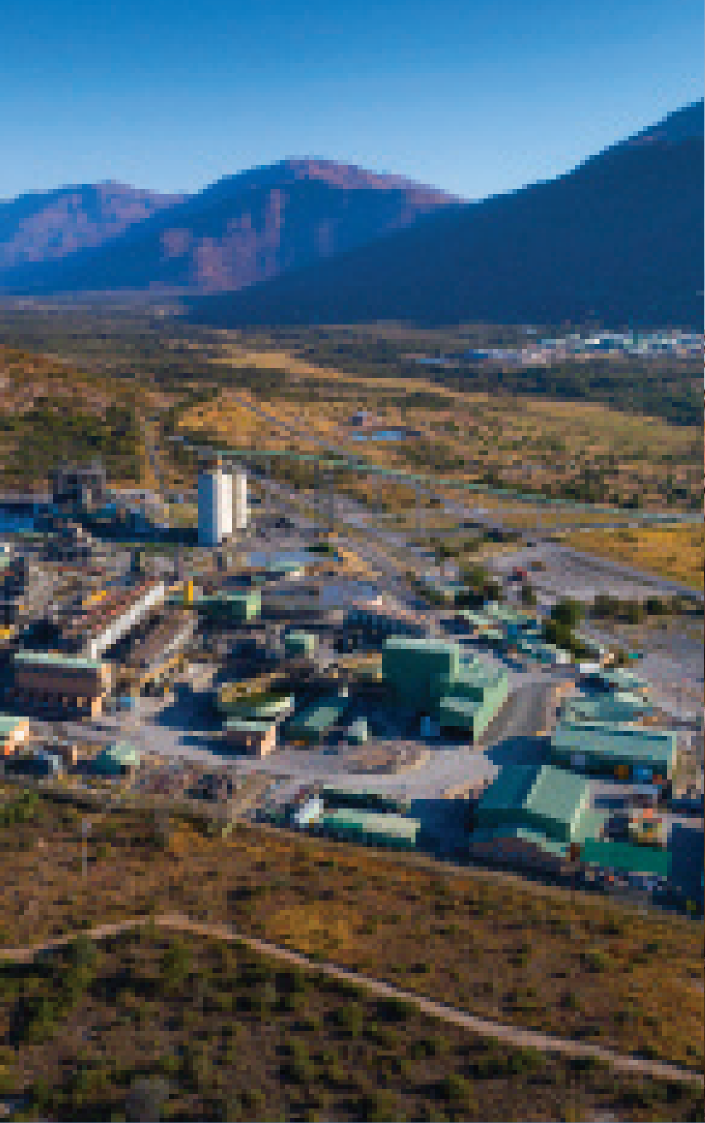


ARM
African Rainbow Minerals

Integrated annual report 2021

Our 2021 suite of reports

IAR **2021 integrated annual report**

A holistic assessment of ARM's ability to create sustainable value, with relevant extracts from the annual financial statements, the environmental, social and governance (ESG) report and Mineral Resources and Mineral Reserves report.

AFS **2021 annual financial statements**

The audited annual financial statements have been prepared according to International Financial Reporting Standards (IFRS).

ESG **2021 ESG report**

A detailed performance on our key environmental, social and governance matters. The ESG report includes the full remuneration report and should be read in conjunction with the GRI Index.

CCW **2021 report on climate change and water**

A detailed performance on our key climate change and water matters, in line with the TCFD and TPI frameworks.

KING **2021 King IV™* application register**

A summary of how ARM implements the principles and practices in King IV to achieve the governance outcomes envisaged.

MRMR **2021 Mineral Resources and Mineral Reserves report**

In line with JSE Listings Requirements, ARM prepares Mineral Resources and Mineral Reserves statements for all its mining operations as per SAMREC guidelines and definitions (2016).

AGM **2021 notice to shareholders**

- Notice of annual general meeting
- Form of proxy
- Commitment to good governance
- Board of directors
- Report of the audit and risk committee
- Report of the social and ethics committee chairman
- Summarised remuneration report
- Summarised directors' report
- Summarised consolidated financial statements

Information available on our website **www.arm.co.za**

Information available elsewhere in our reports

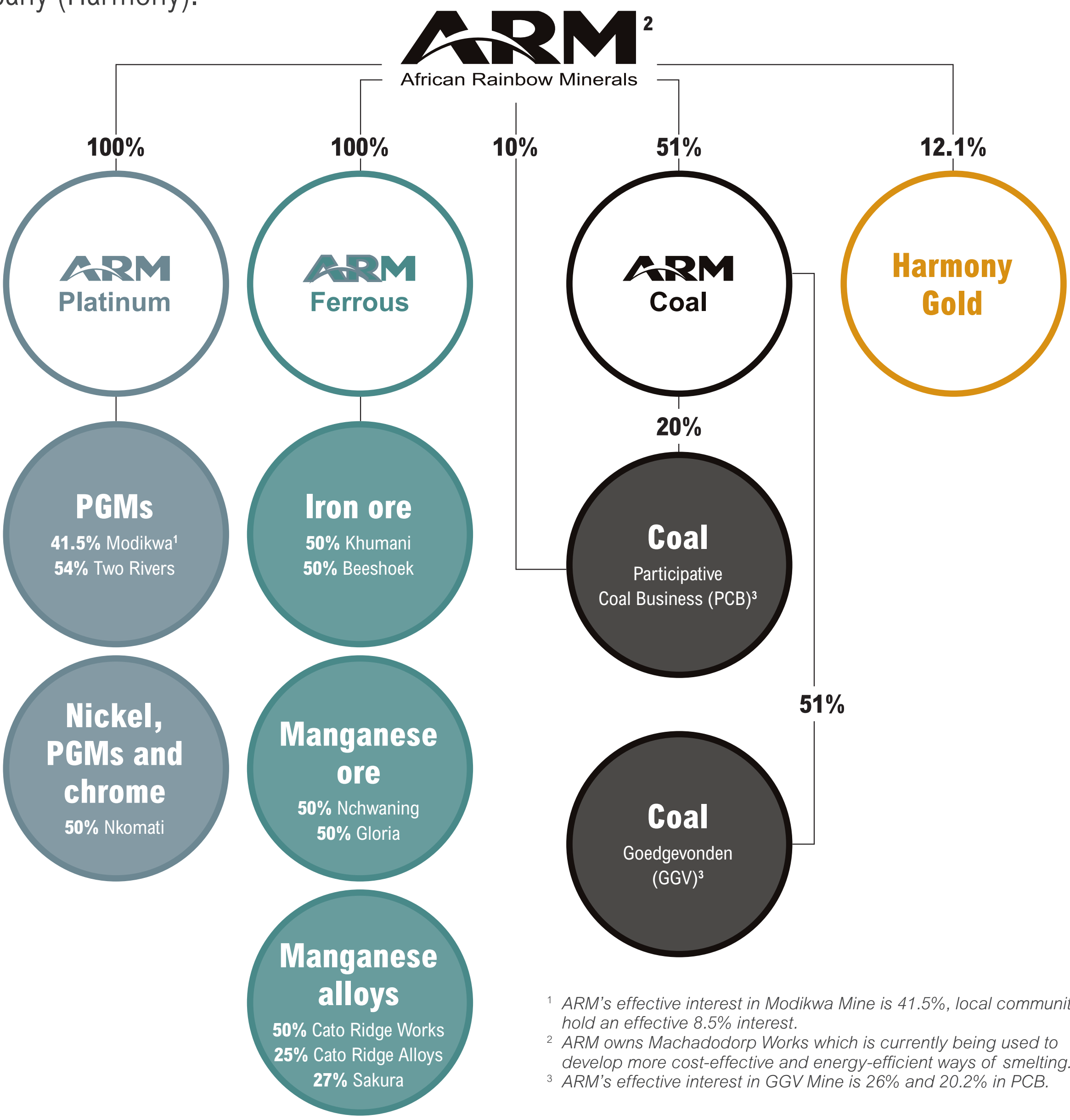
Contents

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

All photographs were taken prior to the onset of Covid-19 and thus may include people without masks.

Our business

African Rainbow Minerals (ARM) is a **leading South African diversified mining and minerals company** with operations in South Africa and Malaysia. ARM mines and beneficiates iron ore, manganese ore, chrome ore, platinum group metals (PGMs), nickel and coal and also has a strategic investment in gold through Harmony Gold Mining Company (Harmony).



1 *ARM's effective interest in Modikwa Mine is 41.5%, local communities hold an effective 8.5% interest.*
2 *ARM owns Machadodorp Works which is currently being used to develop more cost-effective and energy-efficient ways of smelting.*
3 *ARM's effective interest in GGV Mine is 26% and 20.2% in PCB.*

Our values

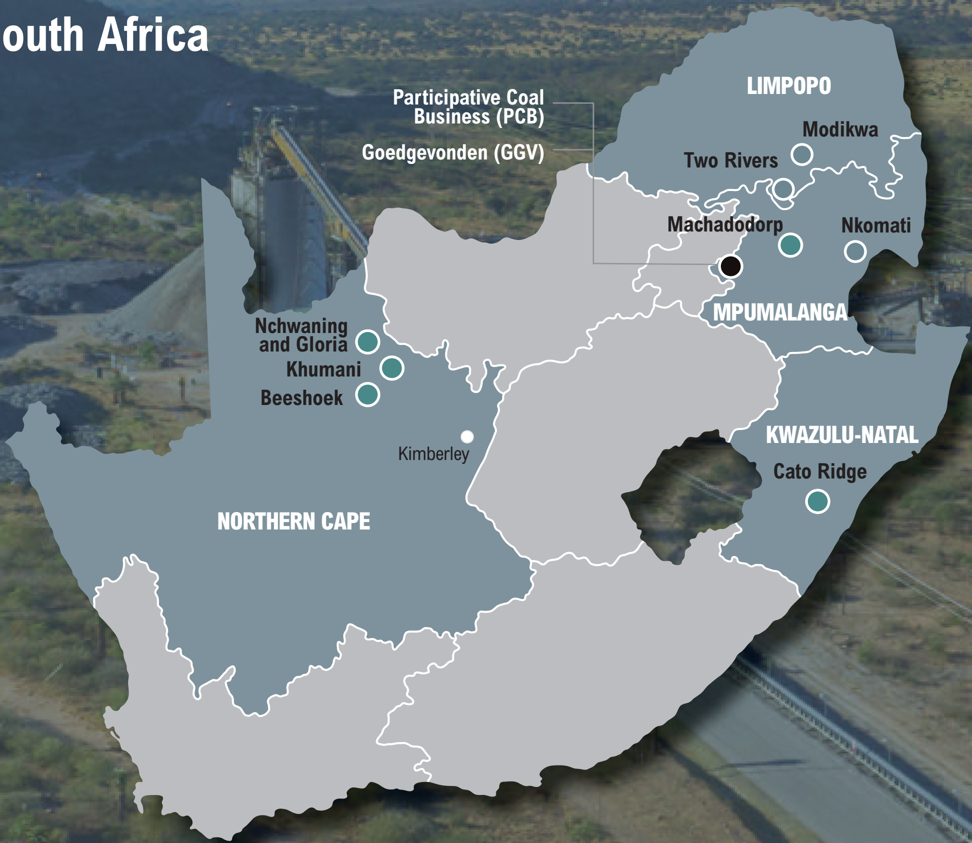
Our management style is supported by our values, which in turn guide the way we conduct our business:

- Aim for **operational excellence**
- Provide a **safe and healthy work environment**
- Maintain a **non-discriminatory workplace**
- Improve the **lives of those living in communities neighbouring our operations**
- Work responsibly to **achieve a balance between the economic, social and environmental** aspects of our business
- Maintain the **highest standards of corporate governance**

Where we operate

ARM operations are located in the Northern Cape, Limpopo, Mpumalanga and KwaZulu-Natal provinces in South Africa. In Malaysia, the Sakura Ferroalloys smelter is located in the Sarawak province.

South Africa



Malaysia

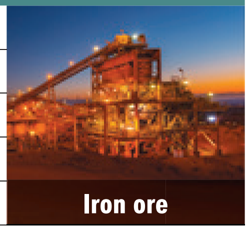
KHUMANI

◆	Open-pit mechanised mine
●	12.7Mt iron ore
LoM	25 years
EMPL	4 265
LTIFR	0.04

See page 74 for the ARM Ferrous operational review.

BEESHOEK

◆	Open-pit mechanised mine
●	3.3Mt iron ore
LoM	14 years
EMPL	1 222
LTIFR	0.07



See page 74 for the ARM Ferrous operational review.

NCHWANING AND GLORIA (collectively BLACK ROCK)

◆	Underground mechanised mine
●	4.0Mt manganese ore
LoM	>30 years
EMPL	5 814
LTIFR	0.33

See page 74 for the ARM Ferrous operational review.

CATO RIDGE

◆	Smelter
●	172 000t ferromanganese
EMPL	890
LTIFR	0.00

See page 74 for the ARM Ferrous operational review.

SAKURA FERROALLOYS

◆	Smelter
●	191 000t ferromanganese
EMPL	Not reported by ARM
LTIFR	Not reported by ARM

See page 74 for the ARM Ferrous operational review.

NKOMATI

◆	Open-pit mechanised mine
●	8 000t Nickel, 67 100 ounces PGM and 116 000t Chrome
LoM	Currently on care and maintenance
EMPL	165
LTIFR	0.14

See page 60 for the ARM Platinum operational review.

MODIKWA

◆	Underground mine
●	252 000 6E PGM ounces
LoM	>30 years*
EMPL	4 431
LTIFR	0.80

See page 60 for the ARM Platinum operational review.

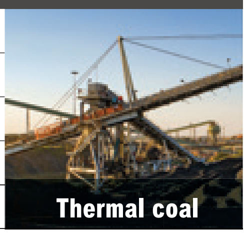
TWO RIVERS

◆	Underground mechanised mine
●	300 000 6E PGM ounces
LoM	>30 years*
EMPL	3 728
LTIFR	0.42

See page 60 for the ARM Platinum operational review.

GOEDGEVONDEN (GGV)

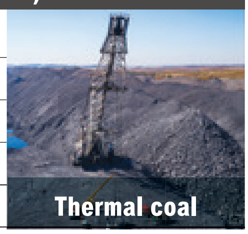
◆	Open-pit mechanised mine
●	5.8Mt saleable thermal coal
LoM	24 years
EMPL	Not reported by ARM
LTIFR	Not reported by ARM



See page 90 for the ARM Coal operational review.

PARTICIPATIVE COAL BUSINESS (PCB)

◆	Open-pit and underground mechanised mine
●	11.6Mt saleable thermal coal
LoM	13 years
EMPL	Not reported by ARM
LTIFR	Not reported by ARM



See page 90 for the ARM Coal operational review.

◆ Mine/operation type ● F2021 production volumes 100% basis **LoM** Approximate life-of-mine (*including resources that have not yet been converted to reserves)
EMPL Number of employees at 30 June 2021 (full-time employees and contractors) **LTIFR** F2021 lost-time injury-frequency rate (LTIFR) per 200 000 man-hours
Mt Million tonnes **t** tonnes **PGM** platinum group metals

Approach to reporting

This integrated annual report is our primary communication with stakeholders.

While it is aimed at shareholders, potential investors and other providers of capital, financial information is balanced with non-financial information to provide a holistic understanding of our business for all stakeholders (including employees, employee union representatives, communities neighbouring our mines, customers, suppliers as well as governments and regulators).

This report is part of a suite of reports (see inside front cover) and focuses on the most material matters affecting the sustainability of our business. Collectively, our suite of reports enable stakeholders to properly assess ARM's ability to create long-term sustainable value.

We consider the impact of our activities across the six capitals as per the <IR> Framework. Investing in one capital requires a trade off against another and we aim to maintain a balance across our capitals for a net positive impact.

See page 8 for a description of each capital and its importance to ARM.

Reporting scope and boundary

This report covers the period from 1 July 2020 to 30 June 2021 (F2021), and follows a similar structure to the prior year integrated annual report. It provides an overview and discusses the performance of our operations in South Africa and Malaysia. Our environmental and social objectives and performance are reported only for the operations where we have direct or joint management and exclude ARM Coal, Sakura and Harmony.

Material matters

ARM's material matters are those with the greatest potential impact on stakeholders and the sustainability of our business. These are determined by considering the financial and non-financial risks, opportunities and other factors that affect our strategy, performance, prospects, governance and value creation. They are identified at operational level and consolidated up to executive and board level for a group view.

See pages 30 and 31 for a discussion of the ARM material matters.

Key frameworks applied

- International Integrated Reporting <IR> Framework 2021
  www.integratedreporting.org
- Companies Act 71 2008, as amended (Companies Act)
- JSE Listings Requirements
  www.jse.co.za
- King IV Report on Corporate Governance for South Africa 2016
  http://www.iodsa.co.za/page/AboutKingIV
- International Financial Reporting Standards (IFRS)
- The Global Reporting Initiative (GRI) Standards
- CDP (previously Carbon Disclosure Project)
- Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations Sustainable Development Goals (SDGs)
- World Economic Forum Stakeholder Capitalism Common Reporting Metrics
- SAMREC
- SAMVAL

	IAR	ESG	AFS	MRMR
	✓			
	✓	✓	✓	
	✓	✓	✓	✓
	✓	✓		
			✓	
		✓		
		✓		
		✓		
	✓	✓		
		✓		
				✓
				✓

We prioritise our material matters by assessing a range of internal and external influences including:

- Board, board committees, joint-venture committees and executive committee discussions
- Interviews with divisional chief executives, and other senior executives
- The needs, interests and expectations of key stakeholders and matters raised through our whistleblower facility
- ARM's comprehensive enterprise risk management (ERM) process
- Legislation
- Guidelines and frameworks
- Industry initiatives
- Peer reporting
- Media monitoring.

Combined assurance

ARM's combined assurance model defines appropriate assurance levels according to the six lines of assurance. A combined assurance report (included in the 2021 ESG report) identifies potential gaps and duplication in assurance and provides input on strengthening the control environment. The inter-relationship between our ERM processes, internal audit, external audit and related initiatives by specialists/subject-matter experts reinforces our comprehensive management assurance processes and reporting.

Certain material ESG disclosures have been externally assured, with the assurance statement included on pages 16 to 19 of the 2021 ESG report.

For financial disclosure, the opinion of the independent external auditor appears on pages 7 to 10 of the 2021 annual financial statements.

Board approval

The ARM board of directors acknowledges its responsibility to ensure the integrity of this report. The audit and risk committee, which has oversight responsibility for this report, recommended it for approval to the board. The board confirms it has assessed the report and believes the report represents all material matters and presents fairly the company's integrated performance and ability to create value. The board has therefore approved the release of the 2021 integrated annual report.

Dr Patrice Motsepe
Executive chairman

Mike Schmidt
Chief executive officer

We appreciate your feedback

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 these to the investor relations department (contact details are found on page 120).

Value contribution

ARM operations produce commodities that are an integral part of our society and contribute to many aspects of modern life. Our commodities also have important roles in emerging solutions that support a lower-carbon future and contribute to the aspirations set out in the United Nations Sustainable Development Goals (SDGs).

Global contribution

The iron ore, manganese ore and alloys and nickel that we produce is used in steel which is essential in infrastructure development, manufacturing of cars, white goods, wind turbines and many other products and equipment used in industries that drive economic growth and job creation. Steel also plays a critical part in water and energy distribution systems, transport infrastructure, alternative energy systems, information technology and various industrial and medical applications.

Our products contribute to a low-carbon future as follows:

- **Saving energy and reducing emissions**
  - Higher quality iron ore and manganese ore use less energy, optimise production and lower emissions in the steel production process
  - Lumpy iron ore lowers transport emissions
  - PGMs are used in autocatalytic converters which reduce harmful greenhouse gas (GHG) emissions in motor vehicles.
- **Enabling the hydrogen economy**
  - Hydrogen fuel cells use platinum to generate energy from hydrogen and oxygen where water is the only emission
  - Platinum is used to create hydrogen fuel cell electric vehicles, which offer a zero-emissions alternative to the internal combustion engine.
- **Storing energy efficiently**
  - Lithium-ion energy storage is helping renewable energy and electro-mobility to grow. Our nickel and manganese are used in these batteries.

Our portfolio includes coal operations that supply the South African electricity grid which is predominantly driven by coal-fired power stations. While we appreciate the sensitivity around thermal coal and its environmental impact, we believe that responsible stewardship of the country's coal assets is vital for the medium term given the current high dependency on coal to provide energy to industry and the population and a just transition to renewable energy is appropriate.

Mining industry contribution to society

The South African mining industry is a significant employer and contributor to the country's gross domestic product (GDP). Metals and minerals also make up a meaningful proportion (24%*) of exports, bringing significant foreign exchange into the country. The industry also contributes to the fiscus through royalties and taxes paid to government.

Mining operations are often located in the poorest and most remote parts of the country. Mining companies support local communities through employment opportunities, skills development and educational assistance.

Community resilience, sustainability and socio-economic development are also strengthened through infrastructure, education and health-related investments as well as support for other social projects.

The preferential procurement and enterprise development programmes we undertake increase economic activity in areas around our operations by supporting entrepreneurship and economic growth among historically disadvantaged persons (HDPs) and in local communities, creating jobs and improving market access for South African goods and services.

The mining industry has also played a key role in the fight against Covid-19, protecting lives and supporting livelihoods.

The industry proactively facilitated the rollout of Covid-19 vaccinations among employees and communities neighbouring its operations. ARM has established vaccination sites at five of its operations.

** Statistics for 2020 calendar year as per the Minerals Council of South Africa.*

Value created and distributed

The value created by our activities is distributed to a range of stakeholders. In F2021, ARM distributed R30.2 billion in financial value (F2020: R14.5 billion) as illustrated below.

Total value distributed in
F2021: R30.2 billion
(F2020: R14.5 billion)

Distributed to:

Employee salaries
R3.9 billion
(F2020: R3.9 billion)

Shareholder dividends
R3.3 billion
(F2020: R2.7 billion)

Government taxes and royalties
R8.9 billion
(F2020: R3.9 billion)

Non-controlling interest
R2.8 billion
(F2020: R1.1 billion)

Reinvested in the businesses
R11.2 billion
(F2020: R2.9 billion)

Contributions from ARM operations over the last five years (100% basis) included:

R20.2 billion paid as taxes and royalties

R747 million invested in community development

691 bursaries provided

Paid **R18.9 billion** to employees as salaries, wages and benefits

Invested **R1.1 billion** in training initiatives to improve the skills of employees

R58 billion paid in procurement. Preferential procurement at the operations aim to increase procurement of goods and services from HDSA, women and youth-owned companies

Providing employment for **20 928 employees and contractors** (at 30 June 2021)

Improved HDP representation in management **from 53% in F2016 to 68% in F2021**

Provided adult education and training to **555** employees and **1 324** community members at ARM facilities, increasing their confidence and employability

Refer to the ESG report for further discussion on how ARM contributes to the SDGs.

Business model

Impacts of operating environment

- Macro-economic factors
- Regulatory environment
- Commodity pricing, supply and demand
- Environmental stewardship
- Technology and information
- Stakeholders

See pages 12 to 15.

What differentiates ARM

Diversified portfolio of key commodities

Strategic pillars

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

See page 32.

Inputs – our capitals

People (human)

- Experienced leadership
- Skilled workforce
- Training and development
- Employee relations
- Ethical, equitable practices and fair pay

Financial

- Operating cash flow
- Debt funding
- Equity funding

Manufactured

- Mining rights and exploration
- Mineral Reserves
- Plant, property and equipment
- Utilities

Social and relationship

- Social licence to operate
- Human rights and ethics
- Organised labour
- Community relations
- Regulatory relations

Natural

- Natural resources (energy, water, land and biodiversity)
- Mineral Resources and Mineral Reserves

Innovation (intellectual)

- Knowledge, experience and expertise
- IT systems
- Risk management processes
- Research and development

Operating environment

See pages 12 to 15.

Risk

See pages 34 to 37.

Outputs

Sales volumes

619 071 6E PGM ounces
16.4Mt iron ore
4.0Mt manganese ore
363 000t manganese alloys
17.4Mt thermal coal
359 243t chrome concentrate
8 016t nickel
4 409t copper
500t cobalt

Environmental outputs

5 227t waste recycled
995 901t CO_2 scope 1 and scope 2 emissions
20.0 million m^3 water withdrawn

Safety outcomes

LTIFR down **9%** to **0.41**
Two fatalities at Modikwa Mine
Safety turnaround plan implemented

Outcomes – stakeholder value

People (human)

- R3.9 billion in salaries and wages
- R240 million on skills development training
- Safety turnaround plan completed
- 20 928 people employed
- Stable and constructive relationship with employees and representative unions

Financial

- Segmental EBITDA of R24.3 billion
- Dividends of R6 733 billion declared
- Return on capital employed 42%

Manufactured

- Segmental capital expenditure of R4 105 million

Social and relationship

- R170 million in CSI and LED spend
- R8.9 billion taxes and royalties paid
- Good partnerships with host communities

Natural

- 1.83% decrease in scope 1 and 2 emissions relative to F2018 from emission-reduction initiatives
- Water withdrawn down 1% to 20.0 million m^3
- Water reuse efficiency improved to 78%

Innovation (intellectual)

- Progress on research into developing energy-efficient smelting technology

Trade offs

Financial capital is prudently allocated to maintain the appropriate balance between sustainability and stakeholder benefit. Prudent capital allocation ensures our continued growth and supports our ability to add value to all our other capitals.

Health, safety and skills development underpin productivity, so while our key priority is to keep our people safe, healthy and reaching their full potential, ARM benefits from higher productivity.

Our **communities** grant our social licence to operate. We invest significantly to address community needs and contribute to improving the lives of those living in the communities neighbouring our operations.

Innovation and efficiency underpin the profitability/financial viability of modern mining operations and attract investment that, in turn, ensures sustainability.

Financial capital is invested in natural capital which is essential to the sustainability of our business and protection of resources for future generations.

Strategy and resource allocation

See page 32.

Commitment to good governance

See pages 16 to 21.

F2021 in review

The ARM operations have navigated the challenges in F2021 well, responding in an agile and responsible manner. Higher commodity prices underpinned financial performance in F2021.

As the world adjusts to living with the Covid-19 pandemic, the key features of our review period illustrate the effectiveness of navigating short-term impacts while maintaining governance standards and preserving longer-term value.

Headwinds

Ongoing Covid-19 pandemic

Unit cost pressure

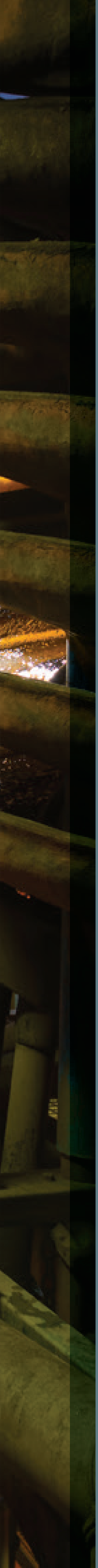
Challenges with infrastructure including rail, ports and water

Tailwinds

Iron ore and PGM prices

Strong project pipeline

Robust financial position



Financial

Headline earnings up **136% to R13.1 billion**

Total dividend of **R30 per share**

Robust net cash of **R8.2 billion**, positioning ARM well to optimise existing assets and capitalise on opportunities

Health and safety

Health **protocols to prevent the spread of Covid-19** in place across our operations and corporate offices

ARM is supporting the national Covid-19 vaccine roll-out and has established **vaccine sites at five of its operations**

Regrettably 34 of our colleagues succumbed to Covid-19

Two fatalities at Modikwa Mine in the first half of F2021

Black Rock Mine **completed 12 consecutive years** fatality-free

Beeshoek Mine **completed 13 consecutive years** fatality-free

Cato Ridge Works completed **a full year** without a lost-time injury

Khumani Mine recorded its lowest **LTIFR of 0.04 per 200 000** man-hours and completed 6.5 consecutive years fatality-free

Two Rivers Mine recorded **1 million fatality-free shifts**

Group LTIFR rate decreased to **0.41 per 200 000 man-hours** (F2020: 0.45)

Operational

Sales and production volumes recovered well from Covid-19 lockdown restrictions

Unit production costs were under pressure, increasing above inflation mainly due to operational challenges, exacerbated by Covid-19-related challenges

Environmental

ARM aims to **achieve zero greenhouse gas mining** by the year 2050

Reduced scope 1 and 2 emissions by **1.83%** relative to F2018 through emission-reduction initiatives

Water withdrawn down 1% to **20.0 million m^3**

Water reuse efficiency **improved** to **78%** from **72%** last year

Global industry standards on tailings management being implemented

Social

R170 million invested in community social responsibility

Stable relationships with communities neighbouring our mines

R240 million invested in skills development and training

Risks

Suboptimal performance from Transnet

Compromised water supply in the Northern Cape

Covid-19-related impact on the operations and projects

Delayed **project execution**

Heightened **social unrest**

Opportunities

Robust financial position which allows ARM to pursue value-enhancing growth

Strong growth in near-term project pipeline

Strengthening relationships by supporting host communities in their response to Covid-19

Operating environment

Macro environment

The Covid-19 pandemic continues to have pronounced economic, health and societal impacts, which are expected to remain for some time.

According to the World Bank, although the global economy is recording a strong but uneven recovery, many emerging-market and developing economies face obstacles with vaccination programmes and the impact of virus mutations.

As a result, the World Bank believes that the global economic outlook remains uncertain, with major risks around the path of the pandemic and the possibility of financial stress amid large debt loads. This presents a difficult balancing act for policy makers between nurturing the recovery while safeguarding fiscal sustainability.

In April 2021, the International Monetary Fund (IMF) projected global growth at 6.0% for the 2021 calendar year, moderating to 4.4% in 2022. The caveat remained: a highly uncertain outlook, due to the path of the pandemic, effectiveness of policy support to provide a bridge to vaccine-powered normalisation and the evolution of financial conditions.

Implications for ARM

Pandemic-related impacts on our group are evident in three of our top ten risks featuring Covid-19:

- Uncontrolled spread of Covid-19 at one or more operations
- Above-inflation cost escalation exacerbated by Covid-19
- Unknown impact of Covid-19 on business.

South African operating environment

The pandemic had a devastating impact in South Africa, with economic activity decreasing by 7.0% for the 2020 calendar year, the biggest annual fall since at least 1946.

The South African economy grew by 1.1% in the first quarter of 2021 (January-March). Despite this being the third consecutive quarter of positive growth, the domestic economy is 2.7% smaller than it was in the first quarter of 2020.

Economic forecasts were revised after rioting in July which caused damage estimated at R50 billion, with subsequent job losses of 1.4 million. The riots were a major setback for the country politically, socially and economically, with the South African Reserve Bank estimating it could cut up to 0.9% off the 4.2% GDP growth forecast for 2021.

Current projections for GDP growth are 3.9% in 2021. Risks to this outlook include delays in vaccinating the population and infrastructure constraints; particularly inland rail, power and water security and supply. These risks pose a potential hindrance to growth.

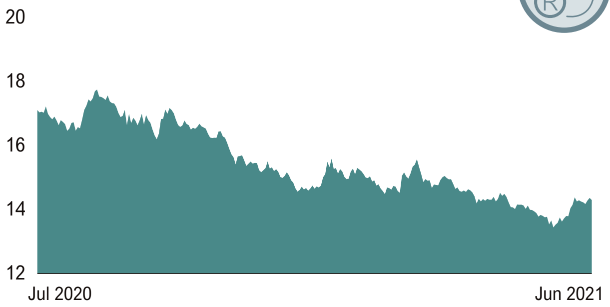
The mining sector demonstrated its resilience in the past year. It was key in providing support through the initial stages of the pandemic and continues to be an essential part of the strategy to rebuild South Africa.

Implications for ARM

- Heightened social unrest
- Increased community expectations
- Operational impacts of infrastructure constraints.

Exchange rate

Exchange rate (R/US$)



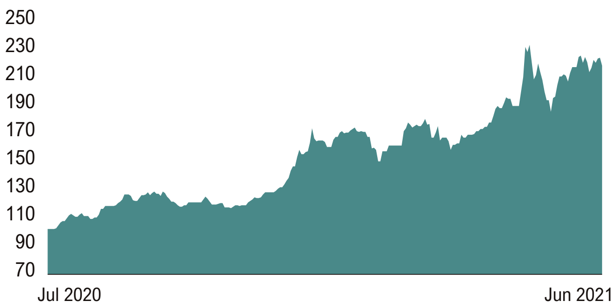
Summary of key commodity markets

Our diverse products are sold into different markets, which spreads the risk of selling a single commodity to a single market, but exposes us to multiple market and commodity dynamics. We monitor these closely to anticipate and respond effectively.

Iron ore (ARM Ferrous)

Iron ore was one of the best-performing commodities in F2021, averaging US$184/tonne for the first half of the 2021 calendar year. Demand was being driven by strong global crude steel production, challenges at major producers, increased freights rates and global logistics bottlenecks.

62% iron ore fines (CIF China) (US$/t)



Outlook

The strong momentum in global crude steel production in China is slowing in the second half of the 2021 calendar year which has placed significant pressure on iron ore fines and lump iron ore prices. Since the beginning of F2022 the 62% Fe fines iron ore index has dropped to lows of US$93/t before rebounding. Iron ore prices are expected to remain under pressure from F2022 onwards. Logistics challenges at Transnet Freight Rail continue to pose a serious risk to South African supply in F2022.

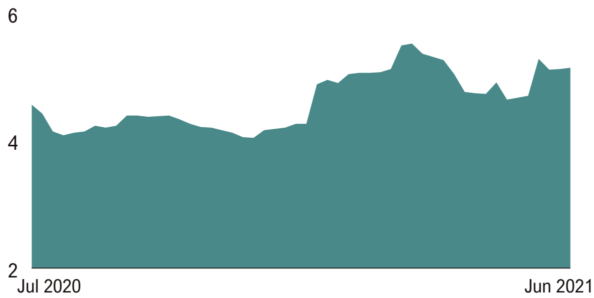
Manganese ore (ARM Ferrous)

The short-lived rally in early 2021 was driven mainly by supply decreases, particularly in South Africa where above-average rainfall reduced mining activity and damaged the rail line to Gqeberha (formerly Port Elizabeth). This was exacerbated by global logistics bottlenecks, a shortage of shipping containers and strengthening in the rand. The rally was curtailed by subsequent supply increases.

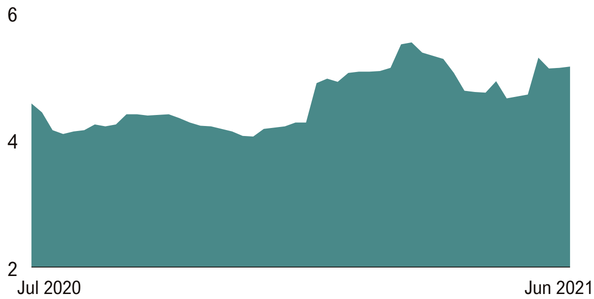
Outlook

Manganese ore prices remain under immense pressure given increased exports to China from South Africa, Australia, Gabon and Brazil, together with elevated inventory levels in China. Adding further downside pressure to manganese ore prices is a pull back in Chinese crude steel production in the second half of the 2021 calendar year.

37% manganese ore (FOB[1] Port Elizabeth) (US$/MTU)



44% manganese ore (CIF[2] Tianjin) (US$/MTU)



[1] *FOB = Free-on-board.*
[2] *CIF = Cost, insurance, and freight.*

Operating environment continued

PGMs (ARM Platinum)

Given the numerous end uses for PGMs, price movements correlate to global manufacturing activity, which in turn shapes the dynamics of supply and demand. Covid-19 has had a profound impact on supply and demand, with the PGM basket price surging to historical highs, spurred by rhodium prices which gained some 180% in F2021. Average US dollar palladium prices were up 28% and platinum up 20% in F2021.

Platinum has outperformed palladium since late last year, reflecting higher investment demand given its greater application in fuel cells in a greener world. Record rhodium prices were partly due to supply disruptions at Anglo American Platinum and Norilsk Nickel, suggesting an extremely tight physical rhodium market as auto manufacturers stockpile in anticipation of a supply crunch.

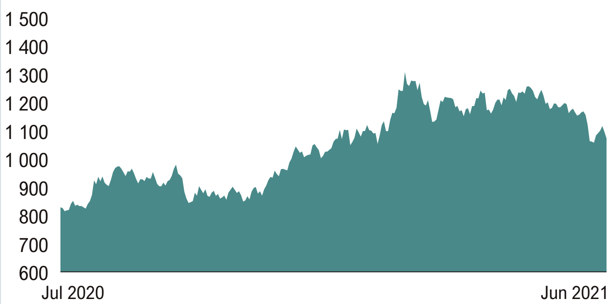
On the demand side, while global auto production and sales recovered strongly from 2020 lows, global auto demand could be constrained for some time. The impact of lower auto production and sales on PGM demand has been somewhat cushioned by a rapid increase in PGM loadings to meet tighter emission standards.

Production disruptions in South Africa (which accounts for over 80% of global rhodium supply) tightened the PGM market, although record margins prompted some producers to raise output from brownfield projects.

Outlook

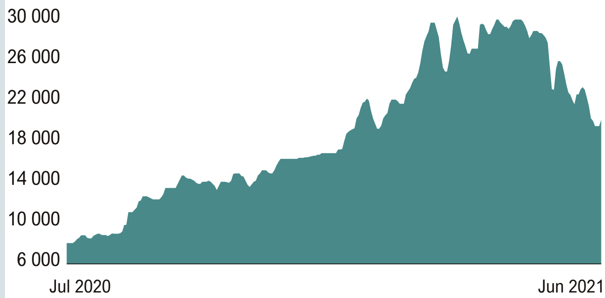
With limited increases in platinum production expected, a recovery in auto-catalyst demand boosted by substitution and an increase in hydrogen-related demand, the platinum market is expected to reach even wider deficits in the medium to long term. Platinum prices are therefore expected to be very well supported in the medium to long term.

Platinum spot price (US$/oz)



Palladium spot price (US$/oz)

Rhodium spot price (US$/oz)



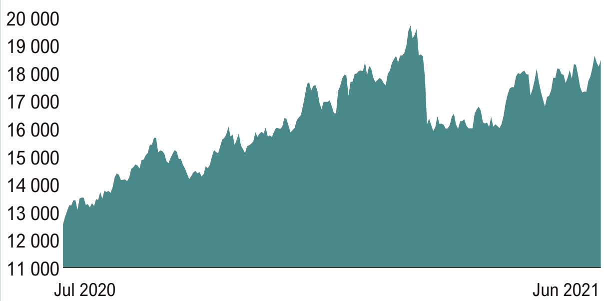
Nickel (ARM Platinum)

A strong rebound in stainless steel output (particularly in China) has kept nickel demand high, aided by medium-term concerns of looming nickel shortage from the electric vehicle sector.

Outlook

There is limited new nickel supply coming on stream before 2022. Globally, the strong stainless recovery is expected to keep the market in balance in 2021, supporting higher nickel prices.

Nickel spot price (US$/t)

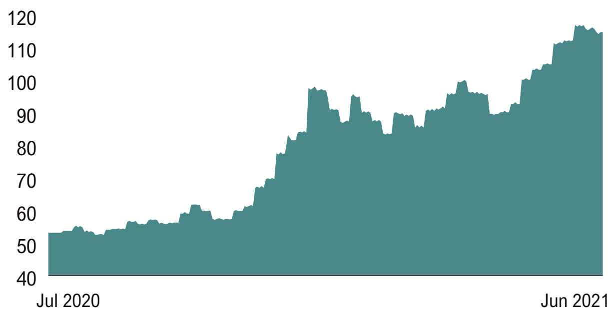


Fe Mn Ni Pt Rh Pd

Thermal coal (ARM Coal)

Thermal coal prices continued to rally into 2021. Demand outside of China remained robust and logistical challenges in Australia and South Africa caused supply disruptions. In addition, higher freight rates and lower availability of seaborne supply have contributed to currently elevated prices.

API 4 thermal coal prices for Richards Bay (US$/t)



Outlook

An economic recovery in countries where coal has a material share in the power mix, such as the United States, Europe, India and the south-east Asia regions is expected to lift coal-fired power generation from 2020 lows. Post 2021, the growth rate is expected to decline much faster. In China, over 50% of the power-generation growth is expected to be met through renewables, with only 12% to be met through coal.

Over the medium term, declining demand across major coal-consuming countries is expected to reflect in a gradual price decline.

Commitment to good governance

The sustainability and success of our business depends on maintaining the highest standards of corporate governance. This commitment begins at board level – given its deep understanding of our purpose and values and appropriate committee structures, each director makes a valuable contribution to the responsible governance of the company.

Focus and adding value

Since our previous report, the board focused on:

- Effectively implementing the company's strategy
- Approving ARM's long-term greenhouse gas target
- Approving ARM's tailings storage facilities management policy and monitoring the company's tailings storage facilities
- Updating the information technology strategy and ensuring improved risk management in technology
- Optimising our portfolio of assets, including approval of the Two Rivers Platinum Merensky project
- Overseeing the company's Covid-19 response
- Reviewing proposals to grow the company and improve efficiencies
- Introducing amendments to the remuneration policy, to set new climate change targets for long-term incentive schemes
- Monitoring the company's stakeholder relationships.

ESG

Refer to governance section of the ESG report for detailed disclosure on structures, responsibilities and performance in F2021.

Good governance thrives in an environment where roles and responsibilities are clearly defined, forums are conducive to robust debate and performance is regularly reviewed.

Through our code of conduct, we are committed to high ethical and legal standards in dealing with all our stakeholders. All directors and employees are required to maintain these standards so that ARM's business is conducted honestly, fairly, legally, reasonably and in good faith.

Drawing on the wealth of knowledge and experience of our board members (see detailed experience matrix on pages 116 and 117 in the ESG report), the board provides strategic direction and leadership, monitors the implementation of business and strategic plans and approves the capital funding for these plans.

ESG

We have fulfilled our responsibilities in accordance with the board's charter and the company's memorandum of incorporation for the reporting period, have adhered to the highest standards of corporate governance and have an effective framework with supporting processes to comply with all relevant laws and regulations.

Group company secretary and governance officer

All directors have access to the services and advice of the group company secretary and governance officer, Ms AN D'Oyley (BCom, LLB, LLM). She is not a director of ARM and maintains an arm's-length relationship with the board.

The company secretary supports the board as a whole, and directors individually, by providing guidance on how to fulfil their related responsibilities in the best interests of ARM. To achieve these objectives, independent advisory services are retained by the company secretary at the request of the board or its committees. She maintains her knowledge of developments in corporate governance best practice and regulation.

The board appointed the group company secretary and governance officer in line with the requirements of the Companies Act. In August 2021, on recommendation of the nomination committee, the board considered details of her competence, qualifications and experience as well as results of the F2021 board assessment. The board remains satisfied with the competency and experience of the group company secretary and governance officer.

Our code of conduct (the code) and ethics policies provide guidance on ARM's ethical standards and culture, and cover key issues, summarised below:

Ethical conduct

Promoting an ethical culture is key to combating instances of bribery and corruption in the workplace. ARM has a zero-tolerance approach to unethical and improper conduct, including bribery, corruption and money laundering. The chief executive officer introduces the code of conduct training programme and emphasises top management's commitment to ARM's stance against bribery and corruption. Our codes and policies explicitly prohibit bribery and corruption, including policies and procedures for giving/receiving gifts, sponsorship, entertainment, hospitality and favours. The audit and risk committee oversees ARM's anti-fraud, bribery and corruption prevention strategy.

The ARM competition law compliance policy was revised and updated for recent amendments to the Competition Act and the competition compliance training programme and competition law compliance handbook were updated in line with the amended policy. The new training programme was rolled out in F2021. New ARM employees receive training in competition law compliance as part of their induction process.

Health and safety

The code reiterates our commitment to health, safety and environmental responsibility, and what this requires from employees and contractors.

Legal and compliance

The company has a legal compliance policy and framework. 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.

Dignity and respect

Employees are required to treat their colleagues in a way that upholds individual self-worth and that respects cultural, political, religious and other beliefs.

Conflicts of interest

The code prohibits conflicts of interest, real or perceived. Where these arise, they must be disclosed and dealt with under applicable laws.

Stakeholder engagement

The code encourages complete, accurate and timely communication with stakeholders. The chief executive officer, finance director, executive director: investor relations and new business and the group company secretary and governance officer oversee compliance with disclosure requirements, including those in the JSE Listings Requirements. The social and ethics committee monitors all engagements with stakeholders against stated objectives and the ARM code of conduct.

Whistleblower facility

Our whistleblower policy provides for an independent facility to enable employees and other stakeholders to report, confidentially and anonymously, any alleged unethical behaviour. Information about the facility is included in the code.

Board of directors

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

Dr Patrice Motsepe (59)

Executive chairman

BA Law and Doctor of Laws Honoris Causa (University of Eswatini), LLB and Doctorate of Commerce Honoris Causa (University of Witwatersrand), Doctorate of Commerce Honoris Causa (Stellenbosch University), Doctor of Management and Commerce Honoris Causa (University of Fort Hare)

In 2003, Dr Motsepe led ARMgold into a merger with Avmin and Harmony Gold. Avmin then changed its name to African Rainbow Minerals (ARM) and he became the founder and executive chairman of ARM.

❖ *African Rainbow Capital, African Rainbow Energy and Power, Harmony Gold Mining Company Limited, Sanlam Limited, UBI General Partner (Pty) Ltd, Ubuntu-Botho Investments.*

Mike Schmidt (63)

Chief executive officer

Mine manager's certificate, MDP (INSEAD), PrCertEng

Appointed to the board in 2011.

Tsundzukani Mhlanga (39)

Finance director

BCom (acc sciences) (University of Pretoria), BCom (acc) (hons) and CTA (University of KZN), CA(SA), MBA (UCT)

Appointed to the board in 2020.

❖ *UBI General Partner Proprietary Limited, African Rainbow Capital Proprietary Limited.*

Jongisa Magagula (39)

Executive director: Investor relations and new business development

BBusSci (finance) (hons) (UCT)

Appointed to the board in 2019.

❖ *Ubuntu-Botho Investments (Eastern Cape) (Pty) Ltd.*

Thando Mkatshana (52)

Executive director and chief executive: ARM Platinum

National higher diploma (coal mining) (Wits Technikon), BSc Eng (mining) (Wits), MDP and MBA (Stellenbosch)

Appointed to the board in 2015.

Alex Maditsi (59)

Lead independent non-executive director

BProc (University of the North), LLB (Wits), HDip company law (Wits), LLM company and labour law (Pennsylvania, USA), LLM international commercial law (Harvard, USA)

Chairman of nomination and non-executive directors' committees, member of audit and risk, investment, remuneration and social and ethics committees.

Appointed to the board in 2004.

❖ *African Rainbow Energy and Power Proprietary Limited, Bidvest Group Limited, Murray & Roberts Holdings Limited and Sterling Debt Recoveries Proprietary Limited.*

Frank Abbott (66)

Independent non-executive director

BCom (University of Pretoria), CA(SA), MBL (Unisa)

Member of investment and non-executive directors' committees.

Appointed to the board in 2004.

❖ *Tshiamiso Trust.*

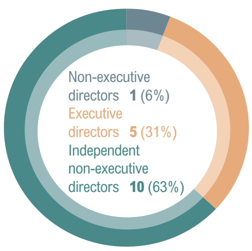
Legend

- Executive directors
- Independent non-executive directors
- Non-executive directors

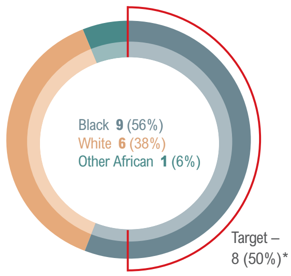
❖ **Other key boards**

Wits refers to University of Witwatersrand.
Unisa refers to University of South Africa.
UCT refers to University of Cape Town.

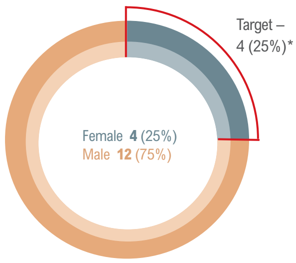
Mix



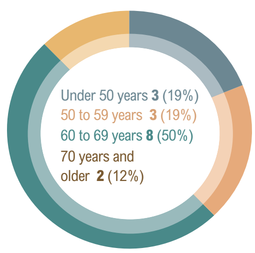
Diversity



Gender



Age**



* *Target in terms of the board-approved policy.*
** *At the date of the 2021 annual general meeting.*

Tom Boardman (71)

Independent non-executive director

BCom (Wits), CA(SA)

Chairman of audit and risk committee, member of investment, non-executive directors' and remuneration committees.

Appointed to the board in 2011.

- *African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power Proprietary Limited, Ansor Limited, Royal Bafokeng Holdings Limited, TymeBank Proprietary Limited, Ubuntu-Botho Investments.*

Anton Botha (68)

Independent non-executive director

BCom (marketing) (University of Pretoria), BProc (Unisa), BCom (hons) (University of Johannesburg), SEP (Stanford)

Chairman of remuneration committee, member of audit and risk, investment and non-executive directors' committees

Appointed to the board in 2009.

- *Imalivest, Sanlam Limited.*

Joaquim Chissano (81)*

Independent non-executive director

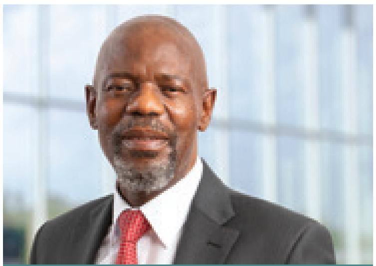
PhD (honoris causa) (Stellenbosch), LLD (honoris causa) (St John's University, USA)

Member of nomination, non-executive directors' and social and ethics committees.

Appointed to the board in 2005.

- *Harmony Gold Mining Company Limited.*

* Non-South African.



Mangisi Gule (69)

Independent non-executive director

BA (hons) (Wits), PDM (Wits Business School)

Member of non-executive directors' committee.

Appointed to the board in 2004.

Pitsi Mnisi (38)

Independent non-executive director

BCom (acc) (University of KZN), BCom (acc) (hons) (University of KZN), BCom (tax)(hons) (UCT), CA(SA), advanced cert (emerging markets and country risk analysis) (Fordham University), MBA (Heriot-Watt University, UK)

Member of non-executive directors' and audit and risk committees.

Appointed to the board in 2020.

- *Super Group Limited, Methodist Homes for the Aged NPO.*

David Noko (64)

Independent non-executive director

HDip (mech eng) (Wits Technikon), MDP (Wits), PGDip (company directorships) (Graduate Institute of Management & Technology), MBA (Heriot-Watt University, UK), SEP (London Business School)

Chairman of investment committee; member of non-executive directors' and social and ethics committees.

Appointed to the board in 2017.

- *University of the Free State (council), Tongaat-Hulett Limited, Aveng (Moolmans).*

Mike Arnold (64)

Non-executive director

BSc (eng) (mining geology) (Wits), BCompt (hons) (Unisa), CA(SA)

Member of investment and non-executive directors' committees.

Appointed to the board in 2009.

- *Ubuntu-Botho Investments Proprietary Limited, African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power Proprietary Limited.*

Dr Rejoice Simelane (69)

Independent non-executive director

BA (econ and acc) (University of Botswana, Lesotho and Swaziland), MA (econ) (University of New Brunswick, Canada), (University of Connecticut, USA), PhD (econ) (University of Connecticut), LLB (Unisa)

Chairman of social and ethics committee; member of audit and risk, nomination and non-executive directors' committees.

Appointed to the board in 2004.

- *African Rainbow Capital Proprietary Limited, African Rainbow Energy and Power Proprietary Limited, Sanlam Limited, Ubuntu-Botho Investments.*

Jan Steenkamp (67)

Independent non-executive director

National mining diploma (Wits Technical College), executive development programme (Wits Business School)

Member of investment, non-executive directors' and social and ethics committees.

Appointed to the board in 2017.

- *African Rainbow Energy and Power Proprietary Limited.*

Committees

The board has established committees to assist with fulfilling its responsibilities in line with the provisions of its terms of reference. The board acknowledges that delegating authority to these committees does not detract from its responsibility to discharge its fiduciary duties to the company. Each committee is chaired by an independent non-executive director.

See the section on committees in the ESG report on page 23.
The ESG report is available on ARM's website.

Number of scheduled meetings.

Nomination committee

AK Maditsi (chairman) **JA Chissano**
Dr RV Simelane

The committee is responsible for establishing formal and transparent procedures for appointing directors, recommending to the board suitable candidates for appointment as members and chairs of its committees, ensuring compliance with provisions of the memorandum of incorporation on rotation of directors, and making recommendations to the board on the eligibility of retiring directors for re-election. It is also responsible for evaluating the board and its committees, developing a formal induction programme for new directors; and overseeing access by directors to external continuing professional development programmes.

Focus and adding value

In F2021, the committee made recommendations to the board to:
- Amended the diversion and inclusion policy to provide for broader diversity
- Promote diversity in board membership
- To augment the knowledge, skills and experience on committees.

Investment committee

DC Noko (chairman) **AD Botha** **M Arnold**
TA Boardman **AK Maditsi**
F Abbott **JC Steenkamp**

The committee's purpose is to monitor implementation of the capital allocation model and consider substantial investments proposed by management, including mining projects, asset acquisitions and disposals, and to make appropriate recommendations to the board. It also reviews results after the completion of each project.

Focus and adding value

In adding value to ARM's governance in the review period, the committee focused on:
- Making recommendations to the board to optimise our portfolio of assets
- Monitoring proposals to grow and optimise the efficiencies of the ARM Ferrous and other divisions
- Continuing to assess value-enhancing internal and acquisitive growth opportunities.

Audit and risk committee

TA Boardman (chairman) **PJ Mnisi**
AD Botha **Dr RV Simelane**
AK Maditsi

The audit and risk committee is constituted as a statutory entity of the board in terms of section 94 of the Companies Act and comprises five independent non-executive directors, with extensive relevant experience. Its primary objective is to assist the board in discharging its duties to safeguard ARM's assets; operate adequate systems, internal controls and control processes; and prepare accurate financial reports and statements that comply 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 the company. It also oversees financial and other risks in conjunction with the social and ethics committee.

The detailed report of the audit and risk committee is available from page 4 of the annual financial statements.
See the audit and risk committee report in the ESG report.

Focus and adding value

In adding value to the company and its governance in the review period, the committee executed its duties and responsibilities. This included considering:
- External auditor accreditation and reappointment
- Approving and monitoring the external auditor's plan and scope of work, and key audit matters
- Reviewing financial statements and the appropriateness of all published results
- Legal and regulatory requirements that may have an impact on the financial statements
- Approving and monitoring the internal auditors plan and scope of work
- Management's action on internal audit findings
- Compliance with the Companies Act, King IV, JSE Listings Requirements and other applicable regulatory requirements and governance frameworks
- Risk management, regulatory requirements and reputational matters
- Technology and information governance including the information and technology strategy
- The effectiveness of ARM's internal controls
- The mandatory auditor rotation process
- The restructuring of the ARM Broad-Based Economic Empowerment Trust loan agreements with ARM and Harmony
- The ongoing impact of the Covid-19 pandemic on the financial statements, funding arrangements and business
- The finalisation of the investigation of the ARM Coal receivable, which had not yet been validated at the time of finalising the F2020 annual financial statements
- The internal process for the chief executive officer and finance director to sign the responsibility statements for the F2021 annual financial statements.

Number of scheduled meetings.

Social and ethics committee

4

Dr RV Simelane (chairman)
JA Chissano
AK Maditsi
DC Noko
JC Steenkamp

The purpose of the committee, which is constituted under regulation 43(5)(c) of the Companies Regulations promulgated under 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 natural environment in which it operates to ensure its business practices are sustainable.

ESG CCW

See the report of the social and ethics committee chairman on page 4 of the ESG report and the statement of the committee chairman in the 2020 climate change and water report on ARM's website.

Focus and adding value

In the review period, the committee:

- Continued to monitor the company's Covid-19 response plan
- Monitored the company's management of tailings storage facilities including training and considering reports
- Continued oversight of efforts to reduce carbon emissions and further improve our corporate water and climate-change reporting process
- Monitored the improvement of safety and roll-out of a critical control management system to enhance risk controls
- Reviewed and recommended ARM's greenhouse gas target for zero emissions from mining by 2050.
- Continued oversight initiatives to develop human capital and drive transformation and gender mainstreaming
- Monitored the continued implementation of enterprise development programmes, including supplier development and procurement initiatives
- Considered the report on climate change and water as well as reports on compliance with the National Environmental Management Act, National Water Act and other safety, health and environmental legislation
- Monitored allegations received via ARM's whistleblower facility, including complaints or concerns on sustainable development matters
- Considered management reports on compliance with legal requirements in terms of the company's legal compliance policy
- Received reports on the Competition Act, ongoing online compliance training programme and annual compliance certification
- Received reports on the company's performance against the BBBEE codes of good practice
- Monitored risk areas affecting the sustainability of the business, together with the audit and risk committee, and received a report on the findings of the annual corporate risk workshop
- Monitored compliance with the mining charter and Department of Trade, Industry and Competition 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 Minerals Council South Africa.

Non-executive directors' committee

4

AK Maditsi (chairman)
M Arnold
F Abbott
TA Boardman
AD Botha
JA Chissano
WM Gule
PJ Mnisi
DC Noko
Dr RV Simelane
JC Steenkamp

The committee provides a forum for non-executive directors to meet without management to consider issues of importance to ARM, including promoting increased investor confidence, stimulating business growth, encouraging effective business leadership, fostering sustainable long-term growth in both the social and economic arenas, as well as cultivating and promoting an ethical corporate culture.

Focus and adding value

In adding value in F2021, the committee considered management's response to the Covid-19 pandemic. It provided feedback to the board and management to enhance the effectiveness of the strategic process.

ESG

Please see the ESG report for the director's experience matrix.

Remuneration committee

3

AD Botha (chairman)
TA Boardman
AK Maditsi

The committee assists the board with its responsibility for setting ARM's remuneration policies to ensure these are aligned with its business strategy and create value for ARM over the long term. The committee also assists the board in promoting a culture that supports enterprise and innovation with appropriate short-term and long-term performance-related rewards that are fair and achievable.

Focus and adding value

In F2021, the committee focused on:

- Recommending corporate bonus parameters to the board
- Introduction of an adjustment to the safety modifier to bonuses payable, taking into account fatalities
- Monitoring planning for the F2022 settlement of awards in terms of the 2018 conditional share plan
- Monitoring the ongoing impact of the Covid-19 pandemic on executive remuneration
- Introduction of a cap on the maximum bonus payable, to mitigate the risk for F2021 from the pandemic.

ESG AGM

The section on managing performance from page 106. The remuneration report is in the ESG report and the summarised remuneration report is included in the notice to shareholders on ARM's website.

Executive Chairman's Report

Dr Patrice Motsepe
Executive chairman

Dear shareholder and stakeholder

At the time of my last report, the world was coming to terms with the impact of the Covid-19 pandemic.

In the past 18 months, approximately 4.8 million lives have been lost globally and many lessons have been learnt. One of the most important lessons has been the crucial role that the private sector plays in collaborating with government to manage the impact of Covid-19 and improve outcomes for all stakeholders.

We are pleased to report a 136% increase in headline earnings as our diversified portfolio stood us in good stead with higher iron ore and PGM prices more than offsetting the impact of a stronger rand versus the US dollar exchange rate.

While implementing the stringent Covid-19 standards and protocols, we continued to focus on activities that are under our control and to safeguard the health and wellbeing of our employees and secure the sustainability of our businesses.

In line with our strategy of delivering competitive returns and benefiting all stakeholders, we focused on:

- Managing costs and improving efficiencies through appropriate mechanisation and technology
- Optimising our portfolio of assets
- Investing in our employees
- Partnering with key stakeholders
- Contributing to improving the living conditions and standards of living of the people in the communities neighbouring our mining operations.

Capital allocation remained a priority across our businesses as we invested in our existing businesses and in value-creating growth opportunities.

We are pleased to have declared a total dividend of R30.00 per share for F2021 which was 150% higher than the prior-year dividend of R12.00. Our capital allocation guiding principles are discussed in the financial review on pages 44 to 60 of this integrated annual report.

Maintaining a safe and healthy work environment

We remain committed and focused on ensuring a safe and healthy work environment. We also proactively reduced the spread of Covid-19 through strict measures that include health screening and testing. Sadly, we lost 34 colleagues to Covid-19 in F2021.

All our operations are supporting the national vaccination rollout programme with campaigns promoting vaccination being rolled out at our corporate offices and all our operations. Five mining operations were selected as vaccination sites under the government-led vaccine rollout programme. At these sites, we are vaccinating employees, contractors and members of the communities living near our mining operations. At the time of preparing this report, approximately 37% of our employees had been vaccinated.

Our safety performance improved during the year under review. Regrettably, two of our colleagues were fatally injured in separate accidents at Modikwa Mine in the first half of the financial year. We extend our sincere condolences to the families, colleagues and friends of the employees who lost their lives.

Managing costs and improving efficiencies through appropriate mechanisation

Unit production costs remained under pressure, with above-inflation increases across all operations except Two Rivers Mine and Sakura Ferroalloys.

The modernisation and expansion of Black Rock Mine was delayed due to Covid-19 restrictions. Unit production costs, however, are expected to improve as we complete and ramp-up the Black Rock and Gloria projects to achieve higher efficiencies.

We continue to proactively manage costs across our portfolio of assets, which includes investing in volume growth at the Two Rivers and Modikwa mines.

Optimising our portfolio of assets

In F2021, we invested R4 105 million in capital expenditure on a segmental basis of which R695 million was expansionary capital. Included in our growth projects is adding 40 000 tonnes per month of milling capacity at Two Rivers Mine, which will enable the mine to ramp up to 360 000 6E PGM ounces per annum by F2023. At Modikwa Mine, we are investing development capital to enable the mine to ramp up production to around 380 000 6E PGM ounces per annum in the next three to four years.

A highlight of the year was shareholder approval of the Merensky project at Two Rivers Mine, which involves mining the Merensky Reef. Total capital expenditure of R5.7 billion (100% basis) will be spent over three years to achieve annual production volumes of 182 000 6E PGM ounces, 1 600 tonnes nickel and 1 300 tonnes of copper.

Merensky underground mining is planned to begin in the fourth quarter of F2022, while the plant is set for commissioning in the second quarter of F2024.

Investing in our employees

The ARM workforce comprised approximately 21 000 employees and contractors in F2021. In line with our commitment to an appropriately skilled and diverse workforce, we invested R239 million (F2020: R225 million) in skills training across our operations in F2021, or 6.9% of payroll.

We are committed to ensuring that our workforce and management represent South Africa's demographics as an inclusive and multiracial workforce enriches both our company and our country. At year end, 68% of management at all levels was represented by historically disadvantaged South Africans.

Nkomati Mine was placed on care and maintenance in March 2021. Engagements with all affected stakeholders were managed responsibly and in compliance with regulations. We updated the mine's rehabilitation and decommissioning provisions to ensure responsible environmental management and compliance with applicable regulations.

Partnering with key stakeholders

To mitigate the economic and social impact of the pandemic, our operations have provided extensive support to hospitals, municipalities and communities neighbouring our operations.

In addition, we continued to invest in initiatives focused on ensuring the sustainability of our host communities.

In the year under review, our operations invested R170 million in community projects near our mines with an emphasis on supporting women, youth, historically disadvantaged people and those living with disabilities.

These initiatives included projects in:

- Water provision and sanitation
- Health
- Building and upgrading roads
- Key community infrastructure
- Education.

Our operations provided adult education and training to 150 community members. We contributed to increasing the pool of trade-specific and entrepreneurial skills in these communities and also supported small and medium business development.

Executive Chairman's Report continued

Globally, the relationship between mining companies and host communities remains under pressure as poor and marginalised people make increasing demands on mining companies to create jobs and alleviate poverty. This is particularly evident in developing countries with struggling economies, where governments are falling behind in service delivery and the economic restructuring that will support job creation and growth.

Despite ongoing local investment and inclusive engagements, mining companies like ARM that are members of the International Council on Mining and Metals (ICMM) face similar demands and pressures. We continue to work with our community forums, municipalities, the Department of Mineral Resources and Energy (DMRE) and other local and international stakeholders to find solutions for the poverty and unemployment challenges facing our host communities.

The South African mining industry[1]

Mining remains an important contributor to South Africa's fiscus. In the 2020 calendar year, the industry employed over 451 000 people, contributed R362 billion or 8.2% to gross domestic product (GDP) and exported R575 billion or around one-quarter of the country's total export sales. The industry paid over R148 billion in wages, salaries and benefits to employees who, in turn, support an estimated 4.5 million dependants.

Importantly, in a country with shortages of technical and specialised skills, the industry is a major contributor to skills development, investing R5 billion each year in education, training and development for employees and community residents, particularly youth and women, at both basic and higher education levels.

The development and growth of our mining industry is important for the economy and its inhabitants and contributes to the South African economy being globally competitive and attractive to domestic and international investment.

Ensuring responsible stewardship of environmental resources

In line with the ICMM Sustainable Development Framework and associated position statements, including the Climate Change Position Statement, all our operations apply global good practice in managing scarce natural resources and protecting our environment.

Last year, our tailings storage facilities were externally reviewed to ensure their stability and we are implementing the recommended improvements. In addition, the latest annual structural stability audits confirm that tailings facilities at ARM-managed operations are stable.

We also initiated a dam-breach analysis of these facilities to understand the potential impact on infrastructure and stakeholders, including local communities and the environment. These reports will inform enhanced emergency-response planning.

Our broader environmental initiatives are focused on responsible use of water, energy efficiency and reducing carbon emissions.

Natural events over the past years from floods to droughts and wildfires have underscored that climate change is probably the most critical global challenge of our time, one that will have a long-term and lasting impact on businesses, communities and the world.

We are participating in the global response to reduce carbon emissions and mitigate the physical impacts of climate change. Importantly, ARM produces metals that are critical to creating a low-carbon future.

Across our operations, we continue to identify opportunities to reduce carbon emissions through improved energy and fuel efficiency.

We are actively developing technologies and processes to enhance energy efficiency and reduce our carbon footprint, aiming to achieve net zero greenhouse gas mining by 2050. Realistic and effective transitional measures are also being identified to make significant progress in advance of our 2050 net zero greenhouse gas target.

Further details are included in the operational reviews in this report and in our 2021 ESG report. ESG

[1] *Statistics as per the Minerals Council South Africa Facts and Figures 2020, published in February 2021.*

Governance

The skills and expertise on our board have been invaluable as we navigated the challenges presented by the pandemic to our operations continuing to be sustainable and profitable.

I would like to express my immense gratitude to each of our directors for their ongoing advice, guidance and valuable contributions.

Recognition

The ongoing support and cooperation of our shareholders, employees and their representative organisations, host communities and all other stakeholders are deeply appreciated.

I am grateful to our employees and world-class management for their hard work and sacrifices. In particular, I thank Mike Schmidt for the good work that he is doing as CEO and the leadership that he is providing to our management team.

Conclusion

The pandemic continues to have pronounced health, economic and societal impacts across the globe, and its effects are expected to be with us for years to come.

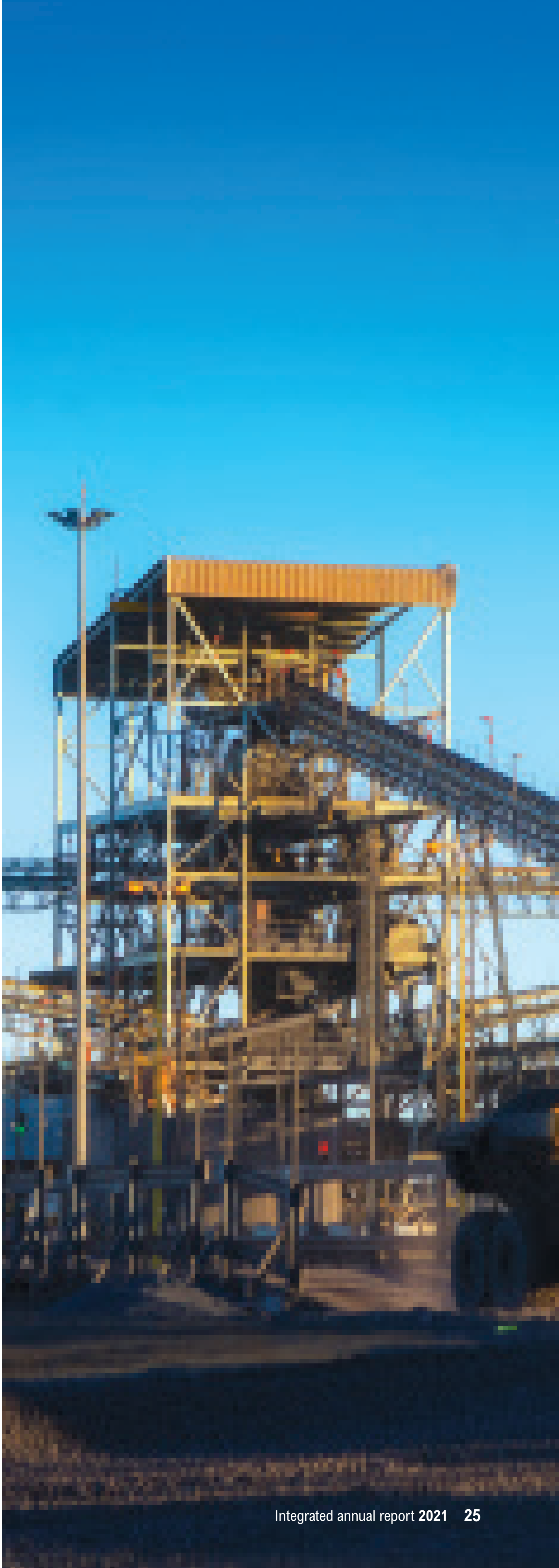
Encouragingly, most countries are making progress in their vaccine rollouts and recording reduced severity of Covid-19 infections.

ARM continues to prioritise the health, safety and wellbeing of all our employees. They are key to the long-term sustainability of our business.

We also remain fully committed to creating mutually beneficial relationships with all our stakeholders and building a resilient and sustainable business that delivers competitive returns for our shareholders.

Dr Patrice Motsepe
Executive chairman

8 October 2021



Chief executive officer's report

Mike Schmidt
Chief executive officer (CEO)

Operating safely and responsibly

During a year in which Covid-19 presented multiple challenges, our operations achieved an improved group lost-time injury frequency rate (LTIFR) from 0.45 per 200 000 man-hours in F2020 to 0.41 in F2021. The total recordable injury frequency rate (which measures the number of fatal injuries, lost-time injuries and medical cases) improved by 12% to 0.81 (F2020: 0.92).

As noted by our executive chairman, two colleagues were fatally injured at Modikwa Mine. Remedial actions, as agreed with the DMRE, were implemented. These were augmented by ongoing initiatives across our operations to ensure that safety training continues and standards are strictly upheld.

Safety is a key performance indicator and we reiterate our commitment to achieving zero harm. Notable safety achievements during the year included:

- Black Rock Mine completed 12 consecutive years fatality-free
- Beeshoek Mine completed 18 consecutive years fatality-free
- Cato Ridge Works completed a full year without a lost-time injury
- Khumani Mine achieved it lowest-ever LTIFR of 0.04 per 200 000 man-hours
- Two Rivers Mine completed 1 million fatality-free shifts.

The health and wellbeing of our people remain a key priority. We are assisting our host communities, suppliers and other stakeholders to the fullest extent possible through these uncertain times, as detailed in the ESG report.

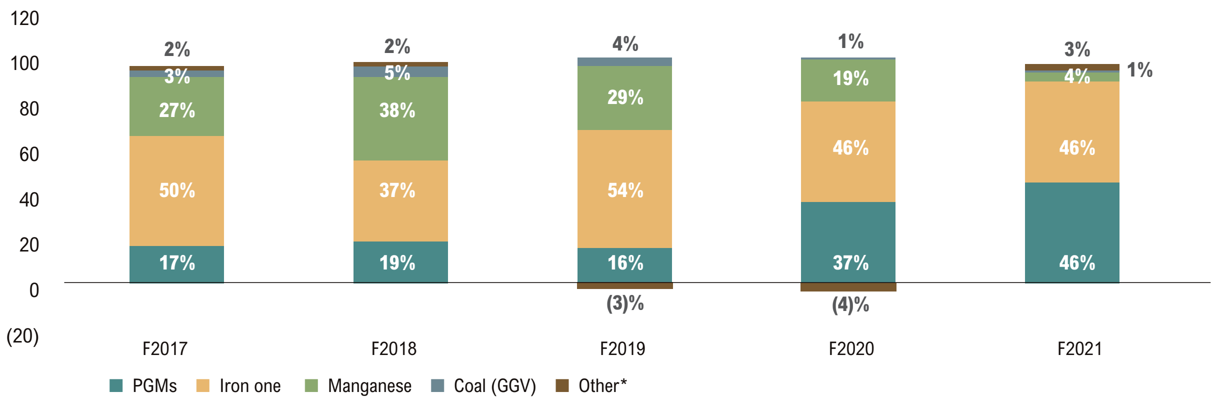
ESG

Our performance

Our diversified portfolio of commodities again benefited the group as significantly higher US dollar prices for PGMs and iron ore more than offset the negative impact of a stronger rand against the US dollar. Increased US dollar prices were further augmented by higher sales volumes for iron ore, manganese ore and PGMs. This diversification positions ARM well as we focus on operating a world-class business in a challenging sector.

In line with our strategy to create sustainable value for stakeholders, in F2021 ARM more than doubled total value created to R30.6 billion on a segmental basis. Of this, R18.9 billion was distributed to stakeholders and the balance reinvested in the group.

EBITDA SPLIT BY COMMODITY



** Other comprises chrome, nickel and ARM corporate.*

ARM Ferrous

Headline earnings were 77% higher at R7 927 million (F2020: R4 479 million), as the iron ore division's headline earnings more than doubled to offset a 46% decrease in the manganese division's headline earnings.

Total iron ore sales volumes rose 5% to 16.4 million tonnes (F2020: 15.6 million tonnes). Export sales volumes were 1% higher at 13.3 million tonnes. In contrast, local sales volumes were 29% higher at 3.1 million tonnes (F2020: 2.4 million tonnes), due to above-plan offtake from ArcelorMittal South Africa.

Although iron ore production volumes were affected by water shortages and Covid-19 challenges, we were able to satisfy increased sales volumes through stock. On slightly lower production volumes (-1%), on-mine unit production costs rose 13%, mainly due to inflation and higher working cost waste tonnages.

Headline earnings for the manganese division were down 46%, mainly due to lower average realised US dollar prices for manganese ore as increased global supply put pressure on prices.

Manganese ore sales volumes rose 22% to 3.9 million tonnes (F2020: 3.2 million tonnes), mainly as a result of easing Covid-19 restrictions (compared to F2020) and ramp-up of the Black Rock and Gloria projects. These projects will modernise and expand the mine by increasing volumes and flexibility to produce different products while improving efficiencies. The ramp up is being closely synchronised with Transnet's rail availability and informed by prevailing market conditions.

On-mine unit production costs increased 18% on higher labour costs, inefficiencies after delayed delivery of the Black Rock and Gloria projects, Covid-19 compliance costs and above-inflation increases in insurance and steel-based products.

The Black Rock modernisation and expansion project is more than 90% complete. Once the underground ore-handling systems are commissioned, Black Rock Mine will realise efficiency and productivity improvements that will lower costs and support the ramp-up to 5 million tonnes per annum over time.

ARM Platinum

Higher metal prices, particularly rhodium (179% higher in F2021), contributed significantly to the results of Modikwa and Two Rivers mines. US dollar nickel prices were 18% higher, which contributed to Nkomati Mine's cash position.

Two Rivers Mine delivered an excellent performance, with a 9% increase in tonnes milled and flat unit costs. Production rates are returning to normal after the national lockdown and operational challenges in F2020.

To enhance feed grade to the plant, Two Rivers Mine is creating more mining flexibility through accelerated deepening at Main shaft. The plant expansion project to add 40 000 tonnes per month milling capacity is underway, with commissioning expected in the third quarter of F2022. This is a world-class mine with over 30 years of life, and the R5.7 billion Merensky project approved by shareholders will expand volumes significantly from 2024.

Chief executive officer's report continued

At Modikwa Mine, a 5% increase in tonnes milled was more than offset by a 7% decrease in head grade, due to higher production from on-reef development at North shaft. Mining volumes were affected by safety stoppages and industrial action in the first half, as well as Covid-19 challenges. The second half saw a much-improved performance, with unit costs declining 17% and volumes increasing by 26%. A number of actions are underway to improve productivity and safety performance. We continue to inject capital to enhance flexibility and mechanisation, which will ramp up milling over the next three to four years to around 240 000 tonnes per month. Commissioning of the chrome recovery plant to recover chrome concentrate from the UG2 concentrator plant tailings stream is underway.

Nkomati Mine was placed on care and maintenance in March 2021. Its rehabilitation obligations have been updated against current legislation, resulting in an undiscounted attributable cost of R679 million which has been fully provided for.

ARM Coal

Thermal coal prices increased in F2021 as the global economic recovery led to supply shortages.

Production at GGV Mine was impacted by challenges at Transnet, giving rise to full stockpiles. Lower production translated into a 17% rise in on-mine unit production costs.

Production at the PCB operations was also affected by the underperformance of Transnet, as well as challenging conditions in the Klipplaat pit. PCB successfully commissioned a second dragline at Tweefontein Mine midway through the review period. This is expected to improve both production and cost management. Unit production costs per saleable tonne rose 7%, mainly due to lower saleable production.

Looking ahead to F2022

The pronounced increase in commodity prices in the review period was reflected in record iron ore and PGM prices. Concerns remain about the sustainability of these elevated price levels as global supply for most commodities recovers post-Covid-19, while weather-related and other operational disruptions experienced by major suppliers start to abate.

Commodity prices are expected to pull back in the year ahead. However, we remain positive about the outlook for PGMs and excited about their role in global initiatives to reduce carbon emissions, a trend that is expected to remain a key driver for commodity markets in the medium to long term.

In mobility, tightening emissions standards (particularly in China and Europe) are expected to be positive for PGM demand, while disruptive technologies in clean mobility such as electric vehicles are expected to gain greater momentum, posing a threat to PGM demand. We believe the medium to long-term fundamentals of PGMs are robust as supply remains constrained and demand is expected to be supported by the role of PGMs in clean mobility, particularly through hydrogen technology.

The global move to reduced carbon emissions in the steel industry has also resulted in higher demand for high-quality and lumpy iron ore as well as manganese ore products. ARM is well positioned to benefit from sustained demand levels.

We are committed to playing a meaningful role in reducing carbon emissions. As noted, we aim to achieve net zero greenhouse gas mining by 2050. This includes scope 1 and 2 emissions associated with operations under ARM's operational or joint operational management control.

Our success as a group relies on efficient and sustainable provision of water and power as well as the reliability of logistics infrastructure. Challenges experienced by Transnet in the financial year under review, together with those related to water supply in the Northern Cape, are expected to persist into the coming financial year, impacting volumes and costs. We continue to engage and work with government, Transnet, the Sedibeng Water Board and other stakeholders to find sustainable solutions that will benefit the mining industry and the country as a whole.

Recognition

Our ability to create sustainable value is founded on the commitment and hard work of our employees. As we continue to navigate the challenges of doing business in such uncertain times, I thank each of my colleagues for their contributions, as well as our executive chairman and the board for their expert direction and counsel. I also thank our stakeholders and joint-venture partners for their ongoing support during the year.

Mike Schmidt
CEO

8 October 2021

Material matters

In F2021, material matters were reviewed against board and executive committee deliberations, feedback from formal and informal engagements with stakeholders, a review of media reports and peer analysis. The global pandemic that began in early 2020 continued throughout the current year and was an integral theme in stakeholder engagements. As a result, Covid-19 is not categorised as a separate material matter, but its impact has been recognised across multiple aspects of our business.

Material matters	Current themes
Ensuring a safe, healthy and appropriately skilled workforce Link to strategy ●	• Managing spread of Covid-19 at the operations • Continuous improvement in safety performance at all operations, understanding the direct link between a safe, healthy workforce and fewer stoppages and higher operational efficiencies • Attracting and retaining key skills.
Delivering financial returns to shareholders and other providers of capital Link to strategy ● ● ●	• Record commodity prices and profitability • Financial impact of Covid-19 • Above-inflation unit cost increases • Capital allocation.
Continuously improving operational performance Link to strategy ● ●	• Above-inflation cost escalations mainly due to lower volumes, higher labour costs, pandemic-related absenteeism and higher energy costs • Consistency and security of water supply at the Northern Cape operations • Production and sales volumes impacted by challenges at Transnet • Disruption in global or local supply chains required to sustain production.
Maintaining our social licence to operate Link to strategy ●	• Increase in community expectations • Community unrest.
Ensuring responsible stewardship of natural resources Link to strategy ● ●	• Understanding the effects of climate change and reducing carbon emissions • Efficient energy use • Responsible water use • Safe and responsible management of tailings • Ensuring prudent, responsible stewardship of coal assets to minimise impact while preserving the stability of the national coal-fired power grid.

Link to strategy key:

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

F2021 responses

- Strict protocols to prevent spread of Covid-19 and vaccination support initiatives were implemented at all operations
- Deteriorating safety performance at some operations is being addressed through focused safety programmes and skills training
- Global safety specialist deployed at Modikwa to assist in improving the safety culture
- Attracting and retaining talent through focused initiatives from tertiary education level.

- Record dividend declared
- Investment into Two Rivers Merensky Project approved
- Ramp-up production volumes where possible and focus on unit cost performance
- Further improvements to our financial position which allows us to navigate the uncertain global environment and positions us well for growth.

- Containing costs remains a management focus by continuously striving to employ technology and innovation to enhance efficiencies and improve our competitive position
- Northern Cape operations continued to work with the Sedibeng Water Board to progress refurbishment of the water pipeline. A new capital user charge impacted unit costs
- The Black Rock and Gloria modernisation projects are progressing well but were delayed due to Covid-19.
- Extensive engagements with Transnet to support and assist with its challenges.

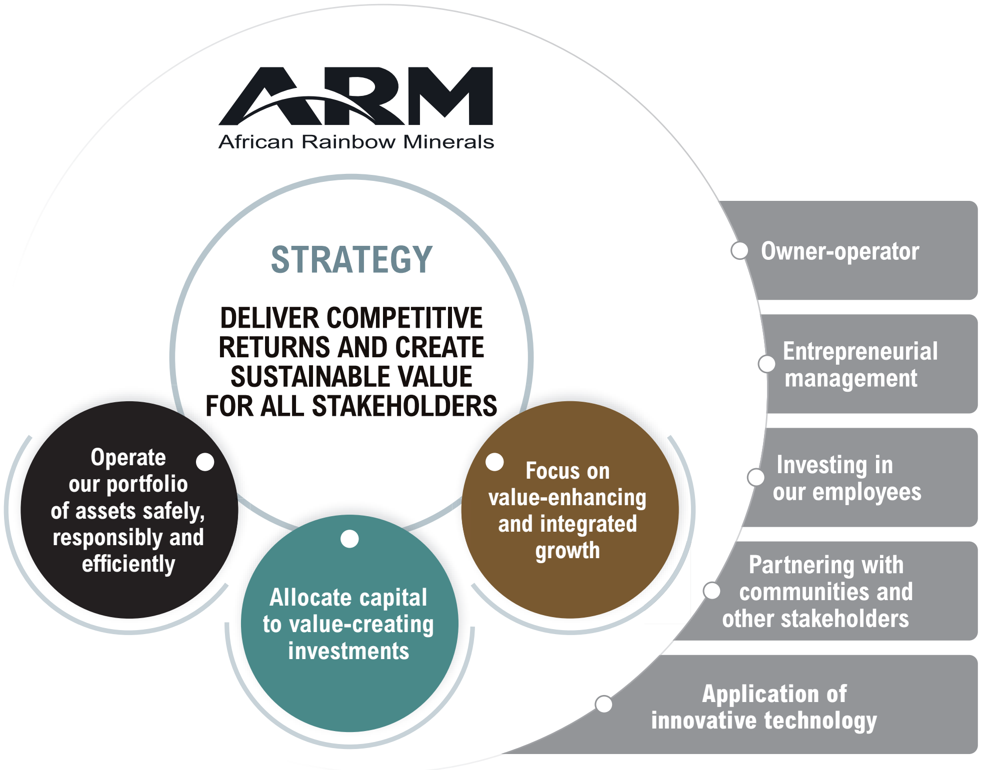
- Each operation contributed to mitigating the impact of Covid-19, while continuing to invest through social and labour plans, local economic development and corporate social investment spanning infrastructure, education, health, skills development and job creation in the communities living near our operations
- ARM works with community forums, municipalities and government on community investment.

- Our aim is to achieve zero greenhouse gas emissions by 2050 and pathways to reach this are being mapped out
- Further refinement of reporting in terms of the water accounting framework
- Additional comprehensive reporting for climate change and water management in the supplementary report on climate change and water
- External review and dam-breach analysis of tailings storage facilities completed
- Our approach centres on responsible rehabilitation to minimise our impact. This is reflected in initiatives underway at Nkomati Mine, which is on care and maintenance.

Strategy

Deliver competitive returns and sustainable value

While our broad strategy remains in place, short-term issues – such as the pandemic – have shifted the priority of some strategic objectives. Emerging issues – particularly decarbonisation – are being integrated into our short, medium and longer-term view.



	Operate our portfolio of assets safely, responsibly and efficiently	Allocate capital to value-creating investments	Focus on value-enhancing and integrated growth
Strategic objectives	• Improve operational efficiencies and contain unit cost increases • Improve relationships with our key stakeholders • Maintain a safe and healthy working environment • Partner with employees for personal wellness and professional development • Remain responsible stewards of our environmental resources.	• Focus on the efficient allocation of capital • Maintain a robust financial position.	• Aim for value-enhancing integrated growth • Application of innovative technology.
How	• Continue to invest in sustaining current operations • Target below-inflation unit cost increases at all operations • Invest in efficiency-improvement technologies • Aim for net zero greenhouse gas emissions • Ensure highest standards of governance.	• Invest in our existing business • Pay ordinary dividends to shareholders equal to 40–70% of annual dividends from group companies • Invest in growth opportunities that meet ARM's hurdle rates • Consider buying our own shares if appropriate and benchmark investment opportunities to returns of a share buyback • Maintain a robust and flexible financial position.	• Pursue merger and acquisition opportunities that meet hurdle rates • Pilot improved smelting technology and prove at commercial scale • Continue to assess current portfolio for disposal opportunities or points of exit.
Measured by KPI	• Position on global margin curves • Unit-cost increases at each operation relative to mining inflation • Lost-time injury frequency rates • Climate change targets • Transformation targets.	• Dividend per share • Net debt-to-equity ratio • Internal rate of return for share buyback • Predefined hurdle rates as per capital allocation guiding principles.	• Internal rate of return • Production volumes from pilot to commercial scale of smelting technology • Energy consumption in smelting process.

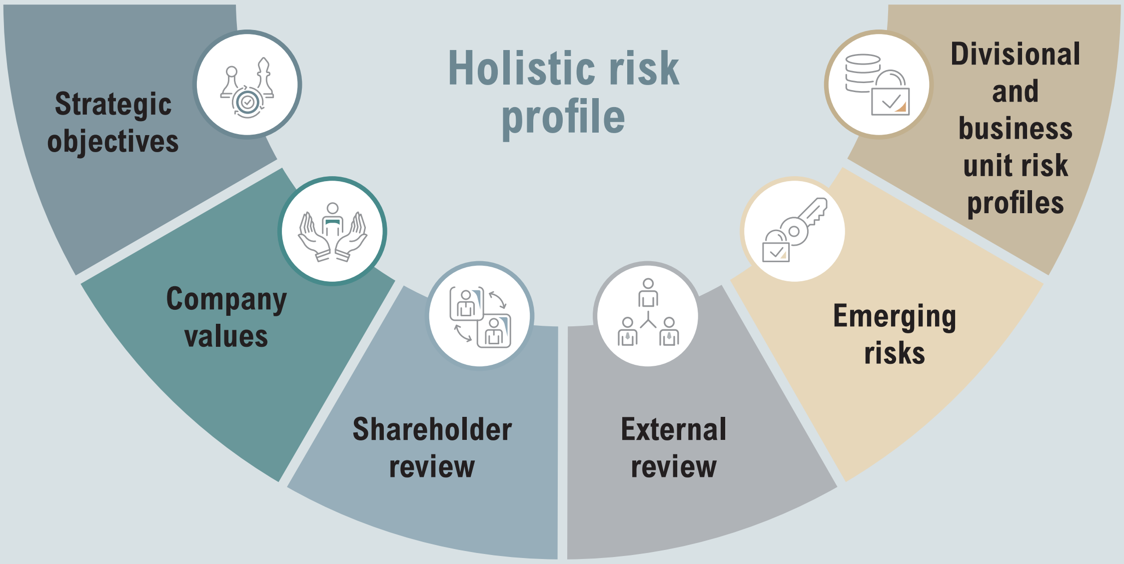
Enabled by

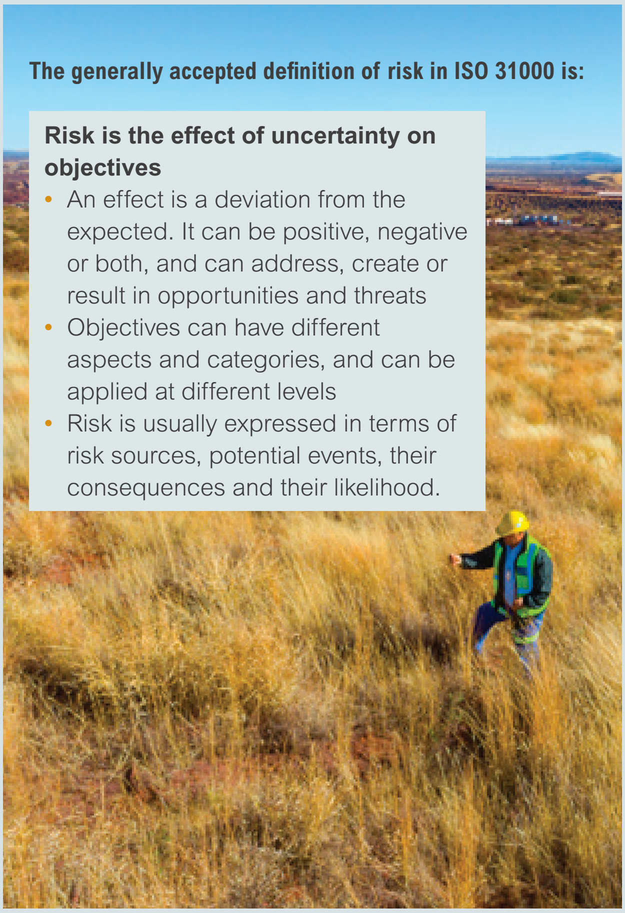
Owner-operator approach | Entrepreneurial management | Investing in our employees | Partnering with communities and other stakeholders | Application of innovative technology

Under-pinned by our values

Aim for operational excellence | Provide a safe and healthy work environment | Maintain a non-discriminatory workplace | Improve the lives of those living in communities neighbouring our operations | Work responsibly to achieve balance between the economic, social and environmental aspects of our business | Maintain the highest standards of corporate governance

Risk management





The generally accepted definition of risk in ISO 31000 is:

Risk is the effect of uncertainty on objectives

- An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats
- Objectives can have different aspects and categories, and can be applied at different levels
- Risk is usually expressed in terms of risk sources, potential events, their consequences and their likelihood.

Our ERM policy statement clearly demonstrates the intent and commitment to practising effective risk management in all aspects of our business. This implicitly includes all operational, investment and project considerations.

It follows that the context, identification and management of risk can only be derived from a sufficient understanding of what is to be achieved and by following a standard process of risk assessment to identify and evaluate risks facing ARM. This process establishes mandatory steps to context setting, risk identification, risk analysis, risk evaluation, risk treatment, communication and consultation, monitoring and reviewing processes throughout ARM.

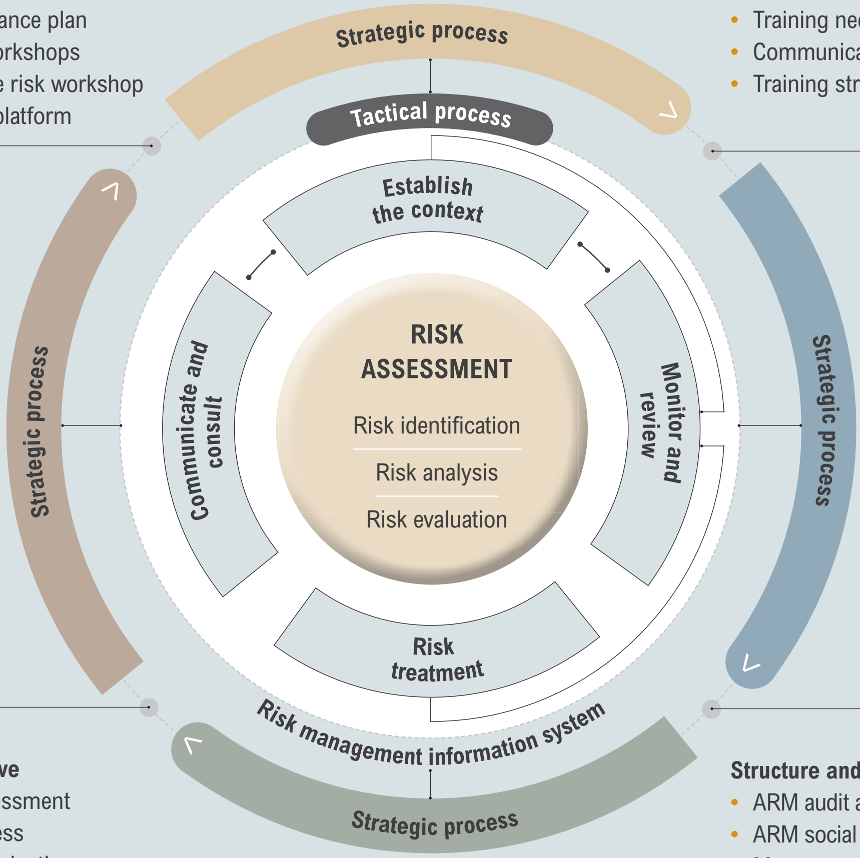
The timing of the risk management process in ARM is aligned with our assurance and corporate governance requirements. Risk management is, however, not an activity that takes place only at stated intervals but continuously through all phases of the business and with every major change in our operations. All risk activities must be timed to facilitate risk input into the ARM strategic planning process, as stipulated in the board enterprise risk management (ERM) policy.

Refer to the ESG report for more detailed information on ERM. ESG

Mature risk management universe

Commitment and mandate
- Standards
- Procedures/guidelines
- ERM plan
- Combined assurance plan
- Quarterly risk workshops
- Annual corporate risk workshop
- Integrated GRC platform

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

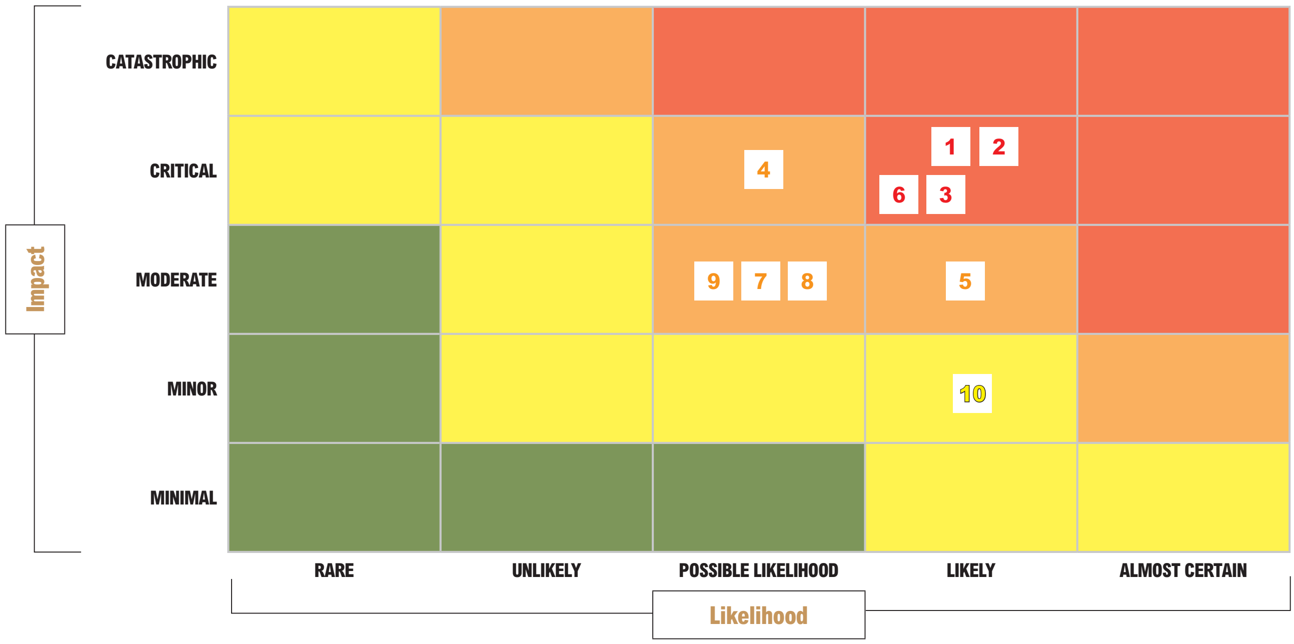


Review and improve
- Control self assessment
- ERM plan progress
- ERM maturity evaluation
- Performance criteria
- Benchmarking

Structure and accountability
- ARM audit and risk committee
- ARM social and ethics committee
- Management risk and compliance committee
- ARM chief risk officer
- Combined assurance plan
- Joint-venture audit and sustainable development committees

Risk management continued

Managing our risks



	Risk	Strategic objectives	Value impact	Controls
1	**Uncontrolled spread of Covid-19 virus at one or more operations**	Maintaining a safe and healthy work environment	Business interruption has a negative impact on profitability	• Strict measures and protocols in place • Five ARM vaccination sites operational • Collaborative approach with host communities and local SMMEs.
2	**Above-inflation cost escalation, exacerbated by Covid-19**	Improving operational efficiencies and containing unit cost increases	Negatively affects our ability to produce cost-effectively	• Focus on team productivity • Operational optimisation • Ongoing development of supervisory capabilities.
3	**Unreliable water supply in Northern Cape**	Remain responsible stewards of our environmental resources	Affects production and unit costs, alongside socio-economic impact on host communities	• Securing bulk-water supplies • Collaborating with provincial authorities and other water users on Sedibeng water pipeline.
4	**Unknown impact of Covid-19 on business**	Improving our financial position	Direct and indirect cost of protracted epidemic	• Maintain strong cash position • Scenario planning • Vaccination programme.
5	**Onerous regulatory universe**	Operate our portfolio responsibly	Compliance supports our regulatory and social licences to operate	• Compliance risk assessment underway • Voluntary alignment with global good-practice frameworks and standards.

	Risk	Strategic objectives	Value impact	Controls
6	**Culture and leadership (including skills)**	Partnering with employees on personal wellness and professional development	Negatively affects our ability to produce efficiently	• Prioritising capacity building • Investing in skills development • Benchmarking against industry good practice.
7	**Business continuity preparedness (particularly related to Transnet and cybersecurity)**	Operate our portfolio of assets efficiently	Negatively affects our ability to produce cost-effectively	• Digitising work environment • ERM (enterprise risk management) process completed • Enhanced cybersecurity strategy and controls • Proactive engagement with Transnet executives.
8	**Safety, health and environment**	Commitment to zero harm and responsible environmental stewardship	Productivity depends on a healthy workforce, while profitability depends on minimising environmental impact and incidents	• Focus on zero harm, with appropriate incentives • Integrated wellness programme • Precautionary approach to environmental stewardship.
9	**Increased demands of ESG (environment, social and governance) responsibilities**	Responsible stewardship	Direct and indirect cost of community unrest can affect financial performance, social licence to operate and ARM's reputation as a responsible corporate citizen	• Enhanced community engagement structures • Relationship building • Regular meetings with communities to understand expressed needs.
10	**Capital allocation and project delivery**	Allocate capital to value-creating investments	Negatively affects our ability to produce efficiently	• Effective capital-allocation framework • Disciplined capital-allocation criteria, consistently applied • Project delivery time lines closely monitored.

Stakeholder management

Our ability to achieve our strategic goals depends on the value we create for others. Equally, the sustainability of our operations requires that we balance stakeholders' needs, interests and expectations with those of the group.

We define our stakeholders as individuals or groups with a material interest in or affected by our operations. The board has mandated the social and ethics committee to monitor stakeholder relationships while retaining responsibility for identifying stakeholders and developing appropriate strategies.

ARM's stakeholder communication policy is contained in the code of conduct and includes measurable outcomes for all engagements. Feedback from interactions with stakeholders creates a broader context and provides us with new ideas. These engagements inform our most material matters, risks and opportunities and provide input into our strategy and long-term direction.

Formal and informal engagements occur at the corporate, divisional and operational level as appropriate to the stakeholder and the operations document the content of engagements to ensure learnings are shared effectively. Stakeholder and community engagement are agenda items at operational, divisional and board meetings.

Senior executives responsible for stakeholder engagement include:
- Executive chairman
- Chief executive officer
- Finance director
- Executive director: Investor relations and new business development
- Executive: Compliance and stakeholder relations
- Executive: Sustainable development
- Divisional chief executives
- Executives responsible for stakeholder engagement in each division
- Senior management.

ARM's key stakeholders, their material concerns and our initiatives in response are summarised in the table on pages 39 to 41, representing regular ongoing engagements with stakeholders. Significant engagements with stakeholders in F2021 include:
- Participating in business and industry initiatives to enable collective engagement with regulators and stakeholders, promote benchmarking and share good environmental practice. These include the Minerals Council (and its environmental policy committee), Business Unity South Africa (BUSA), the Ferro Alloy Producers' Association and the ICMM
- Ongoing engagements with Transnet to address operational challenges at Transnet Freight Rail and ports
- ARM Ferrous participating in the Northern Cape Shared Value Project, a collaboration across regional mines led by the Minerals Council to provide scale, improve delivery success and increase the impact of community investment programmes. The mines in the Eastern Limb participate in a similar structure to identify solutions to the socio-economic challenges in the area
- Five ARM operations were approved by their regional departments of health (DoHs) as vaccination sites for employees, contractors and members of host communities
- Engagements with water-related stakeholders in the respective catchment management areas as part of our commitment to water stewardship to support sustainable water supply and to find solutions appropriate to all water users' needs. These include the Department of Water and Sanitation; local communities; local, provincial and national authorities; water forums, irrigation boards, catchment management agencies; farmers and other industry users. Assmang[1] is engaging extensively with the Sedibeng Water Board, the Department of Water and Sanitation and the Minerals Council to collaboratively ensure the delayed refurbishing of the Vaal Gamagara water supply system is remediated to sustain supply to Khumani and the surrounding areas. More information on ARM's engagements on water appears in the climate change and water supplementary report.
- Partnerships with the Northern Cape and Limpopo departments of health to strengthen implementation of the provincial strategies for tuberculosis (TB), HIV and Aids, STIs (sexually transmitted infections) and chronic diseases (see pages 81 to 89 of the ESG report).

ESG

[1] *The joint venture between ARM Ltd and Assore Ltd, trading as Assmang (Pty) Ltd.*

Key stakeholder concerns and ARM responses

Shareholders, potential shareholders, analysts and other investors

Issues raised	Response
• Growth • Above-inflation cost increases • Capital allocation • Dividends • Share price performance • ESG matters • Resilience and sustainability during Covid-19.	• Timely, transparent, comprehensive and objective communications • Strategic focus on operating assets efficiently and disciplined allocation of capital • ARM's investor relations department communicates with institutional shareholders, potential investors, research analysts and the media on an ongoing basis • Discussions with JV partners and management to raise awareness of the concerns and expectations of research analysts and institutional fund managers • Regular meetings, promoting open communication and transparency • Summaries of decisions taken at shareholders' meetings are disclosed on our website after each meeting.

Bankers, insurers and funders

Issues raised	Response
• Liquidity • Solvency • Funding • Insurance management • Resilience and sustainability during Covid-19.	• Responsible management of ARM's financial position to ensure it continues to meet its financial needs • Comprehensive risk financing and transfer programme.

Joint-venture partners

Issues raised	Response
• Financial performance • Operational performance • Governance • Operational strategy • Environmental and social performance.	• ARM holds itself to the highest ethical and governance standards in dealings with all stakeholders, including joint-venture partners.

Stakeholder management continued

Employees and organised labour

Issues raised	Response
• Remuneration • Training • Health and safety • Safe working conditions during Covid-19 • Transformation.	• Human resources strategies aim to make ARM an employer of choice, including maintaining good relationships with unions • Commitment to fair treatment and remuneration of employees • Focus on skills development and career-planning programmes to assist employees to develop their full potential • Recognition agreements with unions where required representation levels are reached • Covid-19 protocols in line with guidelines from the Minerals Council, DMRE and DoH.

Communities, civil society and non-governmental organisations

Issues raised	Response
• Community needs, including socio-economic development, infrastructure development, employment and support during Covid-19 • Status of social projects, operational changes and expansions • Environmental issues affecting communities • Employment of local community members • Service-delivery challenges • Transformation.	• Engaging with communities at specialised discussions/meetings to understand their specific concerns • Attendance registers and minutes of engagement meetings • Community open days support information sharing and relationship building • The ARM BBEE Trust invests in uplifting rural communities across South Africa by partnering with traditional and other community leaders • Changes or expansions to our current operations require engaging with interested and affected parties through stakeholder consultation as prescribed by NEMA and other relevant legislation • Coordinated industry-level and direct community support during Covid-19.

Government

Issues raised	Response
• Social investment • Health and safety • Environmental management • Transformation • Compliance with the department of trade, industry and competition (dtic) codes of good practice and mining charter • Regular progress reports and updates • Support for government Covid-19 priorities, including the vaccination roll out.	• Implementation and monitoring of local economic development (LED) projects • Compliance with the relevant safety and environmental legislation • Engaging with national government on policy matters as required • Regular reports submitted by the operations on socio-economic development (SED) projects • Annual mining charter scorecard reports submitted to the DMRE by each mine • Coordinated industry-level and direct support for employees, communities and government during Covid-19 • Five ARM operations were approved as vaccination sites.

Industry associations*

Issues raised	Response
• Sustainable development • Labour issues • Financial sustainability • Implementation of best practice • Industry-specific issues • Changes in legislation • Coordinated response to Covid-19.	• Representation in various executive and other roles in industry associations to engage and give input on industry issues and communicate with industry and government stakeholders • Coordinated industry-level and direct support for employees, communities and government during Covid-19.

Customers

Issues raised	Response
• Product quality • Timing of product delivery • Sustainability issues.	• Processes in place to ensure consistent product quality • ARM contracts with logistics and freight service providers, including Transnet.

Suppliers and local business

Issues raised	Response
• Local economic development • Industry issues • Fair payment terms • Fair treatment • Valid BEE certification • Ethics • Sustainability issues.	• Support for local enterprise development through CSR initiatives • Payment terms align with industry standards • ARM operates ethically and does not tolerate unfair discrimination • ARM requires valid BBBEE certificates to support transformation in its supply chain.

Media

Issues raised	Response
• Topical issues.	• ARM's investor relations department communicates with the investment community and media and facilitates access to information and management where possible.

** Includes the Minerals Council South Africa, International Council on Mining and Metals, World Economic Forum, Ferro Alloy Producers' Association, Association of Mine Managers of South Africa, Association of Resident Engineers, Business Unity South Africa, Water User Associations and the Energy Intensive Users Group amongst others.*

Approach to ESG performance

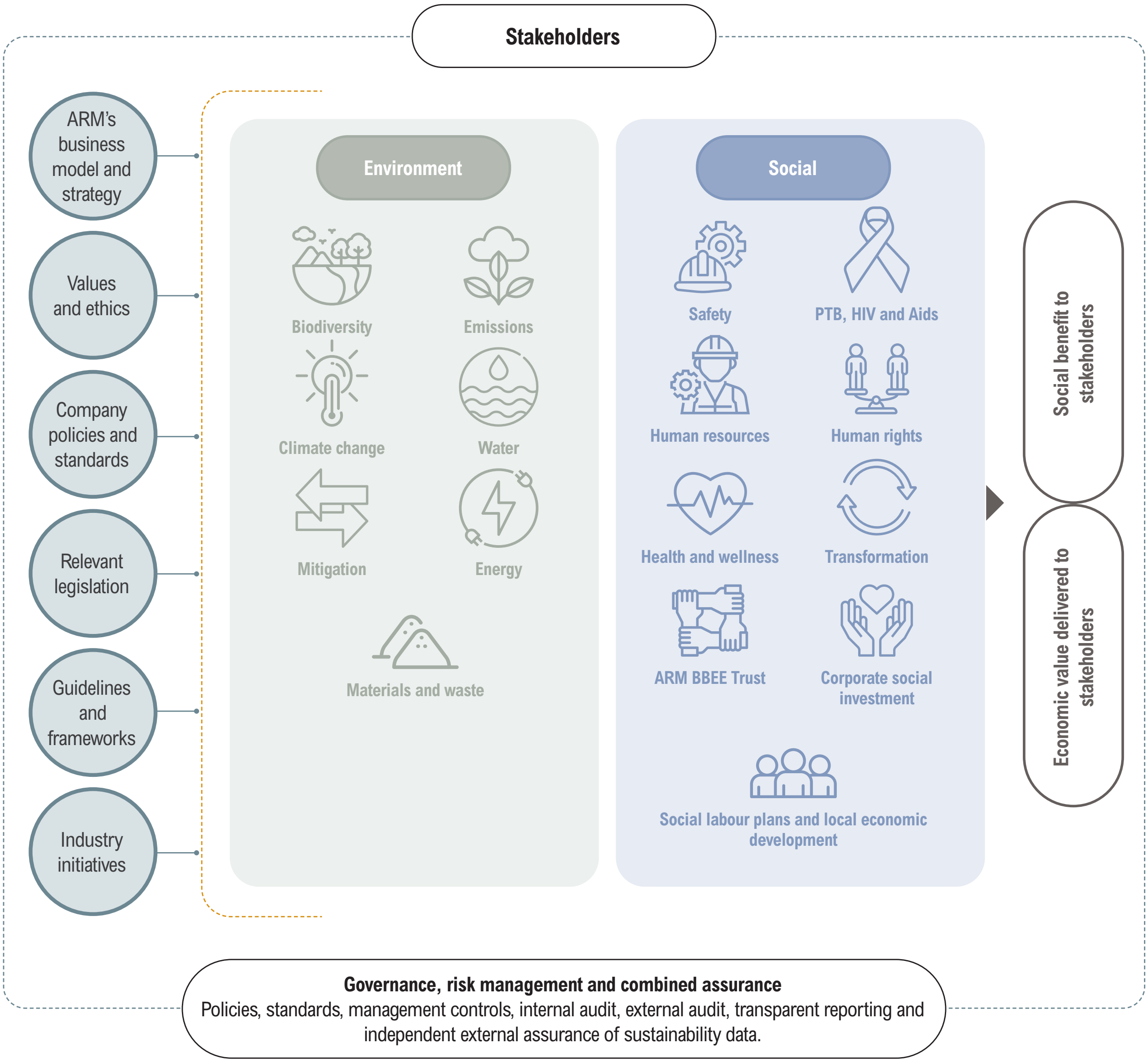
How we govern and manage sustainable value creation

ARM's sustainable development model

Our approach to sustainable development and the way we conduct our business is shaped by the insights gained through ongoing engagements with our key stakeholders, our governance and risk management frameworks, as well as the combined assurance model.

The model below represents ARM's approach to sustainable development and shows the inputs that shape our approach and the environmental, social and governance (ESG) aspects we consider in creating value.

Sustainable development model



These inputs include:

- Our values and ethics, which drive our commitment to sustainable development and underpin our business model and strategy
- Relevant group policies and standards that formalise our approach to sustainability
- ARM regards regulatory compliance as the minimum requirement for sustainable development, rather than the end goal. Developments in relevant current and proposed legislation and regulations are consequently key inputs in our approach to sustainable development.

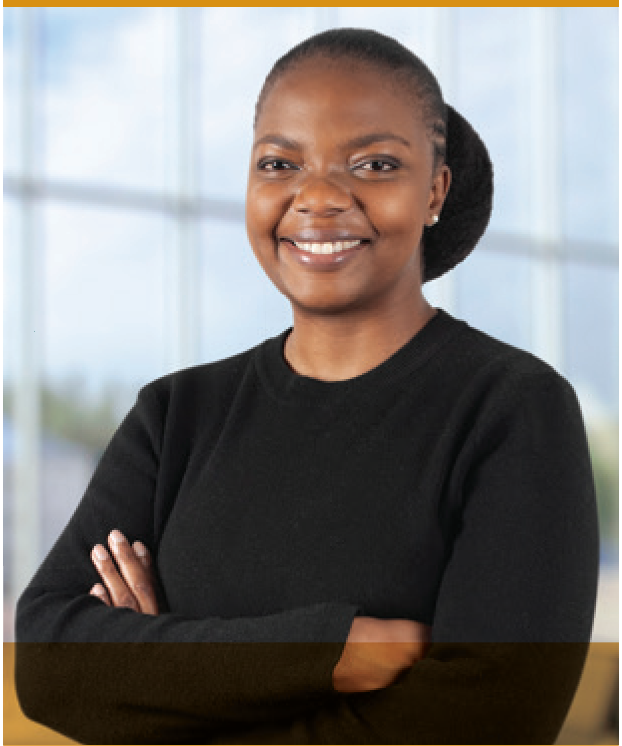
Sustainability performance for 2021

Performance indicator	F2021	F2020	F2019	F2018	F2017
Economic and related core baseline indicators (segmental basis)					
Sales (Rm)	**44 564**	27 370	26 641	21 916	21 298
Taxes (Rm)	**6 506**	2 805	2 135	2 023	858
Headline earnings (Rm)	**13 064**	5 534	5 226	4 814	3 196
EBITDA (Rm)	**24 321**	11 009	9 336	8 024	6 372
Environmental administrative penalties/fines (Rm)	**–**	–	–	–	–
Employee indicators (100% basis) at 30 June 2021					
Total ARM employees and contractors*	**20 928**	20 998	21 417	21 862	24 106
– Employees (permanent)	**12 335**	12 678	12 771	12 420	13 218
– Contractors (mainly used in capital projects)	**8 593**	8 320	8 646	9 442	10 871
– Expatriates	**–**	–	–	–	17
Employee turnover (excluding contractors) (%)	**10.1**	6.3	5.7	6.9	1.1
Investment in employee training and development					
– Total expenditure (Rm)	**239**	225	239	239	180
– % of payroll	**6.9**	6.8	7.7	8.8	6
Employment equity (% representation of previously disadvantaged groups among permanent employees)					
– Top management	**65**	61	56	56	42
– Senior management	**57**	52	51	50	49
– Professionally qualified	**69**	68	66	64	60
– Technically qualified	**80**	79	77	75	71
Safety and health					
– Fatality frequency rate	**0.010**Δ	0.010	0.005	0.004	0
– Lost-time injury frequency rate (LTIFR)•	**0.41**Δ	0.45	0.42	0.38	0.28
– Total recordable injury frequency rate	**0.81**Δ	0.92	0.96	0.81	0.90
– Reportable/serious accidents	**55**	63	76	68	47
– Occupational diseases submitted for compensation	**18**Δ	19	35	129	31
– New PTB cases†	**34**Δ	46	66	94	62
– Employees and contractors receiving ART	**2 575**Δ	3 168	4 767	6 379	8 432
Number of lost man-days due to industrial action	**110**	–	8	5 904	–
Environmental indicators (100% basis)					
Total water withdrawn (m^3) (municipal, surface and groundwater)	**20 034 604**Δ	20 267 668	21 773 440	18 296 551	14 295 993
Water output (m^3)	**866 552**Δ	1 045 647	437 868	N/R	N/R
Energy use					
– Electricity (MWh)	**1 542 908**Δ	1 563 311	1 658 629	1 656 263	1 784 491
– Diesel (000 litres)	**78 852**Δ	82 572	96 055	94 234	87 494
Emissions					
Carbon emissions (equivalent tonnes CO_2) (attributable^)					
– Scope 1 and 2◊	**995 788**Δ	1 016 305	1 101 500	1 026 626	1 050 399
Direct emissions# (100% basis)					
– NO_x (tonnes)	**372**	398	434	461	437
– SO_x (tonnes)	**263**	274	298	312	346
– Particulate matter (tonnes)	**290**	267	274	202	242
Corporate social responsibility (CSR) (100%)					
Total CSI and LED spend (Rm)	**170.4**Δ	130.3	175.3	167.0	122.8
– CSI	**45.2**	44.7	27.4	20.5	22.1
– LED	**125.3**	85.6	147.9	135.3	92.5
ARM BBEE Trust (Rm) (projects)	**10.9**	14.5	16.4	11.2	8.2

Non-financial data is stated on a 100% basis, unless otherwise indicated.
* *Total number of ARM employees and contractors as at 30 June 2021.*
• *LTIFR: injury rates are measured per 200 000 man-hours and include both ARM employees and contractor incidents.*
† *Reported for the 12 months to December in line with the regulatory reporting requirements.*
^ *Values attributable to shareholding percentages.*
# *Direct emissions as a result of smelting operations at Cato Ridge Works only from F2018 to F2021. No smelting operations were conducted at Machadodorp Works after F2017.*
Δ *Indicators assured by independent third-party assurance provider.*
◊ *Historical emissions (F2017 – F2020) have been restated following disaggregation of emissions data at CRW and Cato Ridge Alloys (CRA) enabling the more accurate calculation of attributable emissions data based on ARM's equity share in each legal entity (50% in CRW; 25% in CRA).*
N/R – Not reported.

Financial review

Tsundzukani Mhlanga
Finance director



	JSE/IFRS[1]	Adjusted[2]
Headline earnings	↑136%	↑153%
Basic earnings	↑218%	↑254%
Dividends per share (DPS)	R30.00	R30.00
Net cash to equity ratio	18.7%	19.5%

[1] *JSE Limited/International Financial Reporting Standards.*
[2] *Excludes net re-measurement and fair value gains of R154 million in F2021 and R441 million in F2020.*

Salient features

Headline earnings for the financial year ended 30 June 2021 (F2021) increased by **136%** to **R13 064 million** or **R66.88** per share (F2020: R5 534 million or R28.50 per share)

A final dividend of **R20.00** per share is declared. In addition to the interim dividend of **R10.00** per share, the total dividend is **R30.00** per share (F2020: R12.00 per share)

ARM Ferrous headline earnings were **77%** higher at **R7 927 million** (F2020: R4 479 million) driven by higher US dollar iron ore prices and increased iron ore and manganese ore sales volumes

ARM Platinum headline earnings increased by **R3 524 million** to **R4 666 million** (F2020: R1 142 million) underpinned by higher US dollar prices for platinum group metals (PGMs), particularly rhodium

Segmental earnings before interest, tax, depreciation and amortisation (EBITDA) increased by **121%** to **R24 321 million** (F2020: R11 009 million)

Basic earnings were **R12 626 million** (F2020: R3 965 million) and included attributable impairments of the:
- Assmang equity investment in Sakura Ferroalloys of **R169 million** (with no tax effect)
- Fixed assets of Cato Ridge Works of **R185 million** (after tax)
- Exploration assets that were aimed at increasing the Beeshoek Mine life-of-mine of **R26 million** (with no tax effect)
- Assmang equity investment in Cato Ridge Alloys of **R48 million** (with no tax effect).

Net cash improved by R4 465 million to R8 202 million at 30 June 2021 (30 June 2020: R3 737 million restated)

Unit production costs were under pressure, increasing above inflation mainly due to operational challenges, exacerbated by Covid-19-related challenges

Headline earnings/(loss) by operation/division

	F2021 Rm	F2020 Rm	% change
ARM Ferrous	**7 927**	4 479	77
Iron ore division	**7 522**	3 687	104
Manganese division	**448**	836	(46)
Consolidation adjustment	**(43)**	(44)	
ARM Platinum	**4 666**	1 142	>200
Two Rivers Mine	**2 972**	1 065	179
Modikwa Mine	**1 529**	781	96
Nkomati Mine	**165**	(704)	
ARM Coal	**(250)**	(2)	<(200)
Goedgevonden Mine	**10**	(38)	
PCB operations*	**(260)**	36	<(200)
ARM Corporate and other	**721**	(85)	
Corporate and other (including gold)	**828**	78	>200
Machadodorp Works	**(107)**	(163)	34
Headline earnings	**13 064**	5 534	136

** Participative Coal Business.*

Material matters affecting the financial performance

Restructuring of ARM BBEE Trust

During F2021, ARM and Harmony Gold Mining Company Limited (Harmony) (together the lenders) negotiated new loan agreements with the ARM BBEE Trust (Trust) which resulted in the restructuring of the previous interest-bearing loans.

Proceeds from the new loans were used as full and final settlement of the old loans. The new loans are interest free and are fully repayable on or before 30 June 2035. The lenders reserve the right to charge interest in the future.

Included in headline earnings, is a fair value gain of R47 million on the new loan advanced to the ARM BBEE Trust by Harmony.

AFS Refer to note 29 in the annual financial statements.

Resolution of ARM Coal receivable

ARM Coal is an entity jointly controlled by ARM Limited (51%) and Glencore Operations South Africa Proprietary Limited (GOSA) (49%). At the date of the previous report (30 June 2020), ARM Coal had recorded an amount payable by GOSA to ARM Coal of R452 million (ARM's attributable portion: R230 million) as a long-term receivable. ARM Coal was unable to provide sufficient evidence to validate this receivable in its accounting records.

ARM has completed the investigation, the results of which concluded that all the items included in the ARM Coal long-term receivable were indeed 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 rather than being accounted for as long-term receivables in the statement of financial position.

Management accounted for it as a prior period error in terms of IAS 8, which necessitated the restatement of the prior period.

Impairment of ARM Ferrous assets

At 30 June 2021, impairment losses totaling R857 million (after tax) were recognised by Assmang Proprietary Limited (Assmang). ARM's attributable share of the impairment losses amounts to R428 million and is as follows:

- Assmang equity investment in Sakura Ferroalloys of R169 million (with no tax effect)
- Fixed assets of Cato Ridge Works of R185 million (after tax)
- Exploration assets in Tshenolo Mining Company that were aimed at increasing the Beeshoek Mine life-of-mine of R26 million (with no tax effect)
- Assmang equity investment in Cato Ridge Alloys of R48 million (with no tax effect).

The impairment losses were recognised directly in the Assmang joint venture. The impairments were largely a combination of declining long-term commodity prices, strengthening of the rand against the US dollar and lower sales volumes.

Refer to note 38 in the annual financial statements. AFS

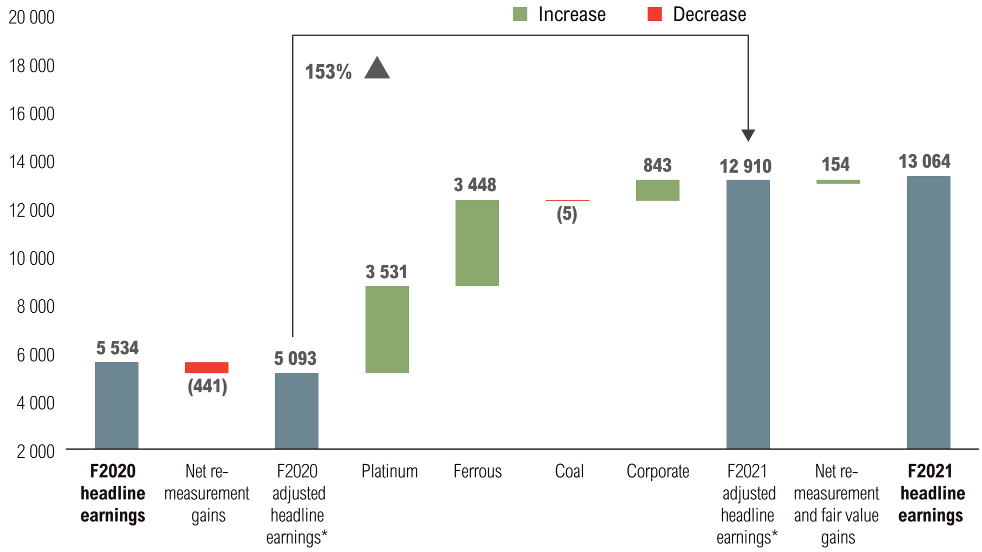
Financial performance

ARM is pleased to report record headline earnings of R13 064 million in F2021, a 136% increase compared to the F2020 headline earnings of R5 534 million. Our diversified portfolio of commodities again stood us in good stead as significantly higher US dollar prices for PGMs and iron ore more than offset the negative impact of a stronger rand against the US dollar. Increased US dollar prices were further augmented by higher sales volumes delivered for iron ore, manganese ore and PGMs.

The average realised rand strengthened by 1.8% versus the US dollar to R15.39/US$ compared to R15.68//US$ in F2020. For reporting purposes, the closing exchange rate was R14.27/US$ (30 June 2020: R17.36/US$).

Financial review continued

Headline earnings analysis (R million)



* *Adjusted headline earnings exclude re-measurement and fair value gains and losses as summarised in note 29 to the financial statements. 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 line with IFRS.*

GROUP STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2021

	F2021 Rm	F2020 Rm
Revenue	**21 457**	12 386
Sales	**19 657**	11 653
Cost of sales	**(7 900)**	(7 492)
Gross profit	**11 757**	4 161
Other operating income	**2 378**	1 160
Other operating expenses	**(2 717)**	(2 050)
Profit from operations before capital items	**11 418**	3 271
Income from investments	**487**	446
Finance costs	**(329)**	(397)
(Loss)/income from associate	**(260)**	33
Income from joint venture	**7 498**	4 450
Profit before taxation and capital items	**18 814**	7 803
Capital items before tax	**(9)**	(1 693)
Profit before taxation	**18 805**	6 110
Taxation	**(3 333)**	(1 076)
Profit for the year	**15 472**	5 034
Attributable to:		
Equity holders of ARM		
Profit for the year	**12 626**	3 965
Basic earnings for the year	**12 626**	3 965
Non-controlling interest		
Profit for the year	**2 846**	1 069
	2 846	1 069
Profit for the year	**15 472**	5 034
Earnings per share		
Basic earnings per share (cents)	**6 464**	2 042
Diluted basic earnings per share (cents)	**6 399**	2 011

Impact of higher realised US dollar PGM prices, particularly rhodium.

Year-on-year movement mainly due to higher management fee received from Assmang following revised fee arrangements.

Year-on-year movement due to lower coal sales volumes, partially offset by re-measurement gains on loans.

F2021 includes attributable impairments of R185 million on property, plant and equipment of Cato Ridge Works, R169 million on the investment in Sakura, R48 million on the investment in Cato Ridge Alloys and R26 million on exploration assets.

Year-on-year movement due to increase in profit attributable to minority shareholders at Two Rivers and Modikwa mines.

Financial position

At 30 June 2021, ARM's net cash was R8 202 million (30 June 2020: R3 737 million restated), an improvement of R4 465 million.

This amount excludes attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R4 099 million (F2020: R3 208 million). There was no debt at ARM Ferrous in either of these reporting periods.

GROUP STATEMENT OF FINANCIAL POSITION

at 30 June 2021

	30 June 2021 Rm	Restated 30 June 2020 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	**8 244**	7 211
Investment properties	**24**	24
Intangible assets	**76**	83
Deferred tax assets	**274**	–
Loans and long-term receivables	**40**	48
Non-current financial asset	**193**	230
Investment in associate	**534**	795
Investment in joint venture	**20 938**	17 545
Other investments	**4 210**	5 635
	34 533	31 571
Current assets		
Inventories	**467**	568
Trade and other receivables	**7 825**	3 306
Taxation	**70**	132
Financial assets	**523**	1 309
Cash and cash equivalents	**9 671**	5 715
	18 556	11 030
Total assets	**53 089**	42 601
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital	**11**	11
Share premium	**5 212**	4 950
Treasury shares	**(2 405)**	(2 405)
Other reserves	**2 915**	4 367
Retained earnings	**34 461**	25 157
Equity attributable to equity holders of ARM	**40 194**	32 080
Non-controlling interest	**3 582**	2 028
Total equity	**43 776**	34 108
Non-current liabilities		
Long-term borrowings	**1 105**	1 565
Deferred tax liabilities	**2 968**	2 085
Long-term provisions	**1 883**	1 953
	5 956	5 603
Current liabilities		
Trade and other payables	**1 940**	1 637
Short-term provisions	**898**	737
Taxation	**155**	103
Overdrafts and short-term borrowings		
– interest bearing	**57**	413
– non-interest bearing	**307**	–
	3 357	2 890
Total equity and liabilities	**53 089**	42 601

F2020 long-term receivables were restated due to reclassification of the ARM Coal long-term receivable.

Year-on-year movement due to loss for the year recognised at PCB operations in F2021.

Year-on-year movement mainly due to revaluation of the Harmony investment.

Year-on-year movement due to higher revenue and resulting receivables at Two Rivers and Modikwa mines.

Year-on-year movement due to net transfer of financial assets to cash and cash equivalents upon maturity.

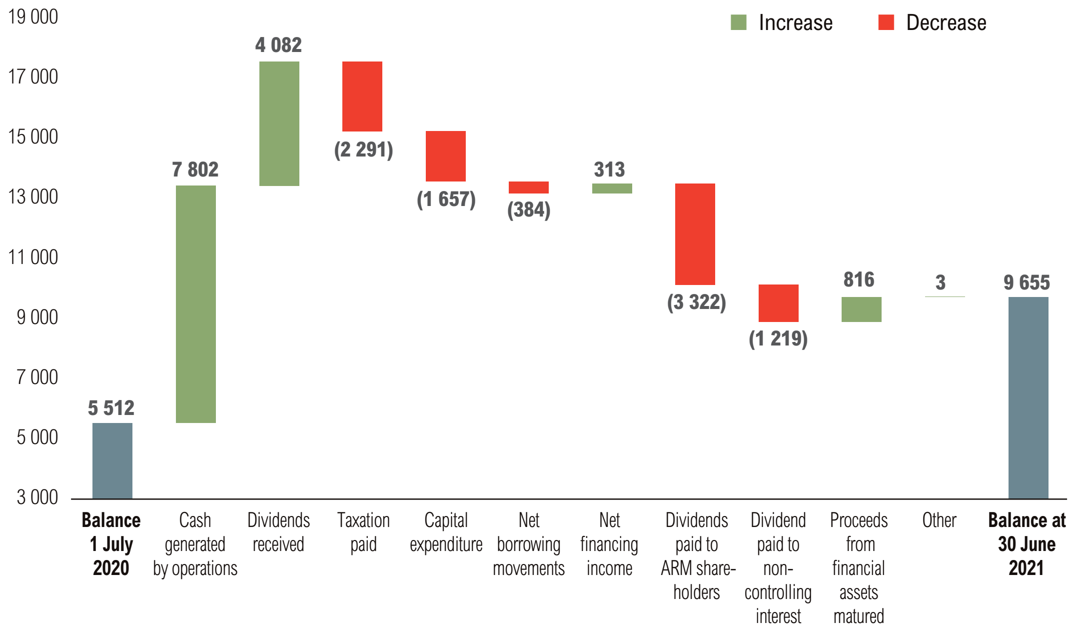
Year-on-year movement mainly due to revaluation of the Harmony investment.

Post-restructuring, the ARM BBEE Trust loan from Harmony is interest free and the repayment date is extended to 30 June 2035. Harmony reserves the right to charge interest in the future.

Financial review continued

Cash flow analysis

Analysis of movements in net cash and cash equivalents (R million)



Cash generated from operations increased by R3 936 million to R7 802 million (F2020: R3 866 million) after a R5 305 million increase in working capital requirements (F2020: R1 189 million). This was mainly due to the increase in trade and other receivables, which in turn was due to higher revenue in the reporting period.

Dividends received by ARM Corporate from Modikwa, Two Rivers and Assmang amounted to R289 million, R1 431 million and R4 000 million, respectively (F2020: Rnil from Modikwa, R664 million from Two Rivers and R3 750 million from Assmang). The dividends received from Modikwa and Two Rivers are eliminated on consolidation.

A dividend of R82 million was received from Harmony (F2020: Rnil).

In F2021, R3 322 million in dividends was paid to ARM shareholders (representing the F2020 final dividend of R7.00 per share and the 1H F2021 interim dividend of R10.00 per share) (F2020: R2 717 million was paid representing the F2019 final dividend of R9.00 per share and the 1H F2020 interim dividend of R5.00 per share). Net cash outflow from investing activities was R838 million (F2020: R2 343 million outflow) and includes a net transfer from investments in financial assets of R816 million (F2020: R1 539 million transfer to investments in financial assets).

Borrowings of R264 million were raised and borrowings of R648 million (F2020: R264 million) were repaid during the period, resulting in gross debt of R1 469 million at 30 June 2021 (30 June 2020: R1 978 million restated). Modikwa Mine fully repaid its partner loans in F2021.

GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

	F2021 Rm	F2020 Rm
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	**17 189**	12 499
Cash paid to suppliers and employees	**(9 387)**	(8 633)
Cash generated from operations	**7 802**	3 866
Interest received	**358**	373
Interest paid	**(45)**	(79)
Taxation paid	**(2 291)**	(800)
	5 824	3 360
Dividends received from joint venture	**4 000**	3 750
Dividends received from investments – Harmony	**82**	–
Dividends received from other	**–**	2
Dividend paid to non-controlling interest – Impala Platinum	**(1 219)**	(566)
Dividend paid to shareholders	**(3 322)**	(2 717)
Net cash inflow from operating activities	**5 365**	3 829
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment to maintain operations	**(1 224)**	(651)
Additions to property, plant and equipment to expand operations	**(433)**	(154)
Proceeds on disposal of property, plant and equipment	**3**	1
Investments in financial assets	**(308)**	(1 539)
Proceeds from financial assets matured	**1 124**	–
Net cash outflow from investing activities	**(838)**	(2 343)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**44**	4
Share buy-back	**–**	(57)
Long-term borrowings raised	**264**	–
Long-term borrowings repaid	**(461)**	(216)
Short-term borrowings raised	**–**	43
Short-term borrowings repaid	**(187)**	(48)
Net cash outflow from financing activities	**(340)**	(274)
Net increase in cash and cash equivalents	**4 187**	1 212
Cash and cash equivalents at beginning of year	**5 512**	4 239
Foreign currency translation on cash balance	**(44)**	61
Cash and cash equivalents at end of year	**9 655**	5 512
Made up as follows:		
– Available	**8 849**	4 767
– Cash set aside for specific use	**806**	745
	9 655	5 512
Overdrafts	**16**	203
Cash and cash equivalents per statement of financial position	**9 671**	5 715
Cash generated from operations per share (cents)	**3 994**	1 991

Dividends received from Assmang joint venture.

F2021 interim dividend of R1 958 million and F2020 final dividend of R1 364 million.

Relates mainly to new tailings dam and plant expansion at Two Rivers Mine.

622 843 shares bought back at an average price of R90.86 per share in F2020.

Relates mainly to the new interest free loan advanced to ARM BBEE Trust by Harmony, the proceeds of which were used to settle the old loan. Harmony reserves the right to charge interest in the future.

Relates to settling of old ARM BBEE Trust loan owing to Harmony and settling of Modikwa partner loan.

Financial review continued

Dividend guiding principles and declaration

In line with the board-approved dividend guiding principle, ARM aims to pay ordinary dividends to shareholders equal to approximately 40 to 70% of annual dividends received from its group companies.

Dividends remain at the discretion of the board of directors which considers the company's capital allocation guiding 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 aims to pay an interim and final dividend. The weighting between the interim and final dividend is likely to result in the final dividend being higher than the interim dividend. ARM does not borrow funds to pay dividends.

For F2021, the board has approved and declared a final dividend of 2 000 cents per share (gross) (F2020: 700 cents per share). The amount to be paid is approximately R4 489 million.

Capital allocation (on a segmental basis)

ALLOCATION OF FUNDS[1]

Invest in existing businesses

Maintenance and efficiency improvement capital expenditure balancing re-investment, profitability and returns

R2 759 MILLION

Secures long-term sustainability of our business

Debt repayment

Remaining within acceptable gearing levels create a flexible platform for sustainable growth

R648 MILLION

Healthy gearing levels create a flexible platform for sustainable growth

Invest in growth of existing businesses (growth capital expenditure) ▶ **R1 097 MILLION**

Mergers and acquisitions

Dividend payments[2] ▶ **R3 322 BILLION**

Share repurchases

Underpinned by metrics that measure the sustainability of value creation for stakeholders (minimum rate of return; other hurdle rates; payback periods; return on assets, return on capital employed; dividend pay-out, etc.

1 *Allocation of capital on a segmental basis, including ARM Ferrous.*
2 *Includes only dividends paid to ARM shareholders.*

Funds allocated to investing in existing business

Segmental capital expenditure was R4 105 million (F2020: R3 506 million) and included R426 million of capitalised waste stripping at the iron ore operations (F2020: R394 million). Capital expenditure for the divisions is shown below and discussed in each division's operational performance review.

CAPITAL EXPENDITURE BY OPERATION/DIVISION (ATTRIBUTABLE BASIS)

	F2021 Rm	F2020 Rm	% change
ARM Ferrous	**2 221**	2 173	2
Iron ore division	**1 198**	1 111	8
Manganese division	**1 124**	1 157	(3)
Consolidation adjustment	**(101)**	(95)	(6)
ARM Platinum	**1 611**	1 132	42
Two Rivers Mine	**1 281**	813	58
Modikwa Mine	**330**	319	3
Nkomati Mine	**–**	–	
ARM Coal (Goedgevonden Mine)	**263**	197	33
ARM Corporate	**10**	4	150
Total	**4 105**	3 506	17

Net cash outflow from investing activities was R838 million (F2020: R2 343 million) and included a net transfer from investments in financial assets of R816 million now matured and reported as cash and cash equivalents (F2020: R1 539 million transfer to investments in financial assets).

The consolidated ARM total assets of R53 billion (F2020: R43 billion) include ARM's investment in Harmony which was R3 940 million as at 30 June 2021 (30 June 2020: R5 366 million). Harmony's share price was R52.76 per share at 30 June 2021 (30 June 2020: R71.86 per share).

Funds allocated to debt repayment

Borrowings of R264 million were raised and borrowings of R648 million (F2020: R264 million) were repaid in the period, reducing gross debt to R1 469 million (30 June 2020: R1 978 million restated).

There was no debt at ARM Ferrous in either of the reporting periods.

Funds allocated to dividend payments

A final dividend of 2 000 cents per share was declared for F2021 in addition to an interim dividend of 1 000 cents per share paid in April 2021, bringing the cumulative dividend for F2021 to 3 000 cents per share.

Dividends paid to ARM shareholders in F2021 include R1 364 million in October 2020 as a final dividend for F2020 and R1 958 million in April 2021 as an interim dividend for F2021, bringing the total dividend paid in F2021 to R3 322 million.

Events after reporting date

Subsequent to year end, ARM received a dividend from Assmang of R3 500 million.

Harmony declared a final dividend of 27 cents per share, bringing their total dividend for F2021 to 137 cents per share. At 30 June 2021 and at the date of this report, ARM owned 74 665 545 Harmony shares.

ARM declared a dividend of R20.00 per share.

The ARM Corporate Revolving Credit Facility was extended subsequent to year end and is available until September 2022 (refer note 11 and 18).

Please refer to events after reporting date included on page 12 of the directors' report.

AFS

No other significant events have occurred subsequent to the reporting date that could materially affect the reported results.

Tsundzukani Mhlanga
Finance director

Financial review continued

Primary segmental information

Attributable R million	Nkomati	Two Rivers	Modikwa	Total ARM Platinum	Iron ore division	Manganese division	Total ARM Ferrous	Group adjustment	Total ARM Ferrous group
	ARM Platinum				ARM Ferrous				
Year to 30 June 2021									
Sales	1 547	11 992	4 924	18 463	18 811	6 096	24 907		24 907
Cost of sales	(1 230)	(3 533)	(1 924)	(6 687)	(6 143)	(4 903)	(11 046)		(11 046)
Other operating income[2]	3	180	110	293	665	84	749	(668)	81
Other operating expenses[2]	(134)	(952)	(525)	(1 611)	(2 987)	(595)	(3 582)	668	(2 914)
Segment results	**186**	**7 687**	**2 585**	**10 458**	**10 346**	**682**	**11 028**		**11 028**
Income from investments	6	32	34	72	238	7	245		245
Finance cost	(26)	(60)	(9)	(95)	(31)	(6)	(37)		(37)
Loss from associate	–	–	–	–	–	–	–		–
Income from joint venture	–	–	–	–	–	(3)	(3)		(3)
Capital items before taxation	–	–	–	–	(24)	(478)	(502)		(502)
Taxation	(1)	(2 156)	(768)	(2 925)	(3 033)	(157)	(3 190)		(3 190)
Profit/(loss) after taxation	164	5 502	1 842	7 510	7 496	45	7 541		7 541
Non-controlling interest	–	(2 531)	(313)	(2 844)	–	–	–		–
Consolidation adjustment[4]	–	–	–	–	–	–	–	(43)	(43)
Contribution to basic earnings	164	2 971	1 529	4 666	7 496	45	7 541	(43)	7 498
Contribution to headline earnings	165	2 972	1 529	4 666	7 521	449	7 970	(43)	7 927
Other information									
Segment assets including investment in associate	284	9 709	4 410	14 403	17 831	10 403	28 234	(793)	27 441
Investment in associate	–	–	–	–	–	–	–		–
Investment in joint venture	–	–	–	–	–	–	–		–
Segment liabilities	690	1 402	552	2 644	3 423	3 303	6 726	(3 729)	2 997
Unallocated liabilities (taxation and deferred taxation)									
Consolidated total liabilities									
Cash generated from operations	115	5 878	1 765	7 758	9 066	770	9 836		9 836
Cash inflow/(outflow) from operating activities	119	3 289	1 334	4 742	5 239	(1 984)	3 255	4 000	7 255
Cash (outflow)/inflow from investing activities	(6)	(1 182)	(374)	(1 562)	(1 232)	(1 113)	(2 345)		(2 345)
Cash (outflow)/inflow from financing activities	–	(221)	(92)	(313)	(19)	–	(19)		(19)
Capital expenditure	–	1 281	330	1 611	1 199	1 124	2 323	(102)	2 221
Amortisation and depreciation	–	488	131	619	781	388	1 169	(43)	1 126
Impairment before tax	–	–	–	–	25	475	500		500
EBITDA	186	8 175	2 716	11 077	11 128	1 069	12 197	(43)	12 154

There were no significant inter-company sales.

[1] *Includes IFRS 11 Joint Arrangements – adjustments related to ARM Ferrous.*
[2] *The re-measurement of the ARM Coal loans had an impact of R53 million gain with no tax effect.*
The re-measurement of the Modikwa loans amount to R6 million loss with no tax effect.
The fair value adjustment of the Harmony loan amounts to R47 million gain with no tax effect.
[3] *The re-measurement of the ARM Coal amounts to a gain of R36 million with no tax effect.*
[4] *Relates to capitalised fees in ARM Ferrous and reversed upon consolidation.*

	ARM Corporate					IFRS adjustment			
ARM Coal	Machado-dorp Works	Corporate and other	Gold	Total Corporate	Total	ARM Ferrous[1]	Other	Total IFRS adjust-ment	Total per IFRS
1 058	136	–		136	44 564	(24 907)	–	(24 907)	19 657
(1 078)	(149)	56		(93)	(18 904)	11 046	(42)	11 004	(7 900)
236	7	1 740		1 747	2 357	(81)	102	21	2 378
(50)	(130)	(926)		(1 056)	(5 631)	2 914	–	2 914	(2 717)
166	**(136)**	**870**		**734**	**22 368**	**(11 028)**	**60**	**(10 968)**	**11 418**
11	–	322	82	404	732	(245)	–	(245)	487
(175)	(22)	(37)		(59)	(366)	37	–	37	(329)
(260)	–	–		–	(260)	–	–	–	(260)
–	–	–		–	(3)	3	7 498	7 501	7 498
–	–	(9)		(9)	(511)	502		502	(9)
8	51	(450)		(399)	(6 506)	3 190	(17)	3 173	(3 333)
(250)	(107)	696	82	671	15 472	–	–	–	15 472
–		(2)		(2)	(2 846)	–	–	–	(2 846)
–		43		43	–	–	–	–	–
(250)	(107)	737	82	712	12 626	–	–	–	12 626
(250)	(107)	746	82	721	13 064	–	–	–	13 064
3 085	151	10 572	3 940	14 663	59 592	(27 441)	20 938	(6 503)	53 089
534					534			–	534
–					–		20 938	20 938	20 938
1 847	298	1 401		1 699	9 187	(2 997)	–	(2 997)	6 190
					6 629		(3 506)	(3 506)	3 123
					15 816			(6 503)	9 313
197	(3)	(150)		(153)	17 638	(9 836)	–	(9 836)	7 802
199	(4)	(3 654)	82	(3 576)	8 620	(7 255)	4 000	(3 255)	5 365
(193)	(1)	918		917	(3 183)	2 345	–	2 345	(838)
(10)	–	(17)		(17)	(359)	19	–	19	(340)
263	1	9		10	4 105	(2 221)	–	(2 221)	1 884
182	0	8		8	1 935	(1 126)	–	(1 126)	809
–	–	9		9	509	(500)	–	(500)	9
348	(136)	878		742	24 321	(12 154)	60	(12 094)	12 227

Financial review continued

Primary segmental information continued

Attributable R million	ARM Platinum: Nkomati	ARM Platinum: Two Rivers	ARM Platinum: Modikwa	ARM Platinum: Total ARM Platinum	ARM Ferrous: Iron ore division	ARM Ferrous: Manganese division	ARM Ferrous: Total ARM Ferrous	ARM Ferrous: Group adjustment	ARM Ferrous: Total ARM Ferrous group
Year to 30 June 2020									
Sales	1 282	6 173	3 093	10 548	10 319	5 398	15 717		15 717
Cost of sales	(1 475)	(2 994)	(1 696)	(6 165)	(5 017)	(3 751)	(8 768)		(8 768)
Other operating income[2]	12	21	87	120	618	351	969	(431)	538
Other operating expenses[2]	(523)	(383)	(192)	(1 098)	(1 136)	(629)	(1 765)	431	(1 334)
Segment results	**(704)**	**2 817**	**1 292**	**3 405**	**4 784**	**1 369**	**6 153**	**–**	**6 153**
Income from investments	7	25	67	99	297	8	305		305
Finance cost	(32)	(83)	(5)	(120)	(25)	(28)	(53)		(53)
Profit from associate[3]	–	–	–	–			–		–
Income from joint venture	–	–	–	–		(127)	(127)		(127)
Capital items before taxation	–	–	–	–	(31)	(7)	(38)		(38)
Taxation	25	(786)	(413)	(1 174)	(1 364)	(382)	(1 746)		(1 746)
(Loss)/profit after taxation	(704)	1 973	941	2 210	3 661	833	4 494	–	4 494
Non-controlling interest	–	(908)	(160)	(1 068)			–	–	–
Consolidation adjustment[4]	–	–	–	–			–	(44)	(44)
Contribution to basic earnings	(704)	1 065	781	1 142	3 661	833	4 494	(44)	4 450
Contribution to headline earnings	(704)	1 065	781	1 142	3 687	836	4 523	(44)	4 479
Other information									
Segment assets including investment in associate	445	6 029	3 705	10 179	11 001	12 566	23 567	(732)	22 835
Investment in associate	–	–	–	–			–		–
Investment in joint venture	–	–	–	–			–		–
Segment liabilities	1 009	1 339	576	2 924	2 477	3 018	5 495	(3 405)	2 090
Unallocated liabilities (taxation and deferred taxation)									
Consolidated total liabilities									
Cash generated from operations	(121)	2 641	1 535	4 055	5 536	1 927	7 463		7 463
Cash (outflow)/inflow from operating activities	(132)	1 261	1 479	2 608	2 490	1 715	4 205	1 875	6 080
Cash (outflow)/inflow from investing activities	(51)	(428)	(350)	(829)	(1 049)	(1 134)	(2 183)		(2 183)
Cash (outflow)/inflow from financing activities	(6)	(72)	(49)	(127)	9		9		9
Capital expenditure	–	813	319	1 132	1 112	1 157	2 269	(96)	2 173
Amortisation and depreciation	–	355	93	448	710	319	1 029	(35)	994
Impairment before tax	–	–	–	–	7	–	7		7
EBITDA	(704)	3 172	1 385	3 853	5 494	1 688	7 182	(35)	7 147

There were no significant inter-company sales.

[1] *Includes IFRS 11* Joint Arrangements *– adjustments related to ARM Ferrous.*
[2] *The re-measurement of the ARM Coal loans had an impact of R147 million loss with no tax effect. The re-measurement of the Modikwa loans amount to R8 million loss.*
[3] *The re-measurement of the ARM Coal loans had an impact of R279 million profit with no tax effect. Impairment losses included in income from associate are R4 million less tax of R1 million.*
[4] *Relates to capitalised fees in ARM Ferrous and reversed upon consolidation.*

		ARM Corporate					IFRS adjustment			
	ARM Coal	Machado-dorp Works	Corporate and other	Gold	Total Corporate	Total	ARM Ferrous[1]	Other	Total IFRS adjust-ment	Total per IFRS
	1 056	49	–		49	27 370	(15 717)	–	(15 717)	11 653
	(1 201)	(142)	50		(92)	(16 226)	8 768	(34)	8 734	(7 492)
	232	5	708		713	1 603	(538)	95	(443)	1 160
	(20)	(133)	(799)		(932)	(3 384)	1 334	–	1 334	(2 050)
	67	**(221)**	**(41)**		**(262)**	**9 363**	**(6 153)**	**61**	**(6 092)**	**3 271**
	13	–	334		334	751	(305)	–	(305)	446
	(173)	(18)	(86)		(104)	(450)	53	–	53	(397)
	33	–	–		–	33	–	–	–	33
	–	–	–		–	(127)	127	4 450	4 577	4 450
	(937)	(7)	(749)		(756)	(1 731)	38	–	38	(1 693)
	211	76	(172)		(96)	(2 805)	1 746	(17)	1 729	(1 076)
	(786)	(170)	(714)		(884)	5 034	–	–	–	5 034
	–		(1)		(1)	(1 069)	–	–	–	(1 069)
	–		44		44	–	–	–	–	–
	(786)	(170)	(671)		(841)	3 965	–	–	–	3 965
	(2)	(163)	78		(85)	5 534	–	–	–	5 534
	3 428	89	5 994	5 366	11 449	47 891	(5 290)	–	(5 290)	42 601
	795				–	795	–	–	–	795
	–				–	–	–	17 745	17 745	17 745
	1 801	370	1 210		1 580	8 395	(2 090)	–	(2 090)	6 305
						5 388		(3 200)	(3 200)	2 188
						13 783			(5 290)	8 493
	144	5	(338)		(333)	11 329	(7 463)	–	(7 463)	3 866
	161	4	(2 694)		(2 690)	6 159	(2 330)	3 315	(2 330)	3 829
	(192)	–	(1 322)		(1 322)	(4 526)	2 183	–	2 183	(2 343)
	–	–	(147)		(147)	(265)	(9)	–	(9)	(274)
	197	–	4		4	3 506	(2 173)	–	(2 173)	1 333
	197	2	5		7	1 646	(994)	–	(994)	652
	941	7	743		750	1 698	(7)	–	(7)	1 691
	264	(219)	(36)		(255)	11 009	(7 147)	61	(7 086)	3 923

Financial review continued

Financial summary and statistics

	Group				
	Compounded annual growth rate %	F2021 Rm	Restated F2020 Rm	F2019 Rm	F2018 Rm
Income statement					
Sales	3	**19 657**	11 653	8 834	8 142
Basic earnings		**12 626**	3 965	3 554	4 562
Headline earnings	14	**13 064**	5 534	5 226	4 814
Basic earnings per share (cents)		**6 464**	2 042	1 848	2 393
Headline earnings per share (cents)	15	**6 688**	2 850	2 718	2 526
Interim dividend declared per share (cents)		**1 000**	500	400	250
Final dividend declared per share (cents)		**2 000**	700	900	750
Total dividend declared per share (cents)		**3 000**	1 200	1 300	1 000
Statement of financial position					
Total assets	5	**53 089**	42 601	37 216	34 305
Cash and cash equivalents	10	**9 671**	5 715	4 632	3 291
Total interest bearing borrowings	(9)	**1 163**	1 978	2 030	2 296
Shareholders' equity	7	**43 776**	34 108	29 703	27 378
Statement of cash flows					
Cash generated from operations	3	**7 802**	3 866	2 123	1 934
Net cash outflow from investing activities	(13)	**(838)**	(2 343)	(1 271)	(381)
Net cash (outflow)/inflow from financing activities		**(340)**	(274)	(281)	(355)
Exchange rates					
Average rate US$1 = R	8	**15.39**	15.68	14.19	12.84
Closing rate US$1 = R	8	**14.27**	17.36	14.09	13.72
JSE Limited performance					
Ordinary shares (Rand)					
– high	3	**307**	193	188	141
– low	1	**163**	82	107	78
– year end	3	**255**	169	182	109
Volume of shares traded (thousands)	2	**154 691**	168 667	141 460	161 439
Number of ordinary shares in issue (thousands)	1	**224 453**	223 326	222 008	219 709
Financial statements	**Definition number**				
Liquidity ratios (times)					
Current ratio	1	**5.5**	3.8	2.4	2.6
Quick ratio	2	**5.4**	3.6	2.2	2.4
Cash ratio	3	**232.6**	27.2	8.5	19.3
Profitability (%)					
Return on operational assets	4	**42.6**	17.9	5.2	12.0
Return on capital employed	5	**42.3**	21.8	17.5	19.1
Return on equity	6	**32.5**	17.2	18.5	18.6
Gross margin	7	**59.8**	35.7	15.7	17.3
Operating margin	8	**58.1**	28.1	8.9	20.5
Debt leverage					
Interest cover (times)	9	**58.1**	20.6	19.1	16.7
Gross debt to equity ratio (%)	10	**3**	6	7	8
Net debt to equity ratio (%)	11	**(19)**	(11)	(9)	(4)
Other					
Net asset value per share (R/share)	12	**179**	144	127	118
Market capitalisation	13	**57 314**	37 776	40 405	23 948
Dividend cover (times)	14	**3.34**	4.07	3.02	3.37
EBITDA	15	**12 227**	3 923	1 476	2 443
EBITDA margin (%)	16	**62**	34	17	30
Effective tax rate	17	**18**	18	6	10
Effective tax rate excluding capital items	18	**18**	16	9	10

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

Group					
F2017 Rm	F2016 Rm	F2015 Rm	F2014 Rm	F2013 Rm	F2012 Rm
8 158	8 164	9 263	10 004	7 342	17 530
1 372	(565)	104	3 289	1 634	3 438
3 196	1 051	1 744	4 108	3 737	3 451
723	(265)	48	1 521	759	1 609
1 684	494	803	1 900	1 735	1 615
650	225	350	600	510	475
650	225	350	600	510	475
32 246	35 127	35 283	36 458	33 839	35 316
1 488	1 316	2 257	2 150	1 965	3 564
2 759	5 551	3 882	3 502	3 992	3 237
24 040	24 581	26 905	28 199	25 463	24 405
1 611	1 225	2 508	2 073	1 565	5 969
(640)	(799)	(1 980)	(1 222)	(1 720)	(4 077)
(1 865)	(558)	(304)	(759)	474	179
13.60	14.68	11.45	10.36	8.83	7.77
13.05	14.51	12.16	10.63	9.93	8.16
127	116	203	240	209	199
67	35	81	143	139	159
84	92	83	187	150	166
212 900	202 914	124 582	110 911	113 003	98 740
218 702	223 326	217 491	216 748	215 625	214 852
1.7	1.2	1.7	1.9	1.9	2.4
1.4	1.0	1.5	1.6	1.5	1.8
5.0	1.8	4.0	3.6	6.5	5.2
1.8	4.2	5.8	9.3	7.1	20.1
12.3	5.8	6.9	15.0	14.1	17.7
13.6	4.4	6.8	15.4	15.5	14.9
14.8	9.9	15.2	24.7	20.1	34.6
2.6	8.0	11.2	16.7	16.0	29.8
9.2	6.1	9.3	19.1	21.9	23.7
11	23	14	12	16	13
5	17	6	5	8	n/a
107	109	118	123	112	108
18 371	20 058	17 993	40 538	32 292	35 670
2.59	2.19	2.29	3.17	3.40	3.40
794	1 185	2 087	2 620	1 982	6 531
10	14	23	26	27	37
(35)	(1)	83	13	(5)	31
7	2	23	14	10	31

Financial review continued

Financial summary and statistics 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 capital 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 capital items divided by sales.

9 **Interest cover (times)**
Profit before capital items and finance costs divided by finance costs.

10 **Gross debt to equity ratio**
Total debt divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings.

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.

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 of the relevant year.

14 **Dividend cover (times)**
Headline earnings per share divided by dividend per share.

15 **EBITDA (R million)**
Earnings before interest, taxation, depreciation, amortisation, income from associate, income from joint venture and capital 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 capital items**
Taxation in the income statement less tax on capital items divided by profit before tax and capital items.

Note:
All ratios except return on capital employed use year end balances.
Return on capital employed is a two-year average.


SANDVIK

Operational reviews

ARM Platinum

Thando Mkatshana
Chief executive – ARM Platinum

Key features for F2021

Headline earnings more than trebled to **R4.7 billion**

Production and sales volumes impacted by operational challenges in 1H F2021

Strict protocols to prevent spread of Covid-19 implemented at all operations

Significant increase in average realised US dollar PGM prices

Approval of **R5.7 billion** for new **Merensky Mine** (Merensky project) at Two Rivers Mine

Nkomati Mine placed on care and maintenance in March 2021

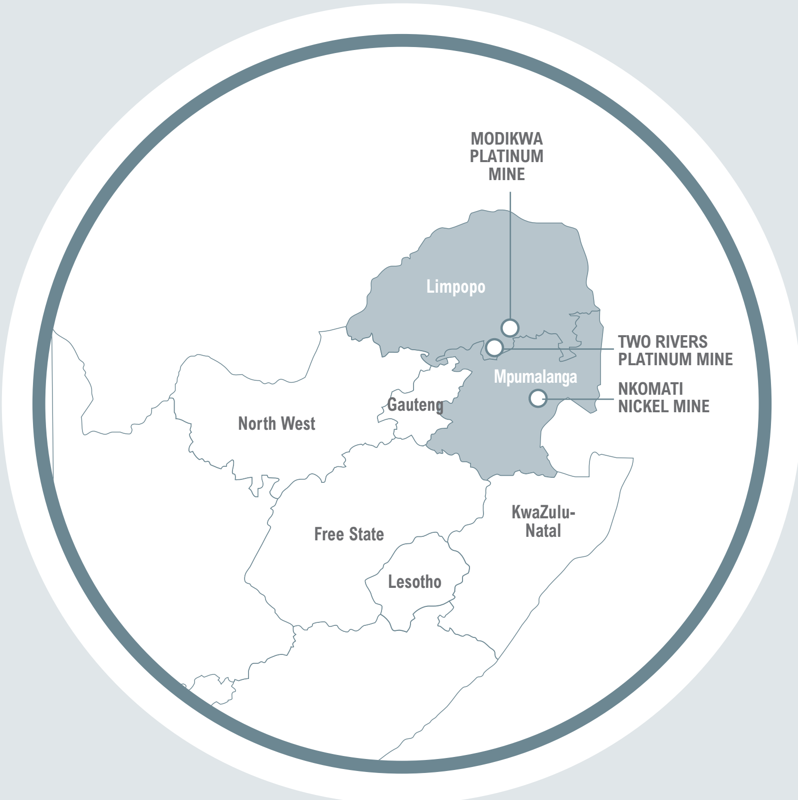
Material matters

- Early works underway on Merensky project
- Covid-19 impact on production volumes, unit costs and project execution at Modikwa Mine

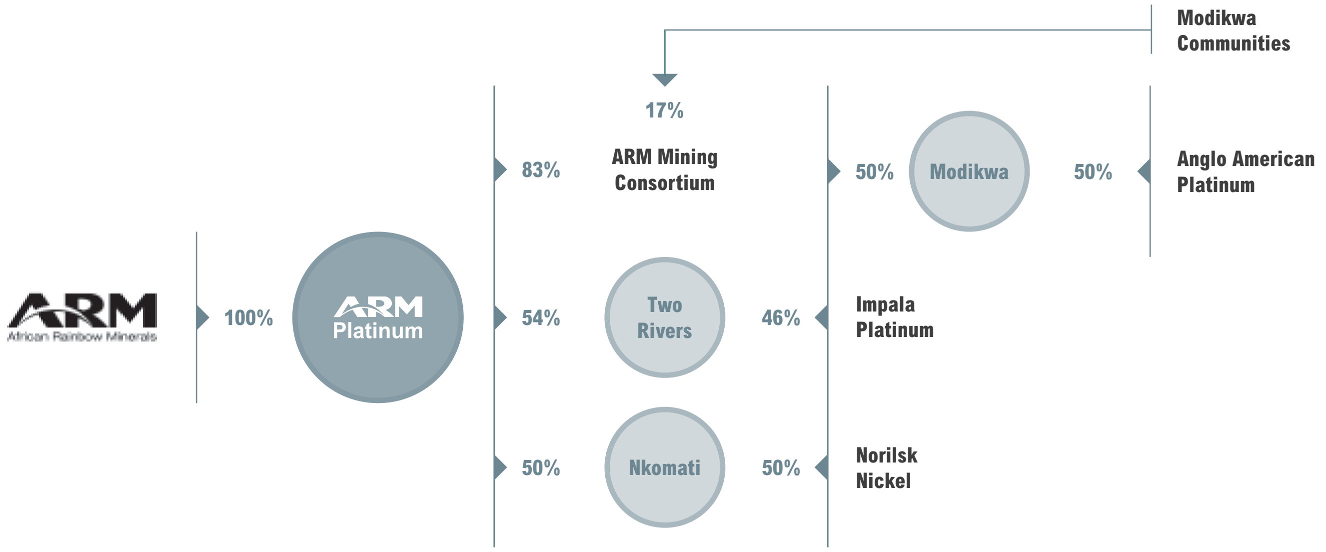
- Two fatalities at Modikwa Mine
- Improving the safety performance at Modikwa Mine
- Ensuring appropriate protocols to manage spread of Covid-19 (vaccinating employees from July 2021)

- Continued engagement with stakeholders impacted by Nkomati Mine being placed on care and maintenance
- Supporting communities during pandemic
- Industrial action at Modikwa Mine

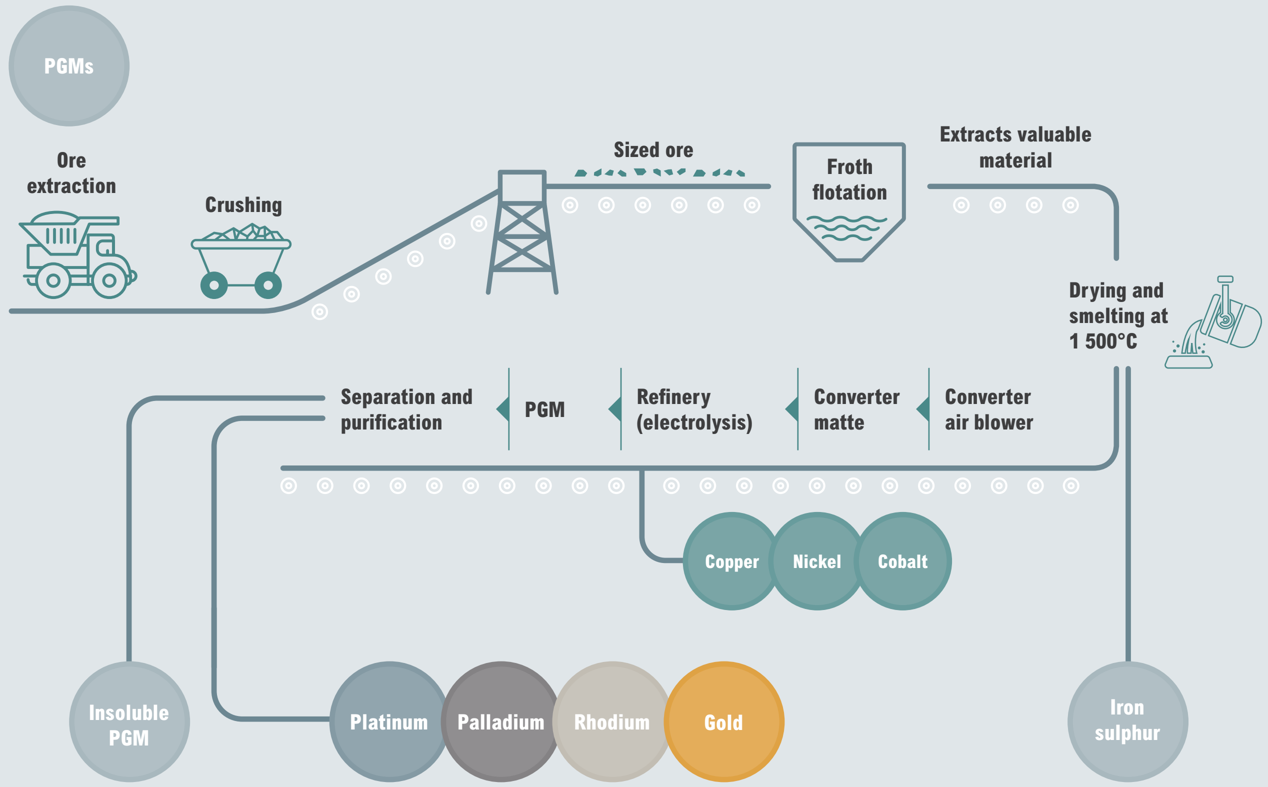
South Africa



Structure



Production process



Operational reviews continued

ARM Platinum continued

Scorecard
TWO RIVERS MINE

F2021 OBJECTIVES	ACHIEVED/NOT ACHIEVED	F2022 OBJECTIVES
Produce 277 000 6E PGM ounces by improving the selective mining of split reef and increasing mining flexibility. Focus on improving the mine's position on the global PGM cost curve	Achieved Production volumes were 300 172 6E PGM ounces. Increased volumes positively impacted unit production costs	Produce 310 000 6E PGM ounces. Focus on improving mine's position on global PGM cost curve
Completion of the concentrator plant expansion is scheduled for the third quarter of F2022	Achieved Project on track to be completed on schedule in F2022	Ramp up concentrator plant to full capacity by F2023
Achieve sales volumes of 209 000 tonnes of chrome concentrate	Achieved Chrome concentrate sales volumes were 242 945 tonnes	Achieve sales volumes of 251 000 tonnes of chrome concentrate
		Commission Merensky mining in fourth quarter of F2022

R5.7 billion Merensky project approved at Two Rivers Mine.

MODIKWA MINE

F2021 OBJECTIVES	ACHIEVED/NOT ACHIEVED	F2022 OBJECTIVES
Produce 261 000 6E PGM ounces and improve the mine's position on the global PGM cost curve. Accelerate strike development to improve mining flexibility	Not achieved Production volumes were 251 755 6E PGM ounces. Production was affected by Covid-19, safety stoppages and industrial action by employees	Produce 270 000 6E PGM ounces with a continued focus on improving mine's position on global PGM cost curve
Continue South 2 shaft ramp-up and achieve 55 000 tonnes per month	Partially achieved South 2 shaft system produced an average of 51 000 tonnes per month (the average for 2H F2021 was 58 888 tonnes per month)	Continue South 2 shaft ramp-up and achieve 60 000 tonnes per month
Complete construction and commission the chrome plant in the fourth quarter of F2021	Not achieved Due to Covid-19-related delays, commissioning is underway	Produce 100 000 tonnes of chrome concentrate

NKOMATI MINE

F2021 OBJECTIVES	ACHIEVED/NOT ACHIEVED	F2022 OBJECTIVES
Preserve cash to reduce partner funding for rehabilitation provision	Achieved Nkomati ended the year with a cash balance of R291 million	
Cease production by end-February 2021	Achieved Mining halted in February 2021 with last material processed through concentrator plant in March 2021	Focus on responsible care and maintenance

Operational reviews continued

ARM Platinum continued

Commodity prices

Higher metal prices, particularly rhodium which increased by 179% in F2021, contributed significantly to the Modikwa and Two Rivers mines' F2021 results. Despite a slightly stronger rand/US dollar exchange rate, the average rand per 6E kilogram basket price increased by 71% and 74% to R1 457 843/kg (F2020: R850 909/kg) and R1 349 148/kg (F2020: R775 857/kg) at Modikwa and Two Rivers mines, respectively.

US dollar nickel prices were 18% higher, which contributed to Nkomati Mine's cash position.

Average US dollar metal prices

	Unit	F2021	F2020	% change
Platinum	US$/oz	**1 046**	871	20
Palladium	US$/oz	**2 427**	1 901	28
Rhodium	US$/oz	**17 478**	6 275	179
Nickel	US$/t	**16 447**	13 964	18
Copper	US$/t	**8 086**	5 647	43
Cobalt	US$/lb	**18**	16	12
UG2 chrome concentrate – Two Rivers (CIF)[1]	US$/t	**137**	134	2
High sulphur chrome concentrate – Nkomati (FOT)[2]	US$/t	**43**	48	(10)

[1] *Cost, insurance and freight.*
[2] *Free-on-truck.*

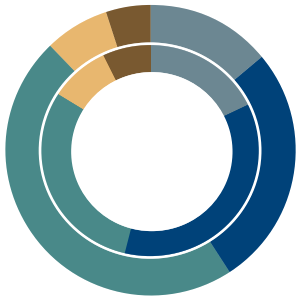
Average rand metal prices

	Unit	F2021	F2020	% change
Average exchange rate	R/US$	**15.39**	15.68	(2)
Platinum	R/oz	**16 107**	13 658	18
Palladium	R/oz	**37 360**	29 812	25
Rhodium	R/oz	**269 071**	98 399	173
Nickel	R/t	**253 194**	218 948	16
Copper	R/t	**124 482**	88 549	41
Cobalt	R/lb	**283**	257	10
UG2 chrome concentrate – Two Rivers (CIF)[1]	R/t	**2 107**	2 100	–
High-sulphur chrome concentrate – Nkomati (FOT)[2]	R/t	**662**	748	(12)

[1] *Cost, insurance and freight.*
[2] *Free-on-truck.*

ARM Platinum revenue per commodity

F2020 is represented in the inner circle



	F2021	F2020
Platinum	**14%**	18%
Palladium	**27%**	36%
Rhodium	**47%**	30%
Nickel	**7%**	9%
Other	**5%**	7%

Financial performance

Delivering financial returns to shareholders and other providers of capital

ARM Platinum headline earnings increased by R3 524 million to R4 666 million in F2021 (F2020: R1 142 million), positively impacted by higher average realised US dollar PGM prices (particularly rhodium) coupled with a 3% increase in PGM production volumes (on 100% basis) as volumes recovered after Covid-19-related lockdowns at the end of F2020.

Operational performance

Continuously improving operational performance

Two Rivers Mine

PGM volumes increased from 261 024 6E ounces in F2020 to 300 172 6E ounces in F2021. Production rates are returning to normal after the Covid-19-related national lockdown and operational challenges in F2020.

The sinking of declines at Main shaft is progressing as planned with completion beyond level 13. This is improving mining flexibility to optimise the blend from normal and split reefs. Mining of the split-reef is being managed with various cuts to optimise the grade.

PGM grades from North shaft have improved with this ore given processing priority at the concentrator plant.

Chrome concentrate sales volumes increased by 41% to 242 945 tonnes (F2020: 172 368). This, combined with a stable rand chrome price, resulted in chrome cash operating profit improving by 18% to R118 million (F2020: R100 million).

Unit production costs on a rand per tonne milled basis increased in line with inflation by 5% to R905 per tonne (F2020: R857 per tonne). The rand per 6E PGM ounce cost reduced to R9 893 per 6E PGM ounce (F2020: R9 908 per 6E PGM ounce), as a direct result of improved plant recoveries and cost containment.

Modikwa Mine

Tonnes milled increased by 5% which was more than offset by a 7% decrease in head grade, reducing PGM production by 3% to 251 755 6E PGM ounces (F2020: 259 360 6E PGM ounces). The decline in head grade was mainly due to increased production from on-reef development at North shaft. Mining volumes were impacted by safety stoppages and industrial action by employees in the first half of the year. Measures implemented to prevent the spread of Covid-19 impacted the operation throughout the financial year due to high labour intensity.

The accelerated on-reef development is progressing to open stoping panels.

Mining volumes were impacted by Covid-19 restrictions with a proportionally larger impact on stoping than on development, given the higher labour intensity of stoping. The resultant lower stoping:development ratio gave rise to a decrease in head grade. More ore milled from historical low-grade stockpiles also contributed to reduced head grades.

In addition, in the first half of the financial year, Modikwa Mine lost approximately 5 200 6E PGM ounces following two fatal accidents. An additional estimated 14 800 6E PGM ounces were lost towards the end of 1H F2021 due to unprotected industrial action by National Union of Mineworkers (NUM) affiliated employees. This related to housing-related benefits which were overpaid in the fourth quarter of F2020 and employees incorrectly claiming that the mine owed them monies under the Temporary Employer/Employee Relief Scheme (TERS). All employees returned to work and the matter was resolved.

Production volumes at the mine improved in the second half of the financial year with the resolution of the above issues.

Unit production costs increased by 19% on both 6E PGM ounce and rand per tonne basis to R14 300 per 6E PGM ounce (F2020: R11 974 per 6E PGM ounce) and R1 757 per tonne (F2020: R1 598 per tonne). This was due to lower production volumes and Covid-19-related costs.

Operational reviews continued

ARM Platinum continued

Nkomati Mine

Nkomati Mine was placed on care and maintenance in March 2021 in line with the strategy as planned and previously communicated.

As at 30 June 2021, the estimated undiscounted rehabilitation costs attributable to ARM were determined to be R679 million (30 June 2020: R620 million) excluding VAT (discounted R596 million). The R59 million increase was due to increased contractor rates and inflation.

At 30 June 2021, R109 million (attributable to ARM) cash and financial assets were available to fund rehabilitation obligations for Nkomati Mine. The resulting attributable shortfall of R487 million is expected to be funded by ARM.

Nkomati Mine's estimated rehabilitation costs continue to be reassessed as engineering designs evolve and new information becomes available.

Nkomati Mine ceased mining in February 2021. Nickel production for the nine months amounted to 8 016 tonnes (F2020: 10 638 tonnes). The last ore was processed through the concentrator plant in March 2021.

Chrome concentrate sales volumes were 116 298 tonnes (F2020: 222 110 tonnes) which, combined with a 10% reduction in average realised US dollar chrome prices, resulted in a cash operating loss from chrome of R7 million (F2020: R42 million cash operating profit).

On-mine unit production costs in F2021 were only 1% higher at R384 per tonne (F2020: R380 per tonne).

Unit cash costs net of by-products per nickel produced in F2021 were 53% lower at US$2.98/lb (F2020: US$6.29/lb). The improvement in unit cash costs was due to increased by-product credits.

Investing in the current business

Total capital expenditure for ARM Platinum was R1 611 million (attributable).

R million	F2021	F2020
ARM Platinum	**1 611**	1 132
Two Rivers Mine	**1 281**	813
Modikwa Mine	**330**	319
Nkomati Mine	**–**	–

Of the R1 281 million capital spent at **Two Rivers Mine** (F2020: R813 million), R210 million was for fleet replacement and refurbishment. Deepening the Main and North declines with respective electrical and mechanical installations accounted for R285 million of total capital expenditure. Capital expenditure on the new tailings dam and plant expansion was R294 million and R290 million, respectively.

Covid-19 restrictions and steel shortages delayed the plant expansion project completion date by two months. The additional mill is now expected to be commissioned in November 2021 with full ramp-up expected to be achieved in the third quarter of F2022.

Construction of the new tailings dam project was also delayed by Covid-19 and is expected to be finalised in October 2021.

Two Rivers' shareholders approved the Merensky project which involves mining the Merensky Reef. Total capital expenditure for the project is R5.7 billion (100% basis) which will be spent over three years. The project entails annual production of 182 000 6E PGM ounces, 1 600 tonnes nickel, and 1 300 tonnes of copper.

Merensky underground mining is planned to commence in the fourth quarter of F2022, with the plant set to be commissioned in the second quarter of F2024.

Capital expenditure at **Modikwa Mine** (100% basis) increased by 3% to R660 million (F2020: R638 million). Of this, R238 million related to construction of the chrome recovery plant, R62 million to fleet refurbishment and critical spares, R55 million for the North shaft deepening project and R43 million for the South shaft deepening project.

To maintain the current production profile and ramp-up production, Modikwa Mine initiated the North shaft and South 2 shaft projects:

- North shaft project – level 9 decline equipping was completed and commissioned. Level 9 strike development has started. The decline to level 10 is scheduled to commence in the first quarter of F2022
- South 2 shaft system produced an average of 51 258 tonnes per month in F2021. The project is on track and the opening of more working areas in the system achieved an average of 57 795 tonnes per month in 2H F2021. The mine is ramping up production.

Commissioning of the Chrome Recovery Plant (CRP) is underway as planned. Ramp up to nameplate capacity rate is envisaged in the second half of F2022.

Operational reviews continued

ARM Platinum continued

Our people

Ensuring a safe, healthy and appropriately skilled workforce

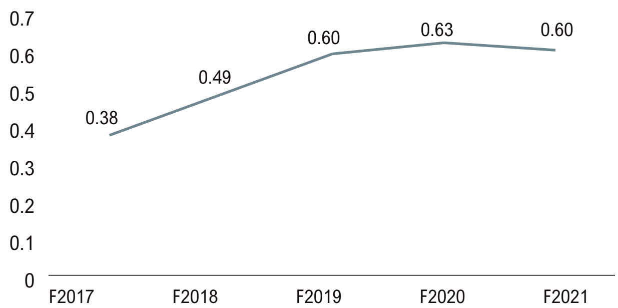
Total employees at ARM Platinum operations decreased by 13% to 8 324 at 30 June 2021 (30 June 2020: 9 520) of which 76% are full-time employees and 24% contractors. Most of the reduction relates to the scaling down at Nkomati Mine, which is currently on care and maintenance. Investment in training increased to R103 million in F2021 (F2020: R87 million).

Safety and health

The safety, health and wellbeing of employees are priorities. Regrettably two colleagues were fatally injured in separate accidents at Modikwa Mine in the first half of the year. No fatalities were reported at ARM Platinum operations in 2H F2021.

ARM Platinum's lost-time injury frequency rate (LTIFR) improved to 0.60 per 200 000 man-hours (30 June 2020: 0.63 per 200 000 man-hours), with all three mines showing an improvement year on year and Two Rivers Mine achieving 1 million fatality-free shifts. Ongoing initiatives at the operations focus on safety training and compliance to standards. An integrated safety improvement plan, an outcome of the ongoing safety intervention at Modikwa Mine, is being driven by a dedicated project manager.

LTIFR (per 200 000 man-hours)



Strict health and safety measures aligned with the guidelines from the Minerals Council and DMRE proactively prevent the spread of Covid-19. As at 30 June 2021, 56 224 employee screenings had been completed, 3 223 tests, with 885 positive cases and a 97% recovery rate. Regrettably, 18 employees succumbed to Covid-19 in F2021. Awareness sessions were held on mental health in October where employees were encouraged to use the toll-free helpline in the employee assistance programme. Awareness of the on-site psychological support programme was also introduced during the year.

Modikwa and Two Rivers mines were approved by the DoH as Covid-19 vaccination sites to support the government-led rollout and as at 26 September 2021, 5 465 employees had been vaccinated at these sites

Risk-based occupational medical surveillance programmes address specific issues for each workplace, particularly pulmonary tuberculosis (PTB), HIV and Aids, and noise-induced hearing loss (NIHL). Chronic conditions are monitored by specific occupational exposure profiles for high-risk roles, with a focus on monitoring and managing high levels of hypertension, which is mainly a lifestyle disease.

15 804 audiometric tests

17 822 PTB screening tests

17 090 HIV counselling

Environmental performance

Ensuring responsible stewardship of natural resources

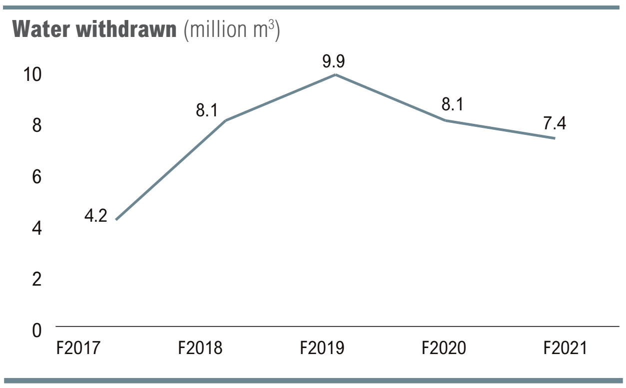
Carbon emissions and energy use

ARM Platinum's combined estimated scope 1 (direct) and scope 2 (indirect) carbon emissions decreased by 10% as a result of scaling down at Nkomati Mine. Carbon emissions per tonne of PGM ore milled at Modikwa and Two Rivers combined decreased to 0.104 tCO_2e/tonne (F2020: 0.106 tCO_2e/tonne).

Electricity consumption, the major contributor to these emissions, decreased by 7% to 736 913 megawatt hours (MWh) on a 100% basis (F2020: 794 940 MWh). Modikwa Mine accounted for 31% of ARM Platinum's F2021 total emissions, Nkomati Mine 35% and Two Rivers Mine 35%.

Water management

Disclosing against the water accounting framework of the ICMM has improved our understanding of water reuse efficiency, a key indicator in monitoring and managing consumption and losses. For F2021, water withdrawn decreased by 9%, with Modikwa Mine accounting for 50% of the division's total, Nkomati Mine 27% and Two Rivers Mine 23%.



Tailings storage facilities (TSFs)

The sustainable development committees of each mine, represented by both joint-venture partners, consider details on the status and compliance of TSFs at quarterly meetings. Each operation reports TSF compliance and status to the joint-venture partners at quarterly steering committee and sustainable development committee meetings. Implementation status of recommendations from the independent external reviews and dam-breach analyses is monitored and reported at quarterly sustainable development committee meetings.

Supporting our communities

Maintaining our social licence to operate

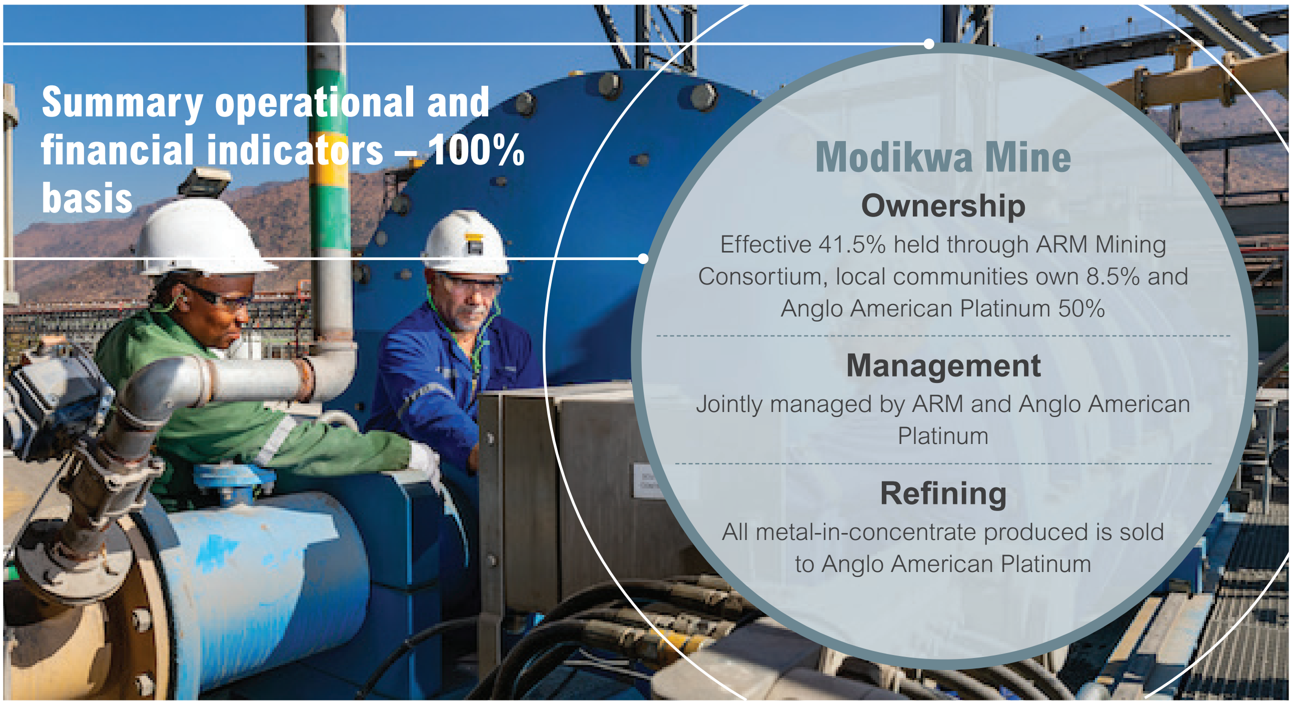
ARM Platinum invests in community initiatives undertaken as part of local economic development and social labour plans. Included in these initiatives in F2021 were six new classrooms that Two Rivers Mine built at two local schools to increase capacity and improve social distancing during Covid-19.

Operational reviews continued

ARM Platinum continued

	Unit	F2021	F2020	F2019	F2018	F2017
OPERATIONAL						
Production volumes						
Platinum	oz	**139 155**	122 407	147 235	162 543	181 882
Palladium	oz	**84 532**	73 213	85 962	96 569	107 108
Rhodium	oz	**23 963**	21 226	25 617	28 553	31 797
Gold	oz	**2 310**	1 929	2 321	2 528	2 681
Ruthenium	oz	**41 113**	34 409	42 145	46 937	54 094
Iridium	oz	**9 100**	7 840	10 126	11 274	12 653
PGMs	oz	**300 172**	261 024	313 406	348 405	390 214
Nickel	t	**609**	481	552	606	602
Copper	t	**281**	229	240	274	280
Chrome sold	t	**242 945**	172 368	219 566	229 642	275 189
Other operational indicators						
Tonnes milled	Mt	**3.28**	3.02	3.40	3.46	3.50
Head grade	g/t 6E	**3.43**	3.45	3.52	3.63	3.90
Average basket price	R/kg 6E	**1 349 148**	775 857	467 994	370 755	333 746
Cash cost	R/t	**905**	857	736	688	690
Cash cost	R/oz 6E	**9 893**	9 908	8 001	6 822	6 195
Cash cost	R/Pt oz	**21 341**	21 127	17 031	14 623	13 291
Cash cost	R/kg 6E	**318 075**	318 534	257 244	219 334	199 168
FINANCIAL						
Sales	R million	**11 992**	6 173	3 994	3 741	3 996
On-mine cash operating costs	R million	**(2 970)**	(2 586)	(2 508)	(2 377)	(2 417)
Off-mine cash operating costs	R million	**(348)**	(303)	(305)	(142)	(76)
Chrome cash costs	R million	**(72)**	(52)	(54)	(50)	(144)
Total cash operating profit	R million	**8 949**	3 535	1 433	1 314	1 359
Cash operating profit – PGMs	R million	**8 832**	3 435	1 264	1 104	1 006
Cash operating profit – chrome	R million	**118**	100	168	210	353
Capital expenditure	R million	**1 281**	813	587	455	293
Dividend paid	R million	**2 650**	1 230	524	543	570

AFS Refer to note 2 in the annual financial statements for the Two Rivers Mine segmental information.

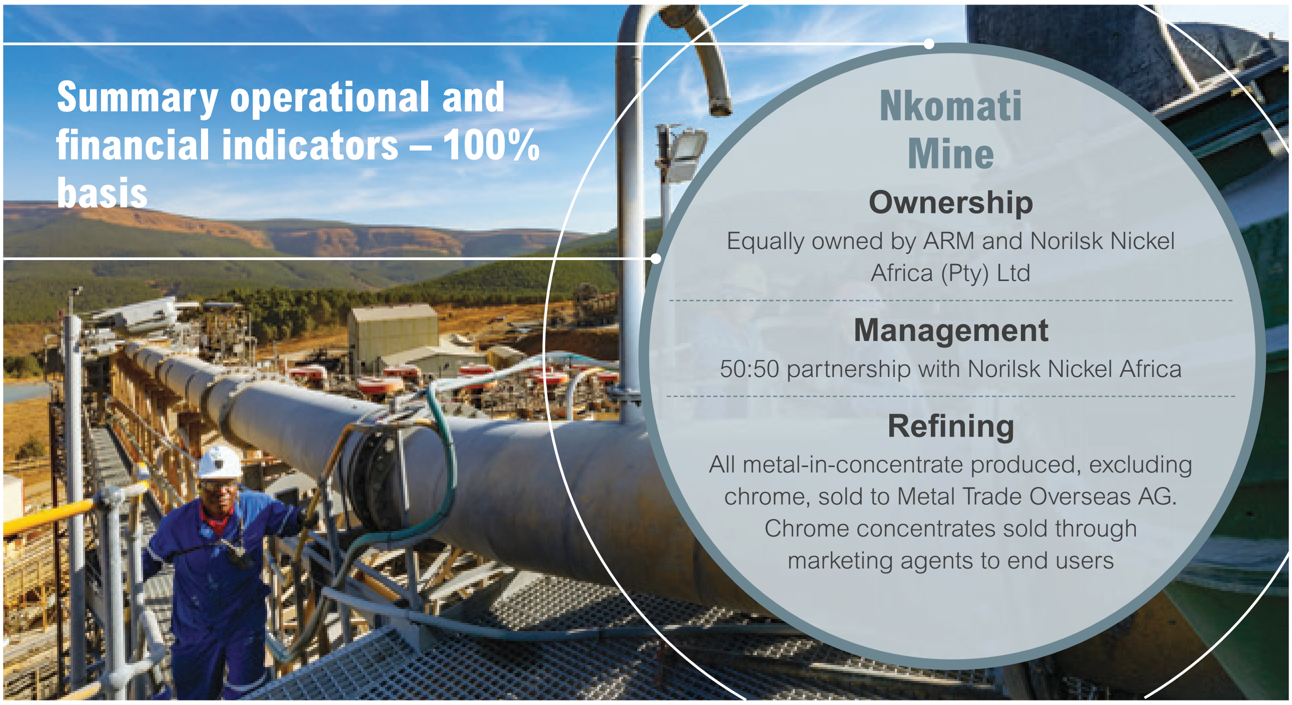


	Unit	F2021	F2020	F2019	F2018	F2017
OPERATIONAL						
Production volumes						
Platinum	oz	**98 889**	101 012	121 033	131 725	116 531
Palladium	oz	**94 631**	97 820	114 389	124 057	114 274
Rhodium	oz	**20 144**	20 729	24 388	26 693	24 144
Gold	oz	**2 435**	2 554	3 064	3 320	3 014
Ruthenium	oz	**28 782**	30 069	35 218	38 993	34 965
Iridium	oz	**6 874**	7 176	8 340	9 098	8 302
PGMs	oz	**251 755**	259 360	306 930	333 888	301 228
Nickel	t	**449**	500	557	628	589
Copper	t	**284**	310	345	384	365
Other operational indicators						
Tonnes milled	Mt	**2.05**	1.94	2.29	2.43	2.01
Head grade	g/t 6E	**4.51**	4.82	4.92	4.98	5.43
Average basket price	R/kg 6E	**1 457 843**	850 909	491 723	380 603	334 051
Cash cost	R/t	**1 757**	1 598	1 345	1 265	1 265
Cash cost	R/PGM oz	**14 300**	11 974	10 027	9 197	8 463
Cash cost	R/Pt oz	**36 405**	30 746	25 427	23 311	21 878
Cash cost	R/kg 6E	**459 745**	384 984	322 360	295 685	272 104
FINANCIAL						
Sales	R million	**9 848**	6 185	4 134	3 592	2 513
Total cash operating costs	R million	**3 600**	3 106	(3 077)	(3 071)	(2 549)
Cash operating profit/(loss)	R million	**6 248**	3 079	1 057	521	(36)
Capital expenditure	R million	**660**	638	260	266	262
Partner loan repaid (to ARM)	R million	**1 257**	450	–	–	–

AFS Refer to note 2 in the annual financial statements for the Modikwa Mine segmental information.

Operational reviews continued

ARM Platinum continued



	Unit	F2021	F2020	F2019	F2018	F2017
OPERATIONAL						
Production volumes						
Nickel	t	**8 016**	10 638	14 209	13 302	15 875
Copper	t	**4 409**	5 169	7 163	7 371	7 637
Cobalt	t	**500**	616	820	716	813
PGMs	oz	**67 144**	80 684	109 496	110 290	123 745
Chrome concentrate sold	000t	**116**	222	442	328	241
Other operational indicators						
Tonnes milled	Mt	**4.70**	6.62	8.15	8.04	7.49
Head grade	%	**0.25**	0.25	0.26	0.24	0.30
Average nickel price	US$/t	**16 447**	13 964	12 343	12 397	9 882
Nickel on-mine cash cost per tonne treated	R/t	**384**	380	367	301	284
Nickel on-mine cash cost per tonne milled – including capitalised waste stripping costs	R/t	**384**	380	394	339	367
Cash cost net of by-products	US$/lb	**2.98**	6.29	6.47	5.86	4.81
FINANCIAL						
Sales revenue	R million	**3 095**	2 563	3 046	3 278	3 991
Nickel on-mine cash operating costs	R million	**(2 162)**	(2 344)	(2 927)	(2 450)	(2 019)
Nickel off-mine cash operating costs	R million	**(96)**	(84)	(114)	(211)	(1 209)
Chrome cash operating costs	R million	**(87)**	(121)	(101)	(123)	(103)
Total cash operating profit/(loss)	R million	**750**	14	(97)	494	660
Cash operating profit/(loss) – nickel mine	R million	**758**	(28)	(411)	259	252
Cash operating profit – chrome	R million	**(7)**	42	314	235	408
Capital expenditure	R million	**–**	–	336	428	718

AFS Refer to note 2 in the annual financial statements for the Nkomati Mine segmental information.

Summary sustainable development indicators – 100% basis

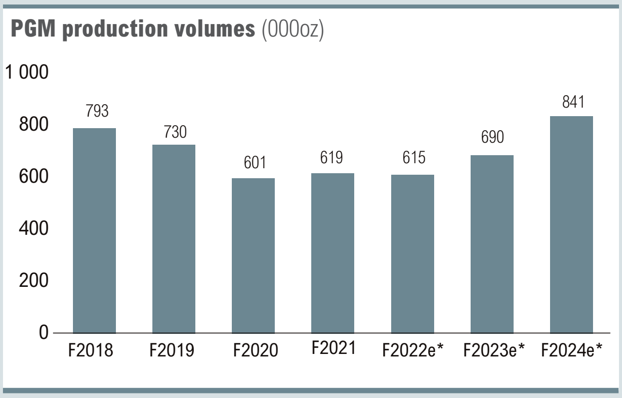
ESG Refer to the ESG report for detailed disclosure.

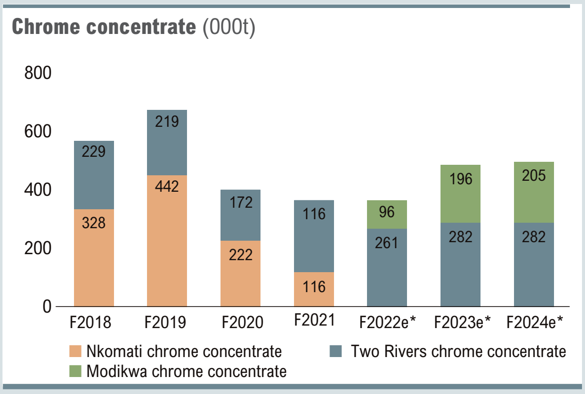
	Unit	F2021	F2020	F2019	F2018	F2017
Employee indicators						
Average number[1]		**8 394**	8 215	9 058	9 452	9 321
– Permanent employees		**5 557**	5 554	5 913	6 045	5 724
– Contractors		**2 837**	2 661	3 145	3 407	3 597
LTIFR per 200 000 man-hours		**0.60**	0.62	0.60	0.49	0.38
Environmental indicators						
Scope 1 and 2 carbon emissions[2]	$tCO_2(e)$	**398 853**	444 538	477 858	439 035	434 988
Total water withdrawn[3]	million m^3	**7.4**	8.1	9.9	8.1	4.2
Energy usage						
– Total electricity consumption	MWh	**736 913**	794 940	832 037	826 710	804 597
– Total diesel consumption	000 litres	**19 585**	25 417	34 936	35 071	34 029
Community investment indicators						
Total CSI and LED spend	R million	**63**	13.2	46	51	40
– Corporate social investment (CSI)	R million	**2**	2.7	9	10	11
– Local economic development (LED)	R million	**61**	10.5	37	41	29

[1] *Permanent employees and contractors reported as average for the year, consistent with calculating safety statistics.*
[2] *Attributable basis.*
[3] *Includes rainfall and runoff water harvested, surface water withdrawn from rivers, municipal water and groundwater.*

Outlook

ARM Platinum production and sales volumes – 100% basis





** F2022, F2023, F2024 represents estimated volumes.*

Operational reviews continued

ARM Ferrous

André Joubert
Chief executive – ARM Ferrous

Key features for F2021

Significantly improved safety performance

Record headline earnings of **R7.9 billion**, underpinned by higher US dollar iron ore prices

Increased sales volumes across all commodities

Material matters

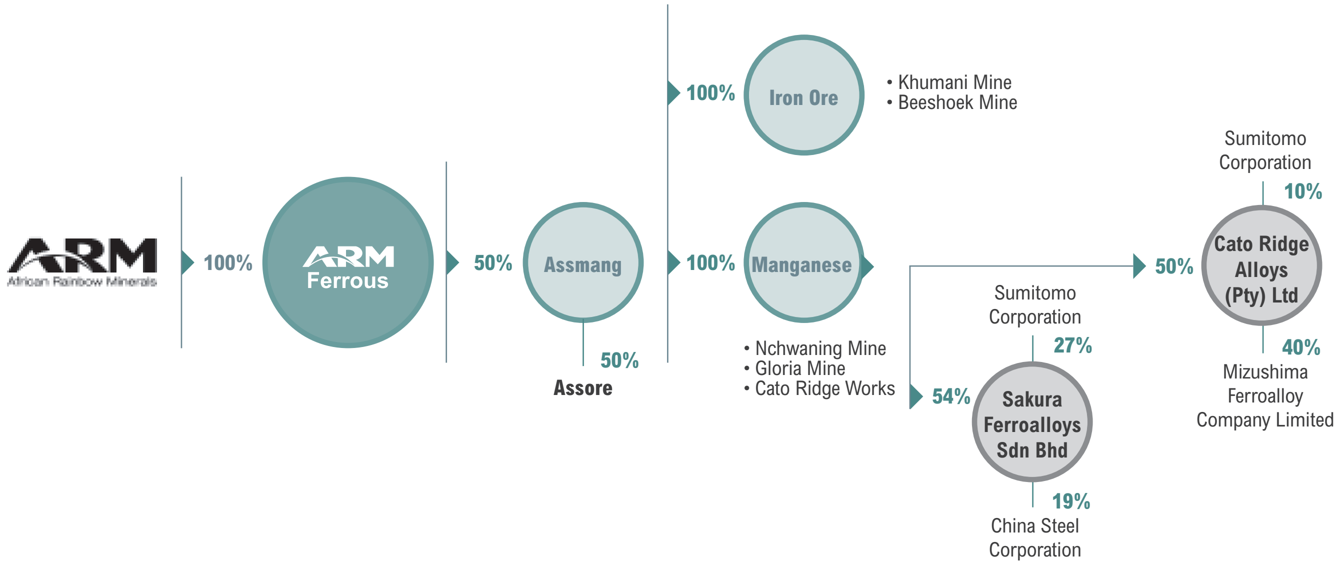
- Continued impact of Covid-19
- Transnet underperformance
- Continued pressure on unit costs
- Delays in completion of Black Rock and Gloria projects
- Multiple transformer failures at Sakura Ferroalloys

- Increased community unrest

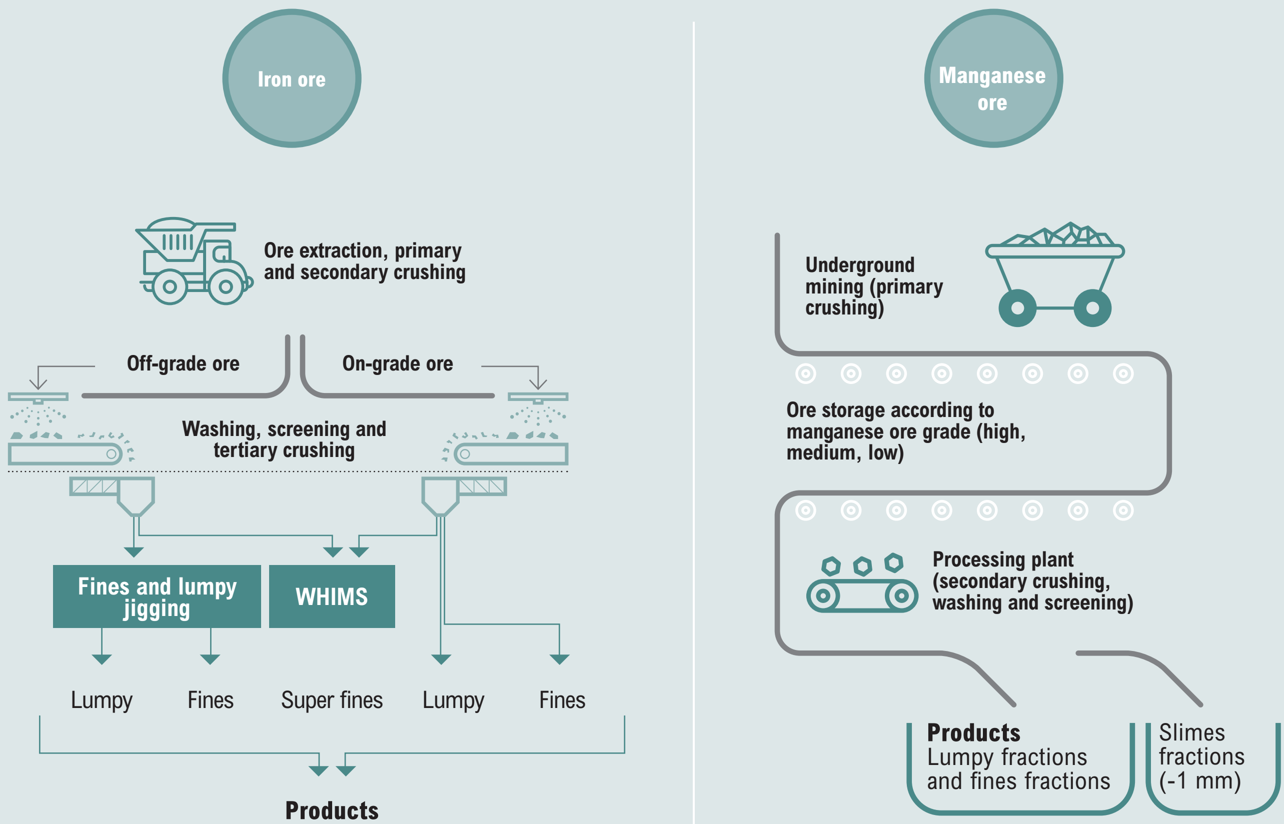
- Sedibeng water-supply reliability

South Africa

Structure



Production process



Operational reviews continued

ARM Ferrous continued

Scorecard
KHUMANI MINE Iron ore

F2021 OBJECTIVES	ACHIEVED/NOT ACHIEVED	F2022 OBJECTIVES
Ensure LTIFR below tolerance level of 0.20 per 200 000 man-hours	Achieved LTIFR was 0.04 per 200 000 man-hours	Ensure LTIFR below a tolerance level of 0.15 per 200 000 man-hours
Production planned at 12.6 million tonnes to accommodate risk of ongoing Covid-19 impact in F2021, thereafter sustainable production planned at 14.0 million tonnes per annum	Achieved Production volumes were 12.7 million tonnes	Production planned at 13.5 million tonnes to accommodate risk of Transnet underperformance and Sedibeng water-supply disruptions
Sustain ultra-fines (WHIMS) production at 600 000 tonnes per annum	Achieved Achieved nameplate capacity of 600 000 tonnes per annum	
Sales planned at 13.1 million tonnes to offset ongoing pandemic risk, sustainable sales are planned at 14.4 million tonnes per annum	Achieved Sales volumes were R13.3 million tonnes	Sales planned at 13.8 million tonnes to accommodate risk of Transnet under-performance in F2022, then sustainable sales planned at 14.4 million tonnes per annum
Target unit production cost increases below inflation	Not achieved Unit production costs increased mainly due to higher working cost waste tonnage and lower production volumes	Target unit production cost increases below inflation

BEESHOEK MINE Iron ore

F2021 OBJECTIVES	ACHIEVED/NOT ACHIEVED	F2022 OBJECTIVES
Ensure LTIFR below tolerance level of 0.20 per 200 000 man-hours	Achieved LTIFR was 0.07 per 200 000 man-hours	Ensure LTIFR below tolerance level of 0.20
Maintain production at 2.8 million tonnes per annum	Achieved Production volumes were 3.3 million tonnes	Maintain production at 3.0 million tonnes per annum
Maintain sales volumes of 2.9 million tonnes to local markets and 350 000 tonnes to export market	Achieved Sales volumes were 3.6 million tonnes	Maintain sales volumes of 2.65 million tonnes to local market and 350 000 tonnes to export market
Maintain unit production cost increases below inflation	Achieved	Maintain unit production cost increases below inflation
Increase Beeshoek Mine's reserves and extend life-of-mine	Achieved	

Operational reviews continued

ARM Ferrous continued

Scorecard

BLACK ROCK MINE Manganese ore

F2021 OBJECTIVES	ACHIEVED/NOT ACHIEVED	F2022 OBJECTIVES
Reduce LTIFR to 0.25 per 200 000 man-hours	Not achieved LTIFR was 0.33 per 200 000 man-hours	Reduce LTIFR to 0.25 per 200 000 man-hours
Target production volumes of 4.4 million tonnes	Not achieved Production volumes were 4.0 million tonnes mainly due to the delay of Black Rock and Gloria projects and continued impact of Covid-19	Target production volumes of 4.5 million tonnes
Deliver export sales volumes of 3.7 million tonnes	Achieved Export sales volumes were 3.8 million tonnes	Deliver export sales volumes of 4.0 million tonnes
Target unit production cost increases below inflation	Not achieved Unit production costs increased above inflation mainly due to delays in the Black Rock and Gloria projects, together with above-inflation increases to input costs	Target unit production cost increases below inflation

CATO RIDGE WORKS Manganese alloy

F2021 OBJECTIVES	ACHIEVED/NOT ACHIEVED	F2022 OBJECTIVES
Maintain good safety performance	Achieved Zero lost-time injuries	Maintain zero lost-time injuries and good safety performance
Commission sinter plant in July 2021	Not achieved	Sinter plant to be commissioned in March 2022
Use manganese ore ultra-fines in BRIX recipe	Not achieved	Introduce alternate higher-quality sweetener in recipe
Increase BRIX in furnace recipe (feed) to 25%	Achieved	Continuous optimisation of BRIX recipe

Operational reviews continued

ARM Ferrous continued

Scorecard

SAKURA FERROALLOYS Manganese alloy

F2021 OBJECTIVES	ACHIEVED/NOT ACHIEVED	F2022 OBJECTIVES
Maintain safety performance, ensuring LTIFR below tolerance level of 0.20	Achieved Zero lost-time injuries	Maintain safety performance, with LTIFR below tolerance level of 0.18
Target production volumes of 220 000 tonnes	Not achieved Production volumes were 191 000 tonnes due to multiple transformer failures in January, April and May 2021	Target production volumes of 234 000 tonnes
Target sales volumes of 220 000 tonnes	Not achieved Sales volumes were 218 000 tonnes due to transformer failures	Target sales volumes of 227 000 tonnes
Maintain furnace efficiencies and improve unit costs by implementing cost-saving initiatives	Achieved Furnace ore efficiencies improved 5.3% and power efficiencies by 1.3%. Multiple cost-saving initiatives kept unit cost increases at 1%	Maintain furnace efficiencies and improve unit costs by implementing cost-saving initiatives
Complete phase 1 of water-treatment plant project	Not achieved Delayed mainly due to Covid-19 restrictions	Complete hot commissioning for phases 1 and 2 of water-treatment plant. Expected completion date is September 2022

Commodity prices

Average realised US dollar export iron ore prices were 79% higher on a free-on-board (FOB) equivalent basis at US$156 per tonne (F2020: US$87 per tonne) driven by robust steel production in China and weather-related supply challenges in key iron ore-producing countries like Brazil and Australia. The 62% fines index (CIF China) reached a high of US$234 per tonne in May 2021. Average realised prices at our iron ore operations were further enhanced by a strong rally in iron ore lump premiums which also reached record levels. The iron ore operations opportunistically increased the ratio of lump to fines sales volumes from 54:46 in F2020 to 58:42 in F2021. A sustainable lump to fines ratio for the operations is expected to be 55:45.

The index price for 44% manganese ore was US$4.57/mtu (CIF Tianjin) at 30 June 2020, declining to a low of US$4.09/mtu in July 2020. At 30 June 2021, the index price recovered to US$5.15/mtu.

The index price for carbonate manganese ore (37% manganese ore CIF Tianjin) was US$4.21/mtu at 30 June 2020, dropping to a low of US$3.78/mtu in July 2020. At 30 June 2021, the index price recovered to US$4.71/mtu.

Manganese ore prices have remained lower than expected during F2021 largely due to persistently high inventory levels (particularly in China) and increased global manganese ore supply.

Average realised prices for high-carbon manganese alloy and medium-carbon manganese alloy at Cato Ridge Works decreased by 12% to US$937 per tonne (F2020: US$1 065 per tonne) and by 11% to US$1 364 per tonne (F2020: US$1 533 per tonne), respectively.

Financial performance

Delivering financial returns to shareholders and other providers of capital

ARM Ferrous headline earnings were 77% higher at R7 927 million (F2020: R4 479 million) as a 104% increase in the iron ore division's headline earnings more than offset a 46% decrease in the manganese division's headline earnings.

Operational performance

Continuously improving operational performance

Iron ore division

Total iron ore sales volumes increased by 5% to 16.4 million tonnes (F2020: 15.6 million tonnes). Export sales volumes were 1% higher at 13.3 million tonnes (F2020: 13.1 million tonnes). Local sales volumes were 29% higher at 3.1 million tonnes (F2020: 2.4 million tonnes) due to above-plan offtake from Arcelor Mittal South Africa.

Total iron ore production volumes decreased by 1% to 15.9 million tonnes (F2020: 16.1 million tonnes) as higher production volumes at Beeshoek Mine were offset by lower production volumes at Khumani Mine due to compromised water-supply reliability.

Operational reviews continued

ARM Ferrous continued

Production volumes at Khumani Mine were impacted by challenges related to water supply as the project to upgrade the Vaal Gamagara Water Supply System was delayed. Assmang is in extensive engagement with the Sedibeng Water Board, the Department of Water Affairs and the Minerals Council South Africa to collaboratively ensure that phase 1 of the refurbishment programme is completed, and that phase 2 commences in order to sustain water supply to the area.

In total, 13.3 million tonnes of iron ore was railed and exported through the Sishen-Saldanha export channel, representing a deficit of just over one million tonnes compared to planned volumes. This was largely due to major operational and maintenance challenges, major port equipment breakdowns and abnormal weather conditions. Engagements with Transnet are ongoing to address these challenges.

On-mine unit production costs at Khumani Mine increased to R289 per tonne (F2020: R251 per tonne) mainly due to inflation, higher working cost waste tonnages, the impact of Covid-19-related expenses and lower production volumes.

On-mine unit production costs at Beeshoek Mine increased to R263 per tonne (F2020: R246) mainly due to inflation and higher working cost waste tonnages, partially offset by higher production volumes.

Unit cost of sales, which includes marketing and distribution costs, were 16% higher mainly due to the increase in unit production costs and sales and marketing costs (driven by higher US dollar iron ore prices) and an increase in sea-freight rates per tonne.

Manganese ore

Manganese ore sales volumes increased by 22% from 3.2 million tonnes in F2020 to 3.9 million tonnes in F2021 mainly as a result of easing Covid-19 restrictions (compared to F2020) and ramp up of the Black Rock and Gloria projects. Export sales volumes were 22% higher at 3.8 million tonnes (F2020: 3.1 million tonnes) while local sales volumes increased by 45% to 0.14 million tonnes (F2020: 0.10 million tonnes).

In total, 3.8 million tonnes of manganese ore was railed and exported through the Port Elizabeth Bulk Ore Terminal and Saldanha Multi-Purpose Terminal. To mitigate rail losses due to Covid-19 in the earlier months of the year and to build up port stocks, road transport was contracted for approximately 185 000 tonnes from May 2020 to July 2020.

Transnet experienced challenges at the rail and port. Engagements with Transnet are ongoing to address these issues. Further engagements with Transnet on rail and port allocation beyond the current contractual tonnages of 4.0 million tonnes per annum and current contractual period until March/June 2023 are also progressing.

Production volumes at Black Rock Mine rose by 12% to 4.0 million tonnes as the Black Rock and Gloria projects progressed. Production volumes were negatively impacted by Covid-19-related challenges, increasing community unrest and water supply challenges.

Black Rock Mine's on-mine unit production costs were 18% higher at R699 per tonne (F2020: R593 per tonne) mainly due to increased labour costs, inefficiencies after delayed delivery of the Black Rock and Gloria projects, Covid-19 compliance costs and above-inflation increases in insurance and steel-based products. Labour cost increases were driven by higher head count for additional shifts worked, increased long-term incentive expenses for A to C bands and higher costs associated with Covid-19 absenteeism, which resulted in 8 184 person-days lost in F2021 (including employees and contractors). Unit production cost improvements expected from the Black Rock and Gloria projects were not realised due to delays in commissioning certain Black Rock project and Gloria project systems. Unit production costs are expected to improve as completion and ramp up of the two projects delivers improved efficiencies.

Unit cost of sales (which include marketing and distribution costs) increased by 8% as a result of higher sales and marketing costs due to higher revenue, increased freight rates, higher on-mine unit production costs and increased depreciation as the Black Rock and Gloria projects move to commissioning phase.

Manganese alloys

High-carbon manganese alloy production at Sakura Ferroalloys (100% basis) decreased to 191 000 tonnes (F2020: 232 000 tonnes) mainly due to multiple transformer failures in January, April and May 2021. The April transformer failure left Furnace 1 out of operation as the only spare transformer was used during the first transformer failure that occurred in January 2021.

Sakura Ferroalloys declared force majeure on its customers due to lower-than-planned production caused by these events. Based on current planning, Furnace 1 is expected to be switched on by the end of September 2021.

High-carbon manganese alloy sales volumes (100% basis) increased by 1% to 218 000 tonnes (F2020: 216 000 tonnes). The impact of the transformer failures on high-carbon manganese alloy sales volumes for F2021 was limited as sufficient stock levels were available to service contracts.

High-carbon manganese alloy production at Cato Ridge Works decreased by 3% to 123 500 tonnes (F2020: 127 100 tonnes). Medium-carbon manganese alloy production at Cato Ridge Alloys (100% basis) decreased by 4% to 48 000 tonnes (F2020: 49 500 tonnes).

High-carbon manganese alloy sales at Cato Ridge Works increased by 17% to 76 000 tonnes (100% basis) (F2020: 65 000 tonnes). Medium-carbon manganese alloy sales at Cato Ridge Alloys (100% basis) increased by 37% to 58 100 tonnes (F2020: 42 400 tonnes).

Unit production costs at Sakura Ferroalloys increased by 1% from MYR3 691 per tonne in F2020 to MYR3 736 per tonne in F2021.

Unit production costs at Cato Ridge Works increased by 11% from R11 504 per tonne in F2020 to R12 798 per tonne in F2021 mainly due to lower production volumes, above-inflation power escalations and the variability of the ore grade.

Medium-carbon manganese alloy unit production costs at Cato Ridge Alloys decreased by 0.4% from R18 302 per tonne in F2020 to R18 221 per tonne in F2021 due to a reduction in the cost for molten metal.

Investing in the current business

Capital expenditure (100% basis) for **iron ore** operations was R2 397 million (F2020: R2 223 million), which includes capitalised waste-stripping costs of R851 million (F2020: R787 million).

Khumani Mine's capital expenditure (100% basis) was 18% higher at R1 820 million (F2020: R1 535 million) mainly due to increased replacement fleet and an investment in an automated discard spreader system aimed at increasing production efficiencies. The mine's capital expenditure includes capitalised waste-stripping costs of R438 million (F2020: R426 million).

Beeshoek Mine's capital expenditure (100% basis) was R614 million (F2020: R670 million) which includes capitalised waste-stripping costs of R412 million (F2020: R361 million).

Total capital expenditure for the **manganese ore** operations was R2 060 million on a 100% basis (F2020: R2 260 million) of which R845 million (F2020: R846 million) related to the Gloria project. At 30 June 2021, 84% of the approved capital of R3 billion was spent on the Gloria project and 95% of the approved capital of R7.2 billion was spent on the Black Rock project.

The Black Rock and Gloria projects aim to modernise and expand the mine's output by increasing volumes and flexibility to produce various grades of manganese ore at the three operating shafts while improving efficiencies. Ramp up of the Black Rock Mine operations is being closely synchronised with Transnet's rail availability and is informed by prevailing market conditions.

The estimated date of completion of the Black Rock and Gloria projects is August 2022. Difficult ground conditions in mining areas, complex geology, various labour incidents and Covid-19 resulted in delays on the estimated completion date. The Nchwaning 3 silo feed and satellite tip 1 systems were successfully commissioned and handed over to operations at the end of June 2021. The Nchwaning II Graben system commissioning is underway.

Operational reviews continued

ARM Ferrous continued

Our people

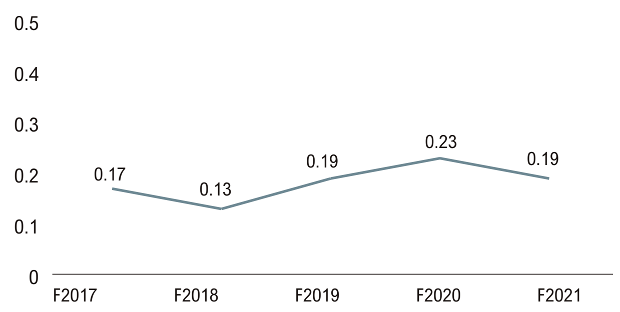
Ensuring a safe, healthy and appropriately skilled workforce

Total employees at ARM Ferrous increased 10% to 12 358 at 30 June 2021 (30 June 2020: 11 256), with 47% full-time employees and 53% contractors. ARM Ferrous invested R131 million in training.

Safety and health

ARM Ferrous operations have been fatality-free since 2015. The divisional LTIFR improved to 0.19 per 200 000 man-hours in F2021 (F2020: 0.23).

LTIFR (per 200 000 man-hours)



Operation	Total fatality-free shifts worked*	Last fatality	Fatality-free
Beeshoek Mine	4 817 003	Mar-03	18 years
Black Rock Mine	9 308 165	Apr-09	12 years
Khumani Mine	3 934 649	Apr-15	6 years
Cato Ridge Works	2 719 356	Feb-08	13 years
Machadodorp Works	1 178 577	Feb-11	10 years

** As at 30 June 2021.*

ARM Ferrous operations implement strict health and safety measures aligned with the guidelines from the Minerals Council and DMRE to proactively prevent the spread of Covid-19. As at 30 June 2021, 85 828 employee screenings had been completed, 4 205 tests, with 1 249 positive cases and 98% of affected employees recovered. Regrettably, 16 employees succumbed to Covid-19 in F2021. Mental health awareness sessions were held in October, raising awareness of the support available on the toll-free helpline in the employee assistance programme and the on-site psychological support programme.

Khumani, Black Rock and Beeshoek mines were approved by the DoH as Covid-19 vaccination sites to support the government-led rollout and as at 26 September 2021, 2 179 employees and 1 968 community members had been vaccinated at these sites.

Risk-based occupational medical surveillance programmes at the operations identify and address specific health risks in each workplace and occupation, particularly PTB, HIV and Aids, and NIHL.

18 940 audiometric tests

25 479 PTB screening tests

18 750 HIV counselling

Chronic conditions are monitored by specific occupational exposure profiles for high-risk roles. Programmes promoting physical activity and creating awareness on diet and lifestyle choices aiming to address hypertension in the workforce.

Environmental performance

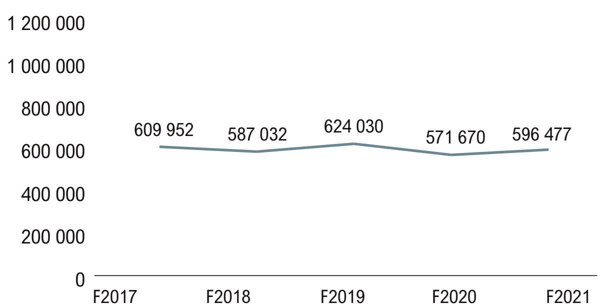
Ensuring responsible stewardship of natural resources

Carbon emissions and energy use

Estimated attributable scope 1 and 2 carbon emissions increased 4.3%. The smelters at Cato Ridge and Machadodorp works together contribute 32% to total Group scope 1 and 2 emissions.

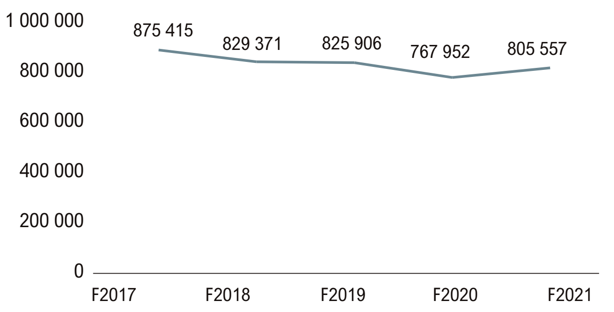
Scope 1 and 2 carbon emissions per tonne of iron ore produced increased to 0.025 tCO_2e/tonne (F2020: 0.024 tCO_2e/tonne). Scope 1 and 2 carbon emissions per tonne of manganese ore produced decreased to 0.041 tCO_2e/tonne from 0.043 tCO_2e/tonne in F2020 scope 1 and 2 carbon emissions per tonne of manganese alloy produced increased to 3.6 tCO_2e/tonne (F2020: 3.3 tCO_2e/tonne). The latter has been restated from prior year as they incorrectly included the Sakura production data.

Scope 1 and 2 carbon emissions – attributable (tCO_2e)



Electricity consumed accounted for 71% of Ferrous division's scope 1 and 2 emissions and increased 5% from the prior year consumption. As a member of the Energy Intensive Users Association, ARM Ferrous has a charter to map its development and implementation of energy-efficient practices.

Electricity consumption – 100 basis (MWh)



Water management

ARM Ferrous' mines are located in the water-scarce Northern Cape and cost and continuity of water supply are risks and potential constraints to growth. This is compounded by loadshedding (which affects water distribution), increasing competition for water and the poor state of infrastructure in the region. Mitigating measures are detailed in our ESG report.

ESG

Total reported water withdrawn increased to 12.6 million m^3 (F2020: 12.2 million m^3) due to increased production. Beeshoek Mine accounted for 46% of ARM Ferrous water withdrawn, Khumani Mine 38% and Black Rock Mine 14%.

Tailings storage facilities (TSFs)

The Assmang exco and social and ethics committee consider TSF compliance and status reports at each quarterly meeting.

All three ARM Ferrous mining operations have commenced with the implementation of the GISTM. An accountable executive has been appointed for the safe and responsible management of TSFs in the Ferrous division, and the TSF management policy and standard is being implemented. All facilities are being reclassified in terms of the GISTM criteria. This also entails updating the dam-breach analysis of the facilities against the risk criteria in the GISTM. Once the process is completed, the emergency response plan of each facility will be updated accordingly. Currently, all facilities are operated within the required structural stability parameters for the facility.

Supporting our communities

Maintaining our social licence to operate

ARM Ferrous is part of the shared-value working committee with other Northern Cape manganese producers and the Minerals Council in creating innovative projects with a meaningful benefit for communities.

The operations promote economic development and job creation in local communities by providing training, mentoring, coaching and some financial support to local black-owned businesses including SMMEs through enterprise and supplier development initiatives. Where viable, businesses are promoted into the mining supply chain and participate in the ARM Ferrous procurement system.

ARM Ferrous invests in community infrastructure and socio-economic development as part of local economic development and social labour plans, as well as through its corporate social investment initiatives. To support Covid-19 relief, Black Rock Mine provided a testing and screening facility at Kuruman Hospital, donated and distributed cloth masks to communities, upgraded ablution facilities at four local schools to improve sanitation. The mine also provided four furnished mobile classrooms to support social distancing. Beeshoek Mine upgraded three local libraries to improve facilities for remote learning while schools were closed.

Operational reviews continued

ARM Ferrous continued

Summary operational and financial indicators – 100% basis

Iron ore division

Operations

Khumani and Beeshoek mines – 100% basis unless otherwise stated

Ownership

ARM owns 50% of Assmang (Pty) Ltd and Assore Ltd owns 50%

Management

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

	Unit	F2021	F2020	F2019	F2018	F2017
OPERATIONAL						
Production volumes	000t	**15 929**	16 092	17 786	18 578	17 714
Khumani Mine	000t	**12 675**	13 100	14 145	14 694	14 560
Beeshoek Mine	000t	**3 254**	2 993	3 641	3 884	3 154
Sales volumes	000t	**16 417**	15 568	17 543	17 874	17 275
Export iron ore	000t	**13 269**	13 129	14 430	14 315	14 061
Local iron ore	000t	**3 148**	2 439	3 114	3 559	3 214
Unit cost changes						
On-mine production unit costs	%	**13**	10	8	2	3
Unit cost of sales	%	**16**	10	15	6	2
FINANCIAL						
Sales revenue	R million	**37 621**	20 638	20 827	14 534	15 853
Total costs	R million	**16 927**	11 065	12 000	10 304	10 091
Operating profit	R million	**20 694**	9 573	8 827	4 230	5 762
EBITDA	R million	**22 255**	10 992	10 284	5 631	7 179
Headline earnings	R million	**15 046**	7 376	6 795	3 343	4 373
Capital expenditure	R million	**2 397**	2 223	2 097	1 780	1 169

AFS Refer to note 2 in the annual financial statements for iron ore segmental information.

Summary operational and financial indicators – 100% basis

Manganese division

Operations

Nchwaning and Gloria mines (collectively Black Rock Mine), Cato Ridge Works, Cato Ridge Alloys and Sakura Ferroalloys

Ownership

ARM owns 50% of Assmang (Pty) Ltd and Assore Ltd owns 50%

Management

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

	Unit	F2021	F2020	F2019	F2018	F2017
OPERATIONAL						
Production volumes						
Manganese ore	000t	**4 041**	3 619	3 409	3 717	3 069
Ferromanganese	000t	**362**	409	455	450	403
Sales volumes						
Manganese ore*	000t	**3 966**	3 227	3 434	3 177	2 974
Ferromanganese	000t	**353**	323	398	360	303
Unit cost changes						
On-mine production unit costs	%	**18**	(2)	15	16	1
Unit cost of sales	%	**8**	–	17	13	12
FINANCIAL						
Manganese ore						
Sales revenue	R million	**10 236**	9 005	12 493	10 495	8 322
Total costs	R million	**9 034**	6 410	7 796	(6 017)	(4 971)
Operating profit	R million	**1 202**	2 595	4 697	4 478	3 351
EBITDA	R million	**1 918**	3 183	5 307	5 015	3 759
Headline earnings	R million	**823**	1 846	3 449	3 192	2 407
Capital expenditure	R million	**2 060**	2 228	2 256	1 240	1 671
Ferromanganese						
Sales revenue	R million	**1 956**	1 791	2 293	2 338	1 897
Total costs	R million	**1 794**	1 651	2 038	(1 711)	(1 887)
Operating profit	R million	**162**	140	255	627	10
EBITDA	R million	**220**	189	356	684	67
Headline earnings	R million	**74**	(174)	(228)	616	(85)
Capital expenditure	R million	**188**	86	54	45	31

** External sales only and includes sales to Sakura Ferroalloy.*

AFS

Refer to note 2 in the annual financial statements for manganese segmental information.

Operational reviews continued

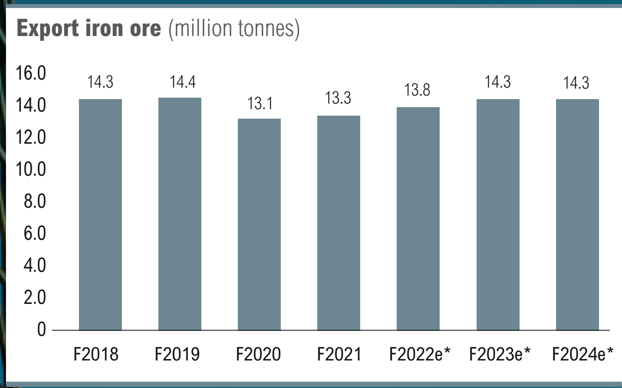
ARM Ferrous continued

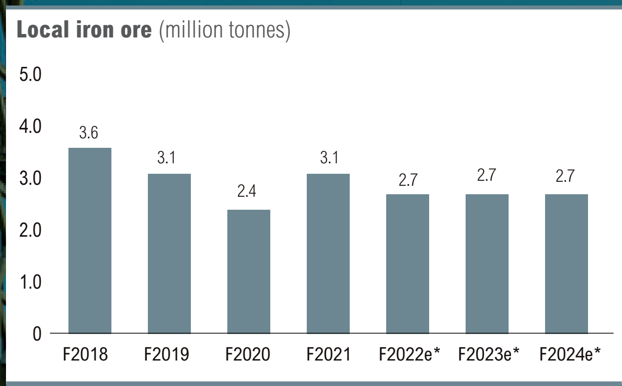
Summary sustainable development indicators – 100% basis

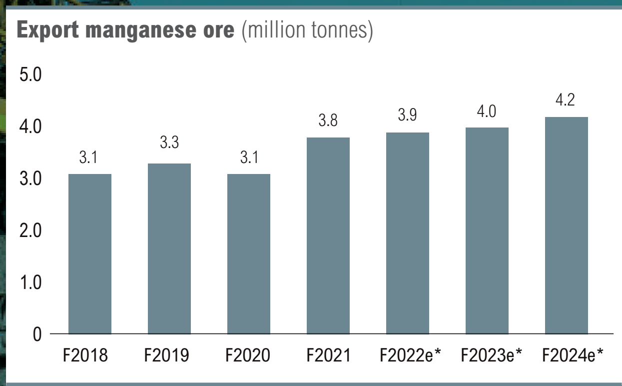
	Unit	F2021	F2020	F2019	F2018	F2017
Employee indicators						
Average number[1]		**12 097**	10 430	11 426	10 247	8 662
– Permanent employees		**5 501**	5 222	5 293	5 017	4 522
– Contractors		**6 595**	5 207	6 133	5 230	4 140
LTIFR per 200 000 man-hours		**0.19**	0.23	0.19	0.13	0.17
Environmental indicators						
Scope 1 and 2 carbon emissions[2]	$tCO_2(e)$	**596 477**	571 670	624 030	587 032	608 040
Total water withdrawn[3]	million m^3	**12.6**	12.2	11.9	10.2	9.8
Energy usage						
– Electricity	MWh	**805 557**	767 952	825 906	829 371	875 415
– Diesel	000 litres	**59 267**	57 155	61 118	59 163	49 837
Community investment indicators						
CSI and LED spend	R million	**106**	109	120	102	69
– CSI	R million	**42**	33	9	6	9
– LED	R million	**64**	75	111	63	64

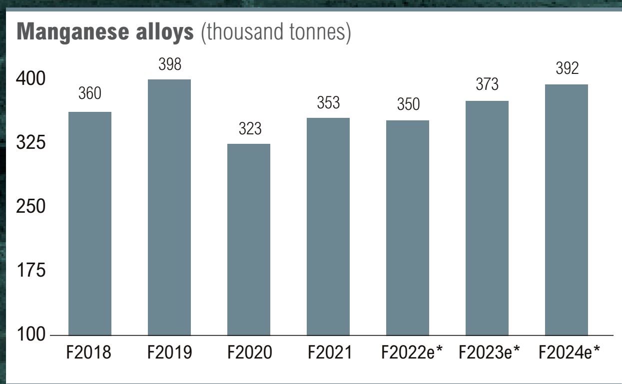
[1] *Permanent employees and contractors are reported as an average for the year, consistent with calculating safety statistics.*
[2] *Reported on an attributable basis.*
[3] *Includes rainfall and runoff water harvested, surface water withdrawn from rivers, municipal water and groundwater.*

Outlook sales volumes – 100% basis









** F2022, F2023 and F2024 represent estimated volumes.*

Operational reviews continued

ARM Coal

Key features for F2021

Increase in thermal coal price

Increased headline loss

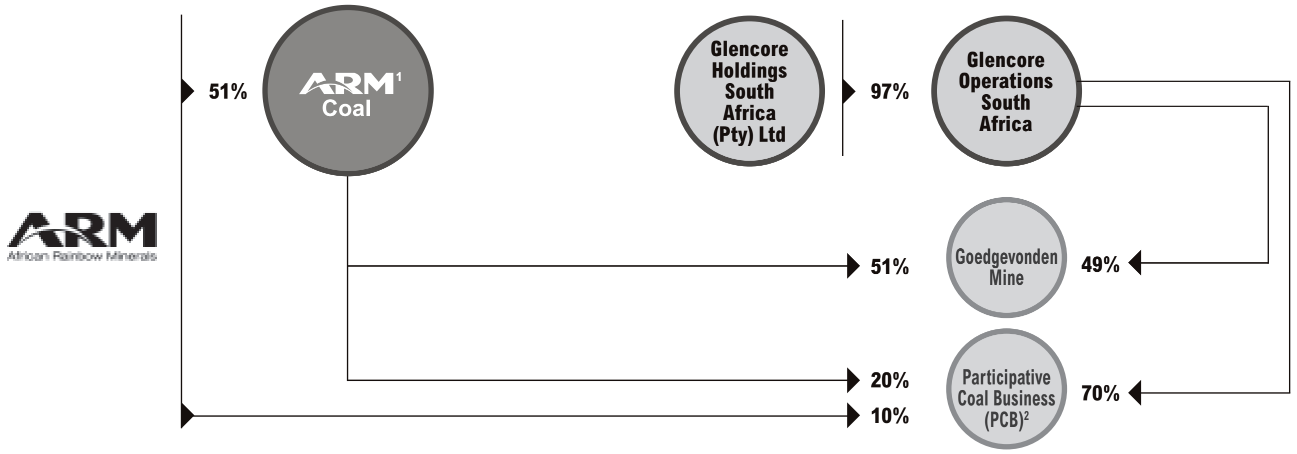
Increased export of lower-grade coal on reduced domestic demand

Material matters

- Major underperformance from Transnet Freight Rail, affecting production
- Above-inflationary unit cost increases at Goedgevonden Mine

South Africa

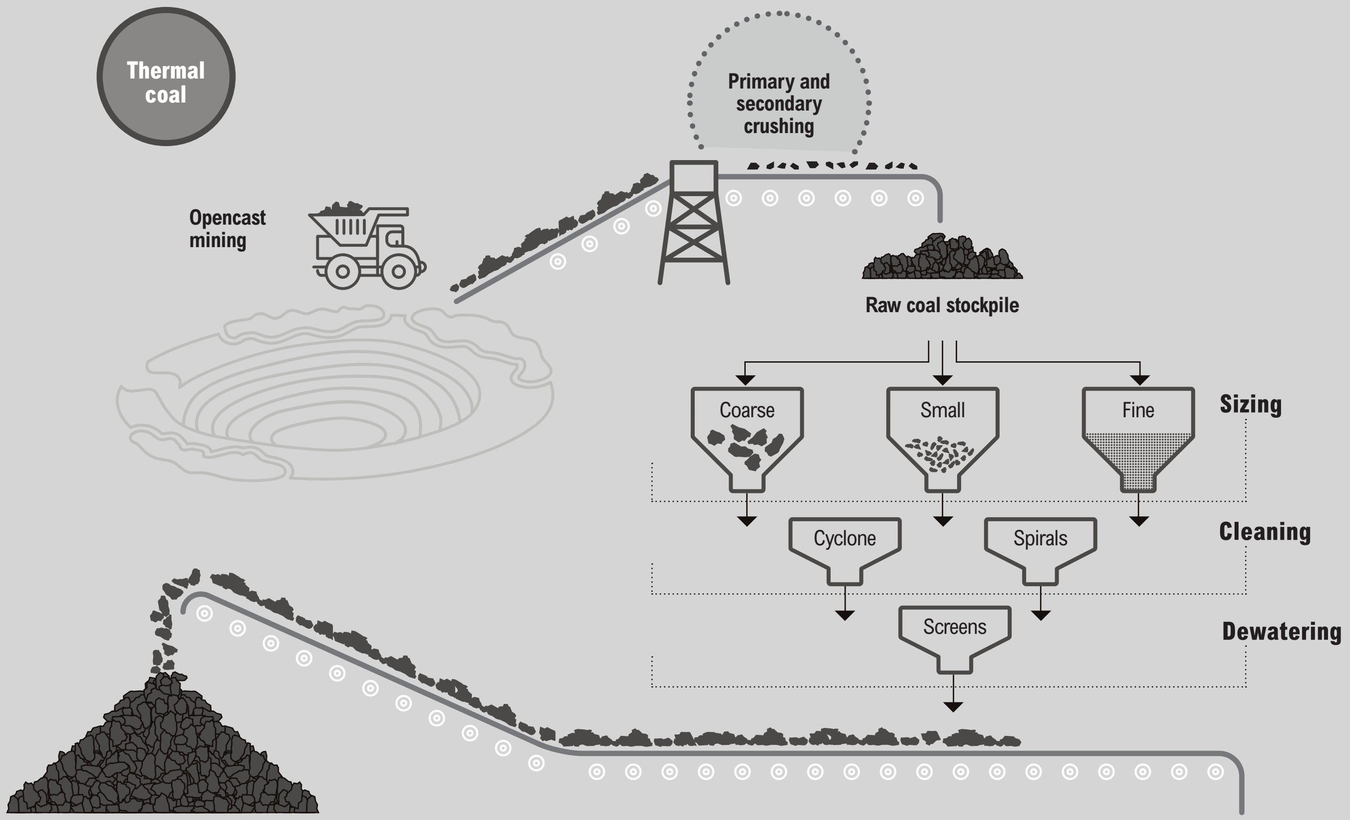
Structure



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

[2] Participative coal business (PCB) refers to the Impunzi and Tweefontein operations.

Production process



Operational reviews continued

ARM Coal continued

Scorecard
GOEDGEVONDEN MINE

F2021 OBJECTIVES	ACHIEVED/NOT ACHIEVED	F2022 OBJECTIVES
Continued focus on containing unit cost escalations below inflation	Not achieved Higher escalations mainly due to lower saleable production	Continued focus on containing unit cost escalations below inflation

PARTICIPATIVE COAL BUSINESS (PCB)

F2021 OBJECTIVES	ACHIEVED/NOT ACHIEVED	F2022 OBJECTIVES
Continued focus on containing unit cost escalations below inflation	Partially achieved Unit costs increased in line with inflation on lower saleable production	Continued focus on containing unit cost escalations below inflation

Commodity prices

Thermal coal prices increased in F2021 due to the global economic recovery and supply shortages.

Global coal prices were supported after China increased demand for non-Australian thermal coal. Increased safety inspections at coal mines and enforcement of compliance to licensed production capacity restricted coal supply out of China. Prices were further assisted by the delayed start to the China hydro-generation season which increased thermal power generation compared to the prior year.

The Asian Liquefied Natural Gas (LNG) price increase to record levels resulted in LNG to coal switching, which further supported additional coal demand. The impact of the higher market prices was reduced by increased exports of low-grade quality coal due to decreased domestic demand.

Goedgevonden Mine's average received US dollar prices increased by 19% to US$57 per tonne in F2021 (F2020: US$48 per tonne). PCB's average received US dollar prices increased by 12% from US$51 per tonne in F2020 to US$57 per tonne in F2021.

Approximately 56% (F2020: 62%) of export volumes at Goedgevonden Mine was high-quality coal while PCB exports of high-quality coal amounted to 62% (F2020: 65%).

Financial performance

Delivering financial returns to shareholders and other providers of capital

ARM Coal reported an attributable headline loss of R250 million (F2020: R2 million) which included re-measurement gains of R242 million (F2020: R485 million) on partner loans. Excluding these gains, the ARM Coal headline loss was R492 million (F2020: R487 million), mainly due to lower coal sales volumes (owing to underperformance from Transnet Freight Rail) and above-inflation unit cost increases which was partially offset by higher average received coal prices.

AFS Refer to note 2 to the annual financial statements for the ARM Coal segmental information.

Operational performance

Continuously improving operational performance

Goedgevonden Mine

Production was negatively impacted by challenges at Transnet Freight Rail, giving rise to full stockpiles at the mine. The underperformance was exacerbated by a derailment on the coal line in April 2021. Inclement weather in January and February 2021 also affected run-of-mine production.

The Covid-19 impact on production losses reduced in 2H F2021 due to improved protocols and management thereof.

ARM's attributable run-of-mine production from Goedgevonden Mine reduced by 16% from 2.85 million tonnes in F2020 to 2.39 million tonnes in F2021, while attributable saleable production was 1.5 million tonnes in F2021 compared to 1.76 million tonnes in F2020.

On-mine unit production costs per saleable tonne rose by 17% to R506 per tonne (F2020: R431 per tonne). The above-inflation increase in unit costs was due mainly to a 15% reduction in saleable production volumes.

PCB

During the year, the PCB operations were significantly impacted by challenges at Transnet Freight Rail. This resulted in full product stockpiles at both Impunzi and Tweefontein restricting production.

In the second half of the financial year, production at Tweefontein Mine was further impacted by hot coal and hard digging conditions at the Klipplaat pit. These conditions are expected to improve in F2022 as most of the production will come from the Makoupan pit. A programme of re-drilling and blasting hot areas where practical to improve digging conditions in Klipplaat has also been implemented.

ARM's attributable run-of-mine production from PCB reduced by 11%, from 4.28 million tonnes in F2020 to 3.79 million tonnes in F2021.

Export sales volumes were 3% higher at 8 million tonnes (F2020: 7.73 million tonnes). Domestic sales volumes declined from 5.74 million tonnes to 2.9 million tonnes largely due to decreased sales to Eskom.

ARM's attributable saleable production reduced by 13% from 2.69 million tonnes in F2020 to 2.34 million tonnes in F2021.

PCB successfully commissioned a second dragline at Tweefontein Mine in the latter part of 1H F2021. This is expected to improve both production and cost management.

Unit production costs per saleable tonne increased by 7% from R484 per tonne in F2020 to R520 per tonne in F2021, mainly due to lower saleable production volumes.

Operational reviews continued

ARM Coal continued

	Unit	F2021	F2020	F2019	F2018	F2017
OPERATIONAL – 100% basis						
Production and sales						
Saleable production	Mt	**5.79**	6.77	6.99	6.05	6.47
Total thermal coal sales	Mt	**5.79**	6.53	6.84	6.11	6.21
Export thermal coal sales	Mt	**3.89**	4.29	3.27	2.85	3.18
Domestic thermal coal sales	Mt	**1.90**	2.25	3.57	3.26	3.03
Average received prices						
Export (FOB)[1]	US$/t	**56.73**	47.87	71.10	84.57	62.07
Domestic (FOT)[2]	R/t	**354**	305	275	235	241
Unit costs						
On-mine saleable cost per tonne	R/t	**506**	431	380	351	323
FINANCIAL – ATTRIBUTABLE						
Sales revenue	R million	**1 058**	1 056	1 162	1 028	911
Total costs	R million	**896**	1 000	870	32	676
Operating profit/(loss)	R million	**162**	56	292	1 060	235
EBITDA	R million	**348**	264	326	335	235
Capital expenditure	R million	**263**	197	244	140	196
Cash operating profit	R million	**148**	56	292	335	235
Less:						
– Imputed interest expense[3]	R million	**(170)**	(160)	(144)	(157)	(215)
– Interest received	R million	**–**	–	–	3	–
– Depreciation/amortisation	R million	**(182)**	(197)	(163)	(167)	(147)
– Re-measurement adjustments	R million	**206**	207	190	885	(12)
– Impairment loss	R million	**–**	(559)	–	–	–
Profit/(loss) before tax	R million	**2**	(653)	174	899	(137)
Tax	R million	**8**	56	(38)	(47)	38
Headline earnings/(loss) attributable to ARM	R million	**10**	(38)	136	852	(99)

[1] *FOB free-on-board.*
[2] *FOT free-on-truck.*
[3] *Post restructuring the ARM Coal loans, all interest expense on these loans is imputed.*

AFS Refer to the notes in the annual financial statements for the ARM Coal segmental information.

PCB operations

Ownership – ARM holds an effective 20.2% in PCB, Glencore (GOSA) owns the remaining 79.8%

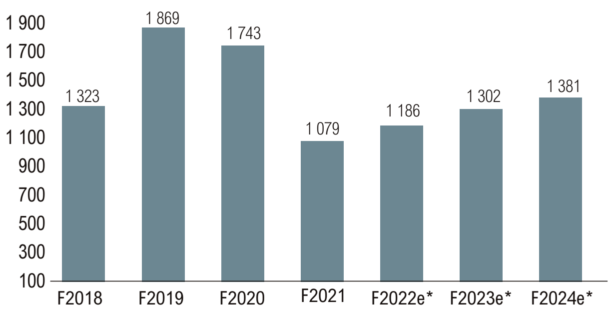
Management – Governed by a supervisory committee with five Glencore representatives and three ARM representatives. Operational management contracted to Glencore

	Unit	F2021	F2020	F2019	F2018	F2017
OPERATIONAL – 100% basis						
Production and sales						
Saleable production	Mt	**11.58**	13.34	15.49	16.64	16.55
Impunzi	Mt	**4.85**	6.1	6.7	6.77	7.2
Tweefontein	Mt	**6.73**	7.24	8.79	10.04	9.35
Total thermal coal sales	Mt	**10.90**	13.46	15.56	15.78	16.06
Export thermal coal sales	Mt	**8.00**	7.73	10.95	13.44	13.42
Domestic thermal coal sales	Mt	**2.90**	5.74	4.61	2.34	2.64
Average received prices						
Export (FOB)[1]	US$/t	**56.97**	50.54	64.88	73.51	61.89
Domestic (FOT)[2]	R/t	**678**	666	582	368	459
Unit costs						
On-mine saleable cost per tonne	R/t	**520**	484	391	330	278
FINANCIAL – ATTRIBUTABLE						
Sales revenue	R million	**1 815**	2 008	2 605	2 765	2 528
Total costs	R million	**1 516**	1 702	1 707	1 835	1 552
Operating profit/(loss)	R million	**299**	306	898	930	976
EBITDA	R million	**378**	304	898	1 030	976
Capital expenditure	R million	**248**	425	562	413	246
Cash operating profit	R million	**299**	304	898	1 030	976
Plus: Interest received	R million	**–**		–	5	–
Less:						
– Interest paid	R million	**(104)**	(118)	(138)	(164)	(320)
– Depreciation/amortisation	R million	**(569)**	(479)	(424)	(425)	(355)
– Re-measurement adjustments	R million	**36**	278	55	325	(50)
(Impairment loss)/reversal of impairment	R million	**–**	(1 121)	3		
(Loss)/profit before tax	R million	**(338)**	(1 138)	394	771	251
Tax	R million	**78**	51	(118)	(138)	(70)
Headline (loss)/earnings attributable to ARM	R million	**(260)**	36	274	633	181

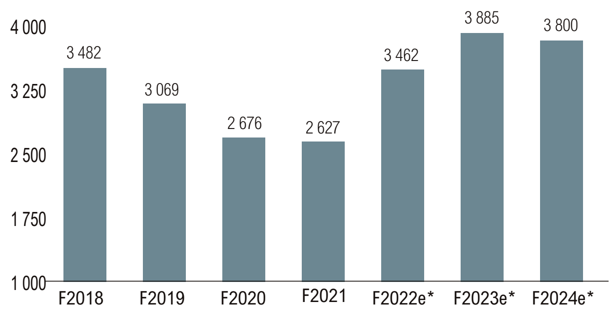
[1] *FOB free-on-board.*
[2] *FOT free-on-truck.*

Outlook sales volumes – attributable basis

Local sales (000t)



Export sales (000t)



* *F2022, F2023, F2024 represents estimated volumes.*

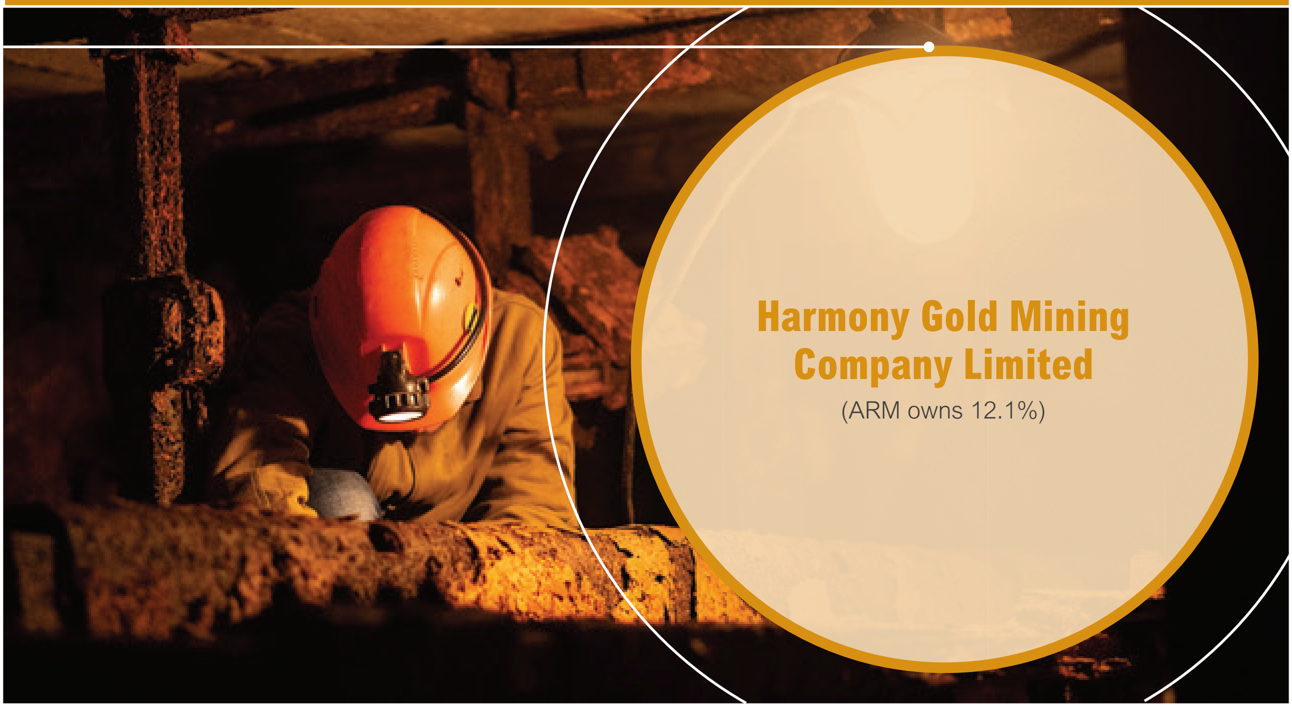
Operational reviews continued

Harmony Gold

Key features for F2021

Headline earnings per share increased **699%** to **923 cents per share**

Total dividend per share of **137 cents**



	Unit	F2021	F2020
Gold produced	Kg	**47 755**	37 863
	000oz	**1 535 352**	1 217 323
Cash operating costs	R/kg	**600 592**	553 513
	US$/oz	**1 213**	1 099
Financial performance			
Revenue	R million	**41 733**	29 245
Costs of sales	R million	**(35 657)**	(25 908)
Impairment of assets	R million	**(1 124)**	–
Gross profit	R million	**6 076**	3 337
Net profit/(loss) for the year	R million	**5 590**	(850)
Total headline earnings/(loss)	Cents per share	**923**	(154)
Total capital expenditure	R million	**5 142**	3 610
Market performance			
Average gold price received	R/kg	**851 045**	735 569
	US$/oz	**1 719**	1 461
Market capitalisation	R billion	**32.5**	43.3

Financial and operational performance

ARM's investment in Harmony was negatively revalued by R1 426 million in F2021 (F2020: R2 996 million positive revaluation) as the Harmony share price decreased by 27% from R71.86 per share at 30 June 2020 to R52.76 per share at 30 June 2021. The Harmony investment is therefore reflected on the ARM statement of financial position at R3 940 million based on its share price at 30 June 2021.

Gains are accounted for, net of deferred capital gains tax, through the statement of comprehensive income. Dividends from Harmony are recognised in the ARM statement of profit or loss on the last day of registration following dividend declaration.

Harmony declared a final dividend of 27 cents per share, bringing their total dividend for F2021 to 137 cents per share.

Harmony's financial performance for F2021 reflects a net profit increase of 758% to R5 590 million compared to a net loss of R850 million in F2020. Headline earnings improved to 923 cents per share compared with a headline loss of 154 cents per share for F2020.

Revenue increased by R12 488 million or 43% to R41 733 million, mainly due to the operational expansion from the acquisition of Mponeng and related assets as well as an increase in the gold price received.

Production costs increased by R7 726 million or 35% to R29 774 million during F2021 predominantly due to the operational expansion as well as annual price increases.

As at 30 June 2021, net debt decreased by R819 million to R542 million. The cash generated by operations was sufficient to pay for capital expenditure, a dividend and significantly reduce the group's debt.

The reduction in debt as well as the stronger rand resulted in lower finance costs incurred during F2021 of R228 million compared with R424 million in F2020.

Harmony's results for the year ended 30 June 2021 can be found on Harmony's website: **www.harmony.co.za**

Summarised Mineral Resources and Mineral Reserves report

at 30 June 2021

Adding value

Extracting optimal value from the Mineral Resources and Mineral Reserves in our portfolio is fully aligned to ARM's purpose of delivering competitive returns and create sustainable value for all stakeholders through its strategic pillars:

STRATEGIC PILLAR	HOW WE ADD VALUE
Operate our portfolio of assets safely, responsibly and efficiently	Manage life-of-mine Mineral Resources and Mineral Reserves for each operation efficiently, revising mine plans as required.
Allocate capital to value-creating investments	Undertake exploration activities on-mine and apply stringent criteria in allocating capital for the work, to ensure value creation in the areas we explore.
Focus on value-enhancing and integrated growth	Maintaining the appropriate balance between Mineral Reserves depletion and growth to ensure a sustainable company.

MRMR

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). The full report is available on ***www.arm.co.za.***
This summary should be read with the detailed 2021 ARM Mineral Resources and Mineral Reserves report on our website.

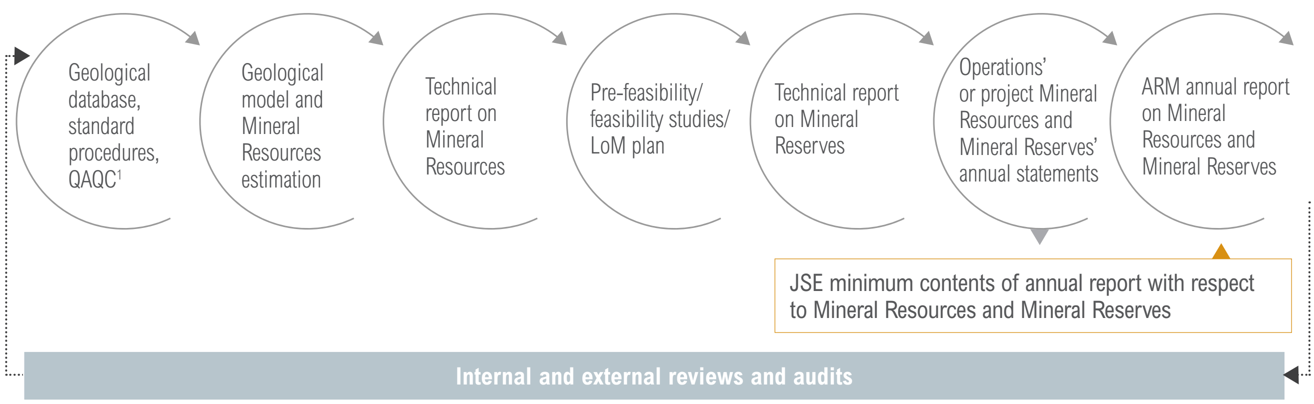
Introduction

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), the South African Code for reporting of Mineral Asset Valuation (SAMVAL Code, 2016) and Section 12.13 of the JSE Listings Requirements.

The SAMREC Code of 2016 sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves in South Africa. It was launched and adopted by the Johannesburg Stock Exchange (JSE) in May 2016. The 2021 ARM Mineral Resources and Mineral Reserves report is based on the SAMREC Code of 2016.

The reporting of Mineral Resources and Mineral Reserves is a disciplined annual process, shown below:

Reporting of Mineral Resources and Mineral Reserves flow chart



[1] *QAQC: Quality Assurance/Quality Control.*

Formal guidelines have been formulated to assist competent persons in the estimation, classification and reporting of Mineral Resources and Mineral Reserves. The guidelines are available at the corporate office on the Mineral Resources Management (MRM) server.

As part of ARM's management process of Mineral Resources and Mineral Reserves, quarterly divisional forum meetings are conducted with the following objectives:

- Skills and technical knowledge transfer in the Mineral Resources and Mineral Reserves fields
- Ensuring that best practices through SAMREC compliant standard procedures are shared and applied
- Facilitate internal peer reviews and audits
- Advance professional development and registration of technical personnel.

The convention adopted in this report is that the Measured and Indicated Mineral Resources estimates are reported **inclusive** of that portion converted to Mineral Reserves. 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 2021** unless stated otherwise.

Underground Mineral Resources are in situ tonnages that have reasonable prospects for eventual economic extraction (RPEEE) at the postulated mining width, after deductions for geological losses. Underground Mineral Reserves reflect tonnages that will be mined and processed. Open-pit Mineral Resources are quoted as in situ tonnages that have reasonable prospects for eventual economic extraction and Mineral Reserves are tonnages falling within an economic pit-shell. Surface Mineral Resources and Mineral Reserves consist of stockpiles already mined. All Mineral Reserves are quoted at the grade fed to the plant

The classification into Measured, Indicated and Inferred Mineral Resources is done by consideration of geostatistical parameters, spacing of boreholes, geological structures and continuity of the mineralisation.

External consulting firms audit the Mineral Resources and Mineral Reserves of the ARM operations when substantial geological borehole data has been added to the previously established database or every three years whichever comes first. During the past reporting cycle Beeshoek Iron Ore Mine Mineral Resources were independently audited by SRK consultants.

Please refer to the detailed ARM Mineral Resources and Mineral Reserves report under Beeshoek for audit comments.

Management of risk factors that relate to environmental, social and governance (ESG) aspects that could impact on the Mineral Resources and Mineral Reserves estimates are reported in this report, in the material matters and risk management sections, and the ESG report in the material matters, environment and social sections.

The Mineral Resources and Mineral Reserves are reported on a 100% basis and the attributable interest is noted in the footnotes of the tabulations. Rounding of figures may result in minor computational discrepancies on the Mineral Resources and Mineral Reserves tabulations.

Competence

The lead competent person with overall responsibility for the compilation of the 2021 Mineral Resources and Mineral Reserves report is Shepherd Kadzviti, 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.

Shepherd graduated with a BSc in geology and mathematics and an MSc in exploration geology from the University of Zimbabwe. He later completed a graduate diploma in mining engineering (GDE) at the University of the Witwatersrand. He worked at RioZim's Renco Gold Mine for 14 years in various capacities as geologist, technical services superintendent and mine manager. In 2005, he joined Anglo American Platinum at Union Mine as an evaluation geologist with responsibilities for geological database management and Mineral Resource estimation. After two years at the mine, he was

Summarised Mineral Resources and Mineral Reserves report

continued

at 30 June 2021

transferred to the Anglo American Platinum corporate office where he was appointed resource geologist. He then joined ARM as Mineral Resources specialist in 2008, and was involved in the evaluation of various mineral deposits for the group. In 2012, he was appointed group mineral resources manager for ARM. He is registered with the South African Council for Natural Scientific Professions (SACNASP) as a professional natural scientist (PrSciNat) in the field of practice of geological science, registration number 400164/05. SACNASP is based in the Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, 0087, South Africa. He has a total of 31 years' experience in various aspects of mining and exploration geology, database management and Mineral Resource estimation and as such is considered to be a competent person.

All competent persons at the ARM corporate office and the operations have sufficient relevant experience in the type of deposit and in the activity for which they have taken responsibility. The competent persons consent to the inclusion of the Exploration Results, Mineral Resources and Mineral Reserves information in this report, in the form and context in which it appears. Details of ARM's competent persons 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	S Kadzviti, M Mabuza, V Moyo, R Jooste
PGM (Two Rivers Mine)	JZ Khumalo, JA Coetzee, TJ Horak
PGM (Modikwa Mine)	J de Kock, M Setuke (Anglo American plc)
Nickel (Nkomati Mine)	N Strydom, T Mogano
Manganese (Black Rock Mine)	B Ruzive, J Smuts
Iron ore (Beeshoek Mine)	AMJ Burger, R Jooste
Iron ore (Khumani Mine)	MA Burger, IJM van Niekerk, B Muzima
Coal (Goedgevonden)	M Smith (Glencore head office)

Shepherd Kadzviti PrSciNat
Group mineral resources manager

African Rainbow Minerals
24 Impala Road
Chislehurston
Sandton
South Africa

8 October 2021

Salient features for F2021

ARM Platinum

Two Rivers Mine

Mineral Reserves increased mainly due to the maiden declaration of the Merensky Probable Reserves of 49.62 million tonnes at 2.89 g/t (6E) after completion of a feasibility study on mining of the Merensky Reef.

Modikwa Mine

UG2 Mineral Reserves at Modikwa Mine decreased by 3% to 44.26 million tonnes at 4.21 g/t (4E) in F2021 when compared with the F2020 statement of 45.73 million tonnes at 4.22 g/t (4E). This was mainly due to mining production.

Nkomati Mine

The Measured and Indicated Mineral Resources for Nkomati Mine decreased from 170.25 million tonnes at 0.35% Ni to 167.51 million tonnes at 0.35% Ni due to mining depletion. No Mineral Reserves have been declared as the operation is now on care and maintenance.

ARM Coal

Goedgevonden Coal Mine

Coal Reserves (ROM) decreased by 4% from 280 million tonnes to 270 million tonnes mainly due to mining production.

ARM Ferrous

Black Rock Mine

Nchwaning Seam 1 Mineral Reserves marginally increased by 3% to 62.39 million tonnes at 43.38% Mn due to modelling changes related to the mining cut. Nchwaning Seam 2 Mineral Reserves decreased by 2% from 108.66 million tonnes at 42.77% Mn to 106.01 million tonnes at 42.61% Mn mainly due to production. At Gloria Mineral Reserves increased by less than 1% to 105.70 million tonnes at 37.25% Mn due to minor changes in the modelling.

Beeshoek Mine

Mineral Reserves significantly increased by 136% from 26.18 million tonnes at 64.63% Fe in F2020 to 61.69 million tonnes at 63.77% Fe in F2021 mainly due to the conversion from Measured and Indicated Mineral Resources to Proved and Probable Mineral Reserves as part of an optimisation study of all the Beeshoek Mine pits.

Khumani Mine

Khumani Mine Mineral Reserves decreased by 2% from 424.58 million tonnes at 62.28% Fe to 414.16 million tonnes mainly due to mining production which was partially offset by an increase in Mineral Reserves at Mokaning East and South where new pit shells were created.

F2021 Mineral Resources and Mineral Reserves summary

at 30 June 2021

ARM Platinum operations

Platinum group elements

Mineral Resources and Mineral Reserves are reported on a 100% basis*	MINERAL RESOURCES: Measured		Indicated		Measured and Indicated		Inferred		MINERAL RESERVES: 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															
2021 UG2 (grade reported as 6E)	**16.26**	**5.72**	**84.29**	**5.73**	**100.55**	**5.73**	**83.53**	**5.23**	**9.24**	**3.46**	**61.90**	**3.47**	**71.14**	**3.47**	**7.93**
2020 UG2 (grade reported as 6E)	14.35	5.65	83.75	5.73	98.10	5.72	80.30	5.33	4.63	3.41	58.59	3.57	63.22	3.56	7.23
2021 Merensky (grade reported as 6E)			**75.73**	**3.42**	**75.73**	**3.42**	**61.39**	**4.32**			**49.62**	**2.89**	**49.62**	**2.89**	**4.60**
2020 Merensky (grade reported as 6E)			75.73	3.42	75.73	3.42	61.39	4.32							
Modikwa Mine															
2021 UG2 (grade reported as 4E)	**83.50**	**5.93**	**102.10**	**5.91**	**185.60**	**5.92**	**77.50**	**6.22**	**15.59**	**4.33**	**28.67**	**4.14**	**44.26**	**4.21**	**5.99**
2020 UG2 (grade reported as 4E)	85.80	5.94	102.20	5.91	188.00	5.92	77.50	6.22	13.43	4.45	32.30	4.12	45.73	4.22	6.21
2021 Merensky (grade reported as 4E)	**20.70**	**3.15**	**53.88**	**2.90**	**74.58**	**2.97**	**139.33**	**2.84**							
2020 Merensky (grade reported as 4E)	20.70	3.15	53.88	2.90	74.58	2.97	139.33	2.84							

6E *= platinum + palladium + rhodium + iridium + ruthenium + gold.*
4E *= platinum + palladium + rhodium + 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%).***

Nickel

Mineral Resources are reported on a 100% basis*	MINERAL RESOURCES: Measured		Indicated		Measured and Indicated		Inferred	
	Mt	Ni%	Mt	Ni%	Mt	Ni%	Mt	Ni%
Nkomati Mine								
2021 MMZ+PCMZ	**72.89**	**0.32**	**94.62**	**0.37**	**167.51**	**0.35**	**46.35**	**0.40**
2020 MMZ+PCMZ	75.61	0.32	94.64	0.37	170.25	0.35	46.35	0.40
2021 MMZ stockpiles	**0.10**	**0.30**			**0.10**	**0.30**		
2020 MMZ stockpiles								
2021 PCMZ stockpiles	**0.24**	**0.18**			**0.24**	**0.18**		
2020 PCMZ stockpiles								

MMZ *– Main Mineralised Zone;* ***PCMZ*** *– Chromititic Peridotite Mineralised Zone.*
Nkomati Mine MMZ Mineral Resources also contain Cu, Co, and PGEs – details available in the 2021 detailed ARM Mineral Resource and Mineral Reserves report.
Nkomati Mine PCMZ Mineral Resources also contain Cu, Co, PGEs and Cr_2O_3 – details available in the 2021 detailed ARM Mineral Resource and Mineral Reserves report.
**** Nkomati Mine attributable interests (ARM 50%; Norilsk Nickel Africa (Pty) Ltd 50%).***

ARM Platinum operations continued

Chrome

Mineral Resources are reported on a 100% basis*	MINERAL RESOURCES Measured		Indicated		Measured and Indicated	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Nkomati Mine						
2021 Oxidised massive chromitite	**0.13**	**27.16**	**0.05**	**23.28**	**0.18**	**26.14**
2020 Oxidised massive chromitite	0.13	27.16	0.05	23.28	0.18	26.14
2021 Un-oxidised massive chromitite	**0.12**	**25.16**	**0.21**	**24.43**	**0.32**	**24.89**
2020 Un-oxidised massive chromitite	0.12	25.16	0.21	24.43	0.32	24.89

** Nkomati Mine attributable interests (ARM 50%; Norilsk Nickel Africa (Pty) Ltd 50%).*

ARM Ferrous operations

Manganese

Mineral Resources and Mineral Reserves are reported on a 100% basis*	MINERAL RESOURCES Measured		Indicated		Measured and Indicated		Inferred		MINERAL RESERVES Proved		Probable		Total Reserves	
	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%
Black Rock Mine (Nchwaning Mine)														
2021 Seam 1	**79.72**	**45.03**	**39.03**	**40.29**	**118.75**	**43.47**			**35.01**	**44.42**	**27.38**	**42.06**	**62.39**	**43.38**
2020 Seam 1	84.88	44.71	41.12	39.87	126.00	43.13			37.51	44.29	23.06	42.68	60.57	43.68
2021 Seam 2	**106.08**	**42.81**	**68.83**	**42.20**	**174.91**	**42.57**			**70.44**	**42.49**	**35.57**	**42.86**	**106.01**	**42.61**
2020 Seam 2	106.29	42.83	68.47	42.28	174.76	42.61			72.72	42.69	35.94	42.92	108.66	42.77
Black Rock Mine (Koppie area)														
2021 Seam 1	**15.80**	**40.00**	**23.00**	**39.30**	**38.80**	**39.60**	**25.20**	**41.10**						
2020 Seam 1	15.80	40.00	23.00	39.30	38.80	39.60	25.20	41.10						
2021 Seam 2	**7.30**	**39.10**	**8.00**	**35.80**	**15.30**	**37.40**	**18.70**	**38.20**						
2020 Seam 2	7.30	39.10	8.00	35.80	15.30	37.40	18.70	38.20						
Black Rock Mine (Gloria Mine)														
2021 Seam 1	**77.41**	**37.29**	**90.11**	**37.49**	**167.52**	**37.40**	**33.90**	**36.77**	**44.10**	**37.20**	**61.60**	**37.28**	**105.70**	**37.25**
2020 Seam 1	69.39	37.29	80.08	37.56	149.47	37.43	30.19	36.91	44.61	37.20	60.37	37.32	104.98	37.27
2021 Seam 2			**30.97**	**28.35**	**30.97**	**28.35**	**121.28**	**30.00**						
2020 Seam 2			32.06	28.41	32.06	28.41	122.92	30.03						

*The Mineral Resources are **inclusive** of those modified to produce Mineral Reserves.*
**** Black Rock Manganese Mine attributable interests (ARM 50%; Assore 50%).***

F2021 Mineral Resources and Mineral Reserves summary continued

at 30 June 2021

ARM Ferrous operations continued

Iron ore

Mineral Resources and Mineral Reserves are reported on a 100% basis*	MINERAL RESOURCES: Measured		Indicated		Measured and Indicated		Inferred		MINERAL RESERVES: Proved		Probable		Total Reserves	
	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Beeshoek Mine														
2021 All pits	**80.99**	**64.18**	**5.46**	**63.37**	**86.45**	**64.13**	**5.49**	**62.70**	**55.50**	**64.17**	**6.19**	**60.20**	**61.69**	**63.77**
2020 All pits	86.71	64.06	5.11	63.44	91.82	64.02	5.35	62.58	26.05	64.64	0.13	63.35	26.18	64.63
2021 Stockpiles											**1.37**	**58.45**	**1.37**	**58.45**
2020 Stockpiles											1.22	60.02	1.22	60.02
2021 Low-grade stockpiles	**2.41**	**56.46**	**14.64**	**52.72**	**17.05**	**53.25**								
2020 Low-grade stockpiles	2.41	56.46	12.64	53.22	15.05	53.74					11.97	53.22	11.97	53.22
Khumani Mine														
2021 Bruce and King/ Mokaning	**507.49**	**62.91**	**76.31**	**62.53**	**583.80**	**62.86**	**10.53**	**59.96**	**380.70**	**62.29**	**33.46**	**61.97**	**414.16**	**62.27**
2020 Bruce and King/ Mokaning	449.08	62.88	132.76	63.12	581.84	62.93	35.18	61.87	341.01	62.20	83.57	62.58	424.58	62.28
2021 Stockpiles											**6.02**	**59.59**	**6.02**	**59.59**
2020 Stockpiles											6.31	55.52	6.31	55.52
2021 Low-grade stockpiles			**20.76**	**54.24**	**20.76**	**54.24**								
2020 Low-grade stockpiles			17.18	54.29	17.18	54.29	1.78	55.07						

*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: Measured		Indicated		Measured and Indicated		Inferred		COAL RESERVES (ROM): Proved		Probable		Total Reserves		COAL RESERVES (SALEABLE): 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 (MJ/kg)	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)
Goedgevonden Coal Mine																				
2021 (Coal Resources reported as MTIS)**	**480**	**19.76**	**7**	**18.28**	**487**	**19.74**	**1**	**16.72**	**270**	**19.57**			**270**	**19.57**	**167**	**^**			**167**	**^**
2020 (Coal Resources reported as MTIS**)	490	19.82	7	18.28	497	19.80	1	16.72	280	19.57			280	19.57	172	^^			172	^^

*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.*
^ 2021 [HG Export (71 Mt; CV 6 000 Kcal/kg)] and [LG Export (96 Mt; CV 21.50 MJ/kg)].
^^ 2020 [HG Export (73 Mt; CV 6 000 Kcal/kg)] and [LG Export (99 Mt; CV 21.50 MJ/kg)].
**** Goedgevonden Coal Mine attributable interests (ARM 26%; Glencore Operations 74%).***

Harmony Gold

ARM owns 12.12% of Harmony's issued share capital. Harmony is separately run by its own management team. Mineral Resources and Mineral Reserves of the Harmony mines are the responsibility of the Harmony team and are published in Harmony's annual report.


PALFINGER

Managing performance through remuneration

Philosophy

Our strategic objectives can only be delivered with the foresight, dedication and hard work of our employees. The company competes in a small talent pool for a limited set of skills in the global and South African mining industries.

The remuneration 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 approved a remuneration policy that gives effect to the remuneration strategy, supports business objectives in the wider operating environment and offers a balanced remuneration mix in line with our goals.

Fixed pay

The board approved cost-to-company salary increases in the corporate office from 1 July 2021 based on the current and forecast consumer price index (CPI), as follows:

PATERSON GRADE	ROLE	F2022 increase	F2021 increase
F-band	• Executives (including executive directors)	5.2% CPI*	3% (CPI)
E-band	• Senior management	6.2% (CPI + 1%)	4% (CPI + 1%)
D-band	• Middle management		
A to C-bands	• General staff	7.2% (CPI + 2%)	5% (CPI + 2%)

* *CPI of 5.2% as at May 2021 as published by StatsSA.*

At the bargaining-unit level for our managed operations wage agreements for A to C-bands provided for 2020 increases of 6% to 7% depending on the band. Modikwa, Machadodorp Works and Two Rivers C-band bargaining units have multi-year agreements which provided for 2021 increases of 6% to 7% depending on the band. Wage agreements for employees at Two Rivers in the A and B-bands and Cato Ridge Works as well as the Northern Cape mines' labour forces expired on 30 June 2021 and negotiations are underway. Percentage increases for these employees will be reported in 2022.

Employee benefits as a percentage of cost-to-company are the same for all employees, subject to certain employee elections.

Fair and responsible

Taking care of our employees
We aim to maximise our employee value proposition. We are committed to offering a market-related, competitive, fair and at least living wage to all employees. We operate various wellness programmes to support our employees' mental health and wellbeing.

Monitoring our fair and responsible pay
We periodically monitor the pay gap, enhance policies supporting gender mainstreaming in the workplace and develop more robust employment equity plans and targets. Percentage increases granted to our more junior employees generally exceed those granted to management and executives.

Pay-for-performance
We focus on pay-for-performance in designing our variable pay structures, particularly at senior levels. Our in-house performance-enhancing system creates an opportunity to contract on performance goals, review performance, track developmental areas, assess performance and reward appropriately. This process also promotes staff engagement, constructive feedback for development and performance improvement.

Training and developing our talent
We invest in the development and skills of our employees to maximise learning potential through study assistance and bursaries as well as career-development opportunities based on our talent management strategy.

ESG Please see the ESG report for the full remuneration report.

Stakeholder engagement

At the 2020 annual general meeting, the non-binding advisory votes on ARM's remuneration policy and implementation report were each supported by 97.76% of shareholders who voted at the meeting.

Although we were well above the 75% voting threshold for both the remuneration policy and implementation report, we take shareholder feedback seriously and strive to continuously engage with our shareholders. Below, we set out the main areas of feedback on remuneration.

Stakeholder engagement on voting

FEEDBACK	ACTIONS TAKEN/RESPONSE TO FEEDBACK
Short-term incentives – safety modifier: The safety modifier applied to the bonus framework is based on the lost-time injury frequency rate for the divisions/operations and bonuses are payable despite recorded fatalities at the operations.	The company is committed to zero harm. Recorded fatalities have been factored into the safety modifier for the year under review. For future bonuses, after the safety modifier has been determined on the basis of the lost-time injury frequency rate performance for the year, the board will further consider any fatalities for the year and, at its discretion, adjust the modifier taking into account the context of such fatalities.
Short-term incentives – targets: Only high-level performance conditions were provided for the short-term incentive, without disclosing specific targets.	Performance targets are not disclosed; this is viewed as commercially sensitive information for various reasons, including that targets are based on budget and the company is required to adhere to confidentiality restrictions in some contractual agreements.
Short-term incentives – budget: Performance targets measured against budget are not considered transparent.	It is acknowledged that measuring against budget is not transparent, however, given the significant effect of commodity prices and changes in geology on profits, using a growth factor on previous profit is not a viable measure. In addition as discussed above, this information is considered commercially sensitive. The committee monitors the short-term incentive scheme to ensure its implementation is aligned with the strategic objectives of the company.
Long-term incentives – total shareholder return: Limited disclosure about the vesting scale, exact targets governing vesting in the total shareholder return analysis and the weight of total shareholder return as a performance condition.	For awards made prior to December 2018, vesting was possible for performance below the median of the peer group, in terms of the graphs on the following pages. For settlements of performance shares in F2021, no vesting occurred below median. In line with global practice, vesting below median has not been permitted since shareholders adopted the 2018 conditional share plan and relative total shareholder return now only constitutes 25% of total performance conditions.

Managing performance through remuneration continued

Functions and responsibilities

The remuneration committee performs the functions and responsibilities necessary to fulfil its stated purpose. Amendments to its terms of reference were approved by the board in 2021. The committee's mandate includes:

- Ensuring that, in developing the company's remuneration policies, the mix of fixed and variable remuneration in cash, shares and other elements of remuneration meets ARM's business needs and promotes its strategic objectives, with an appropriate balance between short-term and long-term incentives
- Ensuring that performance targets in all occupational categories in ARM are set and monitored
- Reviewing the results of independent third-party benchmarking surveys of the remuneration packages of executive directors, other senior executives and the group company secretary and governance officer as well as non-executive directors' fees
- Reviewing and recommending specific remuneration packages for executive directors, senior executives and the group company secretary and governance officer to the board for approval, including base salaries
- Recommending to the board cash performance bonuses to be awarded to executive directors, senior executives and the group company secretary and governance officer, taking cognisance of job descriptions and the performance of ARM against budgetary and strategic objectives as approved by the board
- Regularly reviewing and recommending changes to ARM's long-term (share-based) incentive schemes to ensure the continued contribution of executive directors and other senior executives to shareholder value
- Considering and making recommendations to the board on any proposed cash bonus schemes or long-term (share-based) incentive schemes or amendments to any existing schemes for executive directors, senior executives and group company secretary and governance officer
- Recommending to the board grants or awards to be made to executive directors, other senior executives and the group company secretary and governance officer under ARM's long-term share-based incentive schemes
- Satisfying itself on the accuracy of recorded performance measures that govern the vesting of long-term (share-based) incentives
- Ensuring management develops appropriate employee benefit policies for the company.

Focus and adding value in F2021

The scheduled work plan was followed, with a normal cycle of activities and additional duties that included:

- Monitoring the ongoing impact of the pandemic on executive remuneration
- Amendments to the short-term incentive scheme:
  - To mitigate the risk for F2021 from the pandemic, including a cap on the maximum bonus payable
  - To provide that the board will further consider any fatalities during the year and adjust the modifier taking into account the context of such fatalities
- Recommending to the board annual increases in the base salaries of executive directors and other senior executives
- Recommending to the board short-term incentives (ie bonuses) payable to executive directors and other senior executives
- Recommending the board retainer as well as board and committee meeting attendance fees for non-executive directors, for submission to shareholders
- Overseeing preparation of the remuneration implementation report.

Focus areas for F2022

- Recommending corporate bonus parameters for F2022 to the board
- Reviewing climate change targets
- Recommending to the board annual increases in the base salaries of executive directors and other senior executives
- Recommending to the board short-term incentives (ie bonuses) payable to executive directors and senior executives
- Recommending the board retainer as well as board and committee meeting attendance fees for non-executive directors, for submission to shareholders
- Reviewing the provisions for termination of employment in the 2018 conditional share plan and the 2018 cash-settled conditional share plan
- Overseeing preparation of the remuneration implementation report
- Monitoring the ongoing impact of the pandemic on executive remuneration.

Remuneration philosophy and policy: executive remuneration

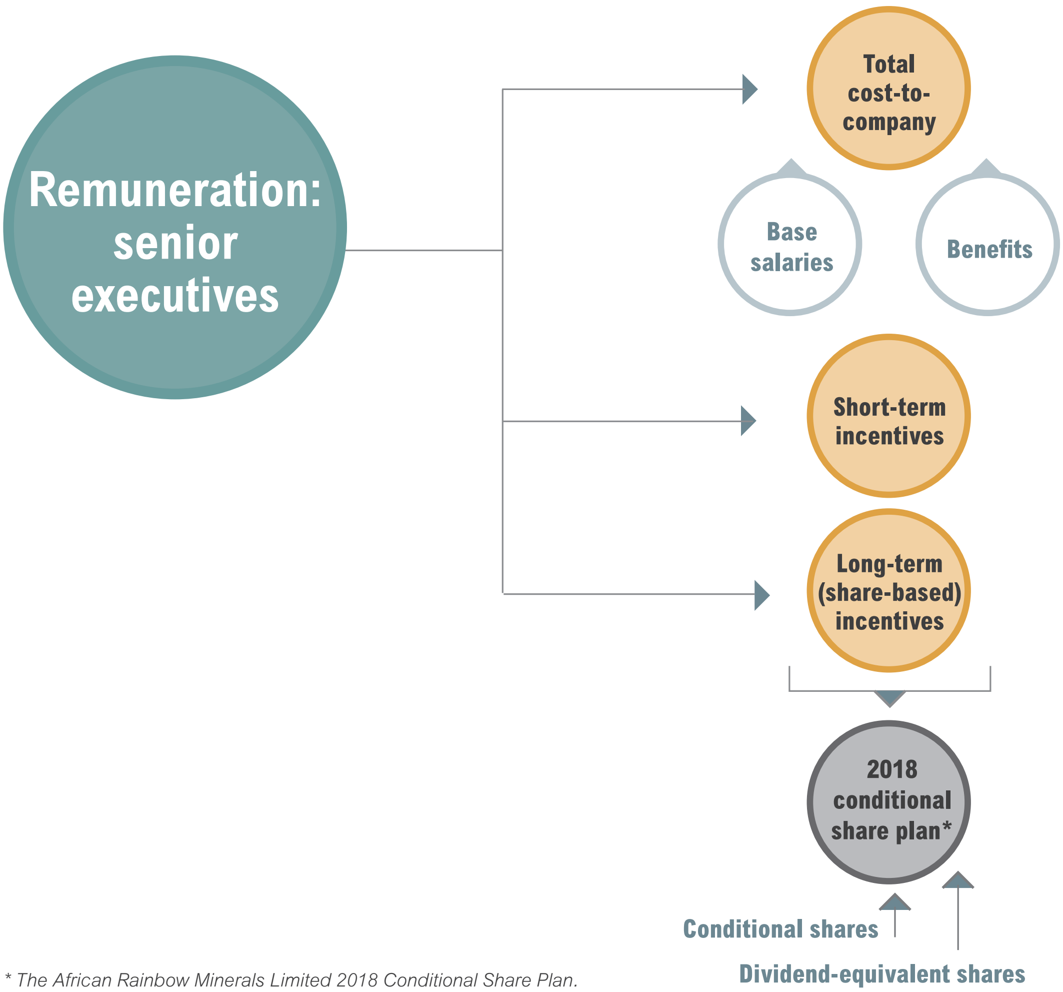
Principles of executive remuneration

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 promotes positive outcomes, an ethical culture and corporate citizenship in decisions on pay.

The remuneration policy conforms to international best practice and is based on the following principles:

- Total cost-to-company of base salary plus benefits
- Competitive, incentive-based rewards compared to other employers in the mining and mineral resources sector, earned by achieving performance targets consistent with shareholder expectations over the short and long term:
  - Short-term incentives, ie cash bonuses based on performance measures and targets, and structured to reward effective operational performance
  - Long-term (share-based) incentives used to align the long-term interests of management with those of shareholders and responsibly implemented to avoid exposing shareholders to unreasonable or unexpected financial impact.

Elements of total executive remuneration design



** The African Rainbow Minerals Limited 2018 Conditional Share Plan.*

Managing performance through remuneration continued

PERFORMANCE MEASUREMENT

For the executive chairman, chief executive officer, finance director, other executive directors and other senior executives (excluding those from ARM Ferrous, ARM Platinum and ARM Coal), financial performance indicators are calculated as:

- 50% – profit from operations
- 50% – unit cost of sales (a weighted scorecard).

For operational senior executives, financial performance indicators are calculated for each division as:

- 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
- 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 (Goedgevonden)
- Coal (Participative Coal Business).

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

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

There is a sliding scale for outperformance or underperformance for each division or operation:

- If participants outperform their targets by 10% or more, they will 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.

After the safety modifier has been determined on the basis of the lost-time injury frequency rate performance for the year, the board will further consider any fatalities for the year and, at its discretion, adjust the modifier taking into account the context of such fatalities.

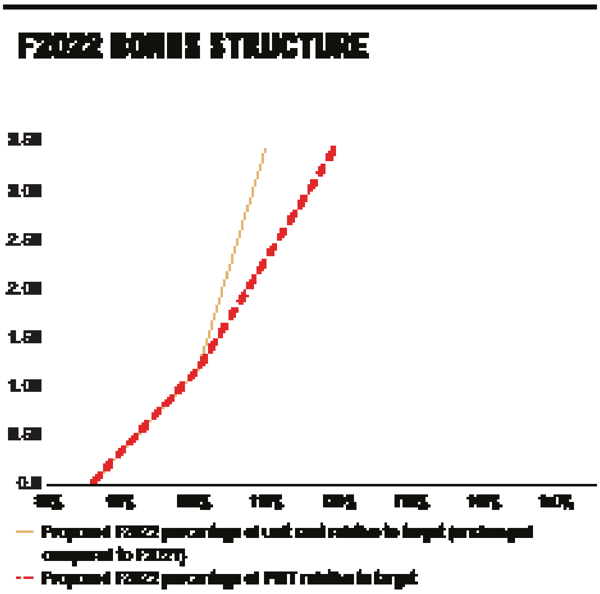
Short-term incentives

PERFORMANCE TARGETS

The targets for each metric are in line with the board-approved one-year business plan, and measures are reviewed annually to ensure they are appropriate, given the economic climate and performance expectations for the company. As targets are related to the budget and considered commercially sensitive information, they are not disclosed. F2022 PBIT targets relative to F2021 PBIT targets are set out below. F2022 cost target percentages remain unchanged compared to F2021.

%	F2022 PBIT targets*
ARM group	+98%
ARM Ferrous	+92%
ARM Platinum	+110%
ARM Coal	(7%)

* *Based on approved F2022 plan relative to F2021 targets. The F2022 plan will be trued up for opening balances.*



PERSONAL PERFORMANCE MODIFIER

A personal performance modifier is applied after a cash bonus has been calculated and the safety modifier applied for each senior executive, except the executive chairman and chief executive officer. If KPIs are met, up to an additional 10% of their bonus may be achieved. If KPIs are not met, up to 30% of their bonus will be forfeited. No personal performance modifiers are applicable to the short-term incentives payable to the executive chairman and the chief executive officer, because their performance is best measured by the performance of the company.

Managing performance through remuneration continued

2018 CONDITIONAL SHARE PLAN (F2022)

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 companies).*	25%	Threshold and target is set at the median of the comparator group (100% vesting)		Upper quartile of the comparator group (200% vesting)
Average free cash flow return on equity US$ operating free cash flow/ US$ equity over the three-year performance period, where operating free cash flow (for the year) is defined as: 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%	US$ cost of equity of the company (50% vesting)	US$ cost of equity of the company +3% (100% vesting)	US$ cost of equity of the company + 6% (200% vesting)
Consistent and sustainable cost performance as measured against the mining producer price index (PPI). Compound annual growth rate of the company's unit costs 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 B-BBEE score	10%	Maintain current level (50% vesting)	Improvement of 2% (100% vesting)	Improvement of 5% (200% vesting)
Environmental compliance (see climate-change performance targets alongside)	5%	→	→	→

Climate-change performance targets

Description of targets: absolute reduction in greenhouse gas emissions through initiatives that reduce:

- Emissions from direct production activities (ie scope 1 emissions) and
- Emissions from electricity consumption (ie scope 2 emissions)

due to emission-reduction initiatives determined at the end of the performance period from 1 July 2021 to 30 June 2024 (F2022 performance period), relative to the saving for F2021.

Threshold: maintain the level of savings in F2021, ie maintain initiatives implemented since F2018 and still actively reducing emissions at the beginning of the F2022 performance period (50% vesting).

Target: 2% further absolute reductions in aggregate of scope 1 and 2 emission levels at the end of the F2022 performance period against the level of savings at the beginning of the F2022 performance period (100% vesting).

Stretch: equal to or greater than 3% further absolute reduction in aggregate of scope 1 and 2 emission levels at the end of the F2022 performance period against the level of savings at the beginning of the F2022 performance period (200% vesting).

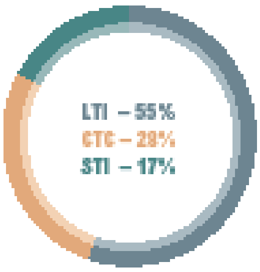
Measurement: measurement of the above-mentioned performance targets is based on reductions relative to a business as usual baseline. The approach is based on an industry accepted methodology (ie the GHG Protocol Policy and Action Standard).

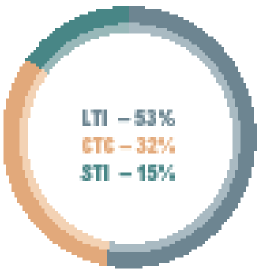
* *Should an event occur at any point during the performance period which causes the board to consider that a performance condition is no longer appropriate, the board may substitute or vary the performance condition in such a manner that is reasonable in the circumstances and produces a fairer measure of performance that is not materially less or materially more difficult to satisfy.*

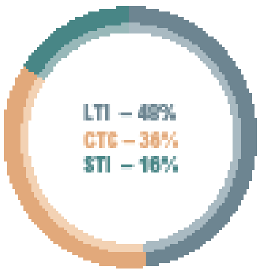
Total remuneration design: F2022

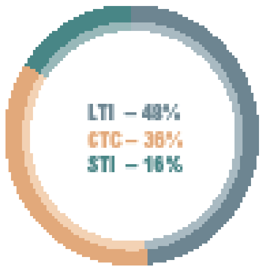
The remuneration committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration, and between aspects of the package linked to short-term financial performance and those linked to long-term shareholder value creation. It considers each element of the total remuneration package relative to the market as well as the performance of the company and individual executive in determining both quantum and design.

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









CTC = total annual package before incentives (ie cost-to-company).
STI = short-term incentive.
LTI = long-term incentive (excluding any movement in share price).
[1] *Total annual package before incentives, excludes non-cash benefits.*
[2] *Average remuneration for Messrs HL Mkatshana and A Joubert and Ms J Magagula. For Mr Joubert, the total annual package before incentives excludes non-cash benefits.*

Managing performance through remuneration continued

Directors’ remuneration: executive directors and prescribed officer

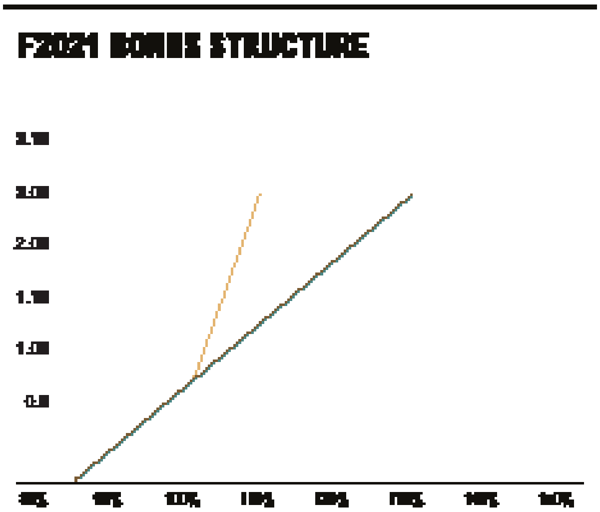
The remuneration of executive directors and the prescribed officer comprises base salaries, benefits, short-term (annual cash) incentives, and long-term (share-based) incentives. Executive directors do not receive directors’ fees.

Salary adjustments

The board approved a cost-to-company increase of 3% for senior executives for F2021 (F2020: 6%).

F2021 short-term incentive performance targets

The F2021 targets for profit before interest and taxes (PBIT) and costs are shown alongside.



F2021 percentage of unit cost relative to target.
F2021 percentage of PBIT relative to target.

Performance against bonus targets for F2021 was as follows:

Profitability*

Above target
- ARM Ferrous
- ARM Platinum
- ARM Coal
- ARM group

Cost targets

Better than plan
- ARM Ferrous
- ARM Platinum
- ARM group

Worse than plan
- ARM Coal

Safety modifier**

Safety modifier maximum achieved
- ARM Ferrous
- ARM Coal

Safety modifier not achieved
- ARM Platinum
- ARM group

* *Based on profit before interest and taxes.*
** *Safety modifier adjusted for fatalities.*

F2021 actual short-term incentive outcomes

The performance measures and targets based on budget are recommended by the remuneration committee to the board for approval annually. Targets are set by considering current market conditions faced by the company or division. The percentage of basic salary paid as a bonus is based on relative achievement against targets.

F2021 short-term incentive performance scorecard: executive directors

The tables below and overleaf illustrate how senior executives performed against targets for performance measures and the relative weighting of each measure.

	Performance level achieved							
Performance measure	Overall weighting	Measure weighting	Below target	Target	Between target and stretch	Stretch and above	OTB multiple	Commentary on key performance outcome and link to reward
Group performance	100%							
• PBIT from operations		50%				●	3.00	Exceeded stretch (OTB multiple = 3)
• Unit cost of sales (weighted)		50%			●		1.19	Between target and stretch (OTB multiple = 1.19)
Group performance outcome before capping	100%						2.10	50% of OTB multiple from PBIT from operations (3.00) + 50% of OTB multiple from unit cost of sales (1.19)
Group performance outcome (capped at 2.00*)	100%						2.00	Capped at 2.00*
Group safety modifier adjusted for fatalities					●		8.75%	Between target and stretch (8.75%)

OTB = on-target bonus.

* *In terms of the board-approved remuneration policy for F2021, the performance multiple before the safety and personal performance modifiers, ie overall OTB multiple, cannot exceed 2.00.*

F2021 short-term incentive performance scorecard: prescribed officer

The prescribed officer, the chief executive: ARM Ferrous, was measured against a combination of group and divisional financial targets.

	Performance level achieved							
Performance measure	Overall weighting	Measure weighting	Below target	Target	Between target and stretch	Stretch and above	OTB multiple	Commentary on key performance outcome and link to reward
Group performance	50%							
• PBIT from operations		50%				●	3.00	Exceeded stretch (OTB multiple = 3)
• Unit cost of sales (weighted)		50%			●		1.19	Between target and stretch (OTB multiple = 1.19)
Group performance outcome before capping	50%						2.10	50% of OTB multiple from PBIT from operations (3.00) + 50% of OTB multiple from unit cost of sales (1.19)
Group performance outcome (capped at 2.00*)	50%						2.00	Capped at 2.00*
Divisional performance	50%							
ARM Ferrous • PBIT from division		50%				●	3.00	Exceeded stretch (OTB multiple = 3)
ARM Ferrous • Unit cost of sales (weighted)		50%			●		1.12	Between target and stretch (OTB multiple = 1.12)
Divisional performance outcome before capping	50%						2.06	50% of OTB multiple from PBIT from operations (3.00) + 50% of OTB multiple from unit cost of sales (1.12)
Divisional performance (capped at 2.00*)	50%						2.00	Capped at 2.00*
Overall performance from group and division	100%						2.00	50% of group + 50% of division
Divisional safety modifier					●		10%	Maximum target achieved (10%)

OTB = on-target bonus.

* *In terms of the board-approved remuneration policy for F2021, the performance multiple before the safety and personal performance modifiers, ie overall OTB multiple, cannot exceed 2.00.*

Managing performance through remuneration continued

The F2021 remuneration outcomes are summarised below. The total F2021 bonus was payable in cash and no portion was deferred.

F2021 short-term incentive performance outcomes: executive directors and prescribed officer

	F2021 % on-target bonus	F2021 % maximum bonus (before safety and personal performance modifiers)	F2021 performance multiple[4]	F2021 % bonus (before safety and personal performance modifiers)	F2021 safety modifier adjusted for fatalities[5]	F2021 % bonus (after safety and before personal performance modifiers)	F2021 personal performance modifier	F2021 % bonus (after safety and personal performance modifiers)	F2021 total annual package before incentives (excluding non-cash benefits) (R000)[6]	F2021 short-term incentives (cash bonus) (R000)
Executive directors										
Dr PT Motsepe[1]	62	124	2.00	124.00	8.75	134.85		134.85	8 553	11 531
MP Schmidt[2]	50	100	2.00	100.00	8.75	108.75		108.75	8 931	9 711
J Magagula[3]	45	90	2.00	90.00	8.75	97.88	5.50	103.38	3 479	3 594
TTA Mhlanga[3]	45	90	2.00	90.00	8.75	97.88	2.88	100.76	3 752	3 778
HL Mkatshana	45	90	2.00	90.00	8.75	97.88	5.48	103.36	4 794	4 952
Prescribed officer										
A Joubert	45	90	2.00	90.00	10.00	99.00	5.15	104.15	5 479	5 704

OTB = on-target bonus.

1, 2 The executive chairman and chief executive officer have overall responsibility for the performance of the company, and their personal performance is thus not determined separately from that of the company.

3 Ms Mhlanga was appointed to the board as finance director on 1 October 2020 and the cost-to-company portion of the total annual package is the amount received as an executive director and not for the full financial year.

4 In terms of the board-approved remuneration policy for F2021, the performance multiple before the safety and personal performance modifiers, ie overall OTB multiple, cannot exceed 2.00.

5 As independently assured by Bowmans.

6 Per the single-figure remuneration table on page 174 in the ESG report.

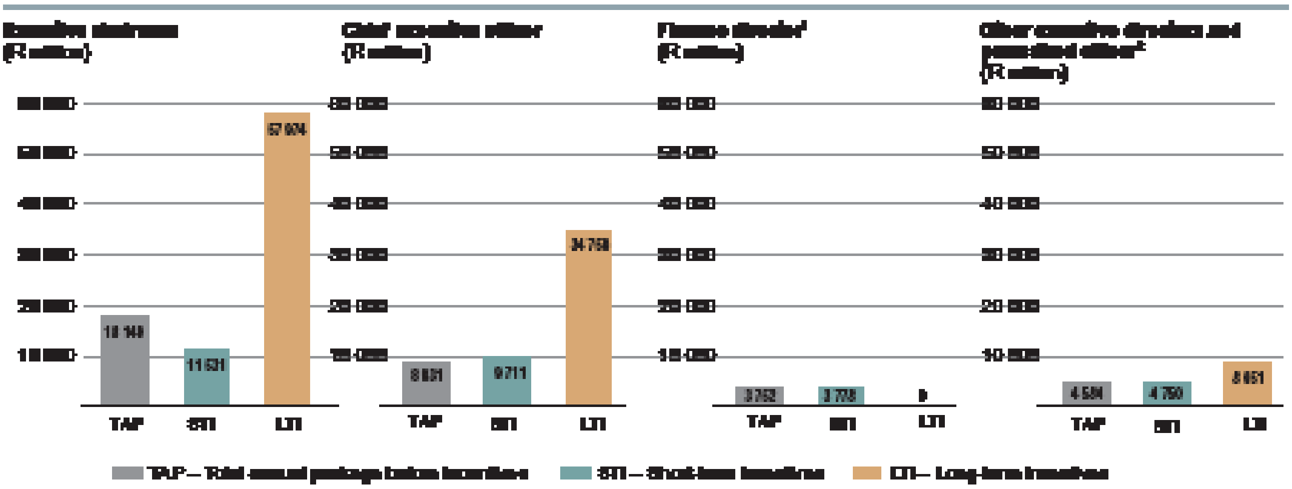
ESG

Remuneration outcomes

Remuneration outcomes in 2021 for the executive chairman, chief executive officer, finance director and other executive directors plus the prescribed officer are shown below. Emoluments are detailed in the single-figure remuneration table on page 174 of the ESG report.

ESG

Total remuneration outcomes: F2021



[1] Ms TTA Mhlanga was appointed as finance director from 1 October 2020. No LTI is reflected in the total single-figure remuneration for the finance director because the LTI is only reflected three years after the award date when the performance conditions are measured, and not when the award is granted.
[2] Average remuneration for Messrs HL Mkatshana and A Joubert and Ms J Magagula.

ESG Please see the ESG report for the full remuneration report.

Glossary of terms and acronyms

1H/2H	First/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
ARM	African Rainbow Minerals Limited
ARM Trust/ARM BBEE Trust	ARM Broad-Based Economic Empowerment Trust
Assmang	Assmang Proprietary Limited
Assore	Assore Limited
BEE	Black economic empowerment
BBBEE	Broad-based black economic empowerment
C1 cash cost	Cash cost net of revenue from by-products
Covid-19	Coronavirus disease of 2019
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 and ARM Coal
DMRE	Department of Mineral Resources and Energy
dtic	Department of Trade, Industry and Competition
e	In tables and graphic analysis refers to estimated numbers
ERM	Enterprise risk management
F2021	Financial year from 1 July 2020 to 30 June 2021, and so on
FOB	Free-on-board
FOR	Free-on-rail
FOT	Free-on-truck
Goedgevonden/GGV	Goedgevonden Thermal Coal Mine
GOSA	Glencore Operations South Africa Proprietary Limited
GRI	Formerly Global Reporting Initiative
Harmony/Harmony Gold	Harmony Gold Mining Company Limited
HDP	Historically disadvantaged person
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 Limited	Johannesburg's stock exchange
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 – expressed per 200 000 man-hours for a work-related injury that results in the employee being unable to attend work at their place of work, performing their assigned duties on the next calendar day (whether a scheduled work day or not) after the day of injury
MCSA	Minerals Council South Africa
MDR TB	Multi-drug resistant tuberculosis
Mining charter	Broad-based socio-economic empowerment charter signed in 2002
MMZ	Main mineralised zone plant
MPRDA	Minerals and Petroleum Resources Development Act
MQA	Mining Qualifications Authority
Mt	Million tonnes
Mtpa	Million tonnes per annum
NEMA	National Environmental Management Act
N/R	Not reported
oz	Ounces
PCB	Participative Coal Business
PCMZ	Peridotite chromotitic mineralised zone
PTB	Pulmonary tuberculosis
PV	photovoltaic, as in solar PV panels
RBCT	Richards Bay Coal Terminal
SAMREC Code	South African Code for Reporting Mineral Resources and Mineral Reserves
SLP	Social and labour plans
SME	Small and medium enterprise
SMME	Small, medium and micro enterprise
t	tonnes
TB	Tuberculosis
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2	Tonnes of carbon dioxide
tCO_2e	Tonnes of carbon dioxide equivalent
TPI	Transition Pathways Initiative
UG2	Upper group 2 – second level of three chromitite layers
WHIMS	Wet high-intensity magnetic-separation plant

Contact details

African Rainbow Minerals Limited

Registration number: 1933/004580/06
Incorporated in the Republic of South Africa
JSE share code: ARI
A2X share code: ARI
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

Group company secretary and governance officer

Alyson D'Oyley *BCom, LLB, LLM*
Telephone: +27 11 779 1300
Fax: +27 11 779 1312
E-mail: cosec@arm.co.za

Investor relations

Jongisa Magagula
Executive director: Investor relations and new business development
Telephone: +27 11 779 1507
Fax: +27 11 779 1312
E-mail: jongisa.magagula@arm.co.za

Auditors

External auditor: Ernst & Young Inc.
Internal auditors: Deloitte & Touche and BDO South Africa

External assurance provider

IBIS ESG Consulting Africa Proprietary Limited

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

Private Bag X9000, Saxonwold 2132
Telephone: +27 11 370 5000
Fax: +27 11 688 5222
E-mail: web.queries@computershare.co.za
Website: www.computershare.co.za

Directors

Dr PT Motsepe (executive chairman)
MP Schmidt (chief executive officer)
F Abbott*
M Arnold**
TA Boardman*
AD Botha*
JA Chissano (Mozambican)*
WM Gule*
AK Maditsi*
J Magagula
TTA Mhlanga (finance director)
HL Mkatshana
P Mnisi*
DC Noko*
Dr RV Simelane*
JC Steenkamp*

** Independent non-executive*
*** Non-executive*

Forward-looking statements

Certain statements in this document constitute forward-looking statements that are neither reported financial results nor other historical information. They include statements that predict 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 actual results, performance or achievements of the company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include: 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, health and safety and tax regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; electricity supply disruptions, constraints and cost increases; supply chain shortages and increases in the price of production inputs; the unavailability of mining and processing equipment or transportation infrastructure; the impact of the Covid-19 pandemic; and the impact of tuberculosis. The forward-looking statements apply 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 any unanticipated events.

www.arm.co.za

We do it better