MERAFE
RESOURCES

Summarised Consolidated Financial Statements and Notice of Annual General Meeting of Merafe Resources Limited

for the year ended 31 December 2020

Summarised Consolidated Financial Statements and Notice of Annual General Meeting of Merafe Resources Limited ("**the Notice**")

Contents

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**")

SPONSOR

One Capital Sponsor Services Proprietary Limited

EXECUTIVE DIRECTORS

Z Matlala (Chief Executive Officer), D Chocho (Financial Director)

NON-EXECUTIVE DIRECTORS

A Mngomezulu* (Chairperson), NB Majova*, M Vuso*, K Tlale*, M Mosweu, S Blankfield, J Mclaughlan*

** Independent*

COMPANY SECRETARY

CorpStat Governance Services Proprietary Limited

REGISTERED OFFICE

Building B, 2nd Floor
Ballyoaks Office Park
35 Ballyclare Drive
Bryanston
2191

TRANSFER SECRETARIES

Link Market Services South Africa Proprietary Limited

INVESTOR RELATIONS

Ditabe Chocho
Tel:+27 11 783 4780/+27 83 462 3040
Email: ditabe@meraferesources.co.za

CEO COMMENTARY ON RESULTS

The COVID-19 pandemic has destabilised the global health systems and disrupted economies. This pandemic and an already fragile operating environment have resulted in a loss after tax for the 2020 financial year mainly due to a significant impairment loss on property, plant and equipment in the first half of the year. A slowdown in global economic activity has contributed to not only reduced volumes of commodities sold, but also to lower realised cost, insurance and freight ("**CIF**") ferrochrome and chrome ore prices with a weaker Rand:US$ exchange rate that provided some cushion to the loss. Due to this, the Board of Directors ("**Board**") has resolved not to declare a dividend for the year ended 31 December 2020.

ICONS USED IN THIS REPORT

— This icon refers to further reading

— This icon refers to more information available at www.meraferesources.co.za

— Positive performance or occurrence compared to prior year

— Negative performance or occurrence compared to prior year

— No change in performance compared to prior year

2020 year in review

KEY FEATURES

52% increase in TRIFR to **3.89**
(2019: 2.56)

76% decrease in headline loss per share to **0.8 cents**
(2019: 3.4 cents)*

29% decrease in ferrochrome production to **265kt**
(2019: 371kt)

26% decrease in basic loss per share to **40.0 cents**
(2019: 54.2 cents)

11% decrease in revenue to **R4 780 million**
(2019: R5 379 million)

Net cash generated from operating activities decreased to **R495 million**
(2019: R699 million)*

Increase in production cost per tonne managed to **8%**
(2019: 12% increase)

Net cash of **R278 million**
(2019: R354 million)

56% decrease in EBITDA to **R168 million**
(2019: R379 million)*

No dividend declared
(2019: 4 cents per share)

* *Restated – Merafe has restated certain financial figures in the financial results for the year ended 31 December 2019 due to an error in the treatment of the rehabilitation provision adjustment. A detailed assessment and impact of the restatements are contained in note 6 of these summarised consolidated financial statements.*

The Merafe Resources 2020 Integrated Annual Report and the Merafe Resources 2020 annual financial statements are available on our website **(www.meraferesources.co.za)** and printed copies are available on request from the Company Secretary.

Commentary

FINANCIAL REVIEW

The summarised consolidated financial results for the year ended 31 December 2020 are presented below.

Rounding of figures may result in minor computational discrepancies of the tabulations.

Merafe's revenue and operating income is primarily generated from the Glencore-Merafe Chrome Venture ("**Venture**") which is one of the global market leaders in ferrochrome production, with a total installed capacity of 2.3 million tonnes of ferrochrome per annum. Merafe shares in 20.5% of the earnings before interest, taxation, depreciation and amortisation ("**EBITDA**") from the Venture. Merafe has one reportable segment being the mining and beneficiation of chrome ore into ferrochrome and, as a result, no segment report has been presented.

Merafe's share of revenue from the Venture, which includes a management fee, decreased by 11% from the prior year to R4 780 million (2019: R5 379 million). Ferrochrome revenue decreased by 10% year-on-year to R4 002 million (2019: R4 455 million) primarily as a result of an 8% decrease in average net CIF prices and a 17% decrease in ferrochrome sales volumes to 305kt (2019: 368kt). Chrome ore revenue decreased by 15% year-on-year to R777 million (2019: R910 million), driven by an 8% decrease in sales volumes to 332kt (2019: 359kt) and a 15% average sales price decrease for the year.

Merafe's portion of the Venture's EBITDA for the year ended 31 December 2020 is R197.8 million (2019: R472.5 million). The EBITDA includes Merafe's attributable share of standing charges of R474.2 million (2019: R203.3 million), retrenchment costs of R97 million (2019: Rnil) and a foreign exchange loss of R59.7 million (2019: R14.4 million). The Company wrote down inventory by R13.6 million during the year (2019: R133.2 million). Merafe also reversed the disallowed diesel rebate of R0.3 million (2019: R11.0 million) by the South African Revenue Service. Arising from tax and legal opinions obtained, Merafe recognised a credit of R179 million relating to a reversal of a mining royalty tax provision.

After accounting for corporate costs of R29.9 million (2019: R36.3 million), which include a cash-settled share-based payment income of R0.7 million (2019: R0.2 million expense), Merafe achieved EBITDA of R167.9 million (2019: R379.3 million). Corporate costs include corporate social investment expenses of R0.5 million (2019: R3.2 million).

The loss for the year ended 31 December 2020 amounted to R1 003.0 million (2019: loss of R1 361.8 million), after taking into account depreciation of R153.4 million (2019: R467.2 million), an impairment of assets of R1 365 million (2019: R1 789.3 million) as the carrying amount of the net assets of an entity was higher than its market capitalisation thus an impairment indicator, net financing income of R4.8 million (2019: R10.4 million) and taxation credit of R342.7 million (2019: R505.1 million). Taxation includes deferred tax credit of R344.2 million (2019: R507.8 million) which arose primarily as a result of temporary differences on property, plant and equipment as well as those relating to provisions and accruals. There is a balance of R274.6 million (2019: R141.0 million) unredeemed capital expenditure balance at 31 December 2020 as taxable profits did not exceed capital expenditure. Depreciation decreased year-on-year primarily as a result of impairments processed in the prior year.

Sustaining capital expenditure decreased by 33% to R333.7 million (2019: R469.6 million) due to cash preservation initiatives embarked on.

The unsecured, credit facility with ABSA of R300 million remained unutilised for the year.

At 31 December 2020, Merafe had cash and cash equivalents of R277.6 million (2019: R354.2 million), which comprised cash held by Merafe of R151.9 million (2019: R211.5 million) and R125.7 million (2019: R142.7 million), being Merafe's share of the cash balance in the Venture.

Trade and other receivables increased by 30% compared to the previous year, primarily as a result of a weaker closing Rand:US$ exchange rate and higher volumes sold in the last quarter of the year. The Rand:US$ exchange rate closed at R14.65 (2019: R13.98) as at 31 December 2020.

Ferrochrome finished goods volumes of 90kt (2019: 131kt) on hand at year end represent approximately three to four months of sales. The closing inventory value reduced to R1 433.7 million (2019: R2 008.8 million) post the write down of inventory to its net realisable value with an amount of R13.6 million (2019: R133 million).

The Board has decided not to declare a dividend for the current year (2019: R100 million: 4 cents per share).

SAFETY

The safety of our employees remains our number one priority. Regrettably, a fatality occurred at our Magareng Mine on 20 October 2020. Our total recordable injury frequency rate ("**TRIFR**") increased by 52% to 3.89 (2019: 2.56). Factors that contributed to the regression of our safety statistics were directly related to the COVID-19 pandemic, Section 189 of the Labour Relations Act consultation process ("**Process**") at all our operations and uncertainty of the viability of our operations due to market conditions.

A continued effort is being made to ensure that the highest standard of safety is restored at all the Venture's operations. A dedicated task team was established and is visiting the operations to identify any barriers to success and ensure action plans are implemented.

HEALTH

COVID-19 hit South Africa in March 2020. All our operations immediately prepared to suppress the spread of the virus by taking the following measures: creating awareness, training, educational videos as well as providing face masks, personal thermometers and information to all employees and contractors. At each operation and office, the following initiatives were implemented: hand sanitisers, disinfectant schedules, information boards, social distancing demarcation, glass panels to protect people in high movement areas, screening of each individual who enters operations, and thermal scanners to determine if an individual has signs of fever.

Polymerase Chain Reaction ("PCR") equipment was donated to Ndlovu laboratories to increase the testing capabilities of the region. Occupational health practitioners were trained to take samples and to sent these to the laboratories for analysis. A software application was developed whereby all employees had to complete screening on a daily basis. If any issue of concern was identified, the clock card would be blocked and the employee referred to his general practitioner or operational clinic for additional monitoring and assistance.

During the second wave, additional measures were included at the operations where all employees had to have an antigen test on their return to work. This practice assisted in identifying potential COVID-19 cases and was followed up by a full PCR test if the antigen test was positive.

During 2020, we sadly lost five of our employees and contractors due to the COVID-19 pandemic. Regrettably during 2021 to date, this number has increased to 15.

OPERATIONAL REVIEW

Attributable ferrochrome production volumes decreased by 29% to 265kt (2019: 371kt) in the current financial year. The drastic reduction in production was as a result of the national lockdown implemented to curb the spread of COVID-19, weaker demand and to a lesser extent electricity supply load curtailment.

The significant reduction was mainly in the second and third quarters of the financial year. During this period, the Venture only operated the Lion smelter, Eastern Chrome mines and the UG2 Chrome Recovery Plants due to subdued demand and winter shutdowns for maintenance.

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After winter, the Venture resumed production at all other operations except for the Lydenburg smelter and Rustenburg furnace 5, which have been placed under care and maintenance.

SECTION 189 CONSULTATION

The Process, which commenced in the second quarter of 2020 across all operations, has been concluded. It has resulted in 976 employees being retrenched at a cost of R474.2 million.

The Process was triggered by deteriorating operating and market conditions across the South African ferrochrome industry, including unsustainable electricity tariffs and interruptions, cross subsidies and real cost inflation.

ELECTRICITY

Electricity supply and pricing remain key risks for our business and the broader ferro alloy sectors. The electricity tariff increased by 8.8% effective 1 April 2020. For 2021, the National Electricity Regulator of South Africa ("**NERSA**") has agreed to increase the tariff by 15.6%, following Eskom's High Court victory, where it challenged the inclusion of the government bailout of R69 billion in the calculation of determining tariff increases. These increases add to cost pressures of the Venture's smelters and further reduce the cost competitiveness of the South African ferrochrome industry.

MARKET REVIEW

South African ferrochrome production decreased by 25%^ year-on-year in 2020. Production was most heavily impacted in the second quarter due to COVID-19 related shutdowns, while higher winter power tariffs and other cost pressures resulted in sustained lower production levels for the remainder of the year. Global ferrochrome production decreased 11.2% year-on-year^ to 12.5 million tonnes^ in 2020.

Global stainless steel production was also heavily impacted by COVID-19 during the first and second quarters of 2020, and quarterly production reduced by 12%^. Although production recovered in the third quarter of 2020 and hit a record volume of 14.2 million tonnes^ during the fourth quarter of 2020, full-year production declined by 5.0%^. Global ferrochrome demand decreased by 5%^ year-on-year. South African chrome ore exports decreased by 8.7%* year-on-year to 13.5 million tonnes*.

Despite a recovery in demand, ferrochrome and chrome ore remained in surplus during the second half of 2020 and prices were subdued over the period. Market prices have notably improved in early 2021 due to ferrochrome supply restrictions in China and further increases in global chrome unit demand.

The average European Benchmark ferrochrome price was US cents 111 per pound in 2020, 1.1% higher than the 2019 average.

OUTLOOK

The recovery of stainless steel production and ferrochrome demand will depend on developments on the COVID-19 pandemic. The availability of vaccines and their distribution would be supportive of global economic recovery. Although there was negative growth of 5.0%^ in 2020, global stainless steel production is expected to recover, with growth of 12.5%^ projected in 2021.

The supply restrictions in China as well as the expected increase in demand could have a positive impact on ferrochrome prices.

We will continue to manage factors within our control by continuing to focus on cost management, efficient and safe operations, cash preservation and efficient capital allocation. This is even more critical due to the ongoing uncertain future impact of COVID-19 and its impact on the markets going forward. Our balance sheet remains strong and ungeared, which positions us to withstand the challenging times ahead.

The auditors did not report on the projected forecasts and outlook contained in this announcement.

Abiel Mngomezulu
Independent non-executive Chairperson

Zanele Matlala
Chief Executive Officer

Sandton

5 March 2021

^ CRU commodity market analysts.
** Global Trade Atlas.*

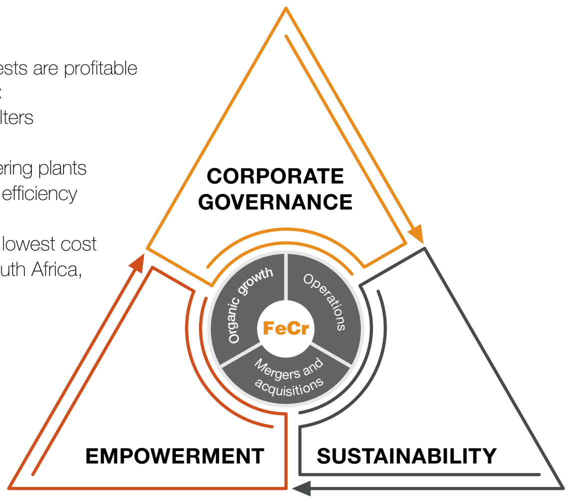
OUR BUSINESS MODEL AND STRATEGY

Ferrochrome

The aim of our business model and strategy is to ensure that our ferrochrome interests are profitable and sustainable and that they add value to all our stakeholders. We achieve this by:

- extracting chrome ore from the Venture's mines and beneficiating it in our smelters in a safe and cost-efficient manner;
- investing in projects such as the Bokamoso and Tswelopele pelletising and sintering plants and the Lion ferrochrome plant phases I and II that improve the energy and cost efficiency of the Venture's ferrochrome operations;
- employing the Venture's proprietary Premus technology to ensure that it is the lowest cost producer of ferrochrome in South Africa and, despite rising energy costs in South Africa, remains in the lowest quartile of the global ferrochrome production cost curve;
- using the flexibility provided by the Venture's variety of technologies to meet changing operating circumstances and customer requirements; and
- focusing on reducing costs at the operations and head office.

The Company may also consider acquisitions outside of ferrochrome on an opportunistic basis.



Summarised consolidated financial statements

The following summarised financial statements were not audited, however, the information is a summary of and has been extracted from the audited consolidated annual financial statements. The full set of consolidated financial statements from which these summarised consolidated financial statements have been derived, were prepared under the supervision of Ditabe Chocho CA(SA) (Financial Director) as set out more fully in note 1 on page 6 of this Notice.

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended	
	31 December 2020 R'000	31 December 2019 Restated* R'000
Revenue	**4 780 387**	5 379 329
EBITDA	**167 907**	379 257
Depreciation and amortisation	**(153 361)**	(467 261)
Impairments of property, plant and equipment and intangible assets	**(1 365 962)**	(1 789 316)
Net financing income*	**4 804**	10 404
Income from equity-accounted investment	**860**	–
Loss before taxation	**(1 345 752)**	(1 866 916)
Taxation	**342 725**	505 097
Loss and total comprehensive loss for the year	**(1 003 027)**	(1 361 819)
Basic loss per share (cents)	**(40.0)**	(54.2)
Diluted loss per share (cents)	**(40.0)**	(54.2)
Headline loss per share (cents)	**(0.8)**	(3.4)
Ordinary shares in issue	**2 510 704 248**	2 510 704 248

** The 2019 consolidated financial statements have been restated. The unwinding of the discount on the rehabilitation provision has been restated due to an error in accounting for the change in estimate, out of finance income in the prior year into operating and other expenses and the impairment expense. Refer to note 6 on the prior year restatement on* page 8.

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended	
	31 December 2020 R'000	31 December 2019 Restated* R'000
Loss before tax	**(1 345 752)**	(1 866 916)
Depreciation and amortisation	**153 361**	467 261
Impairment	**1 365 962**	1 789 316
Finance income	**(6 517)**	(11 998)
Finance expense	**1 713**	1 594
Share-based payment (income)/expense	**(649)**	155
Share grants exercised	**(582)**	(3 588)
Embedded derivative expense	**(5 614)**	40 677
Provisions	**(163 686)**	46 816
Movement in long-term receivable	**2 630**	(3 617)
Profit on sale of property, plant and equipment	**(167)**	(17 087)
Unicorn fair value adjustment	**1 936**	–
Income from equity-accounted investment	**(860)**	–
Net realisable value inventory adjustment	**13 583**	133 000
Effect of exchange rate fluctuations on cash held during the year	**87 908**	4 410
Non-cash movement	**(3 006)**	3 055
Working capital changes adjustment	**390 522**	101 667
Cash generated from operating activities	**490 782**	684 745
Interest paid	**(1 617)**	(1 524)
Interest received	**6 156**	10 952
Taxation (paid)/received	**(15)**	5 040
Net cash generated from operating activities	**495 306**	699 213
Proceeds from sale of property, plant and equipment	**169**	3 037
Sustaining capital expenditure	**(333 676)**	(469 644)
Expansionary capital expenditure	**(9 310)**	–
Acquisition of Unicorn Chrome	**(33 124)**	–
Net cash utilised in investing activities	**(375 941)**	(466 607)
Dividends paid	**(100 428)**	(150 642)
Lease liabilities repaid	**(7 581)**	(4 228)
Net cash utilised in financing activities	**(108 009)**	(154 870)
Net increase in cash and cash equivalents	**11 356**	77 736
Cash and cash equivalents at 1 January	**354 181**	280 855
Effect of foreign exchange rate changes	**(87 908)**	(4 410)
Cash and cash equivalents at 31 December	**277 629**	354 181

** The 2019 financial statements have been restated. The unwinding of the discount on the rehabilitation provision has been restated due to an error in accounting for the change in estimate, out of finance income in the prior year into operating and other expenses and the impairment expense. This has also impacted the change in estimate in the rehabilitation provision with a non-cash impact out of sustaining capital expenditure. In addition, the non-cash movement of inventory net realisable value write down has been restated in the statement of cash flows. Refer to note 6 on the prior year restatement on* page 8.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	
	31 December 2020 R'000	31 December 2019 R'000
ASSETS		
Property, plant and equipment	**338 619**	1 435 080
Intangible assets	**38 539**	49 268
Investment in associate	**2 151**	–
Long-term receivable	**13 982**	16 612
Deferred tax asset	**110 367**	1 374
Total non-current assets	**503 658**	1 502 334
Inventories	**1 433 681**	2 008 799
Current tax assets	**17 210**	18 635
Trade and other receivables	**880 916**	675 344
Cash and cash equivalents	**277 629**	354 181
Total current assets	**2 609 436**	3 056 959
Total assets	**3 113 094**	4 559 293
EQUITY		
Share capital	**25 107**	25 107
Share premium	**1 269 575**	1 269 575
Retained earnings	**982 380**	2 085 835
Total equity attributable to owners of the company	**2 277 062**	3 380 517
LIABILITIES		
Lease obligation and borrowings	**15 583**	19 972
Share-based payment liability	**1 483**	1 004
Provisions	**175 361**	337 716
Deferred tax liability	**–**	226 065
Total non-current liabilities	**192 427**	584 757
Lease obligation and borrowings	**3 534**	4 460
Trade and other payables	**636 967**	579 131
Derivative	**2 476**	8 090
Share-based payment liability	**628**	2 338
Total current liabilities	**643 605**	594 019
Total liabilities	**836 032**	1 178 776
Total equity and liabilities	**3 113 094**	4 559 293

SUMMARISED STATEMENT OF CHANGES IN EQUITY

	For the year ended	
	31 December 2020 R'000	31 December 2019 R'000
Issued share capital – ordinary shares	**25 107**	25 107
Balance at the beginning and end of the year	**25 107**	25 107
Share premium – ordinary shares	**1 269 575**	1 269 575
Balance at the beginning and end of the year	**1 269 575**	1 269 575
Retained earnings	**982 380**	2 085 835
Balance at the beginning of the year	**2 085 835**	3 598 296
Total comprehensive loss for the year	**(1 003 027)**	(1 361 819)
Dividends paid	**(100 428)**	(150 642)
Total equity for the end of the year	**2 277 062**	3 380 517

Notes to the summarised consolidated financial statements

1. BASIS OF PREPARATION

On 5 March 2021, the Board approved the audited consolidated annual financial statements of the Merafe Group ("**Group**") and the Company for the year ended 31 December 2020.

The full set of consolidated financial statements from which these summarised consolidated financial statements have been derived were prepared under the supervision of Ditabe Chocho CA(SA) (Financial Director), in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("**IFRS**"), the requirements of the Companies Act, No 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 as a minimum contain the information required by IAS 34: *Interim Financial Reporting.*

The Board takes full responsibility for the preparation of the summarised consolidated financial statements, which is extracted from the audited information but is not itself audited. The financial information has been correctly extracted from the underlying audited consolidated annual financial statements.

The audited consolidated annual financial statements from which the summarised consolidated financial statements were derived have been audited by the Group's auditors, Deloitte & Touche. Their unmodified audit report, including a key audit matter relating to the impairment of the Group's net assets, along with the audited consolidated annual financial statements are available for inspection at the Company's registered office and also available on Merafe's website at **(http://www.meraferesources.co.za/stake-annual-results.php).**

1.1 Accounting policies

The accounting policies applied in the preparation of these summarised consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous audited consolidated annual financial statements, except for the adoption of various revised and/or new standards. The adoption of various revised and/or new standards did not have a material impact to the Group (refer to note 2 of the accounting policies disclosures in the audited consolidated annual financial statements). The Group did not early adopt any new, revised or amended accounting standards or interpretations.

1.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the summarised consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates are reviewed on an ongoing basis. Underlying assumptions are also reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the summarised consolidated financial statements are as follows:

- Measurement of depreciation and impairment, useful lives and residual values of property, plant and equipment and intangible assets;
- Inputs used in the determination of the fair value of the share-based payment transactions;
- Lease classification and depreciation of right-of-use assets;
- Assumptions used in the calculation of the life of mines/smelters, estimation of the closure and restoration costs and inputs used in the calculation of the present value of the provision for closure, restoration costs and discount rate applied;
- Recognition of deferred tax asset;
- Fair value measurement of embedded derivative;
- Assumptions used in the assessment of expected credit losses on financial assets;
- Estimation of the tonnages extracted in determining the royalty provision; and
- Assumptions around joint control of the PSV.

Impairment of financial assets. The Group determines whether any of the cash-generating units are impaired at each reporting date. This requires consideration of the current and future economic and trading environment and available valuation information to ascertain if there are indications of impairment to those owned by the Group.

Inventory. The Group determines whether there is obsolete inventory on an annual basis and adjustments to the net realisable value of inventory.

Financial risk management. Credit risk and the impact of COVID-19 on liquidity risk, cash and cash equivalents and trade and other receivables. There has been no material increase in either liquidity risk and own credit risk.

The global environment, the risk of adverse impacts on our revenue, costs and capital spend by the Group due to COVID-19 as well as the effects of the ramp-up period after the lockdown on production were all taken into account in determining the accounting estimates and judgements for the year. Not all of the estimates and judgements included in the financial statements were impacted by COVID-19.

These disclosures are included in the audited consolidated annual financial statements.

2. DETERMINATION OF FAIR VALUES

A number of the accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the methods indicated below.

2.1 Embedded derivatives

The fair value of the embedded derivative is based on the latest available ferrochrome prices and closing foreign exchange rate. The embedded derivative at 31 December 2020 was R2.5 million liability (2019: R8.1 million) and is based on level 2 hierarchy per IFRS 13. The valuation is based on observable market inputs of prices and exchange rates.

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	For the year ended	
	31 December 2020 audited R'000	31 December 2019 audited Restated* R'000
3. HEADLINE LOSS RECONCILIATION		
Loss for the year	**(1 003 027)**	(1 361 819)
Adjusted for:		
Impairment	**1 365 962**	1 789 316
Deferred tax effect	**(382 469)**	(501 008)
Profit on sale of property, plant and equipment	**(167)**	(17 087)
Income tax effect	**–**	4 784
Headline loss for the year	**(19 701)**	(85 814)
Headline loss per share (cents)	**(0.8)**	(3.4)
Diluted headline loss per share (cents)	**(0.8)**	(3.4)

** The 2019 financial statements have been restated. The unwinding of the discount on the rehabilitation provision has been restated due to an error in accounting for the change in estimate, out of finance income in the prior year into operating and other expenses and the impairment expense. Refer to note 6 on the prior year restatement on* **page 8.**

	For the year ended	
	31 December 2020 audited R'000	31 December 2019 audited R'000
4. CAPITAL COMMITMENTS	**244 184**	196 734
Contracted but not provided for	**67 097**	67 686
Authorised but not contracted for	**177 087**	129 048

	For the year ended	
	31 December 2020 audited R'000	31 December 2019 audited R'000
5. REVENUE		
Revenue from contracts with customers	**4 779 169**	5 376 929
Revenue other than from contracts with customers	**1 218**	2 400
Total revenue	**4 780 387**	5 379 329

6. PRIOR YEAR RESTATEMENT

The Group has corrected an error identified in the prior year financial statements. The Group has reclassified the unwinding of the discount on the rehabilitation provision out of finance income into the impairment on property, plant and equipment as well as operating and other expenses due to an error in the accounting for the change in estimate on the rehabilitation provision. As a result, there has been no change in the total loss and comprehensive loss for the prior year in the statement of financial position, the basic loss per share nor diluted loss per share, but has impacted the headline loss per share. The impact of the restatement was as an increase of the operating and other expenses by R12.6 million, a decrease of the impairment expense by R57.0 million as well as a decrease of net finance income by R44.4 million. The net realisable value adjustment of inventory has also been restated in the cash flows from operating activities with R133 million and a non-cash movement of the change in estimate of R61 million out of net cash utilised in investing activities.

	For the year ended	
	As restated 31 December 2019 R'000	As previously reported 31 December 2019 R'000
Summarised consolidated statement of profit or loss and other comprehensive income		
EBITDA	**379 257**	391 886
Impairment	**(1 789 316)**	(1 846 343)
Net financing income	**10 404**	54 802
Headline loss for the year	**(85 814)**	(44 755)
Headline loss per share (cents per share)	**(3.40)**	(1.80)
Summarised consolidated statement of cash flows		
Net realisable value inventory adjustment	**133 000**	–
Net cash generated from operating activities	**699 213**	761 042
Net cash utilised in investing activities	**(466 607)**	(528 436)

7. RELATED PARTIES

7.1 Related party transactions and balances

On an annual basis management reviews its related party relationships in accordance with IAS 24: *Related Party Disclosures*. The Glencore plc group was identified as a related party taking into consideration the shareholding and related significant influence coupled with the substance of the relationship. Significant transactions and balances with all entities within the Glencore plc group are therefore disclosed together with the comparative figures.

All related party transactions relate to Merafe's attributable 20.5% interest in the Venture. Income and receivable amounts are shown in brackets. There are no outstanding commitments at the reporting date.

Name of related party	Description of relationship	Transactions and balance
Glencore Limited (Stamford) ("GLS")	GLS acts as the Venture's exclusive marketing agent to sell ferrochrome on its behalf and acts as distributor in the USA and Canada.	Sale of ferrochrome R315 million (2019: R390 million). Commission expense R8 million (2019: R8 million). Interest expense R4 million (2019: R5 million). Receivable at the reporting date R117 million (2019: R83 million).
Glencore International AG ("GIAG")	GIAG acts as the Venture's exclusive marketing agent to sell ferrochrome and chrome ore on its behalf. The Venture purchases various raw materials from GIAG on an ongoing basis. The Venture sells chrome ore to GIAG on an ad hoc basis.	Commission expense on sale of ferrochrome and chrome ore R156 million (2019: R212 million). Marketing fee expense R2 million (2019: R2 million). Interest income R3 million (2019: (R2 million). Purchase of raw materials Rnil (2019: R159 million). Balance owing at the reporting date R26 million (2019: R21 million).
African Carbon Manufacturers Proprietary Limited ("ACM")	ACM sells raw materials to the Venture.	Purchase of raw materials R11 million (2019: R21 million). Balance owing at the reporting date R2 million (2019: R2 million) payable 30 days from statement date.
African Fine Carbon Proprietary Limited ("AFC")	AFC sells raw materials to the Venture.	Purchase of raw materials R20 million (2019: R40 million). Balance owing at the reporting date R4 million (2019: R3 million) payable 30 days from statement date.

Name of related party	Description of relationship	Transactions and balance
Chartech Technology Proprietary Limited ("Chartech")	Chartech sells raw materials to the Venture.	Purchase of raw materials R22 million (2019: R40 million).
African Carbon Producers Proprietary Limited ("ACP")	ACP sells raw materials to the Venture.	Purchase of raw materials R1 million (2019: R1 million). Balance owing at the reporting period R4 million (2019: R4 million) payable 30 days from statement date.
Glencore Holdings SA Proprietary Limited ("GHSA")	GHSA offers the Central Treasury Function for the Venture.	Cash deposits of R79 million.
Glencore Operations South Africa Proprietary Limited ("GOSA")	GOSA is Merafe Ferrochrome's partner in the Venture.	Employee costs R148 million (2019: R144 million). Head office costs R23 million (2019: R23 million). Training costs R5 million (2019: R5 million). Lion housing R15 million (2019: R15 million). Balance owing at the end of the year R11 million (2019: R11 million) payable 10 days after month end.
Access world (South Africa) Proprietary Limited ("Access")	Access is a warehousing company that provides storage facilities of ferrochrome and chrome ore to the Venture.	Storage of ferrochrome and chrome ore R10 million (2019: R15 million). Outstanding balance owing at the reporting date R2 million (2019: R3 million) payable 30 days after statement date.
Impala Chrome Proprietary Limited ("Impala")	Impala is an associate jointly controlled by the Venture.	Revenue from logistics and maintenance contracts R20 million. Receivable at the reporting date R14 million.
Astron Energy Proprietary Limited ("Astron")	Astron sells fuel to the Venture.	Purchases of R10 million. Payable of R2 million at the reporting date.
Unicorn Chrome Proprietary Limited ("Unicorn")	Unicorn is a jointly controlled operation by the Venture.	Receivables of R3 million at the reporting date and payables of Rnil at the reporting date.

8. TAXATION

The Group's effective tax rate is 25.5% (2019: 27.1%) for the year ended 31 December 2020.

9. EVENTS AFTER THE REPORTING PERIOD

As reported above, the Board has resolved not to declare a final dividend (2019: R100 million, 4 cents per share) for the 2020 financial year.

At the last annual general meeting ("**AGM**") held on 22 May 2020, shareholders gave the Company or any of its subsidiaries a general authority in terms of section 48 of the Companies Act of South Africa and the JSE Listings Requirements, by way of a special resolution, for the acquisition of its own shares. As this general authority remains valid only until the next AGM is held on or about 18 May 2021, the shareholders will be asked at that meeting to consider a special resolution to renew this general authority until the 2022 AGM. In accordance with this general authority, from 4 January 2021, the Company started a share repurchase programme through which Merafe's shares were to be repurchased from the open market and cancelled thereafter. A price ceiling has been set for the repurchases. As at 28 February 2021, 0.418% of the Company issued shares had been bought back. In due course, the necessary SENS announcement will be published in accordance with the JSE Listings Requirements.

There have been no other material events subsequent to 31 December 2020.

10. CONTINGENT LIABILITIES

Merafe had no contingent liabilities as at 31 December 2020.

11. CHANGES TO THE BOARD OF DIRECTORS

Ms Grathel Motau resigned as an independent non-executive director effective 31 October 2020.

Mr Katlego Tlale was appointed as an independent non-executive director of the Company effective 1 December 2020.

Ms Belese Majova, an independent non-executive director, and Ms Mpho Mosweu, a non-executive director, will be retiring as members of the Board at the Merafe AGM to be held on 18 May 2021, and will not be offering themselves for re-election.

12. OPERATING SEGMENTS

Merafe's revenue and operating income is primarily generated from the Venture which is one of the global market leaders in ferrochrome production, with a total installed capacity of 2.3 million tonnes of ferrochrome per annum. Merafe shares in 20.5% of the EBITDA from the Venture. Merafe has one reportable segment being the mining and beneficiation of chrome ore into ferrochrome and, as a result, no segment report has been presented.

www.meraferesources.co.za

Notice of annual general meeting

Merafe Resources Limited
(Incorporated in the Republic of South Africa)
(Registration number 1987/003452/06) ISIN: ZAE000060000
Share code: MRF
(hereinafter referred to as Merafe Resources or the Company)

Notice is hereby given in terms of section 62(1) of the Companies Act, No 71 of 2008, as amended (the Companies Act) that the 34th (thirty-fourth) annual general meeting of shareholders of the Company (the annual general meeting) will only be accessible through electronic participation, as permitted in terms of clause 21 of Merafe's memorandum of incorporation (MOI) and the Companies Act at 11:00 on Tuesday, 18 May 2021 (Notice), for the purpose of transacting the business as outlined in this Notice, and to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below.

IMPORTANT DATES

Record date to receive the Notice:	Friday, 19 March 2021
Last date to trade to be eligible to attend, participate in and vote at the annual general meeting:	Tuesday, 4 May 2021
Record date to be eligible to attend, participate in and vote at the annual general meeting:	Friday, 7 May 2021
Last date for lodging forms of proxy (by 11:00):	Friday, 14 May 2021*

Accordingly, the date on which a person must be registered as a shareholder in the register of the Company for purposes of being entitled to attend, participate and vote at the annual general meeting is Friday, 7 May 2021.

** For administrative purposes only. If forms of proxy are not received by this date, they must be handed to the Chairperson of the annual general meeting before the appointed proxy exercises any of the relevant shareholder rights at the annual general meeting.*

INTERPRETATION AND DEFINITIONS

For the avoidance of doubt and to the extent that the terms have not been defined in the Integrated Annual Report for the year ended 31 December 2020 (Integrated Annual Report), reference in this Notice to the following words and expressions:
- "Group" means the Company and all its subsidiaries at the date of this Notice;
- "Listings Requirements" means the Listings Requirements of the JSE Limited;
- "King IV" means the King IV Report on Corporate Governance for South Africa, 2016;
- "MOI" means Memorandum of Incorporation of the Company; and
- "Companies Act" means the Companies Act, No 71 of 2008, as amended.

Any words and expressions defined in the Companies Act or the Listings Requirements, as the case may be, which are not defined in this Notice, shall bear the same meanings in this Notice as those ascribed to them in the Companies Act or the Listings Requirements, as the case may be.

SECTION A: ORDINARY RESOLUTIONS

For ordinary resolutions 1 to 6 (inclusive) to be duly adopted, the support of more than 50% (fifty percent) of the voting rights exercised on each ordinary resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the relevant resolution, must be exercised in favour of such resolution.

1. Ordinary Resolution Number 1: Adoption of annual financial statements

"Resolved that the Group audited annual financial statements, including the reports of the directors, the auditor and the Audit and Risk Committee, for the financial year ended 31 December 2020, be and are hereby considered and accepted."

The summarised form of the financial statements is included in the 2020 Integrated Annual Report. A copy of the complete Group audited annual financial statements for the financial year ended 31 December 2020 can be obtained from **www.meraferesources.co.za** or on request during normal business hours at the Company's registered address, Building B, 2nd Floor, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, 2191.

Notes to Ordinary Resolution Number 1

- In terms of the provisions of section 61(8)(a)(ii) of the Companies Act, a company's annual financial statements must be presented to its shareholders at the first shareholders' meeting after the annual financial statements have been approved by the Board of Directors of the Company (Board).

2. Ordinary Resolution Number 2: Re-election of retiring director

"Resolved that the following director, who, in terms of the MOI, retires by rotation at this annual general meeting, and, being eligible, stands and offers herself for re-election, be and is hereby re-elected, namely Ms Matsotso Vuso."

Notes to Ordinary Resolution Number 2

- The reason for resolution number 2 is that in terms of the provisions of the MOI, one-third of the non-executive directors, or if their number is not a multiple of three, then the number nearest to, but not less than one-third, are required to retire at each annual general meeting and, being eligible, may offer themselves for re-election.
- The Board of Directors of the Company has evaluated the performance and contribution of the director standing for re-election and has recommended the re-election of the director.
- An abridged *curriculum vitae* of the director of the Company standing for re-election is set out on **page 42** of the 2020 Integrated Annual Report and **page 16** of this Notice.
- Ms Mpho Mosweu and Ms Belese Majova will retire by rotation at this annual general meeting and have not offered themselves for re-election.

3. Ordinary Resolution Number 3: Confirmation of appointment of a director

"Resolved that the appointment by the Board of Mr Katlego Tlale as a director of the Company with effect from 1 December 2020 be and is hereby confirmed in accordance with the MOI in order to become permanent."

Notes to Ordinary Resolution Number 3

The reason for this resolution is that in terms of the MOI, shareholders are required to confirm an appointment made by the Board during the year in order for that appointment to become permanent.

An abridged *curriculum vitae* of the director is set out on **page 42** of the 2020 Integrated Annual Report and **page 16** of this Notice.

4. **Ordinary Resolution Number 4: Appointment and re-appointment of members to the Audit and Risk Committee for the forthcoming financial year**

"Resolved that the following members, by separate ordinary resolutions numbered 4.1 to 4.2 (inclusive), being eligible and offering themselves for re-election, be and are hereby appointed or re-appointed as members of the Audit and Risk Committee for the financial year ending 31 December 2021:

4.1 Mr Katlego Tlale, subject to his confirmation as a director pursuant to Ordinary Resolution Number 3

4.2 Ms Matsotso Vuso, subject to her re-election pursuant to Ordinary Resolution Number 2

Notes to Ordinary Resolution Number 4

- Resolutions numbered 4.1 to 4.2 (inclusive) above constitute separate and divisible ordinary resolutions and will be considered by separate vote.
- The reason for resolutions numbered 4.1 to 4.2 (inclusive) is that in terms of the provisions of section 94(2) of the Companies Act, a company shall at every annual general meeting elect an audit committee comprising at least three members.
- The Nomination Committee conducted an assessment of the independence and performance, where applicable, of each of the directors proposed to be members of the Audit and Risk Committee and the Board considered and accepted the findings of the Nomination Committee. The Board is also satisfied that the proposed members meet the provisions of section 94(4) of the Companies Act, that they are independent according to King IV (Principle 7; sub-practice 28) and that they possess the required qualifications and experience as prescribed in Regulation 42 of the Companies Regulations, 2011 and therefore recommends their re-appointment.
- Abridged *curricula vitae* of each of the independent non-executive directors proposed to be appointed or re-appointed to the Audit and Risk Committee appear on **pages 42 and 43** of the 2020 Integrated Annual Report and **page 16** of this Notice.

5. **Ordinary Resolution Number 5: Re-appointment of external auditors of the Company**

"Resolved that the re-appointment of Deloitte & Touche as the external registered auditors of the Company, and being independent from the Company, be and is hereby approved and Ms Carmeni Naidoo Bester (IRBA no. 500370) be and is hereby appointed as the designated audit partner for the financial year ending 31 December 2021."

Notes to Ordinary Resolution Number 5

- The reason for this resolution is that in terms of section 90(1) of the Companies Act, a company is required to appoint an auditor at every annual general meeting.
- The duty to nominate auditors for appointment lies with the Audit and Risk Committee.
- The Audit and Risk Committee conducted an assessment of the performance and independence of the external auditors and considered whether or not the external auditors comply with the provisions of the Companies Act and section 22 of the Listings Requirements, and the Board considered and accepted the findings. The Board is satisfied that the proposed external auditors and Ms Carmeni Naidoo Bester comply with the relevant provisions of the Companies Act and the Listings Requirements.

6. **Ordinary Resolution Number 6: Authority to sign all documents required to give effect to all resolutions in this Notice**

"Resolved that any one of the directors of the Company or Company Secretary be and is hereby authorised to do all such things and sign all such documents and procure the doing of all such things and the signature for all such documents as may be necessary or incidental to give effect to all ordinary and special resolutions passed at the annual general meeting."

SECTION B: ORDINARY RESOLUTIONS OF A NON-BINDING NATURE

7. **Non-binding Advisory vote: Remuneration Policy and Implementation Report**

For ordinary resolutions numbered 7.1 and 7.2 to be duly adopted, the support of more than 50% (fifty percent) of the voting rights exercised on each ordinary resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the relevant resolution, must be exercised in favour of such resolution.

Ordinary Resolution Number 7.1: Non-binding advisory vote on Remuneration Policy

"Resolved that the Company's Remuneration Policy be and is hereby endorsed by way of a non-binding advisory vote."

Ordinary Resolution Number 7.2: Non-binding advisory vote on Remuneration Implementation Report

"Resolved that the Company's Remuneration Implementation Report be and is hereby endorsed by way of a non-binding advisory vote."

The Remuneration Policy and Remuneration Implementation Report of the Company are set out on **pages 50 to 57** of the 2020 Integrated Annual Report and **pages 18 to 25** of this Notice and the Remuneration Policy and Remuneration Implementation Report can be obtained from **www.meraferesources.co.za** or on request during normal business hours at the Company's registered address, Building B, 2nd Floor, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, 2191.

Notes to Ordinary Resolution Numbers 7.1 and 7.2

- The Listings Requirements require and Principle 14: sub-practice 37 of King IV recommends companies to table their remuneration policy and implementation report at every annual general meeting for a non-binding advisory vote by shareholders. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation.
- These resolutions are of an advisory non-binding nature only and failure to pass these resolutions will therefore not have any legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when considering the Company's Remuneration Policy.
- Shareholders are reminded that in terms of the Listings Requirements and King IV, should 25% (twenty-five percent) or more of the votes cast be against one or both of these non-binding ordinary resolutions, the Company undertakes to engage with shareholders as to the reasons therefore and undertakes to make recommendations based on the feedback received.

SECTION C: SPECIAL RESOLUTIONS

For special resolutions 1.1 to 1.8, 2 and 3 to be duly adopted, the support of at least 75% (seventy-five percent) of the voting rights exercised on each special resolution must be exercised by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution concerned in favour of such resolution.

8. Special Resolution Numbers 1.1 to 1.8: Approval of non-executive directors' fees

"Resolved that the fees, which will be payable to the non-executive directors for their services to the Board and committees of the Board with effect from 1 January 2021, as set out below, be and are hereby approved by separate special resolutions numbered 1.1 to 1.8 (inclusive)."

	Special Resolution Number	Total fees per annum R	Retainer 60% R	2021 Monthly retainer fees R	Retainer per quarter R	Fees per attendance 40% R	Fees per attendance per meeting R
Board Chairperson	1.1	**660 852**	**396 511**	**33 043**	**99 128**	**264 341**	**66 085**
Board member	1.2	**299 837**	**179 902**	**14 992**	**44 976**	**119 935**	**29 984**
Audit and Risk Committee Chairperson	1.3	**216 388**	**129 833**	**10 819**	**32 458**	**86 555**	**21 639**
Audit and Risk Committee member	1.4	**135 692**	**81 415**	**6 785**	**20 354**	**54 277**	**13 569**
Remuneration and Nomination Committee Chairperson	1.5	**126 327**	**75 795**	**6 316**	**18 949**	**50 531**	**12 633**
Remuneration and Nomination Committee member	1.6	**77 110**	**46 266**	**3 856**	**11 567**	**30 844**	**7 711**
Social, Ethics and Transformation Committee Chairperson	1.7	**116 969**	**70 182**	**5 849**	**17 546**	**46 788**	**11 697**
Social, Ethics and Transformation Committee member	1.8	**77 110**	**46 266**	**3 856**	**11 567**	**30 844**	**7 711**

The above fees are exclusive of value added tax (VAT). In 2019, Merafe undertook a benchmarking exercise of non-executive fees. This exercise indicated that the fees were below the target range benchmark and an increase to bring these in line was proposed for 2020. As set out on **page 56 and 57** of the 2020 Integrated Annual Report and on **pages 24 and 25** of this Notice, the proposed increase was not approved by the requisite majority of shareholders and the fees approved in 2019 were carried over. The Company conducted a further benchmark exercise in 2020. This indicated an even wider gap to the benchmark, especially in respect of the Chairperson of the Board and of the Remuneration Committee. To align non-executive directors' fees with the benchmark, the increases will be staggered over the years with the fees proposed for 2021 set out above, being an average increase of 2.4% to those approved in 2019 and paid in 2019 and 2020:

Notes to Special Resolution Numbers 1.1 to 1.8

- Resolutions numbered 1.1 to 1.8 (inclusive) above constitute separate and divisible special resolutions and will be considered by separate vote.
- The reason for and the effect of these resolutions is to approve the remuneration payable by the Company to its non-executive directors for their services as non-executive directors of the Company. In terms of the provisions of section 66(8) and section 66(9) of the Companies Act, remuneration may only be paid to the directors for their services as directors in accordance with the Company's MOI and only by a special resolution approved by the shareholders within the previous two years.

The 2020 non-executive fees are set out in the table below for comparative purposes.

	Special Resolution Number	Total fees per annum R	Retainer 60% R	2020 Monthly retainer fees R	Retainer per quarter R	Fees per attendance 40% R	Fees per attendance per meeting R
Board Chairperson	1.1	**611 900**	**367 140**	**30 595**	**91 785**	**244 760**	**61 190**
Board member	1.2	**299 837**	**179 902**	**14 992**	**44 976**	**119 935**	**29 984**
Audit and Risk Committee Chairperson	1.3	**216 388**	**129 833**	**10 819**	**32 458**	**86 555**	**21 639**
Audit and Risk Committee member	1.4	**135 692**	**81 415**	**6 785**	**20 354**	**54 277**	**13 569**
Remuneration and Nomination Committee Chairperson	1.5	**116 969**	**70 181**	**5 848**	**17 545**	**46 788**	**11 697**
Remuneration and Nomination Committee member	1.6	**71 398**	**42 839**	**3 570**	**10 710**	**28 559**	**7 140**
Social, Ethics and Transformation Committee Chairperson	1.7	**116 969**	**70 182**	**5 848**	**17 545**	**46 788**	**11 697**
Social, Ethics and Transformation Committee member	1.8	**71 398**	**42 839**	**3 570**	**10 710**	**28 559**	**7 140**

Note: The special resolutions to approve the non-executive fees for 2020 at the 2020 annual general meeting were not passed by the requisite 75% majority (71.51% voted in favour, 28.49% voted against and 0.05% abstained) and accordingly the fees approved at the 2019 annual general meeting as set out above continued to be applied.

The Merafe Resources 2020 Integrated Annual Report and the Merafe Resources 2020 annual financial statements are available on our website **(www.meraferesources.co.za)** and printed copies are available on request from the Company Secretary.

9. **Special Resolution Number 2: Loans or other financial assistance to related or inter-related companies**

"Resolved that, subject to compliance with the provisions of the MOI and the Companies Act each as presently constituted and as amended from time to time, the Board be and is hereby authorised, for a period of two years from the date of the annual general meeting, on such terms and conditions that the Board may determine, to provide any direct or indirect financial assistance (financial assistance will herein have the meaning attributed to such terms in section 45(1) of the Companies Act) to a related or inter-related company or corporation (or to a member of a related or inter-related corporation) or any person related to any of them."

Notes to Special Resolution Number 2

In terms of section 45 of the Companies Act, a company is required to obtain shareholder approval, by way of passing a special resolution for the provision by it of direct or indirect financial assistance to a related or inter-related company or corporation, or any person related to any such company or corporation.

The Company has at all relevant times and prior to the effective date of the Companies Act, being 1 May 2011, provided financial assistance to its subsidiaries and related and inter-related companies. To facilitate the achievement by the Group of its strategic goals, it is necessary that this assistance continues. The main purpose for this authority is therefore to grant the Board the authority to authorise the Company to provide inter-group loans and other financial assistance for purposes of funding the activities of the Group. However, in accordance with the provisions of section 45 of the Companies Act, the Board undertakes that it will not adopt a resolution to authorise such financial assistance, unless the Board is satisfied that:

- immediately after providing any direct or indirect financial assistance approved in terms of this resolution, the Company would satisfy the solvency and liquidity test as contemplated in section 45(3)(b) of the Companies Act;
- the terms under which the financial assistance is proposed to be given are or will be fair and reasonable to the Company; and
- written notice of any such resolution by the Board shall be given to all shareholders of the Company and any trade union representing its employees:
  - within 10 business days after the Board adopted the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds 0.1% (zero point one percent) of the Company's net worth at the time of the resolution; or
  - within 30 business days after the end of the financial year, in any other case.

10. **Special Resolution Number 3: General authority to repurchase Company shares**

"Resolved that, the Company, or a subsidiary of the Company, be and is hereby authorised, by way of a general authority, to acquire ordinary shares of 1 cent each (ordinary shares) issued by the Company in terms of the provisions of sections 46 and 48 of the Companies Act and in terms of the Listings Requirements, it being recorded that the Listings Requirements currently require, *inter alia,* that the Company may make a general repurchase of securities only if:

- any such repurchase of ordinary shares is effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- authorised by the MOI;
- the general authority shall be valid until the next annual general meeting of the Company, provided that it shall not extend beyond 15 months from the date of this Special Resolution Number 3;
- when the Company has cumulatively repurchased 3% (three percent) of the number of ordinary shares in issue on the date of passing of Special Resolution Number 3, and for each 3% (three percent) thereof, in aggregate acquired thereafter, an announcement is published as soon as possible, in terms of the Listings Requirements;
- at any one time, only one agent is appointed to effect any repurchase on the Company's behalf;
- the Company or its subsidiary will not repurchase securities during a prohibited period unless the Company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and have been submitted to the JSE in writing prior to the commencement of the prohibited period;
- the Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- any general repurchase by the Company of its own ordinary shares shall not, in aggregate, in any one financial year exceed 10% (ten percent) of the Company's issued ordinary shares as at the date of passing of this Special Resolution Number 3;
- in determining the price at which the ordinary shares are repurchased by the Company or its subsidiary in terms of this general authority, the maximum price at which such shares may be repurchased will not be greater than 10% (ten percent) above the weighted average of the market value for such ordinary shares for the 5 (five) business days immediately preceding the date of repurchase of such shares; and
- in case of an acquisition by a subsidiary of the Company, of shares in the Company under this authority such acquisition shall be limited to a maximum of 10% (ten percent) in aggregate of the number of issued shares of any class of shares of the Company, taken together with all shares held by all the subsidiaries of the Company.

Further information pertinent to Special Resolution Number 3

The directors of the Company confirm that no repurchase will be implemented in terms of this authority unless, after each such repurchase:

- the Company and the Group will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of the annual general meeting;
- the consolidated assets of the Company and the Group, fairly valued in accordance with the accounting policies used in the latest audited annual Group financial statements, will exceed its consolidated liabilities for a period of 12 months after the date of the notice of the annual general meeting;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting;
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting, and the directors have passed a resolution authorising the repurchase, resolving that the Company and its subsidiary/ies have satisfied the solvency and liquidity test as defined in the Companies Act and since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the Group; and
- the directors of the Company pass a resolution that they have authorised the repurchase, that the Company and its subsidiaries have passed the solvency and liquidity test and since the test was performed, there have been no material changes to the financial position of the Group.

In terms of paragraph 11.26(c) of the Listings Requirements, the directors of the Company hereby state that the intention of the Company and its subsidiaries is to utilise the general authority to repurchase, if at some future date the cash resources of the Company are in excess of its requirements.

The Listings Requirements require the following disclosures with respect to general repurchases, some of which appear elsewhere in the 2020 Integrated Annual Report:

- Major shareholders – **page 63** of the 2020 Integrated Annual Report
- Share capital of the Company – **page 51** and note 13 of the 2020 Group audited annual financial statements

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on **pages 42 and 43** of the 2020 Integrated Annual Report and **page 16** of this Notice, collectively and individually accept full responsibility for the accuracy of the information pertaining to the general repurchase resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned resolution contains all information required by law and the Listings Requirements.

NO MATERIAL CHANGES TO REPORT

Other than the facts and developments reported on in the 2020 Integrated Annual Report, there are no material changes in the affairs or financial position of the Company and its subsidiaries that have occurred subsequent to the 31 December 2020 year end until the date of this Notice.

Reason and effect

The reason for and effect of Special Resolution Number 3 is to authorise the Company and/or its subsidiaries by way of a general authority to acquire the Company's issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above and in compliance with section 48 of the Companies Act.

11. General

To transact such other business that may be transacted at an annual general meeting.

12. Actions required by Merafe Resources' shareholders

12.1 The actions, which shareholders of the Company are required to take in order to follow their rights, to pass and adopt, with or without modification, the ordinary and special resolutions set out in this Notice are as set out below. If you are in any doubt as to the action you should take in relation to this Notice, please contact your stockbroker, Central Securities Depository Participant (CSDP), legal advisor, accountant, banker or other professional advisor immediately.

12.2 Record dates

12.2.1 The record date for shareholders to be recorded on the securities register of the Company in order to receive notice of the annual general meeting is Friday, 19 March 2021.

12.2.2 The record date for shareholders to be recorded on the securities register of the Company in order to be able to attend, participate in and vote at the annual general meeting is Friday, 7 May 2021 (Record Date).

12.2.3 The last date to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate in and vote at the annual general meeting is Tuesday, 4 May 2021.

12.3 Voting and attendance at the annual general meeting

12.3.1 If you are a shareholder at Record Date, you are entitled to attend, participate in and vote at the annual general meeting or may appoint one or more proxies to attend, participate in and vote thereat instead. A proxy need not be a shareholder of the Company. A form of proxy, in which the relevant instructions for its completion are set out, is enclosed for the use of a certified shareholder or "own-name" registered dematerialised shareholder who wishes to be represented at the annual general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting at the annual general meeting (in preference of that proxy).

12.3.2 Forms of proxy must be lodged with the Company's transfer secretaries or at the Company's registered offices not less than 48 hours before the commencement of the annual general meeting (for administrative purposes only) or submitted to the Chairperson of the annual general meeting electronically, as set out in the Notice, before the appointed proxy exercises any of the relevant shareholder rights at the annual general meeting.

12.3.3 Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, who wish to attend the annual general meeting in person should contact their CSDP or broker to provide them with the necessary Letter of Representation in terms of their custody agreement.

12.3.4 Dematerialised shareholders, other than "own-name" registered dematerialised shareholders, who are unable to attend the annual general meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

12.3.5 In terms of Schedule 14.10 of the Listings Requirements, equity securities held by a share trust or scheme will not have their votes at general or annual general meetings taken into account for purposes of resolutions passed or to be passed in accordance with the Listings Requirements. Accordingly, votes cast by the Merafe Resources Limited Share Incentive Scheme (such scheme constituted by the document as approved by shareholders on 13 April 2010) will not have its votes taken into account for purposes of the adoption of such resolutions.

12.4 Representation by proxy

In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy is set out below:

12.4.1 A shareholder entitled to attend and vote at the annual general meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the annual general meeting in the place of the shareholder. A proxy need not be a shareholder of the Company.

12.4.2 A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the annual general meeting.

12.4.3 A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

12.4.4 The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

12.4.5 The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

12.4.6 If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's existing MOI to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

12.4.7 Attention is also drawn to the Notes to the form of proxy.

12.4.8 The completion of a form of proxy does not preclude any shareholder attending the annual general meeting.

IDENTIFICATION

In terms of section 63(1) of the Companies Act, any person attending or participating in the annual general meeting must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as proxy for a shareholder) has been reasonably verified. A green barcoded identification document issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted as a form of identification at the annual general meeting.

ELECTRONIC PARTICIPATION

Shareholders who wish to participate in and/or vote electronically at the annual general meeting should contact The Meeting Specialists (TMS) on proxy@tmsmeetings.co.za or on +27 11 520 7952/0/1 as soon as possible and by no later than 11:00 on Friday, 14 May 2021 Shareholders may still register to participate in and/or vote electronically at the annual general meeting after this date, provided, however, that those shareholders are fully verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the annual general meeting. Dematerialised shareholders would still need to submit proxies via their CSDP or obtain a letter of representation to attend the meeting. TMS will assist shareholders with all the requirements for electronic participation and is obliged to validate the information of each shareholder's entitlement to participate in and/or vote at the annual general meeting before providing it with the necessary means to access the annual general meeting electronically and/or the electronic voting platform.

Shareholders will be liable for their network charges in relation to electronic participation in and/or voting at the annual general meeting and it will not be for the expense of the JSE Limited (JSE), Merafe or TMS. Neither the JSE, Merafe or TMS can be held accountable in the case of loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages which would prevent a shareholder from participating in and/or voting at the annual general meeting electronically.

Notwithstanding the availability of the electronic voting platform, shareholders may still submit forms of proxy to TMS (in the case of certificated shareholders and dematerialised shareholders with "own-name" registration) or provide instructions to their appointed CSDP or broker (in the case of dematerialised shareholders without "own-name" registration) by no later than 11:00 on Friday, 14 May 2021 or the time and date stipulated by the CSDP or broker, respectively.

By order of the Board

W Somerville (on behalf of CorpStat Governance Services)
Company Secretary

5 March 2021

The Merafe Resources 2020 Integrated Annual Report and the Merafe Resources 2020 annual financial statements are available on our website **(www.meraferesources.co.za)** and printed copies are available on request from the Company Secretary.

Appendix 1

ABRIDGED CURRICULA VITAE OF DIRECTORS STANDING FOR RE-ELECTION UNDER RESOLUTION 2 AND APPOINTMENT AND RE-APPOINTMENT UNDER RESOLUTION 3 AND RESOLUTION 4

Non-executive directors

Matsotso Vuso (48)

(Independent)

CA(SA)

Matsotso joined our Board in 2018. She is the founder of Nyamezela Group of Companies, a multi-disciplinary group of companies with solutions spread across manufacturing of smart electricity meters, energy management, business advisory services, consulting and contracting engineering. She has extensive experience in statutory and IT assurance, financial investments analysis and financial restructurings. She also serves on other boards as an independent director. Matsotso is the Chairperson of the Audit and Risk Committee.

Katlego Tlale (36)

(Independent)

BCom (Acc), CA(SA)

Katlego joined the Merafe Board on 1 December 2020. He is currently the Group Chief Financial Officer of Letsema Group, a black-owned professional services firm which is part of a diversified investment company. Prior to joining Letsema, Katlego was employed by Gold One Group Limited for five years. Prior to that he spent five years at KPMG Inc. where he was a member of the firm's mining audit practice. He is also a non-executive director of Treasury One Proprietary Limited. Katlego is a member of the Audit and Risk Committee.

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The Board at 8 March 2021 comprised Abiel Mngomezulu, Belese Majova, Mpho Mosweu, Matsotso Vuso, Shaun Blankfield, Katlego Tlale, Jeff Mclaughlan, Zanele Matlala and Ditabe Chocho.

Appendix 2

BOARD AND COMMITTEE ATTENDANCE 2020

Board and Board committees	Members/invitees	Attendance
		Board meetings
Merafe Board	Abiel Mngomezulu (Chairperson) Shaun Blankfield Jeffery Mclaughlan Matsotso Vuso Belese Majova Mpho Mosweu Grathel Motau[1] Katlego Tlale[2] Zanele Matlala Ditabe Chocho *[1] Resigned 31 October 2020.* *[2] Appointed 1 December 2020.*	4/4 4/4 4/4 4/4 4/4 2/4 3/3 – 4/4 4/4
		Committee meetings
Audit and Risk Committee	Matsotso Vuso (Chairperson) Abiel Mngomezulu* Belese Majova Grathel Motau[1] Shaun Blankfield[3] Zanele Matlala* Ditabe Chocho* Katlego Tlale[2] ** Invitee.* *[1] Resigned 31 October 2020.* *[2] Appointed 1 December 2020.* *[3] Invitee from 30 July 2020.*	5/5 5/5 5/5 4/4 1/2 5/5 5/5 –

Board and Board committees	Members/invitees	Attendance
		Committee meetings
Remuneration and Nomination Committee	Abiel Mngomezulu[1] Jeffery Mclaughlan[2] Shaun Blankfield Zanele Matlala* Ditabe Chocho* *[1] Chairperson of Nomination Committee.* *[2] Chairperson of Remuneration Committee.* ** Invitee.*	3/3 3/3 3/3 3/3 3/3
Social, Ethics and Transformation Committee	Belese Majova (Chairperson) Abiel Mngomezulu Mpho Mosweu Zanele Matlala Ditabe Chocho	3/3 3/3 2/3 3/3 3/3

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Appendix 3

REMUNERATION REPORT

This remuneration report is in accordance with King IV. A glossary of terms used in this report is contained in our online Integrated Annual Report of 2020 which is on our website. If unable to access the online report please note the following key references used: "Policy" means the remuneration policy of the Company; the "Company" or "Merafe" means Merafe Resources Limited and its subsidiaries; the "Committee" means the Remuneration and Nomination Committee of the Company; the "Board" means the Board of Directors of the Company; "executive directors" and "non-executive directors" means executive and/or non-executive directors of the Company; the "CEO" means the Chief Executive Officer of the Company; and "FD" means the Financial Director of the Company.

STATEMENT OF VOTING AT ANNUAL GENERAL MEETING

The annual general meeting of the Company for the 2019 year end was held on 15 May 2020 and the requisite ordinary resolutions of a non-binding advisory nature endorsing the Policy and the remuneration implementation report were passed. The Policy resolution (resolution 8.1) was passed by an 87.87% majority, with 85.69% of the Company's shares being voted. The implementation report resolution (resolution 8.2) was passed by an 85.45% majority, with 85.70% of the Company shares being voted. The special resolutions to approve the non-executive remuneration were not passed by the requisite majority and accordingly the fees approved at the 2019 annual general meeting continued to be applied.

The Company continues to engage on the remuneration report and the remuneration policy with its stakeholders. In 2020, the Company engaged with shareholders who voted against the increase in non-executive remuneration. The Company engaged independent advisors to conduct a further benchmark exercise in respect of non-executive remuneration as more fully set out on **page 57** of the 2020 Integrated Annual Report and on **page 25** of this Notice.

BACKGROUND STATEMENT

Remuneration philosophy, strategy and policy

Remuneration philosophy

The Company's guiding philosophy is to employ high-calibre, high-performing employees who subscribe to the values and culture of our Company. We recognise that our employees are integral to the achievement of our corporate objectives and they are accordingly remunerated for their contribution and the value they deliver.

Our Company is committed to fair, responsible and transparent remuneration across the business in respect of all employees on all levels. Both the fixed and variable elements of remuneration aim to support Company performance and value creation in the short, medium and long term, as well as to support the achievement of strategic objectives within the Company's risk appetite.

This Policy is applicable to all employees of the Company.

Our remuneration strategy and policy are regularly reviewed by the Committee to ensure that they are appropriate and relevant in the support of sustainable business performance and in promoting an ethical culture and responsible corporate citizenship.

Remuneration strategy

Our remuneration strategy is designed to be aligned with our business strategy and the execution thereof to promote positive outcomes. Since we strive to attract, retain, motivate and reward employees for executing our business strategy, their remuneration must clearly be market-related and independent third parties are used by the Committee for the purpose of benchmarking to the appropriate segment. The general principle of our remuneration strategy is to structure executive and employee remuneration to include:

- a guaranteed annual package and benefits;
- an annual variable performance bonus; and
- ownership of shares through the long-term incentive scheme, which is based on performance with the aim of creating a strong alignment to shareholder goals.

The Merafe Resources Remuneration Policy is Appendix 2 to the Merafe Resources 2020 Integrated Annual Report.

The remuneration strategy and policy are communicated to all employees during the year, together with our expectations around their contribution to the success of our organisation.

Remuneration policy

The key principles of the policy are that:

- the policies are governed by the Committee which regularly reviews them to ensure that they are relevant and support Company strategy;
- guaranteed remuneration is targeted at the median to lower quartile of the relevant market against which pay is benchmarked, in order to attract and retain high-calibre and high-performing employees;
- it is Company policy that all employees are members of medical and retirement funds and have group life and disability cover;
- annual salary adjustments are governed by factors such as the consumer price index (CPI), retention strategies, the producer price index (PPI), industry performance, projected growth, contractual arrangements, affordability, and industry average increase surveys, which will be taken into consideration in setting the recommended increase. The Committee will approve or set the overall increase percentage that will be applied on a company-wide basis. Salary adjustments are at the discretion of the Board;
- variable pay is an important component of remuneration at Merafe and both annual and long-term performance-based schemes which support our business strategy are in place;
- the short-term incentive scheme performance measures are assessed by the Committee and these measures are determined by taking into account corporate, individual, financial and non-financial criteria. The measures are applicable to the time period to which the scheme relates;
- the long-term incentive scheme measures are based on total shareholder return and growth in headline earnings per share;
- executive remuneration is aligned to shareholder value creation through the long-term incentive scheme;
- where necessary, both short-term and long-term incentive schemes are benchmarked against the appropriate database by the Committee; and
- the over-riding principle governing payments for non-executive directors is that they will be made in the context of good governance and aligned to the relevant market.

Remuneration and Nomination Committee

Responsibility for the reward strategy rests with the Board who in turn appoints the Committee. The Committee comprises at least three members, the majority of whom are independent non-executive directors and is governed by formal terms of reference.

The terms of reference *inter alia* clearly deal with matters such as (1) composition of the Committee; (2) roles and responsibilities; (3) delegated authority; (4) tenure and rotation of the Committee members; (5) reporting requirement and compliance; (6) access to information and resources; (7) meeting procedures to be followed; and (8) arrangements for the evaluation of the Committee's performance.

The primary role of the Committee is to ensure that the Company's directors and senior executives are fairly rewarded for their individual contributions to the Company's overall performance. The Committee also aims to ensure that remuneration is appropriate to attract, retain and motivate the right calibre of directors and senior executives who will strive to achieve the overall goals of the Company. The Committee must demonstrate to all stakeholders that the remuneration of senior executives is set by a committee of Board members who:

- have no personal interest in the outcome of their decisions;
- give due regard to the interest of the shareholders and the financial and commercial health of the Company;
- take cognisance of market-related remuneration, incentive bonuses and share incentive schemes as well as market trends; and
- play an active role in succession planning activities, notably for the Chief Executive Officer and executive management.

The Committee is responsible for making recommendations to the Board on remuneration policy for directors and, to the extent it deems necessary, makes comparisons between remuneration packages currently available to the Company's own executive directors and those available to directors of other companies of a similar size in the comparable industry. Comparisons are also made with other companies in South Africa and, if relevant, internationally.

The Committee also takes into account a number of principles, being *inter alia*:

- industry standards and comparisons with businesses in the same industry;
- expertise and qualifications of individuals;
- the risks associated with companies in the mining sector;
- the importance of the individual to the Company and his/her contribution;
- retention measures and motivation for the executive not to leave the Company;
- restraint of trade provisions; and
- nature of the position (role expectations, work load, etc.).

REMUNERATION POLICY

Statement of fair, responsible and transparent remuneration

The Board approves a policy that articulates and gives effect to its direction on fair, responsible and transparent remuneration.

The Policy for the remuneration of executive directors and other senior management is set by taking appropriate account of remuneration and employment conditions of the industry, the Venture and the Company's specific circumstances.

Key principles

The Policy is governed by the Committee which regularly reviews the Policy to ensure that it is relevant and supports the Company strategy. To this end, see key principles under remuneration policy on **page 18** of this Notice.

Executive pay mix

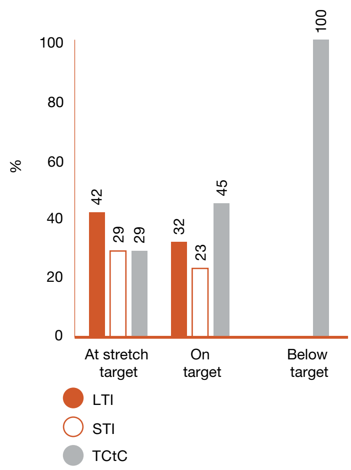
Executive pay mix is defined as the balance targeted between the major components of executive remuneration, namely:

- Guaranteed pay – based on Total Guaranteed Cost of Employment ("TCtC")
- Variable pay for performance
  - Short-term incentives in the form of annual cash incentives ("STI"); and
  - The expected value from long-term incentives ("LTI").

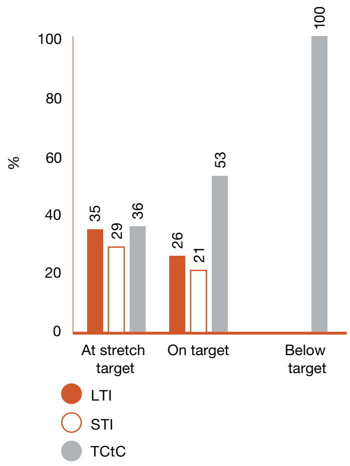
Note: Expected value is defined as the present value of the future reward outcome of an offer, given the targeted future performance of the Company and of its share price. It should not be confused with the term "fair value" which is used when establishing the accounting cost for reflection in a Company's financial statements. Neither should it be confused with the term "face value" which is used to define the current value of the underlying share at the time of an offer.

The Company's targeted pay mix aims to align the incentives of employees with the interests of shareholders. It is recognised that through acquisitions and business combinations over time, there will always be some deviation from the targeted pay mix structure across the Company. However, the balance between TCtC, STI and LTI for executive directors is shown for illustrative purposes in the schematic below, at various performance levels.

Target reward mix for Chief Executive Officer



Target reward mix for Financial Director



Guaranteed pay

Merafe aims to establish and maintain an integrated pay line with pay levels that ensure that it is able to remain competitive, while managing costs.

Executive remuneration in respect of guaranteed pay is expressed in terms of TCtC.

An employee's TCtC consists of the following elements:

- Basic salary;
- Car and other cash allowances and/or pre-requisites;
- Employer contributions to the medical aid;
- Employer contributions to the retirement fund; and
- Employer contributions to risk benefits.

Salaries are reviewed annually and are targeted at the median to lower quartile of the relevant market. The Company conducts benchmarking exercises at least every second year against the top management reward surveys conducted by the large consultancies. The benchmark used is the median to lower quartile total guaranteed cost of employment for similar positions in similarly sized listed companies.

The Committee has regard principally to companies in the South African market, which are of similar size, complexity and scope to the Company. The Committee also takes into account business performance, salary practices prevailing for other employees in the Company and, when setting individual salaries, the individual's performance and experience in the role.

Although salaries are reviewed annually, the Board reserves the right not to grant increases should circumstances so dictate. In addition, benefits offered are also reviewed on an annual basis to ensure that employees' needs are addressed fairly, and that schemes are cost effective, well governed and competitive.

Appendix 3 (continued)

REMUNERATION REPORT

Short-term incentives

Merafe's annual incentives are aimed at rewarding a combination of both business and individual performance in order to support a company-wide performance culture. The bonus pool is determined as a percentage of net profit after tax and the scheme is therefore self-funding. Financial and non-financial criteria as well as individual performance determine the bonus pool's distribution to individuals. Incentive awards are at the discretion of the Board after due consideration of Company and individual performance.

The Committee follows a less mechanistic approach in determining the bonus awards in order to reward outstanding performance more appropriately and to ensure that undue windfalls are mediated. As indicated above, the incentive scheme performance measures are assessed by the Committee and these measures are determined by taking into account the Company's financial and non-financial criteria as well as individual performance.

All STI awards are based on performance against, *inter alia*, the following measures:

- Company measures: These include but are not limited to profitability, growth of business, cost management, sustainability and safety.
- Individual measures: For the Chief Executive Officer and Financial Director, these include but are not limited to stakeholder engagement, talent management, leadership and reporting.

Targets are set by the Board on an annual basis as determined by Company strategy, business plan and operating conditions. Targets are set to ensure that performance is measured appropriately in accordance with a five-point rating scale. In addition, the Board will apply appropriate weights to measures in order to focus behaviour and performance, related to the strategic focus for the performance period.

Although measures and targets are determined at the start of the performance period, the Board may revise these measures and targets should prevailing business conditions indicate this to be necessary or in response to any other changes in the operating environment. All such changes, which represent the discretionary aspect of the policy, will be disclosed on an annual basis.

As indicated above, individual performance is primarily assessed from a predetermined criteria of key performance areas or value drivers. The selection of these is informed by the Company's business plan.

These metrics are assessed against a five-point scale as follows:

Rating	Description	Definition
1	Poor	Indicates poor performance. All or most threshold targets not met.
2	Needs improvement	Performance against target is fair, however, performance against key measures is below threshold or target.
3	Satisfactory	Performance on target in respect of most or all measures.
4	Good	Performance exceeds target on most or all measures. Have reached stretched target on a number of key measures.
5	Outstanding/ excellent	Significant outperformance. All stretched targets met or exceeded.

The total STI pool available is capped at 3% of net profit after tax. No bonuses are payable where the net profit after tax in any financial year is less than R125 million. These parameters are reviewed by the Board on an annual basis for relevance and appropriateness.

In addition, the percentage for STI is capped for the various categories of employees as set out below:

Position	Maximum % of TCtC
Chief Executive Officer	100
Financial Director	80
Senior management	60
Management	50
Administrative staff	30

The total pool for incentives that become available for distribution will not be exceeded at any time.

STI potential is benchmarked between the median and 75th percentile of the relevant market, which is deemed appropriate when considered along with the guaranteed pay benchmarked at between the median and 25th percentile of the market.

The final incentive calculation is undertaken by aggregating the bonus claims of all participants and comparing this with the bonus pool derived from Company performance.

Long-term incentives

Background

The purpose of the share incentive scheme is to serve as an incentive and reward to employees of the Company and its subsidiaries for services rendered and to be rendered, aimed at promoting the continued growth of the Company by giving employees an opportunity to acquire shares in the Company and serve as a retention mechanism for employees whose services are regarded by the Company to be crucial to the future growth and sustainability of the Company's business.

The share incentive scheme further seeks to align employee interests with those of shareholders and to support a culture of ownership, with a focus on Company performance and sustainable growth.

Long-term incentives, in the form of a share incentive scheme, have been in existence in the Company since 1999. The current share scheme was approved on 13 April 2010, under which both share options and share grants may be issued.

Eligibility and participation

All employees of the Company are eligible for share allocations in respect of the share incentive scheme rules, subject to Board approval and the prevailing implementation policy.

Shares to be allocated

Under the rules of the share incentive plan, the following shares may be offered:

- Share options which will be granted at the offer price
- Share grants being full value shares.

Vesting rules and settlement

Generally share options vest one third per year on the 3rd, 4th and 5th anniversaries and are settled by physical delivery of shares against receipt of payment of the option price. The options lapse after seven (7) years if not exercised, while employed within the Group.

Share grants are granted by the Board on the recommendation of the Committee. They vest one third per year on the 3rd, 4th and 5th anniversaries and are settled by physical delivery of shares. Alternatively, the Company has the right to settle in cash the value of shares granted.

Equity settlement will take the form of repurchasing of shares on the open market for the benefit of the employee whose shares have vested. The Company reserves the right to issue new shares for purposes of settlement.

Participation and termination rules

In the event of an employee leaving the Group for a reason approved by the directors, such as retirement or disability (no fault terminations), all performance shares granted will vest, subject to the application of performance conditions. No proration of shares will apply. All approved terminations will be disclosed on an annual basis.

In the event of the death of an employee, all performance shares allocated will vest with no performance conditions or proration applied.

In the event of either a no-fault termination or an employee's death, the employee or his/her estate has 12 and 24 months respectively to exercise share options granted to that employee. In the event of retirement at the earliest date allowed by the retirement fund, the employee will have one year to exercise their share options allocated.

In the event of voluntary termination (i.e resignation) or a fault termination (i.e. those who leave as a result of resignation, dismissal or poor performance), any right to any shares and all allocations will lapse immediately upon termination. No further claims may be laid to such lapsed shares, whether full value or shares options.

In the event of a change in contract of employment, e.g. lateral moves or promotions, the participant will remain entitled to previous share allocations, subject to vesting periods, vesting schedules and prevailing performance conditions and criteria as set out during the initial share allocation.

In the event of a reconstruction or takeover, share allocations will vest on a pro rata basis subject to the Committee evaluating the applicable performance conditions and determining the number of shares per participant.

Performance vs retention shares

In 2018, the Committee revised the allocation policy for more share grants to be subject to performance conditions as opposed to retention shares as illustrated below:

Revised LTI allocation policy

	LTI (expected value) % of TCtC	Targeted offer value % of TCtC	Balance performance/ retention
Chief Executive Officer	70	60	100/0
Financial Director	50	45	100/0
Senior management	40	40	100/0
Management	30	35	100/0
Administration	20	25	100/0

Since 2018, all share allocations are performance based. In order to balance back to the reward mix and expected outcomes, the targeted value of the share allocation as a percentage of TCtC was increased as per the table above.

Performance criteria

The performance criteria for all existing performance oriented share grants will remain in place, but future grants will be governed by two metrics: (1) comparison of Merafe's TSR over a three-year period with that of a selection of JSE listed, small cap mining and resources companies, and (2) growth in headline earnings per share (CPI + a specified percentage as determined by the Board) over a three-year period. The two measures will weigh 50/50 or as determined by the Board from time to time. Measures will be applied per performance share allocation and will remain in force for the duration of the performance period. Performance measures and targets are approved for and applicable to a specific performance period. No retesting of performance conditions is allowed.

The Committee will assess performance against target once the applicable performance period is completed and approve the vesting of performance shares to the extent that targets are met.

Performance measure I: Total Shareholder Return

The comparator group for Total Shareholder Return (TSR) is made up as follows:

TSR COMPARATOR GROUP (REVISED FOR 2020)

Company	Ticker
Royal Bafokeng Platinum Limited	RBP
Harmony Gold Mining Limited	HAR
Pan African Resources plc	PAN
Merafe Resources Limited	MRF
Tharisa plc	THA
MC Mining Limited	MCZ
DRDGOLD Limited	DRD
Wesizwe Platinum Limited	WEZ
Hulamin Limited	HLM
ArcelorMittal Limited	ACL
Northam Platinum Limited	NHM
Wescoal	WSL

Assuming that a group of 12 (11 + Merafe) companies are adopted as the comparator group of companies, vesting of the performance-based share grants will be in accordance with the following policy:

- 50% of performance shares allocated will be subject to performance against the TSR measure.
- If Merafe's TSR over the three-year period places it in one of the top four positions, then the full number of performance granted shares subject to this measure will vest in equal proportions on the 3rd, 4th and 5th anniversaries of their grant.
- If Merafe's performance over the three-year period places it in 5th position, then two-thirds of the number of performance granted shares will vest in equal proportions on the 3rd, 4th and 5th anniversaries of their grant.
- If Merafe's TSR over the three-year period places it in 6th position, then one-third of the number of performance granted shares will vest in equal proportions on the 3rd, 4th and 5th anniversaries of their grant.
- If Merafe's TSR over the three-year period places it below 6th position, then none of the performance shares will vest.

The table below provides details of the revised vesting schedule for performance shares subject to the TSR measure:

Revised vesting schedule TSR

Vesting schedule over three years – TSR

Merafe TSR position/ ranking relative to peers	Vesting quantity % of allocation*
Position 1 – 4	100
Position 5	66.6
Position 6	33.3
Position 7 and lower	0

** Vesting over three years in equal portion.*

REMUNERATION REPORT

Performance measure II: Growth in headline earnings per share (HEPS)

Assuming that the performance targets below are set by the Board as illustrated in the table below, vesting of the performance-based share grants will be in accordance with the following policy:

- 50% of performance shares allocated will be subject to performance against the growth in HEPS measure.
- If performance meets or exceeds target, i.e. CPI + 2% over the performance period, 100% of shares will vest.
- If performance is at threshold, i.e. CPI + 1% over the performance period, 50% of shares subject to this measure will vest.
- For performance below threshold, 0% of shares subject to this measure will vest.
- Linear vesting will take place between different performance milestones.

Vesting schedule for growth in HEPS measure

Vesting schedule over three years – growth in HEPS

HEPS target	Vesting quantity % of allocation* proposed
On target CPI + 2%	100%
Threshold CPI + 1%	50%
Below threshold	0%

** Vesting over three years in equal portion.*

LTI offer policy

The following principles will govern the LTI offer policy:

- Share options will only be given at the discretion of the Board as and when circumstances dictate and only to executive management that have direct line of sight in terms of Company performance.
- Full value shares, with performance conditions, will be granted to all employees on an annual basis subject to ongoing satisfactory individual performance, the expected value of which will be in accordance with the Company's reward strategy – pay mix.
- Full value shares may be offered to new appointees as an attraction measure, the value of which will be determined and approved by the Committee, and will be subject to a minimum three-year vesting period.
- Share grants will be in favour of performance-based shares, with all shares granted subject to performance measures over a three-year period.
- Share grants will be offered to employees with only performance and no retention shares.
- The value of the share grant will be calculated as a percentage of the current TCtC guaranteed package.
- No offer shall be made which together with any other scheme shares would exceed 5% of total issued share capital of the Company.
- The maximum aggregate number of shares granted or options allocated to a single participant shall be limited to 1% of the total issued share capital of the Company.
- Prior to vesting, no participant will qualify to receive any dividends declared.
- The Company will communicate to participants, at least on an annual basis, in terms of shares granted, vesting and/or any changes in rules or conditions of participation.
- All share grants and options will be disclosed over its lifetime in the annual remuneration report.

Contracts of employment

Senior and executive management are subject to the Company's standard terms and conditions of employment where notice periods are between three and six months. In line with the recommendations set out in King IV, Company policy prevents any senior or executive manager from being compensated for loss of office.

None of the senior or executive management has extended employment contracts or special termination benefits or balloon payments.

In the event of a change of control of the Company (as defined in the Companies Act) where the Company no longer requires an executive to fulfil their specific role post the change of control, the Company shall pay to the executive 12 months remuneration on the last day of the notice period and after completion of handover of duties, for existing executives as at 2019. From 2020 onwards all newly appointed executives will have their termination payments aligned to their contractual notice period.

Retention measures

The Committee reserves the right to apply retention measures should circumstances indicate. Retention measures may include cash or equity awards and will be appropriately disclosed on an annual basis.

Malus and clawback

Any remuneration previously paid to executive directors, that is subsequently found to have been as a result of criminal or otherwise illegal activities, must be repaid to the Company.

In the event of a restatement of the Company's results (other than a restatement caused by a change in accounting policy, standards or interpretation), which results in lower performance-based remuneration had it been calculated on the restated results, the Committee shall review such performance-based remuneration, determine the amount to be recovered from the executive and take steps to recover the amount.

The Board reserves the right to cancel any share allocation for all or individual participants if during the vesting period there is evidence of serious underperformance or misrepresentation of information, e.g. gross negligence, overstatement of performance, unnecessary risk taking, poor governance or non-compliance.

Non-executive directors' fees

The remuneration of non-executive directors is provided in the context of good governance, and is primarily based upon a methodology which takes into account expertise, contribution by the director and attendance. Standard duties of non-executive directors include preparation for and attendance at Board meetings, annual general meetings and results presentations. If required, the directors may be requested to perform work outside of their standard duties and for this they will be remunerated based upon the time spent and their level of expertise. Non-executive directors' pay is aimed at aligning with remuneration principles applicable to executive pay.

Independent benchmarks are conducted at least every second year to inform the levels of remuneration for non-executive directors and the intent is to target remuneration between the lower quartile (25th percentile) to the median quartile (50th percentile) of listed companies of similar size (comparator or peer group), in order to ensure that appropriately qualified and experienced directors are appointed.

Non-executive directors' fees are tabled for approval by the shareholders of the Company on an annual basis. The fees paid to different roles such as chairman may vary from the fees paid to other non-executive directors.

Fees are split between a retainer (60%) and per meeting fee (40%), which is aligned to industry practice.

Non-executive directors do not participate in any share-based incentive scheme or any other incentive scheme that the Company may implement to avoid any potential conflict of interest.

Review

This policy was approved by the Company in March 2021 and will be reviewed annually against current legislation and practice for approval by shareholders during the annual general meeting.

In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised at the annual general meeting, Merafe undertakes to engage with shareholders to understand their concerns.

IMPLEMENTATION REPORT FOR 2020

The implementation of the Policy approved by shareholders at the annual general meeting in May 2020 is set out below:

Executive pay

	2020 R'000	2019 R'000
ZJ Matlala		
Salary	**5 242**	4 973
Bonus	**–**	–
Fringe benefits and leave pay	**69**	67
Provident contributions	**590**	521
Share grants vested	**558**	3 459
Total	**6 460**	9 020

	2020 R'000	2019 R'000
D Chocho		
Salary	**2 994**	2 796
Bonus	**–**	–
Fringe benefits and leave pay	**64**	73
Provident contributions	**350**	366
Share grants vested	**–**	–
Total	**3 408**	3 236

Note: In 2020, a 5% salary increase was agreed for executives.

Short-term incentives

The executive directors were assessed by the Committee according to the table set out below, which was then used as a basis for awarding bonuses for 2020.

Key factors	Key measurement items
Profitability	EBITDA compared to budget and previous year
Growth of business	Grow assets and revenue
Cost management	Effective cost management at Venture and Merafe level
Sustainability	BEE rating to amended scorecard, corporate social investment, environmental incidents
Safety	Total recordable injury frequency rate, fatalities
Stakeholder engagement	Stakeholder engagement programme including interactions with SARS, partners, shareholders, employees, etc
Talent management	Succession planning, managing employees, training, mentoring
Reporting	Interim and annual reporting

As per the Policy, the Committee applied a less mechanistic and more holistic approach, which has resulted in the following bonus allocation:

	2020 % allocation of cost to Company	2019 % allocation of cost to Company
Chief Executive Officer	**–**	–
Financial Director	**–**	–

Long-term incentives – 2020

The award of long-term incentives for 2020 under the Company's share option and grant schemes are set out below:

Total outstanding share grants as at 31 December 2020

Award date	Vesting date	ZJ Matlala	D Chocho
1 April 2016	1 April 2021	941 409	–
1 April 2017	1 April 2021	460 433	–
1 April 2017	1 April 2022	460 433	–
1 April 2018	1 April 2021	576 692	–
1 April 2018	1 April 2022	576 692	–
1 April 2018	1 April 2023	576 692	–
6 August 2018	6 August 2021	–	208 333
6 August 2018	6 August 2022	–	208 333
6 August 2018	6 August 2023	–	208 333
1 April 2019	1 April 2022	781 971	337 500
1 April 2019	1 April 2023	781 971	337 500
1 April 2019	1 April 2024	781 971	337 500
1 April 2020	1 April 2023	3 904 903	1 685 363
1 April 2020	1 April 2024	3 904 903	1 685 363
1 April 2020	1 April 2025	3 904 903	1 685 363

Appendix 3 (continued)

REMUNERATION REPORT

Performance conditions

The performance conditions relating to share awards made prior to 2013 are capacity growth, assets under management, JSE SRI Index, JSE Small Capitalisation Index and Mining Index. The performance conditions relating to share awards made post 2013 is a single performance metric that requires Merafe's TSR to be in a position amongst a group of companies over a three-year period.

Share grant allocations were implemented based on the VWAP of the previous day's trading as follows:

	2020			2019		
	% allocation of cost to Company	Number of shares	Vesting period	% allocation of cost to Company	Number of shares	Vesting period
Chief Executive Officer	60	11 714 710	1 April 2023 1 April 2024 1 April 2025	60	2 345 913	1 April 2022 1 April 2023 1 April 2024
Financial Director	45	5 056 088	1 April 2023 1 April 2024 1 April 2025	45	1 012 500	1 April 2022 1 April 2023 1 April 2024

Note: As per the Policy, from 2019, 100% of the grants are subject to performance conditions for the CEO and FD respectively.

Non-executive directors' fees

The special resolutions to approve the non-executive fees for 2020 at the 2020 annual general meeting were not passed by the requisite 75% majority (71.51% voted in favour, 28.49% voted against and 0.05% abstained) and accordingly the fees approved at the 2019 annual general meeting as set out below continued to be applied.

	2020					
	Total fees per annum R	Retainer 60% R	Monthly retainer fees R	Retainer per quarter R	Fees per attendance 40% R	Fees per attendance per meeting R
Board Chairperson	611 900	367 140	30 595	91 785	244 760	61 190
Board member	299 837	179 902	14 992	44 976	119 935	29 984
Audit and Risk Committee Chairperson	216 388	129 833	10 819	32 458	86 555	21 639
Audit and Risk Committee member	135 692	81 415	6 785	20 354	54 277	13 569
Remuneration and Nomination Committee Chairperson	116 969	70 181	5 848	17 545	46 788	11 697
Remuneration and Nomination Committee member	71 398	42 839	3 570	10 710	28 559	7 140
Social, Ethics and Transformation Committee Chairperson	116 969	70 182	5 848	17 545	46 788	11 697
Social, Ethics and Transformation Committee member	71 398	42 839	3 570	10 710	28 559	7 140

Non-executive directors' fees paid for 2020

	Retainer 2020 R	Attendance 2020 R	Total 2020 R	2019 R
C Molefe[1]	–	–	–	270 848
B Majova	331 499	252 855	584 354	540 687
A Mngomezulu	452 817	348 788	801 605	680 515
V Matsotso	302 486	258 113	560 598	516 225
M Mosweu	222 741	104 231	326 971	356 956
S Blankfield	229 990	171 338	401 328	363 660
G Motau[2]	217 764	174 212	391 976	435 416
J McLaughlan	250 084	185 009	435 093	274 219
K Tlale[3]	21 776	–	21 776	–
Total	2 029 157	1 494 545	3 523 702	3 483 524

1. Resigned 15 May 2019.
2. Resigned 31 October 2020.
3. Appointed 1 December 2020.
A schedule and breakdown of individual non-executive directors' fees paid relating to retainers and attendance are available on request.

See the online 2020 Integrated Annual Report and the annual financial statements for additional and supporting information.

Non-executive directors' fees proposed for 2021

In 2019, Merafe undertook a benchmarking exercise of non-executive fees. This exercise indicated that the fees were below the target range benchmark and an increase to bring these in line was proposed for 2020. As set out on **page 57** of the 2020 Integrated Annual Report and on **page 18** of this Notice, the proposed increase was not approved by the requisite majority of shareholders and the fees approved in 2019 were carried over. The Company conducted a further benchmark exercise in 2020. This indicated an even wider gap to the benchmark, especially in respect of the Chairperson of the Board and of the Remuneration Committee. To align non-executive fees with the benchmark, the increases will be staggered over the years with the fees proposed for 2021 set out below, being an average increase of 2.4% to those approved in 2019 and paid in 2019 and 2020:

	2021					
	Total fees per annum R	Retainer 60% R	Monthly retainer fees R	Retainer per quarter R	Fees per attendance 40% R	Fees per attendance per meeting R
Board Chairperson	660 852	396 511	33 043	99 128	264 341	66 085
Board member	299 837	179 902	14 992	44 976	119 935	29 984
Audit and Risk Committee Chairperson	216 388	129 833	10 819	32 458	86 555	21 639
Audit and Risk Committee member	135 692	81 415	6 785	20 354	54 277	13 569
Remuneration and Nomination Committee Chairperson	126 327	75 795	6 316	18 949	50 531	12 633
Remuneration and Nomination Committee member	77 110	46 266	3 856	11 567	30 844	7 711
Social, Ethics and Transformation Committee Chairperson	116 969	70 182	5 849	17 546	46 788	11 697
Social, Ethics and Transformation Committee member	77 110	46 266	3 856	11 567	30 844	7 711

AREAS OF FOCUS FOR 2021

Key activities for the Committee in 2021 will be, *inter alia*, the approval of the remuneration and bonuses for executive directors and senior management. The Committee will also assess fees to be paid to non-executive directors. Focus will be placed on the key principles of King IV and the Company's commitment to these principles and reviewing the remuneration policy. In addition, the Company will, if required, engage with shareholders to discuss issues of mutual concern.

COMPLIANCE STATEMENT

The Board and the Committee are committed to maintaining high standards of corporate governance and to support and apply the principles of good governance advocated by the Institute of Directors South Africa (IoDSA) and King IV.

The Board and the Committee are of the view that the objectives stated in the Policy have been achieved for the period under review. The Board and the Committee are also satisfied that they have fulfilled their responsibilities in accordance with their terms of reference with regard to remuneration within the Company.

Notes

Form of proxy

Merafe Resources Limited
(Incorporated in the Republic of South Africa)
(Registration number 1987/003452/06) ISIN: ZAE000060000
Share code: MRF (Merafe Resources or the Company)

Only for use by shareholders who have not dematerialised their shares or shareholders who have dematerialised their shares with "own-name"' registration. All other dematerialised shareholders must contact their Central Securities Depository Participant (CSDP) or broker to make the relevant arrangements concerning voting and/or attendance at the annual general meeting.

A shareholder is entitled to appoint one or more proxies (none of whom need to be shareholders of Merafe Resources) to attend, speak and vote or abstain from voting in the place of that shareholder at the annual general meeting.

Form of proxy for the thirty-fourth annual general meeting
I/We (name in block letters)

of (address)

(contact number)

(email address)

Being the holder/s of ordinary shares in the Company hereby appoint (see note 1)

1. or failing him/her

2. or failing him/her

3. The Chairperson of the Company, or failing him, the Chairperson of the annual general meeting, as my/our proxy to vote on my/our behalf at the annual general meeting of the Company to be held by electronic communication at 11:00 on Tuesday, 18 May 2021, or at any adjournment thereof.

We desire to vote as follows (see note 2):

		Number of votes		
Ordinary and Special Resolutions		**For**	**Against**	**Abstain**
1	Ordinary Resolution Number 1: Adoption of annual financial statements			
2	Ordinary Resolution Number 2: Re-election of retiring director: Ms Matsotso Vuso			
3	Ordinary Resolution Number 3: Confirmation of the appointment by the Board of Mr Katlego Tlale as a director of the Company			
4	Ordinary Resolution Number 4: Appointment and re-appointment of members to the Audit and Risk Committee for the forthcoming financial year			
	4.1 Mr K Tlale			
	4.2 Ms M Vuso			
5	Ordinary Resolution Number 5: Re-appointment of external auditors of the Company, Deloitte & Touche and to appoint Ms Carmeni Naidoo Bester as the designated audit partner			
6	Ordinary Resolution Number 6: Authority to sign all documents required to give effect to all resolutions in the notice of annual general meeting			
7	Ordinary Resolution Numbers 7.1 and 7.2: Non-binding advisory vote			
	Ordinary Resolution Number 7.1: Remuneration Policy			
	Ordinary Resolution Number 7.2: Remuneration Implementation Report			
8	Special Resolution Numbers 1.1 to 1.8: Approval of non-executive directors' fees for 2021			
	1.1 Board Chairperson			
	1.2 Board member			
	1.3 Audit and Risk Committee Chairperson			
	1.4 Audit and Risk Committee member			
	1.5 Remuneration and Nomination Committee Chairperson			
	1.6 Remuneration and Nomination Committee member			
	1.7 Social, Ethics and Transformation Committee Chairperson			
	1.8 Social, Ethics and Transformation Committee member			
9	Special Resolution Number 2: Loans or other financial assistance to related or inter-related companies			
10	Special Resolution Number 3: General authority to repurchase Company shares			

Signed at on 2021

Signature (assisted by me – where applicable)

Please see notes overleaf.

Notes to the form of proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the Chairperson of the annual general meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting of shareholders will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting of shareholders as he/she deems fit with respect to all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
3. Forms of proxy must be lodged with, posted or faxed to, the transfer secretaries' registered office: Link Market Services South Africa Proprietary Limited, 13th Floor, Hollard Building, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg 2000) or +27 11 713 0800, or the Company's registered offices: Building B, 2nd Floor, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, 2191 (PO Box 652157, Benmore, 2010), or fax +27 11 783 4789 to be received no later than 11:00 on Friday 14 May 2021. If forms of proxy are not received by this date, they must be submitted to the Chairperson of the annual general meeting electronically, as set out in the notice of the annual general meeting, before the appointed proxy exercises any of the relevant shareholder's rights at the annual general meeting.
4. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity (such as power of attorney or other written authority) must be attached to this form of proxy unless previously recorded by Merafe Resources.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. On a show of hands, every shareholder shall have only one vote, irrespective of the number of shares he/she holds or represents, provided that a proxy shall, irrespective of the number of shareholders he/she represents, have only one vote.
8. On a poll, every shareholder present in person or represented by proxy shall have one vote for every Merafe Resources share held by such shareholder.
9. A resolution put to the vote shall be decided on a poll.
10. In terms of section 58 of the Companies Act:
    - a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
    - a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
    - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
    - any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
    - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
    - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise; and
    - if the instrument appointing a proxy has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a shareholder must be delivered by such company to:
      - the relevant shareholder; or
      - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.

Administration

MERAFE RESOURCES LIMITED
Company registration number: 1987/003452/06

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DIRECTORATE
A Mngomezulu* (Chairperson), NB Majova*, M Mosweu, M Vuso*, S Blankfield, K Tlale*, J Mclaughlan*, Z Matlala (Chief Executive Officer), D Chocho (Financial Director)

** Independent*