

Merafe Resources Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1987/003452/06)
JSE and A2X share code: MRF
ISIN: ZAE000060000
("Merafe" or the "Company")

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
CASH DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 30 JUNE 2023

2023 HALF YEAR IN REVIEW

Key features

- No fatalities
(June 2022: No fatalities)
- 17% decrease in TRIFR(1) to 2.00
(December 2022: 2.40)
- 9% decrease in ferrochrome production to 185kt
(June 2022: 203kt)
- 11% increase in revenue to R4 764 million
(June 2022: R4 291 million)
- 13% increase in EBITDA(2) to R1 548 million
(June 2022: R1 373 million)
- Headline earnings per share of 42.0 cents
(June 2022: 37.0 cents)
- Basic earnings per share of 42.0 cents
(June 2022: 37.0 cents)
- 22% increase in net asset value to R5 054 million
(June 2022: R4 145 million)
- 6% increase in net cash flows from operating activities to R795 million
(June 2022: R748 million)
- 26% increase in net cash to R1 604 million
(December 2022: R1 269 million)
- Interim cash dividend of 20 cents per share
(June 2022: 12 cents per share)

(1) Total recordable injury frequency rate

(2) Earnings before interest, taxation, depreciation and amortisation

CEO commentary on results

Merafe achieved a profit of R1 049 million for the six months ended 30 June 2023, as a result of higher realised chrome ore prices and a weaker ZAR:USD exchange rate. These were somewhat offset by lower ferrochrome prices and sales volumes, as well as higher costs of ferrochrome production.

Outlook

Some key trends that are shaping the environment in which we operate are:

- Economic uncertainty that is characterised by rising inflation, interest rates and trade tensions. This uncertainty is making it difficult for businesses to make long-term plans, and it also leads to volatility in the markets.
- The shift to a more sustainable economy. The global market is increasingly focused on sustainability, and businesses are under pressure to reduce their environmental impact. The Glencore-Merafe Pooling and Sharing Venture ("Venture") has embraced this initiative and incorporated sustainability initiatives into strategic plans. Our green energy initiatives are a key part of these plans.
- Technological innovation has a major impact on the global market, as new technologies are being developed that are changing the way we do business. For our business, the key benefits of innovation are efficiencies and the safety of our employees.

Our business is not immune to the impact of these trends which are firmly on management's radar.

Local challenges, which include power shortages, energy costs and logistics constraints continue to be monitored by the Venture and mitigated in the best ways possible.

We expect the second half of 2023 ("H2 2023") to be softer on a weaker market outlook. Downward pressure on chrome ore prices, which have started coming down, is expected to translate to lower ferrochrome prices. Given the forecast inflationary pressures, our margins are at risk of being squeezed in H2 2023.

The Venture plans on producing ferrochrome only at the Lion smelter over the three-month high electricity demand winter season, a period of elevated power prices. This will assist with managing costs and lowering inventory levels as sales units are expected to be drawn down from inventory.

We remain cautious in our approach to the remaining six months of the year and will continue to focus on efficient operations, cash preservation, cost control and efficient capital allocation.

We are committed to creating shared value for our stakeholders.

Further information

This announcement is the responsibility of the directors.

As the information in this announcement does not provide all of the details, any investment decisions should be based on the full results which are available through the JSE cloudlink

<https://senspdf.jse.co.za/documents/2023/JSE/ISSE/MRF/Interim23.pdf> and on Merafe's website at <https://www.meraferesources.co.za/results/interims-2023/index.php>.

Declaration of an ordinary cash dividend for the six months ended 30 June 2023

Notice is hereby given that, on 10 August 2023, the board of directors of Merafe resolved to declare a gross interim cash dividend of 20 cents (June 2022: 12 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 local ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 16 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 2 499 126 870.

The important dates pertaining to the dividend are as follows:

	2023
Last day for ordinary shares to trade cum ordinary dividend:	Tuesday, 05 September
Ordinary shares commence trading ex-ordinary dividend:	Wednesday, 06 September
Record date:	Friday, 08 September
Payment date:	Monday, 11 September

Shareholders will not be permitted to dematerialise or rematerialise their ordinary shares between Wednesday, 06 September 2023 and Friday, 08 September 2023, both days inclusive.

Sandton

15 August 2023

Sponsor
One Capital Sponsor Services Proprietary Limited

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

Non-executive Directors
A Mngomezulu* (Chairperson), M Vuso*, K Tlale*,
J Mclaughlan*, N Mabusela-Aikhuere*, D McGluwa,
D Green
* Independent

Company Secretary
CorpStat Governance Services Proprietary Limited

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

Transfer secretaries
JSE Investor Services Proprietary Limited

Investor relations
Ditabe Chocho
Tel: +27 11 783 4780

Email:

ditabe@meraferesources.co.za

www.meraferesources.co.za