

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" or the "Group")

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS AND CASH DIVIDEND DECLARATION
FOR THE SIX MONTHS ENDED 30 JUNE 2021

Sponsor:
One Capital Sponsor Services (Pty) Ltd

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

Non-executive Directors:
A Mngomezulu* (Chairman), M Vuso*, K Tlale*, J McLaughlan*, N Mabusela-Aikhuere*, D McGluwa, M Toman

Company Secretary:
CorpStat Governance Services (Pty) Ltd

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

Email: ditabe@meraferesources.co.za

* Independent

CEO Commentary on results

Merafe achieved solid operational and financial results for the first half of 2021. Merafe recorded a profit after tax of R576m compared to a loss of R961m in the prior comparative period. An upswing in ferrochrome demand contributed to increased volumes sold and higher CIF prices realised, which were to some extent offset by a stronger average ZAR:US\$ exchange rate. Despite the Lydenburg smelter being on care and maintenance, production volumes increased significantly due to current production being less affected by the COVID-19 restrictions coupled with improved plant efficiencies achieved at our smelters.

Outlook

Global economic growth has been rapid to date. The sustainability of this growth depends on several factors including the success of the COVID-19 vaccine rollout programs. While in several parts of the world, the COVID-19 vaccination drive is starting to pay off and normality is gradually being restored, there are several parts of the world, including South Africa, where the COVID-19 pandemic is still wreaking havoc on communities and businesses. The recent civil unrest adds to the uncertainty faced by the country. The strong growth in stainless steel demand is a positive development and has been key to the buoyancy in the ferrochrome market. Our operations are ready to respond to this demand should it be sustained for the rest of the year. We however remain cautious in our approach to the year and will continue to focus on efficient operations, cash preservation, cost control and efficient capital allocation.

2021 half year in review

Key features

- No fatalities
(June 2020: No fatalities)
- 17% decrease in TRIFR(1) to 3.24
(December 2020: 3.91(2))
- 66% increase in ferrochrome production to 199kt
(June 2020: 120kt)
- 60% increase in revenue to R3 746m
(June 2020: R2 338m)
- 422% increase in EBITDA(3) to R819m
(June 2020: R157m)
- Headline earnings per share of 23.2 cents
(June 2020: 1.1 cents)
- Basic earnings per share of 23 cents
(June 2020: Basic loss per share of 38.3 cents)
- 25% increase in net asset value to R2 848m
(December 2020: R2 277m)
- 287% increase in net cashflow from operating activities to R635m
(June 2020: R164m)
- 187% increase in cash to R797m
(December 2020: R278m)
- Interim dividend of 7 cents per share declared
(June 2020: Rnil)

(1) Total recordable injury frequency rate

(2) Restated

(3) Earnings before interest, tax, depreciation and amortisation

Further information

This short form announcement is the responsibility of the directors. It is only a summary of the information contained in the full announcement and does not contain full or complete details.

Any investment decisions by investors and/or shareholders should be based on the full announcement which has been published on SENS today, 10 August 2021, and is accessible via the JSE link at <https://senspdf.jse.co.za/documents/2021/JSE/ISSE/MRF/Interim21.pdf> and also available on Merafe's website at <https://www.meraferesources.co.za/results/interims-2021/index.php>.

The full announcement is available for inspection at the registered offices of Merafe (Building B, Second Floor, Ballyoaks office Park, 35 Ballyclare Drive, Bryanston) and the offices of our sponsor, One Capital (17 Fricker Road, Illovo). Such inspection is available at no charge, during business days from 9:00am to 4:00pm.

Declaration of an ordinary dividend for the six months ended 30 June 2021

Notice is hereby given that a gross interim cash dividend of 7 cents per share (June 2020: Rnil cents per share) has been declared payable, by the Board, 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 local ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 5.6 cents per share. Merafe's income tax number is 9550 008 602. The number of ordinary shares issued at the date of the declaration is 2 510 704 248.

The important dates pertaining to the dividend are as follows:

Declaration date:	Tuesday, 10 August 2021
Last day for ordinary shares to trade cum ordinary dividend:	Tuesday, 31 August 2021
Ordinary shares commence trading ex-ordinary dividend:	Wednesday, 1 September 2021
Record date:	Friday, 3 September 2021
Payment date:	Monday, 6 September 2021

Shareholders will not be permitted to dematerialise or rematerialise their share certificates between Wednesday, 1 September 2021 and Friday, 3 September 2021, both days inclusive.

Sandton
10 August 2021

Sponsor
One Capital