23 074)	97 626	36 754
– Dividends distributed	(19 459)	(14 497)	(19 459)	(14 497)
Total equity	428 816	391 116	569 686	401 178

notes to the annual financial statements

for the year ended 30 June 2003

1. ACCOUNTING POLICIES

The annual financial statements have been prepared under the historical cost basis, except for certain financial instruments and the assets and liabilities acquired with a business, which are stated at fair value and in accordance with International Financial Reporting Standards. The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous year.

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprises 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 acquisition. 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 enterprises are eliminated on consolidation.

1.2 Property, plant and equipment

1.2.1 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.

1.2.2 Mineral and surface rights

Mineral and surface rights are recorded at cost of acquisition.

1.2.3 Land

Land is shown at cost and is not depreciated.

1.3 Depreciation

1.3.1 Depreciation of mining assets

Mining assets, mine development costs, mineral and surface rights and plant mine facilities are depreciated over the lives of the mines 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.

Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in future from known mineral deposits.

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

1.3.1 Depreciation of mining assets (continued)

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

Consolidated Murchison Mine	10 years
Vergenoeg Mine	20 years
Wakefield Coal Operations	2 – 8 years
O'Okiep Copper Company	5 years
Maranda Mining Company	5 years
Chibuluma Mine	15 years
Barberton Mines	15 years

Other mining plant and equipment is depreciated on a straight line basis over their estimated useful lives.

1.3.2 Depreciation of non-mining assets

Buildings and other non-mining assets are recorded at cost and depreciated on a straight-line basis over expected useful lives.

1.3.3 Mining exploration

Expenditure on exploration activities is capitalised until the viability of the mining venture has been proven. If the mining venture is considered non-viable the expenditure is charged against income.

1.4 Impairment

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 recognised as an expense.

1.5 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 at the date of acquisition. Goodwill is amortised on a straight-line basis over the life of mine, subject to a maximum of 20 years.

1.6 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 the annual financial statements

(continued)

for the year ended 30 June 2003

1.6 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. 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 with in equity.

1.7 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.

1.8 Foreign currencies

Transactions in currencies other than Rands 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 on 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 enters into forward contracts (see note 1.17 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 entities are translated at exchange rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the period.

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

Exchange differences arising from translation of foreign entities 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.

1.9 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 such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowing 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.

1.10 Consumable stores and product inventories

Consumable stores are valued at the lower of cost, determined on an average basis, and estimated net realisable value. 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 an average basis, and net realisable value. Costs include direct mining costs and mine overheads.

1.11 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.

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

1.11 Retirement benefits (continued)

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at intervals not exceeding three years. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's pension obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

1.12 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 an 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.

1.13 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.

1.14 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.

1.15 Revenue

Revenue represents the value of minerals sold, excluding value added tax and is recognised when goods are delivered and risk and reward has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rates applicable.

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

1.16 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

1.16 Financial instruments (continued)

Financial assets

The Group's principal financial assets are bank balances and trade receivables.

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities

Significant financial liabilities include interest-bearing loans, overdrafts and trade and other payables.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Trade and other payables are stated at their nominal value.

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

1.17 Derivative financial instruments

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in equity. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

Changes in the fair value of gold bullion derivative financial instruments, which were entered into in order to meet expected sale requirements, were designated for that purpose at its inception and are expected to be settled by physical delivery of gold, are exempt from IAS 39 – Financial Instruments: Recognition and Measurement and are not recognised in the annual financial statements.

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1.19 Comparative figures

Comparative figures have been regrouped where necessary in accordance with current year classifications.

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
2. COST OF PRODUCTION				
Mining	98 258	83 969	19 657	6 442
Salaries and wages	219 864	210 101	71 267	59 229
Processing	134 960	132 021	18 568	14 172
Engineering and technical	134 529	112 645	36 129	24 387
Administration	45 074	36 423	11 080	8 282
Stock movement	20 435	(21 540)	1 524	(2 384)
Depreciation	40 934	30 397	3 236	2 813
	694 054	584 016	161 461	112 941
3. OPERATING LEASES				
At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases mainly in respect of office equipment, building rentals and vehicles, which fell due as follows:				
Within one year	3 444	2 342	1 271	156
Year 2 - 5	4 665	2 381	3 731	290
	8 109	4 723	5 002	446
4. OTHER (EXPENDITURE)/INCOME				
Management and technical fees	895	757	10 315	11 406
Dividends received	—	47	86 500	26 037
Foreign exchange (losses)/gains	(5 948)	3 066	(2 763)	(3 921)
Profit on disposal of mining assets	1 704	3 720	—	—
Goodwill amortisation	(3 662)	(3 662)	(2 302)	(2 302)
Sundry other	4 953	5 162	1 052	877
	(2 058)	9 090	92 802	32 097
5. INCOME BEFORE FINANCE COSTS				
Is stated after charging:				
Audit fee				
– current year	1 644	1 390	544	442
– prior year	26	105	—	88
Management and secretarial fees	324	251	221	239
Operating leases and rentals				
– office equipment, buildings and vehicles	2 798	2 994	807	115
Exploration expenditure	1 647	1 805	919	—
6. FINANCE COSTS				
Interest paid	(18 926)	(15 050)	(11 484)	(1 197)
Less: Amounts included in the cost of qualifying assets	—	3 040	—	—
	(18 926)	(12 010)	(11 484)	(1 197)

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
7. EXCEPTIONAL ITEMS				
Impairment of assets – net of tax	—	(112 368)	—	—
Tax effect on impairment of assets	—	(20 334)	—	—
	—	(132 702)	—	—
8. TAXATION				
South African normal taxation				
– current year	5 889	22 274	—	—
– prior year	(7)	(1 305)	—	—
Deferred taxation				
– current year	3 565	(23 073)	6 657	2 830
– prior year	289	(7 070)	318	(4 615)
Secondary taxation on companies				
– current	938	4 025	—	—
– deferred	1 776	(1 800)	1 776	(1 800)
Foreign taxation – Zambia	—	263	—	—
Total taxation charge	12 450	(6 686)	8 751	(3 585)
Income/(loss) before taxation	25 262	(21 672)	106 377	33 169
Taxation at the domestic taxation rate of 30%	7 579	(6 502)	31 913	9 951
Secondary taxation on companies	2 714	2 225	1 776	(1 800)
Underprovision/(overprovision) – prior year	282	(8 375)	318	(4 615)
Non-deductible expenses/(exempt income)	1 068	14 150	(25 256)	(7 121)
Foreign taxation rate change	—	(19 712)	—	—
Foreign taxation rate differential	1 876	4 306	—	—
Taxation effect of timing differences and utilisation of taxation losses not previously recognised	(1 069)	7 222	—	—
Taxation expense for the year	12 450	(6 686)	8 751	(3 585)
Effective taxation rate for the year	49,3%	30,9%	8,2%	(10,8%)
South African Revenue Services, in their latest revised assessments, assessed Maranda Mines (Pty) Limited for R4,2 million on imputed interest, and also assessed unrealised foreign exchange gains/losses on a capital loan to Chibuluma Mines plc. The Company is in the process of objecting to these assessments and is confident of a favourable outcome. As a result, no provision has been made for the additional assessments. Provision for taxation has not been made by the Company as its tax loss brought forward exceeds its taxable income for the current year.				
Unredeemed capital expenditure available for utilisation against future taxable income	419 568	262 686	5 202	28 019
Assessable tax loss available to reduce future taxable income	64 317	79 760	6 302	6 610
Unredeemed capital expenditure recognised in deferred taxation	370 357	216 466	5 202	28 019
Assessable taxation loss recognised in deferred taxation	6 302	6 610	6 302	6 610
STC credit recognised in deferred taxation	24	1 800	24	1 800

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

9. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings per share (EPS)

EPS is based on the Group's net income for the year, divided by the weighted average number of shares in issue during the year.

	2003			2002		
	Net income R000	Shares (000)	Per share (cents)	Net loss R000	Shares (000)	Per share (cents)
Basic EPS	10 353	140 498	7,4	(23 074)	124 140	(18,6)
Share options	—	—	—	—	—	—
Diluted EPS	10 353	140 498	7,4	(23 074)	124 140	(18,6)
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						
Earnings as reported	10 353	140 498	7,4	(23 074)	124 140	(18,6)
Adjustments						
– Exceptional items	—	—	—	132 702	124 140	106,9
– Profit on disposal of mining assets	(1 704)	140 498	(1,2)	(3 720)	124 140	(3,0)
– Amortisation of goodwill	3 662	140 498	2,6	3 662	124 140	3,0
Total tax effect on adjustments	511	140 498	0,3	(19 218)	124 140	(15,5)
Headline earnings per share	12 822	140 498	9,1	90 352	124 140	72,8
Share options	—	—	—	—	—	—
Diluted headline earnings per share	12 822	140 498	9,1	90 352	124 140	72,8

	Declaration date	Group		Company	
		2003 R000	2002 R000	2003 R000	2002 R000
10. DIVIDEND					
4 cents per share – 2003 interim	19 February 2003	5 561	—	5 561	—
10 cents per share – 2002 final	16 September 2002	13 898	—	13 898	—
12 cents per share – 2001 final	6 September 2001		14 497		14 497
		19 459	14 497	19 459	14 497

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
ii. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS				
Land				
Cost	82	82	82	82
Accumulated depreciation	—	—	—	—
Net book value	82	82	82	82
Building and infrastructure				
Cost	77 117	78 068	28 855	28 855
Accumulated depreciation	65 638	64 681	26 432	26 416
Net book value	11 479	13 387	2 423	2 439
Shaft systems				
Cost	310 850	313 560	105 410	104 718
Accumulated depreciation	286 348	285 387	91 021	88 725
Net book value	24 502	28 173	14 389	15 993
Plant and machinery				
Cost	725 428	232 391	41 287	37 728
Accumulated depreciation	266 128	187 195	35 364	34 526
Net book value	459 300	45 196	5 923	3 202
Other				
Cost	35 878	36 549	4 176	4 057
Accumulated depreciation	31 537	28 416	3 370	3 284
Net book value	4 341	8 133	806	773
Capital work in progress				
	248	144 375	—	—
Property, plant and equipment				
Aggregate cost	1 149 603	805 025	179 810	175 440
Aggregate accumulated depreciation	649 651	565 679	156 187	152 951
Aggregate net book value	499 952	239 346	23 623	22 489
Mineral rights				
Cost	272 158	281 457	195	195
Accumulated depreciation	53 870	40 792	195	195
Net book value	218 288	240 665	—	—

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

	Balance at 30 June 2002 R000	Additions R000	Disposals R000	Foreign currency translation R000	Transfers R000	Depre- ciation R000	Balance at 30 June 2003 R000	
ii. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS (continued)								
Group								
Land	82	—	—	—	—	—	82	
Mineral rights	240 665	37 906	—	(47 204)	—	(13 079)	218 288	
Building and infrastructure	13 387	1 768	—	(2 697)	—	(979)	11 479	
Shaft systems	28 173	760	—	(2 308)	—	(2 123)	24 502	
Plant and machinery	45 196	313 299	(12)	125	121 051	(20 359)	459 300	
Capital work in progress	144 375	394	—	(23 470)	(121 051)	—	248	
Other	8 133	676	—	(74)	—	(4 394)	4 341	
Total	480 011	354 803	(12)	(75 628)	—	(40 934)	718 240	
Company								
*Land	82	—	—	—	—	—	82	
Building and infrastructure	2 439	—	—	—	—	(16)	2 423	
Shaft systems	15 993	692	—	—	—	(2 296)	14 389	
Plant and machinery	3 202	3 559	—	—	—	(838)	5 923	
Other	773	119	—	—	—	(86)	806	
Total	22 489	4 370	—	—	—	(3 236)	23 623	
	Balance at 30 June 2001 R000	Additions R000	Disposals R000	Foreign currency translation R000	Transfers R000	Impair- ment R000	Depre- ciation R000	Balance at 30 June 2002 R000
2002								
Group								
Land	82	—	—	—	—	—	—	82
Mineral rights	202 687	10 411	(1 509)	38 645	—	—	(9 569)	240 665
Building and infrastructure	14 456	266	(160)	7	—	—	(1 182)	13 387
Shaft systems	22 103	734	—	—	13 104	—	(7 768)	28 173
Plant and machinery	40 438	12 541	—	212	2 135	—	(10 130)	45 196
Capital work in progress	139 438	68 389	—	33 123	(15 239)	(81 336)	—	144 375
Other	3 522	6 245	—	114	—	—	(1 748)	8 133
Total	422 726	98 586	(1 669)	72 101	—	(81 336)	(30 397)	480 011
Company								
*Land	82	—	—	—	—	—	—	82
Mineral rights	17	—	—	—	—	—	(17)	—
Building and infrastructure	2 710	—	—	—	—	—	(271)	2 439
Shaft systems	17 716	193	—	—	—	—	(1 916)	15 993
Plant and machinery	3 352	259	—	—	—	—	(409)	3 202
Other	403	570	—	—	—	—	(200)	773
Total	24 280	1 022	—	—	—	—	(2 813)	22 489

* 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 have been encumbered in terms of note 21.

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
12. GOODWILL				
The difference between the cost of investments in subsidiaries and the value of their attributable net assets at the dates of acquisition is recognised and amortised over the life of the respective mine.				
Cost	89 648	89 648	23 023	23 023
Arising on consolidation of subsidiaries	66 625	66 625	—	—
Arising on acquisition of business	23 023	23 023	23 023	23 023
Accumulated amortisation and impairment	(67 677)	(64 015)	(9 208)	(6 906)
Arising on consolidation of subsidiaries	(58 469)	(57 109)	—	—
Arising on acquisition of business	(9 208)	(6 906)	(9 208)	(6 906)
	21 971	25 633	13 815	16 117
	Group balance at 30 June 2002 R000	Amortisation R000		Group balance at 30 June 2003 R000
Arising on consolidation of subsidiaries	9 516	(1 360)		8 156
Arising on acquisition of business	16 117	(2 302)		13 815
	25 633	(3 662)		21 971
	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
13. INVESTMENTS				
Unlisted sundry investments	891	891	891	891
Directors valuation at cost	891	891	891	891

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

14. SUBSIDIARIES

Details of the Company's subsidiaries and investments therein at 30 June 2003 are as tabled below.

	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal commodity
Metorex Burkina Faso BV	Netherlands/ Burkina Faso	100	100	Not yet in production
Abbey Commodities	Switzerland	100	100	Marketing
Chibuluma Mines Plc	Zambia	85	85	Copper
Maranda Mines (Pty) Ltd	South Africa	100	100	Zinc
Metmin (Pty) Ltd	South Africa	100	100	Manganese
O'Okiep Copper Company (Pty) Ltd	South Africa	100	100	Copper
Vergenoeg Mining Company (Pty) Ltd	South Africa	70	70	Fluorspar
Wakefield Investments (Pty) Ltd	South Africa	92	92	Coal
Barberton Mines Limited	South Africa	54	54	Gold

INVESTMENT IN SUBSIDIARIES

	Loans		Cost	
	2003 R000	2002 R000	2003 R000	2002 R000
Abbey Commodities	(2 515)	1 228	37	37
Chibuluma Mines Plc	265 092	211 495	121	121
Maranda Mines (Pty) Ltd	—	(20 750)	65 325	65 325
Metmin (Pty) Ltd	1 177*	1 365	293	293
Metorex Burkina Faso BV	3 742	—	1 248	1 248
O'Okiep Copper Company (Pty) Ltd	(28 770)	(64 520)	40 000	40 000
Vergenoeg Mining Company (Pty) Ltd	(3 028)*	—	52 500	52 500
Wakefield Investments (Pty) Ltd	30 790	27 947	30 000	30 000
Barberton Mines Limited	121 317*	—	—	—
	387 805	156 765	189 524	189 524
Loans to subsidiaries			387 805	156 765
			577 329	346 289

The subsidiary companies contributed net income of R28 million and net losses of R17,6 million during the year.

* Interest-bearing at market related rates

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

R22,8 million of the Wakefield Investments (Pty) Ltd loan has been subordinated by the Company.

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
15. INVENTORIES				
Consumable stores	27 805	22 575	5 019	4 262
Mineral stocks	25 269	48 283	1 620	3 142
	53 074	70 858	6 639	7 404
<p>Included above is inventory of R3 112 000 (2002: R8 000 000) which is carried at net realisable value. Inventory to the value of R2 797 000 is pledged as security.</p>				
16. TRADE AND OTHER RECEIVABLES				
Trade receivables	84 147	74 902	15 884	14 529
Other receivables	24 925	35 907	7 789	4 652
	109 072	110 809	23 673	19 181
<p>The directors consider that the trade and other receivables approximate their fair value. Certain Group companies have ceded their trade receivables as security for banking and overdraft facilities. As at year-end an amount totalling R61,8 million (2002: R57,7 million) included in receivables was so pledged. Included in Group trade and other receivables are uncovered Dollar denominated receivables of \$2,4 million (2002: \$1,9 million).</p>				
17. SHARE CAPITAL				
<i>Authorised</i>				
250 000 000 (2002: 250 000 000) ordinary shares of 10 cents each	25 000	25 000	25 000	25 000
<i>Issued and fully paid</i>				
175 018 570 (2002: 138 969 820) ordinary shares of 10 cents each	17 502	13 897	17 502	13 897
<p>On 16 June 2003, 36 000 000 shares were issued at a price of 250c per share. During the year 48 750 shares were issued in terms of the employee share incentive scheme.</p>				
<p>The unissued shares of the Company have been placed under the control of the directors until the next annual general meeting.</p>				
18. HEDGING AND TRANSLATION RESERVE				
Hedging reserve	840	(380)	220	—
Foreign exchange reserve	(16 667)	(39 703)	—	—
Translation (loss)/gain on foreign monetary item	(16 564)	51 007	16 480	16 480
	(32 391)	10 924	16 700	16 480
19. EQUITY RESERVE				
Arising on reverse acquisition	(128 066)	(128 066)	(108 378)	(108 378)

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

	Group		Company			
	2003 R000	2002 R000	2003 R000	2002 R000		
20. SHAREHOLDER LOANS						
	Interest rate					
Crew Development Corporation	Variable	15%	30 188	—	—	—
MCI Gold (Pty) Limited	Variable	15%	5 031	—	—	—
Crew Development Corporation (US\$ based)	Fixed	6%	3 593	14 607	—	8 966
Metallica Trust	Fixed	10%	7 370	7 370	7 370	7 370
			46 182	21 977	7 370	16 336
Less: repayable within the next 12 months			3 593	14 607	—	8 966
Total current portion			3 593	14 607	—	8 966
Net long-term portion			42 589	7 370	7 370	7 370

The loans are unsecured.

The ZAR based Crew Development loan and the MCI Gold (Pty) Limited loan pertain to the funding of the ETC acquisition detailed in note B to the cashflow statement. These loans are repayable once certain conditions of the term-loan facility agreement with the external financiers have been met. The loans have been subordinated in favour of all creditors of Barberton Mines Limited.

The Metallica Trust loan is only repayable after 30 June 2004.

21. LONG-TERM LIABILITIES

Term loans

The term loan facility provided by ABSA Bank Limited and Investec Bank Limited is repayable in nine semi-annual instalments commencing on 31 May 2004. The loan bears interest at the 3 month JIBAR rate plus a net credit margin of 3,4% and will be secured by the pledge of all the shares held by each of the shareholders of Barberton Mines Limited, and the assets of Barberton Mines Limited and a pro-rata guarantee of 54% of the shareholder loan balance provided by Metorex Limited until certain performance benchmarks on production levels, operating costs and capital expenditure are satisfied. The average interest rate was 15,022% p.a. The directors estimate the carrying amount of the loan facility to approximate its fair value.

105 735 — — —

The loan bears interest at South African prime plus one.

40 818 72 021 40 832 36 941

The loan is repayable in equal monthly instalments, which commenced on 30 June 2002, with the last capital repayment to be made by not later than 31 May 2006. The loan is secured by copper and cobalt produced by Chibuluma and the loan is guaranteed by Metorex Limited. The directors consider the carrying amount to approximate its fair value.

The loan is unsecured, bear interest at the prime overdraft rate and is repayable in annual instalments of R1 million.

4 000 5 000 — —

Revolving trade finance facility

A further loan to Chibuluma Mines plc from Investec Bank Limited represents draw downs under a 180 day revolving trade finance facility with an outstanding amount of US\$0,5 million. Interest is calculated according to the bank's cost of funds plus 0,5% per annum payable six-monthly in arrears. The facility is secured by copper and cobalt produced by Chibuluma and a cession of marketing contracts and mineral export proceeds.

3 514 14 329 — —

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
21. LONG-TERM LIABILITIES (continued)				
Mortgage bond				
Secured by first mortgage bond over land and building with a net book value of R390 000. Interest is charged at 15,5% (2002: 15,5%) and the bond is repayable in varying monthly instalments.	68	102	—	—
Hire purchase agreements				
Secured by plant and equipment with a cost of R3,2 million and bears interest at prime plus 1%. Repayments are in varying monthly instalments.	555	886	—	—
Instalment finance agreements				
Secured by plant and equipment with a cost of R5,8 million and limited suretyships from Metorex Limited, Side Minerals (Pty) Limited and Wakefield Investments (Pty) Limited. The loans are repayable in 42 equal instalments and bear interest at prime rate.	2 134	2 568	—	—
Secured by plant and equipment and a Metorex Limited guarantee. The loan is repayable in 60 monthly instalments from 1 July 2002 and bears interest at prime less 1,5%.	17 460	20 189	—	—
Secured by the underlying assets with a cost of R5,5 million. The loan is repayable in 36 monthly instalments and bears interest at prime less 1%.	3 500	5 098	—	—
Secured by equipment with a book value of R0,8 million and bears interest at prime. The loan is repayable by December 2003.	804	—	—	—
Secured by equipment with a cost of R471 000. The loan is repayable in 36 monthly instalments and bears interest at prime less 1%.	284	471	—	—
	178 872	120 664	40 832	36 941
<i>Less: repayable within the next twelve months from operating activities:</i>				
– term loans	29 113	19 005	18 833	9 235
– revolving trade finance facility	3 514	14 329	—	—
– mortgage bond	68	34	—	—
– hire purchase agreements	555	335	—	—
– instalment finance agreements	8 237	9 424	—	—
Total current portion	41 487	43 127	18 833	9 235
Net long-term liabilities	137 385	77 537	21 999	27 706

Net long-term liabilities with the exception of the Barberton Mines Limited loan of R105 million, are all repayable within five years.

The Company's Articles of Association does not restrict the level of borrowings.

Chibuluma Mines plc is in breach of certain loan covenants set out in the long-term loan agreement with Investec.

Investec has confirmed that it does not intend calling an event of default due to the security derived from the Metorex Limited guarantee and provided that no significant deterioration in the Metorex Group's financial position occurs.

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
22. PROVISIONS				
Long-term provisions				
Terminal benefits	7 886	11 802	—	—
Rehabilitation provision	52 527	28 110	—	—
	60 413	39 912	—	—
Current provisions				
Terminal benefits	763	347	—	—
Leave pay and bonuses	27 405	14 170	5 790	5 101
	28 168	14 517	5 790	5 101
Total provisions	88 581	54 429	5 790	5 101
Balance at beginning of year	54 429	57 899	5 101	5 011
On acquisition of business	36 407	—	—	—
Released during the year	(513)	(563)	—	—
Utilised during the year	(14 807)	(23 993)	(7 425)	(7 301)
Foreign currency reserve	(3 866)	3 646	—	—
Provided during the year	16 931	17 440	8 114	7 391
Balance at end of year	88 581	54 429	5 790	5 101
Rehabilitation trust funds				
<p>The Group is exposed to environmental liabilities relating to its mining operations. Estimates of the cost of environment and other remedial work such as reclamation costs, close down and restoration and pollution control are made on an annual basis, based on estimated life of mine, following which payments are made to a rehabilitation trust set up as required by the Minerals Act and Regulations.</p>				
<p>The individual companies in the Group contribute, for their own account, to the Metorex and Side Minerals Rehabilitation Trust Funds. The directors of the Company are satisfied that sufficient funds will be available to complete the rehabilitation required on cessation of mining activities.</p>				
<p>The balance of the environmental rehabilitation trust funds, which are represented by cash were as follows:</p>				
Balance at beginning of the year	21 636	19 993	—	—
On acquisition of business	18 474	—	—	—
Withdrawals	(1 619)	(210)	—	—
Interest earned during the year	2 572	1 853	—	—
Balance at end of the year	41 063	21 636	—	—

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
23. DEFERRED TAX				
23.1 Deferred tax liabilities				
Property, plant and equipment	87 231	62 339	5 044	—
Leave pay provision	(7 100)	(1 766)	(1 737)	—
Other provisions	(7 665)	(4 093)	(673)	—
Foreign exchange	(13 396)	14 781	—	—
Other	(2 700)	22	(1 913)	—
Net deferred tax liabilities	56 370	71 283	721	—
Reconciliation of deferred tax liabilities				
Net deferred tax liabilities at the beginning of the year	71 283	72 089	—	499
Deferred tax charge for the year	(2 400)	(28 857)	721	(499)
On acquisition of business	21 454	—	—	—
Deferred tax on equity loan included in non distributable reserve	(24 264)	12 658	—	—
Translation difference	(9 703)	15 393	—	—
Net deferred tax liabilities at end of the year	56 370	71 283	721	—
23.2 Deferred tax asset				
Property, plant and equipment	—	(1 757)	—	(1 757)
Leave pay provision	—	(1 530)	—	(1 530)
Other provisions	—	(644)	—	(644)
Foreign exchange	—	(317)	—	(317)
Assessed tax losses	—	(1 982)	—	(1 982)
STC credit	—	(1 800)	—	(1 800)
Net deferred tax asset	—	(8 030)	—	(8 030)
Reconciliation of deferred tax asset				
Net deferred tax asset at the beginning of the year	(8 030)	—	(8 030)	—
Deferred tax charge for the year	8 030	(3 086)	8 030	(3 086)
Deferred tax on equity loan included in non distributable reserve	—	(4 944)	—	(4 944)
Net deferred tax asset at end of the year	—	(8 030)	—	(8 030)
Deferred tax asset not recognised				
Tax losses	17 405	21 945	—	—
Unredeemed capital expenditure	14 763	13 865	—	—
Property, plant and equipment	(4 004)	(4 337)	—	—
Rehabilitation provision	336	761	—	—
Leave pay provision	562	370	—	—
	29 062	32 604	—	—

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
23. DEFERRED TAX (continued)				
23.2 Deferred tax asset (continued)				
The following table shows the movement in the unrecognised deferred tax asset for the year:				
Opening balance	32 604	31 186	—	—
Unrecognised deferred tax asset (utilised)/raised during the current year	(3 542)	1 418	—	—
Closing balance	29 062	32 604	—	—

24. POST RETIREMENT MEDICAL AID

The Group sponsors defined benefit post-retirement plans that provide certain health care to eligible employees.

Full provision is made for the liability and is based on internal assessments. Employees are generally eligible for benefits upon retirement. The following table provides the changes in the obligation:

Benefit obligation at beginning of year	8 522	14 776	2 146	2 144
Transferred in	2 373	2	23	2
Interest cost	613	624	—	—
Benefits paid	(840)	(606)	—	—
Released	—	(6 274)	—	—
Benefit obligation at end of year	10 668	8 522	2 169	2 146
Discount rate to estimate accumulated benefit (%)	15	15	15	15
Health care cost inflation (%)	13	13	13	13
Which gradually reduces to an ultimate rate of (%)	13	13	13	13

25. BANKING FACILITIES

	Short term	Forward exchange	Copper hedging	Gold hedging
The Group has the following banking facilities:				
Metorex Limited	R19 000 000	—	—	—
Barberton Mines Limited	—	—	—	R1 269 539 117
Maranda Mining Company (Pty) Ltd	R4 000 000	—	—	—
Consolidated Murchison Division	R1 000 000	—	—	—
Vergenoeg Mining Company (Pty) Ltd	R7 506 000	R75 000 000	—	—
O'Okiep Copper Company (Pty) Ltd	R15 000 000	R10 000 000	R143 217 000	—
Wakefield Investments (Pty) Limited	R2 000 000	—	—	—
	R48 506 000	R85 000 000	R143 217 000	R1 269 539 117

The banking facilities are revised on a regular basis.

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

26. FINANCIAL INSTRUMENTS

26.1 Risk management objectives and policies

In the normal course of its operations the Group is exposed to commodity price, currency, interest rate, liquidity and credit risk. In order to manage these risks, the Group has developed a comprehensive risk management process to facilitate control and monitoring of these risks. General corporate hedging unrelated to any specific project is not undertaken. The Group also does not issue or acquire derivative instruments for speculative purposes.

Credit risk

The Group'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 credit risk on liquid funds is limited because the counter-parties are banks with high credit ratings.

Foreign currency commodity price risk

The Group enters into futures 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 cashflows 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. As a result, the Group is subject to transactions and translation exposure from fluctuations in foreign currency exchange rates.

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 receives cash proceeds from its operations and is 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.

26.2 Fair value of financial instruments

26.2.1 Derivative Financial Instruments

2003

Cashflow hedges – On balance sheet

Commodity	Maturity	Volume	Average forward rate	Fair value gain R000
Gold	1 – 3 months	75 kg	\$ 361/oz	220
Copper	1 – 4 months	1 600 tons	\$1 713/ton	566
Zinc	1 – 6 months	1 200 tons	\$ 806/ton	54
				840

n o t e s t o t h e a n n u a l f i n a n c i a l s t a t e m e n t s

(continued)

for the year ended 30 June 2003

26. FINANCIAL INSTRUMENTS (continued)

26.2 Fair value of financial instruments (continued)

26.2.1 Derivative Financial Instruments (continued)

Off balance sheet hedges			
Commodity	Maturity	Volume	Average forward rate
Gold	Year ending 2004	2 140 kg	R103 462/kg
	Year ending 2005	2 167 kg	R103 462/kg
	Year ending 2006	2 182 kg	R103 462/kg
	Year ending 2007	1 559 kg	R119 118/kg
	Year ending 2008	1 559 kg	R127 831/kg
	Year ending 2009	1 559 kg	R136 834/kg

Foreign currency hedges

Currency	Maturity	Amount	Average forward rate	Fair value gain R000
US Dollar	1 – 2 months	\$855 759	R7,61 / US\$	404
The fair value gain is included in other receivables on the face of the balance sheet.				

2002

Cashflow hedges – On balance sheet

Commodity	Maturity	Volume	Average forward rate	Fair value loss R000
Copper	1 – 3 months	900 tons	1 635/ton	(380)

26.2.2 Other financial assets and liabilities

Trade and other receivables, trade and other payables and cash equivalents

The carrying amount approximate fair value due to the short maturity of these instruments.

Investments

The carrying amount of these instruments approximates fair value due to the nature of the instrument.

Long-term loans

The long-term loans all have variable interest rates. The carrying amounts are considered to approximate fair value.

	Group		Company	
	2003 R000	2002 R000	2003 R000	2002 R000
27. CAPITAL COMMITMENTS				
Authorised by directors but not contracted for	7 385	4 923	1 483	968
Authorised by directors and contracted for	1 308	950	—	—
	8 693	5 873	1 483	968

Antimony/Gold				Zinc				Other				Group	
2003		2002		2003		2002		2003		2002		2003	2002
R000	%	R000	%	R000	%	R000	%	R000	%	R000	%	R000	R000
229 196	24	155 002	17	83 492	9	105 774	12	14 480	1	24 620	3	946 443	893 064
2 009	3	2 939	11	-	-	-	-	1 900	3	2 621	-	60 126	30 113
227 187	26	152 063	15	83 492	9	105 774	13	12 580	1	21 999	3	886 317	862 951
28 120	34	14 092	10	4 245	5	19 206	13	12	-	77	-	82 488	143 404
4 001	9	2 724	8	6 776	15	6 411	19	2 389	6	2 391	7	44 596	34 059
-	-	-	-	-	-	-	-	-	-	-	-	-	132 702
328 252	93	888	1	1 683	-	1 384	1	70	-	135	-	354 803	98 586
416 567	43	49 799	6	17 406	2	71 627	9	47 030	4	57 978	7	978 199	807 168
265 638	50	23 118	6	6 952	1	11 227	3	62 586	12	56 327	14	532 684	399 562

OTHER				GROUP	
2003		2002		2003	2002
R000	%	R000	%	R000	R000
107 807	13	119 136	14	886 317	862 951
-	-	-	-	978 199	807 168
-	-	-	-	532 684	399 562
-	-	-	-	354 803	98 586

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

29. 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. All eligible employees are required to become members of either of these schemes. The assets of the schemes are held separately from those of the Group in funds under the control of the trustees.

Approximately five employees are members of a state managed retirement benefit scheme operated by the Chamber of Mines. In addition, approximately 126 employees are members of a state managed defined benefit scheme operated by Zambia Consolidated Copper Mines Limited. The Group is required to contribute a specified percentage of their payroll costs to the scheme to fund benefits.

The only obligation of the Group in respect of these schemes is to make the specified contributions.

The Group operates a defined benefit plan for the majority of its employees at O'Okiep Copper Company (Pty) Limited. The plan is subject to valuation by independent actuaries at intervals not exceeding three years. The previous valuation was performed on 31 January 2001 and indicated an actuarial surplus of R1,1 million. A discount rate of 13% (2002: 13%) was used and the average rate of remuneration growth was assumed to be 11,5% (2002: 11,5%). On the basis of these assumptions, the actuarial present value of the retirement benefit obligation was estimated at R69,7 million (2002: R69,7 million) and the fair value of plan assets at R70,8 million (2002: R70,8 million). The trustees, based on an indicative valuation, are of the opinion that as at 30 June 2003 the defined benefit plan was in an estimated deficit of approximately R3,8 million. No account has been taken of the deficit as the depreciation of R4,9 million from the previous valuation does not exceed 10% of the greater of the present value of the benefit obligation and the fair value of the plan assets.

Costs charged to income of R8,4 million (2002: R6,2 million) represents contributions payable to these schemes, excluding the O'Okiep defined benefit plan by the Group at rates specified in the rules of the schemes at 30 June 2003.

Costs charged to income of R2,4 million (2002: R2,1 million) represents contributions payable to the defined benefit plan. Such costs consist of a current service cost of R2,5 million (2002: R2,24 million), interest cost of R9,06 million (2002: R9,06 million) and an expected return on plan assets of R9,2 million (2002: R9,2 million).

30. STAFF COMPLEMENT

As at 30 June 2003: 4 674 (2002: 3 164) people were employed by the Group.

notes to the annual financial statements

(continued)

for the year ended 30 June 2003

						2003	2002
						R000	R000
31. DIRECTORS' EMOLUMENTS							
Executive directors							
Emoluments						4 821	3 915
Company contributions						539	451
Total						5 360	4 366
Non-executive directors							
Emoluments						380	230
Company contributions						—	—
Total						380	230
TOTAL						5 740	4 596
Individual directors' emoluments	Fees for services	Basic salary	Bonuses	Allowances and benefits	Company contributions	2003 Total	2002 Total
Executive							
Mr AS Malone	—	624	319	430	157	1 530	1 342
Mr JC King	—	600	270	267	104	1 241	903
Mr CDS Needham	—	756	287	154	141	1 338	1 216
Mr KC Spencer	—	780	200	133	138	1 251	905
Total	—	2 760	1 076	984	540	5 360	4 366
Non-Executive							
Mr PD Barnes	—	—	—	—	—	—	27
Mr A Barrenechea	60	—	—	—	—	60	7
Mr JM Darch	—	—	—	—	—	—	37
Mr WN Gardyne	—	—	—	—	—	—	(7)
Mr AJ Laughland	80	—	—	—	—	80	40
Mr JS Petersen	—	—	—	—	—	—	25
Mr HC Qvist	80	—	—	—	—	80	13
Mr AEG Trollip	80	—	—	—	—	80	60
Mr JA Vestrum	80	—	—	—	—	80	13
Mr GD Wright	—	—	—	—	—	—	15
Total	380	-	—	-	-	380	230
TOTAL	380	2 760	1 076	984	540	5 740	4 596

The directors have no fixed term service contracts.

Share options	Total options 1 July 2002	Options granted	Total options 30 June 2003	Average option Price
Mr AS Malone	475 000	—	475 000	330c
Mr JC King	350 000	—	350 000	330c
Mr CDS Needham	350 000	—	350 000	330c
Mr KC Spencer	350 000	—	200 000	285c
Total	1 525 000	—	1 525 000	

No options have been implemented by any director to date.

supplementary information

Group safety statistics

The Group safety record for the year was marred by four fatal accidents. Two occurred at Wakefield and one each at Maranda and Consolidated Murchison. The detailed information by category, is detailed below:

	Cons.							
	Maranda	Murch	Chibuluma	O'Okiep	Wakefield	Vergenoeg	Metmin	Barberton
Dressing cases	13	35	1	26	6	38	—	—
Lost time accidents	1	29	3	1	16	2	—	—
Reportables	1	22	16	2	5	1	—	—
Lost shifts	54	772	366	586	61	23	—	—
Cumulative fatality free shifts	15 985	225 065	1 324 710	80 899	93 251	408 392	66 119	408 478

Chibuluma reportables are for period in excess of three days all other companies reportables are for periods fourteen days or longer.

The following operations were recognised by the Department of Minerals & Energy and were awarded the following:

- Consolidated Murchison – 2000 Fatality free production shifts
- Vergenoeg – 2000 Fatality free production shifts
- O'Okiep Copper – Second in the DME Northern Cape Safety Competition
- Chibuluma – Achieved 1 million fatality free shifts

Mineral Title

Mine or Prospect	Farm name	Type of agreement	Hectares
Maranda Mines (Pty) Limited			
Rooiberg	Blaauwbank 515 KQ	Mineral rights	1 677
	Hartbeesfontein 511 KQ	Mineral rights	2 729
	Nieuwpoort 516KQ	Mineral rights	1 866
	Olievenbosch 506KQ	Mineral rights	1 664
Maranda Mining Company (Pty) Limited			
Maranda	Maranda 675LT	Mining lease No. RMT 18/91	102,9
Romotshidi	Sedan 672T / Bonn 671T	Notarial mining lease Protocol No 342/1995	306,0
	Potsdam 312LT		
Romotshidi extension	Coblentz 666LT/ Keulen 669LT		
LCZ	Begin 765LT	Closure certificate application submitted	
	Platveld 752LT Vlaklaagte		
	751LT Magwena 750LT		
	Mashawa 748T		
	Hamman 757T		
Consolidated Murchison Division			
		40 414 precious metal and base mineral claims	24 041
Vergenoeg Mining Company (Pty) Limited			
	Kromdraai 209JR	Notarial mineral lease	393,4052

s u p p l e m e n t a r y i n f o r m a t i o n

(continued)

Mineral Title (continued)

Mine or Prospect	Farm name	Type of agreement	Hectares
<i>O'Okiep Copper Company (Pty) Limited</i>			
		Mineral rights	108 354
		Undivided shares in mineral rights	597
		Mineral rights within town areas	17 958
		Base mineral leases	1 052
		Base mineral mining leases	208
		Total	128 169
<i>Wakefield Investments (Pty) Limited</i>			
	Leeuwfontein 219IR	Mineral rights	972.1954
	Bankfontein 216IR	Mineral rights	364.0540
	Welgelegen 221IR	Mineral rights	695.3513
	Other	Mineral rights	656.1066
	Middelburg Town & Townlands	Notarial mineral lease	126.6050
		Total	2814.3123
<i>Chibuluma Mines Plc</i>			
		Large scale mining licence LML23	4 440
		Large scale mining licence LML24	960
		Total	5 400
<i>Metmin (Pty) Limited</i>			
	Ptn 2 Rydale 75IQ	Notarial mining lease applied for	856
<i>Barberton Mines Limited</i>			
	Heemstede 378JM	Mineral rights	1 873.1399
	Loeuen 381JU	Mineral rights	1 745.7964
	R/E Schoonoord 38oJU	Mineral rights	829.3168
	Welgelegen 377JU	Mineral rights	1 351.9587
	De Bilt 372JU	Mineral rights	2 180.0780
	Josefsdal 382JU	Mineral rights	3 123.3254
	Ptn 1 Schoonoord 38oJU	Mineral rights	2 201.3782
		Total	13 304.9934
		Base metal claims on state land	21 169
		Precious metal claims on state land	8 627
		Total	29 796

supplementary information

(continued)

MINERAL RESERVES AND RESOURCES

The tabulation below presents the Group's mineral reserves and resources at 30 June 2003. The estimates are based on the SAMREC code.

CHIBULUMA MINES PLC

<i>Mineral reserves</i>		<i>Tons</i>	<i>%Cu</i>
Proved	Chibuluma West	260 000	3,2
	Chibuluma South	8 035 000	3,6
Total mineral reserves		8 295 000	3,6
Probable	Chibuluma West	—	—
Total Proved and Probable mineral reserves		8 295 000	3,6
<i>Mineral resources</i>			
Inferred	Chifupu Prospect	1 500 000	2,9
Total mineral resources		1 500 000	2,9

CONSOLIDATED MURCHISON DIVISION

<i>Mineral reserves</i>		<i>Tons</i>	<i>%Sb</i>	<i>g/t Au</i>
Proved		92 800	2,2	3,1
Probable		1 580 870	2,7	3,3
Total reserves		1 673 670	2,7	3,3
<i>Mineral resources</i>				
Measured		238 383	2,0	0,9
Indicated		2 288 106	1,8	3,7
Inferred		5 640 000	2,8	2,4
Total mineral resources		8 166 489	2,5	2,7

MARANDA MINING COMPANY (PTY) LIMITED

<i>Mineral reserves</i>		<i>Tons</i>	<i>%Zn</i>	<i>%Cu</i>
Proved		83 166	14,3	2,0
Probable		29 094	14,4	0,8
Total mineral reserves		112 260	14,4	1,7

Mineral resources - NIL

O'OKIEP COPPER COMPANY (PTY) LIMITED

<i>Mineral reserves</i>		<i>Tons</i>	<i>%Cu</i>
Proved	– Nigramoep	—	—
	– Wheel Flat South	158 800	1,34
	– Slag dump 1	3 712 000	1,1
Total mineral reserves		3 870 800	1,11
<i>Mineral resources</i>			
Measured	– Wheel Flat North	484 300	1,73
Indicated	– Other	4 187 000	1,23
	– Slag dump 2	2 300 000	1,1
Total mineral resources		6 971 300	1,35

s u p p l e m e n t a r y i n f o r m a t i o n

(continued)

MINERAL RESERVES AND RESOURCES (continued)**VERGENOEG MINING COMPANY (PTY) LIMITED**

<i>Mineral reserves</i>	<i>Tons</i>	<i>%Ca F2</i>
Probable	6 000 000	38,9
<i>Mineral resources</i>		
Indicated	147 900 000	28,4
Inferred	69 600 000	12,7
Total mineral resources	217 500 000	23,38

WAKEFIELD INVESTMENTS (PTY) LIMITED

<i>Coal reserves</i>	<i>Mineable in situ</i>	<i>Run of mine</i>	<i>Saleable</i>
	Tons	Tons	Tons
Leeuwfontein Colliery	7 159 301	5 137 287	3 082 372
Bankfontein Colliery	231 579	220 000	132 000
Lakeside Colliery	7 405 340	5 389 486	3 233 692
Middelburg Town & Townlands	16 368 381	15 549 962	10 107 475
Total coal reserves	31 164 601	26 296 735	16 555 539
<i>Coal resources</i>			
Inferred	Leeuwfontein	841 000	
Inferred	Lakeside	3 291 000	
Total coal resources		4 132 000	

PERKOA PROSPECT – METOREX BURKINA FASO BV

	<i>Tons</i>	<i>%Zn</i>
Indicated	6 020 000	18,0
Inferred	880 000	14,8
Total mineral resource	6 900 000	17,6

BARBERTON MINES LIMITED

<i>Mineral reserves</i>	<i>Tons</i>	<i>g/t Au</i>	<i>Kg Au</i>
Proved	930 445	9,72	9 039
Probable	1 212 969	9,74	11 816
Total mineral reserves	2 143 414	9,73	20 855
<i>Mineral resources</i>			
Measured	1 917 465	7,14	13 698
Indicated	1 648 317	4,63	7 634
Inferred	3 657 039	5,81	21 231
Total mineral resources	7 222 821	5,89	42 563

FACTORS APPLIED TO RESERVE ESTIMATES

	Chibuluma West	Chibuluma South	Consolidated Murchison	Maranda	Romotshidi	O'Okiep	Wakefield	Barberton
Cut-off grade	2,0% Cu	1,0% Cu	—	9,0% Zn	9,0% Zn	—	—	3 g/t
Dilution factor (%)	20	5	15	18	43	—	—	10,1
Extraction factor (%)	—	—	—	96	96	—	78	91,4
Mine call factor (%)	—	95	85	92	92	90	—	95,8

Notes

- All mineral resources are quoted exclusive of mineral reserves.
- All factors above are based on historical results.
- Chibuluma South mineral reserves are derived from a mineral resource of 8,4 Mt at 4,0% Cu and 0,03% Co.
- The Maranda and Romotshidi cut off values are based on an equivalent zinc value.

corporate information

REGISTRATION NUMBER

1934/005478/06

REGISTERED OFFICE AND POSTAL ADDRESS

Metorex Limited
2nd Floor, Cradock Heights
21 Cradock Avenue
Rosebank 2146, South Africa
(PO Box 2814, Saxonwold 2132)

WEBSITE AND E-MAIL ADDRESS

website – www.metorexgroup.com
e-mail – info@metorexgroup.com

TELEPHONE AND FAX NUMBERS

Telephone: +27 (11) 880-3155
Fax: +27 (11) 880-3322

DIRECTORS

A S Malone (*Chairman and Chief Executive Officer*)
A Barrenechea[^]
J C King^{#~}
A J Laughland^{*~^}
C D S Needham (*Financial*)
H C Qvist^{*^}
K C Spencer
A E G Trollip^{*}
J A Vestrum^{**}

* non-executive # alternate ~ British
^ Spanish ` Norwegian ^ independent

COMPANY SECRETARIES

Moore Stephens Meyer Wilson Marsh Inc.
Chartered Accountants (SA)
7 West Street
Houghton 2195, South Africa
(PO Box 1574, Houghton 2041)

AUDITORS

Deloitte & Touche
The Woodlands
Woodlands Drive, Woodmead
Sandton 2146, South Africa
(Private Bag X6, Gallo Manor 2052)

TRANSFER SECRETARIES (SOUTH AFRICA)

Ultra Registrars (Pty) Limited
11 Diagonal Street
Johannesburg 2001, South Africa
(PO Box 4844, Johannesburg 2000)

UNITED KINGDOM REGISTRARS

The Capita Group plc
The Registry
34 Beckenham Road
Beckenham, Kent, BR34TU
England

SPONSORS

Barnard Jacobs Mellet Corporate Finance (Pty) Limited
2nd Floor, Barnard Jacobs Mellet House
5 Sturdee Avenue
Rosebank 2196
South Africa
(PO Box 62200, Marshalltown 2107)

MAJOR SUBSIDIARY COMPANIES CONTACT DETAILS

	Telephone	Fax number
Barberton Mines Limited	+27 (13) 712 9012	+27 (13) 712 9116
Chibuluma Mines plc (Zambia)	+260 (2) 749 555	+260 (2) 749 799
Consolidated Murchison Division	+27 (15) 318 8000	+27 (15) 318 8004
Maranda Mining Company (Pty) Limited	+27 (15) 345 1758	+27 (15) 345 1699
O'Okiep Copper Company (Pty) Limited	+27 (27) 781 8264	+27 (27) 713 8492
Vergenoeg Mining Company (Pty) Limited	+27 (12) 723 0009	+27 (12) 723 0045
Wakefield Investments (Pty) Limited	+27 (13) 648 1441	+27 (13) 648 1666

proxy form
for the Annual General Meeting

Metorex Limited

(Registration Number 1934/005478/06)

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 at The Grace Hotel, 54 Bath Avenue, Rosebank at 10:00 on 5 November 2003 and any adjournment thereof.

Ordinary resolutions	For	Against	Abstain
1. Adoption of annual financial statements			
2. To elect directors			
K C Spencer (re-appointment)			
A J Laughland (re-appointment)			
3. To approve directors' remuneration			
4. To re-appoint auditors			
5. To place unissued shares of the Company under the control of the directors			
6. To approve the issue of shares for cash			

Indicate with an X in the appropriate block

Signed this _____ day of _____ 2003

Signed _____ (normal signature)