ARM
African Rainbow Minerals

INTEGRATED ANNUAL REPORT 2017

We do it better

CONTENTS

OUR SUITE OF REPORTS

and additional material are available at **www.arm.co.za**

Integrated Annual Report

The Integrated Annual Report presents a holistic view of ARM and discusses the Company's operational, financial and sustainability performance as well as its governance structures and operating context. The report focuses on the Company's material matters and strategy.

Annual Financial Statements

The Annual Financial Statements present the audited financial statements which have been prepared in accordance with the International Financial Reporting Standards (IFRS).

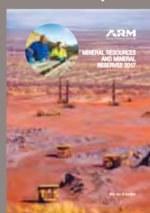
Sustainability Report

The Sustainability Report provides detailed information about our sustainable development performance and how economic, social and environmental impacts are managed. The report addresses those sustainability issues that are material to ARM and its stakeholders.

Corporate Governance Report

This report summarises our commitment to the highest standards of corporate governance and how our governance structures and systems support our values and the way in which we conduct our business.

Mineral Resources and Mineral Reserves Report



The Mineral Resources and Mineral Reserves Report is prepared in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC 2016).

King IV Application Register

The King IV application register summarises the King IV principles implemented and the progress made towards achieving the practices and, ultimately, the governance outcomes envisaged.

REFERENCES

IAR INTEGRATED ANNUAL REPORT 2017

AFS ANNUAL FINANCIAL STATEMENTS

R&R MINERAL RESOURCES AND MINERAL RESERVES REPORT

SR SUSTAINABILITY REPORT 2017

CGR CORPORATE GOVERNANCE REPORT

www.arm.co.za

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

ABOUT THIS REPORT

The Integrated Annual Report is our primary communication with stakeholders. While the report is primarily aimed at shareholders, potential investors and other providers of capital, financial information in the report is balanced with non-financial information to allow all stakeholders including employees, host communities, customers, suppliers, the governments of the countries in which we operate and regulators to better understand our business.

Our integrated approach to reporting aims to present a holistic view of the Company, and therefore reports on the material matters that most affect the sustainability of our business and provides stakeholders with the information necessary to properly assess our Company's strategic intent, performance, prospects and value.

REPORTING SCOPE AND BOUNDARY

The 2017 Integrated Annual Report covers the period from 1 July 2016 to 30 June 2017. It provides an overview of and discusses the operational, financial and sustainability performance of our operations and projects. Our sustainability performance is reported only for those operations where ARM has direct or joint management and does not include the ARM Coal, Sakura and the Harmony operations.

The 2017 Integrated Annual Report is supplemented by the comprehensive and detailed Annual Financial Statements, the Sustainability Report, the Mineral Resources and Mineral Reserves Report and the Corporate Governance Report, all of which can be found on our website: **www.arm.co.za**. Printed copies of all these reports are available on request from the Investor Relations Department. Please refer to the inside back cover of this report for the department's contact details.

MATERIALITY

In the interest of focused and concise reporting the contents of the Integrated Annual Report are based on our material matters. These are the matters that materially impact the strategy, governance, performance and prospects of the Company and its stakeholders.

IAR The process of determining these matters is discussed on pages 14 to 15 of this report.

REPORTING PRINCIPLES AND FRAMEWORKS

We have responded to the relevant statutory frameworks in preparing this report. These include, but are not limited to, the Integrated Reporting <IR> Framework of the International Integrated Reporting Council (IIRC), the Companies Act 71 of 2008 (as amended), the King IV Report on Corporate Governance for South Africa 2016, (King IV), the JSE Listings Requirements, as well as all legislation, regulations and codes of practice applicable to the South African mining sector and the countries in which we operate.

The King IV Application Register detailing our application of the King IV principles is included on our website. The Summarised Corporate Governance Report included on pages 74 to 101 discusses our approach to governance, risk management and stakeholder engagement.

The financial information included in this report is derived from the Annual Financial Statements which have been prepared according to International Financial Reporting Standards (IFRS).

AFS The unqualified opinion of the independent external auditors on the Audited Annual Financial Statements may be found on page 5 of the Annual Financial Statements.

COMBINED ASSURANCE

A selection of material non-financial disclosures included in the report has been assured by an external assurance provider to ensure reliability of the disclosures published. The assurance statement may be found in our Sustainability Report.

ARM's Combined Assurance Model defines what constitutes appropriate assurance. A combined assurance report, which is included in the Corporate Governance Report, identifies potential gaps and duplication in assurance, and provides input into strengthening the control environment. The inter-relationship between ARM's Enterprise Risk Management (ERM) processes, internal audit initiatives, external audit activities and various management assurance interventions by specialists/subject matter experts further reinforces comprehensive management assurance processes and reporting.

BOARD APPROVAL

The ARM Board of Directors (Board) acknowledges its responsibility to ensure the integrity of this report. The Audit and Risk Committee, which has oversight responsibility for the Integrated Annual Report, recommended the report for approval by the Board. The Board confirms it has collectively assessed the contents of the report and is of the opinion that the 2017 Integrated Annual Report addresses all material matters and presents fairly the Company's integrated performance. The Board has therefore approved the release of the 2017 Integrated Annual Report.

Patrice Motsepe
Executive Chairman

Mike Schmidt
Chief Executive Officer

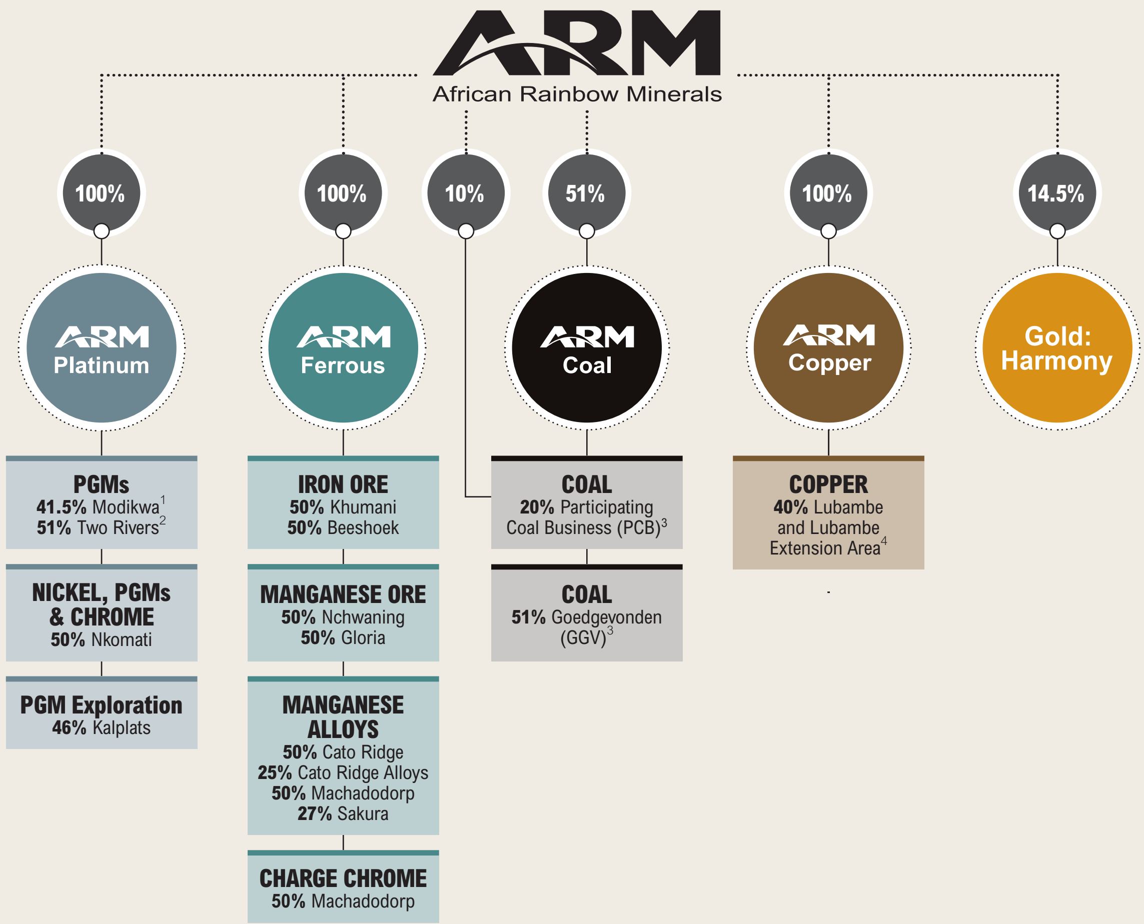
WE APPRECIATE YOUR FEEDBACK

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 any feedback to the Investor Relations Department. Refer to the inside back cover of this report for contact details.

OUR STRUCTURE

AFRICAN RAINBOW MINERALS (ARM) IS A LEADING SOUTH AFRICAN DIVERSIFIED MINING AND MINERALS COMPANY WITH LONG-LIFE, LOW UNIT COST OPERATIONS.

ARM MINES AND BENEFICIATES IRON ORE, MANGANESE ORE, PLATINUM GROUP METALS (PGMs), COPPER, NICKEL AND COAL. ARM ALSO PRODUCES MANGANESE AND CHROME ALLOYS AND HAS AN INVESTMENT IN GOLD THROUGH ITS SHAREHOLDING IN HARMONY.



1. ARM's effective interest in Modikwa Mine is 41.5%, local communities hold 8.5%.
2. Two Rivers Mine received consent during August 2017 i) to transfer the Tamboti rights to it, and ii) to have its mining right amended accordingly. The amended mining right will be issued to Two Rivers imminently, at which point ARM's interest in Two Rivers will increase to 54%.
3. ARM's effective interest in GGV Mine is 26% and 20.2% in PCB.
4. ARM announced on 15 August 2017 that an agreement had been concluded for the disposal of its 40% effective interest in Lubambe Mine and Lubambe Extension Area. Completion of the disposal is subject to the fulfilment of conditions precedent.

OUR VALUES

Our **"We do it better"** management style is supported by values that guide the way we conduct our business.

AIM FOR OPERATIONAL EXCELLENCE through continuous improvement and by employing a leading practice sustainable development framework.

PROVIDE A SAFE AND HEALTHY WORK ENVIRONMENT FOR ALL OUR EMPLOYEES and remain an employer of choice by continually investing in our people.

MAINTAIN A NON-DISCRIMINATORY WORKPLACE based on fairness and employment equity, fair labour practices and freedom of association, which empowers our employees to contribute to the best of their ability, offers them rewarding career opportunities and supports transformation in the South African mining industry.

IMPROVE THE LIVES OF THOSE LIVING IN THE COMMUNITIES IN WHICH WE OPERATE by creating jobs, investing in projects that directly benefit them, providing skills training that equip them for employment and supporting enterprise development in our host communities.

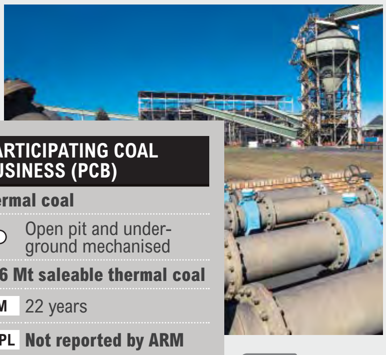
WORK RESPONSIBLY to achieve the balance between the economic, social and environmental aspects of our business, all of which are essential to the sustainability of our Company.

MAINTAIN THE HIGHEST STANDARD OF CORPORATE GOVERNANCE.

OUR STRATEGY

ARM's strategy focuses on quality growth in our existing portfolio of commodities, operational efficiencies, acquisitions and partnerships and exploration. The ARM Board provides strategic direction and leadership, monitors implementation of business and strategic plans and approves the capital funding for these plans.

WHERE WE OPERATE



PARTICIPATING COAL BUSINESS (PCB)

Thermal coal	
○	Open pit and underground mechanised
16.6 Mt saleable thermal coal	
LOM	22 years
EMPL	**Not reported by ARM**
LTIFR	Not reported by ARM
☐	30th percentile

IAR Refer to pages 54 to 59 for more information

GOEDGEVONDEN (GGV) COAL MINE

Thermal coal	
○	Open pit
6.5 Mt saleable thermal coal	
LOM	23 years
EMPL	**Not reported by ARM**
LTIFR	Not reported by ARM
☐	35th percentile

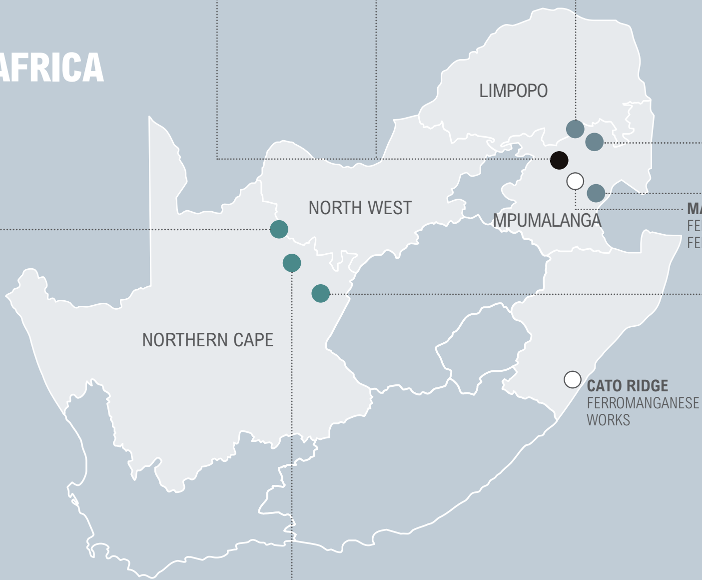
IAR Refer to pages 54 to 59 for more information

MODIKWA PLATINUM MINE

6E PGM metals	
○	Underground
301 228 6E PGM oz	
LOM	More than 30 years
EMPL	**4 949 employees**
LTIFR	0.58
☐	70th percentile

IAR Refer to pages 30 to 41 for more information

SOUTH AFRICA



MACHADODORP* FERROMANGANESE AND FERROCHROME WORKS

* *Machadodorp Works is currently recovering ferrochrome from the historical slag dump through the metal recovery plant.*

NCHWANING AND GLORIA MANGANESE ORE MINES (COLLECTIVELY BLACK ROCK MINE)

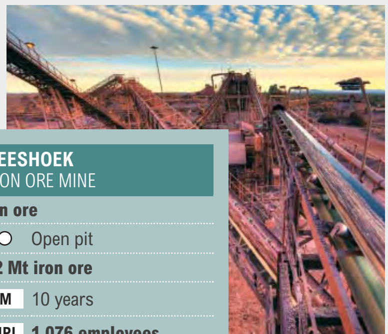
Manganese ore	
○	Underground mechanised
2.9 Mt manganese ore	
LOM	More than 30 years
EMPL	**5 016 employees**
LTIFR	0.24
☐	40th percentile

IAR Refer to pages 42 to 53 for more information

KHUMANI MINE IRON ORE MINE

Iron ore	
○	Open pit
14.5 Mt iron ore	
LOM	23 years
EMPL	**5 162 employees**
LTIFR	0.10
☐	58th percentile

IAR Refer to pages 42 to 53 for more information



BEESHOEK IRON ORE MINE

Iron ore	
○	Open pit
3.2 Mt iron ore	
LOM	10 years
EMPL	**1 076 employees**
LTIFR	0.15
☐	65th percentile

IAR Refer to pages 42 to 53 for more information

TWO RIVERS
PLATINUM MINE

6E PGM metals

○ Underground mechanised

390 214 6E PGM oz

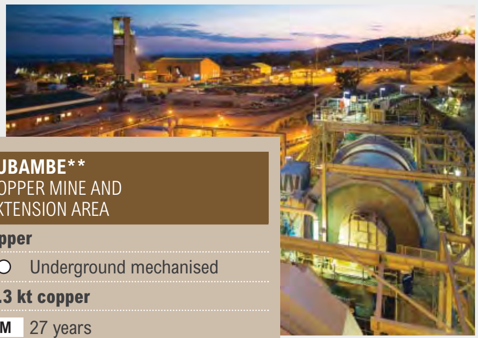
LOM More than 30 years

EMPL **3 219 employees**

LTIFR 0.31

☐ 20th percentile

IAR Refer to pages 30 to 41 for more information



LUBAMBE**
COPPER MINE AND EXTENSION AREA

Copper

○ Underground mechanised

18.3 kt copper

LOM 27 years

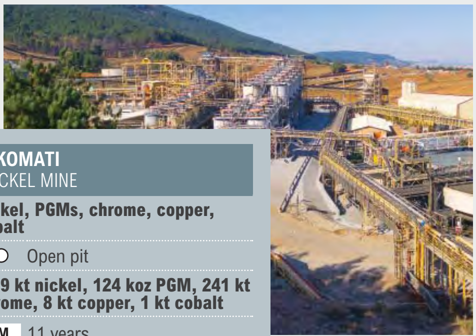
EMPL **1 647 employees**

LTIFR 0.14

☐ 95th percentile

IAR Refer to pages 60 to 66 for more information

** *ARM announced on 15 August 2017 that an agreement had been concluded for the disposal of its 40% effective interest in Lubambe and Lubambe Extension Area. Completion of the disposal is subject to the fulfilment of conditions precedent.*



NKOMATI
NICKEL MINE

Nickel, PGMs, chrome, copper, cobalt

○ Open pit

15.9 kt nickel, 124 koz PGM, 241 kt chrome, 8 kt copper, 1 kt cobalt

LOM 11 years

EMPL **2 172 employees**

LTIFR 0.00

☐ 62nd percentile

IAR Refer to pages 30 to 41 for more information

SAKURA
FERROALLOYS PROJECT

Ferromanganese

○ Smelter

129 kt ferromanganese

LOM More than 30 years

EMPL **Not reported by ARM**

LTIFR **Not reported by ARM**

☐ 27th percentile (in F2021)

IAR Refer to pages 42 to 53 for more information

○ Mine/operation type **LOM** Approximate life of mine **EMPL** Number of employees including full-time employees, contractors and expatriates
LTIFR F2017 lost time injury frequency rate per 200 000 man-hours ☐ Position on the respective global commodity unit cost curve (F2017)

EXECUTIVE CHAIRMAN'S REPORT

PATRICE MOTSEPE

OVERVIEW

After a few years of persistent headwinds in the global mining industry, the 2017 financial year (F2017) was characterised by an improved outlook as US Dollar prices for the commodities that ARM produces increased relative to the previous financial year.

The higher US Dollar prices contributed significantly to the 204% increase in headline earnings reported for F2017 despite being partially offset by a 6% strengthening of the South African Rand against the US Dollar. Headline earnings were R3.2 billion compared to R1.1 billion in F2016.

Throughout the commodity markets downturn over the past few years, ARM continued to pay dividends. In the year under review, an eleventh annual consecutive dividend of R6.50 per share was declared. This is an increase of 189% compared to the previous financial year's dividend and is the highest dividend to date.

Despite improved commodity prices, we continued to focus on proactively managing those factors which are within management's control. These include:

- maintaining a safe and healthy work environment;
- restructuring loss-making operations;
- improving operational efficiencies and containing unit cost increases;
- focussing on the efficient allocation of capital;
- improving our financial position;
- partnering and investing in our employees;
- improving our relationship with key stakeholders; and
- ensuring that we remain responsible stewards of our environmental resources.

MAINTAINING A SAFE AND HEALTHY WORK ENVIRONMENT

We are proud to report that there were no fatalities at any of our operations in F2017, resulting in ARM being fatality-free for two consecutive financial years.

The Company's Lost Time Injury Frequency Rate (LTIFR) improved by 14% from 0.32 per 200 000 man-hours in F2016 to 0.28 per 200 000 man-hours in F2017.

Safety-related stoppages (i.e. section 54 Notices) reduced to 21 from 28 in F2016. This improvement was achieved through increased discipline at all our operations and collaboration with the Department of Mineral Resources (DMR) to improve our adherence to safety standards.

OPERATIONAL REVIEW

The CEO's Report deals with ARM's operational performances in greater detail and I will therefore review our operations in broad terms.

RESTRUCTURING LOSS-MAKING OPERATIONS

During F2017 the businesses that we primarily focussed on for restructuring included the Lubambe, Nkomati and Modikwa mines as well as ARM Coal.

Lubambe Mine

On 15 August 2017, ARM announced that an agreement had been concluded for the disposal of ARM and Vale's 80% interest in Lubambe Mine to EMR Capital for a consideration of US$97 million. The disposal included the equity holding and loans to Lubambe Mine. Completion of the sale is subject to the fulfilment of conditions precedent which are expected to be concluded within six months of the signature date.

Nkomati Mine

Nkomati Mine contributed headline earnings of R91 million mainly due to improved chrome prices. Waste stripping was curtailed because of the low nickel price and is currently being accelerated in order to open up ore reserves to gain increased mining flexibility. Work is also being done to stabilise the pile wall on the Western Section of the mine. The Eastern Section of the pit has lower grade ore resulting in a reduction in the forecasted production volumes for the next three years.

Nkomati Mine is expected to return to production volumes of 18 500 tonnes per annum from the 2021 financial year.

We are concerned about the outlook for nickel prices in the short-term, but remain positive on the medium- to long-term outlook. The mine is implementing a number of initiatives to minimise funding requirements from partners in this low nickel price environment.

Modikwa Mine

Modikwa Mine's headline loss reduced by 21% to R66 million (F2016: R84 million). PGMs produced at the mine increased by 3% as the head grade and plant recoveries improved. Unit costs per PGM ounce increased at a rate below the inflation rate of 3%. Despite these improvements, Modikwa Mine is likely to continue requiring funding support from the partners for a portion of its sustaining capital expenditure.

Interventions are under way to improve the mine's profitability and cash flow generation. These include the cessation of mining in areas that are producing at a loss.

In the fourth quarter of F2017 Modikwa Mine reported improvements in tonnes milled, production volumes and unit costs. This positions the mine well for the coming financial year. Unit production costs for the quarter were R1 174 per tonne milled, compared to an average of R1 265 per tonne milled reported for F2017.

ARM and Anglo Platinum are committed to ensuring that the expenditure on capital is efficient and to return the operation to profitability.

ARM Coal

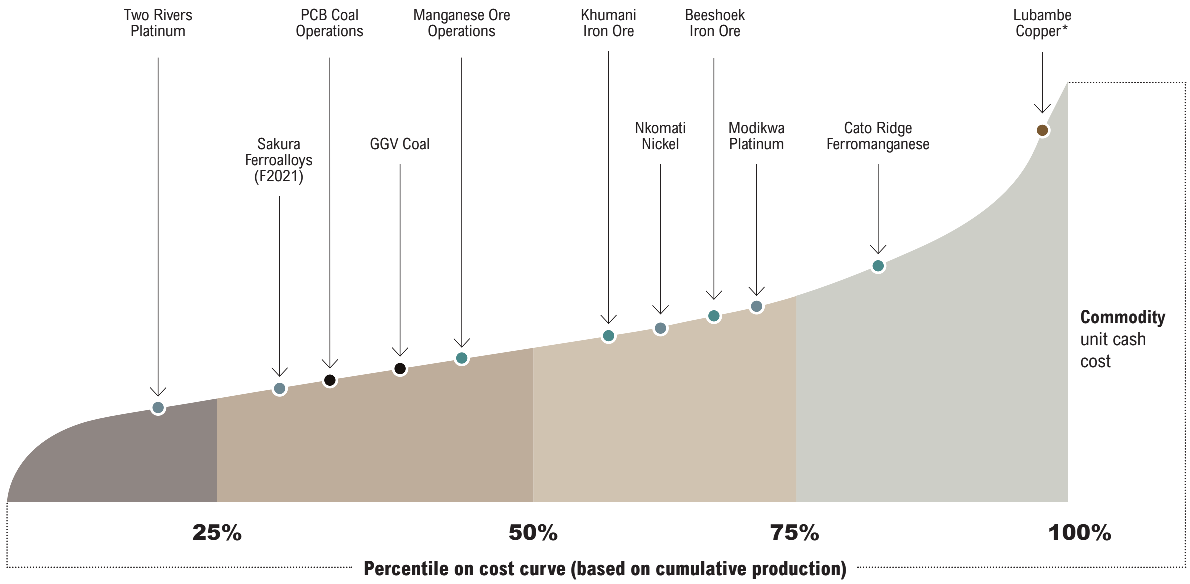
ARM and Glencore Operations South Africa are in discussions concerning the restructuring of the ARM Coal partner loans to improve ARM's debt obligations in terms of these loans.

IMPROVING OPERATIONAL EFFICIENCIES AND CONTAINING UNIT COST INCREASES

Positioning all operations below the 50th percentile of the respective global commodity unit cost curves, remains a key part of ARM's strategy.

EXECUTIVE CHAIRMAN'S REPORT continued

ARM'S OBJECTIVE IS TO ENSURE THAT ALL OPERATIONS ARE BELOW THE 50th PERCENTILE



* *ARM announced on 15 August 2017 that an agreement has been concluded for the disposal of ARM's 40% effective interest in the Lubambe Mine and Extension Area.*

In the financial year under review a number of ARM's operations moved up the global unit cost curves, as per the diagram above. These are; the Khumani, Beeshoek, Nkomati, Modikwa and Lubambe mines, as well as Cato Ridge Works.

Khumani and Beeshoek mines: Despite the iron ore operations achieving unit cost increases below inflation in F2017, Khumani and Beeshoek Mine moved to the right of the global iron ore unit cost curve (which is based on, all-in cash costs including sustaining capital expenditure on a 62% fines adjusted basis). The move to the right was mainly as a result of a flattening of the global iron ore unit cost curve as new low cost production from the major iron ore producers ramped up.

Even at the current cost curve position the iron ore operations remained very profitable delivering an EBITDA margin of 45%. Khumani Mine realised premiums for the lumpy and high iron ore content that it sells.

Nkomati Mine: Nkomati Mine is expected to remain positioned above the 50th percentile of the global nickel unit cost curve (which is based on a C1 unit cash costs net of by-products) during the three-year period of reduced production volumes, as discussed earlier in this report. When the mine ramps back up to 18 500 tonnes per annum its position is expected to improve to the 50th percentile of the F2021 global nickel unit cost curve.

Modikwa Mine: In F2017 Modikwa Mine improved to be positioned below the 75th percentile. The global PGM unit cost curve has flattened in recent years. Consequently, incremental unit cost improvements at Modikwa Mine (such as those achieved in the fourth quarter of F2017) are expected to further improve the mine's position on the global PGM unit cost curve.

Lubambe Mine: Lubambe Mine continues to be positioned well above the 50th percentile of the global copper unit cost curve. An agreement for the disposal of Lubambe Mine has been concluded as discussed earlier in this report.

Cato Ridge Works: ARM and Assore are currently reviewing their strategy for the local manganese alloy production.

Only three of the six furnaces at Cato Ridge Works are operating, owing to the high cost of production at this operation.

IMPROVING OUR FINANCIAL POSITION

The cash dividend received from Assmang increased from R875 million in F2016 to R2 488 million in F2017. This, along with other cash generated, enabled ARM to fully repay its corporate revolving credit facility and reduce the overdraft and short-term borrowings. The net debt improved from R4 235 million at 30 June 2016 to R1 271 million as at 30 June 2017.

The ARM Ferrous attributable cash and cash equivalents balance (which is excluded from the net debt calculation) was R3 165 million at 30 June 2017 (F2016: R2 399 million).

PARTNERING AND INVESTING IN OUR EMPLOYEES

Our employees are crucial to our ability to create sustainable value for all our stakeholders. We continued to build on the good relationships we have with our employees and the trade unions that represent them through open and honest engagement.

There are approximately 24 100 employees at the ARM operations (F2016: 23 128). Employee turnover based on full time employees leaving was only 1.1% for F2017 (F2016: 15%).

Investment in our workforce through skills development and particularly in relation to the skills that our employees require to be more efficient and competitive was maintained at R180 million in F2017 (F2016: R184 million).

Over the years ARM has invested, across all our operations, in a range of initiatives that support youth and women development. These initiatives include, amongst others, community cadetship training, Science, Technology, Engineering and Mathematics (STEM) programmes, learnerships and a graduate development programme. The initiatives increase the pool of future industry skills, especially amongst members from historically disadvantaged communities.

It is pleasing that our efforts of creating an inclusive and transformed workforce are bearing fruit as 55% of our senior management are historically disadvantaged South Africans.

We believe that an inclusive and representative workforce greatly benefits and enriches our company and our country.

IMPROVING OUR RELATIONSHIP WITH KEY STAKEHOLDERS

We are committed to develop and to improve the living conditions of the residents living at our host communities through *inter alia*; various Corporate Social Investment (CSI), Local Economic Development (LED) and Social and Labour Plan (SLP) initiatives and projects. These initiatives prioritise women, youth, historically disadvantaged persons and people living with disabilities or HIV and Aids.

During F2017, R115 million was invested through our CSI, LED and SLP projects (F2016: R106 million).

We also contribute to the broader upliftment and development of poor and historically disadvantaged communities in South Africa through the ARM Broad-Based Economic Empowerment Trust (ARM BBEE Trust), which works in close collaboration with local communities, traditional leaders and other stakeholders.

Since inception beneficiaries of the ARM BBEE Trust have received approximately R134 million. These funds were used for education, water, health, farming and various other rural development projects throughout South Africa and have also benefitted particularly the youth and women.

ENSURING THAT WE REMAIN RESPONSIBLE STEWARDS OF OUR ENVIRONMENTAL RESOURCES

We are committed to being responsible stewards of the environmental resources in the areas where we mine.

ARM is also committed to applying global good practice and our approach to managing our environment is in line with the principles of the Sustainable Development Framework of the International Council on Mining and Metals (ICMM) of which we are a member.

We have introduced initiatives that are focussed on the efficient and responsible use of water, the efficient utilisation of energy and the reduction of carbon emissions.

Further details on our environmental management programmes are included in the operational reviews for each division and in the 2017 Sustainability Report.

THE SOUTH AFRICAN MINING INDUSTRY

The mining industry remains a key part of the South African economy. It is significant to the country's economic growth and sustainable development. It contributes to the fiscus and to the country's balance of payments. It creates direct and indirect employment for several hundred thousand South Africans. It also creates opportunities for SMME's (Small, Medium and Micro Enterprises) through preferential procurement, supplier development and enterprise development.

Despite the current challenges of low business confidence, job losses and the disagreement between the government and the Chamber of Mines on the Mining Charter; all parties and stakeholders recognise that it is critically important that the legal, regulatory, tax and overall governing dispensation of the mining industry continue to be globally competitive and attractive for private and foreign investment.

We are committed to working with government, labour, our host communities and other stakeholders to ensure that the South African mining industry advances the interests and benefits all stakeholders.

RECOGNITION

I would like to extend my gratitude to our shareholders, employees and their representative organisations, host communities and to all our other stakeholders for their support and co-operation.

I am also grateful to our world-class management team and staff and for the good leadership that Mike Schmidt continues to provide.

Finally, I would like to thank each and every director for their invaluable guidance and contribution to the board.

We are confident about the future of ARM and are committed to ensuring that it continues to be a globally competitive company, that benefits all its stakeholders.

Patrice Motsepe
Executive Chairman

10 October 2017

CHIEF EXECUTIVE OFFICER'S REPORT

MIKE SCHMIDT

INTRODUCTION

ARM is pleased to report a 204% increase in headline earnings for the year ended 30 June 2017. All the operational divisions reported an improvement in their headline earnings contribution as follows:

HEADLINE EARNINGS/(LOSS) BY OPERATION/DIVISION

	12 months ended 30 June		
	2017	Re-presented 2016	% change
ARM Platinum	**350**	(10)	>200
Two Rivers Mine	**325**	318	2
Modikwa Mine	**(66)**	(84)	21
Nkomati Mine	**91**	(244)	137
ARM Ferrous	**3 709**	1 441	157
Iron ore division	**2 187**	1 215	80
Manganese division	**1 161**	198	>200
Chrome division	**375**	55	>200
Consolidation adjustment	**(14)**	(27)	
ARM Coal	**82**	(297)	128
GGV Mine	**(99)**	(87)	(14)
PCB Operations	**181**	(210)	186
ARM Copper*	**(203)**	(361)	44
ARM Strategic Services and Exploration	**(28)**	(23)	(22)
Gold	**64**	–	
Corporate and other*	**(778)**	301	(>200)
Total headline earnings	**3 196**	1 051	>200

* *Following the announcement of the disposal of ARM's interest in Lubambe Mine, the operation has been classified as held for sale at 30 June 2017, in terms of IFRS. As such intercompany interest accrued to ARM Company from Lubambe Mine of R219 million (F2016: R194 million) has been eliminated from both the ARM Copper and Corporate and other segments.*

OPERATING IN A SAFE AND RESPONSIBLE MANNER

Our focus and commitment to safety remains resolute and uncompromising. We are pleased with the results yielded by our continuing efforts to improve our safety performance. In the year under review, both the Ferrous and Platinum divisions achieved their lowest LTIFR to date of 0.17 and 0.38 per 200 000 man-hours, respectively.

Other safety achievements in F2017 included:

> Beeshoek Mine completed 15 000 fatality-free production shifts in November 2016;
> Black Rock Mine completed five million fatality-free shifts in October 2016 and received an award from the DMR as the safest underground mine in the Northern Cape region;
> Khumani Mine achieved one million fatality-free shifts at the beginning of December 2016;
> Modikwa Mine achieved four million fatality-free shifts in July 2017; and
> Nkomati Mine achieved a full financial year without a lost time injury.

ARM PLATINUM

ARM Platinum headline earnings improved by R360 million as each operation in the division improved its contribution to earnings. The higher headline earnings were driven mainly by increased US Dollar PGM, nickel and most significantly chrome concentrate prices which were partially offset by a strengthening of the Rand against the US Dollar.

Production volumes at Modikwa Mine were 3% higher as an increase in head grade and concentrator recoveries negated the lower milled tonnes. Unit production costs per PGM ounce at Modikwa Mine were well controlled with the mine achieving below inflation unit cost increases for a second consecutive financial year.

Production volumes at Two Rivers and Nkomati mines were lower, impacted by various operational challenges.

PGM production at Two Rivers Mine was 3% lower at 390 214 ounces 6E PGMs as the complexity in the ore body resulted in lower mined grades. The ore body South of the main shaft historically indicated a decline in grades which have been intersected sooner than expected due to split reef.

As a result of the lower volumes, Two Rivers Mine's unit production costs on a Rand per 6E ounce increased by 10%. A number of initiatives are being implemented to improve the head grade including undercutting of the lower grade ore and scalping of waste rock on surface.

Two Rivers Mine has received consent from the DMR to transfer the Tamboti rights to it, and to have the Tamboti rights incorporated into its mining right. The addition of the Tamboti right to the Two Rivers mining area will result in the deepening of the main decline and is expected to contribute to an improved head grade.

Production at Nkomati Mine was negatively affected by poor mining efficiencies in the first half of the year and the construction of a second pile wall to achieve slope stability on the Western perimeter of the open pit. Consequently, Nkomati Mine's C1 unit cash costs increased by 15% to US$4.81/lb.

As discussed in the Executive Chairman's report, Nkomati Mine's production is expected to improve to 18 500 tonnes per annum from F2021 onwards.

ARM FERROUS

ARM Ferrous' headline earnings increased by 157% to R3 709 million as iron ore, manganese ore and manganese alloy prices recovered. The Ferrous operations were able to deliver into this improved price environment realising average US Dollar prices for export iron ore that were 45% better than F2016. Average realised US Dollar prices for export manganese ore were 93% higher than F2016.

In addition to improved realised prices, disciplined unit production cost containment and increased volumes at the iron ore and manganese alloy operations also contributed to higher earnings.

The high quality iron ore and manganese ore produced by ARM Ferrous was a key differentiating factor.

Index premiums for lumpy iron ore increased from a low of US$1 per tonne in January 2017 to approximately US$13 per tonne by the end of the F2017, while the premium for higher iron content iron ore (as measured by the index price differential between 62% iron ore fines and 58% iron ore fines delivered in China) increased by 96% in the period under review. 60% of Khumani Mine's export sales volumes were lumpy iron ore with an average iron content of 65%.

Premiums for higher manganese content also increased in F2017.

Fiscal and environmental policies in China, particularly those addressing pollution control, are expected to continue supporting premiums for high quality product as the Chinese government implements cuts to outdated and inefficient steel production capacity.

The Black Rock Project, which is expected to ramp up manganese ore production from the current 3 million tonnes to 4 million tonnes per annum by F2020 (subject to market conditions and the availability of rail capacity) positions ARM Ferrous well to deliver into this increased demand for high quality manganese ore. We are pleased too with the successful commissioning of the Sakura Ferroalloys Project. Both furnaces at Sakura are now producing high-carbon ferromanganese and are exceeding design capacity at 230 000 tonnes per annum.

CHIEF EXECUTIVE OFFICER'S REPORT continued

ARM COAL

ARM Coal headline earnings of R82 million in F2017 were a significant turnaround from the headline loss of R297 million reported in F2016. The improvement was mainly attributable to the PCB operations which contributed R181 million headline earnings (F2016: R210 million headline loss).

The Goedgevonden (GGV) Mine continued to be loss-making as additional expenditure to improve in-pit inventory levels and saleable production resulted in on-mine saleable production unit costs increasing by 35% as waste stripping was accelerated. Most of GGV Mine's operational issues have been addressed with the mine's unit production costs expected to improve going forward.

The ARM Coal operations are now in steady state and the objective of changing to large-scale, low-cost opencast mines has been successfully achieved. GGV Mine and the PCB operations are currently positioned well below the 50th percentile of the thermal coal global unit cost curve. Restructuring of ARM Coal's debt, as discussed in the Executive Chairman's report, is expected to improve ARM's debt obligations in terms of these loans.

ARM COPPER

The ARM Copper headline loss improved by 44% from R361 million to R203 million mainly due to improved realised copper prices which were offset by lower sales volumes. The decrease in volumes was in line with a decision taken in F2016 to reduce tonnes milled to 80 000 tonnes a month in order to minimise cash requirements and preserve Lubambe Mine's reserves. Despite the lower sales volumes, Lubambe Mine's C1 unit cash costs increased below inflation at only 2% from US2.41/lb in F2016 to US$2.45 per pound of copper produced.

The disposal of ARM's interest in Lubambe as discussed in the Executive Chairman's report is expected to be completed within six months from the signature date.

LOOKING AHEAD

While higher average realised US Dollar commodity prices certainly contributed positively to the F2017 results, commodity price and exchange rate volatility remains high. In this uncertain environment we continue to focus on restructuring the loss-making operations and those that require shareholder funding. Cost containment to ensure that all our operations are positioned below the 50th percentile of the respective cost commodity curves remains a key part of our strategy.

We remain prudent with capital to ensure that funding is only applied to projects that are expected to provide satisfactory returns.

ARM remains confident of the long-term outlook for our commodities. Supported by a robust financial position, ARM continues to assess quality growth opportunities both internally and through mergers and acquisitions and new joint venture partnerships.

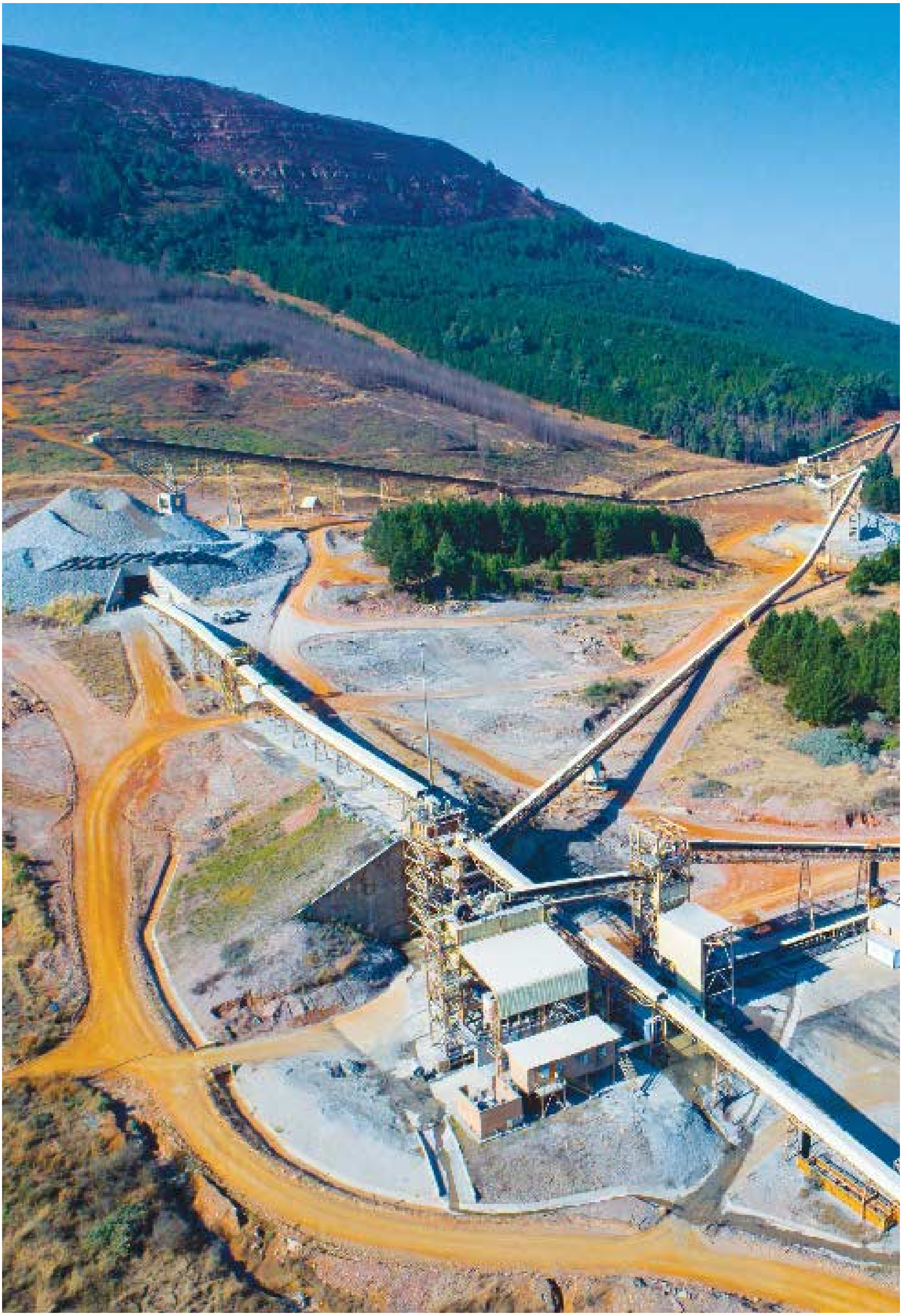
CONCLUSION

As we navigate ever-changing global commodity markets, we continue to adhere to our "We do it better" management style to build a more efficient and resilient business that creates long-term value and benefit for all our stakeholders. The hard work and commitment of our employees is the very foundation of our ability to achieve this. I would therefore like to thank each and every employee for their contribution. I extend heartfelt gratitude to our stakeholders and joint venture partners for their continued support during the year.

Finally, I would like to convey my sincere appreciation to our Executive Chairman and the Board for their guidance and support in the past year.

Mike Schmidt
Chief Executive Officer

10 October 2017



MATERIAL MATTERS

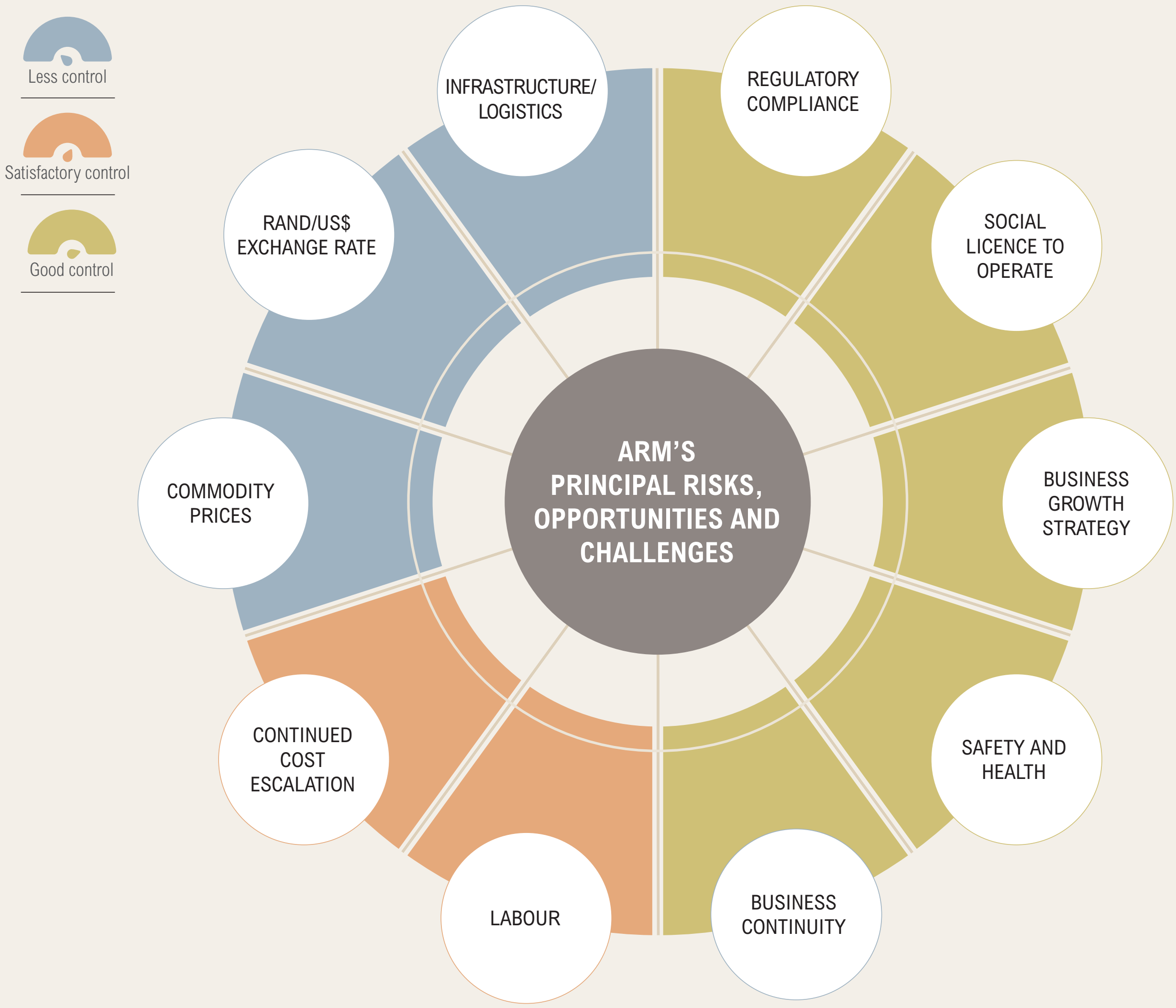
The contents and emphasis of this report are determined by the risks, opportunities and other factors we consider most likely to have an impact on ARM's strategy, performance, prospects and/or governance. These are the factors that have the highest potential to affect the Company's ability to create long-term sustainable value.

In order to make informed decisions and take appropriate action, ARM, with input from its stakeholders, identifies the matters material to the sustainability of our business. ARM determines these at Board, executive and operational level by considering the financial and non-financial matters driving the Company's sustainability and their possible impact on ARM and its stakeholders.

We identify our most material matters through assessment of a range of internal and external influences as well as through engagement with our stakeholders. A key process in the determination of these material matters is the comprehensive Enterprise Risk Management (ERM) Process, which includes detailed identification of risks ranging from process level risk assessments at individual operations to strategic, tactical and major operational (STMO) risks at operational, divisional and Group level.

Quarterly reviews of STMO risks include:

> Specific focus on the efficacy of controls (and mitigating strategies) relating to the identified risks;
> Actions that may be required to improve the control effectiveness recording of any change to risk profiles; and
> Recognising new and emerging risks and any increased risk velocity (risks that require immediate management focus).



The principal risks, opportunities and challenges identified in the ERM process are presented above. The graphical representation also provides ARM's view of the control effectiveness.

In determining our most material matters, the above detailed ERM Process is supplemented by:

> Board, Board committees and Executive Committee discussions;
> Interviews with the Executive Chairman and Chief Executive Officer;
> Interviews with the divisional chief executives;
> The legitimate and reasonable needs, interests and expectations of our stakeholders through our commitment to stakeholder inclusivity;
> Peer reporting;
> Guidelines and frameworks;
> Legislation;
> Industry initiatives; and
> Media monitoring.

ARM's performance is assessed against these material matters using relevant Key Performance Indicators (KPIs) which are regularly reported to the Executive Committee, Board sub-committees and the Board, and are closely monitored through the risk management and integrated assurance processes.

Material matters are prioritised according to the significance of their potential impact on the Company and key stakeholders. They are integrated into the strategy, governance frameworks, risk management system and operational management processes.

These material matters impact our operations in varying degrees and span the six capitals as defined in the <IR> Framework including financial capital, social and relationship capital, human capital, natural capital, manufactured capital and intellectual capital. They are interlinked and all critically affect our ability to generate a sustainable financial return. Managing these matters is therefore necessary to avoid interruptions to business continuity that could affect ARM's ability to create long-term sustainable value.

MATERIAL MATTERS continued

The tables that follow group ARM's most material matters into five themes, as follows:

DELIVERING FINANCIAL RETURNS TO SHAREHOLDERS AND OTHER PROVIDERS OF CAPITAL

Components of the material matter:

> Commodity price and exchange rate fluctuations;
> Continued cost escalation;
> Long-term business strategy;
> Capital allocation; and
> Political and fiscal risks.

IAR Refer to the Executive Chairman, CEO and Financial Review reports on pages 6 to 12 for further information.

F2017 KPI performance

HEADLINE EARNINGS PER SHARE
1 684 cents per share

DIVIDENDS PER SHARE
R6.50 cents per share

DIVIDENDS are considered in the capital allocation process taking into account re-investment into the operations and growth.

CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE

Components of the material matter:

> Operational efficiencies;
> Labour and equipment productivity;
> Technological advancements;
> Efficient use of natural resource;
> Access to infrastructure and logistics; and
> Legal compliance and effective governance.

IAR Refer to the Operational reviews on pages 29 to 66 for detailed discussions on each operation.

F2017 KPI performance	F2018 objectives
LTIFR 0.28 per 200 000 man-hours	**LTIFR** Continued reduction in LTIFR towards zero harm.
SAFETY-RELATED STOPPAGES 21	**SAFETY-RELATED STOPPAGES** nil
CHANGES IN UNIT COSTS All operations achieved unit production cost increases below or in line with inflation, except GGV Mine.	**CHANGES IN UNIT COSTS** Achieve below inflation unit production cost increases at all operations.

MAINTAINING OUR SOCIAL LICENCE TO OPERATE

Components of the material matter:

> Stakeholder engagement and relationships;
> Transformation and the Mining Charter;
> Corporate social responsibility, socio-political instability, ethical business conduct; and
> Upholding human rights.

SR Refer to the Sustainability Report for extensive discussion on maintaining our social licence to operate.

F2017 KPI performance	F2018 objectives
CSR EXPENDITURE **R115 million**	**CSR EXPENDITURE** Continue to invest in our host communities.

ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE

Components of the material matter:

- Commitment to zero harm;
- Attracting and retaining key skills;
- Investing in the development and skills of the workforce;
- Fostering diversity in the workplace; and
- Maintaining good relationships with our employees and organised labour.

SR Refer to the Sustainability Report for extensive discussion on safety, health and skills training in ARM.

F2017 KPI performance	F2018 objectives
NUMBER OF FATALITIES fatality free	**NUMBER OF FATALITIES** nil
LTIFR 0.28 per 200 000 man-hours	**LTIFR** Continue reduction in LTIFR towards zero harm.
HDSA IN MANAGEMENT 55%	**HDSA IN MANAGEMENT** Continue to monitor and evaluate progress to uphold and improve the HDSA in management.
NUMBER OF WOMEN IN THE WORKFORCE 12%	**NUMBER OF WOMEN IN THE WORKFORCE** Continue to monitor and evaluate progress to uphold and improve the number of women in the workforce.
TRAINING EXPENDITURE R180 million (6.0% of payroll)	**TRAINING EXPENDITURE** Continue to monitor and evaluate progress to uphold and improve the current level.

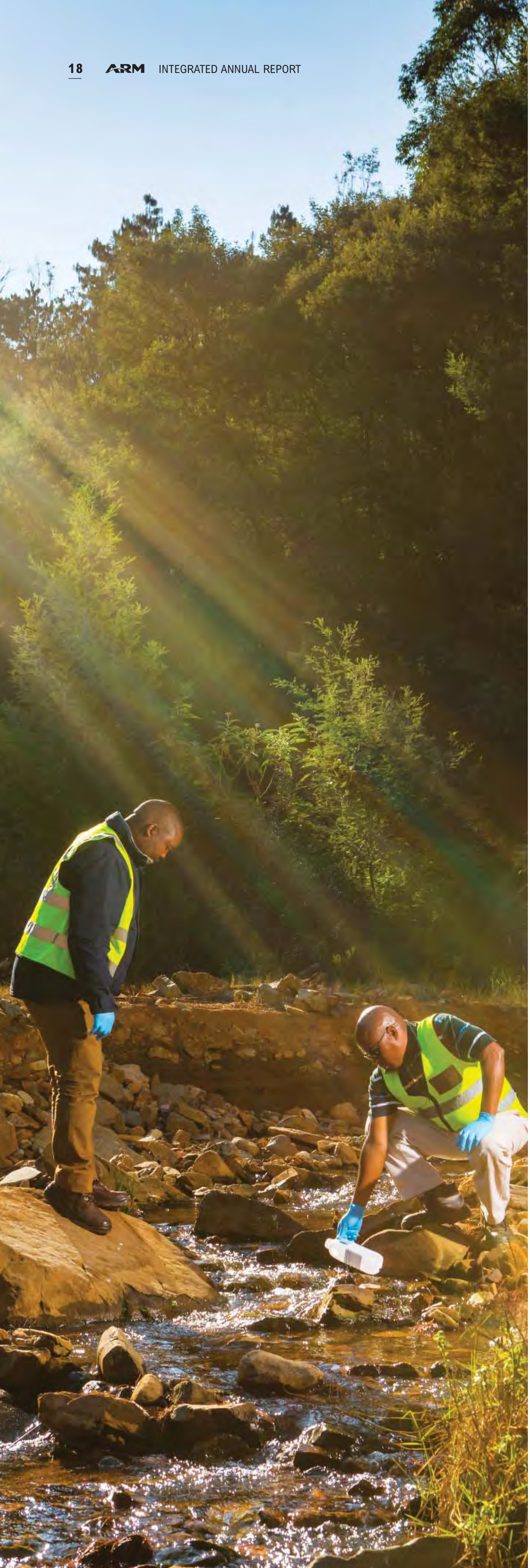
ENSURING RESPONSIBLE STEWARDSHIP OF OUR NATURAL RESOURCES

Components of the material matter:

- Climate change, energy, water, waste,
- Biodiversity, closure and rehabilitation.

SR Refer to the Sustainability Report for extensive discussion on how we manage our environmental impacts.

F2017 KPI performance	F2018 objectives
SCOPE 1 AND 2 CARBON FOOTPRINT 1.05 million tCO_2e	**SCOPE 1 AND 2 CARBON FOOTPRINT** 5% absolute reduction relative to the F2014 baseline.
ELECTRICITY CONSUMPTION 1 785 GWh	**ELECTRICITY CONSUMPTION** Increase efficiencies.
WATER ABSTRACTED 14.3 million m^3	**WATER ABSTRACTION** Further improve efficient use of water. Strengthen stakeholder engagement at the catchment level.



OUR APPROACH TO SUSTAINABILITY

Sustainability is an integral part of our strategy. Our commitment to sustainability is embodied in the "We do it better" management style which guides our day to day actions.

ARM's values explicitly include the broader concepts of sustainability and our commitment to zero harm – to our employees, our host communities and the environment. ARM's Code of Conduct specifies respect for human rights and ethical business conduct, and allows no tolerance for discrimination, corruption and bribery. We believe that a responsible, sustainable approach to mining and beneficiation minimises potentially negative impacts and increases the positive contribution the industry makes to communities and the country.

Our strategy also commits us to partnering with our key stakeholders, particularly employees and communities, to ensure that we understand their needs, interests and expectations. These are critical inputs into how we conduct our business.

Globally competitive performance depends not only on optimising operational and financial metrics, but on ensuring that environmental and social issues are addressed appropriately. Driving excellence across all of these areas supports operational efficiency, long-term sustainability, financial returns for shareholders and broad social benefit.

INPUTS INTO OUR APPROACH TO SUSTAINABLE DEVELOPMENT

ARM continually reviews and participates in developments in the range of legislation and regulations, industry good practice, reporting requirements and other guidelines that apply to sustainable development at our operations.

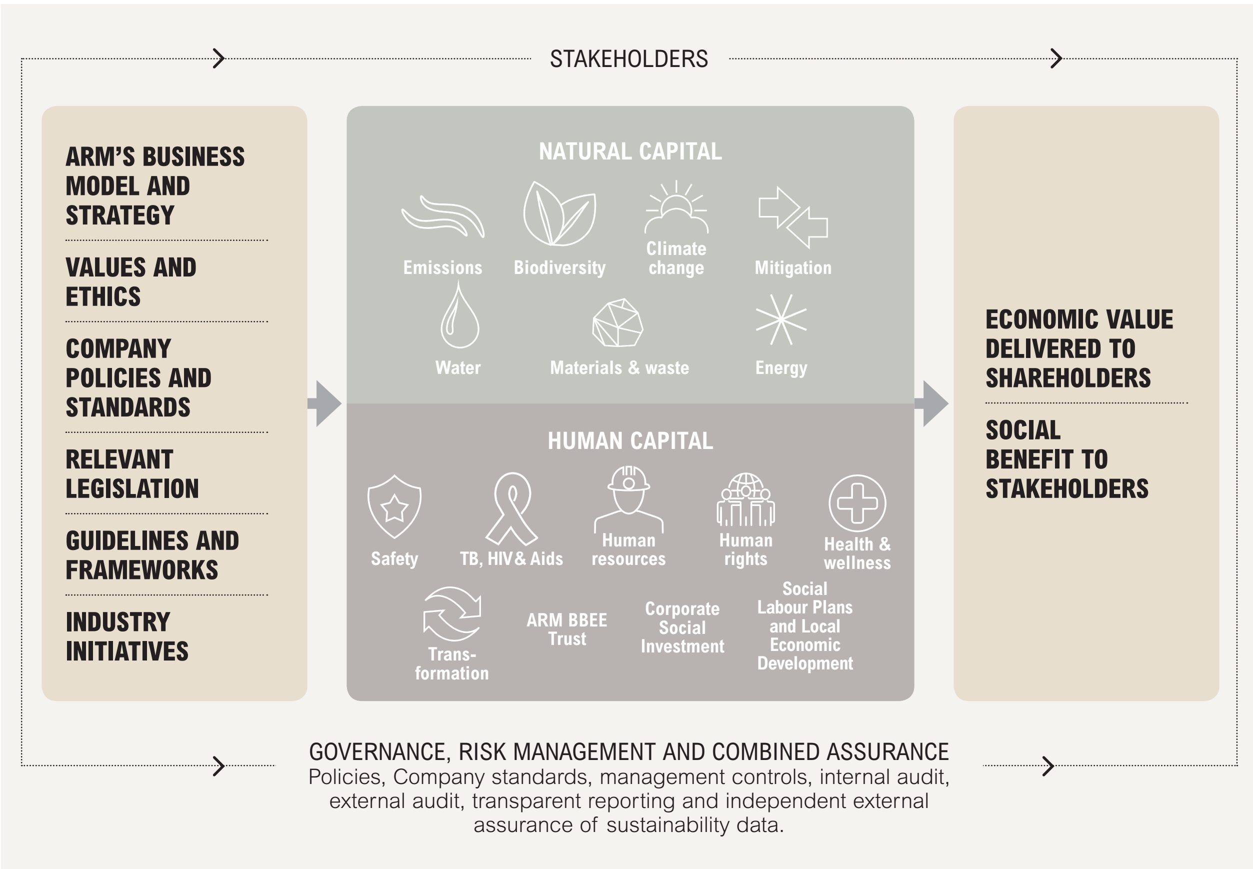
Regulatory compliance is non-negotiable, with the main regulations governing our activities including the Mining Charter, the dti Codes of Good Practice, the National Environmental Management Act, the Mine Health and Safety Act and the Occupational Health and Safety Act.

ARM is a member and active participant in the International Council on Mining and Metals (ICMM). Our engagement in international and local industry initiatives helps us to continuously improve and shape our approach to sustainable development.

Guidelines and frameworks that influence sustainability at ARM include the King IV Code on Corporate Governance and the Global Reporting Initiative (GRI).

ARM'S SUSTAINABLE DEVELOPMENT MODEL

ARM's sustainable development model, depicted below, is a graphic representation that reflects the combination of economic, environmental and social considerations the Company navigates in generating economic value for shareholders and broad social benefit for all stakeholders.



OUR APPROACH TO SUSTAINABILITY continued

GOVERNANCE OF SUSTAINABILITY

The ARM Board is ultimately responsible for sustainable development in the Company, and delegates certain aspects of its responsibility to the Social and Ethics Committee and the Audit and Risk Committee.

The Social and Ethics Committee monitors the effective management of sustainable development. It is a sub-committee of the ARM Board and meets at least quarterly. The Committee's activities include reviewing policies, ensuring their implementation and monitoring the Company's LED initiatives.

The Management Risk and Compliance Committee is a sub-committee of the Audit and Risk Committee that coordinates and monitors the Company's ERM Process. It oversees risk management and reviews the major strategic, tactical and operational risks facing the Company, which include sustainability risks.

CGR The Corporate Governance Report provides more information on the composition and activities of the Social and Ethics Committee and the Management Risk and Compliance Committee.

HOW WE MANAGE SUSTAINABILITY IN OUR BUSINESS

The strategic approach to sustainable development and the relevant policies and standards are set at corporate level. Each operation then adapts its approach for the specific sustainability matters that are most material to their specific circumstances.

ARM's sustainability performance is measured against various KPIs and benchmarks which are regularly reviewed at operational and corporate level meetings.

The Executive: Sustainable Development is responsible for reviewing sustainability policies, strategies and targets and ensuring these align with the Board's commitment to zero tolerance for harm. Along with the chief executives of each division, the Executive: Sustainable Development carries responsibility for the implementation of sustainable development policies and procedures. The Executive: Sustainable Development operates with oversight from the Social and Ethics Committee, and provides input to the Management Risk and Compliance Committee on matters related to sustainable development as a standard agenda item.

The Group Risk Manager and Executive: Sustainable Development attend Social and Ethics Committee meetings and are members of the Management Risk and Compliance Committee and the ARM Steering Committee. They also attend Board meetings to respond to any risk and sustainability-related matters raised by the Board.

BEE COMPLIANCE

The BEE Annual Compliance Report is included in the Sustainability Report which is available on the ARM website.

COMBINED ASSURANCE

ARM's Combined Assurance Model enhances the integration and alignment of management assurance, internal and external assurance.

CGR The Model is discussed further in the Risk Report in the Corporate Governance Report.

Ibis ESG Assurance (Pty) Ltd was contracted to provide high-level independent third party assurance over the content of the 2017 Sustainability Report. Their assurance statement is included in the Sustainability Report and includes comment on data collection in ARM.

OUR SUSTAINABILITY PERFORMANCE YEAR-ON-YEAR

Performance indicator	F2017**	F2016**	F2015**	F2014**	F2013**
Economic and related core baseline indicators					
Sales (Rm)	**21 898**	19 072	19 824	23 785	19 800
Taxes (Rm)	**858**	478	860	1 893	1 145
Headline earnings (Rm)	**3 196**	1 051	1 744	4 108	3 737
EBITDA (Rm)	**6 244**	3 964	4 994	8 459	7 227
Net cost of products and services (Rm)	**10 816**	10 891	10 808	11 093	9 100
Wealth created (Rm)	**8 622**	6 276	7 217	11 797	8 318
Number of environmental administrative penalties/fines	**–**	–	–	3	1
Employee indicators (100% basis) – as at 30 June 2017*					
Total number of permanent employees and contractors	**24 106**	23 128	27 276	27 236	26 751
– Employees (permanent)	**13 218**	13 793	15 080	15 250	14 653
– Contractors	**10 871**	9 319	12 141	11 953	12 064
– Expatriates	**17**	16	55	33	34
New jobs created (direct employment only)	**–**	–	–	335	1 358
Employee turnover (excluding contractors) (%)	**1.1**	15.0	11.5	1.6	1.7
Investment in employee training and development					
– Total expenditure (Rm)	**180**	184	232	196	180
– % of payroll	**6.0**	6.9	8.3	8.7	10.1
Employment equity (% representation of previously disadvantaged groups among permanent employees)					
– Top management	**42**	38	38	38	50
– Senior management	**49**	49	44	40	42
– Professionally qualified	**60**	57	54	51	49
– Technically qualified	**71**	68	67	65	64
LTIFR•	**0.28**	0.32	0.35	0.37	0.48
Reportable/serious accidents	**47**	60	78	66	79
Number of lost man days due to industrial action	**–**	3 024	–	172 221	–
Environmental indicators (100% basis)					
Total water withdrawn (m^3) (municipal, surface and groundwater)	**14 295 993**	19 066 300	18 334 106	19 408 464	20 551 374
Energy usage					
– Electricity (MWh)	**1 784 491**	1 820 802	2 102 451	2 144 894	2 045 499
– Diesel (000 litres)	**87 494**	91 974	99 812	92 013	108 788
Emissions (Attributable^)					
Carbon emissions (equivalent tonnes CO_2)					
– Scope 1 and 2	**1 047 418**	1 077 746	1 246 131	1 228 656	1 244 181
– Scope 1	**226 744**	226 972	322 034	307 332	327 757
– Scope 2	**820 674**	850 774	924 097	921 325	916 424
Direct emissions: (Cato Ridge Works)#					
– CO_2e emissions – direct (tonnes)	**311 497**	292 120	431 708	476 327	237 392
– NOx (tonnes)	**437**	405	601	838	637
– SOx (tonnes)	**346**	316	386	605	506
Particulate matter (tonnes)	**242**	216	237	182	122
Corporate Social Responsibility (CSR)					
Total CSR (Rm)	**122.8**	105.9	169.3	282.5	168.5
– CSI (Rm)	**22.1**	18 .0	54.0	134.6	62.0
– LED (Rm)	**92.5**	80.5	103.6	141.9	99.6
– ARM BBEE Trust Projects (Rm)	**8.2**	7.4	11.7	5.9	6.8

Non-financial data is stated on a 100% basis, unless otherwise indicated.

* *Total number of ARM employees, contractors and expatriates as at 30 June 2017.*

** *Financial data is based on segmental reporting.*

• *LTIFR: injury rates are measured per 200 000 man-hours and include both ARM employees and contractor incidents.*

^ *Values attributable to shareholding percentages.*

Direct emissions as a result of smelting operations at Cato Ridge Works only. No smelting operations were conducted at Machadodorp Works during F2017.

KEY STAKEHOLDERS

STAKEHOLDER ENGAGEMENT

We recognises the benefits of strong long-term relationships with our stakeholders. We treat the legitimate and reasonable interests and expectations of our stakeholders as important inputs into how we conduct our business. Stakeholder interactions provide a broader context, inform our most material matters, and help us to refine our strategy and shape the long-term direction of the Company.

We define our stakeholders as individuals or groups that have a material interest in, or are affected by ARM. We engage with stakeholders through both formal and informal interactions, at corporate, divisional and operational level as appropriate to the stakeholder.

The Company's Stakeholder Communication Policy, contained in the ARM Code of Conduct, includes measurable outcomes for all engagements. Operational engagement reports and minutes ensure learnings are documented and shared effectively, and stakeholder and community engagement is part of the agenda of operational, divisional and Board meetings.

Senior executives responsible for stakeholder engagement include the Executive: Business Development, the Executive: Corporate Affairs, the Head of Investor Relations, the Executive: Compliance and Stakeholder Relations and divisional senior management.

The adjacent diagram shows ARM's key stakeholders and their matters raised.

SR Refer to the Sustainability Report for further discussion on our stakeholder engagement.

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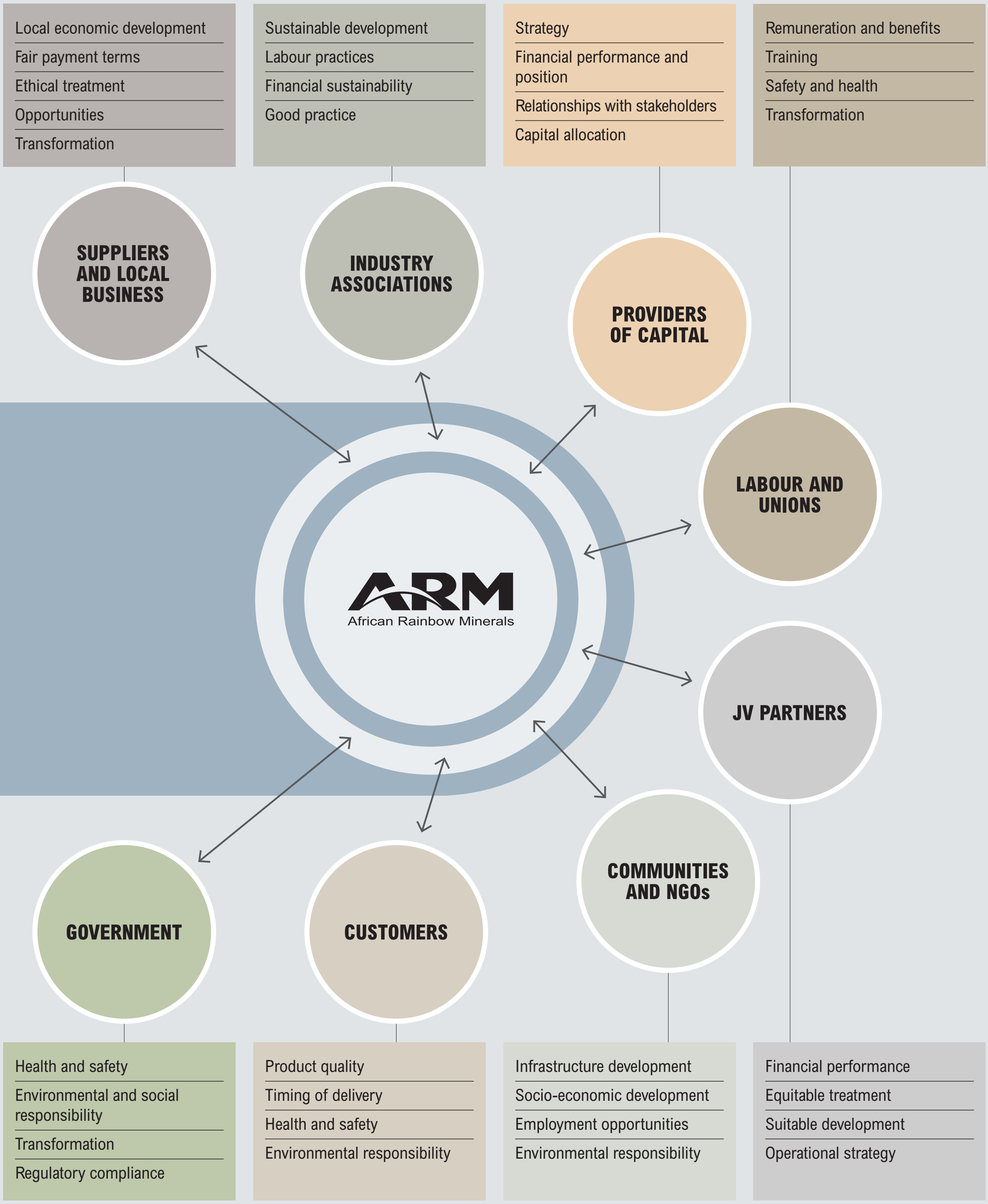


There were a number of formal engagement activities with local communities during F2017, including the quarterly Future Forum meetings held at all operations where issues of social importance are discussed. These issues include water, environmental management and job opportunities. Skills databases at operations record details of community members that have completed learnership or mining cadet programmes to support local hiring.

General manager breakfast meetings were held between the general managers of Modikwa and Nkomati mines and local communities to improve communication and strengthen engagement.

ENGAGEMENT WITH KEY STAKEHOLDERS, AND MATTERS RAISED

SHAREHOLDERS, POTENTIAL SHAREHOLDERS, ANALYSTS AND OTHER INVESTORS

How we engage

- Annual General Meeting. Decisions taken at shareholder meetings are disclosed on the Company's website following the meetings.
- A comprehensive investor relations programme to communicate with domestic and international shareholders, fund managers and investment analysts. This includes one-on-one meetings with institutional investors in South Africa and internationally through roadshows after interim and provisional results.
- Conferences.
- ARM's website provides updates on the Company's operations, financial performance and other information.

Matters raised:

- Strategy growth
- Unit cost reductions
- Capital allocation
- Labour relations
- Skills attraction, retention and development
- Dividends
- Share price performance
- Mining licences
- Environmental, social and governance (ESG) issues

BANKERS, INSURERS AND FUNDERS

How we engage

- Ongoing maintenance of relationships through meetings and general discussions with bankers and insurance managers.

Matters raised:

- Liquidity
- Solvency
- Funding
- Insurance management

JOINT VENTURE PARTNERS

How we engage

- Ongoing management interaction during the ordinary course of business.
- Monthly executive management meetings.

Matters raised:

- Sustainable development
- Financial performance
- Operational performance
- Equitable treatment
- Operational strategy

EMPLOYEES AND ORGANISED LABOUR

How we engage

- Annual performance reviews.
- Annual internal results presentation.
- Regular internal roadshows.
- Annual employee surveys.
- Company intranet and website.
- Monthly shop steward meetings.
- Wage negotiations.
- Other meetings with unions when required.

Matters raised:

- Remuneration
- Training and development
- Health and safety
- Transformation

COMMUNITIES, CIVIL SOCIETY AND NON-GOVERNMENTAL ORGANISATIONS

How we engage

- Specialised community discussions/meetings to understand their specific concerns.
- Social investment forums discuss investment in communities surrounding the operations.
- Monthly/quarterly meetings are held to discuss LED and CSI projects.
- Future Forums.
- Attendance registers and minutes of these meetings are kept.
- The ARM BBEE Trust.
- Changes or expansions to our current operations require engagement with interested and affected parties through stakeholder consultation processes as prescribed by the Regulations of the National Environmental Management Act (NEMA) and other relevant legislation.
- Community open days support information sharing and relationship building.

Matters raised:

- Community needs, including socio-economic development, infrastructure development and employment
- Status of social projects
- Operational changes and expansions
- Environmental issues affecting communities
- Employment from local communities
- Service delivery challenges
- Transformation

GOVERNMENT

How we engage

- ARM engages local and provincial government with respect to LED projects, licences and compliance with the relevant safety and environmental legislation.
- ARM also engages with national government on matters of policy-making as required.
- Regular reports are submitted by the operations on socio-economic development (SED) projects.
- Annual Mining Charter Scorecard reports are submitted to the DMR by each mine.
- dti annual audit for BEE verification.
- A workplace skills plan is submitted to the Mining Qualifications Authority (MQA) annually.
- Representation on various industry bodies that engage with government.

Matters raised:

- Social investment
- Health and safety
- Environmental management
- Transformation
- Compliance with the dti's Codes of Good Practice and Mining Charter
- Regular progress reports and updates

INDUSTRY ASSOCIATIONS*

How we engage

- Regular scheduled association meetings.

Matters raised:

- Sustainable development
- Labour issues
- Financial sustainability
- Implementation of good practice
- Industry-specific issues
- Changes in legislation

CUSTOMERS

How we engage

- Continual interactions in the ordinary course of business.
- Annual contractual negotiations.
- Regular service level agreement renewals.

Matters raised:

- Product quality, timing of product delivery
- Sustainability issues

SUPPLIERS AND LOCAL BUSINESS

How we engage

- Continual interactions in the ordinary course of business.
- Annual contractual negotiations.
- Regular service level agreement renewals.
- Scheduled meetings with local business.
- ARM requires valid BEE certificates to support transformation in its supply chain.

Matters raised:

- Local economic development
- Industry issues
- Fair payment terms
- Fair treatment
- Valid BEE certification
- Ethics
- Sustainability issues

MEDIA

How we engage

- One-on-one interviews.
- Press releases.
- Stock Exchange News Services (SENS) announcements.
- Media contact function on the Company website.
- Publications on the ARM website.

Matters raised:

- Topical issues as they arise

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

OUR BUSINESS MODEL

AND HOW WE CREATE VALUE

INPUTS

FINANCIAL CAPITAL

Financial capital refers to our assets (including cash balances), cash flow from operations and funding from shareholders and other providers of capital. Allocation of this capital to re-investment into the business, growth and dividends is a crucial component of creating long-term sustainable value.

IAR Refer to the Financial Review on pages 102 to 124 of this report for further information on Financial capital.

PEOPLE

Our people are crucial to achieving our strategic objectives and creating value for all stakeholders. We aim to maintain a safe, healthy and non-discriminatory work environment for all our employees and ensure that our operations are adequately resourced with skilled, engaged and motivated employees.

SR See the section on Ensuring a safe, healthy and appropriately skilled workforce in the Sustainability Report for further information.

RELATIONSHIPS

Relationships with all our stakeholders are key to the sustainability of our business. In particular, the relationships we have with our employees, host communities, regional and national governments, and regulators allow us our social licence to operate. We continue to engage and partner with these and other stakeholders consistent with our strategy.

SR Refer to the section on Maintaining our social licence to operate in the Sustainability Report for further information.

NATURAL CAPITAL

The mineral resources and reserves in our portfolio represent the largest part of our natural capital. Other natural resources we use to extract and process the minerals that we mine include water and land.

SR Refer to the section on Ensuring responsible stewardship of our natural resources in the Sustainability Report for further information.

INNOVATION

Access to and investment in innovation and technology allow ARM to continuously improve our production processes. Mining is a technology intensive industry. The knowledge, experience and expertise that we have among our subject matter experts is key in differentiating ARM. Our innovation also includes information technology systems, risk management processes, research and development, the Strategic Services and Exploration division, as well as our brand and reputation.

MANUFACTURED ASSETS

Our operations rely on above and below ground infrastructure and specialised equipment to extract and process the minerals that we mine. Efficient use of this infrastructure and equipment is crucial to cost-effective extraction and processing of our minerals.

BUSINESS PROCESS

IAR Refer to the Operational reviews on pages 29 to 66 of this report for the detailed processes for each mineral that we produce.

FINANCIAL CAPITAL

- R426 million paid as dividends to ARM shareholders (F2016: R761 million).
- R471 million accrued to finance providers (F2016: R406 million).
- R1 518 million paid as taxes and royalties (F2016: R901 million).

PEOPLE

- No fatalities in F2017.
- LTIFR of 0.28 per 200 000 man-hours, the lowest in ARM's history.
- R3 450 million paid to employees as salaries, wages and fringe benefits (F2016: R3 794 million).
- 6.0% of payroll invested on employee training (F2016: 6.9% of payroll).
- Reskilling and redeployment of employees to production roles.
- ARM was certified as a Top Employer by the Top Employers Institute.
- 4% increase in number of employees including contractors to 24 106 (F2016: 23 128 employees).

RELATIONSHIPS

- Invested R115 million in our host communities through our CSI and LED programmes (F2016: R106 million).
- Preferential procurement exceeded Mining Charter targets.

NATURAL CAPITAL

- 3% reduction in Scope 1 and 2 carbon emissions.
- Water abstracted decreased by 25% to 14.3 million m³ (F2016: 19.1 million m³).
- Concurrent rehabilitation of land continued.
- Responsible waste disposal.

MANUFACTURED ASSETS

- R2 383 million invested as capital expenditure (on a segmental basis) at the operations (F2016: R2 352 million).

VALUE ADD

ARM's fundamental goal is to generate financial returns for shareholders, investors and other providers of capital. This economic imperative is balanced with a responsible approach to the environmental and social aspects of our business to ensure that all our stakeholders benefit from the value created by the business.

WEALTH CREATED IN F2017: R8.6 BILLION

DISTRIBUTED AS FOLLOWS

Employees R3.5 billion in salaries and wages

Government R1.5 billion in taxes and royalties

Shareholders R0.4 billion in dividends

External providers of capital R0.6 billion

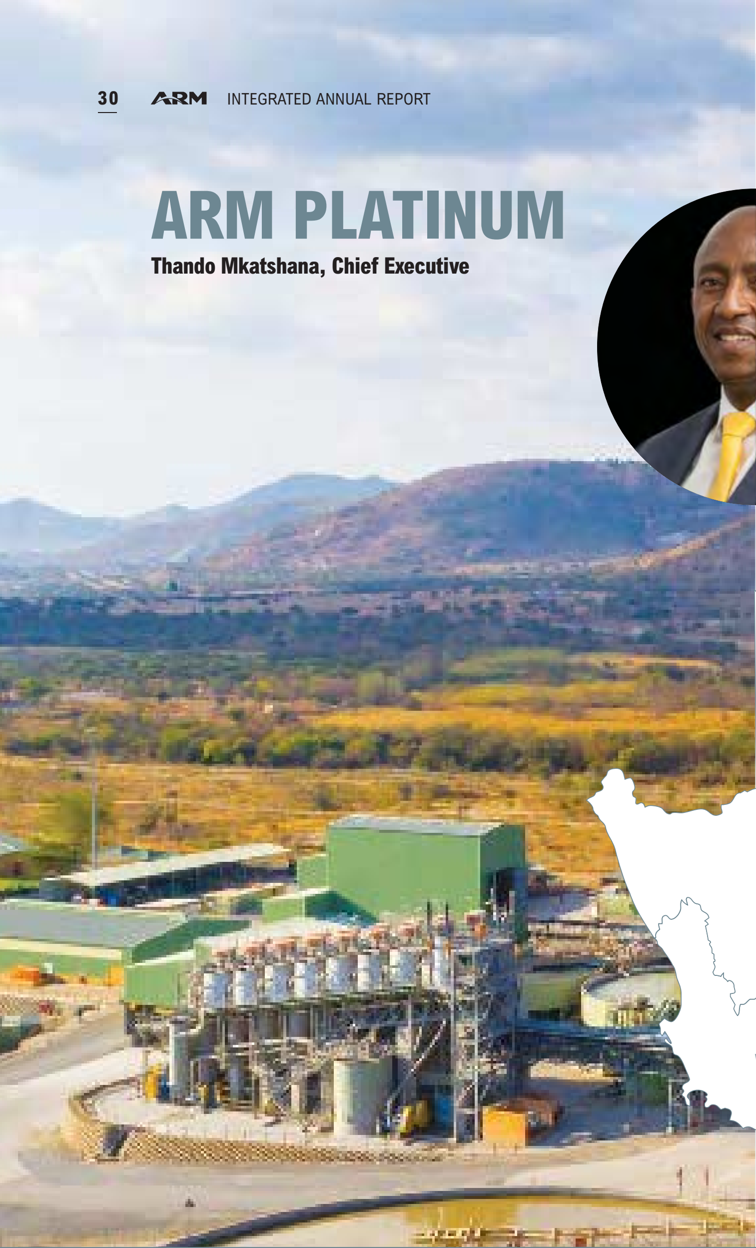
R2.6 BILLION RE-INVESTED IN THE GROUP

VALUE ADDED STATEMENT

	F2017* Rm	F2016* Rm	F2015* Rm	F2014* Rm	F2013 Rm
Sales	**21 298**	19 072	19 824	23 785	19 800
Net cost of products and services	**(10 816)**	(10 891)	(10 808)	(11 093)	(9 100)
Value added by operations	**10 482**	8 181	9 016	12 692	10 700
Income from associate	**181**	(210)	(186)	(374)	(14)
Income/(loss) from joint venture	**(23)**	(9)	51	11	3
Special items	**(2 793)**	(2 054)	(2 074)	(876)	(2 639)
Income from investments	**775**	368	410	344	268
Wealth created	**8 622**	6 276	7 217	11 797	8 318
Applied as follows					
Employees as salaries, wages and fringe benefits	**3 450**	3 794	3 565	3 330	2 922
The State as taxes	**1 518**	901	1 317	2 796	1 696
– income tax	**858**	478	860	1 893	1 145
– royalty tax	**660**	423	457	903	551
Providers of capital	**1 028**	975	1 550	1 643	1 394
Equity – dividend	**426**	761	1 302	1 102	1 021
Non-controlling interest	**131**	(192)	(31)	255	148
Outside – finance cost	**471**	406	279	286	225
Total value distributed	**5 996**	5 670	6 432	7 769	6 012
Re-invested in the Group	**2 626**	606	785	4 028	2 306
Amortisation	**1 621**	1 932	1 983	1 841	1 693
Reserves retained	**1 005**	(1 326)	(1 198)	2 187	613
Wealth distributed	**8 622**	6 276	7 217	11 797	8 318
Market capitalisation (R billion)	**18.4**	20.0	18.0	40.5	32.2

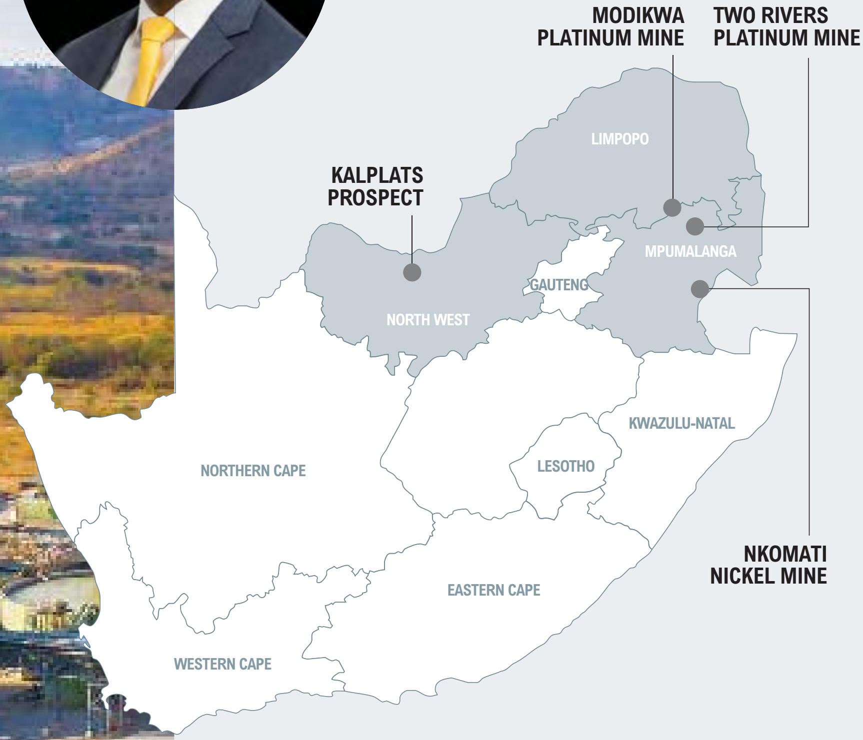
* *Based on segmental reporting for continuing operations – refer to note 2 to the Annual Financial Statements.*

OPERATIONAL REVIEWS



ARM PLATINUM

Thando Mkatshana, Chief Executive



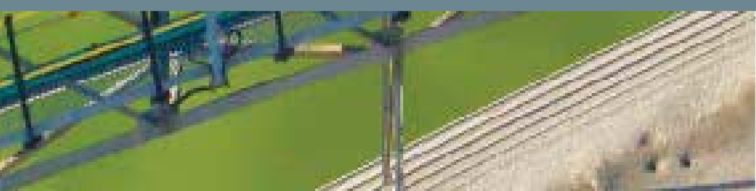
ARM African Rainbow Minerals

100%

ARM Platinum

- 83% → **ARM Mining Consortium** — 50% → **Modikwa** ← 50% — Anglo American Platinum
  - 17% — Modikwa communities → ARM Mining Consortium
- 51% → **Two Rivers*** ← 49% — Impala Platinum
- 50% → **Nkomati** ← 50% — Norilsk Nickel
- 46% → **Kalplats prospect** ← 10% — Anglo American; ← 44% — Stella Platinum

** Two Rivers received consent during August 2017 i) to transfer the Tamboti rights to it and ii) to have its mining right amended accordingly. The amended mining right will be issued to Two Rivers imminently, at which point ARM's interest in Two Rivers will increase to 54%.*



KEY FEATURES FOR F2017

Headline earnings increased to **R350** million from a headline loss of R10 million.

Modikwa unit costs per 6E PGM increased below inflation.

Chrome as a by-product contributed significantly to profit at Two Rivers and Nkomati.

Nkomati had no lost time injury for the financial year.

MATERIAL MATTERS

Delivering financial returns to shareholders and other providers of capital

- Low PGM and nickel prices
- Chrome a significant contributor to Nkomati and Two Rivers
- Inclusion of Tamboti right into Two Rivers

Continuously improving operational performance

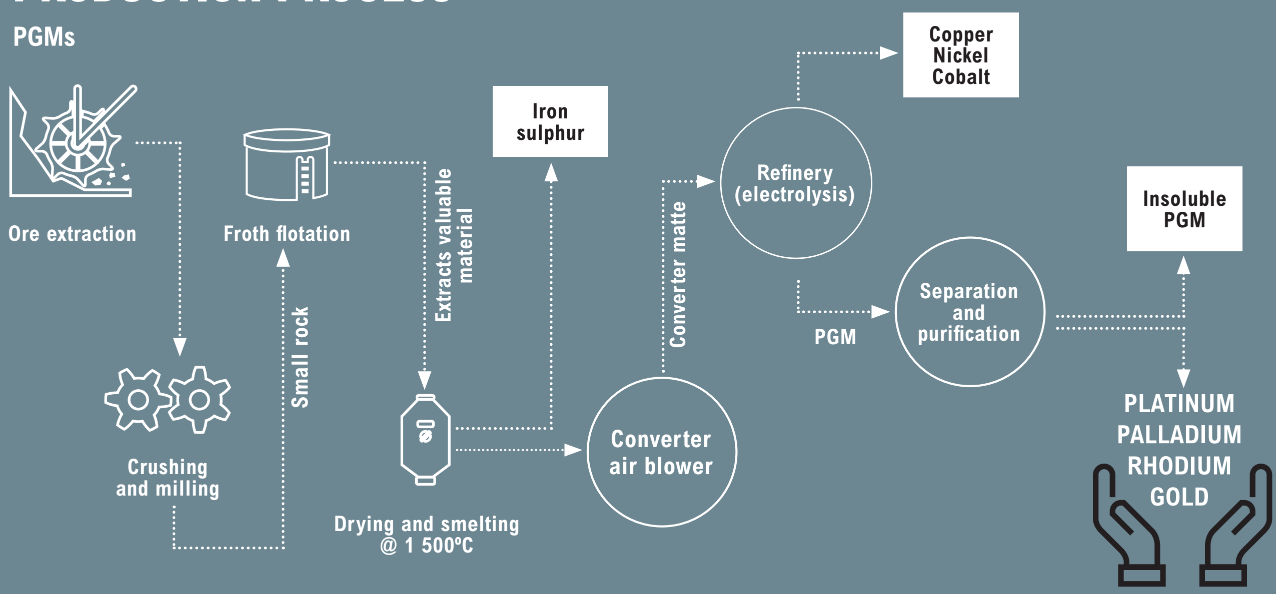
- High unit costs at Modikwa Mine
- Head grade decline at Two Rivers Mine
- Increased waste stripping at Nkomati Mine

Maintaining our social licence to operate

- Regulatory uncertainty
- Community unrest and expectations for mines to address high unemployment and service delivery issues

PRODUCTION PROCESS

PGMs



ARM PLATINUM continued

SCORECARD

MODIKWA

F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
Achieve 300 thousand 6E PGM ounces while continuing to improve Modikwa Mine's position on the global PGM unit cost curve.	**Achieved** Modikwa Mine produced 301 thousand PGM ounces and improved from the 77th percentile to the 70th percentile of the global PGM cost curve.	Achieve 315 thousand 6E PGM ounces while continuing to improve Modikwa Mine's position on the global PGM unit cost curve.
Continue South 2 Shaft ramp-up towards 60 thousand tonnes per month, which will be achieved in F2018.	**Not achieved** The ramp-up of South 2 was delayed in response to the weak platinum price outlook.	Continue South 2 Shaft ramp-up towards 60 thousand tonnes per month, which will be achieved in F2019.
		Complete feasibility for installation of a chrome recovery plant.

TWO RIVERS

F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
Produce 380 thousand 6E PGM ounces while maintaining Two Rivers Mine's position on the cost curve.	**Achieved** Two Rivers Mine produced 390 thousand 6E PGM ounces and remains positioned on the 20th percentile of the global PGM cost curve.	Produce 375 thousand 6E PGM ounces while maintaining Two Rivers Mine's position on the cost curve. Production volumes are expected to be lower due to grade decline caused by mining of split reef.
Achieve sales volumes of 280 thousand tonnes of chrome concentrate.	**Not achieved** Lower grade resulted in lower chrome yield. Sales volumes were 275 thousand tonnes.	Achieve sales volumes of 275 thousand tonnes of chrome concentrate.

NKOMATI

F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
Improve recoveries and the average milling rate to 300 thousand tonnes per month at the PCMZ plant.	**Not achieved** Recoveries were achieved, however, tonnes milled were lower due to mine industrial action and safety stoppages.	Increase milling rate to 300 thousand tonnes per month and sustain recoveries.
Maintain milling rate and improve recoveries at the MMZ plant.	**Not achieved** Recoveries were not achieved as a result of lower head grades. Tonnes milled were not achieved due to lower MMZ ore availability and mine stoppages as discussed above.	Increase milling rate to 400 thousand tonnes per month and maintain the recovery.
Continue with spot sales of chrome concentrate subject to market conditions. Achieve sales of 330 thousand tonnes of chrome concentrate.	**Not achieved** Chrome sales were 241 thousand tonnes as the chrome washing plant was stopped during the first four months of the year due to depressed prices at the time.	Achieve sales of 360 thousand tonnes of chrome concentrate and establish a long-term off-take agreement for chrome.

COMMODITY MARKETS

Platinum

The platinum price decreased gradually from around US$1 180 per ounce in August 2016 to US$925 on 30 June 2017. Negative news coverage around diesel engines caused demand from the automotive sector to reduce during the last year, and jewellery demand from China also decreased. The decline in China's jewellery demand is expected to be offset by increased demand from India. Industrial demand remained high with strong buying from China. ARM is of the view that the underlying long-term fundamentals of platinum remain sound.

ARM Platinum achieved an average platinum price of US$987 per ounce for F2017 (F2016: US$953 per ounce).

Palladium

The palladium price continued to improve during F2017, reaching a 15-year high of US$920 per ounce and closing the year at US$864 per ounce. Global vehicle sales increased, especially in China, strengthening the demand for palladium. Improved industrial demand, together with a significantly reduced Exchange Traded Funds (ETFs) position, also contributed positively to palladium prices.

The average price achieved in F2017 by ARM Platinum for palladium was US$734 per ounce (F2016: US$578 per ounce).

Rhodium

As with palladium, the rhodium price improved steadily during the period under review, with strong purchases by auto and glass companies in China, moving the rhodium market closer to balance (Johnson Matthey's Platinum 2017 report).

ARM Platinum achieved an average rhodium price of US$783 per ounce (F2016: US$684 per ounce).

Nickel

Despite a depressed nickel market during the last four months of F2017, the average US Dollar nickel price increased by 7% during F2017. Much of the world's supply is not on financially stable footing and high stock levels are not expected to be cleared in the short- to medium-term. ARM Platinum achieved an average nickel price of US$9 882 per tonne (F2015: US$9 275 per tonne).

FINANCIAL PERFORMANCE

ARM Platinum's attributable headline earnings increased to R350 million (F2016: R10 million headline loss). This increase is mainly as a result of Nkomati Mine, which benefited from the sharp increase in chrome prices and reported a R78 million positive mark-to-market adjustment on the realisation of debtors at 30 June 2017 (F2016: R242 million negative adjustment). Two Rivers Mine also benefited from higher chrome prices.

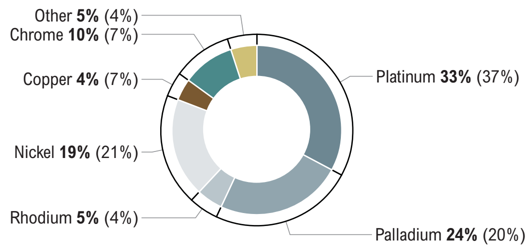
ARM PLATINUM ATTRIBUTABLE HEADLINE EARNINGS BY OPERATION

R million	12 months ended 30 June 2017	2016	% change
Two Rivers Mine	**325**	318	2
Modikwa Mine	**(66)**	(84)	21
Nkomati Mine	**91**	(244)	137
Total	**350**	(10)	>200

Average US Dollar prices, particularly of palladium (27%) and chrome concentrate (65%) were higher than the previous corresponding period. A 6% strengthening of the Rand against the US Dollar resulted in platinum prices being slightly lower in Rand terms, compared to F2016. Due to the higher palladium content at Modikwa Mine, the average Rand 6E basket price increased by 6% to R334 051 per kilogram (F2016: R315 748 per kilogram), whereas the average basket price at Two Rivers Mine increased by 4% to R333 749 per 6E kilogram (F2016: R320 977).

Reduced PGM production at the Nkomati (21%) and Two Rivers (3%) mines resulted in ARM Platinum's PGM ounces (on a 100% basis) decreasing by 4% to 815 188 6E ounces (F2016: 851 924 6E ounces). Nkomati Mine's nickel production decreased to 15 875 tonnes (F2016: 21 592 tonnes) as a result of reduced tonnes mined, combined with lower grades and lower plant recoveries.

ARM PLATINUM REVENUE PER COMMODITY
(comparative period in brackets)



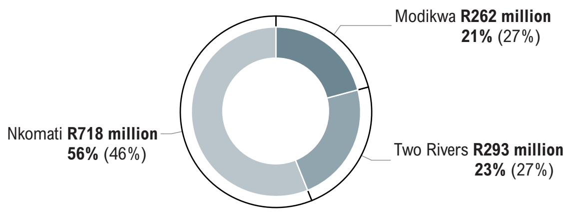
Capital expenditure at ARM Platinum operations (on a 100% basis) increased to R1.3 billion (F2016: R1.1 billion).

As previously reported, market conditions necessitated Modikwa Mine's capital projects to be reviewed to reduce capital expenditure without adversely affecting the mine's future ability to ramp up production. Capital expenditure reduced by 7% to R262 million (F2016: R282 million).

32% of the capital spent at Two Rivers Mine is associated with fleet replacement and refurbishment. The deepening of the Main and North declines, together with their electrical and mechanical installations, comprised 57% of the total capital expenditure.

Nkomati Mine's capital expenditure was mainly for the commencement of the construction of a second anchored pile wall (R69 million) as well as a pit proximity movement detection system (R21 million). Capitalised waste stripping cost increased by 76% to R617 million as waste mining volumes increased after being reduced in F2016 to preserve cash. This is required to open up the ore reserves and gain mining flexibility.

ARM PLATINUM CAPITAL EXPENDITURE – 100% BASIS
(comparative percentage in brackets)



ARM PLATINUM continued

CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE

Two Rivers Mine

Two Rivers Mine PGM production declined to 390 214 6E ounces (F2016: 400 722 6E ounces) due to a 4% reduction in head grade. The ore body south of the Main Shaft historically indicated a decline in grades. Lower grades have, however, been intersected sooner than expected due to split reef. Undercutting of the lower grade ore and scalping of waste rock on surface are some of the measures implemented to improve the Two Rivers Mine's head grade.

Of the 3.5 million tonnes milled, 58 689 tonnes were toll treated at Modikwa Mine as part of Two Rivers Mine's working capital reduction initiatives.

The Two Rivers UG2 Mineral Reserves (Proved and Probable) decreased from 43.25 million tonnes at 3.56g/t (6E) in F2016 to 33.25 million tonnes at 3.47g/t (6E) in F2017. In addition to mining depletion during the year, the net loss in tonnage and 6E ounces was due to undercut mining in the split reef area, a reduction in the mining height in some areas as a result of remodelling and mining design changes in the faulted area on the North Decline area.

Two Rivers Mine received consent during August 2017 (i) to transfer the Tamboti rights to it; and (ii) to have its mining right amended accordingly. The amended mining right will be issued to Two Rivers Mine imminently, at which point ARM's interest in Two Rivers will increase to 54%. The addition of the Tamboti mining right to the Two Rivers mining area will result in the deepening of the main decline.

Two Rivers Mine's chrome concentrate sales contributed R352 million (F2016: R130 million) to cash operating profit.

Unit production costs per tonne milled increased by 7% while unit costs per 6E PGM ounce increased by 10% to R6 195 per 6E ounce (F2016: R5 624 per 6E ounce). Two Rivers Mine remains well within the first quartile of the global PGM cost curve. There was a 155 806 tonne decrease in the UG2 run-of-mine stockpile to a total of 216 752 tonnes of ore.

Modikwa Mine

An increase in head grade and concentrator recovery negated the lower milled tonnes, resulting in Modikwa Mine's PGM volumes increasing by 3% to 301 228 6E ounces (F2016: 293 604 6E ounces).

Unit costs increased by only 3% to R8 463 per 6E PGM ounce (F2016: R8 244 per 6E PGM ounce), mainly due to restructuring initiatives at the mine.

Production ramp-up at South 2 Shaft has been slower than expected, however, an upward trend has commenced, particularly in the last quarter of F2017. The focus will remain on ramping up of production from South 2 Shaft. Mining in areas that are producing at a loss is being stopped.

Management is currently involved in an optimisation initiative, which will see Modikwa Mine performing concentrated mining.

As reported in the 1H F2017 results, ARM recorded an attributable impairment of R734 million after tax and non-controlling interest of Modikwa Mine assets during the year.

Nkomati Mine

Chrome concentrate sales from Nkomati Mine decreased by 12% to 241 265 tonnes (F2016: 272 817 tonnes), but contributed R408 million to cash operating profit due to a substantial increase in the realised Rand chrome prices. The decrease in chrome production was mainly a result of the chrome washing plant being stopped in November 2015 due to low prices at the time. The chrome washing plant was restarted during October 2016.

Nkomati Mine's total tonnes milled decreased by 9% to 7.49 million tonnes. Nickel units produced decreased by 26% to 15 875 tonnes (F2016: 21 592 tonnes). The main reasons for this underperformance were:

- Poor mining efficiencies in the first half of the year, resulted in lower ore supply to both the PCMZ and MMZ plants. Furthermore, the mining contractor was impacted by a 15-day unprotected strike and safety stoppages, which negatively affected production. Corrective action was taken with regards to the safety stoppages with changes implemented to the shift arrangements and fatigue management.
- A change in the mining sequence caused by insufficient waste stripping and geotechnical challenges, which resulted in a decrease in the ore mined, reduced ore feed, head grade and plant recoveries.
- The construction of a second pile wall, which commenced to achieve slope stability on the Western perimeter of the open pit. This resulted in mining being confined to the Eastern benches only, which are lower grade. The mining of the Western benches will commence in the second half of F2018, once Pile Wall 2 construction is completed.

Nkomati Mine's C1 unit cash costs net of by-products increased by 15% to US$4.81/lb (F2016: US$4.18/lb) largely due to the decrease in nickel units produced. Higher waste stripping volumes resulted in unit cost per tonne milled (including capitalised waste stripping costs) increasing to R367 per tonne milled.

The R617 million capitalised waste stripping is included in the on-mine cash cost per tonne milled and the C1 cash unit cost net of by-products.

As reported in the 1H F2017 results, ARM recorded an attributable impairment of R711 million after tax of Nkomati Mine assets during the year.

ENSURING A SAFE, HEALTHY AND SKILLED WORKFORCE

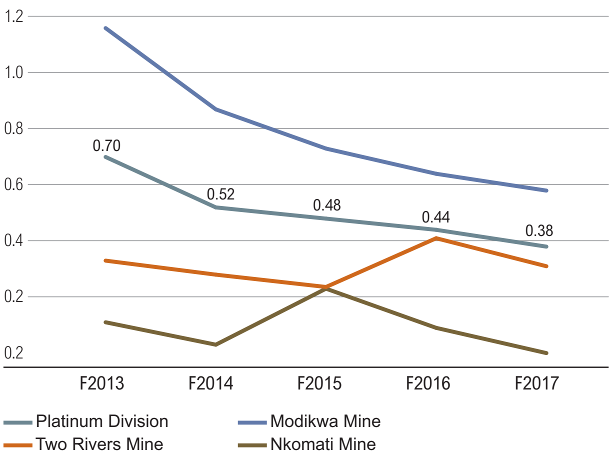
The ARM Platinum total workforce decreased by 10% to 10 340 at 30 June 2017 (F2016: 11 543), of which 69% were Full-Time Employees (FTEs) (F2016: 68% FTEs) and 31% contractors. The division invested R54 million in training initiatives.

Safety

Lost Time Injuries (LTIs) decreased to 47 (F2016: 56) and the LTIFR improved to 0.38 (F2016: 0.44) per 200 000 man-hours worked. The last fatality in the division was in June 2014.

Nkomati Mine recorded zero LTIs during the year and Modikwa Mine completed three million fatality-free shifts.

LTIFR
(per 200 000 man-hours)



Operation	Total fatality-free shifts worked	Last fatality
Modikwa Mine	**3 985 316**	June 2014
Two Rivers Mine	**3 907 495**	January 2012
Nkomati Mine	**5 768 196**	September 2008

There were 20 Section 54 Notices resulting in safety stoppages during the year (F2016: 27). There was one Section 55 Notice issued, although this did not result in any shifts lost (F2016: 2, no shifts lost).

Production at Modikwa Mine was affected by operators' poor attendance around the holidays in December, January and April, as well as by the stoppages due to Section 54 Notices.

The shift cycle for mining operations at Nkomati Mine was changed from two 12-hour shifts to three eight-hour shifts after several fatigue-related mobile machinery accidents. Fatigue in the workforce is exacerbated as travelling times for operators to and from the mine average an hour and a half to two hours.

ARM Platinum lost no man-days due to industrial action in F2017 (F2016: 1 607).

Health

Noise Induced Hearing Loss (NIHL) continues to be a focus across the group and 18 410 audiometric tests were conducted during F2017. Of these, 19 NIHL cases were submitted for compensation (F2016: 16).

HIV counselling is offered to all employees who visit the site clinics. HIV testing remains voluntary, and is referred to as Counselling and Voluntary Testing (CVT). 16 602 employees received counselling during F2017 (2016: 16 347). HIV prevalence rates at the operations are estimated to be below those of the districts in which the mines operate.

In terms of our integrated HIV, Tuberculosis (TB) and Sexually Transmitted Infections (STI) policy, 19 942 employees were screened for TB in the year to December 2016 (C2015: 21 286) using the Department of Health's passive screening form as part of the TB management programme. 44 new cases of TB were identified (F2016: 63) and 49 were cured. Three cases of multi-drug or extreme drug resistant TB (MDR or XDR TB) were reported at ARM Platinum operations during F2017.

Group awareness discussions were implemented at the Modikwa Mine clinic to raise awareness among employees waiting for their annual medical examination. This led to the number of employees electing to be tested after HIV counselling increasing to 100%.

Two Rivers Mine concluded a memorandum of understanding with the Department of Health to enable the Two Rivers Mine clinic to provide primary healthcare services and specific medication (including treatment for chronic diseases and TB) to employees and contractors on behalf of the Department.

Diversity

HDSA representation at management level in the Platinum Division was 64% and remains an area of focus. All three mines in the division submitted reports in terms of the existing Mining Charter as required by the Mineral and Petroleum Resources Development Act (MPRDA).

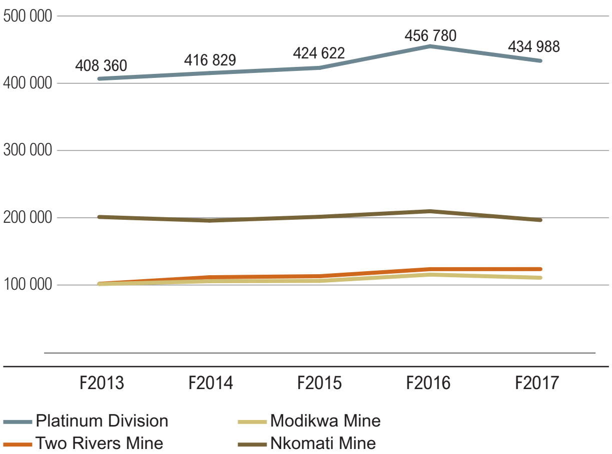
ARM PLATINUM continued

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES

Emissions

ARM Platinum's combined Scope 1 (direct) and Scope 2 (indirect) carbon emissions were 434 988 equivalent tonnes of CO_2 (tCO_2e) on an attributable basis (F2016: 456 780 tCO_2e), a decrease of 5%. Modikwa Mine produced 26% of the division's total emissions, Nkomati Mine 46% and Two Rivers Mine 28%.

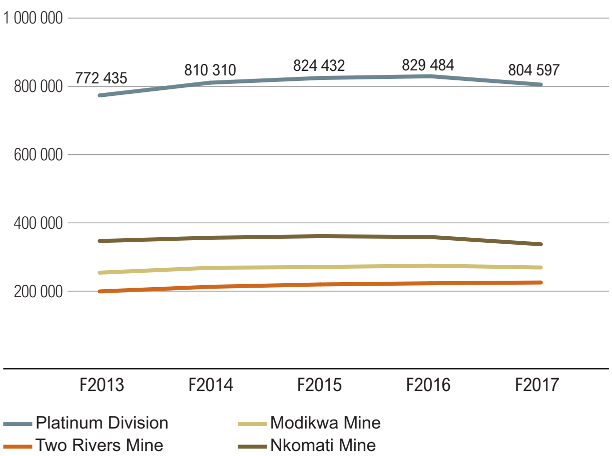
SCOPE 1 AND 2 CARBON EMISSIONS
(tCO_2e)



Energy use

The division's electricity consumption was 804 597 megawatt hours (MWh) on a 100% basis. This represents a decrease of 3% compared to consumption of 829 484 MWh in F2016. The decrease is mainly attributable to a 6% decrease in electricity consumed at Nkomati Mine, which put its underground section under care and maintenance and did not run its chrome washing plant for part of the year.

ELECTRICITY CONSUMPTION
(MWh)



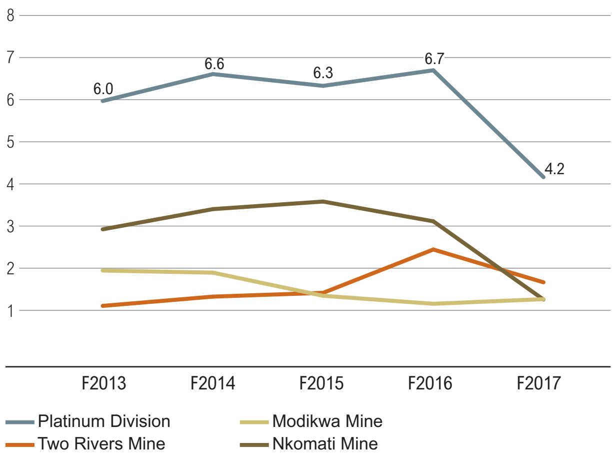
Various energy efficiency initiatives were implemented during F2017.

> Two Rivers Mine implemented a compressor efficiency initiative, a power factor correction project, improved ventilation efficiency, rolled out behaviour change awareness and maintenance programmes and installed energy efficient lighting;

> Modikwa Mine implemented projects to improve compressor efficiency, increase energy efficiency of fans, introduced guide vane controls, installed variable speed drives on cooling towers, reduced pumping energy requirements and associated costs by cutting back on water abstraction and installed energy efficient lighting; and

> Nkomati Mine removed redundant transformers, which reduced no-load losses; installed energy efficient equipment and lighting; and ran building awareness initiatives.

WATER ABSTRACTED
(million m^3)



ARM Platinum abstracted 4.2 million m^3 of water in F2017, 38% less than in F2016 mainly due to decreased activity at Nkomati Mine. Nkomati and Modikwa mines accounted for 30% of the division's total water withdrawal each, with Two Rivers Mine abstracting 40%.

MAINTAINING OUR SOCIAL LICENCE TO OPERATE

ARM Platinum invested R29 million in LED in terms of our SLPs (F2016: R17 million). CSI expenditure was R11 million (F2016: R5 million), bringing the total investment in CSR projects to R40 million (F2016: R22 million).

Two Rivers Mine lost three mining production days due to community unrest during F2017 and Modikwa obtained an urgent interdict to stop illegal mining activities on its premises, which was followed by disruptions to employee transport.

LED projects included the following:

> Modikwa Mine resurfaced gravel and paving access roads to the graveyards in the villages of Matimatjatji, Mooihoek, Mamphahlane and Sehlaku, creating 27 temporary jobs.
> Modikwa Mine also regravelled the access road to Mamphahlane village, creating seven temporary jobs.
> Modikwa Mine installed Apollo overhead lights at Hwashi and Mamphahlane, creating four temporary jobs.
> Two Rivers Mine constructed a new administration block at Maremele Primary School in Kutullo village, benefitting approximately 500 pupils and creating 10 jobs.
> Two Rivers Mine contracted a local supplier to support road safety in Ngwaabe village and Sekhukhune Road by filling potholes, improving the condition of the road and introducing traffic calming measures. The project created 15 jobs.
> Two Rivers Mine also renovated Mashishing Community Hall, which had been unused since 2000, reviving this recreational facility for the local community and creating 7 jobs.
> Nkomati Mine contributed to the Badplaas community security services and repaired drainage systems as a CSI initiative.

PROJECTS

Two Rivers Platinum Mine

The addition of the Tamboti mining right to the mining area of Two Rivers Mine will result in the deepening of the main decline.

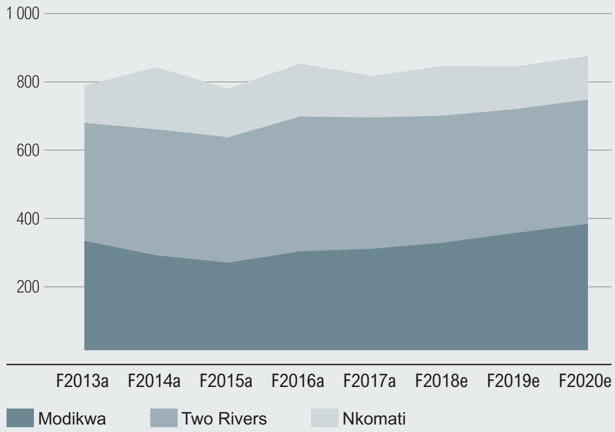
Modikwa Mine

In order to improve mining flexibility, a decision was taken to deepen North Shaft and sink the new South 2 Shaft. The status of these projects is detailed below:

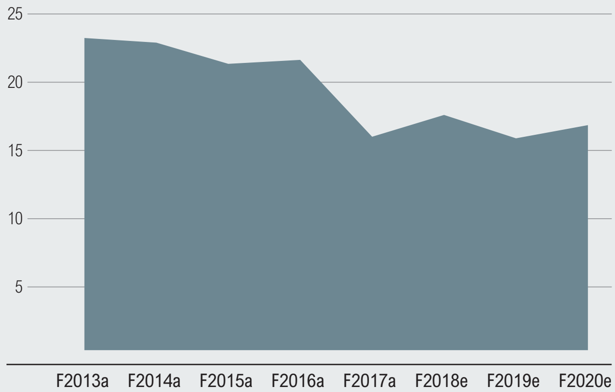
> **Deepening of the North Shaft –** This project entails the deepening of North Shaft from Level 7 to Level 9, thereby establishing three new mining levels. To curtail capital expenditure, portions of this project were deferred during F2015, resulting in current development being delayed at Level 9. Level 7 and 8 are both fully equipped with all the required mining infrastructure and the chairlift installation and construction to surface was commissioned in February 2017.
> **Sinking of the new South 2 Shaft –** This project entails the establishment of an additional new decline shaft system South of the current South Shaft Infrastructure. The first phase of the project will enhance mining flexibility while also contributing to the overall production build-up of the mine. Phase 1 of the project has almost been completed and will take the production capacity to 50 000 tonnes of ore per month by 2019. The second phase will follow and increase the design capacity of this shaft system to 100 000 tonnes per month.

Production and sales volumes from F2013 to F2020 (100% basis)

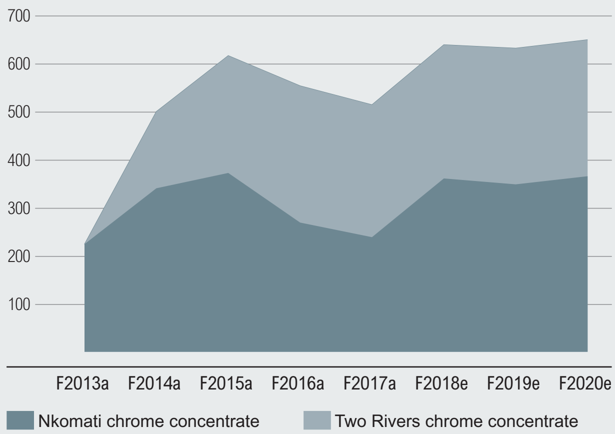
PGM PRODUCTION
(000oz)



NKOMATI NICKEL PRODUCTION
(000t)



CHROME SALES
(000t)



ARM PLATINUM continued

SUMMARY ARM PLATINUM SUSTAINABILITY STATISTICS (100% BASIS)

		F2017	F2016	F2015	F2014	F2013
Employee indicators						
Average number of permanent employees and contractors*		**9 321**	9 704	10 413	10 184	11 249
– Permanent employees		**5 724**	5 992	6 347	6 061	5 853
– Contractors		**3 597**	3 712	4 066	4 123	5 396
LTIFR per 200 000 man-hours		**0.38**	0.44	0.48	0.52	0.70
Environmental indicators						
Scope 1 and 2 carbon emissions	tCO_2e	**434 988**	456 780	424 622	416 829	408 360
Total water withdrawn**	million m^3	**4.2**	6.7	6.3	6.6	6.0
Energy usage						
– Electricity	MWh	**804 597**	829 484	824 432	810 310	772 435
– Diesel	000 litres	**34 029**	33 361	34 875	34 257	41 197
Community investment indicators						
Total CSR		**40**	22	36	40	30
– CSI	R million	**11**	5	11	9	10
– LED	R million	**29**	17	25	31	20

* *The number of permanent employees and contractors are reported on an average for the year basis, consistent with the calculation of safety statistics.*

** *Includes municipal, surface and ground water.*

SUMMARY OPERATIONAL AND FINANCIAL INDICATORS (100% BASIS)

MODIKWA PLATINUM MINE

Ownership:

Effective 41.5% shareholding held through ARM Mining Consortium. 8.5% is held by local communities and 50% by Anglo American Platinum.

Management:

Jointly managed by ARM and Anglo American Platinum.

Refining:

All metal in concentrate produced is sold to Anglo American Platinum.

		F2017	F2016	F2015	F2014	F2013
OPERATIONAL						
Production volumes						
Platinum	oz	**116 531**	113 792	100 593	111 310	128 142
Palladium	oz	**114 274**	111 507	99 082	106 654	122 213
Rhodium	oz	**24 144**	23 605	20 802	21 933	25 598
Gold	oz	**3 014**	3 011	2 694	3 382	3 444
Ruthenium	oz	**34 965**	33 637	29 762	31 065	36 544
Iridium	oz	**8 302**	8 051	7 104	7 361	8 685
PGMs	oz	**301 228**	293 604	260 037	281 706	324 626
Nickel	t	**589**	597	531	667	648
Copper	t	**365**	364	321	409	400
Other operational indicators						
Tonnes milled	Mt	**2.01**	2.05	1.86	2.10	2.33
Head grade	g/t 6E	**5.43**	5.27	5.17	5.06	5.35
Basket price	R/kg 6E	**334 051**	315 748	336 699	322 789	287 424
Cash cost	R/t	**1 265**	1 182	1 187	1 010	876
Cash cost	R/PGM oz	**8 463**	8 244	8 481	7 545	6 275
Cash cost	R/Pt oz	**21 878**	21 271	21 924	19 095	15 897
Cash cost	R/kg 6E	**272 104**	265 046	272 676	242 577	201 752
FINANCIAL						
Sales revenue	R million	**2 513**	2 409	2 164	2 457	2 465
Cash operating cost	R million	**2 549**	2 420	2 205	2 125	2 037
Cash operating (loss)/profit	R million	**(36)**	(11)	(41)	332	428
Capital expenditure	R million	**262**	282	646	570	286

AFS Refer to Note 2 of the Annual Financial Statements for the Modikwa Mine segmental information.

ARM PLATINUM continued

SUMMARY OPERATIONAL AND FINANCIAL INDICATORS (100% BASIS)

TWO RIVERS MINE

Ownership:

ARM owns 51% of Two Rivers Mine. Impala Platinum owns the remaining 49%.

Two Rivers received consent during August:

i) to transfer the Tamboti rights to it, and
ii) to have its mining right amended accordingly.

The amended right is expected to be issued to Two Rivers imminently at which point ARM's interest in Two Rivers will increase to 54%.

Management:

Managed by ARM.

Refining:

All metal in concentrate produced is sold to an Impala subsidiary Impala Refining Services (IRS)

		F2017	F2016	F2015	F2014	F2013
OPERATIONAL						
Production volumes						
Platinum	oz	**181 882**	185 856	173 544	175 065	162 182
Palladium	oz	**107 108**	110 943	101 967	102 686	98 635
Rhodium	oz	**31 797**	33 098	30 645	30 993	28 664
Gold	oz	**2 681**	2 695	2 506	2 473	2 249
Ruthenium	oz	**54 094**	55 110	51 815	51 432	47 696
Iridium	oz	**12 653**	13 020	12 116	12 033	11 019
PGMs	oz	**390 214**	400 722	372 592	374 681	350 443
Nickel	t	**602**	648	584	566	555
Copper	t	**280**	308	267	249	242
Chrome sold	t	**275 189**	283 765	240 411	160 951	–
Other operational indicators						
Tonnes milled	Mt	**3.50**	3.51	3.36	3.28	3.17
Head grade	g/t 6E	**3.90**	4.06	3.98	4.01	4.02
Basket price	R/kg 6E	**333 746**	320 977	341 200	330 214	298 384
Cash cost	R/t	**690**	642	595	602	579
Cash cost	R/PGM oz	**6 195**	5 624	5 365	5 266	5 244
Cash cost	R/Pt oz	**13 291**	12 125	11 519	11 271	11 331
Cash cost	R/kg 6E	**199 168**	180 802	172 503	169 314	168 594
FINANCIAL						
Sales revenue	R million	**3 996**	3 917	3 676	3 671	2 868
Cash operating cost	R million	**2 417**	2 253	1 999	1 973	1 838
Cash operating profit – Total	R million	**1 359**	1 356	1 418	1 486	1 011
Cash operating profit – PGMs	R million	**1 006**	1 226	1 270	1 424	1 011
Cash operating profit – Chrome	R million	**352**	130	148	62	–
Capital expenditure	R million	**293**	282	277	317	498

AFS Refer to Note 2 of the Annual Financial Statements for the Two Rivers Mine segmental information.

SUMMARY OPERATIONAL AND FINANCIAL INDICATORS (100% BASIS)

NKOMATI MINE

Ownership:

ARM owns 50% of Nkomati Mine. Norilsk Nickel Africa (Pty) Ltd owns the remaining 50%

Management:

The mine is managed as a 50:50 unincorporated joint venture with Norilsk Nickel Africa (Pty) Ltd.

Refining:

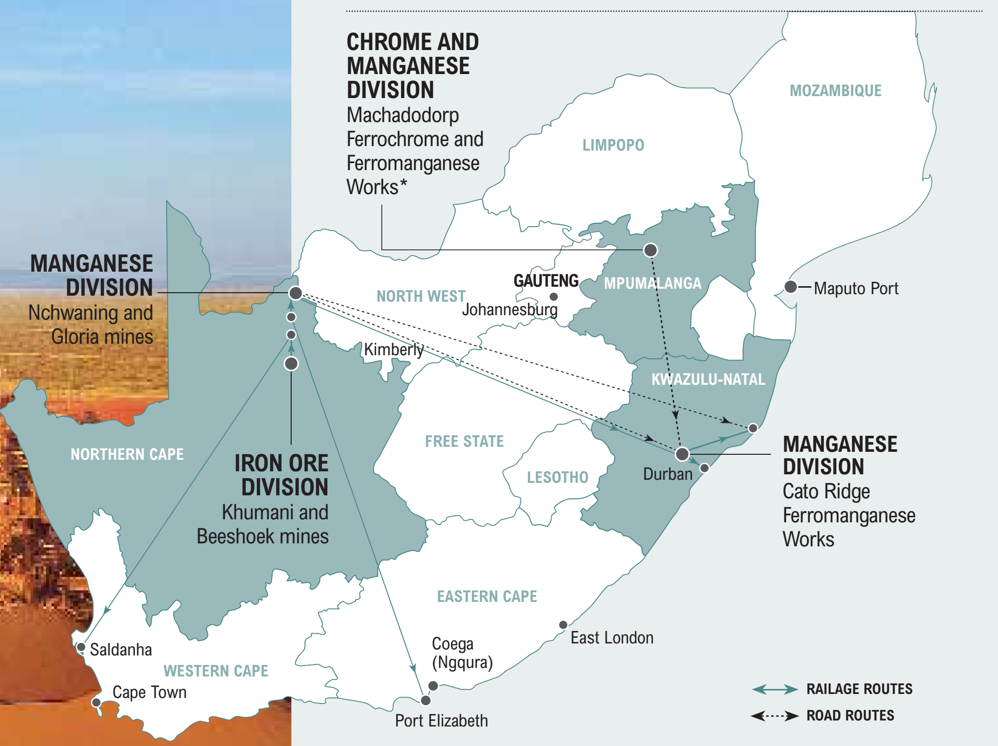
All metal in concentrate produced (excluding chrome) is sold to Metal Trade Overseas AG. Chrome concentrate is sold on the spot market, through marketing agents, to various end-users.

		F2017	F2016	F2015	F2014	F2013
OPERATIONAL						
Production volumes						
Nickel	t	**15 875**	21 592	21 298	22 874	23 220
Copper	t	**7 637**	9 893	9 666	10 116	9 877
Cobalt	t	**813**	1 065	1 116	1 133	1 101
PGMs	oz	**123 745**	157 598	144 368	185 194	111 185
Chrome concentrate sold	000t	**241**	273	377	342	225
Other operational indicators						
Tonnes milled	Mt	**7.49**	8.24	8.03	7.93	7.59
Head grade	%	**0.30**	0.36	0.36	0.39	0.41
Average nickel price	US$/t	**9 882**	9 275	15 102	15 488	16 245
Nickel on-mine cash cost per tonne treated	R/t	**284**	295	296	308	292
Nickel on-mine cash cost per tonne milled (including capitalised waste stripping costs)	R/t	**367**	338	347	328	308
Cash cost net of by-products	US$/lb	**4.81**	4.18	4.85	4.81	4.98
FINANCIAL						
Sales revenue	R million	**3 991**	4 491	5 372	6 063	4 488
Cash operating cost	R million	**2 128**	2 435	2 380	2 444	2 218
Cash operating profit/ (loss) – Total	R million	**660**	(112)	815	1 813	1 178
Cash operating profit – Nickel Mine	R million	**252**	(232)	537	1 656	1 054
Cash operating profit – Chrome	R million	**408**	120	278	157	124
Capital expenditure	R million	**718**	488	666	258	189

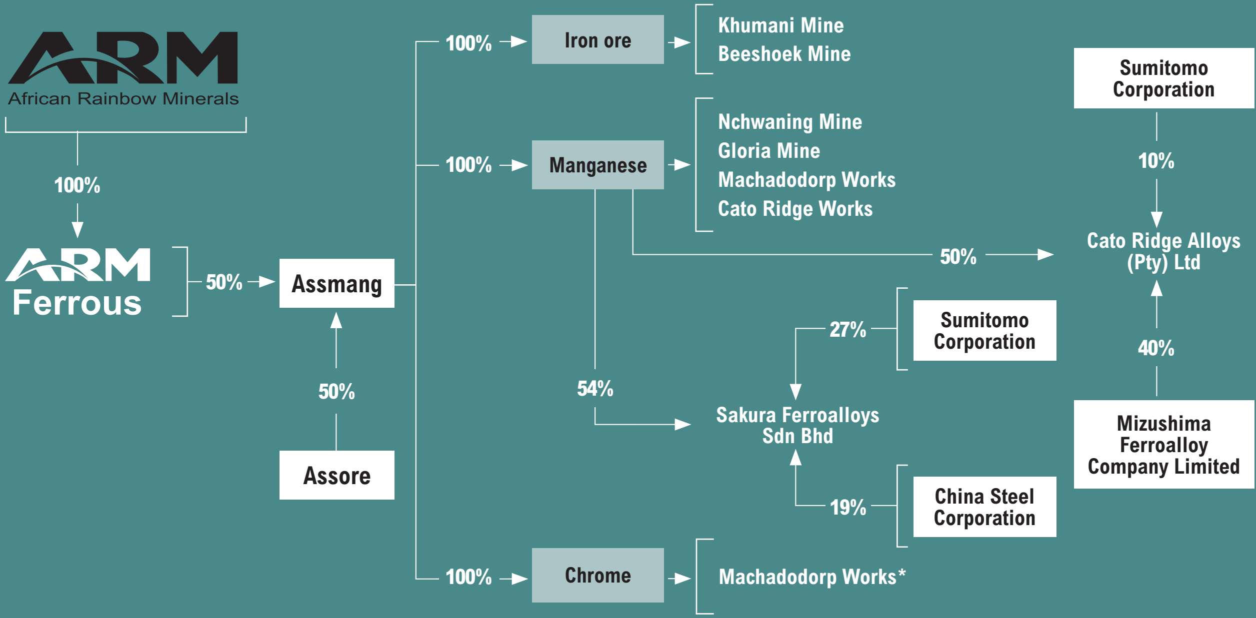
AFS Refer to Note 2 of the Annual Financial Statements for the Nkomati Mine segmental information.

ARM FERROUS

André Joubert, Chief Executive



* Machadodorp Works is currently recovering ferrochrome from historical slag dumps through the metal recovery plant.



* Machadodorp Works is currently recovering ferrochrome from historical slag dumps through the metal recovery plant.

KEY FEATURES FOR F2017

Headline earnings increased by 157% to **R3.7 billion.**

Realised US Dollar prices for iron ore and manganese ore were 43% and 93% higher respectively.

Below inflation unit production cost increases were achieved at both the iron ore and manganese ore operations.

Record LTIFR of **0.17** per 200 000 man-hours achieved.

Black Rock Project currently 80% spent or committed.

MATERIAL MATTERS

Delivering financial returns to shareholders and other providers of capital

- Volatility in commodity prices
- Maintaining production of high quality manganese ore and iron ore
- Profitability of smelters
- Completion and ramp-up of Black Rock Project on schedule and on time

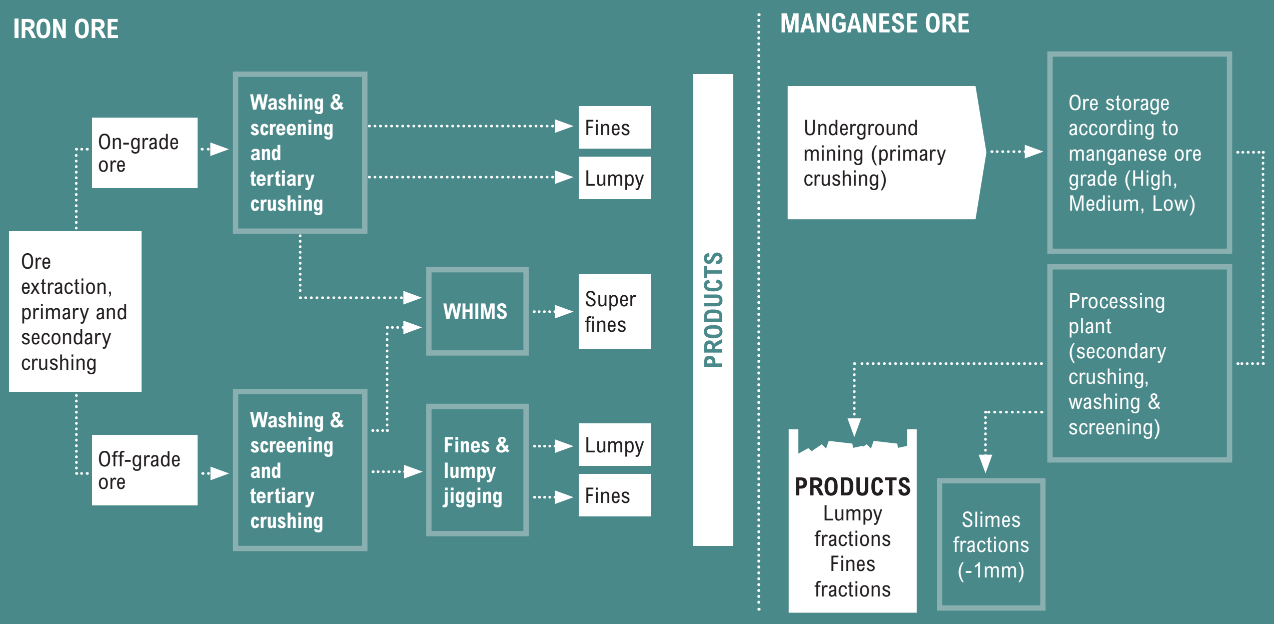
Continuously improving operational performance

- Logistics for manganese ore and iron ore to the ports
- Impact of higher than inflation labour and electricity cost increases on unit production costs

Maintaining our social licence to operate

- Regulatory uncertainty
- Stakeholder expectations (mainly communities, unions and government) from the mines
- Achieving transformation targets

PRODUCTION PROCESSES



ARM FERROUS continued

SCORECARD

KHUMANI MINE

F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
Maintain the good safety performance achieved to date.	**Achieved** LTIFR reduced by 39% year-on-year.	Maintain the good safety performance achieved to date.
Increase production to 14.5 million tonnes per annum.	**Achieved** 14.6 million tonnes produced.	Sustain production output at 14.3 million tonnes per annum.
Produce 350 000 tonnes of ultra-fines product for the year.	**Achieved** 453 000 tonnes of ultra-fines product produced.	Increase ultra-fines product to 600 000 tonnes per annum.
Target iron ore sales on the export market of 14 million tonnes per annum.	**Achieved** Total export sales achieved were 14.06 million tonnes.	Maintain export iron ore sales of 14 million tonnes per annum.
Complete the evaluation of technology to upgrade low grade iron ore feed material.	**Achieved** Final report completed.	Evaluate when to implement technology to recover low grade feed material.
Complete the drilling of five boreholes to improve water supply options.	**Achieved** Drill-work and sampling of the boreholes completed.	Evaluate the equipping and extraction of water from the five boreholes.
Contain unit cost escalations below inflation.	**Achieved** On-mine unit production costs increased by 4% year-on-year.	Contain unit cost escalations within inflation.
Secure an offset area for Khumani Mine.	**Achieved** Offset area procured.	Execute a management program for the offset area.

BEESHOEK MINE

F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
Maintain the good safety performance achieved to date.	**Achieved** 3.5 million fatality-free shifts.	Maintain the good safety performance achieved to date.
Sustain production of 3 million tonnes per annum.	**Achieved** 3.15 million tonnes produced.	Increase production output to 3.7 million tonnes per annum.
Target iron ore sales to the local market of 3 million tonnes.	**Achieved** Local sales were 3.2 million tonnes.	Target iron ore sales to the local market of 3.5 million tonnes per annum. Target iron ore sales to the export market of 300 000 tonnes.
Accelerate the mining programme in the East Pit to manage the slope stability.	**Achieved** The accelerated mining programme is on schedule.	Complete the mining activities in East Pit by December 2018.
Evaluate product recovery options for the Beeshoek tailings stream.	**Achieved** Pre-feasibility study and test work indicates good potential.	Complete feasibility study for the tailings recovery project.

BLACK ROCK MINE

F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
Maintain the good safety performance achieved to date.	**Achieved** 5.5 million fatality-free shifts achieved.	Maintain the good safety performance achieved to date.
Ramp up production in line with the Transnet expansion schedule.	**Achieved**	Ramp up production in line with the Transnet expansion schedule. Target 3.6 million tonnes of product for 2018.
Complete the following:	**Achieved as follows:**	Complete the following:
> Commissioning and licensing of the Nchwaning II winder.	> Winder successfully commissioned.	> Stacker 2 commissioning. Commissioning of the product stockyard, load-out station and rail balloon.
> Commissioning the Nchwaning II Shaft upgrade.	> Nchwaning II Shaft upgraded.	> Rail link line. Performance testing of product load-out system.
> Nchwaning II underground mining development at shaft bottom.	> Underground mining completed.	> Nchwaning I key underground infrastructure.
> Nchwaning I key underground infrastructure development.	> Nchwaning I key infrastructure developed.	> Nchwaning II underground sliping and support.
> Construction and commissioning of the new rail balloon.	> New rail commissioned.	> Nchwaning II underground silos at station ore handling system.
> New stacker, product reclaimer and load-out station.	> New stacker, product reclaimer and load-out station constructed.	> Nchwaning III underground sliping and support in Satellite Tip 1 Area.
> Commissioning of new time-and-attendance system.	> New time-and-attendance system commissioned.	> Nchwaning III underground Silos at Satellite Tip 1 Area.
> Commissioning of Nchwaning II surface plant.	> Commissioned Nchwaning II surface plant.	> Nchwaning III underground mining development. Gloria second escape shaft commissioning and winder licencing.
> Evaluation of Gloria underground infrastructure development.	> Evaluated Gloria underground infrastructure development.	> Gloria decline design and procurement process. Commence with design on Gloria underground infrastructure.

CATO RIDGE WORKS

F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
Assess which furnaces are the lowest cost and operate the lowest cost combination.	**Achieved** The lowest cost combination of furnaces was assessed and is now fully operational.	Contain unit production cost increases.
Ladle carrying equipment will be tested so that it becomes possible to transfer hot metal from Furnace 2 to the refined alloy business.	**Achieved** The ladle carrying equipment to transfer hot metal to Cato Ridge Alloys (CRA) was successfully implemented and currently fully operational.	
Assess the use of self-reducing pellets to enhance furnace efficiencies.	**Achieved** Self-reducing pellets were tested and enhanced furnace performance was achieved during the trial.	Assess furnace performance and cost when using lower grade N-Ore from the mine.
Progress technology to pilot testing phase if feasible (direct reduction).	**Achieved** Proof of concept achieved.	Design and build a demonstration furnace if approval is obtained.

ARM FERROUS continued

SAKURA FERROALLOYS

F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
		Optimisation of the raw material mix feed into the furnaces to reduce costs.
		Commission the Brex Plant to full production to consume fines on site.
		Complete slag test work to determine suitability for application in the aggregate industry

COMMODITY MARKETS

Crude steel

Global steel demand grew by approximately 1% in the 2016 calendar year compared to 2015. Most of the growth was reported in Asia, but Europe also contributed positively. World crude steel production increased marginally by 0.6% in 2016 after a contraction of 3% in 2015. Chinese crude steel production increased by 1.2% to 808 million tonnes.

Most economies outperformed market expectations and steel demand has been stronger than expected. Steel mills, particularly in China, continue to report strong margins on the back of government construction and infrastructure spending. Market sentiment remains positive for the 2017 calendar year as the Chinese government implements curtailment of outdated and inefficient steel production capacity. Environmental restrictions introduced for the winter season have also added to positive sentiment for steel mills and contributed to higher steel prices.

Fiscal, environmental and monetary policies in China are expected to continue to shape demand for steel and related commodities.

Iron ore

A robust Chinese steel sector assisted in driving and maintaining higher than expected prices for iron ore, with the price for 62% iron ore fines (delivered in China) reaching US$95 per tonne during February 2017, a level last recorded in August 2014. Iron ore prices did not, however, sustain the upward trend and reduced slightly from these highs towards the end of F2017 as increased supply of high-cost iron ore entered the market again. This was in contrast with steel prices, which continued to strengthen.

For the financial year ended 30 June 2017, the average market price for 62% iron ore fines (CIF North China) increased by 37% to US$69.41/t compared to the corresponding comparative period. The lumpy premium weakened significantly in the year under review to a historical low of US$1/mt during April 2017, mainly as a result of additional lumpy ore supplied to the market, as well as high stock levels. Increased focus on productivity by steel mills as well as environmental restrictions assisted to increase the demand for lumpy iron ore and the lumpy premium recovered to US$13/mt by year-end.

Structurally, the iron ore market remains oversupplied and increased supply from lower cost producers over the next two years is expected to continue driving the need for higher cost displacement. Consensus remains that the current price rally, which started at the end of the financial year and continued into F2018, may not be sustainable past the first half of the 2018 calendar year as supply of iron ore increases.

The geographical sales distribution reflected Assmang's stable sales and marketing strategy, targeting not only nett return but also less volatile markets, mostly to end steel mill consumers.

China remains the largest market for Assmang's iron ore.

Domestic sales in South Africa increased to 19% of total sales volumes. The negative outlook for the South African economy remains a concern, particularly as the domestic steel industry is not experiencing similar positive conditions to major international steel markets.

Manganese ore

Manganese ore prices were volatile in F2017, with prices reaching an eight-year high of US$9.22/mtu for 44% manganese ore CIF China and US$7.45/mtu for 37% manganese ore FOB Port Elizabeth in December 2016. The rally was driven by reduced supply caused by a series of production cuts in the industry in late 2015 and early 2016, which were implemented after a sustained period of low prices.

With prices increasing during most of 2016 and most significantly from August to December 2016, production cutbacks were reversed, with some small volumes brought back into production. This coincided with the increase in Chinese crude steel production, increasing demand for manganese alloys. Other factors contributing to the manganese ore price rally on both high grade (oxide ores) and medium grade (semi-carbonate ores) were logistical bottlenecks in South Africa's ports and rail infrastructure. The railway line to Port Elizabeth experienced several interruptions, while the port experienced loading issues due to the refurbishment of the two tipplers which had commenced in July 2016.

The second half of the financial year saw a sharp downward correction in prices due to weakening market demand going into the Chinese New Year (in February) and an increase in available material. This was driven mostly by suppliers responding to the higher prices by selling off stocks and increasing capacity utilisation at existing assets.

Inventories at Chinese ports during this period rose to levels of around 3.3 million tonnes, resembling a time when the market was in a state of oversupply. The average index price for F2017 for the high grade lumpy ore (44% manganese content) was US$5.77/mtu (delivered in China) (F2016: US$2.88/mtu), while the average medium grade (lumpy) ore price index (37% manganese content) for F2017 was US$4.56/mtu (FOB Port Elizabeth) (F2016: US$2.31/mtu).

Manganese alloys

Consistent with the previous years, the start of the financial year was marked with weak demand and an oversupply in the manganese alloy market. Toward the end of the first half of the financial year, manganese alloy prices rallied, first in Asia and then, from November onwards, in the USA and Europe as a result of higher input costs and increased steel demand.

The tight market experienced in the USA and Europe persisted throughout the second half of the financial year, with supply insufficient to meet strong demand. The overall market tightness in supply led to significantly more resilient alloy prices compared to previous years. The last time prices were around F2017 levels was the end of 2009 to early 2010.

Outlook

The outlook for world economic growth continues to improve in most regions and is expected to result in a more positive outlook for commodities compared to a year ago. Underlying market fundamentals remain positive, but the impact of additional supply is expected to affect iron ore prices with many analysts predicting a price of around US$60/t by the end of F2018. Credit tightening in China together with weaker sentiment could impact demand and price negatively in the short-term.

The high manganese ore inventory in China and increased production levels globally (since the cuts in early 2016) are expected to affect the supply/demand balance in the short term, with analysts' expectations of a weaker manganese ore price.

FINANCIAL PERFORMANCE

ARM Ferrous headline earnings increased by 157% to R3 709 million (F2016: R1 441 million) mainly driven by a significant increase in the iron ore, manganese ore and manganese alloy US Dollar prices. These increases were partially offset by a 6% strengthening of the Rand versus the US Dollar.

The operations were able to deliver into this improved price environment, realising average US Dollar prices that were 43% and 93% better for exported iron ore and manganese ore, respectively.

In addition to improved realised prices, disciplined unit production cost containment and increased volumes at the iron ore and manganese alloy operations also contributed to higher earnings.

ARM FERROUS HEADLINE EARNINGS BY DIVISION

	12 months ended 30 June		
R million	2017	2016	% change
Iron ore division	**4 373**	2 429	80
Manganese division	**2 322**	396	>200
Chrome division	**749**	111	>200
Total (100% basis)	**7 444**	2 936	154
ARM share	**3 723**	1 468	154
Consolidation adjustments	**(14)**	(27)	
Headline earnings attributable to ARM	**3 709**	1 441	157

ARM FERROUS UNIT COST AND EBITDA MARGIN PERFORMANCE

Commodity group	Unit cost of sales % change	On-mine unit production cost % change	EBITDA margin %
Iron ore	2	3	45
Manganese ore	12	1	45
Manganese alloys	5	5	4

CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE

Iron ore

Iron ore contributed a significant R4 373 million to the ARM Ferrous headline earnings (on a 100% basis).

ARM Ferrous iron ore sales volumes were up 2% to 17.3 million tonnes, of which 14.1 million tonnes were sold into the export market and 3.2 million tonnes were sold locally. Iron ore production volumes were a record 17.7 million tonnes, a million tonnes higher than F2016.

Khumani Mine production volumes increased 6% to 14.5 million tonnes. The increased volumes were achieved through better in-pit blending of ore, together with improvements to the beneficiation plant's availability, performance and maintenance planning. Khumani Mine also successfully commissioned an ultra-fines recovery circuit in March 2017 to recover an additional 250 thousand tonnes of ultra-fine iron ore product per annum. The circuit is now fully operational.

Beeshoek Mine production volumes increased marginally to 3.2 million tonnes as the mine continued to deliver as per its off-take agreement with a South African steel producer. The Beeshoek Village Pit is now in full production. In collaboration with Transnet, a link to the export line to Saldanha Port has been created for additional flexibility.

ARM FERROUS continued

All the ARM Ferrous operations contained on-mine unit production cost increases below inflation. Khumani Mine unit production costs were 4% higher than F2016, while Beeshoek Mine reported a unit production cost increase of 2%. Unit production costs at Beeshoek Mine have been kept at relatively constant levels for the past five years.

Manganese ore and alloys

Manganese ore production volumes increased by 5% to 3.1 million tonnes, despite Nchwaning 2 Shaft being out of commission for six months in F2017 as the modernisation and upgrading of Black Rock Mine continued. During the six months, teams from Nchwaning 2 were re-deployed to Gloria Mine. The newly refurbished Nchwaning II Shaft was commissioned and successfully handed over to the operations in January 2017.

There was an improvement in employee engagement and communication through the "Black Rock Mine Operation (BRMO) Connect" project, which allowed the mine to achieve its highest level of productivity in tonnes per employee and an all-time production record in the month of June 2017.

Manganese ore sales volumes were down by 4% to 3 million tonnes, of which 2.9 million tonnes were export sales and 0.1 million tonnes were sold into the local market.

Manganese alloy production at Cato Ridge Works was 5% better than in F2016 at 161 thousand tonnes, due to improved availability of furnaces and a reduction in the variability of the ore from Black Rock Mine.

Cato Ridge Works sales volumes increased by 7% to 168 thousand tonnes. Cato Ridge Works continued to focus on improving furnace efficiencies and operational flexibility. The fabrication of a bridle, enabling the transport of metal ladles with a slag hauler, now allows Cato Ridge Works to transfer molten metal to Cato Ridge Alloys from all operating furnaces, further enhancing flexibility. Input cost pressures have been mitigated by utilising briquettes comprising bag house dust, metal fines, carbon fines and other fine materials. These are agglomerated on site, thereby reducing the requirement for expensive ore by 10%. Further raw material trials are being conducted to reduce costs.

Sakura commissioned both furnaces successfully and is producing high carbon ferromanganese at levels in excess of nameplate capacity. The alloy production is also meeting customer specifications.

Ferrochrome

Machadodorp Works is currently only recovering ferrochrome from its historical slag dumps through the Metal Recovery Plant. Sales increased by 20% from F2016.

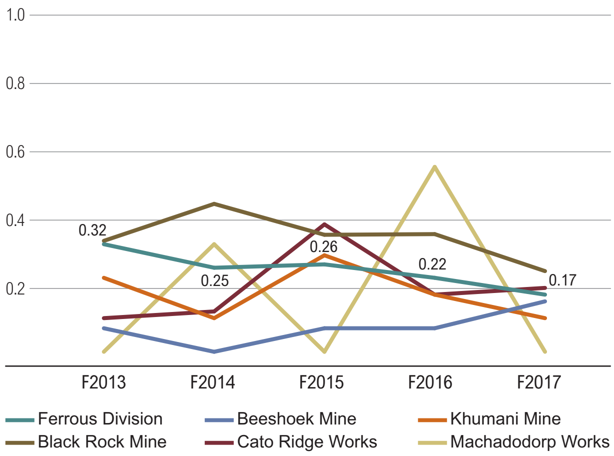
ENSURING A SAFE, HEALTHY AND SKILLED WORKFORCE

The Ferrous Division employed 4 816 full-time employees and 7 102 contractors at 30 June 2017 (F2016: 4 497 full-time employees and 5 213 contractors). The division invested R121 million in training initiatives, which represents 7.5% of payroll for the division.

Safety

ARM Ferrous achieved its best ever safety performance in F2017, with total LTIs declining to 15 for the year (F2016: 25). There were no fatalities in the division (F2016: nil) and the LTIFR per 200 000 man-hours at ARM Ferrous improved to 0.17 (F2016: 0.22).

LTIFR
(per 200 000 man-hours)



Black Rock Mine exceeded five million fatality-free shifts and Khumani Mine passed one million fatality-free shifts.

Operation	Total fatality-free shifts worked	Last fatality
Beeshoek Mine	**3 503 758**	March 2003
Black Rock Mine	**5 579 010**	April 2009
Khumani Mine	**1 456 515**	April 2015
Cato Ridge Works	**2 169 396**	February 2008
Machadodorp Works	**1 020 169**	February 2011

While overall LTIs declined, the ongoing focus on safe working practices in the Ferrous Division led to a special drive being initiated to address an increase in LTIs among contractors. The drive focused on numerous actions to improve awareness, commitment and enforcement of safety policies, procedures and practices in the workplace.

Black Rock Mine received an award from the DMR for being the safest underground mine in the Northern Cape. Presidential audits were conducted by the DMR at all three of the mines in the Ferrous Division, with no Section 54 Notices being issued during the visit.

ARM Ferrous had one Section 54 Notice which resulted in a safety stoppage in F2017 (F2016: 6), but no shifts were lost as a result (F2016: 11). No Section 55 Notices were issued in the Ferrous Division (F2016: 1).

A human resource operational excellence project has been rolled out across the Ferrous Division operations in the Northern Cape and is progressing well. Two project streams have been identified and prioritised – employee relations and contingent worker management. Extensive engagement took place at the Northern Cape operations to expand union recognition agreements to foster broader union representation and a more inclusive workplace.

Health

There were 20 313 audiometric tests conducted on employees and contractors to monitor NIHL during F2017. Of these, two cases (F2016: four) were submitted for compensation for NIHL.

13 725 employees and contractors received counselling for HIV & Aids (F2016: 9 860) and 2 250 were tested (F2016: 1 662). Employees and contractors on disease management programmes decreased to 1 431 and those receiving anti-retrovirals increased to 2 451 (F2016: 1 940).

TB screening was conducted on 27 213 employees and contractors (F2016: 23 957), with 18 new cases identified (F2016: 39) and 29 cases cured. One case of MDR TB was identified and admitted to a special MDR hospital for further management, as required by the Department of Health.

During F2017, Black Rock Mine achieved certification in terms of SANS 16001 2013, the Wellness and Diseases Management Standard. All three mines in the Northern Cape are now SANS 16001 certified.

A gap analysis audit was conducted at the Northern Cape mining operations to assess compliance with recent changes in reporting requirements by the Northern Cape DMR, specifically regarding reporting of pulmonary TB. A corporate standard was drafted detailing the required reporting procedures to various regulatory and statutory bodies and is in the process of being implemented by the operations.

Khumani, Beeshoek and Black Rock mines partner with the Northern Cape Department of Health to improve access to treatment for HIV, TB, STIs and chronic diseases.

Diversity

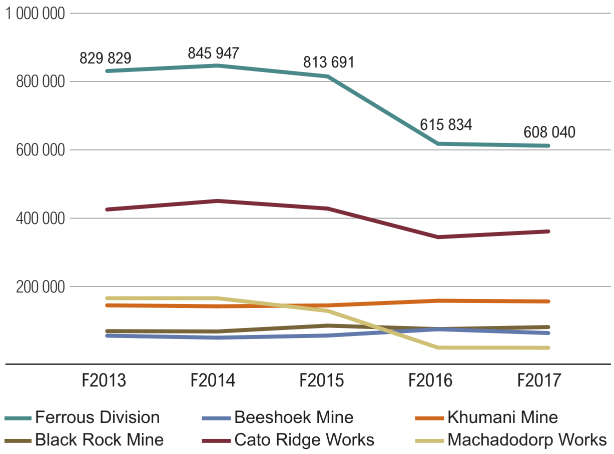
The Ferrous Division's transformation performance continued to improve and HDSA representation at management level increased to 61%. The three mines in the division reported against the existing Mining Charter as required by the MPRDA. Black Rock Mine is in the process of training safety representatives to meet the requirements of the Mining Charter.

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES

Emissions

ARM Ferrous accounted for 58% of ARM's total Scope 1 and 2 carbon footprint for F2017, producing an estimated 608 040 equivalent tonnes of CO_2 (tCO_2e) on an attributable basis (F2016: 615 843 tCO_2e). Cato Ridge Works, which accounts for 58% of the division's emissions, increased carbon emissions by 5%. However, this was offset by the sale of Dwarsrivier Mine in July 2016, which is no longer included in the calculation.

SCOPE 1 AND 2 CARBON EMISSIONS
(tCO_2e)

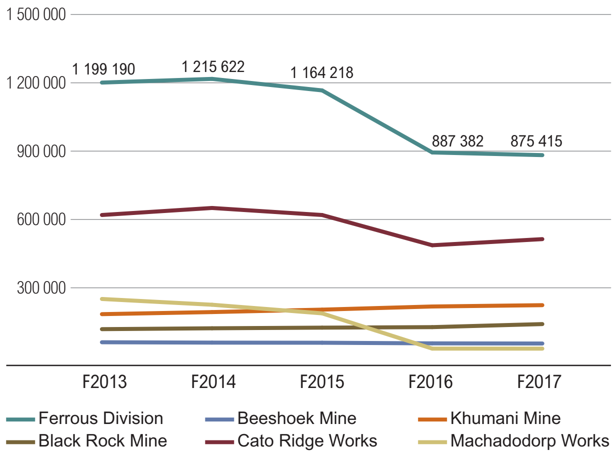


Energy use

ARM Ferrous is a member of the Energy Intensive Users Association and has an Energy Efficiency Charter to map its development and implementation of energy-efficient practices.

During F2017, the division consumed 875 415 MWh (F2016: 887 382 MWh) of electricity. Energy efficient LED lighting replacements were performed at Beeshoek and Black Rock Mines and Khumani Mine is investigating the feasibility of installing a solar PV plant.

ELECTRICITY CONSUMPTION
(MWh)



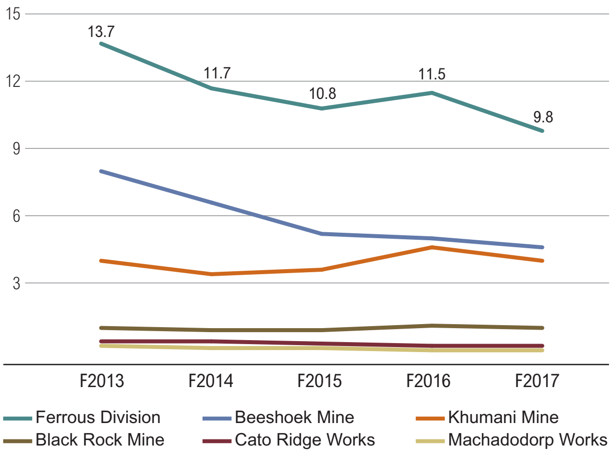
ARM FERROUS continued

Water use

Water is a scarce resource in the Northern Cape, where Black Rock, Beeshoek and Khumani mines are located. Ensuring a consistent supply of water is a key concern in the area and a potential constraint to future growth.

ARM Ferrous operations accounted for 69% of the total water abstracted by ARM operations. Beeshoek Mine accounted for 46% of the division's water abstracted although most of the mine's water is supplied to local communities. The volume of water abstracted by the ARM Ferrous operations reduced to 9.8 million m^3 in F2017 (F2016: 11.5 million m^3).

WATER ABSTRACTED
(million m^3)



Khumani Mine has undertaken a detailed groundwater study and boreholes have been sunk at key marked areas. These will form the basis for an abstraction model to supplement water from Sedibeng Water once approved by the Department of Water and Sanitation.

Since August 2016, ARM has taken a strategic role in the Vaal Gamagara Water Supply Scheme project to develop a collaborative response to the requirements for bulk water supply and pricing over the next 25 years.

MAINTAINING OUR SOCIAL LICENCE TO OPERATE

ARM Ferrous's investment in LED in terms of our SLPs decreased 1% to R63 million in F2017 (F2016: R64 million). CSI expenditure was R6 million (F2016: R9 million), bringing the total investment in CSR projects to R69 million (F2016: R73 million).

ARM Ferrous initiated the formation of a working committee with the other manganese producers in the region and the Chamber of Mines to develop sustainable solutions to the various CSR challenges in the Northern Cape.

Significant LED projects supported by ARM Ferrous include:

> Beeshoek Mine completed the construction of a 2.5 million litre elevated steel tank to improve access to potable water for the 4 118 residents of the Postdene community.
> Beeshoek Mine initiated an Small, Medium and Micro Enterprises (SMME) incubation programme focusing on alternative building methods, decorative concrete, gemazine and paintless dent repair for 20 local SMMEs.
> Beeshoek Mine supported 11 SMMEs from Tsantsabane through its enterprise and supplier development programme to support entrepreneurs in the mining value chain. Enterprises supported include a canteen, general dealer and a car wash.
> Black Rock Mine completed the refurbishment of the Ncweng Community Hall in the Ga-Segonyana Local Municipality. Six temporary jobs were created during the project and the hall is used by 279 households in the community.
> Black Rock Mine created 20 temporary jobs through a project that resealed internal roads infrastructure used by 3 188 households in Kuruman and Wrenchville.
> Black Rock Mine constructed a 2.5 kilometer tarred access road in Maruping village, creating 20 temporary local jobs and involved two companies from the mine's enterprise and supplier development programme. 6 233 households in Maruping will benefit from the road, and the neighbouring villages of Vergenoeg and Batlharos.
> Khumani Mine constructed a second reservoir to expand water storage for the benefit of the 14 751 members of the Olifantshoek community, creating 67 part-time and 24 full-time jobs.
> Khumani Mine upgraded 1.7 kilometers of gravel internal road to a paving standard road in the Deben community.
> Khumani Mine constructed 750 sanitation toilets at Magojaneng and Seoding Villages in Kuruman.

CSI projects included:

> Khumani Mine contributed to a feasibility study for the Gamagara local municipality.
> Khumani Mine donated a modified wheelchair to a child with disabilities.

PROJECTS

Black Rock Project

The total capital requirement for the Black Rock Project has been re-evaluated in line with the better outlook for manganese ore. The scope of the project has been revised from R6 billion to the original Board-approved R6.7 billion. Due to the poor outlook in F2016 and cutbacks on capital, some of the key underground elements of the project were delayed. All of this work has been re-commissioned and the revised timeline indicates that some of the underground installations will lag the original schedule.

The underground development and infrastructure work proceeded according to plan and budget. The shutdown to upgrade Nchwaning II Shaft and surface plant infrastructure was completed successfully and the Nchwaning II Shaft was handed over for production in early January 2017.

The primary focus of the project remains:

- The modernisation of the mine to optimise resource exploitation and to maximise utilisation of production hours, production fleet and mining equipment.
- The cost-effective exploitation of the Seam 1 and Seam 2 manganese resources at the Nchwaning mining complex, targeting the production of high-grade manganese products.
- The modernisation of the surface plant infrastructure to ensure the cost-effective processing and separation of the various high-grade manganese products from the two Seams.
- Creating the flexibility within the underground operations at the Nchwaning Shafts to ensure the mine can react more effectively to changes in market product requirements.
- Creating the ability to exploit the high-grade ore within Nchwaning 1.
- Establishing the load-out capacity and efficiencies to meet the requirements as set by Transnet for the Ngqura Port facility.

Sakura Ferroalloys Project

The Sakura Project is complete and both furnaces 1 and 2 are producing high carbon ferromanganese. Production levels exceed design capacity, and process efficiencies and unit costs are in line with planned expectations. The high carbon ferromanganese being sold to customers has met all final product quality specifications.

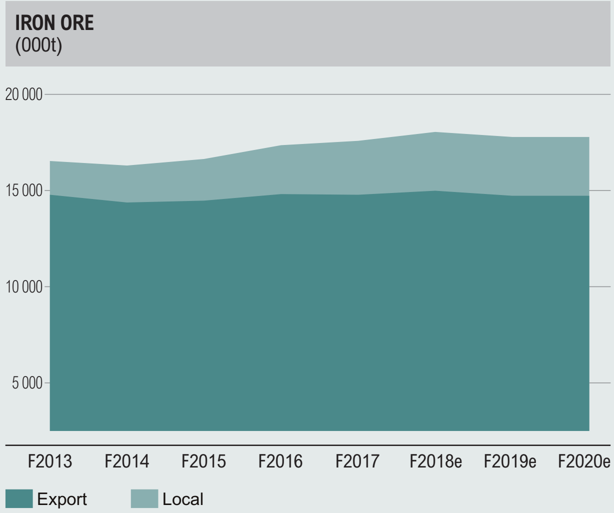
The construction of the agglomeration plant (Brex) is complete and various feed constituents are being trialled and tested on the furnaces. Sakura is now utilising the Bintulu Port as well as the Samalaju Port for the movement of final products and raw materials. Sakura is now classified as fully operational.

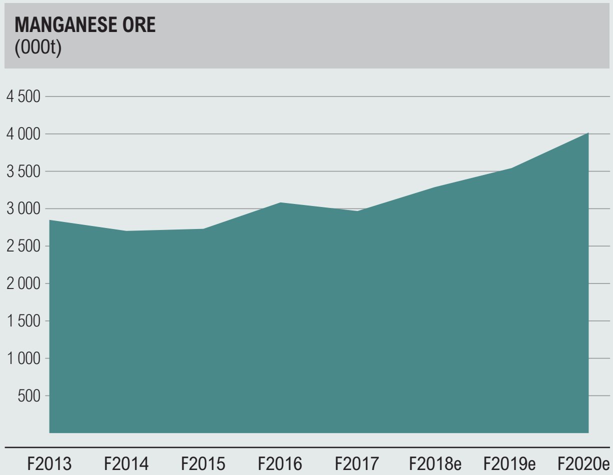
Khumani Mine – Ultra Fines Recovery Project

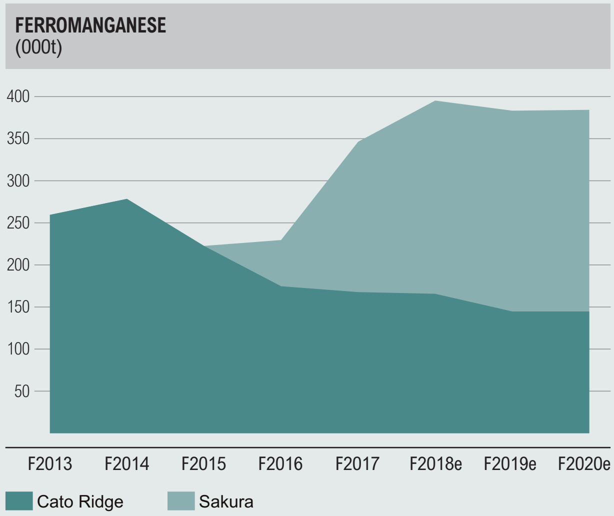
The design work for the ultra-fines recovery circuit was completed and successfully commissioned. This project will enable the recovery of additional iron ore units from the tailings stream and will see the production of an additional 200 000 tonnes per annum of ultra-fines iron ore product for the next financial year.

This project was completed on time and within budget.

Sales volumes from F2013 to F2020







ARM FERROUS continued

SUMMARY ARM FERROUS SUSTAINABILITY STATISTICS (100% BASIS)

		F2017	F2016	F2015	F2014	F2013
Employee indicators						
Average number of permanent employees and contractors*		**8 662**	9 953	10 759	10 858	11 557
– Permanent employees		**4 522**	5 638	6 138	6 306	6 561
– Contractors		**4 140**	4 315	4 621	4 552	4 996
LTIFR per 200 000 man-hours		**0.17**	0.22	0.26	0.25	0.32
Environmental indicators						
Scope 1 and 2 carbon emissions	tCO_2e	**608 040**	615 843	813 691	845 947	829 829
Total water withdrawn**	million m^3	**9.8**	11.5	10.8	11.7	13.7
Energy usage						
– Electricity	MWh	**875 415**	887 382	1 164 218	1 215 622	1 199 190
– Diesel	000 litres	**49 837**	54 264	58 387	54 007	62 686
Community investment indicators						
Total CSR	R million	**69**	73	107	136	101
– CSI	R million	**6**	9	28	25	21
– LED	R million	**63**	64	17	111	80

* *The number of permanent employees and contractors are reported on an average for the year basis, consistent with the calculation of safety statistics.*
** *Includes municipal, surface and ground water.*

SUMMARY OPERATIONAL AND FINANCIAL INDICATORS (100% BASIS)

IRON ORE DIVISION

Operations:
Khumani and Beeshoek mines

Ownership:
50% held through Assmang (Pty) Ltd.

Management:
Jointly managed by ARM and Assore through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.

		F2017	F2016	F2015	F2014	F2013
OPERATIONAL						
Production volumes	000t	**17 714**	16 726	16 076	16 054	16 103
Khumani Mine	000t	**14 560**	13 616	12 649	12 930	13 167
Beeshoek Mine	000t	**3 154**	3 110	3 427	3 124	2 936
Sales volumes	000t	**17 275**	17 008	16 185	15 640	16 070
Export iron ore	000t	**14 061**	14 103	13 658	13 646	14 057
Local iron ore	000t	**3 214**	2 905	2 527	1 994	2 013
Unit cost changes						
On-mine production unit costs	%	**3**	(8)	3	10	20
Unit cost of sales	%	**2**	(2)	(4)	11	9
FINANCIAL						
Sales revenue	R million	**15 853**	12 110	12 197	17 667	15 690
Total cost	R million	**10 091**	9 149	9 106	9 334	8 223
Operating profit	R million	**5 762**	2 961	3 091	8 333	7 467
EBITDA	R million	**7 179**	4 478	4 517	9 629	8 647
Headline earnings	R million	**4 373**	2 430	2 494	6 356	5 532
Cash generated	R million	**1 090**	2 110	1 436	3 605	1 180
Capital expenditure	R million	**1 169**	901	1 646	2 058	2 709

AFS Refer to Note 2 of the Annual Financial Statements for the Iron Ore segmental information.

SUMMARY OPERATIONAL AND FINANCIAL INDICATORS (100% BASIS)

MANGANESE DIVISION

Operations:

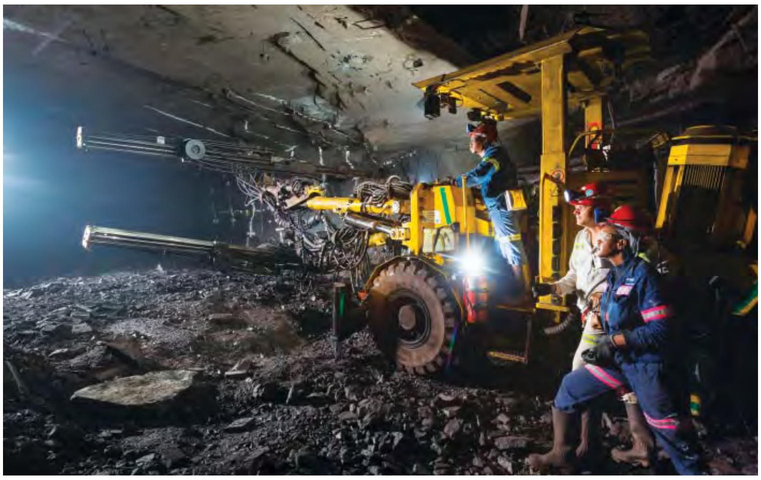
Nchwaning and Gloria mines (collectively Black Rock Mine), Cato Ridge Works, Machadodorp Ferrochrome and Ferromanganese Works and Sakura Ferroalloys

Ownership:

50% held through Assmang (Pty) Ltd.

Management:

Jointly managed by ARM and Assore through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.

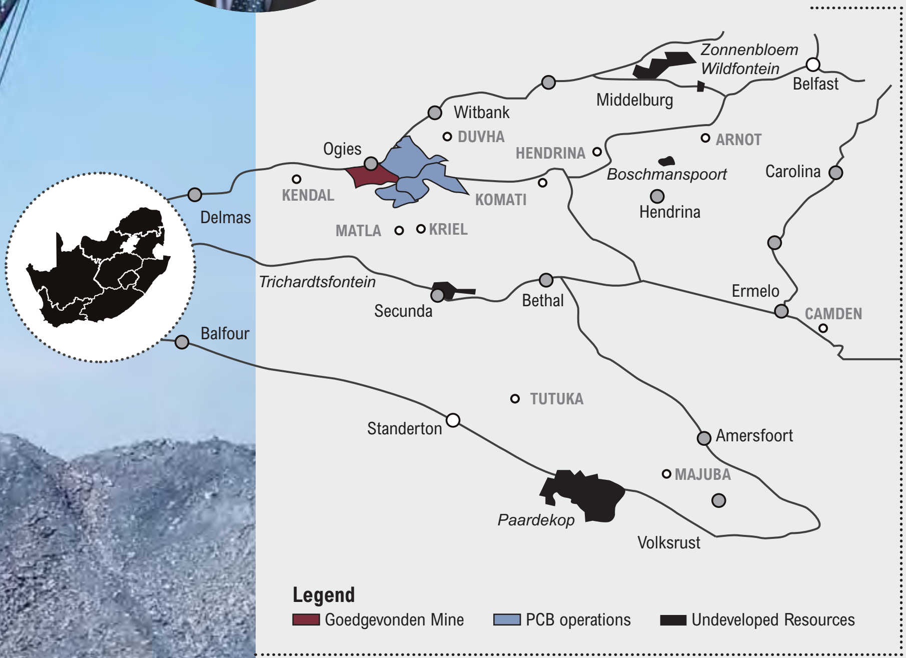


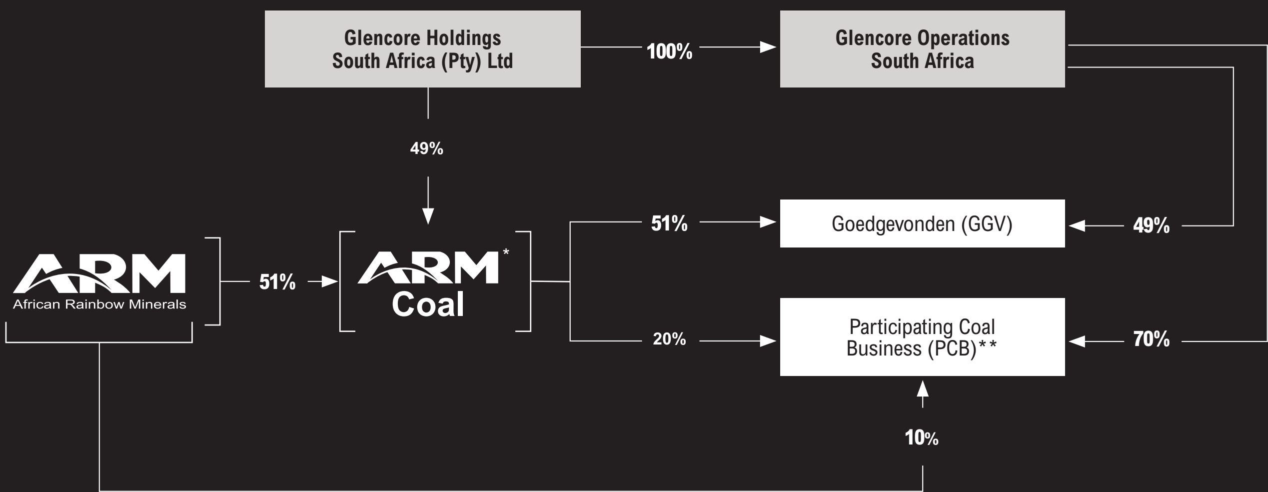
		F2017	F2016	F2015	F2014	F2013
OPERATIONAL						
Production volumes						
Manganese ore	000t	**3 069**	2 934	3 087	3 358	3 199
Ferromanganese	000t	**403**	204	319	342	332
Sales volumes						
Manganese ore	000t	**2 974**	3 090	2 736	2 708	2 856
Ferromanganese	000t	**303**	175	223	279	260
Unit cost changes – Mn Ore						
On-mine production unit costs	%	**1**	(6)	17	14	23
Unit cost of sales	%	**12**	(5)	2	14	15
FINANCIAL						
Manganese ore						
Sales revenue	R million	**8 322**	4 841	4 909	5 556	4 950
Total cost	R million	**4 971**	4 140	3 843	3 962	3 545
Operating profit	R million	**3 351**	701	1 066	1 594	1 405
EBITDA	R million	**3 759**	1 056	1 328	1 883	1 722
Headline earnings	R million	**2 407**	527	762	1 132	986
Cash generated	R million	**2 762**	929	1 313	1 389	330
Capital expenditure	R million	**1 617**	1 939	1 889	1 269	777
Ferromanganese						
Sales revenue	R million	**1 897**	1 810	2 219	2 730	2 486
Total cost	R million	**1 887**	1 930	2 588	2 849	2 337
Operating profit	R million	**10**	(120)	(369)	(119)	149
EBITDA	R million	**67**	(3)	18	98	168
Headline (loss)/earnings	R million	**(85)**	(132)	(185)	(74)	159
Cash generated	R million	**32**	252	13	166	203
Capital expenditure	R million	**31**	(11)	95	73	446

AFS Refer to Note 2 of the Annual Financial Statements for the Manganese segmental information.

ARM COAL

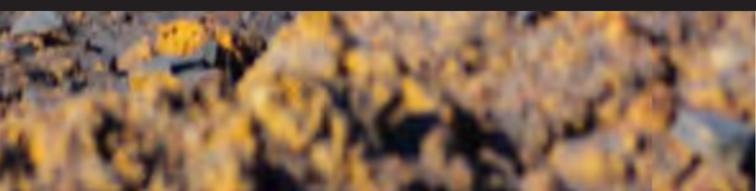
Francois Uys, Chief Executive





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

** Participating Coal Business (PCB) refers to the Impunzi and Tweefontein operations.



KEY FEATURES FOR F2017

Headline earnings of **R82** million a significant turnaround from the headline loss of R297 million reported in F2016.

Average realised US Dollar export prices increased by **51%**.

GGV Mine on-mine unit costs per saleable tonne increased by **35%**.

MATERIAL MATTERS

Delivering financial returns to shareholders and other providers of capital

- Change in global seaborne market dynamics which is leading to demand for lower quality coal from South Africa

Continuously improving operational performance

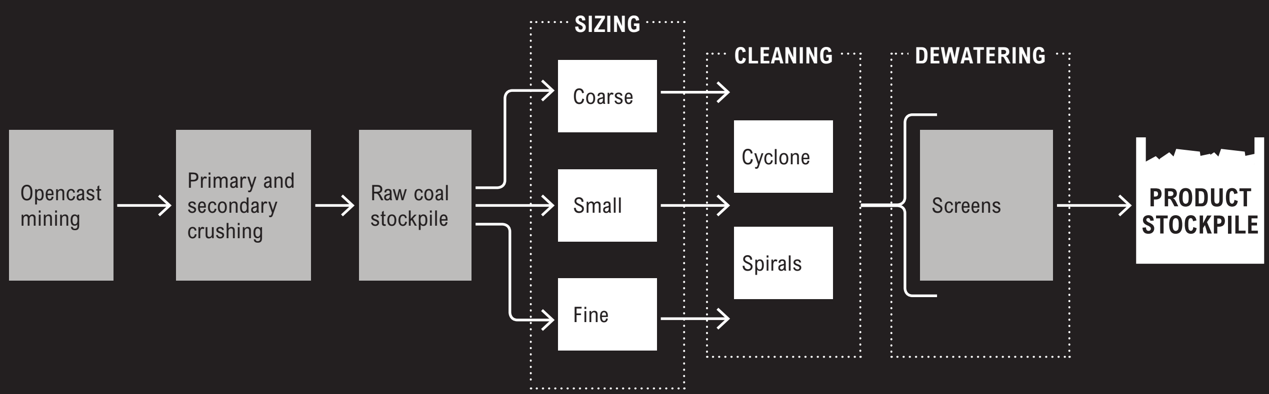
- High unit production cost increases at GGV Mine
- Safety-related stoppages

Maintaining our social licence to operate

- Regulatory uncertainty
- Community unrest

PRODUCTION PROCESS

THERMAL COAL



ARM COAL continued

SCORECARD

PCB MINE

F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
Continue to evaluate export coal market conditions to determine the feasibility of starting up the Addcar operation.	**Not achieved** Current demand can be met from production from current operations excluding Addcar.	
Monitor performance and engage with Transnet Freight Rail (TFR).	**In progress** TFR performance has improved. Glencore and ARM Coal have signed a long-term agreement with TFR for rail capacity that matches their full RBCT entitlement.	Engage with TFR to utilise any rail capacity that may become available in the TFR coal logistics chain.

COMMODITY MARKETS

Thermal coal

Although demand for thermal coal from developed countries has declined, the growth in the demand for thermal coal as an energy source is still expected to grow in the medium- to long-term, albeit at a slower rate than previously expected.

China, which is currently still a net importer of coal, produces and consumes over 40% of world thermal coal and as a result has a major influence on coal prices. Recent curtailment of production by the Chinese government is one of the major factors that has influenced thermal coal prices since Q4 of C2016.

The low thermal coal price that prevailed during much of C2016 did result in some loss-making producers exiting the market, and this, combined with the recent increase in prices, has decreased the worldwide loss-making volumes from 115 million tonnes, or 13% of world production in 2016, to only 7 million tonnes, or 1% of total production currently. The current outlook is that thermal coal prices and demand for South African coal will remain at current levels for the foreseeable future.

Although Eskom currently has excess generation production capacity which has resulted from the downturn in the economy, they have not concluded any long-term contracts for the supply of coal for the two new generation units they are currently constructing. This, together with the fact that several long-term Eskom offtake agreements are maturing in 2018, is likely to create opportunities for local thermal coal producers. All the mines in which ARM Coal has an interest are well positioned to take advantage of this expected increase in demand. The possibility that coal may be declared a strategic mineral in South Africa does, however, pose a risk to producers into this market.

FINANCIAL PERFORMANCE

ARM Coal headline earnings were R82 million in F2017, a R379 million improvement when compared to the headline loss of R297 million reported in F2016. This increase was mainly due to a 51% increase in the average realised export coal prices from US$41 to US$62 per tonne.

The export coal price was positively influenced by various actions taken by the Chinese government to reduce their country's supply into the market, which resulted in the US Dollar API4 (6 000 NAR export thermal coal price ex Richards Bay Coal Terminal) peaking at almost US$100 per tonne during Q3 of C2016. The higher prices were offset by a 6% strengthening of the Rand versus the US Dollar during F2017, resulting in realised Rand prices increasing by 40% from R601 to R843 per tonne in F2017.

Saleable production at GGV Mine was slightly lower than in F2016, while additional expenditure to improve in-pit inventory levels and saleable production resulted in on-mine saleable production unit cost being 35% higher than in F2016. The PCB operations performed well and achieved an increase of 13% in saleable production, with only a 2% increase in on-mine saleable production unit costs.

CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE

All the ARM Coal operations are now in steady state and the objective of changing to large scale low cost opencast mines has been successfully achieved. Most of the production issues experienced at GGV Mine during the current year have been addressed and it is expected that ARM Coal will continue to produce thermal coal at a unit cost per tonne that is amongst the lowest in the world.

GGV Mine

Low opening in-pit stock levels at the start of F2017, as a result of a delay in the issuance of the Amended Environmental Management Program (EMP) by the DMR in F2016, continued to impact negatively on production. The delay resulted in mining of the lower strip ratio pits being delayed, adversely affecting unit costs. This, together with excessive rain, unplanned break-downs on major mining equipment during Q1 of C2017, and community unrest (which caused the mine to lose almost five production days since October 2016), resulted in a decrease in production.

Attributable operating profit of R235 million was 15% higher than F2016, mainly due to a 15% increase in export revenue. A 42% increase in realised Rand prices contributed R206 million to revenue which was partially offset by a 19% reduction in export sales volumes. Run-of-mine coal buy-ins and contractor cost (to assist with overburden stripping) resulted in on-mine production unit cost being 35% higher than in F2016. Lower distribution costs and an increase in stock levels reduced the over-expenditure on total cost of sales to R68 million. The attributable headline loss of R99 million was 14% higher than the headline loss of R87 million realised in F2016. Finance costs were 16% higher than in the previous year.

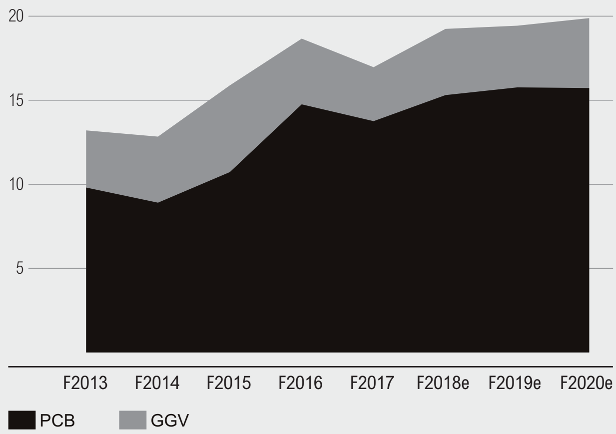
PCB Operations

The mines comprising the PCB all performed well during F2017, and achieved increases of 4% and 13% in run-of-mine and saleable production, respectively. Although total on-mine costs increased, the cost per saleable tonne produced increased by only 2% from R273 to R278 per tonne. The Tweefontein Mine continued to benefit from feeding significant volumes of run-of-mine coal into its plant from the raw coal stockpile built during the construction phase of the Tweefontein Optimisation Project. The attributable cash operating profit increased by 146% from R397 million to R976 million as a result of a 31% increase in revenue, offset by an 8% increase in cost of sales.

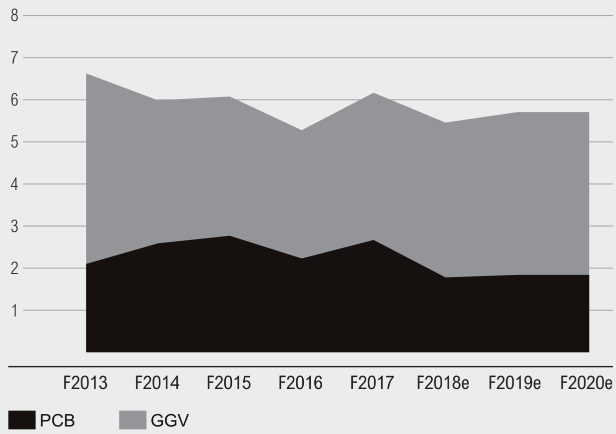
Export revenue was R480 million higher than in F2016 mainly as a result of a 49% increase in US Dollar sales prices which was partly offset by a 9% decrease in sales volumes and a 6% strengthening of the Rand against the US Dollar. PCB recorded a headline profit of R181 million for F2017 compared to headline loss of R210 million in F2016.

Sales volumes from F2013 to F2020 (100% basis)

EXPORT THERMAL COAL SALES VOLUMES
(Mtpa)



LOCAL THERMAL COAL SALES VOLUMES
(Mtpa)



ARM COAL continued

SUMMARY OPERATIONAL AND FINANCIAL PERFORMANCE INDICATORS

GGV MINE

Ownership:

ARM holds an effective 26% in GGV, Glencore Operations South Africa (GOSA) owns the remaining 74%

Management:

Governed by a management committee controlled by ARM Coal, with four ARM representatives and three Glencore representatives. Operational management of the mine is contracted to Glencore

		F2017	F2016	F2015	F2014	F2013
OPERATIONAL (100% basis)						
Production and sales						
Total saleable production	Mt	**6.47**	6.53	8.34	7.29	8.16
Total thermal coal sales	Mt	**6.21**	6.90	8.26	7.10	7.92
Export thermal coal sales	Mt	**3.18**	3.91	5.16	3.93	3.40
Eskom thermal coal sales	Mt	**3.03**	2.99	3.10	3.17	4.52
Realised prices						
Export (FOB)	US$/t	**62.07**	40.99	54.97	73.83	91.00
Eskom (FOR)	R/t	**229.43**	235.95	208.36	198.92	187.57
Unit costs						
On-mine saleable cost per tonne	R/t	**323.20**	239.00	188.90	208.10	171.20
FINANCIAL (attributable basis)						
Sales revenue	R million	**911**	797	1 025	961	929
Cash operating cost	R million	**(676)**	(593)	(607)	(588)	(512)
Cash operating profit	R million	**235**	204	418	373	417
Capital expenditure	R million	**196**	185	263	129	40
Attributable profit analysis						
Cash operating profit	R million	**235**	204	418	373	417
Less:						
– Interest paid	R million	**(213)**	(183)	(150)	(87)	(86)
– Amortisation	R million	**(147)**	(128)	(120)	(103)	(94)
– Fair value adjustment	R million	**(12)**	(15)	(19)	(14)	(11)
(Loss)/profit before tax	R million	**(137)**	(122)	129	169	226
Tax	R million	**38**	35	(36)	(47)	(64)
Headline (loss)/earnings	R million	**(99)**	(87)	93	122	162

AFS Refer to Note 2 of the Annual Financial Statements for the ARM Coal segmental information.

SUMMARY OPERATIONAL AND FINANCIAL PERFORMANCE INDICATORS

PCB OPERATIONS

Ownership:

ARM holds an effective 20.2% in PCB, Glencore Operations South Africa (GOSA) owns remaining 79.8%

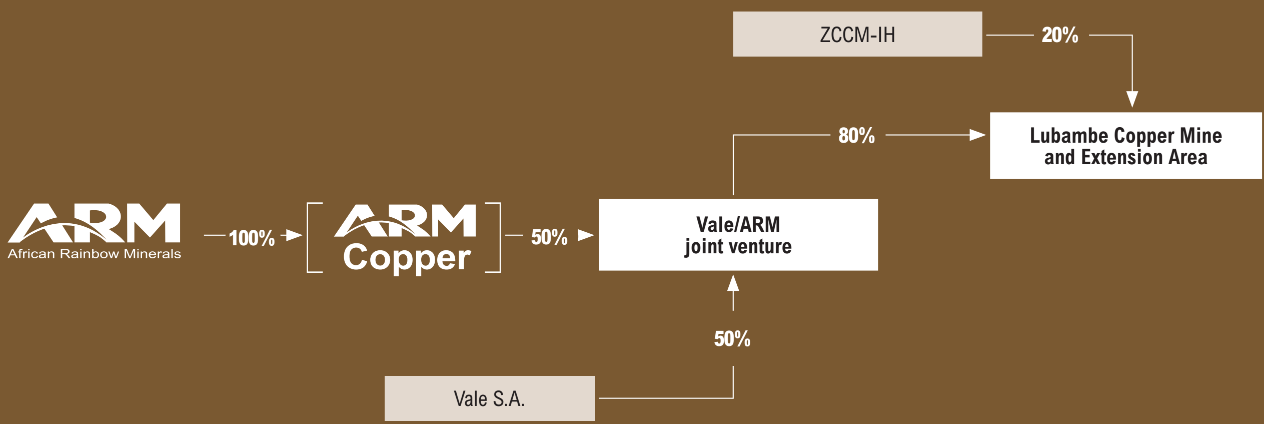
Management:

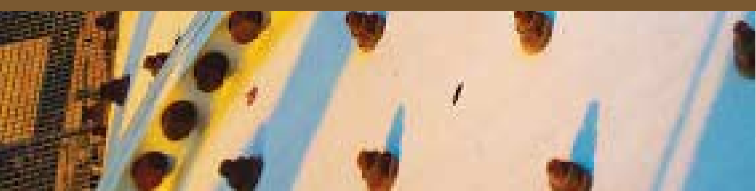
Governed by a supervisory committee with five Glencore representatives and three ARM representatives. Operational management of the PCB mines is contracted to Glencore

		F2017	F2016	F2015	F2014	F2013
OPERATIONAL (100% basis)						
Production and sales						
Total saleable production	Mt	**16.55**	14.63	13.61	12.10	12.70
Impunzi	Mt	**7.20**	6.53	6.31	5.30	5.7
South Stock	Mt	**0**	0.41	1.90	1.90	1.6
Tweefontein	Mt	**9.35**	7.69	5.40	4.90	5.4
Total thermal coal sales	Mt	**16.06**	16.98	13.50	11.49	11.91
Export thermal coal sales	Mt	**13.42**	14.76	10.73	8.90	9.81
Eskom thermal coal sales	Mt	**1.53**	1.39	1.74	1.90	1.65
Other local thermal coal sales	Mt	**1.11**	0.83	1.03	0.69	0.45
Realised prices						
Export (FOB)	US$/t	**61.89**	41.66	55.12	65.71	83.88
Eskom (FOR)	R/t	**242.43**	223.13	214.64	202.81	157.70
Other local thermal coal sales	R/t	**757.73**	384.24	361.99	330.93	262.24
Unit costs						
On-mine saleable cost per tonne	R/t	**277.91**	272.60	333.39	395.64	326.29
FINANCIAL (attributable basis)						
Sales revenue	R million	**2 528**	1 930	1 519	1 352	1 642
Cash operating cost	R million	**(1 552)**	(1 533)	(1 190)	(1 220)	(1 237)
Cash operating profit	R million	**976**	397	329	132	405
Capital expenditure	R million	**246**	214	557	765	936
Attributable profit analysis						
Cash operating profit	R million	**976**	397	329	132	405
Less:						
– Interest paid	R million	**(320)**	(308)	(263)	(189)	(125)
– Amortisation	R million	**(355)**	(321)	(300)	(265)	(270)
– Fair value adjustment	R million	**(50)**	(59)	(25)	(13)	(29)
Profit/(loss) before tax	R million	**251**	(291)	(259)	(335)	(19)
Tax	R million	**(70)**	81	73	93	5
Headline earnings/(loss) attributable to ARM	R million	**181**	(210)	(186)	(242)	(14)

ARM COPPER

Francois Uys, Chief Executive





KEY FEATURES FOR F2017

ARM and Vale announced the **disposal** of their 80% interest in Lubambe Mine.

Headline loss reduced by **44%** from R361 million to R203 million.

The LTIFR decreased from 0.21 to **0.14** per 200 000 man-hours. Lubambe Mine has been fatality-free since inception.

Production volumes reduced in line with decision taken in F2016 to reduce tonnes milled to **80 000** tonnes per month.

MATERIAL MATTERS

Delivering financial returns to shareholders and other providers of capital

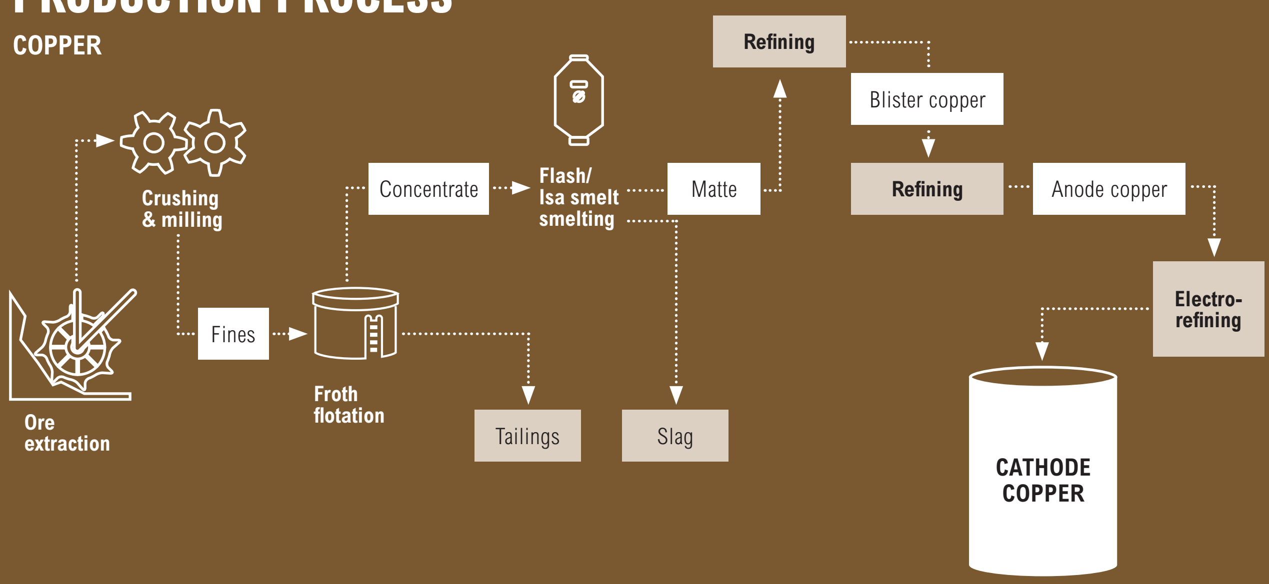
- Low copper prices
- Minimising cash requirements from partners
- Completion of Lubambe Mine disposal

Continuously improving operational performance

- Lubambe Mine is positioned very high on the global unit copper cost curve
- Managing water and pumping capacity at Lubambe Mine

PRODUCTION PROCESS

COPPER



ARM COPPER continued

SCORECARDS

LUBAMBE MINE

F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
Continue to operate the mine at 80 000 tonnes per month while focusing on productivity gains and cost efficiency. Unit production costs will be optimised by focusing on quality mining and cost efficiency. This period is to be utilised to upgrade the underground water infrastructure to set up the mine for ramp up in more favourable copper market conditions.	**Achieved** The mining rate was reduced to 80 000 tonnes per month. The underground water pumping capacity was increased from 6 million litres per day to 20 million litres per day.	Complete the disposal of the Lubambe Mine by fulfilling the conditions precedent to the disposal agreement.
Continue with implementation of cost and productivity efficiency improvements while focusing on quality mining.	**Achieved** Productivity efficiency improvements resulted in unit production cost increasing below inflation. Despite lower production volumes, C1 unit costs increased by only 2%.	

LUBAMBE EXTENSION AREA

F2017 OBJECTIVES	PERFORMANCE AGAINST F2017 OBJECTIVES	F2018 OBJECTIVES
Continue to hold off further drilling until conditions in the copper market improve.	**Achieved** No drilling was done in the Extension Area in F2017.	

COMMODITY MARKET REVIEW

Copper

After lagging other commodities for most of the 2016 calendar year, copper prices surged in November from approximately US$4 700/t to US$6 283/t at the end of June 2017. The copper price rally was initiated by supply disruptions at a number of large mines in Peru, Chile, Australia and Indonesia and has been supported by ongoing improvements in China's underlying demand for copper as the two largest components of demand (namely grid and property demand) were stronger than expected for most of 2016 and into 2017.

Further copper price support came from an announcement by the Chinese government in July 2017 to ban imports of low grade copper scrap, which requires dismantling and processing before it can be used by smelters (i.e. category 7 copper scrap) from 2019.

In the medium term the copper market is expected to remain largely in balance while in the long-term, additional demand from electric vehicles (mainly for batteries and charging infrastructure development) is expected to be constructive for copper prices.

FINANCIAL PERFORMANCE

The F2017 ARM Copper headline loss reduced from R361 million in F2016 to R203 million. The reduction was mainly due to improved realised copper prices, offset by lower sales volumes.

The F2017 average realised copper price of US$5 366 per tonne was 6% higher than F2016.

The decrease in production and sales volumes was in line with a decision taken in F2016 to reduce tonnes milled to 80 000 tonnes a month in order to minimise cash requirements and preserve the Lubambe Mine's reserves. Total tonnes milled for the period were therefore 21% lower at 1 013 377 tonnes (F2016: 1 277 132 tonnes).

C1 unit cash costs increased by 2% during F2017 from US$2.41/lb in F2016 to US$2.45/lb mainly due to the lower volumes.

ARM and Vale announced on 15 August 2017 that an agreement for the disposal of their 80% interest in Lubambe Mine to EMR Capital had been concluded for a purchase consideration of US$97 million. The interest sold includes the equity holding in Lubambe Mine as well as loans to Lubambe Mine.

CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE

Lubambe Mine

F2017 was a year of consolidation for Lubambe Mine as the mine operated at a reduced target production level of 80 000 tonnes ore per month. The mine made good progress in finding sustainable solutions to the technical challenges that previously prevented the mine from ramping up production to steady state levels. An underground water infrastructure upgrade programme was completed, which increased underground pumping capacity from 6 million litres per day to 20 million litres per day.

This allowed Lubambe Mine to pump all its previously flooded ramps dry and recommence with development of the ramps. Through a redesign of Ramp 1 and Ramp 2, the mine also found a sustainable solution to the weak geotechnical formation located in the footwall of the South Limb in close proximity to the ore body. Lubambe Mine commenced with development of the updated ramps' design, and has successfully demonstrated the effectiveness of the revised ramp design. This is expected to allow the mine to develop the South Limb resource, which accounts for approximately 50% of the total reserves of the mine in a cost effective manner.

During F2017, Lubambe Mine achieved a total development of 6 251 metres, which progressively increased over the course of the year from a low of 413 metres in July 2016 to 938 metres achieved in June 2017. The increased development profile has enabled the mine to increase its developed ore reserves over the duration of the year.

Through continued focus on quality and method improvements in long hole drilling and stoping, the mine has managed to decrease stoping dilution from over 30% to 11% over the duration of the year. This has allowed a gradual increase in head grade milled in F2017 of 6% compared to F2016.

Various copper concentrator recovery optimisation initiatives were implemented during the period. These initiatives have resulted in a 4% improvement in copper recoveries in F2017, compared to F2016.

During F2017, a labour restructuring programme was successfully concluded, which aligned the total labour complement with the revised lower production targets of 80 000 tonnes.

In order to preserve cash flow during F2017, capital expenditure was restricted with the majority of expenditure relating to the life of mine ramp development and upgrades in underground water infrastructure.

ENSURING A SAFE, HEALTHY AND SKILLED WORKFORCE

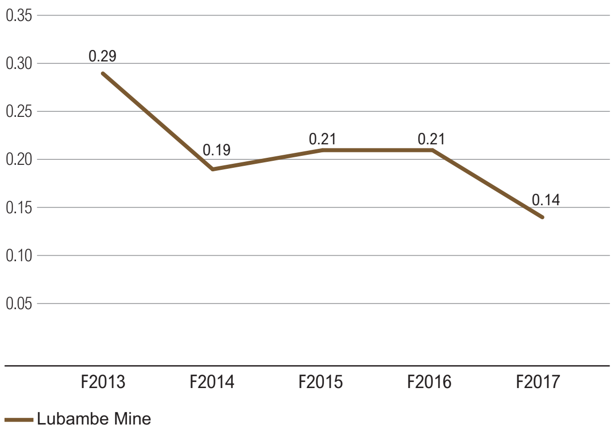
At 30 June 2017, Lubambe Mine's workforce comprised 1 062 full-time employees and 568 contractors (F2016: 1 225 full-time employees and 430 contractors). The mine also employed 17 expatriates at its operations in Zambia (F2016: 16).

Safety

Lubambe Mine achieved 3.8 million fatality-free shifts, remaining fatality-free since the project started in 2010. The LTIFR per 200 000 man-hours decreased to 0.14 (F2016: 0.21). A comprehensive safety audit was undertaken by the Zambian Mine Safety Department during 2017, with no major findings or violations.

ARM COPPER continued

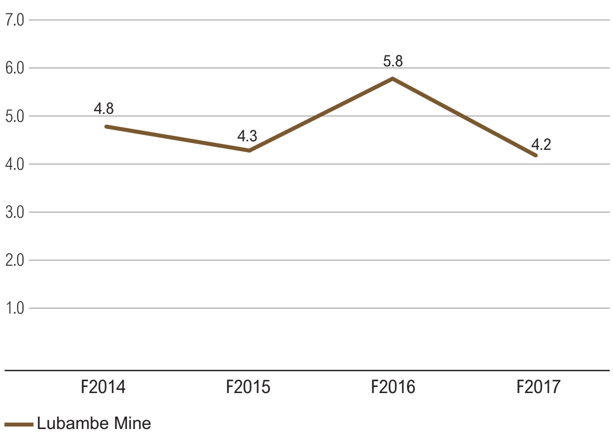
LTIFR
(Per 200 000 man-hours)



Health

Lubambe Mine is located in the Zambian Copper Belt where malaria is endemic and poses a significant health risk. The number of malaria cases reported at the mine decreased from 103 in F2016 to 67 in F2017 and the prevalence rate decreased to 4.2%.

MALARIA PREVALENCE
(% of workforce)



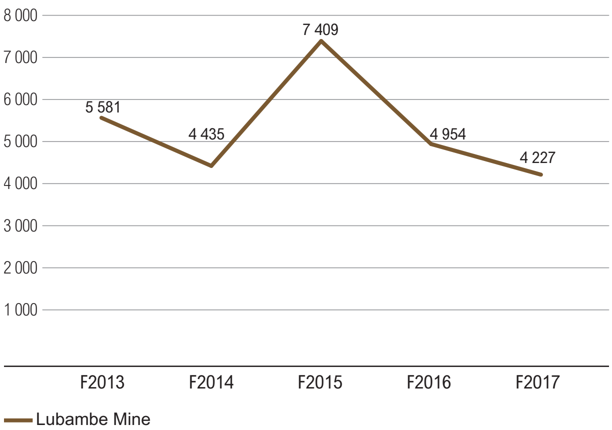
The mine's malaria prevention programmes and awareness activities include residual indoor spraying of houses in nearby villages and buildings on site, treatment of stagnant water ponds surrounding the mine, regular safety talks and awareness campaigns regarding malaria prevention.

ENSURING RESPONSIBLE STEWARDSHIP OF NATURAL RESOURCES

Emissions

ARM Copper produced an estimated 4 227 equivalent tonnes of CO_2 (tCO_2e) Scope 1 and 2 emissions on an attributable basis in F2017 (F2016: 4 954 tCO_2e), which represents less than 1% of the total ARM carbon footprint. Very low Scope 2 carbon emissions are due to hydroelectric power generation in Zambia.

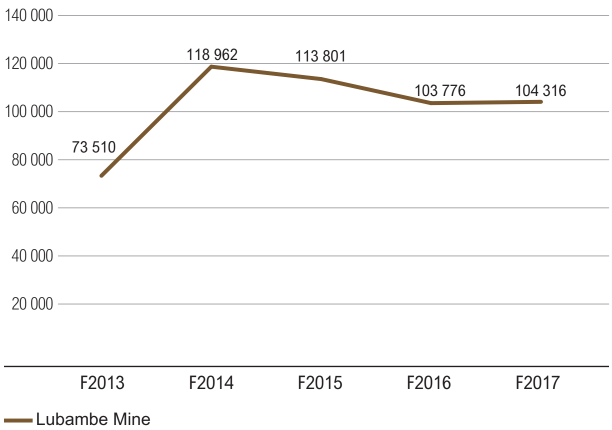
SCOPE 1 AND 2 CARBON EMISSIONS
(tCO_2e)



Energy use

The mine consumed 104 316 MWh (F2016: 103 776 MWh) of electricity. Zambia is still affected by the lower than average rainfall over the last few seasons that has limited hydroelectric power generation. Lubambe Mine had to make up the shortfall with imported electricity, which is at a higher cost, adding approximately US$100 000 a month to the cost base.

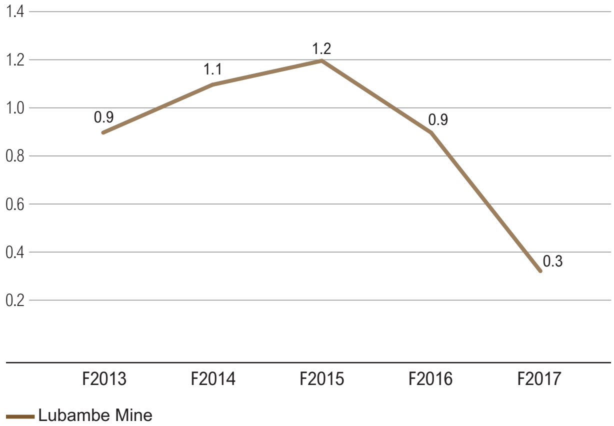
ELECTRICITY CONSUMPTION
(MWh)



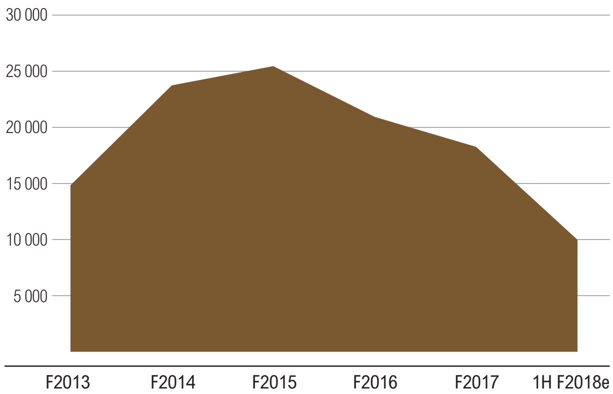
Water use

Water ingress is a major challenge for the operation, affecting mining operations directly and also impacting road quality, resulting in poor production cycles and increasing trackless vehicle maintenance costs and fuel consumption. Pumping of water for dewatering purposes, represents a significant proportion of the electricity consumed by the operation. The mine abstracted 0.32 million m^3 of water in F2017 (F2016: 0.85 million m^3), while dewatering abstraction amounted to 10 000 m^3 per day, or roughly 3.65 million m^3 for F2017.

WATER ABSTRACTED
(million m^3)



ARM COPPER PRODUCTION VOLUMES FROM F2013 TO 1H F2018 (100% basis)
(tonnes)



MAINTAINING OUR SOCIAL LICENCE TO OPERATE

Lubambe Mine is committed to cultivating and maintaining a harmonious relationship with its host communities. Initiatives include:

> The mine constructed the Konkola Health Post, which serves as a clinic for the mine and more than 10 083 patients from the Konkola community. A total of 320 children received vaccinations from this clinic.

> Lubambe Mine donated materials to construct a 200-metre stretch of storm water drainage at Chimfunshi Stream on Chimfusi Road.

> Lubambe Mine donated farm inputs to 50 vulnerable but committed farmers and two schools in the area, in order to promote food security in the communities around the mine.

> Through the District Commissioner's office, Lubambe Mine donated towards the hosting of the International Literacy Day. The mine also donated K30 000 towards the purchase of a utility vehicle that will be used by the community to transport patients to hospital.

> Lubambe Mine supports girl child education by distributing sanitary towels to girls attending three schools in communities close to the mine – Konkola, Miyanda and Kasapa. Since the programme started, school attendance by girls at the three schools has improved.

In total, the Copper Division spent R2.4 million on CSI in F2017 (F2016: R1.3 million).

SUMMARY ARM COPPER SUSTAINABILITY STATISTICS (100% BASIS)

		F2017	F2016	F2015	F2014	F2013
Employee indicators						
Average number of employees and contractors*		**1 586**	1 781	2 169	2 373	2 332
– Permanent employees		**1 158**	1 353	1 158	1 122	821
– Contractors		**411**	412	956	1 218	1 477
– Expatriates		**17**	16	55	33	34
LTIFR per 200 000 man-hours		**0.14**	0.21	0.21	0.19	0.29
Environmental indicators						
Scope 1 and 2 carbon emissions	tCO_2e	**4 227**	4 954	7 409	4 435	5 581
Total water withdrawn**	million m^3	**0.3**	0.9	1.2	1.1	0.9
Energy usage						
– Electricity	MWh	**104 316**	103 776	113 801	118 962	73 510
– Diesel	000 litres	**3 628**	4 347	6 550	3 749	4 902
Community investment indicator						
– CSI	R million	**2**	1	2	95	25

* *The number of permanent employees and contractors are reported on an average for the year basis, consistent with the calculation of safety statistics.*
** *Includes municipal, surface and ground water.*

ARM COPPER continued

SUMMARY OPERATIONAL AND FINANCIAL INDICATORS (100% BASIS)

LUBAMBE MINE

Ownership:

ARM and Vale S.A. each own 40% of Lubambe. ZCCM IH owns the remaining 20%. ARM and Vale have concluded an agreement for the disposal of their 80% interest in Lubambe Mine. Completion of the agreement is awaiting the fulfillment of conditions precedent.

Management:

The mine is managed by the shareholders, via a Board of Directors.

		F2017	F2016	F2015	F2014	F2013
OPERATIONAL						
Waste development	metres	**2 717**	2 691	4 590	9 415	11 434
Ore development	m	**3 567**	4 636	4 401	9 365	9 396
Ore development	t	**227 072**	249 361	229 319	484 280	596 783
Ore stoping	t	**777 733**	971 957	1 369 881	954 999	403 178
Ore tonnes mined	000t	**1 005**	1 221	1 599	1 439	1 000
Tonnes milled	000t	**1 013**	1 277	1 650	1 558	1 047
Mill head grade	%	**2.13**	2.01	1.93	1.95	1.92
Concentrator recovery	%	**84.6**	81.5	81.1	77.6	71.4
Volumes						
Copper concentrate produced	t	**44 680**	51 391	61 902	57 009	40 331
Copper concentrate sold	t	**44 514**	51 315	62 182	82 458	27 502
Contained copper produced	t	**18 299**	20 973	25 839	23 791	14 871
Contained copper sold	t	**18 244**	20 936	25 974	33 323	9 943
Price						
Average realised copper price	US$/lb	**2.43**	2.29	2.88	3.19	N/R
Unit costs						
C1 cash cost per pound of copper produced	US$/lb	**2.45**	2.41	2.80	3.26	N/R

N/R refers to numbers not reported.

AFS Refer to Note 2 of the Annual Financial Statements for the ARM Copper segmental information.

GOLD: HARMONY

OVERVIEW

		F2017	F2016
Gold produced	kg	**33 836**	33 655
	000oz	**1 088**	1 082
Cash operating costs	R/kg	**436 917**	392 026
	US$/oz	**1 000**	841
Financial performance			
Revenue	R million	**19 264**	18 334
Cost of sales	R million	**(19 639)**	(15 786)
Gross (loss)/profit	R million	**(375)**	2 548
Net profit for the year	R million	**362**	949
Total headline earnings per share	cents per share	**298**	221
Total capital expenditure	R million	**3 963**	2 434
Market performance			
Average gold price received	R/kg	**570 164**	544 984
	US$oz	**1 304**	1 169
Market capitalisation	R billion	**9.5**	22.9

HARMONY GOLD MINING COMPANY LIMITED (HARMONY)

Harmony operates and develops world-class gold assets in South Africa and Papua New Guinea (PNG). It has nine underground mines, one open pit operation and several surface sources in South Africa. In PNG, Harmony has the 100% owned Hidden Valley open-pit gold and silver mine and surrounding tenements. Harmony has a 50% joint venture with Newcrest Mining Limited in the Walf-Golpu exploration project. Harmony's own (100%) exploration portfolio focuses principally on highly prospective areas in PNG. Harmony also has additional, 100%-owned, PNG exploration areas. Harmony currently employs approximately 33 201 people (including contractors).

Harmony reported a net profit of R362 million in F2017 compared to a net profit of R949 million in F2016. Headline earnings amounted to 298 cents per share (F2016: 221 cents per share). After declaring an interim dividend of 50 cents per share, a final dividend of 35 cents per share was declared by Harmony in respect of the year ended 30 June 2017 – a 70% increase in the total dividends declared year-on-year.

Harmony's revenue increased by 5% to R19.3 billion mainly as a result of year-on-year production remaining stable and the inclusion of the realised gains on the Rand gold hedges of R728 million as part of revenue. This inclusion resulted in the average gold price received being R570 164/kg (US$1 304/oz), compared with R544 984/kg (US$1 169/oz) in F2016, despite the rand gold spot price being flat year on year.

The hedging programmes realised gains of R1 747 million for F2017. Harmony's management continues to top up these programmes as and when opportunities arise to lock in attractive margins for the business.

Harmony's total gold production increased by 181 kilograms (0.5%) to 33 836 kilograms, compared to 33 655 kilograms in F2016.

Cash operating cost increased by 11% or R1 430 million mainly due to increases in labour costs, inflationary increases in consumables and contractors for the South African operations, as well as the inclusion of 100% of Hidden Valley's costs from November 2016.

Overall, all-in sustaining costs increased by 10% to R516 687/kg (US$1 182/oz), compared to R467 611/kg (US$1 003/oz) in F2016*. Preventative maintenance was conducted at many of the South African operations in order to improve asset management and performance, which has resulted in a 36% reduction in engineering stoppages during F2017 and will benefit production performance in the future.

* *F2016 all-in sustaining cost restated to include capitalised stripping.*

Harmony's results for the year ended 30 June 2017 can be viewed on Harmony's website at **www.harmony.co.za**.

SUMMARY OF THE 2017 MINERAL RESOURCES AND MINERAL RESERVES REPORT

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).

R&R It is available in full on **www.arm.co.za** under the Mineral Resources and Reserves section.

Below is a summary of ARM's Mineral Resources and Mineral Reserves Report for 2017, details of which are separately published in the 2017 ARM Mineral Resources and Mineral Reserves Report.

GENERAL STATEMENT

ARM's method of reporting Mineral Resources and Mineral Reserves complies with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code) of 2016.

R&R The definitions of Mineral Resources and Mineral Reserves are summarised in the extended report on **www.arm.co.za**

The convention adopted in this report is that the Measured and Indicated Mineral Resources 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 are quoted as at 30 June 2017.

Underground Mineral Resources are *in situ* tonnages at the postulated mining width, after deductions for geological losses. Underground Mineral Reserves reflect tonnages that will be mined and processed while surface Mineral Reserves consist of stockpiles already mined and ready for processing. Both are quoted at the grade fed to the plant. Open-pit Mineral Resources are quoted as *in situ* tonnages and Mineral Reserves are tonnages falling within an economic pit-shell.

The Mineral Resources and Mineral Reserves are reported on a 100% basis and the attributable interest is noted as footnotes on the tabulations. Maps, plans and reports supporting Mineral Resources and Mineral Reserves are available for inspection at ARM's registered office and at the relevant mines.

Rounding off figures may result in computational discrepancies on the Mineral Resources and Mineral Reserves tabulations.

COMPETENCE

The Competent Person with overall responsibility for the compilation of the 2017 Mineral Resources and Mineral Reserves Report is Shepherd Kadzviti, (Pr.Sci.Nat), 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. He is registered with the South African Council for Natural Scientific Professions (SACNASP) as a Professional Natural Scientist (Pr.Sci.Nat) in the field of practice of geological science (registration number 400164/05), and has 27 years' experience, and as such is considered to be a Competent Person. SACNASP is based at the Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, 0087, South Africa.

All Competent Persons at ARM corporate office and operations have sufficient relevant experience in the type of deposit and in the activity for which they have taken responsibility.

R&R Details of all Competent Persons are provided in the 2017 web version ARM Mineral Resources and Mineral Reserves Report at **www.arm.co.za**., and their certificates of competence are available from the Company Secretary upon written request.

The following Competent Persons were involved in the estimation and/or compiling of Mineral Resources and Mineral Reserves. They are employed by ARM or its subsidiaries and/or joint venture (JV) partners:

ARM corporate office:	G C Schlegel, M Mabuza, V Moyo
PGM (Two Rivers Mine):	M W Cowell, J A Coetzee
PGM (Modikwa Mine):	I Colquhoun (Anglo American Platinum), J de Kock
Nickel (Nkomati Mine):	N Strydom, T Mogano
Manganese (Black Rock Mine):	B Ruzive, J Smuts
Iron Ore (Beeshoek Mine):	M A J Burger
Iron Ore (Khumani Mine):	M A Burger, I J M v Niekerk
Coal (Goedgevonden):	M Smith (Glencore head office)
Copper (Lubambe):	C Rose

Shepherd Kadzviti (Pr.Sci.Nat)
Group Mineral Resources Manager
African Rainbow Minerals
24 Impala Road, Chislehurston,
Sandton, South Africa.

10 October 2017

SALIENT FEATURES FOR F2017

ARM PLATINUM

Two Rivers Mine

UG2 Measured and Indicated Mineral Resources at Two Rivers Platinum Mine increased from 72.76 million tonnes at 5.13g/t (6E) to 77.27 million tonnes at 5.31 g/t (6E) mainly due to the upgrade of Inferred Mineral Resources into Indicated Mineral Resources as a result of better structural interpretation. The UG2 Mineral Reserves (Proved and Probable) decreased from 43.25 million tonnes at 3.56g/t (6E) in 2016 to 33.25 million tonnes at 3.47g/t (6E) in 2017. The net loss in tonnage and 6E ounces is primarily due to mining depletion during the financial year 2016/2017, undercut mining in the split reef area, a reduction in the mining height in some areas as a result of remodeling and mining design changes in the faulted area on the North Decline.

Nkomati Mine

Mineral Reserves decreased from 94.56 million tonnes at 0.31% Ni to 88.63 million tonnes at 0.31% Ni mainly due to mining depletion.

Modikwa Mine

The reporting of the UG2 Measured and Indicated Resources is now being done inclusive of that portion converted to Mineral Reserves, which is in accordance to the methodology applied at all the other ARM operations. It is due to this change that the Measured and Indicated Mineral Resources now reflect a tonnage of 189.50 million tonnes at 5.93 g/t (4E) compared to 139.60 million tonnes at 5.92g/t (4E), reported in 2016.

ARM FERROUS

Beeshoek Mine

The slight 3% decrease in Measured and Indicated Mineral Resources to 104.12 million tonnes at 64.07% Fe is due to mining depletion at Village, East and BN Pits.

Khumani Mine

Measured and Indicated Mineral Resource tonnage for Khumani (Bruce and King Pits) increased by 8% to 619.01 million tonnes due to application of a lower cut-off of 55% Fe. The grade consequently reduced by 3% to 62.53% Fe.

Black Rock Mine

The Mineral Resources have been modelled on a composite optimal minable cut of approximately 5.0 metres on Seam 1 for Nchwaning 3 and 4.0 metres for Gloria, Nchwaning 1, Nchwaning 2 and the Graben resulting in an increase in Mineral Resources. Mineral Reserves for Nchwaning Seam 1 reduced from 97 million tonnes at a grade of 43.3% Mn in 2016 to 76.20 million tonnes at a grade of 46.0% Mn in 2017, due to the exclusion of areas close to the major geological structures and mining depletion. Nchwaning Seam 2 Mineral Reserves also reduced from 124.00 million tonnes at a grade of 41.5% Mn last year to 103.80 million tonnes at 42.9% Mn in 2017, due to the exclusion of areas close to major geological structures and areas where middling between Seam 1 and Seam 2 is less than 11 metres.

ARM COAL

Goedgevonden Mine

Coal Measured and Indicated Resources reduced by 3% to 553 million tonnes mainly, due to mining depletion.

ARM COPPER

Lubambe Mine

The Measured and Indicated Mineral Resources for Lubambe Copper Mine decreased slightly from 50.7 million tonnes at 2.55% TCu to 50.6 million tonnes at 2.43% TCu. The lower grade is mainly due to re-evaluation using Ordinary Kriging instead of Inverse Distance estimation techniques.

The Mineral Reserves decreased from 45.4 million tonnes at 2.18% TCu in 2016 to 41.0 million tonnes at a grade of 2.13% TCu mainly due to mining depletion. TCu grade decrease was due to new estimation methodology and application of revised modifying factors.

SUMMARY OF THE 2017 MINERAL RESOURCES AND MINERAL RESERVES continued

F2017 MINERAL RESOURCES AND MINERAL RESERVES SUMMARY

The tables below are summaries of the ARM Mineral Resources and Mineral Reserves.

R&R Detailed information on the ARM 2017 Mineral Resources and Mineral Reserves is available on **www.arm.co.za**.

ARM PLATINUM OPERATIONS

Platinum Group Elements

	Mineral Resources								Mineral Reserves						
	Measured		Indicated		Measured and Indicated		Inferred		Proved		Probable		Total Reserves		
* Mineral Resources and Mineral Reserves are reported on a 100% basis.	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															
UG2 (grade reported as 6E)	15.22	5.42	62.05	5.28	**77.27**	**5.31**	80.64	5.60	10.72	3.64	22.53	3.39	**33.25**	**3.47**	**3.71**
Merensky (grade reported as 6E)			60.57	3.11	**60.57**	**3.11**	99.19	3.92							
Tamboti Platinum (Kalkfontein RE)															
UG2 (grade reported as 6E)	0.38	5.99	18.34	6.00	**18.72**	**6.00**	0.77	6.70							
Merensky (grade reported as 6E)			14.39	4.31	**14.39**	**4.31**	5.50	3.44							
Modikwa Mine**															
UG2 (grade reported as 4E)	87.30	5.95	102.20	5.92	**189.50**	**5.93**	76.50	6.21	12.34	4.95	29.88	4.76	**42.21**	**4.82**	**6.54**
Merensky (grade reported as 4E)	18.54	2.93	55.73	2.72	**74.27**	**2.78**	138.59	2.65							
Kalplats PGM Prospect (grade reported as 3E)	14.04	1.59	55.88	1.46	**69.91**	**1.48**	67.44	1.57							

6E *= platinum + palladium + rhodium + iridium + ruthenium + gold*
4E *= platinum + palladium + rhodium + gold*
3E *= platinum + palladium + gold*

The Mineral Resources are ***inclusive*** *of those modified to produce Mineral Reserves.*

** *Modikwa Mine UG2 Measured and Indicated Mineral Resources previously reported "**exclusive**" of those converted to Mineral Reserves are now reported as "**inclusive**" of those modified to Mineral Reserves.*

* ***Two Rivers Platinum Mine attributable interests (ARM 51%; Impala Platinum 49%).***
* ***Tamboti Platinum attributable interests (ARM 100%).***
* ***Modikwa Platinum Mine attributable interests (ARM 41.5%; Modikwa Communities 8.5%; Anglo American Platinum 50%).***
* ***Kalplats PGM Prospect attributable interests (ARM 46%; Stella Platinum 44%; and Anglo American Prospecting Services 10%).***

Nickel

	Mineral Resources								Mineral Reserves					
	Measured		Indicated		Measured and Indicated		Inferred		Proved		Probable		Total Reserves	
* Mineral Resources and Mineral Reserves are reported on a 100% basis.	Mt	Ni%	Mt	Ni%	**Mt**	**Ni%**	Mt	Ni%	Mt	Ni%	Mt	Ni%	**Mt**	**Ni%**
Nkomati Mine (MMZ+PCMZ)	85.91	0.32	96.50	0.37	**182.41**	**0.35**	46.35	0.40	58.22	0.30	30.42	0.33	**88.63**	**0.31**
Nkomati Mine (MMZ Stockpiles)									0.32	0.44			**0.32**	**0.44**
Nkomati Mine (PCMZ Stockpiles)									0.88	0.18			**0.88**	**0.18**

The Mineral Resources are inclusive of those modified to produce Mineral Reserves.
MMZ *– Main Mineralised Zone;* ***PCMZ*** *– Chromititic Peridotite Mineralised Zone.*
Nkomati Mine MMZ Mineral Resources and Mineral Reserves also contain Cu, Co, and PGEs.

R&R Details available in the full ARM Mineral Resources and Mineral Reserves Report.

Nkomati Mine PCMZ Mineral Resources and Mineral Reserves also contain Cu, Co, PGEs and Cr_2O_3.

R&R Details available in the full ARM Mineral Resources and Mineral Reserves Report.

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

Chrome

* Mineral Resources and Mineral Reserves are reported on a 100% basis.	Mineral Resources						Mineral Reserves					
	Measured		Indicated		**Measured and Indicated**		Proved		Probable		Total Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	**Mt**	**Cr_2O_3%**	Mt	Cr_2O_3%	Mt	Cr_2O_3%	**Mt**	**Cr_2O_3%**
Nkomati Mine												
Oxidized Massive Chromitite	0.13	25.40			**0.13**	**25.40**	0.06	25.60	0.06	21.61	**0.12**	**23.61**
Un-Oxidized Massive Chromitite	6.16	28.98			**6.16**	**28.98**	0.76	17.48	0.56	19.79	**1.32**	**18.46**
Chromite Stockpiles							2.33	19.25			**2.33**	**19.25**

The Mineral Resources are inclusive of those modified to produce Mineral Reserves.
* *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								Mineral Reserves					
	Measured		Indicated		Measured and Indicated		Inferred		Proved		Probable		Total Reserves	
	Mt	Mn%	Mt	Mn%	**Mt**	**Mn%**	Mt	Mn%	Mt	Mn%	Mt	Mn%	**Mt**	**Mn%**
Black Rock Mine (Nchwaning Mine)														
Seam 1	73.22	44.6	62.40	41.8	**135.62**	**43.3**			29.00	45.3	47.20	46.4	**76.20**	**46.0**
Seam 2	108.90	42.5	89.83	42.1	**198.73**	**42.3**			66.40	42.7	37.40	43.2	**103.80**	**42.9**
Black Rock (Koppie area)														
Seam 1	9.03	40.3	34.57	40.7	**43.60**	**40.6**								
Seam 2	8.23	37.4	18.58	39.2	**26.81**	**38.6**								
Black Rock Mine (Gloria Mine)														
Seam 1	63.90	37.4	93.83	37.7	**157.73**	**37.6**	31.50	37.0	43.20	37.3	75.00	37.6	**118.20**	**37.5**
Seam 2			34.81	28.4	**34.81**	**28.4**	133.46	30.0						

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

SUMMARY OF THE 2017 MINERAL RESOURCES AND MINERAL RESERVES continued

Iron Ore

* Mineral Resources and Mineral Reserves are reported on a 100% basis.	Mineral Resources								Mineral Reserves					
	Measured		Indicated		Measured and Indicated		Inferred		Proved		Probable		Total Reserves	
	Mt	Fe%	Mt	Fe%	**Mt**	**Fe%**	Mt	Fe%	Mt	Fe%	Mt	Fe%	**Mt**	**Fe%**
Beeshoek Mine														
All pits	94.50	64.09	9.62	63.81	**104.12**	**64.07**	2.55	60.04	39.88	64.79	3.85	63.95	**43.73**	**64.71**
Stockpiles											4.97	55.49	**4.97**	**55.49**
Khumani Mine														
Bruce and King/ Mokaning	480.36	62.54	138.65	62.53	**619.01**	**62.53**	40.35	59.66	361.80	62.18	89.70	62.06	**451.50**	**62.15**
Stockpiles											3.90	55.22	**3.90**	**55.22**

The Mineral Resources are inclusive of those modified to produce Mineral Reserves.

* ***Iron Ore Operations attributable interests (ARM 50%; Assore 50%).***

ARM COAL OPERATION

Coal

* Coal Resources and Coal Reserves are reported on a 100% basis.	Coal Resources						Coal Reserves (ROM)						Coal Reserves (Saleable)					
	Measured		Indicated		Measured and Indicated		Proved		Probable		Total Reserves		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	**	Mt	**	**Mt**	**
Goedgevonden Coal Mine	540	19.73	13	21.45	**553**	**19.77**	290	19.57	11	19.57	**301**	**19.57**	180	**	6	**	**186**	**

The Coal Resources are inclusive of those modified to produce Coal Reserves.

*** [HG Export (84 Mt); Export CV (6000 Kcal/kg)] and [LG Export (102 Mt); LG Export CV (21.5 MJ/kg)].*

* ***Goedgevonden Coal Mine attributable interests (ARM 26%; Glencore Operations 74%).***

ARM COPPER OPERATION

Copper

* Mineral Resources and Mineral Reserves are reported on a 100% basis.	Mineral Resources								Mineral Reserves					
	Measured		Indicated		Measured and Indicated		Inferred		Proved		Probable		Total Reserves	
	Mt	TCu%	Mt	TCu%	**Mt**	**TCu%**	Mt	TCu%	Mt	TCu%	Mt	TCu%	**Mt**	**TCu%**
Lubambe Mine	8.9	2.50	41.7	2.41	**50.6**	**2.43**	25.8	1.97	7.00	2.18	34.0	2.12	**41.0**	**2.13**
Lubambe Extension Target Area			90.0	3.73	**90.0**	**3.73**	44.0	4.78						
Lubambe Extension (Outside Target Area)							79.0	2.80						

The Mineral Resources are inclusive of those modified to produce Mineral Reserves.

* ***Lubambe Copper Mine attributable interests (ARM 40%; Vale 40%; ZCCM-IH 20%).***

SUMMARISED CORPORATE GOVERNANCE REPORT

Our strategy is supported by our high standards of corporate governance, which we continue to review to ensure robust controls and alignment of our businesses with global good practice.

OUR APPROACH TO CORPORATE GOVERNANCE

Adhering to the highest standards of corporate governance is fundamental to the sustainability of ARM's business. ARM's business practices are conducted in good faith, in the interests of the Company and all its stakeholders, with due observance of the principles of good corporate governance. The unitary Board of Directors (the Board) is the foundation of ARM's corporate governance system and is accountable and responsible for ARM's performance. The Board retains effective control of the business of ARM through a clear governance structure and has established committees to assist it in accordance with the provisions of ARM's Board Charter. The Board recognises that delegating authority does not reduce the responsibility of Directors to discharge their statutory and common law fiduciary duties. We continue to review our governance structures to ensure that they support effective decision-making, provide robust controls and are aligned to evolving local and global best practice.

INTEGRATED REPORTING

ARM supports the implementation of integrated reporting to enhance the assessment and understanding of value creation and the sustainability of global markets through integrated thinking, greater connectivity between risks and outcomes, the promotion of accountability and increased transparency. ARM has been on a journey of integrated reporting since it published its first integrated report and continues to embed integrated thinking into its business practice. ARM continues to strive for excellence in reporting and the further integration of the International <IR> Framework principles remains a priority.

KING IV

ARM supports the governance outcomes, principles and practices in the King IV Code on Corporate Governance as set out in the King IV Report on Corporate Governance for South Africa, 2016 (King IV) and applies all of the applicable principles of King IV, which was published on 1 November 2016 and came into effect for companies listed on the JSE Limited on 1 October 2017. ARM also uses developments and governance trends as opportunities to continuously improve and entrench corporate governance practices. With this objective, practices impacting the divisions and operations have been and are being identified, assessed and addressed through action plans and regular monitoring and reporting to the appropriate governance structures. Ongoing progress reports in this regard are presented, amongst others, to the Audit and Risk Committee and the divisional audit committees.

APPLICABLE GOVERNING FRAMEWORKS

IAR See the Reporting Principles and Frameworks in the About this Report section on page 1.

ADDITIONAL EXTERNAL SUSTAINABILITY AND MANAGEMENT SYSTEMS, STANDARDS AND PRINCIPLES

IAR SR See the Our Approach to Sustainability section commencing on page 18 and the 2017 Sustainability Report available on ARM's website: **www.arm.co.za**

ADDITIONAL EXTERNAL FINANCIAL STANDARDS, POLICIES, REPORTING GUIDELINES AND PRINCIPLES

AFS See the Accounting Policies in the Notes to the Financial Statements on pages 27 to 42 of the 2017 Annual Financial Statements.

GOVERNANCE FRAMEWORK

Shareholders and other stakeholders

STRATEGIC

BOARD OF DIRECTORS

Determines the Company's purpose and values, developing strategies in relation thereto, and provides strategic direction and leadership aligned to the Company's value system to ensure the sustainability of the business

Company Secretary

Audit and Risk Committee
Provides oversight of the Integrated Annual Report and financial reporting, internal controls and risk management and monitors the maintenance and safeguarding of assets as well as the financial sustainability of the Company.

Investment Committee
Examines proposed investments, potential acquisitions and disposals and capital projects above executive management's authority levels prior to recommendation to the Board.

Nomination Committee
Ensures that the Board is appropriately structured to enable it to execute its functions effectively.

Non-executive Directors' Committee
Considers sensitive issues that may not expediently be discussed at Board meetings and affords Non-executive Directors the opportunity to debate issues at length and to formulate their views before taking them to Board meetings.

Remuneration Committee
Monitors the Company's remuneration policies and ensures that the Company has the optimal remuneration strategy to attract, retain and motivate employees and Non-executive Directors.

Social and Ethics Committee
Monitors and reviews the Company's safety, health and environmental activities, social and economic development, efforts to combat fraud and corruption, labour practices and the Company's approach to transformation.

TACTICAL

EXECUTIVE MANAGEMENT

Executive Committee
Assists the Executive Chairman to implement the strategy and objectives for and vision of ARM

Steering Committee
Assists the Chief Executive Officer with the implementation of management policy and considers other operational matters

Growth and Strategic Development Committee
Evaluates investment opportunities aligned with the ARM Board strategy.

IAR Refer to the section on Our strategy on page 3.

Management Risk and Compliance Committee
Assists the Audit and Risk Committee and the Social and Ethics Committee with monitoring the implementation of the Enterprise Risk Management Policy and annual plan, and with identifying the principal risks, opportunities and challenges facing the Company.

CGR Refer to the Risk Report in the Corporate Governance Report.

Information Technology Steering Committee
Ensures the effective management of information technology and the integrity of financial and other information by supporting the Company to cost-effectively achieve its objectives.

CGR Refer to the section on Technology and information in the Corporate Governance Report.

Treasury Committee
Ensures the effective management of the Company's financial capital.

IAR Refer to the Group Financial Review on pages 102 to 124.

Employment Equity and Skills Development Committee
Ensures the attraction and development of human capital to enable and support the Company's long-term strategy.

SR Refer to the Sustainability Report.

OPERATIONAL

DIVISIONAL/OPERATIONAL

Various departmental, regional, specialist, operational and project committees and forums

Comment from Ibis ESG Assurance "As part of our Independent Third Party Assurance processes, Ibis ESG Assurance (Pty) Ltd (Ibis ESG Assurance) conducted an assessment of ARM's application of the 16 principles contained in the version of the King IV Report on Corporate Governance for South Africa, 2016 (King IV), and found no concerns relative to ARM's assertions that all of the 16 individual King IV principles have been applied, with reasonable evidence to support each assertion."

SR
See the complete King IV application register on ARM's website: **www.arm.co.za**
Ibis ESG Assurance's comprehensive assurance statement may be found in ARM's 2017 Sustainability Report available on ARM's website: **www.arm.co.za**

BOARD OF DIRECTORS

PATRICE MOTSEPE 55

BA (Legal), LLB, Doctorate of Commerce (Honorius Causa) (Wits), Doctor of Management and Commerce (Honorius Causa) (Fort Hare)

Executive Chairman

Appointed to the Avmin Board in 2003 as part of the Avmin/ARMgold/Harmony transaction. When the transaction was concluded in 2004, Avmin changed its name to African Rainbow Minerals (ARM) and Patrice became Executive Chairman of ARM.

MIKE SCHMIDT 59

Mine Managers Certificate, MDP, Pr Cert Eng

Chief Executive Officer

Appointed to the Board in 2011.

MIKE ARNOLD 60*

BSc Eng (Mining Geology), BCompt (Hons), CA(SA)

Financial Director

Appointed to the Board in 2009.

ANDRÉ WILKENS 68

Mine Manager's Certificate of Competency, MDPA (Unisa), RMIIA, Mini-MBA (Oil and Gas Executives)

Executive Director: Growth and Strategic Development

Appointed to the Board in 2003.

THANDO MKATSHANA 48

NHD (Coal Mining), BSc Eng (Mining), MDP and MBA

Executive Director and Chief Executive: ARM Platinum

Appointed to the Board in 2015.

FRANK ABBOTT 62

BCom, CA(SA), MBL

Independent Non-executive Director

Member of the Audit and Risk Committee, Investment Committee, the Non-executive Directors' Committee and the Remuneration Committee

Appointed to the Board in 2004.

DR MANANA BAKANE-TUOANE 69

BA (Economics and Statistics), MA (Econ), PhD (Econ)

Independent Non-executive Director

Chairman of the Remuneration Committee and a member of the Audit and Risk Committee, the Nomination Committee, the Non-executive Directors' Committee and the Social and Ethics Committee

Appointed to the Board in 2004.

TOM BOARDMAN 67

BCom, CA(SA)

Independent Non-executive Director

Chairman of the Audit and Risk Committee and a member of the Non-executive Directors' Committee and the Remuneration Committee

Appointed to the Board in 2011.

ANTON BOTHA 64

BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)

Independent Non-executive Director

Member of the Audit and Risk Committee, the Investment Committee, the Non-executive Directors' Committee and the Remuneration Committee

Appointed to the Board in 2009.

* *After eight years as Financial Director, Mr Mike Arnold will be retiring as Financial Director of ARM on 10 December 2017, having reached the Company's normal retirement age of 60 years in July 2017. Mr Arnold will remain on the ARM Board of Directors as a Non-Executive Director with effect from the date of his retirement. Ms Abigail Mukhuba, the current Chief Financial Officer of ARM, has been appointed Financial Director with effect from 11 December 2017.*

Nationalities
- South African
- Mozambican

Independence
- Executive Directors (5)
- Independent Non-executive Directors (11)
- Non-executive Director (1)

JOAQUIM CHISSANO 77

PhD

Independent Non-executive Director

Member of the Nomination Committee and the Non-executive Directors' Committee

Appointed to the Board in 2005.

MANGISI GULE 65

BA (Hons) (Wits), P & DM (Wits Business School)

Independent Non-executive Director

Member of the Non-executive Directors' Committee

Appointed to the Board in 2004.

ALEX MADITSI 55

BProc, LLB, H Dip Co Law, LLM

Lead Independent Non-executive Director

Chairman of the Nomination Committee and of the Non-executive Directors' Committee, and a member of the Audit and Risk Committee, the Investment Committee, the Remuneration Committee and the Social and Ethics Committee

Appointed to the Board in 2004.

KOBUS MÖLLER 58

BCom (cum laude), BCompt (Hons), CA(SA), AMP (Harvard)

Independent Non-executive Director

Member of the Investment Committee, the Remuneration Committee and the Non-executive Directors' Committee

Appointed to the Board in 2017.

DAVID NOKO 60

Dipl (Mech Eng), MDP, MBA, SEP (LBS)

Independent Non-executive Director

Member of the Non-executive Directors' Committee

Appointed to the Board in 2017.

DR REJOICE SIMELANE 65

BA (Economics and Accounting), MA, PhD (Econ), LLB (UNISA)

Independent Non-executive Director

Chairman of Social and Ethics Committee and a member of the Audit and Risk Committee, the Nomination Committee and the Non-executive Directors' Committee

Appointed to the Board in 2004.

BERNARD SWANEPOEL 56

BSc (Min Eng), BCom (Hons)

Independent Non-executive Director

Chairman of the Investment Committee and a member of the Social and Ethics Committee and the Non-executive Directors' Committee

Appointed to the Board in 2003.

JAN STEENKAMP 63

National Mining Diploma, EDP

Non-executive Director

Member of the Non-executive Directors' Committee

Appointed to the Board in 2017.

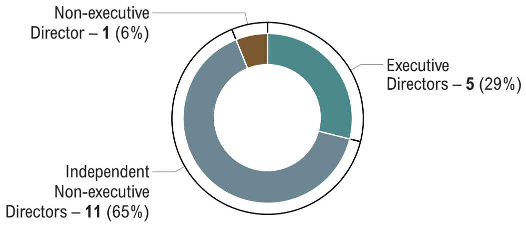
CGR The Board of Directors' CVs are available in the Corporate Governance Report on the Company's website, **www.arm.co.za**

SUMMARISED CORPORATE GOVERNANCE continued

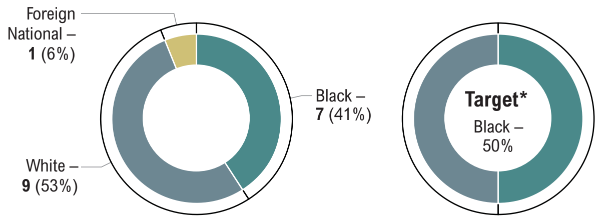
BOARD COMPOSITION

ARM has a unitary Board comprising 17 Directors, the majority of whom are Independent Non-executive Directors.

MIX OF DIRECTORS

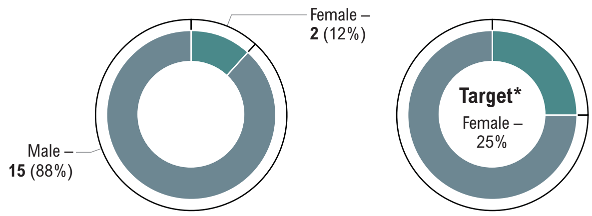


DIVERSITY



* Target to be achieved by 31 December 2018 in terms of the Board-approved policy.

GENDER OF DIRECTORS



* Target to be achieved by 31 December 2018 in terms of the Board-approved policy.

DIVERSITY AND INCLUSION

Transformation principles form a key pillar of our strategy and are integrated into our business. ARM recognises the benefits of a diverse Board and to confirm its commitment, the Board has adopted a policy for the promotion of gender and race diversity and inclusion on the Board. The aim is to ensure that by the end of the 2018 calendar year the Board is made up of at least 50% percent black Board members of which 25% is black women.

To achieve these targets, the Nomination Committee considers candidates on merit against objective criteria and with due regard to the benefits of diversity and inclusion. In F2017, following an extensive search, the Board announced that Ms. Abigail Mukhuba, the current Chief Financial Officer of ARM, had been appointed Financial Director with effect from 11 December 2017.

The Board also appointed Mr D C Noko as an Independent Non-executive Director, effect from 10 October 2017, after consideration, *inter alia*, of his experience, qualifications and availability.

In the annual performance evaluation of the Board, gender and race diversity were identified as priority areas and the Nomination Committee will continue to focus on the achievements of these targets.

INDEPENDENCE

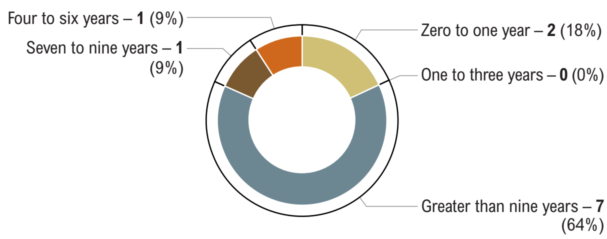
All Directors have a duty to act with independence of mind in the best interests of the Company. The Board believes that the Independent Non-executive Directors of the Company are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's deliberations and decisions.

The Independent Non-executive Directors are highly experienced and have the skills, background and knowledge to fulfil their responsibilities.

The classification of Independent Non-executive Directors is determined by the Board on the recommendation of the Nomination Committee. In determining the independence of the Independent Non-executive Directors, character and judgement are considered together with any of their relationships or circumstances which are likely to affect, or could appear to affect, their judgement and with due regard to the criteria for determining independence as set out in King IV and the JSE Listings Requirements.

Any term in office by an Independent Non-executive Director exceeding a period of nine years is subject to a rigorous review by the Board. The independence assessment considered relationships or circumstances likely to affect, or appearing to affect, the relevant Independent Non-executive Director's character and judgement. The Board concluded that in each circumstance the Independent Non-executive Director's independence of character and judgement was not impaired by the length of service.

TENURE: INDEPENDENT NON-EXECUTIVE DIRECTORS



The independence of Mr J A Chissano, who receives consultancy fees, was considered. Given his extensive relationships with various leaders of African countries, Mr Chissano assists in the facilitation of high-level business discussions and introductions, and his specific assignments are determined by the Executive Chairman and the Chief Executive Officer. The fees paid to Mr Chissano for these services are market-related and are not, in the opinion of the Board, material. As such, the Board is satisfied that this aspect does not impair his independence.

The independence of Mr W M Gule, who also receives consultancy fees, was considered. The fees paid to Mr Gule for these services are market-related and are not, in the opinion of the Board, material. The Board is satisfied that this aspect does not impair his independence.

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Executive Chairman and the Chief Executive Officer are separate and distinct. Mr P T Motsepe is the Executive Chairman of the Company and not independent. He is also a significant shareholder of the Company. ARM is satisfied that the non-independence of the Executive Chairman is properly addressed by the composition of the Board and particularly by the appointment of the Lead Independent Non-executive Director, Mr A K Maditsi, in accordance with and as required by King IV.

AFS See the Shareholder Analysis on pages 114 to 115 of the 2017 Annual Financial Statements for further information.

In addition to the general requirements for the re-election of Directors set out in the Company's Memorandum of Incorporation and discussed below, the Executive Chairman and the Lead Independent Non-executive Director are required to be elected by the Board annually. Messrs Motsepe and Maditsi were re-elected as Executive Chairman and Lead Independent Non-executive Director, respectively, for a period of one year commencing on 1 January 2017. The Chief Executive Officer is appointed by the Board.

BOARD CHARTER

The Board Charter was most recently amended by the Board in August 2017, to ensure alignment with King IV. The Board Charter provides guidelines to Directors in respect of, *inter alia*, the Board's responsibilities, authority, composition, meetings and the need for performance evaluations.

CGR The roles and responsibilities of the Board as set out in the Board Charter are included in the full Corporate Governance Report available on the Company's website: **www.arm.co.za**

The Board Charter also provides for a clear division of responsibilities to ensure a balance of power and authority so that no one Director has unfettered powers of decision-making.

ELECTION, RE-ELECTION INDUCTION, SUCCESSION AND ASSESSMENT

Election and re-election

The Memorandum of Incorporation requires that one-third of those elected Non-executive Directors who have served in office longest since their last election, retire by rotation at each Annual General Meeting. Being eligible, these Non-executive Directors may seek re-election should they so wish.

IAR The Directors' brief *curricula vitae* are available on pages 76 to 77. Detailed *curricula vitae* are included in the Notice of Annual General Meeting on pages 132 to 133

Messrs J A Chissano and Z B Swanepoel and Dr R V Simelane are required to retire by rotation. They have made themselves available for re-election at the Annual General Meeting to be held on Friday, 1 December 2017.

Directors appointed by the Board between Annual General Meetings hold office only until the next Annual General Meeting and are eligible for election (but are not included in determining the number of Directors who are to retire by rotation). Mr J P Möller was appointed as an Independent Non-executive Director with effect from 1 January 2017. On 10 October 2017, Messrs D C Noko and J C Steenkamp were appointed as an Independent Non-executive Director and a Non-executive Director, respectively. As Messrs Noko, Möller and Steenkamp were appointed between Annual General Meetings, these Directors are required and available to stand for election at the Annual General Meeting to be held on Friday, 1 December 2017.

IAR Also see the Notice of Annual General Meeting on page 127 for detail about the election of the Audit and Risk Committee Members

Induction and continuing education

All newly-appointed Directors receive a comprehensive information pack, including the Memorandum of Incorporation, the Board Charter, Terms of Reference of the Committees of the Board, Board policies and other documents relating to the Company; key legislation and regulations; as well as corporate governance, financial and reporting documents, including minutes and documents of an administrative nature.

Directors are encouraged to attend courses providing information and training relating to their duties, responsibilities, powers and potential liabilities. Regulatory and legislative updates are provided regularly. The Company holds an annual budget planning workshop and a strategy Bosberaad with senior management and the Board to, *inter alia*, inform Directors about the Company's business.

Succession

The Nomination Committee, together with the Executive Chairman, deal with succession planning for Non-executive Directors and monitor the succession planning for Executive Directors. In F2017, the Nomination Committee considered the succession of the Financial Director. Following eight years in the role, Mr Mike Arnold will be retiring as Financial Director of ARM on 10 December 2017 after having reached the Company's normal retirement age of 60 years in July 2017. Mr Arnold will remain on the ARM Board of Directors as a Non-Executive Director with effect from the date of his retirement. Ms Abigail Mukhuba, the current Chief Financial Officer of ARM, has been appointed Financial Director with effect from 11 December 2017.

The Company has a succession plan for Executive Directors and senior management, which provides for the key management of the Company. The Company continuously strives to improve its talent pool through a comprehensive and focused plan for the management of human capital, including career development and recruitment. The Company adopts an integrated approach to succession planning. As a result, the Board is satisfied that the ongoing efforts to strengthen leadership provide short- and long-term management depth.

Assessment

The Board is committed to transparency in assessing the performance of the Board, its Committees and individual Directors as well as the governance processes that support Board activities. The effectiveness of the Board and its Committees is assessed annually. Independent external advisors assisted the Nomination Committee with the evaluation of the Board, its Committees, the Executive Chairman and the Company Secretary.

The Board is of the view that the involvement of independent external advisors assists to ensure a rigorous and impartial evaluation process.

Matters considered in the assessments are set out in the full Corporate Governance Report available on the Company's website, **www.arm.co.za**

In addition to finding that the Board functioned well, the assessment identified the value of separating the annual budget and strategy meetings and the importance of a continued focus on the diversity of the Board. The findings of the F2017 assessment were considered by the Board in 2017 and a copy of the findings were provided to the external auditor.

IAR Performance assessments of all the Executive Directors, including the Executive Chairman and the Chief Executive Officer, are undertaken annually and form the basis of their remuneration as discussed in Part II of the Summarised Remuneration Report starting on page 85

BOARD AND COMMITTEES

The Board has established committees to assist with fulfilling its responsibilities in accordance with the provisions of the Company's Board Charter. Nonetheless, the Board acknowledges that the delegation of authority to its Committees does not detract from the Board's responsibility to discharge its fiduciary duties to the Company.

The Committees have Terms of Reference, which are reviewed annually by the Board. They set out the Committees' roles and responsibilities, functions, scope of authority and composition. In 2017, the Board approved amendments to all of the Committees' Terms of Reference.

CGR Additional detail about the Board and its committees can be found in the Corporate Governance Report available on the Company's website: **www.arm.co.za**

3

INVESTMENT
Z B Swanepoel (Chairman)
F Abbott
A D Botha
A K Maditsi
J P Möller***

The Investment Committee's purpose is to consider substantial investments proposed by management, including mining projects, acquisitions and disposals of assets, and to make such recommendations to the Board as it considers appropriate. The Committee also reviews the results attained on completion of each project.

BOARD

The Board meets at least four times a year to consider the business and strategy of the Company. The Board reviews reports of the Chief Executive Officer, the Financial Director, divisional chief executives and other senior executives, chairmen of the Committees and independent advisors. During the financial year ended 30 June 2017, four Board meetings were held. The quorum for Board meetings is the majority of the Directors.

Members of the Board and senior executives of the Company consider the budget and review the Company's three-year financial plan. During the strategy sessions, the Company's future strategy is considered in detail. The Company's annual budget workshop was held in August 2017 as part of the ninth annual Bosberaad (strategy meeting) for Directors and senior management.

4

P T Motsepe (Executive Chairman)
M P Schmidt
F Abbott
M Arnold
Dr M M M Bakane-Tuoane
T A Boardman
A D Botha
J A Chissano
W M Gule
A K Maditsi
H L Mkatshana
J P Möller*
D C Noko***
Dr R V Simelane
J C Steenkamp***
Z B Swanepoel
A J Wilkens

3

NOMINATION
A K Maditsi (Chairman)
Dr M M M Bakane-Tuoane
J A Chissano
Dr R V Simelane

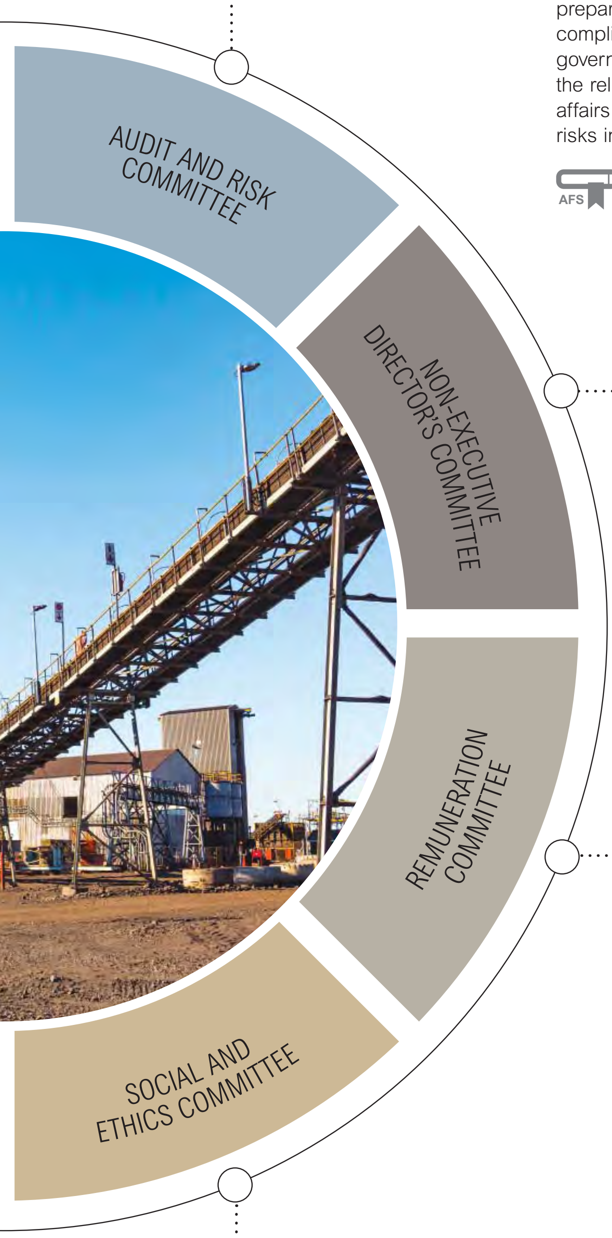
The Nomination Committee is responsible, *inter alia*, for establishing formal and transparent procedures for the appointment of Directors; recommending to the Board suitable candidates for appointment as members of its Committees and the Chairmen of such Committees; ensuring compliance with those provisions of the MOI governing the rotation of Directors and making recommendations to the Board with regard to the eligibility of retiring Directors of the Company for re-election.

The Nomination Committee is also responsible for the evaluation of the Board and its Committees and for developing a formal induction programme for new Directors of the Company, overseeing access by Directors to external continuing professional development programmes.

Members

Meetings per year

CGR See the meeting attendance summary on page 82 of the Summarised Corporate Governance Report.



The primary objective of the Audit and Risk Committee, which is constituted in terms of section 94 of the Companies Act, to assist the Board in discharging its duties relating to the safeguarding of ARM's assets; the operation of adequate systems, internal controls and control processes; and the preparation of accurate financial reports and statements in compliance 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.

AFS The detailed Report of the Audit and Risk Committee is available on pages 2 to 4 of the 2017 Annual Financial Statements.

7

AUDIT AND RISK
T A Boardman (Chairman)
F Abbott
Dr M M M Bakane-Tuoane
A D Botha
A K Maditsi
Dr R V Simelane

The Non-executive Directors' Committee meets formally without management and provides a forum for the Non-executive Directors of the Company to consider and discuss issues of importance to ARM, including the promotion of increased investor confidence, stimulating business growth, reducing fraudulent practices through effective business leadership, fostering sustainable long-term growth in both the social and economic arenas and cultivating and promoting an ethical corporate culture within ARM.

4

A K Maditsi (Chairman)
Dr M M M Bakane-Tuoane
F Abbott
T A Boardman
A D Botha
J A Chissano
W M Gule
J P Möller*
D C Noko***
Dr R V Simelane
J C Steenkamp***
Z B Swanepoel

IAR The Summarised Remuneration Report is available on pages 85 to 99.

CGR The Remuneration Report is available in the Corporate Governance Report on ARM's website: **www.arm.co.za**

3

REMUNERATION
Dr M M M Bakane-Tuoane (Chairman)
F Abbott
T A Boardman
A D Botha
A K Maditsi
J P Möller**

The purpose of the Social and Ethics Committee, which is constituted in terms of Regulation 43 (5)(c) of the Companies Regulations promulgated in terms of 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 the natural environment in which ARM operates in order to ensure that its business practices are sustainable.

IAR SR Additional information is available in the Report of the Social and Ethics Committee on pages 100 to 101 and in the 2017 Sustainability Report available on ARM's website: **www.arm.co.za**

4

SOCIAL AND ETHICS
Dr R V Simelane (Chairman)
Dr M M M Bakane-Tuoane
A K Maditsi
Z B Swanepoel**

* *With effect from 1 January 2017.*
** *With effect from 29 August 2017.*
*** *With effect from 10 October 2017.*

SUMMARISED CORPORATE GOVERNANCE continued

F2017 BOARD AND COMMITTEE MEETING ATTENDANCE SUMMARY

	BOARD	AUDIT AND RISK COMMITTEE	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	NON-EXECUTIVE DIRECTORS' COMMITTEE	SOCIAL AND ETHICS COMMITTEE	REMUNERATION COMMITTEE
Number of meetings in F2017[1]	**4**	**7**	**2**	**3**	**4**	**4**	**3**
P T Motsepe (Executive Chairman)	4	–	–	3^	–	–	–
M P Schmidt (Chief Executive Officer)	4	7^	1^	3^	–	3^	3^
F Abbott	4	6+	2	–	4	–	3
M Arnold	4	7^	2^	3^	–	–	3^
M M M Bakane-Tuoane, Dr	4	7	–	3	4	4	3
T A Boardman	4	7	–	–	4	–	3
A D Botha	4	6+	2	–	4	–	3
J A Chissano	3+	–	–	1+	3+	–	–
W M Gule	4	–	–	–	4	–	–
A K Maditsi	4	7	2	3	4	4	3
H L Mkatshana	4	7^	2^	–	–	4^	–
J P Möller*	2*	–	–	–	2*	–	–
R V Simelane, Dr	4	7	–	3	4	4	–
Z B Swanepoel**	4	–	2	–	4	–	–
A J Wilkens	4	6^	2^	3^	–	–	3^

^ Attended as an invitee.
+ Absent with leave of the Board or Committee, as the case may be.
** Mr J P Möller was appointed to the Board on 1 January 2017.*
*** Messrs J P Möller and Z B Swanepoel were appointed to these committees on 29 August 2017, after the reporting period.*
1 Messrs D C Noko and J C Steenkamp were appointed to the Board after the reporting period on 10 October 2017.

THE AUDIT AND RISK COMMITTEE AND FINANCIAL REPORTING PROCEDURES

The Audit and Risk Committee has oversight of the Company's financial reporting process on behalf of the Board. The Committee meets with the internal and external auditors on a regular basis to discuss the results of their examinations, their evaluation of the Company's internal controls and the overall quality of the Company's financial reporting. The Committee also discusses the overall scope and plans for the respective audits of the Company's internal and external auditors. The internal and external auditors are invited to attend Committee meetings.

The principles for the use of external auditors for non-audit services are set out in the formal policy on non-audit services. The Financial Director is authorised to engage the external auditors for non-audit services for which the fee would not exceed R200 000. Matters for which the fee will exceed R200 000 must be pre-approved by the Committee. The policy also prescribes permitted non-audit services.

In assessing the appropriateness of financial reporting procedures, the Committee reviews the Financial Director's qualifications and experience. Following the 2017 review, the Committee is satisfied that the Financial Director has experienced finance executives reporting to him, that the finance function is adequately resourced and that he has the necessary experience and expertise to discharge his responsibilities.

For additional information on the Audit and Risk Committee refer to the Corporate Governance Report on the Company's website **www.arm.co.za**

AD HOC BOARD COMMITTEES

The Board has the right to appoint and authorise special *ad hoc* Board Committees, comprising the appropriate Board members, to perform specific tasks as required.

MANAGEMENT COMMITTEES

The Company has various Management Committees comprising Executive Directors and senior executives who are considered essential to the functioning of the Company and ensuring the appropriate control and provision of information to the Board.

See page 75 for a summary of how these Committees support the business. Additional information can be found in the Corporate Governance Report on the Company's website **www.arm.co.za**

Executive Committee

The Executive Committee met nine times in F2017. The Committee is chaired by the Executive Chairman. Standard items on the agenda include strategic matters, reports from the Chief Executive Officer, the Financial Director, the divisional chief executives and other senior executives.

Management Risk and Compliance Committee

The Management Risk and Compliance Committee, a management sub-committee of the Audit and Risk Committee, assists the Audit and Risk Committee in discharging its duties relating to risk matters by implementing, coordinating and monitoring a risk management plan, policy and processes to ensure that broader strategic and significant business risks are identified and quantified with attendant controls and management assurance. The Committee also reports to the Social and Ethics Committee on matters related to the sustainability of the business. The Committee's Terms of Reference are reviewed annually and were most recently amended by the Audit and Risk Committee in F2017.

CGR Additional information regarding the risk management programme can be found in the Risk Report in the Corporate Governance Report available on the Company's website **www.arm.co.za**

Steering Committee

The Steering Committee which is chaired by the Chief Executive Officer, implements management policy and considers other operational matters.

Growth and Strategic Development Committee

The Growth and Strategic Development Committee evaluates growth opportunities. The Committee, which is chaired by the Executive Director: Growth and Strategic Development, meets fortnightly, or more often if required.

Employment Equity and Skills Development Committee

The Employment Equity and Skills Development Committee considers employment equity, transformation and skills development strategies throughout the Company.

Treasury Committee

The Treasury Committee meets monthly and, if required, more frequently, under the chairmanship of the Financial Director. The Treasury Committee reviews operational cash flows, currency and interest rate exposures as well as funding issues within the Company.

Tax Forum

The Tax Forum meets quarterly under the chairmanship of the ARM Finance Senior Executive: Corporate.

Information Technology Steering Committee

The Information Technology Steering Committee implements the governance framework and strategy adopted by the Board, and develops information technology policies and procedures.

COMPANY SECRETARY

All Directors have access to the services and advice of the Company Secretary, Ms A N D'Oyley (BCom, LLB, LLM). The Company Secretary is not a Director of the Company and she maintains an arm's-length relationship with the Board.

The Company Secretary supports the Board as a whole, and Directors individually, by providing guidance as to how to fulfil their responsibilities as Directors in the best interests of the Company. The Company Secretary also oversees the induction of new Directors, as well as the ongoing training of Directors. She maintains her knowledge of developments in corporate governance best practice and regulation.

The Board remains satisfied with the competency and experience of the Company Secretary.

ADVICE AND INFORMATION

No restriction is placed on a Director's access to Company information, records, documents and property. Non-executive Directors have access to management and regular interaction is encouraged. All Directors are entitled to seek independent professional advice concerning the affairs of the Company at the Company's expense.

TECHNOLOGY AND INFORMATION GOVERNANCE

The Board affirms its responsibility for the governance of technology and information. The governance model reflects both business and information technology requirements, focusing on strategic alignment, the value delivery, risk management (including information security, resilience and legislative and health and safety compliance), resource management and performance management. The governance of technology is conducted in accordance with international standards, such as those embodied in the Information Systems Control Association's IT Governance Institute and CoBiT (Control Objectives for Information Technology) frameworks. These are reviewed from time to time to take into account organisational changes, international developments in the field, and changing risk profiles. The focus in F2017 was cybersecurity.

CGR Additional information about technology and information governance can be found in the Corporate Governance Report available on the Company's website, **www.arm.co.za**

ENTERPRISE RISK MANAGEMENT

Risk management philosophy

ARM's risk management philosophy commits us to integrating, embedding, cost-effectively implementing and continually reviewing our systems of internal control and Enterprise Risk Management at all levels within the Company.

ARM's overriding policy and philosophy is that management of risk is the responsibility of management at every level in ARM. It forms an integral part of the process of managing resources and opportunities within our risk appetite in order to provide reasonable assurance regarding the achievement of the Company's objectives.

IAR For additional information about enterprise risk management, see the section on Our principle risks, opportunities and challenges on page 15

SUMMARISED CORPORATE GOVERNANCE continued

Internal control and internal audit

The Board, with the assistance of the Audit and Risk Committee, the Management Risk and Compliance Committee and the outsourced internal auditors, review the Company's risk profile annually. In terms of the risk-based internal audit programme approved annually by the Audit and Risk Committee, the internal auditors perform a number of reviews to assess the adequacy and effectiveness of systems of internal control and risk management. The results of these reviews, together with updates on the corrective action taken by management to improve control systems, are reported to the Audit and Risk Committee and the Board.

Combined Assurance

In order to enhance the integration and alignment of management assurance, we developed our Combined Assurance Model, which provides further input into establishing a control environment that is appropriately related to ARM's risk appetite.

CGR The Risk Report is available in the Corporate Governance Report available on the Company's website: **www.arm.co.za**

ETHICS

Through its Code of Conduct (the Code), the Company is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All Directors and employees are required to maintain high ethical standards so that the Company's business is conducted honestly, fairly and legally and in a reasonable manner, in good faith and in the best interests of the Company. The Code was previously known as the Code of Ethics. The Code was most recently updated in F2017 for King IV. An updated Code of Conduct online training programme has been rolled out at the corporate office.

The Code of Conduct is available on ARM's website: **www.arm.co.za**

Whistleblower facility

Through its whistleblower policy and procedure, an independent service provider operates ARM's whistleblowers' facility to enable employees and other stakeholders to report, confidentially and anonymously, any unethical or risky behaviour. Information about the facility is included in the Code and contact information is posted in each of the Company's offices. Initiatives to heighten awareness of the whistleblower facility are implemented on an ongoing basis. Formal procedures in place result in each whistle-blowing report being investigated and policy and procedures revised, where applicable, with feedback reports being provided to the operators of the ARM whistleblower facility. No material non-compliance incidents were reported during the year under review.

Comment from Sustainability Assurance Provider:
"As part of the scope of work to provide Independent Third Party Assurance over ARM's sustainability reporting, Ibis ESG Assurance (Pty) Ltd conducted an assessment of ARM's ethics policies and procedures, in line with King IV recommendations. Based on our review, including observations and interviews during visits to selected sites, it appears that ARM employs a comprehensive set of policies (*e.g.* the Code of Conduct), procedures, systems and controls to meet reasonable expectations for the monitoring and management of ethical compliance throughout its operations."

Conflict of interest

The Code includes a policy prohibiting the acceptance of any gift which may be construed as an attempt to influence an employee, regardless of value. The acceptance of any gift is subject to the approval of a member of the executive.

Disclosure

The Code includes a policy regarding communications which encourages complete, accurate and timely communications with the public. The Chief Executive Officer, the Financial Director, the Chief Financial Officer, the Head of Investor Relations and the Company Secretary oversee compliance with the disclosure requirements contained, *inter alia*, in the JSE Listings Requirements.

LEGAL COMPLIANCE

The Company has a Legal Compliance Policy, which was updated in July 2017. 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.

DEALINGS IN SECURITIES AND INSIDER TRADING POLICY

The Company has a Dealings in Securities and Insider Trading Policy. ARM enforces closed periods in compliance with legislation and regulations. During these times, Directors, officers and designated persons are precluded from dealing in ARM securities. All Directors and employees were provided with relevant extracts from applicable legislation and the Company's procedures in this regard. Directors and employees are reminded of their obligations in terms of insider trading and the penalties for contravening the regulations.

Dealings in Securities and Insider Trading policy is available on ARM's website: **www.arm.co.za**

INVESTOR RELATIONS AND COMMUNICATION WITH STAKEHOLDERS

ARM is committed to transparent, comprehensive and objective communication with its stakeholders. The Company maintains a website, which provides information regarding the Company's operations, financial performance and other information.

Shareholders are encouraged to attend the Annual General Meeting and to use it as an opportunity to engage with the Board and senior management.

The Company's stakeholder communication policy is included in the Code.

ARM's investor relations department is responsible for communication with institutional shareholders, the investment community and the media. The Company has developed a comprehensive investor relations programme to communicate with domestic and international institutional shareholders, fund managers and investment analysts. Engagements include participation by ARM senior executives in one-on-one meetings with institutional investors locally and internationally, through investor roadshows and conferences.

IAR SR Additional information regarding our engagement with key stakeholders is available on pages 22 to 25 and in the 2017 Sustainability Report available on the Company's website: **www.arm.co.za**

SUMMARISED REMUNERATION REPORT

REMUNERATION REPORT PART I – BACKGROUND STATEMENT

PHILOSOPHY

ARM recognises that our strategic objectives can only be delivered with the foresight, dedication and hard work of our employees. We also recognise that the Company competes in a small talent pool for a limited set of competencies within the global and South African mining industries.

The Remuneration Committee acknowledges its responsibility to assist the Board by applying a remuneration strategy that ensures a balance in attracting and retaining human capital through competitive remuneration practices, while creating shareholder value. We have done so by formulating a Remuneration Policy designed to give effect to the remuneration strategy, support the business objectives within the larger operating environment and offer a balanced remuneration mix in line with our goals.

CONNECTING PERFORMANCE AND REMUNERATION

ARM is committed to fair and responsible pay. We continue to ensure that ARM's remuneration levels are aligned with the general performance of the economy, the specific performance of the Company and our people. ARM gives focused attention to elements such as the Company's values, culture, talent management, workforce planning and competitive benefits and remuneration to ensure that our policies and practices compare well against South African and international practices. Moreover, ARM recognises the importance of taking steps to address the gap between the remuneration of executives and employees at the lower end of the pay scale and the Committee monitors developments in this regard.

Fixed pay

Taking cognisance of the current economic climate and the improved commodity price environment, the Board approved a cost-to-company increase of 5% (F2017: 4%) for senior executives and other employees at the corporate office, with effect from 1 July 2017, in line with the May 2017 Consumer Price Index (CPI) of 5%.

Short-term incentives

We are satisfied that our short-term incentive outcomes are linked and aligned to the Company's strong performance throughout the year which was the result of management's control of operational effectiveness of our cost containment and efficiency improvement initiatives.

- the Company performed well on the cost targets, with below plan costs at all operations except for Nkomati, Two Rivers and Goedgevonden;
- profit targets were met at ARM Ferrous, ARM Coal and ARM Copper; and
- the safety modifier target was achieved at all operations.

Short-term incentives were paid to senior executives as a result of these achievements.

Long-term incentives

ARM's long-term-incentive outcomes are also linked and aligned to the Company's performance. Our F2017 solid financial results had a direct impact on ARM's ranking against its peers above the median Total Shareholder Return and the long-term incentives vesting this year were paid to senior executives.

STAKEHOLDER ENGAGEMENT

At the 2016 Annual General Meeting of the Company, the non-binding advisory vote on the Company's Remuneration Policy was supported by 90.03% of the Company's shareholders who voted.

The Committee recognises the importance of stakeholder engagement on remuneration matters and proactively maintains regular, transparent and informative dialogue with ARM's stakeholders. The Committee considered developments in global best practice and feedback received from shareholders during the financial year.

CHANGES IN REMUNERATION POLICY

Changes to the Remuneration Policy approved by the Board upon the Committee's recommendation included the following:

- the criteria for the settlement of performance shares when there are fewer than 20 comparator companies, were clarified to ensure the outcome is fair to the participants and to shareholders; and
- in respect of the F2018 bonus, the required outperformance to achieve the maximum bonus payable is achieved when the performance targets are exceeded by 40% (F2017: 100%). The differential is as a result of a higher indicative profit before interest and tax base compared to that of F2017.

COMMITMENT

ARM remains committed to continuously monitor the effectiveness and implementation of the Remuneration Policy, strategy and practices. In the event that we receive a vote of 25% or more against the Remuneration Policy or the Implementation Report at the 2017 Annual General Meeting, the Board commits to:

- an engagement process in line with the recently promulgated amended JSE Listings Requirements to ascertain the reasons for the dissenting votes; and
- appropriately address legitimate and reasonable objections and concerns raised.

The Committee is confident that the Remuneration Policy achieved its stated objectives in F2017 and will continue to generate real long-term value for our shareholders going forward.

On behalf of the Remuneration Committee

Dr M M M Bakane-Tuoane
Chairman of the Remuneration Committee

10 October 2017

ABOUT THE REMUNERATION REPORT
In order to align with emerging best remuneration disclosure practices and the King IV Report on Corporate Governance for South Africa, 2016 (King IV), the Remuneration Report is presented in three parts, namely a Background statement from the Committee Chairman, an overview of the Remuneration Policy for senior executives and an Implementation Report describing how payments were made in the year under review.

CGR
The detailed Remuneration Report in the Corporate Governance Report is available on the Company's website at **www.arm.co.za**

REMUNERATION GOVERNANCE FRAMEWORK

Composition of the Remuneration Committee

Members

Dr M M M Bakane-Tuoane (Chairman)
F Abbott
T A Boardman
A D Botha
A K Maditsi
J P Möller (appointed with effect from 29 August 2017)

The Remuneration Committee consists entirely of Independent Non-executive Directors. Mr J P Möller was appointed to the Committee in 2017 to bring additional knowledge, skills and experience. The Board is confident that the Committee's members have a strong blend of expertise and experience in the financial, business and human capital fields.

Meeting attendance

Three Committee meetings were held in F2017 and all Committee members were in attendance.

The Chairman of the Committee attends Annual General Meetings to answer any questions from shareholders regarding ARM's Remuneration Policy and the implementation thereof.

Invitees

The Chief Executive Officer, Financial Director, Executive Director: Growth and Strategic Development, the Chief Financial Officer and the Group Executive: Human Resources attend Remuneration Committee meetings by invitation and assist the Remuneration Committee in its deliberations, except when issues relating to their own remuneration are discussed. Invitees do not vote at the meetings. No Director was involved in determining his or her own remuneration.

FUNCTIONS

Amendments to the Committee's Terms of Reference in terms of King IV were approved by the Board in August 2017.

CGR The functions of the Remuneration Committee and the Terms of Reference can be found in the full Remuneration Report in the Corporate Governance Report at **www.arm.co.za**.

REMUNERATION COMMITTEE ACTIVITIES

Overview of activities and decisions

The scheduled workplan was followed with the normal cycle of activities that included, but was not limited to, the following:

In F2017:

- recommended the annual increases in the base salaries of Executive Directors and other senior executives to the Board;
- recommended the short-term incentives (i.e. cash bonuses) payable to Senior Executives to the Board;
- recommended the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors to the Board, for submission to shareholders;
- the review of the deferred bonus/co-investment awards in terms of the Share Plan;
- reviewed the Remuneration Policy;
- had oversight of the preparation of the Remuneration Report; and
- clarified the criteria to be used to ascertain the constituent members of the JSE Limited mining sector index to be used in the measurement of performance criteria.

In F2018 to date:

- recommended the annual increases of base salaries of Executive Directors and other senior executives to the Board;
- recommended the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors, to the Board for submission to shareholders;
- reviewed the deferred bonus/co-investment awards in terms of the Share Plan;
- recommended the corporate bonus parameters for F2018 to the Board;
- reviewed the Remuneration Policy; and
- had oversight of the preparation of the Remuneration Report.

Advisors to the Remuneration Committee

In F2017, the Committee was advised by remuneration consultants, namely PwC, which provided, *inter alia*, advice on and assistance with the design, implementation and verification of calculations pertaining to offers and awards pursuant to the long-term incentive schemes. The comparator group for the benchmarking was selected through a rigorous selection process, in order to ensure the overall competitiveness of ARM's remuneration. The Committee is satisfied that PwC was independent and objective.

REMUNERATION REPORT: PART II – OVERVIEW OF THE MAIN PROVISIONS OF THE REMUNERATION POLICY

REMUNERATION PHILOSOPHY AND POLICY: EXECUTIVE REMUNERATION

Principles of executive remuneration

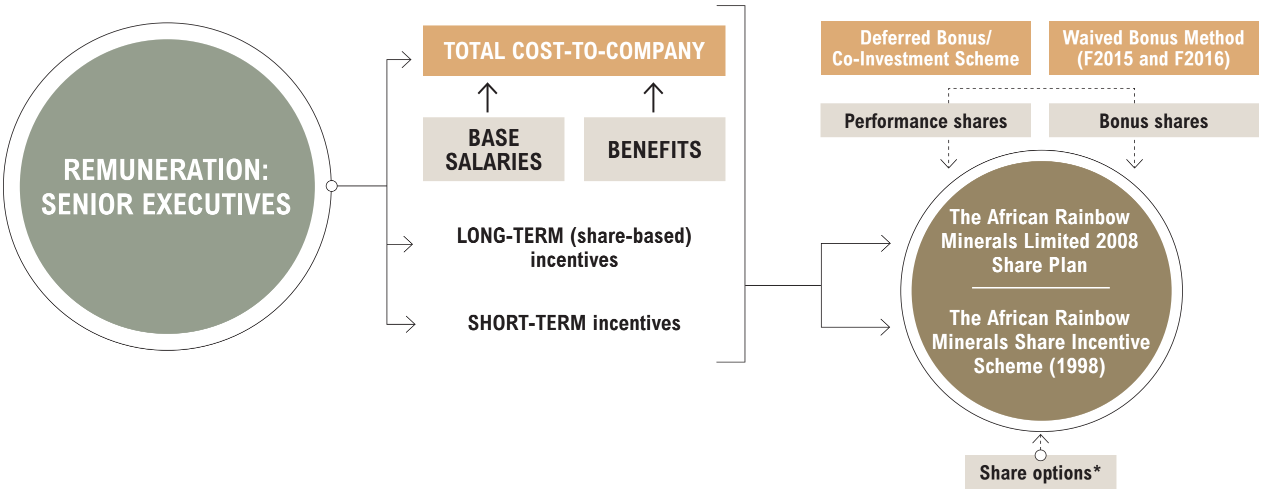
ARM's executive remuneration philosophy aims to attract and retain high-calibre executives and to motivate and reward them for developing and implementing the Company's strategy to deliver consistent and sustainable shareholder value.

CGR The full Remuneration Policy is included in the Remuneration Report in the Corporate Governance Report at **www.arm.co.za**.

The Remuneration Policy conforms to international best practice and is based on the following principles:

- **Total cost-to-company**, which is base salary plus benefits;
- **Total rewards**, which are competitive with those offered by other employers in the mining and mineral resources sector;
- **Incentive-based rewards** are earned through the achievement of performance targets consistent with shareholder expectations over the short term and long term:
  - **short-term incentives**, *i.e.* cash bonuses, together with performance measures and targets, which are structured to reward effective operational performance; and
  - **long-term (share-based) incentives** that are used to align the long-term interests of management with those of shareholders and that are responsibly implemented so as not to expose shareholders to unreasonable or unexpected financial impact.

ELEMENTS OF TOTAL EXECUTIVE REMUNERATION



* *No share options have been allocated since F2014.*

POLICIES RELATING TO THE FOUR COMPONENTS OF SENIOR EXECUTIVE REMUNERATION

The policies relating to the four elements of total executive remuneration are summarised in the table below:

TOTAL COST-TO-COMPANY		
BASE SALARY	**POLICY**	> Benchmarked against market practices of other South African mining companies that are comparable in size, business complexity and international scope. > Generally reflects market median levels based on the role and individual skills and experience.
	IMPLEMENTATION	> Paid monthly in cash. > Reviewed annually, with changes taking effect on 1 July, where applicable. > Increases are determined by, *inter alia*, market conditions, Company performance, individual performance and changes in responsibilities. > Salary increases of 5% approved for F2018 with effect from 1 July 2017 (F2017: 4%). > Forms part of and is the key component of a total cost-to-company (CTC) package, which also includes benefits. The Company participates in industry-wide surveys from time to time. Participation in short-term and long-term incentive schemes is determined on the basis of and in addition to the CTC package.
PENSION FUND	**POLICY**	> Membership of the ARM Pension Fund is compulsory. Senior executives, if already members of a recognised industrial pension/retirement fund such as Sentinel, may remain members of such fund, if they so elect.
	IMPLEMENTATION	> Contributions are made by senior executives from the base salary. Total contribution to the fund, including risk benefits such as life and disability cover, is 22.5% of pensionable salary. > The ARM Pension Fund is: – managed by eight trustees of whom 50% are appointed by ARM and 50% are elected by the members; – administered by Alexander Forbes; and – a defined contribution fund.
MEDICAL SCHEME	**POLICY**	> It is compulsory to belong to a medical scheme.
	IMPLEMENTATION	> Executives may participate in any managed medical aid plan of their choice. > Contributions are made by senior executives from their base salary.
OTHER BENEFITS AND CONDITIONS OF EMPLOYMENT		> All other conditions of employment are comparable to those of companies in the mining and mineral resources sector. No special or extraordinary conditions are applicable to senior executives.

SUMMARISED REMUNERATION REPORT continued

SHORT-TERM INCENTIVES

POLICY

Short-term incentives (*i.e.* cash bonuses) are determined in terms of an outperformance bonus scheme, which rewards senior executives for sustained outperformance of cost and profitability targets set annually for the Company's business and safety performance. Senior executives are provided the opportunity to (i) defer part of their bonus and (ii) in respect of F2015 and F2016 bonuses, elect to waive their bonus, and to be allocated the equivalent value in bonus shares matched with the same number of performance shares (see the Deferred Bonus/Co-investment Scheme and the Waived Bonus Method (F2015 and F2016) below).

INSTRUMENT

Cash in terms of the Outperformance Bonus Scheme.

BONUS PERCENTAGES

In respect of the F2017 and F2018 bonuses, the short-term incentive on-target cash bonus percentages and the required outperformance to achieve the maximum cash bonus as a percentage of the total is reflected in the table below:

Position	Paterson grade	F2017 and F2018 % on-target bonus of CTC	F2017 and F2018 Maximum bonus as % of CTC*
Executive Chairman	**FU**	**62%**	**186%**
Chief Executive Officer	**FU**	**50%**	**150%**
Senior Executives	**FL**	**45%**	**135%**
Operational senior executives in ARM Ferrous, ARM Coal, ARM Copper and ARM Platinum	**FL**	**45%**	**135%**

* *The maximum bonus may only be achieved when the annual Profit from Operations is 100% more than the performance target in F2017 and 40% more than the performance target in F2018.*

PERFORMANCE MEASUREMENT

For the Executive Chairman, the Chief Executive Officer and other senior executives (excluding those from ARM Ferrous, ARM Platinum, ARM Copper and ARM Coal) financial performance indicators are calculated as follows:

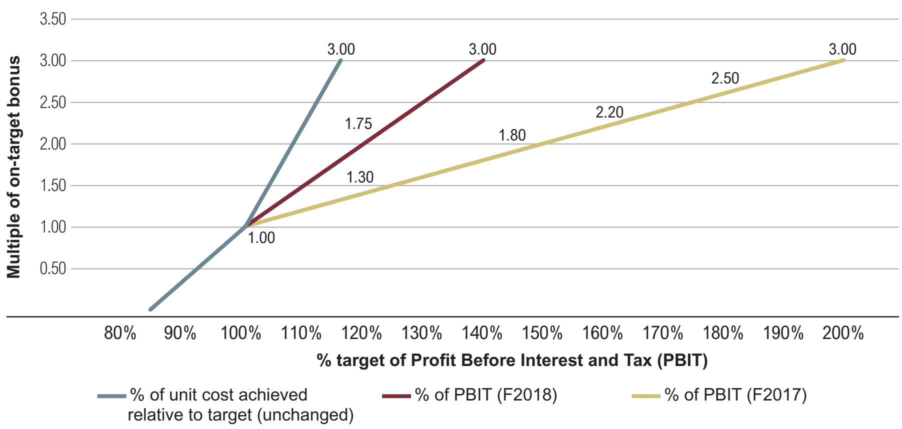
> 50% – Profit from Operations; and
> 50% – Unit Cost of Sales (a weighted scorecard).

For operational senior executives, financial performance indicators are calculated as follows, in respect of each division:

> 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; and
> 25% – Divisional Unit Cost of Sales against Target (a weighted scorecard).

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

PERFORMANCE MEASUREMENT



SHORT-TERM INCENTIVES continued	
SAFETY MODIFIER	To encourage sustainability, after a cash bonus has been calculated for each senior executive, a safety modifier is applied, which is the LTIFR for each division or operation, as the case may be. If the safety target is met, the participants will receive an additional 5% of their cash bonus. There is a sliding scale for outperformance or under performance: > If participants outperformed their targets by 10% or more, the participants would receive an additional 10% of their cash bonus. > If safety targets were not met, between 1% and 10% would be deducted for each percentage point below target, to a maximum 10% deduction.
TARGETS	The targets for each metric are in accordance with the Board-approved one-year business plan, and the measures are reviewed annually to ensure that they are appropriate, and given the economic climate and the performance expectations for the Company. The targets are related to the budget and considered to be commercially sensitive information and for this reason are not disclosed.
LONG-TERM INCENTIVES	
COMPANY AND INDIVIDUAL LIMITS	The current overall Company limit for the Scheme together with the Share Plan is 15 581 294 shares (at 30 June 2017: 7.1%). The individual limit for the Scheme together with the Share Plan is 1 558 129 shares (at 30 June 2017: 0.71%).
PERFORMANCE SHARES	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company. The performance criteria incentivise the creation of shareholder value.
INSTRUMENT	Performance shares in terms of The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan).
AWARD POLICY AND VESTING PERIOD	Performance shares are conditional rights to shares that are typically awarded on an annual basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. Performance shares vest and are settled between three and four years, subject to the achievement of predetermined performance criteria.
PERFORMANCE CRITERIA	For outstanding awards made prior to May 2015, the performance criteria used to determine the number of performance shares which had vested was Market Price Appreciation (MPA) in terms of the JSE Limited Resources 10 Index (RESI 10) and the 20-day volume weighted average price (VWAP). For awards made with effect from May 2015, Total Shareholder Return (TSR) in terms of the RESI 10 was used to determine the number of performance shares which vest. The RESI 10 ceased to exist with effect from December 2015, following which the number of companies in the peer group was increased to 20 (excluding gold companies). With effect from May 2017, the performance measurement graph was clarified to provide for situations where there were fewer than 20 mining companies in a peer group. If a senior executive leaves due to a fault termination (*e.g.* resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (*e.g.* retirement), all performance shares awarded prior to December 2014 are settled *pro rata*. From 2015, retirement does not accelerate the vesting period in respect of new performance share awards.
PERFORMANCE MEASUREMENT	Vesting is based on a sliding scale of the achievement of the performance criteria as determined by an independent third party, the Company's remuneration consultants. In respect of the F2017 settlements, which vested on 16 October 2016, 29 October 2016 and 30 October 2016, ARM ranked 8th against its peer companies in terms of TSR and therefore one times (1x) the awarded number of performance shares were settled.
VESTING PERIOD	Any new awards of performance shares have a vesting period of three years.
AMENDMENTS	The clarification to the performance criteria in 2017, upon the advice of the Company's remuneration consultants, is in line with current practice within the South African context.

SUMMARISED REMUNERATION REPORT continued

BONUS SHARES	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company. The performance criteria incentivise the creation of shareholder value.
INSTRUMENT	Bonus shares in terms of the Share Plan.
AWARD POLICY AND VESTING PERIOD	Bonus shares are conditional rights to shares which were allocated annually, which allocations were determined according to a specified ratio of the annual cash incentive accruing to senior executives. Bonus shares vest and are settled between three and four years, subject to continued employment. Other than bonus shares granted in terms of the Bonus Share/Co-Investment Scheme Method and the Waived Bonus Method, no bonus shares have been granted since 2015.
PERFORMANCE CRITERIA	If a senior executive leaves due to a fault termination (*e.g.* resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (*e.g.* retirement), all bonus shares granted prior to December 2014 are settled in full. For bonus shares awarded after 5 December 2014, retirement does not accelerate the vesting period.
VESTING PERIOD	Any new grants of bonus shares have a vesting period of three years. For bonus shares granted after 5 December 2014, retirement does not accelerate the vesting period.
DEFERRED BONUS/CO-INVESTMENT SCHEME	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company and to enhance the retention characteristics of the current reward of senior executives. The Company is of the view that the deferral of a portion of immediate cash bonuses demonstrates a heightened commitment to performance and shareholder alignment, and promotes the retention of key employees and enhances the performance and shareholder alignment characteristics of the Share Plan.
INSTRUMENT	Bonus shares (for the deferred bonus) and performance shares (for matching shares) in terms of the Share Plan.
OPERATION	Senior executives may invest in additional bonus shares which are matched by the Company with the equivalent number of performance shares under the existing terms and conditions of the Share Plan.
AWARD POLICY	Senior executives are offered the opportunity, before the end of March each year, to elect that a portion of any cash bonus calculated at the end of the performance year, be deferred and converted into an equivalent value of deferred bonus shares. To encourage senior executives to take up the deferral(s), the deferred bonus shares are matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, will accrue to senior executives and be paid out in cash. Scheme with effect from F2017: Senior executives could defer 25%, 33%, 50%, 75% or 100%.
PERFORMANCE CRITERIA	See performance shares and bonus shares above.
PERFORMANCE MEASUREMENT	See performance shares and bonus shares above.
VESTING PERIOD	The vesting periods of the deferred bonus shares and the matching equivalent number of performance shares are three years.

CGR See the full Remuneration Report in the Corporate Governance Report available on the Company's website for details about the policy applicable to the Waived Bonus Method (F2015 and F2016) and Share Options (which are no longer granted): **www.arm.co.za**

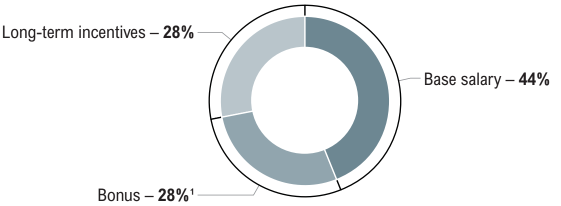
TOTAL REMUNERATION DESIGN

The Remuneration Committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration, and between those aspects of the package linked to short-term financial performance and those linked to long-term shareholder value creation. The Committee considers each element of the total remuneration package relative to the market and takes into account the performance of the Company and the individual executive in determining both quantum and design.

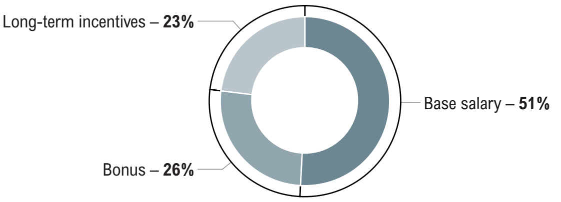
The pie graphs below represent the on-target total remuneration packages of the senior executives, wherein the base salary CTC, bonus (short-term incentives) and long-term incentives are expressed as a percentage of total remuneration. The pay mix for senior executives is reviewed regularly by the Committee to ensure it supports the Company's Remuneration Policy and strategic objectives.

TOTAL REMUNERATION DESIGN: 2017

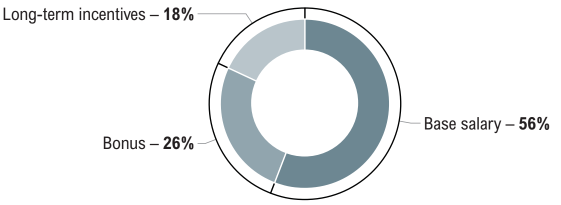
Executive Chairman



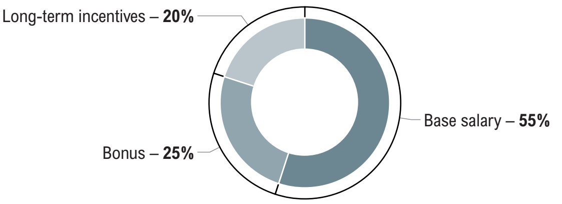
Chief Executive Officer



Financial Director



Executive Directors and Other Prescribed Officers



1 *Bonus in 2017 was nil. 100% of deferred bonus from F2013.*

Shareholding targets for Executive Directors and Prescribed Officers

In order to further align management's interests directly with those of shareholders and to encourage long-term commitment to the Company, Executive Directors and Prescribed Officers will be expected to accumulate a holding of shares in the Company. Senior executives are required to build a minimum shareholding in ARM shares of three times cost-to-company from October 2018, or three years after becoming a senior executive.

CGR

More detail can be found in the full Remuneration Report in the Corporate Governance Report at **www.arm.co.za**

Employment agreements

Employment agreements have been entered into between the Company and Executive Directors and Prescribed Officers.

As recommended in King IV, the Company has not concluded any agreements with its Executive Directors and Prescribed Officers to pay a fixed sum of money on termination of employment, or to make "balloon payments" in recognition of service to the Company without any performance conditions attached.

CGR

Further details regarding employment agreements can be found in the full Remuneration Report in the Corporate Governance Report at **www.arm.co.za**.

REMUNERATION POLICY: NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Directors' fees

The Board appoints high-calibre Non-executive Directors who contribute significantly to the Company's strategic direction. On the advice of the Remuneration Committee, which engages independent third-party advisors to assist with the benchmarking of Non-executive Directors' fees against those paid by comparable companies, the Board considers and makes recommendations to shareholders regarding Non-executive Directors' fees payable.

IAR

Full details regarding the fees paid to Non-executive Directors in F2017 are provided in Part III of the Summarised Remuneration Report.

Increase in Non-executive Directors' fees

Authorising payment of an additional amount for value-added tax ("VAT") on Non-executive Directors' fees.

In terms of the South African Revenue Service Binding General Ruling (Income Tax) 40, read with Binding General Ruling (VAT) 41 issued under section 89 of the Tax Administration Act 285 of 2011, with effect from 1 June 2017, a Non-executive Director is regarded as carrying on an enterprise and is required to register and levy VAT in respect of any Directors' fees paid to a Non-executive Director for services rendered in that capacity on a company's board.

The Board recommends to shareholders of the Company that the Company be authorised to make payment of an additional amount for VAT on Non-executive Directors' fees, in addition to the remuneration for Non-executive Directors authorised by shareholders by special resolution at the Annual General Meeting held on 2 December 2016.

SUMMARISED REMUNERATION REPORT continued

Annual Board retainer fees and per Board meeting attendance fees

On the advice of the Remuneration Committee, the Board recommends to shareholders of the Company that the annual retainer fees and per Board meeting attendance fees for Non-executive Directors as set out in the table below, which fees (i) are 5% higher (rounded to the nearest R50) than the fees authorised by the special resolution of shareholders at the Annual General Meeting of 2 December 2016; and (ii) shall be pro-rated for periods of less than a full year.

	Proposed Fees with effect from 1 July 2017 (excluding VAT)* (Rand)**		Fees effective 1 July 2016 (Rand)	
	Annual	**Per meeting**	Annual	Per meeting
Lead Independent Non-executive Director	**533 700**	**20 400**	508 300	19 450
Independent Non-executive Director	**425 800**	**20 400**	405 500	19 450
Non-executive Director	**340 750**	**20 400**	324 500	19 450

* *In terms of the South African Revenue Service Binding General Ruling (Income Tax) 40 read with Binding General Ruling (VAT) 41 issued under section 89 of the Tax Administration Act 285 of 2011, with effect from 1 June 2017, a Non-executive Director is regarded as carrying on an enterprise and is required to register and levy VAT in respect of any Director's fees paid to a Non-executive Director for services rendered in that capacity on a company's board. Accordingly, a Non-executive Director who (i) is liable to register for VAT but has not done so yet, must register and account for VAT with effect from 1 June 2017 and/or (ii) was actually registered for VAT before 1 June 2017 for other activities, but did not charge VAT on the Non-executive Director's fees must charge VAT with effect from 1 June 2017.*

** *Effective 1 July 2017, should the increase be approved by shareholders at the Annual General Meeting.*

Board attendance fees are paid for *ad hoc* Board meetings, site visits and seminars, and other *ad hoc* meetings in respect of Board matters. The Company reimburses reasonable travel, subsistence and accommodation expenses to attend meetings; however, office costs, including telecommunication costs, are deemed to be included in the Board retainers.

Committee attendance fees

On the advice of the Remuneration Committee, the Board recommends for approval by shareholders an increase in the Committee meeting attendance fees payable to Non-executive Directors, as set out in the table below, which fees are 5% higher (rounded to the nearest R50) than the fees authorised by the special resolution of shareholders at the Annual General Meeting of 2 December 2016.

	Proposed with effect from 1 July 2017 per meeting attendance fees (excluding VAT)* (Rand)**	Effective 1 July 2016 per meeting attendance fees (Rand)
Audit and Risk Committee		
Chairman	**106 400**	101 350
Member	**42 600**	40 550
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	**41 800**	39 800
Member	**27 850**	26 500

* *In terms of the South African Revenue Service Binding General Ruling (Income Tax) 40 read with Binding General Ruling (VAT) 41 issued under section 89 of the Tax Administration Act 285 of 2011, with effect from 1 June 2017, a Non-executive Director is regarded as carrying on an enterprise and is required to register and levy VAT in respect of any Director's fees paid to a Non-executive Director for services rendered in that capacity on a company's board. Accordingly, a Non-executive Director who (i) is liable to register for VAT but has not done so yet, must register and account for VAT with effect from 1 June 2017 and/or (ii) was actually registered for VAT before 1 June 2017 for other activities, but did not charge VAT on the Non-executive Director's fees must charge VAT with effect from 1 June 2017.*

** *Effective 1 July 2017, should the increase be approved by shareholders at the Annual General Meeting.*

Service agreements: Non-executive Directors

In addition to Directors' fees, Non-executive Directors may receive advisory fees in terms of agreements, concluded at market rates, for defined and pre-approved services.

Agreements have been entered into between the Company and Messrs J A Chissano and W M Gule to perform services on behalf of the Company. The agreements may be renewed annually, subject to one calendar month's termination notice period by either party.

There are no other service agreements between the Company and its Non-executive Directors.

No provisions to pay a fixed sum of money on the termination of any service agreements have been agreed between the Company and any of its Non-executive Directors.

IAR Details regarding amounts paid in F2017 in terms of service agreements with Non-executive Directors are provided in Part III of the Summarised Remuneration Report on page 99.

REMUNERATION REPORT:
PART III – IMPLEMENTATION REPORT

DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Executive Directors consists of base salaries, benefits, short-term (annual cash) incentives, and long-term (share-based) incentives. Executive Directors do not receive Directors' fees.

EMOLUMENTS PAID TO EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

All figures in R000	Salary F2017	Pension scheme contrib-utions F2017	Allow-ances F2017	Total gross annual package F2017[2]	Accrued bonus F2017[3]	Total F2017	Total gross annual package F2016[2]	Accrued bonus F2016[3]	Total F2016
Executive Directors									
P T Motsepe	**9 181**	**–**	**2**	**9 183**	**–**	**9 183**	8 560	–	8 560
M P Schmidt	**6 741**	**456**	**153**	**7 350**	**6 022**	**13 372**	7 067	3 851	10 918
M Arnold	**4 917**	**405**	**120**	**5 442**	**5 350**	**10 793**	5 233	2 566	7 799
H L Mkatshana	**3 409**	**310**	**75**	**3 794**	**2 401**	**6 195**	3 648	1 788	5 436
A J Wilkens	**7 101**	**–**	**130**	**7 231**	**6 962**	**14 193**	6 957	3 339	10 296
Total for Executive Directors	**31 349**	**1 171**	**480**	**33 000**	**20 735**	**53 735**	31 465	11 544	43 009
Prescribed Officers[1]									
A Joubert	**3 786**	**420**	**173**	**4 379**	**4 478**	**8 857**	4 173	2 063	6 236
J C Steenkamp	**5 766**	**575**	**739**	**7 080**	**6 962**	**14 042**	6 809	3 369	10 178
F A Uys	**3 387**	**339**	**68**	**3 794**	**2 560**	**6 354**	3 648	1 739	5 387
Total for Prescribed Officers	**12 939**	**1 334**	**980**	**15 253**	**14 000**	**29 253**	14 630	7 171	21 801
Total for Executive Directors and Prescribed Officers	**44 288**	**2 505**	**1 460**	**48 253**	**34 735**	**82 988**	46 095	18 715	64 810

1 *Prescribed Officers of the Company were determined in terms of Section 66(10) of the Companies Act 71 of 2008, as amended, and as further described in Section 38 of the Regulations thereto. Their remuneration is disclosed in terms of the Companies Act, Section 30(4)(a).*
2 *Total gross annual package before bonus.*
3 *See pages 88 and 89 for additional information about cash bonuses payable in respect of F2017.*

The Company enters into employment agreements with Executive Directors and senior executives on a total cost-to-company basis. Executive Directors and senior executives structure their total salary packages to allow for pension contributions, medical aid contributions, travel allowances and other benefits in accordance with their individual requirements.

As discussed in greater detail in Part II of the Summarised Remuneration Report on pages 90, prior to the Board, upon the recommendation of the Remuneration Committee, approving accrued bonuses for senior executives for F2017, the Executive Chairman deferred 100% of his F2017 bonus and two other Executive Directors deferred a portion of their bonuses.

Performance against bonus targets for F2017 was as follows:

PROFITABILITY TARGETS*

ABOVE TARGET
> ARM Ferrous, ARM Coal and ARM Copper

BELOW TARGET
> ARM Platinum

COST TARGETS

> **BELOW PLAN COSTS** – Achieved at all operations except for Nkomati, Two Rivers and Goedgevonden.

SAFETY MODIFIER

> **SAFETY TARGETS** – Achieved at all operations.
- ARM Ferrous, ARM Platinum and ARM Copper – 10%
- ARM Coal – Above 6%
- ARM Group – 9.2%

* *On a profit before interest and taxes basis.*

SUMMARISED REMUNERATION REPORT continued

2017 SHORT-TERM INCENTIVE PERFORMANCE OUTCOMES

Executive Chairman, Chief Executive Officer and Financial Director	Below Threshold	Threshold	On Target	Stretch/Above Target	Maximum
Profit from Operations (50%)				●	
Unit Cost of Sales (50%)				●	
Safety (modifier)			●		

Performance shares

Conditional awards of full value ARM shares are made to eligible participants pursuant to The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan). Performance shares are settled after three or four years, subject to the Company's achievement of prescribed performance criteria over this period.

IAR Refer to Part II of the Summarised Remuneration Report on page 89 for additional information about the performance criteria.

The total number of performance shares awarded in November and December 2016, and May 2017 was 1 907 006. During the year under review, 344 626 performance shares vested and were settled, including 43 028 performance shares, held by employees who retired, were retrenched or deceased during the year; and 125 467 performance shares were forfeited. The total number of performance shares as at 30 June 2017 was 4 499 333.

Between 30 June 2017 and the date of this report, 64 534 performance shares were settled and 43 005 forfeited.

The number of performance shares awarded to Executive Directors and Prescribed Officers is summarised below.

PERFORMANCE SHARES

	Executive Directors		
	P T Motsepe	M Arnold	H L Mkatshana
	Number of shares		
Opening balance as at 1 July 2016	404 302	174 437	110 593
Performance shares awarded			
14 November 2016[1]	47 218	–	–
9 December 2016	244 653	120 270	66 762
Performance shares settled[2]	(49 357)	(12 846)	(11 625)
Closing balance as at 30 June 2017[3]	**646 816**	**281 861**	**165 730**

1 *Performance shares awarded in terms of the Company's waived bonus method.*
2 *Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part II of the Summarised Remuneration Report on page 89 for additional information.*
3 *No performance shares were awarded or settled between 30 June 2017 and the date of this report.*

	Executive Directors	
	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2016	310 914	222 111
Performance shares awarded		
9 December 2016	193 452	124 630
Performance shares settled[1]	(40 077)	(31 761)
Closing balance as at 30 June 2017[2]	**464 289**	**314 980**

1 *Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part II of the Summarised Remuneration Report on page 89 for additional information.*
2 *No performance shares were awarded or settled between 30 June 2017 and the date of this report.*

	Prescribed Officers		
	A Joubert	J C Steenkamp[3]	F A Uys
	Number of shares		
Opening balance as at 1 July 2016	145 336	206 105	104 731
Performance shares awarded 9 December 2016	76 300	124 630	66 762
Performance shares settled[1]	(19 388)	(17 567)	(17 028)
Closing balance as at 30 June 2017[2]	**202 248**	**313 168**	**154 465**

1 *Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part II of the Summarised Remuneration Report on page 89 for additional information.*
2 *No performance shares were awarded or between 30 June 2017 and the date of this report and 36 314 performance shares were settled and 10 263 performance shares were forfeited between 30 June 2017 and the date of this report.*
3 *Mr J C Steenkamp retired from the Company on 30 June 2017 and was appointed to the Board as a Non-executive Director on 10 October 2017.*

Bonus shares

Pursuant to the Share Plan, eligible participants receive grants of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares are only settled to participants after three or four years, as the case may be, conditional on continued employment.

The total number of bonus shares granted in November 2016 was 57 584. During the year under review, 282 944 bonus shares vested and were settled, including 28 255 bonus shares held by employees who retired, were retrenched or deceased during the year, and 4 431 bonus shares were forfeited. The total number of bonus shares as at 30 June 2017 was 843 415.

Following a 2015 benchmarking study by PwC, the Company's remuneration consultants, which recommended that in accordance with international good practice shares be awarded in terms of established performance criteria, the Board agreed in 2015 that bonus shares would no longer be granted in the annual allocations. Deferred bonus and waived bonus shares would, however, be still granted.

Between 30 June 2017 and the date of this report, 38 885 bonus shares were settled and 1 775 were forfeited. The number of bonus shares granted to Executive Directors and Prescribed Officers is summarised below.

BONUS SHARES

	Executive Directors		
	P T Motsepe	M Arnold	H L Mkatshana
	Number of shares		
Opening balance as at 1 July 2016	193 604	65 637	46 097
Bonus shares granted 14 November 2016[1]	47 218	–	–
Bonus shares settled	(44 750)	(7 656)	(5 864)
Closing balance as at 30 June 2017[2]	**196 072**	**57 981**	**40 233**

1 *Bonus shares granted in terms of the Company's waived bonus method.*
2 *No bonus shares were granted or settled between 30 June 2017 and the date of this report.*

	Executive Directors	
	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2016	128 505	117 074
Bonus shares settled	(30 846)	(27 822)
Closing balance as at 30 June 2017[1]	**97 659**	**89 252**

1 *No bonus shares were granted or settled between 30 June 2017 and the date of this report.*

SUMMARISED REMUNERATION REPORT continued

	Prescribed Officers		
	A Joubert	J C Steenkamp[2]	F A Uys
	Number of shares		
Opening balance as at 1 July 2016	83 073	101 664	34 899
Bonus shares settled	(16 265)	(14 224)	–
Closing balance as at 30 June 2017[1]	**66 808**	**87 440**	**34 899**

1 *No bonus shares were granted or settled between 30 June 2017 and the date of this report and 26 482 performance shares were settled between 30 June 2017 and the date of this report.*

2 *Mr J C Steenkamp retired from the Company on 30 June 2017 and was appointed to the Board as a Non-executive Director on 10 October 2017.*

Share option scheme

Between 2008 and 2013, the annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) were made to eligible participants, but at a much reduced scale following the adoption of the Share Plan. Share options have not been allocated to Executive Directors and Prescribed Officers since October 2013. Schedules of share option awards accruing to Executive Directors and Prescribed Officers, and the transactions that occurred during the year to 30 June 2017 are set out below.

SCHEDULE OF SHARE OPTION AWARDS

	Executive Directors					
	P T Motsepe		M Arnold		H L Mkatshana	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2016	89 358	164.25	51 973	169.11	22 874	183.62
Options exercised	(1 549)	96.20	(617)	96.20	–	
Options cancelled[1]	(14 519)	96.20	(5 780)	96.20	–	
Closing balance as at 30 June 2017	**73 290**	**179.17**	**45 576**	**179.34**	**22 874**	**183.62**
Grant date of options						
15 October 2009	10 707	155.20	5 316	155.20	–	–
15 October 2010	–	–	6 287	178.49	–	–
9 November 2011	19 396	182.67	9 959	182.67	–	–
3 April 2012	–	–	–	–	6 861	182.19
15 October 2012	22 964	168.37	12 769	168.37	8 167	168.37
29 October 2013	20 223	200.75	11 245	200.75	7 846	200.75

1 *Share options cancelled using the net settlement process.*

	Executive Directors			
	M P Schmidt		A J Wilkens	
	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2016	64 940	172.49	95 716	161.63
Options exercised	(617)	96.20	(1 832)	96.20
Options cancelled[1]	(5 780)	96.20	(17 179)	96.20
Closing balance as at 30 June 2017	**58 543**	**180.83**	**76 705**	**177.84**
Grant date of options				
15 October 2009	4 262	155.20	12 668	155.20
15 October 2010	4 863	178.49	12 072	178.49
9 November 2011	15 328	182.67	19 124	182.67
15 October 2012	18 127	168.37	17 463	168.37
29 October 2013	15 963	200.75	15 378	200.75

1 *Share options cancelled using the net settlement process.*

	Prescribed Officers					
	A Joubert		J C Steenkamp[2]		F A Uys	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2016	38 069	178.91	77 158	166.22	16 702	184.34
Options exercised	–		(1 157)	96.20	–	
Options lapsed/forfeited[1]	–		(10 849)	96.20	–	
Closing balance as at 30 June 2017	**38 069**	**178.91**	**65 152**	**179.13**	**16 702**	**184.34**
Grant date of options						
15 October 2009	5 103	155.20	8 000	155.20	–	–
15 October 2010	4 863	178.49	9 408	178.49	–	–
9 November 2011	7 997	182.67	14 903	182.67	–	–
15 October 2012	10 691	168.37	17 463	168.37	8 464	168.37
29 October 2013	9 415	200.75	15 378	200.75	8 238	200.75

1 Share options cancelled using the net settlement process.
2 Mr J C Steenkamp retired from the Company on 30 June 2017 and was appointed to the Board as a Non-executive Director on 10 October 2017.

VESTING DATES

Performance shares

Annual Allocations

Performance shares conditionally awarded to participants other than senior executives after 1 November 2011: Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to senior executives after 1 November 2011 and before 1 November 2014: Performance shares vest and are settled after a performance period of four years, subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to senior executives after 1 November 2014: Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria. For performance shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

Deferred Bonus/Co-Investment Scheme

Matching performance shares conditionally awarded in terms of the Deferred Bonus/Co-Investment Scheme vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

Waived Bonus Method

Matching performance shares conditionally awarded in terms of the Waived Bonus Method vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

SCHEDULE OF PERFORMANCE SHARE VESTING DATES

	Number of shares
Performance shares outstanding at 30 June 2017	**4 499 333**
Vesting on	
22 May 2017	7 985
30 October 2017	179 668
18 November 2017	460 110
22 November 2017	56 997
25 April 2018	14 489
15 October 2018	820 989
26 November 2018	1 036 695
19 May 2019	30 354
15 November 2019	57 584
10 December 2019	1 795 729
16 May 2020	38 733

Bonus shares

Annual Allocations

Bonus shares granted to participants other than senior executives after 1 November 2011: Bonus shares vest and are settled after three years, subject to continued employment. For bonus shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

Bonus shares granted to senior executives after 1 November 2011 and before 1 November 2014: Bonus shares vest and are settled after four years, subject to continued employment.

SUMMARISED REMUNERATION REPORT continued

Bonus shares granted to senior executives after 1 November 2014: Bonus shares vest and are settled after three years, subject to continued employment. For bonus shares granted after 5 December 2014, retirement does not accelerate the vesting period. Annual allocations are no longer made.

Deferred Bonus/Co-Investment Scheme

Bonus shares granted in terms of the Deferred Bonus/Co-Investment Scheme vest and are settled after three years.

Waived Bonus Method

Bonus shares granted in terms of the Waived Bonus Method vest and are settled after three years.

SCHEDULE OF BONUS SHARE VESTING DATES

	Number of shares
Bonus shares outstanding at 30 June 2017	**843 415**
Vesting on	
30 October 2017	136 446
18 November 2017	198 865
22 November 2017	60 351
26 November 2018	390 169
15 November 2019	57 584

Share options

Options granted after 1 December 2008: No options may be exercised prior to the third anniversary of the issue date relative to such options.

Options granted to senior executives between 1 November 2011 and 30 June 2014: No options may be exercised prior to the fourth anniversary of the issue date relative to such options.

Options may not be exercised later than the eighth anniversary of the issue date, after which such options lapse.

SCHEDULE OF OPTION VESTING DATES

	Number of options	Average issue price per option
Options outstanding at 30 June 2017	**1 068 757**	**R180.82**
Vested		
16 October 2012	92 198	R155.20
27 April 2013	4 808	R195.60
16 October 2013	130 329	R178.49
2 April 2014	6 857	R223.00
10 November 2014	105 034	R182.67
3 April 2015	11 951	R182.19
16 October 2015	141 909	R168.37
10 November 2015	121 787	R182.67
3 April 2016	6 861	R182.19
27 April 2016	4 615	R181.00
16 October 2016	156 847	R168.37
30 October 2016	133 785	R200.75
22 May 2017[1]	10 661	R191.14
Vesting on		
30 October 2017	141 115	R200.75

1 Share options granted to management other than senior executives.

SHARE INCENTIVE MOVEMENTS

	Share options		Performance shares[1]		Bonus shares[1]	
	F2017	F2016	F2017	F2016	F2017	F2016
Opening balance as at 1 July 2016	**1 268 254**	1 736 232	**3 062 420**	2 312 550	**1 073 206**	933 066
Exercised	**(51 764)**	–	**–**	–	**–**	–
Settled	**–**	–	**(344 626)**	(299 694)	**(282 944)**	(232 017)
Granted/awarded	**–**	–	**1 907 006**	1 150 506	**57 584**	390 169
Forfeited/cancelled/lapsed	**(147 733)**	(467 978)	**(125 467)**	(100 942)	**(4 431)**	(18 012)
Closing balance as at 30 June 2017	**1 068 757**	1 268 254	**4 499 333**	3 062 420	**843 415**	1 073 206
Subsequent to year-end:						
Exercised/settled	**–**	–	**(64 534)**	(32 648)	**(38 885)**	(26 693)
Forfeited/cancelled/lapsed	**(14 276)**	(42 717)	**(43 005)**	(67 500)	**(1 775)**	(3 642)
Balance as at the date of this report	**1 054 481**	1 225 537	**4 391 794**	2 962 272	**802 755**	1 042 871

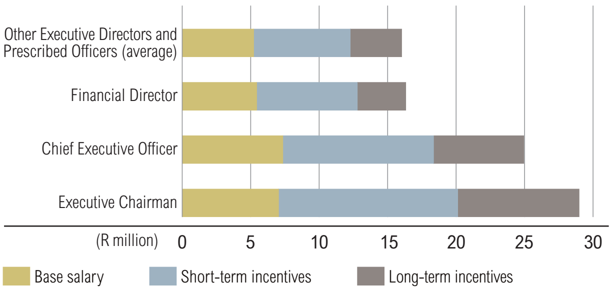
1 Conditional.

REMUNERATION OUTCOMES

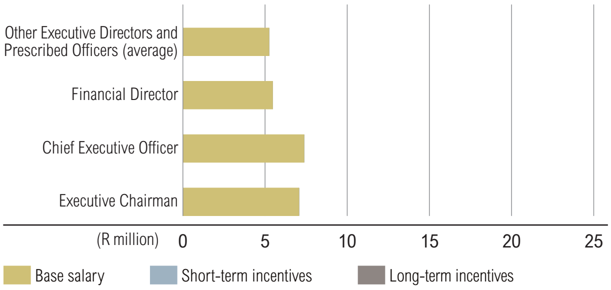
The remuneration outcomes in 2017 for the Executive Chairman, the Chief Executive Officer, the Financial Director and Other Executive Directors plus Prescribed Officers are shown on the graphs below. The emoluments are detailed in the remuneration table on page 93.

TOTAL REMUNERATION OUTCOMES: 2017

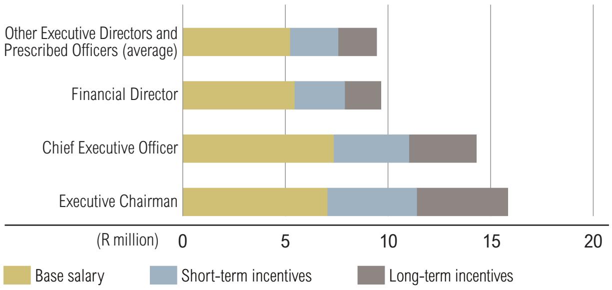
ABOVE EXPECTED/STRETCH PERFORMANCE



BELOW EXPECTED PERFORMANCE



AT ON-TARGET/EXPECTED PERFORMANCE



DIRECTORS' REMUNERATION: NON-EXECUTIVE DIRECTORS

The remuneration of Non-executive Directors consists of Directors' fees. Board and Committee retainers and attendance fees are paid quarterly and in arrears.

The table below sets out the emoluments paid to Non-executive Directors during the years ended 30 June 2017 and 30 June 2016.

All figures in R000	Board and Committee fees[3]	Value-added tax at 14%[4]	Other[5]	Total F2017	Total F2016
Non-executive Directors[1]					
F Abbott	888	10	–	**898**	740
Dr M M M Bakane-Tuoane	1 207	10	–	**1 217**	1 108
T A Boardman	1 266	6	–	**1 272**	1 298
A D Botha	888	10	–	**898**	916
J A Chissano	546	10	604	**1 160**	1 071
W M Gule	477	–	170	**647**	582
A K Maditsi	1 410	16	–	**1 426**	1 232
J P Möller[2]	236	6	–	**242**	–
Dr R V Simelane	1 141	10	–	**1 151**	1 044
Z B Swanepoel	591	11	–	**602**	578
Total for Non-executive Directors[6]	8 650	89	774	**9 513**	8 569

1 *Payments for the reimbursement of out-of-pocket expenses have been excluded.*
2 *Mr J P Möller was appointed on 1 January 2017.*
3 *Fees paid or payable.*
4 *Value-added tax applicable to Non-Executive Directors' fees between 1 June 2017 and 30 June 2017.*
5 *Fees in terms of service contracts. See Part II of the Summarised Remuneration Report on page 92 for more information.*
6 *Messrs D C Noko and J C Steenkamp were appointed to Board after the reporting period, with effect from 10 October 2017.*

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

We believe that a responsible, sustainable approach to our business minimises potentially negative impacts and increases the positive contribution the industry makes to communities and the country.

ABOUT THIS REPORT

This report is provided by the Social and Ethics Committee (the Committee) in terms of Regulation 43(5)(c) of the Companies Regulations promulgated in terms of the Companies Act 71 of 2008, as amended (the Companies Act).

COMPOSITION AND TERMS OF REFERENCE

The Committee members are all Independent Non-executive Directors.

CGR

Information on the composition of the Social and Ethics Committee, its Terms of Reference and its procedures is set out more fully in the Corporate Governance Report available at: **www.arm.co.za**

PURPOSE AND FUNCTIONS

The Committee is responsible for monitoring the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of good practice in the areas set out in the Companies Act. In respect of legal and regulatory requirements, during the year under review, the Committee, *inter alia*:

> discharged those regulatory obligations of a social and ethics committee as prescribed by Regulation 43(5) of the Companies Regulations;
> monitored complaints received via ARM's whistleblowers' hotline, including complaints or concerns regarding sustainable development matters;
> considered reports provided by management regarding compliance with legal requirements in terms of the Company's Legal Compliance Policy;
> received reports regarding the ongoing Competition Act compliance online training programme and annual compliance certification;
> participated in training provided by independent parties in respect of the amendments to the B-BBEE Codes of Good Practice;
> received reports regarding compliance with the National Environmental Management Act, the National Water Act and other safety, health and environmental legislation;
> monitored risk areas affecting the sustainability of the business, together with the Audit and Risk Committee, and received a report about the findings of the annual Corporate Risk Workshop;
> monitored compliance with the Mining Charter and the Department of Trade and Industry targets as well as the Company's status in respect of standards of best practice, including International Council on Mining and Metals Guidelines and membership requirements; and
> received training on the proposed amendments to the Mining Charter.

The Committee supports the Board in ensuring that the Company protects, enhances and contributes to the wellbeing of society and during the year the Committee considered our material matters as follows:

OPERATIONAL PERFORMANCE

Ethics and risk management

The Company is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All the Directors and employees are required to ensure that the Company's business is conducted honestly, fairly, legally and in a reasonable manner, in good faith and in the best interests of ARM. These principles are set out in the Code of Conduct and the Committee received and considered reports regarding the Code.

The Committee has oversight of the Company's sustainability risks identified by the enterprise risk management programme and during the year also monitored the Company's initiatives to counteract risks of fraud, bribery and corruption.

FINANCIAL RETURNS AND

SOCIAL LICENCE TO OPERATE

ARM seeks to make a significant contribution towards addressing challenges confronting South Africa, including poverty alleviation, job creation, education, welfare and healthcare. The Committee monitored and reviewed the implementation of policies regarding adding value and giving to the communities in which ARM operates, including:

> Corporate Social Responsibility;
> Local Economic Development, including infrastructure, enterprise development, and community development projects committed to under the Social and Labour Plans; and
> the ARM Broad-Based Economic Empowerment Trust projects.

The Committee specifically focused on commitments in the priority areas identified by the Committee, *i.e.:* health, education, sporting events, community capacity building, arts and culture, job creation; and infrastructure.

SAFE, HEALTHY AND SKILLED WORKFORCE

Human Resources

ARM is committed to fair labour practices and freedom of association. The Company's policies are aimed at eliminating unfair discrimination and promoting equality in line with, *inter alia*, the South African Constitution, the Labour Relations Act, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act, and all other applicable legislation and the industry charter that governs employment relationships taking cognisance of the Universal Declaration on Human Rights, United Nations Global Compact, the Fundamental Human Rights Conventions of the International Labour Organisation and the International Labour Organisation Protocol on decent work and working conditions.

The Committee monitored and reviewed the implementation of labour policies, including:

> attraction, retention and development of skills to support the Company's growth plan;
> transformation and diversity;
> employment equity;

> employee turnover;
> learnerships and bursaries;
> educational training and development of its employees; and
> literacy.

Safe and Healthy Workforce

ARM is committed to providing its employees with a safe and healthy work environment. The Committee monitored and reviewed the implementation of safety, health and wellness policies, including:

> safety performance;
> occupational health and wellness; and
> tuberculosis and HIV and Aids.

ENVIRONMENTAL STEWARDSHIP

The most significant environmental issues confronting ARM are climate change and the management of natural resources.

The Committee monitored and reviewed the management of, environmental impacts, including:

> environmental management;
> tailings storage facilities;
> water use management;
> land use management (rehabilitation and biodiversity management);
> climate change effects; and
> the status of ARM's participation in the Carbon Disclosure Project and the Water Disclosure Project.

ASSURANCE

In terms of the Committee's Terms of Reference, the Committee (on behalf of the Audit and Risk Committee), had oversight of the Company's appointment of an independent external sustainability assurance provider to provide assurance in respect of material elements of the 2017 Sustainability Report and of the sustainability sections of the 2017 Integrated Annual Report and the 2017 Corporate Governance Report, and reported to ARM's Audit and Risk Committee that the appointment was made.

Based on the foregoing, we are of the opinion that the Social and Ethics Committee has executed its duties and responsibilities during the financial year in accordance with the Companies Regulations and its Terms of Reference.

On behalf of the Social and Ethics Committee

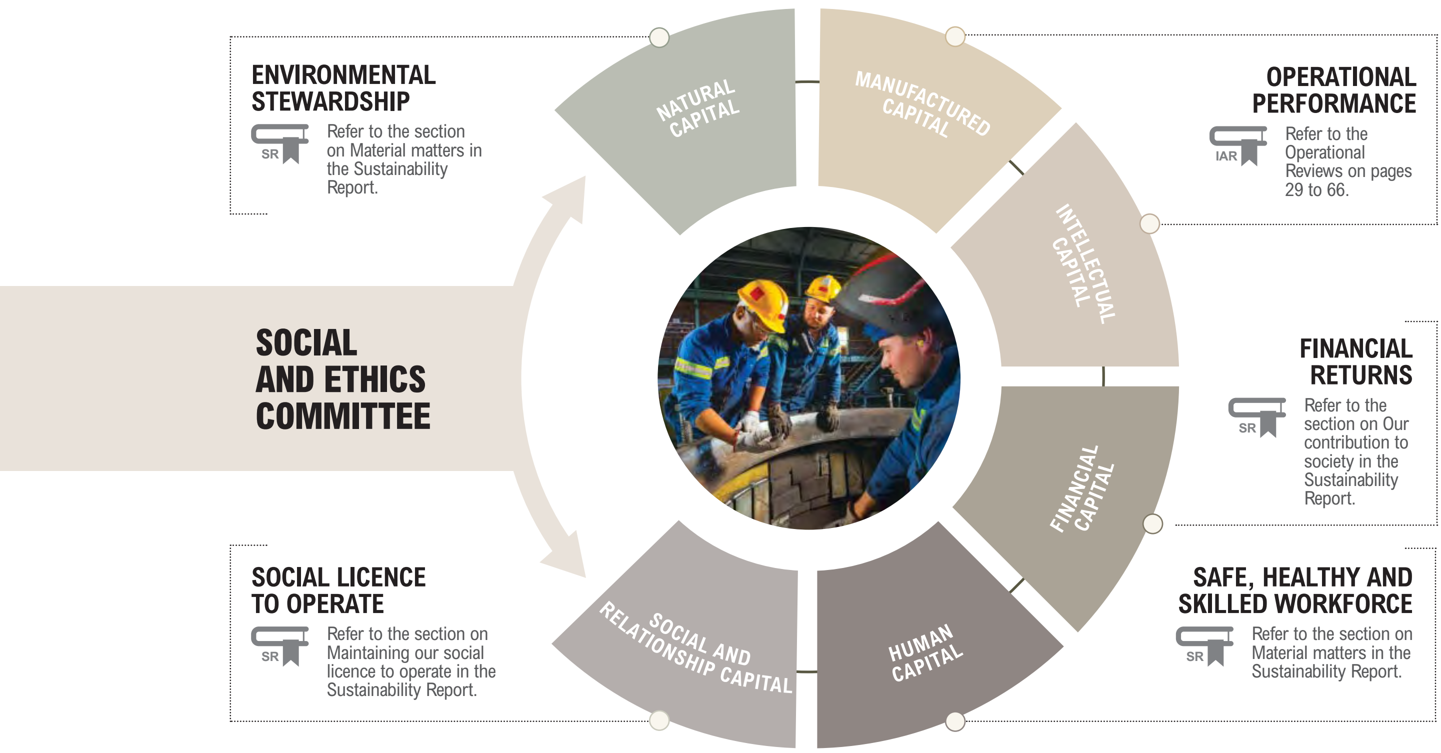
Dr R V Simelane
Chairman of the Social and Ethics Committee

10 October 2017

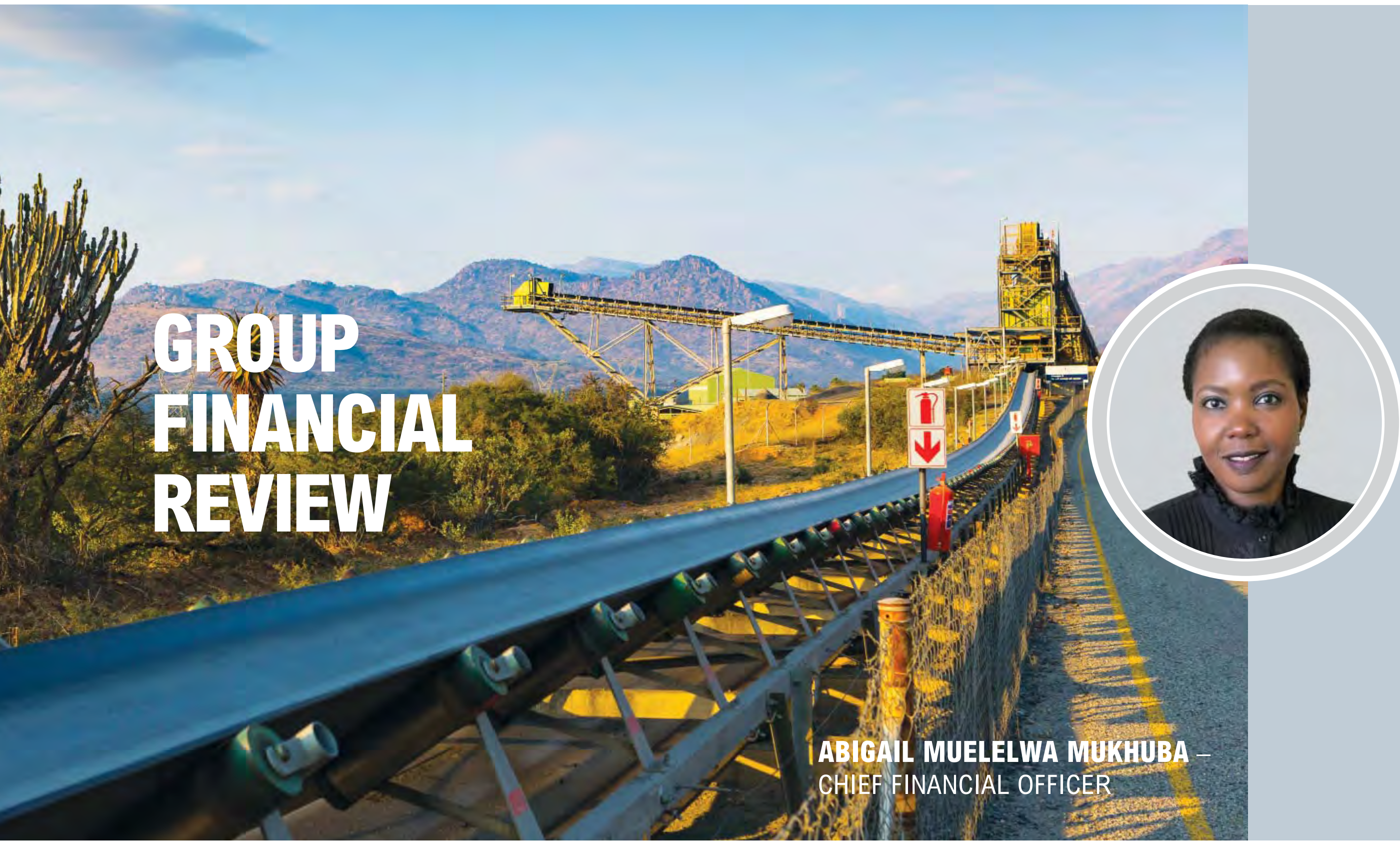
At the Annual General Meeting, the Committee Chairman will report to shareholders on the Company's performance with respect to relevant legislation and codes of good practice, social and economic development, labour, and safety, health and the environment.

SR

Additional information is available in the Our Approach to Sustainability section on pages 18 to 20 of this report, the Operational Reviews on pages 29 to 66, and in the 2017 Sustainability Report available on ARM's website: **www.arm.co.za**



GROUP FINANCIAL REVIEW



ABIGAIL MUELELWA MUKHUBA – CHIEF FINANCIAL OFFICER

KEY FEATURES FOR F2017

HEADLINE EARNINGS:
R3 196 million
(F2016: R1 051 million)

DIVIDENDS DECLARED:
650 cents per share
(F2016: 225 cents per share)

CASH GENERATED FROM OPERATIONS:
R1 611 million
(F2016: R1 225 million)

CAPITAL EXPENDITURE:
R1 022 million
(F2016: R930 million)

MATERIAL MATTERS	RISKS, OPPORTUNITIES AND CHALLENGES
ZAR/US$ exchange rate volatility	Continued strengthening of ZAR/US$
Commodity price volatility	Regulatory uncertainty
Asset impairments	Impact of commodity price outlook on asset valuation
Provision raised for possible silicosis and tuberculosis claims and related costs	Capital allocation efficiencies
Preparation for the implementation of upcoming major accounting standards	

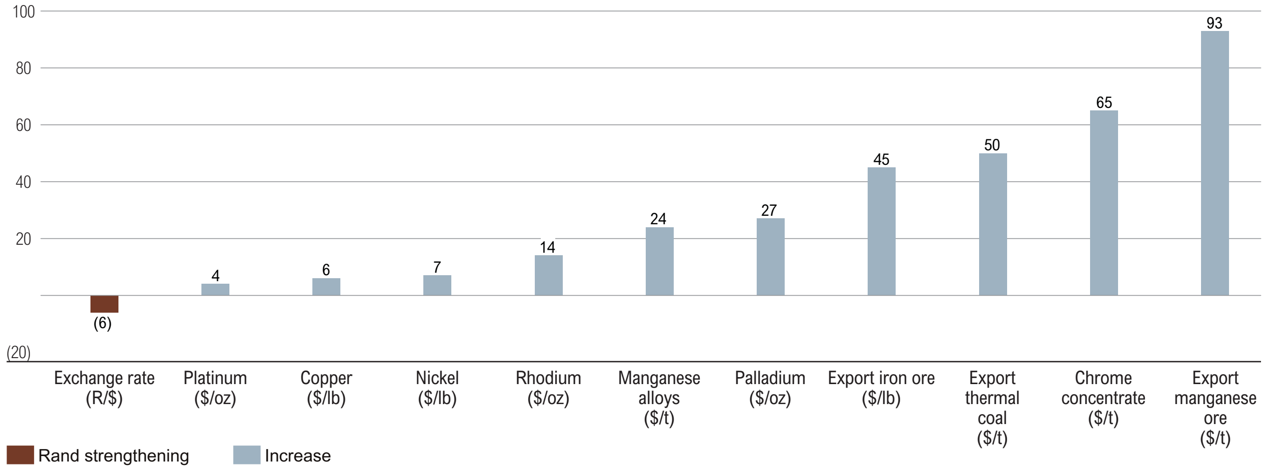
The Financial Review should be read in conjunction with the audited Annual Financial Statements 2017 which are available on ARM's website at **www.arm.co.za**. The Financial Review does not contain sufficient information to allow for a complete understanding of the financial results and state of affairs of the Group, which is provided by the detailed audited Group and Company Annual Financial Statements. The Board has used its discretion in determining the material matters to be reported in this review.

TRADING ENVIRONMENT

Average realised US Dollar commodity prices for F2017 were significantly higher than in F2016. This complemented management's cost reduction, containment and efficiency improvement initiatives. However, the strength of the Rand exchange rate against the US Dollar partially offset the positive impact of the price and cost efficiency initiatives.

The F2017 average Rand/US Dollar exchange rate of R13.60/US$ was 6% stronger than the average of R14.51/US$ for F2016. For reporting purposes, the closing exchange rate at 30 June 2017 was R13.05/US$ (30 June 2016: R14.68/US$).

F2017 VERSUS F2016 AVERAGE US DOLLAR REALISED PRICES AND AVERAGE EXCHANGE RATE CHANGES (%)



FINANCIAL PERFORMANCE

Headline earnings increased by 204% to R3 196 million (F2016: R1 051 million) which equates to headline earnings per share of 1 684 cents (F2016: 494 cents).

The weighted average number of shares at 30 June 2017 was 189.77 million shares (30 June 2016: 212.99 million shares). As a result of the restructuring of the ARM BBEE Trust, the shares owned by the Trust (15.9 million ARM shares) and held by Opilac (Pty) Ltd, a wholly-owned subsidiary of ARM (12.7 million ARM shares) are excluded in the calculation of the weighted average number of shares for a full year in F2017, and for a proportionate period in F2016, as the change only occurred on 22 April 2016.

ARM's basic earnings for F2017 were R1 372 million (F2016: R565 basic loss) and were negatively impacted by special items of R1 824 million loss after tax and non-controlling interest (F2016: R1 616 million loss after tax and non-controlling interest).

The special items largely comprise attributable impairments of the Nkomati Mine assets of R711 million after tax and the Modikwa Mine assets of R734 million after tax and non-controlling interests. The F2016 comparative special items comprised largely of the attributable impairment of the Lubambe Copper Mine ("Lubambe") assets of R1 404 million after non-controlling interest.

The negative impact on earnings was compounded by:

> the unrealised foreign exchange losses on the revaluation of the US Dollar loans advanced by ARM to Lubambe, which entity's functional currency is US Dollar;

> the operational losses at Lubambe; and

> a R330 million provision raised at ARM Corporate for the possible settlement of the silicosis and tuberculosis class action claims and costs.

The reconciliation of basic earnings to headline earnings is provided in the additional comments note on page 121 of this report.

Lubambe has been classified as an operation held for sale and a discontinuing operation at 30 June 2017. The Dwarsrivier Chrome Mine, which was sold to Assore in July 2016, has also been reflected as a discontinued operation in the ARM Ferrous segment information.

Attributable sales from continuing operations for the year were unchanged at R8.16 billion (F2016: R8.16 billion).

The remainder of this review focuses on the analysis and comparison of the total numbers, with discontinuing and continuing operations aggregated.

Earnings before interest, tax, depreciation and amortisation (EBITDA), excluding special items and income from associates and joint ventures were R922 million, which is 35% lower than in F2016 (F2016: R1 415 million). The Assmang joint venture reported a 94% increase in attributable EBITDA of R5 469 million (F2016: R2 817 million).

The EBITDA margins achieved at each division may be ascertained from the detailed segment reports provided in the primary segment performance analysis on pages 113 to 114 of this report.

GROUP FINANCIAL REVIEW continued

AVERAGE GROSS PROFIT MARGINS FOR THE INDIVIDUAL OPERATIONS ON A SEGMENTAL BASIS

	Financial year ended 30 June	
	2017 (%)	2016 (%)
ARM Ferrous	**44**	24
ARM Platinum		
– Two Rivers	**27**	28
– Modikwa	**(8)**	(10)
– Nkomati	**8**	(7)
ARM Coal		
– GGV	**5**	–
– PCB	**24**	4
ARM Copper		(37)
Total	**32**	16

The **ARM Ferrous** contribution to ARM's headline earnings amounted to R3 709 million (F2016: R1 441 million). This is an increase of 157% compared to the F2016 result and is largely due to a R963 million higher contribution from the manganese division and R972 million higher contribution from the iron division.

For accounting purposes, the disposal of the Dwarsrivier Chrome Mine became effective on 1 July 2016. The accounting result for ARM of this disposal was as follows:

> The attributable equity profit realised in Assmang amounted to R5 million which includes an impairment of R373 million before tax (tax: nil). Subsequent to 31 December 2016, a reduction of R49 million in the attributable impairment, raised at 30 December 2016 for the disposal of the Dwarsrivier Chrome Mine, was recorded;
> Attributable contribution to headline earnings amounted to R378 million;
> Cash dividend received from Assmang amounting to R238 million and an in specie dividend of R316 million;
> Proceeds of R238 million received from Assore by ARM for the sale resulting in a loss amounting to R79 million before tax (tax: nil).

The **ARM Platinum** contribution, which includes the results of Nkomati Mine, was headline earnings of R350 million and represents a turnaround from the R10 million headline loss contribution for F2016. The increased contribution is mainly due to a R335 million higher contribution from Nkomati. The Two Rivers Mine maintained a strong positive contribution to headline earnings of R325 million (F2016: R318 million).

ARM Coal contributed headline earnings of R82 million (F2016: R297 million headline loss) largely as a result of the equity-accounted headline earnings contribution of the PCB Coal business of R181 million (F2016: R210 million headline loss), partially offset by higher finance charges in GGV and PCB. Refer section on ARM Coal on pages 54 to 59.

The **ARM Copper** result was a headline loss of R203 million (F2016: R361 million headline loss – re-presented). This result includes interest on shareholders' loans of R56 million (F2016: R36 million – re-presented).

Following the announcement of the disposal of ARM's interest in Lubambe, the inter-company interest accrued to ARM Company from Lubambe of R219 million (F2016: R194 million) has been eliminated from both the ARM Copper and Corporate and Other segments.

The **ARM Exploration** costs were R28 million (F2016: R23 million).

The **ARM Corporate, other companies and consolidation** segment reflects a headline loss of R778 million for the year (F2016: R301 million earnings – re-presented). This is largely due to unrealised foreign exchange losses of R269 million (F2016: R347 million gains) on US Dollar loans advanced by ARM to Lubambe Mine, resulting from the Rand versus the US Dollar exchange rate strengthening from R14.68/US$ at 30 June 2016 to R13.05/US$ at 30 June 2017. The ARM Company loans to Lubambe Mine amounted to US$183 million at 30 June 2017 (30 June 2016: US$158 million).

Also included in the ARM Corporate, other companies and consolidation segment headline loss is a provision of R330 million for the possible settlement of the silicosis and tuberculosis class action claims and related costs. As a consequence of the progress made by the industry working group on occupational lung disease (of which ARM is party) in the negotiations between the Group and affected stakeholders, ARM is now in a position to reliably estimate within an acceptable range the Company's share of a possible settlement of the class action claims and related costs. The nominal amount of the provision is R417 million. Refer page 106 of this report for further details.

Further details of the ARM divisional segment financial performance may be obtained on page 113 to 115 of this report. In addition, each division's report under the Operational review contains detailed information on operational performance.

FINANCIAL POSITION

The Group remains in a strong and robust financial position.

The consolidated net debt (cash and cash equivalents less overdrafts less long-term borrowings) at 30 June 2017 amounts to R1 271 million, representing 5% of total equity, and is lower in comparison to the net debt position of R4 235 million at 30 June 2016 (17% of total equity).

Cash and cash equivalents exclude the attributable cash and cash equivalents balance held at ARM Ferrous (50% of Assmang) of R3 165 million (30 June 2016: R2 399 million).

The decrease in gross interest-bearing borrowings at 30 June 2017 is largely due to the repayment of the ARM Corporate facility of R1 400 million and R623 million reduction of the overdraft and short-term borrowings. There are no interest-bearing borrowings at ARM Ferrous.

Other investments, which largely comprise ARM's 14.5% stake in Harmony, decreased to R1 380 million (F2016: R3 339 million). The Harmony share price at 30 June 2017 was R21.68 (F2016: R52.47). ARM owns 63.6 million shares in Harmony.

CASH FLOWS

Cash generated from operations was R1 611 million (F2016: R1 225 million) and is reported after an R274 million increase in working capital requirements (F2016: R80 million).

Dividends received from the ARM Ferrous joint venture were higher at R2 488 million (F2016: R875 million). ARM received R1 000 million from Assmang in August 2017 (August 2016: R750 million).

Net cash outflow from investing activities reduced to R640 million (F2016: R799 million), mainly as a result of proceeds on disposal of the Dwarsrivier investment.

The net increase in cash and cash equivalents was R364 million for the year (F2016: R748 million decrease).

FINANCIAL CAPITAL

ARM's operational cash flows, net of tax, together with cash and cash equivalent balances and external funding sources constitute its primary financial capital. This capital is used to:

> maintain existing operations;
> expand new and existing operations;
> fund working capital; and
> make new investments.

The Board of directors balances the utilisation of financial capital against ARM's commitment as a globally competitive company to return capital to shareholders through dividends and ensure capital growth in the long run.

Financial capital needs are responsibly managed to ensure that the funding of the Company is not unduly stressed thereby ensuring a sound financial basis for ARM's continued operation and future growth plans. The financial capital of ARM is impacted by many factors including:

> the robustness and accuracy of initial mining project evaluations;
> the subsequent effectiveness and efficiency of mining operations;
> the volatility of commodity prices and exchange rates;
> global supply and demand for the commodities mined;
> global macroeconomic events;
> the need to mine responsibly, safely and sustainably; and
> changes in mining and fiscal laws and regulations.

CAPITAL ALLOCATION FOR THE YEAR

The following were the key capital allocations during F2017:

> dividend payments to shareholders of R426 million reduced from R761 million in F2016;
> capital expenditure increased to R949 million, from R852 million in F2016; and
> the amount of R1 400 million drawn from the ARM Corporate facility at 30 June 2016 was repaid in F2017.

Capital allocation to new projects is reviewed rigorously to ensure that funding is only applied to projects that are expected to provide returns in excess of ARM's risk-adjusted hurdle rates.

For a detailed analysis of the capital expenditure profile per operation, refer to the individual division report under the operational review section of this report.

The value-add statement as reflected on page 28 shows the wealth created and distributed in F2017.

NET GEARING AND BORROWINGS

At 30 June 2017, total interest-bearing borrowings amounted to R2 759 million or 11% of total equity. These borrowings comprise:

> R512 million external bank debt (F2016: R2 694 million);
> R528 million external debt in the ARM BBEE Trust (F2016: R501 million); and
> R1 719 million partner loans (F2016: R2 356 million).

The restructuring of the ARM BBEE Trust resulted in a wholly-owned subsidiary of ARM acquiring 12.7 million ARM shares from the Trust at a cost of R51.19 per share and also in the cancellation of R850 million in guarantees which ARM had provided to the bank lenders to the Trust in the prior year.

ARM does not have high levels of bank debt at either consolidated or segmental level.

At an entity level, however, the ARM Coal investment into GGV and PCB is highly geared by shareholder funding provided by Glencore Operations South Africa (GOSA). These high debt levels impact on the bottom line profitability of the Coal Division.

ARM and GOSA are in discussions on the restructuring of the ARM Coal partner loans.

SEGMENT ANALYSIS

The detailed segmental results, which include the income statement, statement of financial position and cash flows information are provided in note 2 to the Annual Financial Statements 2017.

MATERIAL ACCOUNTING MATTERS

Adoption and implementation of amended and new accounting standards

New accounting standards and amendments issued to accounting standards and interpretations which are relevant to ARM, but not yet effective on 30 June 2017, have not been adopted.

We continuously evaluate the impact of these standards and amendments, the most prominent being IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. In summary, the following are the current expectations in relation to IFRS 9, IFRS 15 and IFRS 16.

IFRS 9 Financial Instruments

We have decided not to adopt IFRS 9 until it becomes mandatory for annual periods beginning on or after 1 January 2018 (*i.e.* for the financial year beginning 1 July 2018 for ARM). The actual impact of adopting IFRS 9 on ARM's financial statements is not currently known and cannot be reliably estimated, as the impact will be dependent on the financial instruments that ARM holds and economic conditions prevailing at that time, as well as accounting elections and judgements which ARM make in the future. The new standard may require ARM to revise its accounting processes and internal controls related to reporting financial instruments and these possible changes have not yet been ascertained. We have embarked on the process of determining the impact that the new impairment model, on the basis of expected credit losses, will have on the impairment provisions. As part of this process, we will finalise the impairment methodologies it will apply under IFRS 9. Disclosure requirements and changes in presentation are expected to change the nature and extent of ARM's disclosures about its financial instruments particularly in the year of the adoption of the new standard. We are in the process of identifying changes to systems and controls that may be necessary to capture the required data.

IFRS 15 Revenue from Contracts with Customers

The standard is effective for annual periods beginning on or after 1 January 2018 (*i.e.* for the financial year beginning 1 July 2018 for ARM). We have developed a detailed project plan for the implementation of IFRS 15 and in line with this plan we are in the process of:

> identifying all significant contracts with customers, in the various entities in the Group, in line with the IFRS 15 five-step model;
> evaluating the different sale contracts in place with its customers, which vary per entity and commodity – there are various contracts with complex terms including consignment sales, various shipping terms and provisional pricing;
> engaging various partners on their interpretation of the various contracts;
> evaluating practical expedients to be used;
> evaluating the changes required to controls, IT systems and processes relating to revenue; and
> evaluating whether a full retrospective or a modified retrospective transition will be adopted – this will be determined once the impact of the various contracts is ascertained.

The new standard may well have an impact on revenue recognised arising from any or all of these contracts. The impact has not yet been ascertained however, this is expected to be ascertained in the first half of F2018.

IFRS 16 Leases

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted, provided that IFRS 15 is adopted at or before the date of initial application of IFRS 16. We continue with the initial assessment of the potential impact of this standard on ARM's financial statements but we have not yet reached a conclusion regarding whether this standard will be early adopted with the implementation of IFRS 15. We must still make a decision on the transition method to be applied, as well as the practical expedients to be used, if elected.

Silicosis and tuberculosis class action provision

In November 2014, a gold mining industry Working Group was formed to address issues relating to the compensation and medical care for occupational lung diseases in the gold mining industry in South Africa. The Working Group comprises ARM, Harmony Gold Mining Company Limited, Anglo American South Africa Limited, AngloGold Ashanti Limited, Gold Fields Limited and Sibanye Gold Limited (collectively the Working Group).

The Working Group engaged different stakeholders including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These engagements have sought a comprehensive solution to address legacy compensation issues and future legal frameworks that are fair to past and current employees and enable companies to continue to be sustainable over the long term.

As a consequence of the progress of negotiations between the Working Group and affected stakeholders, ARM is now in a position to reliably estimate, within an acceptable range, the Company's share of a possible settlement of the class action claims and related costs. As a result, ARM has recorded a provision of R330 million at 30 June 2017 (discounted) in the results for the year ended 30 June 2017. The nominal amount of the provision is R417 million.

The Working Group continues to defend the legal proceedings filed against them and are appealing the ruling that has been set for hearing from 19 to 23 March 2018. Notwithstanding the provision raised, the companies do not believe that they are liable in respect of the claims brought. They do, however, believe that they should work together to seek a solution to this South African mining industry legacy issue.

The negotiations with the claimants' lawyers are confidential and the Working Group companies are accordingly not able to provide any details of the negotiations.

EVENTS AFTER REPORTING DATE

Further to announcements that the Lubambe Copper Mine was under review, ARM announced on 15 August 2017 that an agreement for the disposal of ARM and Vale's 80% indirect interest in Lubambe Mine to EMR Capital had been concluded. The indirect interest sold includes the equity holding in Lubambe Mine as well as loans to Lubambe Copper Mine.

The purchase consideration for the 80% indirect interest is US$97 million. The final amount receivable is subject to, among others, the following adjustments, which will be finalised on completion of the disposal:

> Settlement of Lubambe Mine's general banking facility;
> Additional funding provided to Lubambe Mine by ARM and Vale between 1 May 2017 and the completion date.

Completion of the disposal is subject to the fulfilment of conditions precedent.

Two Rivers received consent during August 2017 to:

> to transfer the Tamboti rights to it, and
> to have its mining right amended accordingly. The amended mining right is expected to be issued to Two Rivers imminently, at which point ARM's interest in Two Rivers will increase to 54%.

Since the year-end, ARM received a dividend of R1 billion from Assmang.

The Company paid a dividend of R1 422 million on 2 October 2017.

Guarantees to Transnet Freight Rail in relation to the Coal operations amounting to R36 million (ARM share) were issued (F2016: nil).

There are no other matters or circumstances arising since 30 June 2017, not otherwise dealt with in the Annual Financial Statements 2017.

CONTINGENT LIABILITIES

Assmang has issued a guarantee to the Sarawak Energy Board amounting to US$100 million. Sponsor indemnities amounting to US$45.46 million have been received by Assmang in respect of this guarantee. The net effect for Assmang is therefore US$54.54 million.

ARM's 50% interest in Assmang would equate to R356 million (US$27.27 million).

There have been no other significant changes in the contingent liabilities of the Group as disclosed in the 30 June 2016 Integrated Annual Report.

RISK MANAGEMENT KEY FINANCIAL RISKS AND UNCERTAINTIES AFFECTING PERFORMANCE

IAR ARM has an established risk management process, which is described on pages 14 to 15.

Factors that affect the delivery of sustainable value to key stakeholders include currency, commodity price, diesel price and interest rate volatility risks, counterparty, credit, investment, and capital allocation risks.

AFS For a detailed analysis of ARM's approach to these risks, please refer to note 39 to the Annual Financial Statements 2017.

A sensitivity analysis is provided in note 39 to the financial statements. In particular, the sensitivity analysis includes the closing prices used in the provisional valuation at year-end of accounts receivable for the ARM Platinum and Nkomati Nickel operations.

ARM has an established Treasury Risk Management Policy to continuously manage these risks on a non-speculative basis. Among other things, this Policy also allows ARM the flexibility to introduce limited hedging for companies that are controlled by ARM, with the prior approval of the Audit and Risk Committee and the Board of Directors. No hedging was entered into in F2016 nor F2017.

Various governance structures, which support the Investment Committee, the Executive Committee and the Board of Directors, rigorously screen all capital investment projects, and ensure a stringent process is in place for the optimal allocation of capital.

The Company is not risk averse. ARM targets a net gearing threshold of 30% for external funding, subject to the ability to meet debt service requirements. At 30 June 2017, the net debt to equity ratio was 5% (30 June 2016: 17%).

Commitments in respect of capital expenditure reduced to R137 million at 30 June 2017 (F2016: R185 million). It is anticipated that this expenditure, which mainly relates to mine development and plant and equipment, will be financed from operating cash flows and utilising available cash and borrowing resources.

ARM continuously reviews its tax risk management framework to:

> Promote governance;
> Address and reduce tax risks; and
> Create value by proactively evaluating legislative changes and the potential impact on business and ensuring that tax strategies, policies and processes are standardised.

LOOKING AHEAD

While average realised US Dollar commodity prices for F2017 were higher than in F2016, they have generally reduced from recent highs and remain volatile. In addition, although the Rand/US Dollar exchange rate strengthened during F2017 there are still divergent views on the outlook for the exchange rate.

As a result of the abovementioned volatility, there remains an increased degree of forecasting risk in the mining industry. The sustainability of the F2017 level performance is uncertain and will depend on many factors, including the overall local and global economic performance going forward, and the level of policy certainty in the South African mining sector. The ARM response to this uncertainty in prices and exchange rate is to:

> Continue addressing operations that are loss-making and require shareholder funding;
> Improve operational efficiencies; and
> Contain and reduce unit costs at operations.

ARM remains confident in the long-term outlook for commodities.

The robust statement of financial position, which is relatively ungeared, will enable us to withstand the macroeconomic uncertainties and volatile markets for the financial year ahead, while delivering on sustainable returns for all key stakeholders.

DIVIDEND

Dividends are declared after consideration of the solvency and liquidity of the Company in accordance with the requirements of the Companies Act 71 of 2008, as amended, and with due regard to the current funding status of the Company, future funding requirements and estimated cash flows.

The 11th annual dividend declared by ARM on 7 September 2017 of 650 cents per share (F2016: 225 cents per share) is consistent with ARM's commitment as a globally competitive company to pay dividends to shareholders while simultaneously maintaining the ability to fund efficiency improvements and sustain production volumes.

Abigail Muelelwa Mukhuba
Chief Financial Officer

10 October 2017

GROUP FINANCIAL REVIEW continued

GROUP STATEMENT OF FINANCIAL POSITION

at 30 June

	Additional comment notes	F2017 Rm	F2016 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	1	**7 801**	10 966
Intangible assets		**130**	137
Deferred tax assets		**656**	151
Loans and long-term receivables		**34**	40
Investment in associate		**1 334**	1 153
Investment in joint venture		**14 860**	14 623
Other investments		**1 573**	3 521
		26 388	30 591
Current assets			
Inventories		**663**	759
Trade and other receivables		**2 096**	2 453
Taxation		**6**	4
Financial assets		**–**	1
Cash and cash equivalents	2	**1 488**	1 316
		4 253	4 533
Assets held for sale	3	**1 605**	3
Total assets		**32 246**	35 127
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital		**11**	11
Share premium		**4 279**	4 217
Treasury shares		**(2 405)**	(2 405)
Other reserves		**1 326**	3 395
Other reserves discontinuing operation	3	**730**	–
Retained earnings		**19 556**	18 601
Equity attributable to equity holders of ARM		**23 497**	23 819
Non-controlling interest		**543**	762
Total equity		**24 040**	24 581
Non-current liabilities			
Long-term borrowings	4	**2 002**	4 171
Deferred tax liabilities		**1 297**	2 014
Long-term provisions		**1 166**	665
		4 465	6 850
Current liabilities			
Trade and other payables		**1 307**	1 787
Short-term provisions		**393**	355
Taxation		**112**	174
Overdrafts and short-term borrowings	4	**757**	1 380
		2 569	3 696
Liabilities directly associated with assets held for sale	3	**1 172**	–
Total equity and liabilities		**32 246**	35 127

The reduction from F2016 to F2017 is mainly due to the impairment of assets at Modikwa and Nkomati, as well as the reclassification of Lubambe assets to assets held for sale.

The increase from F2016 to F2017 is mainly due to the deferred tax asset recognised on the revaluation of the Harmony Mining Company Limited listed investment.

Comprise ARM's interest in Assmang (Pty) Ltd, which is reported in the ARM Ferrous segment.

Largely comprise the 14.5% interest in Harmony Mining Company Limited.

The investment was valued lower than F2016 as the closing share price was R21.68 against R52.47 in F2016.

Exclude the attributable cash and cash equivalents balance held at ARM Ferrous (50% of Assmang) of R3 165 million (30 June 2016: R2 399 million).

Lubambe Copper Mine has been classified as an operation held for sale at 30 June 2017.

The decrease at 30 June 2017 is largely due to the repayment of the ARM Corporate facility of R1 400 million in 2017.

The consolidated net debt (cash and cash equivalents less overdrafts less long-term borrowings) at 30 June 2017 amounts to R1 271 million, and represents 5% of total equity, R4 235 million at 30 June 2016 (17% of total equity).

The decrease from F2016 to F2017 is largely due to impairments and provisions recognised in F2017.

The increase in provision from F2016 to F2017 is largely due to a provision of R330 million raised for the possible settlement of the silicosis and tuberculosis class action claims and related costs as well as the Two Rivers Platinum Dwarsrivier Sterilisation Provision which is impacted by the long-term outlook of the chrome price.

GROUP INCOME STATEMENT

for the year ended 30 June

	Additional comment notes	F2017 Rm	Re-presented* F2016 Rm
CONTINUING OPERATIONS			
Revenue		**9 019**	9 019
Sales		**8 158**	8 164
Cost of sales		**(6 951)**	(7 353)
Gross profit		**1 207**	811
Other operating income		**757**	1 140
Other operating expenses		**(1 750)**	(1 298)
Profit from operations before special items		**214**	653
Income from investments		**238**	160
Finance costs		**(423)**	(313)
Profit/(loss) from associate		**181**	(210)
Income from joint venture**		**3 265**	1 301
Profit before taxation and special items		**3 475**	1 591
Special items before tax	5	**(2 322)**	(106)
Profit before taxation from continuing operations		**1 153**	1 485
Taxation		**409**	10
Profit for the year from continuing operations		**1 562**	1 495
DISCONTINUING OPERATIONS			
Loss for the year from discontinuing operations		**(130)**	(2 252)
Profit/(loss) for the year		**1 432**	(757)
Attributable to:			
Equity holders of ARM			
Profit for the year from continuing operations		**1 431**	1 199
Loss for the year from discontinuing operations		**(59)**	(1 764)
Basic earnings/(loss) for the year		**1 372**	(565)
Non-controlling interest			
Profit for the year from continuing operations		**131**	296
Loss for the year from discontinuing operations		**(71)**	(488)
		60	(192)
Profit/(loss) for the year		**1 432**	(757)
Earnings per share	6		
Basic earnings/(loss) per share (cents)		**723**	(265)
Basic earnings per share from continuing operations (cents)		**754**	563
Basic loss per share from discontinuing operations (cents)		**(31)**	(828)
Diluted basic earnings/(loss) per share (cents)		**703**	(262)
Diluted basic earnings per share from continuing operations (cents)		**733**	556
Diluted basic loss per share from discontinuing operations (cents)		**(30)**	(818)

* *Re-presented as a result of IFRS 5 – Non-current Assets Held for Sale and discontinued operations accounting for Lubambe. Refer note 3.*

** *Impairment loss included in income from joint venture of R470 million before tax of R27 million (F2016: R202 million before tax of R56 million).*

Decrease from F2016 to F2017 mainly due to lower foreign exchange gains (R347 million) as a result of the strengthening ZAR/US$ exchange rate.

Increase from F2016 to F2017 mainly due to higher foreign exchange losses (R269 million) as a result of the strengthening ZAR/US$ exchange rate as well as a provision of R330 million raised for the possible settlement of the silicosis and tuberculosis class action claims and related costs.

Mainly comprises interest received on cash balances and dividends received from the Harmony Gold Mining Company Limited investment.

Finance costs were higher than those incurred in F2016, largely due to interest on ARM BBEE Trust, ARM Coal and Two Rivers Platinum.

Mainly relates to the investment in PCB Coal Operations.

The equity-accounted income from the Assmang joint venture (ARM Ferrous) includes the negative impact of special items and is significantly higher than last year (F2016: R1 301 million) resulting from the increase in the US Dollar commodity prices, iron ore sales volumes as well as management's cost reduction and containment initiatives. Further performance details on Assmang are detailed in the ARM Ferrous section of this report.

The F2017 special items largely comprise attributable impairments of the Nkomati Mine assets of R711 million after tax and the Modikwa Mine assets of R734 million after tax and non-controlling interests.

Lubambe has been classified as an operation held for sale at 30 June 2017. In addition, it has been classified as a discontinuing operation.

Increase from F2016 to F2017 mainly due to an increase in deferred tax to R783 million (F2016: R303 million) mainly as a result of the impairments at Modikwa and Nkomati.

GROUP FINANCIAL REVIEW continued

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
For the year ended 30 June 2016 (Re-presented*)						
Loss for the year to 30 June 2016	–	–	(565)	(565)	(192)	(757)
Profit for the year to 30 June 2016 from continuing operations	–	–	1 199	1 199	296	1 495
Loss for the year to 30 June 2016 from discontinuing operations	–	–	(1 764)	(1 764)	(488)	(2 252)
Other comprehensive income that may be reclassified to the income statement in subsequent periods						
Net impact of revaluation of listed investment	1 934	–	–	1 934	–	1 934
Revaluation of listed investment**	2 347	–	–	2 347	–	2 347
Deferred tax on above	(448)	–	–	(448)	–	(448)
Deferred tax rate change	35	–	–	35	–	35
Foreign currency translation reserve movement continuing operations	–	188	–	188	–	188
Foreign currency translation reserve movement discontinuing operation	–	(87)	–	(87)	–	(87)
Total comprehensive income/(loss) for the year	1 934	101	(565)	1 470	(192)	1 278
For the year ended 30 June 2017						
Profit for the year to 30 June 2017	**–**	**–**	**1 372**	**1 372**	**60**	**1 432**
Profit for the year to 30 June 2017 from continuing operations	**–**	**–**	**1 431**	**1 431**	**131**	**1 562**
Loss for the year to 30 June 2017 from discontinuing operations	**–**	**–**	**(59)**	**(59)**	**(71)**	**(130)**
Other comprehensive income that may be reclassified to the income statement in subsequent periods						
Net impact of revaluation of listed investment	**(1 520)**	**–**	**–**	**1 520**	**–**	**1 520**
Revaluation of listed investment**	**(1 959)**	**–**	**–**	**(1 959)**	**–**	**(1 959)**
Deferred tax on above	**439**	**–**	**–**	**439**	**–**	**439**
Foreign currency translation reserve movement continuing operations	**–**	**(365)**	**–**	**(365)**	**–**	**(365)**
Foreign currency translation reserve movement discontinuing operation	**–**	**403**	**–**	**403**	**–**	**403**
Total comprehensive (loss)/income for the year	**(1 520)**	**38**	**1 372**	**(110)**	**60**	**(50)**

* *Re-presented as a result of IFRS 5 Non-current Assets Held for Sale and Discontinuing Operations accounting for Lubambe. Refer additional comment note 3.*

** *Share price of Harmony decreased from R52.47 per share at 30 June 2016 to R21.68 at 30 June 2017, and increased from R15.59 at 30 June 2015 to R52.47 per share at 30 June 2016. Investment in Harmony is based on level 1 fair value hierarchy level.*

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June

	Share capital and premium Rm	Treasury shares Rm	Available-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total Share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
Balance at 30 June 2015	4 194	–	–	1 212	20 113	25 519	1 386	26 905
Total comprehensive income/(loss) for the year	–	–	1 934	101	(565)	1 470	(192)	1 278
Loss for the year to 30 June 2016	–	–	–	–	(565)	(565)	(192)	(757)
Other comprehensive income	–	–	1 934	101	–	2 035	–	2 035
Bonus and performance shares issued to employees	34	–	–	(34)	–	–	–	–
Changes due to insurance restructuring – net of tax**	–	–	–	–	(195)	(195)	–	(195)
Dividend paid	–	–	–	–	(761)	(761)	–	(761)
Dividend paid to Impala Platinum	–	–	–	–	–	–	(370)	(370)
Restructuring of ARM BBEE Trust	–	(2 405)	–	–	–	(2 405)	(62)	(2 467)
Share-based payments	–	–	–	191	–	191	–	191
Transfer	–	–	–	(9)	9	–	–	–
Balance at 30 June 2016	**4 228**	**(2 405)**	**1 934**	**1 461**	**18 601**	**23 819**	**762**	**24 581**
Total comprehensive (loss)/income for the year	**–**	**–**	**(1 520)**	**38**	**1 372**	**(110)**	**60**	**(50)**
Profit for the year to 30 June 2017	**–**	**–**	**–**	**–**	**1 372**	**1 372**	**60**	**1 432**
Other comprehensive (loss)/income	**–**	**–**	**(1 520)**	**38**	**–**	**(1 482)**	**–**	**(1 482)**
Bonus and performance shares issued to employees	**62**	**–**	**–**	**(58)**	**–**	**4**	**–**	**4**
Dividend paid	**–**	**–**	**–**	**–**	**(426)**	**(426)**	**–**	**(426)**
Dividend paid to Impala Platinum	**–**	**–**	**–**	**–**	**–**	**–**	**(279)**	**(279)**
Share-based payments	**–**	**–**	**–**	**201**	**–**	**201**	**–**	**201**
Dividend reserve reversed in ARM BBEE Trust	**–**	**–**	**–**	**–**	**9**	**9**	**–**	**9**
Balance at 30 June 2017	**4 290**	**(2 405)**	**414**	**1 642**	**19 556**	**23 497**	**543**	**24 040**

* *Other reserves consist of the following:*

	F2017 Rm	*F2016 Rm*	*F2015 Rm*
Dilution in Two Rivers	***(26)***	*(26)*	*(26)*
Foreign currency translation on loans discontinuing operation	***61***	*61*	*61*
Foreign currency translation reserve – Assmang	***(121)***	*103*	*–*
Foreign currency translation reserve – other entities	***28***	*164*	*77*
Foreign currency translation reserve – discontinuing operation	***669***	*266*	*355*
General reserve	***28***	*28*	*28*
Insurance contingency	***–***	*5*	*14*
Premium paid on purchase of non-controlling interest	***(14)***	*(14)*	*(14)*
Share-based payments	***1 017***	*874*	*717*
Total	***1 642***	*1 461*	*1 212*

** *Reversal of the inter-company elimination as a result of insurance restructuring.*

GROUP FINANCIAL REVIEW continued

GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June

	Additional comment notes	F2017 Rm	F2016 Rm
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		**9 779**	9 671
Cash paid to suppliers and employees		**(8 168)**	(8 446)
Cash generated from operations		**1 611**	1 225
Interest received		**122**	111
Interest paid		**(247)**	(163)
Dividends received from joint venture		**2 488**	875
Dividend paid to non-controlling interest – Impala Platinum		**(279)**	(370)
Dividend paid to shareholders		**(426)**	(761)
Taxation paid		**(401)**	(308)
Net cash inflow from operating activities		**2 868**	609
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment to maintain operations		**(949)**	(804)
Additions to property, plant and equipment to expand operations		**–**	(48)
Dividends received from investments		**64**	1
Proceeds on disposal of property, plant and equipment		**7**	36
Proceeds on disposal of investment		**238**	8
Investment in RBCT		**(6)**	(10)
ARM BBEE Trust cash consolidated following trust restructuring			10
Loans and receivables received		**6**	8
Net cash outflow from investing activities		**(640)**	(799)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds on exercise of share options		**4**	–
Long-term borrowings raised		**–**	1 463
Long-term borrowings repaid		**(1 475)**	(881)
Repurchase of ARM shares		**–**	(651)
Short-term borrowings repaid		**(394)**	(489)
Net cash outflow from financing activities		**(1 865)**	(558)
Net increase/(decrease) in cash and cash equivalents		**363**	(748)
Cash and cash equivalents at beginning of year		**667**	1 445
Foreign currency translation on cash balance		**1**	(30)
Cash and cash equivalents at end of year	2	**1 031**	667
Cash generated from operations per share (cents)		**849**	575

The value add statement as reflected on page 28 shows the wealth created and distributed in F2017.

Record dividends received from Assmang in F2017 mainly as a result of a combination of higher US Dollar commodity prices and management's cost containment initiatives.

F2017 comprises dividend received from the Harmony investment.

Relates to the sale of Dwarsrivier.

Largely due to the repayment of the ARM Corporate facility of R1 400 million in 2017, following the receipt of cash dividends of R2 488 million from Assmang.

PRIMARY SEGMENT PERFORMANCE

For management purposes, the Group is organised into the following operating divisions: ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal, ARM Copper and ARM Corporate. ARM Strategic Services and Exploration, Corporate and other and Gold are included in ARM Corporate and tabled below.

	Continuing operations							Dis-continuing operation
Attributable	ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjust-ment* Rm	Total per IFRS financial state-ments Rm	ARM Copper Rm
Year to 30 June 2017								
Sales	**7 247**	**13 140**	**911**	**–**	**21 298**	**(13 140)**	**8 158**	**600**
Cost of sales	**(6 097)**	**(7 405)**	**(866)**	**40**	**(14 328)**	**7 377**	**(6 951)**	**(601)**
Other operating income	**78**	**35**	**37**	**595**	**745**	**12**	**757**	**4**
Other operating expenses	**(276)**	**(1 214)**	**(4)**	**(1 470)**	**(2 964)**	**1 214**	**(1 750)**	**(238)**
Segment result	**952**	**4 556**	**78**	**(835)**	**4 751**	**(4 537)**	**214**	**(235)**
Income from investments	**30**	**537**	**–**	**208**	**775**	**(537)**	**238**	**–**
Finance cost	**(70)**	**(48)**	**(215)**	**(138)**	**(471)**	**48**	**(423)**	**(19)**
Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(56)**
Finance cost ARM: Shareholders' loan Vale/ARM joint operation**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Profit from associate	**–**	**–**	**181**	**–**	**181**	**–**	**181**	**–**
Income from joint venture***	**–**	**(23)**	**–**	**–**	**(23)**	**3 288**	**3 265**	**–**
Special items before tax	**(2 243)**	**(471)**	**–**	**(79)**	**(2 793)**	**471**	**(2 322)**	**180**
Taxation	**376**	**(1 272)**	**38**	**–**	**(858)**	**1 267**	**409**	**–**
(Loss)/profit after tax	**(955)**	**3 279**	**82**	**(844)**	**1 562**	**–**	**1 562**	**(130)**
Non-controlling interest	**(140)**	**–**	**–**	**9**	**(131)**	**–**	**(131)**	**71**
Consolidation adjustment	**–**	**(14)**	**–**	**14**	**–**	**–**	**–**	**–**
Contribution to basic earnings	**(1 095)**	**3 265**	**82**	**(821)**	**1 431**	**–**	**1 431**	**(59)**
Contribution to headline earnings	**350**	**3 709**	**82**	**(742)**	**3 399**	**–**	**3 399**	**(203)**
Other information								
Segment assets, including investment in associate	**8 234**	**19 249**	**3 785**	**3 763**	**35 031**	**(4 389)**	**30 642**	**1 604**
Investment in associate			**1 334**		**1 334**		**1 334**	
Investment in joint venture						**14 860**	**14 860**	
Segment liabilities	**1 819**	**1 617**	**1 848**	**1 958**	**7 242**	**(1 617)**	**5 625**	**1 172**
Unallocated liabilities (tax and deferred tax)					**4 181**	**(2 772)**	**1 409**	
Consolidated total liabilities					**11 423**	**(4 389)**	**7 034**	
Cash inflow/(outflow) generated from operations	**1 419**	**4 933**	**222**	**54**	**6 628**	**(4 933)**	**1 695**	**(84)**
Cash inflow/(outflow) from operating activities	**868**	**4 396**	**222**	**(555)**	**4 931**	**(1 908)**	**3 023**	**(155)**
Cash (outflow)/inflow from investing activities	**(727)**	**(1 142)**	**(181)**	**300**	**(1 750)**	**1 142**	**(608)**	**(32)**
Cash outflow from financing activities	**(15)**	**–**	**(40)**	**(1 806)**	**(1 861)**	**–**	**(1 861)**	**(4)**
Capital expenditure	**783**	**1 361**	**196**	**2**	**2 342**	**(1 361)**	**981**	**41**
Amortisation and depreciation	**546**	**913**	**159**	**3**	**1 621**	**(913)**	**708**	**107**
(Impairment)/reversal before tax	**(2 243)**	**(470)**	**–**	**–**	**(2 713)**	**470**	**(2 243)**	**180**
EBITDA	**1 498**	**5 469**	**237**	**(832)**	**6 372**	**(5 450)**	**922**	**(128)**

There were no significant inter-company sales.

* *Includes IFRS 11 – Joint Arrangements – adjustments related to ARM Ferrous.*

** *Inter-company interest of R219 million receivable by ARM Corporate and accrued by ARM Copper is presented in terms of IFRS 5.*

*** *Impairment included in income from joint venture R470 million before tax of R27 million.*

GROUP FINANCIAL REVIEW continued

Attributable	ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjust-ment* Rm	Total per IFRS financial state-ments Rm	ARM Copper Rm
	Continuing operations							Dis-continuing operation
Year to 30 June 2016 (Re-presented)**								
Sales	7 367	10 327	797	–	18 491	(10 327)	8 164	581
Cost of sales	(6 563)	(7 870)	(798)	37	(15 194)	7 841	(7 353)	(794)
Other operating income	33	164	70	970	1 237	(97)	1 140	8
Other operating expenses	(426)	(770)	(3)	(869)	(2 068)	770	(1 298)	(229)
Segment result	411	1 851	66	138	2 466	(1 813)	653	(434)
Income from investments	32	208	–	128	368	(208)	160	–
Finance cost	(48)	(31)	(188)	(77)	(344)	31	(313)	(26)
Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	–	–	–	–	–	–	–	(36)
Finance cost ARM: Shareholders' loan Vale/ARM joint operation***	–	–	–	–	–	–	–	–
Loss from associate	–	–	(210)	–	(210)	–	(210)	–
Income from joint venture****	–	(9)	–	–	(9)	1 310	1 301	–
Special items before tax	(125)	(194)	–	19	(300)	194	(106)	(1 754)
Taxation	(85)	(497)	35	71	(476)	486	10	(2)
Profit/(loss) after tax	185	1 328	(297)	279	1 495	–	1 495	(2 252)
Non-controlling interest	(285)	–	–	(11)	(296)	–	(296)	488
Consolidation adjustment	–	(27)	–	27	–	–	–	–
Contribution to basic earnings	(100)	1 301	(297)	295	1 199	–	1 199	(1 764)
Contribution to headline earnings	(10)	1 441	(297)	278	1 412	–	1 412	(361)

There were no significant inter-company sales.

* *Includes IFRS 11 – Joint Arrangements – adjustments related to ARM Ferrous.*

** *Re-presented as a result of IFRS 5 Non-current Assets Held for Sale and Discontinuing Operations accounting for Lubambe. Refer additional comment note 3.*

*** *Inter-company interest of R194 million receivable by ARM Corporate and accrued by ARM Copper is presented in terms of IFRS 5.*

**** *Impairment included in income from joint venture R202 million before tax of R56 million.*

Attributable	Continuing operations ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Corporate Rm	Dis-continuing operation ARM Copper Rm	Total Rm	IFRS Adjust-ment* Rm	Total per IFRS financial state-ments Rm
Year to 30 June 2016 (Re-presented)** continued								
Other information								
Segment assets, including investment in associate	10 059	18 897	3 553	5 199	1 692	39 400	(4 273)	35 127
Investment in associate			1 153			1 153	–	1 153
Investment in joint venture							14 623	14 623
Segment liabilities	2 075	1 653	1 778	3 240	1 265	10 011	(1 653)	8 358
Unallocated liabilities (tax and deferred tax)						4 773	(2 585)	2 188
Consolidated total liabilities						14 784	(4 238)	10 546
Cash inflow/(outflow) generated from operations	947	2 927	241	168	(131)	4 152	(2 927)	1 225
Cash inflow/(outflow) from operating activities	331	2 588	236	(1 303)	(155)	1 697	(1 088)	609
Cash (outflow)/inflow from investing activities	(553)	(1 796)	(226)	45	(65)	(2 595)	1 796	(799)
Cash outflow from financing activities	(68)	–	–	(467)	(23)	(558)	–	(558)
Capital expenditure	667	1 422	185	3	75	2 352	(1 422)	930
Amortisation and depreciation	614	966	143	5	204	1 932	(966)	966
Impairment before tax	(122)	(202)	–	–	(1 755)	(2 079)	202	(1 877)
EBITDA	1 025	2 817	209	143	(230)	3 964	(2 779)	1 185

There were no significant inter-company sales.

* *Includes IFRS 11 – Joint Arrangements – adjustments related to ARM Ferrous.*

** *Re-presented as a result of IFRS 5 Non-current Assets Held for Sale and Discontinuing Operations accounting for Lubambe. Refer additional comment note 3.*

The ARM Platinum segment is analysed further into Two Rivers Platinum Mine, ARM Mining Consortium (which includes Modikwa Platinum Mine) and Nkomati Nickel Mine.

GROUP FINANCIAL REVIEW continued

ADDITIONAL COMMENTS NOTES

1. IMPAIRMENTS

1.1 Nkomati Nickel Mine

At 31 December 2016, an impairment loss of the Nkomati Nickel Mine cash-generating unit was recognised, largely as a result of:

> a revision of the mine plan with a resultant lower metal output profile; and
> a significant decline from the prior year forecast long-term price of nickel and a further strengthening of the R/US$ exchange rate.

ARM's attributable share of the impairment charge amounted to R988 million before tax and R711 million after tax.

The recoverable amount of the cash-generating unit was determined based on the value-in-use calculation performed in terms of International Financial Reporting Standards.

A pre-tax discount rate of 20.72% was used for the impairment calculation, together with the following metal prices and exchange rate assumptions.

	2H F2017 Nominal	F2018 Nominal	F2019 Nominal	F2020 Nominal	Long-term Real
Nickel – US$/tonne	**11 053**	11 561	12 606	14 029	16 475
Platinum – US$/ounce	**986**	1 073	1 171	1 247	1 270
Palladium – US$/ounce	**712**	751	805	825	790
Gold – US$/ounce	**1 221**	1 260	1 295	1 307	1 194
Copper – US$/tonne	**5 356**	5 362	5 555	5 803	5 975
Cobalt – US$/lb	**14.00**	13.89	13.51	13.58	11.86
Chrome concentrate – US$/tonne	**235**	180	160	165	175
Exchange rate – R/US$	**13.84**	14.24	14.22	14.30	14.00

	F2017 Rm	F2016 Rm
The assets related to the underground operations at Nkomati (included in the ARM Platinum segment) were impaired following the decision to cease operations in this area.	**–**	122

At 30 June 2017 there were no further impairments.

1.2 Modikwa Platinum Mine

At 31 December 2016, an impairment loss of the Modikwa Platinum Mine cash-generating unit attributable to ARM, was recognised largely as a result of:

> lower forecast PGM output over the short to medium term;
> higher forecast unit cost of production; and
> a reduction in the forecast long-term platinum price and a further strengthening of the R/US$ exchange rate.

ARM's attributable share of the impairment amounted to R1 255 million before tax, R890 million after tax and R734 million after non-controlling interest and tax.

The recoverable amount of the cash-generating unit was determined based on the value-in-use calculation performed in terms of International Financial Reporting Standards.

A pre-tax discount rate of 18.72% was used for the impairment calculation, together with the following metal prices and exchange rate assumptions.

		2H F2017 Nominal	F2018 Nominal	F2019 Nominal	F2020 Nominal	Long-term Real
Platinum	– US$/ounce	**986**	1 073	1 171	1 247	1 270
Palladium	– US$/ounce	**712**	751	805	825	790
Rhodium	– US$/ounce	**845**	800	800	850	850
Gold	– US$/ounce	**1 221**	1 260	1 295	1 307	1 194
Iridium	– US$/ounce	**500**	500	500	500	500
Ruthenium	– US$/ounce	**40**	40	50	50	55
Nickel	– US$/tonne	**11 053**	11 561	12 606	14 029	16 475
Copper	– US$/tonne	**5 356**	5 362	5 555	5 803	5 975
Cobalt	– US$/lb	**14.00**	13.89	13.51	13.58	11.86
Exchange rate	– R/US$	**13.84**	14.24	14.22	14.30	14.00

At 30 June 2017 there were no further impairments.

1. IMPAIRMENTS continued

1.3 Lubambe Copper Mine

At 31 December 2015, an impairment of Lubambe Copper Mine (included in the ARM Copper segment) assets was recognised largely as a result of:

> a decline in the forecast of the short- to medium-term copper price;
> a revision to the mine plan; and
> an increase in the discount rate used in the valuation of the mine.

ARM's attributable share of the impairment amounted to R1 404 million. For the impairment calculation a pre-tax discount rate of 24.43% and the following real copper prices were used.

	2H F2016	F2017	F2018	F2019	Long-term
US$/tonne	4 569	4 615	4 939	5 427	6 369

The recoverable amount to determine the impairments was calculated using a combination of a value in use and a fair value less cost to sell model. At year end there was an impairment reversal following the classification of Lubambe as an asset held for sale (refer to note 3).

	F2017 Rm	F2016 Rm
2. CASH AND CASH EQUIVALENTS		
– African Rainbow Minerals Limited	**233**	129
– ARM BBEE Trust	**2**	2
– ARM Coal Proprietary Limited	**–**	1
– ARM Finance Company SA	**7**	12
– ARM Platinum Proprietary Limited	**82**	32
– ARM Treasury Investments Proprietary Limited	**36**	35
– Two Rivers Platinum Proprietary Limited	**10**	12
– TEAL Minerals (Barbados) Incorporated*	**1**	–
– TEAL Exploration and Mining Incorporated*	**13**	–
– TEAL Exploration and Mining Incorporated*	**1**	–
– Vale/ARM joint operation discontinued operation		27
– Venture Building Trust Proprietary Limited	**4**	2
– Restricted cash	**1 099**	1 064
Total as per statement of financial position	**1 488**	1 316
Less: Overdrafts (refer note 4)	**(292)**	(649)
Less: Overdrafts relating to asset held for sale (refer notes 3 and 4)	**(168)**	–
Plus: Cash relating to asset held for sale (refer note 3)	**3**	–
Total as per Group statement of cash flows	**1 031**	667

* *Entities remaining after the proposed Vale/ARM discontinuing operation.*

GROUP FINANCIAL REVIEW continued

	F2017 Rm	F2016 Rm
3. ASSETS HELD FOR SALE		
3.1 Asset held for sale and discontinuing operation		
A sale agreement was entered into to sell the Lubambe operation in Zambia. The effective date for classification as an asset held for sale was 9 June 2017. The assets, liabilities and certain other reserves at 30 June 2017 to be disposed of are as follows:		
Property, plant and equipment	**1 392**	
Inventories	**130**	
Trade and other receivables	**79**	
Cash and cash equivalents	**3**	
Assets held for sale	**1 604**	
Other reserves	**730**	
Long-term borrowings	**656**	
Long-term provisions	**85**	
Trade and other payables	**215**	
Short-term provisions	**33**	
Overdrafts and short-term borrowings	**183**	
Liabilities directly associated with assets held for sale	**1 172**	
The cash flows were as follows:		
Cash outflow from operating activities	**(155)**	
Cash outflow from investing activities	**(32)**	
Cash outflow from financing activities	**(4)**	
The income statement effect is as follows:		
Sales	**600**	581
Cost of sales	**(601)**	(794)
Other operating income	**4**	8
Other operating expenses	**(238)**	(229)
Segment result	**(235)**	(434)
Finance cost	**(19)**	(26)
Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	**(56)**	(36)
Special items before tax	**180**	(1 754)
Taxation	**–**	(2)
Loss after tax	**(130)**	(2 252)
Non-controlling interest	**71**	488
Contribution to basic earnings	**(59)**	(1 764)
Contribution to headline earnings	**(203)**	(361)
Basic loss per share from discontinuing operations (cents)	**(31)**	(828)
Diluted basic loss per share from discontinuing operations (cents)	**(30)**	(818)
An impairment reversal (refer additional comments note 1.3) of R180 million was recorded by determining the fair value less cost to sell.		
3.2 The underground operations at Nkomati were classified as held for sale following the decision to cease operations in the undergound area	**1**	3
Total asset held for sale	**1 605**	**3**

4. BORROWINGS

	F2017 Rm	F2016 Rm
Long-term borrowings are held as follows:		
– African Rainbow Minerals Limited	**–**	1 400
– ARM BBEE Trust	**528**	501
– ARM Coal Proprietary Limited (partner loan)	**1 433**	1 423
– ARM Finance Company SA	**–**	88
– Nkomati	**13**	23
– Two Rivers Platinum Proprietary Limited	**28**	24
– Vale/ARM joint operation		16
– Vale/ARM joint operation – ZCCM (partner loan)		696
	2 002	4 171
Short-term borrowings		
– Anglo Platinum Limited (partner loan)	**114**	114
– ARM Coal Proprietary Limited (partner loan)	**172**	123
– ARM Finance Company SA	**78**	426
– Nkomati	**64**	12
– Two Rivers Platinum Proprietary Limited	**37**	39
– Vale/ARM joint operation		17
	465	731
Overdrafts (refer note 2)		
– African Rainbow Minerals Limited	**–**	3
– ARM Mining Consortium Limited	**–**	29
– Nkomati	**11**	24
– Two Rivers Platinum Proprietary Limited	**261**	354
– Vale/ARM joint operation		219
– Other	**20**	20
	292	649
Overdrafts and short-term borrowings	**757**	1 380
Total borrowings	**2 759**	5 551
Discontinuing operation (refer note 3)		
Long-term borrowing	**656**	
Short-term borrowing	**15**	
Overdraft	**168**	

GROUP FINANCIAL REVIEW continued

5. SPECIAL ITEMS

	F2017 Rm	Re-presented* F2016 Rm
Profit on sale of property, plant and equipment	**–**	12
Profit on sale of subsidiary	**–**	4
Impairment loss of property, plant and equipment – Modikwa	**(1 255)**	–
Impairment loss of property, plant and equipment – Nkomati	**(988)**	(122)
Loss on disposal of investment	**(79)**	–
Special items per income statement before taxation effect	**(2 322)**	(106)
Impairment loss on property, plant and equipment accounted for directly in joint venture – Assmang	**(470)**	(202)
Impairment reversal/(loss) on property, plant and equipment – Lubambe (discontinuing operation)	**180**	(1 755)
Profit on sale of property, plant and equipment – Lubambe (discontinuing operation)	**–**	1
(Loss)/profit on sale of property, plant and equipment accounted for directly in joint venture – Assmang	**(1)**	8
Special items before taxation effect	**(2 613)**	(2 054)
Taxation accounted for in joint venture – impairment loss at Assmang	**27**	56
Taxation accounted for in joint venture – profit on sale at Assmang	**–**	(2)
Taxation – impairment loss of Modikwa assets	**365**	–
Taxation – impairment loss of Nkomati assets	**277**	33
Special items after taxation effect	**(1 944)**	(1 967)
Non-controlling interest – impairment (reversal)/loss of assets at Lubambe (discontinuing operation)	**(36)**	351
Non-controlling interest – impairment loss of assets at Modikwa	**156**	–
Total	**(1 824)**	(1 616)

* *Re-presented as a result of IFRS 5 Non-current Assets Held for Sale and discontinuing operations accounting for Lubambe. Refer additional comment note 3.*

6. EARNINGS PER SHARE

	F2017	F2016
Headline earnings (R million)	**3 196**	1 051
Headline earnings from continuing operations (R million)	**3 399**	1 412
Headline loss from discontinuing operations (R million)	**(203)**	(361)
Headline earnings per share (cents)	**1 684**	494
Headline earnings per share from continuing operations (cents)	**1 791**	663
Headline loss per share from discontinuing operations (cents)	**(107)**	(169)
Basic earnings/(loss) per share (cents)	**723**	(265)
Basic earnings from continuing operations per share (cents)	**754**	563
Basic loss from discontinuing operations per share (cents)	**(31)**	(828)
Diluted headline earnings per share (cents)	**1 638**	487
Diluted headline earnings per share from continuing operations (cents)	**1 742**	654
Diluted headline loss per share from discontinuing operations (cents)	**(104)**	(167)
Diluted basic earnings/(loss) per share (cents)	**703**	(262)
Diluted basic earnings from continuing operations per share (cents)	**733**	556
Diluted basic loss from discontinuing operations per share (cents)	**(30)**	(818)
Number of shares in issue at end of year (thousands)	**218 702**	218 022
Weighted average number of shares (thousands)	**189 768**	212 990
Weighted average number of shares used in calculating diluted earnings per share (thousands)	**195 112**	215 825
Net asset value per share (cents)	**10 744**	10 925
EBITDA (R million)	**794**	1 185
EBITDA from continuing operations (R million)	**922**	1 415
Dividend declared after year end (cents per share)	**650**	225

6. EARNINGS PER SHARE continued

Reconciliation to headline earnings (R million)

	F2017	F2016
Basic earnings/(loss) attributable to equity holders of ARM	**1 372**	(565)
– (Reversal)/impairment loss on property, plant and equipment – Lubambe	**(180)**	1 755
– Impairment loss on property, plant and equipment – Modikwa	**1 255**	–
– Impairment loss on property, plant and equipment – Nkomati	**988**	122
– Impairment loss of property, plant and equipment in joint venture – Assmang	**470**	202
– Profit on sale of subsidiary	**–**	(4)
– Loss/(profit) on sale of property, plant and equipment in joint venture – Assmang	**1**	(8)
– Profit on sale of property, plant and equipment Lubambe (discontinuing operation)	**–**	(1)
– Profit on disposal of property, plant and equipment	**–**	(12)
– Loss on disposal of investment	**79**	–
	3 985	1 489
– Taxation accounted for in joint venture – impairment loss at Assmang	**(27)**	(54)
– Taxation – impairment loss of Modikwa assets	**(365)**	–
– Taxation – impairment loss of Nkomati assets	**(277)**	(33)
	3 316	1 402
Non-controlling interest – impairment reversal/(loss) of assets at Lubambe (discontinuing operation)	**36**	(351)
Non-controlling interest – impairment loss of assets at Modikwa	**(156)**	–
Headline earnings	**3 196**	1 051

GROUP FINANCIAL REVIEW continued

FINANCIAL SUMMARY AND STATISTICS

for the year ended and as at 30 June

R million, unless stated otherwise	Group: Compounded annual growth rate over 10 years %	F2017 Rm	Re-presented* F2016 Rm	F2015 Rm
Income statement (for the year ended 30 June)				
Sales	3	**8 158**	8 164	9 263
Basic earnings/(loss)		**1 372**	(565)	104
Headline earnings	10	**3 196**	1 051	1 744
Basic earnings/(loss) per share (cents)		**723**	(265)	48
Headline earnings per share (cents)	11	**1 684**	494	803
Dividend declared after year end per share (cents)		**650**	225	350
Statement of financial position (at 30 June)				
Total assets	6	**32 246**	35 127	35 283
Cash and cash equivalents	3	**1 488**	1 316	2 257
Total interest bearing borrowings	(4)	**2 759**	5 551	3 882
Shareholders' equity	8	**24 040**	24 581	26 905
Statement of cash flows (for the year ended 30 June)				
Cash generated from operations	(4)	**1 611**	1 225	2 508
Net cash outflow from investing activities	(13)	**(640)**	(799)	(1 980)
Net cash (outflow)/ inflow from financing activities		**(1 865)**	(558)	(304)
Exchange rates				
Average rate for the year ended 30 June US$1 = R	7	**13.60**	14.68	11.45
Closing rate at 30 June US$1 = R	6	**13.05**	14.51	12.16
JSE Limited performance				
Ordinary shares (Rands)				
– high	(1)	**127**	116	203
– low	2	**67**	35	81
– year end	(4)	**84**	92	83
Volume of shares traded (thousands)	18	**212 900**	202 914	124 582
Number of ordinary shares in issue (thousands)	–	**218 702**	218 022	217 491
Financial statistics	Definition number			
Liquidity ratios (times)				
Current ratio	1	**1.7**	1.2	1.7
Quick ratio	2	**1.4**	1.0	1.5
Cash ratio	3	**5.0**	1.8	4.0
Profitability (%)				
Return on operational assets	4	**1.8**	4.2	5.8
Return on capital employed	5	**12.3**	5.8	6.9
Return on equity	6	**13.6**	4.4	6.8
Gross margin	7	**14.8**	9.9	15.2
Operating margin	8	**2.6**	8.0	11.2
Debt leverage				
Interest cover (times)	9	**9.2**	6.1	9.3
Gross debt to equity ratio (%)	10	**11**	23	14
Net debt to equity ratio (%)	11	**5**	17	6
Other				
Net asset value per share (R/share)	12	**107**	109	118
Market capitalisation	13	**18 371**	20 058	17 993
Dividend cover (times)	14	**2.59**	2.19	2.29
EBITDA	15	**794**	1 185	2 087
EBITDA margin (%)	16	**10**	14	23
Effective tax rate (%)	17	**(35)**	(1)	83
Effective tax rate excluding special items (%)	18	**7**	2	23

The financial information above is in accordance with International Financial Reporting Standards.

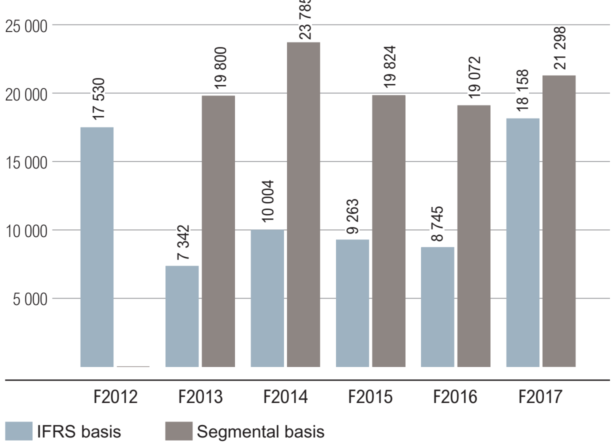
Various corporate transactions were entered into during the past ten years and restatement due to IFRS 11 in 2013, for example, makes direct comparison for years not always meaningful. The definitions can be found on page 124.

* *Re-presented as a result of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations accounting for Lubambe (refer note 3).*

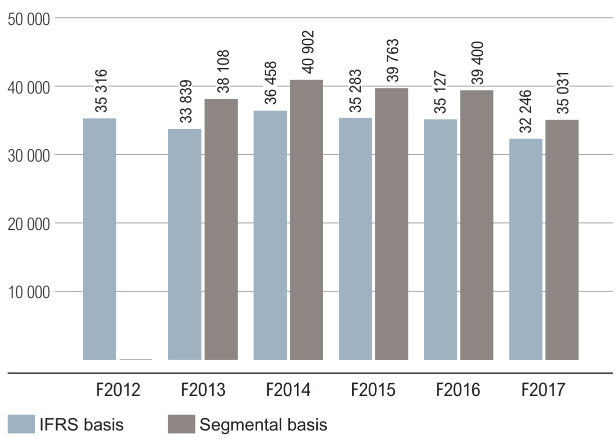
Group							
F2014 Rm	F2013 Rm	F2012 Rm	F2011 Rm	F2010 Rm	F2009 Rm	F2008 Rm	F2007 Rm
10 004	7 342	17 530	14 893	11 022	10 094	12 590	6 152
3 289	1 634	3 438	3 366	1 812	2 868	4 487	1 220
4 108	3 737	3 451	3 374	1 714	2 317	4 013	1 207
1 521	759	1 609	1 581	854	1 355	2 131	586
1 900	1 735	1 615	1 585	807	1 094	1 906	580
600	510	475	450	200	175	400	150
36 458	33 839	35 316	32 386	28 233	25 499	24 878	18 144
2 150	1 965	3 564	3 668	3 039	3 513	2 660	1 063
3 502	3 992	3 237	3 069	3 346	3 744	3 978	4 044
28 199	25 463	24 405	22 170	18 529	16 751	15 676	11 218
2 073	1 565	5 969	5 988	3 430	6 678	5 175	2 537
(1 222)	(1 720)	(4 077)	(3 382)	(2 324)	(3 135)	(2 427)	(2 691)
(759)	474	179	(588)	(729)	(171)	(175)	1 562
10.36	8.83	7.77	6.99	7.59	9.03	7.30	7.20
10.63	9.93	8.16	6.76	7.67	7.72	7.83	7.07
240	209	199	236	206	291	307	138
143	139	159	146	117	76	103	53
187	150	166	189	161	130	280	123
110 911	113 003	98 740	121 051	138 241	113 690	84 678	40 203
216 748	215 625	214 852	213 133	212 692	212 068	211 556	209 730
1.9	1.9	2.4	2.4	2.2	1.5	1.8	1.5
1.6	1.5	1.8	1.8	1.7	1.1	1.5	1.1
3.6	6.5	5.2	12.6	5.9	1.6	1.6	0.8
9.3	7.1	20.1	24.1	15.2	20.4	39.6	25.1
15.0	14.1	17.7	19.8	12.0	18.2	36.3	16.4
15.4	15.5	14.9	15.9	9.6	14.3	27.0	11.1
24.7	20.1	34.6	40.4	32.1	40.1	56.2	45.7
16.7	16.0	29.8	36.3	26.5	36.7	53.0	40.3
19.1	21.9	23.7	25.4	16.0	11.1	16.7	6.9
12	16	13	14	18	25	25	36
5	8	n/a	n/a	2	1	8	27
123	112	108	99	84	76	70	52
40 538	32 292	35 670	40 176	34 243	27 548	59 236	25 900
3.17	3.40	3.40	3.52	4.04	6.25	4.76	3.87
2 620	1 982	6 531	6 517	3 907	4 484	7 229	2 887
26	27	37	44	35	44	57	47
13	(5)	31	32	34	39	30	36
14	10	31	32	35	44	30	36

GROUP FINANCIAL REVIEW continued

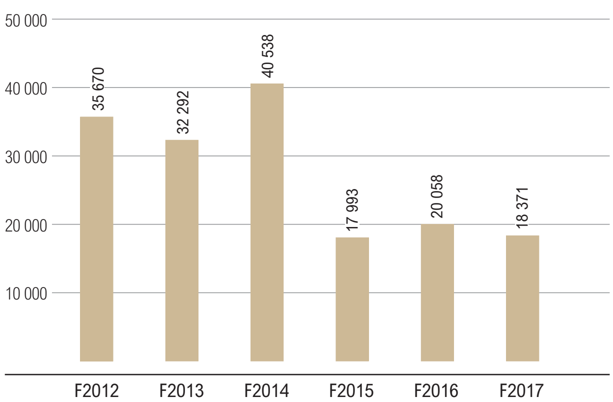
SALES
(R million)



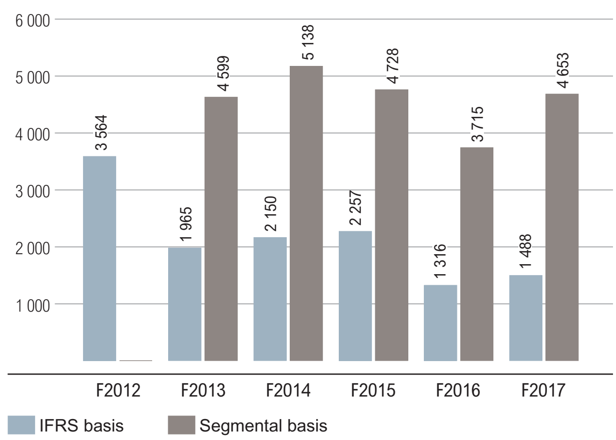
TOTAL ASSETS
(R million)



MARKET CAPITALISATION
(R million)



CASH AND CASH EQUIVALENTS
(R million)



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 special 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 special items divided by sales.

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

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

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

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. Total equity comprises total shareholders' interest.

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.

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 special 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 special items**
Taxation in the income statement less tax on special items divided by profit before tax and special items.

GLOSSARY OF TERMS AND ACRONYMS

1H	First six months of the financial year
2H	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
a	The a referred to in tabulation and graphic analysis refers to actual numbers
ARM	African Rainbow Minerals Limited
ARM BBEE Trust	ARM Broad-Based Economic Empowerment Trust
Assmang	Assmang Proprietary Limited
Assore	Assore Limited
BEE	Black Economic Empowerment
C1 cash cost	Cash cost net of revenue from by-products
C2015	Calendar year starting 1 January 2015 ending 31 December 2015
C2016	Calendar year starting 1 January 2016 ending 31 December 2016
C2017	Calendar year starting 1 January 2017 ending 31 December 2017
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, ARM Copper, ARM Coal, and ARM Strategic Services and Exploration
DMR	Department of Mineral Resources
dti	Department of Trade and Industry
e	The e referred to in tabulation and graphic analysis refers to estimated numbers
EBITDA	Earnings before interest, tax, depreciation, amortisation, excluding special items and income from associates and income from joint venture
ERM	Enterprise Risk Management
F2017	Financial year starting 1 July 2016 ending 30 June 20157
F2016	Financial year starting 1 July 2015 ending 30 June 2016
FOB	Free on board
FOR	Free on rail
GOSA	Glencore Operations South Africa Proprietary Limited
Goedgevonden/ GGV	Goedgevonden Thermal Coal Mine
GRI	Global Reporting Initiative
Harmony/Harmony Gold	Harmony Gold Mining Company Limited
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	JSE Limited
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 – A rate expressed per 200 000 man hours for a work-related injury that results in the employee being unable to attend work at his/her place of work, performing his/her assigned duties on the next calendar day (whether a scheduled work day or not) after the day of injury. If the appointed medical professional advises that the injured person is unable to attend work on the next calendar day after the injury, regardless of the injured person’s next rostered shift, a lost time injury is deemed to have occurred.
MDR TB	Multi-drug resistant tuberculosis
Mining Charter	Broad-Based Socio-Economic Empowerment Charter signed in 2002
MPRDA	Minerals and Petroleum Resources Development Act

GLOSSARY OF TERMS AND ACRONYMS continued

MQA	Mining Qualifications Authority
Mt	Million tonnes
Mtpa	Million tonnes per annum
oz	Ounces
NEMA	National Environmental Management Act
N/R	Not reported
PCB	Participating Coal Business
PCMZ	Peridotite Chromotitic Mineralised Zone
RBCT	Richards Bay Coal Terminal
SAMREC Code	South African Code for Reporting Mineral Resources and Mineral Reserves
SANS	South African National Standard
SLP	Social and Labour Plans
SME	Small and Medium-sized Enterprise
SMME	Small, Medium and Micro Enterprise
STI	Sexually Transmitted Infections
STMO	Strategic, tactical and major operational risks
t	tonnes
TB	Tuberculosis
tCO_2	Tonnes of carbon dioxide
tCO_2e	Tonnes of carbon dioxide equivalent
TFR	Transnet Freight Rail
UASA	United Association of South Africa
UG2	Upper group 2 – second level of three chrometite layers
Vale	Vale SA
WHIMS	Wet High Intensity Magnetic Separation Plant
ZCCM-IH	Zambia Consolidated Copper Mines Investment Holdings plc

NOTICE OF ANNUAL GENERAL MEETING

AFRICAN RAINBOW MINERALS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE share code: ARI
ADR ticker symbol: AFRBY
ISIN: ZAE000054045
("ARM" or "the Company")

Notice is hereby given that the 84th Annual General Meeting of shareholders of the Company will, subject to any cancellation, postponement or adjournment, be held on Friday, 1 December 2017 at 14:00 South African time, in Boardrooms 6/7, Sandton Convention Centre (at the corner of Fifth and Maude Streets), Sandton, for the following business to be transacted and to consider and, if deemed fit, approve, with or without modification, the resolutions set out below.

The record date for the purposes of Section 59(1) (a) of the Companies Act 71 of 2008 (as amended) ("the Companies Act") for shareholders to be entitled to receive the Notice of Annual General Meeting is Friday, 13 October 2017.

The record date for the purposes of Section 59(1)(b) of the Companies Act for shareholders to be recorded as such in the register maintained by the transfer secretaries of the Company for the purposes of being entitled to participate in and vote at the Annual General Meeting is Friday, 24 November 2017 ("voting record date"). The last day to trade in the Company's shares in order to be recorded as a shareholder by the voting record date is Tuesday, 21 November 2017.

PRESENTATION OF FINANCIAL STATEMENTS

To present the Annual Financial Statements of the Group and the Company for the financial year which ended on 30 June 2017, as set out on pages 19 to 106 in the 2017 Annual Financial Statements, including the Directors', Audit and Risk Committee and Independent Auditor's Reports.

The 2017 Integrated Annual Report and the 2017 Annual Financial Statements are available on the Company's website: **www.arm.co.za**.

SOCIAL AND ETHICS COMMITTEE REPORT

To present the Report of the Social and Ethics Committee as set out on pages 100 to 101 in the 2017 Integrated Annual Report in terms of Regulation 43(5)(c) of the Regulations promulgated in terms of the Companies Act.

RE-ELECTION OF NON-EXECUTIVE DIRECTORS

Ordinary resolutions numbers 1 to 3 are proposed to re-elect Directors who retire by rotation as Non-executive Directors of the Company in accordance with the provisions of the Company's Memorandum of Incorporation and who, being eligible, offer themselves for re-election. These Directors' *curricula vitae* appear on pages 132 to 133 of this Notice of Annual General Meeting. The Board of Directors of the Company (the "Board") recommends the re-election of these Directors.

Ordinary resolution number 1 – Re-election of Mr J A Chissano

1. "Resolved that Mr J A Chissano, who retires by rotation in terms of the Company's Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 2 – Re-election of Mr Z B Swanepoel

2. "Resolved that Mr Z B Swanepoel, who retires by rotation in terms of the Company's Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 3 – Re-election of Dr R V Simelane

3. "Resolved that Dr R V Simelane, who retires by rotation in terms of the Company's Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

ELECTION OF NON-EXECUTIVE DIRECTORS

Ordinary resolutions numbers 4 to 6 are proposed to elect Directors who were appointed between Annual General Meetings and whose term of office terminates in accordance with the Company's Memorandum of Incorporation. These Directors' *curricula vitae* appear on pages 132 to 133 of this Notice of Annual General Meeting. The Board of Directors recommends the election of these Directors.

Ordinary resolution number 4 – Election of Mr J P Möller

4. "Resolved that Mr J P Möller, whose period of office as a Director terminates in accordance with the Company's Memorandum of Incorporation at this Annual General Meeting and who being eligible and having made himself available for election, be and is hereby elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

NOTICE OF ANNUAL GENERAL MEETING continued

Ordinary resolution number 5
– Election of Mr D C Noko

5. "Resolved that Mr D C Noko, whose period of office as a Director terminates in accordance with the Company's Memorandum of Incorporation at this Annual General Meeting and who being eligible and having made himself available for election, be and is hereby elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 6
– Election of Mr J C Steenkamp

6. "Resolved that Mr J C Steenkamp, whose period of office as a Director terminates in accordance with the Company's Memorandum of Incorporation at this Annual General Meeting and who being eligible and having made himself available for election, be and is hereby elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

RE-APPOINTMENT OF EXTERNAL AUDITOR AND RE-APPOINTMENT OF DESIGNATED AUDITOR

Ordinary resolution number 7
– Re-appointment of external auditor and re-appointment of designated auditor

Ordinary resolution number 7 is proposed to approve the reappointment of Ernst & Young Inc. as the external auditor of the Company and to re-appoint Mr L I N Tomlinson as the person designated to act on behalf of the external auditor for the financial year ending 30 June 2018, to remain in office until the conclusion of the next Annual General Meeting.

7. "Resolved that the re-appointment of Ernst & Young Inc. as the external auditor of the Company be and is hereby approved and that Mr L I N Tomlinson be and is hereby reappointed as the designated auditor for the financial year ending 30 June 2018, to remain in office until the conclusion of the next Annual General Meeting."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

AUDIT AND RISK COMMITTEE MEMBERS

Ordinary resolution number 8
– Election of Audit and Risk Committee members

Ordinary resolution number 8 is proposed to elect Audit and Risk Committee members in terms of Section 94(2) of the Companies Act and the King IV Report on Corporate Governance for South Africa 2016 (collectively, "King IV") as more fully explained in the Annexure on page 134. The *curricula vitae* of those Independent Non-executive Directors offering themselves for election as members of the Audit and Risk Committee are included on pages 132 to 133 of the Notice of Annual General Meeting.

8. "Resolved that shareholders elect, each by way of a separate vote, the following Independent Non-executive Directors, as members of the Audit and Risk Committee, with effect from the end of this Annual General Meeting:

   8.1 Mr T A Boardman

   8.2 Mr F Abbott

   8.3 Dr M M M Bakane-Tuoane

   8.4 Mr A D Botha

   8.5 Mr A K Maditsi

   8.5 Mr J P Möller*

   8.7 Dr R V Simelane*

   * *Subject to their election or re-election as Directors pursuant to Ordinary resolutions number 3 and number 4 above."*

In order for each of these resolutions to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required in respect of each of these resolutions.

REMUNERATION POLICY

Ordinary resolution number 9
– Non-binding advisory vote on the Company's Remuneration Policy

Ordinary resolution number 9 is proposed for the purpose set out in the Annexure on page 134.

9. "Resolved that shareholders endorse, by way of a non-binding advisory vote, the Company's Remuneration Policy, as set out on pages 86 to 92."

REMUNERATION IMPLEMENTATION REPORT

Ordinary resolution number 10
– Non-binding advisory vote on the Company's Remuneration Implementation Report

Ordinary resolution number 10 is proposed for the purpose set out in the Annexure on page 134.

10. "Resolved that shareholders endorse, by way of a non-binding advisory vote, the Company's Remuneration Implementation Report, as set out on pages 93 to 99."

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Special resolutions numbers 1, 2 and 3 are proposed to ensure that Non-executive Directors' fees attract and retain Non-executive Directors.

Special resolution number 1

– Authorising payment of an additional amount for value-added tax (VAT) on Non-executive Directors' fees

Special resolution number 1 is proposed to authorise the payment of an additional amount for value-added tax ("VAT") on Non-executive Directors' fees, as more fully explained in the Annexure.

11. "Resolved that the Company be and is hereby authorised to make payment, in addition to the remuneration for Non-executive Directors authorised by shareholders by special resolution at the Annual General Meeting of 2 December 2016 ("2016 authority"), of an additional fee equal to the amount of any value-added tax ("VAT") levied by the South African Revenue Service on the supply of services by a Non-executive Director, plus VAT thereon, to each Non-executive Director who is liable to charge and account for VAT on the remuneration authorised under the 2016 authority, for any period after 1 June 2017 in accordance with the South African Revenue Service Binding General Ruling (VAT) 41."

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Reason for and effect of this special resolution number 1

The reason for and effect of special resolution number 1 is to approve the payment of an additional amount to Non-executive Directors who are now liable to pay VAT on the fees already authorised by shareholders and payable for any period after 1 June 2017, in accordance with the South African Revenue Service Binding General Ruling (VAT) 41.

Special resolution number 2

– Increase in annual retainer fees and per Board meeting attendance fees

12. "Resolved that, in respect of Non-executive Directors in office on and after 1 July 2017 (and this resolution shall in respect of periods on and after that date be deemed to supersede and replace all prior authorising resolutions in relation to the category of Non-executive Directors remuneration contemplated herein), and which shall continue to apply until the earlier of (i) the second anniversary of the passing of this resolution and (ii) the effective date of any further special resolution approved by shareholders which supersedes this resolution, the Company be and is authorised to pay, on a quarterly basis or otherwise as the Board may determine from time to time, the annual retainer fees and per Board meeting attendance fees for Non-executive Directors as set out in the table below, which fees (i) are 5% higher (rounded to the nearest R50) than the fees authorised by the special resolution of shareholders at the Annual General Meeting of 2 December 2016; and (ii) shall be pro-rated for periods of less than a full year:

	Proposed Fees with effect from 1 July 2017 (excluding VAT)* (Rand)**		Fees effective 1 July 2016 (Rand)	
	Annual	Per meeting	Annual	Per meeting
Lead Independent Non-executive Director	**533 700**	**20 400**	508 300	19 450
Independent Non-executive Director	**425 800**	**20 400**	405 500	19 450
Non-executive Director	**340 750**	**20 400**	324 500	19 450

* *In terms of the South African Revenue Service Binding General Ruling (Income Tax) 40 read with Binding General Ruling (VAT) 41 issued under section 89 of the Tax Administration Act 285 of 2011, with effect from 1 June 2017, a Non-executive Director is regarded as carrying on an enterprise and is required to register and levy VAT in respect of any Directors' fees paid to a Non-executive Director for services rendered in that capacity on a company's board. Accordingly, a Non-executive Director who (i) is liable to register for VAT but has not done so yet, must register and account for VAT with effect from 1 June 2017 and/or (ii) was actually registered for VAT before 1 June 2017 for other activities, but did not charge VAT on the Non-executive Director's fees must charge VAT with effect from 1 June 2017.*

** *Effective 1 July 2017, should the increase be approved by shareholders at the Annual General Meeting."*

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Reason for and effect of this special resolution number 2

The reason for and effect of special resolution number 2 is to approve the payment of increased remuneration to Non-executive Directors for services rendered in their capacity as Directors and to ensure that Non-executive Directors' fees attract and retain Non-executive Directors. The fees reflected above amount to a 5% increase on the previous year and are exclusive of VAT, if any. This resolution, if approved, shall from 1 July 2017 supersede and replace the corresponding resolution passed at the Annual General Meeting in December 2016.

Special resolution number 3

– Increase in the Committee meeting attendance fees

13. "Resolved that in respect of Non-executive Directors in office on and after 1 July 2017 (and this resolution shall in respect of periods on and after that date be deemed to supersede and replace all prior authorising resolutions in relation to the category of Non-executive Directors remuneration contemplated herein), and which shall continue to apply until the earlier of (i) the second anniversary of the passing of this resolution and (ii) the effective date of any further special resolution approved by shareholders which supersedes this resolution, the Company be and is authorised to pay, on a quarterly basis or otherwise as the Board may determine from time to time, the per Committee meeting attendance fees for Non-executive

NOTICE OF ANNUAL GENERAL MEETING continued

Directors as set out in the table below, which fees are 5% higher (rounded to the nearest R50) than the fees authorised by the special resolution of shareholders at the Annual General Meeting of 2 December 2016:

	Proposed with effect from 1 July 2017 per meeting attendance fees (excluding VAT)* (Rand)**	Effective 1 July 2016 per meeting attendance fees (Rand)
Audit and Risk Committee		
Chairman	**106 400**	101 350
Member	**42 600**	40 550
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	**41 800**	39 800
Member	**27 850**	26 500

* *In terms of the South African Revenue Service Binding General Ruling (Income Tax) 40 read with Binding General Ruling (VAT) 41 issued under section 89 of the Tax Administration Act 285 of 2011, with effect from 1 June 2017, a Non-executive Director is regarded as carrying on an enterprise and is required to register and levy VAT in respect of any Directors' fees paid to a Non-executive Director for services rendered in that capacity on a company's board. Accordingly, a Non-executive Director who (i) is liable to register for VAT but has not done so yet, must register and account for VAT with effect from 1 June 2017 and/or (ii) was actually registered for VAT before 1 June 2017 for other activities, but did not charge VAT on the Non-executive Director's fees must charge VAT with effect from 1 June 2017.*

** *Effective 1 July 2017, should the increase be approved by shareholders at the Annual General Meeting."*

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Reason for and effect of this special resolution number 3

The reason for and effect of special resolution number 3 is to approve the payment of increased remuneration to Non-executive Directors for services rendered in their capacity as Committee members and to ensure that the Committee meeting attendance fees attract and retain Non-executive Directors. The fees reflected above amount to a 5% increase on the previous year and are exclusive of VAT, where applicable. This resolution, if approved, shall from 1 July 2017 supersede and replace the corresponding resolution passed at the Annual General Meeting in December 2016.

FINANCIAL ASSISTANCE – FOR SUBSCRIPTION FOR SECURITIES

In terms of the Companies Act, the Board may authorise a company to provide financial assistance within the meaning of Section 44(1) and (2) by way of a loan, guarantee the provision of security or otherwise to any person for the purpose of or in connection with the subscription for any option or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that such assistance is approved by way of a special resolution of the shareholders approved within the previous two years and certain requirements set out in the Companies Act are met, *inter alia*, that the Board is satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test. The Board seeks such approval from shareholders in order to provide financial assistance to any person who is a participant in any of the Company's share or employee incentive schemes.

Special resolution number 4 – Financial assistance – For subscription for securities

14. "Resolved that the provision of direct or indirect financial assistance in terms of Section 44 of the Companies Act by the Company to any Director or Prescribed Officer of the Company (or any person related to any of them or to any company or corporation related or inter-related to any of them) or to any person who is a participant in any of the Company's share or any employee incentive schemes, for the purpose of, or in connection with, the subscription for or purchase of any securities, issued or to be issued by the Company or related or inter-related company, where any such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of Section 97 of the Companies Act, be and is hereby approved. This authority will be in place for a period of two years from the date of adoption of this resolution."

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

FINANCIAL ASSISTANCE – FOR RELATED OR INTER-RELATED COMPANIES

In terms of Section 45 the Companies Act, the Board may authorise a company to provide direct or indirect financial assistance within the meaning of Section 45(1) to any company or corporation which is related or inter-related to the Company, provided that such assistance is approved by way of a special resolution of the shareholders approved within the previous two years and certain requirements set out in the Companies Act are met, *inter alia*, that the Board is satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test. The Board seeks such approval from shareholders in order to provide financial assistance to any company or corporation which is related or inter-related to the Company.

Special resolution number 5 – Financial assistance – For related or inter-related companies

15. "Resolved that the provision of any direct or indirect financial assistance in terms of Section 45 of the Companies Act by the Company, subject to the provisions of the Companies Act, to any company or corporation which is related or inter-related to the Company (as defined in the

Companies Act), on the terms and conditions which the Directors may determine, be and is hereby approved. This authority will be in place for a period of two years from the date of adoption of this resolution."

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

VOTING AND PROXIES

In terms of Section 63(1) of the Companies Act, any person attending or participating in the Annual General Meeting must present reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote, whether as a shareholder or as a proxy for a shareholder, has been reasonably verified. Acceptable forms of identification include valid identity documents, driver's licences or passports.

In terms of Section 63(5) of the Companies Act, if voting is by show of hands, every person who is present at the Annual General Meeting, whether as a shareholder or as a proxy for a shareholder, shall have one vote, irrespective of the number of shares held by such shareholder.

In terms of Section 63(6) of the Companies Act, if voting is by polling, every person who is present at the Annual General Meeting, whether as a shareholder or as a proxy for a shareholder, shall have one vote for every share held by such shareholder.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Should any shareholder (or any proxy for a shareholder) wish to participate in the Annual General Meeting by way of electronic participation, that shareholder (or its proxy) should make application in writing (including details as to how the shareholder (or its proxy) can be contacted to participate) to the transfer secretaries, at their address below, to be received by the transfer secretaries at least five business days prior to the Annual General Meeting in order for the transfer secretaries to arrange for the shareholder (or its proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of Section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or its proxy) with details as to how to access any electronic participation means to be provided. The Company reserves the right to elect not to provide for electronic participation at the Annual General Meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the Company. Please note that although shareholders are entitled to participate in the Annual General Meeting by electronic means, they shall not be entitled to exercise their votes at the Annual General Meeting electronically. Voting at the Annual General Meeting will only be possible by proxy if a shareholder is unable to attend the Annual General Meeting in person.

CERTIFICATED SHAREHOLDERS/ DEMATERIALISED SHAREHOLDERS WITH OWN NAME REGISTRATIONS

Shareholders who have not yet dematerialised their shares with own name registrations ("Entitled Shareholders") may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. The person so appointed need not be a shareholder of the Company. A form of proxy is attached for the use of those Entitled Shareholders who wish to be represented. Such Entitled Shareholders should complete the attached form of proxy in accordance with the instructions contained therein and deposit it at the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa (or posted to PO Box 61051, Marshalltown 2107, South Africa) (or faxed to the Proxy Department Fax +27 11 688 5238) (or emailed to **Proxy@computershare.co.za)**.

DEMATERIALISED SHAREHOLDERS

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant ("CSDP") or broker with their voting instructions in terms of the custody agreement entered into with the relevant CSDP or broker. Should such shareholders wish to attend the Annual General Meeting or send a proxy to represent them at the Annual General Meeting, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary letter of representation to attend.

By order of the Board

Ms A N D'Oyley
Company Secretary

10 October 2017

NOTICE OF ANNUAL GENERAL MEETING continued

CURRICULA VITAE
ORDINARY RESOLUTIONS NUMBER 1 TO NUMBER 3

JOAQUIM CHISSANO 77
PhD

Independent Non-executive Director

Member of the Nomination Committee and the Non-executive Directors' Committee

Appointed to the Board in 2005.

Joaquim Chissano is a former President of Mozambique who has served that country in many capacities, initially as a founding member of the Frelimo movement during that country's struggle for independence. Subsequent to independence in 1975, he was appointed foreign minister and on the death of Samora Machel in 1986 assumed the office of President. Frelimo contested and won the multiparty elections in 1994 and 1999, returning Joaquim to the presidency on both occasions. He declined to stand for a further term of office in 2004. His presidency commenced during a devastating civil war and ended with the economy in the process of being reconstructed. He served a term as Chairman of the African Union from 2003 to 2004. Joaquim is also a Non-executive Director on Harmony's board. In 2006, Joaquim was awarded the annual Chatham House Prize, which is awarded for significant contributions to the improvement of international relations. He was the recipient of the inaugural Mo Ibrahim Prize for Achievement in African Leadership in 2007.

BERNARD SWANEPOEL 56
BSc (Min Eng), BCom (Hons)

Independent Non-executive Director

Chairman of the Investment Committee and a Member of the Social and Ethics Committee and the Non-executive Directors' Committee

Appointed to the Board in 2003.

Bernard Swanepoel started his career with Gengold in 1983, culminating in his appointment as General Manager of Beatrix Mines in 1993. He joined Randgold in 1995 as Managing Director of the Harmony Mine. He was appointed Chief Executive Officer of Harmony in 1997. In August 2007 he left Harmony to start To-the-Point Growth Specialists. Bernard is a Non-executive Board member of various companies including Zimplats Limited and Impala Platinum Holdings Limited.

DR REJOICE SIMELANE 65
BA (Economics and Accounting), MA, PhD (Econ), LLB (UNISA)

Independent Non-executive Director

Chairman of Social and Ethics Committee and a Member of the Audit and Risk Committee, the Nomination Committee and the Non-executive Directors' Committee

Appointed to the Board in 2004.

Dr Rejoice Simelane commenced her career at the University of Swaziland, as a lecturer in Economics. Between 1998 and 2001 she worked at the National Department of Trade and Industry and the National Treasury. After that she served in the capacity of Special Adviser, Economics, to the then Premier of Mpumalanga until mid-2004, when she assumed the position of Chief Executive of Ubuntu-Botho Investments until 2016. Whilst she remains an Executive Director in Ubuntu-Botho Investments, she also serves as a non-executive director on the board of African Rainbow Capital, a wholly owned subsidiary of Ubuntu-Botho Investments. Rejoice's other board directorships include Sanlam Limited, Mamelodi Sundowns Football Club, and African Rainbow Energy and Power. She is also a member of the Premier Soccer League Executive Committee. A CIDA Scholarship Recipient and a Fulbright Fellow, Rejoice was also a member of the Presidential Economic Advisory Panel under former President Mbeki until 2009 and was also on the Board of the Council for Medical Schemes from 2008 to 2011.

ORDINARY RESOLUTIONS NUMBER 4 TO NUMBER 6

KOBUS MÖLLER 58
BCom (cum laude), BCompt (Hons), CA(SA), AMP (Harvard)

Independent Non-executive Director

Member of the Investment Committee, the Remuneration Committee and the Non-executive Directors' Committee

Appointed to the Board in 2017.

Kobus Möller was the Financial Director of Sanlam Limited and Sanlam Life Insurance Limited from November 2006 to September 2016. Between 1998 and October 2006 he held a number of roles within the Sanlam Group. Previously, he was the Financial Director of Impala Platinum Holdings Limited, from 1996 to 1998, and the Group Financial Manager of Gencor Limited, from 1985 to 1996. Kobus is currently a Non-executive Director of a number of Sanlam Group companies.

J C STEENKAMP 63
National Mining Diploma, EDP

Non-executive Director

Member of Non-executive Directors' Committee

Appointed to the Board in 2017.

Jan Steenkamp started his career with the Anglovaal Group in 1973. Trained as a mining engineer, he has worked at and managed group mining operations within the gold, copper, manganese, iron ore and chrome sectors.
He was appointed as Managing Director of Avgold Limited in September 2002 and also served on the board of Assmang Limited.
In May 2003, Jan was appointed to the Avmin board and was appointed Chief Executive Officer of Avmin on 1 July 2003 after serving as Chief Operating Officer. He later served as the Chief Executive of ARM Ferrous and the Chief Executive of ARM Exploration and Strategic Services, prior to his retirement from ARM in June 2017.

D C NOKO 60
Dipl (Mech Eng), MDP, MBA, SEP (LBS)

Independent Non-executive Director

Member of Non-executive Directors' Committee

Appointed to the Board in 2017.

David Noko is a South African born internationally renowned business leader.

He worked for South African Breweries, Pepsi Cola International and in senior and executive roles at Air Chefs (Pty) Ltd and De Beers Consolidated Mines Ltd. Currently an Executive at AngloGold Ashanti Ltd, Mr Noko is responsible for the Group Sustainable Development portfolio.

A member of the Institute of Directors, Mr Noko's experience, qualifications and business acumen have seen him serve on boards of several prominent companies. He served on the boards of Royal Bafokeng Platinum Limited, Harmony Gold and AstraPak Ltd.

ORDINARY RESOLUTION NUMBER 8*

TOM BOARDMAN 67

BCom, CA(SA)

Independent Non-executive Director

Chairman of the Audit and Risk Committee and a Member of the Non-executive Directors' Committee and the Remuneration Committee

Appointed to the Board in 2011.

Tom Boardman was Chief Executive of Nedbank Group Limited from December 2003 to February 2010. He was previously Chief Executive and an Executive Director of BoE Limited, one of South Africa's leading private and investment banking companies which was acquired by Nedbank in 2002. He was the founding shareholder and Managing Director of retail housewares chain Boardmans, which he sold to Pick 'n Pay in 2006. The Boardmans chain of stores is now owned by Edcon. Prior to this, he was Managing Director of Sam Newman Limited and worked for the Anglo American Corporation for three years. He served his articles at Deloitte. He is a Non-executive Director of Nedbank Group, Woolworths Holdings and Royal Bafokeng Holdings. Tom has also been appointed as a Non-executive Director of Kinnevik, a listed Swedish investment company. He is a Director of The Peace Parks Foundation and is the Chairman of The David Rattray Foundation and serves as a trustee on a number of other charitable foundations.

FRANK ABBOTT 62

BCom, CA(SA), MBL

Independent Non-executive Director

Member of the Audit and Risk Committee, Investment Committee, the Non-executive Directors' Committee and the Remuneration Committee

Appointed to the Board in 2004.

Frank Abbott joined the Rand Mines Group in 1981, where he obtained broad financial management experience at an operational level. He was a Director of various listed gold mining companies and was appointed as Financial Director of the Harmony Gold Mining Company in 1997. Frank was appointed Financial Director of ARM in 2004 and retired in 2009. He is now an Independent Non-executive Director of ARM. Frank was appointed as the Financial Director of Harmony with effect from 7 February 2012.

DR MANANA BAKANE-TUOANE 69

BA (Economics and Statistics), MA (Econ), PhD (Econ)

Independent Non-executive Director

Chairman of the Remuneration Committee and a Member of the Audit and Risk Committee, the Nomination Committee, the Non-executive Directors' Committee and the Social and Ethics Committee

Appointed to the Board in 2004.

Dr Manana Bakane-Tuoane served as ARM's Lead Independent Non-Executive Director from 2009 to 2015. Manana has extensive experience in the economics field. Her 20-year career in the academic field included lecturing at various institutions, including the University of Botswana, Lesotho and Swaziland (UBLS), National University of Lesotho (NUL), University of Saskatchewan (Sectional Lecturer), and the University of Fort Hare, as Head of Department and Associate Professor. During this part of her career she was seconded to work in the public service, where she has held various senior management positions since 1995. Concurrent with the above, Manana has been a member and office bearer of several international organisations, including Winrock International and the African Economic Research Consortium (AERC). She serves as a non-executive director of Sanlam Limited and Sanlam Life Committee membership: Nominations, Human resources and Remuneration, Customer Interest Committee. She is also a trustee of certain Sanlam trusts. Manana was the Special Advisor to the Minister of Social Development, Minister of Water and Environmental Affairs as well as Minister of Environmental Affairs from 2009 until 31 January 2015.

ANTON BOTHA 64

BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)

Independent Non-executive Director

Member of the Audit and Risk Committee, the Investment Committee, the Non-executive Directors' Committee and the Remuneration Committee

Appointed to the Board in 2009.

Anton Botha is a co-founder, Director and co-owner of Imalivest, a private investment group that manages proprietary capital provided by its owners and the Imalivest Flexible Funds. He also serves as a Non-executive Director on the boards of the JSE Limited, the University of Pretoria, Vukile Property Fund Limited (Chairman), Sanlam Limited and certain Sanlam subsidiaries. He is a past president of the AHI (Afrikaanse Handelsinstituut). Anton spent most of his career as Chief Executive Officer of Gensec Limited, building it into a leading South African investment banking group that became a wholly-owned subsidiary of Sanlam Limited in 2000.

ALEX MADITSI 55

BProc, LLB, H Dip Co Law, LLM

Lead Independent Non-executive Director

Chairman of the Nomination Committee and of the Non-executive Directors' Committee, and a Member of the Audit and Risk Committee, the Investment Committee, the Remuneration Committee and the Social and Ethics Committee

Appointed to the Board in 2004.

Alex Maditsi became the Lead Independent Non-executive Director in 2015. Alex is the Managing Director of Copper Moon Trading (Pty) Ltd. Previously he was employed by Coca-Cola South Africa as a Franchise Director for South Africa. He was Country Manager for Kenya, Senior Director: Operations Planning and Legal Director for Coca-Cola Southern and East Africa. Prior to joining Coca-Cola, Alex was the Legal Director for Global Business Connections in Detroit, Michigan. He also spent time at Lewis, White and Clay, The Ford Motor Company and Schering-Plough in the USA, practising as an attorney. Alex was a Fulbright Scholar and a member of the Harvard LLM Association. Alex's directorships include Bidvest Group Limited and Sterling Debt Recoveries (Pty) Ltd.

IAR See page 132 for the *curricula vitae* for Dr R V Simelane and Mr J P Möller.

NOTICE OF ANNUAL GENERAL MEETING continued

ANNEXURE

Explanatory note relating to ordinary resolution number 8: Election of Audit and Risk Committee members

Ordinary resolution number 8 is proposed to provide for the election of Audit and Risk Committee members.

Section 94(2) of the Companies Act and Principle 8 of the King IV Report on Corporate Governance for South Africa, 2016 (King IV) require the shareholders of a public company to elect the members of an audit committee at each annual general meeting. In accordance therewith, a Nomination Committee should present shareholders with suitable candidates for election as audit committee members. The members of the Nomination Committee satisfied themselves that, *inter alia*, the Independent Non-executive Directors offering themselves for election as members of the Audit and Risk Committee:

> have the necessary knowledge and capacity and are Independent Non-executive Directors as contemplated in the Companies Act and the JSE Listings Requirements;
> have the necessary knowledge and capacity and are suitably qualified and experienced for Audit and Risk Committee membership (see the *curricula vitae* on pages 132 to 133 of this Notice of Annual General Meeting);
> have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance process within the Group;
> collectively possess skills which are appropriate to the Group's size and circumstance, as well as its industry;
> have an understanding of International Financial Reporting Standards and other financial and sustainability reporting standards, regulations and guidelines applicable to the Group; and
> adequately keep up to date with key developments affecting their required skills set.

The Nomination Committee recommended that the Board recommend to the shareholders the election of those Audit and Risk Committee members who offer themselves for election.

For further details regarding the performance of the Audit and Risk Committee during the period under review, please refer to the Report of the Audit and Risk Committee which appears on pages 2 to 4 of the 2017 Annual Financial Statements.

Explanatory note relating to ordinary resolutions number 9 and number 10: non-binding advisory votes

King IV, Principle 14, Recommended Practice 37 provides that the Remuneration Policy and the Remuneration Implementation Report be tabled every year for separate non-binding advisory votes by shareholders at the Annual General Meeting.

Ordinary resolution number 9 is proposed to provide for a non-binding advisory vote on the Company's Remuneration Policy, which can be found on pages 86 to 92.

Ordinary resolution number 10 is proposed to provide for a non-binding advisory vote on the Company's Remuneration Implementation Report, which can be found on pages 93 to 99.

King IV provides that, in the event that either the Remuneration Policy or the Remuneration Implementation Report, or both, were voted against by 25% or more of the voting rights exercised, the following should be disclosed in the background statement of the Remuneration Report succeeding the voting:

> the shareholders with whom the Company engaged, and the manner and form of engagement to ascertain the reasons for dissenting votes; and
> the nature of steps taken to address legitimate and reasonable objections and concerns.

The Board will take the outcome of the votes into consideration when considering the Company's Remuneration Policy and the implementation thereof.

Explanatory note relating to special resolution number 1: Authorising payment of an additional amount for value-added tax (VAT) on Non-executive Directors' fees

In terms of the South African Revenue Service Binding General Ruling (Income Tax) 40 read with Binding General Ruling (VAT) 41 issued under section 89 of the Tax Administration Act 285 of 2011, with effect from 1 June 2017, a Non-executive Director is regarded as carrying on an enterprise and is required to register and levy VAT in respect of any Directors' fees paid to a Non-executive Director for services rendered in that capacity on a company's board. Accordingly, a Non-executive Director who (i) is liable to register for VAT but has not done so yet, must register and account for VAT with effect from 1 June 2017 and/or (ii) was actually registered for VAT before 1 June 2017 for other activities, but did not charge VAT on the Non-executive Director's fees, must charge VAT with effect from 1 June 2017.

The Board recommends to shareholders of the Company that the Company be authorised to make a payment of an additional amount compensating for VAT on Non-executive Directors' fees, in addition to the remuneration for Non-executive Directors authorised by shareholders by special resolution at the Annual General Meeting held on 2 December 2016.

FORM OF PROXY

AFRICAN RAINBOW MINERALS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE share code: ARI
ADR ticker symbol: AFRBY
ISIN: ZAE000054045
("ARM" or "the Company")

A shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the Company) to attend, speak and vote or abstain from voting in the place of that shareholder at the Annual General Meeting.
Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant ("CSDP") or broker with their voting instructions in terms of the custody agreement entered into with their relevant CSDP or broker. Should such shareholders wish to attend the Annual General Meeting of the Company, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary letter of representation to attend and vote their ARM shares.

For completion by shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration.
Shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration ("Entitled Shareholders") may appoint one or more proxies to attend, speak and vote or to abstain from voting in the place of that shareholder such shareholder's stead. The person so appointed need not be a shareholder of the Company. This form of proxy is for the use of those Entitled Shareholders who wish to be so represented. Such Entitled Shareholders should complete this form of proxy in accordance with the instructions contained herein and return it to the transfer secretaries, to be received by the time and date stipulated herein.

If you are unable to attend the 84th Annual General Meeting of shareholders of the Company convened for Friday, 1 December 2017 at 14:00, South African time, but wish to be represented thereat you may complete and return this form of proxy as soon as possible, to be received by 14:00, South African time, on Wednesday, 29 November 2017 (or 48 hours before the time appointed for holding of any adjourned meeting) for administrative purposes. Nevertheless, completed forms of proxy may be lodged with the Chairman of the Annual General Meeting, at the venue of the Annual General Meeting, prior to the Annual General Meeting so as to reach the Chairman of the meeting by no later than immediately prior to the commencement of voting on the resolutions to be tabled at the Annual General Meeting.

I/We (name in block letters)

of (address)

(email) (cell number)

being holder of shares in the issued share capital of

the Company, do hereby appoint

or failing him/her,

or failing him/her, the Executive Chairman of the Board of Directors, or failing him/her the Chairman of the meeting, as my/our proxy to vote for me/us on my/ our behalf at the Annual General Meeting of the Company to be held at 14:00, South African time, on Friday, 1 December 2017 and at any cancellation, postponement or adjournment thereof and in particular in respect of the following resolutions:

Indicate with an X in the spaces below how votes are to be cast

	For	Against	Abstain
Ordinary Business			
1. Ordinary Resolution number 1: To re-elect Mr J A Chissano as a Director			
2. Ordinary Resolution number 2: To re-elect Mr Z B Swanepoel as a Director			
3. Ordinary Resolution number 3: To re-elect Dr R V Simelane as a Director			
4. Ordinary Resolution number 4: To elect Mr J P Möller as a Director			
5. Ordinary Resolution number 5: To elect Mr D C Noko as a Director			
6. Ordinary Resolution number 6: To elect Mr J C Steenkamp as a Director			
7. Ordinary Resolution number 7: To re-appoint Ernst & Young Inc. as external auditor and to re-appoint Mr L I N Tomlinson as the person designated to act on behalf of the external auditor			
8. Ordinary Resolution number 8: To individually elect the following independent Non-executive Directors as members of the Audit and Risk Committee:			
8.1 Mr T A Boardman			
8.2 Mr F Abbott			
8.3 Dr M M M Bakane-Tuoane			
8.4 Mr A D Botha			
8.5 Mr A K Maditsi			
8.6 Mr J P Möller			
8.7 Dr R V Simelane			
9. Ordinary Resolution number 9: To endorse the Company's Remuneration Policy			
10. Ordinary Resolution number 10: To endorse the Company's Remuneration Implementation Report			
Special Business			
11. Special Resolution number 1: To authorise payment of an additional amount for value-added tax on Non-executive Directors' fees			
12. Special Resolution number 2: With effect from 1 July 2017, the annual retainer fees and the per Board meeting attendance fees of Non-executive Directors be increased as outlined on page 129 of the Notice of Annual General Meeting.			
13. Special Resolution number 3: With effect from 1 July 2017, the per Committee meeting attendance fees of Committee members be increased as outlined on pages 129 and 130 of the Notice of Annual General Meeting.			
14. Special Resolution number 4: To authorise the Directors to cause the Company to provide financial assistance by way of a loan, guarantee or the provision of security to the persons outlined on page 130 of the Notice of Annual General Meeting, subject to the provisions of the Companies Act 71 of 2008, as amended.			
15. Special Resolution number 5: To authorise the Directors to cause the Company to provide financial assistance to any company or corporation which is related or inter-related to the Company, subject to the provisions of the Companies Act 71 of 2008, as amended.			

Number of shares
Unless this section is completed for a lesser number, the Company is authorised to insert in the said section the total number of shares registered in my/our name(s).

Signed at on 2017

Signature

Assigned by me (where applicable)

NOTES TO THE PROXY

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

Please read the notes below:

1. The completion and lodging of this form of proxy will not preclude the Entitled Shareholder who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should he or she wish to do so.
2. Every shareholder present in person or represented by proxy and entitled to vote shall, on a show of hands, have only one vote and upon a poll every shareholder shall have one vote for every ordinary share held.
3. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose. The person whose name appears first on the form of proxy and who is present at this meeting will be entitled to act as a proxy to the exclusion of those whose names follow.
4. When there are joint holders of shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding. Only that holder whose name appears first in the register need sign this form of proxy.
5. If the form of proxy is signed under the authority of a power of attorney or on behalf of a company or any other juristic person, then it must be accompanied by such power of attorney or a certified copy of the relevant enabling resolution or other authority of such company or other juristic person, unless proof of such authority has been recorded by the Company.
6. If the Entitled Shareholder does not indicate in the appropriate place on the face hereof how he or she wishes to vote in respect of a resolution, his or her proxy shall be entitled to vote as he or she deems fit in respect of that resolution.
7. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.
8. The Chairman of the meeting may, in his or her absolute discretion, reject any form of proxy which is completed other than in accordance with these instructions.
9. Forms of proxy, powers of attorney or any other authority appointing a proxy shall be deposited at the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa (or posted to PO Box 61051, Marshalltown 2107, South Africa) (or faxed to the Proxy Department +27 11 688 5238) (or emailed to Proxy@computershare.co.za) so as to be received not later than 14:00, South African time, on Wednesday, 29 November 2017 (or 48 hours before the time appointed for holding of any adjourned meeting). Nevertheless, completed forms of proxy may be lodged with the Chairman of the Annual General Meeting, at the venue of the Annual General Meeting, prior to the Annual General Meeting so as to reach the Chairman of the meeting by no later than immediately prior to the commencement of voting on the resolutions to be tabled at the Annual General Meeting.
10. No form of proxy shall be valid after the Annual General Meeting or any cancellation, postponement or adjournment thereof, as the case may be.
11. Summary in terms of Section 58(8)(b)(i) of the Companies Act 71 of 2008, as amended. Section 58(8)(b)(i) provides that if a company supplies a form of instrument for appointing a proxy, the form of proxy supplied by the company for the purpose of appointing a proxy must bear a reasonably prominent summary of the rights established by Section 58 of the Companies Act 71 of 2008, as amended, which summary is set out below:
    - A shareholder of a company may, at any time, appoint any individual, including an individual who is not a shareholder of that company, as a proxy, among other things, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.
    - A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
    - A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person.
    - A proxy appointment must be in writing, dated and signed by the shareholder; and remains valid only until the end of the meeting at which it was intended to be used, unless the proxy appointment is revoked, in which case the proxy appointment will be cancelled with effect from such revocation.
    - A shareholder may revoke a proxy appointment in writing.
    - A proxy appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder.
    - A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction.

CONTACT DETAILS

African Rainbow Minerals Limited

Registration number: 1933/004580/06
Incorporated in the Republic of South Africa
JSE share code: ARI
ADR ticker symbol: AFRBY
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**

Company Secretary

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

Business Development

Stompie Shiels
Executive: Business Development
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Fax: +27 11 779 1312
E-mail: stompie.shiels@arm.co.za

Investor Relations

Jongisa Magagula
Corporate Development and Head of Investor Relations
Telephone: +27 11 779 1507
Fax: +27 11 779 1312
E-mail: jongisa.magagula@arm.co.za

Auditors

External auditor: Ernst & Young Inc.
Internal auditor: KPMG

Bankers

ABSA Bank Limited
FirstRand Bank Limited
The Standard Bank of South Africa Limited
Nedbank Limited

Sponsors

Deutsche Securities (SA) Proprietary Limited

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000
Fax: +27 11 688 5222
E-mail: web.queries@computershare.co.za
Website: www.computershare.co.za

Directors

P T Motsepe (Executive Chairman)
M P Schmidt (Chief Executive Officer)
F Abbott*
M Arnold
Dr M M M Bakane-Tuoane*
T A Boardman*
A D Botha*
J A Chissano (Mozambican)*
W M Gule*
A K Maditsi*
H L Mkatshana
J P Möller*
D C Noko*
Dr R V Simelane*
J C Steenkamp**
Z B Swanepoel*
A J Wilkens

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

FORWARD LOOKING STATEMENTS

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the HIV & Aids epidemic in South Africa. These forward-looking statements speak only as of the date of publication of these pages. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.

STUDIO 5

African Rainbow Minerals

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