



Metorex Limited

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

Consolidated interim results for the period ended 31 December 2003

Rand strength affects earnings

Positive group cash generation

Middelburg Townlands project progressing

Chibuluma South shaft sinking commenced

Issue of shares for cash proposed

Consolidated income statement

	Six months 31 December 2003 (Unaudited) R000	Six months 31 December 2002 (Unaudited) R000
Revenue – Mineral sales		
Copper	91 943	166 006
Zinc	36 519	48 278
Coal	95 626	92 834
Fluorspar	50 473	50 978
Gold – Barberton	175 007	—
Gold – other	30 309	49 105
Antimony	41 770	69 794
Other	3 949	10 008
Gross revenue	525 596	487 003
Realisation costs	70 707	85 302
On-mine revenue	454 889	401 701
Cost of production	459 237	347 239
Cash costs	421 835	326 883
Stock movement	3 477	474
Depreciation	33 925	19 882
Mining (loss)/profit	(4 348)	54 462
Retrenchments – O’Okiep and Maranda	(5 054)	—
Other income/(expenses)	8 042	(3 010)
(Loss)/income before finance costs	(1 360)	51 452
Finance income	3 369	8 663
Finance costs	(18 805)	(15 668)
(Loss)/income before taxation	(16 796)	44 447
Taxation – normal and STC	1 753	8 893
Taxation – deferred	(3 102)	4 986
(Loss)/income after taxation	(15 447)	30 568
Income attributable to outside shareholders	6 190	1 822
(Loss)/income attributable to ordinary shareholders	(21 637)	28 746
Basic and diluted earnings per share (cents)	(12,36)	20,68
Headline and diluted headline earnings per share (cents)	(12,18)	22,00
Dividend per share (cents)	3,0	10,00
(Loss)/income attributable to ordinary shareholders	(21 637)	28 746
Profit on sale of assets	(1 712)	—
Tax effect	205	—
Goodwill amortisation	1 830	1 830
Headline earnings	(21 314)	30 576
Weighted average shares in issue (000’s)	175 019	138 985
Number of shares in issue at end of period (000’s)	175 019	139 019

Consolidated cash flow statement

	Six months 31 December 2003 (Unaudited) R000	Six months 31 December 2002 (Unaudited) R000
Cash generated before working capital changes	34 395	73 164
Working capital changes	15 686	(36 222)
Cash generated by operations	50 081	36 942
Taxation refunded/(paid)	2 592	(16 587)
Dividends paid	(6 631)	(15 698)
Net finance costs	(12 870)	(7 005)
Cash inflow/(outflow) from operating activities	33 172	(2 348)
Cash outflow from investing activities	(21 351)	(14 899)
Cash outflow from financing activities	(22 043)	(34 268)
Net decrease in cash and cash equivalents	(10 222)	(51 515)
Net cash balance at beginning of period	(2 056)	95 269
Effect of foreign exchange rate changes	(39)	(813)
Cash equivalents at end of period	(12 317)	42 941

Commodity sales statistics

	Six months 31 December 2003	Six months 31 December 2002
Copper	(t) 7 322	10 729
Zinc	(t) 6 147	6 288
Coal	(t) 737 644	742 931
Fluorspar (all grades)	(dmt) 66 191	56 696
Gold – Barberton Mines	(kg) 1 747	—
Gold – other	(kg) 370	478
Antimony	(mtu) 263 049	286 840

Commodity prices achieved (averaged)

	Six months 31 December 2003	Six months 31 December 2002
Copper	(\$/t) 1 769	1 538
Zinc	(\$/t) 837	763
Coal	(R/t) 130	125
Fluorspar (all grades)	(\$/t) 107	89
Gold – Barberton Mines	(\$/oz) 439	—
Gold – other	(\$/oz) 359	318
Antimony	(\$/mtu) 22	24
Exchange rate (average)	(R/\$) 7,1	10,1

COMMENTARY

RESULTS OF OPERATIONS

The comparative figures for the six months include the acquisition of Barberton Mines Limited (BML) for the first time. The production increase and cost containments at BML has been most satisfactory and BML was a major contributor to profits for the six months.

The coal and fluorspar operations performed well, but the 30% strengthening of the Rand affected revenues and profits. The smelter mothballing at O’Okiep, orebody problems at Chibuluma and Consolidated Murchison contributed to further revenue declines and the reduced profit for the period can be attributed approximately equally to Rand strength and reduced sales volumes.

The Group generated R50 million of cash during the period (2002: R37 million), which was applied to capital debt repayment and a dividend. A major portion of the Group’s resources was applied to funding the BML acquisition as well as funding of the Group’s share of capital at Chibuluma South and Middelburg Coal. This has prompted the Board, subject to JSE approval, to propose an issue of shares for cash.

The change in minority interest is a result of the conversion of R35 million of shareholder loans in BML to preference shares and an equity advance from the Industrial Development Corporation (IDC) into the Chibuluma South project.

CURRENT DEVELOPMENTS

Barberton Mines

Work on collating mine exploration data, preparatory to a regional exploration programme is ongoing and an investigation into a possible opencast deposit between Fairview and Sheba has been initiated.

Chibuluma South

The decline has advanced 25 metres through poor ground and is now in the basement gneiss where conditions are expected to improve and budgeted development should now be achieved. It is anticipated that the Sulphide Ore Body will be intersected in the last quarter of the financial year, with initial production building up to a planned scale of 40 000 tons per month of ore over the next 12 to 15 months.

Middelburg Townlands

Construction of the processing plant is progressing well with completion expected during May 2004. Tenders have been invited for the opencast mining contract, which is planned to commence at the same time as the washing plant is commissioned. The planned production of 600 000 to 700 000 tons of saleable coal will increase current production levels by 30% to 40%.

FUTURE PROSPECTS

The recent strength of commodity prices has partially offset the current Rand strength and should result in increased revenues and earnings during the forthcoming period, providing these prices are maintained. Sustained management efforts aimed at increasing production and reducing costs on all the operations are beginning to impact.

QUARTERLY REPORTING

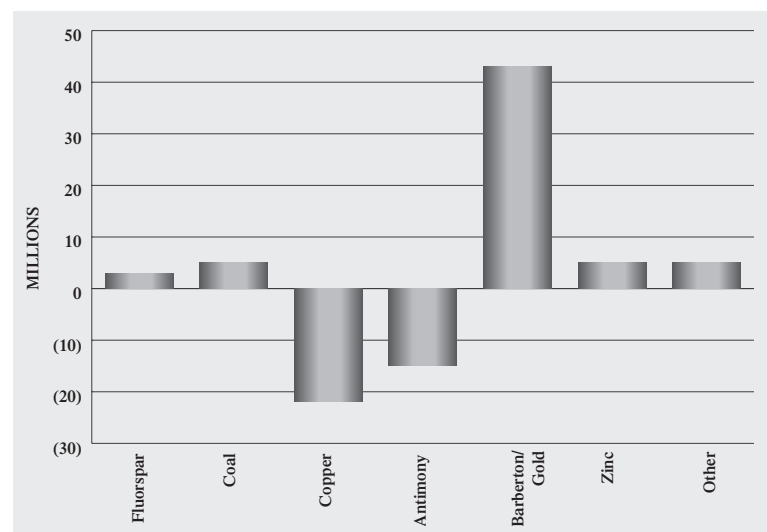
As no statutory requirement exists for quarterly reporting the Board has resolved to discontinue such reporting. This is due to the fact that changes in mining operations tend to have longer lead times than other industries, and the cost of producing quarterly reports will also be eliminated.

CAPITAL EXPENDITURE AND COMMITMENTS

Group capital expenditure for the period totalled R42,2 million (2002: R14,9 million), which mainly related to underground development and equipment at Barberton Mines, Chibuluma South development and expenditure on Middelburg Townlands. The Group funded R21,4 million from internal sources, with the balance of R20,8 million being funded by the IDC through their involvement in the Chibuluma South and Middelburg Townlands projects.

Segmental information – Period ended 31 December 2003

MINING PROFIT BEFORE DEPRECIATION



Consolidated balance sheet

	31 December 2003 (Unaudited) R000	30 June 2003 (Audited) R000
ASSETS		
Non-current assets		
Property, plant and equipment	506 903	499 952
Mineral rights	193 233	218 288
Goodwill	20 141	21 971
Investments	891	891
Rehabilitation trust funds	42 537	41 063
	763 705	782 165
Current assets		
Inventories	45 105	53 074
Trade and other receivables	102 164	109 912
Taxation prepaid	5 105	9 550
Bank balances and cash	12 978	23 498
	165 352	196 034
Total assets	929 057	978 199
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital and premium	473 204	473 204
Hedging and translation reserve	(57 658)	(32 391)
Retained income	89 181	116 069
Reversed acquisition reserve	(128 066)	(128 066)
	376 661	428 816
Minority interest	67 346	16 699
Non-current liabilities		
Long-term liabilities – interest bearing	136 796	179 974
Long-term provisions	71 980	72 424
Deferred tax liabilities	48 485	56 370
	257 261	308 768
Current liabilities		
Trade and other payables	132 190	124 582
Short-term borrowings – interest bearing	42 843	45 080
Short-term provisions	27 067	28 168
Bank overdraft	25 295	25 554
Taxation	394	532
	227 789	223 916
Total equity and liabilities	929 057	978 199
Net asset value per share (cents)	215	245
Net tangible asset value per share (cents)	204	233

Statement of changes in equity

	Six months 31 December 2003 (Unaudited) R000	Six months 31 December 2002 (Unaudited) R000
Shareholders’ equity at start of period	428 816	391 116
Ordinary shares issued	—	121
Hedging and translation reserve	(25 267)	(22 442)
Net (loss)/income for the period	(21 637)	28 746
Dividends distributed	(5 251)	(13 898)
	376 661	383 643

Contracted capital commitments at 31 December 2003 amount to R98,1 million (30 June 2003: R1,3 million), whilst uncontracted commitments amount to R45,9 million (30 June 2003: R7,4 million). The contracted and uncontracted capital commitments mainly relate to the Chibuluma South and Middelburg Townlands projects. The IDC is funding the Middelburg Townlands project through an interest bearing loan and 87% of the Chibuluma South development through equity contributions.

Operating lease commitments, which fall due within one year amount to R2,2 million (30 June 2003: R3,4 million), whilst commitments of R3,3 million (30 June 2003: R4,7 million) fall due in years two and five.

O’OKIEP SMELTER MOTHBALLING

The O’Okiep smelter was mothballed during late 2003 due to uneconomic world treatment charges. Since closure these charges have deteriorated further. An impairment charge over the smelter will be considered at year-end. At current copper prices (+\$2 800/ton) the audit committee does not believe an impairment charge is warranted.

BOARD OF DIRECTORS

The directors regret to announce the untimely death of Jomo King, an alternate director of Metorex, who had been employed by the Group for 18 years. His contribution to the growth and development of the Group is appreciated and condolences are extended to his family.

Mr Qvist resigned as a director at the annual general meeting.

These changes to the composition of the Board were previously announced on SENS.

SAFETY

It is with regret that the Group has to report two fatal accidents both of which occurred after the end of the quarter. The directors and staff express their sincere condolences to the family and friends of the deceased.

ACCOUNTING POLICIES

The interim results have been prepared in accordance with International Financial Reporting Standards applicable to Interim Financial Reporting. The accounting policies are consistent with those adopted in the financial year ended 30 June 2003.

Copper refining and antimony realisation charges, totalling R24,7 million, previously charged against sales revenue have been reclassified to realisation costs, which is consistent with classifications adopted in the financial year ended 30 June 2003.

By order of the Board

A.S. MALONE

Chairman

19 February 2004

C.D.S. NEEDHAM

Financial Director

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