

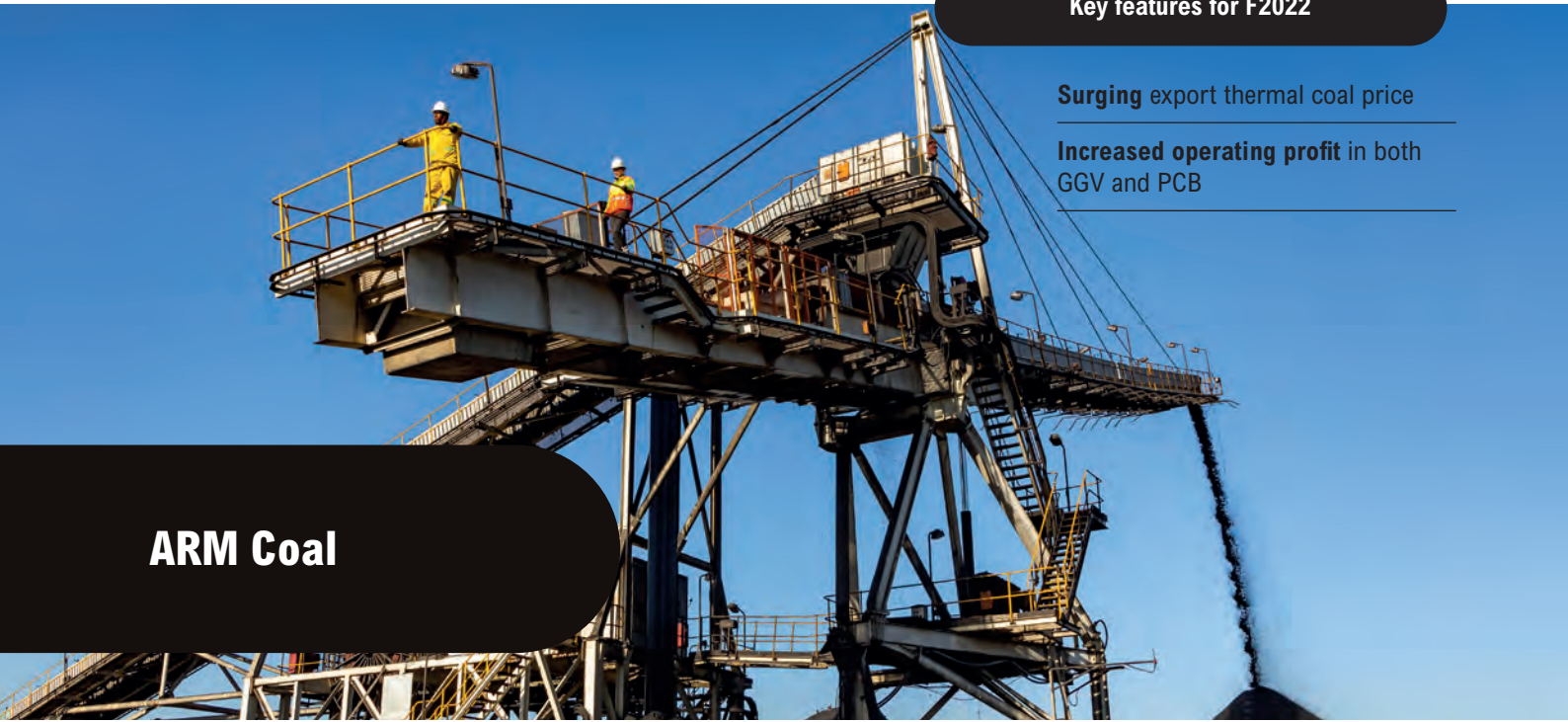
Operational reviews continued

Key features for F2022

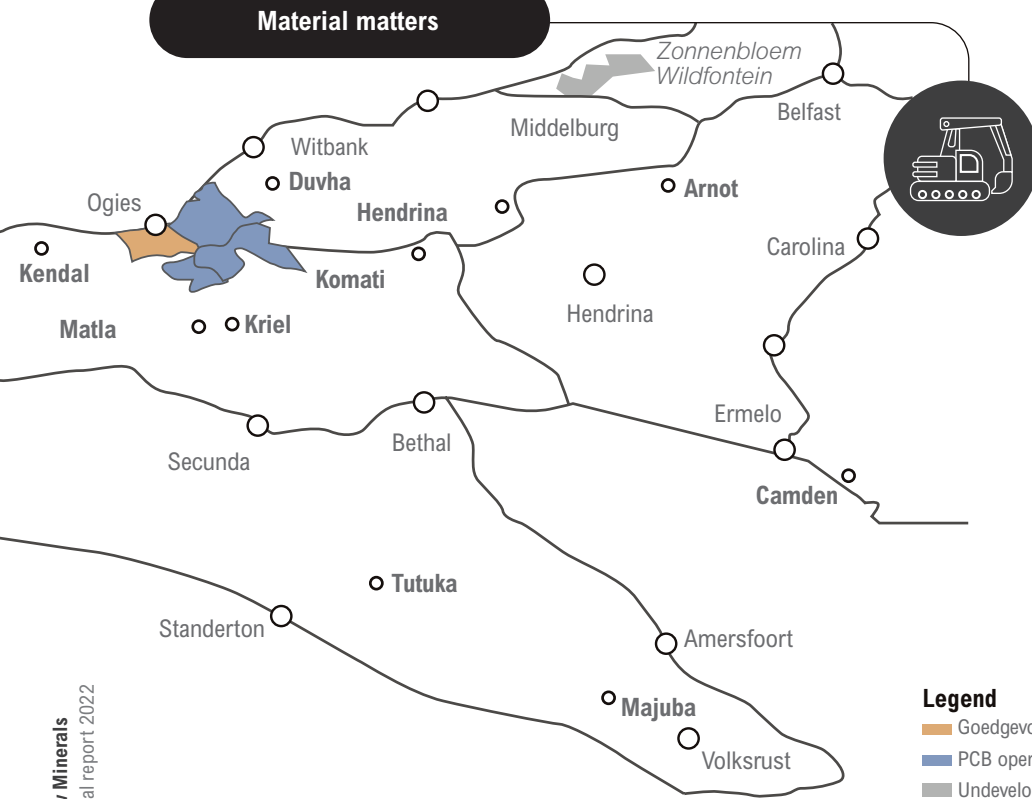
Surging export thermal coal price

Increased operating profit in both GGV and PCB

ARM Coal

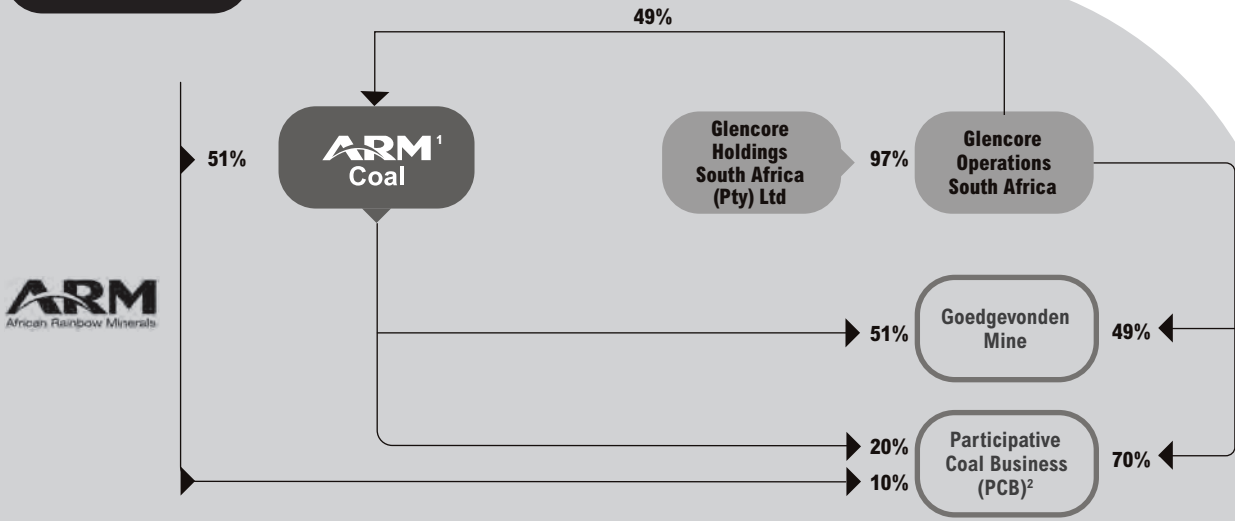


Material matters



- Challenges at Transnet Freight Rail, affecting production and sales volumes
- Above-inflationary unit cost increases at PCB.

Structure

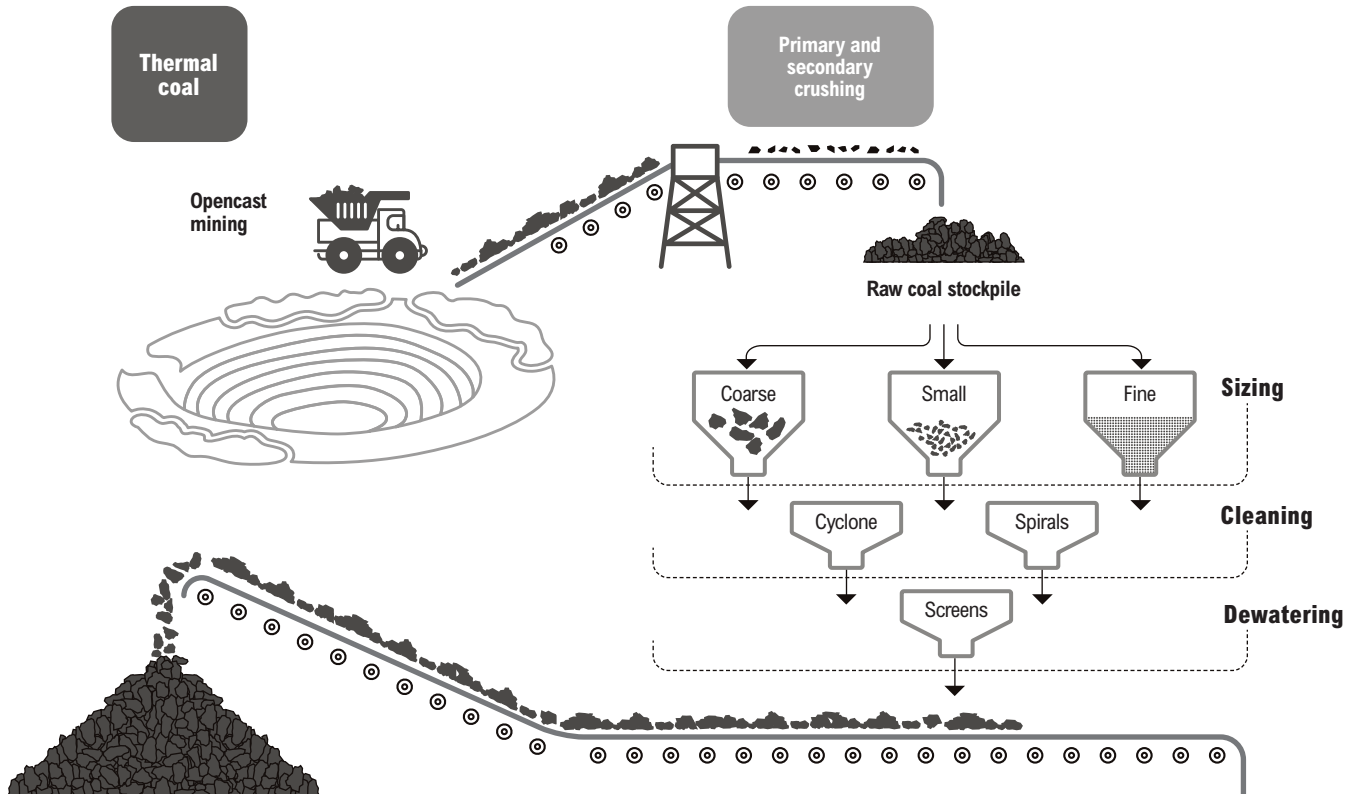


¹ ARM Coal holds:

- 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

F2022 objectives	Achieved/Not achieved	F2023 objectives
Continued focus on containing unit cost escalations below inflation	Achieved	Continued focus on containing unit cost escalations below inflation

Participative Coal Business (PCB)

F2022 objectives	Achieved/Not achieved	F2023 objectives
Continued focus on containing unit cost escalations below inflation	Not achieved	Continued focus on containing unit cost escalations below inflation



Commodity prices

US dollar prices for thermal coal reached record levels in F2022, largely due to disruptions in the global supply market amid geopolitical turbulence from the conflict between Russia and Ukraine. Sanctions on Russia have increased European demand for South African coal. This was exacerbated by Asian liquefied natural gas (LNG) prices reaching record levels (prompting a switch from gas to coal). Prices were further supported by the Indonesia ban on coal exports, which was lifted in January 2022.

The average received export US dollar price for Goedgevonden Mine rose 195% to US\$168 per tonne in F2022 (F2021: US\$57). The average received export US dollar price for PCB was up 182% from US\$57 per tonne in F2021 to US\$161 per tonne in F2022.

Around 60% of export volumes at Goedgevonden Mine comprised high-quality coal, while PCB's exports of high-quality coal totalled 69%.

Financial performance

ARM Coal reported headline earnings of R928 million (F2021 headline loss: R250 million). This included a re-measurement loss of R1 256 million (F2021 re-measurement gain: R242 million) after accelerated repayment of loans owing to Glencore.

Adjusted headline earnings were R2 184 million (F2021: R8 million adjusted headline loss), driven by increased export thermal coal prices. This was partially offset by lower sales volumes due mainly to Transnet Freight Rail (TFR) logistics challenges.

Given the significant acceleration in repayment of ARM Coal loans to Glencore, a R766 million re-measurement loss is included in GGV headline earnings. GGV Mine adjusted headline earnings, which exclude these re-measurement losses, were R761 million (F2021: R196 million adjusted headline loss).

Re-measurement losses of R490 million are included in PCB headline earnings. PCB adjusted headline earnings were R1 423 million (F2021: R296 million adjusted headline loss).

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

Operational performance

Goedgevonden Mine

Total sales volumes rose 11% as the mine reduced the impact of TFR's underperformance by trucking coal to other ports. ARM attributable saleable production increased 10% to 1.65 million tonnes (F2021: 1.5 million tonnes).

On-mine unit production costs per saleable tonne were flat at R508 per tonne (F2021: R506 per tonne).

PCB

Export sales volumes were 22% higher at 9.8 million tonnes (F2021: 8 million tonnes). Domestic sales volumes declined 64% from 2.9 million tonnes to 1.04 million tonnes after some domestic contracts expired.

Production was impacted by operational challenges at Transnet, resulting in high product stockpiles. ARM attributable saleable production was 2.06 million tonnes (F2021: 2.34 million tonnes).

Unit production costs per saleable tonne increased from R520 in F2021 to R633 in F2022. The 22% increase in unit costs reflects lower saleable production, together with above-inflation diesel and explosives price increases.

Operational reviews continued

ARM Coal continued

Summary operational and financial indicators – 100% basis

Goedgevonden Mine

Ownership

ARM holds an effective 26% in Goedgevonden Mine. Glencore Operations South Africa owns the balance

Management

Governed by a management committee controlled by ARM Coal. The management committee has four ARM representatives and three Glencore representatives. Operational management is contracted to Glencore



	Unit	F2022	F2021	F2020	F2019	F2018
OPERATIONAL – 100% BASIS						
Production and sales						
Saleable production	Mt	6.33	5.79	6.77	6.99	6.05
Total thermal coal sales	Mt	6.40	5.79	6.53	6.84	6.11
Export thermal coal sales	Mt	3.93	3.89	4.29	3.27	2.85
Domestic thermal coal sales	Mt	2.47	1.90	2.25	3.57	3.26
Average received prices						
Export (FOB) ¹	US\$/t	167.72	56.73	47.87	71.10	84.57
Domestic (FOT) ²	R/t	371.38	354	305	275	235
Unit costs						
On-mine saleable cost per tonne	R/t	508	506	431	380	351
FINANCIAL – ATTRIBUTABLE						
Sales revenue	R million	2 847	1 058	1 056	1 162	1 028
Total costs	R million	1 323	896	1 000	870	32
Operating profit/(loss)	R million	1 524	162	56	292	1 060
EBITDA	R million	349	348	264	326	335
Capital expenditure	R million	109	263	197	244	140
Cash operating profit	R million	1 524	148	56	292	335
Less:	R million					
– Imputed interest expense ³	R million	(120)	(170)	(160)	(144)	(157)
– Interest received	R million	–	–	–	–	3
– Depreciation/amortisation	R million	(190)	(182)	(197)	(163)	(167)
– Re-measurement adjustments	R million	(786)	206	207	190	885
– Impairment loss	R million	(4)	–	(559)	–	–
Profit/(loss) before tax	R million	433	2	(653)	174	899
Tax	R million	(435)	8	56	(38)	(47)
Headline earnings/(loss) attributable to ARM		(2)	10	(38)	136	852

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 owns the remaining 79.8%

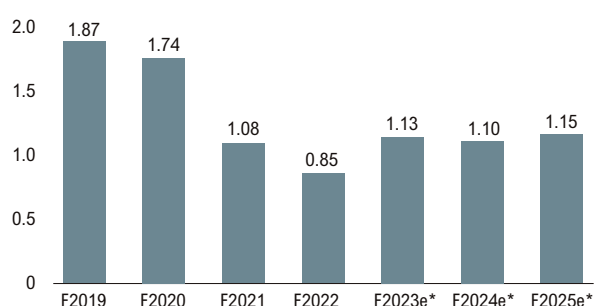
Management

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

	Unit	F2022	F2021	F2020	F2019	F2018
OPERATIONAL – 100% BASIS						
Production and sales						
Saleable production	Mt	10.18	11.58	13.34	15.49	16.64
Impunzi	Mt	4.72	4.85	6.1	6.7	6.77
Tweefontein	Mt	5.46	6.73	7.24	8.79	10.04
Total thermal coal sales	Mt	10.83	10.90	13.46	15.56	15.78
Export thermal coal sales	Mt	9.79	8.00	7.73	10.95	13.44
Domestic thermal coal sales	Mt	1.04	2.90	5.74	4.61	2.34
Average received prices						
Export (FOB) ¹	US\$/t	160.54	56.97	50.54	64.88	73.51
Domestic (FOT) ²	R/t	558	678	666	582	368
Unit costs						
On-mine saleable cost per tonne	R/t	633	520	484	391	330
FINANCIAL – ATTRIBUTABLE						
Sales revenue	R million	4 946	1 815	2 008	2 605	2 765
Total costs	R million	2 146	1 516	1 702	1 707	1 835
Operating profit/(loss)	R million	2 801	299	306	898	930
EBITDA	R million		378	304	898	1 030
Capital expenditure	R million	228	248	425	562	413
Cash operating profit	R million	2 801	299	304	898	1 030
Plus: Interest received	R million	–	–	–	–	5
Less:						
– Interest paid	R million	(87)	(104)	(118)	(138)	(164)
– Depreciation/amortisation	R million	(702)	(569)	(479)	(424)	(425)
– Re-measurement adjustments (Impairment loss)/reversal of impairment	R million	(490)	36	278	55	325
	R million	748	–	(1 121)	3	
(Loss)/profit before tax	R million	2 270	(338)	(1 138)	394	771
Tax	R million	(588)	78	51	(118)	(138)
Headline (loss)/earnings attributable to ARM	R million	1 683	(260)	36	274	633

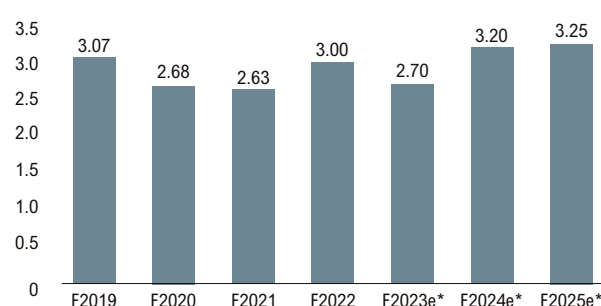
Outlook sales volumes

Local sales (million tonnes)



* F2023, F2024, F2025 are estimated volumes.

Export sales (million tonnes)



* F2023, F2024, F2025 are estimated volumes.