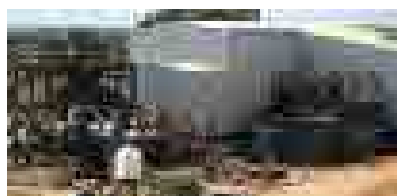
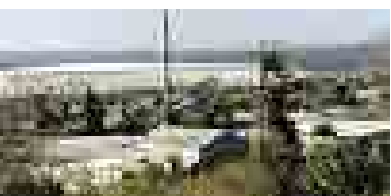


Metorex Limited

Annual Report 2006



Group structure and business summary

Metorex Limited



Metorex, the leading mid-tier, multi-commodity mining group in southern Africa, operates through four mining divisions.

Base Metals

55%

Chibuluma South Mine Ltd

67%

Ruashi Mining sprl

100%

Sable Zinc Kabwe Ltd

Gold

74%

Barberton Mines (Pty) Ltd

100%

Consolidated Murchison Division

Industrial Minerals

70%

Vergenoeg Mining Company (Pty) Ltd

100%

Consolidated Murchison Division

Coal

74%

Wakefield Investments (Pty) Ltd

Copper

At Chibuluma on the Zambian copperbelt mineralisation is stratiform and occurs in sandstone and shale beds of the Katangan sedimentary sequence, similarly at our Ruashi prospect in the DRC, an extension of the same copper province.

The major copper minerals are bornite (Cu₅FeS₄) with 62% copper, and chalcopyrite (CuFeS₂) with 32,5% copper. Subordinate chalcocite (Cu₂S) occurs. Near the surface, the minerals are oxidised to malachite and chrysocolla, amongst others. Mining is by cut and fill methods, the ore being trucked to surface. Chibuluma ore is concentrated by flotation and the concentrate is smelted and refined to such high purity that it attracts a price premium. It is sold at the refinery gate to smelters who export the product to Europe and the Far East in the form of cathodes and wire bars.

Copper is used mostly in electrical and electronic products; construction and industrial applications, largely in the IT industry and a small amount is used in the transport industry.

Cobalt

Cobalt occurs in the minerals carrollite and cobaltiferous pyrite in association with copper minerals on the Central African Copperbelt in Zambia and the DRC and is present at Ruashi. Treatment of the Ruashi/Etoile stockpiles will be by conventional concentrator and mining of cobalt from the Ruashi orebody by opencast methods.

Cobalt is a tough white metal used in the production of Ni-Cad batteries, alloy hardening and in diamond tools. It is still used as a colouring agent in the pottery and glazing industries.

Gold

Gold occurs in the ancient greenstone rocks of the Barberton Supergroup. It has been mined for over 100 years, and is currently being accessed from the Fairview, Sheba and New Consort mines.

Each operation has its own concentrating plant; in these plants the free gold is removed by Knelson concentrators and the sulphides are collected in the flotation section. The concentrate from the flotation plants is treated in a BioX[®] plant where micro-organisms convert the sulphides and release the gold, thereafter the gold is dissolved in cyanide and recovered in a normal CIP plant. The free gold and the gold recovered from the CIP plant are smelted and sent to the Rand Refinery in Germiston for refining. Consolidated Murchison produces gold as a co-product with antimony.

Gold is used mainly for electronics, and in the manufacture of jewellery.

Fluorspar

The fluorspar (CaF₂) produced by Vergenoeg occurs in a funnel-shaped volcanic vent related to the granites of the Bushveld Igneous Complex. Mining is by opencast methods in the oxidized upper portion of the pipe. After 3-stage crushing and single stage grinding in ball mills, the fluorite is separated from the gangue by flotation. The oleic acid collector and frother renders the concentrate hydrophobic. The concentrate is subject to wet high intensity magnetic separation to remove iron oxides and hydroxides before being vacuum filtered to reduce moisture to 10%. The final product contains over 97% CaF₂.

The bulk of production is exported as acidspar to Europe and America for fluorine chemicals. The lower grade product, metspar, is sold locally. Fluorine, substituted for hydrogen in organic molecules, is the basis of fluorinated hydrocarbon inert plastics such as Teflon[®], resins, aerosols, and lubricants. Hydrofluoric acid is used mostly for fluoro-carbon gases for refrigeration and air-conditioning (HFCs). Other uses include steel and aluminium production, food preservation and fluoridation of drinking water.

Antimony

Antimony occurs as the sulphide, stibnite (Sb₂S₃) in quartz carbonate schists in the Murchison Range, in association with other sulphides and gold. Ore is mined at Consolidated Murchison by sub-level open stoping and hoisted to the concentrator where it is crushed and finely ground prior to flotation of stibnite. The stibnite is roasted to form crude antimony trioxide. The white trioxide powder grading 82% antimony is shipped to Mexico.

Antimony has a variety of uses but the main use is as a trioxide for flame retardant polymers in plastics, fabrics and electronic printed circuit boards.

Coal

Wakefield Investments exploits the No. 1 and 2 seams of the Witbank Coalfield. Both seams have an average thickness of +3 metres. The company operates four separate collieries. Coal is mined by opencast and underground methods. The underground method is by bord and pillar using conventional coal mining equipment and blasting. The raw coal from the operation is washed in the company's four plants, each situated at the individual operations. All the plants are similar in design, and comprise a coarse drum section, cyclones and spirals. Each plant produces a range of sized product comprising nuts, peas and duff. The operations produce a "B" grade bituminous coal with some low phosphorous product. The majority of the coal is sold to the South African industrial and domestic markets, with a small amount being exported.

Mission statement, objectives and profile

Vision

Our vision is to grow our mining activities in Southern Africa by acquiring, developing and managing a diversified portfolio of quality mineral resources projects.

Mission

Our mission is to create wealth for all our stakeholders by the efficient management of our mining companies and delivering financial growth for our shareholders.

Strategic objectives

With our competent and experienced management and listings on the JSE Securities Exchange, the London Stock Exchange and Bank of New York sponsored ADR programme,

Our strategic objectives are to:

- **acquire and manage long-life, high-quality operations that diversify risk and provide sustainable earnings growth;**
- **maximise the return on investments of our portfolio of assets;**
- **sustain an appropriate Metorex culture throughout the Group;**
- **create and maintain a market profile which provides tradability and creates wealth and income for our shareholders.**

Profile

Metorex is an established mid-tier mining group that occupies a unique position in the Southern African mining industry. We specialise in identifying, developing and profitably managing mining projects. Our current activities include a diversified portfolio of gold, industrial minerals and base-metal mines.

Our management philosophy is that of centralised strategic logic, combined with a strong decentralised profit centre concept at operational level, that gives management at our mines the confidence and flexibility to conduct their operations efficiently. The elements that contribute to the success of Metorex include a natural caution, operational leanness, controlled overheads, rigid cost control, strong accountability, efficient capital expenditure, utilisation of specialist consultants, and the quality of the orebody.

The Metorex Group has evolved by assembling a portfolio of profitable mining companies with a well-balanced commodity mix and good growth prospects. The Group has a record of sustained profitability, despite the cyclical nature of commodity prices.

Contents and geographical information

Flap:	Mission statement, objectives and profile	24:	Corporate governance
IFC:	Group structure and business summary	28:	Segmental analysis
1:	Financial highlights and ratios	30:	Group secretary's certification
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	Industrial Minerals: page 18		
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Operational Areas



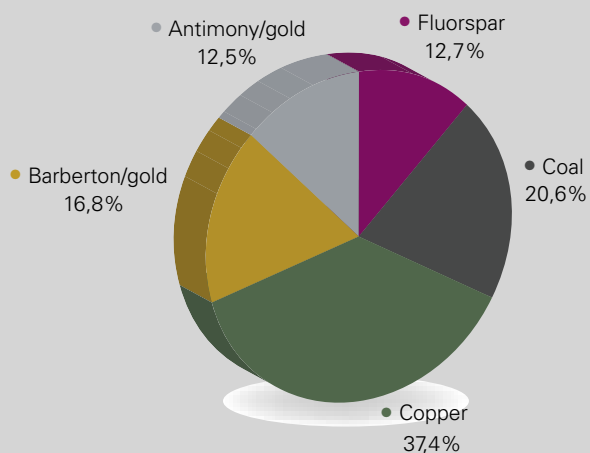
Our in-house skills include geology, mining, metallurgy, financial engineering and marketing.

Financial highlights and ratios

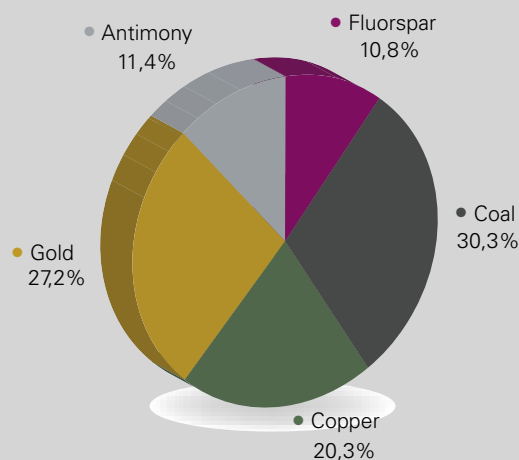


		Year ended 30 June 2006	Year ended 30 June 2005 Restated
Gross revenue	(R000)	1 454 107	1 030 009
EBITDA	(R000)	371 304	149 981
Profit before taxation	(R000)	292 525	89 415
Cash mining profit margin	(%)	25	13
Earnings per share	(cents)	54,3	13,5
Headline earnings per share	(cents)	47,7	12,3
Number of shares in issue (weighted average)	(000)	286 147	203 717
Number of shares in issue (year-end)	(000)	289 026	279 933
Number of shares traded	(000)	114 346	54 872
Share price	(cents)	1 120	417
Market capitalisation	(R000)	3 237 091	1 167 321

EBITDA – 2006*



Revenue 2006

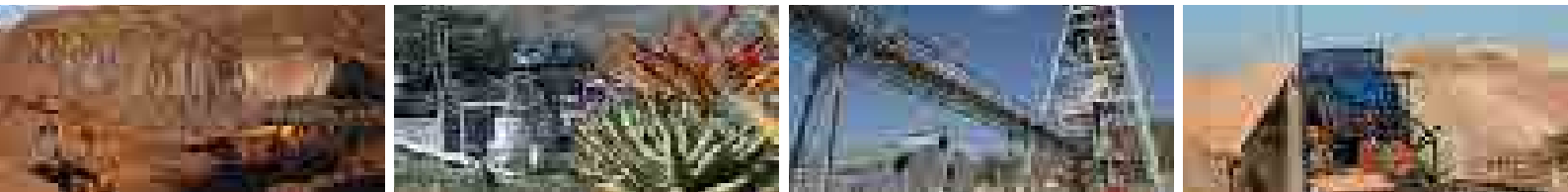


*Excludes profit on issue of shares in Wakefield

Directorate



*Standing left to right: EW Legg, RG Still, KC Spencer, AJ Laughland
Seated left to right: AS Malone, A Barrenechea, CDS Needham*



Simon Malone (62)

Chairman

Anthony Simon Malone is 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.

Effective 1 July 2005, Simon's role as Chairman of the Metorex Group was re-defined in order to enable him to focus his attention on the strategic development of the company.

He is a member of the Remuneration Committee.

Charles Needham (52)

Chief Executive Officer

Charles Denby Stockton Needham joined Metmin in 1981. His association with Metorex began in 1983 on his appointment as Financial Manager and then Financial Director of the company. Charles was appointed Chief Executive of the Group on 1 July 2005. He is a member of the Audit Committee.

Keith Spencer (56)

Operations Director

Keith Cousens Spencer held the position of mine manager, consulting engineer and was a director of various companies in Goldfields of South Africa before establishing himself as an independent consultant. He joined Metorex as a Consultant in 1999 and was appointed Operations Director in 2001.

Edward Legg (48)

Operations Director

Edward William Legg, is a Wits-qualified mining engineer by profession and has gained extensive operational and strategic planning experience within the South African mining industry at an executive level. Ed has held the position of Mine Manager in Anglovaal Limited, Head of Operations (SA) in AngloGold Limited and Strategic Business Planning Manager at Anglo American Platinum Corporation, and has been Operations Manager of several Metorex mines. He was appointed to the Metorex Board of Directors in February 2005.

Alberto Barrenechea (62)

Non-Executive Director

Alberto Barrenechea is a Director of the Spanish-based Minerales Y Productos Derivados, the largest producer and consumer of fluorspar in Europe.

Alberto is also an adviser on plant upgrades and the general metallurgical process at Vergenoeg, Metorex's fluorspar mine. He has 34 years of industry experience and is a member of the Remuneration Committee.

Alistair Laughland (58)

Independent Non-Executive Director

Alistair John Laughland has extensive experience in banking, specifically in corporate and mining finance. He was a board member of the former Maranda Mines Limited. He has served as an independent Non-Executive Director of Metorex since 1999 and is chairman of the Audit Committee.

Robert Still (51)

Independent Non-Executive Director

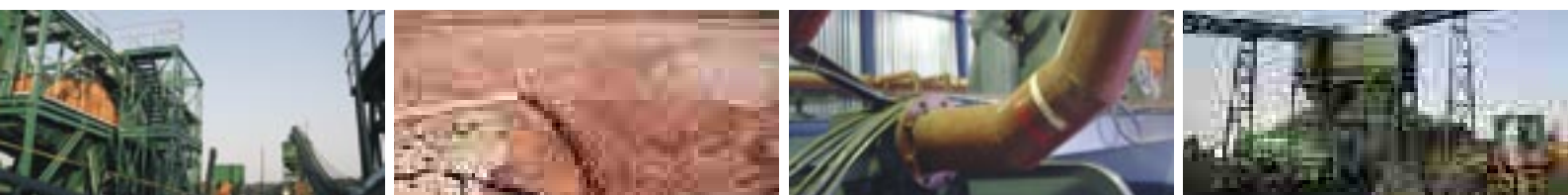
Robert George Still started his career as a chartered accountant becoming a partner of Ernst & Whinney before leaving in 1986 to co-found Rhoex Limited, an exploration and mining company listed on the JSE Limited. Since then Rob has been involved in both the senior and junior sectors of the mining industry worldwide and has held both executive and non-executive director positions in mining and exploration companies listed in South Africa, Australia, Canada and the UK.

Rob is currently chairman of Pangea Exploration, a private company active in exploration, mining project development and mining finance. He was appointed to the Metorex Board in February 2005 and is chairman of the Remuneration Committee.



The Group has repositioned itself for the future, with positive cashflows from its existing operations, an active development team and exciting growth prospects.

A S MALONE
Chairman



Our in-house skills include geology, mining, metallurgy, financial engineering and marketing.

The Group's repositioning in 2005, focusing on long-life, high margin projects, together with continued internal expansion, reflected itself in significantly increased earnings. All of the divisions contributed positively to the Group's performance which was reinforced by the robust commodity prices experienced during the second half of the year.

The highlights for the year were:

1. The commissioning of the Ruashi copper-cobalt concentrator;
2. The successful conversion of the Sable Zinc processing plant to a copper-cobalt SX/EW processing facility in Zambia;
3. The development and production build-up at Chibuluma copper mine in Zambia reaching design capacity in June 2006;
4. The successful completion of the 40% plant expansion at Vergenoeg fluorspar mine;
5. The Ruashi Phase 2 bankable feasibility study was completed.
6. A 302% increase in earnings per share.

1. FINANCIAL HIGHLIGHTS

	2005/6 (Rm)	2004/5 (Rm)	% change
Mineral sales	1 454	1 030	41
Cash costs	1 090	894	(22)
Depreciation	75	51	(47)
Mining profits	289	85	240
Other income, net	4	4	—
Profit before tax	293	89	229
Taxation	81	31	(161)
Profit from continuing operations	212	58	266
Discontinued operations	(2)	(12)	83
Profit for the year	210	46	357

Mineral sales from continuing operations increased by 41% and profit from mining operations increased by 240% compared with the previous financial year. The pleasing improvement in margins from 13% to 25% was achieved as a result of the metal prices and unit cost improvements. Expansions in three of the four divisions, higher commodity prices and continued cost control all contributed to record profits achieved.

Group operating cash costs increased by 16% of which 11% is attributable to volume increases at Chibuluma and Vergenoeg as well as the commissioning of the Sable processing facility in Zambia during the year. On a comparable basis, operating costs increased by 5%, which is a result of the focus on increased productivity and cost control. The financing costs were significantly lower than those of the previous year and the debt/equity ratio remained largely in line with the previous year's 11%, reflecting the improved Group profitability.

Discontinued operations comprised costs relating to the closure and holding costs of O'Okiep Copper Mine.

2. RUASHI PROJECT

The Ruashi project comprises a concentrator in the Democratic Republic of Congo ("DRC") and a processing facility situated in Kabwe, Zambia to produce copper cathode and cobalt carbonate. Cold commissioning of the Ruashi Mine concentrator commenced in June 2006 with the first ore feed to the plant having taken place during July 2006. This plant was constructed at a total cost of approximately USD33 million including certain costs recoverable from Societe Nationale Electricite ("SNEL"), the DRC power utility. Fine tuning of the plant and rectification of snagging are expected to take place over a three-month period with full production anticipated by the end of quarter 3 of 2006. This concentrator has a design capacity for the production of copper-cobalt concentrate containing 10 000 tons of copper and 1 000 tons of cobalt per annum during Phase 1 of the project.

A bankable feasibility study on Phase 2, which involves the expansion of the existing plant infrastructure, construction of a solvent extraction and electrowinning circuit together with an acid plant, has been completed together with lead financiers and technical advisers. The Phase 2 project is being fast tracked targeting first copper production in late 2007 or 18 months earlier than first forecast in order to take advantage of the current copper market. In this regard, site establishment has commenced, negotiations with SNEL having been largely concluded for the supply of electrical power and orders for long lead-time mechanical components are currently being placed. The major contractors have been appointed and agreement on an innovative win-win contract structure compared to the conventional EPCM is in place.

The Sable processing complex at Kabwe in Zambia was commissioned during May 2006 and has been producing a combination of standard and "A" Grade copper cathodes since then from purchases of third-party material. The leach and electrowinning circuits are commissioned and operational, with the solvent extraction plant expected to be commissioned in September enabling "A" Grade cathode to be produced consistently. The acid plant commissioning is expected in November 2006.

A combination of road and rail transport is presently being utilised for the movement of material from Lubumbashi (Ruashi) to Sable with a long-term target of the exclusive use of rail transport.

Both the Ruashi and Sable projects have become operational from initial site work to production in a period of less than 12 months which is a credit to the contractors and staff both on-site and in Johannesburg.

3. BASE METAL DIVISION – CHIBULUMA, RUASHI AND SABLE

The Chibuluma decline development continues opening up new reserves for exploitation and maintaining its full design capacity of 40 000 tons per month of ore milled. A preliminary investigation into the feasibility of expanding the throughput of the plant to a level of 50 000 tons per month is in progress and shareholders will be kept informed thereof.

Phase I mining of the Ruashi stockpiles has commenced and is expected to be at design production levels during quarter 3 of 2006.

The Sable processing facility is operating well and has commenced treatment of the Ruashi concentrate.

An evaluation of the zinc oxide dumps at Sable is in progress aimed at producing zinc metal from the oxides at a limited scale. A concurrent study on producing zinc from the sulphide dumps is in progress. Shareholders will be kept informed thereof.

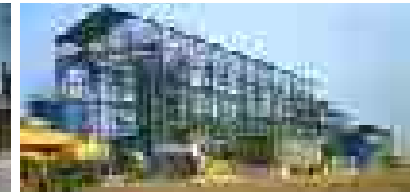
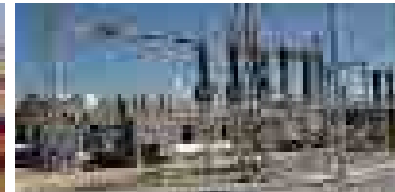
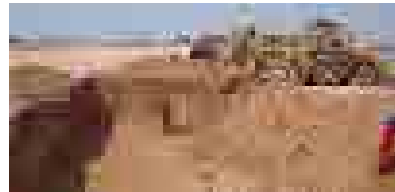
4. INDUSTRIAL MINERALS – VERGENOEG AND CONSOLIDATED MURCHISON

The demand for and pricing of antimony has been robust during the past year and the antimony grades mined at Consolidated Murchison Mine were improved from the previous year. This resulted in the production of approximately 6 000 tons of antimony or 8% of the world supply.

The expansion of the plant at Vergenoeg Mine has increased annualised production levels from 150 000 tons to 180 000 tons per annum. Quality improvements have enabled the mine to meet the requirements of the North American markets.

5. GOLD DIVISION – BARBERTON MINE

Barberton Mine produced meaningful earnings during the year. The underground development has been accelerated to enable an increase in production tonnage to fill the under-capacity of the Sheba mills and to enable improved grade control.



An evaluation of the regional geology was undertaken during the year and approval has been given to redevelop old workings abandoned in the early part of the 1900s. These workings yielded high-grade gold ore but development was abandoned due to water ingress problems.

6. COAL DIVISION – WAKEFIELD

Metorex and Umnotho weSizwe agreed to dispose of the coal assets to Shanduka Coal for an amount of R425 million. Whilst the Coal Division was a contributor to Group earnings, the Board was of the view that the purchase price offered for this division was attractive and that the ore reserve no longer met the requirements of high quality and long life. I wish to extend my thanks to the management and staff of the Coal Division for the expansions that have been completed during the last two years.

7. SAFETY AND TRAINING

The Group is committed to conducting its mining activities with due regard to the safety and health of its employees and runs approved training programmes through its respective training centres. Barberton Mines was awarded a one-million fatality-free shifts trophy for which the staff and management are to be commended. The Group, however, regrets the death of three employees through mining accidents during the past year.

8. GENERAL

BEE programmes for the Group are progressing with particular focus on the Mining Charter and the scorecard. Focus is being placed on the level of compliance with the elements of the scorecard with particular reference to procurement, social and community upliftment programmes and employment equity. Discussions are also being held with potential BEE equity participants.

New projects are being reviewed on an ongoing basis with present focus on projects situated in the DRC and Zambia. During the year, Ruashi Mining sprl acquired the right to the prospecting and development of the Musonoi copper/cobalt resource situated in close proximity to Kolwezi and the Sokoroshi I and Sokoroshi II copper/cobalt resource situated close to Lubumbashi in the DRC. Exploration programmes have been designed and exploration budgets approved for these deposits.

Drilling crews have been mobilised and exploration activity should commence during October 2006.

The Kasempa copper resource in Zambia is being evaluated through an exploration programme and the Chifupu copper resource situated south of Chibuluma Mines is also being investigated.

The Group has repositioned itself for the future, with positive cashflows from its existing operations, an active development team and exciting growth prospects. This repositioning has been augmented by a positive movement in commodity prices and is being further assisted by the recent weakening in the SA Rand/US Dollar exchange rate. These factors bode well for the future growth in earnings and new projects.

9. COMMODITY STATUS

The growth in world economies and industrial activity, with particular reference to the Asian Block and China, have resulted in substantial demand and increases in US Dollar-denominated commodity prices which enhanced the Group's earnings notwithstanding the continued strength of the South African Rand during the financial year. This international growth and demand for industrial commodities is also expected to remain firm in the short term, which, together with the increased production levels in the base metal and industrial mineral divisions of the Group and new production from the Ruashi and Sable projects, provides the Group with a positive outlook for growth in earnings

I would like to extend my thanks for the advice, guidance and support of the Board of Directors and senior management of the Group who have contributed to the development and growth of the Group during the past year. In particular the staff at all the mines have performed well, our relationships with the Unions remain constructive and cordial and we look forward to the ongoing development of the Group.

A S MALONE
Chairman

Statistical information

Commodity sales statistics

Commodity	Unit	2006	2005
Coal	(t)	3 407 960	3 394 428
Gold	(kg)	3 777	3 872
Antimony	(mtu)	585 600	500 021
Fluorspar (acidspar)	(dmt)	149 051	126 205
Copper	(t)	8 369	2 930

Average commodity prices achieved

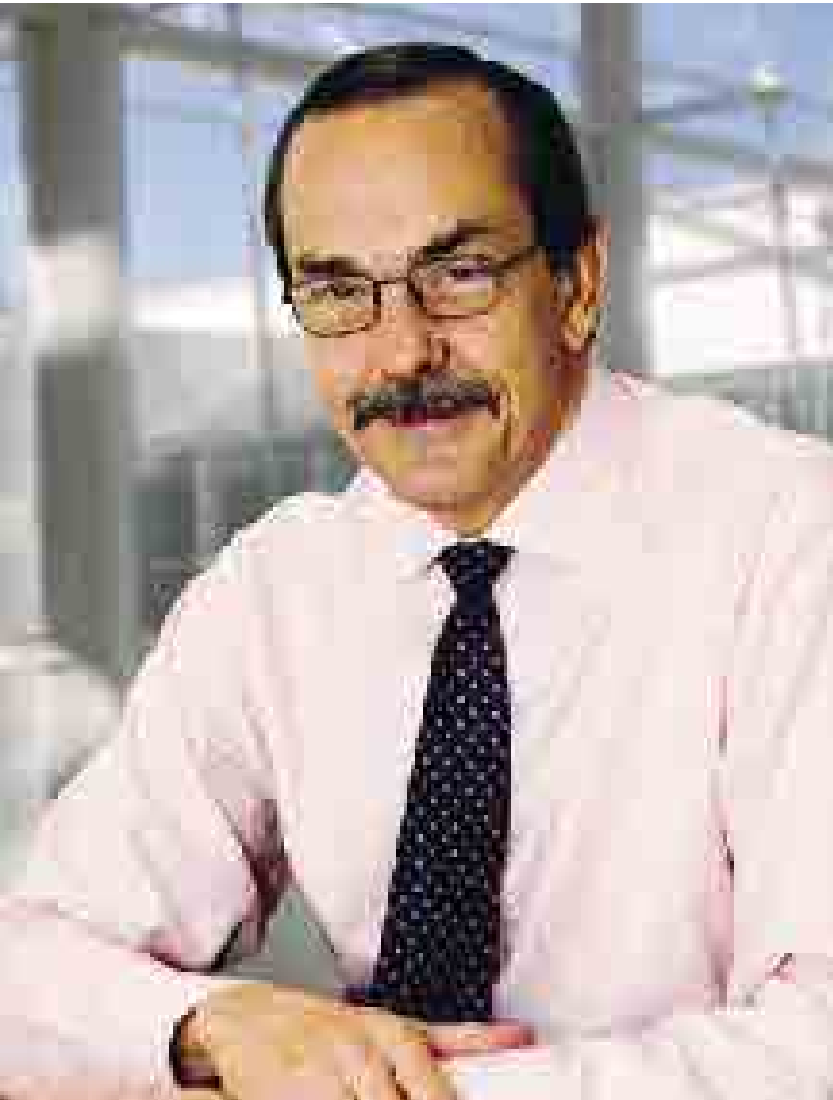
Commodity	Unit	2006	2005
Coal (excluding Eskom)	(R/t)	164	154
Gold	\$/oz R/kg	508 104 724	468 93 963
Antimony	(\$/mtu) (R/mtu)	44 283	31 191
Fluorspar (acidspar)	(\$/t) (R/t)	155 994	139 868
Copper	(\$/t) (R/t)	5 514 35 287	3 351 20 913
Exchange rate (average)	R/\$	6,4	6,2
Exchange rate (year-end)	R/\$	7,2	6,7

Capital expenditure

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

Company	Description	2006 R000	2005 R000
Wakefield Investments (Pty) Limited	– Mineral rights	–	15
	– Plant, machinery and development	64 540	24 152
	– Other	331	125
Barberton Mines (Pty) Limited	– Plant, equipment and development	12 633	11 796
Vergenoeg Mining Company (Pty) Limited	– Plant improvements and machinery	13 562	4 480
	– Land	3 691	135
	– Other	2 521	737
Consolidated Murchison Division	– Plant and machinery	3 767	1 522
	– Shaft systems	4 271	743
	– Buildings and infrastructure	2 080	–
	– Other	6	612
Chibuluma South Mine Limited	– Plant, machinery and development	62 017	43 136
Ruashi and Sable	– Mineral rights	66 074	36 114
	– Capital WIP	243 070	26 932
	– Plant and equipment	–	9 761
Metorex Limited	– Furniture and office equipment	170	44
Total capital expenditure for the year		478 733	160 304

Chief Executive Officer's review of operations



We have established a diversified commodity portfolio of mining operations that generates strong cashflows, thereby providing the platform for the development of future growth targets.

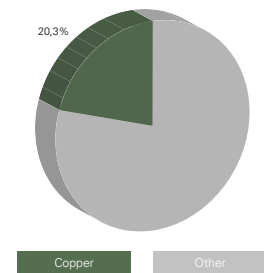
A handwritten signature in black ink, appearing to read "Charles Needham". The signature is stylized and cursive.

CHARLES NEEDHAM
Chief Executive Officer

Base metals

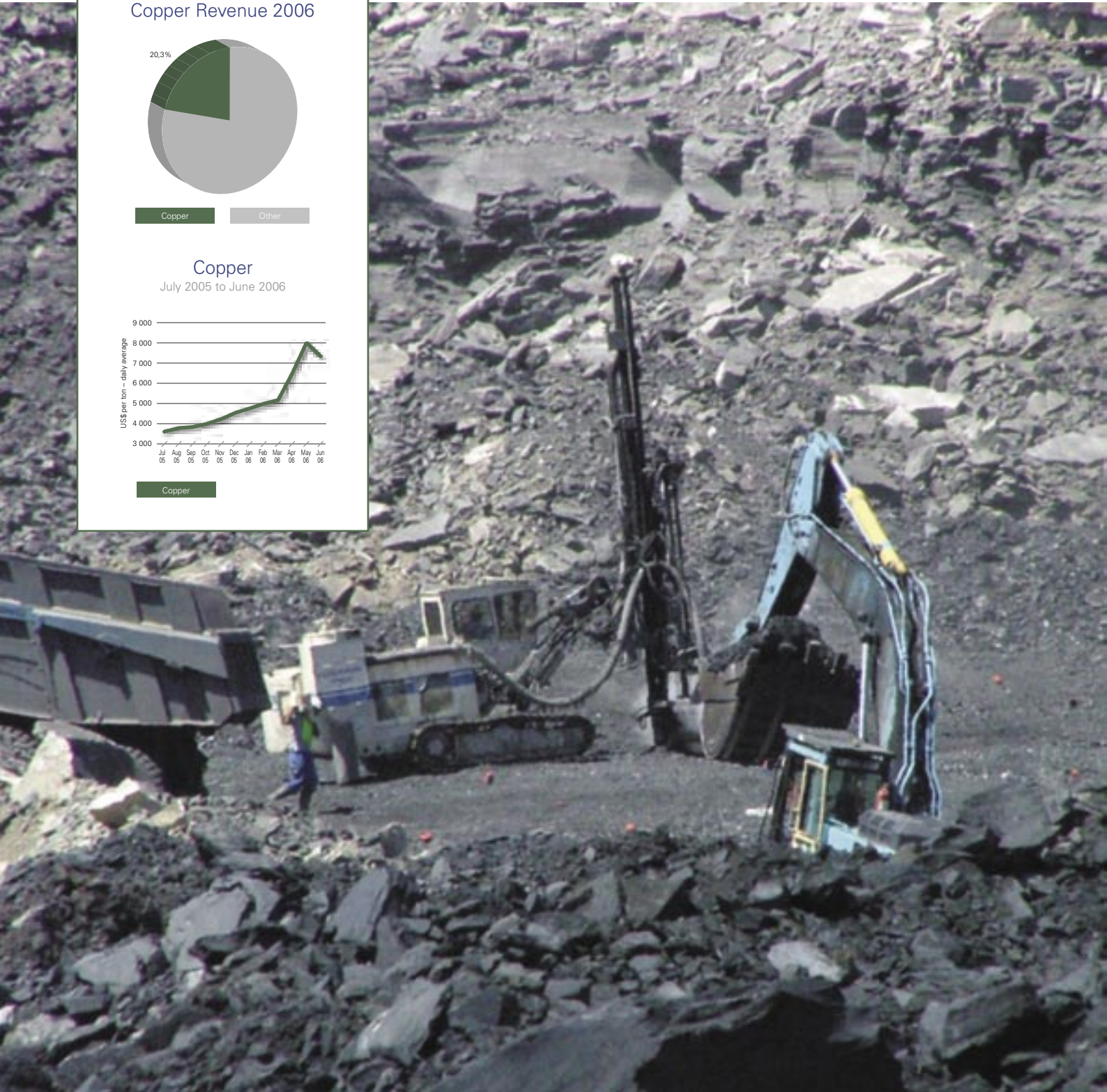
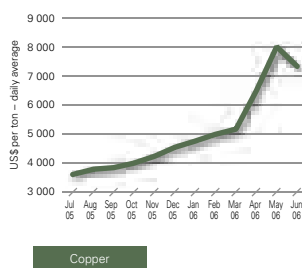
Chibuluma Mines plc ("Chibuluma")

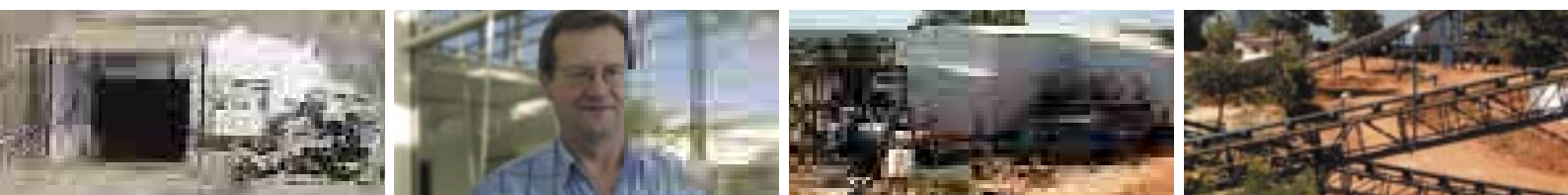
Copper Revenue 2006



Copper

July 2005 to June 2006





Edward Mounsey
General Manager

Directors

C D S Needham (Chairman)
K C Spencer (Managing)
G Chibuye
D H Littleford
A S Malone
L Nkhata

Management

Edward Mounsey
General Manager

Malcolm Bullock
Financial Manager

Jan Trouw
Mining Manager

Alick Miti
Safety and Security Manager

Dr Chris Kawesha
Chief Medical Officer

Maritz Smith
Divisional Financial Controller

Profile

The Group's base metal activities consist of Chibuluma south, its copper-producing mine in Zambia, Ruashi Mining sprl, its copper and cobalt business in the DRC, and Sable Zinc, situated in Kabwe, Zambia.

Chibuluma South		2006[†]
Tons milled	(t)	363 311
Headgrade	(%)	2,7
Concentrator and smelter recovery	(%)	81,6
Copper produced	(t)	8 002
Copper sold	(t)	8 017
Average price	(\$/t)	5 427
Cash cost/ton sold	(\$/t)	2 984
Cash-mining profit margin*	(%)	45

[†] First year of production.

* Cash-mining profit as percentage of gross revenue.

Business review

Mining and development of the Chibuluma South Mine commenced at the start of the financial year, during which production has ramped-up to the design capacity of 40 000 tons per month of ore milled. The headgrade has been affected by a barren area within the orebody in the upper levels, which is pinching out with depth with anticipated increased headgrades going forward. The South mine and concentrator are operating efficiently and production levels are expected to be improved during the forthcoming financial year.

The decline shaft development continues to be accelerated in order to establish ore reserve access for approximately 12 months ahead of mine production. The contribution to the Group earnings for the year, at a cash-mining profit margin of 45%, has been significant and resulted in a 37% contribution to the Group EBITDA.

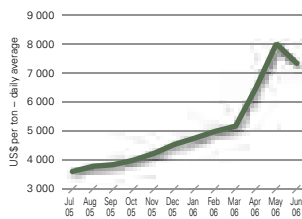
With the mine now running at design capacity, and significantly higher copper prices, profits are geared to increase exponentially during the forthcoming financial year.

Base metals

Ruashi Mining sprl ("Ruashi")

Copper

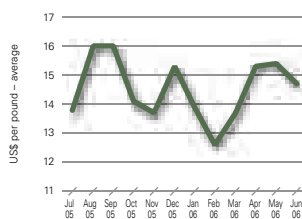
July 2005 to June 2006



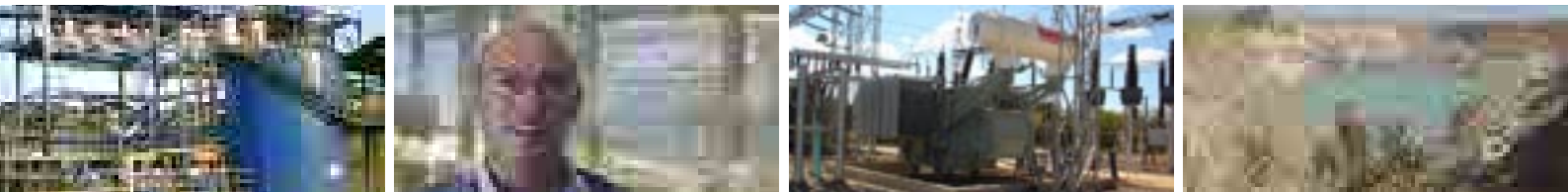
Copper

Cobalt

July 2005 to June 2006



Cobalt



Grant Dempsey
General Manager

Members

C D S Needham (*Chairman*)

A S Malone

Z M Mashala

D vd M Viljoen

Management

Grant Dempsey

General Manager

Edward Legg

Metorex Project Manager

Paul Inbona

Financial Manager

Gareth Thomson

Financial Controller

Profile

Ruashi Mining sprl, the Group's copper and cobalt business registered in the Democratic Republic of the Congo, is situated 10 kilometres from Lubumbashi in the Katanga Province, in the southernmost area of the DRC. Its shareholding is owned 80% by Ruashi Holdings (Pty) Ltd and 20% by state-owned Gecamines (La Générale des Carrières et des Mines). Metorex Limited holds 84% of Ruashi Holdings (Pty) Ltd.

Ruashi has the rights to process the ore stockpiles on Ruashi and Etoile, which constitutes Phase I of the project. Ruashi further has the rights to exploit the Ruashi orebody which will constitute Phase II of the project.

Business review

The Ruashi capital development programme is largely complete with cold commissioning of the concentrator having commenced in June 2006 and first ore feed to the plant during July 2006. The fine-tuning of the plant and rectification of snagging is taking place concurrently with the production build-up, which at mid-August 2006 was at approximately 50% of design capacity. This build-up is expected to be complete shortly. The design capacity of the Ruashi concentrator is for the production of copper/cobalt concentrate containing 10 000 tons of copper and 1 000 tons of cobalt per annum in Phase I.

A bankable feasibility study on Phase II of the Ruashi project, which involves the expansion of the existing plant infrastructure, construction of a solvent extraction, electrowinning circuit and acid plant, and an increase in mining volumes, is complete and has been submitted to the lead financiers for funding.

Phase II is being fast-tracked with site establishment procedures having commenced, negotiations with Société Nationale d'Electricité ("SNEL") having been initiated and the sourcing of electrical and mechanical components for the expanded plant under way. In addition, a drilling team has been mobilised for the evaluation of the Musonoi and Sokoroshe exploration targets situated in the Kolwezi and Lubumbashi regions respectively, which were granted to Ruashi Mining sprl in terms of amendment three of the agreement.

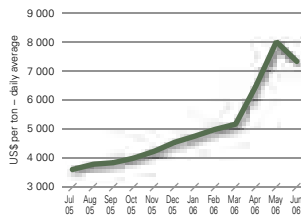
The movement of material from Lubumbashi to Sable by rail is deemed to be the most sensible long-term option, but teething problems are being encountered with implementing this structure. A combination of road and rail transport is presently being utilised.

Base metals

Sable Zinc Kabwe Limited ("Sable")

Copper

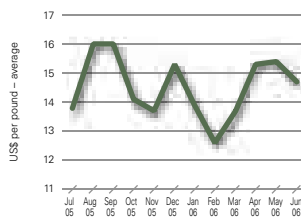
July 2005 to June 2006



Copper

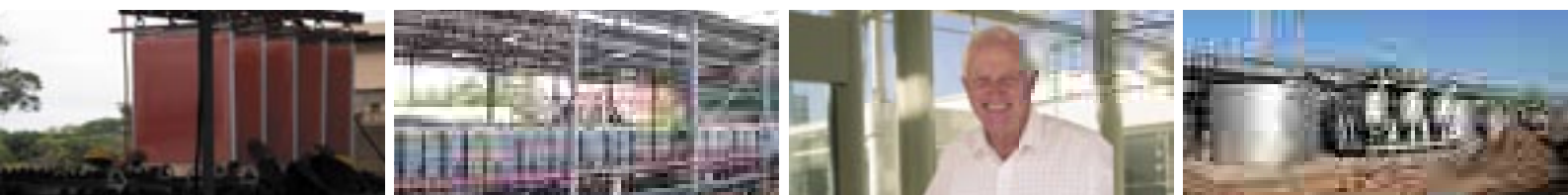
Cobalt

July 2005 to June 2006



Cobalt





Dave Littleford

General Manager

Directors

C D S Needham *(Chairman)*

D H Littleford

A S Malone

D A R Phiri

Management

David Littleford

General Manager

Punit Sharma

Finance Manager

Benson Kaacha

Electrical Engineer

Allan McInnes

Maintenance Engineer

Profile

Sable Zinc Kabwe Limited is located approximately two kilometres south of the Kabwe town centre in the Central Province of the Republic of Zambia, some 150 kilometres north of Lusaka. The processing facility is situated close to the main road, as well as the main railway line between the Copperbelt and Lusaka, and is accessed via a tarred road.

Business review

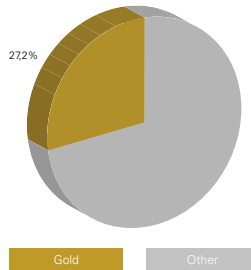
The Sable processing complex at Kabwe in Zambia was commissioned during May 2006 and has been producing a combination of standard and A-grade copper cathode since that date from purchases of third-party material. The leach and electrowinning circuits are commissioned and operational with the solvent extraction plant expected to be commissioned in September 2006, enabling it to process the Ruashi concentrates on arrival.

Acid is being purchased by Sable until such time as the acid plant is commissioned.

Gold

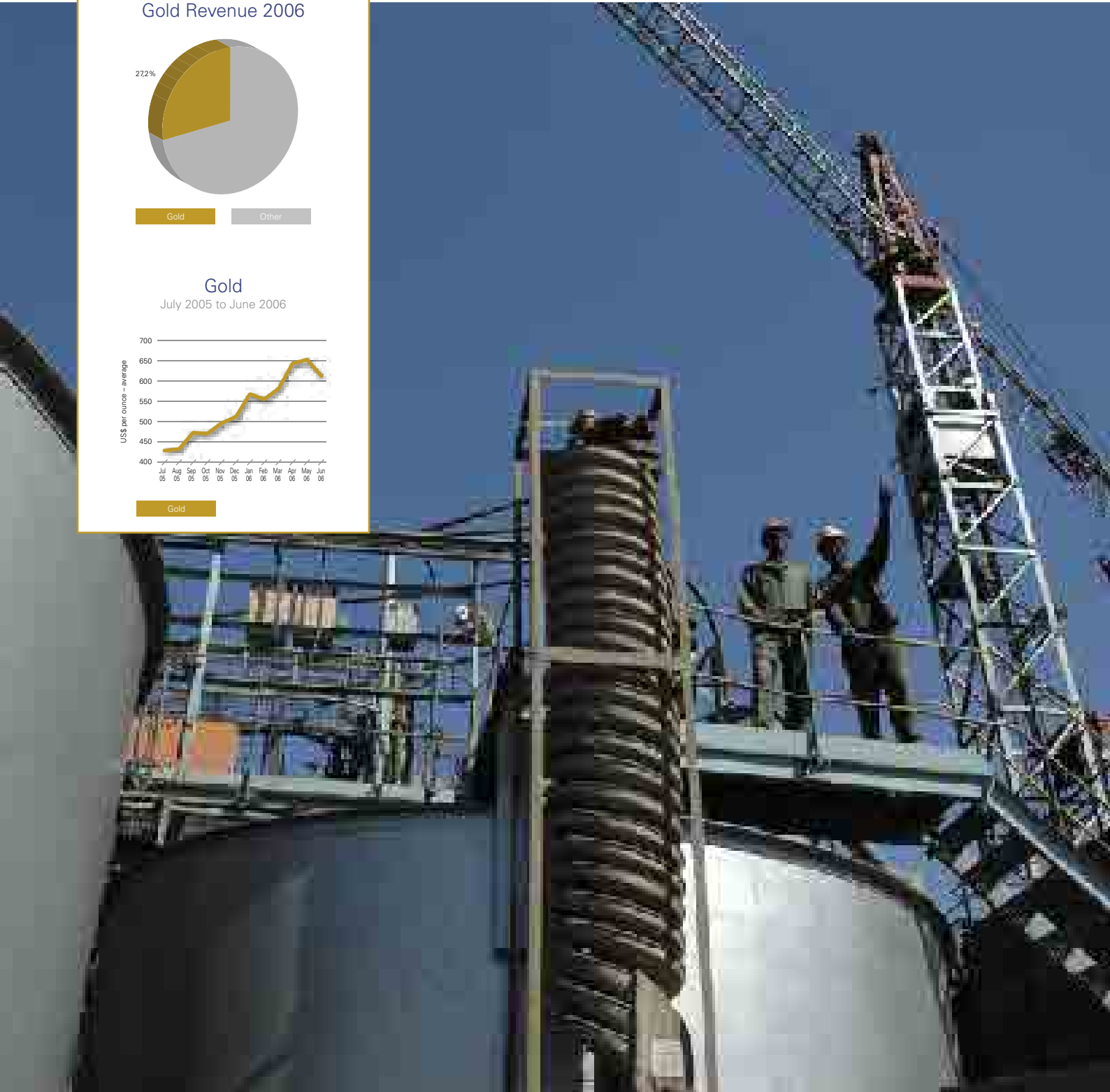
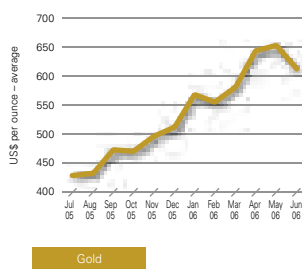
Barberton Mines (Proprietary) Limited ("Barberton")

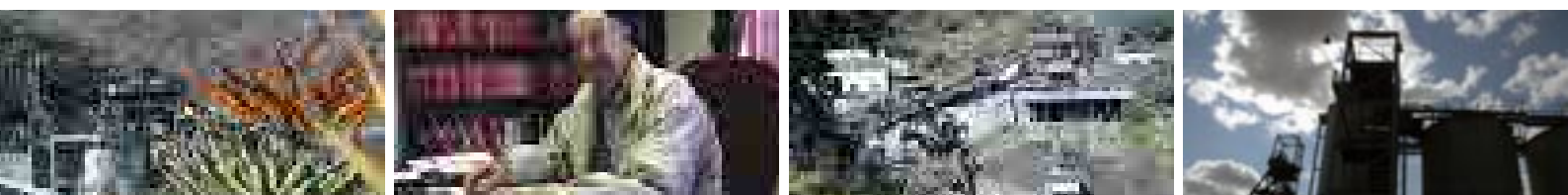
Gold Revenue 2006



Gold

July 2005 to June 2006





Tony de Beer
General Manager

Directors

C D S Needham (Chairman)

K C Spencer (Managing)

A S Malone

M C Ramaphosa

R M Smith (Alternate)

Management

Tony de Beer

General Manager

Craig de Billot

Finance and Administration Manager

Richard von Bardeleben

Technical Manager

Dario Negri

Engineering Manager

André van den Bergh

Human Resources Manager

Gerbrand van Heerden

Divisional Financial Controller

Profile

The Group's gold-mining activities are conducted in the Barberton Area of the Mpumalanga Province. Barberton consists of three operating mines: Sheba, New Consort and Fairview. The group's total mineral reserves approximates 2,0 million tons and 16 000 kg of gold, whilst total mineral resources are more than 7,8 million tons and 55 000 kg of gold.

Barberton		2006	2005
Tons milled	(t)	313 779	316 094
Headgrade	(g/t)	10,7	11,1
Overall recovery	(%)	92	92
Produced	(kg)	3 088	3 230
Sold	(kg)	3 108	3 201
Price: Spot	(R/kg)	108 683	86 265
Hedge	(R/kg)	90 047	101 890
Total cash cost/kg	(R/kg)	88 177	85 073
Cash mining profit margin*	(%)	16	12

* Cash mining profit as percentage of gross revenue

Business review

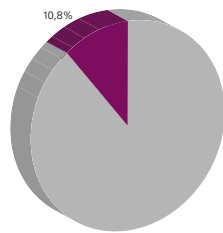
Barberton Mines' gold production was largely in line with that of the previous year. The effects of the introduction of larger underground machines at Fairview mine and the establishment of underground access between Fairview mine and Sheba mine, are planned to result in a 10% increase in gold production during the forthcoming year. The gold price has assisted in lifting the cash-mining profit margin from 12% during the previous year to 16% in the current year.

Whilst the gold headgrade is high by South African gold industry standards, as a greenstone belt deposit, its grade is highly variable.

Industrial minerals

Vergenoeg Mining Company (Proprietary) Limited ("Vergenoeg")

Fluorspar Revenue 2006

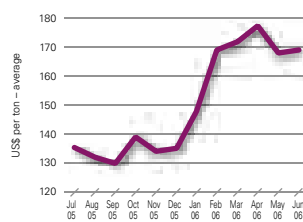


Fluorspar

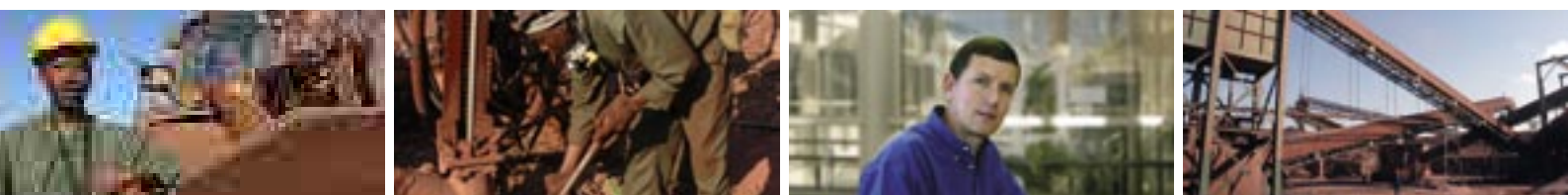
Other

Fluorspar

July 2005 to June 2006



Fluorspar



Dennis Cooke
General Manager

Directors

C D S Needham (Chairman)
E W Legg (Managing)
J S Alonso
A Barrenechea
D A Cooke (Alternate)
A S Malone

Management

Dennis Cooke
General Manager

Flip Opperman
Financial Manager

Hugo Pretorius
Engineering Manager

Hennie Terblanche
Mining Manager

Greg Brooker
Metallurgical Manager

Gareth Thomson
Divisional Financial Controller

Profile

Vergenoeg is the world's largest fluorspar resource with a lifespan of 100 years at current production rates. Situated 150 kilometres north of Johannesburg, the company boasts a state-of-the-art concentrator enabling it to meet market demand. The company's resources, excluding reserves, totals 208 million tons. The Group's partner, Spanish-based Minerales Y Productos Derivados SA, also provides the company with product marketing service and advice on metallurgical processing.

Vergenoeg		2006	2005
Tons milled	(t)	470 623	428 976
CaF ₂ grade	(%)	43,3	42,6
CaF ₂ recovery	(%)	73,7	70,8
Acidspar produced	(dmt)	155 007	129 454
Acidspar sold	(dmt)	149 051	126 205
Price (acidspar)	(\$/dmt)	155	138
Total cash cost/ton	(R/t)	755	776
Cash-mining profit margin*	(%)	28	20

* Cash-mining profit as percentage of gross revenue

Business review

During the first quarter of 2006 Vergenoeg successfully completed an expansion programme aimed at achieving a 40% increase in production.

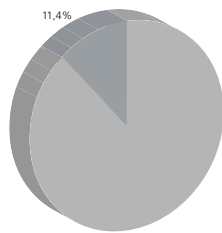
For the 2006 year, acidspar production increased by 20% with improvements in both the feed grade and plant recovery. Fluorspar sales volume increased by 18% and at improved prices, resulted in a reduction in the cash cost per ton sold and an improvement in the cash-mining profit margin from 20% to 28%.

The recent weakening of the ZAR/US Dollar exchange rate, stable fluorspar prices and the full effects of the expansion programmes completed in 2006, bode well for the 2007 financial year.

Industrial minerals

Consolidated Murchison ("Cons Murch")

Antimony Revenue 2006

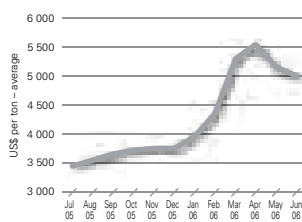


Antimony

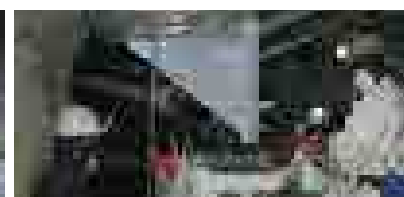
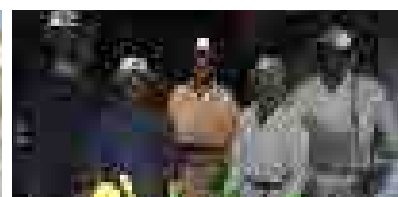
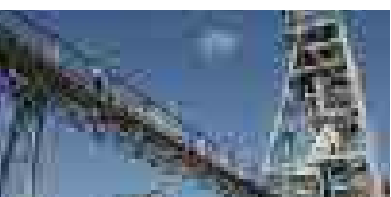
Other

Antimony

July 2005 to June 2006



Antimony



Wessel Joubert
General Manager

Executive committee

C D S Needham (Chairman)

A S Malone (Managing)

W J Joubert

E W Legg

K C Spencer

Management

Wessel Joubert

General Manager

Simon Malone

Divisional Executive

Willem Bodenstein

Financial Manager

Colin Willson

Technical Services Manager

Koos Venter

Metallurgical Manager

Maritz Smith

Divisional Financial Controller

Profile

Situated in the Limpopo Province, Cons Murch is the single largest antimony orebody known in the world, and has produced in excess of nine million tons of high-grade stibnite ore. Gold is produced at Cons Murch as a co-product of antimony.

Cons Murch			2006	2005
Tons milled		(t)	447 547	437 798
Produced:	Sb	(mtu)	576 317	502 194
	Au	(kg)	675	672
Sold:	Sb	(mtu)	585 600	500 021
	Au	(kg)	669	671
Price:	Sb	(\$/mtu)	44,2	30,7
	Au	(\$/oz)	560	416
Total cash cost/mtu [†]		(R/mtu)	209	194
Cash-mining profit margin*		(%)	18	(1)

[†]Net of gold revenue

*Cash-mining profit as percentage of gross revenue

Business review

Antimony production and sales volumes have increased by approximately 16% as a result of improved antimony grades. The antimony price has increased by 44% in US Dollar terms and 48% in Rand terms. The cash cost per mtu sold has increased by 8% as a result of higher off-mine charges, which are proportionate to the higher antimony price. The earnings contribution for the year increased from a negative contribution in 2005 to a 13% contribution to the Group EBITDA for the current year.

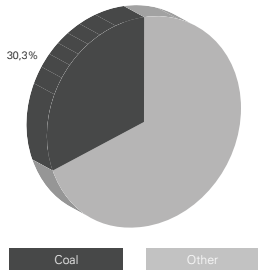
The higher mineral prices have enabled a 50% increase in the development rate to occur, which will have the combined impact of improving mining flexibility and protecting the operation during mineral price downturns.

Evaluative work is currently taking place with regard to the potential of re-equipping the Athens and Gravelotte shafts to access additional ore resources/reserves.

Coal

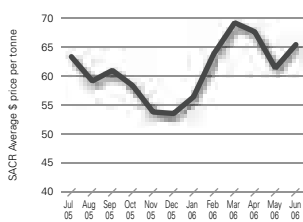
Wakefield Investments (Proprietary) Limited ("Wakefield")

Coal Revenue 2006



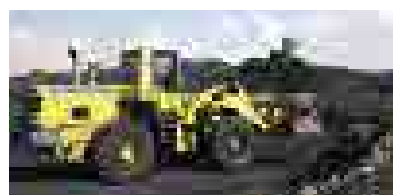
Coal

July 2005 to June 2006



Coal





Cezary Loboda
General Manager

Directors

A S Malone (Chairman)
K C Spencer (Managing)
D E Gibbon
V Nkosi

Management

Cezary Loboda
General Manager

Kobus van Wyk
Financial Manager

Renier van der Merwe
Engineering Manager

Janusz Kruc
Mining Manager – Underground

Maritz Smith
Divisional Financial Controller

Profile

Wakefield consists of four collieries: Leeuwfontein, Bankfontein, Lakeside and Middelburg Townlands and is situated some 120 kilometres east of Johannesburg in the Mpumalanga Province. Wakefield has an annual production capacity in excess of 2,5 million tons of "B" grade coal. It enjoys significant coal supply contracts with the country's major power utility ("ESKOM").

Wakefield		2006	2005
ROM production (excl. Eskom)	(t)	4 472 890	4 440 714
Yield	(%)	56	57
Produced	(t)	2 486 234	2 531 983
Sold (excl. Eskom)	(t)	2 511 627	2 317 208
Sold – Eskom	(t)	896 333	1 077 220
Average price (excl. Eskom)	(R/t)	164	154
Total cash cost/ton (excl. Eskom)	(R/t)	139	123
Cash-mining profit margin*	(%)	21	26

* Cash-mining profit as percentage of gross revenue

Business review

The run of mine coal production for the year was largely in line with that of the previous financial year and was hampered by strike action during the first two months of the financial year at the underground mining operations.

Coal sales, excluding Eskom, increased by 8% during the year, which is mainly attributable to increased production levels from the Middelburg Townlands Colliery. Eskom discard dump coal sales, however, declined by 17%.

The average coal price achieved increased by 7% from that of the previous year and unit operating costs increased by approximately 13% due to higher overburden stripping costs and particularly the higher diesel price. The cash mining profit margin declined to 21% from 26% the previous year.

Further to a company announcement dated 7 July 2006, a Definitive Sale of Shares Agreement was signed subsequent to year-end, whereby Metorex has agreed to sell its 74% interest in Wakefield for R314,5 million.

Corporate governance

The Group endorses the code of corporate governance as set out in the King II Report. In the opinion of the directors, the Group has complied in all material respects with the code of King II throughout the current financial year.

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

Best business practice in respect of corporate governance and internal controls throughout the Group were adhered to and specifically with regard to:

Annual financial statements

In accordance with the requirements of the Companies Act, 1973, the directors are responsible for the preparation of annual financial statements, which fairly present the state of affairs of the Company and the Group and that the accounting policies, supported by reasonable and prudent judgements and estimates, have been applied consistently. The directors are further responsible 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 International Standards on Auditing.

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 chief executive officer were separated at the beginning of the financial year. Mr Charles Needham was appointed Chief Executive on 1 July 2005 and Mr Simon Malone continued as Chairman.

The separation of the two abovementioned offices brought about changes to the constitution of the Board. The Board of Directors currently comprises two independent non-executives, one 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. One

third of the directors and those appointed subsequent to the previous annual general meeting are subject, by rotation, to retirement and can offer themselves for re-election at the annual general meeting in terms of the Company's articles of association (refer to the notice of the annual general meeting).

The Board of Directors' meetings were attended by all directors.

Accountability and control

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

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

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

Risk management

There is no formalised risk committee, however, the Board of Directors, meets quarterly and is responsible for the Group's system of internal financial and operational control. The Group's internal controls are designed to provide reasonable, but not absolute, assurance with regard to the integrity and reliability of the financial statements and to safeguard, verify and maintain accurate records of the Group's assets and efficient management of the Group's resources, and facilitate the early detection of potential fraud, liability, loss and material misstatement, whilst complying with applicable laws and regulations.

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

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

Audit Committee

Messrs A J Laughland and C D S Needham serve as members of the Audit Committee, which meets quarterly. The Audit Committee meetings were attended by all members.

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, as set out in the formal terms of reference, are to review the financial statements and accounting policies, the effectiveness of internal controls and to review and discuss the risks facing the Group and the findings and recommendations of the internal and external auditors. The use of auditors for non-audit services is controlled by the committee.

Internal audit

The internal audit function provides management with an independent objective consulting and assurance service that reviews matters relating to control, risk management and corporate governance. The function's responsibility is to independently assess and appraise the systems of internal control and the policies and procedures of the Group, in order to monitor how adequate and effective they are in ensuring the achievement of organisational objectives, the relevance, reliability and integrity of management and financial information, the safeguarding of assets and compliance with relevant policies, procedures, laws and regulations.

The internal audit function reports directly to the Audit Committee.

Remuneration Committee

The committee, which comprises Messrs A S Malone, A Barrenechea and R G Still, meets quarterly and reviews directors' salaries. This is done by reviewing salaries in the marketplace to ensure that the Company is competitive and offers reward for individual contributions which enhance the performance and achievements of the Group. The directors' remuneration and emoluments are disclosed on page 63 of the annual report.

Company secretary and professional advice

The Company Secretary is appointed by the Board. The Company Secretary's statement of compliance is set out on page 30 of the financial statements.

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

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

Employment equity

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

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

Safety, health and environmental management

The Group's safety record for the year is set out in the supplementary information.

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

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.

Black economic empowerment

The Group's South African operations are all empowered with the exception of Vergenoeg and Consolidated Murchison division. Significant effort is being focused towards complying with the Mining Charter scorecard.

Stakeholder communication

The Group is committed to transparency and to ensuring regular and open communication with its various stakeholders. The members of the Group's executive committee, and more specifically the executive directors, are available at all times to address shareholder queries

and concerns. All communication takes full cognisance of the obligations placed on the Group by its listing and the regulatory environment in which it operates.

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

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

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

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

Segmental analysis

for the year ended 30 June 2006

Primary segmental information

	Fluorspar				Coal				Copper/Cobalt			
	2006		2005		2006		2005		2006		2005	
	R000	%	R000	%	R000	%	R000	%	R000	%	R000	%
Total sales	156 546	11	122 743	12	440 779	30	385 765	37	295 313	20	61 276	6
Intergroup sales	—	—	—	—	—	—	—	—	—	—	—	—
External sales	156 546	11	122 743	12	440 779	30	385 765	37	295 313	20	61 276	6
Mining profit/(loss) before depreciation	43 947	12	21 661	16	91 985	25	98 149	72	133 684	37	(8 056)	(6)
Depreciation	8 201	11	7 130	14	21 763	29	14 005	28	17 066	23	2 503	5
Discontinued operations – loss	—	—	—	—	—	—	—	—	2 244	100	12 439	100
Profit/(loss) on closure of hedges, net	—	—	(394)	(2)	—	—	—	—	—	—	—	—
Capital Expenditure	19 774	4	5 353	3	64 271	13	24 292	15	371 161	78	115 942	73
Assets†	107 131	6	95 835	7	236 219	14	197 208	15	892 617	52	377 927	29
Liabilities#	23 545	5	17 433	6	69 954	14	62 583	22	201 191	40	53 742	19

Secondary segmental information

	AFRICA				SWITZERLAND				USA			
	2006		2005		2006		2005		2006		2005	
	R000	%	R000	%	R000	%	R000	%	R000	%	R000	%
Total sales by customer location	1 123 880	77	811 203	79	16 237	1	21 247	2	161 146	11	110 017	11
Assets†	1 723 379	100	1 298 993	100	—	—	—	—	—	—	—	—
Liabilities#	501 783	100	279 842	100	—	—	—	—	—	—	—	—
Capital expenditure	478 733	100	160 304	100	—	—	—	—	—	—	—	—

Segmental analysis – continued

for the year ended 30 June 2006

Antimony/Gold				Other				Group	
2006		2005		2006		2005		2006	2005
R000	%	R000	%	R000	%	R000	%	R000	R000
561 469	39	459 429	45	—	—	796	—	1 454 107	1 030 009
—	—	—	—	—	—	—	—	—	—
561 469	39	459 429	45	—	—	796	—	1 454 107	1 030 009
93 956	26	24 933	18	548	—	(1 178)	—	364 120	135 509
28 221	37	26 852	53	110	—	107	—	75 361	50 597
—	—	—	—	—	—	—	—	2 244	12 439
—	—	21 689	102	—	—	—	—	—	21 295
23 357	5	14 673	9	170	—	44	—	478 733	160 304
393 890	23	393 403	30	93 522	5	234 620	18	1 723 379	1 298 993
141 111	28	99 748	36	65 982	13	46 336	17	501 783	279 842

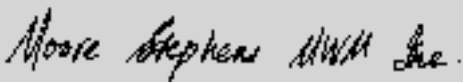
† Excludes taxation (Current and Deferred).

Excludes interest-bearing debt and taxation (Current and Deferred).

OTHER				GROUP	
2006		2005		2006	2005
R000	%	R000	%	R000	R000
152 844	11	87 542	8	1 454 107	1 030 009
—	—	—	—	1 723 379	1 298 993
—	—	—	—	501 783	279 842
—	—	—	—	478 733	160 304

Group secretary's certification

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

per 

MOORE STEPHENS MWM INC.

Secretary's

16 October 2006

Directors' approval

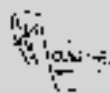
To the members of Metorex Limited

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

The directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and the financial statements have accordingly been prepared on a going-concern basis.

It is the responsibility of the external auditors to express an opinion on the financial statements.

The annual financial statements, set out on pages 32 to 66, were approved by the Board of Directors on 16 October 2006 and are signed on its behalf by:



A S MALONE

Chairman



C D S NEEDHAM

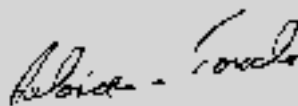
Managing Director

Report of the independent auditors

We have audited the annual financial statements and Group annual financial statements of Metorex Limited set out on pages 32 to 66 for the year ended 30 June 2006. 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.

We conducted our audit in accordance with International Standards on Auditing. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 2006 and the results of their operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.



Deloitte & Touche

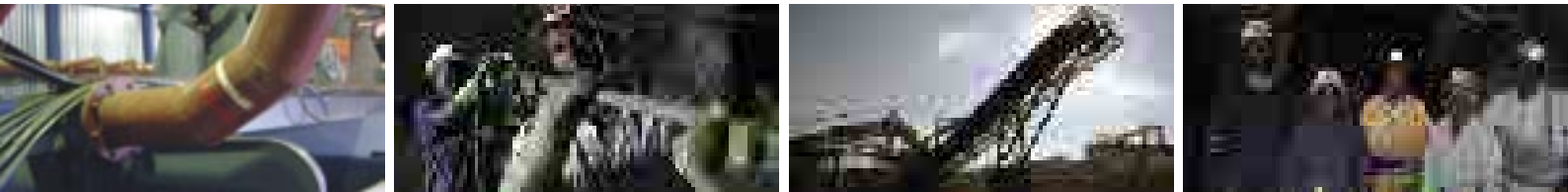
Registered Auditors

Per I Marshall
Partner

16 October 2006
Buildings 1 and 2, Deloitte Place
The Woodlands Office Park Woodlands Drive
Sandton

National Executive: G G Gelinck *Chief Executive*, A E Swiegers *Chief Operating Officer*, G M Pinnock *Audit*, D L Kennedy *Tax*, L Geeringh *Consulting*, M G Crisp *Financial Advisory*, L Bam *Strategy*, C R Beukman *Finance*, T J Brown *Clients & Markets*, S J C Sibisi *Public Sector and Corporate Social Responsibility*, N T Mtoba *Chairman of the Board*, J Rhynes *Deputy Chairman of the Board*.

A full list of partners and directors is available on request



Contents

32: Directors' report

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39: Statement of changes in equity

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Directors' report

Nature of business

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

Financial results

The results for the year are set out in the audited annual financial statements which appear on pages 32 to 66.

Share capital

The authorised and issued share capital of the Company is detailed in Note 16 to the annual financial statements.

Shares issued

- 1) 31 August 2005: 3,3 million shares at R4,41 per share;
18 October 2005: 2,9 million shares at R5,05 per share;
– To increase the Company's shareholding in Ruashi Holdings from 76% to 84%.
- 2) July 2005 – June 2006: 2,9 million shares at an average of R2,54 per share
– Share option implementations.

A cumulative amount of 11,1 million (2005: 12,8 million) share options are available for implementation in terms of the Metorex Limited Share Incentive Scheme. Share options are offered at the ruling market price and implementation may only commence two years after the date of acceptance of the offer. Options of

1,2 million shares at a weighted average price of R7,49 per share were offered to Group employees during the year and 2,9 million share options were exercised at an average price of R2,54 per share.

Directors

The board of directors at the date of this report comprised:

A S Malone (Chairman); C D S Needham (Chief Executive); A Barrenechea*^, A J Laughland*~; K C Spencer; E W Legg; R G Still*^

*non-executive, ~British; ^Spanish; ^Independent

In terms of the articles of association of the Company, Messrs E W Legg, R G Still and A Barrenechea are due to retire. However, being eligible, they offer themselves for re-election.

Special resolution adopted

At the annual general meeting held on 17 November 2005, the Company's members approved a special resolution, which provided the Company with a general authority to acquire its own securities.

Group Company Secretary

Moore Stephens MWM Inc
7 West Street
Houghton 2195, South Africa
(PO Box 1574, Houghton 2041)

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

	Beneficial 2006		Beneficial 2005	
	Direct	Indirect	Direct	Indirect
A S Malone	—	15 745 923	—	20 745 923
C D S Needham	1 409 012	501 074	1 308 652	501 074
A Barrenechea	—	494 857	—	203 481
K C Spencer	—	22 500	—	22 500
E W Legg	74 500	—	44 500	—
RG Still	—	200 000	—	—
	1 483 512	16 964 354	1 353 152	21 472 978

Dividends

In view of the funding requirements of the new projects and capital-intensive expansion plans in three of the four divisions, the Board considers it inappropriate to declare a dividend for the year ended 30 June 2006 (2005: Rnil).

Subsidiaries

Refer to Note 13 of the annual financial statements for details of subsidiary companies.

Subsequent events

Subsequent to year-end, the following events occurred:

- 1) A definitive sale of shares agreement has been signed in terms of which Metorex and Umnotho weSizwe have, subject to the fulfilment of certain conditions precedent, disposed of Wakefield to Shanduka Coal for R425 million. Refer to Note 32 for details of the sale.
- 2) Acquisition of Crew Gold Corporation's 20% interest in Barberton Mines for R84 million, settled by an issue of 7 460 036 new ordinary shares.

Major shareholders (unaudited)

At 30 June 2006 the following shareholders held more than 5% of the 289 026 203 ordinary shares in issue:

Shareholder	Number of shares	%
Allan Gray Asset Managers	55 753 584	19,3
Rand Merchant Bank Limited	29 497 355	10,2
Sepiol S.A.	16 300 000	5,6
Metallica Trust*	14 519 269	5,0

*A S Malone is a beneficiary of the trust.

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 (unaudited)

Range of shareholding	Number of shareholders	% of shareholders	Number of shares	% of shares
0 – 1 000	1 066	27,8	568 152	0,2
1 001 – 5 000	1 345	35,0	3 844 249	1,3
5 001 – 10 000	522	13,6	4 206 794	1,5
10 001 – 50 000	595	15,5	13 647 231	4,7
50 001 – 100 000	102	2,7	7 454 315	2,6
100 001 – 1 000 000	160	4,2	48 236 551	16,7
1 000 001 and above	46	1,2	211 068 911	73,0
	3 836	100,0	289 026 203	100,0
Individuals	3 201	83,5	18 856 091	6,5
Banks & Trust funds	235	6,1	135 071 584	46,7
Companies	314	8,2	107 601 173	37,3
Corporate bodies	86	2,2	27 497 355	9,5
	3 836	100,0	289 026 203	100,0
Non-public shareholders:	8	0,2	103 801 305	35,9
Directors	6	0,2	18 447 866	6,4
Associates	1	—	102 500	—
10%+ holdings	2	—	85 250 939	29,5
Public shareholders	3 827	99,8	185 224 898	64,1
	3 836	100,0	289 026 203	100,0

Income statement

for the year ended 30 June 2006

	Notes	Group		Company	
		2006 R000	2005 (Restated) R000	2006 R000	2005 (Restated) R000
Continuing operations					
Revenue					
Mineral sales					
Copper		295 313	61 276	—	—
Coal		440 779	385 765	—	—
Fluorspar		156 546	122 743	—	—
Gold		395 544	363 823	71 142	55 968
Antimony		165 925	95 606	165 925	95 606
Other		—	796	—	8
Gross revenue		1 454 107	1 030 009	237 067	151 582
Realisation costs		128 390	84 167	39 704	23 341
On-mine revenue		1 325 717	945 842	197 363	128 241
Cost of production	2	1 036 958	860 930	173 820	149 045
Mining profit/(loss)		288 759	84 912	23 543	(20 804)
Profit on closure of hedges, net		—	21 295	—	—
Other income/(expenditure), net	4	7 184	(6 823)	69 170	38 083
Operating profit before finance costs	5	295 943	99 384	92 713	17 279
Finance income		8 158	3 817	14 414	4 908
Finance costs	6	(11 576)	(13 786)	(3 483)	(5 633)
Profit before taxation		292 525	89 415	103 644	16 554
Income tax expense/(credit)	7	80 625	30 850	18 867	(2 496)
Profit for the year from continuing operations		211 900	58 565	84 777	19 050
Discontinued operations	31	(2 244)	(12 439)	—	—
Profit for the year		209 656	46 126	84 777	19 050
Attributable to:					
Equity holders of the parent		155 394	27 401	84 777	19 050
Minority interest		54 262	18 725		
		209 656	46 126	84 777	19 050
From continuing and discontinued operations:					
Earnings per share (cents)	8	54,3	13,5		
Diluted earnings per share (cents)	8	53,1	12,7		
From continuing operations:					
Earnings per share (cents)	8	55,1	19,6		
Diluted earnings per share (cents)	8	53,9	18,4		
Headline earnings per share					
Headline earnings per share	8	47,7	12,3		
Diluted headline earnings per share	8	46,7	11,6		

Balance sheet

as at 30 June 2006

	Notes	Group		Company	
		2006 R000	2005 (Restated) R000	2006 R000	2005 (Restated) R000
ASSETS					
Non-current assets					
Property, plant and equipment	10	930 084	568 727	26 913	20 498
Mineral rights	10	309 254	250 748	—	—
Goodwill	11	18 309	18 309	11 513	11 513
Investments	12	929	929	929	929
Deferred tax asset	22	262	16 170	—	3 558
Subsidiaries	13			935 599	627 894
Rehabilitation trust fund	21	41 056	43 033		
		1 299 894	897 916	974 954	664 392
Current assets					
Inventories	14	57 688	47 691	7 423	7 560
Trade and other receivables	15	273 870	161 777	26 743	19 332
Derivative financial instruments	25	599	—	398	—
Group companies		—	—	16 704	21 194
Taxation prepaid		3 592	4 985	—	473
Bank balances and cash		91 590	207 779	17 448	176 101
		427 339	422 232	68 716	224 660
Total assets		1 727 233	1 320 148	1 043 670	889 052
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	16	28 903	27 993	28 903	27 993
Share premium		773 135	737 204	773 135	737 204
Hedging and translation reserve	17	(145 202)	(60 631)	(2 081)	16 176
Retained earnings		278 824	123 430	228 698	143 921
Share option reserve	30	7 536	3 500	3 884	1 804
Equity reserve		(128 066)	(128 066)	(108 378)	(108 378)
Equity attributable to equity holders of parent		815 130	703 430	924 161	818 720
Minority interest	18	153 438	150 822		
Total equity		968 568	854 252	924 161	818 720
Non-current liabilities					
Shareholder loans	19	—	6 754	—	6 754
Long-term liabilities	20	66 330	42 199	39 156	—
Long-term provisions	21	69 652	63 175	—	1 343
Deferred tax liabilities	22	135 985	74 456	9 540	—
Post-retirement medical aid	23	9 148	9 470	2 538	2 469
		281 115	196 054	51 234	10 566
Current liabilities					
Trade and other payables		226 493	162 577	18 802	21 922
Shareholder loans	19	2 754	—	2 754	—
Short-term borrowings	20	36 996	43 610	12 834	30 414
Short-term provisions	21	35 011	29 673	8 780	7 012
Bank overdraft	24	3 421	18 713	—	113
Derivative financial instruments	25	161 479	14 947	18 562	305
Taxation		11 396	322	6 543	—
		477 550	269 842	68 275	59 766
Total equity and liabilities		1 727 233	1 320 148	1 043 670	889 052
Net asset value per share (cents)		282	251		
Net tangible asset value per share (cents)		276	245		

Cash flow statement

for the year ended 30 June 2006

	Notes	Group		Company	
		2006 R000	2005 (Restated) R000	2006 R000	2005 (Restated) R000
CASH INFLOWS FROM OPERATING ACTIVITIES		292 630	103 848	100 552	17 557
Cash generated by/(utilised in) operations	A	317 588	123 528	47 255	(3 468)
Dividends received		—	—	41 118	21 750
Dividends paid		(15 132)	(3 009)	—	—
Taxation (paid)/refunded		(6 408)	(6 702)	1 248	—
Finance income		8 158	3 817	14 414	4 908
Finance costs		(11 576)	(13 786)	(3 483)	(5 633)
CASH OUTFLOWS FROM INVESTING ACTIVITIES		(428 011)	(131 045)	(313 509)	(113 721)
Additions to property, plant and equipment and mineral rights		(477 431)	(150 543)	(10 294)	(2 963)
Subsidiaries sold	B		4 886		5 657
Subsidiary acquired	C		(9 640)		—
Proceeds on disposal of property, plant and equipment		5 530	24 290	—	—
Proceeds on issue of shares in subsidiary	E	43 890	—		
Investments		—	(38)	—	(38)
Loans to subsidiaries				(307 705)	(101 331)
Movement in group companies				4 490	(15 046)
CASH INFLOWS FROM FINANCING ACTIVITIES		34 562	217 220	54 417	269 819
Borrowings raised		64 125	23 003	51 989	25 877
Borrowings repaid		(66 404)	(69 169)	(34 413)	(19 444)
Shares issued		36 841	263 386	36 841	263 386
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(100 819)	190 023	(158 540)	173 655
Cash and cash equivalents at the beginning of the year		189 066	(1 041)	175 988	2 333
Effect of foreign exchange rate changes		(78)	84		
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	D	88 169	189 066	17 448	175 988

Notes to the cash flow statement

for the year ended 30 June 2006

	Group		Company	
	2006 R000	2005 (Restated) R000	2006 R000	2005 (Restated) R000
A RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY/(UTILISED IN) OPERATIONS				
Profit before taxation	292 525	89 415	103 644	16 554
Adjusted for:	59 323	39 845	(46 090)	(20 546)
Dividends received			(41 118)	(21 750)
Profit on disposal of mining assets/subsidiaries	(21 166)	(4 607)	—	(4 331)
Discontinued operations – sale of assets/subsidiaries	(1 497)	(6 175)	—	—
Discontinued operations – loss before taxation	(2 001)	(12 439)	—	—
Discontinued operations – impairment	1 172	—	—	—
Share option costs	4 036	2 500	2 080	1 288
Net finance costs/(income)	3 418	9 969	(10 931)	725
Depreciation	75 361	50 597	3 879	3 522
Operating profit before working capital changes	351 848	129 260	57 554	(3 992)
Working capital changes	(34 260)	(5 732)	(10 299)	524
(Increase)/decrease in inventories	(9 645)	(14 153)	137	(1 107)
(Increase)/decrease in trade and other receivables	(110 427)	2 237	(7 809)	(5 569)
Increase/(decrease) in trade and other payables and provisions	85 812	6 184	(2 627)	7 200
Cash generated by/(utilised in) operations	317 588	123 528	47 255	(3 468)

Notes to the cash flow statement

for the year ended 30 June 2006

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
B SUBSIDIARIES SOLD				
The Group sold Maranda Mining Company (Pty) Ltd, Metmin (Pty) Ltd and Metorex Burkina Faso. The Company sold its investments in Metmin (Pty) Ltd and Metorex Burkino Faso.				
The net assets at the date of disposal were as follows:				
Assets		10 819		1 326
Bank and cash		1 165		1 326
Investments and loan accounts				
Taxation		388		
Inventories		3 862		
Deferred tax		45		
Trade and other receivables		5 359		
Liabilities		(9 171)		
Provisions		(1 374)		
Trade and other payables		(7 754)		
Borrowings		(43)		
Net assets		1 648		1 326
Foreign currency translation reserve		1 116		
Book value		2 764		1 326
Gain on disposals		4 887		4 331
Total consideration		7 651		5 657
Satisfied by cash		(6 051)		(5 657)
Deferred payment terms		1 600		—
Net cash inflow arising on disposal				
– Cash consideration		6 051		
– Bank and cash disposed of		(1 165)		
		4 886		
C SUBSIDIARY ACQUIRED				
On 30 September 2004, the Group acquired the entire issued share capital of Sable Zinc Kabwe Limited. The purchase price is allocated based on the fair value of assets and liabilities in the company.				
Property, plant and equipment		9 761		
Debtors		2 686		
Bank overdraft		(2 097)		
Creditors		(2 807)		
Cash consideration		7 543		
Bank overdraft		2 097		
Net cash		9 640		
D CASH AND CASH EQUIVALENTS				
Bank balances and cash	91 590	207 779	17 448	176 101
Bank overdraft	(3 421)	(18 713)	—	(113)
	88 169	189 066	17 448	175 988
E PROCEEDS ON ISSUE OF SHARES IN SUBSIDIARY				
Shares issued in subsidiary	43 890	—	—	—
Wakefield issued additional shares to its empowerment partner for a cash consideration of R43 880 000 on 4 July 2005, increasing its BEE shareholding from 9,5% to 26%.				

Statement of changes in equity

for the year ended 30 June 2006

	Group		Company	
	2006 R000	2005 (Restated) R000	2006 R000	2005 (Restated) R000
Share capital	28 903	27 993	28 903	27 993
– Balance at beginning of year	27 993	18 723	27 993	18 723
– Issue of shares	910	9 270	910	9 270
Share premium	773 135	737 204	773 135	737 204
– Balance at beginning of year	737 204	483 088	737 204	483 088
– Issue of shares	35 931	267 946	35 931	267 946
– Share issue costs	–	(13 830)	–	(13 830)
Foreign exchange translation reserve	(38 588)	(52 353)	16 480	16 480
– Balance at beginning of year	(52 353)	(50 750)	16 480	16 480
– Foreign exchange reserve	(17 969)	(20 222)		
– Translation profit on foreign monetary item	44 430	24 825		
– Tax effect of translation profit on foreign monetary item	(12 696)	(6 206)		
Hedging reserve	(106 614)	(8 278)	(18 561)	(304)
– Balance at beginning of year	(8 278)	–	(304)	–
– Fair value losses for the year	(146 772)	(13 974)	(18 257)	(304)
– Minority interest	48 436	5 696		
Equity reserve	(128 066)	(128 066)	(108 378)	(108 378)
Share option reserve	7 536	3 500	3 884	1 804
– Balance at beginning of year	3 500	1 000	1 804	516
– Expense for the year (IFRS2)	4 036	2 500	2 080	1 288
Retained income	278 824	123 430	228 698	143 921
– Balance at beginning of year (previously stated)	–	96 460	–	126 361
– Share option expense adjustment	–	(431)	–	(1 490)
– Restated balance	123 430	96 029	143 921	124 871
– Profit for the year attributable to equity holders of parent	155 394	27 401	84 777	19 050
Equity attributable to equity holders of parent	815 130	703 430	924 161	818 720
Minority interest	153 438	150 822		
Total equity	968 568	854 252	924 161	818 720

Notes to the annual financial statements

for the year ended 30 June 2006

1. ACCOUNTING POLICIES

The annual financial statements have been prepared under the historical-cost basis, except for certain financial instruments which are stated at fair value, and in accordance with International Financial Reporting Standards. The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous year except for the changes arising from the adoption of new and revised International Financial Reporting Standards.

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2005. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies in the following areas that have affected the amounts reported for the current or prior years.

- share-based payments (IFRS 2);
- initial direct costs incurred in relation to operating lease receivables (IAS 17 (Revised)).

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 6 *Exploration for and Evaluation of Mineral Resources*

IFRS 7 *Financial Instruments Disclosure*

IFRIC 4 *Determining whether an Arrangement contains a Lease*

IFRIC 5 *Right to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

IFRIC 8 *Scope of IFRS 2*

IFRIC 9 *Reassessment of Embedded Derivatives*

IFRIC 10 *IAS 34, Interim Financial Reporting*

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

IFRS 2 *Share-based payments*

IFRS 2 *Share-based payments* require the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of IFRS 2, the Group did not recognise the financial effect of share-based payments until such payments were settled.

In accordance with the transitional provisions of IFRS 2, the Standard has been applied retrospectively to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005, and to liabilities for share-based transactions existing at 1 January 2005. The Standard, therefore, applies to share options granted in the financial years ended 30 June 2004, 2005 and 2006.

For the years ended 30 June 2004 and 30 June 2005, the change in accounting policy resulted in a net decrease in profit of R1 million and R2,5 million respectively. The balance sheet at 30 June 2005 has been restated to reflect the recognition of a Share Option Reserve of R3,5 million.

1. ACCOUNTING POLICIES *(continued)*

IFRS 2 *Share-based payments* *(continued)*

For the year ended 30 June 2006, the impact of share-based payments is a net charge to income of R4 million. At 30 June 2006, the Share Option Reserve amounted to R7,5 million.

The share-based payments' expenditure has been included in the Other income (expenses) line on the income statement.

IAS 17 (Revised) *Leases*

Initial direct cost incurred in relation to operating lease receivables

IAS 17 (as revised in 2003) requires initial direct costs incurred by a lessor in negotiating and arranging an operating lease to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Prior to the adoption of the revised Standard, the Group recognised such costs as an expense in the income statement in the period in which they were incurred. This change in accounting policy has been applied retrospectively. In general, the Group does not incur significant initial direct costs on negotiating and arranging leases and as a result, the impact of the change was not material.

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

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

Inter-company transactions and balances between group 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.

1.2.4 Gain or loss on disposal or retirement of assets

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

Notes to the annual financial statements – *continued*

for the year ended 30 June 2006

1. ACCOUNTING POLICIES *(continued)*

1.3 Depreciation

1.3.1 Depreciation of mining assets and mineral and surface rights

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

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

Consolidated Murchison Mine	10 years
Vergenoeg Mine	20 years
Wakefield Coal Operations	5 to 15 years
Chibuluma South	15 years
Barberton Mines	15 years
Ruashi	20 years
Sable	10 years

Other mining plant and equipment is depreciated on the straight-line basis over the shorter of the life of mine or 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 the straight-line basis over their expected useful lives, which vary between 4 to 10 years.

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 subsequently considered non-viable the expenditure is charged against income as and when that fact becomes known.

1.4 Impairment (except for goodwill)

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

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

1.5 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, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

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

1. ACCOUNTING POLICIES *(continued)*

1.5 Goodwill *(continued)*

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

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.

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 within equity.

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

1.7 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 at the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

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

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

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

Notes to the annual financial statements – *continued*

for the year ended 30 June 2006

1. ACCOUNTING POLICIES *(continued)*

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 borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

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

1.10 Consumable stores and product inventories

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

1.11 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.

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 Equity participation plan

The Group provides equity participation plans in the form of share options issued at the then ruling market price. Refer to note 30 for the accounting policy.

1.14 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. ACCOUNTING POLICIES (continued)

1.15 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.

1.16 Revenue recognition

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

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

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

1.17 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.

Financial assets

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

Trade receivables are initially recorded at fair value and subsequently measured at amortised cost, using the effective interest rate 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 initially recorded at the proceeds received and subsequently measured at the amortised cost using the effective interest rate method. Finance charges, including premiums payable on settlement or redemption, are accounted for on the 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 initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method.

Equity instruments

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

1.18 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 as and are 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 forecast transaction affects net profit or loss.

Notes to the annual financial statements – *continued*

for the year ended 30 June 2006

1. ACCOUNTING POLICIES *(continued)*

1.19 Leases

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

1.20 Discontinued operations

Discontinued operations are material, distinguishable components of the Group that have been sold or are the subject of formal plans for disposal or discontinuance. Comparative figures have been restated on the income statement.

1.21 Cash and cash equivalents

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

1.22 Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, management does not make any judgements or estimations that have a significant effect on the amounts recognised in the financial statements.

	Group		Company	
	2006 R000	2005 (Restated) R000	2006 R000	2005 (Restated) R000
2. COST OF PRODUCTION				
Mining	251 983	223 605	29 029	23 133
Salaries and wages	314 855	280 349	87 046	76 358
Processing	172 741	126 457	29 490	25 230
Engineering and technical	153 747	139 223	11 220	10 731
Administration	60 999	54 025	12 125	10 601
Inventory movement	7 272	(13 326)	1 031	(530)
Depreciation	75 361	50 597	3 879	3 522
	1 036 958	860 930	173 820	149 045
3. OPERATING LEASES				
At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases mainly in respect of office equipment, security cameras, building rentals and compressors, which fall due as follows:				
Within one year	9 313	5 261	7 200	3 179
Year 2 to 5	7 650	12 551	5 053	7 872
	16 963	17 812	12 253	11 051
4. OTHER INCOME/(EXPENDITURE), NET				
Management and technical fees	946	931	26 156	12 973
Dividends received – subsidiaries			41 118	21 750
Foreign exchange gains/(losses)	4 230	587	4 050	(541)
Profit on disposal of mining assets/subsidiaries	21 166	4 607	—	4 331
Bad debts recovered	—	1 019	—	—
Share option expense	(4 036)	(2 500)	(2 080)	(1 288)
Rehabilitation	(10 636)	(5 810)	(425)	(375)
Royalties	(9 383)	(6 729)	—	—
Sundry other	4 897	1 072	351	1 233
	7 184	(6 823)	69 170	38 083
5. OPERATING PROFIT BEFORE FINANCE COSTS				
Is stated after charging:				
Audit fee				
– current year	1 783	1 761	619	562
– prior year	(4)	3	—	—
Management and secretarial fees	1 047	1 083	378	371
Operating leases and rentals				
– equipment and buildings	4 538	3 578	3 066	1 040
Exploration expenditure	6 049	4 712	1 896	1 041
6. FINANCE COSTS				
Interest paid	(11 576)	(13 786)	(3 483)	(5 633)
	(11 576)	(13 786)	(3 483)	(5 633)

Notes to the annual financial statements – continued

for the year ended 30 June 2006

	Group		Company	
	2006 R000	2005 (Restated) R000	2006 R000	2005 (Restated) R000
7. INCOME TAX EXPENSE/(CREDIT)				
South African normal taxation				
– current year	15 347	4 527	5 769	—
– prior year	839	104	—	—
Deferred taxation				
– current year	62 027	27 164	13 098	(2 358)
– prior year	(16)	278	—	277
– tax rate change	—	(1 410)	—	23
Secondary taxation on companies				
– current	2 428	625	—	—
– deferred	—	(438)	—	(438)
Total taxation charge – continuing operations	80 625	30 850	18 867	(2 496)
Profit before taxation – continuing operations	292 525	89 415	103 644	16 554
Taxation at the domestic taxation rate of 29%	84 832	25 930	30 057	4 801
Secondary taxation on companies	2 428	187	—	(438)
Under-provision – prior year	823	278	—	277
(Exempt income)/non-deductible expenses	(3 555)	1 435	(11 190)	(7 159)
Statutory taxation rate change	—	(1 410)	—	23
Taxation rate differentials	(3 741)	633	—	—
Net effect of deferred tax assets not (raised)/recognised in current year	(162)	3 797	—	—
Taxation expense for the year – continuing operations	80 625	30 850	18 867	(2 496)
Effective taxation rate for the year – continuing operations	27,6%	34,5%	18,2%	(15,1%)
South African Revenue Services, in their latest revised assessments, assessed Maranda Mines (Pty) Limited for R5,1 million on imputed interest and also assessed unrealised foreign exchange gains and losses on a capital loan to Chibuluma Mines plc. Maranda Mines (Pty) Limited is in the process of contesting these assessments and is confident of a favourable outcome. As a result, no provision has been made for the additional assessments.				
Unredeemed capital expenditure available for utilisation against future taxable income	300 888	337 992	—	8 393
Assessable tax loss available to reduce future taxable income	29 454	58 664	1 071	11 402
Unredeemed capital expenditure recognised in deferred taxation	300 888	337 992	—	8 393
Assessable taxation loss recognised in deferred taxation	29 454	58 664	1 071	11 402
STC credit recognised in deferred taxation	543	543	543	543

8. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings per share (“EPS”)

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

	2006			2005		
	Net profit R000	Shares (000)	Per share (cents)	Net profit (Restated) (R000)	Shares (000)	Per share (Restated) (cents)
From continuing and discontinued operations						
Basic EPS	155 394	286 147	54,3	27 401	203 717	13,5
Share options	155 394	6 308	(1,2)	27 401	12 867	(0,8)
Diluted EPS	155 394	292 455	53,1	27 401	216 584	12,7
From continuing operations						
Basic EPS	157 638	286 147	55,1	39 840	203 717	19,6
Share options	157 638	6 308	(1,2)	39 840	12 867	(1,2)
Diluted EPS	157 638	292 455	53,9	39 840	216 584	18,4
Headline earnings per share						
Headline earnings per share is based on the Group’s headline earnings divided by the weighted average number of shares in issue during the year.						
Reconciliation between earnings and headline earnings from continuing and discontinued operations						
Earnings as reported	155 394	286 147	54,3	27 401	203 717	13,5
Adjustments						
– Discontinued operations	2 244		0,8	2 357		1,2
– Profit on sale of mining assets, net of tax	(1 014)		(0,4)	—		—
– Profit on disposal of subsidiary shares	(20 152)		(7,0)	(4 607)		(2,4)
Headline earnings per share	136 472	286 147	47,7	25 151	203 717	12,3
Share options	136 472	6 308	(1,0)	25 151	12 867	(0,7)
Diluted headline earnings per share	136 472	292 455	46,7	25 151	216 584	11,6

The loss per share from discontinued operations amounts to less than 1 cent per share.

9. In view of the funding requirements of the new projects and capital-intensive expansion plans in three of the four divisions, no dividend is declared for the 12 months ended 30 June 2006 (2005 – nil).

Notes to the annual financial statements – continued

for the year ended 30 June 2006

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
10. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS				
Land				
Cost and net book value	3 898	207	82	82
Building and infrastructure				
Cost	80 684	77 821	30 550	28 855
Accumulated depreciation	74 048	72 224	26 553	26 468
Net book value	6 636	5 597	3 997	2 387
Shaft systems				
Cost	323 066	310 725	110 662	106 535
Accumulated depreciation	293 994	290 074	99 107	96 279
Net book value	29 072	20 651	11 555	10 256
Plant and machinery				
Cost	1 045 765	866 076	46 785	43 154
Accumulated depreciation	423 192	366 939	37 682	37 089
Net book value	622 573	499 137	9 103	6 065
Other				
Cost	41 628	38 690	6 041	5 200
Accumulated depreciation	39 254	36 986	3 865	3 492
Net book value	2 374	1 704	2 176	1 708
Capital work in progress – cost	265 531	41 431	—	—
Property, plant and equipment				
Aggregate cost	1 760 572	1 334 950	194 120	183 826
Aggregate accumulated depreciation	830 488	766 223	167 207	163 328
Aggregate net book value	930 084	568 727	26 913	20 498
Mineral rights				
Cost	400 313	325 421	195	195
Accumulated depreciation	91 059	74 673	195	195
Net book value	309 254	250 748	—	—

Following the revisions to IAS 16 *Property, Plant and Equipment* in 2003, that are effective for the current accounting period, the Group has reviewed the residual values used for the purposes of depreciation calculations in the light of the amended definition of residual value in the revised Standard. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. In line with the new requirements, these residual values will be reviewed and updated annually in the future.

	Balance 30 June				Foreign currency translation	Impair- ment	Depre- ciation	Balance at 30 June
	2005	Transfers	Additions	Disposals				2006
2006	R000	R000	R000	R000	R000	R000	R000	R000
10. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS (continued)								
Group								
*Land	207	—	3 691	—	—	—	—	3 898
Mineral rights	250 748	—	66 074	—	8 818	—	(16 386)	309 254
Building and infrastructure	5 597	783	2 080	—	—	—	(1 824)	6 636
Shaft systems	20 651	—	11 693	—	431	—	(3 703)	29 072
Plant and machinery	499 137	20 068	150 673	(3 675)	8 722	(1 172)#	(51 180)	622 573
Capital work in progress	41 431	(21 015)	241 748	—	3 367	—	—	265 531
Other	1 704	164	2 774	—	—	—	(2 268)	2 374
Total	819 475	—	478 733	(3 675)	21 338	(1 172)	(75 361)	1 239 338
Company								
*Land	82	—	—	—	—	—	—	82
Building and infrastructure	2 387	—	1 695	—	—	—	(85)	3 997
Shaft systems	10 256	—	4 127	—	—	—	(2 828)	11 555
Plant and machinery	6 065	—	3 631	—	—	—	(593)	9 103
Other	1 708	—	841	—	—	—	(373)	2 176
Total	20 498	—	10 294	—	—	—	(3 879)	26 913
		Balance			Foreign		Balance at	
		30 June			currency		30 June	
		2004	Transfers	Additions	Disposals	translation	Depre- ciation	2005
2005		R000	R000	R000	R000	R000	R000	R000
Group								
*Land		149	—	58	—	—	—	207
Mineral rights		218 527	—	36 201	—	7 246	(11 226)	250 748
Building and infrastructure		6 521	—	135	—	—	(1 059)	5 597
Shaft systems		21 514	—	743	—	355	(1 961)	20 651
Plant and machinery		417 287	46 911	85 086	(18 393)	3 131	(34 885)	499 137
Capital work in progress		48 487	(46 911)	36 692	—	3 163	—	41 431
Other		1 784	—	1 389	(3)	—	(1 466)	1 704
Total		714 269	—	160 304	(18 396)	13 895	(50 597)	819 475
Company								
*Land		82	—	—	—	—	—	82
Building and infrastructure		2 405	—	—	—	—	(18)	2 387
Shaft systems		12 033	—	743	—	—	(2 520)	10 256
Plant and machinery		5 347	—	1 522	—	—	(804)	6 065
Other		1 190	—	698	—	—	(180)	1 708
Total		21 057	—	2 963	—	—	(3 522)	20 498

* 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.

Specifically identified assets of the discontinued operation reduced to net realisable value.

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

Notes to the annual financial statements – continued

for the year ended 30 June 2006

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
11. GOODWILL				
Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. Goodwill is allocated as follows:				
Cost				
Arising on consolidation of subsidiaries	6 796	6 796		
Arising on acquisition of business	11 513	11 513	11 513	11 513
	18 309	18 309	11 513	11 513
Allocation of goodwill to its cash-generating unit:				
Metorex Limited	11 513	11 513		
Wakefield Investments (Pty) Ltd	6 796	6 796		
	18 309	18 309		
The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.				
The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.				
The Group prepares cash-flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate. This rate does not exceed the average long-term growth rate for the relevant markets.				
12. INVESTMENTS				
Unlisted sundry investments at cost	929	929	929	929
Directors' valuation	929	929	929	929

13. SUBSIDIARIES

Details of the Company's subsidiaries and investments therein at 30 June 2006 are as tabled below.

	Place of incorporation	Proportion of ownership and voting power held %	Principal commodity
Abbey Commodities	Switzerland	100	Dormant
Chibuluma Mines Plc	Zambia	85	Copper
Maranda Mines (Pty) Ltd	South Africa	100	Dormant
Sable Zinc Kabwe Ltd	Zambia	100	Copper/Cobalt
O'Okiep Copper Company (Pty) Ltd	South Africa	100	Discontinued
Vergenoeg Mining Company (Pty) Ltd	South Africa	70	Fluorspar
Wakefield Investments (Pty) Ltd*	South Africa	74	Coal
Barberton Mines (Pty) Ltd	South Africa	54	Gold
Ruashi Holdings (Pty) Ltd#	South Africa	84	Copper/Cobalt [†]

[†] Not yet in production as at 30 June 2006

* Prior year percentage of shareholding was 90,5%

Prior year percentage of shareholding was 76%

INVESTMENT IN SUBSIDIARIES

	Loans		Cost (net of impairment)	
	2006 R000	2005 R000	2006 R000	2005 R000
Abbey Commodities	(4 027)	(3 045)	37	37
Chibuluma Mines Plc	304 094	310 515	121	121
Maranda Mines (Pty) Ltd	(2 279)	(1 585)	53 498	53 498
Sable Zinc Kabwe Ltd	98 786	10 210	692	692
O'Okiep Copper Company (Pty) Ltd	4 188	1 124	—	—
Vergenoeg Mining Company (Pty) Ltd	—	(3 659)*	52 500	52 500
Wakefield Investments (Pty) Ltd	—	—	30 000	30 000
Barberton Mines (Pty) Ltd	—	—	93 533	115 000
Ruashi Holdings (Pty) Ltd	250 867*	25 375	53 589	37 111
	651 629	338 935	283 970	288 959
Loans to subsidiaries			651 629	338 935
			935 599	627 894

*Interest-bearing at market-related rates.

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

Notes to the annual financial statements – continued

for the year ended 30 June 2006

	Group		Company	
	2006	2005	2006	2005
	R000	R000	R000	R000
14. INVENTORIES				
Consumable stores	22 754	19 798	6 128	5 234
Product inventories	34 934	27 893	1 295	2 326
	57 688	47 691	7 423	7 560
No inventory (2005: Rnil) is carried at net realisable value. Inventory to the value of R1,4 million (2005: R1,1 million) is pledged as security.				
15. TRADE AND OTHER RECEIVABLES				
Trade receivables	208 347	131 211	19 918	11 446
Other receivables	65 523	30 566	6 825	7 886
	273 870	161 777	26 743	19 332
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 amounts totalling R156,5 million (2005: R88,0 million) included in receivables were pledged. Included in Group trade and other receivables are uncovered Dollar-denominated receivables of \$16,3 million (2005: \$3,2 million).				
16. SHARE CAPITAL				
<i>Authorised</i>				
350 000 000 (2005: 350 000 000) ordinary shares of 10 cents each	35 000	35 000	35 000	35 000
<i>Issued and fully paid</i>				
289 026 203 (2005: 279 933 301) ordinary shares of 10 cents each	28 903	27 993	28 903	27 993
On 31 August 2005, 3,3 million shares at R4,41 per share and on 18 October 2005, 2,9 million shares at R5,05 per share were issued to increase the Company's shareholding in Ruashi Holdings from 76% to 84%.				
During the year 2,9 million shares were issued at an average price of R2,54 per share in terms of the Metorex Share Incentive Scheme.				
The unissued shares of the Company have been placed under the control of the directors until the next annual general meeting.				

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
17. HEDGING AND TRANSLATION RESERVE				
Hedging reserve	(106 614)	(8 278)	(18 561)	(304)
Foreign exchange translation reserve	(28 246)	(10 277)	—	—
Translation (loss)/gain on foreign monetary item	(10 342)	(42 076)	16 480	16 480
	(145 202)	(60 631)	(2 081)	16 176
18. MINORITY INTEREST				
Retained income attributable to minorities	120 115	59 028		
Share in hedging reserve	(54 132)	(5 696)		
Preference shares	28 457	35 000		
Equity loan	58 998	62 490		
	153 438	150 822		
<p>The equity loan is interest-free, unsecured and has no fixed terms of repayment.</p> <p>The preference shares issued in Barberton Mines (Pty) Ltd are entitled to a cumulative variable rate preferential dividend at the directors' discretion. The preference shares are fully redeemable at the option of Barberton Mines (Pty) Ltd.</p>				
19. SHAREHOLDER LOANS				
	Interest rate			
Metallica Trust	Fixed	8%	2 754	6 754
			2 754	6 754
Less: repayable within the next 12 months			2 754	—
Total current portion			2 754	—
Net long-term portion			—	6 754
The Metallica Trust loan is unsecured.				

Notes to the annual financial statements – continued

for the year ended 30 June 2006

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
20. LONG-TERM LIABILITIES				
Term loans				
Loan unsecured, bearing interest at the prime overdraft rate and is repayable in annual instalments of R1 million.	—	5 684	—	5 684
Secured by a notarial bond of R44 million, registered over plant, equipment and movable assets owned by Leeuwfontein Myne (Edms) Bpk and a first surety bond of R22 million over all the mineral rights owned by Side Minerals (Pty) Ltd. The loan bears interest at prime less 1% and is repayable in 47 equal monthly instalments from 2 January 2005	1 000	2 000	—	—
Secured by a pledge of Barberton Mines shares and a cession of the Sable Zinc loan account and is repayable in 48 monthly instalments commencing on 30 June 2006. The loan bears interest at prime less 1%	14 206	38 500	—	—
Secured by mortgage bond over Farm Kromdraai JR 209. The loan bears interest at prime less 2% and is repayable in 60 monthly instalments from 19 August 2005	49 927	—	49 927	—
	3 110	—	—	—
Standby facility				
Investec Bank Limited	—	15 000	—	15 000
Instalment finance and lease agreements				
Secured by the underlying assets with a net book value of R9 million. Bears interest at 7,3% to 7,5%, is US\$-denominated and repayable quarterly in arrears over 36 months	3 767	4 271	—	—
Secured by the underlying assets with a net book value of R15 million. Bears interest at a variable rate of 8% and repayable in 36 monthly instalments in arrears and the loan is US\$-denominated	14 428	—	—	—
Secured by the underlying asset with a net book value of R3,5 million. Bears interest at a fixed rate of 9,6%, is US\$-denominated and repayable monthly in arrears over 36 months	3 231	—	—	—
Secured by the underlying assets with a net book value of R5 million, a guarantee from Metorex Limited and the subordination of shareholders' loans into Chibuluma South. Bears interest at a fixed rate of 10%, is Euro-denominated and repayable monthly in arrears over 36 months	1 965	3 623	—	—
Secured by the underlying assets with a net book value of R1 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	269	770	—	—
Loan bearing interest at the South African prime rate and is repayable in 24 equal monthly instalments from 1 October 2004, secured by underlying assets	2 063	9 730	2 063	9 730
Secured by the underlying assets with a net book value of R2 million. The loan is repayable in 36 monthly instalments and bears interest at prime less 1% to prime less 2%	2 039	737	—	—
Secured by the underlying assets with a net book value of R3 million and repayable in 36 monthly instalments. The loan is US\$-denominated and bears interest at 8,6% per annum	1 775	2 487	—	—
Unsecured, bears interest at prime less 1,5% and is repayable in 36 monthly instalments	4 147	891	—	—
Secured by the underlying assets with a net book value of R2 million and repayable in 36 monthly instalments from 30 April 2005. The loan is US\$-denominated and bears interest at a fixed rate of 9% per annum	1 399	2 116	—	—
	103 326	85 809	51 990	30 414

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
20. LONG-TERM LIABILITIES (continued)				
Less: repayable within the next twelve months from operating activities:				
– term loans	18 715	12 185	10 771	5 684
– standby facility	–	15 000	–	15 000
– instalment finance and lease agreements	18 281	16 425	2 063	9 730
Total current portion	36 996	43 610	12 834	30 414
Net long-term liabilities	66 330	42 199	39 156	–
Net long-term liabilities are all repayable within five years. The Company's Articles of Association do not restrict the level of borrowings.				
21. PROVISIONS				
Long-term provisions				
Terminal benefits	18 168	7 615	–	–
Rehabilitation provision	84 296	80 559	–	–
Deferred rehabilitation	(32 812)	(26 342)	–	–
Deferred income	–	1 343	–	1 343
	69 652	63 175	–	1 343
Current provisions				
Terminal benefits	2 504	530	–	–
Pension fund shortfall	6 053	4 514	–	–
Rehabilitation provision	1 365	1 169	–	–
Leave pay and bonuses	23 746	23 460	7 437	7 012
Deferred income	1 343	–	1 343	–
	35 011	29 673	8 780	7 012
Total provisions	104 663	92 848	8 780	8 355
Balance at beginning of year	92 848	97 063	8 355	7 980
Sale of subsidiaries	–	(1 374)	–	–
Released during the year	–	(257)	–	–
Utilised during the year	(27 296)	(27 493)	(7 179)	(7 106)
Foreign currency reserve	1 179	958	–	–
Provided during the year	44 402	50 293	7 604	7 481
Deferred rehabilitation	(6 470)	(26 342)	–	–
Balance at end of year	104 663	92 848	8 780	8 355

Deferred income is grouped under provisions

Terminal benefits

The terminal benefits provision represents the directors estimate of the portion of the terminal benefits liability outstanding relating to the period of employment of the members.

Pension fund shortfall

The pension fund shortfall provision is the full provision made by O'okiep for all the estimated remaining costs of the indicated actuarial deficit, as established by independent actuaries on the prescribed minimum basis method in the defined benefit plan, operated by the Group on behalf of the previous employees.

Rehabilitation trust fund

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

The individual companies in the Group contribute, for their own account, to the Metorex Rehabilitation Trust Fund. The directors of the Company are satisfied that sufficient funds will be available to complete the rehabilitation required on cessation of mining activities.

Leave pay

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

Notes to the annual financial statements – continued

for the year ended 30 June 2006

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
21. PROVISIONS (continued)				
Rehabilitation trust fund (continued)				
The balance of the environmental rehabilitation trust fund, which is represented by cash, was as follows:				
Balance at beginning of the year	43 033	44 374		
Withdrawals, net	(4 354)	(3 943)		
Interest earned during the year	2 377	2 602		
Balance at end of the year	41 056	43 033		
22. DEFERRED TAX				
22.1 Deferred tax liabilities				
Property, plant and equipment	173 892	81 969	7 415	—
Leave pay provision	(5 770)	(3 650)	(2 157)	—
Other provisions	(6 296)	(3 671)	(735)	—
Foreign exchange	(10 183)	—	—	—
Assessed tax losses	(14 698)	—	(311)	—
STC credit	(543)	—	(543)	—
Other	(417)	(192)	5 871	—
Net deferred tax liabilities	135 985	74 456	9 540	—
Reconciliation of deferred tax liabilities				
Net deferred tax liabilities at the beginning of the year	74 456	67 895	—	—
Transfer from deferred tax asset opening balance	(16 170)	—	(3 558)	—
Deferred tax charge for the year	62 516	8 812	13 098	—
Deferred tax on equity loan included in non-distributable reserve	12 696	—	—	—
Translation difference	2 487	—	—	—
Statutory tax-rate change	—	(2 251)	—	—
Net deferred tax liabilities at end of the year	135 985	74 456	9 540	—
22.2 Deferred tax assets				
Property, plant and equipment	—	30 006	—	3 042
Leave pay provision	—	(2 571)	—	(2 034)
Other provisions	—	(1 683)	—	(716)
Foreign exchange	(262)	(21 248)	—	—
Assessed tax losses	—	(20 131)	—	(3 307)
STC credit	—	(543)	—	(543)
Net deferred tax asset	(262)	(16 170)	—	(3 558)

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
22. DEFERRED TAX (continued)				
22.2 Deferred tax asset (continued)				
Reconciliation of deferred tax asset				
Net deferred tax asset at the beginning of the year	(16 170)	(40 441)	(3 558)	(1 062)
Transfer to deferred tax liability opening balance	16 170	—	3 558	—
Subsidiary sold	—	45	—	—
Deferred tax charge for the year	(262)	18 179	—	(2 519)
Statutory tax rate change	—	841	—	23
Deferred tax on equity loan included in non-distributable reserve	—	6 206	—	—
Translation difference	—	(1 000)	—	—
Net deferred tax asset at end of the year	(262)	(16 170)	—	(3 558)
Deferred tax asset not recognised				
Property, plant and equipment	4 880	5 042	—	—
	4 880	5 042	—	—
The following table shows the movement in the unrecognised deferred tax asset for the year:				
Opening balance	5 042	3 155	—	—
Subsidiary sold	—	(1 461)	—	—
Net unrecognised deferred tax asset (released)/raised during the current year	(162)	3 348	—	—
Closing balance	4 880	5 042	—	—
23. 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. The following table provides the changes in the obligation:				
Benefit obligation at beginning of year	9 470	10 625	2 469	2 447
Transferred in	—	3	—	—
Interest cost	69	22	69	22
Benefits paid	(226)	(225)	—	—
Released to income statement	(165)	(955)	—	—
Benefit obligation at end of year	9 148	9 470	2 538	2 469
Discount rate to estimate accumulated benefit (%)	12	12	12	12
Health-care cost inflation (%)	12	12	12	12

Notes to the annual financial statements – continued

for the year ended 30 June 2006

24. GENERAL BANKING FACILITIES

	R000
The Group has the following banking facilities at 30 June 2006:	
Metorex Limited	34 000
Barberton Mines (Pty) Limited	8 000
Consolidated Murchison Division	1 000
Vergenoeg Mining Company (Pty) Limited*	15 000
Wakefield Investments (Pty) Limited*	11 000
Chibuluma Mines plc*	7 160
Sable Zinc Kabwe Limited	3 580
<hr/>	
* Secured by trade receivables	
The banking facilities are revised on an annual basis	79 740

25. FINANCIAL INSTRUMENTS

25.1 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 Group has no concentration of credit risk in any specific country or specific commodity.

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 forward contracts in order to hedge their exposure to fluctuations in mineral prices and exchange rates on specific transactions. The contracts are matched with anticipated future 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 counter-parties to meet the Group's normal and contingency funding.

25. FINANCIAL INSTRUMENTS (continued)

25.2 Fair value of financial instruments

25.2.1 Derivative Financial Instruments

2006

Commodity hedges – On balance sheet

Commodity	Maturity	Volume	Average forward rate	Fair value loss R000
Gold – Consolidated Murchison*	9 months	478 kg	R105 700/kg	(18 562)
Copper – Chibuluma South	12 months	2 375 tons	US\$5 308/ton	(32 340)
Copper – Ruashi	12 months	2 400 tons	US\$3 568/ton	(56 508)
Gold – Barberton	12 months	1 110 kg	R94 800/kg	(54 069)
				(161 479)

Foreign currency hedges – On balance sheet

Currency	Maturity	Amount	Average forward rate	Fair value profit
US Dollar	1–6 months	US\$7 882 000	R7,24/US\$	599
Total				(160 880)

2005

Commodity hedges – On balance sheet

Commodity	Maturity	Volume	Average forward rate	Fair value loss R000
Gold – Consolidated Murchison*	10 months	350 kg	R96 000/kg	(305)
Copper – Chibuluma South	7 months	1 600 tons	US\$3 119/ton	(1 523)
Gold – Barberton	12 months	2 040 kg	R90 300/kg	(11 826)
				(13 654)

Foreign currency hedges – On balance sheet

Currency	Maturity	Amount	Average forward rate	Fair value loss
US Dollar	1–12 months	US\$12 160 000	R6,51/US\$	(1 293)
Total				(14 947)

* Represents the Company

25.2.2 Other financial assets and liabilities

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

The carrying amount approximates fair value due to the short maturity of these instruments. Included in trade and other payables on the face of the balance sheet, is uncovered foreign currencies amounting to US Dollars 12,6 million (2005: US Dollar 3,2 million).

Investments

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

Long-term loans

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

Notes to the annual financial statements – continued

for the year ended 30 June 2006

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
26. CAPITAL COMMITMENTS				
Authorised by directors but not contracted for	38 032	264 505	7 090	3 861
Authorised by directors and contracted for	33 151	21 833	—	—
	71 183	286 338	7 090	3 861

Capital commitments mainly relate to the Sable/Ruashi project and the Chibuluma South project and will be financed by debt and internal resources.

27. RETIREMENT BENEFIT INFORMATION

Contributions are made by the Group to independent pension and provident funds which are defined contribution retirement benefit plans governed by the Pension Fund Act 1956. All eligible employees are required to become members of 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.

Ex-ZCCM employees at Chibuluma Mines plc have withdrawn from the Zambian state-managed defined benefit scheme. These members are to be transferred to a new defined contribution scheme.

Costs charged to income of R17,7 million (2005: R13,4 million) represent contributions payable to these schemes, excluding the O'Okiep defined benefit plan, by the Group at rates specified in the rules of the schemes.

28. STAFF COMPLEMENT

At 30 June 2006: 4 522 (2005: 4 137) people were employed by the Group.

							2006 R000	2005 R000
29. DIRECTORS' EMOLUMENTS								
Executive directors								
Emoluments							5 473	4 088
Company contributions							671	619
Share options							407	
Total							6 551	4 707
Non-executive directors								
Emoluments							370	320
Company contributions							—	—
Total							370	320
TOTAL							6 921	5 027
Individual directors' emoluments	Share options R000	Basic salary R000	Bonuses R000	Vehicle allowances R000	Subsistence allowances R000	Company contributions† R000	2006 Total R000	2005 Total R000
Executive								
Mr A S Malone	—	792	300	166	12	180	1 450	1 532
Mr C D S Needham	407	1 128	300	139	12	175	2 161	1 410
Mr E W Legg	—	912	230	145	12	151	1 450	371
Mr K C Spencer	—	996	200	129	—	165	1 490	1 394
Total	407	3 828	1 030	579	36	671	6 551	4 707
	Fees for services R000						R000	R000
Non-Executive								
Mr A Barrenechea	110						110	90
Mr A J Laughland	110						110	80
Mr R G Still	150						150	50
Mr A E G Trollip [#]	—						—	60
Mr J A Vestrum [#]	—						—	40
Total	370						370	320
The directors have no fixed term service contracts.								
[#] Resigned – 11 February 2005								
[†] Pension and medical aid								
2006 Share options				Total options 1 July 2005	Options granted	Options implemented	Total options 30 June 2006	Average option price
Mr A S Malone				1 000 000	—	—	1 000 000	278c
Mr C D S Needham				1 200 000	—	(200 000)	1 000 000	291c
Mr K C Spencer				900 000	—	—	900 000	290c
Mr E W Legg				800 000	—	—	800 000	260c
Mr A Barrenechea				—	200 000	—	200 000	695c
Mr A J Laughland				—	200 000	—	200 000	695c
Mr R G Still				—	200 000	—	200 000	695c
Total				3 900 000	600 000	(200 000)	4 300 000	
2005 Share options				Total options 1 July 2004	Options granted	Total options 30 June 2005	Average option price	
Mr A S Malone				800 000	200 000	1 000 000	278c	
Mr C D S Needham				650 000	550 000	1 200 000	291c	
Mr K C Spencer				575 000	325 000	900 000	290c	
Mr E W Legg*				500 000	300 000	800 000	260c	
Total				2 525 000	1 375 000	3 900 000		

Notes to the annual financial statements – continued

for the year ended 30 June 2006

30. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share incentive scheme for eligible employees of the Group. Options are offered at a price equal to the average quoted market price of the Company's shares on the business day preceding the offer date. The vesting period is between two and five years. Options lapse if not implemented within 10 years of the option date. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	30 June 2006		30 June 2005	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	12 765 402	2,70	12 200 249	2,25
Granted during the year	1 235 000	7,49	3 355 000	3,20
Cancelled on resignation, retrenchment or retirement	—	—	1 987 756	2,25
Exercised during the year	2 892 902	2,54	802 091	2,65
Outstanding at the end of the year	11 107 500	2,70	12 765 402	2,70
Exercisable at the end of the year	3 100 000	—	4 992 902	—

Options exercisable between 3 and 9 years

The weighted average share price at the date of exercise for share options exercised during the year was R6,60. During 2006, options were granted on 16 November 2005, 23 January 2006, 1 March 2006 and 2 May 2006. The estimated fair values of options granted on these dates were between R3,80 per share and R5,80 per share.

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

	30 June 2006
Weighted average share price	R7,64
Weighted average exercise price	R7,49
Expected volatility	46%
Expected life	2 to 5 years
Risk-free rate	7,2%
Expected dividend yield	1,1% to 2,7%

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

The Group recognised total expenses of R4 million (2005: R2,5 million) related to equity-settled share-based payment transactions during the year.

31. DISCONTINUED OPERATIONS

During the 2005 financial year the Board of Directors resolved to close operations at O'Okiep Copper Company (Pty) Limited ("O'Okiep"). An application has been made for a closure certificate at O'Okiep and final asset sales are progressing.

The results, assets, liabilities and cash flows relating to the discontinued operation are detailed below:

	Year-ended 30 June 2006 R000	Year-ended 30 June 2005 R000
Revenue	—	17 051
Realisation costs	—	(5 219)
Cost of production	(1 830)	(22 743)
Retrenchment costs	—	(6 010)
Impairment of assets	(1 172)	—
Profit on sale of assets	1 497	—
Other (expenditure)/income, net	(496)	6 201
Finance costs	—	(1 719)
Loss before taxation	(2 001)	(12 439)
Income tax expense	(243)	—
Loss from discontinued operations	(2 244)	(12 439)
	30 June 2006 R000	30 June 2005 R000
Property, plant and equipment	8 314	12 880
Trade and other receivables	2 690	562
Taxation prepaid	56	300
Bank balances and cash	1 589	1 580
Total assets	12 649	15 322
Interest-bearing liabilities	—	9 730
Post-retirement medical aid	2 793	2 875
Trade and other payables	3 230	589
Provisions	992	970
Bank overdraft	—	1 147
Total liabilities	7 015	15 311

The discontinued operations reduced the Group's net operating cash flows by R7,5 million (2005: R22,6 million), improved cash flows by R4,5 million (2005: R24,0 million) in respect of investing activities and contributed R3,1 million (2005: R6,0 million) in respect of financing activities.

Notes to the annual financial statements – continued

for the year ended 30 June 2006

32. NON-CURRENT ASSETS HELD FOR SALE

Subsequent to 30 June 2006, the Group signed a definitive sale of shares agreement to dispose of the Group's Coal division, Wakefield Investments (Pty) Limited. Although this asset was not available for sale, the disposal is in line with the Group's strategy of investing in high-quality, long-life mining projects.

The proceeds from the sale of the Coal division, of which the definitive sales agreement was signed on 4 September 2006, will significantly exceed the net carrying amount of the relevant assets and liabilities of the Group, and accordingly, no impairment loss will be recognised on the sale of Wakefield.

The major classes of assets and liabilities comprising Wakefield are as follows:

	Year ended 30 June 2006 R'000
Property, plant and equipment	130 752
Goodwill	6 796
Investments	40 004
Current assets	98 628
Total assets	276 180
Minorities	(32 663)
Deferred tax liability	(10 913)
Long-term provisions	(40 582)
Long-term liabilities	(8 328)
Current liabilities	(78 770)
Liabilities	(171 256)
Net assets of disposal group (NAV)	104 924

33. RELATED PARTIES

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

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed separately.

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

The remuneration of directors, who are defined as key management of the Group, is determined by the remuneration committee having regard to their performance and market trends, is disclosed under note 29.

34. LEASES

At the balance sheet date, the Group had outstanding operating lease commitments under non-cancellable operating rentals which fall due monthly over an average term between 3 and 5 years. These operating lease payments represent rentals payable by the Group for certain office equipment, underground equipment as well as office space.

35. CONTINGENT LIABILITIES

The Board of Directors are of the opinion that no significant contingent liabilities exist as at 30 June 2006.

GROUP SAFETY STATISTICS

The Group conducts its activities with due regard to the safety and health of its employees and runs approved training programmes through its respective training centres. Barberton Mines (Pty) Limited was awarded a Million Fatality-Free Shifts trophy for which the management and staff are to be commended. The Group safety record for the year was marred by three fatal accidents. The Board of the Company extends its sincere condolences to the families of the deceased. The detailed information by category, is detailed below:

	Sable	Ruashi	Barberton	Chibuluma	Cons		Wakefield
					Murch	Vergenoeg	
Dressing cases	—	6	264	5	24	35	19
Lost time accidents	—	1	40	13	19	6	18
Reportables	—	—	12	10	6	6	5
Lost shifts	—	10	478	240	589	66	91
Fatalities	—	—	—	—	1	—	2
Cumulative fatality free shifts	20 160	84 863	1 139 103	198 183	180 159	540 090	317 218

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

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

- Vergenoeg – 7 000 fatality-free production shifts
- Barberton – 1 million fatality-free shifts

MINERAL TITLE

Mine or Prospect	Farm name	Type of title	Hectares
Barberton Mines (Pty) Limited			
Fairview Mine	Worral 352 JU	Old order mining rights	
	Bickenhall 346 JU	Old order mining rights	
	Hayward 310 JU	Old order mining rights	
	Various lots	Old order mining rights	
Sheba Mine	Camelot 320 JU	Old order mining rights	
	Various lots	Old order mining rights	
New Consort Mine	Dublin 302 JU	Old order mining rights	
	Tinto 300 JU	Old order mining rights	
	Segalla 306 RU	Old order mining rights	
	Whitewick 301 JU	Old order mining rights	
	Various lots	Old order mining rights	
Prospecting:		Old order prospecting permit (applied for)	1,899
Chibuluma Mines plc			
		Large-scale mining licence LML23	4 440
		Large-scale mining licence LML24	960

Supplementary information – continued

MINERAL TITLE (continued)

Mine or Prospect	Farm name	Type of agreement	Hectares
Consolidated Murchison Division			
	Farrell 781LT	Old order mining rights	663
	Josephine 777LT	Old order mining rights	792
	Claimland 780LT	Old order mining rights	502
	Begin 765LT	Old order mining rights	840
Prospecting:		Old order prospecting permit 12/2004 – applied for new order licence	13,823
		Old order prospecting permit 31/2004 – applied for new order licence	9,454
O'Okiep Copper Company (Pty) Ltd			
	Melkboschkuil 132	Old order mining rights	
	Nigramoep 136	Old order mining rights	
	Nababeep 134	Old order mining rights	
	Brakkefontein 133	Old order mining rights	
	Plaatjiesfontein 135	Old order mining rights	
	Steinkopf Rural Area	Old order mining rights	
Vergenoeg Mining Company (Pty) Ltd			
	Kromdraai 209JR	Old order mining right	393
Wakefield Investments (Pty) Ltd			
	Leeuwfontein 219IR	Old order mining rights	914
	Bankfontein 216IR	Old order mining rights	419
	Welgelegen 221IR	Old order mining rights	866
	Middelburg Town and Townlands	Old order mining rights	424
Sable Zinc Kabwe Ltd			
	Small-scale mining licence SML1		80
Ruashi Mining sprl			
	Permits d'exploitation PE No 578		900

MINERAL RESERVES AND RESOURCES

The tabulation below presents the Group's mineral reserves and resources at 30 June 2006. The estimates are based on the SAMREC code and state "resource" exclusive of "reserve".

BARBERTON MINES (PTY) LTD

Mineral reserves		Tons	g/t Au	kg Au
Proved		1 264 800	7,56	9 562
Probable		696 232	9,21	6 412
Total mineral reserves		1 961 032	8,15	15 974
Mineral resources				
Measured		2 831 118	8,53	24 149
Indicated		2 383 938	6,85	16 330
Inferred		2 596 438	5,73	14 887
Total mineral resources		7 811 494	7,09	55 357

CHIBULUMA MINES PLC

Mineral reserves		Tons	% Cu
Proved	Chibuluma South	6 142 000	3,33
Total mineral reserves		6 142 000	3,33
Mineral resources			
Inferred	Chifupu Prospect	1 936 000	3,05
Total mineral resources		1 936 000	3,05

CONSOLIDATED MURCHISON DIVISION

Mineral reserves		Tons	% Sb	g/t Au
Proved		81 408	1,56	1,84
Probable		1 204 038	1,87	2,28
Total reserves		1 285 446	1,85	2,25
Mineral resources				
Measured		237 455	1,81	0,98
Indicated		2 206 840	1,73	3,47
Inferred		4 960 000	2,83	2,29
Total mineral resources		7 404 295	2,47	2,60

O'OKIEP COPPER COMPANY (PTY) LTD

Mineral resources		Tons	% Cu
Measured – Wheal Flat North		480 900	1,73
Indicated – Other		4 122 100	1,23
– Slag dump 1		2 842 000	0,6
– Slag dump 2		2 300 000	0,73
Total mineral resources		9 745 000	0,95

Supplementary information – continued

MINERAL RESERVES AND RESOURCES (continued)

RUASHI MINING SPRL

Mineral reserves	Tons	% Cu	% Co
Probable – Ruashi I, II, III	24 120 000	3,78	0,79
Total mineral reserves	24 120 000	3,78	0,79
Mineral resources			
Indicated – Ruashi I, II, III	25 400 000	1,95	0,10
Ruashi/Etoile Stockpiles	3 200 000	1,86	0,35
Total mineral resources	28 600 000	1,94	0,20

Drilling and cost studies were conducted for Phase II that have improved confidence in mineral resources to the indicated category, and modifying factors for the conversion to probable reserves. The sulphide orebody extension has not yet been quantified.

VERGENOEG MINING COMPANY (PTY) LTD

Mineral reserves	Tons	% CaF₂
Proved	13 500 000	38,1
Probable	6 100 000	41,6
Total mineral reserves	19 600 000	39,2
Mineral resources		
Indicated	138 200 000	27,5
Inferred	69 600 000	12,7
Total mineral resources	207 800 000	22,5

WAKEFIELD INVESTMENTS (PTY) LIMITED

Coal reserves	In situ Tons	ROM Tons	Saleable Tons
Leeuwfontein Colliery	2 236 905	1 505 437	1 085 420
Bankfontein Colliery	2 513 103	2 287 448	1 441 092
Lakeside Colliery	5 032 169	3 774 127	2 941 243
Middelburg Town & Townlands	12 997 802	11 997 350	7 438 357
Total coal reserves	22 779 979	19 564 362	12 906 112

FACTORS APPLIED TO RESERVE ESTIMATES

	Ruashi	Vergenoeg	Barberton	Chibuluma South	Consolidated Murchison	Wakefield
Cut-off grade	1,0% Cu and 0,1% Co	—	3 g/t	1% Cu	1% Sb 1 g/t Au	—
Extraction factor (%)	95%	100%	—	89%	—	87%
Recovery factor (%)	82% Cu and 63% Co	76%	92%	92%	87%	66%
Block factor (%)	—	—	96%	—	85%	—
Mine call factor (%)	—	97%	87%	85%	85%	—

Notes

1. All mineral resources are quoted exclusive of mineral reserves.
2. All factors above are based on historical results.

Notice of annual general meeting

Notice is hereby given that the seventy-second annual general meeting of members of Metorex Limited will be held in the Terrace Room, Ground Floor, Johannesburg Country Club, Napier Road, Auckland Park, Johannesburg, South Africa on Thursday, 16 November 2006 at 10:00 for the following purposes:

1. To present the annual financial statements for the year ended 30 June 2006;
2. To elect directors. In terms of the Articles of Association of the Company, Messrs E W Legg, R G Still and A Barrenechea retire by rotation but, being eligible, offer themselves for re-election. Brief CVs of these directors are set out on page 3 of this annual report;
3. To approve the directors' remuneration;
4. To re-appoint the auditors;
5. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions:

5.1 Ordinary resolution number 1

"Resolved that, subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, the authority given to the directors to allot and issue, at their discretion, the unissued share capital of the company for such purposes as they may determine, be extended until the company's next annual general meeting."

5.2 Ordinary resolution number 2

"Resolved that, subject to the passing of ordinary resolution number 1, in terms of the Listing Requirements of the JSE Limited ("JSE"), the mandate given to the directors of the company in terms of a general authority to issue securities for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

- That this general authority be valid until the company's next annual general meeting provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution (whichever period is shorter);
- That the securities be of a class already in issue;
- That securities be issued to public shareholders and not to related parties;
- That a paid press announcement giving full details, including the impact on net asset value and earnings per share, be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to the issue/s;
- That issues in the aggregate in any one financial year shall not exceed 15% of the company's issued share capital of that class; and

- That, in determining the price at which an issue of securities will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of those securities over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors."

NOTE

In terms of the Listing Requirements of the JSE, the approval of a 75% majority of the votes of all shareholders, present or represented by proxy, is required to approve ordinary resolution number 5.2.

6. To consider and, if deemed fit, to pass, with or without modification, the following special resolutions:

Special resolution number 1

"Resolved, as a special resolution, that the company (or one of its wholly owned subsidiaries) be given a mandate providing authorisation, by way of a general approval, to acquire the company's own securities, upon such terms and conditions and in such amounts as the directors may from time-to-time decide, but subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, ("the Act"), the company's Articles of Association and the Listings Requirements of the JSE Limited ("JSE"), and subject to the following terms and conditions:

- Any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party;
- At any point in time, the company may only appoint one agent to effect any repurchase;
- This general authority be valid until the company's next annual general meeting, provided that it shall not extend beyond fifteen months from date of passing of this special resolution (whichever period is shorter);
- An announcement be published as soon as the company has cumulatively repurchased 3% of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases;
- Repurchases by the company in aggregate in any one financial year may not exceed 20% of the company's issued share capital as at the date of passing of this special resolution or 10% of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company.

Notice of annual general meeting – continued

for the year ended 30 June 2006

- Repurchases may not be made at a price greater than 10% above the weighted average of the market value of the securities for the five business days immediately preceding the date on which the transaction was effected;
- Repurchases may not be undertaken by the company or one of its wholly owned subsidiaries during a prohibited period and may also not be undertaken if they will impact negatively on shareholder spread as required by the JSE; and
- The company may not enter the market to proceed with the repurchase of its ordinary shares until the company's sponsor has confirmed the adequacy of the company's working capital for the purpose of undertaking a repurchase of shares in writing to the JSE."

The directors are of the opinion that, after considering the effect of the maximum repurchase permitted and for a period of 12 months after the date of this annual general meeting:

- the company and the Group will be able, in the ordinary course of business, to pay their debts;
- the assets of the company and the Group will be in excess of the liabilities of the company and the Group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- the working capital of the company and the Group will be adequate for ordinary business purposes; and
- the share capital and reserves are adequate for the ordinary business purposes of the company and the Group.

The effect of the special resolution and the reason therefor is to extend the general authority given to the directors in terms of the Act and the Listings Requirements of the JSE for the acquisition by the company of its own securities, which authority shall be used at the directors' discretion during the course of the period so authorised.

In terms of the Listings Requirements of the JSE, the following disclosures are required with reference to the general authority to repurchase the company's securities set out in the special resolution above, some of which are set out elsewhere in the Annual Report of which this notice forms part ("this Annual Report").

Directors – refer page 3;

Major shareholders of the company – refer page 33;

Directors' interests in the company's securities – refer page 32;

Share capital – refer page 54.

Litigation statement

The directors of the company, whose names are given on page 3 of this Annual Report, are not aware of any legal or arbitration proceedings, pending or threatened against the Group, which may have or have had, in the 12 months preceding the date of this notice, a material effect on the Group's financial position.

Directors' responsibility statement

The directors, whose names are given on page 3 of this Annual Report, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Annual Report contains all the information required by law and the JSE Listings Requirements.

Material change

Other than the facts and developments reported on in this Annual Report, there have been no material changes in the affairs, financial or trading position of the Group since the signature date of this Annual Report and the posting date hereof.

Special resolution number 2

Resolved, as a special resolution, that the Company's ordinary share capital be and is hereby increased from R35 000 000 divided into 350 000 000 ordinary shares of ten cents each to R45 000 000 divided into 450 000 000 ordinary shares of ten cents each, by the creation of 100 000 000 new ordinary shares of ten cents each, ranking *pari passu* in all respects with the existing authorised ordinary share capital of the Company.

Reason for and effect of the special resolution

The reason for special resolution number 2 is to increase the authorised ordinary share capital of the Company to facilitate the issue of further shares as and when required and the effect will be to increase the authorised ordinary share capital of the Company to 450 000 000 ordinary shares of ten cents each

7. To conduct such other business as may be conducted at an annual general meeting.

Voting and proxies

On a show of hands every shareholder present in person or by proxy and if a member is a body corporate, its representative, shall have one vote and on a poll every shareholder present in person or by proxy and if the person is a body corporate, its representative, shall have one vote for every share held or represented by him.

A form of proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own name registration who are unable to attend the annual general meeting in person but wish to be represented thereat. Forms of proxy must be completed and received by the transfer secretaries at least 48 hours excluding Saturday, Sunday and Public Holidays, before the time appointed for the meeting. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will, nevertheless, be entitled to attend and vote in person at the annual general meeting to the exclusion of their appointed proxy/(ies) should such member wish to do so. Dematerialised shareholders, other than with own name registration, must inform their CSDP or broker of their intention to attend the annual general meeting and obtain the necessary authorisation from their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person but wish to be represented thereat. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned by the cut-off time stipulated therein.

Certificated shareholders whose shares are held through a nominee or broker, must inform their nominee or broker of their intention to attend the annual general meeting and obtain the necessary letter of representation from their nominee or broker or provide their nominee or broker with their voting instructions should they not be able to attend the annual general meeting in person.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and to vote in his/her stead.

By order of the board

Moore Stephens MWM Inc

OA Barbeau
Secretaries

Corporate information

REGISTRATION NUMBER

1934/005478/06

REGISTERED OFFICE AND POSTAL ADDRESS

Metorex Limited
2nd Floor, Cradock Heights
21 Cradock Avenue
Rosebank 2196, South Africa
(PO Box 2814, Saxonwold 2132)

WEBSITE AND E-MAIL ADDRESS

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

TELEPHONE AND FAX NUMBERS

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

DIRECTORS

A S Malone (*Chairman*)
C D S Needham (*Managing*)
A Barrenechea*^
A J Laughland*~
E W Legg
K C Spencer
R G Still*~
* *non-executive* ~ *British*
^ *Spanish* ~ *independent*

COMPANY SECRETARIES

Moore Stephens MWM Inc.
Chartered Accountants (SA)
7 West Street
Houghton 2198, South Africa
(PO Box 1574, Houghton 2041)

AUDITORS

Deloitte & Touche
The Woodlands
Woodlands Drive, Woodmead
Sandton 2196, South Africa
(Private Bag X6, Gallo Manor 2052)

TRANSFER SECRETARIES (SOUTH AFRICA)

Link Market Services South Africa (Pty) Ltd
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

NORTH AMERICA AND CANADA

Bank of New York
101 Barclay St,
New York NY10286
USA

SPONSOR

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)

Metorex Limited

(Incorporated in the Republic of South Africa) • (Registration Number 1934/005478/06)

Share code: MTX • ISIN: ZAE000022745 • Issuer code: MEMTX

To be completed by certificated shareholders and dematerialised shareholders with own name registration only.

For use in respect of the annual general meeting to be held on 16 November 2006 at 10:00 in the Terrace Room, Ground Floor, Johannesburg Country Club, Napier Road, Auckland Park, Johannesburg, South Africa. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registrations, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We

(full name and surname in block letters)

of

(full address)

as a member of

being the registered holder of _____ shares in the Company hereby appoint:

1. _____ or

2. _____ or

3. the Chairman of the meeting

as my/our proxy to attend and vote on my/our behalf, as indicated below, at the annual general meeting of the shareholders of the Company, to be held at the Terrace Room, Ground Floor, Johannesburg Country Club, Napier Road, Auckland Park, at 10:00 on 16 November 2006 and any adjournment thereof.

Resolutions	For	Against	Abstain
Ordinary resolution – adoption of annual financial statements			
Ordinary resolution – re-election of E W Legg as a director			
Ordinary resolution – re-election of R G Still as a director			
Ordinary resolution – re-election of A Barrenechea as a director			
Ordinary resolution – to approve the directors' remuneration			
Ordinary resolution – to re-appoint the auditors			
Ordinary resolution – to place the unissued shares under the control of the directors			
Ordinary resolution – to provide the directors with a general authority to issue shares for cash			
Special resolution – to provide the company with a general authority to acquire its own securities			
Special resolution – to increase the company's authorised share capital			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable). Indicate with an X in the appropriate block.

Signed this _____ day of _____ 2006

Signed _____ (normal signature)

Capacity and authorisation (see note 6)

Notes

NOTES

1. Shareholders who have dematerialised their ordinary shares with a CSDP or broker, other than own name registrations, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.
2. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.
3. A shareholder may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the general meeting". The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
4. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or his proxy.
5. Where there are joint holders of ordinary shares and if more than one of such joint holders is present or represented, then the person whose name appears first in the register in respect of such ordinary shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form, unless previously recorded by the transfer secretaries of the company or waived by the chairman of the general meeting.
7. The completion and lodging of this form of proxy will not preclude the signatory from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.
8. The chairman of the annual general meeting may reject or, provided that he is satisfied as to the manner in which a member wishes to vote, accept any form of proxy which is completed other than in accordance with these instructions.
9. Proxies will only be valid for the purpose of the general meeting if received by the company's transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) at least 48 hours excluding Saturday, Sunday and Public Holidays, before the time appointed for the meeting.