

Operational reviews

ARM Ferrous

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KEY FEATURES FOR F2023

World-class safety performance

Robust free cash flow generation

Completion of the Black Rock and Gloria projects

Total iron ore production and sales volumes were **down 14%** and **12%** respectively

Average realised **export iron ore** price **down 13%**

Total manganese ore production was **up 3%**

Manganese ore realised prices were lower. **The average 44% and 37% manganese ore prices (CIF) declined by 16% and 13% respectively**

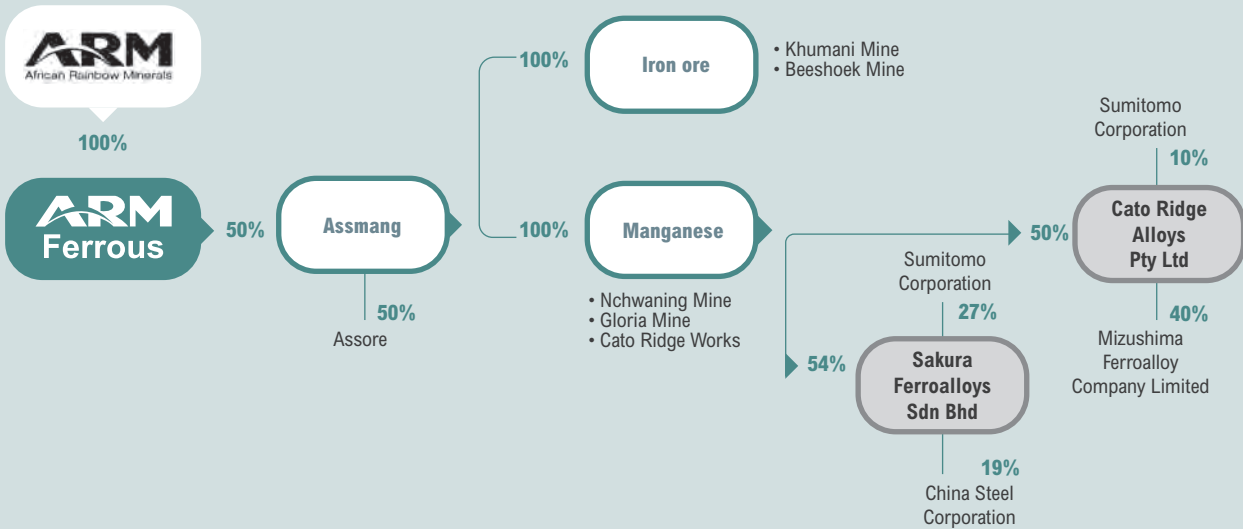
Material matters



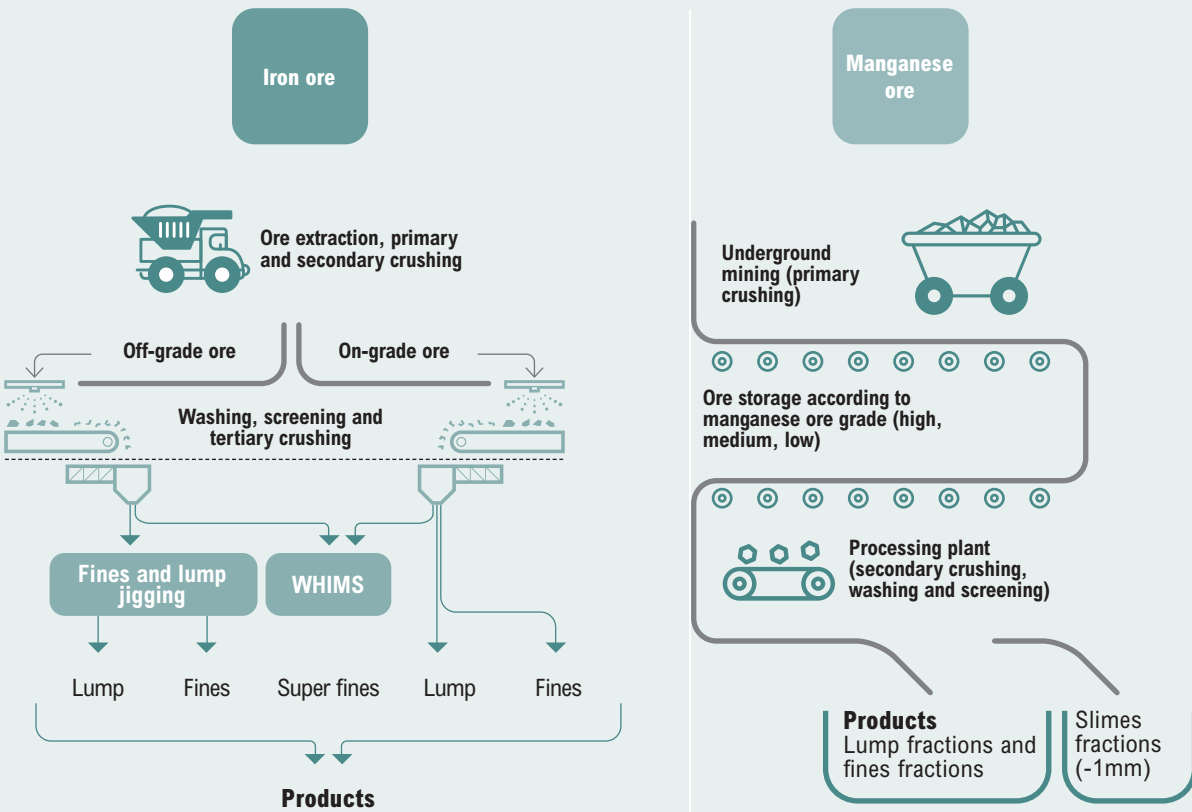
- Production and sales volumes negatively impacted by logistics challenges
- Continuing water supply challenges to Khumani Mine
- Above-inflation increases in costs



Structure



Production process



Operational reviews continued

ARM Ferrous continued

Scorecard

Khumani Mine Iron ore

F2023 objectives

Ensure LTIFR below a tolerance level of 0.15 per 200 000 man-hours

Production planned at 13 million tonnes to accommodate Transnet performance and Sedibeng water-supply disruptions

Lump production ratio of 57%

King Pit mining ratio to be maintained at 65%

Sales volumes planned at 13.9 million tonnes to accommodate risk of Transnet performance in F2023

Target unit cash cost (pre-charge out cash cost on mine) increases below inflation to maintain competitiveness at R392/tonne for F2023

Achieved/Not achieved

Not achieved

LTIFR was 0.17 per 200 000 man-hours

Not achieved

The production target was not achieved (11.3 million tonnes achieved versus 13 million tonnes target) as Khumani was forced to lower production due to poor operational logistics performance and full stockpiles

Not achieved

At 55%. Lower Transnet off-take and prioritising the lower quality off-grade material feed (C1) to the plant ultimately resulted in lower overall yields, lower Lump ratio, however optimised the Off Grade Plant utilisation

Not achieved

Mining from the King Pit was 64% which falls within the current life-of-mine (LOM) King:Bruce mining ratio of 60:40

Not achieved

Sales volumes were 12 million tonnes

Not achieved

Mainly due to impact of lower production volumes, higher diesel cost and above-inflation mining maintenance expenses on consumable spares

F2024 objectives

Ensure LTIFR below a tolerance level of 0.15 per 200 000 man-hours

Production planned at 12.7 million tonnes to accommodate Transnet's deteriorating performance

Lump production ratio of 56%

King Pit mining ratio to be maintained at 65%

Sales volumes planned lower at 13 million tonnes to accommodate risk of Transnet performance during F2024

Target unit cash cost (pre-charge out cash cost on mine) increases below inflation to maintain competitiveness at R475/tonne for F2024

Beeshoek Mine Iron ore

F2023 objectives

Ensure LTIFR below tolerance level of 0.20 per 200 000 man-hours

Maintain production at 3.0 million tonnes per annum

Maintain sales volumes at steady state of 2.7 million tonnes to local markets and 350 000 tonnes to export market

Target unit production cash costs of R541 per tonne

Achieved/Not achieved

Achieved

LTIFR of 0.06 for F2023

Not achieved

Production for F2023 was 2.5 million tonnes. This was due to unfulfilled offtake of contracted tonnes in the first half of the financial year and the change in contract volumes in the second half of the financial year

Not achieved

Local tonnes sold were 2.2 million tonnes and export sales were 304 000 tonnes

Not achieved

Production tonnes reduced to 2.5 million tonnes resulting in unit cost increases, while rock on ground tonnes decreased by 6%

F2024 objectives

Ensure LTIFR below tolerance level of 0.20 per 200 000 man-hours

Achieve production of 2.8 million tonnes per annum

Achieve sales of 2.8 million tonnes per annum
No export sales

Target unit production cash costs of R700 per tonne

Black Rock Mine Manganese ore**F2023 objectives**

Ensure LTIFR below 0.27 per 200 000 man-hours

Target production volumes of 4.35 million tonnes

Deliver export sales volume of 3.9 million tonnes

Targeted unit production cost increases below inflation

Achieved/Not achieved

Achieved
Final LTIFR 0.24

Not achieved
Production lower by 78 000 tonnes due to operational constraints

Not achieved
Export sales volumes were 3.6 million tonnes

Achieved
Production cost increases of only 5.5%

F2024 objectives

Ensure LTIFR below 0.25 per 200 000 man-hours

Target production volumes of 4 million tonnes

Deliver export sales volume of 3.7 million tonnes to accommodate risk of Transnet performance during F2024

Targeting unit production cost increases of 9%, negatively impacted by logistics constraints

Cato Ridge Works Manganese alloy**F2023 objectives**

Maintain zero lost-time injuries and good safety performance

Stabilise quality of ore feed into furnaces

Optimisation of manganese ore ultra-fines in the BRIX recipe

Continuous optimisation of BRIX recipe

Achieved/Not achieved

Achieved
0 lost-time injuries and 3 million fatality free shifts

Achieved
Produced high-carbon ferromanganese of 76% and medium-carbon ferromanganese of >78% manganese content

Achieved
Commissioned the onsite BRIX metallurgy sinter plant

Achieved
Incorporated the biomass reductants into the BRIX to offset carbon emission

F2024 objectives

Maintain zero lost-time injuries as we progress in our zero-harm safety journey

Maintain ferromanganese alloy grade of 76% and 80% for high-carbon ferromanganese and medium-carbon ferromanganese respectively

Ramp-up onsite sinter production and optimise grade

Continue using and optimising biomass reductants

Sakura Ferroalloys Manganese alloy**F2023 objectives**

Improve safety performance, ensuring LTIFR below tolerance level of 0.18 per 200 000 man-hours

Target production volumes of 249 000 tonnes

Target sales volumes of 254 000 tonnes

Maintain furnace efficiencies and improve unit costs by implementing cost-saving initiatives

Finalise, sign agreement and start project to construct sinter plant at Sakura in first quarter of F2023

Achieved/Not achieved

Achieved
Sakura recorded only one LTI during the year resulting in a LTIFR of 0.15 per 200 000 man hours

Achieved
Record production volumes achieved of 253 065 tonnes for the year

Not achieved
Sales volumes were 16 690 or 7% below target due to below-plan volume offtake from Japanese customers

Achieved
Overall ore efficiencies improved by 1.0%, while power efficiencies improved 1.7% from prior year. Multiple cost-saving initiatives implemented throughout the year which reduced unit cost and impact of increases in ore and reductant prices

Achieved
Sinter plant contract signed off and construction currently in progress. Expected completion date August 2024

F2024 objectives

Improve safety performance, ensuring LTIFR below tolerance level of 0.18 per 200 000 man-hours

Target production volumes of 238 000 tonnes

Target sales volumes of 248 000 tonnes

Maintain furnace efficiencies and improve unit costs by implementing cost-saving initiatives

Complete construction and commissioning of sinter plant by end of August 2024