African Rainbow Minerals

"Headline earnings increased by 51% to R4.8 billion including a R1 billion net fair value gain as a result of restructuring of the ARM Coal debt.

A final dividend of R7.50 per share is declared. A maiden interim dividend of R2.50 was paid for 1H F2018 bringing the cumulative dividend for F2018 to R10.00 per share."

Patrice Motsepe

Executive Chairman

African Rainbow Minerals

Overview and strategy

Patrice Motsepe, Executive Chairman

Disclaimer

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 or 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 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.

Group structure

ARM African Rainbow Minerals

ARM Platinum (100%)

PGMs
- **41.5%** Modikwa[1]
- **54%** Two Rivers[2]

Nickel, PGMs & Chrome
- **50%** Nkomati

PGM Exploration
- **46%** Kalplats

ARM Ferrous (100%)

Iron Ore
- **50%** Khumani
- **50%** Beeshoek

Manganese Ore
- **50%** Nchwaning
- **50%** Gloria

Manganese Alloys
- **50%** Cato Ridge
- **25%** Cato Ridge Alloys
- **50%** Machadodorp
- **27%** Sakura

Charge Chrome
- **50%** Machadodorp

ARM Coal (51%)

Coal (10%)
- **20%** Participative Coal Business (PCB)[3]

Coal
- **51%** Goedgevonden (GGV)[3]

ARM Copper[4] (100%)

Gold: Harmony (14.6%)

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 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.

Salient features

Headline earnings increased by 51% to R4 814 million (F2017: R3 196 million), which includes a net fair value gain of R977 million.

The net fair value gain is due to a change in the net present value of loan repayment cash flows as a result of restructuring the ARM Coal debt.

Excluding the net fair value gain, headline earnings are up 20% compared to F2017.

Headline earnings per share were 2 526 cents compared to 1 684 cents in F2017.

Salient features

African Rainbow Minerals

Final dividend of 750 cents is declared.

A maiden interim dividend of 250 cents per share was declared and paid for the first half of the financial year (1H F2018).

The cumulative dividend for F2018 is 1 000 cents per share
(F2017: 650 cents per share).

Salient features

African Rainbow Minerals

Basic earnings were R4 562 million (F2017: R1 372 million) and include the net fair value gain of R977 million as a result of restructuring of the ARM Coal debt.

F2017 included attributable impairments of the Nkomati Mine and Modikwa Mine assets of R711 million and R734 million after tax and non-controlling interest, respectively.

US Dollar prices realised for most commodities were higher except for iron ore, platinum and chrome concentrate prices.

Salient features

African Rainbow Minerals

The disposal of ARM and Vale's 80% interest in Lubambe Mine was completed on 22 December 2017.

Dividends received from the Assmang joint venture were R3 000 million (F2017: R2 488 million).

The consolidated net cash/debt position improved by R2 266 million to net cash of R995 million (net debt of R1 271 million as at 30 June 2017).

Safety

African Rainbow Minerals

We are committed to creating and maintaining a safe work environment for all our employees.

The Ferrous division Lost Time Injury Frequency Rate (LTIFR) improved by 24% to 0.13 per 200 000 man-hours (F2017: 0.17 per 200 000 man-hours).

Black Rock Mine and Khumani Mine recorded 6 million and 2 million fatality-free shifts respectively.

Safety

Beeshoek Mine recorded 16 000 fatality-free production shifts, an accomplishment which took approximately 15 years to achieve.

Nkomati Mine and Two Rivers Mine recorded 6 million and 4 million fatality-free shifts respectively.

Regrettably, Mr Fabian Majoro was fatally injured at Modikwa Mine on 9 October 2017.

Safety

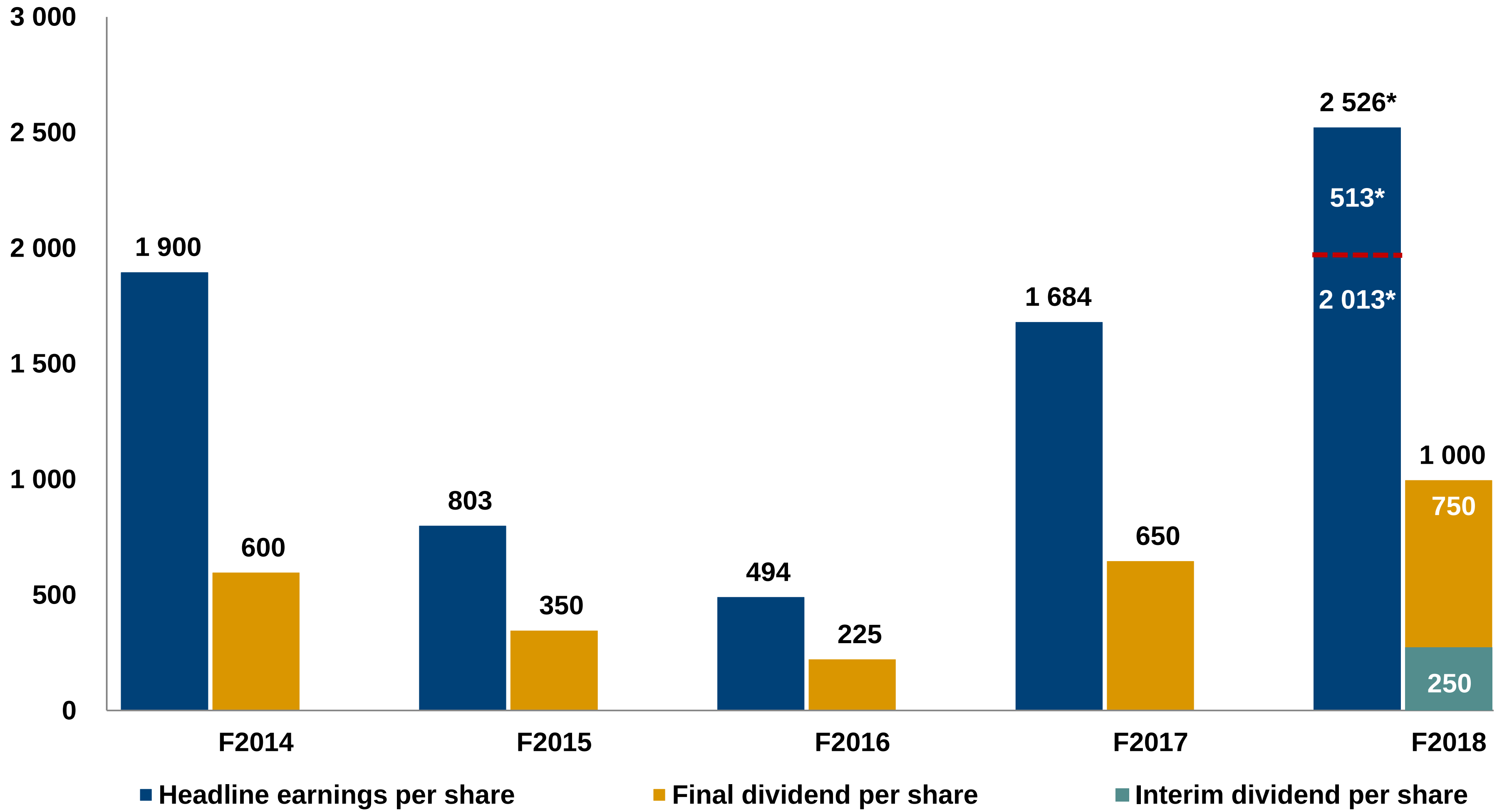
African Rainbow Minerals

It is with regret that we note the fatality of Mr Raymond Anak Edmund Samaie at the Sakura Ferroalloys operation and Mr Bonga Lingeni at Tweefontein Coal Mine.

ARM and its partners would like to express their sincerest condolences to the families, friends and colleagues of those who have lost their lives at our operations.

We also extend our condolences to the families, friends and colleagues of the six people who lost their lives in the tragic incident where a bus carrying Modikwa Mine employees was torched on 2 April 2018.

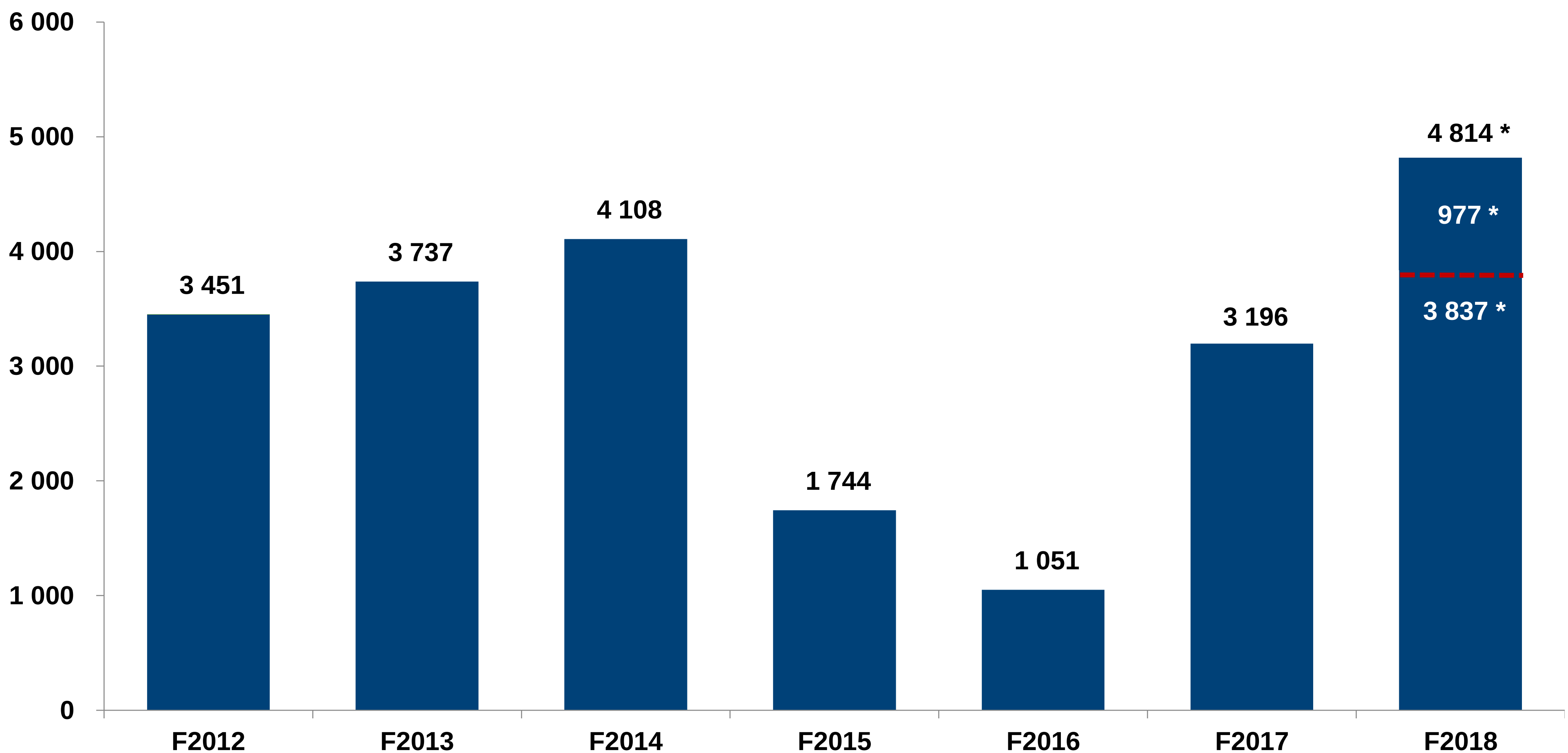
Headline earnings and dividends per share (cents)



**The F2018 headline earnings per share are 2 526 cents including the net fair value gain of 513 cents as a result of restructuring of the ARM Coal debt. Headline earnings per share, excluding the net fair value gain, were 2 013 cents.*

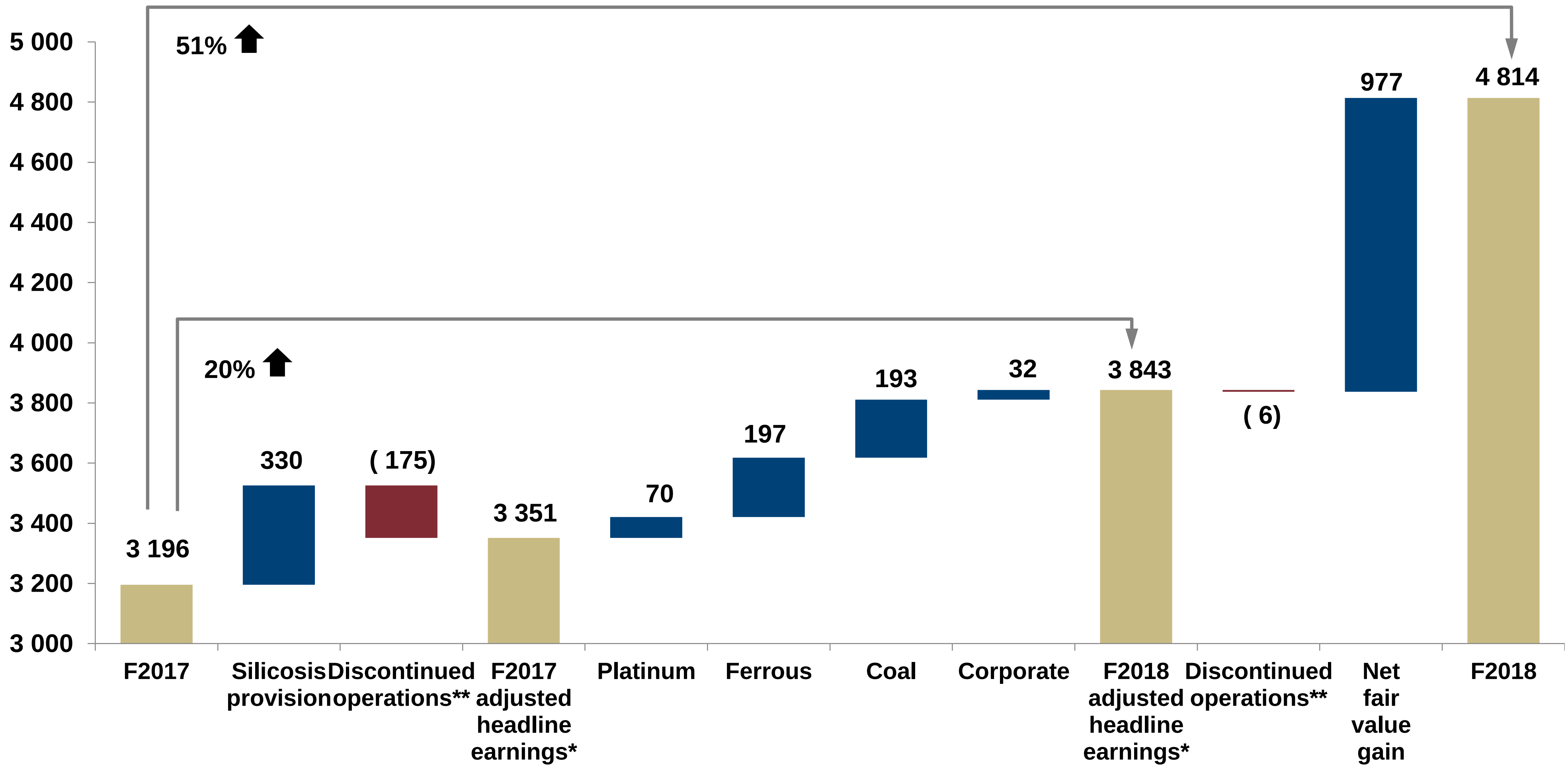
Headline earnings (R million)

ARM African Rainbow Minerals



**The F2018 headline earnings were R4 814 million including the net fair value gain of R977 million as a result of restructuring of the ARM Coal debt. Headline earnings, excluding the net fair value gain, were R3 837 million.*

Headline earnings analysis (R million)

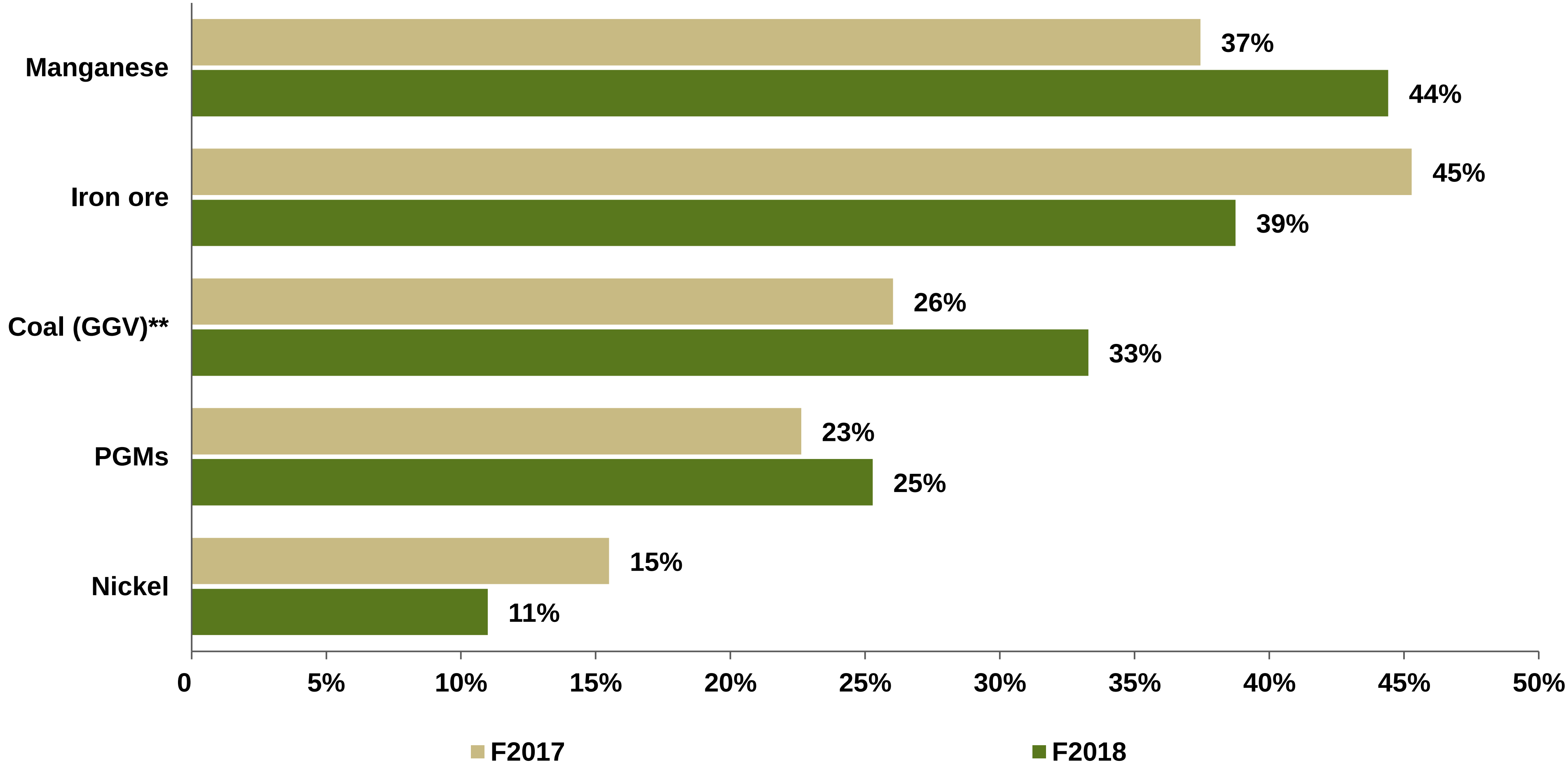


**Adjusted information presented in the graph above is the responsibility of the directors of the Company and has been prepared for illustrative purposes only.*

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

EBITDA margins by commodity*

African Rainbow Minerals

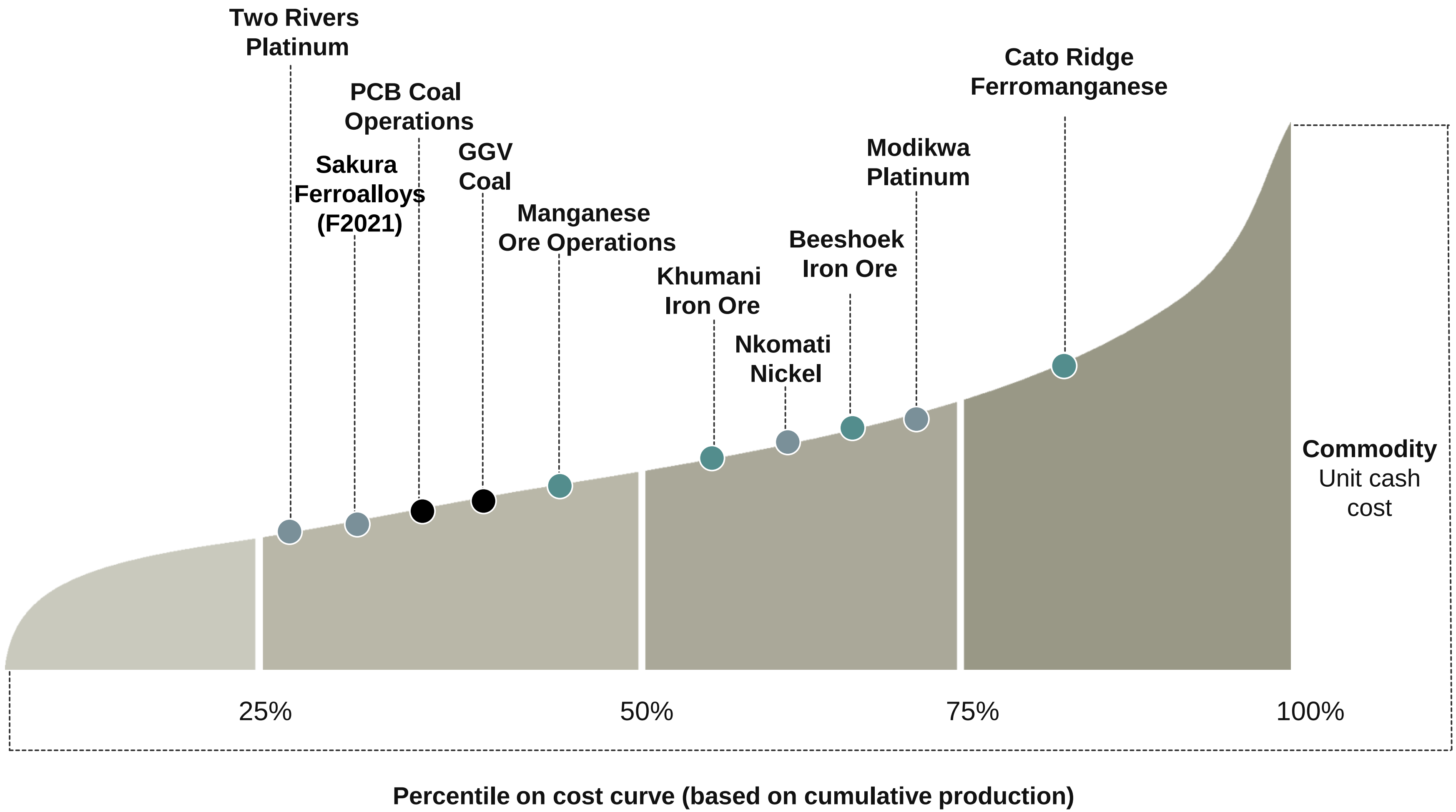


**Copper (Lubambe Mine) and Chrome (Dwarsrivier Mine) EBITDAs are not included in the above graph as they are discontinued operations. Disposal of the Lubambe Mine was completed in F2018 while the disposal of Dwarsrivier Mine was concluded in F2017.*

***EBITDA margin excluding the fair value gain.*

Cost curve position

ARM is focused on maximising margins at each of our operations.



African Rainbow Minerals

Operational review

Mike Schmidt, Chief Executive Officer

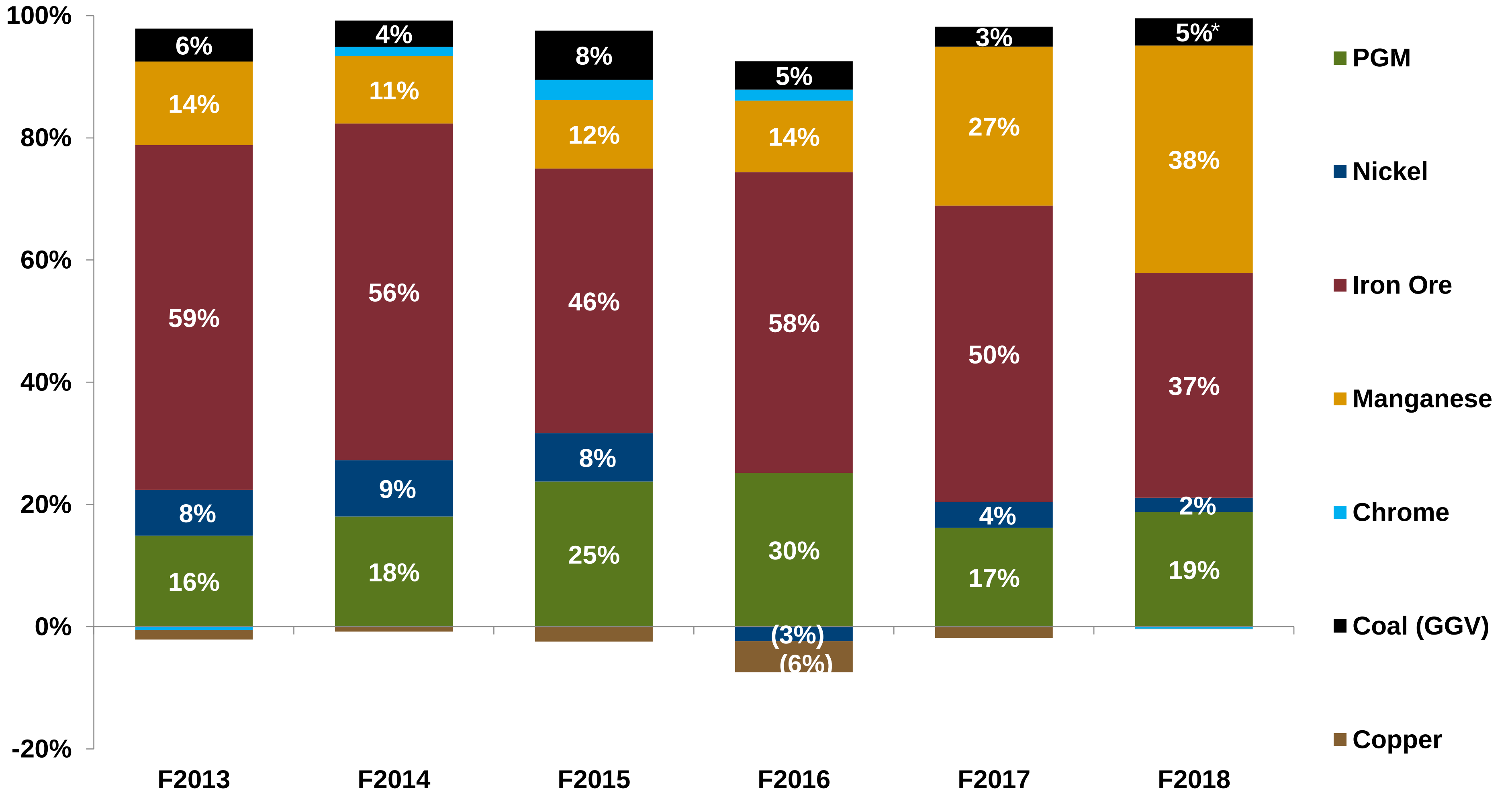
Headline earnings / (loss) by division / operation

	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	
Consolidation adjustment	**(27)**	(14)	
ARM Coal*	**1 485**	82	>200
Goedgevonden Mine	**852**	(99)	
PCB Operations	**633**	181	>200
ARM Copper	**(6)**	(203)	97
ARM Corporate and other*	**(613)**	(742)	18
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.*

Segmental EBITDA split by commodity (%)

ARM African Rainbow Minerals

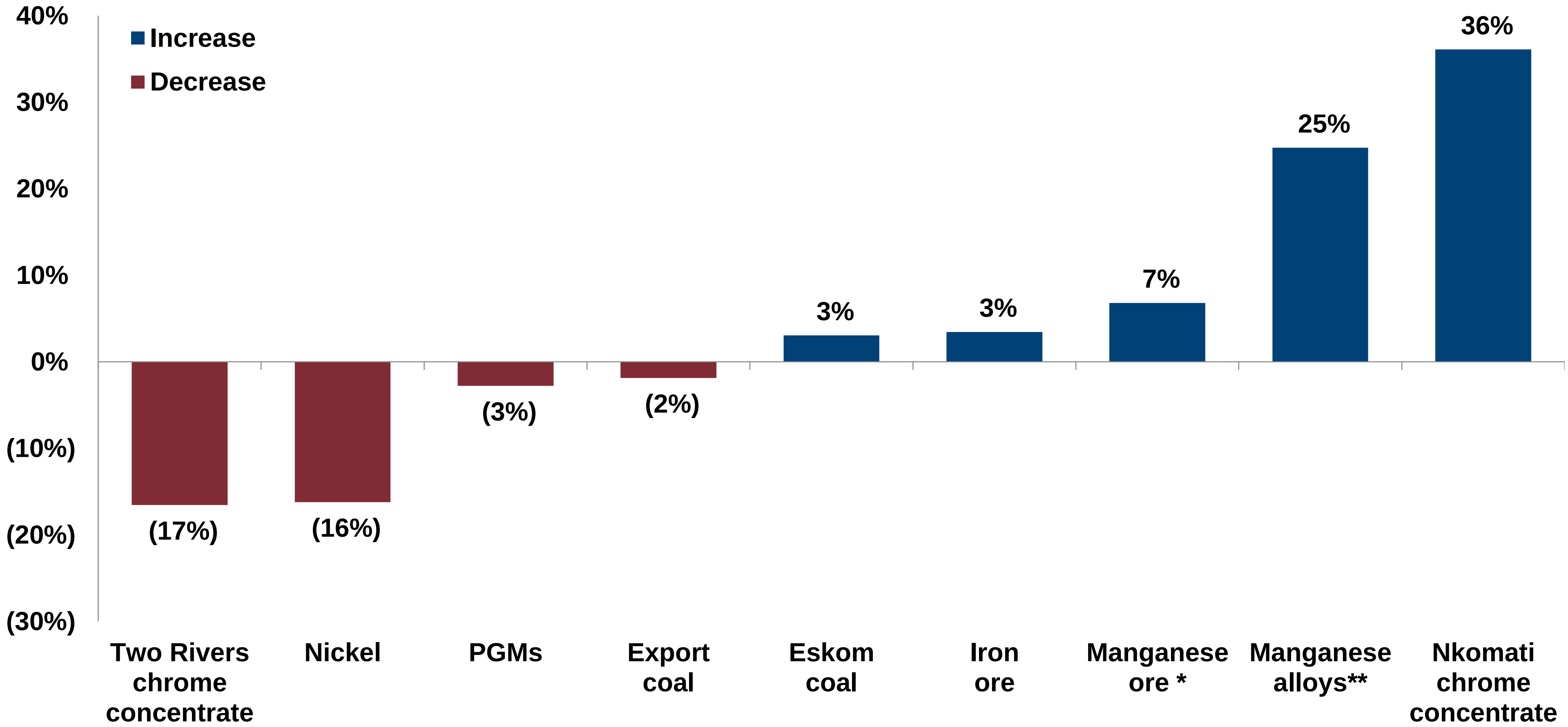


**EBITDA margin excluding the fair value gain as a result of the ARM Coal debt restructuring.*

The contribution from the manganese division has increased such that the iron ore and manganese divisions are similar contributors to EBITDA.

Changes in sales volumes

F2018 versus F2017 sales volume changes (%)



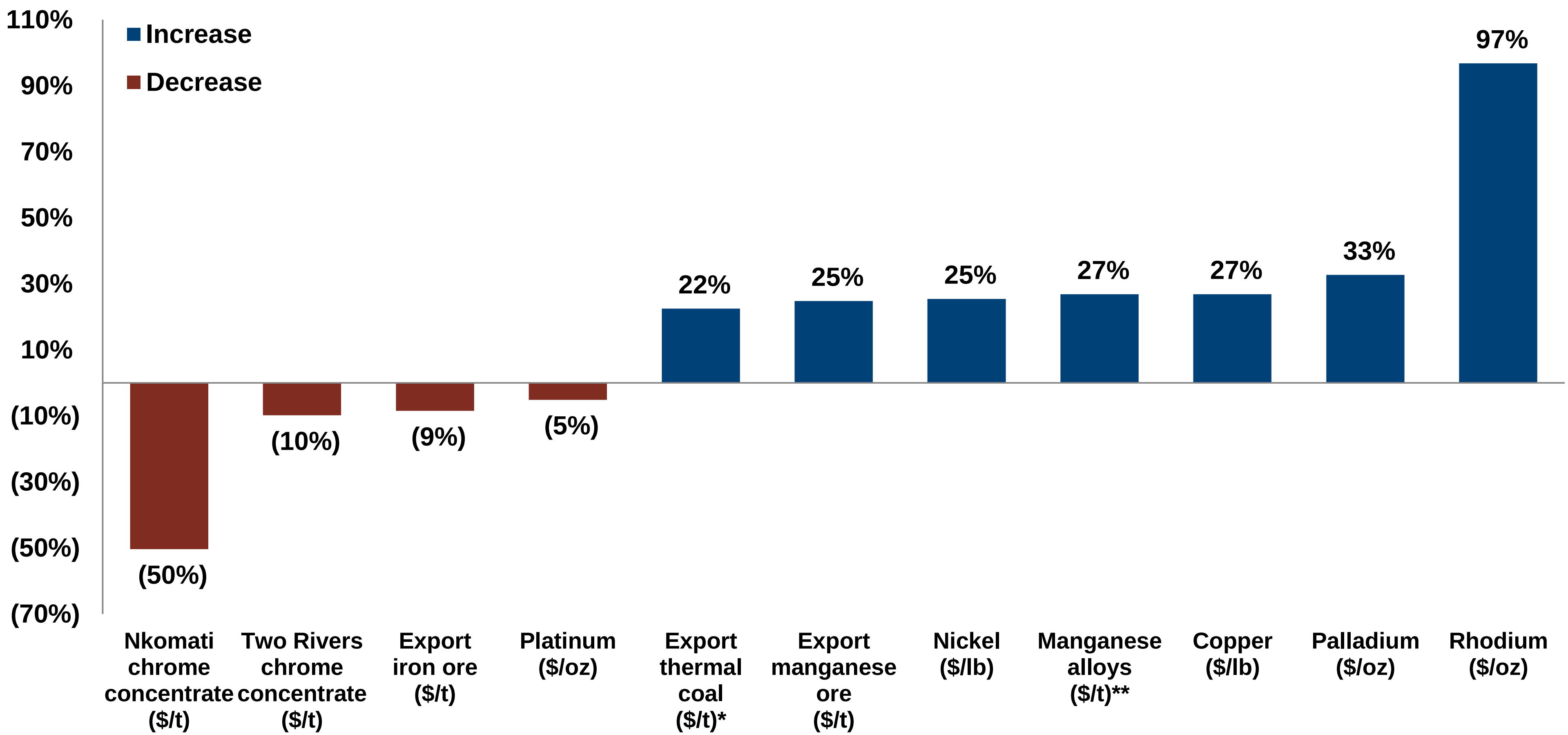
** External sales only.*

*** Includes Sakura Ferroalloys sales volumes.*

Changes in average realised US Dollar prices

African Rainbow Minerals

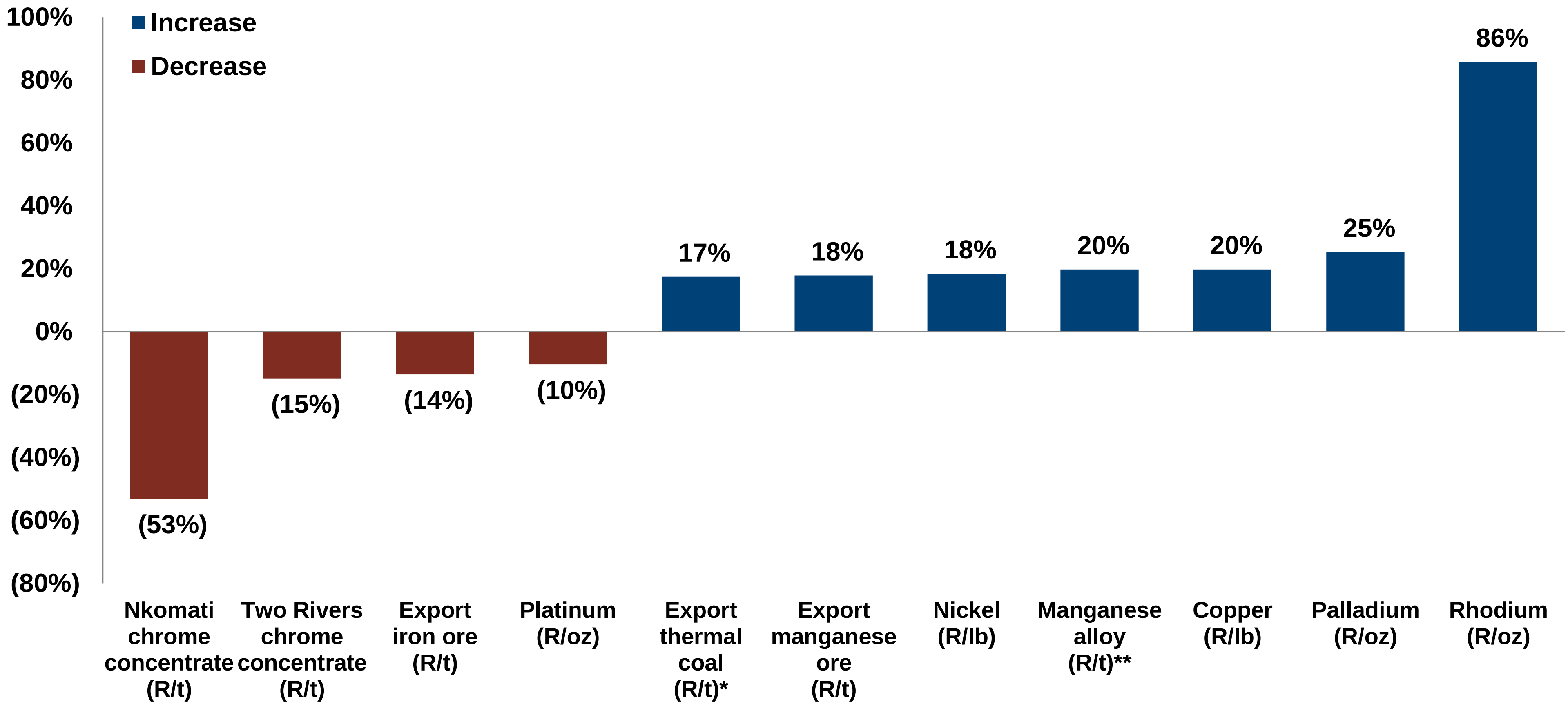
F2018 versus F2017 average realised US Dollar price changes (%)



R/US$ average exchange rate strengthened by 6% from R13.60/US$ to R12.84/US$.
** Includes GGV Mine and PCB operations.*
*** Includes Sakura Ferroalloys.*

Changes in average realised Rand prices

F2018 versus F2017 average realised Rand price changes (%)



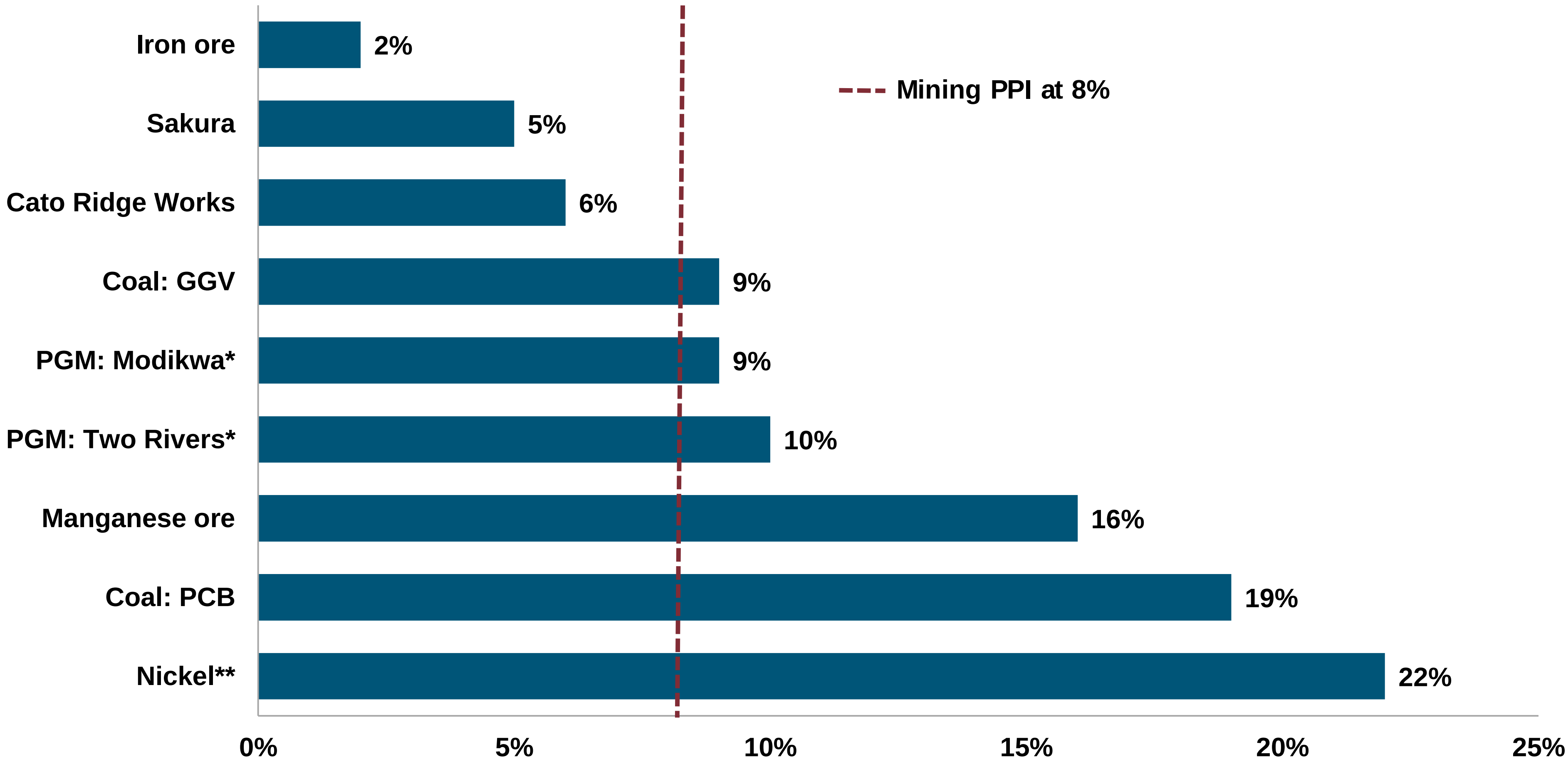
R/US$ average exchange rate strengthened by 6% from R13.60/US$ to R12.84/US$.

** Includes GGV Mine and PCB operations.*

*** Includes Sakura Ferroalloys.*

Unit cost changes by operation

F2018 versus F2017 on-mine unit production costs Rand per tonne basis (%)



** Modikwa and Two Rivers unit costs are expressed on a Rand per 6E PGM ounce basis.*
*** Nkomati unit costs are expressed on a C1 cash cost net of by-products basis.*

ARM Ferrous: Iron ore

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Operational performance – 100% basis

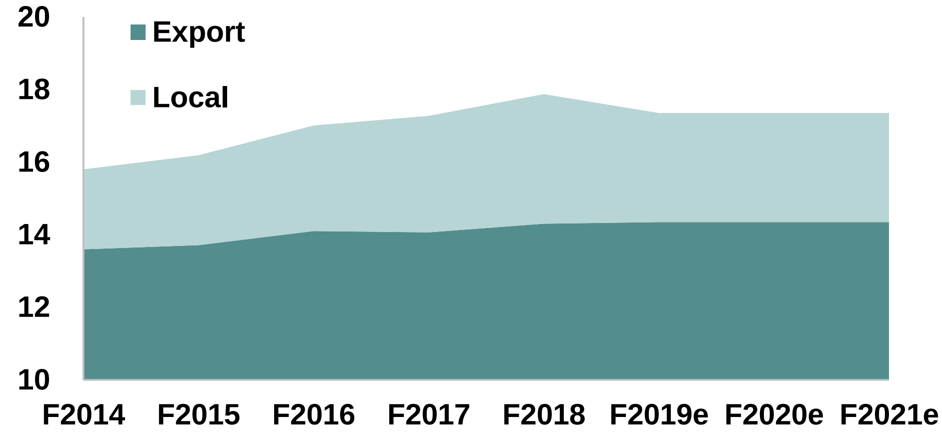
Record volumes of 17.9 million tonnes sold.

The increase in on-mine unit production costs was contained below inflation, at 2%.

Beeshoek Mine commissioned a rail link to the Sishen Saldanha Export Channel and exported 400 000 tonnes.

	unit	F2018	F2017	% change
Export sales volumes	*000 tonnes*	14 302	14 061	2%
Local sales volumes	*000 tonnes*	3 572	3 214	11%
Change in on-mine unit production costs	*%*	2	3	
Capital expenditure	*R million*	1 781	1 169	52

Sales volumes (million tonnes)



ARM Ferrous: Manganese ore

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Operational performance – 100% basis

Production volumes increased by 21% to 3.7 million tonnes.

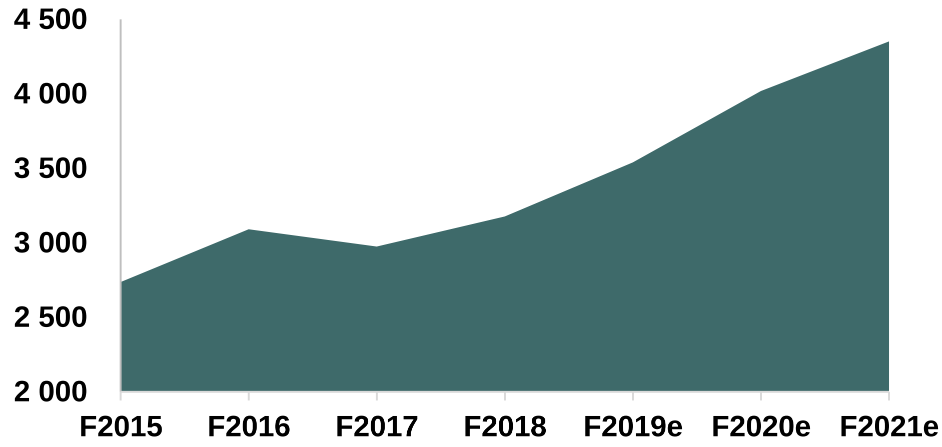
The Manganese Export Capacity Allocation (MECA2) agreement was signed with Transnet in alignment with the ramp-up of Black Rock Mine and is valid until the later of 31 March 2023 or when the Port of Ngqura is fully operational.

Additional capital expenditure has been approved for the modernisation and optimisation of Gloria Mine to increase Black Rock Mine's flexibility of product specifications.

	unit	F2018	F2017	% change
Export sales volumes	*000 tonnes*	**3 080**	**2 871**	**7**
Local sales volumes *	*000 tonnes*	**97**	**103**	**(6)**
Change in unit production costs	*%*	**16**	**1**	
Capital expenditure	*R million*	**1 241**	**1 617**	**(23)**

** Excluding intragroup sales*

Sales volumes (000 tonnes)



ARM Ferrous: Manganese alloys

ARM African Rainbow Minerals

Operational performance – 100% basis

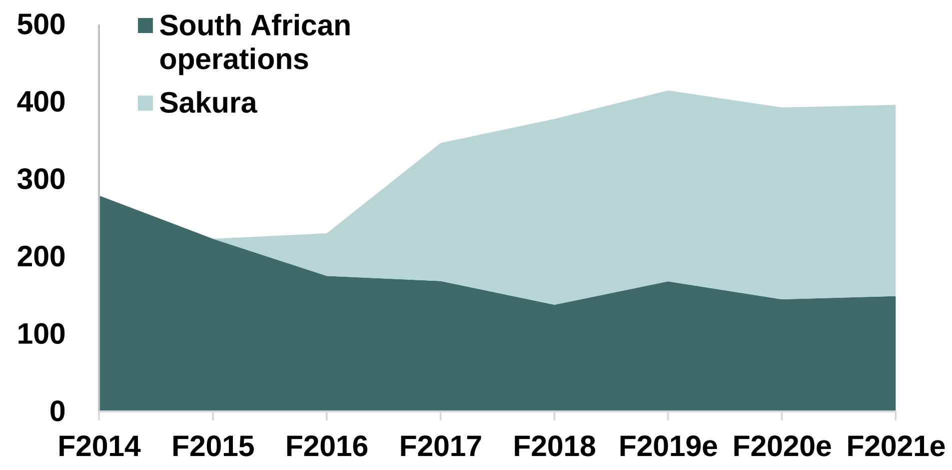
Sakura Ferroalloys is fully ramped up and is producing at higher than design capacity.

Sakura's unit production costs increased by 5% despite significant increases in raw material input costs (especially manganese ore and reductants).

The number of operating furnaces at Cato Ridge Works was reduced from four in F2017 to three in F2018 as part of the business improvement strategy.

	unit	F2018	F2017	% change
Sales volumes	*000 tonnes*	378	303	25
Cato Ridge change in unit production costs	*%*	6	5	
Sakura change in unit production costs	*%*	5	-	

Sales volumes (000 tonnes)



ARM Platinum: PGMs

ARM
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Operational performance – 100% basis

ARM and Angloplat concluded improved terms on the Modikwa Mine purchase of concentrate agreement for three years effective from 1 January 2017.

ARM's interest in Two Rivers Mine increased from 51% to 54% from 9 November 2017.

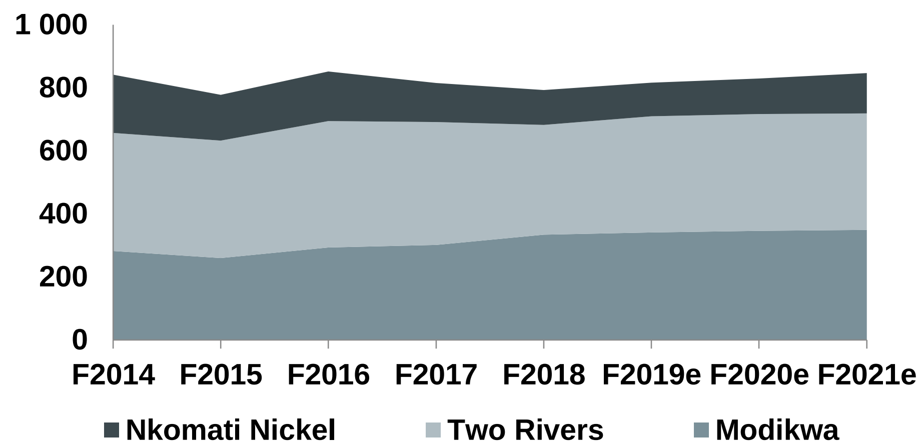
Both Modikwa and Two Rivers mines were impacted by grade decline in the year under review. A number of interventions are being implemented to address this.

Grade decline at Modikwa Mine was offset by a 20% increase in tonnes milled, resulting in an 11% increase in PGMs produced at the mine.

	unit	F2018	F2017	% change
Production	*6E PGM ounces*	792 583	815 188	(3)
Modikwa cash cost	*R/oz 6E*	9 197	8 463	9
Two Rivers cash cost	*R/oz 6E*	6 822	6 195	10
Capital expenditure*	*R million*	1 149	1 273	(10)

** Including Nkomati Mine*

Production volumes (000 ounces)



ARM Platinum: Nickel

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Operational performance – 100% basis

The mill head grade decreased to 0.24% nickel, mainly due to higher than expected very low grade MMZ material being milled to ensure that both mills operate at optimal capacity.

The grade is expected to improve from F2021 as more MMZ ore is mined on the Western section of the open pit.

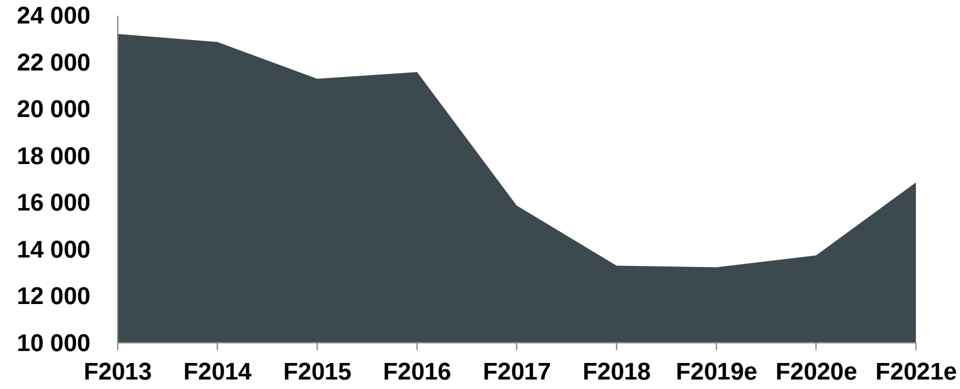
Nkomati Mine concluded an amendment to its offtake agreement with Metal Trade Overseas in terms of which short delivery and grade penalties will be relaxed for two years to assist the mine while it ramps up to steady state production levels.

Nickel C1 cash costs net of by-products

	unit	F2018	F2017	% change
On-mine cash cost*	*US$/lb*	**10.95**	**6.60**	**66**
Off-mine cash cost	*US$/lb*	**0.83**	**2.84**	**(71)**
By-product credits	*US$/lb*	**(5.93)**	**(4.63)**	**28**
C1 cash cost net of by-products	*US$/lb*	**5.86**	**4.81**	**22**
On-mine cash cost*	*R/t milled*	**339**	**367**	**(8)**
Off-mine cash cost	*R/t milled*	**26**	**162**	**(84)**
Total unit cost	*R/t milled*	**365**	**529**	**(31)**

** On-mine unit production costs including capitalised waste stripping costs.*

Nickel production volumes (tonnes)



ARM Coal: GGV and PCB

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Operational performance – 100% basis

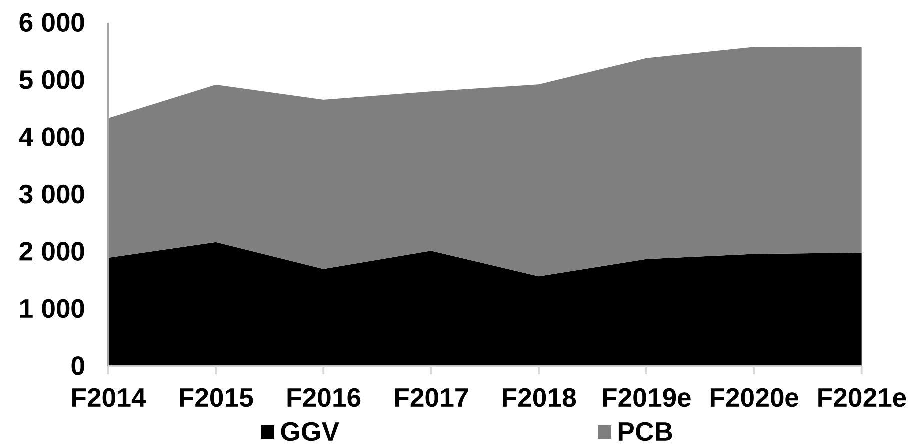
The ARM Coal debt restructuring was concluded and is effective from 1 July 2017. The restructuring significantly improves ARM and ARM Coal's obligations in terms of these loans.

The changes in future repayment cash flows results in a net fair value gain.

Average realised US Dollar export prices increased 36% and 19% for GGV Mine and the PCB Operations respectively.

	unit	F2018	F2017	% change
Total export sales volumes	*Mt*	16.29	16.60	(2)
Total Eskom sales volumes	*Mt*	4.70	4.56	3
GGV on-mine saleable cost	*R/t*	351	323	9
PCB on-mine saleable cost	*R/t*	330	278	19
Capital expenditure (GGV)	*Rm*	538	753	(29)
Capital expenditure (PCB)	*Rm*	2 042	1 218	68

Saleable production volumes (tonnes) - attributable



Capital expenditure: segmental analysis

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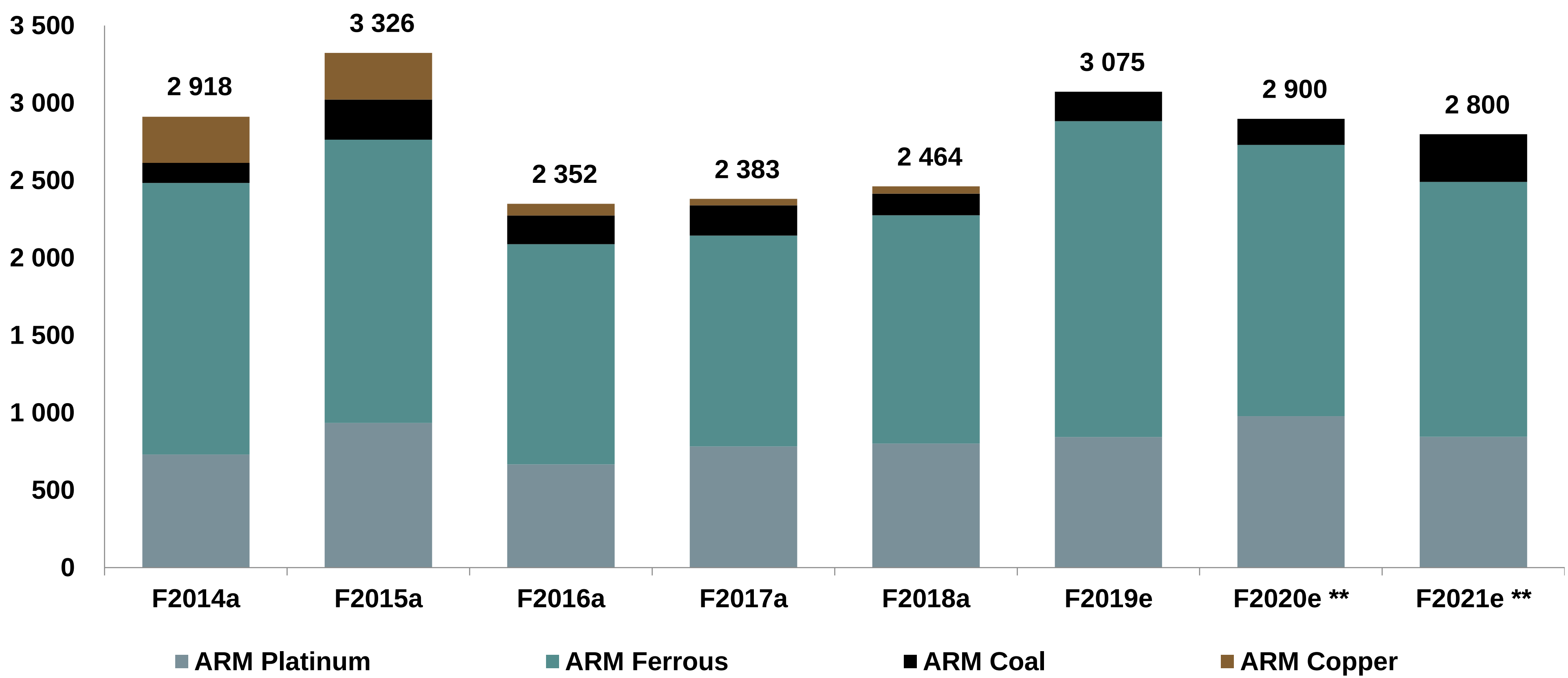
Capital expenditure (R million)*



** Capital expenditure includes (i) deferred stripping at Nkomati, Beeshoek and Khumani mines, (ii) Eskom sub-station as a finance lease at Nkomati Mine (iii) financed fleet replacement and sustaining capital expenditure but excludes the Sakura Ferroalloys Project.*
*** The forecasted capital expenditure for F2020 to F2021 is an estimation based on approved projects and projects under consideration.*

Cash and cash equivalents

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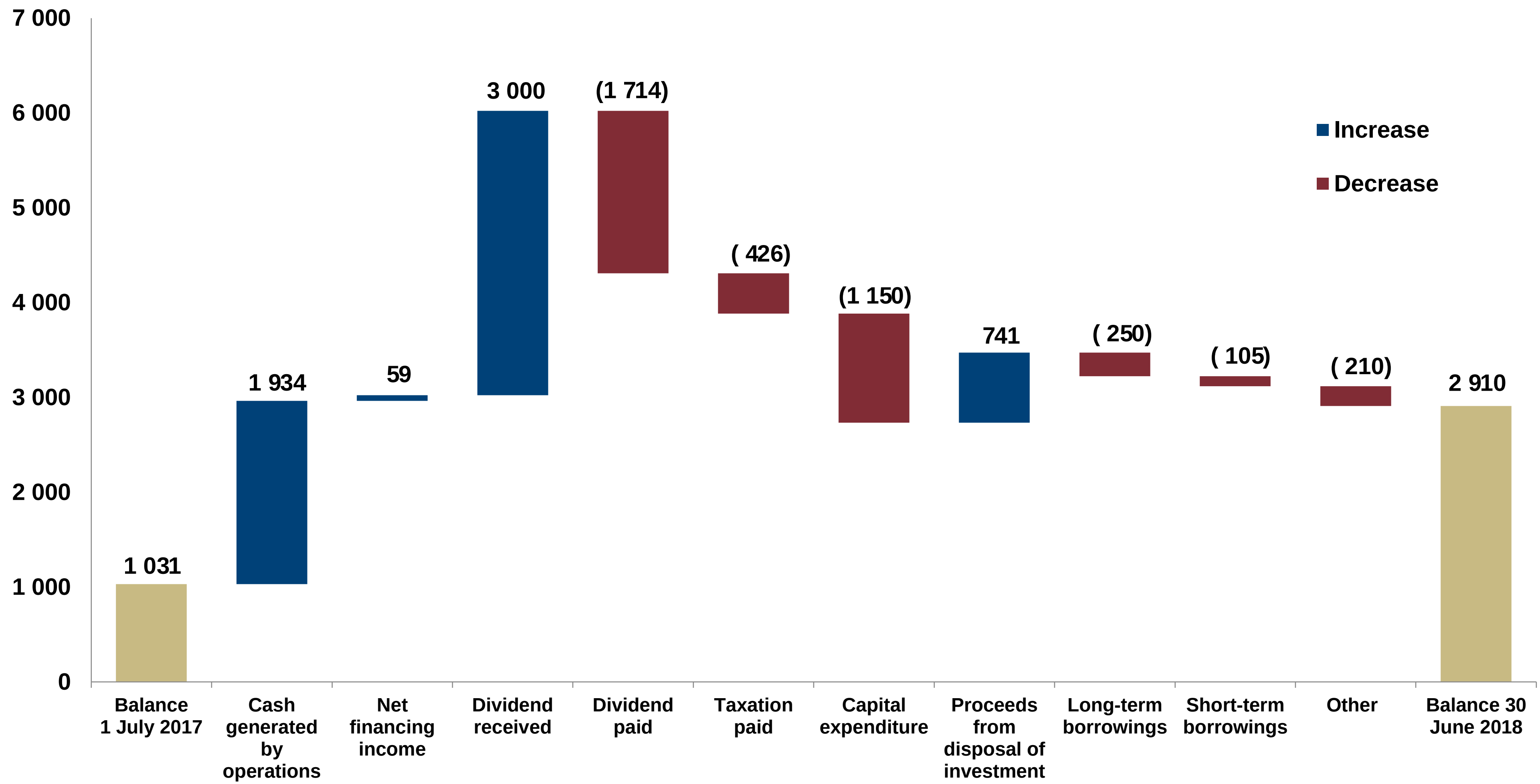
Cash and cash equivalents* movement from 1 July 2017 to 30 June 2018 (R million)



Cash and cash equivalent including overdrafts.

Net cash/ (debt) to equity ratio

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R million	F2018	F2017	1H F2018
Cash and cash equivalents *	3 291	1 488	1 919
Total borrowings	(2 296)	(2 759)	(3 021)
Long-term borrowings	(1 744)	(2 002)	(2 311)
Short-term borrowings	(552)	(757)	(710)
Net cash/ (debt)	**995**	**(1 271)**	**(1 102)**
Total equity	**27 378**	**24 040**	**24 926**
Net cash/ (debt) to equity ratio	**3.6%**	**(5.3%)**	**(4.4%)**
Less: Partner loans	(1 345)	(1 719)	(1 692)
ARM Coal loans from Glencore	(1 231)	(1 605)	(1 578)
Modikwa loan from Anglo Platinum	(114)	(114)	(114)
Less: ARM BBEE Trust loans (Nedbank; Harmony)	(470)	(528)	(473)
Adjusted net cash	**2 810**	**976**	**1 063**
Attributable cash and cash equivalents at ARM Ferrous *	**2 507**	**3 165**	**3 198**

** Since the F2018 year-end, Assmang declared a dividend of R3 500 million. ARM's attributable portion of this dividend is R1 750 million.*

Thank you

We do it better

Additional slides

We do it better

ARM Coal debt restructuring