

Afrimat Limited  
Incorporated in the Republic of South Africa  
(Registration number: 2006/022534/06)  
Share code: AFT ISIN: ZAE000086302  
("Afrimat" or "the Company")

## **VOLUNTARY BUSINESS UPDATE**

Afrimat the JSE-listed black empowered open-pit mining group that supplies industrial minerals and construction materials is publishing a voluntary business update for the year ending 28 February 2018.

At this time a reasonable degree of certainty exists, however a clear and specific percentage or range has not yet been determined. It is expected that Headline Earnings per Share could be down by a maximum of 20%.

Impacts on the results:

- Amplified by the political uncertainty of the last months of 2017, sales volume in the last quarter of the calendar year (October, November and December 2017) were slow, with the slow-down exacerbated in November and December in construction material products;
- The impact of the slow-down was felt more strongly in KwaZulu-Natal and southern Gauteng where the operations of Glen Douglas and Clinker experienced reduced volumes; and
- As a direct result of much improved commodity prices, it was decided to accelerate the ramp-up of Demaneng mine (previously called Diro mine). Expenses increased substantially in-line with the accelerated ramp-up. The mine is expected to reach its design production capacity of 1 million tonnes per annum at the end of February 2018. All processing equipment has been commissioned. A new load out facility has also been commissioned that enables Afrimat to load trains on the Sishen-Saldanha railway line.

Andries van Heerden, CEO of Afrimat said that, "In my concluding remarks in November 2017 I indicated that Afrimat continues to be well positioned to capitalise on its strategic initiatives, such as the continued growth from the diversified asset base but that the business environment would continue to pose challenges. I stated that our unique product range and entrepreneurial management team, who are renowned for efficient execution, positioned Afrimat to navigate the challenging environment. I still believe this to be true and this belief is strengthened by the current positive performance of our iron ore mine and the effect on the rest of our business given the current positive sentiment in South Africa."

Symbolic of the fresh start that Afrimat had brought about for the mine previously known as Diro, it was renamed to "Afrimat Demaneng", after one of the farms on which the mine was developed.

Further exploration has proven additional reserves of iron ore at Demaneng, increasing the proven reserves to around 12 million tonnes, up from the 5.6 million tonnes that was initially announced when the mine was acquired. The ore produced on the mine will mostly be exported to China.

### **Further Trading Statement**

Afrimat will release a further trading statement providing specific guidance on earnings and headline earnings per share during April 2018. The forecast financial information on which this Voluntary Business Update is based has not been reviewed nor reported on by the group's external auditors.

Afrimat is due to release results for the year ending 28 February 2018 on 24 May 2018.

By order of the board of directors of the Company

Cape Town

23 February 2018

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