ARM
African Rainbow Minerals

INTEGRATED ANNUAL REPORT 2018

We do it better

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OUR 2018 SUITE OF REPORTS and additional material are available at **www.arm.co.za**

2018 Integrated Annual Report

2018 Annual Financial Statements

2018 Sustainability Report

2018 Corporate Governance Report

2018 Mineral Resources and Reserves Report

2018 King IV™ Application Register

REFERENCES TO 2018 SUITE OF REPORTS

- IAR 2018 INTEGRATED ANNUAL REPORT
- AFS 2018 ANNUAL FINANCIAL STATEMENTS
- SR 2018 SUSTAINABILITY REPORT
- R&R 2018 MINERAL RESOURCES AND MINERAL RESERVES REPORT
- CGR 2018 CORPORATE GOVERNANCE REPORT
- **www.arm.co.za**

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

ABOUT THIS REPORT

The Integrated Annual Report is our primary communication with stakeholders. While the report is aimed primarily at shareholders, potential investors and other providers of capital, financial information in the report is balanced with non-financial information to allow all stakeholders to better understand our business. Our broader stakeholders include employees, host communities, customers, suppliers and the governments and regulators of the countries we operate in.

We aim to present a holistic view of the company and therefore report on the most material matters that affect the sustainability of our business. The report provides stakeholders with the information necessary to properly assess ARM's strategic intent, performance, prospects and value.

REPORTING SCOPE AND BOUNDARY

The 2018 Integrated Annual Report covers the period from 1 July 2017 to 30 June 2018. It provides an overview of and discusses the performance of our operations and projects located in South Africa and Malaysia. Our sustainability objectives and performance are reported only for those operations where ARM has direct or joint management and do not include the ARM Coal, Sakura and Harmony operations.

The 2018 Integrated Annual Report is supplemented by the 2018 Annual Financial Statements, the 2018 Sustainability Report, the 2018 Corporate Governance Report, the King IV™ Application Register and the 2018 Mineral Resources and Mineral Reserves Report all of which can be found on our website: **www.arm.co.za**.

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. Refer to the inside back cover of this report for contact details.

REPORTING PRINCIPLES AND FRAMEWORKS

We have responded to the relevant statutory frameworks in preparing this report. These include but are not limited to, the Companies Act 71 of 2008 (as amended), the King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King IV™), the JSE Listings Requirements as well as all legislation, regulations and codes of practice applicable to the South African mining sector.

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

The financial information included in this report and the Annual Financial Statements has been prepared according to International Financial Reporting Standards (IFRS).

COMBINED ASSURANCE

A selection of material non-financial disclosures is included in the report which have been assured by an external assurance provider to ensure reliability of the disclosures published. The assurance statement may be found in our 2018 Sustainability Report.

ARM's combined assurance model defines what constitutes appropriate assurance according to the six lines of assurance. A combined assurance report, which is included in the 2018 Corporate Governance Report, identifies potential gaps and duplication in assurance, and provides input into strengthening the control environment. The inter-relationship between ARM's Enterprise Risk Management (ERM) processes, internal audit initiatives, external audit activities and various management assurance interventions by specialists/subject matter experts further reinforces comprehensive management assurance processes and reporting.

AFS

The unqualified opinion of the independent external auditors on the Audited Annual Financial Statements may be found on pages 5 to 8 of the 2018 Annual Financial Statements.

BOARD APPROVAL

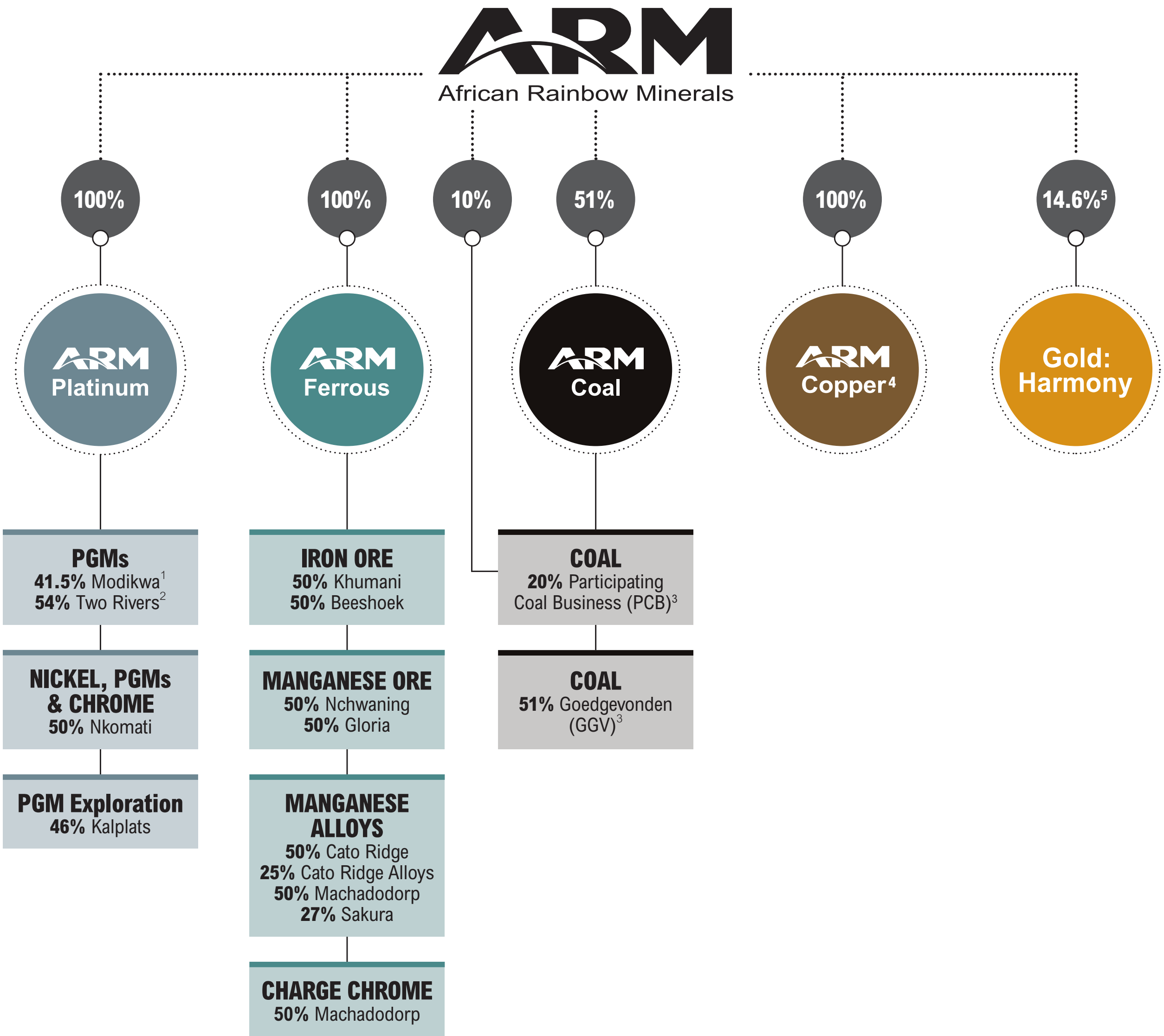
The ARM Board of Directors (the Board) acknowledges its responsibility to ensure the integrity of this report. The Audit and Risk Committee, which has oversight responsibility of the report, recommended it for approval to the Board. The Board confirms that it has collectively assessed the report and is of the opinion that it represents all material matters and presents fairly the company's integrated performance. The Board has therefore approved release of the 2018 Integrated Annual Report.

Dr Patrice Motsepe
Executive Chairman

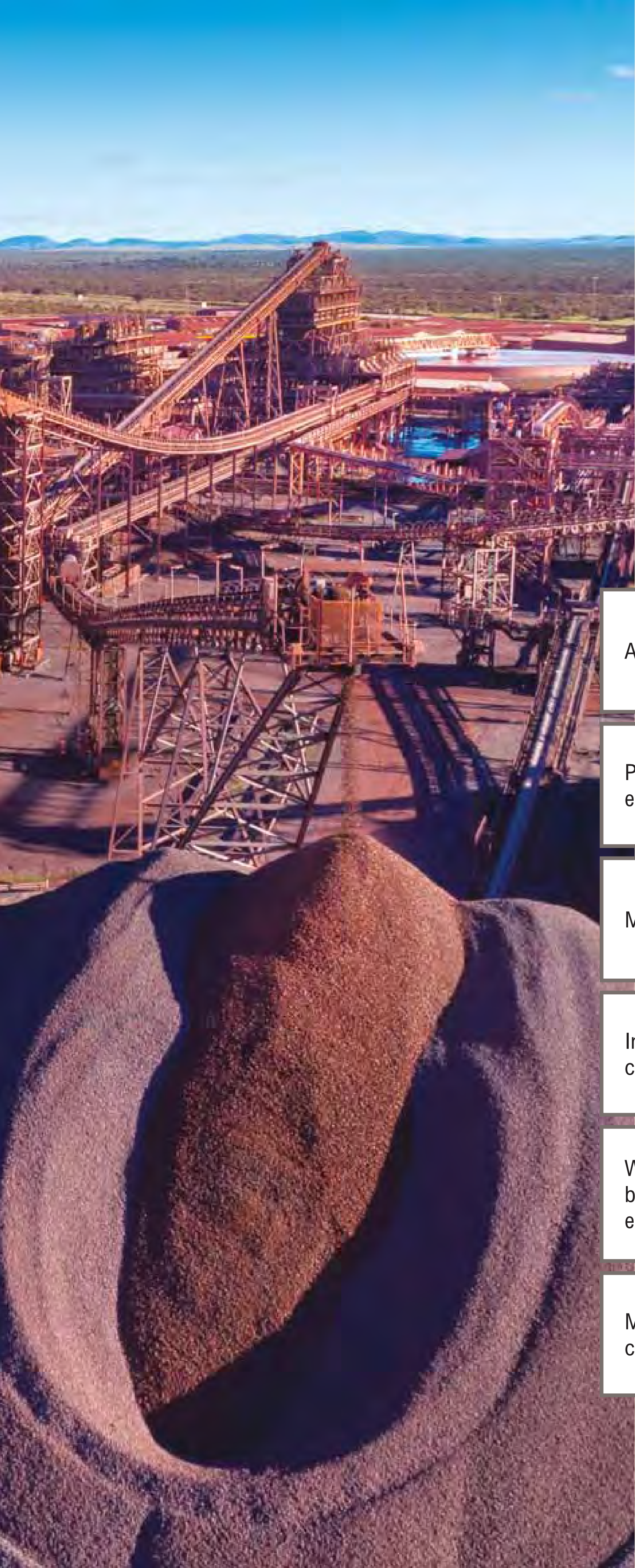
Mike Schmidt
Chief Executive Officer

ABOUT ARM

STRUCTURE



1 ARM's effective interest in Modikwa Mine is 41.5%, local communities hold 8.5%.
2 ARM's interest in Two Rivers Mine increased to 54% from 9 November 2017 when the mine's amended mining right was executed by the Department of Mineral Resources.
3 ARM's effective interest in GGV Mine is 26% and 20.2% in PCB.
4 The disposal of ARM's 40% effective interest in Lubambe and Lubambe Extension Area was completed on 22 December 2017.
5 As at 30 June 2018, ARM's shareholding in Harmony was 12.70%. On 17 July 2018, ARM subscribed to approximately 11 million Harmony shares increasing ARM's shareholding to 14.6%.



VALUES

Our management style is supported by our values, which 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.
- Improve the lives of those living in the communities where we operate.
- Work responsibly to achieve the balance between the economic, social and environmental aspects of our business.
- Maintain the highest standards of corporate governance.

We do it better

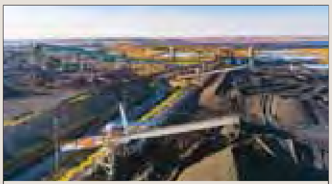
ABOUT ARM continued

WHERE WE OPERATE

Participating Coal Business (PCB)

Thermal coal	
○	Open pit and underground mechanised
△	**16.6 Mt saleable thermal coal**
LOM	21 years
EMPL	**Not reported by ARM**
LTIFR	Not reported by ARM
□	30th percentile

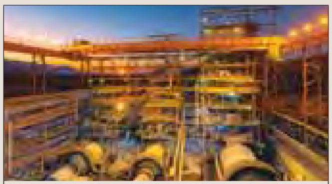
IAR Refer to pages 88 to 92 for the ARM Coal operational review.



Goedgevonden (GGV): Coal Mine

Thermal coal	
○	Open pit
△	**6.0 Mt saleable thermal coal**
LOM	22 years
EMPL	**Not reported by ARM**
LTIFR	Not reported by ARM
□	35th percentile

IAR Refer to pages 88 to 92 for the ARM Coal operational review.

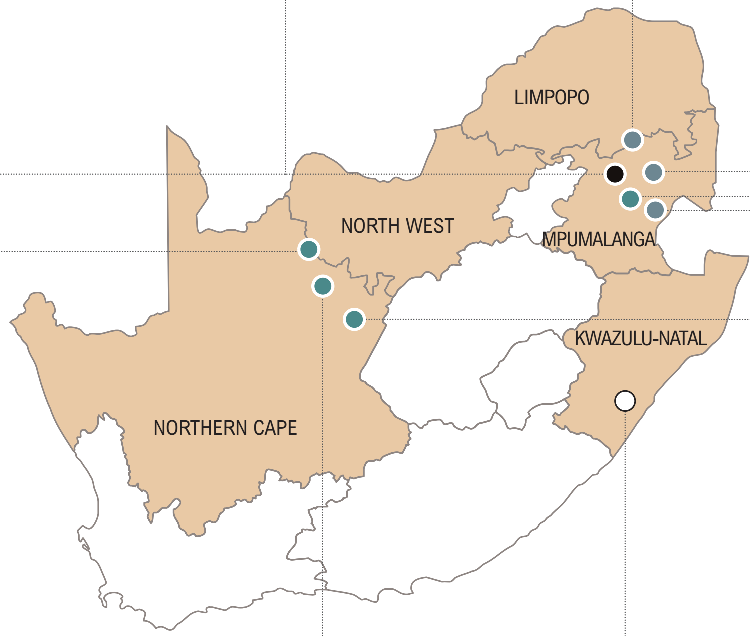


Modikwa: Platinum Mine

6E PGM metals	
○	Underground
△	**333 888 6E PGM oz**
LOM	More than 30 years
EMPL	**4 577**
LTIFR	0.72
□	70th percentile

IAR Refer to pages 56 to 69 for the ARM Platinum operational review.

SOUTH AFRICA



Nchwaning and Gloria: Manganese Ore Mines (collectively Black Rock Mine)

Manganese ore	
○	Underground mechanised
△	**3.7 Mt manganese ore**
LOM	More than 30 years
EMPL	**4 623**
LTIFR	0.20
□	40th percentile

IAR Refer to pages 70 to 87 for the ARM Ferrous operational review.

Khumani Mine: Iron Ore Mine

Iron ore	
○	Open pit
△	**14.7 Mt iron ore**
LOM	22 years
EMPL	**5 066**
LTIFR	0.10
□	55th percentile

IAR Refer to pages 70 to 87 for the ARM Ferrous operational review.

Cato Ridge: Ferromanganese Works

Ferromanganese	
○	Smelter
△	**138 kt ferromanganese**
EMPL	**612**
LTIFR	0
□	80th percentile

IAR Refer to pages 70 to 87 for the ARM Ferrous operational review.

Two Rivers: Platinum Mine

6E PGM metals

○	Underground mechanised
△	**348 405 6E PGM oz**
LOM	More than 30 years
EMPL	**3 192**
LTIFR	0.39
□	27th percentile

IAR Refer to pages 56 to 69 for the ARM Platinum operational review.

Sakura: Ferroalloys Works

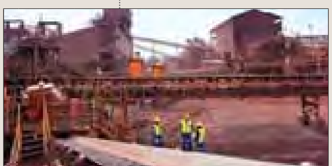
Ferromanganese

○	Smelter
△	**129 kt ferromanganese**
LOM	More than 30 years
EMPL	**Not reported by ARM**
LTIFR	**Not reported by ARM**
□	45th percentile

IAR Refer to pages 70 to 87 for the ARM Ferrous operational review.

Machadodorp: Ferroalloys Works

ARM Platinum
ARM Ferrous
ARM Coal

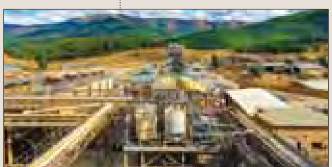


Beeshoek: Iron Ore Mine

Iron ore

○	Open pit
△	**3.9 Mt iron ore**
LOM	8 years
EMPL	**1 378**
LTIFR	0.07
□	65th percentile

IAR Refer to pages 70 to 87 for the ARM Ferrous operational review.



Nkomati: Nickel Mine

Nickel, PGMs, chrome, copper, cobalt

○	Open pit
△	**13.3 kt nickel, 110 koz PGM, 328 kt chrome, 7 kt copper, 1 kt cobalt**
LOM	10 years
EMPL	**2 069**
LTIFR	0.30
□	62nd percentile

IAR Refer to pages 56 to 69 for the ARM Platinum operational review.

○	Mine/operation type
△	F2018 production volumes on a 100% basis
LOM	Approximate life-of-mine
EMPL	Number of employees as at 30 June 2018 (including full-time employees and contractors)
LTIFR	F2018 Lost Time Injury Frequency Rate (LTIFR) per 200 000 man-hours
□	Position on the respective global commodity unit cost curve (F2018)

ABOUT ARM continued

STRATEGY

ARM strives to balance the economic, social and environmental aspects of our business which are all essential to our long-term sustainability. We are proud of the good relationships we have and continue to develop with all our stakeholders. The 2018 Sustainability Report provides detailed information about the company's approach and performance in this area. It includes key contributors to the King IV™ endorsed six capitals, utilised and allocated by the company. These are the financial, human, intellectual, social & relationship, manufactured and natural capitals.

BOARD OF DIRECTORS

The Board provides strategic direction and leadership, monitors the implementation of business and strategic plans and approves the capital funding for these plans.

BOARD

NON-EXECUTIVE DIRECTORS

F Abbott (Independent)
M Arnold
Dr M M M Bakane Tuoane (Independent)
T A Boardman (Independent)
A D Botha (Independent)
J A Chissano (Independent)
W M Gule (Independent)
A K Maditsi (Lead Independent)
J P Möller (Independent)
D C Noko (Independent)
Dr R V Simelane (Independent)
J C Steenkamp
Z B Swanepoel (Independent)

EXECUTIVE DIRECTORS

Dr P T Motsepe (Executive Chairman)
H L Mkatshana
A M Mukhuba (Finance Director)
M P Schmidt (Chief Executive Officer)
A J Wilkens

COMMITTEES

Nomination Committee
Investment Committee
Audit and Risk Committee
Non-executive Directors' Committee
Remuneration Committee
Social and Ethics Committee

Nomination
A K Maditsi (Chairman)
Dr M M M Bakane-Tuoane
J A Chissano
Dr R V Simelane

Investment
Z B Swanepoel (Chairman)
F Abbott
M Arnold
A D Botha
A K Maditsi
J P Möller
J C Steenkamp

Social and Ethics
Dr R V Simelane (Chairman)
Dr M M M Bakane-Tuoane
A K Maditsi
J C Steenkamp
Z B Swanepoel

Audit and Risk
T A Boardman (Chairman)
F Abbott
Dr M M M Bakane-Tuoane
A D Botha
A K Maditsi
J P Möller
Dr R V Simelane

Remuneration
A D Botha (Chairman)
Dr M M M Bakane-Tuoane
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A K Maditsi
J P Möller

Non-executive Directors
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J P Möller
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J C Steenkamp
Z B Swanepoel

EXECUTIVE CHAIRMAN'S REPORT

DEAR SHAREHOLDER AND STAKEHOLDER

I am pleased to report a 20% increase in adjusted headline earnings* for the 2018 financial year (F2018) driven mainly by an improvement in US Dollar prices for most of the commodities that we produce. Management also initiated successful interventions to maximise revenue, contain unit cost increases and address marginal assets.

* *Adjusted headline earnings refer to the F2018 headline earnings of R4 814 million adjusted for a R977 million net fair value gain as a result of the ARM Coal debt restructuring. Including the R977 million net fair value gain, the F2018 headline earnings increased by 51%.*

ARM paid its highest final dividend to date which increased to R7.50 per share. ARM also paid its first interim dividend of R2.50 per share in April 2018. The cumulative dividend for F2018 was R10.00 per share (F2017: R6.50), reaffirming our commitment to pay competitive dividends as part of our overall focus to create value for our shareholders.

We continued to refine our capital allocation process including balancing investment in our business, growth and shareholder returns while maintaining a robust financial position.

IAR Our capital allocation framework is discussed in greater detail in the Financial review on pages 16 to 36.

MAINTAINING A SAFE AND HEALTHY WORK ENVIRONMENT

We remain steadfast in our commitment to maintaining a safe and healthy work environment for all employees.

ARM's lost time injury frequency rate was 0.38 per 200 000 man-hours in F2018 (F2017: 0.28 per 200 000 man-hours). In a regrettable accident at Modikwa Mine, two employees were exposed to irrespirable atmosphere underground. Mr Fabian Majoro succumbed to his injuries while Mr Daniel Ntlangoe was hospitalised and has since recovered fully. We also regret to report accidents at Sakura Ferroalloys Works and Tweefontein Coal Mine where Mr Raymond Anak Edmund Samaie, a production shift manager and Mr Bonga Lingeni, a grader operator were fatally injured.

We extend our sincerest condolences to the families, friends and colleagues of those who lost their lives at our operations.

CORPORATE TRANSACTIONS

We concluded the following corporate transactions which added value to ARM:

ARM Coal debt restructuring

Our restructuring of the ARM Coal debt was concluded on 25 June 2018, significantly improving ARM and ARM Coal's obligations in terms of this debt. Details of the restructuring are included in the Financial review.

Disposal of Lubambe Mine

All the conditions precedent for the disposal of Lubambe Mine were fulfilled on 22 December 2017 and the final proceeds were received in the same month.

Two Rivers Mine

ARM's interest in Two Rivers Mine increased from 51% to 54% after the Tamboti mineral rights were transferred from ARM to Two Rivers Mine. We remain confident in Two Rivers' ability to continue creating value for shareholders.

OPERATIONAL REVIEW

My review covers the performance of our operations in broad terms. More detailed information in this regard is included in the CEO's report and the Financial review.

ARM Ferrous increased headline earnings by 6% to R3 528 million (F2017: R3 331 million). Our investment in Black Rock Mine has started to yield financial and operational results with the manganese division delivering a 64% increase in headline earnings due to increased sales volumes and higher average realised Rand manganese ore and manganese alloy prices. We achieved record sales volumes in the iron ore division. However, headline earnings declined by 24% to R1 672 million (F2017: R2 187 million) mainly due to lower realised Rand iron ore prices.

ARM Platinum increased headline earnings by 20% to R420 million (F2017: R350 million). Modikwa Mine improved from a headline loss of R66 million last year to headline earnings of R105 million. A major contributor to this was the temporary improvement in the terms and conditions of the concentrate purchase agreement between ARM Mining Consortium and Anglo American Platinum which is effective for three years from 1 January 2017. Two Rivers Mine's headline earnings of R306 million (F2017: R325 million) were slightly lower mainly due to a decrease in the mine's head grade as higher proportions of split reef were mined. Access into the Tamboti area over the next two financial years is expected to increase mining flexibility and reduce the ratio of split reef mined. Nkomati Mine reported an R82 million decrease in headline earnings to R9 million. The milling of more very low grade stockpile material led to lower nickel and by-product production volumes and a decline in the mine's head grade. The mine's concentrate offtake agreement with

Metals Trade Overseas AG was renegotiated to temporarily improve the terms and conditions of the agreement effective from 22 April 2018.

ARM Coal increased headline earnings to R1 485 million (F2017: R82 million) which includes R1 259 million from the restructuring of the ARM Coal debt. The headline loss from Goedgevonden (GGV) Mine, excluding results of the debt restructuring, was R30 million (F2017: R99 million). Participative Coal Business (PCB) operations contributed increased headline earnings of R256 million (F2017: R181 million), before the debt restructuring.

INVESTING IN OUR EMPLOYEES

We continued to build on the good relationships we have with our 21 900 employees and contractors as well as the trade unions that represent them. We invest in our workforce through, *inter alia,* skills training; particularly the skills that our employees need to be more efficient and competitive.

Expenditure on skills training increased by 33% to R239 million (or 9% of payroll) in F2018 (F2017: R180 million or 6% of payroll). This training extended beyond our employees as our operations invested in a range of initiatives supporting youth and women development, particularly in the communities neighbouring our operations. They included, among others, 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 to increase the pool of future skills, especially among members of historically disadvantaged communities.

We are committed to ensuring that our workforce and management are representative of the country's demographics. We believe that an inclusive and representative workforce greatly benefits and enriches our company and our country. Our efforts towards an inclusive and transformed workforce have resulted in the number of historically disadvantaged South Africans in management increasing to 61% in F2018 from 55% in F2017.

EXECUTIVE CHAIRMAN'S REPORT
continued

Expenditure on CSR through Social Labour Plans, Local Economic Development, and Corporate Social Investment increased by

36%

Skills training expenditure increased by

33%

to R239 million

■ 2018 □ 2017

PARTNERING WITH KEY STAKEHOLDERS

Our operations impact a wide range of stakeholders including the communities living in the areas where we operate. As well as creating value for shareholders, ARM is committed to improving the living conditions 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 F2018, our operations invested R156 million in corporate social responsibility initiatives prioritising women, youth, historically disadvantaged persons and those living with disabilities, HIV and Aids.

We also contributed to the upliftment and development of poor and historically disadvantaged rural and urban communities throughout South Africa through the ARM Broad-Based Economic Empowerment Trust (ARM Trust) which works closely with traditional leaders and their communities, rural and urban development stakeholders, worker representative organisations, business leaders, NGOs, religious and faith-based organisations and other stakeholders.

Despite ongoing investment and open engagement, the relationship between mining companies and host communities continues to come under strain as communities become increasingly frustrated with countrywide unemployment, poverty and inequality. Community relations at Modikwa Mine have been particularly challenging. On 2 April 2018, unknown individuals set alight a bus transporting employees to Modikwa Mine, resulting in the deaths of six people. Five suspects were arrested and are facing various charges relating to the crime. We are deeply saddened by this incident and extend our heartfelt condolences to the families, friends and colleagues of the deceased. The mine provided counselling and support to all employees and their families who were affected by this tragic incident.

THE SOUTH AFRICAN MINING INDUSTRY

The mining industry remains a key contributor to the South African economy. In the 2017 calendar year, the industry contributed R335 billion (or 6.8%) to Gross Domestic Product (GDP) and exported R302 billion worth of products or 27% of the country's R1.1 trillion exports. The industry employs approximately 470 000 people and in 2017 paid R126 billion in employee wages, salaries and benefits. Those employed by the industry in turn support an estimated 4.5 million dependants**.

In addition to creating employment and contributing to GDP and the fiscus, the South African mining industry invested approximately 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 gross fixed investment by the South African mining industry slowed** mainly due to a downturn in the commodity cycle, rapidly rising mining costs, uncertainty relating to the regulatory dispensation and the discussions on the mining charter between the government and the mining industry.

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

The new mining dispensation including the mining charter must ensure that the South African mining industry maintains and enhances investor confidence.

The mining industry should continue to create broad public awareness of its developmental and upliftment role which benefits workers, neighbouring communities and other stakeholders.

** *Statistics as per the Minerals Council South Africa Facts and Figures 2017, published in September 2018.*

ENSURING THAT WE REMAIN RESPONSIBLE STEWARDS OF ENVIRONMENTAL RESOURCES

All our operations apply global good practice in managing scarce natural resources. This is done in line with the principles of the Sustainable Development Framework of the International Council on Mining and Metals (ICMM) of which we are a member. Our environmental initiatives focus on the waste-free and responsible use of water, energy efficiency and reducing carbon emissions. Further details on our environmental management programmes are included in the operational reviews and our 2018 Sustainability Report.

CONCLUSION AND RECOGNITION

I would like to extend my gratitude to our shareholders, employees and their representative organisations, host communities and all other stakeholders for their continued support and co-operation.

I am grateful to our staff and management for their hard work and sacrifices. My gratitude also goes to Mike Schmidt for the great leadership that he continues to provide and to all the employees for the good F2018 results.

On 10 December 2017, Mike Arnold retired as ARM's Financial Director (FD) and Abigail Mukhuba who was our Chief Financial Officer at the time became our FD. I would like to express my sincere gratitude to Mike for his good work as FD and wish Abigail a long and successful career at ARM. We are fortunate to retain Mike's knowledge and experience as a Non-executive Director on our Board.

In late 2017, David Noko and Jan Steenkamp were appointed to the board as Non-executive Directors. Our Board is committed to the highest standards of corporate governance and I would like to thank each of our directors for their continued commitment, invaluable guidance and contributions to the Board.

I am confident that ARM will continue to be a globally competitive company which creates value for its shareholders and benefits all stakeholders.

Dr Patrice Motsepe
Executive Chairman

29 October 2018

CHIEF EXECUTIVE OFFICER'S REPORT

Mike Schmidt
Chief Executive Officer

ARM Ferrous' headline earnings **were R3 528 million** as the contribution from the manganese division increased by 64%.

INTRODUCTION

After approximately two years of extensive initiatives to address loss-making operations we are pleased that in the financial year under review all continuing operations reported positive headline earnings. Lubambe Mine, which was sold in December 2017, reported a headline loss of R6 million. Headline earnings by operation and division were as follows:

	12 months ended 30 June		
R million	2018	2017	% change
ARM Platinum	**420**	350	20
Two Rivers Mine	**306**	325	(6)
Modikwa Mine	**105**	(66)	
Nkomati Mine	**9**	91	(90)
ARM Ferrous	**3 528**	3 709	(5)
Iron ore division	**1 672**	2 187	(24)
Manganese division	**1 904**	1 161	64
Chrome division**	**(21)**	375	(106)
Consolidation adjustment	**(27)**	(14)	
ARM Coal*	**1 485**	82	>200
GGV Mine	**852**	(99)	>200
PCB Operations	**633**	181	>200
ARM Copper	**(6)**	(203)	97
Corporate and other*	**(613)**	(742)	18
Total headline earnings	**4 814**	3 196	51

* *F2018 includes a fair value gain of R1 210 million at ARM Coal and R233 million fair value loss at ARM Corporate resulting from the de-recognition of loans when the ARM Coal debt was restructured.*

** *The F2017 Chrome division headline earnings include R378 million relating to the sale of ARM's effective 50% stake in the Dwarsrivier Mine.*

IAR

The Operational reviews on pages 56 to 94 contain further information on the performance of each operation.

OPERATING IN A SAFE AND RESPONSIBLE MANNER

Our commitment to safety remains resolute. Despite our efforts to ensure a safe working environment we regrettably reported fatalities at the Modikwa, Sakura and Tweefontein operations. I join our Executive Chairman in extending our sincerest condolences to the families, friends and colleagues of those who lost their lives at our operations.

Safety highlights at ARM Ferrous were as follows:

- The LTIFR improved by 24% to 0.13 per 200 000 man-hours (F2017: 0.17 per 200 000 man-hours);
- Black Rock Mine achieved 6 million fatality-free shifts on 17 January 2018, an accomplishment which took nine years to achieve;
- On 18 October 2017, Beeshoek Mine recorded 16 000 fatality-free production shifts, an accomplishment which took approximately 15 years to achieve;
- Beeshoek Mine also received a certificate from the Department of Mineral Resources (DMR) for an outstanding safety achievement as the Most Consistent Surface Mine in the 2017 Northern Cape Mine Safety Competition. On 7 March 2018, the mine completed 365 consecutive days without a Lost Time Injury (LTI);
- Khumani Mine achieved 2 million fatality-free shifts on 12 April 2018;
- As at 30 June 2018, Cato Ridge Works completed 704 days without an LTI; and
- As at 30 June 2018, Machadodorp Works completed 875 days without an LTI.

ARM Platinum safety highlights were as follows:

- Prior to the fatal accident on 9 October 2017, Modikwa Mine had completed 4 million fatality-free shifts on 3 July 2017;
- Two Rivers Platinum Mine completed 4 million fatality-free shifts on 18 August 2017; and
- Nkomati Mine achieved 6 million fatality-free shifts on 7 November 2017.

ARM PLATINUM

Improved Rand palladium, rhodium, cobalt, nickel and copper prices contributed positively to the ARM Platinum revenue. These were further enhanced by renegotiation of the concentrate offtake agreements for both Modikwa and Nkomati mines with temporary improvement to the terms and conditions. Rand prices for platinum and chrome concentrate were lower than the corresponding period.

Modikwa and Nkomati mines increased tonnes milled by 20% and 7% respectively, while Two Rivers maintained tonnes milled. Total PGM and nickel volumes produced for ARM Platinum; however, decreased by 11% and 16% respectively, owing to grade challenges at the three operations. A number of interventions are being implemented to address upgrade declines. Modikwa Mine is introducing stope width control measures particularly in the South 1 and South 2 shafts to reduce dilution and improve the grade. The mine head grade is expected to return to normalised levels in the next financial year. At Two Rivers Mine, the levels of split reef being mined is expected to reduce from F2020 when mining in the Tamboti area commences, improving the mining flexibility. The Nkomati Mine grade is expected to improve from F2021 as more MMZ ore on the Western section of the open pit is mined.

Support and buttressing work done at Nkomati Mine to stabilise the pile wall in the Western section has been completed and the pile wall is now stable. Production is expected to remain below steady state until F2020 as work continues to bring the pit into balance. Production is expected to return to a steady state level of approximately 18 000 tonnes per annum from F2021 onwards.

Unit production costs were well controlled on a Rand per tonne milled basis with Two Rivers and Modikwa mines reporting flat unit production costs. Unit production costs per tonne milled at Nkomati Mine increased below inflation. On a Rand per PGM ounce basis, unit production cost increased above inflation at 10% and 9% for Two Rivers and Modikwa mines, respectively. Nkomati Mine's C1 unit cash costs net of by-products (which include capitalised waste stripping costs) were 22% higher at US$5.86 per pound (lb) of nickel produced (F2017: US$4.81/lb) as a result of a 16% decrease in nickel units produced.

ARM FERROUS

ARM Ferrous headline earnings from continuing operations increased by 6%. The Manganese division was the star performer delivering a 64% increase in headline earnings.

Average manganese ore prices were up 19% for 44% manganese ore (CIF Tianjin) from US$5.77 per manganese tonne unit (mtu) in F2017 to US$6.88/mtu in F2018. The index for 37% manganese ore (FOB Port Elizabeth) increased by 23% from US$4.56/mtu to US$5.59/mtu. Prices for manganese alloy were up 35% to US$1 553/t for F2018 while average iron ore prices (as referenced by 62% iron ore fines (CIF North China)), decreased by less than 1% to US$69.27/t (F2017: US$69.41/t).

CHIEF EXECUTIVE OFFICER'S REPORT continued

ARM Ferrous continued to focus on improving Black Rock Mine's flexibility in terms of product specifications and in the financial year under review approved capital of approximately R2.7 billion (on a 100% basis) for the modernisation and optimisation of Gloria Mine which is part of Black Rock Mine. This capital, which is expected to be spent over the next few years, will enable Black Rock Mine flexibility to produce different products (from high- to medium-grade) as the ability to deliver different specification products to customers becomes a key differentiator in the current manganese ore market. Production capacity at Gloria Mine will increase as part of the modernisation project to bring Black Rock Mine's production capacity to 5 million tonnes per annum.

The Manganese Export Capacity Allocation (MECA2) Agreement with Transnet was signed and is valid from 15 September 2015 until the later of 31 March 2023 or when the Port of Ngqura is fully operational. Rail and port capacity therefore has been secured through the ports of Port Elizabeth and Saldanha in line with the ramp-up of the Black Rock Project to 4 million tonnes per annum. Engagements with Transnet with regards to synchronising the planned production ramp-up of Black Rock Mine beyond 2023 and the rail and port capacity provisions in the longer-term (MECA3) are ongoing.

The iron ore operations delivered record sales volumes of 17.9 million tonnes as an opportunity to export 0.4 million tonnes of iron ore from Beeshoek Mine was created through the newly established rail loop to the Saldanha Export Channel. Ferromanganese sales volumes also increased as Sakura Works produced at higher than design capacity.

On-mine unit production costs were well controlled at the iron ore operations with both Khumani and Beeshoek mines delivering cost increases well below inflation. Unit production costs at the manganese ore operations increased by 16% as costs that were excluded from on-mine costs in F2017 due to the closure of Nchwaning II Shaft (as part of the Black Rock Project) were included in on-mine costs again in F2018. Unit costs at the ferroalloys operations came under pressure due to higher input costs for sinter and higher raw material costs (including manganese ore and reductants).

ARM COAL

Average realised US Dollar thermal coal prices were 22% higher in the year contributing positively to the ARM Coal headline earnings.

Production at the PCB operations was maintained at approximately 16.6 million tonnes while the GGV Mine production volumes declined by 7%, negatively affected by a rollover of low in-pit inventory levels from F2017. The mine is focused on improving the in-pit inventory levels which did improve marginally during F2018.

On-mine unit production cost increases at both GGV and PCB operations were higher than inflation at 9% and 19% respectively. PCB unit production costs in the corresponding period benefited from processing of stockpile ore built up during the Tweefontein Optimisation Project (TOP). The Tweefontein operation has since stabilised and is now operating at the planned unit production costs which was estimated at approximately R300 per tonne.

LOOKING AHEAD

Global GDP growth appears to be recovering steadily. China remains a significant consumer of the commodities we produce as its infrastructure and consumer demand supports the outlook for commodities.

Quality has become a key differentiator, particularly among the bulk metals as China seeks to address its pollution challenges through improved efficiencies in heavy industries. Premiums associated with high-grade bulk metals have increased in the year under review which we believe is a structural shift in these markets.

ARM is well positioned to deliver into this shift given the high-quality iron ore and manganese ore we produce. We continue to invest in the business to enable flexibility of product specifications to respond to changing customer needs.

We are closely monitoring global trends especially in the context of the Fourth Industrial Revolution and the potential challenges and opportunities these may create for our business. One such trend of interest has been the advancements made in mobility, particularly clean mobility.

Although an increase in electric vehicles as a percentage of total vehicle sales creates opportunities for some of the metals in our portfolio including nickel and manganese ore, it negatively impacts demand for platinum group metals (which are mostly used in internal combustion engines). We continue to research these potential impacts to ensure that we are well positioned in the future to capitalise on opportunities created by these trends.

We remain confident in the long-term outlook for the metals that we mine and continue to assess growth opportunities both internally and through mergers and acquisitions.

CONCLUSION

The operating environment is not without headwinds. As we navigate this dynamic environment, we continue to focus on those elements that are within our control. These include cost containment, operational efficiencies and adhering to capital allocation discipline.

I would like to extend my gratitude to our committed and hardworking employees who are the very foundation of our ability to create sustainable value. I also extend my heartfelt gratitude to our stakeholders and joint venture partners for their continued support during the year.

Finally, I would like to convey my sincere appreciation to our Executive Chairman and the Board for their ongoing guidance and support.

Mike Schmidt
Chief Executive Officer

29 October 2018

FINANCIAL REVIEW[1]

SALIENT FEATURES	JSE/IFRS[2]	ADJUSTED[3]
Headline earnings	↑ 51%	↑ 15%
Headline earnings per share (HEPS)	↑ 50%	↑ 14%
Basic earnings	↑ 233%	↑ 115%
Basic earnings per share (BEPS)	↑ 231%	↑ 114%
Dividends per share (dps)	1 000 cents	1 000 cents
Net cash to equity	3.6%	3.6%

Abigail M Mukhuba
Finance Director

CORPORATE TRANSACTIONS AFFECTING THE FINANCIAL PERFORMANCE IN LINE WITH OUR STRATEGIC IMPERATIVES

ARM COAL (F2018)

ARM, ARM Coal, Glencore and Glencore Operations South Africa (GOSA) successfully concluded the restructuring of ARM Coal debt on 25 June 2018, with an effective date of 1 July 2017. Salient features of the restructuring include:

- Debt owed by ARM Coal to GOSA will accrue interest at a rate of 0% compared to the previous rate, which was at prime, with effect from 1 July 2017 until 31 December 2029;
- Final maturity date for all debt owed by ARM Coal to GOSA is extended to 31 December 2029, which results in large bullet payments from 2021 to 2026 being deferred/avoided;
- All operating cash generated by GGV and the PCB operations, attributable to ARM and ARM Coal, shall be applied in repayment of the debt until the earlier of 31 December 2029 or full repayment of these loans;
- GOSA's (acting through the PCB) obligation to repay ARM the amount of R700 million under the PCB shareholders' loan from ARM was set off against ARM's obligation to pay GOSA (acting through the Non-Participative Business (NPB)) the amount of R700 million under the PCB revolving credit facility such that both loans have been fully and finally settled and discharged; and
- All distributions received by ARM Coal in respect of the PCB shareholders' loan, shall be utilised by ARM Coal in the settlement of its shareholder loans from GOSA and ARM. These payments received by GOSA and ARM, shall immediately be advanced back to ARM Coal through a shareholders' loan, on a 0% interest rate basis, and ARM Coal will utilise these funds to service the GGV debt.

ARM PLATINUM (F2018)

Two Rivers Mine – ARM's interest in Two Rivers Mine increased from 51% to 54% from 9 November 2017 when the amended Two Rivers mining right was executed.

ARM COPPER (F2018)

Lubambe Mine – All conditions precedent for the disposal of Lubambe Mine were completed on 22 December 2017. The purchase consideration received by ARM and Vale was US$97.10 million adjusted for:

- settlement of Lubambe Mine's general banking facility of US$26 million;
- payment of property transfer tax of US$10 million;
- payment of withholding tax of US$5 million; and
- reimbursement of funding provided to Lubambe Mine after 1 May 2017 of US$25 million.

The final proceeds of US$81 million were received by ARM and Vale in December 2017. Lubambe Mine, which for F2018 reported a headline loss of R6 million (F2017: R203 million loss), is disclosed as a discontinued operation.

ARM FERROUS (F2017)

The chrome division includes Dwarsrivier Chrome Mine which is reflected as a discontinued operation under the ARM Ferrous segmental information. This disposal became effective on 1 July 2016.

1 The Financial review should be read in conjunction with the audited Annual Financial Statements 2018 which are available 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 Group and Company Annual Financial Statements. The Board has used its discretion in determining the material matters to be reported in this review.*

2 JSE Limited/International Financial Reporting Standards.

3 Excludes a net fair value gain on the coal debt restructuring of R977 million (F2017: nil), discontinued operations of R6 million (F2017: 175 million) and the movement in the silicosis provision of nil (F2017: R330 million).

MATERIAL MATTERS	HOW WE MANAGED THE RISKS, OPPORTUNITIES AND CHALLENGES
Restructuring of loss-making operations and debt structure	
Debt obligations	Restructured the ARM Coal debt to improve overall obligations in respect of these debts.
Sustainability of Modikwa Mine	Completed ongoing discussions with Anglo American Platinum to find a holistic solution to ensure sustainability of Modikwa Mine by agreeing to temporarily improve the commercial terms of the existing purchase of concentrate agreement. This is expected to improve the mine's cash flow generation for a period of three years while a turnaround and operational improvement plan is implemented.
Sustainability of Nkomati Mine	We entered into an addendum to the existing addendum offtake agreement under which the short delivery and grade penalties were relaxed for a period of two years and the base agreement was extended to the life of the open pit. This impacts earnings positively.
Divesting from the loss-making Lubambe Copper Mine	We disposed of the Lubambe Copper Mine situated in Zambia.
ZAR/US$ exchange rate volatility Continued strengthening of Rand/US Dollar exchange rate.	Focused on increasing volumes and reducing costs.
Commodity price volatility Impact of commodity price outlook on asset valuation and viability of operations.	
Regulatory uncertainty Draft Mining Charter III.	
Capital allocation efficiencies Balancing re-investment into sustainable business and returning investment growth to shareholders.	All stay-in-business capital expenditure funded by cash generated from operations. Paid maiden interim dividend of R2.50 per share. Declared a final dividend of R7.50 per share.
Statutory reporting compliance Preparation for the implementation of upcoming major accounting standards.	Engaged external experts to assist with gap analysis and implementation.

FINANCIAL REVIEW continued

GROUP STATEMENT OF PROFIT OR LOSS

for the year ended 30 June

R million	F2018	F2017
CONTINUING OPERATIONS		
Revenue continuing operations	**9 263**	9 019
Revenue discontinued operations	**340**	600
Sales	**8 346**	8 158
Cost of sales	**(6 900)**	(6 951)
Gross profit	**1 446**	1 207
Other operating income	**1 527**	757
Other operating expenses	**(1 263)**	(1 750)
Profit from operations before special items	**1 710**	214
Income from investments	**177**	238
Finance costs	**(360)**	(423)
Income from associate	**619**	181
Income from joint venture	**3 510**	3 265
Profit before taxation and special items	**5 656**	3 475
Special items before tax	**(42)**	(2 322)
Profit before taxation from continuing operations	**5 614**	1 153
Taxation	**(573)**	409
Profit for the year from continuing operations	**5 041**	1 562
Loss after tax for the year from discontinued operations	**(219)**	(130)
Profit for the year	**4 822**	1 432
Attributable to:		
Equity holders of ARM		
Profit for the year from continuing operations	**4 747**	1 431
Loss for the year from discontinued operation	**(185)**	(59)
Basic earnings for the year	**4 562**	1 372
Non-controlling interest		
Profit for the year from continuing operations	**294**	131
Loss for the year from discontinued operation	**(34)**	(71)
	260	60
Profit for the year	**4 822**	1 432
Earnings per share		
Basic earnings per share (cents)	**2 393**	723
Basic earnings from continuing operations per share (cents)	**2 490**	754
Basic loss from discontinued operation per share (cents)	**(97)**	(31)
Diluted basic earnings per share (cents)	**2 325**	703
Diluted basic earnings from continuing operations per share (cents)	**2 419**	733
Diluted basic loss from discontinued operation per share (cents)	**(94)**	(30)

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

Decrease mainly due to lower foreign exchange losses on the ARM US Dollar loans to Lubambe Copper Mine which was sold in December 2017 (R200 million) and no addition to the silicosis and tuberculosis class action claims and related cost provision of R330 million recognised in F2017.

Increase mainly due to fair value gain of R325 million relating to the ARM Coal debt restructuring at PCB level in F2018.

Includes impairment of R26 million before tax of R7 million (F2017: R470 million before tax of R27 million).

An impairment loss of R40 million (tax: nil) was recognised at 30 June 2018 as a result of the prospecting right relating to the Kalplats Project having expired and ARM Platinum Proprietary Limited not having applied for a mining right. F2017 special items comprised of attributable impairments of Nkomati Mine assets of R711 million after tax and Modikwa Mine assets of R734 million after tax and non-controlling interest.

F2017 tax benefit as a result of an increase in the deferred tax due to impairments at Modikwa and Nkomati.

F2018 and F2017: Lubambe Copper Mine.

FINANCIAL PERFORMANCE

Trading environment

US Dollar prices realised for most commodities were higher except for iron ore, platinum and chrome concentrate prices. However, the strength of the Rand exchange rate against the US Dollar partially offset the positive impact of the price movement. The F2018 average realised Rand/US Dollar exchange rate of R12.84/US$ was 6% stronger than the average of R13.60/US$ realised in F2017. For reporting purposes, the closing exchange rate at 30 June 2018 was R13.72/US$ (30 June 2017: R13.05/US$).

ARM's **basic earnings** from continuing operations for F2018 were R4 747 million (F2017: R1 431 million). This equates to basic earnings per share from continuing operations of R24.90 (F2017: R7.54 per share). These were positively impacted by a net fair value gain recognised in the Statement of profit or loss of R977 million relating to the ARM Coal debt restructuring.

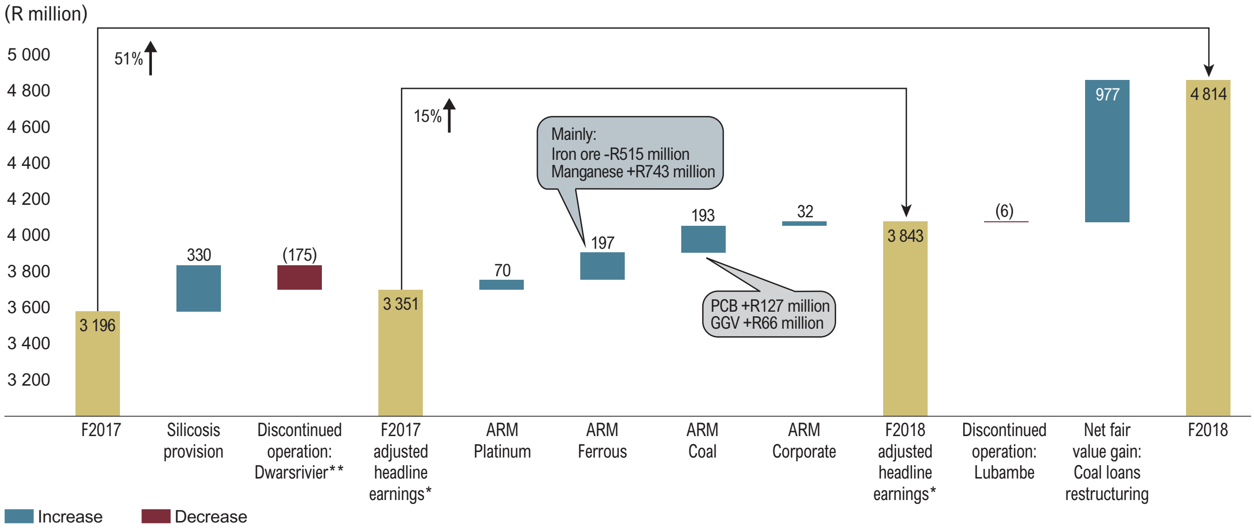
F2017 basic earnings were negatively impacted by the following special items:

- an attributable impairment of the Nkomati Mine assets of R711 million after tax;
- an attributable impairment of the Modikwa Mine assets of R734 million after tax and non-controlling interest; and
- an attributable impairment loss of R373 million within the Assmang joint venture related to the sale of Dwarsrivier.

Headline earnings from continuing operations increased by 42% to **R4 820 million (F2017: R3 399 million)** which equates to continuing operations headline earnings per share of 2 529 cents (F2017: 1 791 cents).

Adjusted headline earnings increased by 15% to R3 843 million (F2017: R3 351 million).

HEADLINE EARNINGS



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

*** Discontinued operations refer to Lubambe Mine (in F2018 and F2017) and Dwarsrivier Mine (in F2017).*

FINANCIAL REVIEW continued

The graphic on page 19 of this report depicts management's detailed analysis of headline earnings which includes adjusted headline earnings after excluding selected items.

ARM Ferrous contribution to ARM's headline earnings amounted to R3 528 million (F2017: R3 709 million). This is a decrease of 5% compared to the F2017 result.

The decrease was mainly due to the inclusion in F2017 of a non-recurring R378 million relating to the sale of ARM's effective 50% stake in Dwarsrivier. As such, ARM Ferrous headline earnings from continuing operations were 6% higher than F2018 primarily due to the contribution from the manganese division which was 64% higher. Iron ore was 24% down mainly due to a 9% decrease in average US Dollar prices realised and the strengthening of the ZAR against the US Dollar.

The **ARM Platinum contribution** to ARM's headline earnings, which includes the results of Nkomati Mine, was R420 million (F2017: R350 million) as Modikwa Mine improved from a headline loss of R66 million in F2017 to headline earnings of R105 million. This was mainly due to a temporary improvement in the commercial terms of the Modikwa Mine purchase of concentrate (PoC) agreement. Two Rivers Mine's headline earnings of R306 million (F2017: R325 million) were negatively affected by a decrease in the mine's head grade as higher proportions of split reef were mined owing to a two-year delay in the transfer of the mining licence for the Tamboti area to Two Rivers Mine. Nkomati Mine reported an R82 million reduction in headline earnings to R9 million as a decline in the mine's head grade (due to the milling of additional Very Low Grade (VLG) stockpile material) resulted in lower nickel and by-product production volumes. An amendment to the mine's concentrate offtake agreement was concluded with Metals Trade Overseas AG (MTO) effective from 22 April 2018 which improves the terms and conditions of the offtake for the mine. Nkomati Mine was also impacted by a lower chrome contribution as the mine's average realised US Dollar price for chrome decreased by 50%.

ARM Coal headline earnings were R1 485 million (F2017: R82 million). This includes a net fair value gain amount of R1 210 million as a result of the restructuring of the ARM Coal debt. The headline loss from Goedgevonden (GGV) Mine excluding the impact of the debt restructuring was R30 million (F2017: R99 million loss) while the PCB Operations contributed headline earnings of R256 million (F2017: R181 million) excluding the impact of the debt restructuring.

The impact of the Coal debt restructuring on the F2018 ARM Statement of Comprehensive Income

R million	Old loan terms	New loan terms	Impact
Cash operating profit	**1 365**	**1 365**	**–**
Amortisation	**(592)**	**(592)**	**–**
Interest income		**8**	**8**
Interest expense	**(501)**	**(321)**	**180**
Fair value gain: GGV loans*	**–**	**885**	**885**
Fair value gain: PCB loans*	**–**	**325**	**325**
Taxation	**(46)**	**(185)**	**(139)**
Coal headline earnings attributable to ARM	**226**	**1 485**	**1 259**
Fair value loss: ARM Corporate*	**–**	**(233)**	**(233)**
Total	**226**	**1 252**	**1 026**

** Total fair value net gain impact on ARM Group was R977 million, made up of R233 million fair value loss at Corporate and R1 210 million gain at ARM Coal.*

The impact of the restructuring on the F2018 results is as follows:

- A deemed interest charge, in accordance with International Accounting Standard 39: Financial Instruments – Recognition and Measurement (IAS 39), attributable to ARM for the year is R321 million. On the old loan terms, this charge would have been R501 million for F2018, resulting in a saving of R180 million.
- A net fair value gain recognised in the Statement of profit or loss amounting to R1 210 million, comprising the following:
  – In respect of the GGV debt: R885 million; and
  – In respect of the PCB debt: R325 million.

The net present value calculations performed to arrive at the reported fair value gain were based on the prime interest rate, which is considered to be a market-related interest rate.

The fair value gain adjustment is as a result of changes in the future repayment cash flows due to changes in the timing of cash flows due to deferred bullet payments and interest holidays under the new loan terms. The fair value adjustments are in accordance with IAS39, which states that a modified debt is considered 'substantially different' if the net present value of the cash flows under the new loan terms discounted at the original interest rate, differs by more than 10% from the discounted present value of the remaining cash flows of the original debt instrument. Where a financial liability is considered substantially different, the existing loan is derecognised and the new loan is recognised, the net effect of the modification is recognised immediately in the Statement of profit or loss.

The outstanding loan balances will be revalued at the end of each reporting period with the resultant gains and losses recognised in the Statement of profit or loss. These future gains and losses will be dependent on changes in coal prices and the Rand versus US Dollar exchange rate, all of which are expected to have an impact on the timing by which the loans are modelled to be fully repaid.

The **ARM Copper**[4] result was a headline loss of R6 million (F2017: R203 million headline loss). This result includes interest on shareholders' loans of R20 million (F2017: R56 million). Lubambe Copper Mine is classified as a discontinued operation.

The **ARM Corporate and other** segment showed a headline loss of R612 million (F2017: R778 million) largely attributed to:

- Lower unrealised foreign exchange losses (R200 million) on US Dollar loans made by ARM to Lubambe Copper Mine, which entity's functional currency is the US Dollar, resulting from the Rand versus the US Dollar exchange rate strengthening from R13.05/US$ at 30 June 2017 to R12.52/US$ at 22 December 2017 (effective date of sale). The unrealised losses amounted to R70 million (F2017: R270 million); and
- No further increase was recognised in F2018 on the silicosis provision raised in F2017 (R330 million).

The above was partially offset by:

- Higher tax expense (R231 million); and
- A fair value loss resulting from the coal debt restructuring at ARM Company level (R233 million).

This segment also includes ARM Exploration costs of R23 million (F2017: R28 million) and a R22 million dividend received from the Harmony Gold Mining Company investment (F2017: R64 million).

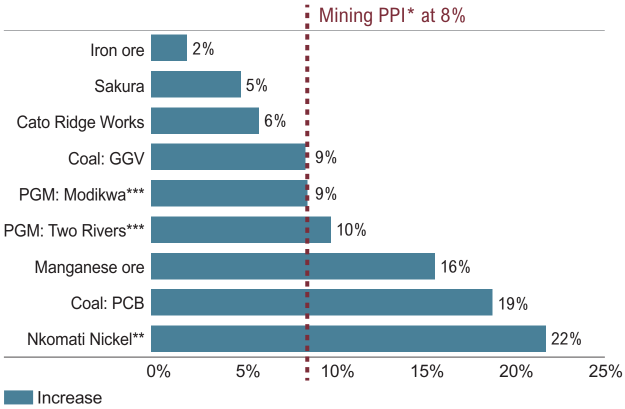
Included in the ARM Corporate and other segment in F2017 was a provision of R330 million for the possible settlement of the silicosis and tuberculosis class action claims and related costs. In April 2018, the industry working group on occupational lung disease (of which ARM is party) and the affected stakeholders signed a proposed settlement offer, which offer is conditional to a High Court ratification process. The adjustments to the provision resulting from passage of time were netted off by the increases resulting from settlement terms changes and demographic assumptions changes. As such, the Board has kept the provision at the same level as previously recorded.

IAR Further details of the ARM divisional segment financial performance may be obtained on pages 30 to 33 of this report. In addition, each division's report under the Operational reviews contains detailed information on operational performance.

Our challenges during the year included maintaining costs at a level of or below mining inflation. This was only achieved at some of the ARM Ferrous operations.

IAR Refer to the Operational reviews on pages 56 to 94 for details of each operation's cost performance.

F2018 VERSUS F2017 ON-MINE UNIT PRODUCTION COSTS



* *Producer Price Inflation (PPI).*
** *The change in nickel unit costs refers to C1 cash costs on a US Dollar per pound basis.*
*** *The change in PGM unit costs refers to cash cost per 6E PGM ounce.*

Earnings before interest, tax, depreciation and amortisation (EBITDA), excluding special items and income from associates and joint ventures, increased to R2 443 million (F2017: R794 million). This increase was mainly due to the R990 million increase in ARM Coal's contribution, primarily as a result of the net fair value gain recognised. The Assmang joint venture reported a 3% increase in attributable EBITDA of R5 610 million (F2017: R5 469 million).

IAR The EBITDA margins achieved at each division may be ascertained from the detailed segment reports provided in the primary segment performance analysis on pages 30 to 33 of this report.

FINANCIAL REVIEW continued

GROUP STATEMENT OF FINANCIAL POSITION (SoFP)

at 30 June

R million	F2018	F2017
ASSETS		
Non-current assets		
Property, plant and equipment	**7 916**	7 801
Intangible assets	**120**	130
Deferred tax assets	**620**	656
Loans and long-term receivables	**462**	34
Investment in associate	**1 798**	1 334
Investment in joint venture	**15 504**	14 860
Other investments	**1 561**	1 573
	27 981	26 388
Current assets		
Inventories	**591**	663
Trade and other receivables	**2 357**	2 096
Taxation	**85**	6
Cash and cash equivalents	**3 291**	1 488
	6 324	4 253
Assets held for sale	**–**	1 605
Total assets	**34 305**	32 246
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital	**11**	11
Share premium	**4 398**	4 279
Treasury shares	**(2 405)**	(2 405)
Other reserves	**1 419**	1 326
Other reserves discontinued operation	**–**	730
Retained earnings	**22 484**	19 556
Equity attributable to equity holders of ARM	**25 907**	23 497
Non-controlling interest	**1 471**	543
Total equity	**27 378**	24 040
Non-current liabilities		
Long-term borrowings	**1 744**	2 002
Deferred tax liabilities	**1 634**	1 297
Long-term provisions	**1 135**	1 166
	4 513	4 465
Current liabilities		
Trade and other payables	**1 406**	1 307
Short-term provisions	**374**	393
Taxation	**82**	112
Overdrafts and short-term borrowings – interest bearing	**552**	757
	2 414	2 569
Liabilities directly associated with assets held for sale	**–**	1 172
Total equity and liabilities	**34 305**	32 246

F2018 mainly comprises loan receivables raised as part of the ARM Coal debt restructuring.

Lubambe Copper Mine which was subsequently disposed of in December 2017.

Other reserves in F2017 included foreign currency translation reserve of R730 million relating to Lubambe Copper Mine.

F2018 includes R822 million relating to the Lubambe Copper Mine.

Decrease mainly due to the ARM Coal GGV debt restructuring.

Mostly relating to deferred tax on the realisation of foreign exchange movements.

Reduction mainly due to the ARM Coal GGV debt restructuring.

Lubambe Copper Mine which was subsequently disposed of in December 2017.

The Group remains in a strong and robust financial position. The consolidated net cash (cash and cash equivalents less overdrafts less long-term borrowings) at 30 June 2018 amounts to R995 million, representing 3.6% of total equity. This is an improvement in comparison to the net debt position of R1 271 million at 30 June 2017 (5.3% of total equity). Cash and cash equivalents exclude the attributable cash and cash equivalents balance held at ARM Ferrous (50% of Assmang) of R2 507 million (30 June 2017: R3 165 million). The decrease in gross interest-bearing borrowings at 30 June 2018 is largely due to the ARM Coal debt restructure.

Coal debt restructuring impact

Debt payable R million	ARM Coal	Attributable to ARM	30 June 2017	30 June 2018
Owed by ARM Coal to GOSA/GHSA				
GGV acquisition loan	1 794	915	290	**421**
Loan balance	1 794	915	915	**421**
Consolidation adjustment	–	–	(625)	**–**
GGV project facility phase 1 loan	1 934	986	987	**602**
GGV project facility phase 2 loan	493	251	251	**208**
RBCT phase V loan	151	77	77	**–**
PCB/ARM Coal notional debt	627	320	–*	**–***
Owed by ARM to GOSA/GHSA				
PCB/ARM notional debt	–	734	–*	**–***
PCB revolving credit facility	–	700	–*	**–***
Total owed to GOSA/GHSA	4 999	3 983	1 605	**1 231**

ARM Coal – shareholders' loans

R million	ARM Coal	Attributable to ARM	30 June 2017	30 June 2018
Shareholder loan from ARM	1 133	578	–#	**–#**
Shareholder loan from GOSA	1 088	555	–#	**–#**
Total	2 221	1 133	–	**–**

Receivable from GOSA (PCB)

R million	ARM Coal	Attributable to ARM	30 June 2017	30 June 2018
PCB shareholders' loan from ARM Coal	(2 221)	(1 133)	–#	**–#**
PCB shareholders' loan from ARM	–	(700)	–#	**–#**
Total	(2 221)	(1 833)	–	**–**

Total net debt as at 30 June	**4 999**	**3 283**	**1 605**	**1 231**

* *Not disclosed separately on the face of the Statement of Financial Position as these loans are equity-accounted.*
# *Eliminates on consolidation.*

There are no interest-bearing borrowings at ARM Ferrous.

Other investments, which largely comprise ARM's 12.70% stake in Harmony, decreased to R1 561 million (F2017: R1 573 million). The Harmony share price at 30 June 2018 was R21.22 (30 June 2017: R21.68).

FINANCIAL REVIEW continued

GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June

R million	F2018	F2017
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	**9 195**	9 779
Cash paid to suppliers and employees	**(7 261)**	(8 168)
Cash generated from operations	**1 934**	1 611
Interest received	**159**	122
Interest paid	**(100)**	(247)
Taxation paid	**(426)**	(401)
	1 567	1 085
Dividends received from joint venture	**3 000**	2 488
	4 567	3 573
Dividend paid to non-controlling interest – Impala Platinum	**(253)**	(279)
Dividend paid to shareholders	**(1 714)**	(426)
Net cash inflow from operating activities	**2 600**	2 868
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment to maintain operations	**(1 150)**	(949)
Dividends received from investments – Harmony	**22**	64
Proceeds on disposal of property, plant and equipment	**3**	7
Proceeds on disposal of investment	**741**	238
Investment in RBCT	**–**	(6)
Loans and receivables received	**3**	6
Net cash outflow from investing activities	**(381)**	(640)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**–**	4
Long-term borrowings raised	**496**	–
Long-term borrowings repaid	**(746)**	(1 475)
Short-term borrowings raised	**27**	–
Short-term borrowings repaid	**(132)**	(394)
Net cash outflow from financing activities	**(355)**	(1 865)
Net increase in cash and cash equivalents	**1 864**	363
Cash and cash equivalents at beginning of year	**1 031**	667
Foreign currency translation on cash balance	**15**	1
Cash and cash equivalents at end of year	**2 910**	1 031
Made up as follows:		
– Available	**1 779**	(68)
– Restricted	**1 131**	1 099
Cash generated from operations per share (cents)	**1 015**	849

The Value Added Statement as reflected on page 50 depicts the wealth created and distributed in F2018.

Received from the Assmang joint venture.

F2018 interim dividend of R549 million and final dividend of R1 648 million. F2017 final dividend only.

ARM Platinum – 910 (F2017: 729). ARM Coal – 191 (F2017: 183).

F2018: Lubambe Copper Mine. F2017: Dwarsrivier Chrome Mine.

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

F2018 relates to loans repaid as part of the ARM Coal Debt restructuring.

F2017 relates to the repayment of the corporate revolving facility.

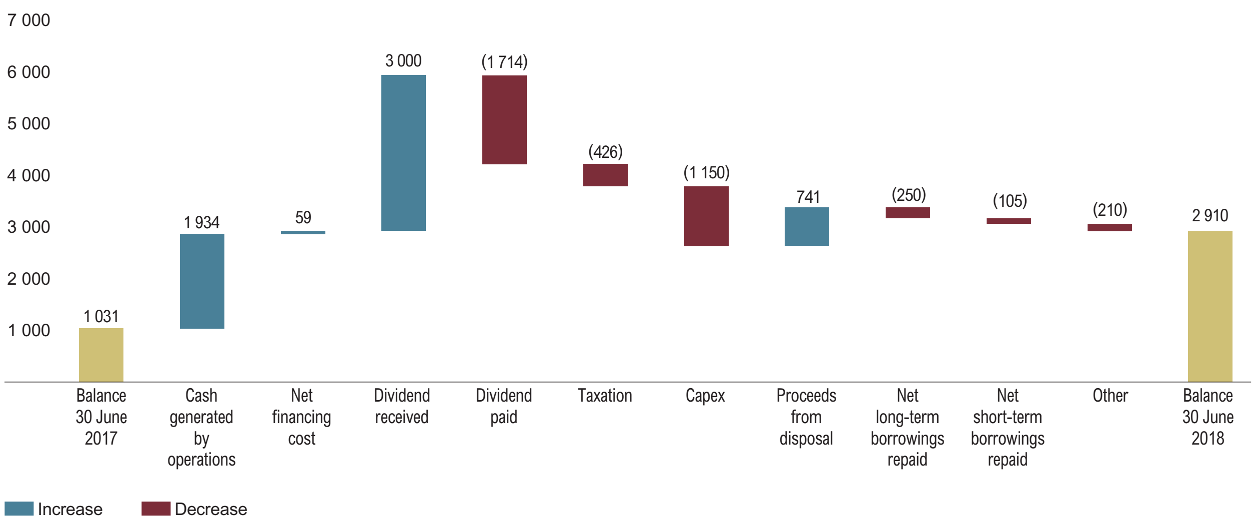
Restricted cash mainly relates to the Mannequin Insurance Cell Captive (R819 million) and other restricted cash for purposes of the Department of Mineral Resources (DMR) for rehabilitation and guarantees to Eskom of R312 million. These were R745 million and R354 million respectively in F2017.

CASH POSITION

Cash generated from operations was R1 934 million (F2017: R1 611 million) and is reported after a R517 million increase in working capital requirements outflow (F2017: R274 million increase).

Dividends received from the ARM Ferrous joint venture were higher at R3 000 million (F2017: R2 488 million). Post year-end ARM received R1 750 million from Assmang in September 2018 (August 2017: R1 000 million). Net cash outflow from investing activities reduced to R381 million (F2017: R640 million), mainly as a result of proceeds on disposal of the Lubambe Mine received in December 2017. The net increase in cash and cash equivalents was R1 864 million for the year (F2017: R364 million decrease).

CASH AND CASH EQUIVALENTS MOVEMENT INCLUDING OVERDRAFTS



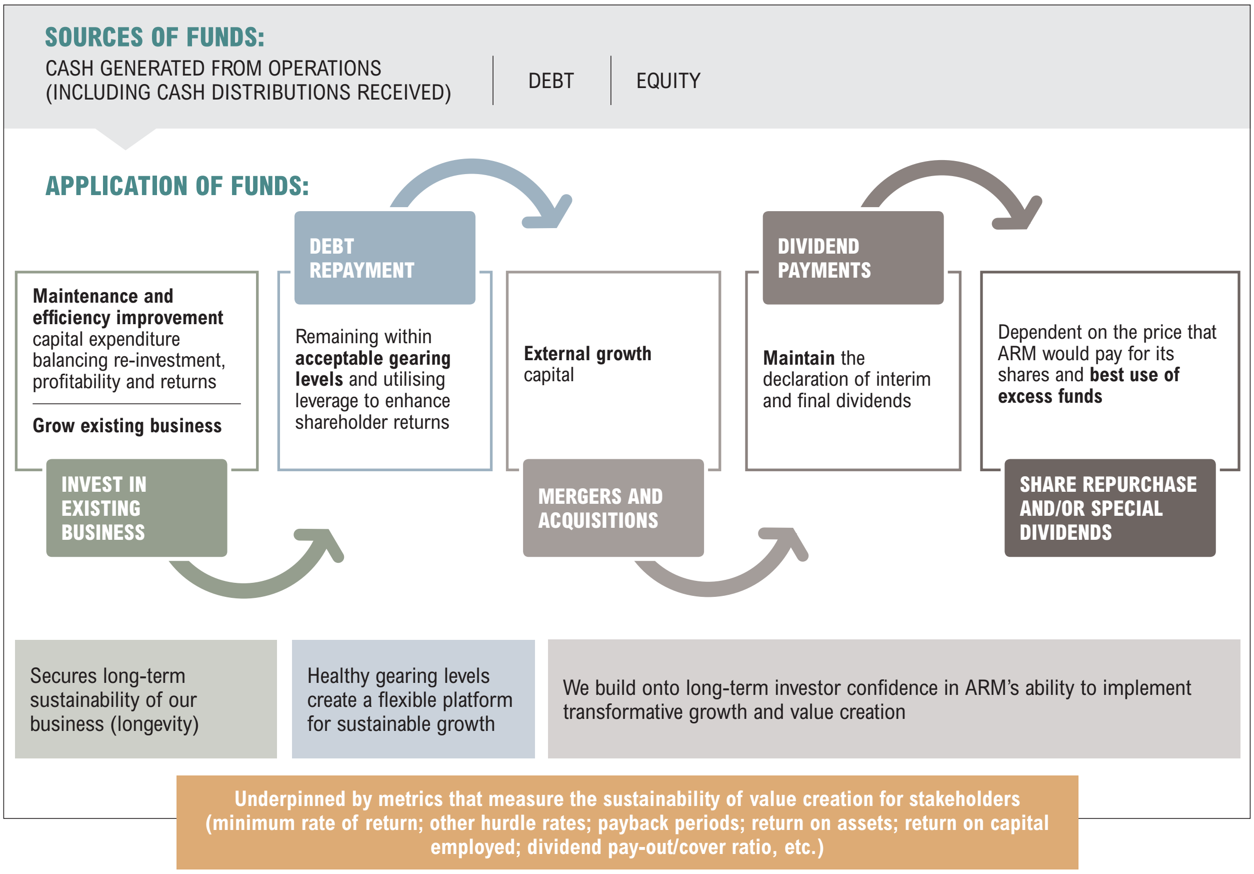
FINANCIAL CAPITAL

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 macroeconomic events; the need to mine responsibly, safely and sustainably; and changes in mining and fiscal laws and regulations.

FINANCIAL REVIEW continued

OUR CAPITAL ALLOCATION FRAMEWORK



CAPITAL ALLOCATION FOR THE YEAR

The following were the key capital allocations during F2018:

- Stay-in-business (maintenance) capital expenditure increased to R1 150 million, from R949 million in F2017;
- Net debt repayments R355 million (F2017: R1 865 million);
- Dividend payments to shareholders of R1 714 million increased from R426 million in F2017. This was made up of R1 236 million relating to F2017 annual dividend declared post 30 June 2017 and paid in F2018 as well as a maiden dividend of 250 cents per share (R478 million) which was declared and paid in F2018. Subsequent to 30 June 2018, the Board has approved and declared a final dividend of 750 cents per share (gross) in respect of the year ended 30 June 2018 (F2017: 650 cents per share). The amount to be paid is approximately R1 648 million.

Capital allocation to new projects is reviewed rigorously to ensure that funding is only applied to projects that are expected to provide returns in excess of ARM's risk-adjusted hurdle rates. There was no expansion capital expenditure in F2018 (F2017: nil). For a detailed analysis of the capital expenditure profile per operation, refer to the individual division reports under the operational review section of this report.

NET GEARING AND BORROWINGS

At 30 June 2018, total interest-bearing borrowings amounted to R2 296 million or 8% of total equity (F2017: R2 759 million – 11% of total equity). These borrowings comprise:

- R481 million external bank debt (F2017: R512 million);
- R470 million external debt in the ARM BBEE Trust (F2017: R528 million); and
- R1 345 million partner loans (F2017: R1 719 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). These debt levels impact on the bottom line profitability of the Coal division. ARM and GOSA restructured the ARM Coal partner loans which improves ARM's obligations in terms of this debt, and thereby positively impacts the bottom line profitability of the Coal Division.

MATERIAL ACCOUNTING MATTERS

Adoption and implementation of amended and new accounting standards

New accounting standards and amendments issued to accounting standards and interpretations which are relevant to ARM, but not yet effective on 30 June 2018, have not been adopted.

We continuously evaluate the impact of these standards and amendments, the most prominent being IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. In summary, the following are the current expectations in relation to IFRS 9, IFRS 15 and IFRS 16.

PROGRESS ON IMPACT OF THESE STANDARDS AND AMENDMENTS

IFRS 9 FINANCIAL INSTRUMENTS

Mandatory for ARM annual period ending 30 June 2019.

IFRS 9 becomes effective for ARM for the financial year beginning 1 July 2018.

ARM will adopt IFRS 9 by adjusting opening retained income at 1 July 2018. Figures for F2018 will not be restated.

The key changes for ARM include the following:

Equity investments (other than investments in subsidiaries, associates and joint ventures)

Currently, ARM has classified the listed shares in Harmony as available-for-sale. Other equity investments have been measured at fair value through profit or loss, except for some unlisted investments which are carried at cost because the fair value cannot be determined reliably.

Under IFRS 9, all equity investments are measured at fair value. ARM has designated the listed shares in Harmony to be remeasured through equity with no subsequent reclassification to profit or loss.

Dividends received will continue to be recognised in profit or loss, unless dividends clearly represent a recovery of part of the cost of the investment.

Currently, unlisted investments are measured at cost where the fair value cannot be reliably measured. Under IFRS 9, there is no possibility to use the cost method, and as such, investments in equities need to be measured at fair value. The impact of measuring unlisted investments at fair value instead of cost is still being determined.

Trade and other receivables (including loans advanced)

The majority of trade receivables contain provisional pricing features linked to commodity prices and exchange rates. Currently, these receivables have been designated to be measured at fair value through profit or loss. Under IFRS 9, such instruments would continue to be measured on the same basis.

Other receivables, including loans advanced, are expected to continue to be measured at amortised cost under IFRS 9. The process of determining the impact of adopting the expected credit loss model continues.

Loans to associated entities are currently carried at cost or amortised cost – management are in the process of evaluating whether these now need to be carried at fair value as per IFRS 9 and if so, determine the fair value

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

Mandatory for ARM annual period ending 30 June 2019.

ARM will adopt IFRS 15 on 1 July 2018 using the fully retrospective approach, whereby opening retained income at 1 July 2017 will be adjusted and the figures for F2018 will be restated. The diagnostic impact assessment performed during the year identified gaps between existing and future requirements.

Financial impact

Performance obligations

Revenue primarily comprises commodity sales – both local and export. Currently, revenue is recognised when the risks and rewards of ownership of the commodities have been transferred. Under IFRS 15, the timing of revenue recognition for sales of commodities remains the same. It is however noted that the timing of revenue recognition by certain equity-accounted investees in respect of their export sales, subject to CIF and CFR Incoterms, will be different under IFRS 15.

Assay estimates

Some of the Group's commodity sales are subject to assay estimates. The assay differences are usually not material to the group hence no change is expected when compared to the current IAS 18 approach.

Provisional pricing

Some of the Group's commodity sales are subject to provisional pricing features such as commodity prices and foreign exchange rates which are only finalised sometime after transfer of the commodities. Currently, the changes in these variables are recognised as part of revenue. These will continue to be presented as revenue, therefore there will be no change to the amount of overall revenue, but the disclosure of the disaggregation of revenue will change as a result.

Penalties

Adjustments, in the form of penalties, are made to the pricing to the extent the commodities sold do not meet certain specifications. As a result, the IFRS 15 constraint on variable consideration applies, which seeks to limit the amount of revenue recognised to guard against significant reversals in subsequent reporting periods. It is not expected that this constraint will have a material impact on revenue recognised under IFRS 15.

Management fees

The Group's revenue also includes management fees which are variable, and hence are subject to the IFRS 15 variable consideration constraint. It is not expected that this constraint will have a material impact on revenue recognised under IFRS 15.

Cost to acquire contracts

The requirement under IFRS 15 to capitalise and amortise costs to acquire contracts is not expected to have a material impact on the Group.

FINANCIAL REVIEW continued

IFRS 16 LEASES

Mandatory for ARM annual period ending 30 June 2020

The standard is effective for annual periods beginning on or after 1 January 2019 (i.e. for the financial year beginning 1 July 2019 for ARM).

ARM has made the decision not to early adopt IFRS 16.

ARM continues with the detail assessment of the potential impact of this standard on the financial statements.

ARM must still make a decision on the transition method to be applied as well as the practical expedients to be used.

EVENTS AFTER REPORTING DATE

Harmony conducted a placing of new ordinary shares to qualifying investors to raise up to US$100 million through an accelerated book-binding process launched on 5 June 2018. ARM subscribed to 11 032 623 shares at a cost of R210.9 million (i.e. R19.12 per share) to maintain its shareholding in Harmony at 14.6%).

	30 June 2017	31 December 2017	**30 June 2018**	**17 July 2018**
Percentage holding in Harmony	14.50%	14.30%	**12.70%**	**14.60%**

The ARM Company's Revolving Credit Facility (facility) expired on 24 August 2018. At 30 June 2018 to date of expiry, the facility was fully repaid and unutilised. ARM Company finalised a new facility for R2 250 million until August 2021.

Subsequent to year-end ARM received a dividend of R1 750 million from Assmang. ARM further declared and paid a dividend of R7.50 per share.

AFS Please refer to events after reporting date included on page 10 of the Directors' report.

CONTINGENT LIABILITIES

There have been no other significant changes in the contingent liabilities of the Group as disclosed in the 30 June 2017 Integrated Annual Report. Assmang has issued a guarantee to the Sarawak Energy Board amounting to US$100 million. Sponsor indemnities amounting to US$45.46 million have been received by Assmang in respect of this guarantee. The net effect for Assmang is therefore US$54.36 million. ARM's 50% interest in Assmang would equate to R373 million (US$27.18 million).

RISK MANAGEMENT

Key financial risks and uncertainties affecting performance

ARM has an established risk management process, which is described on pages 41 to 43. 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 37 to the Annual Financial Statements 2018. A sensitivity analysis is provided in note 37 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 F2017 nor 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 26.

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 2018, the Company was in a net cash position of R995 million (30 June 2017: Net debt position of R1 271 million, equating to a net debt to equity ratio of 5%).

Commitments in respect of capital expenditure reduced to R124 million at 30 June 2018 (30 June 2017: R137 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.

DIVIDEND

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 current funding status of the Company, future funding requirements and estimated cash flows.

As discussed in the capital allocation section above, a maiden dividend of 250 cents per share was declared and paid in F2018. The F2018 final dividend declared by ARM on 7 September 2018 of 750 cents per share (F2017: 650 cents per share) is consistent with ARM's commitment as a globally competitive company to pay dividends to shareholders while simultaneously maintaining the ability to fund efficiency improvements and sustain production volumes.

LOOKING AHEAD

The outlook for the Rand/US Dollar exchange rate remains uncertain. However, the recent weakening of the Rand exchange rate against the US Dollar in the first quarter of F2019 presents an opportunity for ARM, should the weakening sustain throughout F2019. As a result of the abovementioned volatility, there remains an increased degree of forecasting risk in our business.

The sustainability of the F2019 level performance will depend on many factors including the overall local and global economic performance, focus on emerging markets, and the level of policy certainty in the South African mining sector. ARM's response is to:

- continue addressing operations that are marginal and reduce shareholder funding dependency by any operation;
- improve operational efficiencies;
- contain and reduce unit costs at operations to levels below mining PPI; and
- practice strict discipline to capital expenditure which mainly relates to mine development and plant and equipment.

The robust statement of financial position, which is relatively ungeared, will enable us to withstand the macroeconomic uncertainties and volatile markets for the financial year ahead, while we position the business to deliver on sustainable returns for all key stakeholders.

Abigail Muelelwa Mukhuba
Finance Director

29 October 2018

FINANCIAL REVIEW continued

PRIMARY SEGMENTAL INFORMATION

	Continuing									
	ARM Platinum				ARM Ferrous					
Attributable R million	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	1 639	3 883	1 796	7 318	7 267	6 417	90	13 774		13 774
Cost of sales	(1 540)	(2 879)	(1 631)	(6 050)	(4 572)	(3 374)	(157)	(8 103)		(8 103)
Other operating income[2]	7	22	31	60	346	332	–	678	(461)	217
Other operating expenses	(88)	(152)	(44)	(284)	(926)	(823)	39	(1 710)	461	(1 249)
Segment results	18	874	152	1 044	2 115	2 552	(28)	4 639	–	4 639
Income from investments	7	11	16	34	289	10	–	299		299
Finance cost	(14)	(63)	(3)	(80)	(17)	(17)	–	(34)		(34)
Finance costs ZCCM: Shareholder's loan Vale/ARM joint operation	–	–	–	–						
Finance costs ARM: Shareholder's loan Vale/ARM joint operation[3]	–	–	–	–						
Profit from associates[4]	–	–	–	–						
Income from joint venture[5]	–	–	–	–	–	118	–	118		118
Special items before taxation	1	–	(40)	(39)	–	(25)	–	(25)		(25)
Taxation	(2)	(239)	(46)	(287)	(716)	(744)	–	(1 460)		(1 460)
Profit/(loss) after taxation	10	583	79	672	1 671	1 894	(28)	3 537	–	3 537
Non-controlling interest	–	(277)	(14)	(291)						
Consolidation adjustment[6]	–	–	–	–					(27)	(27)
Contribution to basic earnings	10	306	65	381	1 671	1 894	(28)	3 537	(27)	3 510
Contribution to headline earnings	9	306	105	420	1 672	1 904	(21)	3 555	(27)	3 528
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
Investment in associate										
Investment in joint venture										
Segment liabilities	374	1 158	348	1 880	3 082	1 595	213	4 890	(3 007)	1 883
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
Cash inflow/(outflow) from operating activities	271	688	161	1 120	762	1 500	27	2 289	1 500	3 789
Cash inflow/(outflow) from investing activities	(211)	(560)	(136)	(907)	(863)	(576)	(8)	(1 447)		(1 447)
Cash inflow/(outflow) from financing activities	(65)	27	–	(38)	–	–	–	–		–
Capital expenditure	214	455	133	802	890	642	8	1 540	(66)	1 474
Amortisation and depreciation	162	318	92	572	700	297	4	1 001	(30)	971
Impairment before tax	(1)	–	40	39				–		–
EBITDA	180	1 192	244	1 616	2 815	2 850	(25)	5 640	(30)	5 610

There were no significant inter-company sales.

1 Includes IFRS 11 – Joint Arrangements – adjustments related to ARM Ferrous.
2 The restructuring of the ARM Coal loans had an impact of R652 million profit with no tax effect.
3 Inter-company interest of R127 million receivable by ARM Corporate and accrued by ARM Copper is presented in terms of IFRS 5.
4 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 is R19 million less tax of R5 million.
5 The impairment loss included in income from joint venture is R26 million before tax of R7 million.
6 Relates to capitalised fees in ARM Ferrous.

	Continuing						Discontinued		IFRS adjustment			
		ARM Corporate					ARM Copper					
	ARM Coal	Exploration	Corporate and other	Gold	Total Corporate	Total Continuing	Lubambe Mine	Total discontinued	ARM Ferrous[1]	Other	Total IFRS adjustment[1]	Total per IFRS
	1 028	–	–	–	–	22 120	340	340	(13 774)	(340)	(14 114)	8 346
	(857)	–	37	–	37	(14 973)	(282)	(282)	8 073	282	8 355	(6 900)
	896	–	504	–	504	1 677	4	4	(150)	(4)	(154)	1 527
	(7)	(23)	(949)	–	(972)	(2 512)	(70)	(70)	1 249	70	1 319	(1 263)
	1 060	(23)	(408)	–	(431)	6 312	(8)	(8)	(4 602)	8	(4 594)	1 710
	10		111	22	133	476		–	(299)		(299)	177
	(172)				–	(286)	(12)	(12)	34	12	46	(252)
	–		(108)		(108)	(108)	(20)	(20)	–	20	20	(108)
	–		–		–	–		–	–		–	–
	619		–		–	619		–	–		–	619
	–		–		–	118		–	3 392		3 392	3 510
	(3)		–		–	(67)	(117)	(117)	25	117	142	(42)
	(45)		(231)		(231)	(2 023)	(62)	(62)	1 450	62	1 512	(573)
	1 469	(23)	(636)	22	(637)	5 041	(219)	(219)	–	219	219	5 041
	–		(3)		(3)	(294)	34	34		(34)	(34)	(294)
	–		27		27	–		–			–	–
	1 469	(23)	(612)	22	(613)	4 747	(185)	(185)	–	185	185	4 747
	1 485	(23)	(612)	22	(613)	4 820	(6)	(6)	–	–	–	4 814
	4 689		3 752	1 351	5 103	39 024			(4 719)		(4 719)	34 305
	1 798					1 798						1 798
									15 504		15 504	15 504
	1 453		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
	305		109		109	6 887	(73)	(73)	(4 880)		(4 880)	1 934
	309	(23)	(1 730)		(1 753)	3 465	(76)	(76)	(789)		(789)	2 600
	(188)		551	22	573	(1 969)	141	141	1 447		1 447	(381)
	(115)		(195)		(195)	(348)	(7)	(7)	–		–	(355)
	140		2		2	2 418	46	46	(1 474)		(1 474)	990
	167		2		2	1 712		–	(971)		(971)	741
	19		–		–	58		–			–	58
	1 227	(23)	(406)		(429)	8 024	(8)	(8)	(5 573)		(5 573)	2 443

FINANCIAL REVIEW continued

PRIMARY SEGMENTAL INFORMATION continued

Attributable R million	Nkomati	Two Rivers	Modikwa	Total Platinum	Iron ore division	Manganese division	Chrome division	Total Ferrous Segment	Group adjustment	Total Group ARM Ferrous
	Continuing									
	ARM Platinum				ARM Ferrous					
Year to 30 June 2017										
Sales	1 995	3 996	1 256	7 247	7 927	5 109	104	13 140		13 140
Cost of sales	(1 840)	(2 899)	(1 358)	(6 097)	(4 343)	(2 966)	(96)	(7 405)		(7 405)
Other operating income	45	16	17	78	247	65	–	312	(277)	35
Other operating expenses	(80)	(168)	(28)	(276)	(950)	(527)	(12)	(1 489)	277	(1 212)
Segment results	120	945	(113)	952	2 881	1 681	(4)	4 558	–	4 558
Income from investments	6	14	10	30	266	5	–	272		272
Finance cost	(15)	(48)	(7)	(70)	(28)	(20)	–	(48)		(48)
Finance costs ZCCM: Shareholder's loan Vale/ARM joint operation	–	–	–	–						
Finance costs ARM: Shareholder's loan Vale/ARM joint operation[2]	–	–	–	–						
Profit from associates	–	–	–	–						
Income from joint venture[3]	–	–	–	–		(23)		(23)		(23)
Special items before taxation	(988)	–	(1 255)	(2 243)		(98)	–	(98)		(98)
Taxation	257	(275)	394	376	(932)	(456)	1	(1 387)		(1 387)
Profit/(loss) after taxation	(620)	636	(971)	(955)	2 187	1 090	(3)	3 274		3 274
Non-controlling interest	–	(311)	171	(140)				–		–
Consolidation adjustment[4]	–	–	–	–					(14)	(14)
Contribution to basic earnings	(620)	325	(800)	(1 095)	2 187	1 090	(3)	3 274	(14)	3 260
Contribution to headline earnings	91	325	(66)	350	2 187	1 161	(3)	3 345	(14)	3 331
Other information										
Segment assets, including investment in associate	1 840	4 215	2 179	8 234	12 785	6 759	277	19 821	(572)	19 249
Investment in associate								–		–
Investment in joint venture								–		–
Segment liabilities	397	1 113	309	1 819	2 965	1 377	207	4 549	(2 932)	1 617
Unallocated liabilities (taxation and deferred taxation)								–		–
Consolidated total liabilities										
Cash inflow/(outflow) generated from operations	284	1 244	(109)	1 419	3 465	1 733	(265)	4 933		4 933
Cash inflow/(outflow) from operating activities	283	684	(99)	868	594	1 314	–	1 908	2 488	4 396
Cash inflow/(outflow) from investing activities	(359)	(240)	(128)	(727)	(482)	(660)	–	(1 142)		(1 142)
Cash inflow/(outflow) from financing activities	42	(57)	–	(15)				–		–
Capital expenditure	359	293	131	783	585	824	–	1 409	(48)	1 361
Amortisation and depreciation	189	268	89	546	708	233	–	941	(28)	913
Impairment/(reversal) before tax	988	–	1 255	2 243		97		97		97
EBITDA	309	1 213	(24)	1 498	3 589	1 914	(4)	5 499	(28)	5 471

There were no significant inter-company sales.

1 *Includes IFRS 11 – Joint Arrangements – adjustments related to ARM Ferrous.*
2 *Intercompany interest of R219 million receivable by ARM Corporate and accrued by ARM Copper re-presented in terms of IFRS 5.*
3 *The impairment included in income from joint venture is R470 million before tax of R27 million.*
4 *Relates to capitalised fees in ARM Ferrous.*

Continuing						Discontinued			IFRS adjustment			
	ARM Corporate					ARM Ferrous	ARM Copper					
ARM Coal	Exploration	Corporate and other	Gold	Total Corporate	Total Continuing	Chrome division	Lubambe Mine	Total discontinued	ARM Ferrous[1]	Other	Total IFRS adjustment	Total per IFRS
911	–	–	–	–	21 298		600	600	(13 140)	(600)	(13 740)	8 158
(866)	–	40	–	40	(14 328)		(601)	(601)	7 377	601	7 978	(6 951)
37	–	595	–	567	745		4	4	12	(4)	8	757
(4)	(28)	(1 442)	–	(1 442)	(2 962)	(2)	(238)	(240)	1 214	238	1 452	(1 750)
78	(28)	(807)	–	(835)	4 753	(2)	(235)	(237)	(4 537)	235	(4 302)	214
–		144	64	208	510	265	–	265	(537)		(537)	238
(215)				–	(333)		(19)	(19)	48	19	67	(285)
–		(138)		(138)	(138)		(56)	(56)	–	56	56	(138)
–		–		–	–			–	–	–	–	–
181		–		–	181		–	–	–	–	–	181
–		–		–	(23)		–	–	3 288	–	3 288	3 265
–		(79)		(79)	(2 420)	(373)	180	(193)	471	(180)	291	(2 322)
38		–		–	(973)	115	–	115	1 267	–	1 267	409
82	(28)	(880)	64	(844)	1 557	5	(130)	(125)	–	130	130	1 562
–		9		9	(131)		71	71		(71)	(71)	(131)
–		14		14	–			–			–	–
82	(28)	(857)	64	(821)	1 426	5	(59)	(54)	–	59	59	1 431
82	(28)	(778)	64	(742)	3 021	378	(203)	175	–	–	–	3 196
3 785		2 383	1 380	3 763	35 031		1 604	1 604	(4 389)		(4 389)	32 246
1 334					1 334							1 334
									14 860		14 860	14 860
1 848		1 958		1 958	7 242		1 172	1 172	(1 617)		(1 617)	6 797
					4 181				(2 772)		(2 772)	1 409
					11 423		1 172	1 172	(4 389)		(4 389)	8 206
222		54		54	6 628		(84)	(84)	(4 933)		(4 933)	1 611
222	(28)	(527)		(555)	4 931		(155)	(155)	(1 908)		(1 908)	2 868
(181)		236	64	300	(1 750)		32	32	1 142		1 142	(576)
(40)		(1 806)		(1 806)	(1 861)		(4)	(4)	–		–	(1 865)
196		2		2	2 342		41	41	(1 361)		(1 361)	1 022
159		3		3	1 621		107	107	(913)		(913)	815
–		–		–	2 340	373	(180)	193	(470)		(470)	2 063
237	(28)	(804)	–	(832)	6 374	(2)	(128)	(130)	(5 450)		(5 450)	794

FINANCIAL REVIEW continued

FINANCIAL SUMMARY AND STATISTICS

for the year ended and as at 30 June

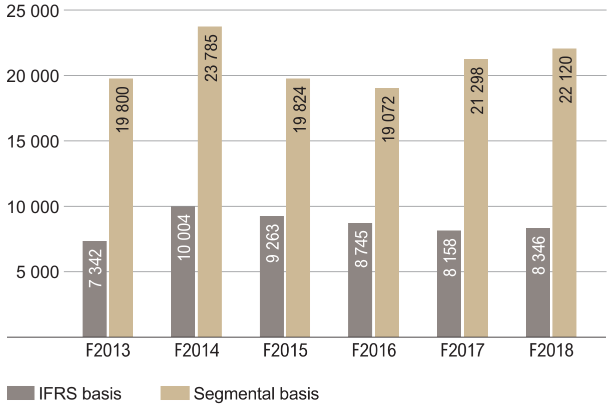
R million, unless stated otherwise	Group: Compounded annual growth rate over 10 years %	F2018	F2017	F2016
Statement of profit or loss (for the year ended 30 June)				
Sales	(4)	**8 346**	8 158	8 164
Basic earnings/(loss)		**4 562**	1 372	(565)
Headline earnings	2	**4 814**	3 196	1 051
Basic earnings/(loss) per share (cents)		**2 393**	723	(265)
Headline earnings per share (cents)	3	**2 526**	1 684	494
Dividend declared after year-end per share (cents)		**750**	650	225
Statement of financial position (at 30 June)				
Total assets	3	**34 305**	32 246	35 127
Cash and cash equivalents	2	**3 291**	1 488	1 316
Total interest bearing borrowings	(5)	**2 296**	2 759	5 551
Shareholders' equity	6	**27 378**	24 040	24 581
Statement of cash flows (for the year ended 30 June)				
Cash generated from operations	(9)	**1 934**	1 611	1 225
Net cash outflow from investing activities	(17)	**(381)**	(640)	(799)
Net cash (outflow)/inflow from financing activities		**(355)**	(1 865)	(558)
Exchange rates				
Average rate for the year ended 30 June US$1 = R	6	**12.84**	13.60	14.68
Closing rate at 30 June US$1 = R	6	**13.72**	13.05	14.51
JSE Limited performance				
Ordinary shares (Rands)				
– high	(7)	**141**	127	116
– low	(3)	**78**	67	35
– year-end	(9)	**109**	84	92
Volume of shares traded (thousands)	7	**161 439**	212 900	202 914
Number of ordinary shares in issue (thousands)	0	**219 709**	218 702	218 022
Financial statistics	Definition number			
Liquidity ratios (times)				
Current ratio	1	**2.6**	1.7	1.2
Quick ratio	2	**2.4**	1.4	1.0
Cash ratio	3	**19.3**	5.0	1.8
Profitability (%)				
Return on operational assets	4	**12.0**	1.8	4.2
Return on capital employed	5	**19.1**	12.3	5.8
Return on equity	6	**18.6**	13.6	4.4
Gross margin	7	**17.3**	14.8	9.9
Operating margin	8	**20.5**	2.6	8.0
Debt leverage				
Interest cover (times)	9	**16.7**	9.2	6.1
Gross debt to equity ratio (%)	10	**8**	11	23
Net debt to equity ratio (%)	11	**(4)**	5	17
Other				
Net asset value per share (R/share)	12	**118**	107	109
Market capitalisation	13	**23 970**	18 371	20 058
Dividend cover (times)	14	**2.53**	2.59	2.19
EBITDA	15	**2 443**	794	1 185
EBITDA margin (%)	16	**29**	10	14
Effective tax rate (%)	17	**10**	(35)	(1)
Effective tax rate excluding special items (%)	18	**10**	7	2

The financial information above is in accordance with International Financial Reporting Standards.
Various corporate transactions were entered into during the past 10 years and restatement due to IFRS 11 in 2013, for example, makes direct comparison for years not always meaningful.
The definitions can be found on page 36.

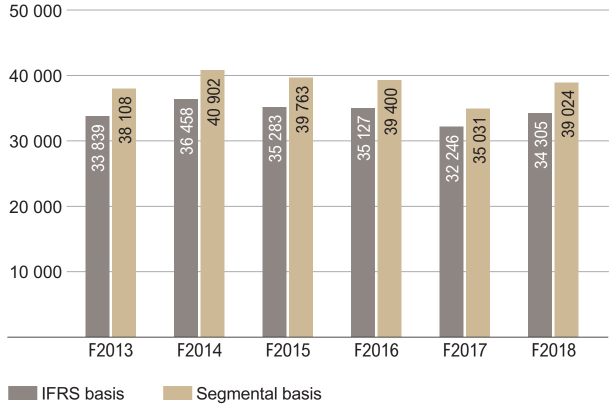
	Group							
	F2015	F2014	F2013	F2012	F2011	F2010	F2009	F2008
	9 263	10 004	7 342	17 530	14 893	11 022	10 094	12 590
	104	3 289	1 634	3 438	3 366	1 812	2 868	4 487
	1 744	4 108	3 737	3 451	3 374	1 714	2 317	4 013
	48	1 521	759	1 609	1 581	854	1 355	2 131
	803	1 900	1 735	1 615	1 585	807	1 094	1 906
	350	600	510	475	450	200	175	400
	35 283	36 458	33 839	35 316	32 386	28 233	25 499	24 878
	2 257	2 150	1 965	3 564	3 668	3 039	3 513	2 660
	3 882	3 502	3 992	3 237	3 069	3 346	3 744	3 978
	26 905	28 199	25 463	24 405	22 170	18 529	16 751	15 676
	2 508	2 073	1 565	5 969	5 988	3 430	6 678	5 175
	(1 980)	(1 222)	(1 720)	(4 077)	(3 382)	(2 324)	(3 135)	(2 427)
	(304)	(759)	474	179	(588)	(729)	(171)	(175)
	11.45	10.36	8.83	7.77	6.99	7.59	9.03	7.30
	12.16	10.63	9.93	8.16	6.76	7.67	7.72	7.83
	203	240	209	199	236	206	291	307
	81	143	139	159	146	117	76	103
	83	187	150	166	189	161	130	280
	124 582	110 911	113 003	98 740	121 051	138 241	113 690	84 678
	217 491	216 748	215 625	214 852	213 133	212 692	212 068	211 556
	1.7	1.9	1.9	2.4	2.4	2.2	1.5	1.8
	1.5	1.6	1.5	1.8	1.8	1.7	1.1	1.5
	4.0	3.6	6.5	5.2	12.6	5.9	1.6	1.6
	5.8	9.3	7.1	20.1	24.1	15.2	20.4	39.6
	6.9	15.0	14.1	17.7	19.8	12.0	18.2	36.3
	6.8	15.4	15.5	14.9	15.9	9.6	14.3	27.0
	15.2	24.7	20.1	34.6	40.4	32.1	40.1	56.2
	11.2	16.7	16.0	29.8	36.3	26.5	36.7	53.0
	9.3	19.1	21.9	23.7	25.4	16.0	11.1	16.7
	14	12	16	13	14	18	25	25
	6	5	8	n/a	n/a	2	1	8
	118	123	112	108	99	84	76	70
	17 993	40 538	32 292	35 670	40 176	34 243	27 548	59 236
	2.29	3.17	3.40	3.40	3.52	4.04	6.25	4.76
	2 087	2 620	1 982	6 531	6 517	3 907	4 484	7 229
	23	26	27	37	44	35	44	57
	83	13	(5)	31	32	34	39	30
	23	14	10	31	32	35	44	30

FINANCIAL REVIEW continued

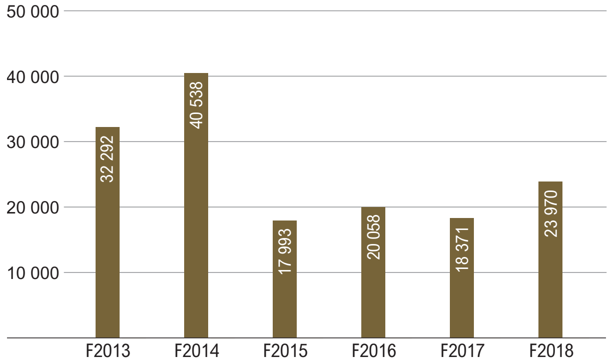
SALES
(R million)



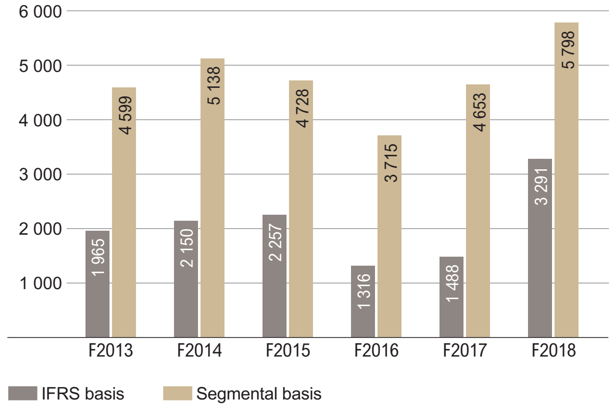
TOTAL ASSETS
(R million)



MARKET CAPITALISATION
(R million)



CASH AND CASH EQUIVALENTS
(R million)



DEFINITIONS

1 **Current ratio (times)**
Current assets divided by current liabilities.

2 **Quick ratio (times)**
Current assets less inventories divided by current liabilities.

3 **Cash ratio (times)**
Cash and cash equivalents divided by overdrafts and short-term borrowings less overdrafts.

4 **Return on operational assets (%)**
Profit from operations divided by tangible assets (property, plant and equipment and current assets) excluding capital work in progress.

5 **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.

6 **Return on equity (%)**
Headline earnings divided by ordinary shareholders' interest in capital and reserves.

7 **Gross margin (%)**
Gross profit divided by sales.

8 **Operating margin (%)**
Profit from operations before special items divided by sales.

9 **Interest cover (times)**
Profit before special items and tax 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.

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 cumulative 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.

MATERIAL MATTERS

ARM's material matters are determined at the Board, executive and operational level by considering the financial and non-financial risks, opportunities and other factors that affect ARM's strategy, performance, prospects, stakeholders and governance. They represent the matters that have the biggest potential impact on stakeholders and on ARM's ability to create long-term sustainable value.

The material matters are integrated into ARM's strategy, governance frameworks, risk management and operational management processes. Performance against material matters is assessed using relevant Key Performance Indicators (KPIs) that are regularly reported to the Executive Committee and the Board, and closely monitored through the integrated risk management and combined assurance processes.

The material matters affect and are affected by movements in the six capitals defined in the <IR> Framework which consist of financial capital, social and relationship capital, human capital, natural capital, manufactured capital and intellectual capital.

While our material matters are grouped into broad themes that cover ARM as a whole, their potential impact on the different operations in the group may vary. For example, stakeholder engagement and relationships include positive and constructive relationships with host communities at certain operations and more challenging interactions at others. Securing a consistent supply of water is a risk at our Northern Cape operations, while Modikwa and Nkomati mines in Mpumalanga have to overcome the challenge of excessive water in mining areas.

IAR SR More information on the specific matters which are relevant for each division is included in the Operational reviews on pages 56 to 94 as well as in the 2018 Sustainability Report.

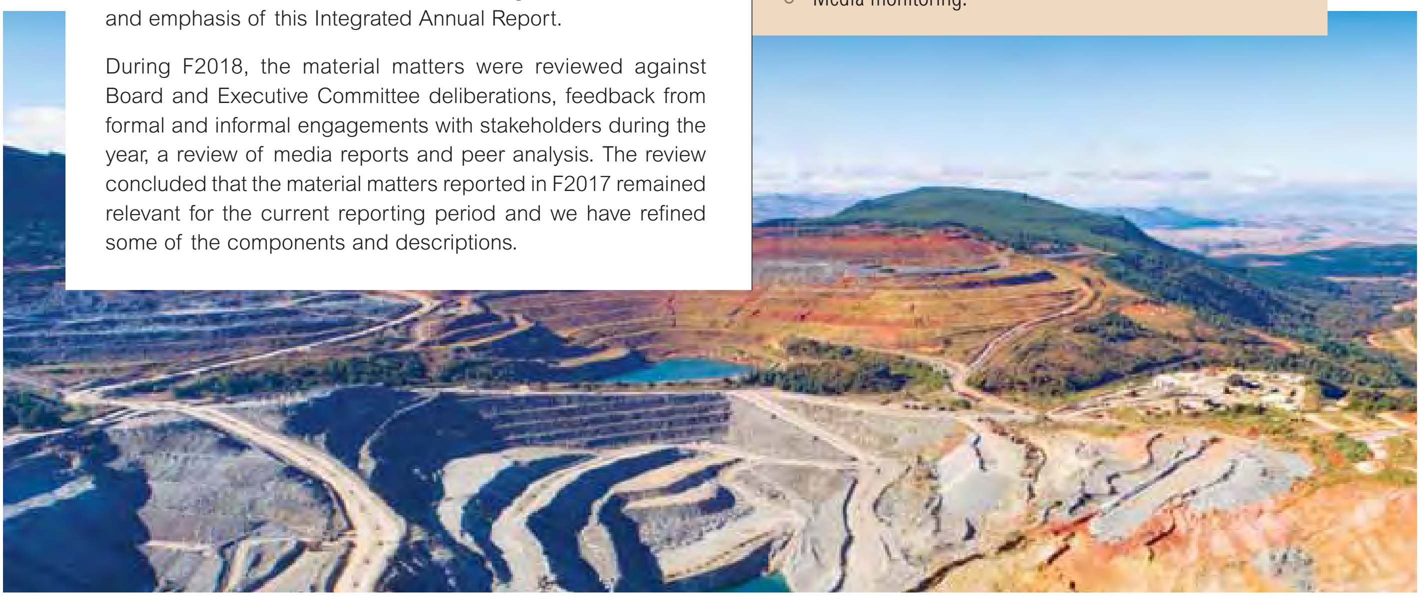
The Board assesses the material matters and approves the bases used in their determination, which guides the contents and emphasis of this Integrated Annual Report.

During F2018, the 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 F2017 remained relevant for the current reporting period and we have refined some of the components and descriptions.

DETERMINATION OF MATERIAL MATTERS

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 (STMO) risks at operational, divisional and group level.
- Board, 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.



MATERIAL MATTERS continued

DELIVERING FINANCIAL RETURNS TO SHAREHOLDERS AND OTHER PROVIDERS OF CAPITAL

Components of the material matter:

- Commodity price and exchange rate fluctuations;
- Cost escalations;
- Addressing loss-making operations;
- Long-term business strategy;
- Capital allocation; and
- Political and fiscal risks.

IAR Refer to the Executive Chairman's report, CEO report and Financial review on pages 8 to 36 for further information.

F2018 PERFORMANCE

Headline earnings per share
F2018: 2 526 cents per share
F2017: 1 684 cents per share
(+50%)

Cumulative dividends per share
F2018: 1 000 cents per share
F2017: 650 cents per share
(+54%)

F2019 OBJECTIVES

- Maintain positive headline earnings at all operations.

CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE

Components of the material matter:

- Operational efficiencies;
- Technological advancements;
- Efficient use of natural resources;
- Access to infrastructure and logistics; and
- Legal compliance and effective governance.

IAR SR Refer to the Operational reviews on pages 56 to 94 and the 2018 Sustainability Report for further discussion on the operational performance of each division.

F2018 PERFORMANCE

Volumes
F2018: Each operation's volume performance against target is included in the scorecards in the Operational reviews.

Changes in unit costs
F2018: The iron ore, Sakura and Cato Ridge operations achieved below inflation unit cost increases. Unit costs increased above inflation at the coal, PGM, nickel and manganese ore operations.

F2019 OBJECTIVES

- **Volumes**
  Each operation's volume guidance is provided in the outlook section of the Operational reviews.
- **Changes in unit costs**
  Achieve below mining inflation unit cost increases at all operations.

MAINTAINING OUR SOCIAL LICENCE TO OPERATE

Components of the material matter:

- Relationships with key stakeholders, particularly host communities and labour;
- Corporate social responsibility;
- Relevant legislation;
- Socio-political stability; and
- Ethical business conduct.

IAR SR Refer to the Operational reviews on pages 56 to 94 and the 2018 Sustainability Report for extensive discussion on maintaining our social licence to operate.

F2018 PERFORMANCE

CSR expenditure
F2018: R156 million
F2017: R115 million
(+36%)

F2019 OBJECTIVES

- **CSR expenditure**
  Continue to invest in our host communities.
- **Ethics**
  Roll out the 2019 edition of the Code of Conduct training for employees.

ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE

Components of the material matter:

- Commitment to zero harm;
- Attracting and retaining key skills;
- Investing in the development and skills of the workforce;
- Fostering diversity in the workplace; and
- Maintaining good relationships with our employees and organised labour.

IAR SR Refer to the Operational reviews on pages 56 to 94 and the 2018 Sustainability Report for further details.

F2018 PERFORMANCE

Fatalities
F2018: 1
F2017: 0

LTIFR per 200 000 man-hours
F2018: 0.38
F2017: 0.28
(+36%)

Historically Disadvantaged South Africans (HDSA) representation in management
F2018: 61%
F2017: 55%
(+6%)

Number of women in the workforce
F2018: 12%
F2017: 12%

Training expenditure
F2018: R239 million (9% of payroll)
F2017: R180 million (6% of payroll)
(+33%)

F2019 OBJECTIVES

- **Fatalities**
  Zero.
- **LTIFR**
  Continued reduction in LTIFR towards zero harm.
- **HDSA in management**
  Improve the HDSA representation in management.
- **Number of women in the workforce**
  Improve the number of women in the workforce.
- **Training expenditure**
  Uphold and improve the current level of training expenditure.

MATERIAL MATTERS continued

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES

Components of the material matter:

- Climate change;
- Efficient energy use;
- Water management;
- Reducing and responsible disposal of waste; and
- Biodiversity, closure and rehabilitation.

SR Refer to the 2018 Sustainability Report for extensive discussion on how we manage our environmental impacts.

F2018 PERFORMANCE*

Scope 1 and 2 carbon footprint
Target: 5% absolute reduction relative to the F2014 baseline.
F2018: 1.03m tCO_2e (16% decrease vs F2014 – material reduction due to divestment of Dwarsrivier Mine and reduced production rates at our smelters)
F2017: 1.05m tCO_2e
(-2%)

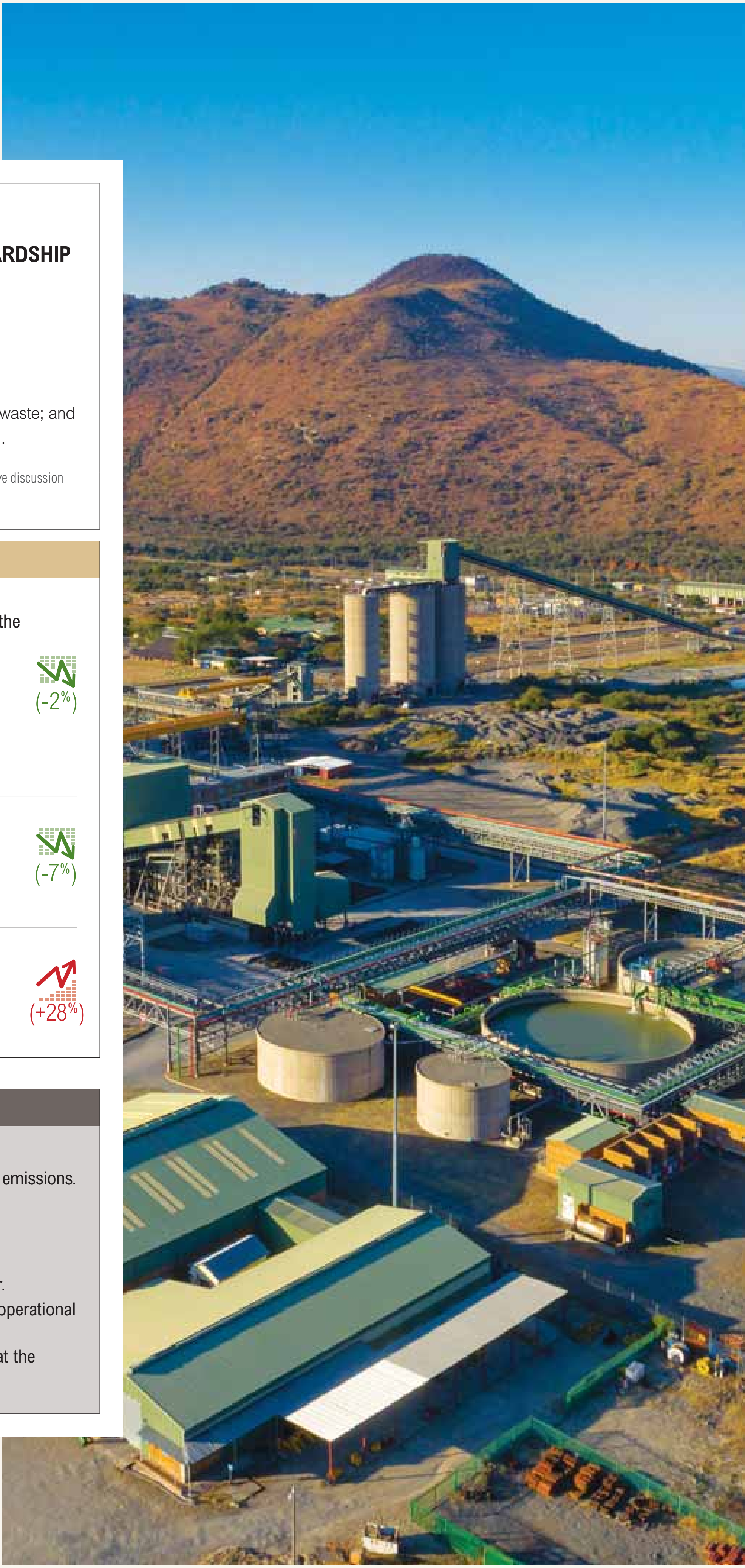
Electricity consumption
F2018: 1 656 GWh
(0.03 MWh per man-hour)
F2017: 1 785 GWh
(0.04 MWh per man-hour)
(-7%)

Water abstracted
F2018: 18.3 million m^3
(0.38 m^3 per man-hour)
F2017: 14.3 million m^3
(0.31 m^3 per man-hour)
(+28%)

* *F2018 environmental data excludes Lubambe Mine.*

F2019 OBJECTIVES

- **Scope 1 and 2 carbon footprint**
  Continued reduction in Scope 1 and 2 emissions.
- **Electricity consumption**
  Increase efficiencies.
- **Water abstracted**
  Further improve efficient use of water.
  Further improve water accounting at operational level.
  Strengthen stakeholder engagement at the catchment level.



RISK AND OPPORTUNITIES

The management of risks and opportunities is an increasingly important business driver for ARM and our stakeholders. It is an entrenched discipline and a recognised business management tool, with the aim of enabling sustainable growth.

Outputs from successful risk management include more informed, less uncertain decisions, a learning organisation that does not repeat mistakes, compliance, assurance and enhanced decision-making. These outputs provide benefits by way of improvements in the efficiency of operations, and effectiveness of 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' Organisation (ISO) 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 alignment of ARM strategy to the strategic factors through which the Company drives and measures 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 relationship with key stakeholders
- Remain responsible stewards of environmental resources

IMPACT FACTORS

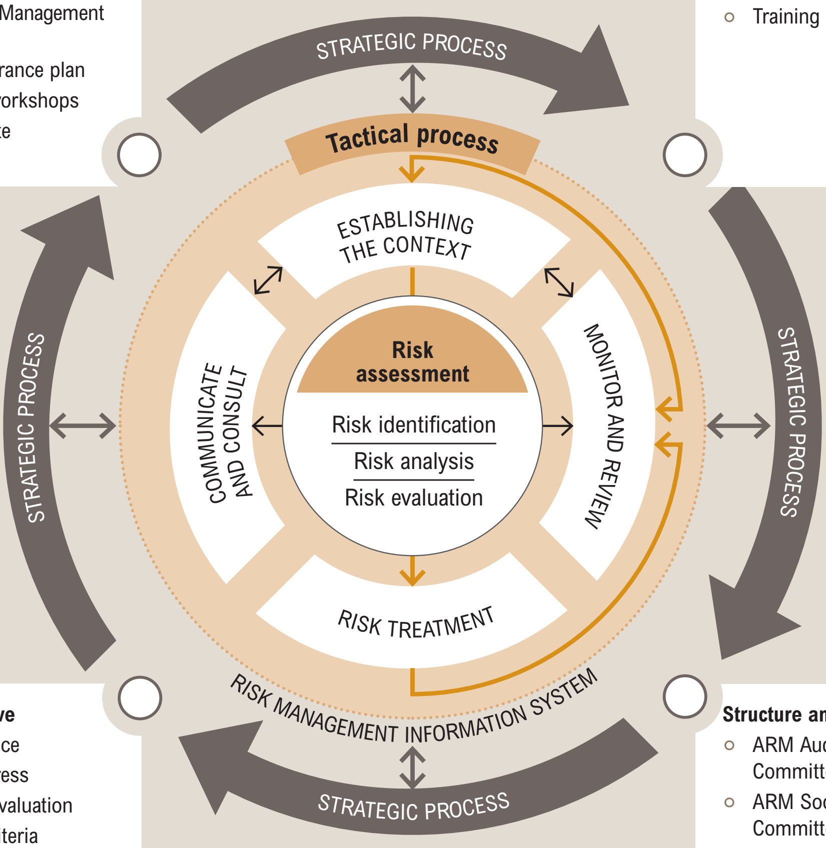
- Financial
- Safety and health
- Project management
- Operations
- Compliance
- Industrial relations
- Internal stakeholders
- External stakeholders/ reputation
- Environment
- Information Technology (IT)

RISK AND OPPORTUNITIES continued

A MATURE RISK MANAGEMENT UNIVERSE

Commitment and mandate
- Policy statement
- Standards
- Procedures/guidelines
- Enterprise Risk Management (ERM) plan
- Combined assurance plan
- Quarterly risk workshops
- Annual corporate risk workshop

Communicate and train
- Stakeholder analysis
- Training needs analysis
- Communication strategy
- Training strategy



Review and improve
- Control assurance
- ERM plan progress
- ERM maturity evaluation
- Performance criteria
- Benchmarking

Structure and accountability
- ARM Audit and Risk Committee
- ARM Social and Ethics Committee
- Management Risk and Compliance Committee
- ARM Group Risk Manager
- Risk and control owners
- Joint Venture Audit and Sustainable Development Committees

	RISK AND RISK DESCRIPTION	STRATEGIC INTENT FACTORS	VALUE IMPACT	CONTROLS
1	**The security and cost of supply of water in the Northern Cape** ARM is exposed to the risks related to the availability of water as well as the socio-economic impact of water on the communities surrounding the operations. The key risk areas are water availability, costs, the state of existing water infrastructure and the related socio-economic impacts.	Improve operational efficiencies and contain unit cost increases. Remain responsible stewards of natural resources.	The absence of a secure water supply may result in frequent business interruptions to the operations. Increased cost of water may negatively affect operating costs.	There are a number of water conservation initiatives in place. The operations are actively involved with the Sedibeng Water Board to secure cost-effective future supply.
2	**Deterioration in safety performance** ARM is committed to maintaining a safe work environment for all employees. This requires ongoing effort at all operations to maintain or improve our safety performance. In addition to potential harm or loss of life, safety incidents can result in business interruption that negatively affects productivity and the sustainability of the business.	Maintain a safe and healthy work environment.	Both the direct and indirect cost of safety related stoppages in terms of business interruption, start up difficulties and general work place turmoil are of a similar magnitude.	We have well defined Health and Safety policies. The identification of critical controls is being implemented. Incentive schemes at all operations include safety factors.
3	**Business interruption due to community unrest in the Eastern Limb** There have been numerous incidents resulting in interruptions to operations in the Eastern Limb, the most serious being when a bus carrying Modikwa Mine employees was torched, which resulted in six fatalities.	Improve our relationship with key stakeholders.	The tragic loss of life is unacceptable. The business interruption caused by this unrest negatively impacts profitability.	There are dedicated resources at both executive and operational level for stakeholder engagement, along with formal communication structures with the communities.
4	**Effectiveness of capital deployment** This risk refers to capital deployment and the constraints affecting project delivery.	Focus on the efficient allocation of capital.	Life of mine plans may be affected.	A capital allocation framework (which is discussed in the Financial review) is in place. The allocation of capital is monitored by the Board. We continue to refine our capital allocation framework and its associated metrics.
5	**Missed opportunities** Missed opportunities or pursuing the wrong opportunities refers to the ability to identify, develop and present realistic business cases in line with our strategy to deliver value creation. Opportunities to implement new technology and systems, as well as other growth opportunities could be missed.	Focus on the efficient allocation of capital.	Capital allocation decisions are a key strategic area for ARM. An uninformed decision will result in a lost opportunity.	In addition to sound joint venture relationships, the strategic planning process is a key control.
6	**Infrastructure constraints** The risk of sub-optimal power, water and transport infrastructure remains. Escalations associated with the cost infrastructure are also of concern.	Improve operational efficiencies and contain unit cost increases. Improve our financial position.	Infrastructure constraints negatively affect our ability to produce efficiently.	Extensive logistics planning is in place for all operations.
7	**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.	Improve our financial position.	Exchange rate volatility affects profitability and the ability to make long-term investment decisions as part of the capital allocation process.	Sensitivity analysis on the exchange rate is performed for all budgeting and project assessment processes.
8	**Poor employee wellness resulting in a decline in productivity** Occupational and employee health receives a high level of focus. HIV and Pulmonary Tuberculosis (PTB) are the main health risks facing employees. The major occupational disease is Noise Induced Hearing Loss (NIHL).	Maintain a safe and healthy work environment.	Poor employee wellness will negatively affect productivity and operating costs.	Pre-employment screening as well as regular medical surveillance. Compliance to the use of protective personal equipment. PTB and pneumoconiosis initiatives. Comprehensive wellness and disease management programmes. Representation on the International Council on Mining and Metals.
9	**Lack of delivery of production and productivity targets** Production and productivity targets are impacted by *inter alia* grade changes and labour and equipment productivity.	Improve operational efficiencies and contain unit costs increases. Partner with and invest in our employees.	Adverse impacts are safety and business interruption implications.	There is a significant pre-planning including labour and equipment scheduling and requirement analysis. Team productivity is assessed on an ongoing basis. Supervision and management capability is also assessed and coaching programmes are in place to assist where required. There is ongoing research into technology and systems to improve productivity. Incentives are linked to productivity.
10	**Uncertainty regarding policy change in South Africa**	Focus on efficient allocation of capital. Improve our relationship with key stakeholders.	Changes in policies may impact the cost of doing business, future capital allocation decisions and ultimately the sustainability of our business.	We have active and ongoing engagement with key stakeholders including government and are a member of the Minerals Council South Africa which represents the mining industry.

KEY STAKEHOLDERS

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.

ARM's success and the sustainability of its operations rely on balancing the needs, interests and expectations of its 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. The Social and Ethics Committee has the responsibility 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 Board meetings.

Senior executives responsible for stakeholder engagement include the CEO, Executive: Business Development, Executive: Corporate Affairs, Head of Investor Relations, Executive: Compliance and Stakeholder Relations and divisional senior management.

2018

During F2018, significant engagements with stakeholders included those with:

- Regulators regarding health, safety, environmental compliance and socio-economic development.
- Employee representatives and labour unions across all operations.
- Communities to understand their needs and concerns so as to assess to what degree we can meet their needs. Regular meetings are held with community representatives regarding infrastructure and socio-economic development through our Local Economic Development (LED) commitments in terms of the Social and Labour Plans (SLPs).
- Non-governmental organisations, primarily around environmental matters.
- Joint venture partners and providers of capital.
- Shareholders and investors at the 84th Annual General Meeting, roadshows and *ad hoc* investor meetings.
- Employees and contractors through Safety and Health/Wellness Committees.

KEY STAKEHOLDERS AND THEIR MATERIAL CONCERNS

The table below summarises our key stakeholders and how we engage with them.

STAKEHOLDER	PRIMARY ENGAGEMENT CHANNELS
COMMUNITIES AND NGOs	○ Regular community meetings and forums; and ○ Annual General Meeting.
CUSTOMERS	○ Interactions in the ordinary course of business.
GOVERNMENT	○ Regulatory submissions and inspections.
INDUSTRY ASSOCIATIONS	○ Regular scheduled meetings.
JOINT VENTURE PARTNERS	○ Ongoing interactions and monthly management meetings.
LABOUR AND UNIONS	○ Performance reviews, presentations and roadshows; and ○ Monthly shop steward meetings.
PROVIDERS OF CAPITAL	○ Investor relations meetings; ○ Roadshow meetings; ○ Provisional results presentation; ○ Integrated Annual Report and accompanying suite of reports; and ○ Annual General Meeting.
SUPPLIERS	○ Interactions in the ordinary course of business.

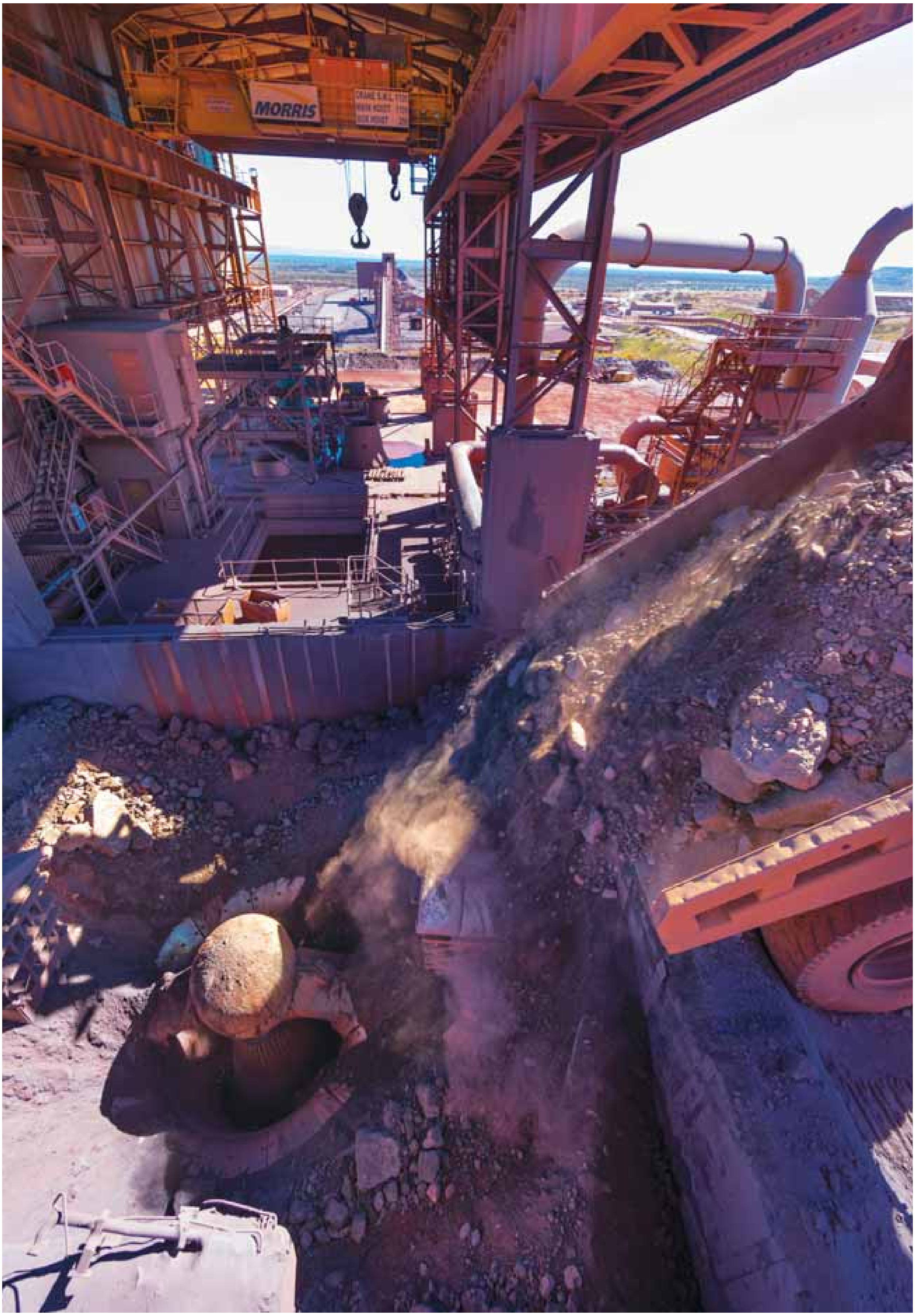
SR

A full table detailing our stakeholders, how we engage with them and their primary concerns is available in the 2018 Sustainability Report.

KEY STAKEHOLDERS continued

The table below summarises the most material concerns of key stakeholders into three thematic areas which are linked to our most material matters and the initiatives we have in place to address these concerns.

STAKEHOLDER GROUPS	AREAS OF INTEREST	MATERIAL MATTERS	INITIATIVES IN RESPONSE
Being a responsible employer			
GOVERNMENT CUSTOMERS LABOUR AND UNIONS	Health and safety in the workforce		○ Comprehensive wellness programme; ○ Policies and management systems align with OHSAS 18001 (safety and health) and SANS 16001 (wellness and disease management) systems; and ○ Regular internal and external assurance.
LABOUR AND UNIONS COMMUNITIES AND NGOs	Skills development		○ ARM's Human Resources (HR) strategy prioritises capacity building; ○ Investment in skills development; and ○ Benchmarking against industry good practice.
Corporate citizenship			
GOVERNMENT CUSTOMERS COMMUNITIES AND NGOs INDUSTRY ASSOCIATIONS	Environmental responsibility		○ Alignment with the ICMM Sustainable Development Framework; ○ ISO 14001-aligned operational environmental management systems; and ○ Regular internal and external assurance.
GOVERNMENT COMMUNITIES AND NGOs INDUSTRY ASSOCIATIONS	Social responsibility		○ Significant investments in building capacity in local communities through Corporate Social Investment and Local Economic Development initiatives.
GOVERNMENT SUPPLIERS LABOUR AND UNIONS	Transformation		○ Transformation is embedded into all business processes and particularly HR, Procurement and Corporate Social Responsibility; and ○ Performance is assessed against the Mining Charter and dti Codes.
Financial sustainability			
JOINT VENTURE PARTNERS PROVIDERS OF CAPITAL INDUSTRY ASSOCIATIONS LABOUR AND UNIONS	Financial performance		○ Enterprise Risk Management incorporating elements of the COSO Framework, ISO 31000 and King IV™; ○ Strong internal controls, compliance, governance and combined assurance framework; ○ Various interventions to improve operational efficiencies and contain unit cost increases; and ○ Regular internal and external assurance.
LABOUR AND UNIONS COMMUNITIES AND NGOs PROVIDERS OF CAPITAL SUPPLIERS	Fair exchange of value		○ Equitable remuneration practices; ○ Significant investment in communities; ○ Returns for shareholders and consistent dividend payer; and ○ Fair payment terms.


MORRIS

HOW WE CREATE VALUE
(BUSINESS MODEL)

INPUTS

FINANCIAL CAPITAL
Financial capital refers to our assets (including cash balances), cash flow from operations and funding from shareholders and other providers of capital.

IAR SR Refer to the Financial review on pages 16 to 36 of this report for further information on financial capital.

PEOPLE
Our people are crucial to achieving our strategic objectives and creating value for all stakeholders. We aim to maintain a safe, healthy and non-discriminatory work environment for all our employees and ensure that our operations are adequately resourced with skilled, engaged and motivated employees. The Board provides strategic direction and leadership, monitors the implementation of business and strategic plans and approves the capital funding for these plans to support a sustainable business.

IAR SR See the section on Ensuring a safe, healthy and appropriately skilled workforce in the Operational reviews and 2018 Sustainability Report for further information.

RELATIONSHIPS
Relationships with all our stakeholders are key to the sustainability of our business. In particular, the relationships we have with our employees, host communities, regional and national governments, and regulators allow us our social licence to operate. We continue to engage and partner with these and other stakeholders consistent with our strategy.

IAR SR Refer to the section on Maintaining our social licence to operate in the Operational reviews and 2018 Sustainability Report for further information.

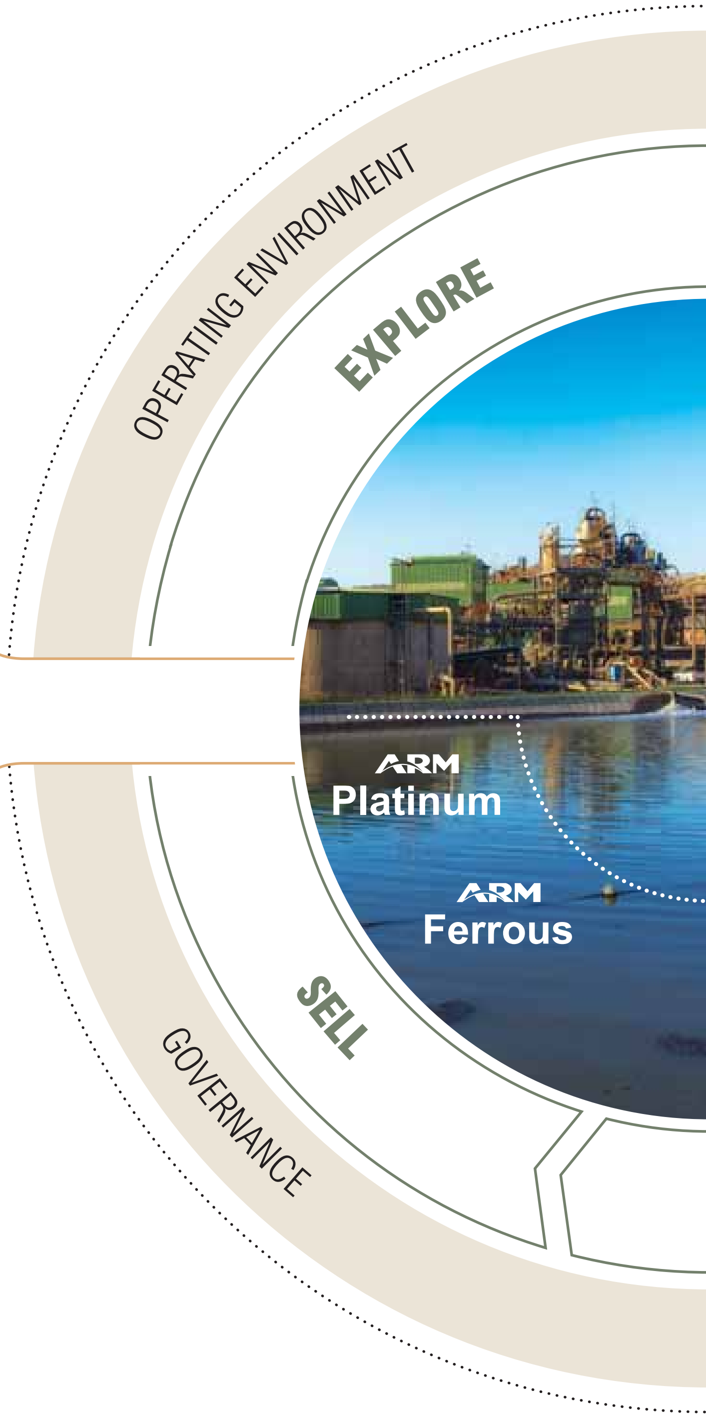
NATURAL CAPITAL
The mineral resources and reserves in our portfolio represent the largest part of our natural capital. Other natural resources we use to extract and process the minerals that we mine include energy, water and land.

IAR SR Refer to the section on Ensuring responsible stewardship of natural resources in the Operational reviews and 2018 Sustainability Report for further information.

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, research and development and our brand and reputation.

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

BUSINESS PROCESS



FINANCIAL CAPITAL

- R1 714 million paid as dividends to ARM shareholders (F2017: R426 million).
- R394 million paid to finance providers (F2017: R471 million).
- R2 739 million paid as taxes and royalties (F2017: R1 518 million).

PEOPLE

- One fatality was recorded at the operations directly managed by ARM.
- Increase in the LTIFR to 0.38 per 200 000 man-hours (F2017: 0.28).
- R3 685 million paid to employees as salaries, wages and fringe benefits (F2017: R3 450 million).
- 9% of payroll invested on employee training (F2017: 6% of payroll).
- Reskilling and redeployment of employees to production roles.
- 9% decrease in number of employees including contractors to 21 862 (F2017: 24 106).The F2018 number of employees excludes employees and contractors at Lubambe Mine.

RELATIONSHIPS

- R156 million invested in host communities through our CSR programmes (F2017: R115 million).
- Preferential procurement exceeded Mining Charter targets.

NATURAL CAPITAL

- 2% reduction in Scope 1 and 2 carbon emissions.*
- Water abstracted increased by 28% to 18.3 million m³ (F2017: 14.3 million m³).*
- Concurrent rehabilitation of land continued.
- Responsible waste disposal.

* *excludes Lubambe Mine.*

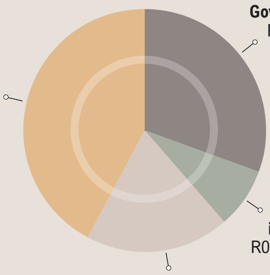
MANUFACTURED ASSETS

- R2 464 million invested as capital expenditure (on a segmental basis) (F2017: R2 383 million).

HOW VALUE WAS DISTRIBUTED

WEALTH CREATED IN F2018:
R13.6 BILLION

DISTRIBUTED AS FOLLOWS



R4.7 BILLION
RE-INVESTED IN THE GROUP

GROUP VALUE ADDED STATEMENT

R million	F2018*	F2017*	F2016*	F2015*	F2014*
Sales	**22 120**	21 298	19 072	19 824	23 785
Net cost of products and services	**(9 695)**	(10 816)	(10 891)	(10 808)	(11 093)
Value added by operations	**12 425**	10 482	8 181	9 016	12 692
Income from associate	**619**	181	(210)	(186)	(374)
Income/(loss) from joint venture	**118**	(23)	(9)	51	11
Special items	**(67)**	(2 793)	(2 054)	(2 074)	(876)
Income from investments	**476**	775	368	410	344
Wealth created	**13 571**	8 622	6 276	7 217	11 797
Applied as follows to:					
Employees as salaries, wages and fringe benefits	**3 685**	3 450	3 794	3 565	3 330
The State as taxes	**2 739**	1 518	901	1 317	2 796
– income tax	**2 023**	858	478	860	1 893
– mineral royalty tax	**716**	660	423	457	903
Providers of capital	**2 402**	1 028	975	1 550	1 643
Equity – dividend	**1 714**	426	761	1 302	1 102
Non-controlling interest	**294**	131	(192)	(31)	255
Outside – finance cost	**394**	471	406	279	286
Total value distributed	**8 826**	5 996	5 670	6 432	7 769
Re-invested in the Group	**4 745**	2 626	606	785	4 028
Amortisation	**1 712**	1 621	1 932	1 983	1 841
Reserves retained	**3 033**	1 005	(1 326)	(1 198)	2 187
Wealth distributed	**13 571**	8 622	6 276	7 217	11 797
Market capitalisation (R billion)	**24.0**	18.4	20.0	18.0	40.5

* *Based on segmental reporting for continuing operations – refer to note 2 to the Annual Financial Statements.*

APPROACH TO SUSTAINABILITY

Our approach is founded on our values, which explicitly include the broader concepts of sustainability and our commitment to zero harm – to employees, host communities and the environment.

ARM recognises that a responsible, sustainable approach to mining and beneficiation supports value creation and minimises negative impacts. Sustainability is therefore a core aspect of ARM's focus on operational efficiencies, commitment to world-class management and goal to be a partner of choice in the mining industry.

GOVERNANCE OF SUSTAINABILITY

ARM BOARD

The ARM Board is ultimately responsible for sustainable development in the company.

Quarterly reports

BOARD COMMITTEES

The Social and Ethics Committee monitors the effective management of sustainable development.

The Management Risk and Compliance Committee (a sub-committee of the Audit and Risk Committee) coordinates and monitors the Company's ERM Process, which includes sustainability risks.

Quarterly reports

GROUP AND DIVISIONAL EXECUTIVES

The chief executives of each division and the Executive: Sustainable Development are responsible for the implementation of group sustainable development policies and procedures at the operations.

Monthly reports

OPERATIONS

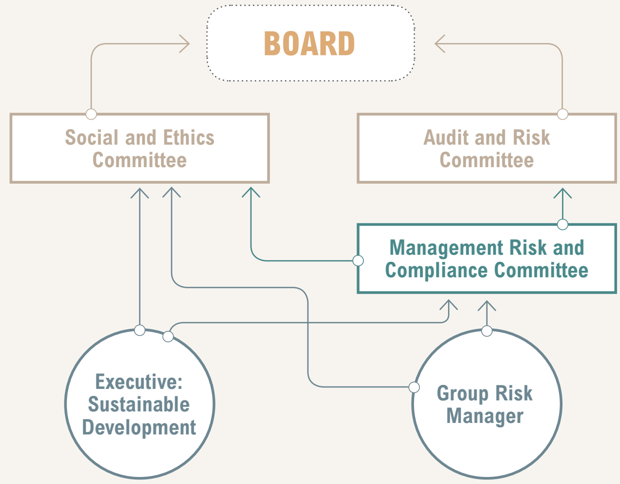
Operational managers, including SHEQ managers, implement the group's policies and standards adapting their approach for the specific sustainability matters that are most material to their specific circumstances.

Effectiveness is assessed through monitoring of Key Performance Indicators (KPIs), internal and external audits, internal and external benchmarking, annual external certification audits, certification in terms of management standards (ISO 9001, OHSAS 18001, SANS 16001 and ISO 14001) and external assurance of sustainability data.

APPROACH TO SUSTAINABILITY continued

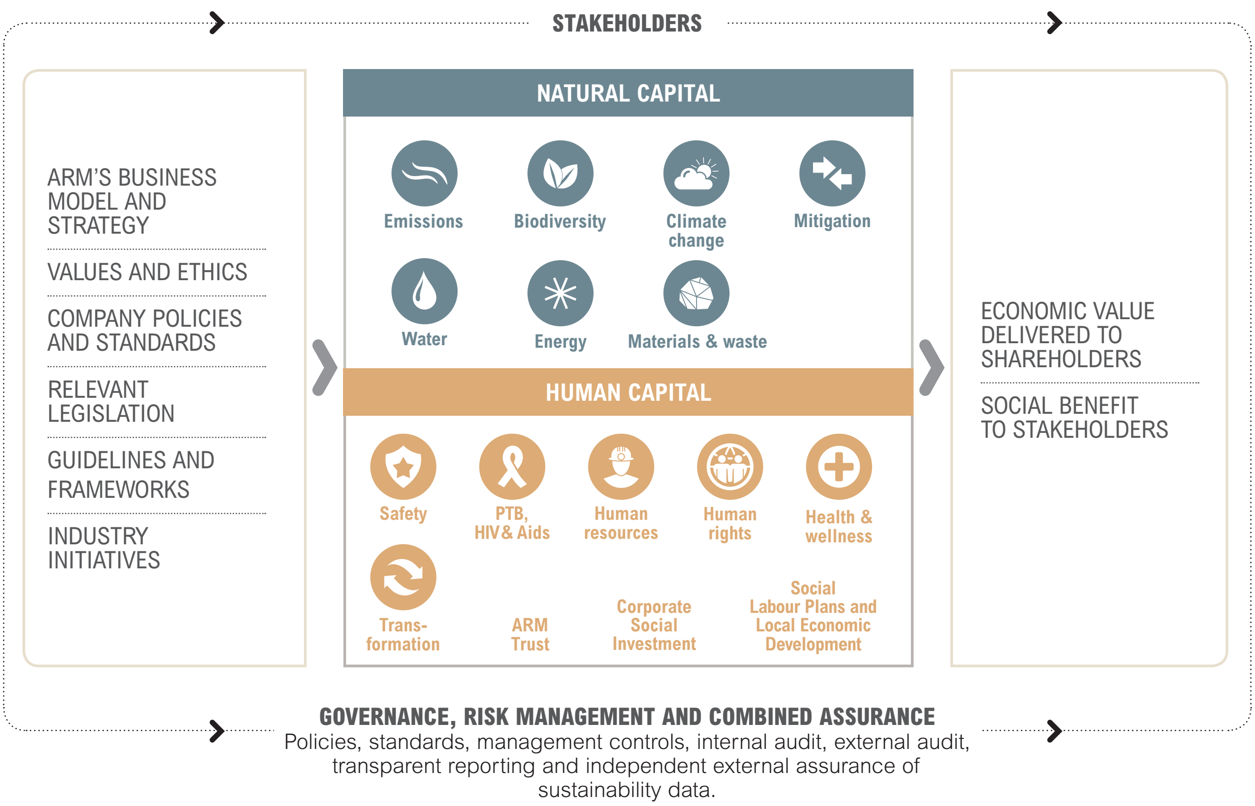
The Executive: Sustainable Development reviews sustainability policies, standards, strategies and targets and ensures these align with the Board's commitment to zero tolerance for harm. She operates with oversight from the Social and Ethics Committee, and provides input into the Management Risk and Compliance Committee on matters related to sustainable development as a standard agenda item.

The Group Risk Manager and Executive: Sustainable Development participate in Social and Ethics Committee meetings and are members of the Management Risk and Compliance Committee and the ARM Steering Committee. They also attend Board meetings to respond to any risk and sustainability-related matters raised by the Board.



ARM'S SUSTAINABLE DEVELOPMENT MODEL

ARM's sustainable development model represents the inputs into our approach and the aspects we consider in the creation of value for our stakeholders in the form of economic value and social benefit. Our approach to sustainable development embeds ARM's values and ethics into our business model and strategy and formalises our approach at a Group level through sustainable development policies and standards.



Implementation of this approach also takes into account additional inputs including:

- Ongoing review of current and proposed legislation and regulations. We view regulatory compliance as the minimum requirement for sustainable development, rather than the end goal.
- We monitor and participate in developments in industry good practice, reporting requirements and guidelines that apply to sustainable development at our operations. These include the King IV™ Code on Corporate Governance and the Global Reporting Initiative (GRI).
- ARM engages in international and national industry initiatives to support continuous improvement and shape our approach to sustainable development. We are a member and active participant in both the International Council on Mining and Metals (ICMM) and the Minerals Council South Africa.

The 2018 Sustainability Report also includes ARM's BEE Annual Compliance Report and is available on the ARM website at **www.arm.co.za**.

Engagements with our key stakeholders ensure that we understand their needs, interests and expectations, which are critical inputs into our approach to sustainable development and the way we conduct our business. The concept of sustainability is integrated into our governance and risk management frameworks, as well as our combined assurance model, to support effective management and implementation.

COMBINED ASSURANCE

ARM's combined assurance model enhances the integration and alignment of management assurance, internal and external assurance, and provides further input into establishing a control environment that is appropriately related to our risk appetite. This integration of risk and assurance, together with ARM's ongoing ERM activities, ensures that a comprehensive integrated combined assurance base is established upon which relevant and appropriate analysis of the overall control environment can be assessed and reported.

The combined assurance model is discussed further in the Risk Report in the Corporate Governance Report.

Ibis ESG Assurance (Pty) Ltd provided high-level independent third-party assurance over the content of the 2018 Sustainability Report. Their assurance statement is included in the Sustainability Report and includes comment on data collection in ARM.

SUSTAINABILITY PERFORMANCE YEAR-ON-YEAR

Performance indicator	F2018	F2017**	F2016**	F2015**	F2014**
Economic and related core baseline indicators					
Sales (Rm)	**22 120**	21 298	19 072	19 824	23 785
Taxes (Rm)	**2 023**	858	478	860	1 893
Headline earnings (Rm)	**4 814**	3 196	1 051	1 744	4 108
EBITDA from continuing operations (Rm)	**8 024**	6 372	3 964	4 994	8 459
Net cost of products and services (Rm)	**9 695**	10 816	10 891	10 808	11 093
Wealth created (Rm)	**13 571**	8 622	6 276	7 217	11 797
Number of environmental administrative penalties/fines	**0**	0	0	0	3
Employee indicators (100% basis) – as at 30 June 2018*					
Total number of ARM employees and contractors	**21 862**	24 106	23 128	27 276	27 236
– Employees (permanent)	**12 420**	13 218	13 793	15 080	15 250
– Contractors (mainly used in capital projects)	**9 442**	10 871	9 319	12 141	11 953
– Expatriates	**0**	17	16	55	33
Employee turnover (excluding contractors) (%)	**6.9**	1.1	15	11.5	1.6
Investment in employee training and development					
– Total expenditure (Rm)	**239**	180	184	232	196
– % of payroll	**8.8**	6	6.9	8.3	8.7
Employment equity† (% representation of previously disadvantaged groups among permanent employees)					
– Top management	**56**	42	38	38	38
– Senior management	**50**	49	49	44	40
– Professionally qualified	**64**	60	57	54	51
– Technically qualified	**75**	71	68	67	65
Lost Time Injury Frequency Rate (LTIFR)• (200 000 man-hours)	**0.38**	0.28	0.32	0.35	0.37
Reportable/serious accidents	**68**	47	60	78	66
Number of lost man days due to industrial action	**5 904**	0	3 024	0	172 221
Environmental indicators (100% basis)†					
Total water withdrawn (m^3) (municipal, surface and groundwater)	**18 296 551**	14 295 993	19 066 300	18 334 106	19 408 464
Energy usage					
– Electricity (MWh)	**1 656 263**	1 784 491	1 820 802	2 102 451	2 144 894
– Diesel (000 litres)	**94 234**	87 494	91 974	99 812	92 013
Emissions (Attributable^)					
Carbon emissions (equivalent tonnes CO_2)					
– Scope 1 and 2	**1 026 249**	1 047 418	1 077 746	1 246 131	1 228 656
– Scope 1	**235 354**	226 744	226 972	322 034	307 332
– Scope 2	**790 895**	820 674	850 774	924 097	921 325
Direct emissions (smelters):					
– CO_2e direct emissions (tonnes)	**207 584#**	311 497	292 120	431 708	476 327
– NOx (tonnes)	**461#**	437	405	601	838
– SOx (tonnes)	**312#**	346	316	386	605
– Particulate matter (tonnes)	**202#**	242	216	237	182
Corporate Social Responsibility (100% basis)					
Total community upliftment and Corporate Social Responsibility (Rm)	**167.0**	122.8	105.9	169.3	282.5
– CSI (Rm)	**20.5**	22.1	18 .0	54	134.6
– LED (Rm)	**135.3**	92.5	80.5	103.6	141.9
– ARM BBEE Trust Projects (Rm)	**11.2**	8.2	7.4	11.7	5.9

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

* *Total number of ARM employees, contractors and expatriates as at 30 June 2018.*

** *Financial data is based on segmental reporting for continuing operations.*

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

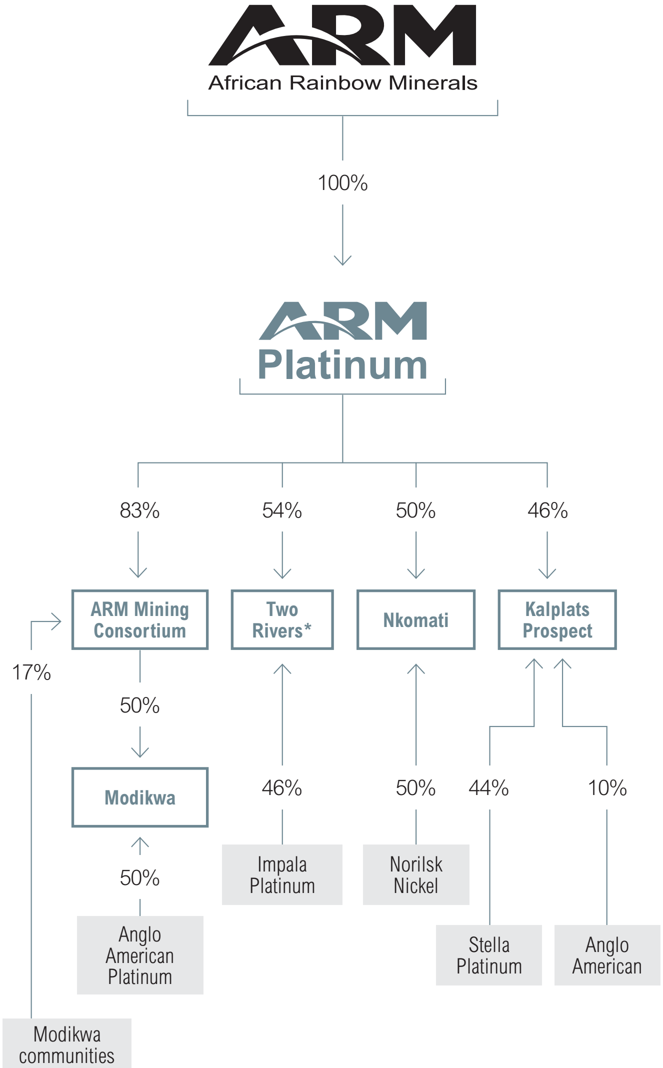
† *F2018 environmental data excludes Lubambe Mine.*

^ *Values attributable to shareholding percentages.*

\# *Direct emissions as a result of smelting operations at Cato Ridge Works only. No smelting operations were conducted at Machadodorp Works during F2018.*

ARM PLATINUM


Thando Mkatshana
Chief Executive – ARM Platinum



* *ARM's interest in Two Rivers Mine increased to 54% from 9 November 2017 when the mine's amended mining right was executed by the DMR.*

KEY FEATURES FOR F2018

Headline earnings increased to **R420 million** from R350 million

Temporary improvement in the terms and conditions of the Modikwa and Nkomati mines' purchase of concentrate agreements.

MATERIAL MATTERS

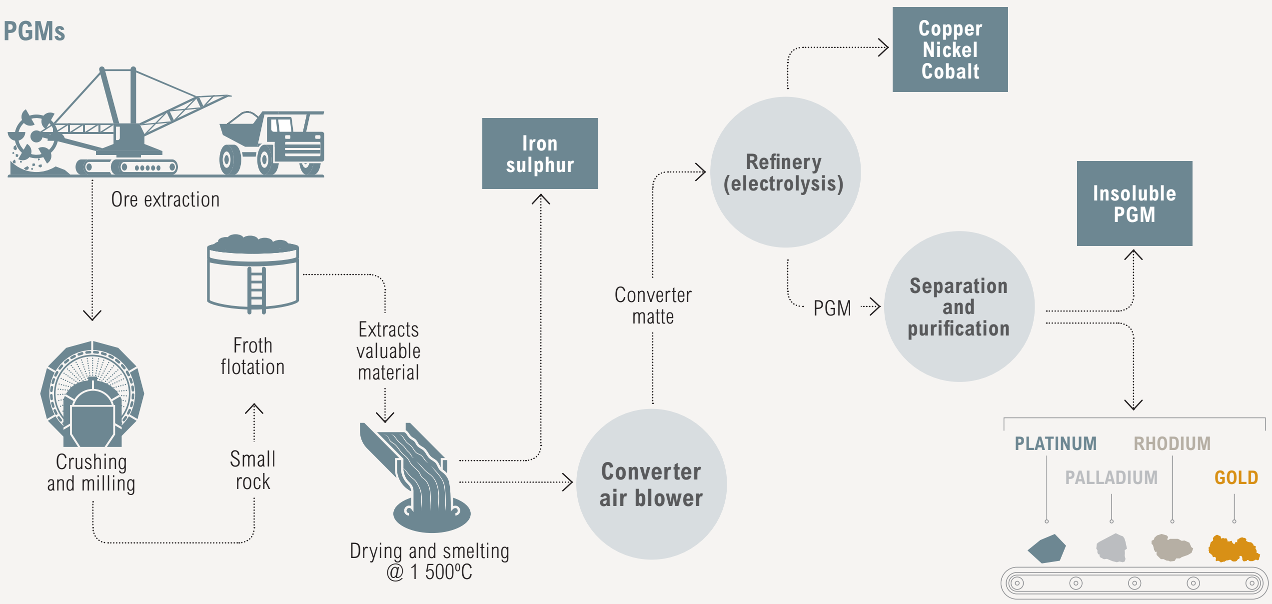
- Decline in chrome prices.
- Improved nickel and PGM basket prices.
- Improvement of concentrate offtake agreements at Modikwa and Nkomati mines.

- Grade decline at Two Rivers, Modikwa and Nkomati mines.

- Labour unrest at Nkomati Mine.
- Community unrest and expectations for mines to address high unemployment and service delivery issues particularly at Modikwa and Two Rivers mines.
- Regulatory uncertainty.

PRODUCTION PROCESS

PGMs



ARM PLATINUM continued

SCORECARD

TWO RIVERS MINE

F2018 OBJECTIVES	PERFORMANCE AGAINST F2018 OBJECTIVES	F2019 OBJECTIVES
Produce 375 thousand 6E PGM ounces while maintaining Two Rivers Mine's position on the cost curve. Production volumes are expected to be lower due to grade decline caused by mining of split reef.	**Not achieved** Two Rivers Mine produced 348 thousand 6E PGM ounces and is positioned on the 20th percentile of the global PGM cost curve.	Produce 370 thousand 6E PGM ounces while maintaining Two Rivers Mine's position on the global PGM cost curve.
Achieve sales volumes of 275 thousand tonnes of chrome concentrate.	**Not achieved** The decline in grade resulted in lower chrome yield. Sales volumes were 230 thousand tonnes.	Achieve sales volumes of 260 thousand tonnes of chrome concentrate.

MODIKWA MINE

F2018 OBJECTIVES	PERFORMANCE AGAINST F2018 OBJECTIVES	F2019 OBJECTIVES
Achieve 315 thousand 6E PGM ounces while continuing to improve Modikwa's position on the global PGM cost curve.	**Achieved** Modikwa Mine produced 334 thousand PGM ounces.	Achieve 340 thousand 6E PGM ounces and improve Modikwa's position on the global PGM cost curve.
Continue South 2 Shaft ramp-up towards 60 thousand tonnes per month which will be achieved in F2019.	**In progress** The ramp up of South 2 Shaft is continuing with an average of 31 thousand tonnes achieved during F2018.	Continue South 2 Shaft ramp-up and achieve 50 thousand tonnes per month.
Complete feasibility for installation of a chrome recovery plant.	**Achieved** Feasibility completed.	Finalise and approve a commercial deal with Samancor and recommend the Chrome Project to the Modikwa Mine joint venture partners for approval.

NKOMATI MINE

F2018 OBJECTIVES	PERFORMANCE AGAINST F2018 OBJECTIVES	F2019 OBJECTIVES
Improve the average milling rate to 300 thousand tonnes per month at the PCMZ plant and sustain recoveries.	**Not achieved** The capital costs to upgrade the plant to 300 thousand tonnes per month could not be justified. Recoveries were sustained.	Sustain the current average milling rate and current efficiencies.
Increase the milling rate at the MMZ plant to 400 thousand tonnes per month and maintain the recovery.	**Not achieved** The targeted recoveries were not achieved as Very Low Grade (VLG) MMZ stockpile material was processed during the period. The VLG MMZ material, with an average nickel grade of 0.18%, resulted in the average mill feed grade declining by 16%.	Sustain the MMZ plant milling rate at 400 thousand tonnes per month. Current recoveries to be sustained while significant volumes of VLG material from stockpiles are included in the MMZ plant feed.
Achieve sales of 360 thousand tonnes of chrome concentrate and establish a long-term offtake agreement for chrome.	**Not achieved** Chrome sales were 328 thousand tonnes due to reduced efficiencies from the PCMZ plant chrome circuit. Offtake agreement for the chrome concentrate was concluded.	Achieve sales of 350 thousand tonnes of chrome concentrate. An action plan to resolve PCMZ plant efficiencies has been concluded with associated improvements to achieve the target sales volumes.

OPERATING CONTEXT

Platinum

During F2018, the platinum price continued to decrease from US$925 in June 2017 to US$853 on 30 June 2018.

The outlook for platinum autocatalyst demand turned even more bearish as European diesel share declined quicker than expected. Jewellery demand is also likely to decrease as Chinese demand continues to shrink. Industrial platinum usage was at record levels, reflecting buoyant demand from the glass and chemicals sectors. The rapid deterioration in demand fundamentals for platinum has taken a sustained price appreciation off the table for the next two years. We do, however, believe that the long-term fundamentals of platinum remain sound.

ARM Platinum achieved an average platinum price of US$936 per ounce for F2018 (F2017: US$987 per ounce).

Palladium

The palladium price continued to improve during F2018, from US$864 in June 2017, to US$956 on 30 June 2018. Palladium demand from autocatalysts, chemical producers and industrial consumption resulted in global demand exceeding 10 million ounces. There is unlikely to be significant substitution of platinum for palladium in gasoline vehicles over the medium-term as technology improvements are still needed to match the effectiveness of palladium-rhodium catalysts. It is expected that strong palladium autocatalyst demand growth will be sustained through the end of the decade amid a shift towards gasoline hybridisation. ARM maintains its bullish view on this metal.

The average price achieved in F2018 by ARM Platinum for palladium was US$974 per ounce (F2017: US$734 per ounce).

Rhodium

The rhodium price performed exceptionally well during F2018, increasing from US$1 040 in June 2017 to US$2 260 on 30 June 2018. Demand for rhodium from the auto sector increased, reflecting moderate growth in global output of gasoline vehicles, and increases in catalyst loadings, especially in North America. Demand is, however, predicted to contract as modestly higher automotive consumption is offset by lower purchasing by glass and chemicals companies.

ARM Platinum achieved an average rhodium price of US$1 540 per ounce (F2017: US$734 per ounce).

Nickel

The nickel price increased substantially during F2018, from US$9 375 per tonne in June 2017, closing at US$14 940 per tonne on 30 June 2018. While some of the upside may have been influenced by non-commercial market participants, it is believed that many of the usual market metrics suggest that the price gains are justified. Global inventories have fallen by around 110kt since the beginning of 2018. Long-term 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$12 397 per tonne (F2017: US$9 882 per tonne).

Financial review

ARM Platinum's attributable headline earnings increased by 20% to R420 million (F2017: R350 million). Concentrate offtake agreements for both Modikwa and Nkomati mines were renegotiated with temporary improvement to the terms and conditions.

Improved US Dollar and Rand palladium, rhodium, cobalt, nickel and copper prices also contributed to this result. Rand and US Dollar prices for platinum and chrome concentrate, however, were lower than the corresponding period. Due to Modikwa Mine's higher palladium content, the mine's average Rand per 6E kilogram (6E kg) basket price increased by 14% to R380 603/6E kg (F2017: R334 051/6E kg), whereas the average basket price at Two Rivers Mine increased by 11% to R370 755/6E kg (F2017: R333 749/6E kg).

AVERAGE US DOLLAR METAL PRICES

		Average for the 12 months ended 30 June		
		2018	2017	% change
Platinum	US$/oz	**936**	987	(5)
Palladium	US$/oz	**974**	734	33
Rhodium	US$/oz	**1 540**	783	97
Nickel	US$/t	**12 397**	9 882	25
Cobalt	US$/lb	**35**	19	85
Copper	US$/t	**6 798**	5 474	24
UG2 chrome concentrate – Two Rivers (CIF*)	US$/t	**174**	193	(10)
High sulphur chrome concentrate – Nkomati (FOT**)	US$/t	**82**	165	(50)

* *CIF refers to Cost, Insurance and Freight.*
** *FOT refers to Free On Truck.*

AVERAGE RAND METAL PRICES

		Average for the 12 months ended 30 June		
		2018	2017	% change
Exchange rate	R/US$	**12.84**	13.60	(6)
Platinum	R/oz	**12 020**	13 408	(10)
Palladium	R/oz	**12 509**	9 973	25
Rhodium	R/oz	**19 780**	10 636	86
Nickel	R/t	**159 172**	134 295	19
Cobalt	R/lb	**443**	254	74
Copper	R/t	**87 282**	74 387	17
UG2 chrome concentrate – Two Rivers (CIF*)	R/t	**2 232**	2 629	(15)
High sulphur chrome concentrate – Nkomati (FOT**)	R/t	**1 059**	2 245	(53)

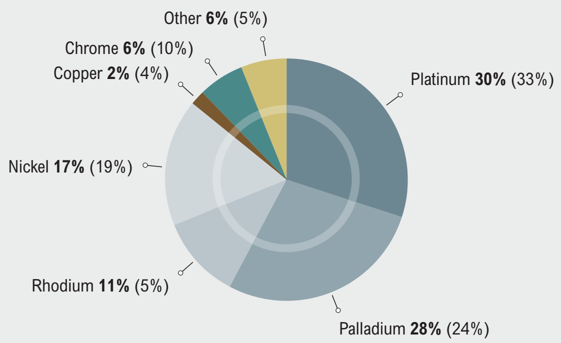
* *CIF refers to Cost, Insurance and Freight.*
** *FOT refers to Free On Truck.*

ARM PLATINUM continued

An 11% increase in production at Modikwa Mine was fully offset by an 11% decrease in PGM production at both Nkomati and Two Rivers mines, resulting in production volumes (on a 100% basis) decreasing by 3% to 792 583 6E ounces (F2017: 815 188 6E ounces).

Nkomati Mine's nickel production decreased by 16% to 13 302 tonnes (F2017: 15 875 tonnes) as a result of reduced tonnes mined, combined with a 19% decrease in the mill head grade due to additional VLG stockpile material being milled.

ARM PLATINUM REVENUE PER COMMODITY – 100% BASIS
(F2017 comparative in brackets)



F2018 unit production costs, on a Rand per tonne milled basis, were well controlled at all operations with Two Rivers and Modikwa mines maintaining unit costs, while Nkomati Mine reported a 6% increase. Unit production costs, on a Rand per PGM ounce basis were higher than inflation at 10% and 9% for Two Rivers and Modikwa mines, respectively, due to a decline in grade at both mines. Nkomati Mine's C1 unit cash costs net of by-products (which include capitalised waste stripping costs) were 22% higher at US$5.86/lb (F2017: US$4.81/lb) of nickel produced. The C1 unit cash costs were also negatively impacted by grade decline which resulted in a 16% decrease in nickel units produced.

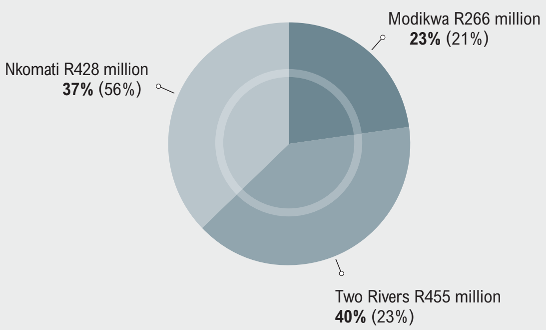
Capital expenditure at ARM Platinum operations (on a 100% basis) decreased by 10% to R1.15 billion (F2017: R1.27 billion).

Capital expenditure at Modikwa Mine increased by 2% to R266 million (F2017: R262 million). Of the capital spent in F2018, 33% is associated with North Shaft Project and 16% with South Shaft Project, while 33% was spent on fleet refurbishment and critical spares.

Of the capital spent at Two Rivers Mine in F2018, 19% is associated with fleet replacement and refurbishment. The deepening of the Main and North declines, together with its electrical and mechanical installations, comprised 59% of the total capital expenditure.

Nkomati Mine's F2018 capital expenditure was mainly for the replacement of the Onverwacht tailings pipeline (R63 million) as well as the completion of the second anchored pile wall (R26 million). Following a minor geotechnical slope failure on the Western side of the pit, remedial work was required to relocate the infrastructure (tailings pipeline and road) (R18 million). The support and buttressing work done to stabilise the pile wall in the Western section has been completed and the pile wall is now stable. Capitalised waste stripping cost decreased by 51% as waste mined reduced to 22 million tonnes from 27 million tonnes in F2017.

ARM PLATINUM CAPITAL EXPENDITURE – 100% BASIS
(F2017 comparative percentage in brackets)



OPERATIONAL REVIEW

CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE

Two Rivers Mine

Two Rivers Mine PGM production declined to 348 405 6E ounces (F2017: 390 214 6E ounces) due to a 7% reduction in head grade. In addition, chrome concentrate sales volumes declined by 17% to 229 642 tonnes as a result of a lower chrome yield, a direct consequence of the lower PGM grade. This, combined with a 15% decline in the Rand chrome price, resulted in chrome cash operating profit declining by 40% to R210 million (F2017: R352 million).

Continued complexity in the ore body resulted in lower grades being delivered to the plant. The decline in head grade is largely attributable to geological induced dilution associated with an increase in split reef proportion in the ore mix mined from the southern sections of Main Decline. Currently, there is limited flexibility in blending the ore from split reef and normal reef sources due to face length constraints at Main Decline. Areas of thick, lower grade split reef are expected to continue affecting the overall mining grade negatively for the next 18 months, resulting in overall mining grades being between 3.70 and 3.80 6E grams per tonne (F2017: 3.90 grams per tonne). To mitigate the declining grade, there is a drive to increase the sinking rate at the Main Decline and mine volumes from higher-grade panels as mining flexibility increases to enhance the ore mix. Undercutting of the internal waste within the split reef is also being undertaken wherever practically possible.

Unit production costs on a Rand per tonne milled basis were flat at R688 per tonne (F2017: R690 per tonne). The Rand per PGM ounce produced, however, increased by 10% to R6 822 per 6E ounce (F2017: R6 195 per 6E ounce), as a direct result of the decline in grade. There was a 9 581 tonne decrease in the UG2 Run-of-Mine stockpile to a total of 207 171 tonnes of ore as at 30 June 2018.

The Two Rivers UG2 Mineral Reserves (Proved and Probable) increased from 33.25 million tonnes at 3.47g/t (6E) in F2017 to 70.98 million tonnes at 3.50g/t (6E) in F2018 mainly due to the inclusion of Kalkfontein 367 KT Remaining Extent into the Two Rivers Mine JV.

Further to the consent received by Two Rivers Mine during August 2017 (i) to transfer the Tamboti rights to it, and (ii) to have Two Rivers Mine's mining right amended accordingly, the amended mining right was executed. This resulted in ARM's interest in Two Rivers Mine increasing from 51% to 54% from 9 November 2017.

Modikwa Mine

A 20% (413 thousand tonnes) increase in tonnes milled was partially offset by an 8% decrease in head grade, which resulted in PGM production increasing by only 11% to 333 888 6E ounces (F2017: 301 228 6E ounces). The decline in head grade was mainly due to increased in-stope dilution as the stoping width at South 1 Shaft was negatively impacted by adverse geotechnical conditions in the hanging wall. Additional hanging-wall support methods as well as drilling controls are being implemented to reduce the dilution.

Anglo American Platinum and ARM have been in ongoing discussions to find a holistic solution to ensure the sustainability of Modikwa Mine. By agreeing to temporarily improve the commercial terms of the existing purchase of concentrate agreement, it is expected that this will improve the cash flow generation of the mine while the turnaround and operational improvement plan is implemented. These terms are effective for concentrate deliveries for a three-year period which commenced 1 January 2017. The financial results for the year ended 30 June 2018 include an adjustment for 18 months. The negotiations have been ongoing since F2017; however, the terms and conditions only became unconditional in F2018. As such the adjustment resulted in additional revenue being recognised and included in the Modikwa headline earnings attributable to ARM.

South 2 Shaft Phase 1 has been capitalised to achieve production of 50 thousand tonnes per month. The shaft achieved on average 31 thousand tonnes per month for the past 12 months. It is anticipated that steady state production rates will be achieved in F2019.

Unit production costs increased by 9%, to R9 197 per 6E PGM ounce (F2017: R8 463 per 6E PGM ounce) and were flat on a Rand per tonne basis at R1 265 per tonne (F2017: R1 265 per tonne).

Nkomati Mine

The Nkomati Mine joint venture partners entered into an addendum to the existing offtake agreement with Metal Trade Overseas AG (MTO), under which the short delivery and grade penalties were relaxed for a period of two years, effective 23 April 2018, and the tenure of the base agreement was extended to the life of the open pit mine (which was 8.5 years as at 30 June 2018). The relaxation of penalties is to assist Nkomati Mine while it is ramping up to its normal production levels. This adjustment had a R21 million positive impact on the headline earnings for two months ended 30 June 2018.

Despite chrome concentrate sales volumes increasing by 36% to 328 371 tonnes (F2017: 241 265 tonnes), the chrome contribution to cash operating profit reduced by 42% to R235 million as a result of the lower chrome price realised.

Nkomati Mine's total tonnes milled increased by 7% to 8.04 million tonnes nickel units produced, declining by 16% to 13 302 tonnes (F2017: 15 875 tonnes). The main reasons for this were:

- Pit 3 mining operations remain constrained as a result of the historical insufficient waste stripping and geotechnical issues, resulting in insufficient MMZ ore availability during the reporting period;
- Higher than expected processing of Very Low Grade (VLG) MMZ stockpile material (approximately 1.5 million tonnes during the period) to complement the shortfall of MMZ ore to ensure that both mills operate at maximum capacity. The VLG MMZ material had an average nickel grade of 0.18%, which resulted in the average mill feed grade declining by 16%; and

ARM PLATINUM continued

- Waste stripping on the Western section of Pit 3 commenced during October 2017. Minor saprolite failures occurred, which resulted in the mine having to re-evaluate the design parameters for the saprolite zones of the pit's Western high wall and the waste stripping plan. Waste stripping of 23 million tonnes per annum is planned for the next two years as a result of constraints in the pit.

Nkomati Mine's on-mine unit production cost (excluding capitalised waste stripping) was 6% higher at R301 per tonne (F2017: R284 per tonne). The reduction in waste stripping volumes resulted in unit cost per tonne milled (including capitalised waste stripping) declining by 8% to R339 per tonne (F2017: R367 per tonne).

C1 unit cash costs net of by-products (which include capitalised waste stripping cost) were 22% higher at US$5.86/lb (F2017: US$4.81/lb) of nickel produced. The increase in C1 unit cash costs was due to a decrease in nickel units produced. R304 million of waste stripping cost (F2017: R617 million) was capitalised during the period.

SUSTAINABILITY REVIEW

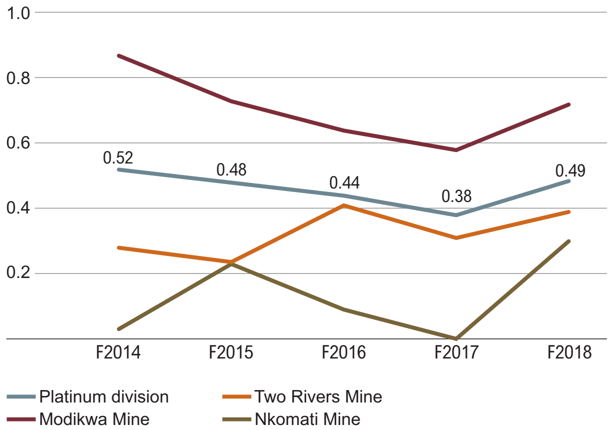
ENSURING A SAFE, HEALTHY AND SKILLED WORKFORCE

Safety

A regrettable fatal accident occurred at Modikwa Mine when two employees were exposed to irrespirable atmosphere underground during the night shift on 9 October 2017. Mr Fabian Majoro, the team leader, was certified deceased at the scene and Mr Daniel Ntlangoe was treated in hospital and has recovered fully.

Total LTIs increased to 77 (F2017: 47) and the division's LTIFR deteriorated to 0.49 (F2017: 0.38) per 200 000 man-hours worked. Modikwa Mine recorded 53 of the division's total LTIs. A strategy to turn around safety performance and discipline was implemented during the last quarter, resulting in one million fatality-free shifts being recorded on 3 June 2018.

LTIFR
(per 200 000 man-hours)



Safety achievements in the division, include:

- On 18 August 2017, Two Rivers Mine completed 4 million fatality-free shifts.
- On 7 November 2017, Nkomati Mine achieved 6 million fatality-free shifts.

Operation	Total fatality-free shifts worked	Last fatality
Modikwa Mine	**1 110 368**	October 2017
Two Rivers Mine	**4 585 307**	January 2012
Nkomati Mine	**6 404 854**	September 2008

There were 29 Section 54 Notices issued resulting in safety stoppages and 86 shifts (or part thereof) were lost during the year (F2017: 20 Section 54 Notices issued). There were seven Section 55 Notices issued (F2017: one) with no shifts lost as a result.

ARM has committed to implement the Critical Control Management (CCM) Process, which is acknowledged globally as a process that could significantly help to prevent disabling or fatal accidents.

Human capital

The division's total workforce decreased by 5% to 9 838 at 30 June 2018 (F2017: 10 340), of which 70% were full-time Employees (FTEs) (F2017: 69% FTEs) and 30% contractors. R80 million was invested in training initiatives (F2017: R54 million).

Industrial action at Modikwa and Nkomati mines resulted in 5 900 man-days lost to strikes in the division (F2017: 0).

Health

Noise Induced Hearing Loss (NIHL) remains a focus with 17 349 audiometric tests conducted during F2018. Of these, 66 NIHL cases were submitted for compensation (F2017: 19). Most of the increase in cases submitted for compensation arose at Modikwa and Two Rivers mines and relate to hearing loss detected at initial medical surveillance of new contractor employees arriving at these operations.

18 299 employees and contractors received HIV counselling at our mine clinics during F2018 (F2017: 16 602). HIV prevalence rates at the operations are estimated to be below those of the districts in which the mines operate.

17 437 employees were screened for Pulmonary Tuberculosis (PTB) in the calendar year to December 2017 in terms of our integrated policy on HIV, PTB and Sexually Transmitted Infections (STIs) (calendar year 2016: 19 942). 77 new cases of PTB were identified (F2017: 44) and 42 were cured. Nine cases of multi-drug resistant PTB (MDR PTB) were reported at the ARM Platinum operations during F2018 (F2017: three).

Two Rivers Mine partnered with the Limpopo Department of Health to enable the Two Rivers Mine clinic to provide primary healthcare services and specific medication (including treatment for chronic diseases and PTB) to employees and contractors on behalf of the department. Modikwa Mine has finalised a Memorandum of Understanding with the Limpopo Department of Health to provide quality primary healthcare services to contractor employees including the provision of chronic disease medication, PTB treatment and provision of ARVs.

Diversity

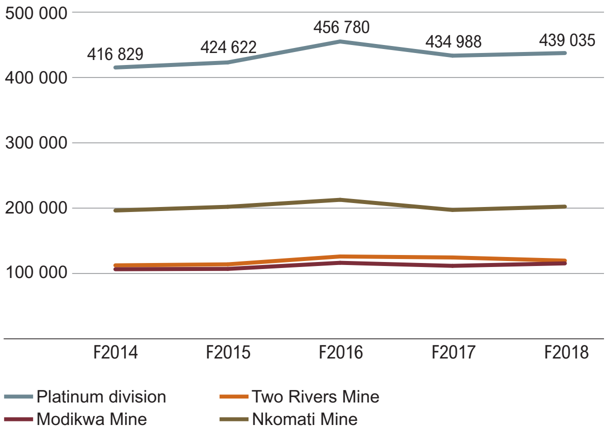
HDSA representation at management level remains an area of focus. Representation increased to 66% (F2017: 64%). All three mines in the division submitted reports in terms of the existing Mining Charter as required by the Mineral and Petroleum Resources Development Act (MPRDA).

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES

Emissions

ARM Platinum's combined Scope 1 (direct) and Scope 2 (indirect) carbon emissions increased by 0.9% to 439 035 tonnes of CO_2 (tCO_2e) on an attributable basis (F2017: 434 988 tCO_2e). Modikwa Mine accounted for 27% of the division's total emissions, Nkomati Mine 46% and Two Rivers Mine 27%.

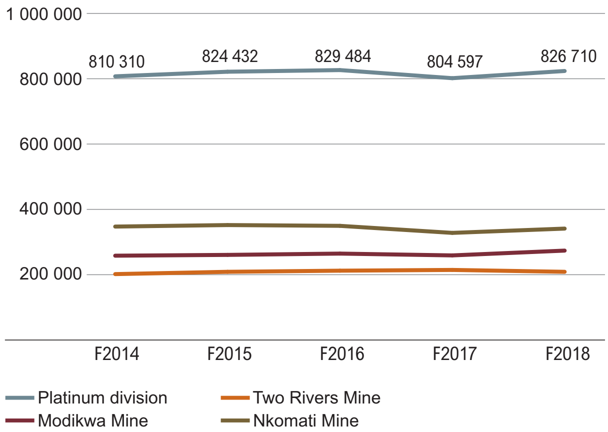
SCOPE 1 AND 2 CARBON EMISSIONS
(tCO_2e)



Energy use

The division's electricity consumption increased by 3% to 826 710 megawatt hours (MWh) on a 100% basis (F2017: 804 597 MWh).

ELECTRICITY CONSUMPTION
(MWh)

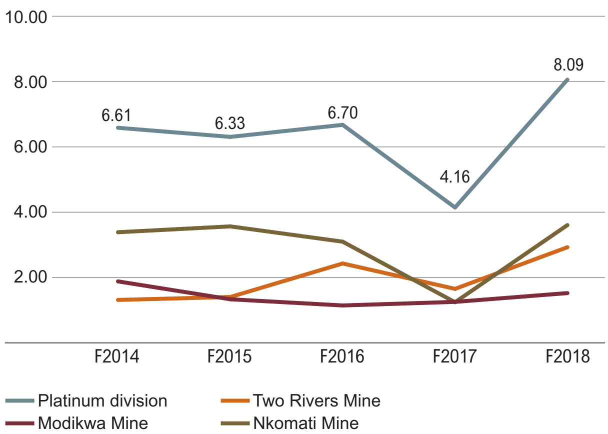


Energy efficiency initiatives implemented during F2018 included:

- Installing energy efficient LED lighting replacements and building awareness at Nkomati Mine;
- Installing LED lighting along the belts, behaviour change awareness and maintenance programmes at Two Rivers Mine; and
- Efficiency initiatives related to compressed air, ventilation fans and mills at Modikwa Mine. The mine also removed haulage fans by properly sealing off areas.

Water

WATER ABSTRACTED
(million m^3)



ARM PLATINUM continued

Total water abstracted increased by 93% to 8.1 million m^3 (F2017: 4.2 million m^3). The significant increase in water abstracted is as a result of improved reporting at Nkomati and Two Rivers mines, after implementation of the first phase of our project to improve water accounting. At Nkomati Mine, an additional volume of 2.2 million m^3 of renewable groundwater resources abstracted for dewatering was included in the water balance for the first time. A further 0.98 million m^3 (a 13% increase from F2017) was recorded in non-renewable groundwater abstracted for dewatering and safe mining purposes. At Two Rivers Mine, the water balance was improved to account for fissure water, which resulted in an increase of 0.6 million m^3 in this year's figures.

Two Rivers Mine initiated the use of a dust suppressant agent that materially reduced the volume of water required for dust suppression along the crusher plant haul road.

Nkomati Mine accounted for 45% of the division's total water withdrawal, Modikwa Mine 19% and Two Rivers Mine 36%.

MAINTAINING OUR SOCIAL LICENCE TO OPERATE

ARM Platinum invested R41 million in LED in terms of its SLPs (F2017: R29 million). CSI expenditure was R10 million (F2017: R11 million), bringing the total investment in CSR projects to R51 million (F2017: R40 million).

Community relations remain challenging. In April 2018, a bus transporting employees to Modikwa Mine for the night shift was attacked and set alight. Regrettably, six people lost their lives in this tragic incident and 44 employees sustained injuries.

Modikwa Mine provided counselling and support to all employees and their families who were impacted by this tragic incident.

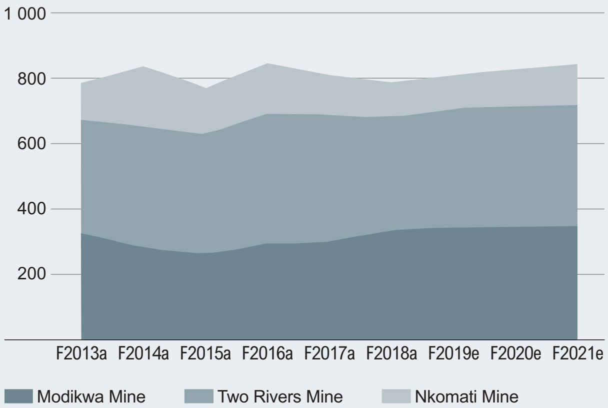
LED projects included the following:

- Two Rivers Mine contributed to the construction of three new classrooms at Ngwanangwato Secondary School benefiting 135 Grade 10, 11 and 12 learners from the Ga-Rantho and Ngwaabe communities.
- Modikwa Mine constructed a village access road to improve access and road safety for the Swale community. The mine also supported the construction and installation of two overhead lights in the Hwashi and Maandagshoek communities, improving security and road safety at a cost of R1.2 million.
- Two Rivers Mine donated school furniture to Kellysville Primary School.
- Two Rivers Mine established a water storage facility for 21 households in Buffelshoek creating 10 full-time jobs.

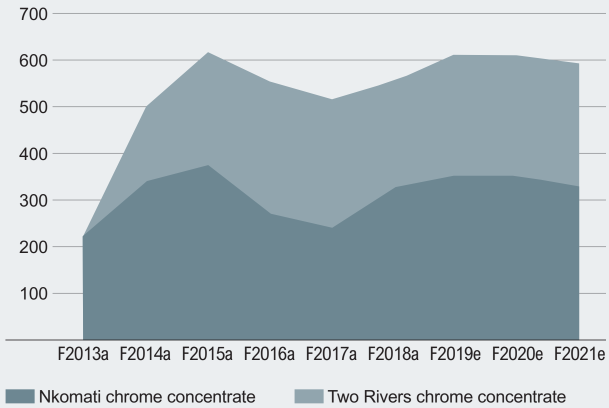
OUTLOOK

ARM Platinum production and sales volumes from F2013 to F2021 (100% basis)

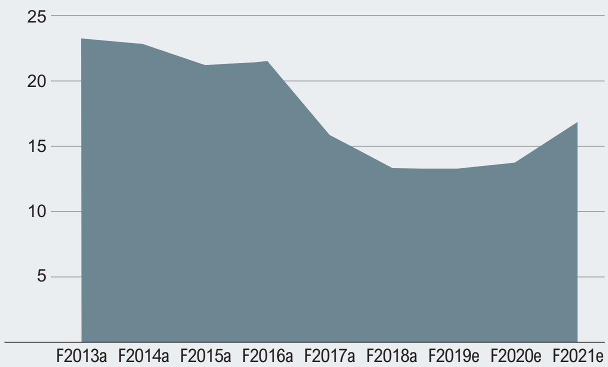
PGM PRODUCTION
(000oz)



CHROME CONCENTRATE SALES
(000t)



NKOMATI NICKEL PRODUCTION
(000t)



SUMMARY SUSTAINABILITY STATISTICS (100% BASIS)

	unit	F2018	F2017	F2016	F2015	F2014
Employee indicators						
Average number of permanent employees and contractors*		**9 452**	9 321	9 704	10 413	10 184
– Permanent employees		**6 045**	5 724	5 992	6 347	6 061
– Contractors		**3 407**	3 597	3 712	4 066	4 123
LTIFR per 200 000 man-hours		**0.49**	0.38	0.44	0.48	0.52
Environmental indicators						
Scope 1 and 2 carbon emissions	tCO_2e	**439 035**	434 988	456 780	424 622	416 829
Total water withdrawn**	million m^3	**8.1**	4.2	6.7	6.3	6.6
Energy usage						
– Electricity	MWh	**826 710**	804 597	829 484	824 432	810 310
– Diesel	000 litres	**35 071**	34 029	33 361	34 875	34 257
Community investment indicators						
Total CSR	R million	**51**	40	22	36	40
– CSI	R million	**10**	11	5	11	9
– LED	R million	**41**	29	17	25	31

* *The number of permanent employees and contractors are reported on an average for the year basis consistent with the calculation of safety statistics.*

** *Includes municipal and groundwater.*

ARM PLATINUM continued

SUMMARY OPERATIONAL AND FINANCIAL INDICATORS (100% BASIS)

TWO RIVERS MINE

Ownership:
ARM owns 54% of Two Rivers Mine. Impala Platinum owns the remaining 46%.

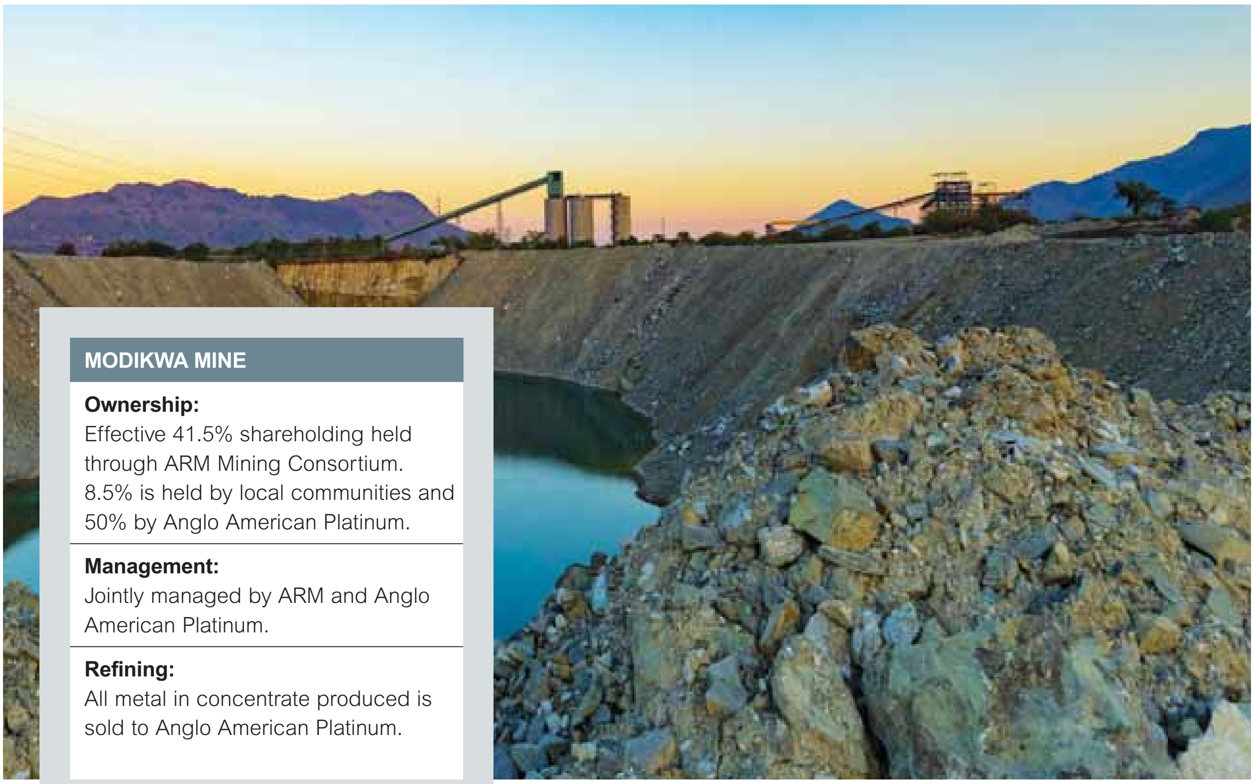
Management:
Managed by ARM.

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	F2018	F2017	F2016	F2015	F2014
OPERATIONAL						
Production volumes						
Platinum	oz	**162 543**	181 882	185 856	173 544	175 065
Palladium	oz	**96 569**	107 108	110 943	101 967	102 686
Rhodium	oz	**28 553**	31 797	33 098	30 645	30 993
Gold	oz	**2 528**	2 681	2 695	2 506	2 473
Ruthenium	oz	**46 937**	54 094	55 110	51 815	51 432
Iridium	oz	**11 274**	12 653	13 020	12 116	12 033
PGMs	oz	**348 405**	390 214	400 722	372 592	374 681
Nickel	t	**606**	602	648	584	566
Copper	t	**274**	280	308	267	249
Chrome sold	t	**229 642**	275 189	283 765	240 411	160 951
Other operational indicators						
Tonnes milled	Mt	**3.46**	3.50	3.51	3.36	3.28
Head grade	g/t 6E	**3.63**	3.90	4.06	3.98	4.01
Average basket price	R/kg 6E	**370 755**	333 746	320 977	341 200	330 214
Cash cost	R/t	**688**	690	642	595	602
Cash cost	R/PGM oz	**6 822**	6 195	5 624	5 365	5 266
Cash cost	R/Pt oz	**14 623**	13 291	12 125	11 519	11 271
Cash cost	R/kg 6E	**219 334**	199 168	180 802	172 503	169 314
FINANCIAL						
Sales revenue	R million	**3 883**	3 996	3 917	3 676	3 671
On-mine cash operating costs	R million	**(2 377)**	(2 417)	(2 253)	(1 999)	(1 973)
Off-mine cash operating costs	R million	**(142)**	(76)	(56)	(28)	(23)
Chrome cash costs	R million	**(50)**	(144)	(252)	(231)	(189)
Total cash operating profit	R million	**1 314**	1 359	1 356	1 418	1 486
Cash operating profit – PGM	R million	**1 104**	1 006	1 226	1 270	1 424
Cash operating profit – Chrome	R million	**210**	353	130	148	62
Capital expenditure	R million	**455**	293	282	277	317

AFS Refer to note 2 to the Annual Financial Statements for the Two Rivers Mine segmental information.

SUMMARY OPERATIONAL AND FINANCIAL INDICATORS (100% BASIS)



MODIKWA MINE

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

Management:
Jointly managed by ARM and Anglo American Platinum.

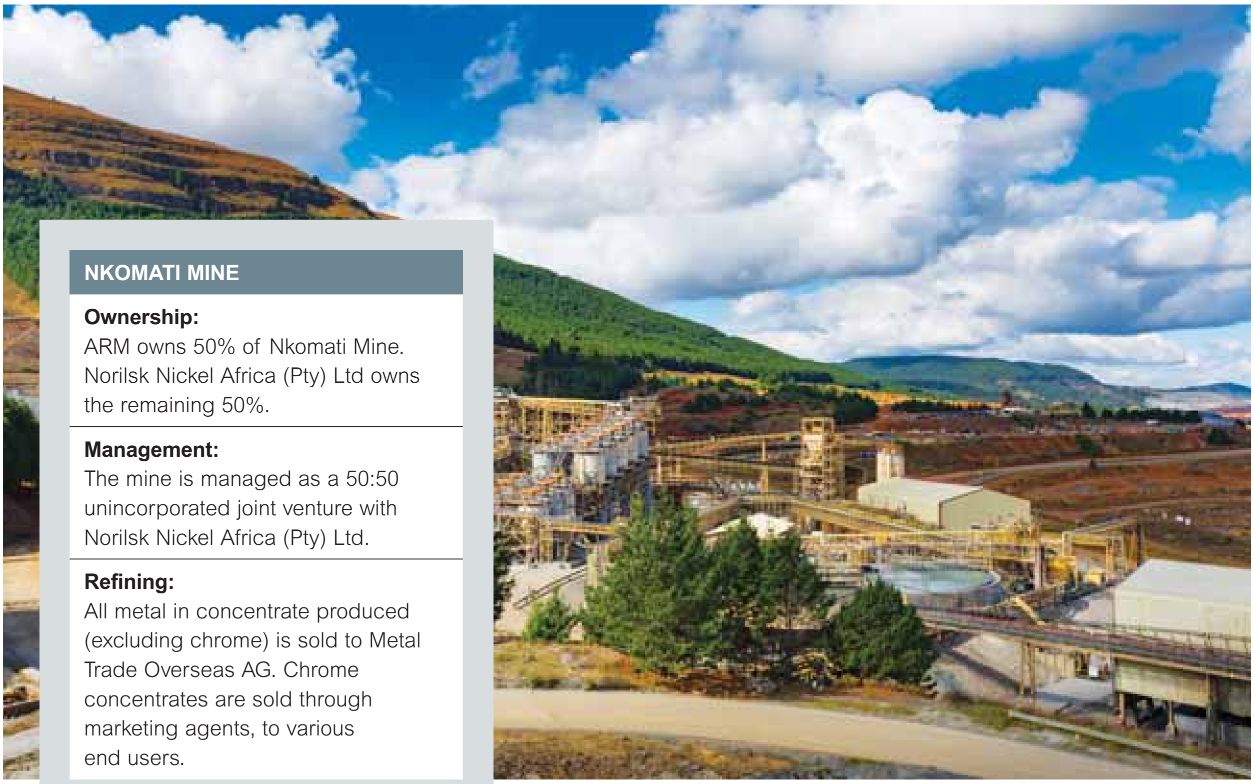
Refining:
All metal in concentrate produced is sold to Anglo American Platinum.

	unit	F2018	F2017	F2016	F2015	F2014
OPERATIONAL						
Production volumes						
Platinum	oz	**131 725**	116 531	113 792	100 593	111 310
Palladium	oz	**124 057**	114 274	111 507	99 082	106 654
Rhodium	oz	**26 693**	24 144	23 605	20 802	21 933
Gold	oz	**3 320**	3 014	3 011	2 694	3 382
Ruthenium	oz	**38 993**	34 965	33 637	29 762	31 065
Iridium	oz	**9 098**	8 302	8 051	7 104	7 361
PGMs	oz	**333 888**	301 228	293 604	260 037	281 706
Nickel	t	**628**	589	597	531	667
Copper	t	**384**	365	364	321	409
Other operational indicators						
Tonnes milled	Mt	**2.43**	2.01	2.05	1.86	2.10
Head grade	g/t 6E	**4.98**	5.43	5.27	5.17	5.06
Average basket price	R/kg 6E	**380 603**	334 051	315 748	336 699	322 789
Cash cost	R/t	**1 265**	1 265	1 182	1 187	1 010
Cash cost	R/PGM oz	**9 197**	8 463	8 244	8 481	7 545
Cash cost	R/Pt oz	**23 311**	21 878	21 271	21 924	19 095
Cash cost	R/kg 6E	**295 685**	272 104	265 046	272 676	242 577
FINANCIAL						
Sales revenue	R million	**3 592**	2 513	2 409	2 164	2 457
Total cash operating costs	R million	**(3 071)**	(2 549)	(2 420)	(2 205)	(2 125)
Total cash operating profit/(loss)	R million	**521**	(36)	(11)	(41)	332
Capital expenditure	R million	**266**	262	282	646	570

AFS Refer to note 2 to the Annual Financial Statements for the Modikwa Mine segmental information.

ARM PLATINUM continued

SUMMARY OPERATIONAL AND FINANCIAL INDICATORS (100% BASIS)



NKOMATI MINE

Ownership:
ARM owns 50% of Nkomati Mine. Norilsk Nickel Africa (Pty) Ltd owns the remaining 50%.

Management:
The mine is managed as a 50:50 unincorporated joint venture with Norilsk Nickel Africa (Pty) Ltd.

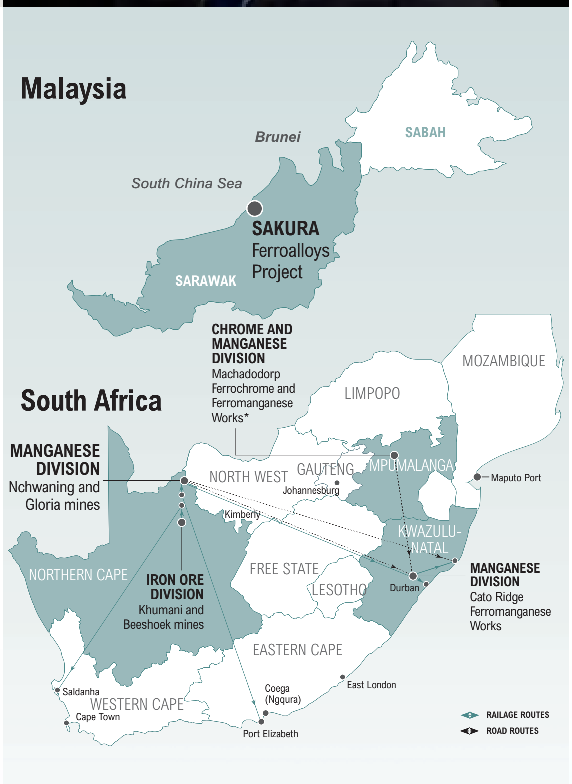
Refining:
All metal in concentrate produced (excluding chrome) is sold to Metal Trade Overseas AG. Chrome concentrates are sold through marketing agents, to various end users.

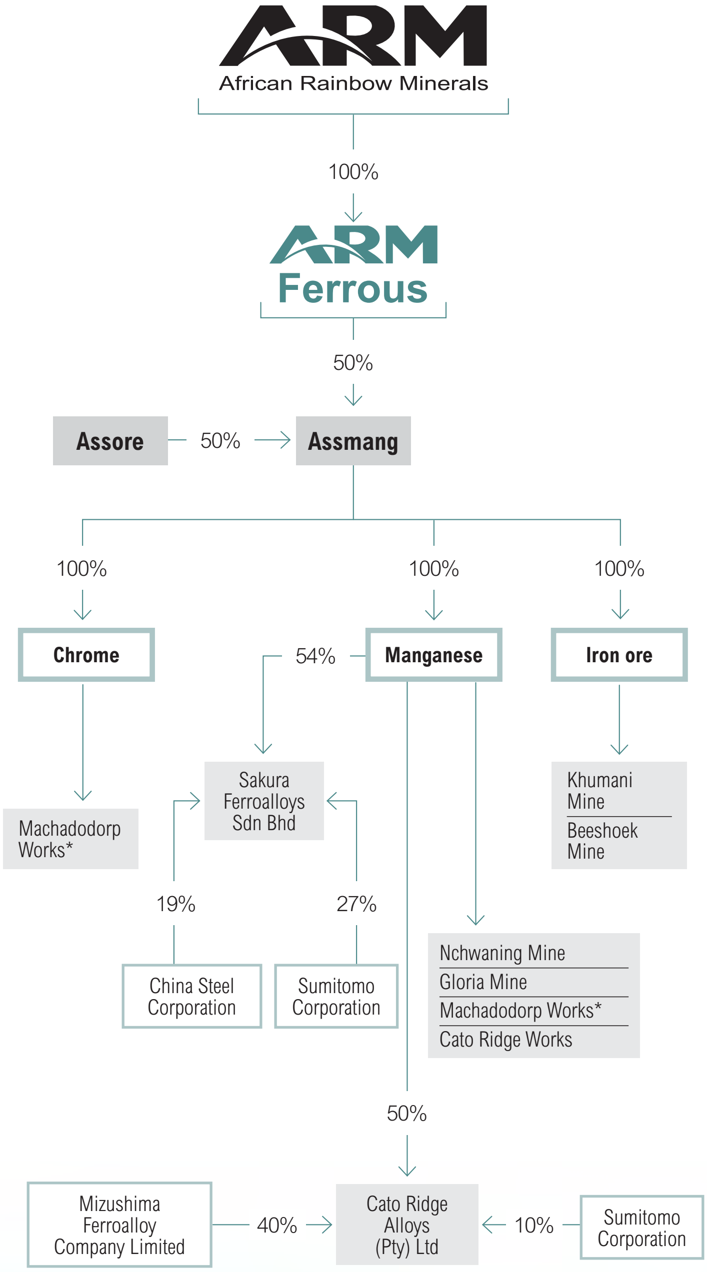
	unit	F2018	F2017	F2016	F2015	F2014
OPERATIONAL						
Production volumes						
Nickel	t	**13 302**	15 875	21 592	21 298	22 874
Copper	t	**7 371**	7 637	9 893	9 666	10 116
Cobalt	t	**716**	813	1 065	1 116	1 133
PGMs	oz	**110 290**	123 745	157 598	144 368	185 194
Chrome concentrate sold	000t	**328**	241	273	377	342
Other operational indicators						
Tonnes milled	Mt	**8.04**	7.49	8.24	8.03	7.93
Head grade	%	**0.24**	0.30	0.36	0.36	0.39
Average nickel price	US$/t	**12 397**	9 882	9 275	15 102	15 488
Nickel on-mine cash cost per tonne treated	R/t	**301**	284	295	296	308
Nickel on-mine cash cost per tonne milled (including capitalised waste stripping costs)	R/t	**339**	367	338	347	328
Cash cost net of by-products	US$/lb	**5.86**	4.81	4.18	4.85	4.81
FINANCIAL						
Sales revenue	R million	**3 278**	3 991	4 491	5 372	6 063
Nickel on-mine cash operating costs	R million	**(2 450)**	(2 019)	(2 528)	(2 732)	(2 348)
Nickel off-mine cash operating costs	R million	**(211)**	(1 209)	(1 827)	(1 485)	(1 553)
Chrome cash operating costs	R million	**(123)**	(103)	(248)	(340)	(349)
Total cash operating profit/(loss)	R million	**494**	660	(112)	815	1 813
Cash operating profit/(loss) – Nickel Mine	R million	**259**	252	(232)	537	1 656
Cash operating profit – Chrome	R million	**235**	408	120	278	157
Capital expenditure	R million	**428**	718	488	666	258

AFS Refer to note 2 of the Annual Financial Statements for the Nkomati Mine segmental information.

ARM FERROUS

André Joubert
Chief Executive – ARM Ferrous





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

KEY FEATURES FOR F2018

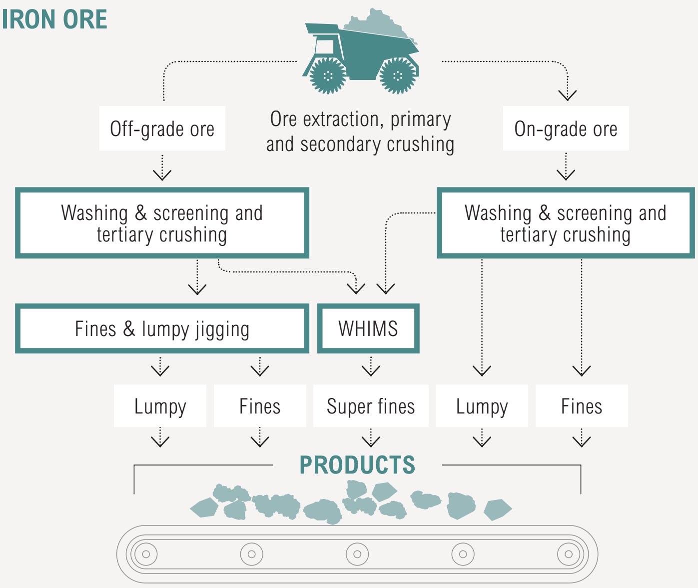
- Headline earnings from continuing operations increased by 6% to **R3.5** billion.
- The Manganese division's headline earnings increased by 64%.
- The LTIFR improved by 24% to 0.13 per 200 000 man-hours.
- Additional capital expenditure was approved for Gloria Mine.
- Assmang paid a dividend of R6 billion to its shareholders.
- Medium-term manganese export capacity allocation (MECA2) was concluded with Transnet.

MATERIAL MATTERS

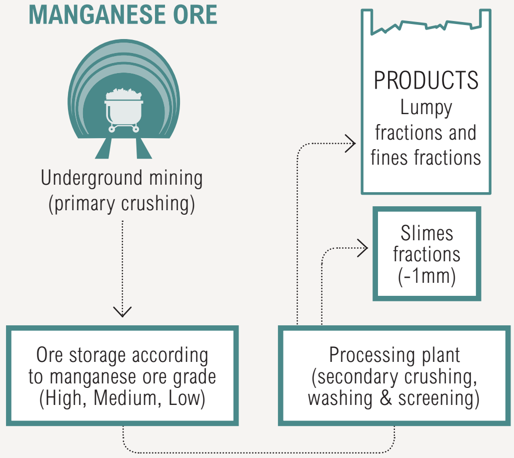
- Water supply and costs for Khumani and Black Rock mines.
- Commodity price and exchange rate volatility.
- Customer concentration risk at Beeshoek Mine with 85% of production sold locally.
- Changes in legislation.
- Increasing women representation across the various levels of management.

PRODUCTION PROCESS

IRON ORE



MANGANESE ORE



ARM FERROUS continued

IRON ORE: KHUMANI MINE

F2018 OBJECTIVES	PERFORMANCE AGAINST F2018 OBJECTIVES	F2019 OBJECTIVES
Maintain the good safety performance achieved to date.	**Achieved** The LTIFR remained at 0.01 per 200 000 man-hours.	Maintain the good safety performance achieved to date and ensure an LTIFR below the tolerance level of 0.20 per 200 000 man-hours.
Sustain production volumes at 14.3 million tonnes per annum.	**Achieved** Production volumes for F2018 were 14.7 million tonnes.	Deliver production volumes of 14 million tonnes per annum.
Increase ultra-fines production to 600 thousand tonnes per annum.	**Achieved** Ultra-fines production was 669 thousand tonnes.	Sustain the ultra-fines production at 600 thousand tonnes per annum.
Maintain export iron ore sales of 14 million tonnes per annum.	**Not achieved** Export sales volumes were 13.9 million tonnes.	Deliver sales volumes of 14 million tonnes per annum.
Evaluate when to implement technology to recover low-grade feed material.	**Achieved** Various options were evaluated during F2018. Recommendations will be made for consideration in F2019.	Recommend technology to be implemented to recover low-grade feed material.
Evaluate the equipping and extraction of water from the five boreholes.	**Achieved** Detailed geohydrological modelling work was completed and an application has been made to the Department of Water Affairs for an abstraction licence.	Roll-out the borehole extraction strategy and process implementation, once the abstraction licence is approved.
Contain unit cost escalations within inflation.	**Achieved** Unit production costs increased below inflation at 2%.	Contain unit cost escalations within inflation.
Execute a management programme for the offset area.	**Achieved** The farm Watermeyer was successfully secured and a management programme has been implemented.	Successfully introduce KM02 Pit as a tailings/paste facility for the next 15 years.

IRON ORE: BEESHOEK MINE

F2018 OBJECTIVES	PERFORMANCE AGAINST F2018 OBJECTIVES	F2019 OBJECTIVES
Maintain the good safety performance achieved to date.	**Achieved** A LTIFR of 0.07 per 200 000 man-hours was achieved, well below the tolerance level of 0.20 per 200 000 man-hours (this represents a 56% improvement from F2017).	Maintain and improve, where possible, the good safety performance achieved to date.
Increase production volumes to 3.7 million tonnes per annum.	**Achieved** Production volumes for F2018 were 3.9 million tonnes.	Deliver production volumes of 3.5 million tonnes per annum.
Target local iron ore sales of 3.5 million tonnes per annum. Target export iron ore sales of 300 thousand tonnes.	**Achieved** Local sales volumes were 3.6 million tonnes. Export sales volumes were 404 thousand tonnes.	Target iron ore sales to the local market of 3 million tonnes per annum. Target iron ore sales to the export market of 350 000 tonnes.
Complete mining activities in East Pit by December 2018.	**Achieved** Mining in East Pit continued on schedule and it is forecasted to be completed by December 2018.	Complete the mining activities in East Pit by December 2018.
Complete feasibility study for the tailings recovery project.	**Not achieved** Various studies have been initiated and costs have been estimated for different processing options. A final selection on the way forward has not yet been concluded due to options not meeting the requisite investment criteria.	Complete the feasibility investigations into the retreatment of slimes and jig discard and make a final recommendation for consideration.
Contain unit cost escalations within inflation.	**Achieved** Unit production costs decreased by 0.5%.	Contain unit cost escalations within inflation.
		Evaluate satellite ore body opportunities to increase the resource base of the mine.

ARM FERROUS continued

MANGANESE ORE: BLACK ROCK MINE

F2018 OBJECTIVES	PERFORMANCE AGAINST F2018 OBJECTIVES	F2019 OBJECTIVES
Maintain the good safety performance achieved to date.	**Achieved** An LTIFR of 0.20 per 200 000 man-hours was achieved.	Maintain the good safety performance achieved to date maintaining the LTIFR below the tolerance level of 0.30.
Ramp up production in line with the Transnet expansion schedule. Target 3.6 million tonnes of product for 2018.	**Achieved** Production volumes were 3.7 million tonnes.	Deliver production volumes of 3.3 million tonnes.
Deliver external sales volumes of 3.3 million tonnes.	**Achieved** Sales volumes for F2018 were 3.4 million tonnes.	Deliver external sales volumes of 3.5 million tonnes as the modernisation of Gloria Mine is being executed.
Contain unit cost escalations within inflation.	**Not achieved** Unit production costs increased by 16%. The mine is still in a ramp-up phase as the Black Rock Project nears completion.	Contain unit cost escalations within inflation.
Complete the following: o Stacker 2 commissioning. o Commissioning of the product stockyard, load-out station and rail balloon. o Rail link line. Performance testing of product load-out system. o Nchwaning I key underground infrastructure. o Nchwaning II underground sliping and support. o Nchwaning II underground silos at station ore handling system. o Nchwaning III underground sliping and support in Satellite Tip 1 Area. o Nchwaning III underground silos at Satellite Tip 1 Area. o Nchwaning III underground mining development. o Gloria second escape shaft commissioning and winder licensing. o Gloria decline design and procurement process. o Commence with design on Gloria.	**In progress** 95% of the planned objectives for the Black Rock Project were achieved. The following objectives will be completed during F2019: o Nchwaning I key underground infrastructure – 80% complete. o Nchwaning II underground sliping and support complete, Main Drive North still in progress. o Nchwaning III underground mining development – Tip 2 planned for completion in 2019.	**Complete the following:** o Nchwaning II station ore handling system and Graben tip. o Nchwaning II sliping and re-support. o Nchwaning III proceed with construction on Tip 1 and silo feed. o Nchwaning III underground silos at Satellite Tip 1 Area. o Nchwaning I third ore pass. o Gloria replacement of decline conveyor and infrastructure. o Gloria commence with underground mining and sliping. o Gloria commence with processing plant earthworks and civil construction. o Nchwaning III plant thickener upgrade. o Nchwaning tailings facility. o Eskom Klipkop sub-station upgrade commence.

MANGANESE ALLOY: CATO RIDGE WORKS

F2018 OBJECTIVES	PERFORMANCE AGAINST F2018 OBJECTIVE	F2019 OBJECTIVE
Maintain the good safety performance achieved to date.	**Achieved** A LTIFR of zero was achieved.	Maintain the good safety performance achieved to date.
Contain unit production cost increases.	**Achieved** Unit production costs increased by 6%.	Contain unit production cost increases.
Assess furnace performance and cost when using lower-grade N-ore from the mine.	**Achieved** The lower-grade ore was successfully introduced to the furnaces without any major adverse effects.	Evaluate the use of 'Vessel Sinter' to reduce sinter costs.
Design and build a demonstration furnace if approval is obtained.	**Not achieved** The development and design of a demonstration furnace progressed well; however, a decision was made to install this furnace at Machadodorp Works.	Complete the design and build a demonstration furnace at Machadodorp Works for ferromanganese production tests.
Optimisation of the raw material mix feed into the furnaces to reduce costs.	**Achieved** This work is progressing as planned. 20% of the traditional Nchwaning ore was replaced with Traxys agglomerates, produced on-site, from low-value raw materials.	Finalise the Traxys Project development and recommend the potential investment.
Commission the Brex Plant to full production to consume fines on site.	**Achieved** The Brex Plant was successfully commissioned and production at the plant is in balance with the furnace requirements.	Continue the evaluation of the Brex agglomerates on the furnaces to establish cost reduction recipes.
Complete slag test work to determine suitability for application in the aggregate industry.	**Achieved** The slag test work has been completed and successfully placed in the aggregate industry. Exemption has been obtained from the Department of Environmental Affairs to re-cycle slag.	Initiate and complete an Alloy Strategy for ARM Ferrous.

ARM FERROUS continued

MANGANESE ALLOY: SAKURA WORKS

F2018 OBJECTIVES	PERFORMANCE AGAINST F2018 OBJECTIVES	F2019 OBJECTIVES
Maintain the good safety performance achieved to date.	**Not achieved** Regrettably an employee was fatally injured in an accident at the Sakura Works.	Improve the safety performance ensuring an LTIFR below the tolerance level of 0.20.
Increase production volumes to 229 thousand tonnes per annum.	**Achieved** Saleable production volumes were 243 thousand tonnes.	Deliver production volumes of 240 thousand tonnes.
Deliver sales volumes of 228 thousand tonnes per annum.	**Achieved** Sales volumes for F2018 were 239 thousand tonnes.	Deliver sales volumes of 240 thousand tonnes.
Contain unit cost escalations within inflation.	**Not achieved** Unit production costs increased by 5%.	○ Contain unit cost escalations within inflation. ○ Successfully reduce alloy fines generation. ○ Complete the sinter production options and make final recommendation. ○ Complete the binder investigation on the Brex Plant. ○ Introduce alternative raw materials to reduce the ore and reductant input costs. ○ Extend the slag sales agreements and develop and implement slag re-use options.

MARKET REVIEW

Global steel demand grew by 4.7% in the 2017 calendar year (CY) compared to 2016. This is a significant increase from the 1% growth reported in 2016 CY. Both developed and developing economies contributed to the improved growth. Global crude steel production also reported healthy growth during F2018 driving the demand for the ARM Ferrous commodities. All major steel producing countries, except for Japan, reported strong growth in 2017 compared to 2016. Year-on-year growth ranged between 3% to 6% per region and overall world growth reached 5% year-on-year.

China's continued drive to a cleaner environment has assisted in keeping steel margins high and drove the demand for higher-grade raw materials, especially iron ore. Elsewhere, improved economic growth supported demand for bulk commodities.

Iron ore

Prices for iron ore (62% iron content, fines grade, delivered in China) for the financial year under review remained on average similar to that of the previous year at a price of US$69/t. Compared to previous years, however, the index price remained more stable, particularly during the second half of the financial year. This is indicative of a more stable supply/demand balance.

The premium for lumpy grade material was more volatile ranging between US$5.14/t and US$29.87/t. The average premium for lumpy material for the year under review was US$13.34/t, almost double the average premium for the previous year.

Even though China represents more than 70% of world seaborne trade, ARM Ferrous iron ore sales to China were reduced to just above 50%. Domestic sales of iron ore increased slightly from 19% to 20% for the year under review.

Manganese ore

Demand for manganese ore remained strong throughout the financial year driven by weaker than expected Chinese domestic manganese ore production and significantly higher Chinese Electrolytic Manganese Metal (EMM) production, providing strong price support for both the high-grade (44% manganese content) and medium-grade (37% manganese content) indices. The manganese ore market experienced some price volatility due to the environmental restrictions which saw manganese ore imports into China reaching historical highs; however, demand side fundamentals have re-emerged as the market drivers.

The average index price in F2018 for high-grade lumpy ore (44% manganese content) was US$6.88/mtu, delivered in China (F2017: US$5.77/mtu), while the average medium-grade (lumpy) ore price index (37% manganese content) for the F2018 was US$5.59/mtu, free on board from South Africa (F2017: US$4.56/mtu).

Manganese alloys

The start of the financial year saw the alloy market remain tight due to weaker year-on-year growth in supply from the rest of the world excluding China. These conditions, together with robust manganese ore prices, strong steel consumption and high steel prices resulted in alloy prices being maintained at higher levels than the start of the 2017 calendar year.

Oversupply in the manganese alloy market began to emerge in markets outside China in the second half of the financial year as supply caught up with increased demand. Although demand from the steel industry remained firm across geographies, the increased supply translated into price weakness. The average F2018 index price for the USA and Europe for high carbon ferromanganese was US$1 434 per metric tonne delivered duty paid (F2017: US$1 179 pmt DDP) while the average for Medium Carbon for F2018 was US$1 983 per metric tonne Delivered Duty Paid (DDP) (FY2016/2017: US$1 706 pmt DDP).

FINANCIAL REVIEW

ARM Ferrous headline earnings (including discontinued operations) of R3 528 million were 5% lower compared to R3 709 million in F2017. This decrease was mainly due the inclusion in F2017 of a non-recurring amount of R378 million relating to the sale of ARM's effective 50% stake in the Dwarsrivier Mine (which was disclosed as a discontinued operation in F2017). The F2018 ARM Ferrous headline earnings from continuing operations were 6% higher than the corresponding financial year excluding this non-recurring amount.

The manganese division's headline earnings were 64% higher. Iron ore headline earnings were down 24% mainly as a result of a 20% decrease in the average realised US Dollar fines prices and the strengthening of the Rand/US Dollar exchange rate.

ARM FERROUS HEADLINE EARNINGS/(LOSS) BY DIVISION

	12 months ended 30 June		
R million	2018	2017	% change
Iron ore division	**3 343**	4 373	(24)
Manganese division	**3 808**	2 322	64
Chrome division	**(42)**	749	(106)
Total (100% basis)	**7 109**	7 444	(5)
ARM share	**3 555**	3 723	(5)
Consolidation adjustments	**(27)**	(14)	
Headline earnings attributable to ARM	**3 528**	3 709	(5)

The mines and the smelters were able to deliver into this generally improved price environment, increasing production and sales volumes at all the operations.

ARM FERROUS continued

OPERATIONAL REVIEW

Production and sales volumes performance

Iron ore production volumes increased by 864 thousand tonnes (5%) to a production record of 18.58 million tonnes in F2018 (F2017: 17.7 million tonnes). Most of the increase was due to Beeshoek Mine which delivered 730 thousand tonnes higher production volumes as an opportunity to export 404 000 tonnes of iron ore from Beeshoek Mine was created through the newly established rail loop to the Saldanha Export Channel. Khumani Mine's production volumes increased by 134 thousand tonnes to 14.7 million tonnes by practising selective mining methods and improving the in-pit blending of the feed ore. This resulted in the on-grade ratio improving from 32% in F2017 to 35% in F2018. Khumani Mine's production lumpy to fines ratio decreased from 57:43 in F2017 to 55:45 in F2018 as a result of mining more ore from the King Pit, in alignment with the exploitation schedule for the total iron ore resource at Khumani Mine.

Commensurate to the higher production, total iron ore sales volumes increased by 600 thousand tonnes (4%) to a sales record of 17.9 million tonnes in F2018. Beeshoek Mine's sales volumes increased by 750 thousand tonnes while Khumani Mine's sales volumes decreased by 150 thousand tonnes. The decrease in the sales volumes from Khumani Mine is directly related to the derailments experienced on the export line to Saldanha Port. Of the 17.9 million tonnes sold, 14.3 million tonnes was exported and 3.6 million tonnes was sold locally.

At Black Rock Mine, manganese ore production volumes increased by 21% to 3.72 million tonnes (F2017: 3.07 million tonnes). 84% of the additional manganese ore produced was lumpy. The main reasons for the improved production volumes were:

- Benefits of the Black Rock Project – the upgrade of the Nchwaning II Shaft was completed during F2017, which enabled the full utilisation of the shaft infrastructure during F2018; and
- Successful execution of productivity improvement initiatives at the various shafts.

Black Rock Mine's sales volumes increased by 6% to 3.41 million tonnes (F2017: 3.24 million tonnes).

Cato Ridge Works' high-carbon ferromanganese production volumes decreased by 10 thousand tonnes (6%) to 151 thousand tonnes compared to 161 thousand tonnes in F2017. The decrease in production volumes relates to a decision taken to reduce the amount of furnaces operating at Cato Ridge Works from four in F2017 to three in F2018 as part of the business improvement strategy. Cato Ridge Alloys' medium-carbon ferromanganese production volumes decreased by 6% to 57 thousand tonnes in F2018 compared to 61 thousand tonnes in F2017. The sales volumes for both high-carbon and medium-carbon ferromanganese matched the production volumes achieved for F2018.

Sakura Works' high-carbon ferromanganese production volumes increased by 63 thousand tonnes (35%) to 244 thousand tonnes in F2018 compared to 181 thousand tonnes in F2017. This increase was as a result of the ramp-up of both furnaces during F2018, which are currently producing at higher than design capacity. Sales volumes at Sakura Works increased by 86% to 240 thousand tonnes (F2017: 129 thousand tonnes).

ASSMANG PRODUCTION VOLUMES (100% BASIS)

Thousand tonnes	12 months ended 30 June 2018	2017	% change
Iron ore	**18 578**	17 714	5
Manganese ore	**3 717**	3 069	21
Manganese alloys (local)	**218**	222	(2)
Manganese alloys (Sakura)	**244**	181	35
Charge chrome	**2**	11	(82)

ARM FERROUS SALES VOLUMES (100% BASIS)

Thousand tonnes	12 months ended 30 June 2018	2017	% change
Iron ore	**17 874**	17 275	3
Manganese ore*	**3 177**	2 974	7
Manganese alloys (local)	**138**	174	(21)
Manganese alloys (Sakura)	**240**	129	86
Charge chrome	**13**	18	(28)

* *Excluding intra-group sales.*

Unit cost performance

Through improved operational efficiencies and higher production volumes, Khumani and Beeshoek mines' unit production costs were managed to well below inflation and increased by only 2% and 1% respectively.

Black Rock Mine's year-on-year unit production costs increased by 16%. In F2017, the on-mine unit production costs had reduced to R453 per tonne mainly due to the exclusion of fixed costs of R208 million from on-mine production costs as the Nchwaning II Shaft was closed for 10 months of the financial year. In F2018, these associated costs were included in on-mine production costs as the shaft was fully operational for the entire of F2018. Further, there was an increase in operating costs as a result of manning the new plant and infrastructure, but not yet realising the full production volume potential, as a result of the Black Rock Project still being completed.

Both Khumani Mine and Black Rock Mine are currently in negotiations with the Sedibeng Water Board for the capital user charge related to the upgrade of the Vaal Gamagara Water pipeline which supplies water to both mines. This charge may increase unit costs at both mines going forward.

Cato Ridge Works' unit production costs increased by 6% as a result of higher input cost for sinter (due to the price improvements experienced in the index price for manganese ores) and an increase in the delivered price of coke and anthracite reductants. The unit cost of sales for Cato Ridge Works increased as the sales prices of alloys increased substantially during F2018 resulting in increased sales commissions. Sakura Works' unit production costs increased by 5% despite significant increases in raw material input costs (especially manganese ore and reductants). This was achieved through improved efficiencies and increased production volumes.

ARM FERROUS COST AND EBITDA MARGIN PERFORMANCE

Commodity group	Unit cost of sales % change	On-mine unit production cost % change	EBITDA margin %
Iron ore	2	2	39
Manganese ore	15	16	48
Manganese alloys: Cato Ridge	20	6	29
Manganese alloys: Sakura	6	5	12

Logistics

Transnet performed well and all local and export sales volumes were achieved in F2018 as planned.

ARM Ferrous has signed the MECA2 (Manganese Export Capacity Allocation) Agreement with Transnet, valid from 15 September 2015 until the later of 31 March 2023 or when the Port of Ngqura is fully operational. Rail and port capacity is secured through the ports of Port Elizabeth and Saldanha in line with the ramp up of Black Rock Mine. Engagements with Transnet with regards to synchronising the planned production ramp up of Black Rock Mine beyond 2023 and the rail and port capacity provisions in the longer-term (MECA3) are ongoing.

Transnet enabled Khumani Mine to export 14.3 million tonnes of iron ore for F2018. Although port stockpiles are low due to various Transnet Freight Rail (TFR) derailments, the Ferrous division has successfully managed to achieve planned iron ore sales volumes. A junior iron ore producer and exporter was able to export more than 1 million tonnes of product using the load-out facility of Khumani Mine during the reporting period.

In collaboration with Transnet, a link to the iron ore export line to Saldanha Port has been established, from Beeshoek Mine, to provide for additional iron ore export volume flexibility. This opportunity enabled Beeshoek Mine to export 404 thousand tonnes of iron ore, through Saldanha, in F2018.

Capital expenditure

Capital expenditure increased by 9% to R3 081 million in F2018 (F2017: R2 817 million).

Khumani Mine's capital expenditure was R1 306 million (F2017: R892 million). This increase mainly related to:

- Additional trackless mining machinery that was acquired to enable the selective mining strategy deployed during F2018;
- Waste stripping at the Bruce and King pits; and
- The replacement of mining equipment and fleet.

Beeshoek Mine's capital expenditure was R474 million compared to R277 million for F2017. The increase relates to:

- R98 million additional expenditure on waste stripping in the Village Pit in line with the development and exploitation schedule of the Village Pit; and
- R85 million additional expenditure for the replacement of trackless mining machinery and the replacement of crusher spares.

Black Rock Mine's capital expenditure decreased by 19% to R1 240 million (F2017: R1 617 million) mainly due to lower capital expenditure incurred for the Black Rock Project as most of the surface infrastructure improvements were completed and commissioned in F2017. At the end of F2018, approximately 90% of the approved R6.7 billion capital expenditure was committed or spent.

Capital of approximately R2.7 billion (on a 100% basis) has been approved for the modernisation and optimisation of Gloria Mine within Black Rock Mine. This capital, which is expected to be spent over the next few years, will enable Black Rock Mine the flexibility to produce different product specifications (from high- to medium-grade) as the ability to deliver different specification products to customers has become a key differentiator in the current dynamic manganese ore market. Gloria Mine is expected to be shut for six months of F2019 as part of this modernisation. Sales are planned to be met from inventory which has been built up in anticipation of the shutdown. Production capacity at Gloria Mine will be increased and will bring Black Rock Mine's production capacity to approximately 5 million tonnes per annum.

Cato Ridge Works' capital expenditure was R45 million compared to R30 million in F2017. The increase in capital expenditure relates mainly to sustaining capital expenditure. Sakura Works' capital expenditure reduced from R221 million to R34 million in F2018 mainly due to successful completion of the project in F2018.

ARM FERROUS CAPITAL EXPENDITURE

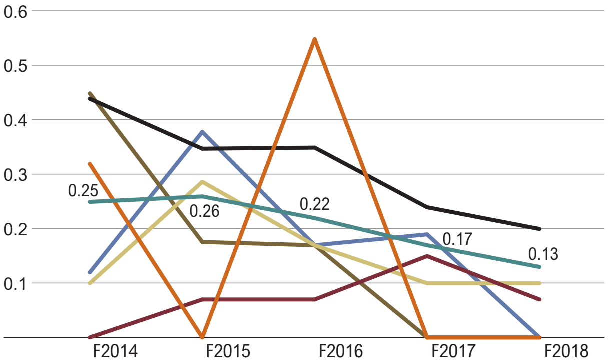
100% basis R million	12 months ended 30 June		
	2018	2017	% change
Iron ore	**1 780**	1 169	52
Manganese	**1 285**	1 648	(22)
Chrome	**16**	–	
Total	**3 081**	2 817	9

ENSURING A SAFE, HEALTHY AND SKILLED WORKFORCE

Safety

There were no fatalities at any of the ARM Ferrous managed operations in the year under review (F2017: zero). Regrettably a fatality was reported at Sakura Ferroalloys Works. The Ferrous division achieved an LTIFR of 0.13, which is a 24% improvement compared to F2017 (F2017: 0.17). A total of 11 LTIs were recorded during F2018 (F2017: 15).

LTIFR
(per 200 000 man-hours)



Achievements at the Ferrous operations included:

- On 18 October 2017, Beeshoek Mine recorded 16 000 fatality-free production shifts, an accomplishment that took 14 years and 11 months to achieve. The mine also received a certificate from the DMR for an outstanding safety achievement as the "Most Consistent Surface Mine" in the 2017 Northern Cape Mine Safety Competition;
- Machadodorp Works achieved one million fatality-free shifts on 23 December 2017;
- Black Rock Mine achieved six million fatality-free shifts on 17 January 2018, an achievement that took nine years to complete;
- On 7 March 2018, Beeshoek Mine completed 365 consecutive days without a LTI;
- Khumani Mine achieved two million fatality-free shifts on 12 April 2018;
- As at 30 June 2018, Cato Ridge Works completed 704 days without a LTI;
- As at 30 June 2018, Machadodorp Works completed 875 days without a LTI; and
- Beeshoek Mine was awarded the first prize for the most improved safety performance and the second prize for the best safety performance in its class during the 2018 Mine Safe Conference.

Operation	Total fatality-free shifts worked	Last fatality
Beeshoek Mine	3 815 189	March 2003
Black Rock Mine	6 345 852	April 2009
Khumani Mine	2 123 680	April 2015
Cato Ridge Works	2 304 371	February 2008
Machadodorp Works	1 062 649	February 2011

As part of our commitment to continued improvement and as a member of both the ICMM and the Minerals Council South Africa, ARM has committed to implement the Critical Control Management (CCM) Process. This process is acknowledged globally as a process that could significantly help to prevent disabling or fatal accidents.

There were two Section 54 Notices issued (one each at Beeshoek and Black Rock mines) in F2018 (F2017: one). No production shifts were lost at Beeshoek Mine, but at Black Rock Mine three production shifts were lost. There was no impact on production as the plant produced from the stockpile (F2017: one). One Section 55 Notice was issued in the Ferrous division (F2016: 0).

Human capital

Total employees and contractors at ARM Ferrous decreased marginally to 11 821 (F2017: 11 918), 45% of which were full-time employees and 55% were contractors. ARM Ferrous invested R156 million in training initiatives (F2017: R121 million). Four man-days were lost to a strike at Khumani Mine during the year (F2017: 0).

Health

24 326 audiometric tests were conducted on employees and contractors during F2018 and two cases were submitted for compensation for NIHL (F2017: two).

Counselling for HIV & Aids was provided to 11 199 employees and contractors in F2018 (F2017: 13 725) and 3 438 were tested (F2017: 2 250). Employees and contractors on disease management programmes decreased to 1 172 and those receiving anti-retroviral treatment (ART) decreased to the same number as the division implemented the Department of Health's test and treat policy (F2017: 2 451 received ARTs).

29 650 employees and contractors (F2017 27 213) were screened for PTB and 17 new cases were identified (F2017: 18) and 10 cases cured.

Beeshoek, Black Rock and Khumani mines partnered with the Northern Cape Department of Health to improve health services among employees and local communities by strengthening the implementation of the provincial Pulmonary Tuberculosis (PTB), HIV & Aids, STIs and chronic diseases strategies.

ARM FERROUS continued

ARM participated in the official opening of the Kuruman One Stop Health Centre in the Northern Cape in December 2017, which is one of the medical facilities across the country conducting medical examinations for the Medical Bureau for Occupational Diseases on former miners with occupational lung diseases such as silicosis.

Diversity

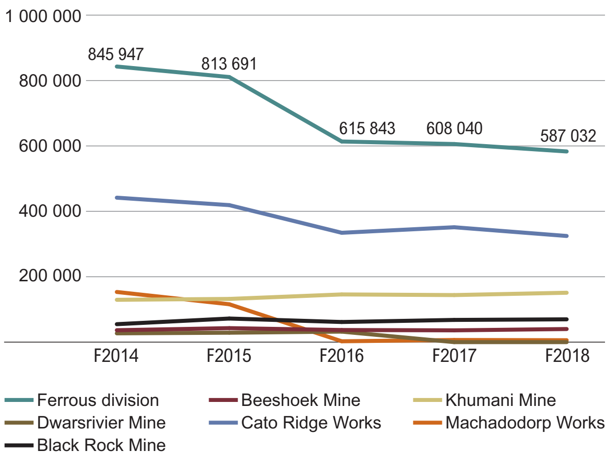
HDSA representation at management level in the Ferrous division increased to 63% (F2017: 61%) and the three mines in the division reported against the Mining Charter as required by the MPRDA.

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES

Emissions

ARM Ferrous's estimated Scope 1 and 2 carbon emissions decreased by 3.5% to 587 032 equivalent tonnes of CO_2 (tCO_2e) (F2017: 608 040 tCO_2e) on an attributable basis, which represented 57% of ARM's total for the year. Cato Ridge Works, which accounts for 56% of the division's emissions, decreased carbon emissions by 7.6%.

SCOPE 1 AND 2 CARBON EMISSIONS
(tCO_2e)

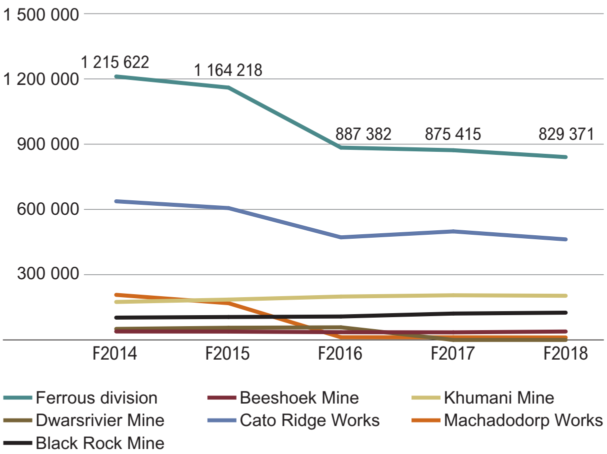


Emission reduction initiatives at the Ferrous operations included the continued roll-out of LED lights in mine plants and offices and the introduction of synthetic fuel stabilisers at Beeshoek Mine that decreased diesel use. Khumani Mine installed a solar plant and implemented a vehicle tracking system that optimised fleet usage and increased fuel monitoring. At Cato Ridge Works, a diesel-powered slag hauler was replaced by an electrical winch-driven bogey to transport the molten metal ladle from the furnace to the refined alloy bay for further processing. This resulted in a diesel saving and reduced the travel distance. Cato Ridge Works also installed two variable speed drives on the suction fans serving the furnaces which reduced electricity consumption.

Energy use

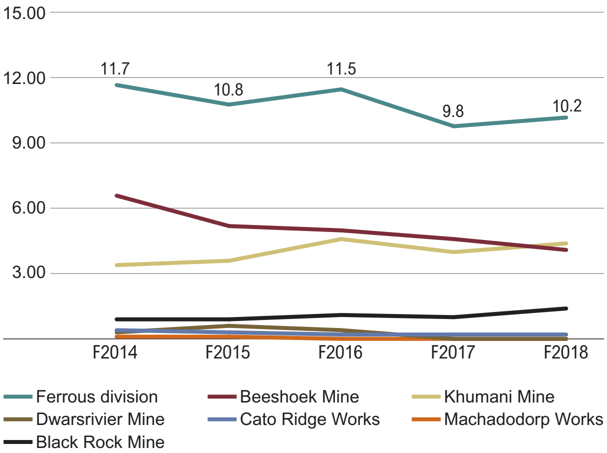
Electricity consumed by the division decreased by 5% to 829 371 MWh (F2017: 875 415 MWh). ARM Ferrous is a member of the Energy Intensive Users Association and has an Energy Efficiency Charter to map its development and implementation of energy-efficient practices.

ELECTRICITY CONSUMPTION
(MWh)



Total water abstracted increased by 4.0% to 10.2 million m^3 in F2018 (F2017: 9.8 million m^3). ARM Ferrous operations accounted for 56% of ARM's total water abstraction. Khumani Mine accounted for 44% of the division's total water abstraction and Beeshoek Mine 40%. At Black Rock Mine, a 39% increase in the volume of water abstracted was due to a 639 394 m^3 increase in groundwater abstracted.

WATER ABSTRACTED
(million m^3)



Water use

Securing a consistent water supply is a risk and a potential constraint to future growth for the ARM Ferrous operations in the water-scarce Northern Cape where Black Rock, Beeshoek and Khumani mines are located.

Khumani Mine has sunk boreholes in preparation for developing an abstraction model to supplement water supplied by Sedibeng Water. A detailed groundwater flow model has been developed and, once approved, the infrastructure will be installed.

ARM Ferrous plays a strategic role in the Vaal Gamagara Water Supply Scheme Project, which is helping to develop a collaborative response to the requirements for bulk water supply and pricing over the next 25 years.

ARM FERROUS continued

MAINTAINING OUR SOCIAL LICENCE TO OPERATE

The Ferrous division invested R95 million in LED in terms of its SLPs, an increase of 51% compared to last year (F2017: 63 million). CSI expenditure increased by 17% to R7 million (F2017: R6 million) bringing the total investment in CSR to R101 million.

ARM Ferrous is part of a working committee with the other manganese producers in the Northern Cape and the Minerals Council South Africa to collaborate and innovate to create large-scale impact on communities by creating shared value.

Significant LED projects supported by ARM Ferrous include:

- Black Rock Mine contributed R20 million towards the Kuruman Bulk Water Project. This was not part of the current year budget but was requested during the Ga-Segonyana stakeholder update meeting on ongoing projects. Over the past three years Black Rock Mine has contributed R49 million towards the Kuruman Bulk Water Project.
- Khumani Mine invested R10 million in upgrading the access road into Kathu, refurbishing the road base and constructing a new asphalt layer to improve road safety conditions and traffic control.
- Khumani Mine contributed R18 million to the provision of water and sanitation infrastructure for 325 households in Olifantshoek. 82 temporary jobs were created for local people and five local sub-contractors were appointed.
- Black Rock Mine invested R1 million in the construction of internal reticulation from water tanks and communal pre-paid stand pipes in Gamasepa Village in Joe Morolong Local Municipality. Beneficiaries include the estimated 185 households of Gamasepa community and 10 temporary local jobs were created.
- Black Rock Mine erected 85 ventilated improved pit toilets in the Magobing West community in Joe Morolong Local Municipality, creating 24 temporary local jobs.
- Khumani Mine constructed 57 SMME shops for informal traders at the Kuruman SMME Village and each will receive a training programme on business management

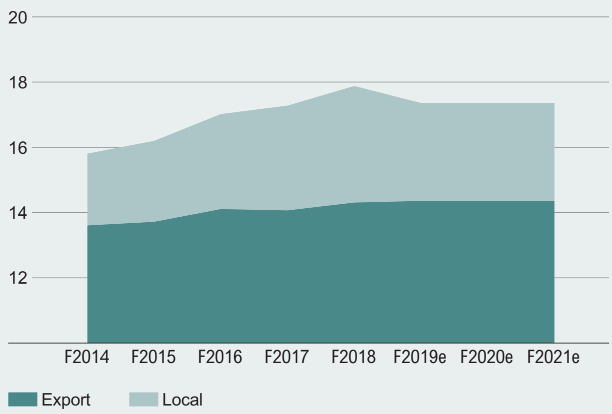
CSI projects included:

- Khumani Mine distributed supplements to beneficiaries in the John Taolo Gaetsewe District, including 695 children, 55 elderly and 23 people living with disabilities.

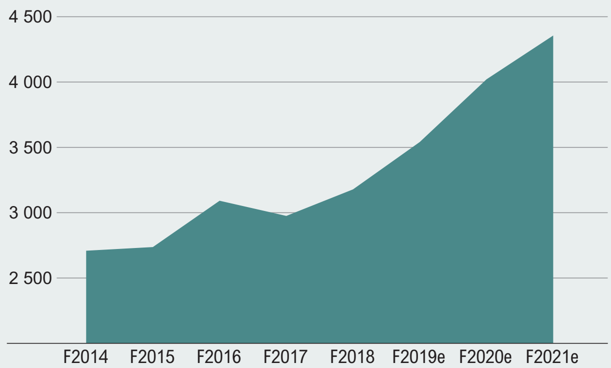
OUTLOOK

Sales volumes from F2014 to F2021 (100% basis)

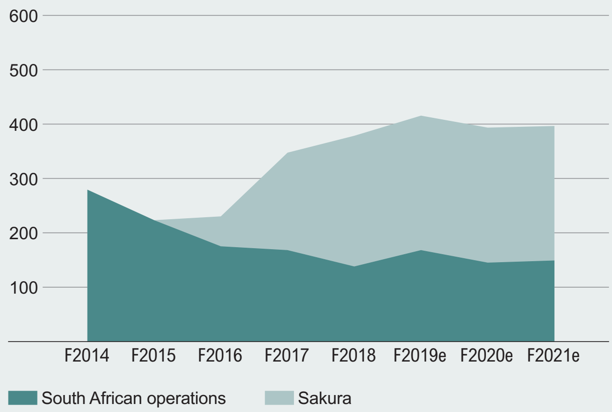
IRON ORE SALES VOLUMES
(Mt)



MANGANESE ORE SALES VOLUMES
(000t)



MANGANESE ALLOY SALES VOLUMES
(000t)



SUMMARY SUSTAINABILITY STATISTICS

	unit	F2018	F2017	F2016	F2015	F2014
Employee indicators						
Average number of permanent employees and contractors*		**10 247**	8 662	9 953	10 759	10 858
– Permanent employees		**5 017**	4 522	5 638	6 138	6 306
– Contractors		**5 230**	4 140	4 315	4 621	4 552
LTIFR per 200 000 man-hours		**0.13**	0.17	0.22	0.26	0.25
Environmental indicators						
Scope 1 and 2 carbon emissions	tCO_2e	**587 032**	608 040	615 843	813 691	845 947
Total water withdrawn**	million m^3	**10.2**	9.8	11.5	10.8	11.7
Energy usage						
– Electricity	MWh	**829 371**	875 415	887 382	1 164 218	1 215 622
– Diesel	000 litres	**59 163**	49 837	54 264	58 387	54 007
Community investment indicators						
Total CSR	R million	**102**	69	73	107	136
– CSI	R million	**7**	6	9	28	25
– LED	R million	**95**	63	64	79	111

* *The number of permanent employees and contractors are reported on an average for the year basis, consistent with the calculation of safety statistics.*

** *Includes municipal, surface and groundwater.*

ARM FERROUS continued

SUMMARY KEY PERFORMANCE INDICATORS (100% BASIS)

IRON ORE DIVISION

Operations:
Khumani and Beeshoek mines (100% basis unless otherwise stated).

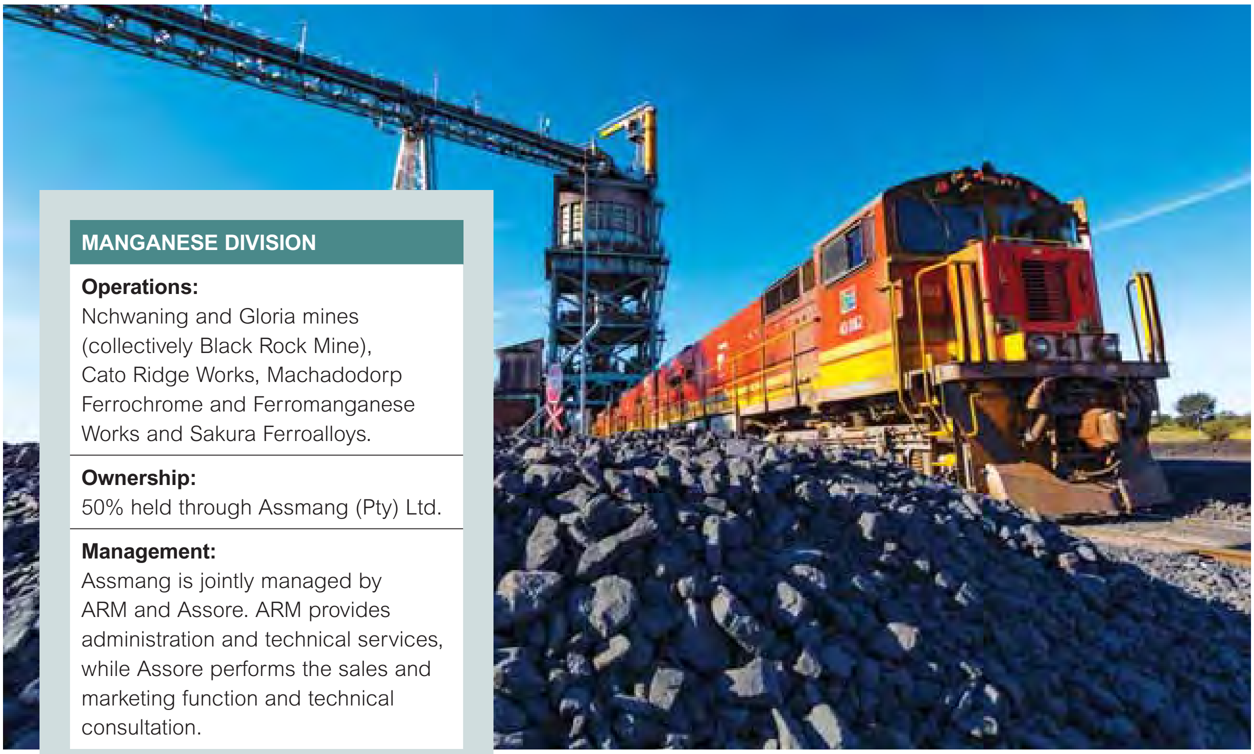
Ownership:
50% held through Assmang (Pty) Ltd.

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	F2018	F2017	F2016	F2015	F2014
OPERATIONAL						
Production volumes	000t	**18 578**	17 714	16 726	16 076	16 054
Khumani Mine	000t	**14 694**	14 560	13 616	12 649	12 930
Beeshoek Mine	000t	**3 884**	3 154	3 110	3 427	3 124
Sales volumes	000t	**17 874**	17 275	17 008	16 185	15 640
Export iron ore	000t	**14 315**	14 061	14 103	13 658	13 646
Local iron ore	000t	**3 559**	3 214	2 905	2 527	1 994
Unit cost changes						
On-mine production unit costs	%	**2**	3	(8)	3	10
Unit cost of sales	%	**6**	2	(2)	(4)	11
FINANCIAL						
Sales revenue	R million	**14 534**	15 853	12 110	12 197	17 667
Total costs	R million	**(10 304)**	(10 091)	(9 149)	(9 106)	(9 334)
Operating profit	R million	**4 230**	5 762	2 961	3 091	8 333
EBITDA	R million	**5 631**	7 179	4 478	4 517	9 629
Headline earnings	R million	**3 343**	4 373	2 430	2 494	6 356
Capital expenditure	R million	**1 780**	1 169	901	1 646	2 058

AFS Refer to note 2 to the Annual Financial Statements for the iron ore segmental information.

SUMMARY KEY PERFORMANCE INDICATORS (100% BASIS)



MANGANESE DIVISION

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

Ownership:
50% held through Assmang (Pty) Ltd.

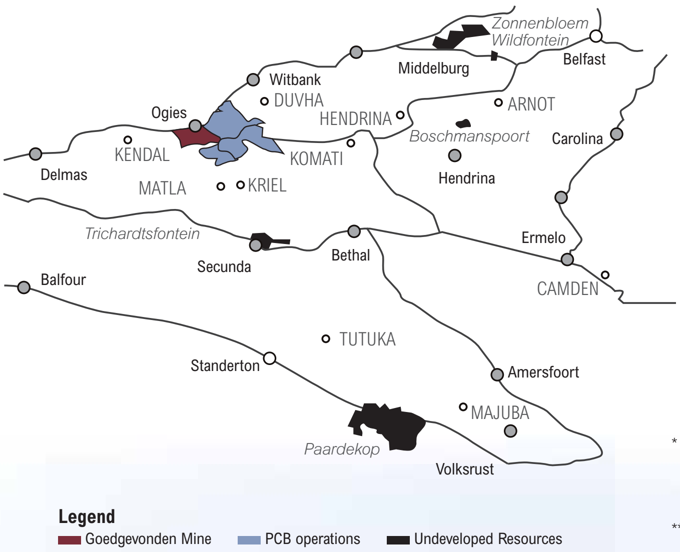
Management:
Assmang is jointly managed by ARM and Assore. ARM provides administration and technical services, while Assore performs the sales and marketing function and technical consultation.

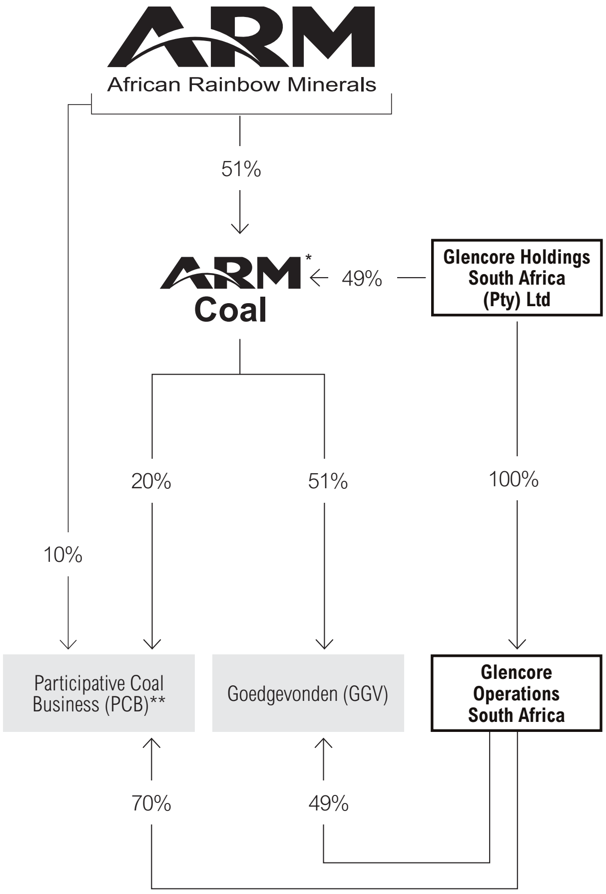
	unit	F2018	F2017	F2016	F2015	F2014
OPERATIONAL						
Production volumes						
Manganese ore	000t	**3 717**	3 069	2 934	3 087	3 358
Ferromanganese	000t	**450**	403	204	319	342
Sales volumes						
Manganese ore	000t	**3 177**	2 974	3 090	2 736	2 708
Ferromanganese	000t	**360**	303	175	223	279
Unit cost changes – Manganese ore						
On-mine production unit costs	%	**16**	1	(6)	17	14
Unit cost of sales	%	**13**	12	(5)	2	14
FINANCIAL						
Manganese ore						
Sales revenue	R million	**10 495**	8 322	4 841	4 909	5 556
Total costs	R million	**(6 017)**	(4 971)	(4 140)	(3 843)	(3 962)
Operating profit	R million	**4 478**	3 351	701	1 066	1 594
EBITDA	R million	**5 015**	3 759	1 056	1 328	1 883
Headline earnings	R million	**3 192**	2 407	527	762	1 132
Capital expenditure	R million	**1 240**	1 617	1 939	1 889	1 269
Ferromanganese						
Sales revenue	R million	**2 338**	1 897	1 810	2 219	2 730
Total costs	R million	**(1 711)**	(1 887)	(1 930)	(2 588)	(2 849)
Operating profit	R million	**627**	10	(120)	(369)	(119)
EBITDA	R million	**684**	67	(3)	18	98
Headline earnings/(loss)	R million	**616**	(85)	(132)	(185)	(74)
Capital expenditure	R million	**45**	31	(11)	95	73

AFS Refer to note 2 to the Annual Financial Statements for the manganese segmental information.

ARM COAL

Thando Mkatshana
Chief Executive – ARM Coal





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

** Participative Coal Business (PCB) refers to the Impunzi and Tweefontein operations.

KEY FEATURES FOR F2018

Restructuring of the ARM Coal debt was completed.

Headline earnings were **R1 485 million** including a **R1 210 million** net fair value gain as a result of the ARM Coal debt restructuring.

Average realised US Dollar prices for export thermal coal increased by 22%.

MATERIAL MATTERS

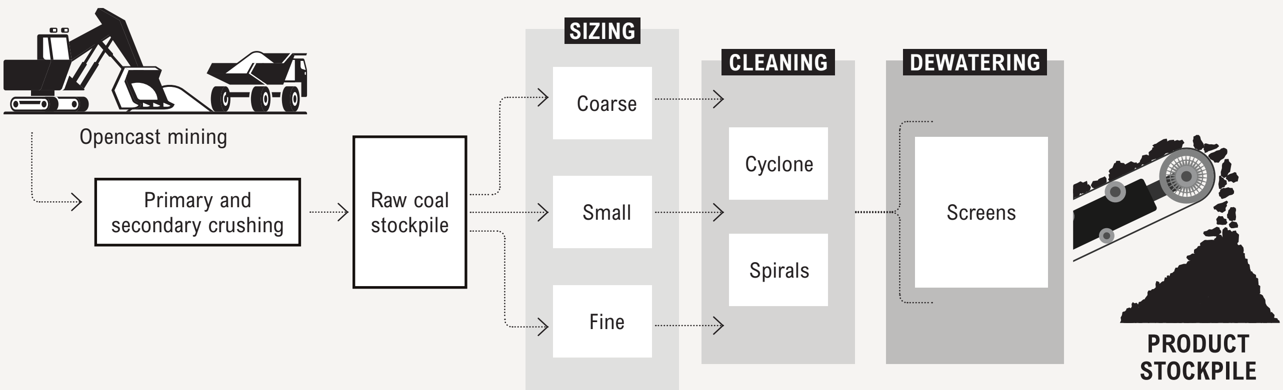
- Change in global seaborne market dynamics which has led to increased demand for coal from South Africa.

- High unit production cost increases at GGV Mine.
- Safety-related stoppages.
- Industrial action.

- Community unrest.
- Changes in legislation.

PRODUCTION PROCESS

THERMAL COAL



ARM COAL continued

GGV MINE

F2018 OBJECTIVES	PERFORMANCE AGAINST F2018 OBJECTIVES	F2019 OBJECTIVES
		Conclude the Eskom Tranche 3 supply contract.

PCB MINE

F2018 OBJECTIVES	PERFORMANCE AGAINST F2018 OBJECTIVES	F2019 OBJECTIVES
Engage with Transnet Freight Rail (TFR) to utilise rail capacity that may become available in the Richards Bay Coal Terminal (RBCT) coal logistics channel.	**Achieved** Additional volumes were railed. This opportunity will continue to be utilised when viable.	Continue to explore and utilise available rail capacity.

MARKET REVIEW

Growth in electricity generation in the Asian countries has resulted in increased demand for seaborne thermal coal estimated at 8% compared to F2017. These countries, led by China and India, are also focused on reducing airborne pollutants thus burning more high-energy, low-impurity thermal coal.

This increase in demand for better quality coal has resulted in higher coal prices to producers mainly from Australia, South Africa and Russia to the Asian markets. It has also attracted producers from the USA and Columbia which are diverting from their traditional European market to the Asian market.

Declining thermal coal demand in European countries has largely been mitigated by increases in Mediterranean and African thermal coal demand. Overall demand is expected to remain strong; however, prices are expected to come under pressure as mines that were previously put on care and maintenance (particularly in Indonesia) return to production, incentivised by the high prices.

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

Eskom has still not concluded long-term supply agreements for the Kusile Power Station as well as the replacement contracts for the supply contracts that are maturing soon. Negotiations with the major coal producers following the appointment of the new Eskom management have commenced. ARM Coal, with Glencore, is also in engagement with Eskom to increase the supply of coal to Eskom from both the GGV and PCB operations.

FINANCIAL REVIEW

ARM Coal's attributable headline earnings increased to R1 485 million (F2017: R82 million) mainly due to the debt restructuring. In addition, earnings also improved due to the average realised US Dollar export prices being 22% higher compared to F2017.

Seaborne coal prices were positively impacted by an increase in demand from India and China. The impact of the higher prices was partially reduced by a strengthening of the average realised Rand/US Dollar exchange rate. Realised Rand prices increased by 17% from R843 per tonne in F2017 to R990 per tonne in F2018.

More than 80% of the export volumes at GGV Mine were high-quality (RB1) coal while only 39% of PCB exports were RB1 coal. This resulted in PCB's average received export price being lower compared to GGV Mine.

ARM's attributable saleable tonnes produced of 4.93 million tonnes is 1.8% lower than the 5.02 million tonnes produced in F2017.

OPERATIONAL REVIEW

GGV Mine

Average received export US Dollar prices increased by 36% compared to F2017. The impact of the higher prices was partially reduced by a 10% reduction in export sales volumes and a 6% strengthening of the Rand versus the US Dollar. This resulted in an increase in attributable export revenue of R107 million.

Saleable production at GGV Mine was 7% lower than F2017 partially due to a rollover of low in-pit inventory levels from F2017. The in-pit inventory levels have marginally improved during F2018. The mine remains focused on improving the in-pit inventory levels. Production volumes were further negatively impacted by underperformance of the mining contractors, underperformance of the truck and shovel fleet, safety-related stoppages and labour unrest.

On-mine unit production costs per saleable tonne increased by 9% to R351, mainly as a result of the decrease in production volumes.

Attributable headline earnings increased to R852 million (F2017: R99 million headline loss). This amount was positively impacted by an R885 million fair value gain relating to the debt restructuring.

PCB's operations

The PCB operations all performed well during F2018 and achieved increases of 5% and 1% in ROM and saleable production volumes respectively.

PCB attributable cash operating profit increased by 6% to R1 030 million (F2017: R976 million) as a result of a R238 million increase in revenue offset by a R184 million increase in operating costs.

The increase in revenue was largely as a result of a 1% increase in sales volumes together with a 19% increase in US Dollar coal prices. This was partially offset by the strengthening of the Rand versus the US Dollar. Revenue from inland coal sales was R36 million lower than the corresponding period, due to a decrease in local coal sales volumes.

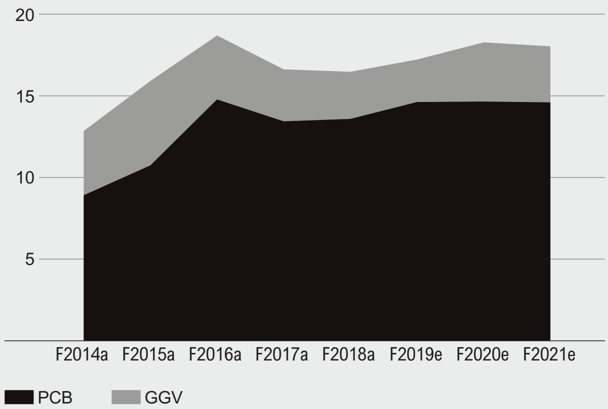
Unit production costs per saleable tonne increased by 19% from R278 per tonne in F2017 to R330 per tonne in F2018. On-mine production costs in the corresponding period benefited from processing of stockpile ore built up during the Tweefontein Optimisation Project (TOP). The Tweefontein operation has since stabilised and is now operating at the planned unit production costs which was estimated at approximately R300 per tonne. The 5% increase in ROM production together with the reduction in the benefits obtained from the low-cost stockpile resulted in an increase in on-mine costs of R188 million.

Headline earnings attributable to ARM were R633 million. (F2017: R181 million). This amount was positively impacted by a R325 million fair value gain relating to the debt restructuring.

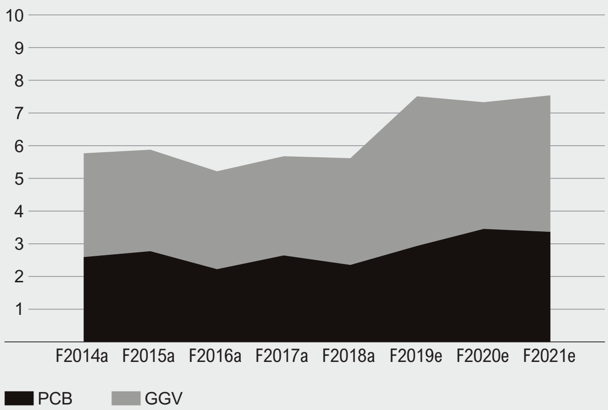
OUTLOOK

ARM Coal sales volumes from F2014 to F2021 (100% basis)

EXPORT SALES VOLUMES
(Mt)



LOCAL SALES VOLUMES
(Mt)



ARM COAL continued

SUMMARY KEY PERFORMANCE INDICATORS

GGV MINE

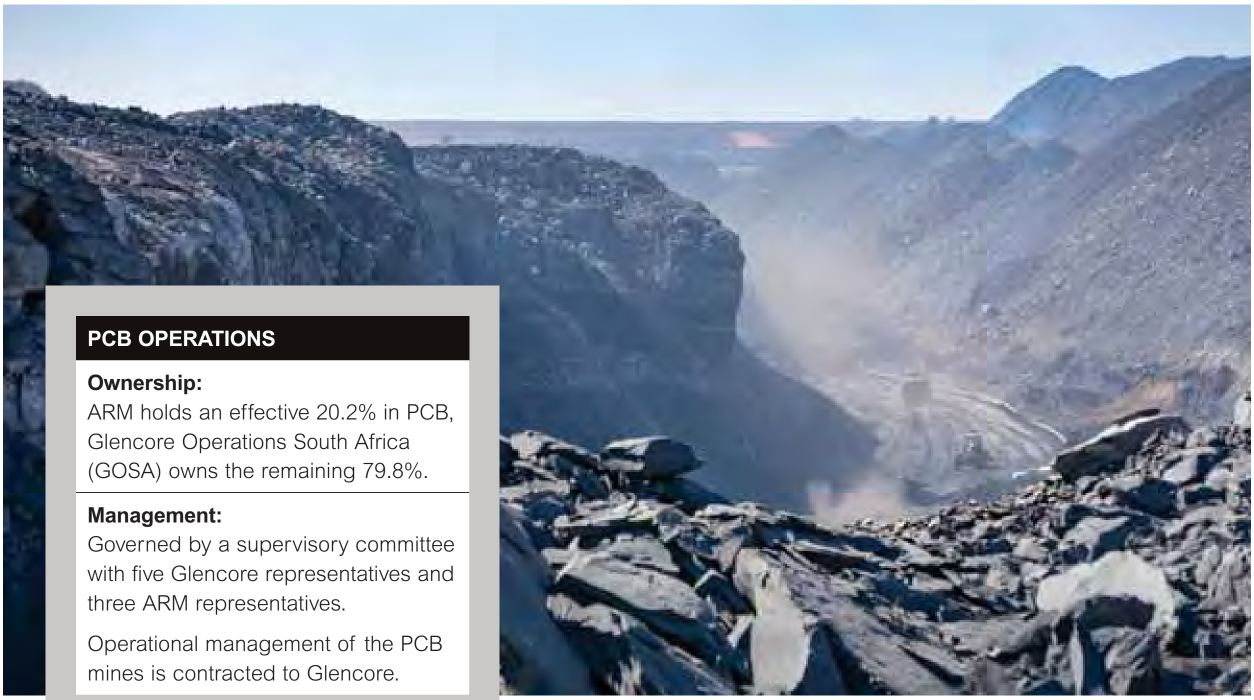
Ownership:
ARM holds an effective 26% in GGV, Glencore Operations South Africa (GOSA) owns the remaining 74%.

Management:
Governed by a management committee controlled by ARM Coal, with four ARM representatives and three Glencore representatives. Operational management of the mine is contracted to Glencore.

	unit	F2018	F2017	F2016	F2015	F2014
OPERATIONAL – 100% BASIS						
Production and sales						
Total saleable production	Mt	**6.05**	6.47	6.53	8.34	7.29
Total thermal coal sales	Mt	**6.11**	6.21	6.90	8.26	7.10
Export thermal coal sales	Mt	**2.85**	3.18	3.91	5.16	3.93
Local thermal coal sales	Mt	**3.26**	3.03	2.99	3.10	3.17
Realised prices						
Export (FOB)	US$/t	**84.57**	62.07	40.99	54.97	73.83
Eskom (FOT)	R/t	**235**	229	236	208	199
Unit costs						
On-mine saleable cost per tonne	R/t	**351**	323	239	189	208
FINANCIAL – ATTRIBUTABLE BASIS						
Sales revenue	R million	**1 028**	911	797	1 025	961
Total costs	R million	**32***	(676)	(593)	(607)	(588)
Operating profit/(loss)	R million	**1 060**	235	204	418	373
EBITDA	R million	**335**	235	204	418	373
Capital expenditure	R million	**140**	196	185	263	129
Cash operating profit	R million	**335**	235	204	418	373
Less:						
– Interest paid	R million	**(157)**	(213)	(183)	(150)	(87)
– Interest received	R million	**3**	–	–	–	–
– Amortisation	R million	**(167)**	(147)	(128)	(120)	(103)
– Fair value adjustment	R million	**885**	(12)	(15)	(19)	(14)
Profit/(loss) before tax	R million	**899**	(137)	(122)	129	169
Tax	R million	**(47)**	38	35	(36)	(47)
Headline earnings/(loss) attributable to ARM	R million	**852**	(99)	(87)	93	122

* *Includes a net fair value gain of R885 million.*

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 Operations South Africa (GOSA) owns the remaining 79.8%.

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

Operational management of the PCB mines is contracted to Glencore.

	unit	F2018	F2017	F2016	F2015	F2014
OPERATIONAL – 100% BASIS						
Production and sales						
Total saleable production	Mt	**16.64**	16.55	14.63	13.61	12.10
Impunzi	Mt	**6.77**	7.20	6.53	6.31	5.30
South Stock	Mt	**–**	–	0.41	1.90	1.90
Tweefontein	Mt	**10.04**	9.35	7.69	5.40	4.90
Total thermal coal sales	Mt	**15.78**	16.06	16.98	13.50	11.49
Export thermal coal sales	Mt	**13.44**	13.42	14.76	10.73	8.90
Eskom thermal coal sales	Mt	**1.58**	1.53	1.39	1.74	1.90
Other local thermal coal sales	Mt	**0.76**	1.11	0.83	1.03	0.69
Realised prices						
Export (FOB)	US$/t	**73.51**	61.89	41.66	55.12	65.71
Eskom (FOT)	R/t	**240**	242	223	215	203
Other local thermal coal sales (FOR)	R/t	**637**	758	384	362	331
Unit costs						
On-mine saleable cost per tonne	R/t	**330**	278	273	333	396
FINANCIAL						
Sales revenue	R million	**2 765**	2 528	1 930	1 519	1 352
Total costs	R million	**(1 835)**	(1 552)	(1 533)	(1 190)	(1 220)
Operating profit	R million	**930**	976	397	329	132
EBITDA	R million	**1 030**	976	397	329	132
Capital expenditure	R million	**413**	246	214	557	765
Cash operating profit	R million	**1 030**	976	397	329	132
Plus: Interest received	R million	**5**	–	–	–	–
Less:						
– Interest paid	R million	**(164)**	(320)	(308)	(263)	(189)
– Amortisation	R million	**(425)**	(355)	(321)	(300)	(265)
– Fair value adjustment	R million	**325**	(50)	(59)	(25)	(13)
Profit/(loss) before tax	R million	**771**	251	(291)	(259)	(335)
Tax	R million	**(138)**	(70)	81	73	93
Headline earnings/(loss) attributable to ARM	R million	**633**	181	(210)	(186)	(242)

DISCONTINUED OPERATION: **ARM COPPER**

ARM Copper reported a headline loss of R6 million in F2018 (F2017: R203 million headline loss). The disposal of the only operation in ARM Copper, Lubambe Mine, was completed on 22 December 2017 with the final proceeds from the sale received in December 2017.

SUMMARY SUSTAINABILITY STATISTICS

	1H F2018	F2017	F2016	F2015	F2014
Employee indicators					
Average number of permanent employees and contractors*	**1 702**	1 586	1 781	2 169	2 373
– Permanent employees	**1 094**	1 158	1 353	1 158	1 122
– Contractors	**608**	411	412	956	1 218
– Expatriates	**–**	17	16	55	33
LTIFR per 200 000 man-hours	**0.26**	0.14	0.21	0.21	0.19

* *The number of permanent employees and contractors are reported for the year basis, consistent with the calculation of safety statistics.*

SUMMARY OPERATIONAL STATISTICS

	unit	1H F2018	F2017	F2016	F2015	F2014
Operational						
Waste development	metres	**2 842**	2 717	2 691	4 590	9 415
Ore development	metres	**4 271**	3 567	4 636	4 401	9 365
Ore development	t	**260 737**	227 072	249 361	229 319	484 280
Ore stoping	t	**232 226**	777 733	971 957	1 369 881	954 999
Ore tonnes mined	000t	**493**	1 005	1 221	1 599	1 439
Tonnes milled	000t	**539**	1 013	1 277	1 650	1 558
Mill head grade	%	**2.12**	2.13	2.01	1.93	1.95
Concentrator recovery	%	**81.9**	84.6	81.5	81.1	77.6
Volumes						
Copper concentrate produced	t	**24 015**	44 680	51 391	61 902	57 009
Copper concentrate sold	t	**23 511**	44 514	51 315	62 182	82 458
Contained copper produced	t	**9 380**	18 299	20 973	25 839	23 791
Contained copper sold	t	**9 269**	18 244	20 936	25 974	33 323
Price						
Average realised copper price	US$/lb	**2.99**	2.43	2.29	2.88	3.19
Unit cost						
C1 cash cost per pound of copper produced	US$/lb	**2.82**	2.45	2.41	2.80	3.26

GOLD: HARMONY

OVERVIEW

	unit	F2018	F2017
Gold produced	kg	**38 193**	33 836
	000oz	**1 228**	1 088
Cash operating costs	R/kg	**421 260**	436 917
	US$/oz	**1 018**	1 000
Financial performance			
Revenue	R million	**20 359**	19 264
Production costs	R million	**(14 991)**	(14 812)
Impairment of assets	R million	**(5 336)**	(1 718)
Gross profit	R million	**(3 144)**	(375)
Net profit/(loss) for the year	R million	**(4 473)**	362
Total headline earnings per share	cents per share	**171**	298
Total capital expenditure	R million	**4 571**	3 963
Market performance			
Average gold price received	R/kg	**570 709**	570 164
	US$oz	**1 380**	1 304
Market capitalisation	R billion	**10.6**	9.5

HARMONY GOLD MINING COMPANY LIMITED (HARMONY)

Harmony operates and develops world-class gold assets in South Africa and Papua New Guinea (PNG). It has nine underground mines, one open pit operation and several surface treatment operations in South Africa. In PNG, Harmony operates the Hidden Valley gold and silver mine. Harmony also has a 50% joint venture in PNG with Newcrest Mining Limited, which includes the Wafi-Golpu Exploration Project as well as other exploration properties. Harmony also has additional, 100%-owned, PNG exploration areas. Harmony currently employs approximately 40 686 people (including contractors).

Harmony reported a 42% decrease in headline earnings from R1 306 million to R763 million for F2018 mainly due to a translation loss of R669 million on US Dollar denominated debt at 30 June 2018 and lower derivative gains recognised in F2018 of R99 million compared to R1 025 million in F2017 . Headline earnings per share were 171 cents per share compared with 298 cents per share in F2017.

Revenue increased by 6% mainly due to a 6% increase in gold sold (excluding capitalised gold sales from Hidden Valley) with the inclusion of the Moab Khotsong operations from 1 March 2018. The average gold price received in Rand terms (including the gold hedge realised) remained steady at R570 709/kg (F2017: R570 164/kg) while in US Dollar terms, the price received increased by 12% to US$1 380/oz. The Rand gold hedges are included as part of revenue realised gains of R1 197 million in F2018 (realised gains of R728 million in F2017).

Gold production from the South African operations increased by 14% of which Moab Khotsong produced 105 900 ounces (contributing 10% of the increase in SA gold production) for the four months the operation was included in Harmony's asset portfolio (since 1 March 2018). All-in sustaining unit costs were R508 970/kg (US$1 231/oz), beating the annual guidance of R520 000/kg and the all-in sustaining unit costs of R516 687/kg (US$1 182/oz) reported in F2017.

An updated feasibility study on Wafi-Golpu was released on 19 March 2018, proposing a larger mine and increased production profile, resulting in a 33% increase in net present value to US$2.6 billion (applying a real discount rate of 8.5%), (figures represented on a 100% basis).

On 17 July 2018 (after the financial year-end) ARM subscribed for Harmony shares as part of an accelerated book build process.

Harmony's results for the year ended 30 June 2018 can be viewed on Harmony's website at **www.harmony.co.za**.

SUMMARY MINERAL RESOURCES AND MINERAL RESERVES REPORT

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).

R&R It is available in full on **www.arm.co.za** under the Mineral Resources and Mineral Reserves section.

Below is a summary of ARM's Mineral Resources and Mineral Reserves for 2018, details of which are in a separately published 2018 ARM Mineral Resources and Mineral Reserves Report.

General statement

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.

R&R The definitions of Mineral Resources and Mineral Reserves are summarised in the extended report on **www.arm.co.za**.

The convention adopted in this report is that the Measured and Indicated Mineral Resources estimates are reported inclusive of that portion converted to a Mineral Reserve. 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 2018.

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 Mineral Resources and Mineral Reserves are reported on a 100% basis and the attributable interest is noted as footnotes on 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 computational discrepancies on the Mineral Resources and Mineral Reserves tabulations.

Competence

The Competent Person with overall responsibility for the compilation of the 2018 Mineral Resources and Mineral Reserves Report is Shepherd Kadzviti (Pr.Sci.Nat.), an ARM employee. He confirms that the information in this report complies with the SAMREC Code (2016) and that it may be published in the form and context in which it was intended. 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), and has more than 28 years' experience, and as such is considered to be a Competent Person. SACNASP is based in the Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, 0087, South Africa.

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

R&R Details of all Competent Persons are provided in the 2018 web-version ARM Mineral Resources and Mineral Reserves Report at **www.arm.co.za**, and their certificates of competence 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:

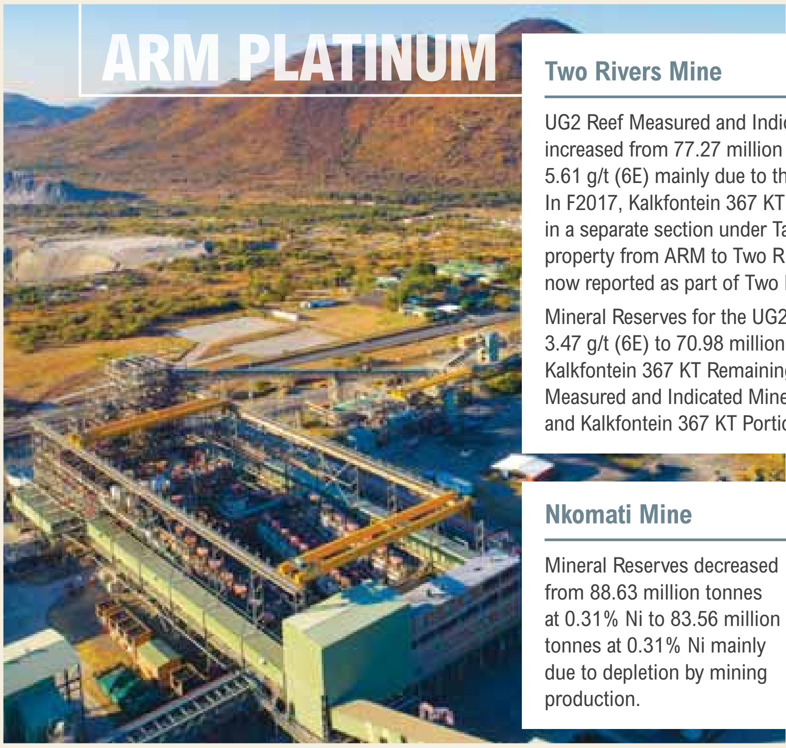
ARM Corporate office:	G C Schlegel, M Mabuza, V Moyo, R Jooste
PGM (Two Rivers Mine):	M W Cowell, J Z Khumalo, J A Coetzee
PGM (Modikwa Mine):	J de Kock, I Colquhoun (Anglo American Platinum)
Nickel (Nkomati Mine):	N Strydom, D S Mathebula
Manganese (Black Rock Mine):	B Ruzive, J Smuts
Iron ore (Beeshoek Mine):	A M J Burger, R Jooste
Iron ore (Khumani Mine):	M A Burger, I J M v Niekerk
Coal (Goedgevonden):	M Smith (Glencore Head-office)

Shepherd Kadzviti (Pr.Sci.Nat.)
Group Mineral Resources Manager
African Rainbow Minerals
24 Impala Road, Chislehurston,
Sandton, South Africa.

29 October 2018

SALIENT FEATURES FOR F2018

ARM PLATINUM



Two Rivers Mine

UG2 Reef Measured and Indicated Mineral Resources at Two Rivers Platinum Mine increased from 77.27 million tonnes at 5.31 g/t (6E) to 93.17 million tonnes at 5.61 g/t (6E) mainly due to the inclusion of Kalkfontein 367 KT Remaining Extent. In F2017, Kalkfontein 367 KT Remaining Extent Mineral Resources were reported in a separate section under Tamboti Platinum. In F2018, with the transfer of the property from ARM to Two Rivers Mine completed, the 367 KT Remaining Extent is now reported as part of Two Rivers Mine.

Mineral Reserves for the UG2 Reef also increased from 33.25 million tonnes at 3.47 g/t (6E) to 70.98 million tonnes at 3.50 g/t (6E) due to the incorporation of Kalkfontein 367 KT Remaining Extent which made it possible to convert part of the Measured and Indicated Mineral Resources in Kalkfontein 367 KT Remaining Extent and Kalkfontein 367 KT Portion 1.

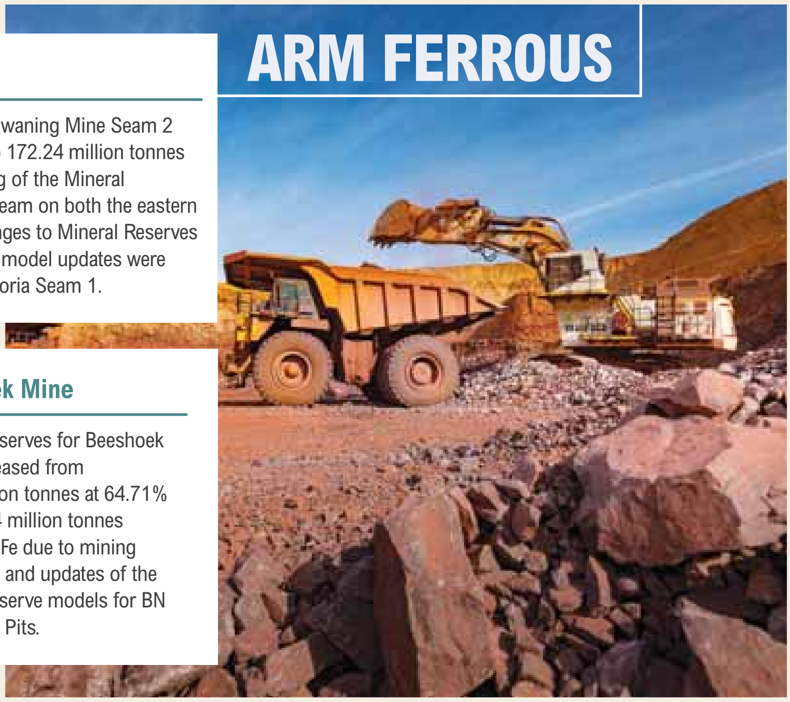
Nkomati Mine

Mineral Reserves decreased from 88.63 million tonnes at 0.31% Ni to 83.56 million tonnes at 0.31% Ni mainly due to depletion by mining production.

Modikwa Mine

The UG2 Reef Mineral Reserves marginally changed from 42.21 million tonnes at 4.82 g/t (4E) to 42.27 million tonnes at 4.62 g/t (4E). The decrease in grade is a result of revised modifying factors attributable to an increase in footwall and hanging wall dilution.

ARM FERROUS



Black Rock Mine

The Measured and Indicated Mineral Resources for Nchwaning Mine Seam 2 decreased from 198.73 million tonnes at 42.30% Mn to 172.24 million tonnes at 42.36% Mn due to mining depletion and re-modelling of the Mineral Resources which resulted in reduced thickness of the seam on both the eastern and western margins of the ore body. Insignificant changes to Mineral Reserves attributable to mining production and Mineral Reserves model updates were noted for Nchwaning Mine Seams 1 and 2 as well as Gloria Seam 1.

Khumani Mine

An Inferred Mineral Resource of 25.02 million tonnes at 63.53% Fe for Mokaning South was added to the Mineral Resources for Khumani Mine after geological modelling and Mineral Resource estimation of the Mokaning South ore body.

Beeshoek Mine

Mineral Reserves for Beeshoek Mine decreased from 43.73 million tonnes at 64.71% Fe to 35.14 million tonnes at 64.85% Fe due to mining production and updates of the Mineral Reserve models for BN and Village Pits.

ARM COAL

Goedgevonden Mine

Coal Reserves (ROM) decreased by 3% to 293 million tonnes mainly due to mining depletion of 9 million tonnes.

SUMMARY MINERAL RESOURCES AND MINERAL RESERVES continued

F2018 MINERAL RESOURCES AND MINERAL RESERVES SUMMARY

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															
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**
2017 UG2 (grade reported as 6E)	15.22	5.42	62.05	5.28	77.27	5.31	80.64	5.60	10.72	3.64	22.53	3.39	33.25	3.47	3.71
2018 Merensky (grade reported as 6E)			**74.96**	**3.34**	**74.96**	**3.34**	**104.69**	**3.90**							
2017 Merensky (grade reported as 6E)			60.57	3.11	60.57	3.11	99.19	3.92							
Modikwa Mine															
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**
2017 UG2 (grade reported as 4E)	87.30	5.95	102.20	5.92	189.50	5.93	76.50	6.21	12.34	4.95	29.88	4.76	42.21	4.82	6.54
2018 Merensky (grade reported as 4E)	**18.54**	**2.93**	**55.73**	**2.72**	**74.27**	**2.78**	**138.59**	**2.65**							
2017 Merensky (grade reported as 4E)	18.54	2.93	55.73	2.72	74.27	2.78	138.59	2.65							
Kalplats PGM Prospect															
2018 (grade reported as 3E)	**14.04**	**1.59**	**55.88**	**1.46**	**69.91**	**1.48**	**67.44**	**1.57**							
2017 (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%
Nkomati Mine														
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**
2017 MMZ+PCMZ	85.91	0.32	96.50	0.37	182.41	0.35	46.35	0.40	58.22	0.30	30.42	0.33	88.63	0.31
2018 MMZ Stockpiles									**0.12**	**0.45**			**0.12**	**0.45**
2017 MMZ Stockpiles									0.32	0.44			0.32	0.44
2018 PCMZ Stockpiles									**0.77**	**0.18**			**0.77**	**0.18**
2017 PCMZ Stockpiles									0.88	0.18			0.88	0.18

*The Mineral Resources are **inclusive** of those modified to produce Mineral Reserves.*
***MMZ** – Main Mineralised Zone; **PCMZ** – Chromitic Peridotite Mineralised Zone.*
Nkomati Mine MMZ Mineral Resources and Mineral Reserves also contain Cu, Co, and PGEs – details available in the detailed 2018 Mineral Resources and Mineral Reserves Report.
Nkomati Mine PCMZ Mineral Resources and Mineral Reserves also contain Cu, Co, PGEs and Cr_2O_3 – details available in the detailed 2018 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_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Nkomati Mine												
2018 Oxidised Massive Chromitite	**0.13**	**26.45**			**0.13**	**26.45**	**0.05**	**25.87**	**0.06**	**21.61**	**0.11**	**23.55**
2017 Oxidised Massive Chromitite	0.13	25.40			0.13	25.40	0.06	25.60	0.06	21.61	0.12	23.61
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**
2017 Un-oxidised Massive Chromitite	6.16	28.98			6.16	28.98	0.76	17.48	0.56	19.79	1.32	18.46
2018 Chromite Stockpiles							**2.10**	**19.18**			**2.10**	**19.18**
2017 Chromite Stockpiles							2.33	19.25			2.33	19.25

*The Mineral Resources are **inclusive** of those modified to produce Mineral Reserves.*
** **Nkomati Mine attributable interests (ARM 50%; Norilsk Nickel Africa (Pty) Ltd 50%).***

SUMMARY MINERAL RESOURCES AND MINERAL RESERVES continued

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 (Nchwaning Mine)														
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**
2017 Seam 1	73.22	44.60	62.40	41.80	135.62	43.30			29.00	45.30	47.20	46.40	76.20	46.00
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**
2017 Seam 2	108.90	42.50	89.83	42.10	198.73	42.30			66.40	42.70	37.40	43.20	103.80	42.90
Black Rock (Koppie area)														
2018 Seam 1	**9.03**	**40.30**	**34.57**	**40.70**	**43.60**	**40.60**								
2017 Seam 1	9.03	40.30	34.57	40.70	43.60	40.60								
2018 Seam 2	**8.23**	**37.40**	**18.58**	**39.20**	**26.81**	**38.60**								
2017 Seam 2	8.23	37.40	18.58	39.20	26.81	38.60								
Black Rock Mine (Gloria Mine)														
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**
2017 Seam 1	63.90	37.40	93.83	37.70	157.73	37.60	31.50	37.00	43.20	37.30	75.00	37.60	118.20	37.50
2018 Seam 2			**34.81**	**28.41**	**34.81**	**28.41**	**133.46**	**30.03**						
2017 Seam 2			34.81	28.40	34.81	28.40	133.46	30.00						

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

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

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														
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**
2017 All pits	94.50	64.09	9.62	63.81	104.12	64.07	2.55	60.04	39.88	64.79	3.85	63.95	43.73	64.71
2018 Stockpiles											**2.83**	**55.58**	**2.83**	**55.58**
2017 Stockpiles											4.97	55.49	4.97	55.49
Khumani Mine														
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**
2017 Bruce and King/Mokaning	480.36	62.54	138.65	62.53	619.01	62.53	40.35	59.66	361.80	62.18	89.70	62.06	451.50	62.15
2018 Stockpiles											**5.01**	**55.08**	**5.01**	**55.08**
2017 Stockpiles											3.90	55.22	3.90	55.22

*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	Mt	CV	Mt	CV
Goedgevonden Coal Mine																				
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**	**^**
2017 (Coal Resources Reported as GTIS***)	540	19.73	13	21.45	553	19.77			290	19.57	11	19.57	301	19.57	180	^^	6	^^	186	^

*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. MTIS not reported in 2017.*
**** Gross Tonnes In Situ (GTIS) Coal Resources were reported in 2017.*
^ 2018 [HG Export (79 Mt; CV 6 000 Kcal/kg)] and [LG Export (101 Mt; CV 21.50 MJ/kg)].
^^ 2017 [HG Export (84 Mt; CV 6 000 Kcal/kg)] and [LG Export (102 Mt; CV 21.50 MJ/kg)].
**** Goedgevonden Coal Mine attributable interests (ARM 26%; Glencore Operations 74%).***

GOLD: HARMONY

ARM owns 14.6%* of Harmony's issued share capital. Harmony is separately run by its own management team. Mineral Resources and Reserves of the Harmony mines are the responsibility of the Harmony team and are published in Harmony's Annual Report.

** As at 30 June 2018, ARM's shareholding in Harmony was 12.70%. On 17 July 2018, ARM subscribed to approximately 11 million Harmony shares increasing ARM's shareholding to 14.6%.*

SUMMARISED CORPORATE GOVERNANCE REPORT

Our strategy is supported by high standards of corporate governance, which we review to ensure robust reporting, the forging of strong relationships with our stakeholders and the alignment of 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 observance of the principles of good corporate governance.

The unitary board of directors (the Board) is the foundation of our corporate governance system and is accountable and responsible for our performance. The Board retains effective control of the business through a clear governance structure and has established committees to assist it in accordance 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 that 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

STRATEGIC

BOARD OF DIRECTORS

Determines the Company's purpose and values, develops strategies in relation thereto, and provides strategic direction and leadership aligned to the Company's value system to ensure the sustainability of the business

Company Secretary

Audit and Risk Committee
Provides oversight of the Integrated Annual Report and financial reporting, internal controls and risk management and monitors the maintenance and safeguarding of assets as well as the financial sustainability of the Company.

Investment Committee
Examines proposed investments, potential acquisitions and disposals and capital projects above executive management's authority levels prior to recommendation to the Board.

Nomination Committee
Ensures that the Board is appropriately structured to enable it to execute its functions effectively.

Non-executive Directors' Committee
Considers sensitive issues that may not expediently be discussed at Board meetings and affords Non-executive Directors the opportunity to debate issues at length and to formulate their views before taking them to Board meetings.

Remuneration Committee
Monitors the Company's remuneration policies and ensures that the Company has the optimal remuneration strategy to attract, retain and motivate employees and Non-executive Directors.

Social and Ethics Committee
Monitors and reviews the Company's safety, health and environmental activities, social and economic development, efforts to combat fraud and corruption, labour practices and the Company's approach to transformation.

TACTICAL

EXECUTIVE MANAGEMENT

Executive Committee
Assists the Executive Chairman to implement the strategy and objectives for, and vision of, ARM

Steering Committee
Assists the Chief Executive Officer with the implementation of management policy and considers other operational matters

Growth and Strategic Development Committee
Evaluates investment opportunities aligned with the ARM Board strategy.

IAR Refer to the section on our Strategy on page 6.

Management Risk and Compliance Committee
Assists the Audit and Risk Committee and the Social and Ethics Committee with monitoring the implementation of the Enterprise Risk Management Policy and annual plan, and with identifying the strategic and operational risks and opportunities.

CGR Refer to the Risk Report in the Corporate Governance Report.

Technology and Information Committee
Ensures the effective management of information technology and the integrity of financial and other information by supporting the Company to achieve cost-effectively its objectives.

CGR Refer to the section on Technology and information in the Corporate Governance Report.

Treasury Committee
Ensures the effective management of the Company's financial capital.

IAR Refer to the Financial Review on pages 16 to 36.

Employment Equity and Skills Development Committee
Ensures the attraction and development of human capital to enable and support the Company's long-term strategy.

SR Refer to the Sustainability Report.

OPERATIONAL

DIVISIONAL/OPERATIONAL

Various departmental, regional, specialist, operational and project committees and forums

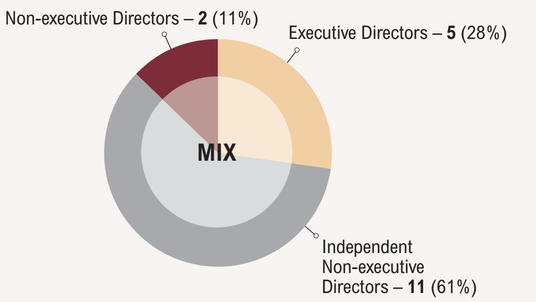
Comment from Ibis ESG Assurance "As part of our Independent Third Party Assurance processes, IBIS ESG Assurance (Pty) Ltd (IBIS ESG Assurance) conducted an assessment of ARM's application of the 16 relevant principles contained in the King IV Report on Corporate Governance for South Africa, 2016 (King IV™), and found no concerns relative to ARM's assertions that all of the 16 individual King IV™ principles have been applied, with reasonable evidence to support each assertion."

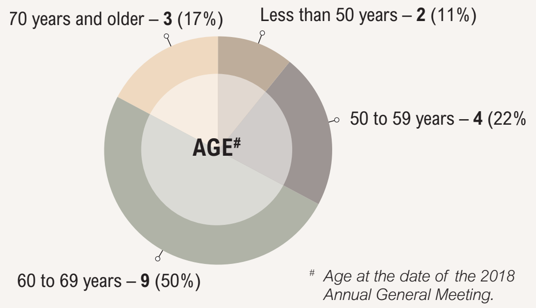
SR The complete King IV™ application register and Ibis ESG Assurance's comprehensive assurance statement in the 2018 Sustainability Report are both available on the website: **www.arm.co.za**.

SUMMARISED CORPORATE GOVERNANCE REPORT continued

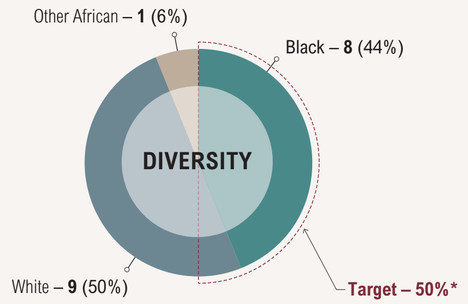
OUR BOARD OF DIRECTORS

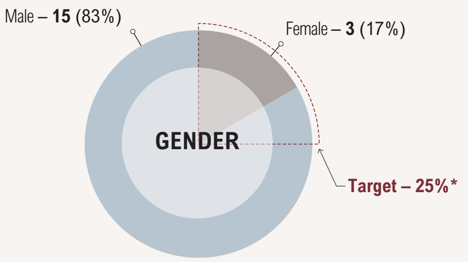
The Board of Directors provides strategic direction and leadership, monitors the implementation of business and strategic plans and approves the capital funding for these plans to support a sustainable business.





Age at the date of the 2018 Annual General Meeting.





* 31 December 2018 target in terms of the Board-approved policy.

Dr Patrice Motsepe (56)

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

Executive Chairman

Appointed to the Avmin board in 2003, Dr Motsepe led ARMgold in 2003 into a merger with Avmin and Harmony. Following the merger, Avmin changed its name to African Rainbow Minerals (ARM) and he became the founder and Executive Chairman of ARM.

✷ *African Rainbow Capital Proprietary Limited, African Rainbow Energy & Power (Pty) Ltd, Harmony Gold Mining Company Limited, Sanlam Limited.*

Mike Schmidt (60)

Mine Manager's Certificate, MDP, Pr Cert Eng

Chief Executive Officer

Appointed to the Board in 2011.

Abigail Mukhuba (39)

BCompt, BCom (Accounting) (Hons), CA(SA), MCom (South African and International Taxation), MBA

Finance Director

Appointed to the Board in 2017.

✷ *African Rainbow Capital Proprietary Limited.*

André Wilkens (69)

Mine Manager's Certificate of Competency, MDPA (Unisa), RMIIA, Mini-MBA (Oil and Gas Executives)

Executive Director: Growth and Strategic Development

Appointed to the Board in 2003.

✷ *African Rainbow Energy & Power (Pty) Ltd, Harmony Gold Mining Company Limited*

Thando Mkatshana (49)

NHD (Coal Mining), BSc Eng (Mining), MDP and MBA

Executive Director and Chief Executive: ARM Platinum and ARM Coal

Appointed to the Board in 2015.

Alex Maditsi (56)

BProc, LLB, HDip Co Law, LLM

Lead Independent Non-executive Director

Chairman of the Nomination Committee and of the Non-executive Directors' Committee, and a member of the Audit and Risk Committee, the Investment Committee, the Remuneration Committee and the Social and Ethics Committee

Appointed to the Board in 2004.

✷ *African Rainbow Capital Proprietary Limited, African Rainbow Energy & Power (Pty) Ltd, Bidvest Group Limited, Murray & Roberts Holdings Limited.*

Frank Abbott (63)

BCom, CA(SA), MBL

Independent Non-executive Director

Member of the Audit and Risk Committee, Investment Committee and the Non-executive Directors' Committee

Appointed to the Board in 2004.

✷ *Harmony Gold Mining Company Limited.*

Dr Manana Bakane-Tuoane (70)

BA (Economics and Statistics), MA (Econ), PhD (Econ)

Independent Non-executive Director

Member of the Audit and Risk Committee, the Nomination Committee, the Non-executive Directors' Committee, the Remuneration Committee and the Social and Ethics Committee

Appointed to the Board in 2004.

Tom Boardman (68)

BCom, CA(SA)

Independent Non-executive Director

Chairman of the Audit and Risk Committee and a member of the Non-executive Directors' Committee and the Remuneration Committee

Appointed to the Board in 2011.

✷ *African Rainbow Capital Proprietary Limited, African Rainbow Energy & Power (Pty) Ltd, Ansor Limited, Millicom International Cellular, Royal Bafokeng Holdings Limited, Woolworths Holdings Limited.*

Anton Botha (65)

BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)

Independent Non-executive Director

Chairman of the Remuneration Committee and a member of the Audit and Risk Committee, the Investment Committee and the Non-executive Directors' Committee

Appointed to the Board in 2009.

✷ *Imalivest, Sanlam Limited.*

Joaquim Chissano (78)

PhD

Independent Non-executive Director

Member of the Nomination Committee and the Non-executive Directors' Committee

Appointed to the Board in 2005.

✷ *Harmony Gold Mining Company Limited.*

Mangisi Gule (66)

BA (Hons) (Wits), P & DM (Wits Business School)

Independent Non-executive Director

Member of the Non-executive Directors' Committee

Appointed to the Board in 2004.

Kobus Möller (59)

BCom, BCompt (Hons), CA(SA), AMP (Harvard)

Independent Non-executive Director

Member of the Investment Committee, the Audit and Risk Committee, Remuneration Committee and the Non-executive Directors' Committee

Appointed to the Board in 2017.

David Noko (61)

Dipl (Mech Eng), MDP, MBA, SEP (LBS)

Independent Non-executive Director

Member of the Non-executive Directors' Committee

Appointed to the Board in 2017.

Dr Rejoice Simelane (66)

BA (Economics and Accounting), MA, PhD (Econ), LLB (Unisa)

Independent Non-executive Director

Chairman of the Social and Ethics Committee and a member of the Audit and Risk Committee, the Nomination Committee and the Non-executive Directors' Committee

Appointed to the Board in 2004.

✷ *African Rainbow Capital Proprietary Limited, African Rainbow Energy & Power (Pty) Ltd, Sanlam Limited.*

Bernard Swanepoel (57)

BSc (Min Eng), BCom (Hons)

Independent Non-executive Director

Chairman of the Investment Committee and a member of the Social and Ethics Committee and the Non-executive Directors' Committee

Appointed to the Board in 2003.

✷ *African Rainbow Energy & Power (Pty) Ltd, Impala Platinum Holdings Limited.*

Mike Arnold (61)

BSc Eng (Mining Geology), BCompt (Hons), CA(SA)

Non-executive Director

Member of the Investment Committee

Appointed to the Board in 2009.

✷ *African Rainbow Capital Proprietary Limited, African Rainbow Energy & Power (Pty) Ltd.*

Jan Steenkamp (64)

National Mining Diploma, EDP

Non-executive Director

Member of the Non-executive Directors' Committee and the Social and Ethics Committee

Appointed to the Board in 2017.

✷ *African Rainbow Energy & Power (Pty) Ltd.*

LEGEND

Nationalities

South African | Mozambican | ✷ **Other key boards**

SUMMARISED CORPORATE GOVERNANCE continued

DIVERSITY AND INCLUSION

The Board has adopted a policy for the promotion of gender and race diversity and inclusion on the Board to ensure that by the end of the 2018 calendar year it is made up of at least 50% percent black Board members of which 25% will be black women.

During F2017, following an extensive search, the Board announced that Ms Abigail Mukhuba, the Chief Financial Officer, was appointed Finance Director with effect from 11 December 2017.

The Board also appointed Mr D C Noko as an independent non-executive director, with effect from 10 October 2017, after consideration, *inter alia*, of his experience, qualifications and availability.

INDEPENDENCE

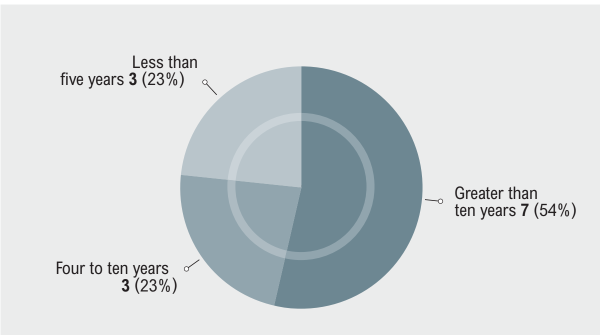
The independent non-executive directors are highly experienced and have the skills, background and knowledge to fulfil their responsibilities.

All directors have a duty to act with independence of mind in the best interests of the Company. The Board believes that the Independent Non-executive Directors are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's 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 the Independent Non-executive Directors, and with due regard to the criteria for determining independence as set out in King IV™ and the JSE Listings Requirements, character and judgement are considered, together with any of their relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

Any term in office by an Independent Non-executive Director exceeding a period of nine years is subject to a rigorous review by the Board. The Board concluded that in each circumstance the Independent Non-executive Director's independence of character and judgement was not impaired by length of service.

TENURE: NON-EXECUTIVE DIRECTORS



INDEPENDENCE AND CONSULTANCY

The independence of Messrs J A Chissano and W M Gule, who receive consultancy fees, was considered. Given his extensive relationships with various leaders of African countries, Mr Chissano assists in the facilitation of high-level business discussions and introductions. Mr Gule also assists with matters in respect of ARM. Their specific assignments are determined by the Executive Chairman and the Chief Executive Officer. The fees paid to Messrs Chissano and Gule for these services are market-related. As such, the Board is satisfied that this aspect does not impair their independence.

In addition, two Non-executive Directors, Messrs M Arnold and J C Steenkamp, had consultancy agreements with the Company in F2018. They are not considered independent as they were executives of ARM in the previous three years and they benefit from ARM's share incentive scheme.

CGR For additional information about the consultancy agreements with ARM's Non-executive Directors, see the Remuneration Report on page 125 of the Corporate Governance Report.

EXECUTIVE CHAIRMAN, LEAD NON-EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

The roles of the Executive Chairman and the Chief Executive Officer are separate and distinct.

Dr P T Motsepe is the Executive Chairman of the Company and not independent. He is also a significant shareholder of ARM. ARM is satisfied that the non-independence of the Executive Chairman is properly addressed by the composition of the Board and particularly by the appointment of the Lead Independent Non-executive Director, Mr A K Maditsi, in accordance with, and as required by, King IV™.

AFS For further information see the Shareholder Analysis on pages 117 to 118 of the 2018 Annual Financial Statements.

The Board Charter also documents the role and responsibilities of the Executive Chairman and the 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 the general requirements for the re-election of Directors set out in ARM's Memorandum of Incorporation and discussed below, the Executive Chairman and the Lead Independent Non-executive Director are required to be elected by the Board annually. Messrs Motsepe and Maditsi were re-elected as Executive Chairman and Lead Independent Non-executive Director respectively, for a period of one year commencing on 1 January 2018.

The Chief Executive Officer is appointed by the Board. He does not hold any external board appointments.

BOARD CHARTER

The Board Charter was most recently amended by the Board in August 2018. The Board Charter provides guidelines to directors in respect of, among others, the Board's responsibilities, authority, composition, meetings and the need for performance evaluations.

The Board 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 those 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 so wish. Messrs T A Boardman, A D Botha, W M Gule and A K Maditsi and Dr M M M Bakane-Tuoane are required to retire by rotation. They have made themselves available for re-election at the Annual General Meeting to be held on Friday, 7 December 2018.

Directors appointed by the Board between Annual General Meetings hold office only until the next Annual General Meeting and are eligible for election. They are, however, not included in determining the number of Directors who are to retire by rotation. Ms A M Mukhuba was appointed by the Board as Finance Director with effect from 11 December 2017 and, given her appointment was between Annual General Meetings, she will stand for election at the Annual General Meeting to be held on Friday, 7 December 2018.

Induction and continuing education

Newly-appointed Directors receive a comprehensive information pack including the Memorandum of Incorporation, the Board Charter, Terms of Reference of the Committees of the Board, Board policies and other documents relating to the Company. In addition, key legislation and regulations, as well as corporate governance, financial and reporting documents, including minutes and documents of an administrative nature are provided to them.

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 the succession planning for Executive Directors.

IAR For more on the Nomination Committee, see under Board Committees on page 110.

Following eight years in the role, Mr Mike Arnold retired as Financial Director of ARM on 10 December 2017 after having reached the Company's normal retirement age of 60 in July 2017. Mr Arnold remains on the Board as a Non-executive Director with effect from the date of his retirement. Ms Abigail Mukhuba, who was the Chief Financial Officer of ARM, was appointed Finance Director with effect from 11 December 2017.

The Company has a succession plan for Executive Directors and senior management, which provides for its key management.

Performance assessment

The effectiveness of the Board and the Committees is assessed annually. Independent external advisors assisted the Nomination Committee with the evaluation of the Board, Committees, the Executive Chairman and the Company Secretary.

During the F2018 assessment process, the Board considered its responsibilities in terms of the Board Charter and was satisfied that it had fulfilled them.

IAR Performance assessments of all Executive Directors, including the Executive Chairman and the Chief Executive Officer are undertaken annually and form the basis of their remuneration as discussed in Part II of the Remuneration Report starting on page 117.

ASSESSMENT OF FINANCE FUNCTION

The Audit and Risk Committee has oversight of the Company's financial reporting process on behalf of the Board and reviews the finance function. Following the 2018 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. The Board reviews reports of the Chief Executive Officer, the Finance Director, divisional chief executives and other senior executives, chairpersons of the Committees and independent advisors. During the financial year ended 30 June 2018, four Board meetings, a budget workshop and a two-day strategy session were held.

ADVICE AND INFORMATION

No restriction is placed 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 concerning the affairs of the Company.

SUMMARISED CORPORATE GOVERNANCE continued

F2018 BOARD AND COMMITTEE MEETING ATTENDANCE SUMMARY

	Board	Budget workshop	Bos-beraad	Audit and Risk Committee	Invest-ment Committee	Nomina-tion Committee	Non-executive Directors' Committee	Social and Ethics Committee	Remunera-tion Committee
Number of meetings*	**4**	**1**	**4[1]**	**7**	**1**	**8[2]**	**4**	**4**	**3**
P T Motsepe, Dr (Executive Chairman)	4	1	4	–	–	–	–	–	–
M P Schmidt (Chief Executive Officer)	4	1	4	–	–	–	–	–	–
F Abbott	4	–[4]	4	5[3]	1	–	4	–	3
M Arnold[8]	4	1	4	–	–	–	–	–	–
M M M Bakane-Tuoane, Dr	4	1	4	7	–	8	4	4	3
T A Boardman	4	1	4	7	–	–	4	–	3
A D Botha	4	–[4]	4	7	1	–	4	–	3
J A Chissano	4	–[4]	4	–	–	5[2]	4	–	–
W M Gule	4	1	4	–	–	–	4	–	–
A K Maditsi	4	1	4	7	1	8	4	4	3
H L Mkatshana	4	1	4	–	–	–	–	–	–
J P Möller	4	1	4	4[5]	–[4]	–	4	–	1[5]
A M Mukhuba	2[6]	1	2[6]	–	–	–	–	–	–
D C Noko	3[7]	1	2[7]	–	–	–	3[7]	–	–
R V Simelane, Dr	4	1	4	6[3]	–	8	4	3[3]	–
J C Steenkamp	3[7]	1	2[7]	–	1	–	3[7]	1[5]	–
Z B Swanepoel	4	–[4]	4	–	1	–	4	3[5]	–
A J Wilkens	4	1	4	–	–	–	–	–	–

1 *Includes a two-day Bosberaad in respect of F2017 held in August 2017 and a two-day Bosberaad in respect of F2018 held in June 2018.*
2 *There were four scheduled meetings and four ad hoc working sessions. Members were absent with the leave of the Committee.*
3 *Absent with leave of the Board or Committee, as the case may be. Each Director received the meeting materials prior to the meeting and contributed a necessary.*
4 *Absent with leave of the Board or Committee, as the meeting was rescheduled.*
5 *Attended all Committee meetings after his appointment to the Committee.*
6 *Ms A M Mukhuba was appointed to the Board with effect from 11 December 2017.*
7 *Messrs D C Noko and J C Steenkamp were appointed to the Board on 10 October 2017, after the Board and Non-executive Directors' Committee had held their first meetings of the financial year and subsequent to the two-day Bosberaad in respect of F2017.*
8 *Mr M Arnold was appointed to the Committee after the reporting period.*
* *Includes attendance for meetings attended as a Director of the Company or as a Committee member, as the case may be.*

COMPANY SECRETARY

All directors have access to the services and advice of the Company Secretary, Ms A N D'Oyley (BCom, LLB, LLM). The Company Secretary is not a Director of ARM and she maintains an arm's length relationship with the Board.

The Company Secretary supports the Board as a whole, and Directors individually, by providing guidance as to how to fulfil their responsibilities as Directors in the best interests of ARM. The Company Secretary maintains her knowledge of developments in corporate governance best practice and regulation.

The Board appointed the Company Secretary in accordance with the requirements of the Companies Act. The Board considered details regarding the Company Secretary's competence, qualifications and experience as well as the results of the F2018 Board assessment remains satisfied with the competence and experience of the Company Secretary.

BOARD COMMITTEES

The Board standing committees, as set out in the diagram on the next page, promote independent judgement and assist with the balance of power.

The F2018 assessment process concluded that each Committee was satisfied that it had fulfilled its responsibilities in respect of its Terms of Reference.

The *curricula vitae* on pages 104 to 105 set out the qualifications and experience of each of the Committee members.

SUMMARISED CORPORATE GOVERNANCE continued

OUR BOARD AND COMMITTEES

The Board has established Committees to assist with fulfilling its responsibilities in accordance with the provisions of ARM's Board Charter. Nonetheless, the Board acknowledges that the delegation of authority to its Committees does not detract from the Board's responsibility to discharge its fiduciary duties to the Company.

The Committees have Terms of Reference, which are reviewed annually by the Board. These set out the Committees' roles and responsibilities, functions, scope of authority and composition. In 2018, the Board approved amendments to all of the Committees' Terms of Reference.

CGR For a full description of the focus of the Committees during the year under review, see the Corporate Governance Report on our website: **www.arm.co.za**.

1

INVESTMENT
Z B Swanepoel (Chairman)
M Arnold+
F Abbott
A D Botha
A K Maditsi
J P Möller*
J C Steenkamp*****

The Investment Committee's purpose is to monitor the implementation of the capital allocation model and consider substantial investments proposed by management, including mining projects, acquisitions and disposals of assets, and to make such recommendations to the Board as it considers appropriate. The Committee also reviews the results attained on completion of each project.

BOARD

The Board meets at least four times a year to consider the business and strategy of the Company. The Board reviews reports of the Chief Executive Officer, the Finance Director, divisional chief executives and other senior executives, chairmen of the Committees and independent advisors. During the financial year ended 30 June 2018, four Board meetings were held. The quorum for Board meetings is the majority of the Directors.

Members of the Board and senior executives of the Company 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.

4

BOARD
Dr P T Motsepe (Executive Chairman)
M P Schmidt
F Abbott
M Arnold
Dr M M M Bakane-Tuoane
T A Boardman
A D Botha
J A Chissano
W M Gule
A K Maditsi
H L Mkatshana
J P Möller
A M Mukhuba****
D C Noko**
Dr R V Simelane
J C Steenkamp**
Z B Swanepoel
A J Wilkens

8^

NOMINATION
A K Maditsi (Chairman)
Dr M M M Bakane-Tuoane
J A Chissano
Dr R V Simelane

The Nomination Committee is responsible, *inter alia*, for establishing formal and transparent procedures for the appointment of Directors; recommending to the Board suitable candidates for appointment as members of its Committees and the Chairmen of such Committees; ensuring compliance with those provisions of the Memorandum of Incorporation governing the rotation of Directors and making recommendations to the Board with regard to the eligibility of retiring Directors of the Company for re-election.

The Nomination Committee is also responsible for the evaluation of the Board and its Committees and for developing a formal induction programme for new Directors of the Company, overseeing access by Directors to external continuing professional development programmes.

Members | Meetings per year | IAR See the meeting attendance summary on page 108 of the Summarised Corporate Governance Report.

The primary objective of the Audit and Risk Committee, which is constituted in terms of section 94 of the Companies Act, 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 2018 Annual Financial Statements.

7

AUDIT AND RISK
T A Boardman (Chairman)
F Abbott^^
Dr M M M Bakane-Tuoane
A D Botha
A K Maditsi
J P Möller
Dr R V Simelane

The Non-executive Directors' Committee meets formally without management and provides a forum for the Non-executive Directors of ARM to consider and discuss issues of importance to ARM including the promotion of 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.

4

NON-EXECUTIVE DIRECTORS
A K Maditsi (Chairman)
M Arnold***
Dr M M M Bakane-Tuoane
F Abbott
T A Boardman
A D Botha
J A Chissano
W M Gule
J P Möller
D C Noko**
Dr R V Simelane
J C Steenkamp**
Z B Swanepoel

The Remuneration Committee ensures the alignment of ARM's remuneration practices with its strategic direction and provides oversight on rewarding the leadership team in a manner linked to performance outcomes.

IAR The Summarised Remuneration Report is available on page 114.

CGR The Remuneration Report is available in the Corporate Governance Report on ARM's website: **www.arm.co.za**.

3

REMUNERATION
A D Botha (Chairman)******
Dr M M M Bakane-Tuoane******
T A Boardman
A K Maditsi
J P Möller*

The purpose of the Social and Ethics Committee, which is constituted in terms of Regulation 43(5)(c) of the Companies Regulations promulgated in terms of 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 ARM operates in order to ensure that its business practices are sustainable.

IAR SR Additional information is available in the Report of the Social and Ethics Committee on pages 132 to 133 and in the 2018 Sustainability Report available on ARM's website: **www.arm.co.za**.

4

SOCIAL AND ETHICS
Dr R V Simelane (Chairman)
Dr M M M Bakane-Tuoane
A K Maditsi
J C Steenkamp*****
Z B Swanepoel*

\+ *With effect from 10 October 2018.*
^ *Includes four ad hoc working sessions.*
^^ *Mr F Abbott will not stand for re-election at the forthcoming Annual General Meeting.*
* *With effect from 29 August 2017.*
** *With effect from 10 October 2017.*
*** *With effect from 10 December 2017.*
**** *With effect from 11 December 2017.*
***** *With effect from 5 April 2018.*
****** *With effect from 9 May 2018.*

SUMMARISED CORPORATE GOVERNANCE continued

MANAGEMENT COMMITTEES AND FORUMS

ARM has various management committees comprising Executive Directors and senior executives who are considered essential to the functioning of the Company and which ensure the appropriate control and provision of information to the Board.

IAR See page 103 for a summary of how these Committees add value to the business.

Executive committee

The Executive Committee is chaired by the Executive Chairman. Standard items on the agenda include strategic matters, reports from the Chief Executive Officer, the Finance Director, the divisional chief executives and other senior executives.

Management Risk and Compliance Committee

The Management Risk and Compliance Committee assists the Audit and Risk Committee in discharging its duties relating to risk matters by implementing, coordinating and monitoring a risk management plan, policy and processes to ensure that strategic and operational risks are identified, quantified and with attendant controls in place.

The Management Risk and Compliance Committee is chaired by the Chief Executive Officer. Its membership includes the Finance Director, the chief executives of the divisions, the Group Risk Manager, the Executive: Sustainable Development Officer, the Chief Information Officer and the Chief Compliance Officer.

CGR For more information regarding the risk management programme see the Risk Report in the Corporate Governance Report available on ARM's website: **www.arm.co.za**.

Steering committee

The Steering Committee implements management policy and considers other operational matters. The Steering Committee is chaired by the Chief Executive Officer and its membership includes Executive Directors and senior management. It meets quarterly.

Growth and strategic development committee

The Growth and Strategic Development Committee evaluates growth opportunities. The Committee, which is chaired by the Executive Director: Growth and Strategic Development, meets biweekly.

Employment equity and skills development committee

The Employment Equity and Skills Development Committee considers employment equity, transformation and skills development strategies across ARM.

Treasury committee

The Treasury Committee reviews operational cash flows, currency and interest rate exposures as well as funding issues within the group.

Tax forum

The Tax 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

The Technology and Information Committee implements ARM's governance framework and strategy and develops information technology (IT) policies and procedures.

ETHICS

Through the Code of Conduct (the Code), previously known as the Code of Ethics, we confirm our commitment to high moral, ethical and legal standards in dealing with all of our stakeholders. All Directors and employees are required to maintain high ethical standards so that the Company's business is conducted honestly, fairly, legally, in a reasonable manner and in good faith.

The Code of Conduct is available on our website: **www.arm.co.za**.

Conflicts of interest

The Code includes a policy prohibiting the acceptance of any gift which may be construed as an attempt to influence an employee, regardless of value. The acceptance of gifts within policy is subject to the approval of a member of the executive. Directors disclose their interests at Board and Board Committee meetings.

Disclosure

The Code includes a policy regarding communications which encourages complete, accurate and timely communication with the public. The Chief Executive Officer, the Finance Director, the Head of Investor Relations and the Company Secretary oversee compliance with the disclosure requirements contained, *inter alia,* in the JSE Listings Requirements.

Whistleblower facility

Our whistleblower policy provides for an independent service provider to operate a whistleblowers' 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 the whistleblower facility are implemented on an ongoing basis. No material non-compliance incidents were reported in 2018.

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

The Company has a policy on dealings in securities and insider trading, and enforces closed periods in compliance with legislation and regulations. During these times, Directors, officers and designated persons 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 the laws and regulations.

The complete information policy on dealings in Company securities and insider trading is available on our website: **www.arm.co.za**.

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 communication with institutional shareholders, the investment community and the media.

IAR SR Additional information regarding our engagement with key stakeholders is available on pages 44 to 47 of the Integrated Annual Report and in the 2018 Sustainability Report available on our website: **www.arm.co.za**.

ANNUAL GENERAL MEETINGS

Board members and the external audit partner attend Annual General Meetings of the Company to respond to shareholders' questions.

IAR The Notice of Annual General Meeting is available on page 136 of this report.

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 within a small talent pool for a limited set of competencies within the global and South African mining industries.

The Remuneration Committee (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 the business objectives within the larger operating environment and offer a balanced remuneration mix in line with our goals.

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 conduct an annual calculation and ongoing monitoring of the Gini coefficient, enhancing of policies supporting gender mainstreaming in the workplace, and developing more robust employment equity plans and targets.

Pay-for-performance: We focus on pay-for-performance in the design of 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.

SR For additional information see the Occupational Health and Wellness and the Human Resources Management sections of the 2018 Sustainability Report available on the Company's website: **www.arm.co.za**.

CONNECTING PERFORMANCE AND REMUNERATION

Fair and responsible pay

ARM is committed to fair, responsible and transparent pay. We continue to ensure that ARM's remuneration levels are aligned with the general 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 that our policies and practices compare well against South African and international practices.

ARM takes steps to address the wage gap between the remuneration of executives and employees at the lower end of the pay scale, and the Committee monitors developments in this regard.

ARM has utilised external consultants to conduct research into the internal Gini coefficient. The survey showed that ARM's Gini Coefficient is better than that of the mining industry in general and that 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 F2019 (F2018: 5%) 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 to C Bands of 7% (F2018: 5%), with effect from 1 July 2018.

At the bargaining unit level at our operations, A to C Bands are within multi-year wage agreements, except for the two smelters and Nkomati Mine, which are in the process of wage negotiations. At the operations, a general cost-to-company salary increase of 6% (F2018: 6% to 7%) was approved for management in the D and E Bands.

Short-term incentives

Our short-term incentive outcomes are linked and aligned to the Company's performance, which was the result of management's cost-containment and efficiency improvement initiatives:

- the overall F2018 profit before interest and taxes (PBIT) achieved was 188% of target;
- profit targets were met at all operations;
- ARM Ferrous performed well on cost targets, with below plan costs at most operations except for Machadodorp Works (FeCr);
- costs at ARM Platinum, ARM Copper and ARM Coal were higher than planned; and
- the safety modifier target was achieved at most operations, except ARM Platinum. The overall Group safety modifier was at 5%.

Long-term incentives

Outcomes are linked and aligned to the Company's performance. Long-term incentives settled in F2018 were based on ARM's ranking against the total shareholder return of its peers.

STAKEHOLDER ENGAGEMENT

At the 2017 Annual General Meeting of the Company, the non-binding advisory vote on ARM's Remuneration Policy and the Remuneration Implementation Report were supported by 79.91% and 82.14% of the Company's shareholders who voted, respectively.

Although we were above the 75% voting threshold for both the Remuneration Policy and Implementation Report, we take our shareholder feedback seriously and strive to maintain continuous engagement with our shareholders. Below is a table setting out the main areas of feedback on remuneration which we received during the reporting year, and our responses thereto.

SHAREHOLDER ENGAGEMENT AND VOTING

FEEDBACK	ACTIONS TAKEN/RESPONSE TO FEEDBACK
Long-term incentive scheme: Limited disclosure of peer group.	The peer group for each award is based on the 20 largest mining companies on or about the date of the award, which is viewed as best practice and a credible way of setting the peer group. The members of the peer group for settlements in F2017 and F2018 are disclosed in Part II of the Remuneration Report.
Long-term incentive scheme: Limited disclosure about the vesting scale and exact targets governing the vesting in the total shareholder return analysis.	For awards made prior to December 2018, vesting of awards was possible for performance below the median of the peer group, in terms of the graphs included on page 127. In line with emerging global practice, vesting below median is not permitted for awards in terms of the proposed conditional share plan. The proposed vesting scales are disclosed in Part II of the Remuneration Report.
Long-term incentive scheme: Limited disclosure of performance criteria.	New performance criteria, in line with global practice, are proposed in terms of the proposed conditional share plan, as set out in Part II of the Remuneration Report.
Long-term incentive schemes: Share usage limit higher than the preferred limit of 5% and large awards granted in F2016.	We have proposed a new conditional share plan with a new overall share usage limit of 5%, together with a new allocation policy. We anticipate that allocations under the proposed conditional share plan will last for around 5 years.
Short-term incentive (cash bonus): For F2018, the required outperformance to achieve the maximum annual bonus payable is achieved when the performance targets are exceeded by 40% (F2017: 100%).	The differential is a result of a higher indicative profit before interest and tax base compared to that of F2017. The 40% stretch for the F2018 short-term incentive is considered by the Committee, in the context of the prevailing business environment and levels of performance in F2017.
Composition of the Remuneration Committee: Some shareholders questioned the independence of certain Remuneration Committee members.	The Board has assessed that all Committee members have performed their duties in the best interests of the Company. Changes were made to the composition of the Committee in 2018.
Short-term incentives: Only high-level performance conditions were provided for the short-term incentive, without the provision of the specific targets.	The targets are based on the budget, which is considered commercially sensitive information, and is thus not disclosed. However, forward-looking targets have been disclosed on a relative basis in Part II of the Remuneration Report.

SUMMARISED REMUNERATION REPORT continued

PROPOSED 2018 CONDITIONAL SHARE PLAN

ARM proposes that:

- shareholders approve the introduction of a new long-term incentive plan aligned with good practice to be used for the awards of all new long-term incentive awards from the date of the December 2018 Annual General Meeting onwards;
- the new conditional share plan will have the following salient features:
  - conditional rights to ARM shares *i.e.* conditional shares will be awarded to eligible participants (no voting or dividend rights until the conditional shares vest and become unrestricted);
  - performance and employment conditions will apply to all awards;
  - conditional share awards may be matched to cash bonuses used to purchase ARM shares;
  - a usage limit of 5% of the issued share capital of the Company is proposed, which is intended to last for five years of awards under the plan;
  - termination of employment (fault and no-fault terminations) provisions which are aligned to global good practice;
  - malus (pre-vesting forfeiture) and claw-back (post-vesting forfeiture) provisions which will apply to awards, upon the occurrence of certain 'trigger events'; and
  - dividend equivalent shares which will be determined upon the vesting of conditional shares.

COMMITMENT

ARM continuously monitors the effectiveness and implementation of the Remuneration Policy, strategy and practices. In the event that we receive a vote of 25% or more against the Remuneration Policy or the Implementation Report at the 2018 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; and
- appropriately address legitimate and reasonable objections and concerns raised.

CHANGES IN REMUNERATION POLICY

Stakeholder engagement on remuneration matters and proactively maintaining regular, transparent and informative dialogue with our stakeholders is important. Therefore, the Committee considered developments in global best practice as well as feedback received from shareholders during the financial year.

Accordingly, upon the Committee's recommendation, changes to the Remuneration Policy have been approved by the Board. These include:

- a proposed conditional share plan, the details of which are outlined below in Part II of the Remuneration Report;
- following the review of a benchmarking study by the remuneration consultants, the Committee proposed the resolution of anomalies in Non-executive Directors' fees. As a result, it is proposed that Board retainer and attendance fees for Non-executive Directors be increased to the same level as Independent Non-executive Directors' fees and that Committee Chairmen fees be increased, the details of which are outlined in Part II of the Remuneration Report; and
- in respect of the F2019 bonus, the required outperformance to achieve the maximum bonus payable is achieved when the performance targets are exceeded by 50% (F2018: 40%). The differential is as a result of a higher indicative profit before interest and tax base compared to that of F2018.

The Remuneration Policy achieved its stated objectives in F2018 and will continue to lead to performance outcomes that generate real long-term value for our shareholders going forward.

A D Botha
Chairman of the Remuneration Committee

29 October 2018

ABOUT THE REMUNERATION REPORT

In order 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, namely 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 THE REMUNERATION COMMITTEE^

A D Botha*	Dr M M M Bakane-Tuoane**	T A Boardman	A K Maditsi	J P Möller
Member since August 2009	Member since August 2004	Member since August 2011	Member since July 2011	Member since August 2017

^ *Committee attendance may be found on page 108.*
* *Committee Chairman with effect from 9 May 2018.*
** *Committee Chairman until 9 May 2018.*

The Remuneration Committee consists entirely of Independent Non-executive Directors. After having served as the Committee Chairman for all but three years since the Committee's inception, Dr M M M Bakane-Tuoane relinquished chairmanship of the Committee in May 2018, but she remains a member of the Committee. Mr J P Möller was appointed to the Committee in 2017 to provide additional knowledge, skills and experience. Mr Abbott resigned from the Committee in October 2018. The Board is confident that the Committee's members have a strong blend of expertise and experience in the financial, business and human capital fields.

The Chairman of the Committee attends Annual General Meetings to answer any questions from shareholders regarding the Remuneration Policy and the implementation thereof.

Invitees

The Chief Executive Officer, the Finance Director, the Executive Director: Growth and Strategic Development and the Group Executive: Human Resources attend Remuneration Committee meetings by invitation and assist the Remuneration Committee in its deliberations, except when issues relating to their own remuneration are discussed. Invitees do not vote at the meetings. No Director was involved in approving his or her own remuneration.

Advisors to the Remuneration Committee

In F2018, the Committee was advised by remuneration consultants, namely PricewaterhouseCoopers Incorporated (PwC), which provided, *inter alia,* advice on and assistance with the design, implementation and verification of calculations pertaining to offers and awards pursuant to the long-term incentive schemes. The Committee is satisfied that PwC was 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 2018.

CGR The functions of the Remuneration Committee and Terms of Reference may be found in the full Remuneration Report in the Corporate Governance Report at **www.arm.co.za**.

PART II – OVERVIEW OF THE MAIN PROVISIONS OF THE REMUNERATION POLICY

REMUNERATION PHILOSOPHY AND POLICY: EXECUTIVE REMUNERATION

Principles of executive remuneration

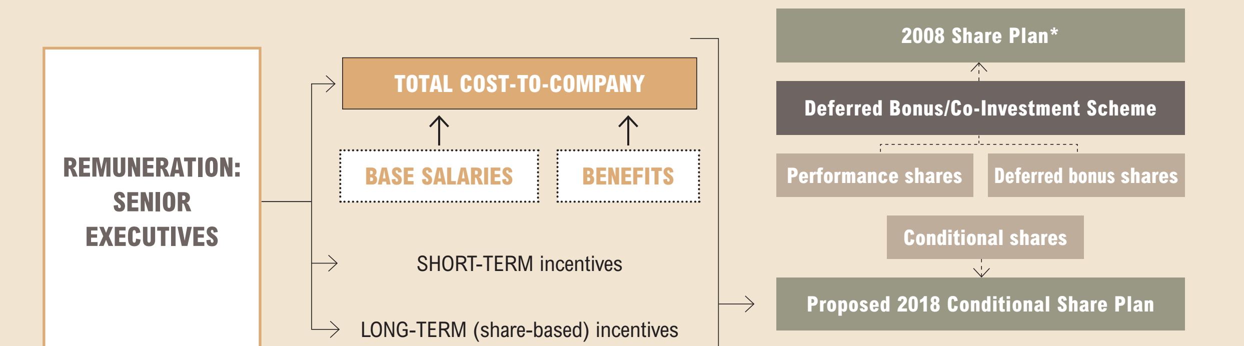
ARM's executive remuneration philosophy aims to attract and retain high-calibre executives and to motivate and reward them for developing and implementing the Company's strategy of delivering consistent and sustainable shareholder value. In addition, ARM to promotes positive outcomes, an ethical culture and corporate citizenship through decisions relating to pay.

The Remuneration Policy conforms to international best practice and is based on the following principles:

- **Total cost-to-company**, which is base salary plus benefits
- **Incentive-based rewards** in the form of competitive incentives compared to those offered by other employers in the mining and mineral resources sector, earned through the achievement of performance targets consistent with shareholder expectations over the short term and long term:
  - **short-term incentives**, *i.e.* cash bonuses, together with performance measures and targets, which are structured to reward effective operational performance; and
  - **long-term (share-based) incentives** that are used to align the long-term interests of management with those of shareholders and that are responsibly implemented so as not to expose shareholders to unreasonable or unexpected financial impact.

SUMMARISED REMUNERATION REPORT continued

ELEMENTS OF TOTAL EXECUTIVE REMUNERATION DESIGN



* *The African Rainbow Minerals Limited 2008 Share Plan.*

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, *inter alia*, market conditions, Company performance, individual performance and changes in responsibilities.
- Salary increases of 6% approved for F2019 with effect from 1 July 2018 (F2018: 5%).
- Forms part of, and is the key component of, a total cost-to-company (CTC) package, which also 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.

PENSION FUND

POLICY

- 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 such fund, if they so elect.

IMPLEMENTATION

- Contributions are made by senior executives from the base salary. Total contribution to the fund, including risk benefits such as life and disability cover, is 22.5% of pensionable salary.
- The ARM Pension Fund is:
  - managed by eight trustees of whom 50% are appointed by ARM and 50% are elected by the members;
  - administered by Alexander Forbes; and
  - a defined contribution fund.

MEDICAL SCHEME

POLICY

- It is compulsory to belong to a medical scheme.

IMPLEMENTATION

- Executives may participate in any managed medical aid plan of their choice.
- Contributions are made by senior executives from their base salary.

OTHER BENEFITS AND CONDITIONS OF EMPLOYMENT

- All other conditions of employment are comparable to those of companies in the mining and mineral resources sector. No special or extraordinary conditions are applicable to senior executives.

SHORT-TERM INCENTIVES

POLICY

Short-term incentives (*i.e.* cash bonuses) are determined in terms of an outperformance bonus scheme, which rewards senior executives for sustained outperformance of cost and profitability targets set annually for the Company's business and safety performance in terms of the Company's strategy, as set out on page 6. In terms of bonuses in respect of F2019 or later financial years, senior executives are provided the opportunity to defer all or part of their bonus on purchasing ARM shares in the market and to be allocated the equivalent value of conditional shares in terms of the proposed 2018 Conditional Share Plan (see the 2018 Bonus Co-investment Scheme on the following page).

INSTRUMENT

Cash in terms of the Outperformance Bonus Scheme.

BONUS PERCENTAGES

In respect of the F2019 bonuses, the short-term incentive on-target cash bonus percentages and the required outperformance to achieve the maximum cash bonus as a percentage of the total is reflected in the table below:

Position	Paterson grade	F2019 % on-target bonus of CTC	F2019 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, ARM Copper and ARM Platinum	FL	**45%**	**135%**

* *The maximum bonus may only be achieved when the annual profit before interest and taxes is 50% more than the performance target in F2019.*

PERFORMANCE MEASUREMENT*

For the Executive Chairman, the Chief Executive Officer, the Finance Director and other senior executives (excluding those from ARM Ferrous, ARM Platinum, and ARM Coal) financial performance indicators are calculated as follows:

- 50% – Profit from Operations; and
- 50% – Unit Cost of Sales (a weighted scorecard).

For operational senior executives, financial performance indicators are calculated as follows, in respect of each division:

- 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; and
- 25% – Divisional Unit Cost of Sales against Target (a weighted scorecard).

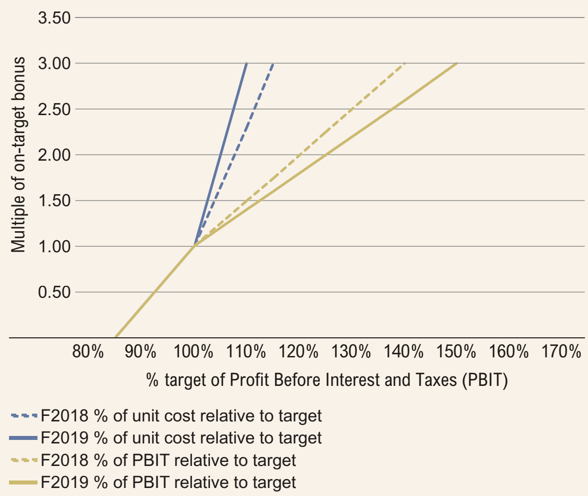
The following divisional unit cost of sales will be measured:

- Manganese
- Iron Ore (Beeshoek and Khumani separately)
- Ferromanganese (Machadodorp)
- Ferromanganese (Cato Ridge)
- Nickel
- Platinum (Modikwa)
- Platinum (Two Rivers)
- Coal – GGV
- Coal – PCB

The combined percentage (achieved by each senior executive) is applied to the senior executive's CTC to determine the potential cash bonus.

* *ARM Copper is discontinued.*

PERFORMANCE MEASUREMENT



SUMMARISED REMUNERATION REPORT continued

SHORT-TERM INCENTIVES (CONTINUED)

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, as the case may be.

If the safety target is met, the participants will receive an additional 5% of their cash bonus.

There is a sliding scale for outperformance or under-performance:

- If participants outperform their targets by 10% or more, the participants would 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 accordance with the Board-approved one-year business plan, and the measures are reviewed annually to ensure that they are appropriate, given the economic climate and the performance expectations for the Company. The targets are related to the budget and considered to be commercially sensitive information and for this reason are not disclosed.

	F2019 PBIT targets*
ARM Group	89%
ARM Ferrous	85%
ARM Platinum	89%
ARM Coal	125%

* *Relative to F2018 targets.*

LONG-TERM INCENTIVES

The Company proposes that shareholders approve the introduction of a new long-term incentive plan aligned with global practice to be used for the awarding of all new long-term incentive awards from the 7 December 2018 Annual General Meeting onwards.

PROPOSED 2018 CONDITIONAL SHARE PLAN (F2019)

COMPANY AND INDIVIDUAL LIMITS

The proposed overall Company limit and the individual limit for the new conditional share plan are 10 985 514 shares and 2 197 103 shares, respectively.

PROPOSED CONDITIONAL SHARE PLAN (F2019) (CONTINUED)

POLICY

This plan will be implemented to closely align the interests of shareholders and senior executives by recognising their contributions to the Group, providing them with the opportunity to share in the success of the Group, and reward superior performance. This plan will be used as a tool to incentivise performance and create shareholder value.

ELIGIBILITY

It is proposed that employees in the corporate office at the Paterson Grade D to F Bands will be eligible to participate in the 2018 Conditional Share Plan.

INSTRUMENT

Conditional shares (subject to performance and employment conditions) for annual or interim awards of long-term incentives, and for matching up to 100% of bonuses invested in ARM shares purchased on the market.

SETTLEMENT

Conditional share awards may be made on an annual or interim basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. The conditional shares will vest after three years subject to pre-determined performance criteria being met. They will be settled in equity or cash.

ALLOCATION LEVELS

Executive Chairman – 2.0 x total cost-to-company (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

2018 BONUS CO-INVESTMENT PLAN

In terms of bonuses accruing in respect of F2019 and subsequent financial years, awards of Conditional Shares will be made to match any portion of a participant's bonus which is voluntarily deferred or used to purchase shares in the market in accordance with Company policy.

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 the dividends that a participant would have earned if he or she was the owner of the vested number of ARM shares from the award date to the vesting date of the Conditional Shares with reference to the dividend record dates occurring in that period.

PROPOSED CONDITIONAL SHARE PLAN (F2019) (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 mining companies).	25%	The Threshold and Target is set at the Median of the Comparator Group (100% vesting)		The Upper Quartile of the Comparator Group (200% vesting)
Average Free Cash Flow Return on Equity USD Operating Free Cash Flow/USD Equity over the three-year Performance Period, where: Operating Free Cash Flow (for the year) is defined as follows: 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%	The USD Cost of Equity of the Company (50% vesting)	The USD Cost of Equity of the Company +3% (100% vesting)	The USD Cost of Equity of the Company +6% (200% vesting)
Consistent and sustainable cost performance as measured against the Mining Producer Price Index (“PPI”). The compound annual growth rate of the Unit Costs of the Company 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”)	10%	Improvement of 3% over the period (50% vesting)	Improvement of 4% over the period (100% vesting)	Improvement of 5% over the period (200% vesting)
Improvement in the BBBEE Score	10%	Maintain current level (50% vesting)	Improvement of 2% (100% vesting)	Improvement of 5% (200% vesting)
Environmental compliance	5%	No Material Incidents (100%)	No Material Incidents (100%)	No Material Incidents (100%)

VESTING

There will be 0% vesting for the applicable performance measure in the case that performance for that measure is below Threshold. Linear interpolation will be applied for the 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 (*e.g.* resignation or dismissal), all unvested awards will be forfeited.
If a senior executive leaves due to a no-fault termination (*e.g.* retrenchment or death) the number of conditional shares which will vest will be pro-rated against performance and time served.

Retirement will not accelerate the vesting of the conditional shares. The number of conditional shares that will vest is conditional upon the extent the performance conditions have been met on the date of termination of employment pro-rated to the number of months served over the total number of months in the employment period.

MALUS AND CLAWBACK

Malus (pre-vesting forfeiture) and clawback (post-vesting forfeiture) provisions will be applied to awards, upon the occurrence of certain ‘trigger events’, including action or conduct of a senior executive which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct.

SUMMARISED REMUNERATION REPORT continued

LONG-TERM INCENTIVES (CONTINUED)

DEFERRED BONUS/CO-INVESTMENT SCHEME

POLICY

This scheme will be replaced by the 2018 Bonus Co-investment Plan in terms of the 2018 Conditional Share Plan (see page 120), however, a final award of bonus shares and matching performance shares in terms of this scheme will be made by December 2018 as the 2018 Conditional Share Plan will not yet have been approved.

INSTRUMENT

Bonus shares (for the deferred bonus) and performance shares (for matching shares) in terms of the 2008 Share Plan.

OPERATION

Senior executives can invest in bonus shares which are matched by the Company with the equivalent number of performance shares under the terms and conditions of the 2008 Share Plan.

LONG-TERM INCENTIVES (CONTINUED)

AWARD POLICY

Senior executives were offered the opportunity, before the end of March each year, to elect that a portion of any cash bonus calculated at the end of the performance year, be deferred and converted into an equivalent value of deferred bonus shares.

To encourage senior executives to take up the deferral(s), the deferred bonus shares were matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, accrued to senior executives and was paid out in cash

F2018: Senior executives could defer 25%, 33%, 50%, 75% or 100%.

PERFORMANCE CRITERIA

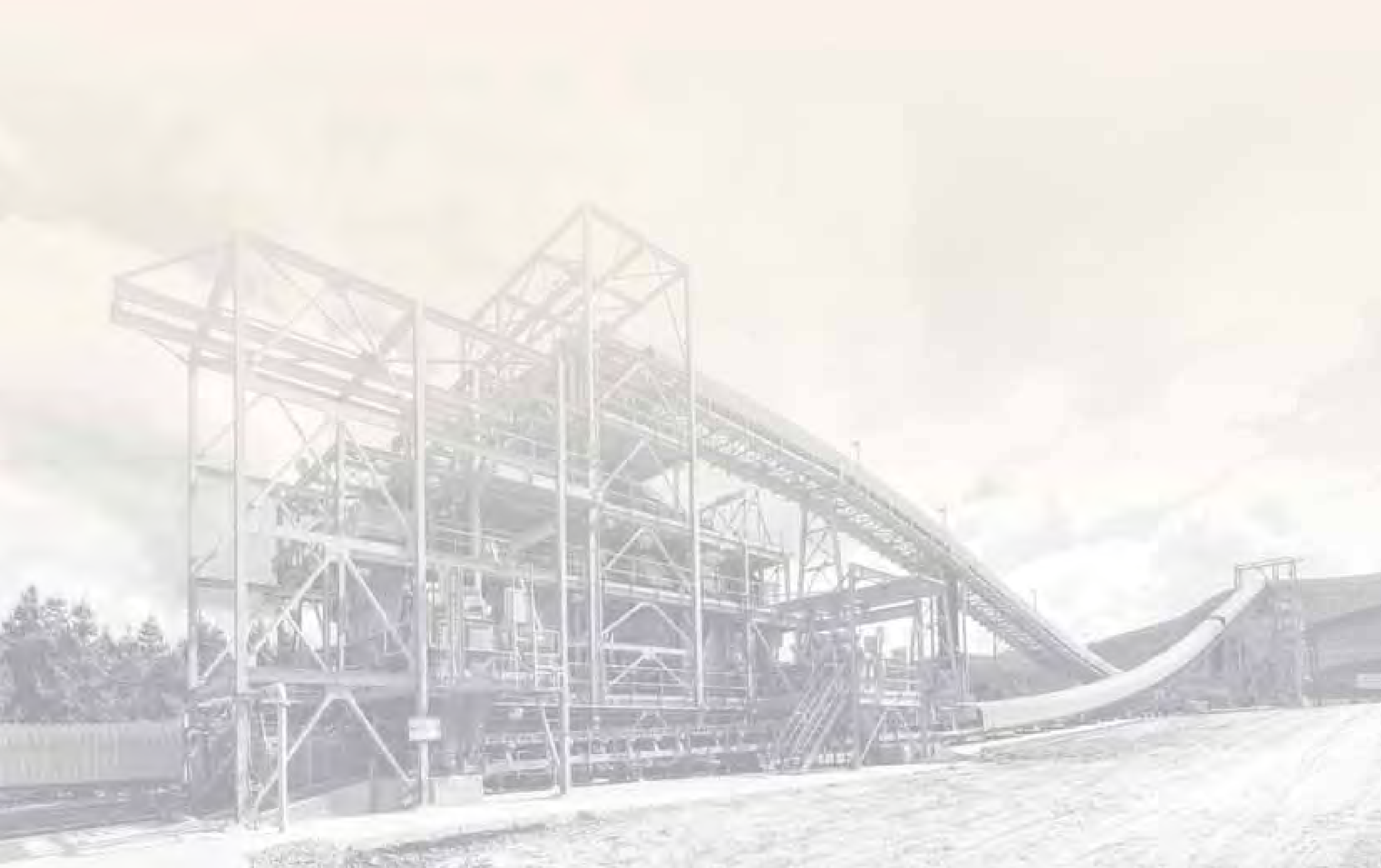
Retirement does not accelerate the vesting period.

VESTING PERIOD

The vesting periods of the deferred bonus shares and the matching equivalent number of performance shares are three years.

CGR

See the Remuneration Report in the 2018 Corporate Governance Report available at **www.arm.co.za** for information about the Performance Shares and Bonus Shares in terms of the 2008 Share Plan, the Deferred Bonus/Co-investment Scheme, the Waived Bonus Method (F2015 and F2016) and Share Options in terms of The African Rainbow Minerals Share Incentive Scheme.



TOTAL REMUNERATION DESIGN: F2019

The Remuneration Committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration, and between those aspects of the package linked to short-term financial performance and those linked to long-term shareholder value creation. The Committee considers each element of the total remuneration package relative to the market and takes into account the performance of the Company and the individual executive in determining both quantum and design.

The scenario graphs alongside represent the on-target total remuneration packages of the senior executives, wherein 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.

Shareholding targets for senior executives

In order to further align management's interests directly with those of shareholders and to encourage long-term commitment to the Company, senior executives are expected to accumulate a holding of shares in the Company. Senior executives are required to build a minimum shareholding in ARM shares from October 2018, or three years after becoming a senior executive, equivalent to one times his or her pensionable salary determined at the date of allocation. This will be followed immediately by another period of three years to build a further shareholding of 100% pensionable salary. Senior executives will be required to maintain the number of shares during employment.

Employment agreements

Employment agreements have been entered into between the Company and Executive Directors and Prescribed Officers, namely Messrs P T Motsepe (Executive Chairman), M P Schmidt (Chief Executive Officer), H L Mkatshana (Chief Executive: ARM Platinum, who is also responsible for ARM Copper and ARM Coal) and A J Wilkens (Executive Director: Growth and Strategic Development) and Ms A M Mukhuba (Finance Director).

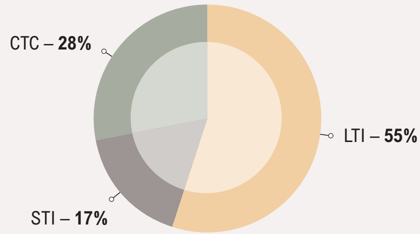
The Company had employment agreements with the F2018 Prescribed Officers, namely Messrs A Joubert and F A Uys. Mr Joubert remains the Chief Executive: ARM Ferrous. Mr Uys took early retirement from the Company on 8 January 2018.

None of these employment contracts 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.

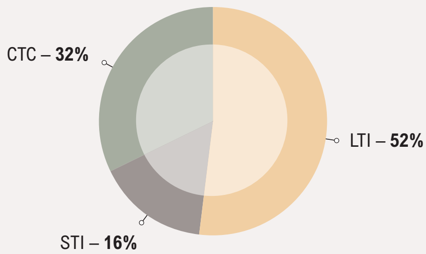
Executive Directors and Prescribed Officers are subject to the performance criteria that apply to all participants in the 2008 Share Plan and the Scheme. There are no other service agreements between the Company and its Executive Directors and Prescribed Officers.

TOTAL REMUNERATION DESIGN: F2019

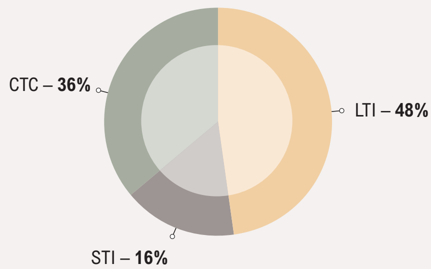
EXECUTIVE CHAIRMAN



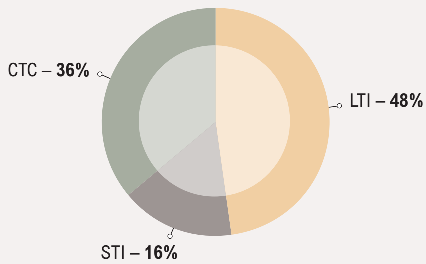
CHIEF EXECUTIVE OFFICER



FINANCE DIRECTOR[1]



EXECUTIVE DIRECTORS AND OTHER PRESCRIBED OFFICERS[2]



1 *Following a benchmarking study by the remuneration consultants, includes 12% increase in the cost-to-company for Ms A M Mukhuba with effect from 1 July 2018, in addition to the annual increase.*

2 *Following a benchmarking study by the remuneration consultants, includes 4% increases in the cost-to-company for Messrs H L Mkatshana and A Joubert with effect from 1 July 2018, in addition to the annual increase.*

SUMMARISED REMUNERATION REPORT continued

Termination policy

Senior executives have a one month's notice period in their employment contracts. The short-term and long-term incentive rules set out the termination policy depending upon the reasons for termination. There is no automatic entitlement to short-term or long-term incentives in the event of resignation or termination which results from a disciplinary procedure or terminations due to other reasons. Executive agreements do not include restraint provisions applicable upon termination.

REMUNERATION POLICY: NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Directors' fees

On the advice of the Remuneration Committee, which engages remuneration consultants to assist with the benchmarking of Non-executive Directors' fees against those paid by comparable companies, the Board considers and makes recommendations to shareholders regarding Non-executive Directors' fees payable.

Following the 2018 benchmarking study, the Remuneration Committee agreed to recommend to shareholders that the Non-executive Directors' annual retainer fees be increased to the same level as Independent Non-executive Directors' fees and that the separate categories be discontinued. Noting that the Audit and Risk Committee fees were in the upper quartile no increase was proposed for F2019. In terms of fees for the other committees, an increase of 26% was proposed to Committee Chairmen fees, with committee members fees remaining unchanged.

Board retainers and Board and Committee meeting attendance fees are paid quarterly and in arrears. The 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 Board meeting attendance fees

On the advice of the Remuneration Committee, the Board recommends to shareholders of the Company the annual retainer fees and per Board meeting attendance fees for Non-executive Directors will be pro-rated for periods of less than a full year.

	Proposed fees with effect from 1 July 2018 (excluding VAT) (Rand)*		Fees effective 1 July 2017 (Rand) (excluding VAT) (Rand)	
	Annual	**Per meeting**	Annual	Per meeting
Lead Independent Non-executive Director	**533 700**	**20 400**	533 700	20 400
Independent Non-executive Director	**425 800**	**20 400**	425 800	20 400
Non-executive Director	**425 800**	**20 400**	340 750	20 400

* *Effective 1 July 2018, should the fees be approved by shareholders at the Annual General Meeting.*

Board attendance fees are paid for *ad hoc* Board meetings, site visits, and other *ad hoc* meetings in respect of Board matters as well as for attendance, at the direction of Board, at Board Committee meetings (as a non-member of the Committee). The Company reimburses reasonable travel, subsistence and accommodation expenses to attend meeting. Office costs, including telecommunication costs, are however deemed to be included in the Board retainers.

Committee attendance fees

On the advice of the Remuneration Committee, the Board recommends for approval by shareholders the Committee meeting attendance fees payable to Non-executive Directors, as set out in the table below, which fees exclude value-added tax, where applicable.

	Per meeting attendance fees proposed with effect from 1 July 2018 (excluding VAT) (Rand)*	Per meeting attendance fees effective 1 July 2017 (excluding VAT) (Rand)*
Audit and Risk Committee		
Chairman	**106 400**	106 400
Member	**42 600**	42 600
Investment Committee, Nomination Committee, Social and Ethics Committee and Remuneration Committee		
Chairman	**52 750**	41 800
Member	**27 850**	27 850

* *Effective 1 July 2018, should the fees be approved by shareholders at the Annual General Meeting.*

Service agreements: Non-executive Directors

In addition to Directors' fees, Non-executive Directors may receive consultancy fees in terms of agreements, concluded at market rates, for defined and pre-approved services.

In F2018, the Company had:

- a renewable two-year consultancy agreement with Mr M Arnold with effect from 11 December 2017 when he became a Non-executive Director;
- a consultancy agreement with Mr J A Chissano, which was renewed for one year with effect from 1 May 2018 on the same terms and conditions as the 2017 renewal;
- a consultancy agreement with Mr W M Gule, which was renewed for one year with effect from 1 July 2017;
- a consultancy agreement with Mr J C Steenkamp, which terminated on 31 December 2017, and has not been renewed.

The agreements with Messrs Chissano and Gule may be renewed annually, subject to one calendar month's termination notice period by either party. Subsequent to the reporting period, the agreement with Mr Gule was renewed for one year with effect from 1 July 2018.

There are no other service agreements between the Company and its Non-executive Directors.

No provisions to pay a fixed sum of money on the termination of any service agreements have been agreed between the Company and any of its Non-executive Directors.

IAR Details regarding amounts paid in F2018 in terms of consultancy agreements with Non-executive Directors are provided in Part III of the Remuneration Report on page 130.

NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote on the Remuneration Policy set out in Part II of this report.

IAR See the Notice of Annual General Meeting on page 136 of the Integrated Annual Report.

SUMMARISED REMUNERATION REPORT continued

PART III – IMPLEMENTATION REPORT: F2018

DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Executive Directors and Prescribed Officers 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 5% for senior executives and other employees at the corporate office, for F2018, in line with the May 2017 Consumer Price Index (CPI) of 5%.

F2018 short-term incentive performance outcomes

As discussed in greater detail in Part II of the Remuneration Report on page 117, prior to the Board approving accrued bonuses for senior executives for F2018, upon the recommendation of the Remuneration Committee, the Executive Chairman deferred 100% of his F2018 bonus.

The table below sets out how senior executives performed against targets set for the performance measures and the relative weighting of each measure.

Performance against bonus targets for F2018 was as follows:

PROFITABILITY TARGETS*

ABOVE TARGET
Achieved at ARM Ferrous, ARM Platinum, ARM Coal and ARM Copper

COST TARGETS

BETTER THAN PLAN
Achieved at all ARM Ferrous operations except for Machadodorp Works (FeCr)

WORSE THAN PLAN
ARM Platinum, ARM Coal and ARM Copper

SAFETY MODIFIER

SAFETY MODIFIER ACHIEVED
- ARM Ferrous, ARM Coal and ARM Copper – 10%
- ARM Group – 5%

SAFETY MODIFIER NOT ACHIEVED
- ARM Platinum

* *On a profit before interest and taxes basis.*

Executive Chairman, Chief Executive Officer and Finance Director*	Weighting	Below Threshold	Threshold	On Target	Stretch/ Above Target	Maximum
Profit from operations (50%)	50%				•	
Unit cost of sales (50%)	50%			•		
Safety (modifier)				•		

* *Finance Director with effect from 11 December 2017.*

Short-term incentive (*i.e.*, cash bonuses), in terms of the formulae, were as follows:

Executive Directors and Prescribed Officers	F2018 short-term incentive (bonus) (R000)	Short-term incentive as a % of total annual package before incentives*
Executive Directors		
Dr P T Motsepe[1]	9 609	94%
M P Schmidt	8 092	105%
M Arnold[2]	2 392	95%
A M Mukhuba[3]	3 776	104%
H L Mkatshana	3 758	94%
A J Wilkens	7 016	92%
Prescribed Officers		
A Joubert	4 938	108%
F A Uys[4]	1 960	94%

* *Per single figure remuneration table on page 128.*
1 *100% of the bonus was deferred. In F2019, the equivalent value of bonus shares and matching performance shares will be allocated by the Company.*
2 *Mr M Arnold retired as Financial Director with effect from 10 December 2017 and became a Non-executive Director of the Company.*
3 *Ms A M Mukhuba became the Finance Director of the Company with effect from 11 December 2017.*
4 *Mr F A Uys took early retirement with effect from 8 January 2018.*

	F2018 PBIT targets*
ARM Group	105%
ARM Ferrous	176%
ARM Platinum	(42%)
ARM Coal	310%
ARM Copper	77%

* *Relative to F2017 targets.*

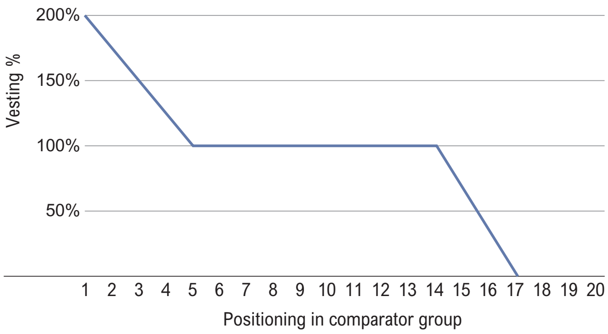
F2018 long-term incentive performance outcomes

Performance shares

Conditional awards of full value ARM shares are made to eligible participants pursuant to The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan). Performance shares are settled after three or four years, subject to the Company's achievement of prescribed performance criteria over this period. The 20-day volume weighted average price is used to determine the price.

The 29 October 2013 performance shares awarded in terms of the four-year annual allocation to senior executives in the F-Band vested on 30 October 2017. The interim performance measurement for the award resulted in 0% vested in year 2 (due to a two-year lock-in) and, based on ARM's TSR ranking of 12th against the 17 listed comparator companies, 100% of the awarded number of performance shares vested in years 3 and 4 were settled. Overall, 50% of the total number of awarded performance shares vested.

VESTING SCHEDULE



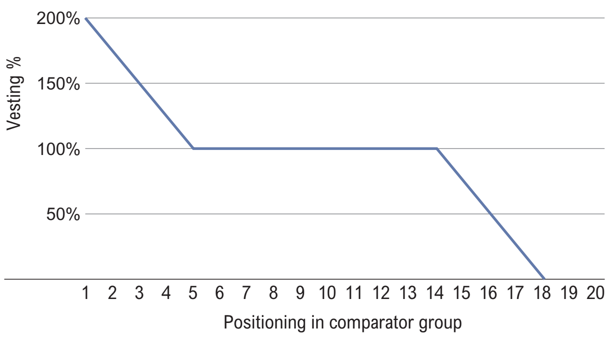
The comparator group of companies for the October 2013 performance share awards was as follows:

African Rainbow Minerals Ltd	Impala Platinum Ltd
Anglo American Platinum Ltd	Kumba Iron Ore Ltd
Anglo American Plc	Lonmin Plc
Aquarius Platinum Ltd[1]	Merafe Resources Ltd
Arcelormittal Ltd	Northam Platinum Ltd
Assore Ltd	Palaborwa Mining Company Ltd[1]
BHP Billiton Plc	Pan African Resources Plc
Coal of Africa Ltd	Petmin Ltd[1]
Exxaro Resources Ltd	Resources Generation Ltd
Glencore Plc	Royal Bafokeng Platinum Ltd
Hulamin Ltd	Wesizwe Platinum Ltd

1 *These companies delisted during the vesting period and have therefore been excluded from the comparator group.*

The 17 November 2014 awards (in terms of the three-year annual allocation) and the 20 November 2014 awards (in terms of the Deferred Bonus/Co-Investment Scheme) vested on 20 November 2017 and 22 November 2017, respectively. Based on ARM's TSR ranking of 12th against the 18 listed comparator companies as set out in the graph below, 100% of the awarded number of performance shares vested and were settled.

VESTING SCHEDULE



The comparator group of companies for the November 2014 performance share awards was as follows:

African Rainbow Minerals Ltd	Hulamin Ltd
Anglo American Platinum Ltd	Impala Platinum Ltd
Anglo American Plc	Kumba Iron Ore Ltd
Aquarius Platinum Ltd[1]	Lonmin Plc
Arcelormittal Ltd	Merafe Resources Ltd
Assore Ltd	Northam Platinum Ltd
BHP Billiton Plc	Petmin Ltd[1]
Eastern Platinum Ltd	Royal Bafokeng Platinum Ltd
Exxaro Resources Ltd	Resources Generation Ltd
Glencore Plc	Tharisa Plc

1 *These companies delisted during the vesting period and have therefore been excluded from the comparator group.*

IAR See the single figure remuneration table on page 128 for the actual value of the performance shares settled in F2017 and F2018.

Bonus shares

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 in terms of the 2008 Share Plan will be granted until December 2018 and waived bonus shares in terms of the 2008 Share Plan were granted in F2015 and F2016.

AFS CGR See the Directors' Report in the Annual Financial Statements for the number of bonus shares settled in F2017 and F2018. For the value of unvested awards see the Corporate Governance Report **www.arm.co.za**.

Share option scheme

Between 2008 and 2013, the annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) were made to eligible participants, but at a much reduced scale following the adoption of 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 bonus shares settled in F2017 and F2018. For the value of unvested awards see the Corporate Governance Report **www.arm.co.za**.

Termination of office payments

In F2018, no payments were made to executive management as a result of termination of employment.

SUMMARISED REMUNERATION REPORT continued

SINGLE FIGURE REMUNERATION

	2018									
						Short-term incentives			Long term incentives[4]	
All figures in R'000	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Other benefits and allowances[1]	**Total annual package before Incentives**	Cash bonus[2]	Bonus deferred[3]	**Total annual package after short-term incentives, before long-term incentives**	Performance Shares	**Total single figure remunera-tion**
Executive Directors										
Dr P T Motsepe	10 237	–	–	2	**10 239**	–	9 609	**19 848**	11 578	**31 426**
M P Schmidt	7 086	478	–	153	**7 717**	8 092	–	**15 809**	7 706	**23 515**
M Arnold[5]	2 266	185	31	30	**2 512**	2 392	–	**4 904**	4 036	**8 940**
H L Mkatshana	3 594	296	–	93	**3 983**	3 758	–	**7 741**	2 325	**10 066**
A M Mukhuba[6]	3 276	353	–	18	**3 647**	3 776	–	**7 423**	–	**7 423**
A J Wilkens	7 448	–	64	73	**7 585**	7 016	–	**14 601**	6 083	**20 684**
Total for Executive Directors	33 907	1 312	95	369	**35 683**	25 034	9 609	**70 326**	31 728	**102 054**
Prescribed Officers[7]										
A Joubert	3 933	440	–	192	**4 565**	4 938	–	**9 503**	4 073	**13 576**
J C Steenkamp[8]	–	–	–	–	**–**	–	–		4 016	**4 016**
F A Uys[9]	1 858	185	–	41	**2 084**	1 960	–	**4 044**	2 441	**6 485**
Total for Prescribed Officers	5 791	625	–	233	**6 649**	6 898	–	**13 547**	10 530	**24 077**
Total for Executive Directors and Prescribed Officers	39 698	1 937	95	602	**42 332**	31 932	9 609	**83 873**	42 258	**126 131**

1 *Includes travel, UIF and risk benefits.*
2 *See page 119 for additional information about accrued cash bonuses.*
3 *Cash value equivalent of the short-term incentive bonus. In F2019, 100% will be awarded as deferred bonus shares and matching performance shares in terms of the Deferred Bonus/Co-investment Scheme.*
4 *Includes the 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 F2018 as performance was measured at the vesting date which falls within F2018. For additional information about performance shares, see pages 126 and 127 of this report and the schedule of unvested awards in the Remuneration Report in the 2018 Corporate Governance Report available on the Company's website:* ***www.arm.co.za****.*
5 *Mr M Arnold retired as the Financial Director with effect from 10 December 2017. He became a Non-executive Director with effect 11 December 2017.*
6 *Ms A M Mukhuba was the Chief Financial Officer of ARM until 10 December 2017. She was appointed as the Finance Director with effect from 11 December 2017.*
7 *Prescribed Officers of the Company were determined in terms of section 66 (10) of the Companies Act 71 of 2008, as amended, and as further described in section 38 of the Regulations thereto. Their remuneration is disclosed in terms of the Companies Act, section 30(4)(a).*
8 *Mr J C Steenkamp retired as the Chief Executive: Exploration and Strategic Services with effect from 30 June 2017. He became a Non-executive Director with effect from 10 October 2017.*
9 *Mr F A Uys retired from the Company with effect from 8 January 2018.*

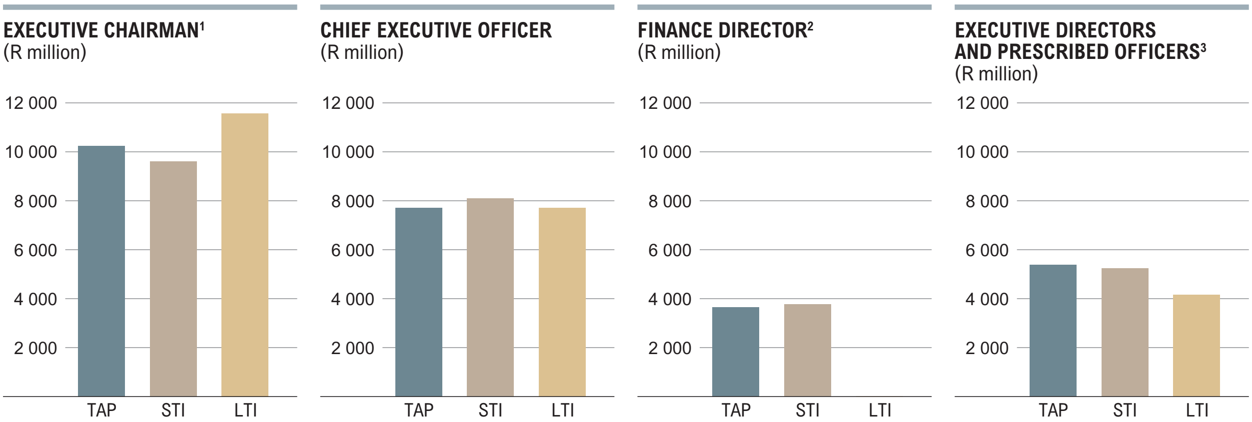
2017									
					Short-term incentives			Long term incentives[4]	
Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Other benefits and allowances[1]	**Total Annual Package before Incentives**	Cash bonus[2]	Bonus deferred[3]	**Total annual package after short-term incentives, before long-term incentives**	Performance Shares	**Total single figure remunera-tion**
9 181	–	–	2	**9 183**	–	9 535	**18 718**	4 503	**23 221**
6 741	456	–	153	**7 350**	6 022	2 007	**15 379**	3 633	**19 012**
4 917	405	60	60	**5 442**	5 350	–	**10 792**	1 108	**11 900**
3 409	310	–	75	**3 794**	2 401	800	**6 995**	1 040	**8 035**
–	–	–	–	**–**	–	–	**–**	–	**–**
7 101	–	60	70	**7 231**	6 962	–	**14 193**	2 892	**17 085**
31 349	1 171	120	360	**33 000**	20 735	12 342	**66 077**	13 176	**79 253**
3 786	420	–	173	**4 379**	4 478	–	**8 857**	1 765	**10 622**
5 766	575	–	739	**7 080**	6 962	–	**14 042**	1 515	**15 557**
3 387	339	–	68	**3 794**	2 560	–	**6 354**	1 467	**7 821**
12 939	1 334	–	980	**15 253**	14 000	–	**29 253**	4 747	**34 000**
44 288	2 505	120	1 340	**48 253**	34 735	12 342	**95 330**	17 923	**113 253**

SUMMARISED REMUNERATION REPORT continued

REMUNERATION OUTCOMES

The remuneration outcomes in 2018 for the Executive Chairman, the Chief Executive Officer, the Finance Director and Other Executive Directors plus Prescribed Officers are shown in the graphs below. The emoluments are detailed in the single figure remuneration table on page 128.

TOTAL REMUNERATION OUTCOMES: F2018



TAP: Total annual package before incentives
STI: Short-term incentives
LTI: Long-term incentives

1 *Dr P T Motsepe elected to defer 100% of any bonus for F2018. In F2019, the equivalent value of deferred bonus shares and performance shares will be allocated by the Company.*
2 *Ms A M Mukhuba became Finance Director with effect from 11 December 2017. Excludes the remuneration of Mr M Arnold, the former Financial Director who became a Non-executive Director of ARM with effect from 11 December 2017.*
3 *Excludes remuneration of Mr F A Uys who retired with effect from 8 January 2018.*

DIRECTORS' REMUNERATION: NON-EXECUTIVE DIRECTORS (AUDITED)

The remuneration of Non-executive Directors consists of Directors' fees. Board retainers, board attendance fees and committee attendance fees are paid quarterly and in arrears. The table below sets out the emoluments paid to Non-executive Directors during the years ended 30 June 2018 and 30 June 2017.

	F2018					F2017				
All figures in R000	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 Directors[2]										
Dr M M M Bakane-Tuoane	662	715	–	196	**1 573**	516	691	–	10	1 217
F Abbott	618	347	–	138	**1 103**	516	372	–	10	898
M Arnold[3]	292	–	196	–	**488**	–	–	–	–	–
T A Boardman	663	782	–	205	**1 650**	476	790	–	6	1 272
A D Botha	623	385	–	144	**1 152**	516	372	–	10	898
J A Chissano	602	164	634	110	**1 510**	493	53	604	10	1 160
W M Gule	609	–	723	–	**1 332**	477	–	170	–	647
A K Maditsi	775	827	–	229	**1 831**	617	793	–	16	1 426
J P Möller[4]	583	229	–	116	**928**	236	–	–	6	242
D C Noko[5]	431	–	–	–	**431**	–	–	–	–	–
Dr R V Simelane	649	617	–	180	**1 446**	516	625	–	10	1 151
J C Steenkamp[6]	370	56	413	–	**839**	–	–	–	–	–
Z B Swanepoel[7]	600	125	–	104	**829**	516	75	–	11	602
Total for Non-executive Directors	7 477	4 247	1 966	1 422	**15 112**	4 879	3 771	774	89	9 513

1 *Additional information may be found under the heading "Service Agreements: Non-executive Directors" on page 125 of the Summarised Remuneration Report.*
2 *Payments for the reimbursement of out-of-pocket expenses have been excluded.*
3 *Mr M Arnold, the former Financial Director, became a Non-executive Director of ARM with effect from 11 December 2017.*
4 *Mr J P Möller was appointed to the Audit and Risk Committee by the shareholders of ARM with effect from 1 December 2017.*
5 *Mr D C Noko became an Independent Non-executive Director of ARM with effect from 10 October 2017.*
6 *Mr J C Steenkamp became a Non-executive Director of ARM with effect from 10 October 2017 and was appointed to the Investment Committee and the Social and Ethics Committee with effect from 6 April 2018.*
7 *Mr Z B Swanepoel was appointed to the Social and Ethics Committee with effect from 29 August 2017.*

NON-BINDING ADVISORY VOTE

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 136 of the Integrated Annual Report.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

We are pleased to present the 2018 Sustainability Report which outlines how ARM creates sustainable value. We are responsible for governing ARM's social and ethics performance and ensuring that we conduct 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.

SR Additional information is available in the 2018 Sustainability Report available on our corporate website: **www.arm.co.za**.

COMPOSITION AND TERMS OF REFERENCE

The Committee's Terms of Reference were updated for King IV™ in F2018. The Committee monitors and oversees those functions set out in the Companies Act, as well as assumes responsibility for those matters assigned to it by the Board.

CGR Information on the composition of the Social and Ethics Committee, its Terms of Reference and its procedures is set out more fully in the Corporate Governance Report available at: **www.arm.co.za**.

PURPOSE AND FUNCTIONS

Legislation and Codes of Good Practice

The Committee is responsible for monitoring the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of good practice in the areas set out in the Companies Act. In respect of legal and regulatory requirements, during the year under review, the Committee, including:

- Discharged those regulatory obligations of a social and ethics committee as prescribed by Regulation 43(5) of the Companies Regulations
- Monitored complaints received via ARM's whistleblowers' hotline, including complaints or concerns regarding sustainable development matters
- Considered reports provided by management regarding compliance with legal requirements in terms of the Company's Legal Compliance Policy
- Received reports regarding the ongoing Competition Act, compliance online training programme and annual compliance certification
- Participated in training provided by independent parties in respect of the amendments to the B-BBEE Codes of Good Practice
- Received reports regarding compliance with the National Environmental Management Act, the 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 about the findings of the annual Corporate Risk Workshop
- Monitored compliance with the Mining Charter and the 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 the Minerals Council South Africa
- Received training on the proposed amendments to the Mining Charter.

OPERATIONAL PERFORMANCE

Ethics and risk management

The Company is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All the Directors and employees are required to maintain high standards to ensure that the Company's business is conducted honestly, fairly and legally and in a reasonable manner, 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 regarding compliance with the Code of Conduct, including the online training programme. The Company followed up on an assessment to counteract risks of fraud, bribery and corruption. The Company has a whistleblowers' policy and the Committee received reports regarding the results of investigations of calls made to the independent whistleblowers' facility.

FINANCIAL RETURNS AND SOCIAL LICENCE TO OPERATE

ARM seeks to make a significant contribution towards addressing challenges confronting South Africa, including poverty alleviation, job creation, education, welfare and healthcare. The Committee monitored and reviewed the implementation of policies regarding adding value to 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 the Social and Labour Plans
- The projects of the ARM Broad-Based Economic Empowerment (BBEE) upliftment trusts

The Committee specifically focused on commitments in the priority areas:

- Health
- Education
- Sporting events
- Community capacity-building
- Arts and culture
- Job creation
- Infrastructure

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, among others, the South African Constitution, the Labour Relations Act, the Employment Equity Act and the 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 Organisation and the International Labour Organisation Protocol on decent work and working conditions.

The Committee monitored and reviewed the implementation of labour policies, including:

- Attraction, retention and development of skills to support the Company's growth plan
- Transformation
- Gender mainstreaming
- Employment equity
- Employee turnover
- Learnerships and bursaries
- Educational training and development of its employees
- Literacy.

Safety and Health

We are committed to providing our employees with a safe and healthy work environment. During the year under review the Committee monitored and reviewed the implementation of safety, health and wellness policies, including:

- Safety performance
- Occupational health and wellness
- Pulmonary tuberculosis and HIV & Aids.

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 F2019

- Monitoring the improvement of safety and rollout 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; and
- Continuing efforts to reduce carbon emissions and further improve our corporate water and climate change reporting process.

ASSURANCE

In terms of its Terms of Reference, the Committee, had oversight of the Company's appointment of an independent external sustainability assurance provider to provide assurance in respect of material elements of the 2018 Sustainability Report and of the sustainability section of the 2018 Integrated Annual Report, and reported to ARM's Audit and Risk Committee that the appointment was made.

Based on the foregoing, we are of the opinion that the Social and Ethics Committee has executed its duties and responsibilities during the financial year in accordance with the Companies Regulations and the Committee's terms of reference.

Dr Rejoice V Simelane
Chairman of the Social and Ethics Committee

29 October 2018

At the Annual General Meeting, the Committee Chairman will table the 2018 Sustainability Report which is the Committee's report to shareholders on the Company's performance with respect to relevant legislation and codes of good practice, social and economic development, labour, as well as safety, health and the environment.

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
Anglo Platinum	Anglo American Platinum Limited
a	The a referred to in tabulation and graphic analysis refers to actual numbers
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 starting 1 January 2017 ending 31 December 2017
C2018	Calendar year starting 1 January 2018 ending 31 December 2018
CIF	Cost, Insurance and Freight
CPI	Consumer Price Index
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CVT	Counselling and Voluntary Testing
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	The e referred to in tabulation and graphic analysis refers to estimated numbers
EBITDA	Earnings before interest, tax, depreciation and amortisation, excluding special items and income from associates and income from joint venture
ERM	Enterprise Risk Management
F2018	Financial year starting 1 July 2017 ending 30 June 2018
F2017	Financial year starting 1 July 2016 ending 30 June 2017
FOB	Free on board
FOR	Free on rail
GOSA	Glencore Operations South Africa Proprietary Limited
Goedgevonden/ GGV	Goedgevonden Thermal Coal Mine
GRI	Global Reporting Initiative
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
IRS	Impala Refining Services Limited
JSE	JSE Limited
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 his/her place of work, performing his/her 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.
MDR TB	Multi-drug resistant tuberculosis

GLOSSARY OF TERMS AND ACRONYMS continued

Mining Charter	Broad-based Socio-economic Empowerment Charter signed in 2002
MPRDA	Minerals and Petroleum Resources Development Act
MQA	Mining Qualifications Authority
Mt	Million tonnes
Mtpa	Million tonnes per annum
oz	Ounces
NEMA	National Environmental Management Act
NPB	Non-Participative Business
N/R	Not reported
PCB	Participating Coal Business
PCMZ	Peridotite Chromotitic Mineralised Zone
RBCT	Richards Bay Coal Terminal
SAMREC Code	South African Code for Reporting Mineral Resources and Mineral Reserves
SANS	South African National Standard
SLP	Social and Labour Plans
SME	Small and Medium-sized Enterprise
SMME	Small, Medium and Micro Enterprise
STI	Sexually Transmitted Infections
STMO	Strategic, tactical and major operational risks
t	tonnes
TB	Tuberculosis
tCO_2	Tonnes of carbon dioxide
tCO_2e	Tonnes of carbon dioxide equivalent
TFR	Transnet Freight Rail
UASA	United Association of South Africa
UG2	Upper group 2 – second level of three chrometite 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
ADR ticker symbol: AFRBY
ISIN: ZAE000054045
("ARM" or "the Company")

Notice is hereby given that the 85th Annual General Meeting of shareholders of the Company will, subject to any cancellation, postponement or adjournment, be held on Friday, 7 December 2018 at 11:00 South African time, in Committee Room 4, Sandton Convention Centre (at the 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, 19 October 2018.

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 for the purposes of being entitled to participate in and vote at the Annual General Meeting is Friday, 30 November 2018 ("voting record date"). The last day to trade in the Company's shares in order to be recorded as a shareholder by the voting record date is Tuesday, 27 November 2018.

PRESENTATION OF FINANCIAL STATEMENTS

To present the Annual Financial Statements of the Group and the Company for the financial year which ended on 30 June 2018, as set out on pages 21 to 109 in the 2018 Annual Financial Statements, including the Directors', Audit and Risk Committee and Independent Auditor's Reports. The 2018 Integrated Annual Report and the 2018 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 132 to 133 in the 2018 Integrated Annual Report in terms of Regulation 43(5)(c) of the Companies Regulations, 2011 ("the Regulations") promulgated in terms of the Companies Act.

RE-ELECTION OF NON-EXECUTIVE DIRECTORS

Ordinary resolutions numbers 1 to 5 are proposed to re-elect Directors who retire by rotation as Non-executive Directors of the Company in accordance with the provisions of the Company's Memorandum of Incorporation and who, being eligible, offer themselves for re-election. These Directors' *curricula vitae* appear on pages 142 to 143 of this Notice of Annual General Meeting. The Board of Directors of the Company (the "Board") recommends the re-election of these Directors.

Ordinary resolution number 1

– Re-election of Dr M M M Bakane-Tuoane

1. "Resolved that Dr M M M Bakane-Tuoane, 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."

   In order 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 A D Botha

2. "Resolved that Mr A D Botha, 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."

   In order 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 T A Boardman

3. "Resolved that Mr T A Boardman, 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."

   In order 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 W M Gule

4. "Resolved that Mr W M Gule, 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."

   In order 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 5

– Re-election of Mr A K Maditsi

5. "Resolved that Mr A K Maditsi, 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."

   In order 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.

ELECTION OF EXECUTIVE DIRECTOR

Ordinary resolution number 6 is proposed to elect a Director who was appointed between Annual General Meetings and whose term of office terminates in accordance with the Company's Memorandum of Incorporation. This Director's *curriculum vitae* appears on page 145 of this Notice of Annual General Meeting. The Board of Directors recommends the election of this Director.

Ordinary resolution number 6

– Election of Ms A M Mukhuba

6. "Resolved that Ms A M Mukhuba, whose period of office as a Director terminates in accordance with the Company's Memorandum of Incorporation at this Annual General Meeting and who, being eligible and having made herself available for election, be and is hereby elected as a Director of the Company."

   In order 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.

RE-APPOINTMENT OF EXTERNAL AUDITOR AND RE-APPOINTMENT OF DESIGNATED AUDITOR

Ordinary resolution number 7

– Re-appointment of external auditor and re-appointment of designated auditor

Ordinary resolution number 7 is proposed to approve the re-appointment of Ernst & Young Inc. as the external auditor of the Company and to re-appoint Mr L I N Tomlinson as the person designated to act on behalf of the external auditor for the financial year ending 30 June 2019, to remain in office until the conclusion of the next Annual General Meeting.

7. "Resolved that the re-appointment of Ernst & Young Inc. as the external auditor of the Company be and is hereby approved and that Mr L I N Tomlinson be and is hereby re-appointed as the designated auditor for the financial year ending 30 June 2019, to remain in office until the conclusion of the next Annual General Meeting."

   In order 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 8

– Election of Audit and Risk Committee members

Ordinary resolution number 8 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 (collectively, "King IV™") as more fully explained in the Annexure on page 144. The *curricula vitae* of those Independent Non-executive Directors offering themselves for election as members of the Audit and Risk Committee are included on pages 142 to 143 of the Notice of Annual General Meeting.

8. "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:

   8.1 Mr T A Boardman (Chairman)*
   8.2 Dr M M M Bakane-Tuoane*
   8.3 Mr A D Botha*
   8.4 Mr A K Maditsi*
   8.5 Mr J P Möller
   8.6 Dr R V Simelane

   * *Subject to their re-election as Directors pursuant to ordinary resolutions numbers 1 to 3 and number 5 above."*

   In order for each of these resolutions to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required in respect of each of these resolutions.

ADOPTION OF A NEW CONDITIONAL SHARE PLAN

Ordinary resolution number 9 is proposed for the purposes set out in the Annexure on pages 144 and 148.

Ordinary resolution number 9

– Adoption of the 2018 Conditional Share Plan

9. "Resolved that:

   (a) the 2018 Conditional Share Plan, a copy of which has been labelled for identification purposes and tabled at the Annual General Meeting, be and is hereby approved; and

   (b) the Board be and is hereby authorised to allot and issue authorised but unissued ordinary shares to an eligible participant in the 2018 Conditional Share Plan upon the valid exercise of such eligible participant's rights under the 2018 Conditional Share Plan."

   Copies of the following documents will be available for inspection during normal business hours at the registered office of the Company from the date of issue of the Integrated Annual Report of which this Notice of Annual General Meeting forms part, up to and including the date of the Annual General Meeting: (i) the Company's 2018 Integrated Annual Report; and (ii) the 2018 Conditional Share Plan.

NOTICE OF ANNUAL GENERAL MEETING continued

The principal terms of the 2018 Conditional Share Plan are set out in the Annexure on pages 144 to 148.

In order 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.

REMUNERATION POLICY

Ordinary resolution number 10

– Non-binding advisory vote on the Company's Remuneration Policy

Ordinary resolution number 10 is proposed for the purpose set out in the Annexure on page 144.

10. "Resolved that the shareholders hereby endorse, by way of a non-binding advisory vote, the Company's Remuneration Policy, as set out on pages 117 to 125."

    Should 25% or more of the votes cast vote against this ordinary resolution, the Company undertakes to engage with shareholders as to the reasons therefore and to appropriately address legitimate and reasonable objections and concerns raised.

REMUNERATION IMPLEMENTATION REPORT

Ordinary resolution number 11

– Non-binding advisory vote on the Company's Remuneration Implementation Report

Ordinary resolution number 11 is proposed for the purpose set out in the Annexure on page 144.

11. "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 126 to 131."

    Should 25% or more of the votes cast vote against this ordinary resolution, the Company undertakes to engage with shareholders as to the reasons therefore and to appropriately address legitimate and reasonable objections and concerns raised.

GENERAL AUTHORITY TO ALLOT AND ISSUE SHARES FOR CASH

Ordinary resolution number 12

Placing control of the authorised but unissued Company shares in the hands of the Board

12. "Resolved that, as a separate and additional authority from that referred to in ordinary resolution number 13, 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 (including without limitation the 2018 Conditional Share Plan, if approved in terms of ordinary resolution number 9), be and is hereby authorised, on such terms and conditions and for such purposes as the Board may in their 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."

    In order 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 this ordinary resolution number 12

The reason for and effect of this ordinary resolution number 12 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, in order to enable the Company to take advantage of business opportunities which might arise in the future.

Ordinary resolution number 13

General authority to issue shares for cash

13. "Resolved, as a separate and additional authority from that referred to in ordinary resolution number 12, 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 at their sole discretion, deem fit subject to the Companies Act and the JSE Listings Requirements, provided that:

    (a) the equity securities which 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 which 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 the Annual General Meeting, excluding treasury shares – the number of shares available for the issue of shares for cash will therefore be limited to 10 985 514 shares;

(d) this authority shall 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 the Company's listed equity 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) shall 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."

In order 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 this ordinary resolution number 13

The reason for and effect of this ordinary resolution number 13 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 in order to enable the Company to take advantage of any business opportunity which might arise in the future. At present, the Board has no specific intention to use this authority, and the authority will thus only be used if circumstances are appropriate.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Special resolutions numbers 1 and 2 are proposed to ensure that Non-executive Directors' fees attract and retain Non-executive Directors.

Special resolution number 1

– Annual retainer fees and per Board meeting attendance fees

14. "Resolved that, with effect from 1 July 2018, the Company be and is hereby authorised, each by way of a separate vote, to pay its Non-executive Directors:

14.1 the annual retainer fees, quarterly or as otherwise determined by the Board, which shall be pro-rated for periods of less than a full year; and

14.2 the fees for attending Board meetings,

in each case as listed in the table below, and that these resolutions shall be deemed to supersede and replace all prior authorising resolutions in relation to the remuneration contemplated herein and shall 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 2018 (excluding VAT) (Rand)*		Fees effective 1 July 2017 (excluding VAT) (Rand)	
	Annual	**Per meeting**	Annual	Per meeting
Lead Independent Non-executive Director	**533 700**	**20 400**	533 700	20 400
Independent Non-executive Director	**425 800**	**20 400**	425 800	20 400
Non-executive Director	**425 800**	**20 400**	340 750	20 400

* *Effective 1 July 2018, should the fees be approved by shareholders at the Annual General Meeting."*

In order 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 this 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. The fees reflected above are exclusive of value-added tax ("VAT"), if any. This resolution, if approved, shall from 1 July 2018 supersede and replace the corresponding resolution passed at the Annual General Meeting in December 2017.

NOTICE OF ANNUAL GENERAL MEETING continued

Special resolution number 2

– Committee meeting attendance fees

15. "Resolved that, with effect from 1 July 2018, 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 shall be deemed to supersede and replace all prior authorising resolutions in relation to the remuneration contemplated herein and shall 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 2018 (excluding VAT) (Rand)*	Per meeting attendance fees effective 1 July 2017 (excluding VAT)
Audit and Risk Committee		
Chairman	**106 400**	106 400
Member	**42 600**	42 600
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	**52 750**	41 800
Member	**27 850**	27 850

* *Effective 1 July 2018, should the fees be approved by shareholders at the Annual General Meeting.*"

In order 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 this 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. The fees reflected above are exclusive of VAT, if any. This resolution, if approved, shall from 1 July 2018 supersede and replace the corresponding resolution passed at the Annual General Meeting in December 2017.

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) 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, *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.

Special resolution number 3

– Financial Assistance – For subscription for securities

16. "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 without limitation the 2018 Conditional Share Plan, if approved in terms of ordinary resolution number 9) including any Director or Prescribed Officer of the Company (or any person related to any of them or to any company or corporation related or inter-related to any of them) 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."

    In order 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 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

17. "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 Directors 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."

    In order 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 2018 CONDITIONAL SHARE PLAN

Special resolution number 5

– Issue of shares to persons listed in Section 41(1) of the Companies Act in connection with the 2018 Conditional Share Plan

18. "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 the 2018 Conditional Share Plan, 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 2018 Conditional Share Plan."

    In order 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 this special resolution number 5

The reason for and effect of this special resolution number 5 is to ensure that ordinary shares can be issued to the persons set out in this special resolution number 5 to the extent required by the 2018 Conditional Share Plan. Such persons may not be entitled to participate in the 2018 Conditional Share Plan in the absence of the authorisation contemplated in terms of special resolution number 5.

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 subsidiaries of the Company 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

19. "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 shall not exceed 5% (five percent) of the ordinary shares in issue at the date on which this resolution is passed;
    - any such acquisition shall 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 commencement of the prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by the Company prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;

- the Company at any point in time only appoints one agent to effect any acquisition(s) on its behalf;
- an announcement containing details of such acquisitions will be published as soon as the Company and/or its subsidiaries, collectively, shall 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 containing details of such acquisitions will be published in respect of 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 shall 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."

In order 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 this special resolution number 6, the Board is of the opinion 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 in accordance with accounting policies used in the Company and Group annual financial statements for the year ended 30 June 2018, will exceed the consolidated liabilities of the Company and the Group for a period of twelve months after the date of the Notice of Annual General Meeting;
- the Company and the 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 the purposes of the business of the Company and Group 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 for purposes of this special resolution number 6:

- major shareholders – page 118 of the Annual Financial Statements; and
- share capital of the Company – page 65 of the Annual Financial Statements.

The Directors, whose names appear on pages 104 and 105 of the Integrated Annual Report, collectively and individually, accept full responsibility for the accuracy of the information pertaining 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 have no specific intention to use this authority, and the authority will thus only be used if the circumstances are appropriate.

Other than the facts and developments reported on in the Integrated Annual Report, there have been no material changes in the financial or trading position of the Company that have occurred since the date of signature of the Annual Financial Statements for the period ended 30 June 2018 up to the date of this Notice of Annual General Meeting.

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 Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote, whether as a shareholder or as a proxy for a shareholder, have 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 a shareholder or as a proxy for a shareholder, and entitled to exercise voting rights, shall have one vote, irrespective of the number of shares held by such 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 such 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 the shareholder decide to do so. A summary of the shareholders' rights in respect of proxy appointments as contained in Section 58 of the Companies Act is set out on page 152 *(Instructions on signing and lodging the form of proxy)*.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Should any shareholder (or any proxy for a shareholder) wish to participate in the Annual General Meeting by way of electronic participation, that shareholder (or its proxy) should make application in writing (including details as to how the shareholder (or its proxy) can be contacted to participate) to the transfer secretaries, at their address below, to be received by the transfer secretaries at least five business days prior to the Annual General Meeting in order for the transfer secretaries to arrange for the shareholder (or its proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of Section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or its proxy) with details as to how to access any electronic participation means to be provided.

The Company reserves the right to elect not to provide for electronic participation at the Annual General Meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the Company.

Please note that although shareholders are entitled to participate in the Annual General Meeting by electronic means, they shall 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 the Annual General Meeting 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 such shareholders' stead. The person so appointed need not be a shareholder of the Company. A form of proxy is attached for the use of those Entitled Shareholders who wish to be represented. Such Entitled Shareholders should complete the attached form of proxy in accordance with the instructions contained therein and deposit it 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 Fax +27 11 688 5238) (or emailed 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 in terms of the custody agreement entered into with the relevant CSDP or broker. Should such shareholders wish to attend the Annual General Meeting or send a proxy to represent them at the Annual General Meeting, 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

A N D'Oyley
Company Secretary

29 October 2018

NOTICE OF ANNUAL GENERAL MEETING continued

CURRICULA VITAE

ORDINARY RESOLUTIONS NUMBER 1 TO NUMBER 5: RE-ELECTION OF NON-EXECUTIVE DIRECTORS

Tom Boardman (68)

BCom, CA(SA)

Independent Non-executive Director

The Chairman of the Audit and Risk Committee and a member of the Non-executive Directors' Committee and the Remuneration Committee

Appointed to the Board in 2011

Tom Boardman was Chief Executive of Nedbank Group Limited from December 2003 to February 2010. He was previously Chief Executive and an Executive Director of BoE Limited, one of South Africa's leading private and investment banking companies 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 2006. The Boardmans chain of stores is now owned by Edcon. Prior to this, he was Managing Director of Sam Newman Limited and worked for the Anglo American Corporation for three years. He served his articles at Deloitte.

He served as a Non-executive Director on the Board of Nedbank Limited from March 2010 to May 2017. He served as Chairman of the Credit and the Capital and Risk Committees. He was a Director of a listed Swedish Investment Company, Kinnevik, from 2011 to 2018, having served as Chairman for the last two years.

He is currently a Non-executive Director of Woolworths Holdings and Royal Bafokeng Holdings, Ubuntu-Botho Investments and African Rainbow Capital. He is also a Non-executive Director and Chairman of Millicom International Cellular, which is one of the major mobile and cable network operators in Central and South America and is listed on the Swedish stock exchange. He is also a Director and Chairman of Ansor Limited, a private equity holding company based in the United Kingdom.

He is a Director of The Peace Parks Foundation and serves as a trustee on a number of other charitable foundations.

Dr Manana Bakane-Tuoane (70)

BA (Economics and Statistics), MA (Econ, International Trade), PhD (Econ)

Independent Non-executive Director

Member of the Audit and Risk Committee, the Nomination Committee, the Non-executive Directors' Committee, the Remuneration Committee and the Social and Ethics Committee

Appointed to the Board in 2004

Dr Manana Bakane-Tuoane served as ARM's Lead Independent Non-executive Director from 2009 to 2015. Manana has extensive experience in the economics field. Her 20-year career in the academic field included lecturing at various institutions, including the University of Botswana, Lesotho and Swaziland (UBLS), National University of Lesotho (NUL), University of Saskatchewan (Sectional Lecturer), and the 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 various senior management positions since 1995. Concurrent with the above, Manana has been a member and office bearer of several international organisations, including Winrock International and the African Economic Research Consortium (AERC). She is also a trustee of certain Sanlam trusts. Manana was the Special Advisor to the Minister of Social Development, Minister of Water and Environmental Affairs as well as Minister of Environmental Affairs from 2009 until 31 January 2015.

Anton Botha (65)

BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)

Independent Non-executive Director

Chairman of the Remuneration Committee and a member of the Audit and Risk Committee, the Investment Committee and the Non-executive Directors' Committee

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 also serves as a Non-executive Director on the Boards of the University of Pretoria, Sanlam Limited and certain Sanlam subsidiaries.

Mangisi Gule (66)

BA (Hons) (Wits), P & DM (Wits Business School)

Non-executive Director

Member of the Non-executive Directors' Committee

Appointed to the Board in 2004

Mangisi Gule was appointed Chief Executive of ARM Platinum on 27 February 2005 and in May 2007 he was appointed Chief Executive of ARM Coal, a role which he held until August 2012. Mangisi was Executive Director: Corporate Affairs until 30 June 2013. He has been a Non-executive Director of the Company since 1 July 2013. Mangisi has extensive experience in the field of management, training, human resources, communications, corporate affairs and business development. Apart from his qualifications in business management from Wits Business School, Mangisi has proven experience in leadership and mentorship. He has been a lecturer, as well as Chairman of various professional bodies and a member of various executive committees and associations. He has also been an Executive Director and Board member of ARMgold as well as an Executive Director and Board member of Harmony.

Alex Maditsi (56)

BProc, LLB, HDip Co Law, LLM

Lead Independent Non-executive Director

Chairman of the Nomination Committee and of the Non-executive Directors' Committee and a member of the Audit and Risk Committee, the Investment Committee, the Remuneration Committee and the Social and Ethics Committee

Appointed to the Board in 2004

Alex Maditsi became the Lead Independent Non-executive Director in 2015. Alex is the Managing Director of Copper Moon Trading (Pty) Ltd. Previously, he was employed by Coca-Cola South Africa as a Franchise Director for South Africa. He was Country Manager for Kenya, Senior Director: Operations Planning and Legal Director for Coca-Cola Southern and East Africa. Prior to joining Coca-Cola, Alex 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 a member of the Harvard LLM Association. Alex's directorships include African Rainbow Energy and Power (Pty) Ltd, Bidvest Group Limited, Murray & Roberts and Sterling Debt Recoveries (Pty) Ltd.

ORDINARY RESOLUTION NUMBER 6: ELECTION OF EXECUTIVE DIRECTOR

Abigail Mukhuba CA(SA) (39)

Bcompt, BCom (Accounting) (Hons), MCom (South African and International Taxation), MBA

Finance Director

Appointed to the Board in 2017

Abigail has over 17 years' working experience in the financial reporting and tax specialist environment in the mining and automotive industries. She started her career at a large South African auditing firm before joining BMW SA Inc. In 2007, she moved onto the mining industry at Exxaro Resources Limited, where she led the Group Financial Reporting team. Abigail joined ARM in 2016 as the Chief Finance Officer and in 2017 she was appointed as ARM's Finance Director. She is also a Director of African Rainbow Capital.

ORDINARY RESOLUTION NUMBER 8: ELECTION OF AUDIT AND RISK COMMITTEE MEMBERS

Kobus Möller (59)

BCom, BCompt (Hons), CA(SA), AMP (Harvard)

Independent Non-executive Director

Member of the Audit and Risk Committee, the Investment Committee, the Remuneration Committee and the Non-executive Directors' Committee

Appointed to the Board in 2017

Kobus Möller was the Financial Director of Sanlam Limited and Sanlam Life Insurance Limited from November 2006 to September 2016. Between 1998 and October 2006, he held a number of roles within the Sanlam Group. Previously, he was the Financial Director of Impala Platinum Holdings Limited, from 1996 to 1998, and the Group Financial Manager of Gencor Limited, from 1985 to 1996. Kobus is currently a Non-executive Director of a number of Sanlam Group companies.

Dr Rejoice Simelane (66)

BA (Economics and Accounting), MA, PhD (Econ), LLB (UNISA)

Independent Non-executive Director

Chairman of the Social and Ethics Committee and a member of the Audit and Risk Committee, the Nomination Committee and the Non-executive Directors' Committee

Appointed to the Board in 2004

Rejoice Simelane commenced her career at the University of Swaziland, as a lecturer in Economics. Between 1998 and 2001, she worked at the National Department of Trade and Industry and the National Treasury. After that she served in the capacity of Special Advisor, Economics, to the then Premier of Mpumalanga until mid-2004, when she assumed the position of Chief Executive of Ubuntu-Botho Investments until 2016. Whilst she remains an Executive Director in Ubuntu-Botho Investments, she also serves as a Non-executive Director on the Board of African Rainbow Capital, a wholly owned subsidiary of Ubuntu-Botho Investments. Rejoice's other Board directorships include Sanlam Limited, Mamelodi Sundowns Football Club, and African Rainbow Energy and Power. She is also a member of the Premier Soccer League Executive Committee. A CIDA Scholarship Recipient and a Fulbright Fellow, Rejoice was also a member of the Presidential Economic Advisory Panel under former President Mbeki until 2009 and was also on the Board of the Council for Medical Schemes from 2008 to 2011.

IAR See page 144 and this page for the *curricula vitae* for other Independent Non-executive Directors standing for re-election to the Audit and Risk Committee. Mr F Abbott is not standing for re-election to the Audit and Risk Committee.

NOTICE OF ANNUAL GENERAL MEETING continued

ANNEXURES

Explanatory note relating to ordinary resolution number 8: Election of Audit and Risk Committee members

Ordinary resolution number 8 is proposed to provide for the election of Audit and Risk Committee members. Section 94(2) of the Companies Act and Principle 8 of the King IV Report on Corporate Governance for South Africa, 2016 ("King IV™") require the shareholders of a public company to elect the members of an audit committee at each annual general meeting. In accordance therewith, 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 the *curricula vitae* on pages 144 to 145 of this Notice of Annual General Meeting);
- 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 within the Group;
- collectively possess skills which 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; and
- adequately keep up to date with key developments affecting their required skills set.

The Nomination Committee recommended that the Board recommend to the shareholders the election of those Audit and Risk Committee members who offer themselves for election. For further details regarding the performance of the Audit and Risk Committee during the period under review, please refer to the Report of the Audit and Risk Committee which appears on pages 2 to 4 of the 2018 Annual Financial Statements.

Explanatory note relating to ordinary resolutions number 10 and number 11: Non-binding advisory votes

Paragraph 3.84(k) of the JSE Listings Requirements and King IV™, Principle 14, Recommended Practice 37 provides that the Remuneration Policy and the Remuneration Implementation Report be tabled every year for separate non-binding advisory votes by shareholders at the Annual General Meeting. Ordinary resolution number 10 is proposed to provide for a non-binding advisory vote on the Company's Remuneration Policy, which can be found on page 117.

Ordinary resolution number 11 is proposed to provide for a non-binding advisory vote on the Company's Remuneration Implementation Report, which can be found on page 126.

King IV™ provides that, in the event that either the Remuneration Policy or the Remuneration 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 Remuneration Report succeeding the voting:

- the shareholders with whom the Company engaged, and the manner and form of engagement to ascertain the reasons for dissenting votes; and
- the nature of steps taken to address legitimate and reasonable objections and concerns.

The Board will take the outcome of the votes into consideration when considering the Company's Remuneration Policy and the implementation thereof.

Explanatory note relating to ordinary resolution number 9: Adoption of the 2018 Conditional Share Plan

Salient features of the proposed 2018 Conditional Share Plan are set out below.

SALIENT FEATURES: AFRICAN RAINBOW MINERALS LIMITED 2018 CONDITIONAL SHARE PLAN

Introduction

In line with local and global best practice, African Rainbow Minerals Limited ("ARM" or "the Company") intends to adopt a new share plan, namely the African Rainbow Minerals Limited Conditional Share Plan ("CSP") to attract, incentivise, motivate and retain the right calibre of executives and senior management.

The CSP provides Participants with the opportunity to be Awarded Conditional Shares with Performance Conditions in the Company so as to enable the Participants with the opportunity to share in the success of the Company and provide alignment between the Participants and shareholders.

Where terms are capitalised, these terms bear the defined meaning as per the definitions contained in the CSP Rules.

The salient features of the CSP are detailed below.

Purpose

The CSP will be primarily used as an incentive for Participants to deliver the Company's business strategy over the long term. The purpose of the CSP is to incentivise, motivate and retain executives and senior management through the Award of Conditional Shares, the Vesting of which is subject to the satisfaction of Performance Conditions and the Employment Condition in line with the Company's approach to performance related incentives.

The Performance Conditions applicable to the Conditional Shares are approved by the Board annually and specifically included in the Conditional Share Award Letters. The Employment Condition is the requirement for continued employment of the Participant by ARM for the duration of a certain number of years from the date of the Award.

Participants

Participation in terms of the CSP may include any eligible employees holding a permanent salaried employment or office with the Company excluding any non-executive director of the Company. Participation in the CSP is not a condition of employment, and the Board has the absolute discretion to make an Award to any employee in terms of the CSP.

Rights of Participants

Participants will not be entitled to any shareholder rights after the Vesting of Awards (which occurs at the end of the Vesting period to the extent that applicable Conditions have been met) but will be entitled to shareholder rights on the Settlement of the Awards. On Settlement, Shares will be registered in the name of the Participants and they will have all shareholder rights, including dividend and voting rights.

Basis of Awards and Award levels

In line with the requirements of the King IV Report on Corporate Governance for South Africa ("King IV™") and best practice, the CSP will be used to make the following Awards:

- regular, annual Awards of Conditional Shares will be made on a consistent basis to ensure long-term shareholder value creation;
- Awards of Conditional Shares will be made to match any portion of a Participant's bonus which is voluntarily deferred in accordance with Remuneration Policy; and
- In addition to regular annual Awards, interim Awards of Conditional Shares may also be made in terms of the CSP.

The number of Conditional Shares Awarded to Participants will primarily be based on *inter alia* the Employee's salary, grade, individual performance, retention requirements and market benchmarks (as applicable).

The initial Award levels will be determined based on a Participant's job level and calculated as a multiple of their cost to company, which multiple will be determined by Remuneration Policy, informed by market benchmarks. Award levels may be adjusted at the discretion of the Board, provided that they remain in line with market benchmarks.

Overall Award levels will be decided by the Board each time Awards are made, by taking into account the particular circumstances at that time *e.g.* Company affordability, retention considerations, and exceptional Company performance.

The Remuneration Policy for the first award of Conditional Shares, at on-target at-grant levels is as follows:

- Executive Chairman: 2.0 x total cost-to-company
- Chief Executive Officer: 1.67 x total cost-to-company
- Finance Director and other Executive Directors: 1.33 x total cost-to-company
- Other senior executives: 1.0 x total cost-to-company

Annual allocations will be benchmarked and set to a market-related level of remuneration whilst considering the overall affordability thereof to the Company.

Performance Conditions and Vesting

Conditional Shares will be subject to the fulfilment of both the pre-determined Performance Conditions over the Performance Period and the Employment Condition over an Employment Period of at least three years, for Vesting to occur.

The first award of Conditional Shares will be made to the Participants subject to the following Performance Conditions, measured over a three-year Performance Period:

NOTICE OF ANNUAL GENERAL MEETING continued

Performance Conditions	Weight	Threshold	Target	Stretch
Relative Total Shareholder Return (TSR) against a comparator group of 20 mining companies (excluding gold and diamond mining companies).	25%	The Threshold and Target is set at the Median of the Comparator Group (100% vesting)		The Upper Quartile of the Comparator Group (200% vesting)
Average Free Cash Flow Return on Equity USD Operating Free Cash Flow/USD Equity over the three-year Performance Period, where: Operating Free Cash Flow (for the year) is defined as follows: 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%	The USD Cost of Equity of the Company (50% vesting)	The USD Cost of Equity of the Company +3% (100% vesting)	The USD Cost of Equity of the Company +6% (200% vesting)
Consistent and sustainable cost performance as measured against the Mining Producer Price Index ("PPI"). The compound annual growth rate of the Unit Costs of the Company 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")	10%	Improvement of 3% over the period (50% vesting)	Improvement of 4% over the period (100% vesting)	Improvement of 5% over the period (200% vesting)
Improvement in the BBBEE Score	10%	Maintain current level (50% vesting)	Improvement of 2% (100% vesting)	Improvement of 5% (200% vesting)
Environmental compliance	5%	No Material Incidents (100%)	No Material Incidents (100%)	No Material Incidents (100%)

There will be 0% vesting for the applicable performance measure in the case that performance for that measure is below Threshold. Linear interpolation will be applied for the performance between Threshold and Target, and Target Stretch. Vesting is capped at 200% for performance at and above Stretch.

The Board will set appropriate Performance Conditions, Performance Periods, Employment Conditions and Employment Periods, as relevant, for each Award, taking into account the business environment at the time of making the Awards, and where considered necessary, in consultation with shareholders. Each of these details of the Award will be agreed with the Participants in terms of individual Award Letters.

Dividend Equivalent Shares

Dividend Equivalent Shares in respect of Conditional Shares, as determined by the Board and specified in the Award Letter, may be Awarded to Participants. These Dividend Equivalent Shares are a number of Shares, rounded down to the nearest whole number in the case of fractions, equal in value to the dividends that a Participant would have earned if he/ she was the owner of the number of Vested Shares from the Award Date to the Vesting Date, determined upon the Vesting Date of the Conditional Shares with reference to the dividend record dates occurring in that period.

The number of Dividend Equivalent Share Awards to be made on all dividends declared after the Award Date but before Settlement, shall be the value of each such dividend declared by the Company, divided by the 20 day volume weighted average ("VWAP") of the Share price immediately after the Share trades ex dividend.

Manner of Settlement

Following the Vesting Date of an Award, Settlement of the Shares shall take place within 30 (thirty) days of the Vesting Date. The Rules of the CSP are flexible in order to allow for Settlement in any of the following manners:

- use of existing Shares held in treasury;
- issue of Shares by the Company; and
- as a fall-back provision, in cash.

The exact method of Settlement will be determined by the Board upon Settlement of each Award.

Limits and adjustments

Overall Company limit

The aggregate number of Shares which may be Allocated in respect of the CSP to all Participants will not exceed 10,985,514 (Ten Million, Nine Hundred and Eighty Five Thousand, Five Hundred and Fourteen) Shares, which represents approximately 5% of the number of issued ordinary Shares as at the date of adoption of the CSP by shareholders. This is in line with market best practice.

In determining the utilisation of the limit for the CSP, Shares issued by the Company or Shares held in a treasury account which have been used by the Company for Settlement of the CSP, will be included in the Company limit. This limit will be calculated to exclude Awards under the CSP which do not vest to a Participant as result of their forfeiture. The Board must, where required, adjust the Company limit (without the prior approval of shareholders in a general meeting), to take account of a sub-division or consolidation of the Shares of the Company, a Capitalisation Issue, a dividend in specie (other than a dividend paid in the ordinary course of business out of the current year's retained earnings), a Rights Issue or a scheme of arrangement as contemplated in section 114 of the Act, including a reduction in the capital of the Company.

Individual Limit

The maximum number of Shares which may be Allocated to an individual in respect of all Awards under the CSP shall not exceed 2,197,103 (Two Million, One Hundred and Ninety-Seven Thousand, One Hundred and Three) Shares, which represents approximately 1.0% of the number of issued Shares as at date of adoption of the CSP by shareholders. The Board may, where required, adjust the individual limit to take account of a Capitalisation Issue, a dividend in specie (other than a dividend paid in the ordinary course of business out of the current year's retained earnings), a Rights Issue or a scheme of arrangement as contemplated in section 114 of the Companies Act 71 of 2008, or reduction in capital of the Company.

The auditors, or other independent advisor acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the Rules of the CSP and must be reported on in the Company's financial statements in the year during which the adjustment is made. The issue of Shares as consideration for an acquisition, and the issue of Shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the overall Company limit and individual limit.

Consideration

The Participant will give no consideration for the Award or Settlement of any Awards or Shares in terms of the CSP.

Malus

The Board may in its discretion, reduce the Award in whole or in part (including, for the avoidance of doubt, to nil), should a Trigger Event occur at any time before the Vesting of an Award, to which the Board has specified that Malus applies. Whenever a reduction is made, the relevant Award or portion, as relevant, shall be treated as having lapsed.

Clawback

The Board may in its discretion after an Award has already been paid, Vested, Settled or otherwise made available and a Trigger Event occurs, recoup the cash value of the Settled Award from any Participant in whole or in part (including, for the avoidance of doubt, to nil). This is governed in terms of the Company's Malus and Clawback Policy.

Termination of employment

Termination of Employment due to misconduct, dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct or conduct against the interest of the Company or its shareholders, resignation, abscondment or early retirement (except where classified as a normal Retirement by the Board), will be classified as a "fault termination" resulting in the forfeiture of all unvested Awards of Conditional Shares.

Termination of Employment due to death, ill-health, injury, disability, retrenchment, and retirement (except to the extent that is constitutes fault termination as set out above), or the sale of the Company will be classified as a "no fault termination" and a portion of the Participant's unvested Award(s) of Conditional Shares shall Vest on Date of Termination of Employment.

If the Participant's employment is terminated due to retrenchment, Retirement, ill-health, injury, disability or sale of the Company, the Board will calculate whether and the extent to which the Performance Conditions have been satisfied on the Date of Termination of Employment. The portion of the Award which shall Vest will be determined based on the extent to which the Performance Conditions have been satisfied, pro-rated for the number of the complete months served since the Award Date to the Date of Termination of Employment over the total number of months in the Employment Period.

NOTICE OF ANNUAL GENERAL MEETING continued

The portion of the Award that does not Vest will lapse on the Date of Termination of Employment.

Provision is made in the Rules for Board discretion where Termination of Employment occurs in terms of exceptional circumstances.

Change of Control

In the event of a Change of Control of the Company occurring before the Vesting Date of any Award, a portion of the Award will Vest. The portion of the Award which shall vest will be determined based on the number of months served since the Award Date to the Change of Control Date, over the total number of months in the Employment Period and the extent to which the Performance Conditions, if applicable, have been met on the Change of Control Date.

The portion of the Award which does not Vest as a result of the Change of Control will, except on the termination of the CSP, continue to be subject to the terms of the Award Letter, unless the Board determines otherwise.

Awards will not Vest as a consequence of an internal reconstruction or similar event which is not a Change of Control as defined in the Rules of the CSP. In this case, the Board may take such action as it considers appropriate to protect the interests of Participants, including converting Awards into awards in respect of Shares in one or more of the other companies, provided the Participants are no worse off.

Variation of share capital

In the event of a variation in share capital such as a Capitalisation Issue, a Rights Issue, Subdivision of Shares, a Consolidation of Shares, the Company entering into a scheme of arrangement as contemplated in Section 114 of the Companies Act or the Company making distributions, including a reduction of capital and distribution in specie, other than a dividend paid in the ordinary course of business, Participants shall continue to participate in the CSP. The Board may make such adjustment to the number of unvested Awards or take such other action to place Participants in no worse a position than they were prior to the happening of the relevant event.

The issuing of Shares as consideration for an acquisition, and the issuing of Shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the Awards.

Liquidation

If the Company is placed into liquidation, other than for purposes of reorganisation, an Award of Conditional Shares and any Dividend Equivalent Shares shall ipso facto lapse as from the Liquidation Date.

Amendment

The Board may alter or vary the Rules of the CSP as it sees fit, however in the following instances the CSP may not be amended without the prior approval of the JSE and a resolution by the shareholders of 75% of the voting rights:

- the category of persons who are eligible for participation in the CSP;
- the number of Shares which may be utilised for the purpose of the CSP;
- the individual limitations on benefits or maximum entitlements;
- the basis upon which Awards are made;
- the amount payable upon the Award, Settlement or Vesting of an Award;
- the voting, dividend, transfer and other rights attached to the Awards, including those arising on a liquidation of the Company;
- the adjustment of Awards in the event of a variation of capital of the Company or a Change of Control of the Company; and
- the procedure to be adopted in respect of the Vesting of Awards in the event of Termination of Employment.

General

The Rules of the CSP are available for inspection during normal business hours at the registered office of the Company from the date of issue of the Integrated Annual Report of which the Notice Annual General Meeting forms part, up to and including the date of the Annual General Meeting.

In order for the Ordinary Resolution number 9 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.

FORM OF PROXY

AFRICAN RAINBOW MINERALS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE share code: ARI
ADR ticker symbol: AFRBY
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 the 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 their CSDP or broker to issue them with the necessary letter of representation 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 the place of that shareholder such shareholder's stead. The person so appointed need not be a shareholder of the Company. This form of proxy is for the use of those Entitled Shareholders who wish to be so represented. Such Entitled Shareholders should complete this form of proxy in accordance with the instructions contained herein and return it to the transfer secretaries, to be received by the time and date stipulated herein. If you are unable to attend the 85th Annual General Meeting of shareholders of the Company convened for Friday, 7 December 2018 at 11:00, South African time, but wish to be represented thereat you may complete and return this form of proxy as soon as possible, to be received by 11:00, South African time, on Wednesday, 5 December 2018 (or 48 hours before the time appointed for holding of any adjourned meeting) for administrative purposes. Nevertheless, completed forms of proxy may be lodged with the Chairman of the Annual General Meeting, at the venue of the Annual General Meeting, prior to the Annual General Meeting so as to reach the Chairman of the meeting by no later than immediately prior to the commencement of voting on the resolutions to be tabled at the Annual General Meeting.

I/We ______________________________ (name in block letters)

of ______________________________ (address)

(email) ______________________________ (cell number) ______________________________

being holder of ______________________________ shares in the issued share capital of

the Company, do hereby appoint ______________________________ or failing him/her,

or failing him/her, the Executive Chairman of the Board of Directors, or failing him/her 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 11:00, South African time, on Friday, 7 December 2018 and at any cancellation, postponement or adjournment thereof and in particular in respect of 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 Dr M M M Bakane-Tuoane			
2. Ordinary Resolution number 2: Re-election of Mr A D Botha			
3. Ordinary Resolution number 3: Re-election of Mr T A Boardman			
4. Ordinary Resolution number 4: Re-election of Mr W M Gule			
5. Ordinary Resolution number 5: Re-election of Mr A K Maditsi			
6. Ordinary Resolution number 6: Election of Ms A M Mukhuba			
7. Ordinary Resolution number 7: Re-appointment of external auditor and re-appointment of Mr L I N Tomlinson as the person designated to act on behalf of the external auditor			
8. Ordinary Resolution number 8: To individually elect the following Independent Non-executive Directors as members of the Audit and Risk Committee (subject to their re-election as a Director, if applicable):			
8.1 Mr T A Boardman			
8.2 Dr M M M Bakane-Tuoane			
8.3 Mr A D Botha			
8.4 Mr A K Maditsi			
8.5 Mr J P Möller			
8.6 Dr R V Simelane			
9. Ordinary Resolution number 9: Adoption of 2018 Conditional Share Plan			
10. Ordinary Resolution number 10: Non-binding advisory vote the Company's Remuneration Policy			
11. Ordinary Resolution number 11: Non-binding advisory vote the Company's Remuneration Implementation Report			
12. Ordinary Resolution number 12: Placing control of the authorised but unissued Company shares in the hands of the Board			
13. Ordinary Resolution number 13: General authority to allot and issue shares for cash			
Special Business			
14. Special Resolution number 1: To individually authorise the Company to pay the following remuneration to Non-executive Directors with effect from 1 July 2018:			
14.1 The annual retainer fees as outlined on page 139 of the Notice of Annual General Meeting			
14.2 The fees for attending Board meetings as outlined on page 139 of the Notice of Annual General Meeting			
15. Special Resolution number 2: Committee meeting attendance fees with effect from 1 July 2018 as outlined on page 140 of the Notice of Annual General Meeting			
16. Special Resolution number 3: Financial assistance for subscription for securities			
17. Special Resolution number 4: Financial assistance for related or inter-related companies			
18. Special Resolution number 5: Issue of shares in connection with the 2018 Conditional Share Plan			
19. 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 in the said section the total number of shares registered in my/our name(s).

Signed at ______________________________ on ______________________________ 2018

Signature ______________________________ Assigned by me (where applicable) ______________________________

NOTES TO THE PROXY

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

PLEASE READ THE NOTES BELOW:

1. The completion and lodging of this form of proxy will not preclude the Entitled Shareholder who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should he or she wish to do so.

2. Every shareholder present in person or represented by proxy and entitled to vote shall, on a show of hands, have only one vote and upon a poll every shareholder shall 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 blank space(s) provided for that purpose. 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 who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding. Only that 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 such power of attorney or a certified copy of the relevant enabling resolution or other authority of such company or other 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 on the face hereof how he or she wishes to vote in respect of a resolution, his or her proxy shall be entitled to vote as he or she deems fit in respect of that resolution.

7. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.

8. The Chairman of the meeting may, in his or her absolute discretion, reject any form of proxy which is completed other than in accordance with these instructions.

9. Forms of proxy, powers of attorney or any other authority appointing a proxy shall 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) so as to be received not later than 11:00, South African time, on Wednesday, 5 December 2018 (or 48 hours before the time appointed for holding of any adjourned meeting) for administrative purposes. Nevertheless, completed forms of proxy may be lodged with the Chairman of the Annual General Meeting, at the venue of the Annual General Meeting, prior to the Annual General Meeting so as to reach the Chairman of the meeting by no later than immediately prior to the commencement of voting on the resolutions to be tabled at the Annual General Meeting.

10. No form of proxy shall be valid after the Annual General Meeting or any cancellation, postponement or adjournment thereof, as the case may be.

11. Summary in terms of Section 58(8)(b)(i) of the Companies Act 71 of 2008, as amended. Section 58(8)(b)(i) provides that if a company supplies a form of instrument for appointing a proxy, the form of proxy supplied by the company for the purpose of appointing a proxy must bear a reasonably prominent summary of the rights established by Section 58 of the Companies Act 71 of 2008, as amended, which summary is set out below:

    - A shareholder of a company may, at any time, appoint any individual, including an individual who is not a shareholder of that company, as a proxy, among other things, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.
    - 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 the proxy's 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 at which it was intended to be used, 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 directly and in person in the exercise of any 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
ADR ticker symbol: AFRBY
ISIN: ZAE000054045

Registered and Corporate Office

ARM House
29 Impala Road
Chislehurston
Sandton
2196

PO Box 786136, Sandton, 2146

Telephone: +27 11 779 1300
Fax: +27 11 779 1312
E-mail: ir.admin@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

Business Development

Stompie Shiels
Executive: Business Development
Telephone: +27 11 779 1476
Fax: +27 11 779 1312
E-mail: stompie.shiels@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 auditor: Deloitte & Touche Inc.

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 P T Motsepe (Executive Chairman)
M P Schmidt (Chief Executive Officer)
F Abbott*
M Arnold**
Dr M M M Bakane-Tuoane*
T A Boardman*
A D Botha*
J A Chissano (Mozambican)*
W M Gule*
A K Maditsi*
H L Mkatshana
A M Mukhuba
J P Möller*
D C Noko*
Dr R V Simelane*
J C Steenkamp**
Z B Swanepoel*
A J 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 but are not limited to statements that are predictions of 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 the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include among others: 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 & Aids epidemic in South Africa. These 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 the occurrence of unanticipated events.

STUDIO 5

African Rainbow Minerals

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