



Report for the third quarter of 2013

1. Key production and sales indicators

Merafe's attributable ferrochrome production from the Glencore-Merafe Chrome Venture ("the Venture") was 71% higher in the third quarter of 2013 compared to the 2012 comparative period. This was due to additional planned production, excellent performance of Lion I and the impact of major production improvements at the Venture's Rustenburg plant as a result of the stable operation of the Tswelopele pelletising and sintering plant. Operating capacity utilisation of the Venture's ferrochrome production facilities for the third quarter of 2013 was 94%, a significant increase from 55% for the 2012 comparative period.

The European benchmark ferrochrome price for the third quarter of 2013 was 112.5USc per pound which was 10% lower than the 125USc per pound in the third quarter of 2012. The average Rand Dollar exchange rate was 21% weaker in the third quarter of 2013 compared to the 2012 comparative period. Ferrochrome sales tonnes were 25% higher in the third quarter of 2013 compared to the 2012 comparative period.

	Q3 2013	Q3 2012	Nine months to 30/09/2013	Nine months to 30/09/2012
Attributable ferrochrome production (kt)	85.6	50.2	230.4	168.7
Attributable ferrochrome sales (kt)	73.1	58.7	210.3	182.6
Indicative average published ferrochrome price (USc/lb) (Metal Bulletin)	112.5	125.0	117.3	125.0
Average Rand / Dollar Exchange Rate	9.99	8.26	9.47	8.05

2. Employee relations

Wage negotiations relating to all the smelters were completed and implemented, whereas wage negotiations relating to the western mines are ongoing. The Venture continues to build good relationships with its employees and unions and have implemented significant measures to ensure stable industrial relations.

Mining operations at the Venture's eastern mining operations have now returned to normal levels following the unprotected strike which resulted in dismissals earlier this year.

3. Safety

The Venture's total recordable injury frequency rate (TRIFR) improved from 4.25 for the first nine months of 2012 to 3.95 for the first nine months of 2013. The Lion II project contributed to this improvement with more than 4.7 million man hours worked, without any lost time injury.

4. Cost saving initiatives

The benefits of ongoing cost saving initiatives within the Venture which include the placing of the Horizon mine on care and maintenance are already evident. Overall, Merafe and the Venture will also benefit from synergies that are expected to result from the Glencore Xstrata merger.

5. Developments

Our Lion II project is still on track for the start of hot commissioning at the end of this year. The overall project remains within schedule and budget and is estimated to be 76% complete as at 30 September 2013. As we move into the exciting commissioning phase, we are confident about project Lion II's ability to deliver further efficiencies and cost savings thereby enhancing the Venture's competitive advantage.

24 October 2013

Sandton

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