

# Annual financial statements

2009



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## Group secretary's certification

I hereby certify that Metorex Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of section 268G(d) of the Companies Act, 1973. All such returns are true, correct and up to date.



per O Barbeau

**MOORE STEPHENS MWM INC.**

Group Secretary

4 November 2009

## Directors' approval

### TO THE MEMBERS OF METOREX LIMITED

The directors of the Company and Group are responsible for the preparation and integrity of the annual financial statements and related financial information included in this report. The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa and incorporate full and responsible disclosure in line with the accounting philosophy of the Group and Company.

The directors are responsible for the maintenance of adequate accounting records, the preparation and integrity of the Group and Company annual financial statements and all related information. The directors are also responsible for the systems of internal control which are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets and to prevent and detect material misstatement and loss.

Subject to the successful implementation of the Group's strategy aimed at reducing and restructuring the Ruashi project debt, the directors are satisfied that the Group will be a going concern for the foreseeable future, and have adopted the going-concern basis in preparing these financial statements.

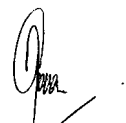
It is the responsibility of the external auditors to express an opinion on the financial statements and their opinion is included on page 57.

The annual financial statements, set out on pages 58 to 96, were approved by the Board of directors on 4 November 2009 and are signed on its behalf by:



**R G Still**

Chairman



**T P Goodlace**

Chief Executive Officer

## Independent auditors' report

### TO THE MEMBERS OF METOREX LIMITED

We have audited the Group annual financial statements and annual financial statements of Metorex Limited which comprise the consolidated and separate balance sheets as at 30 June 2009, and the consolidated and separate income statements, the consolidated and separate statement of changes in equity and consolidated and separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 58 to 96.

### Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

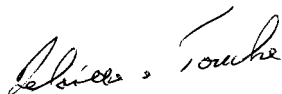
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metorex Limited as at 30 June 2009, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

### Emphasis of matter

Without qualifying our opinion, we draw attention to the directors' statement that subject to the successful implementation of the Group's strategy aimed at reducing and restructuring the Ruashi project debt, they are satisfied that the Group will be a going concern for the foreseeable future, and have adopted the going-concern basis in preparing these financial statements.



**Deloitte & Touche**

Per IT Marshall

Partner

4 November 2009

National Executive: G G Gelink Chief Executive, A E Swiegers Chief Operating Officer, G M Pinnock Audit, D L Kennedy Tax and Legal and Financial Advisory, L Geeringh Consulting, L Bam Corporate Finance, C R Beukman Finance, T J Brown Clients and Markets, N T Mtoba Chairman of the Board, C R Qually Deputy Chairman of the Board.  
A full list of partners and directors is available on request.  
BBBEE rating: Level 3 contributor/AA (certified by Empowerdex)  
Member of Deloitte Touche Tohmatsu

## Directors' report

### NATURE OF BUSINESS

Metorex is an established mid-tier mining company, listed on the JSE Limited (JSE). Metorex was delisted from the London Stock Exchange Plc (LSE) effective 9 March 2009. In addition, Metorex has a level 1 ADR programme sponsored by the Bank of New York. The Company owns and manages quality mining projects on a decentralised profit-centre basis, and provides technical, administrative and financial support to operational management.

### FINANCIAL RESULTS

The results for the year are set out in the audited annual financial statements which appear on pages 58 to 96.

### ASSETS HELD-FOR-SALE

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 at year-end 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 as assets held-for-sale in terms of IFRS 5: *Non-current Assets Held-for-Sale and Discontinued Operations*. Refer note 31.

### SPECIAL RESOLUTIONS ADOPTED

A special resolution to increase the authorised share capital of the Company from 500 000 000 shares to 1 500 000 000 shares was adopted during the current year.

### SHARE CAPITAL

The authorised and issued share capital of the Company is detailed in note 17 to the annual financial statements. The shares issued during the year are as follows:

#### Shares issued:

- 8 July 2008: 18 250 shares at R24 per share to acquire a further interest in CRC; and
- 2 September 2008: 1,2 million shares at R16 per share as payment towards mineral rights.

The values were determined in accordance with the respective agreements.

#### Capital raising:

- 24 December 2008: private placement of 242,5 million shares for cash at R2 per share; and
- 19 January 2009: 129,5 million shares issued for cash followed by a clawback offer at R2 per share.

A cumulative amount of 33,9 million (2008: 14,1 million) share options are available for implementation or exercise in terms of the Metorex Limited Share Incentive Scheme. Share options are offered at the ruling market price and vest between one and five years after their grant. Options on 26,5 million shares at a weighted average price of R1.78 per share were offered to Group employees during the year, significantly out of the money options were amended, and 0,4 million share options were exercised at an average price of R2.45 per share.

### Directors

R G Still (Chairman)*		T V Mabuza* ^ ^	appointed 11/08/2009
T P Goodlace (Chief Executive Officer)	appointed 02/03/2009	L J Paton* ^ ^	appointed 01/12/2008
A Barrenechea*		A S Malone	resigned 20/01/2009
A J Laughland* ~ ^ ^	resigned 31/10/2009	C D S Needham	resigned 11/08/2009
M Smith (Chief Financial Officer)	appointed 01/12/2008	E W Legg	resigned 01/07/2009
P Chevalier* ^	appointed 20/01/2009	K C Spencer	resigned 31/03/2009
N N Kgositsile* ^ ^	appointed 11/08/2009	J G Hopwood* ^ ^	appointed 01/11/2009

\*Non-Executive; ~British; \*Spanish; ^Belgian; ^ ^Independent

### GROUP COMPANY SECRETARY

Moore Stephens MWM Inc  
7 West Street, Houghton 2198, South Africa  
(PO Box 1574, Houghton 2041)

### DIRECTORS' INTERESTS IN THE COMPANY

The interests of the directors in the issued share capital of the Company at the end of the financial year were:

	Beneficial 2008		Beneficial 2009	
	Direct	Indirect	Direct	Indirect
T P Goodlace	-	-	-	-
C D S Needham	2 092 346	-	2 092 346	-
A Barrenechea	-	51 587 253*	-	99 359 211
A J Laughland	-	-	-	-
E W Legg	222 000	300 000	299 567	404 820
R G Still	-	478 403	-	9 491 545
M Smith	-	-	-	-
	2 314 346	52 365 656	2 391 913	109 255 576

\*Pro rata shares adjusted in order to reflect gross shares held by companies related to Mr A Barrenechea.

## DIVIDENDS

In view of the funding requirements and the strategy to reduce and restructure the Ruashi debt, the Board considers it inappropriate to declare a dividend for the year ended 30 June 2009 (2008: Rnil).

## SUBSIDIARIES

Refer to note 14 of the annual financial statements for details of subsidiary companies.

The aggregated after-tax earnings attributable to the Group from its subsidiaries were R370 million (2008: R609 million). The aggregated after-tax losses attributable to the Group from its subsidiaries were R299 million (2008: Rnil).

## SUBSEQUENT EVENTS

On 25 June 2009, the Group announced the disposal of its entire shareholding in Pan African Resources plc for R386 million, subject to certain conditions precedent. These conditions have subsequently been fulfilled and accordingly this two-tiered transaction became unconditional on 1 July 2009 and 20 August 2009 respectively. Through this sale Pan African is now an empowered company with 26 per cent of its shareholding being held by Shanduka.

On 29 July 2009, the Group announced the disposal of 15 per cent of the issued ordinary share capital of Vergenoeg to Medu Capital, a consortium of black economic empowerment (BEE) controlled entities, for a cash consideration of R108.8 million.

On 23 September 2009, the Group announced the proposed disposal of its entire remaining shareholding in Vergenoeg comprising 137 500 ordinary shares constituting 55 per cent of the issued ordinary share capital of Vergenoeg to Minersa, currently a 30 per cent shareholder in Vergenoeg, for a cash consideration of US\$60 million. This transaction is still subject to a number of conditions precedent, including shareholder approval.

## GOING CONCERN

Subject to the successful implementation of the Group's strategy aimed at reducing and restructuring the Ruashi project debt, the directors are satisfied that the Group will be a going concern for the foreseeable future, and have adopted the going-concern basis in preparing these financial statements.

## MAJOR SHAREHOLDERS (UNAUDITED)

At 30 June 2009 the following shareholders held more than five per cent of the 742 538 403 ordinary shares in issue:

Shareholder	Number of shares	% of shares
Industrial Development Corporation (IDC)	1 12 756 899	15,18
Minerales Y Productos Derivados S.A.	66 982 297	9,02
CIB Strategic No 2 Standard Bank of South Africa Limited	61 000 000	8,21
Usat Nominees (Pty) Limited	55 598 523	7,49

As far as can be ascertained from the register of members, and to the best of the directors' knowledge, there were no other holders of five per cent or more in the capital of the Company at that date.

## Analysis of shareholders (unaudited)

Range of shareholding	Number of shareholders	% of shareholders	Number of shares	% of shares
0 – 1 000	1 751	26,58	893 668	0,12
1 001 – 5 000	2 427	36,84	6 406 652	0,86
5 001 – 10 000	910	13,81	6 851 558	0,92
10 001 – 50 000	1 021	15,50	23 365 934	3,15
50 001 – 100 000	158	2,40	11 440 576	1,54
100 001 – 1 000 000	243	3,69	74 232 021	10,00
1 000 001 and above	78	1,18	619 347 994	83,41
	<b>6 588</b>	<b>100,00</b>	<b>742 538 403</b>	<b>100,00</b>
Individuals	5 226	79,33	77 011 882	10,37
Banks and trust funds	499	7,57	41 244 779	5,55
Companies	825	12,52	599 111 845	80,69
Corporate bodies	38	0,58	25 169 897	3,39
	<b>6 588</b>	<b>100,00</b>	<b>742 538 403</b>	<b>100,00</b>
Non-public shareholders	4	0,06	111 647 489	15,04
Directors	2	0,03	2 796 733	0,38
Associates	2	0,03	108 850 756	14,66
Public shareholders	6 584	99,94	630 890 914	84,96
	<b>6 588</b>	<b>100,00</b>	<b>742 538 403</b>	<b>100,00</b>

## Income statements

	Notes	Group		Company	
		2008* R000	2009 R000	2008* R000	2009 R000
<b>Revenue</b>					
Mineral sales					
Copper		1 247 710	<b>866 407</b>	–	–
Cobalt		111 436	<b>70 677</b>	–	–
Fluorspar		255 643	<b>304 637</b>	–	–
Gross revenue		1 614 789	<b>1 241 721</b>	–	–
Realisation costs		268 715	<b>204 894</b>	–	–
On-mine revenue		1 346 074	<b>1 036 827</b>	–	–
Cost of production	2	642 477	<b>895 871</b>	38 085	<b>62 186</b>
Mining profit/(loss)		703 597	<b>140 956</b>	(38 085)	<b>(62 186)</b>
Other (expenses)/income	4	(22 425)	<b>147 623</b>	116 129	<b>100 355</b>
Impairments	5	–	<b>(2 273 429)</b>	–	<b>(1 648 110)</b>
Held-for-sale assets, net of tax	31	245 090	<b>63 809</b>	19 763	<b>(142 415)</b>
Discontinued operations	31	(8 859)	<b>(438)</b>	–	–
Reverse acquisition of PAR				376 967	–
Finance income	6	7 764	<b>7 871</b>	55 570	<b>17 877</b>
Finance costs	6	(9 287)	<b>(7 621)</b>	(2 358)	<b>(18 453)</b>
Profit/(loss) before taxation	7	915 880	<b>(1 921 229)</b>	527 986	<b>(1 752 932)</b>
Income tax expense/(credit)	8	219 786	<b>(380 785)</b>	82 974	<b>(84 639)</b>
Profit/(loss) for the year from continuing operations		696 094	<b>(1 540 444)</b>	445 012	<b>(1 668 293)</b>
<b>Attributable to:</b>					
Equity holders of the parent		554 552	<b>(1 507 218)</b>	445 012	<b>(1 668 293)</b>
Minority interests		141 542	<b>(33 226)</b>		
		696 094	<b>(1 540 444)</b>	445 012	<b>(1 668 293)</b>
<b>From continuing and discontinued operations:</b>					
Basic earnings (loss) per share (cents)	9	159,4	<b>(272,4)</b>		
Diluted earnings (loss) per share (cents)	9	156,5	<b>(272,4)</b>		
<b>From continuing operations:</b>					
Basic earnings (loss) per share (cents)	9	161,9	<b>(272,3)</b>		
Diluted earnings (loss) per share (cents)	9	159,0	<b>(272,3)</b>		

\*Restated for assets held-for-sale.

## Balance sheets

		Group		Company	
	Notes	2008* R000	2009 R000	2008* R000	2009 R000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	2 823 685	<b>3 467 738</b>	482	<b>574</b>
Mineral rights	11	2 701 699	<b>1 367 689</b>	13 943	-
Goodwill	12	11 514	<b>11 514</b>	11 514	<b>11 514</b>
Investments	13	3 443	<b>79 718</b>	3 443	<b>16 487</b>
Derivative financial instrument	25	-	<b>94 942</b>	-	-
Deferred tax asset	22	1 354	-	-	-
Subsidiaries	14			2 732 493	<b>2 296 762</b>
Rehabilitation trust fund	21	6 450	<b>779</b>	-	-
		5 548 145	<b>5 022 380</b>	2 761 875	<b>2 325 337</b>
<b>Current assets</b>					
Inventories	15	300 143	<b>264 051</b>	-	-
Trade and other receivables	16	572 101	<b>447 628</b>	79 215	<b>13 381</b>
Derivative financial instruments	25	189	-	-	-
Group companies				68 609	-
Current tax assets		13 900	<b>6 194</b>	-	-
Bank balances and cash	24	119 066	<b>73 553</b>	11 204	<b>6 800</b>
		1 005 399	<b>791 426</b>	159 028	<b>20 181</b>
Assets held-for-sale	31	1 414 185	<b>1 078 229</b>	671 364	<b>406 309</b>
<b>Total assets</b>		<b>7 967 729</b>	<b>6 892 035</b>	<b>3 592 267</b>	<b>2 751 827</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	17	36 917	<b>74 255</b>	36 917	<b>74 255</b>
Share premium	17	2 292 746	<b>2 979 136</b>	2 292 746	<b>2 979 136</b>
Hedging and translation reserve	18	(167 546)	<b>(319 870)</b>	16 480	<b>(11 846)</b>
Retained earnings		1 389 089	<b>(118 129)</b>	1 038 285	<b>(630 008)</b>
Share option reserve		21 797	<b>47 586</b>	6 813	<b>21 375</b>
Equity reserve		(117 300)	<b>(117 300)</b>	(108 378)	<b>(108 378)</b>
Assets held-for-sale		(5 599)	<b>(146 219)</b>	(30 026)	<b>264</b>
Equity attributable to equity holders of parent		3 450 104	<b>2 399 459</b>	3 252 837	<b>2 324 798</b>
<b>Minority interest</b>	19	<b>683 570</b>	<b>457 208</b>		
<b>Total equity</b>		<b>4 133 674</b>	<b>2 856 667</b>	<b>3 252 837</b>	<b>2 324 798</b>
<b>Non-current liabilities</b>					
Long-term liabilities	20	1 342 935	<b>1 415 563</b>	57 934	-
Long-term provisions	21	171 038	<b>179 486</b>	-	-
Deferred tax liabilities	22	799 236	<b>469 292</b>	108 195	<b>33 970</b>
Post-retirement medical aid	23	1 599	<b>1 824</b>	-	-
		2 314 808	<b>2 066 165</b>	166 129	<b>33 970</b>
<b>Current liabilities</b>					
Trade and other payables		512 638	<b>557 831</b>	2 719	<b>8 099</b>
Short-term borrowings	20	175 296	<b>695 604</b>	-	<b>189 482</b>
Short-term provisions	21	25 059	<b>35 065</b>	845	<b>1 232</b>
Bank overdraft	24	17 735	<b>54 323</b>	15 006	<b>29 717</b>
Derivative financial instruments	25	273 888	<b>230 240</b>	-	<b>28 326</b>
Group companies				-	<b>9 922</b>
Taxation		109 189	<b>29 999</b>	36 560	<b>21 019</b>
		1 113 805	<b>1 603 062</b>	55 130	<b>287 797</b>
Liabilities held-for-sale	31	405 442	<b>366 141</b>	118 171	<b>105 262</b>
<b>Total equity and liabilities</b>		<b>7 967 729</b>	<b>6 892 035</b>	<b>3 592 267</b>	<b>2 751 827</b>
Net asset value per share (cents)		935	<b>323</b>		
Net tangible asset value per share (cents)		931	<b>322</b>		

\*Restated for assets held-for-sale.

## Cash flow statements

	Group		Company		
	Notes	2008 R000	2009 R000	2008 R000	2009 R000
<b>CASH INFLOWS/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		783 956	<b>121 602</b>	102 777	<b>(32 276)</b>
Cash generated by/(utilised in) operations	A	915 442	<b>465 997</b>	(606)	<b>(183 957)</b>
Dividends received				51 142	<b>158 049</b>
Dividends paid		(16 284)	<b>(108 224)</b>	-	-
Taxation paid		(115 070)	<b>(236 421)</b>	-	<b>(5 792)</b>
Finance income		10 556	<b>7 871</b>	55 750	<b>17 877</b>
Finance costs		(10 688)	<b>(7 621)</b>	(3 509)	<b>(18 453)</b>
<b>CASH (OUTFLOWS)/INFLOW FROM INVESTING ACTIVITIES</b>		(1 848 615)	<b>(1 393 693)</b>	146 758	<b>(822 914)</b>
Additions to property, plant and equipment and mineral rights		(2 015 085)	<b>(1 381 650)</b>	(82 529)	<b>(282)</b>
Acquisition of subsidiaries	33	(169 710)	-	-	-
Proceeds on disposal of property, plant and equipment		119	<b>1 162</b>	-	-
Proceeds on disposal of shares in subsidiary	33	338 575	-	338 575	<b>57 403</b>
Increase in investments		(2 514)	<b>(13 205)</b>	(2 514)	<b>(13 044)</b>
Loans to subsidiaries				(63 725)	<b>(885 143)</b>
Movement in Group companies				(43 049)	<b>18 152</b>
<b>CASH INFLOWS/(OUTFLOW) FROM FINANCING ACTIVITIES</b>		1 137 289	<b>1 191 426</b>	(259 105)	<b>836 075</b>
Borrowings raised		1 364 993	<b>513 475</b>	79 730	<b>189 482</b>
Borrowings repaid		(232 328)	<b>(26 576)</b>	(343 459)	<b>(57 934)</b>
Shares issued		4 624	<b>704 527</b>	4 624	<b>704 527</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		72 630	<b>(80 665)</b>	(9 570)	<b>(19 115)</b>
Cash and cash equivalents at the beginning of the year	24	54 558	<b>101 331</b>	3 677	<b>(3 802)</b>
Effect of foreign exchange rate changes		2 516	<b>(1 436)</b>	-	-
Acquisition of CRC	33	53 867	-	-	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	B	183 571	<b>19 230</b>	(5 893)	<b>(22 917)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR – DISCONTINUING OPERATIONS</b>			<b>23 191</b>		<b>(7 064)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR – CONTINUING AND DISCONTINUING OPERATIONS</b>			<b>42 421</b>		<b>(29 981)</b>

## Notes to the cash flow statements

	Group		Company	
	2008 R000	2009 R000	2008 R000	2009 R000
<b>A RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED BY/(UTILISED IN) OPERATIONS</b>				
Profit/(loss) before taxation	1 031 355	<b>(1 921 229)</b>	527 986	<b>(1 752 932)</b>
Adjusted for:	(2 338)	<b>2 321 365</b>	(467 369)	<b>1 588 011</b>
Dividends received			(51 142)	<b>(158 049)</b>
(Profit)/loss for the year from subsidiary sold/discontinued operations/assets held-for-sale	(157 995)	<b>76 409</b>	(376 967)	<b>79 353</b>
Net profit on hedgebook close-outs	-	<b>(169 598)</b>	-	-
Profit on disposal of mining assets	(119)	<b>(914)</b>	-	-
Share option costs	16 112	<b>20 055</b>	2 669	<b>17 831</b>
Net finance costs/(income)	132	<b>(250)</b>	(52 241)	<b>576</b>
Impairments	-	<b>2 273 429</b>	-	<b>1 648 110</b>
Depreciation	139 532	<b>122 234</b>	10 312	<b>190</b>
Operating profit before working capital changes	1 029 017	<b>400 136</b>	60 617	<b>(164 921)</b>
Working capital changes	(113 575)	<b>65 861</b>	(61 223)	<b>(19 036)</b>
(Increase)/decrease in inventories	(180 202)	<b>13 348</b>	(12 098)	-
(Increase)/decrease in trade and other receivables	(109 694)	<b>43 067</b>	(4 361)	<b>(25 468)</b>
Increase/(decrease) in trade and other payables and provisions	176 321	<b>9 446</b>	(44 764)	<b>6 432</b>
Cash generated by/(utilised in) operations	915 442	<b>465 997</b>	(606)	<b>(183 957)</b>
<b>B CASH AND CASH EQUIVALENTS</b>				
Bank balances and cash	203 435	<b>73 553</b>	11 242	<b>6 800</b>
Bank overdraft	(19 864)	<b>(54 323)</b>	(17 135)	<b>(29 717)</b>
	183 571	<b>19 230</b>	(5 893)	<b>(22 917)</b>

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## Statements of changes in equity

	Notes	Group		Company	
		2008 R000	2009 R000	2008 R000	2009 R000
Share capital		36 917	<b>74 255</b>	36 917	<b>74 255</b>
– Balance at beginning of year		32 454	<b>36 917</b>	32 454	<b>36 917</b>
– Issue of shares		4 463	<b>37 338</b>	4 463	<b>37 338</b>
Share premium		2 292 746	<b>2 979 136</b>	2 292 746	<b>2 979 136</b>
– Balance at beginning of year		1 293 733	<b>2 292 746</b>	1 293 733	<b>2 292 746</b>
– Issue of shares, net of costs		999 013	<b>686 390</b>	999 013	<b>686 390</b>
Foreign exchange translation reserve		75 999	<b>(237 085)</b>	16 480	<b>16 480</b>
– Balance at beginning of year		(41 312)	<b>75 999</b>	16 480	<b>16 480</b>
– Foreign exchange reserve		161 434	<b>(270 539)</b>		
– Translation profit on foreign monetary item		(56 726)	<b>(45 150)</b>		
– Transfer to AHFS		(1 578)	<b>-</b>		
– Tax effect of translation profit on foreign monetary item		14 181	<b>2 605</b>		
Hedging reserve		(243 545)	<b>(82 785)</b>	-	<b>(28 326)</b>
– Balance at beginning of year		(73 818)	<b>(243 545)</b>	(11 345)	<b>-</b>
– Fair value (losses)/profits for the year		(126 202)	<b>122 266</b>	(20 140)	<b>(28 326)</b>
– Transfer to AHFS		7 210	<b>-</b>	31 485	<b>-</b>
– Minority interest		(50 735)	<b>38 494</b>		
Equity reserve		(117 300)	<b>(117 300)</b>	(108 378)	<b>(108 378)</b>
– Balance at beginning of year		(121 922)	<b>(117 300)</b>	(108 378)	<b>(108 378)</b>
– Transfer to AHFS		4 622	<b>-</b>	-	<b>-</b>
Share option reserve		21 797	<b>47 586</b>	6 813	<b>21 375</b>
– Balance at beginning of year		10 340	<b>21 797</b>	5 603	<b>6 813</b>
– Transfer to AHFS		(4 655)	<b>-</b>	(1 459)	<b>-</b>
– Expense for the year		16 112	<b>25 789</b>	2 669	<b>14 562</b>
Retained income		1 389 089	<b>(118 129)</b>	1 038 285	<b>(630 008)</b>
– Balance at beginning of year		834 537	<b>1 389 089</b>	593 273	<b>1 038 285</b>
– Profit/(loss) for the year attributable to equity holders of parent		554 552	<b>(1 507 218)</b>	445 012	<b>(1 668 293)</b>
Equity attributable to equity holders of parent		3 455 703	<b>2 545 678</b>	3 282 863	<b>2 324 534</b>
Equity attributable to assets held-for-sale		(5 599)	<b>(146 219)</b>	(30 026)	<b>264</b>
Minority interest	19	683 570	<b>457 208</b>		
Total equity		4 133 674	<b>2 856 667</b>	3 252 837	<b>2 324 798</b>

# Notes to annual financial statements

## 1. ACCOUNTING POLICIES

### Basis of preparation

The annual financial statements have been prepared under the historical-cost basis, except for certain financial instruments which are stated at fair value, and in accordance with International Financial Reporting Standards ("IFRS"). The principal accounting policies are set out below and are consistent in all material respects with those applied in the previous year; except for the classification of Pan African Resources and Consolidated Murchison as assets held-for-sale in terms of IFRS 5: *Non-current Assets Held-for-Sale and Discontinued Operations*.

### New and revised International Financial Reporting Standards not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations applicable to the Group were in issue but not yet effective:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 2	Share-based Payments
IFRS 3	Business Combinations
IFRS 5	Non-current Assets Held-for-Sale and Discontinued Operations
IFRS 8	Operating Segments (new)
IAS 1	Presentation of Financial Statements
IAS 16	Property, Plant and Equipment
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 23	Borrowing Costs
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 29	Financial Reporting in Hyperinflationary Economies
IAS 31	Interest in Joint Ventures
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 16	Hedges of a net investment in a foreign operation (new)
IFRIC 17	Distributions of Non-cash Assets to Owners (new)
IFRIC 18	Transfers of Assets from Customer (new)

The directors anticipate that the adoption of these standards and interpretations in future periods except for IFRS 3, will not have a material impact on the financial statements of the Group other than additional disclosure.

### Critical accounting estimates and judgements

In preparing the annual financial statements in terms of IFRS, the Group's management is required to make certain judgements, estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported year and the related disclosures. The estimates and judgements are based on historical experience, current and expected future economic conditions and other factors. Actual results may differ from these estimates.

### Judgements made by management

The following judgements, apart from those involving estimates (as mentioned below) have been made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

- In applying IFRS 5, Non-current Assets Held-for-Sale and Discontinued Operations, management had to make judgements as to which non-current assets and discontinued operations fall within the scope of the standard and had to be reclassified and measured in terms of IFRS 5 (refer note 31).
- In applying IFRS 2, Share-based Payments, management had to make certain judgements in respect of the fair value option-pricing models to be used in determining the various share-based arrangements in respect of employees, as well as the variable elements used in these models (refer note 30).
- In applying IFRIC 4, Determining whether an Arrangement contains a Lease, and IAS 17, Leases, contractual agreements were assessed to determine whether they convey the right to use an asset and their classification as either an operating or finance lease.
- Estimates made in determining the present obligation of environmental provisions including decommissioning and rehabilitation.
- Estimates made in determining the recoverable amount of assets where there is an indication that an asset may be impaired, this includes the estimation of cash flows and the discount rates used.
- Estimates made in determining the probability of future taxable income thereby justifying the recognition of a deferred tax asset.
- Estimates made in determining changes in the estimated useful lives of assets and their residual values.
- Estimates made in determining the life of the mines.
- Estimates made in the valuation of mineral rights.

## Notes to annual financial statements continued

### 1. ACCOUNTING POLICIES (continued)

#### Judgements made by management (continued)

- Estimates made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted.
- Estimates made of contingent liabilities disclosed.
- Estimates of mineral resources and ore reserves in accordance with the SAMREC code (2000) for South African properties. Such estimates relate to the category for the resource (measured, indicated or inferred), the quantum and the grade.

#### 1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree plus any costs directly attributable to the business combination. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Inter-company transactions and balances between Group entities are eliminated on consolidation.

#### 1.2 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combinations is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Mineral rights and goodwill arising on acquisition are recognised as an asset, and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of net fair value of the assets, liabilities and contingent liabilities recognised.

#### 1.3 Property, plant and equipment

##### 1.3.1 Mining assets

Mining assets, including mine development costs and mine plant facilities, are recorded at cost of acquisition.

Expenditure incurred to develop new ore bodies, to define mineralisation in existing ore bodies, to establish or expand productive capacity and expenditure designed to maintain productive capacities, are capitalised until commercial levels of production are achieved.

##### 1.3.2 Mineral and surface rights

Mineral and surface rights are recorded at cost of acquisition.

##### 1.3.3 Land

Land is shown at cost and is not depreciated.

##### 1.3.4 Gain or loss on disposal or retirement of assets

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### 1.4 Depreciation

##### 1.4.1 Depreciation of mining assets and mineral and surface rights

Mining assets, mine development costs, mineral and surface rights and plant mine facilities are depreciated over the lives of the mines to their residual values using the units-of-production method based on estimated proved and probable ore reserves or where impractical, directors' estimates subject to a maximum life of mine of 20 years.

## 1. ACCOUNTING POLICIES (continued)

### 1.4 Depreciation (continued)

#### 1.4.1 Depreciation of mining assets and mineral and surface rights (continued)

The assets of the underlying mines are depreciated over the following periods:

Consolidated Murchison Mine	Impaired
Vergenoeg Mine	20 years
Chibuluma South	±8 years
Barberton Mines	±15 years
Ruashi	±15 years
Sable	±10 years

Other mining plant and equipment is depreciated on the straight-line basis over the shorter of the life of the mine or their estimated useful lives.

#### 1.4.2 Depreciation of non-mining assets

Buildings and other non-mining assets are recorded at cost and depreciated on the straight-line basis over their expected useful lives, which vary between 4 to 10 years.

#### 1.4.3 Mining exploration

Expenditure on exploration activities is capitalised until the viability of the mining venture has been proven. If the mining venture is subsequently considered non-viable the expenditure is charged against income as and when that fact becomes known.

### 1.5 Impairment (except for goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses are immediately recognised as an expense. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 1.6 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of a subsidiary is described in 1.2 above.

### 1.7 Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which affects neither tax nor accounting profit.

## Notes to annual financial statements continued

### 1. ACCOUNTING POLICIES (continued)

#### 1.7 Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt within equity, or where they arise from the initial accounting of a business combination. In a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or parts of the asset to be recovered.

#### 1.8 Provisions

Provisions are recognised when the Group has a legal or constructive obligation resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle a present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### 1.9 Foreign currencies

Transactions in currencies other than Rand are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling at the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

In order to hedge its exposure to foreign exchange risks, the Group may enter into forward contracts (see note 1.18 for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates ruling at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising from the translation of foreign operations are classified as equity and are recognised as income or expenses in the period in which the operation is disposed of. Translation differences on foreign loans to subsidiaries which are classified as equity loans are accounted for as non-distributable reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the reporting entity and are recorded using the exchange rate at the date of the transaction.

#### 1.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until commercial levels of production are achieved. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are recognised in net profit or loss in the period in which they are incurred.

#### 1.11 Consumable stores and product inventories

Consumable stores are valued at the lower of cost, determined on a weighted average basis, and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Obsolete and slow-moving consumable stores are identified and are written down to their economic or realisable values. Product inventories are valued at the lower of cost, determined on a weighted average basis, and net realisable value. Costs include direct mining costs and mine overheads.

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed schemes are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

1. ACCOUNTING POLICIES (continued)

1.13 Post-retirement benefits other than pension

Certain companies within the Group provide retirement benefits by way of medical aid schemes for employees. Charges to the income statement are based on the accrual basis. The estimated cost for retiree health care is accrued during the participants' actual service periods, up to the date they become eligible for full benefits.

1.14 Equity participation plan

Equity settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 30.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on the straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the equity settled employee benefits reserve.

1.15 Provision for environmental rehabilitation costs

Long-term environmental obligations are based on the Company's environmental plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. Annual increases in the provisions relating to the change in the net present value of the provision and inflationary increases are shown separately in the income statement.

The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure, in view of the uncertainty of estimating the potential future proceeds.

1.16 Provision for closure costs

The Group provides for closure costs other than rehabilitation costs when the directors have prepared a detailed plan for closure of the particular operation, the remaining life of which is such that significant changes to the plan are unlikely; and the directors have raised a valid expectation in those affected that it will carry out the closure by starting to implement that plan or announcing its main features to those affected by it.

1.17 Revenue recognition

Revenue represents the value of minerals sold, excluding value added tax and is recognised when goods are delivered and risk and reward has passed, and is measured at the fair value of the consideration received or receivable.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rates applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

1.18 Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

## Notes to annual financial statements continued

### 1. ACCOUNTING POLICIES (continued)

#### 1.18 Financial assets (continued)

##### Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms a part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 25.

##### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classed as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownerships and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1. ACCOUNTING POLICIES (continued)

1.18 Financial assets (continued)

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 25.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

1.19 Derivative financial instruments

In the ordinary course of its operations, the Group may enter into a variety of derivative financial instruments to manage its exposure to commodity prices and foreign exchange rate risk.

Derivatives are initially recognised at cost at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of commodity price risk or foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of commodity price risk or foreign exchange risk or firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item.

Note 25 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity.

## Notes to annual financial statements continued

### 1. ACCOUNTING POLICIES (continued)

#### 1.19 Derivative financial instruments (continued)

##### Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

##### Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line of the income statement.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationships, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

#### 1.20 Leases

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total lease commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease. Operating leases are accounted for on a systematic basis over the period of the lease.

#### 1.21 Non-current assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

#### 1.22 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

	Group		Company	
	2008* R000	2009 R000	2008* R000	2009 R000
<b>2. COST OF PRODUCTION</b>				
Mining	78 924	<b>97 820</b>	-	-
Salaries and wages	144 389	<b>176 254</b>	20 188	<b>27 953</b>
Processing	172 531	<b>232 012</b>	-	-
Engineering and technical	113 575	<b>152 302</b>	-	-
Administration	87 716	<b>90 425</b>	17 781	<b>34 043</b>
Inventory movement	(50 306)	<b>24 824</b>	-	-
Depreciation	95 648	<b>122 234</b>	116	<b>190</b>
	642 477	<b>895 871</b>	38 085	<b>62 186</b>
<b>3. OPERATING LEASES</b>				
At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases mainly in respect of office equipment, security cameras, building rentals and compressors, which fall due as follows:				
Within one year	3 613	<b>3 459</b>	1 666	<b>1 839</b>
Years 2 to 5	5 131	<b>3 362</b>	4 782	<b>3 154</b>
	8 744	<b>6 821</b>	6 448	<b>4 993</b>
<b>4. OTHER (EXPENSES)/INCOME</b>				
Management and technical fees income	1 056	-	47 152	<b>19 406</b>
Profit on Ruashi hedgebook close-outs	-	<b>210 954</b>	-	-
Prior year copper price finalisation charges	-	<b>(28 168)</b>	-	-
Dividends received – subsidiaries			51 142	<b>158 049</b>
Foreign exchange gains	7 558	<b>25 418</b>	4 750	<b>20 118</b>
(Loss)/profit on disposal of assets	(43)	<b>914</b>	-	-
Loss on disposal of Phoenix	-	-	-	<b>(79 353)</b>
Share option expense	(18 099)	<b>(20 055)</b>	15 584	<b>(17 831)</b>
Rehabilitation expense	(6 577)	<b>(9 040)</b>	-	-
Royalties	(10 626)	<b>(20 410)</b>	-	-
Sundry other	4 306	<b>(11 990)</b>	(2 499)	<b>(34)</b>
	(22 425)	<b>147 623</b>	116 129	<b>100 355</b>

**5. IMPAIRMENTS**

It is Group policy to annually assess assets for impairment. Following this review, the Group impairment charge before taxation and minorities amounted to R2.3 billion (Company: R1.6 billion).

This charge is made up as follows:

	2009 R000
<b>Group</b>	
CRC	<b>1 720 247</b>
Ruashi phase I project	<b>216 025</b>
Consolidated Murchison Division	<b>124 477</b>
PAR	<b>57 575</b>
Other	<b>155 105</b>
	<b>2 273 429</b>

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 per cent. 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 (R888 million) and R85 million in cash.

<b>Company</b>	
CRC	<b>1 134 284</b>
Property, plant, equipment and mineral rights	<b>116 928</b>
PAR	<b>141 931</b>
Other	<b>254 967</b>
	<b>1 648 110</b>

\*Restated for assets held-for-sale.

## Notes to annual financial statements continued

	Group		Company	
	2008* R000	2009 R000	2008* R000	2009 R000
<b>6. FINANCE (COSTS)/INCOME</b>				
Interest received	7 764	<b>7 871</b>	55 570	<b>17 877</b>
Interest paid	(129 479)	<b>(116 010)</b>	(2 358)	<b>(18 453)</b>
<b>Less:</b> Borrowing costs capitalised	120 192	<b>108 389</b>	-	-
Net finance (costs)/income	(1 523)	<b>250</b>	53 212	<b>(576)</b>
<b>7. PROFIT/(LOSS) BEFORE TAXATION</b>				
Is stated after charging:				
Audit fee				
- current year	1 316	<b>1 967</b>	657	<b>916</b>
- prior year	585	-	-	-
Retirement benefit costs	9 664	<b>5 896</b>	-	-
Operating leases and rentals				
- equipment and buildings	5 238	<b>2 989</b>	1 198	<b>1 370</b>
Exploration expenditure	805	<b>1 488</b>	-	-
<b>8. INCOME TAX EXPENSE</b>				
SA normal taxation				
- current year	25 313	<b>23 806</b>	4 086	-
- prior year	2	<b>(413)</b>	-	<b>(413)</b>
Foreign normal taxation				
- current year	104 197	<b>3 570</b>	-	-
Deferred taxation				
- current year	89 074	<b>(408 766)</b>	78 888	<b>(84 194)</b>
- prior year	-	<b>(32)</b>	-	<b>(32)</b>
Secondary taxation on companies				
- current year	1 200	<b>1 050</b>	-	-
Total taxation charge – continuing operations	219 786	<b>(380 785)</b>	82 974	<b>(84 639)</b>
Profit/(loss) before taxation	915 880	<b>(1 921 229)</b>	527 986	<b>(1 752 932)</b>
<b>Less:</b> Held-for-sale assets, net of tax	-	<b>(210 704)</b>	-	-
Total profit/(loss) before taxation – continuing operations	915 880	<b>(2 131 933)</b>	527 986	<b>(1 752 932)</b>
Taxation at the domestic taxation rate of 28%	256 446	<b>(596 941)</b>	147 836	<b>(490 821)</b>
Secondary taxation on companies	1 200	<b>1 050</b>	-	-
Under/(over) provision – prior year	2	<b>(445)</b>	-	<b>(445)</b>
Non-deductible/(exempt income) expenses	2 968	<b>7 902</b>	(22 300)	<b>186 826</b>
Tax rate change	(923)	-	(485)	-
Deferred tax asset not recognised	-	<b>203 813</b>	-	<b>219 801</b>
Taxation rate differentials	(39 907)	<b>3 836</b>	(42 077)	-
Taxation expense/(credit) for the year – continuing operations	219 786	<b>(380 785)</b>	82 974	<b>(84 639)</b>
Effective taxation rate for the year – continuing operations (%)	24,0	<b>17,9</b>	15,7	<b>4,8</b>
Unredeemed capital expenditure available	39 256	<b>1 316 749</b>	39 256	<b>67 583</b>
Unredeemed capital expenditure recognised	30 459	<b>1 249 166</b>	30 459	-
Losses available for future taxable income set off	19 849	<b>1 997 688</b>	-	<b>135 132</b>
Taxation losses recognised	-	<b>1 862 556</b>	-	-

\*Restated for assets held-for-sale.

9. EARNINGS/(LOSS) PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings/(loss) per share (EPS)

EPS is based on the Group's net profit for the year attributable to equity holders of the parent, divided by the weighted average number of shares in issue during the year.

2008				2009		
	Net profit (R000)	Shares (000)	Per share (cents)	Net profit/ (loss) R000	Shares (000)	Per share (cents)
<b>From continuing and discontinued operations</b>						
Basic EPS	554 552	347 797	159,4	<b>(1 507 218)</b>	<b>553 349</b>	<b>(272,4)</b>
Share options	–	6 650	(2,9)	–	–	–
Diluted EPS	554 552	354 447	156,5	<b>(1 507 218)</b>	<b>553 349</b>	<b>(272,4)</b>
<b>From continuing operations</b>						
Basic EPS	563 411	347 797	161,9	<b>(1 506 780)</b>	<b>553 349</b>	<b>(272,3)</b>
Share options	–	6 650	(2,9)	–	–	–
Diluted EPS	563 411	354 447	159,0	<b>(1 506 780)</b>	<b>553 349</b>	<b>(272,3)</b>
<b>Headline earnings per share</b>						
Headline earnings per share is based on the Group's headline earnings divided by the weighted average number of shares in issue during the year.						
<b>Reconciliation between earnings and headline earnings from continuing and discontinued operations</b>						
Earnings/(loss) as reported	554 552	347 797	159,4	<b>(1 507 218)</b>	<b>553 349</b>	<b>(272,4)</b>
Adjustments						
– Discontinued operations	8 859		2,5	<b>438</b>		–
– (Profit)/loss on sale of mining assets, net of tax	31		–	<b>(431)</b>		–
– Impairments	–		–	<b>2 273 429</b>		<b>410,8</b>
– Tax on impairments	–		–	<b>(474 642)</b>		<b>(85,8)</b>
– Minorities on impairments	–		–	<b>(159 230)</b>		<b>(28,7)</b>
– Profit after tax on reverse acquisition of PAR	(105 220)		(30,2)			
Headline earnings per share	458 222	347 797	131,7	<b>132 346</b>	<b>553 349</b>	<b>23,9</b>
Share options	–	6 650	(2,4)	–	–	–
Diluted headline earnings per share	458 222	354 447	129,3	<b>132 346</b>	<b>553 349</b>	<b>23,9</b>

10. DIVIDENDS

In view of the funding requirements and the strategy to reduce and restructure the Ruashi debt, the Board considers it inappropriate to declare a dividend for the 12 months ended 30 June 2009 (2008: nil).

Notes to annual financial statements continued

	Group		Company	
	2008* R000	2009 R000	2008* R000	2009 R000
<b>11. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS</b>				
<b>Land</b>				
Cost and net book value	5 895	<b>6 292</b>	-	-
<b>Buildings and infrastructure</b>				
Cost	69 562	<b>84 631</b>	-	-
Accumulated depreciation and impairments	47 698	<b>52 249</b>	-	-
Net book value	21 864	<b>32 382</b>	-	-
<b>Plant, machinery and shafts</b>				
Cost	1 129 783	<b>1 228 867</b>	-	-
Accumulated depreciation and impairments	524 271	<b>794 248</b>	-	-
Net book value	605 512	<b>434 619</b>	-	-
<b>Other</b>				
Cost	207 425	<b>275 974</b>	1 212	<b>1 494</b>
Accumulated depreciation and impairments	34 719	<b>47 531</b>	730	<b>920</b>
Net book value	172 706	<b>228 443</b>	482	<b>574</b>
<b>Capital work in progress</b>				
Cost	2 017 843	<b>2 766 002</b>	-	-
Accumulated depreciation and impairments	135	-	-	-
Net book value	2 017 708	<b>2 766 002</b>	-	-
<b>Property, plant and equipment</b>				
Aggregate cost	3 430 508	<b>4 361 766</b>	1 212	<b>1 494</b>
Aggregate accumulated depreciation and impairments	606 823	<b>894 028</b>	730	<b>920</b>
Aggregate net book value	2 823 685	<b>3 467 738</b>	482	<b>574</b>
<b>Mineral rights</b>				
Cost	2 722 417	<b>3 247 877</b>	13 943	<b>13 943</b>
Accumulated depreciation and impairments	20 718	<b>1 880 188</b>	-	<b>(13 943)</b>
Net book value	2 701 699	<b>1 367 689</b>	13 943	-
<b>Property, plant, equipment and mineral rights</b>	<b>5 525 384</b>	<b>4 835 427</b>	<b>14 425</b>	<b>574</b>

The Group reviews the residual values used for purposes of depreciation calculations annually.

\*Restated for assets held-for-sale.

	Balance 30 June 2008	Transfers	Additions	Disposals	Foreign currency trans- lation	Impair- ment	Depre- ciation	Balance 30 June 2009
2009	R000	R000	R000	R000	R000	R000	R000	R000
<b>11. PROPERTY, PLANT, EQUIPMENT AND MINERAL RIGHTS (continued)</b>								
<b>Group</b>								
Land*	5 895	(1 854)	2 251	-	-	-	-	<b>6 292</b>
Buildings and infrastructure	21 864	-	15 399	(9)	1 247	-	(6 119)	<b>32 382</b>
Plant, machinery and shafts	605 512	-	110 771	-	55 080	(248 613)	(88 131)	<b>434 619</b>
Other	172 706	1 854	69 493	(239)	(1 235)	-	(14 136)	<b>228 443</b>
Capital work in progress	2 017 708	-	778 577	-	(30 283)	-	-	<b>2 766 002</b>
Mineral rights	2 701 699	-	457 610	-	(37 481)	(1 740 291)	(13 848)	<b>1 367 689</b>
<b>Total</b>	<b>5 525 384</b>	<b>-</b>	<b>1 434 101</b>	<b>(248)</b>	<b>(12 672)</b>	<b>(1 988 904)</b>	<b>(122 234)</b>	<b>4 835 427</b>
<b>Company</b>								
Land*	-	-	-	-	-	-	-	<b>-</b>
Buildings and infrastructure	-	-	-	-	-	-	-	<b>-</b>
Plant, machinery and shafts	-	-	-	-	-	-	-	<b>-</b>
Other	482	-	282	-	-	-	(190)	<b>574</b>
Capital work in progress	-	-	-	-	-	-	-	<b>-</b>
Mineral rights	13 943	-	-	-	-	(13 943)	-	<b>-</b>
<b>Total</b>	<b>14 425</b>	<b>-</b>	<b>282</b>	<b>-</b>	<b>-</b>	<b>(13 943)</b>	<b>(190)</b>	<b>574</b>

	Balance 30 June 2007	Transfers	Additions	Foreign currency translation	Transfer to AHFS	Depre- ciation	Balance 30 June 2008
2008**	R000	R000	R000	R000		R000	R000
<b>Group</b>							
Land*	3 913	-	2 127	-	(145)	-	5 895
Buildings and infrastructure	16 316	-	6 985	1 313	(1 602)	(1 148)	21 864
Plant, machinery and shafts	780 857	(65 085)	197 597	51 373	(290 978)	(68 252)	605 512
Other	17 120	-	165 912	227	(3 416)	(7 137)	172 706
Capital work in progress	571 462	(32 983)	1 415 102	64 127	-	-	2 017 708
Mineral rights	1 160 751	98 068	1 531 710	40 299	(110 018)	(19 111)	2 701 699
<b>Total</b>	<b>2 550 419</b>	<b>-</b>	<b>3 319 433</b>	<b>157 339</b>	<b>(406 159)</b>	<b>(95 648)</b>	<b>5 525 384</b>
<b>Company</b>							
Land*	82	-	-	-	(82)	-	-
Buildings and infrastructure	4 126	-	1 094	-	(5 220)	-	-
Plant, machinery and shafts	40 386	-	64 515	-	(104 901)	-	-
Other	2 409	-	760	-	(2 571)	(116)	482
Capital work in progress	-	-	2 217	-	(2 217)	-	-
Mineral rights	-	-	13 943	-	-	-	13 943
<b>Total</b>	<b>47 003</b>	<b>-</b>	<b>82 529</b>	<b>-</b>	<b>(114 991)</b>	<b>(116)</b>	<b>14 425</b>

\*Details of land are maintained in a register at the Company's registered office, which may be inspected by a member or their duly authorised agents.

Certain property, plant and equipment is encumbered (refer to note 20).

\*\*Restated for assets held-for-sale.

Notes to annual financial statements continued

	Group		Company	
	2008* R000	2009 R000	2008* R000	2009 R000
<b>12. GOODWILL</b>				
Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. Goodwill is allocated as follows:				
<b>Cost</b>				
Balance at the beginning and end of the year	11 514	<b>11 514</b>	11 514	<b>11 514</b>
The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.				
The goodwill of R11.5 million (2008: R11.5 million) relates to the Metorex Group and has been assessed for impairment. Management deems no impairment necessary.				
The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, production and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.				
The Group prepares life of mine cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on certain production, price and cost estimates.				
<b>13. INVESTMENTS</b>				
Unlisted sundry investments at cost	3 443	<b>16 648</b>	3 443	<b>16 487</b>
Long-term prepayment – DRC power utility (note 1)	–	<b>63 070</b>	–	<b>–</b>
Directors' valuation	3 443	<b>79 718</b>	3 443	<b>16 487</b>

**Note 1:** A loan provided to Snel (a DRC state-owned power company) for the construction and commissioning of a high voltage powerline and substation in the DRC. The loan generates interest at US 1 month LIBOR plus two per cent and is recoverable from the monthly tariff over a period of five years commencing from six months after the commissioning of this infrastructure.

*\*Restated for assets held-for-sale.*

#### 14. SUBSIDIARIES

Details of the Company's subsidiaries and investments therein at 30 June 2009 are as tabled below.

	Place of incorporation	Proportion of ownership %	Principal commodity
Abbey Commodities SA Niue	Switzerland	100	Dormant
Chibuluma Mines plc	Zambia	85	Copper
Copper Resources Corporation plc	British Virgin Islands	87	Copper
Maranda Mines (Pty) Limited	South Africa	100	Dormant
Sable Zinc Kabwe Limited	Zambia	100	Copper/Cobalt
O'Okiep Copper Company (Pty) Limited	South Africa	100	Dormant
Vergenoeg Mining Company (Pty) Limited	South Africa	70	Fluorspar
Pan African Resources plc	United Kingdom	53	Gold
Ruashi Holdings (Pty) Limited	South Africa	100	Copper/Cobalt

Investments and loans in subsidiaries	Loans		Cost (net of impairment)	
	2008 R000	2009 R000	2008 R000	2009 R000
Abbey Commodities SA Niue	(3 928)	<b>(3 890)</b>	37	<b>37</b>
Chibuluma Mines plc	98 438	-	121	<b>121</b>
Maranda Mines (Pty) Limited	(3 164)	<b>(49 071)</b>	53 498	<b>53 498</b>
Sable Zinc Kabwe Limited*	103 414	<b>64 118</b>	692	<b>692</b>
O'Okiep Copper Company (Pty) Limited	(2 789)	<b>(2 789)</b>	-	-
Vergenoeg Mining Company (Pty) Limited*	-	<b>(7 791)</b>	52 500	<b>52 693</b>
Ruashi Holdings (Pty) Limited/Ruashi Mining sprl*	870 390	<b>1 557 143</b>	381 351	<b>400 551</b>
Copper Resources Corporation*	59 547	<b>110 250</b>	974 517	<b>121 200</b>
Phoenix Platinum (Pty) Limited	10 576	-	137 293	-
Loans to subsidiaries	1 132 484	<b>1 667 970</b>	1 600 009	<b>628 792</b>
			1 132 484	<b>1 667 970</b>
			2 732 493	<b>2 296 762</b>

\*Interest-bearing loans at market-related rates.

Loans to/(from) subsidiaries carry no fixed terms of repayment and are interest-free, except where noted otherwise.

Notes to annual financial statements continued

	Group		Company	
	2008* R000	2009 R000	2008* R000	2009 R000
<b>15. INVENTORIES</b>				
Consumable stores	106 587	<b>169 072</b>	-	-
Product inventories	193 556	<b>94 979</b>	-	-
	300 143	<b>264 051</b>	-	-
Inventory amounting to R35.2 million (2008: Rnil) is carried at net realisable value, and inventory to the value of R160 million (2008: R107 million) is pledged as security.				
<b>16. TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	374 968	<b>326 761</b>	2 002	<b>2 641</b>
Other receivables	102 362	<b>72 361</b>	76 998	<b>9 814</b>
VAT receivable	49 303	<b>5 912</b>	215	<b>926</b>
Prepayments	45 468	<b>42 594</b>	-	-
	572 101	<b>447 628</b>	79 215	<b>13 381</b>
<b>Ageing of amounts past due but not impaired</b>				
The following provides an analysis of the amounts and number of days that trade debtors are past due				
Less than 30 days	51 371	<b>76 637</b>	-	-
Between 31 – 60 days	4 580	<b>7 901</b>	-	-
The average credit period is 55 days (2008: 56 days). No interest is charged on the trade receivables.				
There are no additional provisions for doubtful debt raised for any amounts past due at balance sheet date as there has not been a significant change in credit quality and the amounts are still considered recoverable.				
Before accepting any new customers, the Group and the Company uses a credit bureau or performs a credit assessment to assess the potential customers credit limit and credit quality.				
The fair value of trade receivables is not materially different from the carrying values presented. Certain Group companies have ceded their trade receivables as security for banking and overdraft facilities. As at year-end amounts totalling R144.1 million (2008: R190.9 million) included in receivables were pledged. Included in Group trade and other receivables are uncovered Dollar-denominated receivables of US\$33.3 million (2008: US\$7.7 million).				
The directors consider that the trade and other receivables approximate their fair value.				

\*Restated for assets held-for-sale.

	Group		Company	
	2008* R000	2009 R000	2008* R000	2009 R000
<b>17. SHARE CAPITAL</b>				
<b>Authorised</b>				
1 500 000 000 (2008: 500 000 000) ordinary shares of 10 cents each	50 000	150 000	50 000	150 000
<b>Issued and fully paid</b>				
742 538 403 (2008: 369 172 653) ordinary shares of 10 cents each	36 917	74 255	36 917	74 255
<b>Shares issued:</b>				
<ul style="list-style-type: none"> <li>8 July 2008: 18 250 shares at R24 per share to acquire a further interest in CRC;</li> <li>2 September 2008: 1,2 million shares at R16 per share as payment towards mineral rights.</li> </ul>				
The values were determined in accordance with the respective agreements.				
<b>Capital raising:</b>				
<ul style="list-style-type: none"> <li>24 December 2008: private placement of 242,5 million shares at R2 per share for cash;</li> <li>19 January 2009: 129,5 million shares issued at R2 per share followed by a clawback offer.</li> </ul>				
<b>Share options</b>				
During the year 147 500 shares were issued at an average price of R2.60 per share in terms of the Metorex Share Incentive Scheme.				
<b>SHARE PREMIUM</b>				
Balance at the beginning of the year	1 293 733	2 292 746	1 293 733	2 292 746
Ordinary shares issued	1 014 176	727 381	1 014 176	727 381
Expenses written off against share premium	(15 163)	(40 991)	(15 163)	(40 991)
Balance at the end of the year	2 292 746	2 979 136	2 292 746	2 979 136
<b>18. HEDGING AND TRANSLATION RESERVE</b>				
Hedging reserve	(243 545)	(82 785)	-	(28 326)
Foreign exchange translation reserve	75 999	(237 085)	16 480	16 480
	(167 546)	(319 870)	16 480	(11 846)
<b>19. MINORITY INTEREST</b>				
Attributable to minorities at the beginning of the year	105 147	683 570		
- current year	141 542	(33 226)		
- acquisitions/equity conversion	503 900	(123 406)		
Share in hedging reserve	(50 735)	38 494		
Dividends	(16 284)	(108 224)		
	683 570	457 208		

\*Restated for assets held-for-sale.

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	Group		Company	
	2008* R000	2009 R000	2008* R000	2009 R000
<b>20. LONG-TERM LIABILITIES</b>				
Term loans	1 476 294	2 056 795	57 934	189 482
<b>See note 1</b>				
Instalment finance, lease agreements and trade facility	41 937	54 372	–	–
<b>See note 2</b>				
	1 518 231	2 111 167	57 934	189 482
<b>Less:</b> Repayable within the next 12 months from operating activities:				
– term loans	155 854	653 544	–	189 482
– instalment finance and lease agreements	19 442	42 060	–	–
Total current portion	175 296	695 604	–	189 482
Net long-term liabilities	1 342 935	1 415 563	57 934	–
The Company's articles of association do not restrict the level of borrowings.				
<b>Note 1</b>				
<b>RUASHI</b>				
Standard Bank				
Ecic facility	1 017 272	1 040 217	–	–
US Dollar denominated				
Facility value – US\$125 000 000 plus capitalised interest during moratorium period.				
Interest: US six-month LIBOR plus 1,25%				
Repayable in nine semi-annual instalments – commencing 31 December 2009				
<b>Commercial facility</b>	241 048	252 723	–	–
US Dollar denominated				
Facility value – US\$30 000 000 plus capitalised interest during moratorium period.				
Interest: Pre-project completion – US six-month LIBOR plus 3,5%				
Post-project completion – US six-month LIBOR plus 2,75%				
Repayable in seven semi-annual instalments – commencing 31 December 2009				
<b>Cost overrun facility</b>				
US Dollar denominated				
Facility value – US\$15 000 000 plus capitalised interest during moratorium period.				
Interest: US Dollar six-month LIBOR plus 5%. Repayable in seven semi-annual instalments – commencing 31 December 2009	–	124 884	–	–
<b>Security for Standard Bank facilities</b>				
– A pledge over all subsoil use rights, land use rights and assets and undertakings of Ruashi under DRC law, including project assets, assignment of rights under all material contracts including, supply contracts, hedging agreement, offtake contracts and project contracts.				
– First ranking pledge over ordinary shares held by Metorex Limited in Ruashi, Pan African, Chibuluma, Sable and Vergenoeg.				
– Assignment of insurance proceeds				
<b>Guarantees</b>				
The Standard Bank facilities are guaranteed by Metorex Limited				
<b>Pre-offtake finance</b>	158 436	162 315	–	–
US Dollar denominated				
Facility value – US\$20 000 000 plus capitalised interest				
Interest fixed at 4,68% per annum				
Repayable in 36 monthly instalments – first repayment being 31 January 2010.				
<b>Chibuluma Loan</b>	–	281 649	–	–
US Dollar dominated				
Facility value – US\$36 000 000				
Interest: US Dollar six-month LIBOR plus 4,85% secured by the underlying assets of Chibuluma. Repayable in nine semi-annual instalments – commencing 30 September 2009.				

	Group		Company	
	2008* R000	2009 R000	2008* R000	2009 R000
<b>20. LONG-TERM LIABILITIES (continued)</b>				
<b>Security for pre-offtake finance</b>				
Secured by Metorex guarantee which is subordinated to Standard Bank				
<b>Term loan facility</b>				
<b>Standard Bank</b>				
South African Rand denominated				
Interest at JIBAR +7,5%	57 934	132 477	57 934	132 477
Facility repayable on or before 30 November 2009				
<b>ABSA Bank</b>				
South African Rand denominated	–	57 005	–	57 005
Interest at the prime lending rate				
Facility repayable on or before 30 November 2009				
<b>Other</b>	1 604	5 525	–	–
<b>Note 2</b>				
<b>INSTALMENT FINANCE, LEASE AGREEMENTS AND TRADE FACILITY</b>				
Secured by the underlying assets.				
Bears interest at an average rate of between 10,5% to prime less 2% (2008: 7,5% to prime less 2%).				
Repayable either monthly or quarterly within 36 or 48 months (2008: 36 or 48 months).	41 937	54 372	–	–
<b>21. PROVISIONS</b>				
<b>Long-term provisions</b>				
Terminal benefits	25 500	14 106	–	–
Rehabilitation provision	145 538	149 950	–	–
Other	–	15 430	–	–
	171 038	179 486	–	–
<b>Current provisions</b>				
Terminal benefits	1 138	4 144	–	–
Pension fund shortfall	754	–	–	–
Rehabilitation provision	5 854	5 768	–	–
Leave pay and bonuses	10 259	8 844	845	1 232
Other	7 054	16 309	–	–
	25 059	35 065	845	1 232
<b>Total provisions</b>	196 097	214 551	845	1 232
Balance at beginning of year	113 586	196 097	10 017	845
Transfer to assets held-for-sale	(49 447)	–	(8 517)	–
Utilised during the year	(25 276)	(9 866)	(7 897)	(213)
Released during the year	(63)	(12 176)	–	–
Foreign currency translation	5 096	(12 434)	–	–
Provided during the year	152 201	52 930	7 242	600
Balance at end of year	196 097	214 551	845	1 232

\*Restated for assets held-for-sale.

**Terminal benefits**

The terminal benefits provision represents the directors estimate of the portion of the terminal benefits liability outstanding relating to the period of employment of certain employees of Chibuluma Mines plc.

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### 21. PROVISIONS (continued)

#### Rehabilitation trust fund

The Group is exposed to environmental liabilities relating to its mining operations. Estimates of the cost of environmental and other remedial work such as reclamation costs, close down and restoration and pollution control are made on an annual basis, based on the estimated life of the mine, following which payments are made to a rehabilitation trust set up as required by the Minerals Act and Regulations.

The individual companies in the Group contribute, for their own account, to the Metorex Rehabilitation Trust Fund. A guarantee amounting to R25 million has been entered into with Lombard Insurance Company in favour of the DMR relating to the Consolidated Murchison Division.

#### Leave pay

The provision for leave pay is provided for, based on the total cost of employment of employees and the amount of leave days owing to them.

	Group		Company	
	2008* R000	2009 R000	2008* R000	2009 R000
<b>Rehabilitation trust fund</b>				
The balance of the environmental rehabilitation trust fund, which is represented by cash, was as follows:				
Balance at beginning of the year	35 340	6 450		
Transfer to assets held-for-sale	(34 512)	-		
Receipts/(withdrawals), net	1 718	(6 073)		
Interest earned during the year	3 904	402		
Balance at end of the year	6 450	779		
<b>22. DEFERRED TAX</b>				
<b>22.1 Deferred tax liabilities</b>				
Property, plant and equipment	917 654	878 015	17 360	16 269
Leave pay provision	(4 022)	(802)	(2 621)	(2 662)
Other provisions	(14 276)	(6 589)	(724)	(758)
Foreign exchange	(18 538)	(3 904)	-	-
Assessable tax losses	(37 580)	(547 496)	-	-
Transfer to assets held-for-sale	(144 216)	-	-	-
Other	100 214	150 068	94 180	13 572
Net deferred tax liabilities	799 236	469 292	108 195	26 421
<b>Reconciliation of deferred tax liabilities</b>				
Net deferred tax liabilities at the beginning of the year	416 050	799 236	29 307	108 195
Transfer from deferred tax asset opening balance	(1 887)	-	-	-
Deferred tax charge for the year	90 083	(410 360)	79 373	(84 226)
Deferred tax credit – rate adjustment	(923)	-	(485)	-
Deferred tax on equity loan included in non-distributable reserve	606	11 545	-	-
Translation difference	22 443	4 172	-	-
Transfer to assets held-for-sale	(90 285)	-	-	-
Deferred tax raised on additional mineral rights and other	363 149	64 669	-	10 001
Net deferred tax liabilities at end of the year	799 236	469 262	108 195	33 970
<b>22.2 Deferred tax asset</b>				
Leave pay provision	(178)	-	-	-
Other provisions	(1 176)	-	-	-
Net deferred tax asset	(1 354)	-	-	-

\*Restated for assets held-for-sale.

	Group		Company	
	2008* R000	2009 R000	2008* R000	2009 R000
<b>22. DEFERRED TAX (continued)</b>				
<b>22.2 Deferred tax asset (continued)</b>				
<b>Reconciliation of deferred tax asset</b>				
Net deferred tax asset at the beginning of the year	(1 887)	<b>(1 354)</b>	-	-
Transfer to deferred tax liability opening balance	1 887	-	-	-
Acquisition of subsidiary	(1 104)	-	-	-
Deferred tax charge for the year	(86)	<b>1 562</b>	-	-
Translation difference	(164)	<b>(208)</b>	-	-
Net deferred tax asset at the end of the year	(1 354)	-	-	-
<b>Deferred tax asset not recognised</b>				
Property, plant and equipment, impairments and other	8 181	<b>165 976</b>	-	<b>181 964</b>
Assessable losses	-	<b>37 837</b>	-	<b>37 837</b>
	8 181	<b>203 818</b>	-	<b>219 801</b>
The following table shows the movement in the unrecognised deferred tax asset for the year:				
Opening balance	5 322	<b>8 181</b>	-	-
Net unrecognised deferred tax asset during the current year	2 859	<b>195 632</b>	-	<b>219 801</b>
Closing balance	8 181	<b>203 813</b>	-	<b>219 801</b>
<b>23. POST-RETIREMENT MEDICAL AID</b>				
The Group sponsors defined benefit post-retirement plans that provide certain health care benefits to eligible employees. Full provision is made for the liability and is based on internal assessments. The following table provides the changes in the obligation:				
Benefit obligation at beginning of year	8 997	<b>1 599</b>	2 565	-
Transferred to assets held-for-sale	(7 295)	-	(2 587)	-
Transferred in	290	-	-	-
Interest cost	482	<b>666</b>	22	-
Benefits paid	(875)	<b>(441)</b>	-	-
Benefit obligation at end of year	1 599	<b>1 824</b>	-	-
Discount rate to estimate accumulated benefit (%)	12	<b>12</b>	-	-
Health care cost inflation (%)	12	<b>12</b>	-	-
<b>24. GENERAL BANKING FACILITIES</b>				
Cash and bank balances	119 066	<b>73 553</b>	11 204	<b>6 800</b>
Bank overdraft	(17 735)	<b>(54 323)</b>	(15 006)	<b>(29 717)</b>
	101 331	<b>19 230</b>	(3 802)	<b>(22 917)</b>
The Group has the following overdraft facilities at 30 June 2009:				
Metorex Limited		<b>30 000</b>		
Barberton Mines (Pty) Limited		<b>20 000</b>		
Consolidated Murchison Division		<b>9 000</b>		
Chibuluma Mines plc**		<b>30 840</b>		
Copper Resources Corporation		<b>10 685</b>		
Vergenoeg Mining Company (Pty) Limited**		<b>20 000</b>		
Ruashi Mining sprl		<b>3 858</b>		
		<b>124 383</b>		

The banking facilities are reviewed on an annual basis

\*\*Secured by trade receivables.

\*Restated for assets held-for-sale.

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### 25. FINANCIAL INSTRUMENTS

#### 25.1 Capital risk management

The Group and Company manages its capital to ensure that the Group and Company will be able to continue as a going concern with the ultimate objective of maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy is focused on the restoration of the balance sheet with specific reference to the reduction of debt to a sustainable level.

The capital structure of the Group and Company consists of debt, which includes borrowings, cash and cash equivalents and equity, comprising share capital, share premium, reserves and retained earnings as disclosed in the statement of changes in equity.

Management regularly reviews the capital structure of the Group.

The gearing ratio at year-end was as follows:

	Group		Company	
	2008* R000	2009 R000	2008* R000	2009 R000
Interest-bearing debt	1 518 231	<b>2 111 167</b>	57 934	<b>189 482</b>
Cash and cash equivalents	(101 331)	<b>(19 230)</b>	3 802	<b>22 917</b>
Net interest-bearing debt	1 416 900	<b>2 091 937</b>	61 736	<b>212 399</b>
Equity	4 133 674	<b>2 856 667</b>	3 252 837	<b>2 324 798</b>
Net debt to equity ratio (%)	34	<b>73</b>	2	<b>9</b>
<b>25.2 Categories of financial instruments</b>				
<b>Financial assets</b>				
Loans and receivables	648 314	<b>516 058</b>	90 204	<b>19 255</b>
Derivative instruments	189	<b>94 942</b>	–	<b>–</b>
<b>Financial liabilities</b>				
Amortised cost	2 157 793	<b>2 753 320</b>	112 219	<b>248 317</b>
Derivative instruments	273 888	<b>230 240</b>	–	<b>28 326</b>

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company. The Group and Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as means of mitigating the risk.

The Group's and Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on the current economic environment. The Group has no concentration of credit risk in any specific country, but is mainly exposed to copper.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

*\*Restated for assets held-for-sale.*

	<b>Less than R50 million R000</b>	<b>Greater than R50 million but less than R150 million R000</b>	<b>Total R000</b>
<b>25. FINANCIAL INSTRUMENTS (continued)</b>			
<b>25.2 Categories of financial instruments (continued)</b>			
The Group has the following amounts due from major customers. These customers represent more than 5% of the trade receivable balance for the individual companies.			
<b>Group</b>			
<b>2009</b>			
Copper/Cobalt	139 591	81 400	220 991
Fluorspar	39 346	-	39 346
<b>Total</b>	<b>178 937</b>	<b>81 400</b>	<b>260 337</b>
<b>2008*</b>			
Copper/Cobalt	37 993	136 578	174 571
Fluorspar	30 178	-	30 178
<b>Total</b>	<b>68 171</b>	<b>136 578</b>	<b>204 749</b>

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

**Foreign currency commodity price risk**

The Group and Company may enter into forward contracts in order to hedge their exposure to fluctuations in mineral prices and exchange rates on specific transactions. The contracts are matched with anticipated future cash flows from mineral sales.

In the normal course of business, the Group primarily enters into transactions for the sale of its commodities, denominated in US Dollars. In addition, the Group has some investments and liabilities in US Dollars and Euros. As a result, the Group is subject to transactions and translation exposure from fluctuations in foreign currency exchange rates.

**Currency risk**

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at balance sheet date is as follows:

	<b>South African Rand R000</b>	<b>US Dollar R000</b>	<b>Total R000</b>
<b>2009</b>			
Assets	1 863 454	742 039	2 605 493
Liabilities	790 485	2 678 326	3 468 811
<b>2008</b>			
Assets	567 827	666 780	1 234 607
Liabilities	475 715	1 900 074	2 375 789

**Foreign currency sensitivity analysis**

The US Dollar is the primary currency to which the Group is exposed. The following table indicates the Group's sensitivity at year-end to the indicated movements in the US Dollar on financial instruments. The rates of sensitivity are the rates used when reporting to key management.

	2008 US Dollar		2009 US Dollar	
	R000	R000	R000	R000
	10% increase	10% decrease	10% increase	10% decrease
Financial assets	61 721	(61 721)	74 204	(74 204)
Financial liabilities	217 334	(217 334)	286 713	(286 713)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

\*Restated for assets held-for-sale.

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## 25. FINANCIAL INSTRUMENTS (continued)

## 25.2 Categories of financial instruments (continued)

## Fair value of financial instruments

## Foreign currency hedges – On balance sheet

Currency	Maturity	Amount 000	Average forward rate	Fair value profit/(loss) R000
<b>2009</b>				
US Dollar	1 month	US\$10 000	R8,14/US\$	(3 773)
US Dollar*	1 month	US\$8 054	R10,87/US\$	(24 553)
<b>Total assets</b>				<b>(28 326)</b>
<b>2008</b>				
US Dollar	1 month	US\$750 000	R7,6 – R9,13/US\$	189
<b>Total assets</b>				<b>189</b>

\*Represents the Company.

## Foreign currency sensitivity analysis

The US Dollar is the primary currency in which the Group has entered into forward foreign exchange contracts. At year-end the risk of change on the forward exchange contracts are minimal.

## Commodity price risk

The carrying amount of the Group's financial assets and liabilities at balance sheet date that are subject to commodity price risk is as follows:

## Commodity hedges – On balance sheet

Commodity	Maturity	Volume	Average forward rate	Fair value profit/(loss) R000
<b>2009</b>				
Copper – Chibuluma South (ATM forwards)	July 09	650t	US\$3 368/t	(15 925)
Copper – Chibuluma South (ATM forwards)	Aug 09 – Dec 09	3 075t	US\$4 415/t	(10 796)
Copper – Chibuluma South (ATM forwards)	Jan 10 – Jun 10	4 200t	US\$5 308/t	**
Copper – Ruashi (ATM forwards)	July 09 – Sep 10	24 750t	US\$3 900/t	(219 060)
Copper – Ruashi (put options)	Oct 10 – Jun 12	34 425t	Put US\$3 900/t	138 809
<b>Total liabilities, net</b>				<b>(106 972)</b>

\*\*Transaction executed subsequent to year-end.

**2008**

Copper – Chibuluma South	2 months	2 775t	US\$8 015 US\$6 500/t	(14 729)
Copper – Ruashi (zero cost collar)	1 month	100t	US\$8 040/t	(467)
Copper – Ruashi (forwards)	1 month	200t	US\$4 952,50/t	(5 740)
Copper – Ruashi (participating forwards)	1 – 12 months	24 000t	US\$7 055/t US\$4 420 –	(224 845)
Copper – Ruashi (put options)	13 – 24 months	15 000t	US\$4 765/t	(28 107)
<b>Total liabilities</b>				<b>(273 888)</b>

\*Represents the Company.

25. FINANCIAL INSTRUMENTS (continued)

25.2 Categories of financial instruments (continued)

Commodity price sensitivity analysis

The Group is exposed primarily to movements in the copper price. A sensitivity analysis is not performed for Fluorspar as it is an annually contracted price. The following table indicates the sensitivity of the Group's derivative instruments to the indicated movement in the copper price. The rates of sensitivity are the rates used when reporting to key management.

	Copper	
	R000 10% increase	R000 10% decrease
<b>2009</b>		
Profit/(loss)	137 223	(144 089)
Derivative financial instrument asset	(46 596)	53 459
Derivative financial instrument liability	(90 627)	90 630
<b>2008</b>		
(Loss)/profit	(137 641)	153 798
Derivative financial instrument liability	137 641	(153 798)

25.3 Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short-term investment and financing activities, giving rise to interest rate risk.

In the ordinary course of business, the Group and Company receive cash proceeds from its operations and are required to fund working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent by only investing with reputable financial institutions.

Contractual arrangements for committed borrowing facilities are maintained with several banking counterparties to meet the Group's normal and contingency funding.

**Interest rate risk**

The Group and Company is exposed to interest rate risk as entities within the Group borrow funds at both fixed and floating interest rates.

**Interest rate sensitivity**

The sensitivity analysis has been determined based on the exposure to interest rates as at balance sheet date. The effect of the interest rate exposure of the Group and Company on the income statement is minimal in the current and prior year as the interest on the major long-term borrowings are capitalised to the development project.

**Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has built an appropriate 12-month rolling monthly cash flow forecast model for the management of the Group's short-term funding and liquidity requirements. The Group manages liquidity risk by seeking to generate adequate reserves, banking facilities and reserve borrowings facilities, by continually monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The Group has access to limited financing facilities (refer to note 24). The Group expects to meet its financial obligations from operating cash flows, proceeds of maturing financial assets and the disposal of certain mining investments.

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## 25. FINANCIAL INSTRUMENTS (continued)

## 25.3 Interest rate and liquidity risk (continued)

## Liquidity risk analysis

The following table indicates the Group's remaining contractual maturity from its non-derivative financial liabilities.

	Weighted average interest rate %	Less than 12 months R000	1 – 5 years R000	5+ years R000	Total R000
<b>Group</b>					
<b>2009</b>					
Trade payables*	-	423 249	-	-	423 249
Long-term liabilities	4,6	-	1 415 563	-	1 415 563
Short-term liabilities	6,2	695 604	-	-	695 604
<b>2008</b>					
Trade payables*	-	449 682	-	-	449 682
Long-term liabilities	7,6	-	1 342 935	-	1 342 935
Short-term liabilities	7,6	175 296	-	-	175 296
<b>Company</b>					
<b>2009</b>					
Trade payables*	-	5 005	-	-	5 005
Long-term liabilities	14	-	-	-	-
Short-term liabilities	7,6	189 482	-	-	189 482
<b>2008</b>					
Trade payables*	-	1 734	-	-	1 734
Long-term liabilities	7,6	-	57 934	-	57 934
Short-term liabilities	7,6	-	-	-	-

\*Excludes value added taxation.

## Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and liabilities recorded approximate their fair values at 30 June 2009. The fair values have been determined with reference to quoted market prices where available or with the standard terms and conditions per the agreements.

	Group		Company	
	2008* R000	2009 R000	2008* R000	2009 R000
<b>26. CAPITAL COMMITMENTS</b>				
Authorised by directors but not contracted	151 081	1 970	-	-
Authorised by directors and contracted	330 493	40 734	-	-
	481 574	42 704	-	-

Capital commitments mainly relate to the Ruashi phase II project.

\*Restated for assets held-for-sale.

## 27. RETIREMENT BENEFIT INFORMATION

Contributions are made by the Group to independent pension and provident funds which are defined contribution retirement benefit plans governed by the Pension Fund Act 1956. All eligible employees are required to become members of these schemes. The assets of the schemes are held separately from those of the Group in funds under the control of the trustees.

Costs charged to income of R11.5 million (2008: R28.9 million) represent contributions payable to these defined contribution schemes by the Group at rates specified in the rules of the schemes.

## 28. STAFF COMPLEMENT

At 30 June 2009: 4 593 (2008: 5 150) people were employed by the Group.

	2008 R000	2009 R000
<b>29. DIRECTORS' EMOLUMENTS</b>		
<b>Executive directors</b>		
Emoluments	8 706	<b>11 537</b>
Company contributions	976	<b>1 029</b>
Share options	–	<b>383</b>
<b>Total</b>	<b>9 682</b>	<b>12 949</b>
<b>Non-executive directors</b>		
Fees	566	<b>1 465</b>
<b>Total</b>	<b>566</b>	<b>1 465</b>
<b>Total</b>	<b>10 248</b>	<b>14 414</b>

Individual directors' emoluments	2008 Total R000	Share options exercised and sold R000	Basic salary R000	Bonuses R000	Vehicle allowances R000	Company contri- butions †R000	2009 Total R000
<b>Executive</b>							
Mr A S Malone <sup>1</sup>	1 374	–	1 003	200	94	129	<b>1 426</b>
Mr T P Goodlace <sup>2</sup>	–	–	951	–	–	92	<b>1 043</b>
Mr C D S Needham	3 135	–	2 082	910	182	220	<b>3 394</b>
Mr E W Legg	2 025	–	1 506	510	123	230	<b>2 369</b>
Mr K C Spencer <sup>3</sup>	2 360	–	1 208	610	105	228	<b>2 151</b>
Mr M Smith <sup>6</sup>	788	383	1 431	500	122	130	<b>2 566</b>
<b>Total</b>	<b>9 682</b>	<b>383</b>	<b>8 181</b>	<b>2 730**</b>	<b>626</b>	<b>1 029</b>	<b>12 949</b>

	2008 R000	Fees for director services R000	Fees for other services R000	2009 R000
<b>Non-executive</b>				
Mr A Barrenechea	143	155	–	<b>155</b>
Mr A J Laughland	145	200	–	<b>200</b>
Mr R G Still	173	350	600	<b>950</b>
Mr P Chevalier <sup>4</sup>	–	75	–	<b>75</b>
Mr L J Paton <sup>5</sup>	105	85	–	<b>85</b>
<b>Total</b>	<b>566</b>	<b>865</b>	<b>600</b>	<b>1 465</b>

The directors have no fixed term service contracts.

<sup>†</sup>Pension, medical aid and leave pay.

<sup>\*\*</sup>Bonuses relate to the previous financial year ended 30 June 2008 but only determined in August 2008.

<sup>1</sup>Resigned 20/1/2009.

<sup>2</sup>Appointed 2/03/2009 – Emoluments for four months.

<sup>3</sup>Resigned 31/3/2009 – Emoluments for nine months.

<sup>4</sup>Appointed 20/01/2009 – Emoluments for five months.

<sup>5</sup>Appointed 1/12/2008 – Emoluments for seven months.

<sup>6</sup>Emoluments for 2008 for seven months.

Notes to annual financial statements *continued*

## 29. DIRECTORS' EMOLUMENTS (continued)

2009 Share options	Total options 1 July 2008	Options granted	Options exercised	Average option price cents	Total options 30 June 2009
Mr A S Malone	1 200 000	-	-	550	1 200 000
Mr T P Goodlace	-	5 000 000	-	128	5 000 000
Mr C D S Needham	846 250	-	-	980	846 250
Mr K C Spencer	776 000	-	(225 000)	927	551 000
Mr E W Legg	434 500	-	-	910	434 500
Mr M Smith	442 000	-	(40 000)	1 471	402 000
Mr A Barrenechea	325 000	-	-	1 166	325 000
Mr A J Laughland	325 000	-	-	1 166	325 000
Mr R G Still	325 000	-	-	1 166	325 000
<b>Total</b>	<b>4 673 750</b>	<b>5 000 000</b>	<b>(265 000)</b>		<b>9 408 750</b>

2008 Share options	Total options 1 July 2007	Options granted	Options exercised	Average option price cents	Total options 30 June 2008
Mr A S Malone	1 000 000	200 000	-	550	1 200 000
Mr C D S Needham	681 250	350 000	(185 000)	980	846 250
Mr K C Spencer	550 000	226 000	-	725	776 000
Mr E W Legg	725 000	172 000	(462 500)	910	434 500
Mr M Smith	170 000	272 000	-	1 345	442 000
Mr A Barrenechea	200 000	125 000	-	1 166	325 000
Mr A J Laughland	200 000	125 000	-	1 166	325 000
Mr R G Still	200 000	125 000	-	1 166	325 000
<b>Total</b>	<b>3 726 250</b>	<b>1 595 000</b>	<b>(647 500)</b>		<b>4 673 750</b>

## 30. SHARE-BASED PAYMENTS

## Equity settled share option scheme

The Company has a share incentive scheme for eligible employees of the Group. Options are offered at a price equal to the average quoted market price of the Company's shares on the trading day preceding the offer date. The vesting period is between one and five years and exercise is subject to Board approval. Options lapse if not exercised within 10 years of the option date. Options are forfeited if the employee leaves the Group on account of resignation or dismissal.

Details of the share options outstanding during the year are:

	30 June 2008		30 June 2009	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Outstanding at the beginning of the year	10 601 375	6,54	14 110 750	12,24
Granted during the year	6 314 000	19,31	26 472 000	1,78
Amendment	(725 500)	12,20	(6 301 000)	17,99
Exercised during the year	(2 079 125)	2,70	(372 000)	2,45
Outstanding at the end of the year	14 110 750	12,24	33 909 750	3,22
Exercisable at the end of the year	2 390 750		3 232 250	

Options exercisable between one and nine years.

The weighted average share price at the date of exercise for share options exercised during the year was R8.39. During 2009, the following options were granted:

	Shares	Option price R
23 January 2009	18 222 000	2,00
18 March 2009	8 250 000	1,28
	<b>26 472 000</b>	<b>1,78</b>

30. SHARE-BASED PAYMENTS (continued)

Equity-settled share option scheme (continued)

The fair values were calculated using the American-Binomial option-pricing model. The inputs into the model were as follows:

	30 June 2009
Weighted average share price (R)	2,33
Weighted average exercise price (R)	2,34
Expected volatility (%)	41 – 58
Expected life (years)	2 – 5
Risk-free rate (%)	7,0 – 9,3
Expected dividend yield (%)	0 – 4,6

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous eight years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of R25.2 million (2008: R23.1 million) related to equity-settled share-based payment transactions during the year.

31. NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Pan African Resources, Consolidated Murchison and the Antimony/Gold segment, have been classified as assets held-for-sale and O'Okiep is classified as a discontinued operation.

The operating results are detailed below:

	Group		Company	
	2008 R000	2009 R000	2008 R000	2009 R000
Revenue – mineral sales	823 730	<b>901 196</b>	247 473	<b>224 025</b>
Realisation costs	(35 866)	<b>(44 743)</b>	(34 306)	<b>(42 721)</b>
Cost of production	(570 590)	<b>(635 499)</b>	(195 071)	<b>(266 404)</b>
Other income/(expenditure)	141 900	<b>(43 554)</b>	2 638	<b>(51 988)</b>
Discontinued operations	(8 859)	<b>(438)</b>	–	–
Finance income, net	1 391	<b>4 662</b>	(971)	<b>(5 327)</b>
Profit before taxation	351 706	<b>181 624</b>	19 763	<b>(142 415)</b>
Income tax expense	(115 475)	<b>(118 253)</b>	–	–
Profit after taxation	236 231	<b>63 371</b>	19 763	<b>(142 415)</b>
The major classes of assets and liabilities comprising the operations classified as held-for-sale at the balance sheet date are as follows:				
Goodwill	221 590	<b>221 590</b>	–	–
Property, plant, equipment and mineral rights	997 138	<b>754 537</b>	101 150	–
Subsidiaries			514 826	<b>372 897</b>
Inventories	27 953	<b>22 012</b>	22 072	<b>17 474</b>
Trade and other receivables	83 135	<b>49 648</b>	33 118	<b>15 911</b>
Derivative financial instrument	–	–	160	–
Cash and cash equivalents	84 369	<b>30 442</b>	38	<b>27</b>
Assets classified as held-for-sale	1 414 185	<b>1 078 229</b>	671 364	<b>406 309</b>
Borrowings	34 744	<b>27 160</b>	33 093	<b>26 898</b>
Provisions	56 459	<b>82 973</b>	11 104	<b>26 128</b>
Trade payables	88 868	<b>94 209</b>	40 361	<b>45 145</b>
Current tax liabilities	47 542	<b>3 212</b>	–	–
Deferred tax liabilities	144 216	<b>151 496</b>	–	–
Derivative financial instrument	31 484	–	31 484	–
Bank overdraft	2 129	<b>7 091</b>	2 129	<b>7 091</b>
Liabilities classified as held-for-sale	405 442	<b>366 141</b>	118 171	<b>105 262</b>
Net assets classified as held-for-sale	1 008 743	<b>712 088</b>	553 193	<b>301 047</b>
Cash inflows/(outflows) from operating activities	–	<b>342 765</b>	–	<b>(62 248)</b>
Cash outflows from investing activities	–	<b>(7 585)</b>	–	<b>(6 196)</b>
Cash outflows from financing activities	–	<b>(156 085)</b>	–	<b>(23 616)</b>

## Notes to annual financial statements continued

### 32. RELATED PARTIES

The immediate parent and ultimate controlling party of the Group is Metorex Limited (incorporated in the Republic of South Africa).

Furthermore, the Group did not enter into any significant transactions during the year with related parties that are not members of the Group.

Fees paid for services by the Group to Sam Aviation (Pty) Limited into which Mr R G Still and A S Malone have a vested interest amounted to R2.2 million (2008: R2.6 million).

Marketing fees paid by the Group to Minerales Y Productos Derivados S.A. amounted to R3.5 million (2008: R2.8 million).

Management and technical fees amounted to R19.4 million (2008: R47.2 million).

Consulting fees paid by the Group to Pangea Group amounted to R0.6 million (2008: Rnil) for the semi-executive assignment of Mr R G Still during December 2008 to June 2009.

The remuneration of directors, and other members of key management of the Group, is determined by the Remuneration Committee having regard to their performance and market trends. The remuneration of directors is disclosed under note 29.

### 33. ACQUISITIONS AND DISPOSALS

During the 2009 financial year, the Group made no new acquisitions (2008: CRC, PAR and Phoenix was acquired). During the year the Company disposed of Phoenix Platinum Mining (Pty) Limited to Pan African Resources. Details are as follows:

<b>2009</b>	<b>30 June 2009 R000</b>
<b>Book value of net assets sold</b>	
<b>Non-current assets</b>	
Investment	<b>137 124</b>
Loan	<b>11 722</b>
<b>Current liabilities</b>	
Payables	<b>1 757</b>
Net assets disposed of	<b>150 603</b>
Loss on disposal	<b>(79 353)</b>
	<b>71 250</b>
<b>Proceeds</b>	
Proceeds paid in cash and cash equivalents	<b>57 403</b>
Deferred sales proceeds	<b>12 090</b>
Payables settled	<b>1 757</b>
	<b>71 250</b>

During the 2008 financial year, the Group made the following acquisitions:

<b>2008</b>	Principal commodity	Date of acquisition	Proportion of share acquired %	Cost of acquisition R000
Copper Resources Corporation plc	Copper	1 January 2008	50,3	974 517
Pan African Resources plc (PAR)**	Gold	31 July 2007	55	–
Phoenix Platinum (Pty) Limited*	Platinum	31 December 2007	100	137 293
				<b>1 111 810</b>

\* Phoenix Platinum is carried as an investment in the Company and classified as a mineral right asset from a Group perspective. Phoenix has not contributed to the results of the Group in the current year.

\*\*The reverse acquisition followed the disposal of Barberton Mines for a share in PAR.

### 33. ACQUISITIONS AND DISPOSALS (continued)

The major classes of assets and liabilities at acquisition are as follows:

	PAR R000	CRC R000	Year ended 30 June 2008 R000
Total assets excluding cash and cash equivalents	674 891	481 605	1 156 496
Cash and cash equivalents	–	53 867	53 867
<b>Total assets</b>	<b>674 891</b>	<b>535 472</b>	<b>1 210 363</b>
<b>Total liabilities</b>	<b>6 280</b>	<b>62 037</b>	<b>68 317</b>
<b>Net assets</b>	<b>668 611</b>	<b>473 435</b>	<b>1 142 046</b>
Goodwill on acquisition			221 590
Mineral rights on acquisition			601 465

The abovementioned assets and liabilities represent the fair value at acquisition and no further adjustments were made.

#### Goodwill arising on acquisition

Goodwill amounting to R222 million arose on the reverse acquisition of Pan African Resources plc, which is now disclosed as assets held-for-sale.

A profit of R158 million is included in the 2008 year earnings, which relates to this reverse acquisition and is now disclosed as assets held-for-sale.

#### Cost of acquisitions

	Phoenix R000	CRC R000	Year ended 30 June 2008 R000
Total purchase consideration	137 293	974 517	1 111 810
<b>Less: Non-cash consideration</b>	<b>(53 503)</b>	<b>(888 597)</b>	<b>(942 100)</b>
Consideration paid in cash	83 790	85 920	169 710
<b>Less: Cash and cash equivalents acquired</b>	<b>–</b>	<b>(53 867)</b>	<b>(53 867)</b>
	<b>83 790</b>	<b>32 053</b>	<b>115 843</b>

#### Impact of the acquisitions on the results of the Group

PAR's exploration expenditure and related holdings costs since acquisition have been capitalised and therefore not included in the Group's results for the prior and current year.

CRC's loss since acquisition has been capitalised and therefore not included in the Group's results for the prior and current year as CRC is in a development phase.

Had these business combinations been effective 1 July 2007, the 2008 results of the Group would not be materially different.

### 34. SUBSEQUENT EVENTS

On 25 June 2009, the Group announced the disposal of its entire shareholding in Pan African Resources plc for R386 million, subject to certain conditions precedent. These conditions have subsequently been fulfilled and accordingly this two-tiered transaction became unconditional on 1 July 2009 and 20 August 2009 respectively. Through this sale Pan African is now an empowered company with 26 per cent of its shareholding being held by Shanduka.

On 29 July 2009, the Group announced the disposal of 15 per cent of the issued ordinary share capital of Vergenoeg to Medu Capital, a consortium of black economic empowerment (BEE) controlled entities, for a cash consideration of R108.8 million.

On 23 September 2009, the Group announced the proposed disposal of its entire remaining shareholding in Vergenoeg comprising 137 500 ordinary shares constituting 55 per cent of the issued ordinary share capital of Vergenoeg to Minersa, currently a 30 per cent shareholder in Vergenoeg for a cash consideration of US\$60 million. This transaction is still subject to a number of conditions precedent, including shareholder approval.

Notes to annual financial statements continued

## 35. SEGMENTAL ANALYSIS

## Primary segmental information

	External sales		Mining profit before depreciation				Depreciation		Capital expenditure*		Assets <sup>†</sup>		Liabilities <sup>#</sup>	
	R000	%	R000	%	R000	%	R000	%	R000	%	R000	%	R000	%
<b>2009</b>														
Fluorspar	304 637	25	151 934	58	13 437	11	40 647	3	191 674	3	37 521	4		
Copper/ Cobalt	937 084	75	167 256	64	108 607	89	1 393 454	97	5 615 938	97	1 021 248	96		
Other	-	-	(56 000)	(22)	190	-	-	-	-	-	-	-		
Group	1 241 721	100	263 190	100	122 234	100	1 434 101	100	5 807 612	100	1 058 769	100		
<b>2008</b>														
Fluorspar	255 643	16	93 846	12	11 218	12	18 858	1	153 408	2	31 587	3		
Copper/ Cobalt	1 359 146	84	716 295	90	84 314	88	3 293 743	99	6 386 236	98	970 370	97		
Other	-	-	(10 896)	(2)	116	-	-	-	-	-	-	-		
Group	1 614 789	100	799 245	100	95 648	100	3 312 601	100	6 539 644	100	1 001 957	100		

## Secondary segmental information

	Total sales by customer location		Assets <sup>†</sup>		Liabilities <sup>#</sup>		Capital expenditure*	
	R000	%	R000	%	R000	%	R000	%
<b>2009</b>								
Africa	616 931	50	5 807 612	100	1 058 769	100	1 434 101	100
Switzerland	284 996	23	-	-	-	-	-	-
USA	96 119	8	-	-	-	-	-	-
Other	243 675	19	-	-	-	-	-	-
Group	1 241 721	100	5 807 612	100	1 058 769	100	1 434 101	100
<b>2008</b>								
Africa	881 403	55	6 539 644	100	1 001 957	100	3 312 601	100
Switzerland	491 631	30	-	-	-	-	-	-
USA	81 716	5	-	-	-	-	-	-
Other	160 039	10	-	-	-	-	-	-
Group	1 614 789	100	6 539 644	100	1 001 957	100	3 312 601	100

<sup>†</sup>Excludes taxation (current and deferred).

<sup>#</sup>Excludes interest-bearing debt, taxation (current and deferred).

\*Includes increases in mineral rights.