INTEGRATED ANNUAL REPORT 2015

ABOUT THIS REPORT

We are pleased to present to you the integrated annual report for the Merafe Group, which includes Merafe Resources Limited (Merafe), a company listed on the JSE, Merafe Ferrochrome and Mining Proprietary Limited (Merafe Ferrochrome) and its subsidiaries for the year ended 31 December 2015. The scope of this report also includes the Glencore-Merafe Chrome Venture (the Venture). Save for a change in our major shareholder as set out in this report, there has been no significant change in our size, structure or products and there are no specific limitations on the scope or boundary of this report.

We published our previous integrated annual report, for the reporting period ended 31 December 2014, in 2015. As we did last year, the summarised financial and sustainability information and the AGM Notice, will be sent to shareholders and this integrated annual report will be available on our website: www.meraferesources.co.za. Printed copies of the integrated annual report will be available on request from the Company Secretary.

We welcome the opportunity that an integrated approach to reporting offers us to break down reporting silos and provide a broader explanation of our performance, underpinned by a strategic focus, connectivity of information, a future orientation and an inclusive and responsible approach to stakeholders.

We use the capitals model (natural, human, social, manufactured and financial capital) for our reporting, as recommended in the International Integrated Reporting Committee's Integrated Reporting Framework.

We depend on a variety of resources and relationships for our success. The extent to which we are depleting these or building them up has an important impact on the availability of the resources at our disposal and the relationships that support our long-term viability. The capitals model, by seeing these resources and relationships in terms of 'capital', provides us with a basis for understanding sustainability in terms of the economic concept of wealth creation or 'capital' and encourages us to consider how wider environmental and social issues can affect our long-term profitability.

In addition to following the recommendations contained in King III, the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code) and the JSE Limited Listings Requirements, we are guided by the Global Reporting Initiative's (GRI) G4 Guidelines and our internally developed policies and procedures, in terms of measuring our progress towards sustainability.

KPMG Inc. audits our annual financial statements.

Our annual financial statements are in compliance with International Financial Reporting Standards (IFRS) and are available on our website. An independent auditor's report is published in the annual financial statements.

The data and information relating to the Venture as set out in this report is subject to the annual internal and external reviews, audits and processes set out on page 49 to ensure that the information relating to the Venture in this report is accurate and reliable.

Icons used in this report

This icon refers to further reading

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

This report has been produced in accordance with the Global Reporting Initiative (GRI) Guidelines

We would welcome your feedback on our reporting for 2015 and any suggestions you have in terms of what you would like to see incorporated in our report for 2016. Please contact our Financial Director, Kajal Bissessor at kajal@meraferesources.co.za.

ABOUT THE FIVE CAPITALS MODEL

The five capitals model we have adopted provides a basis for understanding sustainability in terms of the economic concept of wealth creation or 'capital'. A sustainable organisation will maintain and where possible enhance these stocks of capital assets, rather than deplete or degrade them. The model allows business to broaden its understanding of financial sustainability by allowing business to consider how wider environmental and social issues can affect long-term profitability.

FORWARD LOOKING STATEMENTS

Certain statements in this report constitute 'forward looking statements'. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performances, objectives or achievements of Merafe Resources Limited and its subsidiary companies, as well as the industries in which it operates, to be materially different from future results, performances, objectives or achievements expressed or implied by these forward looking statements.

The performance of the Merafe Group is subject to the effect of changes in commodity prices, currency fluctuations, uncertainty around the supply of electricity, the risks involved in mining and smelting operations and the operating procedures and performance of the Venture. The Company undertakes no obligation to update publicly or to release any revisions to these forward looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.

CONTENTS

Our annual financial statements form part of our online integrated annual report for 2015. They are also available from our Company Secretary in either electronic or printed format.

ORGANISATIONAL OVERVIEW

OUR BUSINESS

We are listed on the JSE in the General Mining sector under the share code MRF. Our business is the 20.5% participation through our wholly owned subsidiary, Merafe Ferrochrome, in the earnings before interest, tax, depreciation and amortisation (EBITDA) of the Glencore-Merafe Chrome Venture (the Venture), in which Glencore Operations South Africa Proprietary Limited (Glencore) has a 79.5% participation.

Our major shareholders are Glencore (Netherland) B.V. (Glencore BV) and the Industrial Development Corporation of South Africa Limited (Industrial Development Corporation). (See page 52 for more detailed shareholder information.)

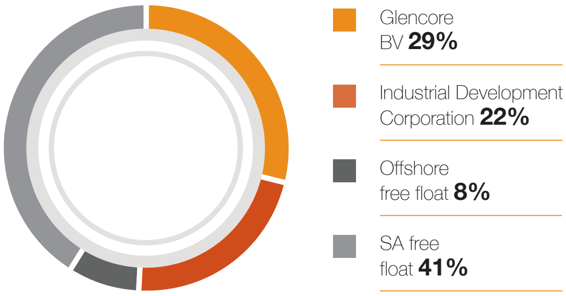
The Merafe Group and Glencore (formerly Xstrata) formed the Venture in July 2004 when we pooled our chrome operations to create the largest ferrochrome producer in the world. Glencore's merger with Xstrata took place in May 2013.

For more information on the assets we pooled, of which we have retained ownership, and the additional assets we have invested in since participating in the Venture, see the tables on pages 18 and 50.

STAKEHOLDER RELATIONSHIPS

We believe our commitment and achievements in terms of empowerment, sustainability and good governance have allowed us to establish sound relationships with our stakeholders. A diagram setting out the stakeholders that Merafe and the Venture have identified, together with the issues we have identified that could have a material impact on our stakeholders, can be found on page 4.

OUR SHAREHOLDING



78%
of our Board members are black

56%
of our Board members are women

71%
of all our employees are black

GOVERNANCE AND SUSTAINABILITY

Our commitment to good governance and sustainability is reflected in our inclusion in the JSE Socially Responsible Investment (SRI) Index since its inception in 2003. In 2014 the SRI Index assessment was applied to the top 100 companies on the JSE by market capitalisation and therefore excluded small capitalisation companies. However, Merafe continues to apply the principles of King III and the SRI Index reporting criteria in its business.

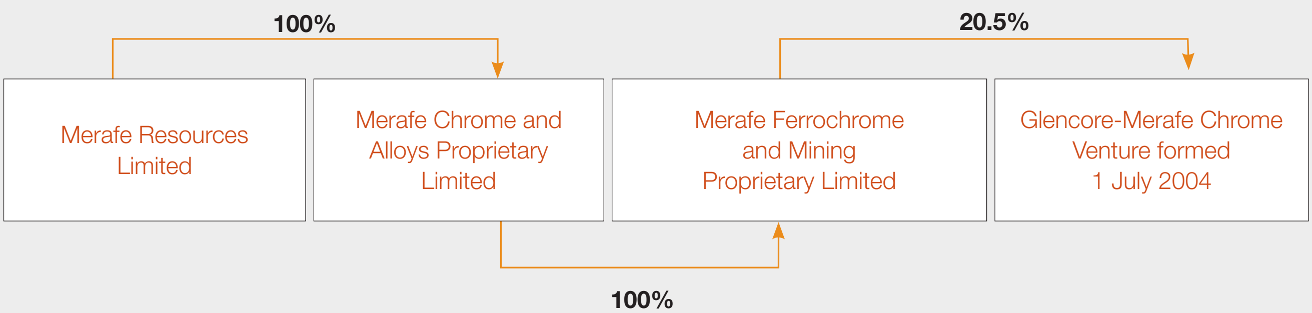
OUR MATERIAL ISSUES

Our material issues and our materiality determination process are set out on pages 7 and 8.

OUR APPROACH TO RISK

We recognise that risk is inevitable in business and that it goes hand in hand with opportunity. We have established a risk management system that allows us to pursue business opportunities and grow shareholder value, monitor risk in our investments and develop and protect our people, the environment in which the Venture operates and our reputation. Our approach to risk management is discussed in the Transparency and accountability section of this report on page 48.

OUR GROUP STRUCTURE



2015 YEAR IN REVIEW

KEY FEATURES

Revenue of
R4.4 billion
(2014: R3.6 billion)

EBITDA of
R816 million
(2014: R589 million)

Net profit of
R343 million
(2014: R214 million)

Headline earnings of
13.9c per share
(2014: 8.4c)

Ferrochrome sales volumes of **372kt**
(2014: 316kt)

Ferrochrome production of **377kt**
(2014: 319kt)

Fatalities: **Nil** (2014: two fatalities)

TRIFR of **4.17**
(2014: 4.63)

17% depreciation in the average Rand/Dollar exchange rate

Total dividend for 2015 of
R55 million
(2014: R48 million)

Glencore BV acquires the shareholding of Royal Bafokeng in Merafe

SUCCESSES

- Lion II in full production
- Improvements in safety performance
- Three-year wage agreements with employees at the smelters concluded

CHALLENGES

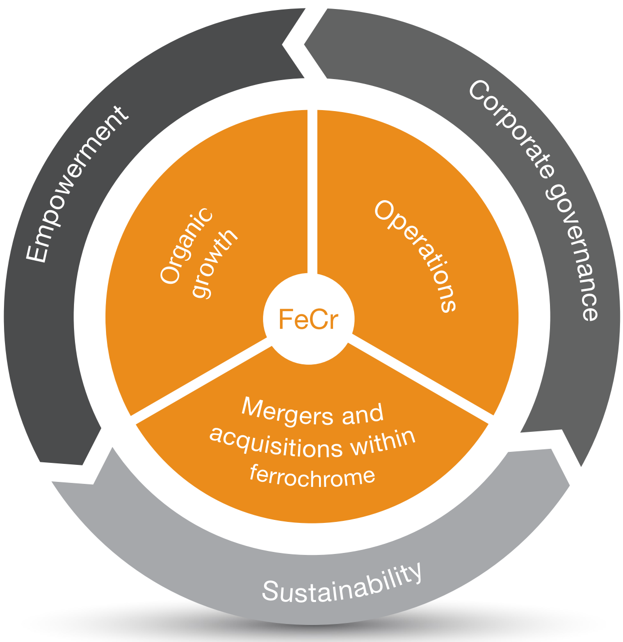
- Electricity supply and pricing
- Commodity prices and demand
- Community issues

OUR BUSINESS MODEL AND STRATEGY

FERROCHROME

The aim of our business model and strategy is to ensure 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 its smelters in a safe and cost-efficient manner
- investing in projects that include 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 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 circumstances and customer requirements
- focusing on reducing costs at the operations and head office



STAKEHOLDERS

In this report we have identified material issues and risks that could impact the stakeholders of Merafe and the Venture. These issues and risks were identified during engagements that Merafe and the Venture had with their stakeholders. We provide an overview of our stakeholders issues on this page and a table setting out our stakeholders, our methods of engaging with them and the issues arising from these engagements form part of our online report. The material issues are set out on pages 7 and 8 of this report and our approach to risk can be found on page 48.

MERAFE RESOURCES

PROVIDERS OF DEBT
- Impact of Rand/Dollar exchange rate on cash flow
- Impact of ferrochrome prices on cash flow
- Risk management
- Ability to repay borrowings
- Compliance with covenants

GOVERNMENT AND REGULATORS
- Job creation
- Regulatory compliance
- Tax compliance
- Employment equity
- Empowerment credentials
- Health and safety

MERAFE EMPLOYEES
- Health and safety
- Remuneration, incentives and benefits
- Career opportunities
- Training and skills development

OUR PARTNERS IN THE GLENCORE-MERAFE CHROME VENTURE
- Sustainability
- Accountability and transparency
- Risk management
- Financial stability
- Empowerment credentials
- Alignment of interests

SUPPLIERS
- HDSA procurement requirements
- Contract terms
- Payment terms

SHAREHOLDERS AND INVESTORS
- Potential for future returns
- Impact of Rand/Dollar exchange rate on cash flow
- Impact of ferrochrome prices on cash flow
- Project progress and funding
- Sustainability
- Impact of industrial action
- Safety record
- Good governance

THE VENTURE

CUSTOMERS
- Pricing
- Material availability
- Quality of product
- Contract terms and delivery
- Reliability of supply

GOVERNMENT AND REGULATORS
- Job creation
- Training and development
- Black empowerment credentials
- Employment equity
- Environment
- Regulatory compliance
- Compliance with Mining Charter
- Mining rights
- Health and safety

SUPPLIERS
- Contract terms
- Payment terms
- HDSA procurement requirements

COMMUNITIES
- Infrastructure development
- Job creation
- Enterprise development
- Local employment opportunities
- Portable skills development
- Local procurement
- Stakeholder responsiveness

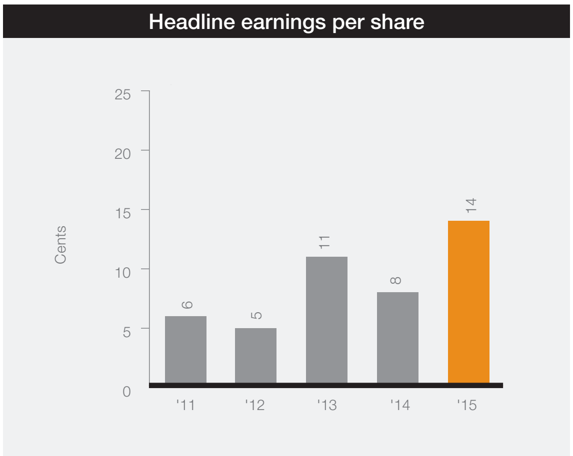
VENTURE EMPLOYEES
- Health and safety
- Career opportunities
- Training and skills development
- Consultation on future operational changes
- Employment equity
- Housing benefits
- Workers' rights
- Remuneration, incentives and benefits

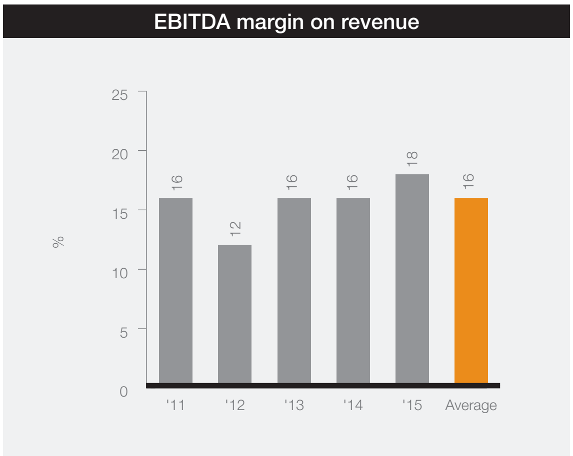
TRADE UNIONS
- Training and skills development
- Consultation on future operational changes
- Employment equity
- Housing benefits
- Workers' rights
- Remuneration, incentives and benefits
- Health and safety

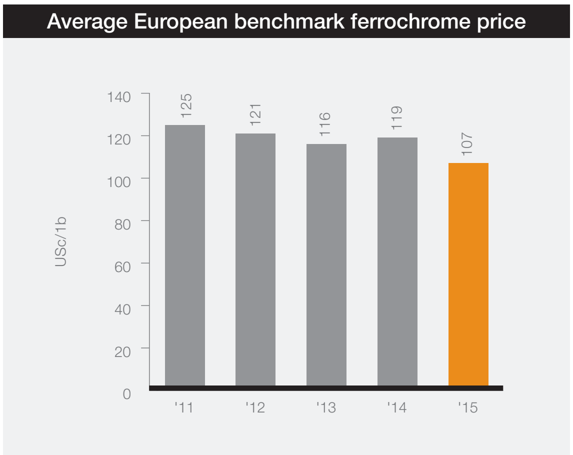
FIVE-YEAR HISTORICAL REVIEW OF KEY INDICATORS

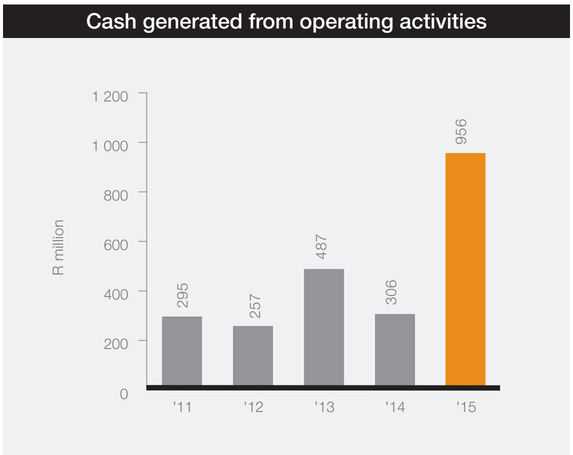
Safety statistics

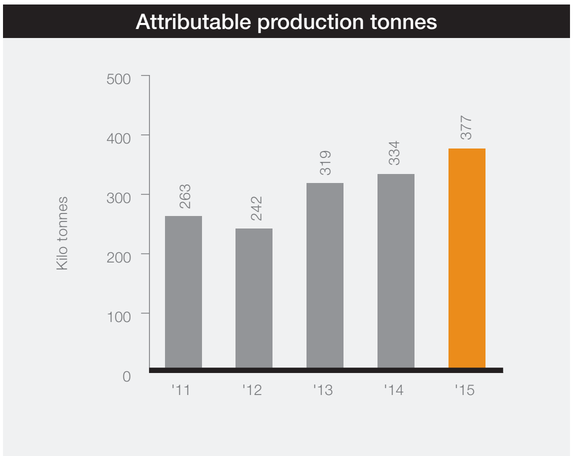
	2015	2014	2013	2012	2011
Fatality frequency rate (FFR)	0.00	0.07	0.07	0.00	0.08
Total recordable injury frequency rate (TRIFR)	4.17	4.63	3.84	4.05	3.90

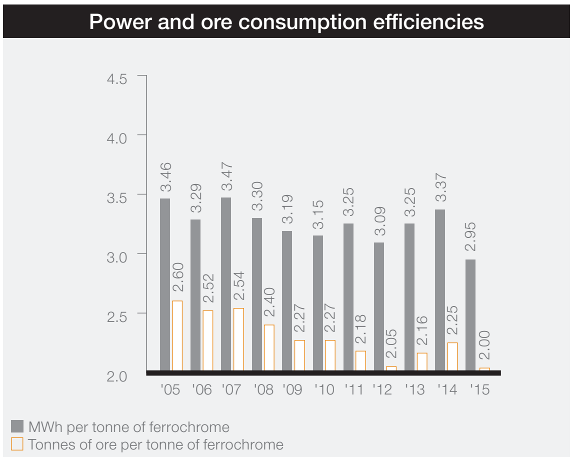












The global position of **ferrochrome**

Elements influencing the global demand for and pricing of ferrochrome

- Global economic conditions
- Exchange rates
- Stainless steel demand
- Growth of Chinese ferrochrome industry
- Chrome ore exports

90%

of the ferrochrome produced is used in stainless steel and specialty steels

2%

growth rate forecast for stainless steel production in 2016

Ferrochrome production and its role in stainless steel

Produced by high-temperature reduction (smelting) of chromite, ferrochrome contains iron, chrome, minor amounts of carbon and silicon and impurities such as sulphur, phosphorous and titanium.

Chrome is a metallurgical marvel. It brings amazing properties to the metals with which it is alloyed. Add it to carbon steel in the form of ferrochrome and the steel becomes 'stainless' – corrosion resistant, mechanically strong, heat resistant, hard wearing, shiny and glamorous. Stainless steel is used everywhere in modern life from nuclear reactors to exhaust pipes, architecture, kitchenware and a host of other applications.

Specialty steels produced for applications such as tools, injection moulds, camshafts, etc, also derive the high mechanical strength, hardness and heat-resistance required from their chrome content.

Key statistics for 2015

- Global ferrochrome production reduced by 4.6% to approximately 10.7 million tonnes of ferrochrome
- Ferrochrome demand is expected to increase by approximately 1% in 2016
- South Africa produced approximately 35% of global ferrochrome production in 2015
- China consumed approximately 7.6 million tonnes of chrome ore in 2015 from South Africa

The South African **ferrochrome environment**

Increasing production costs are a challenge

Electricity costs have more than doubled since 2007 and labour costs are increasing, as are the challenges in the socio-political environment

Two South African ferrochrome producers

filed for business rescue proceedings in 2015

SOUTH AFRICAN CHROME INDUSTRY

Facts

35%

of world's ferrochrome production supplied by South Africa in 2015

Over

72%

of world's chrome reserves are in South Africa

Provides over

200 000

direct and indirect jobs

Our competitive advantage

- Lowest-cost producer in South Africa
- Flexibility provided by variety of cost efficient technologies
- 25% saving in energy consumption per tonne of alloy produced achieved as a result of major investments in energy efficiency (Lion Complex and two new pelletising and sintering plants)
- Lion II project ramp up in 2015 will achieve further energy efficiencies
- Significant chrome ore reserves and access to UG2

MATERIAL ISSUES

The directors' statement regarding the materiality determination process
As the Board of Merafe we acknowledge our responsibility to ensure the integrity of the integrated report, including the determination of material issues. We acknowledge that we have applied our collective mind in determining the material issues for Merafe and have used the materiality process described below. We believe that this process is suitably designed to identify our material issues. The material issues disclosed in this section accurately reflect the outcome of this process and have taken into consideration our business model, operating context, stakeholder concerns and strategic plan.

Materiality determination process

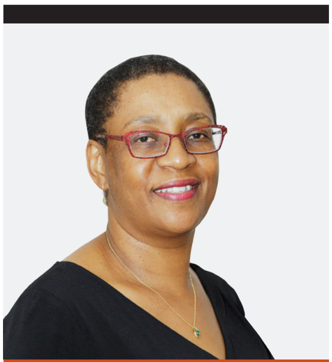
- The Board sets and approves three-year strategic plans for the Company. During the interim years the Board reviews and adjusts the strategic plan as necessary
- The Board, through the Audit and Risk Committee and Board strategic workshops, annually considers the risks (see page 48 of this report) the Company may face and a risk matrix listing the risks and their importance is updated quarterly. There are approximately four Board and four Board Committee meetings during a year and further separate executive, management and Board strategy sessions to set a new strategic plan and/or assess the current plan in operation
- Key to our process is consultation with stakeholders (see page 4 of this report). Stakeholder feedback is then discussed at management, executive and Board strategic meetings and incorporated into the strategic plan and risk register
- The executive and management of Merafe participate in the Venture (including participation in executive and Board meetings of the Venture), which assists with the assessment and consideration of the Venture's material issues (see page 39 of this report)
- During the annual integrated report process, the Board and its committees assess the report to ensure our reporting is aligned in terms of strategy, key risks and issues material to both Merafe and its stakeholders

Issue	Possible impact	How we responded to the risks and opportunities during 2015
Strategy affected: Sustainability		
Global economic environment	The global economic environment can have a positive or negative impact on the demand for the ferrochrome and chrome ore the Venture produces. When it is doing well then demand increases and prices tend to follow suit. The volatility of the Rand/Dollar exchange rate also affects our profitability. This year, for instance, the fall in the value of the Rand against the Dollar has increased our profitability. All our stakeholders are affected by our ability to be profitable and sustainable.	We cannot influence the Rand/Dollar exchange rate or the global economy, and market demand dictates the price of ferrochrome. Both Merafe and the Venture can, however, take action to contain costs and remain profitable. The Venture's investment in increasing the energy efficiency of its operations and reducing the cost of the reductants makes it the lowest-cost producer in South Africa.
Strategy affected: Sustainability		
Exposure to one commodity	Diversification into other commodities would provide us with a buffer against the cyclical nature of ferrochrome which can and has negatively impacted our profitability in certain years. This issue could impact our shareholders, management and employees.	In August 2014, the Board announced its strategy to solely focus on ferrochrome and chrome in the medium term. The Board is confident that the competitive advantages enjoyed by the Venture as set out on page 6 mitigate this risk.
Strategy affected: Sustainability		
Venture in which we do not have a majority stake	By not being in control of our own destiny we could be negatively impacted by such a partnership. Decisions taken in the best interest of the Venture may on the other hand negatively impact Merafe. Both shareholders and employees stand to be affected by this issue.	Contractual provisions and increased participation interest, in addition to partnering with a world-class operator and global ferrochrome leader, are all helpful in bolstering our overall sustainability. We also benefit from economies of scale. We continually strive to ensure the interests of both partners in the Venture are aligned and to maintain strong relationships between both management teams based on mutual respect.

MATERIAL ISSUES (CONTINUED)

Issue	Possible impact	How we responded to the risks and opportunities during 2015
Strategy affected: Sustainability		
Empowerment credentials	These credentials are important to maintain a competitive advantage and they also affect the empowerment status of the Venture.	In 2015 Glencore BV acquired the shares of Royal Bafokeng Holdings in the Company. The industry is awaiting clarity regarding the once empowered always empowered principle. See the Chairmain's report on page 35 for more details.
Strategy affected: Sustainability		
Safety, health and wellbeing of Merafe's employees and the Venture's employees and contractors	Maintaining a safe and healthy environment is one of the cornerstones of our success. Employee morale is affected by how we manage this issue. Significant reputational damage is also a key factor. This issue could impact employees, contractors and their families; the Department of Mineral Resources (DMR) – Mine Health and Safety Inspectorate; trade unions and investors.	The Venture invests in safety training and efforts to transform its safety culture into one where every employee takes responsibility for their safety and that of their fellow employees.
Strategy affected: Sustainability		
Industrial action in the mining industry and in particular in the operations of the Glencore-Merafe Chrome Venture	Loss of production impacts on profitability. We also need to consider increased costs and the possible damage to property. The safety of the Venture's employees is also at risk; intimidation of employees by strikers and a breakdown in the relationship with Venture employees are all important factors affecting not only Venture employees but families, communities, DMR and shareholders.	Communication and mutual understanding and respect are fostered daily with employees. We also invest time and effort in establishing an understanding with the trade unions. The Venture also abides by the collective agreements in place and negotiates with the unions with the aim of reaching agreement on annual wage increases.
Strategy affected: Sustainability		
Our social licence to operate	Dissatisfied communities embarking on action to remove the Venture's social licence to operate would create an unsustainable working environment as well as cause significant reputational damage. Communities, investors, DMR, employees and local municipalities would all be affected.	Community social issues are addressed regularly with goodwill, commitment and leadership. By addressing social issues the South African mining industry can achieve a more sustainable environment for itself and the communities in which it operates.
Strategy affected: Sustainability		
Chrome ore exports to China	Ferrochrome sales to China are impacted by the export of unbeneficiated chrome ore from South Africa, which is facilitating the growth of a ferrochrome industry in China (see page 11 of this report). Profitability would be negatively impacted and shareholders, Merafe management, Merafe employees, Venture partners, Venture employees and communities, as well as government (SARS) would feel the effects.	Pending support from government the strategy of being the lowest-cost producer mitigates this risk. The Venture further believes that market forces over the medium term will reduce this risk.
Strategy affected: Sustainability		
Power prices and the availability of electricity	Loss of sales is highly likely if increased costs make our product prices uncompetitive. A further possible impact is a loss of production because of electricity not being available. Should the Venture be unable to secure an electricity supply for new projects, it would be unable to grow its operations. This issue could impact shareholders, Merafe management and employees as well as Venture management, employees, communities and customers.	The Venture's continued development and application of energy-efficient technology allows it to maintain its position as South Africa's lowest-cost producer of ferrochrome and therefore the most competitive South African producer. The Venture regularly engages with Eskom and is represented on the Energy Intensive User Group (see page 20 of this report).
Strategy affected: Sustainability		
Climate change and water	Climate change can impact business continuity and profitability; health and safety; environmental aspects. The Venture's operations give rise to a significant quantity of indirect and direct greenhouse gas (GHG) emissions and are also exposed to the potential impacts of climate change resulting from GHGs. Water is also an important input in our operations. All stakeholders are impacted by this issue.	The Venture continually engages with legislators, researchers and industry bodies to track and evaluate the situation and develop an improved awareness of and preparation for the risks associated with climate change. The Venture continues to take steps to reduce its carbon footprint. These include the development of energy-efficient technology and research into the use of alternative sources of energy. With regard to water we ensure we have adequate supply and storage facilities. We have access to different water schemes, we reuse a large portion of water and we have access to underground water.

CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW



The excellent performance of the Company in challenging times is due to the significant competitive advantages which the Venture has.

The financial year to 31 December 2015 was characterised by a weaker global economy, especially the emerging markets economies, weaker commodity prices and weaker emerging market currencies. The Rand weakened on average by 17% against the US Dollar.

Despite the challenging market conditions, Merafe managed to produce solid operational and financial results.

Financial review

Profit after tax rose by 60% year-on-year, mainly as a result of higher revenues. The increase in revenue was as a result of record ferrochrome sales volumes and the weaker Rand exchange rate, partially offset by weaker ferrochrome net prices. Cash flows from operating activities were strong at R956m.

The balance sheet position remains strong as a result of focusing on debt reduction as part of our strategy. As a result, net debt position has improved from R1 251m to R660m at 31 December 2015. I refer you to the Financial Capital section of this report on pages 12 to 15 and our annual financial statements on our website.

Operational review

Production volumes were 13% higher than the previous year, mainly due to additional volumes from Lion Phase II, which is now in full production. The Wonderkop plant also contributed to the higher volumes by exceeding all previously recorded annual production volumes.

Electricity supply constraints continued to be a challenge and had some adverse impact on volumes and damages to equipment. As reported at half year, The National Energy Regulator (NERSA) declined Eskom's request for a partial reopener of the Multi Year Price Determination (MYPD3) which would have resulted in an electricity increase of 25.5%. Although this provided a temporary reprieve, Eskom applied for an effective 16.6% tariff increase via the Regulatory Clearing Account (RCA). However, on 2 March 2016, NERSA granted a 9.49% tariff increase.

Wage negotiations in the Eastern and Western smelters were settled for a three-year period. As previously stated three-year agreements were reached with the employees of the Western mines in 2014.

There were various incidents of community unrest in the Steelpoort area during the year under review. This had a negative impact on the production volumes although the impact was not significant. We continue to engage all relevant stakeholders to resolve the issues.

The safety of our employees continues to be a priority. It is therefore pleasing that our total recordable injury frequency rate improved from 4.63 to 4.17. There were no fatalities during the year under review.

Market review

Global stainless steel production totalled 41.6m* tonnes in 2015, a 0.5%* year-on-year decrease. Of the major producing regions, China registered the largest absolute reduction in output of 306 000* tonnes equivalent to 1.4% decline*. A significant decline was also recorded in Japan, while the introduction of import tariffs on Asian stainless steel offered support to European producers. India increased output by 7%* year-on-year.

Global demand for ferrochrome decreased 2.2%* year-on-year, with Chinese ferrochrome consumption increasing 2.1%*. Declines were also recorded in the USA, Japan and EU. China's imports of South African ferrochrome continued to increase, reaching a yearly total of 2.6m* tonnes a 24%* increase. Global ferrochrome production decreased 4.6%* to 10.7m* tonnes in 2015. The majority of this decrease came from China, which reduced its output by 371 000* tonnes. Comparatively, South Africa saw a year-on-year decrease in ferrochrome production from 3.75m* tonnes in 2014 to 3.71m* tonnes in 2015. Merafe has successfully increased market share in 2015 by 18%, despite decreased global demand.

Chinese chrome ore imports were 10.4m* tonnes in 2015, a 10.9%* increase compared to the previous year. Exports of chrome ore from South Africa rose by 31.8%* year-on-year, with the proportion of South African chrome ore imported into China increasing from 61%* in 2014 to 73%* in 2015. This increase in South African chrome ore exports

*References: * Heinz H. Pariser / February 2016*

See the table on page 11 for details of China's chrome ore imports.

was due in part to the end of the platinum strikes, whilst the depreciation of the Rand offered support to South African chrome ore producers throughout 2015, offsetting the recent fall in USD prices.

The average European benchmark ferrochrome price decreased by 10% year-on-year, whilst the average Rand/Dollar exchange rate weakened by 17% year-on-year. Net CIF prices reduced by 12%* year-on-year. The European benchmark ferrochrome price for the first quarter of 2016 was settled at 92 USc/lb.

*References: * Heinz H. Pariser / February 2016*

Strategic focus

As I reported last year, the focus of the Company in the short to medium term is on its ferrochrome operations, maximising cash flows from the Venture and reducing costs. The restructuring process was completed in March 2015 and for the year under review corporate costs were reduced by 41%. The focus on maximising cash flows has also enabled us to reduce debt as set out earlier in my report and allowed for payment of an interim and final dividend to shareholders for the 2015 year.

We are always mindful that mining is a long-term business and that we need to show value to all stakeholders and be fully focused on our material issues which may impact our business and its future. In this regard I refer you to pages 7 and 8 of this report (material issues) as well as the sections on natural, human and social capital.

Outlook

With weaker stainless demand, weaker commodity prices and concerns about the global economy, we expect the coming year to be challenging. However, despite the challenges, Merafe is well positioned to withstand current and even lower prices. The Venture's position in the first quartile of the cost curves enables us to navigate the headwinds.

Zanele Matlala
Chief Executive Officer

Charge/HC FeCr production

	2013	2014 in '000 t	2015e	2016f	Change 16/15 in %	2017f in '000 t	Change 17/16 in %
Brazil	172	195	167	165	(1.2)	170	3.0
EU 27	483	507	531	595	12.1	600	0.8
Russia, Turkey, Albania	374	282	192	258	34.4	297	15.1
India	988	875	853	930	9.0	1 005	8.1
Kazakhstan	1 128	1 135	1 270	1 355	6.7	1 498	10.6
South Africa	3 283	3 752	3 710	3 655	(1.5)	3 760	2.9
Zimbabwe	155	260	122	180	47.5	235	30.6
Others	42	76	91	121	33.0	181	49.6
Subtotal	6 625	7 082	6 936	7 259	4.7	7 746	6.7
China	3 731	4 112	3 741	3 780	1.0	3 900	3.2
Total	10 356	11 194	10 677	11 039	3.4	11 646	5.5
Charge Cr	6 498	7 358	7 287	7 449	2.2	7 565	1.6
HC FeCr	3 858	3 837	3 389	3 591	6.0	4 081	13.6

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Crude stainless steel production

	2013	2014 in '000 t	2015e	2016f	Change 16/15 in %	2017f in '000 t	Change 17/16 in %
NAFTA	2 032	2 389	2 401	2 473	3.0	2 547	3.0
Brazil	421	425	416	421	1.2	425	1.0
European Union	7 142	7 242	7 253	7 294	0.6	7 389	1.3
Other Europe	206	189	162	164	1.2	167	1.8
Japan	3 175	3 328	3 047	3 071	0.8	3 117	1.5
South Korea	2 143	2 038	2 206	2 228	1.0	2 262	1.5
Taiwan	1 052	1 120	1 128	1 139	1.0	1 156	1.5
South Africa	492	472	496	516	4.0	542	5.0
Subtotal	16 663	17 203	17 109	17 306	1.2	17 605	1.7
China	19 211	21 810	21 504	21 925	2.0	22 912	4.5
India	2 791	2 822	3 014	3 149	4.5	3 275	4.0
Subtotal	22 002	24 632	24 518	25 074	2.3	26 187	4.4
Total	38 665	41 835	41 627	42 380	1.8	43 792	3.3

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China – chrome ore imports

	2013	2014 in '000 t	2015	Change 2015/2014 %
South Africa	6 736	5 748	7 579	31.9
Turkey	1 988	1 280	1 037	(19.0)
Albania	677	555	486	(12.4)
Iran	428	494	392	(20.6)
Oman	687	489	337	(31.1)
Pakistan	482	339	302	(10.9)
Madagascar	118	113	170	50.4
Philippines	126	67	31	(53.7)
Sudan	17	40	29	(27.5)
India	168	63	23	(63.5)
Kazakhstan	167	77	8	(89.6)
Australia	407	44	0	(100.0)
Brazil	0	12	0	(100.0)
Others	90	63	10	(84.1)
Total	12 091	9 384	10 404	10.9

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FINANCIAL CAPITAL

MATERIAL ISSUES

- Global economic environment
- Ferrochrome demand and prices
- Energy supply and prices
- Rand/Dollar exchange rate
- Costs

Financial capital makes it possible for the other types of capital to be owned and traded. It is also representative of how successful we have been at achieving the sustainable development of our natural, human, social or manufactured capital.

Sustainable organisations need a clear understanding of how financial value is created, in particular dependence on other forms of capital. We enhance our financial capital by:

- effective management of risk
- corporate governance structures
- ensuring equitable use of wealth created
- assessing the wider economic impact of our activities on society

Our annual financial statements form part of our online integrated report for 2015. They are also available from our Company Secretary.

Merafe delivered an outstanding financial performance during 2015, despite the tough trading environment.

KEY POINTS

Revenue
R4.4 billion
(2014: R3.6 billion)

EBITDA
R816 million
(2014: R589 million)

Net profit
R343 million
(2014: R214 million)

Net cash balance of
R309.6 million
(2014: R162.5 million overdraft)

Dividends declared of
R55 million
(2014: R48 million)

I am pleased to report that Merafe delivered an outstanding financial performance during 2015, despite the tough trading environment. Record revenues and containment of costs resulted in a 66% increase in headline earnings per share.

Financial performance

- Revenue increased by 23% from the prior year mainly as a result of an 18% increase in ferrochrome sales volumes and a 17% weaker Rand/Dollar exchange rate which was partially offset by 12% lower net CIF ferrochrome prices
- Production costs were well managed and contained
- Corporate costs reduced by 41% from the prior year as a result of the once off restructuring costs included in the prior year as well as the reduced headcount at Merafe head office in 2015
- Headline earnings increased by 66% from the prior year and Merafe's EBITDA margin increased from 16% in 2014 to 18% in 2015
- Depreciation increased by 12% from the prior year, mainly as a result of the additional depreciation from the Lion II project as well as the reassessment of useful lives and residual values
- Net finance costs increased by 23% from the prior year as a result of increased interest rates and a reduction of capitalised borrowing costs resulting from the completion of Project Lion II
- The current tax expense arose as a result of the full utilisation of capital expenditure in our Western taxation ring-fence. The cash tax rate increased from 13% in 2014 to 14% in 2015

Financial position and cash flow

- Property, plant and equipment increased from the prior year as a result of capital expenditure of which R259.1m (2014: R247.3m) was sustaining capex and R44.3m (2014: R195.9m) was expansionary capex and was partially offset by higher depreciation. No borrowing costs were capitalised in 2015 (2014: R9m)
- Trade and other receivables reduced mainly as a result of a change in sales mix, earlier than expected receipts from debtors and higher utilisation of the debtors' financing facility. The utilisation of the debtors' financing facility increased to R411.4m at 31 December 2015 (2014: R282.6m)
- Trade and other payables reduced from the prior year primarily as a result of the R189m full repayment of the short-term stock facility
- The Horizon mine which was fully written off in prior years was sold during 2015 for R1. The purchaser assumed the related rehabilitation liability
- Merafe closed the year with a net cash balance of R309.6m at 31 December 2015 (2014: R162.5m net overdraft). Cash in Merafe's books was R108.7m (2014: R14.6m) and Merafe's share of the cash balance in the Venture was R200.9m (2014: R177.1m)
- At 31 December 2015, Merafe had total debt owing to Absa and Standard Bank of R559.5m and R190.5m unutilised debt facilities. On 4 January 2016, R50m of the R559.5m debt was repaid
- Merafe's portion of ferrochrome stock as at 31 December 2015 was 120.7kt (2014: 115.8kt), which is approximately four months of sales
- The interim dividend that was paid in 2015 amounted to R25m (2014: R27.9m) and a final dividend of R30m was declared by the Board on 7 March 2016 (2015: R20m)

Future financial outlook

The Venture remains profitable and is well positioned as the lowest-cost ferrochrome producer in South Africa and one of the lowest-cost producers in the world. Our suite of energy efficient technology, recently enhanced with Project Lion II, allows us to remain in a healthy position to withstand challenging market conditions.

Consistent with our renewed strategy announced in 2014, we remain committed to reducing debt and returning cash to shareholders.

Kajal Bissessor
Financial Director

FINANCIAL CAPITAL (CONTINUED)

Summarised consolidated statement of comprehensive income

	31 December 2015 Audited R'000	31 December 2014 Audited R'000
Revenue	4 428 075	3 609 066
EBITDA	815 992	589 265
Depreciation and impairment	(273 753)	(237 335)
Net financing costs	(63 065)	(51 295)
Profit before taxation	479 174	300 635
Taxation	(135 717)	(86 538)
Profit and total comprehensive income for the period	343 457	214 097
Basic earnings per share (cents)	13.7	8.6
Diluted earnings per share (cents)	13.7	8.5
Headline earnings per share (cents)#	13.9	8.4
Diluted headline earnings per share (cents)#	13.9	8.3
Ordinary shares in issue	2 510 704 248	2 505 353 877
Weighted average number of shares for the year	2 509 634 174	2 496 949 439
Diluted weighted average number of shares for the year	2 509 634 174	2 515 772 683
# Headline earnings reconciliation		
	348 031	209 553
Profit and total comprehensive income for the year	343 457	214 097
Impairments*	4 609	–
Profit on sale of asset**	(35)	(4 544)

** Net of taxation of R2m (2014: Nil)*
*** Net of taxation of R13k (2014: R1.8m)*

Summarised consolidated statement of financial position

	31 December 2015 Audited R'000	31 December 2014 Audited R'000
ASSETS		
Property, plant and equipment	3 240 370	3 239 162
Deferred tax asset	17 995	13 518
Total non-current assets	3 258 365	3 252 680
Inventories	1 445 887	1 435 799
Current tax assets	10 773	15 485
Trade and other receivables	317 454	652 642
Cash and cash equivalents	325 126	44 541
Total current assets	2 099 240	2 148 467
Total assets	5 357 605	5 401 147
EQUITY		
Share capital	25 107	25 053
Share premium	1 269 575	1 269 578
Equity-settled share-based payment reserve	–	24 651
Retained earnings	2 120 007	1 804 220
Total equity attributable to equity holders	3 414 689	3 123 502
LIABILITIES		
Loans and borrowings	472 755	549 909
Share-based payment liability	3 147	–
Provision for close down and restoration costs	139 351	129 029
Deferred tax liabilities	763 724	687 215
Total non-current liabilities	1 378 977	1 366 153
Loans and borrowings	101 176	80 778
Trade and other payables*	444 314	615 773
Provision for closure and restoration costs	–	7 932
Share-based payment liability	2 893	–
Bank overdraft	15 556	207 009
Total current liabilities	563 939	911 492
Total liabilities	1 942 916	2 277 645
Total equity and liabilities	5 357 605	5 401 147

** Includes NIL (2014:R189m) short term stock facility*

Summarised statement of changes in equity

	31 December 2015 Audited R'000	31 December 2014 Audited R'000
Issued share capital – ordinary shares	25 107	25 053
Balance at beginning of year	25 053	24 942
Share options exercised	54	111
Share premium – ordinary shares	1 269 575	1 269 578
Balance at beginning of year	1 269 578	1 262 899
Share premium arising from share options exercised	(3)	6 679
Equity-settled share-based payment reserve	–	24 651
Balance at beginning of year	24 651	39 011
Shares vested during the year	(2 205)	(6 471)
Share-based payments expensed during the year	2 465	11 201
Transfer to retained earnings	(8 090)	(19 090)
Transfer to share-based payment liability	(16 821)	–
Retained earnings	2 120 007	1 804 220
Balance at beginning of year	1 804 220	1 598 985
Profit and total comprehensive income for the year	343 457	214 097
Dividends paid	(45 192)	(27 952)
Transfer from share-based payment reserve and share-based payment liability	17 522	19 090
Total equity at end of year	3 414 689	3 123 502

Summarised consolidated statement of cash flow

	31 December 2015 Audited R'000	31 December 2014 Audited R'000
Profit before taxation	479 174	300 635
Interest paid	65 008	52 372
Interest received	(1 943)	(1 077)
Depreciation and impairment	273 753	237 335
Adjusted for non-cash items	36 533	8 579
Adjusted for working capital changes	201 870	(201 926)
Cash flows from operations	1 054 395	395 918
Interest paid	(41 201)	(43 915)
Interest received	1 460	1 047
Tax paid	(58 972)	(46 985)
Cash flows from operating activities	955 682	306 065
Cash flows from investing activities	(303 457)	(437 001)
Proceeds on disposal of property, plant and equipment	48	6 311
Acquisition of property, plant and equipment – sustaining	(259 185)	(247 359)
Acquisition of property, plant and equipment – expansionary	(44 320)	(195 953)
Cash flows from financing activities	(105 234)	7 272
Share grants vested	(2 888)	(6 471)
Proceeds from issue of shares	–	6 790
Dividends paid	(45 192)	(27 952)
Loans (repaid)/raised during the year	(57 154)	34 905
Net increase/(decrease) in cash and cash equivalents	546 991	(123 664)
Cash and cash equivalents at the beginning of the year	(162 468)	(10 746)
Effect of exchange rate fluctuations on cash held	(74 953)	(28 058)
Cash and cash equivalents at the end of the year	309 570	(162 468)

MANUFACTURED CAPITAL

MATERIAL ISSUES

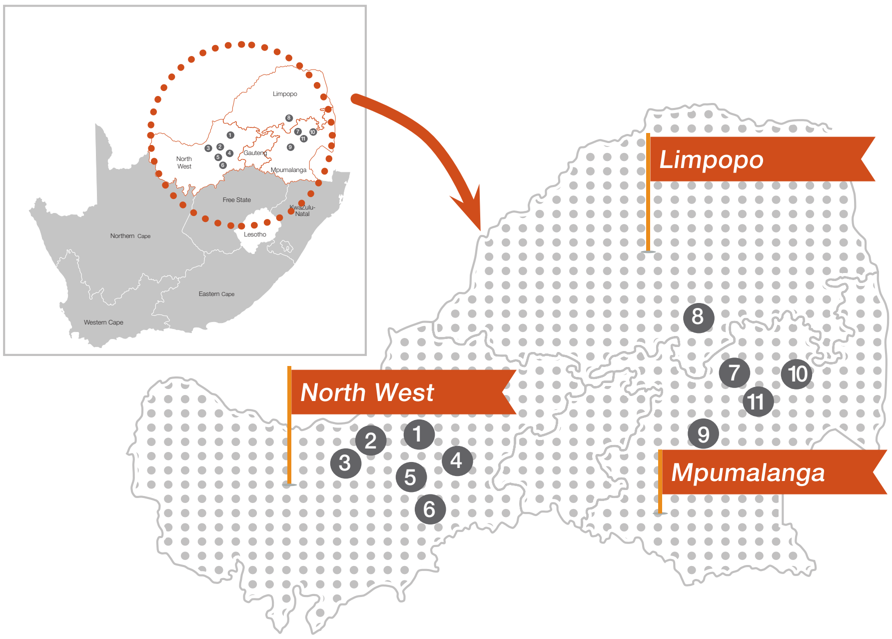
- Health and safety
- Project execution
- Pricing and the availability of electricity
- Raw material availability
- Business continuity and profitability
- Investing in new technology to increase energy efficiency
- Industrial action
- Community issues

We enhance our manufactured capital by:

- employing our infrastructure, technologies and processes to use our resources most efficiently
- devising technology and management systems that reduce our waste and emissions

Manufactured capital in the mining context relates to the mining and smelting process and how it is conducted and the assets, which are being mined and beneficiated. It is important to an organisation's sustainability because its efficient use allows an organisation to be flexible and innovative and increases the speed at which it delivers.

OUR OPERATIONS



Glencore-Merafe Chrome Venture operations

1. Rustenburg ferrochrome plant and Tswelopele pelletising and sintering plant
2. Boshoek smelter and Motswedi pelletising and sintering plant
3. Boshoek mine
4. Wonderkop ferrochrome plant and Bokamoso pelletising and sintering plant
5. Waterval (east and west) and Marikana mines
6. Kroondal mine
7. Thorncliffe mine
8. Lion ferrochrome plant
9. Lydenburg ferrochrome plant
10. Helena mine
11. Magareng mine

KEY POINTS

Lion II
fully ramped up

Merafe attributable ferrochrome production **377kt** (2014: 334kt)

Operating capacity utilisation of **87%** (2014: 84%)

Excellent **cost performance** in 2015

Nil fatalities

Improvement in safety

Successful wage negotiations

Overview

Production volumes were 13% higher than the similar period during 2014 mainly due to the contribution from Lion II that added additional production capacity. Total production at the other smelters remained similar to the previous period in spite of challenges like Eskom transformer failures and electricity supply constraints that adversely affected production volumes and damaged equipment.

	Year ended 31 December 2015	Year ended 31 December 2014
Attributable production (kt)	377	334

Production costs were well managed and contained as a result of the benefits of the additional low cost volumes from Lion II and various ongoing cost saving initiatives.

Safety

The Venture continues to place maximum focus on safety. In 2015 there were no fatalities at the operations and the TRIFR reduced to 4.17 (2014: 4.63). See pages 26 to 28 of this report for a detailed summary of the Venture's approach and performance in respect of safety and health for 2015.

Eskom

The request for a partial re-opener of the Multi Year Price Determination (MYPD3) from Eskom and an additional 2 c/kWh electricity levy was not allowed by the National Energy Regulator. This would have resulted in an effective electricity price increase of 25.5%. Considering that electricity costs are a material plant production cost, the impact could have been significant.

Electricity supply constraints during the larger part of 2015 had an adverse impact on production volumes and damages to equipment. However, through close cooperation with Eskom and through participation with their demand response programme these influences were managed and the impacts were restricted.

Successful wage negotiations

We had successful wage negotiations with different unions at the smelters and none of the operations were adversely affected by industrial action in 2015.

Chrome ore production

Saleable chrome ore production was 10% less than the previous year due to less run of mine (ROM) material available. This was due to industrial action, section 54 stoppages, power interruptions and community unrest. UG2 production volumes in 2015 were increased when compared to the prior year when there was the prolonged strike in the platinum sector.

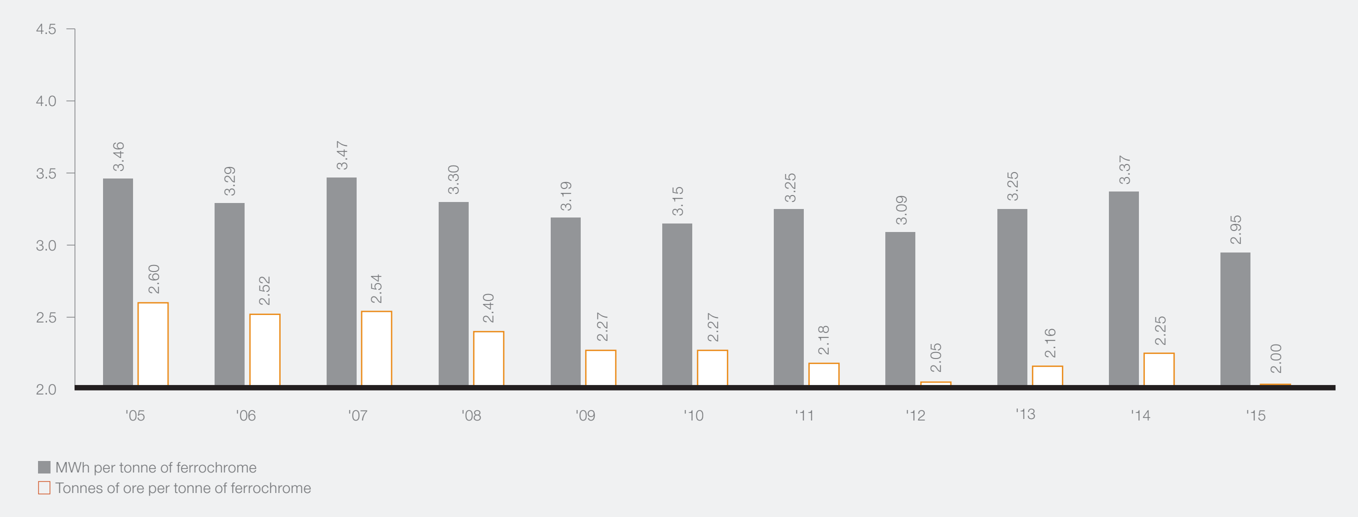
Outlook

The Venture's investments in energy efficient projects like Lion phases I & II, Bokamoso and Tswelopele have shown to be extremely beneficial. Over the past decade the average energy efficiency of the PSV smelters improved by more than 25%. During 2015 two South African producers were placed on business rescue while the PSV not only survived but generated healthy returns for the shareholders. This benefit will increase with future electricity price increases.

Dr Jurg Zaayman
General Manager
Merafe Chrome

MANUFACTURED CAPITAL (CONTINUED)

Power and ore consumption efficiencies*



** The decrease in consumption efficiencies in 2014 was due to the startup of Lion II and the use of non-optimal ore mixes during the strike in the platinum sector*

The Glencore-Merafe Chrome Venture's operations

Ferrochrome plants	Capacity	Technology	Mines
Western Limb (North West province)			
Wonderkop	553 000 tpa FeCr	Bokamoso pelletising and sintering plant using Outotec technology	Kroondal, Waterval and Marikana
	6 furnaces	Conventional semi-closed furnaces	
Rustenburg	430 000 tpa FeCr	Tswelopele pelletising and sintering plant using Outotec technology	Kroondal, Waterval and Marikana
	6 furnaces	Conventional semi-closed furnaces	
Boshoek	240 000 tpa FeCr	Motswedi pelletising and sintering plant using Outotec technology	Waterval, Kroondal and Boshoek
	2 furnaces	Closed furnaces	
Eastern Limb (Mpumalanga and Limpopo provinces)			
Lydenburg	396 000 tpa FeCr	Premus – kilns	Thorncliffe, Helena and Magareng
	4 furnaces	Three closed furnaces and one semi-closed furnace	
Lion Phase I	360 000 tpa FeCr	Premus – kilns	Thorncliffe, Helena and Magareng
	2 furnaces	Closed furnaces	
Lion Phase II	360 000 tpa FeCr	Premus – kilns	Thorncliffe, Helena and Magareng
	2 furnaces	Closed furnaces	

The Venture has access to various UG2 plants, in the Western Limb including Eland, EPL, Kanana, KI, K2, K4 and Rowland, and Mototolo in the Eastern Limb.

See page 29 of this report for details of industrial action and pages 26, 27 and 28 of this report for our approach and performance to safety and health.

NATURAL CAPITAL

MATERIAL ISSUES

Energy
- Pricing and the availability of electricity supply
- Business continuity and profitability
- Investing in new technology to increase energy efficiency

Climate change
- Health and safety
- Environmental aspects of climate change
- The Venture's production of significant quantities of indirect and direct greenhouse gas emissions (GHGs)
- Investing in new technologies to reduce emissions

Water
- Use and availability

Waste
- Incidents and compliance

Natural capital includes the natural resources and processes needed by an organisation to produce its products.

This includes renewable (timber and water) and non-renewable (fossil fuels and minerals and metals) resources and processes such as energy consumption, waste creation, emissions, etc. Without access to the natural capital contained in our mineral reserves and resources our business would not exist.

We maintain and enhance natural capital by:
- reducing our dependence on fossil fuels
- eliminating waste by reusing or recycling it whenever possible
- protecting biodiversity and ecosystems
- wherever possible using renewable resources from well-managed and restorative ecosystems
- managing resources and reserves efficiently

NATURAL CAPITAL: CLIMATE CHANGE AND ENERGY

KEY POINTS

The CO_2e generated per tonne of ferrochrome produced in 2015 was

5.24tCO_2e

(2014: 5.51tCO_2e)

The energy use per tonne of ferrochrome produced in 2015 was

13.18 Gj

(2014: 16.48Gj)

Stakeholder impact and engagement

The Venture's stakeholders benefit from its energy efficiencies, which have made it one of the lowest-cost ferrochrome producers in the world and the lowest-cost producer in South Africa.

Managing climate change and carbon emissions

The Venture focuses on understanding the current and future impact of climate change on its operations. Climate change risks are included in each operation's risk assessment. It measures and interprets energy and greenhouse gas (GHG) data to identify areas of opportunity. The Venture continuously researches and identifies potential energy and GHG reduction opportunities and evaluates the feasibility of implementing these opportunities. It also actively participates in discussions on climate change legislation via various industry organisations.

The Venture's efforts to continually evaluate and better its energy efficiency are in line with the societal demand to reduce the emissions of GHGs. It uses the Greenhouse Gas Protocol as an accounting and reporting standard for our emissions, which uses the factor of 0.926kgCO_2 (2014: 0.869kgCO_2)kWh. This protocol was developed in partnership with the World Resources Institute and the World Business Council for Sustainable Development. It divides GHG emissions into different types, categorising them as either direct or indirect emissions.

A representative of the Venture was selected to the council of the Energy Intensive User Group (EIUG) during 2015. The Venture, which chairs the Ferro Alloys Producers Association (FAPA), represents the ferroalloys industry at Business Unity of South Africa (BUSA). The Venture's representatives play a leading role in these forums and they comment on climate change and carbon tax legislation. The Venture also lobbies with government via these forums to ensure that the potential impact that the proposed legislation will have on our industry and Company is understood by government.

The Venture again played an important role during 2015 in the engagement process, which took place between business and the National Treasury on the draft carbon tax paper. It also continued engaging with all members of FAPA to gain a common understanding of GHG emission factors for our sector and the calculation of the GHG emission footprint.

Climate change performance is included in the health, safety, environment and community performance indicators that the Venture uses as part of its performance appraisals.

The Glencore Alloys Group Environmental Manager is responsible for climate change-related issues in the Venture.

The Venture's focus for 2016

The Venture will continue with its engagement processes and with identifying and further evaluating potential GHG mitigation projects.

While the Venture has not set any specific climate change targets for 2016, in future it will use the targets set as part of the Department of Environmental Affairs' carbon budgeting process to guide its target setting processes.

Understanding the Venture's carbon footprint

The Venture generates GHG emissions from its smelting processes and from its energy use. The use of fossil fuels in the form of diesel and petrol in vehicles contributes directly to the creation of GHGs and the electricity supplied from coal-fired power stations contributes indirectly to the creation of GHGs.

The Venture and Merafe are committed to minimising GHG emissions and improving our energy efficiency, and recognise the magnitude and importance of this challenge. The Venture also actively engages in public policy, specifically through collaboration with the Department of Environmental Affairs (DEA) on a carbon budgeting process aimed at estimating the country's annual carbon emission.

The risks associated with climate change

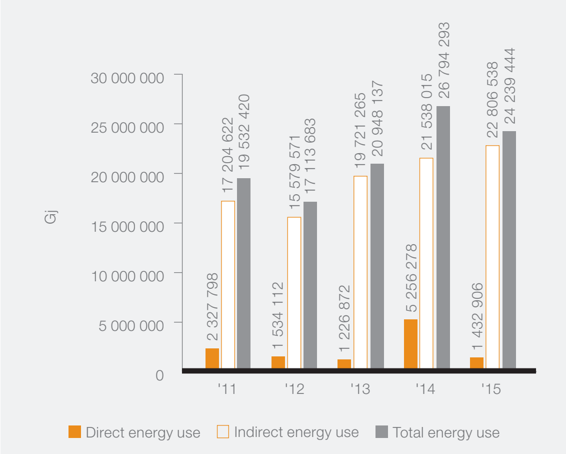
Climate change remains a key longer-term risk for the Venture. The potential risks are complex in that they include operational risks such as business continuity, health and safety, environmental aspects and regulatory aspects. Risks are both physical and financial, for example should the Venture's operations be damaged by flooding and extreme storms this could cause business interruptions. The reduced availability of water could also interrupt its business and could have health impacts.

See the Stakeholder engagement section on our website for more information on our stakeholder impact and engagement with government, our investors and business partners.

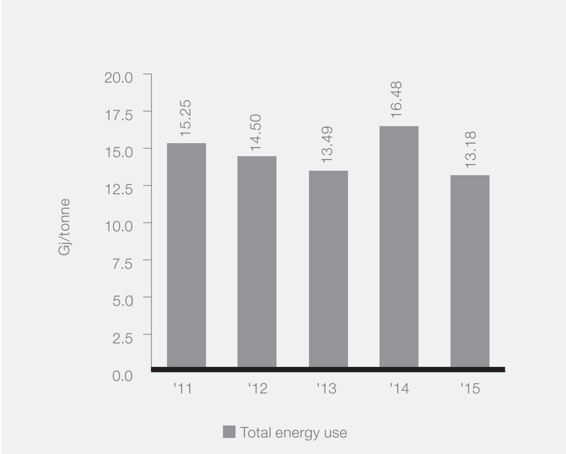
The Venture's energy consumption

Total energy consumption in the Venture's operations decreased by 10% year-on-year despite an increase in production year-on-year. The reason is due to energy efficient Lion II operating at full capacity in 2015. The energy use per tonne of ferrochrome produced decreased from 16.48Gj/tonne to 13.18Gj/tonne mainly as a result of Lion II being operational and decreased chrome ore production.

The Venture's energy usage



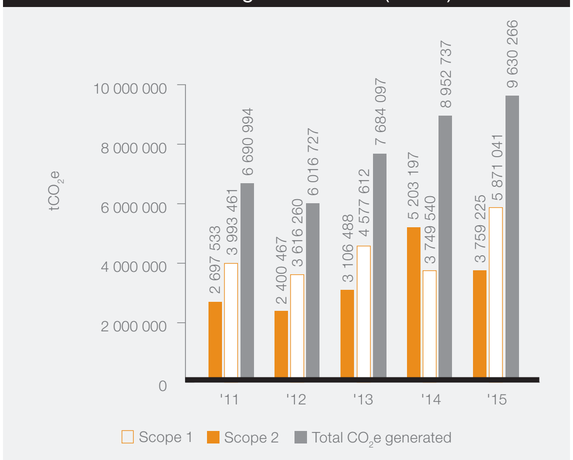
Energy use per tonne of ferrochrome produced



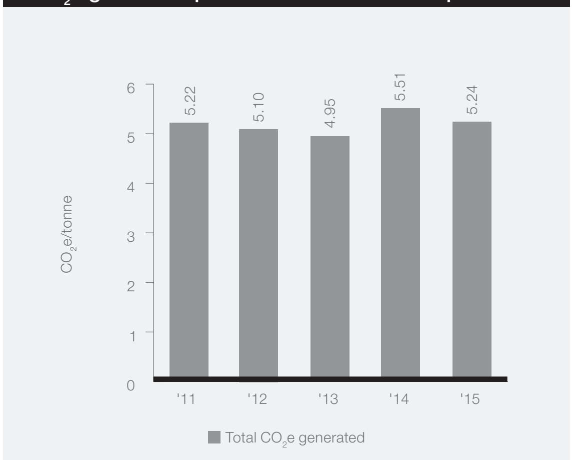
The Venture's emissions

The Venture's total Scope 1 (direct) and Scope 2 (indirect) emissions increased from 8.9 million tCO_2e in 2014 to 9.6 million tonnes in 2015. The increase in greenhouse gas emissions in 2015 was due to increased production. The CO_2e generated per tonne of ferrochrome produced, however, decreased due to the energy efficient Lion II being fully operational.

Greenhouse gas emissions (GHGs)



CO_2e generated per tonne of ferrochrome produced



NATURAL CAPITAL: ENVIRONMENT

Environment includes the natural resources and processes needed by an organisation to produce its products.

MATERIAL ISSUES

- Water
- Air emissions
- Waste
- Biodiversity and land use

KEY POINTS

The Venture's total water usage decreased in 2015 due to the greater utilisation of UG2 and lower ore production

There were **no high-potential environmental risk incidents** in the Venture in 2015

The Venture had no environmental fines, penalties or prosecutions in 2015

For more information on environmental incidents,the Venture's performance, and approach to waste management as well as NO_x and SO_x performance please see the Environment section of our online integrated report for 2015.

For further information on land use, see the Resources and Reserves Statement in our online integrated report for 2015.

For information on product stewardship, see the online integrated report for 2015.

As Merafe's corporate office has a limited impact on the environment this section of our report focuses on the Venture's environmental approach, impact and performance. We rely on the Venture's effective environmental policies and procedures to ensure our investment is managed responsibly.

An integrated approach to environmental responsibilities

The Venture's long-term success depends on prioritising environmental issues and integrating environmental responsibility into its strategic planning, management systems and day-to-day operations. Management accountability is central to Glencore's integrated approach, which reviews its environmental risks and opportunities annually as part of its business strategy and planning process. Each site has a comprehensive environmental management system in place. The system provides access to aspects and the impact of all activities, from pre-feasibility to the operational phase, including closure and rehabilitation. The Venture's objective is to ensure environmental legal compliance, optimise its monitoring and measurement practices and to minimise and manage any waste and emission generation in an environmentally responsible manner. Environmental responsibilities are clearly included into legal appointments and job descriptions.

Water

Water is a finite and precious natural resource essential to the sustainability of the communities in which the Venture works. It is also necessary for its mining and metallurgical processes.

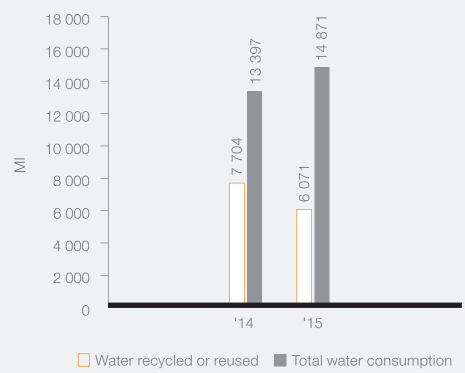
Water use and availability

The Venture's operations work with the Department of Water and Sanitation (DWS), local communities, local authorities, the farming community and other industry users to ensure the sustainability of water resources and equitable access to water resources for stakeholders.

The availability of water is a key consideration when the Venture plans the expansion or construction of an operation. It uses the results of the environmental and social impact assessments (ESIAs) it undertakes to guide its decision-making and to ensure it has the least possible impact on local water resources during the various phases of its projects.

All the Venture's operations have water conservation plans. They have previously set water intensity targets and have measures in place to help them be as water efficient as possible. In addition its operations are identifying possible water reduction projects.

The Venture's water usage



The water use in the Venture increased in 2015 as a result of higher production.

Waste management and effluent and biodiversity management

As a result of increased production, the Venture's mineral waste produced increased from 3 607 266 tonnes in 2014 to 4 108 799 tonnes in 2015. For further detailed information on the Venture's air emissions, waste management, effluent and its management of overburden, rock, tailings and sludge/residues and biodiversity management see the Environment section of our online integrated annual report.

Incidents and compliance

It is always the Venture's aim to have no environmental incidents at its operations. It monitors, reports, investigates and remediates any incidents that occur and applies lessons learnt to prevent similar incidents in the future. Its operations are required to report any environmental high potential risk incidents (HPRIs), including near-misses, that could have resulted in a category 4 or 5 incident, even when the actual impact was less significant. Environmental incidents recorded at the Venture's operations include incidents that occur as the result of contractor activity.

The Venture has had no environmental fines, penalties or prosecutions at its operations for the past nine years. The Venture achieved its goal of no category 3, 4 or 5 incidents recorded in its operations in 2015 and no category 4 or 5 incidents have been recorded in the Venture's operations for the past nine years. For more detailed information on category 1, 2, 3, 4 and 5 incidents and definitions of the categories, see our online integrated report for 2015.

ABRIDGED MINERAL RESOURCES AND MINERAL RESERVES STATEMENT

Introduction

The purpose of this report is to document the mineral resources and mineral reserves of Merafe Resources (Merafe) in accordance with the requirements of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2009 (SAMREC). All Merafe's operations are part of a pooling and sharing venture with Glencore Operations South Africa Proprietary Limited (the Glencore-Merafe Chrome Venture (the Venture)). Merafe has a 20.5% participation interest in the mineral resources and mineral reserves of the Venture. The estimates in this document are as at 31 December 2015. To arrive at a mineral resources and mineral reserves estimate for 31 December 2015, the budgeted production for July 2015 to December 2015 has been subtracted from the total estimates. The mineral resource and mineral reserve information in the tables on the following pages is based on information compiled by a Competent Person (as defined by the SAMREC Code).

Type of mining and mining activities

The Venture has chrome mining operations along the Western and Eastern limbs of the Bushveld Complex. The operations along the Western Limb of the Bushveld Complex comprise the Waterval, Kroondal, Boshoek, Horizon and Wonderkop mines. The LG6 Package at both Waterval and Kroondal mines is mined underground using trackless mining methods on a bord-and-pillar layout. Boshoek mine is 20km northwest of Rustenburg. The MG1, LG5 and LG6 chromitite layers are the mineable open pit layers in the Boshoek area. Boshoek mine has been put on care and maintenance. Horizon mine lies just west of the Pilanesberg Complex. The LG6 chromitite layer has been mined at Horizon mine through underground operations. Horizon has been put on care and maintenance. In addition to being mining operations, Wonderkop mine and Townlands Extension 9 are exploration projects and exploration activities have been performed here to fulfil the requirements of the various Prospecting Works Programmes. The eastern mining complex of Glencore consists of Thorncliffe, Magareng and Helena mines which are situated along the southern portion of the Eastern Limb of the Bushveld Complex. Adjacent to these farms, Glencore has applied for and has been granted chromitite Prospecting Rights on the farms Richmond and St George. The MG1 chromitite layer is being mined at the eastern mining complex using underground trackless mining methods on a bord-and-pillar mining layout.

Comparison of mineral resource and mineral reserve estimates with previous year's estimates

The annual mineral resource and mineral reserve estimates are compared with the previous year's statement and reconciled each year after the estimates have been finalised. Changes in the year-on-year tonnage and grade estimates are mainly due to mining depletion and changes in the mineral resource and mineral reserve tonnages and grades due to additional geological information.

Material risk factors

There are no foreseen material risk factors that could affect the validity of the current mineral resource and mineral reserve statement. All the legislative requirements have been met with respect to the rights to mining and prospecting for which the mineral resources and mineral reserves have been reported. All the operating mines are mining under new order, executed mining rights. The prospecting rights of all the prospecting areas have been converted to new order prospecting rights. The reporting date for the mineral resources and mineral reserves is 31 December 2015.

For the complete mineral resources and mineral reserves statement including definitions of the categorisation of mineral resources and reserves as per the SAMREC Code 2009, descriptions and exploration activities, geological settings of the reserves (including maps and diagrams), legal entitlement, methods and assumptions, material risk factors and a summary of environmental funding and management, see our online integrated report for 2015.

NATURAL CAPITAL: MINERAL RESOURCES AND MINERAL RESERVES STATEMENT
(CONTINUED)

Chrome mineral resources statement

Name of operation	Attributable portion	Mining method	Commodity	Measured mineral resources		Indicated mineral resources		Measured and indicated resources		Inferred mineral resources		Competent person
				31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	
Operating mines												
Waterval mine	20.5%	UG	(Mt)	16.331	16.487	0.98	0.98	17.31	17.47	0.6	0.6	DR/MM
			Cr_2O_3(%)	41.3	41.3	42.6	42.6	41.4	41.4	43	43	
Marikana West	20.5%	UG	(Mt)	2.909	3.189	1.60	1.60	4.50	4.79	–	–	DR/MM
(Waterval mine ext.)			Cr_2O_3(%)	42.41	42.39	42.6	42.6	42.5	42.5	–	–	
Kroondal mine	20.5%	UG/OC	(Mt)	7.750	8.827	2.16	2.16	9.91	10.98	–	–	DR/MM
			Cr_2O_3(%)	42.75	42.79	41.5	41.5	42.5	42.5	–	–	
Kroondal Gemini	20.5%	UG/OC	(Mt)	10.799	11.766	4.98	4.99	15.78	16.75	–	–	DR/MM
(Kroondal mine ext.)			Cr_2O_3(%)	42.47	42.44	41.6	41.6	42.2	42.2	–	–	
Marikana East	20.5%	UG	(Mt)	4.178	4.183	0.75	0.75	4.92	4.93	–	–	DR/MM
(Kroondal mine ext)			Cr_2O_3(%)	42.25	42.23	41.8	41.7	42.2	42.1	–	–	
Horizon mine	20.5%	UG/OC	(Mt)	4.248	4.248	8.04	8.04	12.28	12.28	2.4	2.4	DR/MM
			Cr_2O_3(%)	44.53	44.53	43.8	43.8	44.1	44.1	44	44	
Boshoek mine	20.5%	OC/UG	(Mt)	–	–	17.09	17.09	17.09	17.09	–	–	DR/MM
			Cr_2O_3(%)	–	–	40.5	40.5	40.5	40.5	–	–	
Thorncliffe mine	20.5%	UG/OC	(Mt)	38.906	41.627	13.75	9.52	52.65	51.14	47.3	34.1	DR/SV
			Cr_2O_3(%)	40.61	40.59	41.0	41.0	40.7	40.7	38	40	
Helena mine	20.5%	UG/OC	(Mt)	23.786	22.987	11.17	6.93	34.96	29.92	133.5	85.8	DR/SV
			Cr_2O_3(%)	39.75	39.96	38.2	38.1	39.2	39.5	38	39	
Projects												
Wonderkop	20.5%	UG	(Mt)	–	–	7.05	7.05	7.05	7.05	–	–	DR/MM
			Cr_2O_3(%)	–	–	40.6	40.6	40.6	40.6	–	–	
Townlands Extension 9	20.5%	UG	(Mt)	–	–	13.85	13.37	13.85	13.37	–	–	DR/MM
			Cr_2O_3(%)	–	–	41.4	41.3	41.4	41.3	–	–	
De Grooteboom	20.5%	UG/OC	(Mt)	0.812	0.817	0.65	0.64	1.46	1.46	–	–	DR/SV
			Cr_2O_3(%)	40.28	40.28	40.3	40.3	40.3	40.3	–	–	
Klipfontein/Waterval	20.5%	UG	(Mt)	12.433	11.387	15.79	16.82	28.23	28.21	116.0	115.5	DR/MM
			Cr_2O_3(%)	42.11	42.12	42.0	42.0	42.0	42.0	42	42	
Total chrome			(Mt)	122	126	98	90	220	215	300	238	
			Cr_2O_3(%)	41.2	41.3	41.1	41.2	41.2	41.2	40	41	

Notes:
Tonnages are quoted as million metric dry tonnes.
Grades are quoted as %Cr_2O_3.
The measured and indicated mineral resources are inclusive of those mineral resources modified to produce mineral reserves.
No cut-off grades are applied to the chromitite layers currently being mined because of the exceptional regional grade consistency and continuity.
The mineral resources are estimated as chromitite tonnages and grades to reflect the grades of the various individual chromitite layers. Both the LG6 and MG1 chromitite layers which the PSV is currently mining, are discrete solid chromitite layers. Changes in the year-on-year mineral resource tonnage and grade estimates are mainly due to mining depletion and changes due to additional geological information gained through exploration.
There are no foreseen material risk factors that could affect the validity of the current mineral resource.

Competent Persons:
PJG – Pieter-Jan Gräbe, Glencore Operations SA (SACNASP). Overall responsibility for mineral resources.
SV – Solly Vaid, Glencore Operations, Eastern Chrome Mines (PLATO). Responsible for mineral resources.
MM – Mogomotsi Maputle, Glencore Operations, Western Chrome Mines (SACNASP). Responsible for mineral resources.
DR – Dean Richards, Obsidian Consulting Services (SACNASP). Responsible for geostatistical analysis of data, mineral resource classification and construction of tonnage and grade block models and reporting of tonnage and grades from block models.

For Merafe ownership of specific mines contributed to the Venture see page 50 of this report.

See page 13 for commentary on the sale of Horizon mine. The reserves and resources of Horizon mine will be stated until transfer in terms of the sale has taken place.

Chrome mineral reserve statement

Name of operation	Attributable portion	Mining method	Commodity	Proved mineral reserves		Probable mineral reserves		Total mineral reserves		Competent person
				31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	
Operating mines										
Waterval mine	20.5%	UG	(Mt)	10.534	10.737	0.91	0.91	11.45	11.65	DR/MM
			Cr_2O_3(%)	30.94	30.93	26.0	26.0	30.5	30.5	
Marikana West	20.5%	UG	(Mt)	0.584	0.777	–	–	0.58	0.78	DR/MM
			Cr_2O_3(%)	28.92	28.87	–	–	28.9	28.9	
Kroondal mine	20.5%	UG/OC	(Mt)	1.895	2.548	1.94	1.90	3.83	4.45	DR/MM
			Cr_2O_3(%)	28.44	28.87	28.1	28.1	28.3	28.6	
Kroondal Gemini	20.5%	UG/OC	(Mt)	6.942	7.774	4.68	4.70	11.63	12.47	DR/MM
			Cr_2O_3(%)	31.05	31.0	28.3	28.3	29.9	29.9	
Marikana East (Kroondal Extension)	20.5%	UG	(Mt)	0.306	0.005	0.20	–	0.51	0.01	DR/MM
			Cr_2O_3(%)	29.16	28.89	28.1	–	28.7	28.9	
Horizon	20.5%	UG	(Mt)	2.102	2.102	–	–	2.10	2.10	DR/MM
			Cr_2O_3(%)	23.91	23.91	–	–	23.9	23.9	
Boshoek	20.5%	OC/UG	(Mt)	–	–	0.58	0.58	0.58	0.58	DR/MM
			Cr_2O_3(%)	–	–	26.1	26.1	26.1	26.1	
Thorncliffe mine	20.5%	UG/OC	(Mt)	22.413	24.445	7.80	5.94	30.21	30.39	DR/SV
			Cr_2O_3(%)	36.94	36.94	37.9	35.5	37.2	36.7	
Helena mine	20.5%	UG/OC	(Mt)	3.640	3.823	0.18	–	3.82	3.82	DR/SV
			Cr_2O_3(%)	34.73	36.78	30.6	–	34.5	36.8	
Klipfontein/Waterval	20.5%	UG	(Mt)	0.232	–	0.29	–	0.53	–	DR/MM
			Cr_2O_3(%)	25.94	–	27.3	–	26.7	–	
Total chrome			(Mt)	49	52	17	14	65	66	
			Cr_2O_3(%)	33.5	33.8	32.6	31.0	33.3	33.2	

Notes:
Tonnages are quoted as million metric dry tonnes.
Grades are quoted as %Cr_2O_3.
No cut-off grades are applied to the chromitite layers currently being mined due to the exceptional regional grade consistency and continuity. A minimum mining cut of 1.8m is applied to the ore reserve tonnage to accommodate the mechanised mining equipment employed by the underground mining operations. External waste is included to make up the minimum cut where applicable.
The chromitite layers are mined mainly underground using trackless mechanised mining methods on a bord-and-pillar mine layout design. Changes in the year-on-year mineral reserves tonnage and grade estimates are mainly due to mining depletion and changes due to additional geological information gained through exploration. No significant year-on-year changes in the ore reserve tonnages were recorded.
There are no foreseen material risk factors that could affect the validity of the current mineral reserves of the Venture. All of the Venture's operating mines are operating under valid mining right licences.

Competent Persons:
PJG – Pieter-Jan Gräbe, Glencore Operations SA (SACNASP). Overall responsibility for mineral reserves.
SV – Solly Vaid, Glencore Operations, Eastern Chrome Mines (PLATO). Responsible for mineral reserves.
MM – Mogomotsi Maputle, Glencore Operations, Western Chrome Mines (SACNASP). Responsible for mineral reserves.
DR – Dean Richards, Obsidian Consulting Services (SACNASP). Responsible for geostatistical analysis of data, mineral resource classification and construction of tonnage and grade block models and reporting of tonnage and grades from block models.

Statement by Competent Person

This summary has been reviewed and the relevant data extracted and compiled by Pieter-Jan Gräbe (PJG). PJG is the Lead Competent Person, registered with the South African Council for Natural Scientific Professions (SACNASP, Private Bag X450, Silverton, 0127), Reg. No. 400177/87 and holds a BSc Hons degree in Geology as well as a NHD in Metalliferous Mining. PJG is a geologist with 30 years' experience in mineral exploration and mining geology, directly linked to the mining industry and currently a full time employee of Glencore Operations South Africa. PJG consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Pieter-Jan Gräbe
Glencore Operations South Africa Proprietary Limited

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See our online integrated report for 2015 for the complete mineral resources and mineral reserves statement.

HUMAN CAPITAL

MATERIAL ISSUES

- The safety of our employees and our contractors
- The health of our employees and our contractors
- The training and development of our employees and our contractors
- Fair remuneration

Human capital includes health, safety knowledge, skills, intellectual outputs, motivation and the capacity for relationships of individuals. Organisations depend on individuals to function.

We need a healthy, motivated and skilled workforce. Intellectual capital and knowledge management is also recognised as a key intangible creator of wealth. Damaging human capital by abuse of human rights or labour rights or compromising health and safety has financial and reputational costs.

The Venture enhances its human capital by:

- giving employees and community members access to training, development and lifelong learning and capturing and sharing knowledge
- ensuring adequate safety arrangements are in place
- incentives and remuneration

Stakeholder impact and engagement with stakeholders

The stakeholders most affected by the ability of Merafe and the Venture to keep our employees safe and healthy are their families and dependants.

Glencore believes in the possibility of a zero harm operation. We believe that all occupational diseases and injuries can be prevented and that therefore, we must all take responsibility of avoiding occupational diseases and injuries.

– Glencore Code of Conduct

HUMAN CAPITAL: SAFETY

KEY POINTS

Nil fatalities
occurred in 2015 (2014: two fatalities)

Total recordable injury frequency rate (TRIFR) **4.17** (2014: 4.63)

Lost time injury frequency rate (LTIFR)
0.96 (2014: 1.28)

Disabling injury severity rate (DISR)
120.89 (2014: 110.11)

The Venture had no safety penalties or prosecutions in 2015

The Venture's policies and approach to safety management

The Venture's operations maintain stringent safety and risk management systems, which it aligns with the international standards OHSAS 18001 and ISO 31000. Glencore collates best practice from each of its assets and from externally recognised leaders in safety management and shares this knowledge across the Glencore Group. Through Glencore, all the operations of the Venture are members of the International Council of Minerals and Mining (ICMM).

The Venture takes a proactive, preventative approach towards safety, aiming to instil a positive safety culture in which everyone fully integrates its safety values into their working lives. It has updated its approach to safety by updating its risk management framework. Glencore's fatal hazard protocols and high potential risk incident (HPRI) reporting processes will be a key part of the new Glencore process being rolled out in the Venture.

The Venture's Sustainable Development Director is responsible for safety, health and wellness.

Safety programme overview

Objective	Supporting actions
Zero fatalities	We reviewed and strengthened our incident investigation process to include 24-hour notification of senior management and the Glencore corporate sustainability team for fatal incidents and launched a mandatory on-site fatality investigation process following any fatal incident. The Venture's senior management must then report to the Glencore Board HSEC Committee on fatalities and the subsequent independent investigations in person. Any lessons learned that could further improve general fatality prevention are shared across the Group. We ensure independent third-party assistance is on site within 72 hours of a fatal incident. We developed SAFEALLOYS, a Group initiative to foster a safety culture based on behaviours and consequences at all levels. We rolled out fatal hazard protocols and life-saving behaviours (part of the SAFEALLOYS programme) across the Group.
Reduce LTIFR 50% by 2016 on 2010 baseline	We have standardised the identification and investigation of all high potential risk incidents (HPRIs) to enable identification and prevention of root causes of accidents. We share learnings and corrective actions across the Group and with the Board HSEC Committee.

The Glencore Fatal Hazard Protocols and Life Saving Behaviours, which provide a set of tools which initially are focused on the fatal risks, are being rolled out in the Venture as part of SAFEALLOYS. The life-saving behaviours are aimed at strengthening the focus in the Venture on behaviours and consequence rather than a rules-based culture. The fatal risk categories that Glencore has identified as being most hazardous and responsible for the majority of its fatalities include: energy isolation, working at heights, mobile equipment, ground/strata failure, confined space and electrical safety. Over and above this, the Venture highlights specifically the working at heights and people vehicle interaction as key danger areas.

In 2015 there were 108 injuries (these include first aid and medical treatment injuries) in a workforce of 13 599 (including contractors). An in-depth analysis by the Venture revealed that no one single factoral cause stood out, but that 'at risk behaviour' remains a major problem. As safety is the number one priority in the Venture, a number of campaigns were rolled out and re-emphasised in 2014 including 'SAFEALLOYS', 'Life Saving Behaviours' and 'Consequence Management'.

The Venture implemented the Fatal Hazard Protocols during 2015, and achieved a level 1 rating. In 2016 the Venture is targeting a level 2 rating.

Accountability

Safety in the Venture is always the direct responsibility of Glencore's senior management, who provide the leadership, systems and processes for the prevention of incidents and the elimination of fatalities in the Venture. The formal management structure documents responsibility for safety from the Glencore Board down to each individual Venture employee and contractor.

The Venture puts considerable effort into embedding a safety culture in its operations. Its leaders are aware that they are expected to put safety before production or other considerations and to personally endorse safety initiatives and engage with employees at all levels to discuss safety issues and priorities.

It concludes health and safety agreements with the trade unions.

The sustainable development policies in place in the Venture are aligned with the Glencore Group Sustainable Development Standards. They set out its commitment to zero injuries and fatalities.

The role of training

The Venture's investment in safety training is detailed on page 31 in the Human capital section of this report. It uses virtual reality training, combined with easy to read written instructions, on all its different procedures. The training is designed to ensure that employees cannot complete their training on a procedure until they have shown they fully understand it. Training as can be seen from the detail on page 31 of this report was a major focus during the year.

HUMAN CAPITAL: HEALTH AND WELLNESS

Human capital includes health, knowledge, skills, intellectual outputs, motivation and the capacity for relationships of individuals.

KEY POINTS

One noise-induced hearing loss (NIHL) case in 2015 (2014: three)

Encouraging employees who test positive for HIV to register for treatment

The impact of **HIV/AIDS** and **tuberculosis** (TB) on our workforce

The **link between TB and AIDS**, emphasising the need to significantly increase the Venture's TB programme to provide the highest quality prevention and care for employees and contractors

Organisations depend on individuals to function. They need a healthy, motivated and skilled workforce. Intellectual capital and knowledge management is also recognised as a key intangible creator of wealth. Damaging human capital by abuse of human rights or labour rights or compromising health and safety has direct, as well as reputational costs.

We enhance our human capital by providing healthcare and training and education in health matters.

Our policy and approach

A business needs a healthy workforce that is able to work at its full potential. The health programmes provided by the Venture, which aims to eliminate occupational illnesses, address occupational illnesses, public health issues and the overall wellbeing of its employees and contractors.

Typically, occupational illnesses such as NIHL are only diagnosed some time after the event that caused them. As a result, the occupational illnesses currently occurring in the Venture's operations are usually the result of historic mining and smelting practices.

The Venture has identified noise-induced hearing loss as a major occupational health risk for its employees and has implemented hearing conservation programmes to counteract this risk. Any of its workers exposed to the internationally accepted noise level limit of 85 decibels or above must wear hearing protection. The equipment it provides includes variphones, which are custom-made for comfort and are 100% leak tight. Employees are trained in the use, maintenance and storage and care of this equipment. Any employees or contractors at risk of being exposed to noise that could damage their hearing are personally monitored and regularly tested as part of our hearing conservation programmes.

Wherever possible the Venture reduces the noise from the equipment it uses in its operations to levels below the internationally recommended standards using design modifications, exclusive zones and 'buy quiet' programmes for new or upgraded equipment. The Venture's operations have reduced machinery noise to less than 110 decibels.

All the Venture's operations undergo an annual risk assessment of their baseline risks on ISOmetrix.net and legal audits are conducted every three years.

HIV and AIDS

HIV and AIDS is a human rights issue, which Merafe and the Venture address through their policies and programmes. To ensure these policies are accessible to the Venture's employees and contractors, they are available in all the languages spoken by its employees.

Employees can choose to receive HIV and AIDS counselling, care and support. Any HIV-positive employees of the Venture can receive treatment they need free of charge, together with the support and education that will make it possible for them to maintain their antiretroviral (ARV) treatment programme through the membership of a medical aid.

All the Venture's occupational health nurses have been trained in the management of HIV and TB and the impact of HIV and TB. All employees that visit its occupational health clinics are screened for TB. Those whose screening tests indicate they may have TB are referred to public healthcare facilities for TB investigation and treatment. The Venture's wellness programme has been incorporated into the annual/periodic medicals conducted at each operation. Medical records remain on site and are only seen by the Occupational Medical Practitioner and the nurses.

The average HIV prevalence rate in the Venture 2015 was approximately 13%. Only members of the Venture's medical aid scheme are included in this calculation.

See our online integrated report for 2015 for more information on how the Venture addresses these occupational illnesses.

See our online integrated report for 2015 for more information on our HIV and AIDS commitments and our overall policy and approach to health and wellness in the workplace.

HUMAN CAPITAL: OUR EMPLOYEES

Organisations depend on individuals to function. They need a healthy, motivated and skilled workforce.

MATERIAL ISSUES

- Industrial action in the mining industry and the Venture
- Meeting our employment equity and human resource development targets and exceeding the Mining Charter Scorecard targets
- Employee work satisfaction
- Maximising local employment in the Venture
- Retaining skilled employees and securing the next generation of skilled employees
- Remuneration

KEY POINTS

No protected or unprotected **strikes** in 2015

Three-year wage agreement signed with smelter employees in 2015

See our online integrated report for 2015 for more information on the Venture's employee relations, engagement, remuneration, benefits, labour relations and the employee share ownership plan for Venture employees.

Intellectual capital and knowledge management is also recognised as a key intangible creator of wealth. Damaging human capital by abuse of human rights or labour rights or compromising health and safety has financial and reputational costs.

We enhance our human capital by:

- giving employees and community members access to training, development and lifelong learning and capturing and sharing knowledge
- respecting human rights
- paying fair remuneration to our employees and our business partners
- creating satisfying work opportunities

Our approach to our employees

Glencore's Code of Conduct, which is applied in the Venture, recognises and upholds the rights of employees to a safe workplace, collective representation, just compensation, job security and opportunities for development, all of which are based on the core belief that our people are fundamental to our success.

The Venture's Human Resources Director is responsible for labour relations in the Venture.

Both Merafe and the Venture are committed to providing a workplace based on:

- mutual respect
- fairness
- integrity
- non-discrimination
- equal opportunity at all levels
- open and two-way engagement with our employees and their representatives

More on our approach to our employees, and adherence to international employment standards can be found on our online integrated report for 2015 under Human capital: Our employees.

Labour relations

While Merafe's employees are not unionised, we consult with them in advance of any significant changes to our business.

Engagement and resolving disputes amicably plays a very important role in labour relations. The Venture undertakes to consult with its employees and their recognised representatives in advance of significant operational changes in an effort to reach consensus about any necessary business actions.

Collective bargaining and freedom of association are considered a fundamental right for the Venture's employees. Collective agreements, particularly around terms and conditions of employment and Company benefits, are negotiated between the parties with due regard to the relevant legislation. The Venture seeks to reach agreement with the unions on annual wage increases for implementation in July each year. In all, approximately 60% of the Venture's employees are covered by a collective bargaining agreements.

The Venture is committed to treating all its employees with dignity and in a manner that is culturally sensitive. Unfair discrimination on the basis of race, gender, religion, political or sexual orientation, national extraction or social origin is not tolerated.

Disciplinary and grievance policies and procedures are in place at Merafe and the Venture.

Industrial action in the Venture in 2015

There were no protected or unprotected strikes during 2015.

Operation	Number of days in 2015	Number of days in 2014
Western chrome mines (Waterval and Kroondal)	0	47
Total number of days	0	47

At the end of November 2014 the Venture signed a three-year wage agreement for the western mines. In 2015 the Venture signed three-year wage agreements with the western smelters and eastern smelters.

Union membership

The Venture has recognition agreements with NUM, NUMSA and Solidarity and approximately 73% of its workforce is unionised.

HUMAN CAPITAL: OUR EMPLOYEES (CONTINUED)

KEY POINTS

2% increase in the Venture's total number of employees in 2015

The Venture met the Mining Charter targets in 2015

Merafe met the Mining Charter employment equity targets in 2015

Merafe had **seven employees** and the Venture **6 799 employees** at 31 December 2015

See the table on page 39 of this report for detail of structure of the Venture's Joint Board where executives of Glencore and Merafe are members

The total workforce of the Venture by employment type

Category	2015	2014	2013
Full time employees[1]	6 436	6 282	6 318
Temporary/fixed term employees[2]	363	182	328
External contractors[3]	6 800	6 921	8 882
Total	13 599	13 385	15 528

[1] *Increases mainly due to appointments at eastern mines and Lion II*
[2] *Increases due to move from labour brokers*
[3] *Reduced as Lion II project completed*

Maximising local employment

Hiring policies

When hiring employees we give preference, where possible, to members of the local community and, in some instances, we offer training opportunities to community members to develop the skills they need to become our employees.

Diversity and equal opportunity

Management and site employment equity committees monitor employment equity in the Venture's operations every month and report the results to the Venture, which in turn reports to the Glencore Board and Merafe.

We base our employment equity policies on providing equal opportunities to all potential and existing employees.

Employee challenges

- Maximising local employment in the Venture
- Achieving employment equity that is supported by everyone in the workplace
- Making careers in mining more accessible to women in the Venture
- Engaging with the Venture's employees and the trade union through open communication channels to achieve labour peace
- Providing a workplace that is free of discrimination

Venture workforce by employment and gender type in 2015

Permanent and fixed term	Male	Female	Total
Senior management	86	9	95
Middle management	124	39	163
Supervisors, administrators, technicians	948	358	1 306
Operational, maintenance, production	4 688	547	5 235
Grand total	5 846	953	6 799

Diversity in the Venture

The term diversity used in this section of the report is based on the Mining Charter Scorecard's definition of historically disadvantaged South Africans (HDSAs), which includes African males and females, coloured males and females, Indian males and females and white females. Ongoing transformation is a priority and is discussed at all levels. The Venture is focusing on its retention strategies with specific reference to senior management HDSAs.

Venture employment equity	% Mining Charter target 2015	% achieved 2015
Senior management	40	40.00
Middle management	40	58.90
Junior management	40	56.34
Core skills	40	93.27

Diversity in Merafe

Mining Charter	% Mining Charter target 2015	% achieved 2015
Top management (includes Board)	40	78
Senior management (Exco)	40	100
Middle management	40	50

There are no junior managers employed by Merafe.

Merafe achieved a Level 4 B-BBEE status under the Codes of Good Practice in 2015. A copy of the certificate (expiry date 28 April 2016) is on the Company website.

HUMAN CAPITAL: TRAINING AND DEVELOPMENT

The Venture provides full time adult basic education and training (ABET) for its employees and portable skills training that equips employees for career endings

KEY POINTS

The Venture invested
R73.75 million
(2014: R56.15 million) in training in 2015

An average of
R5 424 was invested in training for each member of the Venture's workforce (employees and contractors) (2014: R4 195)

733 204 Venture total training hours (2014: 467 720)

R25.86 million invested in artisan and apprentice training (2014: R9.98 million)

Over **R4.27 million** invested in bursaries and scholarships (2014: R4.78 million)

59 average training hours per permanent employee (2014: 39)

334 507 training hours on contractors (2014: 217 404)

Development and training

Both Merafe and the Venture are committed to meeting their human resource development targets and retaining and developing their skilled employees.

The Venture provides:

- development and training opportunities for HDSAs that will help them to further their careers
- career development opportunities that allow it to develop and retain high potential employees
- training that addresses risk-tolerant or ingrained behaviours that impact negatively on our operations
- training in its Code of Conduct and Sustainable Development Standards and HSEC Standards and Protocols

It continually evaluates its training methods and the best way to communicate with the various age groups and cultures in its workforce.

Training hours

	2015	2014
Total training hours	733 204	467 720
Total training hours for permanent employees	398 697	250 317
Average training hours per permanent employee	59	39
Total training hours contractors	334 507	217 404
Number of health issues training sessions	29 783	18 211
Number of safety issues training sessions	42 520	46 687
Number of human rights issues training sessions	14 948	15 700
Number of environmental training sessions	29 843	16 855
Community health training	91	24
Community environmental training	71	24
Community human rights training	71	24

Development of staff was a key focus in 2015 across all sites.

Leadership development

The Venture invites senior managers whom it has identified as having leadership potential to participate in leadership programmes at universities. The Venture also provides them with additional training, support and career development opportunities. In all, 52% of middle management level employees who participated in development programmes in 2015 were HDSA and 70% of junior leaders who attended a programme to enhance their supervisory skills were HDSA.

SOCIAL CAPITAL AND STAKEHOLDER RESPONSIVENESS

MATERIAL ISSUES

- Our social licence to operate
- Uncertainty of the socio-political environment

SOCIAL CAPITAL

Social capital is any value added to the activities and economic outputs of an organisation by human relationships, partnerships and cooperation.

Organisations rely on social relationships and interactions to achieve their objectives. Externally, social structures help create a climate of consent or a licence to operate, in which trade and the wider functions of society are possible. Organisations also rely on wider socio-political structures to create a stable society in which to operate, e.g. government and public services, effective legal systems, trade unions and other organisations.

To enhance social capital we:

- contribute to open, transparent and fair governance
- source materials ethically and treat suppliers, customers and citizens fairly
- respect and comply with local, national and international law
- pay our taxes
- invest in the social infrastructure
- provide communication
- minimise any negative social impacts of our operations and maximise the positive impacts they can have
- support the development of the communities in which the Venture operates

Socio-economic development

Both Merafe and the Venture are committed to working with local authorities, community representatives, inter-governmental and non-governmental organisations and other interested parties, to develop and support community investment projects.

Both the Venture and Merafe focus on sustainable projects, with their focus being on education, infrastructure and health issues in the communities in which the Venture operates.

See page 4 of this report for a review of stakeholder engagement.

KEY POINTS

The Venture spent
R30 million on corporate social investment and enterprise development in 2015 (2014: R18 million)

57% of the Venture's expenditure on capital goods was on BEE spend in 2015 (2014: 48%)

81% of the Venture's expenditure on services was on BEE spend in 2015 (2014: 75%)

63% of the Venture's consumable expenditure was on BEE spend in 2015 (2014: 69%)

Corporate social investment (CSI)

The Venture, which contributes to a number of CSI projects in the vicinity of its mines and smelters, spent R30 million on CSI projects and enterprise development in 2015. The amount budgeted for these projects is R77 million of which to date R76 million has now been spent. They include community health programmes, a crop and hydroponics project, community centres, crèches, youth programmes and school nutritional programmes. They also include infrastructure programmes including the construction of housing and school rebuilds. The Venture has also contributed to the establishment of catering enterprises, food banks and business support centres.

In addition to Merafe contributing to CSI and enterprise development through the Venture (where it contributes in accordance with its participation interest of 20.5%). it independently supports CSI initiatives.

Merafe Resources' CSI projects in prior years involved the renovation and building of ablution blocks at Boitekong and Meriti Secondary schools and the mentorship of six up and coming entrepreneurs. The projects were finalised in 2014. The Company was impressed with the excellent manner in which this project was carried out as well as with the excellent quality of the buildings and commended the Adopt-a-School team and the schools management teams. Boitekong and Meriti Secondary schools are located in the Bojanela district of the North West province. When Merafe visited the two schools in 2010 and 2013, the lack of suitable and sufficient infrastructure at the schools became apparent to the delegation. In 2014, Merafe made the decision to conduct a further needs assessment on the two schools to better understand how to assist them.

Following the needs assessment in 2014 at Boitekong and Meriti, the Company agreed to support the two schools in respect of two further projects at a cost of approximately R4.5 million. The scope of work of the two projects (to be completed in 2016) included the construction of a feeding scheme kitchen and six classrooms for Boitekong and a feeding scheme kitchen and five classrooms for Meriti. Since the project started 81 temporary jobs have been created for individuals from nearby communities. Further, small businesses in the areas are being used to supply materials and services. The projects have been slightly delayed due to certain challenges including delays in obtaining approval, difficult soil conditions, access to water and necessary work stoppages during exam periods to avoid noise disturbances. The projects however will still be completed in 2016 and are expected to reduce overcrowding at the schools. The amount spent on the two projects in 2015 was R1.5 million and the balance will be spent in 2016. On completion of the projects in 2016 the Social and Ethics Committee of the Company will conduct a site inspection and meet with the principals and key stakeholders at the school.

Job creation and skills development

The Venture recognises that its commitment to employing local people whenever possible is to the advantage of both itself and the local communities. Direct employment at the Venture's operations, indirect employment through contractors and its use of local suppliers provides an income for thousands of families.

Our commitment to employing local people includes providing training opportunities that enable community members to meet the Venture's competency requirements.

Enterprise development

Small, medium and micro enterprises (SMMEs) play a key role in job creation in South Africa and our investment in their development is an important part of the contribution both Merafe and the Venture make to the socio-economic capacity of communities. It also increases our ability to procure from black-owned enterprises. The Venture has enterprise development commitments in terms of the Mining Charter Scorecard. The Venture spent R4 million on enterprise development in 2015.

See page 31 of this report for further information on the range of skills training the Venture provides and its investment in this training.

SOCIAL CAPITAL AND STAKEHOLDER RESPONSIVENESS (CONTINUED)

Procurement

In terms of the discretionary procurement targets set in the Mining Charter Scorecard the Venture performed well as can be seen in the table below:

	Total procurement spend R	Non-discretionary spend R	Discretionary spend R	BEE spend R	BEE spend %
Capital	1 019 767 380	292 932	1 019 474 447	581 674 390	57.06
Services	8 189 264 411	4 911 301 128	3 277 963 283	2 658 757 746	81.11
Consumables	4 044 104 437	7 953	4 044 096 484	2 557 942 264	63.25
Total	13 253 136 227	4 911 602 013	8 341 534 214	5 798 374 400	
Multinational capital spend	60 592 457				
Total procurement spend	13 313 728 684				

Public health and HIV and AIDS

The Venture favours a united approach to public health, whereby we collaborate with government, international organisations and NGOs, to make the most impact at community level. The public-private partnerships formed by the Venture provide communities access to prevention, treatment and care for HIV and AIDS, as well as other communicable and associated diseases. The Venture supports the government's HIV counselling and treatment (HCT) campaign by providing funding and testing sites. It has also funded health clinics and hospices in the communities in which it operates, including an HIV and AIDS clinic in Lydenburg in Mpumalanga province. There is also a health clinic at the Lion ferrochrome plant in Limpopo province.

During 2015 the Venture supported a number of health and community projects and programmes. These included the Thekwane Trauma Centre, the Ratanang Orphanage Centre, the Lydenburg Rusoord old age home and a number of school and community nutritional and health programmes.

Respecting the rights of communities

Both Merafe and the Venture do not tolerate any form of discrimination and our policies clearly state that we do not tolerate any form of discrimination and that all our employees and stakeholders are to be treated with dignity and in a manner that is culturally appropriate, irrespective of gender, background or race.

Human rights and ethics

Merafe subscribes to the fundamental principles of human rights as enshrined in our country's Constitution and Bill of Rights. Our policies and practices have been aligned with both to ensure that all our employees and stakeholders are treated with dignity and in a manner that is culturally appropriate, irrespective of gender background or race. Further, Glencore is a signatory to and has accepted the Voluntary Principles of Security and Human Rights.

Ethics

The Merafe Code of Ethics governs the way we do business and the way our directors and employees engage with our stakeholders. The Code, which is binding on our directors and employees and contractors, provides guidelines for behaviour which is above reproach.

Stakeholder responsiveness

Merafe and the Venture address material issues we have identified that could impact negatively or positively on our key stakeholders. These stakeholders include national, provincial and local government in their roles as regulators and partners; the trade unions in their role as representatives of the Venture's employees who are from local communities; and our investors and business partners who are affected by all aspects of our business. The impact of our most material issues in regard to human, natural and social and manufactured capital on our stakeholders, together with our responsiveness on these issues, is outlined in this report.

While Merafe has direct relationships with certain key stakeholders in connection with community matters, we also have indirect relationships through our partnership with Glencore in the Glencore-Merafe Chrome Venture. As managers of the Venture's day-to-day operations, Glencore takes responsibility for engaging with the Venture's stakeholders. All the Venture's operations and projects are expected to review the stakeholder engagement plans every year. The Venture's operations held formal community stakeholder meetings during the year.

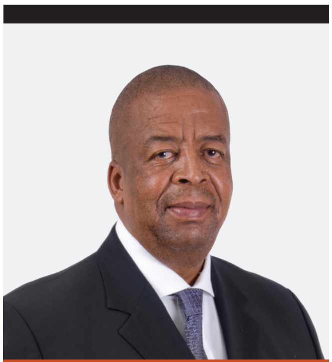
In 2015 the Venture focused on identifying issues material to communities and stakeholders that will assist with preparing its social and labour plans for the five-year period from 2015 to 2020.

See our online integrated report for 2015 for further information on our approach to social capital, particularly our social licence to operate and approach to community engagement.

See the stakeholder engagement table on our website for details of the Venture's engagement and Merafe's engagement during 2015.

See our online integrated report for 2015 for information on the Venture's approach to human rights and ethics and the externally developed principles, charters and initiatives to which Merafe and the Venture subscribe.

CHAIRPERSON'S REPORT



I would like to thank the Merafe team and our partners Glencore, for their hard work during the year, which resulted in the Company producing an excellent financial, operational and safety performance in difficult circumstances.

Overview

2015 was again an eventful year in many respects. On the global front the oil price continued to fall as did other commodity prices. Political uncertainty, terrorism and conflict continued to dominate world news. At home, the business environment in the resources sector was also difficult and challenging due to the state of the global economy and demand for our products as well as local issues such as legislative uncertainty and increasing costs. The year saw many previously sound mining companies being either forced into business rescue, re-scheduling their debt or embarking on rights issues at substantial discounts, The perception of South Africa as a safe investment destination by overseas investors was also dealt a blow by sudden changes to the Minister of Mineral Resources and the Minister of Finance – both at critical times – without adequate and proper explanation to local or overseas stakeholders. In such difficult times, we are again reminded to remain focused on making our business a success so that we are able to provide a positive contribution to all our stakeholders and broader society.

I am pleased to report that despite a challenging business environment Merafe produced an excellent set of results in 2015, and was again able to pay a dividend for the year under review.

The financial performance of the Company has been addressed in the CEO's report on page 9 and the Financial capital section of this report on page 12. The CEO has also provided detailed comment on the strategy of the Company going forward, the completion of the restructuring process and the focus on ferrochrome and maximising cash flows for the benefit of all stakeholders.

Safety

As safety remains the number one priority of Merafe and the Venture, I am very pleased to report that there were no fatalities in the year under review. The considerable effort that the Venture has placed into embedding a safety culture into its operations appears to be bearing fruit which is also reflected in the improved safety statistics. In this regard see the safety section on page 27 of this report for further details.

Strategy

We continue to take a long-term view of our business. In terms of achieving our strategic objectives, our ferrochrome interests were profitable and the completion of the second phase of the Lion ferrochrome plant has further improved the Venture's sustainability by increasing its cost efficiency and production capacity.

Our approach to sustainability and assurance

The directors have followed the materiality determination processes described in this report and have applied the results of these processes to formulate the material issues in this report. Merafe relies on the Venture and Glencore to obtain quantitative data with regard to sustainability indicators. I would refer you to the Sustainability review and assurance summary on page 49 of this report for information on Merafe and the Venture's assurance and review processes.

Our commitment to good governance and sustainability has also always been reflected in our inclusion in the JSE Socially Responsible Investment (SRI) Index since its inception in 2003, the Company often being a top 10 performer. In 2015, however, the SRI Index assessment was only performed on the Top 100 companies (as it was in 2014) on the JSE by market capitalisation and Merafe was therefore unfortunately not assessed. We believe that all companies listed on the JSE need to again be subjected to this assessment.

The Board

The CEO has provided a detailed commentary on the restructuring of the Company and the strategic focus of the Company on page 10 of this report.

As Chairperson of our unitary Board I am responsible for the overall effectiveness of the Board and its committees and for ensuring that we provide Merafe with effective leadership, uphold ethical standards, and are responsible, accountable, fair and transparent. I am also responsible for ensuring that we implement strategies aimed at achieving our economic, social and environmental performance objectives.

There is a clear separation between my responsibilities and those of the CEO, which is documented in our Board charter. Our CEO is expected to focus on our business and ensure it is run effectively and in accordance with the strategic decisions of the Board.

We interact with shareholders at our Annual General Meetings and at presentations made by our executive management team when our interim and annual results are released. This year we again increased our focus on stakeholder relationships and in particular our relationships with our shareholders and our Venture partner. The Board has delegated the responsibility for engagement with our shareholders and potential investors to the CEO and the Financial Director.

My thanks to our non-executive and executive directors for your contribution to the Merafe Board's deliberations and decision-making during 2015.

Royal Bafokeng Holdings

Despite all efforts by ourselves and our Venture partners Glencore, we were saddened to lose RBH as our major shareholder in 2015. RBH invested in the Company in 2001 and has been a key and valued shareholder since then. I take this opportunity personally and on behalf of the Board and all stakeholders to extend our gratitude and thanks for their commitment to the Company over the years and for the excellent relationship which we always enjoyed with RBH as shareholders and with their elected directors who served on the Board of the Company. The Board, together with our Venture partners, is considering the impact of losing a key empowerment shareholder and remains committed to ensuring the long-term sustainability of both Merafe and the Venture and complying with legislation.

Merafe team and Glencore

On behalf of the Board, I would like to thank the Merafe team and our Venture partner Glencore, for their hard work during the year, which resulted in the Company producing an excellent financial, operational and safety performance under difficult circumstances.

I would also like to thank, personally and on behalf of the Board, the outgoing directors for their commitment and valuable service to Merafe over the years. Their contribution to make the Company what it is today will always be appreciated. Post the year end we also sadly said goodbye to Zed van der Walt. Zed was previously an executive director of Merafe for seven years before he retired in February 2008. He re-joined Merafe as a non-executive director in July 2011. The Board wishes to thank Zed for his invaluable contribution to the Company. During the year we welcomed Shaun Blankfield to our Board.

Further, I welcome Glencore BV as a key and major shareholder in the Company.

Future outlook

I am again pleased to report that Merafe is well positioned for the year ahead with a strong balance sheet. The Venture is also well positioned despite difficult global conditions as a result of it being the lowest-cost producer in South Africa. Its investment over the years in new and more efficient technology has increased its competitiveness among South African ferrochrome producers. We believe the Venture and Merafe will reap the benefits of this commitment to investing in energy efficient technology in the years to come.

Chris Molefe
Chairperson

GOVERNANCE

Directorate at 31 December 2015

Non-executive directors

Chairperson

Chris Molefe (67)
(Independent)
BCom, Postgraduate Diploma in Property Development

Chris, who joined the Merafe Board in 2003, has extensive experience in mining and resources, merchant banking and transformation strategy development. He gained this experience while working for Mobil Oil, Union Carbide, Chase Manhattan Bank, Transnet and Royal Bafokeng Resources Holdings, where he held the position of Chief Executive Officer. He is currently Chairperson of Tjate Platinum Group and is also non-executive director of Jubilee Platinum plc. Chris is a member of the Remuneration and Nomination Committee, the Social, Ethics and Transformation Committee, an invitee to the Audit and Risk Committee and Chairperson to the Board.

Belese Majova (41)
(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 sector. Belese chairs the Social, Ethics and Transformation Committee and is a member of the Audit and Risk Committee.

Abiel Mngomezulu (62)
(Independent)
BSc (Hons), MSc Engineering (Mining)

Abiel joined the Merafe Board as an independent non-executive director in September 2010. He is currently the President and Chief Executive Officer of Mintek, a state-owned enterprise responsible for mineral extraction technologies and beneficiation. Abiel is a member of the Audit and Risk Committee.

Mpho Mosweu (40)
CA(SA), MBL

Mpho Mosweu joined our Board in March 2011. She is head of the Project and Corporate Finance department at the IDC. She currently serves on various boards and audit and risk committees. She has extensive commercial and governance experience.

Karabo Nondumo (37)
(Independent)
BAcc, HDipAcc, CA(SA)

Karabo, who joined the Merafe Board as an independent non-executive director on 1 December 2010, is currently executive director of KM Tech, an integrated ICT provider to enterprises. Karabo was previously head of the Enterprise Business Unit at Vodacom Group Limited. Prior to this she gained her mining industry experience as an associate of Shanduka Resources and Executive Assistant to the Executive Chairperson. While at Shanduka she served on the boards of Dowding, Reynolds and Associates (DRA) and Lace Diamonds. Karabo is also an independent non-executive director of Harmony Gold Ltd, Sanlam Ltd, Richards Bay Coal Terminal and MTN South Sudan. She is chairperson of the Merafe Audit and Risk Committee.

Zed van der Walt (71)
(Independent)
PrEng, BSc Engineering (MET), MBA, DPLR

Zed was the technical director of Merafe until he retired in February 2008. Prior to joining Merafe, he was the CEO of CMI Limited and has 35 years' operational and management experience in the ferroalloys industry. He possesses vast operational and management experience and knowledge of the ferroalloys industry. Zed is a member of the Audit and Risk Committee and chairs the Remuneration and Nomination Committee.

Shaun Blankfield (33)
CA(SA)

Shaun is the Head of Business Development for Glencore South Africa. Shaun is a qualified Chartered Accountant (CA(SA)) and served articles with Deloitte South Africa. Subsequently he worked as a manager in the Corporate Finance and Accounting Advisory Services team at Deloitte, Sydney, Australia. Shaun is a member of the Remuneration and Nomination Committee.

Executive directors

Zanele Matlala (52)
Chief Executive Officer
BCom, BCompt (Hons), CA(SA)

Zanele joined the Merafe Board in 2005 as an independent non-executive director. She was appointed Merafe's Chief Financial Officer on 1 October 2010 and Chief Executive Officer on 1 June 2012. She is a non-executive director of Dipula Income Fund, Stefanutti Stocks Holdings Limited and Old Mutual Investment Group Holdings. Zanele is a member of the Social, Ethics and Transformation Committee and an invitee to the Audit and Risk Committee and the Remuneration and Nomination Committee.

Kajal Bissessor (33)
Financial Director
BAcc, HDip Acc, CA(SA)

Kajal joined Merafe as Financial Controller in March 2009 from KPMG where she was Audit Manager. Kajal was appointed Finance and Investor Relations Manager in June 2010 and was appointed Financial Director in January 2015. Kajal is an invitee to the Audit and Risk Committee and the Remuneration and Nomination Committee and in 2015 was appointed a member of the Social, Ethics and Transformation Committee. Kajal is a non-executive director of Anchor Group Limited and chairperson of their Audit and Risk Committee.

Management at 31 December 2015

Dr Jurg Zaayman (47)
General Manager – Merafe Chrome
BEng, MEng, PhD (Metallurgical Engineering)

Jurg joined Merafe Resources as Operations Manager during 2001. In 2004 he was seconded to the Venture as project leader for the Bokamoso pelletising plant project before being appointed to his current position in 2007. He is Chairperson of the Ferroalloys Producers Association and a council member of the Energy Intensive Users Group (EIUC). Jurg is an invitee to the Social, Ethics and Transformation Committee, Audit and Risk Committee and the Board.

Company Secretary

CorpStat Governance Services
William Somerville (59)
FCIS, ACMA, HDip Corporate Law

Appointed as Company Secretary on 1 October 2014

The Merafe Board at 8 March 2016 was Chris Molefe (Chairperson), Belese Majova, Shaun Blankfield, Abiel Mngomezulu, Mpho Mosweu, Karabo Nondumo, Zanele Matlala and Kajal Bissessor.

Steve Phiri, Meryl Mamathuba and Bruce McBride resigned as directors on 2 March 2015. Kajal Bissessor was appointed as Financial Director on 1 January 2015. Brian Harvey was appointed as a non-executive director on 2 March 2015 and resigned on 28 April 2015. Shaun Blankfield was appointed on 13 May 2015. Zed van der Walt resigned on 7 March 2016.

See page 41 for information on the process the Board followed regarding assessing the performance of the Company Secretary.

OUR APPROACH TO GOVERNANCE

BOARD STATISTICS

as at 31 December 2015

56% of our Board members are women, all of whom are black

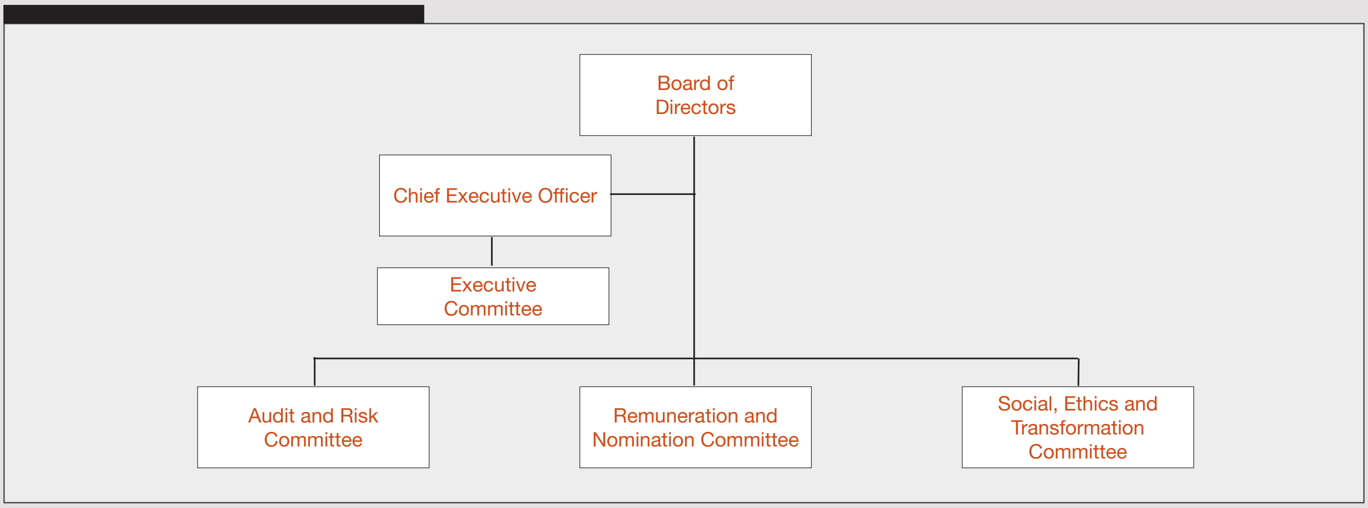
78% of our Board members are black

78% of our Board members are non-executive directors who do not receive share options or incentives

71% of our non-executive Board members are independent

Merafe understands that a sound and robust approach to corporate governance standards throughout our organisation requires a focus on performance as well as conformance. We also recognise that strategy, performance, sustainability and risk are inseparable. We establish clear lines of accountability from Board level down.

GOVERNANCE STRUCTURE



We are committed to transparency and accountability, which is essential if Merafe is to thrive and succeed in the short, medium and long term.

To ensure that we consistently practise effective corporate governance throughout the Company, our Board materially applies the principles of King III. It also instils in our management team the need to achieve the best results in the most responsible way possible. In terms of the King III principles the Board must consider the concerns and priorities of its wider stakeholder environment in its strategic guidance and decision-making processes.

The Board's corporate governance role

Our Board charter commits the Board to ensuring our Company is a responsible corporate citizen. Good governance is about strong leadership. It is the role of the Merafe Board to direct, govern and be in effective control of the Company. The fact that our Company has been acknowledged as a responsible corporate citizen is testament to the sound leadership of our Board.

Merafe uses the King III criteria to define an independent non-executive director, which can be found in the approach to governance section of our online integrated report for 2015.

OUR APPROACH TO GOVERNANCE (CONTINUED)

The Board's charter and our Company's Code of Ethics define the roles, responsibilities and behaviours of the Board in ensuring a successful, ethical and sustainable business. The Board is required to make decisions on matters of a material and significant nature, including our Company's financial and operating results, major acquisitions and disposals, considerable capital expenditure and the strategic direction of our business.

Not only does the Board direct the development of our Company strategy, but its members are responsible for assessing the short-term and long-term impacts of our strategy on all our stakeholders.

We review our strategic plans annually. They are then presented to the Board for approval. Accountability rests with our Board for ensuring our financial and legislative compliance, as well as the timeous identification and management of risk and opportunity.

The Board performs an annual evaluation of its performance in terms of economic, environmental and social performance. It also evaluates the performance of its committees.

Dealing in securities

We have a policy to guide directors and designated employees on dealing in the Company's securities. The JSE Listings Requirements specifically prohibit directors or senior employees from buying or selling a Company's shares during a closed period.

Board expertise

It is imperative that our Board has the appropriate balance of skills and experience within its ranks to fulfil its mandate. The members of our Board have a wide range of skills, including financial, technical and commercial expertise, which they use to guide the decision-making of our Board.

The structure and roles and responsibilities of the Merafe Board and committees

Board and Board committees	Roles and responsibilities	Members/invitees	Attendance	
			Board meetings	Special meeting
Merafe Board	The Chairperson is responsible for ensuring that: • the Board provides effective leadership • the Board maintains ethical standards • Merafe develops and implements strategies aimed at achieving its sustainability • the Board and its committees are effective The Board is responsible for: • governance of the Merafe Group on behalf of its shareholders • its own governance • strategy, strategic decision-making and risk tolerance • assessment of performance • engaging with stakeholders • Merafe's approach to its social responsibility, safety, health, the environment, ethics and risk • information technology governance Key issues in 2015 included: Safety, Merafe strategy and restructuring at head office, RBH sale of shares, stakeholder engagement, sustainability, Venture performance and sustainability, IT governance and risk management, approval of annual financial statements and integrated report, approval of interim results and considering the payment of dividends: Board and committee effectiveness review; review and approval of various charters, policies and mandates; and committees' terms of reference	Chris Molefe (Chairperson)	4/4	1/1
		Belese Majova	4/4	1/1
		Zed van der Walt	4/4	1/1
		Abiel Mngomezulu	3/4	1/1
		Mpho Mosweu	3/4	1/1
		Karabo Nondumo	4/4	0/1
		Steve Phiri+	1/1	–
		Meryl Mamathuba+	0/1	–
		Zanele Matlala (CEO)	4/4	1/1
		Bruce McBride+	1/1	–
		Jurg Zaayman*	4/4	–
		Kajal Bissessor	4/4	1/1
		Shaun Blankfield	3/3	–
		Brian Harvey+	0/1	–
			Committee meetings	
Audit and Risk Committee	All members of this committee are independent non-executive directors (as required by the Companies Act). The committee: • monitors the adequacy of financial controls and reporting; reviews the audit plans of the external auditors and adherence to these plans; considers and determines the principles for approving the use of the external auditors for non-audit services; ensures that financial reporting complies with IFRS, the Companies Act and tax legislation; reviews and makes recommendations on all financial matters • oversees Merafe's integrated reporting as well as the assurance function • assists the Board in the identification of all material risk and sustainability issues to which the Company is exposed. It ensures that the requisite risk management culture, policies, practices, systems and resources are in place and are functioning effectively Key issues in 2015 included: Review work of external auditors, assess independence of external auditors, review risk register, monitor compliance with statutory requirements, assess adequacy of internal controls and compliance, funding, RBH sale of shares, sale of Horizon mine, monitor and consider all tax returns and matters related to SARS, risk management workshop, oversee forex and interest rate hedging policies: IT governance implementation, approved formal tax strategy and policy document, reviewed and approved integrated annual report and assurance process, recommend annual financial statements and reviewed interim results; integrated report for approval by Board, assessment of CFO, committee self assessment and review terms of reference, formalisation of an internal audit function.	Karabo Nondumo (Chairperson)	4/4	
		Abiel Mngomezulu	3/4	
		Zed van der Walt	4/4	
		Belese Majova	4/4	
		Zanele Matlala*	4/4	
		Kajal Bissessor*	4/4	
		Bruce McBride*+	1/1	
		Chris Molefe*	4/4	
		Jurg Zaayman*	4/4	

* *Invitee*
+ *Resigned on dates as set out on page 36 of this report*

Board and Board committees	Roles and responsibilities	Members/invitees	Attendance
			Committee meetings
Remuneration and Nomination Committee	The committee: • makes recommendations to the Board for its consideration and final approval regarding remuneration strategy and policy • assists the Board in ensuring that directors and executives are remunerated fairly and responsibly • ensures the disclosure of directors and other executive remuneration is accurate, complete and transparent • assists the Board with ensuring that remuneration policies are adopted that promote the achievement of strategic business objectives and encourage individual performance and monitoring remuneration policies • makes recommendations on non-executive directors' fees • develops policy around the appointment of directors, investigates potential Board members for necessary skills and competence and makes appropriate recommendations to the Board **Key issues in 2015 included:** Considered make-up/membership of all committees, recommended approval of remuneration policy to Board, approved CEO's (individual) and business performance KPIs, approved talent management programme, evaluated Exco's individual and business performance against objectives, reviewed executive contracts in line with internal audit recommendations, review of Remuneration Policy and approval of the Board Gender Diversity Policy.	Zed van der Walt[1] Chris Molefe[2] Shaun Blankfield Zanele Matlala* Kajal Bissessor* *Note:* *[1] Chairperson of Remuneration Committee* *[2] Chairperson of Nomination Committee* *See 3.84(d) on page 40 of this report*	4/4 4/4 2/2 4/4 4/4
Social, Ethics and Transformation Committee	The roles, responsibilities and key issues for the Social, Ethics and Transformation Committee are set out in the Social, Ethics and Transformation Committee report on page 41. **Key issues in 2015** The key issues are set out in the Social, Ethics and Transformation Committee report on page 41.	Belese Majova (Chairperson) Chris Molefe Mpho Mosweu Meryl Mamathuba+ Zanele Matlala Kajal Bissessor Jurg Zaayman Bruce McBride+	3/3 3/3 1/2 0/1 3/3 3/3 2/3 1/1

The structure and roles and responsibilities of the Glencore-Merafe Chrome Venture's joint Board

Management structure	Roles and responsibilities	Members
Executive Committee of the Venture	The Executive Committee consists of the heads of all the Venture's divisions and the MD of the Venture. The committee meets at least once a month, recommends policies and strategies; is responsible for the implementation of strategy and carrying out the Board's mandates and directives. It deals with all executive management business and is responsible for all material matters that are not the responsibility of the Board. It also assists with the execution of Merafe's compliance and disclosure obligations.	Merafe is represented by Zanele Matlala, Kajal Bissessor and Jurg Zaayman.
The joint Board of the Venture	The joint Board meets quarterly with the aim of ensuring proper governance of the activities of the Venture. Members of Merafe's management team also attend and participate in the Venture's monthly Exco and Sustainable Development meetings and quarterly Audit Committee and Treasury meetings.	Three representatives from Glencore and three representatives from Merafe. The Merafe General Manager Chrome attends as an invitee. Currently, Glencore appoints the Chairperson of the joint Board.

* *Invitee*
\+ *Resigned on dates as set out on page 36 of this report*

See our website for our Board charter, Code of Ethics and the Board Gender Diversity Policy.

See the annual financial statements, which form part of our online integrated report for 2015 for the Audit and Risk Committee's report as well as page 51 of this report.

For a more detailed overview of the responsibilities of the Board and the committees, see the terms of reference of the Board and committees on our website, which form part of our online integrated report for 2015.

OUR APPROACH TO GOVERNANCE (CONTINUED)

Merafe complies with King III. See our online integrated report for 2015 for the table setting out our performance in terms of King III, as well as for a full analysis of our corporate governance compliance. In our 2014 integrated annual report we identified certain issues with which we partially complied and noted that we would be focusing on these issues in 2015. Our progress in 2015 is set out below.

Our progress with governance matters in 2015 where we had not as yet fully applied King III

Oversight of internal audit
PricewaterhouseCoopers (PwC) were previously Merafe's internal auditors. The scope of their appointment included: preparing an internal audit plan and an internal audit charter; reviewing IT governance, legal and compliance and all matters relating to tax. PwC provided the Audit and Risk Committee with a report of the findings of their review of IT governance, legal and compliance and tax matters, which included recommended changes. All the changes and amendments recommended by PwC were completed by year end except for certain human resource policies and the procurement policy, which were being revised. In 2014 this was completed. Following PwC's compliance review Merafe furnished the Venture with a checklist of the legislation and compliance that is the Venture's responsibility and we sought and received confirmation that this compliance is taking place. In 2015, the Audit and Risk Committee and the Board considered the scope and extent of internal audit at Merafe head office (as opposed to the Venture) and whether it is necessary considering the structure and nature of the business. The decision was made to appoint internal auditors from April 2016.

Reporting in terms of Section 3.84 of the JSE Listings Requirements on Board governance processes

Requirement	Principle	Merafe's approach and compliance
3.84(a)	There must be a policy detailing the procedures for the appointment to the Board. Appointments must be formal and transparent and a matter for the Board as a whole, assisted where appropriate by a nomination committee. If a nomination committee is appointed, such committee must only constitute non-executive directors and the majority must be independent. The committee must be chaired by the Chairperson of the Board.	Merafe's directors are appointed by means of a transparent and formal procedure, governed by the mandate and terms of reference of our Remuneration and Nomination Committee and the Board charter. The Board charter and the terms of reference of all our committees are available on our website at www.meraferesources.co.za, and the Remuneration and Nomination Committee's terms of reference are summarised on page 39 of this report. All members of our Nomination Committee are independent non-executive directors. The committee is chaired by an independent non-executive director who is Chairperson of the Board. We comply with the definitions of non-executive director and independent director in terms of paragraph 3.84(f)(ii). All non-HDSA appointments are first ratified by the Social, Ethics and Transformation Committee.
3.84(b)	There must be a policy evidencing a clear balance of power and authority at Board level to ensure that no one director has unfettered powers.	Our Board charter clearly demonstrates that there is a clear balance of power and authority at Board level and that no one director has unfettered powers.
3.84(c)	Issuers must have a CEO and a Chairperson and these positions must not be held by the same person. The Chairperson must either be an independent director or the issuer must appoint a lead independent director as defined in the King Code.	The CEO and Chairperson positions in Merafe are held by different people and Merafe's Chairperson is an independent non-executive director as defined in King III. We would refer you to pages 36, 37 and 38 of this report. Chris Molefe has chaired the Merafe Board since May 2003. In accordance with Chapter 2 of King III the Board conducted an in-depth review of both his performance and independence. It concluded that his independence has not been affected or impaired by his length of service and that Merafe would continue to benefit from his performance as Chairperson if he were to continue in this role.
3.84(d)	Issuers must appoint an audit committee in compliance with the King Code. Issuers must appoint a remuneration committee in compliance with the King Code. Where appropriate, issuers must appoint a risk and nomination committee. The composition of such committees, a brief description of their mandates, the number of meetings held and any other relevant information must be disclosed in the annual report.	Merafe has combined its Audit and Risk Committee. Its membership is set out on page 38 of this report. The committee currently has three members, all of whom are independent non-executive directors, as set out in the King Code. The Chairperson of the Board is invited to attend committee meetings. As previously indicated Merafe has appointed a combined Remuneration and Nomination Committee. The committee has five members, four of whom are independent non-executive directors. The Chairperson of the Board is a member of the Remuneration Committee, but is Chairperson of the Nomination Committee. As already explained, Merafe has a combined Audit and Risk Committee and a combined Remuneration and Nomination Committee. The composition of the Committees, the mandates, activities and meetings held are set out on pages 38 to 41 of this integrated annual report. During 2015, our Chief Executive Officer and Financial Director were permanent invitees to the Audit and Risk Committee.
3.84(e)	Brief CV of each director standing for election or re-election must accompany relevant notice of meeting.	Brief *curricula vitae* of our directors are to be found on page 36 of this report.

See our online integrated report for 2015 for the table setting out our performance in terms of King III.

Requirement	Principle	Merafe's approach and compliance
3.84(f)	Capacity of directors in relation to executive, non-executive and independent must be categorised and disclosed in the relevant documentation.	The *curricula vitae* mentioned at 3.84(e) also contain information as to whether a director is independent, non-executive or executive. The composition of our committees is in accordance with the requirements of the Companies Act and King III.
3.84(g)	Issuers must have a full time executive financial director.	Merafe has a full time Financial Director who does not hold any other position, nor does she have any other commitments that could be considered as full or part time employment.
3.84(h)	The audit committee must consider on an annual basis, and satisfy itself of the appropriateness of the expertise and experience of the financial director and report thereon in the annual report.	Our Audit and Risk Committee annually considers and satisfies itself of the appropriateness of the expertise and experience of the Financial Director and has reported in its Audit and Risk Committee report that it is satisfied with the appropriateness of the expertise and experience of the Financial Director.
3.84(i)	The provision deals with the competence, qualifications and experience of the Company Secretary and the Board of Directors' responsibility in relation thereto.	The Remuneration and Nomination Committee as well as the Board assessed the competence, qualifications and experience of the Company Secretary (CorpStat Governance Services, represented by William Somerville and Elise Waldeck) against various criteria and a rating scale, and has agreed that the firm is sufficiently qualified, competent and experienced to hold the position of Company Secretary. The Board made their assessment in a closed Board meeting.
3.84(j)	The provision deals with the arm's length relationship between the Board of Directors and the Company Secretary and the Board of Directors' responsibility in relation thereto.	The Company Secretary fulfils no executive management function and is not a director and provides services on an outsourced basis. Accordingly, the Board is satisfied that the Company Secretary maintains an arm's length relationship with the executive team, the Board and the individual directors.

Social, Ethics and Transformation Committee report

The committee was established by the Board of Directors on 21 February 2012, in accordance with the requirements of the Companies Act of 2008 (the Act), section 72(4) and Regulation 43(2).

The committee has an independent role. Its members include three non-executive directors, two of which are independent, two executive directors and the General Manager: Merafe Chrome. Independent non-executive director Belese Majova chairs the committee.

The committee assists the Board in monitoring the Group's activities in terms of legislation, regulation and codes of best practice relating to:

- ethics
- stakeholder engagement, including employees, customers, communities and the environment
- strategic empowerment and compliance with transformation codes and is responsible for:
  - monitoring the Company's activities relating to social and economic development, good corporate citizenship, the environment and health and public safety
  - ensuring appropriate short- and long-term targets are set by management
  - monitoring progress on strategic empowerment and performance against targets
  - monitoring changes in the application and interpretation of empowerment charters and codes
  - monitoring functions required in terms of the Companies Act and its regulations

To meet its responsibilities the committee receives reports on the progress that both Merafe and the Venture have made in terms of the issues covered by its terms of reference. A senior representative of the Venture attends specific committee meetings where the focus is on the Venture.

In addition to the above the committee:

- reviewed and updated the Company's Code of Ethics, the Board charter, the committee's terms of reference, and CSI policy
- reviewed and assessed legislation applicable to Merafe, the Venture and the committee
- assessed the Company's compliance with King III. The Company complies with King III principles, save as otherwise noted and explained in this integrated annual report
- continually assessed Merafe's and the Venture's transformation performance with specific reference to the Mining Charter and the B-BBEE Codes of Good Practice
- continually assessed Merafe's corporate social investment. In this regard, the committee continued to oversee and support Meriti and Boitekang school projects as set out on page 33 of this report. The committee has in the past visited the schools and further visits to assess progress are planned in 2016

The members of the committee believe that Merafe is substantively addressing the issues it is required to monitor in terms of the Companies Act, however, we recognise that the functioning and scope of the committee is a work in progress.

Belese Majova
Chairperson

For the report of the Chairperson of the Audit and Risk Committee, see page 3 of the annual financial statements on our online integrated report for 2015 and page 51 of this report

See pages 38 and 39 of this report for details of the members of the Remuneration and Nomination Committee and brief description of the mandates of all our committees and attendance at these committee meetings.

See our online integrated report for 2015 for our annual financial statements and further information on our Company Secretary.

REMUNERATION REPORT

Remuneration Policy

This report describes the activities of the Remuneration Committee for the period ending 31 December 2015.

Our Remuneration Policy, a summary of which is set out below, was approved by shareholders on 6 May 2015 and is on our website and forms part of our online integrated report for 2015.

Our remuneration philosophy

Merafe's primary remuneration intent is to employ and reward high calibre and 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 that they should be remunerated accordingly for their contribution, and the value that they deliver. Additionally, non-executive fees should be determined in the context of good governance and be market-related.

Our remuneration strategy

Our remuneration strategy is designed to be aligned with our business strategy and its execution. As we strive to attract, retain, motivate and reward employees for executing our business strategy, their remuneration must clearly be market-related, and our Remuneration and Nomination Committee uses third parties for the purpose of benchmarking to the appropriate segment. The general principle of this strategy is to structure executive and employee remuneration to provide:

- guaranteed annual salaries and benefits that are commensurate with the market for key talent
- annual cash incentives that reward short-term operational performance
- long-term (share-based) incentives that promote retention and drive performance in alignment with shareholder goals

The Remuneration and Nomination Committee

Responsibility for the Company's remuneration policies rests with the Merafe Resources Board of Directors, which has in turn appointed the Remuneration and Nomination Committee.

The committee comprises three members, all of whom are non-executive directors. The Chairperson of the committee and the majority of its members are independent. The committee is governed by formal terms of reference approved by the Board.

The primary role of the committee is to ensure that the Company's directors and senior executives are paid fairly for their individual contributions to the Company's performance, and that remuneration policies are appropriate to attract, retain and motivate quality directors and senior management, committed to achieving the overall goals of the Company.

This role essentially consists of:

- assisting the Board in setting and monitoring remuneration policies, which promote the achievement of strategic business objectives and encourage individual performance
- ensuring that remuneration policies are adopted and reviewed and aligned with the strategy of the organisation and linked to individual performance
- reviewing the outcome of the implementation of the Remuneration Policy

Additionally the committee plays an active role in succession planning activities, notably for the Chief Executive Officer and executive management.

The committee is responsible for making recommendations to the Board on Remuneration Policy for the directors and, to the extent it deems necessary, makes external 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 sector.

The committee meets formally at least three times a year. The Chairperson of the Board and the CEO attend meetings to discuss the performance of other executive directors and to make proposals as necessary.

The Chairperson of the committee may meet with the CEO and the Company Secretary to discuss important issues and agree on the agenda. The CEO, other senior employees, professional advisors and Board members may attend the meeting by invitation only, but they may not vote. The Company Secretary is the secretary of the committee.

The Remuneration Committee reviews the benefits offered by the Company to determine whether they are appropriate and competitive given the industry, the company's financial position, legislative requirements, and market benchmarks and trends, if the costs relating to the administration of the benefits/schemes are justified if the schemes are well governed, whether the benefits/schemes meet the needs of employees and are fair and non-discriminatory towards all employees.

The Board performs an evaluation of the effectiveness of the committee on an annual basis.

Remuneration Policy

The key principles of Merafe's Remuneration Policy are:

- Policy is governed by the Remuneration and Nomination Committee who regularly review all policies to ensure that they are relevant and support Company strategy
- Guaranteed remuneration is targeted broadly at the median position of the relevant market data
- All employees are members of medical and retirement funds and have group life and disability cover
- Variable pay is an important component of remuneration and both annual and long-term performance-based schemes are in place in support of the Company's business strategy
- Incentive scheme performance measures are assessed by the Remuneration and Nomination Committee. These measures are weighted between corporate, individual, and financial and non-financial criteria
- Performance measures are applicable to the time period to which the scheme relates
- Annual cash incentive bonuses are based on performance for the financial year, while the long-term incentive scheme measures are based on long-term sustainability and shareholder value
- 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 and affordability
- Industry average increase surveys are taken into consideration in setting increases
- Both short-term and long-term incentive schemes are benchmarked against practices at similar companies
- The overriding principle governing payments for non-executive directors is that they are made in the context of good governance

See our online integrated report for 2015, under remuneration report for our Remuneration Policy.

Executive remuneration

Executive remuneration as set out in the Remuneration Policy is aligned with the Company's strategic objectives. The Remuneration and Nomination Committee conducted an independent benchmark of executive remuneration during 2015.

Executive pay mix

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

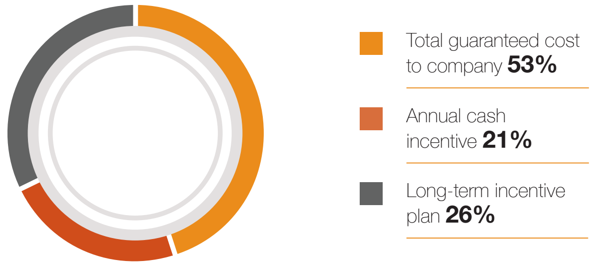
- Guaranteed pay – based on total guaranteed cost to company (TCTC), being the combination of basic salary and benefits
  Guaranteed pay is designed to attract and retain talented employees, reflect the scope and nature of the role and provides competitive pay and rewards performance.
- Performance variable pay, being made up of on target reward from short-term incentives in the form of annual cash incentives and the expected value from long-term (share-based) incentives.
  Performance variable pay is designed to motivate and rewards achievement of business and individual performance and keep employees focused on the defined business imperatives
- Long-term incentives are designed to drive sustainable longer-term performance, retain key skills by linking performance to long-term value creation, encourage loyalty and ownership (by aligning the interests of executives to those of the Group and its shareholders), and wealth creation.

The balance between guaranteed pay (total cost to company), targeted annual cash incentives and the expected value from long-term (share-based) incentives for executives is shown in the pie charts on the right and in the diagram below.

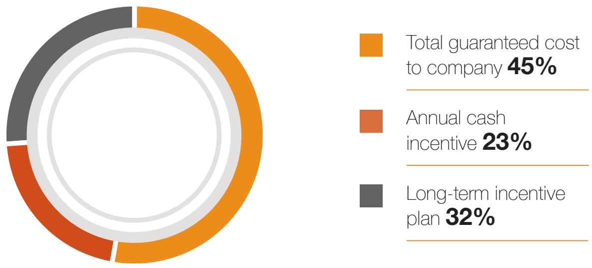
Note: Expected value is defined as the present value of the future reward outcome of an offer, given the targeted future performance of the Company and of its share price. It should not be confused with the term 'fair value' which is used when establishing the accounting cost for reflection in a company's 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.

Relative apportionment between the major elements of reward

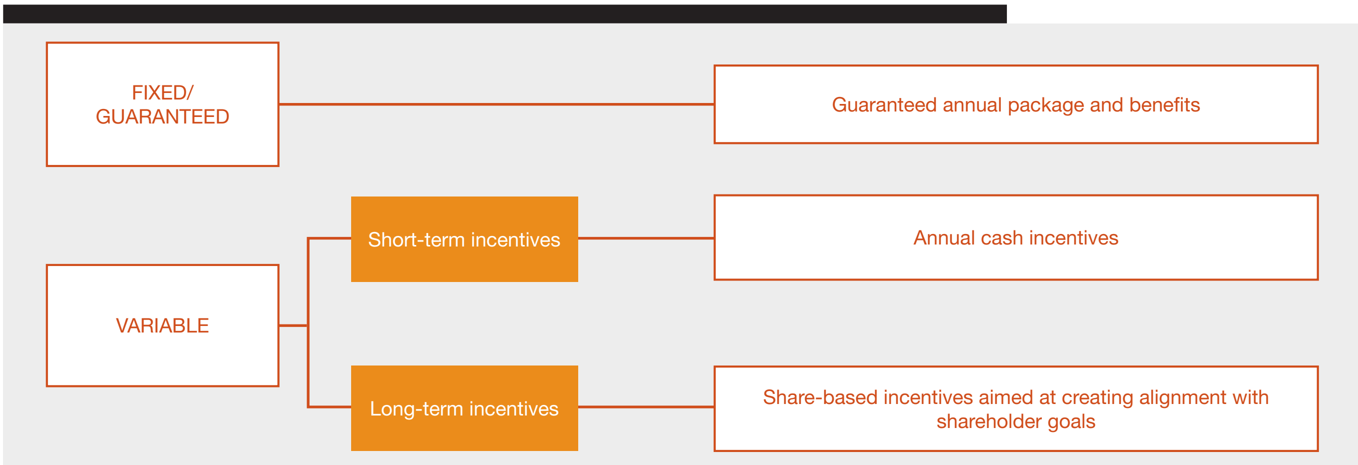
Chief Executive Officer



Executive director



EXECUTIVE AND EMPLOYEE REMUNERATION PRINCIPLES/STRUCTURE



Note that, through acquisitions and business combinations over time, and due to the impact of individual and business performance, actual pay mix will inevitably deviate from the targeted pay mix structure.

Merafe's executive remuneration aims to align employee incentives with the interests of our shareholders.

Guaranteed remuneration

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. Salaries and benefits are reviewed annually and are targeted broadly at the median position in the relevant market. The Company conducts regular market pricing exercises against the top management reward surveys. The benchmark used is the median total guaranteed cost of employment for similar positions in similarly sized listed companies. When deciding on salary reviews the Remuneration and Nomination 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.

Short-term incentives 2015

Merafe's annual incentives are aimed at rewarding a combination of both business and individual performance. Business performance (a weighted combination of financial performance and key strategic metrics) determines the size of a bonus pool for the Company and individual contributions to this performance (measured in terms of individual value driver scorecards) determine the bonus pool's distribution to individuals.

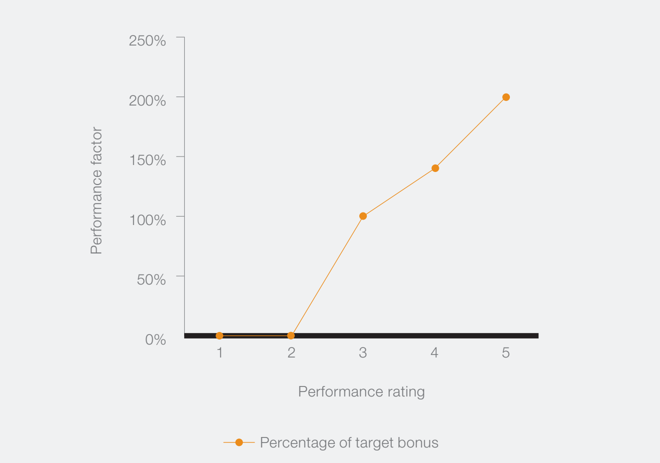
Business performance is assessed in terms of a select scorecard of performance indicators, covering both financial and non-financial sustainability elements. Actually achieved performance against a targeted EBITDA which is given a weighting of 60% as is the achievement of additional ferrochrome business (as defined from time to time) and other sustainability factors, which include optimal funding, growth and (as submitted in a body of evidence and approved by the Remuneration and Nomination Committee) which is given a weighting of 40%.

REMUNERATION REPORT (CONTINUED)

These metrics are assessed against a five-point scale as follows:
1 Unsatisfactory (does not participate in the incentive bonus pool)
2 Satisfactory (worthy of a minimal, if any, incentive bonus)
3 Very good – on target (100% of the on-target bonus award)
4 Excellent – significantly above target (140% award of on-target bonus)
5 Truly excellent (award capped at 200% of on-target bonus)

The performance curve that identifies the relationship between the overall company performance against the above metric(s) and the bonus pool to be shared amongst participants is shown below.

Performance/reward curve



The actual targets for the business metrics described are disclosed to the participants and the external auditors up front. No post measurement modifications are made to these targets except where a windfall event out of control of the participants is deemed significant enough to impose a reduction in the performance pool created.

Individual performance is assessed from a weighted ("balanced") scorecard of key performance areas or value drivers. The selection of these is informed by Merafe's performance management framework.

The same Performance/Reward Curve is used to identify the individual's claim on the bonus pool created from corporate performance.

The percentage split between targeted EBITDA, the achievement of additional ferrochrome business and sustainability elements will be discussed and agreed by the Remuneration and Nomination Committee annually, but is currently set at 60%/40%.

The on-target percentages are set out below:

Role	On-target bonus
Chief Executive Officer	50% of TCtC
Executive directors	40% of TCtC
Senior management	30% of TCtC
Management	25% of TCtC
Admin	15% of TCtC

The formula for determining the cash bonus is described by the following example:

- TCTC X 50% (CEO) + TCTC X 40% (exec directors) etc. = On-target bonus
- Individual Performance Score 3.25 = 110% of On-target bonus
- Performance pool created using the measurements of EBITDA and Business metrics described above.
- Example rating out of five against the two measurements = 2.5
- On-target bonus pool = the sum of all on-target bonuses
- Pool to be Distributed = 50% of the on-target bonus pool i.e. score of 2.5 / 5 results in 50% of the potential bonus being created as an actual bonus.
- The sum of all bonus claims (i.e. all employees who qualify for a bonus) is modified against the pool to be distributed and each participant receives this modified percentage of their personal score
- This individual receives 110% of the modified pool to be distributed %

Intended changes to the short-term incentive policy 2016

During February 2016, a decision was made by the Remuneration and Nomination Committee to follow a less mechanistic approach in determining the bonus awards. In this regard, the incentive scheme performance measures are assessed by the Remuneration and Nomination Committee and these measures are determined by taking into account corporate, individual, financial and non-financial criteria (see the updated Remuneration Policy on our website and 2015 online report). The total short-term incentive 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 R100 million. In addition, the percentage for short-term incentives is capped for the various categories of employees as set out below:

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

Long-term (share-based) incentives

The intention behind the offer of long-term (share-based) incentives is both to reward employees, including executive directors, for long-term performance and shareholder alignment, and to serve as a retention mechanism for employees whose services are regarded by the Company to be crucial to its future growth and sustainability.

Share incentive schemes

On 14 December 1999, Merafe's shareholders approved a share option scheme for employees (including executive directors) of the Company and its subsidiaries to encourage employees to identify more closely with the activities of the Company and to promote its continued growth by giving them an opportunity of acquiring shares in the Company.

All options vest one third per year on the third, fourth and fifth anniversaries and are settled by physical delivery of shares against receipt of payment of the option price. These options lapse if not exercised after 10 years by employees and options are forfeited when an employee resigns from the Group not having exercised his/her options.

On 13 April 2010, a new share incentive scheme was approved by shareholders providing for offers of both share options and full value (free) shares. The offers of full value (free) shares for directors were split 50%/50% between performance-oriented awards being subject to performance vesting conditions and retention-oriented grants with no performance conditions other than continued employment.

All offers vest in equal tranches on the third, fourth and fifth anniversary and are settled by physical delivery of shares. Alternatively, the Company has the right to settle the value accruing to an individual via the payment of an equivalent value cash bonus as per the policy guidelines.

The Board of Directors of the Company, on the recommendation of the Remuneration and Nomination Committee, made various offers of share options and full value (free) shares during 2010, 2011 and 2012.

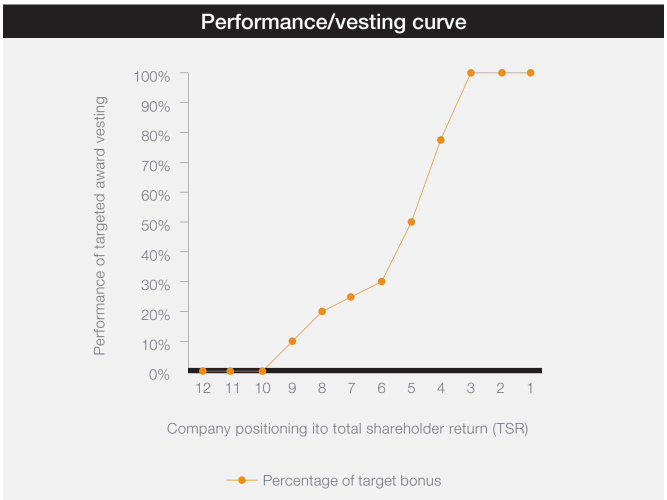
In 2012, the Remuneration and Nomination Committee made a decision to vary the balance between performance-oriented awards and retention-oriented grants and to simplify the performance criteria that determine vesting of the performance-oriented awards. From 2013 awards are governed by a single performance metric that compares Merafe's total shareholder return over a three-year period with that of a selection of JSE-listed small cap mining and resources companies.

Details of executive and management remuneration in 2015 can be found on page 46 of this report.
Share options and share awards and/or grants offered to directors under the share incentive scheme are set out on pages 46 and 47 of this report.

The peer group has been selected based on market capitalisation, using a basket of resource companies larger and smaller than Merafe.

The comparator group is set out in our Remuneration Policy and consists of 12 listed companies in the resource sector.

Using the above companies as a benchmark vesting of grants will be in accordance with the following curve:



If Merafe's TSR over the three-year period places it in one of the top three positions, then the full number of performance granted shares will vest in equal proportions on the third, fourth and fifth anniversaries of their grant.

If Merafe's TSR over the three-year period places it in sixth position, then one third of the number of performance granted shares will vest in equal proportions on the third, fourth and fifth anniversaries of their grant.

If Merafe's TSR over the three year period places it in 10th or below 10th position, then none of the granted shares will vest.

If Merafe's performance over the three-year period lies between any of the above, then a prorated number of performance granted shares will vest in equal proportions on the third, fourth and fifth anniversaries of their grant.

The fundamental principles governing Merafe's revised long-term incentives are as follows:

- Share options and share grants are only offered at the discretion of the Board
- Full value share offers are made annually to all employees, the targeted reward of which is dictated by the Company's reward strategy – pay mix
- Performance-oriented share awards and retention-oriented grants are offered to senior managers and above, with the proportion of awards, in relation to grants, increasing with seniority as per Table A set out below
- Performance-oriented award values are calculated as a percentage of an individual's total cost to company guaranteed package
- Retention-oriented grant values in any one year are, at the discretion of the Board, calculated either as a percentage of the current total cost to company guaranteed package, or as a percentage matching of the past year's annual incentive payout
- Performance-oriented grants predominate over retention-oriented grants at senior levels.

Claw back

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

In the event of 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 Remuneration Committee shall review such performance-based remuneration and determine the amount to be recovered from the executive.

Non-executive directors' fees

In accordance with Merafe's policy of ensuring that non-executive directors' fees are market related, the Company consults regularly with independent experts regarding the appropriate fee structures and levels, the last review having been undertaken in November 2015. The 2015 benchmark exercise concluded that the fees of the current Board and committee fees were market related. The committee decided not to increase the fees for 2016.

The fees for non-executive directors are provided in the context of good governance, and in line with the strategy of attracting and retaining high calibre individuals as custodians of the Company's business.

Fees are primarily derived from a methodology which takes into account expertise, the contribution made by the director, and attendance. Independent benchmark advice is sought and the present policy is that non-executive directors' fees are positioned midway between the median and upper quartile of those fees found in listed companies of a similar size. The fees vary according to the different roles that non-executive directors undertake in the various committees.

To avoid any conflict of interest, non-executive directors do not, and will not, participate in any share-based incentive scheme or any other incentive scheme that the Company may implement.

Non-executive directors' fees are tabled annually for approval by the shareholders of the Company. The non-executive directors' fees paid during 2015 are set out below, as are the proposed non-executive fees for 2016.

Fees are based on four meetings a year with a split of a 60% retainer and a 40% attendance fee. In addition, attendance fees are payable for special Board or committee meetings. Should the Chairpersons of the Board and committees be required to undertake ad hoc duties, additional remuneration is payable for the time spent, in accordance with Merafe's Remuneration Policy and as determined by the Board.

Table A

Grouping	Participant numbers	LTIP (expected value)	Target offer value	Balance performance/ retention	Award value (performance)	Target grant value (retention)	Target grant value (retention)
		% TCtC	% TCtC		% TCtC	% TCtC	% ACI
Chief Executive Officer	1	70	50	70/30	35	15	33
Executive director	2	50	35	60/40	20	15	40
Senior management	3	40	30	50/50	15	15	55
Management	2	30	25	0/100		25	100
Administration	4	20	15	0/100		15	100

The conditions applicable to performance-oriented awards are set out on pages 42 and 43 of our annual financial statements, which are part of our online integrated report for 2015. A detailed breakdown of share options and share grants can be found in note 8 of our annual financial statements on pages 37 to 46.

For the terms of the share incentive scheme approved on 13 April 2010, see our online integrated report 2015 under Remuneration report.

REMUNERATION REPORT (CONTINUED)

Approved and proposed non-executive directors' fees

Directors' remuneration, as presented for approval at the Annual General Meeting, is based on four meetings a year and is unchanged from 2015. It is proposed that the non-executive director fees for 2016 be kept the same as the approved fees for 2015.

		2016		
Committee	Membership	Proposed annual cost	Proposed retainer per annum	Proposed meeting fees per annum
Board	Chairperson	492 291	295 375	196 917
	Member	265 350	159 210	106 140
Audit and Risk	Chairperson	191 500	114 900	76 600
	Member	120 085	72 051	48 034
Remuneration and Nomination	Chairperson	103 516	62 109	41 406
	Member	63 185	37 911	25 274
Social, Ethics and Transformation	Chairperson	103 516	62 109	41 406
	Member	63 185	37 911	25 274

None of the fees above result in a proposed fee being above the median. The restructuring of the Board to fewer non-executive directors in 2015 has resulted in a saving in non-executive fees for 2015.

Non-executive fees paid

These fees are paid in accordance with the approved fees set out above. We held five Board meetings during 2015 including a strategy session. We also held four Audit and Risk Committee meetings, four Remuneration and Nomination Committee meetings and three Social, Ethics and Transformation Committee meetings in 2015.

	C Molefe (Chairman)	N Majova	A Mngomezulu	K Nondumo	M Mamathuba	S Blankfield	M Mosweu	Z van der Walt	Total
Board	541 521	291 886	265 350	265 350	25 152	172 478	265 350	291 886	2 118 973
Audit and Risk	–	120 085	108 077	191 500	–	–	–	120 085	539 747
Remuneration and Nomination	63 185	–	–	–	–	34 752	–	103 516	201 452
Transformation	56 867	93 164	–	–	5 989	–	28 433	–	184 453
2015	661 572	505 135	373 427	456 850	31 141	207 230	293 784	515 486	3 044 624

Executive directors' and prescribed officers' remuneration

	Salary R'000	Bonus and performance related payments R'000	Fringe benefits and leave pay R'000	Provident fund contributions R'000	Exercise of share options and share grants R'000	Severance pay R'000	Total R'000
2014							
Executive directors							
ZJ Matlala	3 409	2 798	313	511	1 132	–	8 163
DC Chocho*	2 527	1 824	374	379	3 518#	4 686	13 308
B McBride	2 901	1 907	457	435	2 339	–	8 039
Prescribed officers							
K Bissessor	1 224	1 224	172	169	292	–	2 635
A Mahendranath^	526	614	121	73	1 448+	1 269	3 821
2015							
Executive directors							
ZJ Matlala	3 618	3 822	283	635	2 019	–	10 377
K Bissessor	1 806	1 643	237	310	269	–	4 265
B McBride[a]	6 456	–	448	91	4 441[b]	5 411	11 037

* *Resigned 31 December 2014*
^ *Resigned 30 September 2014*
[a] *Resigned 2 March 2015*
Includes R990 000 retrenchment share grants
+ *Includes R338 000 retrenchment share grants*
[b] *Includes R1 014 000 retrenchment share grants*

Share options outstanding at 31 December 2015 in favour of directors and prescribed officers of the Company (000s)

‘000s	ZJ Matlala	K Bissessor
Average exercise price (cents)	136	69
Exercisable on 30 June 2009	–	–
Exercisable on 30 June 2010	–	–
Exercisable on 31 December 2010	–	–
Exercisable on 1 March 2011	–	–
Exercisable on 30 June 2011	–	–
Exercisable on 1 March 2012	–	–
Exercisable on 1 March 2013	–	–
Exercisable on 1 April 2012	–	1 000
Exercisable on 1 April 2013	–	1 000
Exercisable on 1 April 2014	–	1 000
Exercisable on 1 October 2013	885	–
Exercisable on 1 October 2014	1 770	–
Exercisable on 1 October 2015	1 770	–
Exercisable on 1 October 2016	885	–
Total	5 310	3 000

Share grants outstanding as at 31 December 2015 to directors and prescribed officers

Vesting	ZJ Matlala	K Bissessor
1 October 2014	114 275	–
29 October 2016	457 094	–
1 April 2014	17 456	4 100
1 April 2015	17 456	4 100
1 April 2016	139 650	81 991
4 May 2016	183 950	70 754
4 May 2017	183 950	70 754
13 June 2016	1 488 584	–
13 June 2017	1 488 584	–
6 March 2016	759 575	166 600
6 March 2017	759 575	166 600
6 March 2018	759 575	166 600
1 April 2017	626 752	136 182
1 April 2018	626 752	136 182
1 April 2019	626 752	136 182
1 April 2018	850 548	302 337
1 April 2019	850 548	302 337
1 April 2020	850 548	302 337
Total	10 801 624	2 047 056

Notes:
- *Share options granted under the share incentive scheme approved by shareholders on 14 December 1999 are not subject to performance criteria and vest one third per year on the third, fourth and fifth anniversaries and are settled by physical delivery of shares against receipt of the option price*
- *Share options and share grants under the Company's share incentive scheme approved by shareholders on 13 April 2010 are subject to performance conditions*
- *In 2010, 2011 and 2012 the performance conditions related to market and non-market conditions, being capacity growth, assets under management, being a participant on the JSE SRI Index and performance against the JSE small capitalisation index and mining index (all with the weighting of 25% each)*
- *In 2013, the performance criteria for share grants and/or options were amended and that from 2013 share options or grants would be governed by a single performance metric that compares Merafe's total shareholder return (TSR) over a three-year period with that of a selection of JSE listed, small cap mining and resources companies*

For more information on the performance conditions, see our Remuneration Policy and see pages 42 and 43 of our annual financial statements, which form part of our online integrated report for 2015.

APPROACH TO RISK MANAGEMENT

The Merafe Board is responsible for our governance of risk and for setting levels of risk tolerance. It has tasked the Audit and Risk Committee with assisting the Board in carrying out its risk responsibilities. The process of risk management has been delegated to management and the Audit and Risk Committee, acting on behalf of the Board, ensures that there is ongoing assessment and monitoring of our risks. The Merafe Executive Committee is accountable to the Board for designing, implementing and monitoring Merafe's risk management processes and senior managers are responsible for effectively managing risks within their respective areas of responsibility.

Merafe's risk management policy and framework (available on our website) describes our risk management philosophy, approach and process and guides the implementation of our risk management process in a uniform manner across the Company.

Certain risks are inherent in a mining business and these need to be managed effectively. The Venture's risk management system allows it to pursue business opportunities and grow shareholder value, while at the same time developing and protecting its people, assets, environment and reputation. Its processes are defined within a risk framework that is well understood across its operations.

Both Merafe and the Venture undertake comprehensive quarterly risk reviews, the results of which are included in their annual business plans and regularly reviewed.

Principal risks

Our principal risks, which include risks related to the Venture, are the following:

- The possible negative impact on our earnings of commodity price volatility, currency exchange rate fluctuations and the health of the global economy. The preventative actions the Venture takes to reduce the impact, which include managing production levels, scaling down mining and smelting activities during downturns in global demand and maintaining its position as the lowest-cost ferrochrome producer in South Africa, are described in the Principal risks and uncertainties table
- Socio-political climate in South Africa, which includes industrial unrest and the risk of the Venture not winning broad support for its activities from local communities. Both of these possibilities could result in disruptions affecting our profitability. To reduce these risks the Venture's stakeholder engagement and responsiveness efforts play a critical role. In addition Merafe and the Venture invest in social and labour plan commitments, which include local economic development, healthcare and education projects. We also invest in corporate social responsibility initiatives
- Investors' negative perceptions of the South African mining industry impacts on investors' appetite for investment in South African mining stocks. Merafe focuses on maintaining relationships with our existing investors and building new relationships. To achieve this our team regularly travels to Europe, the United States and Asia to meet with and make presentations to investors and potential investors. We also keep investors informed through our reporting and our website
- Inability to obtain debt finance due to a downgrading of Merafe's credit status could adversely affect our financial position. To counteract this risk we maintain a strong balance sheet, low gearing and a good reputation and relationship with our bankers and have tangible assets to secure financing
- Non-compliance with and changes to laws, regulations, taxes and mining rights can result in extensive disruption to the Venture's operations, loss of revenue and fines. The loss of mining rights could affect our business. The Venture and Merafe maintain extensive, transparent and open relationships with regulators and local, regional and national government bodies. We keep abreast of all changes to legislation and closely monitor compliance with it. The Venture has achieved its mining scorecard targets
- Empowerment credentials: in this regard see our commentary in Material Risk section on page 7 of this report and the Chairperson's report on page 35 of this report
- Operational risks include a number of factors that are out of our control including the availability of raw materials, water and power, unusual ground conditions and the impact of climate change. To combat the impact of these risks the Venture has a comprehensive programme in place to identify, understand and manage the risks that could affect our business and our operations. The risk registers of both Merafe and the Venture are regularly updated
- Chrome ore exports to China could undermine the South African ferrochrome industry. The ferrochrome industry engaged with government to develop a solution that will support government's beneficiation and job creation strategies and ensure the sustainability of South Africa's ferrochrome industry. Any change in circumstances for China, which include increased chrome ore prices, freight rate increases and environmental issues covered, also reduce the risk of China undermining our industry
- Cost control is a key factor in the Venture's competitiveness and profitability. The Venture prides itself on being a low-cost producer and cost control is a key management performance measurement. The Venture's development of cost-effective proprietary technology plays a significant part in its cost reduction. We are also engaging with government regarding carbon taxes and electricity costs
- Lack of energy supplies could impact on the Venture's ability to operate. The Venture has an ongoing programme to assess and monitor energy-related risks, including scenario analyses. We also manage the risk by implementing energy efficiency plans and assessing the risks associated with energy supply at the design phase of our projects
- Emissions and climate change regulations could have an adverse impact on our ability to maintain profitability and water scarcity has also become an issue that could in future affect the Venture's ability to operate. The Venture continually engages with government and key policymakers to advocate a rational approach to carbon taxes and it has reduced the carbon emissions attributable to the electricity it purchases by improving the energy efficiency of its operations and investigating the use of renewable energy sources. The Venture has also successfully reduced its water consumption per tonne of product produced
- The Venture's operations are subject to extensive health, safety and environmental (HSE) regulations and legislation and community expectations; HIV and AIDS and associated disease remain the major healthcare challenges for our industry and if the Venture's employees suffer from symptoms associated with HIV and AIDS it could have a negative impact on its production levels and our profitability. The Venture gives these issues priority and significant resources are committed to providing a safe and healthy workplace, keeping our impact on the environment to a minimum and addressing the impact of HIV and AIDS on our employees and the communities in the vicinity of our operations
- Loss of key and skilled employees, particularly to competitors, could result in financial loss and reputational damage. The policy of both Merafe and the Venture is to invest in future key contributors and to implement adequate notice periods

See our online integrated report for 2015 for our principal risks, uncertainties and opportunities table.

See our online integrated report for 2015 for more information on the Venture's risk processes, including its information technology governance.

SUSTAINABILITY REVIEW AND ASSURANCE

Merafe and the Glencore-Merafe Chrome Venture

Merafe relies on the Venture and Glencore to obtain quantitative data with regard to sustainability indicators of the Venture as set out in this report.

The Venture, via the Glencore Sustainability Database, undergoes a process of internal and independent assurance reviews of their key sustainability indicators.

The sustainability data and information falls under the Sustainability and Human Resources Development departments of both the Venture and Glencore. The information set out in this report is signed off by the Venture and Glencore.

The Venture's sustainability data and information was subjected to various internal and external review and audits during 2015. See our online integrated report for 2015 under Sustainability review and assurance for a schedule detailing the Venture's internal and external reviews and audits.

With regard to the above internal and external audits and reviews, the Venture and Glencore have confirmed to the Board of Merafe that there are no material issues arising therefrom which would impact on the reliability, accuracy and completeness of the Venture's information set out in this report.

In addition, Deloitte was commissioned in 2015 as part of Glencore's global audit and review process, to undertake independent third party assurance on key sustainability data of the Venture for 2014. The Venture and Glencore have confirmed that no material issues arose therefrom.

Deloitte have again been appointed to conduct an independent third party assurance on key sustainability data of the Venture relating to the 2015 year end. The site for the 2015 audit was the Wonderkop operation. The assurance took place in the first half of 2016 and the Venture and Glencore have confirmed that no material issues arose therefrom.

As a result of the internal and external reviews and audits as outlined (together with the signing off of the data by the Venture and Glencore), the Merafe Board is satisfied that the information set out in this report in respect of the Venture's data is reliable, accurate and complete.

The Venture's Mineral resources and Mineral reserves statement to 31 December 2015 is signed off by a Competent Person as defined by the SAMREC Code, a summary of which is on pages 23 to 25 of this report. The full report is on our online integrated report and on our website.

For the 2014 annual report KPMG Services were engaged to provide independent assurance on the directors' statement that they had followed the materiality determination process described in identifying the material issues in the Annual Report.

For the 2015 annual report the Board followed the same materiality determination process as 2014 as is set out on page 7 of this report. As a result of the fact that the Board followed the same processes it was of the view that it was not necessary to engage KPMG for the 2015 year end. KPMG were engaged as Auditors of the Company as set out on the inside front cover of this report.

In respect of the Remuneration Policy of the Company and remuneration of the Company's Board and executives, the Remuneration Committee appointed independent advisors to assist the committee in ensuring that the policy was in line with best practice and that remuneration was properly benchmarked. For more details in this regard see the Remuneration Report on pages 42 to 47 of this report.

See our online integrated report for 2015 under Sustainability review and assurance for a schedule detailing the Venture's internal and external reviews and audits.

DIRECTORS' REPORT

Nature of business

The Company, through its wholly owned ultimate subsidiary, Merafe Ferrochrome and Mining Proprietary Limited (Merafe Ferrochrome) and through a pooling and sharing venture with Glencore Operations South Africa Proprietary Limited (Glencore), participates in chrome mining and the beneficiation of chrome ore into ferrochrome. The Glencore-Merafe Chrome Venture (Venture) operates five ferrochrome smelters, twenty-two ferrochrome furnaces and nine mines, situated in the North-West, Limpopo and Mpumalanga provinces of South Africa. Merafe Ferrochrome's share of the earnings before interest, taxation, depreciation and amortisation (EBITDA) is 20.5%. The Venture comprises assets to which both Glencore and Merafe Ferrochrome have granted the right of use.

Listed below are the assets to which Merafe Ferrochrome has granted the right of use to the Venture:

Ferrochrome smelters	
Asset	Merafe Ferrochrome's interest
Wonderkop smelter (furnaces five and six)	50%
Boshoek smelter	100%
Lion I smelter	20.5%
Lion II smelter	20.5%

Chrome mines	
Asset	Merafe Ferrochrome's interest
Horizon mine*	100%
Boshoek mine	100%
Kroondal and Wonderkop mine	20.5%
Helena mine	20.5%
Magareng mine	20.5%

UG2 plants and pelletisers	
Asset	Merafe Ferrochrome's interest
Impala Kanana UG2 plant	100%
Lonmin UG2 plants	20.5%
Mototolo UG2 plant	20.5%
Bokamoso pelletising plant	20.5%
Motswedi pelletising plant	100%
Tswelopele pelletising plant	20.5%

** Disposed during 2015*

Group financial results

The financial statements set out the financial results of the Group and Company and have been prepared using appropriate accounting policies, conforming to International Financial Reporting Standards, supported by reasonable and prudent judgements where required.

Merafe Ferrochrome's share of EBITDA from the Venture is accounted for at 20.5%. In addition to Merafe Ferrochrome's share of EBITDA from the Venture, corporate expenses, interest on debt, depreciation and interest received are accounted for in order to determine earnings before taxation of the Group. Refer to Note 1.3.2 of the annual financial statements – Basis of consolidation – Transactions with the Venture, for further information regarding the accounting policy for Merafe Ferrochrome's interest in the Venture.

Loans and borrowings

As at 31 December 2015 R559 million of the ABSA facility was utilised and the remaining R191 million was available and unutilised.

Venture projects

Production from the Lion II furnaces commenced in the first half of 2014. The plant reached full capacity mid 2015.

Mining rights and mining operations

The directors are satisfied that there are no foreseen material risks relating to the resources and reserves of the Venture and the ability of the Venture to conduct its mining operations. See the abridged mineral resources and reserves statement on pages 23 to 25 and the detailed resources and reserves statement in our online integrated report for 2015.

Going concern

The directors believe that the Company has sufficient resources and expected cash flows to continue as a going concern for the year ahead.

Dividend policy

The Company has a hybrid dividend policy that has features of a stable dividend policy and a residual dividend policy. The Company intends to pay a stable dividend at least once a year taking into account the annual financial performance, expansionary projects and economic circumstances prevailing at the time. In addition, in any given year, the directors may consider an additional distribution in the form of special dividends dependent on the Company's financial position, future cash requirements, future earning prospects, availability of distributable reserves and other factors. Dividends are recognised when they are declared by the Board of the Company.

Ordinary dividends

An interim dividend of R25 million was declared and paid during the 2015 year. A final dividend of R30 million was declared for the year ended 31 December 2015.

Share capital

The full details of the authorised and issued share capital of the Company are set out in note 6 to the annual financial statements. Merafe did not issue any shares for cash or effect any share repurchases under a general or specific authority.

See page 18 for a table on the Venture's plants, technology and mines and page 23 for further information on the reserves and resources of the Venture.

See our online integrated report for 2015 for our annual financial statements

Directorate

Changes to the Board effective during the period ending 31 December 2015 and from 31 December 2015 to 8 March 2016 are set out on page 36 of this report.

At 8 March 2016 the Board consisted of the following directors: Chris Molefe (Chairperson), Belese Majova, Abiel Mngomezulu, Mpho Mosweu, Karabo Nondumo, Shaun Blankfield, Zanele Matlala, Kajal Bissessor.

During the period under review, no contracts were entered into in which directors and officers of the Company had an interest and which could affect the business of the Group.

Non-executive directors are remunerated periodically for their contribution to the Board. Executive directors do not receive Board fees in addition to their remuneration. Refer to note 22.1 of the annual financial statements for a detailed report on directors' remuneration prepared in accordance with the JSE Limited Listings Requirements and Companies Act.

Service contracts of directors and prescribed officers

Merafe has not entered into any contract other than the normal employment service contracts with executive directors and other prescribed officers.

Significant agreements

Pooling and Sharing Venture Agreement and addendums to the agreement

The Venture Agreement, which was signed in July 2004, governs the pooling and sharing Venture between Merafe Ferrochrome and Glencore Operations South Africa Proprietary Limited. The respective assets of the two companies are pooled to form the world's largest ferrochrome producer. This agreement sets out the terms and conditions under which the Venture will operate.

Major shareholders

The following shareholders were the registered holders of 5% or more of the issued ordinary shares in the Company at 31 December 2015:

- Glencore BV – 28.68%;
- The Industrial Development Corporation of South Africa Limited – 21.83%;

Directors' interests in Merafe Resources Limited

According to information available after reasonable enquiry, the interests of the directors and their families in the shares of the Company at 31 December 2015 are set out in note 22.2 of the annual financial statements and were as follows:

	2014		2015	
	Direct beneficial	Indirect beneficial	Direct beneficial	Indirect beneficial
ZJ Matlala	1 000 000	–	2 012 305	–
B Majova	–	62 610		62 610
K Bissessor	–	–	700 000	–
Total	1 000 000	62 610	2 712 305	62 610

There has been no changes to the directors' interests since the end of the financial year and the date of this report and the release of the annual financial statements.

Details of investments in subsidiaries and structured entities

Refer to Note 3 of the annual financial statements for details of investments in subsidiaries and structured entities.

Property, plant and equipment

There were no changes in the nature of property, plant and equipment or in the policy regarding their use during the year. Management is of the opinion that the carrying value of property, plant and equipment is reflected at less than its recoverable amount.

Events after the reporting date

None: Refer to Note 26 of the annual financial statements.

Special resolutions

The following special resolutions were passed by the shareholders at the 2015 Annual General Meeting:

- Special Resolution Number 1 – Approval of non-executive directors' fees
- Special Resolution Number 2 – Loans or other financial assistance to related or inter-related companies

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee reports that it has adopted formal terms of reference as its Audit and Risk Committee charter, and that it has discharged all of its responsibilities for the current financial year, in compliance with the charter.

The Audit and Risk Committee is satisfied that an adequate system of internal control is in place to reduce significant risks faced by the Group to an acceptable level, and that these controls have been effective throughout the period under review. The system is designed to manage, rather than eliminate, the risk of failure and to maximise opportunities to achieve business objectives. This can provide only reasonable, but not absolute assurance. In addition, the Audit and Risk Committee reviews the financial control systems, the accounting systems and sets the Group's policy on non-audit services provided by the external auditors. It also monitors compliance with legal requirements, assesses the performance of financial management, approves external audit fees, budgets, plans and performance, and conducts an annual review and assessment of the business risks the Group faces.

As required by the JSE Limited Listings Requirements 3.84(h), the Audit and Risk Committee has satisfied itself that Kajal Bissessor, the Chief Financial Officer during the current financial year has the appropriate experience and expertise to fulfil the responsibilities of the finance function.

The approval of the Integrated Report is also the responsibility of the Audit and Risk Committee. The Committee members are appointed annually by the shareholders at the Annual General Meeting.

The Audit and Risk Committee has evaluated the consolidated and separate financial statements of Merafe Resources Limited for the year ended 31 December 2015 and based on the information provided to the Audit and Risk Committee, considers that it complies, in all material respects, with the requirements of the various Acts governing disclosure and reporting in the consolidated and separate financial statements.

The Audit and Risk Committee has evaluated the independence of the external auditors and the Audit and Risk Committee is satisfied that the external auditors have remained independent. The Audit and Risk Committee therefore recommends the adoption of the consolidated and separate financial statements by the Board.

Karabo Nondumo CA(SA)
Chairperson – Audit and Risk Committee

8 March 2016

See the online integrated report for 2015 for our annual financial statements

JSE LIMITED SHARE STATISTICS

	Number of members	% of all members	Number of shares held	% of issued capital
1. Analysis of shareholdings				
Range				
1 – 1 000	1 208	17.27	613 606	0.02
1 001 – 5 000	1 715	24.52	5 238 458	0.21
5 001 – 10 000	1 074	15.36	8 841 936	0.35
10 001 – 1 00 000	2 307	32.99	78 489 526	3.13
100 001 – 1 000 000	535	7.65	163 269 285	6.50
1 000 001 and more	155	2.22	2 254 251 437	89.79
Totals	6 994	100.00	2 510 704 248	100.00
2. Distribution of shareholders				
Category				
Diluted funds	31	0.44	340 213 257	13.55
Pension funds	109	1.56	325 910 098	12.98
Private companies	111	1.59	134 560 174	5.36
Individuals	6 253	89.41	231 076 694	9.20
Close corporations	95	1.36	16 028 737	0.64
Other corporations	359	5.13	1 401 969 176	55.84
Nominees and other institutions	22	0.31	46 119 558	1.84
Banks	14	0.20	14 826 554	0.59
Totals	6 994	100.00	2 510 704 248	100.00
3. Holders holding 5% or more of shares in issue				
Name				
Glencore BV*			720 163 887	28.68
IDC			546 830 100	21.78
4. Shareholder spread				
Public	6 989	99.93	1 240 935 346	49.43
Non-public	5	0.07	1 269 768 902	50.57
Directors	3	0.04	2 774 915	0.11
Glencore BV*	1	0.01	720 163 887	28.68
IDC	1	0.01	546 830 100	21.78
Totals	6 994	100.00	2 510 704 248	100.00
5. Distribution of local and foreign beneficial shareholding				
South African				68.93
Foreign				31.07

** Acquired by Glencore BV nominee Piruto BV*

JSE share performance	
Market capitalisation as at 31 December 2015 (ZAR)	1 707 278 889
Share price (cents)	
High	105
Low	49
Closing	68
Shares traded	
Volume of shares traded	1 258 123 042
Value of shares (ZAR)	1 012 019 912
Volume of shares traded as a percentage of weighted average number of shares in issue	50%
Shares in issue as at 31 December 2015	2 510 704 248

As per Bloomberg & McGregors 31 December 2015

SHAREHOLDERS' DIARY

Meetings

Annual general meeting for the 2015 financial year to be held on 5 May 2016.

Reports

Interim reports for the six months to 30 June 2016 to be released on 2 August 2016.
Annual results for the 12 months to 31 December 2016 to be released and published in March 2017.

NOTICE OF THE ANNUAL GENERAL MEETING

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

Notice is hereby given in terms of section 62(1) of the Companies Act, 71 of 2008 (the Companies Act) that the 29th (twenty-ninth) Annual General Meeting of shareholders of the Company 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 Thursday, 5 May 2016 (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 outlined below.

Important dates

Record date to receive the Notice:	Friday, 18 March 2016
Last date to trade to be eligible to vote:	Thursday, 21 April 2016
Record date to be eligible to vote:	Friday, 29 April 2016
Last date for lodging forms of proxy (by 11:00):	Tuesday, 3 May 2016

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 and vote at the meeting is Friday, 29 April 2016.

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 2015 (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 III' means the King Report III on Corporate Governance for South Africa
- 'MOI' means Memorandum of Incorporation of the Company

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 2015, be and are hereby considered and accepted."

The summarised form of the financial statements is included with this Notice. A copy of the complete annual financial statements of the Company for the financial year ended 31 December 2015 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

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

"Resolved that, by separate ordinary resolutions numbered 2.1 to 2.2 (inclusive), the following directors, who, in terms of the Company's MOI, retire by rotation at this Annual General Meeting, and, being eligible, stand and offer themselves for re-election, be and are hereby re-elected:
2.1 Ms Belese Majova
2.2 Ms Karabo Nondumo"

Notes to Ordinary Resolution Number 2

- Resolutions numbered 2.1 to 2.2 (inclusive) above are proposed by separate vote and the re-appointments which they represent constitute separate and divisible ordinary resolutions and will be considered to have received the support of the Nomination Committee

- The reason for resolutions numbered 2.1 to 2.2 (inclusive) is that in terms of the provisions of the Company's MOI, one-third of the 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 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 36 of the integrated annual report

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

"Resolved that the appointment by the Board of Directors of Mr Shaun Blankfield as a director of the Company with effect from 13 May 2015 be and is hereby confirmed in accordance with the Company's MOI in order to become permanent."

Notes to Ordinary Resolution Number 3

The reason for this resolution is that in terms of the Company's MOI, shareholders are required to confirm an appointment made by the Board of Directors post the last Annual General Meeting in order for that appointment to become permanent.

An abridged *curriculum vitae* of this director is set out on page 36 of the integrated annual report.

4. Ordinary Resolution Number 4: 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 appointed as members of the Audit and Risk Committee for the financial year ending 31 December 2016:

4.1 Ms Belese Majova*
4.2 Ms Karabo Nondumo*
4.3 Mr Abiel Mngomezulu"

** Subject to their re-election as a director pursuant to Ordinary Resolution Number 2.*

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 and risk 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 III (chapter 3) and that they possess the required qualifications and experience as prescribed in Regulation 42 of the Companies Regulations, 2011 and therefore recommends their nomination
- Abridged *curricula vitae* of each of the independent non-executive directors proposed to be appointed to the Audit and Risk Committee appear on page 36 of the integrated annual report

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

"Resolved that the re-appointment of KPMG Inc. as the external registered auditors of the Company, and being independent from the Company, be and is hereby approved and Ms Bavhana Sooku be and is hereby appointed as the designated audit partner for the financial year ending 31 December 2016."

Notes to Ordinary Resolution Number 5

- The reason for this resolution is that section 90(1) of the Companies Act requires a company 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 the independence of the external auditors and considered whether or not the external auditors comply with the provision 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 Ms Bavhana Sooku comply with the relevant provisions of the Companies Act and the Listings Requirements

Section B: Ordinary resolution of a non-binding nature

For Ordinary Resolution Number 6 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.

6. Ordinary Resolution Number 6: Non-binding advisory vote on Remuneration Policy

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

The Remuneration report of the Company is set out on pages 42 to 47 of the integrated annual report for the year ended 31 December 2015 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.

Notes to Ordinary Resolution Number 6:

Chapter 2 of King III dealing with boards and directors requires companies to table their Remuneration Policy every year to shareholders for a non-binding advisory vote at the Company's Annual General Meeting. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. The Company's remuneration report is contained on pages 42 to 47 of the integrated annual report. This resolution is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Board of Directors of the Company will take the outcome of the vote into consideration when considering the Company's Remuneration Policy.

Section C: Special resolutions

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

7. 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 2016 as set out below be and are hereby approved.'

Committee	Special Resolution Number	Membership	2016* Proposed annual cost R'000	2016* Proposed retainer per annum R'000	2016* Proposed meeting fees per annum R'000
Board	1.1	Chairperson	492 291	295 375	196 917
	1.2	Member	265 350	159 210	106 140
Audit and Risk	1.3	Chairperson	191 500	114 900	76 600
	1.4	Member	120 085	72 051	48 034
Remuneration and Nomination	1.5	Chairperson	103 516	62 109	41 406
	1.6	Member	63 185	37 911	25 274
Social, Ethics and Transformation	1.7	Chairperson	103 516	62 109	41 406
	1.8	Member	63 185	37 911	25 274

Notes to Special Resolution Numbers 1.1 to 1.8:

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 for the financial year ending 31 December 2016. 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.

An explanation of the proposed fees for 2016 is set out on page 45 of the integrated annual report for 2015.

8. 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 Company's MOI and the Companies Act each as presently constituted and as amended from time to time, the Board of Directors of the Company (the Board) be and is hereby authorised, for a period of two years from the date of this 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 of Directors 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
- written notice of any such resolution by the Board of Directors of the Company 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% 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

9. 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 [(including the conclusion of derivative transactions which may result in the purchase of shares)], 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 Company's 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% of the number of ordinary shares in issue on the date of passing of Special Resolution Number 3, and for each 3% 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 does 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

- any general repurchase by the Company of its own ordinary shares shall not, in aggregate in any one financial year exceed 10% of the Company's issued ordinary shares as at the date of passing of this Special Resolution Number 3; and
- 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% 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, (the Price).
- 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; and
- 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.

Pursuant to and in terms of paragraphs 11.23 and 11.26 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; and
- the method by which the Company and any of its subsidiaries intend to repurchase its securities and the date on which such repurchase will take place, has not yet been determined.

The Listings Requirements require the following disclosures with respect to general repurchases, some of which appear elsewhere in the annual report of which this notice forms part:

- Major shareholders – page 52
- Share capital of the Company – page 50 and note 6 of the annual financial statements

Directors' responsibility statement

The directors, whose names are given on page 36 of the integrated annual report, 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 contain all information required by law and the Listings Requirements.

No material changes to report

Other than the facts and developments reported on in the 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 2015 year end until the date of this notice of Annual General Meeting.

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 their own 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.

Percentage voting rights

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy five percent) of the voting rights to be cast on the resolution.

10. Ordinary Resolution Number 7: 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 hereby is 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."

11. General

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

12. Actions required by Merafe Resources' shareholders

12.1 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.

12.2 Record dates

12.2.1 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, 18 March 2016.

12.2.2 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, 29 April 2016 (record date).

12.2.3 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 Thursday, 21 April 2016.

12.3 Voting and attendance at the Annual General Meeting

12.3.1 If you are a shareholder at record date, you are entitled to attend and vote at the Annual General Meeting or may appoint one or more proxies to attend, speak and vote thereat instead. A proxy need not be a member 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).

12.3.2 The instrument appointing a proxy and the authority (if any) under which it is signed must reach the registered office of the transfer secretaries or the Company's registered office by no later than 11:00 on Tuesday, 3 May 2016.

12.3.3 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.

12.3.4 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.

12.3.5 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.

12.4 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:

- 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
- 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
- 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
- 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
- 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
- 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
- Attention is also drawn to the 'notes to the form of proxy'
- The completion of a form of proxy does not preclude any shareholder attending the Annual General Meeting

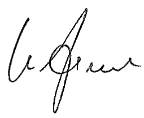
Identification

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 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 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 of Directors



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

8 March 2016

FORM OF PROXY

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 members who have not dematerialised their shares or members 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 twenty-ninth 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 Thursday, 5 May 2016, or at any adjournment thereof.

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

		Number of votes		
Ordinary 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 Belese Majova			
	2.2 Ms Karabo Nondumo			
3	Ordinary Resolution Number 3: Confirmation of appointment of director, Mr Shaun Blankfield			
4	Ordinary Resolution Number 4: Appointment of members to the Audit and Risk Committee for the forthcoming financial year			
	4.1 Ms Belese Majova			
	4.2 Ms Karabo Nondumo			
	4.3 Mr Abiel Mngomezulu			
5	Ordinary Resolution Number 5: Re-appointment of external auditors of the Company, KPMG Inc and to appoint Ms Bavhana Sooku as the designated audit partner			
6	Ordinary Resolution Number 6: Non-binding advisory vote on Remuneration Policy			
7	Special Resolutions Numbers 1.1 to 1.8: Approval of non-executive directors' fees for 2016			
	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			
8	Special Resolution Number 2: Approval of loans or other financial assistance to related or inter-related companies			
9	Special Resolution Number 3: Approval of general authority to repurchase Company shares			
10	Ordinary Resolution Number 7: Authority to sign all documents required to give effect to all resolutions in this Notice			

Signed at on 2016

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, Rennie House, 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 Tuesday, 3 May 2016.
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.

ADMINISTRATION

Merafe Resources Limited
Company registration number: 1987/003452/06

Business address and registered office
Building B
2nd floor
Ballyoaks Office Park
35 Ballyclare Drive
Bryanston
2191

Telephone: +27 11 783 4780/087 310 5639
Telefax: +27 11 783 4789

www.meraferesources.co.za

Company Secretary
CorpStat Governance Services
Hurlingham Office Park
Ground floor
Suite 3
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59 Woodlands Avenue
Hurlingham Manor

Telephone: +27 11 326 0975 or +27 11 783 4780
Telefax: +27 11 783 4789
Email: w.somerville@mweb.co.za
ewaldeck@corpstat.co.za

Auditors
KPMG Inc.
85 Empire Road
Parktown
2193
Private Bag 9
Parkview
2122

Bankers
Absa Bank Limited
180 Commissioner Street
Johannesburg
2001

Standard Bank of South Africa Limited
30 Baker street
Rosebank
2001

Attorneys
Bowman Gilfillan Inc.
165 West Street
Sandton
2196
PO Box 785812
Sandton
2146

Transfer secretaries
Link Market Services South Africa Proprietary Limited
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein
2001
PO Box 4844
Johannesburg
2000

Telephone: +27 11 713 0800

Sponsor
Merrill Lynch South Africa Proprietary Limited
138 West Street, Sandown, Sandton
2196
PO Box 651987
Benmore
2010

Directorate
CK Molefe* (Chairperson), NB Majova*, A Mngomezulu*, K Nondumo*, M Mosweu, Z Matlala (Chief Executive Officer), K Bissessor (Financial Director), S Blankfield

** Independent*

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www.meraferesources.co.za