



Production report and trading statement for the six months ended 30 June 2016

Production report

Merafe's attributable ferrochrome production from the Glencore Merafe Chrome Venture (the Venture) for the six months ended 30 June 2016 increased marginally compared to the prior comparative period. Production volumes were managed across the first two quarters of the year through timing of furnace refurbishments to optimise stock levels.

The Venture's operating capacity utilisation for the six months ended 30 June 2016 was 91% (82% of installed capacity).

	2016	2015	% Change
Attributable ferrochrome production	kt	kt	
Quarter 1 (1 Jan to 31 March)	103	99	4%
Quarter 2 (1 April to 30 June)	93	96	(3%)
Six months ended 30 June	196	195	1%

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:

Earnings per share

Basic and headline earnings per share for the six months ended 30 June 2016 of between 2.0 cents and 2.6 cents compared to 5.0 cents for the six months ended 30 June 2015, which is a decrease of between 48% and 60%.

The earnings for the six months ended 30 June 2016 were impacted by the following key period on period comparisons:

- 14% increase in ferrochrome sales volumes
- 29% weaker average Rand/Dollar exchange rate
- 23% lower net ferrochrome prices

Expected cash and debt balances – Merafe Resources Limited Group

	30-Jun-16	31-Dec-15
	R'm	R'm
Net cash balance	412	310
Merafe's 20.5% of the Venture's debtors facility	(543)	(411)
ABSA and Standard bank debt*	(480)	(560)
Total	(611)	(661)

* On 1 July 2016, R70m of the R480m ABSA and Standard Bank debt was repaid bringing the balance to R410m. The R70m comprises of R50m being a mandatory repayment of the Term facility and R20m being a voluntary pre-payment of the Revolving Credit facility

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 2016 are expected to be released on SENS on 1 August 2016.

19 July 2016

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Sponsor:

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