African Rainbow Minerals

"Headline earnings increased by 134% to a record R5 039 million driven mainly by the iron ore and PGM operations.

We declared an interim dividend of R10.00 per share which is 100% higher than the corresponding interim dividend."

Dr Patrice Motsepe, Executive Chairman

Disclaimer

Throughout this presentation a range of financial and non-financial measures are used to assess the company’s performance, including, but not limited to financial measures that are not defined under International Financial Reporting Standards (IFRS). These adjusted financial measures are included for illustrative purposes and are the responsibility of the Board of Directors. They should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

Rounding of figures may result in minor computational discrepancies.

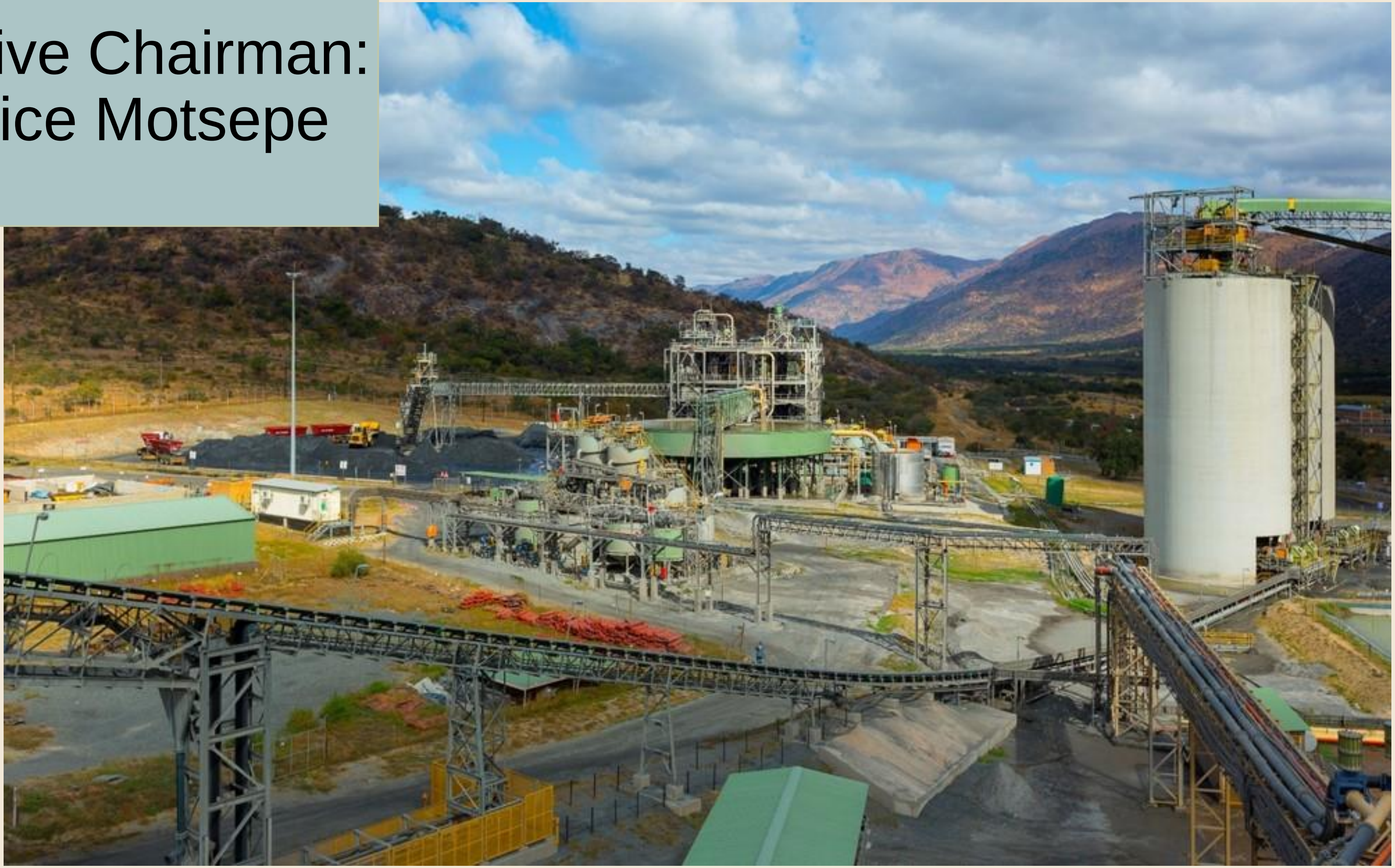
Forward looking statements

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/or unknown risks, unpredictables and other important factors that could cause the actual results, performance and/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, unpredictables 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, including environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the health-related epidemics and pandemics, including Covid-19, HIV and Aids 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 unpredictable events.

Results overview

Executive Chairman: Dr Patrice Motsepe

ARM African Rainbow Minerals



Two Rivers Mine

Salient features: Safety and health

ARM
African Rainbow Minerals

LOST TIME INJURY FREQUENCY RATE (LTIFR)*

17% to

0.40

(1H F2020: 0.48)

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)**

17% to

0.82

(1H F2020: 0.99)

FATALITIES

2 **fatalities at Modikwa Mine**

(1H F2020: 3 fatalities, one each at Nkomati, Two Rivers and Tweefontein mines

COVID-19

Strict protocols

to prevent the spread of Covid-19 are ongoing at the operations

** LTIFR per 200 000 man hours | ** TRIFR includes the number of fatal injuries, number of lost time injuries and number of medical cases*

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

Salient features: Earnings

ARM African Rainbow Minerals

HEADLINE EARNINGS

134% to

R5.0 billion

(1H F2020: R2.2 billion)

SEGMENTAL EBITDA

235% to

R5.1 billion

(1H F2020: R1.5 billion)

ARM FERROUS HEADLINE EARNINGS

60% to

R3.0 billion

(1H F2020: R1.8 billion)

ARM PLATINUM HEADLINE EARNINGS

313% to

R2.0 billion

(1H F2020: R0.5 billion)

** Rounding of figures may result in minor computational discrepancies.*

Salient features: Dividends and financial position

INTERIM DIVIDEND	NET CASH AT 31 DECEMBER 2020
100% to **R10.00 per share** (1H F2020: R5.00 per share)	**29%** to **R4.8 billion** (1H F2020: R3.7 billion)

DIVIDENDS RECEIVED FROM TWO RIVERS	DIVIDENDS RECEIVED FROM ASSMANG
380% to **R432 million** (1H F2020: R90 million)	**R1.5 billion** (1H F2020: R2.0 billion)

** Rounding of figures may result in minor computational discrepancies.*

Covid-19 update*

African Rainbow Minerals

TESTING AND SCREENING

82 703 Covid-19 health screenings

4 209 Covid-19 tests

1 201 Positive Covid-19 cases

96% to **98%** recovery rate

5 employees

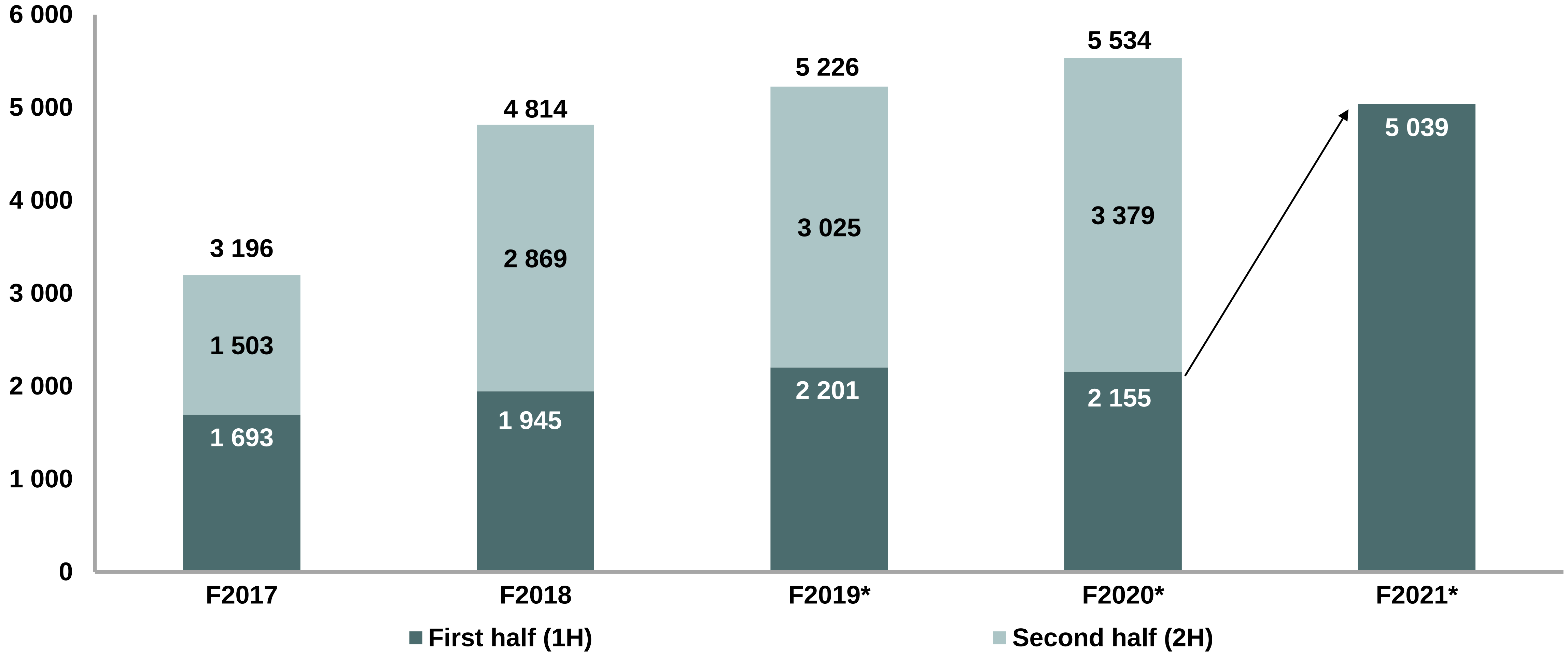
succumbed to Covid-19 in 1H F2021

We extend our sincere condolences to those who have lost loved ones to Covid-19.

Through the Minerals Council South Africa, ARM is supporting Government with the national Covid-19 vaccine roll out.

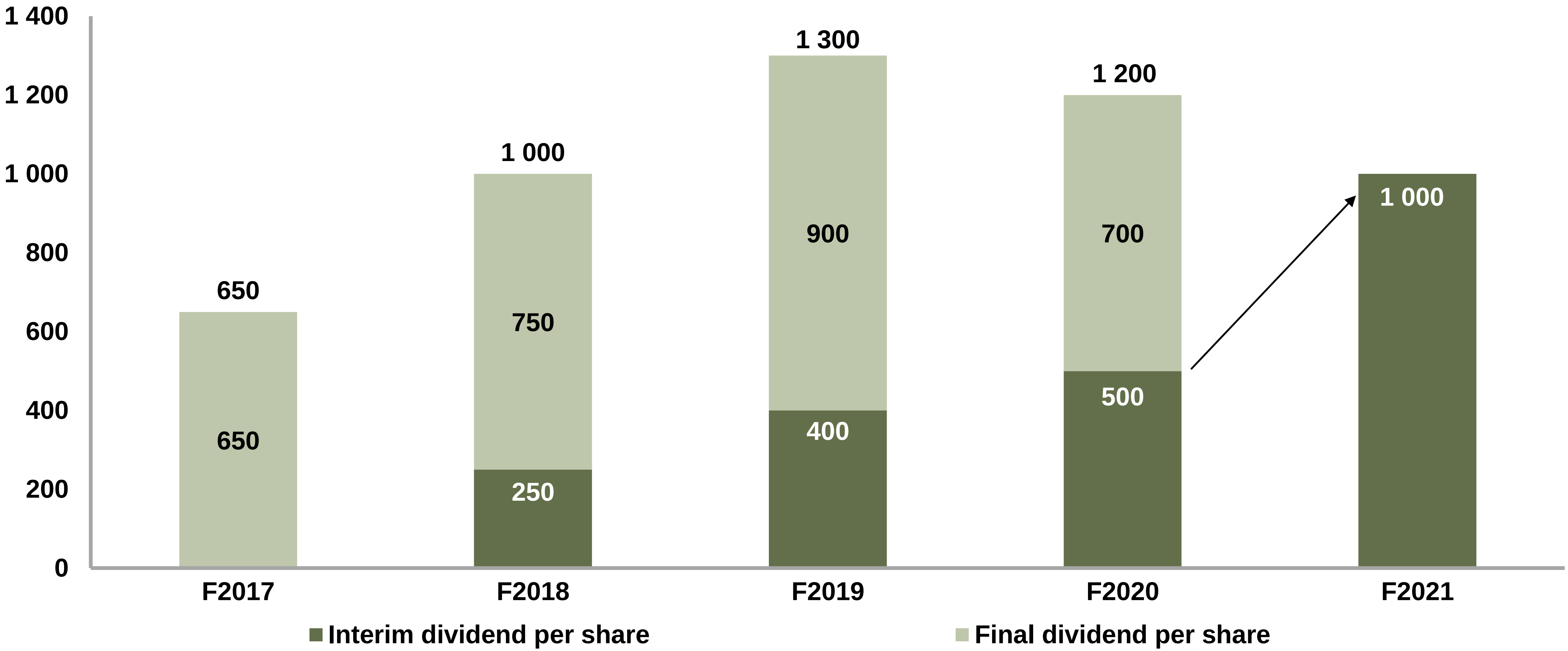
- *All Covid-19 data is reported as at 15 January 2021*

Headline earnings
(R million)



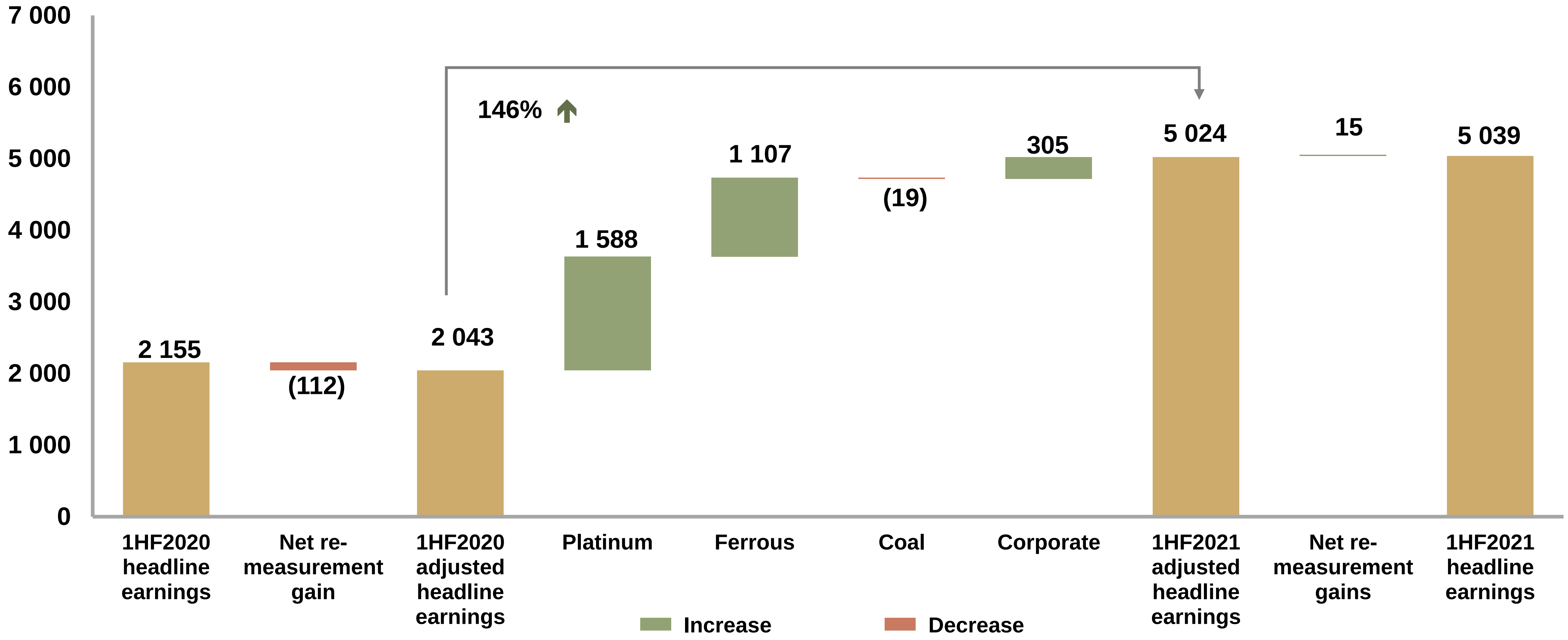
** The F2019 to 1H F2021 headline earnings include re-measurement gains and losses on partner loans. Re-measurement gains and losses for the current and corresponding periods are detailed on slide 36 of this presentation.*

Dividends per share
(cents)



Interim dividend declared increased by 100% compared to 1H F2020.

Headline earnings analysis by operation / division
(R million)

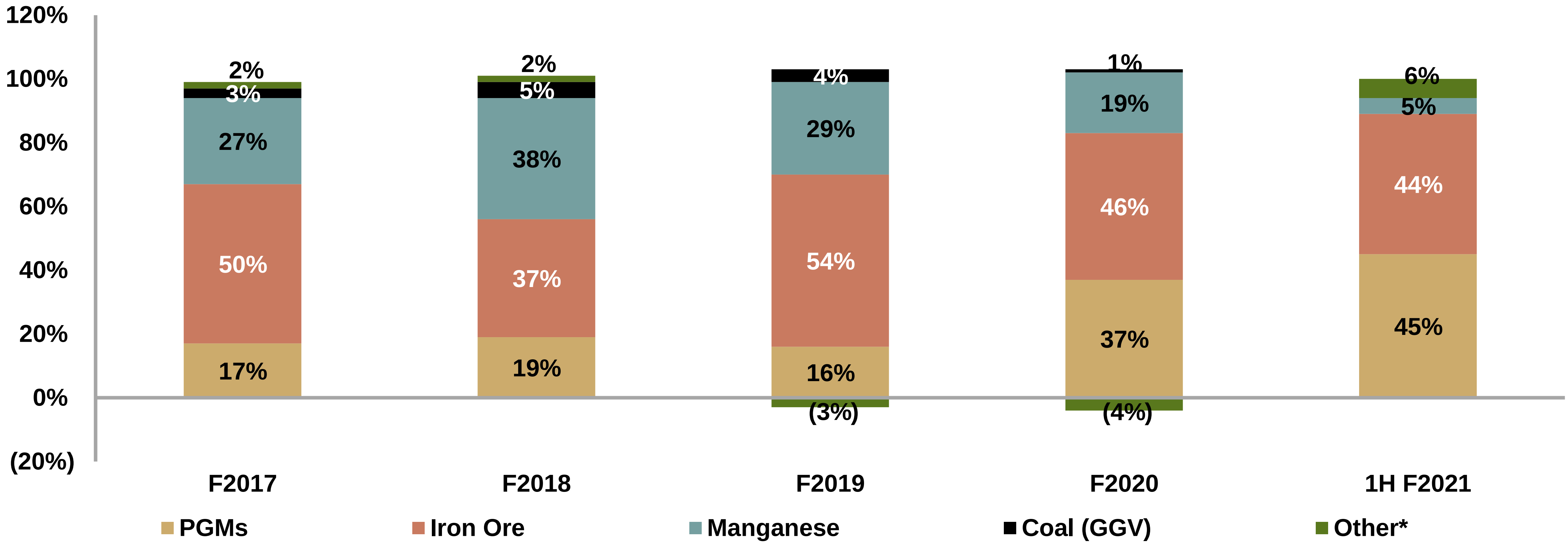


**Adjusted headline earnings exclude re-measurement gains and losses for the period. The table on slide 36 summarises these gains and losses for the current and corresponding financial periods. The adjusted headline earnings are included for illustrative purposes and are the responsibility of the board of directors. They should be considered in addition to, and not as a substitute for, or superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS*

Diversified earnings

African Rainbow Minerals

EBITDA SPLIT BY COMMODITY (%)



** Other is made up of chrome, nickel and ARM corporate*

Significant EBITDA contribution from PGMs and iron ore

Growth projects

African Rainbow Minerals

CURRENT AND FUTURE GROWTH PROJECTS

Project	Impact	Timing
Two Rivers Merensky Project	**Additional 182 000 6E PGM ounces, 1 600 tonnes nickel and 1 300 tonnes copper per annum.**	**Plant commissioning in Q2 F2023**
Two Rivers Plant Expansion	**Additional 40 000 to 60 000 6E PGM ounces per annum.**	**Plant commissioning in Q3 F2022**
Modikwa Chrome Recovery Plant	**288 000 tonnes of chrome concentrate per annum.**	**Plant commissioning in Q1 F2022**
Black Rock and Gloria Projects	**Potential ramp up to 5 million tonnes of manganese ore per annum subject to rail availability and market conditions.**	**Ramp up to 4 million tonnes per annum in F2023**

ARM is assessing value-enhancing internal and acquisition growth opportunities.

African Rainbow Minerals

African Rainbow Minerals

STRATEGY

DELIVER COMPETITIVE RETURNS AND CREATE SUSTAINABLE VALUE FOR ALL STAKEHOLDERS

- Operate our portfolio of assets safely, responsibly and efficiently
- Allocate capital to value-creating investments
- Focus on value-enhancing and integrated growth

- Owner-operator
- Entrepreneurial management
- Investing in our employees
- Partnering with communities and other stakeholders
- Innovative application of technology

Operational review

Chief Executive Officer:
Mike Schmidt

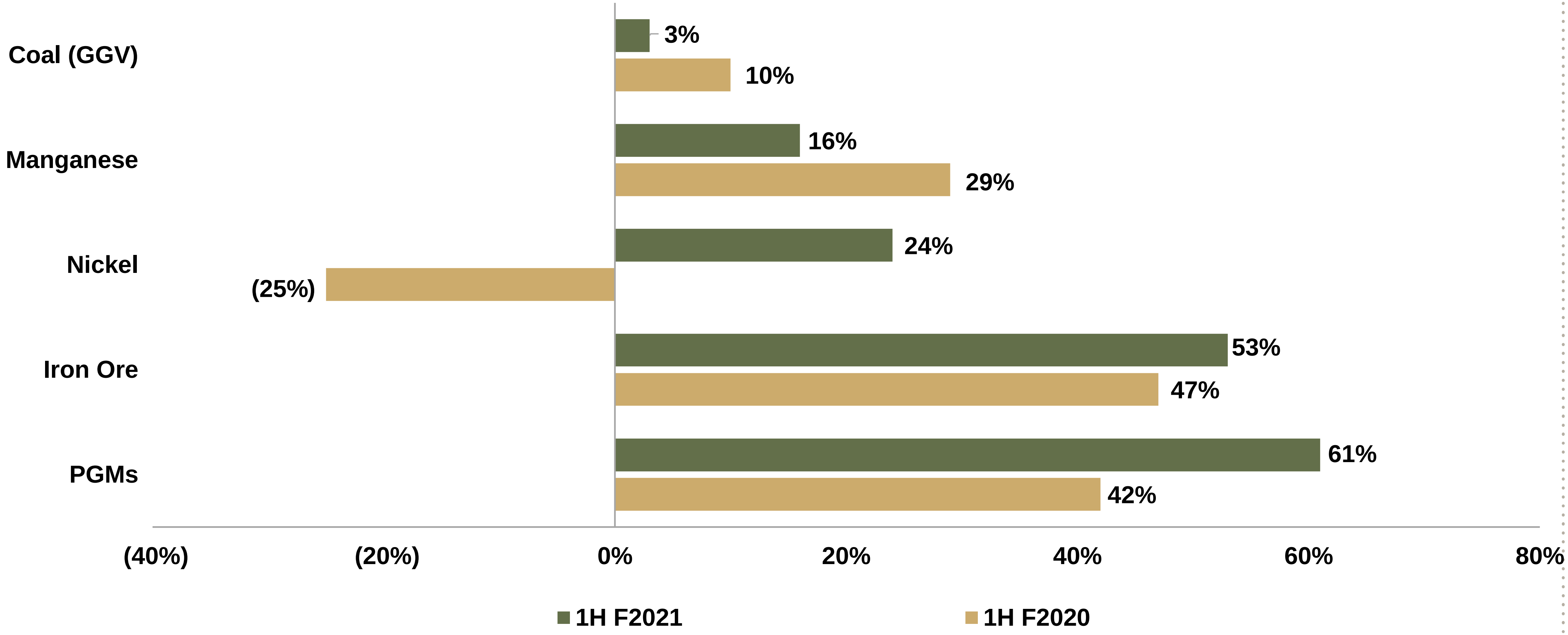
African Rainbow Minerals

Loading at Khumani Mine

Headline earnings/(loss) by division / operation
(R million)

	1H F2021	1H F2020	% change
ARM Platinum	**2 021**	489	>200
Two Rivers Mine	**1 279**	357	>200
Modikwa Mine	**462**	343	35
Nkomati Mine	**280**	(211)	>200
ARM Ferrous	**2 955**	1 848	60
Iron ore division	**2 835**	1 426	99
Manganese division	**137**	441	(69)
Consolidation adjustment and other	**(17)**	(19)	11
ARM Coal	**(222)**	(101)	(120)
Goedgevonden Mine	**(135)**	(115)	(17)
PCB Operations	**(87)**	14	
ARM Corporate and other	**285**	(81)	>200
Corporate and other	**345**	(8)	>200
Machadodorp Works	**(60)**	(73)	18
Headline earnings	**5 039**	**2 155**	**134**

EBITDA margins by commodity*



** Excludes any re-measurement adjustments*

ARM Ferrous

Loading at Black Rock Manganese Ore Mine

ARM Ferrous

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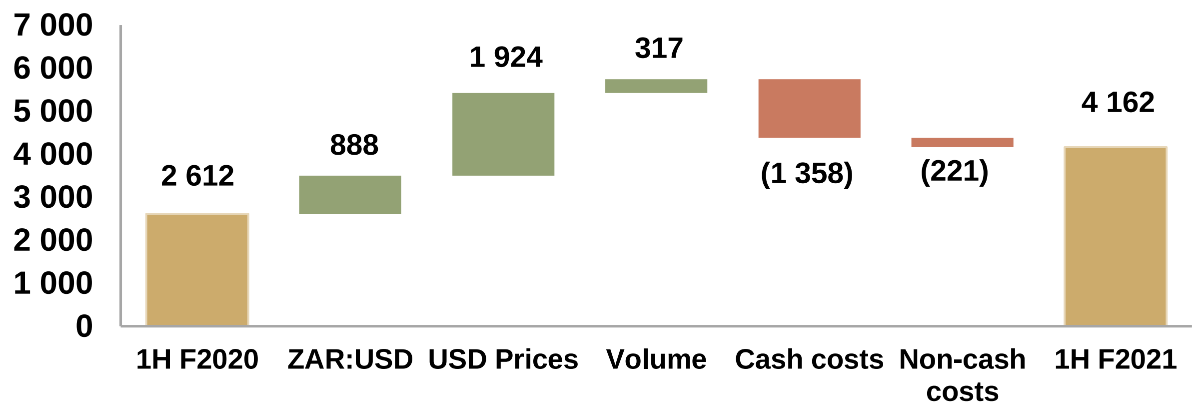
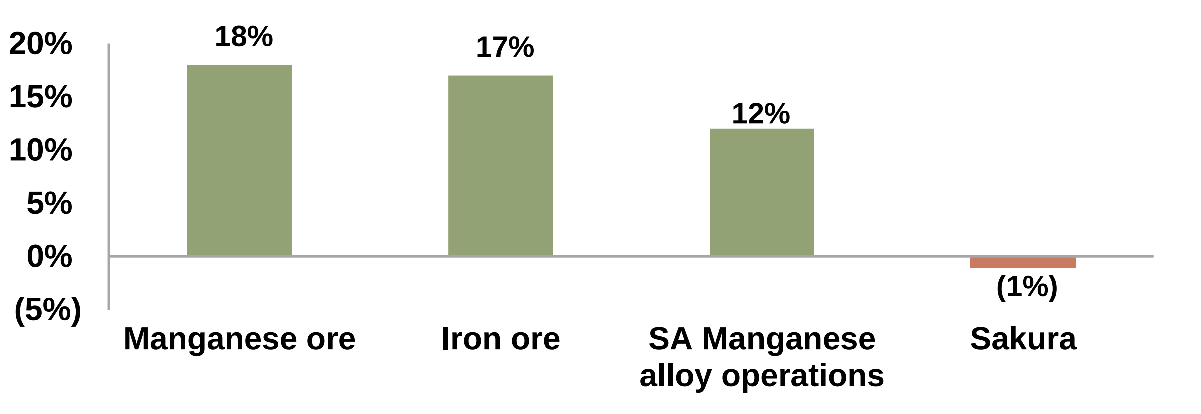
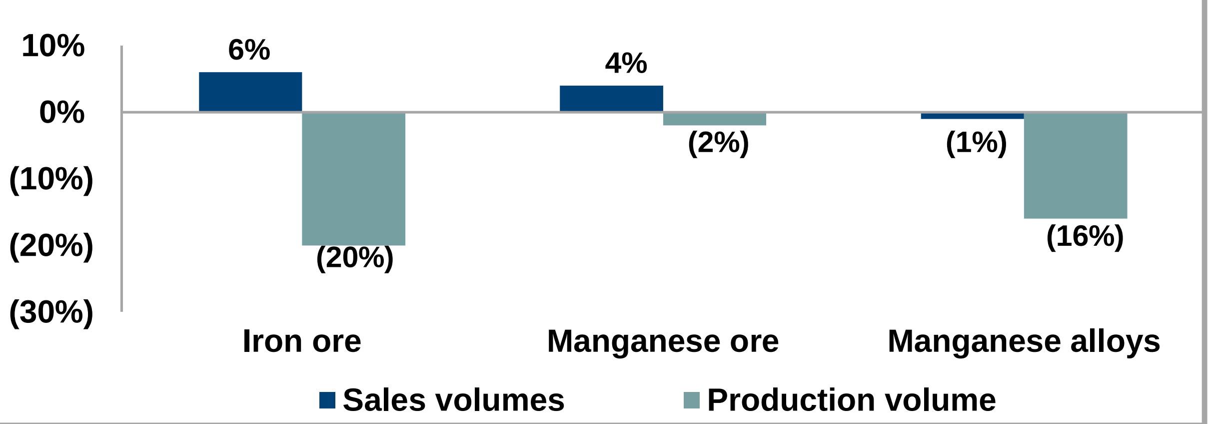
VARIANCE ANALYSIS – ATTRIBUTABLE PROFIT BEFORE TAX (R MILLION)



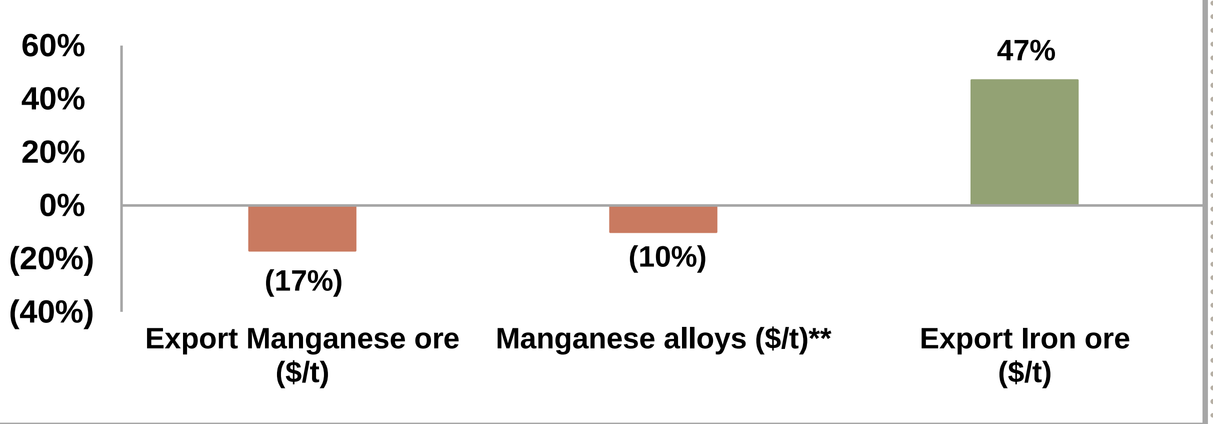
CHANGES IN ON-MINE UNIT PRODUCTION COSTS (%)



CHANGES IN SALES AND PRODUCTION VOLUMES* (%)



CHANGES IN AVERAGE REALISED US DOLLAR PRICES (%)



** External sales only | ** Includes Sakura Ferroalloy sales*

Increase Decrease

Iron ore (100% basis)

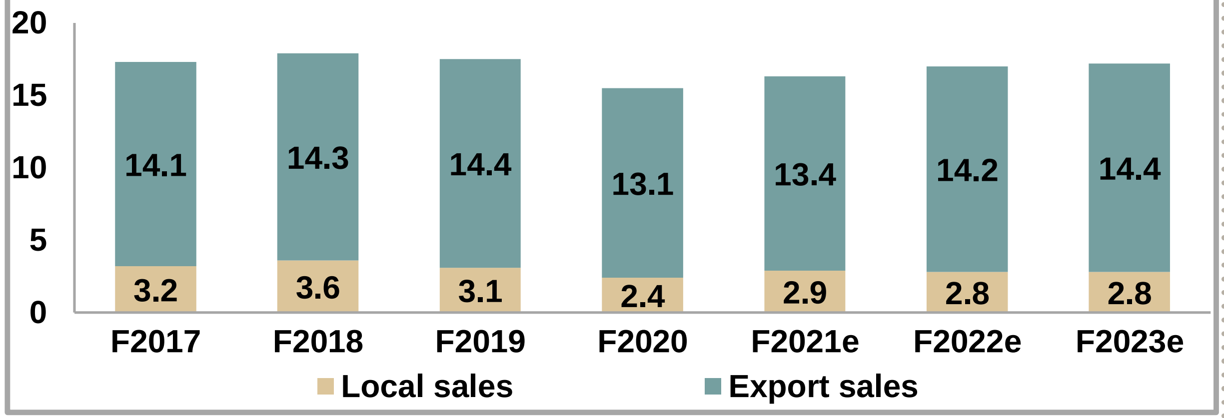
African Rainbow Minerals

SALIENT FEATURES

- **Headline earnings increased by 99% driven by higher iron ore prices and increased sales volumes.**
- **Production volumes were 20% lower as a result of Covid-19 restrictions and logistics challenges.**
- **High stock levels at the beginning of the period together with good collaboration with Transnet allowed management to increase sales volumes.**
- **On-mine unit production costs increased above inflation due to lower production volumes.**

	Unit	1H F2021	1H F2020	% change
Export sales volumes	000 tonnes	**6 713**	6 189	8
Local sales volumes	000 tonnes	**1 533**	1 561	(2)
Export sales lump:fines ratio	%	**59:41**	56:44	
Change in on-mine unit production costs	%	**17**	15	
Capital expenditure	R million	**962**	863	11

SALES VOLUMES (MILLION TONNES)

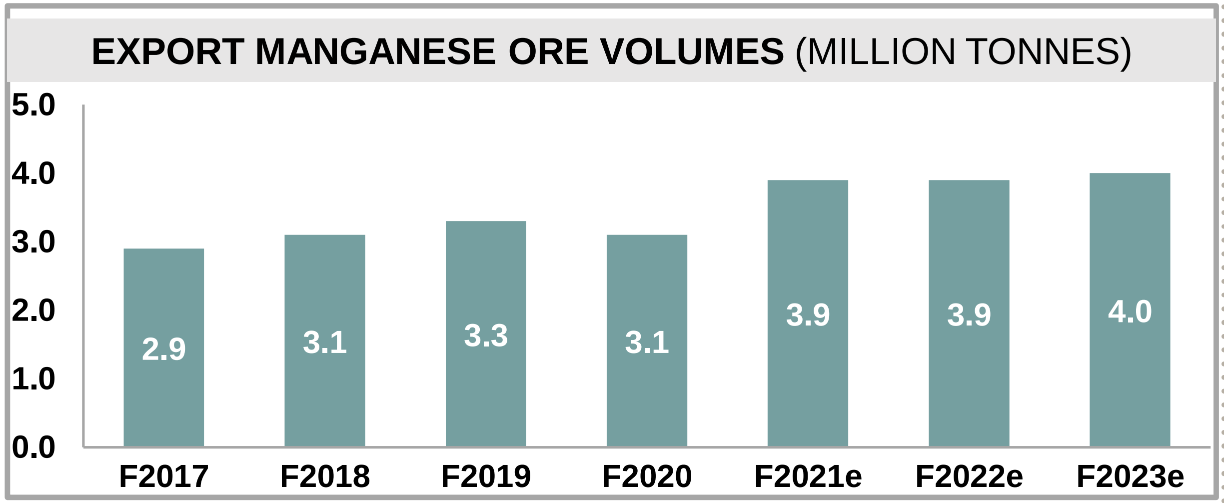


Manganese (100% basis)

SALIENT FEATURES

- **Manganese ore prices remained under pressure.**
- **Production volumes were impacted by Covid-19 related absenteeism and delays with the commissioning of the Black Rock and Gloria projects.**
- **On-mine unit production costs increased by 18% owing to decreased production volumes and increased labour costs.**
- **The Black Rock and Gloria projects are delayed by six months due to Covid-19 restrictions**

	Unit	**1H F2021**	1H F2020	% change
Export sales volumes	000 tonnes	**1 796**	1 729	4
Local sales volumes	000 tonnes	**65**	53	23
Change in on-mine unit production costs	%	**18**	(3)	
Capital expenditure	R million	**1 008**	1 173	(14)



Manganese alloys (100% basis)

SALIENT FEATURES

- **US dollar prices for manganese alloys were under pressure in 1H F2021.**
- **Lower demand resulted in reduced production at Cato Ridge.**
- **Production volumes at Sakura were impacted by an unplanned shutdown due to low ore stock levels.**
- **Unit production costs at Cato Ridge increased due to lower production volumes.**
- **Lower ore prices resulted in unit production costs at Sakura being 1% lower for the period.**
- **The Assmang investment in Sakura Ferroalloys was impaired by R169 million (attributable to ARM).**

	unit	**1H F2021**	1H F2020	% change
Sales volumes: South African operations	000 tonnes	**67**	61	10
Sales volumes: Sakura	000 tonnes	**103**	110	(6)
Change in unit production costs: Cato Ridge Works	%	**12**	(3)	
Change in unit production costs: Sakura	%	**(1)**	(18)	

ARM Platinum

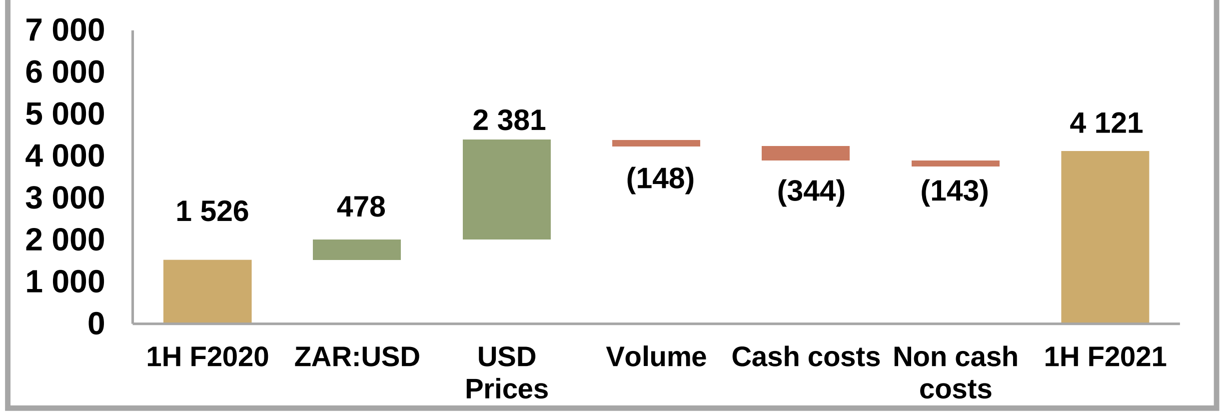
ARM
African Rainbow Minerals

Underground operations at Modikwa Platinum Mine

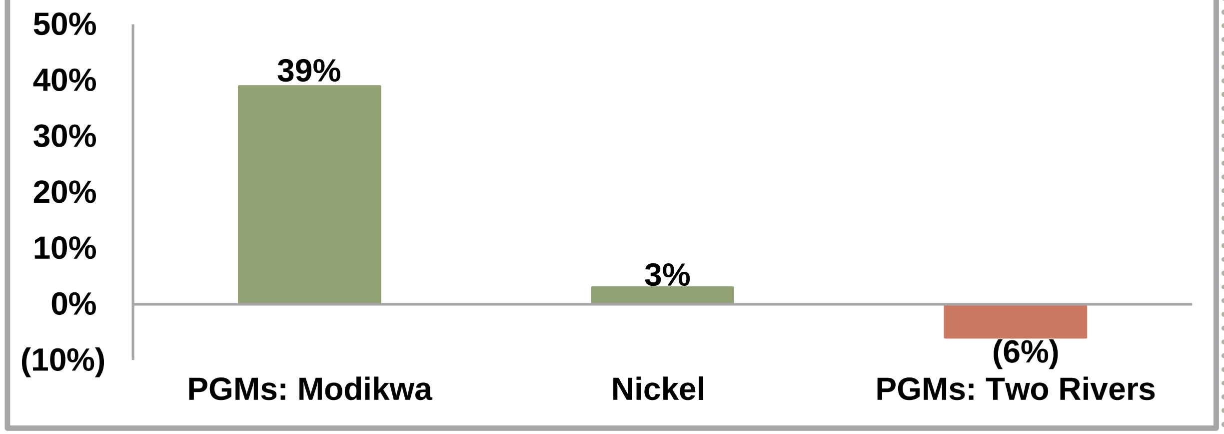
ARM Platinum

African Rainbow Minerals

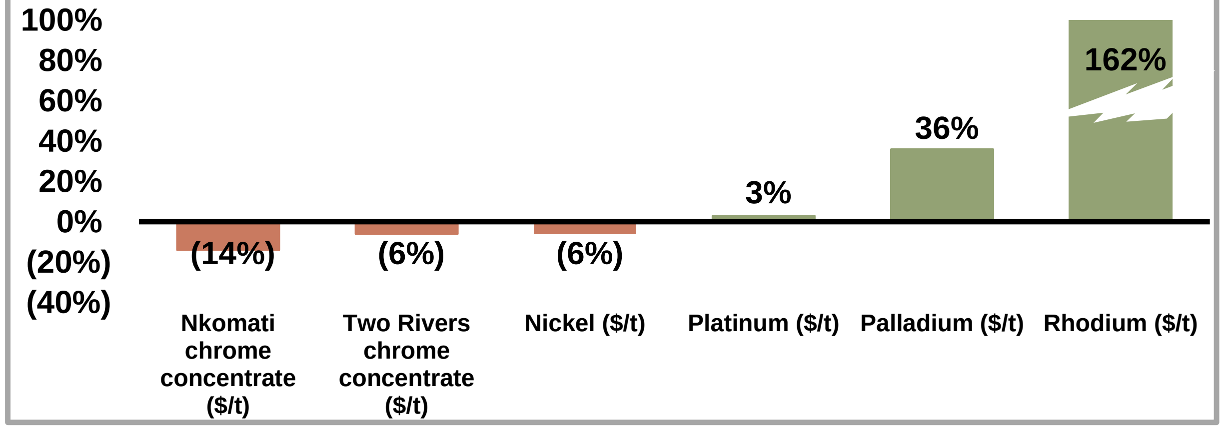
VARIANCE ANALYSIS – ATTRIBUTABLE PROFIT BEFORE TAX* (R MILLION)



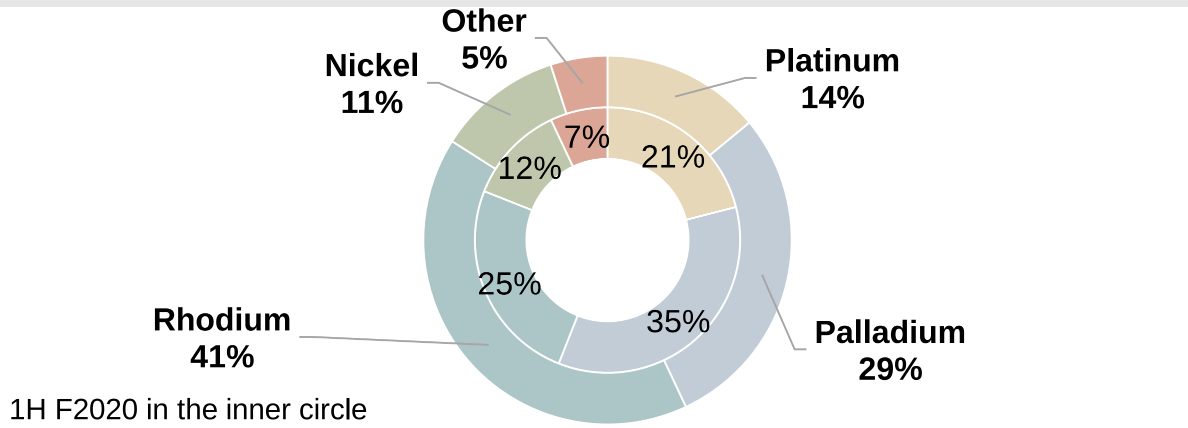
CHANGES IN ON-MINE UNIT PRODUCTION COSTS** (%)



CHANGES IN AVERAGE REALISED US DOLLAR PRICES (%)



REVENUE CONTRIBUTION PER COMMODITY (%)



Increase
Decrease

*Excluding Nkomati Mine | ** Nickel on a US dollar cash costs net of by-products basis and PGMs on a rand per 6E ounce basis*

PGMs (100% basis)

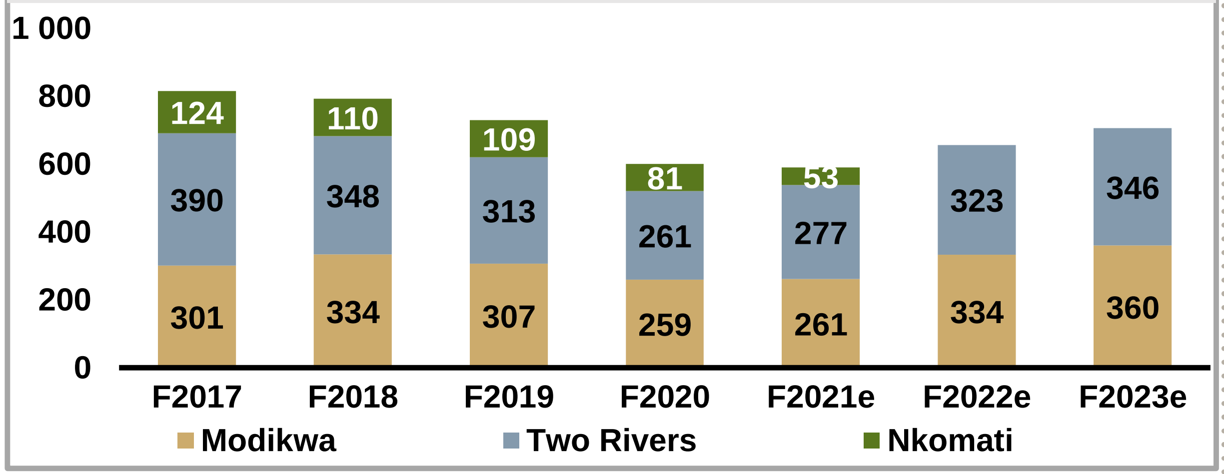
African Rainbow Minerals

SALIENT FEATURES

- **Higher US dollar prices and a weaker rand versus US dollar exchange rate resulted in basket prices at both mines increasing by more than 75%.**
- **Headline earnings at Two Rivers more than trebled to R 1 279 million (1H F2020: R357 million).**
- **Two Rivers production volumes increased by 9% after flotation challenges experienced in the prior period were resolved.**
- **Modikwa production volumes decreased by 29%, impacted by Covid-19 restrictions, safety stoppages, and industrial action.**
- **Lower production volumes at Modikwa resulted in a 39% increase in unit production costs.**

	unit	**1H F2021**	1H F2020	% change
Production	6E PGM ounces	**261 599**	294 011	(11)
Modikwa cash cost	R/oz 6E	**15 590**	11 222	39
Two Rivers cash cost	R/oz 6E	**9 518**	10 083	(6)
Capital expenditure	R million	**896**	609	47

PGM VOLUMES (THOUSAND OUNCES 6E)



Two Rivers Merensky Project
(100% basis)

The ARM board of directors has approved the Merensky project at Two Rivers Mine.

Annual steady state production rate of 182 000 ounces 6E, 1 600 tonnes nickel, and 1 300 tonnes of copper, with a life of mine of more than 20 years.

Total capital expenditure for the project is expected to be R5.7 billion to be spent over three years.

Two Rivers Mine is expected to be positioned in the bottom half of the industry cash cost curve.

Progress on Nkomati Mine care and maintenance

Scaling down of Nkomati Mine in preparation for care and maintenance and subsequent closure is progressing well. Cessation of the open pit mining was delayed and is now expected at the end of March 2021.

The most recent assessment estimates the attributable undiscounted rehabilitation costs at 30 June 2020 to be R620 million (discounted R594 million), which has been fully provided for.

At 31 December 2020, R109 million attributable cash and financial assets are available to fund rehabilitation obligations for Nkomati Mine.

The resulting shortfall of R486 million is expected to be funded firstly from cash generated by the mine during production scale-down, and subsequently by the partners.

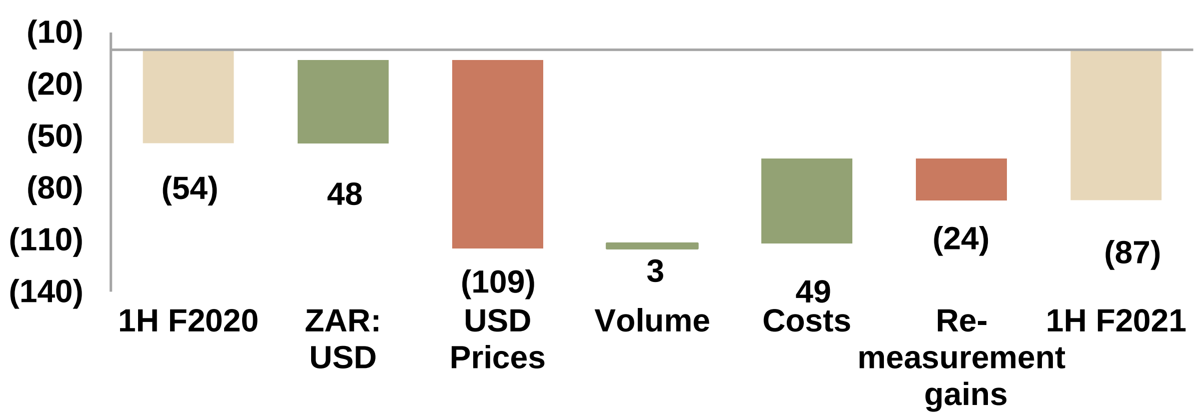
ARM Coal

Goedgevonden Coal Mine

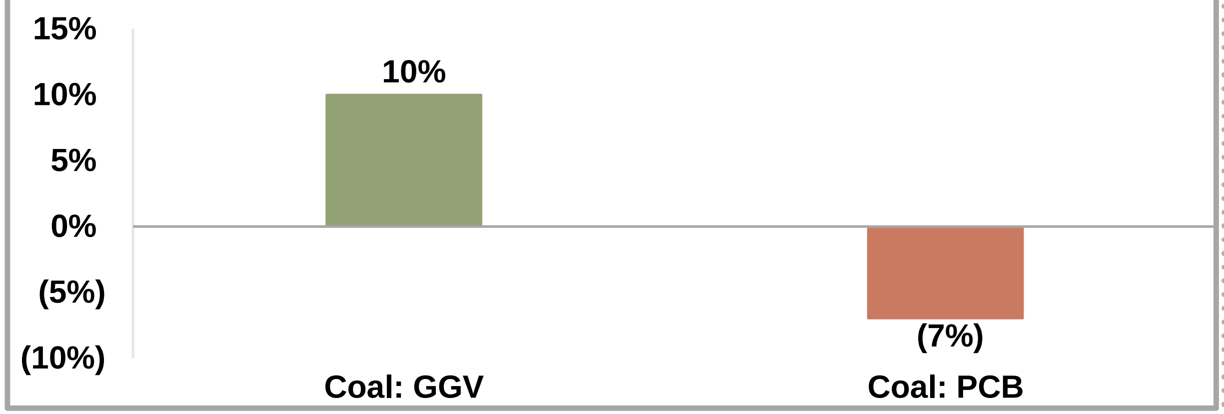
ARM Coal

ARM African Rainbow Minerals

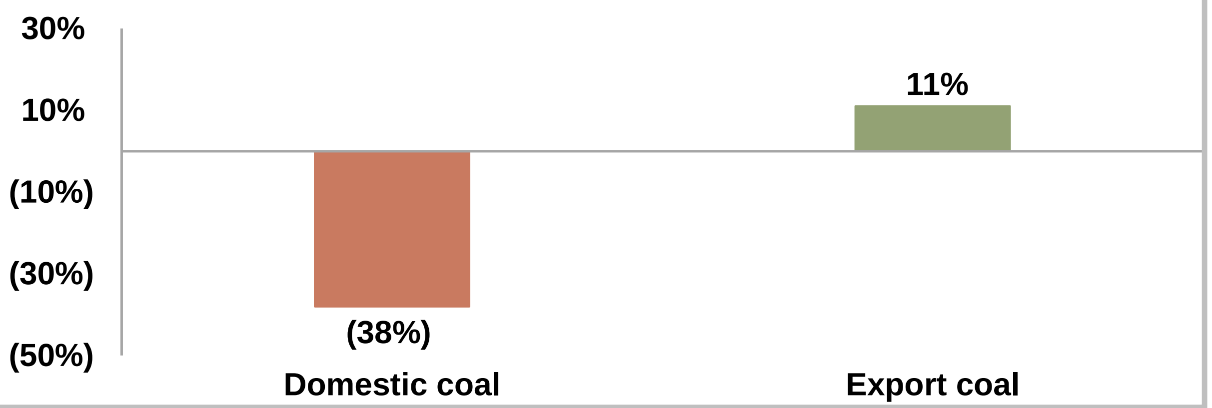
VARIANCE ANALYSIS – ATTRIBUTABLE PROFIT BEFORE TAX (R MILLION)



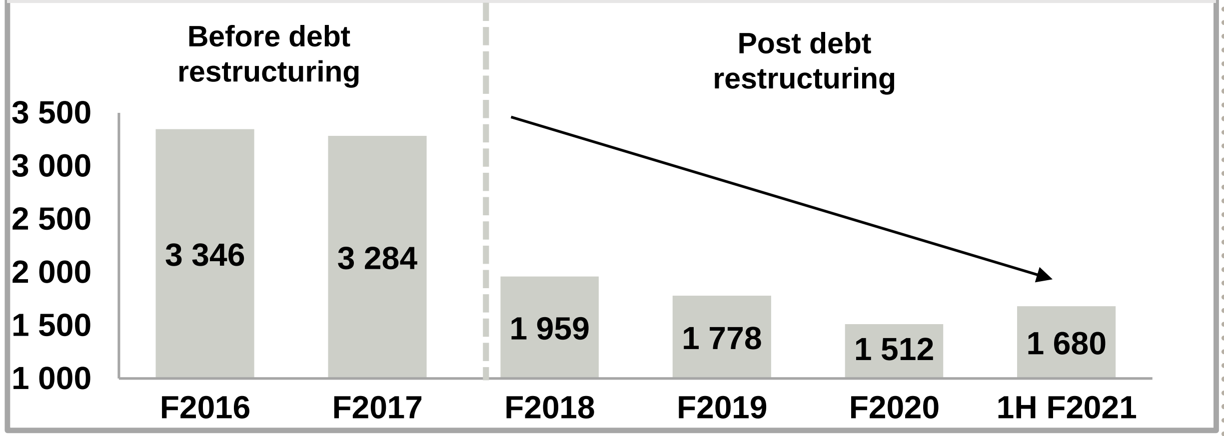
CHANGES IN ON-MINE UNIT PRODUCTION COSTS (%)



CHANGES IN SALES AND PRODUCTION VOLUMES* (%)



ARM ATTRIBUTABLE DEBT TO GLENCORE (R MILLION)*



** Movements in loan balances include repayments and re-measurement gains and losses*

Increase Decrease

GGV and PCB
(100% basis)

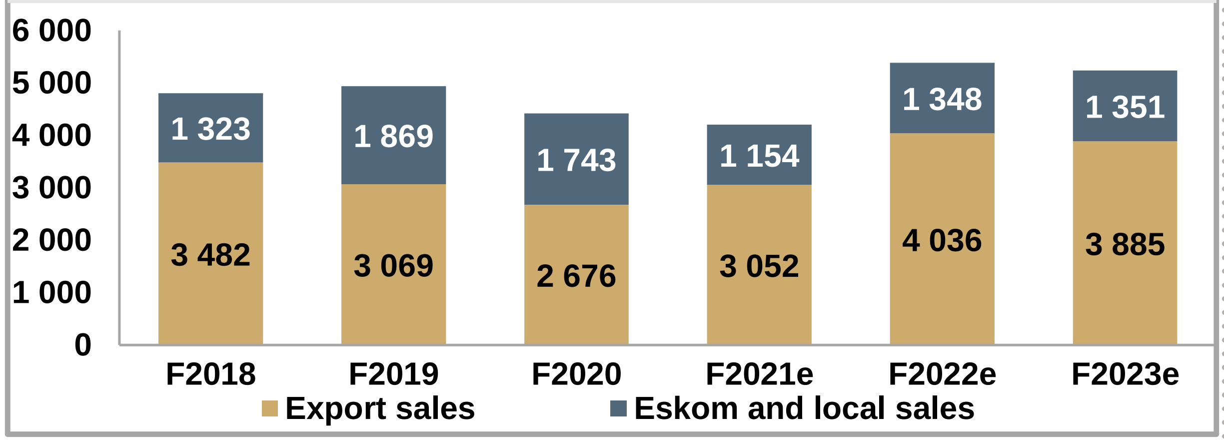
African Rainbow Minerals

SALIENT FEATURES

- **Thermal coal prices remained largely depressed in 1H F2021 after the sharp decline in 2H F2020**
- **Production volumes at both GGV and PCB were impacted by Covid-19 related restrictions and measures**
- **Local sales were 38% lower, impacted by reduced demand from Eskom. Export sales were 11% higher**
- **Transnet's underperformance and Eskom's reduced demand resulted in very high stockpiles at the end of the period for both GGV and PCB**

	Unit	1H F2021	1H F2020	% change
Export sales volumes	Mt	**6.15**	5.56	11
Domestic sales volumes	Mt	**2.66**	4.32	(38)
GGV on-mine production costs	R/t	**503**	458	10
PCB on-mine production costs	R/t	**472**	507	(7)
Capital expenditure (GGV)	Rm	**455**	534	(15)
Capital expenditure (PCB)	Rm	**1 066**	1 193	(11)

ARM COAL SALES VOLUMES (ATTRIBUTABLE) (THOUSAND TONNES)

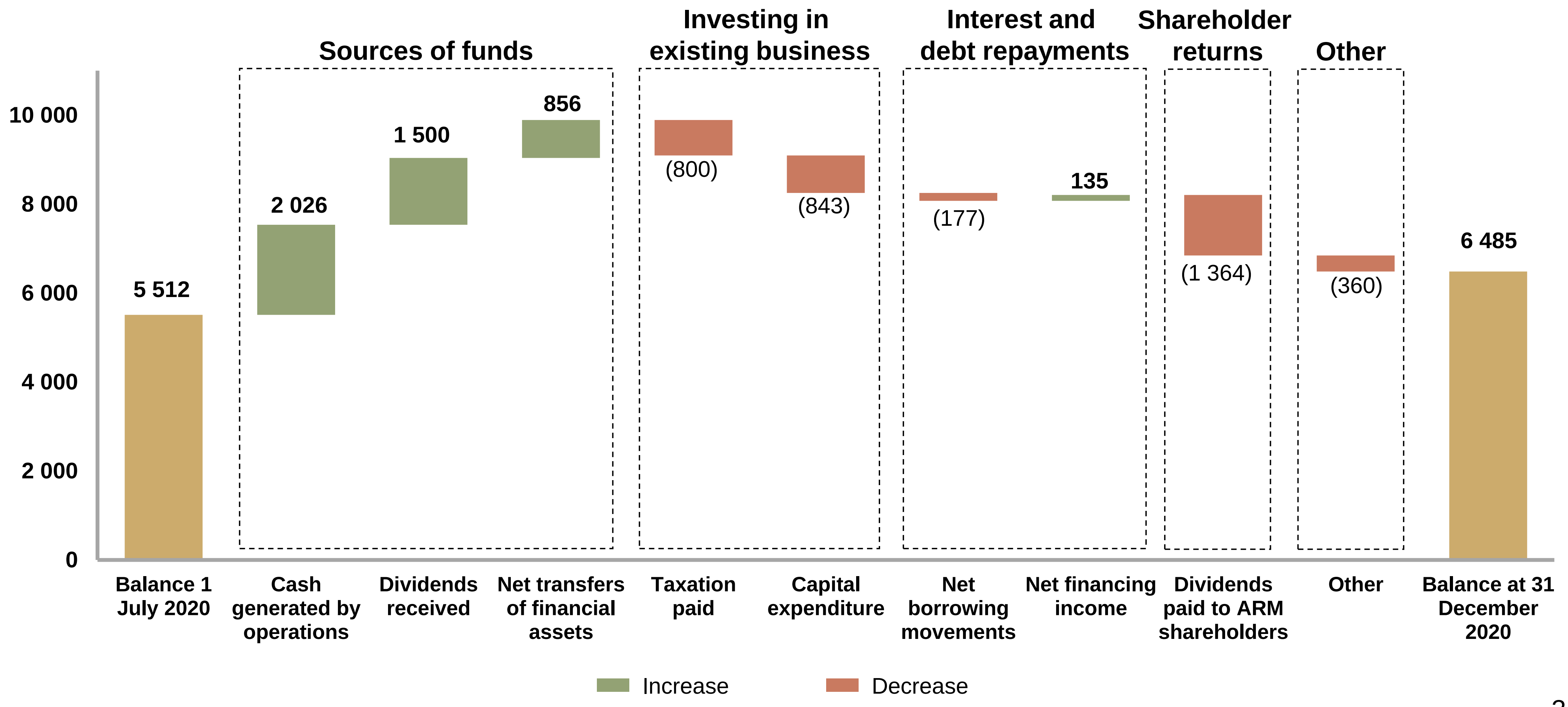


Capital allocation

Finance Director:
Tsundzukani Mhlanga

Open pit operations at Beeshoek Iron Ore Mine

Cash flow analysis*
(R million)



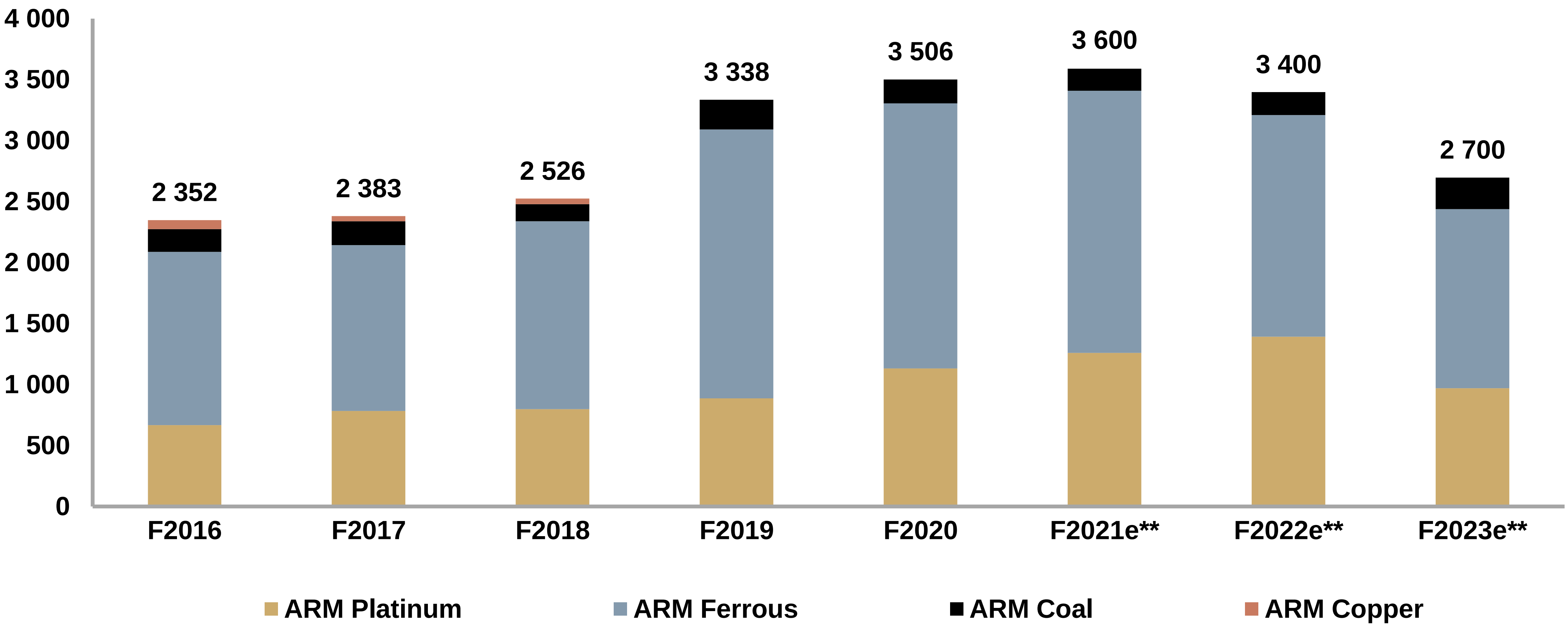
*Excludes cash and cash equivalents at ARM Ferrous.

Net cash and debt
(R million)

	31 December 2020	Restated 30 June 2020
Cash and cash equivalents *	**6 815**	5 715
Total borrowings	**(2 003)**	(1 978)
Long-term borrowings	**(1 551)**	(1 565)
Short-term borrowings	**(452)**	(413)
Net cash*	**4 812**	3 737
Total equity	**38 300**	34 108
Net cash to equity ratio	**12.6%**	11.0%
Add back: Partner loans	**1 078**	1 083
ARM Coal loans from Glencore	**1 070**	1 016
Modikwa loan from Anglo Platinum	**8**	67
Add back: ARM BBEE Trust loans (Harmony)	**302**	316
Add back: Financial assets	**681**	1 539
Adjusted net cash	**6 873**	6 675
Attributable cash and cash equivalents at ARM Ferrous	**3 338**	3 208

** Excludes cash and cash equivalents at ARM Ferrous*

Segmental capital expenditure*
(R million)



** Capital expenditure includes (i) deferred stripping at Nkomati 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 F2021e to F2023e is an estimation based on approved projects and projects under consideration. The Two Rivers Merensky Project is not included in the above segmental capital expenditure.*

ARM Coal receivable

ARM Coal in prior periods recorded an amount payable by Glencore Operations South Africa (GOSA) to ARM Coal of R452 million (ARM's attributable portion: R230 million) as a long-term receivable.

At the date of ARM’s previous report, GOSA had not agreed the outstanding balance of the receivable and ARM Coal was unable at that time to provide sufficient evidence to validate this receivable in its accounting records.

ARM has since completed the investigation and the entries which gave rise to the long-term receivable have been identified and agreed between ARM Coal, GGV Mine and GOSA.

ARM Coal receivable continued

All the items included in the ARM Coal long-term receivable were valid receivables, however R283 million should have been classified as trade and other receivables and R53 million should have been included in the long-term borrowings.

Paragraph 3.18(b) of the JSE Listings Requirements requires that a review by the external auditors of the interim results is required due to the prior period qualification.

As such, an unmodified review opinion has been finalised on the financial statements for the six months ended 31 December 2020, which can be found on the ARM website on www.arm.co.za

Summary of re-measurement gains and losses
(R million)

	1H F2021	1H F2020
ARM Mining Consortium (Modikwa)	**(107)**	(51)
ARM Mining Consortium (Modikwa) - intercompany	**(123)**	(59)
Anglo American Platinum	**(6)**	(3)
Non-controlling interest	**22**	11
ARM Coal	**2**	104
Goedgevonden Mine	**(23)**	1
PCB operations	**25**	103
ARM Corporate and other	**120**	59
ARM Mining Consortium (Modikwa) - intercompany	**123**	59
ARM Coal	**(3)**	-
ARM group	**15**	112

Thank you

African Rainbow Minerals

Control room at Black Rock Manganese Ore Mine