

Directorate



Directors

1. Robert George Still – (54)

Non-Executive Director
BCom (Hons), CA(SA), IMM

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

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

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

2. Terence Philip Goodlace – (50)

Chief Executive Officer: Executive Director
MBA, BCom, NHD (Metalliferous mining)

Terence was appointed Chief Executive and Director on the Board with effect from 2 March 2009. He has more than 27 years' operating experience and was previously the Chief Operating Officer at Gold Fields Limited.

Member of the SHEC committee.

3. Alberto Barrenechea Guimón – (66)

Non-Executive Director

Alberto is CEO of Minersa, a multi-commodity mineral and chemical group. He has been a Board member of several industrial and financial companies. He provides a life-long experience in the mining and chemical industry.

Member of the Remuneration Committee.

4. Pierre Chevalier – (57)

Non-Executive Director
Degree in law and criminology

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

5. John G Hopwood – (57)

Independent Non-Executive Director
BCom, CA(SA)

John is a non-executor director of Gold Fields Limited and Pan African Resources plc and is presently chairman of the audit committees of both companies. He is also a member of the board of trustees of the New Africa Mining Fund and chairman of the fund's investment committee. Previous experience includes being an executive director of Gold Fields of South Africa Limited from January 1992 to September 1998 and director and Head of Mergers and Acquisitions at Ernst & Young Corporate Finance.

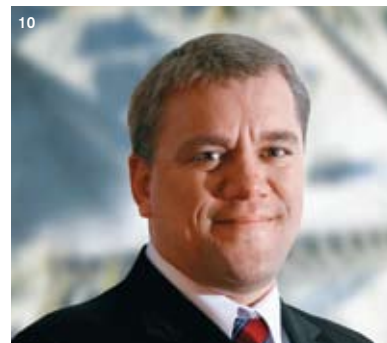
Appointed on 1 November 2009 as Chairman of the Audit Committee, to succeed Alistair Laughland.

6. Nonkululeko ("Nkuli") Kgositile – (35)

Independent Non-Executive Director

Nkuli has a background in journalism and was a founder of the Voice of Soweto Community radio station. She is an entrepreneur with her own entertainment company. She brings experience in social and political affairs in Africa, having lived and been educated in a number of southern African countries.

Member of the SHEC committee. Appointed 11 August 2009.



7. Alistair John Laughland – (62)
Independent Non-Executive Director
LLB (London), MBL (Unisa)

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

Chairman of the Audit Committee. Resigned 31 October 2009.

8. Victor Mabuza – (39)
Independent Non-Executive Director
BCom (Acc)

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

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

9. Leslie John Paton – (57)
Independent Non-Executive Director
BSc (Hons) Geology, BCom

Les is an executive director of several Implats companies and has been with the group for 34 years. His career incorporates spells in base metal exploration throughout southern Africa, as well as gold and platinum mining and exploration experience. Les rose to the position of Chief Consulting Geologist within the Gencor Group, and was subsequently transferred to Implats where, in 2003, he was appointed to the Board of both Implats and Zimplats. Les is experienced in the evaluation and technical overview of projects and in project management.

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

10. Maritz Smith – (33)
Chief Financial Officer: Executive Director
BCom (Hons), CA(SA)

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

Chairman's review

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

Robert G Still
Chairman



Dear Fellow Shareholder

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

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

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

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

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

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

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

Operating and financial results

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

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

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

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

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

The development of the Ruashi Copper/Cobalt Mine operation

The construction of the Ruashi solvent extraction electro winning ("SX/EW") plant in the DRC has been a considerable achievement by Meterox. Ruashi II is in the final stages of being constructed and the operating results were thus capitalised for the period under review. Capital spent on Ruashi II to 30 June 2009 amounts to US\$320 million and is estimated at US\$333 million at final completion. The slow production build-up at Ruashi II was disappointing and was

caused by a number of factors including delays in completing the plant, design and process modifications, de-bottlenecking, an untrained/inexperienced workforce and inadequate resource data and mine planning.

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

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

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

The Metorex liquidity crisis

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

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

Chairman's review continued

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

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

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

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

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

Action taken # 1: Board oversight and corporate governance

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

Action taken # 2: Strengthening executive and operational management

Several changes were made to strengthen the Company's executive management team and operational staff.

The process of improving Group talent and enhancing management capacity, whilst addressing transformation imperatives, is ongoing.

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

Action taken # 3: Disposal of non-core assets

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

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

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

Action taken # 4: Strategic financing initiative

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chairman's review continued

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

Action taken #7 – Copper Resources Corporation (“CRC”)

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

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

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

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

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

The Metorex Board

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

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

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

The Company's operating environment

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

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

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

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

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

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

Prospects

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

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

Appreciation

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

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



Rob Still

4 November 2009

Chief Executive Officer's report

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

T P Goodlace
Chief Executive



Dear Shareholder

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

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

Restoring the balance sheet

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

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

Restoring the reputation of the Company

- Continuously improving our safety, health, environment and community ("SHEC") performance and elevating risk management processes to higher levels across the Group;
- Increasing technical inputs and diligence across all operations and new projects;
- Increasing productivity through integrated, all inclusive productivity plans which focus on mine and plant design and set up, simulations and benchmarking, continuous improvement in volume, value, quality, costs and capital ("VVO2C"). This includes motivating our people to achieve higher levels of output through appropriate remuneration, recognition and rewards ("RRR") within their own unique cultural settings;
- Increasing real profits for today and tomorrow by focusing on revenues and real costs with the cash margin being the ultimate measure. The cash margin is defined as revenue less actual costs less actual capital; and
- Delivering on organic and other growth initiatives such that we maximise on current installed infrastructure and resource bases.

Disposals

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

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

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

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

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

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

Chief Executive Officer's report continued

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

SHEC

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

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

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

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

The progress of the South African operations to achieve the 2013 Mine Health and Safety Council milestones targets for

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

Licence to operate

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

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

Ruashi

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

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

Production and revenue

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

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

Cobalt production for the F2009 increased by 54 per cent to 871 tons as a direct result of the commissioning of the cobalt plant at Ruashi (phase II). The average price achieved was US\$14 per pound and was based on 64 per cent of the London Metals Bulletin ("LMB") in terms of the Ruashi

off-take agreement with Jinchuan. Cobalt sales for the year lagged behind that which was produced and this was caused by distribution bottlenecks, which continue to be addressed. The Kasumbalesa border post between the DRC and Zambia is a key logistical bottleneck and needs resolution at the highest levels.

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

Operating costs

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

Mining profit before depreciation

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

Depreciation and impairments

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

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

Chief Executive Officer's report continued

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

Borrowing costs

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

Headline earnings

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

Group cash flow

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

Group balance sheet

The Group net asset value reduced by 65 per cent to 323 cents per share following the impairment of CRC, Ruashi phase I and Consolidated Murchison. Interest-bearing debt increased to R2.1 billion of which R696 million is due during the forthcoming 12 months. The subsequent disposal of Pan African and the Vergenoeg deal secured repayment of the Group's short-term loans of R190 million and furthermore the funding of Ruashi to completion as well as the ongoing

funding of CRC and Consolidated Murchison. Chibuluma is in a position to service its debt instalments during the next financial year. The first Ruashi instalment of R193 million (US\$25 million) is due 31 December 2009. The Group is still trading under cautionary as it is involved in negotiations with the objective of injecting further liquidity and simultaneously restructuring the Ruashi debt profile.

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

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

Business development

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

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

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

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

Conceptual order of magnitude studies continue to be advanced for the Musonoi project in Kolwezi. This virgin deposit is of a similar style to the nearby Kamoto underground mine and the project falls under Ruashi Holdings. It is located approximately two kilometres north of the town of Kolwezi and is adjacent to the Katanga Mining Limited operations. The deposit has the potential of being a high grade deposit with copper grades of 3,6 per cent and cobalt grades of one per cent. The deposit is made up of oxide and sulphide mineralisation and US\$3.3 million has been invested in 44 boreholes (9,221 metres) drilled by Ruashi/Metorex. Exploration drilling, at a rate of US\$30,000 per month, recommenced post 30 June 2009 with the aim of producing a resource model by June 2010.

Outlook

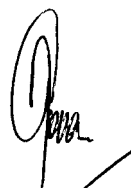
The team at Metorex will continue to drive at the restoration of the balance sheet and rebuild the reputation of the Company. The balance sheet continues to improve and once settled the Company will be better positioned to participate

and grow as a more focused base metals producer. The Company is now operating in the resource rich, infrastructure poor DRC and has a pipeline of projects and an established base to work from. On the operational front we will continue to design and implement a comprehensive SHEC strategy and drive for high levels of performance that can match Australian or Canadian benchmarks.

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

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

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



Terence Goodlace

4 November 2009

Executive committee



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

Lloyd Bradford – (47)

Group Metallurgical Manager

BSc (Hons) Chemical Engineering

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

Darryll Castle – (40)

Chief Operating Officer

BSc (Eng) Civil Engineering, BCom, MBA (UCT), CFA

Before joining Metorex Darryll was Executive Director of Zungu Investments Company, a diversified BEE company with interests in mining, finance, media and other industrial interests. His responsibilities extended through all aspects of the business, including finance and administration, human resources, and strategy and acquisitions. Darryll was responsible for Africa Vanguard Resources, a mining company with joint ventures with Uranium One, Harmony, Rockwell Diamonds and Gold One.

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

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

Trevor John Faber – (38)

Group Mining Engineer

BSc Engineering (Mining)

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

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

Charles Denby Stockton Needham – (55)

Corporate Affairs

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

Tim Williams – (42)

Group Mineral Resources Manager

BSc (Hons) Geology (Wits); GDE (Wits); Pr.Sci.Nat; Fellow (SAIMM)

Tim is a geologist with 19 years experience in exploration, resource development and mining geology in gold and base metals through West, Central and East Africa. Previously he worked for a major South African mining company with interests throughout Africa. Most recently spent seven years on the Copperbelt in Zambia as Mineral Resources Manager for a large copper mining company.

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

Statistical information

Commodity production statistics

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

*Includes Ruashi II production.

Commodity sales statistics

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

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

Average commodity prices achieved

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

Capital expenditure

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