

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" or the "Group")

Summarised Consolidated Financial Results for the Year Ended 31 December 2020 and Changes to the Board of Directors

Sponsor: One Capital Sponsor Services (Pty) Ltd
Executive Directors: Z Matlala (Chief Executive Officer), D Chocho (Financial Director)
Non-executive Directors: A Mngomezulu (Chairman)*, NB Majova*, M Vuso*, K Tlale*, M Mosweu, S Blankfield, J McLaughlan*.
Company Secretary: CorpStat Governance Services (Pty) Ltd
Registered office: Building B, 2nd Floor, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, 2191
Transfer secretaries: Link Market Services South Africa (Pty) Ltd
Investor relations: Ditabe Chocho Tel:+27 11 783 4780 / +27 83 462 3040
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* Independent

CEO Commentary on results

The COVID-19 pandemic has destabilised the global health systems and disrupted economies. This pandemic coupled with 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 slow-down 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 of Merafe ("Board") has resolved not to declare a dividend for the year ended 31 December 2020.

Outlook

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

^ CRU commodity market analysts

2020 year in review

Key features

- 11% decrease in revenue to R4 780 million (2019: R5 379 million)
- 26% decrease in loss and total comprehensive loss for the year of R1 003 million (2019: R1 362 million)
- 33% decrease in net asset value to R2 277 million (2019: R3 381 million)

- 76% decrease in headline loss per share to 0.8 cents (2019: headline loss of 3.4* cents per share)
- 26% decrease in basic loss per share to 40.0 cents (2019: basic loss of 54.2 cents per share)
- Net cash of R278 million (2019: R354 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 the full announcement.

Further information

This short form announcement is the responsibility of the directors. It is only a summary of the information contained in the full announcement and does not contain full or complete details.

While the summarised consolidated financial statements in the full announcement, are not audited, the audited consolidated financial statements for the year ended 31 December 2020 from which the summarised consolidated financial statements in the full announcement were derived from 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 financial statements for the year ended 31 December 2020 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>.

Any investment decisions by investors and/or shareholders should be based on the full announcement which is accessible via the JSE link at <https://senspdf.jse.co.za/documents/2021/JSE/ISSE/MRF/FY2020SENS.pdf> and also available on Merafe's website at <http://www.meraferesources.co.za/results/annuals-2020/index.php>.

The full announcement is available for inspection at the registered offices of Merafe (Building B, 2nd Floor, Ballyoaks office Park, 35 Ballyclare Drive, Bryanston) by contacting Ditabe Chocho or our sponsor, One Capital (17 Fricker Road, Illovo) by contacting Taryn Carter (sponsor@onecapital.co.za / +27 11 550 5000). Such inspection is available at no charge, Monday to Friday from 9:00am to 4:00pm.

Changes to the Board

In terms of paragraph 3.59(b) of the JSE Limited Listings Requirements, shareholders are hereby advised that 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 annual general meeting to be held on 18 May 2021, and will not be offering themselves for re-election.

Ms Majova and Ms Mosweu have served as members of the Board since 2009 and 2011, respectively. The Board thanks them for their contributions and wishes them well in their future endeavours.

The Board will commence with the process to identify and appoint their replacements and shareholders will be advised once the new appointments have been made.

Sandton
8 March 2021

Sponsor
One Capital