

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")

PRODUCTION REPORT AND TRADING STATEMENT

1. Production Report

Merafe's attributable ferrochrome production from the Glencore Merafe Chrome Venture ("**Venture Production**") for the quarter ended 31 December 2018 increased marginally by 2.6% compared to the previous comparative period. The Venture Production for the year ended 31 December 2018 increased by 3.2% compared to the previous comparative period. Full year production represents 85% of installed capacity.

	2018	2017	2018	2017
	Fourth	Fourth	Full	Full
	quarter	quarter	year	year
Attributable ferrochrome production (kt)	112	109	407	395

2. Trading Statement*Basic and headline earnings per share*

In terms of the JSE Limited Listings Requirements, issuers are required to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on will differ by at least 20% from those of the prior comparative period.

Shareholders are therefore advised that Merafe is expecting to report basic earnings per share ("**EPS**") and headline earnings per share ("**HEPS**") of between 24.7 cents and 30.1 cents for the year ended 31 December 2018, compared to EPS and HEPS of 36.4 cents for the previous comparative period, which is a decrease of between 17% and 32%.

The expected significant decrease in EPS is primarily driven by lower ferrochrome prices as well as lower volumes of chrome ore and ferrochrome sold. These were partially offset by a stronger average Rand compared to US Dollar exchange rate.

Expected cash and debt balances – Merafe Resources Limited Group

	31 Dec 2018	31 Dec 2017
	R'm	R'm
Cash and cash equivalents balance	249	672
Merafe's 20.5% of the Venture's debtor facility	-	(72)
Net cash	249	600

The decrease in cash and cash equivalents at year end is mainly due to an increase in finished goods inventory.

Shareholders are advised that the financial information on which this trading statement is based, has not been reviewed or reported on by Merafe's external auditors. The financial results for the year ended 31 December 2018 are expected to be released on SENS on or about 11 March 2019.

Sandton
31 January 2019

Sponsor
One Capital