MERAFE RESOURCES

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

Summarised consolidated financial statements and dividend declaration

For the year ended 31 December 2018

Merafe Resources Limited
(incorporated in the Republic of South Africa)
Registration Number: 1987/003452/06
JSE Share code: MRF
ISIN: ZAE000060000
("**Merafe**" or the "**Company**")

Sponsor
One Capital Sponsor Services (Pty) Ltd

Executive Directors
Z Matlala (Chief Executive Officer), D Chocho (Financial Director)

Non-executive Directors
CK Molefe (Chairman)*, NB Majova*, A Mngomezulu*, M Vuso*, G Motau*
M Mosweu, S Blankfield

Company Secretary
CorpStat Governance Services

Registered office
Building B, 2nd Floor, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, 2191

Transfer secretaries
Link Market Services South Africa (Pty) Ltd

Investor relations
Ditabe Chocho Tel:+27 11 783 4780 or +27 83 462 3040
Email: ditabe@meraferesources.co.za

**Independent*

CEO Commentary on results

Despite a challenging operational environment, Merafe produced a pleasing set of financial results for the 2018 financial year. The uncertainty created by geopolitical events such as Brexit and trade wars resulted in lower realised CIF ferrochrome prices. Profit after tax decreased by 25% mainly as a result of lower ferrochrome sales volumes, lower average net CIF ferrochrome price and a marginally stronger average Rand:US$ exchange rate. A total dividend of R351 million has been released to shareholders for the year.

Preparation of this report
The following individuals were responsible for the preparation of this report:
- Masechaba Masemola CA(SA) Financial Manager
- Ditabe Chocho CA(SA) Financial Director

2018 year in review

KEY FEATURES

10% improvement in TRIFR to **3.39**
(2017: 3.74)

3% increase in ferrochrome production to **407kt**
(2017: 395kt)

5% decrease in revenue to **R5 606 million**
(2017: R5 889 million)

Increase in production cost per tonne managed to **9%**

19% decrease in EBITDA to **R1 345 million**
(2017: R1 665 million)

25% decrease in HEPS to **27.2 cents**
(2017: 36.4 cents)

Cashflow from operating activities decreased to **R478 million**
(2017: R1 400 million)

Solid financial position with net cash of **R281 million**
(2017: R600 million)

16% increase in total dividend to a record **R351 million**
(2017: R301 million)

Commentary

Financial review

The results for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS).

Rounding of figures may result in minor computational discrepancies of the tabulations.

Merafe's revenue and operating income is primarily generated from the Glencore-Merafe Chrome Venture (Venture) which is one of the global market leaders in ferrochrome production, with a total installed capacity of 2.3 million tonnes of ferrochrome per annum. Merafe shares in 20.5% of the earnings before interest, taxation, depreciation and amortisation (EBITDA) from the Venture. Merafe has one reportable segment being the mining and beneficiation of chrome ore into ferrochrome and as a result no segment report has been presented.

Merafe's share of revenue from the Venture decreased by 5% from the prior year to R5 606 million (2017: R5 889 million). Ferrochrome revenue decreased by 6% year on year to R4 849 million (2017: R5 163 million) primarily as a result of a 7% decrease in net CIF prices and a 1% decrease in ferrochrome sales volumes to 372kt (2017: 375kt).

Chrome ore revenue increased by 3% year on year to R747 million (2017: R726 million), driven by a 16% average sales price increase. This was partially offset by a 23% decrease in sales volumes to 248kt (2017: 322kt).

Merafe's portion of the Venture's EBITDA for the year ended 31 December 2018 is R1 409.4 million (2017: R1 705.5 million). The EBITDA includes Merafe's attributable share of standing charges of R131.5 million (2017: R117.5 million) and a foreign exchange gain of R141.5 million (2017: foreign exchange loss R73.4 million).

After accounting for corporate costs of R44.4 million (2017: R40.4 million), which include a cash settled share-based payment expense of R3.1 million (2017: R5.6 million), Merafe's EBITDA reached R1 345.9 million (2017: R1 665.2 million). Corporate costs include Corporate Social Investment expenses of R3.3 million (2017: R3.5 million) following contributions to the Adopt-a-School Project. This project primarily relates to the Company's intervention in the development and upgrade of infrastructure as well as social and academic skills of two schools within the areas we operate in.

Profit for the year ended 31 December 2018 amounted to R683.4 million (2017: R914.1 million), after taking into account depreciation of R405.5 million (2017: R368.2 million), net financing income of R4.0 million (2017: net financing expense R19.3 million) and taxation expense of R260.86 million (2017: R363.65 million). The taxation expense includes deferred tax credit of R29.6 million (2017: R47.4 million) which arose primarily as a result of temporary differences on property, plant and equipment as well as those relating to provisions and accruals. There is no unredeemed capital expenditure balance at 31 December 2018 given that taxable profits exceeded capital expenditure.

Depreciation increased year on year primarily as a result of capital expenditure for the year as well as a review of assets at year end that resulted in accelerated depreciation at our smelters. The assets review included a reassessment of the useful lives of permanent structures and furnaces. This led to accelerated depreciation of R38 million (2017: R30 million) on affected assets.

Sustaining capital expenditure increased by 2% to R412.0 million (2017: R403.0 million). This is necessary stay-in-business spending coupled with the Venture's ongoing efforts to improve safety, costs and efficiencies across all operations.

The R200 million unsecured, three-year revolving credit facility with ABSA remained unutilised for the year.

At 31 December 2018, Merafe had cash and cash equivalents of R280.6 million (2017: R671.7 million) which comprised of cash held by Merafe of R235.8 million (2017: R464.0 million) and R45.0 million (2017: R207.7 million) being Merafe's share of the cash balance in the Venture.

Trade and other receivables increased by 10% compared to the previous year primarily as a result of the weaker closing Rand:US$ exchange rate. The Rand:US$ exchange rate closed at R14.4 (2017: R12.4) as at 31 December 2018.

The increase in inventories is a function of higher raw materials and finished goods. The increase in raw materials is mainly due to higher chrome ore stock levels at a higher average cost as well as an increase in the reductant cost per tonne. The increase in finished goods is a function of higher production volumes compared to sales volumes as well as higher production costs. Finished goods volumes on hand at year end represent approximately four to five months of sales.

The Board declared a final dividend of R151 million (2017: R226 million), which is 6 cents per share (2017: 9 cents per share). This amounts to a full year dividend of R351 million (14 cents per share) compared to R301 million (12 cents per share) for the previous financial year.

Safety

Safety remains the most important priority for the Venture. Our total recordable injury frequency rate (TRIFR) reduced by 10% to 3.39 from 3.74 at the end of 2017. We were saddened by the fatality at our Thorncliffe mine in August 2018. Due to a fall of ground incident, Mr Ntandazo Dlela (47), a team leader who worked for one of our mining contractors, was fatally wounded. In the same incident, his colleague Mr Mzubanzi Nkomo, was injured but has since fully recovered.

The safety of all our employees remains a critical focus area and all efforts continue to be made to ensure that the highest standards of safety remain in place at all the Venture's operations. Continued focus on our catastrophic hazards and assurance verification of critical controls continue into 2019.

Operational Review

Merafe's attributable ferrochrome production from the Venture for the year ended 31 December 2018 increased to a new record high of 407kt (2017: 395kt) which is equivalent to installed capacity utilisation of 85%.

A number of annual production records were once again achieved during 2018 including ferrochrome production at the Lion smelter and the Wonderkop smelter as well as an annual pellet production record at the Bokamoso sintering plant at the Wonderkop smelter.

Total production cost per tonne of ferrochrome increased by 9% despite inflationary pressures. This was achieved as a result of:

- time in use management during the high electricity tariff winter months;
- increased production that diluted overheads;
- electricity tariff increases of only 5.2% effective 1 April 2018; and
- ongoing operational cost control initiatives.

The electricity situation in the country is concerning given the financial, structural and operational challenges that face Eskom. Eskom's situation exposes the Venture, and indeed the entire country, to both tariff and electricity supply risks. The Venture continues to monitor the situation through involvement in various committees between the industry and Eskom. Additionally, the Venture continues to explore energy efficient means of producing our products. These various initiatives have contributed to the Venture remaining the lowest cost ferrochrome producer in South Africa.

The Venture has been able to conclude three-year agreements with our unions at all our operations except the eastern mines. This brings about welcome certainty for the business as well as for our employees.

Market Review

In 2018, global stainless steel production is estimated to have increased by 6.1%^ year on year, on par with 2017's increased production, despite increasing macroeconomic uncertainty in key producing regions.

Asia continued to be the major source of increase in production. Indonesian production reached 2.3 million^ tons in 2018 and was the primary driver of global growth, largely as a result of stainless steel projects commissioned during 2017, recording their first full year of production. India's year on year production growth rate is estimated to have reached 9.2%^ in 2018, a significant increase from the growth rate seen in 2017. Total annual production in China is estimated to have reached 26.6 million^ tons in 2018, with all time high production having occurred during Q4. China's full year melt accounted for an estimated 51.7%^ of global output.

Production in the rest of the world mostly held firm year on year. Total US production is estimated to have increased by 1.3%^ from 2017, while Europe's production is estimated to have remained largely flat year on year.

Growth in stainless steel melt rates translated into healthy demand for ferrochrome throughout most of the year. During Q1 and Q2 of 2018, power supply issues coupled with environmental inspections intermittently disrupted Chinese ferrochrome production, particularly in Inner Mongolia. During these periods, China's role as swing producer of ferrochrome was reinforced, as spot prices increased due to lower availability of domestically produced Chinese ferrochrome.

Global ferrochrome production in 2018 is estimated to have reached 13.4 million^ tons, matching the stainless steel growth rate of 6.1%^ year on year. China's domestic production is estimated to have increased by 8.5%^ year on year, exceeding South Africa's growth of 5.3%^.

As a result of ferrochrome production growth in China, demand for South African chrome ore increased further in 2018. According to official customs statistics, China imported a total of 14.3 million* tons of chrome ore during the year, 3.1%* more than in 2017. The share of imported South African ore increased to 76.1%*, up from 72.3%* a year earlier, realising a 8.5%* growth rate year on year.

Outlook

Global GDP and stainless steel production are both forecast to grow in 2019 with Indonesia's contribution to the stainless steel industry continuing to become more meaningful. This will underpin projected growth in demand for ferrochrome. The Venture's past and continued investment in the efficiency of its operations enables it to take advantage of expansion in the market. Locally, Eskom remains a key risk factor for the Venture in 2019.

In accordance with our strategy, we remain committed to maximising return to our shareholders in the near term in the form of dividends and will continue to assess opportunities to deliver shareholder value.

Chris Molefe
Independent Non-executive Chairman

Zanele Matlala
Chief Executive Officer

Sandton

11 March 2019

** GTA Global Trade International Services*
^ CRU commodity market analysts

Summarised consolidated financial statements

The following summarised financial statements were not audited, however, the information has been extracted from the audited consolidated annual financial statements.

Summarised consolidated statement of comprehensive income

	For the year ended	
	31 December 2018 Audited R'000	31 December 2017 Audited R'000
Revenue	5 606 324	5 888 945
EBITDA	1 345 940	1 665 259
Depreciation	(405 548)	(368 212)
Net Financing income (expense)	4 082	(19 325)
Profit before taxation	944 475	1 277 722
Taxation	(261 059)	(363 604)
Profit and total comprehensive income for the year	683 416	914 118
Basic earnings per share (cents)	27.2	36.4
Diluted earnings per share (cents)	27.2	36.4
Ordinary shares in issue	2 510 704 248	2 510 704 248
Weighted average number of shares for the year	2 510 704 248	2 510 704 248
Diluted weighted average number of shares for the year	2 510 704 248	2 510 704 248

Summarised consolidated statement of financial position

	As at	
	31 December 2018 Audited R'000	31 December 2017 Audited R'000 (Restated)
Assets		
Property, plant and equipment	3 277 588	3 271 155
Investment in subsidiaries**	–	–
Long term receivable	12 995	13 864
Deferred tax asset	17 945	17 726
Total non-current assets	3 308 528	3 302 745
Inventories***	2 042 621	1 497 798
Current tax asset	26 368	–
Trade and other receivables	920 231	883 249
Cash and cash equivalents	282 037	671 655
Total current assets	3 271 257	3 052 702
Total assets	6 579 785	6 355 447
Equity	–	–
Share capital	25 107	25 107
Share premium	1 269 575	1 269 575
Retained earnings	3 598 296	3 340 843
Total equity attributable to equity holders	4 892 978	4 635 525
Liabilities		
Loans and borrowings non-current	9 879	11 094
Share-based payment liability	3 518	5 379
Provisions	371 904	287 518
Deferred tax liability	751 103	780 485
Total non-current liabilities	1 136 404	1 084 476
Loans and borrowings current	1 233	1 044
Trade and other payables	544 731	550 556
Working capital loan*	–	72 272
Share-based payment liability	3 257	3 376
Bank overdraft	1 182	–
Current tax liability	–	8 198
Total current liabilities	550 403	635 446
Total liabilities	1 686 807	1 719 922
Total equity and liabilities	6 579 785	6 355 447

* *The working capital loan was reclassified from trade and other receivables to a current liability in the 2017 year. This was also a prior period error.*
** *Less than one thousand.*
*** *Inventory of R8.3 million (2017: Rnil) was written down in the 2018 financial year.*

Statement of changes in equity

	For the year ended	
	31 December 2018 Audited R'000	31 December 2017 Audited R'000
Issued share capital – ordinary shares	25 107	25 107
Balance at the beginning and end of the year	25 107	25 107
Share premium – ordinary shares	1 269 575	1 269 575
Balance at beginning and end of the year	1 269 575	1 269 575
Retained earnings	3 598 296	3 340 843
Balance at beginning of the year	3 340 843	2 602 474
Total comprehensive income for the year	683 416	914 118
Dividends paid	(425 963)	(175 749)
Total equity for the end of the year	4 892 978	4 635 525

Summarised consolidated statement of cash flow

	For the year ended	
	31 December 2018 Audited R'000	31 December 2017 Audited R'000
Profit before tax	944 475	1 277 722
Depreciation	405 548	368 212
Finance income	(18 595)	(8 633)
Finance expense	14 512	27 958
Share-based payment expense	3 097	5 588
Share grants exercised	(5 077)	(11 053)
Embedded derivative expense	34 570	155 852
Provisions	84 386	135 771
Effect of exchange rate fluctuations on cash held during the year	30 042	47 175
Adjusted for working capital changes	(705 332)	(219 666)
Cash generated from operating activities	787 627	1 778 926
Interest paid	(968)	(21 125)
Interest received	17 253	8 514
Taxation paid	(325 417)	(366 441)
Net cash from operating activities	478 495	1 399 874
Sustaining capital expenditure	(412 074)	(402 973)
Expansionary capital expenditure	(190)	(823)
Net cash utilised in investing activities	(412 264)	(403 796)
Dividends paid	(425 963)	(175 749)
Loans repaid during the year	(1 026)	(364 803)
Net cash utilised in financing activities	(426 989)	(540 552)
Net (decrease)/increase in cash and cash equivalents	(360 758)	455 526
Cash and cash equivalents at 1 January	671 655	263 304
Effect of foreign exchange rate changes	(30 042)	(47 175)
Cash and cash equivalents at 31 December	280 855	671 655

Notes to the summarised consolidated financial statements

1. Basis of preparation

On 8 March 2019, the Board of directors (the Board) of Merafe Resources Limited (the Company) approved the audited consolidated annual financial statements of the Merafe Group (Group) and the Company for the year ended 31 December 2018.

These summarised consolidated financial statements have been prepared under the supervision of Ditabe Chocho CA(SA) (Financial Director), in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the requirements of the Companies Act 71 of 2008, as amended, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council and as a minimum contain the information required by IAS 34 Interim Financial Reporting.

The Board takes full responsibility for the preparation of the summarised consolidated financial statements, which are unaudited and unreviewed. The financial information has been extracted from the underlying audited consolidated annual financial statements.

The accounting policies applied in the preparation of the audited consolidated annual financial statements from which the summarised consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous years audited consolidated annual financial statements.

The consolidated annual financial statements from which the summarised consolidated financial statements were derived have been audited by the Group's auditors, Deloitte & Touche. Their unmodified audit report and the audited consolidated annual financial statements are available for inspection at Merafe's registered office and on our website (http://www.meraferesources.co.za/stake-annual-results.php).

1.1 Accounting policies

The accounting policies applied in the preparation of these results are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, except for the adoption of various revised and/or new standards. For the impact of adoption of new standards, refer to note 1 of the accounting policies disclosures in the annual financial statements. The Group did not early adopt any new, revised or amended accounting standards or interpretations.

1.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the summarised consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates are reviewed on an ongoing basis. Underlying assumptions are also reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the summarised consolidated financial statements are as follows:

- Measurement of depreciation and impairment, useful lives and residual values of property, plant and equipment
- Inputs used in the determination of the fair value of the share-based payment transactions
- Lease classification between operating and finance lease and depreciation of finance lease assets
- Assumptions used in calculation of the life of the mines/smelters, estimation of the closure and restoration costs and inputs used in the calculation of the present value of the provision for closure and restoration costs
- Recognition of deferred tax asset and projection of future taxable income to recover the deferred tax asset
- Consolidation: control assessment
- Fair value measurement of embedded derivative

These disclosures are included in the audited consolidated annual financial statements.

2. Determination of fair values

A number of the accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the methods as indicated below.

2.1 Embedded derivatives

The embedded derivative is included in trade and other payables at fair value. The fair value of the embedded derivative is based on the latest available ferrochrome prices and closing foreign exchange rate. The embedded derivative at 31 December 2018 was R48.7 million liability (2017: R35.2 million asset) and is based on level 2 hierarchy per IFRS 13. The valuation is based on observable market inputs of prices and exchange rates.

2.2 Share-based payment transactions

The fair value of employee share options and share grants is measured using the Black-Scholes Merton model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on Government bonds).

3. Prior period error

The Group has restated its previously reported financial statements as at 31 December 2017 and updated the relevant disclosures. In the prior year, the working capital loan was initially incorrectly disclosed under trade receivables and other receivables. The loan was subsequently correctly disclosed as a liability. However, the correction was erroneously disclosed as a reclassification instead of a prior period error. The impact of the restatement was an increase in current assets and an increase in current liabilities by an amount of R72.2 million.

	For the year ended	
	Post restatement 2017 R'000	Pre restatement 2017 R'000
Trade receivables	883 249	810 977
Working capital loan liability	(72 272)	–

	For the year ended	
	31 December 2018 Audited R'000	31 December 2017 Audited R'000
4. Headline earnings per share (cents)	27.2	36.4
Diluted headline earnings per share (cents)	27.2	36.4
Profit, total comprehensive income for the year and headline earnings	683 416	914 118
5. Capital Commitments	178 957	184 089
Contracted but not provided for	47 335	52 448
Authorised but not contracted for	131 622	131 641

6. Related parties

Related party transactions and balances

During the current financial year, management performed a re-assessment of its Related Party relationships in accordance with IAS 24, Related Party Disclosures. The Glencore Plc Group is a related party taking into consideration the shareholding and related significant influence coupled with the substance of the relationship. Significant transactions and balances with all entities within the Glencore Plc Group are therefore disclosed together with the comparative figures.

All related party transactions were concluded on an arms-length basis and relate to Merafe's attributable 20.5% interest in the Venture. There are no outstanding commitments at year end.

Name of related party	Description of relationship	Transactions and balance#
The Venture	In July 2004, Glencore and Merafe Ferrochrome pooled and shared ferrochrome assets to form the Venture.	Refer note 23.4 for the amounts that are included in the consolidated financial statements of the group.
Merafe Chrome and Alloys (Pty) Ltd	Merafe Chrome is a wholly owned subsidiary of the Company.	Dividends were paid to the Company by Merafe Chrome of R425 million (2017: R175 million). A loan account is recognised with the Company and Merafe Ferrochrome as per note 3. The balance owing to the Company is R1.75 billion (2017: R1.5 billion). The loan account is of a long-term nature, is interest free, unsecured and does not have fixed repayment terms.
Merafe Ferrochrome and Mining (Pty) Ltd	Merafe Ferrochrome is a wholly-owned subsidiary of Merafe Chrome.	The Company charges Merafe Ferrochrome a management fee as per note 15. Dividends were paid to Merafe Chrome of R425 million (2017: R175 million). At year end a loan of R459 million (2017: R226 million) is owing by Merafe Resources to Merafe Ferrochrome as per note 14. The loan account is of a short-term nature, is interest free, unsecured and does not have fixed repayment terms.
Merafe Kroondal Rehabilitation Trust (SE)	The Trust, which was registered on 31 May 2006, was established to provide funds for the rehabilitation of land involved in any prospecting or mining operations of Merafe Ferrochrome of the Kroondal mine and to discharge any liability which might arise in terms of the Atmospheric Pollution Prevention Act of 1965, the Environment Conservation Act, No. 50 of 1991, the Water Act, No. 54 of 1956 and any such other legislation as may be enacted in the future. The environmental obligations and corresponding liability remains the sole responsibility of the Venture.	There is a loan of R108k (2017: R97k) with the Company which relates to the payment of audit fees. The loan account is of a long-term nature, is interest free, unsecured and does not have fixed repayment terms.
Merafe Resources Limited Share Incentive Scheme	The Trust was established for the purpose of implementing the company's share incentive scheme in 1999. The trust operates and administers share options which the company may grant to participants.	No transactions occurred during the year. The trust is dormant.
Industrial Development Corporation of South Africa Limited (IDC)	The IDC holds 21.8% of the issued share capital of the Company Limited and has the ability to exercise significant influence over the Company as a result of its shareholding.	The IDC received the non–executive directors' fees for Ms M Mosweu as disclosed in note 23.2. IDC received dividends declared by the Company. At year end there are no amounts due to the IDC.
Glencore (Nederland) B.V. (GN)	GN holds 28.7% of the issued share capital of the Company and has the ability to exercise significant influence over the Company as a result of its shareholding.	No transactions occurred during the year. GN received dividends declared by the Company.

Notes to the summarised consolidated financial statements (continued)

Name of related party	Description of relationship	Transactions and balance[#]
PSG Konsult	PSG holds 5.8% of the issued share capital of the Company and has the ability to exercise significant influence over the Company as a result of its shareholding.	No transactions occurred during the year.
Mr C Molefe, Ms M Mosweu, Ms B Majova, Mr A Mngomezulu, Ms K Nondumo[1], Ms Z Matlala, Ms K Bissessor[2], Mr S Blankfield, Mr D Chocho[3], Ms M Vuso[4]	Directors of the Company. There were changes in the directorate during 2018.	Refer to note 23.2 for transactions with directors.
Glencore Limited (Stamford) (GLS)	GLS acts as the Venture's exclusive marketing agent to sell ferrochrome on its behalf and acts as distributor in the USA and Canada.	Sale of ferrochrome R468 million (2017: R738 million). Commission expense R12 million (2017: R21 million). Interest expense R5 million (2017: R5 million). Receivable at the end of the year R131 million (2017: R205 million) which is reduced as and when GLS receives funds from customers.
Glencore International AG	Glencore International AG acts as the Venture's exclusive marketing agent to sell ferrochrome and chrome ore on its behalf. The Venture purchases various raw materials from Glencore International AG on an ongoing basis. The Venture sells chrome ore to Glencore International AG on an ad hoc basis.	Commission expense on sale of ferrochrome and chrome ore R220 million (2017: R229 million). Marketing fee expense R2 million (2017: R2 million). Interest income R0.5 million (2017: R4 million). Purchase of raw materials R227 million (2017: R227 million). Sale of chrome ore Rnil (2017: Rnil). Balance owing at the end of the year R42 million (2017: R36 million) payable on confirmation of final sales.
African Carbon Manufacturers (Pty) Ltd	African Carbon Manufacturers (Pty) Ltd sells raw materials to the Venture.	Purchase of raw materials R17 million (2017: R18 million). Balance owing at the end of the year R2 million (2017: R2 million) payable 30 days from statement date.
African Fine Carbon (Pty) Ltd	African Fine Carbon (Pty) Ltd sells raw materials to the Venture.	Purchase of raw materials R37 million (2017: R22 million). Balance owing at the end of the year R5 million (2017: R3 million) payable 30 days from statement date.
Chartech Technology (Pty) Ltd	Chartech Technology (Pty) Ltd sells raw materials to the Venture.	Purchase of raw materials R34 million (2017: R28 million). Balance owing at the end of the year R4 million (2017: R2 million) payable 30 days from statement date.
Glencore Property Management Company (Pty) Ltd	Glencore Property Management Company (Pty) Ltd owns and manages employee housing at the Lion operation.	Lion housing lease Rnil million (2017: R6 million). Balance owing at the end of the year Rnil (2017: Rnil).
Glencore Operations South Africa (Pty) Ltd (GOSA)	GOSA is Merafe Ferrochrome and Mining (Pty) Ltd's partner in the Venture.	Employee costs R146 million (2017: R32 million). Head-office costs R19 million (2017: R23 million). Training costs R7 million (2017: R4 million). Lion housing R14 million (2017: R7 million). Balance owing at the end of the year R7 million (2017: R2 million) payable 10 days after month end. GOSA received the non-executive directors' fees for Mr S Blankfield as disclosed in note 23.2.
Access World (South Africa) Pty Ltd	Access World (South Africa) (Pty) Ltd is a warehousing company that provides storage facilities of ferrochrome and chrome ore to the Venture.	Storage of ferrochrome and chrome ore R12 million (2017: R12 million). Outstanding balance owing at the end of the year R1 million (2017: R3 million) payable 30 days after statement date.

[1] *Resigned on 8 May 2018.*
[2] *Resigned on 31 August 2018.*
[3] *Appointed 1 August 2018.*
[4] *Appointed 30 July 2018.*
[#] *All reference to note numbers relates to reference in the consolidated financial statements of the Group.*

7. Taxation

The Groups effective tax rate is 27.7% (2017: 28.5%) for the year ended 31 December 2018.

8. Events after the reporting period

Other than the dividend declared on 11 March 2019, there have been no material events subsequent to the 31 December 2018.

9. Contingent liabilities

No contingent liabilities as at 31 December 2018.

10. Directors

Ms Matsotso Vuso was appointed as an independent non-executive director and as a chairman of the Company's audit and risk committee effective 30 July 2018. She replaced Ms Karabo Nondumo, who resigned on 8 May 2018, in the same capacity.

Ms Kajal Bissessor resigned as Financial Director effective 31 August 2018 and Mr Ditabe Chocho was appointed effective 1 August 2018 as her replacement.

Ms Hlokammoni Grathel Motau was appointed as an independent non-executive director and as a member of the Company's audit and risk committee effective 1 January 2019.

11. Declaration of an ordinary dividend for the year ended 31 December 2018

Notice is hereby given that on 11 March 2019 the Board declared a gross cash final ordinary dividend of R150 642 255 (6 cents per share) to holders of ordinary shares. The dividend will be paid out of income reserves.

The ordinary dividend will be subject to a local dividend tax rate of 20%. The net ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 4.8 cents per share and 6 cents per share for shareholders exempt from paying dividend tax.

Merafe's income tax number is 9 550 008 602. The number of ordinary shares issued at the date of this announcement is 2 510 704 248.

The important dates pertaining to the dividend are as follows:

Declaration date (as envisaged in the JSE Listings Requirements):	Monday, 11 March 2019
Last day for ordinary shares to trade *cum* ordinary dividend:	Tuesday, 26 March 2019
Ordinary shares commence trading *ex*-ordinary dividend:	Wednesday, 27 March 2019
Record date:	Friday, 29 March 2019
Payment date:	Monday, 1 April 2019

Shares may not be dematerialised/rematerialised between Wednesday, 27 March 2019 and Friday, 29 March 2019, both days inclusive. Where applicable, in terms of instructions received by the Company from certificated shareholders, the payment of the dividend will be made electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, cheques will be posted to shareholders. Shareholders who have dematerialised their shares will have their accounts with their CSDP or broker credited on Monday, 1 April 2019.

www.meraferesources.co.za

Administration

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Directorate
CK Molefe* (Chairperson), NB Majova*, A Mngomezulu*, M Mosweu*, M Vuso*, S Blankfield, Z Matlala (Chief Executive Officer), D Chocho (Financial Director)

** Independent*

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