



**MERAFE**  
RESOURCES

**RESULTS PRESENTATION**  
For the year ended 31 December 2014







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# Key agenda

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01. Key features

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02. Operational review

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03. Market review

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04. Financial review

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05. Outlook

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Annexures

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## Key features

### OPERATIONAL

- Ferrochrome production of **334kt**
- TRIFR of **4.63**
- Cash production cost increases of **9%**

### MARKET

- **7,5%** increase in global stainless steel production
- **11%** increase in global ferrochrome demand
- **9%** increase in global ferrochrome production
- **22%** reduction in chrome ore imports into China

### PROJECTS

- **Project Lion II** in production
- Excellent safety performance

### FINANCIAL

- Revenue up by **3%**
- HEPS down by **22%**
- Cash from operating activities of **R306m**
- Final cash dividend declared of **R20m**



## Operational review

- Increase of 5% in ferrochrome production
  - Project Lion II
  - Additional maintenance in H2 2014 at Lydenburg smelter
- Regrettably two fatalities
- TRIFR of 4.63
- Platinum industry strike impacted
  - chrome ore costs
  - chrome ore sales volumes
- Wage negotiations
  - Western mines strike (Kroondal and Waterval)
  - Eastern mines and smelters concluded without industrial action
- Electricity supply and pricing

## Operational review (continued)

### **Project Lion II – safe and successful completion**

- 9.6m continuous man hours worked without a lost time injury
- Already producing above 80% of design capacity
- Ramp-up to full capacity expected in mid 2015
- Expected variance of 7% above budget
- Expected to reduce total ferrochrome cost per tonne by 6%





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Market review

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## Global market review

### GLOBAL STAINLESS STEEL PRODUCTION

**7.5%** increase  
to 41.6mt (2013: 38.7mt)

- ↑ **18%** NAFTA
- ↑ **5%** Japan
- ↑ **12%** China
- ↑ **6%** India

### GLOBAL FERROCHROME DEMAND

**11%** increase  
to 11.3mt (2013:10.2mt)

- ↑ **38%** NAFTA
- ↑ **2,5%** EU
- ↑ **11%** China
- ↑ **21%** India
- ↑ **13.5%** Japan

### GLOBAL FERROCHROME PRODUCTION

**9%** increase  
to 11.3mt (2013:10.4mt)

- ↑ **13%** South Africa
- ↑ **6%** EU
- ↑ **10%** China
- ↑ **4%** Kazakhstan

Source: Heinz Pariser / Feb 2015

# Ferrochrome market review

## European benchmark ferrochrome prices

	2013 Usc/lb	2014 Usc/lb	Change
Q1	112.5	118	+5%
Q2	127	122	(4%)
Q3	112.5	119	+6%
Q4	112.5	115	+2%
<b>Average</b>	<b>116.1</b>	<b>118.5</b>	<b>+2%</b>

Rising demand in Europe, doubts about security of electricity supply in SA and the platinum strike

Slowdown in some regions and softer ferrochrome prices in China

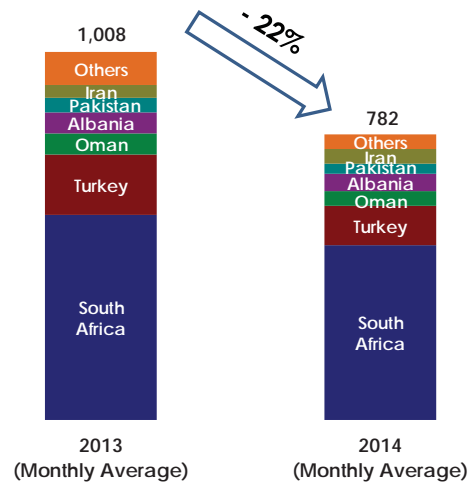
## Average Rand/Dollar exchange rate

2013	2014	Change
9.6	10.9	+13.5%

# Chrome ore imports into China

	2012	2013	2014	Change
	in '000 t			in %
South Africa	4,490	6,736	5,748	-14.7
Turkey	1,840	1,988	1,280	-35.6
Oman	426	687	489	-28.8
India	310	168	63	-62.8
Pakistan	472	482	339	-29.7
Albania	305	677	555	-18.1
Iran	448	428	494	15.6
Sudan	16	17	40	133.3
Madagascar	118	118	113	-4.0
Australia	501	407	44	-89.3
Philippines	180	126	67	-47.3
Brazil	29	12	12	n.a.
Kazakhstan	89	167	77	-54.2
Others	76	90	63	-30.6
<b>TOTAL</b>	<b>9,299</b>	<b>12,094</b>	<b>9,384</b>	<b>-22.4</b>

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## Key financial features

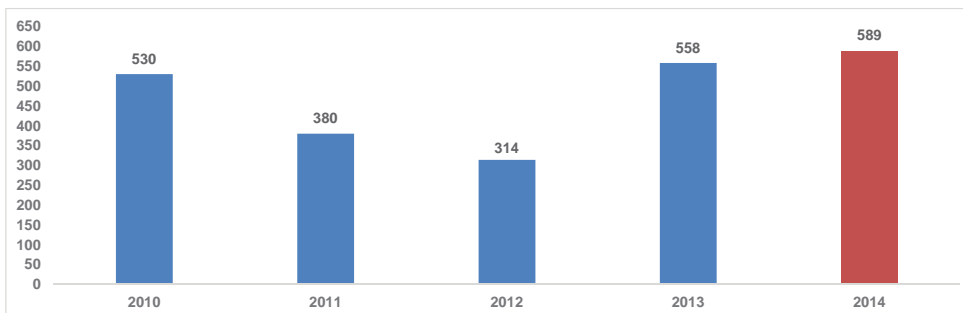
↑ 3%

↑ 5%

↓ 22%

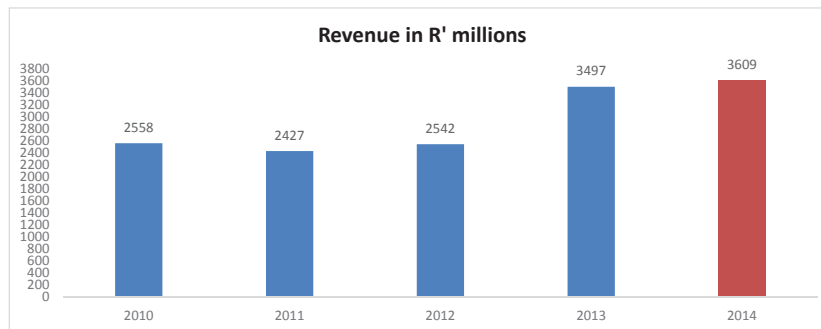


EBITDA in R'millions



## Revenue up by 3%

↑ 1%	↑ 2%	↑ 13.5%	↑ 9%	↓ 31%
<b>Ferrochrome sales tonnes</b>	<b>Average European benchmark ferrochrome price</b>	<b>Average Rand/US\$ exchange rate</b>	<b>Ferrochrome revenue</b>	<b>Chrome ore revenue</b>
2014: 316kt 2013: 314kt	2014: 118.5USc/lb 2013: 116.1USc/lb	2014:10.9 2013: 9.6	2014: R3270m 2013: R3005m	2014: R339m 2013: R492m



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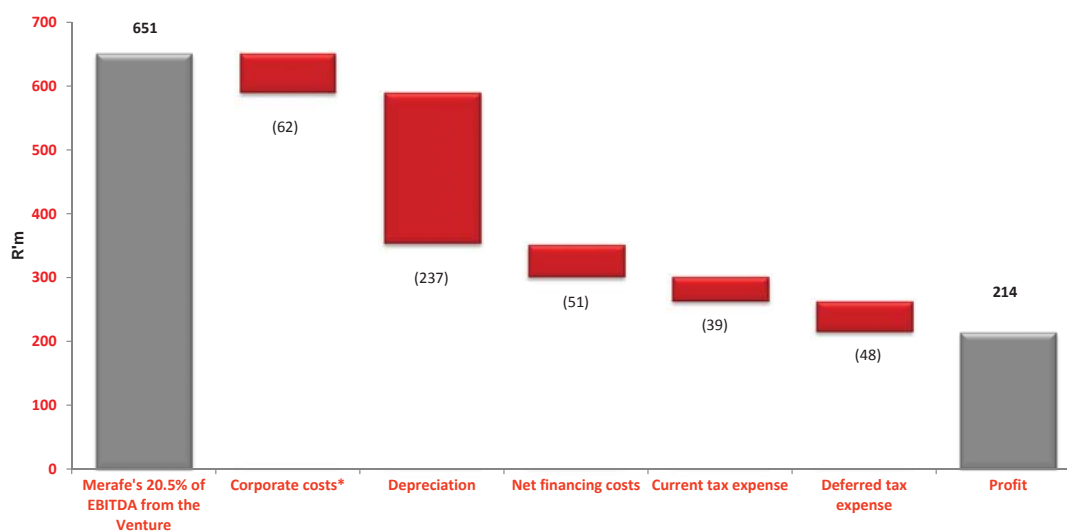
## Ferrochrome cash production costs increase by 9% per tonne

- ↑ 3% - Chrome ore costs (strike action in platinum industry and Western mines, more mined ore used)
- ↑ 1.6% - impact of imported reductants
- ↑ 2.5% - Lion II start-up costs
- ↑ 1.9% - other increases

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## EBITDA reconciliation to profit



\* Includes R17m restructuring costs (R13m severance pay and R4.5m share based payments)

## HEPS Comparison – 2014 vs 2013

		HEPS impact (cents)
↑	Depreciation (asset scrappings, Project Lion II)	(2.0)
↑	Borrowing costs expensed	(0.5)
↑	Restructuring costs at Merafe head-office	(0.5)
↑	Standing charges – strike related / Lydenburg rebuilds	(1.5)
	<b>TOTAL</b>	<b>(4.5)</b>

## 2014 – H1 to H2 comparison

	H2/H1 variance %		
Ferrochrome sales volumes	(15)	Tough market conditions in second half, lower net prices in China	
Chrome ore sales volumes	(35)		
Average European Benchmark Ferrochrome price	(3)		
Chrome ore prices	(3)		
Mathematical discount to benchmark	(6)		
Exchange rate	3		
<b>Revenue</b>	<b>(19)</b>		
Ferrochrome	(17)		
Chrome ore	(33)		
Strikes / Lydenburg major rebuilds	Standing charges	(122)	Scrapping of certain assets, Lion II depreciation
EBITDA	(61)		
Depreciation and impairment	(79)		
Net financing costs	(83)	Higher borrowings, provision for rehab, Lion II borrowing costs cease capitalisation	
<b>HEPS</b>	<b>(106)</b>		

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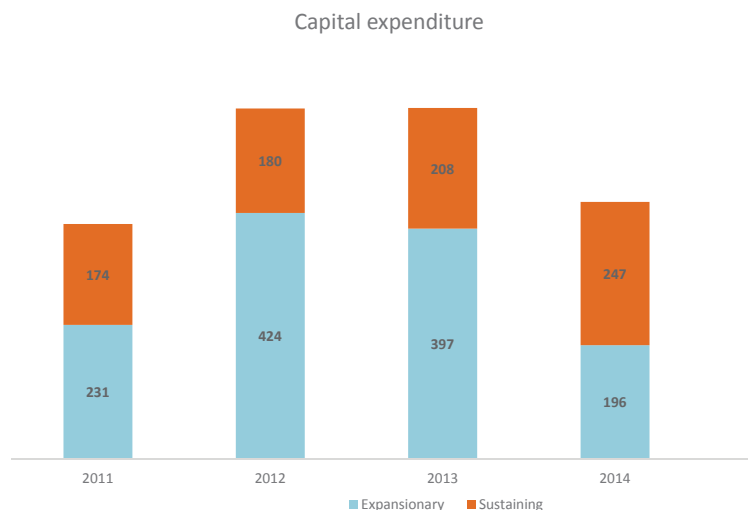
## Capital expenditure

**Project Lion II**

About R50m expected to be spent in 2015

**Sustaining Capex**

2014 increase due to furnace rebuilds at Lydenburg smelter



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## Balance sheet

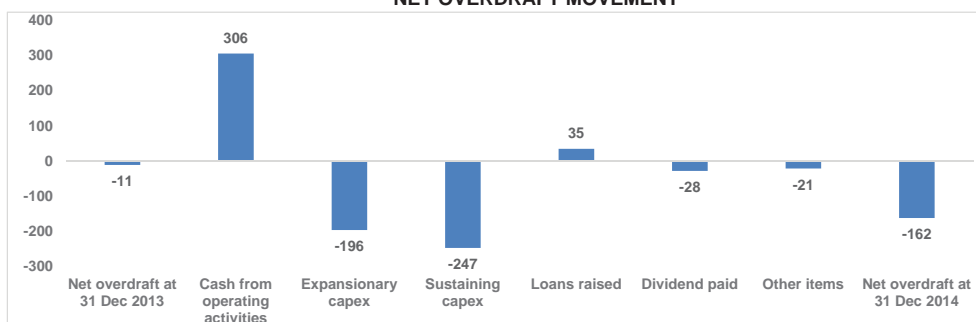
	As at 31 December 2014	As at 31 December 2013
	Audited R'000	Audited R'000
<b>Total non-current assets</b>	<b>3 252 680</b>	3 112 960
Property, plant and equipment	3 239 162	3 099 988
Deferred tax assets	13 518	12 972
<b>Total current assets</b>	<b>2 148 467</b>	1 903 622
Inventories	1 435 799	1 132 986
Trade and other receivables	652 642	677 649
Current tax asset	15 485	7 440
Cash and cash equivalents	44 541	85 547
<b>Total assets</b>	<b>5 401 147</b>	5 016 582

## Balance sheet (continued)

	As at 31 December 2014	As at 31 December 2013
	Audited R'000	Audited R'000
<b>Total non-current liabilities</b>	<b>1 366 153</b>	1 326 838
Loans and borrowings	549 909	576 311
Provision for close down and restoration costs	129 029	111 456
Deferred tax	687 215	639 071
<b>Total current liabilities</b>	<b>911 492</b>	763 907
Loans and borrowings	80 778	19 471
Trade and other payables	615 773	648 143
Bank overdraft	207 009	96 293
<b>Total liabilities</b>	<b>2 277 645</b>	2 090 745

## Debt and facilities

NET OVERDRAFT MOVEMENT



Utilised facilities at 31 December

	2014 R'm	2013 R'm
ABSA loan	617	581
Overdraft facilities*	207	96
Inventory facility*	189	194
<b>Total</b>	<b>1 013</b>	<b>871</b>

Headroom at 31 December

	2014 R'm	2013 R'm
ABSA loan	173	219
Overdraft facilities*	222	296
Inventory facility*	47	21
<b>Total</b>	<b>442</b>	<b>536</b>

\* USD facilities converted at the closing exchange rate of R11.5 (2013: R10.5)



## Outlook

- Venture has developed significant competitive advantages and is well positioned for the future
- Remain excited about our future in this industry
- No significant expansionary capital going forward
- Committed to returning cash to shareholders

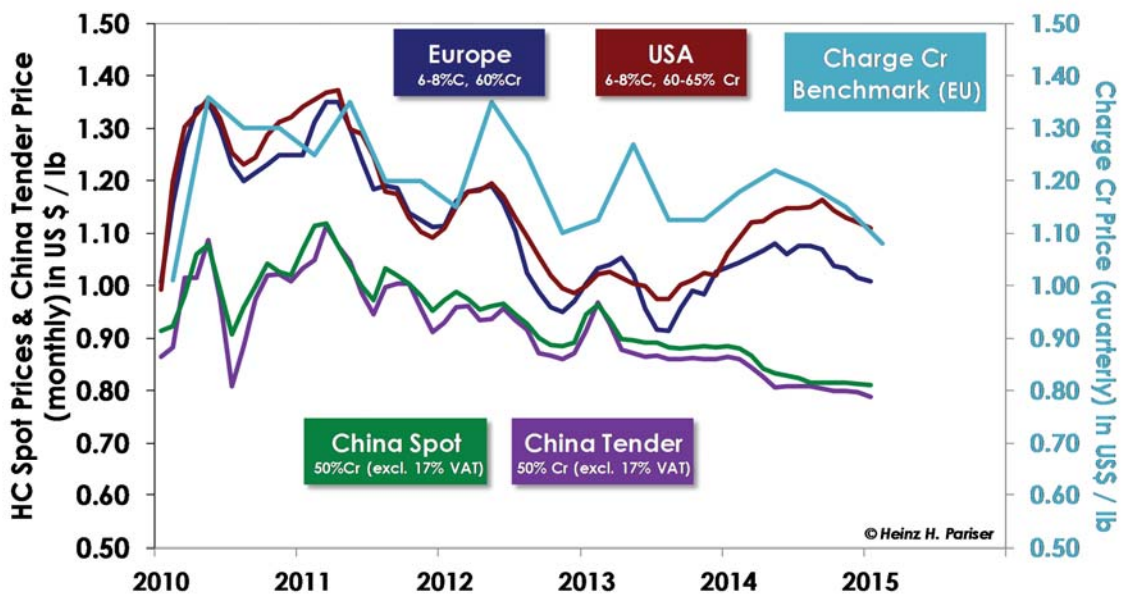
## Questions





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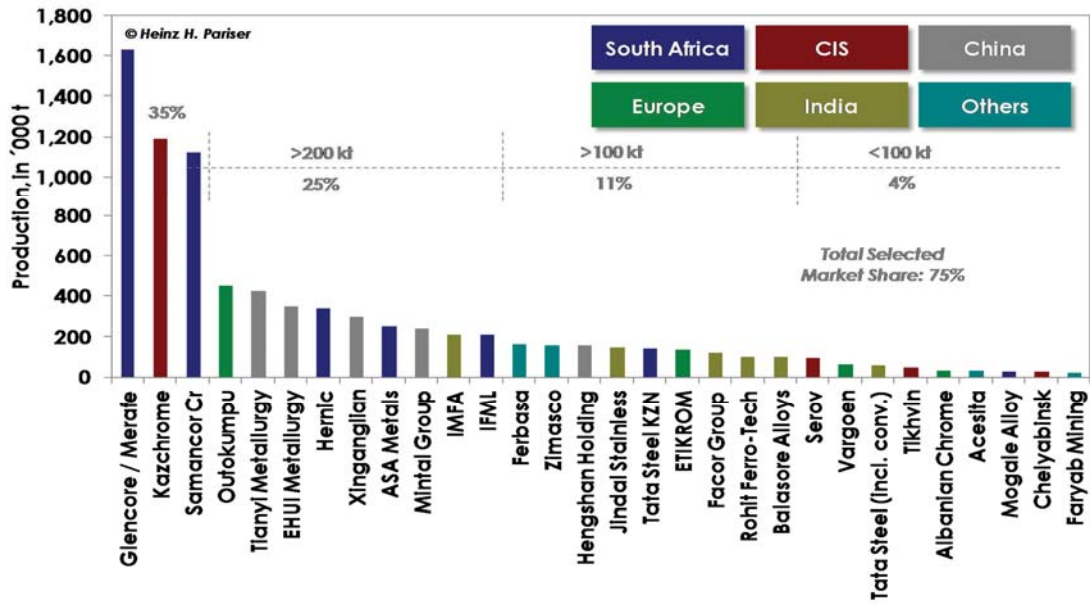
## Historic ferrochrome prices



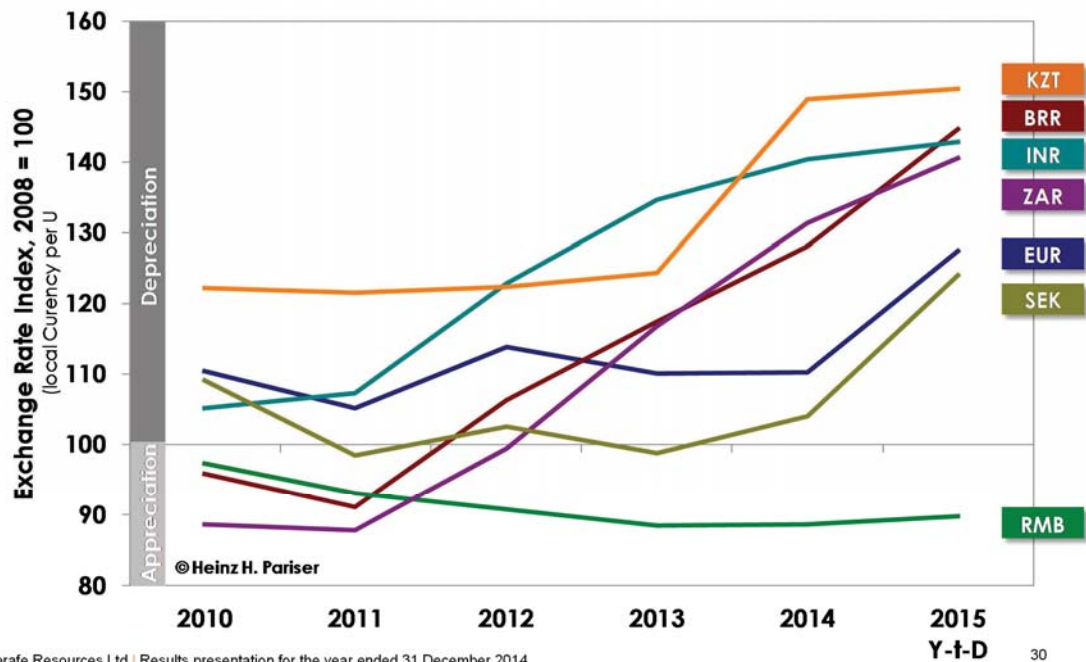
Source: China Ferroalloy Industry Association, Metal Bulletin, Heinz H. Pariser



## Ferrochrome Producer Ranking 2014



## Ferrochrome Currencies' Exchange Rate Fluctuation





## SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

Merafe Resources Limited (incorporated in the Republic of South Africa) Company Registration Number: 1987/003452/06  
Share code: MRF ISIN: ZAE000060000 (“Merafe” or “Company” or “Group”)

### KEY FEATURES

**5%**

increase in production to 334kt

**3%**

increase in revenue to R3.6bn

HEPS of

**8.4 cents**

TRIFR of **4.63**

Cash from operating activities of

**R306m**

**Project Lion II**

in production

Final Dividend of **R20m**

#### Preparation of this report

The following individuals were responsible for the preparation of this report:

**Kajal Bissessor CA (SA)**

Financial Director

**Zanele Matlala CA (SA)**

Chief Executive Officer

## COMMENTARY

### Basis of preparation

On 3 March 2015, the board of directors (the Board) of Merafe Resources Limited (the Company) approved the audited consolidated annual financial statements of the Merafe Group (Group) and the Company for the year ended 31 December 2014.

These summarised consolidated financial statements have been prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the requirements of the Companies Act 71 of 2008, as amended, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council and the presentation and disclosure requirements of IAS 34 Interim Financial Reporting.

The Board takes full responsibility for the preparation of the summary consolidated financial statements and the financial information has been correctly extracted from the underlying audited consolidated annual financial statements.

The accounting policies applied in the preparation of the audited consolidated annual financial statements from which the summarised consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous audited consolidated annual financial statements.

### New standards and amendments to published standards

In 2014 the Group did not early adopt any new, revised or amended accounting standards or interpretations. The accounting standards, amendments to issued accounting standards and interpretations which are relevant to the Group but not yet effective at 31 December 2014 are being evaluated for the impact on the Group.

### Review of results

The Group annual financial statements from which the summarised consolidated financial statements were derived have been audited by the Group's auditors, KPMG Inc. Their unqualified audit report is available for inspection at the Company's registered address.

Merafe's revenue and operating income is primarily generated from the Glencore-Merafe Chrome Venture (the Venture) which is one of the market leaders in ferrochrome production, with a total installed capacity of 2.3m tonnes of ferrochrome per annum. Merafe shares in 20.5% of the earnings before interest, taxation, depreciation and amortisation (EBITDA) from the Venture.

Merafe's share of revenue from the Venture increased by 3% from the prior year primarily as a result of the 13% weaker Rand/Dollar exchange rate. Merafe's share of ferrochrome sales volumes for 2014 of 316kt (2013: 314kt) was marginally higher than the prior year. The average European benchmark ferrochrome price increased from 116.1USc/lb in 2013 to 118.5USc/lb in 2014. Chrome ore revenue as a percentage of total revenue decreased from 14% in 2013 to 9% in 2014 primarily as a result of the reduced availability of UG2 arising from the platinum industry strike as well as the ramp-up of Project Lion II.

Merafe's share of EBITDA from the Venture for the 2014 year was R650.9m (2013: R587.1m) which was 11% higher than the comparative year. The EBITDA for 2014 includes a foreign exchange loss of R1.3m (2013: R21.3m) which reduced from the comparative year primarily as a result of the loss on the Venture's foreign exchange contract hedge that was included in the first half of 2013.

The EBITDA includes Merafe's attributable share of standing charges of R115.2m (2013: R63.9m) which increased from the prior year primarily as a result of the strikes in the platinum industry and the Venture's western mines as well as due to the rebuild of the furnaces at the Lydenburg plant. After accounting for corporate costs of R50.4m (2013: R19.7m) and a share-based payment expense of R11.2m (2013: R6.2m), Merafe's EBITDA was R589.3m (2013: R561.2m).

Corporate costs increased year-on-year primarily as a result of R12.7m of restructuring costs incurred in 2014 and a write-back of a R22.0m provision for VAT that was included in the prior year. The share-based payment expense increased from the prior year mainly as a result of an additional expense of R4.5m arising from retrenchments at the Merafe head-office.

Profit and total comprehensive income for the year was R214.1m (2013: R210.6m) after taking into account depreciation of R237.3m (2013: R179.0m), an impairment loss of nil (2013: R74.0m), net financing costs, post capitalisation of R51.3m (2013: R20.9m), current tax expense of R40.0m (2013: R18.7m), deferred tax expense of R47.6m (2013: R59.7m) and a R1.0m (2013: R1.7m) write-back arising from prior year's overprovision of current tax.

Depreciation increased year-on-year primarily as a result of the additional depreciation on Project Lion II as well as the accelerated depreciation arising from the scrapping of certain assets.

Net financing costs increased from the prior year as a result of increased interest rates, increased borrowings, reduction of borrowing costs capitalised as a result of the completion of Project Lion II and an additional amount of R8.6m (2013: R3.6m) relating to the unwinding of the discount on the rehabilitation provision. The unwinding of the discount on the rehabilitation provision was disclosed in the current year in finance costs and the comparative year was reclassified.

The cash tax rate increased from the prior year as a result of the full utilisation of capital expenditure in two of the three income tax ring-fences. The balance of unredeemed capital expenditure is estimated to be R488.8m at 31 December 2014 (2013: R552.9m).

Property, plant and equipment increased from the prior year as a result of capital expenditure of which R247.3m was sustaining and R195.9m was expansionary primarily spent on Project Lion II. Sustaining capital expenditure increased as a result of the premature failure of furnaces at the Lydenburg smelter. Borrowing costs of R9.0m (2013: R23.3m) were capitalised in 2014 and included in expansionary capital expenditure.

Merafe closed the year with a net overdraft balance of R162.5m at 31 December 2014. Cash in Merafe's books was R14.6m and Merafe's share of the overdraft balance in the Venture was R177.1m. At 31 December 2014, Merafe had total debt owing to Absa Capital of R616.9m and R173.0m unutilised Absa debt facilities.

Inventories increased from the prior year mainly as a result of the increase in finished goods and raw materials on hand, as well as higher production costs. Merafe's portion of ferrochrome stock as at 31 December 2014 was 115.8kt which is equivalent to approximately fourteen weeks of sales.

The interim dividend that was paid in 2014 amounted to R27.9m and a final dividend of R20.0m was declared by the board on 2 March 2015.

### Change in strategic focus and changes to Directorate

As per SENS announcement dated 12 August 2014, the Board resolved that in the short-to medium term, the focus of the Company should be on reducing debt and paying dividends. Diversification will therefore not be a key focus during this time. As a result of this, agreement was reached with Ditabe Chocho and Bruce McBride that they will leave the Company's employ. Ditabe Chocho left the Company on 31 December 2014 and Bruce McBride will leave the Company in March 2015. Kajal Bissessor succeeded Ditabe Chocho as executive Financial Director on 1 January 2015. The Company Secretary, Ami Mahendranath left the Company on 30 September 2014 and the Company's secretarial functions were outsourced to Corporate Statutory Services effective 1 October 2014. The number of non-executive directors has also been reduced to seven post year end. Steve Phiri and Meryl Mamathuba, non-executive directors of the Board, resigned effective 2 March 2015.

We were saddened by the loss of Mfanyana Salanje, a non-executive director of the Board, who passed away on 11 June 2014.

Brian Harvey CA (SA) was appointed as a non-executive director of the Board, effective 2 March 2015. He is currently Financial Director at Royal Bafokeng Holdings and has extensive experience in various roles, including being Financial Director of Lake International Technologies (Division of AECI) and Senior Operations Finance Manager for Atlatza Resources and Anglo American.

We take the opportunity to thank all the departing directors for their contribution to Merafe over the years. We welcome Brian Harvey and Kajal Bissessor to the Board and look forward to their contributions.



## Events after the reporting period

A new debt facility with Absa and Standard Bank was concluded in the post balance sheet period which replaced the previous R800m facility with Absa Bank. The new debt comprises a R500m term loan and R300m revolving credit facility. The term loan is an amortising facility with repayment in equal semi-annual instalments over five years. The revolving credit facility has an availability period of approximately three years, and will be used to fund general corporate requirements of the group. Interest will be payable at a blended interest rate of JIBAR plus 2.93%.

## Review of operations and projects

Merafe's attributable ferrochrome production from the Venture for the 2014 year was 5% higher than the prior year, with production levels averaging 84% of operating capacity. Higher ferrochrome production was due to the start-up of Project Lion II which was partially offset by additional maintenance on other furnaces operated by the Venture.

Cash production cost increases per tonne of ferrochrome of 9% in 2014 were well managed considering a number of cost drivers that included the start-up costs of Project Lion II, the impact of the exchange rate on imported coke and the use of chrome ore at export market prices to supplement own ore production. This was during the period when limited UG2 ore was available as a result of the industrial action at the platinum mines.

Wage negotiations at all Venture operations were settled without industrial action, with the exception of the western mines where workers embarked on a strike over a period of 47 days. These disputes were ultimately resolved and workers have since returned to work.

The country's electricity supply continued to be constrained in 2014, reaching crisis point in the latter half of the year with the implementation of load shedding and curtailment. The impact of the constrained electricity supply on our production volumes in 2014 was minimal as a result of our participation in Eskom's Demand Response Programme and rescheduling of maintenance. Electricity prices are expected to increase by 13% with effect from 1 April 2015, contributing to the increase in the Venture's production costs. In addition, the Minister of Finance announced an increase in the electricity levy of 2 cents taking it to 5.5 cents per kWh.

The ramp-up of Project Lion II is on track and is expected to reach full capacity by mid-2015. After settlement of all outstanding contractor time extension claims, the expenditure on the project is forecast to be 7% over the budget originally approved in 2011, a significant achievement by the Project team.

## Safety

Sadly, in addition to the fatality reported on in our interim results, Maseke Lawrance Mamogale was fatally injured in an accident at Helena Mine on 23 December 2014. Our condolences go out to his family, colleagues and friends.

The Venture's total recordable injury frequency rate (TRIFR) unfortunately increased from 3.84 in 2013 to 4.63 in 2014. Safety remains a key focus area and the Venture continues to make every effort to ensure the highest standards of safety are in place at all its operations.

## Mineral reserves, mineral resources and mining rights

During 2014, there were no material changes to the mineral reserves, mineral resources and mining rights of the Venture.

## Market review

Global stainless steel production in 2014 totalled 41.6m tonnes\*, a 7% increase when compared to the all-time record of 38.7m tonnes\* in 2013. Chinese production increased by 12%\* year-on-year, while higher production levels were also achieved in India and the USA.

Global ferrochrome demand continued to rise, reaching 11.3m tonnes\* for the year, up from the 10.2m tonnes\* in 2013. Chinese ferrochrome consumption increased by 11%\* year-on-year. Global ferrochrome production increased by 9%\* to 11.3m tonnes\*, from 2013. The majority of this increase came from China and South Africa, which expanded output by 10%\* and 13%\* respectively. It is estimated that China accounted for 52%\* and 36%\* of the world's stainless steel and ferrochrome production, respectively.

The European ferrochrome benchmark price was settled 6% lower at 108USc/lb for the first quarter of 2015, after averaging 118.5USc/lb for the full year 2014, the first quarter 2015 representing the lowest

settlement in five years. Despite the European benchmark price decrease, Chinese mills recently raised ferrochrome prices after cutting them monthly for almost a year, resulting in a narrowing of the regional price gap as European consumers seek parity with cheaper Chinese prices.

US ferrochrome imports were significantly up year-on-year. The rise in imports was largely due to a pick-up in real demand with the automotive sector particularly robust, and healthy demand also seen from the energy, aerospace and special alloy sectors. The restocking of raw materials post 2013 year-end balanced the cyclical slowdown seen in later months as producers and suppliers sought to reduce inventory.

Chinese chrome ore imports were 9.4m tonnes\* for the 2014 year, 22%\* lower compared to the previous corresponding period, as a result of reduced consumption and destocking on the back of the negative domestic ferrochrome outlook. We anticipate some restocking to occur during the first half of 2015.

Chinese chrome ore imports from South Africa were 5.7m tonnes\* for the 2014 year, 15%\* lower compared to the previous corresponding period. Increased South African ferrochrome production, in addition to the five-month long platinum strike during the first half of 2014, resulted in reduction in South African chrome ore exports in 2014.

## Outlook

Global stainless steel production is expected to grow in excess of 5%\* in 2015 and 2016. The demand for ferrochrome is expected to increase by 8%\* and 5%\* in 2015 and 2016 respectively. With the Venture's position as the lowest cost producer in South Africa, we remain in a healthy position to withstand difficult global market conditions. Our suite of energy efficient technology, further enhanced by the recent addition of Lion II, allows us to capitalise on projected growth in demand for ferrochrome. We remain excited about our future in this industry.

With our renewed strategic focus, we remain committed to paying dividends.

\* Source: Heinz Pariser/February 2015

## Declaration of ordinary dividend for the year ended 31 December 2014

The Board declared a final dividend of R20m on 2 March 2015. Notice is hereby given that a gross final ordinary dividend in the amount of 0.8 cent per ordinary share has been declared by the Board, payable to holders of ordinary shares. The dividend will be paid out of distributable reserves.

The ordinary dividend will be subject to a local dividend tax rate of 15%. There are no STC credits available to be utilised for the ordinary dividend. The net ordinary dividend to those shareholders who are not exempt from paying dividend tax is therefore 0.68 cent per ordinary share. The number of ordinary shares in issue at the date of the declaration was 2 505 353 877. Merafe Resources Limited's income tax reference number is 9550 008 602.

The important dates pertaining to the dividend are as follows:

2015	
Declaration date:	Monday, 2 March
Last day for ordinary shares respectively to trade cum ordinary dividend:	Friday, 20 March
Ordinary shares commence trading ex-ordinary dividend:	Monday, 23 March
Record date:	Friday, 27 March
Payment date:	Monday, 30 March

Share certificates may not be dematerialised/rematerialised between Monday, 23 March 2015 and Friday 27 March 2015, both days inclusive. Where applicable, in terms of instructions received by the company from certificated shareholders, the payment of the dividend will be made electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, cheques will be posted to shareholders. Shareholders who have dematerialised their shares will have their accounts with their CSDP or broker credited on Monday, 30 March 2015.

Chris Molefe  
Non-executive Chairman  
Sandton  
3 March 2015

Zanele Matlala  
Chief Executive Officer

## Summarised consolidated statement of comprehensive income

for the year ended 31 December

	31 December 2014 Audited R'000	31 December 2013 Audited R'000
<b>Revenue</b>	3 609 066	3 496 983
EBITDA	589 265	561 271
Depreciation and impairment	(237 335)	(252 990)
Net financing costs <sup>a</sup>	(51 295)	(20 902)
Profit before taxation	300 635	287 379
Taxation	(86 538)	(76 763)
Current tax	(39 984)	(18 688)
Deferred tax	(47 597)	(59 740)
Prior years over-provision	1 043	1 665
Profit and total comprehensive income for the year	214 097	210 616
Basic earnings per share (cents)	8.6	8.4
Diluted earnings per share (cents)	8.5	8.4
Headline earnings per share (cents) <sup>#</sup>	8.4	10.8
Diluted headline earnings per share (cents) <sup>#</sup>	8.3	10.8
Ordinary shares in issue	2 505 353 877	2 494 171 394
Weighted average number of shares for the year	2 496 949 439	2 493 679 476
Diluted weighted average number of shares for the year	2 515 772 683	2 504 389 482
<b># Headline earnings reconciliation</b>		
Profit and total comprehensive income for the year	209 553	269 430
Impairments <sup>*</sup>	–	58 842
Profit on sale of asset <sup>**</sup>	(4 544)	(28)

<sup>\*</sup> Net of taxation of NIL (2013: R15m)

<sup>\*\*</sup> Net of taxation of R1.8m (2013: R11k)

<sup>a</sup> Includes R8.5 million (2013: R3.6 million) unwinding of the discount on the rehabilitation provision. The 2013 numbers were reclassified

## Summarised consolidated statement of financial position

as at 31 December

	31 December 2014 Audited R'000	31 December 2013 Audited R'000
<b>ASSETS</b>		
Property, plant and equipment	3 239 162	3 099 988
Deferred tax assets <sup>b</sup>	13 518	12 972
<b>Total non-current assets</b>	3 252 680	3 112 960
Inventories	1 435 799	1 132 986
Current tax assets	15 485	7 440
Trade and other receivables	652 642	677 649
Cash and cash equivalents	44 541	85 547
<b>Total current assets</b>	2 148 467	1 903 622
<b>Total assets</b>	5 401 147	5 016 582
<b>EQUITY</b>		
Share capital	25 053	24 942
Share premium	1 269 578	1 262 899
Equity-settled share-based payment reserve	24 651	39 011
Retained earnings	1 804 220	1 598 985
<b>Total equity attributable to equity holders</b>	3 123 502	2 925 837
<b>LIABILITIES</b>		
Loans and borrowings	549 909	576 311
Provision for close down and restoration costs	129 029	111 456
Deferred tax liabilities	687 215	639 071
<b>Total non-current liabilities</b>	1 366 153	1 326 838
Loans and borrowings	80 778	19 471
Trade and other payables <sup>c</sup>	615 773	648 143
Provision for closure and restoration costs	7 932	–
Bank overdraft	207 009	96 293
<b>Total current liabilities</b>	911 492	763 907
<b>Total liabilities</b>	2 277 645	2 090 745
<b>Total equity and liabilities</b>	5 401 147	5 016 582

<sup>b</sup> Disclosed in the prior year in deferred tax liabilities. The 2013 numbers were reclassified.

<sup>c</sup> Includes R189m (2013: R194m) short-term stock warehousing facility

## Statement of changes in equity

for the year ended 31 December

	31 December 2014 Audited R'000	31 December 2013 Audited R'000
<b>Issued share capital – ordinary shares</b>	25 053	24 942
Balance at beginning of year	24 942	24 932
Share options exercised	111	10
<b>Share premium – ordinary shares</b>	1 269 578	1 262 899
Balance at beginning of year	1 262 899	1 262 481
Share premium arising from share options exercised	6 679	418
<b>Equity-settled share-based payment reserve</b>	24 651	39 011
Balance at beginning of year	39 011	33 847
Shares vested during the year	(6 471)	–
Transfer to retained earnings	(19 090)	–
Share-based payment	11 201	5 164
<b>Retained earnings</b>	1 804 220	1 598 985
Balance at beginning of year	1 598 985	1 388 369
Profit and total comprehensive income for the year	214 097	210 616
Dividend paid	(27 952)	–
Transfer from share based payment reserve	19 090	–
<b>Total equity at end of year</b>	<b>3 123 502</b>	<b>2 925 837</b>

## Summarised consolidated statement of cash flow

for the year ended 31 December

	31 December 2014 Audited R'000	31 December 2013 Audited R'000
<b>Profit before taxation</b>	300 635	287 379
Interest paid	52 372	19 942
Interest received	(1 077)	(2 661)
Depreciation and impairment	237 335	252 990
Adjusted for non-cash items	4 890	6 124
Adjusted for working capital changes	(198 237)	(61 699)
<b>Cash flows from operations</b>	395 918	502 075
Interest paid	(43 915)	(19 942)
Interest received	1 047	2 512
Tax (paid) refunded	(46 985)	1 961
<b>Cash flows from operating activities</b>	306 065	486 606
<b>Cash flows from investing activities</b>	(437 001)	(605 178)
Proceeds on disposal of property, plant and equipment	6 311	113
Acquisition of property, plant and equipment – sustaining	(247 359)	(208 147)
Acquisition of property, plant and equipment – expansionary	(195 953)	(397 144)
<b>Cash flows from financing activities</b>	7 272	70 568
Share grants vested	(6 471)	(999)
Proceeds from issue of shares	6 790	428
Dividend paid	(27 952)	–
Loans raised during the year	34 905	71 139
Net decrease in cash and cash equivalents	(123 664)	(48 004)
Cash and cash equivalents at the beginning of the year	(10 746)	82 643
Effect of exchange rate fluctuations on cash held	(28 058)	(45 385)
<b>Cash and cash equivalents at the end of the year</b>	<b>(162 468)</b>	<b>(10 746)</b>

**Sponsor: Merrill Lynch South Africa Proprietary Limited**

*Executive Directors:* Z Matlala (Chief Executive Officer), K Bissessor (Financial Director),

*Non-executive Directors:* CK Molefe (Chairman)\*, NB Majova\*, A Mngomezulu\*,  
K Nondumo\*, B Harvey, M Mosweu, Z van der Walt\*

*Company Secretary:* Corporate Statutory Services

*Registered office:* First Floor, Block B, Sandton Place,  
68 Wierda Road East, Wierda Valley, Sandton, 2196

*Transfer secretaries:* Link Market Services South Africa Proprietary Limited

\* Independent

*Financial Director:* Kajal Bissessor

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