

INVESTED

IN LONG-TERM SUSTAINABLE

PARTNERSHIPS

MERAPE RESOURCES LIMITED
Merrill Lynch 14th Annual Sun City Conference
March 2013
Presented by Zanele Matlala (CEO)



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Agenda

1. Corporate and Operational Overview

2. Key Drivers

3. Challenges

4. Outlook

Annexures



Corporate and Operational Overview

The Tswelopele pelletising and
sintering plant

North West province

Experienced Management Team focused on delivering returns



Zanele Matlala CA(SA) – Chief Executive Officer

- Appointed CFO in October 2010 having been on the Merafe Board as a non-executive director since 2005. Appointed CEO in June 2012
- Extensive financial experience at Industrial Development Corporation and formerly CFO of Kagiso Investments and Development Bank of Southern Africa



Ditabe Chocho CA(SA) – Chief Financial Officer

- Appointed CFO on 2 January 2013
- Extensive experience in financial and investment management gained during his tenure at various companies including ZICO Capital, Alease Gold and Uranium Limited and Transnet



Bruce McBride – Commercial Director

- Joined Merafe in 2001 as Commercial Director
- Formerly a Senior Partner at law firm Bell, Dewar and Hall where he specialised in commercial litigation, banking and mining law



Dr Jurg Zaayman – General Manager, Merafe Chrome

- Joined Merafe in 2001 as Operations Manager and became General Manager of the Boshhoek plant
- In 2004 seconded to the Xstrata-Merafe Chrome Venture and was the project leader for the Bokamoso pelletising plant before being appointed to his current position in 2007



Kajal Bisessor CA(SA) – Finance and IR Manager

- Joined Merafe as Financial Controller in March 2009 and was appointed to current position in June 2010
- Formerly worked at KPMG as Audit Manager

Largest Ferrochrome Producer in the World



MERAFE
RESOURCES

20.5% of EBITDA



xstrata
alloys

79.5% of EBITDA

Investor Profile

Ticker: MRF

*Market Cap** : R2bn

*Share price** : 78 cents

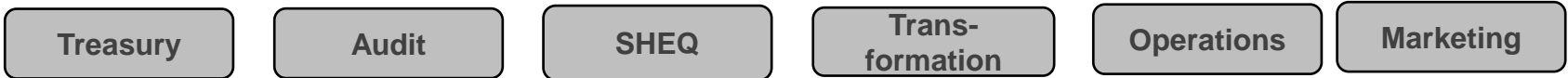
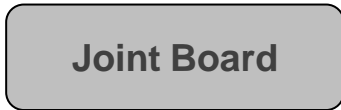
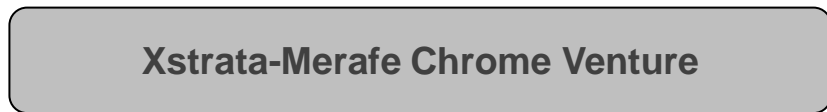
52 week high : 95 cents

52 week low : 64 cents

** As at 11 March 2013*

**Xstrata-Merafe Venture
Formed 1 July 2004**

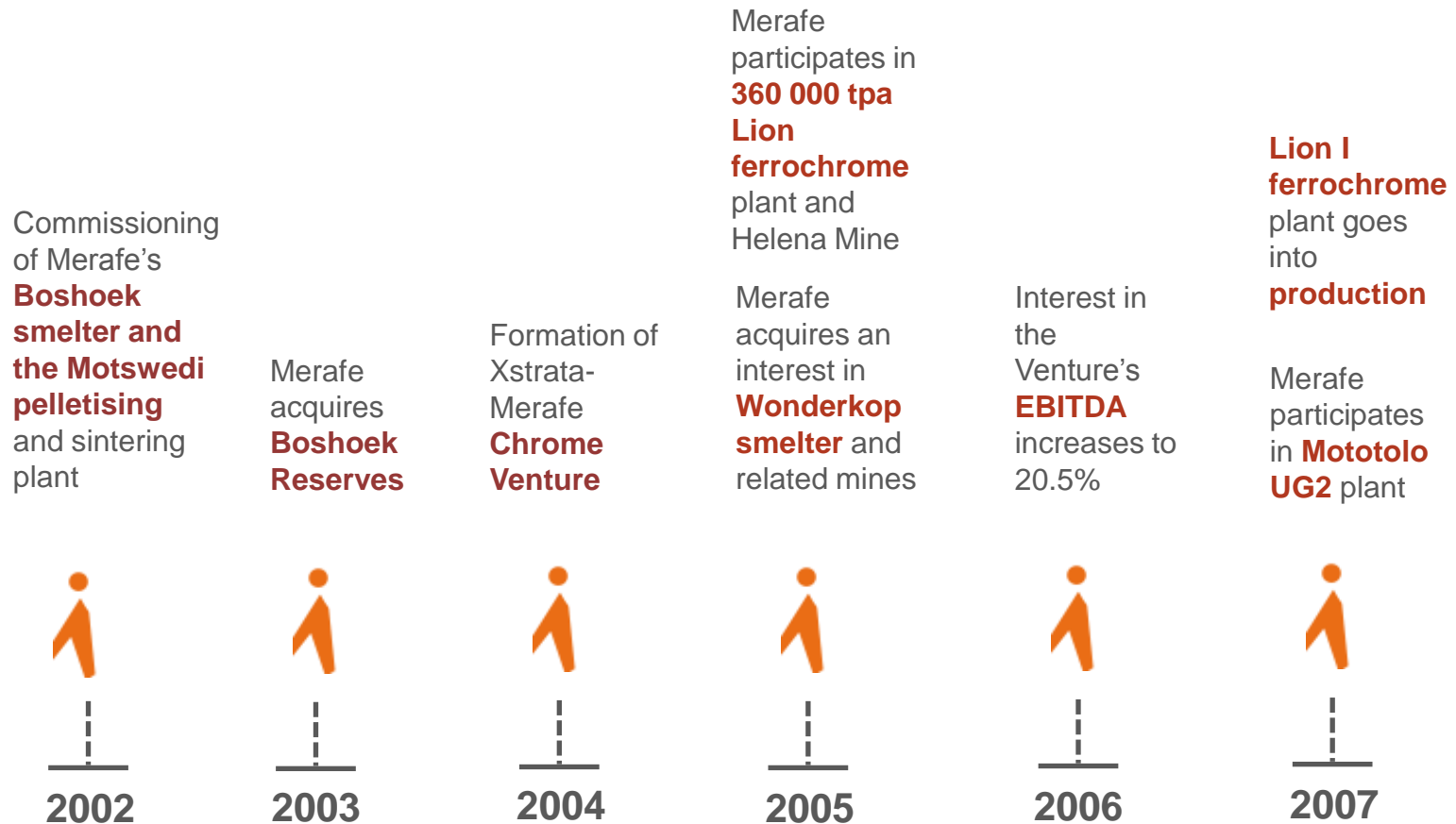
On 1 July 2004 Merafe pooled assets with Xstrata to form the Xstrata-Merafe Chrome Venture



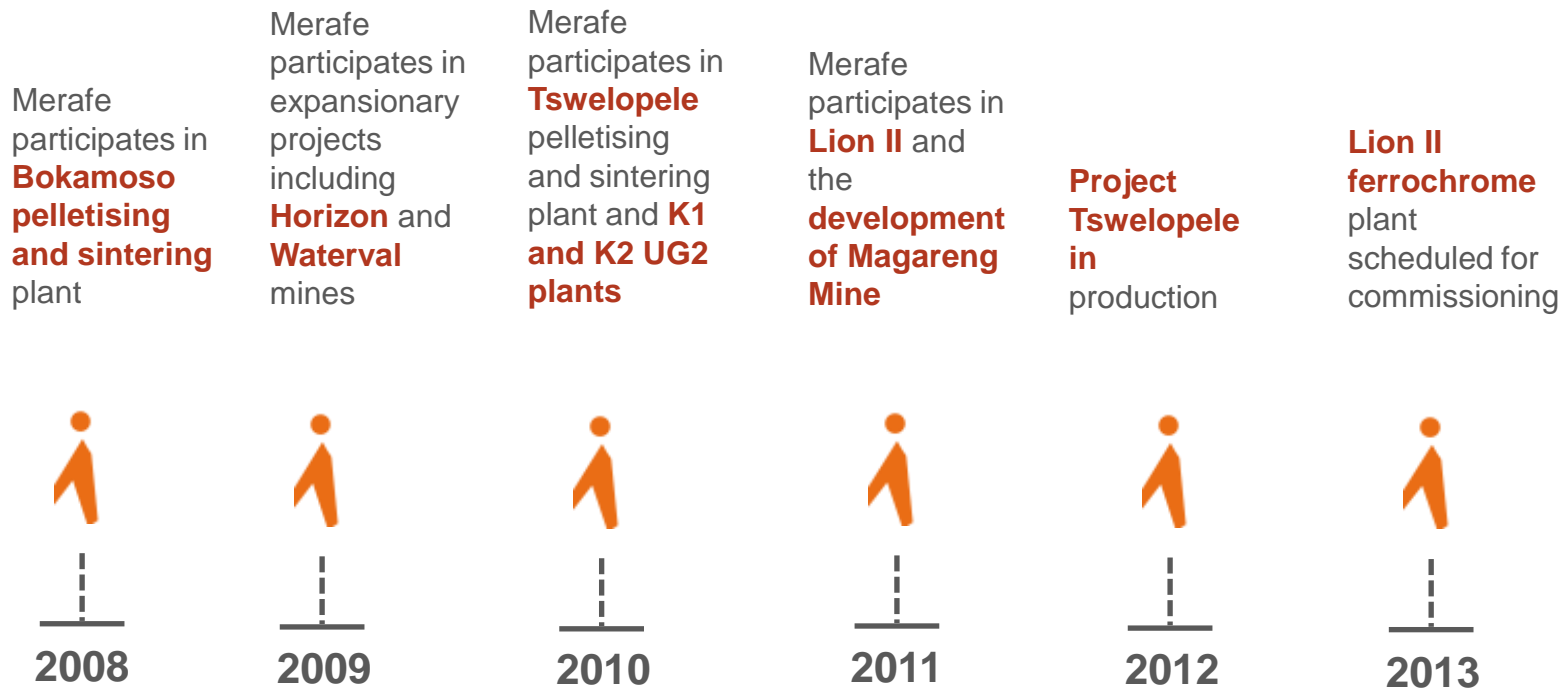
Merafe is represented at all levels of the Xstrata Merafe Chrome Venture



Our growth in ferrochrome since 2002



Our growth in ferrochrome since 2002



Project Lion Phase II - 360,000 tonnes of ferrochrome capacity

Project Rationale:

- Positioning the Venture to be one of the first movers in the ferrochrome industry, underpinned by favourable supply-demand fundamentals
- Expected to reduce the total costs of the Venture's ferrochrome production by 6%

Cost

- Total cost of R4,9bn (R4,2bn smelter & R700m mine) of which 50% was spent up until 31 Dec 2012
- Merafe's 20.5% portion at cost is R1bn

Valuation

- IRR in excess of 20%

Commissioning

- Expected to be commissioned in the second half of 2013

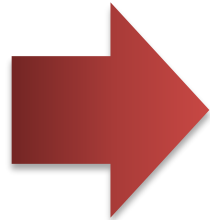
Financing

- Combination of existing / future cash flows and debt

Sustainability

- Investment in community upliftment, job creation - is expected to result in 1 000 permanent jobs and 1 800 jobs in the construction phase
- Investment in housing development in one of the poorest regions in SA
- Environmental - 30% less solid waste (slag and slimes)

What sets us apart from the competition



Lower quartile of the ferrochrome cost curve with the gap widening

Energy efficient technology reducing impact of high electricity costs in SA

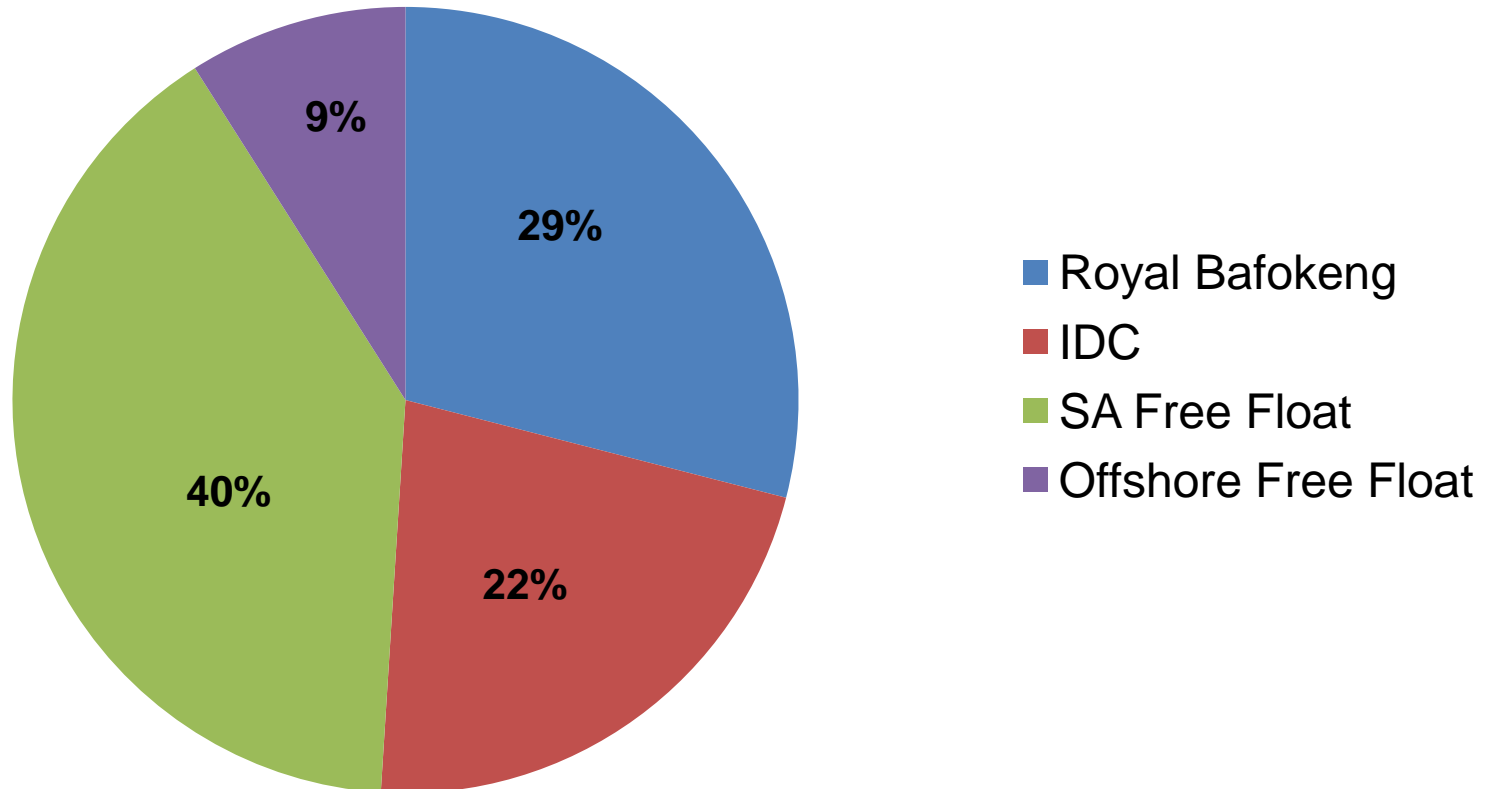
Secure long-term supply of ore reserves

Strong Balance Sheet and proven track record

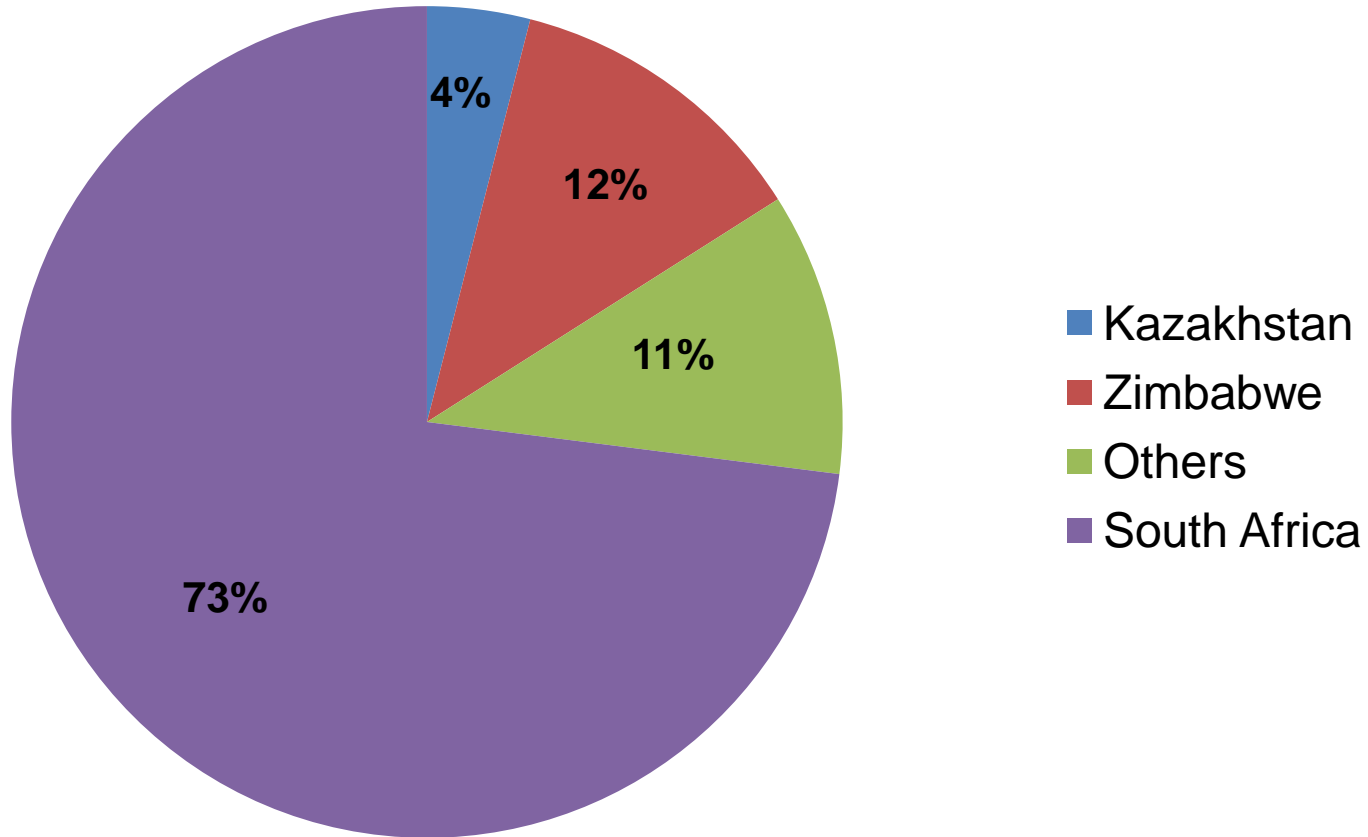
Organic growth in ferrochrome – Lion II



Shareholder Base



Global Chrome Reserves favour South Africa



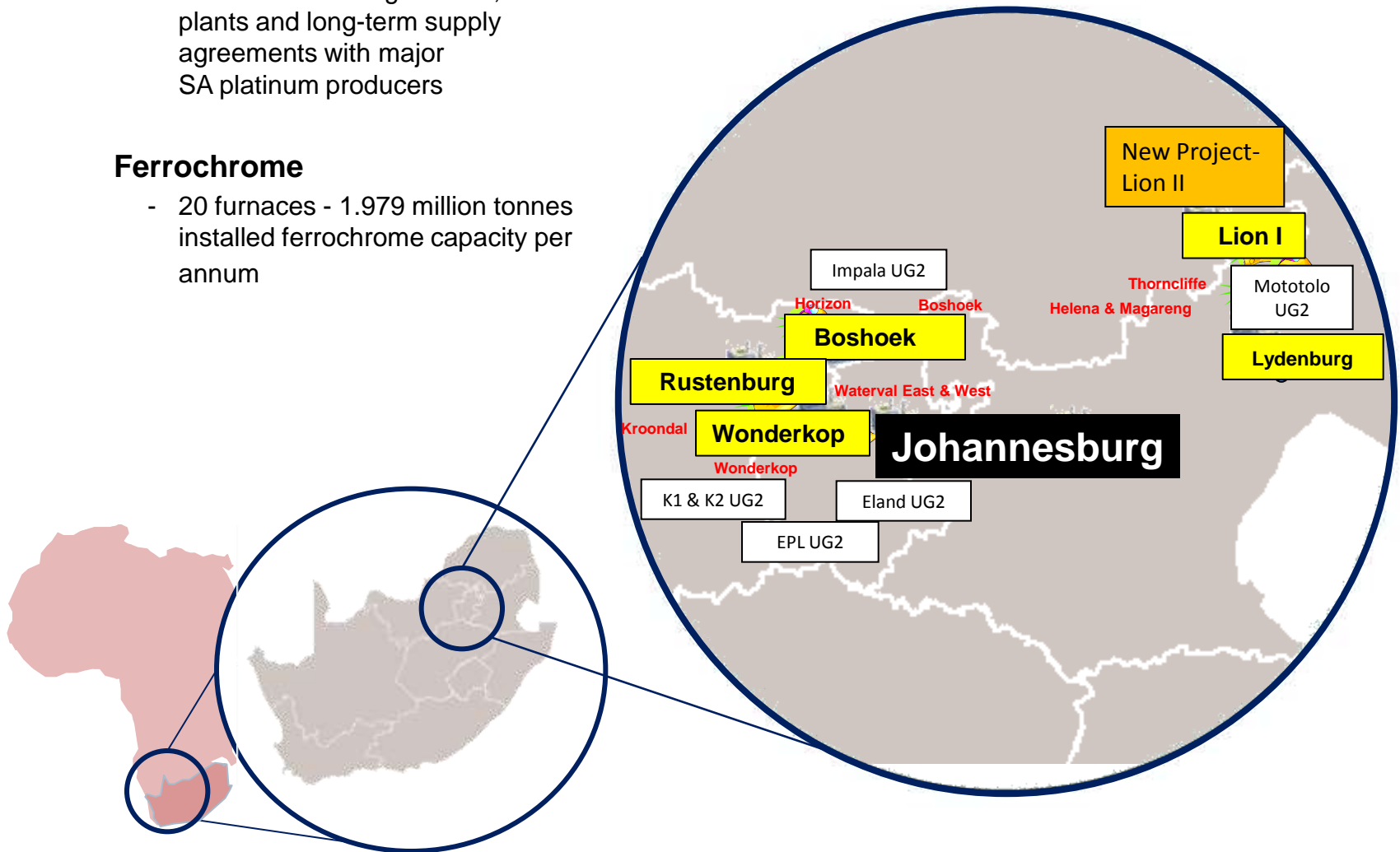
Geographical Distribution Provides Competitive Advantage

Chrome ore

- 9 mines, chrome mineral resources in excess of 450 Megatonnes, 6 UG2 plants and long-term supply agreements with major SA platinum producers

Ferrochrome

- 20 furnaces - 1.979 million tonnes installed ferrochrome capacity per annum



Key Drivers



Production Engineer,
Charlotte Ntsole, at work
on the new Tswelopele
pelletising and sintering plant

North West province

Key Drivers

Market

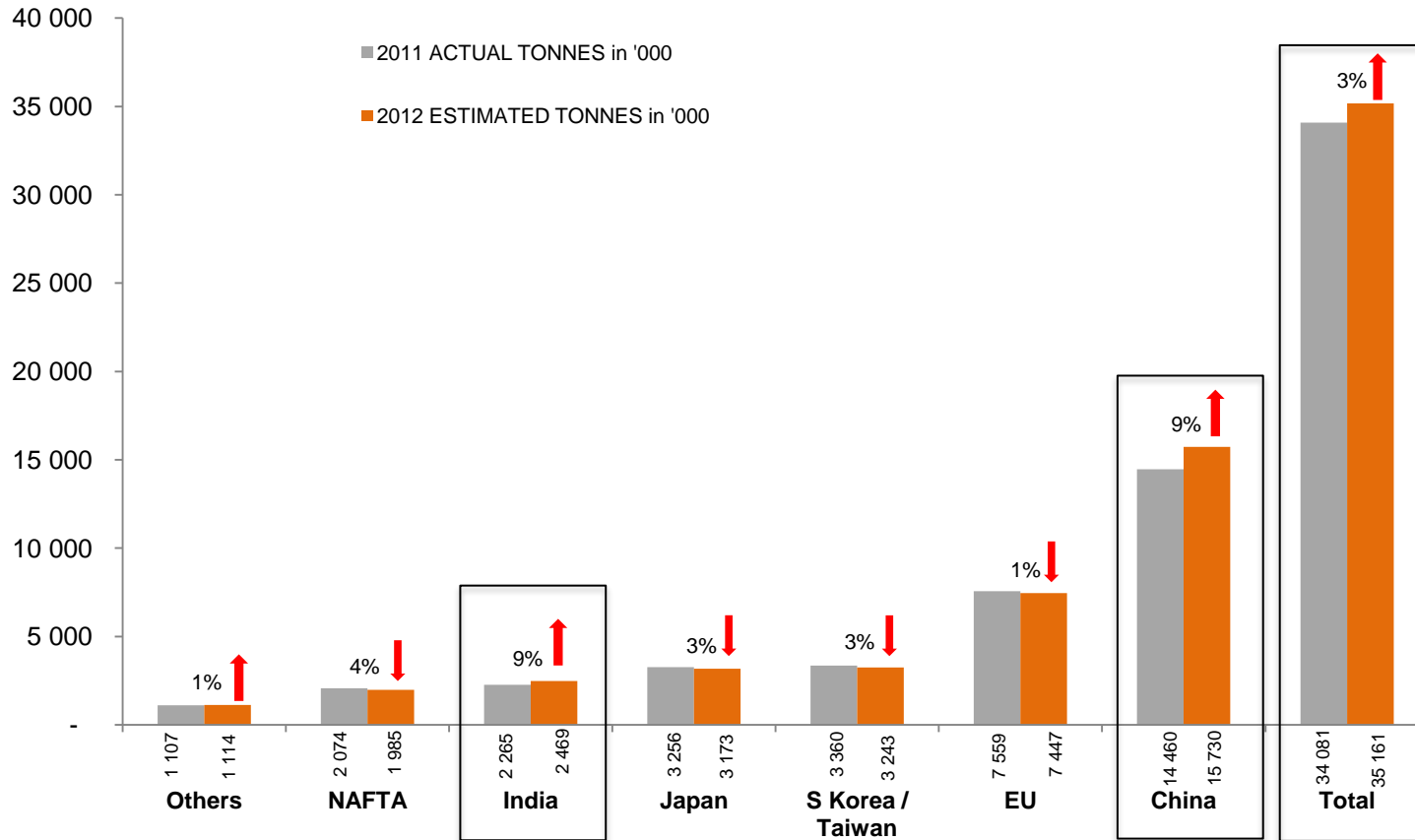
- Stainless steel production
- Ferrochrome demand
- Ferrochrome supply

Costs

- Labour
- Electricity

Pricing and foreign exchange

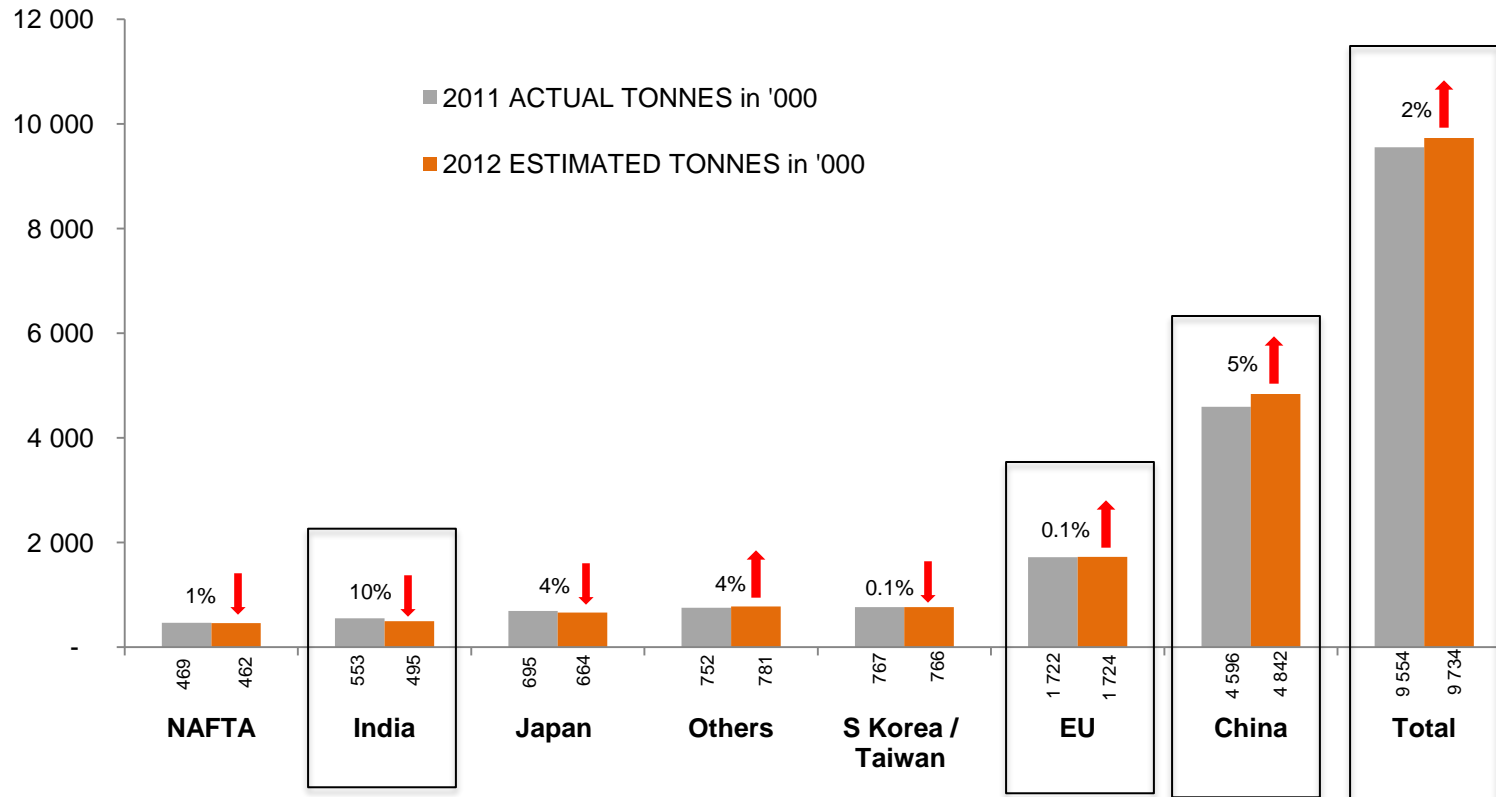
Global stainless steel production



& 3% increase in stainless steel production

Heinz H. Pariser /Feb 2013

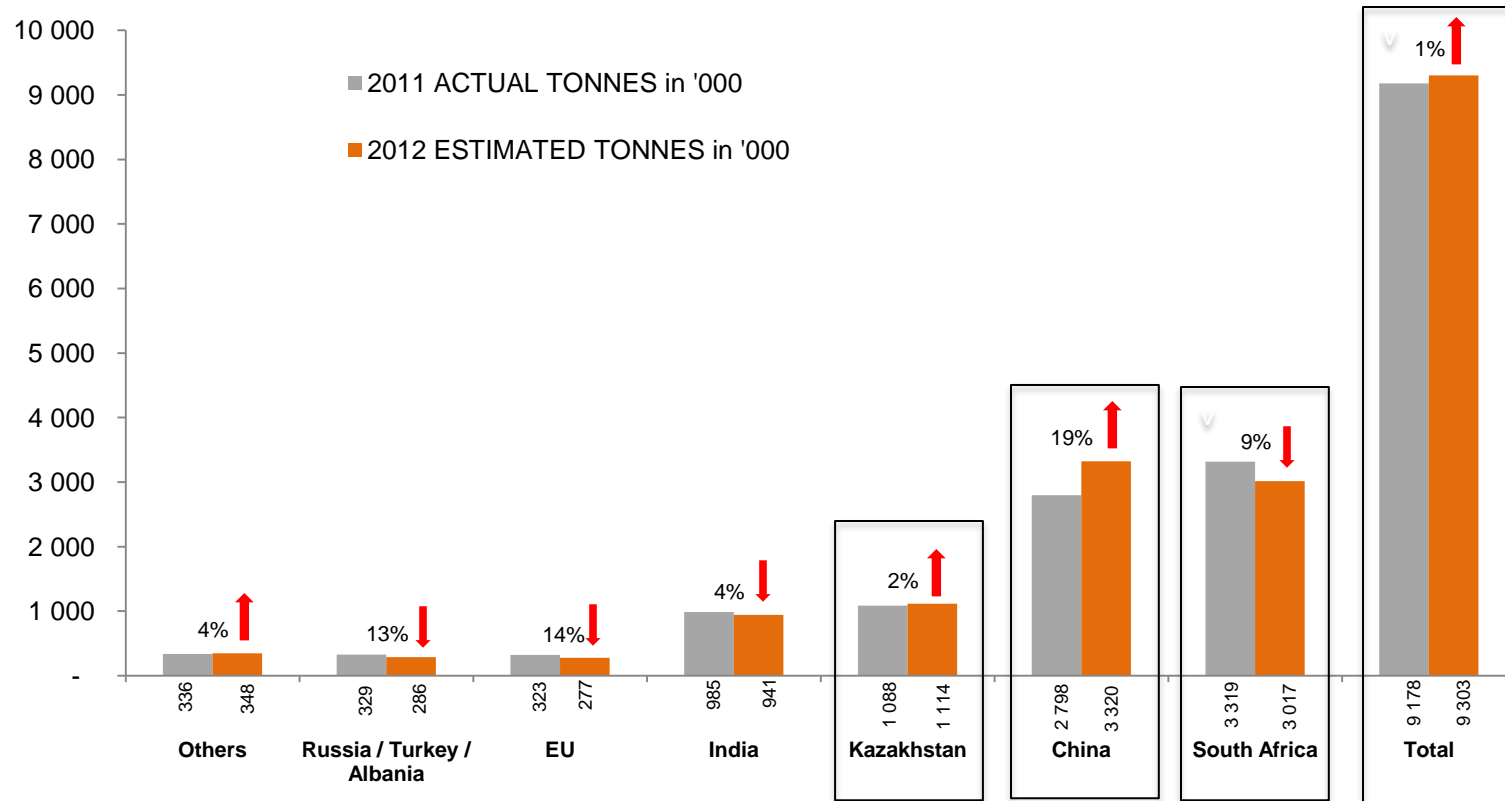
Global ferrochrome demand



Heinz H. Pariser /Feb 2013

& **2%** increase in
Ferrochrome demand

Global ferrochrome production



& Marginal increase
 In ferrochrome production

Heinz H. Pariser /Feb 2013

Challenges

A large industrial ferrochrome plant at dusk, with its lights reflecting in a nearby pond. The plant is a complex of multi-story buildings, pipes, and structural steel, illuminated by warm orange lights. In the foreground, a dark, still pond reflects the lights and the structure of the plant. The sky is a deep blue, and mountains are visible in the background.

The Lion ferrochrome plant at
Steelpoort

Limpopo province

Challenges

Chrome ore exports

Rising costs

- Electricity
- Labour

Chrome ore imports into China remain significant

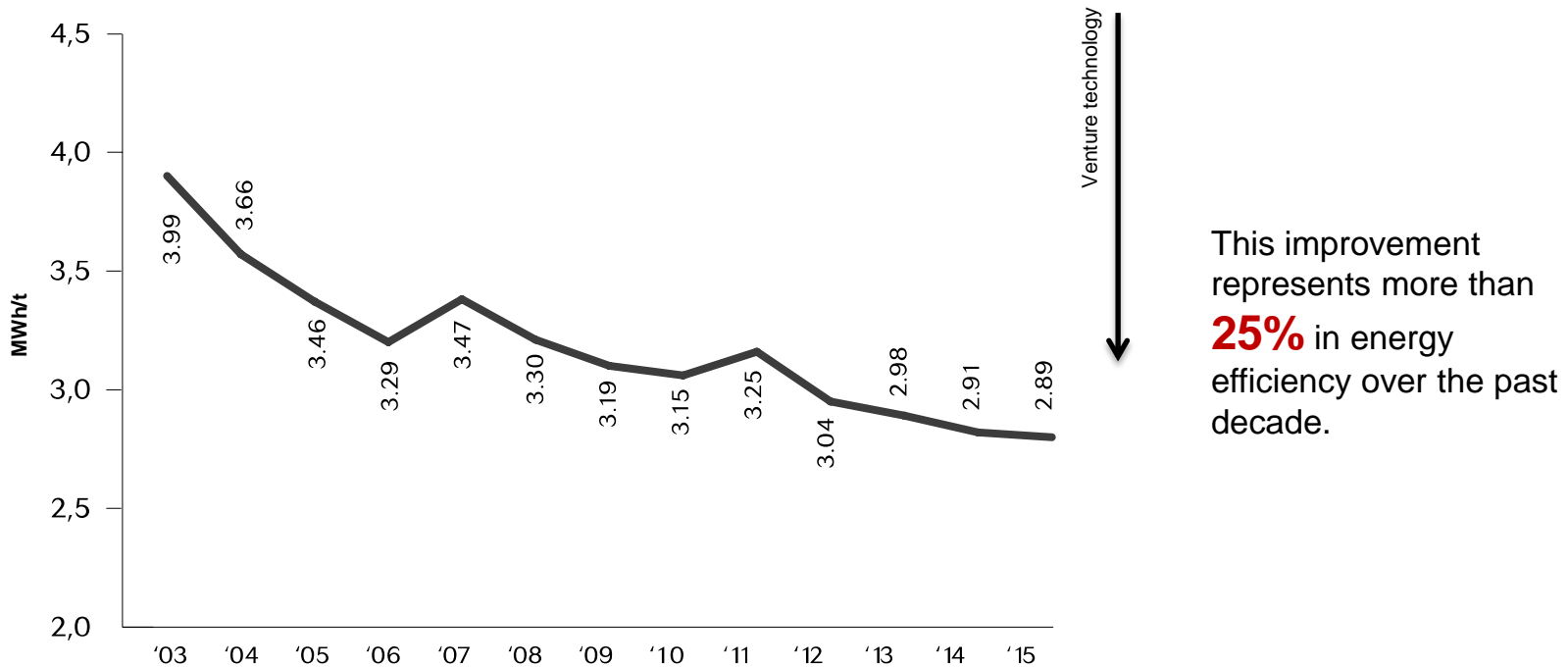
	2012 '000	2011 '000	2010 '000	% change 2012/2011
South Africa	4 490	4 675	3 100	(4.0)
Turkey	1 840	1 612	1 933	14.1
Oman	426	645	902	(34.0)
India	310	439	389	(29.4)
Pakistan	472	440	512	7.3
Albania	305	357	363	(14.6)
Iran	448	330	350	35.8
Zimbabwe	1	212	160	(99.5)
Madagascar	118	86	115	37.2
Australia	501	208	201	140.9
Phillipines	180	137	150	31.4
Brazil	29	60	77	(51.7)
Kazakhstan	89	94	243	(5.3)
Others	91	149	172	(38.9)
Total	9 300	9 444	8 667	(1.5)

Heinz H. Pariser, Alloy Metals and Steel Market Research

What are we doing about this? – discussions with DMR are continuing

The Venture invested in energy efficient technologies to counter the rising costs of electricity

Average energy efficiency improvements the Venture has achieved and expects to achieve



Outlook



The Lion ferrochrome plant at
Steelpoort

Limpopo province

Positive long-term outlook

25

- Projected 5% CAGR in stainless global steel industry fuels ongoing demand for ferrochrome
- Long-term demand fundamentals remain strong as China continues to expand
- The Xstrata-Merafe Venture will retain advantage as lowest cost SA producer
 - outstanding historical cost performances of furnaces
 - continuous electrical energy improvements that clearly set us apart from the rest
- Strong Balance Sheet enables the Company to take advantage of global economic recovery
- Diversification opportunities will be explored post Lion II commissioning

Questions



Annexures



Lion II ferrochrome plant under construction

Limpopo province

Abridged Audited Group Annual Financial Statements for 2012