"ANNEXURE"

MERAFE
RESOURCES

DOCUMENT TO SHAREHOLDERS REGARDING THE AMENDMENTS TO THE MERAFE RESOURCES LIMITED SHARE INCENTIVE SCHEME

1. If you are in any doubt as to what action you should take arising from this document, please consult your broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

2. Should you have disposed of all your shares in Merafe Resources, please forward the Merafe Resources annual report, which includes this document, to the purchaser of such shares or to the broker or agent through whom the disposal was effected.

3. The definitions on pages 2 and 3 of this document apply to this document.

4. Action required:
   - This document is important and requires your immediate attention. The resolution regarding the approval of the proposed amendments to The Merafe Resources Limited Share Incentive Scheme is included in the notice of annual general meeting on page 152 of the Merafe Resources annual report as well as the proxy form inserted in the Merafe Resources annual report.
   - If you are in any doubt as to the action you should take in relation to this document, please consult your broker, CSDP, banker, attorney, accountant or other professional adviser immediately.
   - If you have disposed of all your shares in Merafe Resources please forward this annual report, which includes this document to the broker or agent through whom the disposal took place.

5. Additional copies of the Merafe Resources annual report, which includes this document, in English, may be obtained from the registered office of Merafe Resources and the transfer secretaries, the addresses of which are set out on the inside back cover of the annual report.

6. The corporate information is set out on the inside back cover in the Merafe Resources annual report and page 11 of this document.

7. The names of directors appear on page 6 and 7 in the Merafe Resources annual report and on page 8 of this document.

DEFINITIONS

In this document, unless inconsistent with the context:

- the words in the first column have the meanings stated opposite them in the second column;
- words in the singular include the plural and *vice versa*;
- words importing natural persons include corporations and associations of persons; and
- any reference to one gender includes the other genders.

"Annual General Meeting" or "AGM"	the annual general meeting of Shareholders to be held at 1st Floor, Block B, Sandton Place, 68 Wierda Road East, Wierda Valley, Sandton, 2196 at 11:00 on Tuesday, 13 April 2010.
"Articles of Association"	the articles of association of Merafe Resources.
"the Act"	the South African Companies Act, 1973 (Act 61 of 1973), as amended.
"Merafe Resources" or "the Company"	Merafe Resources Limited (Registration number 1987/003452/06), a public company listed on the JSE.
"the Merafe Resources annual report"	the Merafe Resources annual report for the year ended 31 December 2009, which includes this document.
"the Board"	the Board of Directors of Merafe Resources.
"Business Day"	any day on which the JSE is open for the transaction of business.
"Certificated Shareholders"	shareholders who have not dematerialised their Merafe Resources Share certificates in terms of the system operated by Strate.
"Certificated Shares"	shares that have not been dematerialised, title of which is represented by a Share certificate or other physical document of title.
"Document"	this document, included in the Merafe Resources annual report.
"CSDP"	Central Securities Depository Participant.
"Directors"	the Board of Directors for the time being of the Company.
"Employee"	anyone (including a director) employed by the Company or any of its subsidiaries, but excluding non-executive directors.
"Effective Date"	date on which the amendments to the Scheme are approved by the Shareholders.
"Expected Value"	the future value of Offers applying best practice share valuation techniques such as the Black-Scholes-Merton methodology.
"Grant/s"	award of Grant Shares to an Offeree in terms of the Scheme.
"Grant Shares"	shares which are granted to a Participant in terms of the Scheme.
"the Group"	the Company and any other company, body corporate or other undertaking which is or would be deemed to be a subsidiary of the Company in terms of the Act, or which is an associate company of the Company, or which is in a jointly controlled entity with the Company, and the expression "member of the Group" shall be construed accordingly.
"IFRS 2"	the International Financial Reporting Standard dealing with share-based payments.
"the JSE"	JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa under registration number 2005/022939/06, licensed as an exchange under the Securities Services Act, 2004 (Act 36 of 2004), as amended.
"Last Practicable Date"	Friday, 26 February 2010 being the last practicable date prior to the finalisation of this document.
"Offer/s"	an offer to award Grant Shares or Options to an Offeree by the Company in terms of the Scheme.
"Offeree"	an Employee nominated in terms of the provision of the Scheme to receive an Offer.
"Offer Date"	the date on which an Offer is made to an Offeree in terms of the Scheme.

DEFINITIONS CONTINUED

"Option Price"	means, the volume weighted average price of a fully paid Share on the JSE on the trading day immediately preceding the date of the Offer and in the case of a Share acquired by a Participant in terms of a rights offer, the subscription price of such Share.
"Option/s"	an option or options granted to an Offeree to purchase shares in terms of the Scheme.
"Participant"	an Offeree who has accepted an Offer and, where required by the context, his heirs, executors, administrators or trustees.
"Performance Criteria"	the performance criteria applicable to Offers as determined by the Board from time to time, and as communicated to Employees in the Offer notification letters which performance criteria may include, *inter alia,* individual performance conditions and Company performance conditions.
"Remuneration Committee"	the remuneration committee as constituted from time to time which shall consist of an independent non-executive chairperson and whose members shall consist of a majority of non-executive directors and shall exclude executive directors.
"Scheme"	the Merafe Resources Limited Share Incentive Scheme, as amended, and of which the salient features are set out herein.
"SENS"	Securities Exchange News Service of the JSE.
"Share/s" or "Ordinary Share/s"	ordinary shares of a par value of R0,01 each in the capital of the Company (or such other class of shares as may represent the same as a result of any reorganisation, reconstruction or other variation of the share capital of the Company to which the provisions of the Scheme may apply from time to time).
"Shareholders"	the registered holders of Shares in Merafe Resources.
"South Africa"	the Republic of South Africa.
"Strate"	Strate Limited (Registration number 1998/1022242/06), a registered securities depository in terms of the Securities Services Act, 2004 (Act 36 of 2004), as amended.
"Tax"	any present or future tax or other charge of any kind or nature whatsoever imposed, levied, collected, withheld or assessed by any competent authority, and includes all income tax (whether based on or measured by income/revenue or profit or gain of any nature or kind or otherwise and whether levied under the Income Tax Act or otherwise), capital gains tax, value added tax and any charge in the nature of taxation, and any interest, penalty, fine or other payment on, or in respect thereof but specifically excluding issue duty, stamp duty, marketable securities tax and uncertificated securities tax.
"Transfer Secretaries"	Link Market Services (Proprietary) Limited (Registration number 2000/007239/07), a public company incorporated in South Africa.
"Trust"	the Merafe Resources Limited Share Incentive Scheme Trust.
"Vesting Date"	in relation to: Grant Shares, the date on which the Grant Shares vest; and Options, the date on which the Options vest.

INFORMATION DOCUMENT TO SHAREHOLDERS REGARDING THE PROPOSED MERAFE RESOURCES LIMITED SHARE INCENTIVE SCHEME

Preamble

This Scheme document reflects amendments to the current Merafe Resources Limited Share Incentive Scheme approved by shareholders in December 1999 from the Effective Date. In summary, the key amendments are as follows:

- Changes necessary to comply with Schedule 14 of the JSE Listings Requirements and best practice;
- Discontinuation of provisions relating to loans by the Company to Employees via the Trust which enable Employees to acquire Shares in the Company via the Trust;
- Inclusion of the right of the Board to award Grant Shares to a Participant subject to Performance Criteria on the recommendations of the Remuneration Committee to be received over a five year period; and
- Changes necessary to allow the Company the election to settle in cash rather than Shares which has benefits for the Company (more tax efficient) and Shareholders (less dilution).

1. Salient features of the proposed Merafe Resources Limited Share Incentive Scheme

1.1 Purpose

The purpose of the Scheme is to attract and reward Employees who are able to influence the performance of Merafe Resources and the Group on a basis which aligns their interests with those of the Company's Shareholders. It is also to serve as a retention mechanism for Employees whose services are regarded by the Company to be important to the future growth and sustainability of Merafe's business.

1.2 Introduction

A number of new developments, which include changes to both accounting and taxation treatment of traditional share option schemes, has resulted in the Board concluding that Merafe's existing share incentive scheme being a share option and share purchase scheme is sub-optimal as a stand-alone scheme and needs to be amended to take cognisance of these changes as well as to comply with Schedule 14 of the JSE Listings Requirements.

Independent professional service providers have been engaged by the Company to assist the Board and amend the existing scheme to include a more appropriate suite of share-based incentives which are in line with global best practice, and emerging South African practice, and which achieve the purposes set out in 1.3.

Shareholders will be requested at the AGM to approve the Scheme. The Scheme will align Merafe Resources with best international practice in this field and provide for the inclusion of a number of performance conditions, designed to align the interests of executives and senior management with those of the Company's Shareholders.

As advised, the existing Merafe Resources Limited Share Incentive Scheme shall remain in place and those awarded options under the rules of that scheme would be governed by that scheme. All future awards by the Board from the Effective Date would be under the Scheme.

1.3 General description of the Scheme

The Scheme will be established by the Company under which Employees of the Company will be:

- made an offer to receive Grant Shares; or
- made an award of Options.

Participants will receive Shares in the Company (after the deduction/payment of Employee Tax as applicable) when time, conditions and, to the extent that, Performance Criteria which apply, have been achieved.

1. Salient features of the proposed Merafe Resources Limited Share Incentive Scheme (continued)

1.3 General description of the Scheme (continued)

Offers will be governed by the Company's reward philosophy and strategy, in which, *inter alia,* the Expected Value of incentive reward is set for defined categories of Employees.

The implementation of the above Scheme, will allow Merafe Resources to remain competitive in annual and share-based incentive schemes, reward long-term sustainable Company performance, act as a retention tool and ensure that Employees share a significant level of personal risk with the Shareholders.

There is no automatic right to participate in the Scheme and the Remuneration Committee will on an annual basis make recommendations to the Board as to:

- who should participate and receive Offers;
- basis of participation;
- applicable Performance Criteria; and
- the extent of any Offer.

Share Offers

There are two types of Offers:

Grant Shares – the Participant has the right to receive Grant Shares over a five year period and the Shares will be granted as follows; one third on the third anniversary of acceptance of the Offer, a further one third on the fourth anniversary of acceptance of the Offer and the final third on the fifth anniversary of acceptance of the Offer at nil consideration to Participants on the Vesting Dates.

Options – the Participant will be awarded Options at the Offer Price and these Options will vest over a five year period as follows; one third from the third anniversary of acceptance of the Offer, a further one third from the fourth anniversary of acceptance of the Offer and the final third from the fifth anniversary of acceptance of the Offer.

In order to minimise volatility in earnings dilution due to IFRS 2 and to promote tax neutrality for the Company, vested benefits in terms of the Scheme may be settled in Shares, which Shares may be purchased in the market. The Company, however in terms of the Scheme, retains the right to issue new Shares at its election or settle in cash rather than Shares.

1.4 Administration of the Scheme

The Board will ultimately be responsible for the administration of the Scheme, but the Remuneration Committee will make recommendations as to participation and will where necessary ensure that all relevant independent market data is obtained to ensure that the Scheme remains in line with current best practice.

1.5 Eligibility

Any Employee may be selected by the Board to be a potential Participant in the Scheme. It is envisaged that Participants will receive Offers on an annual basis. The appropriate method to apply shall be recommended by the Remuneration Committee.

1.6 Limits

Shares available for the Scheme

In line with JSE directives, no Offer shall be made under this Scheme which, together with current scheme Shares and Shares held under other share schemes would exceed 245 925 886 (10%) of the total issued share capital of the Company.

1. Salient features of the proposed Merafe Resources Limited Share Incentive Scheme (continued)

1.6 Limits (continued)

Individual limit

The maximum aggregate number of Grant Shares and Options which may be granted to a single Participant in terms of this Scheme shall be limited to 24 592 588 (1%), of the total issued share capital of the Company.

1.7 Termination of employment

In the event of a Participant being dismissed or leaving the service of the Company other than because of retirement (including, but not limited to the Participant's lawful summary dismissal for proven dishonesty, fraudulent or grossly negligent conduct), or in the event of the estate of a Participant being sequestrated, whether provisionally or finally, the Participant shall not be entitled to receive any of his Grant Shares which have not been received by him and any Options then held by the Participant will lapse to the extent that they have not been exercised.

In the event of a Participant leaving the employ of the Company for a reason approved of by the Directors (including, but not limited to, retirement, retrenchment, ill health or operational requirements), or dying, then he or his estate as the case may be, shall during a period of 1 (one) year (or in the case of a deceased employee) such longer period, not exceeding 2 (two) years, have the right to exercise his Options. In the event of a Participant leaving the employ of the Company for a reason approved of by the Directors (including, but not limited to, retirement, retrenchment, ill health or operational requirements), or dying, then the Participant or the estate as the case may be shall have the right to receive Grant Shares awarded and accepted.

1.8 Share settlement method

The Company has the election to settle in Shares or, as an alternative in cash. In relation to a Share Settlement, "Settled" or "Settlement" means the allotment and issue by the Company of such Shares into the name of a Participant.

Shares which have been Settled to a Participant in terms of the Scheme rank *pari passu* with Company Shares in all respects.

1.9 Change of control

In the event of a reconstruction or takeover of the Company which results in a change of control (the specified percentage as per the Securities Regulation Code and Rules of the Securities Regulations Panel read with the Act) before any Vesting Date, any Offer under the Scheme shall be deemed to have vested in part and the Remuneration Committee shall, prior to the reconstruction or takeover, review the Performance Criteria applicable to such Offer, and the extent to which it has been fulfilled up to the date of the reconstruction or takeover and calculate the number of Grants and Options that should vest for each Participant. The number of Scheme Shares that vest shall be relative to the number of months served of the performance period. Settlement shall be made for the vested (exercised and unexercised) Scheme Shares, to the extent applicable, so calculated as soon as practicable.

For the purpose of this clause, the Remuneration Committee must be constituted as it was constituted immediately prior to the reconstruction or takeover.

I. Salient features of the proposed Merafe Resources Limited Share Incentive Scheme (continued)

1.9 Change of control (continued)

If there is an internal reconstruction or other event which does not involve any change of control, then there will be no vesting as set out above. However, if any other event occurs which may affect any Offer, under the Scheme, including the cessation of the Shares' listing on the JSE, then and subject to ratification by the Directors or as a consequence of a Directors' directive, the Remuneration Committee may take such action as it considers appropriate to protect the interests of Participants and to ensure that the Participant is not worse off.

1.10 General provisions

Insolvency

All Offers will be cancelled if the Participant applies for the voluntary surrender of his estate, or his estate is otherwise sequestrated or any attachment of any interest of a Participant under the Scheme, unless the Board, in its discretion, determines otherwise and then subject to such terms and conditions as the Board may determine.

If the Company is placed in final liquidation, the company secretary shall notify the Participant thereof in writing and the Participant shall be entitled to require that the Participant be Settled all or any Offers within 21 days of such notification.

Poor Performance and Disciplinary Procedures

In the event of pending disciplinary or poor performance procedures against any Participant, or the contemplation of such procedures, then the vesting and/or Settlement of any Offer is suspended until the final conclusion of such procedures, at which time the Offer will vest and/or be Settled, or if the Participant is dismissed, all Offers will be cancelled.

Rights prior to Settlement

Until the Vesting Date the Participant has no ownership interest in or right to receive any dividends and/or to exercise any voting rights attached to any Offer.

Adjustments

If the Company restructures its capital (rights offer, liquidation for purposes of reorganisation, scheme of arrangement, subdivision or consolidation, bonus or capitalisation issue), then appropriate adjustments will be made to the rights of Participants as may be determined to be fair and reasonable by the Board; provided that any adjustments should give a Participant the entitlement to the same proportion of the equity capital as he was previously entitled.

Amendment of the Scheme

The Board may amend any of the provisions of the Scheme subject to the prior approval (if required) of every stock exchange on which the Shares are for the time being listed; provided that no such amendment affecting the vested rights of any Participant may be effected without the prior written consent of the Participant concerned, and provided that no such amendment affecting any of the following matters shall be competent unless it is sanctioned by the Company in a general meeting requiring 75% majority of votes:

- the definition of Employees;
- the definition of Offer Price;
- the calculation of the total number of Shares which may be acquired for the purpose of or pursuant to the Scheme; and
- the calculation of the maximum number of Shares which may be acquired by any single Participant in terms of the Scheme; and
- the provisions relating to termination of employment or retirement of Participants.

1. Salient features of the proposed Merafe Resources Limited Share Incentive Scheme (continued)

1.10 General provisions (continued)

Disputes

All disputes arising from or in connection with the Scheme (including an urgent dispute), in the first instance shall be referred to mediation by a mediator acceptable to both parties within 21 days, and failing resolution by mediation or agreement in respect of a mediator, shall be finally resolved in accordance with the Rules of the Arbitration Foundation of South Africa by an arbitrator or arbitrators appointed by the Foundation, such dispute to be determined within 60 days of referral.

Listing and Legal Requirements

No Shares shall be Settled to any Participant or acquired pursuant to this Scheme if the Board determines, in its sole discretion, that such Settlement will or may violate any Applicable Laws or the listings requirements of any securities exchange on which the Shares of the Company are listed.

The Company shall apply for the listing of any Shares which are to be issued and allotted in settlement of Participants on the JSE.

Annual Accounts

The Board shall ensure that a summary appears in the annual financial statements of the Company of the number of Offers to Participants, the number of Shares that may be utilised for the purposes of this Scheme, any changes in such numbers during the financial year under review, and the number of Shares then under the control of the Board for Settlement to Participants in terms of this Scheme.

2. Conditions precedent

The implementation of the Scheme from the Effective Date is subject to the ordinary resolution contained in the notice of annual general meeting in the Merafe Resources annual report which requires a 75% majority of the votes cast in favour of such resolution by all equity security holders present or represented by proxy at the Annual General Meeting to approve such resolution, is duly passed.

3. Directors

The Board of Merafe Resources, on the last practicable day, comprises the following individuals:

Name and age	Address	Occupation
Executive directors		
DS Phiri	68 Wierda Road East, Wierda Valley, Sandton, 2196	Chief Executive Officer
B McBride	68 Wierda Road East, Wierda Valley, Sandton, 2196	Commercial Director
SP Elliot	68 Wierda Road East, Wierda Valley, Sandton, 2196	Financial Director
Non-executive directors		
CK Molefe	68 Wierda Road East, Wierda Valley, Sandton, 2196	Chairman
MK Mamathuba	68 Wierda Road East, Wierda Valley, Sandton, 2196	Non-Executive Director
MI Mthenjane	68 Wierda Road East, Wierda Valley, Sandton, 2196	Non-Executive Director
TJ Ramantsi	68 Wierda Road East, Wierda Valley, Sandton, 2196	Non-Executive Director
ZJ Matlala	68 Wierda Road East, Wierda Valley, Sandton, 2196	Independent Non-Executive Director
NB Majova	68 Wierda Road East, Wierda Valley, Sandton, 2196	Independent Non-Executive Director
CJ Fauconnier	68 Wierda Road East, Wierda Valley, Sandton, 2196	Independent Non-Executive Director

INFORMATION DOCUMENT TO SHAREHOLDERS REGARDING THE PROPOSED MERAFE RESOURCES LIMITED SHARE INCENTIVE SCHEME CONTINUED

4. Directors' interest in securities

As disclosed on page 87 of the Merafe Resources annual report, on the last practicable date, no other director of Merafe Resources had any direct or indirect interest in Merafe Resources. There has been no change in directors' interests in securities since 22 May 2009 and the last practicable date.

5. Major shareholders

On the last practicable date, the Shareholders beneficially and directly holding a 5% or more shareholding in the issued share capital of Merafe Resources are set out on page 135 of the Merafe Resources annual report.

6. Share capital

As at the last practicable date, the authorised and issued share capital of Merafe Resources is as follows:

Authorised share capital	**R'000**
3 500 000 000 ordinary shares of 1 cent each	35 000
Issued share capital	
2 459 258 860 ordinary shares of 1 cent each	24 593
Share premium	1 244 072

7. Material change

There has been no material change in the financial or trading position of the Group since the publication of the results for the year ended 31 December 2009 other than set out in note 25 in the Merafe Resources annual report on page 134.

8. Opinion and recommendation

The Directors of Merafe Resources are of the opinion that the Scheme is in the interest of the Shareholders. Accordingly, the Directors who are Shareholders intend to vote in favour of the ordinary resolution to approve the amendments to apply from the Effective Date and recommend that Shareholders do the same.

9. Directors' responsibility statements

The Directors, whose names are set out on page 8 of this document, collectively and individually accept full responsibility for the accuracy of the information contained in this document and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts have been made and that this document contains all information required by the JSE Listings Requirements.

10. Litigation statement

Other than disclosed on page 75 in the Merafe Resources annual report, there are no other legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) which may have or have had a material effect on the Merafe Resources Group's financial position over the last 12 months.

11. Annual general meeting and voting rights

11.1 The notice of AGM includes the ordinary resolution as set out in page 152 of the Merafe Resources annual report for the purpose of obtaining the approval for the Scheme. The AGM will be held at 1st Floor, Block B, Sandton Place, 68 Wierda Road East, Wierda Valley, Sandton, 2196 at 11:00 on Tuesday, 13 April 2010.

INFORMATION DOCUMENT TO SHAREHOLDERS REGARDING THE PROPOSED MERAFE RESOURCES LIMITED SHARE INCENTIVE SCHEME CONTINUED

11. Annual general meeting and voting rights (continued)

11.2 Voting rights

- In terms of the JSE Listings Requirements, equity securities held by a share trust or scheme will not have their votes at a general meeting or annual general meetings taken into account for purposes of resolutions proposed in terms of the JSE Listings Requirements.
- In terms of the Act, no voting rights attaching to treasury shares or repurchased shares may be exercised.

12. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours at Merafe Resources registered office from 12 March 2010, until the date of the annual general meeting:

- the Merafe Resources annual report, which includes this document;
- the memorandum and articles of association of Merafe Resources and its operating subsidiaries;
- results for the year ended 31 December 2009;
- the audited annual financial statements of Merafe Resources for the three financial years ended 31 December 2006, 31 December 2007 and 31 December 2008; and
- the Scheme document.

By order of the Board

Merafe Resources Limited

A Mahendranath
Company Secretary

26 February 2010

Registered address
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2196

CORPORATE INFORMATION

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