

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")

SUMMARISED CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Sponsor: One Capital Sponsor Services (Pty) Ltd  
Executive Directors: Z Matlala (Chief Executive Officer), D Chocho (Financial Director)  
Non-executive Directors: A Mngomezulu (Chairman)\*, NB Majova\*, M Vuso\*, G Motau\*, M Mosweu, S Blankfield, J McLaughlan\*.  
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

The COVID-19 pandemic has destabilised the global health systems and disrupted economies. This pandemic coupled with an already fragile operating environment have resulted in a loss after tax for the first half of 2020. A slow-down in global economic activity has contributed to not only reduced volumes of commodities sold, but also to lower realised cost, insurance and freight (CIF) ferrochrome and chrome ore prices. Merafe recorded a loss after tax for the period ended 30 June 2020 against a profit after tax in the prior comparative period. This includes a significant impairment loss on property, plant and equipment. A weaker average Rand:US\$ exchange rate provided some cushion to the loss. Due to the Company's key focus areas, especially over these challenging times, being working capital management and cash preservation, no interim dividend has been declared. In spite of current challenges, the board of directors ("Board") remains positive about future prospects of the business supported by industry fundamentals that are still in place.

Outlook

While the impact of the COVID-19 pandemic remains a key concern, we have had to review our business to ensure that our operations continue with minimal unplanned disruptions and our growth strategy remains pursued. We will continue to closely monitor the COVID-19 pandemic as well as market developments and respond accordingly.

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

2020 half year in review

Key features

- 16% decrease in revenue to R2 338m  
(June 2019: R2 789m)
- 31% decrease in net asset value to R2 319m  
(December 2019: R3 381m)
- Headline earnings per share of 1.1 cents  
(June 2019: headline earnings per share 6.6 cents)
- Basic loss per share of 38.3 cents  
(June 2019: Basic earnings per share of 6.6 cents)
- 26% decrease in net cash to R263m<sup>1</sup>  
(December 2019: R354m)
- No interim dividend declared  
(June 2019: Rnil)

(1) Net cash includes cash and cash equivalents and bank overdraft.

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 is accessible via the JSE link at <https://senspdf.jse.co.za/documents/2020/JSE/ISSE/MRF/Interim20.pdf> and also available on Merafe's website at <https://www.meraferesources.co.za/results/interims-2020/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.

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8 September 2020