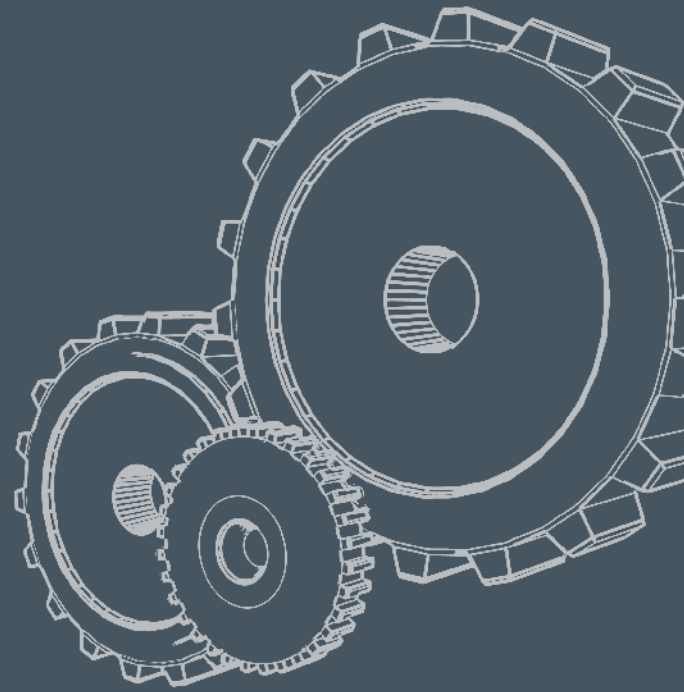


Corporate governance



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Introduction

Metorex is committed to the implementation of sound corporate governance and to conducting our business in such a manner that is ethical and fair. We aim to grow our mining activities in southern Africa by developing and managing a portfolio of quality mineral resource projects.

Our management philosophy is that of centralised strategic logic, combined with strong decentralised profit centres at the operational level, which provide management at our operations with the confidence and flexibility to conduct their operations efficiently. The elements that contribute to the success of Metorex include risk management, operational leanness, controlled overheads, rigid cost control, strong accountability, efficient capital expenditure, the utilisation of specialist consultants where necessary and the quality of our ore bodies.

Compliance with King

King II

The Board is of the opinion that the Company has, for the period under review, complied, in all material aspects, with the principles and recommendations contained in the Second King Report as issued by the Institute of Directors of Southern Africa in 2002 as well as the Listings Requirements of the JSE.

King III

The Third Report on Corporate Governance in Southern Africa (King III) was released by the Institute of Directors of Southern Africa on 1 September 2009 and applies to financial years beginning on or after 1 March 2010.

Despite not being effective for the period under review, the Board completed an initial gap analysis and believes that it already has moderate compliance with the principles and recommendations as contained in King III. The Company intends to report more fully on its compliance with King III in its next annual report.

Code of ethics

The Group's code of ethics requires all employees within the Group to act with the utmost good faith and integrity in all transactions and with all stakeholders with whom they interact. It commits Metorex and its employees to sound business practices and compliance with legislation.

The Company has developed a code of ethics which complies with sound corporate governance principles, and has the full support of the Board of directors and senior management.

Amongst the principles to which the directors, management and employees dedicate themselves are:

- compliance with legislative and regulatory provisions;
- the protection of human life by following sound safety, health and environmental practices;
- treating all employees and stakeholders with respect;
- not discriminating against any person;
- providing employees with equality of opportunity, based on merit;
- ensuring that the quality of life of stakeholders is maintained by seeking to improve, rather than adversely affect, the environment;
- upholding the integrity of all stakeholders;
- respecting the cultural background of stakeholders;
- avoiding all potential conflicts of interest by being transparent in the declaration of all interests;
- only using Company resources for the benefit of the Company and its shareholders; and
- providing all employees with the opportunity to grow and advance.

Charters

Board governance

The Board has adopted a Charter governing its operation. The Charter provides for a unitary board with a majority of non-executive directors and a majority of those non-executives being independent. Currently the Board comprises two executive directors and seven non-executive directors, six of whom are independent.

The composition of the Board reflects the responsibilities that it is vested with and the duty that it has to discharge and perform as representative of the interests of the Company's shareholders and all other stakeholders.

The office of the Chairman of the Board and the Chief Executive Officer are separate. There is at all times a clearly defined division of responsibilities in both offices to ensure a balance of authority and power.

In terms of its Charter, the Board retains full and effective control over the Company, and shall direct and supervise the business and affairs of the Company, including:

- ensuring that goals are established and that strategies to achieve the goals are in place;
- establishing policies to strengthen the performance of the Company;
- monitoring management's performance and implementation of Board plans and strategies;

Corporate governance continued

- appointing the CEO and setting the terms of his employment;
- protecting the Company's financial position;
- ensuring that the financial statements are true and fair and contain proper disclosures and conform with the law;
- ensuring that the Company adheres to high standards of ethics and corporate behaviour and that a corporate code of conduct is in place which satisfies in substance and form the requirements of King III;
- ensuring that the Company has appropriate risk management, internal controls and regulatory compliance policies and processes in place;
- ensuring that an effective group-wide risk management framework is implemented and maintained;
- ensuring that the Company complies with all relevant laws, regulations and codes of business practice;
- ensuring that the Company has a communication policy and communicates with its shareholders and all relevant stakeholders openly and promptly, with substance prevailing over form;
- ensuring that key risk areas and key performance indicators of the business are identified and maintained, with particular attention to technology and systems;
- ensuring that the Company makes full and timely disclosure of material matters beyond just financial information concerning the Company and establishes effective communication with stakeholders through its sustainability reporting;
- reviewing and recording the facts and assumptions on which the Board relies to conclude that the Company will continue as a going concern in the financial year ahead or why it will not and what steps are being taken to remedy the situation; and
- ensuring that director selection, orientation and evaluation processes are in place and carried out.

Audit Committee

In terms of its Charter the main purpose of the Committee is to assist the Board in discharging its duties relating to:

- oversight of the integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements;
- the independent auditors' qualifications and independence;
- the performance of the independent auditors and the Company's internal audit function;
- the determination of the external audit fees;
- the safeguarding of Metorex's assets;
- the operation of adequate systems and control processes;
- the operation of adequate risk management processes (in the absence of a separately constituted Risk Management Committee);

- the monitoring of the ethical behaviour of directors, employees and other relevant stakeholders of Metorex; and
- the preparation of accurate and timely financial reports and statements in compliance with all applicable legal requirements and accounting standards.

The Charter allows the external auditors to render some non-audit services to the Group ensuring that these services do not influence their independence (in fact and appearance). Appropriate monetary limits have been set for these services and the Audit Committee is responsible for approving such services.

Human Capital and Remuneration Committee

In terms of its Charter the primary responsibilities of the Committee are:

- to discharge the obligations of the Board to ensure objectivity regarding the remuneration of directors;
- to ensure that the right calibre of executive and senior management is attracted, retained, motivated and rewarded for individual performance and contribution to the performance of the Group;
- to ensure the proper discharge of the Board's obligations regarding transformation, skills retention and human capital development;
- to monitor the achievement of human capital commitments made by the Group in respect of any operating licences;
- to ensure sound administration of entities appointed by the Group to administer remuneration, eg retirement funds; and
- to manage the Metorex Share Incentive Schemes.

Safety, Health, Environment and Communities ("SHEC") Committee

In terms of its Charter the role of the Committee is:

- to develop the framework, policies and guidelines for SHEC management;
- to review the policies and performance of the Company, and the ongoing implementation of such policies;
- to encourage independently managed subsidiaries, associates and significant investments to develop guidelines and practices congruent with the Company's SHEC policies;
- to receive reports covering matters relating to SHEC risks and liabilities at:
 - the head office and divisions of the Company;
 - managed subsidiaries; and
 - independently managed subsidiaries and significant investments where appropriate;

- to monitor key indicators on accidents and incidents and ensure such information is communicated to other companies managed by or associated with the Company;
- to approve the SHEC content of the Company's annual report;
- to consider substantive national and international regulatory and technical developments in the SHEC fields; and
- to facilitate participation, co-operation and consultation on SHEC matters with relevant stakeholders, including but not limited to, governments, national and international organisations, other companies and other SHEC bodies.

Nomination Committee

The purpose of this Committee is:

- to propose to the Board appropriate candidates for appointment to the Board so as to comply with the Board's Charter;
- to propose to the Board candidates for appointment to the committees of the Board to ensure that such committees are suitably constituted in terms of their respective Charters and enabled to properly perform their functions; and
- to undertake evaluations of the Board, the Board committees and the members thereof as well as the CEO in such role.

Annual financial statements

In accordance with the requirements of the Companies Act, 1973, as amended, and the regulations of the JSE Limited, the directors are responsible for the preparation of annual financial statements, which fairly present the state of affairs of the Company and the Group and that the accounting policies, supported by reasonable and prudent judgements and estimates, have been applied consistently. The directors are further responsible for ensuring that applicable accounting standards have been adhered to. The external auditors are responsible for carrying out an independent examination of the financial statements and reporting their findings thereon in accordance with statements of International Standards on Auditing.

Accountability and control

The Board of directors recognises its responsibilities to retain full and effective control over the Group, review strategy, plan operational and financial performance, consider acquisitions, disposals and major capital expenditures, manage stakeholder communications and other material matters reserved for its decisions. There is also a provision in the Group's Articles of Association for decisions to be taken between meetings by way of directors' written resolutions.

The directors set standards and management implements systems of internal control to meet their responsibilities aimed at reducing the risk of error, fraud or loss in a cost-effective manner. This includes the proper delegation of responsibilities within a defined framework, accounting procedures and adequate segregation of duties. These controls are monitored throughout the Group, and all employees are required to maintain the highest ethical standards to ensure that business practices are conducted in a beyond-reproach manner under reasonable circumstances.

Board composition

The Board comprised nine directors at 31 December 2010. There were seven non-executive directors of which six are independent and two executive directors on the Board.

Mr Robert Still	– Independent non-executive Chairman
Mr Terence Goodlace	– Chief Executive Officer
Mr Maritz Smith	– Chief Financial Officer
Mr Alberto Barrenechea	– Non-executive director
Ms Hester Hickey	– Independent non-executive director
Ms Nkuli Kgositsile	– Independent non-executive director
Mr Victor Mabuza	– Independent non-executive director
Mr Peete Molapo	– Independent non-executive director
Mr Les Paton	– Independent non-executive director

The role of the Board is regulated in a formal Board Charter. (Refer to the charters above.)

Rotation and selection of directors

The retirement of directors follows a staggered process, with one-third of the directors retiring at each annual general meeting, and no director serving for more than three years without being re-elected by the members in general meeting. Retiring directors are free to make themselves available for re-election and may, as such, be re-elected at the annual general meeting at which they retire. All new directors appointed during the year are also subject to the approval of the shareholders. A summarised curriculum vitae of each retiring director is circulated to shareholders with the notice of annual general meeting, in terms of the Company's Articles of Association.

The Company in general meeting may also from time to time increase or reduce the number of directors and may also determine in what rotation such increased or reduced number is to go out of office.

Corporate governance

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The remuneration of the directors are disclosed on pages 76 to 79.

Executive directors

Executive directors are directors that are involved in the day-to-day management and running of the business and are in full-time salaried employment of the Company.

Non-executive directors

Non-executive directors are directors that are not involved in the day-to-day management of the business and are not full-time salaried employees of the Company and/or any of its subsidiaries.

Non-executive directors are individuals of calibre and credibility, and have the necessary skill and experience to bring judgement to bear, independent of management, on issues of strategy, performance, resources, transformation and diversity, and they also maintain the balance of power between shareholders and management.

Board committees

In order to aid and assist the Board and its directors in discharging their duties and responsibilities, specific responsibilities have been allocated to four committees, namely: the Audit Committee, the Human Capital and Remuneration Committee, Nomination Committee and the Safety, Health, Environmental and Communities ("SHEC") Committee.

All the Board committees are chaired by an independent non-executive director and these committees are free to seek independent, professional advice at the Company's expense if so required.

Audit Committee

Members:

H Hickey (Chair)

V Mabuza

P Molapo

J Hopwood (1 October 2009 to 19 March 2010)

R Still (1 July 2009 to 19 November 2010)

The Audit Committee meets quarterly. The principal role of the Committee is highlighted on page 60.

The Audit Committee has satisfied itself that Mr M Smith has the appropriate expertise and knowledge to fulfil the role of Chief Financial Officer.

The external and internal auditors have unrestricted access to the Committee and representatives of the internal and external auditors attend the committee meetings by invitation.

Executive Committee

Members:

Please refer to pages 12 and 13 for CVs of all Executive Committee members.

The Executive Committee is not a committee of the Board but meets regularly to review Company performance against set objectives and is primarily responsible for strategy implementation and the execution of the Board's mandates and directives.

SHEC Committee

Members:

L Paton (Chairman)

T Goodlace

N Kgotsitsile

The SHEC Committee meets at least quarterly. The principal role of the Committee is highlighted on page 60.

Human Capital and Remuneration Committee and Nomination Committee

Human Capital and Remuneration Committee:

Members:

V Mabuza (Chairman)

A Barrenechea

L Paton

R Still

Nomination Committee:

Members:

R Still (Chairman)

L Paton

The Human Capital and Remuneration Committee meets quarterly. The principal role of the Committee is highlighted on page 60.

The Nomination Committee meets as and when required. The principal role of the Committee is highlighted on page 61.

Board Committee meeting attendance

Attendance at Board and committee meetings for the 18-month period is set out below:

	Board		Audit		Human Capital and Remuneration		SHEC	
	Held while in office	Attended	Held while in office	Attended	Held while in office	Attended	Held while in office	Attended
R Still (Chairman)	7	7	4	2	6	6	–	–
T Goodlace (CEO)	7	7	–	3*	–	6*	7	7
A Barrenechea	7	7	–	–	6	6	–	–
L Paton	7	6	–	–	6	5	7	7
M Smith (CFO)	7	7	–	5*	–	6*	–	–
H Hickey	2	2	2	2	–	–	–	–
N Kgosisile	7	7	–	–	–	1*	5	4
V Mabuza	7	7	4	4	6	6	–	–
P Molapo	1	1	1	1	–	–	–	–
J Hopwood	3	3	1	1	–	–	–	–

*By invitation.

	Board	Audit	Human Capital and Remuneration	SHEC
Number of meetings held in period:	7	5	6	7

Directors' interests

The declaration of directors' interests is a standard item on the Board agenda. A register of interests is maintained and retained by the Company Secretary. When a director declares an interest in a specific matter, such director is recused from voting on such matter.

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Internal control

The Board, assisted by the Audit Committee, is ultimately responsible for the Company's systems of internal control. Established policies, procedures, standards, guidelines, structures and delegation frameworks clearly define and provide appropriate levels of direction, accountability and segregation of responsibility, which facilitate self-checking and monitoring.

These established internal controls and policies are monitored throughout the Company by management, internal audit and external audit.

The directors are of the opinion, based on information obtained from management as well as internal and external auditors, that the internal accounting controls are adequate, and the financial records may be relied on for the preparation of the financial statements as presented.

Internal audit

The Company's internal audit function is currently outsourced to BDO South Africa Inc ("BDO") and provides independent objective assurance that delivers substantial benefits to the Company by focusing on the systems of internal control which in turn result in better risk management and good governance.

Internal audit is well supported by the Board, and well positioned to deliver on its mandate. In keeping with best practice, internal audit reports to the Account Audit Executive for administrative purposes and to the Audit Committee Chair for functional purposes. Internal audit is present at all Audit Committee meetings and interacts regularly with executive management.

A risk-based internal audit programme is approved annually by the Audit Committee and defines the reviews to be undertaken during each financial year and focuses on the adequacy and effectiveness of systems of internal control and on risk management. An Internal Audit Charter has also recently been established and provides a structured framework within which internal audit operates.

Risk management

The risk management policy is set out on pages 16 to 21.

Company secretarial and professional advice

The Company Secretary is appointed by the Board. The Company Secretary's statement of compliance is set out on page 68 of the financial statements.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring compliance with procedures and regulations of a statutory nature. Furthermore, all directors are entitled to seek outside independent professional advice concerning the affairs of the Group at the Group's expense, should they believe that course of action would be in the best interests of the Group.

The Company Secretary is also responsible for alerting directors to any relevant changes to the Companies Act, the Insider Trading Act and the JSE Listings Requirements, as well as any other statutory regulations or laws affecting them in their capacity as directors.

Workforce

The Group endeavours to staff its operations as far as possible with the nationals of the countries within which it operates.

The following table sets out the Group's workforce profile at 31 December 2010:

	DRC		Zambia		South Africa
	Ruashi	MMK	Chibuluma	Sable	
Employees					
Nationals	998	370	583	105	29
Foreigners	51	7	9	6	1
Contractors					
Nationals	629	609	251	75	10
Foreigners	61	0	0	0	0
Total	1 739	986	843	186	40

Stakeholder communication

The Group is committed to transparency and to ensuring regular and open communication with its various stakeholders. The members of the Group's Executive Committee, and more specifically the executive directors, are available at all times to address shareholder queries and concerns. All communication takes full cognisance of the obligations placed on the Group by its listing and the regulatory environment in which it operates.

The Group's communication with its shareholders is premised on a clear understanding of shareholders' desire to maximise returns on investment and that, in order to do so, they and/or their advisers require equitable, timeous access to operating, financial and other information relevant to the health of the Group.

Information defined or deemed to be influential on the Group's share price is first released to the market via the JSE Limited's Securities Exchange News Service ("SENS") and, as soon as

possible thereafter, to local and international media and to the addressees on the Group's electronic shareholder database. These addressees include shareholders, fund managers and analysts. All information is also available on the Group's website at www.metorexgroup.com.

Information relating to the Group's operating and financial performance is released proactively to the market at least biannually in the same way, and sometimes more frequently, as determined by circumstances. The Group disseminates its results by means of a leaflet which is distributed to all stakeholders on the database.

The Group hosted frequent shareholder, analyst and fund manager briefings during the year under review and will be hosting such briefings on a regular basis in the future. The briefings include extensive one-on-one meetings relating to the Group's performance.

Audit Committee report

The Audit Committee comprised the following Independent non-executive directors during the period and to the date of this report:

- Mr A Laughland retired with effect from 31 October 2009 as member and Chairman, whereafter Mr J Hopwood was appointed Chairman. Mr J Hopwood tragically passed away on 19 March 2010.
- Mr R Still resigned as member with effect from 19 November 2010.
- Ms H Hickey, appointed as Chair with effect from 20 May 2010.
- Mr V Mabuza, appointed as a member on 11 August 2009.
- Mr P Molapo, appointed as a member on 19 August 2010.

The Audit Committee reports that it has adopted appropriate formal terms of reference as its Audit Committee mandate, has regulated its affairs in compliance with this mandate, and has discharged all of the responsibilities set out therein.

The Audit Committee considered the matters set out in section 270A(5) of the Companies Act, as amended by the Corporate Laws Amendment Act, and is satisfied with the independence and objectivity of Deloitte & Touche as external auditors and Mr Ian Marshall as the designated auditor. The Audit Committee further approved the fees to be paid to Deloitte & Touche and their terms of engagement and preapproved any proposed contract with Deloitte & Touche for the provision of non-audit services to the Company.

As required by the JSE Listings Requirement 3.84(h), the Audit Committee has satisfied itself that the Chief Financial Officer has the appropriate expertise and experience.

The Audit Committee is satisfied that there was no material breakdown in the internal accounting controls during the financial period. This is based on the information and explanations given by management and the Group internal audit function.

The Audit Committee has evaluated the financial statements of Metorex Limited and the Group for the period ended 31 December 2010 and, based on the information provided to the Audit Committee, considers that the Group complies, in all material respects, with the requirements of the Companies Act, as amended, and International Financial Reporting Standards (IFRS).



Hester Hickey

Audit Committee Chair
26 April 2011