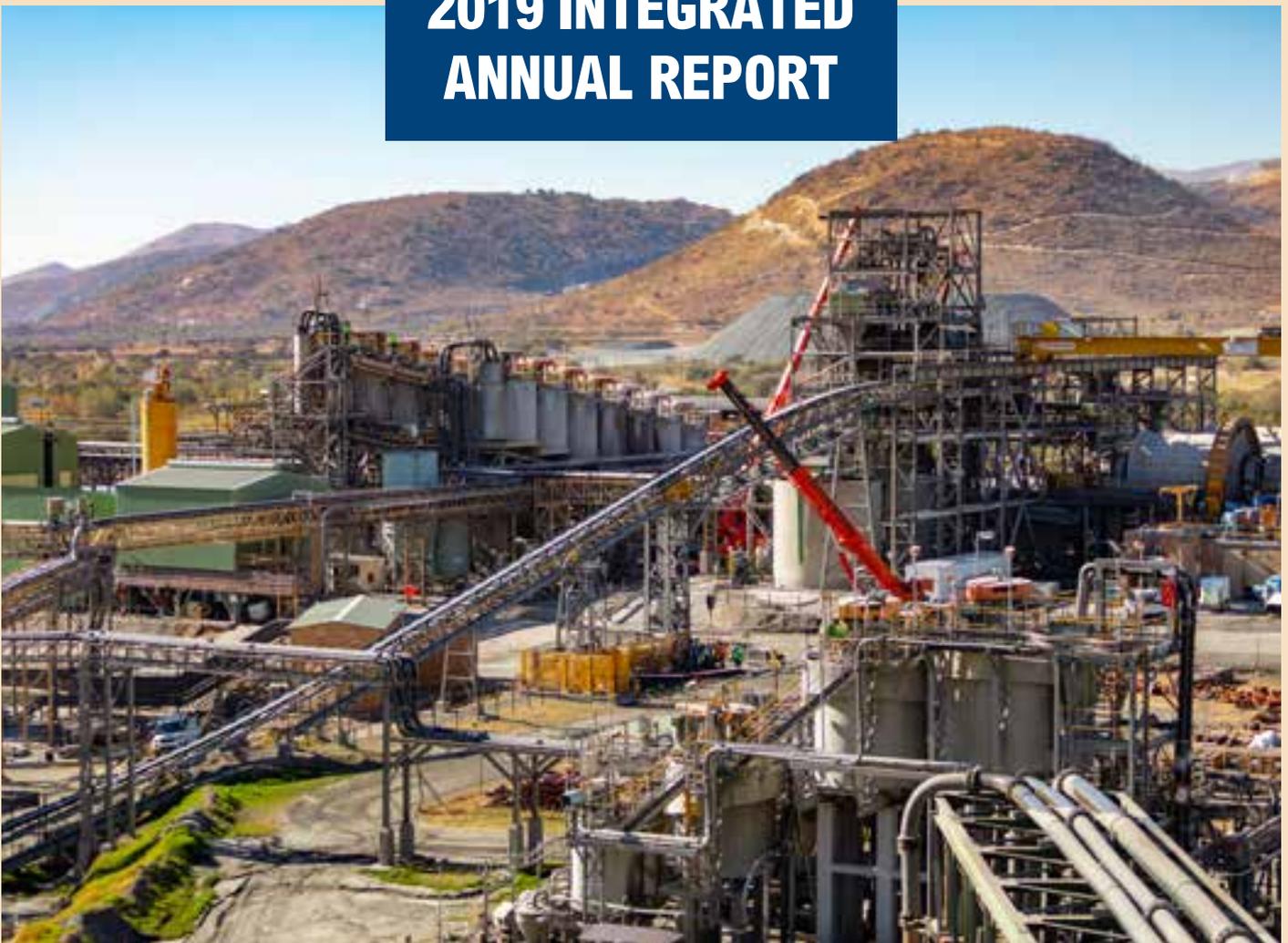


**2019 INTEGRATED
ANNUAL REPORT**



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IBC

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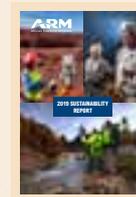
and additional material are available at www.arm.co.za



2019 INTEGRATED ANNUAL REPORT



2019 ANNUAL FINANCIAL STATEMENTS



2019 SUSTAINABILITY REPORT



2019 CORPORATE GOVERNANCE REPORT



2019 KING IV™ 1 APPLICATION REGISTER



2019 MINERAL RESOURCES AND RESERVES REPORT

REFERENCES TO 2019 SUITE OF REPORTS



2019 Integrated annual report



2019 Annual financial statements



2019 Sustainability report



2019 Mineral Resources and Mineral Reserves report



2019 Corporate governance report



King IV™ application register



www.arm.co.za

All monetary values in this report are stated in South African Rand unless otherwise stated. Rounding may result in computational discrepancies on management and operational review tabulations.

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ABOUT THIS REPORT



The integrated annual report is our primary communication with stakeholders. While the report is aimed at shareholders, potential investors and other providers of capital, financial information is balanced with non-financial information to give all stakeholders a better understanding of our business. Our broader stakeholders include employees, trade unions, host communities, customers, suppliers and the governments and regulators of countries in which we operate.

To present a complete view of the company, this report is published as part of a suite of reports and focuses on the most material matters affecting the sustainability of our business. This gives stakeholders the necessary information to properly assess ARM's strategy, performance, prospects risks and opportunities and value creation.

Reporting scope and boundary

This report covers the period from 1 July 2018 to 30 June 2019, and follows a similar structure to the prior year Integrated annual reports. It provides an overview and discusses the performance of our operations in South Africa and Malaysia. Our sustainability objectives and performance are reported only for those operations where ARM has direct or joint management and exclude the ARM Coal, Sakura and Harmony operations.

The 2019 integrated annual report is supplemented by the 2019 annual financial statements, sustainability report, corporate governance report, King IV application register and mineral resources and mineral reserves report, all of which are available on our website: www.arm.co.za.

Reporting principles and frameworks

We have considered the relevant statutory frameworks in preparing this report, including:

- » The Companies Act 71 of 2008 (as amended)
- » King Report™ on Governance for South Africa 2016 (King IV)
- » JSE Listings Requirements
- » All legislation, regulations and codes of practice applicable to the South African mining sector.

A comprehensive checklist of our application of the King IV principles is included on our website.

The financial information in this report and the annual financial statements have been prepared according to International Financial Reporting Standards (IFRS).

Combined assurance

Certain material non-financial disclosures are included in the report. These have been externally assured for reliability and the assurance statement is included in our 2019 sustainability

report. For financial disclosure, the unqualified opinion of the independent external auditors appears on page 5 of the 2019 annual financial statements.

ARM's combined assurance model defines what constitutes appropriate assurance according to the six lines of assurance. A combined assurance report (see the 2019 corporate governance report) identifies potential gaps and duplication in assurance, and provides input on strengthening the control environment. The inter-relationship between ARM's enterprise risk management (ERM) processes, internal audit, external audit and related initiatives by specialists/subject-matter experts reinforces our comprehensive management assurance processes and reporting.

Board approval

The ARM board of directors (the board) acknowledges its responsibility to ensure the integrity of this report. The audit and risk committee, which has oversight responsibility for the report, recommended it for approval to the board. The board confirms it has collectively assessed the report and believes it represents all material matters and presents fairly the company's integrated performance and ability to create value. The board has therefore approved the release of the 2019 integrated annual report.

Dr Patrice Motsepe
Executive chairman

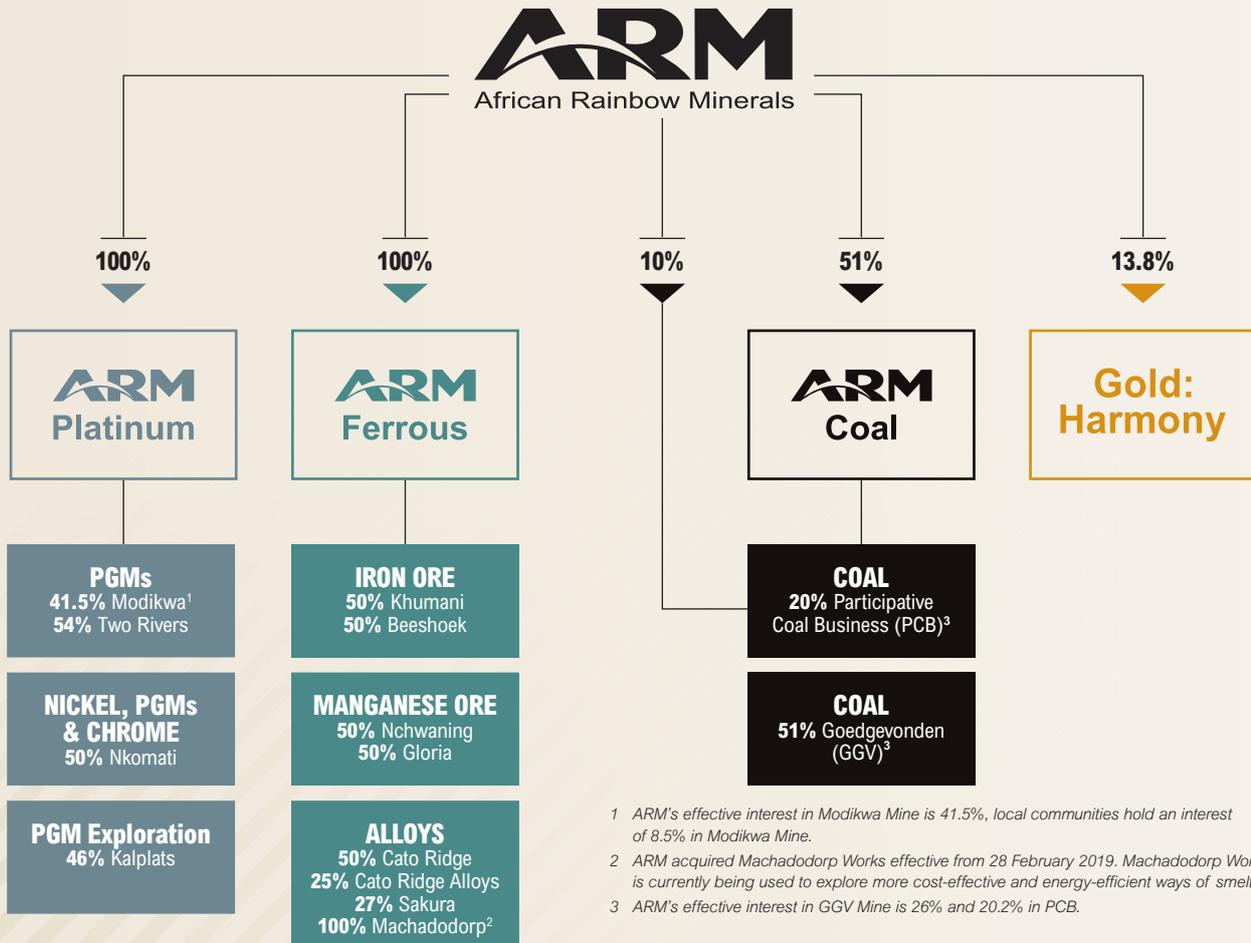
Mike Schmidt
Chief executive officer

We appreciate your feedback

In the interest of continuous improvement and fulfilling the information and engagement needs of our stakeholders, we welcome any feedback on the content and format of our reports. Please direct any feedback to the investor relations department (contact details on the inside back cover).

STRUCTURE AND VALUE CONTRIBUTION

2



1 ARM's effective interest in Modikwa Mine is 41.5%, local communities hold an interest of 8.5% in Modikwa Mine.
 2 ARM acquired Machadodorp Works effective from 28 February 2019. Machadodorp Works is currently being used to explore more cost-effective and energy-efficient ways of smelting.
 3 ARM's effective interest in GGV Mine is 26% and 20.2% in PCB.



The metals and minerals ARM produces are essential to support many aspects of modern society

Iron ore, manganese and nickel are used in the production of steel. Crude steel is a key component in the infrastructure needed to sustain and support development of cities and communities. This includes hospitals and schools to improve health and education. Steel is not only essential in infrastructure development, but also in the production of machinery and equipment which is used in industries, which drive job creation and economic growth. Steel is also a critical part of water and energy distribution systems, agricultural irrigation, transport infrastructure, alternative energy systems and information and communication technology. Stainless steel too has many industrial and medical applications.

The metals and minerals ARM produces are also contributing to a reduction in carbon emissions. Platinum group metals (PGM) in vehicle catalytic convertors reduce harmful emissions from motor vehicles supporting action to mitigate climate change. Hydrogen fuel cells are a promising source of clean energy that uses platinum to generate energy from hydrogen and oxygen, with water being the only emission.

Nickel and manganese are also used in certain types of lithium-ion energy storage technologies, which play a role in the growth in renewable energy and electromobility.

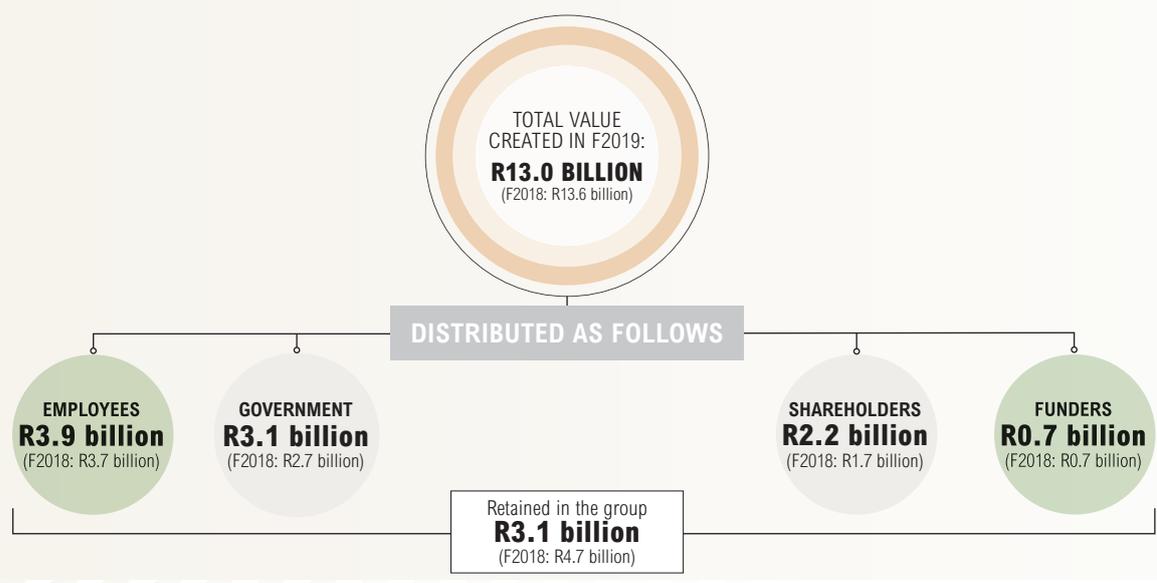
China's focus on addressing its pollution challenges through improved efficiencies in heavy industries has increased demand for higher quality ores, which produce lower emissions when processed. Our high-quality iron and manganese ores offer customers the ability to optimise production and reduce emissions. For example, use of lumpy iron ore in the steel making process reduces Scope 1 emissions associated with the sintering process.

ARM's activities create value for our stakeholders in a variety of ways

ARM operations are located in some of the poorest and most remote parts of the country and provide employment opportunities, skills development and educational support in these areas. Infrastructure investments and support for social projects in local communities support socio-economic development and improve community sustainability.

In F2019, ARM's activities created R13.0 billion in financial value (F2018: R13.6 billion)

Below is a summary of how the value we created was distributed to our various stakeholders.



Contributions from ARM operations over the last five years (on a 100% basis) included:

<p>R9.6 billion paid as taxes and royalties.</p>	<p>R757 million invested in community development.</p>	<p>Providing employment for 21 417 employees and contractors (as at 30 June 2019).</p>	<p>Improved HDSA representation in management from 51% in F2015 to 62% in F2019.</p>	<p>R54 billion paid in procurement. In the year to December 2018, 84% of services, 79% of capital equipment and 86% of consumables procured were allocated to HDSA suppliers.</p>
<p>Paid R18.4 billion to employees as salaries, wages and benefits.</p>	<p>Invested R1.07 billion in training initiatives to improve the skills of employees.</p>	<p>Provided 1 198 bursaries.</p>	<p>Provided adult education and training (AET) to 745 employees and 1 833 community members at ARM facilities since F2015, increasing their confidence and employability.</p>	

WHERE WE OPERATE

4



Khumani

Iron ore

- Open-pit mechanised mine
- △ **14.5Mt iron ore**
- LOM 21 years
- EMPL **3 827**
- LTIFR 0.08
- ☐ 60th percentile

See page 64 for the ARM Ferrous operational review.

Beeshoek

Iron ore

- Open-pit mechanised mine
- △ **3.5Mt iron ore**
- LOM 7 years
- EMPL **1 445**
- LTIFR 0.06
- ☐ 60th percentile

See page 64 for the ARM Ferrous operational review.

Nchwaning and Gloria (collectively Black Rock)

Manganese ore

- Underground mechanised mine
- △ **3.4Mt manganese ore**
- LOM >30 years
- EMPL **5 528**
- LTIFR 0.33
- ☐ 40th percentile

See page 64 for the ARM Ferrous operational review.

Cato Ridge Works

Ferromanganese

- Smelter
- △ **206 000t ferromanganese**
- EMPL **552**
- LTIFR 0
- ☐ 70th percentile

See page 64 for the ARM Ferrous operational review.

Sakura Ferroalloys

Ferromanganese

- Smelter
- △ **249 000t ferromanganese**
- LOM >30 years
- EMPL **Not reported by ARM**
- LTIFR **Not reported by ARM**
- ☐ 45th percentile

See page 64 for the ARM Ferrous operational review.

Two Rivers

6E PGM metals

- Underground mechanised mine
- △ **313 000 6E PGM oz**
- LOM >30 years
- EMPL **3 261**
- LTIFR 0.47
- ☐ 40th percentile

See page 52 for the ARM Platinum operational review.



- ARM Platinum
- ARM Ferrous
- ARM Coal

Modikwa

6E PGM metals

- Underground mine
- △ **307 000 6E PGM oz**
- LOM >30 years
- EMPL **4 439**
- LTIFR 0.90
- 55th percentile

IAR See page 52 for the ARM Platinum operational review.

Nkomati

Nickel (by-products including PGM, chrome, copper and cobalt)

- Open-pit mechanised mine
- △ **14 200t nickel, 110 000 oz PGM, 443 000t chrome, 7 000t copper, 820t cobalt**
- LOM 1 year
- EMPL **1 994**
- LTIFR 0.07
- 75th percentile

IAR See page 52 for the ARM Platinum operational review.

Goedevonden (GGV)

Thermal coal

- Open-pit mechanised mine
- △ **7.0Mt saleable thermal coal**
- LOM 21 years
- EMPL **Not reported by ARM**
- LTIFR Not reported by ARM
- 35th percentile

IAR See page 78 for the ARM Coal operational review.

Participative Coal Business (PCB)

Thermal coal

- Open-pit and underground mechanised mine
- △ **15.3Mt saleable thermal coal**
- LOM 20 years
- EMPL **Not reported by ARM**
- LTIFR Not reported by ARM
- 30th percentile

IAR See page 78 for the ARM Coal operational review.

- Mt** Million tonnes
- PGM** platinum group metals
- Mine/operation type
- △ F2019 approximate production volumes on a 100% basis
- LOM** Approximate life-of-mine
- EMPL** Number of employees at 30 June 2019 (full-time employees and contractors)
- LTIFR** F2019 lost-time injury-frequency rate (LTIFR) per 200 000 man-hours
- Position on the global commodity unit cost curve (F2019)

HOW WE CREATE VALUE

(BUSINESS MODEL)

6

INPUTS

FINANCIAL CAPITAL

Our assets, cash flow from operations and funding from shareholders and other providers of capital.

IAR  Refer to the financial review on pages 32 to 47.

PEOPLE

Our people are crucial to our ability create value for all stakeholders. We aim to maintain a safe, healthy and non-discriminatory work environment for all employees and ensure our operations are adequately resourced with skilled, engaged and motivated employees.

IAR  SR  See section on ensuring a safe, healthy and appropriately skilled workforce in operational reviews and 2019 sustainability report.

RELATIONSHIPS

Sound relationships with all stakeholders are key to the sustainability of our business. In particular, relationships with our employees, trade unions, host communities, regional and national governments and regulators support our social licence to operate.

IAR  SR  Refer to the section on maintaining our social licence to operate in the operational reviews and the 2019 sustainability report.

NATURAL CAPITAL

The mineral resources and reserves in our portfolio are the largest part of our natural capital. Other natural resources we use to extract and process the minerals we mine include energy, water and land.

IAR  SR  Refer to the section on ensuring responsible stewardship of natural resources in the operational reviews and the 2019 sustainability report.

INNOVATION

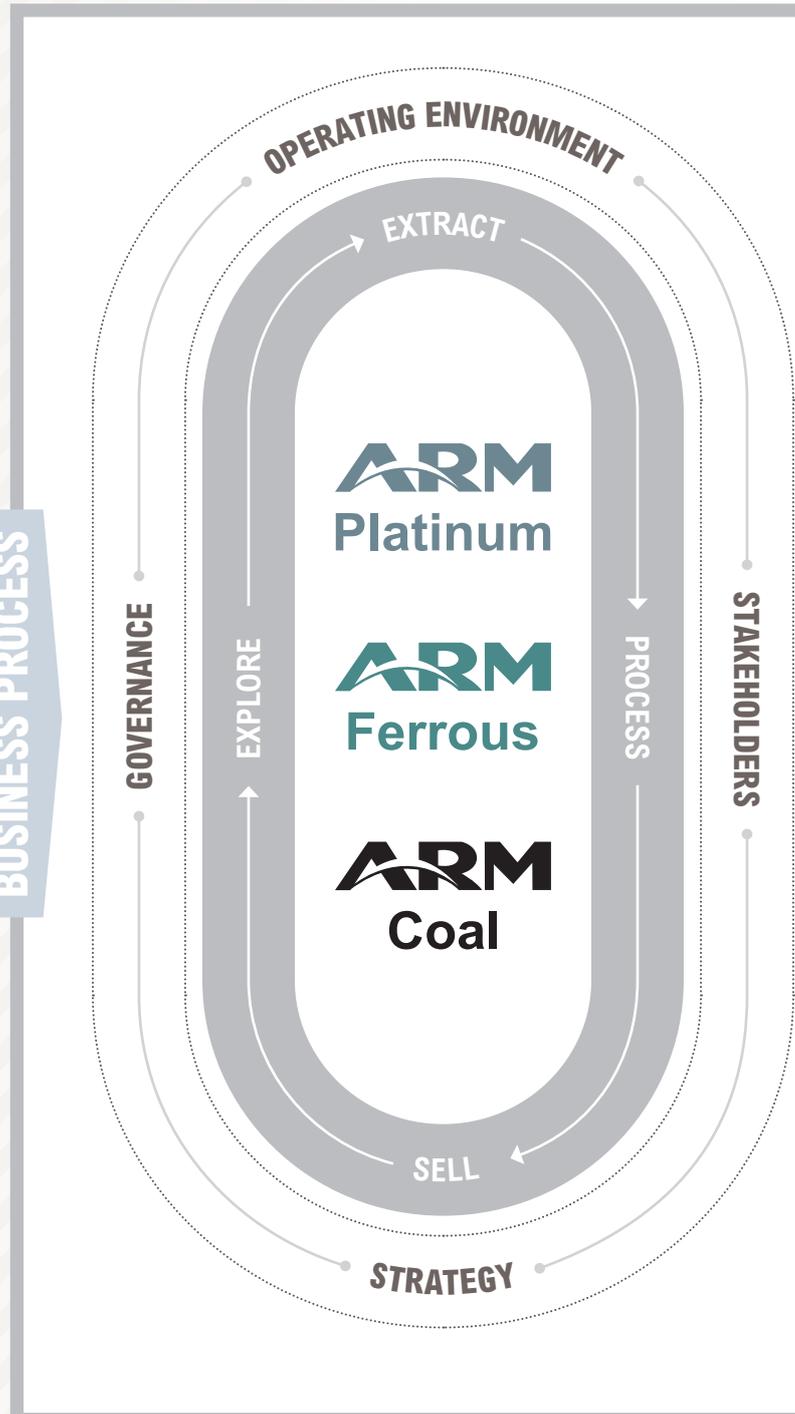
Access to and investment in innovation and technology allows ARM to continuously improve production processes. Mining is a technology intensive industry. The knowledge, experience and expertise that we have among our subject matter experts is key in differentiating ARM. Our innovation also includes information technology systems, risk management processes, and research and development.

CGR  Refer to the information technology report in the 2019 Corporate governance report.

MANUFACTURED ASSETS

Our operations rely on above and below-ground infrastructure and specialised equipment to extract and process minerals. Efficient use of this infrastructure and equipment is crucial to cost-effective extraction and processing of our minerals.

BUSINESS PROCESS



OUTPUTS

PRODUCTION

730 000 6E PGM ounces
17.8Mt iron ore
3.4Mt manganese alloys
455 000t ferromanganese
22.3Mt thermal coal
662 000t chrome concentrate
14 200t nickel
7 200t copper
820t cobalt

Consumption of energy generated from fossil fuels and hydro

CO₂ emitted

Water consumed

Waste generated

OUTCOMES

FINANCIAL CAPITAL

Headline earnings:
R5 226 million

(F2018: R4 814 million)

Segmental EBITDA: R9 336 million
(F2018: R8 016 million)

Net cash to equity ratio: 9% (F2018: 4%)

Dividends paid: R2 206 million
(F2018: R1 714 million)

Return on capital employed: 18%
(F2018: 19%)

PEOPLE

One fatality

at our managed operations in F2019¹
(F2018: 1)

LTIFR of **0.42** per 200 000 man-hours
(F2018: 0.38 per 200 000 man-hours)

RELATIONSHIPS

R175 million invested in host communities through corporate social responsibility initiatives
(F2018: R156 million)

Jobs created through local economic development and enterprise supplier development investments

NATURAL CAPITAL

7% increase

in scope 1 and 2 carbon emissions

Concurrent rehabilitation of land

Responsible waste disposal

Implementation of a

detailed water accounting framework completed.

19% increase in water withdrawals reported, with a 70% re-use efficiency

INNOVATION

New patents registered for alternative smelting technology

MANUFACTURED ASSETS

R3 242 million

in capital expenditure (segmental basis)
(F2018: R2 464 million)

TRADE-OFFS

Financial capital is prudently allocated to maintain the appropriate balance between corporate sustainability and stakeholder benefit.

Disciplined capital allocation ensures our continued growth, and supports our ability to add value to all our other capitals.

Safety/health and skills development underpin productivity, so while our top priorities are to keep our people safe, healthy and reaching their full potential, ARM benefits from higher productivity.

Our communities grant our social licence to operate. We invest significantly to address real community needs and contribute to improving the lives of those living in our host communities.

Our investment in natural capital utilises financial capital and is essential to protect resources for future generations.

Innovation and efficiency underpin the profitability/financial viability of modern mining operations, and attract investment that, in turn, ensures sustainability.

¹ An employee was fatally injured at the Two Rivers mine in September 2019, after the financial year end.

OPERATING ENVIRONMENT

8



Macro environment

Global economic growth is forecast to weaken more than expected in 2019, reflecting rising trade tensions between the United States and China and rising government debt in various countries as well as deeper-than-expected slowdowns in several major economies. Sluggish global growth is having a knock-on effect on emerging economies, such as South Africa, manifesting in subdued investment growth in addition to structural constraints.

ARM's diverse products are sold into different markets:

- » Iron ore and manganese ore are marketed and sold on behalf of Assmang by Assore primarily to steel producers in **China, Japan, Malaysia, India** and **Europe**. A relatively smaller proportion is sold **locally**
- » Manganese alloys are mainly sold into the United States of America, India and Taiwan
- » PGMs are sold in concentrate form to local smelters and refineries
- » Coal is marketed and sold by our joint-venture partners, Glencore, to various markets, mainly **China and India**
- » Nickel produced at Nkomati Mine is sold in concentrate form to a subsidiary of Norilsk Nickel (Metal Trade Overseas)
- » Chrome concentrate, produced as a by-product at Nkomati and Two Rivers mines, is sold locally or exported.

This effectively spreads the risk of selling a single commodity to a single market, although it does expose us to various market and commodity dynamics. These are closely monitored to enable us to anticipate and respond effectively.

Regionally, for our key markets, the latest World Bank report (Global Economic Prospects June 2019) expects slowing growth in East Asia and Pacific, which includes China and South Korea to 5.9% this year – the first time in over 20 years that growth in this region is expected to dip below 6%. In contrast, the World Bank forecasts solid growth in South Asia, with India projected to accelerate to 7.5% in 2019 and 2020.

South African operating environment

Escalating global trade and geopolitical tensions are exacerbating pressures on the South African economy, with GDP contracting 3.2% in the first quarter of calendar year 2019 (C2019) but rebounding by a similar percentage in the second quarter. The South African Reserve Bank believes the sharp decline was primarily caused by electricity shortages and strikes that led to broader weakness in investment, household consumption and employment growth. The Reserve Bank revised its GDP forecast for 2019 down to 0.6%, cautioning that investment prospects would remain limited in the absence of structural reforms, while any escalation in trade tensions could have further negative impacts. GDP expectations for South Africa according to the World Bank are more modest at 1.5% in 2020, and more at risk to external and internal factors.

Rand versus US Dollar exchange rate

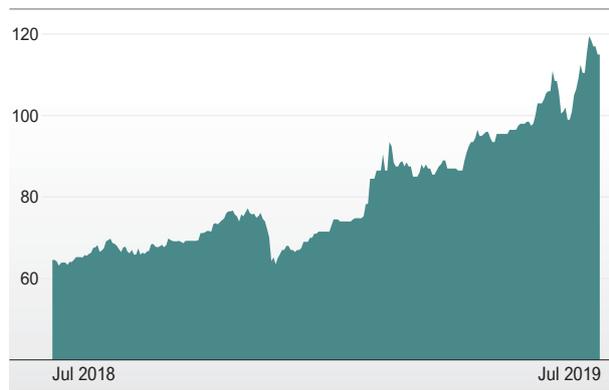
The Rand has weakened against the US Dollar along with other emerging market currencies. Much of the Rand's weakness has been as a result of thin, illiquid trading conditions amid continued trade talks between the US and China as well as developments in US monetary policy. In addition, domestic issues including uncertainty around government's reform plans and concerns about key government state-owned entities are contributing to Rand volatility.

Summary of key commodity markets

Iron ore (ARM Ferrous)

Iron ore prices rallied strongly in F2019, fuelled by supply disruptions from major producers (mainly the tailings dam incident at Vale's Brazil operations). Chinese steel production has also surprised on the upside particularly in the second half of the financial year further supporting prices. Supply is expected to normalise into F2020 putting downward pressure on prices.

62% IRON ORE FINES PRICE CIF CHINA (US\$/t)

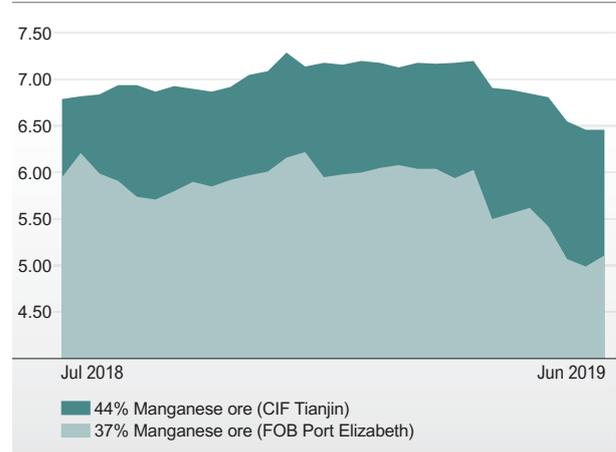


Manganese ore (ARM Ferrous)

Manganese ore prices have trended downwards since the beginning of F2019, dropping 35% from their peak in F2018. Given the still healthy margins for most producers at current spot prices, some capacity expansions are planned, which could put pressure on prices.

With better-than-expected steel production in China (discussed above) and stricter steel production standards (which have resulted in increased intensity of use per tonne of steel), downside risk in the manganese ore market is on the supply side.

44% MANGANESE ORE AND 37% MANGANESE ORE PRICES (US\$/mtu)



PGM (ARM Platinum)

Given the numerous end uses for PGM, their price movements correlate to global manufacturing activity, which in turn shapes the dynamics of supply and demand.

The platinum price has largely drifted sideways in F2019. Palladium ended the year around 60% higher despite the slowdown in global manufacturing. Because PGMs, particularly palladium and rhodium are essential elements in the autocatalysts that reduce vehicle emissions, tightening



OPERATING ENVIRONMENT continued

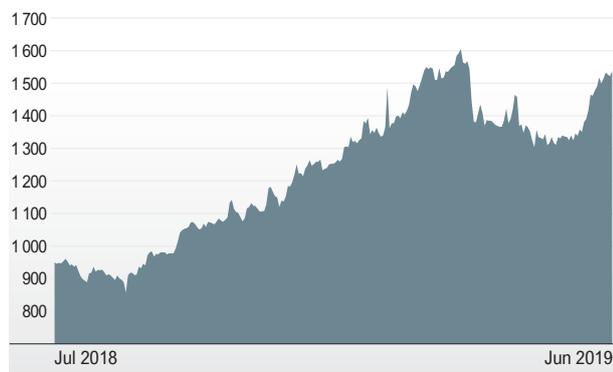
environmental regulations support demand. There is a limited basis for platinum prices to recover materially in the short term as diesel auto demand in Europe continues to fall and jewellery demand in China remains muted.

The longer-term outlook for PGM remains stable. In addition to autocatalytic converters, research continues into technologies supporting clean mobility, such as fuel cells.

PLATINUM SPOT PRICE
(US\$/oz)



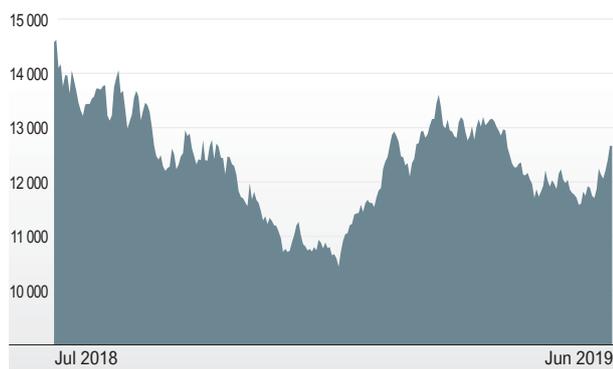
PALLADIUM SPOT PRICE
(US\$/oz)



Nickel (ARM Platinum)

The 2019 rally in the nickel spot price reflects fundamental demand for the metal from electric vehicle battery producers, although concerns have been raised about the sustainability of higher prices in the short to medium term.

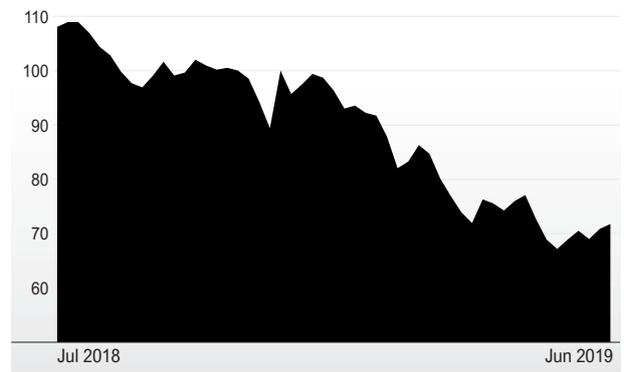
NICKEL SPOT PRICE
(US\$/t)



Thermal coal (ARM Coal)

Thermal coal prices have declined rapidly in the past year. The magnitude and speed of the fall in seaborne thermal coal prices has focused the market's attention on demand, supply and price risks after a long period of complacency. With capacity in the seaborne thermal market currently exceeding demand, any impact of constrained supply, as a result of underinvestment in thermal coal expansions due to climate change concerns is not expected to be felt for at least the next two to three years.

API 4 THERMAL COAL PRICE
FOB Richards Bay (US\$/t)



Outlook

Global GDP growth remains at risk as concerns about a slowdown in China's growth and uncertainty about the US-China trade negotiations persist. Other global events driving sentiment include uncertainty over Brexit negotiations, geopolitical tensions between the US and Iran and central bank monetary policy responses. These risks continue to impact commodity prices, currencies and equity markets globally, increasing volatility.

Trends in addressing pollution concerns, particularly in China and tightening emission regulations globally are expected to continue supporting demand for high-quality bulk commodities, positioning ARM's high-grade iron ore and manganese ore well. In the medium to long term, global emission reduction initiatives and the move to cleaner mobility and energy are expected to put pressure on demand for PGMs and thermal coal but create opportunities for other commodities in our portfolio, including bulk and base metals. PGM producers continue to conduct research that will enable PGMs to be part of the clean mobility solution including fuel cell technology.



KEY STAKEHOLDERS

12

We recognise the value of proactively engaging with key stakeholders. We have an interdependent relationship with our stakeholders and appreciate that our ability to create long-term sustainable value depends on our ability to create value for others.



Our success and the sustainability of the operations rely on balancing the needs, interests and expectations of stakeholders with those of the group in a dynamic and ongoing process. Interactions with our stakeholders provide a broader context, inform our most material matters, risks and opportunities and provide input into the strategy and long-term direction of ARM.

We define stakeholders as those individuals or groups that have a material interest in, or are affected by our operations. The board is responsible for identifying stakeholders and developing appropriate strategies, while the social and ethics committee is responsible for monitoring stakeholder relationships.

We engage with stakeholders through both formal and informal interactions, at the corporate, divisional and operational level as appropriate to the stakeholder. The stakeholder communication policy, contained in the code of conduct, includes measurable outcomes for all engagements. The content of engagements is recorded in operational engagement reports to ensure that learnings are documented and shared effectively. Stakeholder

and community engagement are agenda items at operational, divisional and group meetings.

Senior executives responsible for stakeholder engagement include the executive chairman, CEO, finance director, divisional chief executives, executive: corporate affairs and head of investor relations, executive: compliance and stakeholder relations, executive: sustainable development and divisional senior management.

Key stakeholder concerns and ARM responses

Shareholders, potential shareholders, analysts and other investors

HOW WE ENGAGE	ISSUES RAISED	RESPONSE
<ul style="list-style-type: none"> » Annual general meeting. Decisions taken at shareholder meetings are disclosed on the company's website following the meetings » A comprehensive investor relations programme to communicate with domestic and international shareholders, fund managers and investment analysts. This includes one-on-one meetings with institutional investors in South Africa and internationally through roadshows after interim and provisional results » Conferences » ARM's website provides updates on the company's operations, financial performance and other information » Integrated annual report and the accompanying suite of reports. 	<ul style="list-style-type: none"> » Growth » Unit cost performance » Capital allocation » Labour relations » Dividends » Share price performance » Environmental, social and governance (ESG) issues. 	<ul style="list-style-type: none"> » Transparent, comprehensive and objective communications » Strategic focus on operating assets efficiently and disciplined allocation of capital » ARM's investor relations department communicates with institutional shareholders, the investment community and the media » Discussions with JV partners and management to raise awareness of the concerns and expectations of analysts and fund managers » Regular meetings, promoting open communication and transparency » Summaries of the decisions taken at shareholders' meetings are disclosed on the company's website following the meetings.

Bankers, insurers and funders

HOW WE ENGAGE	ISSUES RAISED	RESPONSE
<ul style="list-style-type: none"> » Ongoing maintenance of relationships through meetings and general discussions with bankers and insurance managers » Annual ARM insurance market visit to international and local markets. 	<ul style="list-style-type: none"> » Liquidity » Solvency » Funding » Insurance management. 	<ul style="list-style-type: none"> » Responsible management of ARM's financial position to ensure that it continues to meet its financial needs » A comprehensive risk financing and transfer programme is in place.

Joint venture partners

HOW WE ENGAGE	ISSUES RAISED	RESPONSE
<ul style="list-style-type: none"> » Ongoing management interaction during the ordinary course of business » Monthly executive management and quarterly board meetings. 	<ul style="list-style-type: none"> » Sustainable development » Financial performance » Operational performance » Equitable treatment » Operational strategy. 	<ul style="list-style-type: none"> » ARM holds itself to the highest ethical and governance standards in dealings with all stakeholders, including joint venture partners.

Employees and organised labour

HOW WE ENGAGE	ISSUES RAISED	RESPONSE
<ul style="list-style-type: none"> » Regular performance reviews and feedback » Annual internal results presentation » Regular internal roadshows » Annual employee surveys » Company intranet and website » Monthly shop steward meetings » Other meetings with unions as required » Wage negotiations. 	<ul style="list-style-type: none"> » Remuneration » Training » Health and safety » Transformation. 	<ul style="list-style-type: none"> » Human resources strategies aim to make ARM an employer of choice, including maintaining good relationships with unions » Commitment to fair treatment and remuneration of employees » Focus on skills development and career-planning programmes to assist employees to develop to their full potential » Recognition agreements with one or more unions where the required representation levels are reached.

KEY STAKEHOLDER CONCERNS AND ARM RESPONSES continued

Communities, civil society and non-governmental organisations

HOW WE ENGAGE	ISSUES RAISED	RESPONSE
<ul style="list-style-type: none"> » Specialised community discussions/ meetings to understand their specific concerns » Social investment forums discuss investment in communities surrounding the operations » Monthly/quarterly meetings are held to discuss Local Economic Development (LED) and Corporate Social Investment (CSI) projects » Future Forums » Attendance registers and minutes of these meetings are kept » The ARM Trust » Consultations with interested and affected parties for changes or expansions to current operations in terms of the Regulations of the National Environmental Management Act (NEMA) and other relevant legislation » Community open days. 	<ul style="list-style-type: none"> » Community needs, including socio-economic development, infrastructure development and employment » Status of social projects, operational changes and expansions » Environmental issues affecting communities » Employment from local communities » Service delivery challenges » Transformation. 	<ul style="list-style-type: none"> » Engagement with communities at specialised discussions/meetings to understand their specific concerns » Attendance registers and minutes of engagement meetings » Community open days support information sharing and relationship building » ARM Trust invests in the upliftment of rural communities throughout South Africa by partnering with traditional and other community leaders » Changes or expansions to our current operations require engagement with interested and affected parties through stakeholder consultation processes as prescribed by NEMA and other relevant legislation.

Government

HOW WE ENGAGE	ISSUES RAISED	RESPONSE
<ul style="list-style-type: none"> » ARM engages local and provincial government with respect to local economic development (LED) projects, licences and compliance with the relevant safety and environmental legislation » ARM also engages with national government on matters of policy-making as required » Regular reports are submitted by the operations on socio-economic development (SED) projects » Annual Mining Charter Scorecard reports are submitted to the DMRE by each mine » dti annual audit for BEE verification » A workplace skills plan is submitted to the Mining Qualifications Authority (MQA) annually » Representation on various industry bodies that engage with government. 	<ul style="list-style-type: none"> » Social investment » Health and safety » Environmental management » Transformation » Compliance with the dti Codes of Good Practice and Mining Charter » Regular progress reports and updates. 	<ul style="list-style-type: none"> » Engagements with local and provincial government with respect to LED projects, licences and compliance with relevant safety and environmental legislation » Engagements with national government on matters of policy-making as required » Regular reports are submitted by the operations on SED projects » Annual Mining Charter Scorecard reports are submitted to the Department of Mineral Resources and Energy (DMRE) by each mine.

Industry associations*

HOW WE ENGAGE	ISSUES RAISED	RESPONSE
<ul style="list-style-type: none"> » Regular scheduled association meetings. 	<ul style="list-style-type: none"> » Sustainable development » Labour issues » Financial sustainability » Implementation of best practice » Industry-specific issues » Changes in legislation. 	<ul style="list-style-type: none"> » Representation in various executive and other roles in industry associations to engage and give input on various industry issues and communicate with industry and government stakeholders.

* Includes the Minerals Council South Africa, International Council on Mining and Metals, Ferro Alloy Producers' Association, Association of Mine Managers of South Africa, Association of Resident Engineers, Business Unity South Africa, Water User Associations and the Energy Intensive Users Group.

Customers

HOW WE ENGAGE	ISSUES RAISED	RESPONSE
<ul style="list-style-type: none"> » Continual interactions in the ordinary course of business » Annual contractual negotiations » Regular service level agreement renewals. 	<ul style="list-style-type: none"> » Product quality » Timing of product delivery » Sustainability issues. 	<ul style="list-style-type: none"> » Processes are in place to ensure consistency of product quality » ARM contracts with logistics and freight service providers, including Transnet.

Suppliers and local business

HOW WE ENGAGE	ISSUES RAISED	RESPONSE
<ul style="list-style-type: none"> » Continual interactions in the ordinary course of business » Annual contractual negotiations » Regular service level agreement renewals » Scheduled meetings with local business. 	<ul style="list-style-type: none"> » Local economic development » Industry issues » Fair payment terms » Fair treatment » Valid BEE certification » Ethics » Sustainability issues. 	<ul style="list-style-type: none"> » Support for local enterprise development through our community social responsibility (CSR) initiatives » Payment terms align with industry standards » ARM operates ethically and does not tolerate unfair discrimination » ARM requires valid BEE certificates to support transformation in its supply chain.

Media

HOW WE ENGAGE	ISSUES RAISED	RESPONSE
<ul style="list-style-type: none"> » One-on-one interviews » Press releases » Stock Exchange News Service (SENS) announcements » Media contact function on the company website » Publications on the ARM website. 	<ul style="list-style-type: none"> » Topical issues as they arise. 	<ul style="list-style-type: none"> » ARM's investor relations department communicates with the investment community and the media, and facilitates access to information and management where possible.



MATERIAL MATTERS

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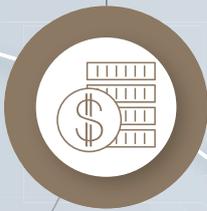


ARM's material matters are determined at board, executive and operational levels by considering the financial and non-financial risks, opportunities and other factors that affect our strategy, performance, prospects, governance and value creation. These are matters with the greatest potential impact on stakeholders and our ability to create long-term sustainable value.

We determine and prioritise our most material matters by assessing a range of internal and external influences including:

- » ARM's comprehensive enterprise risk management (ERM) process, which includes detailed identification of risks and opportunities ranging from business unit risk assessments at the individual operations to strategic, tactical and major operational risks at operational, divisional and group level
- » Board, committees and executive committee discussions
- » Interviews with the executive chairman, chief executive officer, finance director and chief executives of the divisions
- » The needs, interests and expectations of our key stakeholders
- » Peer reporting
- » Guidelines and frameworks
- » Legislation
- » Industry initiatives
- » Media monitoring.

In F2019, material matters were reviewed against board and executive committee deliberations, feedback from formal and informal engagements with stakeholders during the year, a review of media reports and peer analysis. The review concluded that the material matters reported in F2018 remained broadly relevant for the current reporting period although some of the components and descriptions have changed.



Delivering financial returns to shareholders and other providers of capital



Continuously improving operational performance



Ensuring a safe, healthy and appropriately skilled workforce



Maintaining our social licence to operate



Ensuring responsible stewardship of natural resources

Components

- » Balancing growth and dividends within a robust and flexible financial position
- » Addressing loss-making and cash-negative operations.

F2019 responses

- » Capital allocation guiding principles were refined and a dividend formula was approved by the board
- » All operations were headline earnings positive except Nkomati Mine and Sakura Ferroalloys. A decision was taken to scale down Nkomati Mine and place it on care and maintenance
- » Sakura Ferroalloy is being negatively impacted by high input costs (particularly manganese ore and reductant prices). Various initiatives have been introduced to improve costs.

Components

- » High unit-cost production escalations across all operations
- » Consistency and security of water supply at the Northern Cape operations
- » Progressing the Black Rock Mine and Gloria modernisation projects on schedule and on time.

F2019 responses

- » Unit costs affected by production volume decreases and above-inflation diesel, electricity and labour cost increases
- » The Northern Cape operations continued to work with the Sedibeng Water Board and a capital user charge was agreed
- » Black Rock Mine and Gloria modernisation projects on schedule.

Components

- » Maintaining safety performance at all operations
- » Attracting and retaining key skills, particularly at Nkomati Mine.

F2019 responses

- » Initiatives implemented at all operations to improve safety
- » A decision was made to scale down Nkomati Mine; and retraining skills remains a challenge at this mine.

Components

- » Community unrest.

F2019 responses

- » Each operation continued to invest in host communities through social and labour plans, local economic development and corporate social investment. This investment spanned infrastructure, education, health, skills development and creating employment
- » ARM also continues to work with community forums, municipalities and government on community investment.

Components

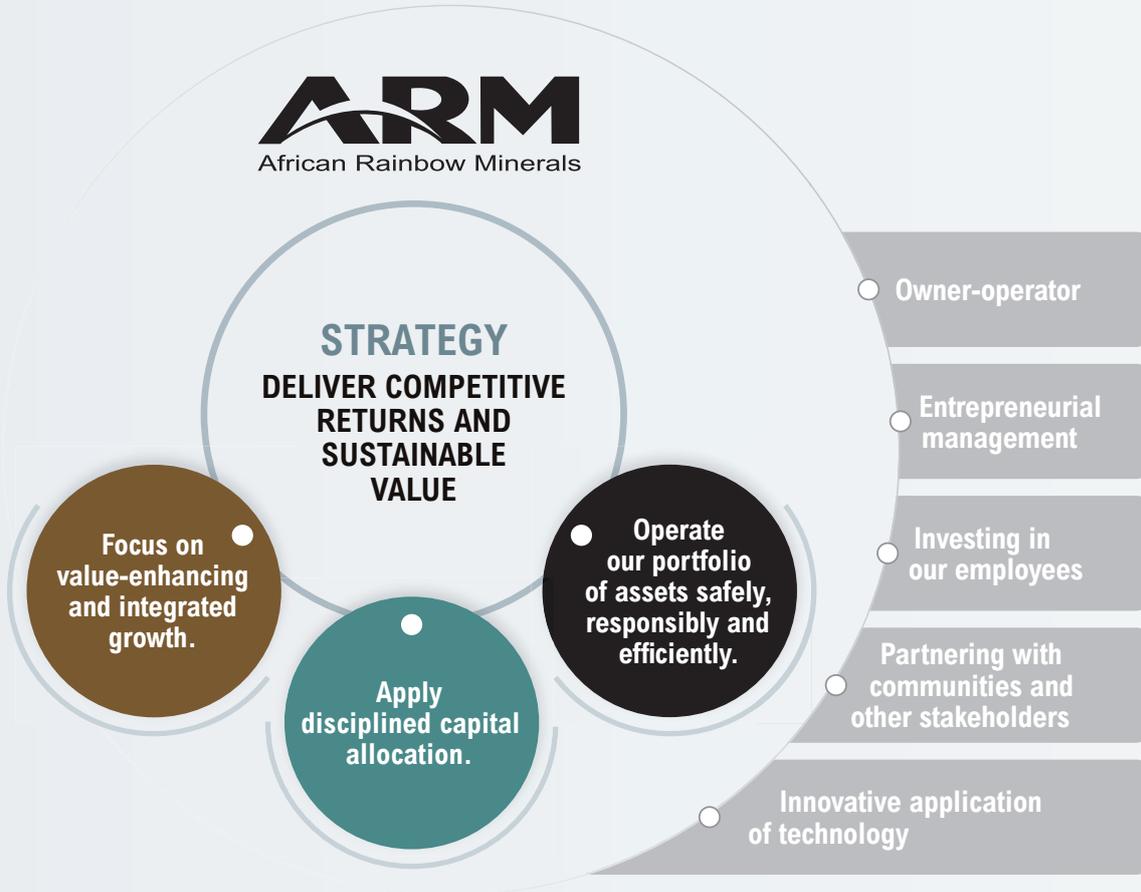
- » Climate change and reducing carbon emissions
- » Efficient energy use
- » Responsible water use
- » Safe and responsible management of tailings.

F2019 responses

- » Implementation of the water accounting framework finalised
- » External review and dam breach analysis of failings storage facilities have been commissioned.

STRATEGY

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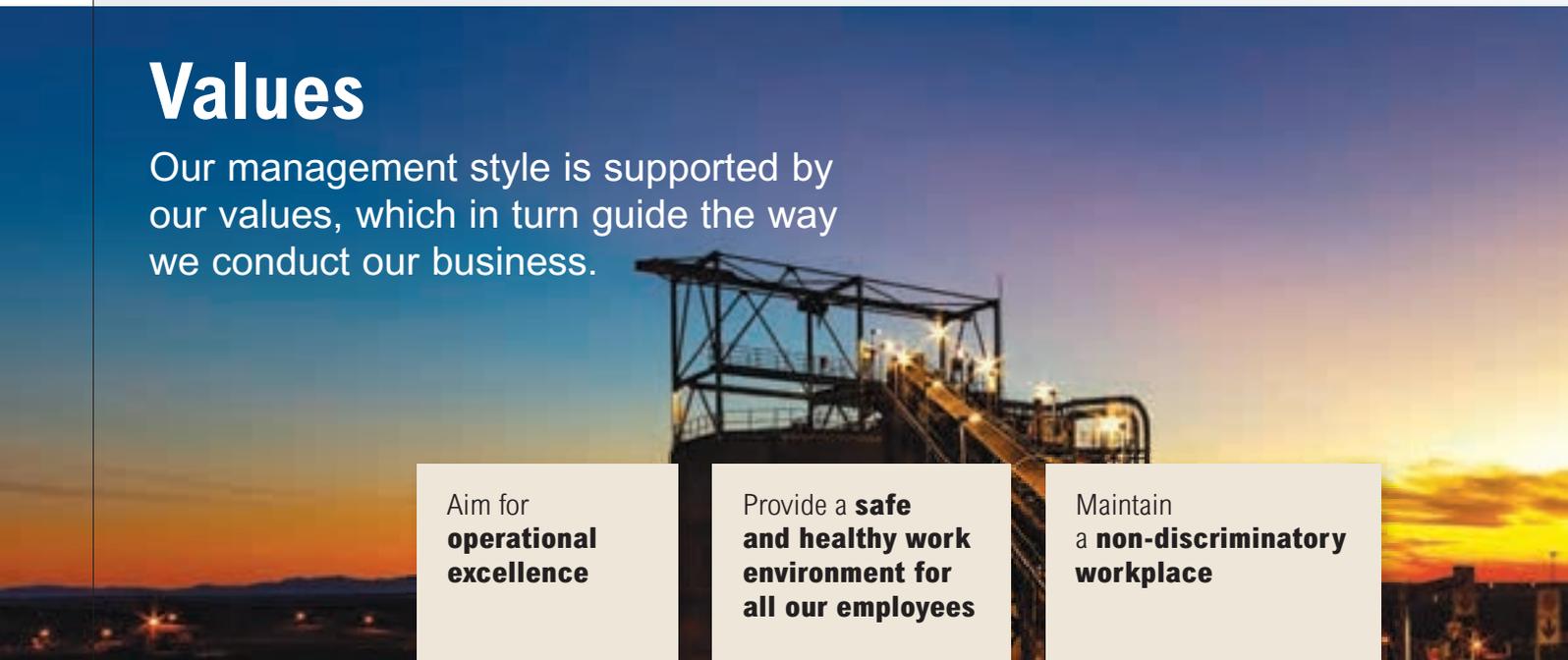
Values

Our management style is supported by our values, which in turn guide the way we conduct our business.

Aim for **operational excellence**

Provide a **safe and healthy work environment for all our employees**

Maintain a **non-discriminatory workplace**



Strategy: Deliver competitive returns and sustainable value

Strategic pillars	<ul style="list-style-type: none"> » Operate our portfolio of assets safely, responsibly and efficiently. 	<ul style="list-style-type: none"> » Apply disciplined capital allocation. 	<ul style="list-style-type: none"> » Focus on value-enhancing and integrated growth.
Strategic objectives	<ul style="list-style-type: none"> » Target below-inflation unit cost increases at all operations » Target all operations to be positioned below 50th percentile of each commodity's global cost curve. 	<ul style="list-style-type: none"> » Balance investment in our existing business, growth and dividends in line with the capital allocation guiding principles, shown in the financial review from page 32. 	<ul style="list-style-type: none"> » Explore mergers and acquisition opportunities » Research integration opportunities in improved energy-efficient smelting technology.
How	<ul style="list-style-type: none"> » Continue to invest in sustaining our current operations » Invest in efficiency-improvement technologies » Explore improvements in plant efficiencies, grades and value-in-use to maximise prices realised for our commodities. 	<ul style="list-style-type: none"> » Pay ordinary dividends to shareholders equal to approximately 40% – 70% of annual dividends received from our group of companies in line with our dividend guiding principles » Invest in growth opportunities that meet ARM's hurdle rates » Consider buying back our own shares if appropriate and benchmark investment opportunities under consideration to returns of a share buyback » Maintain a robust and flexible financial position. 	<ul style="list-style-type: none"> » Pursuing merger and acquisition opportunities that meet hurdle rates » Pilot improved smelting technology and prove at commercial scale » Continue to assess the current portfolio for disposal opportunities or points of exit.
Measured by KPI	<ul style="list-style-type: none"> » Position on global margin curves » Unit cost increases at each operation relative to mining inflation. 	<ul style="list-style-type: none"> » Dividend per share » Net debt to equity ratio » Internal rate of return for share buyback » Pre-defined minimum hurdle rates as described in the capital allocation guiding principles model. 	<ul style="list-style-type: none"> » Internal rate of return » Production volumes from pilot to commercial scale of smelting technology » Energy consumption in smelting process.



Improve the **lives of those in the communities where we operate**

Work responsibly to **achieve balance between the economic, social and environmental aspects of our business**

Maintain the **highest standards of corporate governance**

We do it better

RISKS AND OPPORTUNITIES

Managing risks and opportunities is an important business driver for us and our stakeholders. It is an entrenched discipline and recognised business management tool to enable sustainable value creation.

Outputs from successful risk management include more informed decisions, a learning organisation that does not repeat mistakes, full compliance and effective assurance. These in turn provide benefits from improved efficiency of operations and effective tactics.

To continuously improve the risk management process, we initiated a review of the company's current risk management methodology, processes, maturity and culture in April 2018.

A key output of this process has been the full alignment of the current risk methodology with ISO 31000, which is the International Standards Organization's standard for risk management. ISO 31000 is globally acknowledged as a leading risk management practice and is the most universally adopted risk management standard.

Enhanced risk methodology

Developing an impact-rating scale required aligning ARM's strategy to the strategic factors through which we drive and measure business performance.

The risk-rating methodology links strategic factors to impact factors as follows:

STRATEGIC INTENT FACTORS

Focus on the efficient allocation of capital



Improve our financial position



Maintain a safe and healthy work environment



Improve operational efficiencies and contain unit cost increases



Partner with and invest in our employees



Improve our relationships with key stakeholders



Remain responsible stewards of our environmental resources

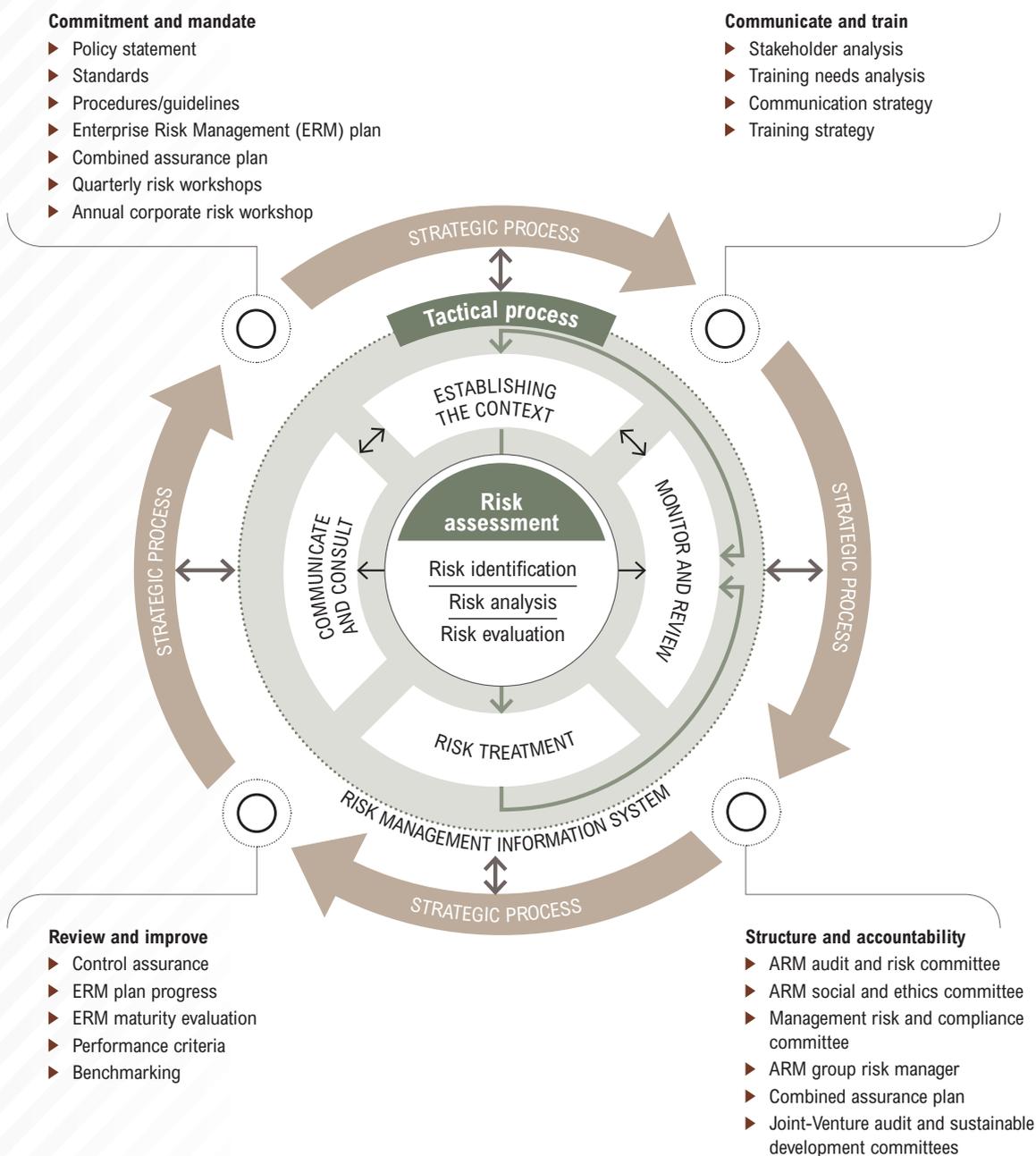


IMPACT FACTORS

- 1** Financial
- 2** Safety and health
- 3** Project management
- 4** Operations
- 5** Compliance
- 6** Industrial relations
- 7** Internal stakeholders
- 8** External stakeholders/reputation
- 9** Environment
- 10** Information technology (IT)



A MATURE RISK MANAGEMENT UNIVERSE



MANAGING OUR RISKS

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Impact	Catastrophic					
	Critical			4 5	1	
	Moderate			9 10	2 3 6 7 8	
	Minor					
	Minimal					
			Rare	Unlikely	Possible	Likely
Likelihood						

RISK	STRATEGIC INTENT FACTOR	VALUE IMPACT	CONTROLS
<p>1 Non-achievement of operational efficiencies Lack of delivery of productivity volume and unit cost targets which may include:</p> <ul style="list-style-type: none"> » Not achieving grade targets; » Mine planning with regard to changes in the ore body; and » High unit-cost increases. 	Improving operational efficiencies and containing unit-cost increases.	Affects our ability to produce efficiently.	<ul style="list-style-type: none"> » Assessment of team productivity » Labour scheduling and miner requirement analysis » Operational optimisation » Supervision management, capability assessment and coaching programme.
<p>2 Social unrest There have been numerous incidents interrupting operations at both the platinum and Ferrous divisions but the impact is higher at the Eastern Limb operations.</p>	Improving our relationship with key stakeholders.	Business interruption leads to a negative impact on profitability.	<ul style="list-style-type: none"> » Community structures » Corporate social investment projects » Relationship building » Regular engagement with communities.
<p>3 The security of supply of water in the Northern Cape The key risk areas are water availability, uncertainty in the existing policy environment, the state of existing water infrastructure and the related socio-economic impacts.</p>	Remain responsible stewards of our environmental resources.	Availability of water as well as socio-economic impact of water on surrounding communities.	<ul style="list-style-type: none"> » Sedibeng water project » Water purification project » Water balance model.
<p>4 Loss of social licence to operate To maintain our social licence to operate, each operation invests and actively engages with host communities. Initiatives include:</p> <ul style="list-style-type: none"> » Social investment, enterprise development and preferential procurement; » Ensuring compliance with all transformational imperatives » Engaging with stakeholders to ensure responsiveness. <p>The key challenges are:</p> <ul style="list-style-type: none"> » High levels of unemployment » Socio-economic factors. 	Improving our relationship with key stakeholders.	Affects our ability to produce efficiently.	<ul style="list-style-type: none"> » Adherence to legislative requirements » Proactive management of the B-BBEE scorecard » Social and labour planning compliance monitoring.

RISK	STRATEGIC INTENT FACTOR	VALUE IMPACT	CONTROLS
<p>5 Deterioration in safety performance Safety is a key imperative. Any fatality is unacceptable and safety incidents result in a business interruption that negatively affects the productivity and sustainability of the business.</p>	<p>Maintaining a safe and healthy work environment.</p>	<p>Both the direct and indirect cost of these stoppages in terms of business interruption and management time, start-up difficulties and general workplace turmoil is of a similar magnitude.</p>	<ul style="list-style-type: none"> » Safety policy » Implementation of critical controls » Planned inspections and observations » Safety management systems.
<p>6 Security of supply of electricity in South Africa This relates to the disruption of Eskom power supply due to infrastructure failure, load shedding or load curtailment.</p>	<p>Improving our financial position.</p>	<p>The uncertainty regarding the supply of electricity will place the sustainability of current operations, as well as the feasibility of future operations at risk.</p>	<ul style="list-style-type: none"> » Emergency response plans » Diesel generators on site » Quarterly liaison meetings with Eskom.
<p>7 Inefficient allocation of the group's resources Inefficient allocation of the group's resources, particularly capital in areas that do not generate returns, acceptable margins, maximise profit and create value for shareholders and stakeholders. Where capital is allocated inefficiently, it has a negative impact on the company's overall value as measured by market capitalisation.</p>	<p>Focusing on the efficient allocation of capital.</p>	<p>Negatively impacts company's value and returns.</p>	<ul style="list-style-type: none"> » Board-approved capital allocation within the delegation of authority framework » Capital allocation framework as guiding principles » Continuous monitoring of investment performance.
<p>8 Poor employee wellness resulting in a decline in productivity Occupational and employee health is receiving a high level of focus in the mining industry. The Human Immunodeficiency Virus (HIV) and Pulmonary Tuberculosis (PTB) are the main health risks facing employees and are of epidemic proportions in southern Africa. The major occupational health impact is noise-induced hearing loss (NIHL).</p>	<p>Maintaining a safe and healthy work environment.</p>	<p>Poor employee wellness will affect productivity and operating costs.</p>	<ul style="list-style-type: none"> » Antiretroviral treatment programme » Communicable disease management » Employee wellness programme » Fatigue management policy » Medical surveillance and chronic health management » Pre-employment screening » PTB and pneumoconiosis initiatives » Representation on the International Council on Mining and Metals.
<p>9 Exchange rate and commodity price volatility The Rand versus US Dollar exchange rate materially impacts revenues for all our metals produced. Of particular concern is sustained low US Dollar PGM prices and increased volatility in process and exchange rates influenced by global trade conflicts and other geo-political developments.</p>	<p>Improving our financial position.</p>	<p>A sustained depression of the price adversely affects revenue and capital allocation.</p>	<ul style="list-style-type: none"> » Diversification of commodities » Market intelligence and research to inform decision-making » Monthly treasury committee meetings » Supply/demand studies.
<p>10 Preparedness for cyber breach Cyber risk is any risk of financial loss, disruption or damage to the reputation of an organisation from some sort of failure of its information technology systems. This refers to both internal and external, or the entire technology ecosystem. The risk refers to ARM's ability to monitor for, detect, prevent and recover from a cyber breach.</p>	<p>Improving our financial position.</p>	<p>Negatively affects our ability to produce efficiently.</p>	<ul style="list-style-type: none"> » Antivirus, malware and anti-spamming software » Deployment of security patches » Data recovery and hard copies of data » Effective infrastructure.

BOARD OF DIRECTORS

Our success is founded on a clear strategy which delivers competitive returns and sustainable value. The board draws on the wealth of knowledge and experience of its members to guide the company in achieving its strategic priorities. With a deep understanding of our values, each director makes a valuable contribution to the responsible governance of the company.

The board has members of the appropriate calibre to provide the company with strategic direction. The breadth of specific and complementary skills of directors is summarised below.

Directors	Commercial and business acumen	Economics	Engineering	Executive leadership	Financial acumen	Financial experience	Financial expert (including CA(SA))	Governance	Government relations experience	Human resources best practice
Executive										
Dr PT Motsepe (executive chairman)	●			●	●			●	●	
MP Schmidt (CEO)	●		●	●	●			●		●
AM Mukhuba	●	●		●	●	●	●	●		
AJ Wilkens	●		●	●						
HL Mkatshana	●		●	●	●			●	●	●
Non-executive										
AK Maditsi (lead independent)	●			●				●	●	●
F Abbott (independent)	●			●	●	●	●	●		
M Arnold	●		●	●	●	●	●	●		
Dr MMM Bakane-Tuoane (independent)		●						●	●	
TA Boardman (independent)	●			●	●	●	●	●		●
AD Botha (independent)	●	●		●	●	●	●	●	●	
JA Chissano (independent)								●	●	●
WM Gule (independent)				●				●		●
DC Noko (independent)	●		●	●				●	●	●
Dr RV Simelane (independent)		●		●	●	●		●	●	
JC Steenkamp	●		●	●		●		●		
ZB Swanepoel (independent)	●		●	●	●	●		●		●

Key
 ● Top three areas in which a director has more than 10 years' experience
 ● Other skills and experience

EXECUTIVE CHAIRMAN'S REPORT

Dr Patrice Motsepe
Executive chairman



Dear shareholder and stakeholder

I am pleased to report a 9% increase in headline earnings for the 2019 financial year ("F2019"). On an adjusted basis¹, headline earnings were up 35% driven mainly by an excellent performance from the iron ore operations.

We benefitted from the diversity of our portfolio as higher US dollar prices for iron ore, palladium and rhodium more than offset lower US dollar prices realised for manganese ore, manganese alloy, platinum, nickel and thermal coal.

We continued to focus on the activities that are under our control to maximise margins and ensure the long-term sustainability of our business. These include:

- » Maintaining a safe and healthy work environment;
- » Managing and reducing costs;
- » Optimising our portfolio of assets;
- » Implementing appropriate mechanisation and technology to improve productivity and efficiencies; and
- » Investing in our employees and host communities.

Allocating capital across our business remained a key focus as we aimed to balance investing in the existing business and in growth as well as paying competitive dividends while maintaining a robust and flexible financial position.

We are pleased to have paid our highest annual dividend to date which was R13.00 per share (F2018: R10.00 per share). We paid an interim dividend of R4.00 per share in April 2019 and a final dividend of R9.00 per share in September 2019. This underscores our commitment to pay competitive dividends.

We updated our dividend guiding principles and going forward will aim to pay 40% to 70% of annual dividends received from our group companies as ordinary dividends to ARM shareholders.

The capital allocation guiding principles are discussed in further detail in the financial review of this report.

MAINTAINING A SAFE AND HEALTHY WORK ENVIRONMENT

ARM is committed to maintaining a safe and healthy work environment for all employees. Regrettably two employees were fatally injured at our operations. Mr Thomas Maluleke, was injured in a fall-of-ground accident at Modikwa Mine in March 2019 and Mr Ishmael Malatji was injured in an accident involving trackless mobile machinery during loading operations at Two Rivers Mine in September 2019.

We again extend our sincere condolences to Mr Maluleke's and Mr Malatji's family, friends and colleagues.

¹ Adjusted headline earnings refer to reported headline earnings adjusted for a net fair value gain of R977 million on the ARM Coal loans in F2018 and net fair value and re-measurement gains on loans of R49 million in F2019.

Following the tragic loss of employee lives, we immediately reviewed safety procedures and standards and refreshed safety training at the PGM operations.

OPTIMISING OUR PORTFOLIO

In the review period, the following corporate actions were concluded which will add value to our portfolio:

» Decision to scale down Nkomati Mine

Nkomati Mine has reached the end of its economic life and the joint venture partners have agreed to scale down production at the open-pit mine and place it on care and maintenance from 30 September 2020 in preparation for closure. The underground mine was placed on care and maintenance in December 2015.

We recognise the impact that this decision has on employees, contactors, suppliers, government and host communities and have been managing the process of the scale down in a responsible manner. Engagements with the affected stakeholders are ongoing. Employees are being supported throughout the process with counselling, financial planning advice, outplacement services and reskilling as well as skills development.

The mine's environmental responsibilities will be executed in line with its environmental management programme and all relevant statutory requirements. R206 million (on a 100% basis) in restricted cash and guarantees has been provided for rehabilitation obligations. Final costs for rehabilitation will be assessed and finalised after completing a technical assessment.

» Acquisition of Machadodorp Works

ARM acquired Assore's 50% interest in Machadodorp Works for R113 million, effective from 28 February 2019. We will use its existing infrastructure to explore alternative smelting technology for manganese, chrome and other ores.

The focus of this alternative technology is to commercialise more efficient and cost-effective ways of smelting, particularly in terms of energy which is one of the most significant cost inputs in smelting.

INVESTING IN OUR EMPLOYEES

ARM has good relationships with our approximately 21 500 employees and contractors as well as their representative trade unions. Consistent with our commitment to ensure a healthy, diverse and appropriately skilled workforce we invested R239 million in F2019 in skills training across our operations. This equates to 8% of payroll. As in prior years, this training extended beyond our employees and included a range of initiatives supporting youth and women development in communities near our operations.

The skills training initiatives comprised community cadetship training, science, technology, engineering and mathematics (STEM) programmes, learnerships and graduate development programmes. Through these initiatives, we have made a meaningful contribution to our host communities by increasing the pool of skills, especially among members of historically disadvantaged communities.

We are committed to ensuring that our workforce and management represent the country's demographics because an inclusive workforce enriches both our company and our country.

Our focus on transforming our workforce continues and is evidenced by 62% representation of historically disadvantaged South Africans in management.

PARTNERING WITH KEY STAKEHOLDERS

As well as creating value for shareholders, we are committed to improving the living conditions and standards of livings of the people in our host communities. We focus on local employment, local business and supplier development, corporate social investment, local economic development and social and labour plan projects. In F2019, our operations invested R175 million in corporate social responsibility initiatives prioritising women, youth, historically disadvantaged people and those living with disabilities, HIV and Aids.

We also contributed to the upliftment of disadvantaged persons living in rural and urban communities across South Africa through the ARM Broad-Based Economic Empowerment Trust (the "ARM Trust"). The trust works with kings, traditional leaders, religious and faith based organisations, representatives from government, business, trade union, women, youth, NGOs and other rural and urban communities to contribute to uplifting the living conditions and standards of living of poor and marginalised South Africans.

Despite ongoing local investment and inclusive engagement, the relationship between mining companies and host communities continues to come under strain as poor and marginalised South Africans become frustrated with countrywide unemployment, poverty and inequality. ARM is a member of the International Council on Mining and Metals ("ICMM") and the increased pressure and expectations by local communities for employment, procurement and other benefits is a global phenomenon. Increasingly community unrest related to these frustrations is affecting some mining operations in South Africa and other mining countries. We continue to work with our community forums, municipalities, the Department of Mineral Resources and Energy and other local and national stakeholders to find solutions for the challenges facing our host communities.

EXECUTIVE CHAIRMAN'S REPORT continued

THE SOUTH AFRICAN MINING INDUSTRY²

South Africa is experiencing several challenges including low growth, high unemployment and concerns about the financial and operational sustainability of key state-owned enterprises. Despite these challenges, the South African mining industry remains a crucial contributor to the South African economy. In the 2018 calendar year, the mining sector contributed R356 billion (or 7.3%) to gross domestic product (GDP) and exported R312 billion or 25% of the country's R1.25 trillion export sales. The industry employs approximately 454 000 people and paid over R127 billion in wages, salaries and benefits in the 2018 calendar year. Those employed by the industry in turn support an estimated 4.5 million dependants. Importantly, the industry is a major contributor to South Africa's skills development agenda, with an annual investment of over R7.5 billion into education, training and development for employees, non-employees, youth, women and communities at both basic and higher education levels.

As well as creating employment and contributing to GDP and the fiscus, the South African mining sector invested around R2 billion in community development initiatives and created opportunities for SMMEs (small, medium and micro enterprises) through preferential procurement, supplier development and enterprise development.

Between 2007 and 2016 the gross fixed investment made by the South African mining industry slowed mainly due to a downturn in the commodity cycle, rapidly rising mining costs, uncertainty about the regulatory dispensation and the discussions on the mining charter between the government and the mining industry. This has improved over the past two years, with the industry's direct contribution to fixed investment rising to R93 billion in 2018 from R81 billion in the prior year.

It is important that the South African mining industry continues to be globally competitive and attractive to domestic and international investment.

ENSURING WE REMAIN RESPONSIBLE STEWARDS OF ENVIRONMENTAL RESOURCES

All our operations apply global good practice in managing scarce natural resources, in line with the sustainable development framework of the ICMM.

Our environmental initiatives focus on the responsible use of water, energy efficiency and reducing carbon emissions. Further details on our environmental management programmes appear in the operational reviews and in our 2019 sustainability report.

GOVERNANCE

Our board, inter alia, approves our strategy and oversees the execution of our strategy. The board also formulates and ensures that there are robust governance standards and that we conduct and operate our business ethically and in line with good global practice.

The range and depth of skills and expertise on our board has been invaluable as we navigate the current social, political, economic and environmental challenges and opportunities.

I would like to thank each of our directors for their ongoing commitment and important contributions to board.

During the year, Mr Kobus Möller resigned from the board to pursue other interests. I would like to thank Kobus for his contribution during his tenure on the board and wish him everything of the best.

RECOGNITION

The continued support and cooperation of our shareholders, employees and their representative organisations, host communities and all other stakeholders are deeply appreciated.

I am grateful to our staff and management for their hard work and sacrifices and for their commitment to making ARM a globally competitive company. In particular, I would like to thank Mike Schmidt for his leadership and the good work that he continues to do as the CEO of our world class management team.

We are committed to ensuring that ARM continues to be a globally competitive company that creates value for its shareholders and benefits all stakeholders.

Dr Patrice Motsepe

Executive chairman

11 October 2019



CHIEF EXECUTIVE OFFICER'S REPORT

Mike Schmidt
Chief executive officer

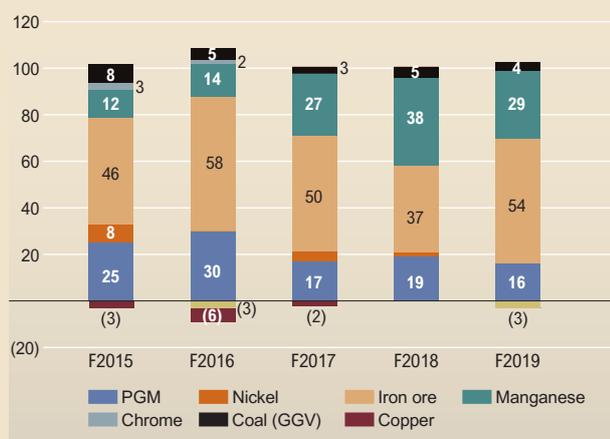


Introduction

The benefit of initiatives to address loss-making operations in recent years is reflected in most of our operations delivering positive headline earnings. Only Nkomati Mine and Sakura Ferroalloy reported a headline earnings loss. As discussed in the Executive chairman's report, a decision has been made to scale down Nkomati Mine while Sakura Ferroalloy has been impacted by high manganese ore and reductant prices.

Our diverse portfolio has proven its worth in a protracted period of commodity volatility.

EBITDA SPLIT BY COMMODITY (%)



Operating safely and responsibly

Our commitment to safety remains resolute. As noted by the executive chairman in his report, two colleagues were fatally injured at our operations. On behalf of the management team, I extend condolences to Mr Maluleke and Mr Malatji's family, friends and colleagues.

We remain optimistic about the steady progress in entrenching safe behaviour. Notably, our operations are building safety records that are arguably among the best in our industry:

- » Black Rock Mine: 7 million fatality-free shifts (last fatality 2009)
- » Nkomati Mine: 7 million fatality-free shifts (last fatality 2008)
- » Beeshoek Mine: 4 million fatality-free shifts (last fatality 2005)
- » Khumani Mine: 3 million fatality-free shifts (last fatality 2015) and an LTIFR of 0.08, which is the lowest in mine's history.

ARM Platinum

Disappointing returns from this division mainly reflect the loss from Nkomati Mine, although there were also some underlying issues at an operational level.

Two Rivers Mine continues to be affected by split reef which has resulted in lower head grades. While lower grades are expected to stabilise at around 3.6 grams per tonne for the foreseeable future, initiatives being considered to improve PGM volumes include installation of additional milling capacity. Approximately 40 000 tonnes a month of milling capacity is expected to be added to the plant which will increase annual PGM production volumes to some 380 000 6E PGMs. Two Rivers Mine remains a world class mine with more than 30 years of life and is expected to be positioned below the 50th percentile of the global PGM cost curve.

Despite benefitting from higher PGM prices, Modikwa Mine lost two weeks of production after the tragic fatality in March, resulting in flat headline earnings. We are injecting capital to enhance flexibility and mechanisation, which will ramp up production over three years to around 240 000 tonnes per month.

Nkomati Mine's headline loss reflects an increase in unit production costs and a negative mark-to-market adjustment as the nickel price reduced to US\$12 675/t at 30 June 2019. Given

ARM Ferrous' headline earnings were **R4 960 million** as the contribution from the iron ore division increased by **103%**

the volatility in nickel prices in the past three years and limited economic life-of-mine, the joint-venture partners have agreed to scale down production at this loss-making mine and place the open-pit operation on care and maintenance from September 2020 in preparation for closure.

Unit production costs were relatively well controlled, with all mines reporting increases below the mining producer price index of almost 15% but above inflation.

ARM Ferrous

The strong increase in ARM Ferrous headline earnings reflects a strong performance from the iron ore division on higher prices and a weaker average rand versus the US dollar exchange rate, which was partially offset by a 2% drop in sales volumes. Margins at the iron ore operations were positively impacted by an increase in the lump-fines ratio to 60:40. On-mine unit production costs rose 8%, mainly due to lower production volumes. The 4% drop in production volumes is primarily because of water-supply challenges at Khumani Mine in the Northern Cape. ARM is part of a collaborative effort to recapitalise and upgrade the water system to ensure the sustainability of this 70-year-old system and sufficient capacity for local producers.

Conversely, headline earnings for the manganese division were down 15% on lower manganese alloy prices and higher production costs.

Management continued to focus on the modernisation and expansion of Black Rock Mine. A large portion of the 80% increase in this division's capital expenditure to R2.3 billion reflects approved costs for the Gloria Mine, as part of the modernisation of Black Rock Mine. The Gloria Mine decline shaft shut-down began in November 2018 and was commissioned in April 2019. The capital invested in Black Rock Mine will improve costs and give the operation flexibility to produce different product specifications (from high to medium grade) as this has become a key differentiator for customers. In addition, production capacity at Black Rock Mine will increase to some 5 million tonnes per annum, and ramp-up will be closely synchronised with Transnet rail availability. On-mine unit production costs rose 15% mainly due to lower volumes as well as higher electricity, diesel and labour costs, and Transnet's logistical challenges.

ARM Coal

The 72% drop in headline earnings from ARM Coal reflects the 13% to 16% decline in US dollar prices for seaborne thermal coal and 13% decrease in export sales volumes which was offset to some extent by a substantial increase in domestic sales volumes. Importantly, R362 million of ARM Coal's debt was repaid in the review period.

Goedgevonden Mine's production was impacted in the first half by port closures at the Richards Bay Coal Terminal and underperformance by Transnet Freight Rail, although both situations improved in the second half. The mine also lost one

week of production in the first half to an illegal community protest. Despite these challenges, total saleable production rose 16% and sales volumes by 12%. On-mine unit production costs were well controlled with higher production volumes offsetting the increases in diesel costs.

Production at the PCB operations was affected by sinkholes and spontaneous combustion at Tweefontein Mine, reducing feed rates to the plant that in turn affected saleable production. These technical issues and the impact on production of community unrest pushed up unit production costs 18%.

Looking ahead into F2020

Global and local markets are expected to remain uncertain for at least the foreseeable future. As we navigate our dynamic operating environment and its headwinds, we continue to focus on

- » Improving operational efficiencies and containing unit costs below inflation
- » Addressing the remaining marginal or loss-making operations and reduce shareholder funding dependency by any operation
- » Pursuing value-enhancing growth opportunities
- » Practicing strict discipline in capital allocation.

The robust statement of financial position, which is relatively ungeared, will enable us to withstand macroeconomic uncertainties and volatile markets and pursue value accretive growth opportunities, allowing us to deliver on sustainable returns for all stakeholders.

We remain committed to building mutually beneficial relationships with all our stakeholders to ensure we continue to scale a sustainable business that delivers competitive returns for shareholders.

Conclusion

I am grateful to our committed and hard-working employees who are the cornerstone of our ability to create sustainable value. I also thank our stakeholders and joint-venture partners for their continued support during the year.

Finally, my sincere appreciation goes to our executive chairman and the board for their ongoing guidance and support.

Mike Schmidt
Chief executive officer

11 October 2019

FINANCIAL REVIEW¹

Abigail M Mukhuba
Finance director



Salient features

	JSE/IFRS ²	ADJUSTED ³
Headline earnings	📈 9%	📈 35%
Headline earnings per share (HEPS)	📈 8%	📈 34%
Basic earnings	📉 22%	📉 2%
Basic earnings per share (BEPS)	📉 23%	📉 3%
Dividends per share (DPS)	R13.00	R13.00
Net cash to equity ratio	8.8%	9.0%

- » The iron ore division delivered record attributable headline earnings of R3 397 million (F2018: R1 672 million)
- » A final dividend of 900 cents was declared. An interim dividend of 400 cents per share was paid in April 2019 bringing the cumulative dividend relating to F2019 to 1 300 cents per share (F2018: 1 000 cents per share)
- » Robust financial position was maintained with consolidated net cash increasing by R1 606 million to R2 601 million (R995 million at 30 June 2018).

Group basic earnings for the financial year were R3 554 million (F2018: R4 562 million) and include among others the following impairments:

- » Nkomati Mine assets of R1 070 million after tax
- » Sakura Ferroalloy assets and investment in the equity-accounted Assmang joint venture of R507 million after tax
- » Goodwill recognised on the acquisition of Machadodorp Works of R146 million with no tax effect.

Segmental earnings before interest, tax, depreciation and amortisation (EBITDA) were 16% higher at R9 336 million (F2018: R8 024 million).

Group headline earnings increased by 9% to R5 226 million or R27.18 per share in F2019 (F2018: R4 814 million or R25.26 per share) driven mainly by higher headline earnings delivered by the iron ore and Two Rivers operations. The F2018 headline earnings included a net fair value gain of R977 million. Excluding this net fair value gain in F2018 the F2019 adjusted headline earnings are 35% higher.

¹ The financial review should be read in conjunction with the audited annual financial statements on ARM's website at www.arm.co.za. The financial review does not contain sufficient information to allow for a complete understanding of the financial results and state of affairs of the group, which is provided by the detailed audited annual financial statements.

² JSE Limited/International Financial Reporting Standards.

³ Excludes a net fair value gain of R977 million on the ARM Coal restructuring in F2018 and net fair value and remeasurement gains on loans of R49 million in F2019.

Material matters affecting the financial performance in line with our strategic imperatives

Nkomati Mine change in economic life-of-mine

As discussed in the executive chairman's report, Nkomati Mine's scale-down plan means the mine's environmental responsibilities will be executed in line with the mine's Environmental Management Programme and all relevant statutory requirements. R206 million – on 100% basis – in restricted cash and guarantees has been provided for rehabilitation obligations. Final costs for rehabilitation will be assessed and finalised on completion of a technical assessment in this regard.

Due to the decline in Nkomati Mine's enterprise value based on the current plan to scale down the mine, it was necessary to further impair the net asset value of Nkomati Mine.

An impairment charge of R1 166 million before tax (R892 million after tax) was recognised for Nkomati Mine in the first half of F2019, which impairment was largely as a result of a decline in head grade, resulting in decreased metal output; an inability to generate sufficient cash for operational requirements; and an increase in production costs. The reduction in the mine's economic life necessitated a further impairment charge on Nkomati Mine at 30 June 2019. ARM's attributable share of the additional impairment loss amounted to R178 million before and after tax, bringing the total attributable impairment charge for F2019 to R1 344 million before tax and R1 070 million after tax.

Acquisition of Machadodorp Works

The acquisition of Assore's effective 50% interest in Machadodorp Works for R113 million to use existing infrastructure at the facility to explore alternative smelting technology for manganese, chrome and other ores resulted in the recognition of goodwill of R146 million. The goodwill amount presented the excess paid over above the fair value of the net assets acquired and liabilities assumed. It represented the benefit of ARM acquiring an existing and established facility in which ARM already has a 50% interest to explore the alternative smelting technology (as opposed to building a new facility).

Since the exploratory work on the alternative smelting technologies is on-going, future economic benefits are not certain nor can they be reliably estimated or measured. As such, management reviewed the carrying value of the goodwill and concluded that an impairment charge for the full amount was appropriate at this stage. This impairment does not change management's view of the opportunities that are presented by the test work thus far.

The effective date of the purchase was 28 February 2019. Effective from the date of the purchase, Machadodorp Works was reported in the ARM Corporate and other segment instead of the ARM Ferrous division.

Sakura

At 30 June 2019, an impairment charge of R1 013 million (gross amount: R1 013 million) was recognised on Sakura Ferroalloys. ARM's attributable share of the impairment loss amounted to R507 million after tax (gross amount: R507 million). The impairment charge was largely due to a combination of a decline in manganese alloys prices; and an increase in production costs resulting primarily from high manganese ore prices.

Approval of silicosis settlement agreement

On Friday, 26 July 2019, the Johannesburg High Court approved the silicosis and tuberculosis (TB) class action settlement agreement concluded between the claimants' representatives and attorneys and the mining companies, including ARM, which companies are members of the gold working group.

The High Court held that the terms of the settlement agreement were fair, reasonable and equitable, and the Court commended the parties for reaching the settlement.

In respect of the liabilities of ARM arising from its obligations in terms of the settlement agreement, ARM's financial provision for F2019 is R319 million. This amount is estimated to cover payment of the class action legal costs of the claimants' attorneys, the costs of establishment and administration of a trust and payment of the initial and ongoing benefit contributions to this trust over a 13-year period. ARM has a contingency policy in this regard which covers environmental site liability and silicosis liability, with Guardrisk Insurance Company Limited (Guardrisk). In turn, Guardrisk has reinsured the specified risks with Mannequin Insurance PCC Limited – Cell AVL 18, Guernsey which cell captive is held by ARM.

AFS

Refer to notes 6 and 17 to the financial statements for further details.



FINANCIAL REVIEW continued

MATERIAL MATTERS

HOW WE MANAGED THE RISKS, OPPORTUNITIES AND CHALLENGES



Restructuring of loss-making operations

Sustainability of Nkomati Mine and Modikwa Mine.

As discussed above, it has become clear in the current market environment that Nkomati Mine has reached the end of its economic life. A plan was agreed by the joint-venture partners to scale down production volumes and place the open-pit mine on care and maintenance from 30 September 2020 in preparation for closure.

Modikwa Mine's headline earnings remained flat. Improved Rand palladium (40%) and rhodium (84%) prices contributed significantly to the Modikwa Mine results. The average Rand per 6E kilogram basket price for Modikwa Mine increased by 29% to R491 723/kg (F2018: R380 603/kg).



ZAR/US\$ exchange rate volatility

The Rand/US Dollar exchange rate weakened over the reporting period.

The average realised Rand/US Dollar weakened by 10% during F2019 to R14.19/US\$ (F2018: R12.84/US\$). For reporting purposes, the closing exchange rate was R14.09/US\$ (30 June 2018: R13.72/US\$).

We acknowledge that the Rand/US Dollar exchange rate and commodity prices will remain volatile. Accordingly we continue to focus on matters where we have more direct influence on such as increasing volumes and reducing costs.



Commodity price volatility

Impact of commodity price outlook on asset valuation and viability of operations.

ARM continued to benefit from its portfolio diversification as lower US Dollar prices for manganese ore, manganese alloy, platinum, nickel and thermal coal were more than offset by higher US Dollar prices in iron ore, palladium and rhodium.



Infrastructure security

Security of water resources to sustain our operations.

The Sedibeng Water Board has approved a capital raising levy of R17.58/kl to be charged from September 2019 for F2020 and F2021, pending finalisation of offtake agreements between Sedibeng Water and the respective mines and/or industries.



Capital allocation efficiencies

Balancing reinvestment into sustainable business, repaying debt to acceptable levels, and returning investment growth to shareholders.

Investment in existing business to secure future of sustainable returns
Capital expenditure cash flow for the period was R931 million, all for sustaining capital. The 19% reduction in capital cash flow was mainly as a result of lower capital expenditure and capitalised waste stripping at Nkomati Mine.

Net cash outflow from investing activities was R1 271 million (F2018: R381 million) and included the acquisition of Machadodorp Works for R130 million and ARM's R211 million participation in a Harmony rights issue (F2018: included proceeds from disposal of Lubambe Mine of R741 million).

Shareholders' return

The board approved dividend declaration guiding principles.

Dividends paid to ARM shareholders in F2019 include R1 433 million paid in October 2018 as a final dividend for F2018 and R773 million in April 2019 for the F2019 interim dividend, bringing the total dividend paid in F2019 to R2 206 million.

Repayment of debt

Total borrowings repaid were R595 million (F2018: R878 million). The decrease in total borrowings is largely due to repayments on the ARM Coal debt, post the restructuring in F2018.

There was no debt at ARM Ferrous in either of the two reporting periods. Gross debt (which is mainly made up of the ARM Coal debt which is interest-free) at the end of the period was R2 031 (F2018: R2 296 million).



Statutory reporting compliance

Preparation for the implementation of upcoming major accounting standards.

ARM engaged external experts to assist with gap analysis on upcoming accounting standards and implementation of effective standards.

The following new accounting standards have been adopted in the F2019 financial year: IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers. Please refer to note 1 to the annual financial statements for details on the impact of the standards.

The impact of new standards adopted is detailed on page 31 in the group annual financial statements 2019.

GROUP STATEMENT OF PROFIT OR LOSS

for the year ended 30 June

	Group	
	F2019 Rm	F2018 Rm
Revenue	9 596	9 112
Revenue-continuing operations	9 596	8 772
Revenue-discontinued operation	–	340
Sales	8 834	8 142
Cost of sales	(7 449)	(6 696)
Gross profit	1 385	1 446
Other operating income	974	1 527
Other operating expenses	(1 575)	(1 263)
Profit from operations before special items	784	1 710
Income from investments	334	177
Finance costs	(309)	(360)
Income from associate	276	619
Income from joint venture	4 502	3 510
Profit before taxation and special items	5 587	5 656
Special items before tax	(1 491)	(42)
Profit before taxation from continuing operations	4 096	5 614
Taxation	(242)	(573)
Profit for the year from continuing operations	3 854	5 041
Discontinued operation		
Loss after tax for the year from discontinued operations	–	(219)
Profit for the year	3 854	4 822
Attributable to:		
Equity holders of ARM		
Profit for the year from continuing operations	3 554	4 747
Loss for the year from discontinued operations	–	(185)
Basic earnings for the year	3 554	4 562
Non-controlling interest		
Profit for the year from continuing operations	300	294
Loss for the year from discontinued operations	–	(34)
	300	260
Profit for the year	3 854	4 822
Earnings per share		
Basic earnings per share (cents)	1 848	2 393
Basic earnings from continuing operations per share (cents)	1 848	2 490
Basic loss from discontinued operations per share (cents)	–	(97)
Diluted basic earnings per share (cents)	1 815	2 325
Diluted basic earnings from continuing operations per share (cents)	1 815	2 419
Diluted basic loss from discontinued operation per share (cents)	–	(94)

Decrease mainly due to net fair value gain in F2018 of R652 million as a result of the ARM Coal debt restructuring at GGV and ARM corporate levels.

Increase mainly due to expenditure relating to increased research and development for alternate smelting technology in F2019.

Increase mainly due to higher interest received from higher cash and cash equivalents at ARM corporate level.

Decrease mainly due to net fair value gain in F2018 of R325 million as a result of the ARM Coal debt restructuring at PCB level.

Includes an impairment of R313 million on property, plant and equipment and R194 million on the investment in Sakura for F2019.

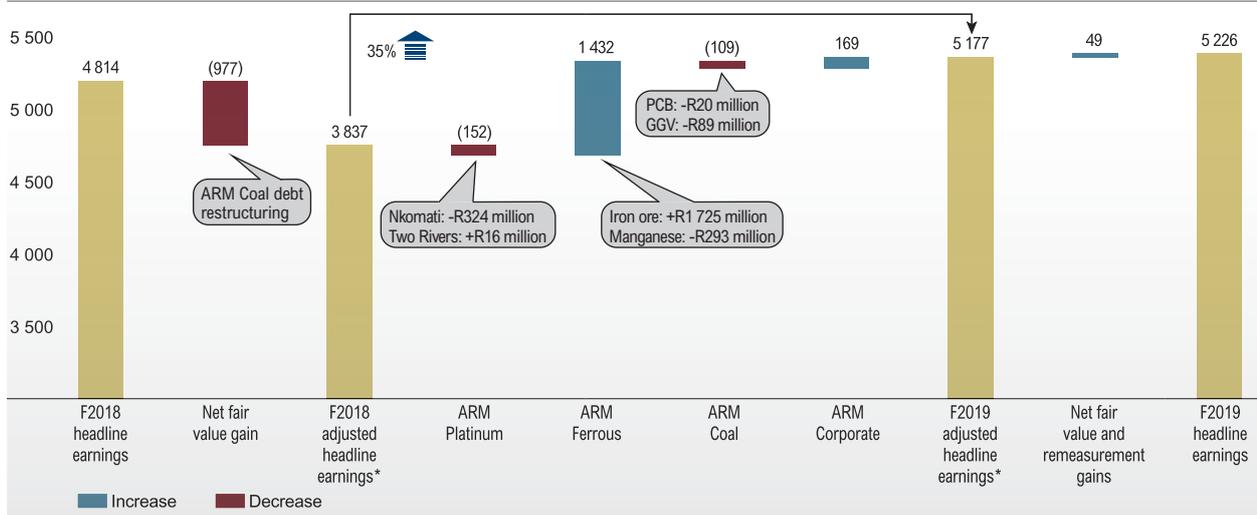
Increase mainly due to impairments recognised at Nkomati of R1 344 million and Machadodorp of R146 million in F2019.

F2019 tax benefit as a result of impairments at Nkomati.

F2018: Lubambe Copper Mine sold.

FINANCIAL REVIEW continued

HEADLINE EARNINGS (Rm)



* Adjusted information presented in the graph above is the responsibility of the directors of ARM and has been prepared for illustrative purposes only.

Financial performance

Headline earnings

ARM Ferrous – Headline earnings increased by 41% to R4 960 million (F2018: R3 528 million) as the iron ore division delivered a 103% increase. A combination of higher fines prices, increased lump premiums and a higher lump to fines ratio in sales volumes resulted in average realised iron ore prices increasing by 34% (on an FOB equivalent basis). Included in the iron ore division’s revenue is a positive fair value adjustment of R744 million relating to open shipments as the iron ore prices rallied towards the end of the financial year. The final prices realised for these open shipments will depend on market prices in July to September 2019.

Headline earnings in the manganese division were 15% lower mainly due to reduced profitability at the manganese alloy operations owing to lower manganese alloy prices and high input costs (particularly for manganese ore and reductants).

ARM Platinum – Headline earnings declined by 73%.

Two Rivers Mine delivered a 5% increase in headline earnings benefiting from an increase in the Rand PGM basket price which was partially offset by lower sales volumes. The mine continues to be impacted by lower head grades.

Modikwa Mine’s headline earnings remained flat at R105 million. Although Modikwa Mine’s also benefited from higher PGM prices, reported headline earnings were negatively impacted by a R156 million fair value loan adjustment on inter-company loans in accordance with IFRS 9. This adjustment is partially eliminated in ARM Company and has a R19 million gain on the group consolidated earnings.

Nkomati Mine reported a headline loss of R315 million impacted by an increase in unit production costs and a R130 million negative mark-to-market adjustment as the nickel price reduced to US\$12 675/t at 30 June 2019.



ARM Coal – Headline earnings were R411 million including a loan remeasurement gain of R245 million. The corresponding financial year headline earnings of R1 485 million included a fair value gain of R1 210 million on restructuring of the ARM Coal loans. Excluding the remeasurement/fair value gains, GGV Mine recorded a headline loss of R53 million in F2019 (F2018: R33 million headline loss) while the PCB operations recorded headline earnings of R219 million (F2018: R308 million).

The **ARM corporate and other** headline loss of R257 million was R356 million lower than the R613 million reported in F2018. This is mainly due to higher fee income (R130 million); lower unrealised foreign exchange losses (R70 million), lower taxes (R113 million) and an inter-company loan remeasurement adjustment on the ARM Mining Consortium loan (R175 million). These were partially offset by a higher bonus provision (R35 million) and Machadodorp Works expenses now included in the ARM Corporate and other segment (R36 million).

On-mine unit production costs across the operations continued to be a challenge. Mining producer price inflation (PPI) was 14.6% in the financial year under review.

Production costs

Unit cost of sales for the iron ore and manganese operations were higher, driven mainly by:

- » An increase in Cost Insurance and Freight (CIF) shipments as well as an increase in US Dollar freight rates
- » An increase in sales and marketing costs as a result of higher US Dollar iron ore prices
- » A weaker Rand versus the US Dollar which impacted both freight and sales and marketing costs.

Unit production costs of Cato Ridge Works increased by 13.5% primarily due to the purchase of more expensive sinter to meet grade requirements, which was impacted by ore variability.

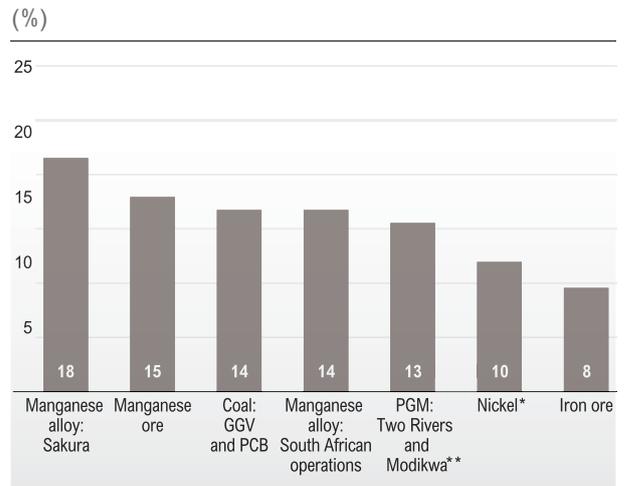
Unit production costs of Cato Ridge Alloys increased by 9% primarily due to higher molten metal costs. Realised high

carbon ferromanganese prices decreased by 4.5%. Realised medium carbon ferromanganese prices decreased by 0.6%.

ARM Platinum production costs increased as a direct result of the decline in grade at Two Rivers, ounces combined with above-inflation increases in diesel and electricity, lower volumes, lower by-product credits and higher stripping costs expensed during the year.

ARM Coal experienced above-inflation increases in diesel costs which were offset by increased production at GGV as compared to F2018 and a decline in saleable production and above-inflation increases in diesel costs at PCB.

F2019 VS F2018 UNIT-COST CHANGES



* The change in nickel unit costs refers to C1 cash costs net of by-products on a US Dollar per pound basis.

** The change in PGM unit costs refers to cost per 6E ounce.

IAR Unit costs are discussed in detail in the chief executive officer's report page 30.



FINANCIAL REVIEW continued

GROUP STATEMENT OF FINANCIAL POSITION

at 30 June 2019

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	Group		
	F2019 Rm	F2018 Rm	
ASSETS			
Non-current assets			
Property, plant and equipment	7 062	7 916	Decrease as a result of the impairment at Nkomati for F2019.
Intangible assets	114	120	Decrease mainly due to the deferred tax on the revaluation of the Harmony investment in F2019.
Deferred tax assets	485	620	F2018 includes loan receivables as part of the ARM Coal debt restructuring.
Loans and long-term receivables	283	462	
Investment in associate	1 837	1 798	Increase mainly due to the revaluation and additional investment in Harmony for F2019.
Investment in joint venture	16 702	15 504	
Other investments	2 648	1 561	Increase mainly due to the revaluation of the Harmony investment in F2019.
	29 131	27 981	
Current assets			
Inventories	676	591	In F2016 ARM Trust loan restructuring, the terms of the ARM loan to the Trust made provision for a later repayment date, on written notice by ARM to the trust.
Trade and other receivables	2 743	2 357	Subsequent to 30 June 2019, the ARM board has elected to extend the repayment date to 31 December 2022. The other terms and conditions remain unchanged.
Taxation	34	85	Decrease as a result of repayment of the ARM Coal loans.
Cash and cash equivalents	4 632	3 291	
	8 085	6 324	
Total assets	37 216	34 305	
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	11	11	
Share premium	4 700	4 398	
Treasury shares	(2 405)	(2 405)	
Other reserves	1 958	1 419	
Retained earnings	23 909	22 484	
Equity attributable to equity holders of ARM	28 173	25 907	
Non-controlling interest	1 530	1 471	Increase mainly due to the acquisition of Machadodorp Works.
Total equity	29 703	27 378	
Non-current liabilities			
Long-term borrowings	1 095	1 744	Increase mainly due to the increase in Nkomati provision and the acquisition of Machadodorp Works.
Deferred tax liabilities	1 517	1 634	
Long-term provisions	1 599	1 135	
	4 211	4 513	
Current liabilities			
Trade and other payables	1 608	1 406	During the F2016 ARM Trust loan restructuring, the terms of the ARM loan to the Trust made provision for a later repayment date, on written notice by ARM to the trust.
Short-term provisions	648	374	Subsequent to 30 June 2019, the ARM board has elected to extend the repayment date to 31 December 2022. The other terms and conditions remain unchanged.
Taxation	110	82	
Overdrafts and short-term borrowings	936	552	
	3 302	2 414	
Total equity and liabilities	37 216	34 305	

GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	Group	
	F2019 Rm	F2018 Rm
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	9 611	9 195
Cash paid to suppliers and employees	(7 488)	(7 261)
Cash generated from operations	2 123	1 934
Interest received	264	159
Interest paid	(80)	(100)
Taxation paid	(309)	(426)
Dividends received from joint venture	1 998	1 567
Dividends received from other	3 315	3 000
Dividend paid to non-controlling interest – Impala Platinum	8	–
Dividend paid to shareholders	(241)	(253)
Dividend paid to shareholders	(2 206)	(1 714)
Net cash inflow from operating activities	2 874	2 600
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment to maintain operations	(931)	(1 150)
Dividends received from investments – Harmony	–	22
Proceeds on disposal of property, plant and equipment	1	3
Proceeds on disposal of investment	–	741
Investment in Harmony	(211)	–
Acquisition of Machadodorp Works	(130)	–
Proceeds from loans	–	3
Net cash outflow from investing activities	(1 271)	(381)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	4	–
Long-term borrowings raised	295	496
Long-term borrowings repaid	(595)	(746)
Short-term borrowings raised	15	27
Short-term borrowings repaid	–	(132)
Net cash outflow from financing activities	(281)	(355)
Net increase in cash and cash equivalents	1 322	1 864
Cash and cash equivalents at beginning of year	2 910	1 031
Foreign currency translation on cash balance	7	15
Cash and cash equivalents at end of year	4 239	2 910
Made up as follows:		
– Available	3 003	1 779
– Restricted	1 235	1 131
	4 239	2 910
Cash generated from operations per share (cents)	1 104	1 015

Increase mainly due to higher cash and cash equivalents at ARM corporate level.

Received from Assmang joint venture.

F2019 interim dividend of R773 million and a final dividend of R1 433 million for F2018.

Lubambe Copper Mine.

Purchase of additional Harmony shares.

Acquisition of Machadodorp Works.

F2018 includes loans raised as part of the ARM Coal debt restructuring.

F2018 includes repayments of the ARM Finco loans.

FINANCIAL REVIEW continued

Cash position

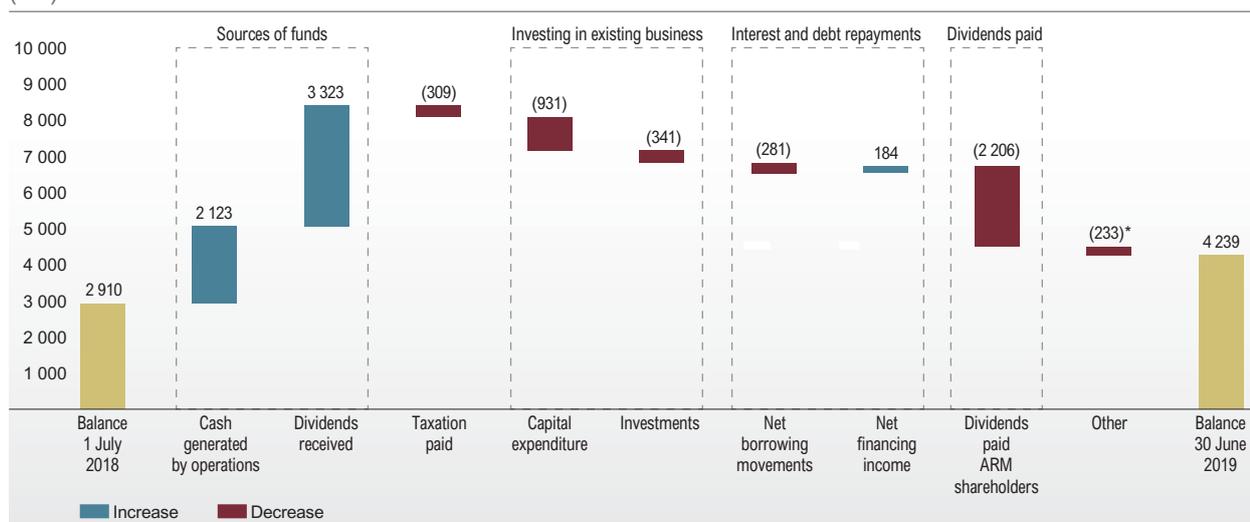
Cash generated from operations increased by R189 million to R2 123 million (F2018: R1 934 million) after a R555 million increase in working capital requirements (F2018: R517 million increase). The cash dividends received from the Assmang joint venture amounted to R3 315 million (F2018: R3 000 million).

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At 30 June 2019, net cash and cash equivalents – ie cash and cash equivalents less overdrafts – amounted to R4 239 million (30 June 2018: R2 910 million). This excludes the attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R3 053 million (30 June 2018: R2 507 million).

CASH AND CASH EQUIVALENTS MOVEMENT INCLUDING OVERDRAFTS*

(Rm)



* Includes dividends paid by Two Rivers Mine to Impala Platinum Limited of R241 million (F2018: R253 million).

Financial capital

ARM’s operational cash flows, net of tax, together with cash and cash equivalent balances and external funding sources constitute its primary financial capital.

This capital is used to maintain and expand existing operations; enter into new operations; fund working capital; and make new investments.

The board balances the utilisation of financial capital against ARM’s commitment as a globally competitive company to maximise returns to shareholders through dividends and ensure capital growth in the long run.

Financial capital is responsibly managed to ensure that the funding of the company is not unduly stressed, thereby ensuring a sound financial basis for ARM’s continued operation and future growth plans. The financial capital of ARM is impacted by many factors including: the robustness and accuracy of initial mining project evaluations; the subsequent effectiveness and efficiency of mining operations; the volatility of commodity prices and exchange rates; global supply and demand for the commodities mined; global macro-economic events; the need to mine responsibly, safely and sustainably; and changes in mining and fiscal laws and regulations.

Dividend policy and declaration

Dividends are declared after consideration of the solvency and liquidity of the company in accordance with the requirements of the Companies Act 71 of 2008, as amended, and with due regard to the company’s capital allocation principles, current funding status of the company, future funding requirements and estimated cash flows. Dividends remain at the discretion of the board of directors.

The ARM board has approved a guiding dividend principle used when declaring dividends.

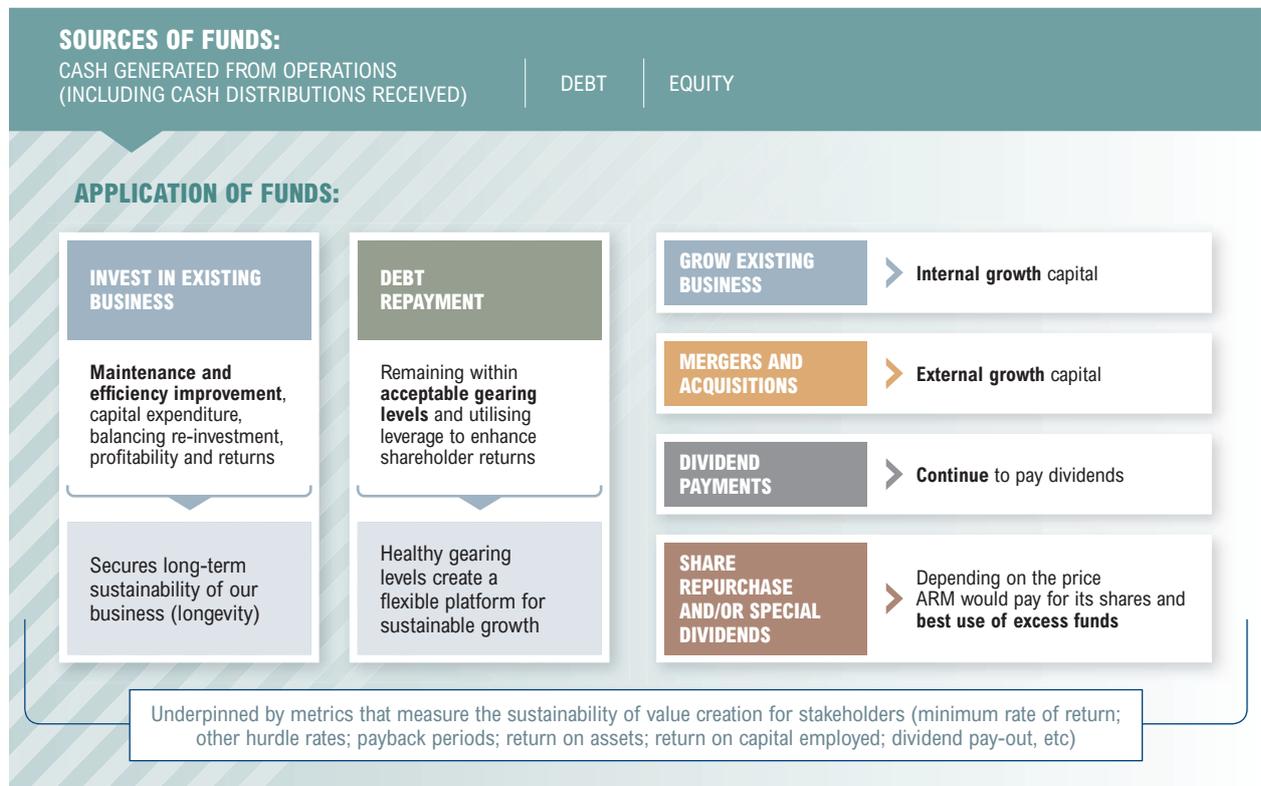
ARM will aim to pay ordinary dividends to shareholders equal to approximately 40% – 70% of annual dividends received from its group companies.

ARM will aim to pay an interim and a final dividend. The weighting between the interim and final dividends is likely to result in the final dividend being higher than the interim dividend.

Where appropriate, the board will consider supplementing ordinary dividends with special dividends.

ARM will not borrow funds to pay dividends.

CAPITAL ALLOCATION GUIDING PRINCIPLES



Application of funds: Investing in existing business

Capital expenditure cash flow for the period was R931 million all of which related to sustaining capital. The 19% reduction in capital cash flow was mainly as a result of lower capital expenditure and capitalised waste stripping at Nkomati Mine.

Net cash outflow from investing activities was R1 271 million (F2018: R381 million) and included the acquisition of Machadodorp Works for R130 million and ARM's R211 million participation in a Harmony rights issue (F2018: included proceeds from disposal of Lubambe Mine of R741 million).

The consolidated ARM total assets of R37 billion (F2018: R34 billion) include ARM's investment in Harmony which was R2 370 million as at 30 June 2019 (30 June 2018: R1 351 million). Harmony's share price was R31.74 per share at 30 June 2019 (30 June 2018: R21.22 per share).

Application of funds: Repayment of debt

Total borrowings repaid were R595 million (F2018: R878 million). The decrease in total borrowings is largely due to repayments on the ARM Coal debt post the restructuring in F2018.

There was no debt at ARM Ferrous in either of the two reporting periods.

Gross debt at the end of the period was R2 031 million (F2018: R2 296 million).

Application of funds: Return to shareholders

A final dividend of 900 cents per share was declared for F2019 in addition to a 400 cents per share interim dividend paid in April 2019 bringing the cumulative dividend for F2019 to 1 300 cents per share.

Dividends paid to ARM shareholders in F2019 include R1 433 million paid in October 2018 as a final dividend for F2018 and R773 million in April 2019 for the F2019 interim dividend bringing the total dividend paid in F2019 to R2 206 million.

Net gearing and borrowings

At 30 June 2019, total interest-bearing borrowings amounted to R2 031 million or 9% of total equity (F2018: R2 296 million – 4% of total equity). These borrowings comprise:

- » R539 million external bank debt (F2018: R481 million)
- » R368 million external debt in the ARM Trust (F2018: R470 million)
- » R1 124 million partner loans (F2018: R1 345 million).

ARM does not have high levels of bank debt at either consolidated or segmental level. At an entity level, however, the ARM Coal investment into GGV and PCB is geared by shareholder funding provided by Glencore Operations South Africa (GOSA).

FINANCIAL REVIEW continued

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Events after reporting date

Subsequent to year-end ARM received a dividend of R2 000 million from Assmang. ARM further declared and paid a dividend of R1 998 million.

During the F2016 ARM Trust loan restructuring, the terms of the ARM loan to the trust made provision for a later repayment date, on written notice by ARM to the trust.

Subsequent to 30 June 2019, the ARM board has elected to extend the repayment date to 31 December 2022. The other terms and conditions remain unchanged.



Please refer to events after reporting date on page 10 of the directors' report in the 2019 Annual financial statements.

Contingent liabilities

There have been no other significant changes in the contingent liabilities of the group as disclosed in the 30 June 2019 integrated annual report.

Risk management

Key financial risks and uncertainties affecting performance

ARM has an established risk management process, which is described on pages 20 to 24. Factors that affect the delivery of sustainable value to key stakeholders include currency, commodity price, diesel price and interest rate volatility risks, counterparty, credit, investment, and capital allocation risks. For a detailed analysis of ARM's approach to these risks, please refer to note 36 to the annual financial statements 2019. A sensitivity analysis is provided in note 36 to the financial statements. In particular, the sensitivity analysis includes the closing prices used in the provisional valuation at year end of accounts receivable for the ARM Platinum and Nkomati Nickel operations. ARM has an established treasury risk management policy to continuously manage these risks on a non-speculative basis. Among other things, this policy also allows ARM the flexibility to introduce limited hedging for companies that are



controlled by ARM, with the prior approval of the board of directors upon recommendation by the audit and risk committee. No hedging was entered into in F2019 or F2018.

Various governance structures, which support the executive committee, the investment committee and the board of directors, rigorously screen all capital investment projects, and ensure a stringent process is in place for the optimal allocation of capital. This is done in accordance with the guiding principles as depicted on page 41.

The company is not risk averse. ARM's maximum net gearing threshold is 30% for external funding, subject to the ability to meet debt service requirements. At 30 June 2019, the company was in a net cash position of R2 601 million (30 June 2018: net debt position of R995 million), equating to a net cash to equity ratio of 8.8% (30 June 2018: 3.6%).

Commitments for capital expenditure increased to R192 million at 30 June 2019 (30 June 2018: R124 million).

ARM continuously reviews its tax risk management framework to promote governance; address and reduce tax risks by ensuring that tax strategies, policies and processes are standardised.

Abigail Mueelwa Mukhuba

Finance director

11 October 2019

FINANCIAL REVIEW continued

Primary segmental information

Attributable R million	ARM Platinum				ARM Ferrous					Total group ARM Ferrous
	Nkomati	Two Rivers	Modikwa	Total Platinum	Iron ore division	Manga-nese division	Chrome division	Total Ferrous segment	Group adjust-ment	
Year to 30 June 2019										
Sales	1 523	3 994	2 067	7 584	10 414	7 393	–	17 807	–	17 807
Cost of sales	(1 744)	(2 949)	(1 652)	(6 345)	(5 076)	(4 148)	1	(9 223)	–	(9 223)
Other operating income ²	10	20	48	78	375	271	3	649	(491)	158
Other operating expenses ²	(140)	(159)	(231)	(530)	(1 300)	(1 042)	(6)	(2 347)	491	(1 856)
Segment results	(351)	906	232	787	4 414	2 475	(3)	6 886	–	6 886
Income from investments	7	12	32	51	291	15	–	306	(10)	296
Finance cost	(14)	(70)	(3)	(87)	(22)	(26)	–	(48)	10	(38)
Profit from associate ³	–	–	–	–	–	–	–	–	–	–
Income from joint venture ⁴	–	–	–	–	–	(506)	–	(506)	–	(506)
Special items before taxation	(1 344)	–	–	(1 344)	(1)	(179)	–	(180)	–	(180)
Taxation	317	(251)	(134)	(68)	(1 285)	(626)	–	(1 911)	–	(1 911)
Profit/(loss) after taxation	(1 385)	597	127	(661)	3 397	1 153	(3)	4 547	–	4 547
Non-controlling interest	–	(275)	(22)	(297)	–	–	–	–	–	–
Consolidation adjustment ⁵	–	–	–	–	–	–	–	–	(45)	(45)
Contribution to basic earnings	(1 385)	322	105	(958)	3 397	1 153	(3)	4 547	(45)	4 502
Contribution to headline earnings	(315)	322	105	112	3 398	1 611	(3)	5 005	(45)	4 960
Other information										
Segment assets including investment in associate	520	5 168	2 756	8 444	12 057	10 897	–	22 953	(685)	22 268
Investment in associate	–	–	–	–	–	–	–	–	–	–
Investment in joint venture	–	–	–	–	–	–	–	–	–	–
Segment liabilities	511	1 465	435	2 411	3 433	2 336	–	5 769	(3 347)	2 422
Unallocated liabilities (taxation and deferred taxation)	–	–	–	–	–	–	–	–	–	–
Consolidated total liabilities	–	–	–	–	–	–	–	–	–	–
Cash inflow/(outflow) generated from operations	(89)	1 229	599	1 739	4 100	3 077	–	7 177	–	7 177
Cash inflow/(outflow) from operating activities	(86)	761	623	1 298	1 428	2 827	–	4 255	1 658	5 913
Cash inflow/(outflow) from investing activities	(146)	(436)	(131)	(713)	(1 020)	(1 033)	–	(2 053)	–	(2 053)
Cash inflow/(outflow) from financing activities	(7)	(66)	(164)	(237)	–	–	–	–	–	–
Capital expenditure	168	587	130	885	1 049	1 155	–	2 204	(96)	2 108
Amortisation and depreciation	110	319	95	524	729	341	–	1 069	(32)	1 037
Impairment before tax	1 344	–	–	1 344	–	528	–	528	–	528
EBITDA	(241)	1 225	327	1 311	5 142	2 816	(3)	7 955	(32)	7 923

There were no significant inter-company sales.

1 Includes IFRS 11 Joint Arrangements adjustments related to ARM Ferrous.

2 The remeasurement of the ARM Coal loans had an impact of R25 million loss with no tax effect. The remeasurement of the Modikwa loans amount to R12 million loss.

3 The remeasurement of the ARM Coal loans had an impact of R55 million profit with no tax effect. Impairment reversal included in income from associate are R3 million less tax of R1 million.

4 Impairment loss included in income from joint venture of R528 million before tax of R6 million.

5 Relates to capitalised fees in ARM Ferrous and reversed upon consolidation.

	ARM Corporate					Total continuing	IFRS adjustment		Total IFRS adjustment	Total per IFRS
	ARM Coal	Machado-dorp Works	Corporate and other	Gold	Total Corporate		ARM Ferrous ¹	Other		
	1 162	88	–		88	26 641	(17 807)	–	(17 807)	8 834
	(1 019)	(103)	50		(53)	(16 640)	9 223	(32)	9 191	(7 449)
	201	1	599		600	1 037	(158)	95	(63)	974
	(12)	(39)	(994)		(1 033)	(3 431)	1 856	–	1 856	(1 575)
	332	(53)	(345)		(398)	7 607	(6 886)	63	(6 823)	784
	11	–	272		272	630	(296)	–	(296)	334
	(167)	(6)	(49)		(55)	(347)	38	–	38	(309)
	276	–	–		–	276	–	–	–	276
	–	–	–		–	(506)	506	4 502	5 008	4 502
	(1)	(146)	–		(146)	(1 671)	180	–	180	(1 491)
	(38)	23	(141)		(118)	(2 135)	1 911	(18)	1 893	(242)
	413	(182)	(263)		(445)	3 854	–	–	–	3 854
	–	–	(3)		(3)	(300)	–	–	–	(300)
	–	–	45		45	–	–	–	–	–
	413	(182)	(221)		(403)	3 554	–	–	–	3 554
	411	(36)	(221)		(257)	5 226	–	–	–	5 226
	4 962	208	4 530	2 370	7 108	42 782	(5 566)	–	(5 566)	37 216
	1 837	–	–	–	–	1 837	–	–	–	1 837
	–	–	–	–	–	–	–	16 702	16 702	16 702
	1 319	268	1 888		2 156	8 308	(2 422)	–	(2 422)	5 886
						4 771	–	(3 144)	(3 144)	1 627
						13 079	–	–	(5 566)	7 513
	281	5	98		103	9 300	(7 177)	–	(7 177)	2 123
	284	5	(2 028)		(2 023)	5 472	(5 913)	3 315	(2 598)	2 874
	(214)	–	(344)		(344)	(3 324)	2 053	–	2 053	(1 271)
	(63)	–	19		19	(281)	–	–	–	(281)
	244	–	5		5	3 242	(2 108)	–	(2 108)	1 134
	163	2	3		5	1 729	(1 037)	–	(1 037)	692
	3	146	–		146	2 021	(528)	–	(528)	1 493
	495	(51)	(342)		(393)	9 336	(7 923)	63	(7 860)	1 476

FINANCIAL REVIEW continued

Primary segmental information continued

Attributable R million	ARM Platinum				ARM Ferrous						ARM Coal
	Nkomati	Two Rivers	Modikwa	Total Platinum	Iron ore division	Manga- nese division	Chrome division	Total Ferrous segment	Group adjust- ment	Total group ARM Ferrous	
Year to 30 June 2018											
Sales	1 577	3 741	1 796	7 114	7 267	6 417	90	13 774		13 774	1 028
Cost of sales	(1 478)	(2 737)	(1 631)	(5 846)	(4 572)	(3 374)	(157)	(8 103)		(8 103)	(857)
Other operating income**	7	22	31	60	346	332	–	678	(461)	217	896
Other operating expenses	(88)	(152)	(44)	(284)	(926)	(823)	39	(1 710)	461	(1 249)	(7)
Segment results	18	874	152	1 044	2 115	2 552	(28)	4 639	–	4 639	1 060
Income from investments	7	11	16	34	289	10	–	299		299	10
Finance cost	(14)	(63)	(3)	(80)	(17)	(17)		(34)		(34)	(172)
Finance costs ZCCM: Shareholder's loan Vale/ ARM joint operation	–	–	–	–	–	–		–		–	–
Finance costs ARM: Shareholder's loan Vale/ ARM joint operation***	–	–	–	–	–	–		–		–	–
Profit from associates****	–	–	–	–	–	–		–		–	619
Income from joint venture*****	–	–	–	–	–	118		118		118	–
Special items before taxation	1	–	(40)	(39)	–	(25)		(25)		(25)	(3)
Taxation	(2)	(239)	(46)	(287)	(716)	(744)		(1 460)		(1 460)	(45)
Profit/(loss) after taxation	10	583	79	672	1 671	1 894	(28)	3 537	–	3 537	1 469
Non-controlling interest	–	(277)	(14)	(291)	–	–		–	–	–	–
Consolidation adjustment*****	–	–	–	–	–	–		–	(27)	(27)	–
Contribution to basic earnings	10	306	65	381	1 671	1 894	(28)	3 537	(27)	3 510	1 469
Contribution to headline earnings	9	306	105	420	1 672	1 904	(21)	3 555	(27)	3 528	1 485
Other information											
Segment assets, including investment in associate	1 914	4 774	2 321	9 009	11 574	8 996	262	20 832	(609)	20 223	4 689
Investment in associate	–	–	–	–	–	–		–		–	1 798
Investment in joint venture	–	–	–	–	–	–		–		–	–
Segment liabilities	374	1 158	348	1 880	3 082	1 595	213	4 890	(3 007)	1 883	1 453
Unallocated liabilities (taxation and deferred taxation)											
Consolidated total liabilities											
Cash inflow/(outflow) generated from operations	269	1 175	149	1 593	2 703	2 149	28	4 880		4 880	305
Cash inflow/(outflow) from operating activities	271	688	161	1 120	762	1 500	27	2 289	1 500	3 789	309
Cash inflow/(outflow) from investing activities	(211)	(560)	(136)	(907)	(863)	(576)	(8)	(1 447)		(1 447)	(188)
Cash inflow/(outflow) from financing activities	(65)	27	–	(38)	–	–		–		–	(115)
Capital expenditure	214	455	133	802	890	642	8	1 540	(66)	1 474	140
Amortisation and depreciation	162	318	92	572	700	297	4	1 001	(30)	971	167
Impairment before tax	(1)	–	40	39	–	–		–		–	19
EBITDA	180	1 192	244	1 616	2 815	2 850	(25)	5 640	(30)	5 610	1 227

There were no significant inter-company sales.

* Includes IFRS 11 Joint Arrangements adjustments related to ARM Ferrous.

** The restructuring of the ARM Coal loans had an impact of R652 million profit with no tax effect.

*** Intercompany interest of R127 million receivable by ARM Corporate and accrued by ARM Copper is presented in terms of IFRS 5.

**** The restructuring of the ARM Coal loans had an impact of R325 million profit with no tax effect. Impairment loss included in income from associate are R19 million less tax of R5 million.

***** Impairment loss included in income from joint venture of R26 million before tax of R7 million.

***** Relates to capitalised fees in ARM Ferrous.

	ARM Corporate				Total continuing	Discontinued			IFRS adjustment			Total per IFRS	
	Exploration	Corporate and other	Gold	Total Corporate		ARM Ferrous		ARM Copper	Total Discontinuing	ARM Ferrous*	Other		Total IFRS adjustment
						Chrome Division	Total Ferrous	Lubambe Mine					
	-	-	-	-	21 916			340	340	(13 774)	(340)	(14 114)	8 142
	-	37	-	37	(14 769)			(282)	(282)	8 073	282	8 355	(6 696)
	-	504	-	504	1 677			4	4	(150)	(4)	(154)	1 527
	(23)	(949)	-	(972)	(2 512)			(70)	(70)	1 249	70	1 319	(1 263)
	(23)	(408)	-	(431)	6 312	-	-	(8)	(8)	(4 602)	8	(4 594)	1 710
		111	22	133	476			(12)	(12)	(299)	12	(299)	177
				-	(286)			(12)	(12)	34		46	(252)
		(108)		(108)	(108)			(20)	(20)	-	20	20	(108)
		-		-	-			-	-	-		-	-
		-		-	619			-	-	-		-	619
		-		-	118			-	-	3 392		3 392	3 510
		-		-	(67)			(117)	(117)	25	117	142	(42)
		(231)		(231)	(2 023)			(62)	(62)	1 450	62	1 512	(573)
	(23)	(636)	22	(637)	5 041			(219)	(219)	-	219	219	5 041
		(3)		(3)	(294)			34	34	(34)	(34)	(34)	(294)
		27		27	-			-	-	-		-	-
	(23)	(612)	22	(613)	4 747			(185)	(185)	-	185	185	4 747
	(23)	(612)	22	(613)	4 820			(6)	(6)	-	-	-	4 814
		3 752	1 351	5 103	39 024					(4 719)		(4 719)	34 305
				-	1 798							-	1 798
				-	-					15 504		15 504	15 504
		1 878		1 878	7 094					(1 883)		(1 883)	5 211
					4 552					(2 836)		(2 836)	1 716
					11 646					(4 719)		(4 719)	6 927
		109		109	6 887			(73)	(73)	(4 880)		(4 880)	1 934
	(23)	(1 730)		(1 753)	3 465			(76)	(76)	(789)		(789)	2 600
		551	22	573	(1 969)			141	141	1 447		1 447	(381)
		(195)		(195)	(348)			(7)	(7)	-		-	(355)
		2		2	2 418			46	46	(1 474)		(1 474)	990
		2		2	1 712					(971)		(971)	741
		-		-	58					-		-	58
	(23)	(406)		(429)	8 024			(8)	(8)	(5 573)		(5 573)	2 443

FINANCIAL REVIEW continued

FINANCIAL SUMMARY AND STATISTICS

for the year ended 30 June 2019

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R million, unless stated otherwise	Compounded annual growth rate %	Group			
		F2019 Rm	F2018 Rm	F2017 Rm	F2016 Rm
Income statement					
Sales	(1)	8 834	8 142	8 158	8 164
Basic earnings		3 554	4 562	1 372	(565)
Headline earnings	8	5 226	4 814	3 196	1 051
Basic earnings per share (cents)		1 848	2 393	723	(265)
Headline earnings per share (cents)	10	2 718	2 526	1 684	494
Dividend declared after year-end per share (cents)		900	750	650	225
Statement of financial position					
Total assets	4	37 216	34 305	32 246	35 127
Cash and cash equivalents	3	4 632	3 291	1 488	1 316
Total interest bearing borrowings	(6)	2 030	2 296	2 759	5 551
Shareholders' equity	6	29 703	27 378	24 040	24 581
Statement of cash flows					
Cash generated from operations	(11)	2 123	1 934	1 611	1 225
Net cash outflow from investing activities	(9)	(1 271)	(381)	(640)	(799)
Net cash (outflow)/inflow from financing activities		(281)	(355)	(1 865)	(558)
Exchange rates					
Average rate US\$1 = R	5	14.19	12.84	13.60	14.68
Closing rate US\$1 = R	6	14.09	13.72	13.05	14.51
JSE Limited performance					
Ordinary shares (Rands) – high	(4)	188	141	127	116
– low	3	107	78	67	35
– year-end	3	182	109	84	92
Volume of shares traded (thousands)	2	141 460	161 439	212 900	202 914
Number of ordinary shares in issue (thousands)	0	222 008	219 709	218 702	219 709
Financial statistics					
Liquidity ratios (times)					
Current ratio	1	2.4	2.6	1.7	1.2
Quick ratio	2	2.2	2.4	1.4	1.0
Cash ratio	3	8.5	19.3	5.0	1.8
Profitability (%)					
Return on operational assets	4	5.2	12.0	1.8	4.2
Return on capital employed	5	17.5	19.1	12.3	5.8
Return on equity	6	18.5	18.6	13.6	4.4
Gross margin	7	15.7	17.3	14.8	9.9
Operating margin	8	8.9	20.5	2.6	8.0
Debt leverage					
Interest cover (times)	9	19.1	16.7	9.2	6.1
Gross debt to equity ratio (%)	10	7	8	11	23
Net debt to equity ratio (%)	11	(9)	(4)	5	17
Other					
Net asset value per share (R/share)	12	127	118	107	109
Market capitalisation	13	40 405	23 970	18 371	20 058
Dividend cover (times)	14	3.02	2.53	2.59	2.19
EBITDA	15	1 476	2 443	794	1 185
EBITDA margin (%)	16	17	29	10	14
Effective tax rate	17	6	10	(35)	(1)
Effective tax rate excluding special items	18	9	10	7	2

The financial information above is in accordance with International Financial Reporting Standards.

Various corporate transactions were entered into during the past ten years and restatement due to IFRS 11 in 2013 for example, makes direct comparison for years not always meaningful.

- Current ratio (times)** Current assets divided by current liabilities.
- Quick ratio (times)** Current assets less inventories divided by current liabilities.
- Cash ratio (times)** Cash and cash equivalents divided by overdrafts and short-term borrowings less overdrafts.
- Return on operational assets (%)** Profit from operations divided by tangible assets (property, plant and equipment and current assets) excluding capital work in progress.
- Return on capital employed (%)** Profit before special items and finance costs, divided by average capital employed. Capital employed comprises non-current and current assets less trade and other payables and provisions.
- Return on equity (%)** Headline earnings divided by ordinary shareholders' interest in capital and reserves.
- Gross margin (%)** Gross profit divided by sales
- Operating margin (%)** Profit from operations before special items divided by sales.
- Interest cover (times)** Profit before special items and finance costs divided by finance costs.

Note: All ratios except return on capital employed use year end balances. Return on capital employed is a two-year average.

Group							
	F2015 Rm	F2014 Rm	F2013 Rm	F2012 Rm	F2011 Rm	F2010 Rm	F2009 Rm
	9 263	10 004	7 342	17 530	14 893	11 022	10 094
	104	3 289	1 634	3 438	3 366	1 812	2 868
	1 744	4 108	3 737	3 451	3 374	1 714	2 317
	48	1 521	759	1 609	1 581	854	1 355
	803	1 900	1 735	1 615	1 585	807	1 094
	350	600	510	475	450	200	175
	35 283	36 458	33 839	35 316	32 386	28 233	25 499
	2 257	2 150	1 965	3 564	3 668	3 039	3 513
	3 882	3 502	3 992	3 237	3 069	3 346	3 744
	26 905	28 199	25 463	24 405	22 170	18 529	16 751
	2 508	2 073	1 565	5 969	5 988	3 430	6 678
	(1 980)	(1 222)	(1 720)	(4 077)	(3 382)	(2 324)	(3 135)
	(304)	(759)	474	179	(588)	(729)	(171)
	11.45	10.36	8.83	7.77	6.99	7.59	9.03
	12.16	10.63	9.93	8.16	6.76	7.67	7.72
	203	240	209	199	236	206	291
	81	143	139	159	146	117	76
	83	187	150	166	189	161	130
	124 582	110 911	113 003	98 740	121 051	138 241	113 690
	217 491	216 748	215 625	214 852	213 133	212 692	212 068
	1.7	1.9	1.9	2.4	2.4	2.2	1.5
	1.5	1.6	1.5	1.8	1.8	1.7	1.1
	4.0	3.6	6.5	5.2	12.6	5.9	1.6
	5.8	9.3	7.1	20.1	24.1	15.2	20.4
	6.9	15.0	14.1	17.7	19.8	12.0	18.2
	6.8	15.4	15.5	14.9	15.9	9.6	14.3
	15.2	24.7	20.1	34.6	40.4	32.1	40.1
	11.2	16.7	16.0	29.8	36.3	26.5	36.7
	9.3	19.1	21.9	23.7	25.4	16.0	11.1
	14	12	16	13	14	18	25
	6	5	8	n/a	n/a	2	1
	118	123	112	108	99	84	76
	17 993	40 538	32 292	35 670	40 176	34 243	27 548
	2.29	3.17	3.40	3.40	3.52	4.04	6.25
	2 087	2 620	1 982	6 531	6 517	3 907	4 484
	23	26	27	37	44	35	44
	83	13	(5)	31	32	34	39
	23	14	10	31	32	35	44

10 **Gross debt to equity ratio** Total debt divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings. Total equity comprises total shareholders' interest.

11 **Net debt to equity ratio** Total debt less cash and cash equivalents divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings. Total equity comprises total shareholders' interest.

12 **Net asset value per share (Rands)** Ordinary shareholders' interest in capital and reserves divided by number of shares in issue.

13 **Market capitalisation (R million)** Number of ordinary shares in issue multiplied by market value of shares at 30 June.

14 **Dividend cover (times)** Headline earnings per share divided by dividend per share.

15 **EBITDA (R million)** Earnings before interest, taxation, depreciation, amortisation, income from associate, income from joint venture and special items.

16 **EBITDA margin (%)** EBITDA divided by sales.

17 **Effective tax rate** Taxation in the income statement divided by profit before tax.

18 **Effective tax rate excluding special items** Taxation in the income statement less tax on special items divided by profit before tax and special items

APPROACH TO SUSTAINABILITY

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ARM takes a responsible, sustainable approach to mining and beneficiation that aligns with our values. These explicitly include the broader concept of sustainability as well as our commitment to zero tolerance for harm to employees, host communities and the environment.

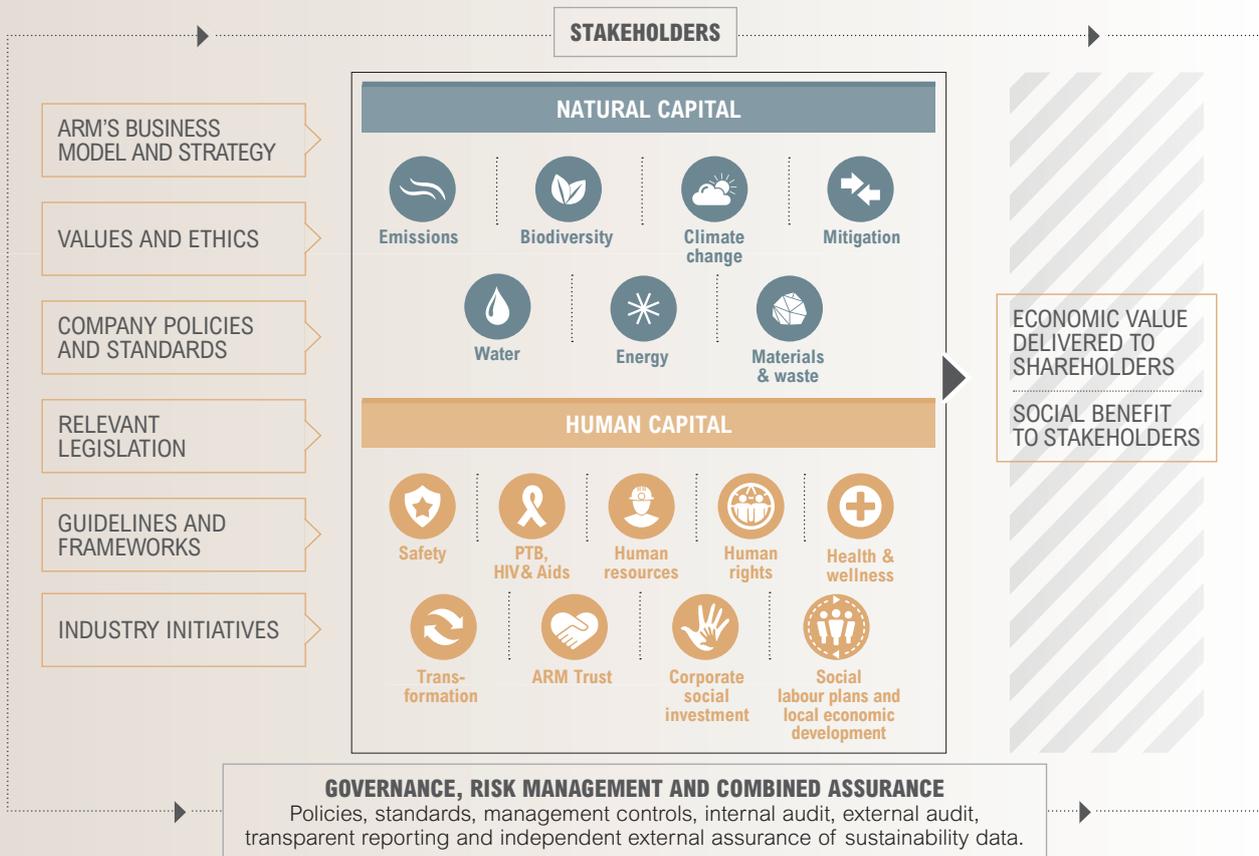
Key sustainability metrics are regularly reviewed at operational, divisional, executive and board level.

The group's combined assurance model is based on six lines of assurance that provide a sound basis to assess the appropriateness and reliability of ARM's sustainability processes, controls and information.



ARM's sustainable development model

ARM's approach to sustainable development is represented in the model below, which shows the inputs that shape our approach and aspects we consider in creating value.



SUSTAINABILITY PERFORMANCE YEAR-ON-YEAR

Performance indicator	F2019	F2018	F2017	F2016	F2015
Economic and related core baseline indicators					
Sales (Rm)	26 641	21 916 ⁺	21 298	19 072	19 824
Taxes (Rm)	2 135	2 023	858	478	860
Headline earnings (Rm)	5 226	4 814	3 196	1 051	1 744
EBITDA from continuing operations (Rm)	9 336	8 024	6 372	3 964	4 994
Net cost of products and services (Rm)	12 404	9 491 ⁺	10 816	10 891	10 808
Wealth created (Rm)	12 966	13 571	8 622	6 276	7 217
Number of environmental administrative penalties/fines	0	0	0	0	0
Employee indicators – on a 100% basis – at 30 June 2019*					
Total number of ARM employees and contractors	21 417	21 862	24 106	23 128	27 276
– Employees (permanent)	12 771	12 420	13 218	13 793	15 080
– Contractors (mainly used in capital projects)	8 646	9 442	10 871	9 319	12 141
– Expatriates	0	0	17	16	55
Employee turnover (excluding contractors) (%)	5.7	6.9	1.1	15.0	11.5
Investment in employee training and development					
– Total expenditure (Rm)	239	239	180	184	232
– % of payroll	7.7	8.8	6	6.9	8.3
Employment equity** (% representation of previously disadvantaged groups in permanent employees)					
– Top management	56	56	42	38	38
– Senior management	51	50	49	49	44
– Professionally qualified	66	64	60	57	54
– Technically qualified	77	75	71	68	67
Lost-time injury frequency rate (LTIFR)/200 000 man-hours*	0.42	0.38	0.28	0.32	0.35
Reportable/serious accidents	76	68	47	60	78
Days lost to industrial action	8	5 904	0	3 024	0
Environmental indicators – on a 100% basis†					
Total water withdrawn (m ³) (municipal, surface and groundwater)	21 773 440	18 296 551	14 295 993	19 066 300	18 334 106
Energy use					
– Electricity (MWh)	1 658 629	1 656 263	1 784 491	1 820 802	2 102 451
– Diesel (000 litres)	96 055	94 234	87 494	91 974	99 812
Emissions (attributable[^])					
Carbon emissions (equivalent tonnes CO ₂)					
– Scope 1 and 2	1 102 614	1 026 249	1 047 418	1 077 746	1 246 131
– Scope 1	235 956	235 354	226 744	226 972	322 034
– Scope 2	866 659	790 895	820 674	850 774	924 097
Direct emissions [#] :					
– NO _x (tonnes)	434	461	437	405	601
– SO _x (tonnes)	298	312	346	316	386
– Particulate matter (tonnes)	274	202	242	216	237
Corporate social responsibility (CSR) – on a 100% basis					
Total community upliftment and CSR (Rm)	175.3	155.8	114.6	98.5	157.6
– CSI (Rm)	27.4	20.5	22.1	18.0	54
– LED (Rm)	147.9	135.3	92.5	80.5	103.6
ARM Trust projects (Rm)	16.4	11.2	8.2	7.4	11.7

Non-financial data is stated on a 100% basis, unless otherwise indicated.

* Total number of ARM employees, contractors and expatriates as at 30 June 2019.

• LTIFR: injury rates are measured per 200 000 man-hours and include both ARM employees and contractor incidents.

^ Values attributable to shareholding percentages.

Direct emissions as a result of smelting operations at Cato Ridge Works only in F2019. No smelting operations were conducted at Machadodorp Works after F2017.

While included in Scope 1 emissions, direct CO₂ emissions were previously reported separately but on a 100% basis and using a mass balance approach and site-specific emission factors. Calculations for Scope 1 and direct emissions have now been aligned using the IPCC tier 2 mass balance approach.

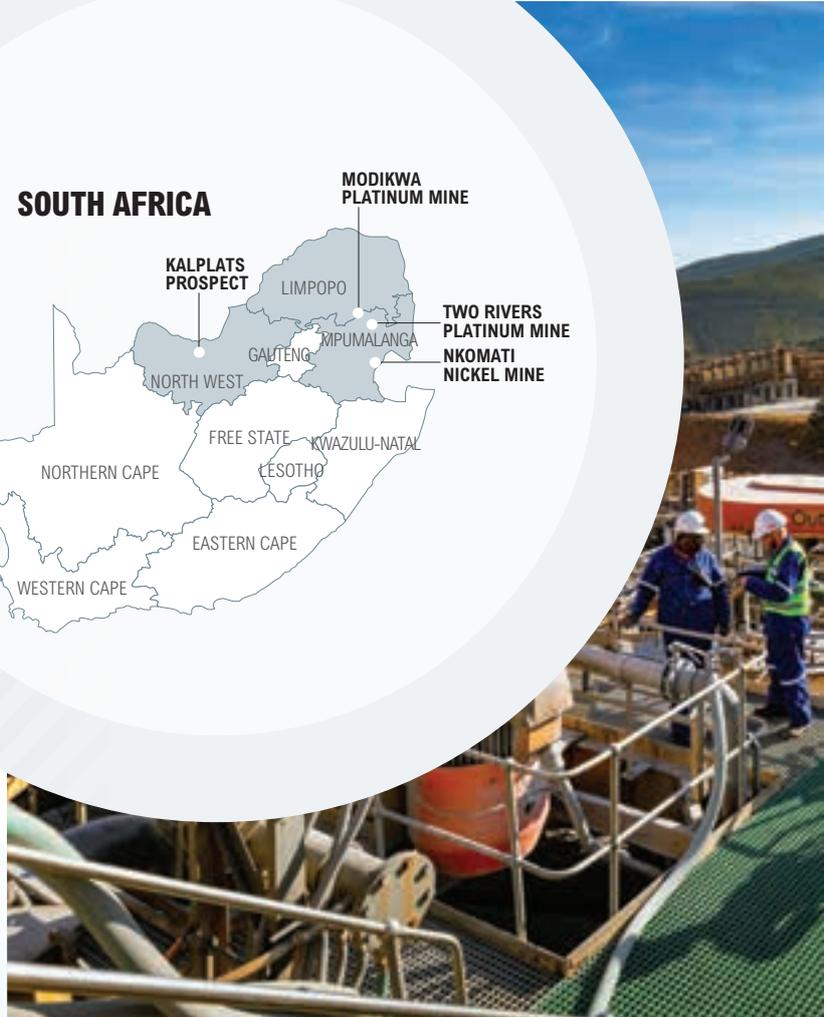
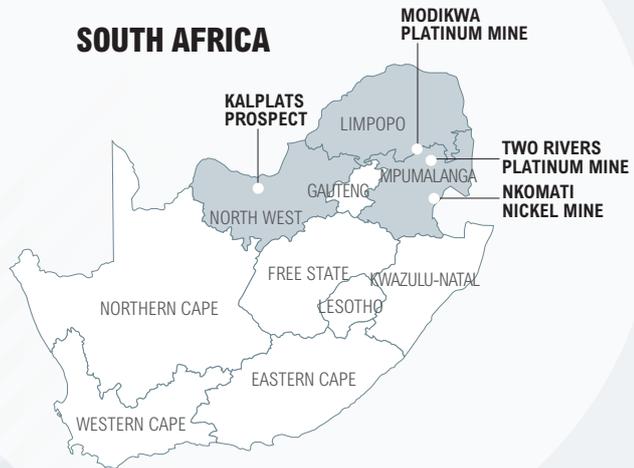
+ Restated from F2018 as a result of implementing IFRS 15.

ARM PLATINUM

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Thando Mkatshana
Chief executive – ARM Platinum



Key features for F2019

Improved Rand PGM basket price.

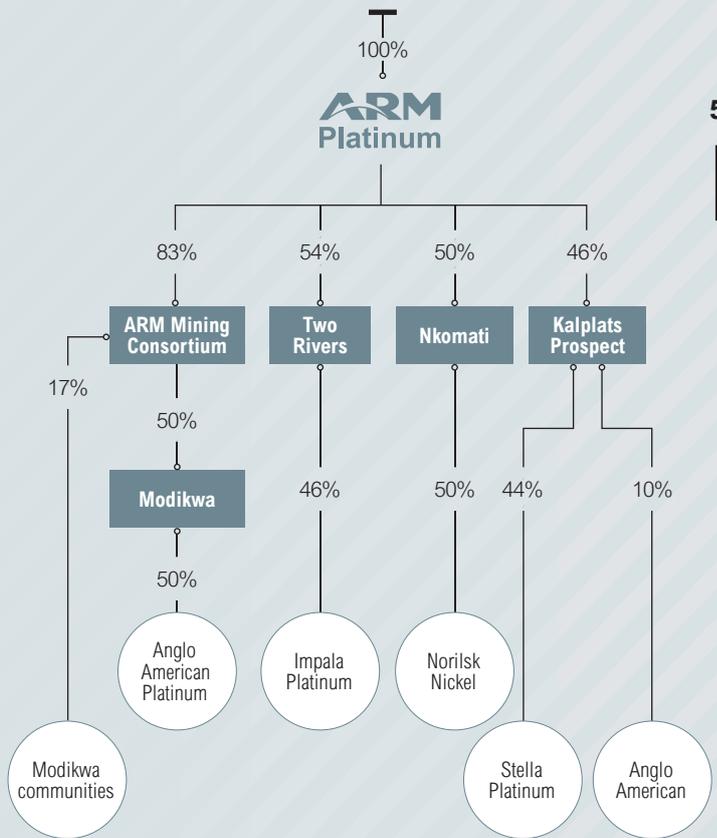
Significant decline in the nickel price towards year end.

Decision to scale down Nkomati Mine concluded.

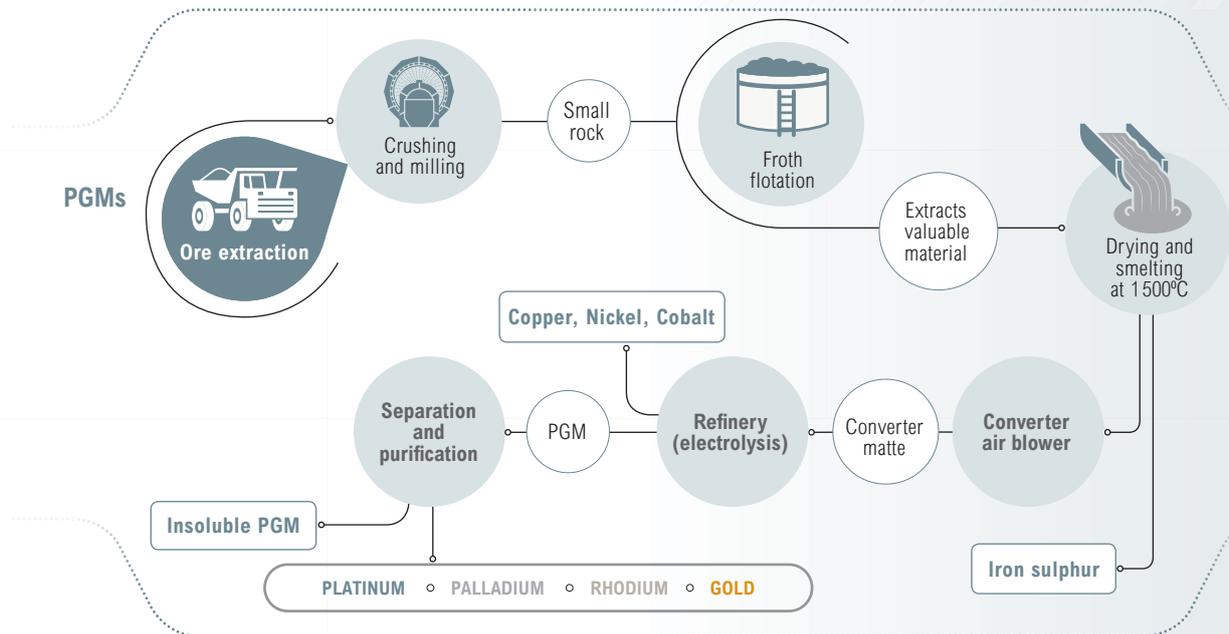
Unit production cost increases.

Material matters

- 
 - » Economic and operational sustainability of Nkomati Mine.
- 
 - » Grade decline at Two Rivers Mine
 - » Operational performance at Modikwa Mine.
- 
 - » Declining safety performance at Modikwa Mine
 - » Impact of Nkomati Mine scale-down on employees and contractors.
- 
 - » Managing stakeholder impacts of Nkomati Mine scale-down
 - » Community unrest, particularly in the Eastern Limb.



Production process



ARM PLATINUM continued

Scorecard

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TWO RIVERS MINE F2019/20 OBJECTIVES



F2019

Produce 370 000 6E PGM ounces while maintaining the mine's position on the global PGM cost curve.

Not achieved (✗)

Largely due to split reef. Two Rivers produced 313 000 6E PGM ounces. The mine's position on the global PGM cost curve increase to the 40th percentile.

F2020

Produce 334 000 6E PGM ounces by improving the selective mining of split reef and increasing mining flexibility while improving the mine's position on the global PGM cost curve.
Approve and begin construction of concentrator plant expansion.

F2019

Achieve sales volumes of 260 000 tonnes of chrome concentrate.

Not achieved (✗)

Lower grades resulted in lower chrome yield. Chrome concentrate sales volumes were 220 000 tonnes.

F2020

Achieve sales volumes of 230 000 tonnes of chrome concentrate.

MODIKWA MINE F2019/20 OBJECTIVES

F2019

Achieve 340 000 6E PGM ounces and improve position on the global PGM cost curve.

Not achieved (✗)

The mine produced 307 000 6E PGM ounces and is positioned 55th on the global PGM cost curve.

F2020

Achieve 340 000 6E PGM ounces and improve position on the global PGM cost curve.

F2019

Continue South 2 shaft ramp-up and achieve 50 000 tonnes per month.

Achieved (✓)

F2020

Continue South 2 shaft ramp-up and achieve 55 000 tonnes per month.

F2019

Finalise and approve commercial deal with Samancor and recommend chrome project to the joint-venture partners for approval.

Achieved (✓)

F2020

Begin constructing chrome plant for completion in quarter 2 F2021.

NKOMATI MINE F2019/20 OBJECTIVES

F2019

Sustain current average milling rate and efficiencies.

Achieved (✓)

F2020

Manage the scale down of Nkomati Mine responsibly.
Manage cash flow with minimal funding requirements from partners.

F2019

Sustain MMZ plant milling rate at 400 000 tonnes per month. Current recoveries to be sustained while significant volumes of very low-grade material from stockpiles are included in MMZ plant feed.

Achieved (✓)

F2020

Manage the scale down of Nkomati Mine responsibly.

F2019

Achieve sales of 350 000 tonnes of chrome concentrate. An action plan to resolve PCMZ plant efficiencies concluded, with associated improvements to achieve target sales volumes.

Achieved (✓)

F2020

442 000 tonnes of chrome concentrate were sold.

Commodity markets

Platinum

The platinum price decreased marginally from US\$840 per ounce at the beginning of F2019 to US\$836 per ounce on 30 June 2019.

An increase in investor sentiment stimulated increased buying of exchange traded funds (ETFs). Investors were motivated by supply disruption risks and an improved outlook for platinum demand. The implementation of stricter heavy-duty vehicle emissions limits in India and China is forecast to boost platinum consumption over the next few years. High palladium prices are expected to favour a gradual switch from palladium to platinum in gasoline catalysts, but the substitution is expected to be slow due to higher efficiencies favouring palladium use in gasoline applications. Consumption of platinum in fuel cells will see significant growth in F2020, although from a very low base. European diesel car production decreased in F2019 and is expected to retreat further in F2020.

We believe the long-term fundamentals of platinum remain sound.

ARM Platinum achieved an average platinum price of US\$825 per ounce for F2019 (F2018: US\$936 per ounce).

Palladium

The palladium price performed exceptionally well in F2019, increasing from US\$932 per ounce at the beginning of F2019 to US\$1 541 per ounce on 30 June 2019. Significant increases in palladium demand from auto catalysts and chemical producers have resulted in record palladium prices in F2019. Stricter legislation is expected to further increase demand from Chinese automakers. The palladium market deficit is forecast to widen over the next year, with palladium supply unable to keep up with growth in automotive demand. ETFs currently do not hold sufficient metal to bridge the gap between demand and supply. ARM maintains its bullish view on this metal.

The average price achieved in F2019 by ARM Platinum for palladium was US\$1 233 per ounce (F2018: US\$974 per ounce).

Rhodium

The rhodium price performed well in F2019, increasing from US\$2 325 per ounce at the beginning of F2019 to US\$3 350 per ounce on 30 June 2019. Rhodium demand on autocatalysts increased as European vehicle manufacturers used more rhodium to meet stricter vehicle-testing regimes. Growth in auto demand was offset by a fall in rhodium consumption in industrial applications, as high prices resulted in some thrifting of rhodium in the glass industry. The outlook for demand is positive as emissions legislation is tightening in most major markets, resulting in an upward trend in rhodium loadings.

ARM Platinum achieved an average rhodium price of US\$2 567 per ounce (F2018: US\$1 540 per ounce).

Nickel

The nickel price decreased from US\$14 065 per tonne at the beginning of F2019 to US\$12 675 per tonne on 30 June 2019. Despite a deficit between supply and demand, prices were affected by global macro-economic concerns, including fears of a Chinese slowdown and the negative impact on global growth of the US-China trade war.

Short to medium-term nickel demand will be driven by the stainless steel market which is highly responsive to macro-economics, hence, prices are envisaged to take longer to improve. The nickel price will remain volatile on any news from Indonesia on the export unprocessed ban on nickel ore. Long-term demand fundamentals for nickel remain strong, with specific reference to an increase in demand expected from electric vehicles.

ARM Platinum achieved an average nickel price of US\$12 343 per tonne (F2018: US\$12 397 per tonne).

Financial review



Delivering financial returns to shareholders and other providers of capital

Two Rivers Mine delivered improved headline earnings, but this was offset by a headline loss at Nkomati Mine. As a result, ARM Platinum's attributable headline earnings decreased by 73% to R112 million (F2018: R420 million).

Improved Rand palladium (40%) and rhodium (84%) prices contributed significantly to the Modikwa and Two Rivers results. The average Rand per 6E kilogram basket price for Modikwa Mine and Two Rivers Mine increased by 29% and 26% to R491 723/kg (F2018: R380 603/kg) and R467 994/kg (F2018: R370 755/kg) respectively. An 11% decrease in Nkomati's Rand chrome price had a negative impact on its results. The tables below set out the relevant price comparison:

AVERAGE US DOLLAR METAL PRICES

		Average for the 12 months ended 30 June		
		2019	2018	% change
Platinum	US\$/oz	825	936	(12)
Palladium	US\$/oz	1 233	974	27
Rhodium	US\$/oz	2 567	1 540	67
Nickel	US\$/t	12 343	12 397	-
Copper	US\$/t	6 176	6 798	(9)
Cobalt	US\$/lb	23	35	(34)
UG2 chrome concentrate –				
Two Rivers (CIF ¹)	US\$/t	155	174	(11)
High sulphur chrome concentrate –				
Nkomati (FOT ²)	US\$/t	66	82	(20)

¹ Cost, insurance and freight.

² Free on truck.

ARM PLATINUM continued

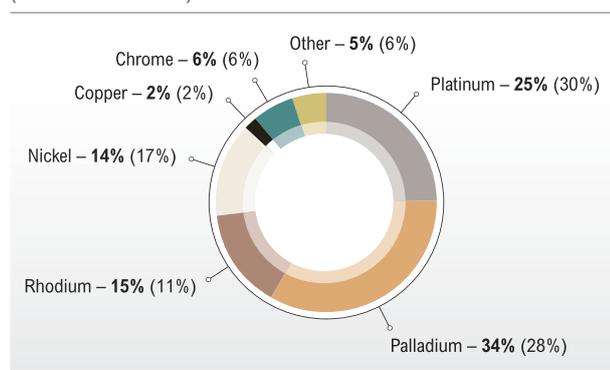
AVERAGE RAND METAL PRICES

		Average for the 12 months ended 30 June		
		2019	2018	% change
Exchange rate	R/US\$	14.19	12.84	11
Platinum	R/oz	11 713	12 020	(3)
Palladium	R/oz	17 497	12 509	40
Rhodium	R/oz	36 420	19 780	84
Nickel	R/t	175 140	159 172	10
Copper	R/t	87 636	87 282	-
Cobalt	R/lb	327	443	(26)
UG2 chrome concentrate – Two Rivers (CIF ¹)	R/t	2 206	2 232	(1)
High sulphur chrome concentrate – Nkomati (FOT ²)	R/t	942	1 059	(11)

1 Cost, insurance and freight.
2 Free on truck.

Lower PGM production at Modikwa Mine (8%), Two Rivers Mine (10%) and Nkomati Mine (1%) resulted in ARM Platinum’s PGM ounces – on a 100% basis – reducing by 8% to 729 833 6E ounces (F2018: 792 583 6E ounces). Nkomati Mine’s nickel production increased by 7% to 14 209 tonnes (F2018: 13 302 tonnes).

ARM PLATINUM REVENUE PER COMMODITY – ON A 100% BASIS (F2018 in brackets)



Investing in the current business

Capital expenditure at ARM Platinum operations – on a 100% basis – increased slightly to R1.2 billion (F2018: R1.1 billion).

Capital expenditure at Modikwa Mine – on a 100% basis – decreased by 2% to R260 million (F2018: R266 million). Of the capital spent in F2019, 29% is associated with the North Shaft project and 3% with the South Shaft project. Fleet refurbishment and critical spares accounted for 22% of capital expenditure.

Of the R587 million capital spent at Two Rivers in F2019, 21% reflects fleet replacement and refurbishment. The deepening of the Main and North declines, together with electrical and mechanical installations, comprised 50% of total capital expenditure.

Nkomati Mine’s F2019 capital expenditure of R336 million – on a 100% basis – was mainly for capitalised waste stripping, which decreased by 26% to R225 million. No waste-stripping costs have been capitalised since 30 November 2018.

ARM PLATINUM CAPITAL EXPENDITURE – ON A 100% BASIS

	F2019	F2018	% change
Modikwa	260	266	(2)
Two Rivers	587	455	29
Nkomati	111	124	(10)
Nkomati capitalised	225	304	(26)
	1 183	1 149	3

Operational review



Two Rivers Mine

Attributable headline earnings increased by 5% to R322 million (F2018: R306 million) due to a 26% increase in the Rand PGM basket price. A 1% decrease in tonnes milled and a 3% reduction in head grade led to PGM ounces produced declining by 10% to 313 406 6E ounces (F2018: 348 405 6E ounces). In addition, chrome concentrate sales volumes declined by 4% to 219 566 tonnes on a lower chrome yield, a direct consequence of the lower PGM grade.

This, combined with a 15% decline in the Rand chrome price from July 2018 to June 2019, resulted in the chrome cash operating profit declining by 20% to R168 million (F2018: R210 million).

Flexibility in obtaining the optimal blend of ore, from split reef and normal reef sources, at the Main decline remains a constraint and affected the feed grade to the plant. The accelerated sinking programme for Main decline is progressing well and is expected to produce an additional four levels by the end of February 2020, which will improve mining flexibility. In addition, by undercutting thick internal waste within the split reef where practical, we expect to marginally improve the Main decline grade. The plant feed grade is, however, expected to vary between 3.5g/t and 3.7g/t 6E for the next 12 months.

Unit production costs on a Rand per tonne milled basis rose by 7% to R736 (F2018: R688). The Rand cost increased by 17% to R8 001 per 6E ounce (F2018: R6 822 per 6E ounce), as a direct result of the decline in grade and ounces combined with above-inflation increases in diesel, electricity and insurance. The UG2 run-of-mine stockpile declined by 84 436 tonnes to 122 735 tonnes at 30 June 2019.

Modikwa Mine

Modikwa Mine delivered attributable headline earnings of R105 million.

Tonnes milled decreased by 6% and, combined with a 1% decrease in head grade, resulted in PGM ounce production decreasing by 8% to 306 930 6E ounces (F2018: 333 888 6E ounces). The decline in head grade was mainly due to lower-grade material being blended with higher-grade fines to optimise plant capacity.

Unit production costs rose by 9% to R10 027 per 6E PGM ounce (F2018: R9 197) and were 6% higher on a Rand per tonne basis at R1 345 (F2018: R1 265).

The South 2 shaft system hoisted just under 45 000 tonnes per month for F2019. Progress is on track to ramp-up the South 2 shaft system to 50 000 tonnes per month in F2020.

Nkomati Mine

Nkomati Mine reported an attributable headline loss of R315 million (F2018: R9 million headline earnings) as spot nickel prices reduced from US\$14 065 on 1 July 2018 to US\$12 675 on 30 June 2019, resulting in a negative mark-to-market adjustment of R130 million. In the prior period, the nickel spot price increased from US\$9 375/t on 1 July 2017 to US\$14 940/t on 30 June 2018, resulting in a positive mark-to-market of R465 million in that period.

Chrome concentrate sales volumes mitigated some of the decline (442 464 tonnes compared to 328 371) despite a 31% decrease in the average Rand chrome price from July 2018 to June 2019.

Total tonnes milled rose by 1% to 8.15 million (F2018: 8.04 million). Nickel production volumes increased by 7% to 14 209 tonnes (F2018: 13 302 tonnes). Nkomati Mine had 13 000 tonnes of nickel concentrate in stock at 30 June 2019.

Waste-stripping costs of R225 million (F2018: R304 million) were capitalised in the period. The on-mine unit production cost – excluding capitalised waste-stripping – was 22% higher at R367/t (F2018: R301/t) after the practice of capitalising stripping costs was terminated on 30 November 2018. The increase also reflects above-inflation rises in mining, diesel and maintenance costs. C1 unit cash cost net of by-products – including capitalised waste-stripping cost – was 10% higher at US\$6.47/lb (F2018: US\$5.86/lb) of nickel produced. The increase also reflects lower by-product credits.

After evaluating numerous scenarios for the future of Nkomati Mine, it has become clear that the mine has reached the end of its economic life. The joint-venture partners have agreed to scale down production volumes and place the open-pit mine on care and maintenance from 30 September 2020 in preparation for closure. The Nkomati underground mine was placed on care and maintenance in December 2015. Production volumes at the mine are expected to be approximately 14 000 tonnes for the 2020 financial year. Engagement with affected stakeholders including employees, representative unions, contractors, the Department of Minerals Resources and Energy (DMRE) and host communities has commenced. Employees affected by the scale-down will be supported throughout the process with

counselling, financial planning support, outplacement services and reskilling as well as with skills development.

The mine's environmental responsibilities will be executed in line with its environmental management programme and all relevant statutory requirements. R206 million – on a 100% basis – in restricted cash and guarantees has been provided for rehabilitation obligations. Final costs for rehabilitation will be assessed and finalised on completion of a technical assessment.

Given the decline in Nkomati's enterprise value noted above, it was necessary to further impair its net asset value as discussed in the financial review on pages 32 to 49.

Sustainability review



Ensuring a safe, healthy and skilled workforce

Safety

Tragically, Mr Thomas Maluleke, a rock-drill operator and full-time employee, was fatally injured in a fall-of-ground at Modikwa Mine on 27 March 2019. In September 2019 (post year end), Mr Malatji was fatally injured in an accident involving trackless mobile machinery at Two Rivers Mine.

While total LTIs decreased to 73 (F2018: 77), the LTIFR deteriorated to 0.60 (F2018: 0.49). A number of initiatives have been implemented to address safety concerns at Modikwa Mine.

LTIFR

(per 200 000 man-hours)



Safety days were held at all operations in line with the Mining Council South Africa's National Safety Day. Implementation of the critical control management (CCM) process across operations is progressing well and is on track for completion in F2020. The CCM process identifies critical controls to prevent major unwanted events and is acknowledged globally as a process that could significantly help to prevent disabling or fatal accidents.

Safety achievements at 30 June 2019 included:

- » Two Rivers Mine – 5 million fatality-free shifts on 18 February 2019
- » Nkomati Mine – 7 million fatality-free shifts on 28 June 2019 over ten years and nine months.

ARM PLATINUM continued

Operation	Total fatality-free shifts worked	Last fatality
Modikwa Mine	313 501	March 2019
Two Rivers Mine	5 250 729	January 2012
Nkomati Mine	7 003 970	September 2008

In F2019, 18 Section 54 notices resulted in safety stoppages, with 64 shifts affected (F2018: 29 Section 54 notices and 86 shifts affected). There was one Section 55 notice issued (F2018: seven) with no shifts lost as a result (F2018: 0).

Employees

The division's total workforce decreased by 1.5% to 9 694 at 30 June 2019 (F2018: 9 838). 72% of the workforce at year end were full-time employees (F2018: 70%) and 28% contractors.

Increasing the representation of historically disadvantaged people at management level remains a focus and representation decreased marginally to 65% in F2019 (F2018: 66%). The operations are also investigating ways to increase the percentage of women in mining.

ARM Platinum invested R82.6 million in training initiatives in F2019 (F2018: R80 million).

Health

The risk-based occupational medical surveillance programmes focus on identifying and addressing specific health risks for each workplace and occupation, particularly pulmonary tuberculosis (PTB), HIV and Aids, and noise-induced hearing loss (NIHL).

Two Rivers and Modikwa mines are putting in place memorandums of understanding to partner with the Limpopo Department of Health to provide primary healthcare services and specific medication – including treatment for chronic diseases, PTB and antiretrovirals or ARVs – to employees and contractors on behalf of the department.

All employees and contractors visiting the mine clinics are passively screened for PTB in terms of our integrated policy on HIV, PTB and sexually transmitted infections (STIs):

- » 16 771 screenings for PTB were conducted during C2018 (C2017: 17 437)
- » 53 new cases of PTB were identified (C2017: 77) and 50 cases were cured. Four cases of multi-drug resistant PTB (MDR PTB) were reported in C2018 (C2017: 9)
- » 16 168 employees and contractors received HIV counselling at our mine clinics in F2019 (F2018: 18 299).

Our occupational health and wellness programme has a strong focus on hearing conservation and aligns with the Mining Industry Occupational Safety and Health (MOSH) leading practice on noise:

- » 18 617 audiometric tests were conducted as part of the hearing conservation programme

- » 20 NIHL cases were submitted for compensation (F2018: 66), 18 of which involved employees or contractors working at Modikwa Mine when screened.

Chronic conditions are monitored by specific occupational exposure profiles for high-risk roles. Specific interventions were implemented to monitor and manage high levels of hypertension, which is mainly a lifestyle disease.



Tailings storage facilities (TSFs)

Ensuring safe and stable operation of TSFs is a priority and a professional engineer is appointed to assist with this specialised function at each facility.

During the year, operations commissioned revisions of legal compliance, risk assessment, zones of influence (in the event of failure at final capacity) and appropriate tailings-specific emergency response plans. The ARM CEO and divisional chief executives hosted a tailings workshop where each operation presented progress on these aspects. In line with global best practice, independent external review of the TSFs has been commissioned to enhance our associated management systems. Dam-break analyses of TSFs has been commissioned to inform enhanced emergency response planning.

Emissions and energy use

The platinum division's combined estimated Scope 1 (direct) and Scope 2 (indirect) carbon emissions increased by 9% to 477 858 tonnes of CO₂ (tCO₂e) on an attributable basis (F2018: 439 035 tCO₂e). 90% of the division's carbon emissions are attributable to electricity consumption, which increased by 0.6% to 832 037 megawatt hours (MWh) on a 100% basis (F2018: 826 710 MWh).

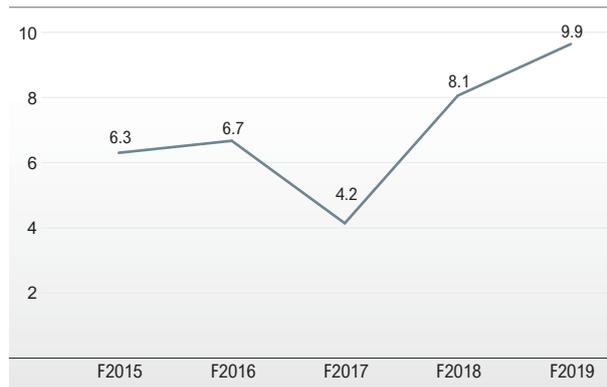
		F2019	F2018
Scope 1 and 2 carbon emissions (on an attributable basis)	tCO ₂ e	477 858	439 035
Electricity consumption (on a 100% basis)	MWh	832 037	826 710

Modikwa Mine accounted for 26% of the division's total emissions, Nkomati Mine 47% and Two Rivers Mine 27%.

Water

ARM implemented phase 2 of the water accounting framework of the International Council on Mining and Metals (ICMM). Workshops were held at operations and revised water accounting flowcharts and reporting templates were piloted to ensure accurate reporting in the requisite accounting format. The improvements in water accounting realised in phase 1 led to a significant increase in reported water withdrawal volumes in F2018. For F2019, it further increased by 22% to 9.9 million m³ (F2018: 8.1 million m³). This was mainly due to stringent water accounting definitions being applied which resulted in improved accounting for harvesting of rainfall and runoff from mining areas as well as additional flow meters increasing the accuracy of reporting. At Modikwa Mine, 2 million m³ of groundwater which was not previously reported was accounted for. Nkomati Mine reported a 0.7 million m³ increase due to more efficient recovery of water from the tailings storage facility as a result of commissioning an additional return water pipeline.

WATER WITHDRAWN (million m³)



The division accounted for 45% of the group's total water withdrawals.

Nkomati Mine accounted for 44% of the division's total water withdrawal, Modikwa Mine 37% and Two Rivers Mine 19%.



Maintaining our social licence to operate

Community unrest during the year – some unrelated to our operations as well as unrest caused by community expectations for employment or procurement opportunities – at times affected access to the operations, stakeholder engagement activities and meeting community social and labour plan (SLP) commitments. Community relations are an ongoing area of focus.

ARM's enterprise and supplier development initiatives support the growth and development of small, medium and micro enterprises (SMMEs), many of which come from, and create jobs in, surrounding communities. Support includes training, mentoring and coaching as well as financial support to qualifying SMMEs. The aim of these programmes is to support sustainable businesses to graduate into the mining supply chain.

ARM Platinum invested R37.1 million in local economic development (LED) projects under its social and labour plans (SLPs) (F2018: R41 million) and corporate social investment (CSI) expenditure was R8.9 million (F2018: R10 million), bringing the total investment in corporate social responsibility (CSR) projects to R46.0 million (F2018: R51 million).

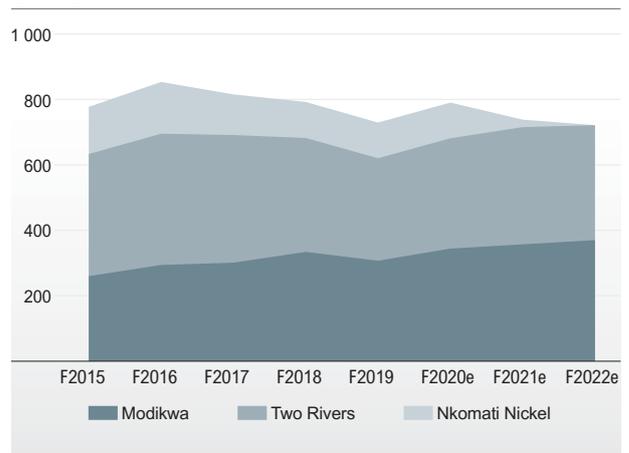
LED projects under way in F2019 include:

- » Two Rivers Mine constructed three additional classrooms to reduce overcrowding for the 436 learners at Ntake Combined School in the Ngwaabe community (R1.3 million)
- » Two Rivers Mine invested R11.1 million to provide electricity to 700 households in the Kutullo, Makakatela and Ma-Seven communities in Ngwaabe. Electrification will improve visibility at night, contribute to crime reduction and improve the livelihood of communities surrounding the mine. The project created 18 temporary jobs and included skills development in the relevant artisanal fields
- » Modikwa Mine constructed a sports facility to provide recreational opportunities and improve social cohesion in the Maandagshoek communities (R4.9 million).

Outlook

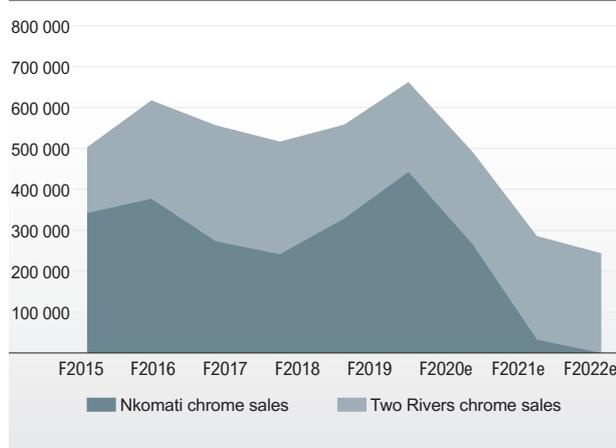
ARM Platinum production and sales volumes – on a 100% basis

PGM PRODUCTION VOLUMES (000oz)

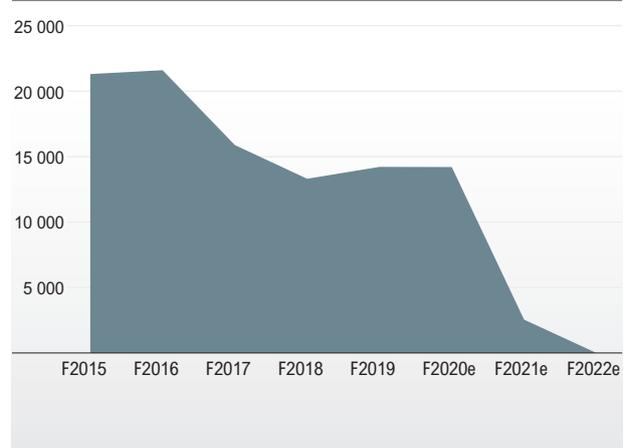


ARM PLATINUM continued

CHROME CONCENTRATE SALES VOLUMES
(000t)



NKOMATI NICKEL PRODUCTION VOLUMES
(000t)



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SUMMARY SUSTAINABILITY STATISTICS – ON A 100% BASIS

	unit	F2019	F2018	F2017	F2016	F2015
Employee indicators						
Average number ¹		9 058	9 452	9 321	9 704	10 413
– Permanent employees		5 913	6 045	5 724	5 992	6 347
– Contractors		3 145	3 407	3 597	3 712	4 066
LTIFR per 200 000 man-hours		0.60	0.49	0.38	0.44	0.48
Environmental indicators						
Scope 1 and 2 carbon emissions ²	tCO ₂ e	477 858	439 035	434 988	456 780	424 622
Total water withdrawn ³	million m ³	9.9	8.1	4.2	6.7	6.3
Energy usage						
– Electricity	MWh	832 037	826 710	804 597	829 484	824 432
– Diesel	000 litres	34 936	35 071	34 029	33 361	34 875
Community investment indicators						
Total CSR	R million	46	51	40	22	36
– CSI	R million	9	10	11	5	11
– LED	R million	37	41	29	17	25

¹ The number of permanent employees and contractors are reported as an average for the year, consistent with calculating safety statistics.

² Reported on an attributable basis.

³ Includes rainfall and runoff water harvested, surface water withdrawn from rivers, municipal water and groundwater.



Summary operational and financial indicators – on a 100% basis

TWO RIVERS MINE

Ownership:

ARM owns 54% with Impala Platinum owning the balance.

Management:

Managed by ARM.

Refining:

All metal-in-concentrate produced is sold to an Impala subsidiary, Impala Refining Services (IRS). Chrome concentrates are sold through chrome traders to various global end users.



	unit	F2019	F2018	F2017	F2016	F2015
OPERATIONAL						
Production volumes						
Platinum	oz	147 235	162 543	181 882	185 856	173 544
Palladium	oz	85 962	96 569	107 108	110 943	101 967
Rhodium	oz	25 617	28 553	31 797	33 098	30 645
Gold	oz	2 321	2 528	2 681	2 695	2 506
Ruthenium	oz	42 145	46 937	54 094	55 110	51 815
Iridium	oz	10 126	11 274	12 653	13 020	12 116
PGMs	oz	313 406	348 405	390 214	400 722	372 592
Nickel	t	552	606	602	648	584
Copper	t	240	274	280	308	267
Chrome sold	t	219 566	229 642	275 189	283 765	240 411
Other operational indicators						
Tonnes milled	Mt	3.40	3.46	3.50	3.51	3.36
Head grade	g/t 6E	3.52	3.63	3.90	4.06	3.98
Average basket price	R/kg 6E	467 994	370 755	333 746	320 977	341 200
Cash cost	R/t	736	688	690	642	595
Cash cost	R/PGM oz	8 001	6 822	6 195	5 624	5 365
Cash cost	R/Pt oz	17 031	14 623	13 291	12 125	11 519
Cash cost	R/kg 6E	257 244	219 334	199 168	180 802	172 503
FINANCIAL						
Sales revenue	R million	4 299	3 883	3 996	3 917	3 676
On-mine cash operating costs	R million	(2 508)	(2 377)	(2 417)	(2 253)	(1 999)
Off-mine cash operating costs	R million	(305)	(142)	(76)	(56)	(28)
Chrome cash costs	R million	(54)	(50)	(144)	(252)	(231)
Total cash operating profit	R million	1 433	1 314	1 359	1 356	1 418
Cash operating profit – PGM	R million	1 264	1 104	1 006	1 226	1 270
Cash operating profit – chrome	R million	168	210	353	130	148
Capital expenditure	R million	587	455	293	282	277

ARM PLATINUM continued

Summary operational and financial indicators – on a 100% basis continued

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MODIKWA MINE

Ownership:

Effective 41.5% shareholding held through ARM Mining Consortium, 8.5% held by local communities and 50% by Anglo American Platinum.

Management:

Jointly managed by ARM and Anglo American Platinum.

Refining:

All metal-in-concentrate produced is sold to Anglo American Platinum.

	unit	F2019	F2018	F2017	F2016	F2015
OPERATIONAL						
Production volumes						
Platinum	oz	121 033	131 725	116 531	113 792	100 593
Palladium	oz	114 389	124 057	114 274	111 507	99 082
Rhodium	oz	24 388	26 693	24 144	23 605	20 802
Gold	oz	3 064	3 320	3 014	3 011	2 694
Ruthenium	oz	35 218	38 993	34 965	33 637	29 762
Iridium	oz	8 340	9 098	8 302	8 051	7 104
PGMs	oz	306 930	333 888	301 228	293 604	260 037
Nickel	t	557	628	589	597	531
Copper	t	345	384	365	364	321
Other operational indicators						
Tonnes milled	Mt	2.29	2.43	2.01	2.05	1.86
Head grade	g/t 6E	4.92	4.98	5.43	5.27	5.17
Average basket price	R/kg 6E	491 723	380 603	334 051	315 748	336 699
Cash cost	R/t	1 345	1 265	1 265	1 182	1 187
Cash cost	R/PGM oz	10 027	9 197	8 463	8 244	8 481
Cash cost	R/Pt oz	25 427	23 311	21 878	21 271	21 924
Cash cost	R/kg 6E	322 360	295 685	272 104	265 046	272 676
FINANCIAL						
Sales revenue	R million	4 134	3 592	2 513	2 409	2 164
Total cash operating costs	R million	(3 077)	(3 071)	(2 549)	(2 420)	(2 205)
Total cash operating profit/(loss)	R million	1 057	521	(36)	(11)	(41)
Capital expenditure	R million	260	266	262	282	646

AFS Refer to note 2 to the annual financial statements for the Modikwa Mine segmental information.

NKOMATI MINE

Ownership:

Equally owned by ARM and Norilsk Nickel Africa (Pty) Ltd.

Management:

Managed as a 50:50 unincorporated joint venture with Norilsk Nickel Africa.

Refining:

All metal-in-concentrate produced – excluding chrome – is sold to Metal Trade Overseas AG. Chrome concentrates are sold through marketing agents, to various end users.

	unit	F2019	F2018	F2017	F2016	F2015
OPERATIONAL						
Production volumes						
Nickel	t	14 209	13 302	15 875	21 592	21 298
Copper	t	7 163	7 371	7 637	9 893	9 666
Cobalt	t	820	716	813	1 065	1 116
PGMs	oz	109 496	110 290	123 745	157 598	144 368
Chrome concentrate sold	000t	442	328	241	273	377
Other operational indicators						
Tonnes milled	Mt	8.15	8.04	7.49	8.24	8.03
Head grade	%	0.26	0.24	0.30	0.36	0.36
Average nickel price	US\$/t	12 343	12 397	9 882	9 275	15 102
Nickel on-mine cash cost per tonne treated	R/t	367	301	284	295	296
Nickel on-mine cash cost per tonne milled – including capitalised waste stripping costs	R/t	394	339	367	338	347
Cash cost net of by-products	US\$/lb	6.47	5.86	4.81	4.18	4.85
FINANCIAL						
Sales revenue	R million	3 046	3 278	3 991	4 491	5 372
Nickel on-mine cash operating costs	R million	(2 927)	(2 450)	(2 019)	(2 528)	(2 732)
Nickel off-mine cash operating costs	R million	(114)	(211)	(1 209)	(1 827)	(1 485)
Chrome cash operating costs	R million	(101)	(123)	(103)	(248)	(340)
Total cash operating profit/(loss)	R million	(97)	494	660	(112)	815
Cash operating profit/(loss) – Nickel Mine	R million	(411)	259	252	(232)	537
Cash operating profit – chrome	R million	314	235	408	120	278
Capital expenditure	R million	336	428	718	488	666

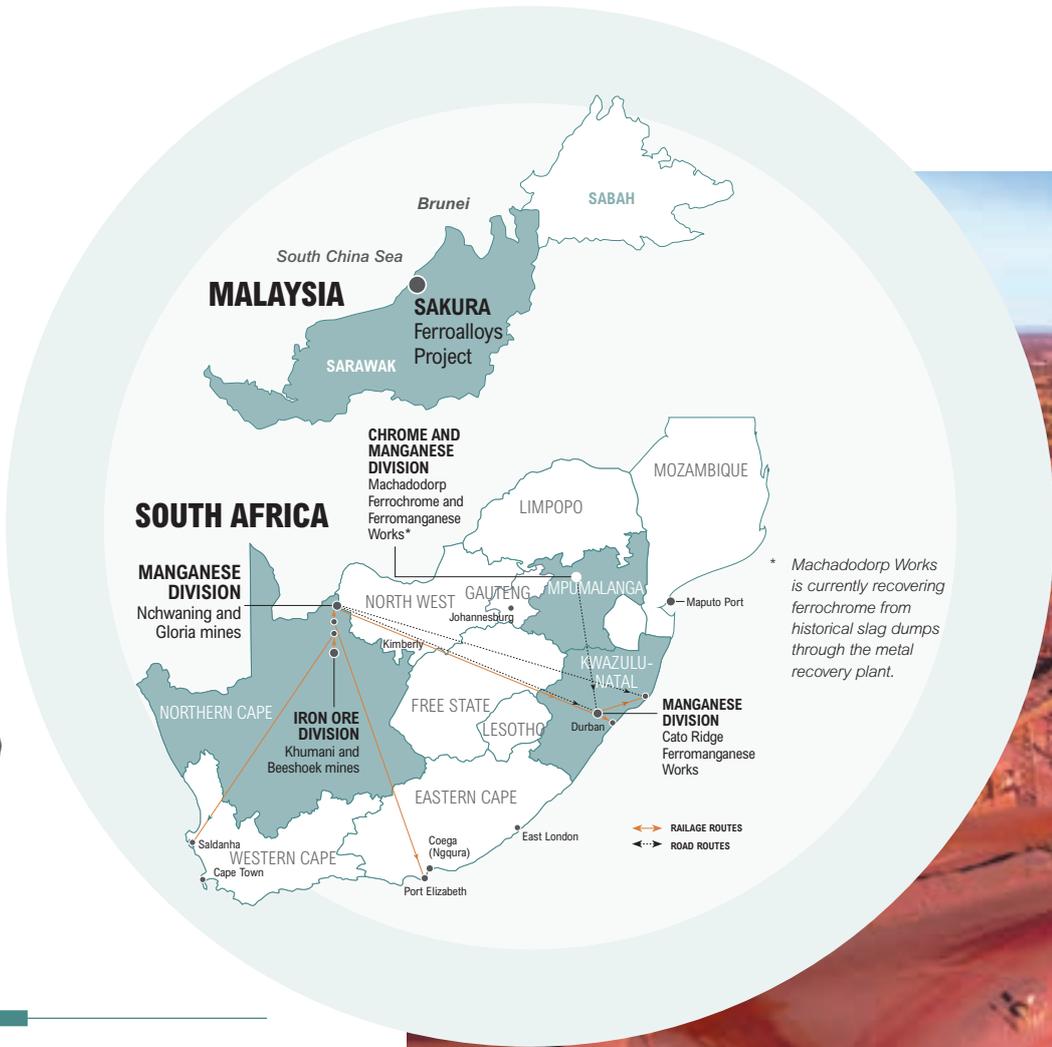
AFS Refer to note 2 to the annual financial statements for the Nkomati Mine segmental information.

ARM FERROUS

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André Joubert
Chief executive – ARM Ferrous



* Machadodorp Works is currently recovering ferrochrome from historical slag dumps through the metal recovery plant.

Key features for F2019

Headline earnings of **R10.01 billion.**

Khumani Mine achieved the **lowest LTIFR in its history.**

Lumpy sales volumes increased to **60%.**

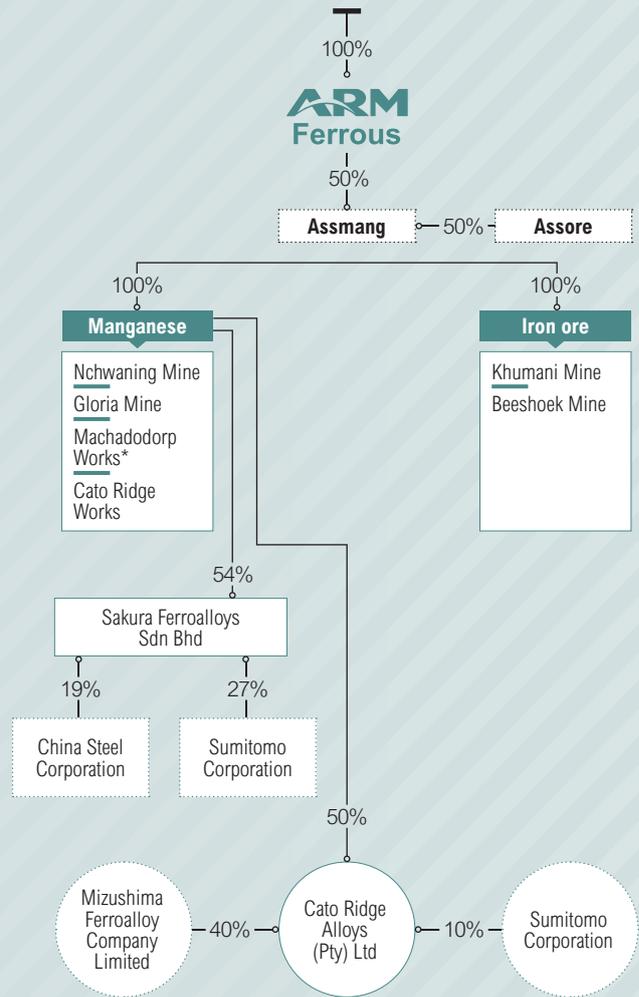
Impairment of Assmang's investment in Sakura Ferroalloys of **R507 million** (ARM attributable).

Black Rock Gloria Mine modernisation projects **progressed on schedule.**

Material matters

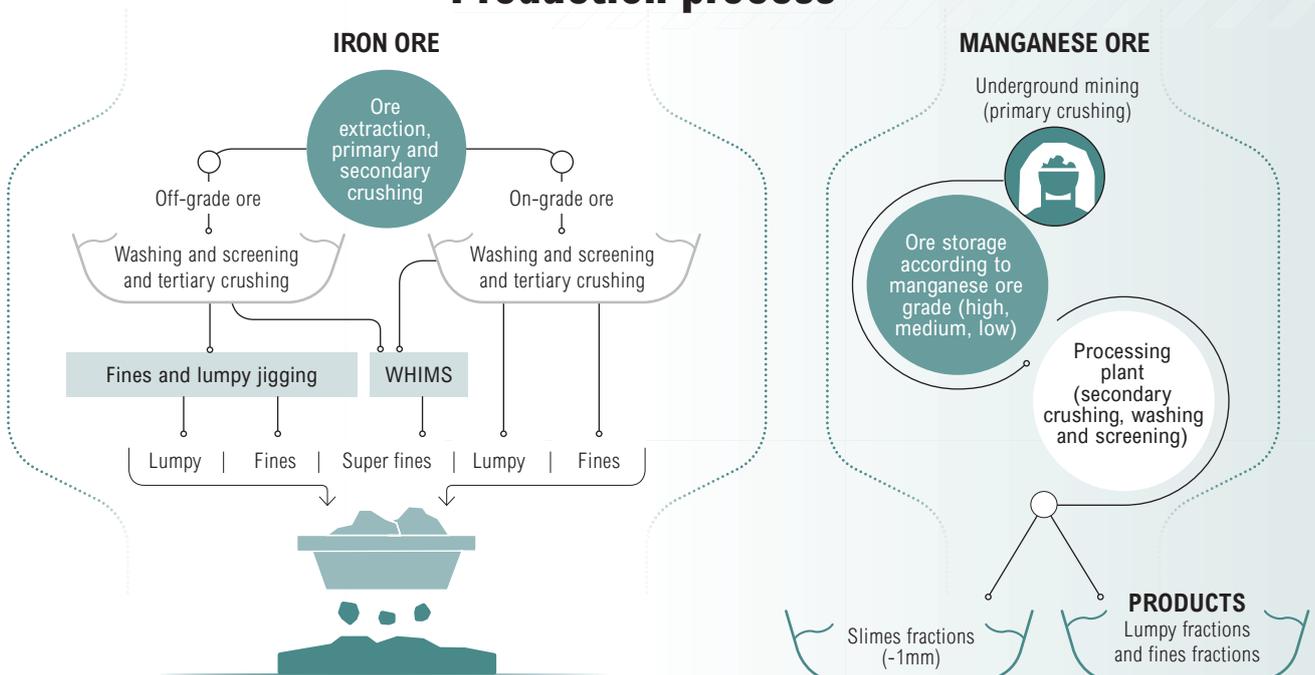
- » Security of water supply for the Northern Cape operations
 - » Successful progress on Black Rock Mine and Gloria Mine modernisation.
-
- » Increased water costs due to capital user charge to refurbish the Vaal Gamagara pipeline
 - » Profitability of Sakura Ferroalloys.





* ARM acquired 100% of Machadodorp Works effective from 28 February 2019. Machadodorp Works is currently being used to explore more efficient cost effective ways to smelting.

Production process



ARM FERROUS continued

Scorecard

KHUMANI MINE IRON ORE

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F2019

Maintain the good safety performance achieved to date and ensure an LTIFR below the tolerance level of 0.20 per 200 000 man-hours.

Achieved ✓

LTIFR for F2019 was 0.08 per 200 000 man-hours.

F2020

Maintain good safety performance and ensure an LTIFR below tolerance level of 0.20 per 200 000 man-hours.

F2019

Deliver production volumes of 14.0 million tonnes.

Achieved ✓

14.2 million tonnes produced.

F2020

Sustain production volumes at 14.0 million tonnes.

F2019

Sustain ultra-fines production at 600 000 tonnes per annum.

Not achieved ✗

Ultra fines production at 496 000 tonnes.

F2020

Deliver ultra-fines production at 600 000 tonnes per annum.

F2019

Deliver sales volumes of 14.0 million tonnes per annum.

Achieved ✓

Sales volumes for F2019 were 14.4 million tonnes.

F2020

Maintain sales volumes at 14.0 million tonnes.

F2019

Recommend technology to recover low-grade feed material.

Achieved ✓

F2020

F2019

Roll-out borehole extraction strategy and process implementation, once abstraction licence is approved.

Achieved ✓

F2020

F2019

Contain on-mine unit production cost increases below inflation.

Not achieved ✗

Unit production costs increased by 8% mainly due to high diesel cost increases.

F2020

Target unit production cost increases below inflation.

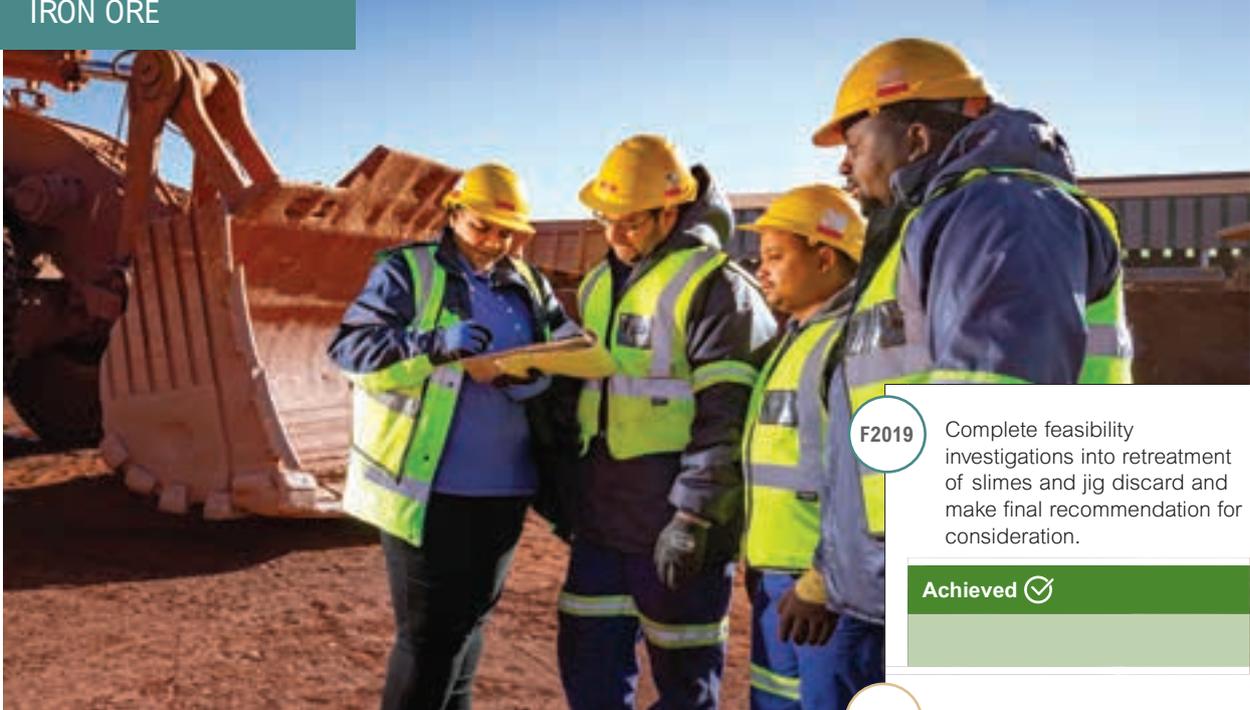
F2019

Introduce KM02 pit as tailings/paste facility for the next 15 years.

Achieved ✓

F2020

BEESHOEK MINE IRON ORE



F2019 Complete feasibility investigations into retreatment of slimes and jig discard and make final recommendation for consideration.

Achieved ✓

F2020

F2019 Maintain and improve, where possible, safety performance.

Achieved ✓

LTIFR improved to 0.06 per 200 000 man-hours.

F2020 Ensure LTIFR below tolerance level of 0.20 per 200 000 man-hours.

F2019 Target iron ore sales volumes of 3.0 million tonnes to the local market and 350 000 tonnes to the export market.

Partially achieved ✓

Local sales volumes were 3.1 million tonnes while export sales volumes were 300 000 tonnes.

F2020 Maintain sales volumes at steady state of 3.0 million tonnes to local markets and 350 000 tonnes to the export market.

F2019 Deliver production volumes of 3.5 million tonnes per annum.

Achieved ✓

F2020 Maintain production at 3.5 million tonnes per annum.

F2019 Complete mining activities in East pit by December 2018.

Not achieved ✗

The Beeshoek mining plan has been adjusted to include East pit until May 2020.

F2020

F2019 Contain on-mine unit production increases within inflation.

Achieved ✓

Unit production increased by 5%.

F2020 Maintain unit production cost increases below inflation.

F2019 Evaluate satellite orebody opportunities to increase resource base.

Achieved ✓

F2020 Increase Beeshoek Mine's resources and extend life-of-mine.

ARM FERROUS continued

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**MANGANESE ORE
BLACK ROCK MINE**

F2019 Target zero harm and ensure LTIFR below tolerance level of 0.30 per 200 000 man-hours.

Not achieved ❌

LTIFR was 0.33 per 200 000 man-hours.

F2020 Reduce LTIFR to 0.27 per 200 000 man-hours.

F2019 Deliver production volumes of 3.3 million tonnes.

Achieved ✔️

Production volumes were 3.4 million tonnes.

F2020 Target production volumes of 4.0 million tonnes.

F2019 Deliver external sales volumes of 3.5 million tonnes.

Achieved ✔️

Total external sales volumes were 3.6 million tonnes.

F2020 Deliver external sales volumes of 4.0 million tonnes.

F2019 Contain on-mine unit production cost escalations below inflation.

Not achieved ❌

Unit production costs increased by 15%.

F2020 Target unit production cost increases below mining inflation.

F2019 Progress the Black Rock and Gloria Mine modernisation projects.

Achieved ✔️

F2020



**MANGANESE ALLOY
CATO RIDGE WORKS**

F2019 Maintain good safety performance.

Not achieved ❌

Zero lost-time injuries maintained.

F2020

F2019 Evaluate use of cost-effective sinter to reduce costs.

Achieved ✔️

Lab tests completed and successful.

F2020

F2019 Finalise the BRIX project development and recommend potential investment.

Achieved ✔️

F2020 Complete the plant by October 2019.

F2019 Contain unit production cost increases below inflation.

Achieved ✔️

Unit production costs increased by 14% mainly due to ore variability.

F2020 Capitalise on learning with variable ore grades to maximise production. Introduce more cost-effective sweeteners. Continue optimising reductant recipe. Optimise efficiency opportunities in furnace 2 rebuild.

F2019 Continue evaluation of BRIX agglomerates on furnaces to establish cost-reduction recipes.

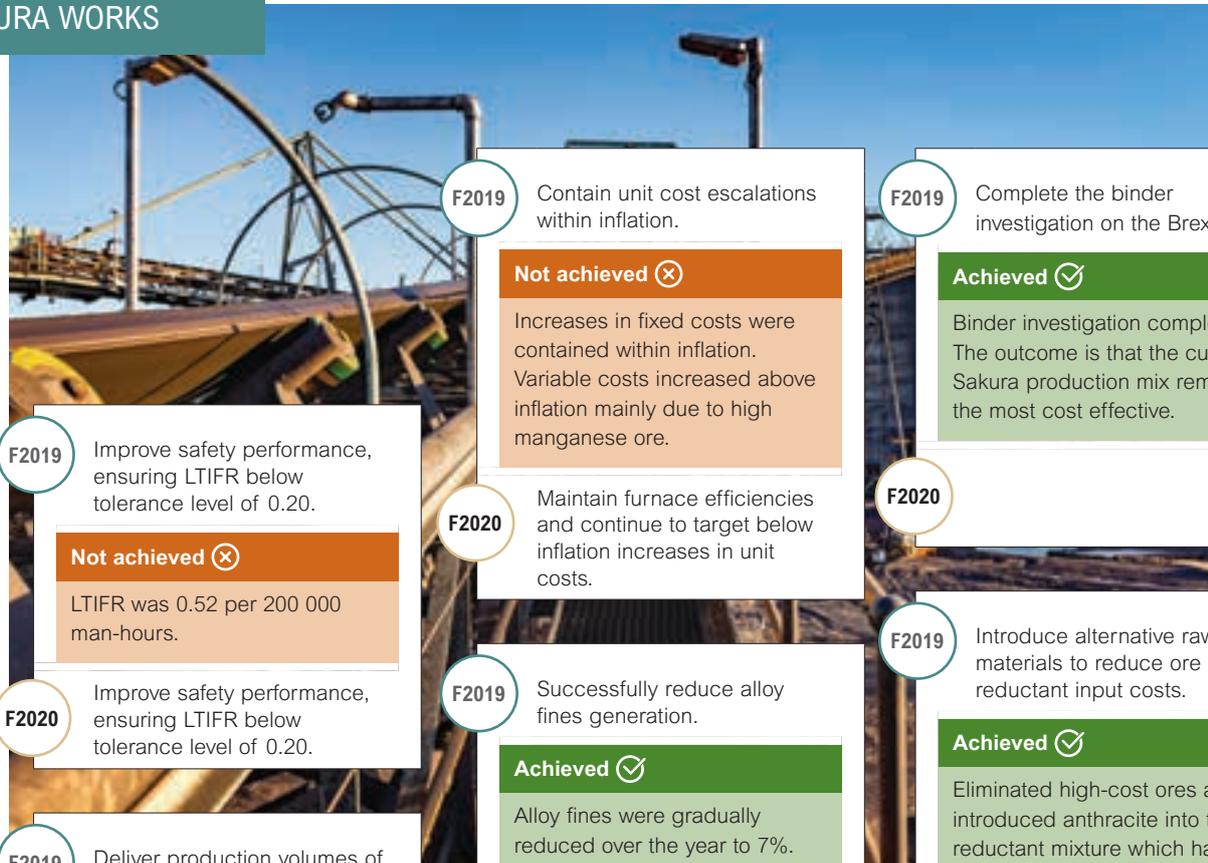
Achieved ✔️

Trials were successfully completed.

F2020 Ramp up BRIX to 20% feed into furnaces.



MANGANESE ALLOY SAKURA WORKS



F2019 Improve safety performance, ensuring LTIFR below tolerance level of 0.20.

Not achieved ❌

LTIFR was 0.52 per 200 000 man-hours.

F2020 Improve safety performance, ensuring LTIFR below tolerance level of 0.20.

F2019 Deliver production volumes of 240 000 tonnes.

Achieved ✔️

Production volumes were approximately 249 000 tonnes.

F2020 Target production volumes of 252 000 tonnes.

F2019 Deliver sales volumes of 240 000 tonnes.

Achieved ✔️

Sales volumes were approximately 248 000 tonnes.

F2020 Target sales volumes of 245 000 tonnes.

F2019 Contain unit cost escalations within inflation.

Not achieved ❌

Increases in fixed costs were contained within inflation. Variable costs increased above inflation mainly due to high manganese ore.

F2020 Maintain furnace efficiencies and continue to target below inflation increases in unit costs.

F2019 Successfully reduce alloy fines generation.

Achieved ✔️

Alloy fines were gradually reduced over the year to 7%.

F2020 Maintain alloy fines generation.

F2019 Complete sinter production options and make final recommendation.

Not achieved ❌

Basic engineering for the sinter plant is in progress and, once completed, a final decision will be made.

F2020 Complete basic engineering for sinter plant and make a final recommendation to the board.

F2019 Complete the binder investigation on the Brex plant.

Achieved ✔️

Binder investigation completed. The outcome is that the current Sakura production mix remains the most cost effective.

F2020

F2019 Introduce alternative raw materials to reduce ore and reductant input costs.

Achieved ✔️

Eliminated high-cost ores and introduced anthracite into the reductant mixture which had a positive effect on cost of production.

F2020 Investigate alternative raw material for the briquetting plant.

F2019 Extend the slag sales agreements and develop and implement slag re-use options.

Not achieved ❌

A slag sale agreement was extended to one customer. Slag sales for aggregate are still in the approval phase with regular meetings with the local authorities.

F2020 Finalise approval process for slag sales for aggregate.

ARM FERROUS continued

Market review

Steel demand in China remained strong on the back of economic stimulus and is expected to grow by 3% in C2019. China represents over half of the world's crude steel production and continues to report high crude steel production levels, almost reaching 89 million tonnes per month by May 2019, a new monthly record. For C2018, world crude steel production increased by 4.5% from the 2017 level.

Iron ore

Prices for iron ore (62% iron content, fines grade, delivered in China) rallied strongly in the review period, propelled by supply disruptions from major producers and better-than-expected steel production in China. Given the magnitude of the Vale tailings dam failure early in the year, normalisation of supply is expected to take at least two years although increased iron ore production from smaller and less conventional producers could accelerate rebalancing in the market.

Steel production growth of around 10% in China has been much stronger than anticipated, with both steel and iron ore inventory levels drawn down, implying even stronger steel consumption. However, the country's steel production growth is expected to soften in the second half of C2019, with private-sector demand already slowing. Chinese property demand is showing early signs of weakness while industrial production and fixed asset investment also appear to be slowing. Government stimulus for infrastructure and consumer spending is expected to remain intact, partially offsetting the potential slowdown in economic activity. Should US-China trade tensions continue to ease, the Chinese government could slow stimulus spending – with a corresponding slowdown in the steel production run rate.

The premium for lumpy-grade material was more volatile ranging between about US\$20/t and US\$30/t. The average premium for lumpy material for F2019 was US\$21.40/t compared to F2018 of US\$13.34/t.

Manganese ore

Manganese ore prices have trended down steadily since the beginning of C2019, off 35% from their peak in 2018. With firm steel production in China (discussed above) and stricter production standards, risk in this market remains on the supply side.

Capacity expansions have been announced by a number of producers which could displace high cost production.

The average index price in F2019 for 44% manganese ore was US\$6.71/mtu, CIF Tianjin (F2018: US\$6.88/mtu), while the 37% Manganese ore price was US\$6.05/mtu, CIF Tianjin (F2018: US\$6.22/mtu).

Manganese alloys

Manganese alloy prices have been negatively impacted by oversupply from early in C2019 year. This continued throughout F2019, resulting in continued price weakness and poor profitability for manganese alloy producers.

F2018 also saw several major ferroalloy producers announce production cuts to curb losses and accelerate the clearing of oversupply to restore some market balance. The uncertainty in the general economy continued to affect manganese alloy demand in markets outside China, with elevated input costs placing pressure on profit margins.

Financial review
Delivering financial returns to shareholders and other providers of capital

ARM Ferrous' headline earnings of R4 960 million were 41% higher compared to R3 528 million in F2018. This was mainly due to a 103% increase in the headline earnings of the iron ore division, driven by higher prices and a weaker average Rand/US Dollar exchange rate. Headline earnings for the manganese division were 15% lower, mainly as a result of lower manganese alloy prices and higher production input costs.

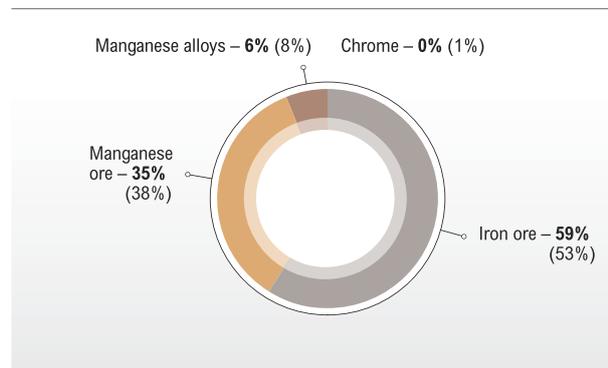
ARM FERROUS' HEADLINE EARNINGS/(LOSS) BY DIVISION

R million	12 months ended 30 June		
	2019	2018	% change
Iron ore division	6 795	3 343	103
Manganese division	3 221	3 808	(15)
Chrome division	(5)	(42)	88
Total – on a 100% basis	10 011	7 109	41
ARM share	5 005	3 555	41
Consolidation adjustments	(45)	(27)	(67)
Headline earnings attributable to ARM	4 960	3 528	41

ARM Ferrous average realised US Dollar prices for export iron ore were 34% higher – on an FOB equivalent basis – at US\$87/t (F2018: US\$65/t). The increase in realised prices was driven mainly by an increase in the 62% Fe fines index price, following the Vale tailings dam incident in Brazil at the end of January 2019, higher lump premiums as well as a higher lump to fines ratio in iron ore sales (60% compared to 54% in F2018).

The Platts index price for 44% manganese ore decreased from US\$6.79/mtu to US\$5.75/mtu while the index price for 37% manganese ore was 23% lower at US\$4.59/mtu.

ARM FERROUS REVENUE PER COMMODITY – ON A 100% BASIS (F2018 in brackets)



Investing in the current business

Assmang capital expenditure – on a 100% basis – increased by 43% to R4 407 million (F2018: R3 081 million).

Capital expenditure at the iron ore business – on a 100% basis – rose from R1 780 million to R2 098 million mainly due to:

- » Fleet and mining equipment replacement at Khumani and Beeshoek mines as part of the life cycle of the machinery
- » Increased capitalised waste stripping at the Khumani King pit and Beeshoek Village pit
- » Onset of capitalised waste stripping at the Bruce pit of Khumani Mine.

The stripping ratio of Khumani Mine increased from 1.98 in F2018 to 2.2 in F2019, while the stripping ratio for Beeshoek Mine rose from 4.10 to 4.26 for the same periods.

The manganese division's capital expenditure increased by 80% to R2 310 million; R662 million of this related to the modernisation and optimisation of Gloria Mine within the Black Rock Mine as approved in F2018. The Gloria Mine decline shaft shutdown began in November 2018 and was commissioned in April 2019. The capital approved for Gloria Mine will give Black Rock Mine flexibility to produce different product specifications – from high to medium grade – for customers as this has become a key differentiator. In addition, production capacity at Black Rock Mine will increase to some 5 million tonnes per annum, with any ramp-up to be closely synchronised with Transnet rail availability.

Cato Ridge Works capital expenditure – on a 100% basis – was R89 million compared to R45 million in F2018.

ARM FERROUS CAPITAL EXPENDITURE

100% basis R million	12 months ended 30 June		
	2019	2018	% change
Iron ore	2 097	1 780	18
Manganese	2 310	1 285	80
Chrome	–	16	(100)
Total	4 407	3 081	43

Operational review



Continuously improving operational performance

Iron ore division

Total iron ore sales volumes were 2% lower at 17.5 million tonnes (F2018: 17.9 million). Of the 17.5 million tonnes sold, 14.4 million tonnes were exported (F2018: 14.3 million tonnes) and 3.1 million tonnes were sold locally (F2018: 3.6 million tonnes). Khumani Mine facilitated export of approximately 900 000 tonnes of iron ore by a junior iron ore producer through its rapid load-out facility.

Production volumes decreased by 4% mainly due to water supply challenges at Khumani Mine. Assmang continues to engage with the Sedibeng Water Board to address challenges experienced on the Vaal Gamagara water system and is part of a collaborative team effort to recapitalise and upgrade the water system to ensure sufficient capacity and the sustainability of the system. The Sedibeng Water Board has approved a capital raising levy of R17.58/kl to be charged effective from September 2019 for F2020 and F2021, pending the finalisation of the off-take agreements between Sedibeng Water and the respective mines and/or industries.

Production volumes at Khumani Mine during F2019 were achieved at the same on:off grade plant feed ratios of 35:65 as F2018. There was a marginal change in the King:Bruce ore mined ratio to 62:38 (F2018: 60:40). The better quality ore mined at Khumani Mine during F2019 resulted in the increased lump production ratio of 58% lump product (F2018: 55%).

On-mine unit production costs at Khumani Mine increased to R226/t compared to R207/t in F2018 mainly due to the 4% decline in production volumes and high increases in diesel and labour costs. On-mine unit production costs at Beeshoek Mine increased to R234/t compared to R223/t in F2018 mainly due to a decline in production volumes. Unit cost of sales for the iron ore operations were 20% higher driven mainly by:

- » A 20% increase in CIF shipments as well as an increase in US Dollar freight rates
- » An increase in sales and marketing costs as a result of higher US Dollar iron ore prices
- » A weaker Rand versus the US Dollar exchange rate which impacted both freight and sales and marketing costs.

ARM FERROUS continued

Manganese ore

Production volumes at Black Rock Mine decreased by 8% from 3.7 million tonnes in F2018 to 3.4 million tonnes in F2019 due to the planned shutdown of the Gloria Mine conveyor together with the commissioning of new infrastructure at the mine as part of the Black Rock project.

The Black Rock Mine sold 3.65 million tonnes of manganese ore (F2018: 3.41 million tonnes) including intra-group sales. 3.32 million tonnes of manganese ore were exported (F2018: 3.08 million tonnes) while 323 853 tonnes (F2018: 335 512 tonnes) were sold locally using a combination of rail and road-hauling, with approximately 150 000 tonnes transported via road-hauling.

To secure the ramp-up in volume from Black Rock Mine, rail and port capacities through the ports of Port Elizabeth and Saldanha were secured until F2021. Engagements with Transnet to synchronise the production ramp-up at Black Rock Mine with Transnet's rail and port capacity expansions from F2022 and beyond are ongoing.

On-mine unit production costs increased by 15% from R525/t in F2018 to R605/t in F2019 mainly due to lower production volumes and high increases in labour and diesel costs. Unit cost of sales were 17% higher mainly as a result of:

- » A 22% increase in CIF shipments and an increase in US Dollar freight rates
- » A weaker Rand versus the US Dollar; and higher logistics costs as a result of approximately 150 000 tonnes of manganese ore being road hauled – road haulage is at a higher cost than rail transportation.

Manganese alloys

Cato Ridge Works and Cato Ridge Alloys: Total production volumes increased by 9% from 138 000 tonnes to 150 000 tonnes. This was primarily as a result of ore variability, load shedding and converter lining failures. Total sales volumes increased by 6% from 206 000 tonnes in F2018 to 218 000 tonnes in F2019. Unit production costs of Cato Ridge Works increased by 14% primarily due to the purchase of more expensive sinter to meet grade requirements, which was impacted by ore variability. Unit production costs of Cato Ridge Alloys increased by 9% primarily due to higher molten metal costs. Realised high-carbon ferromanganese prices decreased by 5%. Realised medium-carbon ferromanganese prices decreased by 1%.

Sakura Ferroalloys: Assmang's losses from Sakura Ferroalloys were R556 million (F2018: R162 million) before impairment charges. Despite an increase in sales volumes, Sakura Ferroalloys reported a headline loss mainly due to subdued manganese alloy prices and an increase in unit production costs – as a higher ratio of lump product versus fines was processed to improve efficiencies in the furnace. In addition to operational losses, Assmang recognised R186 million (F2018: Rnil) of expected credit losses on loans, receivables and guarantees in favour of Sakura Ferroalloys as well as a R224 million write down in inventory to net realisable value. Production volumes increased by 2% from 244 000 tonnes to 249 000 tonnes while sales volumes increased by 3% from 240 000 tonnes in F2018 to 248 000 tonnes in F2019.

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Sustainability review

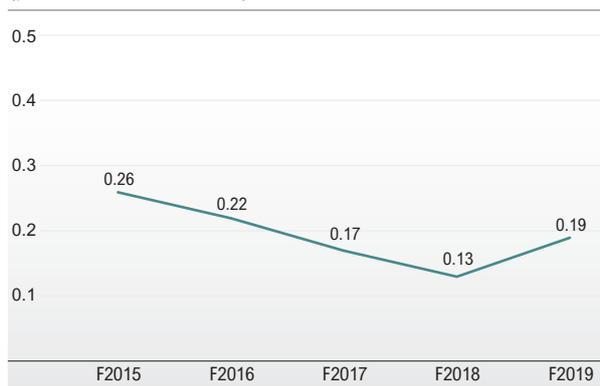


Safety

The ARM Ferrous managed operations have been fatality-free since 2015. A total of 17 LTIs were recorded in F2019 (F2018: 11), 14 of which at Black Rock Mine (F2018: 7). The expansion project underway at this mine involves a large number of contractors, a significant increase in non-routine activities, redeploying employees to new work areas and introducing new tasks. While Khumani Mine and Beeshoek Mine improved their LTIFR in F2019 and Cato Ridge Works again reported no LTIs, the ARM Ferrous LTIFR increased to 0.19 (F2018: 0.13) mainly due to the increased LTIs and hours worked at Black Rock Mine. A focused strategic safety intervention was launched at Black Rock Mine to improve safety performance.

LTIFR

(per 200 000 man-hours)



Operations are implementing the critical control management (CCM) process as part of our commitment to continued improvement and prevention of major unwanted events. Full implementation is on track for F2020, after which an external audit of the process will be conducted.

Safety days were held at all operations in line with the Mining Council South Africa's National Safety Day.

Safety achievements at the Ferrous operations included:

- » At 30 June 2019, Cato Ridge Works completed two years and 11 months without an LTI
- » At year end, Machadodorp Works completed three years and four months without an LTI
- » Beeshoek Mine was awarded first prize for most-improved safety performance and second prize for safety performance in its class at the 2018 MineSAFE Conference
- » Khumani Mine achieved the lowest LTIFR in its history (0.08)
- » Beeshoek Mine recorded 17 000 fatality-free production shifts on 18 September 2018, an accomplishment that took 15 years and six months to achieve. It was among the top three best-performing surface mines in the annual Northern Cape Mine Managers' Association convention in November 2018

- » Black Rock Mine achieved 7 million fatality-free shifts on 7 March 2019, an achievement that took ten years to complete. It was among the top three best-performing underground mines at the annual Northern Cape Mine Managers' Association convention in November 2018.

Operation	Total fatality-free shifts worked	Last fatality
Beeshoek Mine	4 163 581	March 2003
Black Rock Mine	7 282 943	April 2009
Khumani Mine	2 733 621	April 2015
Cato Ridge Works	2 442 821	February 2008
Machadodorp Works	1 103 713	February 2011

One Section 54 Notice and one Section 55 Notice were issued at ARM Ferrous operations in F2019 (F2018: two Section 54 Notices and one Section 55 Notice), both at Black Rock Mine. No shifts were affected.

Human capital

Total employees and contractors at ARM Ferrous decreased to 11 505 (F2018: 11 821), broken down as 48% full-time employees and 52% contractors. ARM Ferrous invested R154 million in training initiatives (F2018: R156 million). Improving diversity and transformation in our workforce remains a priority and representation of historically disadvantaged people at management level improved to 64% (F2018: 63%).

Eight man days were lost to a strike at Khumani Mine during the year (F2018: four).

Health

The risk-based occupational medical surveillance programmes identify and address specific health risks in each workplace and occupation, particularly pulmonary tuberculosis (PTB), HIV and Aids, and noise-induced hearing loss (NIHL).

Beeshoek, Black Rock and Khumani mines partner with the Northern Cape Department of Health to support implementation of provincial strategies for PTB, HIV and Aids, sexually transmitted infections and chronic diseases, and to improve health services for employees and local communities:

- » Our hearing conservation programme aligns with the Mining Industry Occupational Safety and Health (MOSH) leading practice on noise. 17 955 audiometric tests were conducted on employees and contractors in F2019 and six cases were submitted for compensation for NIHL (F2018: two)
- » 33 587 employees and contractors were screened for PTB in C2018, with 13 new cases identified (C2017: 17) and eight cases cured in C2018. One case of multi-drug resistant PTB was recorded during C2018 (C2017: 0)
- » 18 078 employees and contractors received counselling for HIV and Aids in F2019 (F2018: 11 199) and 5 802 were tested (F2018: 3 438). Employees and contractors on disease management programmes as well as those receiving antiretroviral treatment (ART) each increased to 1 715 (F2018: 1 172).

Chronic conditions are monitored by specific occupational exposure profiles for high-risk roles. The incidence of hypertension has increased at Beeshoek Mine and initiatives are in place to promote physical activity and create awareness on diet and lifestyle choices.



Ensuring responsible stewardship of natural resources

Tailings storage facilities (TSFs)

Ensuring safe and stable operation of TSFs is a priority and a professional engineer is appointed to assist with this specialised function at each facility.

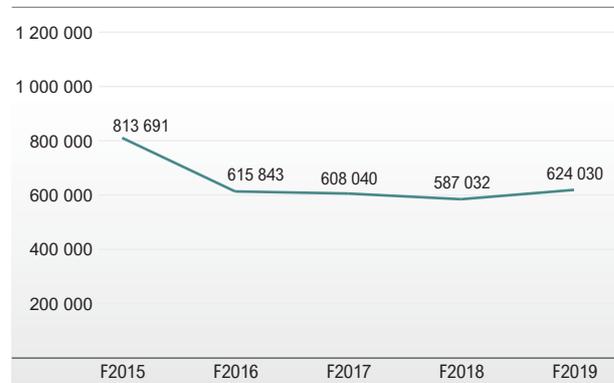
During the year, operations commissioned revisions of legal compliance, risk assessment, zones of influence (in the event of failure at final capacity) and appropriate tailings-specific emergency response plans. The ARM CEO and divisional chief executives hosted a tailings workshop where each operation presented progress on these aspects. In line with global best practice, independent external review of the TSFs has been commissioned to enhance our associated management systems. Dam-break analyses of TSFs has been commissioned to inform enhanced emergency response planning.

Emissions

The ARM Ferrous division's estimated Scope 1 and 2 carbon emissions increased by 6% to 624 030 equivalent tonnes of CO₂ (tCO₂e) (F2018: 587 032 tCO₂e) on an attributable basis, representing 56% of ARM's total for the year. Cato Ridge Works accounted for 54% of the division's emissions and carbon emissions for Cato Ridge Works increased by 4% from F2018. This was mainly due to the increase in the applied electricity grid factor for South African coal-fired power stations which has increased from 0.97 to 1.06 kg CO₂e per kWh of electricity consumed in F2019.

SCOPE 1 AND 2 CARBON EMISSIONS – ON AN ATTRIBUTABLE BASIS

(tCO₂e)



ARM FERROUS continued

Energy use

Electricity consumed by the division accounted for 70% of its total emissions and decreased marginally by less than 1% to 825 906 MWh (F2018: 829 371 MWh). ARM Ferrous is a member of the Energy Intensive Users Association and has an energy-efficiency charter to map its development and implementation of energy-efficient practices.

ELECTRICITY CONSUMPTION – ON A 100% BASIS
(MWh)



Water use

Continuity of water supply and the cost of water are risks and potential constraints to growth for the ARM Ferrous mines, located in the arid Northern Cape. Load shedding affects water distribution, competition for water is increasing and the poor state of infrastructure in the region remains a concern. Production at Khumani Mine was affected by water-supply interruptions and firewater systems were impaired at Black Rock Mine in the period.

Khumani Mine is increasing water-storage capacity and the division is assessing options for broader industry collaboration to address water challenges. Along with other users in the Northern Cape, ARM Ferrous plays a strategic role in the Vaal Gamagara water-supply scheme project, to develop a collaborative response to the requirements for bulk-water supply and pricing over the next 25 years.

ARM implemented phase 2 of the ICMM’s water accounting framework during the year. Workshops were held at operations and revised flowcharts and reporting templates were introduced to improve the accuracy of water accounting.

Total water withdrawn increased by 17% to 11.9 million m³ in F2019 (F2018: 10.2 million m³). This was mainly due to stringent water accounting definitions being applied which resulted in improved accounting for harvesting of rainfall and runoff from mining areas as well as additional flow meters which have been installed, resulting in more accurate measurement. At Beeshoek Mine, an additional 1.2 million m³ of water withdrawal was reported due to dewatering of the open-pit to ensure safe mining. ARM Ferrous operations accounted for 55% of the group’s total water withdrawal. Khumani Mine accounted for 38% of the division’s total water withdrawal, Beeshoek Mine 45% and Black Rock Mine 14%.

WATER WITHDRAWN – ON A 100% BASIS
(million m³)



Maintaining our social licence to operate

ARM Ferrous participates in the shared-value working committee with other manganese producers in the Northern Cape and the Minerals Council South Africa in creating innovative projects with a meaningful benefit for communities.

The risk of community unrest disrupting operations remains real. In addition, Cato Ridge Works faces ongoing challenges from illegal sand mining on its premises, while Black Rock Mine has implemented measures to combat the theft of copper cables after an incident during the year.

ARM operations promote economic development and job creation in local communities by providing training, mentoring, coaching and some financial support to local black-owned and black women-owned small, medium and micro enterprises through their enterprise and supplier development initiatives. Where viable, businesses are promoted into the mining supply chain and participate in the ARM Ferrous procurement system.

The Ferrous division invested R111 million in local economic development (LED) in terms of its social and labour plans (SLPs), 17% more than last year (F2018: R95 million). Corporate social investment (CSI) expenditure increased to R9 million (F2018: R7 million) and the total investment in corporate social responsibility (CSR) increased to R120 million.

Significant LED projects during F2019 included:

- » Khumani Mine (R19 million) and Black Rock Mine (R18 million) are participating in the construction of the Kuruman bulk-water reservoir to help address the bulk-water storage challenges in the area. The project serves the Ga-Segonyana local municipality in the John Taolo Gaetsewe district
- » Khumani Mine contributed R14.5 million to provide water and sanitation services for 321 stands in the Olifantshoek community and R8.2 million to upgrade 16 sewerage pump stations in Kathu
- » Black Rock Mine invested R2 million in the Magobing water project
- » Khumani Mine invested R6 million in the wastewater treatment works serving the Dibeng community, upgrading it from 0.3ML per day to 1.5ML per day in partnership with the Gamagara local municipality

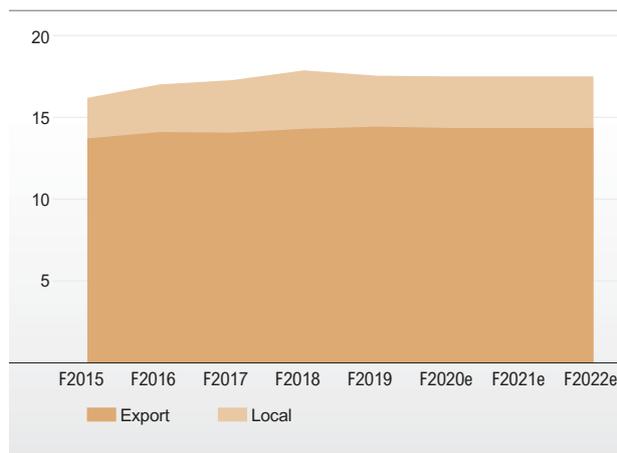
- » Khumani Mine invested R5.7 million in refurbishing sewerage pump stations serving the Mapoteng/Sishen community and donated a sewerage jet truck to provide ongoing maintenance to the pump stations
- » Khumani Mine invested R1 million in a 12-month leadership programme for ten schools in the Gamagara Municipality, which paired school principals with local business leaders to improve leadership skills and motivation as well as to increase understanding about the local education environment
- » Black Rock Mine invested R4 million to complete the Deurham road, serving the 260 households of the Deurham community and creating 23 temporary jobs
- » Beeshoek Mine invested R1.4 million in improving water reticulation at the local public hospital in the Tsantsabane community. The project improved water availability to the hospital and included the renovation of 14 toilet facilities that will enhance the hygiene and wellbeing of patients at the hospital.

Outlook

Sales volumes – on a 100% basis

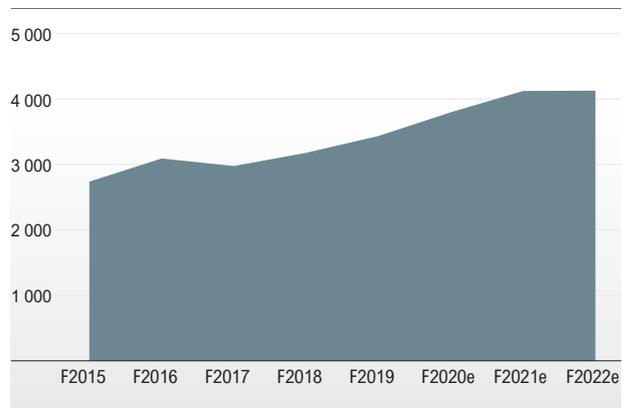
IRON ORE SALES VOLUMES

(000t)



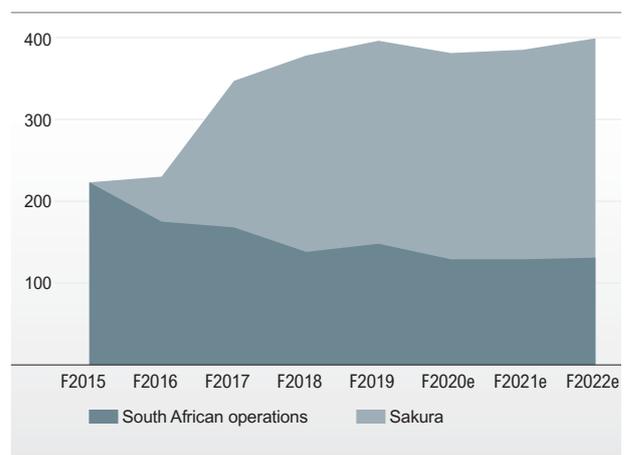
MANGANESE ORE SALES VOLUMES

(000t)



MANGANESE ALLOY SALES VOLUMES

(000t)



SUMMARY SUSTAINABILITY STATISTICS

	unit	F2019	F2018	F2017	F2016	F2015
Employee indicators						
Average number ¹		11 426	10 247	8 662	9 953	10 759
– Permanent employees		5 293	5 017	4 522	5 638	6 138
– Contractors		6 133	5 230	4 140	4 315	4 621
LTIFR per 200 000 man-hours		0.19	0.13	0.17	0.22	0.26
Environmental indicators						
Scope 1 and 2 carbon emissions ²	tCO ₂ e	624 030	587 032	608 040	615 843	813 691
Total water withdrawn ³	million m ³	11.9	10.2	9.8	11.5	10.8
Energy use						
– Electricity	MWh	825 906	829 371	875 415	887 382	1 164 218
– Diesel	000 litres	61 118	59 163	49 837	54 264	58 387
Community investment indicators						
Total CSR	R million	120	102	69	73	107
– CSI	R million	9	7	6	9	28
– LED	R million	111	95	63	64	79

¹ Permanent employees and contractors are reported as an average for the year, consistent with the calculation of safety statistics.

² Reported on an attributable basis.

³ Includes rainfall and runoff water harvested, surface water withdrawn from rivers, municipal water and groundwater.

ARM FERROUS continued

SUMMARY KEY PERFORMANCE INDICATORS – ON A 100% BASIS

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IRON ORE DIVISION

Operations:

Khumani and Beeshoek mines – on a 100% basis unless otherwise stated.

Ownership:

50% held through Assmang (Pty) Ltd.

Management:

Assmang is jointly managed by ARM and Assore. ARM provides administration and technical services, while Assore performs the sales and marketing function and technical consultation.



	unit	F2019	F2018	F2017	F2016	F2015
OPERATIONAL						
Production volumes	000t	17 786	18 578	17 714	16 726	16 076
Khumani Mine	000t	14 145	14 694	14 560	13 616	12 649
Beeshoek Mine	000t	3 641	3 884	3 154	3 110	3 427
Sales volumes	000t	17 543	17 874	17 275	17 008	16 185
Export iron ore	000t	14 430	14 315	14 061	14 103	13 658
Local iron ore	000t	3 114	3 559	3 214	2 905	2 527
Unit cost changes						
On-mine production unit costs	%	8	2	3	(8)	3
Unit cost of sales	%	15	6	2	(2)	(4)
FINANCIAL						
Sales revenue	R million	20 827	14 534	15 853	12 110	12 197
Total costs	R million	12 000	(10 304)	(10 091)	(9 149)	(9 106)
Operating profit	R million	8 827	4 230	5 762	2 961	3 091
EBITDA	R million	10 284	5 631	7 179	4 478	4 517
Headline earnings	R million	6 795	3 343	4 373	2 430	2 494
Capital expenditure	R million	2 097	1 780	1 169	901	1 646



Refer to note 2 to the annual financial statements for the iron ore segmental information.



MANGANESE DIVISION

Operations:

Nchwaning and Gloria mines (collectively Black Rock Mine), Cato Ridge Works and Ferromanganese Works and Sakura Ferroalloys.

Ownership:

50% held through Assmang (Pty) Ltd.

Management:

Assmang is jointly managed by ARM and Assore. ARM provides administration and technical services while Assore performs the sales and marketing function and technical consultation.

	unit	F2019	F2018	F2017	F2016	F2015
OPERATIONAL						
Production volumes						
Manganese ore	000t	3 409	3 717	3 069	2 934	3 087
Ferromanganese	000t	455	450	403	204	319
Sales volumes						
Manganese ore*	000t	3 434	3 177	2 974	3 090	2 736
Ferromanganese	000t	398	360	303	175	223
Unit cost changes – manganese ore						
On-mine production unit costs	%	15	16	1	(6)	17
Unit cost of sales	%	17	13	12	(5)	2
FINANCIAL						
Manganese ore						
Sales revenue	R million	12 493	10 495	8 322	4 841	4 909
Total costs	R million	7 796	(6 017)	(4 971)	(4 140)	(3 843)
Operating profit	R million	4 697	4 478	3 351	701	1 066
EBITDA	R million	5 307	5 015	3 759	1 056	1 328
Headline earnings	R million	3 449	3 192	2 407	527	762
Capital expenditure	R million	2 256	1 240	1 617	1 939	1 889
Ferromanganese						
Sales revenue	R million	2 293	2 338	1 897	1 810	2 219
Total costs	R million	2 038	(1 711)	(1 887)	(1 930)	(2 588)
Operating profit	R million	255	627	10	(120)	(369)
EBITDA	R million	356	684	67	(3)	18
Headline earnings/(loss)	R million	(228)	616	(85)	(132)	(185)
Capital expenditure	R million	54	45	31	(11)	95

* External sales only and includes sales to Sakura Ferroalloy.

AFS Refer to note 2 to the annual financial statements for the manganese segmental information.

ARM COAL

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Key features for F2019

12% decrease in average received US Dollar prices.

Increase in domestic sales volumes.

10% decrease in attributable ARM Coal debt.

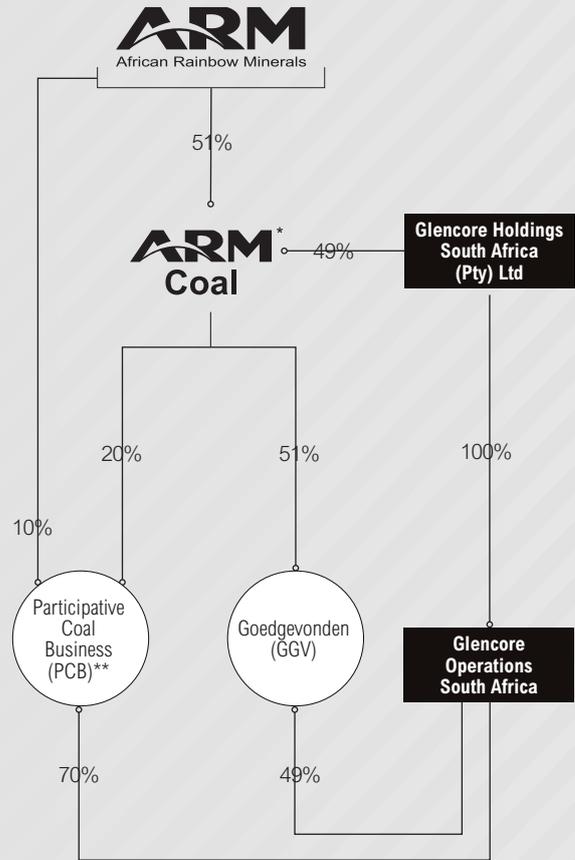
Material matters



» High unit cost increases.



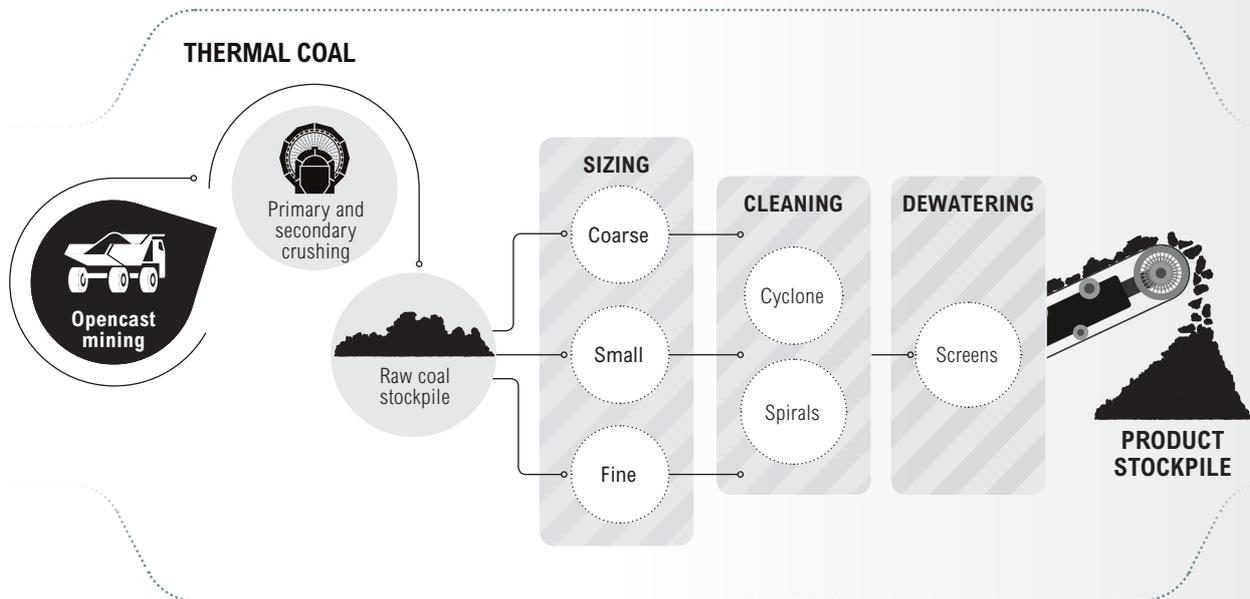
» Community unrest resulting in work stoppages.



* ARM Coal holds:
 – Access to Glencore Operations South Africa’s interest and entitlement in the Richards Bay Coal Terminal (RBCT).
 – An export entitlement of 3.2Mtpa in the phase V expansion at RBCT.

** Participative coal business (PCB) refers to the Impunzi and Tweefontein operations.

Production process



Scorecard

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GOEDGEVONDEN (GGV) MINE F2019/20 OBJECTIVES

F2019 Conclude Eskom tranche 3 supply contract.

Achieved ✓

Eskom tranche 3 supply contract successfully concluded.

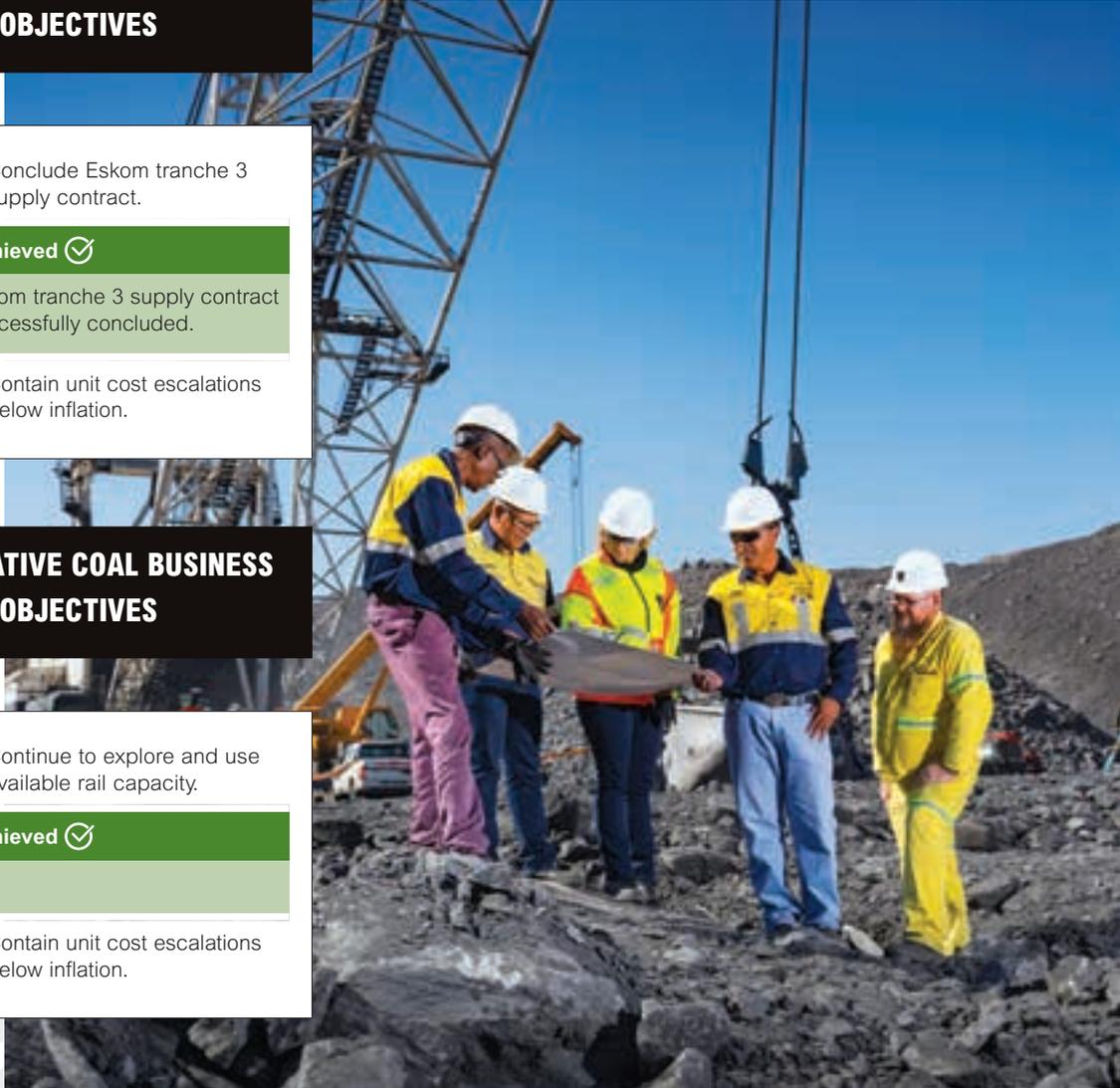
F2020 Contain unit cost escalations below inflation.

PARTICIPATIVE COAL BUSINESS F2019/20 OBJECTIVES

F2019 Continue to explore and use available rail capacity.

Achieved ✓

F2020 Contain unit cost escalations below inflation.



Market review

The coal market in F2019 experienced significantly high prices in the first half of the year. This was followed by a slump in the second half of F2019, resulting in seaborne coal prices dropping to multi-year lows during the latter part of the year.

The downturn started in Europe where falling industrial output coupled with unseasonably warm weather, resulted in reduced demand for coal.

Coal prices were further impacted by increases in carbon tax due to stricter emissions legislation while liquefied natural gas (LNG) prices reduced due to a significant increase in LNG supply. The rising carbon taxes together with reduced LNG prices resulted in gas being the preferred fuel for power generation, driving a further reduction in European demand for coal.

Australia, the USA and Russia all experienced increased production of thermal coal during the year.

Weak demand from Europe and excess coal supply pushed global coal prices lower, encouraging large increases in coal stockpiles in China during their summer months.

The expansion of the coal-chemical and petrochemical industry in China is expected to boost the usage of coal; however, pressure to reduce greenhouse gas emissions will reduce demand for thermal coal.

South African export capacity is expected to remain at prevailing volumes, limited by logistics infrastructure and limited investment by producers into increasing production levels.

Overall coal prices are expected to remain under pressure in F2020.

Financial review

ARM Coal's attributable headline earnings decreased by 72% to R411 million (F2018: R1 485 million). A gain on remeasurement of ARM Coal loans totalled R245 million in F2019 compared to the fair value gain of R1 210 million in the prior period after restructuring the debt. Interest expense – which is imputed post the ARM Coal loan restructuring in F2018 – reduced by 10% to R282 million (F2018: R313 million).

Over 75% of export volumes at GGV Mine were high-quality coal while PCB exports of high-quality coal increased significantly to around 65%. PCB's average received export price (US\$65/t) was lower compared to that of GGV Mine (US\$71/t).

ARM's attributable saleable production of 4.92 million tonnes in F2019 was marginally lower than the 4.93 million tonnes in F2018.

Operational review

GGV Mine

Average received export US Dollar prices decreased by 16% to \$71.10/t in F2019, with the impact offset by a weakening of the Rand/US Dollar exchange rate.

In the first half of F2019, the mine was affected by port closures at Richards Bay Coal Terminal and underperformance by Transnet Freight Rail, although both situations improved in the second half.

The mine's full-year performance was impacted by one week's lost production in February 2019 due to an illegal community protest.

Despite these challenges, the mine's performance consistently improved in F2019. Total saleable production rose by 16% while sales volumes were 12% higher, resulting in total attributable revenue increasing by 13% in F2019 from F2018.

On-mine unit production costs per saleable tonne rose by 8% to R380, although above-inflation increases in diesel costs were offset by higher production. As a result, attributable cash operating profit declined 13% to R292 million from R335 million in F2018.

GGV Mine reported headline earnings attributable to ARM of R137 million (F2018: R852 million). Prior-year headline earnings included a fair value gain of R885 million, which was only R190 million in F2019. The significant drop in headline earnings of R715 million in the review period largely reflects a R695 million reduction in loan remeasurement/fair value gains after restructuring ARM Coal loans in F2018.

Participative Coal Business (PCB)

Average received export US Dollar prices decreased by 12% from F2018, with the impact offset by a weakening Rand/US Dollar exchange rate.

Export sales volumes were 19% lower than F2018, while domestic sales volumes rose largely on increased sales to Eskom.

In F2019, run-of-mine production was affected by sinkholes in old underground mined areas that are currently being mined at Tweefontein Mine. This issue has since improved. The mine also faced challenges with spontaneous combustion, resulting in reduced feed rates to the plant and lower saleable production from PCB.

In addition, the PCB operation was affected by industrial action in the review period, and the mine lost one week of production in February 2019 to an illegal community protest.

Saleable production decreased by 8% from F2018. Attributable cash operating profit declined by 13% to R898 million (F2018: R1 030 million).

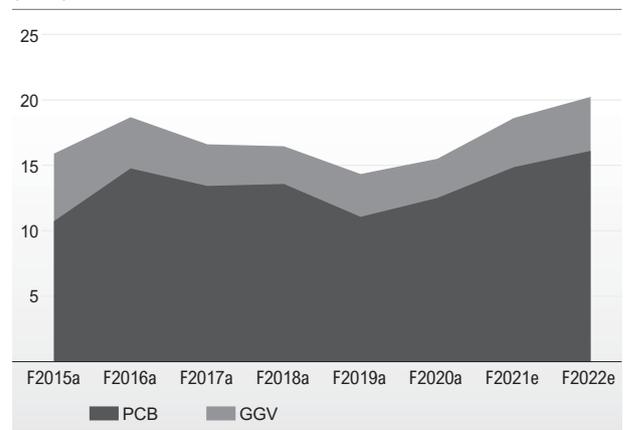
Unit production costs per saleable tonne rose by 19% from R330 in F2018 to R391 in F2019, mainly due to lower saleable production and above-inflation increases in diesel costs.

Headline earnings attributable to ARM of R274 million (F2018: R633 million) include a loan remeasurement gain of R55 million (F2018: fair value gain of R325 million).

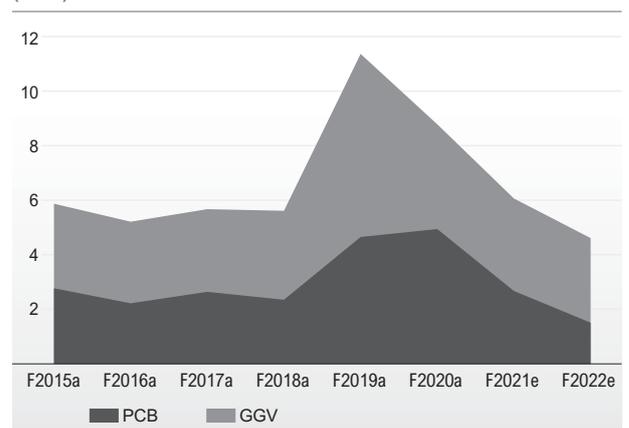
Outlook

ARM Coal sales volumes on a 100% basis

EXPORT SALES VOLUMES
(000t)



LOCAL SALES VOLUMES
(000t)



ARM COAL continued

SUMMARY KEY PERFORMANCE INDICATORS

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GGV MINE**Ownership:**

ARM holds an effective 26% in GGV, Glencore Operations South Africa (GOSA) owns the remaining 74%.

Management:

Governed by a management committee controlled by ARM Coal, with four ARM representatives and three from Glencore. Operational management is contracted to Glencore.

	unit	F2019	F2018	F2017	F2016	F2015
OPERATIONAL – ON A 100% BASIS						
Production and sales						
Total saleable production	Mt	6.99	6.05	6.47	6.53	8.34
Total thermal coal sales	Mt	6.84	6.11	6.21	6.9	8.26
Export thermal coal sales	Mt	3.27	2.85	3.18	3.91	5.16
Domestic thermal coal sales	Mt	3.57	3.26	3.03	2.99	3.1
Realised prices						
Export (FOB)	US\$/t	71.10	84.57	62.07	40.99	54.97
Domestic (FOT)	R/t	275	235	241	242	210
Unit costs						
On-mine saleable cost per tonne	R/t	380	351	323	239	189
FINANCIAL – ON AN ATTRIBUTABLE BASIS						
Sales revenue	R million	1 162	1 028	911	797	1 025
Total costs	R million	870	32 ¹	(676)	(593)	(607)
Operating profit/(loss)	R million	292	1 060	235	204	418
EBITDA	R million	326	335	235	204	418
Capital expenditure	R million	271	140	196	185	263
Cash operating profit	R million	292	335	235	204	418
Less:						
– Interest paid	R million	(144)	(157)	(213)	(183)	(150)
– Interest received	R million	–	3	–	–	–
– Amortisation	R million	(163)	(167)	(147)	(128)	(120)
– Fair value adjustment	R million	190	885	(12)	(15)	(19)
Profit/(loss) before tax	R million	174	899	(137)	(122)	129
Tax	R million	(38)	(47)	38	35	(36)
Headline earnings/(loss) attributable to ARM	R million	136	852	(99)	(87)	93

¹ Includes a net re-measurement gain of R190 million (F2018: R885 million fair value gain) on the ARM Coal loans.

AFS Refer to note 2 to the annual financial statements for the ARM Coal segmental information.

PCB OPERATIONS

Ownership:

ARM holds an effective 20.2% in PCB, Glencore (GOSA) owns the remaining 79.8%.

Management:

Governed by a supervisory committee with five Glencore representatives and three ARM representatives.

Operational management of PCB mines is contracted to Glencore.

	unit	F2019	F2018	F2017	F2016	F2015
OPERATIONAL – ON A 100% BASIS						
Production and sales						
Total saleable production	Mt	15.49	16.64	16.55	14.63	13.61
Impunzi	Mt	6.7	6.77	7.2	6.53	6.31
South Stock	Mt	–	–	–	0.41	1.9
Tweefontein	Mt	8.79	10.04	9.35	7.69	5.4
Total thermal coal sales	Mt	15.56	15.78	16.06	16.98	13.5
Export thermal coal sales	Mt	10.95	13.44	13.42	14.76	10.73
Domestic thermal coal sales	Mt	4.61	2.34	2.64	2.22	2.77
Realised prices						
Export (FOB)	US\$/t	64.88	73.51	61.89	41.66	55.12
Domestic (FOT)	R/t	582	368	459	283	269
Unit costs						
On-mine saleable cost per tonne	R/t	391	330	278	273	333
FINANCIAL						
Sales revenue	R million	2 605	2 765	2 528	1 930	1 519
Total costs	R million	(1 707)	(1 835)	(1 552)	(1 533)	(1 190)
Operating profit	R million	898	930	976	397	329
EBITDA	R million	898	1 030	976	397	329
Capital expenditure	R million	562	413	246	214	557
Cash operating profit	R million	898	1 030	976	397	329
Plus: Interest received	R million	–	5	–	–	–
Less:						
– Interest paid	R million	(138)	(164)	(320)	(308)	(263)
– Amortisation	R million	(424)	(425)	(355)	(321)	(300)
– Fair value adjustment ²	R million	55	325	(50)	(59)	(25)
Impairment reversal	R million	3				
Profit/(loss) before tax	R million	394	771	251	(291)	(259)
Tax	R million	(118)	(138)	(70)	81	73
Headline earnings/(loss) attributable to ARM	R million	274	633	181	(210)	(186)

² Includes a net re-measurement gain of R55 million (F2018: R325 million fair value gain) on the ARM Coal loans.

GOLD: HARMONY

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Harmony Gold Mining Company Limited

OVERVIEW

	unit	F2019	F2018 Restated
Gold produced	kg	44 734	38 193
	000oz	1 438 231	1 227 934
Cash operating costs	R/kg	439 722	421 260
	US\$/oz	965	1 018
Financial performance			
Revenue	R million	26 912	20 452
Costs of sales	R million	(28 869)	(23 596)
Impairment of assets	R million	(3 898)	(5 336)
Gross profit	R million	(1 957)	(3 144)
Net profit/(loss) for the year	R million	(2 607)	(4 473)
Total headline earnings per share	cents per share	204	171
Total capital expenditure	R million	5 036	4 571
Market performance			
Average gold price received	R/kg	586 653	570 709
	US\$/oz	1 287	1 380
Market capitalisation	R billion	17.1	10.6



Revenue

Revenue increased by R6 460 million or 32% mainly due to an 18% increase in gold sold and a R515 million increase in silver sales. The average gold price received increased by 3% to R586 653/kg (from R570 709/kg in F2018). Forward gold sale contracts of 6 998kg (or 225 000oz) with an average price of R638 007/kg matured during F2019.

Production costs

Production costs increased by R5 240 million or 35% during F2019 mainly due to the inclusion of Moab Khotsong for the full year as well as continuing production at Hidden Valley for the full year.

Amortisation and depreciation

Amortisation and depreciation is R1 484 million higher for F2019 owing mainly to full-year production at Hidden Valley (R1 604 million increase) as well as Moab Khotsong (R178 million increase) included for the full year.

Gains on derivatives

Gains on derivatives recorded a net gain of R484 million (US\$34 million) for F2019 (F2018: R99 million). The gains relate primarily to foreign exchange derivatives entered into during the year when the spot US\$/Rand exchange rate was weaker than the closing rate of US\$/R14.13. The hedging programmes realised cash gains of R477 million (US\$34 million) for F2019.

Management continues to top-up these programmes when the market presents attractive opportunities to do so.

Net loss and headline earnings

The net loss for F2019 was R2 607 million (US\$185 million), compared to a loss of R4 473 million (US\$321 million) for F2018. Moab Khotsong and Hidden Valley's inclusion for a full financial year as well as lower impairments recorded in F2019 contributed to the improvement. Headline earnings amounted to 204 SA cents (14 US cents) compared to 171 SA cents (13 US cents) in F2018.

Borrowings

Borrowings as at 30 June 2019 include US\$175 million utilised on the US\$ term facility and US\$120 million on the US\$ revolving credit facility (RCF). The group's south-east Asia operations have an outstanding loan of US\$20 million used to finance the acquisition of fleet equipment. R1.5 billion has been utilised on the group's R2 billion facility. Net debt remained stable at R4 922 million at 30 June 2019 compared to R4 908 million at 30 June 2018 (in US\$ terms a decrease of US\$8 million from US\$356 million to US\$348 million).

Harmony's results for the financial year ended 30 June 2019 can be viewed on Harmony's website at www.harmony.co.za.

ARM owns 13.83% of Harmony's issued share capital.

SUMMARY MINERAL RESOURCES AND MINERAL RESERVES REPORT

at 30 June 2019

Adding value

Extracting optimal value from the Mineral Resources and Mineral Reserves in our portfolio is fully aligned to ARM's purpose of delivering competitive returns and sustainable value through its strategic pillars:

Strategic pillar	How we add value
Operate our portfolio of assets safely, responsibly and efficiently	Manage life-of-mine Mineral Resources and Mineral Reserves for each operation efficiently, revising mine plans as required
Apply disciplined capital allocation	Undertake exploration activities on mine and apply stringent criteria in allocating capital for this work
Focus on value-enhancing and integrated growth	Maintaining the appropriate balance between Mineral Reserves depletion and growth to ensure a sustainable company

A Mineral Resources and Mineral Reserves Report is issued annually to inform shareholders and potential investors of the mineral assets held by African Rainbow Minerals Limited (ARM). The report is available in full on www.arm.co.za.

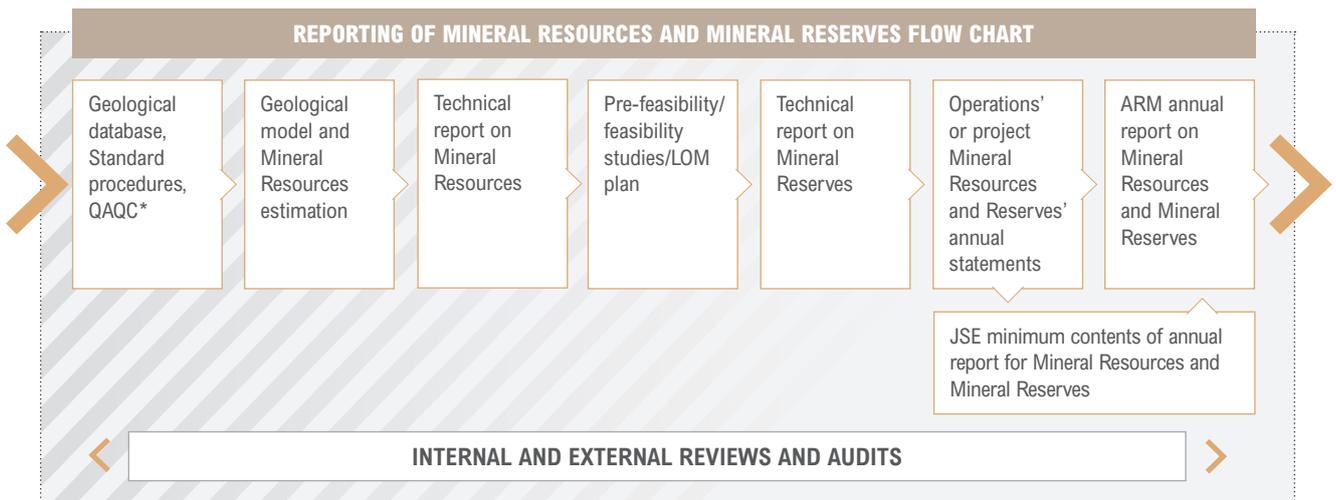
This summary should be read with the detailed 2019 ARM Mineral Resources and Mineral Reserves Report.

Introduction

ARM's method of reporting Mineral Resources and Mineral Reserves complies with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code of 2016), the South African Code for Reporting of Mineral Asset Valuations (SAMVAL Code, 2016) and Section 12.13 of the JSE Listings Requirements.

The SAMREC Code of 2016 sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves in South Africa. It was launched and adopted by the Johannesburg Stock Exchange (JSE) in May 2016. The 2019 ARM Mineral Resources and Mineral Reserves Report is based on the SAMREC Code of 2016.

The reporting of Mineral Resources and Mineral Reserves is done annually according to the following flowchart:



A set of guidelines have been formulated to assist competent persons in the estimation, classification and reporting of Mineral Resources and Mineral Reserves and are contained in a document entitled: "ARM Guidelines for Estimation, Classification and Reporting of Mineral Resources and Mineral Reserves".

* QAQC: Quality Assurance/Quality Control.

SUMMARY MINERAL RESOURCES AND MINERAL RESERVES REPORT continued

As part of ARM's management process of Mineral Resources and Mineral Reserves, quarterly divisional forum meetings are conducted with the following objectives:

- » Skills and technical knowledge transfer in the Mineral Resources and Mineral Reserves fields
- » Ensuring that best practices through SAMREC compliant standard procedures are shared and applied
- » Facilitate internal peer reviews and audits
- » Advance professional development and registration of technical personnel.

The convention adopted in this report is that the Measured and Indicated Mineral Resources estimates are reported **inclusive** of that portion converted to Mineral Reserves. **Inferred Mineral Resources** have not been included in feasibility studies or life-of-mine plans.

Mineral Resources and Mineral Reserves estimates are quoted as at **30 June 2019**, unless stated otherwise.

Underground Mineral Resources are *in situ* tonnages at the postulated mining width, after deductions for geological losses. Underground Mineral Reserves reflect tonnages that will be mined and processed while surface Mineral Reserves consist of stockpiles already mined and ready for processing. Both are quoted at the grade fed to the plant. Open-pit Mineral Resources are quoted as *in situ* tonnages and Mineral Reserves are tonnages falling within an economic pit-shell.

The classification into Measured, Indicated and Inferred Mineral Resources is done by consideration of geostatistical parameters, spacing of boreholes, geological structures and continuity of the mineralisation.

External consulting firms audit the Mineral Resources and Mineral Reserves of the ARM operations when substantial geological borehole data has been added to the previously established database.

The risk factors that could impact the Mineral Resources and Mineral Reserves are reported on pages 20 to 23 of this report.

The Mineral Resources and Mineral Reserves are reported on a **100% basis** and the attributable interest is noted in the footnotes of the tabulations. Maps, plans and reports supporting Mineral Resources and Mineral Reserves are available for inspection at ARM's registered office and at the relevant mines.

Rounding of figures may result in minor computational discrepancies on the Mineral Resources and Mineral Reserves tabulations.

Competence

The lead competent person with overall responsibility for the compilation of the 2019 Mineral Resources and Mineral Reserves report is Shepherd Kadzviti, an ARM employee. He confirms that the information in this report complies with the SAMREC Code of 2016 and that it may be published in the form and context in which it was intended.

Shepherd Kadzviti graduated with a BSc in geology and mathematics and an MSc in exploration geology from the University of Zimbabwe. He later completed a graduate diploma in mining engineering (GDE) at the University of the Witwatersrand. He worked at RioZim's Renco Gold Mine for 14 years in various capacities as geologist, technical services superintendent and mine manager. In 2005, he joined Anglo American Platinum at Union Mine as an evaluation geologist with responsibilities for geological database management and Mineral Resources estimation. After two years at the mine, he was transferred to the Anglo American Platinum corporate office where he was appointed resource geologist. He then joined ARM as Mineral Resources specialist in 2008, and was involved in the evaluation of various mineral deposits for the group. In 2012, he was appointed group mineral resources manager for ARM. He is registered with the South African Council for Natural Scientific Professions (SACNASP) as a professional natural scientist (Pr.Sci.Nat) in the field of practice of geological science, registration number 400164/05. SACNASP is based in the Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, 0087, South Africa. He has a total of 29 years' experience in various aspects of mining and exploration geology, database management and Mineral Resources estimation and as such is considered to be a competent person.

All competent persons at the ARM Corporate office and the operations have sufficient relevant experience in the type of deposit and in the activity for which they have taken responsibility.

Details of ARM's competent persons are available from the company secretary on written request.

The following competent persons were involved in the estimation and/or compilation of Mineral Resources and Mineral Reserves.

They are employed by ARM or its subsidiaries and/or joint venture (JV) partners:

ARM Corporate office:	S Kadzviti, M Mabuza, V Moyo, R Jooste
PGM (Two Rivers Mine):	MW Cowell, JZ Khumalo, JA Coetzee
PGM (Modikwa Mine):	J de Kock, I Colquhoun (Anglo American Platinum)
Nickel (Nkomati Mine):	N Strydom, T Mogano
Manganese (Black Rock Mine):	B Ruzive, J Smuts
Iron ore (Beeshoek Mine):	AMJ Burger, R Jooste
Iron ore (Khumani Mine):	MA Burger, IJM v Niekerk
Coal (Goedgevonden):	M Smith (Glencore head office)

Shepherd Kadzviti (PrSciNat)

Group mineral resources manager
African Rainbow Minerals
24 Impala Road, Chislehurst
Sandton, South Africa

11 October 2019

Salient features for F2019



ARM PLATINUM

Two Rivers Mine

The UG2 Reef Measured and Indicated Mineral Resources increased from 93.17 million tonnes at 5.61g/t (6E) to 98.19 million tonnes at 5.69g/t (6E) mainly due to the upgrade of some Inferred Mineral Resources in the Buffelshoek area where additional boreholes were drilled.

Mineral Reserves for the UG2 Reef decreased from 70.98 million tonnes at a grade of 3.50g/t (6E) to 64.97 million tonnes at 3.50g/t (6E) mainly due to mining depletion, an overall reduction in stoping height and allowance for pillars on major fault structures in the North Decline area.

The Indicated Mineral Resources for the Merensky Reef increased marginally by 1% to 75.73 million tonnes at 3.42g/t (6E) after updating of the Merensky Mineral Resources model. The Inferred Mineral Resources reduced significantly from 104.69 million tonnes at 3.90g/t (6E) to 61.39 million tonnes at 4.32g/t (6E) mainly due to exclusion of narrow and low-grade Merensky Reef falling below the thickness and grade cut-offs in the Buffelshoek area.

Nkomati Mine

Mineral Reserves decreased significantly from 83.56 million tonnes at a grade of 0.31% Ni (72.34 million tonnes in the open-pit area and 11.22 million tonnes for the underground section) to 6.79 million tonnes at a grade of 0.30% Ni, open-pit Mineral Reserves due to the lower nickel price outlook, increased mining costs and increased waste stripping requirements that necessitated the change in the mining plan.

The Measured and Indicated Mineral Resources for Nkomati Mine, however, marginally increased by 2% from 172.20 to 175.74 million tonnes at 0.35% Ni mainly due to new geological information and updating of the Mineral Resources model.

Modikwa Mine

The UG2 Reef Mineral Reserves increased from 42.27 million tonnes at 4.62g/t (4E) to 47.16 million tonnes at 4.34g/t (4E) due to the mining design changes and the addition of Doornbosch Mineral Reserves after acquisition of a portion of this farm was formally concluded during the year.



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ARM FERROUS

Black Rock Mine

Gloria Mine Seam 1 Mineral Reserves decreased from 123.93 million tonnes at 37.75% Mn to 115.04 million tonnes at 37.41% Mn mainly due to a revised mining plan on the eastern portion of Gloria Mine where the geological boundary of Seam 1 was updated. Nchwaning Seam 2 Mineral Reserves increased by 6% to 109.10 million tonnes at 42.73% Mn due to the increase in the depth to which Seam 2 could be mined based on geotechnical recommendations.

Khumani Mine

Mineral Reserves decreased from 447.13 million tonnes at 62.24% Fe to 433.44 million tonnes at 62.10% Fe primarily due to mining depletion of 20.11 million tonnes (ROM). The addition of 17.92 million tonnes at 61.95% Fe Probable Mineral Reserves at Mokaning South, which is being reported for the first time, partially offset the production depletion.

Beeshoek Mine

Measured and Indicated Mineral Resources decreased marginally from 97.64 million tonnes at 64.14% Fe to 95.67 million tonnes at 64.07% Fe mainly due to mining depletion. There was, however, an increase of 2.9 million tonnes in the Mineral Resources (Measured and Indicated) for Village pit, before depletion.

Mineral Resources and Mineral Reserves estimates were undertaken during the year for the low-grade jig and tailings stockpiles resulting in the declaration of a total of 15.05 million tonnes at 53.74% Fe of Measured and Indicated Mineral Resources, and a total of 14.26 million tonnes at 53.74% Fe of Mineral Reserves.

ARM COAL

Goedgevonden Coal Mine

Coal Reserves (ROM) decreased by 1% to 290 million tonnes. This was mainly due to mining depletion of 9.3 million tonnes offset by an addition of 4.7 million tonnes Coal Reserves from the South pit.



F2019 MINERAL RESOURCES AND MINERAL RESERVES SUMMARY

as at 30 June 2019

ARM Platinum operations

PLATINUM GROUP ELEMENTS

* Mineral Resources and Mineral Reserves are reported on a 100% basis.	Mineral Resources								Mineral Reserves						
	Measured		Indicated		(Measured and Indicated)		Inferred		Proved		Probable		Total Reserves		
	Mt	Grade g/t	Mt	Grade g/t	Mt	Grade g/t	Mt	Grade g/t	Mt	Grade g/t	Mt	Grade g/t	Mt	Grade g/t	Moz
Two Rivers Mine															
2019 UG2 (grade reported as 6E)	13.99	5.58	84.20	5.71	98.19	5.69	79.03	5.40	5.39	3.57	59.58	3.49	64.97	3.50	7.31
2018 UG2 (grade reported as 6E)	13.11	5.50	80.06	5.63	93.17	5.61	80.39	5.69	8.29	3.61	62.68	3.49	70.98	3.50	8.00
2019 Merensky (grade reported as 6E)			75.73	3.42	75.73	3.42	61.39	4.32							
2018 Merensky (grade reported as 6E)			74.96	3.34	74.96	3.34	104.69	3.90							
Modikwa Mine															
2019 UG2 (grade reported as 4E)	86.30	5.94	102.50	5.92	188.80	5.93	77.30	6.24	15.68	4.49	31.48	4.27	47.16	4.34	6.58
2018 UG2 (grade reported as 4E)	87.10	5.96	103.30	5.93	190.40	5.95	77.80	6.22	11.49	4.70	30.78	4.59	42.27	4.62	6.27
2019 Merensky (grade reported as 4E)	18.54	2.93	55.73	2.72	74.27	2.78	138.59	2.65							
2018 Merensky (grade reported as 4E)	18.54	2.93	55.73	2.72	74.27	2.78	138.59	2.65							
Kalplats PGM Prospect															
2019 (grade reported as 3E)	14.04	1.59	55.88	1.46	69.91	1.48	67.44	1.57							
2018 (grade reported as 3E)	14.04	1.59	55.88	1.46	69.91	1.48	67.44	1.57							

6E = platinum + palladium + rhodium + iridium + ruthenium + gold.

4E = platinum + palladium + rhodium + gold.

3E = platinum + palladium + gold.

The Mineral Resources are inclusive of those modified to produce Mineral Reserves.

* Two Rivers Platinum Mine attributable interests (ARM 54%; Impala Platinum 46%).

* Modikwa Platinum Mine attributable interests (ARM 41.5%; Modikwa communities 8.5%; Anglo American Platinum 50%).

* Kalplats PGM Prospect attributable interests (ARM 46%; Stella Platinum 44%; Anglo American Prospecting Services 10%).

NICKEL

* Mineral Resources and Mineral Reserves are reported on a 100% basis.	Mineral Resources								Mineral Reserves						
	Measured		Indicated		(Measured and Indicated)		Inferred		Proved		Probable		Total Reserves		
	Mt	Ni%	Mt	Ni%	Mt	Ni%	Mt	Ni%	Mt	Ni%	Mt	Ni%	Mt	Ni%	Moz
Nkomati Mine															
2019 MMZ+PCMZ	81.10	0.32	94.64	0.37	175.74	0.35	46.35	0.40	6.48	0.30	0.31	0.28	6.79	0.30	
2018 MMZ+PCMZ	78.11	0.33	94.09	0.37	172.20	0.35	46.35	0.40	53.12	0.30	30.45	0.33	83.56	0.31	
2019 MMZ stockpiles									0.20	0.27			0.20	0.27	
2018 MMZ stockpiles									0.12	0.45			0.12	0.45	
2019 PCMZ stockpiles									0.60	0.19			0.60	0.19	
2018 PCMZ stockpiles									0.77	0.18			0.77	0.18	

The Mineral Resources are inclusive of those modified to produce Mineral Reserves.

MMZ – Main Mineralised Zone; PCMZ – Chromititic Peridotite Mineralised Zone.

Nkomati Mine MMZ Mineral Resources and Mineral Reserves also contain Cu, Co, and PGEs – details available in the 2019 ARM detailed Mineral Resources and Mineral Reserves report.

Nkomati Mine PCMZ Mineral Resources and Mineral Reserves also contain Cu, Co, PGEs and Cr₂O₃ – details available in the 2019 ARM detailed Mineral Resources and Mineral Reserves report.

* Nkomati Mine attributable interests (ARM 50%; Norilsk Nickel Africa (Pty) Ltd 50%).

CHROME

* Mineral Resources and Mineral Reserves are reported on a 100% basis.	Mineral Resources						Mineral Reserves						
	Measured		Indicated		(Measured and Indicated)		Proved		Probable		Total Reserves		
	Mt	Cr ₂ O ₃ %	Mt	Cr ₂ O ₃ %	Mt	Cr ₂ O ₃ %	Mt	Cr ₂ O ₃ %	Mt	Cr ₂ O ₃ %	Mt	Cr ₂ O ₃ %	
Nkomati Mine													
2019 Oxidised massive chromitite	0.13	27.16	0.05	23.28	0.18	26.08							
2018 Oxidised massive chromitite	0.13	26.45			0.13	26.45	0.05	25.87	0.06	21.61	0.11	23.55	
2019 Un-oxidised massive chromitite	0.12	25.26	0.21	24.42	0.33	24.73	0.07	17.77			0.07	17.77	
2018 Un-oxidised massive chromitite	6.07	28.33			6.07	28.33	0.66	17.23	0.55	19.83	1.21	18.41	
2019 Chromite stockpiles							1.77	19.37			1.77	19.37	
2018 Chromite stockpiles							2.10	19.18			2.10	19.18	

The Mineral Resources are **inclusive** of those modified to produce Mineral Reserves.

* **Nkomati Mine attributable interests (ARM 50%; Norilsk Nickel Africa (Pty) Ltd 50%).**

ARM Ferrous operations**MANGANESE**

* Mineral Resources and Mineral Reserves are reported on a 100% basis.	Mineral Resources								Mineral Reserves					
	Measured		Indicated		(Measured and Indicated)		Inferred		Proved		Probable		Total Reserves	
	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%
Black Rock Mine (Nchwang Mine)														
2019 Seam 1	82.11	44.65	49.05	40.48	131.16	43.09			38.65	44.16	30.11	42.20	68.76	43.30
2018 Seam 1	75.70	44.61	52.35	40.78	128.05	43.04			35.31	44.30	37.87	42.30	73.17	43.26
2019 Seam 2	104.25	42.83	68.54	42.08	172.79	42.53			73.09	42.70	36.01	42.80	109.10	42.73
2018 Seam 2	97.38	42.57	74.86	42.09	172.24	42.36			69.36	42.52	33.83	42.62	103.19	42.55
Black Rock Mine (Koppie area)														
2019 Seam 1	9.03	40.30	34.57	40.70	43.60	40.60								
2018 Seam 1	9.03	40.30	34.57	40.70	43.60	40.60								
2019 Seam 2	8.23	37.40	18.58	39.20	26.81	38.60								
2018 Seam 2	8.23	37.40	18.58	39.20	26.81	38.60								
Black Rock Mine (Gloria Mine)														
2019 Seam 1	64.01	37.49	92.93	37.65	156.94	37.58	31.87	37.29	41.84	37.40	73.20	37.42	115.04	37.41
2018 Seam 1	64.32	37.45	92.93	37.69	157.25	37.59	31.87	37.11	49.62	37.51	74.31	37.91	123.93	37.75
2019 Seam 2			34.81	28.41	34.81	28.41	133.46	30.03						
2018 Seam 2			34.81	28.41	34.81	28.41	133.46	30.03						

The Mineral Resources are **inclusive** of those modified to produce Mineral Reserves.

* **Black Rock Manganese Mine attributable interests (ARM 50%; Assore 50%).**

F2019 MINERAL RESOURCES AND MINERAL RESERVES SUMMARY continued

IRON ORE

* Mineral Resources and Mineral Reserves are reported on a 100% basis.	Mineral Resources								Mineral Reserves					
	Measured		Indicated		(Measured and Indicated)		Inferred		Proved		Probable		Total Reserves	
	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Beeshoek Mine														
2019 All pits	90.56	64.11	5.11	63.44	95.67	64.07	5.35	62.58	29.71	64.70	0.13	63.35	29.84	64.69
2018 All pits	95.10	64.16	2.54	63.22	97.64	64.14	3.55	60.80	35.13	64.85	0.01	63.18	35.14	64.85
2019 Stockpiles											0.77	58.52	0.77	58.52
2018 Stockpiles											2.83	55.58	2.83	55.58
2019 Low-grade stockpiles	2.41	56.46	12.64	53.22	15.05	53.74			2.29	56.46	11.97	53.22	14.26	53.74
Khumani Mine														
2019 Bruce and King/Mokaning	418.99	63.01	137.30	63.22	556.29	63.06	36.10	61.13	340.19	61.97	93.25	62.58	433.44	62.10
2018 Bruce and King/Mokaning	442.99	62.95	108.00	63.23	550.99	63.00	59.49	61.73	369.16	62.12	77.97	62.79	447.13	62.24
2019 Stockpiles											6.04	55.08	6.04	55.08
2018 Stockpiles											5.01	55.08	5.01	55.08

The Mineral Resources are **inclusive** of those modified to produce Mineral Reserves.
 * **Iron ore operations attributable interests (ARM 50%; Assore 50%).**

ARM Coal operations

COAL

* Coal Resources and Coal Reserves are reported on a 100% basis.	Coal Resources								Coal Reserves (ROM)				Coal Reserves (Saleable)								
	Measured		Indicated		(Measured and Indicated)		Inferred		Proved		Probable		Total Reserves		Proved		Probable		Total Reserves		
	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)	
Goedgevonden Coal Mine																					
2019 (Coal resources reported as MTIS**)	510	19.82	7	18.28	517	19.80	1	16.72	280	19.64	10	19.64	290	19.64	173	^	5	^	178	^	
2018 (Coal resources reported as MTIS**)	515	19.85	7	21.45	522	19.87	1	14.45	283	19.57	10	19.57	293	19.57	175	^^	5	^^	180	^^	

The Coal Resources are **inclusive** of those modified to produce Coal Reserves.
 ** Mineable Tonnes In Situ (MTIS) Coal Resources are now reported as per SAMREC Code of 2016 requirements.
 ^ 2019 [HG Export (79Mt; CV 6 000Kcal/kg)] and [LG Export (99Mt; CV 21.50MJ/kg)].
 ^^ 2018 [HG Export (84Mt; CV 6 000Kcal/kg)] and [LG Export (101Mt; CV 21.50MJ/kg)].
 * **Goedgevonden Coal Mine attributable interests (ARM 26%; Glencore Operations 74%).**



ARM owns 13.83% of Harmony's issued share capital. Harmony is separately run by its own management team. Mineral Resources and Mineral Reserves of the Harmony mines are the responsibility of the Harmony team and are published in Harmony's annual report.



The report can be found on www.harmony.co.za.

GOLD: HARMONY

An aerial photograph of a mining operation. A yellow dump truck is positioned on the left, its bed tilted upwards, dumping a load of grey, rocky material. To the right, a yellow excavator is visible, its bucket raised. The ground is a mix of dirt and large rocks, with shadows cast by the machinery. The overall scene is industrial and active.

SUMMARISED CORPORATE GOVERNANCE REPORT

Our strategy is supported by high standards of corporate governance, which we review regularly to ensure robust reporting, strong relationships with our stakeholders and to align our businesses with global good practice.

Our approach to corporate governance

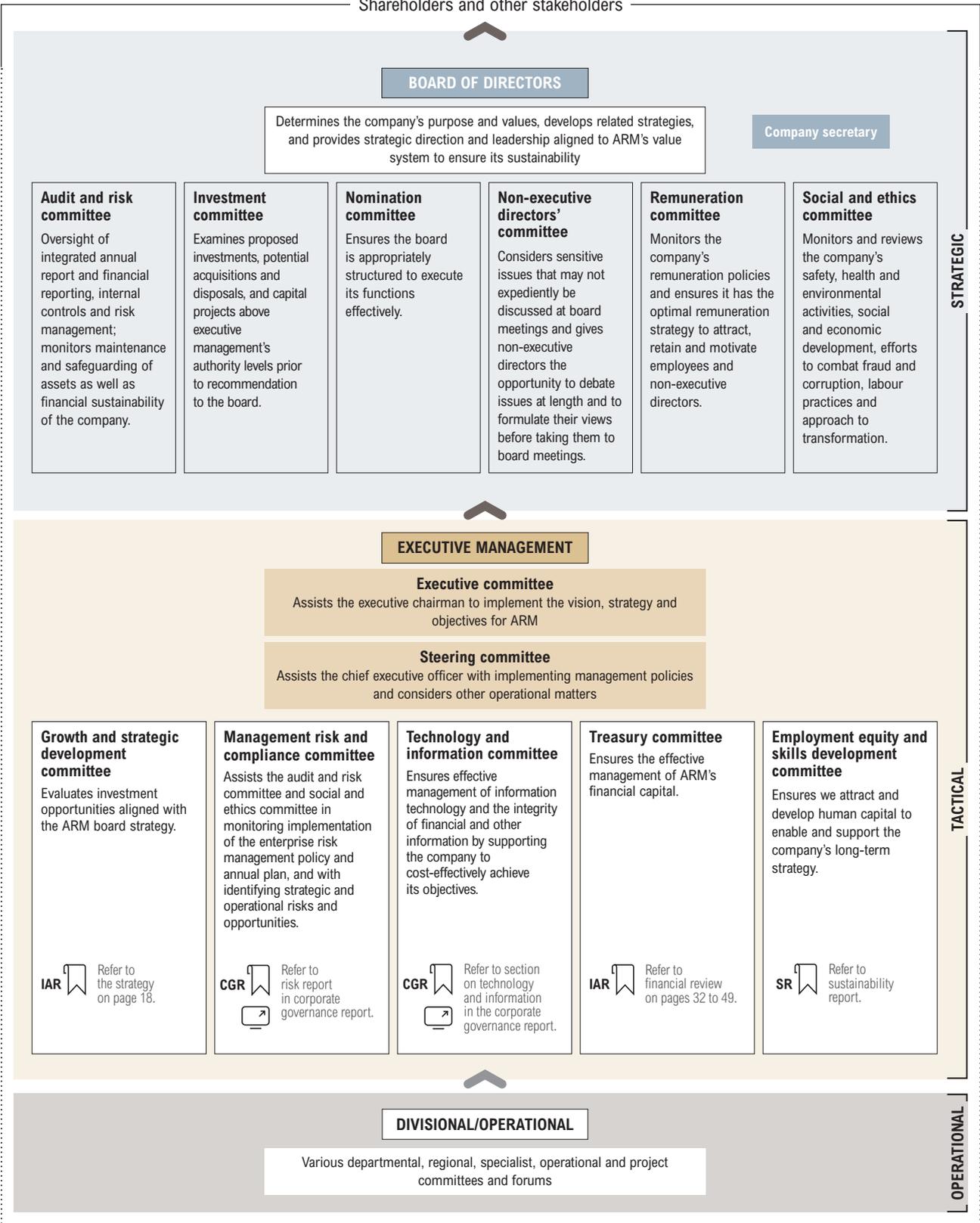
We understand that adhering to the highest standards of corporate governance is fundamental to the sustainability of our business. Our business practices are conducted in good faith, in the interests of the company and all its stakeholders, with due regard for the principles of good corporate governance.

The unitary board of directors is the foundation of our corporate governance system and is accountable for our performance. The board retains effective control of the business through a clear governance structure and has established committees to assist it in line with the provisions of our board charter. The board recognises that delegating authority does not reduce the responsibility of directors to discharge their statutory and common-law fiduciary duties.

We continue to review our governance structures to ensure they support effective decision-making, establish a corporate culture aligned with ARM's purpose, foster sustainable growth and align to evolving best practice.

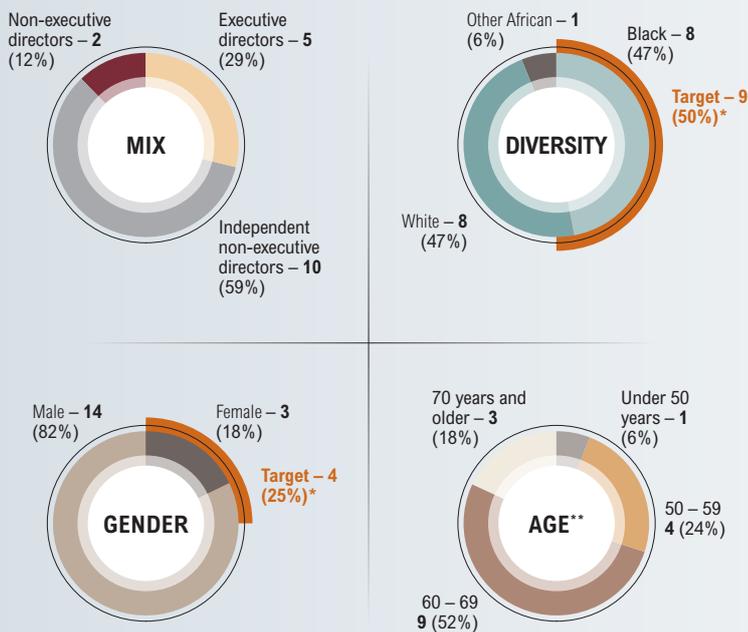
Governance framework

Shareholders and other stakeholders



BOARD OF DIRECTORS

The board provides strategic direction and leadership, monitors the implementation of business and strategic plans, and approves capital funding for these plans to support a sustainable business.



* Target in terms of the board-approved policy.
 ** At the date of the 2019 annual general meeting.



DR PATRICE MOTSEPE ⁽⁵⁷⁾ ●

BA Law and Doctor of Laws Honoris Causa (University of Eswatini, formerly University of Swaziland), LLB and Doctorate of Commerce Honoris Causa (University of the Witwatersrand), Doctorate of Commerce Honoris Causa (Stellenbosch University) and Doctor of Management and Commerce Honoris Causa (University of Fort Hare)

Executive chairman

Appointed to the Avmin board in 2003, Dr Motsepe led ARMgold into a merger with Avmin and Harmony in the same year. Following the merger, Avmin became African Rainbow Minerals (ARM) and Dr Motsepe was appointed founder and executive chairman.

- ▶ African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power Proprietary Limited, Harmony Gold Mining Company Limited, Sanlam Limited.



MIKE SCHMIDT ⁽⁶¹⁾ ●

Mine manager's certificate, MDP (INSEAD), PrCertEng

Chief executive officer

Appointed to the board in 2011.



ABIGAIL MUKHUBA ⁽⁴⁰⁾ ●

BCompt (Unisa), BCom (acc)(hons) (RAU), CA(SA), MCom (South African and international taxation) (RAU), MBA (UCT)

Finance director

Appointed to the board in 2017.

- ▶ African Rainbow Capital Proprietary Limited.



ANDRÉ WILKENS ⁽⁷⁰⁾ ●

Mine manager's certificate of competency, MDPA (Unisa), RMIIA, mini-MBA (oil and gas executives) (oil and gas conference, Houston, USA)

Executive director: growth and strategic development

Appointed to the board in 2003.

- ▶ African Rainbow Energy and Power Proprietary Limited, Harmony Gold Mining Company Limited.



THANDO MKATSHANA ⁽⁵⁰⁾ ●

National higher diploma (coal mining) (Wits Technikon), BSc Eng (mining) (Wits), MDP and MBA (Stellenbosch University)

Executive director and chief executive: ARM Platinum

Appointed to the board in 2015.



ALEX MADITSI ⁽⁵⁷⁾ ●

BProc (University of the North), LLB (Wits), HDip company law (Wits), LLM company and labour law (Pennsylvania, USA), LLM international commercial law (Harvard, USA)

Lead independent non-executive director

Chairman of nomination and non-executive directors' committees, member of audit and risk, investment, remuneration and social and ethics committees

Appointed to the board in 2004.

- ▶ African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power Proprietary Limited, Bidvest Group Limited, Murray & Roberts Holdings Limited.

LEGEND

- South African
- Mozambican
- ▶ Key directorships

**FRANK ABBOTT** ⁽⁶⁴⁾

BCom (University of Pretoria), CA(SA), MBL (Unisa)

Independent non-executive director
Member of investment and non-executive directors' committees
Appointed to the board in 2004.

► *Harmony Gold Mining Company Limited.*

**DR MANANA BAKANE-TUANE** ⁽⁷¹⁾

BA (econ and stats) (University of Botswana, Lesotho and Swaziland), MA (econ, international trade) (University of Oregon USA), PhD (econ) (University of Saskatchewan, Canada)

Independent non-executive director
Member of audit and risk, nomination, non-executive directors', remuneration and social and ethics committees
Appointed to the board in 2004.

**TOM BOARDMAN** ⁽⁶⁹⁾

BCom (Wits), CA(SA)

Independent non-executive director
Chairman of audit and risk committee, member of non-executive directors' and remuneration committees
Appointed to the board in 2011.

► *African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power Proprietary Limited, Ansor Limited, Millicom International Cellular, Royal Bafokeng Holdings Limited, Woolworths Holdings Limited.*

**ANTON BOTHA** ⁽⁶⁶⁾

BCom (marketing) (University of Pretoria), BProc (Unisa), BCom (hons) (University of Johannesburg), SEP (Stanford)

Independent non-executive director
Chairman of remuneration committee, member of audit and risk, investment and non-executive directors' committees
Appointed to the board in 2009.

► *Imalvest, Sanlam Limited.*

**JOAQUIM CHISSANO** ⁽⁷⁹⁾

PhD Honoris Causa (Stellenbosch University), LLD Honoris Causa (St John's University, USA)

Independent non-executive director
Member of nomination, non-executive directors' and social and ethics committees
Appointed to the board in 2005.

► *Harmony Gold Mining Company Limited.*

**MANGISI GULE** ⁽⁶⁷⁾

BA (hons) (Wits), PDM (Wits Business School)

Independent non-executive director
Member of non-executive directors' committee
Appointed to the board in 2004.

**DAVID NOKO** ⁽⁶²⁾

Diploma mech eng (Witwatersrand Technikon), MDP (Wits), MBA (Heriot-Watt University), SEP (London Business School)

Independent non-executive director
Member of non-executive directors' and social and ethics and investment committees
Appointed to the board in 2017.

**DR REJOICE SIMELANE** ⁽⁶⁷⁾

BA (econ and acc) (University of Botswana, Lesotho and Swaziland), MA (econ) (University of New Brunswick, Canada; University of Connecticut, USA), PhD (econ) (University of Connecticut), LLB (Unisa)

Independent non-executive director
Chairman of social and ethics committee, member of audit and risk, nomination and non-executive directors' committees
Appointed to the board in 2004.

► *African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power Proprietary Limited, Sanlam Limited.*

**BERNARD SWANEPOEL** ⁽⁵⁸⁾

BSc (min eng) (University of Pretoria), BCom (hons) (Unisa)

Independent non-executive director
Chairman of investment committee, member of social and ethics and non-executive directors' committees
Appointed to the board in 2003.

► *African Rainbow Energy and Power Proprietary Limited, Impala Platinum Holdings Limited, and Omnia Holdings Limited.*

**MIKE ARNOLD** ⁽⁶²⁾

BSc (eng) (mining geology) (Wits), BCompt (hons) (Unisa), CA(SA)

Non-executive director
Member of investment committee
Appointed to the board in 2009.

► *African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power Proprietary Limited.*

**JAN STEENKAMP** ⁽⁶⁵⁾

National mining diploma (Witwatersrand Technical College), EDP (Wits Business School)

Non-executive director
Member of investment, non-executive directors' and social and ethics committees
Appointed to the board in 2017.

► *African Rainbow Energy and Power Proprietary Limited.*

SUMMARISED CORPORATE GOVERNANCE REPORT continued

Gender and racial diversity and inclusion

We recognise the benefits of a diverse board. The board adopted a policy on promoting gender and racial diversity and inclusion to ensure that, by the end of C2018, it would comprise at least 50% black board members, of which 25% would be black women.

We have balanced black and white representation on the board. We continue our efforts to increase female representation and have focused on in-depth planning to restructure the board composition.

In the annual performance evaluation of the board, gender and race diversity were again identified as priority areas and the nomination committee will continue to focus on achieving these targets.

Independence

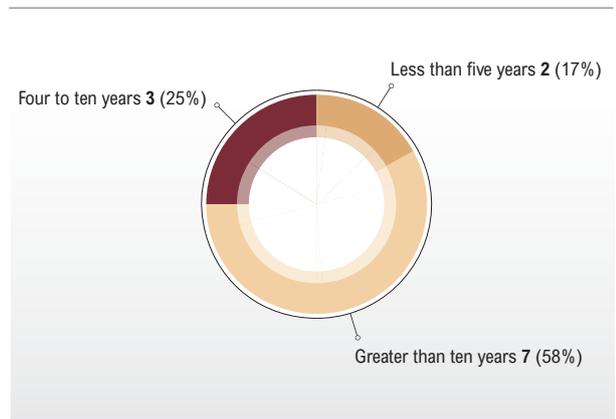
Independent non-executive directors are highly experienced and have the skills, background and knowledge to fulfil their responsibilities.

All directors have a duty to act with independence of mind in the best interests of the company. The board believes the independent non-executive directors are of the appropriate calibre, diversity and number for their views to carry significant weight in its deliberations and decisions.

The classification of independent non-executive directors is determined by the board on the recommendation of the nomination committee. In determining the independence of these directors, and with due regard to the criteria for determining independence set out in King IV and the JSE Listings Requirements, character and judgement are considered, along with any relationships or circumstances that are likely to affect, or could appear to affect, their judgement.

Any term in office by an independent non-executive director exceeding nine years is rigorously reviewed by the board. The independence assessment considers relationships or circumstances likely to affect, or appearing to affect, the relevant director's character and judgement. The board concluded that, in each case, the director's independence of character and judgement was not impaired by length of service.

TENURE: NON-EXECUTIVE DIRECTORS



Independence and consultancy

The independence of Mr JA Chissano, who receives consultancy fees, was considered. Given his extensive relationships with various leaders of African countries, Mr Chissano assists in facilitating high-level business discussions and introductions. His specific assignments are determined by the executive chairman and chief executive officer and fees paid for these services are market-related. As such, the board is satisfied that this aspect does not impair his independence.

In addition, two non-executive directors, Messrs M Arnold and JC Steenkamp, had consultancy agreements with the company in F2019. They are not considered independent as they were executives of ARM in the previous three years and they benefit from ARM's share incentive schemes.

IAR For additional information about such agreements, see summarised remuneration report on page 116.

Executive chairman, lead non-executive director and chief executive officer

The roles of the executive chairman and chief executive officer are separate and distinct.

Dr PT Motsepe is the executive chairman of the company and not independent. He is also a significant shareholder of ARM. The company is satisfied that his non-independence is properly addressed by the composition of the board and particularly by appointing a lead independent non-executive director, Mr AK Maditsi, as required by King IV.

AFS For further information, see shareholder analysis on page 121 of the annual financial statements.

The board charter also documents the role and responsibilities of the executive chairman and lead independent non-executive director, who leads, inter alia, in the absence of the executive chairman or when the executive chairman has a conflict of interest.

In addition to general requirements for re-electing directors set out in ARM's memorandum of incorporation and discussed below, the executive chairman and lead independent non-executive director must be elected by the board annually. Dr Motsepe and Mr Maditsi were re-elected to their respective roles for one year from 1 January 2019.

The chief executive officer is appointed by the board. He does not hold any external board appointments, although he represents ARM at the Minerals Council South Africa.

Board charter

The board charter was most recently amended in June 2019, guiding directors on the board's responsibilities, authority, composition, meetings and need for performance evaluations.

The charter also provides a clear division of responsibilities to ensure a balance of power and authority so that no one director has unfettered powers of decision-making.



Election, re-election, induction, succession and assessment

Election and re-election

The memorandum of incorporation requires that one-third of elected non-executive directors who have served in office longest since their last election retire by rotation at each annual general meeting. Being eligible, these non-executive directors may seek re-election should they wish. Messrs F Abbott, M Arnold, DC Noko and JC Steenkamp are required to retire by rotation. They have made themselves available for re-election at the annual general meeting on Friday, 6 December 2019.

Induction and continuing education

Newly-appointed directors receive a comprehensive information pack, including the memorandum of incorporation, board charter, terms of reference of board committees, board policies and other relevant documents. In addition, key legislation and regulations, as well as corporate governance, financial and reporting documents, including minutes and administrative documents, are provided. Directors are encouraged to attend courses providing information and training on their duties, responsibilities, powers and potential liabilities.

Regulatory and legislative updates are provided regularly.

Succession

The nomination committee, together with the executive chairman, deals with succession planning for non-executive directors and monitors succession planning for executive directors.

IAR For more on the nomination committee, see page 100.

The company has a succession plan for executive directors and senior management.

Performance assessment

The effectiveness of the board and committees is assessed annually. Independent external advisors assisted the nomination

committee in evaluating the board, committees, executive chairman and company secretary. We believe that involving external advisors assists in ensuring a rigorous and impartial evaluation process, which improves the board's effectiveness.

We are committed to transparency in assessing the performance of the board, its committees and individual directors as well as the governance processes that support board activities.

In the F2019 assessment process, the board considered its responsibilities in terms of its charter and was satisfied it had fulfilled them.

CGR For further information, see the corporate governance report.

Assessment of finance function

The audit and risk committee oversees the company's financial reporting process on behalf of the board and reviews the finance function. Following the 2019 review, the committee is satisfied with the finance director's performance and that she has experienced finance executives reporting to her, that the finance function is adequately resourced and that she has the necessary qualifications, experience and expertise to discharge her responsibilities.

Board meetings

The board meets at least four times a year to consider the business and strategy of ARM. It reviews reports of the chief executive officer, finance director, divisional chief executives and other senior executives, chairpersons of committees and independent advisors. In F2019, four board meetings, a budget workshop and two-day strategy session were held.

Advice and information

There is no restriction on a director's access to company information, records, documents and property. Non-executive directors have access to management and regular interaction is encouraged. All directors are entitled to seek, at the company's expense, independent professional advice on the affairs of the company.

SUMMARISED CORPORATE GOVERNANCE REPORT continued

F2019 BOARD AND COMMITTEE MEETING ATTENDANCE

	Board	Budget workshop	Bos-beraad	Audit and risk committee	Investment committee	Nomination committee	Non-executive directors' committee	Social and ethics committee	Remuneration committee
Number of meetings¹	4	1	2	7	3	5	4	4	5
PT Motsepe, Dr (executive chairman)	4	1	2	–	–	–	–	–	–
MP Schmidt (chief executive officer)	4	1	2	–	–	–	–	–	–
F Abbott ²	4	1	2	1	3	–	4	–	1
M Arnold	4	1	2	–	3	–	4	–	–
MMM Bakane-Tuoane, Dr	4	1	2	7	–	5	4	4	5
TA Boardman	4	1	2	7	–	–	4	–	5
AD Botha	4	1	2	7	3	–	4	–	5
JA Chissano ^{3, 4}	1	–	–	–	–	1	1	–	–
WM Gule	4	1	2	–	–	–	4	–	–
AK Maditsi	4	1	2	7	3	5	4	4	5
HL Mkatshana	4	1	2	–	–	–	–	–	–
JP Möller ^{4, 5}	3	1	2	7	3	–	3	–	5
AM Mukhuba	4	1	2	–	–	–	–	–	–
DC Noko ⁶	4	1	2	–	–	–	4	–	–
RV Simelane, Dr ⁴	4	1	2	6	–	5	4	3	–
JC Steenkamp	4	1	2	–	2	–	4	4	–
ZB Swanepoel	4	1	2	–	3	–	4	4	–
AJ Wilkens	4	1	2	–	–	–	–	–	–

¹ Includes attendance at board meetings by directors of the company and attendance at committee meetings by committee members.

² Mr F Abbott was a member of the remuneration committee until his resignation from the committee on 10 October 2018. He was also a member of the audit and risk committee and did not stand for re-election to the committee in December 2018.

³ Mr JA Chissano was appointed as a member of the social and ethics committee in August 2019, subsequent to the reporting period. As a former head of state, Mr Chissano was excused from certain board and committee meetings as he chaired or was a member of a number of initiatives regarding peace and stability, HIV and Aids, collaboration among African, Asian and European states.

⁴ Absent with leave of board or committee. Each director or committee member received meeting materials beforehand and contributed as necessary.

⁵ Mr JP Möller resigned from the board effective 30 June 2019 to pursue other interests.

⁶ Mr DC Noko was appointed as a member of the investment and social and ethics committees in August 2019, subsequent to the reporting period.

Company secretary

All directors have access to the services and advice of the company secretary, Ms AN D'Oyley (BCom, LLB, LLM). She is not a director of ARM and maintains an arm's-length relationship with the board.

The company secretary supports the board as a whole, and directors individually, by providing guidance on how to fulfil their related responsibilities in the best interests of ARM. To achieve these objectives, independent advisory services are retained by the company secretary at the request of the board or its committees. The company secretary maintains her knowledge of developments in corporate governance best practice and regulation.

The board appointed the company secretary in line with the requirements of the Companies Act. In August 2019, on recommendation of the nomination committee, the board considered details of her competence, qualifications and experience as well as results of the F2019 board assessment. The board remains satisfied with the competency and experience of the company secretary.

Board committees

The board has established standing committees (page 100) to promote independent judgement and ensure a balance of power.

The F2019 assessment process concluded that each committee was satisfied it had fulfilled its responsibilities against its terms of reference.

IAR  The qualifications and experience of each committee member are set out on pages 24 to 25 and 94 to 95.



SUMMARISED CORPORATE GOVERNANCE REPORT continued

BOARD AND COMMITTEES

The board has established committees to assist with fulfilling its responsibilities in line with the provisions of its charter. The board acknowledges that delegating authority to these committees does not detract from its responsibility to discharge its fiduciary duties to the company.

Each committee is chaired by an independent non-executive director, and has its own terms of reference.

The committees' terms of reference are reviewed annually by the board. These set out their roles and responsibilities, functions, scope of authority and composition. In 2019, the board approved amendments to all the committees' terms of reference.

CGR   For additional details on focus areas in the review period, see the corporate governance report on our website: www.arm.co.za.

INVESTMENT COMMITTEE¹

3

ZB Swanepoel (chairman)	DC Noko
M Arnold	AK Maditsi
F Abbott	JC Steenkamp
AD Botha	

The investment committee's purpose is to monitor implementation of the capital allocation model and consider substantial investments proposed by management, including mining projects, asset acquisitions and disposals, and to make appropriate recommendations to the board. It also reviews results after completing each project.

Focus and adding value

In adding value to ARM's governance during the year under review, the committee focused on:

- » Monitoring the restructuring of loss-making operations, including approval of the Modikwa chrome plant and the changes in Nkomati Mine's economic life-of-mine
- » Monitoring proposals to grow the ARM Ferrous division and optimise efficiencies at Sakura.

BOARD³

8²

Dr PT Motsepe (executive chairman)	
MP Schmidt	AK Maditsi
F Abbott	HL Mkatshana
M Arnold	AM Mukhuba
Dr MMM Bakane-Tuoane	DC Noko
TA Boardman	Dr RV Simelane
AD Botha	JC Steenkamp
JA Chissano	ZB Swanepoel
WM Gule	AJ Wilkens

The board meets at least four times a year to consider the business and strategy of the company. It reviews reports of the chief executive officer, finance director, divisional chief executives and other senior executives, chairmen of the committees and independent advisors. In F2019, four board meetings were held. The quorum for board meetings is a majority of directors.

Members of the board and senior executives consider the budget and review the company's three-year financial plan at the board's annual budget workshop. ARM's strategy is considered in detail at the annual bosberaad (strategy meeting) for directors and senior management.

Focus and adding value

In the review period, the board focused on:

- » Developing the capital allocation guiding principles
- » Finalising the dividend guiding principle
- » Approval of silicosis settlement agreement
- » Restructuring loss-making operations, including approval of the Modikwa chrome plant and decisions resulting from Nkomati Mine's change in economic life-of-mine
- » Acquisition of Machadodorp Works
- » Proposals to grow the ARM Ferrous division and optimise efficiencies at Sakura
- » Introducing amendments to remuneration policy, including a new conditional share plan with new performance criteria and a malus and clawback policy.

COMMITTEES

NOMINATION COMMITTEE

5

AK Maditsi (chairman)	JA Chissano
Dr MMM Bakane-Tuoane	Dr RV Simelane

The nomination committee is responsible, inter alia, for establishing formal and transparent procedures for appointing directors; recommending to the board suitable candidates for appointment as members and chairs of its committees; ensuring compliance with the provisions of the memorandum of incorporation governing rotation of directors and making recommendations to the board on the eligibility of retiring directors for re-election.

The committee is also responsible for evaluating the board and its committees; developing a formal induction programme for new directors; and overseeing access by directors to external continuing professional development programmes.

Focus and adding value

In the year under review, the committee made recommendations to the board to:

- » Promote diversity in board membership
- » Make appointments to augment the knowledge, skills and experience of board committees.

AUDIT AND RISK COMMITTEE^{3, 4}

7

TA Boardman (chairman) Dr MMM Bakane-Tuoane	AD Botha AK Maditsi	Dr RV Simelane
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The primary objective of the audit and risk committee, which is constituted in terms of section 94 of the Companies Act, is to assist the board in discharging its duties relating to the safeguarding of ARM's assets; the operation of adequate systems, internal controls and control processes; and the preparation of accurate financial reports and statements in compliance with all applicable legal requirements, corporate governance and accounting standards, as well as enhancing the reliability, integrity, objectivity and fair presentation of the affairs of ARM. It also oversees financial and other risks in conjunction with the social and ethics committee.

AFS  The detailed report of the audit and risk committee is available on pages 2 to 4 of the 2019 annual financial statements.

Focus and adding value

In F2019, the committee considered:

- » The effective operation of ARM's financial systems, processes and controls and their capacity to respond to industry and environment changes
- » Management's implementation of International Financial Reporting Standards 9 Financial Instruments and 15 Revenue from Contracts with Customers
- » The rotation of the designated auditor to ensure continued external audit independence and objectivity.

NON-EXECUTIVE DIRECTORS' COMMITTEE³

4

AK Maditsi (chairman) M Arnold Dr MMM Bakane-Tuoane F Abbott	TA Boardman AD Botha JA Chissano WM Gule	DC Noko Dr RV Simelane JC Steenkamp ZB Swanepoel
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The non-executive directors' committee meets formally without management and provides a forum for these directors to consider and discuss issues of importance to ARM, including promoting increased investor confidence, stimulating business growth, reducing fraudulent practices through effective business leadership, fostering sustainable long-term growth in both the social and economic arenas, and cultivating and promoting an ethical corporate culture within ARM.

Focus and adding value

In adding value during F2019, the committee focused on providing feedback to the board and management to enhance the effectiveness of the strategic process.

REMUNERATION COMMITTEE^{3, 5}

5

AD Botha (chairman) Dr MMM Bakane-Tuoane	TA Boardman AK Maditsi
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The remuneration committee ensures the alignment of ARM's remuneration practices with its strategic direction and that the leadership team is rewarded in a manner linked to performance outcomes.

IAR  **CGR**   The summarised remuneration report is available on page 104. The remuneration report is in the corporate governance report on ARM's website.

Focus and adding value

In F2019, the committee focused on:

- » Reviewing the final deferred bonus/co-investment awards under the 2008 share plan
- » Recommending corporate bonus parameters for F2019 to the board
- » Overseeing the adoption and implementation of a new conditional share plan and cash-settled conditional share plan with new performance criteria
- » Review of proposed new profit share schemes for the operations
- » Recommending the adoption of a malus and clawback policy to the board.

SOCIAL AND ETHICS COMMITTEE⁶

4

Dr RV Simelane (chairman) Dr MMM Bakane-Tuoane JA Chissano AK Maditsi	DC Noko JC Steenkamp ZB Swanepoel
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The purpose of the social and ethics committee, constituted in terms of regulation 43(5)(c) of the Companies Regulations promulgated under the Companies Act, is to monitor and report on the manner and extent to which ARM protects, enhances and invests in the economy, society and the natural environment in which it operates to ensure that its business practices are sustainable.

SR   Additional information is in the report of the social and ethics committee on page 126 and in the 2019 sustainability report on ARM's website.

Focus and adding value

In F2019, the committee focused on:

- » Monitoring the management of company's tailings storage facilities
- » Ongoing oversight of continuous efforts to reduce carbon emissions and further improve our corporate water and climate-change reporting process
- » Monitoring the improvement of safety and roll-out of a critical control management system to enhance risk controls
- » Oversight of transformation, gender mainstreaming and talent management initiatives
- » Monitoring the continued implementation of enterprise development programmes, including supplier development initiatives.

1 Mr JP Möller resigned with effect from 30 June 2019 to pursue other interests. Mr DC Noko was appointed to the committee subsequent to the reporting period, in August 2019.

2 In F2019 four board meetings, a budget workshop and two-day strategy session were held.

3 Mr JP Möller resigned with effect from 30 June 2019 to pursue other interests.

4 Mr F Abbott did not stand for re-election to the committee at the 2018 annual general meeting.

5 Mr F Abbott resigned from the committee in October 2018.

6 Messrs JA Chissano and DC Noko were appointed to the committee subsequent to the reporting period, in August 2019.

SUMMARISED CORPORATE GOVERNANCE REPORT continued

Management committees and forums

ARM has various management committees and forums comprising executive directors and senior executives which are considered essential to its functioning and ensure the appropriate control and provision of information to the board.

Executive committee

This committee is chaired by the executive chairman. Standard agenda items include strategic matters, reports from the chief executive officer, finance director, divisional chief executives and other senior executives.

Management risk and compliance committee

This committee assists the audit and risk committee in discharging its duties on risk matters by implementing, coordinating and monitoring a risk management plan, policy and processes to ensure that broader strategic and significant business risks are identified and quantified, with attendant controls and management assurance.

It is chaired by the chief executive officer. Members include the finance director, divisional chief executives, chief risk officer, executive: sustainable development, chief information officer, group executive: legal and other senior executives.

IAR  For more information on the risk management programme and governance of sustainability, see pages 20 to 23 and page 50.

Steering committee

The steering committee implements management policy and considers other operational matters. It is chaired by the chief executive officer and members include executive directors and senior management. It meets quarterly. All members are invited to the annual bosberaad and board budget workshop.

Growth and strategic development committee

This committee evaluates growth opportunities and plans the content for the two-day strategy session with the board. Chaired by the executive director: growth and strategic development, the committee meets regularly and provides feedback to the executive chairman.

Employment equity and skills development committee

This committee considers employment equity, transformation and skills development strategies across ARM.

Treasury committee

This committee implements treasury policy, and reviews operational cash flows, currency and interest rate exposures as well as funding issues in the group.

Tax forum

The forum meets quarterly under the chairmanship of the senior executive finance: corporate and tax, who provides feedback to the audit and risk committee.

Technology and information committee

This committee implements the strategy and governance framework and develops information technology policies and procedures.

Ethics

Through our code of conduct, updated in 2019, we confirm our commitment to high ethical and legal standards in dealing with all our stakeholders. All directors and employees are required to

maintain high ethical standards so that the company's business is conducted honestly, fairly, legally, reasonably and in good faith.

 The code of conduct is available on our website.

Conflicts of interest

The code includes a policy that prohibits accepting any gift that may be construed as an attempt to influence an employee, regardless of value. Accepting of gifts within policy parameters is subject to the approval of a member of the executive. Directors disclose their interests at board and committee meetings.

Disclosure

The code includes a policy on communications that encourages complete, accurate and timely communication with the public. The chief executive officer, finance director, head of investor relations and company secretary oversee compliance with disclosure under the JSE Listings Requirements.

Whistleblower facility

Our whistleblower policy provides for an independent facility to enable employees and other stakeholders to report, confidentially and anonymously, any unethical or risky behaviour. Information about the facility is included in the code and contact information is posted in each of the company's offices.

Initiatives to heighten awareness of this facility are implemented regularly. No material non-compliance incidents were reported in 2019.

Legal compliance

The company has a legal compliance policy. Internal and external legal compliance and operational audits are regularly conducted at all operations, and any instances of non-compliance with regulatory requirements are reported to management for corrective action.

Dealings in securities and insider trading policy

ARM has a policy on dealing in securities and insider trading, and enforces closed periods as per legislation and regulations. During these times, directors, officers and designated people are precluded from dealing in ARM securities. Directors and employees are reminded of their obligations in terms of insider trading and the penalties for contravening laws and regulations.

 The policy is available on our website.

Investor relations and communication with stakeholders

We are committed to transparent, comprehensive and objective communication with our stakeholders. Our stakeholder communication policy is included in the code.

Our investor relations department is responsible for communicating with institutional shareholders, the investment community and the media.

SR   Additional information on engaging with key stakeholders is available on page 12 to 15.

Annual general meetings

Board members and the external audit partner attend annual general meetings to respond to shareholders' questions.

IAR  The notice of annual general meeting is available on page 130.



SUMMARISED REMUNERATION REPORT

PART I – BACKGROUND STATEMENT

Philosophy

Our strategic objectives can only be delivered with the foresight, dedication and hard work of our employees. The company competes in a small talent pool for a limited set of skills within the global and South African mining industries.

The remuneration committee assists the board by applying a remuneration strategy that ensures a balance in attracting, motivating, rewarding and retaining human capital through competitive remuneration practices, while creating shareholder value. The committee formulated a remuneration policy designed to give effect to the remuneration strategy, support business objectives within the larger operating environment and offer a balanced remuneration mix in line with our goals.

Connecting performance and remuneration

Fair and responsible pay

ARM is committed to fair, responsible and transparent pay. We continue to ensure that our remuneration levels

are aligned with the performance of the economy, and the specific performance of the company and our people. We give focused attention to elements such as the company's values, culture, talent management, workforce planning and competitive benefits and remuneration to ensure our policies and practices compare well against South African and international practices.

ARM takes steps to address the gap between remunerating executives and employees at the lower end of the pay scale, and the committee monitors developments in this regard.

According to PwC, the South African Gini coefficient of the employed for 2019 is at 0.436, an increase of 0.011 on the number for 2018. In 2018, ARM used external consultants to conduct research into its internal Gini coefficient. The survey showed that ARM's Gini coefficient is better than that of the mining industry and for people employed in the formal sector in South Africa.

Fixed pay

The board approved a general cost-to-company salary increase of 6% for F2020 (F2019: 6%) for senior executives and employees at the corporate office in the Paterson grade E and F bands, and an increase of 7% for employees at the corporate office in the A-D bands (F2019: 7%), from 1 July 2019.

At the bargaining-unit level for our managed operations, all wage agreements expired on 30 June 2019 and negotiations are underway, except for Two Rivers employees in the A-C bands and the Northern Cape mines' labour forces, which fall under multi-year wage agreements. The increases for these employees will be reported in 2020.

Short-term incentives

Our short-term incentive outcomes are linked to the company's performance, which reflects management's cost-containment and efficiency-improvement initiatives:

- » Group F2019 profit before interest and taxes (PBIT) was more than 300% of target

FAIR AND RESPONSIBLE

Taking care of our employees: We aim to maximise our employee value proposition. We are committed to paying a living wage to all employees and operate various wellness programmes.

Monitoring our fair and responsible pay: We annually calculate and regularly monitor the Gini coefficient,* enhance policies supporting gender mainstreaming in the workplace, and develop more robust employment equity plans and targets.

Pay-for-performance: We focus on pay-for-performance in designing our variable pay structures, particularly at senior levels.

Training and developing our talent: We invest in the development and skills of our employees to maximise learning potential with study assistance, performance management and career development opportunities based on our talent management strategy.



For more information, see the occupational health and wellness and human resources management sections of the 2019 sustainability report on our website.

* The Gini coefficient represents the income distribution of a nation's residents. It ranges from 0 to 1, where 0 is a completely egalitarian income distribution, and 1 is extreme inequality. One of the ways in which the remuneration committee can assess the internal level of pay equity is by using the internal Gini of the company.

- » Profit targets were met at all operations (ie ARM Ferrous, ARM Platinum and ARM Coal)
- » ARM Ferrous performed well on cost targets, with below-plan costs at Khumani and Beeshoek; however, costs at Black Rock Mine and Machadodorp Works were above plan
- » Costs at ARM Platinum and ARM Coal were higher than planned
- » The maximum safety modifier target of 10% was achieved at ARM Ferrous and ARM Coal. The overall group safety modifier was below target at 3.33%.

Benchmark

A benchmarking study by the remuneration consultants showed that the total remuneration package for the executive chairman was in the upper quartile and for the chief executive officer was between the median and upper quartile (towards the upper end of the range), although the report also showed that the guaranteed pay for both senior executives was below median.

Long-term incentives

Outcomes are linked to the company's performance.

2018 CONDITIONAL SHARE PLAN

- » Shareholders approved the introduction of a new long-term incentive plan aligned with good practice to be used for all new long-term incentive awards to senior executives from the date of the 2018 annual general meeting
- » Salient features of the 2018 conditional share plan include:
 - Conditional rights to ARM shares, ie conditional shares will be awarded to eligible participants (with no voting or dividend rights until the conditional shares vest and become unrestricted)
 - Performance and employment conditions apply to the vesting of all awards
 - A usage limit of 5% of the issued share capital of the company, which is intended to cover awards made over five to ten years under the plan
 - Termination-of-employment (fault and no-fault terminations) provisions are aligned to global good practice
 - Malus (pre-vesting forfeiture) and clawback (post-vesting forfeiture) provisions apply to awards on certain 'trigger events'. In terms of clawback, the pre-tax cash value of the award will be recouped
 - Dividend-equivalent shares will be determined when conditional shares vest.
- » New features of the 2018 conditional share plan approved by the board and included in the company's 2019 remuneration policy:
 - Details of carbon emission targets relating to:
 - › Emissions from direct production activities (scope 1 emissions) and
 - › Emissions from electricity consumption (scope 2 emissions).

2018 CASH-SETTLED CONDITIONAL SHARE PLAN

- » In December 2018, the board approved the introduction of a new long-term incentive plan for awards to management other than senior executives
- » Salient features of the 2018 cash-settled conditional share plan include:
 - Conditional awards are awarded to eligible participants
 - Performance and employment conditions are the same as those applicable to conditional shares under the 2018 conditional share plan and apply to the vesting of all awards, which will be cash settled
 - Termination-of-employment (fault and no-fault terminations) provisions are aligned to global good practice
 - Dividend-equivalent awards will be determined when conditional awards vest.

Long-term incentives settled in F2019 under The African Rainbow Minerals Limited 2008 share plan (2008 share plan) were based on ARM's ranking against the total shareholder return of its peers. The company will not make any further awards under the 2008 share plan.

Stakeholder engagement

At the 2018 annual general meeting, the non-binding advisory vote on ARM's remuneration policy and implementation report were supported by 89.58% and 92.15% of shareholders who voted at the meeting, respectively.

Although we were above the 75% voting threshold for both the remuneration policy and implementation report, we take shareholder feedback seriously and strive to continuously engage with our shareholders. As such, in November 2018, the remuneration committee chairman held one-on-one meetings with institutional investors. Below we set out the main areas of feedback on remuneration received in the reporting year, and our responses.

SUMMARISED REMUNERATION REPORT: PART I continued

SHAREHOLDER ENGAGEMENT AND VOTING

FEEDBACK	ACTIONS TAKEN/RESPONSE TO FEEDBACK
<p>Long-term incentive schemes – capital allocation: The inclusion of capital allocation as a prominent and material aspect of long-term incentive allocations.</p>	<p>Given that commodity price cycles and capital expenditure timeframes in the mining industry are longer than the performance measurement period for market-competitive long-term incentives, a capital allocation metric will not be introduced at this time.</p>
<p>Long-term incentive schemes – aggregate limits: Share-use limit higher than the preferred level of 5%.</p>	<p>The aggregate number of shares that may be allocated under the 2018 conditional share plan to all participants will not exceed 10 985 514 shares, which represents around 5% of issued ordinary shares at the date the plan was adopted by shareholders. The aggregate share-use limit was benchmarked in the 2018 conditional share plan and is in line with market best practice. We anticipate that allocations under the 2018 conditional share plan will last around five to ten years. The share-usage limit is only for the 2018 conditional share plan and does not take into account the 2008 share plan.</p>
<p>Long-term incentive schemes – individual limits: Share-use limit of 1% per participant higher than the preferred level of 0.5%.</p>	<p>The maximum number of shares that may be allocated to an individual for all awards under the CSP will not exceed 2 197 103, or around 1% of issued ordinary shares at the date the CSP was adopted by shareholders. The individual share-use limit was benchmarked prior to inclusion in the CSP. We anticipate that allocations under the CSP will last for around five to ten years.</p>
<p>Long-term incentives: Consider increasing safety and environmental targets by 5% each.</p>	<p>The company acknowledges the importance of safety and environmental targets. Equally, ARM remains committed to the importance of transformation and this value is reflected in the empowerment target. The inclusion of these three performance criteria was approved by shareholders in December 2018 and no change to the ratios in these targets is recommended at this time.</p>
<p>Long-term incentives – cash flow to equity goals: Some investors were critical about the cash flow to equity goals included as a 25% weighting (ie a free call option on commodity prices) and others asked for relative total shareholder return to be increased to 50%, thus removing this aspect.</p>	<p>Given the significant influence that short-term commodity prices have on profitability and cash flows, any financial measure is affected by cash flow to equity goals, so this element cannot be totally excluded. The company emphasises cost containment, a metric that is more under the control of management. However, when the price and demand for a commodity are high, it may be more profitable for the business to deliver more product, despite increased unit costs. Thus, the board will continue to set targets and measure management against these targets, in the best interests of the company.</p>
<p>Long-term incentives – impairments: Certain investors wanted the company to add back impairments when calculating returns for incentive purposes.</p>	<p>Project expenditure impacted returns in the year that the expenditure was made. Adding impairments back into capital in the year of performance measurement would create a misalignment when calculating returns for incentive purposes. Therefore the board believes no adjustment should be made for impairments.</p>
<p>Long-term incentives – deferrals: Some investors wanted the company to discontinue the allocation of bonus deferred shares.</p>	<p>Minimum shareholding requirements have been in place since 2015 to align management's interests with those of shareholders. The deferred bonus/co-incentive scheme in place until December 2018, was used to assist senior management in meeting minimum shareholding requirements. Total allocations, including deferred allocations, ensured that ARM's long-term incentive schemes were within industry norms and remained competitive.</p>
<p>Long-term incentives – vesting below median: Limited disclosure about the vesting scale and exact targets governing vesting in the total shareholder return analysis.</p>	<p>For awards made prior to December 2018, vesting was possible for performance below the median of the peer group, in terms of the graphs on pages 119 and 120. However, for F2019 settlements, no vesting occurred below median. In line with global practice, vesting below median has not been permitted since shareholders adopted the 2018 conditional share plan in December 2018.</p>

FEEDBACK	ACTIONS TAKEN/RESPONSE TO FEEDBACK
Short-term incentives – targets: Only high-level performance conditions were provided for the short-term incentive, without disclosing specific targets.	Performance targets are not disclosed as this is viewed as commercially sensitive information for various reasons, including the targets are based on budget and the company is required to adhere to confidentiality restrictions imposed by some of its contractual agreements.
Short-term incentives – budget: Performance targets measured against budget are not considered transparent.	The committee monitors the short-term incentive scheme to ensure its implementation is aligned with the strategic objectives of the company. As discussed above, this information is considered commercially sensitive.
Short-term incentives – performance indicators: Disclosure of split between financial and personal performance indicators is too vague.	Following the review by Korn Ferry, the financial performance indicators account for 100% of the bonus. The personal performance modifier provides that an employee may achieve an additional 10% of the calculated bonus or forfeit up to 10% of the calculated bonus.
Benefits – executive directors: Information about benefits accruing to executive directors is insufficient.	Benefits accruing to executive directors are disclosed in the single-figure remuneration tables on pages 122 and 123.
Total remuneration – executive director: Some shareholders questioned the total remuneration of the executive director: growth and strategic development.	The company believes the executive director: growth and strategic development (former CEO) adds considerable value to the business. Nonetheless, the 6% annual increase for executive directors in July 2019 was not applied to his cost-to-company salary and his remuneration decreased by 30% from 1 August 2019.
Committee fees – non-executive directors: Some shareholders did not support chairmen's fees that were more than 150% of fees paid to ordinary committee members.	The board considers the proposed fees to be appropriate given the additional workload of committee chairmen.
Composition of remuneration committee: Some shareholders questioned the independence of certain committee members, citing tenure as one of the concerns.	The board has assessed the independence of committee members and concluded they have exercised their judgement objectively and that all committee members have performed their duties in the best interests of the company. The composition of the committee was changed in 2018.

Commitment

We continuously monitor the effectiveness and implementation of the remuneration policy, strategy and practices. Should we receive a vote of 25% or more against the remuneration policy or implementation report at the 2019 annual general meeting, the board commits to:

- » An engagement process in line with the JSE Listings Requirements to ascertain the reasons for the dissenting votes
- » Appropriately address legitimate and reasonable objections and concerns.

Changes in remuneration policy

Stakeholder engagement on remuneration matters and proactively maintaining regular, transparent and informative dialogue with our stakeholders is important. The committee therefore considered developments in global best practice as well as feedback from shareholders during the financial year.

Accordingly, on the committee's recommendation, changes to the remuneration policy have been approved. These include:

- » Introduction of the 2018 cash-settled conditional share plan for conditional awards to management other than senior executives
- » New environmental compliance targets aligned with good practice, as outlined in part II
- » The final award in terms of the deferred bonus/co-investment scheme under the 2008 share plan was made in November 2018. The committee considered, but did not recommend the implementation of a co-investment plan under the 2018 conditional share plan.
- » For the F2020 bonus:
 - Participants will qualify for the maximum bonus payable when performance targets are exceeded by 30% (F2019: 50%). The differential reflects a higher indicative profit base before interest and tax compared to F2019
 - A personal performance modifier will be introduced.

The remuneration policy achieved its stated objectives in F2019 and will continue to lead to performance outcomes that generate real long-term value for our shareholders.

AD Botha

Chairman of the remuneration committee

SUMMARISED REMUNERATION REPORT: PART I continued



About the remuneration report

To align with emerging best remuneration disclosure practices and the King IV™ Report on Corporate Governance for South Africa, 2016 (King IV), the remuneration report is presented in three parts: a background statement from the committee chairman, an overview of the remuneration policy for senior executives and, at a high level, other employees, and an implementation report describing how payments were made in the year under review.

Remuneration governance framework

Composition of remuneration committee[^]

AD Botha	Dr MMM Bakane-Tuane	TA Boardman	AK Maditsi
Member since August 2009	Member since August 2004	Member since August 2011	Member since July 2011

[^] Committee attendance is on page 98.

The remuneration committee comprises only independent non-executive directors. Mr JP Möller resigned from the board on 30 June 2019 to pursue other interests and Mr F Abbott resigned from the committee in October 2018. The board is confident that the remaining committee members have a strong blend of expertise and experience in the financial, business, mining and human capital fields.

The chairman of the committee attends annual general meetings to answer questions from shareholders on the remuneration policy and its implementation.

Invitees

The chief executive officer, finance director, executive director: growth and strategic development and group executive: human resources attend committee meetings by invitation and assist the committee in its deliberations, except when their own remuneration is discussed. Invitees do not vote at meetings. No directors were involved in approving their own remuneration.

Advisors to the committee

In F2019, the committee was advised by remuneration consultants, PwC, which provided advice on and assistance with the design, implementation and verification of calculations for offers and awards under the long-term incentive schemes. Bowmans advised the committee on the remuneration of the executive chairman and chief executive officer as well as the co-investment plan. PwC and Bowmans communicated directly with the committee. Korn Ferry provided advice on principles of performance management and calibrating performance scores. The committee is satisfied that PwC, Bowmans and Korn Ferry were independent and objective.

Functions

In terms of the annual review, amendments to the committee's terms of reference were approved by the board in August 2019.



The functions of the remuneration committee and terms of reference appear in the full remuneration report in the corporate governance report on our website.

PART II – OVERVIEW OF MAIN PROVISIONS OF THE REMUNERATION POLICY

Remuneration philosophy and policy: executive remuneration

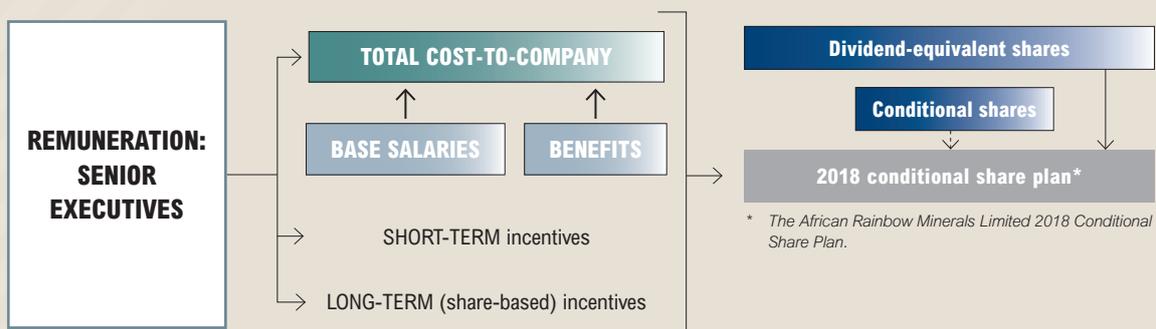
Principles of executive remuneration

ARM's executive remuneration philosophy aims to attract and retain high-calibre executives and to motivate and reward them for developing and implementing the company's strategy of delivering consistent and sustainable shareholder value. In addition, ARM promotes positive outcomes, an ethical culture and corporate citizenship in decisions on pay.

The remuneration policy conforms to international best practice and is based on the following principles:

- » **Total cost-to-company** of base salary plus benefits
- » **Incentive-based** rewards in the form of competitive incentives compared to other employers in the mining and mineral resources sector, earned by achieving performance targets consistent with shareholder expectations over the short-term and long-term:
 - **Short-term incentives**, ie cash bonuses based on performance measures and targets, and structured to reward effective operational performance
 - **Long-term (share-based) incentives** used to align the long-term interests of management with those of shareholders and responsibly implemented to avoid exposing shareholders to unreasonable or unexpected financial impact.

Elements of total executive remuneration design



TOTAL COST-TO-COMPANY

BASE SALARY

POLICY

- » Benchmarked against market practices of other South African mining companies that are comparable in size, business complexity and international scope
- » Generally reflects market median levels based on the role and individual skills and experience.

IMPLEMENTATION

- » Paid monthly in cash
- » Reviewed annually, with changes taking effect on 1 July, where applicable
- » Increases are determined by market conditions, company performance, individual performance and changes in responsibilities, among others
- » Salary increases of 6% approved for F2020 from 1 July 2019 (F2019: 6%)
- » Key component of a total cost-to-company (CTC) package, which includes benefits. The company participates in industry-wide surveys from time to time. Participation in short-term and long-term incentive schemes is determined on the basis of, and in addition to, the CTC package.

SUMMARISED REMUNERATION REPORT: PART II continued

TOTAL COST-TO-COMPANY continued	
PENSION FUND	
POLICY	IMPLEMENTATION
<p>» Membership of the ARM Pension Fund is compulsory. Senior executives, if already members of a recognised industrial pension/retirement fund such as Sentinel, may remain members of that fund.</p>	<p>» Contributions are made by senior executives from base salary. Total contribution to the fund, including risk benefits such as life and disability cover, ranges from 22.5% to 27.5% of pensionable salary</p> <p>» The ARM Pension Fund is:</p> <ul style="list-style-type: none"> – Managed by six trustees – 50% appointed by ARM and 50% elected by members – Administered by Alexander Forbes – A defined contribution fund.
MEDICAL SCHEME	
POLICY	IMPLEMENTATION
<p>» It is compulsory to belong to a medical scheme.</p>	<p>» Executives may participate in any managed medical aid plan of their choice</p> <p>» Contributions are made by senior executives from their base salary.</p>
OTHER BENEFITS AND CONDITIONS OF EMPLOYMENT	
<p>All other conditions of employment are comparable to companies in the mining and mineral resources sector. No special or extraordinary conditions apply to senior executives.</p>	

SHORT-TERM INCENTIVES			
POLICY			
<p>Short-term incentives (cash bonuses) are determined under a bonus scheme that rewards senior executives for sustained outperformance of cost and profitability targets set annually for the company's business and safety performance in terms of its strategy (page 18).</p>			
INSTRUMENT			
<p>Cash under the outperformance bonus scheme.</p>			
BONUS PERCENTAGES			
<p>For F2020 bonuses, the short-term incentive on-target cash bonus percentages and required outperformance to achieve the maximum cash bonus as a percentage of the total are shown below:</p>			
Position	Paterson grade	F2020 % on-target bonus of CTC	F2020 maximum bonus as % of CTC*
Executive chairman	FU	62%	186%
Chief executive officer	FU	50%	150%
Finance director and senior executives	FL	45%	135%
Operational senior executives in ARM Ferrous, ARM Coal and ARM Platinum	FL	45%	135%
<p>* The maximum bonus may only be achieved when the annual profit before interest and taxes is 30% more than the performance target in F2020.</p>			

SHORT-TERM INCENTIVES *continued*

PERFORMANCE MEASUREMENT

For the executive chairman, chief executive officer, finance director and other senior executives (excluding those from ARM Ferrous, ARM Platinum and ARM Coal), financial performance indicators are calculated as:

- » 50% – profit from operations
- » 50% – unit cost of sales (a weighted scorecard).

For operational senior executives, financial performance indicators are calculated for each division as:

- » 25% – ARM overall profit from operations against target
- » 25% – ARM overall unit cost of sales against target (a weighted scorecard)
- » 25% – divisional profit from operations against target
- » 25% – divisional unit cost of sales against target (a weighted scorecard).

The following divisional unit cost of sales will be measured:

- » Manganese
- » Iron ore (Beeshoek and Khumani separately)
- » Ferromanganese (Machadodorp)
- » Ferromanganese (Cato Ridge)
- » Nickel
- » Platinum (Modikwa)
- » Platinum (Two Rivers)
- » Coal (Goedgevonden)
- » Coal (Participative Coal Business).

The combined percentage (achieved by each senior executive) is applied to their CTC to determine the potential cash bonus.

SAFETY MODIFIER

A safety modifier is applied after a cash bonus has been calculated for each senior executive. This is based on the lost-time injury frequency rate for each division or operation. If the safety target is met, participants will receive an additional 5% of their cash bonus.

There is a sliding scale for outperformance or underperformance for each division or operation:

- » If participants outperform their targets by 10% or more, they will receive an additional 10% of their cash bonus
- » If safety targets are not met, between 1% and 10% would be deducted for each percentage point below target, to a maximum 10% deduction.

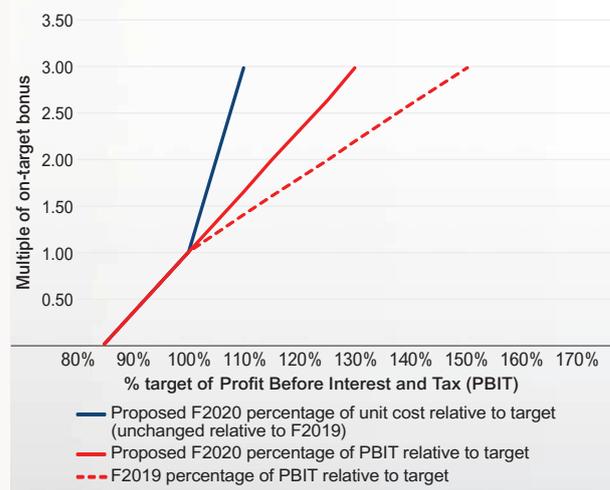
PERFORMANCE TARGETS

The targets for each metric are in line with the board-approved one-year business plan, and measures are reviewed annually to ensure they are appropriate, given the economic climate and performance expectations for the company. As targets are related to the budget and considered commercially sensitive information, they are not disclosed. F2020 PBIT targets relative to F2019 PBIT targets are set out below. F2020 cost targets remain unchanged.

%	F2020 PBIT targets*
ARM group	+ 71%
ARM Ferrous	+ 86%
ARM Platinum	+ 93%
ARM Coal	(96%)

* Relative to F2019 targets.

F2020 bonus structure



SUMMARISED REMUNERATION REPORT: PART II continued

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PERSONAL PERFORMANCE MODIFIER
From F2020, a personal performance modifier will be applied after a cash bonus has been calculated for each senior executive. If the key performance indicators are met, up to an additional 10% of their bonus may be achieved. If the KPIs are not met, up to 30% of their bonus will be forfeited.

LONG-TERM INCENTIVES
The new long-term incentive plan namely, the 2018 conditional share plan, is aligned with global practice and has been used for all new long-term incentive awards since the 2018 annual general meeting.

2018 CONDITIONAL SHARE PLAN (F2020)
COMPANY AND INDIVIDUAL LIMITS
The overall company and individual limits for the new conditional share plan are 10 985 514 shares and 2 197 103 shares, respectively.
POLICY
This plan closely aligns the interests of shareholders and senior executives by recognising their contributions to the group, giving them the opportunity to share in its success, and reward superior performance. This plan is used as a tool to incentivise performance and create shareholder value.
ELIGIBILITY
Employees in the corporate office on Paterson grade D-F bands are eligible to participate in the 2018 conditional share plan. The primary intent is to make awards to executive and senior management, although awards may be made to other employees with the consent of the committee.
INSTRUMENT
Conditional shares (subject to performance and employment conditions) for annual or interim awards of long-term incentives.
AWARD AND SETTLEMENT
Conditional share awards may be made on an annual or interim basis to reduce the risk of unanticipated outcomes due to share-price volatility and cyclical factors. Conditional shares will vest after three years, subject to predetermined performance criteria being met, and settled in equity or cash should it not be practical or possible to settle in ARM shares.
ALLOCATION LEVELS
Executive chairman – 2.0 x total CTC Chief executive officer – 1.67 x total CTC Finance director and other executive directors – 1.33 x total CTC Senior executives – 1.0 x total CTC

DIVIDEND EQUIVALENT SHARES
Dividend-equivalent shares, in respect of conditional shares, are awarded at the discretion of the board. They are the number of ARM shares equal in value to dividends a participant would have earned if they owned the vested number of ARM shares from award date to vesting date of the conditional shares with reference to the dividend record dates in that period.

2018 CONDITIONAL SHARE PLAN (F2020) continued

PERFORMANCE CONDITIONS AND VESTING

Performance conditions	Weight	Threshold	Target	Stretch
Relative total shareholder return (TSR) against a comparator group of 20 mining companies (excluding gold and diamond companies).*	25%	Threshold and target is set at the median of the comparator group (100% vesting)		Upper quartile of the comparator group (200% vesting)
Average free cash flow return on equity US\$ operating free cash flow/US\$ equity over the three-year performance period, where: operating free cash flow (for the year) is defined as: Net increase/decrease in cash and cash equivalents Plus dividends paid to shareholders and non-controlling interest Plus expansion capital expenditure Plus repayments of debt.	25%	US\$ cost of equity of the company (50% vesting)	US\$ cost of equity of the company + 3% (100% vesting)	US\$ cost of equity of the company + 6% (200% vesting)
Consistent and sustainable cost performance as measured against the mining producer price index (PPI). Compound annual growth rate of the company's unit costs over the three-year performance period compared to mining PPI.	25%	Increase equal to mining PPI (50% vesting)	90% of the increase equal to mining PPI (100% vesting)	80% of the increase equal to mining PPI (200% vesting)
Sustainable business Improved safety performance as measured by the lost-time injury frequency rate (LTIFR) Improvement in the B-BBEE score Environmental compliance (see climate change performance targets below)	10% 10% 5%	Improvement of 3% over the period (50% vesting) Maintain current level (50% vesting)	Improvement of 4% over the period (100% vesting) Improvement of 2% (100% vesting)	Improvement of 5% over the period (200% vesting) Improvement of 5% (200% vesting)

* Top 20 JSE-listed mining companies (excluding gold and diamond companies) determined at the date of allocation.

Climate change performance targets

Description of targets: absolute savings in carbon emissions consisting of:

- » Emissions from direct production activities (ie scope 1 emissions) and
- » Emissions from electricity consumption (ie scope 2 emissions) due to emission-reduction initiatives determined at the end of the three-year performance period, relative to the baseline on 1 July of that period.

NOTE: The calculation may be adjusted for any material acquisitions and divestments based on emissions at the time of the transaction.

Threshold: maintain the baseline, ie keep carbon emissions below the aggregate of scope 1 and scope 2 emission levels at the start of the three-year performance period (50% vesting).

Target: 1.8% absolute reduction in the aggregate of scope 1 and scope 2 emission levels at the end of the three-year performance period against the baseline (100% vesting).

Stretch: equal to or greater than 2.0% absolute reduction in the aggregate of scope 1 and scope 2 emission levels at the end of the three-year performance period against the baseline (200% vesting).

SUMMARISED REMUNERATION REPORT: PART II continued

2018 CONDITIONAL SHARE PLAN (F2020) continued
VESTING
There will be 0% vesting for the applicable performance measure if performance is below threshold. Linear interpolation will be applied for performance between threshold and target, and target stretch. Vesting is capped at 200% for performance at and above stretch.
TERMINATION OF EMPLOYMENT
If a senior executive leaves due to a fault termination eg resignation or dismissal, all unvested awards will be forfeited.
If a senior executive leaves due to a no-fault termination eg retirement, retrenchment or death, the number of conditional shares that will vest will be pro-rated against performance and time served.
MALUS AND CLAWBACK
At the discretion of the board, malus (pre-vesting forfeiture) and clawback (post-vesting forfeiture) provisions will be applied to awards to senior executives on certain 'trigger events', including action or conduct of a senior executive which, in the reasonable opinion of the board, amounts to misbehaviour, fraud or gross misconduct. In terms of clawback, the pre-tax cash value of the award would be recouped.

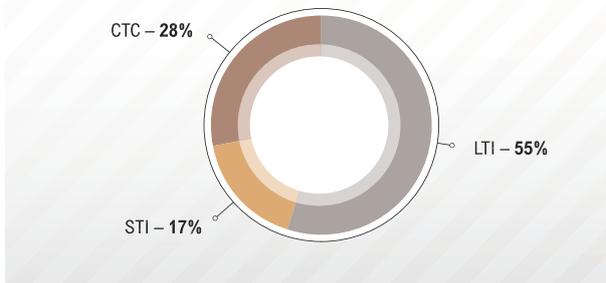
CGR   See remuneration report in the 2019 corporate governance report on our website for information about performance shares and bonus shares as well as the deferred bonus/co-investment scheme, waived bonus method (F2015 and F2016) under the 2008 share plan and share options under the African Rainbow Minerals share incentive scheme.

Total remuneration design: F2020

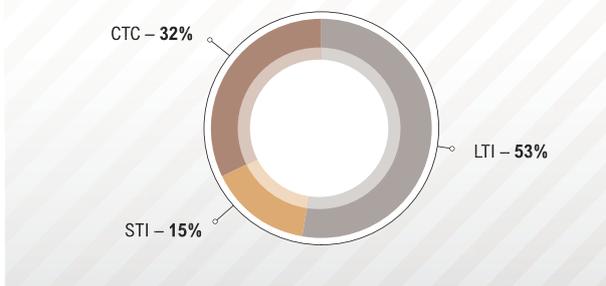
The committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration, and between aspects of the package linked to short-term financial performance and those linked to long-term shareholder value creation. It considers each element of the total remuneration package relative to the market and takes into account the performance of the company and individual executive in determining both quantum and design.

The scenario graphs alongside represent the on-target total remuneration packages of senior executives, where the base salary CTC, bonus (short-term incentives) and long-term incentives are expressed as a percentage of total remuneration. The pay mix for senior executives is reviewed regularly by the committee to ensure it supports the company's remuneration policy and strategic objectives.

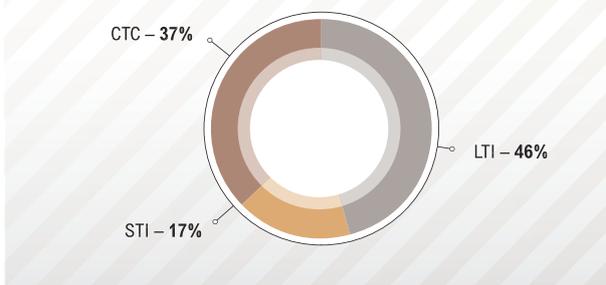
EXECUTIVE CHAIRMAN¹



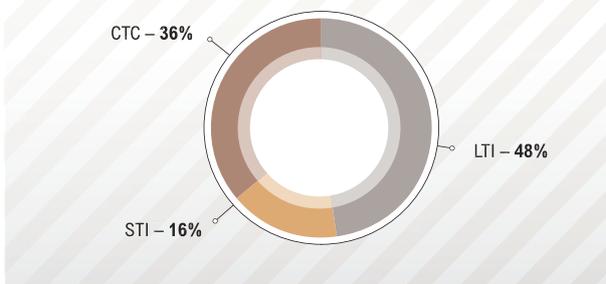
CHIEF EXECUTIVE OFFICER



FINANCE DIRECTOR



EXECUTIVE DIRECTOR AND PRESCRIBED OFFICER²



CTC = total annual package before incentives (ie cost-to-company)
 STI = short-term incentive
 LTI = long-term incentive

¹ Total annual package before incentives, excludes non-cash benefits.
² Average remuneration for Messrs AJ Wilkens, HL Mkatshana and A Joubert. For Messrs Wilkens and Joubert, the total annual package before incentives, excludes non-cash benefits. Mr Wilkens' salary decreased by 30% on 1 August 2019 and he did not receive an annual increase on 1 July 2019.

Shareholding targets for senior executives

To further align management's interests with those of shareholders and to encourage long-term commitment to the company, senior executives are expected to accumulate a holding of shares in ARM. They have been required to build a minimum shareholding in ARM shares from October 2015, or three years after the first allocation on becoming a senior executive, equivalent to 1 x pensionable salary determined at the date of allocation. This is followed by another period of three years to build a further shareholding of 1 x pensionable salary for a total of 2 x pensionable salary. Senior executives are required to maintain the number of shares while employed by ARM.

IAR Minimum shareholding target outcomes are set out in part III.

Employment agreements

There are employment agreements between the company and executive directors, namely Dr PT Motsepe (executive chairman), Messrs MP Schmidt (chief executive officer), HL Mkatshana (chief executive: ARM Platinum, also responsible for ARM Coal) and AJ Wilkens (executive director: growth and strategic development) and Ms AM Mukhuba (finance director).

The company also has an employment agreement with the prescribed officer, Mr A Joubert (chief executive: ARM Ferrrous).

None of these is a fixed-term contract. Executive directors and prescribed officers only receive remuneration in terms of their employment relationship with the company and do not earn directors' fees.

Executive directors and the prescribed officer are subject to the performance criteria that apply to all participants in the 2018 conditional share plan, 2008 share plan and the scheme. There are no other service agreements between the company and its executive directors and the prescribed officer.

Termination policy

Senior executives have a one-month notice period in their employment contracts. The short-term and long-term incentive rules set out the termination policy, depending on reasons for termination. There is no automatic entitlement to short-term or long-term incentives in the event of resignation or termination following a disciplinary procedure or terminations for other reasons. Executive agreements do not include restraint provisions applicable on termination.

CGR The detailed termination policy is in the corporate governance report on our website.

Remuneration policy: non-executive directors

Non-executive directors' fees

On the advice of the remuneration committee, which engages remuneration consultants to assist with benchmarking non-executive directors' fees against comparable companies, the board considers and makes recommendations to shareholders on fees payable.

As a comprehensive benchmarking study was conducted in 2018, after which changes to non-executive directors' fees were approved by shareholders, no benchmarking study was conducted in 2019. The committee agreed to recommend to shareholders that non-executive directors' fees be increased by 6% in F2020 (rounded to the nearest R50) in line with the increase for executives in the E and F bands.

Board retainers and board and committee meeting attendance fees are paid quarterly in arrears. Remuneration for independent non-executive directors does not include remuneration from the short-term or long-term (share-based) incentive schemes.

Annual board retainer fees and per-meeting attendance fees

On the advice of the remuneration committee, the board recommends that shareholders approve the payment of fees to non-executive directors for services rendered as directors, including attendance at any committee meeting, at the direction of the board, where the non-executive director is not a member, and to ensure that these fees attract and retain non-executive directors of the required calibre. Annual retainer fees would be paid quarterly or as determined by the board, and would be pro-rated for periods of less than a full year. The per-meeting attendance fee would be as set out below.

	Proposed fees from 1 July 2019 (excluding VAT) (Rand)*		Fees effective 1 July 2018 (excluding VAT) (Rand)	
	Annual	Per meeting	Annual	Per meeting
Lead independent non-executive director	565 700	21 600	533 700	20 400
Independent non-executive directors	451 350	21 600	425 800	20 400
Non-executive directors	451 350	21 600	425 800	20 400

* Effective 1 July 2019, should fees be approved by shareholders at the 2019 annual general meeting.

SUMMARISED REMUNERATION REPORT: PART II continued



Attendance fees are paid for ad-hoc board meetings, budget workshops, strategy meetings, site visits and other meetings on board matters as well as for attending committee meetings, as a non-member and at the direction of board. The company reimburses reasonable travel, subsistence and accommodation expenses to attend meetings. Office costs, including telecommunication costs, are deemed to be included in board retainers.

Committee per-meeting attendance fees

On the advice of the remuneration committee, the board recommends that shareholders approve the payment of fees to non-executive directors for services rendered as committee members and to ensure that committee meeting attendance fees attract and retain suitable non-executive directors. The proposed fees are set out below.

	Proposed from 1 July 2019 (excluding VAT) (Rand)*	Fees effective 1 July 2018 (excluding VAT) (Rand)
Audit and risk committee		
Chairman	112 800	106 400
Member	45 150	42 600
Investment committee, nomination committee, social and ethics committee and remuneration committee		
Chairman	55 900	52 750
Member	29 500	27 850

* Effective 1 July 2019, should the fees be approved by shareholders at the 2019 annual general meeting.

Service agreements: non-executive directors

In addition to directors' fees, non-executive directors may receive consultancy fees under agreements concluded at market rates for defined and pre-approved services.

In F2019, the company had:

- » A renewable two-year consultancy agreement with Mr M Arnold from 11 December 2017 when he became a non-executive director
- » A renewable consultancy agreement with Mr JA Chissano, which was renewed for one year from 1 May 2018
- » A renewable consultancy agreement with Mr WM Gule, from 1 August 2018 which was not renewed on 31 July 2019
- » A renewable two-year consultancy agreement with Mr JC Steenkamp from 11 December 2018.

The agreement with Mr Chissano, which was renewed with effect from 1 May 2019, may be renewed annually, subject to one calendar month's termination notice by either party.

There are no other service agreements between the company and its non-executive directors.

IAR Details on amounts paid in F2019 under consultancy agreements with non-executive directors are provided in part III on page 125.

Non-binding advisory vote

Annually, shareholders are requested to cast a non-binding advisory vote on the remuneration policy set out in part II.

IAR See the notice of annual general meeting on page 130 of the integrated annual report.

PART III – IMPLEMENTATION REPORT: F2019

Directors' remuneration: executive directors and prescribed officers

The remuneration of executive directors and the prescribed officer consists of base salaries, benefits, short-term (annual cash) incentives, and long-term (share-based) incentives. Executive directors do not receive directors' fees.

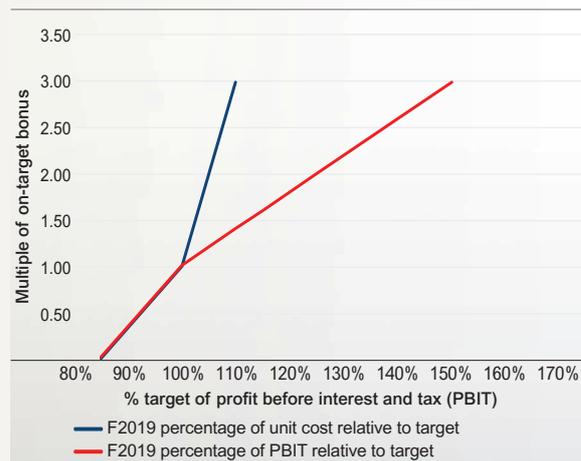
Salary adjustments

The board approved a cost-to-company increase of 6% for senior executives for F2019 (F2018: 5%).

F2019 short-term incentive performance targets

The F2019 targets for profit before interest and taxes (PBIT) and costs are shown alongside.

F2019 BONUS STRUCTURE



Performance against bonus targets for F2019 was as follows:

PROFITABILITY*	COST TARGETS	SAFETY MODIFIER
ABOVE TARGET » ARM Ferrous, ARM Platinum and ARM Coal.	BETTER THAN PLAN » Achieved at Khumani and Beeshoek.	SAFETY MODIFIER ACHIEVED » ARM Ferrous and ARM Coal – 10% » ARM group – 3.33%.
	WORSE THAN PLAN » Black Rock Mine, Machadodorp Works, ARM Platinum and ARM Coal.	SAFETY MODIFIER NOT ACHIEVED » ARM Platinum.

* Based on profit before interest and taxes.

F2019 actual short-term incentive outcomes

The performance measures and targets based on budget are recommended by the remuneration committee to the board for approval on an annual basis. The targets are set to take into account the current market condition faced by the company or division. The percentage of basic salary paid as a bonus is based on the relative achievement against targets.

The tables on page 118 set out how senior executives performed against targets for performance measures and the relative weighting of each measure.

SUMMARISED REMUNERATION REPORT: PART III continued

F2019 SHORT-TERM INCENTIVE PERFORMANCE SCORECARD: EXECUTIVE DIRECTORS

Performance measure	Performance level achieved						Commentary on key performance outcome and link to reward
	Overall weighting	Measure weighting	Below target	Target	Between target and stretch	Stretch and above	
Group performance	100%						
» Profit from operations		50%				●	Exceeded stretch target (OTB = 3)
» Unit cost of sales (weighted)		50%	●				Below target (OTB = 0.87)
Group safety modifier			●				Below target modifier achieved (3.33%)

OTB = on-target bonus

The prescribed officer, the chief executive: ARM Ferrous, was measured against a combination of group and divisional financial targets.

F2019 SHORT-TERM INCENTIVE PERFORMANCE SCORECARD: PRESCRIBED OFFICER

Performance measure	Performance level achieved						Commentary on key performance outcome and link to reward
	Overall weighting	Measure weighting	Below target	Target	Between target and stretch	Stretch and above	
Group performance	50%						
» Profit from operations		50%				●	Exceeded stretch target (OTB = 3)
» Unit cost of sales (weighted)		50%	●				Below target (OTB = 0.87)
Divisional performance	50%						
ARM Ferrous							
» Profit from operations		50%				●	Exceeded stretch target (OTB = 3)
ARM Ferrous							
» Unit cost of sales (weighted)		50%			●		Between target and stretch (OTB = 1.95)
Divisional safety modifier						●	Maximum modifier achieved (10%)

OTB = on-target bonus

The F2019 remuneration outcomes are summarised below. The total F2019 bonus was payable in cash and no portion was deferred.

F2019 SHORT-TERM INCENTIVE PERFORMANCE OUTCOMES: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICER

	F2019 % on-target bonus	F2019 % maximum bonus	F2019 performance rating (after applying safety modifier)	F2019 actual short-term incentive (cash bonus) (after applying safety modifier) (R000)	Short-term incentive as a % of total annual package before incentives*
Executive directors					
Dr PT Motsepe	62%	186%	124%	9 719	76%
MP Schmidt	50%	150%	100%	8 185	100%
AM Mukhuba	45%	135%	90%	4 261	90%
HL Mkatshana	45%	135%	90%	3 953	90%
AJ Wilkens	45%	135%	90%	7 096	88%
Prescribed officer					
A Joubert	45%	135%	109%	5 480	109%

* Per single figure remuneration table on pages 122 and 123.

F2019 long-term incentive awards

Conditional shares under the 2018 conditional share plan

Awards of conditional shares were made to eligible participants in the Paterson grade F-band under the 2018 conditional share plan. Conditional shares are settled after three years, subject to the company achieving prescribed performance criteria over this period. The 20-day volume weighted average price is used to determine the price. Settlements for one senior executive who retired in F2019 will be made in F2020, subject to the company achieving the prescribed performance criteria.

Performance shares under the 2008 share plan

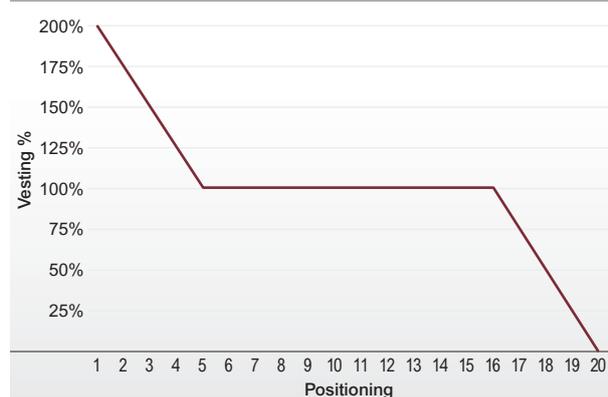
Conditional awards of performance shares were made to eligible participants under the 2008 share plan until November 2018. Performance shares are settled after three years, subject to the company achieving prescribed performance criteria over this period. The 20-day volume weighted average price is used to determine the price.

F2019 long-term incentive performance outcomes

F2015 performance share awards

The 22 May 2015 performance shares awarded in terms of the three-year annual allocation to senior executives in the F band vested on 15 October 2018. The performance measurement for the award resulted in, based on ARM's TSR ranking of 7th against 20 listed comparator companies, the vesting and settlement of 100% of the awarded number of performance shares.

VESTING SCHEDULE: 22 MAY 2015 AWARDS



The comparator group for the May 2015 performance share awards is shown below:

Rank	Company name
1	Assore Limited
2	Tharisa plc
3	South32 Limited ¹
4	Merafe Resources Limited
5	Exxaro Resources Limited
6	Anglo American plc
7	African Rainbow Minerals Limited
8	Anglo American Platinum Limited
9	BHP Billiton plc
10	Wescoal Holdings Limited
11	Glencore plc
12	Northam Platinum Limited
13	Wesizwe Platinum Limited
14	Royal Bafokeng Platinum Limited
15	Impala Platinum Holdings Limited
16	MC Mining Limited
17	Atlatsa Resources Corp
18	Resources Generation Limited
19	Eastern Platinum Limited
20	Lonmin plc

Source: PwC

¹ As South32 Limited listed three days prior to the start date, there is not sufficient history to determine the TSR for 20 days preceding the start date. Accordingly the first 20 days from the listing date were used as a proxy.

Settlement of F2016 waived bonus and deferred bonus/co-investment scheme awards

The 25 November 2015 awards (in terms of the waived bonus and deferred bonus/co-investment schemes) vested on 26 November 2018. Based on ARM's TSR ranking of 5th against 20 listed comparator companies shown below, 100% of the awarded number of performance shares vested and were settled.

VESTING SCHEDULE: 25 NOVEMBER 2015 AWARDS



SUMMARISED REMUNERATION REPORT: PART III continued

The comparator group for the November 2015 performance share awards is shown below:

Rank	Company name
1	Assore Limited
2	Tharisa plc
3	Exxaro Resources Limited
4	Anglo American plc
5	African Rainbow Minerals Limited
6	South32 Limited
7	Glencore plc
8	Merafe Resources Limited
9	Anglo American Platinum Limited
10	BHP Billiton plc
11	Northam Platinum Limited
12	Royal Bafokeng Platinum Limited
13	Impala Platinum Holdings Limited
14	Atlatsa Resources Corp
15	Wesizwe Platinum Limited
16	Hulamin Limited
17	Resource Generation Limited
18	MC Mining Limited
19	Lonmin plc
20	Eastern Platinum Limited

Source: PwC
See single-figure remuneration table on page 122 to 123 for actual value of performance shares settled in F2018 and F2019.

The comparator group for the May 2016 performance share awards is shown below:

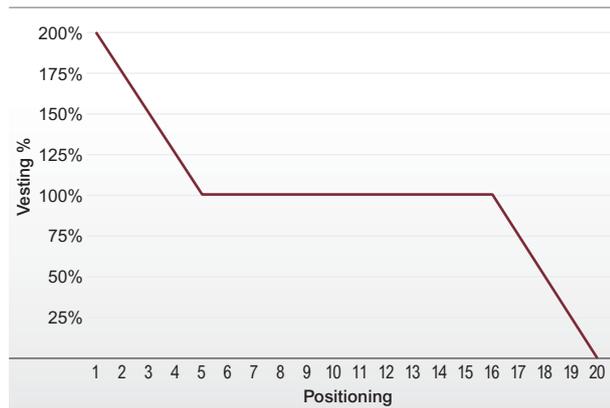
Rank	Company name
1	Kumba Iron Ore Limited
2	Tharisa plc
3	Anglo American plc
4	Exxaro Resources Limited
5	Assore Limited
6	South32 Limited
7	BHP Billiton plc
8	African Rainbow Minerals Limited
9	Glencore plc
10	Anglo American Platinum Limited
11	Merafe Resources Limited
12	Northam Platinum Limited
13	Atlatsa Resources Corp
14	Impala Platinum Holdings Limited
15	Royal Bafokeng Platinum Limited
16	Hulamin Limited
17	Wesizwe Platinum Limited
18	Lonmin plc
19	ArcelorMittal SA Limited
20	Eastern Platinum Limited

Source: PwC

Settlement of F2016 performance share awards

The 18 May 2016 interim performance share awards vested on 20 May 2019. Based on ARM's TSR ranking of 8th against 20 listed comparator companies (excluding gold and diamond companies) shown below, 100% of the awarded number of performance shares vested and were settled.

VESTING SCHEDULE: 18 MAY 2016 AWARDS



Bonus shares under the 2008 share plan

In terms of the 2008 share plan, eligible participants received grants of full-value ARM shares that matched, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares are only settled to participants after three or four years, as the case may be, conditional on continued employment.

The board agreed in 2015 that bonus shares would no longer be granted in the annual allocations. Deferred bonus shares under the 2008 share plan were granted until November 2018 and waived bonus shares under the 2008 share plan were granted in F2015 and F2016.

AFS CGR See directors' report in the annual financial statements for the number of bonus shares settled in F2018 and F2019. For the value of unvested awards, see the corporate governance report on ARM's website.

Share option scheme

Between 2008 and 2013, annual allocations of share options under The African Rainbow Minerals share incentive scheme (the scheme) were made to eligible participants, but at a much-reduced scale after adopting the 2008 share plan. Share options have not been allocated to executive directors and prescribed officers since October 2013.

AFS CGR See the directors' report in the annual financial statements for the number of share options settled in F2018 and F2019. For the value of unexercised share options, see the corporate governance report on ARM's website.



Termination-of-office payments

In F2019, no payments were made to executive management as a result of terminating employment.

Malus and clawback

In F2019, there were no actions or conduct by senior executives that triggered either the malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture) provisions applicable to their long-term share-based incentive awards.

Minimum shareholding requirements

At 30 June 2019, the executive directors and the prescribed officer set out below had exceeded targets for the first tranche of their minimum shareholding requirements:

Executive directors and prescribed officer	Shareholding at 30 June 2019 (direct or indirect)	Minimum shareholding target (first tranche)
Executive directors*		
Dr PT Motsepe ¹	89 526 698	62 965
MP Schmidt	326 533	41 094
HL Mkatshana	70 003	21 207
AJ Wilkens ²	616 725	36 543
Prescribed officer		
A Joubert	27 470	24 236

* Ms AM Mukhuba will reach the first tranche in December 2019.

¹ Includes shares held by African Rainbow Minerals & Exploration Investments (Pty) Ltd and Botho-Botho Commercial Enterprises (Pty) Ltd.

² Includes shares held by Jeandre Inv Trust.

SUMMARISED REMUNERATION REPORT: PART III continued

SINGLE FIGURE REMUNERATION (AUDITED)

R000	2019										
	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Allowances		Total annual package before incentives	Short-term incentives		Total annual package after short-term incentives, before long-term incentives	Long-term incentives Performance Shares ¹²	Total single figure remuneration
				Non-cash benefit ⁹	Other benefits ⁹		Cash bonus ¹⁰	Bonus deferred ¹¹			
Executive directors											
Dr PT Motsepe ¹	7 832	–	–	4 994	2	12 828	9 719	–	22 547	30 468	53 015
MP Schmidt	7 515	511	–	–	154	8 180	8 185	–	16 365	24 275	40 640
M Arnold ²	–	–	–	–	–	–	–	–	–	15 044	15 044
HL Mkatshana ³	3 951	325	–	–	114	4 390	3 953	–	8 343	9 741	18 084
AM Mukhuba ⁴	4 220	445	–	–	68	4 733	4 261	–	8 994	–	8 994
AJ Wilkens	7 735	–	68	162	78	8 043	7 096	–	15 139	16 960	32 099
Total for executive directors	31 253	1 281	68	5 156	416	38 174	33 214	–	71 388	96 488	167 876
Prescribed officers⁵											
A Joubert ⁶	4 321	483	–	3	214	5 021	5 480	–	10 501	11 262	21 763
FA Uys ⁷	–	–	–	–	–	–	–	–	–	8 072	8 072
Total for prescribed officers	4 321	483	–	3	214	5 021	5 480	–	10 501	19 334	29 835
Total for executive directors and prescribed officers	35 574	1 764	68	5 159	630	43 195	38 694	–	81 889	115 822	197 711

Total annual package before incentives = cost-to-company

- The calculated F2018 bonus was R9,609 million. Prior to this amount accruing, Dr. PT Motsepe elected to defer 100% of any bonus for F2018 and the equivalent value of deferred bonus shares (ie 75 115 bonus shares) and performance shares (ie 75 115 performance shares) were allocated by the company and the cash value equivalent is shown as "Bonus deferred". Also see the schedule of unvested awards in the corporate governance report.
- Mr M Arnold retired as financial director with effect from 10 December 2017. He became a non-executive director on 11 December 2017. For additional information about his remuneration, see the schedule of non-executive directors' remuneration on page 125 and for awards settled in F2019 and F2018, see the schedules in the corporate governance report.
- Following a benchmarking study by the remuneration consultants in F2019, Mr HL Mkatshana received a 4% increase in cost-to-company with effect from 1 July 2018, in addition to the annual cost-to-company increase of 6%.
- Ms AM Mukhuba was the chief financial officer of the company until 10 December 2017 and was appointed as finance director from 11 December 2017. Following a benchmarking study by the remuneration consultants in F2019, Ms Mukhuba received a 12% increase in cost to company with effect from 1 July 2018, in addition to the annual cost-to-company increase of 6%.
- Prescribed officers of the company were determined under section 66(10) of the Companies Act 71 2008, as amended, and as further described in section 38 of its regulations. Their remuneration is disclosed in terms of the Companies Act, section 30(4)(a).
- Following a benchmarking study by the remuneration consultants in F2019, Mr Joubert received a 4% increase in cost-to-company with effect from 1 July 2018, in addition to the annual cost to company increase of 6%.
- Mr FA Uys retired from the company from 8 January 2018.
- Includes protection services.
- Includes travel, UIF and risk benefits.
- See page 110 to 111 for additional information about accrued cash bonuses.
- Cash value equivalent of the deferred bonus.
- Includes pre-tax settlement value of i) matching performance shares in terms of the deferred bonus/co-investment scheme, ii) annual allocation of performance shares (4-year vesting) and iii) annual allocation of performance shares (3-year vesting). The value of these performance shares was included in F2019 and F2018, respectively, as performance was measured at the vesting date which falls within F2019 or F2018, as the case may be. For additional information about performance shares, see pages 119 and 120 and the schedules of unvested awards in the corporate governance report.

2018											
	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Allowances		Total annual package before incentives	Short-term incentives		Total annual package after short-term incentives, before long-term incentives	Long-term incentives	Total single figure remuneration
				Non-cash benefit ⁸	Other benefits ⁹		Cash bonus ¹⁰	Bonus deferred ¹¹		Performance Shares ¹²	
	7 389	–	–	2 848	2	10 239	–	9 609	19 848	11 578	31 426
	7 086	478	–	–	153	7 717	8 092	–	15 809	7 706	23 515
	2 266	185	31	–	30	2 512	2 392	–	4 904	4 036	8 940
	3 594	296	–	–	93	3 983	3 758	–	7 741	2 325	10 066
	3 276	353	–	–	18	3 647	3 776	–	7 423	–	7 423
	7 297	–	64	73	151	7 585	7 016	–	14 601	6 083	20 684
	30 908	1 312	95	2 921	447	35 683	25 034	9 609	70 326	31 728	102 054
	3 920	440	–	13	192	4 565	4 938	–	9 503	4 073	13 576
	1 858	185	–	–	41	2 084	1 960	–	4 044	2 441	6 485
	5 778	625	–	13	233	6 649	6 898	–	13 547	6 514	20 061
	36 686	1 937	95	2 934	680	42 332	31 932	9 609	83 873	38 242	122 115

SUMMARISED REMUNERATION REPORT: PART III continued

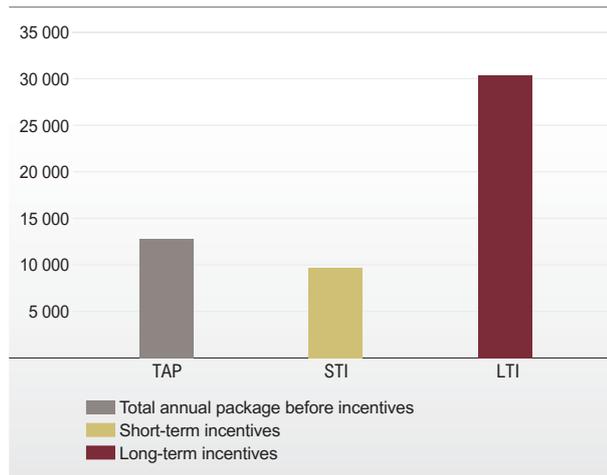
Remuneration outcomes

Remuneration outcomes in 2019 for the executive chairman, chief executive officer, finance director and other executive directors plus the prescribed officer are shown in the graphs below. Emoluments are detailed in the single-figure remuneration table on page 122.

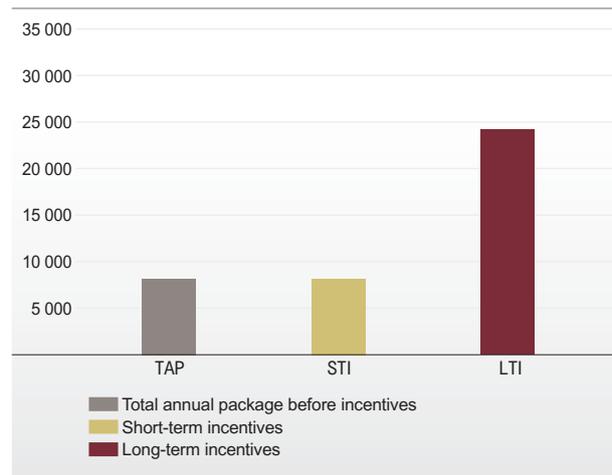
124

TOTAL REMUNERATION OUTCOMES: F2019

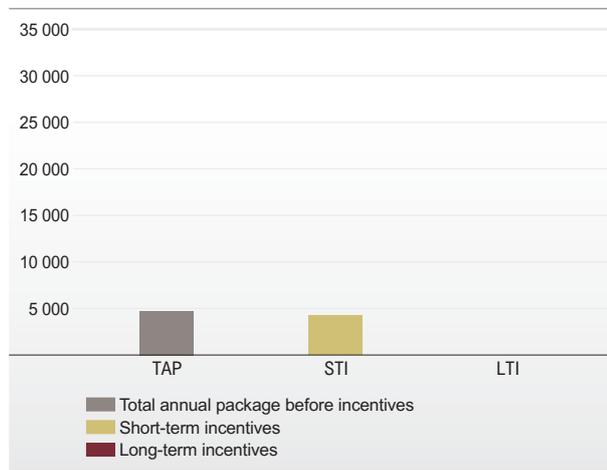
EXECUTIVE CHAIRMAN
(R000)



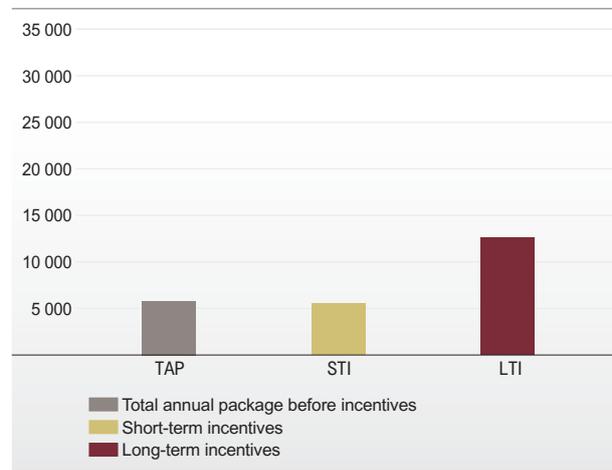
CHIEF EXECUTIVE OFFICER
(R000)



FINANCE DIRECTOR
(R000)



EXECUTIVE DIRECTORS AND PRESCRIBED OFFICER¹
(R000)



¹ Average remuneration for Messrs AJ Wilkens, HL Mkatshana and A Joubert.

Directors' remuneration: non-executive directors (audited)

The remuneration of non-executive directors comprises directors' fees. Board retainers, board attendance fees and committee attendance fees are paid quarterly in arrears. The table below sets out emoluments paid to non-executive directors in the years ended 30 June 2019 and 30 June 2018.

All figures in R000	F2019					F2018				
	Board fees	Committee fees	Consultancy fees excl VAT ¹	VAT	Total including VAT	Board fees	Committee fees	Consultancy fees excl VAT ¹	VAT	Total including VAT
Non-executive directors²										
Dr MMM Bakane-Tuoane ³	589	688	–	192	1 469	662	715	–	196	1 573
F Abbott	569	132	–	105	806	618	347	–	138	1 103
M Arnold ⁴	589	84	243	108	1 024	292	–	196	–	488
TA Boardman	569	884	–	218	1 671	663	782	–	205	1 650
AD Botha ⁵	569	646	–	182	1 397	623	385	–	144	1 152
JA Chissano ⁶	467	28	634	74	1 203	602	164	634	110	1 510
WM Gule	589	–	375	–	964	609	–	723	–	1 332
AK Maditsi	697	1 238	–	290	2 225	775	827	–	229	1 831
JP Möller ⁷	548	521	–	160	1 229	583	229	–	116	928
DC Noko ⁸	569	–	–	–	569	431	–	–	–	431
Dr RV Simelane	589	510	–	165	1 264	649	617	–	180	1 446
JC Steenkamp ⁹	569	167	62	–	798	370	56	413	–	839
ZB Swanepoel ¹⁰	569	242	–	121	932	600	125	–	104	829
Total for non-executive directors	7 482	5 140	1 314	1 615	15 551	7 477	4 247	1 966	1 422	15 112

¹ Additional information appears under Service agreements: non-executive directors on page 116.

² Payments to reimburse out-of-pocket expenses have been excluded.

³ Stepped down as chairman of the remuneration committee from 9 May 2018, but remains a member.

⁴ Mr Arnold, former financial director, became a non-executive director from 11 December 2017. He was appointed to the investment committee from 10 October 2018.

⁵ Became chairman of the remuneration committee from 9 May 2018.

⁶ Appointed to the social and ethics committee, subsequent to the reporting period, from 30 August 2019.

⁷ Mr Möller was appointed to the audit and risk committee by shareholders from 1 December 2017 and the investment and remuneration committees from 29 August 2017. He resigned from the board on 30 June 2019 to pursue other interests.

⁸ Became an independent non-executive director from 10 October 2017 and was appointed to the investment and social and ethics committees after the reporting period, from 30 August 2019.

⁹ Became a non-executive director from 10 October 2017 and was appointed to the investment and social and ethics committees from 6 April 2018.

¹⁰ Appointed to the social and ethics committee from 29 August 2017.

Non-binding advisory vote

Annually, shareholders are requested to cast a non-binding advisory vote on the remuneration implementation report set out in part III of this report. See the notice of annual general meeting on pages 130 of this report.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

We are pleased to present the 2019 sustainability report outlining how ARM creates sustainable value. We are responsible for governing ARM's social and ethics performance and ensuring the group conducts business with integrity and respect for the societal and environmental contexts in which we operate. Our governance structures are designed to embed our values, allowing ARM to deliver competitive outcomes in a 'We do it better' style.



Additional information appears in the 2019 sustainability report on our website.

Philosophy

ARM's responsible corporate citizenship philosophy is underpinned by our understanding of the need to turn mineral wealth into sustainable economic growth and development. Through our business endeavours, we aim to act as a catalyst for local, national, regional and international development; make a lasting and important social, economic and environmental contribution to the developing regions in which we operate; and to achieve and maintain world-class performance standards in managing safety, occupational health, the environment, tuberculosis, HIV and Aids, and corporate social responsibility.

Purpose and functions

The committee's terms of reference were updated in F2019. It monitors and oversees specific functions set out in the Companies Act, and assumes responsibility for matters assigned to it by the board.



See meeting attendance summary on page 98.



Information on the committee's composition, terms of reference and procedures is detailed in the corporate governance report on our website.

Focus and adding value

In the review period, the committee:

- » Discharged the regulatory obligations of a social and ethics committee as prescribed by regulation 43(5) of the Companies Regulations
- » Received reports on the company's tailings storage facilities
- » Monitored allegations received via ARM's whistleblowers' hotline, including complaints or concerns on sustainable development matters
- » Considered management reports on compliance with legal requirements in terms of the company's legal compliance policy
- » Received reports on the Competition Act, ongoing online compliance training programme and annual compliance certification

- » Received reports on the company's performance against the B-BBEE codes of good practice
- » Received reports on compliance with the National Environmental Management Act, National Water Act and other safety, health and environmental legislation
- » Monitored risk areas affecting the sustainability of the business, together with the audit and risk committee, and received a report on the findings of the annual corporate risk workshop
- » Monitored compliance with the mining charter and Department of Trade and Industry targets, as well as the company's adoption of standards of good practice, in terms of its membership of the International Council on Mining and Metals and Minerals Council South Africa



Operational performance

Ethics and risk management

The company is committed to high ethical and legal standards in dealing with all its stakeholders. All directors and employees are required to maintain high standards to ensure the company's business is conducted honestly, fairly, legally, reasonably, in good faith and in the best interests of ARM. These principles are set out in our code of conduct.

The committee received and considered reports on compliance with the code of conduct, including the online training programme. The company followed up on assessments to counteract risks of fraud, bribery and corruption. ARM has a whistleblowers' policy and the committee received reports on the results of investigations into calls made to the independent whistleblowers' facility.



Financial returns and social licence to operate

ARM seeks to make a significant contribution to address challenges facing South Africa, including poverty alleviation, job creation, education, welfare and healthcare. The committee monitored and reviewed the implementation of policies on adding value and giving to the communities in which ARM operates, including:

- » Corporate social responsibility
- » Local economic development, including infrastructure, enterprise development, and community development projects committed to under our social and labour plans
- » The projects of the ARM rural and national women's upliftment trusts.

The committee specifically focused on commitments in the priority areas:

- » Health
- » Arts and culture
- » Education
- » Enterprise and supplier development
- » Job creation
- » Sporting events
- » Infrastructure
- » Community development
- » Capacity building.



A safe, healthy and skilled workforce

Human resources

We are committed to fair labour practices and freedom of association. Our policies are aimed at eliminating unfair discrimination and promoting equality in line with the South African constitution, Labour Relations Act, Employment Equity Act and Broad-Based Black Economic Empowerment Act. In addition, our policies are aligned with all other applicable legislation and the industry charter that governs employment relationships, taking cognisance of the Universal Declaration on Human Rights, United Nations Global Compact, the fundamental human rights conventions of the International Labour Organization and its protocol on decent work and working conditions.

The committee monitored and reviewed the implementation of labour policies, including:

- » Attracting, retaining and developing skills to support the company's growth plan
- » Transformation
- » Gender mainstreaming
- » Employment equity
- » Employee turnover
- » Learnerships and bursaries
- » Educational training and development of employees
- » Literacy.

Safety and health

We are committed to providing a safe and healthy work environment for our employees. In the review period, the committee monitored and reviewed the implementation of safety, health and wellness policies, including:

- » Safety performance
- » Occupational health and wellness
- » Pulmonary tuberculosis, and HIV and Aids.

At the annual general meeting, the committee chairman will table the 2019 sustainability report. This is the committee's report to shareholders on the company's performance against relevant legislation and codes of good practice, social and economic development, labour as well as safety, health and the environment.



Environmental stewardship

The most material environmental matters considered by ARM are climate change and the responsible management of natural resources. The committee monitored and reviewed the management of:

- » Climate change
- » Resource management, particularly energy and water use
- » Land management, including biodiversity, rehabilitation and closure planning.

Focus for F2020

- » Monitoring the management of the tailings storage facilities at ARM's managed operations
- » Monitoring the improvement of safety and roll-out of a critical control management system to enhance risk controls
- » Oversight of transformation, gender mainstreaming and talent management initiatives
- » Monitoring the continued implementation of enterprise development programmes, including supplier development initiatives
- » Ongoing oversight of continuous efforts to reduce carbon emissions and improve our corporate water and climate change-reporting process.



Additional information appears in the 2019 sustainability report on our website.

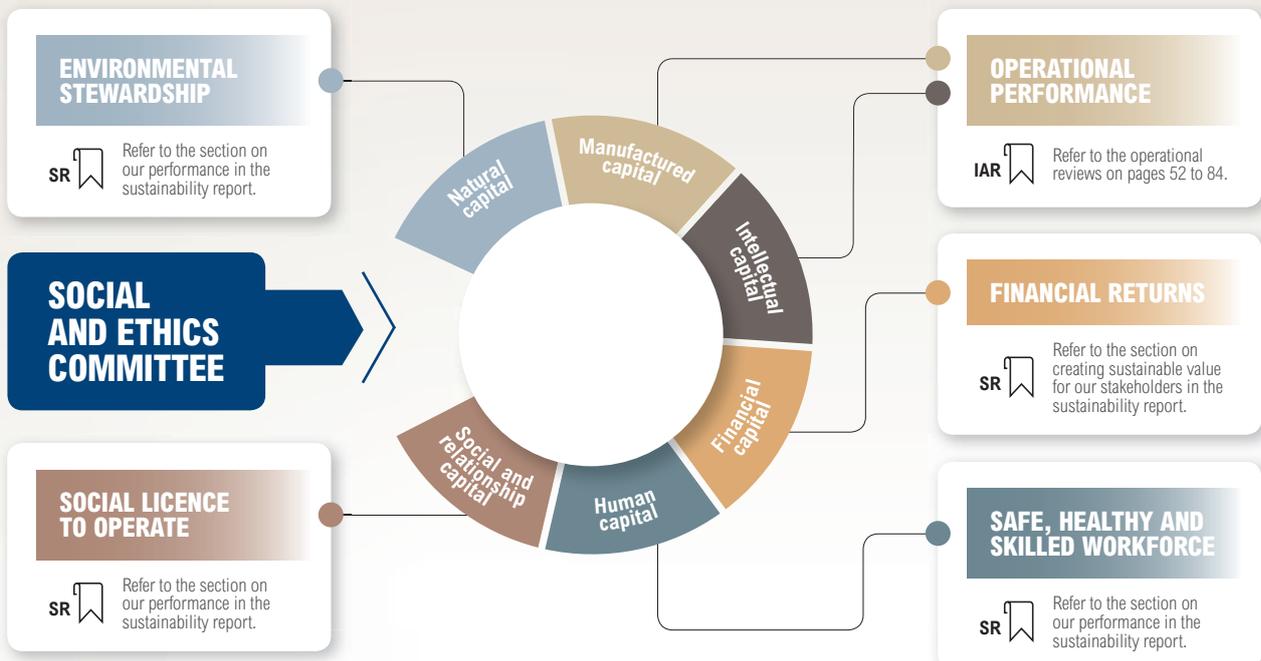
Assurance

In line with its terms of reference, the committee had oversight of ARM's appointment of an independent external sustainability assurance provider for material elements of the 2019 sustainability report and the sustainability section of the 2019 integrated annual report, and reported to ARM's audit and risk committee that the appointment was made.

Based on these activities, we believe the committee has executed its duties and responsibilities during the financial year in line with the Companies Regulations and its terms of reference.

Dr Rejoice V Simelane

Chairman of the social and ethics committee



GLOSSARY OF TERMS AND ACRONYMS

1H

First six months of the financial year

2H

Second six months of the financial year

3E

Platinum, palladium and gold

4E

Platinum, palladium, rhodium and gold

6E

Platinum, palladium, rhodium, gold, ruthenium and iridium

a

In tables and graphic analysis refers to actual numbers

Anglo Platinum

Anglo American Platinum Limited

ARM

African Rainbow Minerals Limited

ARM Trust

ARM Broad-Based Economic Empowerment Trust

Assmang

Assmang Proprietary Limited

Assore

Assore Limited

BEE

Black economic empowerment

C1 cash cost

Cash cost net of revenue from by-products

C2017

Calendar year from 1 January 2017 to 31 December 2017, and so on

Cash ratio (times)

Cash and cash equivalents divided by overdrafts and short-term borrowings less overdrafts

CIF

Cost, insurance and freight

CPI

Consumer price index

CSI

Corporate social investment

CSR

Corporate social responsibility

Current ratio (times)

Current assets divided by current liabilities

CVT

Counselling and voluntary testing

Dividend cover (times)

Headline earnings per share divided by cumulative dividend per share

Divisions

ARM Platinum, ARM Ferrous, ARM Copper, ARM Coal, and ARM Strategic Services and Exploration

DMR

Department of Mineral Resources

dti

Department of Trade and Industry

e

In tables and graphic analysis refers to estimated numbers

EBITDA (R million)

Earnings before interest, tax, depreciation and amortisation, excluding special items, and income from associates and joint venture

EBITDA margin (%)

EBITDA divided by sales

Effective tax rate

Taxation in the income statement divided by profit before tax

Effective tax rate excluding special items

Taxation in the income statement less tax on special items divided by profit before tax and special items

ERM

Enterprise risk management

F2018

Financial year from 1 July 2017 to 30 June 2018, and so on

FOB

Free on board

FOR

Free on rail

FOT

Free on truck

Goedgevonden/GGV

Goedgevonden Thermal Coal Mine

GOSA

Glencore Operations South Africa Proprietary Limited

GRI

Formerly Global Reporting Initiative

Gross debt to equity ratio

Total debt divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings. Total equity comprises total shareholders' interest

Gross margin (%)

Gross profit divided by sales

Harmony/Harmony Gold

Harmony Gold Mining Company Limited

HDSA

Historically disadvantaged South African

HIV

Human immuno-deficiency virus

ICMM

International Council on Mining and Metals

IFRS

International Financial Reporting Standards

Impala Platinum/Implats

Impala Platinum Holdings Limited

Interest cover (times)

Profit before special items and tax and finance costs divided by finance costs

IRS

Impala Refining Services Limited

JSE

JSE Limited: Johannesburg's stock exchange

JV

Joint venture

King IV™

King Report on Corporate Governance for South Africa, 2016

LED

Local economic development

LoM

Life-of-mine

LTIs

Lost-time injuries

LTIFR

Lost-time injury frequency rate – a rate expressed per 200 000 man-hours for a work-related injury that results in the employee being unable to attend work at their place of work, performing their assigned duties on the next calendar day (whether a scheduled work day or not) after the day of injury. If the appointed medical professional advises that the injured person is unable to attend work on the next calendar day after the injury, regardless of the injured person's next rostered shift, a lost-time injury is deemed to have occurred

Market capitalisation (R million)

Number of ordinary shares in issue multiplied by market value of shares at 30 June

MDR TB

Multi-drug resistant tuberculosis

Mining charter

Broad-based socio-economic empowerment charter signed in 2002

MMZ

Main mineralised zone plant

MPRDA

Minerals and Petroleum Resources Development Act

MQA

Mining Qualifications Authority

Mt

Million tonnes

Mtpa

Million tonnes per annum

Net asset value per share (R)

Ordinary shareholders' interest in capital and reserves divided by number of shares in issue

Net debt to equity ratio

Total debt less cash and cash equivalents divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings. Total equity comprises total shareholders' interest

NEMA

National Environmental Management Act

N/R

Not reported

Operating margin (%)

Profit from operations before special items divided by sales

oz

Ounces

PCB

Participative Coal Business

PCMZ

Peridotite chromititic mineralised zone

Quick ratio (times)

Current assets less inventories divided by current liabilities

RBCT

Richards Bay Coal Terminal

Return on capital employed (%)

Profit before special items and finance costs, divided by average capital employed. Capital employed comprises non-current and current assets less trade and other payables and provisions

Return on equity (%)

Headline earnings divided by ordinary shareholders' interest in capital and reserves

Return on operational assets (%)

Profit from operations divided by tangible assets (property, plant and equipment and current assets) excluding capital work in progress

SAMREC Code

South African Code for Reporting Mineral Resources and Mineral Reserves

SLP

Social and labour plans

SME

Small and medium-sized enterprise

SMME

Small, medium and micro enterprise

STI

Sexually transmitted infections

t

tonnes

TB

Tuberculosis

tCO₂

Tonnes of carbon dioxide

tCO₂e

Tonnes of carbon dioxide equivalent

UG2

Upper group 2 – second level of three chromitite layers

Vale

Vale SA

WHIMS

Wet high-intensity magnetic-separation plant

ZCCM-IH

Zambia Consolidated Copper Mines Investment Holdings plc

NOTICE OF ANNUAL GENERAL MEETING

AFRICAN RAINBOW MINERALS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1933/004580/06)

JSE share code: ARI

A2X share code: ARI

ISIN: ZAE000054045

("ARM" or the "company")

Notice is hereby given that the 86th annual general meeting of shareholders of the company will, subject to any cancellation, postponement or adjournment, be held on Friday, 6 December 2019 at 14:00 South African time, in committee room 4, Sandton Convention Centre (corner of Fifth and Maude Streets), Sandton, for the following business to be transacted and to consider and, if deemed fit, approve, with or without modification, the resolutions set out below.

The record date for the purposes of section 59(1)(a) of the Companies Act, 71 of 2008 (as amended) ("the Companies Act") for shareholders to be entitled to receive the notice of annual general meeting is Friday, 18 October 2019.

The record date for the purposes of section 59(1)(b) of the Companies Act for shareholders to be recorded as such in the register maintained by the transfer secretaries of the company to be entitled to participate in and vote at the annual general meeting is Friday, 29 November 2019 (voting record date). The last day to trade in the company's shares to be recorded as a shareholder by the voting record date is Tuesday, 26 November 2019.

Presentation of financial statements

To present the annual financial statements of the group and company for the financial year ended 30 June 2019, as set out on pages 24 to 113 in the 2019 annual financial statements, including the directors', audit and risk committee and independent auditor's reports. The 2019 integrated annual report and annual financial statements are available on the company's website: www.arm.co.za.

Social and ethics committee report

To present the report of the social and ethics committee as set out on pages 126 to 127 in the 2019 integrated annual report in terms of regulation 43(5)(c) of the Companies Regulations, 2011 promulgated in terms of the Companies Act.

Re-election of non-executive directors

Ordinary resolutions numbers 1-4 are proposed to re-elect directors who retire by rotation as non-executive directors in line with the provisions of the company's memorandum of incorporation and who, being eligible, offer themselves for re-election. Their résumés appear on page 138 of this notice. The board of directors recommends the re-election of these directors.

Ordinary resolution number 1

– Re-election of Mr F Abbott

1. "Resolved that Mr F Abbott, who retires by rotation in terms of the company's memorandum of incorporation and who is eligible and available for re-election, be and is hereby re-elected as a director of the company."

For this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Ordinary resolution number 2

– Re-election of Mr M Arnold

2. "Resolved that Mr M Arnold, who retires by rotation in terms of the company's memorandum of incorporation and who is eligible and available for re-election, be and is hereby re-elected as a director of the company."

For this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Ordinary resolution number 3

– Re-election of Mr DC Noko

3. "Resolved that Mr DC Noko, who retires by rotation in terms of the company's memorandum of incorporation and who is eligible and available for re-election, be and is hereby re-elected as a director of the company."

For this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Ordinary resolution number 4

– Re-election of Mr JC Steenkamp

4. "Resolved that Mr JC Steenkamp, who retires by rotation in terms of the company's memorandum of incorporation and who is eligible and available for re-election, be and is hereby re-elected as a director of the company."

For this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Reappointment of external auditor and appointment of designated auditor

Ordinary resolution number 5

– Reappointment of external auditor and appointment of designated auditor

Ordinary resolution number 5 is proposed to approve the reappointment of Ernst & Young Inc. as the external auditor of the company and to appoint Mr PD Grobbelaar as the person designated to act on behalf of the external auditor for the financial year ending 30 June 2020, to remain in office until the conclusion of the next annual general meeting.

5. “Resolved that the reappointment of Ernst & Young Inc. as the external auditor of the company be and is hereby approved and that Mr PD Grobbelaar be and is hereby appointed as the designated auditor for the financial year ending 30 June 2020, to remain in office until the conclusion of the next annual general meeting.”

For this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Audit and risk committee members

Ordinary resolution number 6

– Election of audit and risk committee members

Ordinary resolution number 6 is proposed to elect audit and risk committee members in terms of section 94(2) of the Companies Act and the King IV Report on Corporate Governance™ for South Africa 2016 (“King IV”) as more fully explained in the annexure to this notice on page 140. The résumés of those independent non-executive directors offering themselves for election as members of the audit and risk committee are included on pages 138 to 139 of this notice.

6. “Resolved that the shareholders elect, each by way of a separate vote, the following independent non-executive directors, as members of the audit and risk committee, with effect from the end of this annual general meeting:
 - 6.1 Mr TA Boardman (chairman)
 - 6.2 Dr MMM Bakane-Tuoane
 - 6.3 Mr AD Botha
 - 6.4 Mr AK Maditsi
 - 6.5 Dr RV Simelane”

For each of these resolutions to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Remuneration policy

Ordinary resolution number 7

– Non-binding advisory vote on the company’s remuneration policy

Ordinary resolution number 7 is proposed for the purpose set out in the annexure on page 140.

7. “Resolved that the shareholders hereby endorse, by way of a non-binding advisory vote, the company’s remuneration policy, as set out on pages 109 to 116.”

Should 25% or more of the votes cast on this resolution be against this ordinary resolution, the company undertakes to engage with shareholders on the reasons for that outcome, and to appropriately address legitimate and reasonable objections and concerns raised.

Remuneration implementation report

Ordinary resolution number 8

– Non-binding advisory vote on the company’s remuneration implementation report

Ordinary resolution number 8 is proposed for the purpose set out in the annexure on page 140.

8. “Resolved that the shareholders hereby endorse, by way of a non-binding advisory vote, the company’s remuneration implementation report, as set out on pages 117 to 125.”

Should 25% or more of the votes cast on this resolution be against this ordinary resolution, the company undertakes to engage with shareholders on the reasons for that outcome, and to appropriately address legitimate and reasonable objections and concerns raised.

General authority to allot and issue shares for cash

Ordinary resolution number 9

– Placing control of authorised but unissued company shares in the hands of the board

9. “Resolved that, as a separate and additional authority from that referred to in ordinary resolution number 10, subject to compliance with the provisions of the Companies Act and the JSE Listings Requirements and in terms of article 4.2.1 of the company’s memorandum of incorporation, the board, in addition to any authority it may have in terms of any of the company’s share or employee incentive schemes, be and is hereby authorised, on such terms and conditions and for such purposes as the board may in its sole discretion deem fit, to allot and issue, or grant options over, the authorised but unissued shares (or securities) in the share capital of the company representing not more than 5% (five percent) of the number of shares in the issued share capital of the company as at the date of this notice of annual general meeting, such authority to remain in force until the earlier of the next annual general meeting or for 15 (fifteen) months from the date on which this resolution is passed.”

NOTICE OF ANNUAL GENERAL MEETING continued

For this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Reason for and effect of ordinary resolution number 9

The reason for and effect of ordinary resolution number 9 is to seek a general authority and approval for the board to allot and issue, or grant options over, the authorised but unissued shares (or securities) in the share capital of the company, up to 5% (five percent) of the number of shares in the issued share capital of the company as at the date of this notice of annual general meeting, to enable the company to take advantage of business opportunities that might arise.

Ordinary resolution number 10**General authority to issue shares for cash**

10. "Resolved, as a separate and additional authority from that referred to in ordinary resolution number 9, that the board be and is hereby authorised as a general authority to allot and issue the authorised but unissued shares in the share capital of the company (including the grant or issue of options or convertible securities that are convertible into an existing class of equity securities) for cash on a non-pro rata basis on such terms and conditions as the board may, from time to time in its sole discretion, deem fit subject to the Companies Act and the JSE Listings Requirements, provided that:

- (a) the equity securities that are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- (b) the equity securities must be issued to public shareholders, as defined in the JSE Listings Requirements, and not to related parties;
- (c) securities that are the subject of general issues for cash in the aggregate may not exceed 5% (five percent) of the company's shares in issue as at the date of this notice of annual general meeting, excluding treasury shares – the number of shares available for issue for cash will therefore be limited to 10 464 550;
- (d) this authority will be valid until the company's next annual general meeting or for 15 (fifteen) months from the date on which this resolution is passed, whichever period is shorter, subject to the requirements of the JSE and any other restrictions set out in this authority;
- (e) the calculation of the company's listed equity securities must be a factual assessment of such securities as at the date of this notice of annual general meeting, excluding treasury shares;
- (f) any equity securities issued under this authority for cash during the period contemplated in (d) will be deducted from the number set out in (c);
- (g) in the event of sub-division or consolidation of issued equity securities during the period contemplated in (d), the existing authority will be adjusted accordingly to represent the same allocation ratio; and

- (h) the maximum discount at which equity securities may be issued is 10% (ten percent) of the weighted average traded price of such equity securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities – the JSE will be consulted for a ruling if the company's securities have not traded in such 30 (thirty) business day period."

For this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Reason for and effect of ordinary resolution number 10

The reason for and effect of ordinary resolution number 10 is that the board considers it advantageous to have the authority to issue authorised but unissued shares in the share capital of the company (including the grant or issue of options or convertible securities that are convertible into an existing class of equity securities) for cash on a non-pro rata basis to enable the company to take advantage of any business opportunity that might arise.

At present, the board has no specific intention to use this authority, and it will only be used if circumstances are appropriate.

Remuneration of non-executive directors

Special resolution numbers 1 and 2 are proposed to ensure that non-executive directors' fees attract and retain non-executive directors of the required calibre.

Special resolution number 1

11. "Resolved that, with effect from 1 July 2019, the company be and is hereby authorised, each by way of a separate vote, to pay its non-executive directors:

- 11.1 the annual retainer fees, quarterly or as otherwise determined by the board, which will be pro-rated for periods of less than a full year; and
- 11.2 the fees for attending board meetings, in each case as listed in the table below, and that these resolutions will be deemed to supersede and replace all prior authorising resolutions in relation to the remuneration contemplated herein and will continue to apply until the earlier of i) the second anniversary of the passing of this resolution and ii) the effective date of any further special resolution approved by shareholders which supersedes these resolutions:

	Proposed fees with effect from 1 July 2019 (excluding VAT) (Rand)*		Fees effective 1 July 2018 (excluding VAT) (Rand)	
	Annual	Per meeting	Annual	Per meeting
Lead independent non-executive director	565 700	21 600	533 700	20 400
Independent non-executive directors	451 350	21 600	425 800	20 400
Non-executive directors	451 350	21 600	425 800	20 400

* Effective 1 July 2019, should the fees be approved by shareholders at the annual general meeting."

For this resolution to be approved, the support of at least 75% of votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Reason for and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to approve the payment of fees to non-executive directors for services rendered in their capacity as directors (which includes any attendance at a committee meeting, at the direction of the board, where the non-executive director is not a member of the committee), and to ensure that non-executive directors' fees attract and retain non-executive directors of the required calibre. The fees reflected above exclude value-added tax (VAT), if any. This resolution, if approved, will from 1 July 2019 supersede and replace the corresponding resolution passed at the annual general meeting in December 2018.

Special resolution number 2

– Committee meeting attendance fees

12. "Resolved that, with effect from 1 July 2019, the company be and is hereby authorised to pay, quarterly or as otherwise determined by the board, its non-executive directors for attending committee meetings (as a member of the committee) the fees per meeting listed below, and that this resolution will be deemed to supersede and replace all prior authorising resolutions in relation to the remuneration contemplated herein and will continue to apply until the earlier of i) the second anniversary of the passing of this resolution and ii) the effective date of any further special resolution approved by shareholders which supersedes this resolution:

	Per meeting attendance fees proposed with effect from 1 July 2019 (excluding VAT) (Rand)*	Per meeting attendance fees effective 1 July 2018 (excluding VAT)
Audit and risk committee		
Chairman	112 800	106 400
Member	45 150	42 600
Investment committee, nomination committee, remuneration committee and social and ethics committee		
Chairman	55 900	52 750
Member	29 500	27 850

* Effective 1 July 2019, should the fees be approved by shareholders at the annual general meeting."

For this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Reason for and effect of special resolution number 2

The reason for and effect of special resolution number 2 is to approve the payment of fees to non-executive directors for services rendered in their capacity as committee members and to ensure that the committee meeting attendance fees attract

and retain non-executive directors of the required calibre. The fees reflected above exclude VAT, if any. This resolution, if approved, will from 1 July 2019 supersede and replace the corresponding resolution passed at the annual general meeting in December 2018.

For this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Financial assistance – for subscription for securities

In terms of the Companies Act, the board may authorise a company to provide financial assistance within the meaning of section 44(1) and (2) of the Companies Act by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of or in connection with the subscription for any option or any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, provided that such assistance is approved by way of a special resolution of the shareholders approved within the previous two years and certain requirements set out in the Companies Act are met, including, inter alia, that the board is satisfied that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test. The board seeks such approval from shareholders in order to provide financial assistance to any person who is a participant in any of the company's share or employee incentive schemes, and not to any other categories of persons. The approval sought from shareholders in terms of this special resolution is therefore limited to the provision of financial assistance to persons only in relation to the company's share or employee incentive schemes.

Special resolution number 3

– Financial assistance – for subscription for securities

13. "Resolved that the provision of direct or indirect financial assistance in terms of section 44 of the Companies Act by the company to any person who is a participant in any of the company's share or employee incentive schemes, including any director or prescribed officer of the company who is a participant in any such scheme (or any person related to any of them or to any company or corporation related or inter-related to any of them who is a participant in any such scheme), for the purpose of, or in connection with, the subscription for or purchase of any securities, or options to subscribe for or purchase any securities, issued or to be issued by the company or any related or inter-related company on the terms and conditions which the board may determine, where any such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act, be and is hereby approved. This authority will be in place for a period of two years from the date of adoption of this resolution."

For this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

NOTICE OF ANNUAL GENERAL MEETING continued

Financial assistance – for related or inter-related companies

In terms of section 45 of the Companies Act, the board may authorise a company to provide direct or indirect financial assistance within the meaning of section 45(1) to any company or corporation which is related or inter-related to the company, provided that such assistance is approved by way of a special resolution of the shareholders approved within the previous two years and certain requirements set out in the Companies Act are met, inter alia, that the board is satisfied that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test. The board seeks such approval from shareholders in order to provide financial assistance to any company or corporation which is related or inter-related to the company.

Special resolution number 4**– Financial assistance – for related or inter-related companies**

14. "Resolved that the provision of any direct or indirect financial assistance in terms of section 45 of the Companies Act by the company, subject to the provisions of the Companies Act and the JSE Listings Requirements, to any present or future subsidiaries of the company and/or any other company or corporation which is or becomes related or inter-related to the company (as defined in the Companies Act) and/or any juristic persons who are members of any such related or inter-related company or corporation and/or any one or more juristic persons related to any such company, corporation or member, in each case for any purpose or in connection with any matter, including in connection with the subscription for or purchase of any securities, or options to subscribe for or purchase any securities, issued or to be issued by the company or any related or inter-related company, on the terms and conditions which the board may determine be and is hereby approved. This authority will be in place for a period of two years from the date of adoption of this resolution."

For this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Issue of shares in connection with the company's share or employee incentive schemes**Special resolution number 5****– Issue of shares to persons listed in section 41(1) of the Companies Act in connection with the company's share or employee incentive schemes**

15. "Resolved that to the extent required in terms of section 41(1) of the Companies Act, but subject to the JSE Listings Requirements and the memorandum of incorporation of the company, the board be and is hereby authorised to issue such number of authorised but unissued ordinary shares or to grant options for the

allotment or subscription of authorised but unissued shares or any other rights exercisable for securities, to any eligible participants in any of the company's share or employee incentive schemes, including:

- (a) any director, future director, prescribed officer or future prescribed officer of the company;
- (b) any person related or inter-related to the company, or to a director or prescribed officer of the company; or
- (c) any nominee of a person contemplated in paragraphs (a) or (b);

in each case, to the extent required or contemplated under the rules of the applicable share or employee incentive scheme."

For this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

Reason for and effect of special resolution number 5

The reason for and effect of special resolution number 5 is to ensure that ordinary shares can be issued to the persons set out in this special resolution to the extent required by any of the company's share or employee incentive schemes. Such persons may not be entitled to participate in such schemes in the absence of the authorisation contemplated in terms of this special resolution.

General authority to repurchase shares

Special resolution number 6 is proposed to authorise the board, if it deems it appropriate in the interests of the company, to instruct that the company or its subsidiaries acquire or repurchase ordinary shares issued by the company.

The board believes that the company should retain flexibility to take action if future acquisitions of its ordinary shares were considered desirable and in the best interests of the company and its shareholders.

Special resolution number 6**– General authority to repurchase shares**

16. "Resolved that, subject to compliance with the JSE Listings Requirements, the Companies Act, and the memorandum of incorporation of the company, the company or any subsidiary of the company, be and is hereby authorised, by way of a general approval, to acquire ordinary shares issued by the company, provided that:

- » the number of ordinary shares so acquired in any one financial year will not exceed 5% (five percent) of the ordinary shares in issue at the date on which this resolution is passed;
- » any such acquisition will be 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);
- » this authority will lapse on the earlier of the date of the next annual general meeting of the company or 15 (fifteen) months after the date on which this resolution is passed;

- » the price paid per ordinary share may not be greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the purchase is made;
- » the board has resolved that it has authorised the acquisition, that the company and its subsidiaries will satisfy the solvency and liquidity test as contained in section 4 of the Companies Act and that, since the solvency and liquidity test was performed, there have been no material changes to the financial position of the group;
- » the company or its subsidiaries will not repurchase ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless there is in place a repurchase programme as contemplated in the JSE Listings Requirements where the dates and quantities of securities to be traded during the relevant prohibited period are fixed (not subject to any variation) and which has been submitted to the JSE in writing prior to the start of the prohibited period. The company will instruct an independent third party, which makes its investment decisions on the company's securities independently of, and uninfluenced by the company, prior to the start of the prohibited period to execute the repurchase programme submitted to the JSE;
- » the company at any time only appoints one agent to effect any acquisition(s) on its behalf;
- » an announcement with details of such acquisitions will be published as soon as the company and/or its subsidiaries, collectively, have acquired ordinary shares issued by the company constituting, in aggregate, 3% of the number of ordinary shares in the company in issue as at the date of this approval; and further announcements with details of such acquisitions will be published for each subsequent acquisition by either the company and/or by the subsidiaries, collectively, of ordinary shares issued by the company, constituting, on a cumulative basis, 3% of the number of ordinary shares in the company in issue as at the date of this approval;
- » the company's subsidiaries will not be entitled to acquire ordinary shares issued by the company if the acquisition of shares will result in them holding, on a cumulative basis, more than 10% of the number of ordinary shares in issue in the company; and
- » no voting rights attached to the shares acquired by the company's subsidiaries may be exercised while the shares are held by them and they remain subsidiaries of the company."

For this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the annual general meeting is required.

After considering the effect of acquisitions, up to the maximum limit, of the company's issued ordinary shares in terms of special resolution number 6, the board believes that if such acquisitions were implemented:

- » the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards and with accounting policies used in the company and group annual financial statements for the year ended 30 June 2019, will exceed the consolidated liabilities of the company and group for a period of 12 (twelve) months after the date of the notice of annual general meeting;
- » the company and group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of the notice of annual general meeting;
- » the issued share capital and reserves of the company and group will be adequate for their ordinary business purposes for a period of 12 (twelve) months after the date of the notice of annual general meeting; and
- » the company and group will have adequate working capital for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of annual general meeting.

The following additional information, some of which appears in the shareholder analysis in the annual financial statements is provided in terms of paragraph 11.26 of the JSE Listings Requirements in respect of special resolution number 6:

- » Major shareholders – page 122 of the annual financial statements
- » Share capital of the company – page 70 of the annual financial statements.

The directors, whose names appear on pages 94 and 95 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information relating to special resolution number 6; 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 this resolution contains all information required by law and the JSE Listings Requirements.

At present, the board has no specific intention to use this authority, and it will thus only be used if circumstances are appropriate.

NOTICE OF ANNUAL GENERAL MEETING continued

Other than the facts and developments disclosed in the integrated annual report, there have been no material changes in the financial or trading position of the company since the date of signature of the annual financial statements for the period ended 30 June 2019 up to the date of this notice of annual general meeting.

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Voting and proxies

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 meeting must be reasonably satisfied that the right of any person to participate in and vote, whether as shareholder or as proxy for a shareholder, has been reasonably verified. Acceptable forms of identification include a valid identity document, driver's licence or passport.

In terms of section 63(5) of the Companies Act, if voting is by show of hands, every person who is present at the annual general meeting, whether as shareholder or as proxy for a shareholder, and entitled to exercise voting rights, will have one vote, irrespective of the number of shares held by that shareholder.

In terms of section 63(6) of the Companies Act, if voting is by polling, every person who is present at the annual general meeting, whether as a shareholder or as a proxy for a shareholder, shall have one vote for every share held by that shareholder.

Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the annual general meeting, should they decide to do so. A summary of shareholders' rights for proxy appointments as contained in section 58 of the Companies Act is set out on page 142 (*Instructions on signing and lodging the form of proxy*).

Electronic participation by shareholders

Should any shareholder (or proxy for a shareholder) wish to participate in the annual general meeting electronically, that shareholder (or proxy) should apply in writing (including details on how they (or their proxy) can be contacted to participate) to the transfer secretaries, at the address below, to be received by the transfer secretaries at least five business days prior to the annual general meeting for the transfer secretaries to arrange for the shareholder (or proxy) to provide reasonably satisfactory identification as per section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or proxy) with details on how to participate via electronic participation.

The company reserves the right to elect not to provide for electronic participation at the annual general meeting if it determines that it would not be practical. The costs of accessing any means of electronic participation provided will be borne by the company.

Please note that although shareholders are entitled to participate in the annual general meeting electronically, they will not be entitled to exercise their votes at the annual general meeting electronically. Voting at the annual general meeting will only be possible by proxy if a shareholder is unable to attend in person.

Certificated shareholders/dematerialised shareholders with own name registrations

Shareholders who have not yet dematerialised their shares with own name registrations ("entitled shareholders") (i.e. shareholders who hold their shares in certificated form) may appoint one or more proxies to attend, speak and vote or abstain from voting in their stead. This person need not be a shareholder of the company. A form of proxy is attached for the use of entitled shareholders who wish to be represented. Entitled shareholders should please complete the form in line with the instructions and deposit it at the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa (or post to PO Box 61051, Marshalltown 2107, South Africa; fax to the proxy department +27 11 688 5238; or email to Proxy@computershare.co.za).

Dematerialised shareholders

Shareholders who have dematerialised their shares through a central securities depository participant (CSDP) (other than those with own name registrations) should provide their CSDP or broker with their voting instructions as per their applicable custody agreement. Should such shareholders wish to attend the annual general meeting or send a proxy to represent them, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary letter of representation to attend. These shareholders must not use the form of proxy.

By order of the board

AN D'Oyley
Company secretary

11 October 2019



NOTICE OF ANNUAL GENERAL MEETING continued

RÉSUMÉS

**Ordinary resolution numbers 1 – 4:
election of non-executive directors****FRANK ABBOTT (64)****Independent non-executive director**

Member of investment and non-executive directors' committees

BCom (University of Pretoria), CA(SA), MBL (Unisa)

Appointed to the board in 2004

Frank Abbott joined the Rand Mines Group in 1981, gaining broad financial management experience at operational level. He was a director of various listed gold-mining companies and was appointed as financial director of Harmony Gold Mining Company Limited in 1997. Frank was appointed financial director of ARM in 2004 and retired in 2009. He is now an independent non-executive director of ARM. He was appointed as the financial director of Harmony in February 2012.

MIKE ARNOLD (62)**Non-executive director**

Member of investment and non-executive directors' committees

BSc eng (mining geology) (Wits), BCompt (hons) (Unisa), CA(SA)

Appointed to the board in 2009

Mike Arnold's working career started in the mining industry in 1980 as a geologist for Anglo American Corporation. He qualified as a chartered accountant in 1987. Mike joined ARM in 1999 as the group financial manager of Avgold Limited and, in 2003, was appointed financial director. He became executive: finance of ARM in 2004, chief financial officer in 2008 and financial director in 2009. After eight years in that role, Mike retired in 2017, but remains on the ARM board as a non-executive director. Since retiring, he has joined the boards of African Rainbow Capital Proprietary Limited and African Rainbow Energy and Power Proprietary Limited.

DAVID NOKO (62)**Independent non-executive director**

Member of investment, non-executive directors' and social and ethics committees

Higher diploma (mech eng) (Wits Technikon), management development programme (Wits), postgraduate diploma (company directorships) (Graduate Institute of Management & Technology), MBA (Heriot-Watt University), senior executive programme (London Business School)

Appointed to the board in 2017

David Noko is an internationally-renowned business leader. He worked for South African Breweries, Pepsi Cola International and in senior and executive roles at Air Chefs (Proprietary) Limited and De Beers Consolidated Mines Limited. Most recently and until his retirement in February 2019, he was an executive at AngloGold Ashanti Limited, responsible for the group sustainable development portfolio. A member of the Institute of Directors, his experience, qualifications and business acumen have seen him serve on the boards of Royal Bafokeng Platinum Limited, Harmony and AstraPak Limited. In August 2019, David was appointed as a member of the Council of the University of the Free State.

JAN STEENKAMP (65)**Non-executive director**

Member of the investment, non-executive directors' and social and ethics committees

National mining diploma (Witwatersrand Technical College), executive development programme (Wits Business School)

Appointed to the board in 2017

Jan Steenkamp started his career with the Anglovaal Group in 1973. Trained as a mining engineer, he has worked at and managed group mining operations in the gold, copper, manganese, iron ore and chrome sectors. He was appointed as managing director of Avgold Limited in September 2002 and also served on the board of Assmang Limited. In 2003, he was appointed to the Avmin board and became chief executive officer in July 2003 after serving as chief operating officer. He later served as chief executive of ARM Ferrrous and an executive director on the ARM board from 2005 to 2012. He was appointed chief executive of ARM exploration and strategic services in 2012 until retiring in 2017. Jan is also a non-executive director of African Rainbow Energy and Power Proprietary Limited.

**Ordinary resolution number 6: election of
audit and risk committee members****TOM BOARDMAN (69)****Independent non-executive director**

Chairman of audit and risk and member of non-executive directors' and remuneration committees

BCom (Wits), CA(SA)

Appointed to the board in 2011

Tom Boardman was chief executive of Nedbank Group Limited from 2003 to 2010. Before that, he was chief executive and executive director of BoE Limited, which was acquired by Nedbank in 2002. He was the founding shareholder and managing director of retail housewares chain Boardmans, which he sold to Pick n Pay in 1986. The Boardmans chain of stores is now owned by Edcon. He was also previously managing director of Sam Newman Limited and worked for the Anglo American Corporation. He served his articles at Deloitte.

He served as a non-executive director of Nedbank Limited from 2010 to 2017, chairing the credit and capital and risk committees. He was a director of listed Swedish investment company, Kinnevik, from 2011 to 2018, and chairman for the last two years.

He is currently a non-executive director of African Rainbow Minerals Limited, Woolworths Holdings and Royal Bafokeng Holdings, Ubuntu-Botho Investments, African Rainbow Capital Proprietary Limited and African Rainbow Energy and Power Proprietary Limited. He is also a non-executive director and chairman of Millicom International Cellular, one of the major mobile and cable network operators in Central and South America and listed on the Swedish stock exchange. He is chairman of Ansor Limited, a private equity holding company based in the United Kingdom, a director of The Peace Parks Foundation and trustee for a number of other charitable foundations.

DR MANANA BAKANE-TUOANE (71)

Independent non-executive director

Member of audit and risk, nomination, non-executive directors', remuneration and social and ethics committees

BA (economics and statistics) (University of Botswana, Lesotho and Swaziland), MA (econ, international trade) (University of Oregon USA), PhD (econ) (University of Saskatchewan, Canada)

Appointed to the board in 2004

Dr Manana Bakane-Tuoane served as ARM's lead independent non-executive director from 2009 to 2015. She has extensive experience in the economics field. Her 20-year career in the academic field included lecturing at the University of Botswana, Lesotho and Swaziland (UBLS), National University of Lesotho, University of Saskatchewan (sectional lecturer), and University of Fort Hare as head of department and associate professor. During this part of her career, she was seconded to work in the public service, where she has held senior management positions since 1995. At the same time, she has been a member and office bearer of international organisations such as Winrock International and the African Economic Research Consortium. She is also a trustee of certain Sanlam trusts. Manana was special advisor to the ministers of social development, water and environmental affairs as well as environmental affairs from 2009 to 2015.

ANTON BOTHA (66)

Independent non-executive director

Chairman of remuneration committee; member of audit and risk, investment, non-executive directors' committees

BCom (marketing) (University of Pretoria), BProc (Unisa), BCom (hons) (University of Johannesburg), SEP (Stanford)

Appointed to the board in 2009

Anton Botha is a co-founder, director and co-owner of Imalivest, a private investment group that manages proprietary capital provided by its owners and the Imalivest Flexible Funds. He is also a non-executive director of the University of Pretoria, Sanlam Limited and certain Sanlam subsidiaries.

ALEX MADITSI (57)

Lead independent non-executive director

Chairman of the nomination and of the non-executive directors' committees; member of audit and risk, investment, remuneration and social and ethics committees

BProc (University of the North), LLB (Wits), HDip company law (Wits), LLM company and labour law (Pennsylvania, USA), LLM international commercial law (Harvard, USA)

Appointed to the board in 2004

Alex Maditsi became lead independent non-executive director in 2015. He is managing director of Copper Moon Trading (Pty) Ltd. Previously he was employed by Coca-Cola South Africa as a franchise director for South Africa, country manager for Kenya, and senior director: operations planning and legal director for Coca-Cola Southern and East Africa. Prior to that company, he was the legal director for Global Business Connections in Detroit, Michigan. He also spent time at Lewis, White and Clay, The Ford Motor Company and Schering-Plough in the USA, practising as an attorney. Alex was a Fulbright scholar and member of the Harvard LLM Association. His directorships include African Rainbow Energy and Power Proprietary Limited, Bidvest Group Limited, Murray & Roberts and Sterling Debt Recoveries (Pty) Ltd.

DR REJOICE SIMELANE (67)

Independent non-executive director

Chairman of social and ethics committee; member of audit and risk, nomination and non-executive directors' committees

BA (economics and accounting) (University of Botswana, Lesotho and Swaziland), MA (econ) (University of New Brunswick, Canada and University of Connecticut, USA), PhD (econ) (University of Connecticut), LLB (Unisa)

Appointed to the board in 2004

Rejoice Simelane began her career at the University of Swaziland as a lecturer in economics. Between 1998 and 2001, she worked at the Department of Trade and Industry as well as the National Treasury. She then served as a special economics advisor to the premier of Mpumalanga until 2004, when she was appointed chief executive of Ubuntu-Botho Investments, a position she held until 2016. While she remains an executive director of Ubuntu-Botho Investments, she is also a non-executive director of its wholly-owned subsidiary, African Rainbow Capital Proprietary Limited. Other directorships include Sanlam Limited, Mamelodi Sundowns Football Club, and African Rainbow Energy and Power Proprietary Limited. She is also a member of the Premier Soccer League executive committee. A CIDA scholarship recipient and Fulbright fellow, Rejoice was a member of the presidential economic advisory panel under president Mbeki until 2009 and served on the board of the Council for Medical Schemes from 2008 to 2011.

ANNEXURES

Explanatory note for ordinary resolution number 6: Election of audit and risk committee members

Ordinary resolution number 6 provides for the election of audit and risk committee members. Section 94(2) of the Companies Act and principle 8 of King IV require shareholders of a public company to elect the members of an audit committee at each annual general meeting. Accordingly, a nomination committee should present shareholders with suitable candidates for election as audit committee members. The members of the nomination committee satisfied themselves that, inter alia, the independent non-executive directors offering themselves for election as members of the audit and risk committee:

- » Have the necessary knowledge and capacity and are independent non-executive directors as contemplated in the Companies Act and the JSE Listings Requirements
- » Have the necessary knowledge and capacity and are suitably qualified and experienced for audit and risk committee membership (see résumés on pages 138 to 139 of this notice)
- » Have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance process in the group
- » Collectively have skills that are appropriate to the group's size and circumstance, as well as its industry
- » Have an understanding of International Financial Reporting Standards and other financial and sustainability reporting standards, regulations and guidelines applicable to the group
- » Adequately keep abreast of key developments affecting their required skills set.

The nomination committee recommended that the board recommend to shareholders the election of those audit and risk committee members who offer themselves for election. For further details on the performance of the audit and risk committee in the review period, please refer to the committee's report on pages 2 to 4 of the 2019 annual financial statements.

Explanatory note for ordinary resolution numbers 7 and 8: Non-binding advisory votes

Paragraph 3.84(k) of the JSE Listings Requirements and King IV (principle 14: recommended practice 37) provide that the remuneration policy and remuneration implementation report be tabled every year for separate non-binding advisory votes by shareholders at the annual general meeting.

Ordinary resolution number 7 provides for a non-binding advisory vote on the company's remuneration policy, which appears on page 109.

Ordinary resolution number 8 provides for a non-binding advisory vote on the company's remuneration implementation report, which appears on page 117.

King IV provides that, in the event that either the remuneration policy or implementation report, or both, were voted against by 25% or more of the voting rights exercised, the following should be disclosed in the background statement of the next remuneration report:

- » The shareholders with whom the company engaged, and the manner and form of engagement to ascertain the reasons for dissenting votes
- » The nature of steps taken to address legitimate and reasonable objections and concerns.

The board will consider the outcome of the votes when reviewing the company's remuneration policy and its implementation.

FORM OF PROXY

AFRICAN RAINBOW MINERALS LIMITED
 (Incorporated in the Republic of South Africa)
 (Registration number 1933/004580/06)
 JSE share code: ARI
 A2X share code: ARI
 ISIN: ZAE000054045
 ("ARM" or "the company")

A shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the company) to attend, speak and vote or abstain from voting in place of that shareholder at the annual general meeting.

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their central securities depository participant (CSDP) or broker with their voting instructions in terms of the custody agreement entered into with their relevant CSDP or broker. Should such shareholders wish to attend the annual general meeting of the company, they should inform their CSDP or broker timeously and request the necessary letter of representation from their CSDP or broker to attend and vote their ARM shares.

For completion by shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration.

Shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration ("entitled shareholders") may appoint one or more proxies to attend, speak and vote or to abstain from voting in their place. The person appointed need not be a shareholder of the company.

This form of proxy is for the use of entitled shareholders who wish to be represented. Entitled shareholders who wish to be represented by proxy should complete this form as instructed and return it to the transfer secretaries, to be received by the stipulated time and date. If you are unable to attend the 86th annual general meeting of shareholders of the company convened for Friday, 6 December 2019 at 14:00, South African time, but wish to be represented you may complete and return this form to be received by 14:00, South African time, on Wednesday, 4 December 2019 (or 48 hours before the time appointed for any adjourned meeting) for administrative purposes. Alternatively, completed forms of proxy may be lodged with the chairman of the annual general meeting at the designated venue of the meeting, before voting starts on the resolutions to be tabled at the annual general meeting on the day of the meeting.

I/We _____ (name in block letters)
 of _____ (address)
 (email) _____ (cell number) _____
 being the holder of _____ shares in the issued share capital of the Company,
 do hereby appoint _____

or failing him/her, the executive chairman of the board of directors, or failing him, the chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held at 14:00, South African time, on Friday, 6 December 2019 and at any cancellation, postponement or adjournment thereof on the following resolutions:

(Indicate with an X in the spaces below how votes are to be cast.)

	For	Against	Abstain
Ordinary Business			
1. Ordinary resolution number 1: Re-election of Mr F Abbott			
2. Ordinary resolution number 2: Re-election of Mr M Arnold			
3. Ordinary resolution number 3: Re-election of Mr DC Noko			
4. Ordinary resolution number 4: Re-election of Mr JC Steenkamp			
5. Ordinary resolution number 5: Reappointment of external auditor and appointment of Mr PD Grobbelaar as the designated auditor			
6. Ordinary resolution number 6: To individually elect the following independent non-executive directors as members of the audit and risk committee			
6.1 Mr TA Boardman			
6.2 Dr MMM Bakane-Tuoane			
6.3 Mr AD Botha			
6.4 Mr AK Maditsi			
6.5 Dr RV Simelane			
7. Ordinary resolution number 7: Non-binding advisory vote on the company's remuneration policy			
8. Ordinary resolution number 8: Non-binding advisory vote on the company's remuneration implementation report			
9. Ordinary resolution number 9: Placing control of authorised but unissued company shares in the hands of the board			
10. Ordinary resolution number 10: General authority to allot and issue shares for cash			
Special Business			
11. Special resolution number 1: To individually authorise the company to pay the following remuneration to non-executive directors with effect from 1 July 2019:			
11.1 Annual retainer fees as outlined on page 132 of the notice of annual general meeting			
11.2 Fees for attending board meetings as outlined on page 132 of the notice of annual general meeting			
12. Special resolution number 2: Committee meeting attendance fees with effect from 1 July 2019 as outlined on page 133 of the notice of annual general meeting			
13. Special resolution number 3: Financial assistance for subscription for securities			
14. Special resolution number 4: Financial assistance for related or inter-related companies			
15. Special resolution number 5: Issue of shares for the company's share or employee incentive schemes			
16. Special resolution number 6: General authority to repurchase shares			

Number of shares

Unless this section is completed for a lesser number, the company is authorised to insert the total number of shares registered in my/our name(s).

Signed at _____ on _____ 2019

Signature _____ Assigned by me (where applicable)

NOTES TO THE PROXY

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Instructions on signing and lodging the form of proxy

Please read the notes below:

1. Completing and lodging this form of proxy will not preclude the entitled shareholder from attending the meeting and speaking and voting in person at the meeting to the exclusion of any proxy appointed should they wish to do so.
2. Every shareholder present in person or represented by proxy and entitled to vote will, on a show of hands, have only one vote and, on a poll, every shareholder will have one vote for every ordinary share held.
3. You may insert the name of any person(s) whom you wish to appoint as your proxy in the space(s) provided. The person whose name appears first on the form of proxy and who is present at this meeting will be entitled to act as a proxy to the exclusion of those whose names follow.
4. When there are joint holders of shares, the vote of the senior present in person or represented by proxy will be accepted to the exclusion of the votes of other joint holders. Seniority will be determined by the order of the names in the register of members in respect of the joint holding. Only the holder whose name appears first in the register need sign this form of proxy.
5. If the form of proxy is signed under the authority of a power of attorney or on behalf of a company or any other juristic person, then it must be accompanied by that power of attorney or a certified copy of the relevant enabling resolution or other authority of such company/juristic person, unless proof of such authority has been recorded by the company.
6. If the entitled shareholder does not indicate in the appropriate place how they wish to vote on a resolution, their proxy will be entitled to vote as they deem fit on that resolution.
7. Deleting any printed matter and completing any blank spaces need not be signed or initialled. However, any alteration must be signed, not initialled.
8. The chairman of the meeting has the absolute discretion to reject any form of proxy not completed according to these instructions.
9. Forms of proxy, powers of attorney or any other authority appointing a proxy must be deposited at the transfer secretaries, Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa; or posted to PO Box 61051, Marshalltown 2107, South Africa; or faxed to the proxy department +27 11 688 5238; or emailed to Proxy@computershare.co.za) to be received by 14:00, South African time, on Wednesday, 4 December 2019 (or 48 hours before the time appointed for any adjourned meeting) for administrative purposes. Despite any failure to deposit these documents at the transfer secretaries, completed forms of proxy may nevertheless be lodged with the chairman of the annual general meeting on the date and at the designated venue before voting begins on the resolutions to be tabled at that meeting.
10. No form of proxy will be valid after the end of the annual general meeting or any cancellation, postponement or adjournment of that meeting.
11. Summary of the rights established by section 58 of the Companies Act, 71 of 2008, as amended:
 - » A shareholder of a company may at any time appoint any individual, including one who is not a shareholder of that company, as a proxy to participate in and speak and vote at a shareholders' meeting on their behalf.
 - » A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
 - » A proxy may delegate their authority to act on behalf of the shareholder to another person.
 - » A proxy appointment must be in writing, dated and signed by the shareholder; and remains valid only until the end of the meeting for which it was intended, unless the proxy appointment is revoked, in which case the proxy appointment will be cancelled with effect from such revocation.
 - » A shareholder may revoke a proxy appointment in writing.
 - » A proxy appointment is suspended at any time and to the extent that the shareholder chooses to act in person in exercising their rights as a shareholder.
 - » A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction.

CONTACT DETAILS

African Rainbow Minerals Limited

Registration number: 1933/004580/06
Incorporated in the Republic of South Africa
JSE share code: ARI
A2X share code: ARI
ISIN: ZAE000054045

Registered and corporate office

ARM House
29 Impala Road
Chislehurst
Sandton
2196

PO Box 786136, Sandton, 2146
Telephone: +27 11 779 1300
Fax: +27 11 779 1312
E-mail: iradmin@arm.co.za
Website: www.arm.co.za

Company secretary

Alyson D'Oyley BCom, LLB, LLM
Telephone: +27 11 779 1300
Fax: +27 11 779 1312
E-mail: cosec@arm.co.za

Investor relations

Jongisa Magagula
Corporate development and head of investor relations
Telephone: +27 11 779 1507
Fax: +27 11 779 1312
E-mail: jongisa.magagula@arm.co.za

Auditors

External auditor: Ernst & Young Inc.
Internal auditors: Deloitte & Touche
and BDO South Africa

Bankers

Absa Bank Limited
FirstRand Bank Limited
The Standard Bank of South Africa Limited
Nedbank Limited

Sponsors

Investec Bank Limited

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Telephone: +27 11 370 5000
Fax: +27 11 688 5222
E-mail: web.queries@computershare.co.za
Website: www.computershare.co.za

Directors

Dr PT Motsepe (executive chairman)
MP Schmidt (chief executive officer)
F Abbott*
M Arnold**
Dr MMM Bakane-Tuoane*
TA Boardman*
AD Botha*
JA Chissano (Mozambican)*
WM Gule*
AK Maditsi*
HL Mkatshana
AM Mukhuba (finance director)
DC Noko*
Dr RV Simelane*
JC Steenkamp**
ZB Swanepoel*
AJ Wilkens

* Independent non-executive

** Non-executive

Forward-looking statements

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include statements that predict or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause actual results, performance or achievements of the company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the HIV and Aids epidemic in South Africa. The forward-looking statements speak only as of the date of publication of these pages. The company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these pages or to reflect any unanticipated events.



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