

METOREX L I M I T E D



Consolidated unaudited interim results
for the period ended 31 December 2009

A new focus for the future

■ Highlights



- **Restoring the balance sheet:**
 - The Vergenoeg disposal was concluded for US\$60 million on 21 December 2009; and
 - A capital raising for US\$100 million was initiated and announced on 29 January 2010.

- **Cash mining profit from core operations was R462 million for the six months ended 31 December 2009.**

- **Operations:**
 - Group quarterly copper production increased by 3,5% to 12 634 tons compared with the previous quarter, which was driven by increases at Ruashi but a reduction at Chibuluma;
 - Group quarterly cobalt production increased by 21,4% to 823 tons due to improved production from Ruashi; and
 - Quarterly copper production costs net of by-products from Ruashi and Chibuluma were well controlled at US\$2 929 per ton.

METOREX L I M I T E D

(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")

■ Commentary

Johannesburg, 2 March 2010: Metorex Limited, the focused base metals miner, today announced a 141% increase in Group revenue to R1,4 billion, despite the US\$3 900 per ton Ruashi hedges. Adjusted headline earnings of 12 cents per share for the six months ended 31 December 2009. Group copper and cobalt sales increased to 24 723 tons and 1 505 tons respectively. Non-core asset disposals substantially restored the balance sheet with Group debt having been reduced by 29% to R1,5 billion. The recently announced capital raising will restore the balance sheet and sets the scene for new project development and value creation.

Terence Goodlace, CEO of Metorex said, "Metorex has entered a new phase in its life and the Group has rapidly advanced various recapitalisation, repositioning and refocusing initiatives over the last six months. The recently announced capital raising, along with the disposals of Pan African in July 2009 and Vergenoeg in December 2009, fundamentally changes and strengthens the Metorex balance sheet and places the company in a position to undertake project development. The focus has now switched from one of survival to one of growth and we are now actively advancing the completion of bankable feasibility studies for the Musonoi (Dilala East), Kinsenda and Lubembe deposits in the DRC. Operationally, Ruashi has continued its positive trend, with quarterly copper production having increased by 32,1% to 7 518 tons and cobalt by 21,9% to 812 tons."

Salient features

		Six months	
		December 2008*	December 2009
Financial performance			
Gross revenue	(R'000)	576 561	1 389 272
Cash mining profit	(R'000)	47 647	461 701
Cash mining profit margin	(%)	8	33
EPS	(cents)	42,09	65,29
HEPS	(cents)	48,21	14,17
Adjusted HEPS	(cents)	(0,70)	11,79
Market capitalisation	(R'000)	1 324 246	3 577 500
Shares in issue	('000)	613 077	745 763
Weighted average number of shares	('000)	379 304	743 567
Share price	(cents)	216	481
ZAR/US\$ rate – average	(R/US\$)	8,88	7,63
ZAR/US\$ rate – closing	(R/US\$)	9,55	7,39

* Restated for assets-held-for-sale.

Commodity production*

	Unit	Quarter		Six months	
		September 2009	December 2009	December 2008	December 2009
Copper	(t)	12 206	12 634	13 563	24 840
Cobalt	(t)	678	823	135	1 501
Antimony	(mtu)	70 652	35 456	150 371	105 989
Fluorspar	(dmt)	41 156	40 738	87 454	81 894
Gold	(kg)	116	93	234	209

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

Commodity sales*

	Unit	Quarter		Six months	
		September 2009	December 2009	December 2008	December 2009
Copper	(t)	11 526	13 197	13 843	24 723
Cobalt	(t)	814	691	237	1 505
Antimony	(mtu)	90 996	40 623	130 605	131 619
Fluorspar	(dmt)	34 761	19 864	84 592	54 625
Gold	(kg)	113	104	241	217

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

■ Commentary continued

Average prices achieved, net of hedges

	Unit	Quarter		Six months	
		September 2009	December 2009	December 2008	December 2009
Copper	(US\$/t)	4 306	6 452	4 826	5 877
Cobalt (70% of LMB)	(US\$/t)	22 347	26 642	33 060	24 244
Cobalt (70% of LMB)	(US\$/lb)	10	12	15	11
Antimony, net	(US\$/mtu)	34	43	41	37
Fluorspar	(R/t)	1 800	1 800	1 989	1 801
Gold	(US\$/oz)	978	1 117	830	1 043

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

The Group is pleased to report zero fatalities over the last six months and a 10 per cent improvement in lost time injuries when compared to the September 2009 quarter.

The process of implementing a Group SHEC framework is continuing and the following milestones have been achieved at operations over the last six months:

- The development and implementation of consistent SHEC policies across all Group operations;
- Responsibility, accountability and authority for SHEC management being clearly defined at a Group and Operating level;
- Improved emergency preparedness and response arrangements;
- The first phase of hazard identification and risk assessment training; and
- New baseline risk assessments completed and submitted for scrutiny.

During the period ahead, the Group plans to complete the SHEC Framework through implementation of the following:

- Performance monitoring and measurement of the SHEC management system; and
- Continuous improvement in the management of SHEC-related hazards and risks.

Financial overview – six months ended December 2009 ("H2009") compared with the six months ended December 2008 ("H2008")

H2009 was dominated by the continued focus on restoring the Group balance sheet and the first-time recognition of results from the newly developed Ruashi project. In line with the Group's strategy of being a focused base-metals producer together with the need for further liquidity, the Pan African Resources ("PAR") and Vergenoeg Mining Company (Proprietary) Limited ("VMC") asset disposals were concluded during H2009. The proceeds from these asset sales amounted to R940 million, of which 65% was applied to the reduction of Group debt. As a result, the Group debt position reduced from R2,1 billion as at 30 June 2009 to R1,5 billion by 31 December 2009, which is a 28,5% reduction.

The Ruashi mine continued its production build-up during H2009 with operating results now being recognised in the Group income statement from 1 July 2009. Ruashi results were previously capitalised. The results from Ruashi were negatively impacted by the current hedge book, which limited copper prices to US\$3 900 per ton and accounted for some 60% of production. These hedges will continue for a further six months to 30 June 2010, whereafter the revised hedge book as announced on 17 December 2009 will apply. The revised hedge book is priced at US\$5 972 per ton and accounts for 45% of production during the 12 months ending June 2011. Ruashi performance during the quarter ended 30 September 2009 was negatively impacted following extended periods of power outages due to planned maintenance by the national power utility. However, copper and cobalt production improved by 32% and 22% respectively during the quarter ended 31 December 2009 when compared with the production levels of the previous quarter.

Revenue

Group revenue increased by 141% to R1,4 billion (2008: R0,6 billion) following the commissioning of the Ruashi copper/cobalt project. Group copper and cobalt sales amounted to 24 723 tons (2008: 13 843 tons) and 1 505 tons (2008: 237 tons) respectively. Cobalt sales were affected by trucking delays over the festive season.

The overall copper price achieved, inclusive of hedges, increased by 43% to US\$5 877 per ton and the net cobalt price decreased by 27% to US\$24 244 per ton (70% of the London Metals Bulletin ("LMB") price). The Rand/US\$ exchange rate strengthened by 14% which impacted negatively on translation of the Group's results to Rand. The recovery in the cobalt price has lagged that of copper, however LMB prices currently average US\$44 000 per ton, of which 70% is payable to Ruashi in terms of the Group's off-take agreement.

Operating costs

Group operating costs increased to R928 million (2008: R529 million) as a result of an increase in volume and the full inclusion of the operating costs at Ruashi. On a total operating cash cost per ton basis, Ruashi produced copper at US\$3 084 per ton, net of cobalt credits and Chibuluma produced at US\$2 853 per ton (2008: US\$2 872 per ton). The Ruashi unit costs decreased to US\$2 829 per ton during the quarter ended December 2009 from US\$3 496 per ton during the previous quarter. Assuming a gross LMB cobalt price of US\$33 060 per ton, total operating costs at Ruashi are expected to decrease to approximately US\$2 200 per ton of copper at the targeted average annual production levels of 36 000 tons of copper and 4 500 tons of cobalt over the next four years.

Cash mining profit

The cash mining profit increased to R462 million (2008: R48 million), which reflects the impact of the Ruashi project contribution albeit during the ramp-up phase. The Group averaged a cash mining profit margin of 33% during H2009.

Depreciation

Depreciation amounted to R153 million and compares to R52 million during the comparative period. This increase followed the commissioning of the Ruashi project and the resultant depreciation of its capital assets over an estimated 15-year useful life. The Ruashi capital assets include the total project expenditure, capitalised borrowing costs and commissioning losses together with mineral rights related to the acquisition cost of this asset.

Other income, net

Net other income of R359 million (2008: R19 million) includes a profit of R431 million on the disposal of VMC and PAR. Royalty charges amounted to R41 million during H2009 (2008: R10 million) and non-cash share-based payment charges totalled R12 million (2008: R8 million).

Borrowing costs

Borrowing costs, mainly related to the Ruashi project finance loan and the Chibuluma term loan amounted to R60 million. Future borrowing costs are expected to reduce going forward as a result of the Group's planned lower debt levels.

Adjusted headline earnings

The Group headline earnings of 14 cents per share ("cps") (2008: 48 cps) exclude the profit on the disposal of PAR and VMC. The comparative headline earnings include attributable earnings from PAR (11 cps) as well as the exceptional profit on the closure of certain Ruashi hedges during December 2008 (31 cps).

Adjusted headline earnings per share ("Adjusted HEPS") amounted to 12 cents (2008: -1 cent). Adjusted HEPS excludes non-recurring items, therefore the attributable earnings for H2009 and H2008 from PAR (now sold), VMC (now sold) and Consolidated Murchison ("CM") (held for sale) are excluded. Furthermore, the H2009 Adjusted HEPS excludes a positive deferred taxation adjustment of R42 million following the recognition of taxation losses available for set-off against gains from the disposal of assets during the period under review. The H2008 Adjusted HEPS also excludes the exceptional profit on closure of a portion of the Ruashi hedge book during December 2008.

The weighted average number of shares in issue during H2009 increased by 96% to 744 million from the 379 million during H2008.

■ Commentary *continued*

Assets held for sale (“AHFS”)

The VMC and CM assets, which were held for sale during the period, incurred a net loss after taxation of R18 million (2008: profit of R137 million, including PAR). PAR was sold effective 1 July 2009 and VMC was sold effective 21 December 2009. The H2009 loss from CM followed a poor on-mine operating performance which was affected by low staff morale, Beta shaft winder breakdowns and the collapse of a return airway at the Monarch shaft. CM is held either for a disposal or being placed on care and maintenance or closure, which decision is imminent.

Capital expenditure and commitments

Capital expenditure for the six months amounted to R228 million (2008: R1 billion), mainly incurred at Chibuluma (ongoing decline development), Ruashi (front-end project completion and land acquisition) and ongoing funding of Copper Resources Corporation (CRC) which includes the Kinsenda mine.

Contracted capital commitments at 31 December 2009 amounted to R20 million (2008: R83 million), while uncontracted commitments amounted to R44 million (2008: R334 million).

Operating lease commitments, which fall due within the next year, amounted to R4 million (2008: R33 million), while commitments of R3 million (2008: R36 million) fall due during the next four years.

Group balance sheet and cash flow

The Group's financial position improved significantly following the disposal of non-core assets during H2009 with proceeds amounting to R937 million and net cash generated by operations of R357 million. The resultant total cash injection of R1,3 billion was applied to reducing interest-bearing debt by R611 million, working capital investments of R216 million, capital expenditure totalling R228 million, finance costs of R36 million and taxation payments of R11 million. Group cash amounted to R201 million as at 31 December 2009.

A negative mark-to-market of the Group's copper hedge book amounting to R540 million at period-end, based on a spot copper price of US\$7 400 per ton, impacted on shareholders' equity. The negative hedge book value principally relates to the Ruashi hedges at US\$3 900 per ton, which will now mature by 30 June 2010.

Analysis of Group debt position – 31 December 2009

Entity	Nature	Amount (Rm)	Cost	Term
Ruashi	Jinchuan pre-offtake finance	155	Fixed 4,68%	36 months, from Jan '10
Ruashi	ECIC facility	824	US Libor +1,25%	7 semi-annual from 1 Jan '11
Ruashi	Commercial facility	193	US Libor + 2,75% to 3,5%	5 semi-annual from 1Jan '11
Chibuluma	Term Loan	237	US Libor +4,85%	9 semi-annual from 30 Sep '09
Various		69	Various	One to three years
TOTAL		1 478		

Following the recently announced capital raising, the Group's gross debt position will reduce to R1,2 billion.

Group hedge book status – 31 December 2009

Commodity		Maturity (months)	Volume (tons)	Price (US\$/t)	Comment
Copper:	Ruashi	6 (Jan '10 – Jun '10)	11 700	3 900	Forwards
	Ruashi	12 (Jul '10 – Jun '11)	16 200	5 972	Forwards
	Chibuluma	6 (Jan '10 – Jun '10)	4 200	5 307	Forwards
	Chibuluma*	6 (Jul '10 – Dec '10)	3 000	7 000 – 8 065	Zero cost collar
	Chibuluma*	6 (Jan '11 – Jun '11)	3 000	6 805 – 8600	Zero cost collar

*Executed post 31 December 2009.

Operational review – quarter ended 31 December 2009 compared to quarter ended 30 September 2009

Ruashi

		Quarter		6 Months	
		September 2009	December 2009	December 2008	December 2009
Tons milled	(t)	303 786	328 078	112 990	631 864
Headgrade – Copper	(%)	2,76	2,81	3,11	2,79
– Cobalt	(%)	0,57	0,45	–	0,51
Recovery – Copper	(%)	67,9	81,6	63,0	75,0
– Cobalt	(%)	38,5	55,0	–	45,9
Copper produced	(t)	5 690	7 518	2 215	13 208
Copper sold	(t)	4 986	8 052	2 023	13 038
Cobalt produced	(t)	666	812	–	1 478
Cobalt sold	(t)	800	683	–	1 483
On-mine costs per ton milled	(US\$/t)	103	97	*	100
Copper realisation costs per ton of copper sold	(US\$/t)	595	587	*	590
Cobalt realisation costs per ton of cobalt sold	(US\$/t)	4 298	3 570	*	3 967
Total cash cost/ton of copper produced, net of cobalt credits	(US\$/t)	3 496	2 829	*	3 084
Cash mining profit	(R'000)	24 944	228 643	*	253 587
Cash mining profit	(US\$000)	3 267	29 948	*	33 215
Depreciation	(R'000)	52 239	58 610	*	110 849
Depreciation	(US\$000)	6 842	7 677	*	14 519
Capital expenditure	(R'000)	24 284	67 833	611 268	92 116
Capital expenditure	(US\$000)	3 286	9 179	*	12 465

*Project capitalised during H2008

Ore mined at Ruashi was less than in the September 2009 quarter. This was according to plan and is due to the wet season during which ore is supplemented from stockpiles built up during the dry season. The wet season generally runs from November through to March. Waste stripping continues normally during the wet season, and was 117 740 tons higher than the previous quarter. Ore milled by the plant was 24 292 tons higher than the previous quarter, an 8% improvement over the previous quarter.

Copper grades at 2,8%, were 1,8% higher than the previous quarter and grades on both copper and cobalt are now more in line with the new geological model. Recoveries of both copper and cobalt have improved over the previous quarter by 20,2% and 42,9% respectively. This is in line with our production ramp-up expectations.

Copper and cobalt production improved over the last quarter by 1 828 tons and 146 tons respectively due to the volume and recovery improvements.

Copper sales were significantly higher than the previous quarter at 8 052 tons. This was at the expense of the cobalt sales which were down on the previous quarter by 117 tons. Limited trucks were available during December and priority was given to the shipping of copper cathode. This resulted in cobalt stock increases which will be normalised in the coming quarter.

Copper pricing, net of hedge losses for the quarter was favourable at US\$6 452 per ton against the previous quarter of US\$4 306 per ton. The same trend was evident for cobalt where we received a price of US\$26 624 per ton against the previous quarter's price of US\$22 348 per ton. Revenue for the quarter at US\$75,2 million was US\$15,9 million higher than the previous quarter.

■ Commentary *continued*

Costs were well controlled at US\$32,6 million, which was comparable with the previous quarter and operating costs net of cobalt credits improved from US\$3 651 per ton of copper in the previous quarter to US\$2 829 per ton of copper for the current quarter. Cash mining profit increased from US\$3,3 million to US\$31,9 million.

For the quarter, capital expenditure of US\$ 9,1 million was spent against the previous quarter of US\$3,2 million. The previous quarter's expenditure was low, and some level of catch-up is evident in the current quarter's expenditure. US\$6,8 million of this expenditure was incurred to complete a number of phase II-related projects which included the crushing circuit, the coarse ore stockpile area and projects related to the cobalt circuit.

The cobalt realisation costs per ton sold were high due to moisture levels of approximately 55%. The commissioning of the cobalt-drying circuit should reduce moisture levels to around 20% and have a positive impact on costs.

Chibuluma		Quarter		Six months	
		September 2009	December 2009	December 2008	December 2009
Tons milled	(t)	144 129	138 491	296 244	282 620
Headgrade – Copper	(%)	3,47	3,17	3,05	3,32
Recovery – Copper	(%)	91,3	87,7	90,0	89,7
Copper produced	(t)	4 573	3 846	8 113	8 419
Copper sold	(t)	4 613	3 866	7 849	8 479
On-mine costs per ton milled	US\$/t)	48	53	51	50
Copper realisation costs per ton of copper sold	(US\$/t)	870	945	967	904
Total cash cost/ton of copper sold	(US\$/t)	2 613	3 140	2 872	2 853
Cash mining profit	(R'000)	89 089	130 364	54 649	219 453
Cash mining profit	(US\$000)	11 669	17 075	6 154	28 744
Depreciation	(R'000)	16 510	16 114	28 739	32 624
Depreciation	(US\$000)	2 162	2 111	3 236	4 273
Capital expenditure	(R'000)	22 164	25 414	86 324	47 578
Capital expenditure	(US\$000)	2 999	3 439	9 039	6 438

Tonnage mined at Chibuluma for the December quarter was 138 425 tons and is 3% below the previous quarter due to five power outages, exceptional adverse weather and limited production face availability. Capital development improved to 665 metres representing a 41% increase over the previous quarter.

Milled throughput for the quarter at 138 491 tons was 4% below the September quarter and was attributable to the shortfall of ore from underground. The plant recovery at 87,7% was less than the previous quarter recovery of 91,3% and an investigation into the low recoveries indicated that the reduction was a result of a combination of factors. A high proportion of mill rejects fed to the mills in October, November and first half of December, together with an increased ore hardness and slightly different mineralogy due to the mining mix resulted in a reduction in grind which affected the recoveries. Recoveries at the mine have subsequently been restored to planned levels.

Copper dispatched at 3 866 tons was 16% below that sold in the September quarter. In addition to the production shortfall in the December quarter, the previous quarter benefited from a stock carry-over from the previous financial year-end. All copper in the quarter was sold to Chambishi Copper Smelter per contract conditions.

Net on mine revenue increased in the December quarter to US\$24,5 million representing an 18% increase on the previous quarter. The favourable performance was attributable to an increase in the average copper price of US\$6 664 per ton compared to US\$5 844 per ton achieved in the September quarter.

Mine operating costs for the quarter totalled US\$9,0 million, which was 5% higher than the September quarter. The major contributors to the increase were engineering costs and increased payroll costs due to the appreciation of the Zambian Kwacha to the United States Dollar.

The reduction in copper tons sold together with the increased costs resulted in a cost per ton of copper sold of US\$3 140 representing a 20% unit cost increase from the previous quarter cost of US\$2 613. However, as a consequence of the increased net revenue, the cash mining profit at US\$17,1 million was 46% higher than the previous quarter.

Capital expenditure in the December quarter totalled US\$3,4 million representing a 16% increase from the previous quarter. The increase is in line with budgeted amounts and was incurred primarily on the decline ramp development on which US\$1,8 million was spent.

Sable	Quarter			Six months	
		September 2009	December 2009	December 2008	December 2009
Copper produced	(t)	1 943	1 270	3 235	3 213
Copper sold	(t)	1 927	1 279	3 971	3 206
Cobalt produced	(t)	12	11	135	23
Cobalt sold	(t)	13	9	237	22
Acquisition cost of contained copper feed (% of copper LMB price)	(%)	70	73	59	72
Overall copper process recovery	(%)	97	92	97	95
Net margin on copper production after acquisition and process costs	(%)	11	7	17	9
Cash mining profit	(R'000)	10 154	4 603	14 617	14 757
Cash mining profit	(US\$000)	1 330	603	1 646	1 933
Depreciation	(R'000)	4 859	4 631	23 246	9 490
Depreciation	(US\$000)	636	607	2 618	1 243
Capital expenditure	(R'000)	–	–	3 181	–
Capital expenditure	(US\$000)	–	–	333	–

Ore deliveries from the DRC to the Sable plant reduced from 7 400 tons in the previous quarter to 4 588 tons this quarter. Local Zambian ore purchases of 3 576 tons were 400 tons higher than the previous quarter. As a result of the reduction in ore receipts copper cathode stripped was 1 271 tons which is 672 tons less than the September quarter. Cobalt carbonate production was steady during the quarter.

A section of the zinc plant was converted into an additional releach circuit which improves overall copper recoveries.

Copper prices increased during the quarter and the achieved copper price was US\$6 663 per ton. This is US\$677 per ton higher than the previous quarter. The achieved cobalt price was US\$24 692 per ton which is US\$2 913 lower than the previous quarter's achieved price.

Copper revenue at US\$ 8,5 million for the quarter was down by US\$3,1 million from the previous quarter. This was due to the low production and sales volumes resulting from the short supply of feed material. Cobalt revenue at US\$ 0,23 million was US\$0,13 less than the previous quarter. This was also a result of the lack of feed and the lower cobalt grade of the feed.

Total operating costs for the quarter were US\$1,9 million lower and this is driven by the reduced volumes of ore purchased. Cost of production of cathode, excluding ore purchases, was US\$650 per ton for the quarter.

■ Commentary continued

Cash mining profit for the quarter was US\$0,6 million which is US\$0,7 million lower than the previous quarter. This is a result of the decreased supply of feed material.

There was no capital expenditure during the quarter.

Subsequent events

On 29 January 2010, the Group announced a R750 million (US\$100 million) capital raising which will strengthen the Metorex balance sheet and set the scene for new project development and value creation. R600 million (US\$80 million) of the capital raising target amount has been secured through an institutional book-build and these funds will substantially reduce and ring-fence the Ruashi project finance debt in the near term. Additionally, a favourable Revised Ruashi Debt Package has been concluded with The Standard Bank of South Africa ("Standard Bank"). The capital raising will:

- provide funds to take our potential development projects, being Musonoi (Dilala East), Kinsenda and Lubembe in the DRC, up the value curve to bankable feasibility stage;
- enable the disposal, closure or placement of CM on care and maintenance; and
- increase Group treasury reserves.

The claw back/rights offer circular is expected to be posted on or about 23 March 2010.

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 unaudited provisional results have been prepared and presented in accordance with IAS 34 *Interim Financial Reporting Standards* ("IFRS"). 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 have been applied in the current period. The comparative income statement has been restated for PAR, VMC and CM as assets held for sale in terms of IFRS 5: *Non-current Assets Held For Sale and Discontinued Operations*. The copper smelting charges in Chibuluma has also been reclassified from cost of production to realisation costs in line with the current year treatment. The accounting standards, amendments to issued accounting and interpretations, which are relevant to the Group, but not yet effective at 31 December 2009, have not been adopted. The Group is currently evaluating the impact of these pronouncements.

The interim results have not been reviewed or reported on by the Company's external auditors.

Corporate development

Cash constraints over the last six months have continued to inhibit the exploration work needed to de-risk the Kinsenda underground project. However, minor construction and maintenance work continued at the mine. Pumping, at a rate of 2 000 cubic metres per hour, continued and additional pumping infrastructure was installed. Holding costs at the mine for the last three months amounted to US\$3 million and this includes the paying down of creditors. Kinsenda is a sulphide orebody and is typical of Zambian Copperbelt deposits and has a qualified SAMREC-compliant resource base of 17,1 million tons at a copper grade of 5,0%. Metorex intends initiating a 7 500 metre diamond drilling programme to validate portions of the orebody through a twin and infill drilling programme. This programme will commence in the June 2010 quarter. A study for the development of Kinsenda has been submitted to Societe de Development Industries et Miniere du Congo ("Sodimico").

Lubembe is geologically analogous to Kinsenda and this deposit has the potential of being a large open-pit oxide copper mine. Metorex spent US\$ 3,5 million on a drilling programme at Lubembe in 2008 and it is planned to produce a Samrec-compliant resource model by June 2010. The QA/QC and a newly verified geological database using data from the 2008 drilling campaign has been completed and a resource model is in the process of being developed. The construction of access roads to this deposit and workshop facilities are being planned.

As announced on 1 March 2010 mineral resource estimates have been completed at Musonoi for the Dilala East deposit. Musonoi is located in Kolwezi in the DRC. The resource estimate utilises all of the available drillhole and assay data up to 30 September 2009 and is Samrec compliant. The mineral resources for Dilala East at a 2,5% copper equivalent grade cut-off are reflected in the table below:

CLASSIFICATION	Tons (Mt)	Cu grade (%)	Copper ('000t)	Co grade (%)	Cobalt ('000t)
Oxide material					
Measured	4,1	3,0	122	0,95	39
Indicated	1,1	3,2	36	0,86	10
Inferred	0,0	1,3	0	0,45	0
Sub-total	5,2	3,0	158	0,93	48
Sulphide material					
Measured	3,5	3,0	106	0,85	30
Indicated	6,5	2,9	189	0,89	58
Inferred	3,9	2,8	110	0,86	34
Sub-total	13,9	2,9	404	0,87	121
Oxide + sulphide material					
Measured	7,6	3,0	228	0,85	68
Indicated	7,6	2,9	225	0,89	68
Inferred	3,9	2,8	110	0,86	34
Total	19,1	2,9	563	0,89	170

Planning has now been initiated to commence further exploration drilling and conduct the test work necessary to advance the Kinsenda, Lubembe and Dilala East projects. Requests for quotations ("RFQ'S") have been sent to a number of industry consultants in order to advance bankable feasibility studies for all three of these projects.

Outlook

The capital raising is planned for completion by 12 April 2010 although cash from the claw back amounting to approximately US\$78 million is expected to be received during the second week of March 2010. Negotiations with the Standard Bank have been completed and it is anticipated that the Revised Ruashi Debt Package will be implemented by Metorex during March 2010. Once the capital raising is complete Metorex will have effectively restored the balance sheet and overall debt levels are expected to reduce from R2,1 billion (US\$277 million) at June 2009 to R1,2 billion (US\$161 million).

Copper production for the coming quarter is expected to be 12,500 tons and cobalt production at 750 tons. Ruashi operations will continue to be affected by higher than normal rainfall, but this is being addressed through stockpile management. During the month of January 2010 production at Ruashi was adversely affected by electrical problems in the rectifier bank feeding the electro winning tank house. This has affected copper production by approximately 950 tons. The rectifier circuit has largely been repaired but ongoing improvements to various circuit components are planned. Production at Chibuluma is expected to increase on the back of restored recoveries and volumes, partially offset by the replacement of the primary crusher completed over four days during February 2010. Sable has seen an increase in ore deliveries which will reflect positively on their results.

Rob Still
Chairman

Terence Goodlace
Chief Executive Officer

2 March 2010

Consolidated condensed statement of comprehensive income

	Six months ended 31 December 2008* (unaudited) R000's	Six months ended 31 December 2009 (unaudited) R000's
Mineral sales		
Copper	506 290	1 109 384
Cobalt	70 271	279 888
Gross revenue	576 561	1 389 272
Realisation costs	115 307	166 841
On-mine revenue	461 254	1 222 431
Cost of production	386 056	762 005
Stock movement	27 551	(1 275)
Cash mining profit	47 647	461 701
Profit on hedge book close-out	210 954	–
Other income, net	19 473	359 279
EBITDA	278 074	820 980
Impairments	(33 236)	–
Finance income	611	5 522
Finance costs	(15 403)	(59 734)
Income before depreciation and taxation	230 046	766 768
Depreciation	52 051	153 071
Income before exceptional	177 995	613 697
Assets held for sale	137 406	(18 382)
Discontinued operations	(898)	(261)
Income before taxation	314 503	595 054
Taxation	77 623	82 024
Income after taxation	236 880	513 030
Income attributable to outside shareholders	77 214	27 569
Retained income for the period	159 666	485 461
Other comprehensive income (loss), net of tax		
Foreign currency translation reserve	882 787	(136 501)
Net effect of cash flow hedges	(42 003)	(465 350)
Total comprehensive income (loss)	840 784	(601 851)
Attributable to:		
Equity holders of the parent	667 584	(453 917)
Minority interest	173 200	(147 934)
	840 784	(601 851)
From continuing and discontinuing operations		
Earnings per share (cents)	42,09	65,29
Diluted earnings per share (cents)	41,88	64,58
Headline earnings per share (cents)	48,21	14,17
Diluted headline earnings per share (cents)	47,96	14,00
Adjusted headline (loss) earnings per share (cents)	(0,70)	11,79
Weighted shares in issue (000's)	379 304	743 567
Diluted number of shares in issue (000's)	381 283	751 747
Shares in issue (000's)	613 077	745 763
Headline earnings per share is calculated using the following:		
Income attributable to ordinary shareholders	159 666	485 461
Impairments, net of tax and minorities	22 310	–
Profit on the sale of assets, net of tax	–	(380 368)
Discontinued operations – O'Okiep	898	261
Headline earnings (R000's)	182 874	105 354
Headline earnings per share (cents)	48,21	14,17
Diluted headline earnings per share (cents)	47,96	14,01
Adjusted headline (loss) earnings per share is calculated using the following:		
Headline earnings (R000's)	182 874	105 354
Ruashi hedge profit, net of tax and minorities	(118 134)	–
Once-off deferred tax credit relating to AHFS	–	(42 077)
AHFS (PAR, CM, VMC)	(136 508)	18 643
Minority interest relating to AHFS	69 242	5 740
Adjusted headline (loss) earnings (R000's)	(2 538)	87 660
Adjusted headline (loss) earnings per share (cents)	(0,70)	11,79

*Restated

Consolidated statement of financial position

	Year ended 30 June 2009 (audited) R000's	Six months ended 31 December 2009 (unaudited) R000's
ASSETS		
Non-current assets		
Property, plant, equipment, mineral rights and other	4 898 487	4 643 927
Goodwill	11 514	11 514
Investments	79 718	77 650
Rehabilitation trust funds	779	800
Derivative instrument	94 942	–
	5 022 370	4 733 891
Current assets		
Inventories	264 051	233 464
Trade and other receivables	447 638	413 061
Taxation prepaid	6 194	15 077
Bank balances and cash	73 553	238 550
	791 436	900 152
Total assets	6 525 894	5 634 043
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
	2 399 459	2 467 124
Minority interest		
	457 208	(48 721)
Total equity	2 856 667	2 418 403
Non-current liabilities		
Long-term liabilities – interest bearing	1 415 563	1 298 556
Long-term provisions	181 310	153 305
Deferred tax liabilities	469 292	449 695
Derivative instruments	–	85 835
	2 066 165	1 987 391
Current liabilities		
Trade and other payables	557 831	401 998
Short-term borrowings – interest bearing	695 604	179 300
Short-term provisions	35 065	27 836
Bank overdraft	54 323	37 240
Derivative instruments	230 240	453 306
Taxation	29 999	53 117
	1 603 062	1 152 797
Assets held for sale, net	(712 088)	75 452
Total equity and liabilities	6 525 894	5 634 043
Net asset value per share (cents)	323	331
Net tangible asset value per share (cents)	322	329

■ Condensed consolidated cash flow statement

	Six months ended 31 December 2008 (unaudited) R000's	Six months ended 31 December 2009 (unaudited) R000's
Cash generated by operations, pre working capital	294 951	356 772
Working capital	(62 059)	(216 218)
Cash generated by operations	232 892	140 554
Dividends paid to minorities	(39 096)	–
Taxation paid	(107 020)	(11 452)
Finance costs, net	(10 947)	(35 737)
Cash inflows from operating activities	75 829	93 365
Cash outflows from investing activities	(1 079 298)	708 565
Cash inflows from financing activities	1 193 707	(611 372)
Net increase in cash and cash equivalents	190 238	190 558
Cash at beginning of year	183 571	19 230
Effect of foreign exchange rate changes	18 331	(1 427)
Cash at end of year	392 139	208 361
VMC cash on hand	–	(7 051)
Cash at end of year – continuing operations	–	201 310

■ Condensed statement of changes in equity

	Six months ended 31 December 2008 (unaudited) R000's	Six months ended 31 December 2009 (unaudited) R000's
Shareholders' equity at start of year	4 133 674	2 856 667
Ordinary shares issued	467 252	7 655
Other comprehensive income and other reserves	1 086 917	(579 951)
Profit for the period	159 666	485 461
Share option equity	8 000	12 638
Minority interests	240 206	(505 929)
Assets held for sale	–	141 862
Total equity	6 095 715	2 418 403

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