



## **Trading statement and production report for the six months ended 30 June 2015**

### **Trading statement**

#### *Basic and headline earnings per share*

In terms of the JSE Limited Listings Requirements (“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 six months ended 30 June 2015:

- Basic earnings per share of between 4.7 cents and 5.3 cents, compared to 9.0 cents for the comparative period, which is a decrease of between 41% and 48%;
- Headline earnings per share of between 4.7 cents and 5.3 cents compared to 8.9 cents for the comparative period, which is a decrease of between 40% and 47%.

The decrease in headline earnings period on period is primarily attributable to the decrease in net ferrochrome prices and an increase in expenses (cost of goods sold, depreciation and net financing costs), which was partially offset by the increase in ferrochrome and chrome ore sales volumes and the weakening of the Rand against the US Dollar.

#### *Update on cash balance and debt*

Merafe is expected to close at 30 June 2015 with the following balances:

- Net overdraft balance of R70m (31 December 2014: net overdraft balance of R162m),
- Total debt owing to ABSA and Standard Bank of R609m (31 December 2014: R617m)
- Nil (31 December 2014: R189m) utilisation of the short term inventory facility.

R50m of the R609m owing to ABSA and Standard Bank was repaid on 1 July 2015.

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 Listings Requirements.

The financial results for the period ended 30 June 2015 are expected to be released on SENS on 4 August 2015.

#### **Production report**

Merafe's attributable ferrochrome production from the Glencore Merafe Chrome Venture (the "Venture") increased by 16% compared to the six month period ended 30 June 2014 . This increase was primarily attributable to the additional production from the Project Lion II furnaces which ramped up to full capacity in the second quarter of 2015.

The Venture's operating capacity utilisation for the six month period ended 30 June 2015 was 92%.

	Six months ended 30 June 2015	Six months ended 30 June 2014
Attributable ferrochrome production (kt)	195	168