



Metorex Limited

Registration number 1934/005478/06
 Incorporated in the Republic of South Africa
 Listed on the JSE Securities Exchange South Africa and London Stock Exchange
 JSE alpha MTX ISIN ZAE000022745
 Issuer code MEMTX
 www.metorexgroup.com
 ("the Group")

- ▶ *The ETC Division acquired from Avgold Limited*
- ▶ *Chibuluma South equity partner imminent*
- ▶ *Headline earnings per share increased 94%*
- ▶ *Debt to equity ratio improves from 39% to 31%*
- ▶ *Interim dividend of 4 cents per share declared*

Consolidated interim results for the period ended 31 December 2002

Consolidated income statement

	Six months 31 December 2002 Unaudited R000	Six months 31 December 2001 Unaudited R000
Revenue – Mineral sales		
Copper	161 773	152 616
Zinc	48 278	50 566
Coal	92 834	61 859
Fluorspar	50 978	52 566
Gold	49 105	43 522
Antimony	49 330	16 216
Cobalt	5 855	9 005
Other	4 153	2 995
Gross revenue	462 306	389 345
Realisation costs	60 605	64 398
On-mine revenue	401 701	324 947
Cost of production	347 239	291 140
– cash costs	326 883	281 482
– stock movement	474	(4 913)
– depreciation	19 882	14 571
Mining profit	54 462	33 807
Impairment – Chibuluma assets	–	(112 368)
Other expenses	3 010	4 803
Income before finance costs	51 452	(83 364)
Net finance costs	7 005	1 380
Income before taxation	44 447	(84 744)
Taxation	13 879	12 091
Income after taxation	30 568	(96 835)
Income attributable to outside shareholders	1 822	3 687
Income/(loss) attributable to ordinary shareholders	28 746	(100 522)
Earnings per share (cents)	20,68	(83,21)
Headline earnings per share (cents)	22,00	11,32
Dividend per share (cents)	10,0	12,0
Proposed dividend per share (cents)	4,0	–
Income attributable to ordinary shareholders	28 746	(100 522)
Impairment provision	–	112 368
Goodwill amortisation	1 830	1 830
Headline earnings	30 576	13 676
Weighted average shares in issue (000's)	138 985	120 805
Number of shares in issue at end of period (000's)	139 019	120 805

Statement of change in equity

	Six months 31 December 2002 Unaudited R000	Six months 31 December 2001 Unaudited R000
Shareholders' equity at start of period	391 116	355 428
Shares issued	121	203
Hedging and translation reserve	(22 442)	10 711
Net income/(loss) for the period	28 746	(100 522)
Dividends distributed	(13 898)	(14 497)
	383 643	251 323

COMMENTARY

RESULTS OF OPERATIONS

The Group increased its headline earnings per share by 94% to 22 cents for the six months ended 31 December 2002. The improved results are mainly attributable to an increase of 19% in Group revenue to R462 million. The antimony and coal operations performed exceptionally with increased sales volumes and unit prices achieved. Increased coal production led to an increase of 15% in coal sales volumes which, coupled with an average price increase of 30% to R125 per ton, improved Group revenue by R31 million. The spike in the antimony price to an average of \$17 per mtu for the current period and a 12% improvement in volumes contributed to an increase in revenue of R33 million. Overall commodity prices improved year on year and a higher average Rand/US Dollar exchange rate prevailed.

The increase of 16% in cash costs was due primarily to increased antimony and coal production and the exchange rate effect on US Dollar denominated costs. The performance for the quarter ended 31 December 2002 was hampered by plant throughput problems at Chibuluma with lower copper production output and sales. The strength of the Rand/US Dollar exchange rate in the quarter to 31 December 2002 had a material impact on earnings.

The 36% increase in depreciation is mainly the result of the commissioning of the O'Okiep Slag Plant and the Chibuluma West incline shaft.

The Group debt to equity ratio improved to 30,7% (30 June 2002: 38,9%) at 31 December 2002. The improvement is the result of significant debt repayments during the period totalling R34,3 million, which mainly related to the Chibuluma debt.

The Group's earnings are sensitive to sustained strength in the Rand/US Dollar exchange rate. However, recent improvements in gold and base metal prices, if sustained, will ameliorate the impact.

ACQUISITION OF AVGOLD LIMITED'S ETC DIVISION

On 14 February 2003, Metorex Limited (54%), Millennium Consolidated Investments Limited (26%) and Crew Development Corporation (20%) entered into an agreement, through a dormant company Barberton Mines Limited, to acquire from Avgold Limited its ETC Division, which agreement is subject to certain conditions precedent.

The details of the transaction were set out in an announcement dated 17 February 2003.

PRO FORMA FINANCIAL EFFECTS OF THE ETC ACQUISITION

Set out below are the unaudited pro forma financial effects of the ETC acquisition based on the unaudited financial information of Metorex and the ETC Division, excluding ETC's share of Avgold's hedging losses, for the six months ended 31 December 2002.

	Unaudited before the ETC acquisition (cents)	Pro forma after the ETC acquisition (cents)	Change (%)
Earnings per share	20,7	22,8	10
Headline earnings per share	22,0	23,9	9
Net asset value per share	276,0	280,2	2
Net tangible asset value per share	258,8	266,2	3

Notes:

- The earnings per share, headline earnings per share, net asset value per share and net tangible asset value per share figures in the "Unaudited before the ETC acquisition" column have been extracted from the unaudited financial information of Metorex for the period ended 31 December 2002.
- The earnings per share and headline earnings per share figures in the "Pro forma after the ETC acquisition" column have been calculated:
 - on the basis that the ETC acquisition was implemented with effect from 1 July 2002;
 - on the basis that interest of 14,6% pre-tax was incurred by Barberton Mines on the R150 million interest-bearing debt;
 - on the basis that Metorex has foregone interest of 10% pre-tax on the R30 million cash contribution;
 - on the basis that no interest was incurred on the shareholder's loans from Metorex and Crew;
 - on the assumption that Metorex issued 30 million new ordinary shares;
 - on the basis that the life of the ETC mine is 10 years; and
 - without taking into account any potential transaction costs in relation to the ETC acquisition.
- The net asset value per share and net tangible asset value per share figures in the "Pro forma after the ETC acquisition" column have been calculated on the basis that the ETC acquisition was implemented with effect from 31 December 2002.
- Shareholders are advised that they no longer need to act with caution when trading in Metorex securities.

Consolidated balance sheet

	31 December 2002 Unaudited R000	30 June 2002 Audited R000
ASSETS		
Non-current assets		
Property, plant and equipment	222 159	239 346
Mineral rights	205 202	240 665
Goodwill	23 803	25 633
Investments	891	891
Deferred tax asset	706	8 031
	452 761	514 566
Current assets		
Inventories	64 923	70 858
Trade and other receivables	115 930	110 809
Derivative instruments	1 323	–
Taxation prepaid	5 432	6 314
Bank balances and cash	55 090	104 622
	242 698	292 603
Total assets	695 459	807 169
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	383 204	383 083
Hedging and translation reserve	(11 518)	10 924
Retained income	140 023	125 175
Reverse acquisition reserve	(128 066)	(128 066)
	383 643	391 116
Minority interest	16 512	16 490
Non-current liabilities		
Long-term liabilities – Interest bearing	67 280	84 907
Long-term provisions	46 060	48 434
Deferred tax liabilities	43 457	71 283
	156 797	204 624
Current liabilities		
Trade and other payables	71 247	102 224
Derivative instruments	–	380
Short-term borrowings – Interest bearing	38 498	57 734
Short-term provisions	14 520	14 517
Bank overdraft	12 149	9 353
Taxation	2 093	10 731
	138 507	194 939
Total equity and liabilities	695 459	807 169
Net asset value per share (cents)	276	281
Net tangible asset value per share (cents)	259	263

Consolidated cash flow statement

	Six months 31 December 2002 Unaudited R000	Six months 31 December 2001 Unaudited R000
Cash generated before working capital charges	73 164	45 405
Working capital charges	(36 222)	(32 179)
Cash generated by operations	36 942	13 226
Taxation paid	(16 587)	(19 136)
Dividends paid	(15 698)	(17 497)
Finance costs	(7 005)	(1 380)
Cash outflow from operating activities	(2 348)	(24 787)
Cash outflow from investing activities	(14 899)	(48 791)
Cash (outflow)/inflow from financing activities	(34 268)	22 692
Net decrease in cash and cash equivalents	(51 515)	(50 886)
Net cash balance at beginning of period	95 269	88 186
Effect of foreign exchange rate changes	(813)	–
Cash at end of period	42 941	37 300

CHIBULUMA SOUTH EQUITY PARTNER

Chibuluma Mines Plc is finalising a shareholder agreement with the Industrial Development Corporation ("IDC") whereby the IDC will acquire a 35% interest in the development of the Chibuluma South operations. The Chibuluma South operations will be separately housed in a company (Newco) to which Chibuluma Mines Plc will sell the relevant infrastructure and mining assets. Newco will also receive cash contributions of \$8,3 million and \$1,3 million respectively from the IDC and Chibuluma Mines Plc.

Development of the Chibuluma South orebody is expected to commence during the second half of this calendar year and should continue for 12 – 15 months before production commences.

FUTURE PROSPECTS

The Group continues to pursue quality acquisitions which would add value to its shareholders. This process involves various discussions with potential empowerment partners, which will add to the existing partnerships with Millennium Consolidated Investments and Unnotho weSizwe.

CAPITAL EXPENDITURE AND COMMITMENTS

Group capital expenditure for the period totalled R14,9 million (2001: R48,8 million), which mainly related to the upgrading of equipment at Wakefield and Chibuluma, expenditure on the Middelburg coal project, final plant improvements at Vergenoeg, components for a smelter upgrade at O'Okiep and expenditure on the Beta shaft at Consolidated Murchison.

Contracted capital commitments at 31 December 2002 amount to R11,4 million (30 June 2002: R1 million), whilst uncontracted commitments amount to R4,2 million (30 June 2002: R5 million).

Operating lease commitments, which fall due within one year amount to R2,7 million (30 June 2002: R2,3 million), whilst commitments of R4,7 million (30 June 2002: R2,4 million) fall due in years two to five.

ACCOUNTING POLICIES

The interim results have been prepared on the historical cost basis in accordance with International Accounting Standards. The accounting policies are consistent with those adopted in the financial year ended 30 June 2002. Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

SAFETY

The Group's operations produced commendable safety statistics and thanks are extended to all staff for their contribution to this record. Management is firmly committed to the elimination of all risks that threaten the health and safety of employees.

DECLARATION OF DIVIDEND

Notice is hereby given that an interim dividend referenced No. 006 of 4 (four) cents per share has been declared in respect of the period ended 31 December 2002. The dividend, which is declared in the currency of the Republic of South Africa, will be paid on 17 March 2003.

The last day to trade in the company's shares for purposes of entitlement is Friday, 7 March 2003. The shares will commence trading ex-dividend on Monday, 10 March 2003 and the record date is Friday, 14 March 2003. Share certificates may not be dematerialised or rematerialised between Monday, 10 March 2003 and Friday, 14 March 2003, both days inclusive.

A S MALONE
 Chairman

C D S NEEDHAM
 Financial Director

By order of the board
 19 February 2003

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