



MERAFE
RESOURCES

ANNUAL RESULTS PRESENTATION

for the year ended
31 December 2021



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AGENDA



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KEY FEATURES



GLOBAL ECONOMIC RECOVERY LED TO IMPROVED PERFORMANCE



HEALTH AND SAFETY

- No fatalities
- TRIFR decreased by 29.9% (from December 2020)
- COVID-19:
 - 80% of the workforce vaccinated (either partially or fully)
 - COVID-19 protocols continue to be observed

OPERATIONAL

- Increased ferrochrome and chrome ore production
- Record smelting production achieved
- Electricity cost pressures
- Logistics challenges

MARKET

- Recovery in global economy
- Increase in stainless steel production
- Uplift in ferrochrome and chrome ore demand
- Prices improve

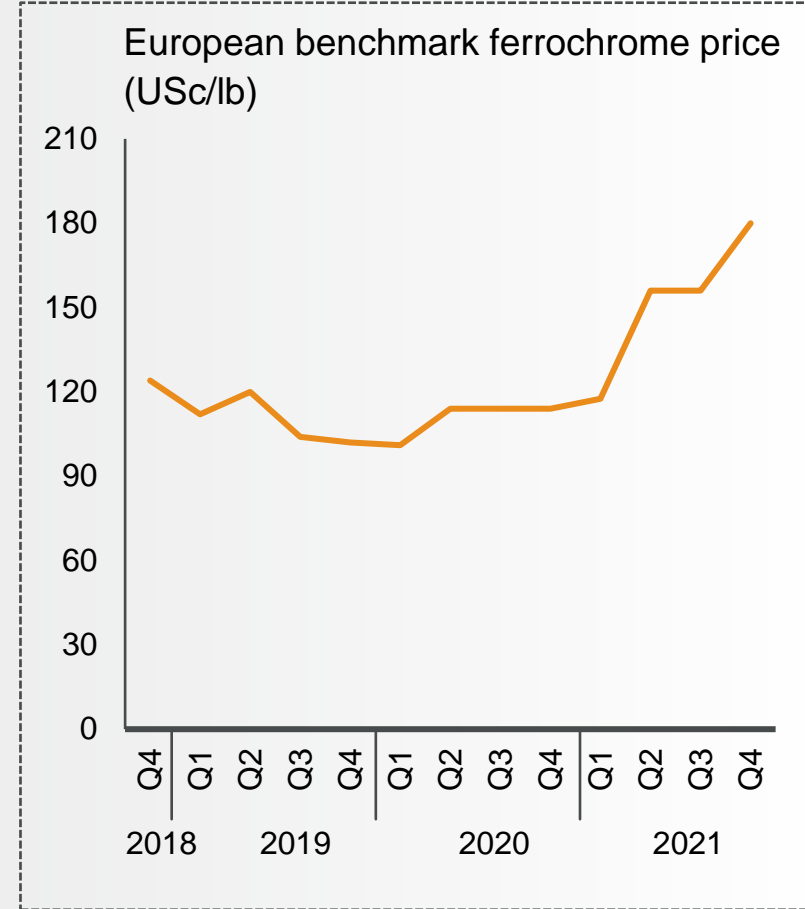
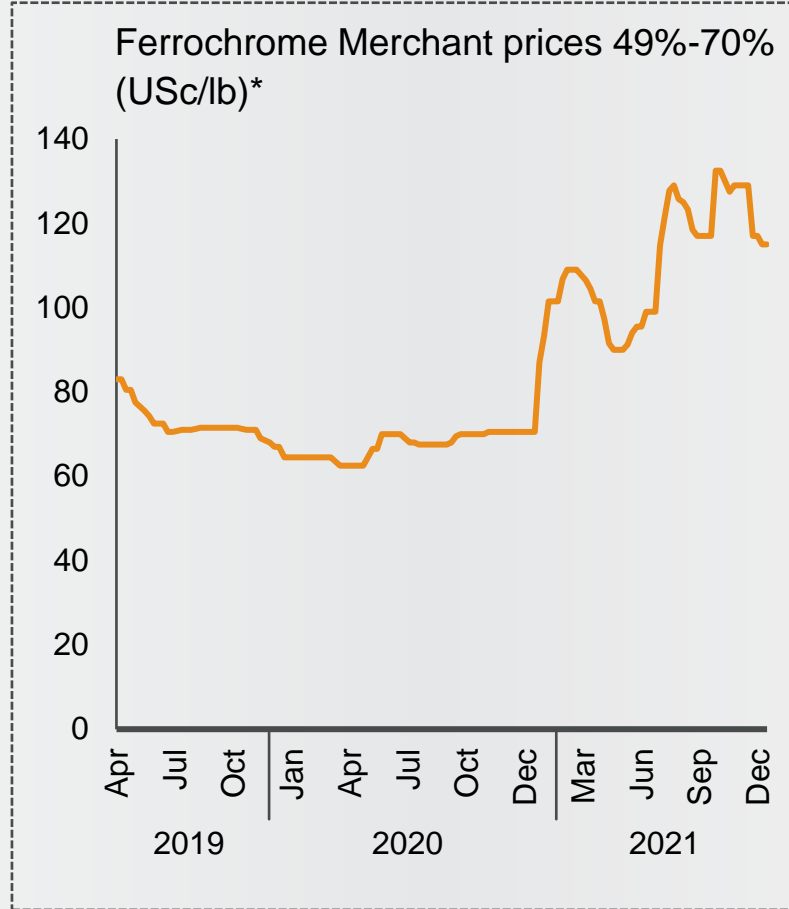
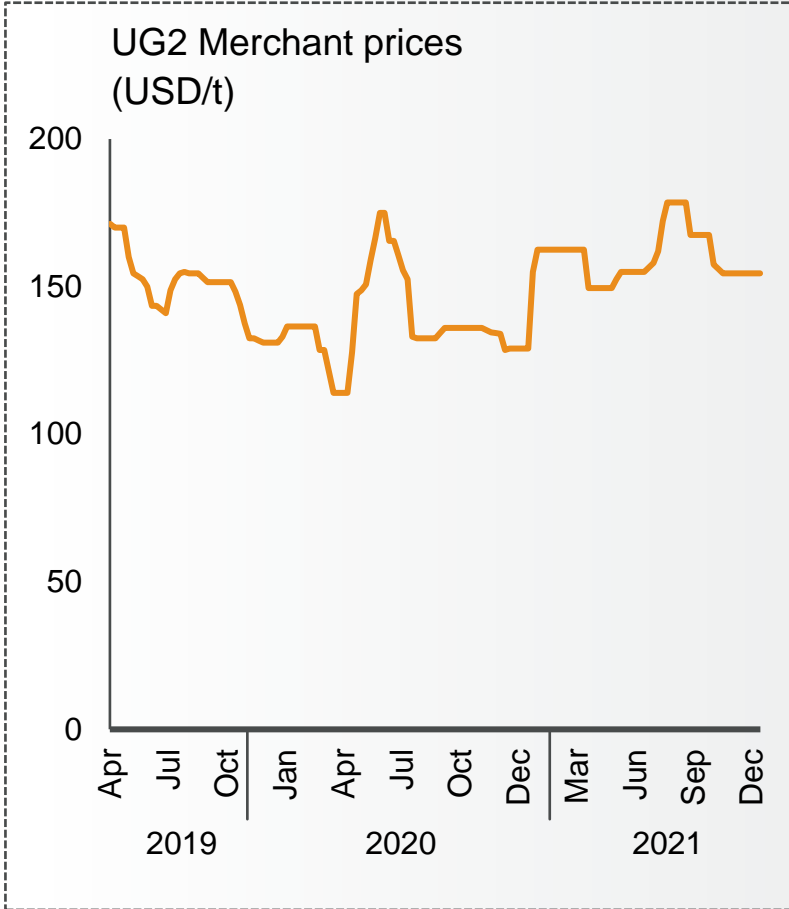
FINANCIAL

- Revenue up by 69% period on period
- Headline earnings per share of 67.0 cents
- Final ordinary cash dividend of 22 cents per share declared

MARKET REVIEW



2021 – A YEAR OF RECOVERY

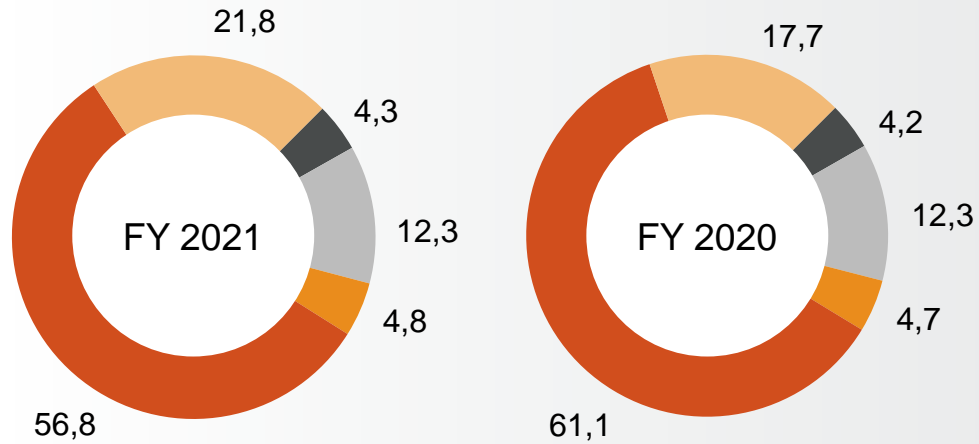


* - Series replaced by 48% - 63% from mid May 2021

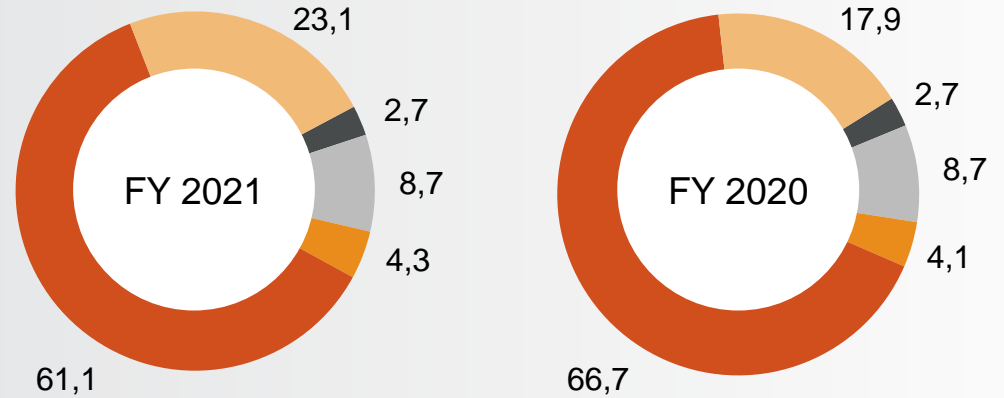
Source: CRU

IT'S ALL ABOUT CHINA

Global stainless steel production (%)



Global ferrochrome demand (%)



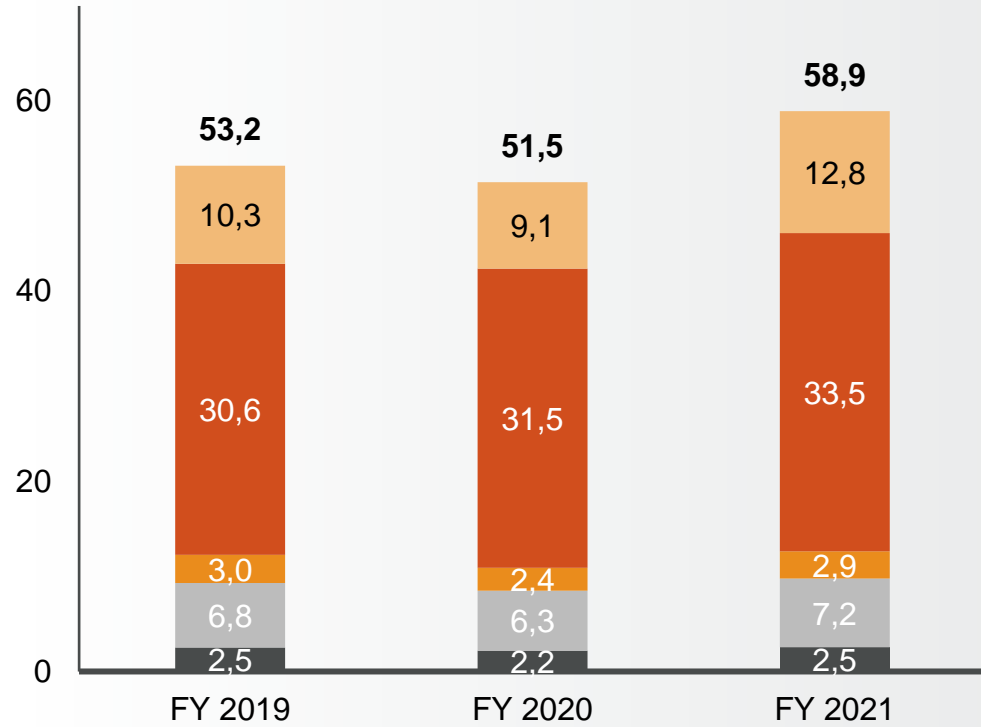
USA
 Western Europe
 Japan
 China
 Other

Source: CRU

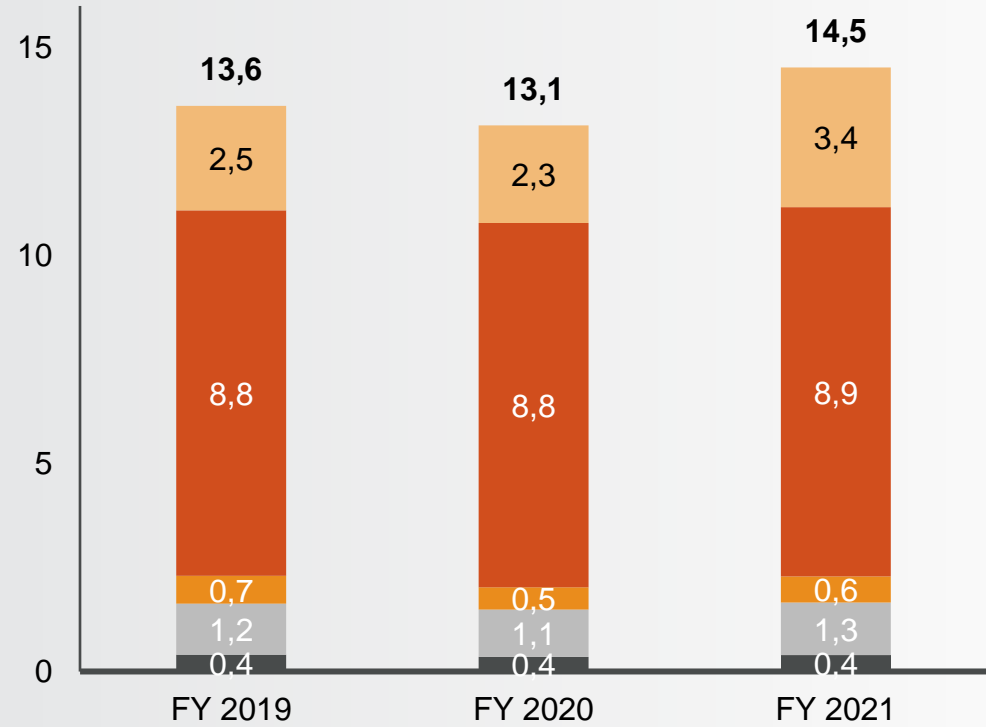
STAINLESS STEEL PRODUCTION AND FERROCHROME DEMAND REVIVED



Global stainless steel production (mt)



Global ferrochrome demand (mt)

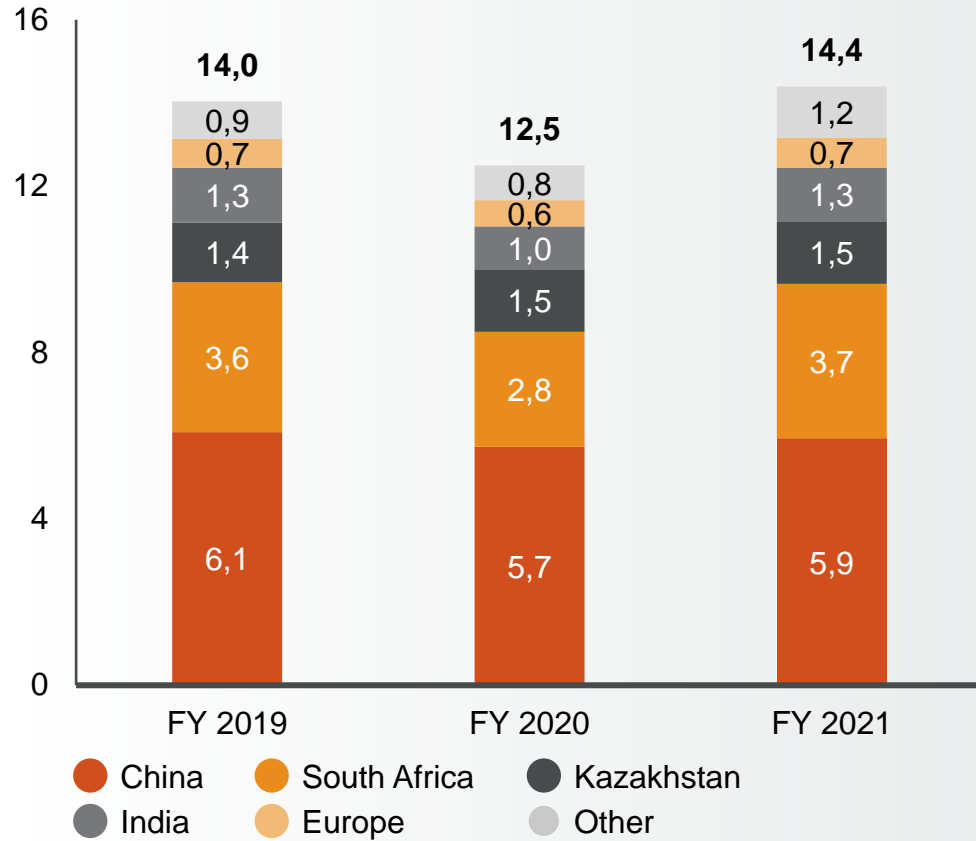


● USA ● Western Europe ● Japan ● China ● Other

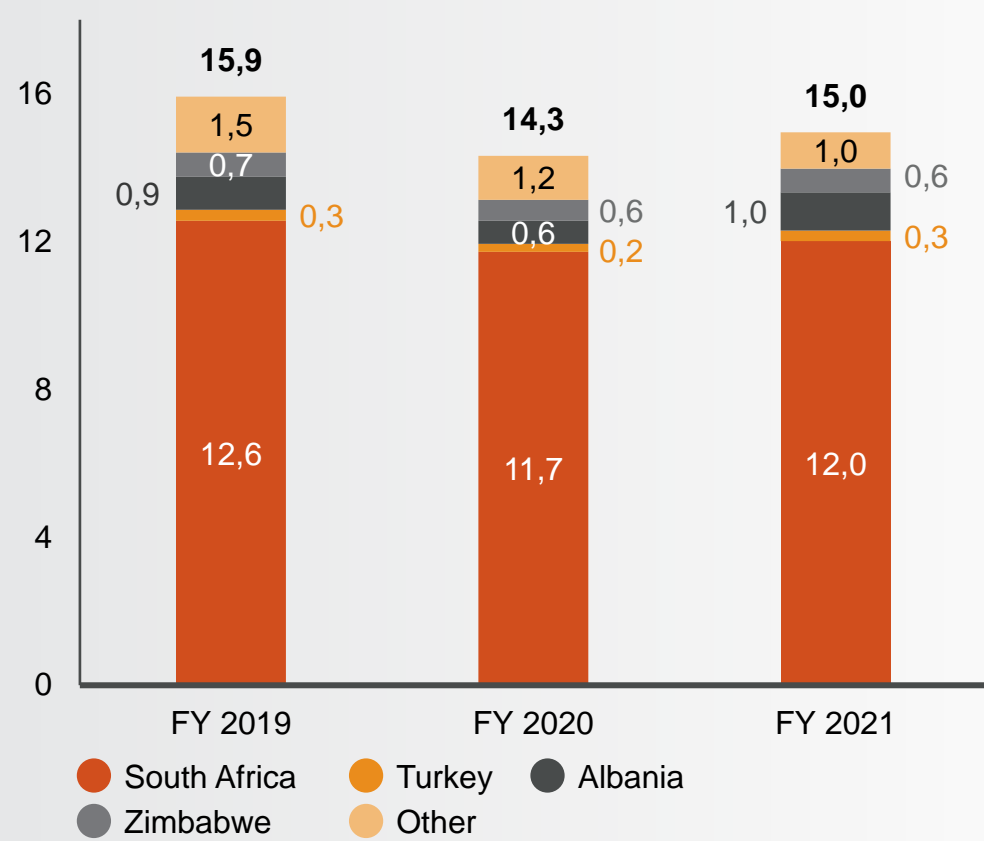
Source: CRU

DEMAND FOR FERROCHROME LEADS PRODUCTION; INCREASED ORE IMPORTS INTO CHINA

Global ferrochrome production (mt)



Chrome ore imports into China (mt)



Source: CRU

OPERATIONAL REVIEW



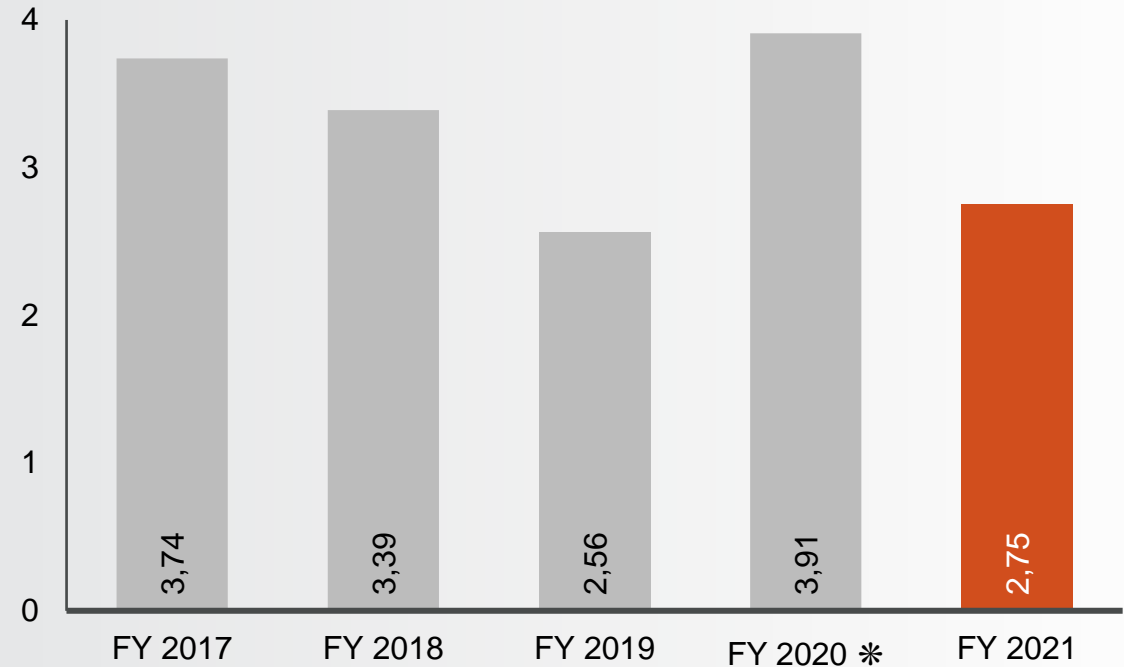
- COVID-19 remains a risk
- No production stoppages due to COVID-19
- COVID-19 protocols continue to be observed
- Antigen testing implemented across all operations to manage risk
- Vaccination rollout campaign started and progressing well with 80% of the workforce vaccinated
- Regrettably 26 employees succumbed to COVID-19 between 1 January 2021 and 31 December 2021
- Constant review of operations for learnings from COVID-19, including operational efficiencies
- Given the uncertainty, cash preservation still a focus area

HEALTH & SAFETY OF EMPLOYEES CENTRAL TO OPERATIONS



- No fatalities
- TRIFR decreased to 2.75 from 3.91* in December 2020
- Safety of our employees remains a critical focus area with the goal of achieving zero harm
- Safety campaigns and programs were run through the period

Total Recordable Injury Frequency Rate (TRIFR)

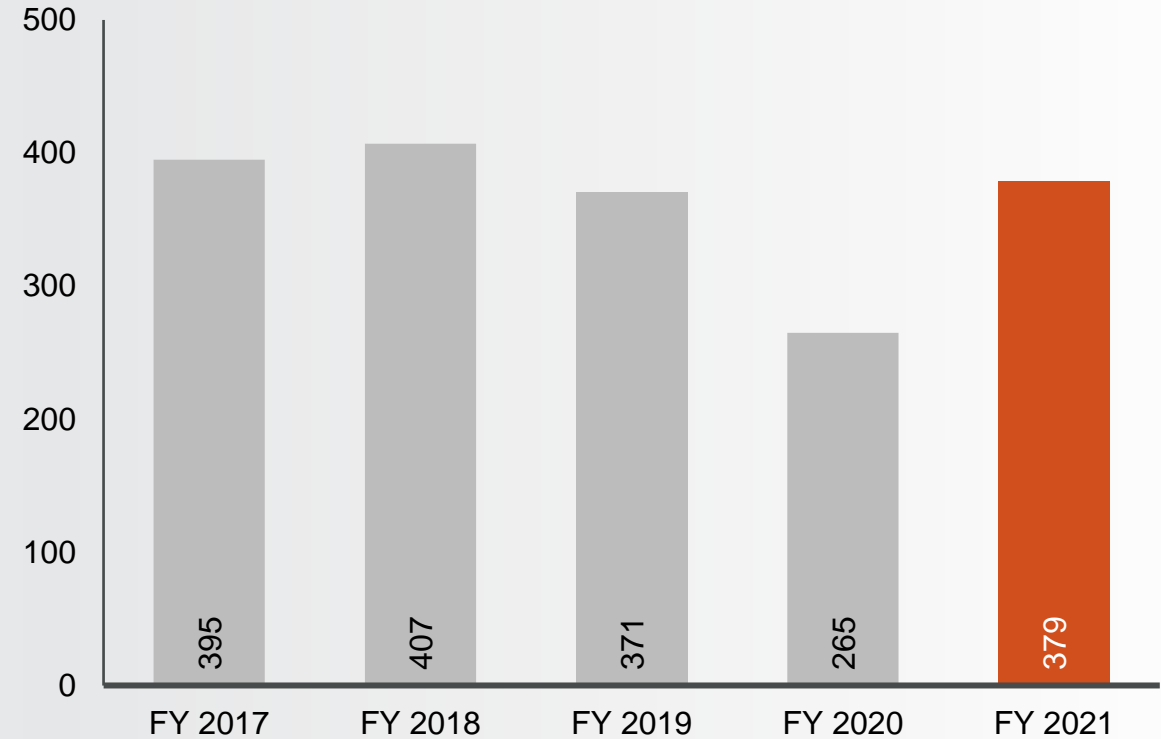


* There was a restatement of the December 2020 statistic from 3.89 to 3.91. The 2020 financial year data related to hours worked was corrected to align with reporting definitions. This impacted on the frequency rates.

PRODUCTION RAMPED UP

- Ferrochrome production increased to 379kt
 - Installed capacity utilisation of 79%
- Production efficiencies achieved at most smelting operations
- Production spurred by growth in stainless steel production
- Rustenburg smelter furnace 5 back in operation but Lydenburg smelter still under care and maintenance

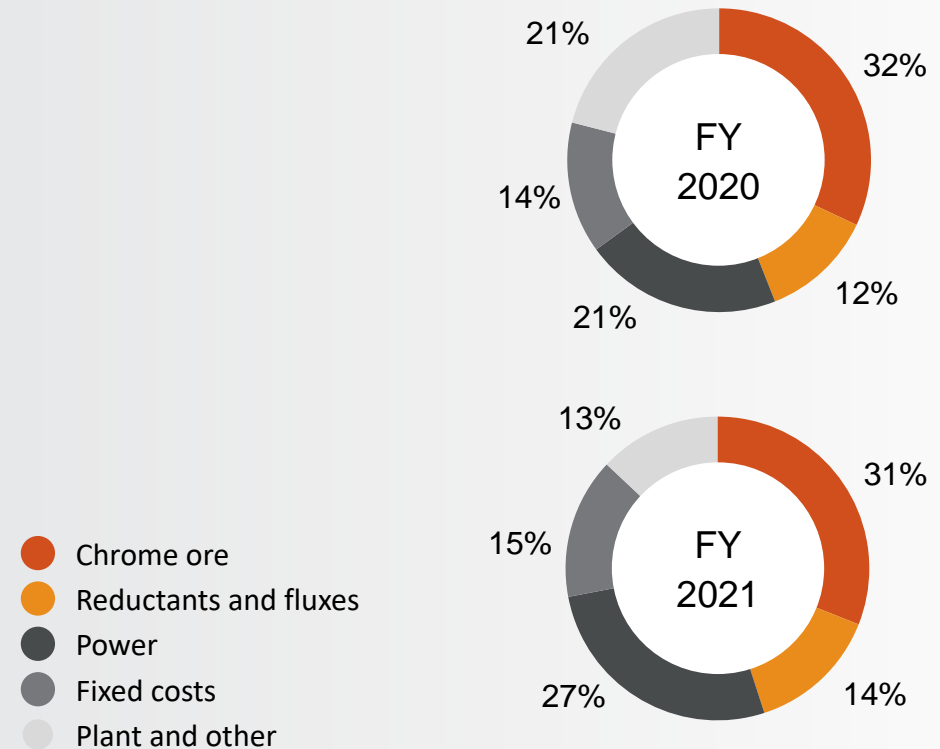
Ferrochrome production (kt)



COST MANAGEMENT CONTINUES

- Total production costs per tonne decreased by 5.2% (from December 2020), influenced by:
 - Higher production volumes
 - Lower chrome ore cost
 - Countered by
 - › Increase in electricity tariff
 - › Higher reductants costs
 - › Increased fuel and freight costs
 - › General price inflation

Breakdown of C3 production costs



FINANCIAL REVIEW

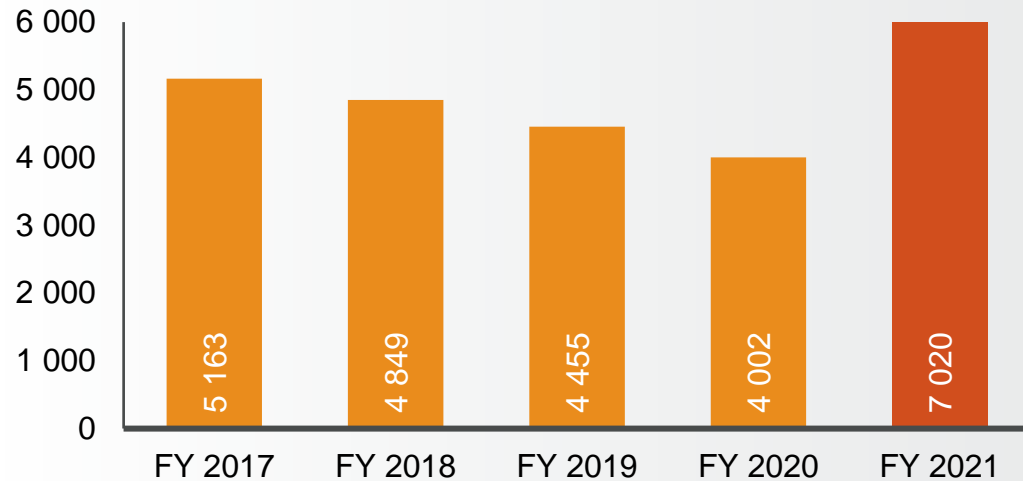


REVENUE

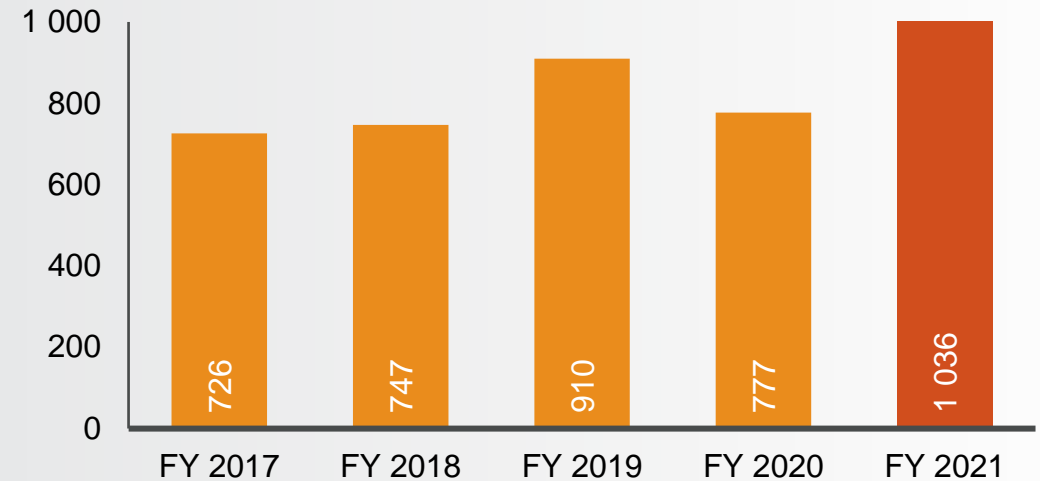
Increase in revenue year-on-year (YoY)

- Ferrochrome revenue increased by 75% YoY to R7.020 billion
- Chrome ore revenue increased by 33% YoY to R1.036 billion
- Higher demand led to higher sales volumes
- First PGMs concentrate sales in December 2021
- Market buoyancy led to higher ferrochrome and chrome ore prices
- Stronger average ZAR:US\$ exchange rate reduced revenue growth

Ferrochrome revenue (R'm)



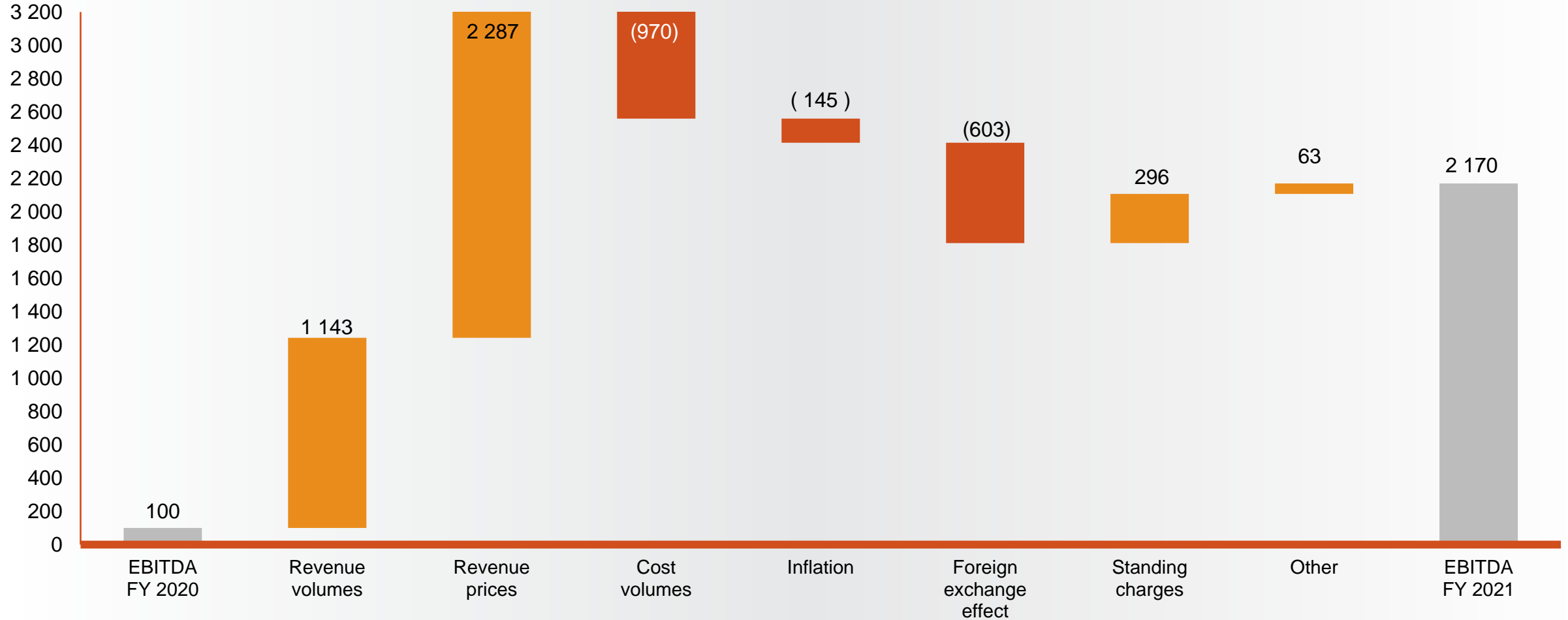
Chrome ore revenue (R'm)



EBITDA IMPROVEMENT



EBITDA from the Venture variance analysis: FY 2021 vs FY 2020 (%)



EBITDA RECONCILIATION TO PROFIT



Venture's EBITDA reconciliation to Merafe's profit after tax (R'm)



FINANCIAL POSITION INFLUENCED BY WORKING CAPITAL MOVEMENTS



| As at | 31 Dec 2021 R'm | 31 Dec 2020 R'm |
|--------------------------------------|--------------------|--------------------|
| Total non-current assets | 766 | 504 |
| Current assets | | |
| Inventories | 1 652 | 1 434 |
| Trade and other receivables | 1 555 | 881 |
| Current tax receivable | 16 | 17 |
| Cash and cash equivalents | 972 | 278 |
| Total current assets | 4 179 | 2 609 |
| Total assets | 4 945 | 3 113 |
| Total non-current liabilities | 283 | 192 |
| Total current liabilities | 892 | 644 |

Non-current assets

Include property, plant and equipment, intangible assets

Inventories

Increase due to investment in raw materials to secure supply
Closing FeCr finished goods of 76kt represent 2-3 months sales

Trade and other receivables

Increase due to:

- Higher prices
- Higher sales in fourth quarter
- Weaker closing R/\$ exchange rate
- Timing of receipts

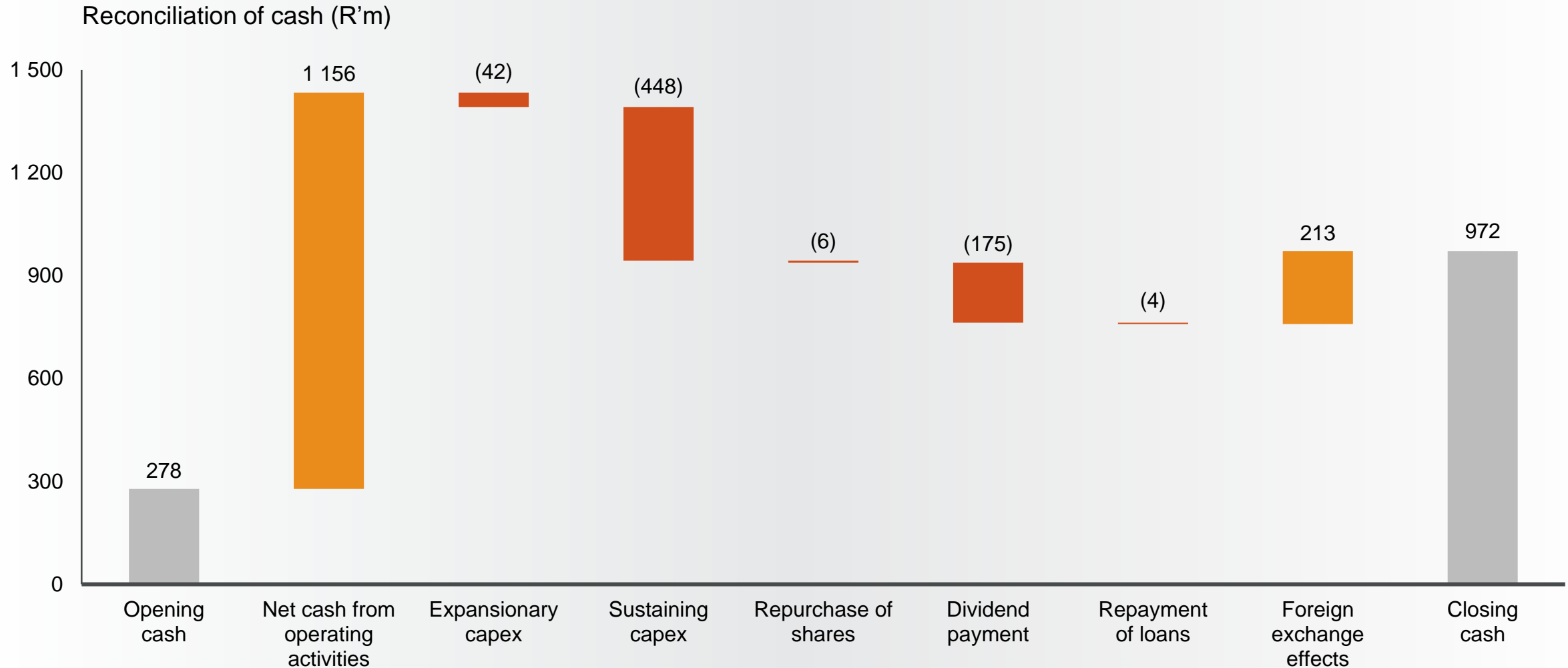
Cash and cash equivalents

Increase due to 2021 earnings

Total non-current liabilities

Include rehabilitation provision and deferred tax liability

RECONCILIATION OF CASH



SIGNIFICANT HEADROOM ON FACILITIES

| | Venture (Merafe's share) ² R'm | Merafe head office R'm | Merafe total R'm |
|------------------------------|---|------------------------------|---------------------------------|
| As at 31 December 202 | | | |
| Closing cash | 489 | 483 | 972 |

| | Venture facilities R'm | Interest bearing debt ¹ R'm | Total (R'm) |
|------------------------------|---------------------------|--|------------------------|
| As at 31 December 202 | | | |
| Total facilities in place | Unspecified | 300 | 300 |
| Total facilities utilised | - | - | - |
| Headroom | Unspecified | 300 | 300 |

- ① Committed unsecured three-year revolving credit facility with ABSA
- ② Includes R189m cash ring-fenced for rehabilitation liabilities

SHARE BUY-BACK AND DIVIDEND



SHARE BUY-BACK

- A share repurchase programme was initiated on 4 January 2021, in accordance with the JSE Listings Requirements
- Buy-back within the general authority approved by shareholders
- 11 577 378 shares, representing 0.461% of the Company's issued shares, were repurchased in the open market and cancelled thereafter
- The share buy-back programme was suspended on 26 November 2021



DIVIDEND

- The Board has declared a final ordinary cash dividend of R550 million
- The final dividend amounts to 22 cents per share before dividend tax
- This brings the full year dividend to R725 million amounting to 29 cents per share before dividend tax
- The full year dividend works out to 43.2% of headline earnings



OUTLOOK



OUTLOOK

- The rapid economic recovery experienced in 2021 is expected to slow down in 2022
- Risks to our growth include COVID-19 developments
SA specific factors, such as Eskom, political developments and social unrests also contribute to risk and uncertainty
- Focus continues to be on:
 - Efficient operations
 - Cash preservation
 - Cost control
 - Efficient capital allocation
- Commitment to continually assess opportunities that can deliver shareholder value



THANK YOU

