



Metorex Limited

- ◆ *Earnings per share up 238%*
- ◆ *Headline earnings per share up 132%*
 - ◆ *EBITDA up 147%*
- ◆ *Significant corporate activity*
 - ◆ *Ruashi/Sable commissioned*
- ◆ *Ruashi Phase II plant construction on target*

**Consolidated reviewed provisional results
for the financial year ended 30 June 2007**



Metorex Limited

www.metorexgroup.com

Registration number: 1934/005478/06

Incorporated in the Republic of South Africa

JSE code: MTX ISIN: ZAE000022745

Issue code: MEMTX

Listed on the JSE Limited and London Stock Exchange

Contact details for Metorex Limited and Corporate Advisers

Postal: PO Box 2814, Saxonwold, 2132, South Africa

Telephone: (+27 11) 880-3155 **Facsimile:** (+27 11) 880-3322

Website: www.metorexgroup.com **E-mail:** ir@metorexgroup.com

Investor relations

College Hill, PO Box 413187, Craighall, 2024, South Africa **Telephone:** (+27 11) 447-3030

Registrars: South Africa and United Kingdom

Link Market Services (Pty) Limited, PO Box 4844, Johannesburg, 2000, South Africa

Telephone: (+27 11) 834-2266

The Capita Group PLC, The Registry, 34 Beckenham Road, Beckenham, Kent, BR34TU, England

Telephone: (+44 208) 639-2157

Company secretaries

Moore Stephens MWM, PO Box 1574, Houghton, 2041, South Africa

Telephone: (+27 11) 728-7240

Sponsor

Barnard Jacobs Mellet Corporate Finance (Pty) Ltd, PO Box 62200, Marshalltown, 2107, South Africa

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

Commentary

Charles Needham, CEO of Metorex, said: "We are most pleased with the results for the year. The group companies have generally performed well and the corporate activity provides a platform from which the group can grow both internally and through acquisitive activity. Whilst copper is currently the major contributor to earnings and activities, the strategy of being a mid-tier multi commodity mining group is unchanged."

Performance for the years ended 30 June (reviewed)

Financial Performance		2007	2006	2005	2004
*Gross revenue	(R'000)	1 703 757	1 013 328	644 244	846 799
EBITDA	(R'000)	918 296	371 304	149 981	103 179
†Cash mining profit margin	(%)	35	25	13	7
EPS	(cents)	183,5	54,3	13,5	(8,6)
HEPS	(cents)	110,5	47,7	12,3	2,2
Market capitalisation	(R'000)	8 048 840	3 237 093	1 167 321	428 764
Shares in issue	('000)	324 550	289 026	279 933	187 233
Share price	(cents)	2 480	1 120	417	229
ZAR/US\$ rate – Average	(R/\$)	7,2	6,4	6,2	6,9
ZAR/US\$ rate – Closing	(R/\$)	7,0	7,2	6,7	6,2

Denotes

* Prior years restated.

†Cash mining profit as percentage of gross revenue.

Safety and training

The Group conducts its activities with due regard for the safety and health of its employees and runs approved training programmes through its respective training centres.

The Group is pleased to report that it experienced no fatalities during the past year.

Operating performance and financial review

The Group produced record results with mining profit up 127% to R495 million, EBITDA up 147% at R918 million and headline earnings per share up 132% at 110,5 cents. The significant earnings growth is 70% attributable to robust commodity prices and 30% to volume increases at Chibuluma and Vergenoeg, as well as new production from the Ruashi/Sable project.

The Group's Base Metal division, comprising Chibuluma and Ruashi/Sable, were the main contributors to EBITDA, which is expected to further increase during the forthcoming year with the commissioning of the Ruashi Phase II project in January 2008. Vergenoeg produced an 88% increase in EBITDA following its expansion announced in 2006. The Consolidated Murchison and Barberton combined results were reasonable mainly supported by increased commodity prices. These operations were affected by erratic grades both in antimony and gold, which variability is a feature of the Greenstone Belt.

Excluding the new projects, the year-on-year operating costs increased by 14%, which included volume increases at both Chibuluma and Vergenoeg.

The Group's Balance Sheet has been strengthened by the cashflow generation from operations and the effects of the corporate activity during the year. The debt/equity ratio increased from 2% to 17% due to bridging finance drawdowns for the development of the Ruashi Phase II project.

Capital expenditure and commitments

Group capital expenditure totalled R788 million (2006: R479 million), largely related to the Ruashi Phase II project and the Chibuluma South decline development. The acquisitions of minority interests in Chibuluma, Barberton and Ruashi net of an impairment reversal on Chibuluma South, accounted for an increase of R730 million in Mineral Rights.

Contracted capital commitments at 30 June 2007 amount to R717 million (2006: R33 million), whilst uncontracted commitments amount to R31 million (2006: R38 million).

Operating lease commitments, which fall due within the next year, amount to R10 million (2006: R9 million), whilst commitments of R10 million (2006: R8 million) fall due during the next four years.

Corporate activity

The following corporate activity occurred during the 2007 financial year:

- Acquisition of Crew's 20% interest in Barberton Mines (Pty) Ltd for R84 million;
- Acquisition of the Industrial Development Corporation's 35% interest in Chibuluma South for US\$21,4 million;
- Disposal of entire 74% interest in Wakefield for R338 million;
- Reverse acquisition of Pan African Resources Plc, with an effective date of 24 July 2007; and
- Acquisition of Sentinelle's 16% interest in Ruashi Holdings (Pty) Ltd for R327 million.

Subsequent to year-end, agreement had been reached for the acquisition of a 38,7% interest in Copper Resources Corporation ("CRC") and a 5% interest in Minière de Mushoshi et Kinsenda SARL ("MMK") ("the transaction"). Details of the transaction are contained in an announcement to shareholders dated 4 July 2007. The transaction will trigger a mandatory offer to the minority shareholders of CRC and requires South African Reserve Bank approval, which is being pursued.

Shares issued

- (1) 31 August 2006: 7,5 million shares at R11,25/share – Acquisition of minority interests from Crew in Barberton.
 (2) 27 March 2007: 12,7 million shares at R13,10/share – Acquisition of minority interests from IDC in Chibuluma South.
 (3) 3 April 2007: 12,5 million shares at R21,35/share – Acquisition of minority interests from Sentinelle in Ruashi Holdings.
 (4) July 2006 – June 2007: 2,9 million shares at average R2,52/share – Share option implementations.

Base Metals Division (unreviewed)
Copper

Chibuluma Mines Plc		2007	2006*
Tons milled	(t)	503 880	363 311
Headgrade	(%)	2,5	2,7
Overall recovery	(%)	86,1	81,6
Copper produced	(t)	10 770	8 002
Copper sold	(t)	10 761	8 017
Average copper price	(\$/t)	7 148	5 427
Total cash cost/ton sold	(\$/t)	2 787	2 984
EBITDA	(R'000)	323 022	125 521
Capital expenditure	(R'000)	78 791	62 017
Depreciation	(R'000)	36 011	16 916

Chibuluma South Mine operated 5% above its design capacity of 40 000 tons per month of ore milled. The grade has continued to be affected by the waste parting, but the headgrades are improving with depth. The concentrator operated efficiently with an improvement in recovery from the previous year. The first full year at capacity resulted in a 35% increase in copper production. The operating costs were well controlled with the resultant EBITDA increasing by 157%, which was assisted by robust copper prices.

Capital expenditure was spent primarily on the continued decline shaft development required for access to the lower levels of the orebody.

The Company is planning to increase its monthly milled tonnage from 40 000 tons per month to 50 000 tons per month, which requires limited capital expenditure. This increase in tonnage throughput will occur during the forthcoming year.

Copper/Cobalt

Ruashi/Sable		2007*
Tons milled	(t)	473 090
Headgrade – Copper	(%)	2,9
Recovery – Copper	(%)	46
Copper produced	(t)	6 361
Copper sold	(t)	6 346
Cobalt produced	(t)	132
Cobalt sold	(t)	129
Total cash cost/ton of copper, net of cobalt	(\$/t)	4 957
EBITDA	(R'000)	83 624
Capital expenditure	(R'000)	642 421
Depreciation	(R'000)	21 805

*First year of production.

The treatment of the Ruashi stockpiles and commissioning of the Ruashi Concentrator and Sable Processing Facility commenced during the current financial year. The average headgrade of the stockpiles treated exceeded original expectations, but the ramp-up in tons milled was slower than expected. Metallurgical balancing problems resulted in recoveries below budgeted levels, with the resultant copper production being 64% of design capacity. Focus has been on copper production with the result that the cobalt production for the financial year of 132 tons was well below design capacity. The operating cost per unit of copper produced exceeded expectation during this first year of production due to the low volumes treated. The contribution to EBITDA for the year amounted to R83,6 million.

Capital expenditure of R642 million was largely attributable to the construction of the Ruashi II processing facility due for commissioning in January 2008.

Production for the forthcoming year is expected to increase with the contribution from the Ruashi II project for a six-month build-up period to June 2008, which will increment production from the Ruashi Phase I concentrator.

DRC – copper/cobalt

Ruashi Phase II Project

The construction of the Ruashi II Copper/Cobalt SX/EW treatment facility is progressing according to plan with first copper expected to be produced in January 2008. The total expenditure on this project is estimated to be US\$180 million, which includes working capital of US\$8,2 million. Stripping of the orebodies has commenced and the first level of mineralisation has been exposed. Production from the open pits is planned for October 2007. The financing of the Ruashi II programme has had approval from the Standard Corporate and Merchant Bank of South Africa, backed by ECIC cover for an amount of US\$155 million. The balance is to be provided by internal resources. Staffing for the new project is gaining momentum and the design capacity of 120 000 tons per month milled at a copper headgrade of approximately 3,5% will yield 45 000 tons of copper and 3 500 tons of cobalt per annum. A strategic planning session is to be held regarding the continued operation of the Phase I plant together with the Phase II plant provided dispensation is granted by the Katangan government for the continued export of copper/cobalt concentrate. This would increment the Phase II production by 10 000 tons of copper and 1 000 tons of cobalt per annum.

Copper Resources Corporation (“CRC”)

Metorex has reached agreement with the Forrest Group of companies to acquire their 38,7% interest in Copper Resources Corporation and 5% interest in MMK for an amount of £43 million. This purchase consideration is to be settled by way of an issue of Metorex shares and triggers a Minorities Offer. A Minorities Offer document is being prepared for distribution to minority shareholders by late August or early September. The Articles of Association of Copper Resources Corporation require that any offer to minorities be underpinned by a cash offer. The Board of Metorex has submitted a circular to shareholders requesting authority for a general issue of shares for cash, which requires underwriting by local institutions.

The CRC assets comprise the Kinsenda Mine, placed on care and maintenance, the Mushoshi Mine, placed on care and maintenance and the Lubembe copper deposit. In addition to this, CRC has rights to the Hinoba-An deposit in the Philippines and the Haib copper resource in Namibia. Independent Australian consultants have prepared a Bankable Feasibility Study on the reopening of the Kinsenda Mine, which has been released to the public by CRC in various press releases. On completion of the transaction Metorex will revisit the Bankable Feasibility Study with regard to the capital cost and timing of commissioning the Kinsenda Mine and concentrator. A phased approach will be adopted whereby the Kinsenda Mine is the primary target to be followed by exploratory work on the Lubembe deposit and a further review of re-establishing the Mushoshi Mine.

DRC – Musonoi/Sokoroshi Exploration

A drilling programme has been completed on Sokoroshi II with limited success but a comprehensive drilling programme is underway on the Musonoi exploration programme with 3 000 metres having been completed. The results to date on Musonoi have been encouraging but further confirmatory drilling, sampling and assay work is required.

Zambia – copper and zinc

Chibuluma production expansion

The Chibuluma South Mine is increasing its monthly mill throughput from 40 000 tons to 50 000 tons reaching steady state by December 2007. This should increase the Chibuluma copper production by a further 25%, the full effect of which will be felt in the 2008/2009 financial year and partially in the 2007/2008 financial year.

Chifupu

The Chifupu deposit situated less than 5 km south of Chibuluma Mine, being a copper oxide deposit, has been drilled to establish the ore resource and a feasibility study is being prepared on the establishment of a mining operation at Chifupu. The ore can be treated at the Chibuluma Mine concentrator and will provide feed for the Sable Processing Facility. This feasibility study should be complete by the end of the 2007 calendar year.

Kasempa

Exploration drilling and evaluation has commenced. The programme is in its early stages and should be complete within six months at a capital cost of approximately US\$1,3 million.

Zinc plant in Kabwe

The Zinc leach and electrowinning plant is nearing completion and is planned to be commissioned during October 2007. This plant is designed to produce 5 000 tons of zinc per annum at a cash cost of US\$1 500/ton of zinc produced. The capital cost of this plant is estimated at US\$5 million.

Industrial Minerals Division (unreviewed)
Fluorspar

Vergenoeg		2007	2006	2005	2004
Tons milled	(t)	561 366	470 623	428 976	455 032
CaF ₂ grade	(%)	42,6	43,3	42,6	40,7
CaF ₂ recovery	(%)	70,9	73,7	70,8	68,8
Fluorspar produced (all grades)	(dmt)	183 199	156 692	143 086	128 660
Fluorspar sold (all grades)	(dmt)	181 286	158 285	141 438	139 946
Average price (all grades)	(R/dmt)	1 246	989	868	797
Total cash cost/ton	(R/t)	811	755	776	701
EBITDA	(R'000)	83 683	44 600	22 642	15 932
Capital expenditure	(R'000)	20 813	19 774	5 352	4 440
Depreciation	(R'000)	9 002	8 171	7 130	6 526

The plant expansion at Vergenoeg completed in the previous financial year resulted in a 17% increase in production of fluorspar for the year. The plant performed efficiently and the unit cost of production increased largely in line with the inflation rate. The EBITDA for the year of R84 million increased by 88%, which was assisted by an increase in the fluorspar prices in Rand terms.

The capital expenditure for the year was largely applied to the plant improvements and to earth-moving equipment upgrades.

A study is in progress with regard to increasing the fluorspar production by a further 40% to position Vergenoeg as a supplier to a proposed hydrofluoric acid and aluminium fluoride plant to be located and erected in South Africa. Vergenoeg is involved in a feasibility study with two partners regarding the establishment of this plant. The fluorspar feed to this plant will be approximately 70 000 tons of acid-grade fluorspar per annum.

Antimony

Cons Murch		2007	2006	2005	2004
Tons milled	(t)	420 381	447 547	437 798	475 601
Produced:	Sb (mtu)	377 998	576 317	502 194	522 238
	Au (kg)	548	675	672	718
Sold:	Sb (mtu)	371 061	585 600	500 021	520 976
	Au (kg)	546	669	671	706
Average price:	Sb (\$/mtu)	44,7	44,2	30,7	24,9
	Au (\$/oz)	597	560	416	386
Total cash cost/mtu sold~	(R/mtu)	276	209	194	191
EBITDA	(R'000)	16 991	43 829	(6 117)	(12 892)
Capital expenditure	(R'000)	23 155	10 124	2 877	1 133
Depreciation	(R'000)	5 800	3 769	3 420	3 730

~ Net of gold revenue.

Consolidated Murchison had a disappointing year with the gold and antimony grades having temporarily declined, resulting in reduced production. These grades resulted in an increase in unit costs of production and a reduction in the EBITDA from R44 million to R17 million for the year.

Capital expenditure for the year was applied to plant improvements and underground development to expose additional ore reserves.

Gold Division (unreviewed)

Barberton		2007	2006	2005	2004
Tons milled	(t)	330 367	313 779	316 094	349 219
Headgrade	(g/t)	9,2	10,7	11,1	10,4
Overall recovery	(%)	92	92	92	91
Produced	(kg)	2 800	3 088	3 230	3 305
Sold	(kg)	2 786	3 108	3 201	3 321
Average price: Spot	(R/kg)	148 230	108 683	86 265	88 133
Hedge	(R/kg)	96 088	90 047	101 890	100 900
Total cash cost/kg sold	(R/kg)	107 656	88 177	85 073	75 460
EBITDA	(R'000)	79 965	58 291	56 494	129 132
Capital expenditure	(R'000)	22 834	12 487	11 796	12 633
Depreciation	(R'000)	30 056	24 452	23 432	22 886

The tonnage milled for the year increased by 5%, however the headgrade declined by 14%, which is a function of mining in the Greenstone Belt. The processing plants operated efficiently and the company produced 2 800 kg of gold for the year. The cash cost per kilogram of gold sold increased by 22%, which was largely the result of the lower headgrade. Should the headgrade have been maintained at the same level as the previous year the increase in cost per kilogram sold would have amounted to 7% for the year.

The EBITDA for the year increased by 37% from that of the previous year.

The capital expenditure for the year was spent on upgrading of underground equipment and accelerated underground development to enable improved grade controls.

The Company has commenced development into and re-equipping of previously mined adits in order to exploit known ore resources. This programme will take place over a period of approximately two years.

Pan African Resources

Barberton Mines is a 74% owned subsidiary of Pan African Resources, a company listed on both the AIM Market of the London Stock Exchange and on the Alternative Exchange of the JSE Limited. Metorex has a 55% interest in Pan African Resources. Pan African Resources is a gold exploration company, which through the acquisition of Barberton has a gold producer and cash flow generator. Pan African Resources' main areas of exploration activity are presently in Mozambique, Central African Republic and Ghana. The most advanced of these exploration projects is the Manica project in Mozambique, which has an independently established ore resource of 1,5 million ounces of gold in situ. A pre-feasibility is being prepared for the establishment of a gold mine in Mozambique at a capital cost of approximately US\$68 million to produce 86 000 ounces of gold per annum for an eight year period. This pre-feasibility should be complete by the end of calendar 2007. The Central African Republic exploration projects being the Bogoin and Dekoa projects are presently being evaluated to establish whether this geological region is an extension of the Tanzanian and DRC gold-bearing Greenstone Belts. Exploration drilling has commenced on the Bogoin exploration licence and regional soil sampling has commenced on the Dekoa project.

The Ghanaian mining exploration licences have been secured and exploration activities are due to commence during this year.

Future prospects

The Group remains committed to its strategy of being a leading mid-tier multi-commodity mining group, focused on high-grade, long-life ore bodies in sub-Saharan Africa.

Accounting policies

The reviewed provisional results have been prepared and presented in accordance with IAS 34, Interim Financial Reporting Standards ("IFRS"). The accounting policies and methods of computations are consistent with those adopted in the financial year ended 30 June 2006. The application of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations resulted in prior year reclassifications. Assets classified as held for sale should be separately presented on the face of the balance sheet and the results thereof separately shown in the income statement. Based on this reporting requirement, Wakefield (Coal operations) has been classified as an asset held for sale, as the transaction was finalised effective 30 June 2007. Both the income statement and balance sheet as at 30 June 2006 have been reclassified to reflect the presentational changes as required by IFRS 5.

The unmodified review report as compiled by the Group's external auditors, Deloitte & Touche, is available at the Group's registered office. The Group complies with the Companies Act and the Listing Requirements as prescribed by the JSE Limited.

By order of the Board

A S Malone

Chairman

23 August 2007

C D S Needham

Managing Director

Consolidated Income Statement

R000's	Year ended 30 June 2007 (Reviewed)	Year ended 30 June 2006 (Audited)
Revenue:		
Mineral sales		
Copper	867 916	295 313
Cobalt	18 787	—
Fluorspar	225 959	156 546
Gold	446 509	395 544
Antimony	144 586	165 925
Gross revenue	1 703 757	1 013 328
Realisation costs	162 753	111 668
On-mine revenue	1 541 004	901 660
Cost of production	954 571	626 545
Stock movement	(11 593)	2 980
Depreciation	102 799	53 598
Mining profit	495 227	218 537
Other (expenses)/income	(7 259)	6 141
Impairment reversal – Chibuluma	48 932	—
Operating income before finance costs	536 900	224 678
Finance income	10 713	6 307
Finance costs	(11 920)	(7 640)
Profit before taxation	535 693	223 345
Taxation – normal and STC	36 480	15 408
Taxation – deferred	96 229	48 467
Profit after taxation from continuing operations	402 984	159 470
Profit after tax on disposal of Wakefield	191 768	—
Income after tax from Wakefield operations	50 987	50 186
Profit for the year	645 739	209 656
Attributable to:		
Equity holders of the parent	555 713	155 394
Minority interests	90 026	54 262
	645 739	209 656
From continuing and discontinued operations:		
Earnings per share (cents)	183,5	54,3
Diluted earnings per share (cents)	177,5	53,1
From continuing operations:		
Earnings per share (cents)	107,9	39,7
Diluted earnings per share (cents)	104,4	38,8
Weighted average number of shares in issue (000's)	302 810	286 147
Diluted number of shares in issue (000's)	313 101	292 455
Headline earnings per share is calculated using the following:		
Income attributable to ordinary shareholders	555 713	155 394
Profit after tax on disposal of Wakefield	(191 768)	(20 152)
Profit on sale of fixed assets, net of tax	(71)	(1 014)
Impairment reversal, net of tax and minorities	(31 159)	—
Discontinued operations – O'Okiep	1 998	2 244
Headline earnings (R000's)	334 713	136 472
Headline earnings per share (cents)	110,5	47,7
Diluted headline earnings per share (cents)	106,9	46,7

Condensed Consolidated Balance Sheet

R000's	Year ended 30 June 2007 (Reviewed)	Year ended 30 June 2006 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1 389 668	797 887
Mineral rights	1 160 751	302 385
Goodwill	11 514	11 514
Investments	929	929
Rehabilitation trust funds	35 340	33 864
Deferred tax asset	1 887	262
	2 600 089	1 146 841
Current assets		
Inventories	81 118	42 952
Trade and other receivables	395 087	206 807
Wakefield proceeds receivable	338 575	—
Bank balances and cash	54 558	75 531
	869 338	325 290
Assets held for sale, net	12 423	145 902
Total assets	3 481 850	1 618 033
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	1 326 187	802 038
Hedging and translation reserve	(115 130)	(145 202)
Retained income	834 537	278 824
Share option equity	10 340	7 536
Equity reserve	(121 922)	(128 066)
Equity attributable to equity holders of parent	1 934 012	815 130
Minority interest	69 691	153 438
Total equity	2 003 703	968 568
Non-current liabilities		
Long-term liabilities – interest bearing	379 250	58 002
Long-term provisions	93 461	71 029
Deferred tax liabilities	416 050	125 072
	888 761	254 103
Current liabilities		
Trade and other payables	393 214	158 669
Short-term borrowings – interest bearing	22 228	32 602
Short-term provisions	29 122	33 005
Derivative instruments	91 764	161 479
Taxation	53 058	9 607
	589 386	395 362
Total equity and liabilities	3 481 850	1 618 033
Net asset value per share (cents)	596	282
Net tangible asset value per share (cents)	592	278

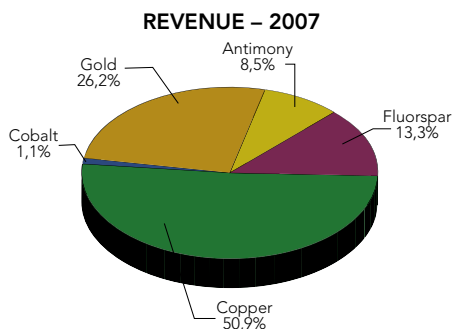
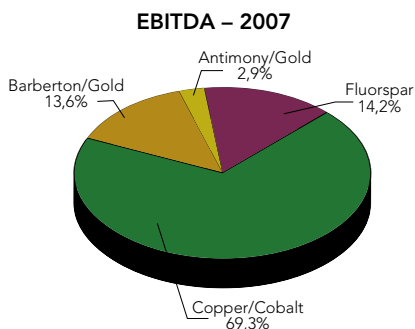
Condensed Consolidated Cash Flow Statement

R000's	Year ended 30 June 2007 (Reviewed)	Year ended 30 June 2006 (Audited)
Cash generated by operations	638 434	317 588
Dividends paid to minorities	(42 131)	(15 132)
Taxation paid	(19 814)	(6 408)
Finance costs, net	(1 207)	(3 418)
Cash inflows from operating activities	575 282	292 630
Cash outflows from investing activities	(872 522)	(428 011)
Cash inflows from financing activities	311 430	34 562
Net increase/(decrease) in cash and cash equivalents	14 190	(100 819)
Cash at beginning of year	75 531	189 066
Effect of foreign exchange rate changes	(939)	(78)
Cash at end of year	88 782	88 169
Wakefield disposal	(34 224)	(12 638)
Cash at end of year – continuing operations	54 558	75 531

Condensed Consolidated Statement of Changes in Equity

R000's	Year ended 30 June 2007 (Reviewed)	Year ended 30 June 2006 (Audited)
Shareholders' equity at start of year	968 568	854 252
Ordinary shares issued	524 149	36 841
Hedging and translation reserve	30 072	(84 571)
Net income for the year	555 713	155 394
Share option equity	2 804	4 036
Minority interest	(83 747)	2 616
Equity reserve	6 144	—
Total equity	2 003 703	968 568

Segmental Information





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