



Trading statement and production announcement for the six months ended 30 June 2013

Trading statement

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 next will differ by at least 20% from those of the prior comparative period.

Shareholders are advised that Merafe is expecting to report the following results for the six months ended 30 June 2013:

- Basic earnings per share of between 1.2 cents and 1.4 cents, compared to 5.5 cents for the 2012 comparative period;
- Headline earnings per share of between 3.5 cents and 4.0 cents compared to 5.5 cents for the 2012 comparative period.

The basic earnings per share for the six months ended 30 June 2013 is lower than the comparative 2012 period primarily as a result of an impairment loss recognised. The impairment loss has arisen as a result of the Glencore-Merafe Venture ("Venture") considering the sale of the Horizon mine as part of its on-going asset portfolio review and due to having sufficient ore availability. The sale of the Horizon mine, if concluded, would not impact on Merafe's participation interest in the Venture and the proceeds from such sale would accrue to the Venture partners in accordance with their participation interests.

Update on cash balance and debt

Merafe closed with a cash balance of R47m and had long-term debt owing to ABSA Capital of R560 million at 30 June 2013.

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 and is provided in terms of paragraph 3.4(b) of the JSE Limited Listings Requirements.

The financial results for the six months ended 30 June 2013 are expected to be released on SENS on 6 August 2013.

Production announcement

Ferrochrome production for the first six months of 2013 was 23% higher than the comparative 2012 period. Operating capacity utilisation for the first six months of 2013 was 79% compared to 64% for the prior comparative period. This was primarily as a result of operational improvements of furnaces, additional winter month production and the impact of the successful commissioning and ramp up of the Tswelopele pelletising plant. Ferrochrome production volumes in the first half of 2013 were also impacted by the Eskom power buyback agreement as in the 2012 comparative period.

The average European benchmark ferrochrome price for the third quarter of 2013 was settled at 112.5USc per pound which was 11% lower than the 127USc per pound price in the second quarter of 2013.

Ferrochrome production attributable to Merafe for the six months ended 30 June 2013 was as follows:

	Six months ended 30 June 2013	Six months ended 30 June 2012	Year ended 31 December 2012
Ferrochrome production (kt)	145	118	242
Indicative average published price (USc/lb - Metal Bulletin)	120	125	121

24 July 2013

Sandton

Sponsor
Merrill Lynch South Africa Proprietary Limited

Kajal Bissessor
Finance & Investor Relations Manager
Merafe Resources Limited
Ph: 011 783 4780
Fax: 011 783 4789
kajal@meraferesources.co.za