

METOREX LIMITED

A NEW FOCUS FOR THE FUTURE

(Incorporated in the Republic of South Africa)

(Registration number: 1934/005478/06)

Share code: MTX ISIN: ZAE000022745

Issuer code: MEMTX

("Metorex" or "the Company" or "the Group")

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Interim results and financial information for the 12 month period ended 30 June 2010

Highlights for the 12 months ended 30 June 2010

- Copper production up by 60 percent to 50,051 tons
- Cobalt production up by 256 percent to 3,102 tons
- Cash mining profit up 678 percent to R866 million, despite R400 million loss on Ruashi hedges which have now expired
- Balance sheet restored with debt down by 50% and cash on hand at R521 million
- Growth projects being advanced with a high degree of technical diligence
- Post 30 June Consolidated Murchison has been sold

Consolidated condensed statement of comprehensive income

R'000	12 months ended 30 June 2009* (Audited)	12 months ended 30 June 2010 (Reviewed)
Mineral sales		
Copper	866 407	2 121 856
Cobalt	70 677	659 444
Gross revenue	937 084	2 781 300
Realisation costs	184 258	369 714
On-mine revenue	752 826	2 411 586
Cost of production	597 580	1 482 391
Stock movement	43 990	63 510
Cash mining profit	111 256	865 685
Other income, net	142 750	305 430
EBITDA	254 006	1 171 115
Impairments	(2 273 429)	–
Finance income	6 945	14 802
Finance costs	(5 881)	(93 380)
(Loss) income before depreciation	(2 018 359)	1 092 537
Depreciation	108 797	296 141
(Loss) income before assets held for sale	(2 127 156)	796 396

Assets held for sale, net of tax	166 459	(31 903)
(Loss) income before taxation	(1 960 697)	764 493
Taxation (credit) expense	(420 253)	124 617
(Loss) income after taxation	(1 540 444)	639 876
Income attributable to outside shareholders	(33 226)	59 720
Accumulated (loss) retained income for the period	(1 507 218)	580 156
Other comprehensive income, net of tax		
Foreign currency translation reserve	313 084	93 342
Net effect of cash flow hedges	(160 760)	126 810
Total comprehensive income	152 324	220 152
Attributable to:		
Equity holders of the parent	176 438	263 172
Minority interest	(24 114)	(43 020)
	<u>152 324</u>	<u>220 152</u>
From continuing and discontinuing operations		
(Loss) earnings per share (cents)	(272,4)	72,4
Diluted (loss) earnings per share (cents)	(272,4)	72,3
Headline earnings per share (cents)	23,9	25,2
Diluted headline earnings per share (cents)	23,9	25,1
Adjusted headline (loss) earnings per share (cents)	(8,5)	24,6
Weighted number of shares in issue ('000)	553 349	801 794
Diluted number of shares in issue ('000)	553 349	802 115
Shares in issue ('000)	742 538	1 002 263
Headline earnings per share is calculated using the following:		
(Loss) income attributable to ordinary shareholders	(1 507 218)	580 156
Impairments, net of tax and minorities	1 639 557	–
Profit on the sale of fixed assets and subsidiaries, net of tax	(431)	(378 485)
Headline earnings (R'000)	131 908	201 671
Headline earnings per share (cents)	23,9	25,2
Diluted headline earnings per share (cents)	23,9	25,1
Adjusted headline earnings per share is calculated using the following:		
Headline earnings (R'000)	131 908	201 671
Ruashi hedge profit, net of tax and minorities	(118 134)	–
Once-off deferred tax credit relating to AHFS	–	(42 077)
AHFS (PAR, CM, VMC)	(166 459)	31 903
Minority interest relating to AHFS	105 851	5 740
Adjusted headline (loss) earnings (R'000)	(46 834)	197 237
Adjusted headline (loss) earnings per share (cents)	(8,5)	24,6

**Re-presented for assets held for sale*

Consolidated condensed statement of financial position

R'000	12 months ended 30 June 2009 (Audited)	12 months ended 30 June 2010 (Reviewed)
ASSETS		
Non-current assets		
Property, plant, equipment and mineral rights	4 835 427	4 900 953
Goodwill	11 514	11 514
Investments	79 718	81 587
Rehabilitation trust funds	779	6 222
Derivative instruments	94 942	34 945
	5 022 380	5 035 221
Current assets		
Inventories	264 051	243 231
Trade and other receivables	447 628	393 992
Taxation prepaid	6 194	16 281
Derivative instruments	–	36 171
Bank balances and cash	73 553	521 322
	791 426	1 210 997
	5 813 806	6 246 218
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	2 399 459	3 831 787
Minority interest	457 208	85 490
Total equity	2 856 667	3 917 277
Non-current liabilities		
Long-term liabilities – interest bearing	1 415 563	751 154
Long-term provisions	181 310	141 276
Deferred tax liabilities	469 292	531 628
	2 066 165	1 424 058
Current liabilities		
Trade and other payables	557 831	376 525
Short-term borrowings – interest bearing	695 604	321 964
Short-term provisions	35 065	48 550
Bank overdraft	54 323	31
Derivative instruments	230 240	110 831
Taxation	29 999	11 653
	1 603 062	869 554
Assets held for sale, net	(712 088)	35 329
Total equity and liabilities	5 813 806	6 246 218
Net asset value per share (cents)	323	382
Net tangible asset value per share (cents)	322	381

Condensed consolidated cash flow statement

R'000	12 months ended 30 June 2009 (Audited)	12 months ended 30 June 2010 (Reviewed)
Cash generated by operations, pre working capital	400 136	692 641
Working capital	65 861	(256 749)
Cash generated by operations	465 997	435 892
Dividends paid to minorities	(108 224)	–
Taxation paid	(236 421)	(89 346)
Finance income (costs), net	250	(78 578)
Cash inflows from operating activities	121 602	267 968
Cash (outflows) inflow from investing activities	(1 393 693)	412 622
Additions to property, plant, equipment, mineral rights and investments	(1 393 693)	(523 424)
Proceeds on disposals of shares in subsidiary	–	936 046
Cash inflows (outflow) from financing activities	1 191 426	(171 280)
Shares issued	704 527	886 155
Borrowings raised (repaid)	486 899	(1 057 435)
Net (decrease) increase in cash and cash equivalents	(80 665)	509 310
Cash at beginning of year	101 331	19 230
Effect of foreign exchange rate changes	(1 436)	(198)
Cash at end of year	19 230	528 342
Disposal of Vergenoeg Mining Company (Pty) Ltd	–	(7 051)
Cash at end of year – continuing operations	19 230	521 291
Cash at end of year – discontinuing operations	23 191	–
Cash at end of year – continuing and discontinuing operations	42 421	521 291

Condensed statement of changes in equity

R'000	12 months ended 30 June 2009 (Audited)	12 months ended 30 June 2010 (Reviewed)
Shareholders' equity at start of year	4 133 674	2 856 667
Ordinary shares issued	723 728	886 154
Other comprehensive income	(152 324)	(220 152)
Equity reserve	–	17 278
Profit for the period	(1 507 218)	580 156
Share option equity	25 789	22 408
Minority interests	(226 362)	(371 718)
Equity attributable to assets held for sale	(140 620)	146 484
Total equity	2 856 667	3 917 277

Commentary

Johannesburg 7 September 2010: Metorex Limited, a base metals producer, today announced its reviewed second interim report for the 12 months ended 30 June 2010. Shareholders are reminded that the Company's year-end has changed to 31 December.

Terence Goodlace, Chief Executive Officer said: *"We are pleased to announce that Metorex has now effectively restored its balance sheet and that these much improved results bode well for the future. Operationally, Chibuluma was the star performer for the Group with a 7,5 percent increase in copper produced for the year. Ruashi continued its positive trend with total copper production having increased by 165 percent and cobalt production by 324 percent over the last 12 months. The disposal of Consolidated Murchison has now been concluded and the Group's re-positioning as a copper/cobalt mining company with producing and development assets in the DRC and Zambia is now complete. Our focus has transitioned from one of survival to that of sustainable growth and we are actively advancing the bankable feasibility studies for the Kinsenda and Lubembe deposits in the DRC."*

Salient features

		12 months June 2009*	6 months December 2009	6 months June 2010	12 months June 2010
Financial performance					
Gross revenue	(R'000)	937 084	1 389 272	1 392 028	2 781 300
Cash mining profit	(R'000)	111 256	461 701	403 984	865 685
Cash mining profit margin	(%)	12	33	29	31
EPS	(cents)	(272,4)	65,3	8,9	72,4
HEPS	(cents)	23,9	14,2	12,5	25,2
Adjusted HEPS	(cents)	(8,5)	11,8	14,3	24,6
Market capitalisation	(R'000)	2 227 614	3 577 500	3 307 468	3 307 468
Shares in issue	('000)	742 538	745 763	1 002 263	1 002 263
Weighted average number of ('000) shares		553 349	743 567	860 091	801 794
Share price	(cents)	300	481	330	330
ZAR/US\$ rate – Average	(R/US\$)	9,03	7,63	7,53	7,58
ZAR/US\$ rate – Closing	(R/US\$)	7,72	7,39	7,67	7,67

*Re-presented

*Commodity production***

		12 months June 2009	6 months December 2009	6 months June 2010	12 months June 2010
Copper	(t)	31 207	24 840	25 211	50 051
Cobalt	(t)	871	1 501	1 601	3 102

*Commodity sales***

		12 months June 2009	6 months December 2009	6 months June 2010	12 months June 2010
Copper	(t)	31 846	24 723	25 492	50 215
Cobalt	(t)	578	1 505	1 741	3 246

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

Average prices achieved, net of hedges

		12 months June 2009	6 months December 2009	6 months June 2010	12 months June 2010
Copper	(US\$/t)	4 464	5 877	5 239	5 574
Cobalt (70% of LMB)	(US\$/t)	30 856	24 244	28 759	26 799
Cobalt (70% of LMB)	(US\$/lb)	14	11	13	12

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

From a safety performance perspective the Group has not had a fatality in over 24 months but there is still work to be done as the lost time injury frequency rate of 4,2 per million man hours worked measured over the last 12 months must be improved upon. The Company continues to promote a set of safe production rules whilst increasing the intensity of risk assessment, hazard identification, risk management and safety training by implementing an integrated, computer-based SHEC system. There have been no major environmental incidents at any of the Group operations during the year.

Financial overview – 12 months ended June 2010 ("2010") compared with the 12 months ended June 2009 ("2009") – (Reviewed)

Shareholders are referred to the Company release dated Friday, 4 June 2010 wherein Metorex announced its change in year-end from June to December. This release constitutes the Group's reviewed second interim report for the 12 months ended 30 June 2010 as required by the Listing Requirements of the JSE Limited.

Group operations saw a significant increase in output, boosted by the production build-up at Ruashi and higher copper head grades at Chibuluma. Copper production increased by 60 percent to 50 051 tons (2009: 31 207 tons) and cobalt production increased to 3 102 tons from 871 tons the previous year. As a result, gross revenue amounted to R2,8 billion (2009: R0,9 billion). Gross revenue was negatively impacted by a R400 million copper hedge loss related to the Ruashi project finance hedges ("Ruashi hedges"). The Ruashi hedges were priced at US\$3 900 per ton and expired on 30 June 2010.

Production and realisation costs increased to R1,5 billion (2009: R0,6 billion) and R0,4 billion (2009: R0,2 billion) respectively on the back of the first-time recognition of the Ruashi phase two project. Cash costs per ton of copper sold, including realisation and on-mine production costs, decreased to US\$2 831 at Ruashi and US\$2 782 at Chibuluma during 2010. The Ruashi cash costs were positively impacted by higher cobalt sales credits and the benefit of increased volume throughput. Group realisation costs per ton of copper and cobalt sold increased year-on-year. This increase followed higher treatment, refining and transport charges in Zambia, an additional export tax of US\$60 per ton introduced in the Katanga province of the DRC and the moisture content of cobalt material shipped to South Africa.

An analysis of Group realisation and production costs is set out below:

		12 months June 2009	6 months December 2009*	6 months June 2010	12 months June 2010
Realisation costs					
Ruashi	(Rm)	40	104	135	239
Chibuluma	(Rm)	132	58	65	123
Sable	(Rm)	12	5	3	8
Total realisation costs	(Rm)	184	167	203	370
Production costs					
Ruashi	(Rm)	17	483	465	948

Chibuluma	(Rm)	264	111	118	229
Sable	(Rm)	260	143	102	245
Corporate	(Rm)	56	26	35	61
Total production costs	(Rm)	597	763	720	1 483

* Unaudited

Cash mining profit increased by 678 percent to R866 million (2009: R111 million) at a margin of 31 percent. Current copper and cobalt prices together with the new copper hedge book bode well for the Group's mining profit margin going forward.

Net other income of R305 million (2009: R143 million) includes a profit of R431 million from the disposal of Vergenoeg Mining Company (Pty) Ltd ("VMC") and Pan African Resources Plc ("PAR").

State royalty charges amounted to R115 million (2009: R20 million) and non-cash share-based payment charges totalled R21 million (2009: R25 million).

Finance costs, mainly related to the Ruashi project finance loan and the Chibuluma term loan, amounted to R93 million (2009: R6 million). These borrowing costs will reduce going forward as a result of the reduction in Group debt.

Depreciation increased to R296 million (2009: R109 million) following the commissioning of the Ruashi project and the resultant depreciation of its capital assets over an estimated useful life of 15 years. The Ruashi capital assets include the project expenditure, capitalised borrowing costs, commissioning losses and mineral rights on acquisition.

Taxation charges include a once-off positive deferred tax adjustment of R42 million following the recognition of tax losses available for set-off against gains from the disposal of assets. Excluding this adjustment and the capital gains tax charge related to the disposal of VMC and PAR, the Group's effective tax rate amounted to 31 percent.

Adjusted headline earnings, excluding non-recurring items, increased to 24,6 cents per share from a loss of 9 cents per share during 2009. The 2010 and 2009 attributable earnings from PAR (now sold), VMC (now sold) and losses incurred at Consolidated Murchison (held for sale) are excluded from adjusted headline earnings. Furthermore, the 2009 adjusted headline earnings exclude the exceptional accounting profit of 21 cents per share which arose when the Ruashi hedge book was restructured during December 2008. The weighted average number of shares in issue increased to 802 million (2009: 553 million).

Assets held for sale ("AHFS") during 2010 related to VMC, PAR and Consolidated Murchison ("CM"). PAR was sold effective 1 July 2009 and VMC contributed towards earnings until December 2009 when it was sold. CM is included as an AHFS. The AHFS incurred a net loss after taxation of R32 million (2009: profit of R166 million).

Capital expenditure for the 12 months ended 30 June 2010 amounted to R523 million (2009: R1,6 billion):

Capex

		12 months June 2009	6 months December 2009*	6 months June 2010	12 months June 2010
Ruashi	(Rm)	889	92	157	249
Chibuluma	(Rm)	121	48	90	138
Copper Resource Corporation	(Rm)	383	67	67	134
Other	(Rm)	206	1	1	2
Total	(Rm)	1 599	208	315	523

* Unaudited

Ruashi capital expenditure mainly related to the acquisition of land adjacent to the mine for R61 million, commencement of over-burden stripping of Pit 3 from April 2010 to the value of R50 million, completion of the plant front-end, cobalt dryer and related items for R48 million, completion of the infill drilling programme for R10 million and ongoing recurring expenditure of some R80 million.

Chibuluma capital expenditure principally related to the ongoing decline ramp development and related infrastructure, the introduction of new underground mobile machinery and ongoing plant expenditure. The decline ramp development costs constituted some 40 percent of total capital expenditure and will continue at this rate for a further two years until the lowest levels of the ore body are fully accessed and established.

Copper Resources Corporation expenditure related to the annual holding costs of approximately US\$12 million (R92 million) at the Kinsenda mine and costs associated with the return of the Musoshi mine and related infrastructure to Sodimico as agreed during the licence review negotiations.

Contracted capital commitments at 30 June 2010 amount to R86 million (2009: R40 million), whilst there were no uncontracted capital commitments (2009: R2 million). Contracted capital commitments mainly relate to the construction of an acid plant at Ruashi. Operating lease commitments, which fall due within the next year, amount to R6 million (2009: R4 million), whilst commitments of R9 million (2009: R3 million) fall due during the next four years.

The Group financial position and liquidity has improved to satisfactory levels incorporating treasury reserves as well as funds to advance the development projects to feasibility stage. The financial position improved following the R2 billion recapitalisation of the company through the disposal of non-copper investments for R940 million, a capital raising of R900 million and improved operational cash flows.

Significant working capital investments were made during 2010 which resulted in an overall improvement in the net current asset position to R341 million as compared to the 2009 negative position of R812 million.

The gross debt position reduced by R1 billion to R1,1 billion over the last 12 months and cash on hand amounted to R521 million as at 30 June 2010. The Group's gross debt-to-equity ratio has improved to 27 percent from 74 percent a year ago. The Ruashi project finance debt is now ring-fenced to the Ruashi investment ("non-recourse event"). This non-recourse event de-risked the Metorex company balance sheet and provides financial flexibility and optionality in terms of the growth projects' funding strategy.

The Group debt position is set out below:

		Nature of debt	June 2009	June 2010
Ruashi 1	(Rm)	Project finance	1 420	652
Ruashi 2	(Rm)	Pre-offtake finance	162	131
Chibuluma 1	(Rm)	Term loan	282	215
Chibuluma 2	(Rm)	Equipment leases and other	45	75
Corporate	(Rm)	Bridge loans	190	—
Other	(Rm)	Other	12	—
Total	(Rm)		2 111	1 073

Group cash generated by operations, before working capital investments, amounted to R693 million (2009: R400 million). The investment in working capital of R256 million principally related to the reduction of accounts payable during 2010. The balance sheet is substantially restored and no significant working capital investments are expected during the next 12 months.

The Group's hedge book now excludes the Ruashi hedges at US\$3 900 per ton. The hedge book provides an element of copper price certainty which mitigates the risk of a material reduction in spot copper prices that could impact on the Group's ability to service debt. The current copper hedge book is set out below:

Commodity	Maturity (months)			Volume (tons)	Price (US\$/t)	Comment
Copper:	Ruashi	12	(Jul '10 – Jun '11)	16 200	5 972	Forwards
	Ruashi	12	(Jul '11 – Jun '12)	12 000	6 600 – 7 600	Zero cost collar
	Chibuluma	6	(Jul '10 – Dec '10)	3 000	7 000 – 8 060	Zero cost collar
	Chibuluma	6	(Jan '11 – Jun '11)	3 000	6 805 – 8 000	Zero cost collar

Zambian tax: The Government of the Republic of Zambia ("GRZ") introduced a new mining tax regime effective 1 April 2008. Subsequently, the GRZ reviewed these tax changes and abolished windfall taxes but still maintained the variable profit tax, increased royalties of 3 percent and the concentrate export levy of 15 percent. In terms of Chibuluma's development agreement ("DA"), signed in 1997 by GRZ and ZCCM Investment Holdings Plc ("ZCCM") under the auspices of the World Bank, the GRZ provided Chibuluma protection for a fifteen-year period against an increase in taxes and/or new taxes or fiscal imposts. The current year tax charge includes corporate taxes at 30 percent for Chibuluma, which is in accordance with the DA. The variable taxes and historic windfall taxes have been recorded as a receivable from GRZ against the tax accrual. As at 30 June 2010, this receivable amounted to US\$8 million. The company is involved in discussions with the GRZ to find an alternative solution to arbitration or litigation.

Operational review – 12 months ended June 2010 compared with the 12 months ended June 2009 – (Unaudited)

Ruashi

		12 months June 2009	6 months December 2009	6 months June 2010	12 months June 2010
Tons milled	(t)	485 360	631 864	600 437	1 232 301
Headgrade – Copper	(%)	2,8	2,79	2,98	2,86
– Cobalt	(%)	0,5	0,51	0,48	0,46
Recovery – Copper	(%)	76	75,0	80,7	78,1
– Cobalt	(%)	27	45,9	54,5	53,8
Copper produced	(t)	10 378	13 208	14 323	27 531
Copper sold – total	(t)	10 351	13 038	14 702	27 740
Copper sold – into hedgebook	(t)	(1)	5 292	11 700	16 992
Copper sold – at spot price	(t)	(1)	7 746	3 002	10 748
Copper – hedgebook price achieved	(US\$/t)	(1)	3 900	3 900	3 900
Copper – average spot price achieved	(US\$/t)	(1)	6 815	6 163	6 633
Cobalt produced	(t)	720	1 478	1 572	3 050
Cobalt sold	(t)	326	1 483	1 709	3 192
On-mine costs per ton milled	(US\$/t)	(1)	100	103	101
Copper realisation costs per ton (US\$/t) of copper sold		(1)	590	637	615

Cobalt realisation costs per ton (US\$/t) of cobalt sold		(1)	3 967	4 996	4 518
Total cash cost/ton of copper sold, net of cobalt credits	(US\$/t)	(1)	3 084	2 598	2 831
Cash mining profit	(R'000)	(1)	253 587	198 307	451 894
Cash mining profit	(US\$000)	(1)	33 215	26 397	59 612
Depreciation	(R'000)	(1)	110 849	99 760	210 609
Depreciation	(US\$000)	(1)	14 519	13 264	27 783
Capital expenditure	(R'000)	(1)	92 116	156 937	249 053
Capital expenditure	(US\$000)	(1)	12 465	20 006	32 471

(1) Project capitalised during 2009

The year for Ruashi was one in which the mine transitioned from a project into a fully fledged operation. This posed certain challenges from a safety perspective, mainly in terms of the commitment and understanding regarding creating a safe working environment, particularly through all levels of the organisation where exposure to this approach is not common culture. A baseline risk assessment process was undertaken and the introduction of hazard identification and risk assessment on an ongoing basis was implemented. Additionally, a comprehensive set of safe production rules was established which covered key aspects of the Ruashi process. Total lost time injuries during the year increased from four to seven as the operational complexity increased.

Milling volume increased by over 154 percent for the year to June 2010 when compared to the previous year and reflects the commissioning of the operation. The first half production of 631 864 tons was affected somewhat by power interruptions. The second half milling throughput was constrained to 600 437 tons due to the transformer and rectifier issues experienced at Ruashi. These issues have been extensively reported on during the relevant periods in separate announcements. Ongoing problems with the rectifier and transformers caused by external power surges were also rectified and production levels have since stabilised.

The copper and cobalt head grades remained constant in the year to June 2010 in relation to the previous financial year. However, the confidence levels in the geological model improved due to continued in-fill drilling and grade control measures and the grades experienced in the second half of the year are expected to persist into the next financial year.

Copper recoveries improved to 78 percent during the second half of the year. Recoveries are a function of both the acid solubility of the plant feed material and operating efficiencies. The improvements to the geological model will allow Ruashi to control and predict its feed sources better, while operating efficiencies are subject to a process of continuous improvement. Cobalt recoveries have improved by 99 percent year on year in line with the commissioning of cobalt circuits and the switch to producing cobalt hydroxide. Cobalt recovery improvements will be more modest off the current base.

Notwithstanding the production pressures caused by the rectifier and transformer issues, copper and cobalt production improved by 8 percent and 6 percent respectively over the two halves of 2010. Compared to the previous year, the production increases of 165 percent and 324 percent respectively to 27 531 tons of copper and 3 050 of cobalt better reflect the ramp up of Ruashi.

On-mine costs per ton milled increased by 3 percent when comparing the first half of the financial year to the second. This was as a consequence of the lower volumes processed affecting the unit costs. The copper and cobalt realisation costs increased by 8 percent and 26 percent respectively when comparing the first half of the June 2010 year to the second half. These were both impacted by an incremental US\$60 per ton export charge effective February 2010. Cobalt realisation charges were also significantly higher in the second half due to concentrate moisture levels rising to 64 percent against 55 percent in the first half. This was due to conversion to cobalt hydroxide as well as initial problems experienced in commissioning the cobalt drying circuit.

Total cash costs of copper sold, net of cobalt credits, improved by 16 percent over the first half of the year. The increased cobalt sales contributed to this cost indicator falling to US\$2 598 per ton of copper in the second half of the year and an overall cash mining profit of US\$59,6 million.

Capital expenditure increased by 62 percent in the second half of the year to US\$32,5 million. The capital cost increases were a result of the commencement of Pit 3 stripping operations in April 2010. Stripping will increase during the next 12 months and expenditure is expected to reach US\$20 million for that 12 month period. An additional US\$13 million is being spent on the completion of the acid plant and ongoing capital of US\$10 million per annum is planned.

Ruashi mine should be at stable production levels of 2 800 tons to 3 000 tons of copper and 300 tons to 350 tons of cobalt per month for the coming year. Actual production for the month of August 2010 was 2 917 tons of copper (July 2010: 2 725 tons) and 380 tons of cobalt (July 2010: 347 tons). Production efficiencies and strategic initiatives should have the effect of somewhat offsetting certain cost increases such as power, diesel, taxes and wages. Ongoing brownfields drilling is expected to improve the resource base of Ruashi, which should extend the life of the mine and increase ore reserve flexibility.

Chibuluma

		12 months June 009	6 months December 2009	6 months June 2010	12 months June 2010
Tons milled	(t)	568 187	282 620	269 431	552 051
Headgrade – Copper	(%)	3,1	3,32	3,60	3,46
Recovery – Copper	(%)	90	90	90	90
Copper produced	(t)	15 940	8 419	8 721	17 140
Copper sold – total	(t)	15 907	8 479	8 702	17 181
Copper sold – into hedgebook	(t)	—	3 075	4 200	7 275
Copper sold – at spot price	(t)	15 907	5 404	4 502	9 906
Copper – hedgebook price achieved	(US\$/t)	—	4 515	5 308	4 912
Copper – average spot price achieved	(US\$/t)	3 876	7 020	7 488	7 239
On-mine costs per ton milled	(t)	52	50	59	55
Copper realisation costs per ton of copper sold	(t)	917	904	987	946
Total cash cost/ton of copper sold	(t)	2 793	2 853	2 713	2 782
Cash mining profit	(R'000)	155 786	219 453	235 648	455 101
Cash mining profit	(US\$000)	17 252	28 744	31 291	60 035
Depreciation	(R'000)	72 781	32 624	33 825	66 449
Depreciation	(US\$000)	8 060	4 273	4 493	8 766
Capital expenditure	(R'000)	121 065	47 578	89 953	137 531
Capital expenditure	(US\$'000)	15 682	6 438	11 493	17 931

The introduction of hazard identification and risk management has led to an improvement in safety related measures. Baseline risk assessments have been completed and procedures are now continuously being reviewed. Employees and contractors now attend "Risk Assessment in the Workplace" presentations. Total lost time injuries during the year improved by 14 percent from seven to six injuries and non-lost time injuries showed an improvement of 41 percent from 48 injuries in 2009 to 28 injuries for the 12 months ended June 2010. Self contained self rescuers were implemented at the mine over the last six months.

The volume of ore mined from underground was in line with 2009 performance at 560 595 tons and

the amount of ore processed through the plant reduced by 2,8 percent to 552 051 tons for the 12 months to date. Capital development rates were increased by 11 percent to 2 478 metres for the 12 months. Volumes at the mine have been affected by electrical power interruptions during the year and mining continues at deeper levels. The mine is planning to install additional on-site generating capacity to minimise the risk of power interruptions.

Copper head grades increased by 11 percent to 3,46 percent copper as the mine depleted ores in planned higher grade areas. The increase in the grade was also attributable to management interventions to reduce dilution at the mine. Within the usual bounds of variability the ore body grade does improve with depth.

Copper sold for the 12 months increased by 8 percent to a record 17 181 tons. All copper for the year was sold to the Chambishi Copper Smelters ("CCS") under a newly negotiated contract. The terms are not as favourable as international pricing but are not as expensive as incurring the Zambian export tax on concentrates.

On-mine costs per ton milled were well controlled with the year on year increase being under 6 percent. This increase was adversely affected in the second half of the year as milling volumes decreased by 5 percent due to planned maintenance on the crusher, a mill reline and power outages.

Realisation charges increased by 3 percent due to the increases in the CCS offtake contract. Stated in terms of cash costs per ton of metal sold, Chibuluma had a credible performance for the year as costs were held constant.

Capital expenditure for the 12 months was increased by 14 percent to US\$17,9 million as a result of increased capital development (US\$6,6 million) and the purchase of new mining fleet vehicles (US\$5,0 million) needed to maintain production levels.

For the 12 months ended 30 June 2010, Chibuluma increased its cash mining profit from US\$17,3 million by 248 percent to US\$60,0 million. This was driven by higher copper production, higher copper prices received and cost control.

The Chibuluma mine is well set to maintain production levels for the coming period. Volume restrictions, given the increasing depth of mining and erratic power supply, will be mitigated through careful planning and strategic interventions, and the depth-related increases in grade will assist in maintaining production levels. Various cost pressures will be experienced during the coming year, mainly in the form of wages, power and diesel costs. In addition the Zambian government remains resolute in terms of increasing taxation levels on mining companies. Capital expenditure levels are expected to remain similar to current levels. However, additional expenditure, in the form of exploration targeted at increasing the life of the mine, is planned.

Actual production for the month of August 2010 was 1 355 tons of copper (July 2010: 1 534 tons).

Sable

		12 months June 2009	6 months December 2009	6 months June 2010	12 months June 2010
Copper produced	(t)	4 889	3 213	2 167	5 380
Copper sold	(t)	5 588	3 206	2 088	5 294
Cobalt produced	(t)	151	23	29	52
Cobalt sold	(t)	252	22	32	54
Acquisition cost of contained copper (%) feed (% of copper LMB price)		59	72	71	72
Overall copper process recovery	(%)	94	95	94	95

Net margin on copper production after acquisition and process costs	(%)	4	9	5	6
Cash mining profit	(R'000)	11 470	14 757	5 445	20 202
Cash mining profit	(US\$000)	1 270	1 933	732	2 665
Depreciation	(R'000)	22 478	9 490	9 355	18 845
Depreciation	(US\$000)	2 489	1 243	1 242	2 485
Capital expenditure	(R'000)	2 803	—	530	530
Capital expenditure	(US\$000)	363	—	69	69

Improvements in safety and health practices, specifically the introduction of hazard identification and risk management at the mine has led to an improvement in all safety related measures over the last 12 months. Total lost time injuries decreased by 83 percent from six injuries to one injury and non-lost-time injuries showed an improvement of 75 percent from 29 to seven injuries.

The volume of ore purchased and processed through the plant increased by 14 percent over the last 12 months as compared to 2009 and a total of 33 516 tons of ore was purchased by the mine. Ore flow to Sable is constrained by government interventions in the DRC which make it difficult to import materials that have not been beneficiated. Therefore, there was a change in the mix of ore towards local Zambian sources which are typically lower grade and have very little associated cobalt.

Recoveries improved slightly year on year with most of the improvement coming towards the end of the year as a portion of the Zinc Plant infrastructure was converted into a leach section to re-treat rejected material. The quality of the Sable ore remained London Metal Exchange "A" grade material.

Sable produced 5 380 tons of copper for the 12 months to June 2010 which is a 10 percent increase on that achieved in 2009. Cobalt production reduced markedly to 52 tons from 151 tons on the back of the reduced grades of the ore received from third parties.

The net margin on copper production after acquisition and process costs increased from 4 percent to 6 percent. The improved margin is as a direct result of good cost control related to the direct processing costs. The slight recovery improvement also contributed to the margin increase.

There were no major capital works programmes at the mine although low cost improvements such as the pre-leach section were carried out.

For the 12 months ended June 2010 Sable Zinc more than doubled its cash mining profit to US\$2,7 million from US\$1,3 million.

The Sable Zinc operation is wholly reliant on third party ores and with the hardening of attitudes in the DRC towards the exporting and taxation of ores one can expect lower production throughput. Management at the operation has been tasked to source more local Zambian ores and continue with its efforts at sourcing DRC ores. The strategic challenge for Sable Zinc is to ensure its long-term future by improving its returns to a level suitable for an asset of its quality.

Growth projects update

The Group has adopted a risk-based approach to determine the appropriate financial strategy required to fund future projects. The funding requirements by project, considered in relation to the Group's financial position, will determine the timelines and sequence of new project development. The second half of 2010 was very productive for the Metorex Growth Projects team and good progress was made towards completion of feasibility studies for each of the projects.

Kinsenda Project:

During the period January to June 2010, the Kinsenda Bankable Feasibility Study ("BFS") scope of work was defined, requests for proposals submitted to various specialist consultants, adjudications made, and appointment of key consultants was completed. The BFS is being managed by Metorex with negotiations underway with third parties to outsource this function. An infill drilling programme of 7 500m on the Kinsenda orebody commenced in April 2010. Assay results have been received for

the first two holes, with a best intersection to date of 6,17% copper over 13m from 277m in drillhole MKD01. This intersection supports historical drilling results, and confirms the high grade nature of the remaining mineral resources at Kinsenda. The drilling programme was completed during August 2010, with a revised mineral resource estimate to be completed by October 2010. Snowden Mining Consultants delivered a preliminary mining study defining potential mining methods and scale of operation in June. This work will feed into the detailed mine design and scheduling study which is set to commence once the revised mineral resource model has been completed. Metago and rePlan were appointed for environmental and social impact assessment ("ESIA") studies respectively. Studies to determine the baseline dry-season biophysical environment have been completed leaving the wet season studies to be completed in H1 F2011. Golder Associates were appointed to complete the tailings storage facility site selection and design, as this is a critical item required for the ESIA. Metallurgical testwork on drill core is expected to commence at Mintek in October 2010 once all drilling results have been received. The BFS critical path runs through the metallurgical testwork and process plant design. The schedule for the BFS shows completion in March 2011 at a total expenditure of US\$5,4 million.

Lubembe Project:

A SAMREC compliant mineral resource estimate for the Lubembe deposit was released in July 2010 and indicated a 47 percent increase in the total in-situ copper content. A total Indicated and Inferred resource of 1,5 tons of copper have now been defined and will be used to guide preliminary mining studies being undertaken by Snowden Mining Consultants. An infill diamond drilling programme is planned on the Lubembe deposit and is expected to further upgrade geological confidence. An important outcome of the planned drilling campaign will be to source material for the metallurgical testwork programme. Metago and rePlan have been appointed for environmental and social impact studies, which are being run concurrently with the Kinsenda ESIA studies. The schedule for the feasibility study currently shows completion in August 2011 at a total expenditure of US\$3,2 million.

Musonoi Est (Dilala East) Project:

A Scoping Study was completed by Metorex in February 2010, which concluded that the project shows reasonable prospects of being developed into a profitable underground mining operation capable of producing from 17 to 26ktpa of copper and 2 to 3 ktpa of cobalt. This study was submitted to Gecamines as per the terms of Amendment 4 to the partnership agreement with Gecamines. Limited feedback from Gecamines has been received to date, and Metorex has thus placed on hold any non-drilling expenditure on the project until such time as mineral title to PE4958 has been transferred to Ruashi Mining. Limited drilling activities are ongoing on the project site and with a focus on depth extension of the sulphide zone. A maiden SAMREC compliant mineral resource estimate was released in March 2010, bringing the total contained metal in the deposit to 563 000t of copper and 170 000t of cobalt. This estimate extended to a depth of 400m below surface, and was based on the results of 45 drillholes available at the time. An additional 14 drillholes have been completed subsequently, extending the resource to a depth of 600m below surface as well as infilling portions of the sulphide resource. A revised estimate for the Dilala East mineral resource is expected to be released by December 2010. The completion date of the BFS has been extended to accommodate the delays in transfer of the mineral title by Gecamines. In the event that title is transferred, the estimated costs to advance the Musonoi/Dilala East Project to BFS status is US\$3,7 million.

Reviewed financial information

Corporate activity

During the period under review, the Company disposed of its interests in PAR and VMC for R372 million and R563 million respectively. On 29 January 2010, the Company announced a R900 million capital raising which became unconditional on 12 March 2010. The capital raising was significantly over-subscribed and 250 million new shares were issued at R3,60 per share.

Subsequent event

As part of the capital raising, completed on 12 March 2010, R100 million was requested from shareholders to either close or sell Consolidated Murchison ("CM"). On 6 September 2010, the Group announced the re-capitalisation and disposal of the CM division. The disposal is subject to a number of suspensive conditions, as announced. Metorex has agreed to contribute R51 million towards the re-capitalisation of CM as well as a further R15 million towards rehabilitation.

Going concern

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

Accounting policies

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

The unmodified review report on the 30 June 2010 results, by the Group's external auditors Deloitte & Touche is available for inspection at the Group's registered office. The Group complies with the Companies Act and the Listing Requirements as prescribed by the JSE Limited. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's auditors.

Outlook

The re-positioning and re-capitalisation of Metorex has considerably improved the Group's financial position when compared to 30 June 2009. It is on this basis that the Group will advance its operating and project development strategy for sustainable growth. Copper and cobalt production at Metorex is expected to increase above the levels reported for the 12 months ended 30 June 2010 and this is directly attributable to the commissioning of the Ruashi mine. Cost pressures remain in the countries where Metorex operates. The current market conditions for copper and cobalt prices remain favourable for positive earnings growth.

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Chairman

Terence Goodlace
Chief Executive Officer

7 September 2010

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