Results Presentation

for the Year Ended 31 December 2009

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Contents

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1. Key Highlights for the Year ended 31 December 2009

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Key Highlights for the Year Ended 31 December 2009

- 26% increase in sales volumes
- 49% reduction in ferrochrome inventory
- 81% reduction in net financing costs
- Healthy cash balance of R463 million
- Maiden cash dividend of 2 cents per share declared*
- 30% recovery in ferrochrome price from Q1'09 to Q4'09
- Top performer in the Resources sector of Financial Mail's Top Empowerment Companies Survey for 2009 (No.1) and JSE's SRI Index (Top 10)
- Venture granted all New Order Prospecting and Mining Rights as well as all conversions of the Mining Rights

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** post balance sheet event*

2. Safety

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Safety Continues to be the Key Priority for the Venture

- Venture's excellent safety record for the year sadly marred by tragic death of contractor Mr Julias Ngele during December 2009
- Mr Ngele was a front end loader operator employed by Fraser Alexander Bulkmech, the main internal transport contractor at the Lydenburg plant
- Merafe express their deepest sympathies to his wife Efeniya and his children
- Total recorded injury frequency rate (*TRIFR) for 2009 was 13% lower at 4.64 compared to 5.36 in 2008

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** Rate refers to per one million hours worked*

3. Market review

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Stainless Steel:
China Drove Demand in H2'09

First Half of 2009

- Production from Western Europe, Japan and America continued to weaken significantly during H1'09
- Chinese stainless steel mills increased capacity to around 90% during Q2'09
  - Resulted in increased demand for ferrochrome
  - Venture had its highest quarterly ferrochrome sales in the second quarter

Second Half of 2009

- No significant improvement in demand seen from Western Europe and Japan but slight improvement in America
- By Q3'09 Chinese stainless steel mills had increased capacity to almost 100%
  - Resulted in the market being fully supplied
  - China reduced capacity by 13% in Q4'09
- Chinese output for 2009 estimated to have reached record levels of about 8.8 Mt*
  - Increase of about 27% y-o-y
  - Global production estimated to have decreased by about 3% y-o-y to approximately 25 Mt*

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** Excluding private stainless steel mills*

Global Stainless Steel Production Breakdown

	2007 in '000t	2008 in '000t	2009 in '000t	Change 09/08 in %	Forecast 2010 in '000t	Change 10/09 in %
NAFTA	**2,171**	**1,925**	**1,618**	**-16.0**	**2,140**	**32.3**
European Union	**8,109**	**7,828**	**5,974**	**-23.7**	**6,949**	**16.3**
Japan	**3,901**	**3,564**	**2,610**	**-26.8**	**3,330**	**27.6**
S.Korea/Taiwan/India	**5,305**	**4,458**	**5,069**	**13.7**	**5,932**	**17.0**
Others	**1,414**	**1,298**	**1,210**	**-6.8**	**1,422**	**17.5**
Subtotal	20,900	19,074	16,481	-13.6	19,773	20.0
China*	**7,190**	**6,945**	**8,800**	**32.8**	**10,134**	**15.1**
Total	28,090	26,018	25,281	-2.8	29,907	18.30

- *Numbers for China as quoted by CSSC/ISSF. These do not include private stainless steel mills who are not members of CSSC or ISSF (Heinz Pariser includes the private stainless steel mills)*

Source: Heinz Pariser (17/02/2010)/ Merafe Resources

Ferrochrome:
Difficult Start Followed by Returning Demand

First Half of 2009

- Weak demand during Q1'09
- Reduced demand for ferrochrome in H1'09 led to sharp decline in the European benchmark ferrochrome price
  - Q3'08: 205 US¢/lb → Q1'09: 79 US¢/lb → Q2'09: 69 US¢/lb
- Increased Chinese stainless steel production during Q2'09 led to return in demand
  - South African ferrochrome producers increased production capacity from 20% to about 30%

Second Half of 2009

- Increased demand in the Q3'09 due to China's stainless steel production ramping up to almost 100%
  - South African ferrochrome producers increased production capacity to 85% by end of the year
- Return in demand resulted in the ferrochrome price appreciating
  - Q2'09: 69 US¢/lb → Q3'09: 89 US¢/lb → Q4'09: 103 US¢/lb
- China's imports of ferrochrome during 2009 amounted to about 2.16 Mt compared to 1.09 Mt in 2008
- Demand met through both new production and stockpiles,
  - World market stocks of ferrochrome reduced to an equivalent of 10 weeks of consumption compared to 24 weeks in 2008 (14% - 16% considered an optimal level)
- Global ferrochrome production reached about 5.8 Mt, a 22% reduction from 2008

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Source: Heinz Pariser / (17/02/2010) Merafe Resources

Global Ferrochrome Production Breakdown

	2008 in'000t	2009 in '000t	G.R. 00-09 in %	Change 09/08 in %	Forecast 2010 in '000t	Change 10/09 in %
Brazil	**187**	**119**	**1.1**	**-36.4**	**165**	**38.9**
EU 27	**356**	**133**	**-5.9**	**-62.6**	**340**	**155.6**
Russia, Turkey, Albania	**531**	**335**	**10.9**	**-37.0**	**560**	**67.4**
India	**750**	**744**	**-1.2**	**-0.8**	**750**	**0.8**
Kazakhstan	**955**	**982**	**0.0**	**2.8**	**1,040**	**5.9**
South Africa	**3,239**	**2,160**	**2.8**	**-33.3**	**3,200**	**48.2**
Zimbabwe	**152**	**100**	**-8.8**	**-34.1**	**200**	**99.9**
Iran	**10**	**15**	**2.6**	**50.0**	**15**	**0.0**
Subtotal	6,179	4,587	0.0	-25.8	6,270	36.7
China	**1,284**	**1,246**	**22.9**	**-2.9**	**1,300**	**4.3**
Total	7,463	5,833	5.6	-21.8	7,570	29.8

Source: Heinz Pariser/ (17/02/2010) Merafe Resources

Venture’s Geographical Sales Fairly Match Geographical Stainless Steel Production

The Venture’s ferrochrome sales by region for 2009 vs. stainless steel production in 2009

Region	Venture’s sales by region	Stainless steel production by region
Asia	54%	59%
Europe	32%	23%
USA	11%	7%
Others	3%	11%
Total	**100%**	**100%**

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Export Duty Imposed by Indian Government has Curbed Chrome Ore Exports out of India

Chrome ore imports : China

- China imported a total of 6.8 Mt of chrome ore in 2009, which was 1.3% lower than 2008
- Primary sources of the imports in 2009 were:

Country	% of China’s ore imports	What the delivered ore is costing China
South Africa	42.9 % , up 11.5% y-o-y	$215/t CIF
Turkey	19.0% , up 9.1% y-o-y	$330/t CIF
Oman	10.2% , down 15.4% y-o-y	$235/t CIF
India	24.7% , down 24.7% y-o-y	$360/t CIF

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4. Operational review

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Challenging Economic Environment Impacted Operations

- Extremely challenging year for the Venture
  - Started the year with high volumes of inventory (reduced by 49% by end of the year)
- The Venture started the year operating at 20% of production capacity due to weak demand for ferrochrome seen in the last quarter of 2008
- Demand for ferrochrome started to return during the second quarter of 2009
- Venture increased ferrochrome production capacity as follows:

Date	Production capacity
January 2009	20%
Average for 6 months to June 2009	30%
July 2009	60%
September 2009	85%
Average for 2009	56%

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Implemented Cost Saving Initiatives and Ensured Quick Start up

- Premus based furnaces remained in operation through most of the downturn
  - Contributed a 5% improvement in both ore consumption and a electricity efficiency y-o-y
- Training programmes and limited maintenance were carried out during the downturn
  - Enabled operations to be restarted quickly and efficiently during H2'09
- The Venture implemented a range of cost savings initiatives to limit the impact of increased costs which included:
  - Reduced use of contractors
  - Limited expenditure on maintenance
  - Reduced overtime
  - Scaling down of mining activities
  - Optimising the consumption of UG2 chromite ore
- All New Order Prospecting and Mining Rights as well as all the Mining Rights conversions were granted to the Venture by the Department of Mineral Resources

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5. Financial review

Key Financial Features for the Year Ended 31 December 2009

- Revenue down by 34% to R1.8 billion
- Full year loss of R152 million equating to a loss of 6c per share
- Net financing costs down by 81%
- Ferrochrome inventory reduced by 49%
- Cash flows from operations of R267 million
- Healthy cash balance of R463 million
- Maiden cash dividend of 2c per share*

* *post balance sheet event*

Abridged Consolidated Statement of Comprehensive Income

	As at 31 December 2009 Audited R'000	As at 31 December 2008 Audited R'000
Revenue	1,839,169	2,781,304
EBITDA	(100,311)	1,611,923
Depreciation	(106,189)	(77,918)
Net financing costs	(11,975)	(63,983)
(Loss)/profit before income tax	(218,475)	1,470,022

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Abridged Consolidated Statement of Comprehensive Income (cont.)

	As at 31 December 2009 Audited R'000	As at 31 December 2008 Audited R'000
Income tax income/(expense)	**66,150**	(442,331)
Current tax	**(1,902)**	(84,216)
Deferred tax	**68,052**	357,247
Secondary tax on companies	**-**	(868)
(Loss)/profit and total comprehensive (loss)/ income for the year	**(152,325)**	1,027,691
(Loss)/earnings per share (cents)	**(6)**	42
Ordinary shares in issue	**2,459,258,860**	2,459,258,860
Final dividend – declared (R'000)	**49 185**	-
Dividends per share (cents)	**2**	-

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Dividend Declared on 26 February 2010

Total amount of the cash dividend	**R49.185 million**
Dividend per share	2 cents
Key dates:	
Last date to trade *cum*-dividend	Thursday, 18 March 2010
Shares trade *ex*-dividend	Friday, 19 March 2010
Record date	Friday, 26 March 2010
Payment date	Monday, 29 March 2010

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Abridged Consolidated Statement of Financial Position

	As at 31 December 2009 Audited R'000	As at 31 December 2008 Audited R'000
Total non-current assets	1,949,464	1,861,185
Property, plant and equipment	1,949,464	1,861,185
Total current assets	1,454,435	1,893,165
Trade and other receivables	234,346	286,271
Inventories	757,457	1,067,153
Cash and cash equivalents	462,632	539,741
Total Assets	**3,403,899**	3,754,350

Abridged Consolidated Statement of Financial Position (cont.)

	As at 31 December 2009 Audited R'000	As at 31 December 2008 Audited R'000
Total non-current liabilities	782,153	845,136
Loans and borrowings	363,626	366,174
Provision for closure and restoration costs	37,347	29,730
Deferred tax liability	381,180	449,232
Total current liabilities	288,210	429,876
Loans and borrowings	888	1,200
Financial liability	8,568	11,466
Trade and other payables	278,735	331,364
Current tax liability	19	85,846
Total liabilities	**1,070,363**	**1,275,012**

Abridged Consolidated Statement of Cash Flow

	As at 31 December 2009 Audited R'000	As at 31 December 2008 Audited R'000
(Loss)/profit before income tax	**(218,475)**	1,470,022
Net interest paid	**11,975**	52,517
Depreciation	**106,189**	77,918
Adjusted for non-cash items	**3,625**	12,485
Adjusted for working capital changes	**363,389**	(683,854)
Cash flow from operations	**266,703**	929,088
Net interest paid	**(12,150)**	(52,517)
Taxation paid	**(87,728)**	(700)
Cash flows from operating activities	**166,825**	875,871

Abridged Consolidated Statement of Cash Flow (cont.)

	As at 31 December 2009 Audited R'000	As at 31 December 2008 Audited R'000
Net acquisition of property, plant and equipment	**(182,583)**	(138,262)
Cash flows from financing activities	**(2,548)**	(114,351)
Net (decrease)/increase in cash and cash equivalents	**(18,306)**	623,258
Cash and cash equivalents at the beginning of the year	**539,741**	(153,469)
Effect of exchange rate fluctuations on cash held	**(58,803)**	69,952
Cash and cash equivalents at the end of the year	**462,632**	539,741

Increasing Production Costs Limited by Executing on Cost Saving Initiatives

- Despite the Venture improving efficiencies, variable costs rose by 20% in nominal Rand terms, primarily due to:
  - A 34% increase in electricity costs
  - A 30% increase in average reductant prices
  - Labour cost increases (albeit in single digits)
  - General mining inflation
- Fixed costs increases were limited to 5% as a result of:
  - Reduced overtime
  - Reduced use of contractors
  - Reduced maintenance

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Royalty Tax

- Royalty tax effective 1 March 2010
- Merafe (“the Venture”) subject to the “Unrefined” formula
- Royalty % is: 0.5% + [(EBIT)/(gross sales x 9)] %
- Taxable EBIT – can deduct unredeemed capex but not assessable losses
- Maximum Royalty is 7% of gross sales
- Royalty is tax deductable

6. Industry outlook - 2010

Stainless Steel Outlook:
Market Review – What we See in Q1’10

- Stainless steel production in Q1’10 estimated to be at similar levels to that of Q4’09

- **China**
  - Rising domestic demand due to the government stimulus programme and lower exports of finished products resulted in higher domestic consumption
  - Major stainless steel mills expected to return to near 100% utilisation rates once the country’s New Year’s celebrations are over
  - On target to meet China’s five year plan to produce 10 Mtpa of stainless steel
- **Japan**
  - Currently running between 70 and 80% of capacity
  - At present exporting material at a higher than normal level, resulting in higher than anticipated capacity utilisation
- **USA**
  - Stainless steel mills currently operating at between 70 and 80% of historical capacity utilisation
  - Production is expected to increase by 11% y-o-y in 2010
- **Western Europe**
  - Stainless steel mills currently operating at between 70 and 80% of historical capacity utilisation varying between regions
  - Signs of slight increase in end user demand in 2010 particularly in Germany

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Ferrochrome Outlook:
Market Review – What we See in Q1'10

- Global stockpiles significantly reduced and currently at about 10 weeks consumption
  - 14 – 16 weeks considered to be optimal level
- Costs for South African ferrochrome producers continue to be under pressure
  - Eskom's electricity tariff increases over the next three years
- Additionally, the strong Rand suggest that ferrochrome prices will increase in 2010

- **South Africa**
  - South African ferrochrome producers currently operating at about 85% of capacity
  - Current ferrochrome price environment and high winter electricity tariffs:
    - May result in reduced ferrochrome production in winter
- **India**
  - Producers have sold out of stock and are offering ferrochrome for delivery in March
- **Turkey**
  - Eti Krom has declared *force majeure* due to a landslide
- **USA**
  - National stockpile of high-carbon ferrochrome getting close to depletion (c. 20,000 t)
  - DLA (Defense Logistics Agency) may be slowing down its ferrochrome sales in order to stretch out remaining supplies

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7. Recent developments

Merafe Coal Joint Venture Terminated

- 2007: Merafe formed a 50/50 JV with Sentula Mining Limited called Merafe Coal
- Merafe Coal's objective was to develop existing coal projects in its portfolio as well as pursue further opportunities in South Africa
- By mutual agreement, the joint venture has been terminated
- Sentula will be continuing to pursue the development projects contributed by each party to the joint venture
- In terms of the agreement, Sentula will fund all historic, present and future costs
- Merafe is now in a position to pursue coal projects independently of Sentula

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UG2 Chrome Contract Signed with Lonmin

- The Venture has signed a contract with Lonmin for construction of a Chrome Recovery Plant (CRP) to treat the current tailings from UG2 concentrators at Lonmin's Marikana operations
- The Venture will construct, own and operate the CRP and purchase the chromite concentrate produced from the CRP
  - Expected to be in full production in 2011
- Duration of the contract is based on total volume treated, rather than a fixed time period
- The Venture is expected to treat approximately 1.5 Mt of chromite concentrate contained in the tailings feed per annum
- The CRP will be funded from internal cashflows

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8. Prospects

Immediate Outlook for Ferrochrome Very Positive

- Ferrochrome stock levels are at historic lows
- Increase in forecast production of stainless steel for the next five years will result in the demand for ferrochrome increasing by 6% CAGR over the same period
- Ferrochrome prices expected to increase in 2010, starting in the Q2'10
- No additional ferrochrome expansions expected in South Africa in the next three years due to
  - Limited availability of power, access to financing & large capital cost
- China IS set to achieve its target of producing 10 Mt of stainless steel by 2010
- 1.5 Mt additional UG2 chromite ore p.a. for the Venture expected by 2011
  - Results in significant cost savings, thereby entrenching the Venture's position as a low cost producer
- Cash position remains strong post the R49 million dividend and early retirement of R50 million debt

WELL POSITIONED TO TAKE ADVANTAGE OF THE EXPECTED RECOVERY

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