

Independent auditor's review report on the provisional results

To the shareholders of African Rainbow Minerals Limited

We have reviewed the provisional results ('provisional results' or 'financial statements') of African Rainbow Minerals Limited ('ARM' or 'Group') set out on pages 19 to 47, which comprise the group statement of financial position as at 30 June 2020 and the group statement of profit or loss, group statement of comprehensive income, group statement of changes in equity and group statement of cash flows for the year then ended, and selected explanatory notes.

Directors' responsibility for the provisional results

The directors are responsible for the preparation and presentation of these provisional results in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these provisional results. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of provisional results in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these provisional results.

Basis for Qualified Conclusion

As disclosed in note 6, the Group's joint operation ARM Coal (Pty) Ltd has recorded an amount of R452 million as a long term receivable ('receivable') from Glencore Operations South Africa (Pty) Ltd ('GOSA'). The Group's attributable share of this receivable is R230 million which is included in the loans and long term receivables balance of R278 million in the group statement of financial position.

During our review procedures we requested confirmation for this receivable; the counterparty did not confirm this balance in their response. We have therefore identified a discrepancy of R230 million between the amount recorded by the Group and the amount confirmed by the counterparty. Management has been unable to provide sufficient appropriate evidence to substantiate the receivable and further has also been unable to provide appropriate evidence explaining the origin or cause of this difference as it remains unreconciled. As disclosed in note 6, management is investigating the matter internally and, has undertaken to perform a forensic investigation should their internal process not achieve satisfactory conclusion. However, this process is not yet complete.

We were therefore unable to perform procedures which we deemed necessary to enable us to conclude on the receivable, including the identified counterparty, and the nature, amount, and accounting treatment of any adjustment which might be required. Had we been provided with a reconciliation and we been able to perform the additional procedures in relation to the receivable, matters might have come to our attention indicating that adjustments might be necessary to the provisional results.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the provisional results of African Rainbow Minerals Limited for the year ended 30 June 2020 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the provisional results, and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.
Director - Philippus Dawid Grobbelaar
Registered Auditor
Chartered Accountant (SA)

31 August 2020