



Metorex Limited

• Registration number 1934/005478/06 • Incorporated in the Republic of South Africa
• Share code MTX ISIN 00022745 • Issue code MEMTX
• Listed on the JSE Securities Exchange and London Stock Exchange

Reviewed consolidated provisional results for the financial year ended 30 June 2004

Mineral sales exceed R1 billion

Barberton contributes significantly to Group earnings

Coal and Fluorspar operations performed well

Chibuluma South orebody intersected

Middelburg Townlands Coal mine commissioned

Maranda and O'Okiep commence closure procedures

Consolidated income statement

	Year ended 30 June 2004 (Reviewed) R000	Year ended 30 June 2003 (Audited) R000
Revenue		
Mineral sales		
Copper	188 333	290 092
Zinc	60 127	83 492
Coal	208 618	179 236
Fluorspar	111 538	93 730
Gold	388 467	105 703
Antimony	89 581	121 484
Cobalt	3 393	5 986
Other	5 360	6 594
Gross revenue	1 055 417	886 317
Realisation costs	142 603	150 709
On-mine revenue	912 814	735 608
Cost of production	828 346	632 685
Stock movement	10 698	20 435
Depreciation	67 964	40 934
Mining profit	5 806	41 554
Profit on closure of hedges	48 241	—
Retrenchment costs	(11 494)	—
Impairment of assets	(27 905)	—
Foreign exchange gains/(losses)	590	(5 948)
Other income, net	13 630	3 890
Operating income before finance costs	28 867	39 496
Finance income	1 757	4 692
Finance costs	(26 827)	(18 926)
Income before taxation	3 798	25 262
Taxation – normal and STC	(6 497)	(6 820)
Taxation – deferred	20 566	(5 630)
Income after taxation	17 867	12 812
Income attributable to outside shareholders	32 225	2 459
(Loss)/income attributable to ordinary shareholders	(14 358)	10 353
(Loss)/earnings per share (cents)	(8,0)	7,4
Headline earnings per share (cents)	2,8	9,1
Diluted (loss)/earnings per share (cents)	(8,0)	7,4
Diluted headline earnings per share (cents)	2,8	9,1
Dividend per share (cents)	3,0	14,0
Earnings per share and headline earnings per share are calculated using the following:		
(Loss)/income attributable to ordinary shareholders	(14 358)	10 353
Impairment of assets net of tax	22 711	—
Impairment of assets	27 905	—
Tax effect on impairment of assets	(5 194)	—
Goodwill amortisation	3 662	3 662
Profit on sale of assets	(9 054)	(1 704)
Tax effect on sale of assets	2 037	511
Headline earnings	4 998	12 822
Weighted average number of shares in issue (000's)	178 839	140 498
Number of shares in issue at year end (000's)	187 233	175 019

Statement of changes in equity

	Year ended 30 June 2004 (Reviewed) R000	Year ended 30 June 2003 (Audited) R000
Share capital	18 724	17 502
– Balance at start of year	17 502	13 897
– Issue of new shares	1 222	3 605
Share premium	483 087	455 702
– Balance at start of year	455 702	369 186
– Issue of new shares	27 385	86 516
Reverse acquisition reserve	(128 066)	(128 066)
Foreign exchange reserve	(50 750)	(33 231)
– Balance at start of year	(33 231)	11 304
– Foreign exchange reserve	26 612	15 832
– Translation loss on foreign monetary item	(58 842)	(84 631)
– Tax effect of translation loss on foreign monetary item	14 711	24 264
Hedging reserve	—	840
– Balance at start of year	840	(380)
– Fair value losses for the year	—	5 603
– Foreign exchange movement	—	(92)
– Transferred to income statement	(840)	(4 291)
Retained income	96 460	116 069
– Balance at start of year	116 069	125 175
– Net (loss)/income for the year	(14 358)	10 353
– Dividends distributed	(5 251)	(19 459)
Total equity	419 455	428 816

COMMENTARY

- The Group has experienced a particularly active year, and the most significant features being:
1. The first full year of operations at Barberton Mines, and the implementation of the Metorex philosophies.
 2. A boom in commodity prices during the second half of the year.
 3. Continued strength of the Rand against the Dollar, which has had the effect of capping certain revenue streams.
 4. The commissioning of the Middelburg Townlands colliery.
 5. Securing the right to treat and mine the Ruashi/Etoile stockpiles and the Ruashi orebodies.
 6. Subsequent to year-end, the underground development at Chibuluma South intersected the orebody.
 7. Maranda and O'Okiep commence closure procedures on a controlled and phased basis.

OPERATING PERFORMANCE

The Group's revenue from mineral sales exceeded R1 billion for the first time. Barberton Mines completed its first full year of operations under Metorex management and made a significant contribution to revenue and to the mining profit before depreciation. Wakefield coal produced and sold, at improved prices, 46% more coal than the previous year and secured a supply contract with Eskom. The Fluorspar operations continued to improve product quality and recovery and also benefited from higher prices and a broader customer base.

Chibuluma West continued to produce copper and limited amounts of cobalt, whilst underground development continued at Chibuluma South. Chibuluma produced a break-even for the year before hedging losses brought about by the sharp rise in the copper price at the end of calendar year 2003.

Consolidated Murchison experienced lower grades of antimony and gold, and copper grades in the O'Okiep slag dump were poor. Both operations are highly sensitive to the effects of a strong Rand/Dollar exchange rate. It has been decided to cease operations at O'Okiep post year-end.

Maranda Mine, which has produced regular and steady earnings during the past 14 years, has exhausted its ore reserves and will be discontinued with immediate effect. The Board extends its thanks to all of the staff who have made this mine such a success.

FINANCIAL POSITION AND CASH FLOW

The Group's net asset value decreased to R419 million from R429 million the previous year as a result of a R19 million foreign exchange translation movement on the Chibuluma assets and after having impaired the O'Okiep and Perkoa assets by R28 million. Also an amount of R11 million of retrenchment costs have been charged during the year. The closure of long-term gold forward sales realised a profit of R54 million, which is to be applied to the Barberton debt, resulting in a significant reduction in annual interest charges. It also reduces the repayment period from five years to two years. Operating costs increased from R633 million to R828 million, which was mainly due to the inclusion of the Barberton Mines operations during the year. The increase in the depreciation charge and finance costs is also mainly a result of the Barberton Mines operations and debt profile. In view of Wakefield's performance, a deferred tax asset of R24 million has been recognised in the current year.

Cash generated by operations increased to R109 million from the previous year's R94 million. After dividends, taxation and finance costs, the Group's cash inflow from operating activities amounted to R74 million (2003: R38 million). Group capital expenditure net of asset sales amounted to R109 million and net debt raised amounted to R36 million.

FUTURE PROSPECTS

The Group considers that the Rand/Dollar exchange rate is likely to remain "stronger for longer" and continues to seek productivity improvements from its operating mines.

The forthcoming year, however, brings with it new ventures and profit contributors. The Chibuluma South Mine is planned to commence its production build-up from September 2004 and the Middelburg Townlands colliery will increase coal sales which, together with the Eskom supply contract, will exceed 3 million sales tons for the year.

Pending final metallurgical investigations and financing arrangements, construction of the Ruashi/Etoile concentrator and SX/EW plant should commence prior to the 2004 calendar year.

Consolidated balance sheet

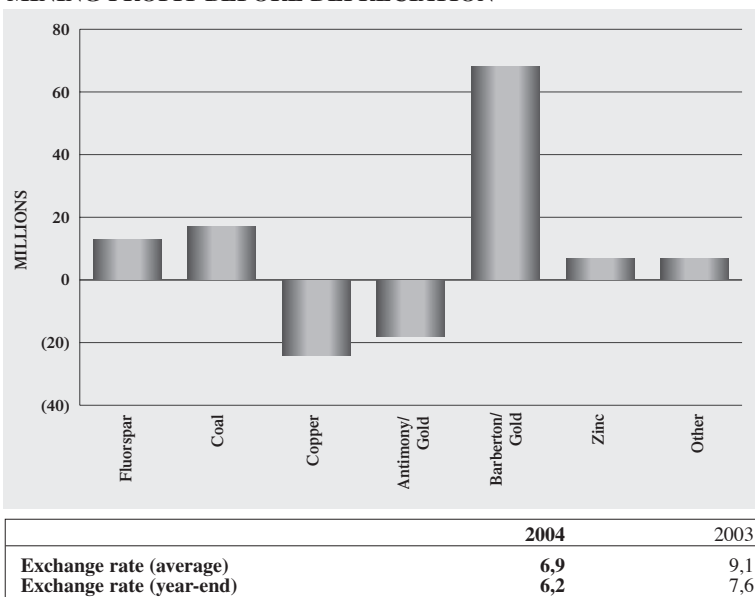
	30 June 2004 (Reviewed) R000	30 June 2003 (Audited) R000
ASSETS		
Non-current assets		
Property, plant and equipment	500 543	499 952
Mineral rights	218 527	218 288
Goodwill	18 310	21 971
Investments	891	891
Rehabilitation trust funds	44 374	41 063
Deferred tax asset	40 441	—
	823 086	782 165
Current assets		
Inventories	37 246	53 074
Trade and other receivables	165 947	109 072
Derivative instruments	329	840
Taxation prepaid	4 829	9 550
Bank balances and cash	29 530	23 498
	237 881	196 034
Total assets	1 060 967	978 199
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	501 811	473 204
Hedging and translation reserve	(50 750)	(32 391)
Retained income	96 460	116 069
Equity income	(128 066)	(128 066)
	419 455	428 816
Minority interest	118 960	16 699
Non-current liabilities – interest bearing	98 318	179 974
Long-term provisions	74 109	72 424
Deferred tax liabilities	72 696	56 370
	245 123	308 768
Current liabilities		
Trade and other payables	150 302	124 582
Short-term borrowings – interest bearing	61 814	45 080
Short-term provisions	33 579	28 168
Bank overdraft	30 571	25 554
Taxation	1 163	532
	277 429	223 916
Total equity and liabilities	1 060 967	978 199
Net asset value per share (cents)	224	245
Net tangible asset value per share (cents)	214	233

Consolidated cash flow statement

	Year ended 30 June 2004 (Reviewed) R000	Year ended 30 June 2003 (Audited) R000
Cash generated before working capital changes	119 347	82 388
Working capital changes	(10 777)	11 828
Cash generated by operations	108 570	94 216
Dividends paid	(8 131)	(21 709)
Taxation paid	(1 092)	(20 159)
Finance costs	(25 070)	(14 234)
Cash inflows from operating activities	74 277	38 114
Cash outflows from investing activities	(109 436)	(59 413)
Cash inflows/(outflows) from financing activities	36 230	(53 109)
Net increase/(decrease) in cash and cash equivalents	1 071	(74 408)
Cash at start of year	(2 056)	73 633
Effect of foreign exchange rate changes	(56)	(1 281)
Cash at end of year	(1 041)	(2 056)

Segmental information – Year ended 30 June 2004

MINING PROFIT BEFORE DEPRECIATION



	2004	2003
Exchange rate (average)	6,9	9,1
Exchange rate (year-end)	6,2	7,6

Given the current trend in the international zinc price, the next year, the zinc project has been optioned out with a view to a sale.

Exploration agreements have been entered into to evaluate the regional geology on the Barberton and Consolidated Murchison mineral title holdings, with a view to expanding the gold resources.

FINAL DIVIDEND

The impact of the exchange rate on the Group's earnings, together with the cash requirements of current development programmes, has necessitated the decision to declare a final dividend this year.

CAPITAL EXPENDITURE AND COMMITMENTS

Group capital expenditure totalled R119,2 million (2003: R30 million), which mainly related to the Chibuluma South shaft sinking and the Middelburg Townlands project. Both of these projects are funded by the IDC. In the case of Chibuluma South, this funding is structured as a 35% equity participation.

Contracted capital commitments at 30 June 2004 amount to R2,2 million (2003: R1 million), whilst uncontracted commitments amount to R54,6 million (2003: R7 million).

Operating lease commitments, which fall due within the next year, amount to R2,3 million (2003: R3 million), whilst commitments of R17,2 million (2003: R5 million) fall due during the next four years.

SHARES ISSUED

Metorex Limited issued an additional 11 799 145 shares on 5 March 2004 at 234 cents per share, raising R27,6 million and a further 415 625 shares were issued on 28 May 2004 at 240 cents per share in exchange for an increased shareholding in Ruashi Holdings (Pty) Ltd (Ruashi). Subsequent to year end, a further 400 712 shares were issued at 234 cents per share for a further shareholding in Ruashi.

AUDIT REVIEW

Deloitte & Touche, the company's auditors, have reviewed the consolidated provisional results. A copy of their unqualified review report is available for inspection at the company's registered office.

ACCOUNTING POLICIES

The reviewed consolidated provisional results have been prepared on the historical cost basis, except for certain financial instruments and the assets and liabilities acquired with a business, which are stated at fair value and in accordance with the International Financial Reporting Standard and the South African Statement of Generally Accepted Accounting Practice applicable to Interim Financial Reporting. The accounting policies are consistent with those adopted in the previous year.

SAFETY

The Group's safety record for the year was marred by six fatal accidents, four of which occurred at Consolidated Murchison and one each at Maranda and Wakefield.

The Group strives to conduct its activities with due regard to the safety and health of its employees.

By order of the Board

A.S. MALONE
Chairman

C.D.S. NEEDHAM
Financial Director

26 August 2004

Contact details for Metorex Limited: Postal: P O Box 2814 Saxonwold 2132 South Africa Telephone: (+27 11) 880-3155 Facsimile: (+27 11) 880-3322

Registrars: South African and United Kingdom: Ultra Registrars (Pty) Limited P O Box 4844 Johannesburg 2000 South Africa Telephone: (+27 11) 834-2266
Capita Group plc: The Registry 34 Beckenhurst Road Beckenham Kent BR 34TU England Telephone: +44 (208) 639-2157

Company Secretaries: Moore Stephens MWM PO Box 1574 Houghton 2041 South Africa Telephone (+27 11) 728-7240

Sponsors: Barnard Jacobs Mellet Corporate Finance (Pty) Ltd PO Box 62200 Marshalltown 2107 Telephone (+27 11) 283-0300

Auditors: Deloitte & Touche Private Bag X6 Gallo Manor, 2052 South Africa Telephone: (+27 11) 806-5000

ADR Programme – North America and Canada: The Bank of New York 101 Barclay Street New York NY 10286 USA Telephone +1 212 815 3326

website: www.metorexgroup.com e-mail: info@metorexgroup.com

BASTION GRAPHICS