

**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")

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**PRODUCTION REPORT AND TRADING STATEMENT**

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**1. Production Report**

Merafe's attributable ferrochrome production from the Glencore Merafe Chrome Venture for the year ended 31 December 2017 increased marginally compared to the prior year.

	<b>2017</b>	2016	<b>2017</b>	2016
	<b>Fourth quarter</b>	Fourth quarter	<b>Full Year</b>	Full Year
Attributable ferrochrome production (kt)	<b>109</b>	107	<b>395</b>	393

**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 the following for the year ended 31 December 2017:

- basic earnings per share of between 34.5 cents and 38.5 cents, compared to 21.2 cents for the prior year, which is an increase of between 63% and 82%; and
- headline earnings per share of between 34.5 cents and 38.5 cents compared to 21.2 cents for the prior year, which is an increase of between 63% and 82%.

The significant increase in earnings per share is primarily driven by substantially higher chrome ore and ferrochrome prices which were partially offset by:

- lower chrome ore and ferrochrome sales volumes;
- stronger average Rand compared to US Dollar exchange rate; and
- an increase in total costs per tonne of ferrochrome and chrome ore sold.

*Expected cash and debt balances – Merafe Resources Limited Group*

	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>R'm</b>	<b>R'm</b>
Cash and cash equivalents balance	672	263
Merafe's 20.5% of the Venture's debtor's facility	(72)	(309)
ABSA and Standard Bank debt*	-	(363)
<b>Net cash/(debt)</b>	<b>600</b>	<b>(409)</b>

\*The debt balance that was outstanding at the end of 2016 was settled in full during 2017.

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 year ended 31 December 2017 are expected to be released on SENS on 5 March 2018.

Sandton

29 January 2018

Sponsor

One Capital