In the long term which is expected to increase demand for ferrochrome. The Venture’s suite of energy efficient technologies leaves it well despite high mining inflation levels. We closed the period with a cash balance of R80m and have undrawn debt facilities with ABSA of approximately R500m. I am also pleased to report that project Tswelepole, our new pelletiser at the Rustenburg plant is up and on budget and will be commissioned in the second half of this year. Our flagship project, Lion II, is also within budget and on track to be completed in the second half of 2013.”

Mr Stuart Elliot resigned as Chief Executive Officer (CEO) with effect from 31 May 2012. In his place, Non-executive Chairman, Mr J M Swart will serve as Interim CEO during the period of the Board’s search for a new CEO.

In the first half of 2012, there were no material changes to the mineral reserves, mineral resources and mining rights of the Venture as fully reviewed by the independent auditors.

The Venture improved its total recordable injury frequency rate (TRIFR) by 7% in the first half of 2012, compared to the year ended 31 December 2011. The Venture’s TRIFR of 4.73 for the six months to 30 June 2012 is down from 5.12 for the year ended 31 December 2011.

The European benchmark ferrochrome price for the first quarter of 2012 was settled at 115USc/lb and increased to 135USc/lb in the second quarter. The lower production in South Africa is expected to result in a drawdown of unbeneficiated chrome ore exports from South Africa. It is estimated that 2.1m tonnes of chrome ore was exported in the first six months of 2012 compared to 2.6m tonnes in the comparative period.

The Venture has a 20,5% share of the earnings before interest, taxation, amortisation and depreciation (EBITDA) of the Venture. The Venture’s contribution to the earnings before interest, taxation, amortisation and depreciation (EBITDA) of the Venture increased by 14% to R405m in the first half of 2012 compared to R353m in the first half of 2011. This is due to a decrease in the Rand against the US Dollar and the compensation received from Eskom relating to the power buy-back arrangement, which was offset by the decrease in ferrochrome sales tonnes and a decrease in the average European benchmark ferrochrome price. The average Rand US Dollar exchange rate for the first half of 2012 was 9.39 compared to 9.30 in the comparative period.

Merafe’s earnings from the Venture increased from the six-month comparative period primarily as a result of a weakening of the Rand against the US Dollar and the compensation received from Eskom relating to the power buy-back arrangement, which was offset by the decrease in ferrochrome sales tonnes and a decrease in the average European benchmark ferrochrome price. The average Rand US Dollar exchange rate for the first half of 2012 was 9.39 compared to 9.30 in the comparative period.

The Venture’s energy efficiency improvements continue to be well on track. The lower production in South Africa is expected to result in a drawdown of unbeneficiated chrome ore exports from South Africa. It is estimated that 2.1m tonnes of chrome ore was exported in the first six months of 2012 compared to 2.6m tonnes in the comparative period.

Non-executive Chairman  Chief Executive Officer

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