

METOREX LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1934/005478/06)
Share code: MTX ISIN: ZAE000022745 Issuer code: MEMTX
("Metorex" or "the Company" or "the Group")
Provisional reviewed results for the period ended 31 December 2010

Highlights for the 6 months ended 31 December 2010

- Copper production up 5 percent to 26 358 tons
- Cobalt production up 26 percent to 2 021 tons
- Mining profit up 111 percent to R851 million
- Adjusted HEPS up 152 percent to 32 cents
- Net debt further reduced to R416 million
- Well positioned to advance growth projects with a high degree of technical due diligence

Johannesburg, 1 March 2011: Metorex Limited, a base metals producer, today announced its provisional reviewed results for the 18 month period ended 31 December 2010. Shareholders are reminded that the Company's year-end has changed to 31 December.

Terence Goodlace, Chief Executive Officer said: "This is a pleasing result for Metorex shareholders with gross revenue having increased by 27 percent to R1,8 billion and mining profit by 111 percent to R851 million. Operationally, copper production increased by 5 percent and cobalt production 26 percent for the six months under review, despite transformer challenges at Ruashi which impacted production for a period of five weeks. Unit costs remain competitive and robust copper prices continue to positively impact on the ability of the Group to advance our DRC copper development projects."

Salient features

		6 months December 2010	6 months June 2010	18 months December 2010	12 months June 2009*
Financial performance					
Gross revenue	(R'000)	1 774 621	1 392 028	4 555 921	937 084
Gross revenue	(US\$'000)	247 162	184 864	614 056	103 775
Mining profit	(R'000)	850 643	403 984	1 716 328	111 256
Mining profit	(US\$'000)	118 474	53 650	231 311	12 321
Mining profit margin	(%)	48	29	38	12
EPS	(cents)	25,6	11,0	96,3	(272,4)
HEPS	(cents)	27,6	11,2	55,1	23,9
Adjusted HEPS	(cents)	32,2	12,8	59,9	(8,5)
Market capitalisation	(R'000)	5 251 858	3 307 468	5 251 858	2 227 614
Shares in issue	('000)	1 002 263	1 002 263	1 002 263	742 538
Weighted average number of shares	('000)	1 002 263	860 091	868 982	553 349
Share price	(cents)	524	330	524	300
ZAR/US\$ rate – Average	(R/US\$)	7,18	7,53	7,42	9,03
ZAR/US\$ rate – Closing	(R/US\$)	6,60	7,67	6,60	7,72

*Re-presented for assets held for sale (Vergenoeg Mining Company (Pty) Ltd)

Commodity production

		6 months December 2010	6 months June 2010	18 months December 2010	12 months June 2009
Copper	(t)	26 358	25 211	76 409	31 207
Cobalt	(t)	2 021	1 601	5 123	871

The production and sales figures are stated as gross and do not represent the attributable beneficial interest

Commodity sales

		6 months December 2010	6 months June 2010	18 months December 2010	12 months June 2009
Copper	(t)	26 282	25 492	76 497	31 846
Cobalt	(t)	1 945	1 741	5 191	578

The production and sales figures are stated as gross and do not represent the attributable beneficial interest

Average prices achieved, net of hedges

		6 months December 2010	6 months June 2010	18 months December 2010	12 months June 2009
Copper	(US\$/t)	7 518	5 275	6 239	4 464
Cobalt (70% of LMB)	(US\$/t)	25 483	28 952	26 366	30 856
Cobalt (70% of LMB)	(US\$/lb)	12	13	12	14

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

From a safety performance perspective the Group has not had a fatality in over 30 months and has a reported lost time injury frequency rate of 1,0 (June 2010: 2,9) per million man hours worked as measured over the last six months. The Company continues to promote a set of Safe Production Rules whilst increasing the intensity of risk management and safety training. The Group is implementing a new integrated, computer-based SHEC system. There have been no major environmental and community incidents at any of the Group operations over the last six months. The Group has approved a programme for the implementation of the Voluntary Principles on Security and Human Rights. These principles provide a guide to companies in maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms.

Financial overview – six months ended December 2010 ("current period") (reviewed) compared with the six months ended June 2010 ("June 2010") (unaudited)

Shareholders are referred to the Company announcement dated Friday, 4 June 2010 wherein Metorex announced its change in year-end from June to December. This release constitutes a reviewed provisional report for the 18 months ended 31 December 2010 and includes additional information for the six month periods ended 30 June 2010 and 31 December 2010.

Group operations saw an increase in production during the six months ended December 2010, which was particularly pleasing considering the impact of recurring transformer electrical faults at Ruashi. Copper production increased by 5 percent to 26 358 tons (June 2010: 25 211 tons). Cobalt production increased to a record level of 2 021 tons for the current period, up 26 percent from June 2010 mainly as a result of an increase in overall process recoveries to 65 percent (June 2010: 55 percent).

Group revenue increased by 27 percent to R1,8 billion (June 2010: R1,4 billion) and benefited from both volume growth and a substantial increase in achieved copper prices partially offset by a reduction in cobalt prices. The Ruashi hedge book impacted on the current period earnings, with 53 percent of its production having been priced at US\$5 972 per ton of copper. These hedges will continue until 30 June 2011 for an estimated 45 percent of Ruashi's production.

Production and realisation costs, including stock movements, decreased by 6 percent to R924 million (June 2010: R988 million). This decrease resulted from the average Rand/US Dollar exchange rate having strengthened by 5 percent during the current period compared to June 2010 as well as reduced mining costs following a lower open pit stripping ratio at Ruashi. Cash costs per ton of copper sold decreased by 14 percent to US\$2 228 at Ruashi (June 2010: US\$2 598) and Chibuluma's unit costs remained substantially in line with June 2010 at US\$2 932 per ton (June 2010: US\$2 840 per ton).

Mining profit amounted to R851 million for the current period, an increase of 111 percent compared to June 2010, reflecting a margin of 48 percent (June 2010: 29 percent). Subsequent to period end, spot copper prices increased to approximately US\$10 000 per ton from an average of US\$8 000 per ton during the current reporting period. This increase in price should have a positive impact on the Group's mining profit margin.

Income attributable to Metorex shareholders increased to R257 million (June 2010: R95 million) and included a number of non-recurring expenditure items. The current period earnings includes a non-cash amortisation charge of R88 million related to historical put option premiums at Ruashi. These put option premiums were fully paid-up in December 2008 and subsequently restructured as part of Ruashi's current forward contracts for 1 350 tons per month at US\$5 972 per ton over the 12 months ending 30 June 2011. The put premium amortisation charge will continue to June 2011. The assets held for sale ("AHFS") and discontinued operations charge for the current period includes R20 million related to an increase in the Group's estimated closure liability at O'Okiep Copper Company ("OCC").

Adjusted headline earnings per share amounted to 32,2 cents for the six months ended 31 December 2010, an increase of 152 percent from June 2010. Adjusted headline earnings exclude non-recurring items, specifically the non-cash put option premium amortisation charge at Ruashi (5 cents per share) and the increased closure costs at OCC (2 cents per share).

The Group financial position improved to a satisfactory level following the Group re-capitalisation over the last 18 months. The positive earnings attained during the current period have led to a stronger balance sheet as at 31 December 2010. Group debt reduced from R2,1 billion at 30 June 2009 to R853 million at 31 December 2010 and cash on hand increased by R418 million to R437 million at period end. The Group continued to invest in working capital during the current period following an increase in trade receivables on the back of higher sales and copper prices, a reduction in trade payables to acceptable payment terms and an increased stock holding both at an engineering spares level as well as increased ore stockpiles at Ruashi.

Capital expenditure

		6 months December 2010	6 months June 2010	18 months December 2010	12 months June 2009
Ruashi	(Rm)	167	157	416	889
Chibuluma	(Rm)	94	90	232	121
Copper Resource Corporation	(Rm)	77	67	211	383
Other	(Rm)	4	1	6	206
Total	(Rm)	342	315	865	1 599

The Ruashi capital expenditure for the six months ended December 2010 principally related to over-burden stripping of pit 3 which amounted to R45 million, expenditure on the construction of the acid plant amounting to R50 million, exploration expenditure of R17 million and ongoing recurring expenditure of some R55 million.

Capital expenditure at Chibuluma is related to ongoing decline ramp development, a new emergency power generator unit and the purchase of new underground machinery. The decline ramp development expenditure will continue for a further 18 months until the lowest levels of the ore body are fully accessed and established.

Copper Resources Corporation capital expenditure related to ongoing monthly holding costs of US\$1 million as well as the advancement of the bankable feasibility study for the Kinsenda mine together with ongoing exploration drilling at the Lubembe prospect.

Contracted capital commitments at 31 December 2010 amount to R18 million (June 2010: R86 million), whilst uncontracted approved capital commitments amount to R297 million (June 2010: nil). Operating lease commitments, which fall due within the next year amount to R5 million (June 2010: R6 million), whilst commitments of R18 million (June 2010: R9 million) fall due during the next four years.

Group debt position

		Nature of debt	December 2010	June 2010
Ruashi 1	(Rm)	Project finance	568	1 420
Ruashi 2	(Rm)	Pre-offtake finance	90	162
Chibuluma 1	(Rm)	Term loan	161	282
Chibuluma 2	(Rm)	Equipment leases and other	34	45
Corporate	(Rm)	Bridge loans	–	190
Other	(Rm)	Other	–	12
Total	(Rm)		853	2 111

Copper hedge book

Commodity	Maturity (months)	Period	Volume (tons)	Price (US\$/t)	Comment
Copper: Ruashi	6	(Jan '11 – Jun '11)	8 100	5 972	Forwards
Ruashi	12	(Jul '11 – Jun '12)	12 000	6 600 – 7 600	Zero cost collar
Chibuluma	6	(Jan '11 – Jun '11)	3 000	6 805 – 8 000	Zero cost collar
Chibuluma	6	(Jul '11 – Dec '11)	3 000	7 000 – 8 015	Zero cost collar

Zambian tax

The Government of the Republic of Zambia ("GRZ") introduced a new mining tax regime effective 1 April 2008. The Company is involved in discussions with the GRZ to find an alternative solution to arbitration or litigation to fully resolve all outstanding matters in relation to the tax changes introduced in conflict with the Development Agreement signed in 1997 ("DA"). The Company recognises that resolving this dispute through arbitration may not be in the best interest of either the Company or the GRZ. The variable taxes and historic windfall taxes have been recorded as a receivable from GRZ against the tax account. As at 31 December 2010, this receivable amounted to US\$9,7 million ("GRZ receivable"). This GRZ receivable will be assessed for impairment on an ongoing basis and depends on the outcome of negotiations with the GRZ. The Group's tax charge for the six months ended 31 December 2010 would have increased by R33 million (at an effective tax rate of 42 percent) had the Chibuluma taxes been accrued in accordance with the new tax regime.

Change in Group reporting currency

The Group will change its reporting currency from South African Rands to US Dollars effective 1 January 2011. The Group's functional currency is primarily denominated in US Dollars following the disposal of its South African based operating subsidiaries. The change in reporting currency is in terms of IAS 21: The effects of changes in foreign exchange rates. This will become effective when the Group reports the results for the six months ending 30 June 2011.

Growth projects update

Kinsenda Project:

During the period June to December 2010, Metorex continued to advance the Kinsenda Bankable Feasibility Study ("BFS") along with appointed consultants. The 7 790m (26 holes) infill drilling programme on the Kinsenda orebody which commenced in April 2010 was completed. This programme comprised five twin holes and 15 infill holes to provide a 75m drillhole spacing and was focused on an area of high grade mineralisation proximal to current underground infrastructure. Six of the holes were abandoned in this programme as a result of poor ground conditions. This drilling was carried out to test the reliability of the historical assay database and the confidence in the geological interpretation for further resource modelling for the BFS. All analytical results have been received and an updated geological resource model for the western portion of the mine has largely been completed by Snowden Mining Consultants ("Snowden"). Snowden has recommended a further drilling programme beyond the western section of the mine to confirm historical drilling. This US\$2,1 million drilling programme has been approved by the Metorex Board and will commence in the dry season.

Based upon updated geological models and geotechnical considerations Snowden have delivered mining infrastructure and mining method designs for an envisaged ore mining rate of 40 000 tons per month from 270m below surface down to an ultimate depth of 600m. A backfill study is also underway to cater for the proposed drift and fill mining method. Metallurgical testwork is ongoing and MDM Engineering are designing a metallurgical plant which comprises conventional crushing and milling followed by flotation of sulphide and oxide copper minerals to produce both sulphide and oxide copper concentrates. Metallurgical test work thus far indicates an overall recovery of copper from run of mine ore to concentrate of 90% yielding approximately 22 000 tons of copper contained per annum. Metago Environmental Engineers and rePlan have substantially completed the dry and wet season environmental and social baseline studies respectively and the environmental and social impact assessments are underway. Golder Associates were appointed to complete the tailings storage facility site selection and design and this work is substantially completed. Groundwater volume remains a key risk for the project and mine inflows have been estimated to be between 28 000m³/day to 45 000m³/day when the mine is fully developed. The actual inflow will depend on how the aquifers respond to pumping from the deeper levels and water handling and pumping infrastructure requirements are in planning. Power reticulation studies have also largely been completed. The schedule for the BFS shows completion before mid-year at a total expenditure of US\$6,1 million. The feasibility report for the US\$130 – 150 million project is almost complete and is in the process of being presented to the DRC authorities, whereafter it will be presented to the Metorex Board.

Funding of the project will be by way of Metorex cash flows supplemented with US\$66 million in debt facilities currently being negotiated with lenders. The details and terms of these arrangements will be announced once finalised with the lenders.

Ruashi Sulphides Project:

The Metorex Board has approved an amount of US\$2,3 million to advance the Ruashi sulphides project to feasibility status. Exploration activities at Ruashi have been advanced to increase the geological confidence of the Ruashi sulphide resource base and build on the inferred 7,9 million tons at 3,1 percent copper declared as at 30 June 2009. This SAMREC compliant sulphide resource has been increased to 15,8 million tons at 2,9 percent copper of which 1,5 million tons at 3,0 percent copper is now in the indicated category. The sulphides occur below the oxides, primarily in pits 1 and 3 at Ruashi. The feasibility study includes additional exploration, mine design and process design. Metallurgical treatment of the Ruashi sulphides would require the installation of a new crushing and milling circuit and refurbishment of the existing Phase 1 concentrator to produce either a bulk concentrate which could be sold to a roaster capable of recovering both copper and cobalt or produce differential copper and cobalt concentrates which could be sold and treated separately. Order of magnitude capital costs for the project are estimated between US\$15 and US\$25 million. The benefits of the project include optimising the full mineral resources and capital investments made at Ruashi.

Exploration in Zambia:

Chibuluma has recognised the risk associated with a relatively short remaining life of mine, and has embarked on a resource replacement exploration programme. Extension drilling has commenced at both the Chibuluma South and Chifupu deposits, with encouraging early results at Chifupu. All historical cores at Chifupu, where available, are now being re-logged and assayed and once all information has been collected, collated and recalibrated, an infill drilling programme will be designed and executed.

A high resolution airborne electromagnetic, magnetic and radiometric geophysical survey was completed by Spectrem Air in October 2010, covering both the Chibuluma East and Chibuluma South licences. A high resolution gravity survey over Chibuluma South area also commenced in November 2010. A regional geological and geophysical data integration study will be completed in early 2011 for detailed target generation. A total of US\$0,6 million was spent on this project over the last six months.

Lubembe Project:

The Lubembe deposit is an advanced exploration prospect with a SAMREC compliant resource of 75 million tons at 2,0 percent copper. Based upon current orebody knowledge and modelling a number of mining scenarios have been completed by Snowden Mining Industry Consultants (Pty) Ltd. These studies cover the spectrum of high volume, low grade options to low volume, high grade options. As a result of these studies it has been decided to drill additional, closely spaced, drillholes at 50 metre centres to test the geological continuity of high grade mineralisation. The Metorex Board has approved an additional US\$0,9 million to explore the targeted areas and once completed the results will be used to further inform the mining scenarios developed by Snowden. Metallurgical testwork is ongoing and a number of processing scenarios are being advanced. Environmental and social impact assessments are being carried out concurrently with similar Kinsenda studies.

Musonoi Est (Dilala East) Project:

A study was completed by Metorex in February 2010, which concluded that the Dilala East project shows reasonable prospects of being developed into a profitable underground mining operation. This was based on the declared

SAMREC compliant oxide/sulphide resource of 19,1 million tons at 2,9 percent copper and 0,9 percent cobalt. Exploration drilling activities are ongoing and this drilling is focused on depth extensions of the sulphide zone. A total of 63 holes (15 573 metres) have been drilled on the project to date.

Corporate activity

On 6 September 2010, the Company announced that it had entered into a sale of business agreement in terms of which it would dispose of Consolidated Murchison to Cons Murch Mine (Pty) Ltd ("Cons Murch Mine"). The conditions precedent in respect of Part A to the transaction have been met. Accordingly the business, including all employees will be transferred as a going concern to Cons Murch Mine. Metorex will retain the environmental obligations pending the conversion of the mining licence into a new order mining licence and obtaining of the necessary consent for the transfer thereof to Cons Murch Mine.

During the 18 month period, H Hickey and P Molapo were appointed to the Metorex Board.

Going concern

The directors are satisfied that the Group will be a going concern for the foreseeable future, and have adopted the going-concern basis in preparing these financial statements.

Accounting policies

The reviewed condensed financial information has been prepared in accordance with the framework, concepts and measurement and recognition of International Financial Reporting Standards ("IFRS"), the AC 500 standards as issued by the Accounting Practices Board and the information as required by IAS 34: Interim Financial Reporting. The accounting policies, which are in terms of IFRS, are consistent with those adopted in the financial year ended 30 June 2009, except for IAS 1 (revised), Presentation of Financial Statements and IFRS 8: Operating Segments, which has been applied in the current period. The comparative statement of comprehensive income has been represented for Vergenoeg Mining Company ("VMC") as an asset held for sale in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The copper smelting charges at Chibuluma have also been reclassified from cost of production to realisation costs in line with the current year treatment. The accounting standards, amendments to issued accounting and interpretations, which are relevant to the Group, but not yet effective at 31 December 2010, have not been adopted. The Group is currently evaluating the impact of these pronouncements.

The condensed provisional financial information for the 18 month period and six month period ended 31 December 2010 has been reviewed by the Group's auditors, Deloitte & Touche. The review was conducted in accordance with ISRE 2410: Review of Interim Financial Information performed by the Independent Auditor of the Entity. A copy of their unmodified review report is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

Mineral Resources and Reserves

Mineral Resources and Reserves in this report have been compiled, approved and reviewed by Mr T P Williams, PrSciNat (SA Council of Natural and Scientific Professionals Registration No 400387/04), Fellow of the Southern African Institute of Mining and Metallurgy, BSc (Hons). Mr Williams is Group Mineral Resource Manager and is a full-time employee of the Company. He is a mining geologist with 20 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 Company's Head Office.

Outlook

The re-positioning and re-capitalisation of Metorex has considerably improved the Group's financial position when compared to 30 June 2009. It is on this basis that the Group will continue to advance its operating and project development strategy for sustainable growth. Copper and cobalt production at Metorex is expected to increase above the levels reported for the six months ended 31 December 2010 and this is directly attributable to the transformer repairs and associated contingency measures made at the Ruashi mine. Cost pressures remain in the countries where Metorex operates. The current market conditions for copper and cobalt prices remain favourable for growth.

Rob Still
Chairman

Terence Goodlace
Chief Executive Officer

1 March 2011

Condensed consolidated statement of comprehensive income

	18 months ended 31	12 months ended 30 June	6 months ended 31	6 months ended 30 June

	December 2010 (Reviewed) R000's	2009* (Audited) R000's	December 2010 (Reviewed) R000's	2010** (Unaudited) R000's
Mineral sales				
Copper	3 540 602	866 407	1 418 746	1 012 472
Cobalt	1 015 319	70 677	355 875	379 556
Gross revenue	4 555 921	937 084	1 774 621	1 392 028
Realisation costs	595 192	184 258	225 478	202 873
On-mine revenue	3 960 729	752 826	1 549 143	1 189 155
Cost of production	2 239 060	597 580	756 669	720 386
Stock movement	5 341	43 990	(58 169)	64 785
Cash mining profit	1 716 328	111 256	850 643	403 984
Ruashi deferred put premium	(88 190)	–	(88 190)	–
Royalties	(183 880)	(20 410)	(68 526)	(60 998)
Other income (expenses), net	416 943	163 160	(3 841)	7 149
EBITDA	1 861 201	254 006	690 086	350 135
Impairments	–	(2 273 429)	–	–
Finance income	23 427	6 945	8 201	9 280
Finance costs	(121 609)	(5 881)	(27 805)	(33 646)
Income (Loss) before depreciation	1 763 019	(2 018 359)	670 482	325 769
Depreciation	454 752	108 797	158 611	143 070
Income (Loss) before assets held for sale ("AHFS")	1 308 267	(2 127 156)	511 871	182 699
AHFS and discontinued operation	(56 054)	166 459	(24 151)	(13 260)
Income (Loss) before taxation	1 252 213	(1 960 697)	487 720	169 439
Taxation expense (credit)	285 790	(420 253)	161 173	42 593
Income (Loss) after taxation	966 423	(1 540 444)	326 547	126 846
Income attributable to non-controlling interests	129 596	(33 226)	69 876	32 151
Retained income (accumulated loss) for the period	836 827	(1 507 218)	256 671	94 695
Other comprehensive (loss) income, net of tax				
Foreign currency translation reserve	(926 611)	(313 084)	(833 269)	43 159
Net effect of cash flow hedges	(52 111)	160 760	74 699	343 697
Total other comprehensive (loss) income	(978 722)	(152 324)	(758 570)	386 856
Attributable to:				
Equity holders of the parent	(1 023 682)	(176 438)	(760 510)	393 779
Non-controlling interests	44 960	24 114	1 940	(6 923)
	(978 722)	(152 324)	(758 570)	386 856
From continuing and discontinuing operations				
Earnings (Loss) per share (c)	96,3	(272,4)	25,6	11,0
Diluted earnings (loss) per share (c)	95,3	(272,4)	25,3	10,9
Headline earnings per share (c) ("HEPS")	55,1	23,9	27,6	11,2
Diluted headline earnings per share (c)	54,5	23,9	27,3	11,1
Adjusted headline earnings (loss) per share (c) ("Adjusted HEPS")	59,9	(8,5)	32,2	12,8
Weighted average shares in issue (000's)	868 982	553 349	1 002 263	860 091
Diluted number of shares in issue (000's)	878 292	553 349	1 013 451	868 014

Shares in issue (000's)	1 002 263	742 538	1 002 263	1 002 263
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* Re-presented for assets held for sale

** Pro forma results for the six months ended 30 June 2010 as calculated per the SENS announcement published on 1 March 2011

	18 months ended 31 December 2010 (Reviewed) R000's	12 months ended 30 June 2009* (Audited) R000's	6 months ended 31 December 2010 (Reviewed) R000's	6 months ended 30 June 2010** (Unaudited) R000's
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HEPS reconciliation:

Income (Loss) attributable to ordinary shareholders	836 827	(1 507 218)	256 671	94 695
Impairments, net of tax and minorities	–	1 639 557	–	–
(Profit) Loss on the sale of fixed assets and subsidiaries, net of tax	(381 323)	(431)	(2 838)	1 893
Discontinued operation	23 549	–	23 163	125
Headline earnings (R000's)	479 053	131 908	276 996	96 713
Headline earnings per share (c)	55,1	23,9	27,6	11,2
Diluted headline earnings per share (c)	54,5	23,9	27,3	11,1

Adjusted HEPS reconciliation:

Headline earnings (R000's)	479 053	131 908	276 996	96 713
Ruashi hedge profit, net of tax and minorities	–	(118 134)	–	–
Ruashi deferred put premium	44 977	–	44 977	–
Once-off deferred tax credit relating to AHFS	(42 077)	–	–	–
AHFS, net of tax	32 505	(166 459)	988	13 260
Non-controlling interest relating to AHFS	5 740	105 851	–	–
Adjusted headline earnings (loss) (R000's)	520 198	(46 834)	322 961	109 973
Adjusted headline earnings (loss) per share (c)	59,9	(8,5)	32,2	12,8

* Re-presented for assets held for sale

** Pro forma results for the six months ended 30 June 2010 as calculated per the SENS announcement published on 1 March 2011

Condensed consolidated statement of financial position

	18 months ended 31 December 2010 (Reviewed) R000's	Year ended 30 June 2009 (Audited) R000's
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ASSETS

Non-current assets

Property, plant, equipment and mineral rights	4 471 889	4 835 427
Goodwill	11 514	11 514
Investments and rehabilitation trust fund	81 518	80 497
Derivative instrument	–	94 942
	4 564 921	5 022 380

Current assets

Inventories	330 932	264 051
Trade and other receivables	537 475	447 628

Taxation prepaid	15 115	6 194
Bank balances and cash	436 838	73 553
	1 320 360	791 426
	5 885 281	5 813 806
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	3 332 531	2 399 459
Non-controlling interests	105 225	457 208
Total equity	3 437 756	2 856 667
Non-current liabilities		
Long-term borrowings – interest bearing	504 730	1 415 563
Long-term provisions	145 879	181 310
Deferred tax liabilities	573 658	469 292
Derivative instruments	60 285	–
	1 284 552	2 066 165
Current liabilities		
Trade and other payables	411 579	557 831
Short-term borrowings – interest bearing	347 814	695 604
Short-term provisions	25 929	35 065
Bank overdraft	–	54 323
Derivative instruments	317 254	230 240
Taxation	28 319	29 999
	1 130 895	1 603 062
AHFS, net	32 078	(712 088)
Total equity and liabilities	5 885 281	5 813 806
Net asset value per share (c)	333	323
Net tangible asset value per share (c)	331	322

Condensed consolidated cash flow statement

	18 months ended 31 December 2010 (Reviewed) R000's	Year ended 30 June 2009 (Audited) R000's
Cash generated by operations, pre-working capital	1 542 244	400 136
Working capital	(520 734)	65 861
Cash generated by operations	1 021 510	465 997
Dividends paid to non-controlling interests	(8 263)	(108 224)
Taxation paid	(143 626)	(236 421)
Finance (costs) income, net	(98 182)	250
Cash inflows from operating activities	771 439	121 602
Cash outflows from investing activities	(56 028)	(1 393 693)
Additions to property, plant, equipment, mineral rights and investments	(864 734)	(1 393 693)
Movement in AHFS/discontinued operations	(127 340)	–
Proceeds on disposals of shares in subsidiary	936 046	–

Cash (outflows) inflows from financing activities	(270 003)	1 191 426
Shares issued	887 471	704 527
Borrowings (repaid) raised	(1 157 474)	486 899
Net increase (decrease) in cash and cash equivalents	445 408	(80 665)
Cash at beginning of period	19 230	101 331
Effect of foreign exchange rate changes	(20 749)	(1 436)
Cash at end of period	443 889	19 230
Disposal of Vergenoeg Mining Company (Pty) Ltd	(7 051)	–
Cash at end of period – continuing operations	436 838	19 230
Cash at end of period – discontinuing operations	–	23 191
Cash at end of period – continuing and discontinuing operations	436 838	42 421

Condensed consolidated statement of changes in equity

	18 months ended 31 December 2010 (Reviewed) R000's	Year ended 30 June 2009 (Audited) R000's
Shareholders' equity at start of period	2 856 667	4 133 674
Ordinary shares issued	887 471	723 728
Other comprehensive loss	(978 722)	(152 324)
Profit (loss) for the period	836 827	(1 507 218)
Equity reserve	17 278	–
Share option equity	21 655	25 789
Non-controlling interests	(351 983)	(226 362)
Equity attributable to AHFS	148 563	(140 620)
Total equity	3 437 756	2 856 667

Segmental analysis for the 18 month period ended December 2010

	Gross revenue	Net income
Ruashi	62	23
Chibuluma	29	44
Sable	9	1
Corporate	–	32

Annexure 1: Unaudited operational review

for the 6 months ended December 2010 ("current period") compared with the 6 months ended June 2010 ("June 2010")

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

Ruashi

	6 months December 2010	6 months June 2010
Tons mined	(t) 853 024	436 588

Tons milled	(t)	605 735	600 437
Headgrade – Copper	(%)	3,03	2,98
– Cobalt	(%)	0,51	0,48
Recovery – Copper	(%)	84,3	80,7
– Cobalt	(%)	65,3	54,5
Copper produced	(t)	15 467	14 323
Copper sold – total	(t)	15 297	14 702
Copper sold – into hedgebook	(t)	8 100	11 700
Copper sold – at spot price	(t)	7 197	3 002
Copper sold – hedgebook price achieved	(US\$/t)	5 972	3 900
Copper sold – average spot price achieved	(US\$/t)	8 275	6 163
Cobalt produced	(t)	2 008	1 572
Cobalt sold	(t)	1 933	1 709
On-mine costs per ton milled, net of ore stock movement	(US\$/t)	100	106
Copper realisation costs per ton of copper sold	(US\$/t)	670	637
Cobalt realisation costs per ton of cobalt sold	(US\$/t)	6 384	4 996
Total cash cost/ton of copper sold, net of cobalt credits	(US\$/t)	2 228	2 598

The safety culture and commitment at Ruashi is showing pleasing improvements. All of the initiatives previously reported on such as hazard identification and risk assessments and the implementation of the Safe Production Rules are becoming an entrenched way of working. The introduction of a new integrated SHEC management system for reporting and control has augmented the safety effort. Total lost time injuries for the current period were zero, compared to six in the six months to June 2010. The lost time injury frequency rate for the year to December 2010 (lost time injuries expressed as a proportion of man hours worked) was the same as the rate for the year to June 2009 when the mine was in construction and ramp up. This is a pleasing result as the level of complexity has increased substantially since then.

Milling volumes increased by one percent for the six months to December 2010 when compared to the previous six month period. Both periods were constrained because of the transformer and rectifier issues experienced at Ruashi. These issues have been extensively reported on during the relevant periods in separate market releases. Problems with the rectifier and transformers caused by external power surges and sub standard transformer design and manufacture, eventually led to a decision to redesign and replace all of the transformers. This is in progress and production levels have since stabilised.

The copper and cobalt head grades remained substantially constant for the previous six month period. The confidence levels in the geological model continued to improve through the period due to continued in-fill drilling and grade control measures. The grades experienced in the current period are expected to persist into the next financial year.

Copper recoveries improved to 84 percent for the current period. Recoveries are a function of both the acid solubility of the plant feed material and operating efficiencies. The improvements to the geological model allow Ruashi to control and predict its feed sources better, while operating efficiencies are subject to a process of continuous improvement. In addition to the continuous improvement efforts, the reduced throughput due to the transformer and rectifier problems allowed for a greater residence time in the leach section as well as better operational control, both of which had a positive influence on recoveries. Cobalt recoveries improved by 20 percent for the current period to 65 percent. Cobalt recoveries also benefited as per the copper discussion above, however, cobalt recoveries are also very sensitive to feed grade. The higher grade cobalt fed to the plant therefore also contributed to the improved cobalt recoveries. Cobalt recovery improvements will be more modest off the current base.

Notwithstanding the extreme production pressures caused by the rectifier and transformer issues, copper and cobalt production improved by 8 percent and 28 percent respectively over the two halves of 2010.

On mine costs per ton milled decreased by 6 percent when comparing the current period to June 2010. Stripping costs in the new pit 3 are being capitalised as they are incurred in pre-production. However there was an offset due

to less stripping of pit 1 and pit 2 which decreased the stripping ratio from 5,5 to 3,5. This reduced cash operating costs. Copper and cobalt realisation costs increased by 5 percent and 28 percent respectively when comparing June 2010 to the current period. These costs were both impacted by an incremental US\$60/t export charge effective February 2010. Cobalt realisation charges were also significantly higher in the current period due to concentrate moisture levels rising to 70%. This was due to the change to a magnesium oxide based process as well as problems experienced in commissioning the cobalt drying circuit. Extensive modifications to the cobalt drying circuit are being planned. The mode of export was also changed towards the end of the year as it was found that transporting on the rail system was substantially more expensive than by road.

Total cash costs of copper sold net of cobalt credits improved by 14 percent over the first half of the year. The increased cobalt sales contributed to this cost indicator falling to US\$2 228 per ton of copper in the current period. The overall cash mining profit of US\$73,6 million was a substantial increase of 179 percent over the six months to June 2010.

Capital expenditure amounted to US\$24 million in the current period. The overburden stripping at pit 3 is being capitalised. These stripping operations will ramp up in the F2011 year and expenditure is expected to reach US\$23 million for the 12 month period. The completion of the acid plant is proceeding according to plan and accounted for US\$6,8 million in the current period. Capital spend in the coming year includes US\$6 million to complete the acid plant, US\$4 million on exploration drilling and US\$20 million in ongoing capital expenditure.

Ruashi mine will be stabilising production levels at 3 000 tons of copper per month for the coming year. Production efficiencies and strategic initiatives should have the effect of somewhat offsetting certain cost increases such as power, diesel, taxes and wages. Brown fields drilling will improve the oxide and sulphide resource base of Ruashi, which should extend the life of the mine as well as increase ore reserve flexibility.

Chibuluma

		6 months December 2010	6 months June 2010
Tons milled	(t)	301 659	269 431
Headgrade – Copper	(%)	3,24	3,60
Overall recovery– Copper	(%)	92	90
Copper produced	(t)	9 008	8 721
Copper sold – total	(t)	8 990	8 702
Copper sold – into hedgebook	(t)	3 000	4 200
Copper sold – at spot price	(t)	5 990	4 502
Copper sold – hedgebook price achieved	(US\$/t)	7 692	5 308
Copper sold – average spot price achieved	(US\$/t)	8 322	7 488
On-mine costs per ton milled, net of ore stock purchased	(US\$/t)	59	59
Copper realisation costs per ton of copper sold	(US\$/t)	924	987
Total cash cost per ton of copper sold	(US\$/t)	2 932	2 840

The introduction of hazard identification and risk assessment, especially before commencing any tasks at the mine, has led to an improvement in most safety related measures. The introduction of the new integrated SHEC management system for reporting and control has augmented the safety effort. Total lost time injuries during the current period remained constant relative to June 2010 at four.

The volume of ore through the plant increased by 12 percent for the current period. This was as a result of improved mining performance, a successful plant debottlenecking process and fewer electrical power interruptions. The mine completed the installation of additional on site generating capacity towards the end of the period so as to minimise the risk of further electrical interruptions at a capital cost of US\$1 million.

Copper head grades decreased for the current period compared to June 2010. This is due to the mining having moved into a close out area where mining stresses are particularly high causing scaling of the hanging wall and subsequent

dilution. This area will be mined out by the end of the first quarter of 2011. Within the usual bounds of variability the ore body grade does improve with depth.

Plant recoveries improved by 2 percent to 92 percent. Management has focused on improving recoveries and numerous interventions, primarily related to ensuring constant flow through the float plant and improving the crushing circuit, has resulted in good improvements.

Copper produced and sold for the current period increased by 3 percent to a record 8 990 tons. All copper for the period was sold to the Chambishi Copper Smelters under contract. The terms are not as favourable as international pricing but are not as expensive as incurring the imposed export tax on concentrates.

On mine costs per ton milled were well controlled and remained flat at US\$59 per ton, assisted by the increased volumes mined and milled. Realisation charges also decreased by six percent per ton sold following less smelter penalties incurred. Stated in terms of cash costs per ton of metal sold, Chibuluma had a credible performance for the current period as costs rose by 3 percent. The increase in cash costs per ton of metal sold to US\$2 932 per ton increased when compared to June 2010 due to the lower grades and higher volumes mined and milled.

Capital expenditure remained relatively constant and amounted to US\$13,3 million as a result of the purchase of new mining fleet vehicles (US\$3,2 million) needed to maintain production levels as well as increased capital spend on engineering items required to upgrade the quality of capital equipment at Chibuluma. In addition, Chibuluma commenced with an exploration programme aimed at increasing the life of the mine (US\$0,6 million). Mining development remains a large proportion of the capital spending (US\$3,5 million).

For the current period the Chibuluma mine increased its cash mining profit by 34 percent to US\$47,1 million. This was driven off the back of higher copper production; higher copper prices received and cost control. The average copper price received increased from US\$6 436 per ton to US\$8 112 per ton.

The Chibuluma mine is well set to maintain mining and milling volumes in the coming period. Volume restrictions, given the increasing depth of mining and erratic power supply, will be mitigated through careful planning and strategic interventions, and the depth related increases in grade will assist in maintaining production levels. In addition the dilution due to the close out areas should reduce by the end of the first quarter 2011. Various cost pressures will be experienced during the coming year, mainly in the form of wages, power and diesel costs. Capital expenditure levels are expected to remain similar in the coming year. However additional expenditure will be incurred on exploration activities targeted at extending the life of the mine.

Sable

		6 months December 2010	6 months June 2010
Copper produced	(t)	1 883	2 167
Copper sold	(t)	1 995	2 088
Cobalt produced	(t)	13	29
Cobalt sold	(t)	12	32
Acquisition cost of contained copper feed (% of copper LMB price)	(%)	72	71
Overall copper process recovery	(%)	94	94
Net margin on copper production after acquisition and process costs	(%)	12	5

Improvements in safety and health practices, specifically the introduction of hazard identification and risk assessments at the plant has led to an improvement in all safety related measures over the last 12 months. Total lost time injuries have reduced to zero over the last 12 months after having had six in the previous year to June 2009.

The volume of ore purchased and processed through the plant continues to be a constraint. Ore flow to Sable is constrained by government interventions in the DRC which make it difficult to import materials that have not been beneficiated. Therefore there has been a change in mix of ore towards local Zambian sources which are typically lower grade and have very little associated cobalt, although they are cheaper to purchase.

Recoveries remained high notwithstanding the lower feed grades as the portion of the Zinc Plant infrastructure which was converted into a leach section to retreat rejected material continued to pay dividends. The quality of the Sable copper remained London Metal Exchange "A" grade material.

Sable produced 1 883 tons of copper for the current period which is a 13 percent decrease on that achieved for June 2010. Cobalt production more than halved to 13 tons from 29 tons on the back of increased Zambian sourced ores which have a lower cobalt grade than DRC sourced ores.

The net margin on copper production after acquisition and process costs increased from five percent to 12 percent. The improved margin is as a direct result of the lower cost of the Zambian ores as well as cost control related to the direct processing costs. The slight recovery improvement also contributed to the margin increase.

The average copper price received increased from US\$6 353 per ton to US\$7 042 per ton and the cash mining profit from operations increased by 175 percent to US\$2,012 million for the current period.

There were no major capital works programmes at the mine.

The Sable Zinc operation is wholly reliant on third party ores and with the challenged of exporting ore from the DRC one can expect production throughput to remain constrained. However the strategies to source more local Zambian ores and continue with its efforts at sourcing DRC ores that management have put in place are showing signs of paying dividends.

Annexure 2: Statement of comprehensive income

for the 6 month periods ended 31 December 2010 (reviewed) and 30 June 2010 (unaudited)

Condensed consolidated statement of comprehensive income

	Ruashi R000's	Chibuluma R000's	Sable R000's	Corporate R000's	Group R000's
Six months to December 2010 (Reviewed)					
Mineral sales					
Copper	778 312	523 586	116 848	–	1 418 746
Cobalt	354 162	–	1 713	–	355 875
Gross revenue	1 132 474	523 586	118 561	–	1 774 621
Realisation costs	162 440	59 640	3 398	–	225 478
On-mine revenue	970 034	463 946	115 163	–	1 549 143
Cost of production	496 889	128 070	99 838	31 872	756 669
Stock movement	(60 411)	1 556	686	–	(58 169)
Mining profit	533 556	334 320	14 639	(31 872)	850 643
Ruashi deferred put premium	(88 190)	–	–	–	(88 190)
Royalties	(53 138)	(15 388)	–	–	(68 526)
Other (expenses) income, net	(4 600)	758	671	(670)	(3 841)
EBITDA	387 628	319 690	15 310	(32 542)	690 086
Finance (costs) income, net	(21 070)	(6 393)	–	7 859	(19 604)
Income (loss) before depreciation	366 558	313 297	15 310	(24 683)	670 482
Depreciation	102 675	44 959	10 636	341	158 611
Income (loss) before AHFS	263 883	268 338	4 674	(25 024)	511 871
AHFS and discontinued operations	–	–	–	(24 151)	(24 151)
Income (loss) before taxation	263 883	268 338	4 674	(49 175)	487 720

Taxation expense (credit)	85 034	81 297	1 494	(6 652)	161 173
Income (loss) after taxation	178 849	187 041	3 180	(42 523)	326 547
Income attributable to non-controlling interests	42 372	27 504	–	–	69 876
Retained income (accumulated loss) for the period	136 477	159 537	3 180	(42 523)	256 671

	Ruashi R000's	Chibuluma R000's	Sable R000's	Corporate R000's	Group R000's
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**Six months to June 2010
(unaudited)**

Mineral sales

Copper	482 178	421 748	108 546	–	1 012 472
Cobalt	373 170	–	6 386	–	379 556
Gross revenue	855 348	421 748	114 932	–	1 392 028
Realisation costs	134 867	64 734	3 272	–	202 873
On-mine revenue	720 481	357 014	111 660	–	1 189 155
Cost of production	464 956	118 043	101 971	35 416	720 386
Stock movement	57 218	3 323	4 244	–	64 785
Mining profit	198 307	235 648	5 445	(35 416)	403 984
Royalties	(46 811)	(14 187)	–	–	(60 998)
Other income (expenses), net	32 567	(10 589)	(611)	(14 218)	7 149
EBITDA	184 063	210 872	4 834	(49 634)	350 135
Finance (costs) income, net	(19 486)	(8 309)	–	3 429	(24 366)
Income (loss) before depreciation	164 577	202 563	4 834	(46 205)	325 769
Depreciation	99 760	33 825	9 355	130	143 070
Income (loss) before AHFS	64 817	168 738	(4 521)	(46 335)	182 699
AHFS and discontinued operations	–	–	–	(13 260)	(13 260)
Income (loss) before taxation	64 817	168 738	(4 521)	(59 595)	169 439
Taxation expense (credit)	21 788	38 727	(1 233)	(16 689)	42 593
Income (loss) after taxation	43 029	130 011	(3 288)	(42 906)	126 846
Income attributable to non-controlling interests	9 585	22 566	–	–	32 151
Retained income (accumulated loss) for the period	33 444	107 445	(3 288)	(42 906)	94 695

Contact details for Metorex Limited and Corporate Advisers

Metorex Limited

PO Box 2814, Saxonwold, 2132, South Africa
Telephone: (+27 11) 215-4000
Facsimile: (+27 11) 215-4001
Website: www.metorexgroup.com
E-mail: ir@metorexgroup.com

Investor relations
College Hill

PO Box 413187, Craighall, 2024, South Africa
Telephone: (+27 11) 447-3030

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

Statucor (Pty) Limited
PO Box 1574, Houghton, 2041, South Africa
Telephone: (+27 11) 728 7240

Sponsor

Barnard Jacobs Mellet Corporate Finance (Pty) Limited
PO Box 784573, Sandton, 2146, South Africa
Telephone: (+27 11) 550 5000

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

RG Still* (Chairman), TP Goodlace (CEO), M Smith (CFO), A Barrenechea (Spanish)*, HH Hickey*, NN Kgositsile*, TV Mabuza*, P Molapo (Basotho)*, LJ Paton*, *non-executive

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