

Quarterly and revised financial year end results for 30 June 2009 and further cautionary announcement



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(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 9 September 2009: Metorex Limited today announced Group headline earnings per share reduced significantly to 24 cents per share for the year ended 30 June 2009. This excludes the effect of impairment charges of R23 billion (R1.6 billion after taxation and minorities). Earnings for the year amounted to a loss of 230 cents per share. The Group liquidity situation continues to improve through sales of non-core assets and increased production out of the new Ruashi mining project. The Group is still trading under cautionary as it is involved in negotiations with the objective of reducing and restructuring the Ruashi debt and removing liquidity constraints.

Tarence Goodson, CEO of Metorex said, "I am really pleased with the operational focus of our teams. All of our mines, other than Vergenoeg, delivered improved production in these tough times. The Ruashi mine exceeded our June 2009 quarterly copper production target of 4 500 tons by producing 5 245 tons. Cobalt production also exceeded the 450 tons forecast with 571 tons of cobalt being produced. The Resource and Reserve in-fill drilling programme at Ruashi has been completed and the Reserve numbers confirmed this asset to be a significant deposit. The liquidity situation in the Group has been improved through increased production, higher commodity prices and the sales of Pan African, Phoenix Platinum and a 15% stake in the Vergenoeg mine. Further strategies designed to restore the balance sheet by December 2009 are being vigorously progressed and management is confident of a successful outcome."

Sale features

Financial performance	June 2008	June 2009
Gross revenue (R'000)	1 614 789	1 241 721
Mining profit before depreciation (R'000)	799 245	263 190
Cash mining profit margin (%)	50	21
EPS (cents)	159,4	(272,4)
HEPS (cents)	131,7	23,9
Market capitalisation (R'000)	8 856 460	2 227 614
Shares in issue (000)	369 173	742 538
Weighted average number of shares	347 787	553 349
Share price (cents)	2 399	300
ZAR/US\$ rate – Average (R/US\$)	7,30	9,03
ZAR/US\$ rate – Closing (R/US\$)	7,83	7,72

Commodity production	Quarter*	Year**			
	Unit	March 2009	June 2009	June 2008	June 2009
Copper	(t)	7 316	10 329	25 350	31 307***
Cobalt	(t)	165	571	565	871***
Antimony	(mtu)	35 692	71 921	361 455	257 983
Fluorspar	(dmt)	37 908	26 851	180 854	152 934
Gold	(kg)	696	772	3 517	3 498

***Includes Ruashi II production.

Commodity sales	Quarter*	Year**			
	Unit	March 2009	June 2009	June 2008	June 2009
Copper	(t)	7 533	10 472	23 291	31 846***
Cobalt	(t)	10	221	386	578***
Antimony	(mtu)	43 368	97 313	337 403	271 286
Fluorspar	(dmt)	28 523	19 784	184 299	135 962
Gold	(kg)	822	795	3 603	3 451

*** Includes Ruashi II sales, not part of income statement.

Prices received	Quarter*	Year**			
	Unit	March 2009	June 2009	June 2008	June 2009
Copper	(US\$/t)	3 894	4 290	7 277	4 464
Cobalt (64% of LMB)	(US\$/lb)	7	9	18	14
Antimony	(US\$/mtu)	25	26	58	39
Fluorspar	(R/t)	3 200	2 354	1 387	2 241
Gold	(US\$/oz)	910	921	804	818

Unaudited

Reviewed

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

Whilst pleased to report that the Group had no fatal accidents during the financial year, independent SHEC audits carried out at four of the group operations during the quarter have highlighted deficiencies and inconsistencies in Group SHEC policies and procedures.

- The development of a holistic Group SHEC strategy resulting in leading industry practice is a priority at Metorex and a range of initiatives has commenced which includes:
 - Addressing the occupational health and safety competence of Metorex line managers as well as related specialist functions by focusing on specific training interventions including hazard identification, and risk assessment;
 - Compiling and introducing Metorex Safe Production Rules for the Group;
 - Introducing and maintaining baseline risk assessment for all mines in the Group;
 - Introducing rigorous and consistent SHEC reporting standards across all operations; and
 - Achieving the 2013 Mine Health and Safety Council milestones targets for occupational safety and hygiene is a key focus area.

Financial overview (reviewed)

The 2009 financial year ("F2009") saw an unprecedented collapse in world markets, impacting severely on raw material demand and resulting in a period of sustained de-stocking from November 2008 to March 2009. This impacted on commodity prices with the copper price having declined some 60% over a three-month period.

At the same time the Group's main capital development programme in the Democratic Republic of Congo ("DRC"), the Ruashi copper/fluorspar and an increase in experienced capital cost-overruns and ramp-up delays which required an emergency fund raise concluded during December 2008. The result was an injection of new equity totalling R704 million, net of costs. In addition, a one-year bridge loan facility of R178 million repayable on 30 November 2009 was secured and the Group restructured some of its loan repayments. The Group embarked upon a process of disposing of some of its non-core assets, which resulted in the disposal of Phoenix Platinum Mining (Proprietary) Limited ("Phoenix Platinum") for R72 million and the financial year-end the Pan African Resources PLC ("Pan African") 55% holding for R386 million and the conclusion of a Vergenoeg Mining Company (Proprietary) Limited ("Vergenoeg") black economic empowerment deal for R109 million. These proceeds provided much needed liquidity and secured the completion of Ruashi Mining split ("Ruashi"), repayment of the Group's bridge loans, ongoing funding of Copper Resources Corporation ("CRC") and absorption of losses at Consolidated Murchison Mine ("Consolidated Murchison"), including the closure of its prohibitive gold hedge book for R41 million.

The financial statements for the year ended 30 June 2009 were prepared on the basis of the Pan African and Consolidated Murchison assets being held for sale. This follows the disposal of Pan African subsequent to year-end and the Group's intention to exit the Consolidated Murchison operation. The Group's continuing operating assets are Vergenoeg, Chibuluma Mines plc ("Chibuluma"), Ruashi and Sable Zinc Kabwe Limited. The operational results from these assets other than the Ruashi project comprise mining profit as reported in the consolidated income statement with comparatives having been reclassified for assets held for sale. The Group capitalised operations for the Ruashi phase II project during the entire financial year as this project remains under development.

Revenue

Copper production for the year increased by 23% to 31 207 tons, mainly due to 10 378 tons having been produced at the Ruashi II operation. The Ruashi I concentrate feed to the Sable business unit was discontinued during December 2008, which resulted in a decrease in its copper production to 4 889 tons from 10 767 tons the previous year. The Chibuluma mine performed well and increased its annual production by 9% for the year to 15 940 tons of copper. The decline of some 40% in copper prices to an average of US\$4 464 per ton achieved (2008: US\$7 277 per ton) resulted in a significant reduction in revenue for the Group.

Cobalt production for the year increased by 54% to 871 tons following the commissioning of the cobalt plant at the Ruashi mine. The average price achieved was US\$14 per lb and was based on 64% of London Metals Bulletin ("LMB") quoted price in terms of the Ruashi off-take agreement with Jinchuan. Cobalt sales lagged production and were caused by distribution bottlenecks between the Ruashi mine and Johannesburg. These logistic flows continue to be addressed.

Fluorspar production reduced by 15%, driven largely by weaker demand during the latter part of the financial year. Contracted fluorspar prices were boosted by a weaker Rand/US\$ exchange rate and contributed to an overall 20% increase in fluorspar revenue from the Vergenoeg mine.

Operating costs

Group operating costs increased by 25% to R749 million for the year, mainly as a result of a 24% weakening in the Rand/US\$ exchange rate on translation of the foreign operations. The reduction in output from Ruashi/Sable and Vergenoeg did not translate into absolute savings as the Group experienced inflationary increases driven largely by high input prices in consumables, utilities and services.

Mining profit before depreciation
Following the effect of the changes in Group revenues and operating costs, mining profit before depreciation decreased by 67% to R263 million.

Depreciation and impairments
Depreciation increased by 28% to R122 million in line with the weaker Rand/US\$ exchange rate on translation of the Group's foreign operations.

It is Group policy to annually assess assets for impairment. Following this review, the Group impairment charge before taxation and minorities amounted to R23 billion mainly related to CRC (R12 billion), the discontinuance of the Ruashi phase I project (R216 million) and a writ-off of the Consolidated Murchison operation (R125 million). The primary CRC asset, being the Kinsenda mine, was impaired to R230 million (US\$30 million) based on a risk based valuation at a real after tax discount rate of 20%. This discount rate accounts for risks related to project funding, project development and operating in the DRC. A copper price of US\$5,000/ton was applied in these valuations. The net CRC impairment, after tax and minorities, of R1,2 billion principally relates to the original investment cost. This cost constituted the issue of 37 million new Metorex shares at R24 per share (R988 million) and R85 million in cash.

Other income

Net other income of R148 million for the year mainly relates to a combination of the profit on closure of a portion of the Ruashi hedgebook (R210 million) and a loss on the realisation of the prior year mark to market of Chibuluma's outstanding copper invoices and Group share option charges.

Borrowing costs

Cash flows from Group debt introduced during the year were mainly applied to the Ruashi project. The associated borrowing costs were accordingly capitalised.

Capital expenditure and commitments

Group capital expenditure totalled R1,5 billion (2008: R2 billion), mainly related to the Ruashi Phase II project and CRC.

Contracted capital commitments at 30 June 2009 amounted to R40 million (2008: R359 million), whilst uncontracted commitments amounted to R2 million (2008: R164 million).

Operating lease commitments, which fall due within the next year, amounted to R4 million (2008: R23 million), whilst commitments of R3 million (2008: R21 million) fall due during the next four years.

Headline earnings

Headline earnings per share reduced significantly to 24 cents for the year ended 30 June 2009 and exclude the effect of the impairment charges. The weighted average number of shares in issue increased by 59% to 553 349 shares following the equity issue concluded during December 2008.

Group cash flow

Cash inflows from operating activities reduced by 84% to R122 million. Cash applied to investing activities of R14,1 billion principally related to capital expenditure at Ruashi and Chibuluma together with capital project development costs and ongoing funding of CRC. The Group secured net cash inflows of R1,2 billion from financing activities, which primarily resulted from new debt of R292 million introduced at Chibuluma, further project loans at Ruashi of R125 million, bridge loan draw downs of R132 million and new equity of R704 million at the Metorex corporate level.

Group balance sheet

The Group net asset value reduced by 65% to 323 cents per share following the impairment of CRC, Ruashi Phase 1 and Consolidated Murchison and an increase in the issued share capital of 100% to R743 million. Interest-bearing debt increased to R21 billion of which R696 million is due during the forthcoming 12 months. The subsequent disposal of Pan African and the Vergenoeg deal secured repayment of some of the Group's short-term loans and furthermore, the funding of Ruashi to completion as well as the ongoing funding of CRC and Consolidated Murchison. Chibuluma is in a position to service its debt instalments during the next financial year. The first Ruashi instalment of R193 million (US\$25 million) is due on 31 December 2009. The Group is still trading under cautionary as it is involved in negotiations with the objective of reducing and restructuring the Ruashi debt and removing liquidity constraints.

Group debt position – 30 June 2009	Amount	Cost	Term
Metorex	Short-term loans	R190 million	Jibar + 75% Due 30 Nov '09
Ruashi	Pre-off take finance	R162 million	Fixed 4,68% 36 months from Jan '10
Ruashi	ECIC project finance	R1 041 million	US Libor +1,25% 9 semi-annual from 31 Dec '09
Ruashi	Commercial project finance	R254 million	US Libor +0,35% 7 semi-annual from 31 Dec '09
Cost overrun facility		R125 million	US Libor +1,25% 7 semi-annual from 31 Dec '09
Chibuluma	Term loan	R282 million	US Libor +4,85% 9 semi-annual from 30 Sep '09
Various	Equipment leases	R82 million	Various 36 months
TOTAL	R12 136 million*		

* Includes asset leases at Consolidated Murchison of R24 million



Pan African shareholding sold for R386 million with effect 1 July 2009
Vergenoeg BEE transaction announced for R109 million



Quarterly production improved at Ruashi, Chibuluma, Sable and Consolidated Murchison
Output reduced at Vergenoeg as a result of tight market conditions
Initial Resource and Reserve review at Ruashi completed

Commodity	Maturity	Volume	Price	Comment
Copper:	Ruashi 15 months (Jul '09 – Sep '10)	24 750 t	US\$ 900/t	Forwards
	Ruashi 21 months (Oct '10 – Jun '12)	34 425 t	Put US\$3 900/t	Fully paid Puts
	Chibuluma 1 month (Jul '09)	650 t	US\$3 368/t	Forwards
	Chibuluma 5 months (Aug '09 – Dec '09)	3 075 t	US\$ 4 415/t	Forwards
	Chibuluma* 6 months (Jan '10 – Jun '10)	4 200 t	US\$ 5 308/t	Forwards

*Transaction executed subsequent to year-end

The Ruashi copper hedge book was restructured during December 2008 which resulted in forward prices of US\$3 900 per ton until September 2010 for approximately 50% of production. Thereafter, fully paid put options apply to June 2012 protecting a minimum price of US\$3 900 per ton and full price exposure to the upside. These hedges were an imposed condition of the continuation of project financing required for the development of the mine.

A limited hedge book was introduced at Chibuluma securing copper prices ranging between US\$4 415 per ton and US\$5 308 per ton for 50% of production to June 2010. The objective was to introduce some price certainty at Chibuluma taking cognisance of its debt commitments for the financial year ending 30 June 2010.

The Consolidated Murchison gold hedge at R111 per gram was closed during April 2009 at R281 per gram and realised a loss of R41 million.

Operational review (unaudited)

Ruashi (Note: The Ruashi II project has been capitalised and does not form part of the Group income statement)	Quarter	Year			
	March 2009	June 2009	June 2008	June 2009	
Tons milled	(t)	142 550	232 562	n/a	485 360
Headgrade – Copper	(%)	2,6	0,7	n/a	2,8
– Cobalt	(%)	0,6	0,5	n/a	0,5
Recovery – Copper	(%)	78	84	n/a	77
– Cobalt	(%)	18	30	n/a	26
Copper produced	(t)	2 919	5 245	n/a	10 378
Copper sold	(t)	3 028	5 302	n/a	10 351
Cobalt produced	(t)	152	568	n/a	720
Cobalt sold	(t)	0	216	n/a	326
Total cash cost/ton of copper produced, net of cobalt credits*	(US\$/t)	6 215	3 733	n/a	4 518
Capital expenditure, excluding losses and borrowing costs	(R'000)	57 863	92 500	1 365 773	752 632

*Cobalt credit calculated basis cobalt production and a gross cobalt price of US\$15/lb (US\$3,60/lb) for illustrative purposes

Quarterly commentary

The waste stripping at Ruashi increased by 53% to 492 000 tons, in line with the ramp up in tonnage mined. Ore delivered from the pit to the plant increased by 300% and total ore milled increased by 63% to 233 000 tons of copper. This ore was a blend of high grade and low grade ore from the mine and the "G" stockpile. The blended milled grade improved from 2,6% to 2,7% copper. Further in-fill drilling in Pit 1 commenced in July 2009 to further improve the confidence in the ore body and improve selectively of mining. In-pit dewatering has progressed well but will need to be increased to cater for larger water volumes and the water table. The drilling of pit perimeter dewatering boreholes has commenced and is planned for completion by March 2010. The primary water coffer dam has been commissioned and additional boreholes are being drilled to ensure a secure water supply for production ramp up.

Production ramp up continued with 5 245 tons of copper cathode produced. Mill downtime reduced from the previous quarter, partly due to improved maintenance and less bottlenecks in the solvent extraction/electrowinning ("SX/EW") plant. Stress testing of the leach circuit and copper solution areas have successfully achieved throughput levels of 180 tons per hour. The overall copper recovery improved to 84% (78% at the final quarter).

Cobalt production has been ramping up since the start of cobalt production in February 2009, and has reached an average of 200 tons per month. Cobalt production of 568 tons increased by 274% quarter on quarter and the overall cobalt recovery improved from 18% to 50%. The delayed commissioning of the cobalt drying unit has resulted in a high moisture content of 55%, but this project will be completed in the December 2009 quarter which will improve the situation.

Replacement of slaking agitators in the lime plant resulted in increased lime plant availability and improved performance. The construction progress on the front end crusher section and coarse ore stockpile infrastructure progressed satisfactorily and is planned for completion during the December 2009 quarter. Modifications to the coarse ore stockpile draw off points are being made to improve ore flow.

Ruashi produced copper, net of cobalt credits, at lower costs than the previous quarter due to improved efficiencies and increased volumes. The total cash cost per ton of copper produced, net of cobalt credits amounted to US\$3 733 compared to US\$6 215 in the previous quarter. The unit costs of production should further reduce in line with the production build-up.

Project expenditure to date amounted to US\$320 million with a further US\$13,1 million estimated to completion. The costs to completion mainly relate to the Acid Plant, increased front-end capacity and finalisation of land purchases. Total project expenditure is estimated at US\$333 million.

The production outlook for the coming quarter has been adversely affected through the power shortages experienced between the end of July and early August as well as a full mill relin between 4 and 8 August 2009. However, it is planned to exceed the current quarter performance and continue the ramp up. Logistics continues to be a challenge although the flow of Cobalt from the mine through to Johannesburg has improved and the backlog in sales is steadily being reduced. It is expected that Ruashi will produce 5 400 tons of copper and 560 tons of cobalt in the September 2009 quarter.

Ruashi Resources and Reserves

The in-fill drilling programmes to confirm the orebody boundaries and improve confidence limits was completed in June 2009 with 52 boreholes and 5 229 metres drilled, ahead of schedule. All holes have been logged and sampled and all samples submitted to the Ruashi mine laboratory for analysis have been assayed and the results captured in a relational database. External quality assurance/quality control results from Robinsons International in Lubumbashi have been reviewed by Coffey Mining and comply with acceptable industry standards.

Work on the revised Surpac constrained geological resource model has been completed as well as a Whittle pit optimisation exercise to define the ultimate life of mine pit shell. The full cost of drilling, assay and modelling within the budget of US\$1 889 million, in-fill drilling is continuing at the mine to further improve geological confidence and ascertain the extent of the sulphide mineralisation.

The updated Resource inventory and reserve numbers are reflected below:

Mineral Resources inventory	Tons (M)	%Cu	Tons Cu ('000)	%Co	Tons Co ('000)
Ore measured	1,0	6,8	74	0,29	3
Ore indicated	19,6	2,8	554	0,35	69
Ore inferred	1,1	1,8	187	0,11	11
Sulphide inferred	7,9	3,1	248	0,26	21
Total	37,1	2,8	1 062	0,28	104

- There are a number of factors which have affected the Resource numbers:
 - The new geological model and estimates have been updated to reflect structure and rock type;
 - The Resource tonnage has been discounted for mining losses due to artisanal mining activities;
 - The specific gravity assumptions have been more accurately determined and are specified per rock type and by orebody; and
 - Certain geological zones have been moved to the inferred category on the basis of confidence in grade continuity

Whittle Pit Reserves	Tons (M)	%Cu	Tons Cu ('000)	%Co	Tons Co ('000)
Proved and Probable Reserves	15,1	3,2	478	0,39	59

- There are a number of factors which have affected the Whittle pit numbers:
 - Only Measured and Indicated Resources have been used in the Whittle optimisation exercise.
 - Long-term prices have been changed to reflect consensus forecasts of US\$5 000/t Cu and US\$15/t Co.
 - Costs have been increased to reflect F2010 steady state budget costs and the average costs associated with the Whittle shell is US\$2 644 per ton (US\$120 per lb) net of cobalt.

It is planned to further refine the Reserve numbers and complete the detailed pit designs with associated scheduling during September and October 2009. A more detailed report will be made in the annual report.

The Company confirms that the information included above was approved internally by Mr P T Williams, BSc Hons (Geology), Pt Sci Nat, FSAIMM, Metorex Group General Resources Manager. The data used in the modelling was independently verified by Mrs K Body, BSc Geology, Pt Sci Nat, Senior Resource Geology Consultant with mining consulting company Coffey Mining (Pty) Limited before release. The Resource modelling has been completed by Mr S Savage, MEng, BSc(Hons), Pt Sci Nat of IGS (Pty) Limited. Whittle pit optimisation and pit selection has been carried out by Mr F van Daalen, BEng (Mining) of VBKOM Consulting Engineers (Pty) Limited.

Chibuluma	Quarter	Year			
	March 2009	June 2009	June 2008	June 2009	
Tons milled	(t)	137 966	133 977	555 575	568 187
Headgrade – Copper	(%)	3,1%	3,3%	2,9%	3,1%
Recovery – Copper	(%)	90%	90%	90%	90%
Copper produced	(t)	3 848	3 878	14 583	15 940
Copper sold	(t)	4 009	4 049	14 491	15 907
Total cash cost/ton of copper sold	(US\$/t)	2 673	2 671	2 663	2 793
Mining profit before depreciation	(R'000)	35 505	65 632	533 290	155 786
Depreciation	(R'000)	22 345	21 697	49 070	72 781
Capital expenditure	(R'000)	23 355	32 370	119 568	121 065

Quarterly commentary

Chibuluma copper production was 3% higher than the previous quarter and increased to 3 979 tons mainly as a result of the higher head grades. The June 2009