

MERAFE
RESOURCES

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

for the year ended
31 December **2019**

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

for the year ended 31 December 2019

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

Sponsor
One Capital Sponsor Services Proprietary Limited

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

Non-Executive Directors
A Mngomezulu (Chairman)*, NB Majova*, M Vuso*, G Motau*, M Mosweu, S Blankfield, J Mclaughlan*

Company Secretary
CorpStat Governance Services Proprietary Limited

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

Transfer Secretaries
Link Market Services South Africa Proprietary Limited

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

** Independent*

The Merafe Resources Integrated Annual Report 2019 is available on our website (www.meraferesources.co.za) and a printed copy is available on request from the Company Secretary. The Merafe Resources annual financial statements form part of our online Integrated Annual Report for 2019 and is also available on our website.

CEO's commentary on results

With a challenging operational environment and uncertainty fuelled by year-long trade wars which have affected both the global demand for and pricing of our products, Merafe has produced an underwhelming set of financial results for the 2019 financial year. Industry dynamics led to market supply exceeding demand and resulted in lower realised CIF ferrochrome prices. The loss after tax is a deterioration from a profit in the prior year and arose mainly as a result of low commodity prices, an impairment loss on property, plant and equipment, impairment of inventory and an increase in standing charges. A total cash dividend of R100 million has been declared for the year ended 31 December 2019.

Preparation of this report
The following individuals were responsible for the preparation of this report:
- Masechaba Masemola CA(SA) Financial Manager
- Ditabe Chocho CA(SA) Financial Director

Icons used in this Notice

This icon refers to further reading

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

2019 year in review

KEY FEATURES

24% improvement in TRIFR to 2.56
(2018: 3.39)

Headline loss per share of 1.8 cents
(2018: headline earnings per share of 27.2 cents)

9% decrease in ferrochrome production to 371kt
(2018: 407kt)

Basic loss per share of 54.2 cents
(2018: basic earnings per share of 27.2 cents)

4% decrease in revenue to R5 379 million
(2018: R5 606 million)

Net cash generated from operating activities increased to R761 million
(2018: R478 million)

Increase in production cost per tonne managed to 12%
(2018: 9%)

Net cash[1] of R354 million
(2018: R281 million)

[1] Net cash includes cash and cash equivalents and bank overdraft.

71% decrease in EBITDA to R392 million
(2018: R1 346 million)

72% decrease in total cash dividend to R100 million
(2018: R351 million)

Commentary

Financial review

The summarised consolidated financial results for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards.

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

Merafe's share of revenue from the Venture decreased by 4% from the prior year to R5 379 million (2018: R5 606 million). Ferrochrome revenue decreased by 8% year on year to R4 455 million (2018: R4 849 million), primarily as a result of a 14% decrease in average net CIF prices and a 1% decrease in ferrochrome sales volumes to 368kt (2018: 372kt). Chrome ore revenue increased by 22% year on year to R910 million (2018: R747 million), driven by a 45% increase in sales volumes to 359 000 (2018: 248 000). This was partially offset by a 24% average sales price decrease for the year.

Merafe's portion of the Venture's EBITDA for the year ended 31 December 2019 is R428.1 million (2018: R1 390.3 million). The EBITDA includes Merafe's attributable share of standing charges of R203.3 million (2018: R131.5 million) and a foreign exchange loss of R14.4 million (2018: foreign exchange gain of R141.5 million). This figure also includes an impairment loss on inventory of R133.2 million (2018: R8.3 million) as well as a reversal of SARS disallowed diesel rebate of R11.0 million (2018: Rnil).

After accounting for corporate costs of R36.3 million (2018: R44.4 million), which include a cash settled share-based payment expense of R0.16 million (2018: R3.1 million), Merafe's EBITDA reached R391.9 million (2018: R1 345.9 million). Corporate costs include corporate social investment expenses of R3.2 million (2018: R3.3 million) following contributions to the Adopt-a-School Project. This project primarily relates to the Company's intervention in the development and upgrade of infrastructure, as well as social and academic skills of two schools within the areas we operate in.

Loss for the year ended 31 December 2019 amounted to R1 361.8 million (2018: profit of R683.4 million), after taking into account depreciation of R467.2 million (2018: R405.5 million), an impairment of assets of R1 846 million (2018: Rnil), net financing income of R54.8 million (2018: R4.0 million) and taxation credit of R505.1 million (2018: expense R261.1 million). Taxation includes deferred tax credit of R507.7 million (2018: R29.6 million) which arose primarily as a result of temporary differences on property, plant and equipment as well as those relating to provisions and accruals. There is a balance of R141.0 million (2018: Rnil) unredeemed capital expenditure balance at 31 December 2019 as taxable profits did not exceed capital expenditure. Depreciation increased year on year primarily as a result of capital expenditure for the year as well as the prior year.

Sustaining capital expenditure increased by 29% to R531 million (2018: R412 million). This is necessary stay-in-business spending, coupled with the Venture's ongoing efforts to improve safety, costs and efficiencies across all operations.

The unsecured, three-year revolving credit facility was increased to R300 million from R200 million and remained unutilised for the year.

At 31 December 2019, Merafe had cash and cash equivalents of R354.1 million (2018: R280.6 million) which comprised cash held by Merafe of R211.5 million (2018: R235.8 million) and R142.6 million (2018: R45.0 million), being Merafe's share of the cash balance in the Venture.

Trade and other receivables decreased by 31% compared to the previous year primarily as a result of lower sales. The Rand:US$ exchange rate closed at R13.98 (2018: R14.39) as at 31 December 2019.

Ferrochrome finished goods volumes of 131kt (2018: 128kt) on hand at year end represent approximately four to five months of sales. Although closing inventory volumes increased marginally (1.8%) from the volumes at the beginning of the year, the total value of inventory dropped by R64 million to R2 008 million as a result of the impairment loss recognised.

The Board declared a final cash dividend of R100 million (2018: R151 million), which is 4 cents per share (2018: 6 cents per share). As there was no interim dividend, this amount represents the full year dividend of R100 million (4 cents per share) compared to R351 million (14 cents per share) for the previous financial year.



The Merafe Resources 2019 annual financial statements are available on our website (www.meraferesources.co.za) and a printed copy is available on request from the Company Secretary.

Safety

As reported in our interim results for the half-year ended 30 June 2019, there was unfortunately a fatality at the Venture's Magareng mine as a result of a fall of ground incident.

We continue to place maximum focus on safety. We have a number of safety campaigns in our efforts to improve our safety performance. This is evidenced by the improved total recordable injury frequency rate ("TRIFR") of 2.56 compared to 3.39 for the year ended 31 December 2019.

Operational review

Ferrochrome production volumes decreased by 9% from 407kt in 2018 to 371kt in the current financial year. The contributing factors to the decrease were power supply disruptions, community unrest and scaled-down production levels in the fourth quarter of 2019 in response to weaker demand for ferrochrome.

Load curtailment by Eskom had an impact on production volumes and costs. This remains a key risk for our business and the broader ferro-alloy sector. In addition, electricity tariff increases are contributing to cost pressures in the business. The National Energy Regulator of South Africa approved a 13.87% tariff increase effective 1 April 2019 and an 8.1% tariff increase effective 1 April 2020. While the tariff increases are less than amounts Eskom had applied for, the above-inflation increases will have an impact on cost structures and margins.

Section 189 consultation

As announced on 20 January 2020, the Venture has commenced consultation processes in terms of Section 189 and 189A of the Labour Relations Act, No 66 of 1995 at the Rustenburg smelter. The consultation process is a result of deteriorating market and operating conditions across the South African ferrochrome industry, including unsustainable electricity tariff and power supply disruptions. These factors have also led to displacement of South African ferrochrome volumes.

The increasing and unrestricted exports of chrome ore from South Africa is also contributing to displacement of ferrochrome volumes from South Africa.

Market review

Global stainless steel production increased by 1.5%^ in 2019 to an estimated 51.9mt^. Stainless steel production in China and Indonesia exceeded 30mt^, an all-time high and approximately 8%^ higher than the prior year, while European and North American production declined around 7%^ year on year. Although Chinese stainless steel producers remain competitive on a global scale, they face headwinds due to an increase in global trade restrictions.

Global ferrochrome production increased 3.2%^ to an estimated 14.1mt^ in 2019, this is lower than the growth of 8.1%^ in 2018. Ferrochrome production in China increased 13%^ year on year, linked to a 15.4%^ increase in chrome ore exports from South Africa. Despite the increase in Chinese ferrochrome demand, South African ferrochrome production declined 8.4%^ during 2019 to 3.6mt^, owing to lower prices and weak rest-of-world demand. These cutbacks were exacerbated by power shortages in H2 2019. The environment for ferrochrome producers in South Africa is expected to remain challenging, while further capacity additions are expected in China.

Chinese chrome ore imports from countries other than South Africa reduced by 1.6%^ during 2019, owing to weak market conditions. This has increased China's reliance on South African chrome ore imports from 76%^ to 79%^. Despite an increase in demand from Chinese ferrochrome smelters, chrome ore port stocks rose 20%* to approximately 3.5mt* by year end, owing to continued ore oversupply.

Outlook

Stainless steel production is expected to grow by 3.2% in 2020, however, both chrome and ferrochrome prices are expected to remain under pressure in the short term due to oversupply. The growth forecasted does not factor in the possible impact of COVID-19 (Coronavirus) and load shedding which is expected to last for 18 to 24 months.

We will continue to manage factors within our control. Cost management, efficient and safe operations, cash preservation and efficient capital allocation will continue to be management's key areas for 2020.

The financial position of our business, which is ungeared at year end remains strong and we are of the view that this positions us to withstand the difficult times ahead.

Abiel Mngomezulu
Independent Non-executive Chairman

Zanele Matlala
Chief Executive Officer

Sandton
9 March 2020

^ CRU commodity market analysts
** Ferroalloy Net*

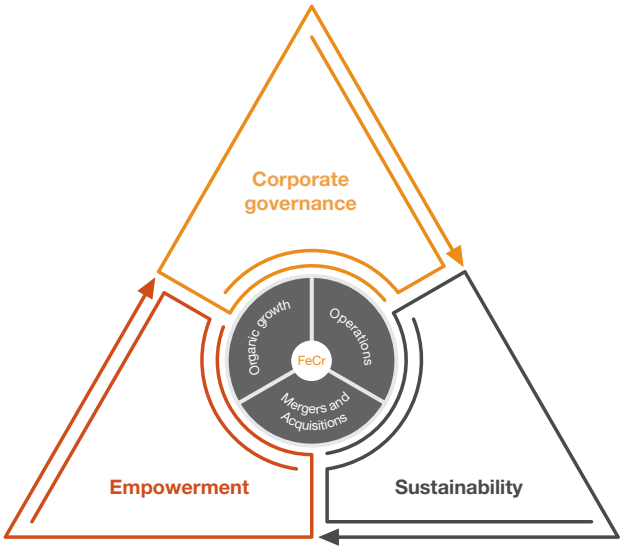
Our business model and strategy

Ferrochrome

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

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

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



Summarised consolidated financial statements

The following summarised financial statements were not audited, however, the information has been extracted from the audited consolidated annual financial statements.

Summarised consolidated statements of comprehensive income

	For the year ended	
	31 December 2019 Audited R'000	31 December 2018 Audited R'000
Revenue	**5 379 329**	5 606 324
EBITDA	**391 886**	1 345 940
Depreciation and amortisation	**(467 261)**	(405 548)
Impairments	**(1 846 343)**	–
Net financing income	**54 802**	4 082
(Loss)/profit before taxation	**(1 866 916)**	944 475
Taxation	**505 097**	(261 059)
(Loss)/profit and total comprehensive (loss)/income for the year	**(1 361 819)**	683 416
Basic (loss)/earnings per share (cents)	**(54.2)**	27.2
Headline (loss)/earnings per share (cents)	**(1.8)**	27.2
Ordinary shares in issue	**2 510 704 248**	2 510 704 248
Weighted average number of shares for the year	**2 510 704 248**	2 510 704 248
Diluted weighted average number of shares for the year	**2 510 704 248**	2 510 704 248

Summarised consolidated statements of financial position

	As at		
	31 December 2019 Audited R'000	31 December 2018 Audited R'000 (Restated)	31 December 2017^ Audited R'000 (Restated)
Assets			
Property, plant and equipment	**1 435 080**	3 226 212	3 215 223
Intangible assets*	**49 268**	51 376	55 932
Investments in subsidiaries**	**–**	–	–
Long-term receivable	**16 612**	12 995	13 864
Deferred tax asset	**1 374**	17 945	17 726
Total non-current assets	**1 502 334**	3 308 528	3 302 745
Inventories****	**2 008 799**	2 042 621	1 497 798
Current tax assets	**18 635**	26 368	–
Trade and other receivables***	**675 344**	968 998	883 249
Cash and cash equivalents	**354 181**	282 037	671 655
Total current assets	**3 056 959**	3 320 024	3 052 702
Total assets	**4 559 293**	6 628 552	6 355 447
Equity			
Share capital	**25 107**	25 107	25 107
Share premium	**1 269 575**	1 269 575	1 269 575
Retained earnings	**2 085 835**	3 598 296	3 340 843
Total equity attributable to owners of the Company	**3 380 517**	4 892 978	4 635 525
Liabilities			
Lease obligation and borrowings non-current	**19 972**	9 879	11 094
Share-based payment liability non-current	**1 004**	3 518	5 379
Provisions	**337 716**	371 904	287 518
Deferred tax liability	**226 065**	751 103	780 485
Total non-current liabilities	**584 757**	1 136 404	1 084 476
Lease obligation and borrowings current	**4 460**	1 233	1 044
Trade and other payables	**579 131**	544 731	550 556
Derivative***	**8 090**	48 767	72 272
Share-based payment liability current	**2 338**	3 257	3 376
Bank overdraft	**–**	1 182	–
Current tax liability	**–**	–	8 198
Total current liabilities	**594 019**	599 170	635 446
Total liabilities	**1 178 776**	1 735 574	1 719 922
Total equity and liabilities	**4 559 293**	6 628 552	6 355 447

* *Intangible assets is now separately disclosed from property, plant and equipment with a restatement of 2018 financial year.*
** *Less than one thousand.*
**** *Trade and other receivables has been restated due to a prior period error in the 2018 financial year. The derivative financial liability was previously netted off against the trade and other receivables balance and is now separately disclosed.*
**** *Inventory of R133.2 million (2018: R8.3 million) was written down for the year ended 31 December 2019.*
^ *In line with the restatement noted, a third balance sheet has been included for comparative purposes.*

Statements of changes in equity

	For the year ended	
	31 December 2019 Audited R'000	31 December 2018 Audited R'000
Issued share capital – ordinary shares	**25 107**	25 107
Balance at the beginning and end of the year	**25 107**	25 107
Share premium – ordinary shares	**1 269 575**	1 269 575
Balance at the beginning and end of the year	**1 269 575**	1 269 575
Retained earnings	**2 085 835**	3 598 296
Balance at beginning of the year	**3 598 296**	3 340 843
Total comprehensive (loss)/income for the year	**(1 361 819)**	683 416
Dividends paid	**(150 642)**	(425 963)
Total equity for the end of the year	**3 380 517**	4 892 978

Summarised consolidated statements of cash flow

	For the year ended	
	31 December 2019 Audited R'000	31 December 2018 Audited R'000
(Loss)/profit before tax	**(1 866 916)**	944 475
Depreciation, amortisation and impairment	**2 313 604**	405 548
Finance income	**(56 397)**	(18 595)
Finance expense	**1 594**	14 512
Share-based payment expense	**156**	3 097
Share grants exercised	**(3 588)**	(5 077)
Embedded derivative expense	**40 677**	34 570
Provisions	**34 188**	84 386
Movement in long-term receivable	**(3 617)**	–
Profit on sale of assets	**(17 087)**	–
Effect of exchange rate fluctuations on cash held during the year	**4 410**	30 042
Non-cash movement	**3 054**	–
Adjusted for working capital changes	**296 496**	(705 332)
Cash generated from operating activities	**746 574**	787 627
Interest paid	**(1 524)**	(968)
Interest received	**10 952**	17 253
Taxation received/(paid)	**5 040**	(325 417)
Net cash generated from operating activities	**761 042**	478 495
Proceeds from sale of property, plant and equipment	**3 037**	–
Sustaining capital expenditure	**(531 473)**	(412 074)
Expansionary capital expenditure	**–**	(190)
Net cash utilised in investing activities	**(528 436)**	(412 264)
Dividends paid	**(150 642)**	(425 963)
Loans raised/(repaid) during the year	**(4 228)**	(1 026)
Net cash utilised in financing activities	**(154 870)**	(426 989)
Net increase/(decrease) in cash and cash equivalents	**77 736**	(360 758)
Cash and cash equivalents at 1 January	**280 855**	671 656
Effect of foreign exchange rate changes	**(4 410)**	(30 042)
Cash and cash equivalents at 31 December	**354 181**	280 856

Notes to the summarised consolidated financial statements

1. Basis of preparation

On 6 March 2020, the Board of directors (the "Board") of Merafe Resources Limited (the "Company") approved the audited consolidated annual financial statements of the Merafe Group ("Group") and the Company for the year ended 31 December 2019.

These summarised consolidated financial statements have been prepared under the supervision of Ditabe Chocho CA(SA) (Financial Director), in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the requirements of the Companies Act No 71 of 2008, as amended, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council and as a minimum contain the information required by IAS 34: *Interim Financial Reporting*.

The Board takes full responsibility for the preparation of the summarised consolidated financial statements, which are unaudited and unreviewed. The financial information has been extracted from the underlying audited consolidated annual financial statements.

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

1.1 Accounting policies

The accounting policies applied in the preparation of these summarised consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous audited consolidated annual financial statements, except for the adoption of various revised and/or new standards. For the impact of adoption of new standards, refer to note 1 of the accounting policies disclosures in the audited consolidated annual financial statements. The Group did not early adopt any new, revised or amended accounting standards or interpretations.

1.2 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

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

2. Determination of fair values

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

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

2.1 Embedded derivatives

The fair value of the embedded derivative is based on the latest available ferrochrome prices and closing foreign exchange rate. The embedded derivative at 31 December 2019 was R8.1 million liability (2018: R48.7 million liability) and is based on level 2 hierarchy per IFRS 13. The valuation is based on observable market inputs of prices and exchange rates.

3. Prior period error

The 2018 financial year has been restated with the change in the derivative financial liability disclosure. In addition, in an effort to improve disclosure, Merafe has also disaggregated the property, plant and equipment note which was inclusive of intangible assets to separately disclose these intangible assets. Merafe has also restated its loans to subsidiaries from non-current assets to current assets.

The Merafe Resources 2019 annual financial statements are available on our website (www.meraferesources.co.za) and a printed copy is available on request from the Company Secretary.

	As restated 2018 R'000	As previously reported 2018 R'000	As restated 2017 R'000	As previously reported 2017 R'000
Trade and other receivables	968 998	920 231	918 242	883 249
Derivative financial instrument	(48 767)	–	(35 175)	–
Property, plant and equipment	3 226 212	3 277 588	3 215 233	3 271 155
Intangible assets	51 375	–	55 932	–
Investment in subsidiaries/loan to subsidiary	–	1 759 108	–	1 533 128
Loans to subsidiaries	1 759 108	–	1 533 128	–

	For the year ended	
	31 December 2019 Audited R'000	31 December 2018 Audited R'000
4. Headline (loss)/earnings		
(Loss)/earnings for the year	**(1 361 819)**	683 416
Headline loss adjustment:		
Impairment	**1 846 342**	–
Profit on sale of assets	**(17 087)**	–
Taxation effect	**4 784**	–
Deferred tax effect	**(516 976)**	–
Headline (loss)/earnings for the year	**(44 755)**	683 416
Headline (loss)/earnings per share (cents)	**(1.8)**	27.2
Diluted headline (loss)/earnings per share (cents)	**(1.8)**	27.2
5. Capital commitments	**196 734**	178 957
Contracted but not provided for	**67 686**	47 335
Authorised but not contracted for	**129 048**	131 622

6. Related parties

6.1 Related party transactions and balances

During the current financial year, management performed a reassessment of 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 were concluded on arm's-length basis and relate to Merafe's attributable 20.5% interest in the Venture. There are no outstanding commitments at year end.

Name of related party	Description of relationship	Transactions and balance#
The Venture	In July 2004, Glencore and Merafe Ferrochrome pooled and shared ferrochrome assets to form the Venture.	Refer note 23.4 for the amounts that are included in the audited consolidated financial statements of the Group.
Merafe Chrome and Alloys Proprietary Limited	Merafe Chrome is a wholly owned subsidiary of the Company.	Dividends were paid to Merafe Resources by Merafe Chrome of R150 million (2018: R425 million). The loan account was ceded to Merafe Ferrochrome as per note 3. The balance owing to Merafe Resources is Rnil (2018: R1.75 billion). The loan account is of a long-term nature, is interest free, unsecured and does not have fixed repayment terms.

Notes to the summarised consolidated financial statements
(continued)

Name of related party	Description of relationship	Transactions and balance#
Merafe Ferrochrome and Mining Proprietary Limited	Merafe Ferrochrome is a wholly–owned subsidiary of Merafe Chrome.	Merafe Resources charges Merafe Ferrochrome a management fee as per note 15. Dividends were paid to Merafe Chrome of R150 million (2018: R425 million). At year end a loan of R1.28 billion (2018: R459 million) is owing by Merafe Ferrochrome to Merafe as the loan by Merafe Chrome was ceded to Merafe Ferrochrome. The loan account is of a short-term nature, is interest free, unsecured and does not have fixed repayment terms.
Merafe Kroondal Rehabilitation Trust (SE)	The Trust, which was registered on 31 May 2006, was established to provide funds for the rehabilitation of land involved in any prospecting or mining operations of Merafe Ferrochrome of the Kroondal mine and to discharge any liability which might arise in terms of the Atmospheric Pollution Prevention Act of 1965, the Environment Conservation Act, No 50 of 1991, the Water Act, No 54 of 1956 and any such other legislation as may be enacted in the future. The environmental obligations and corresponding liability remains the sole responsibility of the Venture.	There is a loan account of R108 000 (2018: R108 000) with the Company which relates to the payment of audit fees. The loan account is of a long-term nature, is interest free, unsecured and does not have fixed repayment terms.
Industrial Development Corporation of South Africa Limited ("IDC")	The IDC holds 21.8% 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.	The IDC received the non–executive directors' fees for Ms M Mosweu as disclosed in note 23.2. IDC received dividends declared by Merafe Resources. At year end there are no amounts due to the IDC.
Mr C Molefe[1], Ms M Mosweu, Ms B Majova, Mr A Mngomezulu, Ms Z Matlala, Mr S Blankfield, Mr D Chocho, Ms M Vuso, Ms G Motau, Mr J Mclaughlan[2]	Directors of the Company. Refer to notes 1 and 2 below, for changes during 2019.	Refer to note 23.2 for transactions with directors.
Glencore Limited (Stamford) ("GLS")	GLS acts as the Venture's exclusive marketing agent to sell ferrochrome on its behalf, and acts as distributor in the USA and Canada.	Sale of ferrochrome R390 million (2018: R468 million). Commission expense R8 million (2018: R12 million). Interest expense R5 million (2018: R5 million). Receivable R83 million at the end of the year R21 million (2018: R131 million) which is reduced as and when GLS receives funds from customers.
Glencore International AG	Glencore International AG acts as the Venture's exclusive marketing agent to sell ferrochrome and chrome ore on its behalf. The Venture purchases various raw materials from Glencore International AG on an ongoing basis. The Venture sells chrome ore to Glencore International AG on an ad hoc basis.	Commission expense on sale of ferrochrome and chrome ore R212 million (2018: R220 million). Marketing fee expense R2 million (2018: R2 million). Interest income R2 million (2018: R0.5 million). Purchase of raw materials R159 million (2018: R227 million). Balance owing at the end of the year R21 million (2018: R42 million) payable on confirmation of final sales.
African Carbon Manufacturers Proprietary Limited	African Carbon Manufacturers Proprietary Limited sells raw materials to the Venture.	Purchase of raw materials R21 million (2018: R17 million). Balance owing at the end of the year R2 million (2018: R2 million) payable 30 days from statement date.
African Fine Carbon Proprietary Limited	African Fine Carbon Proprietary Limited sells raw materials to the Venture.	Purchase of raw materials R40 million (2018: R37 million.) Balance owing at the end of the year R3 million (2018: R5 million) payable 30 days from statement date.
Chartech Technology Proprietary Limited ("Chartech")	Chartech sells raw materials to the Venture.	Purchase of raw materials R37 million (2018: R34 million). Balance owing at the end of the year R4 million (2018: R4 million) payable 30 days from statement date.

Name of related party	Description of relationship	Transactions and balance[#]
Glencore Operations South Africa Proprietary Limited ("GOSA")	GOSA is Merafe Ferrochrome and Mining Proprietary Limited partner in the Venture.	Employee costs R144 million (2018: R146 million). Head-office costs R23 million (2018: R19 million). Training costs R5 million (2018: R7 million). Lion housing R15 million (2018: R14 million). Balance owing at the end of the year R11 million (2018: R7 million) payable 10 days after month end. GOSA received the non-executive directors' fees for Mr S Blankfield as disclosed in note 23.2. GOSA received dividends declared by Merafe Resources.
Access world (South Africa) Proprietary Limited ("Access")	Access is a warehousing company that provides storage facilities of ferrochrome and chrome ore to the Venture.	Storage of ferrochrome and chrome ore R15 million (2018: R12 million). Outstanding balance owing at the end of the year R3 million (2018: R1 million) payable 30 days after statement date.

[1] Retired 15 May 2019.
[2] Appointed 1 May 2019.
 # All reference to note numbers relates to reference in the consolidated financial statements of the Group.

7. Taxation

The Group's effective tax rate is 27.1% (2018: 27.7%) for the year ended 31 December 2019.

8. Events after the reporting period

Post year end, the Venture issued a notice in terms of Section 189A of the LRA: Rustenburg Smelter NW Province South Africa ("Rustenburg Smelter"). This decision was a result of deteriorating operating and market conditions across the South African ferrochrome industry, including unsustainable electricity tariffs and interruptions, cross subsidies and real cost inflation.

The Board resolved to simplify the structure of the Group through a restructure in terms of which Merafe would directly hold a 100% interest in Merafe Ferrochrome and Mining Proprietary Limited. Both Merafe Chrome and Alloys Proprietary Limited and Merafe Ferrochrome and Mining Proprietary Limited are subsidiaries of the Company.

Other than the items reported above and the dividend declared, there have been no other material events subsequent to 31 December 2019.

9. Contingent liabilities

Merafe had no contingent liabilities as at 31 December 2019.

10. Declaration of an ordinary dividend for the year ended 31 December 2019

Notice is hereby given that on 6 March 2020 the Board declared a gross cash final ordinary dividend of R100 million (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 ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 3.2 cents per share and 4 cents per share for shareholders exempt from paying dividend tax.

Merafe's income tax number is 9550 008 602. The number of ordinary shares issued at the date of this announcement is 2 510 704 248.

The important dates pertaining to the dividend are as follows:

Last day for ordinary shares to trade cum ordinary dividend:	Tuesday, 24 March 2020
Ordinary shares commence trading ex-ordinary dividend:	Wednesday, 25 March 2020
Record date:	Friday, 27 March 2020
Payment date:	Monday, 30 March 2020

Shares may not be dematerialised/rematerialised between Wednesday, 25 March 2020 and Friday, 27 March 2020, both days inclusive.

Where applicable, in terms of instructions received by the Company from certificated shareholders, the payment of the dividend will be made electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, cheques will be posted to shareholders. Shareholders who have dematerialised their shares will have their accounts with their CSDP or broker credited on Monday, 30 March 2020.

www.meraferesources.co.za

Notice of the Annual General Meeting

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

Notice is hereby given in terms of Section 62(1) of the Companies Act, No 71 of 2008, as amended (the Companies Act) that the 33rd (thirty third) Annual General Meeting of shareholders of the Company (AGM or the Annual General Meeting) will be held at the offices of the Company at Building B, 2nd Floor, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, 2191 at 11:00 on Friday, 22 May 2020 (Notice), for the purpose of transacting the business as outlined in this Notice, and to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below.

Important dates

Record date to receive the Notice:	Friday, 20 March 2020
Last date to trade to be eligible to attend, participate in and vote at the AGM:	Tuesday, 12 May 2020
Record date to be eligible to attend, participate in and vote at the AGM:	Friday, 15 May 2020
Last date for lodging forms of proxy (by 11:00):	Wednesday, 20 May 2020*

Accordingly, the date on which a person must be registered as a shareholder in the register of the Company for purposes of being entitled to attend, participate and vote at the AGM is Friday, 15 May 2020.

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

Interpretation and definitions

For the avoidance of doubt and to the extent that the terms have not been defined in the Integrated Annual Report for the year ended 31 December 2019 (Integrated Annual Report), reference in this Notice to the following words and expressions:

- 'Group' means the Company and all its subsidiaries at the date of this Notice;
- 'Listings Requirements' means the Listings Requirements of the JSE Limited;
- 'King IV' means the King IV Report on Corporate Governance for South Africa, 2016;
- 'MOI' means Memorandum of Incorporation of the Company; and
- 'Companies Act' means the Companies Act, No. 71 of 2008, as amended.

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

Section A: Ordinary Resolutions

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

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

"Resolved that the Group audited annual financial statements, including the reports of the directors, the auditor and the Audit and Risk Committee, for the financial year ended 31 December 2019, be and are hereby considered and accepted."

The summarised form of the financial statements is included with this Notice. A copy of the complete Group audited annual financial statements for the financial year ended 31 December 2019 can be obtained from www.meraferesources.co.za or on request during normal business hours at the Company's registered address, Building B, 2nd Floor, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, 2191.

Notes to Ordinary Resolution Number 1

- In terms of the provisions of Section 30(3)(d) of the Companies Act, a company's annual financial statements must be presented to its shareholders at the first shareholders' meeting after the statements have been approved by the board of directors of the Company ("Board").

2. Ordinary Resolution Number 2: Re-appointment of retiring directors

"Resolved that, by separate ordinary resolutions numbered 2.1, 2.2 and 2.3, the following directors, who, in terms of the MOI, retire by rotation at the Annual General Meeting, and, being eligible, stand and offer themselves for re-election, be and are hereby re-elected:

2.1 Ms Mpho Mosweu
2.2 Mr Shaun Blankfield
2.3 Mr Abiel Mngomezulu

Notes to Ordinary Resolution Number 2

- Resolutions numbered 2.1, 2.2 and 2.3 (inclusive) above are proposed by separate votes and the re-appointments which they represent constitute separate and divisible ordinary resolutions and have received the support of the Nomination Committee.
- The reason for resolutions numbered 2.1, 2.2 and 2.3 (inclusive) is that in terms of the provisions of the MOI, one-third of the non-executive directors, or if their number is not a multiple of three, then the number nearest to, but not less than one-third, are required to retire at each Annual General Meeting and, being eligible, may offer themselves for re-election.
- The Board of Directors of the Company has evaluated the performance and contribution of each director standing for re-election and has recommended the re-election of each of the directors.
- Abridged *curricula vitae* of each of the directors of the Company standing for re-election are set out on page 42 of the 2019 Integrated Annual Report and page 16 of this Notice.

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

3.1 "Resolved that the appointment by the Board of Mr Jeff Mclaughlan as a director of the Company with effect from 1 May 2019 be and is hereby confirmed in accordance with the MOI in order to become permanent."

Notes to Ordinary Resolution Number 3

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

Abridged *curriculum vitae* of the director is set out on pages 42 of the 2019 Integrated Annual Report and page 16 of this Notice.

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

"Resolved that the following members, by separate ordinary resolutions numbered 4.1 to 4.3 (inclusive), being eligible and offering themselves for re-election, be and are hereby re-appointed as members of the Audit and Risk Committee for the financial year ending 31 December 2020:

4.1 Ms Matsotso Vuso
4.2 Ms Grathel Motau
4.3 Ms Belese Majova

Notes to Ordinary Resolution Number 4

- Resolutions numbered 4.1 to 4.3 (inclusive) above constitute separate and divisible ordinary resolutions and will be considered by separate vote.
- The reason for resolutions numbered 4.1 to 4.3 (inclusive) is that in terms of the provisions of Section 94(2) of the Companies Act, a company shall at every Annual General Meeting elect an audit committee comprising at least three members.
- The Nomination Committee conducted an assessment of the performance and independence of each of the directors proposed to be members of the Audit and Risk Committee and the Board considered and accepted the findings of the Nomination Committee. The Board is also satisfied that the proposed members meet the provisions of Section 94(4) of the Companies Act, that they are independent according to King IV (Principle 7; sub-practice 28) and that they possess the required qualifications and experience as prescribed in Regulation 42 of the Companies Regulations, 2011 and therefore recommends their re-appointment.
- Abridged *curricula vitae* of each of the independent non-executive directors proposed to be re-appointed to the Audit and Risk Committee appear on pages 42 and 43 of the 2019 Integrated Annual Report and page 16 of this Notice.

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

"Resolved that the re-appointment of Deloitte & Touche Inc. as the external registered auditors of the Company, and being independent from the Company, be and is hereby approved and Mr Eugene Zungu (IRBA no. 490909) be and is hereby appointed as the designated audit partner for the financial year ending 31 December 2020."

Notes to Ordinary Resolution Number 5

- The reason for this resolution is that in terms of Section 90(1) of the Companies Act a company is required to appoint an auditor at every Annual General Meeting.
- The duty to nominate auditors for appointment lies with the Audit and Risk Committee.
- The Audit and Risk Committee conducted an assessment of the performance and independence of the external auditors and considered whether or not the external auditors comply with the provisions of the Companies Act and Section 22 of the Listings Requirements, and the Board considered and accepted the findings. The Board is satisfied that the proposed external auditors and Mr Eugene Zungu comply with the relevant provisions of the Companies Act and the Listings Requirements.

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

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

7. Ordinary Resolution Number 7: Approval of the amendments of the Merafe Resources Limited Share Incentive Scheme 2010

(Share Incentive Scheme)

For ordinary resolution numbered 7 to be duly adopted, the support of 75% (seventy-five percent) or more of the voting rights exercised by shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights must be exercised in favour of this resolution.

"Resolved that the amendments to the rules of the Share Incentive Scheme, as set out in annexure "A", be and are hereby accepted and approved, as required by Schedule 14 of the Listings Requirements."

Notes to Ordinary Resolution Number 7

The Remuneration Committee, with the assistance of external advisors, has carefully considered and reviewed the Share Incentive Scheme in line with best practice. In this regard, the amendments, as set out in annexure "A", have been proposed by the Board, on recommendation of the Remuneration Committee.

An electronic version of the Share Incentive Scheme (incorporating the proposed amendments) will be available at www.meraferesources.co.za and a copy will also be available for inspection at the registered office of the Company, during normal business hours on any business day, from the date of this Notice up to and including the date of the Annual General Meeting.

Section B: Ordinary Resolutions of a non-binding nature

8. Non-binding Advisory vote – Remuneration Policy and Implementation Report

For ordinary resolutions numbered 8.1 and 8.2 to be duly adopted, the support of more than 50% (fifty percent) of the voting rights exercised on each ordinary resolution by shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the relevant resolution, must be exercised in favour of such resolution.

Ordinary Resolution Number 8.1: Non-binding advisory vote on Remuneration Policy

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

Ordinary Resolution Number 8.2: Non-binding advisory vote on Remuneration Implementation Report

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

The Remuneration Policy and Remuneration Implementation Report of the Company are set out on pages 50 to 57 of the 2019 Integrated Annual Report and pages 18 to 25 of this Notice and the Remuneration Policy can be obtained from www.meraferesources.co.za or on request during normal business hours at the Company's registered address, Building B, 2nd Floor, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, 2191.

Notice of the Annual General Meeting (continued)

Notes to Ordinary Resolution Numbers 8.1 and 8.2

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

Section C: Special resolutions

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

9. Special Resolutions Numbers 1.1 to 1.8: Approval of non-executive directors' fees

"Resolved that the fees, which will be payable to the non-executive directors for their services to the Board and committees of the Board with effect from 1 January 2020 as set out below be and are hereby approved by separate special resolutions numbered 1.1 to 1.8 (inclusive)."

			2020		
Committee	Special Resolution Number	Membership	Proposed annual cost R	Proposed retainer per annum R	Proposed meeting fees per annum R
Board	1.1	Chairperson	652 285	391 371	260 914
	1.2	Member	310 331	186 199	124 132
Audit and Risk	1.3	Chairperson	230 454	138 272	92 181
	1.4	Member	143 155	85 893	57 262
Remuneration and Nomination	1.5	Chairperson	124 689	74 813	49 876
	1.6	Member	78 181	46 909	31 272
Social, Ethics and Transformation	1.7	Chairperson	124 572	74 743	49 829
	1.8	Member	78 181	46 909	31 272

The above fees are exclusive of value added tax (VAT). An explanation of the proposed fees for 2020 is set out on page 57 of the 2019 Integrated Annual Report and on pages 24 and 25 of this Notice.

Notes to Special Resolution Numbers 1.1 to 1.8

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

The 2019 approved non-executive fees are set out in the table below for comparative purposes.

		2019		
Committee	Membership	Annual cost R	Retainer per annum R	Meeting fees per annum R
Board	Chairperson	611 900	367 140	244 760
	Member	299 837	179 902	119 935
Audit and Risk	Chairperson	216 388	129 833	86 555
	Member	135 692	81 415	54 277
Remuneration and Nomination	Chairperson	116 969	70 181	46 788
	Member	71 398	42 839	28 559
Social, Ethics and Transformation	Chairperson	116 969	70 182	46 788
	Member	71 398	42 839	28 559

The Merafe Resources Integrated Annual Report 2019 is available on our website (www.meraferesources.co.za) and a printed copy is available on request from the Company Secretary.

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

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

Notes to Special Resolution Number 2

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

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

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

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

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

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

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

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

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

Notice of the Annual General Meeting (continued)

The Listings Requirements require the following disclosures with respect to general repurchases, some of which appear elsewhere in the 2019 Integrated Annual Report:

- Major shareholders – page 63 of the 2019 Integrated Annual Report
- Share capital of the Company – page 46 and note 6 of the 2019 Group audited annual financial statements

Directors' responsibility statement

The directors, whose names are given on pages 42 and 43 of the 2019 Integrated Annual Report and page 16 of this Notice, collectively and individually accept full responsibility for the accuracy of the information pertaining to the general repurchase resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned resolution contains all information required by law and the Listings Requirements.

No material changes to report

Other than the facts and developments reported on in the 2019 Integrated Annual Report, there are no material changes in the affairs or financial position of the Company and its subsidiaries that have occurred subsequent to the 31 December 2019 year end until the date of this Notice.

Reason and effect

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

12. General

To transact such other business that may be transacted at an Annual General Meeting.

13. Actions required by Merafe Resources' shareholders

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

13.2 Record dates

13.2.1 The record date for shareholders to be recorded on the securities register of the Company in order to receive notice of the Annual General Meeting is Friday, 20 March 2020.

13.2.2 The record date for shareholders to be recorded on the securities register of the Company in order to be able to attend, participate in and vote at the Annual General Meeting is Friday, 15 May 2020 (Record Date).

13.2.3 The last day to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate in and vote at the Annual General Meeting is Tuesday, 12 May 2020.

13.3 Voting and attendance at the Annual General Meeting

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

13.3.2 Forms of proxy must be lodged with the Company's transfer secretaries or at the Company's registered offices not less than 48 hours before the commencement of the Annual General Meeting (for administrative purposes only) or handed to the Chairperson of the Annual General Meeting before the appointed proxy exercises any of the relevant shareholder rights at the Annual General Meeting.

13.3.3 Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own-name' registration, who wish to attend the Annual General Meeting in person should contact their CSDP or broker, to provide them with the necessary Letter of Representation in terms of their custody agreement.

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

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

13.4 Representation by proxy

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

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

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

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

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

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

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

13.4.7 Attention is also drawn to the 'notes to the form of proxy'.

13.4.8 The completion of a form of proxy does not preclude any shareholder attending the Annual General Meeting.

Identification

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

Electronic participation

Shareholders (or their proxies) may participate (but not vote) electronically in the Annual General Meeting. Shareholders (or their proxies) wishing to participate in the Annual General Meeting electronically should contact the Company Secretary on (+27 11 783 4780) at least 5 (five) business days prior to the Annual General Meeting. Access to the Annual General Meeting by way of electronic participation will be at the shareholder's expense. Only persons physically present at the meeting or represented by a valid proxy shall be entitled to cast a vote on any matter put to a vote of shareholders.

By order of the Board



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

6 March 2020

Annexure "A": Share scheme rules amendments

Following a review of the Merafe Resources Limited Share Incentive Scheme 2010 ("Share Incentive Scheme") with the assistance of external advisors, the following amendments (i.e. deletions and insertions) have been recommended by the Remuneration Committee to, inter alia, align the Share Incentive Scheme with best practice as well as the interests of participants of the Share Incentive Scheme with shareholders' interests, subject to shareholders' approval:

- **Clause 4.1**
  No grant shall be made, and no option shall be granted, under this share incentive scheme which together with grants or options granted under this and any other share scheme would result in the number of scheme shares exceeding ~~245 925 886 (two hundred and forty five million nine hundred and twenty five thousand eight hundred and eighty six) (10%)~~ **122 962 943 (one hundred and twenty two million nine hundred and sixty two thousand nine hundred and forty three)** shares in the company **(representing approximately 5% of the company's total issued shares as at 31 December 2019).**
- **Clause 5.4.1.2**
  Retiring on or after the earliest date of retirement permitted in terms of the rules of the company pension fund, then he shall have the right, on date of retirement, to receive all grant shares awarded and accepted, **subject to applicable performance conditions.**
- **Clause 6.5: Expiry**
  If, on expiry of ~~10 (ten)~~ **7 (seven)** years from the acceptance date, an offeree has not exercised his option in full, then the company shall be entitled, obliged and authorised to call upon him in writing to do so within 30 (thirty) days after the date of such request, and if the offeree fails to comply therewith, or exercises and/or implements his option in respect of only 100 shares or any multiple thereof, the part of the option not exercised will ipso facto lapse.
- **Clause 11**
  The directors may, from time to time, subject to the approval of any stock exchange on which the shares are listed, by resolution, amend all or any of the provisions of the scheme (whether retrospectively or otherwise), provided that no such amendment shall adversely affect the vested rights of any participant, and no such amendment affecting:
- **Clause 11.9**
  The basis upon which awards are made; and
- **Clause 11.10**
  The treatment of an offer, grant or option in the event of a reconstruction or takeover of the company which results in a change of control, shall be made, unless approved by members of the company in a general meeting requiring 75% majority of votes.

The Merafe Resources Integrated Annual Report 2019 is available on our website (www.meraferesources.co.za) and a printed copy is available on request from the Company Secretary.

Appendix 1

Abridged curricula vitae of directors standing for re-appointment under resolution 2 and appointment under resolution 3 and resolution 4



Abiel Mngomezulu (66)

Chairperson

(Independent)

BSc (Hons), MSc Engineering (Mining)

Abiel joined the Merafe Board as an independent non-executive director in September 2010 and became Chairperson in May 2019. He was previously the President and Chief Executive Officer of Mintek, a state-owned enterprise responsible for mineral extraction technologies and beneficiation. Abiel also served on several boards of state-owned institutions involved in the mining sector. He is currently also a director at Tshikululu Social Investments. Abiel is Chairperson of the Merafe Nomination Committee, an invitee to the Audit and Risk Committee and a member of the Social, Ethics and Transformation Committee.



Belese Majova (45)

(Independent)

BCompt, MBA, Certified Ethics Officer

Belese joined the Merafe Board in January 2009 as an independent non-executive director. She is currently Chief Executive of Zeleb Holdings, a company with interests in a number of sectors including business management consultancy; property development and property management as well as commercial farming. She also serves on other boards both in the private and public sectors. Belese is Chairperson of the Social, Ethics and Transformation Committee and is a member of the Audit and Risk Committee.



Mpho Mosweu (44)

(Non-independent)

CA(SA), MBL

Mpho Mosweu joined our Board in March 2011. She is Head of Workout and Restructuring at the IDC. She currently serves on various boards and audit and risk committees. She has extensive commercial and governance experience. Mpho is a member of the Social, Ethics and Transformation Committee.



Matsotso Vuso (47)

(Independent)

CA(SA)

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



Shaun Blankfield (37)

(Non-independent)

CA(SA)

Shaun joined our Board in 2015 and is the Head of Mergers and Acquisitions for Glencore Coal based in Australia. Shaun is a qualified Chartered Accountant and served articles with Deloitte South Africa. Shaun joined Glencore in South Africa before assuming the role in Australia. Previously, he worked as a manager in the Corporate Finance and Accounting Advisory Services team at Deloitte, Sydney in Australia. Shaun is a member of the Remuneration and Nomination Committee.



Grathel Motau (45)

(Independent)

BCompt, BCompt (Hon) CA(SA) MPhil Development Finance

Grathel joined the Merafe Board on 1 January 2019. She was previously an Audit Partner at KPMG's Energy and Natural Resources. She has also held roles at various organisations including Blue IQ Investments, Industrial Development Corporation and National Treasury. She serves as a non-executive director of Harmony Gold Mining Limited and Metair Investments Limited. She is a non-executive credit committee member of First Rands Financial Insitutions Credit Committee and the IDC's Special Credit Committee. Grathel is a member of the Audit and Risk Committee.



Jeff Mclaughlan (61)

(Independent)

MBA, NDIP Elect, Cert Eng

Jeff joined our Board in May 2019. He holds a Master's degree in Business Administration and Finance from the Open University, an Advanced Professional Management Programme from the University of South Africa (Unisa) and a National Diploma in Electrical and Instrumentation. He has more than 38 years' experience in the South African mining sector including various roles at Middelburg Steel and Alloys Proprietary Limited, Consolidated Metallurgical Industries Limited, Xstrata South Africa Proprietary Limited and Glencore Operations South Africa Proprietary Limited. Jeff served two terms as President of the International Chrome Development Association and stood down in June 2017. He is a member of the Institute of Electrical and Mechanical Engineers, South Africa. Jeff is Chairperson of the Remuneration Committee and serves on the Nomination Committee.

The Board at 6 March 2020 comprised Abiel Mngomezulu, Belese Majova, Mpho Mosweu, Matsotso Vuso, Shaun Blankfield, Grathel Motau, Jeff Mclaughlan, Zanele Matlala and Ditabe Chocho.

Appendix 2

Board and committee attendance 2019

Board and Board committees	Members/invitees	Attendance
		Board meetings
Merafe Board	Chris Molefe (Chairperson)[1] Abiel Mngomezulu (Chairperson)[2] Belese Majova Mpho Mosweu Shaun Blankfield Matsotso Vuso Grathel Motau Jeff Mclaughlan[3] Zanele Matlala (CEO) Ditabe Chocho (FD)	1/1 4/4 4/4 4/4 4/4 4/4 4/4 3/3 4/4 4/4
	1. Retired 15 May 2019 *2. Appointed 15 May 2019* *3. Appointed 1 May 2019*	
		Committee meetings
Audit and Risk Committee	Matsotso Vuso (Chairperson) Belese Majova Grathel Motau Chris Molefe*[1] Abiel Mngomezulu* Zanele Matlala* Ditabe Chocho*	4/4 4/4 4/4 1/1 3/4 4/4 4/4
	** Invitee* *1. Retired 15 May 2019*	

Board and Board committees	Members/invitees	Attendance
		Committee meetings
Remuneration and Nomination Committee	Abiel Mngomezulu[1, 2] Chris Molefe[3] Shaun Blankfield Jeff Mclaughlan[4] Zanele Matlala* Ditabe Chocho*	3/3 1/1 2/3 2/2 3/3 3/3
	1. Chairperson of Nomination Committee appointed 15 May 2019 *2. Chairperson of Remuneration Committee resigned 15 May 2019* *3. Chairperson of Nomination Committee retired 15 May 2019* *4. Chairperson of Remuneration Committee appointed 24 May 2019* ** Invitee*	
Social, Ethics and Transformation Committee	Belese Majova (Chairperson) Abiel Mngomezulu[1] Mpho Mosweu Chris Molefe[2] Zanele Matlala Ditabe Chocho	3/3 2/2 2/3 1/1 3/3 3/3
	1. Appointed 24 May 2019 *2. Retired 15 May 2019*	

See the Merafe Resources Integrated Annual Report for 2019 on pages 42 and 43 for the curricula vitae of the directorate, management and Company Secretary of the Company and pages 46 and 47 of the Integrated Annual Report for 2019, for more information on Board and Committee meetings.

Appendix 3

Remuneration report

This remuneration report is in accordance with King IV requirements. A glossary of terms used in this report is contained in our online Integrated Annual Report of 2019 which is on our website. If unable to access the online report please note the following key references used: "Policy" means the Remuneration Policy of the Company; the "Company" or "Merafe" means Merafe Resources Limited and its subsidiaries; the "Committee" means the Remuneration and Nomination Committee of the Company; the "Board" means the Board of directors of the Company; "executive directors" and "non-executive directors" means executive and/or non-executive directors of the Company; the "CEO" means the Chief Executive Officer of the Company; and "FD" means the Financial Director of the Company.

Statement of voting at Annual General Meeting

The 2019 AGM of the Company was held on 15 May 2019 and the requisite ordinary resolutions of a non-binding advisory nature endorsing the Policy and the remuneration implementation report were passed. The Policy resolution (resolution 7.1) was passed by a 89.76% majority, with 82.40% of the Company's shares being voted. The implementation report resolution (resolution 7.2) was passed by a 91.56% majority, with 82.38% of the Company shares being voted.

In 2019, the Company invited shareholders to engage on the Remuneration Report and the Company engaged with shareholders who responded. Changes were implemented to its remuneration approach and Policy in order to respond to shareholder concerns and align more fully to King IV and market practices. The Company is committed to engaging further with shareholders in respect of its Policy and approach.

Background statement

Remuneration philosophy, strategy and policy

Remuneration philosophy

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

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

This policy is applicable to all employees of the Company.

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

Remuneration strategy

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

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

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

Remuneration policy

The key principles of the remuneration policy are that:

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

Remuneration and Nomination Committee

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

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

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

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

See our online Integrated Annual Report 2019, under remuneration report for our Remuneration Policy.

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

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

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

Remuneration policy

Statement of fair, responsible and transparent remuneration

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

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

Key principles

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

Executive pay mix

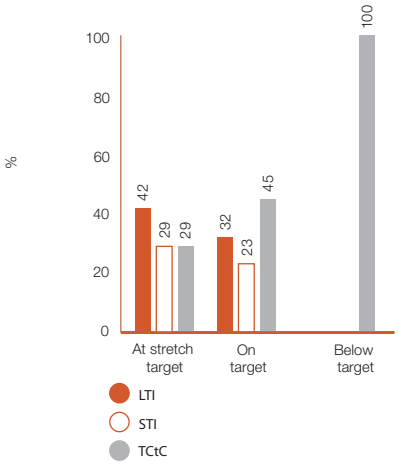
Executive pay mix is defined as the balance targeted between the major components of executive remuneration, namely:

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

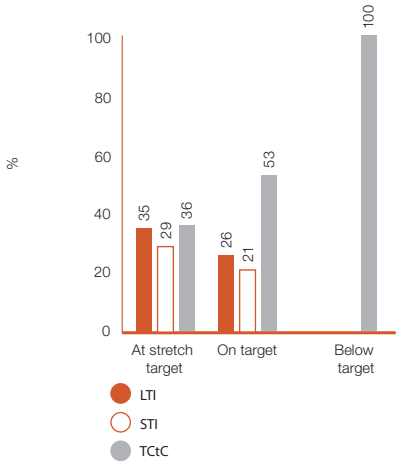
Note: Expected value is defined as the present value of the future reward outcome of an offer, given the targeted future performance of the Company and of its share price. It should not be confused with the term "fair value" which is used when establishing the accounting cost for reflection in a Company's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

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

Target reward mix for Chief Executive Officer



Target reward mix for Financial Director



Guaranteed pay

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

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

An employee's TCtC consists of the following elements:

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

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

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

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

Appendix 3 (continued)

Remuneration report (continued)

Short term incentives

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Long term incentives

Background

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

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

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

Eligibility and participation

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

Shares to be allocated

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

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

Vesting rules and settlement

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

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

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

Participation and termination rules

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

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

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

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

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

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

Performance vs retention shares

During 2013 a decision was made by the Committee to vary the balance between performance and retention oriented grants or options and also to simplify the performance criteria that determine vesting of the performance grants.

The balance between performance oriented share grants and the retention oriented share grants for the CEO was weighted 70% in favour of the performance oriented share grants.

For executive directors and senior managers these percentages were 60% and 50% (respectively). All other participants received only retention oriented share grants.

In response to shareholder requirements for more share grants to be subject to performance conditions as opposed to retention shares, the allocation policy was revised in 2018 as follows:

Revised LTI allocation policy

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

All future share allocations will be performance based. In order to balance back to the reward mix and expected outcomes, the targeted value of the share allocation as a percentage of TCtC was increased as per the table above.

Performance criteria

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

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

Performance measure I: Total Shareholder Return

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

TSR Comparator Group (revised for 2020)

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

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

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

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

Revised vesting schedule TSR

Vesting schedule over three years – Total Shareholder Return

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

** Vesting over three years in equal portion.*

Appendix 3 (continued)

Remuneration report (continued)

Performance measure II: Growth in Headline Earnings per share (HEPS)
Assuming that the performance targets below are set by the Board as illustrated in the table below, vesting of the performance based share grants will be in accordance with the following policy:

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

Vesting schedule for Growth in HEPS measure
Vesting schedule over three years – Growth in HEPS

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

** Vesting over three years in equal portion.*

LTI offer policy

The following principles will govern the LTI offer policy:

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

Contracts of employment

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

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

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

Retention measures

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

Malus and clawback

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

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

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

Non-executive directors' fees

The remuneration of non-executive directors is provided in the context of good governance, and is primarily based upon a methodology which takes into account expertise, contribution by the director and attendance. Standard duties of non-executive directors include preparation for and attendance at Board meetings, AGMs and results presentations. If required, the directors may be requested to perform work outside of their standard duties and for this they will be remunerated based upon the time spent and their level of expertise. Independent benchmark advice is sought as to levels of remuneration for non-executive directors and the policy is that non-executive directors will be remunerated at the median to lower quartile of listed companies of similar size, in order to ensure that appropriately qualified and experienced directors are appointed. Non-executive directors' fees will be tabled for approval by the shareholders of the Company on an annual basis. The fees paid to different roles such as chairman may vary from the fees paid to other non-executive directors. The remuneration of non-executive directors will be split between 40% in relation to fees for attendance at meetings and 60% in relation to fees for retention. Attendance at meetings will include scheduled Board meetings and special Board meetings. Retention fees will include *inter alia* attendance at site visits, round robin resolutions/decisions and strategy sessions.

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

Review

This policy was approved by the Company in March 2020 and will be reviewed annually against current legislation and practice for approval by shareholders during the Annual General Meeting.

Implementation report for 2019

The implementation of the Policy approved by shareholders at the Annual General Meeting in May 2019 is set out below:

Executive pay

	2019 R'000	2018 R'000
ZJ Matlala		
Salary	**4 973**	4 587
Bonus	**–**	3 910
Fringe benefits and leave pay	**67**	162
Provident contributions	**521**	350
Share grants vested	**3 459**	3 366
Total	**9 020**	12 375

	2019 R'000	2018 R'000
D Chocho		
Salary	**2 796**	883
Bonus	**–**	750
Fringe benefits and leave pay	**73**	31
Provident contributions	**366**	163
Total	**3 236**	1 827

Note: In 2019, a 6.5% salary increase was agreed for executives.

Short-term incentives

The executive directors were assessed by the Committee according to the table set out below which was then used as a basis for awarding bonuses for 2019.

Key factors	Key measurement items
Profitability	EBITDA compared to budget and previous year
Growth of business	Grow assets and revenue
Cost management	Effective cost management at Venture and Merafe level
Sustainability	BEE rating to amended scorecard, Corporate Social Investment, Environmental incidents
Safety	Total Recordable Injury Frequency Rate, Fatalities
Stakeholder engagement	Stakeholder engagement programme including interactions with SARS, partners, shareholders, employees, etc
Talent management	Succession planning, managing employees, training, mentoring
Reporting	Interim and annual reporting and engagement with stakeholders

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

	2019 % allocation of cost to Company	2018 % allocation of cost to Company
Chief Executive Officer	**–**	75
Financial Director	**–**	60

Long-term incentives – 2019

The award of long term incentives for 2019 under the Company's share option and grant schemes are set out below:

Total outstanding share grants as at 31 December 2019

Award date	Vesting date	ZJ Matlala	D Chocho
1 Apr 2015	1 Apr 2020	850 548	–
1 Apr 2016	1 Apr 2020	941 409	–
1 Apr 2016	1 Apr 2021	941 409	–
1 Apr 2017	1 Apr 2020	460 433	–
1 Apr 2017	1 Apr 2021	460 433	–
1 Apr 2017	1 Apr 2022	460 433	–
1 Apr 2018	1 Apr 2021	576 692	–
1 Apr 2018	1 Apr 2022	576 692	–
1 Apr 2018	1 Apr 2023	576 692	–
6 Aug 2018	6 Aug 2021	–	208 333
6 Aug 2018	6 Aug 2022	–	208 333
6 Aug 2018	6 Aug 2023	–	208 333
1 Apr 2019	1 Apr 2022	781 971	337 500
1 Apr 2019	1 Apr 2023	781 971	337 500
1 Apr 2019	1 Apr 2024	781 971	337 500

Appendix 3 (continued)

Remuneration report (continued)

Performance conditions

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

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

	2019			2018		
	% allocation of cost to Company	Number of shares	Vesting period	% allocation of cost to Company	Number of shares	Vesting period
Chief Executive Officer	60%	2 345 913	1 April 2022 1 April 2023 1 April 2024	50%	1 730 076	1 April 2021 1 April 2022 1 April 2023
Financial Director	45%	1 012 500	1 April 2022 1 April 2023 1 April 2024	35%	624 999	1 April 2021 1 April 2022 1 April 2023

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

Non-executive directors' fees

Non-executive directors' fees approved for 2019.

The fees for non-executive directors set out below are the fees approved by share holders at the 2019 AGM:

	2019					
R'000	Fees per annum 2018	Retainer 60%	Monthly retainer fees	Retainer per quarter	Fees per attendance 40%	Fees per attendance per meeting
Board Chairperson	611 900	367 140	30 595	91 785	244 760	61 190
Member	299 837	179 902	14 992	44 976	119 935	29 984
Audit and Risk Committee Chairperson	216 388	129 833	10 819	32 458	86 555	21 639
Audit and Risk Committee Member	135 692	81 415	6 785	20 354	54 277	13 569
Remuneration and Nomination Committee Chairperson	116 969	70 181	5 848	17 545	46 788	11 697
Remuneration and Nomination Committee Member	71 398	42 839	3 570	10 710	28 559	7 140
Social, Ethics and Transformation Committee Chairperson	116 969	70 182	5 848	17 545	46 788	11 697
Social, Ethics and Transformation Committee Member	71 398	42 839	3 570	10 710	28 559	7 140

Non-executive directors fees paid for 2019	2019 R'000	2018 R'000
C Molefe*	271	838
A Mngomezulu	681	582
BN Majova	541	553
M Mosweu	357	303
G Motau+	435	–
S Blankfield	364	386
M Vuso	516	197
J Mclaughlan++	274	–
Total	3 439	2 859

* *Resigned 15 May 2019.*
\+ *Appointed 1 January 2019.*
++ *Appointed 1 May 2019.*
A schedule and breakdown of individual non-executive breakdown of fees paid relating to retainers and attendance is available on request.

See the online Integrated Annual Report 2019 and the annual financial statements 2019 for additional and supporting information.

Non-executive directors' fees proposed for 2020

The 2020 proposed fees in accordance with the policy are set out below. An overall increase of 5.1% is proposed from the previous year. This increase and the allocation takes into account the 2019 benchmarking exercise and inflation.

	2020					
	Fees per annum	Retainer 60%	Monthly retainer fees	Retainer per quarter	Fees per attendance 40%	Fees per attendance per meeting
Board Chairperson	652 285	391 371	32 614	97 843	260 914	65 229
Member	310 331	186 199	15 517	46 550	124 132	31 033
Audit and Risk Committee Chairperson	230 454	138 272	11 523	34 568	92 181	23 045
Audit and Risk Committee Member	143 155	85 893	7 158	21 473	57 262	14 315
Remuneration and Nomination Committee Chairperson	124 689	74 813	6 234	18 703	49 876	12 469
Remuneration and Nomination Committee Member	78 181	46 909	3 909	11 727	31 272	7 818
Social, Ethics and Transformation Committee Chairperson	124 572	74 743	6 229	18 686	49 829	12 457
Social, Ethics and Transformation Committee Member	78 181	46 909	3 909	11 727	31 272	7 818

Areas of focus for 2020

Key activities for the Committee in 2020 will be, *inter alia*, the approval of the remuneration and bonuses for executive directors and senior management. The Committee will also assess fees to be paid to non-executive directors. Focus will be placed on the key principles of King IV and the Company's commitment to these principles and reviewing the Remuneration Policy. In addition, the Company will, if required, engage with shareholders to discuss issues of mutual concern.

Compliance statement

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

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



Notes

Form of proxy

MERAFE RESOURCES

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

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

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

Form of proxy for the thirty second Annual General Meeting
I/We (name in block letters)

of (address)

(contact number)

(email address)

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

1. or failing him/her

2. or failing him/her

3. The Chairperson of the Company, or failing him, the Chairperson of the Annual General Meeting, as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held at the offices of the Company at Building B, 2nd floor, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, 2191 at 11:00 on Friday, 22 May 2020, or at any adjournment thereof.

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

		Number of votes		
	Ordinary and Special Resolutions	**For**	**Against**	**Abstain**
1	Ordinary Resolution Number 1: Adoption of annual financial statements			
2	Ordinary Resolution Number 2: Re-appointment of retiring directors			
	2.1 Ms M Mosweu			
	2.2 Mr S Blankfield			
	2.3 Mr A Mngomezulu			
3	Ordinary Resolution Number 3: Confirmation of appointment of a director			
	3.1 Mr J Mclaughlan			
4	Ordinary Resolution Number 4: Re-appointment of members to the Audit and Risk Committee for the forthcoming financial year			
	4.1 Ms M Vuso			
	4.2 Ms G Motau			
	4.3 Ms B Majova			
5	Ordinary Resolution Number 5: Re-appointment of external auditors of the Company, Deloitte & Touche Inc. and to appoint Mr Eugene Zungu as the designated audit partner			
6	Ordinary Resolution Number 6: Authority to sign all documents required to give effect to all resolutions in the notice of Annual General Meeting			
7	Ordinary Resolution Number 7: Approval of amendments of the Merafe Resources Share Incentive Scheme 2010			
8	Ordinary Resolution Numbers 8.1 and 8.2: Non-binding advisory vote			
	Ordinary Resolution Number 8.1: Remuneration Policy			
	Ordinary Resolution Number 8.2: Remuneration Implementation Report			
9	Special Resolution Numbers 1.1 to 1.8: Approval of non-executive directors' fees for 2020			
	1.1 Board Chairperson			
	1.2 Board Member			
	1.3 Audit and Risk Committee Chairperson			
	1.4 Audit and Risk Committee Member			
	1.5 Remuneration and Nomination Committee Chairperson			
	1.6 Remuneration and Nomination Committee Member			
	1.7 Social, Ethics and Transformation Committee Chairperson			
	1.8 Social, Ethics and Transformation Committee Member			
10	Special Resolution Number 2: Loans or other financial assistance to related or inter-related companies			
11	Special Resolution Number 3: General authority to repurchase Company shares			

Signed at on 2020

Signature (assisted by me – where applicable)

Please see notes overleaf

Notes to form of proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting 'the Chairperson of the Annual General Meeting', but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the Annual General Meeting of shareholders will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting of shareholders as he/she deems fit with respect to all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
3. Forms of proxy must be lodged with, posted or faxed to, the transfer secretaries' registered office: Link Market Services South Africa Proprietary Limited, 13th Floor, Hollard Building, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg 2000) or +27 11 713 0800, or the Company's registered offices: Building B, 2nd Floor, Ballyoaks Office Park, 35 Ballyclare Drive, Bryanston, 2191 (PO Box 652157, Benmore, 2010), or fax +27 11 783 4789 to be received no later than 11:00 on Wednesday 20 May 2020. If forms of proxy are not received by this date, they must be handed to the Chairperson of the Annual General Meeting before the appointed proxy exercises any of the relevant shareholders rights at the Annual General Meeting.
4. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity (such as power of attorney or other written authority) must be attached to this form of proxy unless previously recorded by Merafe Resources.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. On a show of hands, every shareholder shall have only one vote, irrespective of the number of shares he/she holds or represents, provided that a proxy shall, irrespective of the number of shareholders he/she represents, have only one vote.
8. On a poll, every shareholder present in person or represented by proxy shall have one vote for every Merafe Resources share held by such shareholder.
9. A resolution put to the vote shall be decided on a poll.
10. In terms of Section 58 of the Companies Act:
    - a shareholder of a company may, at any time and in accordance with the provisions of Section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
    - a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
    - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
    - any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
    - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
    - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise; and
    - if the instrument appointing a proxy has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's Memorandum of Incorporation to be delivered to a shareholder must be delivered by such company to:
        - the relevant shareholder; or
        - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.

Administration

Merafe Resources Limited

Company registration number: 1987/003452/06

Business address and registered office

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2191
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Telefax: +27 11 783 4789
www.meraferesources.co.za

Company Secretary

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Directorate

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

** Independent*



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