

African Rainbow Minerals Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1933/004580/06)  
JSE Share code: ARI  
ISIN: ZAE000054045  
("ARM" or the "Company")

REVIEWED PROVISIONAL RESULTS FOR THE FINANCIAL YEAR ENDED 30  
JUNE 2019 AND FINAL CASH DIVIDEND DECLARATION

This short form announcement is the responsibility of the board of directors of ARM (the "Board") who acknowledge their responsibility to ensure the integrity of the provisional results.

The details contained in this announcement are only a summary of the information in the full announcement and do not contain full details of the Company's financial performance and position or other relevant information about the business for the financial year under review. Any investment decisions by investors and/or shareholders should therefore be based on the full announcement published on the Company's website at [www.arm.co.za](http://www.arm.co.za) and is available on the following link:  
<https://senspdf.jse.co.za/documents/2019/jse/isse/ARIM/ARMFY2019.pdf>

The full announcement is also available for inspection free of charge during business hours (excluding weekends and public holidays) from Friday, 30 August 2019 at the registered office of ARM at ARM House, 29 Impala Road, Chislehurst, Johannesburg. In addition, copies of the full announcement may be requested by emailing the Company's investor relations department on [jongisa.magagula@arm.co.za](mailto:jongisa.magagula@arm.co.za)

Salient features of the provisional results for the financial year ended 30 June 2019 (F2019):

- Revenue increased by 5% to R9 595 million (F2018: R9 112 million).
- Headline earnings increased by 9% to R5 226 million or R27.18 per share (F2018: R4 814 million or R25.26 per share).
- The iron ore division delivered a 103% increase in headline earnings to R3 397 million (F2018: R1 672 million).
- Basic earnings were R3 554 million (F2018: R4 562 million) and include attributable impairments (after tax) of the Nkomati Mine and Sakura Ferroalloys of R1 070 million and R507 million, respectively.
- A final dividend of 900 cents was declared. An interim dividend of 400 cents per share was paid in April 2019 bringing the total dividend for F2019 to 1 300 cents per share (F2018: 1 000 cents per share).
- ARM received dividends of R3 315 million for F2019 (F2018: R3 000 million) from Assmang.
- A robust financial position was maintained with consolidated net cash increasing by R1 606 million to R2 601 million (R995 million at 30 June 2018).
- The Company net asset value increased by 29% from R21 907 million to R28 180 million.
- An agreement to scale down the loss-making Nkomati Mine was reached by the joint venture partners. Engagements with affected stakeholders are under way.

#### Safety

ARM is committed to creating and maintaining a safe work environment for all employees. Despite our initiatives and determination to achieve the target of zero harm, an employee, Mr Thomas Maluleke was fatally injured in a fall of ground accident at Modikwa Mine on 27 March 2019. The Board and the management team extend sincere condolences to the family, friends and colleagues of Mr Maluleke.

The number of lost time injuries across our directly or jointly managed operations reduced marginally from 91 to 90 in F2019 while the number of reportable injuries increased from 68 to 76. A Lost Time Injury Frequency Rate (LTIFR) of 0.42 per 200 000 man-hours was reported for the financial year under review (F2018: 0.38 per 200 000 man-hours).

Safety figures and statistics are reported only for the operations where ARM has direct or joint management and therefore do not include the ARM Coal and Sakura Ferroalloys operations. Reported safety figures and statistics are on a 100% basis.

#### Financial performance

Headline earnings increased by 9% to R5 226 million or R27.18 per

share in F2019 (F2018: R4 814 million or R25.26 per share) driven mainly by higher headline earnings delivered by the iron ore and Two Rivers operations.

The F2018 headline earnings included a net fair value gain of R977 million while the F2019 headline earnings include net fair value and re-measurement gains of R49 million. Excluding the net fair value and re-measurement gains, the F2019 adjusted headline earnings are up by 35%.

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

ARM continued to benefit from its portfolio diversification as lower US Dollar prices for manganese ore, manganese alloy, platinum, nickel and thermal coal were more than offset by higher US Dollar prices in iron ore, palladium and rhodium. The average realised Rand/US Dollar weakened by 11% during F2019 to R14.19/US\$ (F2018: R12.84/US\$). For reporting purposes, the closing exchange rate was R14.09/US\$ (30 June 2018: R13.72/US\$).

ARM Ferrous - Headline earnings increased by 41% to R4 960 million (F2018: R3 528 million) as the iron ore division delivered a 103% increase. Iron ore prices were high in the financial year under review with the index price for 62% Fe iron ore fines CIF North China increasing from US\$64.45/t in July 2018 to close at US\$116.35/t at the end of June 2019. Concurrently, lump premiums increased by 9% over the financial year. A combination of higher fines prices, increased lump premiums and a higher lump to fines ratio in sales volumes resulted in average realised iron ore prices increasing by 34% (on a Free on Board (FOB) equivalent basis). On-mine unit production costs at the iron ore operations increased by 8%.

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

ARM Platinum - Headline earnings declined by 73%. Two Rivers Mine delivered a 5% increase in headline earnings benefitting from an increase in the Rand PGM basket price which was partially offset by lower sales volumes. Two Rivers Mine continues to be impacted by lower head grades. Initiatives to improve the PGM volumes at Two Rivers Mine are being considered, including installation of additional milling capacity. An addition of approximately 40 thousand tonnes per month of milling capacity to the Two Rivers Mine plant would result in an increase of PGM production volumes to approximately 380 thousand 6E PGMs per annum.

Modikwa Mine headline earnings remained flat at R105 million. Although Modikwa also benefitted from higher PGM prices, reported headline earnings were negatively impacted by a R156 million fair value loss on intercompany loans in accordance with new International Financial Reporting Standards (IFRS) 9. This loss is partially eliminated in ARM Company with a R19 million net gain effect on the group consolidated earnings. EBITDA at Modikwa Mine was 34% higher at R327 million (F2018: R244 million).

Nkomati Mine reported a headline loss of R315 million impacted by an increase in unit production costs and a R130 million negative mark-to-market adjustment as the nickel price reduced to US\$12 675/t at 30 June 2019. An agreement was reached by the joint venture partners to scale down production at the loss-making Nkomati Mine and place the mine on care and maintenance from September 2020 in preparation for closure.

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

The ARM Corporate and other headline loss of R257 million is R356 million lower than the R613 million reported in F2018. This is mainly due to higher fee income (R130 million); lower unrealised and an intercompany loan re-measurement gain on the ARM Mining Consortium loan (R175 million). These were partially offset by a higher bonus provision (R35 million), Machadodorp Works expenses now included in the Corporate and other segment (R39 million) and intercompany loan re-measurement loss on the ARM Coal loans of R215 million (F2018: R233 million loss).

Headline earnings/(loss) by  
operation/division

R million	12 months ended 30 June		
	Reviewed 2019	Audited 2018	% change
ARM Platinum	112	420	(73)
TWO Rivers Mine	322	306	5
Modikwa Mine*	105	105	-
Nkomati Mine	(315)	9	
ARM Ferrous	4960	3528	41
Iron ore division	3397	1672	103
Manganese division	1611	1904	(15)
Chrome division**	(3)	(21)	86
Consolidation adjustment	(45)	(27)	(67)
ARM Coal**	411	1485	(72)
Goedgevonden Mine	137	852	(84)
PCB operations	274	633	(57)
ARM Copper****		(6)	
ARM Corporate and other	(257)	(613)	139
Headline earnings	5226	4814	9
Headline earnings from continuing	5226	4820	8
Headline loss from discontinued	-	(6)	

\* Modikwa Mine's F2019 headline earnings include a fair value loss of R156 million (net of non-controlling interest and tax) on the re-measurement of mostly inter-company loans in accordance with new IFRS 9 accounting standard which became effective for ARM from 1 July 2018. This fair value loss is partly eliminated at the ARM Corporate and other segment with a R19 million gain effect on the group consolidated headline earnings.

\*\* In F2018 the Chrome Division comprised of Machadodorp Works where slag was being processed to produce ferrochrome. Machadodorp Works was sold to ARM in F2019 and is now included in ARM Corporate and other segment from 1 March 2019.

\*\*\* The F2019 headline earnings include a R245 million re-measurement gain on the ARM Coal loans which were restructured in F2018. R215 million of this fair value gain is eliminated in the ARM Corporate and other segment. In F2018 (when the loans were restructured) a fair value gain of R1 210 million was included in the ARM Coal headline earnings and a R233 million fair value loss was included in the ARM Corporate and other segment.

\*\*\*\* ARM Copper comprised Lubambe Mine which was sold in F2018.

These results have been achieved in conjunction with ARM's partners at the various operations, Anglo American Platinum Limited (Anglo Platinum), Assore Limited (Assore), Impala Platinum Holdings Limited (Implats), Norilsk Nickel Africa (Pty) Ltd (Norilsk) and Glencore South Africa (Glencore).

Basic earnings for the financial year were R3 554 million (F2018: R4 562 million) and include amongst others the following attributable impairments:

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

Dividend declaration

The Board has approved and declared a final dividend of 900 cents per share (gross) in respect of the year ended 30 June 2019 (F2018: 750 cents per share). The amount to be paid is approximately R1 998 million.

An interim dividend of 400 cents per share was declared and paid in F2019 bringing the total dividend for F2019 to 1 300 cents per share.

This declaration is consistent with ARM's commitment, as a globally competitive company, to pay dividends while retaining the ability to fund efficiency improvements and sustaining production.

ARM has updated its dividend declaration guiding principles to include a formula in determining dividends. ARM will aim to pay ordinary dividends to shareholders equal to approximately 40-70% of annual dividends received from its group companies.

Dividends remain at the discretion of the Board of Directors and will take into account the Company's capital allocation principles as well as other relevant factors such as financial

performance, commodities outlook, investment opportunities, gearing levels as well as solvency and liquidity requirements of the Companies Act.

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

Where appropriate, the Board will consider supplementing ordinary dividends with special dividends. ARM will not borrow funds to pay dividends.

The dividend declared will be subject to Dividend Withholding Tax. In accordance with paragraphs 11.17(a) (i) to (x) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The South African Dividends Tax ("Dividends Tax") rate is 20% (twenty percent);
- The gross local dividend amount is 900 cents per ordinary share for shareholders exempt from the Dividends Tax;
- The net local dividend amount is 720.00000 cents per share for shareholders liable to pay the Dividends Tax;
- As at the date of this declaration ARM has 222 008 324 ordinary shares in issue; and
- ARM's income tax reference number is 9030/018/60/1.
- A gross dividend of 900 cents per ordinary share, being the dividend for the year ended 30 June 2019 has been declared payable on Monday, 30 September 2019 to those shareholders recorded in the books of the Company at the close of business on Friday, 27 September 2019. The dividend is declared in the currency of South Africa. Any change in address or dividend instruction to apply to this dividend must be received by the Company's transfer secretaries or registrar not later than Monday, 23 September 2019. The last day to trade ordinary shares cum dividend is Monday, 23 September 2019. Ordinary shares trade ex-dividend from Wednesday, 25 September 2019. The record date is Friday, 27 September 2019 whilst the payment date is Monday, 30 September 2019.

No dematerialisation or rematerialisation of share certificates may occur between Wednesday, 25 September 2019 and Friday, 27 September 2019, both dates inclusive, nor may any transfers between registers take place during this period.

#### Changes to the Board

On 26 June 2019 Mr Kobus Moller resigned as an independent non-executive director of the Company, to pursue other interests.

The following changes were made to the composition of ARM board committees to enhance the efficiency and effectiveness of the board.

- Messrs D C Noko and J A Chissano have been appointed as members of the social and ethics committee; and
- Mr D C Noko has been appointed as a member of the investment committee.

#### Review by independent auditors

The financial information has been reviewed by the external auditors, Ernst & Young Inc. The partner in charge is LIN Tomlinson CA (SA) whose unqualified review report is available for inspection at the Company's registered office. The Integrated Annual Report containing a detailed review of the operations of the Company together with the audited financial statements will be distributed to shareholders in October 2019.

Any reference to future financial performance included in these results has not been reviewed or reported on by ARM's external auditors.

ENDS

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Johannesburg

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