

# Annual financial statements



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## Group Secretary's certification

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



per O Barbeau

**Statucor (Pty) Limited**

Group Secretary

26 April 2011

## Directors' approval

### To the members of Metorex Limited

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

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

The directors are satisfied that the Group is a going concern, and have adopted the going-concern basis in preparing these financial statements.

It is the responsibility of the external auditors to express an opinion on the financial statements and their opinion is included on page 69.

The annual financial statements, set out on pages 70 to 133, were approved by the Board of directors on 26 April 2011 and are signed on its behalf by:



**R G Still**

Chairman



**T P Goodlace**

Chief Executive Officer

# Independent auditors' report

## To the members of Metorex Limited

We have audited the Group and Company annual financial statements of Metorex Limited, which comprise the statements of financial position as at 31 December 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information, the directors' report and the Audit Committee report as set out on pages 66 and 70 to 133.

## Directors' responsibility for the financial statements

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

## Auditor's responsibility

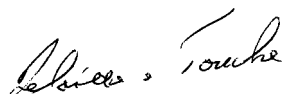
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about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

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

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

## Opinion

In our opinion, the Group and Company financial statements present fairly, in all material respects, the financial position of Metorex Limited as at 31 December 2010, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



## Deloitte & Touche

Per Ian Marshall

Registered Auditor

26 April 2011

National Executive: G G Gelink Chief Executive, A E Swiegers Chief Operating Officer, G M Pinnock Audit, D L Kennedy Risk Advisory, N B Kader Tax and Legal Services, L Geeringh Consulting, L Bam Corporate Finance, J K Mazzocco Human Resources, C R Beukman Finance, T J Brown Clients, N T Mtoba Chairman of the Board, M J Comber Deputy Chairman of the Board

A full list of partners and directors is available on request.

# Directors' report

## Profile

### Business of the company

Metorex Limited is principally in the business of producing and supplying copper and cobalt to industrial economies. The Company's holdings as at 31 December 2010 are described below:

Company	Short name	Place of incorporation	Effective interest (%)	Activity
Abbey Commodities SA Niue	Abbey	Switzerland	100	Dormant
Chibuluma Mines plc	Chibuluma	Zambia	85	Copper mining
Copper Resources Corporation	CRC	British Virgin Islands	100	Holding company of MMK
Maranda Mines (Pty) Limited	Maranda	South Africa	100	In closure
Minière de Mushoshi et Kinsenda sarl	MMK	DRC	77*	Copper projects
Metorex Copper Corporation DRC (Pty) Limited	Metorex Copper Corp	South Africa	100	Investment company
Metorex Share Incentive Scheme (Pty) Limited	Metorex Share Incentive Scheme	South Africa	100	Share incentive scheme administrator
O'Okiep Copper Company (Pty) Limited	OCC	South Africa	100	In closure
Ruashi Holdings (Pty) Limited	Ruashi Holdings	South Africa	100	Holding company of Ruashi Mining
Ruashi Mining sprl	Ruashi Mining	DRC	75*	Copper, cobalt mining
Sable Zinc Kabwe Limited	Sable	Zambia	100	Processing facility – copper/cobalt

\* indirect.

## Capital

### Authorised and issued capital

The authorised share capital of the Company as at 31 December 2010 was 1 500 000 000 shares (2009: 1 500 000 000 shares).

During the year, 250 million new ordinary shares were issued in terms of a claw-back offer at R3,60 per share. Altogether 8 million new shares were issued at an average price of R3,99 per share in terms of the Metorex Share Incentive Scheme.

As at 31 December 2010, the issued share capital stood at 1 002 263 403 ordinary shares of 0,1 cent each (2009: 742 538 403 ordinary shares of 0,1 cent each).

Refer to page 101 for the share capital note.

### Treasury shares

The Group holds 1 741 600 of its own ordinary shares of 10 cents each in terms of an approved share incentive scheme. These shares are held as "treasury shares" by a subsidiary.

### Share-based compensation

Details of participation in the scheme are set out in notes 29 and 30 to the Group annual financial statements and the remuneration report as set out on pages 76 to 79.

The salient features of the proposed share incentive schemes appear on pages 134 and 135 to the annual report.

## Shareholding in the Company

The issued capital of the Company held by public and non-public entities as at 31 December 2010 was as follows:

	Number of shareholders	Number of shares (000)	%
<b>Public</b>	7 383	707 340	70,6
<b>Non-public</b>	17	294 923	29,4
Directors and associated (direct holding)	9	1 964	0,2
Directors and associated (indirect holding)	6	140 895	14,0
Holders holding more than 10 percent	1	150 322	15,0
Metorex Share Incentive Scheme (Pty) Limited	1	1 742	0,2
	7 400	1 002 263	100

The following shareholders beneficially hold more than 5 percent of the issued share capital:

Shareholders	Number of shares (000)	%
Industrial Development Corporation ("IDC")	150 322	15,0
Minersa group of companies	129 765	13,0
Public Investment Corporation	71 577	7,1
JP Morgan (Custodian)	52 695	5,3
	404 359	40,4

# Directors' report

## continued

### Investments in subsidiary companies

Refer to pages 100, 126, 127 and 135 of the annual financial statements for details regarding investments in subsidiary companies.

The aggregated after-tax earnings attributable to the Group from its subsidiaries were R436 million (2009: R370 million). The aggregated after-tax losses attributable to the Group from its subsidiaries were R27 million (2009: R299 million).

### Financial affairs

#### Change in financial year-end

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 annual report constitutes an audited year-end report for the 18 months ended 31 December 2010.

#### Results for the year

The results for the period are set out in the audited annual financial statements forming part of the annual report. Refer to pages 70 to 133.

#### Change in 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 currency rates*. This will become effective when the Group reports the results for the six months ending 30 June 2011.

#### Assets held-for-sale

The annual financial statements for the period ended 31 December 2010 were prepared on the basis of the Consolidated Murchison ("Cons Murch") division being held-for-sale. The Cons Murch division was sold subsequent to period-end. The comparative statement of comprehensive income has been re-presented to reflect Vergenoeg Mining Company (Pty) Limited ("VMC") as an asset held-for-sale. Refer to note 31. The Group's continuing operations are Chibuluma, Ruashi Mining and Sable. The operational results from these assets have been reported in the consolidated statement of comprehensive income.

#### Dividends

In view of the Group's near-term growth strategy, the Board considers it inappropriate to declare a dividend for the 18-month period ended 31 December 2010 (2009: nil).

#### Capital expenditure

Capital expenditure for the period amounted to R865 million (2009: R1,4 billion). Refer to page 15.

#### Subsequent events

Subsequent to period-end, the disposal of the Consolidated Murchison division has become partially unconditional. 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 (Pty) Limited.

On 8 April 2011, Metorex and Vale S.A. ("Vale") announced the intention of Vale to make a cash offer for 100 percent of the shares in Metorex for a cash consideration of R7,35 per share (excluding Metorex's shareholding in Sable Zinc). Refer to note 34 of the Group's annual financial statements.

## Going concern

The financial statements have been prepared using the going-concern basis and appropriate accounting policies, supported by reasonable judgements and estimates. The directors are satisfied that the Group will be a going concern in the foreseeable future.

## Property

Details of the land and buildings of the various companies are contained in registers, which are available for inspection at the registered offices of those companies. Refer to note 11 of the Group's annual financial statements.

## Directorate

During the period, Mr J Hopwood, Ms H Hickey and Mr P Molapo were appointed as non-executive directors to the Metorex Board. Mr J Hopwood sadly passed away on 19 March 2010.

Directors, who are appointed during the period, but before the next annual general meeting, shall retain office only until that annual general meeting, at which point they shall retire and be eligible for re-election.

The retirement of directors follows a staggered process, with one-third of the directors retiring at each annual general meeting, and no director serving for more than three years without being re-elected by the members in general meeting. Retiring directors are free to make themselves available for re-election at the annual general meeting. A summarised curriculum vitae of each retiring director is circulated to shareholders with the notice of annual general meeting, in terms of the Company's Articles of Association. See pages 12 and 13.

Directors standing for re-election:

H Hickey  
P Molapo  
R Still  
L Paton  
M Smith

## Directors' report

continued

### Interests of directors

The interests of the directors in the shares of the Company were as follows:

	Direct		Indirect	
	31 December 2010	30 June 2009	31 December 2010	30 June 2009
<b>Beneficial</b>				
<b>Directors</b>	–	–	138 844 802	108 850 756
T Goodlace	–	–	–	–
M Smith	–	–	–	–
R Still	–	–	9 079 900	9 491 545
A Barrenechea	–	–	129 764 902	99 359 211
H Hickey	–	–	–	–
N Kgositsile	–	–	–	–
V Mabuza	–	–	–	–
P Molapo	–	–	–	–
L Paton	–	–	–	–
<b>Senior management</b>	<b>1 962 642</b>	<b>2 391 913</b>	<b>2 015 032</b>	<b>404 820</b>
<b>Non-beneficial</b>	–	–	–	–

Shareholders are referred to the joint firm intention announcement ("Firm Intention Announcement") and the directors' dealing announcement ("Directors' Dealing Announcement") published on the Securities Exchange News Service ("SENS") on 8 April 2011. The Firm Intention Announcement sets out the terms on which Vale S.A., through a wholly owned subsidiary ("Vale") will make a cash offer (the "Offer") to acquire the entire issued and to be issued ordinary share capital of Metorex ("Shares") which, if implemented, will result in Vale becoming the registered and beneficial owner of the Shares. The Directors' Dealing Announcement was published in compliance with paragraph 3.64(b) of the JSE Limited Listings Requirements, which requires that any agreement entered into by an associate of a director of Metorex to sell Metorex shares be announced as a director's dealing. In the context of the Firm Intention Announcement, the irrevocable undertakings in respect of a potential disposal to Vale provided by the associates of R Still and A Barrenechea stated in the Directors' Dealing Announcement are deemed to be an agreement to sell Metorex shares, although the Metorex shares will only be sold if and when the Offer becomes unconditional in accordance with its terms.

### Directors' remuneration

Details of the executive directors' and non-executive directors' remuneration are set out in the remuneration report on pages 76 to 79.

### Directors' interests

No contracts of significance were entered into in which the directors of the Company were materially interested, either during or at the end of the 18-month period, except for those transactions announced on SENS on 13 and 21 September 2010. Shareholders are referred to the joint firm intention announcement ("Firm Intention Announcement") and the directors' dealing announcement ("Directors' Dealing Announcement") published on SENS on 8 April 2011, details of which are set out on page 74.

### Special resolutions

During the period there were no special resolutions passed.

### Financial, administrative and technical advisers

#### Secretaries

Following the merger of Moore Stephens MWM Inc and BDO South Africa Inc ("BDO"), the Company Secretary changed and Statucor (Pty) Limited, a BDO group company, acted as Company Secretary to the Metorex Group. The business and postal addresses are set out in the corporate information section of the annual report.

#### Public Officer

Mr C D S Needham acts as the Public Officer for Metorex Limited in dealings with the South African Revenue Service.

# Remuneration report

## Governance

The Human Capital and Remuneration Committee ("Remco") has been appointed by the Board to assist it in discharging its responsibilities in relation to remuneration policy and the determination of the remuneration of the directors and senior executives.

The members of Remco are reflected on page 62. The majority of members of the Committee are independent non-executive directors. The Committee met six times during the period under review. The Chief Executive Officer and the Chief Financial Officer attend meetings by invitation but recuse themselves when issues relating to their own remuneration are discussed. No director or executive is involved in deciding his or her own remuneration. The Committee has been assisted in the design and drafting of the proposed Metorex Share Incentive Scheme 2011 and Metorex Deferred Bonus Plan 2011 by PricewaterhouseCoopers LLP ("PwC") Human Resources Services practice.

## Remuneration philosophy

The Company recognises the pivotal role that employees play in its success. Accordingly, it seeks to attract and retain high-calibre individuals and to reward them equitably with the emphasis on incentives to reward performance and aid retention.

## Remuneration policies

Remuneration levels and benefit compositions are dictated, to a great extent, by the outcomes of collective bargaining processes in the regions within which the Company operates in respect of the vast majority of the Company's employees.

Remco determines and applies remuneration policies in respect of the directors and members of the Executive Committee ("Exco") as well as providing direction on Group remuneration principles.

Remuneration policies are aimed at ensuring the attainment of the Company's strategic objectives, thus aligning the interests of executives with those of shareholders. The Company aims to set guaranteed remuneration at the median of the market with short- and long-term incentives rewarding performance at Company, operating unit and individual levels.

Remuneration of executives comprises three elements: guaranteed remuneration, short-term incentives and long-term incentives. The targeted reward mix is currently as follows:

	Guaranteed remuneration	Short-term incentives	Long-term incentives
Chief Executive Officer	50%	15%	35%
Chief Financial Officer	53%	16%	31%
Chief Operating Officer	55%	17%	28%
Other executives	59%	18%	23%

Guaranteed remuneration is the total cost to Company excluding statutory imposts. It includes Company contributions to retirement funds. Guaranteed remuneration is benchmarked using the PwC Remchannel Remuneration Survey. The latest benchmarking confirms that the executive directors and members of Exco, on average, are paid around the median for their respective positions.

Short-term incentives take the form of an incentive scheme in respect of which incentives are paid half-yearly. The scheme applies to senior corporate staff as well as the executive teams at each operation. At the executive level, the targeted annual incentive is 30% of guaranteed remuneration with a cap of 60% for exceptional performance. Operational targets are based on the Company's operational plan which has been approved by the Board. Individual targets are approved by Exco in respect of the operations, by the CEO in respect of Exco members and by Remco in respect of the CEO. Remco approves the payment of incentives to the executive directors and the members of Exco.

The target categories and their respective weightings are as follows:

	Line and technical executives	Other executives
Safety, health, environment, communities	30%	10%
Production, costs, quality and capital expenditure	30%	40%
Personal projects	40%	50%

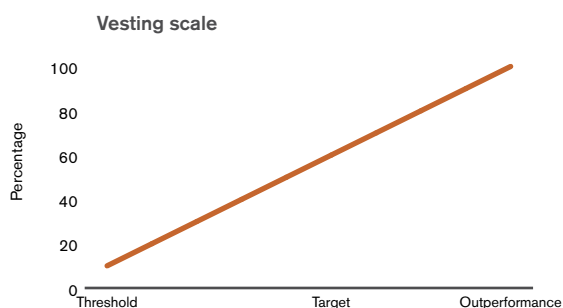
For the 12 months ended December 2010, the incentive bonuses earned by the executives were as follows:

	Incentives earned as % of guaranteed remuneration
Chief Executive Officer	32%
Chief Financial Officer	34%
Members of Exco	32%

Remco approved a special incentive payment to all corporate office staff in April 2010 in recognition of the work done in the restructuring and recapitalisation of the Group. The amounts paid to executives are included in the performance incentives column in the executive remuneration table on page 78.

Long-term incentives are in the form of participation in the Company's Share Incentive Scheme. The objective of this scheme is to align the interests of management with those of shareholders through the grant of options or share appreciation rights. It is the intention of the Remco to make allocations to managers in the Paterson E Band and above and to selected middle managers or specialists in the D Band. In terms of the scheme submitted to shareholders for approval at this year's annual general meeting, such options or rights will be granted annually at the discretion of the Remco, will cliff vest after three years and will have a life of seven years.

The vesting of options or share appreciation rights will be dependent on the achievement of performance criteria set by the Remco at the time of each grant. Given the volatility of commodity prices and the Rand exchange rate, absolute performance measures such as earnings per share or return on capital were considered inappropriate by the Remco. Comparison with a peer group's total shareholder return over the measurement period is not practical in the absence of an appropriate peer group. The Remco has accordingly determined that the performance criteria over the three-year measurement period shall initially comprise the following metrics: production performance (40%), safety performance (30%) and mineral reserve enhancement on a per share basis (30%). The targets will be set by the Remco based on operational plans approved by the Board and will be measured over a three-year period. The Remco intends to apply a vesting scale as depicted in the following graph:



It is proposed to further align the interests of executives with those of shareholders by encouraging managers in the Paterson E Band to acquire shares in the Company using their own money. In terms of the Deferred Bonus Plan, to be proposed to shareholders at this year's annual general meeting, such executives will be able to utilise up to 50% of their after-tax incentive to acquire shares in the Company. Should the executive retain the shares for a period of three years and still be in service at that point, the Company will match the shares then held. As the maximum quantum of the initial allocation is determined by the performance of the executive in terms of the short-term incentive scheme, no further performance conditions are attached to the matching of the shares held at the vesting date.

Further details on the proposed scheme and proposed plan are set out on pages 134 and 135.

In order to ensure business continuity following the extensive reconstitution of the Board and executive management in early 2009, the Remco offered retention incentives to certain key executives. These were formalised during the period under review and are payable in four equal instalments in 2010, 2011, 2012 and 2013. The first payments were made during the review period and are shown under "Other benefits" in the executive remuneration table on page 78.

### Non-executive directors' remuneration

The fees for non-executive directors were last approved by shareholders effective 1 July 2009. Since that time the fees paid have been benchmarked against other mid-cap companies primarily in the mining sector. Based on the benchmark data for 2009 and 2010 the following fees are proposed for approval by shareholders:

## Remuneration report

continued

	Effective 1 July 2010		Effective 1 July 2011	
	Annual fee	Attendance fee per meeting	Annual fee	Attendance fee per meeting
Chairman	R800 000	R16 500	R840 000	R17 500
Board member	R105 000	R16 500	R112 000	R17 500
Subcommittee Chairmen		R10 000		R10 500
Subcommittee members		R7 000		R7 500

It should be noted that to comply with the requirements of King III and the JSE Listings Requirements, non-executive directors are not being granted share options with effect from 2010. These options were previously an integral part of their remuneration packages. During the ensuing year the Remco will be examining methods in addition to benchmarking to determine appropriate remuneration for non-executive directors.

The remuneration paid to non-executive directors for the 18 months ended 31 December 2010 is reflected in the table below:

All figures (R000)	Directors' remuneration for the 18 months ended 31 December 2010	Directors' remuneration for the 12 months ended 30 June 2009
R Still	1 333	950
A Barrenechea	300	155
H Hickey <sup>1</sup>	106	–
J Hopwood <sup>2</sup>	100	–
N Kgositile <sup>3</sup>	253	–
A Laughland <sup>4</sup>	40	200
V Mabuza <sup>5</sup>	317	–
P Molapo <sup>6</sup>	79	–
L Paton <sup>7</sup>	332	85
<b>Total</b>	<b>2 860</b>	<b>1 390</b>

<sup>1</sup>Appointed 20 May 2010.

<sup>2</sup>Deceased 19 March 2010.

<sup>3</sup>Appointed 11 August 2009.

<sup>4</sup>Retired 31 October 2009.

<sup>5</sup>Appointed 11 August 2009.

<sup>6</sup>Appointed 19 August 2010.

<sup>7</sup>Appointed 20 January 2009.

All the non-executive directors have appointment contracts with the Company. Their appointments are made in terms of the Company's Articles of Association and are confirmed initially at the first annual general meeting of shareholders following their appointment, and thereafter at three-yearly intervals.

### Executive directors' remuneration

The following table sets out the remuneration paid to executive directors for the 18 months ended 31 December 2010:

All figures (R000)	Salary	Retirement contributions	Total guaranteed remuneration	Performance incentives	Other benefits*	Share-based payments	Total
T Goodlace	4 384	823	5 207	1 894	–	–	7 101
M Smith	2 564	313	2 877	1 205	895	–	4 977
<b>Total</b>	<b>6 948</b>	<b>1 136</b>	<b>8 084</b>	<b>3 099</b>	<b>895</b>	<b>–</b>	<b>12 078</b>

\*Other benefits are retention payments referred to in the text.

The following table sets out the remuneration paid to executive directors for the 12 months ended 30 June 2009:

All figures (R000)	Salary	Retirement contributions	Total guaranteed remuneration	Performance incentives	Other benefits*	Share-based payments	Total
T Goodlace <sup>1</sup>	951	92	1 043	–	–	–	1 043
M Smith <sup>2</sup>	1 551	130	1 681	500	–	383	2 564
Total	2 502	222	2 724	500	–	383	3 607

<sup>1</sup>Appointed director 1 March 2009.

<sup>2</sup>Appointed director 20 January 2009.

Both executive directors and all members of Exco have employment contracts with the Company. These are of indefinite duration with provision for retirement at age 60 and three-month notice periods on both sides. These contracts will be reviewed by the Remco during 2011 to ensure compliance with King III.

### Share incentive schemes

The Company currently has two incentive schemes in operation. The 1997 Scheme is a deferred settlement scheme in terms of which no allocations have been made since October 2004. The 2005 Scheme has been operative in respect of all allocations made after October 2004. The scheme provides for pure vanilla options which vest over periods varying from one to five years. Options have a 10-year life. No further allocations are to be made in terms of this scheme.

In order to comply with the JSE Listings Requirements and King III, shareholders will be asked to approve a new scheme at the forthcoming annual general meeting. The 2011 Scheme provides for vanilla options as well as for share appreciation rights, the latter being introduced to reduce the dilution effect of straight share options. Both the options and the rights will cliff vest after three years and will have maximum lives of seven years. Vesting of options and the rights will be dependent on the participant being in service on the vesting date and the fulfilment of performance conditions over the three-year period as set out above.

Shareholders will also be asked to approve a Deferred Bonus Plan in terms of which selected executives will be given the opportunity to allocate up to 50 percent of their after-tax short-term incentive to acquire bonus shares. These shares will be acquired in the market and will be held in escrow on behalf of the participant. These bonus shares will rank *pari passu* with the Company's ordinary shares ensuring that the interests of the participants are aligned with the interests of shareholders. In order to assist in the retention of the services of the executive concerned, the Company will undertake to match the bonus shares still held by the participant three years after such shares were offered to the participant provided the participant is still in the employment of the Group at that date.

The total number of shares which may be allocated in terms of the 2011 Scheme and the 2011 Plan as well as the legacy schemes is 75 169 725 (seventy-five million, one hundred and sixty-nine thousand, seven hundred and twenty-five) shares. This is equivalent to 7,5% of the current issued share capital of the Company. As at 31 December 2010, there were 33,9 million options outstanding in terms of the legacy schemes of which 26,1 million options were unvested.

The details of the proposed new scheme and proposed plan are set out on pages 134 and 135.

The following table sets out the share options held by directors as at 31 December 2010:

Name	Options held	Average strike price
T Goodlace	5 000 000	R1,28
M Smith	2 286 000	R3,80
A Barrenechea	325 000	R11,66
R Still	325 000	R11,66

The detailed breakdown of the share option holdings of directors, as well as transactions during the review period, is set out on page 111.

## Group statement of comprehensive income

	Notes	18 months December 2010 R000	12 months June* 2009 R000
<b>Revenue</b>			
Mineral sales			
Copper		3 540 602	866 407
Cobalt		1 015 319	70 677
Gross revenue		4 555 921	937 084
Realisation costs		595 192	184 258
On-mine revenue		3 960 729	752 826
Cost of production	2	2 699 153	750 367
Mining profit		1 261 576	2 459
Other income	4	233 063	142 750
Amortisation of deferred hedge premium		(88 190)	–
Impairments	5	–	(2 273 429)
Held-for-sale assets, net of tax	31	(32 505)	166 897
Discontinued operations	31	(23 549)	(438)
Finance income	6	23 427	6 945
Finance costs	6	(121 609)	(5 881)
Profit/(loss) before taxation	7	1 252 213	(1 960 697)
Income tax expense/(credit)	8	285 790	(420 253)
Profit/(loss) for the period from continuing and discontinuing operations		966 423	(1 540 444)
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations		(926 610)	(313 084)
Effect of cash flow hedges		(52 111)	160 760
Total other comprehensive income for the period		(978 721)	(152 324)
<b>Profit attributable to:</b>			
Equity holders of the parent		836 827	(1 507 218)
Non-controlling interest		129 596	(33 226)
		966 423	(1 540 444)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		(1 020 245)	(113 830)
Non-controlling interest		41 524	(38 494)
		(978 721)	(152 324)
<b>From continuing and discontinuing operations:</b>			
Basic earnings (loss) per share (cents)	9	96,3	(272,4)
Diluted earnings (loss) per share (cents)	9	95,3	(272,4)
<b>From continuing operations:</b>			
Basic earnings (loss) per share (cents)	9	99,0	(272,3)
Diluted earnings (loss) per share (cents)	9	98,0	(272,3)

\*Re-presented for assets held-for-sale (Vergenoeg Mining Company (Pty) Limited).

# Group statement of financial position

	Notes	31 December 2010 R000	30 June 2009 R000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	3 205 840	3 467 738
Mineral rights	11	1 266 049	1 367 689
Goodwill	12	11 514	11 514
Investments	13	75 154	79 718
Derivative financial instrument	25	–	94 942
Rehabilitation trust fund	20	6 364	779
		<b>4 564 921</b>	<b>5 022 380</b>
<b>Current assets</b>			
Inventories	14	330 932	264 051
Trade and other receivables	15	537 475	447 628
Current tax assets		15 115	6 194
Bank balances and cash	23	436 838	73 553
		<b>1 320 360</b>	<b>791 426</b>
Assets held-for-sale	31	41 296	1 078 229
		<b>5 926 577</b>	<b>6 892 035</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	16	100 052	74 255
Share premium	16	3 840 809	2 979 136
Hedging and translation reserve	17	(1 298 591)	(319 870)
Retained earnings		718 698	(118 129)
Share option reserve		69 241	47 586
Equity reserve		(100 022)	(117 300)
Assets held-for-sale		2 344	(146 219)
Equity attributable to equity holders of parent		<b>3 332 531</b>	<b>2 399 459</b>
<b>Non-controlling interest</b>	18	105 225	457 208
		<b>3 437 756</b>	<b>2 856 667</b>
<b>Non-current liabilities</b>			
Long-term borrowings	19	504 730	1 415 563
Long-term provisions	20	143 884	179 486
Deferred tax liabilities	21	573 658	469 292
Post-retirement medical aid	22	1 995	1 824
Derivative financial instruments	25	60 285	–
		<b>1 284 552</b>	<b>2 066 165</b>
<b>Current liabilities</b>			
Trade and other payables	24	411 579	557 831
Short-term borrowings	19	347 814	695 604
Short-term provisions	20	25 929	35 065
Bank overdraft	23	–	54 323
Derivative financial instruments	25	317 254	230 240
Taxation		28 319	29 999
		<b>1 130 895</b>	<b>1 603 062</b>
Liabilities held-for-sale	31	73 374	366 141
		<b>5 926 577</b>	<b>6 892 035</b>
Net asset value per share (cents)		333	323
Net tangible asset value per share (cents)		331	322

## Group statement of cash flows

		18 months December 2010 R000	12 months June 2009 R000
	Notes		
<b>CASH INFLOWS FROM OPERATING ACTIVITIES</b>			
		771 439	121 602
Cash generated by operations	A	1 021 510	465 997
Dividends paid		(8 263)	(108 224)
Taxation paid		(143 626)	(236 421)
Finance income		23 427	7 871
Finance costs		(121 609)	(7 621)
<b>CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>			
		(56 028)	(1 393 693)
Additions to property, plant and equipment and mineral rights		(864 734)	(1 381 650)
Proceeds on disposal of property, plant and equipment		-	1 162
Proceeds on disposal of shares in subsidiary	32	936 046	-
Increase in investments		-	(13 205)
Movement in AHFS/discontinued operations		(127 340)	-
<b>CASH (OUTFLOW)/INFLOWS FROM FINANCING ACTIVITIES</b>			
		(270 003)	1 191 426
Borrowings raised		-	513 475
Borrowings repaid		(1 157 473)	(26 576)
Shares issued		887 470	704 527
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		445 408	(80 665)
Cash and cash equivalents at the beginning of the period	23	19 230	101 331
Effect of foreign exchange rate changes		(20 749)	(1 436)
Disposals of Vergenoeg Mining Company (Pty) Limited		(7 051)	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			
	B	436 838	19 230
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD - DISCONTINUING OPERATIONS</b>			
		-	23 191
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD - CONTINUING AND DISCONTINUING OPERATIONS</b>			
		436 838	42 421

## Notes to the Group statement of cash flows

	18 months December 2010 R000	12 months* June 2009 R000
<b>A RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED BY OPERATIONS</b>		
Profit/(loss) before taxation	1 252 213	(1 921 229)
Adjusted for:	290 031	2 321 365
(Profit)/loss for the year from subsidiary sold/discontinued operations/assets held-for-sale	(375 436)	76 409
Deferred put premium	88 190	–
Net profit on hedgebook close-outs	–	(169 598)
Loss/(profit) on disposal of mining assets	1 774	(914)
Share option costs	22 569	20 055
Net finance costs/(income)	98 182	(250)
Impairments	–	2 273 429
Depreciation	454 752	122 234
Operating profit before working capital changes	1 542 244	400 136
Working capital changes	(520 734)	65 861
(Increase)/decrease in inventories	(141 750)	13 348
(Increase)/decrease in trade and other receivables	(233 082)	43 067
(Decrease)/increase in trade and other payables and provisions	(145 902)	9 446
Cash generated by operations	1 021 510	465 997
<b>B CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	436 838	73 553
Bank overdraft	–	(54 323)
	436 838	19 230

\*Not re-presented for assets held-for-sale (VMC).

## Group statement of changes in equity

	Share capital R000	Share premium R000	Foreign exchange translation reserve R000	
<b>Balance at 30 June 2009</b>	74 255	2 979 136	(237 085)	
Issue of shares, net of costs	25 971	861 673		
Share option scheme	(174)			
Profit for the period				
Other comprehensive loss for the period			(926 610)	
Disposal of subsidiaries/assets held-for-sale				
Recognition of share-based payments				
Distributions to non-controlling interests				
<b>Balance at 31 December 2010</b>	100 052	3 840 809	(1 163 695)	
<b>Balance at 30 June 2008</b>	36 917	2 292 746	75 999	
Issue of shares, net of costs	37 338	686 390		
Share option scheme				
Loss for the period				
Other comprehensive loss for the period			(313 084)	
Disposal of subsidiaries/assets held-for-sale				
Recognition of share-based payments				
Distributions to non-controlling interests				
<b>Balance at 30 June 2009</b>	74 255	2 979 136	(237 085)	

	Hedging reserve R000	Equity reserve R000	Share option reserve R000	Retained earnings R000	Equity attributable to equity holders of parent R000	Equity attributable to assets held-for-sale R000	Non- controlling interest R000	Total equity R000
	(82 785)	(117 300)	47 586	(118 129)	2 545 678	(146 219)	457 208	2 856 667
					887 644			887 644
					(174)			(174)
				836 827	836 827		129 596	966 423
(52 111)					(978 721)		(41 524)	(1 020 245)
		17 278	(1 729)		15 549	148 563	(431 792)	(267 680)
			23 384		23 384			23 384
					–		(8 263)	(8 263)
	(134 896)	(100 022)	69 241	718 698	3 330 187	2 344	105 225	3 437 756
	(243 545)	(117 300)	21 797	1 389 089	3 455 703	(5 599)	683 570	4 133 674
					723 728			723 728
				(1 507 218)	(1 507 218)		(33 226)	(1 540 444)
160 760					(152 324)		38 494	(1 113 830)
					–	(140 620)	(123 406)	(264 026)
			25 789		25 789			25 789
					–		(108 224)	(108 224)
	(82 785)	(117 300)	47 586	(118 129)	2 545 678	(146 219)	457 208	2 856 667

# Notes to the Group annual financial statements

## 1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Group and Company financial statements are set out below. Accounting policies that refer to "consolidated or Group", apply equally to the Company financial statements where relevant.

### Basis of preparation

The annual financial statements have been prepared under the historical-cost basis, except for certain financial instruments which are stated at fair value, and in accordance with International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB"), the AC 500 standards as issued by the Accounting Practices Board, requirements of the South African Companies Act 1973, as amended, and regulations of the JSE Limited. The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous period; 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 re-presented for Vergenoeg Mining Company (Pty) Limited ("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 period treatment.

### New and revised International Financial Reporting Standards not yet adopted

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

IFRS 2	Share-based Payments
IFRS 3	Business Combinations
IFRS 5	Non-current Assets Held-for-Sale and Discontinued Operations
IFRS 8	Operating Segments (new)
IFRS 9	Financial Instruments – replacement of IAS 39
IAS 16	Property, Plant and Equipment
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 23	Borrowing Costs
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 29	Financial Reporting in Hyperinflationary Economies
IAS 31	Interest in Joint Ventures
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 16	Hedges of a Net Investment in a Foreign Operation (new)
IFRIC 17	Distributions of Non-cash Assets to Owners (new)
IFRIC 18	Transfers of Assets from Customer (new)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

### Critical accounting estimates and judgements

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

## 1. ACCOUNTING POLICIES (continued)

### Judgements made by management

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

- In applying IFRS 5, *Non-current Assets Held-for-Sale and Discontinued Operations*, management had to make judgements as to which non-current assets and discontinued operations fall within the scope of the standard and had to be reclassified and measured in terms of IFRS 5 (refer to note 31).
- In applying IFRS 2, *Share-based Payments*, management had to make certain judgements in respect of the fair value option-pricing models to be used in determining the various share-based arrangements in respect of employees, as well as the variable elements used in these models (refer to note 30).
- In applying IFRIC 4, *Determining whether an Arrangement contains a Lease*, and IAS 17, *Leases*, contractual agreements were assessed to determine whether they convey the right to use an asset and their classification as either an operating or finance lease.
- Estimates made in determining the present obligation of environmental provisions including decommissioning and rehabilitation.
- Estimates made in determining the recoverable amount of assets where there is an indication that an asset may be impaired, this includes the estimation of cash flows and the discount rates used.
- Estimates made in determining the probability of future taxable income thereby justifying the recognition of a deferred tax asset.
- Estimates made in determining changes in the estimated useful lives of assets and their residual values.
- Estimates made in determining the life of the mines.
- Estimates made in the valuation of mineral rights.
- Estimates made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted.
- Estimates made of contingent liabilities disclosed.
- Estimates of Mineral Resources and Ore Reserves in accordance with the SAMREC code (2000) for South African properties. Such estimates relate to the category for the Resource (Measured, Indicated or Inferred), the quantum and the grade.

### 1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) to 31 December (previous years to 30 June) each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

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

Intercompany transactions and balances between Group entities are eliminated on consolidation.

### 1.2 Business combinations

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

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

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

# Notes to the Group annual financial statements

## continued

### 1. ACCOUNTING POLICIES (continued)

#### 1.3 Property, plant and equipment

##### 1.3.1 Mining assets

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

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

##### 1.3.2 Mineral and surface rights

Mineral and surface rights are recorded at cost of acquisition.

##### 1.3.3 Land

Land is shown at cost and is not depreciated.

##### 1.3.4 Gain or loss on disposal or retirement of assets

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

##### 1.3.5 Mine development and deferred waste stripping

###### *Mine development costs*

Mine development costs are capitalised and amortised over the life of the pit using the units of production method.

Mine development costs consist of the establishment of access to deposits, preparation for commercial production including permanent excavations, roads, tunnels and advanced removal of overburden and waste rock.

###### *Deferred waste stripping costs*

Normalised waste stripping costs will be recognised as an expense during the period in which they are incurred and will not be deferred.

Waste stripping costs that are incurred on overburden stripping, where the strip ratio exceeds the average strip ratio of the life of the pit by more than 25 percent, will be capitalised as mine development costs.

#### 1.4 Depreciation

##### 1.4.1 Depreciation of mining assets and mineral and surface rights

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

The assets of the underlying mines are depreciated over the following periods effective 1 July 2009:

Consolidated Murchison Mine	Impaired
Chibuluma South	±7 years
Ruashi	±15 years
Sable	±10 years

Other mining plant and equipment is depreciated on the straight-line basis over the shorter of the life of the mine or its estimated useful life.

##### 1.4.2 Depreciation of non-mining assets

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

##### 1.4.3 Mining exploration

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

#### 1.5 Impairment (except for goodwill)

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

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

## 1. ACCOUNTING POLICIES (continued)

### 1.6 Goodwill

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

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

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

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

### 1.7 Taxation

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

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

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

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

### 1.8 Provisions

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

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

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

### 1.9 Foreign currencies

Transactions in currencies other than Rand are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling at the reporting date. Profits and losses arising on exchange are dealt within the statement of comprehensive income.

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

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

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

# Notes to the Group annual financial statements

## continued

### 1. ACCOUNTING POLICIES (continued)

#### 1.10 Borrowing costs

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

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

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

#### 1.11 Consumable stores and product inventories

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

#### 1.12 Retirement benefits

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

#### 1.13 Post-retirement benefits other than pension

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

#### 1.14 Equity participation plan

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 30.

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

#### 1.15 Provision for environmental rehabilitation costs

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

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

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

#### 1.16 Provision for closure costs

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

#### 1.17 Revenue recognition

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

Copper products are sold under pricing arrangements where final prices are set at a specified date based on market prices. Revenue is recognised using the average LME cash settlement price over the agreed customer quotation period. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in the copper market prices are accounted for as adjustments to revenue.

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

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

## 1. ACCOUNTING POLICIES (continued)

### 1.18 Financial assets

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

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

#### Effective interest method

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

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

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

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 25.

#### Loans and receivables

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

#### Impairment of financial assets

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

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

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

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

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

# Notes to the Group annual financial statements

## continued

### 1. ACCOUNTING POLICIES (continued)

#### 1.18 Financial assets (continued)

##### **Impairment of financial assets (continued)**

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

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

##### **Derecognition of financial assets**

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

##### **Financial liabilities and equity instruments issued by the Group**

##### **Classification as debt or equity**

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

##### **Equity instruments**

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

##### **Financial liabilities**

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

##### **Financial liabilities at FVTPL**

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

A financial liability is classified as held for trading if:

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

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

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

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 25.

##### **Other financial liabilities**

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

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

##### **Derecognition of financial liabilities**

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

## 1. ACCOUNTING POLICIES (continued)

### 1.19 Derivative financial instruments

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

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

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

#### Hedge accounting

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

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

Note 25 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity.

#### Fair value hedge

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

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

#### Cash flow hedge

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

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

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

# Notes to the Group annual financial statements

continued

## 1. ACCOUNTING POLICIES (continued)

### 1.20 Leases

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

### 1.21 Non-current assets held-for-sale

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

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

### 1.22 Cash and cash equivalents

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

### 1.23 Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); and
- for which discrete financial information is available.

	18 months December 2010 R000	12 months June 2009 R000
<b>2. COST OF PRODUCTION</b>		
Mining	358 316	89 300
Salaries and wages	347 962	149 810
Processing	1 021 684	156 638
Engineering and technical	230 950	119 527
Administration	280 148	82 305
Inventory movement	5 341	43 990
Depreciation	454 752	108 797
	<b>2 699 153</b>	<b>750 367</b>
<b>3. OPERATING LEASES</b>		
At the reporting date, the Group had outstanding commitments under non-cancellable operating leases mainly in respect of office equipment, security cameras, building rentals and compressors, which fall due as follows:		
Within one year	5 090	3 390
Years 2 to 5	17 487	3 212
	<b>22 577</b>	<b>6 602</b>
<b>4. OTHER INCOME</b>		
Profit on Ruashi hedgebook close-out	–	210 954
Foreign exchange (losses)/gains	(4 226)	20 126
Profit on disposal of subsidiaries/assets	429 748	446
Share option expense	(22 569)	(18 248)
Rehabilitation expense	(7 277)	(9 040)
Royalties	(183 880)	(20 410)
Sundry other income/(cost)	21 267	(41 078)
	<b>233 063</b>	<b>142 750</b>
<b>5. IMPAIRMENTS</b>		
It is Group policy to annually assess assets for impairment. Following this review, the Group impairment charge before taxation and minorities amounted to nil (2009: R2,3 billion).		
This charge is made up as follows:		
CRC	–	1 720 247
Ruashi phase I project	–	216 025
Cons Murch	–	124 477
PAR	–	57 575
Other	–	155 105
	<b>–</b>	<b>2 273 429</b>

# Notes to the Group annual financial statements

continued

	18 months December 2010 R000	12 months June 2009 R000
<b>6. FINANCE (COSTS)/INCOME</b>		
Interest received	23 427	6 945
Interest paid	(121 609)	(114 270)
Less: Borrowing costs capitalised	–	108 389
Net finance (costs)/income	(98 182)	1 064
<b>7. PROFIT/(LOSS) BEFORE TAXATION</b>		
Is stated after charging:		
Audit fee		
– current period	3 487	2 809
Other non-audit services	704	215
Retirement benefit costs	11 870	5 896
Operating leases and rentals		
– equipment and buildings	9 054	2 989
Exploration expenditure	–	1 488
<b>8. INCOME TAX EXPENSE/(CREDIT)</b>		
SA normal taxation		
– current period	24 584	(7 740)
– prior period	(93)	(413)
Foreign normal taxation		
– current period	116 829	3 570
– prior period	6 419	–
Deferred taxation		
– current period	139 246	(415 638)
– prior period	(1 195)	(32)
Total taxation charge/(credit) – continuing operations	285 790	(420 253)
Profit/(loss) before taxation	1 252 213	(1 960 697)
Less: Held-for-sale assets, net of tax and discontinuing operations	56 054	(305 946)
Total profit/(loss) before taxation – continuing operations	1 308 267	(2 266 643)
Taxation at the domestic taxation rate of 28%	366 315	(634 660)
Under/(over)provision – prior period	5 131	(445)
Non-deductible expenses	21 054	7 203
Deferred tax asset not recognised	(42 077)	203 813
Taxation rate differentials	(64 471)	3 836
Other	(162)	–
Taxation expense/(credit) for the period – continuing operations	285 790	(420 253)
Effective taxation rate for the period – continuing operations (%)	21,8	18,5
Unredeemed capital expenditure available	1 779 028	1 316 749
Losses available for future taxable income set off	1 368 607	1 997 688

Note: The Chibuluma variable taxes and historic windfall taxes have been recorded as a receivable from the Government of the Republic of Zambia ("GRZ") against the taxation account. As at 31 December 2010, this receivable amounted to US\$9,7 million. The Group maintains that these taxes are in excess of those permitted under the Development Agreement signed in 1997 ("DA"). 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 would have increased by R64 million had the Chibuluma taxes been accrued in accordance with the new tax regime. The effective Chibuluma tax rate would increase to an effective rate of 42 percent of taxable income under the proposed regime.

## 9. EARNINGS/(LOSS) PER SHARE AND HEADLINE EARNINGS PER SHARE

### Earnings/(loss) per share ("EPS")

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

	18 months December 2010			12 months June 2009		
	Net profit R000	Shares (000)	Per share (cents)	Net loss (R000)	Shares (000)	Per share (cents)
<b>From continuing and discontinued operations</b>						
Basic EPS	836 827	868 982	96,3	(1 507 218)	553 349	(272,4)
Share options	-	9 310	(1,0)	-	-	-
Diluted EPS	836 827	878 292	95,3	(1 507 218)	553 349	(272,4)
<b>From continuing operations</b>						
Basic EPS – as above	836 827	868 982	96,3	(1 507 218)	553 349	(272,4)
Discontinued operations	23 549	-	2,7	438	-	0,1
Basic EPS	860 376	868 982	99,0	(1 506 780)	553 349	(272,3)
Share options	-	9 310	(1,0)	-	-	-
Diluted EPS	860 376	878 292	98,0	(1 506 780)	553 349	(272,3)
<b>Headline earnings per share</b>						
Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the period.						
<b>Reconciliation between earnings and headline earnings from continuing and discontinued operations</b>						
Earnings/(loss) as reported	836 827	868 982	96,3	(1 507 218)	553 349	(272,4)
Adjustments						
– Discontinued operations	23 549	-	2,7	438	-	-
– Profit on sale of fixed assets and subsidiaries, net of tax	(381 323)	-	(43,9)	(431)	-	-
– Impairments	-	-	-	2 273 429	-	410,8
– Tax on impairments	-	-	-	(474 642)	-	(85,8)
– Minorities on impairments	-	-	-	(159 230)	-	(28,7)
Headline earnings per share	479 053	868 982	55,1	132 346	553 349	23,9
Share options	-	9 310	(0,6)	-	-	-
Diluted headline earnings per share	479 053	878 292	54,5	132 346	553 349	23,9
<b>Adjusted headline earnings per share</b>						
Adjusted headline earnings per share are based on the Group's adjusted headline earnings, which represent recurring earnings divided by the weighted average number of shares in issue during the period.						
Headline earnings per share	479 053	868 982	55,1	132 346	553 349	23,9
Adjustments						
– Ruashi hedge profit, net of tax and minorities	-	-	-	(118 134)	-	(21,3)
– Ruashi deferred put premium, net of tax and minorities	44 977	-	5,2	-	-	-
– Once-off deferred tax credit relating to AHFS	(42 077)	-	(4,8)	-	-	-
– AHFS, net of tax	32 505	-	3,7	(166 897)	-	(30,2)
– Non-controlling interest related to AHFS	5 740	-	0,7	105 851	-	19,1
Adjusted headline earnings/(loss) per share	520 198	868 982	59,9	(46 834)	553 349	(8,5)

# Notes to the Group annual financial statements

continued

	31 December 2010 R000	30 June 2009 R000
<b>10. DIVIDENDS</b>		
In view of the Group's near-term growth strategy, the Board considers it inappropriate to declare a dividend for the 18 months ended 31 December 2010 (2009: nil).		
<b>11. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS</b>		
<b>Land</b>		
Cost and net book value	33 010	6 292
<b>Buildings and infrastructure</b>		
Cost	113 500	84 631
Accumulated depreciation and impairments	44 751	52 249
Net book value	68 749	32 382
<b>Plant, machinery and shafts</b>		
Cost	3 487 223	1 228 867
Accumulated depreciation and impairments	948 428	794 248
Net book value	2 538 795	434 619
<b>Other</b>		
Cost	304 223	275 974
Accumulated depreciation and impairments	77 004	47 531
Net book value	227 219	228 443
<b>Capital work in progress</b>		
Cost	338 067	2 766 002
Accumulated depreciation and impairments	-	-
Net book value	338 067	2 766 002
<b>Property, plant and equipment</b>		
Aggregate cost	4 276 023	4 361 766
Aggregate accumulated depreciation and impairments	1 070 183	894 028
<b>Aggregate net book value</b>	<b>3 205 840</b>	<b>3 467 738</b>
<b>Mineral rights</b>		
Cost	3 079 730	3 247 877
Accumulated depreciation and impairments	1 813 681	1 880 188
Net book value	1 266 049	1 367 689
<b>Property, plant, equipment and mineral rights</b>	<b>4 471 889</b>	<b>4 835 427</b>

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

2010	Balance	Balance	Foreign					Transfer**	Depreciation
	31 December	30 June	Transfers	Additions	Disposals	translation	to AHFS		
	2010	2009							
	R000	R000	R000	R000	R000	R000	R000	R000	
<b>11. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS</b>									
(continued)									
Group									
Land*	33 010	6 292	-	37 092	-	(4 097)	(6 277)	-	
Buildings and infrastructure	68 749	32 382	36 869	18 002	(393)	(4 311)	(3 006)	(10 794)	
Plant, machinery and shafts	2 546 776	434 619	2 308 808	227 388	2 299	(38 360)	(52 562)	(335 416)	
Other	227 219	228 443	30 423	58 317	(80)	(28 750)	(20 267)	(40 867)	
Capital work in progress	338 067	2 766 002	(2 342 685)	303 696	-	(388 946)	-	-	
Mineral rights	1 258 068	1 367 689	(33 415)	220 239	-	(202 481)	(26 289)	(67 675)	
Total	4 471 889	4 835 427	-	864 734	1 826	(666 945)	(108 401)	(454 752)	

\*\*This relates to Vergenoeg Mining Company (Pty) Limited which was disposed of during the 18-month period.

2009***	Balance	Balance	Foreign					Impairment	Depreciation
	30 June	30 June	Transfers	Additions	Disposals	translation	R000		
	2009	2008							
	R000	R000	R000	R000	R000	R000	R000	R000	
Group									
Land*	6 292	5 895	(1 854)	2 251	-	-	-	-	
Buildings and infrastructure	32 382	21 864	-	15 399	(9)	1 247	-	(6 119)	
Plant, machinery and shafts	434 619	605 512	-	110 771	-	55 080	(248 613)	(88 131)	
Other	228 443	172 706	1 854	69 493	(239)	(1 235)	-	(14 136)	
Capital work in progress	2 766 002	2 017 708	-	778 577	-	(30 283)	-	-	
Mineral rights	1 367 689	2 701 699	-	457 610	-	(37 481)	(1 740 291)	(13 848)	
Total	4 835 427	5 525 384	-	1 434 101	(248)	(12 672)	(1 988 904)	(122 234)	

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

\*\*\* Includes VMC, which is re-presented as asset held-for-sale in the current period.

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

# Notes to the Group annual financial statements

continued

	31 December 2010 R000	30 June 2009 R000
<b>12. GOODWILL</b>		
Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Goodwill is allocated as follows:		
<b>Cost</b>		
Balance at the beginning and end of the period	11 514	11 514
The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.		
The goodwill of R11,5 million (2009: R11,5 million) relates to the Metorex Group and has been assessed for impairment. Management deems no impairment necessary.		
The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, production and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pretax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.		
The Group prepares life-of-mine cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on certain production, price and cost estimates.		
<b>13. INVESTMENTS</b>		
Unlisted sundry investments at cost	18 583	16 648
Long-term prepayment – DRC power utility (note 13.1)	56 571	63 070
Cost and directors' valuation	75 154	79 718
<b>Note 13.1</b>		
A US\$-denominated loan provided to SNEL (a DRC state-owned power company) for the construction and commissioning of a high-voltage powerline and substation in the DRC. The loan generates interest at US one-month LIBOR plus two percent and is recoverable from the monthly tariff over a period of five years commencing from April 2011.		
<b>14. INVENTORIES</b>		
Consumable stores	211 093	169 072
Product inventories	119 839	94 979
	<b>330 932</b>	<b>264 051</b>
Inventory amounting to R11,8 million (2009: R35,2 million) is carried at net realisable value, and inventory to the value of R273 million (2009: R160 million) is pledged as security.		

	31 December 2010 R000	30 June 2009 R000
<b>15. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	343 188	326 761
Other receivables and prepayments	176 199	114 955
VAT receivable	18 088	5 912
	<b>537 475</b>	<b>447 628</b>
Ageing of amounts past due but not impaired		
The following provides an analysis of the amounts and number of days that trade debtors are past due:		
Less than 30 days	–	–
Between 31 – 60 days	–	9 757

The average credit period is 42 days (2009: 55 days). No interest is charged on the trade receivables.

There are no additional provisions for doubtful debt due to no amounts being past due at reporting date.

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

The fair value of trade receivables is not materially different from the carrying values presented. Certain Group companies have ceded their trade receivables as security for banking and overdraft facilities. As at period-end amounts totalling R343 million (2009: R144,1 million) included in receivables were pledged. Included in Group trade and other receivables are uncovered Dollar-denominated receivables of US\$52 million (2009: US\$33,3 million).

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

	31 December 2010 R000	30 June 2009 R000
<b>16. SHARE CAPITAL</b>		
<b>Authorised</b>		
1 500 000 000 (2009: 1 500 000 000) ordinary shares of 10 cents each	150 000	150 000
<b>Issued and fully paid</b>		
1 002 263 403 (2009: 742 538 403) ordinary shares of 10 cents each	100 226	74 255
<b>Treasury shares</b>	(174)	–
At period end, the Group held 1 741 600 ordinary shares, which were acquired through a subsidiary for the purposes of the Group's share incentive scheme.		
	<b>100 052</b>	<b>74 255</b>
<b>Capital raising</b>		
12 April 2010: 250 million shares at R3,60 per share in terms of a clawback offer to shareholders.		
<b>Share options</b>		
During the year, 8 million shares were issued at an average price of R3,99 per share in terms of the Metorex Share Incentive Scheme.		
<b>SHARE PREMIUM</b>		
Balance at the beginning of the year	2 979 136	2 292 746
Ordinary shares issued	883 040	727 381
Expenses written off against share premium	(21 367)	(40 991)
Balance at the end of the year	<b>3 840 809</b>	<b>2 979 136</b>

# Notes to the Group annual financial statements

continued

	31 December 2010 R000	30 June 2009 R000
<b>17. HEDGING AND TRANSLATION RESERVE</b>		
<b>Hedging reserve – note 17.1</b>	(134 896)	(82 785)
Foreign exchange translation reserve	(1 163 695)	(237 085)
	<b>(1 298 591)</b>	<b>(319 870)</b>
<b>Note 17.1</b>		
The hedging reserve includes the deferred put premium which relates 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 current period earnings include this non-cash amortisation charge of R88 million and this put premium amortisation charge will continue to June 2011.		
<b>18. NON-CONTROLLING INTEREST</b>		
Attributable to non-controlling interests at the beginning of the period	457 208	683 570
– current period	129 596	(33 226)
– acquisitions/equity conversion/disposals	(431 792)	(123 406)
Share in hedging reserve	(41 524)	38 494
Dividends	(8 263)	(108 224)
	<b>105 225</b>	<b>457 208</b>
<b>19. LONG-TERM BORROWINGS</b>		
<b>Term loans – note 19.1</b>	818 404	2 056 795
<b>Instalment finance, lease agreements and invoice discounting facility – note 19.2</b>	34 140	54 372
	<b>852 544</b>	<b>2 111 167</b>
Less: Repayable within the next 12 months from operating activities:		
– term loans	313 674	653 544
– instalment finance, lease agreements and invoice discounting facility	34 140	42 060
	<b>347 814</b>	<b>695 604</b>
Total current portion		
	<b>504 730</b>	<b>1 415 563</b>
Net long-term borrowings		
The Company's Articles of Association do not restrict the level of borrowings.		
<b>Note 19.1</b>		
<b>RUASHI</b>		
<b>Standard Bank</b>		
<b>ECIC facility</b>	458 287	1 040 217
US Dollar-denominated		
Interest: US six-month LIBOR plus 1,25% plus 0,13% rescheduling premium		
Repayable in seven semi-annual instalments – commencing 1 January 2011		
<b>Commercial facility</b>	109 850	252 723
US Dollar-denominated		
Interest: US six-month LIBOR plus 2,75% plus 0,13% rescheduling premium		
Repayable in five semi-annual instalments – commencing 1 January 2011		
<b>Cost overrun facility</b>		
US Dollar-denominated		
Interest: US Dollar six-month LIBOR plus 5%. Repayable in seven semi-annual instalments		
– commencing 31 December 2009	–	124 884

	31 December 2010 R000	30 June 2009 R000
<b>19. LONG-TERM LIABILITIES</b> (continued)		
<b>Note 19.1</b> (continued)		
<b>Security for Standard Bank facilities</b>		
– A pledge over all subsoil use rights, land use rights and assets and undertakings of Ruashi under DRC law, including project assets, assignment of rights under all material contracts as well as supply contracts, hedging agreement, offtake contracts and project contracts.		
– First ranking pledge over issued share capital of Ruashi Mining sprl held by Ruashi Holdings.		
– Assignment of insurance proceeds		
<b>Pre-offtake finance</b>	89 822	162 315
US Dollar-denominated		
Interest fixed at 4,68% per annum		
Repayable in 36 monthly instalments – first repayment commenced 31 January 2010.		
<b>Security for pre-offtake finance</b>		
Secured by Metorex guarantee which is subordinated to Standard Bank		
Term loan facility		
<b>Chibuluma Loan</b>	160 445	281 649
US Dollar-denominated		
Interest: US Dollar six-month LIBOR plus 3,85% secured by the underlying assets of Chibuluma.		
Repayable in nine semi-annual instalments – commenced on 30 September 2009.		
<b>Standard Bank – Metorex bridge loan</b>		
South African Rand-denominated		
Interest at JIBAR +7,5%	–	132 477
Facility repayable on or before 30 November 2009		
<b>ABSA Bank – Metorex short-term loan</b>		
South African Rand-denominated	–	57 005
Interest at the prime lending rate		
Facility repayable on or before 30 November 2009		
<b>Other</b>	–	5 525
<b>Note 19.2</b>		
<b>INSTALMENT FINANCE, LEASE AGREEMENTS AND INVOICE DISCOUNTING FACILITY</b>		
Secured by the underlying assets.		
Bears interest at an average rate of between 10% to prime less 2% (2009: 10,5% to prime less 2%).		
Repayable either monthly or quarterly within 36 or 48 months (2009: 36 or 48 months).	34 140	54 372

# Notes to the Group annual financial statements

continued

	31 December 2010 R000	30 June 2009 R000
<b>20. PROVISIONS</b>		
<b>Long-term provisions</b>		
Terminal benefits	–	14 106
Rehabilitation provision	141 138	149 950
Other	2 746	15 430
	143 884	179 486
<b>Current provisions</b>		
Terminal benefits	1 683	4 144
Rehabilitation provision	6 899	5 768
Leave pay and bonuses	7 089	8 844
Other	10 258	16 309
	25 929	35 065
<b>Total provisions</b>	169 813	214 551
Balance at the beginning of the period	214 551	196 097
Transfer from assets held-for-sale	4 697	–
Utilised during the period	(52 409)	(9 866)
Released during the period	(8 396)	(12 176)
Foreign currency translation	(32 270)	(12 434)
Provided during the period	43 640	52 930
Balance at the end of the period	169 813	214 551
<b>Terminal benefits</b>		
The terminal benefits provision represents the directors' estimate of the portion of the terminal benefits liability outstanding relating to the period of employment of certain employees of Chibuluma Mines plc.		
<b>Rehabilitation trust fund</b>		
The Group is exposed to environmental liabilities relating to its mining operations. Estimates of the cost of environmental and other remedial work such as reclamation costs, close-down and restoration and pollution control are made on an annual basis, based on the estimated life of the mine, following which payments are made to a South African rehabilitation trust set up as required by the Minerals Act and Regulations.		
The South African companies in the Group contribute, for their own account, to the Metorex Rehabilitation Trust Fund. A guarantee amounting to R25 million has been entered into with Lombard Insurance Company in favour of the DMR relating to the Consolidated Murchison division which is disclosed as an asset held-for-sale.		
Our Zambian and DRC operations comply with their respective environmental laws and regulations in Zambia and the DRC. In addition to the regulations, these operations contribute to an investment account held by a reputable banking institution with the intention of fully funding these liabilities.		
<b>Leave pay</b>		
The provision for leave pay is provided for, based on the total cost of employment of employees and the amount of leave days owing to them.		
<b>Rehabilitation trust fund</b>		
The balance of the environmental rehabilitation trust fund, which is represented by cash, was as follows:		
Balance at the beginning of the period	779	6 450
Transfer from assets held-for-sale	5 119	–
Withdrawals, net	–	(6 073)
Interest earned during the period	466	402
Balance at the end of the period	6 364	779

	31 December 2010 R000	30 June 2009 R000
<b>21. DEFERRED TAX</b>		
<b>21.1 Deferred tax liabilities</b>		
Recognised directly in profit and loss:		
Property, plant and equipment	900 272	878 015
Leave pay provision	(2 556)	(802)
Other provisions	(21 453)	(6 589)
Foreign exchange	(4 498)	(3 904)
Assessable tax losses	(410 149)	(547 496)
Other	99 235	150 068
Recognised directly in other comprehensive income:		
Other	12 807	
Net deferred tax liabilities	573 658	469 292
<b>Reconciliation of deferred tax liabilities</b>		
Net deferred tax liabilities at the beginning of the period	469 262	799 236
Deferred tax charge for the period	138 051	(410 360)
Deferred tax on equity loan included in non-distributable reserve	–	11 545
Translation difference	(25 388)	4 172
Subsidiaries disposed	(21 074)	–
Deferred tax raised on additional mineral rights and other	12 807	64 669
Net deferred tax liabilities at the end of the period	573 658	469 262
<b>21.2 Deferred tax asset</b>		
<b>Reconciliation of deferred tax asset</b>		
Net deferred tax asset at the beginning of the period	–	(1 354)
Deferred tax charge for the period	–	1 562
Translation difference	–	(208)
Net deferred tax asset at the end of the period	–	–
<b>Deferred tax asset not recognised</b>		
Property, plant and equipment, impairments and other	183 693	165 976
Assessable losses	7 057	37 837
	190 750	203 813
The following table shows the movement in the unrecognised deferred tax asset for the period:		
Opening balance	203 813	8 181
Net unrecognised deferred tax asset during the current period	(13 063)	195 632
Closing balance	190 750	203 813
<b>22. POST-RETIREMENT MEDICAL AID</b>		
The O'Okiep Copper Company Limited has a defined contribution post-retirement plan that provide certain healthcare benefits to eligible employees. Full provision is made for the liability and is based on internal assessments. The following table provides the changes in the obligation:		
Benefit obligation at the beginning of the period	1 824	1 599
Transferred from assets held-for-sale	2 330	–
Transferred out due to disposal	(1 824)	–
Interest cost	20	666
Benefits paid	(355)	(441)
Benefit obligation at the end of the period	1 995	1 824
Discount rate to estimate accumulated benefit (%)	10	12
Healthcare cost inflation (%)	10	12

# Notes to the Group annual financial statements

continued

	31 December 2010 R000	30 June 2009 R000
<b>23. GENERAL BANKING FACILITIES</b>		
Cash and bank balances	436 838	73 553
Bank overdraft	–	(54 323)
	<b>436 838</b>	<b>19 230</b>
The Group has the following overdraft facilities at period-end:		
Metorex Limited	9 000	39 000
Chibuluma Mines plc*	79 194	30 840
Copper Resources Corporation	–	10 685
Ruashi Mining sprl	–	3 858
Barberton Mines (Pty) Limited**	–	20 000
Vergenoeg Mining Company (Pty) Limited**	–	20 000
	<b>88 194</b>	<b>124 383</b>
The banking facilities are reviewed on an annual basis		
<i>*Secured by trade receivables.</i>		
<i>**Sold during the 18-month period.</i>		
<b>24. TRADE AND OTHER PAYABLES</b>		
Trade payables	306 483	423 249
Other payables	105 096	134 582
	<b>411 579</b>	<b>557 831</b>

The average credit period on the purchases of certain goods is 45 days. No interest is charged on overdue trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the preagreed credit terms.

## 25. FINANCIAL INSTRUMENTS

### 25.1 Capital risk management

The Group and Company manage their capital to ensure that they will be able to continue as a going concern with the ultimate objective of maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group is in a growth phase and strategically aims at rightsizing the scope of new projects to its financial means through a risk-based approach.

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

Management regularly reviews the capital structure of the Group.

The gearing ratio at year-end was as follows:

	31 December 2010 R000	30 June 2009 R000
Interest-bearing debt	852 544	2 111 167
Cash and cash equivalents	(436 838)	(19 230)
Net interest-bearing debt	415 706	2 091 937
Equity	3 437 756	2 856 667
Net debt-equity ratio (%)	12	73
<b>25.2 Categories of financial instruments</b>		
<b>Financial assets</b>		
Loans and receivables	995 130	516 058
Derivative instruments	–	94 942
<b>Financial liabilities</b>		
Amortised cost	1 292 442	2 753 320
Derivative instruments	377 539	230 240

Included in loans and receivables are accounts receivable which include the changes between the prices recorded upon initial recognition of copper products sold and the final price due to fluctuations in copper market prices. This is due to selling copper products under agreed pricing arrangements where final prices are set at a specified future date based on an agreed customer quotation period and market copper prices.

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.2 Categories of financial instruments (continued)

#### Credit risk

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

The Group's and Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on the current economic environment. The Group has no concentration of credit risk with any one customer. The Group's copper and cobalt sales are allocated between four customers, all of whom have a good track record with respect to settling invoices within the agreed terms.

The credit risk on liquid funds is limited because the counterparties are recognised banking institutions with high credit ratings.

	Less than R50 million R000	Greater than R50 million but less than R150 million R000	Total R000
The Group has the following amounts due from major customers. These customers represent more than 5% of the trade receivable balance for the individual companies.			
<b>2010</b>			
Copper/Cobalt	68 560	265 721	334 281
Total	68 560	265 721	334 281
<b>2009</b>			
Copper/Cobalt	139 591	81 400	220 991
Fluorspar	39 346	–	39 346
Total	178 937	81 400	260 337

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

#### Foreign currency and commodity price risk

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

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

#### Currency risk

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

	South African Rand R000	US Dollar R000	Total R000
<b>2010</b>			
Assets	376 371	966 740	1 343 111
Liabilities	104 506	1 635 419	1 739 925
<b>2009</b>			
Assets	1 863 454	742 039	2 605 493
Liabilities	790 485	2 678 326	3 468 811

# Notes to the Group annual financial statements

continued

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.2 Categories of financial instruments (continued)

#### Foreign currency sensitivity analysis

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

	2010 US Dollar		2009 US Dollar	
	R000 10% increase	R000 10% decrease	R000 10% increase	R000 10% decrease
Financial assets	96 674	(96 674)	74 204	(74 204)
Financial liabilities	163 542	(163 542)	286 713	(286 713)

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

#### Fair value of financial instruments

##### Foreign currency hedges – On the statement of financial position

Currency	Maturity	Amount US\$000	Average forward rate	Fair value profit/(loss) Rm
<b>2010</b>				
US Dollar	11 months	21 897	R7,74/US\$	(21,6)
Total assets				(21,6)
<b>2009</b>				
US Dollar	1 month	10 000	R8,14/US\$	(3,8)
US Dollar	1 month	8 054	R10,87/US\$	(24,6)
Total assets				(28,4)

#### Foreign currency sensitivity analysis

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

#### Commodity price risk

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

##### Commodity hedges – On the statement of financial position

Copper	Maturity	Volume (t)	Price (US\$/t)	Fair value profit/(loss) Rm
<b>2010</b>				
Chibuluma South (zero cost collar)	Jan '11 – Jun '11	3 000	6 805 – 8 000	(24,5)
Chibuluma South (zero cost collar)	Jul '11 – Dec '11	3 000	7 000 – 8 015	(25,3)
Ruashi (Forwards)	Jan '11 – Jun '11	8 100	5 972	(167,0)
Invoice hedges	Jan '11 – Mar '11	6 680	various	(14,6)
Ruashi (zero cost collar)	Jul '11 – Jun '12	12 000	6 600 – 7 600	(124,5)
Ruashi (zero cost collar)	Jul '12 – Dec '12	6 000	7 500 – 10 565	**
Chibuluma (zero cost collar)	Jan '12 – Dec '12	6 000	7 000 – 11 900	**
Total liabilities, net				(355,9)
<b>2009</b>				
Chibuluma South (ATM forwards)	Jul '09	650	3 368	(15,9)
Chibuluma South (ATM forwards)	Aug '09 – Dec '09	3 075	4 415	(10,8)
Chibuluma South (ATM forwards)	Jan '10 – Jun '10	4 200	5 308	**
Ruashi (ATM forwards)	Jul '09 – Sept '10	24 750	3 900	(219,1)
Ruashi (put options)	Oct '10 – Jun '12	34 425	Put 3 900	138,8
Total liabilities, net				(107,0)

\*\*Transaction executed subsequent to period-end.

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.2 Categories of financial instruments (continued)

#### Commodity price sensitivity analysis

The Group is exposed to movements in the copper price. The following table indicates the sensitivity of the Group's derivative instruments to the indicated movement in the copper price. The rates of sensitivity are the rates used when reporting to key management.

	Copper	
	R000 10% increase	R000 10% decrease
<b>2010</b>		
(Loss)/profit	(186 240)	172 995
Derivative financial instrument liability	186 240	172 995
<b>2009</b>		
Profit/(loss)	137 223	(144 089)
Derivative financial instrument asset	(46 596)	53 459
Derivative financial instrument liability	(90 627)	90 630

The Group's commodity price risk is partly related to change in fair value of embedded derivatives in accounts receivables reflecting copper sales provisionally priced based on the average LME cash settlement price at the end of each month. At 31 December 2010, 9 369 tons were provisionally priced at an average price of US\$8 637 per ton, of which 3 273 tons, 2 367 tons and 3 729 tons were subject to final pricing in January 2011, February 2011 and March 2011 respectively. The group entered into short-term hedges for 6 680 tons priced at an average of US\$8 793, with the objective to mitigate price risk related to the provisionally priced sales of 9 369 tons.

### 25.3 Interest rate and liquidity risk

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

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

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

#### Interest rate risk

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

#### Interest rate sensitivity

The sensitivity analysis has been determined based on the exposure to interest rates as at reporting date. The effect of the interest rate exposure of the Group and Company on the statement of comprehensive income is not material.

#### Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has built an appropriate 12-month rolling monthly cash flow forecast model for the management of the Group's short-term funding and liquidity requirements linked to a commodity price sensitivity matrix. The Group manages liquidity risk by seeking to generate adequate reserves, banking facilities and reserve borrowings facilities, by continually monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Group has access to financing facilities (refer to note 23). The Group expects to meet its financial obligations from operating cash flows and proceeds from maturing financial assets.

# Notes to the Group annual financial statements

continued

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.3 Interest rate and liquidity risk (continued)

#### Liquidity risk analysis

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

	Weighted average interest rate %	Less than 12 months R000	1 – 5 years R000	5+ years R000	Total R000
<b>2010</b>					
Trade payables*	–	306 483	–	–	306 483
Long-term borrowings	2,7	–	504 730	–	504 730
Short-term borrowings	3,1	347 814	–	–	347 814
<b>2009</b>					
Trade payables*	–	423 249	–	–	423 249
Long-term borrowings	4,6	–	1 415 563	–	1 415 563
Short-term borrowings	6,2	695 604	–	–	695 604

\*Excludes value-added taxation.

#### Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and liabilities recorded approximate their fair values at 31 December 2010. The fair values have been determined with reference to quoted market prices where available or with the standard terms and conditions per the agreements.

	2010 R000	2009 R000
<b>26. CAPITAL COMMITMENTS</b>		
Authorised by directors but not contracted	296 553	1 970
Authorised by directors and contracted	17 552	40 734
	<b>314 105</b>	<b>42 704</b>

Capital commitments mainly relate to projects at Ruashi.

## 27. RETIREMENT BENEFIT INFORMATION

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

DRC employees contribute to the DRC National Social Security Fund in terms of the applicable labour laws. All eligible Zambian employees are required to join and contribute to an external pension fund, African Life.

Costs charged to income of R11,9 million (2009: R11,5 million) represent contributions payable to these defined contribution schemes by the Group at rates specified in the rules of the schemes.

## 28. STAFF COMPLEMENT

At 31 December: 3 794 (2009: 4 593) people were employed by the Group.

## 29. DIRECTORS' EMOLUMENTS

The directors' emoluments for the Group's executive and non-executive directors are disclosed as part of the Group remuneration report on pages 76 to 79. The following table illustrates the directors' share options per tranche, which forms part of their remuneration:

2010 share options	Options at 1 July 2009	Options granted	Options cancelled or lapsed	Strike price	Vesting date	Options at 31 December 2010
T P Goodlace	1 000 000			R1,28	18/03/2010	1 000 000
T P Goodlace	1 000 000			R1,28	18/03/2011	1 000 000
T P Goodlace	1 000 000			R1,28	18/03/2012	1 000 000
T P Goodlace	2 000 000			R1,28	18/03/2013	2 000 000
M Smith	10 000			R3,20	18/05/2009	10 000
M Smith	20 000			R3,20	18/05/2010	20 000
M Smith	25 000			R6,95	16/11/2008	25 000
M Smith	15 000		15 000	R21,00	08/08/2009	–
M Smith	15 000		15 000	R21,00	08/08/2010	–
M Smith	15 000		15 000	R21,00	08/08/2011	–
M Smith	30 000		30 000	R21,00	08/08/2012	–
M Smith	39 400		39 400	R18,00	28/02/2010	–
M Smith	39 400		39 400	R18,00	28/02/2011	–
M Smith	39 400		39 400	R18,00	28/02/2012	–
M Smith	78 800		78 800	R18,00	28/02/2013	–
M Smith	25 000			R6,95	16/11/2009	25 000
M Smith	50 000			R6,95	16/11/2010	50 000
M Smith	–	539 000		R3,66	19/05/2010	539 000
M Smith	–	539 000		R3,66	23/01/2011	539 000
M Smith	–	539 000		R3,66	23/01/2012	539 000
M Smith	–	539 000		R3,66	23/01/2013	539 000
A Barrenechea	40 000			R6,95	16/11/2007	40 000
A Barrenechea	40 000			R6,95	16/11/2008	40 000
A Barrenechea	40 000			R6,95	16/11/2009	40 000
A Barrenechea	80 000			R6,95	16/11/2010	80 000
A Barrenechea	10 000			R21,00	08/08/2009	10 000
A Barrenechea	10 000			R21,00	08/08/2010	10 000
A Barrenechea	10 000			R21,00	08/08/2011	10 000
A Barrenechea	20 000			R21,00	08/08/2012	20 000
A Barrenechea	15 000			R18,00	28/02/2010	15 000
A Barrenechea	15 000			R18,00	28/02/2011	15 000
A Barrenechea	15 000			R18,00	28/02/2012	15 000
A Barrenechea	30 000			R18,00	28/02/2013	30 000
R Still	40 000			R6,95	16/11/2007	40 000
R Still	40 000			R6,95	16/11/2008	40 000
R Still	40 000			R6,95	16/11/2009	40 000
R Still	80 000			R6,95	16/11/2010	80 000
R Still	10 000			R21,00	08/08/2009	10 000
R Still	10 000			R21,00	08/08/2010	10 000
R Still	10 000			R21,00	08/08/2011	10 000
R Still	20 000			R21,00	08/08/2012	20 000
R Still	15 000			R18,00	28/02/2010	15 000
R Still	15 000			R18,00	28/02/2011	15 000
R Still	15 000			R18,00	28/02/2012	15 000
R Still	30 000			R18,00	28/02/2013	30 000
A J Laughland	40 000		40 000	R6,95	16/11/2007	–
A J Laughland	40 000		40 000	R6,95	16/11/2008	–
A J Laughland	40 000		40 000	R6,95	16/11/2009	–
A J Laughland	80 000		80 000	R6,95	16/11/2010	–
A J Laughland	10 000		10 000	R21,00	08/08/2009	–
A J Laughland	10 000		10 000	R21,00	08/08/2010	–
A J Laughland	10 000		10 000	R21,00	08/08/2011	–
A J Laughland	20 000		20 000	R21,00	08/08/2012	–
A J Laughland	15 000		15 000	R18,00	28/02/2010	–
A J Laughland	15 000		15 000	R18,00	28/02/2011	–
A J Laughland	15 000		15 000	R18,00	28/02/2012	–
A J Laughland	30 000		30 000	R18,00	28/02/2013	–
Totals	6 377 000	2 156 000	597 000			7 936 000

# Notes to the Group annual financial statements

continued

## 29. DIRECTORS' EMOLUMENTS (continued)

2009 share options	Options at		Options exercised	Exercise price	Strike price	Vesting date	Options at 30 June 2009
	1 July 2008	Options granted					
T P Goodlace		1 000 000			R1,28	18/03/2010	1 000 000
T P Goodlace		1 000 000			R1,28	18/03/2011	1 000 000
T P Goodlace		1 000 000			R1,28	18/03/2012	1 000 000
T P Goodlace		2 000 000			R1,28	18/03/2013	2 000 000
M Smith	30 000		30 000	R12,17	R2,34	05/03/2008	–
M Smith	10 000		10 000	R12,17	R3,20	18/05/2008	–
M Smith	10 000				R3,20	18/05/2009	10 000
M Smith	20 000				R3,20	18/05/2010	20 000
M Smith	25 000				R6,95	16/11/2008	25 000
M Smith	15 000				R21,00	08/08/2009	15 000
M Smith	15 000				R21,00	08/08/2010	15 000
M Smith	15 000				R21,00	08/08/2011	15 000
M Smith	30 000				R21,00	08/08/2012	30 000
M Smith	39 400				R18,00	28/02/2010	39 400
M Smith	39 400				R18,00	28/02/2011	39 400
M Smith	39 400				R18,00	28/02/2012	39 400
M Smith	78 800				R18,00	28/02/2013	78 800
M Smith	25 000				R6,95	16/11/2009	25 000
M Smith	50 000				R6,95	16/11/2010	50 000
A Barrenechea	40 000				R6,95	16/11/2007	40 000
A Barrenechea	40 000				R6,95	16/11/2008	40 000
A Barrenechea	40 000				R6,95	16/11/2009	40 000
A Barrenechea	80 000				R6,95	16/11/2010	80 000
A Barrenechea	10 000				R21,00	08/08/2009	10 000
A Barrenechea	10 000				R21,00	08/08/2010	10 000
A Barrenechea	10 000				R21,00	08/08/2011	10 000
A Barrenechea	20 000				R21,00	08/08/2012	20 000
A Barrenechea	15 000				R18,00	28/02/2010	15 000
A Barrenechea	15 000				R18,00	28/02/2011	15 000
A Barrenechea	15 000				R18,00	28/02/2012	15 000
A Barrenechea	30 000				R18,00	28/02/2013	30 000
R Still	40 000				R6,95	16/11/2007	40 000
R Still	40 000				R6,95	16/11/2008	40 000
R Still	40 000				R6,95	16/11/2009	40 000
R Still	80 000				R6,95	16/11/2010	80 000
R Still	10 000				R21,00	08/08/2009	10 000
R Still	10 000				R21,00	08/08/2010	10 000
R Still	10 000				R21,00	08/08/2011	10 000
R Still	20 000				R21,00	08/08/2012	20 000
R Still	15 000				R18,00	28/02/2010	15 000
R Still	15 000				R18,00	28/02/2011	15 000
R Still	15 000				R18,00	28/02/2012	15 000
R Still	30 000				R18,00	28/02/2013	30 000
A J Laughland	40 000				R6,95	16/11/2007	40 000
A J Laughland	40 000				R6,95	16/11/2008	40 000
A J Laughland	40 000				R6,95	16/11/2009	40 000
A J Laughland	80 000				R6,95	16/11/2010	80 000
A J Laughland	10 000				R21,00	08/08/2009	10 000
A J Laughland	10 000				R21,00	08/08/2010	10 000
A J Laughland	10 000				R21,00	08/08/2011	10 000
A J Laughland	20 000				R21,00	08/08/2012	20 000
A J Laughland	15 000				R18,00	28/02/2010	15 000
A J Laughland	15 000				R18,00	28/02/2011	15 000
A J Laughland	15 000				R18,00	28/02/2012	15 000
A J Laughland	30 000				R18,00	28/02/2013	30 000
Totals	1 417 000	5 000 000	40 000				6 377 000

### 30. SHARE-BASED PAYMENTS

#### Equity-settled share option scheme

The Group has a share incentive scheme for eligible employees of the Group. Options are offered at a price equal to the average quoted market price of the Company's shares on the trading day preceding the offer date. The vesting period is between one and five years and exercise is subject to Board approval. Options lapse if not exercised within 10 years of the option date. Options are forfeited if the employee leaves the Group on account of resignation or dismissal.

Details of the share options outstanding during the year are:

	31 December 2010		30 June 2009	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Outstanding at the beginning of the period	33 909 750	3,22	14 110 750	12,24
Granted during the period	11 342 000	4,07	26 472 000	1,78
Options amended, cancelled, lapsed	(4 622 250)	6,44	(6 301 000)	17,99
Exercised during the period	(6 758 400)	4,17	(372 000)	2,45
Outstanding at the end of the period	33 871 100	2,82	33 909 750	3,22
Exercisable at the end of the period	7 776 050		3 232 250	

Options exercisable between one and nine years.

The weighted average share price at the date of exercise for share options exercised during the period was R3,92. During 2010, the following options were granted:

	Shares	Option price R
28 August 2009	1 236 000	3,95
12 November 2009	632 000	3,99
19 May 2010	5 239 000	3,66
19 November 2010	4 235 000	4,62
	11 342 000	4,07

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

	31 December 2010
Weighted average share price (R)	2,79
Weighted average exercise price (R)	2,82
Expected volatility (%)	41 – 64%
Expected life (years)	2 – 5 years
Risk-free rate (%)	8,2 – 8,9%
Expected dividend yield (%)	2,5 – 4,6%

The Group recognised total expenses of R22,6 million (2009: R25,2 million) related to equity-settled share-based payment transactions during the period.

# Notes to the Group annual financial statements

continued

## 31. NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS – OTHER EXPENDITURE

Consolidated Murchison ("CM") has been classified as assets held-for-sale and O'Okiep ("OCC") is classified as a discontinued operation. Vergenoeg Mining Company ("VMC") contributed to the operating results as an asset held-for-sale for the six months ended 31 December 2009.

The operating results of CM, VMC and OCC are detailed below:

	31 December 2010 R000	30 June 2009 R000
Revenue – mineral sales	395 021	1 205 833
Realisation costs	(40 953)	(112 928)
Cost of production	(397 987)	(731 431)
Other expenditure	(1 006)	(41 030)
Finance (cost)/income, net	(2 122)	4 631
(Loss)/profit before taxation	(47 047)	325 075
Income tax credit/(expense)	14 542	(158 178)
<b>(Loss)/profit after taxation, assets held-for-sale</b>	<b>(32 505)</b>	<b>166 897</b>
<b>Discontinued operations – other expenditure</b>	<b>(23 549)</b>	<b>(438)</b>
<b>Total profit after taxation</b>	<b>(56 054)</b>	<b>166 459</b>
The major classes of assets and liabilities comprising the CM operation classified as held-for-sale at the reporting date are as follows:		
Goodwill	–	221 590
Property, plant, equipment and mineral rights	–	754 537
Inventories	12 722	22 012
Trade and other receivables	28 359	49 648
Cash and cash equivalents	215	30 442
<b>Assets classified as held-for-sale</b>	<b>41 296</b>	<b>1 078 229</b>
Borrowings	–	27 160
Provisions	33 128	82 973
Trade and other payables	36 816	94 209
Current tax liabilities	–	3 212
Deferred tax liabilities	–	151 496
Bank overdraft	3 430	7 091
<b>Liabilities classified as held-for-sale</b>	<b>73 374</b>	<b>366 141</b>
<b>Net (liabilities)/assets classified as held-for-sale</b>	<b>(32 078)</b>	<b>712 088</b>
Cash (outflows)/inflows from operating activities	–	342 765
Cash outflows from investing activities	(127 340)	(7 585)
Cash outflows from financing activities	–	(156 085)

## 32. ACQUISITIONS AND DISPOSALS

### Acquisitions

During the 18 months ended 31 December 2010, the Group made no new acquisitions (2009: none).

### Disposals

During the 18 months ended 31 December 2010, the Group disposed of its interest in Vergenoeg Mining Company (Pty) Limited ("VMC") and Pan African Resources Plc ("PAR") (2009: the Company disposed of Phoenix Platinum (Pty) Limited to PAR). Details are as follows:

#### 31 December 2010

On 1 July 2009, the Group disposed of its interest in PAR, which contributed to its Antimony/Gold segment. This subsidiary was disclosed as an asset held-for-sale in June 2009.

On 26 December 2009, the Group disposed of its entire interest in VMC, which contributed to its Fluorspar segment.

	PAR R000	VMC R000	Total R000
<b>Book value of net assets sold</b>			
<b>Current assets</b>			
Cash and cash equivalents	30 255	13 007	43 262
Trade and other receivables	18 367	33 807	52 174
Inventories	4 538	71 788	76 326
<b>Non-current assets</b>			
Property, plant, equipment and mineral rights	736 816	126 103	862 919
Goodwill	221 590	–	221 590
<b>Current liabilities</b>			
Trade and other payables	55 791	19 302	75 093
Provisions	51 722	22 084	73 806
<b>Non-current liabilities</b>			
Borrowings	–	7 464	7 464
Deferred tax liabilities	147 775	14 987	162 762
Non-controlling interests	383 382	48 410	431 792
<b>Net assets disposed of</b>	<b>372 896</b>	<b>132 458</b>	<b>505 354</b>
<b>Profit on disposal</b>	<b>–</b>	<b>430 692</b>	<b>430 692</b>
	<b>372 896</b>	<b>563 150</b>	<b>936 046</b>
<b>Proceeds</b>			
Proceeds paid in cash and cash equivalents	372 896	563 150	936 046

The gain on disposal is included in the profit for the period in the statement of comprehensive income (see note 4).

PAR did not contribute to the Group's earnings for the 18-month period ended 31 December 2010. VMC made a positive contribution to the Group's earnings for the 18 months amounting to R9,9 million (2009: R67,9 million).

	30 June 2009*
<b>Book value of net assets sold</b>	
<b>Non-current assets</b>	
Investment	137 124
Loan	11 722
<b>Current liabilities</b>	
Payables	1 757
Net assets disposed of	150 603
Loss of disposal	(79 353)
<b>Proceeds</b>	
Proceeds paid in cash and cash equivalents	57 403
Deferred sales proceeds	12 090
Payables settled	1 757
	<b>71 250</b>

\*Phoenix Platinum was carried as an investment in the Company and classified as a mineral right asset from a Group perspective. Phoenix did not contribute to the results of the Group.

# Notes to the Group annual financial statements

## continued

### 33. RELATED PARTIES

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

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

Fees paid for services by the Group to Sam Aviation (Pty) Limited in which Mr R G Still has a vested interest amounted to R1,2 million (2009: R2,2 million).

Marketing fees paid by the Group to Minerale Y Productos Derivados S.A. amounted to nil (2009: R3,5 million).

Intergroup management and technical fees amounted to R23,1 million (2009: R19,4 million).

Secretarial fees paid by the Group to Pangea Group amounted to R0,1 million (2009: R0,6 million) in which Mr R G Still has a vested interest.

The remuneration of directors, and other members of key management of the Group, is determined by the Remuneration Committee having regard to their performance and market trends. The remuneration of directors is disclosed under the remuneration report on pages 76 to 79.

### 34. SUBSEQUENT EVENTS

On 6 September 2010, the Company announced that it had entered into a sale of business agreement with To The Point Growth Specialists (Pty) Limited ("TTP") in terms of which it would dispose of Cons Murch to Cons Murch Mine (Pty) Limited ("Cons Murch Mine") which is held 74% by TTP (indirectly) and 26% by the Cons Murch Black Economic Empowerment Trust in a transaction to be implemented in three phases, Part A, Part B and Part C. Part A of the transaction encompasses the disposal of the Cons Murch business together with the employees as a going concern to Cons Murch Mine, subsequent to which Cons Murch Mine will provide contract mining services to Cons Murch until Part B of the transaction is completed, being the conversion of the old-order mining right into a new-order mining right and the subsequent transfer thereof to Cons Murch Mine. Part C of the transaction encompasses the renewal of the new-order prospecting right and the transfer thereof to Cons Murch Mine.

The conditions precedent to Part A of the transaction which were required to be fulfilled by no later than 28 February 2011 have been met. Accordingly, Part A of the transaction has become unconditional. 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. The Company will continue to work with Cons Murch Mine in pursuance of the satisfaction of the conditions required for completion of Part B and Part C of the transaction in accordance with the agreement.

On 28 March 2011, the Company released an announcement advising shareholders that it had entered into discussions and that shareholders were to exercise caution in dealing in the Company's shares. This cautionary announcement was lifted on 8 April 2011 following a joint announcement by Metorex and Vale in which Vale will make a cash offer to acquire 100% of the shares issued and to be issued in Metorex for a cash consideration of R7,35 per share (excluding Metorex's shareholding in Sable Zinc). This transaction is subject to a number of conditions as announced. Shareholders are referred to the detailed announcement released on the Securities Exchange News Service on 8 April 2011 for further information relating to the transaction.

### 35. SEGMENTAL ANALYSIS

During the 18 months ended 31 December 2010, the Group disposed of PAR, which included Barberton Mines, as well as VMC. The Consolidated Murchison division is also classified as an asset held-for-sale and therefore the primary segmental reporting for the Group has changed. In 2009 the Group distinguished its segments between commodities produced. In 2010 the Group distinguishes its segments between the corporate office and its copper mining operations being Ruashi, Chibuluma, Sable and Copper Resources Corporation ("CRC"). The corporate segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury and finance, corporate administration and management of the mining operations.

#### Primary segmental information

	External sales		Mining profit before depreciation				Depreciation		Capital expenditure*		Assets†		Liabilities‡	
	R000	%	R000	%	R000	%	R000	%	R000	%	R000	%	R000	%
<b>2010</b>														
Ruashi	2 823 762	62	985 453	57	313 284	69	416 217	48	4 020 584	68	681 230	71		
Chibuluma	1 340 957	29	789 421	46	111 408	25	231 998	27	954 744	16	141 501	15		
Sable	391 202	9	34 838	2	29 481	6	505	–	171 639	4	34 198	4		
CRC	–	–	–	–	–	–	210 570	24	348 812	6	35 509	3		
Corporate/ other	–	–	(93 384)	(5)	579	–	5 444	1	374 387	6	68 488	7		
Group	4 555 921	100	1 716 328	100	454 752	100	864 734	100	5 870 166	100	960 926	100		
<b>2009**</b>														
Fluorspar	–	–	–	–	–	–	40 647	3	191 674	3	37 521	4		
Copper/ Cobalt	937 084	100	167 256	150	108 607	99	1 393 454	97	5 615 938	97	1 021 248	96		
Other	–	–	(56 000)	(50)	190	1	–	–	–	–	–	–		
Group	937 084	100	111 256	100	108 797	100	1 434 101	100	5 807 612	100	1 058 769	100		

#### Secondary segmental information

	Total sales by customer location		Assets†		Liabilities‡		Capital expenditure*	
	R000	%	R000	%	R000	%	R000	%
<b>2010</b>								
Africa	3 162 029	69	5 870 166	100	960 926	100	864 734	100
Switzerland	380 514	8	–	–	–	–	–	–
China	1 013 378	23	–	–	–	–	–	–
Group	4 555 921	100	5 870 166	100	960 926	100	864 734	100
<b>2009**</b>								
Africa	598 671	64	5 807 612	100	1 058 769	100	1 434 101	100
Switzerland	284 996	30	–	–	–	–	–	–
Other	53 417	6	–	–	–	–	–	–
Group	937 084	100	5 807 612	100	1 058 769	100	1 434 101	100

† Excludes taxation (current and deferred).

\* Excludes interest-bearing debt, taxation (current and deferred).

‡ Includes increases in mineral rights.

\*\* Statement of comprehensive income re-presented for assets held-for-sale.

## Company statement of comprehensive income

	Notes	18 months December 2010 R000	12 months June 2009 R000
Cost of production	2	93 963	62 186
Mining loss		(93 963)	(62 186)
Other income	4	478 765	100 355
Impairments	5	–	(1 648 110)
Held-for-sale assets	23	(68 288)	(142 415)
Finance income	6	30 844	17 877
Finance costs	6	(9 348)	(18 453)
Profit/(loss) before taxation	7	338 010	(1 752 932)
Income tax credit	8	(26 960)	(84 639)
Profit/(loss) for the period from continuing operations		364 970	(1 668 293)
<b>Other comprehensive income</b>		6 731	(28 326)
<b>Total comprehensive income</b>		371 701	(1 696 619)

# Company statement of financial position

	Notes	31 December 2010 R000	30 June 2009 R000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	4 538	574
Goodwill	10	11 514	11 514
Investments	11	16 590	16 487
Subsidiaries	12	3 337 542	2 296 762
		<b>3 370 184</b>	<b>2 325 337</b>
<b>Current assets</b>			
Trade and other receivables	13	579	13 381
Current tax assets		656	–
Bank balances and cash	19	309 456	6 800
		<b>310 691</b>	<b>20 181</b>
Assets held-for-sale	23	41 296	406 309
<b>Total assets</b>		<b>3 722 171</b>	<b>2 751 827</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	14	100 226	74 255
Share premium	14	3 840 809	2 979 136
Hedging and translation reserve	15	(5 115)	(11 846)
Retained earnings		(265 038)	(630 008)
Share option reserve		39 249	21 375
Equity reserve		(108 378)	(108 378)
Assets held-for-sale		2 344	264
<b>Total equity</b>		<b>3 604 097</b>	<b>2 324 798</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	18	2 591	33 970
		<b>2 591</b>	<b>33 970</b>
<b>Current liabilities</b>			
Trade and other payables		4 925	8 099
Short-term borrowings	16	–	189 482
Short-term provisions	17	1 059	1 232
Bank overdraft	19	–	29 717
Derivative financial instruments	20	21 595	28 326
Group companies		14 530	9 922
Taxation		–	21 019
		<b>42 109</b>	<b>287 797</b>
Liabilities held-for-sale	23	73 374	105 262
<b>Total equity and liabilities</b>		<b>3 722 171</b>	<b>2 751 827</b>

## Company statement of cash flows

		18 months December 2010 R000	12 months June 2009 R000
	Notes		
<b>CASH OUTFLOW FROM OPERATING ACTIVITIES</b>			
		(181 260)	(32 276)
Cash utilised in operations	A	(223 483)	(183 957)
Dividends received		46 820	158 049
Taxation paid		(26 093)	(5 792)
Finance income		30 844	17 877
Finance costs		(9 348)	(18 453)
<b>CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>			
		(184 529)	(822 914)
Additions to property, plant and equipment and mineral rights		(4 570)	(282)
Proceeds on disposal of property, plant and equipment		5	–
Proceeds on disposal of shares in subsidiary	25	942 768	57 403
Increase in investments		(103)	(13 044)
Movement in subsidiaries/AHFS		(1 127 237)	(885 143)
Movement in Group companies		4 608	18 152
<b>CASH INFLOWS FROM FINANCING ACTIVITIES</b>			
		698 162	836 075
Borrowings raised		–	189 482
Borrowings repaid		(189 482)	(57 934)
Shares issued		887 644	704 527
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		332 373	(19 115)
Cash and cash equivalents at the beginning of the period	19	(22 917)	(3 802)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			
	B	309 456	(22 917)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD – DISCONTINUING OPERATIONS</b>			
		–	(7 064)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD – CONTINUING AND DISCONTINUING OPERATIONS</b>			
		309 456	(29 981)

## Notes to the Company statement of cash flows

		18 months December 2010 R000	12 months June 2009 R000
	Note		
<b>A RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED BY/(UTILISED IN) OPERATIONS</b>			
Profit/(loss) before taxation		338 010	(1 752 932)
Adjusted for:		(570 948)	1 588 011
Dividends received		(46 820)	(158 049)
(Profit)/loss for the year from subsidiary sold	25	(517 372)	79 353
Loss on disposal of mining assets		22	–
Share option costs		14 139	17 831
Net finance (income)/costs		(21 496)	576
Impairments		–	1 648 110
Depreciation		579	190
Operating profit before working capital changes		(232 938)	(164 921)
Working capital changes		9 455	(19 036)
Decrease/(increase) in trade and other receivables		12 802	(25 468)
Increase/(decrease) in trade and other payables and provisions		(3 347)	6 432
Cash generated by/(utilised in) operations		223 483	(183 957)
<b>B CASH AND CASH EQUIVALENTS</b>			
Bank balances and cash		309 456	6 800
Bank overdraft		–	(29 717)
		309 456	(22 917)

## Company statement of changes in equity

	Share capital R000	Share premium R000	
<b>Balance at 30 June 2009</b>	74 255	2 979 136	
Issue of shares, net of costs	25 971	861 673	
Profit for the period			
Other comprehensive loss for the period			
Recognition of share-based payments			
Classification of assets held-for-sale			
<b>Balance at 31 December 2010</b>	100 226	3 840 809	
<b>Balance at 30 June 2008</b>	36 917	2 292 746	
Issue of shares, net of costs	37 338	686 390	
Loss for the period			
Other comprehensive loss for the period			
Recognition of share-based payments			
Classification of assets held-for-sale			
<b>Balance at 30 June 2009</b>	74 255	2 979 136	

	Foreign exchange translation reserve R000	Hedging reserve R000	Equity reserve R000	Share option reserve R000	Retained earnings R000	Equity attributable to equity holders of parent R000	Equity attributable to assets held-for-sale R000	Total equity R000
	16 480	(28 326)	(108 378)	21 375	(630 008)	2 324 534	264	2 324 798
						887 644		887 644
					364 970	364 970		364 970
		6 731				6 731		6 731
				17 874		17 874		17 874
						–	2 080	2 080
	16 480	(21 595)	(108 378)	39 249	(265 038)	3 601 753	2 344	3 604 097
	16 480	–	(108 378)	6 813	1 038 285	3 282 863	(30 026)	3 252 837
						723 728		723 728
					(1 668 293)	(1 668 293)		(1 668 293)
		(28 326)				(28 326)		(28 326)
				14 562		14 562		14 562
						–	30 290	30 290
	16 480	(28 326)	(108 378)	21 375	(630 008)	2 324 534	264	2 324 798

## Notes to the Company annual financial statements

	18 months December 2010 R000	12 months 30 June 2009 R000
<b>1. BASIS OF PREPARATION AND ACCOUNTING POLICIES</b>		
The basis of preparation and principal accounting policies are disclosed on pages 86 to 94.		
<b>2. COST OF PRODUCTION</b>		
Salaries and wages	56 449	27 953
Administration and consulting	36 935	34 043
Depreciation	579	190
	<b>93 963</b>	<b>62 186</b>
<b>3. OPERATING LEASES</b>		
At the reporting date, the Group had outstanding commitments under non-cancellable operating leases mainly in respect of office equipment, security cameras, building rentals and compressors, which fall due as follows:		
Within one year	2 924	1 839
Years 2 to 5	16 988	3 154
	<b>19 912</b>	<b>4 993</b>
<b>4. OTHER INCOME</b>		
Management and technical fees income	23 115	19 406
Dividends received – subsidiaries	46 820	158 049
Foreign exchange (losses)/gains	(91 803)	20 118
Profit on disposal of VMC	517 372	–
Loss on disposal of assets	(22)	–
Loss on disposal of Phoenix	–	(79 353)
Share option expense	(14 139)	(17 831)
Sundry other	(2 578)	(34)
	<b>478 765</b>	<b>100 355</b>
<b>5. IMPAIRMENTS</b>		
There were no impairments during the 18-month period ended 31 December 2010.		
CRC	–	1 134 284
Property, plant, equipment and mineral rights	–	116 928
PAR	–	141 931
Other	–	254 967
	<b>–</b>	<b>1 648 110</b>
<b>6. FINANCE INCOME/(COSTS)</b>		
Interest received – Group	9 884	17 877
– external	20 960	–
Interest paid – Group	(495)	(18 453)
– external	(8 853)	–
Net finance income/(costs)	<b>21 496</b>	<b>(576)</b>

	18 months December 2010 R000	12 months 30 June 2009 R000
<b>7. PROFIT/(LOSS) BEFORE TAXATION</b>		
Is stated after charging:		
Audit fee		
– current year	1 674	1 435
Other non-audit services	704	215
Operating leases and rentals		
– equipment and buildings	2 588	1 370
<b>8. INCOME TAX CREDIT</b>		
SA normal taxation		
– current period	4 511	–
– prior period	(92)	(413)
Deferred taxation		
– current period	(31 379)	(84 194)
– prior period	–	(32)
Total taxation credit – continuing operations	(26 960)	(84 639)
Profit/(loss) before taxation	338 010	(1 752 932)
Taxation at the domestic taxation rate of 28%	94 643	(490 821)
Overprovision – prior period	(92)	(445)
(Exempt income)/non-deductible expenses	(15 365)	186 826
Assessed loss utilised, not previously raised as asset	(37 837)	–
Deferred tax asset not recognised	15 762	219 801
Taxation rate differentials – capital gains	(83 908)	–
Other	(162)	–
Taxation credit for the period – continuing operations	(26 960)	(84 639)
Effective taxation rate for the period – continuing operations (%)	(8,0)	4,8
Unredeemed capital expenditure available	66 213	67 583
Unredeemed capital expenditure recognised	–	–
Losses available for future taxable income set off	–	135 132
Taxation losses recognised	135 132	–
	31 December 2010 R000	30 June 2009 R000
<b>9. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS</b>		
<b>Property, plant and equipment</b>		
Aggregate cost	5 954	1 494
Aggregate accumulated depreciation and impairments	1 416	920
<b>Aggregate net book value</b>	4 538	574
<b>Mineral rights</b>		
Cost	13 943	13 943
Accumulated depreciation and impairments	(13 943)	(13 943)
Net book value	–	–
<b>Property, plant, equipment and mineral rights</b>	4 538	574

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

# Notes to the Company annual financial statements

continued

## 9. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS (continued)

	Balance	Additions	Disposals	Depreciation	Impairment	Balance
	30 June					31 December
2010	2009	R000	R000	R000	R000	2010
	R000	R000	R000	R000	R000	R000
Property, plant and equipment	574	4 570	(27)	(579)	–	4 538
Total	574	4 570	(27)	(579)	–	4 538

	Balance	Additions	Disposals	Depreciation	Impairment	Balance
	30 June					30 June
2009	2008	R000	R000	R000	R000	2009
	R000	R000	R000	R000	R000	R000
Property, plant and equipment	482	282	–	(190)	–	574
Mineral rights	13 943	–	–	–	(13 943)	–
Total	14 425	282	–	(190)	(13 943)	574

	31 December	30 June
	2010	2009
	R000	R000
<b>10. GOODWILL</b>		
Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Goodwill is allocated as follows:		
<b>Cost</b>		
Balance at the beginning and end of the period	11 514	11 514
Refer to note 12 in the Group annual financial statements.		
<b>11. INVESTMENTS</b>		
Unlisted sundry investments at cost	16 590	16 487
Directors' valuation	16 590	16 487

## 12. SUBSIDIARIES

Details of the Company's subsidiaries and investments therein at 31 December 2010 are as tabled below:

	Place of incorporation	Proportion of ownership %	Principal commodity/activity
Abbey Commodities SA Niue	Switzerland	100	Dormant
Chibuluma Mines plc	Zambia	85	Copper
Copper Resources Corporation plc	British Virgin Islands	100	Copper
Maranda Mines (Pty) Limited	South Africa	100	In closure
Metorex Share Incentive Scheme (Pty) Limited	South Africa	100	Share scheme administrator
Metorex Copper Corporation (Pty) Limited	South Africa	100	Investment company
Sable Zinc Kabwe Limited	Zambia	100	Copper/Cobalt
O'Okiep Copper Company (Pty) Limited	South Africa	100	In closure
Ruashi Holdings (Pty) Limited	South Africa	100	Copper/Cobalt

## 12. SUBSIDIARIES (continued)

	Loans		Cost (net of impairment)	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>Investments and loans in subsidiaries</b>				
Abbey Commodities SA Niue	(3 890)	(3 890)	37	37
Chibuluma Mines plc	–	–	121	121
Maranda Mines (Pty) Limited	(49 071)	(49 071)	53 498	53 498
Metorex Share Incentive Scheme (Pty) Limited	174	–	–	–
Sable Zinc Kabwe Limited*	68 320	64 118	692	692
O'Okiep Copper Company (Pty) Limited	2 619	(2 789)	–	–
Vergenoeg Mining Company (Pty) Limited*	–	(7 791)	–	52 693
Ruashi Holdings (Pty) Limited/Ruashi Mining sprl*	2 399 491	1 557 143	400 551	400 551
Copper Resources Corporation*/Metorex Copper Corporation (Pty) Limited	347 921	110 250	117 079	121 200
	2 765 564	1 667 970	571 978	628 792
Loans to subsidiaries			2 765 564	1 667 970
			3 337 542	2 296 762

\*Interest-bearing loans at market-related rates.

Loans to/(from) subsidiaries carry no fixed terms of repayment and are interest-free, except where noted otherwise. The loans with Ruashi Holdings/Mining, Copper Resources Corporation and Metorex Copper Corporation bear interest at 0% until the companies can prove that there is a sustainable level of free cash flow available for the future, after which interest is charged at market-related rates.

	31 December	30 June
	2010 R000	2009 R000
<b>13. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	1	2 641
Other receivables	151	9 814
VAT receivable	427	926
	579	13 381
At 31 December 2010, there were no amounts past due but not impaired (2009: nil).		
There are no additional provisions for doubtful debts raised for any amounts past due at reporting date as there has not been a significant change in credit quality and the amounts are still considered recoverable.		
The directors consider that the trade and other receivables approximate their fair value.		

# Notes to the Company annual financial statements

continued

	31 December 2010 R000	30 June 2009 R000
<b>14. SHARE CAPITAL</b>		
<b>Authorised</b>		
1 500 000 000 (2009: 1 500 000 000) ordinary shares of 10 cents each	150 000	150 000
<b>Issued and fully paid</b>		
1 002 263 403 (2009: 742 538 403) ordinary shares of 10 cents each	100 226	74 255
<b>Capital raising</b>		
12 April 2010: 250 million shares issued in terms of a clawback offer.		
<b>Share options</b>		
During the period eight million shares were issued at an average price of R3,99 per share in terms of the Metorex Share Incentive Scheme.		
<b>SHARE PREMIUM</b>		
Balance at the beginning of the period	2 979 136	2 292 746
Ordinary shares issued	883 040	727 381
Expenses written off against share premium	(21 367)	(40 991)
Balance at the end of the period	3 840 809	2 979 136
<b>15. HEDGING AND TRANSLATION RESERVE</b>		
Hedging reserve	(21 595)	(28 326)
Foreign exchange translation reserve	16 480	16 480
	(5 115)	(11 846)
<b>16. LONG-TERM BORROWINGS</b>		
<b>Term loans</b>	–	189 482
<i>Less: Term loans repayable within the next 12 months from operating activities:</i>	–	189 482
Total current portion	–	189 482
Net long-term borrowings	–	–
The Company's Articles of Association do not restrict the level of borrowings.		
<b>Term loan facility</b>		
<b>Standard Bank</b>		
South African Rand-denominated	–	132 477
Interest at JIBAR +7,5%		
Facility repayable on or before 30 November 2009		
<b>ABSA Bank</b>		
South African Rand-denominated	–	57 005
Interest at the prime lending rate		
Facility repayable on or before 30 November 2009		

	31 December 2010 R000	30 June 2009 R000
<b>17. PROVISIONS</b>		
<b>Current provisions</b>		
Leave pay and bonuses	1 059	1 232
<b>Total provisions</b>	1 059	1 232
Balance at the beginning of the period	1 232	845
Utilised during the period	(225)	(213)
Provided during the period	52	600
<b>Balance at the end of the period</b>	1 059	1 232
<b>18. DEFERRED TAX</b>		
<b>18.1 Deferred tax liabilities</b>		
Leave pay provision	(1 815)	(2 662)
Other provisions	(758)	(758)
Other	5 164	37 390
Net deferred tax liabilities	2 591	33 970
<b>Reconciliation of deferred tax liabilities</b>		
Net deferred tax liabilities at the beginning of the period	33 970	108 195
Deferred tax charge for the period	(31 379)	(84 226)
Deferred tax raised on additional mineral rights and other	–	10 001
Net deferred tax liabilities at the end of the period	2 591	33 970
<b>18.2 Deferred tax asset</b>		
Deferred tax asset not recognised		
Property, plant and equipment, impairments and other	197 726	181 964
Assessable losses	–	37 837
	197 726	219 801
The following table shows the movement in the unrecognised deferred tax asset for the period:		
Opening balance	219 801	–
Assessed loss recognised	(37 837)	
Net unrecognised deferred tax asset during the current period	15 762	219 801
Closing balance	197 726	219 801
<b>19. GENERAL BANKING FACILITIES</b>		
Cash and bank balances	309 456	6 800
Bank overdraft	–	(29 717)
	309 456	(22 917)
<b>20. FINANCIAL INSTRUMENTS</b>		
<b>20.1 Capital risk management</b>		

The Company manages its capital to ensure that the Company will be able to continue as a going concern with the ultimate objective of maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy is focused on the restoration of the statement of financial position with specific reference to the reduction of debt to a sustainable level.

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

Management regularly reviews the capital structure of the Company.

# Notes to the Company annual financial statements

continued

	31 December 2010 R000	30 June 2009 R000
<b>20. FINANCIAL INSTRUMENTS (continued)</b>		
<b>20.1 Capital risk management (continued)</b>		
The gearing ratio at year-end was as follows:		
Interest-bearing debt	–	189 482
Cash and cash equivalents	(309 456)	22 917
Net interest-bearing debt	(309 456)	212 399
Equity	3 603 923	2 324 798
Net debt-equity ratio (%)	–	9
<b>20.2 Categories of financial instruments</b>		
<b>Financial assets</b>		
Loans and receivables	310 690	19 255
<b>Financial liabilities</b>		
Amortised cost	4 925	248 317
Derivative instruments	21 595	28 326

**Credit risk**

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

**Foreign currency commodity price risk**

The Company may enter into forward contracts in order to hedge its exposure to fluctuations in exchange rates on specific transactions and funding requirements. The contracts are matched with anticipated future cash flows.

**Fair value of financial instruments****Foreign currency hedges – On the statement of financial position**

Currency	Maturity	Amount US\$000	Average forward rate	Fair value profit/(loss) R000
<b>2010</b>				
US Dollar	11 months	21 897	R774/US\$	(21 595)
Total assets				(21 595)
<b>2009</b>				
US Dollar	1 month	10 000	R8,14/US\$	(3 773)
US Dollar	1 month	8 054	R10,87/US\$	(24 553)
Total assets				(28 326)

**20.3 Interest rate and liquidity risk**

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

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

**Interest rate risk**

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates.

**Interest rate sensitivity**

The sensitivity analysis has been determined based on the exposure to interest rates as at the reporting date. The effect of the interest rate exposure of the Company on the statement of comprehensive income is minimal in the current and prior periods.

**20. FINANCIAL INSTRUMENTS** (continued)**20.3 Interest rate and liquidity risk** (continued)**Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has built an appropriate 12-month rolling monthly cash flow forecast model for the management of the Company's short-term funding and liquidity requirements. The Company manages liquidity risk by seeking to generate adequate reserves, banking facilities and reserve borrowings facilities, by continually monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

**Liquidity risk analysis**

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

	Weighted average interest rate %	Less than 12 months R000	1 – 5 years R000	5+ years R000	Total R000
<b>2010</b>					
Trade payables*	–	1 709	–	–	1 709
Long-term liabilities	–	–	–	–	–
Short-term liabilities	–	–	–	–	–
<b>2009</b>					
Trade payables*	–	5 005	–	–	5 005
Long-term liabilities	14	–	–	–	–
Short-term liabilities	7,6	189 482	–	–	189 482

\*Excludes value-added taxation.

**Fair value of financial instruments**

The directors consider that the carrying amounts of financial assets and liabilities recorded approximate their fair values at 31 December 2010. The fair values have been determined with reference to quoted market prices where available or with the standard terms and conditions per the agreements.

**21. STAFF COMPLEMENT**

At 31 December 2010: 30 (2009: 28) people were employed by the Company.

**22. SHARE-BASED PAYMENTS****Equity-settled share option scheme**

The Company has a share incentive scheme for eligible employees of the Group. Options are offered at a price equal to the average quoted market price of the Company's shares on the trading day preceding the offer date. The vesting period is between one and five years and exercise is subject to Board approval. Options lapse if not exercised within 10 years of the option date. Options are forfeited if the employee leaves the Group on account of resignation or dismissal.

Details of the share options outstanding during the period are:

	31 December 2010		30 June 2009	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Outstanding at the beginning of the period	20 675 813	3,77	6 938 750	11,10
Granted during the period	6 476 000	3,72	15 919 063	1,65
Amendment, cancellation, retrenchment, retirement	(2 984 813)	2,72	(2 092 000)	19,25
Exercised during the period	(1 634 900)	2,09	(90 000)	2,91
Outstanding at the end of the period	22 532 100	2,62	20 675 813	3,77
Exercisable at the end of the period	5 612 850	3,76	1 601 750	4,02

Options exercisable between one and nine years.

# Notes to the Company annual financial statements

continued

## 22. SHARE-BASED PAYMENTS (continued)

### Equity-settled share option scheme (continued)

The weighted average share price at the date of exercise for share options exercised during the period was R4,05 (2009: R6,12). During 2010, the following options were granted:

	Shares	Option price R
28 August 2009	605 000	3,95
12 November 2009	632 000	3,99
19 May 2010	5 239 000	3,66
	6 476 000	3,72

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

	31 December 2010
Weighted average share price (R)	2,79
Weighted average exercise price (R)	2,82
Expected volatility (%)	41 – 64%
Expected life (years)	2 – 5 years
Risk-free rate (%)	8,2 – 8,9%
Expected dividend yield (%)	2,5 – 4,6%

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

	31 December 2010 R000	30 June 2009 R000
<b>23. NON-CURRENT ASSETS HELD-FOR-SALE</b>		
Revenue – mineral sales	296 652	222 835
Realisation costs	(11 222)	(42 721)
Cost of production	(351 041)	(272 928)
Other expenditure	(697)	(44 176)
Finance cost	(1 980)	(5 425)
<b>Loss before taxation</b>	<b>(68 288)</b>	<b>(142 415)</b>
Income tax expense	–	–
<b>Loss after taxation</b>	<b>(68 288)</b>	<b>(142 415)</b>
The major classes of assets and liabilities comprising the operation classified as held-for-sale at the reporting date (CM) are as follows:		
Inventories	12 722	17 474
Trade and other receivables	28 359	15 911
Cash and cash equivalents	215	27
Investments	–	372 897
<b>Assets classified as held-for-sale</b>	<b>41 296</b>	<b>406 309</b>
Provisions	33 128	26 128
Trade and other payables	36 816	72 043
Bank overdraft	3 430	7 091
<b>Liabilities classified as held-for-sale</b>	<b>73 374</b>	<b>105 262</b>
<b>Net (liabilities)/assets classified as held-for-sale</b>	<b>(32 078)</b>	<b>301 047</b>
Cash (outflows)/inflows from operating activities	–	(62 248)
Cash outflows from investing activities	(127 340)	(6 196)
Cash outflows from financing activities	–	(23 616)

**24. RELATED PARTIES**

Management fees and dividends received by subsidiary companies are disclosed in note 4.

Loans owed to/(due by) subsidiary companies are detailed in note 12.

**25. DISPOSALS**

	PAR R000	VMC R000	Total R000
<b>31 December 2010</b>			
<b>Proceeds</b>			
Proceeds received in cash and cash equivalents – sale of subsidiary	372 896	567 458	940 354
– sale of management fee agreement	–	2 414	2 414
	372 896	569 872	942 768
<b>Investment sold</b>			
Cost of investment	(372 896)	(52 500)	(425 396)
<b>Profit on disposal</b>	–	517 372	517 372
			<b>30 June 2009*</b>
<b>Book value of net assets sold</b>			
<b>Non-current assets</b>			
Investment			137 124
Loan			11 722
<b>Current liabilities</b>			
Payables			1 757
Net assets disposed of			150 603
Loss of disposal			(79 353)
<b>Proceeds</b>			
Proceeds paid in cash and cash equivalents			57 403
Deferred sales proceeds			12 090
Payables settled			1 757
			71 250

\*Phoenix Platinum was carried as an investment in the Company and classified as a mineral right asset from a Group perspective. Phoenix did not contribute to the results of the Group.

**26. CONTINGENT LIABILITIES**

The sale of Consolidated Murchison requires Metorex Limited to inject R51 million into the new company Consolidated Murchison Mine (Pty) Limited. Refer to note 34 in the Group annual financial statements.

**27. SUBSEQUENT EVENTS**

Refer to note 34 in the notes to the Group annual financial statements.