2026

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Merafe Resources Limited Unaudited Condensed Consolidated Financial Statements and cash dividend declaration

for the six months ended 30 June 2026

MERAFE
RESOURCES

Contents

CEO commentary on results

Merafe achieved a profit of R512 million for the six months ended 30 June 2026, compared with a profit of R233 million for the six months ended 30 June 2025. The increase in profits is supported by significantly higher chrome ore sales volumes and an improvement in commodity prices. Despite challenging market conditions and a significant reduction in ferrochrome production, the Group's strong earnings growth highlights the resilience of its business model and the successful execution of its strategy to maximise value from its chrome operations.

Preparation of this report

This report was prepared under the supervision of Ditabe Chocho CA(SA) (Financial Director). These unaudited condensed consolidated financial statements of Merafe for the six months ended 30 June 2026 have not been independently reviewed by the Company's independent auditor, Deloitte & Touche.

Merafe Resources Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1987/003452/06)
JSE and A2X share code: MRF
ISIN: ZAE000060000
(Merafe or the Group or the Company)

Executive directors:

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

Non-executive directors:

S Phiri* (Chairperson),
K Tlale*,
J Mclaughlan*,
N Mabusela-Aikhuere*,
D Green

* *Independent.*

Company Secretary:

CorpStat Governance Services Proprietary Limited

Registered office:

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

Transfer secretaries:

JSE Investor Services Proprietary Limited

Sponsor:

One Capital Sponsor Services Proprietary Limited

Investor relations:

Ditabe Chocho
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2026 half year in review

Safety

Fatality
None
(June 2025: no fatalities)

24% improvement in TRIFR[1] to
1.36
(December 2025: 1.79)

Operational

75% decrease in ferrochrome production to
28kt
(June 2025: 112kt)

4% decrease in ferrochrome sales volumes to
73kt
(June 2025: 76kt)

75% increase in chrome ore sales volumes to
380kt
(June 2025: 217kt)

4% decrease in Platinum Group Metals (PGMs) sales volumes to
6.8koz
(June 2025: 7.1koz)

Financial

36% increase in revenue to
R3 433 million
(June 2025: R2 519 million)

64% increase in headline earnings per share
20.7 cents
(June 2025: 12.6 cents)

120% increase in basic earnings per share to
20.5 cents
(June 2025: 9.3 cents)

7% increase in net asset value to
R5 031 million
(December 2025: R4 719 million)

60% increase in EBITDA[2] to
R774 million
(June 2025: R483[3] million)

Significant increase in net cash generated from operating activities to
R976 million
(June 2025: R175 million[3] net cash utilised in operating activities)

38% increase in cash and balances held with Central Treasury to
R1 591 million
(December 2025: R1 156 million)

Interim gross cash dividend of
16 cents per share
(June 2025: 4 cents per share)

[1] Total recordable injury frequency rate.
[2] Earnings before interest, tax, depreciation and amortisation.
[3] Restated. Refer to note 12.

Commentary

Financial review

The unaudited condensed consolidated financial results for the six months ended 30 June 2026 are presented below.

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

Merafe's revenue and operating income are 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 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 the extraction of associated minerals. As a result, no segment report has been presented.

Merafe's share of the revenue from the Venture, which includes a management fee, increased by 36% from the prior period to R3 433 million (June 2025: R2 519 million).

Ferrochrome revenue increased by 3% from the prior period to R1 393 million (June 2025: R1 359 million), supported by an 18% increase in the average net cost, insurance and freight (CIF) prices. It was, however, offset by a 4% decrease in ferrochrome sales volumes to 73kt (June 2025: 76kt) and a strong average ZAR:USD exchange rate.

Chrome ore revenue increased by 78% from the prior period to R1 786 million (June 2025: R1 004 million), primarily driven by a 75% increase in chrome ore sales volumes to 380kt (June 2025: 217kt), supported by an 11% increase in the chrome ore price.

PGMs concentrate sold over the period generated revenue of R255 million (June 2025: R156 million), driven by a 96% increase in the average basket price for PGMs. This strong revenue growth was achieved despite lower volumes sold and the impact of a stronger ZAR:USD exchange rate.

Operating and other expenses increased by 35% to R2 649 million (June 2025: R1 956 million*), primarily driven by higher chrome ore sales volumes. Production costs increased, evidenced by total unit production costs for ferrochrome and chrome ore which increased by 61% and 11%, respectively, compared to the average cost for the prior comparative period. Higher chrome ore prices and a higher fixed cost absorption rate due to standing charges negatively impacted the total unit production cost for ferrochrome. Operating and other expenses include Merafe's attributable share of standing charges of R266 million (June 2025: R214 million). There was a nominal write down of inventory of R8 million (June 2025: R2 million) during the six months ended 30 June 2026.

Operating and other expenses also encompass corporate costs of R33 million (June 2025: R35 million). Included in corporate costs is a cash-settled share-based payment expense of R2 million (June 2025: R1 million credit) and a bonus provision of R4 million (June 2025: R5 million).

Included in Merafe's EBITDA of R774 million (June 2025: R483 million*) is a foreign exchange loss of R10 million (June 2025: R81 million).

Earnings for the six months ended 30 June 2026 amounted to R512 million (June 2025: R233 million), after taking into account depreciation, amortisation and impairments of R107 million (June 2025: R219 million), net financing income of R28 million (June 2025: R37 million*) and a taxation expense of R189 million (June 2025: R73 million). The decrease in depreciation, amortisation and impairment charges compared to the prior period is primarily attributable to the full write-off of suspended smelters in the comparative period. During the current reporting period, an impairment loss of R16 million (June 2025: R113 million) was recognised, relating to capital expenditure incurred on smelting plants that were impaired in the prior year. No cash-generating unit (CGU) impairment adjustments were recognised during the reporting period.

Merafe's proportionate share of income from an associate of Unicorn Chrome Proprietary Limited (Unicorn Chrome) amounted to R6 million for the period (June 2025: R5 million).

Sustaining capital expenditure decreased by 9% to R157 million (June 2025: R173 million) due to cash preservation initiatives in response to adverse market conditions. Expansionary capital expenditure of R17 million (June 2025: R30 million) includes R7 million spent on the Eastern PGMs operations.

The unsecured credit facility with ABSA of R300 million remained unutilised at period end.

Merafe's share of the 120-day notice deposit that is managed by Glencore Holdings South Africa through a Treasury Service Agreement amounted to R410 million (December 2025: R394 million). The Venture has designated this investment to fund future environmental rehabilitation obligations. The funds are unencumbered. Additionally, these resources are used to back Eskom Holdings SOC Limited (Eskom) and the Department of Mineral and Petroleum Resources' bank guarantees. In prior periods, the deposit was erroneously classified as cash and cash equivalents. This was corrected in the current reporting period.

As at 30 June 2026, Merafe had a cash and cash equivalents balance of approximately R871 million (December 2025: R458 million). In addition, Merafe's attributable share of balances held with Central Treasury amounted to approximately R721 million (December 2025: R698 million). During the current period, balances previously classified as cash and cash equivalents in the statement of cash flows were reclassified to balances held with Central Treasury in order to correct the presentation adopted in prior periods. Accordingly, the combined balance of the cash and cash equivalents and balances held with Central Treasury amounted to R1 591 million (December 2025: R1 156 million).

The above cash balance includes restricted cash of R9 million (December 2025: R9 million) which is held in a trust bank account to fund the rehabilitation of the Kroondal mine and is therefore not available for general use by the Group.

Trade and other receivables increased by 19% from the balance reported at 31 December 2025.

Ferrochrome finished goods volume of 27kt (December 2025: 71kt) represents approximately two to three months of sales. The closing inventory value decreased to R1 338 million (December 2025: R1 899 million). This reduction includes the net realisable value (NRV) adjustment referred to earlier.

The board of directors (Board) has declared an interim gross cash dividend of 16 cents per share (June 2025: 4 cents per share).

**Restated. Refer to note 12.*

Safety

The Venture has remained fatality-free during the six month period (June 2025: no fatalities). The LTIFR for the six month period was 0.63 (June 2025: 1.06) and the TRIFR was 1.36 (June 2025: 1.58).

The safety of our employees remains our top priority. We are committed to continuously improving our safety performance, focusing on the four key areas identified in our turnaround strategy: risk management, effective supervision, safety culture and contractor management.

Health

Employees are issued with customised Hearing Protection Devices (HPDs) and reducing noise exposure at the source remains our priority. The Venture had two confirmed Occupational Diseases by 30 June 2026 compared to one in the comparative period, one at Helena mine and the other at Thorncliffe mine. Both incidents pertained to noise induced hearing loss.

The Venture's commitment to creating a healthy work environment remains steadfast. We will continue promoting not only the health and safety of our workers but also the wellbeing of the communities in which we operate.

Our approach goes beyond the workplace, recognising that a healthy community supports a thriving workforce. Through proactive health initiatives, partnerships with local organisations and sustainable practices, we have and will continue to create lasting, positive impact that extends far beyond our facilities.

We will review all health risk assessments on an annual basis as required by the Venture's Health Standard and applicable legislation, and maintain our pre-, annual and exit medical surveillance to monitor the occupational health of our workforce. Implementing our Health Standards and Glencore Exposure Limits is a core strategic focus, integrated with our baseline review to confirm exposures through quantitative data analysis.

Environmental, Social and Governance

Environmental, Social and Governance (ESG) compliance is a fundamental pillar of our business operations. We foster strong relationships with employees, suppliers, customers and communities by promoting fair labour practices, employee rights and a commitment to diversity, equity and inclusion.

Despite financial challenges, we remained unwavering in our commitment to invest in our communities. As a result, our social impact has deepened, reflecting our dedication to both people and the places we serve. We continue to prioritise community-driven investments that deliver measurable returns for both the business and local stakeholders, such as sustainable supply chains and infrastructure development.

Our efforts spanned infrastructure development, raising awareness of social issues, creating procurement opportunities, and supporting small businesses within our host communities. By insourcing our local business hubs, we continue to strengthen and empower local small, medium and micro enterprises (SMMEs).

Collaborations with local mines, government, and the South African Police Service (SAPS) proved successful in driving awareness of Gender-Based Violence. On World AIDS Day, the Company partnered once again to host a sports day, using the platform to highlight the ongoing fight against the pandemic. We also advanced education through our learner incubation programme, with a strong focus on science, technology, engineering and mathematics (STEM) subjects. The annual collaborative career development expo drew more than 5 000 learners from neighbouring schools to provide an opportunity for interested high school learners to explore future careers in mining and metals.

Women in Mining, in partnership with corporate social responsibility (CSR), mobilized employees to donate cash or sanitary towels, resulting in over 20 000 sanitary towels distributed to host communities, addressing a critical need and supporting community wellbeing.

Infrastructure remains a key focus area, with the handover of the recently completed double lane Steel Bridge project providing commuters safe and reliable passage that reduces commuter time by more than one hour daily.

Merafe continues to contribute to the development of schools in Rustenburg, North West Province, at both Primary and Secondary levels. Merafe now supports the following five: schools Seraleng Primary School, Abana Primary School and Boitekong I and II Secondary Schools and Meriti Secondary School. Through Adopt-a-School Foundation, the Company funds various programmes which include *inter alia*: leadership advancement programmes, upskilling of desktop support technicians and robotics and coding programmes.

As a member of the International Council on Mining and Metals, the Venture adheres to the mining principles, which include ten sustainable development principles and eight position statements covering issues from biodiversity to water management. We recorded no major or catastrophic environmental incidents in the reporting period. We have completed the assessment of material water-stress risks and set local water targets, implementing actions to reduce impacts and improve performance against these targets. Additionally, we have embarked on a project to visualise our knowledge base using geographic information system solutions to support decision-making processes.

We are committed to delivering our Scope 1, 2 and 3 industrial emissions targets, a 15% reduction by the end of 2026, a 25% reduction by the end of 2030 and a 50% reduction by the end of 2035 against a 2019 baseline, with a longer-term ambition of achieving net zero industrial emissions by the end of 2050.

Operational review

Merafe's attributable ferrochrome production decreased to 28kt (June 2025: 112kt) for the period ended 30 June 2026 due to the Wonderkop and Boshoek smelters being suspended, as a result of adverse market conditions. Lion smelter was brought back to production towards the end of February 2026.

Total unit cost of ferrochrome production increased by 61% period-on-period.

The key contributors to the increase in costs are higher market chrome ore prices, together with increased fixed and plant costs. The increase in fixed and plant costs was impacted by lower production.

Attributable saleable chrome ore produced was 4% lower than the prior period.

Total production costs per unit for chrome ore were 15% higher than the prior period due to lower production.

Total production costs for UG2 were 19% lower, due to lower prices for raw material.

Attributable PGMs concentrate production from the Venture was 6.7koz, resulting in a decrease of 5% compared to the prior period.

S189 Process

The consultation process pursuant to sections 189 and 189A of the Labour Relations Act, 66 of 1995 (Section 189 Process), which commenced in September 2025, was withdrawn at the end of May 2026 following the conclusion of the National Energy Regulator of South Africa (NERSA) public participation process and its approval of a tariff of 62c/kWh for the ferrochrome industry.

The approval by NERSA paved the way for the Venture to finalise terms and conditions of the Negotiated Pricing Agreements (NPAs) with Eskom.

Following the conclusion of the NPAs, the focus has shifted to the safe restart of the Boshoek and Wonderkop smelters.

Mineral Reserves, Mineral Resources and Mining Rights

There were no material changes to the Mineral Reserves, Mineral Resources and Mining Rights of the participants in the Venture from those reported in Merafe's Integrated Annual Report for the year ended 31 December 2025.

Market review

Chinese ferrochrome production increased by 32%[1] year-on-year during the first half of the year, significantly outpacing the global average growth of 10%[1]. The increase was primarily driven by the continued ramp-up of low-cost production capacity in China, supported by competitive power costs, expanding smelting capacity and access to imported chrome ore. The additional Chinese production displaced higher-cost ferrochrome production in South Africa, where elevated electricity tariffs and cost pressures continued to constrain output and competitiveness.

The reduction in South African ferrochrome production resulted in a further shift towards the export of chrome ore. Global imports of South African chrome ore increased by 30%[2] year-to-date to May compared with the corresponding period in the prior year. China remained the dominant destination, accounting for 86%[2] of total imports, reflecting the country's growing ferrochrome production base.

Global stainless-steel production, the largest end-use market for ferrochrome, increased by 2.9%[1] year-on-year during the first half of the year. The growth was primarily driven by a 3.4%[1] increase in Chinese stainless-steel production, underpinning continued robust demand for chrome units.

[1] *CRU Data.*
[2] *SARS trade stats.*

Outlook

For the remainder of 2026, the outlook appears cautiously optimistic. The negotiated reduction in electricity tariffs and improved power supply from Eskom significantly lowers operational risks for smelters, enabling a rebound in production levels that had previously been curtailed. However, margins may remain pressured due to increased ferrochrome supply from China and potential market oversupply, unless global stainless steel demand strengthens unexpectedly. While chrome ore prices have stabilised, the overall profitability will largely depend on how smelter throughput and ferrochrome pricing evolve throughout the second half of the year. To assess the Company's cash flow and profitability trajectory, investors should monitor developments around these key success drivers of the business.

We will continue to focus on efficient operations, cash preservation, cost control and efficient capital allocation.

We are dedicated to creating shared value for our stakeholders.

Steve Phiri
Independent Non-executive Chairperson

Zanele Matlala
Chief Executive Officer

Sandton

7 August 2026

Unaudited condensed consolidated statement of financial position

as at

	30 June 2026 Unaudited R'000	31 December 2025 Audited R'000
Assets		
Property, plant and equipment	1 222 676	1 147 920
Intangible assets	14 785	16 972
Investment in associate	37 248	38 181
Long-term receivable	96 112	96 112
Other long-term receivable	17 133	17 133
Total non-current assets	1 387 954	1 316 318
Inventories	1 337 860	1 898 609
Trade and other receivable	1 442 614	1 208 700
Current tax receivable	123 103	82 005
Other short-term financial asset	410 319	393 966
Cash and cash equivalents and balances held with Central Treasury	1 591 353	1 156 408
Total current assets	4 905 249	4 739 688
Total assets	6 293 203	6 056 006
Equity		
Share capital	1 288 876	1 288 876
Retained income	3 741 907	3 429 932
	5 030 783	4 718 808
Liabilities		
Lease obligation	2 780	3 370
Deferred tax	129 504	84 856
Provisions	299 823	278 360
Share-based payment liability	3 946	3 685
Total non-current liabilities	436 053	370 271
Trade and other payables	786 137	720 957
Lease obligation	1 294	1 353
Provisions	36 197	240 083
Share-based payment liability	2 739	4 534
Total current liabilities	826 367	966 927
Total liabilities	1 262 420	1 337 198
Total equity and liabilities	6 293 203	6 056 006

Unaudited condensed consolidated statement of profit or loss and other comprehensive income

for the six months ended

	Notes	30 June 2026 Unaudited R'000	Restated 30 June 2025 Unaudited R'000
Revenue	4	3 433 123	2 519 450
Foreign exchange loss		(10 473)	(80 651)
Operating and other expenses		(2 648 987)	(1 955 922)
Earnings before interest, taxation, depreciation and amortisation*		773 663	482 877
Depreciation and amortisation		(90 580)	(105 960)
Impairments	10	(15 931)	(112 800)
Income from equity accounted investment		6 092	5 171
Results from operating activities*		673 244	269 288
Finance income*		28 884	37 187
Finance expense		(933)	(653)
Profit before taxation		701 195	305 822
Taxation		(189 290)	(72 826)
Total comprehensive income for the period		511 905	232 996
Earnings per share			
Basic earnings per share (cents)		20.5	9.3
Diluted earnings per share (cents)		20.5	9.3

Unaudited condensed consolidated statement of changes in equity

for the six months ended

	30 June 2026 Unaudited R'000	30 June 2025 Unaudited R'000
Balance at the end of the period (issued share capital)	24 991	24 991
Balance at the end of the period (share premium)	1 263 885	1 263 885
Balance at the beginning of the period	3 429 932	3 587 239
Total comprehensive income for the period	511 905	232 996
Dividends	(199 930)	(199 930)
Balance at the end of the period (retained earnings)	3 741 907	3 620 305
Total equity at the end of the period	5 030 783	4 909 181

Unaudited condensed consolidated statement of cash flows

for the six months ended

	30 June 2026 Unaudited R'000	Restated 30 June 2025 Unaudited R'000
Profit before taxation	701 195	305 822
Depreciation and amortisation	90 580	105 960
Impairments	15 931	112 800
Effect of exchange rate fluctuations	(29 709)	89 699
Movement in environmental obligations	24 145	5 306
Movement in retrenchment provision	(211 801)	–
Income from equity accounted investment	(6 092)	(5 171)
Other non-cash movement	(517)	(2 283)
Profit on sale of property, plant and equipment	–	(124)
Fair value adjustment on provisionally priced revenue	6 461	(11 571)
Movement in long-term receivable	–	5 540
Share grants vested	(3 714)	(11 214)
Share-based payment expense/(credit)	2 179	(1 225)
Finance income*	(28 884)	(37 187)
Finance expense	933	653
Net realisable value inventory adjustment	8 248	1 580
Changes in working capital:		
Inventories	552 501	(679 160)
Trade and other receivables	(210 667)	118 411
Trade and other payables	65 180	(173 230)
Net cash generated from/ (utilised in) from operating activities*	975 969	(175 394)
Finance income received	13 524	23 156
Finance cost paid	(1 197)	(974)
Dividend from associate	7 024	639
Taxation paid	(185 737)	(24 144)
Net cash generated from/ (utilised in) from operating activities*	809 583	(176 717)
Acquisition of property, plant and equipment – sustaining	(163 538)	(189 409)
Acquisition of property, plant and equipment – expansionary	(10 521)	(14 095)
Proceeds on disposal of property, plant and equipment	–	142
Movement in balances held with Central Treasury*	(22 078)	426 785
Movement in other long-term receivable	–	597
Net cash utilised in investing activities*	(196 137)	224 020
Dividends paid	(199 930)	(200 069)
Repayment of capital portion of lease liabilities	(649)	(551)
Net cash utilised in investing activities	(200 579)	(200 620)
Total cash movement for the period*	412 867	(153 317)
Cash and cash equivalents at the beginning of the period*	457 805	602 729
Total cash at 30 June*	870 672	449 412

Notes to the unaudited condensed consolidated financial statements

1. Basis of preparation

These unaudited condensed consolidated interim results for the six months ended 30 June 2026 have been prepared under the supervision of Ditabe Chocho CA(SA) (Financial Director), in accordance with and containing the information required by IAS 34: Interim Financial Reporting, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the Companies Act of South Africa No. 71 of 2008, as amended and the JSE Limited Listings Requirements.

The unaudited condensed consolidated financial statements are presented in South African Rand, and all values are rounded to the nearest thousand (R'000), except where otherwise indicated.

1.1 Going concern

In determining the appropriate basis for the preparation of the interim results, the directors are required to consider whether the Group can continue to be operational in the foreseeable future. The financial performance of the Group is dependent upon the wider economic environment in which the Group operates.

These interim results are prepared on a going-concern basis. The Board has undertaken a rigorous assessment of whether the Group is a going concern in the light of current economic conditions, taking into consideration available information about future risks and uncertainties. The projections for the Group have been prepared, covering its future performance, capital and liquidity, including performing sensitivity analysis. The Group has the benefit of a healthy balance sheet and available unutilised debt facilities. The Group's forecasts and projections of its current and expected profitability, taking account of reasonably possible changes in production and performance, show that the Group will be able to operate within the level of its cash resources for at least the next 12 months.

The Board is satisfied that the Group is sufficiently liquid and solvent to be able to support the operations for the next 12 months.

1.2 Accounting policies

The accounting policies applied in the preparation of these interim results are in terms of the International Financial Reporting (IFRS) Accounting Standards and are consistent with those applied in the previous consolidated annual financial statements. The Group did not early adopt any new, revised or amended accounting standards or interpretations.

1.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the unaudited condensed 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 unaudited condensed 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-mine/smelter, 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.
- Fair value measurement of trade receivables subject to provisional pricing.
- Assumptions around joint control of the Venture.
- Impairment of non-financial assets - the Group determines whether any of the CGUs 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 non-financial assets owned by the Group.
- Inventories – the Group determines whether there is obsolete inventory on an annual basis and adjustments to the net realisable value of inventory as required.

- Financial risk management – the Group assesses credit risk, cash and cash equivalents and trade and other receivables. There has been no material increase in either liquidity risk or own credit risk based on this assessment.
- Contingent liabilities – The Group exercises judgement in measuring and recognising the provisions and the exposure to contingent liabilities related to unresolved tax matters. Judgements, including those involving estimations, are necessary in assessing the likelihood that a pending tax dispute will be resolved or a liability will arise and to quantify the possible range of the tax exposure.

The global environment and the risk of adverse impacts on the Group's revenue, costs and capital expenditures were all taken into account in determining the accounting estimates and judgements for the period.

2. Determination of fair values

A number of 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 disclosure purposes based on the methods indicated below.

2.1 Trade receivables subject to provisional pricing terms

Trade receivables of R126 million (December 2025: R110 million) are subject to provisional pricing terms and accordingly, are accounted for at fair value through profit and loss. Level 2 hierarchy per IFRS 13 Fair Value Measurement.

The fair value at the reporting date is based on the latest available ferrochrome prices and a closing ZAR:USD exchange rate of R16.40 (December 2025: R16.56).

2.2 Long-term receivable

In 2017, the Venture entered into an asset swap arrangement with Rustenburg Chrome Mine Proprietary Limited (RCM) through which the Venture's mineral rights were swapped for RCM's mineral rights. A receivable of R96 million (December 2025: R96 million) arises through ore recovery and the sale from mining in the rights area. No expected credit losses were recognised for this receivable as the debtor is revalued at each reporting period based on the latest mining plans and probabilities and measured at its fair value based on these inputs and forward-looking commodity prices. Level 3 hierarchy per IFRS 13 Fair Value Measurement.

The discounted cash flow valuation technique was used, with the key inputs being the discount rate, ZAR:USD exchange rate and a forward-looking chrome price. The cash flows are based on the life-of-mine plan of 10 years. The fair value at the reporting date is based on chrome ore prices of USD262.55 per metric tonne, an average ZAR:USD exchange rate of 18.00 and a discount rate of 9.65%. There were no transfers between fair value hierarchy levels during the period. There was also no change in the valuation technique compared to the prior corresponding period.

Reconciliation of Level 3 fair value measurements

	For the period ended	
	30 June 2026 Unaudited R'000	31 December 2025 Audited R'000
Opening balance	96 112	64 260
Total gains in profit or loss	–	37 392
Settlements	–	(5 540)
Closing balance	96 112	96 112

Notes to the unaudited condensed consolidated financial statements continued

3. Headline earnings per share

	For the six months ended			
		30 June 2026 Unaudited R'000		30 June 2025 Unaudited R'000
	Gross	**Net of taxation**	Gross	Net of taxation
Earnings for the period attributable to equity holders of the parent		511 905		232 996
IAS 33 earnings		511 905		232 996
Adjusted for:				
Less: IAS 16 gains on the disposal of land and mineral rights				
Less: IAS 16 gains on the disposal of property, plant and equipment	(6 983)	(5 098)	(123)	(90)
Add: IAS 36 Impairment of property, plant and equipment	15 931	11 630	112 800	82 344
Headline earnings		518 437		315 250
Headline earnings per share (cents)		20.7		12.6
Diluted headline earnings per share (cents)		20.7		12.6
Ordinary shares in issue		2 499 126 870		2 499 126 870
Weighted average number of shares for the period		2 499 126 870		2 499 126 870
Diluted weighted average number of shares for the period		2 499 126 870		2 499 126 870

4. Revenue

Ferrochrome revenue*	1 392 552	1 358 917
Chrome ore revenue	1 785 500	1 003 512
PGMs revenue**	254 806	156 065
Revenue from contracts with customers	3 432 858	2 518 494
Other income***	265	956
Revenue other than from contracts with customers	265	956
Total revenue	3 433 123	2 519 450

* *Ferrochrome sales include provisional pricing adjustments of R24 million (June 2025: R19 million).*
** *All PGM concentrate sales are to customers in South Africa.*
*** *Other income includes revenue from sale of scraps and silica.*

Geographical areas of ferrochrome sales to customers

The majority of customers are stainless steel mills located at the following revenue destinations:

	2026		2025	
	Revenue R'000	**% of revenue in relation to total ferrochrome revenue**	Revenue R'000	% of revenue in relation to total ferrochrome revenue
Revenue destination				
Africa*	65 771	5	65 591	5
Americas**	132 999	10	171 161	13
Asia	886 529	63	724 245	53
China	500 895	35	562 745	41
Indonesia	258 889	19	31 031	2
Other Asia***	126 745	9	130 469	10
Europe****	307 253	22	397 920	29
	1 392 552	100	1 358 917	100

* *Includes South Africa.*
** *Includes Brazil, Canada and USA.*
*** *Includes India, Japan, Korea, Malaysia, Türkiye and Australia.*
**** *Includes France, Italy, Netherlands, Slovenia, Spain and the United Kingdom.*

Geographical areas of chrome ore sales from customers

	2026 Revenue R'000	2026 % of revenue in relation to total ferrochrome revenue	2025 Revenue R'000	2025 % of revenue in relation to total ferrochrome revenue
Revenue destination				
Africa*	58 841	3	156 477	16
Americas**	9 139	1	5 690	–
Asia	1 695 920	95	808 103	81
China	1 579 192	88	799 005	80
Other Asia***	116 728	7	9 098	1
Europe****	21 600	1	33 242	3
	1 785 500	100	1 003 512	100

* *Includes South Africa.*
** *Includes Argentina, Brazil, Mexico and USA.*
*** *Includes India, Indonesia, Japan, Korea, Malaysia, Türkiye and Australia.*
**** *Includes Italy, Netherlands, Spain and the United Kingdom.*

Sales to the following customers individually comprise more than 10% of total sales:

	2026 Revenue R'000	2026 % of revenue in relation to total ferrochrome revenue	2025 Revenue R'000	2025 % of revenue in relation to total ferrochrome revenue
Key customers				
Customer A	264 963	19	463 140	34
Customer B	235 691	17	168 953	12
	500 654	36	632 093	46

Sales to the following customers individually comprise more than 10% of total chrome ore sales:

	2026 Revenue R'000	2026 % of revenue in relation to total ferrochrome revenue	2025 Revenue R'000	2025 % of revenue in relation to total ferrochrome revenue
Key customers				
Customer C	–	–	–	–

5. Capital Commitments

	2026 R'000	2025 R'000
Contracted but not provided for	122 392	255 688
Authorised but not contracted for	571 664	507 671
Total capital commitments	694 056	763 359

6. Related parties

Related-party transactions and balances

During the current reporting period, management reviewed its related party relationships in accordance with IAS 24: Related Party Disclosures. The Glencore plc Group is 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. At the end of the period, there were no outstanding commitments.

Name of related party	Description of relationship	Transactions and balance
Industrial Development Corporation of South Africa Limited (IDC)	The IDC holds 21.9% of the issued share capital of the Company and has the ability to exercise significant influence over the Company as a result of its shareholding.	The IDC received non-executive directors' fees for Mr D McGluwa. The IDC receives dividends declared by the Company. At the reporting date, there are no amounts due to the IDC.
Glencore (Nederland) B.V. (GN)	GN holds 28.8% of the issued share capital of the Company and has the ability to exercise significant influence over the Company as a result of its shareholding.	GN receives dividends declared by the Company. At the reporting date, there are no amounts due to GN.
Glencore Limited (Stamford) (GLS)	GLS acts as the Venture's exclusive marketing agent to sell ferrochrome on its behalf and acts as a distributor in the USA and Canada.	Sales of ferrochrome of R145m (June 2025: R168m). Commission expense on the sale of ferrochrome of R3m (June 2025: R4m). Interest expense of R2m (June 2025: R2m). The balance receivable at the reporting date, R124m (December 2025: R107m), is reduced as and when GLS receives funds from customers and is receivable 120 days after the bill of lading.
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 of R130m (June 2025: R93m). Interest income of R6m (June 2025: R1m). Marketing fee expense of R1m (June 2025: R1m). Purchase of raw materials of Rnil (June 2025: R1m). The balance owed at the reporting date is R32m (December 2025: R24m), payable on confirmation of final sales.
Glencore Operations South Africa Proprietary Limited (GOSA)	GOSA is Merafe Ferrochrome and Mining Proprietary Limited's partner in the Venture.	Employee costs of R76m (June 2025: R82m). Head office costs of R11m (June 2025: R10m). Lion housing costs of R13m (June 2025: R12m). Training costs of R6m (June 2025: R5m). Shared services costs of R7m (June 2025: R6m). The balance owed at the end of the period is R3m (December 2025: R19m), payable 10 days after month end. GOSA received the non-executive directors' fees for Mr D Green. At the reporting date, a loan of R91m (December 2025: R68m) is owed to Merafe Ferrochrome.
Char Technology Proprietary Limited (Chartech)	Chartech sells raw materials to the Venture.	Purchase of raw materials of R6m (June 2025: R26m). Balance owing at the reporting period date of R2m (December 2025: R1m) payable 30 days from the statement date.

Name of related party	Description of relationship	Transactions and balance
Glencore Holdings South Africa Proprietary Limited (GHSA)	GHSA offers the central treasury function for the Venture.	Interest income of R38m (June 2025: R35m) Cash deposits of R721m (December 2025: R699m) and rehabilitation investment of R410m (December 2025: R394m).
Glencore Property Management Company Proprietary Limited (GPMC)	GPMC provides rental property to the Venture.	Rental of CSI offices R0.1m (June 2025: R0.1m). Balance owing at the reporting date of Rnil (December 2025: R0.4m) payable 30 days from the statement date.
Astron Energy Proprietary Limited (Astron)	Astron sells fuel to the Venture.	Purchase of fuel of R20m (June 2025: R18m). The balance owed at the reporting date is R1m (December 2025: R1m).
Cassian Trade AG (Cassian Trade)	Cassian Trade acts as Venture's marketing agent to sell ferrochrome and chrome ore on its behalf.	Receivable at the reporting date of R10m (December 2025: R0.2m).
Impala Chrome Proprietary Limited (Impala)	Impala is an equity accounted investment, which provides logistics support to the Venture.	Revenue from logistics, marketing and maintenance contracts of R30m (June 2025: R18m). Receivable at the reporting date of R25m (December 2025: R10m).
Unicorn Chrome Proprietary Limited (Unicorn)	Unicorn is a jointly controlled operation by the Venture.	Unicorn declared a dividend of R7m to Merafe Ferrochrome.

7. Taxation

The Group's annualised effective tax rate is 27% (June 2025: 23.8%) for the six months ended 30 June 2026.

8. Inventories

During the reporting period, inventory of R8 million (June 2025: R2 million) was written down.

9. Changes in estimate

Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates.

The discount rate used in the calculation of the provision as at 30 June 2026 equalled 6.5% (December 2025: 7.5%). There was no change in estimate effect which affected property, plant and equipment in the current period.

10. Impairment of property, plant and equipment

During the reporting period, impairment adjustments were made relating to these specific assets that were fully written off: the Tswelopele and Bokamoso pelletising plants and the Wonderkop smelter. The resulting impairment loss was R16 million (June 2025: R113 million). This was in light of grounds pointing to the likely impairment of some of our smelting operations. This conclusion was reached after considering several critical factors which included the adverse state of the ferrochrome market and the uncompetitive level of our operating costs.

11. Reversal of Restructuring Provision

Following a reassessment of the Group's restructuring obligations and the finalisation of restructuring activities, management determined that a portion of the restructuring provision recognised in prior periods was no longer required. Accordingly, an amount of R181 million has been reversed and recognised in the statement of profit or loss for the period ended 30 June 2026.

The reversal reflects lower-than-anticipated costs and the settlement of certain obligations at amounts below original estimates. The remaining provision adequately reflects the Group's best estimate of outstanding restructuring-related obligations.

12. Corrections of prior period error

Certain prior period balances in the consolidated statement of financial position and statement of cash flows have been reclassified to conform to the current period's presentation. Specifically, amounts previously reported under 'Cash and cash equivalents' have been reclassified to 'Other short-term financial asset' and 'Cash and cash equivalents and balances held with Central Treasury'. The reclassifications had no impact on previously reported total assets, total liabilities, net income, or equity.

Statement of profit or loss and other comprehensive income

	30 June 2025	
R'000	Previously stated	**Currently stated**
Operating and other expenses	(1 939 167)	(1 955 922)
Earnings before interest, taxation, depreciation and amortisation	499 632	482 877
Results from operating activities	286 043	269 288
Finance income	20 432	37 187

Statement of cash flows

	30 June 2025	
R'000	Previously stated	**Currently stated**
Finance income	(20 432)	(37 187)
Cash utilised from operating activities	(158 639)	(175 394)
Net cash flows from operating activities	(159 962)	(176 717)
Movement in balances held with Central Treasury	–	426 785
Net cash flows generated from investing activities	(202 765)	220 020
Total cash movement for the period	(563 347)	(153 317)
Effect of exchange rate movement on cash balances	(89 699)	–
Cash at the end of the period	1 794 911	602 729

13. Contingent liabilities

The Group is subject to direct and indirect tax in the South African jurisdiction. The Group's subsidiary undertakes various cross-border transactions within the Venture, subject to the Group's transfer pricing policies. As a result, significant judgement is required to determine the Group's provisions for income taxes. The income tax and annual assessments are subject to examination within prescribed periods by the South African Revenue Service (SARS).

As previously reported, SARS finalised the audit of the Group's transfer pricing matter relating to the 2016 and 2017 years of assessment on 30 October 2024. Pursuant to the finalisation of the audit, SARS issued additional assessments on 30 October 2024 levying additional income tax, dividends tax, understatement penalties and interest in the aggregate amount of R406 million against the Group for the 2016 and 2017 years.

The Group disagrees with the additional assessments. After taking several procedural steps, including submitting an objection that was ultimately denied by SARS, the Company filed a notice of appeal in November 2025. This formally initiated the Tax Court appeal process. Furthermore, the Company is still awaiting SARS' response regarding its request to review the partial suspension of payment for the disputed tax debt.

Management continues to rely on opinions obtained from external legal and tax advisers to inform and support the significant judgements required in interpreting the relevant tax legislation. In addition, management is in the process of preparing documentation for court proceedings in relation to the matter. Due to the ongoing dispute, the outcome remains uncertain and any potential tax exposure cannot be measured reliably. As a result, the matter has been disclosed as a contingent liability. Accordingly, the consolidated financial statements have made no adjustment for any effects on the Group.

Notes to the unaudited condensed consolidated financial statements continued

14. Events after the reporting period

As reported below, on 7 August 2026, the Board resolved to declare an interim cash dividend of 16 cents per share for the six months ended 30 June 2026 (June 2025: 4 cents per share).

The directors are not aware of any material events which occurred after the reporting period and up to the date of authorisation of this report that may require adjustment or disclosure in these interim financial statements.

15. Declaration of an ordinary cash dividend for the six months ended 30 June 2026

Notice is hereby given that, on 7 August 2026, the Board resolved to declare a gross interim cash dividend of 16 cents per share (June 2025: 4 cents per share), to holders of ordinary shares. The dividend will be paid out of income reserves.

The ordinary dividend will be subject to a local dividend tax rate of 20%. The net local ordinary dividend, payable to those Merafe shareholders (Shareholders) who are not exempt from paying dividend tax is therefore 12.80 cents per share. Merafe's income tax number is 9 550 008 602. The number of ordinary shares issued at the date of the declaration is 2 499 126 870.

The important dates pertaining to the dividend are as follows:

	2026
Last day for ordinary shares to trade *cum* ordinary dividend:	Tuesday, 1 September
Ordinary shares commence trading *ex*-ordinary dividend:	Wednesday, 2 September
Record date:	Friday, 4 September
Payment date:	Monday, 7 September

Shareholders will not be permitted to dematerialise or rematerialise their ordinary shares between Wednesday, 2 September 2026 and Friday, 4 September 2026, both days inclusive.

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