



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
Share code MTX ISIN ZAE000022745
www.metorexgroup.com

- ▶ **Headline earnings of 10,76 cps**
- ▶ **O'Okiep Slag Retreatment Plant construction on schedule**
- ▶ **Leeuwfontein reserve extension being developed**
- ▶ **Commodity prices improving**
- ▶ **Chibuluma assets impaired**
- ▶ **Dollar debt exposures hedged**

Consolidated interim results for the period ended 31 December 2001

Consolidated income statement

Six months 31 December 2001 Unaudited R000		Six months 31 December 2000 Unaudited R000
	Revenue	
	Mineral sales	
135 701	– copper	137 114
50 566	– zinc	52 237
61 859	– coal	54 817
52 566	– fluorspar	39 422
43 522	– gold	35 941
16 216	– antimony	17 702
9 005	– cobalt	9 775
2 995	– other	4 821
372 430	Gross revenue	351 829
90 958	Realisation costs	82 773
281 472	On-mine revenue	269 056
254 046	Cost of production	203 033
241 446	– cash costs	215 220
(3 801)	– stock movement	(26 179)
16 401	– depreciation	13 992
27 426	Mining profit	66 023
(112 368)	Impairment – Chibuluma assets	–
1 578	Other income	866
(83 364)	Income before finance income	66 889
(1 380)	Finance (expense) income	838
(84 744)	Income before taxation	67 727
12 091	Taxation	16 856
8 150	– normal	15 700
1 754	– deferred	(900)
2 187	– secondary	2 056
(96 835)	Income after taxation	50 871
3 687	Income attributable to outside shareholders	2 463
(100 522)	Net (deficit) income for the period	48 408
120 805	Weighted average shares in issue (000's)	120 483
(83,21)	Basic earnings per share (cents)	40,18
10,76	Basic headline earnings per share (cents)	40,45
–	Dividend per share (cents)	10,00
(100 522)	Income attributable to ordinary shareholders	48 408
112 368	Impairment provision	–
1 151	Goodwill amortisation	331
12 997	Headline earnings	48 739

Statement of movement in equity

Six months 31 December 2001 Unaudited R000		Six months 31 December 2000 Unaudited R000
355 428	Shareholders' equity at beginning of period	258 051
203	Shares issued (000's)	102
10 711	Foreign exchange reserve	25 927
(100 522)	Net (deficit) income for the period	48 408
(14 497)	Dividend distributed	(12 048)
251 323		320 440

RESULTS OF OPERATIONS

Safety

Awards for 1 000 fatality free shifts presented by the Department of Minerals and Energy, have been received by Consolidated Murchison, O'Okiep Copper mine and the group's Collieries. O'Okiep Copper mine has also been awarded the most improved mine, the best safety record and the DME Safety Flag for the "best mine" in the base metal category in the Northern Cape.

Financial

The six months ended 31 December 2001 has been a difficult trading period for the base metal industry, brought about by declining demand and mineral prices in the Western World and exacerbated by the dramatic events of 11 September 2001. Whilst the headline earnings per share have increased significantly from the September 2001 quarter, the comparative to the previous year is lower.

Gross revenue increased by 6% from the comparative period. Sales volumes were generally higher, but the depressed metal prices resulted in lower unit revenue per ton. The major decline in the Rand/Dollar exchange rate occurred during December, with limited impact on the group's revenue.

Should the recent firmness in mineral prices and depreciation in the Rand/Dollar exchange rate continue, revenue and earnings should increase and this increase will emerge in forthcoming reporting periods. Cash costs increased by 12% which includes annual remuneration adjustments.

As a result of the "care and maintenance" decision on Chibuluma South, brought about by the continuing low metal prices, and high operating costs in Zambia, an impairment provision of R112,4 million, including pre-production expenditure of R20 million, has been made against the Chibuluma assets.

The difficult trading situation experienced during the last six months and the group's debt levels require cash conservation, and it has been decided to retain group funds and pass the interim dividend. The dividend policy of declaring a portion of the group's earnings to shareholders has, however, not changed but has been deferred until trading conditions improve when distributions will be resumed. It is believed this will occur at the end of this financial year.

OPERATING PERFORMANCE

Despite generally satisfactory production and sales volumes, the financial results were affected by low commodity prices. In particular, the low copper price led to the decision to place Chibuluma South on "care and maintenance". This decision was taken early to prevent resultant erosion of shareholder value.

Chibuluma West

Chibuluma West has operated at a loss due to low mineral prices for the past six months. Management action has been taken to increase production which, combined with certain proposed concessions from ZCCM and a "levelling of the playing fields" by the Zambian Government, should return the mine to profitability. The full effects of the Anglo American decision to withdraw from Zambia are not yet clear, but shareholders may be assured that they will be kept informed as the issue clarifies.

Consolidated Murchison Division

The antimony price showed continued weakness despite the reduction in the Chinese antimony production levels. Notwithstanding the prices, the mine remained profitable. The continued low production levels from China, combined with the changed exchange rate should be reflected in improved profits for the balance of the year.

Maranda Mining Company

The mine enjoyed a good six month period and contributed to group profitability. The change in the exchange rate should enhance profitability for the balance of the year.

O'Okiep Copper Company

Despite the low mineral prices, the mine produced well and the company enjoyed a solid six months of profits. The construction of the slag processing plant commenced and it is envisaged that it will be commissioned in the first quarter of this calendar year. A limited hedging programme to protect slag plant revenues for the first phase of its operation has been implemented.

Consolidated balance sheets

31 December 2001 Unaudited R000		30 June 2001 Unaudited R000
	ASSETS	
	Non-current assets	
494 692	Property, plant and equipment	433 602
17 269	Goodwill	69 785
891	Investments	891
20 437	Rehabilitation trust funds	19 993
533 289		524 271
	Current assets	
58 447	Inventories	46 178
113 448	Trade and other receivables	120 370
625	Taxation prepaid	605
24 784	Bank balances and cash	75 423
197 304		242 576
730 593	Total assets	766 847
	EQUITY AND LIABILITIES	
	Capital and reserves	
12 080	Share capital	12 073
313 774	Share premium	313 578
5 808	Non-distributable reserves	(4 903)
47 727	Retained income	162 746
(128 066)	Equity reserve	(128 066)
251 323		355 428
15 298	Minority interest	14 611
132 792	Non-current liabilities	68 181
38 556	Long-term liabilities	34 279
97 703	Long-term provisions	72 089
15 167	Deferred taxation	14 776
284 218	Post retirement medical aid	189 325
	Current liabilities	
104 444	Trade and other payables	139 554
37 989	Short-term borrowings	28 667
24 668	Provisions	18 501
7 921	Bank overdraft	7 230
4 732	Taxation	13 531
179 754		207 483
730 593	Total equity and liabilities	766 847

Cash flow

Six months 31 December 2001 Unaudited R000		Six months 31 December 2000 Unaudited R000
27 624	Profit before taxation and impairment provision	67 727
16 401	Non-cash items	13 992
44 025		81 719
(19 136)	Taxation paid	(9 029)
(17 497)	Dividends paid	(7 788)
(32 179)	Working capital movement	38 510
(24 787)	NET CASH FLOW FROM OPERATING ACTIVITIES	103 412
(48 791)	NET CASH FLOW FROM INVESTING ACTIVITIES	(68 173)
22 692	NET CASH FLOW FROM FINANCING ACTIVITIES	(10 529)
(50 886)	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	24 710
88 186	NET CASH BALANCE AT BEGINNING OF PERIOD	26 303
37 300	NET CASH BALANCE AT END OF PERIOD	51 013

Vergenoeg Mine

The benefits of the plant improvements began to show during the six month period, and further refinements to the metallurgical plant continue to be implemented, enabling a higher portion of Vergenoeg's output to reach the required quality standards. The combined effects of the recovery and quality improvements, together with the current Rand price for fluorspar, indicate improved profits for the balance of the year.

Wakefield Coal

Production from the underground operations was disappointing whilst that from the Bankfontein mine exceeded expectations. Management action to return the underground operations to profitability was taken during the six month period and the collieries should return to profitability during the forthcoming six month period.

CAPITAL EXPENDITURE

Capital expenditure of R48,8 million was incurred during the period of which R25 million related to Chibuluma expenditure and a further R8,9 million on the O'Okiep Slag Retreatment Plant, R10,8 million to acquiring coal resources and equipment in Wakefield and R3 million on the Vergenoeg plant upgrade.

ACCOUNTING POLICIES

The interim financial statements have been prepared under the historical cost convention in accordance with International Accounting Standards, IAS39, which became effective 1 July 2001. The group has not applied this standard in this report but shall have in its annual financial statements at 30 June 2002.

CURRENT DEVELOPMENTS

O'Okiep Slag Dump

The Slag Dump Retreatment Plant construction has progressed well with final commissioning expected during March 2002. Production of copper from this plant will replace the production from the mine's underground operations on their closure.

Middelburg Townlands

Wakefield, together with Umthotho weSizwe Investments (Pty) Limited, has acquired the Middelburg Townlands coal resource from the Middelburg Town Council for which an EMPR is being prepared, prior to applying for a mining licence. Planning of this project is being finalised.

Leeuwfontein Reserve Extension – Anglo Reserve

The coal reserve adjacent to Leeuwfontein Colliery is being developed both as an opencast and an underground operation. Saleable production tonnage will build up during the forthcoming quarter.

Perkoa Zinc

The draft Memorandum of Understanding setting out the conditions of a "Mining Convention" has been received from the Burkinabe Government, which largely follow the Metorex proposals. Negotiations to finalise the MOU continue.

Chibuluma Mine

Extended negotiations with the Government to achieve "level playing fields" have continued. A Zambian Government decision is anticipated shortly.

Agreement has been reached with Investec Bank to provide a hedge mechanism for the Chibuluma project finance loan of \$8,1 million to prevent further exposure to a decline in the Rand/Dollar exchange rate.

FUTURE PROSPECTS

The recent increase in the Rand prices of commodities, particularly copper, is encouraging. We see no reason why these should not be sustained and possibly even improved, and if this happens then the group's operations should produce significantly better results for the remainder of the year.

On behalf of the board

18 February 2002

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