

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”)

Report for the quarter ended 31 March 2014

1. Production and sales volumes

Merafe’s attributable ferrochrome production from the Glencore-Merafe Chrome Venture (the Venture) increased by 28% period on period. This significant increase was primarily attributable to a stronger market, the impact of the non-recurring Eskom buy-back agreements and the good performance of the Venture’s furnaces. The Rustenburg smelter continues to operate efficiently due to the positive impact of the Tswelopele pelletising and sintering plant. The Venture’s operating capacity utilisation for the first quarter of 2014 was 95% compared to 74% for the comparative period. Ferrochrome sales volumes for the first quarter of 2014 increased by 9% period on period.

	Quarter Ended 31-Mar-2014	Quarter Ended 31-Mar-2013
Attributable ferrochrome production (kt)	86	67
Attributable ferrochrome sales (kt)	83	76
European benchmark ferrochrome price (Usc/lb) (Metal Bulletin)	118.0	112.5
Average Rand/Dollar Exchange Rate	10.9	8.9

2. Impact of strike action in the Platinum Industry

The ongoing strike in the Platinum Industry has resulted in reduced UG2 production and higher chrome ore input costs at the Venture’s furnaces during the first quarter of 2014, as a consequence of a higher percentage of own mined ore compared to UG2.

3. Safety

We are deeply saddened to report that an accident occurred at the Venture’s Kroondal mine in Rustenburg which resulted in an employee being fatally injured. The Venture is co-operating with the Department of Mineral Resources who are conducting an investigation into the incident which occurred on 9 April 2014. The Venture is supporting the family of the deceased during this difficult time.

The Venture continues to make every effort to ensure the highest standards of safety are in place at all its operations.

The Venture’s total recordable injury frequency rate (TRIFR) improved by 12% period on period to 3.65.

4. Update on Project Lion II

We are delighted to report that production from the first furnace of our R5bn Project Lion II commenced on 6 April 2014. Ferrochrome production at the plant will ramp up gradually and it is envisaged that the smelter will be fully operational toward the middle of 2014. The project has an excellent safety record with more than 8.5 million man hours worked, without a lost time injury.

5. Second quarter ferrochrome price

The European benchmark ferrochrome price for the second quarter of 2014 has been settled at 122USc per pound which is an increase of 3% from the 118USc per pound price in the first quarter of 2014.

23 April 2014
Sandton

Sponsor:
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