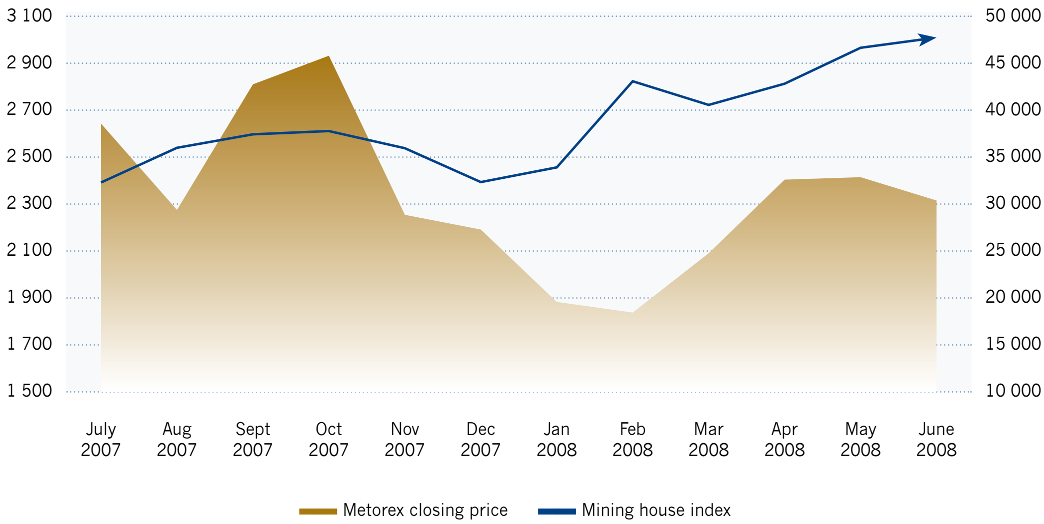
2008

METOREX LIMITED
ANNUAL REPORT

2008 Highlights

- **MINING PROFIT** INCREASED BY **86%**
- **COPPER PRODUCTION** INCREASED BY **48%**
- **FUTURE** COPPER GROWTH SECURED BY:
  – ACQUISITION OF CRC
  – MUSONOI
- **ORGANIC GROWTH** PROFILE EXPONENTIAL

SHARE PRICE PERFORMANCE



CONTENTS

Cover photo: *CCD tanks at Ruashi, view over PLS pond*

Group structure and business summary

BASE METALS

Chibuluma Mines plc – 85%

Ruashi Mining sprl – 80%

Sable Zinc Kabwe Limited – 100%

Copper Resources Corporation (CRC) – 50,3%

EXPLORATION TARGETS:

Chifupu (Zambia)

Musonoi (DRC)

Lubembe (DRC)

COPPER

Chibuluma, on the Zambian Copperbelt, mineralisation is stratiform and occurs in sandstone and shale beds of the Katangan sedimentary sequence. The Ruashi project in the DRC is an extension of this same copper province.

The major copper minerals at Chibuluma are bornite (Cu_5FeS_4) with 62% copper, and chalcopyrite ($CuFeS_2$) with 32,5% copper. Subordinate chalcocite (Cu_2S) occurs. At Ruashi, the minerals are oxidised to malachite and c hrysocolla, amongst others.

Underground mining at Chibuluma is by cut-and-fill methods, with the ore being trucked to surface by tyred vehicles. The Chibuluma ore is concentrated by flotation and sold to local smelters, or exported as a concentrate. Following smelting and refining, the finished product is sold in the form of cathodes or wire bars.

Mining at Ruashi is opencast cut-backs of the waste material to expose the orebody. The oxidised orebody is drilled and blasted, and trucked to the processing facility on the site. The ore is crushed and milled, and a portion is concentrated to a level of approximately 18% copper and 1% cobalt, which is then exported and sold to the Sable processing facility in Zambia. The concentrate tailings stream and the remaining milled ore is leached on site in the new Phase II facility to produce copper cathodes and in the future cobalt carbonate hydroxide. As with Chibuluma, final product is sold to international traders.

Copper is mostly used in electrical and electronic products; construction and engineering applications, largely in the IT industry, and is used in the vehicle industry.

GOLD

Pan African Resources plc – 55%

EXPLORATION TARGETS:

Mozambique

Manica

Central African Republic

Dekoa, Bogoin

Ghana

Akrokerri

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 is 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.

INDUSTRIAL MINERALS

Vergenoeg Mining Company (Pty) Limited – 70%

Consolidated Murchison Division – 100%

FLUORSPAR

The fluorspar (CaF_2) 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 upper oxidised portion of the orebody. After three-stage crushing and two-stage milling, the fluoride is separated from the gangue material by flotation methods. The oleic acid collector and frother renders the concentrate hydrophobic. The concentrate is vacuum filtered to reduce moisture to 10%. The final acidspar product contains 97,5% CaF_2, and the metallurgical grade fluorspar is approximately 90% CaF_2. A portion of the product is dried on site and sold to local clients, but the bulk of the acidspar production is railed to Durban port from where it is sold to international customers on a free on board (FOB) basis.

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 fluorocarbon gases for refrigeration and air-conditioning (HFCs). Other uses include steel and aluminium production, food preservation and fluoridation of drinking water.

Group structure and business summary

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 ore mined at Ruashi produces a cobalt hydroxide product through first leaching, then precipitating the cobalt from solution.

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.

Copper cathode at Sable

GOLD EXPLORATION

Barberton Mines is a 74% owned subsidiary of Pan African Resources, a company listed on both the Alternative Investment Market (AIM) of the London Stock Exchange and on the Alternative Exchange of the JSE Limited. Metorex has a 55% interest in Pan African Resources. Pan African Resources is a gold exploration company, which through the acquisition of Barberton has a gold producer and cash flow generator. Pan African Resources' main areas of exploration activity are presently in Mozambique, Central African Republic and Ghana. The most advanced of these exploration projects is the Manica project in Mozambique, which has an independently established ore resource of 1,5 million ounces of gold in situ.

Gold pour at Barberton Mines

ANTIMONY

Antimony occurs as the sulphide, stibnite (Sb_2S_3) 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 for flame retardant and in plastics, fabrics and electronic printed circuit boards.

Fluorite, Vergenoeg Mine

Spiral separator, Barberton Mines

OUR VISION IS TO EXPAND OUR MINING ACTIVITIES IN SUB-SAHARAN AFRICA BY ACQUIRING, DEVELOPING AND MANAGING A DIVERSIFIED PORTFOLIO OF LONG LIFE, HIGH QUALITY MINERAL RESOURCE PROJECTS.

OUR MISSION IS TO CREATE WEALTH FOR ALL OUR STAKEHOLDERS BY THE EFFICIENT MANAGEMENT OF OUR MINING AND METALLURGICAL OPERATIONS AND DELIVERING FINANCIAL GROWTH FOR OUR SHAREHOLDERS.

Financial highlights and ratios

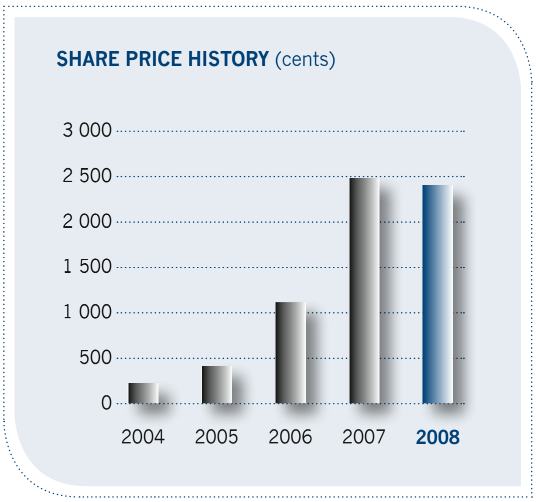
Performance for the years ended 30 June		2008	2007	2006	2005
Gross revenue	(R000)	**2 438 519**	1 703 757	1 013 328	644 244
EBITDA	(R000)	**1 171 019**	918 296	371 304	149 981
Cash mining profit margin	(%)	**43**	35	25	13
EPS	(cents)	**159,4**	183,5	54,3	13,5
HEPS	(cents)	**131,7**	110,5	47,7	12,3
Market capitalisation	(R000)	**8 856 460**	8 048 840	3 237 093	1 167 321
Shares in issue	(000)	**369 173**	324 550	289 026	279 933
Share price	(cents)	**2 399**	2 480	1 120	417
ZAR/US$ rate – Average	(R/US$)	**7,3**	7,2	6,4	6,2
ZAR/US$ rate – Closing	(R/US$)	**7,8**	7,0	7,2	6,7

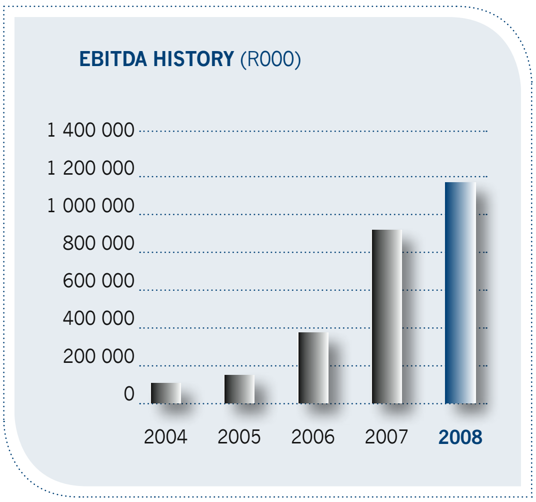
COMPANY PROFILE

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 base-metal, gold and industrial minerals mines.

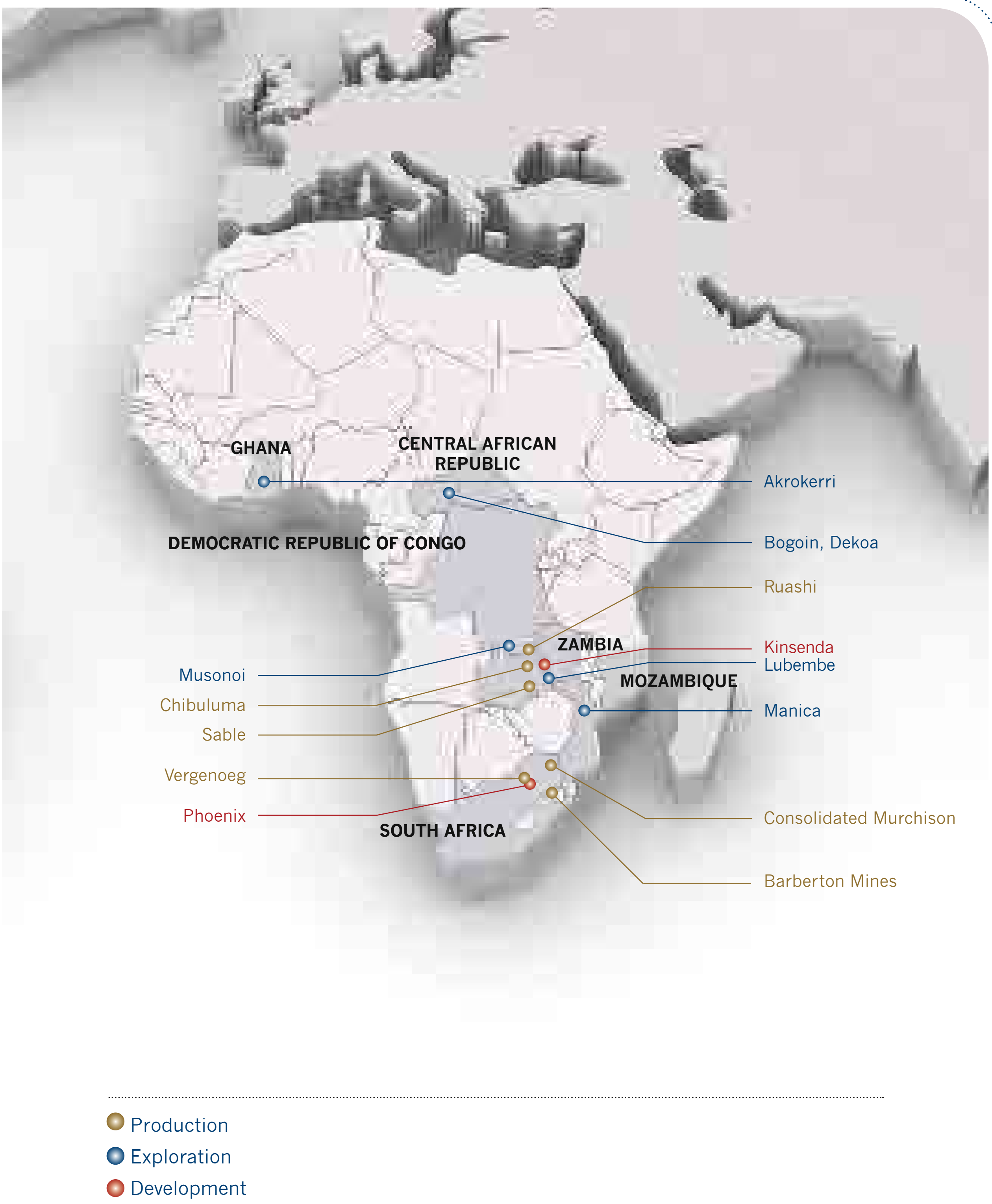
Our management philosophy is that of centralised strategic logic, combined with a strong, decentralised profit centre concept at operational level, that gives management at our mines the confidence and flexibility to conduct their operations efficiently. The elements that contribute to the success of 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 orebodies.

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.





Geographic locations



Directorate


1.

1. SIMON MALONE (65)

Chairman

Anthony Simon Malone is a founding shareholder of Metorex. His experience includes the identification, evaluation and development of mining assets, and interface between corporate and operational management. Simon has had extensive international and local exposure to the exploration and mining sector.

With effect from 1 July 2005, Simon's role as Chairman of the Metorex Group was refined in order that he could focus his attention on the strategic development of the Group, and provide technical advice to the Group's operations.

A Remuneration Committee member.


2.

2. CHARLES NEEDHAM (55)

Chief Executive

Charles Denby Stockton Needham joined Metorex in 1983 as Financial Manager, and then Financial Director of the Company.

Charles was appointed Chief Executive of the Group on 1 July 2005 becoming responsible for group operations and the interface between corporate and operational management.

An Audit Committee member.


3.

3. EDWARD LEGG (51)

Operations Director

Edward William Legg, a mining engineer by profession (Wits) has extensive operational and strategic planning experience throughout the South African mining industry.

Ed has been operations manager of several Metorex mines, and was appointed to the Metorex Board in February 2005.


4.

4. KEITH SPENCER (59)

Operations Director

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


5.

5. MARITZ SMITH (32)

Alternate to C D S Needham
Chief Financial Officer

Maritz Smith, who is a Chartered Accountant (SA), joined Metorex in 2002 after having been with Deloitte for three and a half years. He has been responsible for the financial management of several of the Metorex Group operations, and was appointed CFO in 2005 with overall responsibility for the Group's financial affairs and reporting. Maritz was appointed to the Metorex Board as an alternate director to Charles Needham in November 2007.

6. GEORGE ARTHUR FORREST (68)

Non-Executive Director

For more than 20 years, George has been chairman and chief executive officer of the Forrest Group of companies, which is a private group with companies located across Africa, Middle East and Europe, and active across a broad range of sectors including civil works, engineering, cement, trading, mining and refining.

In addition, George has been an Honorary Consul for France since 1999; Conseiller au Commerce Exterieur for Belgium since 1999; and is First Vice President of the Federation des Entreprises du Congo. George also currently holds the following decorations and orders: Grand Officier de l'Ordre National du Léopard (RDC); Commandeur de l'Ordre National du Mérite Italien (Italy); Commandeur de l'Ordre de Saint Marc de l'Eglise Orthodoxe d'Alexandrie (Greece); Officier de l'Ordre de Léopold II (Belgium); Chevalier de l'Ordre National de la Légion d'Honneur (France); Chevalier de l'Ordre National du Mérite (France); Médaille d'Or du Mérite Sportif (RDC); Médaille de Vermeil (Commandeur) de la Courtoisie Française (France); Médaille d'Honneur (Argent) de la Société d'Encouragement au Progrès (France); Médaille du Mérite Civique, Bronze, Argent, Or et Or avec Palme (RDC); and Officier de l'Ordre National du Zaïre (Zaïre). Appointed Non-Executive Director on 27 September 2007. Resigned subsequent to year-end.

6.

7. ROBERT STILL (53)

Deputy chairman: 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 (exploration and mining-JSE). Since that time Rob has been involved in both the senior and junior sectors of the mining industry worldwide and has held executive and non-executive director positions in mining and exploration companies listed in South Africa, Australia, Canada and the UK. In this time he has participated in the development of several new mining projects including Rhovan, Ticor Titanium, Pangea Goldfields, Southern Mining (Corridor Sands), Great Basin Gold (Burnstone) and Zimbabwe Platinum Mines Limited.

Rob 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.

An Audit Committee member.

A Remuneration Committee member.

7.

8. ALISTAIR LAUGHLAND (60)

Independent Non-Executive Director

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

Chairman of Audit Committee.

8.

9. ALBERTO BARRENECHEA (64)

Non-Executive Director

Alberto Barrenechea is a director of the largest producer and consumer of fluorspar in Europe – Spanish-based Minerales Y Productos Derivados. Alberto is also an adviser on plant upgrades and the general metallurgical process of Metorex's fluorspar mine, Vergenoeg. He has 34 years of industry experience.

A Remuneration Committee member.

9.

10. LES PATON (56)

Non-Executive Director

Les Paton holds a BSc (Univ of PE), BSc (Hons) Geology and a BComm (Univ of SA). He is an executive director of several Implats companies and been with that group for 34 years. Les also holds additional directorships in a variety of mining companies throughout the southern African arena. His career incorporates spells in Base Metal Exploration throughout southern Africa, as well as gold and platinum geological exploration, in which he has extensive experience. Les rose to the position of Chief Consulting Geologist within the Gencor Group, and was subsequently transferred to Implats where, in 2003, he was appointed to the board of both Implats and Zimplats. Les is experienced in the evaluation and technical overview of projects and in project management. He joined the Metorex Board subsequent to year-end.

11. PIERRE CHEVALIER (56)

Non-Executive Director

Pierre Chevalier has a degree in law and criminology. He has been executive vice president of George Forrest International S.A. since 2001. He has been a member of the parliament for the district Brugge since 1985, he is currently a member of the VLD party bureau. Since October 2000, he has been town councillor of Brugge. He is also a personal representative for the Prime Minister and the Minister of Foreign Affairs at the Inter-governmental Conference. Since 2007 he is a special envoy for the Belgian Foreign Ministry in charge of UN Security Council Affairs. He joined the Metorex group as a Non-Executive Director subsequent to year-end.

Messrs C D S Needham; E W Legg and R G Still retire by rotation. Messrs C D S Needham and R G Still offer themselves for re-election.

Chairman's review

"THE YEAR HAS BEEN ONE OF SOLID PERFORMANCE AT OPERATIONAL LEVEL AND IN THE EXPANSION PROGRAMMES THAT OCCURRED DURING THE YEAR. ALL THE COMPANIES OPERATED WELL AND RECORD PROFITS WERE ATTAINED AT CHIBULUMA, OUR COPPER OPERATION IN ZAMBIA, AT VERGENOEG, OUR FLUORSPAR OPERATION IN THE GAUTENG PROVINCE, AT BARBERTON MINES, OUR GOLD OPERATION IN THE MPUMALANGA AREA AND SABLE, OUR PROCESSING PLANT IN ZAMBIA. A SIGNIFICANT LEVEL OF CORPORATE ACTIVITY AIMED AT ENSURING CONTINUED GROWTH OCCURRED WITH THE ACQUISITIONS OF PAN AFRICAN RESOURCES PLC (PAR) AND COPPER RESOURCE COMPANY PLC (CRC) BEING FINALISED AND THE ACQUISITION OF PHOENIX PLATINUM."

The year has been one of solid performance at operational level and in the expansion programmes that occurred during the year. All the companies operated well and record profits were attained at Chibuluma, our copper operation in Zambia, at Vergenoeg, our fluorspar operation in the Gauteng province, at Barberton Mines, our gold operation in the Mpumalanga area and Sable, our processing plant in Zambia. A significant level of corporate activity aimed at ensuring continued growth occurred with the acquisitions of Pan African Resources plc (PAR) and Copper Resource Company plc (CRC) being finalised and the acquisition of Phoenix Platinum.

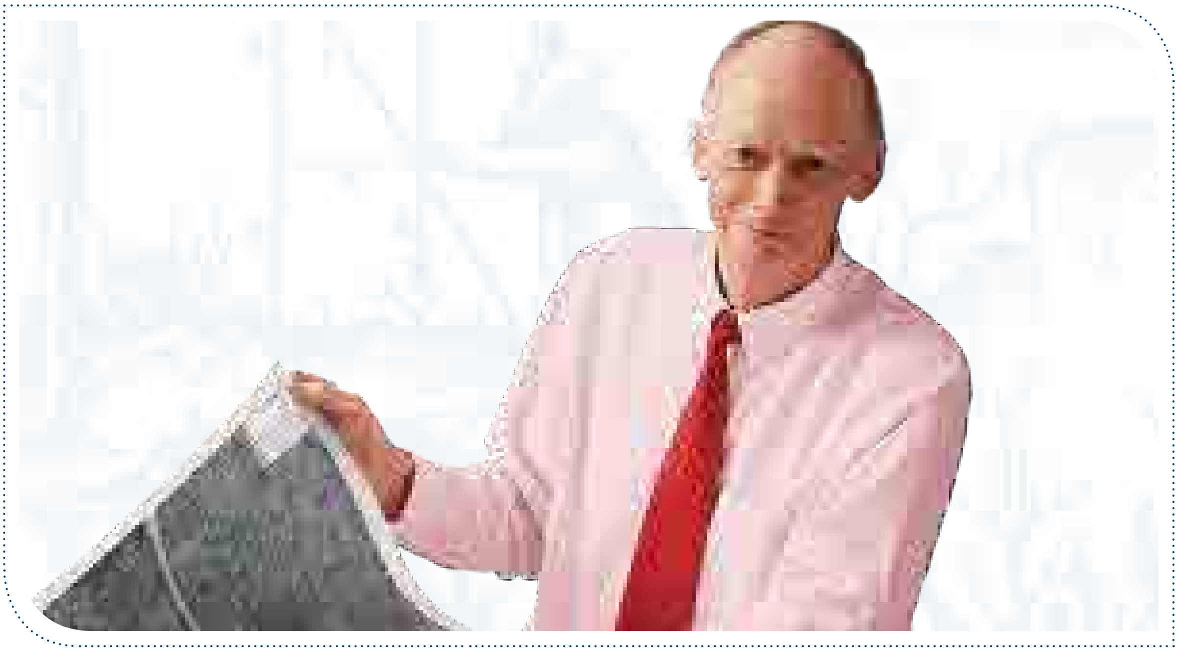
The Ruashi expansion programme, our major thrust during the year continued with first copper being produced in April 2008 and both commissioning of the plant and completion of the capital programme running concurrently. Broad comments on our corporate activities, the external impacts on the Company, and the future of the Company are contained further in this report with more detail in the Chief Executive's report and the various operational reports.

FINANCIAL RESULTS

The financial results for the year were an after tax profit of R0,7 billion (2007: R0,4 billion) which represents an increase of 75%. The capital expenditure for the year was incurred largely on Ruashi and the expansions at Chibuluma and Vergenoeg. These were funded by a project finance loan at Ruashi and internally at all the other projects. The aggressive expansion, acquisition and capital programme the Company has been involved in during the past two years regrettably has precluded the payment of dividends.

EXPANSION PROGRAMMES

The Chibuluma Mine completed its expansion programme from 40 000 to 50 000 tons per month of ore lifting copper production from approximately 14 000 tons to 16 000 tons per year. The Vergenoeg plant expanded from 120 000 tons of acid grade fluorspar to 180 000 tons by year-end. This ranks it as the largest single producer of acid grade fluorspar in the world and forms part of our strategic objective to become the preferred supplier to the industry. Barberton Mines achieved record production with the treatment of the calcine dumps and all other operations ran well. The Ruashi Phase II programme, the planned expansion from 10 000 tons copper to 45 000 tons per year of copper, the largest project the company has tackled, continued during the year. Commissioning of sections of the plant was achieved and commissioning and completion of the capital project are running concurrently aimed for completion in early 2009.



A S MALONE, CHAIRMAN

STRATEGIC OBJECTIVES

WITH OUR COMPETENT AND EXPERIENCED MANAGEMENT AND LISTINGS ON THE JSE LIMITED, THE LONDON STOCK EXCHANGE AND BANK OF NEW YORK-SPONSORED AMERICAN DEPOSITORY RECEIPT (ADR) PROGRAMME, OUR STRATEGIC OBJECTIVES ARE TO:

1) **Acquire and manage long-life, high-quality operations that diversify risk and provide sustainable earnings growth;**
2) **Maximise the return on investments of our portfolio of assets;**
3) **Sustain an appropriate Metorex culture throughout the Group; and**
4) **Create and maintain a market profile which provides tradability and creates wealth and income for our shareholders.**

Chairman's review continued

CORPORATE ACTIVITIES

The acquisition of Pan African Resources was completed in mid-2007. The integration of Barberton Mines into Pan African and the continuation of the exploration and evaluation programmes in the Central African Republic, Ghana and Mozambique have run smoothly.

The acquisition of Copper Resources Corporation (CRC), a significant high grade copper asset in the DRC, was initiated in mid/late 2007 and finalised in early 2008. Subsequent to the minority offer by Metorex, a significant minority stake in CRC was acquired by CAMEC, an Alternative Investment Market (AIM) listed company. Metorex holds 50,3% of CRC, with the right to convert a further 5% of the operating company, which would give it a 56% shareholding in the Group. CAMEC is required to make a minority offer to all shareholders in CRC at the highest price at which they paid for their shares. Failure to do this has complex consequences and the necessary corporate processes to progress this matter are occurring in accordance with sound corporate governance. This has not affected the technical progress on the reopening of the mine and the design of the processing plant, both of which have been proceeding as originally planned.

Phoenix Resources, a low cost entry into the platinum industry via the treatment of chrome bearing tailings, was acquired during the year and detailed planning on plant location and design are progressing.

GOVERNMENT PARTICIPATION IN PROJECTS

During the year, two major government interventions in the Company's activities occurred, namely a change in the tax regime in Zambia and a review of the mineral titles in the DRC. The Chibuluma asset was acquired on the basis of a Development Agreement providing, amongst other conditions, a 15-year stable tax regime which applied to the six original investors in Zambia. Despite strong urging from these investors, the Zambian Government imposed a series of taxes on the copper industry only which could result in an arbitration process. Discussions are in progress between the government and the various companies on these taxes and in the light of the current economic crisis and commodity prices, it is possible that the Zambian Government might review their position.

The title review in the DRC was initiated by the government in February 2008. Initial indications suggested completion by July 2008. The review process has taken considerably longer than originally envisaged and may be finalised by the end of 2008. The existing commercial terms between the major producers, potential producers and Gecamines, the state organisation, are competitive in world terms and any material change in these terms will be difficult to accept and can have a detrimental effect on the investor perceptions of the DRC.

THE MEDIUM-TERM FUTURE

Having taken advantage of the recent high mineral prices to enhance the condition of assets in the Group, all operations are running well with limited downtime. Production at the various operations should improve on last year's performance.

The commissioning of the Ruashi plant is running four to six months behind schedule and the copper circuit should be fully commissioned by December with the cobalt circuit a month later. The production build up envisages plant capacity attained in the next three to four months. The hedges in place protect the Company's revenue during this period. From an operational viewpoint, the Company is running satisfactorily and the capital programme on the Ruashi project is nearing completion.

The current world financial crisis triggered initially by the sub-prime problems in the USA has had a more powerful ripple effect than originally envisaged resulting in a severe reaction on both the commodity and equity markets. The supply constraints related to new production, namely funding availability, remote locations, infrastructure availability and increased costs remain. These factors and the closure of marginal operations will probably result in the supply-demand balance occurring sooner rather than later in the commodities we produce.

The current world economic crisis will require a rescheduling of capital programmes and a review of exploration and development programmes related to financing availability. The Group has in-house expansion projects, which are the Kinsenda project (a 5% copper orebody), the Musonoi project (a new copper/cobalt find in Kolwezi), the Phoenix platinum tailings project and Cuprachem technology for treatment of oxide ores. These projects are all significant potential contributors to Group profitability and shareholders will be kept informed of progress on them.

APPRECIATION

The Board wishes to extend its appreciation to the management and staff of all the Group companies who have both successfully completed expansion projects during the year and concurrently run their operations. My thanks to the Board members who have contributed wise and constructive advice to the Company during the past 12 months and a particular appreciation to the Chief Executive and the senior management team for having handled the vicissitudes of mining as competently as has been done.

EVENTS SINCE YEAR-END

The precipitous decline in equity markets and commodity prices in the months of September, October and November resulted in funding from either the debt or equity markets virtually disappearing, which with the Group's capital development programmes created a severe liquidity problem within Metorex. The time frames for conventional funding processes were not appropriate for resolving this problem.

Accordingly the Board, with the support of the Group's bankers and major current shareholders finalised an equity issue to raise R744 million of new equity and R178 million of further debt finance. This funding has had to be done at a severe discount to both the market price and internal valuations of the company assets.

The Board, after considered assessment of the alternatives, which included a possible liquidation of the company, approved this funding programme contingent on shareholder approvals to be obtained. The raising of R922 million in the current climate is a credit to the support that the company has from its shareholders and bankers and a reflection of the quality of the company to both withstand the effects of lower mineral prices and prevents the sale of quality assets at fire sale prices.

The necessary documentation to approve these transactions will be circulated shortly.

Chief Executive Officer's report

"THE GROUP'S PERFORMANCE FOR THE YEAR AND ITS DEVELOPMENT ACTIVITIES HAVE BEEN MOST SATISFACTORY WITH MINING PROFITS HAVING INCREASED BY 86% YEAR-ON-YEAR. WHILST THE COMMISSIONING OF THE RUASHI PHASE II PLANT HAS TAKEN LONGER THAN PLANNED, THE FINAL PRODUCT WILL BE A WORLD-CLASS FACILITY AND CONTRIBUTE HANDSOMELY TO FUTURE EARNINGS. THIS HAS BEEN A REMARKABLE ACHIEVEMENT, PARTICULARLY GIVEN THE CHALLENGES OF OPERATING IN THE DRC. THE GROUP IS POISED FOR SIGNIFICANT GROWTH OVER THE NEXT THREE TO FOUR YEARS WITH ITS PIPELINE OF DEVELOPMENT PROJECTS."

SAFETY AND TRAINING

The Group's excellent safety record was marred by three fatal accidents, two of which occurred at Barberton Mines and one at Chibuluma. Our sincere condolences are extended to the families of the deceased.

The Group companies conduct their activities with due regard for the health and safety of its employees and operate approved training programmes through their respective training centres. In this regard it is pleasing to note that Consolidated Murchison recently achieved a million fatality free shifts.

NEW ORDER MINING RIGHTS

The conversion to new order mining licences at the Group's South African operations is progressing. Barberton Mines has submitted all the relevant documents to the Department of Minerals and Energy and is awaiting the issue of a new order Mining Licence.

The remaining operations, Vergenoeg and Consolidated Murchison, have largely completed the requirements for their application and are in negotiations with potential empowerment partners. Upon finalisation of the negotiations the completed applications will be lodged with the department.

OPERATING PERFORMANCE AND FINANCIAL REVIEW

The Group continued its earnings growth trend, which was largely a result of a 36% increase in copper sales following significant volume growth. All of the commodity prices improved from the previous year with the increase in the gold price being the most notable. Mining profit increased by 86% to R921 million, which is approximately 50% attributable to the Group's increase in copper and cobalt sales volumes. Headline earnings per share increased by 19% to 132 cents, after a dilution of 11 cents per share following the issue of additional shares for the acquisition of Copper Resources Corporation (CRC), which is a development project and a one-off deferred tax charge of 6 cents per share, relating to the change in the Zambian taxation legislation. The prior year's headline earnings also included a 13 cents per share contribution from the Wakefield Coal Division, disposed of during June 2007.

All operations contributed positively to the 43% improvement in the Group's turnover. The realisation costs increase of 39% is mainly attributable to the high cost of transport, and associated border clearing costs of copper/cobalt concentrate from the DRC to Sable in Zambia.

C D S NEEDHAM, CHIEF EXECUTIVE OFFICER

The Group's operating cost structure increased by 26% to R1,13 billion. This increase is related to the increase in production volumes, general inflation pressures, the Kwacha/Dollar exchange rate and exponential price increases in fuel, steel and reagents.

The reverse acquisition by Barberton Mines of Pan African Resources plc (PAR) for a 55% shareholding in the combined entity, gave rise to an accounting profit of R158 million.

The Group's balance sheet has been enhanced with the equity attributable to its shareholders increasing by R1,9 billion to R3,5 billion. This increase resulted from the acquisition of CRC and the Group's earnings during the past financial year. The Group's debt/equity ratio, net of cash, increased to 33% from 17% following the drawdown of the Ruashi Phase II project finance facility of US$175 million, and a working capital facility of US$20 million. The interest on the Ruashi loan is capitalised to the project.

The Group's cash generated by operations increased by 43% to R915 million for the year. The cash outflows from investing activities of R1,9 billion is net of proceeds of R339 million from the disposal of the Wakefield Coal Division. Funds were applied to the acquisition of Phoenix Platinum and Copper Resources Corporation (R170 million) and Group capital expenditure of R2,0 billion. A capital expenditure over run on the Ruashi II hydro-metallurgical plant, together with the associated costs of developing mining operations in the DRC, has placed severe liquidity constraints on the company which has required a refinancing package.

CAPITAL EXPENDITURE AND COMMITMENTS

Group capital expenditure totalled R2,0 billion (2007: R0,8 billion), mainly related to the Ruashi Phase II project (R1,5 billion); decline development at Chibuluma; capitalised exploration expenditure at Pan African Resources plc (PAR), and development expenditure on CRC's Kinsenda Mine.

Contracted capital commitments at 30 June 2008 amounted to R359 million (2007: R717 million), whilst uncontracted commitments amounted to R164 million (2007: R31 million).

Operating lease commitments, which fall due within the next year, amounted to R25 million (2007: R10 million), whilst commitments of R26 million (2007: R10 million) fall due during the next four years.

Chief Executive Officer's report continued

FUTURE PROSPECTS

The Group's organic growth profile, contingent upon metal prices and funding, envisages its copper and cobalt production increasing to 125 000 to 140 000 tons/annum and to 6 000 to 8 000 tons/annum respectively by the 2012 financial year. These growth projects will require estimated capital of US$300 million to US$400 million, to be applied to the Kinsenda Mine development and the Musonoi project, both in the DRC.

The world has recently experienced a financial crisis unprecedented in recent history, which has had the effect of denuding market capitalisation values of the major, mid-tier and junior mining companies. The knock-on effect of this situation is that the raising of debt and/or equity financing for mine capital developments and growth becomes extremely challenging. The situation is likely to see a deferral or shelving of new developments and a drying up of exploration activity in the sector.

Commodity prices have also been negatively affected by the world financial woes which will require that mining companies maintain effective cost control and focused management of their operations.

The Metorex Group is not immune from these world occurrences and is reviewing a less aggressive growth and project development profile and focusing its attention on cost control procedures at its operations.

A financing package became urgently required, which with the support of the Company's shareholders and bankers has been concluded to ensure the completion of the Ruashi development project. This is subject to shareholder approval.

Development projects

Phoenix Platinum – RSA

Phoenix has an agreement with International Ferro Metals to treat 20 000 tons per month of current arisings from the Lesedi Chrome Mine for PGM recovery and has 1,5 Mt of tailings for immediate treatment. Process engineering based on metallurgical testwork for a generic 20 000 ton per month plant design has been completed. The environment requirements will be finalised shortly.

Aluminium Fluoride Plant – RSA

Progress is being made with the Alfluorco site selection study and environmental impact assessment scoping report, which has been supported by the local authorities in Umhlathuze (Richards Bay).The basic engineering plant design has been received and a local engineering company is undertaking the detailed costing and peripheral design. The final report is being prepared. The development of this project is contingent upon securing the necessary financing requirements.

CORPORATE ACTIVITY

The Group finalised the reverse acquisition of PAR on 24 July 2007, whereby 74% of Barberton Mines was reversed into PAR for a 55% interest in the combined entity. This transaction provides the Group with a controlling stake in a separately listed gold vehicle, with significant exploration assets supported by strong cash flow generation from Barberton Mines. PAR's loss since acquisition together with the effect on the Group's revenue and results, had the acquisition been effective 1 July 2007, is immaterial.

The Group acquired 50,3% of CRC and the right to acquire 5% of Miniere de Musoshi et Kinsenda Sarl (MMK), for a total consideration of 37,2 million new Metorex shares and GBP6,75 million cash.

On 7 December 2007, Metorex acquired 100% of Phoenix Platinum for a consideration of R110 million, settled by way of a cash payment of R55 million and 3,5 million new Metorex shares issued at R23 per share.

Statistical information

Commodity production statistics

Commodity	Unit	2008	2007	2006	2005
Copper	(t)	25 350	17 131	8 002	—
Cobalt	(t)	565	132	—	—
Antimony	(mtu)	361 455	377 998	576 317	502 194
Fluorspar (all grades)	(dmt)	180 854	183 199	156 692	143 086
Gold	(kg)	3 517	3 348	3 763	3 902

Commodity sales statistics

Commodity	Unit	2008	2007	2006	2005
Copper	(t)	23 291	17 107	8 369	2 930
Cobalt	(t)	386	129	—	—
Antimony	(mtu)	337 403	371 061	585 600	500 021
Fluorspar (all grades)	(dmt)	184 299	181 286	158 285	141 438
Gold	(kg)	3 603	3 332	3 777	3 872

Average commodity prices achieved

Commodity	Unit	2008	2007	2006	2005
Gold	$/oz	804	581	508	464
Antimony	($/mtu)	58	54	44	37,3
Fluorspar (all grades)	($/t)	190	174	155	149
Copper	($/t)	7 277	7 066	5 514	4 135
Cobalt (65% of LMB quoted price)	($/lb)	18	11	—	—
Exchange rate (average)	R/$	7,3	7,2	6,4	6,2
Exchange rate (year-end)	R/$	7,8	7,0	7,2	6,7

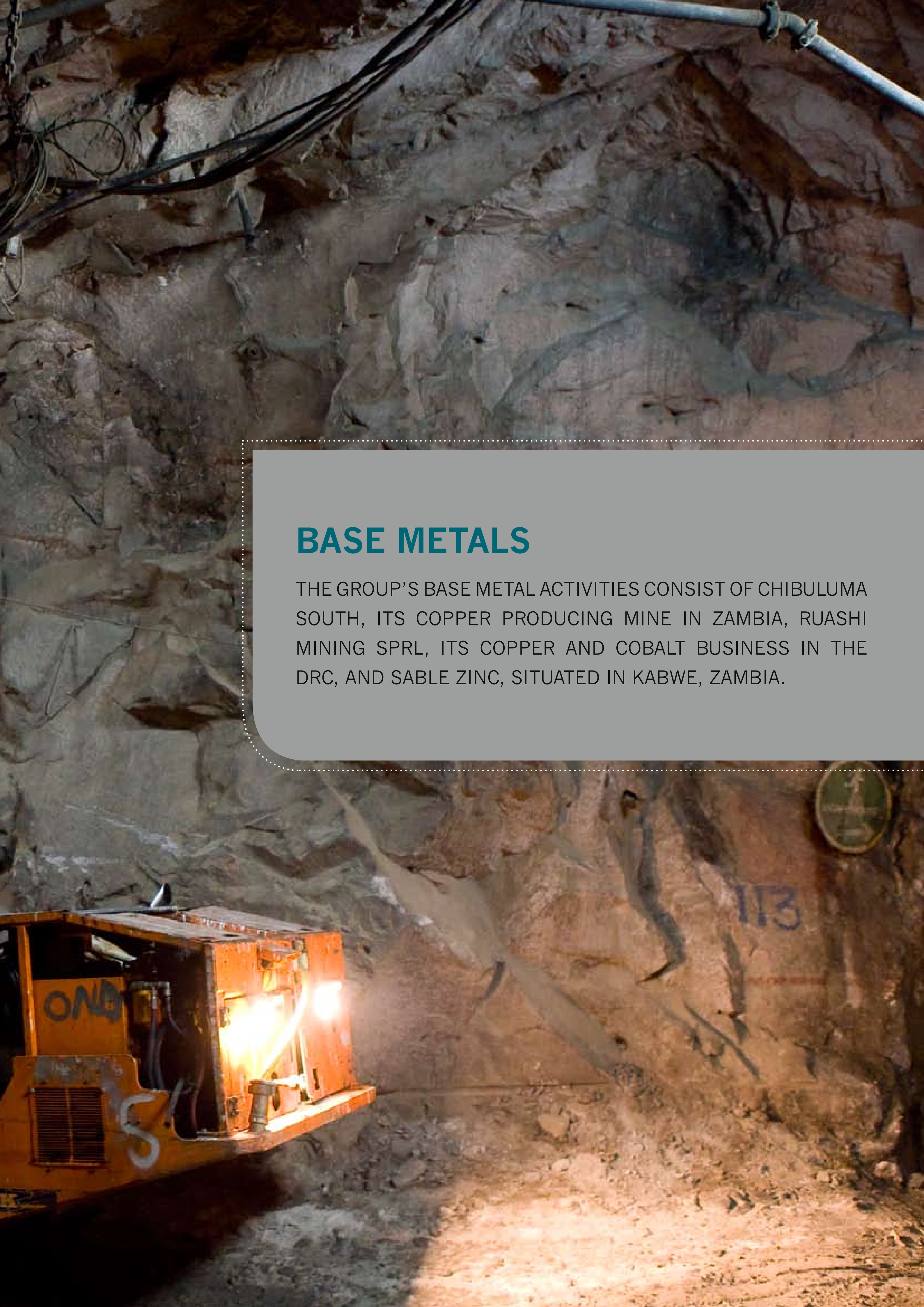
Capital expenditure

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

Company	Description	2008 R000	2007 R000
Pan African Resources plc	– Plant, equipment and development	54 173	22 834
Vergenoeg Mining Company (Pty) Limited	– Mineral rights	5 049	523
	– Plant, equipment and machinery	9 088	18 791
	– Land/Building and infrastructure	2 191	625
	– Other	2 530	874
Consolidated Murchison Division	– Plant, machinery and development	67 828	25 090
	– Other	558	813
Chibuluma Mines plc	– Plant, machinery and development	119 569	78 791
Ruashi Mining sprl and Sable Zinc Kabwe Limited	– Capital work in progress	1 415 102	575 834
	– Plant and equipment	17 569	60 190
	– Other	128 333	6 397
Copper Resources Corporation	– Plant, equipment and development	74 239	—
Metorex Limited	– Furniture and office equipment	202	180
Total capital expenditure for the year (excluding mineral rights from acquisitions)		1 896 431	790 942

In addition, mineral rights totalling R2 billion (2007: R0,7 billion) arose from the acquisition of Copper Resources Corporation, Phoenix Platinum, exploration at Kasempa and the reverse acquisition of Pan African Resources.

Underground stope, Chibuluma Mine



BASE METALS

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.

Review of operations – Base Metals

CHIBULUMA MINES PLC – COPPER

CHIBULUMA SOUTH IS LOCATED ON THE ZAMBIAN COPPERBELT, CLOSE TO THE TOWN OF KALULUSHI, NORTH OF THE ZAMBIAN CAPITAL OF LUSAKA.

MANAGEMENT

Edward Mounsey, General Manager
Malcolm Bullock, Financial Manager
Jan Trouw, Mining Manager
Derek Olivier, Engineering Manager
Dr Chris Kawesha, Chief Medical Officer
Gerbrand van Heerden, Finance Executive

DIRECTORS

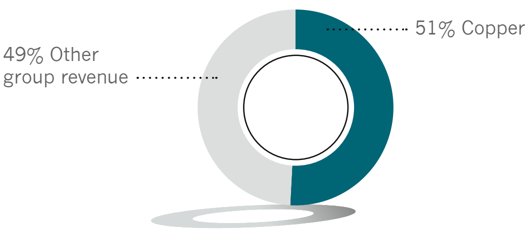
C D S Needham (Chairman)
E W Legg (Managing)
J Makumba
D H Littleford
M Lumamba

EDWARD MOUNSEY, GENERAL MANAGER

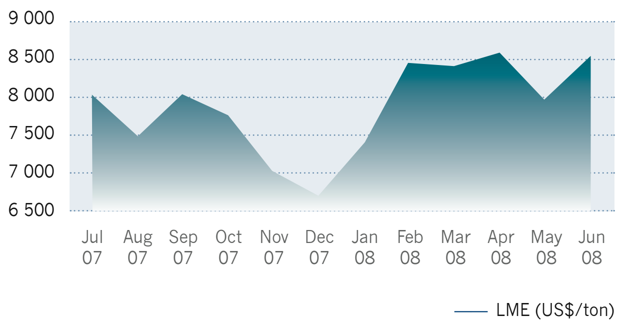
Chibuluma Mines plc		2008	2007	2006*
Tons milled	(t)	555 575	503 880	363 311
Headgrade	(%)	2,9	2,5	2,7
Overall recovery	(%)	89,6	86,1	81,6
Copper produced	(t)	14 583	10 770	8 002
Copper sold	(t)	14 491	10 761	8 017
Total cash cost/ton sold	(US$/t)	2 663	2 787	2 984
EBITDA	(R000)	501 459	323 022	125 521
Depreciation	(R000)	49 070	36 011	16 916

** First year of production.*

COPPER REVENUE



COPPER PRICE: **JULY 2007 – JUNE 2008**



Micaceous quartzite with bornite from the Chibuluma Basement rock

BUSINESS REVIEW

Chibuluma expanded its milling capacity to 50 000 tpm and operated at this level during the second half of the financial year. The copper headgrade improved as mining advanced through the waste parting present during the previous year and is expected to further increase with depth. Overall, copper production increased by 35%, which had a positive impact on the unit cost per ton of copper produced.

Chibuluma South is now a fully established mine with 4,7 million tons of reserve at an improving grade. Pre-development of the decline shaft is progressing on schedule ensuring increased maximum mining flexibility.

ZAMBIAN TAX

The Government of the Republic of Zambia (GRZ) introduced a new mining tax regime effective 1 April 2008. Chibuluma's Development Agreement (DA) signed in 1997 by GRZ and ZCCM under the auspices of the World Bank provides for a tax stabilisation period of 15 years. Specifically, the DA stipulates that should GRZ increase effective corporate taxes to above 35%, Chibuluma shall have a claim against GRZ under English law with arbitration in London.

Chibuluma, together with other mining companies in Zambia, set out in correspondence the provisions and recourse under the DA and has requested further discussions in this regard. Chibuluma has received a response from GRZ agreeing to further dialogue in order to find an amicable solution. Chibuluma continues to reserve its rights in terms of the DA.

Review of operations – Base Metals

RUASHI MINING SPRL – COPPER AND COBALT

RUASHI MINING IS 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 AND IN THE SOUTH OF THE DEMOCRATIC REPUBLIC OF THE CONGO. RUASHI MINING SPRL, OWNED 80% BY RUASHI HOLDINGS (PTY) LIMITED AND 20% BY STATE-OWNED GECAMINES, IS THE OPERATING COMPANY IN THE DRC.

MANAGEMENT

Grant Dempsey, General Manager
Paul Inbona, Financial Director
Jules Muhkinkwe, Deputy General Manager
Trevor Faber, Project Manager
Gareth Thomson, Finance Executive

DIRECTORS

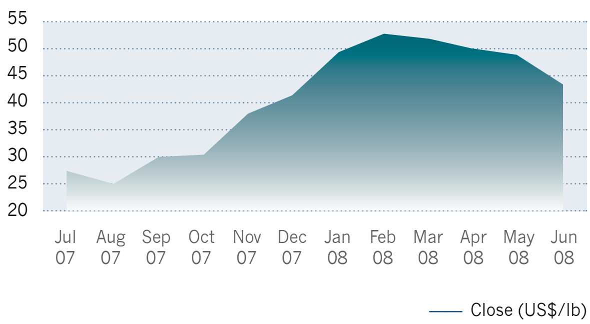
C D S Needham (Chairman)
G Dempsey (Managing)
P Inbona
T J Faber
Dr M Mutamba
K wa Kalwa
C Umba
K Kasakoto

GRANT DEMPSEY, MANAGING DIRECTOR

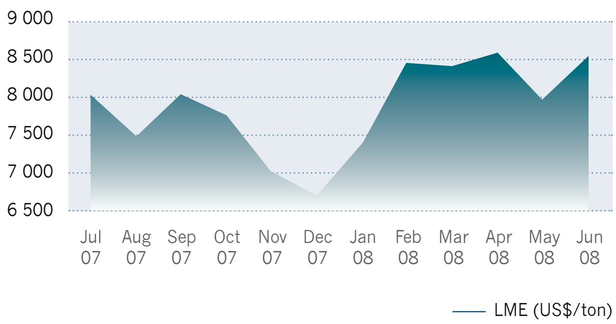
Ruashi/Sable			2008	2007*
Tons milled		(t)	601 505	473 090
Headgrade	– Copper	(%)	3,2	2,9
	– Cobalt	(%)	0,4	0,6
Recovery	– Copper	(%)	57	46
	– Cobalt	(%)	23	5
Copper produced		(t)	10 767	6 361
Copper sold		(t)	8 800	6 346
Cobalt produced		(t)	565	132
Cobalt sold		(t)	386	129
Total cash cost/ton of copper sold, net of cobalt		(US$/t)	3 476	4 695
EBITDA		(R000)	174 695	83 624
Depreciation		(R000)	35 244	21 805

* *First year of production.*

COBALT PRICE: JULY 2007 – JUNE 2008



COPPER PRICE: JULY 2007 – JUNE 2008



Blasting preparations, Ruashi II openpit

BUSINESS REVIEW

The Ruashi concentrator operated at design capacity with recoveries improving significantly from the previous year. During the year, in addition to the normal production, 6 800 tons of concentrate, containing 835 tons of copper and 55 tons of cobalt, was transferred to the Ruashi Phase II plant in order to charge the leach tanks for commissioning.

The total cash cost per ton of copper sold includes export taxes, haulage costs and documentation costs approximating US$1 900/ton of copper metal. On-mine costs at Ruashi I and the Sable processing facility amounted to approximately US$1 600/ton of copper metal, net of cobalt credits.

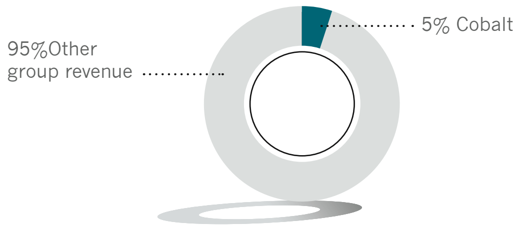
The Ruashi II plant, which is in a staged commissioning phase, will produce copper cathode and cobalt hydroxide on site. This negates the excessive export and haulage costs incurred at Phase I. In addition, the leach and SX/EW facility should achieve copper/cobalt recoveries of 85% and 60% respectively.

Musonoi Exploration

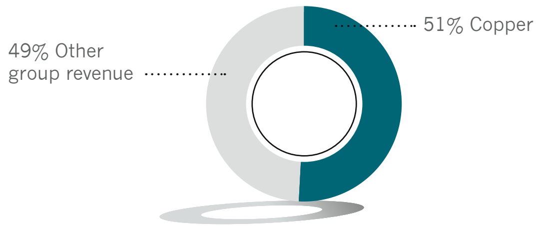
The Musonoi deposit is held by Ruashi Mining sprl. Drilling on the Dilala East deposit at Musonoi has identified mineralisation similar to that mined at the Kamoto UG, 5 km to the west of the project area. In total 33 holes have been drilled for a total of 6 247 metres on a 100 metre by 50 metre grid over a strike length of 600 metres since exploration commenced in December 2006. The mineralisation does not outcrop due to strike parallel faulting and consists of steeply dipping, high grade oxide copper (average 4% Tcu) and cobalt (average, 0,9% TCo) mineralisation from 50 metres to 230 metres below the surface. The mineralisation is hosted in two wide (10 to 25 metres each) zones separated by a low grade unit of 15 metres in width.

Review of operations – Base Metals

COBALT REVENUE



COPPER REVENUE



Sulphides have been intersected below 230 metres in three boreholes covering 100 metres of strike. Grades and widths are comparable to those obtained from the oxide intersections and are open ended at depth and along strike. Step out drilling is in progress at depth and along strike to confirm the extent of the sulphide zone.

Geotechnical and metallurgical sample drilling has commenced and a preliminary resource estimate is being prepared which will be released shortly. A scoping study will commence once the resource estimate, geotechnical drilling and metallurgical test results have been received to evaluate the financial viability of an operation to exploit the deposit.

Ruashi Phase II project

Whilst the commissioning of the Ruashi Phase II plant has been delayed and project costs are higher than original estimates, the challenges and complexities of establishing a plant of this magnitude and technical advancement have been largely overcome. The ultimate plant at completion will be world class and the largest and most modern SX/EW plant in the DRC.

The plant will be commissioned in modules commencing with the HG solvent extraction plant, followed by the cobalt plant, the front-end crushing plant and finally the acid plant.

Commissioning delays have resulted in copper and cobalt production of approximately 18 000 tons of saleable copper and 650 tons of contained cobalt in the forthcoming financial year. This will be achieved through a phased build-up. Thereafter, Ruashi II should produce at its design capacity of 45 000 tons copper and 3 500 tons cobalt per annum.

Mining operations are established in the first of the three pits with the opening of the second pit under way. Pit 2 is expected to produce higher grades than those of the first pit.

COPPER RESOURCES CORPORATION PLC (CRC)

CRC IS A HOLDING COMPANY OF A GROUP OF MINERAL EXPLORATION AND DEVELOPMENT COMPANIES WHICH OWN THREE PROPERTIES WITH TOTAL RECOVERABLE RESOURCES OF 7,2 BILLION POUNDS OF COPPER. THE GROUP OWNS A 75% INTEREST IN MINIERE DE MUSOSHI ET KINSENDA (MMK), WHICH HOLDS THREE HIGH-GRADE DEPOSITS IN THE KATANGA PROVINCE OF THE DEMOCRATIC REPUBLIC OF THE CONGO.

MANAGEMENT

Mario Gericke, Operations Executive
Cleve Walker, Financial Manager
Michel Sauvenier, Kinsenda Mine Manager
Gerbrand van Heerden, Finance Executive
Laurent Tshisola Kangoa
Imba Ilunga wa Ngogo
Mwanda Nsaka

DIRECTORS

C D S Needham (Chairman)
M Smith
G A Forrest
A S Malone
M Anastassiou
R Fischer

MARIO GERICKE, OPERATIONS EXECUTIVE

Copper Resources Corporation (CRC)

The Group acquired 50,3% of CRC and the right to acquire 5% of Miniere de Musoshi et Kinsenda SARK (MMK) for a total consideration of 37,2 million new Metorex shares and GBP6,75 million cash. CRC owns 75% of MMK.

The MMK assets comprise the Kinsenda Mine, currently in development, the Musoshi Mine, placed on care and maintenance and the Lubembe copper deposit all situated in the DRC.

Kinsenda Mine development

The Kinsenda Mine resource amounts to 17 million tons grading 5% copper.

The re-establishment of mining and surface infrastructure has commenced. An infrastructure study has been completed with regard to the power and water supplies and the costing of the upgrades is currently in progress.

The mine planning and geological models are being prepared by mine personnel together with a mining consultant. Dewatering of the mine has been completed to provide access for the cleaning operations to enable decline and vertical shaft access and to install water management, ventilation and material handling facilities. Front-end engineering design work for the concentrator plant is being finalised and earthworks and civil construction has commenced. Orders are being placed for major plant components and long-lead time items. Final project cost quotations and timing schedules are being prepared. The development of the underground mine, processing plant and general infrastructure will require equity and/or pre-offtake financing.

Lubembe exploration

Exploration drilling commenced during June 2008. Approximately 1 100 metres of evaluation holes were drilled at 100 metre intervals to a depth of approximately 60 metres. Three of the holes intersected moderate malachite mineralisation between 40 and 60 metres. The reverse circulation drilling machines were incremented with a diamond drilling machine during July together with an XRF analyser.

Review of operations – Base Metals

COPPER RESOURCES CORPORATION PLC (CRC) continued

Hinoba-an Copper Project

CRC has an effective 92,5% economic interest in the Hinoba-an Porphyry Copper Project through Selenga Mining Corporation (a Philippines registered company). The project is located on the island of Negros Occidental in the Philippines, approximately 700 km south of Manila.

The Hinoba-an property has been subject to 70,076 metres of diamond drilling and 10,372 metres of reserve circulation drilling, totalling 80,448 metres of drilling.

A scoping study has been prepared by IMC, an Australian consultancy, the results of which are being reviewed with continued metallurgical testwork. Indications are that the resources estimated at 170 million tons of sulphide ore grading 0,4% copper produces a positive NPV at a copper price above US$2/lb. A Phillippines based consultant has been engaged to complete a review of this project. The review has been commissioned to highlight the engineering design and operational areas that can be optimised to improve the project return, specifically focusing on by-product credits such as pyrite and capital savings.

SABLE ZINC KABWE LIMITED – COPPER AND COBALT

SABLE IS LOCATED APPROXIMATELY 2 KM SOUTH OF THE KABWE TOWN CENTRE IN THE CENTRAL PROVINCE OF THE REPUBLIC OF ZAMBIA, SOME 150 KM 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.

MANAGEMENT

David Littleford, General Manager
Edward Legg, Metorex Executive Director
Richard Shannon, Financial Manager
Benson Kaacha, Electrical Engineer
Allan McInnes, Maintenance Engineer
Gareth Thomson, Finance Executive

DIRECTORS

C D S Needham (Chairman)
D H Littleford (Managing)
A S Malone
D A R Phiri

DAVID LITTLEFORD, MANAGING DIRECTOR

Ruashi/Sable			2008	2007*
Tons milled		(t)	601 505	473 090
Headgrade	– Copper	(%)	3,2	2,9
	– Cobalt	(%)	0,4	0,6
Recovery	– Copper	(%)	57	46
	– Cobalt	(%)	23	5
Copper produced		(t)	10 767	6 361
Copper sold		(t)	8 800	6 346
Cobalt produced		(t)	565	132
Cobalt sold		(t)	386	129
Total cash cost/ton of copper sold, net of cobalt		(US$/t)	3 476	4 695
EBITDA		(R000)	174 695	83 624
Depreciation		(R000)	35 244	21 805

** First year of production.*

Copper cathode, Sable Zinc processing facility

BUSINESS REVIEW

Sable Zinc Kabwe, the copper and cobalt processing facility established to treat the concentrate from Ruashi, and other ore suppliers performed exceptionally well during the year. The copper and cobalt processing streams achieved target recoveries and sold all products into a buoyant market. A-grade copper cathode has attracted a premium and the cobalt carbonate recoveries and quality have had a progressive improvement since commissioning.

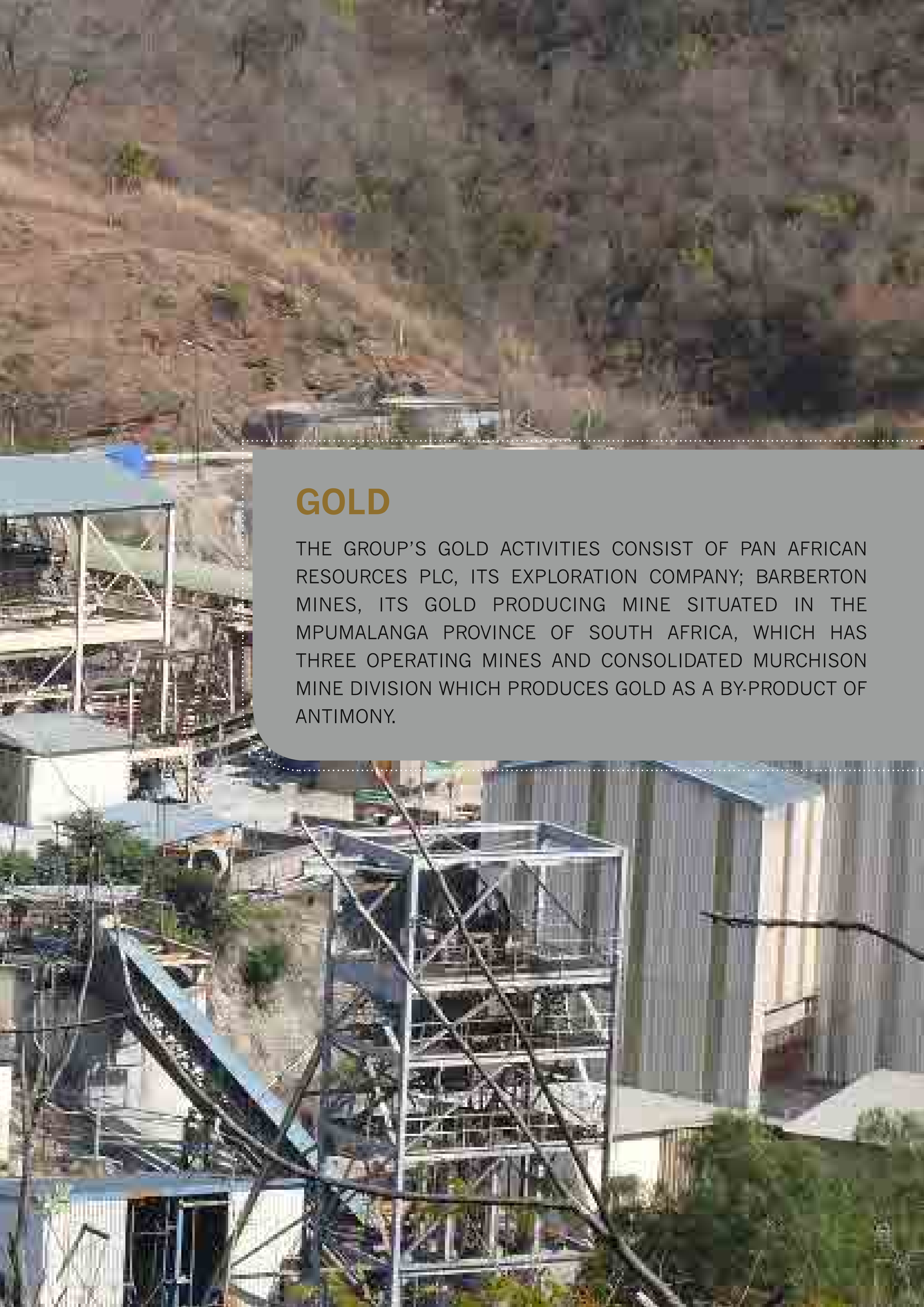
The sulphuric acid plant performed to expectation, supplying the Sable needs, and the excess production was sold to the other Zambian Copperbelt and the DRC oxide copper producers. Sable produces approximately 100 tons of sulphuric acid per day.

With the introduction of the Ruashi Phase II plant, Sable will be required to source ore and/or concentrate from third party suppliers.

The zinc processing plant was commissioned, within the budget of US$5 million, midway through the financial year, but due to the lower zinc price, the facility was converted to a cobalt leaching facility to add better value to Sable. This has further improved the recoveries of cobalt. The zinc tailings dumps remain to be processed at a later stage.

This is an efficient and well run processing plant.

Surface Shaft at Sheba Mine, Barberton



GOLD

THE GROUP'S GOLD ACTIVITIES CONSIST OF PAN AFRICAN RESOURCES PLC, ITS EXPLORATION COMPANY; BARBERTON MINES, ITS GOLD PRODUCING MINE SITUATED IN THE MPUMALANGA PROVINCE OF SOUTH AFRICA, WHICH HAS THREE OPERATING MINES AND CONSOLIDATED MURCHISON MINE DIVISION WHICH PRODUCES GOLD AS A BY-PRODUCT OF ANTIMONY.

Review of operations – Gold

PAN AFRICAN RESOURCES PLC

PAN AFRICAN IS A MID-TIER GOLD PRODUCER WITH SIGNIFICANT EXPLORATION TARGETS AND FOCUSES ON THE ACQUISITION AND DEVELOPMENT OF A PORTFOLIO OF GOLD DEPOSITS IN FAVOURABLE AREAS OF AFRICA TO ENHANCE SHAREHOLDER VALUE.

MANAGEMENT

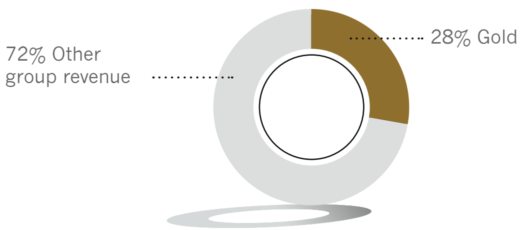
Jan Nelson, Chief Executive Officer
Keith Spencer, Chairman
Maritz Smith, Finance Director

Directors

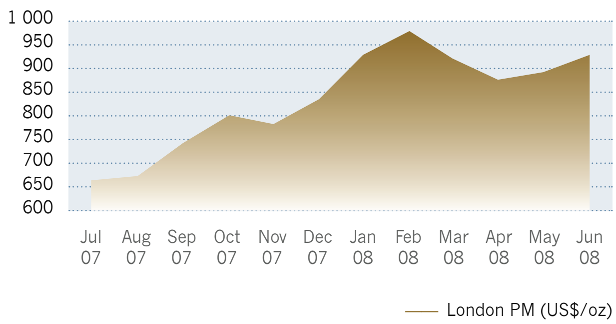
K C Spencer (Chairman)
J Nelson (Managing)
A S Malone
R Still
J Hopwood
C D S Needham
M Smith

JAN NELSON, MANAGING DIRECTOR

GOLD REVENUE



GOLD: JULY 2007 – JUNE 2008



Barberton Mines gold ore

EXPLORATION PROJECTS

Pan African Resources exploration

- *Manica project – Mozambique*
  Geological and drilling work continued with confirmed orebody continuation to a depth of 350 metres below surface. Resources modelling has been completed. This forms the basis for the pre-feasibility study, which will determine the size of a possible mine. The location and future economic factors are being considered. Studies are under way to assess the availability of reliable power and water supplies.
- *Bogoin and Dekoa projects – Central African Republic*
  A preliminary drilling programme has been completed to narrow down the soil geochemical anomalies. A secondary drilling programme has commenced at Bogoin over an area in excess of 800 km^2.
- *Ghana*
  Pan African has secured three prospective exploration areas in Ghana on an earn-in basis. Exploration has commenced at two of these projects.
- *Barberton*
  The management of Pan African have become actively involved in exploration of Barberton in particular in areas within the lease but outside the current mining footprint.

Review of operations – Gold

BARBERTON MINES (PTY) LIMITED

BARBERTON MINES CONSIST OF THREE OPERATING MINES: SHEBA, NEW CONSORT AND FAIRVIEW. THE GROUP'S TOTAL MINERAL RESERVES APPROXIMATE 2,0 MILLION TONS AND 14 000 KG OF GOLD, WHILST TOTAL MINERAL RESOURCES ARE MORE THAN 9,2 MILLION TONS AND 59 000 KG OF GOLD.

MANAGEMENT

Casper Strydom, General Manager
Willem Kruger, Financial Manager
Pierre Human, Technical Manager
Dario Negri, Engineering Manager
André van den Bergh, Human Resources Manager
Gerbrand van Heerden, Finance Executive

DIRECTORS

C D S Needham (Chairman)
K C Spencer (Managing)
M C Ramaphosa
R M Smith (Alternate)
J Nelson

CASPER STRYDOM, GENERAL MANAGER

Barberton			2008	2007	2006	2005
Tons milled		(t)	315 305	330 367	313 779	316 094
Headgrade		(g/t)	8,9	9,2	10,7	11,1
Overall recovery		(%)	91	92	92	92
Produced:	Gold including calcine dump	(kg)	2 984	2 800	3 088	3 230
Sold:	Gold including calcine dump	(kg)	3 082	2 786	3 108	3 201
Price:	Spot	(R/kg)	204 344	148 230	108 683	86 265
	Hedge	(R/kg)	151 460	96 088	90 047	101 890
Total cash cost/kg sold		(R/kg)	111 272	107 656	88 177	85 073
EBITDA		(R000)	210 218	79 965	58 291	56 494
Depreciation		(R000)	33 688	30 056	24 452	23 432

3 Shaft headgear at Consort, Barberton Mines

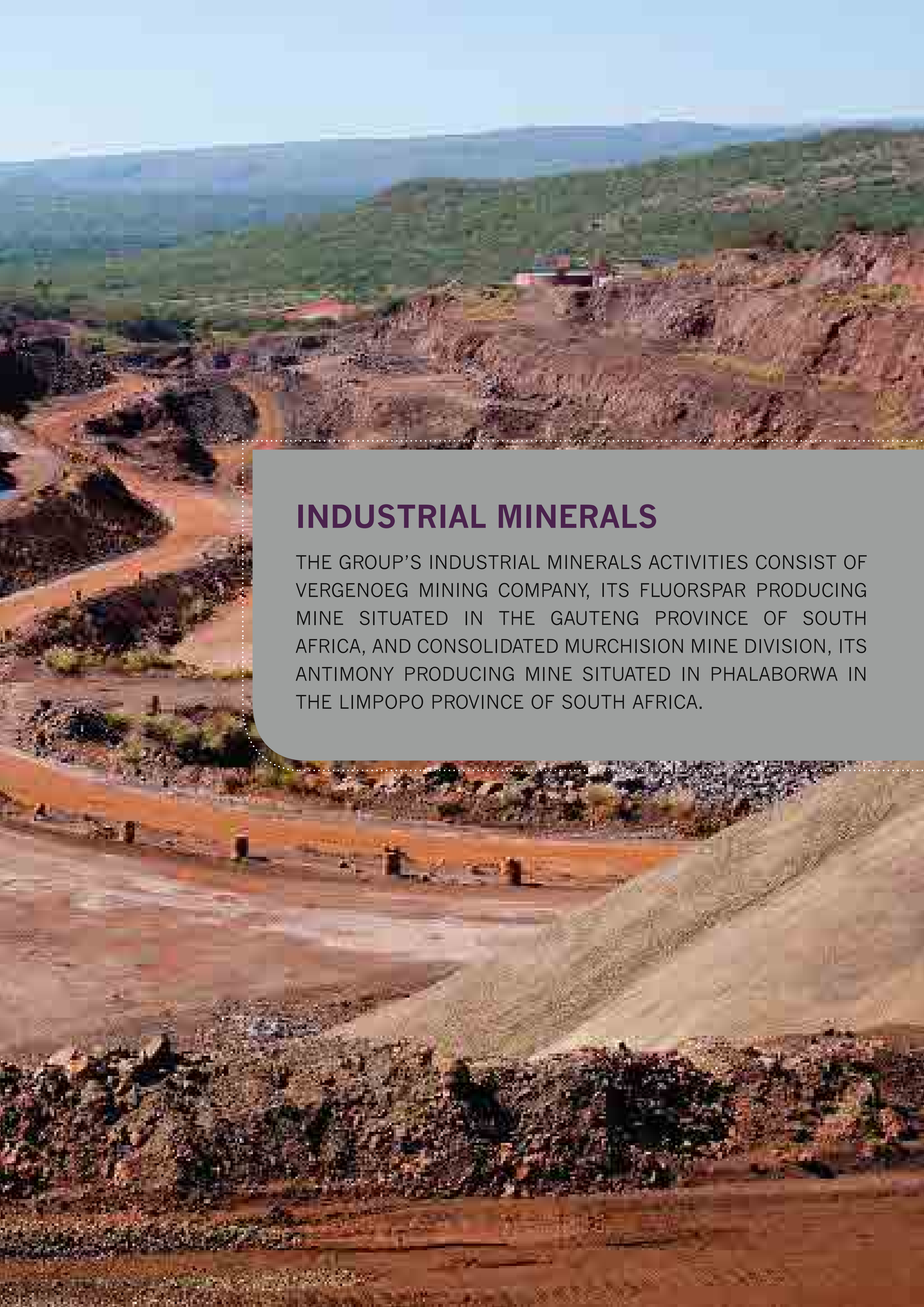
BUSINESS REVIEW

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 containing 15 000 kg of gold, whilst total mineral resources are 8,2 million tons containing 59 000 kg of gold. Barberton Mines operated satisfactorily with increased gold production from the calcine dump retreatment operation. The unit cost of production increased at a rate below that of the CPI inflation index.

The operations have embarked on a number of projects to replace ore reserves on all three mines. These involve deepening the access on known ore bodies currently in operation as well as development towards previously only mines on surface. These projects are long term and should be completed in two to three years.

The EBITDA was 163% higher than that of the previous year and was reduced by the remaining deliveries of gold against its historic hedgebook, which accounted for a R32 million reduction in possible gross revenue. Barberton is now fully exposed to the spot gold price.

Openpit benches, Vergenoeg Mine



INDUSTRIAL MINERALS

THE GROUP'S INDUSTRIAL MINERALS ACTIVITIES CONSIST OF VERGENOEG MINING COMPANY, ITS FLUORSPAR PRODUCING MINE SITUATED IN THE GAUTENG PROVINCE OF SOUTH AFRICA, AND CONSOLIDATED MURCHISION MINE DIVISION, ITS ANTIMONY PRODUCING MINE SITUATED IN PHALABORWA IN THE LIMPOPO PROVINCE OF SOUTH AFRICA.

Review of operations – Industrial Minerals

VERGENOEG MINING CO (PTY) LIMITED – FLUORSPAR

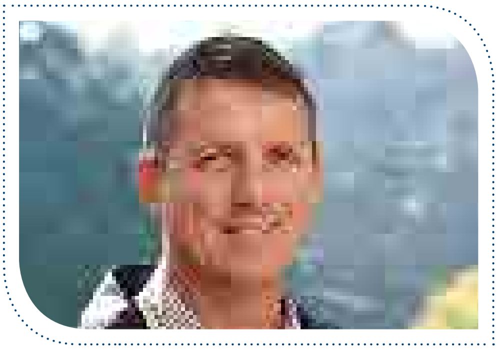
IT IS THE WORLD'S LARGEST KNOWN FLUORSPAR RESOURCE WITH A LIFESPAN IN EXCESS OF 100 YEARS AT CURRENT PRODUCTION RATES. SITUATED 150 KILOMETRES NORTH OF JOHANNESBURG, THE COMPANY BOASTS A STATE-OF-THE-ART CONCENTRATOR ENABLING IT TO MEET MARKET DEMAND. THE GROUP'S PARTNER, SPANISH-BASED MINERALES Y PRODUCTOS DERIVADOS S.A., ALSO PROVIDES THE COMPANY WITH ADVICE ON METALLURGICAL PROCESSES, AND INTERNATIONAL MARKETING.

MANAGEMENT

D A Cooke, General Manager
Flip Opperman, Financial Manager
Hugo Pretorius, Engineering Manager
Hennie Terblanche, Mining Manager
Greg Brooker, Metallurgical Manager
Gareth Thomson, Finance Executive

DIRECTORS

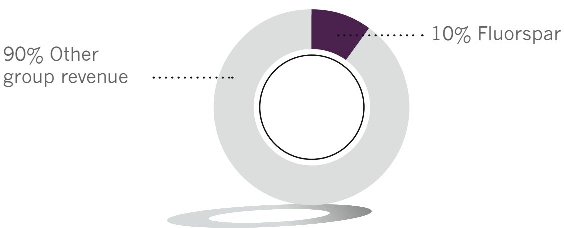
C D S Needham (Chairman)
E W Legg (Managing)
J S Alonso
A Barrenechea
A S Malone
D A Cooke (Alternate)



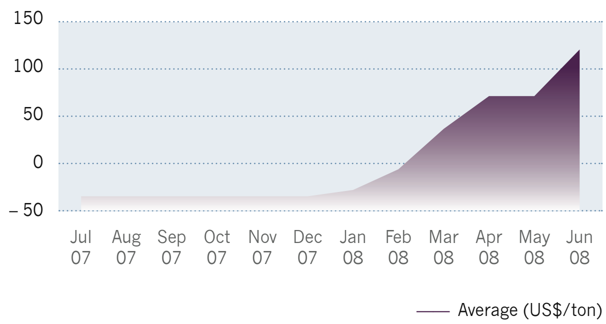
D A COOKE, GENERAL MANAGER

Vergenoeg		2008	2007	2006	2005
Tons milled	(t)	570 826	561 366	470 623	428 976
CaF_2 grade	(%)	39,9	42,6	43,3	42,6
CaF_2 recovery	(%)	74,2	70,9	73,7	70,8
Fluorspar produced (all grades)	(dmt)	180 854	183 199	156 692	143 086
Fluorspar sold (all grades)	(dmt)	184 299	181 286	158 285	141 438
Price (all grades)	(R/dmt)	1 387	1 246	989	868
Total cash cost/ton sold	(R/t)	841	811	755	776
EBITDA	(R000)	89 761	83 683	44 600	22 642
Depreciation	(R000)	11 218	9 002	8 171	7 130

FLUORSPAR REVENUE



FLUORSPAR (Acidspar) PRICE: JULY 2007 – JUNE 2008



Fluorite ore

BUSINESS REVIEW

The plant operated efficiently during the year with recoveries increasing from 70,9% to 74,2% although feed grades were below those of the previous year.

The design production capacity of 180 000 tpa was achieved and the operating cost per unit produced increased 4%, which is significantly below the CPI inflation index. The EBITDA increased by 7%, which was assisted by a price increase in fluorspar.

Feasibility work is being completed to further increase the production levels to 250 000 – 300 000 tons per annum to either meet further market demand or to provide feed for the envisaged aluminium fluoride plant.

Orebody limit and infill geological drilling was carried out during the year to improve confidence in the extent and grade of the orebody.

FUTURE PROSPECTS

The fluorspar market has remained robust ensuring total sale of product at robust prices.

Vergenoeg mining licence conversion compliance is progressing well, to be submitted early in the new financial year.

Review of operations – Industrial Minerals

ANTIMONY

SITUATED AT GRAVELOTTE CLOSE TO PHALABORWA IN THE LIMPOPO PROVINCE, **CONSOLIDATED MURCHISON** IS THE SINGLE LARGEST ANTIMONY OREBODY KNOWN IN THE WORLD, HAVING PRODUCED IN EXCESS OF NINE MILLION TONS OF HIGH-GRADE STIBNITE ORE. GOLD IS PRODUCED AT CONSOLIDATED MURCHISON AS A CO-PRODUCT OF ANTIMONY.

MANAGEMENT

Zieg Barnard, General Manager
Keith Spencer, Metorex Executive Director
Willem Bodenstein, Financial Manager
Colin Wilson, Technical Service Manager
Koos Venter, Metallurgical Manager
Liezel Swart, Human Resources Manager
Gerbrand van Heerden, Finance Executive

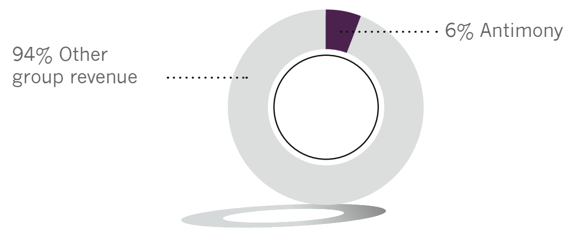
EXECUTIVE COMMITTEE

C D S Needham (Chairman)
K C Spencer (Managing)

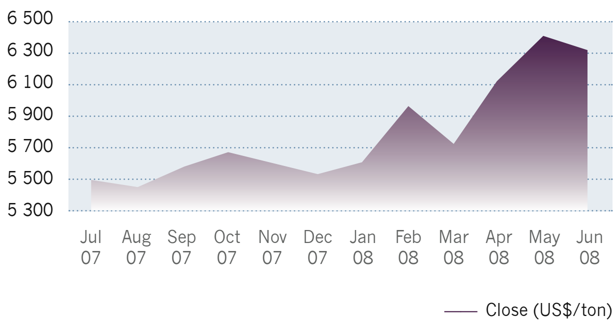
ZIEG BARNARD, GENERAL MANAGER

Consolidated Murchison			2008	2007	2006	2005
Tons milled		(t)	355 076	420 381	447 547	437 798
Produced	Sb	(mtu)	361 455	377 998	576 317	502 194
	Au	(kg)	533	548	675	672
Sold	Sb	(mtu)	337 403	371 061	585 600	500 021
	Au	(kg)	521	546	669	671
Total cash cost/mtu sold		(R/mtu)	343	276	209	194
EBITDA		(R000)	26 401	16 991	43 829	(6 117)
Depreciation		(R000)	10 196	5 800	3 769	3 420

ANTIMONY REVENUE



ANTIMONY PRICE: JULY 2007 – JUNE 2008



Antimony flotation section, Consolidated Murchison concentrator

BUSINESS REVIEW

Consolidated Murchison increased its EBITDA for the year from R17 million to R26 million, which was largely the result of the commodity price of both antimony and gold. The division experienced a labour strike during the first two months of the year, which affected production. An expansion programme has been commenced in a modest fashion to increase tonnage milled by 1 000 tons per month over a 15-month period to ultimately reach 50 000 tpm milled. This additional production is being sourced from shallow reserves via decline shafts.

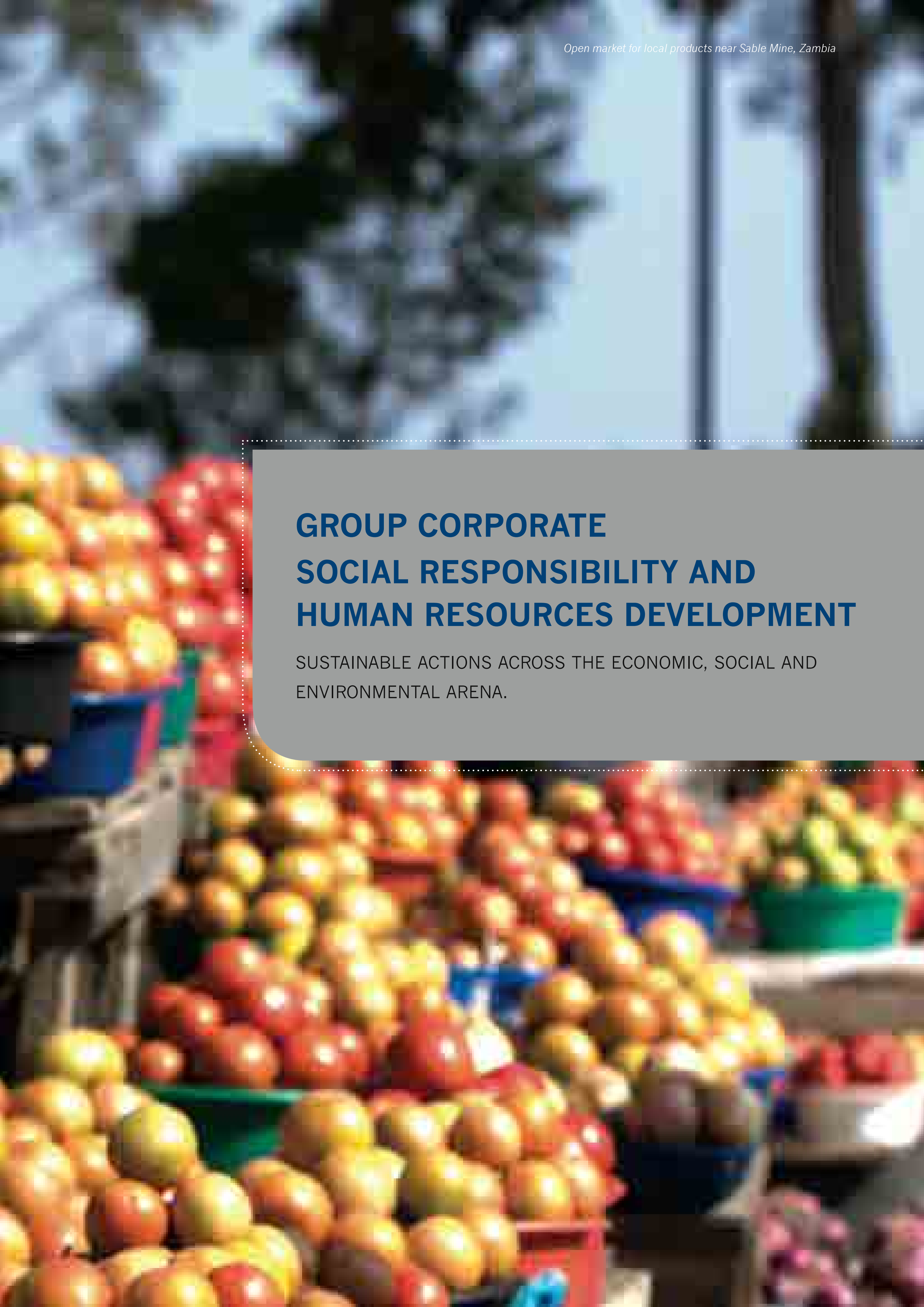
The mine has embarked on a programme to progressively change the mining method from open stoping to trackless cut and fill using development waste as the filling material. This will reduce the dilution of the ore and reduce the amount of waste material that has to be hoisted to surface.

FUTURE PROSPECTS

A deep-level exploration drilling strategy has been initiated in order to prove up extensions of the orebody below the current shafts levels. In addition, exploration drilling is underway at the mothballed Alpha/Gravelotte shafts that are known to have been high in antimony. The ore reserves proved up from the drilling and will be accessed via trackless declines from the bottom working levels of the current shafts.

MINING LICENCE CONVERSION

Consolidated Murchison is in discussion with a number of prospective black empowerment partners with the view of selling a stake in the company to meet the requirement of the Mineral and Petroleum Resources Development Act (MPRDA). The operation has also contracted an environmental consultancy to complete the other requirements for the application of a new order mining licence.



Open market for local products near Sable Mine, Zambia

GROUP CORPORATE SOCIAL RESPONSIBILITY AND HUMAN RESOURCES DEVELOPMENT

SUSTAINABLE ACTIONS ACROSS THE ECONOMIC, SOCIAL AND ENVIRONMENTAL ARENA.

Group corporate social responsibility and human resources development

SUSTAINABLE DEVELOPMENT

Metorex recognises that the sustainability of our operations is dependent on attaining a legitimate social licence, which represents Metorex's ability to earn and maintain the goodwill of the communities in the periphery of our mining operations. To ensure sustainable participation, the Metorex operations engage with their immediate communities to identify social needs and by mobilising programmes to address these needs.

In line with Metorex's social investment strategy, all operations of Metorex in South Africa employ available funds to optimise the impact of social investment activities as envisaged in the Mining Charter.

Metorex's social investment strategy incorporates an innovative bouquet of projects to transform the communities within the peripheries of our operations and with a focus to foster sustainable and long-term partnerships with organisations in our local communities and government sectors.

Metorex follows appropriate risk identification and management procedures to leverage its own contributions and to ensure community investments are legitimate and sustainable, and where possible, allow communities to earn income from commercially sound business opportunities.

Metorex balances the social concerns of our local communities with the availability of own resources and funding with the ability of future generations to develop capacity in addressing their needs.

Metorex embraces sustainable development as one of the duties as a responsible corporate citizen and as an operational business imperative for any responsible resource company.

Metorex have put into place the appropriate environmental and social policies and are implementing these to ensure that social commitments detailed in all policies are fully implemented throughout operations.

In the South African context, corporate social responsibility (CSR) and human resources development (HRD) are being regulated by legislation such as the Minerals and Petroleum Resources Development Act, the Employment Equity Act and the Skills Development Act.

As far as CSR is concerned, it is an inherent requirement that South African companies invest, from a socio-economic point of view, in the immediate and surrounding communities in order to alleviate poverty through sustainable local economic development projects. All our South African operations have either completed or are in the process of completing their specific social and labour plans as a prerequisite of converting their current or so-called "old order" mining rights to "new order" mining rights.

The Metorex Group has accepted its responsibility in addressing the socio-economic challenges that face communities in the areas that we mine and this includes all our operations in sub-Saharan Africa.

METOREX'S SOCIAL INVESTMENT VISION

Developing a sustainable future that meets the social needs of thriving mining communities without compromising the capacity of subsequent generations to meet their own needs.

METOREX'S SOCIAL INVESTMENT MISSION

Delivering environmental, economic and social benefits to our mining communities through financial and non-financial support and continual dialogue with all stakeholders.

TRANSFORMATION

In achieving the legislative objectives referred to in our introduction, the Group has accepted the principles of the broad-based socio-economic charter for the mining industry and we are progressing well in achieving the set targets. As far as our South African operations are concerned, we have decided to set up transformation trusts at each of the operations ensuring a holistic approach in achieving our transformation objectives.

Transformation is monitored and measured using the Department of Trade and Industry (DTI) scorecard.

Group corporate social responsibility and human resources development
continued

CORPORATE SOCIAL RESPONSIBILITY

BARBERTON MINES

Corporate social investment and local economic development: enterprise development projects and human resource development

Project focus area	Locality of the project	Target groups (beneficiaries)
Verulam soup kitchen		
Welfare project	Verulam informal settlement	Needy persons in the community
Pre-primary school at Consort, Sheba and Fairview sections		
Education, infrastructure, maintenance, support and provision of food	Consort, Sheba and Fairview sections	Employees' children as well as the community
Ambulance and first-aid service		
Service	Barberton	Community
Verulam policing		
Service/welfare	Verulam	Verulam community
First-aid training		
Service	Verulam	20 home-based care volunteers who will serve the greater community
Environmental project		
Rehabilitation of slime dams environmental project	Barberton Mines (Pty) Limited various sections	Unemployed members of the community
St John's mission and care centre		
Palliative care	St John's mission, Barberton	Mine employees and their immediate families, as well as members of the surrounding communities
Ad hoc requests for assistance		
Service/welfare	Greater Umjindi community	• Needy and poor people • Welfare organisation
Barberton City Stars Football Club		
Job creation	Barberton	Community
Lifeskills and community centre at Verulam (Sinqobile)		
Education and job creation	Verulam or Sinqobile townships	All interested employees, medically incapacitated employees and spouses of employees staying in the married quarters at the mine. The surrounding communities i.e. Verulam, Toronto and Sheba Siding
Vegetable project at Verulam (Sinqobile)		
Skills development, and job creation in partnership with the Phezukomkhono Farmer's Association	Verulam or Sinqobile townships	Orphans, widows and needy people at Verulam
Umjindi jewellery project		
Beneficiation and skills development – joint venture with local council and Vukani Ubuntu	Barberton	Community
Special forces/anti-gold theft squad		
Provision of security services – skills development, new venture creation	Barberton	Previously disadvantaged

BARBERTON MINES continued

Project focus area	Locality of the project	Target groups (beneficiaries)
Lomshiyo traditional kraal		
Infrastructure: setting up stalls to sell cultural items and produce to tourists Job creation through culture exhibitions, tourism, etc	Jabulani Farm at the Shalock Area	Community
Human resource development		
Skills development in line with WSP and EE targets	Barberton Mines (Pty) Limited various sections	Employees
Learnerships		
Skills development in scarce and critical skills	Barberton Mines (Pty) Limited various sections	Unemployed children of employees
ABET to the community		
Education and job creation	Umjindi municipal area	• Spouses of employees working at the mine • Surrounding community (Sinqobile township, Toronto and Sheba Siding)
Onsetter training		
Education and job creation	Barberton Mines (Pty) Limited various sections	Members of surrounding communities as well as children of employees

Barberton Mines – members of the Sinqobile community project

Group corporate social responsibility and human resources development
continued

CONSOLIDATED MURCHISON MINE DIVISION

Project focus area	Locality of the project	Target groups (beneficiaries)
Khomelelani community project: (hostel kitchen) Job creation – five women operate their own business providing food to our employees. • Maintain buildings and equipment • Provide deduction facilities for employees at payroll department	Consolidated Murchison Mine village	Mine employees (770)
Lifeskills training Education Brick-laying Welding Cooking classes and bread-making	Training centre	Employees as well as greater community
Busy-bodies Pre-school • Maintenance of the building and supply of water and electricity • Set monthly donation	Consolidated Murchison Mine village	Mine employee children and surrounding community • 52 children • 46 mine • 6 Gravelotte
Leseding Primary School • Maintenance of the building, supply cleaning material, water and electricity	Consolidated Murchison Mine village	Mine employee children and surrounding community • 126 children • 50 Gravelotte • 6 farms • 70 mine
Gravelotte Primary School • Maintenance of the buildings • Supply water to the school • Pay 50% of the bus transport cost to and from the mine to Gravelotte	Gravelotte	Mine employee children and surrounding community
Mine school bus to schools in Phalaborwa • Transport cost and driver's salary cost	Gravelotte/Consolidated Murch Mine Village/Phalaborwa	Mine employees
Water supply to Ba-Phalaborwa Municipality	• Supply ± 12 660kl water to Gravelotte Reservoir @ R2,96 (VAT inclusive) • Maintenance of pump, pipes and meters	• Farmers along the pipeline from Letaba pump station • Gravelotte residents • All Consolidated Murchison residents
Mathoma Stores (sell clothes and electrical appliances) Service and job creation • Maintain buildings and equipment • Provide deduction facilities for employees at payroll department	Consolidated Murchison Mine village	Mine employee children
Formal training • Seven teachers tutor N2- • ABET	Training Centre Consolidated Murchison Mine	• Mine employees and surrounding community N6, engineering fields – 37 students • Tutor N2 – N6 mining fields – 39 students • Computer training (Word, Excel and PowerPoint) – 12 students • Grade 12 classes – 33 learners

CONSOLIDATED MURCHISON MINE DIVISION continued

Project focus area	Locality of the project	Target groups (beneficiaries)
Churches Progress Victory Centre, Old Apostle, Anglican, Apostolic Faith Mission, Dutch Reformed • Supply and maintain buildings (including electricity and water supply)	Consolidated Murchison Mine village and Gravelotte	Mine employees and surrounding communities
BBR Nyati Health Care 24-hour clinic, medical surveillance and primary health care	Consolidated Murchison Mine village	Mine employees and greater community
Meisie se winkel Mariaan se winkel Wisani Café J C I Hostel bar Job creation and service	Consolidated Murchison Mine village	Mine employees and surrounding communities

VERGENOEG MINING COMPANY (VMC)

Education and training	Three learnership electrical and millwright Bethesda Outreach ministries	Two females and one male from the community Aids orphans
Social, health and arts and culture Donations and support HIV/Aids awareness Donations for celebrating Heritage Day Erection of community hall	Witlaagte Pankop Witlaagte	Community Community Community
Job creation Metspar production project	VMC	Community – Steve Bikoville
Enterprise development Scrap removals and sales Transportation of staff – Moloto Transportation of staff – Hammanskraal VMC canteen	VMC VMC VMC VMC	Mr Dolo – Witlaagte Mabitsela Transport – Moloto Maaga Transport – Hammanskraal Mr Makoto – Mmametlhake

CHIBULUMA MINES PLC, ZAMBIA

Mine hospital for employees and local community	Kalulushi	Employees and local community
Repairs (mending potholes and grading) of key roads in Kalulushi	Kalulushi	Local community and employees
Donations and support to sports and recreation activities	Kalulushi	Employees and their families and local community
Donations and support to schools and community social projects	Kalulushi and Lufwanyama	Local schools with Kalulushi and Lufwanyama
Construction and tarring of access road from airport road	Junction airport road to the mine	The mine and the community
Anti-malaria spraying	Kalulushi	Employees and their families and local community
Police force assistance	Kalulushi and Lufwanyama	Local community and employees

Group corporate social responsibility and human resources development
continued

RUASHI MINING, DRC

Project focus area	Locality of the project	Target groups (beneficiaries)
Education		
• A complete rehabilitation of the Mamba School and the ONESS School	The Ruashi town, which is a suburb of Lubumbashi	Children of Ruashi
• Regular planting of trees	The entire Lubumbashi	The population of Lubumbashi
• The construction of an internet café	The Ruashi town, which is a suburb of Lubumbashi	The population of Ruashi residents, with particular emphasis on the youth
Social upliftment		
• Power and water supply, now fully commissioned. Ongoing support in this area is continuing	The Ruashi town, which is a suburb of Lubumbashi, although the entire Lubumbashi has benefited from these projects	The population of Lubumbashi
• The construction of a bridge, which provides access for many people to attend a school and church, operated by the Central African Missions	The Ruashi town, which is a suburb of Lubumbashi	The youth of Ruashi
• The repairing of roads	The Ruashi town, which is a suburb of Lubumbashi	The population of Ruashi, and the surrounding areas
• Participates and sponsoring numerous clean-up campaigns	Primarily in Ruashi town, but does extend on occasions across the entire Lubumbashi	The population of Lubumbashi
• Promoting of sport, by arranging an annual marathon and a soccer tournament	The Ruashi town, which is a suburb of Lubumbashi	The population of Ruashi, although the marathon is open to all residents of Lubumbashi
Enterprise development		
• Utilising local entrepreneurs and artists, for various construction activities on the mine, such as wall construction, small buildings, etc	The Ruashi town, which is a suburb of Lubumbashi	The population of Lubumbashi
• We have a policy of utilising and purchasing from local business	The whole of Katanga	The population of Katanga

SABLE ZINC, KABWE

Project focus area	Locality of the project	Target groups (beneficiaries)
Schools		
• Financial assistance towards the construction of a security fence	Chipembi Girls' Secondary School	The youth of Chipembi Girls' Secondary School
Social		
• Donation towards the independence celebrations	Kabwe	The local community
Water supply		
• Assistance in the water project: installation of a pump, erection of a tank and connection to pipework at the Old People's Home	Kabwe	The elderly at the Old People's Home
Donations towards the Kabwe District Independence		
• Celebrations organising committee	Kabwe	The local community
Culture		
• Donation towards the Kulamba Kubwalo Lenje Cultural Ceremony	Kabwe	The local community
Women		
• Donation towards the commemoration of International Women's Day celebrations	Kabwe	The local community

HIV/AIDS

All of the operations have an HIV/Aids policy that complies with relevant legislation and specifically the *Codes of Good Practice on Key Aspects of HIV/Aids and Employment*.

The Group has adopted an approach ensuring that appropriate and sustainable measures are taken on a daily basis to ensure proper and effective management of the pandemic. These include but are not limited to:

- Awareness, education and training progammes in consultation with all roleplayers;
- Voluntary counselling and testing campaigns;
- Mechanisms to promote acceptance and openness with regard to HIV/Aids in the workplace;
- Providing support for all employees infected or affected by HIV/Aids; and
- Continual and repetitive campaigns to ensure the sustainability of all actions and programmes.

The Group's HIV/Aids policy is based on the following principles:

Legal framework

This policy has been compiled taking cognisance of all relevant legislation and specifically the *Codes of Good Practice on Key Aspects of HIV/Aids and Employment* provided for in the Employment Equity Act of 1998.

Promoting a non-discriminatory work environment

No person with HIV/Aids shall be unfairly discriminated against in respect of the employment relationship or within any employment policies or practices.

The Group adopts appropriate measures to ensure that employees with HIV and Aids are not unfairly discriminated against and are protected from victimisation through positive measures such as:

- awareness, education and training on the rights of all persons with regard to HIV and Aids;
- mechanisms to promote acceptance and openness around HIV/Aids in the workplace;
- providing support for all employees infected with or affected by HIV and Aids; and
- grievance procedures and disciplinary measures to deal with HIV-related complaints in the workplace.

Counselling and testing

The Group rejects HIV testing as a prerequisite for recruitment, access to training or promotion. However, the Group promotes and facilitates access to voluntary counselling and testing (VCT) for all employees.

Confidentiality and disclosure

The Group guarantees confidentiality of any medical information relating to the HIV/Aids status of an employee. Where an employee chooses to voluntarily disclose his/her HIV status to the Group companies or to other employees, this information may not be disclosed to others without the employee's express written consent.

Occupational health and safety

Risk of HIV infection in the workplace is managed through the following:

- Standard procedures are applied to reduce risk following injury at work involving blood, potential exposure to blood-borne pathogens, including HIV. Appropriate HIV/Aids information is included in occupational health training, first-aid training and induction training.
- Emergency care and treatment for the Group's medical personnel and people performing first-aid in and after medical HIV exposure will be provided.

Performance management

The Group acknowledges the desire and the ability of HIV-positive employees to work. It, therefore, guarantees that employees living with HIV and Aids may continue to work as long as they are able to perform their duties in accordance with their job requirements.

When, due to medical reasons, employees are no longer capable of effectively performing their duties, the Group shall endeavour to find them alternative employment. Should this not be possible or the employees cannot fulfil their contractual obligations due to prolonged observation or physical incapacity, the Group rules regulating incapacity/boarding shall be applied.

Group corporate social responsibility and human resources development
continued

Compensation for occupationally acquired HIV
An employee may be compensated if he/she becomes infected with HIV as a result of an occupational accident, in terms of the Compensation for Occupational Injuries and Diseases Act. The Group will take reasonable steps to assist employees with the application for benefits.

Implementation, co-ordination, monitoring and evaluation
The Group has established a governance structure to implement, co-ordinate, monitor and evaluate the HIV/Aids programme.

Stakeholders
External
Collaborative strategies and initiatives are pursued jointly with other stakeholders (eg government departments, contractors, local communities, parastatals) with the intention of having a positive impact on the prevention and management of the pandemic.

Internal
The structure and content of this policy and programme has been developed in association with the appropriate employee representatives.

Education and communication
The Group provides updated information to all employees and their families to enable them to protect themselves against HIV infection and to cope with the effects of the infection.

The Group trains sufficient peer educators to conduct awareness campaigns and education sessions both at the workplace and in the communities where employees reside.

The Group provides communication and education material to be used by peer educators.

Grievance procedure
Employees are informed of their rights and the remedies available to them. The Group creates an awareness and understanding of the grievance procedure and how employees can utilise it.

The Group is committed to reviewing its policy and programme as and when deemed necessary to ensure its effectiveness.

We are also committed to working towards the 2013 milestones set by South Africa's Mine Health and Safety Council (MHSC), which include a target of zero fatalities and injuries, through constant and continual improvement equivalent to current international benchmarks.

Environment and occupational health and hygiene
Managing our impact on the environment
The Metorex Group acknowledges that the process of mining and metallurgy has a direct impact on the mining site and its surrounds. It is therefore incumbent on the operating companies to anticipate, prevent and, as far as possible, mitigate the effects of its actions. Three critical areas in this regard are air, water and land management.

The Group aims to effectively manage its safety, health and environmental relationship through an integrated approach to its stakeholders and the environment in which it operates.

Our operations uphold the Group's safety, health and environmental policy which provides the framework for best practice. The key commitments of this policy are:
• Compliance with all applicable laws, regulations and standards.
• Pollution control and prevention.
• Continual improvements in its safety, health and environmental performance.

Environmental management programmes, which are regularly audited and updated, are in place at all the operations. Water management initiatives are in place to conserve water by recycling and eliminating wastage. In the DRC a project has been completed to provide the inhabitants of the local town with a water system so that they are no longer reliant on water from abandoned workings and perennial streams.

A closure programme has been prepared and implemented for the O'Okiep property and many of the former employees of this property have been involved in the rehabilitation of the site. It is the Group's policy to continually rehabilitate its working operations during their lives to minimise the impact on the surroundings and reduce the funds required to finally close the operations at the end of their lives.

Enhancing the wellbeing of our people

The Metorex Group aims to maintain the health and wellness of its employees and their dependants by managing the exposure to health risks while simultaneously providing access to comprehensive occupational, preventative and curative health care facilities. The Group has responded proactively to the HIV/Aids epidemic by implementing a number of programmes to minimise the incidence of infection within the organisation and the communities in which it operates; as well as providing comprehensive care and treatment for those individuals who are infected with the virus. Refer to notes on the Group's HIV/Aids policy under the Group's Social Responsibility Report.

Employees who are exposed to occupational health hazards undergo annual medical examinations in order to determine whether they are fit to perform the work that they are employed to do and to ensure that any occupational ill health is diagnosed early and treated as soon as possible. The three main occupational health challenges are noise (underground and surface operations), heat and pulmonary tuberculosis (TB). Airborne pollutants (especially above ground) and exposure to heavy metals and other chemicals pose occupational hygiene risks within specific work environments.

The Group is committed to skills development and has training facilities at its operations with a centralised centre, for more advanced training at Barberton. It also makes use of outside facilities for specialist training.

Tuberculosis

The diagnosis, treatment and reporting of TB receives the highest health priority within the Group. An employee diagnosed with TB receives free treatment in accordance with the World Health Organisation (WHO), directly observed treatment short-course (DOTS) guidelines and all cases are reported to the Medical Bureau of Occupational Diseases (MBOD) for assessment and possible compensation.

Noise

A hearing conservation programme is in place, at all operations, that aims to reduce the risk of employees developing hearing loss in keeping with the legally required code of practice. All employees (including permanent contractors) who are at high risk to noise exposure are provided with personal hearing protection devices, known as noise clippers.

Heat

Underground employees undergo annual screening for heat intolerance. No cases of heat stroke were diagnosed during the review period.

Other occupational diseases

Airborne pollutants

Although there are currently no local guidelines, we are working towards achieving international guidelines by reducing diesel particle matter (DPM) emissions. Diesel vehicles are serviced at regular intervals and ventilation is provided to dilute the DPM adequately.

Biological monitoring

Specific employees who work in areas where they could potentially be exposed to heavy metals and chemicals undergo biological monitoring. This has shown that the exposure levels are well within the occupational exposure limits set by the health authorities.

Corporate governance

INTRODUCTION

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

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

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

COMPLIANCE WITH THE KING II REPORT ON CORPORATE GOVERNANCE

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

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

CODE OF ETHICS

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

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

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

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

THE BOARD

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

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

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

ANNUAL FINANCIAL STATEMENTS

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

ACCOUNTABILITY AND CONTROL

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

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

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

Board composition

Mr Simon Malone	Chairman
Mr Robert Still	Deputy Chairman – Non-Executive
Mr Charles Needham	Chief Executive Officer
Mr Keith Spencer	Operations Director
Mr Edward Legg	Operations Director
Mr Maritz Smith	Alternate Director – Chief Financial Officer
Mr George Forrest	Non-Executive Director
Mr Alberto Barrenechea	Non-Executive Director
Mr Alistair Laughland	Independent Non-Executive Director

Corporate governance continued

ROTATION AND SELECTION PROCESS OF DIRECTORS

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

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

Non-Executive directors are individuals of calibre and credibility, and have the necessary skill and experience to bring judgement to bear, independent of management, on issues of strategy, performance, resources, transformation and diversity and they also maintain the balance of power between shareholders and management. Non-Executive directors do not receive any remuneration from the Company for their services as directors other than the fees as reflected in the annual financial statements (refer to note 28 of the financial statements).

All non-executive directors receive remuneration in the form of share options in line with the company's previous remuneration policies (refer to note 28 of the annual financial statements).

Executive directors

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

Non-Executive directors

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

Board Committees

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

All the Board committees are chaired by a Non-Executive director and these committees are free to seek independent, professional advice at the Company's expense if so required.

Audit Committee

Messrs A J Laughland, C D S Needham and R G Still serve as members of the Audit Committee, which meets semi-annually. Three meetings were held in the current financial year.

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

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

Hedging Committee

Messrs A J Laughland, C D S Needham, A S Malone, K C Spencer, E W Legg and M Smith serve as members of the Hedging Committee, which meets on a monthly basis.

The main purpose of this committee is to discuss and assess the macro-economic environment, commodity prices, exchange rates and local and international interest rates and, based upon this information, to formulate and manage Group policies.

Furthermore, the Hedging Committee is responsible for the formulation and management of the Group hedging policy.

The Group hedging policy entails the following:

Philosophy

Metorex is not in the business of speculating with financial instruments, nor is it actively seeking to generate profits through buying and selling financial instruments.

Risks

In the normal course of its mining operations, Metorex is exposed to commodity price and currency risk. Each of the Metorex operations has a unique risk profile related to its profit margin, debt profile and/or project development/growth status.

Risk management

In order to manage and mitigate these project-specific risks, Metorex recognises that commodity/currency hedging is a tool available for this purpose.

It is recorded that the following are indicators of commodity price/currency risk, which might require hedging:

A marginal operation

- The operation has low margins within the current price environment. The risk of negative cash flows is evident.
- Hedging of commodity price/currency in order to protect positive cash flows is appropriate.

A highly debt-geared operation

- The operations have a high debt gearing which is not adequately covered by free cash flow generation.
- Hedging of commodity price/currency in order to protect adequate cash flow generation for purposes of debt servicing is appropriate.

A capital-intensive expanding operation

- The operations are expanding/increasing capacity and require significant capital expenditure.
- Hedging of commodity price/currency in order to protect adequate cash flow generation which would cover capital expenditure during the expansion phase is appropriate.

A combination of the above

- Mitigating risks

In order to mitigate the risks identified, an adequate portion of production should be hedged at the optimum price levels.

It is expressly recorded that hedging does not achieve its objective unless the volume and price of the related instrument significantly eliminates exposure to downside price volatility.

- Short-term earnings protection

It is recorded that, where prices have moved favourably higher, and management seeks to protect such prices in order to secure higher-than-budgeted/expected earnings for the current financial year, it is appropriate.

Remuneration and Nomination Committee

The committee, which comprises Messrs A S Malone, A Barrenechea and R G Still, meets quarterly and reviews directors' and senior management's salaries. This is done by reviewing salaries in the marketplace to ensure that the Company is competitive and offers reward for individual contributions which enhance the performance and achievements of the Group. The directors' remuneration and emoluments are disclosed in the annual financial statements (refer to note 28).

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

Corporate governance continued

Board and committee meetings' attendance
Year ended 30 June 2008

	Board		Audit		Hedging Committee		Remuneration	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
A S Malone (Chairman)	4	4			8	5	4	4
C D S Needham (CEO)	4	4	3	3	8	6		
K C Spencer	4	4			8	7		
E W Legg	4	4			8	6		
M Smith (CFO)	4	4*	3	3*	8	8		
A Barrenechea	4	4					4	4
A J Laughland	4	4	3	3	8	8		
R G Still	4	4					4	4
G A Forrest	4	1						

**By invitation.*

DIRECTORS' INTERESTS

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

INTERNAL CONTROL

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

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

INTERNAL AUDIT

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

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

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

RISK MANAGEMENT

The Board of directors accepts their accountability and responsibility for risk management and has delegated the Audit Committee responsibility for monitoring the strategic risks.

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.

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

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

Financial

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

Political

- changes in the National Regulatory Environment and associated costs;
- potential political instability in countries in which they operate; and
- security of tenure of their operations.

Operational

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

Environmental and social

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

Health and safety

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

Corporate governance continued

Human resources

• the cost of training and retaining, employees due to a lack of skills and experience in the industry.

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

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

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

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

Industry risk is the chance that a specific industry will perform poorly. When problems plague one industry, they affect the individual business involved, as well as the securities issued by those businesses. They may also cross over into other industries.

The Group's financial risk management activities are also discussed in note 24 to the financial statements.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

The company secretary is appointed by the Board. The company secretary's statement of compliance is set out on page 60 of the financial statements.

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

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

EMPLOYMENT EQUITY

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

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

SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT

The Group's safety record for the year is set out in the supplementary information on page 100.

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

GOING CONCERN

Subject to the successful equity placement of R744 million and the securing of banker financing of R178 million, the directors are satisfied that the Group will continue in operation for the foreseeable future. On this basis, the going-concern concept has been used when preparing the annual financial statements.

Documentation relating to the equity placement will be mailed to shareholders for review and approval at a shareholders' meeting to be held on 23 December 2008.

STAKEHOLDER COMMUNICATION

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

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

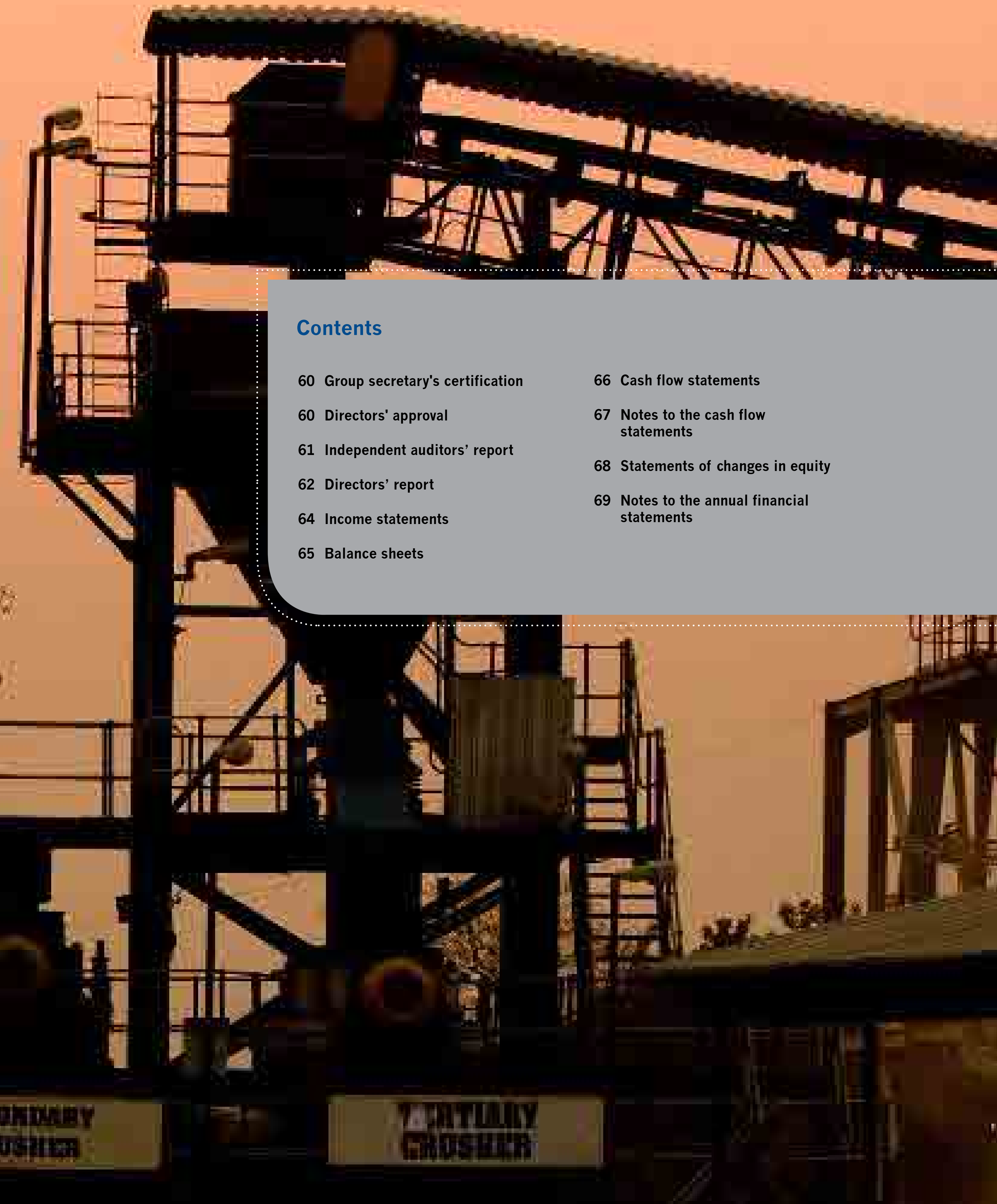
Information defined or deemed to be influential on the Group's share price is first released to the market via the JSE Limited's Stock Exchange News Service (SENS) and, as soon as possible thereafter, to local and international media and to the addressees on the Group's electronic shareholder database.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

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

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

Scalping screen and crushers, Chibuluma South Mine

Annual financial statements for the year ended 30 June 2008



Contents

Group secretary's certification

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

per

MOORE STEPHENS MWM INC.
Group Secretary

5 December 2008

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, the Companies Act of South Africa and incorporate full and responsible disclosure in line with the accounting philosophy of the Group.

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

The directors are satisfied that subject to a successful equity placement of R744 million and banker financing of R178 million, the Group will have adequate resources to continue in operation for the foreseeable future and therefore the financial statements have 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 61 to 99, were approved by the Board of directors on 5 December 2008 and are signed on its behalf by:

A S MALONE
Chairman

C D S NEEDHAM
Managing Director

Independent auditors' report

TO THE MEMBERS OF METOREX LIMITED

We have audited the Group annual financial statements and annual financial statements of Metorex Limited, which comprise the consolidated and separate balance sheets as at 30 June 2008, and the consolidated and separate income statements, the consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes and the directors' report, as set out on pages 62 to 99.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Metorex Limited as at 30 June 2008, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Emphasis of Matter

Without qualifying our opinion we draw attention to the directors' report and note 33 to the financial statements which indicates that the Group and Company have embarked on an equity placement and securing of additional bank financing both of which require shareholder approval. Should the aforementioned funding not be available this may cast significant doubt on the Group and Company's ability to continue as a going concern.

Deloitte & Touche
Per I T Marshall
Partner
5 December 2008

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 64 to 99.

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

The shares issued during the year are as follows:
Refundable option fee – Strategic
4 June 2008: 2,3 million shares at R24 per share.

Acquisition of Phoenix Platinum
22 November 2007: 2,3 million shares at R24 per share;
24 April 2008: 0,5 million shares at R21 per share;
21 May 2008: 0,7 million shares at R21 per share.

Acquisition of 50,3% of Copper Resources Corporation
29 October 2007: 25,0 million shares at R24 per share;
31 December 2007: 2,0 million shares at R24,4 per share;
12 May 2008: 5,3 million shares at R24 per share.

A cumulative amount of 14,1 million (2007: 10,6 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 6,3 million shares at a weighted average price of R19,31 per share were offered to Group employees during the year and 2,1 million share options were exercised at an average price of R2,70 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*~ˇ; K C Spencer; E W Legg; M Smith (alternate); R G Still*; G A Forrest*†
**Non-Executive; ~British; ^Spanish; †Belgian; ˇIndependent*

Special resolutions adopted
No special resolutions were adopted during the current year.

Group Company Secretary
Moore Stephens MWM Inc
7 West Street, Houghton 2198, South Africa
(PO Box 1574, Houghton 2041)

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

	Beneficial 2008		Beneficial 2007	
	Direct	**Indirect**	Direct	Indirect
A S Malone	**—**	**15 101 511**	—	15 101 511
C D S Needham	**2 095 086**	**—**	1 910 086	—
A Barrenechea	**—**	**1 696 242**	—	757 491
K C Spencer	**—**	**122 500**	—	122 500
E W Legg	**222 000**	**300 000**	74 500	—
R G Still	**—**	**478 403**	—	478 403
	2 317 086	**17 698 656**	1 984 586	16 459 905

Dividends

In view of the funding requirements of the new projects, the Board considers it inappropriate to declare a dividend for the year ended 30 June 2008 (2007: Rnil).

Subsidiaries

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

The aggregated after-tax earnings attributable to the Group from its subsidiaries were R609 million (2007: R356 million).

Subsequent events

Subsequent to 30 June 2008 the world has experienced a precipitous decline in equity markets and commodity prices. Coupled with this macro environment, Metorex has continued with its largest capital project Ruashi II and has incurred capital development costs at its Kinsenda Mine development (CRC). These projects have placed Metorex in a severe liquidity situation which has resulted in the Board of Directors approving on equity placement of R744 million and the taking up of further bank debt of R178 million to ensure the successful finalisation and commissioning of the Ruashi project. The equity placement is subject to shareholder approval. Shareholders are referred to the company announcement dated 27 November 2008 for details of the fund raising and the restructuring of the Ruashi debt.

Major shareholders (unaudited)

At 30 June 2008 the following shareholders held more than 5% of the 369 172 653 ordinary shares in issue:

Shareholder	Number of shares	% of shares
Stanlib	24 987 056	6,77
Minerales Y Productos Derivados S.A.	23 556 839	6,38
JPMorgan	24 085 947	6,52
PIC	22 666 003	6,14

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	2 902	32,85	1 646 002	0,45
1 001 – 5 000	3 728	42,21	9 938 057	2,69
5 001 – 10 000	967	10,95	7 393 864	2,00
10 001 – 50 000	875	9,91	18 996 922	5,15
50 001 – 100 000	116	1,31	8 245 006	2,23
100 001 – 1 000 000	198	2,24	61 060 142	16,54
1 000 001 and above	47	0,53	261 892 660	70,94
	8 833	**100,00**	**369 172 653**	**100,00**
Individuals	7 525	85,19	35 738 884	9,68
Banks and trust funds	938	10,62	198 129 880	53,67
Companies	298	3,37	96 696 912	26,19
Corporate bodies	72	0,82	38 606 977	10,46
	8 833	**100,00**	**369 172 653**	**100,00**
Non-public shareholders	4	0,05	17 405 616	4,71
Directors	3	0,04	17 336 413	4,70
Associates	1	0,01	69 203	0,01
Public shareholders	8 829	99,95	351 767 037	95,29
	8 833	**100,00**	**369 172 653**	**100,00**

Going concern

Subject to a successful equity placement of R744 million and consideration being given to the disposal of the Group's non-core assets, the directors are satisfied that the Company and Group will be a going concern for the foreseeable future and have adopted the going-concern basis in preparing the financial statements.

Income statements for the year ended 30 June 2008

		GROUP		COMPANY	
	Notes	**2008 R000**	2007 R000	**2008 R000**	2007 R000
Revenue					
Mineral sales					
Copper		**1 247 710**	867 916	**—**	—
Cobalt		**111 436**	18 787	**—**	—
Fluorspar		**255 643**	225 959	**—**	—
Gold		**679 958**	446 509	**103 701**	74 256
Antimony		**143 772**	144 586	**143 772**	144 586
Gross revenue		**2 438 519**	1 703 757	**247 473**	218 842
Realisation costs		**304 581**	218 635	**34 306**	31 341
On-mine revenue		**2 133 938**	1 485 122	**213 167**	187 501
Cost of production	2	**1 213 076**	989 895	**235 577**	199 793
Mining profit		**920 862**	495 227	**(22 410)**	(12 292)
Other (expenses)/income	4	**(38 511)**	43 671	**121 188**	124 355
Held-for-sale and discontinued operations		**(8 859)**	(1 998)	**—**	—
Reverse acquisition of PAR		**157 995**	—	**376 967**	—
Finance income	5	**10 556**	10 713	**55 750**	47 872
Finance costs	5	**(10 688)**	(11 920)	**(3 509)**	(13 527)
Profit before taxation	6	**1 031 355**	535 693	**527 986**	146 408
Income tax expense	7	**335 261**	132 709	**82 974**	19 767
Profit for the year from continuing operations		**696 094**	402 984	**445 012**	126 641
Profit after tax on disposal of Wakefield		**—**	191 768	**—**	237 934
Income after tax from Wakefield operations		**—**	50 987		
Profit for the year		**696 094**	645 739	**445 012**	364 575
Attributable to:					
Equity holders of the parent		**554 552**	555 713	**445 012**	364 575
Minority interests		**141 542**	90 026		
		696 094	645 739	**445 012**	364 575
From continuing and discontinued operations:					
Basic earnings per share (cents)	8	**159,4**	183,5		
Diluted earnings per share (cents)	8	**156,5**	177,5		
From continuing operations:					
Basic earnings per share (cents)	8	**159,4**	107,9		
Diluted earnings per share (cents)	8	**156,5**	104,4		

Balance sheets at 30 June 2008

		GROUP		COMPANY	
	Notes	2008 R000	2007 R000	2008 R000	2007 R000
ASSETS					
Non-current assets					
Property, plant and equipment	10	3 191 306	1 389 668	105 277	47 003
Mineral rights	10	3 286 840	1 160 751	13 943	—
Goodwill	11	233 104	11 514	11 514	11 514
Investments	12	3 443	929	3 443	929
Deferred tax asset	21	1 354	1 887	—	—
Subsidiaries	13			3 247 319	1 879 836
Rehabilitation trust fund	20	40 962	35 340	—	—
		6 757 009	2 600 089	3 381 496	1 939 282
Current assets					
Inventories	14	328 096	81 118	22 072	9 974
Trade and other receivables	15	648 214	390 654	112 333	31 319
Wakefield proceeds receivable		—	338 575	—	338 575
Derivative financial instruments	24	349	897	160	177
Group companies				59 526	16 477
Current tax assets		13 900	3 536	—	—
Bank balances and cash	23	203 435	54 558	11 242	3 677
		1 193 994	869 338	205 333	400 199
Assets held-for-sale, net	30	8 440	12 423	—	—
Total assets		7 959 443	3 481 850	3 586 829	2 339 481
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	16	36 917	32 454	36 917	32 454
Share premium	16	2 292 746	1 293 733	2 292 746	1 293 733
Hedging and translation reserve	17	(173 178)	(115 130)	(15 005)	5 135
Retained earnings		1 389 089	834 537	1 038 285	593 273
Share option reserve		26 452	10 340	8 272	5 603
Equity reserve		(121 922)	(121 922)	(108 378)	(108 378)
Equity attributable to equity holders of parent		3 450 104	1 934 012	3 252 837	1 821 820
Minority interest	18	683 570	69 691		
Total equity		4 133 674	2 003 703	3 252 837	1 821 820
Non-current liabilities					
Long-term liabilities	19	1 364 993	379 250	79 730	354 756
Long-term provisions	20	201 156	84 464	—	—
Deferred tax liabilities	21	943 452	416 050	108 195	29 307
Post-retirement medical aid	22	8 611	8 997	2 587	2 565
		2 518 212	888 761	190 512	386 628
Current liabilities					
Trade and other payables		593 220	393 214	37 642	81 773
Short-term borrowings	19	187 982	22 228	11 297	—
Short-term provisions	20	44 388	29 122	9 362	10 017
Bank overdraft	23	19 864	—	17 135	—
Derivative financial instruments	24	305 372	91 764	31 484	11 346
Taxation		156 731	53 058	36 560	27 897
		1 307 557	589 386	143 480	131 033
Total equity and liabilities		7 959 443	3 481 850	3 586 829	2 339 481
Net asset value per share (cents)		935	596		
Net tangible asset value per share (cents)		871	592		

Cash flow statements for the year ended 30 June 2008

		GROUP		COMPANY	
	Notes	2008 R000	2007 R000	2008 R000	2007 R000
CASH INFLOWS FROM OPERATING ACTIVITIES		**783 956**	575 282	**102 777**	132 093
Cash generated by operations	A	**915 442**	638 434	**(606)**	20 128
Dividends received				**51 142**	79 820
Dividends paid		**(16 284)**	(42 131)	**—**	—
Taxation paid		**(115 070)**	(19 814)	**—**	(2 200)
Finance income		**10 556**	10 713	**55 750**	47 872
Finance costs		**(10 688)**	(11 920)	**(3 509)**	(13 527)
CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(1 848 615)**	(872 522)	**146 758**	(452 375)
Additions to property, plant and equipment and mineral rights		**(2 015 085)**	(877 080)	**(82 529)**	(26 015)
Acquisition of subsidiaries	32	**(169 710)**	—	**—**	—
Proceeds on disposal of property, plant and equipment		**119**	4 558	**—**	—
Proceeds on disposal of shares in subsidiary		**338 575**	—	**338 575**	
Increase in investments		**(2 514)**	—	**(2 514)**	—
Loans to subsidiaries				**(63 725)**	(426 587)
Movement in group companies				**(43 049)**	227
CASH INFLOWS/(OUTFLOW) FROM FINANCING ACTIVITIES		**1 137 289**	311 430	**(259 105)**	306 511
Borrowings raised		**1 364 993**	374 223	**79 730**	354 756
Borrowings repaid		**(232 328)**	(69 292)	**(343 459)**	(54 744)
Shares issued		**4 624**	6 499	**4 624**	6 499
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**72 630**	14 190	**(9 570)**	(13 771)
Cash and cash equivalents at the beginning of the year		**54 558**	75 531	**3 677**	17 448
Effect of foreign exchange rate changes		**2 516**	(939)	**—**	—
Wakefield disposal and PAR		**—**	(34 224)	**—**	—
Acquisition of CRC	32	**53 867**	—	**—**	—
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	B	**183 571**	54 558	**(5 893)**	3 677

Notes to the cash flow statements for the year ended 30 June 2008

		GROUP		COMPANY	
		2008 R000	2007 R000	2008 R000	2007 R000
A	**RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY/(UTILISED IN) OPERATIONS**				
	Profit before taxation – continuing operations	**1 031 355**	535 693	**527 986**	146 408
	Adjusted for:	**(2 338)**	132 183	**(467 369)**	(106 521)
	Dividends received			**(51 142)**	(79 820)
	Profit for the year from subsidiary sold/discontinued operations	**(157 995)**	73 684	**(376 967)**	—
	Loss on disposal of mining assets	**(119)**	(71)	**—**	—
	Share option costs	**16 112**	3 496	**2 669**	1 719
	Net finance costs	**132**	1 207	**(52 241)**	(34 345)
	Impairment reversal	**—**	(48 932)	**—**	—
	Depreciation	**139 532**	102 799	**10 312**	5 925
	Operating profit before working capital changes	**1 029 017**	667 876	**60 617**	39 887
	Working capital changes	**(113 575)**	(29 442)	**(61 223)**	(19 759)
	Increase in inventories	**(180 202)**	(46 500)	**(12 098)**	(2 551)
	(Increase)/decrease in trade and other receivables	**(109 694)**	(210 119)	**(4 361)**	(81 442)
	Increase/(decrease) in trade and other payables and provisions	**176 321**	227 177	**(44 764)**	64 234
	Cash generated by operations	**915 442**	638 434	**(606)**	20 128
B	**CASH AND CASH EQUIVALENTS**				
	Bank balances and cash	**203 435**	54 558	**11 242**	3 677
	Bank overdraft	**(19 864)**	—	**(17 135)**	—
		183 571	54 558	**(5 893)**	3 677

Statements of changes in equity for the year ended 30 June 2008

	Note	GROUP 2008 R000	GROUP 2007 R000	COMPANY 2008 R000	COMPANY 2007 R000
Share capital		**36 917**	32 454	**36 917**	32 454
– Balance at beginning of year		**32 454**	28 903	**32 454**	28 903
– Issue of shares		**4 463**	3 551	**4 463**	3 551
Share premium		**2 292 746**	1 293 733	**2 292 746**	1 293 733
– Balance at beginning of year		**1 293 733**	773 135	**1 293 733**	773 135
– Issue of shares		**999 013**	520 598	**999 013**	520 598
Foreign exchange translation reserve		**77 577**	(41 312)	**16 480**	16 480
– Balance at beginning of year		**(41 312)**	(38 588)	**16 480**	16 480
– Foreign exchange reserve		**161 434**	3 822		
– Translation profit on foreign monetary item		**(56 726)**	(8 728)		
– Tax effect of translation profit on foreign monetary item		**14 181**	2 182		
Hedging reserve		**(250 755)**	(73 818)	**(31 485)**	(11 345)
– Balance at beginning of year		**(73 818)**	(106 614)	**(11 345)**	(18 561)
– Fair value (losses)/profits for the year		**(126 202)**	59 221	**(20 140)**	7 216
– Minority interest		**(50 735)**	(26 425)		
Equity reserve		**(121 922)**	(121 922)	**(108 378)**	(108 378)
Balance at beginning of year		**(121 922)**	(128 066)	**(108 378)**	(108 378)
Sale of Wakefield		**—**	6 144	**—**	—
Share option reserve		**26 452**	10 340	**8 272**	5 603
– Balance at beginning of year		**10 340**	7 536	**5 603**	3 884
– Sale of Wakefield		**—**	(508)	**—**	—
– Expense for the year		**16 112**	3 312	**2 669**	1 719
Retained income		**1 389 089**	834 537	**1 038 285**	593 273
– Balance at beginning of year		**834 537**	278 824	**593 273**	228 698
– Profit for the year attributable to equity holders of parent		**554 552**	555 713	**445 012**	364 575
Equity attributable to equity holders of parent		**3 450 104**	1 934 012	**3 252 837**	1 821 820
Minority interest	18	**683 570**	69 691		
Total equity		**4 133 674**	2 003 703	**3 252 837**	1 821 820

Notes to the annual financial statements for the year ended 30 June 2008

1. ACCOUNTING POLICIES

Basis of preparation

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

New accounting policies adopted

IFRS 7 – Financial Instruments: Disclosure

During the current year, the Group has adopted IFRS 7 Financial Instruments: Disclosure which is effective for annual reporting periods beginning on or after 1 January 2007. The impact of the adoption of IFRS 7 has resulted in increased disclosure relating to the significance of financial instruments on the Group's financial position and performance and the nature and extent of risks arising from these financial instruments to which the Group is exposed during the period and at year-end and the manner in which the Group manages these risks.

New and revised International Financial Reporting Standards not yet adopted

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

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 2	Share-based Payments
IFRS 3	Business Combinations
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 8	Operating Segments (new)
IAS 1	Presentation of Financial Statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Reporting Period
IAS 16	Property, Plant and Equipment
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 23	Borrowing Costs
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 32	Financial Instruments: Presentation
IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 16	Hedges of a net investment in a foreign operation (new)

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

Critical accounting estimates and judgements

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

Judgements made by management

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

- In applying IFRS 5, Non-current Assets Held-for-Sale and Discontinued Operations, management had to make judgements as to which non-current assets and discontinued operations fall within the scope of the standard and had to be reclassified and measured in terms of IFRS 5 (refer note 30).
- In applying IFRS 2, Share-based Payments, management had to make certain judgements in respect of the fair value option-pricing models to be used in determining the various share-based arrangements in respect of employees, as well as the variable elements used in these models (refer note 29).
- In applying IFRIC 4, Determining whether an Arrangement contains a Lease, and IAS 17, Leases, contractual agreements were assessed to determine whether they convey the right to use an asset and their classification as either an operating or finance lease.
- Estimates made in determining the present obligation of environmental provisions including decommissioning and rehabilitation.
- Estimates made in determining the recoverable amount of assets where there is an indication that an asset may be impaired, this includes the estimation of cash flows and the discount rates used.
- Estimates made in determining the probability of future taxable income thereby justifying the recognition of a deferred tax asset.
- Estimates made in determining changes in the estimated useful lives of assets and their residual values.
- Estimates made in determining the life of the mines.
- Estimates made in the valuation of mineral rights.

Notes to the annual financial statements for the year ended 30 June 2008 continued

1. ACCOUNTING POLICIES (continued)

Judgements made by management (continued)

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

1.1 Basis of consolidation

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

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

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

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

1.2 Business combinations

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

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

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

1.3 Property, plant and equipment

1.3.1 Mining assets

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

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

1.3.2 Mineral and surface rights

Mineral and surface rights are recorded at cost of acquisition.

1.3.3 Land

Land is shown at cost and is not depreciated.

1.3.4 Gain or loss on disposal or retirement of assets

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

1.4 Depreciation

1.4.1 Depreciation of mining assets and mineral and surface rights

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

1. ACCOUNTING POLICIES (continued)

1.4 Depreciation (continued)

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

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

Consolidated Murchison Mine	10 years
Vergenoeg Mine	20 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 the mine or their estimated useful lives.

1.4.2 Depreciation of non-mining assets

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

1.4.3 Mining exploration

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

1.5 Impairment (except for goodwill)

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

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

1.6 Goodwill

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

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

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

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

1.7 Taxation

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

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

Notes to the annual financial statements for the year ended 30 June 2008 continued

1. ACCOUNTING POLICIES (continued)

1.7 Taxation (continued)

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

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

1.8 Provisions

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

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

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

1.9 Foreign currencies

Transactions in currencies other than 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 may enter into forward contracts (see note 1.18 for details of the Group's accounting policies in respect of such derivative financial instruments).

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

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

1.10 Borrowing costs

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

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

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

1.11 Consumable stores and product inventories

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

1.12 Retirement benefits

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

1. ACCOUNTING POLICIES (continued)

1.13 Post-retirement benefits other than pension

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

1.14 Equity participation plan

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 29.

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

1.15 Provision for environmental rehabilitation costs

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

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. Annual increases in the provisions relating to the change in the net present value of the provision and inflationary increases are shown separately in the income statement.

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

1.16 Provision for closure costs

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

1.17 Revenue recognition

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

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

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

1.18 Financial assets

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

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

Effective interest method

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

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

Notes to the annual financial statements for the year ended 30 June 2008
continued

1. ACCOUNTING POLICIES (continued)

1.18 Financial assets (continued)

Financial assets at FVTPL

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

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

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

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 24.

Loans and receivables

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

Impairment of financial assets

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

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

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

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

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

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

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

Derecognition of financial assets

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

1. ACCOUNTING POLICIES (continued)

1.18 Financial assets (continued)

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

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

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

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

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 24.

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.19 Derivative financial instruments

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

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

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

Hedge accounting

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

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

Note 24 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity.

Notes to the annual financial statements for the year ended 30 June 2008 continued

1. ACCOUNTING POLICIES (continued)

1.19 Derivative financial instruments (continued)

Fair value hedge

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

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

Cash flow hedge

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

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

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

1.20 Leases

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

1.21 Non-current assets held-for-sale

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

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

1.22 Cash and cash equivalents

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

		GROUP		COMPANY	
		2008 R000	2007 R000	**2008 R000**	2007 R000
2.	**COST OF PRODUCTION**				
	Mining	**176 351**	131 804	**39 562**	32 162
	Salaries and wages	**391 721**	320 451	**121 268**	106 148
	Processing	**265 747**	226 806	**32 507**	29 832
	Engineering and technical	**182 001**	135 065	**14 663**	12 549
	Administration	**118 281**	84 563	**27 516**	15 599
	Inventory movement	**(60 557)**	(11 593)	**(10 251)**	(2 422)
	Depreciation	**139 532**	102 799	**10 312**	5 925
		1 213 076	989 895	**235 577**	199 793
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	**24 612**	10 115	**4 540**	6 725
	Years 2 to 5	**25 651**	10 344	**12 392**	8 330
		50 263	20 459	**16 932**	15 055
4.	**OTHER (EXPENSES)/INCOME**				
	Management and technical fees	**1 056**	987	**47 152**	33 091
	Dividends received – subsidiaries			**51 142**	79 820
	Foreign exchange gains/(losses)	**8 012**	147	**5 204**	(293)
	Impairment reversal – Chibuluma South	**—**	48 932		
	(Loss)/profit on disposal of assets	**(43)**	71	**—**	—
	Share option (expense)/income	**(23 098)**	(3 496)	**15 584**	(1 719)
	Rehabilitation	**(90)**	(649)	**(70)**	(49)
	Royalties	**(10 626)**	(9 054)	**—**	—
	Sundry other	**(13 722)**	6 733	**2 176**	13 505
		(38 511)	43 671	**121 188**	124 355
5.	**FINANCE (COSTS)/INCOME**				
	Interest received	**10 556**	10 713	**55 750**	47 872
	Interest paid	**(10 688)**	(11 920)	**(3 509)**	(13 527)
		(132)	(1 207)	**52 241**	34 345
6.	**PROFIT BEFORE TAXATION**				
	Is stated after charging:				
	Audit fee				
	– current year	**2 109**	1 907	**990**	784
	– prior year	**585**	205	**—**	—
	Retirement benefit costs	**489**	304	**22**	27
	Operating leases and rentals				
	– equipment and buildings	**10 982**	8 024	**5 401**	4 776
	Exploration expenditure	**1 774**	5 149	**969**	1 455

Notes to the annual financial statements for the year ended 30 June 2008
continued

	GROUP		COMPANY	
	2008 R000	2007 R000	**2008 R000**	2007 R000
7. INCOME TAX EXPENSE				
SA normal taxation				
– current year	**86 857**	35 692	**4 086**	—
– prior year	**2**	(87)	**—**	—
Foreign normal taxation				
– current year	**104 197**	—	**—**	—
Deferred taxation				
– current year	**143 005**	89 248	**78 888**	19 767
– prior year	**—**	6 981	**—**	—
Secondary taxation on companies				
– current year	**1 200**	875	**—**	—
Total taxation charge – continuing operations	**335 261**	132 709	**82 974**	19 767
Profit before taxation – continuing operations	**1 031 355**	535 693	**527 986**	146 408
Taxation at the domestic taxation rate of 28% (2007: 29%)	**288 779**	155 351	**147 836**	42 458
Secondary taxation on companies	**1 200**	875	**—**	—
Underprovision – prior year	**2**	6 894	**—**	—
Non-deductible/(exempt income) expenses	**2 810**	(23 199)	**(22 300)**	863
Tax rate change	**(923)**	—	**(485)**	—
Taxation rate differentials	**43 393**	(7 212)	**(42 077)**	(23 554)
Taxation expense for the year – continuing operations	**335 261**	132 709	**82 974**	19 767
Effective taxation rate for the year – continuing operations (%)	**32,5%**	24,8%	**15,7%**	13,5%
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/assessable tax loss available and recognised in deferred taxation	**59 105**	196 018	**39 256**	1 126
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.

	2008			2007		
	Net profit R000	**Shares (000)**	**Per share (cents)**	Net profit (R000)	Shares (000)	Per share (cents)
From continuing and discontinued operations						
Basic EPS	**554 552**	**347 797**	**159,4**	555 713	302 810	183,5
Share options	**—**	**6 650**	**(2,9)**	—	10 291	(6,0)
Diluted EPS	**554 552**	**354 447**	**156,5**	555 713	313 101	177,5
From continuing operations						
Basic EPS	**554 552**	**347 797**	**159,4**	326 732	302 810	107,9
Share options	**—**	**6 650**	**(2,9)**	—	10 291	(3,5)
Diluted EPS	**554 552**	**354 447**	**156,5**	326 732	313 101	104,4

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.

	2008 Net profit R000	2008 Shares (000)	2008 Per share (cents)	2007 Net profit (R000)	2007 Shares (000)	2007 Per share (cents)
Reconciliation between earnings and headline earnings from continuing and discontinued operations						
Earnings as reported	**554 552**	**347 797**	**159,4**	555 713	302 810	183,5
Adjustments						
– Discontinued operations	**8 859**		**2,5**	1 998		0,7
– Loss/(profit) on sale of mining assets, net of tax	**31**		**—**	(71)		—
– Impairment reversal after tax and minorities	**—**		**—**	(31 159)		(10,3)
– Profit after tax on reverse acquisition of PAR/disposal of Wakefield shares	**(105 220)**		**(30,2)**	(191 768)		(63,4)
Headline earnings per share	**458 222**	**347 797**	**131,7**	334 713	302 810	110,5
Share options	**—**	**6 650**	**(2,4)**	—	10 291	(3,6)
Diluted headline earnings per share	**458 222**	**354 447**	**129,3**	334 713	313 101	106,9

The profit on sale of mining assets, net of tax amounts to less than 0,1 cent per share.

9. DIVIDENDS

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 2008 (2007: nil).

Notes to the annual financial statements for the year ended 30 June 2008 continued

	GROUP		COMPANY	
	2008 R000	2007 R000	**2008 R000**	2007 R000
10. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS				
Land				
Cost and net book value	**6 040**	3 913	**82**	82
Building and infrastructure				
Cost	**101 523**	92 023	**31 810**	30 716
Accumulated depreciation	**78 404**	75 707	**26 692**	26 590
Net book value	**23 119**	16 316	**5 118**	4 126
Plant, machinery and shafts				
Cost	**1 739 822**	1 438 817	**247 326**	182 811
Accumulated depreciation	**769 538**	657 960	**151 960**	142 425
Net book value	**970 284**	780 857	**95 366**	40 386
Other				
Cost	**222 047**	54 795	**7 349**	6 589
Accumulated depreciation	**50 109**	37 675	**4 855**	4 180
Net book value	**171 938**	17 120	**2 494**	2 409
Capital work in progress				
Cost and net book value	**2 019 925**	571 462	**2 217**	—
Property, plant and equipment				
Aggregate cost	**4 089 357**	2 161 010	**288 784**	220 198
Aggregate accumulated depreciation	**898 051**	771 342	**183 507**	173 195
Aggregate net book value	**3 191 306**	1 389 668	**105 277**	47 003
Mineral rights				
Cost	**3 334 416**	1 183 205	**13 943**	195
Accumulated depreciation and impairments	**47 576**	22 454	**—**	195
Net book value	**3 286 840**	1 160 751	**13 943**	—
Property, plant, equipment and mineral rights	**6 478 146**	2 550 419	**119 220**	47 003

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

10. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS (continued)

2008	Balance 30 June 2007 R000	Transfers R000	Additions R000	Foreign currency translation R000	Depreciation R000	Balance 30 June 2008 R000
Group						
Land*	3 913	—	2 127	—	—	**6 040**
Mineral rights	1 160 751	98 068	2 019 092	37 619	(28 690)	**3 286 840**
Building and infrastructure	16 316	—	8 079	1 314	(2 590)	**23 119**
Plant, machinery and shafts	780 857	(65 085)	300 737	49 304	(95 529)	**970 284**
Capital work in progress	571 462	(32 983)	1 417 319	64 127	—	**2 019 925**
Other	17 120	—	168 169	(628)	(12 723)	**171 938**
Total	2 550 419	—	3 915 523	151 736	(139 532)	**6 478 146**
Company						
Land*	82	—	—	—	—	**82**
Mineral rights	—	—	13 943	—	—	**13 943**
Building and infrastructure	4 126	—	1 094	—	(102)	**5 118**
Plant, machinery and shafts	40 386	—	64 515	—	(9 535)	**95 366**
Capital work in progress	—	—	2 217	—	—	**2 217**
Other	2 409	—	760	—	(675)	**2 494**
Total	47 003	—	82 529	—	(10 312)	**119 220**

2007	Balance 30 June 2007 R000	Transfers/ Wakefield R000	Additions R000	Disposals R000	Foreign currency translation R000	Impairment reversal R000	Depre-ciation R000	Balance 30 June 2007 R000
Group								
Land*	3 898	—	15	—	—	—	—	3 913
Mineral rights	302 385	108 341	730 822	—	(2 400)	47 978	(26 375)	1 160 751
Building and infrastructure	6 066	9 991	2 552	—	(1)	—	(2 292)	16 316
Plant, machinery and shafts	514 302	151 076	194 754	(3 925)	(3 980)	—	(71 370)	780 857
Capital work in progress	271 430	(270 392)	575 834	—	(5 410)	—	—	571 462
Other	2 191	984	17 264	(562)	5	—	(2 762)	17 120
Total	1 100 272	—	1 521 241	(4 487)	(11 786)	47 978	(102 799)	2 550 419
Company								
Land*	82	—	—	—	—	—	—	82
Building and infrastructure	3 997	—	166	—	—	—	(37)	4 126
Plant, machinery and shafts	20 658	—	25 089	—	—	—	(5 361)	40 386
Other	2 176	—	760	—	—	—	(527)	2 409
Total	26 913	—	26 015	—	—	—	(5 925)	47 003

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

Certain property, plant and equipment is encumbered (refer to note 19).

Notes to the annual financial statements for the year ended 30 June 2008
continued

	GROUP 2008 R000	GROUP 2007 R000	COMPANY 2008 R000	COMPANY 2007 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				
Balance at the beginning of year	**11 514**	11 514	**11 514**	11 514
Additional amount recognised from the business combination of Pan African Resources	**221 590**	—	**—**	—
Balance at the end of year	**233 104**	11 514	**11 514**	11 514

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, production and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares life of mine cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on certain production, price and cost estimates.

	GROUP 2008 R000	GROUP 2007 R000	COMPANY 2008 R000	COMPANY 2007 R000
12. INVESTMENTS				
Unlisted sundry investments at cost	**3 443**	929	**3 443**	929
Directors' valuation	**3 443**	929	**3 443**	929

13. SUBSIDIARIES

Details of the Company's subsidiaries and investments therein at 30 June 2008 are as tabled below.

	Place of incorporation	Proportion of ownership and voting power held %	Principal commodity
Abbey Commodities SA Niue	Switzerland	100	Dormant
Chibuluma Mines plc	Zambia	85	Copper
Copper Resources Corporation plc	British Virgin Islands	50,3	Copper
Maranda Mines (Pty) Limited	South Africa	100	Dormant
Sable Zinc Kabwe Limited	Zambia	100	Copper/Cobalt
O'Okiep Copper Company (Pty) Limited	South Africa	100	Dormant
Vergenoeg Mining Company (Pty) Limited	South Africa	70	Fluorspar
Pan African Resources plc†	United Kingdom	55	Gold
Phoenix Platinum (Pty) Limited	South Africa	100	Platinum
Ruashi Holdings (Pty) Limited	South Africa	100	Copper/Cobalt

†*Prior year percentage of shareholding was 74% in Barberton Mines (Pty) Limited*

Investments in subsidiaries

	Loans		Cost (net of impairment)	
	2008 R000	2007 R000	2008 R000	2007 R000
Abbey Commodities SA Niue	(3 928)	(3 964)	37	37
Chibuluma Mines plc	98 438	297 636	121	121
Maranda Mines (Pty) Limited	(3 164)	(2 279)	53 498	53 498
Sable Zinc Kabwe Limited	103 414	105 723	692	692
O'Okiep Copper Company (Pty) Limited	(2 789)	(1 789)	—	—
Vergenoeg Mining Company (Pty) Limited	—	—	52 500	52 500
Pan African Resources plc	—	—	514 828	—
Barberton Mines (Pty) Limited	—	—	—	137 846
Ruashi Holdings (Pty) Limited/Ruashi Mining sprl	870 390*	858 472*	381 351	381 343
Copper Resources Corporation plc	59 547*	—	974 517	—
Phoenix Platinum (Pty) Limited	10 574	—	137 293	—
	1 132 482	1 253 799	2 114 837	626 037
Loans to subsidiaries			1 132 482	1 253 799
			3 247 319	1 879 836

**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 for the year ended 30 June 2008 continued

		GROUP 2008 R000	GROUP 2007 R000	COMPANY 2008 R000	COMPANY 2007 R000
14.	**INVENTORIES**				
	Consumable stores	**120 572**	41 843	**8 103**	6 256
	Product inventories	**207 524**	39 275	**13 969**	3 718
		328 096	81 118	**22 072**	9 974
	No inventory (2007: Rnil) is carried at net realisable value, and inventory to the value of R107 million (2007: Rnil) is pledged as security.				
15.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	**433 984**	322 543	**18 170**	18 398
	Other receivables	**110 714**	43 647	**85 203**	8 333
	VAT receivable	**57 391**	22 061	**8 303**	3 720
	Prepayments	**46 125**	2 403	**657**	868
		648 214	390 654	**112 333**	31 319
	Ageing of amounts past due but not impaired				
	The following provides an analysis of the amounts and number of days that trade debtors are past due				
	Less than 30 days	**54 988**	32 528	**3 617**	3 523
	Between 31 – 60 days	**4 580**	11 393	**—**	—

The average credit period is 34 days (2007: 39 days). No interest is charged on the trade receivables.

There are no additional provisions for doubtful debt raised for any amounts past due at balance sheet date as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Before accepting any new customers, the Company uses a credit bureau or performs a credit assessment to assess the potential customers credit limit and credit quality.

The fair value of trade receivables is not materially different from the carrying values presented. Certain Group companies have ceded their trade receivables as security for banking and overdraft facilities. As at year-end amounts totalling R190,9 million (2007: R149,9 million) included in receivables were pledged. Included in Group trade and other receivables are uncovered Dollar-denominated receivables of US$7,7 million (2007: US$15,6 million).

The directors consider that the trade and other receivables approximate their fair value.

		GROUP		COMPANY	
		2008	2007	**2008**	2007
		R000	R000	**R000**	R000
16.	**SHARE CAPITAL**				
	Authorised				
	500 000 000 (2007: 350 000 000) ordinary shares of 10 cents each	**50 000**	35 000	**50 000**	35 000
	Issued and fully paid				
	369 172 653 (2007: 324 540 835) ordinary shares of 10 cents each	**36 917**	32 454	**36 917**	32 454

Shares issued

Refundable option fee – Strategic

4 June 2008: 2,3 million shares at R24 per share

The value was determined in accordance with the agreement.

Acquisition of Phoenix Platinum

22 November 2007: 2,3 million shares at R24 per share;
24 April 2008: 0,5 million shares at R21 per share; and
21 May 2008: 0,7 million shares at R21 per share.

The value was determined per the agreement and was set at 10% below the volume weighted average closing price at which Metorex shares were quoted on the JSE during the 30 day period preceding the completion date.

Acquisition of 50,3% of Copper Resources Company

29 October 2007: 25 million shares at R24 per share;
31 December 2007: 2 million shares at R24,40 per share; and
12 May 2008: 5,3 million shares at R24 per share.

The value was determined in accordance with the agreement.

Share options

During the year 1,7 million shares were issued at an average price of R2,80 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 2008 R000	GROUP 2007 R000	COMPANY 2008 R000	COMPANY 2007 R000
	SHARE PREMIUM				
	Balance at the beginning of the year	**1 293 733**	773 135	**1 293 733**	773 135
	Oridinary shares issued	**1 014 176**	520 598	**1 014 176**	520 598
	Expenses written off against share premium	**(15 163)**	—	**(15 163)**	—
	Balance at the end of the year	**2 292 746**	1 293 733	**2 292 746**	1 293 733
17.	**HEDGING AND TRANSLATION RESERVE**				
	Hedging reserve	**(250 755)**	(73 818)	**(31 485)**	(11 345)
	Foreign exchange translation reserve	**77 577**	(41 312)	**16 480**	16 480
		(173 178)	(115 130)	**(15 005)**	5 135
18.	**MINORITY INTEREST**				
	Retained income attributable to minorities at the beginning of the year	**105 147**	4 685		
	– current year	**141 542**	90 026		
	– acquisitions	**487 616**	—		
	Share in hedging reserve	**(50 735)**	(27 707)		
	Preference shares	**—**	2 687		
		683 570	69 691		

Notes to the annual financial statements for the year ended 30 June 2008 continued

	GROUP 2008 R000	GROUP 2007 R000	COMPANY 2008 R000	COMPANY 2007 R000
19. LONG-TERM LIABILITIES				
Term loans	**1 476 294**	357 103	**57 934**	354 756
See note 1				
Instalment finance and lease agreements	**76 681**	44 375	**33 093**	—
See note 2				
	1 552 975	401 478	**91 027**	354 756
Less: repayable within the next 12 months from operating activities:				
– term loans	**155 854**	741	**—**	—
– instalment finance and lease agreements	**32 128**	21 487	**11 297**	—
Total current portion	**187 982**	22 228	**11 297**	—
Net long-term liabilities	**1 364 993**	379 250	**79 730**	354 756

The Company's articles of association do not restrict the level of borrowings:

Note 1

RUASHI PHASE II

Standard Bank

	GROUP 2008 R000	GROUP 2007 R000	COMPANY 2008 R000	COMPANY 2007 R000
Ecic facility	**1 017 272**	—	**—**	—

US Dollar denominated
Facility value – US$125 000 000 plus capitalised interest during moratorium period.
Interest US six month Libor plus 1,25%

Repayable in nine semi-annual instalments – commencing 30 June 2009

Commercial facility	**241 048**	—	**—**	—

US Dollar denominated
Facility value – US$30 000 000 plus capitalised interest during moratorium period.
Interest Pre-project completion – US six month Libor plus 3,5%
Post-project completion – US six month Libor plus 2,75%
Repayable in seven semi-annual instalments – commencing 30 June 2009

Security for Standard Bank facility

- A pledge over all subsoil use rights, land use rights and assets and undertakings of the borrower under DRC law, including project assets, assignment of rights under all material contracts including, supply contracts, hedging agreement, offtake contracts and project contracts.
- First ranking pledge over issued share capital of the borrower held by Ruashi Holdings
- Assignment of insurance proceeds

Guarantees

Pre-completion guarantee – Metorex Limited

Post-completion continuing guarantee (re mining title) – Metorex Limited
Limited guarantee – Ruashi Holdings

Pre-offtake finance	**158 436**	—	**—**	—

US Dollar denominated
Facility value – US$20 000 000 plus capitalised interest
Interest fixed at 4,68% per annum

Repayable in 36 monthly instalments – first repayment being the earlier of the date at which first cobalt revenue exceeds, US$555 555 per month; or 12 months from drawdown, being April 2009

Security for pre-offtake finance

Secured by Metorex guarantee which is subordinated to Standard Bank

Bridging loan facility	**—**	354 756	**—**	354 756
Term loan facility				
South African rand denominated				
Interest at JIBAR +4,5%	**57 934**	—	**57 934**	—
Facility repayable on 15 September 2008				

	GROUP		COMPANY	
	2008 R000	2007 R000	2008 R000	2007 R000
19. LONG-TERM LIABILITIES (continued)				
MORTGAGE BOND				
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	**1 604**	2 347	**—**	—
Note 2 **INSTALMENT FINANCE, LEASE AGREEMENTS AND TRADE FACILITY**				
Secured by the underlying assets.				
Bears interest at an average rate of between 7,5% to prime less 2% (2007: 7,3% to prime less 2%).				
Repayable either monthly or quarterly within 36 or 48 months (2007: 60 months).	**76 681**	44 375	**33 093**	—
20. PROVISIONS				
Long-term provisions				
Terminal benefits	**25 550**	19 520	**—**	—
Rehabilitation provision	**175 606**	64 944	**—**	—
	201 156	84 464	**—**	—
Current provisions				
Terminal benefits	**1 138**	—	**—**	—
Pension fund shortfall	**754**	1 979	**—**	—
Rehabilitation provision	**5 854**	—	**—**	—
Leave pay and bonuses	**29 588**	24 779	**9 362**	8 674
Other	**7 054**	2 364	**—**	1 343
	44 388	29 122	**9 362**	10 017
Total provisions	**245 544**	113 586	**9 362**	10 017
Balance at beginning of year	**113 586**	94 886	**10 017**	8 780
Utilised during the year	**(25 276)**	(19 080)	**(7 897)**	(7 599)
Released during the year	**(63)**	—	**—**	—
Foreign currency translation	**5 096**	(560)		
Provided during the year	**152 201**	38 340	**7 242**	8 836
Balance at end of year	**245 544**	113 586	**9 362**	10 017

Terminal benefits

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

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 for the year ended 30 June 2008
continued

	GROUP 2008 R000	GROUP 2007 R000	COMPANY 2008 R000	COMPANY 2007 R000
20. PROVISIONS (continued)				
Rehabilitation trust fund				
The balance of the environmental rehabilitation trust fund, which is represented by cash, was as follows:				
Balance at beginning of the year	35 340	33 864		
Receipts/(withdrawals), net	1 718	(877)		
Interest earned during the year	3 904	2 353		
Balance at end of the year	40 962	35 340		
21. DEFERRED TAX				
21.1 Deferred tax liabilities				
Property, plant and equipment	917 654	438 492	17 360	12 138
Leave pay provision	(4 022)	(5 838)	(2 621)	(2 515)
Other provisions	(14 276)	(5 760)	(724)	(744)
Foreign exchange	(18 538)	(17 794)	—	—
Assessed tax losses	(37 580)	(10 106)	—	—
STC credit	(543)	(543)	(543)	(543)
Other	100 757	17 599	94 723	20 971
Net deferred tax liabilities	943 452	416 050	108 195	29 307
Reconciliation of deferred tax liabilities				
Net deferred tax liabilities at the beginning of the year	416 050	125 072	29 307	9 540
Transfer from deferred tax asset opening balance	(1 887)	(262)	—	—
Deferred tax charge for the year	144 014	98 150	79 373	19 767
Deferred tax credit – rate adjustment	(923)	—	(485)	
Deferred tax on equity loan included in non-distributable reserve	606	(2 182)	—	—
Translation difference	22 443	(2 788)		
Deferred tax raised on additional mineral rights	363 149	198 060		
Net deferred tax liabilities at end of the year	943 452	416 050	108 195	29 307
21.2 Deferred tax asset				
Property, plant and equipment	—	39 169	—	—
Leave pay provision	(178)	(319)	—	—
Other provisions	(1 176)	(300)	—	—
Foreign exchange	—	346	—	—
Assessed tax losses	—	(34 687)	—	—
STC credit/other	—	(6 096)	—	—
Net deferred tax asset	(1 354)	(1 887)	—	—

Notes to the annual financial statements for the year ended 30 June 2008

	GROUP 2008 R000	GROUP 2007 R000	COMPANY 2008 R000	COMPANY 2007 R000
21. DEFERRED TAX (continued)				
21.2 Deferred tax asset (continued)				
Reconciliation of deferred tax asset				
Net deferred tax asset at the beginning of the year	(1 887)	(262)	—	—
Transfer to deferred tax liability opening balance	1 887	262	—	—
Acquisition of subsidiary	(1 104)	—	—	—
Deferred tax charge for the year	(86)	(1 921)	—	—
Translation difference	(164)	34	—	—
Net deferred tax asset at the end of the year	(1 354)	(1 887)	—	—
Deferred tax asset not recognised				
Property, plant and equipment	8 181	5 322	—	—
	8 181	5 322	—	—
The following table shows the movement in the unrecognised deferred tax asset for the year:				
Opening balance	5 322	4 880	—	—
Net unrecognised deferred tax asset during the current year	2 859	442	—	—
Closing balance	8 181	5 322	—	—
22. POST-RETIREMENT MEDICAL AID				
The Group sponsors defined benefit post-retirement plans that provide certain health care benefits to eligible employees. Full provision is made for the liability and is based on internal assessments. The following table provides the changes in the obligation:				
Benefit obligation at beginning of year	8 997	9 148	2 565	2 538
Transferred in	290	278	—	—
Interest cost	482	509	22	27
Benefits paid	(875)	(455)	—	—
Released to income statement	(283)	(483)	—	—
Benefit obligation at end of year	8 611	8 997	2 587	2 565
Discount rate to estimate accumulated benefit (%)	12	12	12	12
Health care cost inflation (%)	12	12	12	12
23. GENERAL BANKING FACILITIES				
Cash and bank balances	203 435	54 558	11 242	3 677
Bank overdraft	(19 864)	—	(17 135)	—
	183 571	54 558	(5 893)	3 677
The Group has the following banking facilities at 30 June 2008:				
Metorex Limited	44 000			
Barberton Mines (Pty) Limited	40 000			
Consolidated Murchison Division	1 000			
Chibuluma Mines plc*	7 830			
Copper Resources Corporation plc	7 830			
Vergenoeg Mining Company (Pty) Limited*	15 000			
Ruashi Mining sprl	7 830			
Sable Zinc Kabwe Limited	3 915			
	127 405			

The banking facilities are revised on an annual basis

** Secured by trade receivables.*

Notes to the annual financial statements for the year ended 30 June 2008 continued

24. FINANCIAL INSTRUMENTS

24.1 Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2007.

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

Management regularly reviews the capital structure of the Group.

The gearing ratio at year-end was as follows:

GROUP	2008 R000	2007 R000
Interest-bearing debt	1 552 975	401 478
Cash and cash equivalents	(183 571)	(54 558)
Net interest-bearing debt	1 369 404	346 920
Equity	4 133 674	2 003 703
Net debt to equity ratio (%)	33	17
COMPANY		
Interest-bearing debt	91 027	354 756
Cash and cash equivalents	5 893	(3 677)
Net interest-bearing debt	96 920	351 079
Equity	3 252 837	1 821 820
Net debt to equity ratio (%)	3	19

24.2 Categories of financial instruments

GROUP		
Financial assets		
Loans and receivables	906 511	822 663
Derivative instruments	349	897
Financial liabilities		
Amortised cost	2 322 790	847 750
Derivative instruments	305 372	91 764
COMPANY		
Financial assets		
Loans and receivables	183 101	390 048
Derivative instruments	160	177
Financial liabilities		
Amortised cost	182 364	464 426
Derivative instruments	31 484	11 346

Credit risk

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

The Group's 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 counterparties are banks with high credit ratings.

24. FINANCIAL INSTRUMENTS (continued)

24.2 Categories of financial instruments (continued)

The Group has the following amounts due from major customers. These customers represent more than 5% of the trade receivable balance for the individual companies.

	Less than R50 milion R000	Greater than R50 million but less than R150 million R000	Total R000
GROUP			
2008			
Copper/Cobalt	**37 993**	**136 578**	**174 571**
Gold/Antimony	**45 855**	**—**	**45 855**
Fluorspar	**30 178**	**—**	**30 178**
Total	**114 026**	**136 578**	**250 604**
2007			
Copper/Cobalt	44 778	67 285	112 063
Gold/Antimony	31 569	—	31 569
Fluorspar	44 028	—	44 028
Total	120 375	67 285	187 660
COMPANY			
2008			
Gold/Antimony	**17 178**	**—**	**17 178**
Total	**17 178**	**—**	**17 178**
2007			
Gold/Antimony	18 852	—	18 852
Total	18 852	—	18 852

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

Foreign currency commodity price risk

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

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

Currency risk

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

	South African Rand R000	US Dollar R000	Total R000
2008			
Assets	**567 827**	**666 780**	**1 234 607**
Liabilities	**475 715**	**1 900 074**	**2 375 789**
2007			
Assets	635 669	268 112	903 781
Liabilities	676 856	209 013	885 869

Foreign currency sensitivity analysis

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

	US Dollar R000 10% increase	R000 10% decrease
2008		
Financial assets	**61 721**	**(61 721)**
Financial liabilities	**217 334**	**(217 334)**
2007		
Financial assets	31 576	(31 576)
Financial liabilities	34 127	(34 127)

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

Notes to the annual financial statements for the year ended 30 June 2008 continued

24. FINANCIAL INSTRUMENTS (continued)

24.2 Categories of financial instruments (continued)

Fair value of financial instruments

Foreign currency hedges – On balance sheet

Currency	Maturity	Amount	Average forward rate	Fair value profit R000
2008				
US Dollar*	**1 month**	**US$984 498**	**R8,02/US$**	**160**
US Dollar	**1 month**	**US$750 000**	**R7,6 – R9,13/US$**	**189**
Total assets				**349**
2007				
US Dollar*	1 – 2 months	US$1 169 318	R7,21/US$	177
Total assets				177

Represents the Company.

Foreign currency sensitivity analysis

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

Commodity price risk

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

Commodity hedges – On balance sheet

Commodity	Maturity	Volume	Average forward rate	Fair value profit/(loss) R000
2008				
Gold – Consolidated Murchison*	**6 months**	**8 997 kg**	**R126 981/kg**	**(31 484)**
Copper – Chibuluma South	**2 months**	**2 775 tons**	**US$8 015**	**(14 729)**
			US$6 500/ton	
Copper – Ruashi (zero cost collar)	**1 month**	**100 tons**	**US$8 040/ton**	**(467)**
Copper – Ruashi (forwards)	**1 month**	**200 tons**	**US$4 952,50/ton**	**(5 740)**
Copper – Ruashi (participating forwards)	**1 – 12 months**	**24 000 tons**	**US$7 055/ton**	**(224 845)**
Copper – Ruashi (put options)	**13 – 24 months**	**15 000 tons**	**US$4 420 – US$4 765/ton**	**(28 107)**
Total liabilities				**(305 372)**
2007				
Gold – Consolidated Murchison*	14 months	299 kg	R115 668/kg	(11 346)
Copper – Ruashi	12 months	2 400 tons	US$3 511 – US$6 500/ton	(64 113)
Copper – Copper – Ruashi (forwards)	12 months	1 200 tons	US$8 040/ton	(817)
Gold – Barberton	4 months	330 kg	R90 300 kg	(15 488)
Total liabilities				(91 764)
Copper – Chibuluma South	3 months	1 610 tons	US$3 000 – 7 678/ton	720
Total assets				720

Represents the Company.

24. FINANCIAL INSTRUMENTS (continued)

24.2 Categories of financial instruments (continued)

Commodity price sensitivity analysis

The Group is exposed primarily to movements in copper and gold. Sensitivity analysis is not performed for Fluorspar as it is a contractual price. The following table indicates the Group's sensitivity at year-end to the indicated movement in the copper price. The rates of sensitivity are the rates used when reporting to key management.

	Copper	
	R000 10% increase	R000 10% decrease
2008		
(Loss)/profit	**(137 641)**	**153 798**
Derivative financial instrument liability	**137 641**	**(153 798)**
2007		
(Loss)/profit	(16 976)	16 413
Derivative financial instrument liability	16 976	(16 413)

	Gold	
	R000 10% increase	R000 10% decrease
2008		
Profit/(loss)	**92 886**	**(47 632)**
Derivative financial instrument liability	**(92 886)**	**47 632**
2007		
Profit/(loss)	18 971	(65 661)
Derivative financial instrument liability	(18 971)	65 661

24.3 Interest rate and liquidity risk

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

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

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

Interest rate risk

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

Interest rate sensitivity

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

Liquidity risk

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

The Group has access to financing facilities, of which the total unused portion is R107 million (2007: R72 million) (refer to note 23). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Notes to the annual financial statements for the year ended 30 June 2008 continued

24. FINANCIAL INSTRUMENTS (continued)

24.3 Interest rate and liquidity risk (continued)

Liquidity risk analysis

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

	Weighted average interest rate %	Less than 12 months R000	1 – 5years R000	5+ years R000	Total R000
GROUP					
2008					
Trade payables*	**—**	**520 368**	**—**	**—**	**520 368**
Long-term liabilities	**7,6**	**—**	**1 364 993**	**—**	**1 364 993**
Short-term liabilities	**7,6**	**187 982**	**—**	**—**	**187 982**
2007					
Trade payables*	—	344 925	—	—	344 925
Long-term liabilities	8	—	379 250	—	379 250
Short-term liabilities	8	22 228	—	—	22 228
COMPANY					
2008					
Trade payables*	**—**	**33 019**	**—**	**—**	**33 019**
Long-term liabilities	**7,6**		**79 730**	**—**	**79 730**
Short-term liabilities	**7,6**	**11 297**	**—**	**—**	**11 297**
2007					
Trade payables*	—	71 731	—	—	71 731
Long-term liabilities	8	—	354 756	—	354 756
Short-term liabilities	8	—	—	—	—

Excludes value added taxation.

Fair value of financial instruments

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

	GROUP		COMPANY	
	2008 R000	2007 R000	**2008 R000**	2007 R000
25. CAPITAL COMMITMENTS				
Authorised by directors but not contracted	**163 928**	31 223	**12 847**	—
Authorised by directors and contracted	**359 302**	716 546	**25 889**	12 645
	523 230	747 769	**38 736**	12 645

Capital commitments mainly relate to the Ruashi Phase II project and will be financed by a combination of a $170 million project finance facility and internal resources.

26. RETIREMENT BENEFIT INFORMATION

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

Ex-ZCCM employees at Chibuluma Mines plc ceased to contribute to the Zambian state-managed defined benefit scheme. Various options are currently being considered.

Costs charged to income of R28,9 million (2007: R21,1 million) represent contributions payable to these defined contribution schemes, excluding the O'Okiep defined benefit plan, by the Group at rates specified in the rules of the schemes.

27. STAFF COMPLEMENT

At 30 June 2008: 5 150 (2007: 3 918) people were employed by the Group.

Notes to the annual financial statements for the year ended 30 June 2008

	2008 R000	2007 R000
28. DIRECTORS' EMOLUMENTS		
Executive directors		
Emoluments	**8 706**	7 561
Company contributions	**976**	700
Share options	**—**	10 060
Total	**9 682**	18 321
Non-executive directors		
Fees	**566**	370
Total	**566**	370
Total	**10 248**	18 691

Individual directors' emoluments	Share options exercised and sold R000	Basic salary R000	Bonuses R000	Vehicle allowances R000	Company contri-butions† R000	2008 Total R000	2007 Total R000
Executive							
Mr A S Malone	—	810	224	162	178	**1 374**	1 748
Mr C D S Needham	—	1 812	910	181	232	**3 135**	8 161
Mr E W Legg	—	1 308	375	123	219	**2 025**	3 329
Mr K C Spencer	—	1 404	610	141	205	**2 360**	5 083
Mr M Smith*	—	473	—	173	142	**788**	—
Total	—	5 807	2 119	780	976	**9 682**	18 321

	Fees for services R000	2008 R000	2007 R000
Non-executive			
Mr A Barrenechea	143	**143**	110
Mr A J Laughland	145	**145**	110
Mr R G Still	173	**173**	150
Mr G Forrest$^{\Delta}$	105	**105**	—
Total	566	**566**	370

The directors have no fixed term service contracts.
†*Pension and medical aid.*
**Appointed, effective 1 December 2007. Opening balance represents 1 December 2007.*
$^{\Delta}$*Appointed, effective 27 September 2007.*

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

*** Options exercised, not sold.*

2007 Share options	Total options 1 July 2006	Options granted	Options exercised	Average option price cents	Total options 30 June 2007
Mr A S Malone	1 000 000	—	—	278	1 000 000
Mr C D S Needham	1 000 000	—	(318 750)	291	681 250
Mr K C Spencer	900 000	—	(350 000)	290	550 000
Mr E W Legg	800 000	—	(75 000)	260	725 000
Mr A Barrenechea	200 000	—	—	695	200 000
Mr A J Laughland	200 000	—	—	695	200 000
Mr R G Still	200 000	—	—	695	200 000
Total	4 300 000	—	(743 750)		3 556 250

Notes to the annual financial statements for the year ended 30 June 2008 continued

29. 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 and is subject to Board and Remuneration Committee approval. Options lapse if not excercised 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:

	30 June 2008		30 June 2007	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Outstanding at the beginning of the year	10 601 375	6,54	11 107 500	2,54
Granted during the year	6 314 000	19,31	2 378 750	16,05
Cancelled on resignation, retrenchment or retirement	(725 500)	12,20	—	—
Exercised during the year	(2 079 125)	2,70	(2 884 875)	2,62
Outstanding at the end of the year	14 110 750	12,24	10 601 375	6,54
Exercisable at the end of the year	2 390 750		2 345 150	

Options exercisable between two and nine years.

The weighted average share price at the date of exercise for share options exercised during the year was R22,82. During 2008, the following options were granted:

	Shares	Option price
8 August 2007	2 170 000	21,00
13 November 2007	250 000	24,94
28 February 2008	3 894 000	18,00
	6 314 000	19,31

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

	30 June 2008
Weighted average share price (R)	11,21
Weighted average exercise price (R)	10,81
Expected volatility (%)	41 – 57%
Expected life (years)	2 – 5 years
Risk-free rate (%)	7,0% – 9,3%
Expected dividend yield (%)	2,5% – 4,6%

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

The Group recognised total expenses of R23,1 million (2007: R3,5 million) related to equity-settled share-based payment transactions during the year.

30. NON-CURRENT ASSETS HELD-FOR-SALE

O'OKiep (2007: O'Okiep and Wakefield) has been classified to assets held-for-sale as this entity is classified as a discontinued operation The operating results are detailed below:

	Year ended 30 June 2008 R000	Year ended 30 June 2007 R000
Revenue – coal sales	**—**	582 778
Realisation costs	**—**	(7 344)
Cost of production	**—**	(475 911)
Other expenditure	**(8 859)**	(25 257)
Finance costs, net	**—**	(629)
Profit before taxation	**(8 859)**	73 637
Income tax expense	**—**	22 650
(Loss)/profit after tax	**(8 859)**	50 987
The major classes of assets comprising Wakefield (2007: O'Okiep and Wakefield) are as follows:		
Property, plant and equipment	**—**	4 714
Investments*	**8 440**	7 709
Total assets	**8 440**	12 423
Net assets of disposal group – assets held-for-sale	**8 440**	12 423

* *The rehabilitation trust funds held in the Metorex Group Rehabilitation Trust Fund relating to Wakefield Investments (Pty) Limited will only be transferred to the new owner once approved by the Department of Minerals and Energy.*

31. 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.

Marketing fees paid by the Group to Minerales Y Productos Derivados S.A. amounted to R2,8 million (2007: R2,4 milion).

Management and technical fees amounted to R47,2 million (2007: R33,0 million).

The remuneration of directors, and other members of key management of the Group, is determined by the Remuneration Committee having regard to their performance and market trends. The remuneration of directors is disclosed under note 28.

Notes to the annual financial statements for the year ended 30 June 2008
continued

32. ACQUISITIONS

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

2008	Principal commodity	Date of acquisition	Proportion of share acquired %	Cost of acquistion R'000
Copper Resources Corporation plc	Copper	1 January 2008	50,3	974 517
Pan African Resources plc (PAR)**	Gold	31 July 2007	55	—
Phoenix Platinum (Pty) Limited*	Platinum	31 December 2007	100	137 293
				1 111 810

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

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

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

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

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

Goodwill arising on acquisition

Goodwill amounting to R222 million arose on the reverse acquisition of Pan African Resources plc.

A profit of R158 million is included in the current year earnings, which relates to this reverse acquisition.

Cost of acquisitions

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

Impact of the acquisitions on the results of the Group

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

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

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

33. SUBSEQUENT EVENTS

Subsequent to 30 June 2008 the world has experienced a precipitous decline in equity markets and commodity prices. Coupled with this macro environment, Metorex has continued with its largest capital project Ruashi II and has incurred capital development costs at its Kinsenda Mine development (CRC). These projects have placed Metorex in a severe liquidity situation which has resulted in the Board of Directors approving an equity placement of R744 million and the taking up of further bank debt of R178 million to ensure the successful finalisation and commissioning of the Ruashi project. The equity placement is subject to shareholder approval. Shareholders are referred to the company announcement dated 27 November 2008 for details of the fund raising and the restructuring of the Ruashi debt.

34. SEGMENTAL ANALYSIS

Primary segmental information

	External sales		Mining profit before depreciation		Depreciation		Capital expenditure*		Assets†		Liabilities#	
	R000	%	R000	%	R000	%	R000	%	R000	%	R000	%
2008												
Fluorspar	**255 643**	**10**	**93 846**	**9**	**11 218**	**8**	**18 858**	**1**	**153 408**	**2**	**31 587**	**3**
Copper/ Cobalt	**1 359 146**	**56**	**716 295**	**68**	**84 314**	**60**	**3 279 596**	**84**	**3 810 730**	**48**	**878 747**	**75**
Antimony/ Gold	**823 730**	**34**	**251 915**	**24**	**43 884**	**31**	**405 678**	**10**	**1 060 704**	**13**	**178 939**	**15**
Other	**—**	**—**	**(1 662)**	**(1)**	**116**	**1**	**211 391**	**5**	**2 910 907**	**37**	**83 338**	**7**
Group	**2 438 519**	**100**	**1 060 394**	**100**	**139 532**	**100**	**3 915 523**	**100**	**7 935 749**	**100**	**1 172 611**	**100**
2007												
Fluorspar	225 959	13	82 164	14	9 002	9	20 813	1	148 384	4	45 571	8
Copper/ Cobalt	886 703	52	426 735	71	57 816	56	1 394 363	92	2 426 562	70	238 740	39
Antimony/ Gold	591 095	35	89 782	15	35 856	35	105 885	7	487 912	14	118 349	19
Other	—	—	(655)	—	125	—	180	—	401 146	12	204 901	34
Group	1 703 757	100	598 026	100	102 799	100	1 521 241	100	3 464 004	100	607 561	100

Secondary segmental information

	Total sales by customer location		Assets†		Liabilities#		Capital expenditure*	
	R000	%	R000	%	R000	%	R000	%
2008								
Africa	**1 561 704**	**64**	**7 935 749**	**100**	**1 172 611**	**100**	**3 915 523**	**100**
Switzerland	**491 631**	**20**	**—**	**—**	**—**	**—**	**—**	**—**
USA	**194 684**	**8**	**—**	**—**	**—**	**—**	**—**	**—**
Other	**190 500**	**8**	**—**	**—**	**—**	**—**	**—**	**—**
Group	**2 438 519**	**100**	**7 935 749**	**100**	**1 172 611**	**100**	**3 915 523**	**100**
2007								
Africa	1 056 924	62	3 464 004	100	607 561	100	1 521 241	100
Switzerland	315 109	18	—	—	—	—	—	—
USA	161 939	10	—	—	—	—	—	—
Other	169 785	10	—	—	—	—	—	—
Group	1 703 757	100	3 464 004	100	607 561	100	1 521 241	100

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

Supplementary information

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. The Group's excellent safety record was marred by three fatal accidents, two of which occurred at Barberton Mines and one at Chibuluma. Our sincere condolences are extended to the families of the deceased.

	Sable	Ruashi	Barberton	Chibuluma	Consolidated Murchison	Vergenoeg
Dressing cases	3	34	221	16	28	10
Lost time accidents	8	—	16	7	24	1
Reportables	1	—	16	7	6	1
Lost shifts	27	—	274	165	535	10
Fatalities	—	—	2	1	—	—
Cumulative fatality free shifts	151 200	795 792	219 605	219 235	984 425	650 775

The following operations were recognised and were awarded the following:
Barberton: The Sheba Gold Plant has won the Mine Metallurgical Managers Association Award for achieving a zero lost time injury rate for a year.

INTERESTS IN SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND INVESTMENTS

The Company acts as a holding company for the Group. All mining operations are conducted by companies which are members of the Group. The Company holds beneficial interests in its subsidiaries as follows:

	Place of Incorporation	Percentage of ownership and voting power held	Principal commodity
Chibuluma Mines plc	Zambia	85%	Copper
Consolidated Murchison Mines (Pty) Limited	South Africa	100%	Gold, antimony
Copper Resources Corporation plc(1)	British Virgin Islands	50,3%	Copper
Minière de Musoshi et Kinsenda sarl	DRC	5%	Copper
Pan African Resources plc (2) (3) (4) (5)	UK	55%	Gold
Phoenix Platinum Mining (Pty) Limited	South Africa	100%	PGM's
Ruashi Holdings (Pty) Limited(6)	South Africa	100%	Copper, cobalt
Sable Zinc Kabwe Limited	Zambia	100%	Copper, cobalt
Vergenoeg Mining Company (Pty) Limited	South Africa	70%	Fluorspar

1. *CRC owns a 75 percent interest in Minière de Musoshi et Kinsenda sarl ("MMK") which holds the Kinsenda, Musoshi and Lubembe copper deposits in the DRC.*
2. *Pan African holds a 74% interest in Barberton Mines (Pty) Limited, which comprises the three mines of Fairview, New Consort and Sheba and exploration projects Amira, Eagles Nest and Thomas Victory-Hill.*
3. *Pan African has a 100% interest in the Manica Project in Mocambique through its wholly owned subsidiary Explorator Limitada.*
4. *Pan African holds a 50% interest in the Dekoa and Bogoin exploration properties in the CAR, through its local subsidiary Or Oubangui SA.*
5. *Pan African has interests in three exploration projects in Ghana, a 90% interest in the Akrokerri project and earn-in agreements for the U&N project (up to 85%) and Kyereboro project (up to 90%).*
6. *Ruashi Holdings has an 80 percent interest in Ruashi Mining sprl which is incorporated in the DRC.*

LEGAL ENTITLEMENT TO MINERALS

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

MINERAL TITLE

Mine or prospect	Farm name	Type of title	Hectares
Barberton Mines (Pty) Limited			
Fairview Mine	Worral 352 JU	Old order mining rights[1]	
	Bickenhall 346 JU	Old order mining rights[1]	
	Hayward 310 JU	Old order mining rights[1]	
	Various lots	Old order mining rights[1]	
Sheba Mine	Camelot 320 JU	Old order mining rights[1]	
	Various lots	Old order mining rights[1]	
New Consort Mine	Dublin 302 JU	Old order mining rights[1]	
	Tinto 300 JU	Old order mining rights[1]	
	Segalla 306 RU	Old order mining rights[1]	
	Whitewick 301 JU	Old order mining rights[1]	
	Various lots	Old order mining rights[1]	
Prospecting	Bickenhall 346 JU		
	Dycedale 368 JU		
	Colombo 365 JU		
	Wonderscheur 362 JU		
	Covington 345 JU		
	Various lots Section A Kaap Block		1 900
		New order prospecting	7 260
Chibuluma Mines plc			
		Large-scale mining licence LML23	4 440
		Large-scale mining licence LML24	960
Consolidated Murchison Division			
	Farrell 781LT	Old order mining rights [2]	663
	Josephine 777LT	Old order mining rights [2]	792
	Claimland 780LT	Old order mining rights [2]	502
	Begin 765LT	Old order mining rights [2]	840
Prospecting		Converted prospecting rights 29/06/2007 – 2010	9 454
Vergenoeg Mining Company (Pty) Limited			
	Kromdraai 209JR	Old order mining rights [2]	393
Sable Zinc Kabwe Limited			
	Small-scale mining licence SML1		80
Ruashi Mining sprl			
	Permits d'exploitation PE No 578		900
	Permits d'exploitation PE No 4958		2 000
Miniere de Musoshi et Kinsenda sarl			
Exploitation	Kinsenda PE 101		5 012
	Musoshi PE 102		14 782
	Lubembe PE 330		2 378
Exploration	Kinsenda PR 4724		13 168
	Musoshi PR 4874		8 580
	Musoshi PR 4875		16 651
	Musoshi PR 4723		18 775
Phoenix Platinum Mining (Pty) Limited	Elandskraal 46JQ	Dump	
	Buffelsfontein 465JQ	Current arising	
	International Ferrometals	Current arising	

1. *The conversion applications were submitted to the DME in October 2005. The Directors believe that all outstanding matters have been resolved with the DME, so that the award of the New Order Mining Right should occur shortly.*
2. *In terms of the MPRDA, Consolidated Murchison and Vergenoeg are required to submit applications to convert these old order mining rights to new order mining rights before this date. The Company is in negotiations to identify suitable BEE partners. As soon as these negotiations are finalised, the Company will be able to submit the conversion applications.*

Supplementary information
continued

REVIEW OF MINING OPERATIONS
Chibuluma
The Chibuluma complex is situated near the town of Kalulushi, which is approximately 12km west of Kitwe, one of the main centres of the Zambian Copperbelt.

Exploration activities
A total of 113 drillholes have been drilled in the area of which 77 drillholes have orebody intersections. Metorex drilled three holes to twin the existing pre-2000 drilling and verified the drillhole intersected thickness and tenor of the orebody.

A feasibility study for Chibuluma was completed by Metorex in May 2000. The mineral reserve used in the feasibility study was derived from a Measured Resource of 8,4Mt at 4,03% TCu. Mine modifying factors involved a 10% dilution factor in the surface and underground mine design and an 85% extraction factor for the underground mine design. The mine design resulted in open pit mineral reserves of 1,35Mt at 4,02% TCu and underground mineral reserves of 7,2Mt at 3,66%TCu. The selected mining method was a post pillar cut and fill using trackless equipment. The use of backfill in the mining process was aimed at minimising dilution from the hangingwall through adequate support of the weak, variable hanging wall sediments.

Differential flotation followed by acid leaching and cementation precipitation of oxide and mixed ore tails was planned for the open pit phase. The underground sulphide ore would be treated by conventional flotation, which was planned to produce concentrate grades of about 50% Cu and recoveries of 95%. The concentrates would be transported by road to the Nkana smelter and refinery.

With total capital costs estimated at US$33,2 million and operating costs between US$38/t and US$39/t treated for underground and open pit ores respectively, the project was shown to deliver a robust result at a Cu price of US$1 800/t to US$1 900/t.

Geological setting and geological model
Mineralization in the copper and cobalt mines of the Central African Copperbelt is predominantly stratabound and confined to the lower parts of the Katanga stratigraphic succession. The Katangan Supergroup consists of Proterozoic age siliclastic, greywacke and carbonate sediments deposited in an extensional rift basin environment that has subsequently been subjected to Pan African age tectonism and deformation.

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

Type of mining, mining activities
A cut and fill method is used to extract the bulk of the orebody and longhole stoping is often used where the orebody is narrow. The longhole stopes are post filled along with the adjacent cut. The sulphide ore is hauled to surface via a decline ramp at a rate of 45 to 50ktpm.

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

Production figures
Total production for Chibuluma for 2008 in comparison to 2007 is as follows:

Description	Units	2008	2007
Tons milled	(t)	**555 575**	503 880
Head grade	(% Cu)	**2,9**	2,5
Overall recovery	(%)	**89,6**	86,1
Copper produced	(t)	**14 583**	10 770

Methods and key assumptions in estimation and classification of Mineral Resources and Mineral Reserves
Geological block modelling of the Chibuluma orebody was originally carried out by AMC in 2000. While underground drilling and face sampling have shown a reasonable correlation with surface drillhole intersections, there has been sufficient variation in the grade of ore delivered to mill to question the assumptions used in the 2000 feasibility study. A Surpac model was completed by IGS (Pty) Ltd (IGS) in 2007 utilising updated surface and underground drillhole data. Orebody envelopes were delineated on a 1% copper assay grade and wireframed to produce a 3-dimensional solid model. Grade was interpolated into the blocks using ordinary kriging.

At the time of the feasibility study in 2000, the full resource was classified as a Measured Resource based on drillhole spacing varying between 30m and 150m.

Classification of the Chibuluma resource has been carried out in 2007/8 using the “two thirds rule”. This rule uses the semivariogram sill variance to provide a maximum distance from the centre of a block to a borehole sample for the block to be classified as Measured, Indicated or Inferred. At distances equivalent to less than 2/3 (66%) of the sill variance, a block is considered Measured if the kriging neighbourhood parameters are met. A block is considered Indicated if the kriging neighbourhood parameters are met at distances equivalent to between 66% and 100% of the sill variance. As a result, a portion of the resources has been downgraded to an Indicated classification to reflect the lower confidence where the drillhole spacing is greater than 50m.

The modifying factors originally applied to convert the Resources to Reserves took into account the barren part of the orebody, which had been identified in the boreholes and modelled accordingly in the orebody model. These same factors have been applied in the conversion of the Measured Resources to Proved Reserves. Current mining has largely mined through this barren zone, which was larger than expected, but little or no internal waste is expected in the ore deeper in the orebody. Metorex has used the original factors to convert the Indicated Resources into Probable Reserves until mining experience allows these modifying factors to be adjusted.

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

Material risk factors that could impact on the Mineral Resource and Reserve Statement
The method of stope support is adequate at the current mining depths, but will need to be re-examined as mining progresses deeper.

The modifying factors used to convert resources to reserves are the same as those originally used in the feasibility study of 2000. There is a risk that mining experience may indicate that these factors are too low which would impact adversely on the Mineral Reserves and the LoM plan.

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

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

Consolidated Murchison

The Consolidated Murchison Mine is situated in the Murchison Greenstone belt near Gravelotte in the Northern Province. Gold was discovered in the Murchison Range towards the end of the nineteenth century and was mined on a small-scale for many years. Prior to 1937, the high stibnite (antimony sulphide) of the gold ores rendered all but the oxidised ore too refractory to process. Metorex acquired the mine in July 1997. It is the only producer of antimony concentrate in South Africa, and contributes 3-5% of world production.

Exploration activities
No current exploration programme underway.

Geological setting and geological model
The Murchison Greenstone belt is an assemblage of lavas and sediments. The belt strikes WSW-ENE and dips steeply to the north. The rocks are extremely sheared and have been intruded by granites and iron rich gabbros on a number of separate occasions. The greenstone belt is approximately 6 000m thick near Gravelotte and thins to the east. Gold mineralisation occurs erratically throughout the greenstones. Areas of particular economic interest are the Copper-Zinc line, the Antimony line and the various emerald deposits.

The Antimony line is a discontinuous zone of mineralisation approximately 55km long. Stibnite is associated with quartz veining and occurs sporadically along the entire strike length, but has only been worked significantly between the Alpha-Gravelotte area and the Free State-Monarch area. It is generally accepted that the Antimony line represents a major shear zone along which stibnite and gold have been concentrated. The stibnite and gold occur in remobilised quartz veins hosted in quartz-carbonate rocks which have been formed by the hydrothermal alteration of the country rocks. Later tectonic deformation has concentrated the minerals and all major orebodies have strong structural controls. Approximately two-thirds of the known and exploited gold deposits are from quartz veins, while the remainder is associated with banded iron-formations.

Type of mining, mining activities
Ore is mined by sub-level open stoping and is hoisted from three working shafts Athens, Monarch and Beta.

During mining, the strike and dip of ore zones and extensions to the ore zones are followed.

Production figures
Production figures for Consolidated Murchison for 2008 in comparison to 2007 are as follows:

Description	Units	2008	2007
Tons milled	(t)	**355 076**	420 381
Head grade:			
Antimony	(% Sb)	**1,2**	1,1
Gold	(g/t Au)	**1,8**	1,5
Metal recovery:			
Antimony	(%)	**84,8**	84,0
Gold	(%)	**82,0**	81,0
Metal production:			
Antimony	(mtu)	**361 455**	377 998
Gold	(kg)	**533**	548

Supplementary information
continued

Methods and key assumptions in estimation and classification of Mineral Resources and Mineral Reserves
Mining blocks are categorised as Inferred Resources and Probable and Proved Reserves, as follows:

- Inferred resources are defined as an ore block which has been defined wholly by boreholes.
  A haulage is developed in the footwall of the ore zone. A diamond drill cubby is developed every 30m. Three holes are drilled from each cubby – a horizontal hole at 45° to the orebody, a hole trending upwards perpendicular to the orebody aimed to intersect the orebody approximately 20m above the haulage elevation and a hole aimed downwards to intersect the orebody 20m below the haulage elevation. This results in a grid of approximately 20m x 30m. Boreholes are carefully logged and surveyed. The quartz carbonate ore zone and any other mineralised zones are completely sampled. This information is plotted on plans and cross sections to ensure the mineralised zones are continuous. If there is any doubt as to the continuity, additional holes are drilled.

  All values are plotted on longitudinal sections and areas of 30m x 60m are blocked off and a tonnage and grade is assigned to each block. A minimum stoping width of 1,5m is assumed and an area of 30m x 45m in a block is used to allow for the foot and crown pillars. The tonnage of possible ore from the block is estimated using the mean orebody width or measuring the cross-sectional area using a planimeter and applying the frustrum formula. A SG of 2,94 is used. Drill cores are sampled every 50cm and a weighted arithmetic mean is used to estimate both the grade of the borehole intersections and the block value.

  This initial evaluation determines which blocks of ground require secondary development and more detailed evaluation.

- Probable Reserves are defined as ore blocks that are partly defined by diamond saw sampling and partly by boreholes, but are not fully developed.
  After a block of ground has been identified, secondary development is planned in order to fully evaluate the ore zone and to enable stoping to take place. A cross cut is developed from the haulage to the ore zone and two raises are developed at the most suitable position. At each interlevel elevation drives are developed along the ore zone for 30m and additional twin raises are developed and sampled. At a 15m interval along the reef drive the orezone is evaluated by boreholes or by developing cross cuts.

- Proved Reserves are defined as blocks that are fully developed, evaluated and ready for stoping.
  Cross sections are interpreted and drawn every 10m. The orebody outline is interpreted from sample results. Often the ore zone consists of more than a single band and there are areas where the ore zone has been severely folded. For each 10m cross section an area and grade is estimated and hence an undiluted tonnage and grade is assigned to a proven 30m block.

  This information is plotted on interlevel plans and sections. Block values are converted to Reserve estimates by adding a 15% dilution at grades of 0,2%Sb and 0,5g/t Au. Paylimit calculations are performed on each block in order to convert it to a mineral reserve. Paylimit values are plotted on a graph with the Sb grade on the Y axis and the Au grade on the X axis. A line is drawn connecting the two paylimit values. The present paylimit values from which the paylimit line is constructed on X and Y axes are presently 4,53g/t Au and 1,98% Sb. Individual block grades are plotted on the graph and those plotting to the left of the line are considered as uneconomic and remain in the mineral resource category and those to the right of the line are classed as a mineral reserve. Resources five levels or 300m below the present working are classified as Inferred Resources. An 85% mine call factor is applied to the Resource values estimated for both gold and stibnite.

Consolidated Murchison adjusts the grade and tonnage values by regression curves that have been constructed from historical data. The different areas have unique regression curves.

Inclusion of Inferred Resources
To be able to achieve the LoM production plan for Consolidated Murchison, some 60% of the scheduled production will have to come from Inferred Resources. The confidence in Inferred resources is low. The inferred resources enable the LoM to be extended by eight to ten years.

Material risk factors that could impact on the Mineral Resource and Reserve Statement
The SAMREC Code states that a Mineral Reserve is inclusive of diluting materials and allows for losses that may occur when the mineral is mined. Some economic criteria have been taken into consideration when estimating the Proved Reserves in the form of grade cutoff values. However, the fact that Consolidated Murchison has found it necessary to apply regression curves to its Reserve estimates indicates that not all the factors reflecting losses that may occur during mining have been taken into consideration in its Reserve estimates.

If the Company is unable to reach agreement with suitable BEE partners in time, there is a risk that Consolidated Murchison will not be able to submit its mining conversion application before the end of April 2009 and thereby lose the right to mine.

Legal proceedings or other material conditions that may impact on mining or exploration activities
The application for conversion of old order mining rights to New Order Mining Rights in terms of the MPRDA has to be submitted before 30 April 2009. The Company is in negotiations to identify suitable BEE partners. As soon as these negotiations are finalised, the Company will be able to submit the conversion application.

Pan African Resources (Barberton Mines)

Barberton Mines is situated in the Mpumalanga Province of South Africa, approximately 370km east of Johannesburg and comprises three operating mines, Sheba, New Consort and Fairview. The three mines situated in the Barberton Greenstone Belt (BGB) have been in operation since 1886 and produced nearly 8Moz of gold in that time.

Exploration activities

Exploration activity at all three mines is primarily directed at locating extensions to known orebodies. This activity is conducted as part of the mine operating cost and is aimed to increase the resource base for the three mines. Where this exploration is successful, the results have already been incorporated in the Mineral Resources estimates presented below.

Geological setting and geological model

The BGB is surrounded by a variety of granitic rock types that have been categorised into three magmatic cycles based on their distinctive geochemical, geochronological and field characteristics. The cycles reflect the stages in the formation and genetic evolution of the earliest sialic crust in the Barberton Mountain Land and span a period of 600Ma commencing in about 3500Ma.

The ore bodies all occur in the vicinity of a complex, refolded, arcuate, south-dipping shear/fault system, the Sheba Fault Zone, developed between the Ulundi and Eureka synclines. The locations and geometries of the orebodies are structurally controlled and, due to the complex deformational history of the host rocks, have variable strikes, dips and widths. Some are continuous for several hundreds of metres, along strike and down dip, whereas others are discontinuous and not traceable between adjacent cross cuts or drill holes.

The Fairview property is situated along the central and southern portions of the Eureka and Ulundi Synclinorium. These synforms are separated by the Sheba Fault and bounded to the north by the Lily Fault and to the south by the Barbrook Fault. These structures were subsequently arcuated about a north-west axis that resulted in the formation of most of the minerlaized zones. The bulk of the Fairview production comes from refractory orebodies situated to the east of the Sheba Fault.

The New Consort orebodies are located in rock types that are stratigraphically similar to those of the Sheba orebodies, but have been subjected to higher-grade metamorphism.

Type of mining, mining activities

Two basic mining methods are used at the Barberton mines. Approximately 90% of the stopes are being mined using a semi-mechanised up dip cut and fill mining method, and 10% of the stopes use up dip room and stick mining.

Fairview is serviced via the 11 Level adit from surface, followed by a series of three inclined shafts. All ore and material is handled through these shafts with current production approximately 11 900tpm excluding vamping.

The main access to New Consort mine is through the PC adit on 12 Level. This adit connects to the 1 360m PC sub-vertical shaft that is New Consort's main production shaft. The No 7 surface vertical shaft and sub shaft system serves as a second outlet. New Consort has adequate capacity to handle the projected production of approximately 6 000tpm.

Sheba mine is serviced via the vertical 700m deep Zwartkoppie (ZK) Shaft and a complex arrangement of vertical and inclined shafts. The mine's deepest production level is 35 Level (1 064m below the ZK Shaft collar). The shaft systems have adequate capacity to handle the planned production rate of 8 400tpm.

Production figures

Total production for Barberton Mines for 2008 in comparison to 2007 is as follows:

Description	Units	2008	2007
Tons milled	(t)	**315 305**	330 637
Head grade	(g/t)	**8,9**	9,2
Overall recovery	(%)	**91**	92
Gold produced including calcine dumps	(kg)	**2 984**	2 800

Supplementary information
continued

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

The estimation of resource and reserve blocks is not typical of a mining operation where the value of the resource blocks are estimated and classified well ahead of the mining blocks presently being developed and mined. Because of the highly erratic nature of both the structure of the 'ore shoots' and of the grade within them, most of the data for evaluating resource blocks is derived from development adjacent to the mining blocks and from the position of the present mining. The continuity of grade values within the ore shoots is based primarily on experience that has been gained from mining the orebody in the past and experience gained from the study of its tectonic structure.

The tectonic structure and orebody geometry has been modelled using the Lynx ore body modelling system. This system allows the three-dimensional structure of the mineralised volume to be viewed graphically. This is used as a tool for visualizing grade continuity and is an aid for mine planning.

Barberton Mines use a Block Call Factor, which takes into account a block factor, shaft call factor and plant call factor. The modifying factors applied to convert the resources to reserves are based on historical data. The Block Call Factor is applied to the grades in the scheduled resource blocks. Mine wide dilution averages 15%, but varies significantly from mine to mine and from year to year. The dilution is commonly governed by the mining of unpay blocks between pay areas to allow LHD travel along the whole stope face.

The figures quoted in the reserve estimates are based on all known resource blocks and what was envisaged to be mined during the five-year planning period. The unpredictable continuity and grade of the orebodies at the Barberton mines precludes mine planning beyond a five-year horizon in great detail. The five year plan is revised annually and was last done as part of the mineral reserve declaration at 30 June 2008.

Inclusion of Inferred Resources

A considerable portion (approximately 20%) of the gold produced at the Barberton Mines comes from vamping operations. Vamping is the term to describe the process of recovering the sludge left behind in old gullies, workings and drives. The gold sludge is recovered using a form of vaccum cleaner. The gold grades in the vamped material can be up to ten times the in-situ grades of the ore. Resources for this source of gold have not been defined.

Material risk factors that could impact on the Mineral Resource and Reserve Statement

The mines have been in operation for over 100 years but at any one time, the statement of Mineral Resources and Mineral Reserves only provides cover for the equivalent of five to ten years' production. The cautionary approach in the declaration of mineral resources and mineral reserves is a consequence of the inability to predict over large distances the extent and tenor of the reefs due to the complex geological and structural controls of the mineralisation and the correct interpretation of these structural features.

The tonnage projections for the ten-year plan are extracted from a resource depletion schedule and are not supported by a formal mine plan.

The LoM tonnage in the ten-year plan is greater than the Proved and Probable Reserves.

The main workings at Sheba are scheduled to be depleted in 2013, with production moving to the more speculative areas of Pan and Joe's Luck, Royal Sheba and Sheba West. Mining of the MRC orebody extension below 35 Level will be undertaken by Fairview Mine. The continuing life of Sheba after 2013 will thus depend on the success of mining these orebodies or finding economic ore in the hangingwall of the current orebodies.

Cut-off grades used to define economically extractable deposits are dependent on commodity prices and may change. Any change in cut-off grade will impact on the Resource and Reserve statement.

Legal proceedings or other material conditions that may impact on mining or exploration activities

The conversion applications were submitted to the DME in October 2005. The Directors believe that all outstanding matters have been resolved with the DME, so that the award of the New Order Mining Right should occur shortly.

Phoenix Platinum Mining

Phoenix Platinum (Pty) Ltd was acquired by Metorex in November 2007 and is a low cost entry for the Group into the platinum group metal (PGM) market. Phoenix holds the rights to treat a number of chromite tailings dams and current arisings streams on the Western Limb of the Bushveld for PGM's. The majority of the assets are in Mooinooi area approximately 65km west of Pretoria.

During the past year, Phoenix has engaged Matomo Process to complete a detailed flotation plant design and control budget estimate for construction of a 20 000 tonnes per month plant. Specialist environmental studies and tailings storage facility designs have also been undertaken during the year.

Exploration activities

No current exploration programme underway.

Geological Setting and Geological Model

Phoenix has a right to recovery PGM's from a number of chrome tailings dumps and current arisings derived from the LG6, MG1 and MG2 chromite seams in the Bushveld Igneous Complex. The majority of the Bushveld chromite seams are enriched in PGM's but only the UG2 seam is commercially mined for PGM's. The PGM's in the chromite seams occur naturally as sulphide minerals and platinoids which are generally associated with the silicate gangue of the chromite seam.

During the process of recovering chrome the PGM's separate preferentially into the silicate and fine chromite tailings that are not recovered in the chromite spiral plants. The PGM's are enriched in the tailings relative to the original ore to levels that are commercially viable.

Type of mining, mining activities
The tailings will be mined by a combination of load and haul operations using front end loaders and road trucks, and hydro-mining.

To date, no mining activity has taken place.

Production figures
Production figures for Phoenix for 2008 in comparison to 2007 are as follows:

Description	Units	2008	2007
Tons milled	(t)	0	0
Head grade:			
4E PGM	(g/t 4E)	0	0
Metal recovery:			
4E PGM	(%)	0	0
Metal production:			
4E PGM	(oz 4E)	0	0

Methods and key assumptions in estimation and classification of Mineral Resources and Mineral Reserves
The tailings dams are regarded as stockpiles, and tonnages and grades are based on deposition records from previous mining activities. There has been limited drilling on the tailings dams at Minco to verify grades. All the stockpile resources are currently classified as Inferred.

Bulk sampling of the current arisings stream at International FerroMetals has been carried out and has verified the PGM grade in tailings. It has not been possible to verify the in-situ PGM content in the seams to be mined by IFM, and PGM grade uniformity in the MG1 and MG2 chromite seams is a significant assumption.

Inclusion of Inferred Resources
No production is planned for 2009.

Material risk factors that could impact on the Mineral Resource and Reserve Statement
Planned PGM plant recovery factors have been based on metallurgical testwork carried out at Mintek, and based on experience of other PGM from chrome tailings projects now operating on the Bushveld. These factors are as yet untested by Phoenix and will only be known with any certainty once the plant is constructed and commissioning has taken place.

Legal proceedings or other material conditions that may impact on mining or exploration activities
The mineral rights to tailings dams and residual stockpiles are not covered under the MPRDA, 2004. Legal advice received by Phoenix is that all dumps and dams created prior to 2004 are considered as movable assets governed by the principles of common law ownership, and that the DME has no right to award prospecting or mining rights on these assets. There is a possibility that the DME will amend the MPRDA in the next few years to incorporate tailings dams and stockpiles, although this is unlikely in the short term.

Ruashi
The Ruashi mine is an opencast oxide copper and cobalt mine situated in the DRC on the outskirts of Lubumbashi which is the capital for Katanga Province.

Exploration activities
The three Ruashi orebodies have been intensively evaluated by Gécamines. Drilling was conducted on grids spaced at 50m intervals along strike and drillholes intervals along section of between 25m and 50m. A total of 914 holes were captured into the Ruashi geological database from Gécamines geological logs at the time of the 2003 feasibility study.

The Company undertook a drilling programme during 2006/7on the Ruashi I, II and III orebodies to verify and infill the existing Gécamines' drilling and to provide cores for assays, lithological identification, Quality Assurance and Quality Control (QAQC) and density determinations. The program consisted of 6 665m of drilling within the three orebodies, of which 5 088m were by reverse circulation (RC) and 1 577mm diamond drilling. The numbers of holes drilled were 69 RC and 15 diamond drilling.

In addition to activities at Ruashi, the company has been involved in exploration activities on the Sokoroshi I and II deposits as well as the Musonoi Prospect in Kolwezi. These prospecting permits are part of the licences granted to Ruashi Mining sprl.

Since exploration commenced at Musonoi in 2006, 33 diamond drillholes have been drilled for a total drilled length of 6 247m over a strike length of 600m.

Supplementary information
continued

Geological setting and geological model

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

The Ruashi deposits form part of an anticlinal fold trending northwest with flanks compromising Kundulungu Group (Upper Katangan) sediments and a core of Mines Group sediments, which is the Lower Roan Formation equivalent in Zambia. Three orebodies have been recognized, namely Ruashi 1, 2 and 3 with a respective strike length of 950m, 200m and 450m.

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

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

Type of mining, mining activities

The Ruashi mine is an old open pit originally mined by Union Minière and later by Gécamines up to the early 1980s. Metorex has been involved since 2003 with a first phase of copper and cobalt production being derived from old stockpiles previously not treated by Gécamines. The old stockpiles and tailings have been reclaimed using a conventional load and haul operation by a local contractor, and treatment through an oxide flotation circuit to recover a low grade copper/cobalt concentrate.

A second phase is now well progressed to mine the remaining resource from the three open pits and to recover copper and cobalt through a solvent extraction – electrowinning (SX-EW) plant. The pit has been rehabilitated and oxide copper and cobalt ore production is being ramped up to feed the new SX/EW plant at a rate of 120 to 180ktpm by early 2009. Mining is by a conventional drill, blast, load and haul operation.

Production figures

Production figures for Ruashi for 2008 in comparison to 2007 are as follows:

Description	Units	2008	2007
Tons milled	(t)	**601 505**	473 090
Head grade:			
Copper	(%)	**3,2**	2,9
Cobalt	(%)	**0,4**	0,6
Metal recovery:			
Copper	(%)	**57**	46
Cobalt	(%)	**23**	5
Concentrate produced	(t)	**65 481**	39 799
Concentrate grade:			
Copper	(%)	**17,10**	13,66
Cobalt	(%)	**1,95**	0,70

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

A number of geological orebody models have been generated for the Ruashi orebody since the Company's initial involvement in 2003. The initial model was independently verified by SRK Consulting and RSG Global (now Coffey Mining). Numerous recommendations made by SRK and RSG Global were incorporated into the 2007 model compiled by IGS (Pty) Ltd using the SURPAC geological and mine planning software package. Part of the IGS modelling exercise included an extensive database review of all historical drillholes drilled into the orebody. A 1% Cu and 0,1% Co assay grade was used to define the orebody envelope and Cu/Co grade interpolation was carried out using conditional simulation and ordinary kriging.

The 2007 Ruashi orebody was classified using the conditional simulation results. While the conditional simulation results indicate some measured resources, none of the Ruashi resource has been classified at a higher confidence than Indicated primarily due to concerns raised by IGS with regards to the historical data set, previous mining activities and unknowns associated with the geological interpretation.

The Ruashi LoM reserve was derived by Ukwazi Mining consultants from the 2007 IGS model using the Whittle 4X pit optimisation software. A mining cost of US$3,0/t mined and a processing cost of US$47,65/t processed was used. A final pit design has been generated using the optimal NPV Whittle shell for long-term prices from 2011 of US$1/50/lb Cu and US$10/lb Co.

Inclusion of Inferred Resources
Inferred resources are not included in the LoM plan and production schedule for Ruashi.

Material risk factors that could impact on the Mineral Resource and Reserve Statement
Resources and reserves for Ruashi were restated in 2008 based on a revised geological block model completed in 2007. The new model has addressed geostatistical and geological issues for both copper and cobalt mineralisation. Whilst the copper metal content has not changed significantly, the contained cobalt has been adjusted downwards. This downward adjustment is as a result of incomplete capture of cobalt assays from historical boreholes dating between 1920 and 1964. Where no value existed in the log, it was considered prudent by IGS to substitute a zero value in the database.

There is a possibility that further amendments will need to be made to the Ruashi resource model in the future as more information is obtained from mining activities, ore reconciliations and further enhancements to the geological interpretation. This risk is reflected in the classification of the Ruashi resource as no higher than Indicated category. Additional drilling is being undertaken to improve confidence in the geological and orebody interpretation and move the resource into a measured category.

Legal proceedings or other material conditions that may impact on mining or exploration activities
Following the 2006 general elections for the National Assembly in the DRC, the application of the regulations of the DRC relating to foreign investment and mining licensing have been under review. The DRC Government initiated a review process by the Licence Review Commission in relation to all joint venture agreements entered into by private investors with state-owned companies including the contract for the creation of Ruashi Mining dated 9 June 2000, as amended between Ruashi Holdings and Gécamines which provided for the transfer of the Ruashi licences by Gécamines to Ruashi Mining.

The mining licence review process is not yet complete, but when completed could lead to the proposal by the Licence Review Commission of new terms which are more favourable to Gécamines than those agreed under the original contracts with respect to royalty payments and Gécamines' equity interest and participation in the management of Ruashi Mining.

Sable Zinc Kabwe
The Sable Zinc facility is located approximately 2km south of the centre of Kabwe in central Zambia, some 150km north of the capital Lusaka. Sable Zinc is a copper and cobalt processing facility. The processing plant was commissioned during May 2006 and has subsequently produced a combination of standard and A-grade copper cathode. The leach, solvent extraction and electrowinning circuits enable Sable to process the copper and cobalt concentrates from Ruashi.

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

Geological setting and geological model
Not applicable.

Type of mining, mining activities
No mining is underway at Sable Zinc at this time.

Production figures
Production figures for Sable Zinc for 2008 in comparison to 2007 are as follows:

Description	Units	2008	2007
Tonnes concentrate treated	(t)	**65 481**	43 257[1]
Concentrate grade:			
Copper	(% Cu)	**17,10**	15,66
Cobalt	(% Co)	**1,95**	0,70
Metal recovery:			
Copper	(%)	**96**	94
Cobalt	(%)	**44**	44
Metal production:			
Copper	(t)	**10 767**	6 361
Cobalt	(t)	**565**	132

[1] *Includes concentrate from Ruashi and concentrates purchased from third parties.*

Supplementary information
continued

Methods and key assumptions in estimation and classification of Mineral Resources and Mineral Reserves
Metorex has classified the two dumps as Inferred Mineral Resources due to the inherent problems associated with representative sampling and tonnage determination of dumps and the restricted sampling data.

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

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

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

Vergenoeg
The Vergenoeg mine is situated on the farm Kromdraai, approximately 70km north of Pretoria and 32km east of the village and rail siding of Pienaar's River. Only the oxidised zone is exploited and acidspar concentrate is exported through Durban.

Vergenoeg contains one of the largest fluoride resources in the world. Estimates are that it contains approximately 10% of the world's resources. The Mine has an indeterminate life which it is thought could exceed 100 years. As far as the grade of CaF_2 is concerned, it is also one of the highest grade resources in world terms.

Exploration activities
The orebody was initially explored using 254 percussion drillholes spaced approximately 50m apart. Fifty diamond drillholes were drilled at a spacing of approximately 100m x 100m.

Drilling of 23 diamond drillholes during 2003 resulted in the delineation of a good quality orebody termed the A-orebody on the eastern contact of the volcanic pipe with the surrounding wall rock.

During 2003 two exploration drillholes intersected almost pure fluorspar "Metspar". This material is of a grade suitable for producing a product of >90% CaF_2.

From the results of 100 drillholes drilled during 2007/8, an extension of the orebody was traced into the valley.

Geological setting and geological model
Mineralisation is contained within the 1,950Ma Vergenoeg volcanic pipe. It is hosted within the Rooiberg Group rhyolites and is situated centrally between the four lobes of the Bushveld Complex. The volcanic pipe and surrounding pyroclastic rocks are related to the Lebowa Granite Suite of the Bushveld Complex which is regarded as the source of the mineralisation.

The Vergenoeg volcanic pipe is about 1 000m x 1 100m in diameter and tapers down to a carrot size shape at depths of 700m below surface. Fluorite is found in massive and disseminated forms throughout the pipe but its concentration decreases with depth. The A orebody located on the eastern side of the volcanic pipe has been differentiated from the B orebody that forms the remainder of the entire orebody. It is planned that future expansion will be to the east and to the south of the present mining operations.

The resource that is and can be mined at Vergenoeg is highly dependent on the type and quality of material that is required by the end users.

Recent exploration has resulted in a significant increase in the understanding of the internal geology of the Vergenoeg orebody. The ore being mined can now be classified into a number of different ore types. These are stockpiled such that they can be mixed to provide a suitable mix of geological and metallurgical parameters in order to optimise metallurgical extraction. Further it is expected that metallurgical extraction methods will improve and ore types that are presently not economic to treat will be processed in the future. The Metspar ore type, for example is a high grade ore that is being stockpiled separately as mixing this ore type with lower grade material affects metallurgical extraction.

Using the drillhole information above and other information available at that time, a SURPAC block model was constructed in 2000. Grade values were estimated into this model using the methodology of inverse distance squared. Since then the resources have not been re-estimated, but adjusted by depleting this resource model for mining.

A database of routine blast hole sampling is presently stored in Excel spreadsheets. This presently consists of over 2 000 data points. Assay data from recent drilling and from historical drilling programs are stored in a Rockware database. Drillholes are routinely sampled at a 1m interval. These samples are split and assays are obtained using XRF for CaF_2, P_2O_5, Al_2O_3, Mg, K, SiO_2, Y_2O_3, La_2O_3 and S, whereas As assays are obtained using wet chemical analysis. The spatial variation of these assay values are studied by plotting their distribution using the Surfer contouring computer program. Together with the binocular study of broken ore, these assays are used to help define and map the distribution of ore types.

Type of mining, mining activities
Mine planning and production scheduling is essentially done in a spreadsheet with the three dimensional modelling restricted to the original block modelling and grade estimation. Vergenoeg considers that it is adequate to plan in a spreadsheet format as the critical parameters are the fluorspar grade and the contaminants. Different clients have different specifications and depending on the client tonnage requirements the mine planning is adapted to produce the correct grades of acid grade fluorspar.

Production figures
Production figures for Vergenoeg for 2008 in comparison to 2007 are as follows:

Description	Units	2008	2007
Ore milled	(t)	**570 826**	561 366
CaF_2 feed grade	(%)	**39,9**	42,6
Fluorspar produced (all grades)	(dmt)	**180 854**	183 199
CaF_2 Recovery	(%)	**74,2**	70,9

Methods and key assumptions in estimation and classification of Mineral Resources and Mineral Reserves
Resources are estimated to a depth of 360m, although mineralisation has been shown to exist to a depth of 600m. It is expected that following the proposed exploration drilling, sufficient information will be available identify the location and grade values within specific ore types. It is proposed that in future Resources will be estimated and classified by ore type. Survey data representing the surface topography of the pit, the drillhole collar and blasthole collar positions are routinely measured.

A specific gravity of 3,28 is applied to the B orebody and a value of 3,7 has been applied to orebody A. Indicated and Inferred Resources have been estimated using a cut-off of 10% CaF_2. Measured Resources consists of ore on stockpiles outside the pit at a cut-off off of 20% CaF_2. Inferred Resources consists of low grade material located at significant depths within the geological block model.

The Reserves are based on the following cut-off grades:
A orebody CaF_2 > 20%, P_2O_5 < 0,4% and As < 200ppm.
B orebody CaF_2 > 20%, P_2O_5 < 0,5% and As < 250ppm.

All reserves exist within the pit. The Proven Reserves consist on the benches that are well sampled i.e. by blast hole sampling. The Probable Resources are defined in the areas in the south of the pit and at least a bench below well sampled portions of the orebody.

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

Material risk factors that could impact on the Mineral Resource and Reserve Statement
Certain contaminants in the orebodies have been identified and metallurgical testwork is in progress to determine the extent of these contaminants, the impact on process recoveries and how any impacts can be managed.

If the Company is unable to reach agreement with suitable BEE partners in time, there is a risk that Vergenoeg will not be able to submit its mining right conversion application before the end of April 2009 and thereby lose the right to mine.

Legal proceedings or other material conditions that may impact on mining or exploration activities
The application for conversion of old order mining rights to New Order Mining Rights in terms of the MPRDA has to be submitted before 30 April 2009. The Company is in negotiations to identify suitable BEE partners. As soon as these negotiations are finalised, the Company will be able to submit the conversion application.

MMK Mines (Kinsenda, Musoshi and Lubembe)
The Kinsenda and Musoshi mines together with the Lubembe prospect are a group of mining properties owned by Copper Resources Corporation through Miniére de Musoshi et Kinsenda sarl (MMK). All are located in a 50 km radius of Kasumbalesa, the main border town into DRC from Zambia, which is located approximately 130km southeast of Lubumbashi.

The Kinsenda mine is located approximately 24km south east of Kasumbalesa and is the focus of a rehabilitation programme to bring the mine into production during 2009. Musoshi is located 2km to the west of Kasumbalesa while Lubembe is located a further 25km southeast of Kinsenda.

Exploration activities
A total of 203 holes have been drilled over the Kinsenda orebody for a total of 51 000m. Very little core remains from these drilling programmes.

An exploration drilling programme was started on the Lubembe deposit in June 2008 to infill and improve the resource confidence before progressing to a feasibility study. No results were available at the time this report was prepared.

Supplementary information
continued

Geological setting and geological model
The Kinsenda orebody is a a Zambian Copperbelt style orebody with mineralisation in the footwall of the Ore Shale Member, which typically hosts the large stratiform deposits of Konkola, Nchanga and Nkana.

Mineralisation in the Kinsenda orebody is limited to copper only and is hosted in detrital conglomerates, sandstones and argillaceous siltstones of the Lower Roan Group and varies from 2 to 20m with an average width of 6m. The orebody has a moderate dip of 25 – 30° and occurs in three zones, namely the Lower, Middle and Upper Ore Zones. These zones pinch and swell and in places merge to form a single zone. The orebody has not been subjected to significant folding or faulting and is reasonably uniform along strike and down dip. Kinsenda is a sulphide orebody consisting of predominantly chalcocite, bornite and chalcopyrite mineralisation.

The Musoshi orebody is an Ore Shale type deposit analogous to Konkola consisting of a single laterally continuous siltstone hosted orebody. The orebody has an average width of 5 to 10m and dips at 50 – 60°.

The Lubembe deposit is an advanced exploration prospect, with only 22 holes previously drilled by Sodimoco. The deposit is analogous to Kinsenda with a strike length of 1km and an average width of 40m dipping 25 – 30°. Lubembe is distinguished from Kinsenda by lower grades (1,8 to 2,2% Cu) and high oxide content.

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

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

The infrastructure at Kinsenda comprises three inclined shafts and one vertical shaft to a depth of 285m below surface. Mine dewatering has lowered the water level to 285m below surface. The Company has been involved in rehabilitating the operation since the beginning of 2008. Sulphide ore production is planned at a rate of 80ktpm from mid-2009 using the cut and fill mining method.

Procurement of long-lead equipment for Kinsenda has commenced.

Infrastructure at Musoshi was constructed by a Japanese consortium that operated the mine from 1968 to 1983, and consists of a 475m deep vertical shaft with related main and sub-level development. Peak production from Musoshi was 1,67Mtpa at a grade of 2,5 percent copper in 1976. A surface concentrator with installed capacity of 1,5Mtpa has been on care-and-maintenance for more than 10 years following closure of the mine in the early 1990s due to lack of developed reserves and a low copper price.

The mine has been flooded and the concentrator mothballed after strike action by the labour union.

The orebody was previously mined using sub-level open stoping methods.

Production figures
There are no production figures for 2008 and 2007.

Methods and key assumptions in estimation and classification of Mineral Resources and Mineral Reserves
Resources reported for the Kinsenda mine are based on a model compiled by FinOre in 2006 using Datamine software as part of the feasibility study completed by Mineral Engineering Technical Services of Perth, Australia on behalf of Copper Resources Corporation. The digital database used by FinOre was generated by EGMF in 2005. The FinOre model used a 2% Cu assay grade to delineate the orebody with assay data being composited to one meter intervals within individual ore zones. No top cuts were applied.

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

Inclusion of Inferred Resources
There are no Inferred Resources declared for the Kinsenda mine nor included in the production plan.

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

Legal proceedings or other material conditions that may impact on mining or exploration activities
Following the 2006 general elections for the National Assembly in the DRC, the application of the regulations of the DRC relating to foreign investment and mining licensing have been under review. The DRC Government initiated a review process by the Licence Review Commission in relation to all joint venture agreements entered into by private investors with state-owned companies including the contract between CRC's 75 percent owned MMK and Sodimico, a DRC state-owned company.

The mining licence review process is not yet complete, but when completed could lead to the proposal by the Licence Review Commission of new terms which are more favourable to Sodimico than those agreed under the original contracts with respect to royalty payments and Sodimico's equity interest and participation in the management of MMK.

REVIEW OF EXPLORATION ACTIVITIES

Exploration activities are being conducted at the following properties:
• Amira, Eagles Nest and Thomas Victory-Hill Projects (Barberton)
• Manica Project (Mozambique) – Mineral Resources and Mineral Reserves disclosed below.
• Bogoin and Dekoa Projects (CAR)
• Akrokerri, U&N and Kyereboro Projects (Ghana)

These properties are still in the early phase of exploration and the results are not material to the Company. The exploration results on these properties are insufficient to enable mineral resources to be estimated. Further discussion is therefore not presented.

Supplementary information
continued

GROUP MINERAL RESOURCES AND MINERAL RESERVES AT 30 JUNE 2008

The tabulation below represents the Group's Mineral Resources and Reserves at 30 June 2008. The estimates are presented according to the reporting requirements of the SAMREC code. Comparative figures for 30 June 2007 are also presented.

PAN AFRICAN RESOURCES PLC
BARBERTON MINES (PTY) LIMITED

2008

The figures below are stated as gross.

Mineral Reserves	*Tons*	*g/t Au*	*kg Au*
Proved	1 459 500	6,65	9 700
Probable	701 600	8,12	5 700
Total mineral reserves	2 161 100	7,13	15 400
Mineral Resources (inclusive of reserves)			
Measured	2 896 000	8,60	24 900
Indicated	2 306 800	7,02	16 200
Inferred	2 704 800	6,69	18 100
Total mineral resources	7 907 600	7,49	59 200

Exploration Projects Mineral resources – Manica project	*Tons*	*g/t Au*	*kg Au*
Measured	2 420 000	5,53	13 400
Indicated	4 162 000	3,76	15 600
Inferred	4 872 000	4,89	23 800
Total mineral resources	11 454 000	4,61	52 800

2008

The figures below represent the attributable beneficial interest of 40,7%

Mineral Reserves	*Tons*	*g/t Au*	*kg Au*
Proved	593 800	6,65	3 900
Probable	285 300	8,12	2 300
Total mineral resources	879 100	7,13	6 200

Mineral Resources (inclusive of reserves)	*Tons*	*g/t Au*	*kg Au*
Measured	1 178 200	8,60	10 100
Indicated	938 500	7,02	6 500
Inferred	1 100 500	6,69	7 300
Total mineral resources	3 217 200	7,49	23 900

Mineral Resources (inclusive of reserves)	*Tons*	*g/t Au*	*kg Au*
Exploration Projects			
Mineral Resources – Manica project (55% attributable)			
Measured	984 900	5,53	5 440
Indicated	1 693 900	3,76	6 370
Inferred	1 982 900	4,89	9 700
Total mineral resources	4 661 700	4,61	21 510

2007

The figures below are stated as gross. The attributable beneficial interest amounts to 74%.

Mineral Reserves	Tons	g/t Au	kg Au
Proved	1 077 282	8,01	8 632
Probable	601 807	9,33	5 613
Total mineral reserves	1 679 089	8,48	14 245

Mineral Resources (inclusive of reserves)	Tons	g/t Au	kg Au
Measured	2 793 922	8,44	23 591
Indicated	3 899 489	5,61	21 895
Inferred	2 553 480	5,55	14 165
Total mineral resources	9 246 891	6,45	59 651

Exploration Projects

Mineral Resources – Manica project	Tons	g/t Au	kg Au
Measured	3 120 000	2,98	9 300
Indicated	4 260 000	2,46	10 400
Inferred	8 900 000	3,20	28 400
Total mineral resources	16 280 000	2,96	48 100

In the case of Barberton Mines, changed modifying factors, mining depletion and exploration have been responsible for the changes in the Mineral Resources and Mineral Reserves. The attributable interest to Metorex has changed as a result of the Pan African deal in 2007.

The changes in the Mineral Resources for the Manica project arise from additional drilling results and a change in the cut-off grade to 1g/t Au.

CONSOLIDATED MURCHISON DIVISION
2008

The figures below are stated as gross.

Mineral Reserves	Tons	% Sb	Tons Sb	g/t Au	kg Au
Proved	65 000	1,40	910	2,43	158
Probable	1 266 000	1,58	20 003	2,42	3 064
Total reserves	1 331 000	1,57	20 913	2,42	3 222

Mineral Resources (inclusive of reserves)	Tons	% Sb	Tons Sb	g/t Au	kg Au
Measured	242 000	2,00	4 840	1,40	339
Indicated	3 518 000	2,00	70 360	3,28	11 539
Inferred	6 021 000	2,34	140 891	2,08	12 524
Total mineral resources	9 781 000	2,21	216 091	2,49	24 402

2008

The figures below represent the attributable beneficial interest of 100%.

Mineral Reserves	Tons	% Sb	Tons Sb	g/t Au	kg Au
Proved	65 000	1,40	910	2,43	158
Probable	1 266 000	1,58	20 003	2,42	3 064
Total reserves	1 331 000	1,57	20 913	2,42	3 222

Mineral Resources (inclusive of reserves)	Tons	% Sb	Tons Sb	g/t Au	kg Au
Measured	242 000	2,00	4 840	1,40	339
Indicated	3 518 000	2,00	70 360	3,28	11 539
Inferred	6 021 000	2,34	140 891	2,08	12 524
Total mineral resources	9 781 000	2,21	216 091	2,49	24 402

Supplementary information
continued

MINERAL RESERVES AND RESOURCES (continued)

2007

The figures below are stated as gross. The attributable beneficial interest amounts to 100%.

Mineral Reserves	*Tons*	*% Sb*	*g/t Au*
Proved and probable	1 466 000	1,60	2,29
Total mineral reserves	1 466 000	1,60	2,29
Mineral Resources (inclusive of reserves)			
Measured	181 566	1,99	0,71
Indicated	2 124 955	1,85	3,41
Inferred	4 760 000	2,44	2,20
Total mineral resources	7 066 521	2,25	2,52

Consolidated Murchison has changed the mining method employed and has accessed ores from the high walls of the Free State and Beta open pits which previously had not been taken into account.

RUASHI MINING SPRL

2008

The figures below are stated as gross.

Mineral Reserves	*Tons*	*% Cu*	*Tons Cu*	*g/t Co*	*kg Co*
Probable – Ruashi I, II, III	18 484 000	3,71	685 756	0,36	66 542
Total mineral reserves	18 484 000	3,71	685 756	0,36	66 542
Mineral Resources (inclusive of reserves)	*Tons*	*% Cu*	*Tons Cu*	*g/t Co*	*kg Co*
Indicated – Ruashi I, II, III	44 769 000	2,80	1 253 532	0,24	107 446
Total mineral resources	44 769 000	2,80	1 253 532	0,24	107 446

2008

The figures below represent the attributable beneficial interest of 80%.

Mineral Reserves	*Tons*	*% Cu*	*Tons Cu*	*g/t Co*	*kg Co*
Probable – Ruashi I, II, III	14 787 200	3,71	548 600	0,36	53 200
Total mineral reserves	14 787 200	3,71	548 600	0,36	53 200
Mineral Resources (inclusive of reserves)	*Tons*	*% Cu*	*Tons Cu*	*g/t Co*	*kg Co*
Indicated – Ruashi I, II, III	35 815 200	2,80	1 002 800	0,24	85 900
Total mineral resources	35 815 200	2,80	1 002 800	0,24	85 900

2007

The figures below are stated as gross. The attributable beneficial interest amounts to 67,2%.

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 (inclusive of reserves)	*Tons*	*% Cu*	*Tons Cu*
Indicated – Ruashi I, II, III	35 530 000	3,74	0,46
Ruashi/Etoile Stockpiles	2 720 000	1,86	0,35
Total mineral resources	38 250 000	3,61	0,45

The sulphide orebody extension has not yet been quantified.

Resources for Ruashi have been restated, from the geological block model completed in 2007. The new model has addressed geostatistical and geological issues for both copper and cobalt mineralisation. Whilst the copper and metal content has not changed significantly, the contained cobalt has been adjusted downwards by 17%. This downward adjustment is a result of incomplete capture of cobalt assays from historical boreholes dating between 1920 and 1964.

In addition, the cut-off grade applied has changed from 1% Cu in 2007 to 3,5% Cu-equivalent in 2008.

CHIBULUMA MINES PLC

2008

The figures below are stated as gross.

Mineral Reserves	*Tons*	*% Cu*	*Tons Cu*
Proved	916 000	3,05	27 938
Probable	3 825 000	3,42	130 815
Total mineral reserves	4 741 000	3,35	158 753

Mineral Resources – (inclusive of reserves)			
Measured	1 289 000	3,66	47 177
Indicated	4 654 000	4,01	186 625
Inferred	1 936 000	3,05	59 048
Total mineral resources	7 879 000	3,72	292 850

2008

The figures below represent the attributable beneficial interest of 85%.

Mineral Reserves	*Tons*	*% Cu*	*Tons Cu*
Proved	778 600	3,05	23 700
Probable	3 251 250	3,42	111 100
Total mineral reserves	4 029 850	3,35	134 800

Mineral Resources – (inclusive of reserves)			
Measured	1 095 600	3,66	40 100
Indicated	3 856 900	4,01	158 600
Inferred	1 645 600	3,05	50 100
Total mineral resources	6 598 100	3,72	248 800

2007

The figures below are stated as gross. The attributable beneficial interest amounts to 85%.

Mineral Reserves – Chibuluma South	*Tons*	*% Cu*
Proved	908 831	2,69
Probable	4 781 000	3,43
Total mineral reserves	5 689 831	3,34

Mineral Resources – (inclusive of reserves)		
Inferred – Chifupu Prospect	1 936 000	3,05
Total mineral resources	1 936 000	3,05

The Mineral Resources were reported as exclusive of the Mineral Reserves in 2007.

The geological model for Chibuluma was loaded on to Surpac in 2007 and updated with recent geological interpretations. The resource model was re-evaluated and the Mineral Resources were restated for the 2008 disclosure.

Supplementary information
continued

MINERAL RESERVES AND RESOURCES (continued)

COPPER RESOURCES CORPORATION (CRC)
MINIÉRE DE MUSHOSHI ET KINSENDA SARL ("MMK")

2008

The figures below are stated as gross. The attributable beneficial interest amounts to 50,3%. x 75% + 5%

Mineral Reserves	*Tons*	*% Cu*	*Tons Cu*
Proved	560 000	5,74	32 144
Probable	10 700 000	4,88	522 160
Total mineral reserves	11 260 000	4,92	554 304
Inferred mineral resources (inclusive of reserves)			
Measured – Kinsenda	13 080 000	4,80	627 840
Indicated – Kinsenda	4 060 000	5,80	235 480
Inferred – Musoshi	24 000 000	2,40	576 000
Inferred – Lubembe	47 500 000	2,20	1 045 000
Total inferred mineral resources	88 640 000	2,80	2 484 320

2008

The figures below represent the attributable beneficial interest of 42,72%.

Mineral Reserves – Kinsenda	*Tons*	*% Cu*	*Tons Cu*
Proved	239 300	5,74	13 733
Probable	4 571 500	4,88	*223 093*
Total mineral reserves	4 810 800	4,92	236 826
Inferred mineral resources (inclusive of reserves)			
Measured – Kinsenda	5 588 400	4,80	268 240
Indicated – Kinsenda	1 734 600	5,80	100 610
Inferred – Musoshi	10 254 000	2,40	246 100
Inferred – Lubembe	20 294 400	2,20	446 470
Total inferred mineral resources	37 871 400	2,80	1 061 420

2007*

The figures below are stated as gross. The attributable beneficial interest amounts to 39%.

Mineral Reserves	*Tons*	*% Cu*
Proved	560 000	5,74
Probable	10 700 000	4,88
Total mineral reserves	11 260 000	4,92
Inferred mineral resources		
Musoshi	24 000 000	2,40
Lubembe	47 500 000	2,20
Total inferred mineral resources	71 500 000	2,27

**Source: CRC website*

The Resources in 2008 are reported on an inclusive basis, whereas in 2007 the Resources were reported exclusive of the Mineral Reserves.

VERGENOEG MINING COMPANY (PTY) LIMITED

2008

The figures below are stated as gross.

Mineral Reserves	*Tons*	*% CaF_2*	*Tons CaF_2*
Proved	12 000 000	37,00	4 440 000
Probable	5 700 000	40,00	2 280 000
Total mineral reserves	17 700 000	37,97	6 720 000
Mineral Resources (inclusive of reserves)			
Measured	12 350 000	37,00	4 569 000
Indicated	145 100 000	27,90	40 482 900
Inferred	69 600 000	12,70	8 839 200
Total inferred mineral resources	227 050 000	23,74	53 891 100

2008

The figures below represent the attributable beneficial interest of 70%.

Mineral Reserves	*Tons*	*% CaF_2*	*Tons CaF_2*
Proved	8 400 000	37,00	3 108 000
Probable	3 990 000	40,00	1 596 000
Total mineral reserves	12 390 000	37,97	4 704 000
Mineral Resources (inclusive of reserves)			
Measured	8 645 000	37,00	3 198 600
Indicated	101 570 000	27,90	28 338 000
Inferred	48 720 000	12,70	6 178 400
Total mineral resources	158 935 000	23,74	37 715 000

2007

The figures below are stated as gross. The attributable beneficial interest amounts to 70%.

Mineral Reserves	*Tons*	*% CaF_2*
Proved	12 800 000	37,9
Probable	6 100 000	41,6
Total mineral reserves	18 900 000	39,1
Mineral Resources		
Indicated	138 200 000	27,5
Inferred	69 600 000	12,7
Total mineral resources	207 800 000	22,5

Exploration drilling since 2007/8 enabled the extension of the A orebody into the valley to be traced.

It was also possible to change the cut-off grade criteria for the B orebody as customers have been prepared to accept a different specification of concentrate. This meant that parts of the orebody previously excluded can now be included in the Mineral Resource estimates.

Supplementary information
continued

MINERAL RESERVES AND RESOURCES (continued)

SABLE ZINC KABWE LIMITED

2008

The figures below are stated as gross.

Mineral Resources – Zinc stockpiles	*Tons*	*% Zn*	*Tons Zn*
Washing plant	400 000	9,78	39 120
Leach plant residue	4 900 000	4,47	219 030
Total mineral resources – Zinc stockpiles	5 300 000	4,87	258 150

2008

The figures below represent the attributable beneficial interest of 100%.

Mineral Resources – Zinc stockpiles	*Tons*	*% Zn*	*Tons Zn*
Washing plant	400 000	9,78	39 120
Leach plant residue	4 900 000	4,47	219 030
Total mineral resources – Zinc stockpiles	5 300 000	4,87	258 150

2007

The figures below are stated as gross. The attributable beneficial interest amounts to 100%.

Mineral Resources – Zinc stockpiles	*Tons*	*% Zn*
Washing plant	411 500	9,78
Leach plant residue	4 900 000	4,47
Total mineral resources – Zinc stockpiles	5 311 500	4,87

There has been no change in the Mineral Resources declared for Sable Zinc.

PHOENIX PLATINUM MINING (PTY) LIMITED

2008

The figures below are stated as gross.

Mineral Resources – Platinum Group Metal stockpiles	*Tons*	*g/t PGM*	*kg PGM*
Elandskraal chrome tailings stockpile	1 400 000	2,20	3 080
IFM chrome tailings stockpile*	250 000	3,40	850
Total mineral resources – PGM stockpiles	1 650 000	2,38	3 930

**Estimate*

2008

The figures below represent the attributable beneficial interest of 100%.

Mineral Resources – Platinum Group Metal stockpiles	*Tons*	*g/t PGM*	*kg PGM*
Elandskraal chrome tailings stockpile	1 400 000	2,20	3 080
IFM chrome tailings stockpile*	250 000	3,40	850
Total mineral resources – PGM stockpiles	1 650 000	2,38	3 930

2007

Phoenix Platinum Mining (Pty) Limited was not part of the Metorex Group during 2007 thus no comparatives are shown.

FACTORS APPLIED TO RESERVE ESTIMATES

2008	Barberton	Consolidated Murchison	Ruashi	Chibuluma South	Kinsenda	Vergenoeg
Cut-off grade	4g/t	2,02% Sb, 4,27g/tAu	3,5 CuEqv	1% Cu	1% Cu	12% CaF_2
Mining extraction factor (%)	—	—	95	80	70	100
Block factor (%)	94	85	—	90	90	—
Dilution factor (%)	16	—	5	5	7,5	—
Mine call (%)	84	85	—	—	—	—
Metallurgical recovery factor (%)	91	87	80 Cu,70 Co	94	90	75
2007						
Cut-off grade	4g/t	1% Sb, 1g/tAu	1% Cu	1% Cu	—	20
Mining extraction factor (%)	—	—	95	70	—	100
Block factor (%)	95	85	—	—	—	—
Mine call (%)	91	85	—	94	—	—
Metallurgical recovery factor (%)	92	87	82 Cu,63 Co	90	—	75

Notes

1. All resources are stated inclusive of reserves.
2. Reserves are a subset of resources and have been modified by mining extraction, dilution and block/mine call factors. All reserves are stated as run-of-mine feed delivered to mill.
3. With the exception of Kinsenda and Ruashi, all mining factors are based on historical results.
4. Resources for Ruashi have been restated, based on a revised geological block model completed in 2007. The new model has addressed geostatistical and geological issues for both copper and cobalt mineralisation. Whilst the copper and metal content has not changed significantly, the contained cobalt has been adjusted downwards by 17%. This downward adjustment is as a result of incomplete capture of cobalt assays from historical boreholes dating between 1920 and 1964.
5. In addition to dump resources at its disposal, Phoenix Platinum also has an exclusive right with International Ferrometals South Africa (Pty) Limited to recover PGM's from 16 000 tons per month of current arisings from the Lesedi Chrome Mine.

Mineral Resources and Reserves for the various operations and projects have been compiled under the direction of the following people:

Mine	Resource estimation	Reserve estimation
Chibuluma	Mr S Savage PrSciNat BSc (Hons) (independent consultant)	Mr J Vaughn-Davies, NHD (Mining)
Consolidated Murchison	Mr C Willson, MGSSA, BSc (Hons)	Mr C Willson, MGSSA, BSc (Hons)
Copper Resources Corporation	Mr G Fahey, MAusIMM, MAIG (independent consultant)	Mr E Patris
Pan African (Barberton)	Mr F Chadwick, PLATO, Chief Surveyor	Mr F Chadwick, PLATO, Chief Surveyor
Pan African (Manica Project)	Mr M Bevelander, SACNASP	n/a
Ruashi	Mr S Savage PrSciNat BSc (Hons) (independent consultant)	Mr F van Dalen, PrEng, BSc (Eng) (independent consultant)
Vergenoeg	Mr H Terblanche, BSc (Hons)	Mr H Terblanche, BSc (Hons)

The Competent Person who has checked and authorised publication of the Mineral Resources, is Mr Tim Williams, PrSciNat (SA Council of Natural and Scientific Professionals Registration) (SACNASP Reg No 400387/04), Fellow of the Southern African Institute of Mining and Metallurgy (FSAIMM), BSc (Hons). Mr Williams is Mineral Resource Manager and Manager – New Projects and is a full-time employee of the Company. He is a mining geologist with 16 years' experience in exploration, resource development, estimation and mining geology in gold and base metals through West, Central and East Africa. Mr Williams is based at the Group's Head Office at second floor, Cradock Heights, 21 Cradock Avenue, Rosebank, 2146, Johannesburg.

Supplementary information
continued

The Competent Persons who have checked and authorise publication of the Mineral Reserves are as follows:

Mine	Mineral Reserves Sign-off
Chibuluma	Mr Edward Legg, PrEng (ECSA Reg No 880117/85), MSAIMM, AMMSA, BSc (Eng), MBA
Consolidated Murchison	Mr Keith Spencer, PrEng (ECSA Reg No 890271), MSAIMM, BSc (Eng)
Copper Resources Corporation	Mr Mario Gericke, BSc (Eng)
Barberton Mines	Mr Keith Spencer, PrEng (ECSA Reg No 890271), MSAIMM, BSc (Eng)
Ruashi	Mr Trevor Faber, MSAIMM, BSc (Eng)
Vergenoeg	Mr Edward Legg, PrEng (ECSA Reg No 880117/85), MSAIMM, AMMSA, BSc (Eng), MBA

Messrs Williams, Legg, Spencer, Gericke and Faber have confirmed in writing that the information disclosed in terms of 8.63(m) is compliant with the SAMREC Code and where applicable, the relevant Section 12 and Table 1 requirements, and that it may be published in the form and context in which it is intended.

GROUP ENVIRONMENTAL MANAGEMENT AND FUNDING

The Company is exposed to environmental liabilities relating to its mining operations. Estimates of the cost of environmental and other remedial work such as rehabilitation costs, closure and pollution control are made on an annual basis. Based on the estimated remaining life of mine and any shortfall between total closure liability and accrued funds in a rehabilitation trust fund, additional payments are made to the fund once a year. Estimates of closure liability and the balance in the rehabilitation trust fund for each operation at 30 June 2008 are shown in the table below, together with the annual contribution required to ensure each operation has sufficient funds at the end of operations for rehabilitation:

		Environmental Costing (Rmillion)		
Mining operation	Date of environmental approval	Closure liability	Accumulated fund	Annual contribution
Chibuluma Mines plc	19/09/2006	9,3	2,0	1,0
Consolidated Murchison	12/06/1995	22,3	7,4	3,0
Pan African (Barberton)	27/10/2003	32,6	27,1	0,5
Ruashi Mines sprl	02/03/2005	100,8	2,2	5,0
Sable Zinc Kabwe Limited	10/11/2005	5,0	—	0,5
Vergenoeg	05/2007	5,7	3,6	0,1

Environmental factors that could have a material impact of economic extraction have been identified and appropriate measures implemented to mitigate the impact.

All necessary permits have been approved.

Notice of annual general meeting

Notice is hereby given that the seventy-fourth annual general meeting of members of Metorex Limited will be held in Ballroom 2 at the Hyatt Hotel, 191 Oxford Road, Rosebank, Johannesburg, South Africa on 20 January 2009 at 10:00 for the following purposes:

1. To present the annual financial statements for the year ended 30 June 2008;
2. To elect directors. In terms of the articles of association of the Company, Messrs C D S Needham, E W Legg and R G Still retire by rotation. Messrs C D S Needham and R G Still being eligible, offer themselves for re-election. Messrs M Smith, L Paton and P Chevalier were appointed directors, which appointments require ratification in terms of the articles of association of the Company. Brief CVs of these directors are set out on page 6 to 7 of this annual report;
3. To approve the directors' remuneration;
4. To reappoint Deloitte & Touche as the independent auditors of Metorex and to reappoint I T Marshall as designated auditor for the ensuing year.
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 Listings 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 15 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."

5.3 Ordinary resolution number 3

"Resolved that the Board of directors be and is hereby authorised in terms of clause 92 of the articles of association of the Company to create and issue options or convertible securities in the capital of the Company for cash subject to the following terms and conditions:

- issues of shares, options or convertible securities may not in aggregate in any one financial year exceed 15% of the number of ordinary shares in issue;
- that the options or convertible securities be over a class of securities already in issue;
- that securities be issued to public shareholders and not to related parties as defined in the Listings Requirements of the JSE Limited;
- that, in determining the price at which an issue of options or convertible securities will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of those options or convertible securities over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors;
- that this general authority be valid until the Company's next annual general meeting provided that it shall not extend beyond 15 months from the date of the passing of this ordinary resolution (whichever period is shorter); and
- should the discount to the market price at the time of exercise of the option or convertible securities not be known at the time of grant or issue of the option or convertible security, or if it is known that the discount will exceed 10% of the 30 day weighted average traded price of the security at the date of exercise, then the Company may only proceed if an independent expert confirms that the issue is fair to the shareholders of the Company."

Note: This resolution requires the approval of not less than 75% of the votes cast by shareholders present or represented by proxy and entitled to vote at the meeting.

Notice of annual general meeting
continued

Litigation statement
The directors of the Company, whose names are given on page 6 to 7 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 6 to 7 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.

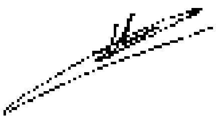
Material change
Other than the facts and developments reported on in this annual report, there have been no material changes in the affairs, financial or trading position of the Group since the signature date of this annual report and the posting date hereof.

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 registrations, must inform their CSDP or broker of their intention to attend the annual general meeting and obtain the necessary authorisation from their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person but wish to be represented thereat. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned by the cut-off time stipulated therein.

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

By order of the Board



MOORE STEPHENS MWM INC
Secretaries

Proxy form for the year ended 30 June 2008

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 at Ballroom 2 at the Hyatt Hotel, 191 Oxford Road, Rosebank, Johannesburg, South Africa on Tuesday, 20 January 2009. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registrations, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We ______________________________
(full name and surname in block letters)

of ______________________________
(full address)

as a member of ______________________________

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

1. ______________________________ or

2. ______________________________ or

3. the Chairman of the meeting
as my/our proxy to attend and vote on my/our behalf, as indicated below, at the annual general meeting of the shareholders of the Company, to be held at Ballroom 2 at the Hyatt Hotel, 191 Oxford Road, Rosebank, Johannesburg, South Africa, at 10:00 on 20 January 2009 and any adjournment thereof.

Resolutions	For	Against	Abstain
Ordinary resolution – adoption of annual financial statements			
Ordinary resolution – re-election of C D S Needham as a director			
Ordinary resolution – appointment of M Smith as a director			
Ordinary resolution – appointment of L Paton as a director			
Ordinary resolution – appointment of P Chevalier as a director			
Ordinary resolution – re-election of R G Still as a director			
Ordinary resolution – to approve the directors' remuneration			
Ordinary resolution – to reappoint 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			
Ordinary resolution – to provide the directors with authority to create and issue options or convertible securities in the capital of the company for cash			

Signed this ______________ day of ______________ 2008

Signed ______________ (normal signature)

Capacity and authorisation (see note 6) ______________________________

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

Corporate information

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Facsimile: (+27 11) 880 3322
Website: www.metorexgroup.com **Email:** ir@metorexgroup.com
Registration number: 1 934/00 5478/06

Investor relations

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Telephone: (+27 11) 447 3030

Breakstone Group, 82 Wall Street, Suite 805
New York, NY 10005, USA
Telephone: (+1 646) 452 2334

St James Corporate Services Limited, 6 St James's Place,
London, SW1A INP, England
Telephone: (+44 207) 499 3916

Registrars: South African and United Kingdom

Link Market Services South Africa (Pty) Limited, PO Box 4844, Johannesburg, 2000, South Africa
Telephone: (+27 11) 834 2266
The Capita Group PLC, The Registry, 34 Beckenham Road, Beckenham, Kent, BR34TU, England
Telephone: (+44 208) 639 2157

Company secretaries

Moore Stephens MWM, PO Box 1574, Houghton, 2041, South Africa
Telephone: (+27 11) 728 7240

Sponsor

Barnard Jacobs Mellet Corporate Finance (Pty) Limited, PO Box 62200, Marshalltown, 2107, South Africa
Telephone: (+27 11) 750 0000

Auditors

Deloitte & Touche, Private Bag X6, Gallo Manor, 2052, South Africa
Telephone: (+27 11) 806 5000

ADR Programme – North America and Canada

The Bank of New York, 101 Barclay Street, New York, NY 10286, USA
Telephone: (+1 212) 815 3326

Directors

A S Malone *(Chairman)*, C D S Needham *(Managing)*, A Barrenechea*+,
G A Forrest**+, A J Laughland***+, E W Legg, M Smith, K C Spencer, R G Still+
**Spanish* ***Belgian* ****British* *+Non-Executive*

BASTION GRAPHICS

CONTACT US

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