African Rainbow Minerals

INTEGRATED ANNUAL REPORT

2020

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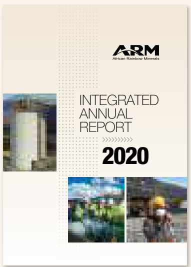
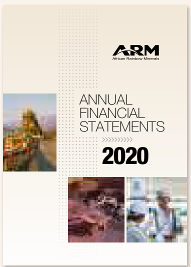
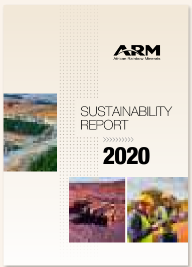
OUR 2020 SUITE OF REPORTS



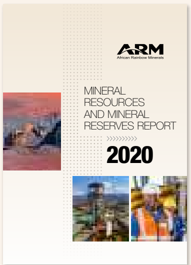
2020 INTEGRATED ANNUAL REPORT
A holistic assessment of ARM's ability to create sustainable value, with relevant extracts from the annual financial statements and supplementary reports, particularly the sustainability report covering non-financial aspects with a material impact on our performance and our business.



2020 ANNUAL FINANCIAL STATEMENTS
The audited annual financial statements have been prepared according to International Financial Reporting Standards (IFRS).



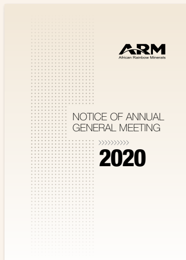
2020 SUSTAINABILITY REPORT
Detailed information on our performance on key environmental and social matters.



2020 MINERAL RESOURCES AND MINERAL RESERVES REPORT
In line with JSE Listings Requirements, ARM prepares Mineral Resources and Mineral Reserves statements for all its assets as per SAMREC Code guidelines and definitions (2016).

2020 CORPORATE GOVERNANCE REPORT
The corporate governance report includes detailed disclosure on the framework, processes and intended outcomes of ARM's governance structures and detailed disclosure on ARM's application of the principles of King IV™.

2020 KING IV™ APPLICATION REGISTER



2020 NOTICE OF AGM

REFERENCES

IAR	AFS	SR	RR	CGR	
2020 Integrated annual report	2020 Annual financial statements	2020 Sustainability report	2020 Mineral Resources and Mineral Reserves Report	2020 Corporate governance report	www.arm.co.za

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

Our business

ARM is a diversified mining company with operations in South Africa and Malaysia. Our key commodities include iron ore, manganese ore, platinum group metals (PGMs), nickel, thermal coal and manganese alloys. ARM also has a strategic investment in gold through Harmony Gold Mining Company.

ARM African Rainbow Minerals

- 100% **ARM Platinum**
  - **PGMs**: **41.5%** Modikwa[1], **54%** Two Rivers
  - **NICKEL, PGMs & CHROME**: **50%** Nkomati
- 100% **ARM Ferrous**
  - **IRON ORE**: **50%** Khumani, **50%** Beeshoek
  - **MANGANESE ORE**: **50%** Nchwaning, **50%** Gloria
  - **ALLOYS**: **50%** Cato Ridge, **25%** Cato Ridge Alloys, **27%** Sakura, **100%** Machadodorp[2]
- 10% **COAL**: **20%** Participative Coal Business (PCB)
- 51% **ARM Coal**[3]
  - **COAL**: **20%** Participative Coal Business (PCB)
  - **COAL**: **51%** Goedgevonden (GGV)
- 12.4% **Harmony Gold**

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

Values

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

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

Approach to reporting

The integrated annual report is our primary communication with stakeholders. While the report is aimed at shareholders, potential investors and other providers of capital, financial information is balanced with non-financial information to give all stakeholders (including employees, employee union representatives, host communities, customers, suppliers as well as governments and regulators) a better understanding of our business.

At all times, we aim to balance our strategic objectives with the expectations of our diverse stakeholders and the mining regulations in our operating jurisdictions.

To present a complete view of the group, this is part of a suite of reports (which are described in the inside front cover) and focuses on the most material matters affecting the sustainability of our business. Collectively, these reports enable stakeholders to properly assess ARM's ability to create long-term sustainable value.

MATERIALITY

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

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

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

IAR | Our material matters in F2020 are discussed on pages 40 to 41.

REPORTING SCOPE AND BOUNDARY

This report covers the period from 1 July 2019 to 30 June 2020 (F2020), and follows a similar structure to the prior integrated annual report. It provides an overview and discusses the performance of our operations in South Africa and Malaysia. Our sustainability objectives and performance are reported only for operations where we have direct or joint management and exclude ARM Coal, Sakura and Harmony.

REPORTING PRINCIPLES AND FRAMEWORKS

We have considered the relevant statutory, best-practice and voluntary frameworks in preparing this report, including:

- The Companies Act 71 of 2008 (as amended)
- International Integrated Reporting Council (IIRC) framework
- King Report on Governance for South Africa 2016 (King IV)
- JSE Listings Requirements
- All legislation and regulations, as well as best practice and voluntary codes for the South African mining sector.

CAPITALS

We consider the impact of our activities across the six capitals as per the IIRC framework. Investing in one capital requires a trade off against another (see page 6 for a description of each capital and its importance to ARM). Our aim is to maintain a balance across our capitals for a net positive impact.

COMBINED ASSURANCE

Certain material non-financial disclosures are included in the report. These have been externally assured for reliability, with the assurance statement included in the 2020 sustainability report.

For financial disclosure, the opinion of the independent external auditor appears on pages 5 to 8 of the 2020 annual financial statements.

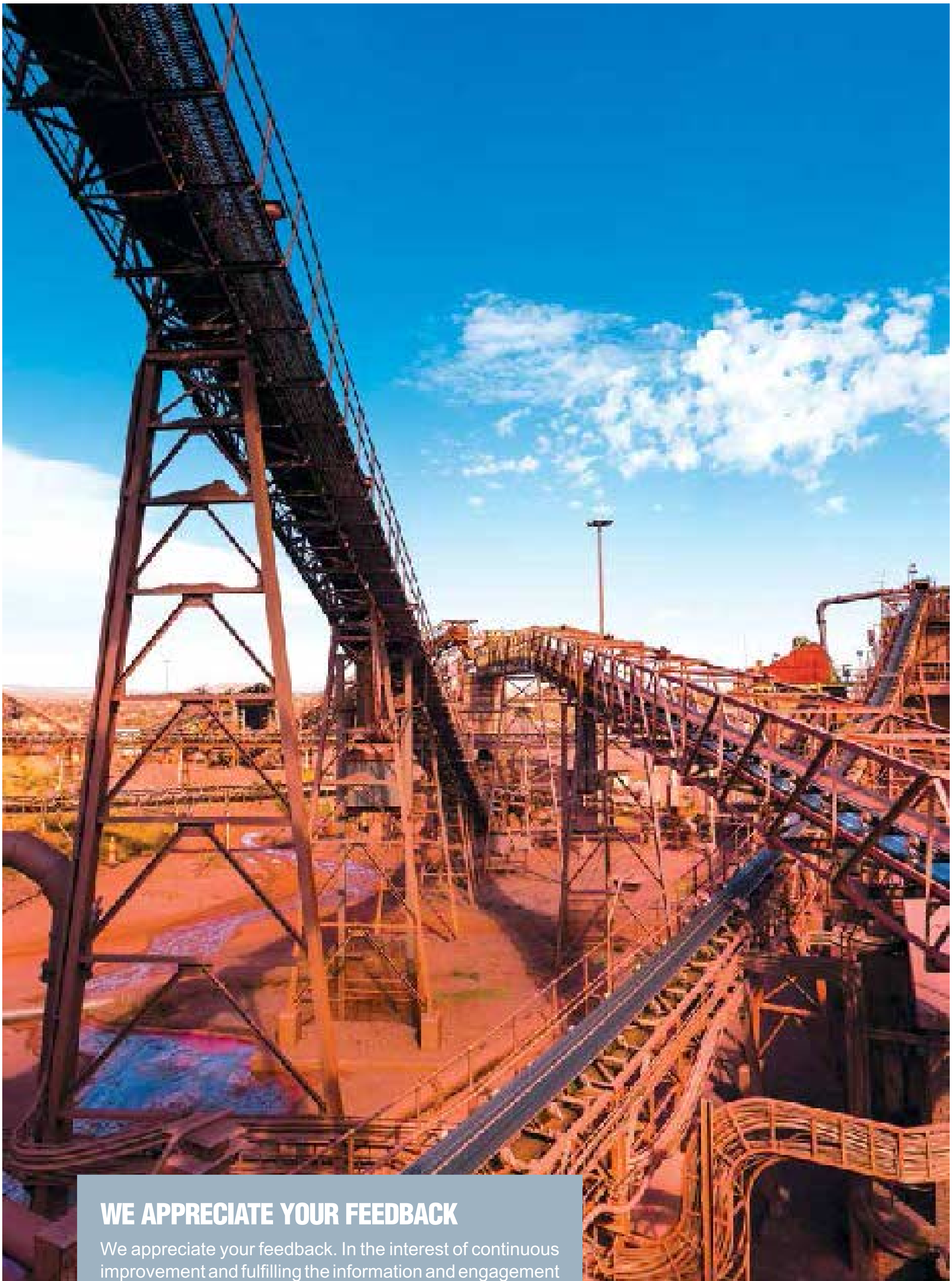
ARM's combined assurance model defines appropriate assurance levels according to the six lines of assurance. A combined assurance report (see 2020 corporate governance report) identifies potential gaps and duplication in assurance, and provides input on strengthening the control environment. The interrelationship between our ERM processes, internal audit, external audit and related initiatives by specialists/subject-matter experts reinforces our comprehensive management assurance processes and reporting.

BOARD APPROVAL

The ARM board of directors acknowledges its responsibility to ensure the integrity of this report. The audit and risk committee, which has oversight responsibility for this report, recommended it for approval to the board. The board confirms it has collectively assessed the report and believes it represents all material matters and presents fairly the company's integrated performance and ability to create value. The board has therefore approved the release of the 2020 integrated annual report.

Dr Patrice Motsepe
Executive chairman

Mike Schmidt
Chief executive officer



WE APPRECIATE YOUR FEEDBACK

We appreciate your feedback. In the interest of continuous improvement and fulfilling the information and engagement needs of our stakeholders, we welcome any feedback on the content and format of our reports. Please direct this to the investor relations department (contact details on page 136).

Value contribution

ARM operations produce commodities which are an integral part of our society and play a key role in many aspects of modern life. Our commodities also have important parts to play in the solutions emerging to support a lower-carbon future and contributing to the developmental aspirations set in the United Nations Sustainable Development Goals (SDGs).

UN SDGs:

SR Refer to the Sustainability report for further discussion on the SDGs.

CONTRIBUTION TO SOCIETY

We produce iron ore, manganese ore, manganese alloys and nickel which are used to make steel and alloys, the backbones of the infrastructure and industry that sustain and support development in cities and communities. This value contribution includes hospitals and schools improving health and education outcomes.

Steel is not only essential as a manufacturing input to produce cars, white goods, wind turbines and many other products, but also for the machinery and equipment used in industries, which drive job creation and economic growth. It also plays a critical part in water and energy distribution systems, agricultural irrigation, transport infrastructure, alternative energy systems and information and communication technology. As stainless steel, it has many industrial and medical applications.

Iron is used in solar PV panels and nickel and manganese are used in lithium-ion energy storage technologies, which play a role in the growth in renewable energy and electromobility. Corrosion-resistant alloys made with nickel are used in desalination plants to convert sea water into potable water.

The platinum group metals (PGMs) we produce are used in catalytic converters to reduce harmful greenhouse gas emissions from motor vehicles and hydrogen fuel cells are a promising source of clean energy that use platinum.

IMPROVING EFFICIENCIES

Demand for higher quality ore, which produces fewer emissions when processed, is increasing due to China's focus on addressing its pollution challenges through improved efficiencies in heavy industries. The iron and manganese ore produced by ARM enable customers to optimise production and reduce emissions by offering greater blending options. For example, using lumpy iron ore in the steel making process eliminates the need for sintering of fine ore, reducing green house gas emissions.

Metals support the growth of the circular economy as they can be recycled almost indefinitely without losing their essential properties and performance. Recycling metal is more efficient, saves water and energy and produces less waste and fewer greenhouse gas emissions than mining new ore.

MINING INDUSTRY CONTRIBUTION TO SOCIETY

The South African mining industry is a significant employer and contributor to the country's GDP. Metals and minerals make up a meaningful proportion of exports, bringing significant foreign exchange into the country. The industry is also a significant employer and makes a significant contribution to the fiscus through royalties and taxes paid to government.

26 Fe	25 Mn	28 Ni	78 Pt	45 Rh	46 Pd	79 Au
Iron	Manganese	Nickel	Platinum	Rhodium	Palladium	Gold

SOCIAL IMPACTS

The value created by our activities is distributed to a range of stakeholders. In F2020, ARM created R14.5 billion in financial value (F2019: R12.6 billion) and the diagram below summarises how this was distributed to our stakeholders.

The operations are located in some of the poorest and most remote parts of the country, and support local communities by providing employment opportunities, skills development and educational assistance. Community resilience, sustainability and socio-economic development are strengthened through infrastructure investments and support for social projects.

Preferential procurement and enterprise development programmes increase economic activity in the areas around our operations by supporting entrepreneurship and economic growth among historically disadvantaged South Africans (HDSAs) and in local communities, creating jobs and improving market access for South African capital goods and services.

TOTAL VALUE DISTRIBUTED IN F2020:

R14.5 BILLION

(F2019: R12.6 billion)

Distributed to

EMPLOYEE SALARIES	SHAREHOLDER DIVIDENDS	GOVERNMENT TAXES	NON-CONTROLLING INTEREST
R3.9 billion	**R2.7 billion**	**R3.9 billion**	**R1.1 billion**
(F2019: R3.9 billion)	(F2019: R2.2 billion)	(F2019: R3.1 billion)	(F2019: R0.3 billion)

REINVESTED IN THE BUSINESSES

R2.9 BILLION

(F2019: R3.1 billion)

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

- **R12.2 billion** paid as taxes and royalties.
- **R675 million** invested in community development.
- **858** bursaries provided.
- Paid **R18.8 billion** to employees as salaries, wages and benefits.
- Invested **R1.1 billion** in training initiatives to improve the skills of employees.
- Provided employment for **20 998 employees and contractors** (as at 30 June 2020).
- Improved HDSA representation in management from **53% in F2016 to 65% in F2020.**
- **R55 billion paid in procurement.** Preferential procurement plans at the mines aim to increase procurement of mining goods and services from HDSA, women and youth owned companies.
- Provided adult education and training (AET) to **623** employees and **1 637** community members at ARM facilities since F2016, increasing their confidence and employability.

COVID-19 RESPONSE

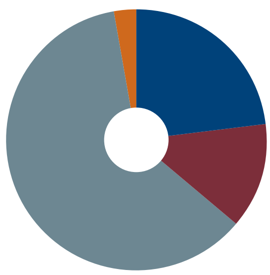
In F2020, the ARM Ferrous and ARM Platinum operations contributed R58 million (on a 100% basis) to support communities and small, medium and micro enterprises (SMMEs) in response to Covid-19.

In addition, the Motsepe family in partnership with companies and organisations that they are associated with (including ARM), have pledged R1 billion[1] to assist with the Covid-19 pandemic and its related challenges confronting South Africa, Africa and the world.

1 ARM committed R50 million as part of the R1 billion pledge.

R58.0 MILLION

contributed by ARM Ferrous and ARM Platinum operations



	R million
Community support	13.4
PPE, medical equipment and other health related support	7.7
SMME support and relief	35.3
Community awareness campaigns	1.6

How we create value

(Business model)

INPUTS – Our capitals

Financial

Our assets, cash flow from operations and funding from shareholders and other providers of capital.

IAR

Refer to the financial review on pages 26 to 39.

People

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

IAR SR

Refer to the section on ensuring a safe, healthy and appropriately skilled workforce in operational reviews and 2020 sustainability report.

Relationships

Sound relationships with all stakeholders are key to the sustainability of our business. In particular, relationships with our employees, trade unions, host communities, regional and national governments and regulators support our social licence to operate.

IAR SR

Refer to the section on maintaining our social licence to operate in the operational reviews and the 2020 sustainability report.

Natural

The Mineral Resources and Mineral Reserves in our portfolio are the largest part of our natural capital. The natural resources we use to extract and process the minerals we mine include energy, water and land. Our goal is sustainable use of all natural resources.

IAR SR

Refer to the section on ensuring responsible stewardship of natural resources in the operational reviews and the 2020 sustainability report.

Innovation

Access to and investment in innovation and technology allows ARM to continuously improve production processes. The knowledge, experience and expertise that we have amongst our subject matter experts differentiates ARM. Our innovation also includes information technology systems, risk management processes and research and development.

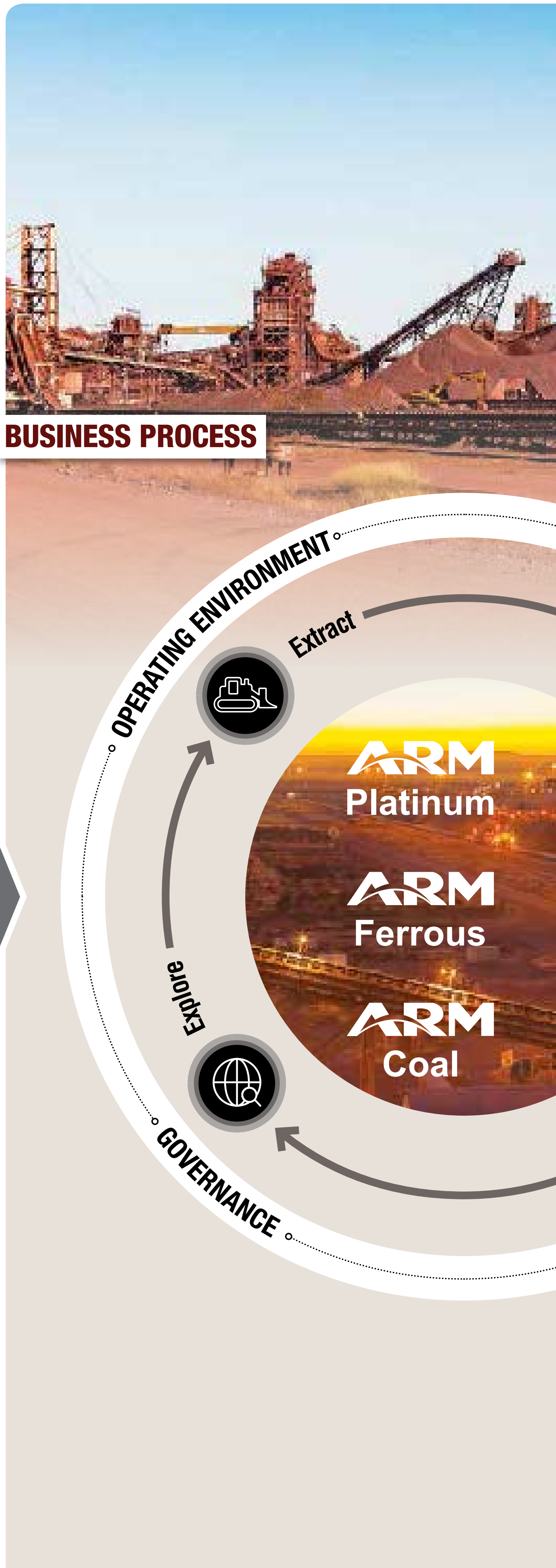
CGR

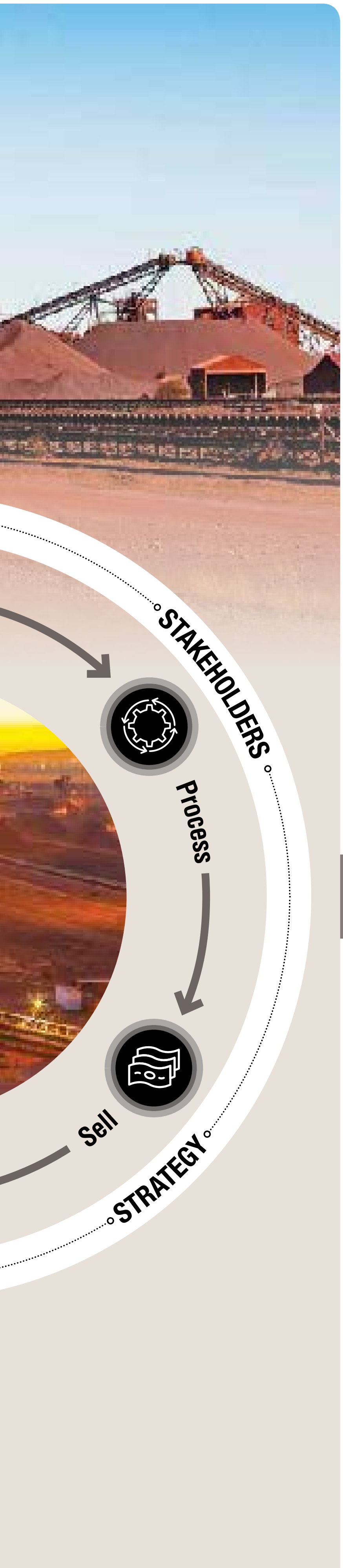
Refer to the information technology report in the 2020 corporate governance report.

Manufactured assets

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

BUSINESS PROCESS





OUTPUTS

Production

601 068 6E PGM ounces
16.1Mt iron ore
3.6Mt manganese ore
409 000t manganese alloys
20.1Mt thermal coal
394 000t chrome concentrate
10 638t nickel
5 169 copper
616t cobalt

OUTCOMES – Our capitals

Financial

Headline earnings:
R5 534 million
(F2019: R5 226 million)

Segmental EBITDA:
R11 009 million
(F2019: R9 336 million)

Share buy-back:
R57 million (F2019: nil)

Net cash to equity ratio:
11% (F2019: 9%)

Dividends paid to ARM shareholders:
R2 717 million
(F2019: R2 206 million)

Return on capital employed:
22% (F2019: 18%)

People

Three fatalities at the operations (F2019: 1)
LTIFR of 0.45 per 200 000 man-hours
(F2019: 0.42 per 200 000 man-hours)

Relationships

R130 million invested in host communities through corporate social responsibility initiatives (F2019: R175 million)

R58 million of this was to support communities and SMMEs with their response to Covid-19

Jobs created through local economic development and enterprise supplier development investments

Natural

8% decrease in scope 1 and 2 carbon emissions

Responsible waste disposal

Implementation of a **detailed water accounting framework** completed

7% decrease in water withdrawn with a 72% re-use efficiency

External review and dam beach analysis completed at our tailings storage facilities

Innovation

Progress made on alternative smelting technology

Manufactured assets

R3 506 million in capital expenditure (segmental basis)
(F2019: R3 242 million)

Trade offs

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

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

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

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

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

F2020 in review

The first six months of calendar 2020 (the second half of our financial year) changed the world as the Covid-19 pandemic precipitated a health crisis, with significant health, social and economic impacts locally and globally.

Against this background, the key features of our review period presented below may differ from prior years but we believe they illustrate the effectiveness of navigating short-term impacts while maintaining governance standards and preserving longer-term value.

Financial

Headline earnings up **6%** to **R5.5 billion**

Total dividend of **R12.00** per share for F2020

Robust net cash of **R3.8 billion** which has positioned ARM well in navigating Covid-19 related impacts

Health and safety

Health protocols to prevent the spread of Covid-19 were implemented at all operations. All operations were inspected for compliance by the Department of Mineral Resources and Energy with no adverse findings.

Black Rock Mine achieved **8 million** fatality-free shifts

Lost-time injury frequency rate increased to **0.45** per 200 000 man-hours (F2019: 0.42)

Three fatalities, one each at Two Rivers, Nkomati and Tweefontein mines in 1H F2020

Operational

Sales and production volumes impacted by Covid-19 lockdown restrictions

Above-inflation unit cost increases at all operations, except the manganese ore and Sakura ferroalloys operations

Environmental

External review and dam-breach analyses of operational tailings storage facilities completed. Corporate policy and standard on tailings management completed post year-end

Provision for Nkomati Mine rehabilitation increased by **R384 million** (attributable basis)

Reduction in carbon emissions of **8%**

Water withdrawn decreased by **7%** to 20.3 million cubic metres

Water re-use efficiency increased by **2%** to **72%**

Social

R130 million invested in community social responsibility

ARM contributed R50 million as part of the **R1 billion** pledge by the Motsepe family and associated companies in the fight against Covid-19

Risks and opportunities for key ARM divisions and functions

Preventing spread of Covid-19 at our mines and offices

Safe start-up post lockdown

Delayed project execution

IT risks escalated at the start of lockdown. These were mitigated through more secure network connections (virtual private network) and firewalls

Opportunities:

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

Seamless transition to remote working maintained productivity while supporting the wellbeing of our people

Impact of Covid-19

All South African operations apart from the ARM Coal operations were placed on temporary care and maintenance during the national lockdown announced by the President of the Republic of South Africa that started on 27 March 2020.

The ARM Coal operations were considered by government to be an essential service and were permitted to continue producing during the lockdown. As lockdown restrictions eased, all South African mining operations were allowed to ramp up to 100% capacity and ARM's operations ramped up at different rates during this period, following a strict risk-based phased in approach.

ARM implemented a range of measures in a collaborative approach that encompassed employee support, economic recovery and occupational health measures. These are summarised below, along with the impact of Covid-19 on activities and performance during the year.

Support and collaboration with local host communities and SMMEs with ARM operations contributing R58 million to the purchase of PPE and medical equipment, supply of water and food parcels, radio and media awareness campaigns and Covid-19 relief to SMMEs.

Rigorous screening and testing of returning employees, which is integrated with the national health system. Strict measures and protocols to prevent the spread of Covid-19 and protect employees and contractors have been implemented and are ongoing across all operations.

Ensuring safe transport arrangements within host communities for employees.

A collaborative approach with national and local health authorities, the DMRE and the Minerals Council South Africa (MCSA) among others.

Production volumes, sales volumes and unit costs were impacted by the Covid-19 national lockdown and restrictions. Delivery of skills development, CSR and environmental authorisation processes were delayed.

Contact tracing and provision of quarantine facilities where employees test positive for Covid-19, together with support programs for all employees. Ongoing provision of medical support to employees who require it.

Assistance with and application of various economic/social benefits including UIF applications and payments.

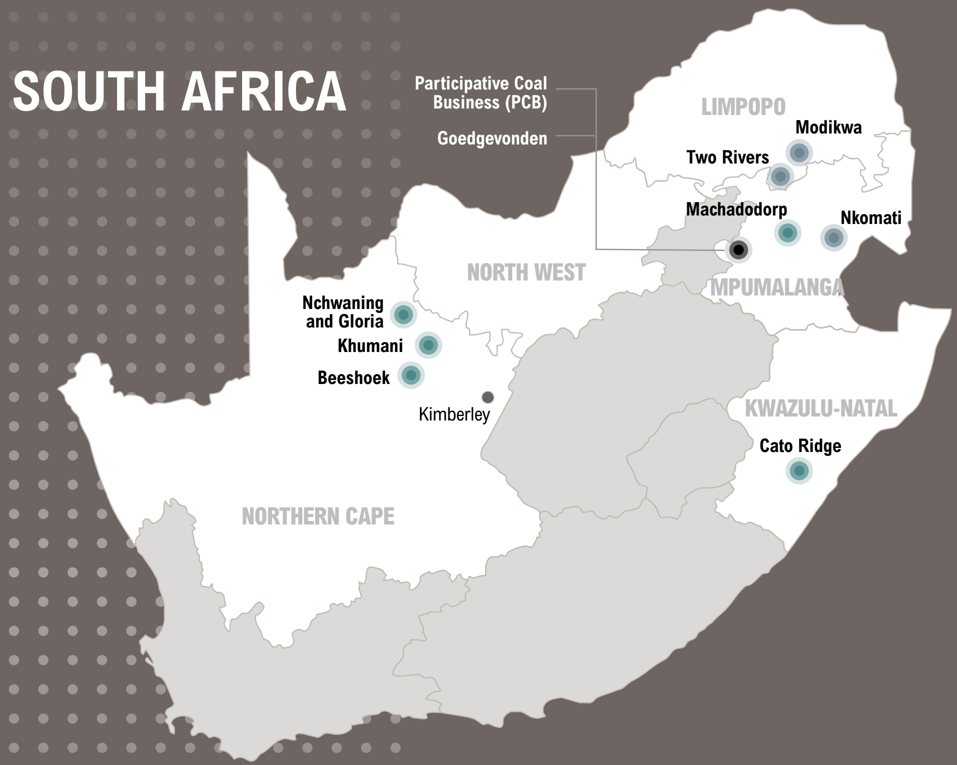
Risk identification and assessment, including the establishment of mandatory codes of practice (COPs) and standard operating procedures (SOPs) at all operations and the corporate offices. Ongoing stakeholder engagement and development of effective organisational capacity to address the rapidly changing situation.

All mine clinics implemented the protocols of the National Institute of Communicable Diseases (NICD) of the Department of Health (DoH). Healthcare personnel have been trained by the DOH in terms of Covid-19 testing. Clinics have been inspected regularly by both the DMRE and DOH in terms of compliance with the protocols since re-opening of the operations and have been found to be compliant.

At 25 September 2020, 54 000 employee screenings had been completed for Covid-19 and 3 431 employees tested. 934 of our colleagues tested positive for Covid-19. Regrettably six colleagues succumbed to Covid-19. We extend our deepest condolences to the families, friends and colleagues of the employees who lost their lives to Covid-19.

Where we operate

IAR Please see detailed operational reviews from page 54.

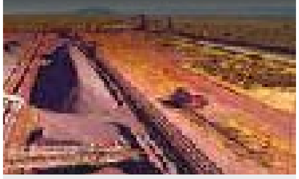


ARM Platinum

ARM Ferrous

ARM Coal

KHUMANI

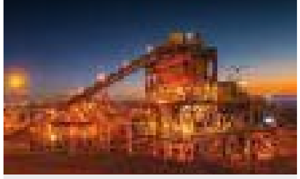


IRON ORE

- Mine/operation type: Open-pit mechanised mine
- F2020 production volumes: **13.1Mt iron ore**
- LOM: 20 years
- EMPL: **3 885**
- LTIFR: 0.13
- Cost curve position: 50th percentile (60th)

IAR See page 68 for the ARM Ferrous operational review.

BEESHOEK



IRON ORE

- Mine/operation type: Open-pit mechanised mine
- F2020 production volumes: **3.0Mt iron ore**
- LOM: 6 years
- EMPL: **1 057**
- LTIFR: 0.13
- Cost curve position: 50th percentile (60th)

IAR See page 68 for the ARM Ferrous operational review.

NCHWANING AND GLORIA (collectively Black Rock)

MANGANESE ORE

- Mine/operation type: Underground mechanised mine
- F2020 production volumes: **3.6Mt manganese ore**
- LOM: >30 years
- EMPL: **5 619**
- LTIFR: 0.27
- Cost curve position: 40th percentile (40th)

IAR See page 68 for the ARM Ferrous operational review.

CATO RIDGE WORKS

FERROMANGANESE

- Mine/operation type: Smelter
- F2020 production volumes: **177 000t ferromanganese**
- EMPL: **553**
- LTIFR: 0.36

IAR See page 68 for the ARM Ferrous operational review.

SAKURA FERROALLOYS

FERROMANGANESE

- Mine/operation type: Smelter
- F2020 production volumes: **232 000t ferromanganese**
- LOM: >30 years
- EMPL: **Not reported by ARM**
- LTIFR: Not reported by ARM

IAR See page 68 for the ARM Ferrous operational review.

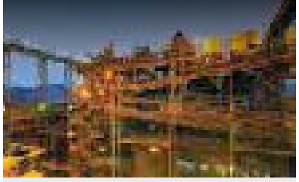
TWO RIVERS

6E PGM METALS

- Mine/operation type: Underground mechanised mine
- F2020 production volumes: **261 000 6E PGM oz**
- LOM: >30 years
- EMPL: **3 329**
- LTIFR: 0.41
- Cost curve position: 45th percentile (40th)

IAR See page 54 for the ARM Platinum operational review.

MODIKWA



6E PGM METALS

- Mine/operation type: Underground mine
- F2020 production volumes: **259 000 6E PGM oz**
- LOM: >30 years
- EMPL: **4 686**
- LTIFR: 0.85
- Cost curve position: 50th percentile (55th)

IAR See page 54 for the ARM Platinum operational review.

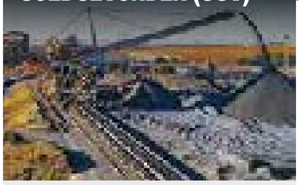
NKOMATI

NICKEL (BY-PRODUCTS INCLUDING PGM, CHROME, COPPER AND COBALT)

- Mine/operation type: Open-pit mechanised mine
- F2020 production volumes: **10 600t nickel, 80 700 oz PGM, 222 000t chrome**
- LOM: <1 year
- EMPL: **1 505**
- LTIFR: 0.29
- Cost curve position: 80th percentile (75th)

IAR See page 54 for the ARM Platinum operational review.

GOEDGEVONDEN (GGV)

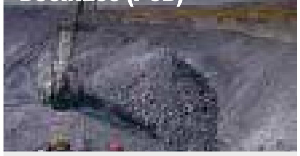


THERMAL COAL

- Mine/operation type: Open-pit mechanised mine
- F2020 production volumes: **6.8Mt saleable thermal coal**
- LOM: 20 years
- EMPL: **Not reported by ARM**
- LTIFR: Not reported by ARM
- Cost curve position: 40th percentile (35th)

IAR See page 82 for the ARM Coal operational review.

PARTICIPATIVE COAL BUSINESS (PCB)



THERMAL COAL

- Mine/operation type: Open-pit and underground mechanised mine
- F2020 production volumes: **13.3Mt saleable thermal coal**
- LOM: 19 years
- EMPL: **Not reported by ARM**
- LTIFR: Not reported by ARM
- Cost curve position: 35th percentile (30th)

IAR See page 82 for the ARM Coal operational review.

Mt Million tonnes **PGM** platinum group metals ○ Mine/operation type △ F2020 production volumes 100% basis
LOM Approximate life-of-mine **EMPL** Number of employees at 30 June 2020 (full-time employees and contractors)
LTIFR F2020 lost-time injury-frequency rate (LTIFR) per 200 000 man-hours □ F2020 position on global commodity unit cost curve (F2019 in brackets)

Operating environment

MACRO ENVIRONMENT

The Covid-19 pandemic is having pronounced health, economic and societal impacts, the effects of which are expected to remain for a long time to come. In January 2020 the World Bank forecast that global gross domestic product (GDP) would grow by 2.5% in 2020. This forecast was revised to global GDP contraction of 5.2% in June 2020 as risks presented by Covid-19 were factored in.

In June 2020, the International Monetary Fund (IMF) revised the outlook for global growth down to a contraction of 4.9%, reflecting a more than expected negative impact on activity and a more gradual recovery. The caveat to virtually all economic forecasts based on current key assumptions is the unusual degree of uncertainty.

Encouragingly, many countries have started to see reduced Covid-19 infection rates and are gradually easing lockdown restrictions and opening up their economies. Threats to global economic recovery, however, remain as some countries are yet to reach peak infection levels and concerns about second-wave infections persist for those countries that are seeing reduced infection rates. This is expected to keep the outlook for the global economy conservative.

Economic conditions in China, which is a key market for our commodities, have shown some resilience during this period and are expected to continue being supported by fiscal stimulus being undertaken by the Chinese government.

Prices for most of our key commodities have been resilient through these turbulent times. While Covid-19 is expected to continue having an impact on businesses globally, commodity prices are expected to remain robust in the short- to medium-term as supply-side constraints (mostly driven by Covid-19 impacts) are expected to be greater than negative demand-side impacts. The outlook for thermal coal, however, remains of concern as reduced energy demand (due to reduced economic activity), environmental concerns and improving prices for competing energy sources are expected to continue putting pressure on prices.

SOUTH AFRICAN OPERATING ENVIRONMENT

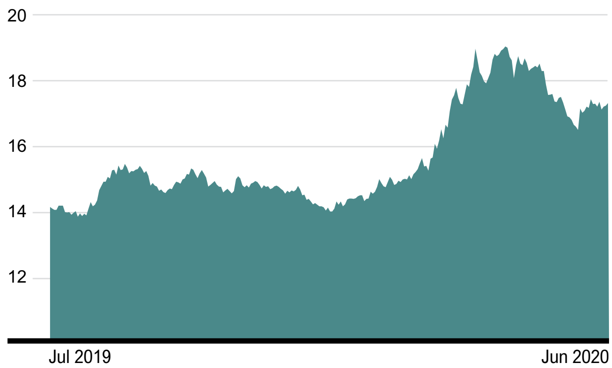
Given only marginal economic growth in 2019, the impact of Covid-19 has been significant for the South African fiscus. National Treasury expects the economy to contract by 7.2% in 2020 (previously 0.9%), followed by only modest recoveries in the next two years – 2.6% and 1.5% in 2021 and 2022 respectively. Further the supplementary (emergency) national budget tabled in June 2020 indicated that sovereign debt levels would increase with the measures being undertaken to fight the pandemic.

The key to lowering the cost of the national debt will be to lift economic growth and job creation substantially through meaningful structural reforms. Government proposes the right medicine: continued spending restraint, measures to boost long-term economic growth and significant reforms of state-owned entities to reduce their reliance on public funds.

EXCHANGE RATE

Rand versus US dollar exchange rate

EXCHANGE RATE
(R/US$)



SUMMARY OF KEY COMMODITY MARKETS

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

Iron ore (ARM Ferrous)

Iron ore has been one of the best-performing commodities in 2020 (second to gold) with prices currently back above US$120 per tonne. Prices are being supported by resilient steel output in China coupled with supply-side concerns from key producing countries, including Brazil.

Outlook

In the short-term, a recovery in shipments from Vale and rising ore stocks in China's ports present downside risk to iron ore prices and could point to a price correction in the second half of calendar 2020. In the medium to long term, iron ore prices are expected to stabilise at US$70/t to US$80/t on a 62% Fe fines CIF China basis, as crude steel production growth slows, particularly in China.

Manganese ore (ARM Ferrous)

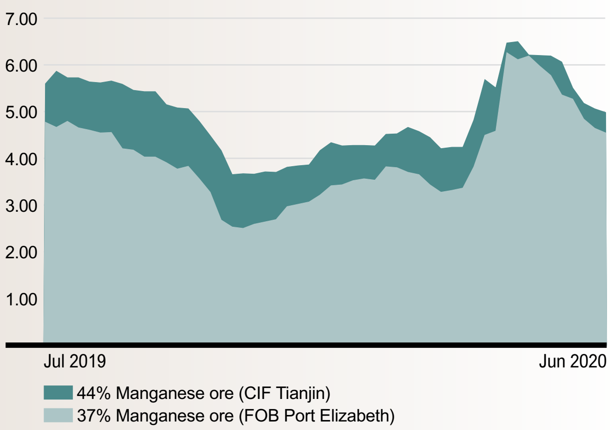
With China taking over 70% of seaborne manganese ore, the demand picture for this commodity is similar to iron ore. Given that long steel products contain twice as much manganese as flat products, manganese is even more exposed to China's construction-led recovery.

Manganese ore has been impacted by supply issues, mainly due to South Africa's Covid-19 lockdowns and restrictions. Prices rallied in April 2020 as lockdown measures were instituted around the world with particular impact due to the lockdown in South Africa (which represents 42% of global supply). As global supply recovers, manganese ore prices have come under immense pressure and are down over 30% since May 2020 to US$4.15 per manganese tonne unit (mtu) for 44% manganese ore.

Outlook

Manganese ore prices are expected to remain under pressure in the short-term as inventories in China remain elevated. Resilient steel production in China and a recovery in the rest of the world bodes well for manganese ore demand. Concerns remain about the impact of supply growth in countries including Ghana and Gabon.

MANGANESE ORE PRICES
(US$/MTU)



PGMs (ARM Platinum)

Given the numerous end-uses for PGMs, price movements correlate to global manufacturing activity, which in turn shapes the dynamics of supply and demand.

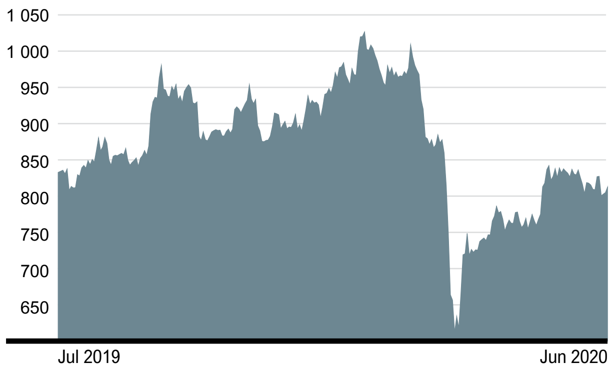
PGM prices have been relatively stable since the sharp decline in March 2020. PGM demand is expected to decline by around 20% for calendar 2020, similar to declines recorded in 2009 amid the global financial crisis. However, the current fall in prices has been lower at 18% compared to 39% in 2009, mainly due to constrained supply from South Africa under Covid-19 lockdown restrictions and restart requirements. Consensus expectation is that South African supply is likely to decline by roughly 20% in 2020. Given the difficulties of social distancing in underground mines, screening/testing requirements and risks of sporadic outbreaks, there are concerns that the fall in supply could be greater than 20%.

Outlook

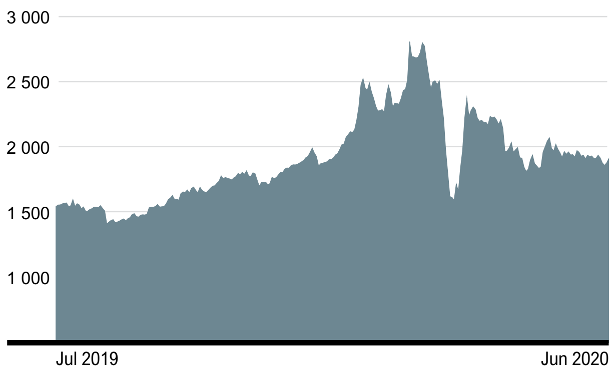
We remain conscious of the pressure on PGM demand due to global emission reduction initiatives and the move to cleaner mobility and energy. Continuing research and progress in technology such as hybrid and fuel cell vehicles is expected to result in PGMs becoming a part of the clean mobility solution.

This coupled with supply disruptions is expected to support robust PGM prices into the medium and long term.

PLATINUM SPOT PRICE
(US$/oz)



PALLADIUM SPOT PRICE
(US$/oz)



OPERATING ENVIRONMENT continued

Nickel (ARM Platinum)

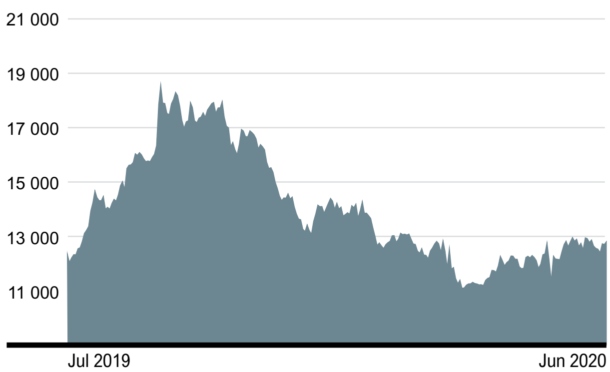
Prior to the Covid-19 pandemic, the key issue for nickel in 2020 was the impact of Indonesia's ore export ban on China's nickel supply. While it was expected that ramp up of Indonesia's domestic stainless and nickel pig iron producers would balance out any production losses in China this year, lockdowns disrupted production in both Indonesia and the Philippines.

Nickel demand is expected to drop in calendar 2020, driven by a weaker stainless steel sector (which accounts for over 70% of primary nickel consumption) and the decline in auto sales.

Outlook

A step change in nickel prices is expected to be driven by electric vehicle demand and resilient demand for later cycle stainless and specialist steels. On the supply side laterite nickel ores are abundant in South East Asia and there is significant supply growth of nickel pig iron in Indonesia used to make stainless steel. Large scale growth in battery grade/ Class 1 Ni production (HPAL) is technically challenging; as a result a shortage of battery grade nickel has the potential to result in Class 1 nickel trading at a potentially significant premium to Class 2 medium-term.

NICKEL SPOT PRICE
(US$/t)



Thermal coal (ARM Coal)

The spot price for thermal coal has fallen sharply in recent months, mainly on reduced demand and the global shift to renewables. In early May 2020, when prices dipped to a low, an estimated 60% of global thermal coal production was unprofitable which impacted supply and supported a short-term price recovery.

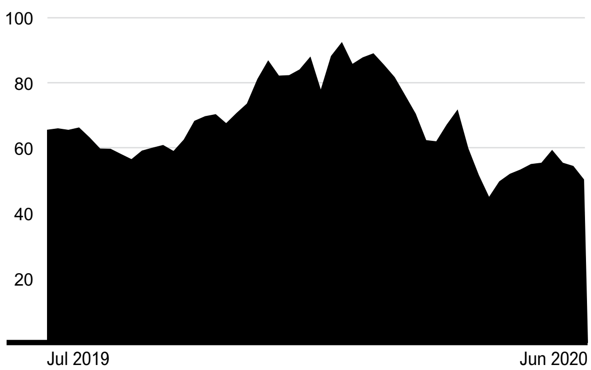
In South Africa, Eskom generated 8% less electricity in the first four months of 2020 versus the comparative period in 2019. In addition, South African coal miners were unable to export more coal to make up for lower demand in the domestic market given that the country's main export partner, India, was also on lockdown which reduced demand for electricity by over 50% between March and mid-April 2020. Nearly 50% of South Africa's thermal coal exports are shipped to India (and India's coal imports are down 29% year on year).

It has been difficult for South Africa coal miners to find alternative markets, especially as compete with large coal-producing countries such as Australia which also did not halt mining operations during lockdown.

Outlook

The outlook for thermal coal remains concerning as power production struggles to recover post Covid-19 impact and the global economy remains sluggish. Further, the impact of fossil fuels on climate change and increase in competing, cleaner energy globally are expected to dampen demand further. Current low prices however are expected to result in production curtailment of high cost production which is expected to support prices.

THERMAL COAL PRICES FOB RICHARDS BAY
(US$/t)



Statement of commitment to good governance

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

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

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

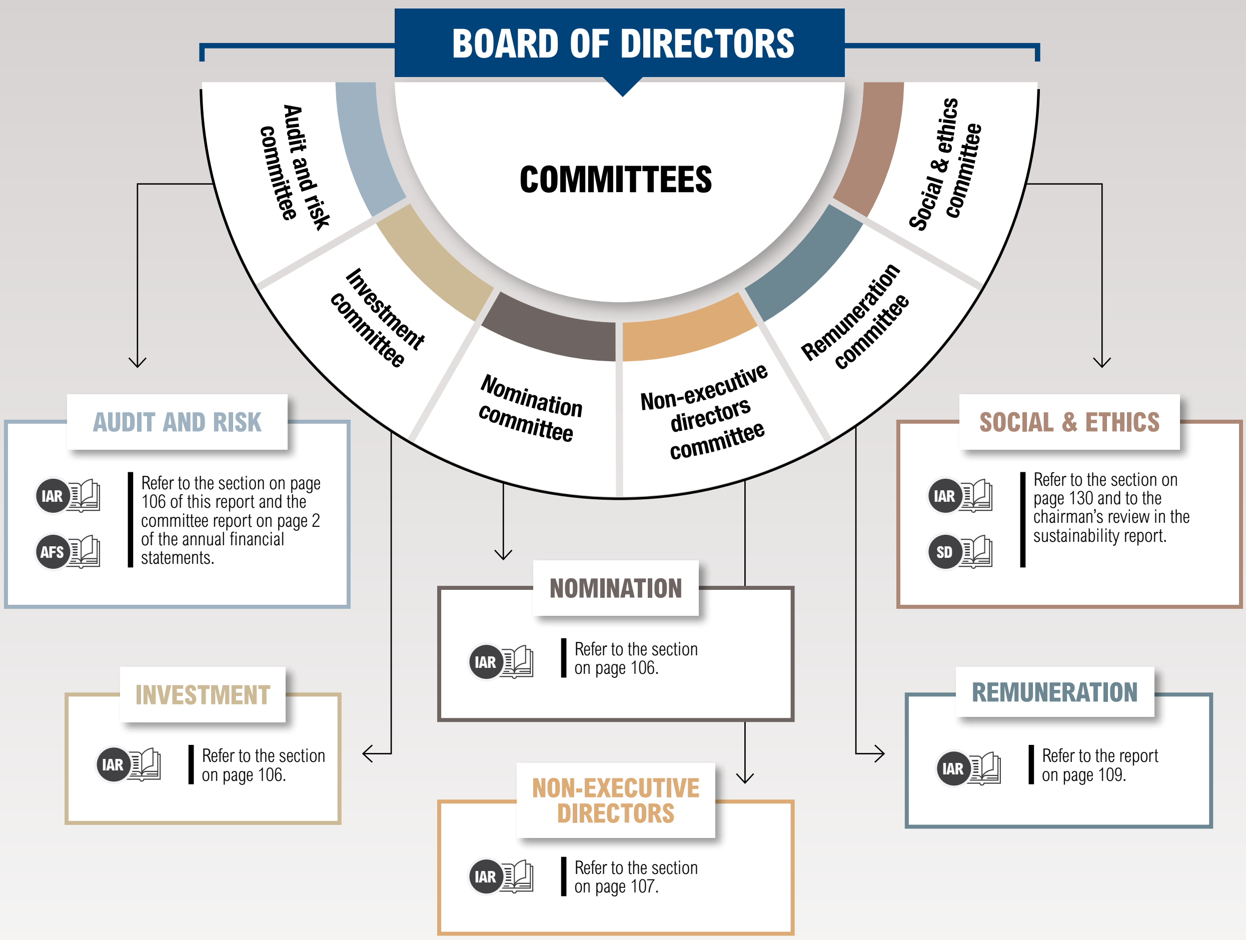
Drawing on the wealth of knowledge and experience of our board members (see detailed skills matrix on pages 100 to 101), the board provides strategic direction and leadership, monitors the implementation of business and strategic plans and approves the capital funding for these plans.

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

FOCUS AND ADDING VALUE

In the review period the board focused on:

- Updating the company's strategy
- Overseeing the Covid-19 response
- Optimising our portfolio of assets, including approval of the Two Rivers plant upgrade
- Reviewing proposals to grow and optimise efficiencies
- Introducing amendments to the remuneration policy, including new personal performance measurement for short-term incentives
- Updating the information technology strategy
- Monitoring the company's tailings storage facilities.



The code and ethics policies provide guidance on ARM's ethical standards and culture, and cover a range of issues, summarised below:

Unethical and improper conduct

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

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

Health and safety

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

Dignity and respect

Employees are required to treat each other in a way that upholds each person's self-worth and that respects and does not interfere with cultural, political, religious and other beliefs.

Share dealing

The dealings in securities and insider trading policy precludes directors, officers and designated persons from dealing in the company's securities during closed periods, in compliance with the relevant legislation. Directors and employees are provided with the relevant extracts from applicable legislation and the company's related procedures, and are reminded of their obligations in terms of insider trading and the penalties for contravening the law and regulations.

Conflicts of interest

The code prohibits conflicts of interest, whether real or perceived, and where these arise, they must be disclosed and dealt with in terms of the applicable laws. Acceptance of gifts must be approved by a member of the executive and gift registers are in place to ensure that gifts, hospitality and favours are declared and authorised within limits.

Political activities

ARM makes donations to political parties to support South Africa's democratic processes, in line with a formal policy. The donations budget is approved by the board.

Stakeholder engagement

The code encourages complete, accurate and timely communication with the public. The chief executive officer, finance director, executive director: investor relations and new business and the group company secretary and governance officer oversee compliance with disclosure requirements, including those in the JSE Listings Requirements.

Executive chairman's report

Dear shareholder and stakeholder

The unprecedented events of 2020 highlighted several key issues for our country, our continent, the world and the businesses that are the engines of all economies. Arguably, the most important of these is the interconnectedness that characterises the 21st century and the need to continuously ensure that business has a positive impact on all stakeholders.

Against this background, I am pleased to report a 6% increase in headline earnings for F2020 as ARM benefited from the diversity of our portfolio. Higher US dollar prices for platinum, palladium, rhodium, and nickel more than offset the decline in manganese ore, manganese alloy and thermal coal prices. The 11% weakening of the rand versus the US dollar also contributed to our headline earnings.

The increased profitability in F2020 also resulted in ARM reporting a Return on Capital Employed of 22% which is the highest in the history of the company.

Despite the business interruptions experienced as a result of Covid-19 and the related lockdowns and restrictions, we continued to focus on those activities that are under our control and to safeguard and contribute to the health and wellbeing of our employees as well as securing the long-term sustainability of our businesses. These include:

- Managing costs and implementing appropriate mechanisation and technology to improve efficiencies;
- Optimising our portfolio of assets;
- Investing in our employees;
- Partnering with key stakeholders; and
- Contributing to the improvement in the living conditions of the inhabitants of communities near our mining operations.

The prudent and effective allocation of capital remained a priority across our businesses. Our aim is to continue investing in our existing businesses and in value-creating growth opportunities and acquisitions, while also paying competitive dividends and maintaining a robust financial position. As part of our commitment to paying competitive dividends, we paid a total dividend of R12.00 per share for the financial year (F2019: R13.00 per share). The total dividend for F2020 was within the range of our dividend guiding principles and comprised an interim dividend of R5.00 per share and final dividend of R7.00 per share.

Our capital allocation guiding principles are discussed further in the financial review on page 33.

Maintaining a safe and healthy work environment

ARM is committed to maintaining a safe and healthy work environment for all employees. The latter part of F2020 presented new and increased risks caused by the Covid-19 pandemic. All operations implemented the necessary measures and protocols to prevent the spread of Covid-19 and protect our employees and contractors.

Where positive cases were confirmed, contact tracing and case management were done in accordance with the national guidelines and isolation facilities were provided where required. Our mine clinics implemented the protocols of the South African National Institute of Communicable Diseases (NICD).

By 25 September 2020, 54 000 employee screenings had been completed for Covid-19 and 3 413 employees had been tested, with 934 testing positive. Sadly, six employees succumbed to the virus and we extend our deepest condolences to their families, colleagues and friends.

Regrettably three employees were fatally injured in separate incidents at our operations in the first half of F2020. We extend our deepest condolences to their families, colleagues and friends.

Managing costs and implementing appropriate mechanisation and technology to improve efficiencies

Unit production costs were under pressure across all operations mainly as a result of lower production volumes, due to the lockdown. All operations, except Black Rock Mine and Sakura Ferroalloys, reported above-inflation unit cost increases.

It is pleasing that our investment in the modernisation and expansion of the Black Rock Mine is yielding positive results as the manganese ore operations achieved a 2% decrease in unit production costs despite the Covid-19 impact on volumes. Further improvements in efficiencies are expected from the Black Rock and Gloria Modernisation projects going forward.

Unit production costs at Sakura Ferroalloys were 23% lower mainly as a result of reduced manganese ore prices and improved efficiencies.

We continue to proactively manage costs across our portfolio of assets and to this extent are investing in volume growth at both the Two Rivers and Modikwa mines.

Optimising our portfolio of assets

We are progressing with the scale-down of Nkomati Mine with production expected to cease in February 2021. Engagements with stakeholders impacted by the scale-down of the mine are ongoing and are being managed responsibly. We updated the mine's rehabilitation and decommissioning provision to ensure responsible environmental management and compliance with applicable regulations.

In F2020 we invested R3 506 million in capital expenditure on a segmental basis of which R695 million was expansionary capital. Included in the growth projects is the addition of 40 000 tonnes per month milling capacity at Two Rivers Mine which will enable the mine to ramp up to 360 000 6E PGM ounces per annum. At Modikwa Mine, development capital is being invested to enable Modikwa Mine to ramp up production to approximately 400 000 6E PGM ounces per annum from F2024.

Investing in our employees

We continue to build good relationships with our approximately 21 000 employees and contractors as well as their representative trade unions. In line with our commitment to ensure a diverse and appropriately skilled workforce, we invested R224 million in skills training across our operations in F2020. This equates to 6.8% of payroll. Similar to prior years, this included initiatives supporting youth and women development in communities neighbouring our operations. During F2020, 117 community members received adult education and training at our operations. In this way, we are making a meaningful contribution to our host communities by increasing the pool of skills, especially among historically disadvantaged communities.

We remain committed to ensuring that our workforce and management represent the country's demographics because an inclusive workforce enriches both our company and our country. At year end, we recorded 63% representation of historically disadvantaged South Africans in management.

Partnering with key stakeholders

We value all stakeholders and contributed to the improvement of the living conditions and standards of living of those living in our host communities. We focused on:

- Local employment;
- Local business and supplier development;
- Corporate social investment;
- Local economic development; and
- Local community social and labour plan projects.

In F2020, our operations invested R130 million in community projects and initiatives with an emphasis on supporting women, youth, historically disadvantaged people and those living with disabilities. These initiatives included projects in:

- Water provision;
- Sanitation;
- Building and upgrading of roads;
- Key community infrastructure; and
- Education.

In addition, the Motsepe family, in partnership with companies and organisations that we are associated with, including ARM, pledged R1 billion to assist South Africa and Africa confront and deal with the challenges presented by the Covid-19 pandemic. As part of the pledge, ARM contributed R50 million towards the purchase of personal protective equipment (PPE) for health care workers.

Despite ongoing local investment and inclusive engagement, the relationship between mining companies and host communities worldwide remains under pressure as poor and marginalised local community residents make ever-increasing demands on mining companies to fund unemployment and poverty alleviation projects.

This is a global phenomenon and mining companies like ARM that are members of the International Council on Mining and Metals (ICMM) experience similar demands and pressures. We continue to work with our community forums, municipalities, the Department of Mineral Resources and Energy and other local and national stakeholders to find solutions for the poverty and unemployment challenges facing our host communities.

The South African mining industry[1]

In the 2019 calendar year, the mining industry employed almost 455 000 people, contributed R361 billion or 8.1% to the gross domestic product (GDP) and exported R348 billion or some 25% of the country's total export sales. The industry paid over R136 billion in wages, salaries and benefits to employees who, in turn, support an estimated 4.5 million dependants. Importantly, the industry is a major contributor to South Africa's skills development, with an annual investment of R8 billion in education, training and development for employees, non-employees, youth and women at both basic and higher education levels.

1 *Statistics as per the Minerals Council South Africa Facts and Figures 2019, published in February 2020.*

EXECUTIVE CHAIRMAN'S REPORT continued

The development and growth of the South African mining industry is important for the economy and the people of South Africa and it is imperative that South Africa remains globally competitive and attractive to domestic and international investment.

Ensure responsible stewardship of environmental resources

All our operations apply global good practice in managing scarce natural resources, in line with the sustainable development framework of the ICMM.

A focus area during F2020 was the completion of the independent external review of our tailings storage facilities in line with our commitment to ensuring the stability of these facilities. This review included assessing management systems and governance processes and we are implementing recommendations for improvement. In addition, the latest annual structural stability audits confirm that the tailings facilities at ARM managed operations are stable.

We also initiated a dam-breach analysis of these facilities to ensure a comprehensive understanding of the potential impact on infrastructure and stakeholders, including local communities and the environment. This was slightly delayed by the pandemic, but draft reports are being finalised to inform enhanced emergency-response planning.

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

Climate change is one of the most critical global challenges of our time and will have a lasting impact on businesses, communities and the world. We are committed to participating in the global response to reduce carbon emissions and mitigate the physical impacts of climate change. ARM produces metals that are critical to creating a low carbon future. Our operations continue to identify opportunities to reduce carbon emissions through improved energy and fuel efficiency. We are also actively developing technologies and processes to enhance energy efficiency and reduce our carbon footprint.

Further details on these initiatives are included in the operational reviews on pages 54 to 87 of this integrated annual report and in our 2020 sustainability report.

Governance

The range and depth of skills and expertise on our board has been invaluable as we navigated the current Covid-19 related challenges and opportunities. I thank each of our directors for their ongoing commitment and valuable contributions to the board.

During the year, André Wilkens, Bernard Swanepoel and Dr Manana Bakane-Tuoane stepped down from the board effective from 18 December 2019, 2 March 2020 and 1 October 2020, respectively. Our finance director, Abigail Mukhuba, resigned effective from 30 September 2020. I would like to thank each of them for their dedication and contributions and wish them everything of the best.

Tsundzukani Mhlanga was appointed finance director effective from 1 October 2020. Jongisa Magagula was appointed executive director of investor relations and new business development effective from 18 December 2019 and Pitsi Mnisi joined the board as an independent non-executive director effective from 1 October 2020. I welcome them to the board and look forward to their contribution.

Recognition

We deeply appreciate the continued support and cooperation of our shareholders, employees and their representative organisations, host communities and all other stakeholders.

I am grateful to our employees and management for their hard work and sacrifices in an exceptionally challenging year. In particular, I thank Mike Schmidt for his ongoing leadership and good work as CEO of our world class management team.

Conclusion

The challenges that lie ahead require committed and trustworthy partnerships between government, employee and civil society organisations and the private sector to overcome the current challenges of Covid-19 and create an inclusive and people-centred economy.

We are committed to ensuring that ARM remains a globally competitive company that creates value for its shareholders and benefits all stakeholders.

Dr Patrice Motsepe
Executive chairman

8 October 2020

Chief executive officer's report

Operating safely and responsibly

Covid-19 impacted many aspects of our business in the second half of the financial year. ARM managed the challenges, which included lockdowns, changing regulations, supply-chain disruptions and commodity price volatility extremely well and I commend our management teams for their commitment and resilience in this difficult period.

Our overarching focus was on ensuring the health and wellbeing of our people, safe shutdown and reopening of our mines, and assisting our host communities, suppliers and other stakeholders to the fullest extent possible. These initiatives are detailed in the sustainability report.

There was a deterioration in our safety performance for the year. In the first half of the financial year three colleagues died in separate accidents at Two Rivers, Nkomati and Tweefontein mines. The group lost-time injury frequency rate (LTIFR) increased to 0.45 (F2019: 0.42). Safety is a key performance indicator in remunerating our management teams and we reiterate our commitment to achieving zero harm.

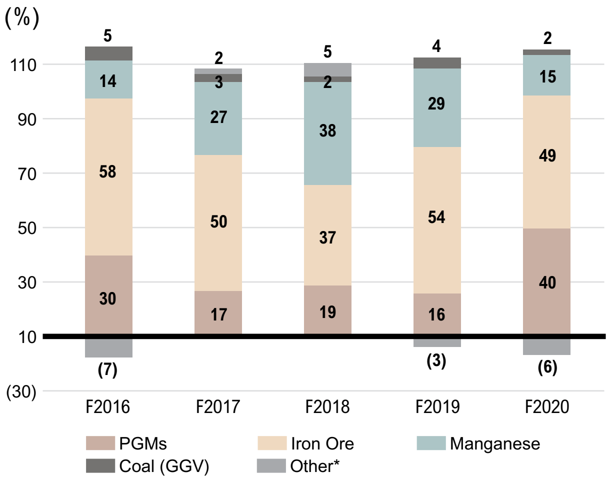
Notable safety achievements during the year included:

- Beeshoek Mine: 18 000 fatality-free production shifts on 16 August 2019;
- Khumani Mine: 3 million fatality-free shifts in November 2019;
- Black Rock Mine: 8 million fatality-free shifts in March 2020 (a first for ARM Ferrous) and 21% improvement in LTIFR year-on-year; and
- Modikwa Mine: 1 million fatality-free shifts in January 2020.

OUR PERFORMANCE

Our diversified portfolio of commodities again stood us in good stead as higher PGM and nickel prices more than offset the negative impact of lower manganese ore, manganese alloys and thermal coal prices. This diversification positions ARM well as we continue to focus on operating a world-class business in a challenging sector.

EBITDA SPLIT BY COMMODITY



* *Other includes chrome, nickel and copper.*

ARM Platinum

Higher metal prices, particularly palladium (54%) and rhodium (144%), and the weaker rand/US dollar exchange rate, contributed significantly to results from Modikwa and Two Rivers mines. In contrast, a 21% decrease in Nkomati's rand chrome price affected its results.

At Two Rivers Mine, lower tonnes milled (partially due to operational challenges in 1H) and lower head grades resulted in PGM volumes declining 17% in F2020. The impact of lockdown (and other Covid-19 restrictions) on volumes was around 40 500 6E PGM ounces.

To enhance feed grade to the plant, Two Rivers is creating more mining flexibility over the next two years through accelerated deepening at Main Decline. The plant expansion project to add 40 000 tonnes per month milling capacity is under way, with commissioning expected in the second quarter of F2022. Despite higher unit costs in the review period, this is a world-class mine with over 30 years of life.

Modikwa Mine's lower tonnes milled and 2% decrease in head grade translated to a 15% decline in PGM production. The impact of lockdown (and other Covid-19 restrictions) on volumes in F2020 was around 48 700 6E PGM ounces. We continue to inject capital to enhance flexibility and mechanisation, which will ramp up milling over three years to around 240 000 tonnes per month. Construction of the chrome recovery plant to recover chrome concentrate from the UG2 concentrator plant tailings stream is under way, with expected completion in 2H F2021.

Nkomati Mine continues to scale down in preparation for care and maintenance, although lockdown and mining optimisations have pushed the expected date for final production to February 2021. The mine's rehabilitation obligations have been updated against current legislation, resulting in an undiscounted attributable cost to ARM of R620 million.

ARM Ferrous

Headline earnings for the iron ore division decreased to 9% in F2020. Total iron ore sales volumes declined 11%, mainly due to the lockdown and logistical challenges. By year-end, however, Khumani Mine was again producing at full capacity.

Export sales volumes were 9% lower, while local sales volumes declined 22% on the temporary closure of Beeshoek Mine's key customer. The impact of the lockdown (and related restrictions) on iron ore export sales volumes was 1.22 million tonnes and 0.74 million tonnes for local sales. We expect export sales to remain affected by pandemic-related challenges on the logistics channels until the end of 1H F2021, offset to an extent by full stockpiles at Khumani Mine and Saldanha Port which will support accelerated sales for that period.

On-mine unit production costs rose 10%, mainly due to lower production volumes. At Khumani Mine, this increase includes a new water levy to fund the upgrade and refurbishment of the Vaal Gamagara water system. This is expected to significantly reduce water-supply risks for the mine.

Headline earnings for the manganese division were down 46%, reflecting the steep decline in manganese ore prices in the latter part of the year. Prices rallied in April 2020 as lockdown measures, especially in South Africa, impacted global supply but dropped again once production restarted. The impact of lockdown on manganese ore volumes was around 530 000 tonnes.

Production volumes at Black Rock Mine rose 6% in F2020 as the Black Rock and Gloria projects advanced. These projects will modernise and expand the mine by increasing volumes and flexibility to produce different products while improving efficiencies. Ramp-up of Black Rock Mine is being closely synchronised with Transnet's rail availability and informed by prevailing market conditions. On-mine unit production costs decreased 2% as improved efficiencies and higher production volumes from the Black Rock project more than offset inflationary increases.

ARM Coal

Thermal coal prices declined sharply in 2H F2020, due to lower demand in the wake of the global pandemic. India and China reduced their thermal coal imports considerably on the back of lower demand and prioritising local coal produced. Demand reduced in European markets as more users switch to gas as a fuel, rising renewable generation and weaker overall power demand due to the impact of Covid-19.

Both the Goedgevonden and PCB operations were regarded as an essential service during the lockdown period, mitigating the impact on total production. Goedgevonden Mine was affected by inclement weather in the first half and poor performance of the mining contractor, since replaced. On-mine unit production costs rose 13% on higher repairs and maintenance expenditure, together with the decrease in saleable production.

Production at the PCB operations was also affected by the underperformance of a mining contractor, as well as high rainfall and safety stoppages in the first half. PCB is commissioning a second dragline to increase production. This is expected to be fully commissioned and operational in 1H F2021. Unit production costs per saleable tonne rose 24%, mainly due to lower saleable production.

Looking ahead to F2021

The pandemic is having pronounced health, economic and societal impacts, the extent of which is only now unfolding.

In these uncertain times, our response is to continue prioritising the health, safety and wellbeing of our employees and to ensure the sustainability of our business. Our strong cash position enables us to navigate the current environment while investing in our existing business and paying dividends. It also gives us flexibility to pursue value- enhancing growth opportunities aligned to ARM's strategy.

We remain committed to mutually beneficial relationships with all our stakeholders to ensure we build a resilient and sustainable business that delivers competitive returns for shareholders.

Conclusion

Our committed and hard-working employees are the cornerstone of our ability to create sustainable value. The review period was truly a testing one, and I thank every one of my colleagues for their contributions as well as our executive chairman and the board for their ongoing guidance and support. I also thank our stakeholders and joint-venture partners for their continued support during the year.

Mike Schmidt
Chief executive officer

8 October 2020

Financial review

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Finance director

	JSE/IFRS[1]	ADJUSTED[2]
Headline earnings	↑ 6%	↓ 2%
Basic earnings	↑ 11%	↑ 1%
Dividends per share (DPS)	R12.00	R12.00
Net cash to equity ratio	11.1%	11.6%

1 *JSE Limited/International Financial Reporting Standards.*
2 *Excludes a net re-measurement gains of R441 million in F2020 and R49 million in F2019.*

SALIENT FEATURES

- The PGM operations delivered record attributable headlines of **R1 142 million** (F2019: R112 million).
- A final dividend of 700 cents was declared. An interim dividend of 500 cents per share was paid in March 2020 bringing the **cumulative dividend relating to F2020 to 1 200 cents** per share (F2019: 1 300 cents per share).
- Group headline earnings increased by **6%** to **R5 534 million** or **R28.50** per share in F2020 (F2019: R5 226 million or R27.18 per share) driven mainly by higher PGM and iron prices.
- Group basic earnings for the financial year were **R3 965 million** (F2019: R3 554 million) and include among others the following charges:
  - » Impairment of ARM Coal assets of **R1 524 million** after tax (F2019: R1 070 million at Nkomati and R507 million at Sakura).
  - » Increase of R384 million in rehabilitation and decommission provision of Nkomati Mine.
- Segmental earnings before interest, tax, depreciation and amortisation (EBITDA) were **18%** higher at **R11 009 million** (F2019: R9 336 million).

Headline earnings/(loss) by operation/division

R million	F2020	F2019	% change
ARM Ferrous	**4 479**	4 960	(10)
Iron ore division	**3 688**	3 397	9
Manganese division	**836**	1 611	(48)
Chrome division	**–**	(3)	
Consolidation adjustment	**(44)**	(45)	
ARM Platinum	**1 142**	112	>200
Two Rivers Mine	**1 065**	322	>200
Modikwa Mine	**781**	105	>200
Nkomati Mine	**(704)**	(315)	(123)
ARM Coal	**(2)**	411	
Goedgevonden Mine	**(38)**	137	(126)
PCB operations	**36**	274	(87)
ARM Corporate and other	**(85)**	(257)	67
Corporate and other	**78**	(221)	
Machadodorp Works	**(163)**	(36)	(>200)
Headline earnings	**5 534**	5 226	6

MATERIAL MATTERS AFFECTING THE FINANCIAL PERFORMANCE

Financial impact of Covid-19

In addition to the Covid-19 and lockdown impact on the operations (which are discussed in detail in the operational reviews on pages 54 to 87) during this period of uncertainty, we shifted focus to conserve cash and ensure a strong financial position to navigate the uncertain times. This impacted capital allocation decisions, including the deferment of certain capital expenditure and curtailment of the share buy-back which was under way at the time, amongst others.

The lockdown and related restrictions also had an impact on our processes and we are pleased to have made a seamless transition to remote working arrangements.

Nkomati Mine estimated rehabilitation costs

During F2020, Nkomati Mine embarked on a process to update its rehabilitation obligations according to the new proposed and promulgated requirements under the National Environmental Management Act No. 107 of 1998 (NEMA) and based on a shortened economic life of mine.

This assessment was completed in May 2020 and the estimated undiscounted rehabilitation costs at 30 June 2020 R1 240 million (R620 million on an attributable basis), excluding VAT (discounted R1 175 million). This represents an increase in the rehabilitation provision attributable to ARM of R384 million from 30 June 2019. This increase is mainly due to:

- The additional prescriptive requirements on methodology under NEMA to determine and report rehabilitation costs
- Cash outflows have been forecast to be disbursed significantly faster with the bulk in the first five years once operations cease
- Social and labour plan obligations during down-scaling are now included in the provision.

The provision at 30 June 2020 is the best independent estimate and is based on the most reliable information currently available. It will be re-assessed continually as engineering designs evolve and new information becomes available, as well as when approvals of a revised environmental management plan and water use licence are secured.

At 30 June 2020, R213 million (100% basis) cash set-aside for a specific purpose is available to fund the rehabilitation obligations for Nkomati Mine. The resulting shortfall is expected to be funded firstly from cash generated by Nkomati Mine during the production scale down period, and subsequently by the joint venture partners in proportion to their respective shareholding.

ARM Coal

ARM Coal (Pty) Ltd (ARM Coal), is an entity jointly controlled by ARM Limited (51%) and Glencore Operations South Africa (Pty) Ltd (GOSA) (49%).

Impairment of ARM Coal assets

At 30 June 2020, attributable impairments of the ARM Coal assets of R1 680 million before tax (R1 524 million after tax) were recognised by ARM.

Impairment indicators were identified at Goedgevonden Mine and the PCB investment (as stand-alone and separate cash generating units), including lower expected production and above-inflation unit cost increases, which resulted in the after-tax impairment charge of R403 million and R1 121 million being recognised for the Goedgevonden Mine and PCB investment cash generating units, respectively.

ARM Coal receivable

ARM Coal has recorded an amount payable by GOSA to ARM Coal of R452 million (ARM's attributable portion: R230 million) as a long-term receivable ('receivable'). This amount is included in the total loans and long-term receivables line item on the face of the ARM Group and Company Statements of Financial Position. ARM's portion of the unvalidated receivable has not changed (i.e. remained R230 million) in the audited ARM Group and Company Statements of Financial Position for the financial years ended 30 June 2018 and 2019.

ARM Coal, at the date of this report, is unable to provide sufficient evidence to validate this receivable in its accounting records. ARM's Group and Company long-term receivables are therefore potentially overstated by R230 million. The R230 million unvalidated receivable represents 0.72% of group non-current assets and 0.54% of group total assets.

ARM continues with its internal investigations to ascertain whether the receivable can be validated. To date the internal investigation has not identified sufficient evidence to validate the receivable. ARM has subsequently engaged external forensic accounting experts to investigate further.

Due to the uncertainty on whether the receivable can be validated, ARM management has taken the view to continue to recognise the asset, until the outcome of the investigation processes reveals otherwise. This has resulted in the external auditor qualification of the loans and long-term receivables line item in the ARM Group and Company Statements of Financial Position in the audit report by the external auditor, Ernst & Young Inc.

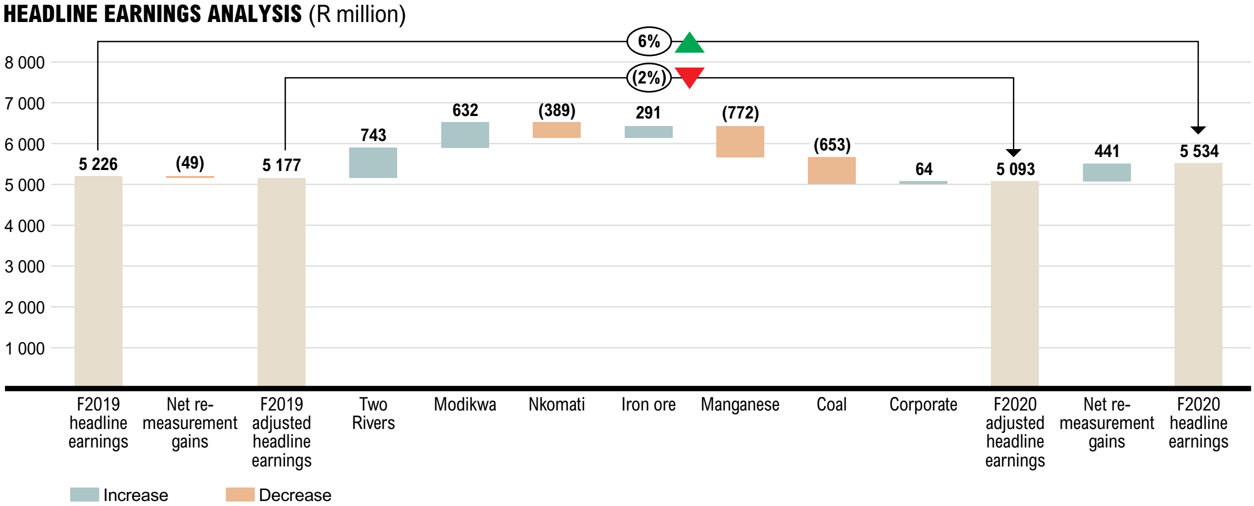
AFS Refer to note 7 to the annual financial statements.

FINANCIAL REVIEW continued

FINANCIAL PERFORMANCE

Headline earnings

HEADLINE EARNINGS ANALYSIS (R million)



The financial year ended 30 June 2020 was challenging, particularly in the second half of the year with the onset of the Covid-19 pandemic. In this environment we are pleased to report a 6% increase in headline earnings to R5 534 million (F2019: R5 226 million). Our diversified portfolio of commodities again stood us in good stead as higher PGM and iron ore prices more than offset the negative impact of lower manganese ore, manganese alloys and thermal coal prices.

The weaker rand against the US dollar also contributed positively to headline earnings. The average realised rand weakened by 11% versus the US dollar to R15.68/US$ compared to R14.19/US$ in F2019. For reporting purposes, the closing exchange rate was R17.36/US$ (30 June 2019: R14.09/US$).

The F2020 headline earnings include re-measurement gains on partner loans of R441 million (F2019: R49 million).

GROUP STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2020

	Group	
	F2020 Rm	F2019 Rm
Revenue	**12 386**	9 596
Sales	**11 653**	8 834
Cost of sales	**(7 492)**	(7 449)
Gross profit	**4 161**	1 385
Other operating income	**1 160**	974
Other operating expenses	**(2 050)**	(1 575)
Profit from operations before capital items	**3 271**	784
Income from investments	**446**	334
Finance costs	**(397)**	(309)
Income from associate	**33**	276
Income from joint venture	**4 450**	4 502
Profit before taxation and capital items	**7 803**	5 587
Capital items before tax	**(1 693)**	(1 491)
Profit before taxation	**6 110**	4 096
Taxation	**(1 076)**	(242)
Profit for the year	**5 034**	3 854
Attributable to:		
Equity holders of ARM		
Profit for the year	**3 965**	3 554
Basic earnings for the year	**3 965**	3 554
Non-controlling interest		
Profit for the year	**1 069**	300
Profit for the year	**5 034**	3 854
Earnings per share		
Basic earnings per share (cents)	**2 042**	1 848
Diluted basic earnings per share (cents)	**2 011**	1 815

Impact of higher PGM prices.

Year-on-year movement mainly due to increase in decommissioning and restoration provision for Nkomati mine.

Year-on-year movement mainly due to decrease in thermal coal prices, partially offset by remeasurement gains of loans.

F2020 related mainly to the ARM Coal impairments while F2019 related mainly to the Nkomati Mine impairment.

Year-on-year movement mainly due to increase in profit from Two Rivers and Modikwa Mines.

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

FINANCIAL REVIEW continued

Financial position

ARM improved its financial position despite the operational and economic challenges arising from the Covid-19 pandemic.

At 30 June 2020, ARM was in a net cash position of R3 790 million (30 June 2019: R2 601 million), an improvement of R1 189 million compared to the net cash at the end of the corresponding year. This amount excludes attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R3 208 million (30 June 2019: R3 053 million). There was no debt at ARM Ferrous in either of the reporting periods.

ARM's financial position was further strengthened by a positive revaluation adjustment of R2 325 million (net of deferred capital gains tax) on the Harmony Gold Mining Company investment as the Harmony share price increased by 126% from R31.74 at 30 June 2019 to R71.86 per share at 30 June 2020.

GROUP STATEMENT OF FINANCIAL POSITION

at 30 June 2020

	Group	
	F2020 Rm	F2019 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	**7 211**	7 062
Investment properties	**24**	–
Intangible assets	**83**	114
Deferred tax assets	**–**	485
Loans and long-term receivables	**278**	283
Other financial asset	**230**	–
Investment in associate	**795**	1 837
Investment in joint venture	**17 545**	16 702
Other investments	**5 635**	2 648
	31 801	29 131
Current assets		
Inventories	**568**	676
Trade and other receivables	**3 023**	2 743
Taxation	**132**	34
Financial assets	**1 309**	–
Cash and cash equivalents	**5 715**	4 632
	10 747	8 085
Total assets	**42 548**	37 216
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital	**11**	11
Share premium	**4 950**	4 700
Treasury shares	**(2 405)**	(2 405)
Other reserves	**4 367**	1 958
Retained earnings	**25 157**	23 909
Equity attributable to equity holders of ARM	**32 080**	28 173
Non-controlling interest	**2 028**	1 530
Total equity	**34 108**	29 703
Non-current liabilities		
Long-term borrowings	**1 512**	1 095
Deferred tax liabilities	**2 085**	1 517
Long-term provisions	**1 953**	1 599
	5 550	4 211
Current liabilities		
Trade and other payables	**1 637**	1 608
Short-term provisions	**737**	648
Taxation	**103**	110
Overdrafts and short-term borrowings – interest bearing	**413**	936
	2 890	3 302
Total equity and liabilities	**42 548**	37 216

Year-on-year movement mainly due to the deferred tax recognised on the Harmony investment in F2020.

Year-on-year movement due to impairment of PCB cash generating units.

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

Cash and cash equivalents were invested in fixed deposits with maturities longer than three months.

Year-on-year movement mainly due to the revaluation of the Harmony investment in F2020.

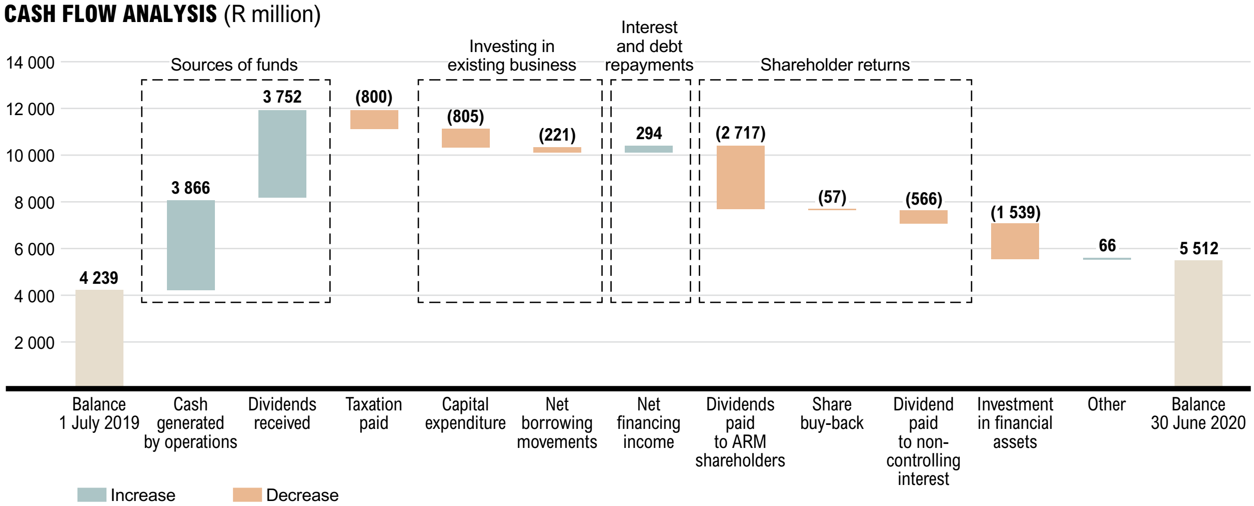
The repayment date of the ARM BBEE Trust loan from Harmony was extended to 31 December 2022.

Year-on-year movement includes deferred tax recognised on the revaluation of the Harmony investment in F2020 and a reduction in unredeemed capital expenditure.

Year-on-year movement mainly due to the increase in Nkomati provision.

The repayment date of the ARM BBEE Trust loan from Harmony was extended to 31 December 2022.

CASH FLOW ANALYSIS (R million)



Cash generated from operations increased by R1 743 million to R3 866 million (F2019: R2 123 million) after a R1 189 million increase in working capital requirements (F2019: R555 million) which was mainly due to an increase in debtors at the PGM operations.

During F2020, a portion of cash and cash equivalents was invested in fixed deposits with maturities longer than three months to achieve better returns. R1 024 million had matured by 30 September 2020. When these investments mature, to the extent that amounts are not re-invested in new investments with maturities of longer than three months, they will again form part of cash and cash equivalents.

At 30 June 2020, net cash and cash equivalents – ie. cash and cash equivalents less overdrafts – amounted to R5 512 million (30 June 2019: R4 239 million). This excludes the attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R3 208 million (30 June 2019: R3 053 million).

FINANCIAL REVIEW continued

GROUP STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Group	
	F2020 Rm	F2019 Rm
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	**12 499**	9 611
Cash paid to suppliers and employees	**(8 633)**	(7 488)
Cash generated from operations	**3 866**	2 123
Interest received	**373**	264
Interest paid	**(79)**	(80)
Taxation paid	**(800)**	(309)
	3 360	1 998
Dividends received from joint venture	**3 750**	3 315
Dividends received from other	**2**	8
Dividend paid to non-controlling interest – Impala Platinum	**(566)**	(241)
Dividend paid to shareholders	**(2 717)**	(2 206)
Net cash inflow from operating activities	**3 829**	2 874
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment to maintain operations	**(651)**	(931)
Additions to property, plant and equipment to expand operations	**(154)**	–
Proceeds on disposal of property, plant and equipment	**1**	1
Investment in Harmony	**–**	(211)
Acquisition of Machadodorp Works	**–**	(130)
Investments in financial assets	**(1 539)**	–
Net cash outflow from investing activities	**(2 343)**	(1 271)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**4**	4
Share buy back	**(57)**	–
Long-term borrowings raised	**–**	295
Long-term borrowings repaid	**(216)**	(595)
Short-term borrowings raised	**43**	15
Short-term borrowings repaid	**(48)**	–
Net cash outflow from financing activities	**(274)**	(281)
Net increase in cash and cash equivalents	**1 212**	1 322
Cash and cash equivalents at beginning of year	**4 239**	2 910
Foreign currency translation on cash balance	**61**	7
Cash and cash equivalents at end of year	**5 512**	4 239
Made up as follows:		
– Available	**4 767**	3 004
– Cash set aside for specific use	**745**	1 235
	5 512	4 239
Overdrafts	**203**	393
Cash and cash equivalents per statement of financial position	**5 715**	4 632
Cash generated from operations per share (cents)	**1 991**	1 104

Increase mainly due to higher cash and cash equivalents and financial assets at ARM Corporate.

Received from Assmang joint venture.

Higher PGM price resulted in stronger cash generation from Two Rivers Mine.

F2020 interim dividend of R976 million and F2019 final dividend of R1 741 million.

Cash conservation owing to uncertainty created by the Covid-19 pandemic.

Relates to the construction of the new tailings dam and additional mill at Two Rivers Mine.

Cash and cash equivalents were invested in fixed deposits with maturities longer than 3 months.

622 843 shares repurchased at an average price of R90.86 per share.

Dividend guiding principle and declaration

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

Dividends remain at the discretion of the board of directors which considers the company's capital allocation guiding principles as well as other relevant factors such as financial performance, commodities outlook, investment opportunities, gearing levels as well as solvency and liquidity requirements of the Companies Act.

ARM aims to pay an interim and final dividend. The weighting between the interim and final dividends is likely to result in the final dividend being higher than the interim dividend. ARM does not borrow funds to pay dividends.

For F2020, the board has approved and declared a final dividend of 700 cents per share (gross) (F2019: 900 cents per share). The amount to be paid is approximately R1 563 million. This declaration was after much deliberation on the impact of Covid-19 on the Group's funding requirements in the short-to medium-term.

Capital allocation (on a segmental basis)

ALLOCATION OF FUNDS[1]

Invest in existing businesses

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

R2 322 MILLION

Secures long-term sustainability of our business

Debt repayment

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

R264 MILLION

Healthy gearing levels create a flexible platform for sustainable growth

Invest in growth of existing businesses (growth capital expenditure) — **R695 MILLION**

Mergers and acquisitions

Dividend payments[2] — **R2 717 BILLION**

Share re-purchases — **R57 MILLION**

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

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

Funds allocated to investing in existing business

Capital expenditure cash flow for the period was R805 million of which R651 million related to sustaining capital. The major capital expenditure in the period related mainly to fleet replacement and refurbishment at Modikwa and Two Rivers mines as well as construction of the new tailings dam and additional mill at Two Rivers Mine. The reduction in capital cash flow was mainly as a result of cash conservation owing to the uncertainty created by the Covid-19 pandemic.

Net cash outflow from investing activities was R2 343 million (F2019: R1 271 million) and included cash invested with maturities longer than three months of R1 539 million now reported as financial assets.

The consolidated ARM total assets of R43 billion (F2019: R37 billion) include ARM's investment in Harmony which was R5 366 million as at 30 June 2020 (30 June 2019: R2 370 million). Harmony's share price was R71.86 per share at 30 June 2020 (30 June 2019: R31.74 per share).

Funds allocated to debt repayment

Borrowings of R264 million (F2019: R595 million) were repaid in the period, reducing gross debt to R1 925 million (30 June 2019: R2 031 million). The ARM Broad-Based Economic Empowerment (BBEE) Trust fully repaid its loan with Nedbank in October 2019.

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

Funds allocated to dividend payments

A final dividend of 700 cents per share was declared for F2020 in addition to a 500 cents per share interim dividend paid in April 2020, bringing the cumulative dividend for F2020 to 1 200 cents per share.

Dividends paid to ARM shareholders in F2020 include R1 741 million in October 2019 as a final dividend for F2019 and R976 million in April 2020 for the F2020 interim dividend, bringing the total dividend paid in F2020 to R2 717 million.

Funds allocated to share repurchases

The board approved a share buy-back which commenced on 19 March 2020. R57 million was spent acquiring 622 843 ARM shares at an average price of R90.86 per share. The share buy-back was terminated on 24 March 2020 to conserve cash owing to uncertainty created by the Covid-19 pandemic. Management continues to review share buy-backs in line with ARM's capital allocation guidelines.

EVENTS AFTER REPORTING DATE

Subsequent to year-end ARM received a dividend of R1 500 million from Assmang. ARM further declared and paid a dividend of R1 563 million.

FINANCIAL REVIEW continued

Primary segmental information

	ARM Platinum				ARM Ferrous				
Attributable R million	Nkomati	Two Rivers	Modikwa	Total Platinum	Iron Ore division	Manganese division	Total Ferrous segment	Group adjustment	Total group ARM Ferrous
Year to 30 June 2020									
Sales	1 282	6 173	3 093	10 548	10 319	5 398	15 717		15 717
Cost of sales	(1 475)	(2 994)	(1 696)	(6 165)	(5 017)	(3 751)	(8 768)		(8 768)
Other operating income[2]	12	21	87	120	618	351	969	(431)	538
Other operating expenses[2]	(523)	(383)	(192)	(1 098)	(1 136)	(629)	(1 765)	431	(1 334)
Segment results	(704)	2 817	1 292	3 405	4 784	1 369	6 153		6 153
Income from investments	7	25	67	99	297	8	305		305
Finance cost	(32)	(83)	(5)	(120)	(25)	(28)	(53)		(53)
Profit from associate[3]	–	–	–	–	–	–	–		–
Income from joint venture	–	–	–	–	–	(127)	(127)		(127)
Capital items before taxation	–	–	–	–	(31)	(7)	(38)		(38)
Taxation	25	(786)	(413)	(1 174)	(1 364)	(382)	(1 746)		(1 746)
(Loss)/profit after taxation	(704)	1 973	940	2 210	3 661	833	4 494		4 494
Non-controlling interest	–	(908)	(160)	(1 068)			–		–
Consolidation adjustment[4]	–	–	–	–			–	(44)	(44)
Contribution to basic (losses)/ earnings	(704)	1 065	781	1 142	3 661	833	4 494	(44)	4 450
Contribution to headline (losses)/ earnings	(704)	1 065	781	1 142	3 687	836	4 523	(44)	4 479
Other information									
Segment assets including investment in associate	445	6 029	3 705	10 179	11 001	12 566	23 567	(732)	22 835
Investment in associate	–	–	–	–			–		–
Investment in joint venture	–	–	–	–			–		–
Segment liabilities	1 009	1 339	576	2 924	2 477	3 018	5 495	(3 405)	2 090
Unallocated liabilities (taxation and deferred taxation)									
Consolidated total liabilities									
Cash (outflow)/inflow generated from operations	(121)	2 641	1 535	4 055	5 536	1 927	7 463		7 463
Cash (outflow)/inflow from operating activities	(132)	1 261	1 479	2 608	2 490	1 715	4 205	1 875	6 080
Cash (outflow)/inflow from investing activities	(51)	(428)	(350)	(829)	(1 049)	(1 134)	(2 183)		(2 183)
Cash (outflow)/inflow from financing activities	(6)	(72)	(49)	(127)	9		9		9
Capital expenditure	–	813	319	1 132	1 112	1 157	2 269	(96)	2 173
Amortisation and depreciation	–	355	93	448	710	319	1 029	(35)	994
Impairment before tax	–	–	–	–	7		7		7
EBITDA	(704)	3 172	1 385	3 853	5 496	1 686	7 182	(35)	7 147

There were no significant inter-company sales.

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

	ARM Corporate					IFRS adjustment			
ARM Coal	Machadodorp Works	Corporate and other	Gold	Total Corporate	Total continuing	ARM Ferrous[1]	Other	Total IFRS adjustment	Total per IFRS
1 056	49	–		49	27 370	(15 717)	–	(15 717)	11 653
(1 201)	(142)	50		(92)	(16 226)	8 768	(34)	8 734	(7 492)
232	5	708		713	1 603	(538)	95	(443)	1 160
(20)	(133)	(799)		(932)	(3 384)	1 334	–	1 334	(2 050)
67	(221)	(41)		(262)	9 363	(6 153)	61	(6 092)	3 271
13	–	334		334	751	(305)		(305)	446
(173)	(18)	(86)		(104)	(450)	53		53	(397)
33	–	–		–	33	–		–	33
–	–	–		–	(127)	127	4 450	4 577	4 450
(937)	(7)	(749)		(756)	(1 731)	38		38	(1 693)
211	76	(172)		(96)	(2 805)	1 746	(17)	1 729	(1 076)
(786)	(170)	(714)		(884)	5 034	–	–	–	5 034
–		(1)		(1)	(1 069)			–	(1 069)
–		44		44	–	–		–	–
(786)	(170)	(671)		(841)	3 965	–	–	–	3 965
(2)	(163)	78		(85)	5 534	–	–	–	5 534
3 375	89	5 994	5 366	11 449	47 838	(5 290)		(5 290)	42 548
795					795			–	795
–					–		17 545	17 545	17 545
1 748	370	1 210		1 580	8 342	(2 090)		(2 090)	6 252
					5 388		(3 200)	(3 200)	2 188
					13 730			(5 290)	8 440
144	5	(338)		(333)	11 329	(7 463)		(7 463)	3 866
161	4	(2 694)		(2 690)	6 159	(2 330)	3 315	(2 330)	3 829
(192)	–	(1 322)		(1 322)	(4 526)	2 183		2 183	(2 343)
–	–	(147)		(147)	(265)	(9)		(9)	(274)
197	–	4		4	3 506	(2 173)		(2 173)	1 333
197	2	5		7	1 646	(994)		(994)	652
941	7	743		750	1 698	(7)		(7)	1 691
264	(219)	(36)		(255)	11 009	(7 147)	61	(7 086)	3 923

FINANCIAL REVIEW continued

Primary segmental information continued

Attributable R million	ARM Platinum				ARM Ferrous					
	Nkomati	Two Rivers	Modikwa	Total Platinum	Iron ore division	Manganese division	Chrome division	Total Ferrous segment	Group adjustment	Total group ARM Ferrous
Year to 30 June 2019										
Sales	1 523	3 994	2 067	7 584	10 414	7 393	–	17 807		17 807
Cost of sales	(1 744)	(2 949)	(1 652)	(6 345)	(5 076)	(4 148)	1	(9 223)		(9 223)
Other operating income[2]	10	20	48	78	375	271	3	649	(491)	158
Other operating expenses[2]	(140)	(159)	(231)	(530)	(1 300)	(1 042)	(6)	(2 347)	491	(1 856)
Segment results	(351)	906	232	787	4 414	2 475	(3)	6 886		6 886
Income from investments	7	12	32	51	291	15	–	306	(10)	296
Finance cost	(14)	(70)	(3)	(87)	(22)	(26)		(48)	10	(38)
Profit from associate[3]	–	–	–	–				–		–
Income from joint venture[4]	–	–	–	–		(506)		(506)		(506)
Capital items before taxation	(1 344)	–	–	(1 344)	(1)	(179)		(180)		(180)
Taxation	317	(251)	(134)	(68)	(1 285)	(626)		(1 911)		(1 911)
(Loss)/profit after taxation	(1 385)	597	127	(661)	3 397	1 153	(3)	4 547		4 547
Non-controlling interest	–	(275)	(22)	(297)				–		–
Consolidation adjustment[5]	–	–	–	–				–	(45)	(45)
Contribution to basic (losses)/earnings	(1 385)	322	105	(958)	3 397	1 153	(3)	4 547	(45)	4 502
Contribution to headline (losses)/earnings	(315)	322	105	112	3 398	1 611	(3)	5 005	(45)	4 960
Other information										
Segment assets including investment in associate	520	5 168	2 756	8 444	12 057	10 897	–	22 953	(685)	22 268
Investment in associate	–	–	–	–				–		–
Investment in joint venture	–	–	–	–				–		–
Segment liabilities	511	1 465	435	2 411	3 433	2 336	–	5 769	(3 347)	2 422
Unallocated liabilities (taxation and deferred taxation)										
Consolidated total liabilities										
Cash (outflow)/inflow generated from operations	(89)	1 229	599	1 739	4 100	3 077	–	7 177		7 177
Cash (outflow)/inflow from operating activities	(86)	761	623	1 298	1 428	2 827	–	4 255	1 658	5 913
Cash (outflow)/inflow from investing activities	(146)	(436)	(131)	(713)	(1 020)	(1 033)	–	(2 053)		(2 053)
Cash (outflow)/inflow from financing activities	(7)	(66)	(164)	(237)				–		–
Capital expenditure	168	587	130	885	1 049	1 155	–	2 204	(96)	2 108
Amortisation and depreciation	110	319	95	524	729	341	–	1 069	(32)	1 037
Impairment before tax	1 344	–	–	1 344		528		528		528
EBITDA	(241)	1 225	327	1 311	5 142	2 816	(3)	7 955	(32)	7 923

There were no significant inter-company sales.

1 *Includes IFRS 11 Joint Arrangements adjustments related to ARM Ferrous.*
2 *The remeasurement of the ARM Coal loans had an impact of R25 million loss with no tax effect. The remeasurement of the Modikwa loans amount to R12 million loss.*
3 *The remeasurement of the ARM Coal loans had an impact of R55 million profit with no tax effect. Impairment reversal included in income from associate are R3 million less tax of R1 million.*
4 *Impairment loss included in income from joint venture of R528 million before tax of R6 million.*
5 *Relates to capitalised fees in ARM Ferrous and reversed upon consolidation.*

	ARM Corporate					IFRS adjustment			
ARM Coal	Machado-dorp Works	Corporate and other	Gold	Total Corporate	Total continuing	ARM Ferrous[1]	Other	Total IFRS adjust-ment	Total per IFRS
1 162	88	–		88	26 641	(17 807)	–	(17 807)	8 834
(1 019)	(103)	50		(53)	(16 640)	9 223	(32)	9 191	(7 449)
201	1	599		600	1 037	(158)	95	(63)	974
(12)	(39)	(994)		(1 033)	(3 431)	1 856	–	1 856	(1 575)
332	(53)	(345)		(398)	7 607	(6 886)	63	(6 823)	784
11	–	272		272	630	(296)		(296)	334
(167)	(6)	(49)		(55)	(347)	38		38	(309)
276		–		–	276	–		–	276
–		–		–	(506)	506	4 502	5 008	4 502
(1)	(146)	–		(146)	(1 671)	180		180	(1 491)
(38)	23	(141)		(118)	(2 135)	1 911	(18)	1 893	(242)
413	(182)	(263)		(445)	3 854	–	–	–	3 854
–		(3)		(3)	(300)			–	(300)
–		45		45	–	–		–	–
413	(182)	(221)		(403)	3 554	–	–	–	3 554
411	(36)	(221)		(257)	5 226	–	–	–	5 226
4 962	208	4 530	2 370	7 108	42 782	(5 566)		(5 566)	37 216
1 837				–	1 837			–	1 837
–				–	–		16 702	16 702	16 702
1 319	268	1 888		2 156	8 308	(2 422)		(2 422)	5 886
					4 771		(3 144)	(3 144)	1 627
					13 079			(5 566)	7 513
281	5	98		103	9 300	(7 177)		(7 177)	2 123
284	5	(2 028)		(2 023)	5 472	(5 913)	3 315	(2 598)	2 874
(214)		(344)		(344)	(3 324)	2 053		2 053	(1 271)
(63)		19		19	(281)	–		–	(281)
244		5		5	3 242	(2 108)		(2 108)	1 134
163	2	3		5	1 729	(1 037)		(1 037)	692
3	146	–		146	2 021	(528)		(528)	1 493
495	(51)	(342)		(393)	9 336	(7 923)	63	(7 860)	1 476

FINANCIAL SUMMARY AND STATISTICS

for the year ended 30 June 2020

R million, unless stated otherwise	Compounded annual growth rate %	Group F2020	F2019	F2018	F2017
Income statement					
Sales	1	**11 653**	8 834	8 142	8 158
Basic earnings		**3 965**	3 554	4 562	1 372
Headline earnings	12	**5 534**	5 226	4 814	3 196
Basic earnings per share (cents)		**2 042**	1 848	2 393	723
Headline earnings per share (cents)	13	**2 850**	2 718	2 526	1 684
Interim dividend declared per share (cents)		**500**	400	250	–
Final dividend declared per share (cents)		**700**	900	750	650
Total dividend declared per share (cents)		**1 200**	1 300	1 000	650
Statement of financial position					
Total assets	4	**42 548**	37 216	34 305	32 246
Cash and cash equivalents	7	**5 715**	4 632	3 291	1 488
Total interest bearing borrowings	(5)	**1 925**	2 030	2 296	2 759
Shareholders' equity	6	**34 108**	29 703	27 378	24 040
Statement of cash flows					
Cash generated from operations	1	**3 866**	2 123	1 934	1 611
Net cash outflow from investing activities	0	**(2 343)**	(1 271)	(381)	(640)
Net cash (outflow)/inflow from financing activities		**(274)**	(281)	(355)	(1 865)
Exchange rates					
Average rate US$1 = R	8	**15.68**	14.19	12.84	13.60
Closing rate US$1 = R	9	**17.36**	14.09	13.72	13.05
JSE Limited performance					
Ordinary shares (Rands) – high	(1)	**193**	188	141	127
– low	(3)	**82**	107	78	67
– year-end	0	**169**	182	109	84
Volume of shares traded (thousands)	2	**168 667**	141 460	161 439	212 900
Number of ordinary shares in issue (thousands)	0	**223 326**	222 008	219 709	218 702
Financial statistics	Definition number				
Liquidity ratios (times)					
Current ratio	1	**3.7**	2.4	2.6	1.7
Quick ratio	2	**3.5**	2.2	2.4	1.4
Cash ratio	3	**27.2**	8.5	19.3	5.0
Profitability (%)					
Return on operational assets	4	**18.2**	5.2	12.0	1.8
Return on capital employed	5	**21.8**	17.5	19.1	12.3
Return on equity	6	**17.2**	18.5	18.6	13.6
Gross margin	7	**35.7**	15.7	17.3	14.8
Operating margin	8	**28.1**	8.9	20.5	2.6
Debt leverage					
Interest cover (times)	9	**20.6**	19.1	16.7	9.2
Gross debt to equity ratio (%)	10	**6**	7	8	11
Net debt to equity ratio (%)	11	**(11)**	(9)	(4)	5
Other					
Net asset value per share (R/share)	12	**144**	127	118	107
Market capitalisation	13	**37 776**	40 405	23 948	18 371
Dividend cover (times)	14	**4.07**	3.02	3.37	2.59
EBITDA	15	**3 923**	1 476	2 443	794
EBITDA margin (%)	16	**34**	17	30	10
Effective tax rate	17	**18**	6	10	(35)
Effective tax rate excluding capital items	18	**16**	9	10	7

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.

1 **Current ratio (times)** Current assets divided by current liabilities.
2 **Quick ratio (times)** Current assets less inventories divided by current liabilities.
3 **Cash ratio (times)** Cash and cash equivalents divided by overdrafts and short-term borrowings less overdrafts.
4 **Return on operational assets (%)** Profit from operations divided by tangible assets (property, plant and equipment and current assets) excluding capital work in progress.
5 **Return on capital employed (%)** Profit before capital items and finance costs, divided by average capital employed. Capital employed comprises non-current and current assets less trade and other payables and provisions.
6 **Return on equity (%)** Headline earnings divided by ordinary shareholders' interest in capital and reserves.
7 **Gross margin (%)** Gross profit divided by sales
8 **Operating margin (%)** Profit from operations before capital items divided by sales.
9 **Interest cover (times)** Profit before capital items and finance costs divided by finance costs.

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

Group						
F2016	F2015	F2014	F2013	F2012	F2011 Rm	F2010
8 164	9 263	10 004	7 342	17 530	14 893	11 022
(565)	104	3 289	1 634	3 438	3 366	1 812
1 051	1 744	4 108	3 737	3 451	3 374	1 714
(265)	48	1 521	759	1 609	1 581	854
494	803	1 900	1 735	1 615	1 585	807
–	–	–	–	–	–	–
225	350	600	510	475	450	200
225	350	600	510	475	450	200
35 127	35 283	36 458	33 839	35 316	32 386	28 233
1 316	2 257	2 150	1 965	3 564	3 668	3 039
5 551	3 882	3 502	3 992	3 237	3 069	3 346
24 581	26 905	28 199	25 463	24 405	22 170	18 529
1 225	2 508	2 073	1 565	5 969	5 988	3 430
(799)	(1 980)	(1 222)	(1 720)	(4 077)	(3 382)	(2 324)
(558)	(304)	(759)	474	179	(588)	(729)
14.68	11.45	10.36	8.83	7.77	6.99	7.59
14.51	12.16	10.63	9.93	8.16	6.76	7.67
116	203	240	209	199	236	206
35	81	143	139	159	146	117
92	83	187	150	166	189	161
202 914	124 582	110 911	113 003	98 740	121 051	138 241
222 008	217 491	216 748	215 625	214 852	213 133	212 692
1.2	1.7	1.9	1.9	2.4	2.4	2.2
1.0	1.5	1.6	1.5	1.8	1.8	1.7
1.8	4.0	3.6	6.5	5.2	12.6	5.9
4.2	5.8	9.3	7.1	20.1	24.1	15.2
5.8	6.9	15.0	14.1	17.7	19.8	12.0
4.4	6.8	15.4	15.5	14.9	15.9	9.6
9.9	15.2	24.7	20.1	34.6	40.4	32.1
8.0	11.2	16.7	16.0	29.8	36.3	26.5
6.1	9.3	19.1	21.9	23.7	25.4	16.0
23	14	12	16	13	14	18
17	6	5	8	n/a	n/a	2
109	118	123	112	108	99	84
20 058	17 993	40 538	32 292	35 670	40 176	34 243
2.19	2.29	3.17	3.40	3.40	3.52	4.04
1 185	2 087	2 620	1 982	6 531	6 517	3 907
14	23	26	27	37	44	35
(1)	83	13	(5)	31	32	34
2	23	14	10	31	32	35

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 capital items.

16 **EBITDA margin (%)** EBITDA divided by sales.

17 **Effective tax rate** Taxation in the income statement divided by profit before tax.

18 **Effective tax rate excluding capital items** Taxation in the income statement less tax on capital items divided by profit before tax and capital items.

Material matters

In F2020, material matters were reviewed against board and executive committee deliberations, feedback from formal and informal engagements with stakeholders during the year, a review of media reports and peer analysis. While the impact of the Covid-19 pandemic clearly dominated the short-term view, other material matters previously reported remained broadly relevant for the current period although some components and descriptions have changed.

	COMPONENTS	F2020 RESPONSES
Delivering financial returns to shareholders and other providers of capital	• Negative economic outlook • Financial impact of Covid-19 • Business continuity and cybersecurity preparedness • Addressing loss-making and cash-negative operations • Efficient capital allocation.	• ARM's strong cash position enabled us to navigate a challenging environment while continuing to invest in our business and pay dividends. It also gives us flexibility to pursue value-enhancing growth opportunities aligned to our strategy • Business continuity plans were implemented seamlessly, including cybersecurity • All operations were headline earnings positive except Nkomati Mine which is being scaled down and ARM Coal.
Continuously improving operational performance	• Above inflation cost escalations due to lower volumes • Disruption in global or local supply chains required to sustain production • Consistency and security of water supply at the Northern Cape operations • Progressing the Black Rock Mine and Gloria modernisation projects on schedule and in budget.	• Unit costs were affected by lower production volumes. Managing costs remains a management focus • Northern Cape operations continued to work with the Sedibeng Water Board to progress refurbishment of the water pipeline. A capital user charge was implemented which impacted unit costs • The Black Rock and Gloria modernisation projects are progressing well but were delayed due to Covid-19.
Ensuring a safe, healthy and appropriately skilled workforce	• Managing spread of Covid-19 at the operations • Continuous improvement in the safety performance at all operations • Attracting and retaining key skills, particularly at Nkomati Mine.	• Strict protocols to prevent spread of Covid-19 were implemented at all operations • 934 employees have tested positive for Covid-19 of which 96% have recovered • Black Rock Mine achieved 8 million fatality-free shifts • Deteriorating safety performance is being addressed through focused programmes and skills training • Global safety specialist deployed at Modikwa to assist in improving the safety culture.
Maintaining our social licence to operate	• Increase in community expectations • Community unrest.	• Each operation contributed to mitigating the impact of Covid-19, while continuing to invest through social and labour plans, local economic development and corporate social investment spanning infrastructure, education, health, skills development and job creation in our host communities • ARM works with community forums, municipalities and government on community investment.
Ensuring responsible stewardship of natural resources	• Unreliable water supply in Northern Cape • Climate change and reducing carbon emissions • Efficient energy use • Responsible water use • Safe and responsible management of tailings.	• Further refinement of reporting in terms of the water accounting framework. • Additional comprehensive reporting introduced for climate change and water management in the supplementary report on climate change and water • External review and dam breach analysis of tailings storage facilities completed.

Strategy

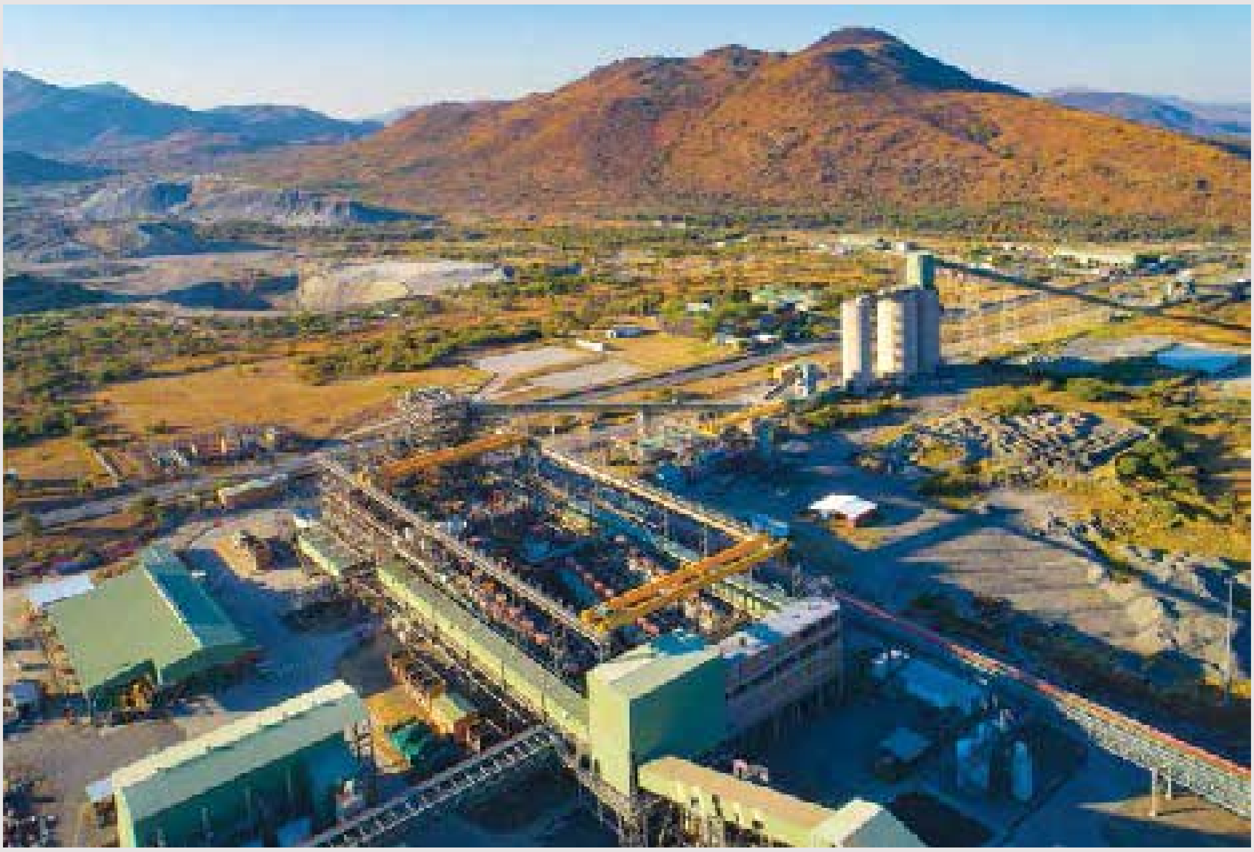
ARM
African Rainbow Minerals

STRATEGY

DELIVER COMPETITIVE RETURNS AND CREATE SUSTAINABLE VALUE FOR ALL STAKEHOLDERS

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

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



DELIVER COMPETITIVE RETURNS AND SUSTAINABLE VALUE

While our broad strategy remains in place, the Covid-19 pandemic and lockdown added a number of short-term issues that, in turn, shifted the priority of some strategic objectives.

	Operate our portfolio of assets safely, responsibly and efficiently	Allocate capital to value-creating investments	Focus on value-enhancing and integrated growth
Strategic objectives	• Operational efficiencies • Target below-inflation unit cost increases at all operations, with all operations to be below 50th percentile of each commodity's global cost curve • Employer of choice • Value-enhancing acquisitions and partnerships • Ensuring legal compliance.	• Ongoing quality growth in our portfolio of commodities • Invest in our existing business and growth while paying dividends in line with our capital allocation guiding principles (see page 33).	• Focus on maximising profit margins • Explore merger and acquisition opportunities • Research integration opportunities in improved energy-efficient smelting technology.
How	• Continue to invest in sustaining our current operations • Invest in efficiency-improvement technologies • Explore improvements in plant efficiencies, grades and value-in-use to maximise prices realised for our commodities.	• Pay ordinary dividends to shareholders equal to 40–70% of annual dividends from group companies • Invest in growth opportunities that meet ARM's hurdle rates • Consider buying our own shares if appropriate and benchmark investment opportunities to returns of a share buyback • Maintain a robust and flexible financial position.	• Pursue merger and acquisition opportunities that meet hurdle rates • Pilot improved smelting technology and prove at commercial scale • Continue to assess current portfolio for disposal opportunities or points of exit.
Measured by KPI	• Position on global margin curves • Unit cost increases at each operation relative to mining inflation.	• Dividend per share • Net debt to equity ratio • Internal rate of return for share buyback • Predefined hurdle rates as per capital allocation guiding principles.	• Internal rate of return • Production volumes from pilot to commercial scale of smelting technology • Energy consumption in smelting process.

Enabled by

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

Underpinned by our values

- Aim for **operational excellence** through continuous improvement, using a leading sustainable development framework
- Provide a **safe and healthy work environment** for all our people; 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. This 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 communities** where we operate by creating jobs, investing in projects that directly benefit them, providing skills training that equips them for employment and supporting enterprise development in our host communities
- Work responsibly to **balance the economic, social and environmental aspects** of our business, which are in turn essential to the sustainability of our company
- Maintain the highest standard of **corporate governance.**

Risks

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

In view of this, the generally accepted definition of risk in ISO 31000 is as follows:

"Risk is the effect of uncertainty on objectives"

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

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

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

CGR Refer to the corporate governance report for more detailed information on ERM

The risk-rating methodology links strategic factors to impact factors as shown below:

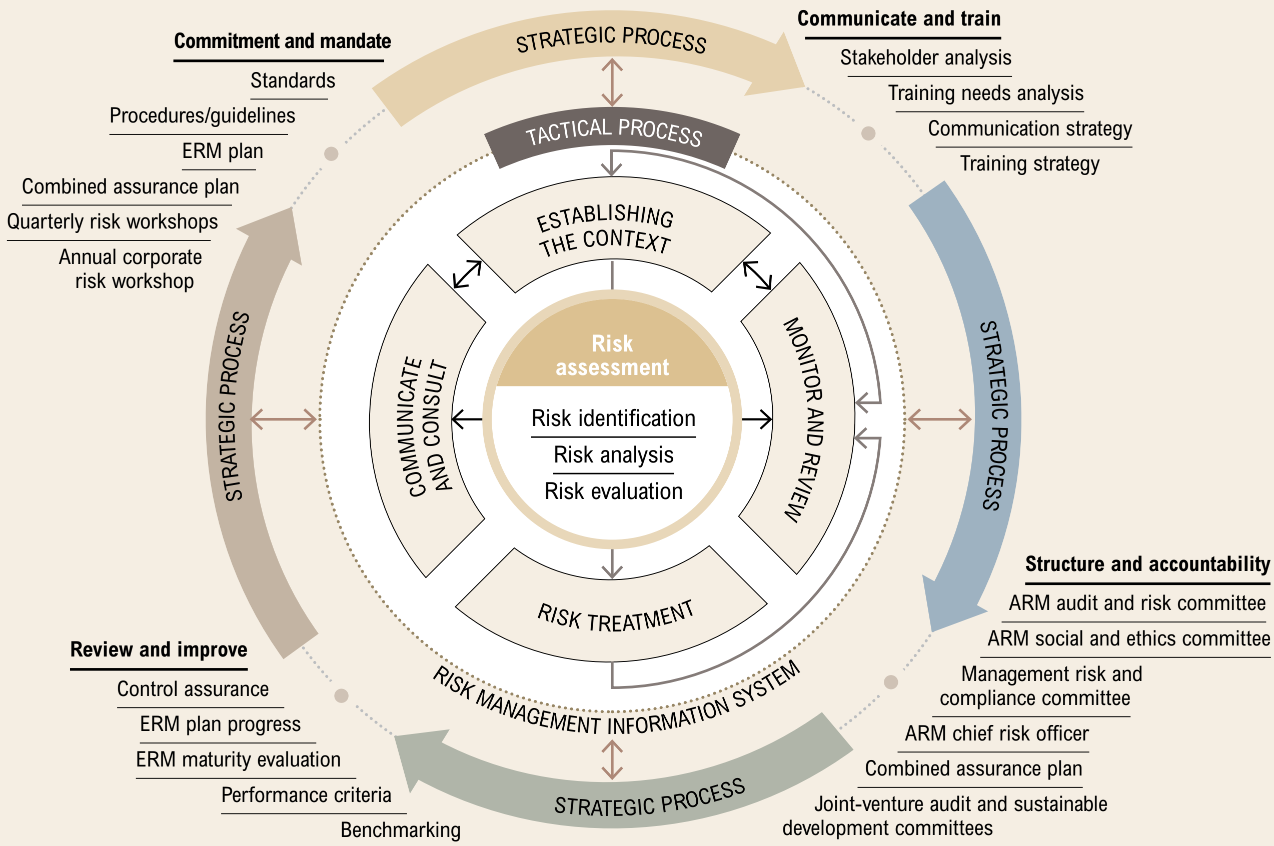
STRATEGIC INTENT FACTORS

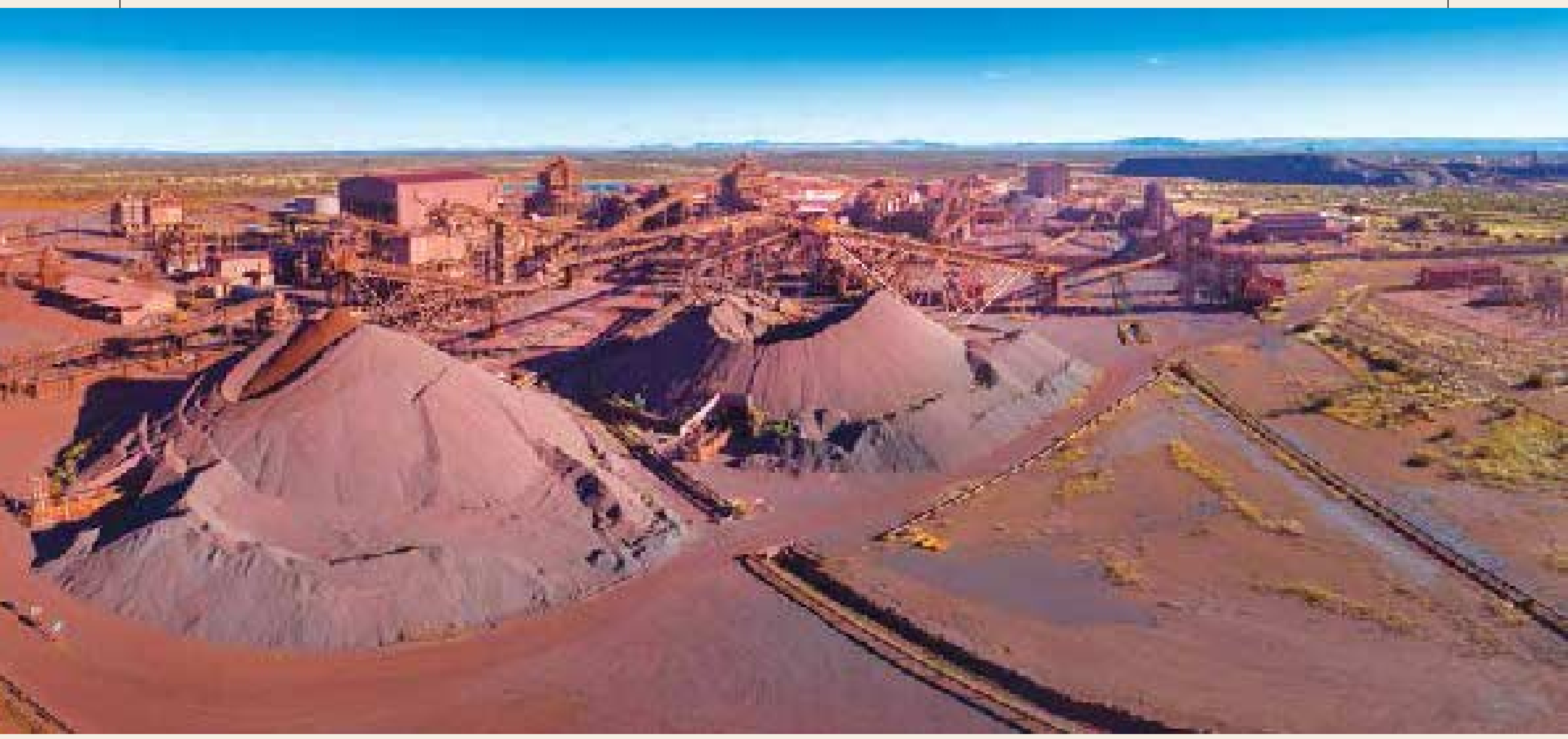
Strategic intent factor	Impact factors
Focus on the efficient allocation of capital	1, 3, 4
Aim for value-enhancing integrated growth	1, 5, 7, 8, 10
Sustaining and improving our financial position	1, 3, 10
Maintaining a safe and healthy working environment	2, 5, 10
Improving operational efficiencies and containing unit cost increases by using technological advances	1, 4, 5, 6, 10
Partnering with and investing in the personal and professional wellbeing of our employees	7, 8
Improving relationships with our key stakeholders	6, 7, 8
Remain responsible stewards of our environmental resources	1, 4, 5, 7, 8, 9

IMPACT FACTORS

1	Financial	6	Employee relations
2	Safety and health	7	Stakeholders (internal and external)
3	Project management	8	Corporate image and reputation
4	Operations	9	Environment
5	Legal and compliance	10	Information technology (IT)

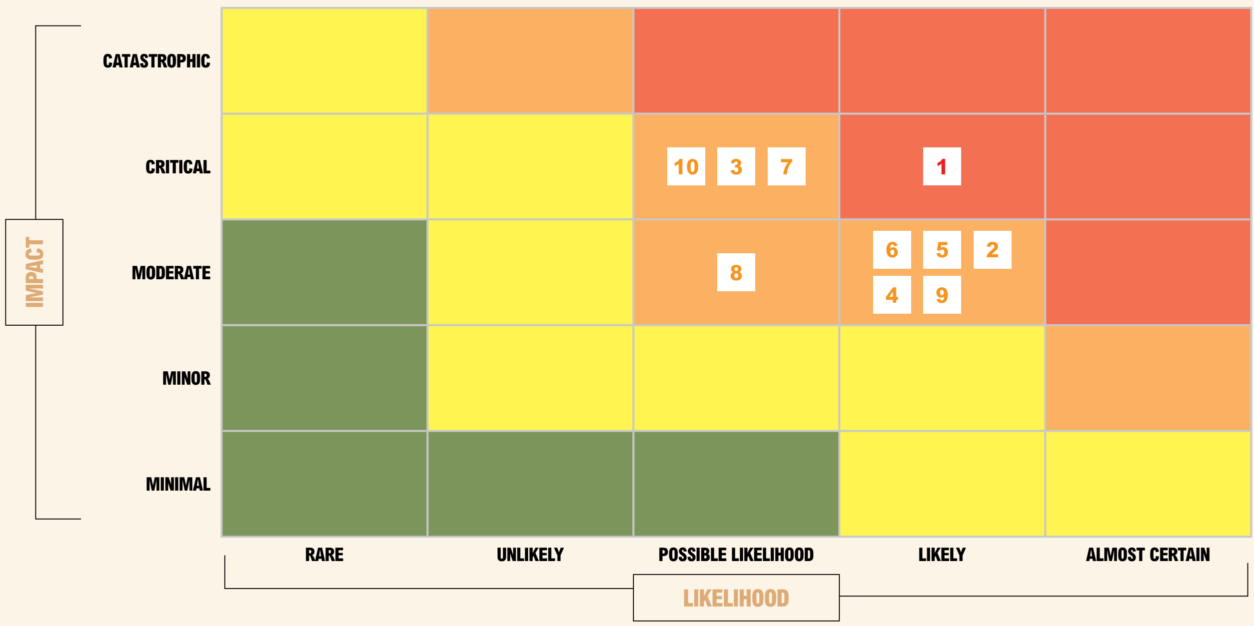
A MATURE RISK MANAGEMENT UNIVERSE





RISKS continued

MANAGING OUR RISKS



	RISK	STRATEGIC INTENT FACTOR	VALUE IMPACT	CONTROLS
1	**Uncontrolled spread of Covid-19 virus at one or more operations**	Maintaining a safe and healthy work environment	The business interruption leads to a negative impact on profitability	• Strict measures and protocols to prevent the spread of Covid-19 and protect employees and contractors have been implemented and are ongoing across all operations • Support and collaboration with local host communities and SMMEs • Ensuring safe transport arrangements within host communities for employees.
2	**Cost escalations above inflation due to suppressed production**	Improving operational efficiencies and containing unit cost increases	Negatively affects our ability to produce efficiently	• Assessment of team productivity • Labour scheduling and miner requirement analysis • Operational optimisation • Supervision management, capability assessment and coaching programme.
3	**Disruption in the global or local supply chain required to sustain production**	Improving operational efficiencies and containing unit cost increases	The business interruption leads to a negative impact on profitability	• Customer relationship management • Business continuity planning.
4	**Uncertain economic outlook**	Focussing on the efficient allocation of capital	A sustained depression of the price adversely affects revenue and capital allocation	• Diversification of commodities • Board approved capital allocation within the delegation of authority framework • Capital allocation framework as guiding principles.
5	**Financial impact of Covid-19**	Improving our financial position	Both the direct and indirect cost of lockdown in terms of business interruption and management time, start up difficulties and general work place turmoil is of a similar magnitude	• Maintain a strong cash position • Scenario planning.

	RISK	STRATEGIC INTENT FACTOR	VALUE IMPACT	CONTROLS
6	**Unreliable water supply in Northern Cape**	Remain responsible stewards of our environmental resources	The availability of water, as well as the socio-economic impact of water on the surrounding communities	• Sedibeng water project • Water purification project • Water balance model.
7	**Business continuity preparedness**	Maintaining a safe and healthy work environment	Negatively affects our ability to produce efficiently	• Scenario planning • Consistent framework for business continuity planning.
8	**Increase in community expectations**	Improving our relationship with key stakeholders	The business interruption leads to a negative impact on profitability	• Community structures • Relationship building • Regular meetings with communities.
9	**Organisational culture change**	Partnering with, and investing in the personal and professional well-being of our employees	Negatively affects our ability to produce efficiently	• Wellness program • Prioritisation of capacity building; • Investment in skills development • Benchmarking against industry good practice.
10	**Preparedness for cyber breach**	Maintaining a safe and healthy work environment	Negatively affects our ability to produce efficiently	• Antivirus, malware and anti-spamming software • Deployment of security patches • Data recovery and hard copies of data • Effective infrastructure.

Key stakeholder engagement

ARM's success and our ability to create value is inextricably linked to the value we create for others. The sustainability of our operations depends on our ability to appropriately balance the needs, interests and expectations of our stakeholders with those of the group.

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

The information we receive from regular interactions with our stakeholders helps to create a broader context and provide us with new ideas. These engagements also inform our most material matters, risks and opportunities and provide input into the strategy and long-term direction.

ARM's stakeholder communication policy is contained in the Code of Conduct and includes measurable outcomes for all engagements. Formal and informal engagements occur at the corporate, divisional and operational level as appropriate to the stakeholder and operational engagement reports record the content of engagements to ensure that learnings are documented and shared effectively. Stakeholder and community engagement are agenda items at operational, divisional and board meetings.

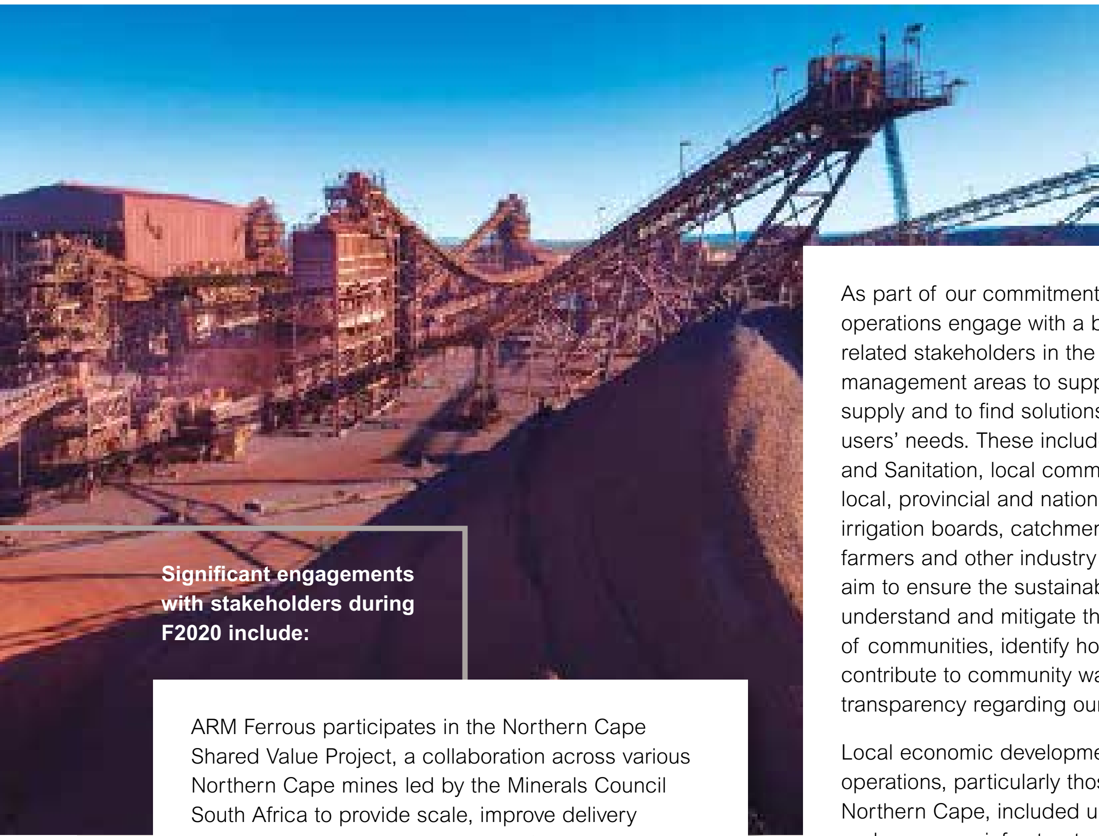
Senior executives responsible for stakeholder engagement include:

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

KEY STAKEHOLDERS AND THEIR MATERIAL CONCERNS

Our key stakeholders and their most material concerns are shown in the table below. More information regarding our stakeholders, our primary engagement channels, stakeholder concerns and how we address these is available in the sustainability report.

STAKEHOLDER GROUPS	MATERIAL CONCERN	AREAS OF INTEREST	MATERIAL MATTERS	INITIATIVES IN RESPONSE
Government **Customers** **Labour and unions** **Employees**	**Being a responsible employer**	Health and safety of our workforce		• Comprehensive wellness programme; • Policies and management systems align with ISO 9001 (quality); OHSAS 18001, ISO 45001 (safety and occupational health) and SANS 16001 (wellness and disease management) systems • Return to work procedures implemented after lockdown and ongoing in line with the protocols from the MCSA and guidelines from the DMRE and DoH • Regular internal and external assurance.
Labour and unions **Communities and NGOs** **Employees**		Skills development		• ARM's human resources (HR) strategy prioritises capacity building • Investment in skills development • Benchmarking against industry good practice.
Government **Customers** **Communities and NGOs** **Industry Associations**	**Corporate citizenship**	Environmental responsibility		• Alignment with the ICMM Sustainable Development Framework • ISO 14001-aligned operational environmental management systems • Regular internal and external assurance • Engagements with civil society organisations as required to understand their concerns and provide additional information regarding ARM's approach to environmental stewardship.
Government **Communities and NGOs** **Industry Associations**		Social responsibility		• Significant investments in building capacity in local communities through corporate social investment and local economic development initiatives • Coordinated industry-level and direct community support during Covid-19.
Government **Suppliers** **Labour and unions**		Transformation		• Transformation is embedded into all business processes and particularly HR, procurement and corporate social responsibility • Performance is assessed against the Mining Charter and dti Codes • Assistance provided to support the sustainability of SMME suppliers during Covid-19.
Joint venture partners **Shareholders and other providers of capital** **Industry associations** **Labour and unions**	**Financial sustainability**	Financial performance		• Enterprise risk management incorporating elements of ISO 31000 and King IV™ • Strong internal controls, compliance, governance and combined assurance framework • Various interventions to improve operational efficiencies and contain unit cost increases • Regular feedback on the financial impact of Covid-19 and response initiatives • Robust combined assurance program effecting regular internal and external assurance.
Labour and unions **Communities and NGOs** **Shareholders and other providers of capital** **Suppliers**		Fair exchange of value		• Equitable remuneration practices • Significant investment in communities • Returns for shareholders and consistent dividend payer • Fair payment terms • Support provided to communities, SMMEs and suppliers during Covid-19.



Significant engagements with stakeholders during F2020 include:

ARM Ferrous participates in the Northern Cape Shared Value Project, a collaboration across various Northern Cape mines led by the Minerals Council South Africa to provide scale, improve delivery success and increase the impact of community investment programmes. The collaboration pledged R33.9 million to provide emergency relief to local communities identified through engagement with the Department of Health, Department of Social Development and the district municipality.

SR These initiatives as well as the direct support provided by ARM operations are discussed in more detail in the sustainability report.

The executive chairman of ARM, Dr Patrice Motsepe, announced on 28 March 2020 that his family, in partnership with companies and organisations that they are associated with including ARM, have pledged R1 billion to assist with South Africa's and Africa's response to the challenges presented by the Covid-19 pandemic. As part of the pledge, ARM has contributed towards the purchase of personal protective equipment (PPE) for health care workers.

The Raith Foundation (a social justice non-profit organisation (NPO) and ARM shareholder) and Just Share (a shareholder activist NPO) engaged ARM on climate change. As part of the request to disclose GHG emissions related to the ARM/Glencore joint venture operations, ARM committed to engage Glencore as the managing partner and to provide emissions data related to those operations in the F2020 sustainability report.

As part of our commitment to water stewardship, our operations engage with a broad range of water-related stakeholders in the respective catchment management areas to support sustainable water supply and to find solutions appropriate to all water users' needs. These include the Department of Water and Sanitation, local communities, authorities at the local, provincial and national levels, water forums, irrigation boards, catchment management agencies, farmers and other industry users. The engagements aim to ensure the sustainability of water resources, understand and mitigate the water-related concerns of communities, identify how operations can contribute to community water security and increase transparency regarding our operations.

Local economic development projects supported by operations, particularly those in the water-scarce Northern Cape, included upgrades to essential water and sewerage infrastructure. The operations' response to Covid-19 included a focus on providing water to local communities for sanitation and as drinking water through the supply of water tanks and water infrastructure as well as supply by mine water trucks.

Modikwa Mine engaged the Makgoshi and other community leaders in their host communities to explain the impact and mitigating interventions the mine had taken regarding the Rustenburg ACP (force majeure). Crucial information on Covid-19 was shared as well as the precautions the mine was taking to protect employees and communities along with tips of what community members could do to limit the spread of the virus.

Beeshoek, Black Rock and Khumani mines continue to partner with the Northern Cape Department of Health to strengthen the implementation of the provincial tuberculosis (TB), HIV & Aids, STIs and chronic diseases strategies. The partnerships build capacity of local clinic staff and engage communities and other stakeholders to decrease the morbidity and mortality associated with these diseases. Modikwa Mine has an equivalent agreement with the Department of Health in Limpopo and Two Rivers Mine is finalising a similar agreement.

The ARM Ferrous and ARM Platinum operations contributed R58 million towards various Covid-19 response in host communities including the purchase of PPE and medical equipment and the supply of water of food parcels in host communities as well as radio and print awareness campaigns. The operations also provided support and relief to small, micro and medium enterprises (SMMEs) affected by Covid-19.

SR More information on these initiatives is available in the sustainability report.

Nkomati Mine is engaging with a range of stakeholders in preparation for the closure of the mine. This includes consultations with communities and municipalities to determine the socio-economic status of each community and the potential impact of the mine closure to identify focus areas to address community needs.

Employee engagement has been a significant focus at the mine and employees are being supported with counselling, financial planning advice, outplacement services and reskilling as well as skills development. Focused monitoring and lifestyle coaching, financial coaching sessions and counselling sessions through the employee assistance programme are being provided to address increased stress related to the imminent closure of the mine.

STAKEHOLDER ENGAGEMENT FOCUS AREAS FOR F2021:

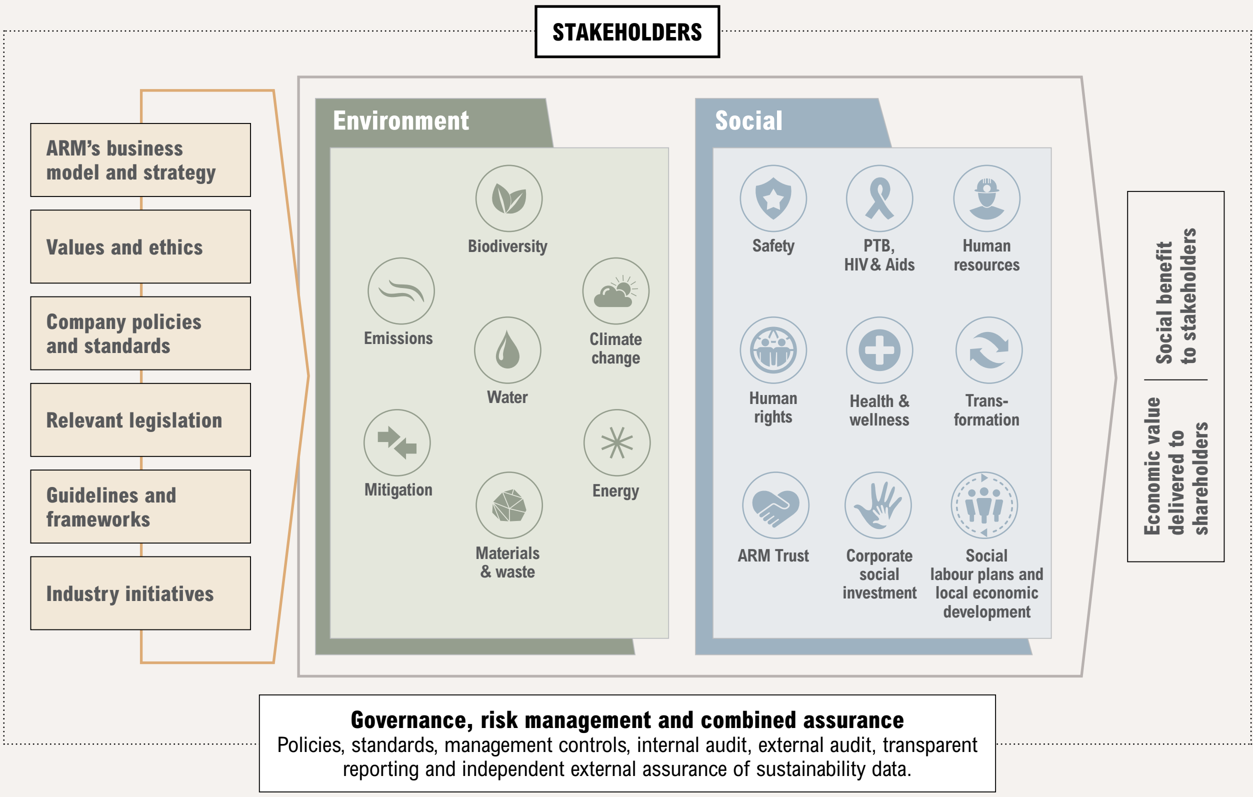
- Continue to ensure effective stakeholder engagement
- Conclude stakeholder engagements required for the closure of Nkomati Mine

Approach to sustainability

ARM'S SUSTAINABLE DEVELOPMENT MODEL

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

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



These inputs include:

- Our values and ethics, which drive our commitment to sustainable development and underpin our business model and strategy
- Relevant group policies and standards that formalise our approach to sustainability
- ARM regards regulatory compliance as the minimum requirement for sustainable development, rather than the end goal. Developments in relevant current and proposed legislation and regulations are consequently key inputs in our approach to sustainable development
- Ongoing review of and participation in industry good practice, reporting requirements and guidelines that apply to sustainable development at our operations. These include King IV™ and the GRI Standards
- International and national industry initiatives that support continuous improvement. ARM is a member and active participant in the International Council on Mining and Metals (ICMM) and the Minerals Council South Africa.

The Code is available in the Corporate Governance section of our website at **www.arm.co.za**.

Sustainability performance year-on-year

Performance indicator	F2020	F2019	F2018	F2017	F2016
Economic and related core baseline indicators					
Sales (Rm)	**27 370**	26 641	21 916	21 298	19 072
Taxes (Rm)	**2 805**	2 135	2 023	858	478
Headline earnings (Rm)	**5 534**	5 226	4 814	3 196	1 051
EBITDA (Rm)	**11 009**	9 336	8 024	6 372	3 964
Number of environmental administrative penalties/fines	**–**	–	–	–	–
Employee indicators – on a 100% basis – as at 30 June 2020[1]					
Total number of ARM employees and contractors	**20 998**	21 417	21 862	24 106	23 128
– Employees (permanent)	**12 678**	12 771	12 420	13 218	13 793
– Contractors (mainly used in capital projects)	**8 320**	8 646	9 442	10 871	9 319
– Expatriates	**–**	–	–	17	16
Employee turnover (excluding contractors) (%)	**6.3**	5.7	6.9	1.1	15
Investment in employee training and development					
– Total expenditure (Rm)	**225**	239	239	180	184
– % of payroll	**6.8**	7.7	8.8	6	6.9
Employment equity (% representation of previously disadvantaged groups among permanent employees)					
– Top management	**61**	56	56	42	38
– Senior management	**52**	51	50	49	49
– Professionally qualified	**68**	66	64	60	57
– Technically qualified	**79**	77	75	71	68
Lost time injury frequency rate (LTIFR)/200 000 man-hours[2]	**0.45**	0.42	0.38	0.28	0.32
Reportable/serious accidents	**63**	76	68	47	60
Number of lost man days due to industrial action	**–**	8	5 904	–	3 024
Environmental indicators – on a 100% basis					
Total water withdrawn (m^3) (municipal, surface and groundwater)	**20 267 668**	21 773 440	18 296 551	14 295 993	19 066 300
Energy usage					
– Electricity (MWh)	**1 563 311**	1 658 629	1 656 263	1 784 491	1 820 802
– Diesel (000 litres)	**82 572**	96 055	94 234	87 494	91 974
Emissions (Attributable[3])[4]					
Carbon emissions (equivalent tonnes CO_2)					
– Scope 1 and 2	**1 016 652**	1 102 614	1 026 249	1 047 418	1 077 746
– Scope 1	**194 189**	235 956	235 354	226 744	226 972
– Scope 2	**822 463**	866 659	790 895	820 674	850 774
Direct emissions[4]					
– NOx (tonnes)	**398**	434	461	437	405
– SOx (tonnes)	**274**	298	312	346	316
– Particulate matter (tonnes)	**267**	274	202	242	216
Corporate Social Responsibility (CSR) – on a 100% basis					
Total community upliftment and CSR (Rm)	**130.3**	175.3	167.0	122.8	105.9
– CSI (Rm)	**44.7**	27.4	20.5	22.1	18
– LED (Rm)	**85.6**	147.9	135.3	92.5	80.5
ARM BBEE Trust (Rm) (Projects)	**14.5**	16.4	11.2	8.2	7.4

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

1 Total number of ARM employees, contractors and expatriates as at 30 June 2020.

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

3 Values attributable to shareholding percentages.

4 Direct emissions as a result of smelting operations only at Cato Ridge Works from F2018 to F2020. No smelting operations were conducted at Machadodorp Works after F2017.

Thando Mkatshana
Chief executive –
ARM Platinum

ARM PLATINUM

Key features for F2020

R1 billion increase in headline earnings

Production and sales volumes impacted by operational challenges in 1H F2020 and the **lockdown** in 2H F2020

Significant increase in average realised PGM prices

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

Scale down of Nkomati Mine is progressing well. Cessation of production is planned for February 2021

Material matters

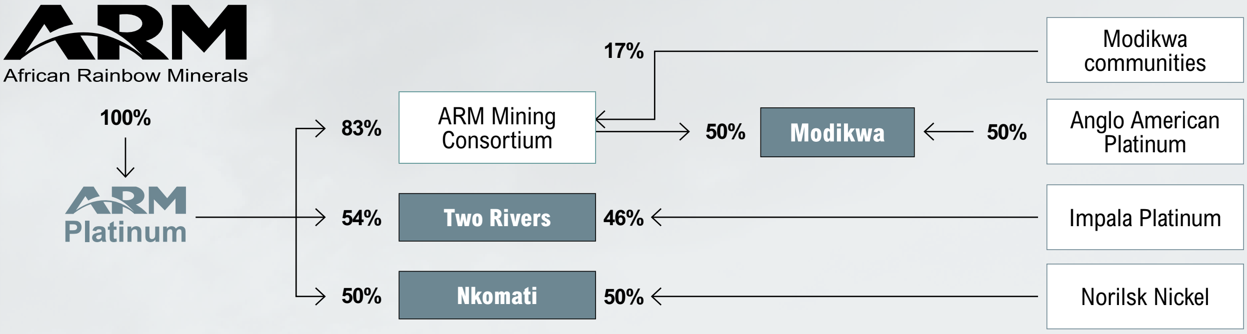
- Grade decline at Two Rivers Mine mainly due to split-reef mining
- Operational performance and constrained mining flexibility at Modikwa Mine
- Lockdown impact on production volumes, unit costs and project execution.

- Continued engagement with stakeholders impacted by Nkomati Mine scale-down including employees, contractors, communities and suppliers
- Supporting host communities during Covid-19 pandemic and lockdown.

- Ensuring appropriate protocols to manage spread of Covid-19
- Declining safety performance at Modikwa Mine.

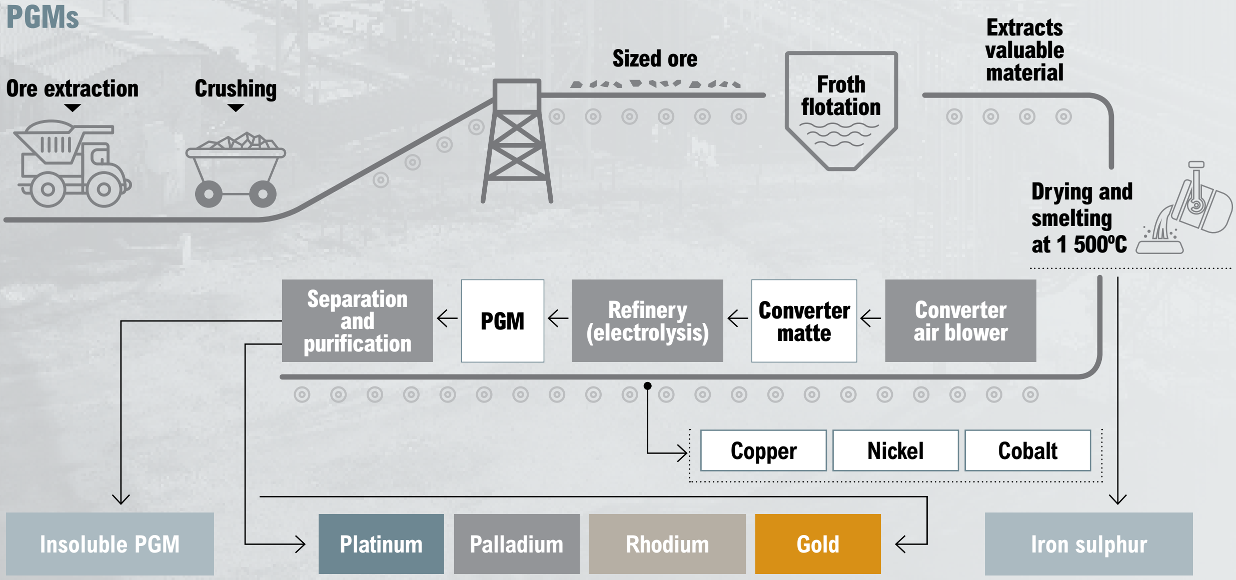
- Provision for rehabilitation at Nkomati Mine.

SOUTH AFRICA



PRODUCTION PROCESS

PGMs



ARM PLATINUM continued

SCORECARD

TWO RIVERS MINE

F2020 OBJECTIVES		F2021 OBJECTIVES
Produce 334 000 6E PGM ounces by improving the selective mining of split reef and increasing mining flexibility while improving the mine's position on the global PGM cost curve	NOT ACHIEVED Production volumes were lower at 261 024 6E PGM ounces, impacted by operational challenges in the flotation circuit in 1H F2020, combined with the lockdown in 2H F2020. The lower volumes negatively impacted unit costs	Produce 277 000 6E PGM ounces by improving the selective mining of split reef and increasing mining flexibility. Focus on improving the mine's position on the global PGM cost curve
Approve and begin construction of concentrator plant expansion	ACHIEVED Expansion of the concentrator plant was approved in December 2019 and construction commenced in July 2020. The project has been delayed by 3 months due mainly due to the lockdown	Completion of the concentrator plant expansion is scheduled for the third quarter of F2022
Achieve sales volumes of 230 000 tonnes of chrome concentrate	NOT ACHIEVED Chrome concentrate sales volumes were 172 000 tonnes, impacted by grade challenges and the lockdown	Achieve sales volumes of 209 000 tonnes of chrome concentrate

MODIKWA MINE

F2020 OBJECTIVES	Status	F2021 OBJECTIVES
Achieve 340 000 6E PGM ounces and improve the mine's position on the global PGM cost curve	NOT ACHIEVED Production volumes were lower at 259 360 6E PGM ounces impacted by grade challenges in 1H F2020 and the lockdown in 2H F2020	Produce 261 000 6E PGM ounces and improve the mine's position on the global PGM cost curve Accelerate strike development to improve mining flexibility
Continue South 2 shaft ramp-up and achieve 55 000 tonnes per month	PARTIALLY ACHIEVED The South 2 shaft system hoisted an average of 58 000 tonnes for the first half of F2020. The second half of the year was negatively impacted by the lockdown while the system was still ramping up production. The South 2 shaft system hoisted an average of 46 000 tonnes for F2020	Continue South 2 shaft ramp-up and achieve 55 000 tonnes per month
Begin constructing the chrome plant for completion in the second quarter of F2021	ACHIEVED Design, procurement and bulk earthworks have largely been completed, with good progress on civil works, structural, mechanical, plate work and piping fabrication and installation	Complete construction and commission the chrome plant in the fourth quarter of F2021

NKOMATI MINE

F2020 OBJECTIVES	Status	F2021 OBJECTIVES
Manage cash flow with minimal funding requirements from partners	ACHIEVED The mine required R132 million of funding from each partner during F2020	Preserve cash to reduce partner funding for the rehabilitation provision
Manage mine's scale down responsibly	ACHIEVED Engagement with affected stakeholders is ongoing. The rehabilitation and decommissioning provision has been increased in line with updated designs and requirements. Cessation of production has been deferred to end-February 2021 due to mining optimisations and the impact of the lockdown	Cease production by end-February 2021

ARM PLATINUM continued

COMMODITY PRICES

PGM prices fared well in F2020 with average realised prices for platinum, palladium and rhodium increasing by 6%, 54% and 144% respectively. The strong prices, coupled with the weaker rand/US dollar exchange rate, resulted in the average rand per 6E kilogram basket price increasing by 73% and 66% to R850 909/kg (F2019: R491 723/kg) and R775 857/kg (F2019: R467 994/kg) for Modikwa and Two Rivers mines, respectively.

US dollar nickel prices were 13% higher, while a 21% decrease in Nkomati Mine's rand chrome price adversely affected the mine's results.

Average US dollar metal prices

	Unit	Average for 12 months ended 30 June 2020	2019	% change
Platinum	US$/oz	**871**	825	6
Palladium	US$/oz	**1 901**	1 233	54
Rhodium	US$/oz	**6 275**	2 567	144
Nickel	US$/t	**13 964**	12 343	13
Copper	US$/t	**5 647**	6 176	(9)
Cobalt	US$/lb	**16**	23	(30)
UG2 chrome concentrate – Two Rivers (CIF[1])	US$/t	**134**	155	(14)
High sulphur chrome concentrate – Nkomati (FOT[2])	US$/t	**48**	66	(27)

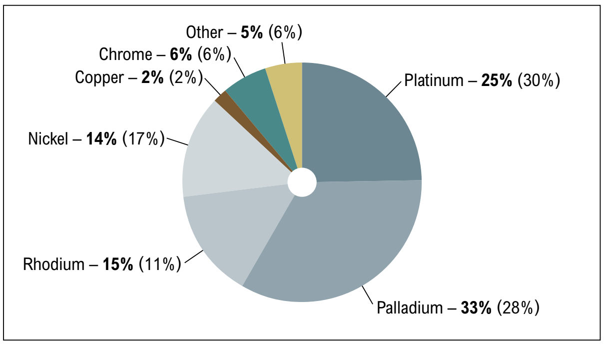
1 Cost, insurance and freight.
2 Free on truck.

Average rand metal prices

	Unit	Average for the 12 months ended 30 June 2020	2019	% change
Exchange rate	R/US$	**15.68**	14.19	11
Platinum	US$/oz	**13 658**	11 713	17
Palladium	US$/oz	**29 812**	17 497	70
Rhodium	US$/oz	**98 399**	36 420	170
Nickel	US$/t	**218 948**	175 140	25
Copper	US$/t	**88 549**	87 636	1
Cobalt	US$/lb	**257**	327	(21)
UG2 chrome concentrate – Two Rivers (CIF[1])	US$/t	**2 100**	2 206	(5)
High sulphur chrome concentrate – Nkomati (FOT[2])	US$/t	**748**	942	(21)

1 Cost, insurance and freight.
2 Free on truck.

ARM PLATINUM REVENUE PER COMMODITY
(F2019 comparative period in brackets)



FINANCIAL PERFORMANCE

Delivering financial returns to shareholders and other providers of capital

ARM Platinum attributable headline earnings increased by R1 030 million to R1 142 million in F2020 (F2019: R112 million) as the PGM operations benefited from higher average realised platinum, palladium and rhodium prices. Two Rivers Mine headline earnings were R1 065 million (F2019: R322 million) while Modikwa Mine headline earnings were R781 million (F2019: 105 million). Nkomati Mine reported an attributable headline loss of R704 million for F2020 (F2019: R315 million) as scaling down in preparation for care and maintenance progressed.

Due to Nkomati Mine approaching the end of its economic life and the planned care and maintenance, the following expenses and provisions were included in the mine's attributable headline earnings:

- A provision relating to an increase in rehabilitation and decommissioning obligations of R384 million
- A provision relating to a tax diesel rebate currently under dispute with the South African Revenue Services of R131 million
- A provision for restructuring costs of R77 million
- An inventory write-down of R76 million
- Offtake penalties for out-of-specification concentrate of R99 million.

Chrome concentrate sales at Nkomati Mine declined by 50%. This, combined with a 27% reduction in average realised US dollar chrome prices, resulted in cash operating profit from chrome decreasing to R42 million (F2019: R314 million).

Investing in the current business

Total capital expenditure for ARM Platinum was R1 451 million (100% basis).

ARM Platinum capital expenditure – 100% basis

Rm	F2020	F2019	Notes
Two Rivers Mine	**813**	587	R220 million was spent on fleet replacement and refurbishment while R317 million related to deepening the Main and North declines.
Modikwa Mine	**638**	260	R131 million related to fleet refurbishment and critical spares, R48 million to the construction of the chrome recovery plant, another R48 million for the North shaft project and 4% for the South shaft project.
Nkomati Mine	**–**	336	
Total	**1 451**	1 183	

Expansion of the Two Rivers Mine concentrator plant to add 40 000 tonnes per month milling capacity, was approved in December 2019. In F2020, the contractor placed partial orders for long lead items, with site mobilisation commencing in July 2020. In order to conserve cash in uncertain times, a decision was taken to proceed with only limited site works, focusing on bulk earthworks and civil works. Ordering of the remaining long lead items was postponed until September 2020 when the mine's financial position will be reassessed to restart the project as previously planned. The additional mill is now expected to be commissioned in the second quarter of F2022 with full ramp up to 360 000 ounces 6E PGMs per annum now expected in the third quarter of F2022.

Construction of the new Two Rivers Mine tailings dam was suspended during the lockdown. Construction restarted in May 2020 as lockdown restrictions eased. To conserve cash, the ordering of new trackless mining machines was delayed by six months to January 2021.

At Modikwa Mine, the North shaft and South 2 shaft projects were initiated to ramp-up production to 400 000 6E PGM ounces per annum. Detail of the projects are as follows:

- **North shaft project** – Deepening the shaft from level 7 to level 9 to establish three new mining levels. Levels 7 and 8 are complete and currently operational. Level 9 decline belt extension and bulkhead infrastructure is complete. Development and equipping of level 9 is on track against the revised schedule.
- **South 2 shaft project** – Scope included establishing a decline system south of the current South 1 shaft infrastructure. The first phase is expected to enhance mining flexibility while contributing to the overall production build-up of the mine. Phase 1 has been completed and South 2 shaft is ramping up to steady-state production.

The Modikwa Mine chrome recovery plant project was approved for construction in 1H F2020. It comprises constructing a chrome spiral plant to recover chrome concentrate from the UG2 concentrator plant tailings stream. Nameplate capacity will be 288 000 tonnes of chrome concentrate per annum. Construction is on schedule and expected to be completed in 2H F2021.

OPERATIONAL PERFORMANCE

Continuously improve operational performance

Two Rivers Mine

PGM volumes decreased by 17% to 261 024 6E PGM ounces (F2019: 313 406 6E ounces). The lower PGMs produced were partially due to challenges in the flotation circuit in July 2019 and the lockdown in 2H F2020. The flotation challenges have since been addressed and plant recoveries returned to normalised levels of 80%. The lockdown impact on volumes in F2020 was some 40 500 6E PGM ounces.

Flexibility in obtaining the optimal blend of ore from split and normal reef sources at Main decline remains a constraint and continues to affect feed grade to the plant. The accelerated sinking programme for Main decline will create more mining flexibility in the next two years through accelerated deepening.

Two Rivers Mine is expanding production to 360 000 6E PGM ounces per annum.

Unit production costs per tonne milled increased by 16% to R857 per tonne (F2019: R736 per tonne) mainly as a result of an 11% decrease in tonnes milled while the rand per PGM ounce unit cost increased by 24% to R9 908/oz 6E (F2019: R8 001/oz 6E) as a result of the 17% decline in 6E PGM ounces produced.

Higher unit production cost increases are expected to improve as volumes recover in F2021 and the mine ramps up production.

ARM PLATINUM continued

Modikwa Mine

PGM volumes decreased by 15% to 259 360 ounces (F2019: 306 930 6E ounces). The lower volumes were mainly due to a 15% decline in tonnes milled combined with a 2% decrease in head grade (due to increased production from lower-grade on-reef development from North shaft).

When the lockdown was implemented in March 2020, Anglo American Platinum (Amplats) had issued Modikwa Mine with a force majeure as a result of the temporary shutdown of its converter plant (which was under repair after an explosion in March 2020). Modikwa Mine continued to deliver concentrate to Amplats with revised payment terms. All payments are expected to be up to date up by April 2021. The impact of lockdown (and other Covid-19 restrictions) on volumes in F2020 was approximately 48 700 6E ounces.

Unit production costs increased by 19% to R11 974/oz 6E (F2019: R10 027/oz 6E) and were 19% higher on a rand per tonne milled basis at R1 598 per tonne (F2019: R1 345 per tonne) due to a 15% decrease in production volumes and increased maintenance costs.

Nkomati Mine

Progress on care and maintenance

Nkomati Mine's plan to scale down ahead of care and maintenance continues to progress. Final production has been delayed to February 2021, mainly as a result of the lockdown and mining optimisations which have extended production marginally.

Estimated rehabilitation costs

The estimates used to determine the rehabilitation provisions and funding of the Nkomati Mine Rehabilitation Trust Fund at 30 June 2019 and 31 December 2019 were determined by independent specialist third parties in accordance with Department of Mineral Resources and Energy (DMRE) guidelines and rates.

In F2020, Nkomati Mine began to update its rehabilitation obligations according to the new Financial Provision Regulations under the National Environmental Management Act 107 1998 (NEMA) and based on a shortened economic life of mine. This assessment was completed in May 2020 and estimated undiscounted rehabilitation costs attributable to ARM at 30 June 2020 are R620 million, excluding VAT (discounted R588 million). This represents an (attributable) increase in the rehabilitation and decommissioning provision of R384 million from 30 June 2019.

This increase is mainly due to:

- The additional prescriptive requirements on methodology under NEMA to determine and report rehabilitation costs
- Cash outflows have been forecast to be disbursed significantly faster, with the bulk in the first five years once operations cease
- Social and labour plan obligations during down-scaling are now included in the provisioning.

The provision at 30 June 2020 is the best independent estimate and based on the most reliable information currently available. It will be re-assessed continually as engineering designs evolve and new information becomes available, as well as when approvals of a revised environmental management plan and water use licence are secured.

At 30 June 2020 R213 million (100% basis) cash and financial assets are available to fund the rehabilitation obligations for Nkomati Mine. The resulting shortfall is expected to be funded firstly from cash generated by Nkomati Mine during the production scale-down period, and subsequently by the joint venture partners.

Nkomati Mine waste mined volumes reduced as part of the plan to scale down the open pit operations and tonnes milled for the year decreased by 19% to 6.62 million (F2019: 8.15 million). Nickel production volumes declined 25% to 10 638 tonnes (F2019: 14 209 tonnes). Both mining and milled volumes were impacted by the temporary cessation of mining operations during lockdown. The impact of lockdown (and other Covid-19 restrictions) on volumes in F2020 was approximately 1 398 tonnes. The mine had 23 264 tonnes of nickel concentrate in stock at 30 June 2020 (30 June 2019: 13 000 tonnes).

On-mine unit production costs in F2020 decreased by 4% to R380 per tonne (F2019: R394 per tonne) unit cash costs net of by-products per nickel tonne produced in F2020 were 3% lower at US$6.29/lb (F2019: US$6.47/lb). The improvement was due to increased by-product credits, particularly palladium and weaker R/US$ exchange rate.

OUR PEOPLE

Ensuring a safe, healthy and appropriately skilled workforce

The number of employees across the ARM Platinum operations decreased by 2% to 9 520 at 30 June 2020 (30 June 2019: 9 694) of which 72% are full-time employees and 28% contractors.

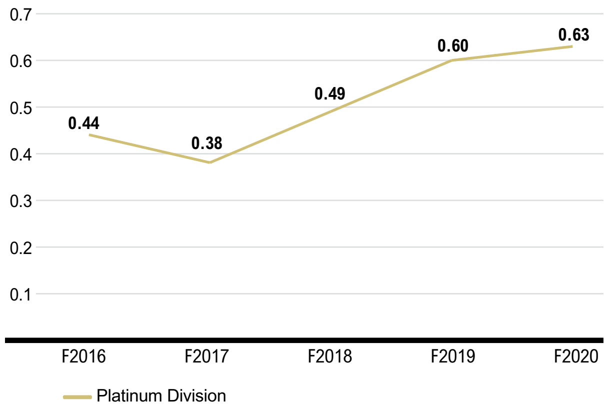
The Platinum division invested R87 million in training during F2020 (F2019: R83 million).

Safety and health

The safety, health and wellbeing of employees remain a priority. Regrettably two employees died in separate accidents at the Two Rivers and Nkomati mines during the first half of the year. No fatalities were reported at ARM Platinum operations in 2H F2020.

ARM Platinum lost-time injuries (LTIs) decreased over 8%, while the lost-time injury frequency rate (LTIFR) increased to 0.63 per 200 000 man-hours (F2019: 0.60). Ongoing initiatives at the operations are focused on safety training and compliance to standards. A focused intervention at Modikwa Mine included an external review of the mine's safety culture as well as legal and technical compliance by specialists to inform a safety improvement and turnaround plan. We are pleased that Modikwa Mine achieved 1 million fatality-free shifts on 6 January 2020.

LTIFR
(per 200 000 man-hours)



All ARM Platinum operations have implemented strict protocols to prevent the spread of Covid-19 in line with the guidelines from the Minerals Council South Africa and DMRE which include:

- Daily screening of all employees prior to commencing work and testing where required. As at 25 September, 27 000 employee screenings had been completed, and 977 tested
- Social distancing at all operations
- Compulsory wearing of face masks
- Installation of hand wash basins and sanitising stations
- Regular disinfection of high-risk areas
- Education campaigns on prevention of the spread of Covid-19 at the operations and in host communities
- Where positive cases are confirmed, contact tracing and case management carried out in line with the guidelines issued by the National Department of Health (NDoH). As at 25 September, ARM Platinum has had 342 positive cases with 98% of these employees now fully recovered
- Isolation facilities are provided for affected employees where required.

Inspections for compliance with Covid-19 protocols were conducted at all ARM Platinum operations by the DMRE with no major findings.

The mine clinics have implemented the protocols of the National Institute of Communicable Diseases (NICD) of the NDOH, and healthcare personnel were trained by the department on Covid-19 testing.

Risk-based occupational medical surveillance programmes focused on specific issues for each workplace, particularly pulmonary tuberculosis (PTB), HIV and Aids, and noise-induced hearing loss (NIHL) are ongoing.

Chronic conditions are monitored by specific occupational exposure profiles for high-risk roles. In particular, we monitor and manage high levels of hypertension, which is mainly a lifestyle disease.

15 476
audiometric tests

18 263
PTB screening tests

15 042
employees and contractors received HIV counselling

ENVIRONMENTAL PERFORMANCE

Ensuring responsible stewardship of natural resources

Carbon emissions and energy use

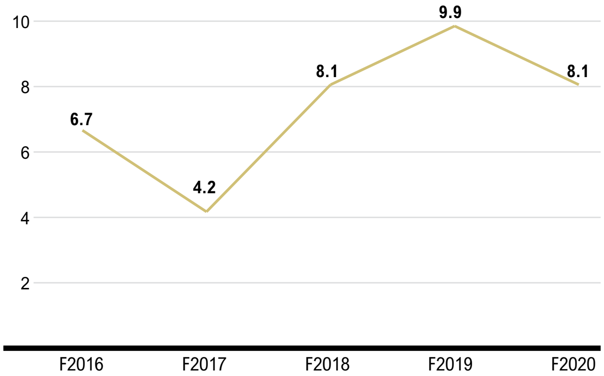
ARM Platinum's combined estimated scope 1 (direct) and scope 2 (indirect) carbon emissions decreased 7%. 92% of emissions are attributable to electricity consumption, which decreased by 4% to 794 940 megawatt hours (MWh) on a 100% basis (F2019: 832 037 MWh). For the ARM Platinum division, Modikwa Mine accounted for 27% of F2020 total emissions, Nkomati Mine 44% and Two Rivers Mine 29%.

Water management

ARM was commended for its disclosure against the water accounting framework of the International Council on Mining and Metals (ICMM). This has improved our understanding of water reuse efficiency and is a key indicator in monitoring and managing consumption and losses. For F2020, water withdrawn decreased by 18%, due to reduced activity in the last quarter as well as improved efficiency of recycling. Nkomati Mine accounted for 30% of the water withdrawn, Modikwa Mine 49% and Two Rivers Mine 21%.

ARM PLATINUM continued

WATER WITHDRAWN
(million m^3)



Tailings storage facilities (TSFs)

Ensuring the safe and stable operation of the TSFs at the three mines in the ARM Platinum division, is a priority, both at operational level and at the corporate level by the joint venture partners at each operation. The technical committee of each mine, represented by both joint venture partners, consider details regarding the status and compliance of the TSFs at quarterly meetings. A professional engineer is appointed by each mine to oversee operation and construction in compliance with designs, conduct quarterly inspections and annual stability audits. The TSFs at all three mines were certified as stable during the latest annual audits.

The technical committee of each mine, represented by both joint venture partners, considers details regarding the status and compliance of the TSFs at quarterly meetings. Each operation reports in terms of TSF compliance and status to the joint venture partners at quarterly Steering Committee and Sustainable Development Committee meetings.

In line with industry best practice, independent external reviews of the TSFs at each operation, were conducted during the year by a globally renowned expert at Nkomati and Two Rivers mines and an independent specialist consulting firm at Modikwa Mine. The independent external review at Two Rivers Mine included the current TSF as well as the design of the new TSF. At Modikwa Mine, the independent review team noted that "TSF operations, monitoring and surveillance are generally well managed and no major concerns were noted" and provided a number of key comments for improvement. A TSF team comprising the operational management and members of both joint venture partners, work together to review recommendations and the status of implementation. At Nkomati Mine, the independent external reviewer noted that the Onverwacht and Co-disposal facilities can be operated safely and effectively for their remaining design life. Designs have been optimised and are robust against reasonable expected deviations in environmental conditions, plant throughput and tailings properties. Monitoring and surveillance are done to a high standard and hence any deviation in performance from the design should be detected early enough to implement remedial action. The monitoring and surveillance should be continued after decommissioning until steady state conditions are evident". The Nkomati technical team oversees TSF management in collaboration with the operational team. At Two Rivers Mine, the independent external reviewer found technical controls to be excellent and noted the management system as world class, with some recommendations around documentation and change management which are being implemented.

At the corporate level, a TSF management policy has been developed and a TSF management standard, aligned with the Global Industry Standard on Tailings Management (launched on 5 August 2020 by the Global Tailings Review), is being developed by a corporate team with input from operations and each operation's engineer of record.

Supporting our host communities

In addition to ongoing community Initiatives undertaken as part of local economic development and social labour plans, the ARM Platinum operations contributed to host communities' response to the Covid-19 pandemic by buying personal protective equipment (PPE) and other medical equipment, as well as supplying water and food parcels to host communities.

R1 million
on water supply, PPE and sanitiser

R3.5 million
towards local SMME relief funding

R10.5 million
for local economic development projects under social and labour plans

Corporate social investment of
R2.7 million

Summary operational and financial indicators – 100% basis

Two Rivers Mine

OWNERSHIP

ARM owns 54%. Impala Platinum owns the balance

MANAGEMENT

Managed by ARM

REFINING

All metal-in-concentrate produced sold to Impala Platinum Limited. Chrome concentrates sold through chrome traders to global end users

	Unit	F2020	F2019	F2018	F2017	F2016
OPERATIONAL						
Production volumes						
Platinum	oz	**122 407**	147 235	162 543	181 882	185 856
Palladium	oz	**73 213**	85 962	96 569	107 108	110 943
Rhodium	oz	**21 226**	25 617	28 553	31 797	33 098
Gold	oz	**1 929**	2 321	2 528	2 681	2 695
Ruthenium	oz	**34 409**	42 145	46 937	54 094	55 110
Iridium	oz	**7 840**	10 126	11 274	12 653	13 020
PGMs	oz	**261 024**	313 406	348 405	390 214	400 722
Nickel	t	**481**	552	606	602	648
Copper	t	**229**	240	274	280	308
Chrome sold	t	**172 368**	219 566	229 642	275 189	283 765
Other operational indicators						
Tonnes milled	Mt	**3.02**	3.40	3.46	3.50	3.51
Head grade	g/t 6E	**3.45**	3.52	3.63	3.90	4.06
Average basket price	R/kg 6E	**775 857**	467 994	370 755	333 746	320 977
Cash cost	R/t	**857**	736	688	690	642
Cash cost	R/PGM oz	**9 908**	8 001	6 822	6 195	5 624
Cash cost	R/Pt oz	**21 127**	17 031	14 623	13 291	12 125
Cash cost	R/kg 6E	**318 534**	257 244	219 334	199 168	180 802
FINANCIAL						
Sales	R million	**6 173**	3 994	3 741	3 996	3 917
On-mine cash operating costs	R million	**(2 586)**	(2 508)	(2 377)	(2 417)	(2 253)
Off-mine cash operating costs	R million	**(303)**	(305)	(142)	(76)	(56)
Chrome cash costs	R million	**(52)**	(54)	(50)	(144)	(252)
Total cash operating profit	R million	**3 535**	1 433	1 314	1 359	1 356
Cash operating profit – PGMs	R million	**3 435**	1 264	1 104	1 006	1 226
Cash operating profit – chrome	R million	**100**	168	210	353	130
Capital expenditure	R million	**813**	587	455	293	282
Dividend paid	R million	**1 230**	524	543	570	755

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

ARM PLATINUM continued

Summary operational and financial indicators – 100% basis continued

Modikwa Mine

OWNERSHIP

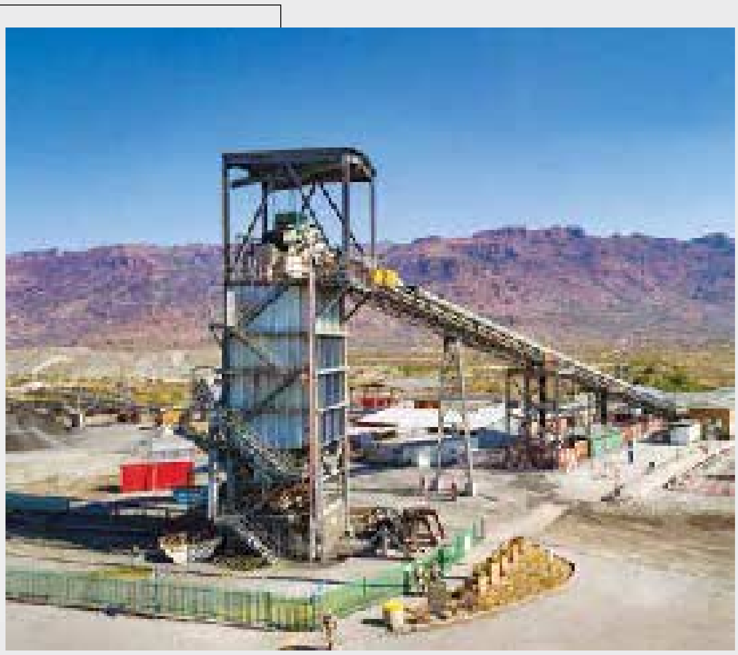
Effective 41.5% held through ARM Mining Consortium, local communities own 8.5% and Anglo American Platinum 50%

MANAGEMENT

Jointly managed by ARM and Anglo American Platinum

REFINING

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



	Unit	F2020	F2019	F2018	F2017	F2016
OPERATIONAL						
Production volumes						
Platinum	oz	**101 012**	121 033	131 725	116 531	113 792
Palladium	oz	**97 820**	114 389	124 057	114 274	111 507
Rhodium	oz	**20 729**	24 388	26 693	24 144	23 605
Gold	oz	**2 554**	3 064	3 320	3 014	3 011
Ruthenium	oz	**30 069**	35 218	38 993	34 965	33 637
Iridium	oz	**7 176**	8 340	9 098	8 302	8 051
PGMs	oz	**259 360**	306 930	333 888	301 228	293 604
Nickel	t	**500**	557	628	589	597
Copper	t	**310**	345	384	365	364
Other operational indicators						
Tonnes milled	Mt	**1.94**	2.29	2.43	2.01	2.05
Head grade	g/t 6E	**4.82**	4.92	4.98	5.43	5.27
Average basket price	R/kg 6E	**850 909**	491 723	380 603	334 051	315 748
Cash cost	R/t	**1 598**	1 345	1 265	1 265	1 182
Cash cost	R/PGM oz	**11 974**	10 027	9 197	8 463	8 244
Cash cost	R/Pt oz	**30 746**	25 427	23 311	21 878	21 271
Cash cost	R/kg 6E	**384 984**	322 360	295 685	272 104	265 046
FINANCIAL						
Sales	R million	**6 185**	4 134	3 592	2 513	2 409
Total cash operating costs	R million	**3 106**	(3 077)	(3 071)	(2 549)	(2 420)
Cash operating profit/(loss)	R million	**3 079**	1 057	521	(36)	(11)
Capital expenditure	R million	**638**	260	266	262	282
Loan repaid	R million	**450**	–	–	–	–

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

Nkomati Mine

OWNERSHIP

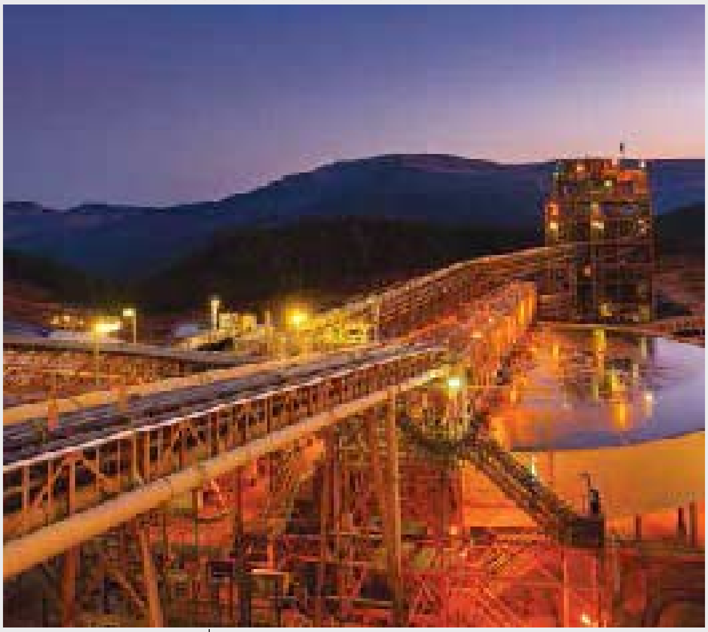
Equally owned by ARM and Norilsk Nickel Africa (Pty) Ltd

MANAGEMENT

50:50 unincorporated joint venture with Norilsk Nickel Africa

REFINING

All metal-in-concentrate produced, excluding chrome, sold to Metal Trade Overseas AG. Chrome concentrates sold through marketing agents to end users



	Unit	F2020	F2019	F2018	F2017	F2016
OPERATIONAL						
Production volumes						
Nickel	t	**10 638**	14 209	13 302	15 875	21 592
Copper	t	**5 169**	7 163	7 371	7 637	9 893
Cobalt	t	**616**	820	716	813	1 065
PGMs	oz	**80 684**	109 496	110 290	123 745	157 598
Chrome concentrate sold	000t	**222**	442	328	241	273
Other operational indicators						
Tonnes milled	Mt	**6.62**	8.15	8.04	7.49	8.24
Head grade	%	**0.25**	0.26	0.24	0.30	0.36
Average nickel price	US$/t	**13 964**	12 343	12 397	9 882	9 275
Nickel on-mine cash cost per tonne treated	R/t	**380**	367	301	284	295
Nickel on-mine cash cost per tonne milled – including capitalised waste stripping costs	R/t	**380**	394	339	367	338
Cash cost net of by-products	US$/lb	**6.29**	6.47	5.86	4.81	4.18
FINANCIAL						
Sales revenue	R million	**2 563**	3 046	3 278	3 991	4 491
Nickel on-mine cash operating costs	R million	**(2 344)**	(2 927)	(2 450)	(2 019)	(2 528)
Nickel off-mine cash operating costs	R million	**(84)**	(114)	(211)	(1 209)	(1 827)
Chrome cash operating costs	R million	**(121)**	(101)	(123)	(103)	(248)
Total cash operating profit/(loss)	R million	**14**	(97)	494	660	(112)
Cash operating profit/(loss) – nickel mine	R million	**(28)**	(411)	259	252	(232)
Cash operating profit – chrome	R million	**42**	314	235	408	120
Capital expenditure	R million	**–**	336	428	718	488

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

ARM PLATINUM continued

Summary sustainable development indicators – 100% basis

SR Refer to sustainability report for detailed disclosure.

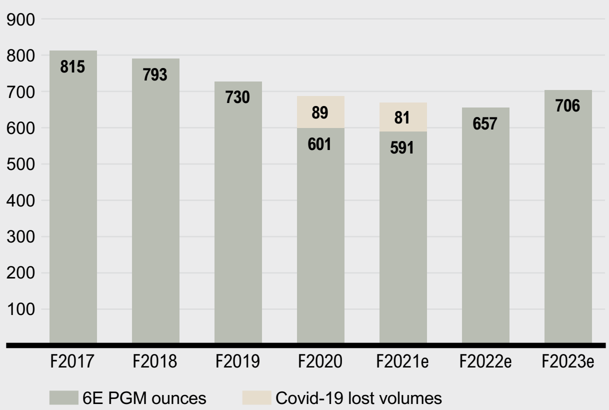
	Unit	F2020	F2019	F2018	F2017	F2016
Employee indicators						
Average number[1]		**8 215**	9 058	9 452	9 321	9 704
– Permanent employees		**5 554**	5 913	6 045	5 724	5 992
– Contractors		**2 661**	3 145	3 407	3 597	3 712
LTIFR per 200 000 man-hours		**0.62**	0.60	0.49	0.38	0.44
Environmental indicators						
Scope 1 and 2 carbon emissions[2]	$tCO_2(e)$	**444 538**	477 858	439 035	434 988	456 780
Total water withdrawn[3]	million m^3	**8.1**	9.9	8.1	4.2	6.7
Energy usage						
– Electricity	MWh	**794 940**	832 037	826 710	804 597	829 484
– Diesel	000 litres	**25 417**	34 936	35 071	34 029	33 361
Community investment indicators						
Total corporate social responsibility (CSR)	R million	**13.2**	46	51	40	22
– Corporate social investment (CSI)	R million	**2.7**	9	10	11	5
– Local economic development (LED)	R million	**10.5**	37	41	29	17

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

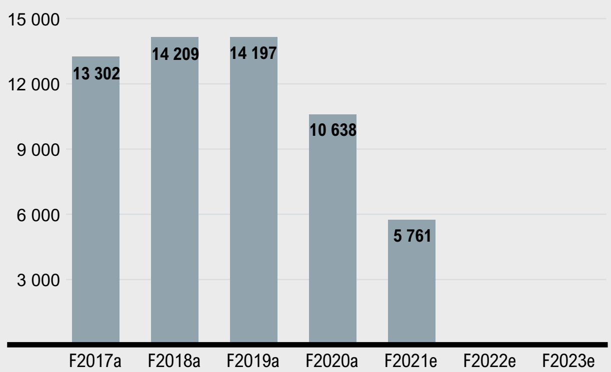
OUTLOOK

ARM Platinum production and sales volumes – 100% basis

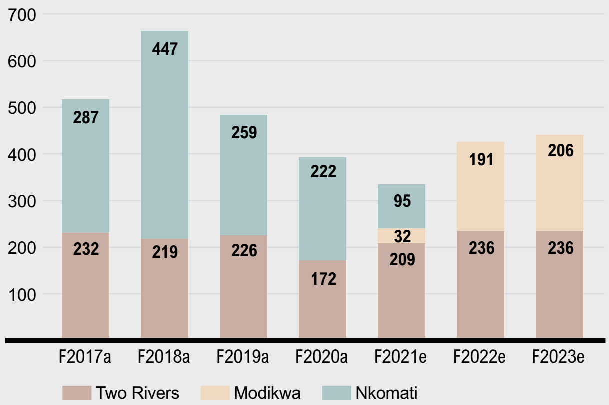
PGM PRODUCTION VOLUMES
(000oz)



NICKEL PRODUCED
(000t)



CHROME CONCENTRATE PRODUCED
(000t)



André Joubert
Chief executive – ARM Ferrous

ARM FERROUS

Key features for F2020

Headline earnings of **R4.5 billion**

Black Rock Mine achieved **8 million fatality-free shifts**

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

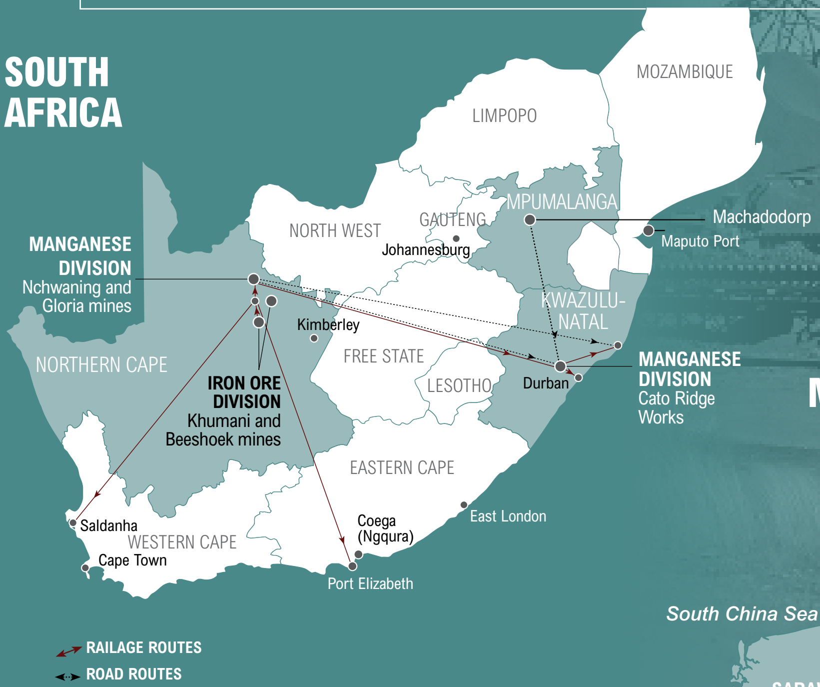
Khumani Mine achieved its **lowest LTIFR** ever

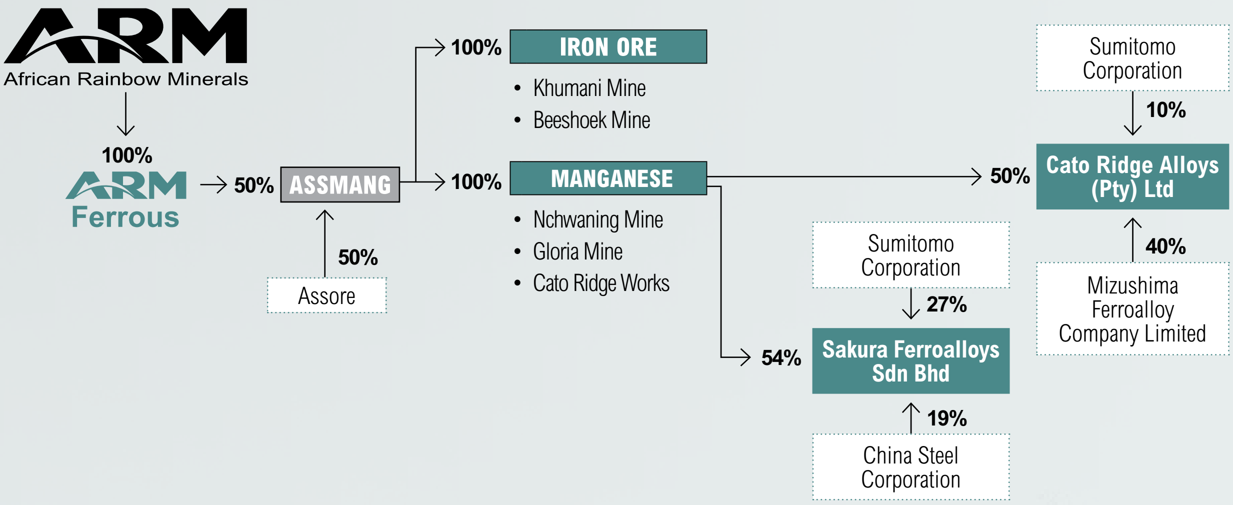
Active engagement with Transnet **limited sales losses** due to Covid-19 lockdown

Beeshoek mine remained **fatality free for 17 years**

Material matters

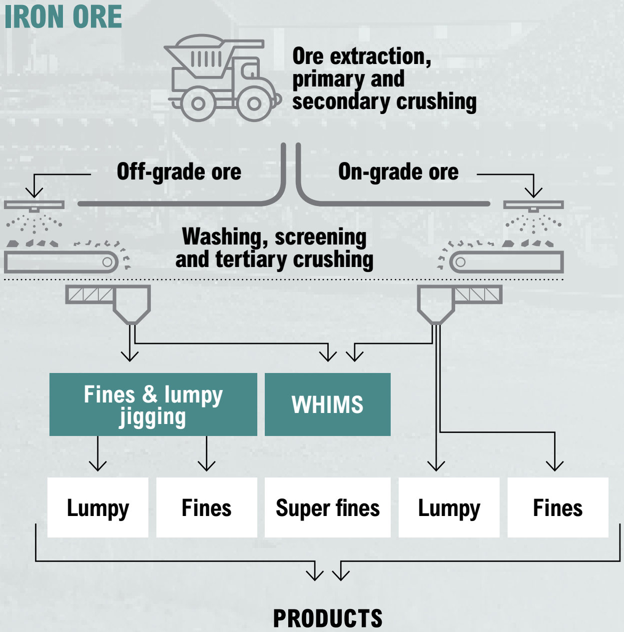
- **Losses at Sakura Ferroalloys**
- **Successful commissioning of Black Rock Mine and Gloria Mine projects**
- **Covid-19 impact on employees and ensuring appropriate protocols are in place to limit spread of the disease**
- **Supporting host communities during Covid-19 pandemic and lockdown**
- **Security of water supply for Northern Cape operations**
- **Increased water costs due to capital user charge related to the refurbishment of the Vaal Gamagara pipeline**



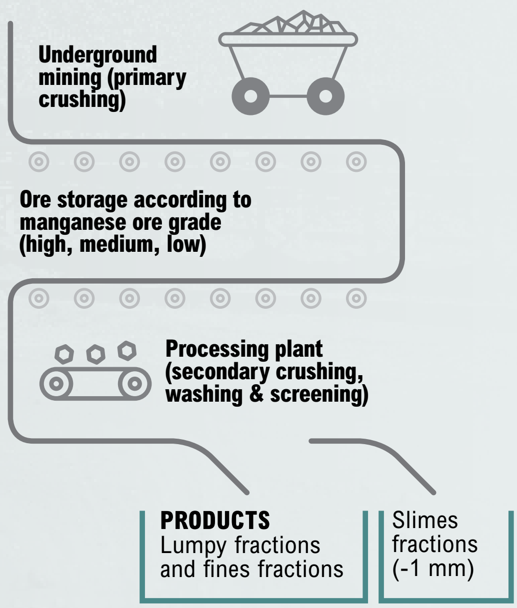


PRODUCTION PROCESS

IRON ORE



MANGANESE ORE



ARM FERROUS continued

SCORECARD

KHUMANI MINE IRON ORE

F2020 OBJECTIVES		F2021 OBJECTIVES
Maintain good safety performance and ensure LTIFR below the tolerance level of 0.20 per 200 000 man-hours	ACHIEVED LTIFR was 0.13 per 200 000 man-hours	Ensure LTIFR below tolerance level of 0.20 per 200 000 man-hours
Sustain production volumes at 14.0 million tonnes	NOT ACHIEVED Production volumes were lower at 13.1 million tonnes impacted by the lockdown	Production planned at 12.6 million tonnes to allow risk for ongoing Covid-19 impact in F2021, thereafter sustainable production planned at 14 million tonnes per annum
Deliver ultra-fines production at 600 000 tonnes per annum	NOT ACHIEVED Ultra-fines of 534 000 produced were impacted by Covid-19	Sustain ultra-fines production at 600 000 tonnes per annum
Maintain sales volumes at 14.0 million tonnes	NOT ACHIEVED Sales volumes were 13.1 million tonnes	Sales planned at 13.1 million tonnes to offset ongoing pandemic risk, sustainable sales are planned at 14.4 million tonnes per annum
Target unit production cost increases below inflation	NOT ACHIEVED Unit production costs were up 10% due to the new water capital user charge and lower production volumes	Target unit production cost increases below inflation

BEESHOEK MINE IRON ORE

F2020 OBJECTIVES		F2021 OBJECTIVES
Ensure LTIFR below tolerance level of 0.20 per 200 000 man-hours	ACHIEVED LTIFR was 0.13 per 200 000 man-hours	Ensure LTIFR below tolerance level of 0.20 per 200 000 man-hours
Maintain production at 3.15 million tonnes per annum	NOT ACHIEVED Production stopped mid-May due to high stockpiles and lower than planned offtake by Beeshoek Mine's primary customer. Total production for F2020 was 3 million tonnes	Maintain production at 2.8 million tonnes per annum
Maintain sales volumes at steady state of 3.0 million tonnes to local markets and 350 000 tonnes to export market	NOT ACHIEVED Force majeure declared by Beeshoek Mine's primary customer resulted in lower offtake. 350 000 tonnes for the export market was achieved	Maintain sales volumes at steady state of 2.9 million tonnes to local markets and 350 000 tonnes to export market
Maintain unit production cost increases below inflation	ACHIEVED Unit production costs increased by 5%	Maintain unit production cost increases below inflation
Increase Beeshoek Mine's resources and extend life-of-mine	PARTIALLY ACHIEVED Exploration of satellite ore bodies is ongoing and progress is being made	Increase Beeshoek Mine's reserves and extend life-of-mine

ARM FERROUS continued

MANGANESE ORE BLACK ROCK MINE

F2020 OBJECTIVES		F2021 OBJECTIVES
Reduce LTIFR to 0.27 per 200 000 man-hours	ACHIEVED LTIFR improved by 19% to 0.27 per 200 000 man-hours and 8 million fatality-free shifts were achieved	Reduce LTIFR to 0.25 per 200 000 man-hours
Target production volumes of 4.0 million tonnes	PARTIALLY ACHIEVED Production volumes were 3.6 million tonnes impacted by the lockdown	Target production volumes of 4.4 million tonnes
Deliver external sales volumes of 4.0 million tonnes	PARTIALLY ACHIEVED 85% of the target achieved, due to reduced logistics capacity from Transnet and closure of the smelters owing to lockdown and Covid-19 restrictions	Deliver export sales volumes of 3.7 million tonnes
Target unit production cost increases below mining inflation	ACHIEVED 2% reduction in unit production costs achieved	Keep unit cost escalation below inflation

MANGANESE ALLOY CATO RIDGE WORKS

F2020 OBJECTIVES		F2021 OBJECTIVES
Maintain good safety performance	NOT ACHIEVED LTIFR was 0.36 per 200 000 man-hours against a tolerance level of 0.17	Maintain good safety performance
Capitalise on learning with variable ore grades to maximise production. Introduce more cost-effective sweeteners Continue optimising reductant recipe. Optimise efficiency opportunities in furnace 2 rebuild	ACHIEVED	Commission sinter plant in July 2021
Complete the plant by October 2019	ACHIEVED	Use manganese ore ultra-fines in the BRIX recipe
Ramp up BRIX to 20% feed into furnaces	ACHIEVED	Increase BRIX in furnace recipe (feed) to 25%

ARM FERROUS continued

MANGANESE ALLOY SAKURA FERROALLOYS

F2020 OBJECTIVES		F2021 OBJECTIVES
Improve safety performance, ensuring LTIFR below tolerance level of 0.20	ACHIEVED LTIFR was 0.19 per 200 000 man hours	Maintain safety performance, ensuring LTIFR below tolerance level of 0.20
Target production volumes of 252 000 tonnes	NOT ACHIEVED Production volumes were 232 000 due to adverse market conditions, and unplanned shutdown of Furnace 1 in May and June 2020 due to critically low raw material stock levels due to supply constraints from South Africa	Target production volumes of 220 000 tonnes
Target sales volumes of 245 000 tonnes	NOT ACHIEVED Sales volumes of 215 678 tonnes reflect lower demand across all regions	Target sales volumes of 220 000 tonnes
Maintain furnace efficiencies and continue to target below-inflation increases in unit costs	ACHIEVED Unit production cost were 23% lower than previous year	Maintain furnace efficiencies and improve unit costs by implementing cost saving initiatives
Investigate alternative raw materials for the briquetting plant	ACHIEVED Various input raw materials trialled successfully	Complete phase 1 of the water treatment plant project

COMMODITY PRICES

Average realised US dollar prices for export iron ore were flat (on a free-on-board (FOB) equivalent basis) at US$87/t as higher index prices were fully offset by a decrease in lump to fines ratio of 54:46 (compared to F2019 of 60:40). The current lump to fines ratio represents a sustainable production split going forward.

Manganese ore prices declined steeply in the latter part of the financial year. The price of 44% manganese ore (CIF Tianjin) decreased by 13% from US$5.74 per manganese tonne unit (mtu) on 1 July 2019 to US$5.02/mtu at 30 June 2020. Prices rallied in April 2020 as Covid-19 lockdown measures, especially in South Africa, impacted global supply. When production restarted in South Africa, after the lockdown, manganese ore prices came under immense pressure decreasing to US$4.15/mtu for 44% manganese ore (CIF Tianjin).

FINANCIAL PERFORMANCE

Delivering financial returns to shareholders and other providers of capital

Attributable headline earnings for ARM Ferrous were 10% lower at R4 479 million (F2019: R4 960 million) as a 9% increase in headline earnings in the iron ore division was more than offset by a 48% decrease in the manganese division headline earnings. Despite lower iron ore sales volumes (mainly as a result of lockdown), profitability in the iron ore division improved, driven by higher rand export iron ore prices.

In contrast, average realised rand manganese ore prices were 22% lower which, coupled with a 6% decrease in manganese ore sales volumes, significantly impacted the manganese division's headline earnings. Unit costs were well controlled, with on-mine unit production costs decreasing by 2% in F2020.

Assmang paid dividends R3 750 million (attributable to ARM) in F2020, and further R1 500 million post balance sheet date.

Investing in the current business

Capital expenditure in the iron ore division (100% basis) was R2 223 million (F2019: R2 098 million) and included capitalised waste stripping costs of R787 million (F2019: R793 million). The balance of the capital expenditure was spent largely on replacement fleet.

Total capital expenditure for the manganese division was R2 314 million on a 100% basis (F2019: R2 310 million), of which R846 million (F2019: R662 million) related to the modernisation and optimisation of Gloria Mine within Black Rock Mine as approved in F2018. At 30 June 2020 approximately 56% of the approved capital of R2.7 billion was spent.

OPERATIONAL PERFORMANCE

Continuously improve operational performance

Iron ore division

Total iron ore sales volumes decreased by 11% to 15.6 million tonnes (F2019: 17.5 million tonnes) mainly due to the lockdown and logistical challenges. Export sales volumes were 9% lower at 13.1 million tonnes (F2019: 14.4 million tonnes). In 1H F2020, volumes railed from Khumani Mine were impacted by loading challenges, emergency maintenance on the rail line (from June to December 2019), equipment breakdowns at the port as well as inclement weather conditions which affected port functions from time to time. In 2H F2020, the impact of the lockdown on export sales volumes was partially mitigated as Khumani Mine received authorisation to operate its load-out stations during the lockdown. In collaboration with Transnet, the mine exported iron ore via the Saldanha export channel from 30 March 2020, albeit at reduced capacity. The impact of the lockdown (and other Covid-19 restrictions) on export iron ore sales volumes was approximately 1.22 million tonnes. At 30 June 2020, Khumani Mine was producing at full capacity. Export iron ore sales volumes are, however, expected to remain impacted by Covid-19 related challenges on the logistics channels until end of 1H F2021.

At 30 June 2020, stockpiles were full at both Khumani Mine and at Saldanha Port, which is expected to support accelerated sales for 1H F2021.

Local sales volumes were 22% lower at 2.4 million tonnes (F2019: 3.1 million tonnes) mainly as a result of a temporary shutdown at Beeshoek Mine's primary customer during the lockdown. The steel producer restarted operations in early June 2020. As a result, production at Beeshoek Mine was stopped from mid-May until the end of June 2020. The impact of the lockdown (and other Covid-19 restrictions) on local iron ore sales volumes was 0.74 million tonnes.

On-mine unit production costs at Khumani Mine increased above inflation at 10% to R251 per tonne (F2019: R227 per tonne) mainly due to a decline in production volumes and the introduction of a capital-raising water levy of R17 per kilolitre by the Sedibeng Water Board (effective August 2019) as part of the upgrade and refurbishment of the Vaal Gamagara water system, which supplies water to Khumani Mine. The upgrade is expected to significantly reduce water supply risks for Khumani Mine.

Despite the reduction in production volumes, the increase in on-mine unit production costs at Beeshoek Mine was in line with inflation at 5% to R246 per tonne (F2019: R234 per tonne). Unit cost of sales (which include marketing and distribution costs) were 10% higher as lower shipping costs were more than offset by an increase in sales and marketing costs per tonne due to higher US dollar iron ore prices (sales and marketing costs are determined as a percentage of revenue).

ARM FERROUS continued

Manganese ore

Manganese ore sales volumes decreased 6% from 3.4 million tonnes in F2019 to 3.2 million tonnes in F2020, mainly as a result of the lockdown. Some 3.1 million tonnes of manganese ore were exported through the Port Elizabeth and Saldanha ports. Due to lockdown restrictions, manganese ore exports halted for approximately a month and restarted at reduced capacity until 30 June 2020. The impact of the lockdown on manganese ore volumes was 530 000 tonnes.

To mitigate some of the losses, road transport was contracted for about 40 000 tonnes from May to 30 June 2020. Transnet has performed well under challenging circumstances.

Production volumes at Black Rock Mine rose 6% to 3.6 million tonnes in F2020 as the Black Rock and Gloria projects progressed. The projects aim to modernise and expand the mine by increasing volumes and flexibility to produce different products as well as improving efficiencies, which is evident in improved unit cost performance. Ramp-up of Black Rock Mine is being closely synchronised with Transnet's rail availability and is informed by prevailing market conditions. Engagement with Transnet on rail and port allocation beyond the current contractual period is ongoing.

Black Rock on-mine unit production costs decreased by 2% from R605 per tonne in F2019 to R593 per tonne in F2020, as improved efficiencies and increased production volumes from the Black Rock project more than offset inflationary increases.

Unit costs of sales (which include marketing and distribution costs) were flat (compared to a 17% increase in F2019). Lower sales and marketing costs (owing to lower realised manganese ore prices) and the decrease in freight rates contributed to below-inflation unit cost of sales increase.

Manganese alloys

High-carbon manganese alloy production at Sakura (100% basis) decreased to 232 000 tonnes (F2019: 249 000) mainly due to Covid-19 related restrictions and critically low stock levels of primary ores that could not be exported from South Africa. High-carbon manganese alloy sales (100% basis) decreased by 13% to 216 000 tonnes (F2019: 248 000 tonnes). The impact of the lockdown (and other Covid-19 restrictions) on high-carbon manganese alloy sales volumes was almost 12 400 tonnes.

High carbon manganese alloy production at Cato Ridge Works decreased 11% to 127 000 tonnes (F2019: 143 000 tonnes). Medium-carbon manganese alloy production at Cato Ridge Alloys (100% basis) decreased by 15% to 50 000 tonnes (F2019: 59 000 tonnes). High-carbon manganese alloy sales at Cato Ridge Works decreased by 22% to 65 000 tonnes (F2019: 83 000 tonnes). Medium carbon manganese alloy sales at Cato Ridge Alloys (100% basis) decreased by 35% to 42 000 tonnes (F2019: 65 000 tonnes).

High-carbon manganese alloys production costs increased by 13% from R10 182 per tonne in F2019 to R11 504 per tonne in F2020 mainly due to reduction in production volumes. Medium-carbon manganese alloy production costs decreased by 2% from R18 737 per tonne in F2019 to R18 302 per tonne in F2020 due to reduced input cost for molten metal.

OUR PEOPLE

Ensuring a safe, healthy and appropriately skilled workforce

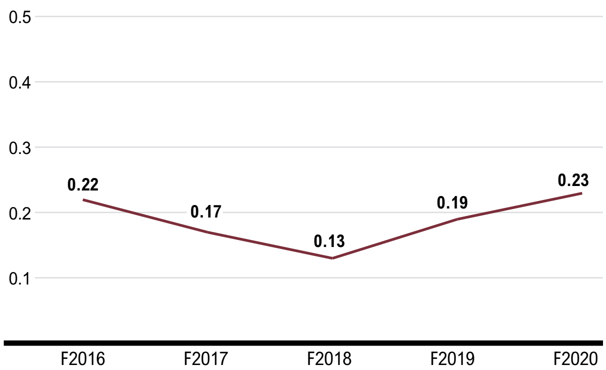
Total employees and contractors at ARM Ferrous decreased 2% to 11 256 at 30 June 2020 (30 June 2019: 11 505): 72% were full-time employees and 28% contractors.

ARM Ferrous invested R132 million in training.

Safety and health

ARM Ferrous operations have been fatality-free since 2015. The divisional LTIFR deteriorated to 0.23 per 200 000 man-hours in F2020 (F2019: 0.19).

LTIFR – ARM FERROUS
(per 200 000 man-hours)



Operation	Total fatality-free shifts worked	Last fatality	Fatality free
Beeshoek Mine	4 505 705	March 2003	17 years
Black Rock Mine	8 187 522	April 2009	11 years
Khumani Mine	3 303 299	April 2015	5 years
Cato Ridge Works	2 568 626	February 2008	12 years
Machadodorp Works	1 138 917	February 2011	9 years

With part of ARM Ferrous' operations declared an essential service, 2% of the workforce returned to work during lockdown level 5 under strict protocols. From mid-April, return-to-work procedures followed recommendations from the Minerals Council South Africa and mandatory codes of practice from DMRE, which included:

- Daily screening of all employees prior to commencing work and testing where required. As at 25 September, 26 900 employee screenings had been completed, and 2 420 employees tested
- Social distancing at all times
- Compulsory face masks

- Installation of hand wash basins and sanitising stations
- Regular disinfection of high-risk areas
- Education campaigns on preventing the spread of Covid-19 at operations and in host communities
- Where positive cases are confirmed, contact tracing and case management is carried out in line with guidelines issued by the NDoH. As at 25 September, ARM Ferrous has had 585 positive cases, with 95% of these employees now fully recovered
- Isolation facilities are provided for affected employees where required.

Inspections for compliance with Covid-19 protocols were conducted at all ARM Ferrous operations by DMRE with no major findings.

The mine clinics implemented the protocols of the National Institute of Communicable Diseases (NICD) of the Department of Health (DoH), and healthcare personnel were trained by the department on Covid-19 testing.

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

15 808
audiometric tests

37 002
PTB screening tests

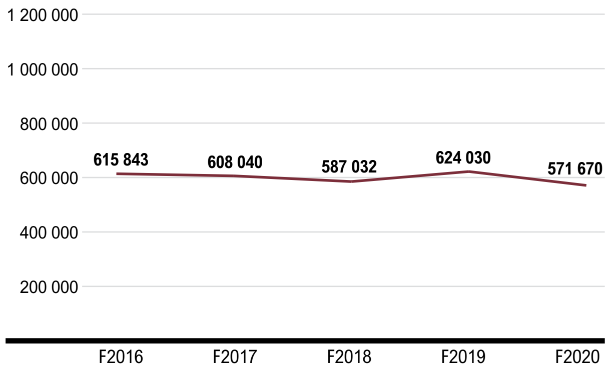
12 355
employees and contractors counselled on HIV and Aids

Chronic conditions are monitored by specific occupational exposure profiles for high-risk roles. As the incidence of hypertension in the workforce is increasing, initiatives are in place to promote physical activity and create awareness on diet and lifestyle choices.

Carbon emissions and energy use

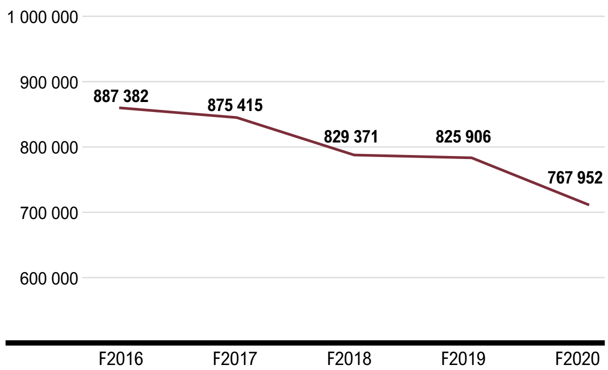
Estimated attributable scope 1 and 2 carbon emissions decreased 8.4% on lower activity in the final quarter, representing 56% of ARM's total for the year.

SCOPE 1 AND 2 CARBON EMISSION – ATTRIBUTABLE
(tCO_2e)



Electricity consumed accounted for 72% of total divisional emissions and decreased 7%. As a member of the Energy Intensive Users Association, ARM Ferrous has a charter to map its development and implementation of energy-efficient practices.

ELECTRICITY CONSUMPTION – 100% BASIS
(MWh)



ARM FERROUS continued

Water management

Water scarcity is a feature of the Northern Cape. As such, continuity of water supply and its cost are risks and potential constraints to growth for ARM Ferrous mines. This is compounded by loadshedding (which affects water distribution), increasing competition for water and the poor state of infrastructure in the region. Mitigating measures are detailed in our sustainability report.

Total reported water withdrawn increased 2.2%, mainly due to improved accounting methods. Beeshoek Mine accounted for 41% of the water withdrawn, Khumani Mine 37%, Black Rock Mine 19%.

Tailings storage facilities (TSFs)

Ensuring the safe and stable operation of the TSFs at the three mines in the Northern Cape is a priority, both at operational level and at the corporate level by both joint venture partners. A professional engineer is appointed by each mine to oversee operation and construction in compliance with designs, conduct quarterly inspections and annual stability audits. The TSFs at all three mines were certified as stable during the latest annual audits.

An internal compliance dashboard to reflect critical parameters, has been developed and compliance is reported quarterly by each mine. The Assmang Exco and Social and Ethics Committee consider TSF compliance and status reports at each quarterly meeting.

In line with industry best practice, independent external reviews of the TSFs at each operation, were conducted by a globally renowned expert during the year. These reviews included the management systems, designs and stability related to TSFs. The independent reviewer noted at both Khumani and Black Rock mines, that the management of the TSFs is done to a high standard and that the level of assessment and auditing is considered as world class. There were no major findings or deviations identified and recommendations for improvement are being implemented by each operation. At the corporate level, a TSF management policy has been developed and a TSF management standard, aligned with the Global Industry Standard on Tailings Management (launched on 5 August 2020 by the Global Tailings Review), is being developed by a corporate team with input from operations and each operation's professional engineer.

After assessment of the risk and potential zones of influence upon failure of each TSF, dam breach analyses were conducted at Khumani and Black Rock mines. At Khumani Mine, the emergency response plan has been revised to address potential impact and an emergency drill including relevant stakeholders, including regional emergency services and traffic management authorities, is planned for November 2020. At Black Rock Mine, containment berms are being constructed to protect mine infrastructure which could potentially be affected in the event of failure.

Supporting our host communities

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

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

R75 million in local economic development expenditure as part of the ARM Ferrous social and labour plans was down 32% due to impact of the lockdown on implementation. Corporate social investment expenditure more than trebled to R33.5 million, mainly as a result of pandemic-related community initiatives. Total investment in corporate social responsibility decreased to R109 million.

The mines actively supported communities during lockdown with awareness campaigns, PPE and other equipment, supplies, food parcels and vouchers, water tanks, contact tracers and training. Beneficiaries included local schools, hospitals, clinics, vulnerable families, SMMEs, old-age homes and government departments. The division also participated in collaborative initiatives in the Northern Cape coordinated by the Minerals Council South Africa.

R18.2 million
on community PPE and medical supplies

R35.3 million
to SMME relief funding

Summary operational and financial indicators – 100% basis

Iron ore division

OPERATIONS

Khumani and Beeshoek mines – 100% basis unless otherwise stated

OWNERSHIP

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

MANAGEMENT

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

	Unit	F2020	F2019	F2018	F2017	F2016
OPERATIONAL						
Production volumes	000t	**16 092**	17 786	18 578	17 714	16 726
Khumani Mine	000t	**13 100**	14 145	14 694	14 560	13 616
Beeshoek Mine	000t	**2 993**	3 641	3 884	3 154	3 110
Sales volumes	000t	**15 568**	17 543	17 874	17 275	17 008
Export iron ore	000t	**13 129**	14 430	14 315	14 061	14 103
Local iron ore	000t	**2 439**	3 114	3 559	3 214	2 905
Unit cost changes						
On-mine production unit costs	%	**10**	8	2	3	(8)
Unit cost of sales	%	**10**	15	6	2	(2)
FINANCIAL						
Sales revenue	R million	**20 638**	20 827	14 534	15 853	12 110
Total costs	R million	**11 065**	12 000	10 304	10 091	9 149
Operating profit	R million	**9 573**	8 827	4 230	5 762	2 961
EBITDA	R million	**10 992**	10 284	5 631	7 179	4 478
Headline earnings	R million	**7 376**	6 795	3 343	4 373	2 430
Capital expenditure	R million	**2 223**	2 097	1 780	1 169	901

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

ARM FERROUS continued

Summary operational and financial indicators – 100% basis continued

Manganese division

OPERATIONS

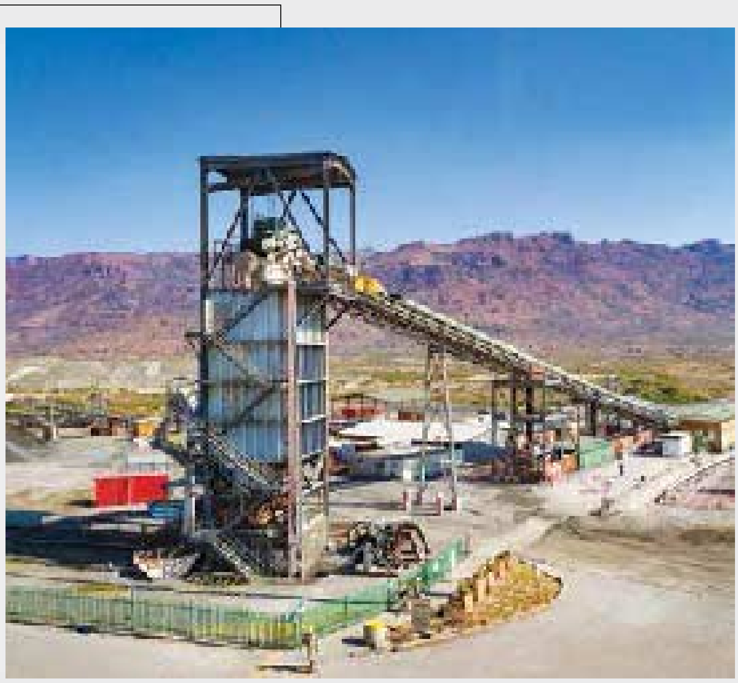
Nchwaning and Gloria mines (collectively Black Rock Mine), Cato Ridge Works, Cato Ridge Alloys and Sakura Ferroalloys

OWNERSHIP

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

MANAGEMENT

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



	Unit	F2020	F2019	F2018	F2017	F2016
OPERATIONAL						
Production volumes						
Manganese ore	000t	**3 619**	3 409	3 717	3 069	2 934
Ferromanganese	000t	**409**	455	450	403	204
Sales volumes						
Manganese ore*	000t	**3 227**	3 434	3 177	2 974	3 090
Ferromanganese	000t	**323**	398	360	303	175
Unit cost changes – manganese ore						
On-mine production unit costs	%	**(2)**	15	16	1	(6)
Unit cost of sales	%	**–**	17	13	12	(5)
FINANCIAL						
Manganese ore						
Sales revenue	R million	**9 005**	12 493	10 495	8 322	4 841
Total costs	R million	**6 410**	7 796	(6 017)	(4 971)	(4 140)
Operating profit	R million	**2 595**	4 697	4 478	3 351	701
EBITDA	R million	**3 183**	5 307	5 015	3 759	1 056
Headline earnings	R million	**1 846**	3 449	3 192	2 407	527
Capital expenditure	R million	**2 228**	2 256	1 240	1 671	1 939
Ferromanganese						
Sales revenue	R million	**1 791**	2 293	2 338	1 897	1 810
Total costs	R million	**1 651**	2 038	(1 711)	(1 887)	(1 930)
Operating profit	R million	**140**	255	627	10	(120)
EBITDA	R million	**189**	356	684	67	(3)
Headline earnings	R million	**(174)**	(228)	616	(85)	(132)
Capital expenditure	R million	**86**	54	45	31	(11)

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

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

Summary sustainable development indicators – 100% basis

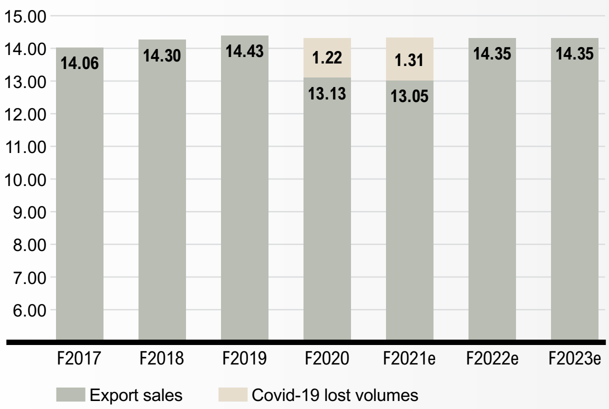
	Unit	F2020	F2019	F2018	F2017	F2016
Employee indicators						
Average number[1]		**10 430**	11 426	10 247	8 662	9 953
– Permanent employees		**5 222**	5 293	5 017	4 522	5 638
– Contractors		**5 207**	6 133	5 230	4 140	4 315
LTIFR per 200 000 man-hours		**0.23**	0.19	0.13	0.17	0.22
Environmental indicators						
Scope 1 and 2 carbon emissions[2]	$tCO_2(e)$	**571 670**	624 030	587 032	608 040	615 843
Total water withdrawn[3]	million m^3	**12.2**	11.9	10.2	9.8	11.5
Energy use						
– Electricity	MWh	**767 952**	825 906	829 371	875 415	887 382
– Diesel	000 litres	**57 155**	61 118	59 163	49 837	54 264
Community investment indicators						
Total CSR	R million	**109**	120	102	69	73
– CSI	R million	**33**	9	6	9	9
– LED	R million	**75**	111	63	64	64

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

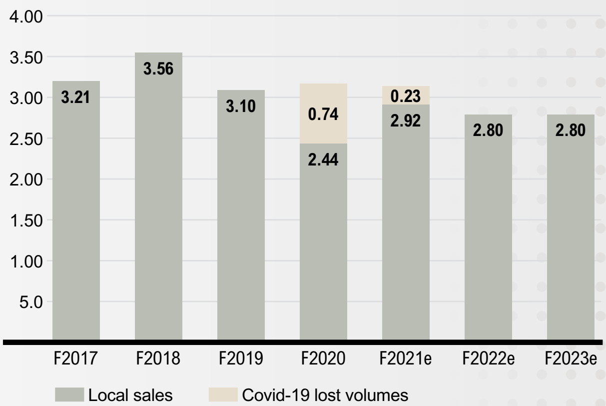
OUTLOOK

Sales volumes – 100% basis

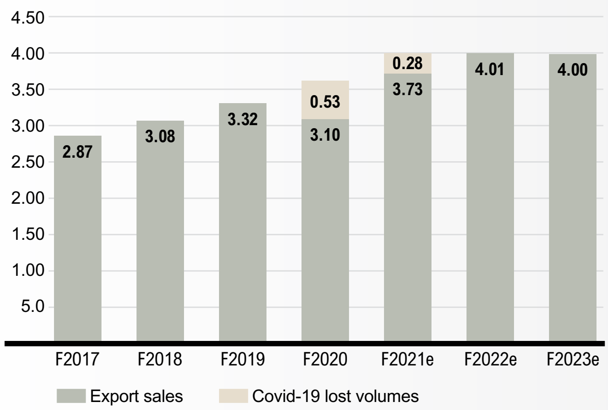
EXPORT IRON ORE
(000t)



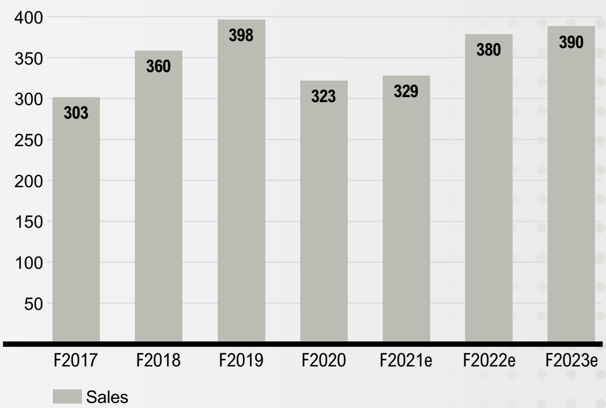
LOCAL IRON ORE
(000t)



EXPORT MANGANESE ORE
(000t)



MANGANESE ALLOY
(000t)



ARM COAL

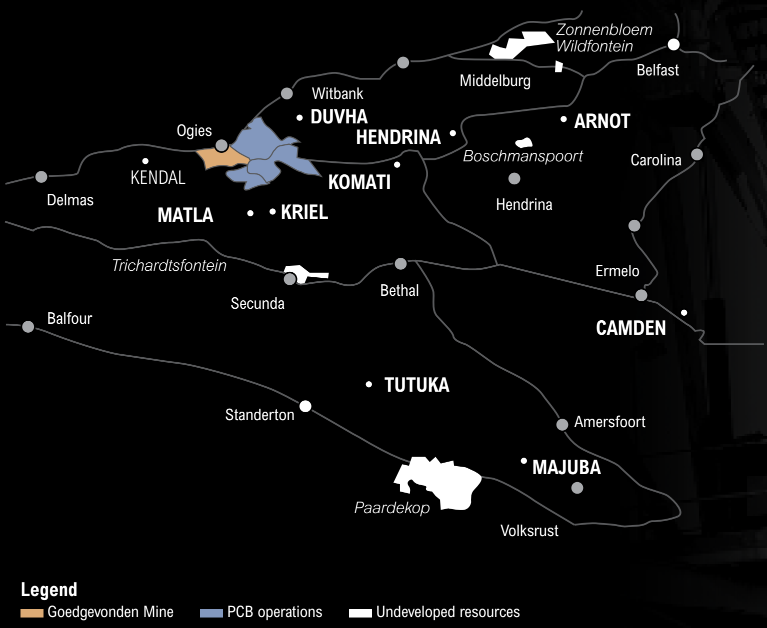
Key features for F2020

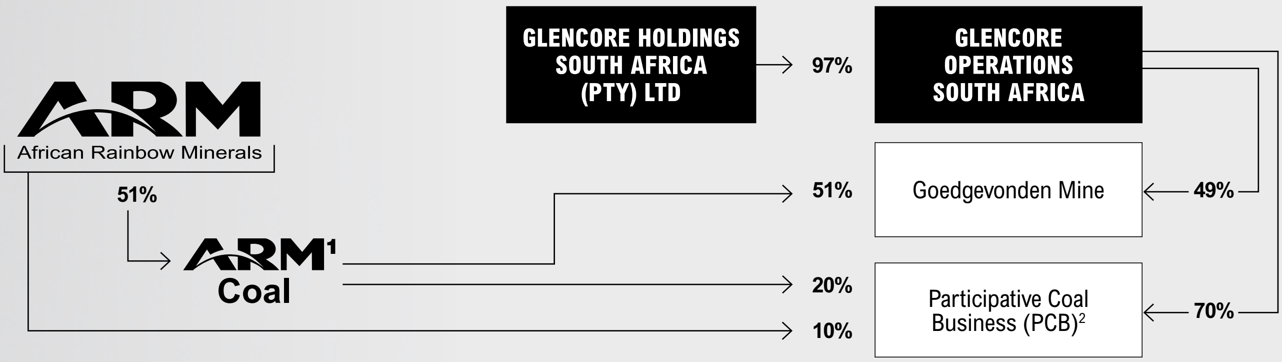
- Covid-19 contributed to the reduced global demand for coal
- Decrease in domestic and export sales volumes
- 20% decline in API4 coal price
- Impairment of ARM Coal assets

Material matters

- **Impairment on Goedgevonden Mine operation and PCB investment**

- **Decrease in saleable production**
- **Above-inflationary unit cost increases**



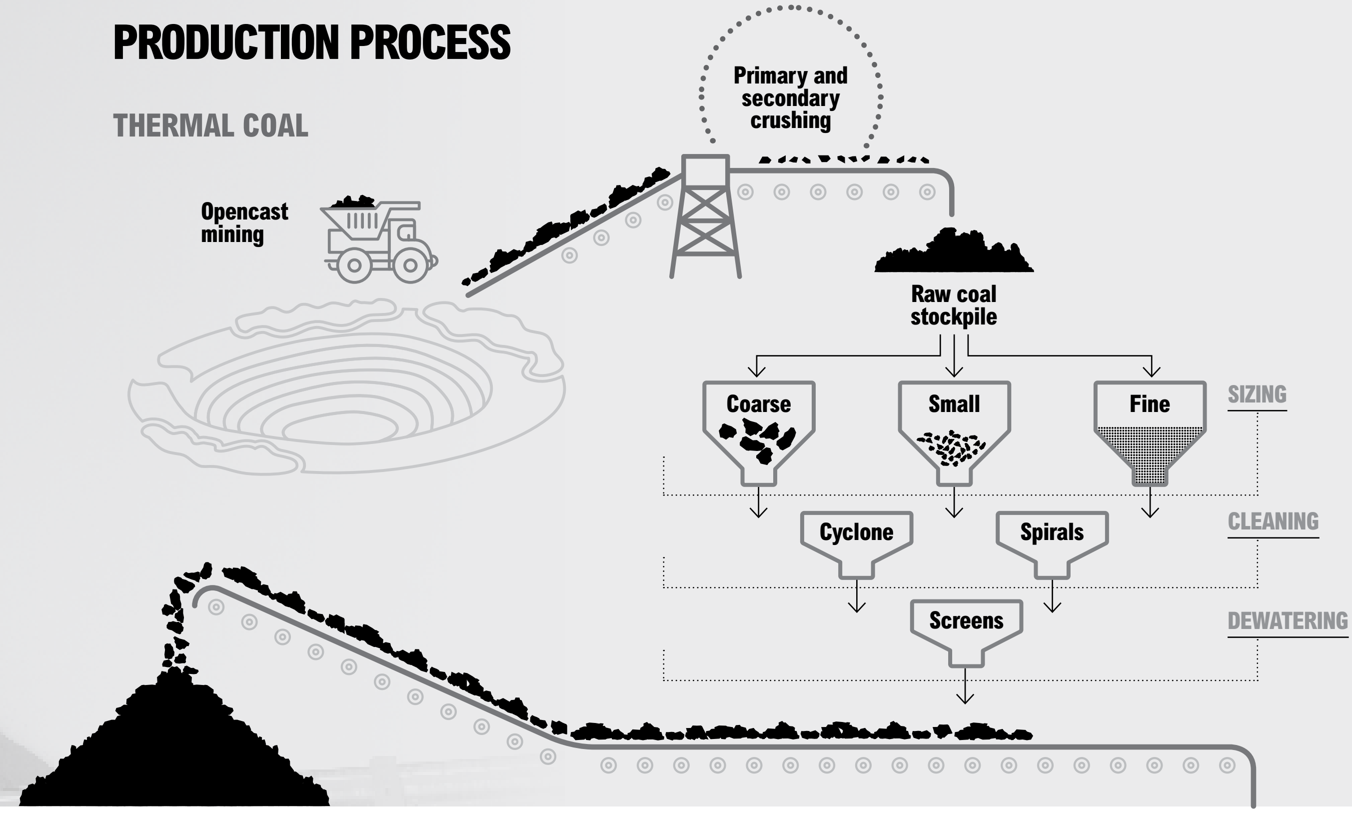


1 ARM Coal holds:
– Access to Glencore Operations South Africa's interest and entitlement in the Richards Bay Coal Terminal (RBCT).
– An export entitlement of 3.2Mtpa in the phase V expansion at RBCT.

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

PRODUCTION PROCESS

THERMAL COAL



ARM COAL continued

SCORECARD

GOEDGEVONDEN MINE

F2020 OBJECTIVES		F2021 OBJECTIVES
Contain unit cost escalations below inflation	NOT ACHIEVED Up 13% on increased repairs and maintenance costs, and lower saleable production	Continued focus on containing unit cost escalations below inflation

PARTICIPATIVE COAL BUSINESS

F2020 OBJECTIVES		F2021 OBJECTIVES
Contain unit cost escalations below inflation	NOT ACHIEVED Up 24% on lower saleable production	Continued focus on containing unit cost escalations below inflation

COMMODITY PRICES

Thermal coal prices declined sharply in 2H F2020, due to decreased demand for coal mainly driven by the Covid-19 pandemic. India and China reduced their thermal coal imports considerably on the back of reduced demand and a prioritisation of local coal produced.

Demand reduced in European markets on increased coal-to-gas fuel switching, rising renewable generation and weaker overall power demand due to Covid-19. Goedgevonden Mine average received export US dollar price decreased 32% to US$48 per tonne in F2020 (F2019: US$71 per tonne) due to lower market prices and increased export of low-grade quality (as domestic demand decreased).

PCB's average received export US dollar prices decreased by 22% from US$64.88 per tonne in F2019 to US$50.54 per tonne in F2020. Approximately 62% of export volumes at Goedgevonden Mine were high-quality coal while PCB exports of high-quality coal were 65%, hence PCB's average received export price was slightly higher than Goedgevonden Mine.

FINANCIAL PERFORMANCE

Delivering financial returns to shareholders and other providers of capital

ARM Coal reported an attributable headline loss of R2 million (F2019: R411 million headline earnings) which includes re-measurement gains of R485 million (F2019: R245 million) on partner loans. Excluding the re-measurement gains, the ARM Coal headline loss was R487 million (F2019: R272 million headline earnings) as a result of the sharp decline in export thermal coal prices, lower sales volumes (owing to weather-related mining challenges) and above-inflation unit cost increases. An attributable impairment loss of R1 524 million after tax was recognised.

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

OPERATIONAL PERFORMANCE

Continuously improve operational performance

Goedgevonden Mine

Total sales volumes declined by 4%, resulting in total attributable revenue decreasing to R1 056 million in F2020 compared to R1 162 million in F2019. The mine was impacted by inclement weather in the 1H F2020, resulting in some pits being flooded. Increased health and safety measures due to Covid-19 also impacted production volumes in 2H F2020.

Production in F2020 was further impacted by poor performance from the mining contractor who has since been replaced. The mine made up some of the contractor shortfall by using its own equipment in 2H F2020. The negative impact of the lockdown on volumes was partially mitigated by both the Goedgevonden and PCB operations being regarded as an essential service during lockdown.

The mines were therefore granted approval to operate to ensure supply of coal to Eskom. Coal exports were also permitted during lockdown, mitigating the impact on ARM Coal operations to approximately 10% of production being lost. ARM's attributable saleable production was 4.45 million tonnes in F2020, compared to 4.92 million tonnes in F2019.

On-mine unit production costs per saleable tonne rose by 13% to R431 per tonne (F2019: R380 per tonne). The above-inflationary increase in unit cost was due to an increase in repairs and maintenance expenditure and a decrease in saleable production. The increase in export sales resulted in higher expenditure on distribution costs.

PCB

Export sales volumes were 29% lower than F2019 at 7.73 million tonnes (F2019: 10.95 million) and domestic sales volumes increased from 4.61 million tonnes to 5.74 million tonnes, largely due to increased sales to Eskom. In F2020, the PCB operations were impacted by the underperformance of a mining contractor. The contractor was replaced at the end of F2020 and the new contractor is ramping up to full production.

The PCB operations were affected by high rainfall and safety stoppages in the first half of F2020, which impacted run-of-mine production. PCB is commissioning a second dragline at its operations. This is expected to be fully commissioned and operational in 1H F2021, resulting in increased production. Saleable production decreased by 13% from F2019 due to additional safety measures put in place after a fatality at Tweefontein Mine in November 2019, challenges with the contractor.

Unit production costs per saleable tonne increased by 24% from R391 per tonne in F2019 to R484 per tonne in F2020, mainly due to lower saleable production.

ARM COAL continued

Summary operational and financial indicators – 100% basis continued

Goedgevonden Mine

OWNERSHIP

ARM holds an effective 26% in Goedgevonden Mine, Glencore Operations South Africa (GOSA) owns the balance

MANAGEMENT

Governed by a management committee controlled by ARM Coal, with four ARM representatives and three from Glencore. Operational management contracted to Glencore

	Unit	F2020	F2019	F2018	F2017	F2016
OPERATIONAL – 100% BASIS						
Production and sales						
Total saleable production	Mt	**6.77**	6.99	6.05	6.47	6.53
Total thermal coal sales	Mt	**6.53**	6.84	6.11	6.21	6.9
Export thermal coal sales	Mt	**4.29**	3.27	2.85	3.18	3.91
Domestic thermal coal sales	Mt	**2.25**	3.57	3.26	3.03	2.99
Realised prices						
Export (FOT)	US$/t	**47.87**	71.10	84.57	62.07	40.99
Domestic (FOT)	R/t	**305**	275	235	241	242
Unit costs						
On-mine saleable cost per tonne	R/t	**431**	380	351	323	239
FINANCIAL – ATTRIBUTABLE						
Sales revenue	R million	**1 056**	1 162	1 028	911	797
Total costs	R million	**1 000**	870	32	676	593
Operating profit/(loss)	R million	**56**	292	1 060	235	204
EBITDA	R million	**264**	326	335	235	204
Capital expenditure	R million	**197**	244	140	196	185
Cash operating profit	R million	**56**	292	335	235	204
Less:						
– Imputed interest expense[1]	R million	**(160)**	(144)	(157)	(215)	(183)
– Interest received	R million	**–**	–	3	–	–
– Amortisation	R million	**(197)**	(163)	(167)	(147)	(128)
– Fair value adjustment	R million	**207**	190	885	(12)	(15)
– Impairment loss	R million	**(559)**	–	–	–	–
(Loss)/profit before tax	R million	**(653)**	174	899	(137)	(122)
Tax	R million	**56**	(38)	(47)	38	35
Headline (loss)/earnings attributable to ARM	R million	**(38)**	136	852	(99)	(87)

1 Post restructuring ARM Coal loans, all interest expense on these loans is imputed.

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

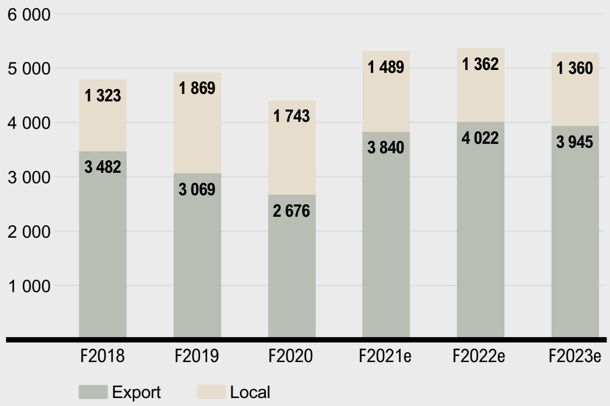
PCB operations

OWNERSHIP	MANAGEMENT
ARM holds an effective 20.2% in PCB, Glencore (GOSA) owns the remaining 79.8%	Governed by a supervisory committee with five Glencore representatives and three ARM representatives. Operational management contracted to Glencore

	Unit	F2020	F2019	F2018	F2017	F2016
OPERATIONAL – 100% BASIS						
Production and sales						
Total saleable production	Mt	**13.34**	15.49	16.64	16.55	14.63
Impunzi	Mt	**6.1**	6.7	6.77	7.2	6.53
South Stock	Mt	**–**	–	–	–	0.41
Tweefontein	Mt	**7.24**	8.79	10.04	9.35	7.69
Total thermal coal sales	Mt	**13.46**	15.56	15.78	16.06	16.98
Export thermal coal sales	Mt	**7.73**	10.95	13.44	13.42	14.76
Domestic thermal coal sales	Mt	**5.74**	4.61	2.34	2.64	2.22
Realised prices						
Export (FOB)	US$/t	**50.54**	64.88	73.51	61.89	41.66
Domestic (FOT)	R/t	**666**	582	368	459	283
Unit costs						
On-mine saleable cost per tonne	R/t	**484**	391	330	278	273
FINANCIAL – ATTRIBUTABLE						
Sales revenue	R million	**2 008**	2 605	2 765	2 528	1 930
Total costs	R million	**1 702**	1 707	1 835	1 552	1 533
Operating profit/(loss)	R million	**306**	898	930	976	397
EBITDA	R million	**304**	898	1 030	976	397
Capital expenditure	R million	**425**	562	413	246	214
Cash operating profit	R million	**304**	898	1 030	976	397
Plus: Interest received	R million		–	5	–	–
Less:						
– Interest paid	R million	**(118)**	(138)	(164)	(320)	(308)
– Amortisation	R million	**(479)**	(424)	(425)	(355)	(321)
– Fair value adjustment[1]	R million	**278**	55	325	(50)	(59)
(Impairment loss)/reversal of impairment	R million	**(1 121)**	3			
(Loss)/profit before tax	R million	**(1 138)**	394	771	251	(291)
Tax	R million	**51**	(118)	(138)	(70)	81
Headline earnings/(loss) attributable to ARM	R million	**36**	274	633	181	(210)

OUTLOOK

ARM COAL SALES VOLUMES – ATTRIBUTABLE BASIS
(000t)



HARMONY GOLD

Harmony Gold Mining Company Limited (ARM owns 12.4%)

	Unit	F2020	F2019
Gold produced	kg	**37 863**	44 734
	000oz	**1 217 323**	1 438 231
Cash operating costs	R/kg	**553 513**	439 722
	US$/oz	**1 099**	965
Financial performance			
Revenue	R million	**29 245**	26 912
Costs of sales	R million	**(25 908)**	(28 869)
Impairment of assets	R million	**–**	(3 898)
Gross profit/(loss)	R million	**3 337**	(1 957)
Net loss for the year	R million	**(850)**	(2 607)
Total headline (loss)/earnings	Cents per share	**(154)**	204
Total capital expenditure	R million	**3 610**	5 036
Market performance			
Average gold price received	R/kg	**735 569**	586 653
	US$/oz	**1 461**	1 287
Market capitalisation	R billion	**43.3**	17.1

SHAREHOLDING

ARM's investment in Harmony was revalued positively by R2 325 million (net of deferred capital gains tax) in F2020 (F2019: R627 million) as the Harmony share price increased by 126% from R31.74 at 30 June 2019 to R71.86 per share at 30 June 2020. The Harmony investment is therefore reflected on the ARM statement of financial position at R5 366 million based on the Harmony share price at 30 June 2020.

ARM's shareholding in Harmony reduced from 13.8% at 30 June 2019 to 12.4% at 30 June 2020. On 25 June 2020, Harmony concluded an equity raise in the form of a rights issue. ARM did not follow its rights under the issuance, marginally diluting its shareholding in Harmony.

OPERATIONAL AND FINANCIAL PERFORMANCE

Revenue

Revenue increased by R2 333 million or 9% to R29 245 million, mainly due to the higher gold price received. The average gold price received increased by 25% to R735 569/kg from R586 653/kg in F2019.

Production costs

Production costs increased by R1 724 million or 8% to R22 billion during F2020 mainly due to annual labour and electricity rate increases in South Africa.

Amortisation and depreciation

Amortisation and depreciation decreased by R546 million or 13% to R3 508 million for F2020 mainly due to the impact that the South African national lockdown had on production levels.

Other operating expenses

Other operating expenses for F2020 include an unrealised foreign exchange translation loss on the US dollar borrowings of R967 million compared to a R99 million loss in F2019. The foreign exchange translation loss is mainly a result of the weakening of the US dollar to the rand during the year.

Net loss

Harmony's net loss decreased to R850 million in F2020, compared to a loss of R2 607 million in F2019. The headline loss decreased to 154 cents per share, compared with headline earnings of 204 cents per share for F2019.

Net debt

In June 2020, Harmony raised US$200 million (R3 466 million) by way of a share placement to fund the US$200 million cash portion of the consideration price relating to the acquisition of the Mponeng mine and Mine Waste Solutions from AngloGold Ashanti Limited. The cash from the placement, combined with the cash generated by the operations, resulted in net debt decreasing by R3 561 million to R1 361 million at the end of June 2020.

Derivatives and hedging

Harmony continued to enjoy favourable commodity and foreign exchange pricing on the unhedged portion of its exposure, while locking in current higher prices as part of its derivative programme. Since the inception of the derivative programmes in F2016, these programmes have realised net gains of R2 168 million.

The South African Covid-19 lockdown resulted in reduced gold production in the June 2020 quarter. As a result, Harmony restructured the derivative programme and rolled forward some transactions, which assisted in matching the derivatives to the changed gold production profile during the lockdown. The US dollar gold and US dollar silver derivatives were not restructured as they relate to the Hidden Valley mine which continued operating during this time.

The weakening of the rand against the US dollar during the year negatively impacted on the valuation of the foreign exchange derivatives. The increase in the gold price – both in US dollar and in rand terms – negatively impacted on the valuation of the gold derivatives. Derivatives recorded a net realised negative cash flow of R1 778 million in F2020, principally due to a R1 492 negative cash flow on R/gold derivatives.

Harmony's results for the financial year ended 30 June 2020 can be viewed at www.harmony.co.za.

Summary Mineral Resources and Mineral Reserves report

at 30 June 2020

ADDING VALUE

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

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

A Mineral Resources and Mineral Reserves report is issued annually to inform shareholders and potential investors of the mineral assets held by African Rainbow Minerals Limited (ARM). The report is available in full on **www.arm.co.za**.

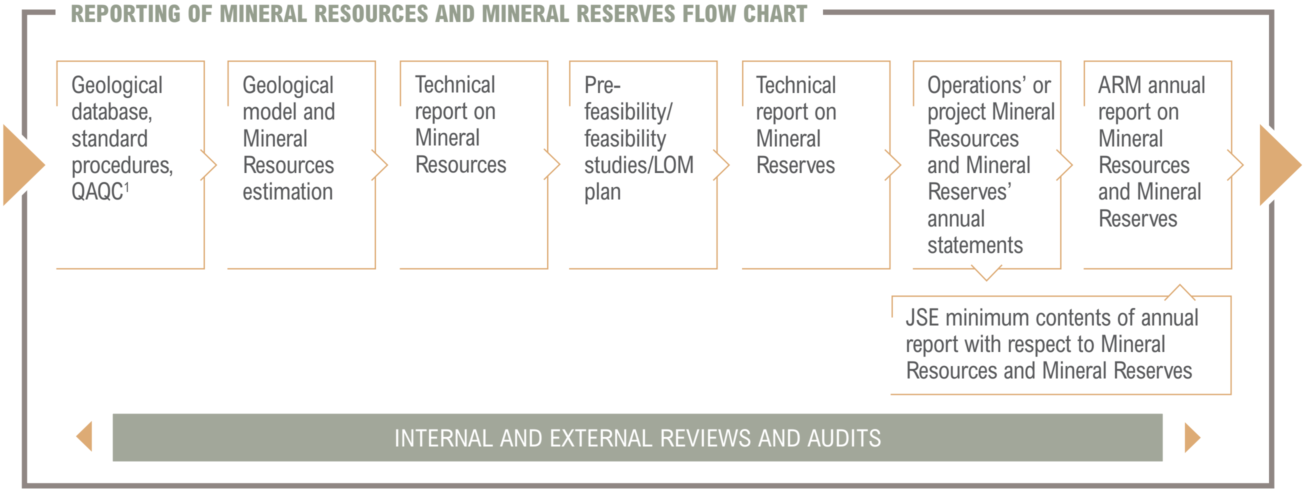
RR This summary should be read with the detailed 2020 ARM Mineral Resources and Mineral Reserves Report

INTRODUCTION

ARM's method of reporting Mineral Resources and Mineral Reserves complies with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code of 2016), the South African Code for reporting of Mineral Asset Valuation (SAMVAL Code, 2016) and Section 12.13 of the JSE Listings Requirements.

The SAMREC Code of 2016 sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves in South Africa. It was launched and adopted by the Johannesburg Stock Exchange (JSE) in May 2016. The 2020 ARM Mineral Resources and Mineral Reserves Report is based on the SAMREC Code of 2016.

The reporting of Mineral Resources and Mineral Reserves is done annually according to the following flow chart:



1 QAQC: Quality Assurance/Quality Control

A set of guidelines has been formulated to assist competent persons in the estimation, classification and reporting of Mineral Resources and Mineral Reserves and is contained in a document entitled: "ARM Guidelines for Estimation, Classification and Reporting of Mineral Resources and Mineral Reserves".

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

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

The convention adopted in this report is that the Measured and Indicated Mineral Resources estimates are reported **inclusive** of that portion converted to Mineral Reserves. **Inferred Mineral Resources** have not been included in feasibility studies or life-of-mine plans. Mineral Resources and Mineral Reserves estimates are quoted as at **30 June 2020** unless stated otherwise.

Underground Mineral Resources are in situ tonnages at the postulated mining width, after deductions for geological losses that have reasonable prospects for eventual economic extraction **(RPEEE).** 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 that have reasonable prospects for eventual economic extraction and Mineral Reserves are tonnages falling within an economic pit-shell.

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

External consulting firms audit the Mineral Resources and Mineral Reserves of the ARM operations when substantial geological borehole data has been added to the previously established database or every three years whichever comes first.

The risk factors that could impact on the Mineral Resources and Mineral Reserves are reported in the Risk section of the 2020 integrated annual report.

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

In October of 2019, ARM agreed to dispose of and cede the JV interest in the Kalplats PGM prospect to Stella Platinum Proprietary Limited. The Mineral Resources for the Kalplats PGM prospect which were reported in 2019 Mineral Resources and Mineral Reserves will no longer be reported by ARM.

COMPETENCE

The lead competent person with overall responsibility for the compilation of the 2020 Mineral Resources and Mineral Reserves Report is Shepherd Kadzviti, an ARM employee. He confirms that the information in this report complies with the SAMREC Code (2016) and that it may be published in the form and context in which it was intended.

Shepherd Kadzviti graduated with a BSc in geology and mathematics and a MSc in exploration geology from the University of Zimbabwe. He later completed a graduate diploma in mining engineering (GDE) at the University of the Witwatersrand. He worked at RioZim's Renco Gold Mine for 14 years in various capacities as geologist, technical services superintendent and mine manager. In 2005, he joined Anglo American Platinum at Union Mine as an evaluation geologist with responsibilities for geological database management and Mineral Resource estimation. After two years at the mine, he was transferred to the Anglo American Platinum corporate office where he was appointed resource geologist. He then joined ARM as Mineral Resources specialist in 2008, and was involved in the evaluation of various mineral deposits for the group. In 2012, he was appointed group mineral resources manager for ARM. He is registered with the South African Council for Natural Scientific Professions (SACNASP) as a professional natural scientist (PrSciNat) in the field of practice of geological science, registration number 400164/05. SACNASP is based in the Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, 0087, South Africa. He has a total of 30 years' experience in various aspects of mining and exploration geology, database management and Mineral Resource estimation and as such is considered to be a competent person.

All competent persons at the ARM corporate office and the operations have sufficient relevant experience in the type of deposit and in the activity for which they have taken responsibility. The competent persons consent to the inclusion of the Exploration Results, Mineral Resources and Mineral Reserves information in this report, in the form and context in which it appears. Details of ARM's competent persons are available from the company secretary on written request.

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

ARM corporate office	S Kadzviti, M Mabuza, V Moyo, R Jooste
PGM (Two Rivers Mine)	JZ Khumalo, JA Coetzee, TJ Horak
PGM (Modikwa Mine)	J de Kock, I Colquhoun (Anglo American Platinum)
Nickel (Nkomati Mine)	N Strydom, T Mogano
Manganese (Black Rock Mine)	B Ruzive, J Smuts
Iron ore (Beeshoek Mine)	AMJ Burger, R Jooste
Iron ore (Khumani Mine)	MA Burger, IJM van Niekerk, B Muzima
Coal (Goedgevonden)	M Smith (Glencore head office)

Shepherd Kadzviti PrSciNat
Group mineral resources manager

African Rainbow Minerals
24 Impala Road, Chislehurston, Sandton, South Africa

8 October 2020

SALIENT FEATURES FOR F2020

ARM PLATINUM

Two Rivers Mine

Mineral Reserves for the UG2 reef decreased from 64.97 million tonnes at a grade of 3.50 g/t (6E) to 63.22 million tonnes at 3.56 g/t (6E) mainly due to mining depletion, which was partially off-set by an overall decrease in geological losses at the Main Decline.

Modikwa Mine

Mineral Reserves decreased from 47.16 million tonnes at 4.34 g/t (4E) to 45.73 million tonnes at 4.22 g/t (4E) mainly due to mining depletion.

Nkomati Mine

The Measured and Indicated Mineral Resources for Nkomati Mine decreased from 175.74 million tonnes at 0.35% Ni to 170.25 million tonnes at 0.35% Ni mainly due to mining production. The remaining Mineral Reserves in the open-pit area are 1.39 million tonnes at 0.37% Ni.

ARM FERROUS

Black Rock Mine

Mineral Reserves for Nchwaning Seam 1 decreased from 68.76 million tonnes at 43.30% Mn to 60.57 million tonnes at 43.68% Mn due to production depletion and a decrease in the density based on a new density study that was undertaken. Nchwaning Seam 2 Mineral Reserves marginally decreased from 109.10 million tonnes at 42.73% Mn to 108.66 million tonnes at 42.77% Mn as the mining depletion was partially off-set by gains from a density increase and Mineral Resource modelling changes.

Mineral Reserves for Gloria Seam 1 decreased from 115.04 million tonnes at 37.41% Mn to 104.98 million tonnes at 37.27% Mn mainly due to a decrease in the density. Other factors that accounted for the change were mining depletion, model refinement and mine design changes.

Beeshoek Mine

Open-pit Mineral Reserves decreased from 29.84 million tonnes at 64.69% Fe to 26.18 million tonnes at 64.63% Fe mainly due to mining depletions in Village North, HF, BN and East pits.

Khumani Mine

Open-pit Mineral Reserves decreased from 433.44 million tonnes at 62.10% Fe to 424.58 million tonnes at 62.28% Fe primarily due to mining depletion and addition of Mineral Reserves as a result of the re-estimation of King and Mokaning areas.

Mineral Resources estimates were done during the year for the low-grade jig stockpile resulting in the declaration of a total of 17.18 million tonnes at 54.29% Fe of Indicated Mineral Resources and 1.78 million tonnes at 55.07% Fe of Inferred Mineral Resources.

ARM COAL

Goedgevonden Coal Mine

Coal Reserves (ROM) decreased from 290 million tonnes to 280 million tonnes mainly due to mining depletion.

F2020 MINERAL RESOURCES AND MINERAL RESERVES SUMMARY AS AT 30 JUNE 2020

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															
2020 UG2 (grade reported as 6E)	**14.35**	**5.65**	**83.75**	**5.73**	**98.10**	**5.72**	**80.30**	**5.33**	**4.63**	**3.41**	**58.59**	**3.57**	**63.22**	**3.56**	**7.23**
2019 UG2 (grade reported as 6E)	13.99	5.58	84.20	5.71	98.19	5.69	79.03	5.40	5.39	3.57	59.58	3.49	64.97	3.50	7.31
2020 Merensky (grade reported as 6E)			**75.73**	**3.42**	**75.73**	**3.42**	**61.39**	**4.32**							
2019 Merensky (grade reported as 6E)			75.73	3.42	75.73	3.42	61.39	4.32							
Modikwa Mine															
2020 UG2 (grade reported as 4E)	**85.80**	**5.94**	**102.20**	**5.91**	**188.00**	**5.92**	**77.50**	**6.22**	**13.43**	**4.45**	**32.30**	**4.12**	**45.73**	**4.22**	**6.21**
2019 UG2 (grade reported as 4E)	86.30	5.94	102.50	5.92	188.80	5.93	77.30	6.24	15.68	4.49	31.48	4.27	47.16	4.34	6.58
2020 Merensky (grade reported as 4E)	**20.70**	**3.15**	**53.88**	**2.90**	**74.58**	**2.97**	**139.33**	**2.84**							
2019 Merensky (grade reported as 4E)	18.54	2.93	55.73	2.72	74.27	2.78	138.59	2.65							

6E *= platinum + palladium + rhodium + iridium + ruthenium + gold.*
4E *= platinum + palladium + rhodium + gold.*
The Mineral Resources are ***inclusive*** *of those modified to produce Mineral Reserves.*
* ***Two Rivers Platinum Mine attributable interests (ARM 54%; Impala Platinum 46%).***
* ***Modikwa Platinum Mine attributable interests (ARM 41.5%; Modikwa communities 8.5%; Anglo American Platinum 50%).***

Nickel

	Mineral Resources								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														
2020 MMZ+PCMZ	**75.61**	**0.32**	**94.64**	**0.37**	**170.25**	**0.35**	**46.35**	**0.40**	**1.39**	**0.37**			**1.39**	**0.37**
2019 MMZ+PCMZ	81.10	0.32	94.64	0.37	175.74	0.35	46.35	0.40	6.48	0.30	0.31	0.28	6.79	0.30
2020 MMZ stockpiles									**0.20**	**0.25**			**0.20**	**0.25**
2019 MMZ stockpiles									0.20	0.27			0.20	0.27
2020 PCMZ stockpiles									**0.36**	**0.20**			**0.36**	**0.20**
2019 PCMZ stockpiles									0.60	0.19			0.60	0.19

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 – details available in the 2020 ARM detailed Mineral Resources and Mineral Reserves report.
Nkomati Mine PCMZ Mineral Resources and Mineral Reserves also contain Cu, Co, PGEs and Cr_2O_3 – details available in the 2020 ARM detailed Mineral Resources and Mineral Reserves report.
* ***Nkomati Mine attributable interests (ARM 50%; Norilsk Nickel Africa (Pty) Ltd 50%).***

F2020 MINERAL RESOURCES AND MINERAL RESERVES SUMMARY continued

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												
2020 Oxidised massive chromitite	**0.13**	**27.16**	**0.05**	**23.28**	**0.18**	**26.08**						
2019 Oxidised massive chromitite	0.13	27.16	0.05	23.28	0.18	26.08						
2020 Un-oxidised massive chromitite	**0.12**	**25.14**	**0.21**	**24.42**	**0.33**	**24.68**						
2019 Un-oxidised massive chromitite	0.12	25.26	0.21	24.42	0.33	24.73	0.07	17.77			0.07	17.77
2020 Chromite stockpiles							**1.05**	**19.33**			**1.05**	**19.33**
2019 Chromite stockpiles							1.77	19.37			1.77	19.37

*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)														
2020 Seam 1	**84.88**	**44.71**	**41.12**	**39.87**	**126.00**	**43.13**			**37.51**	**44.29**	**23.06**	**42.68**	**60.57**	**43.68**
2019 Seam 1	82.11	44.65	49.05	40.48	131.16	43.09			38.65	44.16	30.11	42.20	68.76	43.30
2020 Seam 2	**106.29**	**42.83**	**68.47**	**42.28**	**174.76**	**42.61**			**72.72**	**42.69**	**35.94**	**42.92**	**108.66**	**42.77**
2019 Seam 2	104.25	42.83	68.54	42.08	172.79	42.53			73.09	42.70	36.01	42.80	109.10	42.73
Black Rock Mine (Koppie area)														
2020 Seam 1	**15.80**	**40.00**	**23.00**	**39.30**	**38.80**	**39.60**	**25.20**	**41.10**						
2019 Seam 1	9.03	40.30	34.57	40.70	43.60	40.60								
2020 Seam 2	**7.30**	**39.10**	**8.00**	**35.80**	**15.30**	**37.40**	**18.70**	**38.20**						
2019 Seam 2	8.23	37.40	18.58	39.20	26.81	38.60								
Black Rock Mine (Gloria Mine)														
2020 Seam 1	**69.39**	**37.29**	**80.08**	**37.56**	**149.47**	**37.43**	**30.19**	**36.91**	**44.61**	**37.20**	**60.37**	**37.32**	**104.98**	**37.27**
2019 Seam 1	64.01	37.49	92.93	37.65	156.94	37.58	31.87	37.29	41.84	37.40	73.20	37.42	115.04	37.41
2020 Seam 2			**32.06**	**28.41**	**32.06**	**28.41**	**122.92**	**30.03**						
2019 Seam 2			34.81	28.41	34.81	28.41	133.46	30.03						

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

*   ***Black Rock Manganese Mine attributable interests (ARM 50%; Assore 50%).***

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														
2020 All pits	**86.71**	**64.06**	**5.11**	**63.44**	**91.82**	**64.02**	**5.35**	**62.58**	**26.05**	**64.64**	**0.13**	**63.35**	**26.18**	**64.63**
2019 All pits	90.56	64.11	5.11	63.44	95.67	64.07	5.35	62.58	29.71	64.70	0.13	63.35	29.84	64.69
2020 Stockpiles											**1.22**	**60.02**	**1.22**	**60.02**
2019 Stockpiles											0.77	58.52	0.77	58.52
2020 Low-grade stockpiles	**2.41**	**56.46**	**12.64**	**53.22**	**15.05**	**53.74**					**11.97**	**53.22**	**11.97**	**53.22**
2019 Low-grade stockpiles	2.41	56.46	12.64	53.22	15.05	53.74			2.29	56.46	11.97	53.22	14.26	53.74
Khumani Mine														
2020 Bruce and King/Mokaning	**449.08**	**62.88**	**132.76**	**63.12**	**581.84**	**62.93**	**35.18**	**61.87**	**341.01**	**62.20**	**83.57**	**62.58**	**424.58**	**62.28**
2019 Bruce and King/Mokaning	418.99	63.01	137.30	63.22	556.29	63.06	36.10	61.13	340.19	61.97	93.25	62.58	433.44	62.10
2020 Stockpiles											**6.31**	**55.52**	**6.31**	**55.52**
2019 Stockpiles											6.04	55.08	6.04	55.08
2020 Low-grade stockpiles			**17.18**	**54.29**	**17.18**	**54.29**	**1.78**	**55.07**						

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

* ***Iron ore operations attributable interests (ARM 50%; Assore 50%).***

ARM Coal operations

Coal

* Coal Resources and Coal Reserves are reported on a 100% basis.	Coal Resources								Coal Reserves (ROM)						Coal Reserves (Saleable)					
	Measured		Indicated		Measured and Indicated		Inferred		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	CV (MJ/kg)	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)
Goedgevonden Coal Mine																				
2020 (Coal Resources reported as MTIS)**	**490**	**19.82**	**7**	**18.28**	**497**	**19.80**	**1**	**16.72**	**280**	**19.57**			**280**	**19.57**	**172**	**^**			**172**	**^**
2019 (Coal Resources reported as MTIS**)	510	19.82	7	18.28	517	19.80	1	16.72	280	19.64	10	19.64	290	19.64	173	^^	5	^^	178	^^

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

*** Mineable Tonnes in situ (MTIS) Coal Resources are now reported as per SAMREC Code of 2016 requirements.*

^ 2020 [HG Export (73 Mt; CV 6 000 Kcal/kg)] and [LG Export (99 Mt; CV 21.50 MJ/kg)].

^^ 2019 [HG Export (79 Mt; CV 6 000 Kcal/kg)] and [LG Export (99 Mt; CV 21.50 MJ/kg)].

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

Participative Coal Business (PCB) Coal Resources and Coal Reserves are not included in this report but are published in the Glencore report which can be found at www.glencore.com

HARMONY GOLD

ARM owns 12.4% of Harmony's issued share capital. Harmony is separately run by its own management team. Mineral Resources and Mineral Reserves of the Harmony Mines are the responsibility of the Harmony team and are published in Harmony's annual report.

Summarised corporate governance report

Our strategy is supported by high standards of corporate governance. These are reviewed regularly to ensure robust reporting, strong relationships with our stakeholders and to align our businesses with global good practice.

Our approach to corporate governance

We understand that adhering to the highest standards of corporate governance is fundamental to the sustainability of our business. Our business practices are conducted in good faith, in the interests of the company and all its stakeholders, with due regard for the principles of good corporate governance.

The unitary board of directors is the foundation of our corporate governance system and accountable for our performance. The board retains effective control of the business through a clear governance structure. It is assisted by established committees, in line with its 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 they support effective decision-making, establish a corporate culture aligned with ARM's purpose, foster sustainable growth and align to evolving best practice.

King IV and governance

We support the governance outcomes, principles and practices set out in the King IV Report on Corporate Governance for South Africa, 2016 (King IV) and apply all relevant principles. We view developments and governance trends as opportunities to continuously improve and entrench our own standards. Practices affecting our divisions and operations are identified, assessed and addressed through action plans as well as regular monitoring and reporting to the appropriate governance structures. Ongoing progress reports are presented, among others, to the ARM audit and risk committee and divisional audit committees.

Governance in times of Covid-19

The Covid-19 pandemic has created unprecedented global health, social and economic challenges. Throughout the initial lockdown, the chief executive officer communicated regularly with the board to provide clarity and reassurance about the business. Board members were kept informed about extensive issuer guidance from the JSE on communicating with the public and regulators. At the onset of lockdown, the board considered risks and closely monitored the results of scenario planning for ARM, given the severe impact on global markets for our commodities.

In line with current requirements, we have included comprehensive risk disclosures in our integrated annual report, covering the operational and financial impacts, health and safety considerations as well as impact on our communities.

We transitioned seamlessly to video- and tele-conferencing for board and committee meetings. In line with the provision in ARM's memorandum of incorporation, our next annual general meeting will be held electronically to manage and reduce the health risk to all participants.

Although lockdown levels have eased, ARM's robust governance structures enable the board to maintain ongoing and effective oversight and leadership as the medium to long-term impacts of the pandemic unfold.

GOVERNANCE FRAMEWORK

Shareholders and other stakeholders

BOARD OF DIRECTORS

Determines the company's purpose and values, develops related strategies, and provides strategic direction and leadership aligned to ARM's value system to ensure its sustainability

GROUP COMPANY SECRETARY AND GOVERNANCE OFFICER

STRATEGIC

AUDIT AND RISK COMMITTEE

Oversight of integrated annual report and financial reporting, internal controls and risk management; monitors maintenance and safeguarding of assets as well as financial sustainability of the company.

INVESTMENT COMMITTEE

Examines proposed investments, potential acquisitions and disposals, and capital projects above executive management's authority levels before recommending to the board.

NOMINATION COMMITTEE

Ensures the board is appropriately structured to execute its functions effectively.

NON-EXECUTIVE DIRECTORS' COMMITTEE

Considers sensitive issues that may not expediently be discussed at board meetings and gives non-executive directors the opportunity to debate issues at length and formulate their views before taking them to board meetings.

REMUNERATION COMMITTEE

Monitors the company's remuneration policies and ensures it has the optimal remuneration strategy to attract, retain and motivate employees and non-executive directors of the required calibre.

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 approach to transformation.

EXECUTIVE MANAGEMENT

Executive committee

Assists the executive chairman to implement the vision, strategy and objectives for ARM

Steering committee

Assists the chief executive officer with implementing management policies and considers other operational matters

TACTICAL

GROWTH AND STRATEGIC DEVELOPMENT COMMITTEE

Evaluates investment opportunities aligned with the ARM board strategy.

IAR Refer to the strategy in the integrated annual report.

MANAGEMENT RISK AND COMPLIANCE COMMITTEE

Assists the audit and risk committee and social and ethics committee in monitoring implementation of the enterprise risk management policy and annual plan, and with identifying strategic and operational risks and opportunities.

CGR Refer to the risk report.

TECHNOLOGY AND INFORMATION COMMITTEE

Ensures 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 technology and information governance report.

TREASURY COMMITTEE

Ensures the effective management of ARM's financial capital.

TAX FORUM

The forum collaborates with the business to provide advice and guidance, consider all tax matters, queries and industry developments and to ensure tax compliance.

IAR Refer to the financial review in the integrated annual report.

EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT COMMITTEE

Ensures we attract and develop human capital to enable and support the company's strategy.

SR Refer to the sustainability report.

DIVISIONAL/OPERATIONAL

Departmental, regional, specialist, operational and project committees and forums

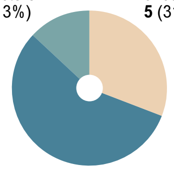
OPERATIONAL

SR King IV application register and IBIS ESG Consulting Africa (Pty) Ltd comprehensive assurance statement in the 2020 sustainability report are on our website: **www.arm.co.za.**

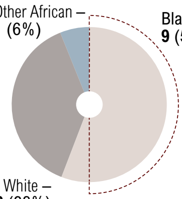
Board of directors

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

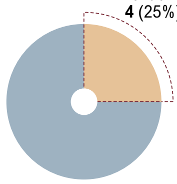
MIX



DIVERSITY



GENDER



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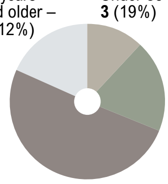


* *Target in terms of the board-approved policy.*
** *At the date of the 2020 annual general meeting.*

1 DR PATRICE MOTSEPE (58)

EXECUTIVE CHAIRMAN

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

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

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

2 MIKE SCHMIDT (62)

CHIEF EXECUTIVE OFFICER

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

Appointed to the board in 2011.

3 TSUNDZUKANI MHLANGA (38)

FINANCE DIRECTOR

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

Appointed to the board in 2020.

4 JONGISA MAGAGULA (38)

EXECUTIVE DIRECTOR: INVESTOR RELATIONS AND NEW BUSINESS DEVELOPMENT

BBusSci (finance) (hons) (UCT)

Appointed to the board in 2019.

- *Ubuntu-Botho Investments (Eastern Cape) Pty Ltd, trustee of Ubuntu-Botho Women's Upliftment Trust.*

5 THANDO MKATSHANA (51)

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE: ARM PLATINUM

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

Appointed to the board in 2015.

6 ALEX MADITSI (58)

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

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

7 FRANK ABBOTT (65)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

Member of investment and non-executive directors' committees.

Appointed to the board in 2004.

- *Harmony Gold Mining Company Limited.*

8 TOM BOARDMAN (70)

INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom (Wits), CA(SA)

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

Appointed to the board in 2011.

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

9 ANTON BOTHA (67)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

Appointed to the board in 2009.

- *Imalivest, Sanlam Limited, University of Pretoria.*

10 JOAQUIM CHISSANO (80)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

Appointed to the board in 2005.

- *Harmony Gold Mining Company Limited.*

11 MANGISI GULE (68)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

Member of non-executive directors' committee.

Appointed to the board in 2004.

12 PITSI MNISI (37)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

Member of non-executive directors' committee.

Appointed to the board in 2020.

- *Super Group Limited, African People Movers Pty Ltd, Methodist Homes for the Aged NPO.*

13 DAVID NOKO (63)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

Appointed to the board in 2017.

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

14 MIKE ARNOLD (63)

NON-EXECUTIVE DIRECTOR

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

Member of investment and non-executive directors' committees.

Appointed to the board in 2009.

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

15 DR REJOICE SIMELANE (68)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

Appointed to the board in 2004.

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

16 JAN STEENKAMP (66)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

Appointed to the board in 2017.

- *African Rainbow Energy and Power Proprietary Limited.*

LEGEND

- South African
- Mozambican

- **Other key boards**

BOARD OF DIRECTORS continued

BOARD EXPERIENCE

Our success is founded on a clear strategy to deliver competitive returns and sustainable value. The board draws on the wealth of knowledge and experience of its members to guide the company in achieving its strategic priorities. With a deep understanding of our values, each director makes a valuable contribution to the responsible governance of the company.

The board has members of the appropriate calibre to provide the company with strategic direction. The breadth of specific and complementary skills of directors is illustrated below.

DIRECTORS	Commercial and business acumen	Economics	Engineering	Executive leadership	Financial acumen	Financial expert (including CA(SA))	Governance and ethics	Government relations experience	Human capital best practice	International experience	Legal and regulatory compliance
Executive											
Dr PT Motsepe (executive chairman)	○			○	○		●	○		●	○
MP Schmidt (chief executive officer)	○		○	●	○		○		○	○	○
TTA Mhlanga (finance director)	○			○	●	●	○			○	○
J Magagula	○	○		●	○					○	
HL Mkatshana	○		○	○	○		○	○	○	○	
Non-executive											
AK Maditsi (lead independent)	●			○			○	○	○	○	●
F Abbott (independent)	●			○	●	○	○			○	○
M Arnold	○		○	●	●	●	○			○	○
TA Boardman (independent)	○			●	●	●	○		○	○	○
AD Botha (independent)	○	○		●	○	●	○		●	○	○
JA Chissano (independent)							○	●	●	●	
WM Gule (independent)				●			○		●		
P Mnisi (independent)	○			○	○	●	○		○	○	○
DC Noko (independent)	○		○	●			○	○	○	○	○
Dr RV Simelane (independent)		●		○	○		●	○	○	○	●
JC Steenkamp (independent)	○		○	○	○		○			○	

Key
● Top three areas in which a director has more than 10 years' experience
○ Other skills and experience

IAR For more information on how the company delivers competitive returns and sustainable value, see the integrated annual report.

"THE RANGE AND DEPTH OF SKILLS AND EXPERTISE ON OUR BOARD HAS BEEN INVALUABLE AS WE NAVIGATE THE CURRENT SOCIAL, POLITICAL, ECONOMIC AND ENVIRONMENTAL CHALLENGES AND OPPORTUNITIES."

DIRECTORS	Mining technical expertise	Mining strategy	Health and safety	Operational experience	Risk management	Stakeholder engagement	Strategic leadership	Sustainability best practice	Tax expertise	Technical insight	Technology and information	Transformation best practice
Executive Dr PT Motsepe (executive chairman)		○			○	○	●	○				○
MP Schmidt (chief executive officer)	●	●	○	○	○	○	○	○		○	○	○
TTA Mhlanga (finance director)		○			○		○		●		○	
J Magagula		●				●	○					
HL Mkatshana	●	●	○	●	○	○	○	○		○		
Non-executive AK Maditsi (lead independent)			○	○		○	●					
F Abbott (independent)							○		○			
M Arnold	○	○					○		○	○		
TA Boardman (independent)		○			○	○	○	○				○
AD Botha (independent)		○				○	○	○	○		○	○
JA Chissano (independent)							○					
WM Gule (independent)		○	○			●	○					○
P Mnisi (independent)		●	○	●			○		○			
DC Noko (independent)		○	●	○	○	○	○	●		○		
Dr RV Simelane (independent)		○	○		○	○	○	○				○
JC Steenkamp (independent)	●	○	○	●	○	○	●	○		○		○

● Top three areas in which a director has more than 10 years' experience
○ Other skills and experience

BOARD OF DIRECTORS continued

DIVERSITY AND INCLUSION

We recognise the benefits of a diverse board for integrated thinking. The board adopted a policy on promoting gender and racial diversity and inclusion to ensure that, by the end of calendar 2018, it would comprise at least 50% black board members, of which 25% would be black women. We have balanced black and white representation on the board and met the 25% target for black female members. We continue our efforts to increase female representation and restructure the board composition.

In the annual performance evaluation of the board, gender and race diversity were again identified as priority areas and the nomination committee will continue to focus on achieving these targets.

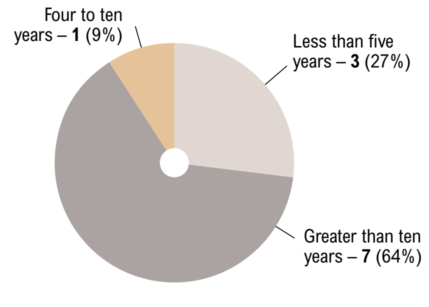
INDEPENDENCE

Our independent non-executive directors are highly experienced and have the skills, background and knowledge to fulfil their responsibilities. All directors have a duty to act with independence of mind in the best interests of the company. The board believes the independent non-executive directors are of the appropriate calibre, diversity and number for their views to carry significant weight in its deliberations and decisions.

The classification of independent non-executive directors is determined by the board on the recommendation of the nomination committee. In determining the independence of these directors, and with due regard to the relevant criteria set out in King IV and the JSE Listings Requirements, character and judgement are considered, along with any relationships or circumstances that may affect their judgement. Any term in office by an independent non-executive director exceeding nine years is rigorously reviewed by the board.

The board concluded that, in each case, the director's independence of character and judgement was not impaired by length of service.

TENURE: NON-EXECUTIVE DIRECTORS



INDEPENDENCE AND CONSULTANCY

The independence of Mr JA Chissano, who receives consultancy fees, was considered. Given his extensive relationships with leaders of African countries, Mr Chissano assists in facilitating high-level business discussions and introductions. His specific assignments are determined by the executive chairman and chief executive officer, and fees paid for these services are market-related. As such, the board is satisfied that this aspect does not impair his independence.

Two other non-executive directors, Messrs M Arnold and JC Steenkamp, had consultancy agreements with the company in F2020. Mr JC Steenkamp is considered independent as he has not been an executive of ARM in the preceding three financial years, no longer participates in the Company's share incentive schemes and his consultancy agreement with the Company has been terminated. Mr Arnold is not considered independent as he was an executive of ARM in the previous three financial years and he benefits from ARM's share incentive schemes.

IAR CGR For additional information about consultancy agreements, see the summarised remuneration report in the integrated annual report and the remuneration report in the corporate governance report.

EXECUTIVE CHAIRMAN, LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

The roles of the executive chairman and chief executive officer are separate and distinct.

Dr PT Motsepe is the executive chairman of the company and not independent. He is also a significant shareholder of ARM. The company is satisfied that his non-independence is properly addressed by the composition of the board and particularly by appointing a lead independent non-executive director, Mr AK Maditsi, as required by King IV.

AFS For further information, see shareholder analysis in the 2020 annual financial statements.

The board charter documents the role and responsibilities of the executive chairman and lead independent non-executive director, who leads, inter alia, in the absence of the executive chairman or when the executive chairman has a conflict of interest.

In addition to general requirements for re-electing directors set out in ARM's memorandum of incorporation and discussed below, the executive chairman and lead independent non-executive director must be elected by the board annually. Dr Motsepe and Mr Maditsi were re-elected to their respective roles for one year from 1 January 2020.

The chief executive officer is appointed by the board. He does not hold any external board appointments, although he represents the company at the Minerals Council South Africa.

BOARD OF DIRECTORS continued

BOARD CHARTER

The board charter was amended in June 2020, guiding directors on the board's responsibilities, authority, composition, meetings and need for performance evaluations.

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

RE-ELECTION, ELECTION, INDUCTION, SUCCESSION AND BOARD PERFORMANCE ASSESSMENT

Re-election and election

The memorandum of incorporation requires that one-third of 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. Messrs TA Boardman, AD Botha and JA Chissano and Dr RV Simelane are required to retire by rotation. They have made themselves available for re-election at the annual general meeting on Friday, 4 December 2020, or any adjournment.

Directors appointed by the board between annual general meetings hold office only until the next annual general meeting and are eligible for election. They are not included in determining the number of directors who are to retire by rotation. Ms AM Mukhuba stepped down from the board as finance director from 30 September 2020. The board undertook a process to identify a permanent successor for Ms Mukhuba. In September 2020, it announced the appointment of Ms TTA Mhlanga as the new finance director, with effect from 1 October 2020. Ms J Magagula was appointed by the board as executive director: investor relations and new business development from 18 December 2019 and Ms P Mnisi was appointed as an independent non-executive director from 30 September 2020. Given their appointments were between annual general meetings, they will stand for election at the annual general meeting on Friday, 4 December 2020, or any adjournment.

Induction and continuing education

Newly-appointed directors receive a comprehensive information pack, including the memorandum of incorporation, board charter, terms of reference of board committees, board policies and other relevant documents. In addition, key legislation and regulations, as well as corporate governance, financial and reporting documents, including minutes and administrative documents, are provided. Directors are encouraged to attend courses providing information and training on their duties, responsibilities, powers and potential liabilities.

Regulatory and legislative updates are provided regularly.

Succession

The nomination committee, together with the executive chairman, is responsible for succession planning for non-executive directors and monitors succession planning for executive directors.

CGR For more on the nomination committee.

The company has a succession plan for executive directors and senior management.

Board performance assessment

The effectiveness of the board and committees is assessed annually. Independent external advisors assisted the nomination committee in evaluating the board, committees, executive chairman, chief executive officer and group company secretary and governance officer.

In the F2020 assessment process, the board considered its responsibilities in terms of its charter and was satisfied it had fulfilled these.

In addition to finding that the board functioned well, the assessment acknowledged the importance of refining the capital-allocation guiding principles, decisions to improve operational performance and continued focus on the diversity of the board.

CGR See full corporate governance report.

Assessment of finance function

The audit and risk committee oversees the company's financial reporting process on behalf of the board and reviews the finance function. Following the 2020 review, the committee was satisfied with the performance of the former finance director, Ms AM Mukhuba, and that she had experienced finance executives reporting to her, that the finance function was adequately resourced and that she had the necessary qualifications, experience and expertise to discharge her responsibilities.

GROUP COMPANY SECRETARY AND GOVERNANCE OFFICER

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

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

The board appointed the group company secretary and governance officer in line with the requirements of the Companies Act. In August 2020, on recommendation of the nomination committee, the board considered details of her competence, qualifications and experience as well as results of the F2020 board assessment.

The board remains satisfied with the competency and experience of the group company secretary and governance officer.

IAR Performance assessments of all executive directors, including the executive chairman and chief executive officer, are undertaken annually and form the basis of their remuneration as discussed in part II of the remuneration report.

ADVICE AND INFORMATION

There is no restriction 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, at the company's expense, independent professional advice on the affairs of the company.

BOARD MEETINGS

The board meets at least four times a year to consider the business and strategy of ARM. It reviews reports of the chief executive officer, finance director, divisional chief executives and other senior executives, chairmen of committees and independent advisors. In F2020, four board meetings and a budget workshop were held. ARM's strong balance sheet, efficient lines of reporting from operations/divisions, and robust governance structures at every level, required no special board meetings to manage unfolding Covid-19-related events. The enterprise risk management programme provided the framework for the company's effective response to both crisis management and business continuity. The two-day offsite strategy meeting was, however, postponed due to the Covid-19 pandemic.

MEETING ATTENDANCE

F2020 board and committee meeting attendance

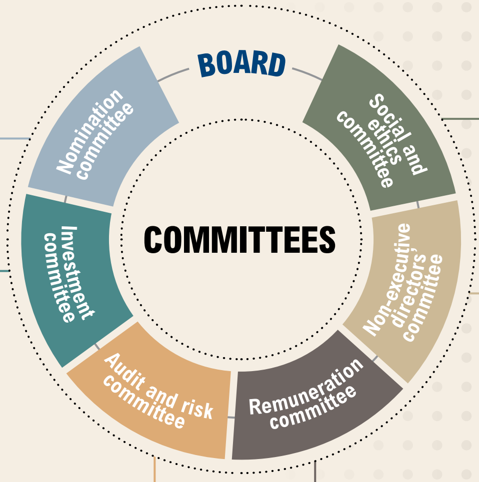
	BOARD		COMMITTEES					
	Board	Budget	Audit and risk	Investment	Nomination	Non-executive directors	Social and ethics	Remuneration
Number of meetings[1]	**4**	**1**	**7**	**4**	**4**	**4**	**4**	**3**
Dr PT Motsepe (executive chairman)	4/4	1/1	–	–	–	–	–	–
MP Schmidt (chief executive officer)	4/4	1/1	–	–	–	–	–	–
F Abbott	4/4	1/1	–	4/4	–	4/4	–	–
M Arnold	4/4	1/1	–	4/4	–	4/4	–	–
Dr MMM Bakane-Tuoane	4/4	1/1	7/7	–	4/4	4/4	4/4	3/3
TA Boardman	4/4	1/1	7/7	–	–	4/4	–	3/3
AD Botha	4/4	1/1	7/7	4/4	–	4/4	–	3/3
JA Chissano[2, 3]	3/4	1/1	–	–	3/4	3/4	1/3	–
WM Gule	4/4	1/1	–	–	–	4/4	–	–
AK Maditsi[3]	3/4	1/1	7/7	4/4	4/4	4/4	4/4	3/3
J Magagula[4]	2/2	1/1	–	–	–	–	–	–
HL Mkatshana	4/4	1/1	–	–	–	–	–	–
AM Mukhuba	4/4	1/1	–	–	–	–	–	–
DC Noko[3,5]	4/4	0/1	–	3/3	–	3/4	3/3	–
Dr RV Simelane[3]	4/4	1/1	6/7	–	4/4	4/4	4/4	–
JC Steenkamp	4/4	1/1	–	4/4	–	4/4	4/4	–
ZB Swanepoel[6]	3/3	–	–	3/3	–	3/3	3/3	–
AJ Wilkens[7]	2/2	–	–	–	–	–	–	–

1 Includes attendance at board meetings by directors of the company and attendance at committee meetings by committee members.
2 Mr JA Chissano was appointed to the social and ethics committee in August 2019. As a former head of state, he was excused from certain board and committee meetings as he chaired or was a member of a number of initiatives on peace and stability, HIV and Aids, and collaboration among African, Asian and European states.
3 Absent with leave of board or committee. Each director or committee member received meeting materials beforehand and contributed as necessary.
4 Ms J Magagula was appointed to the board from 18 December 2019.
5 Mr DC Noko was appointed to the investment and social and ethics committees in August 2019, and was appointed as chairman of the investment committee in March 2020.
6 Mr ZB Swanepoel resigned from the board effective 2 March 2020.
7 Mr AJ Wilkens resigned from the board effective 18 December 2019, prior to the budget meeting.

COMMITTEES

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

CGR For additional details on focus areas in the review period, see the corporate governance report on our website: **www.arm.co.za**.



NOMINATION COMMITTEE[1]

AK Maditsi (chairman)
JA Chissano
Dr RV Simelane

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

Focus and adding value

In F2020, the committee made recommendations to the board to:

- Promote diversity in board membership
- Make appointments to augment the knowledge, skills and experience on committees.

INVESTMENT COMMITTEE

ZB Swanepoel (chairman until 2 March 2020)
F Abbott
M Arnold
TA Boardman[3]
AD Botha
DC Noko (chairman from 2 March 2020)
AK Maditsi
JC Steenkamp

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

Focus and adding value

In F2020, the committee focused on:

- Making recommendations to the board to optimise our portfolio of assets, including the Two Rivers plant upgrade
- Monitoring proposals to grow and optimise the efficiencies of the ARM Ferrous division.

AUDIT AND RISK COMMITTEE

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

The audit and risk committee is constituted as a statutory entity of the board in terms of section 94 of the Companies Act and comprises four independent non-executive directors, with extensive relevant experience. Its primary objective is to assist the board in discharging its duties to safeguard ARM's assets; operate adequate systems, internal controls and control processes; and prepare accurate financial reports and statements that comply with all applicable legal requirements, corporate governance and accounting standards, as well as enhancing the reliability, integrity, objectivity and fair presentation of the affairs of the company. It also oversees financial and other risks in conjunction with the social and ethics committee.

AFS The detailed report of the audit and risk committee is available on page 2 to 4 of the 2020 annual financial statements.

CGR See the audit and risk committee report in the corporate governance report.

Focus and adding value

In respect of F2020, the committee considered:

- External auditor accreditation and reappointment
- Approving and monitoring the external auditor's plan and scope of work, and key audit matters
- Reviewing financial statements and the appropriateness of all published results
- Legal and regulatory requirements that may have an impact on the financial statements
- Approving and monitoring the internal auditor's plan and scope of work
- Management's action on internal audit findings
- Compliance with the Companies Act, King IV, JSE Listings Requirements and other applicable regulatory requirements and governance frameworks
- Risk management, regulatory requirements and reputational matters
- Technology and information governance including the information and technology strategy
- The effectiveness of ARM's internal controls
- Management's implementation of IFRS 16: Leases
- JSE's proactive monitoring report in terms of the five-year review cycle
- The increase in the decommissioning and restoration provision for Nkomati
- The impact of Covid-19 on the financial statements, funding arrangements and business
- The ARM Coal impairment
- The unvalidated ARM Coal receivable.

Number of meetings

SOCIAL AND ETHICS COMMITTEE[1,2]

4

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

The purpose of the committee, which is constituted under regulation 43(5)(c) of the Companies Regulations promulgated under the Companies Act, is to monitor and report on the manner and extent to which ARM protects, enhances and invests in the economy, society and natural environment in which it operates to ensure its business practices are sustainable.

IAR SR See the report of the committee on page 130 and the 2020 sustainability report on ARM's website.

Focus and adding value

In the review period, the committee:

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

NON-EXECUTIVE DIRECTORS' COMMITTEE[1,2,3]

4

AK Maditsi (chairman)
M Arnold
F Abbott
TA Boardman
AD Botha
JA Chissano
WM Gule
P Mnisi[3]
DC Noko
Dr RV Simelane
JC Steenkamp

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

Focus and adding value

In adding value in F2020, the committee considered management's response to the Covid-19 pandemic. It provided feedback to the board and management to enhance the effectiveness of the strategic process.

REMUNERATION COMMITTEE[1]

3

AD Botha (chairman)
TA Boardman
AK Maditsi

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

IAR CGR The summarised remuneration report is on page 109. The remuneration report is in the corporate governance report on ARM's website.

Focus and adding value

In F2020, the committee focused on:

- Monitoring the impact of the Covid-19 pandemic on executive remuneration
- Recommending corporate bonus parameters to the board
- Introduction of a personal performance modifier to bonuses payable.

1 Mr ZB Swanepoel resigned in March 2020.
2 Dr MMM Bakane-Tuoane resigned in September 2020.
3 Appointed in September 2020.

Management committees and forums

ARM has various management committees and forums comprising executive directors and senior executives. These are considered essential to its functioning and ensure the appropriate control and provision of information to the board.

Executive committee

This committee is chaired by the executive chairman. Standard agenda items include strategic matters, reports from the chief executive officer, finance director, divisional chief executives and other senior executives.

Management risk and compliance committee

This committee assists the audit and risk committee in discharging its duties on 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. Its terms of reference are reviewed annually and were amended in F2020.

It is chaired by the chief executive officer. Members include the finance director, divisional chief executives, chief risk officer, executive: sustainable development, chief information officer, group executive: legal and other senior executives.

CGR SR For more information on the risk management programme, see the risk report in the corporate governance report. For more on tailings storage facilities, see the tailings storage facilities management and governance report in the corporate governance report and the sustainability report.

Steering committee

The steering committee implements management policy and considers other operational matters. It is chaired by the chief executive officer and members include executive directors and senior management. It meets quarterly. All steering committee members are invited to attend the board budget workshop.

Covid-19 response committee

The Covid-19 response committee is an ad-hoc body chaired by the chief executive officer and members include executive directors and senior management. During the initial Covid-19 lockdown, the committee met three times a week, and continues to meet regularly.

IAR See impact of Covid-19 on page 10 and the operational reviews from page 54.

Growth and strategic development committee

This committee evaluates growth opportunities and plans the content for the two-day strategy session with the board, which was not held due to the Covid-19 pandemic. Chaired by the chief executive officer, the committee meets regularly and provides feedback to the executive chairman.

IAR For more on strategic development, see the strategy section in the integrated annual report.

Employment equity and skills development committee

The committee considers employment equity, transformation, talent management, succession planning and skills development strategies across the company.

SR For more on human capital, see the sustainability report on our website **www.arm.co.za**.

Treasury committee

This committee implements treasury policy and reviews operational cash flows, currency and interest rate exposures, as well as funding issues in the group.

While not performing an executive or decisive role in deliberations, Andisa implements decisions taken when required. Advice is also regularly sought from other advisors.

IAR For more on treasury and tax matters, see the financial review in the integrated annual report.

Tax forum

The forum collaborates with the business to provide advice and guidance, consider all tax matters, queries and industry developments and ensure tax compliance.

The forum meets quarterly under the chairmanship of the senior executive finance: corporate and tax, who provides feedback to the audit and risk committee.

Technology and information committee

This committee implements the strategy and governance framework and develops information technology policies and procedures.

CGR For more on technology and information, see the technology and information governance report in the corporate governance report.

ETHICS

IAR See page 19 for more on ethics, legal compliance, dealings in securities and insider trading, and investor relations and communications with stakeholders.

ANNUAL GENERAL MEETINGS

Board members and the external and internal audit partners attend annual general meetings to respond to shareholders' questions.

The notice of annual general meeting is available on our website **www.arm.co.za**.

Summarised remuneration report

PART I

BACKGROUND STATEMENT

PHILOSOPHY

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

The remuneration committee assists the board by applying a remuneration strategy that ensures a balance in attracting, motivating, rewarding and retaining human capital through competitive remuneration practices, while creating shareholder value. The committee approved a remuneration policy that gives effect to the remuneration strategy, supports business objectives in the wider operating environment and offers a balanced remuneration mix in line with our goals.

CONNECTING PERFORMANCE AND REMUNERATION

Fair and responsible pay

ARM is committed to fair, responsible and transparent pay. Our remuneration levels are aligned with the performance of the economy, and the specific performance of the company and our people. We focus on elements such as the company's values, culture, talent management, workforce planning, and competitive benefits and remuneration to ensure our policies and practices compare well against local and international practices. ARM takes steps to address the gap between remunerating executives and employees at the lower end of the pay scale, and the committee monitors these developments.

The South African Gini[1] coefficient of the employed for 2019 was 0.436, an increase of 0.011 on the number for 2018. Two years ago, ARM used external consultants to assess its internal Gini coefficient, with results showing that the company's Gini coefficient was better than the mining industry and for people employed in the formal sector in South Africa.

1 *The Gini coefficient represents the income distribution of a nation's residents. It ranges from 0 to 1, where 0 is a completely egalitarian income distribution, and 1 is extreme inequality. One of the ways in which the remuneration committee assesses the internal level of pay equity is by using the internal Gini of the company.*

Fixed pay

The board approved cost-to-company salary increases in the corporate office from 1 July 2020 based on the current and forecast consumer price index (CPI), as follows:

Paterson grade	Role	F2021 increase	F2020 increase
F-band	**Executives (including executive directors)**	3% (CPI)*	6%
E-band	**Senior management**	4% (CPI + 1%)	6%
D-band	**Middle management**	4% (CPI + 1%)	7%
A to C-bands	**General staff**	5% (CPI + 2%)	7%

* *CPI of 3% as at April 2020 as published by StatsSA.*

At the bargaining-unit level for our managed operations (except Two Rivers employees in the A to C-bands and the Northern Cape mines' labour forces), wage agreements for A to C-bands provided for 2020 increases of 6% to 7% depending on the band. Wage agreements for Two Rivers employees in the A to C-bands and the Northern Cape mines' labour forces expired on 30 June 2020 and negotiations are under way. Percentage increases for these employees will be reported in 2021.

Fair and responsible

Taking care of our employees

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

Monitoring our fair and responsible pay

We periodically calculate and regularly monitor the Gini coefficient, enhance policies supporting gender mainstreaming in the workplace, and develop more robust employment equity plans and targets. Percentage increases granted to our more junior employees generally exceed those granted to management and executives.

Pay-for-performance

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

Training and developing our talent

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

SR Refer occupational health and wellness and human resources management sections of the sustainability report on our website.

SUMMARISED REMUNERATION REPORT continued

Short-term incentives

Short-term incentive outcomes are linked to the company's performance, which reflects management's initiatives to contain costs and improve efficiency:

- Group F2020 profit before interest and taxes (PBIT) was 145% of target
- Profit targets were met at all operations (ie ARM Ferrous, ARM Platinum and ARM Coal)
- ARM Ferrous performed well on cost targets, with below plan costs at all operations
- Costs at ARM Platinum and ARM Coal were higher than planned
- The maximum safety modifier target of 10% was achieved at ARM Ferrous and ARM Coal. The overall group safety modifier was 10%
- A personal performance modifier has been applied after a cash bonus was calculated for each senior executive, except for the executive chairman and chief executive officer. If key performance indicators (KPIs) are met, they may achieve up to an additional 10% of their bonus. If KPIs are not met, up to 30% of their bonus will be forfeited
- No personal performance modifiers are applicable to the short-term incentives payable to the executive chairman and the chief executive officer, respectively, because the personal performance of the executive chairman and chief executive officer are best measured by the performance of the company.

Benchmark

A benchmarking study by the remuneration consultants, PwC, showed that the remuneration of senior executives was in line with the market. Other than the annual increase, no adjustments were made.

Long-term incentives

Outcomes are linked to the company's performance.

Long-term incentives settled in F2020 under The African Rainbow Minerals Limited 2008 share plan (2008 share plan) were based on ARM's ranking against the total shareholder return of its peers. The company has not made any awards under the 2008 share plan since 2018.

2018 conditional share plan

- Shareholders approved the plan, aligned with good practice, to be used for all new long-term incentive awards to senior executives at the 2018 annual general meeting
- Salient features of the 2018 conditional share plan include:
  - » Conditional rights to ARM shares, ie conditional shares will be awarded to eligible participants (with no voting or dividend rights until the conditional shares vest and become unrestricted)
  - » Performance and employment conditions apply to all awards vesting
  - » A limit of 5% of the issued share capital of the company, which is intended to cover awards made over five to ten years under the plan
  - » Termination-of-employment (fault and no-fault terminations) provisions are aligned to global good practice
  - » Malus (pre-vesting forfeiture) and clawback (post-vesting forfeiture) provisions apply to awards on certain 'trigger events'. In terms of clawback, the pre-tax cash value of the award will be recouped
  - » Dividend-equivalent shares will be determined when conditional shares vest
  - » Carbon emission targets apply to:
    - – Emissions from direct production activities (scope 1 emissions) and
    - – Emissions from electricity consumption (scope 2 emissions).

2018 cash-settled conditional share plan

- In December 2018, the board approved a new long-term incentive plan for awards to management other than senior executives
- Salient features of the 2018 cash-settled conditional share plan include:
  - » Conditional awards are made to eligible participants
  - » Performance and employment conditions are the same as those under the 2018 conditional share plan and apply to the vesting of all awards, which will be settled in cash
  - » Termination-of-employment (fault and no-fault terminations) provisions are aligned to global good practice
  - » Dividend-equivalent awards will be determined when conditional awards vest.
  - » Carbon emission targets apply to:
    - – Emissions from direct production activities (scope 1 emissions) and
    - – Emissions from electricity consumption (scope 2 emissions).

STAKEHOLDER ENGAGEMENT

At the 2019 annual general meeting, the non-binding advisory vote on ARM's remuneration policy and implementation report were supported by 93.29% and 93.26% of shareholders who voted at the meeting, respectively.

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

Shareholder engagement and voting

Feedback	Actions taken/response to feedback
Cost-to-company salary – increases: Above-inflation increases were granted to two executive directors and the prescribed officer in F2020.	Salary increases were granted to the finance director and chief executives of ARM Platinum/Coal and ARM Ferrous in F2020 after a benchmarking exercise by the remuneration consultant, PwC. A recent benchmarking study (July/August 2020) indicates that salaries for these individuals are now in line.
Short-term incentives – safety modifier: The safety modifier applied to the bonus framework is based on the lost-time injury frequency rate for the divisions/operations and bonuses are payable despite recorded fatalities at the operations.	The company is committed to zero harm. Recorded fatalities have been factored into the safety modifier for the year under review. For future bonuses, after the safety modifier has been determined on the basis of the lost time injury frequency rate performance for the year, the board will further consider any fatalities for the year and, at its discretion, adjust the modifier taking into account the context of such fatalities.
Short-term incentives – targets: Only high-level performance conditions were provided for the short-term incentive, without disclosing specific targets.	Performance targets are not disclosed; this is viewed as commercially sensitive information for various reasons, including that targets are based on budget and the company is required to adhere to confidentiality restrictions in some contractual agreements.
Short-term incentives – budget: Performance targets measured against budget are not considered transparent.	It is acknowledged that measuring against budget is not transparent; however, given the significant effect of commodity prices and changes in geology on profits, using a growth factor on previous profit is not a viable measure. In addition as discussed above, this information is considered commercially sensitive. The committee monitors the short-term incentive scheme to ensure its implementation is aligned with the strategic objectives of the company.
Long-term incentives – total shareholder return: Limited disclosure about the vesting scale, exact targets governing vesting in the total shareholder return analysis and the weight of total shareholder return as a performance condition.	For awards made prior to December 2018, vesting was possible for performance below the median of the peer group, in terms of the graphs on the following pages. For F2020 settlements, no vesting occurred below median. In line with global practice, vesting below median has not been permitted since shareholders adopted the 2018 conditional share plan and relative total shareholder return forms now only one-fourth of total performance conditions.

SUMMARISED REMUNERATION REPORT continued

COMMITMENT

We continuously monitor the effectiveness and implementation of the remuneration policy, strategy and practices. Should we receive a vote of 25% or more against either at the 2020 annual general meeting, the board commits to:

- An engagement process in line with the JSE Listings Requirements to ascertain reasons for the dissenting votes
- Appropriately address legitimate and reasonable objections and concerns.

CHANGES IN REMUNERATION POLICY

Stakeholder engagement on remuneration matters and proactively maintaining regular, transparent and informative dialogue with our stakeholders is important. The committee therefore considered developments in global best practice as well as feedback from shareholders during the financial year.

Accordingly, on the committee's recommendation, changes to the remuneration policy have been approved. These include:

- A clearer policy on paying non-executive director fees for ad-hoc meetings – these generally require less time than the normal preparation for and attendance of scheduled board and committee meetings
- Amendments to the short-term incentive scheme
  - » To mitigate the risk for F2021 due to the Covid-19 pandemic, including a cap on the maximum bonus payable
  - » To provide that the board will further consider any fatalities during the year and adjust the modifier taking into account the context of such fatalities.

The remuneration policy achieved its stated objectives in F2020 and will continue to lead to performance outcomes that generate real long-term value for our shareholders.

AD Botha
Chairman of the remuneration committee

ABOUT THE REMUNERATION REPORT

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: a background statement from the committee chairman, an overview of the remuneration policy for senior executives and, at a high level, other employees, and an implementation report describing how payments were made in the review period.

REMUNERATION GOVERNANCE FRAMEWORK

Composition

Members[1]	Member since
AD Botha (chairman)	August 2009
TA Boardman	August 2011
AK Maditsi	July 2011

1 *Dr MMM Bakane-Tuoane resigned from the board and committee in September 2020.*

The committee comprises only independent non-executive directors. The board is confident that committee members have a strong blend of expertise and experience in the financial, business, mining and human capital fields.

Meetings

Three committee meetings were held in F2020.

See meeting attendance summary on page 105.

The chairman of the committee attends annual general meetings to answer questions from shareholders on the remuneration policy and its implementation.

Invitees

The chief executive officer, finance director, executive director: investor relations and new business development, group executive: human resources and group executive: legal attend committee meetings by invitation and assist the committee in its deliberations, except when their own remuneration is discussed. Invitees do not vote at meetings. No directors were involved in approving their own remuneration.

Advisors to the committee

In F2020, the committee was advised by remuneration consultants, PwC, on the design, implementation and verification of calculations for offers and awards under the long-term incentive schemes. Bowmans advised the committee on remuneration of non-executive directors and senior executives as well as amendments to the short-term incentive scheme and the policy on fees for ad-hoc meetings. Bowmans communicated directly with the committee. Korn Ferry provided advice on principles of performance management and calibrating performance scores. The committee is satisfied that PwC, Bowmans and Korn Ferry were independent and objective.

FUNCTIONS

In terms of the annual review, amendments to the committee's terms of reference were approved by the board in August 2020.

CGR

The functions of the remuneration committee and terms of reference appear in the full remuneration report in the corporate governance report on our website **www.arm.co.za**.

SUMMARISED REMUNERATION REPORT continued

PART II

OVERVIEW OF MAIN PROVISIONS OF THE REMUNERATION POLICY

REMUNERATION PHILOSOPHY AND POLICY: EXECUTIVE REMUNERATION

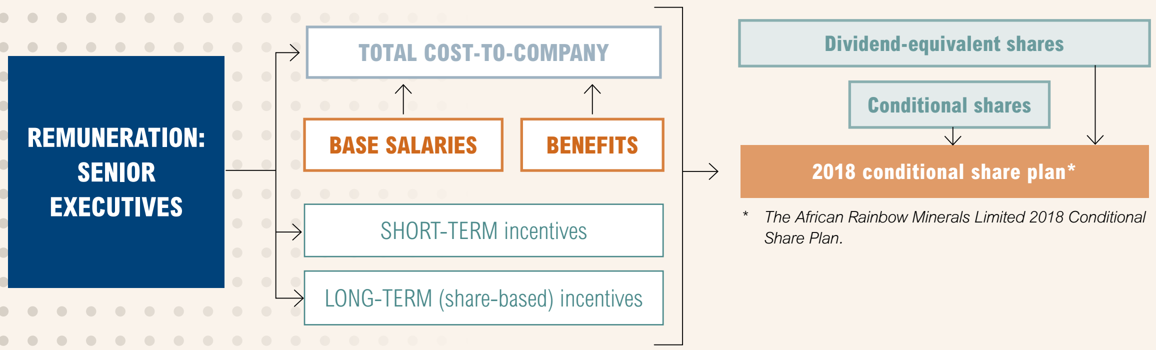
Principles of executive remuneration

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 of delivering consistent and sustainable shareholder value. In addition, ARM promotes positive outcomes, an ethical culture and corporate citizenship in decisions on pay.

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

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

Elements of total executive remuneration design



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

TOTAL COST-TO-COMPANY

BASE SALARY

Policy	Implementation
• Benchmarked against market practices of South African mining companies comparable in size, business complexity and international scope • Generally reflects market median levels based on the role and individual skills and experience.	• Paid monthly in cash • Reviewed annually, with changes from 1 July, where applicable • Increases are determined by market conditions, company performance, individual performance and changes in responsibilities, among others • Salary increases of 3% for executives approved for F2021 from 1 July 2020 (F2020: 6%) • Key component of a total cost-to-company (CTC) package including 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.

TOTAL COST-TO-COMPANY continued

PENSION FUND

Policy	Implementation
• 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 that fund	• Contributions are made by senior executives from base salary. Total contribution to the fund, including risk benefits such as life and disability cover, ranges from 22.5% to 27.5% of pensionable salary • The ARM Pension Fund is: » Managed by six trustees – 50% appointed by ARM and 50% elected by members » Administered by Alexander Forbes » A defined contribution fund.

MEDICAL SCHEME

Policy	Implementation
• Membership of a medical scheme is compulsory.	• 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 companies in the mining and mineral resources sector. No special or extraordinary conditions apply to senior executives.

SHORT-TERM INCENTIVES

POLICY

Short-term incentives (cash bonuses) are determined under a bonus scheme that rewards senior executives for sustained outperformance of cost and profitability targets set annually for the company's business, and safety performance in terms of its strategy.

IAR For more on the company's strategy see the integrated annual report.

INSTRUMENT

Cash under the outperformance bonus scheme.

BONUS PERCENTAGES

Following a review by the company's remuneration consultants to mitigate risk in F2021 in light of the current uncertain environment due to the Covid-19 pandemic and its impact on global economic conditions, amendments were made to the short-term incentive scheme. The maximum bonus payable in F2021 will be capped. The calculations for each performance measure (being annual profit before interest and taxes (PBIT) and unit costs) will still determine an on-target bonus multiple of between zero and three times depending on the F2021 actual performance relative to the target and stretch set for F2021. However, an upper limit of two times will be set on the overall on-target bonus multiple when considering the weighted average outcome.

For F2021 bonuses, the short-term incentive on-target cash bonus percentages and required outperformance to achieve the maximum cash bonus as a percentage of the total, before the application of the safety and personal performance modifiers, are shown below:

Position	Paterson grade	F2021 % on-target bonus of CTC	F2021 maximum bonus as % of CTC
Executive chairman	FU	**62%**	**124%**
Chief executive officer	FU	**50%**	**100%**
Finance director and senior executives	FL	**45%**	**90%**
Operational senior executives in ARM Ferrous, ARM Coal and ARM Platinum	FL	**45%**	**90%**

SUMMARISED REMUNERATION REPORT continued

SHORT-TERM INCENTIVES continued

PERFORMANCE MEASUREMENT

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

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

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

- 25% – ARM overall profit from operations against target
- 25% – ARM overall unit cost of sales against target (a weighted scorecard)
- 25% – divisional profit from operations against target
- 25% – divisional unit cost of sales against target (a weighted scorecard).

The following divisional unit cost of sales will be measured:

- Manganese
- Iron ore (Beeshoek and Khumani separately)
- Ferromanganese (Machadodorp)
- Ferromanganese (Cato Ridge)
- Nickel
- Platinum (Modikwa)
- Platinum (Two Rivers)
- Coal (Goedgevonden)
- Coal (Participative Coal Business).

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

SAFETY MODIFIER

A safety modifier is applied after a cash bonus has been calculated for each senior executive. This is based on the lost-time injury frequency rate for each division or operation. If the safety target is met, participants will receive an additional 5% of their cash bonus.

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

- If participants outperform their targets by 10% or more, they will receive an additional 10% of their cash bonus
- If safety targets are not met, between 1% and 10% would be deducted for each percentage point below target, to a maximum 10% deduction.

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

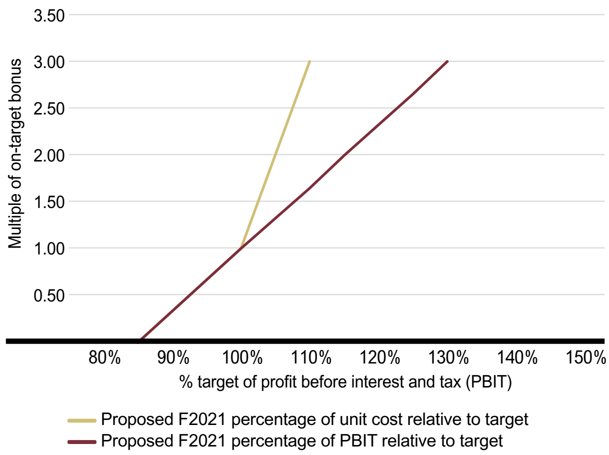
PERFORMANCE TARGETS

The targets for each metric are in line with the board-approved one-year business plan, and measures are reviewed annually to ensure they are appropriate, given the economic climate and performance expectations for the company. As targets are related to the budget and considered commercially sensitive information, they are not disclosed. F2021 PBIT targets relative to F2020 PBIT targets are set out below. F2020 cost targets are unchanged.

%	F2021 PBIT targets*
ARM group	+14%
ARM Ferrous	(11%)
ARM Platinum	+133%
ARM Coal	<(200%)

* *Based on the approved F2021 plan relative to F2020 targets. The F2021 plan will be trued up for opening balances.*

F2021 BONUS STRUCTURE



PERSONAL PERFORMANCE MODIFIER

From F2020, a personal performance modifier will be applied after a cash bonus has been calculated and the safety modifier applied for each senior executive, except the executive chairman and chief executive officer. If KPIs are met, up to an additional 10% of their bonus may be achieved. If KPIs are not met, up to 30% of their bonus will be forfeited. No personal performance modifiers are applicable to the short-term incentives payable to the executive chairman and the chief executive officer, respectively, because the personal performance of the executive chairman and chief executive officer are best measured by the performance of the company.

LONG-TERM INCENTIVES

The 2018 conditional share plan, is aligned with global practice and has been used for all new long-term incentive awards since the 2018 annual general meeting.

2018 CONDITIONAL SHARE PLAN (F2021)

ELIGIBILITY

The overall company and individual limits for the conditional share plan are 10 985 514 shares and 2 197 103 shares, respectively.

POLICY

This plan closely aligns the interests of shareholders and senior executives by recognising their contributions to the group, giving them the opportunity to share in its success, and reward superior performance. This plan is used as a tool to incentivise performance and create shareholder value.

ELIGIBILITY

Employees in the corporate office on Paterson grade D-F bands are eligible to participate in the 2018 conditional share plan. The primary intent is to make awards to executive and senior management, although awards may be made to other employees with the consent of the remuneration committee.

INSTRUMENT

Conditional shares (subject to performance and employment conditions) for annual or interim awards of long-term incentives.

AWARD AND SETTLEMENT

Conditional share awards may be made on an annual or interim basis to reduce the risk of unanticipated outcomes due to share-price volatility and cyclical factors. Conditional shares will vest after three years, subject to meeting predetermined performance criteria, and settled in equity or cash should it not be practical or possible to settle in ARM shares.

ALLOCATION LEVELS

Executive chairman – 2.0 x total CTC
Chief executive officer – 1.67 x total CTC
Finance director and other executive directors – 1.33 x total CTC
Senior executives – 1.0 x total CTC

DIVIDEND-EQUIVALENT SHARES

Dividend-equivalent shares, for conditional shares, are awarded at the discretion of the board. They are the number of ARM shares equal in value to dividends a participant would have earned if they owned the vested number of ARM shares from award date to vesting date of the conditional shares with reference to the dividend record dates in that period.

SUMMARISED REMUNERATION REPORT continued

2018 CONDITIONAL SHARE PLAN (F2021) continued

PERFORMANCE CONDITIONS AND VESTING

Performance conditions	Weight	Threshold	Target	Stretch
Relative total shareholder return (TSR) against a comparator group of 20 mining companies (excluding gold and diamond companies).*	25%	Threshold and target is set at the median of the comparator group (100% vesting)		Upper quartile of the comparator group (200% vesting)
Average free cash flow return on equity US$ operating free cash flow/US$ equity over the three-year performance period, where: operating free cash flow (for the year) is defined as: Net increase/ decrease in cash and cash equivalents **Plus** dividends paid to shareholders and non-controlling interest **Plus** expansion capital expenditure **Plus** repayments of debt.	25%	US$ cost of equity of the company (50% vesting)	US$ cost of equity of the company + 3% (100% vesting)	US$ cost of equity of the company + 6% (200% vesting)
Consistent and sustainable cost performance as measured against the mining producer price index (PPI). Compound annual growth rate of the company's unit costs over the three-year performance period compared to mining PPI.	25%	Increase equal to mining PPI (50% vesting)	90% of the increase equal to mining PPI (100% vesting)	80% of the increase equal to mining PPI (200% vesting)
Sustainable business Improved safety performance as measured by the lost-time injury frequency rate (LTIFR)	10%	Improvement of 3% over the period (50% vesting)	Improvement of 4% over the period (100% vesting)	Improvement of 5% over the period (200% vesting)
Improvement in the B-BBEE score	10%	Maintain current level (50% vesting)	Improvement of 2% (100% vesting)	Improvement of 5% (200% vesting)
Environmental compliance (see climate change performance targets below)	5%			

* *Top 20 JSE-listed mining companies (excluding gold and diamond companies).*

Climate change performance targets

Description of targets: absolute savings in carbon emissions through emission reduction initiatives consisting of:

- Emissions from direct production activities (ie scope 1 emissions) and
- Emissions from electricity consumption (ie scope 2 emissions) due to emission-reduction initiatives determined at the end of the three-year performance period, relative to the baseline on 1 July of that period.

NOTE: The calculation may be adjusted for any material acquisitions and divestments based on emissions at the time of the transaction.

Threshold: maintain the baseline, ie keep carbon emissions below the aggregate of scope 1 and scope 2 emission levels at the start of the three-year performance period (50% vesting).

Target: 1.8% absolute reduction in the aggregate of scope 1 and scope 2 emission levels at the end of the three-year performance period against the baseline (100% vesting).

Stretch: equal to or greater than 2.0% absolute reduction in the aggregate of scope 1 and scope 2 emission levels at the end of the three-year performance period against the baseline (200% vesting).

2018 CONDITIONAL SHARE PLAN (F2021) continued

VESTING

There will be 0% vesting for the applicable performance measure if performance is below threshold. Linear interpolation will be applied for performance between threshold and target, and target stretch. Vesting is capped at 200% for performance at and above stretch.

TERMINATION OF EMPLOYMENT

If a senior executive leaves due to a fault termination, eg resignation or dismissal, all unvested awards will be forfeited. If a senior executive leaves due to a no-fault termination, eg retirement, retrenchment or death, the number of conditional shares vesting will be pro-rated against performance and time served.

MALUS AND CLAWBACK

At the discretion of the board, malus (pre-vesting forfeiture) and clawback (post-vesting forfeiture) provisions will be applied to awards to senior executives on certain 'trigger events', including action or conduct of a senior executive which, in the reasonable opinion of the board, amounts to misbehaviour, fraud or gross misconduct. In terms of clawback, the pre-tax cash value of the award would be recouped.

CGR See remuneration report in the 2020 corporate governance report on our website for information about performance shares and bonus shares as well as the deferred bonus/co-investment scheme, waived bonus method under the 2008 share plan and share options under the African Rainbow Minerals share incentive scheme.

Termination policy

Senior executives have a one-month notice period in their employment contracts. The short-term and long-term incentive rules set out the termination policy, depending on reasons for termination. There is no automatic entitlement to short-term or long-term incentives in the event of resignation or termination following a disciplinary procedure or terminations for other reasons. Executive agreements do not include restraint provisions applicable on termination.

CGR The detailed termination policy is in the corporate governance report on our website **www.arm.co.za**.

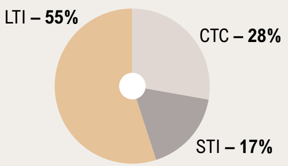
SUMMARISED REMUNERATION REPORT continued

TOTAL REMUNERATION DESIGN: F2021

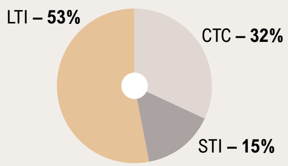
The committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration, and between aspects of the package linked to short-term financial performance and those linked to long-term shareholder value creation. It considers each element of the total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

The scenario graphs alongside represent the on-target total remuneration packages of senior executives, where the base salary CTC, bonus (short-term incentives) and long-term incentives are expressed as a percentage of total remuneration. The pay mix for senior executives is reviewed regularly by the committee to ensure it supports the company's remuneration policy and strategic objectives.

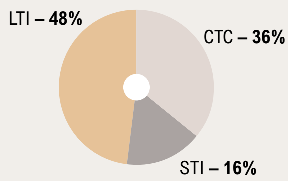
EXECUTIVE CHAIRMAN[1]



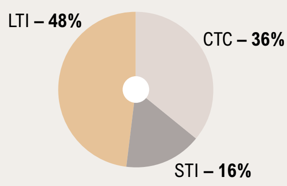
CHIEF EXECUTIVE OFFICER



FINANCE DIRECTOR



OTHER EXECUTIVE DIRECTORS AND PRESCRIBED OFFICER[2]



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

Shareholding targets for senior executives

To further align management's interests with those of shareholders and to encourage long-term commitment to the company, senior executives are expected to accumulate a holding of shares in ARM. They have been required to build a minimum shareholding in ARM shares from October 2015, or three years after the first allocation on becoming a senior executive, equivalent to 1x pensionable salary determined at the date of allocation. This is followed by another period of three years to build a further shareholding of 1x pensionable salary for a total of 2x pensionable salary. Senior executives are required to maintain the number of shares while employed by ARM.

CGR Minimum shareholding target outcomes are set out in part III.

Employment agreements

There are employment agreements between the company and executive directors, namely Dr PT Motsepe (executive chairman), Messrs MP Schmidt (chief executive officer) and HL Mkatshana (executive director and chief executive: ARM Platinum, also responsible for ARM Coal) and Ms J Magagula (executive director: investor relations and new business development). Ms AM Mukhuba resigned from the company to assume a finance director role with another company from 30 September 2020. ARM has an employment agreement with Ms TTA Mhlanga who assumed the role of finance director from 1 October 2020.

The company also has an employment agreement with the prescribed officer, Mr A Joubert (chief executive: ARM Ferrous). None of these is a fixed-term contract. Executive directors and the prescribed officer only receive remuneration in terms of their employment relationship with the company and do not earn directors' fees.

Executive directors and the prescribed officer are subject to the performance criteria that apply to all participants in the 2018 conditional share plan, 2008 share plan and the scheme. There are no other service agreements between the company and its executive directors and prescribed officer.

REMUNERATION POLICY: NON-EXECUTIVE DIRECTORS

Non-executive directors' fees

On the advice of the remuneration committee, which engages specialist remuneration consultants to assist with benchmarking non-executive directors' fees against comparable companies, the board considers and makes recommendations to shareholders on fees payable.

A comprehensive benchmarking study was conducted in 2020 (prior benchmarking study in 2018). The remuneration committee agreed to recommend to shareholders that non-executive directors' fees be increased by 3% in F2020 (rounded to the nearest R50), excluding value-added tax (VAT), in line with the increase for executives in the Paterson F-band.

Board retainers and board and committee meeting attendance fees are paid quarterly in arrears. Remuneration for independent non-executive directors does not include any benefit from the short-term or long-term (share-based) incentive schemes.

Annual board retainer fees and per-meeting attendance fees

On the advice of the remuneration committee, the board recommends that shareholders approve paying fees to non-executive directors for services rendered (including attending any committee meeting, at the direction of the board, where they are not a member), and to ensure that these fees attract and retain non-executive directors of the required calibre. The fees below reflect a 3% increase on the previous year (rounded to the nearest R50). Annual retainer fees would be paid quarterly or as determined by the board, and would be pro-rated for periods of less than a full year. The per-meeting attendance fee for scheduled meetings would be as set out below.

	Proposed fees from 1 July 2020 (excl VAT) (R)*		Fees effective 1 July 2019 (excl VAT) (R)	
	Annual retainer	Per meeting	Annual retainer	Per meeting
Lead independent non-executive director	**582 650**	**22 250**	565 700	21 600
Independent non-executive directors	**464 890**	**22 250**	451 350	21 600
Non-executive directors	**464 890**	**22 250**	451 350	21 600

* *Effective 1 July 2020, should the fees be approved by shareholders at the annual general meeting.*

Attendance fees are paid for ad hoc board meetings, budget workshops, strategy meetings, site visits, other meetings on board matters and for undertaking other work devoted to company business outside of regular scheduled board meetings, as well as for attending committee meetings (as a non-member and at the direction of the board). For an ad hoc meeting of the board or for undertaking other work devoted to company business outside of regular scheduled board meetings, which requires substantially less time to prepare for, attend or undertake than in relation to a regular scheduled board meeting, the per-meeting fee will be reduced commensurately. No offsite strategy meetings or site visits were conducted in F2020 due to the Covid-19 pandemic.

The company reimburses reasonable travel, subsistence and accommodation expenses to attend meetings and contributes towards the cost of tablet for digital meeting packs. Other office costs, including telecommunication costs, are deemed to be included in board retainers.

Committee per-meeting attendance fees

On the advice of the remuneration committee, the board recommends that shareholders approve paying fees to non-executive directors for services rendered as committee members and to ensure that committee meeting-attendance fees attract and retain suitable non-executive directors. The proposed fees are set out below.

	Per-meeting attendance fees proposed from 1 July 2020 (excl VAT) (R)*	Per-meeting attendance fees from 1 July 2019 (excl VAT) (R)
Audit and risk committee		
Chairman	**116 200**	112 800
Member	**46 500**	45 150
Investment, nomination, remuneration, and social and ethics committees		
Chairman	**57 600**	55 900
Member	**30 400**	29 500

* *Effective 1 July 2020, should fees be approved by shareholders at the 2020 annual general meeting.*

Attendance fees are also paid for ad hoc committee meetings and for undertaking other work devoted to committee business outside of regular scheduled committee meetings. For an ad hoc meeting of a committee or other work devoted to committee business outside of regular scheduled committee meetings, which requires substantially less time to prepare for, attend or undertake than in relation to a scheduled meeting, the per-meeting fee will be reduced commensurately.

Service agreements: non-executive directors

In addition to directors' fees, non-executive directors may receive consultancy fees under agreements concluded at market rates for defined and pre-approved services.

In F2020, the company had:

- A renewable consultancy agreement with Mr M Arnold, which was renewed for two years from 11 December 2019
- A renewable consultancy agreement with Mr JA Chissano, which was renewed for two years from 1 May 2019
- A renewable consultancy agreement with Mr JC Steenkamp, which was renewed for two years from 11 December 2019.

Mr Steenkamp's consultancy agreement with the Company has been terminated.

There are no other service agreements between the company and its non-executive directors.

CGR Details of amounts paid in F2020 under consultancy agreements with non-executive directors are provided in part III.

NON-BINDING ADVISORY VOTE

Annually, shareholders are requested to cast a non-binding advisory vote on the remuneration policy set out in part II.

See notice of annual general meeting on the company's website **www.arm.co.za**.

SUMMARISED REMUNERATION REPORT continued

PART III

IMPLEMENTATION REPORT: F2020

DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICER

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

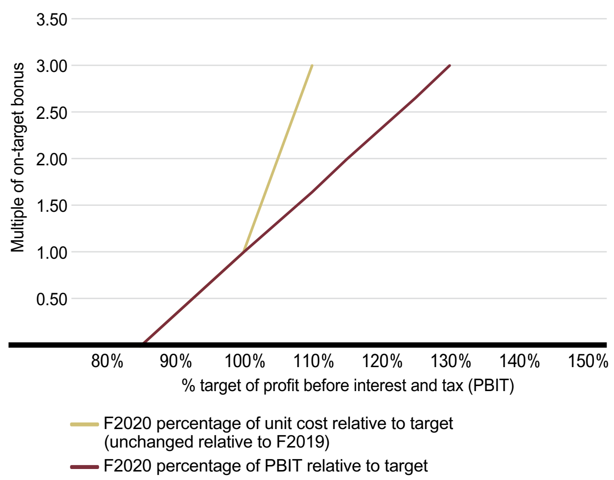
Salary adjustments

The board approved a cost-to-company increase of 6% for senior executives for F2020 (F2019: 6%).

F2020 short-term incentive performance targets

The F2020 targets for profit before interest and taxes (PBIT) and costs are shown below.

F2020 BONUS STRUCTURE



Performance against bonus targets for F2020 was as follows:

PROFITABILITY*

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

COST TARGETS

Better than plan
- ARM Ferrous

Worse than plan
- ARM Platinum
- ARM Coal
- ARM group

SAFETY MODIFIER

Safety modifier achieved – Maximum
- ARM Ferrous and ARM Coal
- ARM group

Safety modifier not achieved
- ARM Platinum

* *Based on profit before interest and taxes.*

F2020 actual short-term incentive outcomes

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

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

F2020 short-term incentive performance scorecard: executive directors

	Performance level achieved						
Performance measure	Overall weighting	Measure weighting	Below target	Target	Between target and stretch	Stretch and above	Commentary on key performance outcome and link to reward
Group performance	100%						
• PBIT from operations		50%				●	Exceeded stretch (OTB multiple = 3)
• Unit cost of sales (weighted)		50%	●				Between threshold and target (OTB multiple = 0.72)
Group safety modifier						●	Maximum target modifier achieved (10%)

OTB = on-target bonus

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

F2020 short-term incentive performance scorecard: prescribed officer

Performance measure	Overall weighting	Measure weighting	Below target	Target	Between target and stretch	Stretch and above	Commentary on key performance outcome and link to reward
	Performance level achieved						
Group performance	50%						
• PBIT from operations		50%				●	Exceeded stretch (OTB multiple = 3)
• Unit cost of sales (weighted)		50%	●				Between threshold and target (OTB multiple = 0.72)
Group safety modifier						●	Maximum target modifier achieved (10%)
Divisional performance	50%						
ARM Ferrous • PBIT from division		50%			●		Between target and stretch (OTB multiple = 2.88)
ARM Ferrous • Unit cost of sales (weighted)		50%			●		Between target and stretch (OTB multiple = 2.05)
Divisional safety modifier						●	Maximum target modifier achieved (10%)

OTB = on-target bonus

The F2020 remuneration outcomes are summarised below. The total F2020 bonus was payable in cash and no portion was deferred.

F2020 short-term incentive performance outcomes: executive directors and prescribed officer

	F2020 % on-target bonus	F2020 % maximum bonus	F2020 performance rating (after applying safety modifier)	F2020 personal performance modifier	F2020 performance rating (after applying safety and personal performance modifier)	F2020 actual short-term incentive (cash bonus) (after applying safety modifier) (R000)	Short-term incentive as % of total annual package before incentives[4]
Executive directors							
Dr PT Motsepe[1]	**62%**	**186%**	126.86%	–	126.86%	**10 532**	63.44%
MP Schmidt[2]	**50%**	**150%**	102.31%	–	102.31%	**8 869**	102.28%
J Magagula[3]	**45%**	**135%**	92.08%	2.97%	95.05%	**3 209**	(see note 3)
HL Mkatshana	**45%**	**135%**	92.08%	0.51%	92.59%	**4 307**	92.54%
AM Mukhuba	**45%**	**135%**	92.08%	4.73%	96.81%	**4 855**	96.77%
Prescribed officer							
A Joubert	**45%**	**135%**	107%	4.50%	111.5%	**5 929**	111.34%

1, 2 The executive chairman and chief executive officer have overall responsibility for the performance of the company, and their personal performance is thus not determined separately from that of the company.
3 Ms J Magagula was appointed to the board on 18 December 2019 and the cost-to-company portion of the total annual package is the amount received as an executive director and not for the full financial year.
4 Per single figure remuneration table on pages 126 and 127.

SUMMARISED REMUNERATION REPORT continued

F2020 long-term incentive awards

Conditional shares under the 2018 conditional share plan

Awards of conditional shares were made to eligible participants in the Paterson grade F-band under the 2018 conditional share plan. Conditional shares are settled after three years, subject to the company achieving prescribed performance criteria. The 20-day volume weighted average price is used to determine the price.

Performance shares under the 2008 share plan

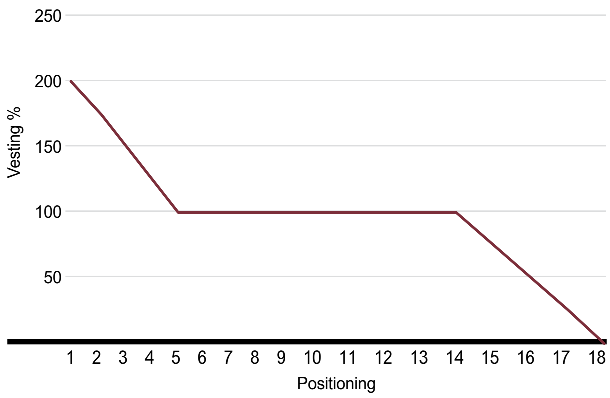
Conditional awards of performance shares were made to eligible participants under the 2008 share plan until November 2018. Performance shares are settled after three years, subject to the company achieving prescribed performance criteria. The 20-day volume weighted average price is used to determine the price.

F2020 long-term incentive performance outcomes

Settlement of F2017 waived bonus and deferred bonus/co-investment scheme awards

The 14 November 2016 awards (in terms of the waived bonus and deferred bonus/co-investment schemes) vested on 15 November 2019. Based on ARM's TSR ranking of 5th against 18 listed comparator companies (excluding gold and diamond companies) shown below, 100% of the awarded number of performance shares vested and were settled.

VESTING SCHEDULE: 14 NOVEMBER 2016 AWARDS AND 9 DECEMBER 2016 AWARDS
(%)



The comparator group[1] for the November 2016 performance share awards is shown below:

Rank	Company name
1	Anglo American Platinum Limited
2	Kumba Iron Ore Ince
3	Anglo American plc
4	Northam Platinum Limited
5	**African Rainbow Minerals Limited**
6	Impala Platinum Holdings Limited
7	BHP Group plc
8	Exxaro Resources Limited
9	Assore Limited
10	Glencore plc
11	South32 Limited
12	Tharisa plc
13	Royal Bafokeng Platinum Limited
14	Merafe Resources Limited
15	MC Mining Limited
16	Resource Generation Limited
17	Hulamin Limited
18	ArcelorMittal SA

Source: PwC
1 Companies that delisted in the performance period were excluded from the comparator group.

Settlement of the F2017 annual performance share awards

The 9 December 2016 annual performance shares awarded in terms of the three-year annual allocation to senior executives in the Paterson F-band vested on 10 December 2019. Based on ARM's TSR ranking of 7th against 18 listed comparator companies (excluding gold and diamond companies), the performance measurement for the award resulted in the vesting and settlement of 100% of the awarded number of performance shares. The vesting schedule for the 9 December 2016 awards was the same as for the 14 November 2016 awards.

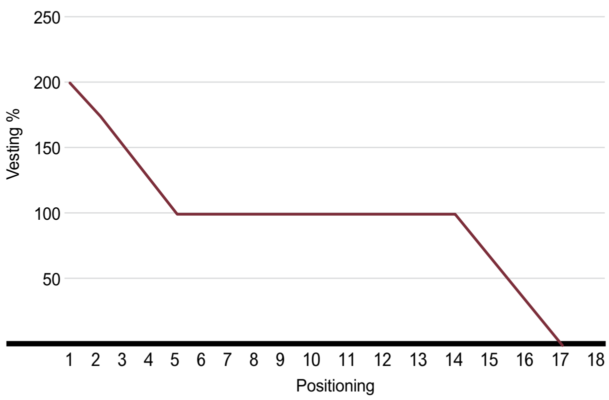
The comparator group[1] for the December 2016 performance share awards is shown below:

Rank	Company name
1	Anglo American Platinum Limited
2	Kumba Iron Ore Inc
3	Northam Platinum Limited
4	Impala Platinum Holdings Limited
5	Anglo American plc
6	Exxaro Resources Limited
7	**African Rainbow Minerals Limited**
8	BHP Group plc
9	Royal Bafokeng Platinum Limited
10	Assore Limited
11	South32 Limited
12	Glencore plc
13	Merafe Resources Limited
14	Wesizwe Platinum Limited
15	Tharisa plc
16	Hulamin Limited
17	MC Mining Limited
18	ArcelorMittal SA

Source: PwC
1 Companies that delisted in the performance period and were excluded from the comparator group.

The 15 May 2017 interim performance share awards vested on 18 May 2020. Based on ARM's TSR ranking of 4th against 17 listed comparator companies (excluding gold and diamond companies) shown below, 125% of the awarded number of performance shares vested and were settled.

VESTING SCHEDULE: 15 MAY 2017 AWARDS
(%)



The comparator group[1] for the May 2017 performance share awards is shown below:

Rank	Company name
1	Anglo American Platinum Limited
2	Kumba Iron Ore Inc
3	Impala Platinum Holdings Limited
4	**African Rainbow Minerals Limited**
5	Anglo American plc
6	BHP Group plc
7	Northam Platinum Limited
8	Assore Limited
9	Exxaro Resources Limited
10	Royal Bafokeng Platinum Limited
11	South32 Limited
12	Glencore plc
13	Wesizwe Platinum Limited
14	Tharisa plc
15	Merafe Resources Limited
16	Hulamin Limited
17	ArcelorMittal SA

Source: PwC

1 *Companies that delisted in the performance period excluded from the comparator group.*

IAR CGR See single-figure remuneration table on page 126 of the integrated annual report for actual value of performance shares settled in F2020 and F2019 and pages 68 and 69 of the corporate governance report for more on unvested performance shares.

Bonus shares under the 2008 share plan

In terms of the 2008 share plan, eligible participants received grants of full-value ARM shares that matched, 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 board agreed in 2015 that bonus shares would no longer be granted in the annual allocations. Deferred bonus shares under the 2008 share plan were granted until November 2018 and waived bonus shares under the 2008 share plan were granted until November 2016.

CGR For bonus shares settled in F2019 and F2020 and more on unvested bonus share awards, see page 70 of the corporate governance report on our website **www.arm.co.za**.

Share option scheme

Between 2008 and 2013, annual allocations of share options under The African Rainbow Minerals share incentive scheme (the scheme) were made to eligible participants, but at a much-reduced scale after adopting the 2008 share plan. Share options have not been allocated to executive directors and prescribed officers since October 2013.

CGR For share options settled in F2019 and F2020 and more on unexercised share options, see pages 71 and 72.

Termination-of-office payments

In F2020, no payments were made to executive management as a result of terminating employment.

Malus and clawback

In F2020, there were no actions or conduct by senior executives that triggered either the malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture) provisions applicable to their long-term share-based incentive awards.

Minimum shareholding requirements

At 30 June 2020, the executive directors and prescribed officer below had exceeded targets for the first tranche of their minimum shareholding requirements:

Executive directors and prescribed officer	Shareholding at 30 June 2020 (direct or indirect)	Shareholding at 30 June 2019 (direct or indirect)	Minimum shareholding target (first tranche)
Executive directors[1]			
Dr PT Motsepe[2]	**89 865 787**	89 526 698	**62 965**
MP Schmidt	**435 067**	326 533	**41 094**
HL Mkatshana	**107 459**	70 003	**21 207**
AM Mukhuba[3]	**27 986**	–	**22 791**
AJ Wilkens[4]	**686 647**	616 725	**36 543**
Prescribed officer			
A Joubert	**55 277**	27 470	**24 236**

1 *Ms J Magagula was appointed to the board as an executive director on 18 December 2019 and is required to meet the target in terms of the first tranche in December 2022.*
2 *Shares held by African Rainbow Minerals & Exploration Investments (Pty) Ltd and Botho-Botho Commercial Enterprises (Pty) Ltd.*
3 *Ms AM Mukhuba resigned as finance director with effect from 30 September 2020, and was required to meet the target in terms of the first tranche by 16 May 2020.*
4 *Includes shares held by Jeandre Investment Trust. Mr AJ Wilkens resigned as an executive director from 18 December 2019.*

SUMMARISED REMUNERATION REPORT continued

Single-figure remuneration: executive directors and prescribed officer

The schedules of single-figure remuneration for executive directors and prescribed officer for the years ended 30 June 2020 and 30 June 2019 are set out on the following pages.

Single-figure remuneration

	2020									
				Allowances			Short-term incentives		Long-term incentives	
R000	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Non-cash benefit[4]	Other benefits[5]	**Total annual package before incentives**	Cash bonus[6]	**Total annual package after short-term incentives, before long-term incentives**	Performance shares[7]	**Total single figure remuneration**
Executive directors										
Dr PT Motsepe	8 302	–	–	8 298	2	**16 602**	10 532	**27 134**	46 040	**73 174**
MP Schmidt	7 996	537	–	–	138	**8 671**	8 869	**17 540**	30 654	**48 194**
J Magagula[1]	1 596	126	90	–	7	**1 819**	1 727	**3 546**	–	**3 546**
HL Mkatshana	4 184	346	–	–	124	**4 654**	4 307	**8 961**	10 579	**19 540**
AM Mukhuba	4 433	484	83	–	17	**5 017**	4 855	**9 872**	5 917	**15 789**
AJ Wilkens[2]	2 690	–	32	75	28	**2 825**	2 350	**5 175**	19 749	**24 924**
Total for executive directors	29 201	1 493	205	8 373	316	**39 588**	32 640	**72 228**	112 939	**185 167**
Prescribed officer[3]										
A Joubert	4 573	514	–	6	232	**5 325**	5 929	**11 254**	12 090	**23 344**
Total for prescribed officer	4 573	514	–	6	232	**5 325**	5 929	**11 254**	12 090	**23 344**
Total for executive directors and prescribed officer	33 774	2 007	205	8 379	548	**44 913**	38 569	**83 482**	125 029	**208 511**

Total annual package before incentives = cost-to-company

1 *Ms J Magagula was appointed as an executive director from 18 December 2019. The amounts included in the schedule for total annual package before incentives and the cash bonus are for the portion of the year when Ms Magagula was an executive director. No long-term incentives are shown as these were settled prior to her appointment as executive director.*
2 *Mr AJ Wilkens stepped down from the board from 18 December 2019. Mr Wilkens' salary decreased by 30% on 1 August 2019 and he did not receive an annual increase on 1 July 2019. The amounts included in the schedule for total annual package before incentives and the cash bonus are for the portion of the year when Mr Wilkens was an executive director. The long-term incentives were settled when Mr Wilkens was an executive director and the full amount is shown.*
3 *Prescribed officers of the company were determined under section 66(10) of the Companies Act 71 2008, as amended, and as further described in section 38 of its regulations. Their remuneration is disclosed in terms of the Companies Act, section 30(4)(a).*
4 *Includes protection services.*
5 *Includes travel, UIF and risk benefits.*
6 *No bonuses were deferred in F2020. Refer to the remuneration report in the integrated annual report for additional information about accrued bonuses.*
7 *Includes pre-tax settlement value of i) matching performance shares in terms of the deferred bonus (waived bonus)/co-investment scheme and ii) annual allocation of performance shares (3-year vesting). The value of these performance shares was included in F2020 as performance was measured at the vesting date which falls within F2020.*

R000	2019									
				Allowances			Short-term incentives		Long-term incentives	
	Basic salary	Retirement fund contributions (including pension scheme contributions)	Medical benefits	Non-cash benefit[6]	Other benefits[7]	Total annual package before incentives	Cash bonus[8]	Total annual package after short-term incentives, before long-term incentives	Performance shares[9]	Total single figure remuneration
Executive directors										
Dr PT Motsepe	7 832	–	–	4 994	2	12 828	9 719	22 547	30 468	53 015
MP Schmidt	7 515	511	–	–	154	8 180	8 185	16 365	24 275	40 640
J Magagula[1]	–	–	–	–	–	–	–	–	–	–
HL Mkatshana[2]	3 951	325	–	–	114	4 390	3 953	8 343	9 741	18 084
AM Mukhuba[3]	4 220	445	–	–	68	4 733	4 261	8 994	–	8 994
AJ Wilkens	7 735	–	68	162	78	8 043	7 096	15 139	16 960	32 099
Total for executive directors	31 253	1 281	68	5 156	416	38 174	33 214	71 388	81 444	152 832
Prescribed officer[4]										
A Joubert[5]	4 321	483	–	3	214	5 021	5 480	10 501	11 262	21 763
Total for prescribed officer	4 321	483	–	3	214	5 021	5 480	10 501	11 262	21 763
Total for executive directors and prescribed officer	35 574	1 764	68	5 159	630	43 195	38 694	81 889	92 706	174 595

Total annual package before incentives = cost-to-company

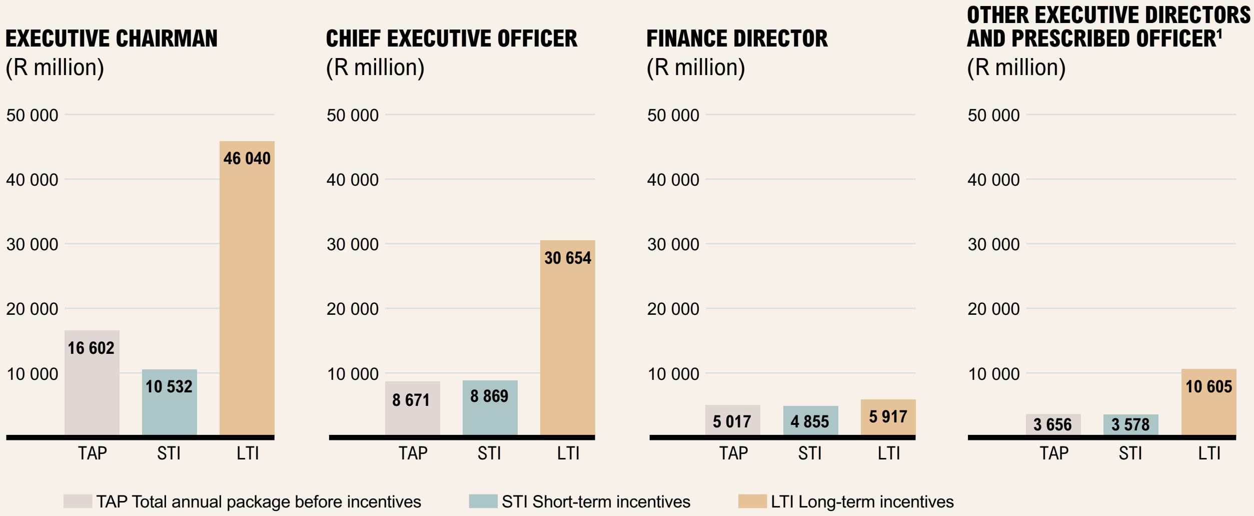
1 *Ms J Magagula was appointed as an executive director from 18 December 2019, and did not receive any remuneration as an executive director in F2019.*
2 *Following a benchmarking study by the remuneration consultants in F2019, Mr HL Mkatshana received a 4% increase in cost-to-company with effect from 1 July 2018, in addition to the annual cost-to-company increase of 6%.*
3 *Following a benchmarking study by the remuneration consultants in F2019, Ms AM Mukhuba received a 12% increase in cost-to-company with effect from 1 July 2018, in addition to the annual cost-to-company increase of 6%.*
4 *Prescribed officers of the company were determined under section 66(10) of the Companies Act 71 2008, as amended, and as further described in section 38 of its regulations. Their remuneration is disclosed in terms of the Companies Act, section 30(4)(a).*
5 *Following a benchmarking study by the remuneration consultants in F2019, Mr A Joubert received a 4% increase in cost-to-company with effect from 1 July 2018, in addition to the annual cost-to-company increase of 6%.*
6 *Includes protection services.*
7 *Includes travel, UIF and risk benefits.*
8 *No bonuses were deferred in F2019. Refer to the remuneration report in the integrated annual report for additional information about accrued bonuses.*
9 *Includes pre-tax settlement value of i) matching performance shares in terms of the deferred bonus (waived bonus)/co-investment scheme and ii) annual allocation of performance shares (3-year vesting). The value of these performance shares was included in F2019 as performance was measured at the vesting date which falls within F2019.*

SUMMARISED REMUNERATION REPORT continued

Remuneration outcomes

Remuneration outcomes in 2020 for the executive chairman, chief executive officer, finance director and other executive directors plus the prescribed officer are shown below. Emoluments are detailed in the single-figure remuneration table on page 126.

Total remuneration outcomes: F2020



1 *Average remuneration for Messrs AJ Wilkens, HL Mkatshana and A Joubert and Ms Magagula. The remuneration for Mr Wilkens and Ms Magagula was for the portion of the year when they were executive directors.*

Directors' remuneration: non-executive directors (audited)

The remuneration of non-executive directors comprises directors' fees. Board retainers, board attendance fees and committee attendance fees are paid quarterly in arrears. The table below sets out emoluments paid to non-executive directors in the years ended 30 June 2020 and 30 June 2019.

NON-EXECUTIVE DIRECTORS' FEES

	F2020					F2019				
R000	Board fees	Committee fees	Consultancy fees excl VAT[12]	VAT	Total including VAT	Board fees	Committee fees	Consultancy fees excl VAT[12]	VAT	Total including VAT
Non-executive directors[1]										
AK Maditsi[2] (independent lead)	**630**	**1 272**	**–**	**285**	**2 187**	697	1 238	–	290	2 225
F Abbott	**559**	**118**	**–**	**102**	**779**	569	132	–	105	806
M Arnold[3]	**559**	**118**	**428**	**166**	**1 271**	589	84	243	108	1 024
Dr MMM Bakane-Tuoane[4]	**559**	**692**	**–**	**188**	**1 439**	589	688	–	192	1 469
TA Boardman[5]	**559**	**921**	**–**	**222**	**1 702**	569	884	–	218	1 671
AD Botha	**559**	**602**	**–**	**174**	**1 335**	569	646	–	182	1 397
JA Chissano[6]	**538**	**118**	**679**	**98**	**1 433**	467	28	634	74	1 203
WM Gule[7]	**559**	**22**	**–**	**–**	**581**	589	–	375	–	964
JP Möller[8]	**–**	**–**	**–**	**–**	**–**	548	521	–	160	1 229
DC Noko[9]	**538**	**233**	**–**	**–**	**771**	569	–	–	–	569
Dr RV Simelane[10]	**559**	**690**	**–**	**187**	**1 436**	589	510	–	165	1 264
JC Steenkamp	**559**	**236**	**233**	**–**	**1 028**	569	167	62	–	798
ZB Swanepoel[11]	**367**	**286**	**–**	**98**	**751**	569	242	–	121	932
Total for non-executive directors	**6 545**	**5 308**	**1 340**	**1 520**	**14 713**	7 482	5 140	1 314	1 615	15 551

1 *Payments to reimburse out-of-pocket expenses have been excluded.*
2 *Mr AK Maditsi received an additional board fee in F2019 for a site visit.*
3 *Mr Arnold, former financial director, became a non-executive director from 11 December 2017. He was appointed to the investment committee from 10 October 2018. An additional board fee was received for a site visit in F2019.*
4 *Dr MMM Bakane-Tuoane stepped down as chairman of the remuneration committee from 9 May 2018, but remained a member. An additional board fee was received in F2020 for attending an investment committee meeting. An additional board fee was received in F2019 for a site visit.*
5 *Mr TA Boardman received an additional committee fee in F2020 for attending an investment committee meeting.*
6 *Mr JA Chissano was appointed to the social and ethics committee from 30 August 2019. An additional board fee was received in F2019 for a site visit.*
7 *Mr WM Gule received a committee fee in F2020 for attending an investment committee meeting. An additional board fee was received in F2019 for a site visit.*
8 *Mr JP Möller resigned from the board on 30 June 2019 to pursue other interests.*
9 *Mr DC Noko was appointed to the investment and social and ethics committees from 30 August 2019 and appointed chairman of the investment committee from 2 March 2020.*
10 *Dr RV Simelane received an additional committee fee in F2020 for attending an investment committee meeting and an additional board fee in F2019 for a site visit.*
11 *Mr ZB Swanepoel resigned from the board on 2 March 2020.*
12 *Additional information appears under service agreements: non-executive directors in the remuneration report.*

NON-BINDING ADVISORY VOTE

Annually, shareholders are requested to cast a non-binding advisory vote on the remuneration implementation report set out in part III of this report.

See the notice of annual general meeting on the company's website **www.arm.co.za**.

Report of the social and ethics committee

Our 2020 sustainability report outlines how ARM creates sustainable lasting value. This committee is responsible for governing ARM's social and ethics performance and ensuring the group conducts business with integrity and respect for the societal and environmental contexts in which we operate. Our values are embedded in our governance structures, allowing ARM to deliver competitive outcomes and live up to our motto of **We do it better**.

SR Refer 2020 sustainability report on **www.arm.co.za.**

PHILOSOPHY

ARM's corporate citizenship philosophy is underpinned by our understanding of the need to turn mineral wealth into sustainable economic growth and development. Through our business activities, we aim to be a catalyst for local, national, regional and international development; make a lasting and important social, economic and environmental contribution to the developing regions in which we operate; and achieve and maintain world-class performance standards in managing safety, occupational health, the environment, tuberculosis, HIV and Aids, and corporate social responsibility.

COMPOSITION

Member[1]	Member since
Dr RV Simelane (chairman)	February 2007
JA Chissano	August 2019
AK Maditsi	June 2012
DC Noko	August 2019
JC Steenkamp	April 2018

1 *Mr ZB Swanepoel resigned from the board and committee on 2 March 2020 and Dr MMM Bakane-Tuoane resigned from the board and committee in September 2020.*

The committee's terms of reference provide for a minimum of three members, with a majority of independent non-executive directors. Currently, the committee has five non-executive directors, all of whom are independent. Two appointments were made in August 2019 to further strengthen the relevant expertise of the committee. Members have strong experience in mining operations, human capital, sustainable development and stakeholder relations.

Invitees include the chief executive officer, executive director: investor relations and new business development, divisional chief executives, executive: sustainable development, group executive: human resources, group executive: legal, group executive: compliance and stakeholder relations, and chief risk officer.

PURPOSE AND FUNCTIONS

The committee's terms of reference were updated in F2020. It monitors and oversees specific functions set out in the Companies Act, and assumes responsibility for matters assigned by the board.

Responsibilities

The purpose of the committee, which is constituted under regulation 43(5)(c) of the Companies Regulations promulgated under the Companies Act, is to monitor and report on the manner and extent to which ARM protects, enhances and invests in the economy, society and natural environment in which it operates to ensure its business practices are sustainable.

The committee is responsible for:

Monitoring specific activities under relevant legislation, other legal requirements and codes of best practice including:

- Social and economic development
- Responsible corporate citizenship, including promoting equality, preventing unfair discrimination and measures to address any incidents, and contributing to the development of communities in which ARM operates
- Sustainable development, including environmental management, occupational health and wellness and safety
- Stakeholder relationships
- Labour and employment.

It draws relevant matters to the attention of the board, and reports to shareholders at annual general meetings.

Refer committee chairman's review in the sustainability report on our website **www.arm.co.za.**

Compliance

The social and ethics committee has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act and there are no material non-compliance to disclose.

Meetings

The committee held four meetings in F2020.

AFS See meeting attendance summary on page 105 of the annual financal statements.

FOCUS AND ADDING VALUE

In the review period, the committee:

- Received reports on and monitored the company's Covid-19 response
- Received a training session and reports on the company's tailings storage facilities
- Monitored allegations received via ARM's whistleblower facility, including complaints or concerns on sustainable development matters
- Considered management reports on compliance with legal requirements in terms of the company's legal compliance policy
- Received reports on the Competition Act online compliance training programme and annual compliance certification
- Received reports on the company's performance against the BBBEE codes of good practice
- Received reports on compliance with the National Environmental Management Act, 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 on the findings of the annual corporate risk workshop
- Monitored compliance with the mining charter and Department of Trade Industry and Competition targets, as well as the company's adoption of standards of good practice, in terms of its membership of the International Council on Mining and Metals and Minerals Council South Africa.

Operational performance

Ethics and risk management

The company is committed to high ethical and legal standards in dealing with all its stakeholders. All directors and employees are required to maintain these standards to ensure the company's business is conducted honestly, fairly, legally, reasonably, in good faith and in the best interests of all stakeholders. These principles are set out in our code of conduct.

The committee received and considered reports on compliance with the code of conduct, including the online training programme. The company followed up on assessments to counteract risks of fraud, bribery and corruption. ARM has a whistleblowers' policy and the committee received reports on results of investigations into calls made to the independent whistleblower facility.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE continued

Financial returns and social licence to operate

ARM seeks to make a significant contribution to address challenges confronting South Africa, including poverty alleviation, job creation, education, welfare and healthcare. The committee monitored and reviewed the implementation of policies on adding value and giving to the communities in which ARM operates, including:

- Preferential procurement
- Transformation
- Corporate social responsibility
- Local economic development, including infrastructure, enterprise development, and community development projects committed to under our social and labour plans
- The projects of the ARM rural and national women's upliftment trusts.

The committee specifically focused on commitments in priority areas:

- Health and safety
- Arts and culture
- Education
- Enterprise and supplier development
- Job creation
- Infrastructure
- Community development
- Capacity building

Covid-19 response

In addition, the committee monitored the activities and contributions of ARM operations to mitigate the impact of Covid-19 and related restrictions. The group focused on the health and wellbeing of host communities by supplying PPE, food parcels and water tanks, supported by awareness campaigns. Local businesses benefited from significant support and relief funding.

Human resources

We are committed to fair labour practices and freedom of association. Our policies are aimed at eliminating unfair discrimination and promoting equality in line with the South African constitution, Labour Relations Act, Employment Equity Act and Broad-Based Black Economic Empowerment Act. In addition, our policies are aligned with 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 Organization and its protocol on decent work and working conditions.

The committee monitored and reviewed the implementation of labour policies, including:

- Attracting, retaining and developing skills to support the company's growth plan
- Transformation
- Gender mainstreaming
- Employment equity
- Employee turnover
- Learnerships and bursaries
- Educational training and development of its employees
- Literacy

Safety and health

We are committed to providing a safe and healthy work environment for our employees. In the review period, the committee monitored and reviewed the implementation of safety, health and wellness policies, including:

- Covid-19
- Safety performance
- Occupational health and wellness
- Pulmonary tuberculosis, and HIV and Aids.

Regrettably, three employees were fatally injured; one at each of Two Rivers, Nkomati and Tweefontein mines. We convey our condolences to their families, colleagues and friends. We have interrogated the causes and mitigatory actions with management to prevent recurrence.

Environmental stewardship

The most material environmental matters considered by ARM are climate change and the responsible management of natural resources. In addition to overseeing the introduction of the supplementary report on climate change and water, the committee monitored and reviewed the management of:

- Climate change
- Resource management, particularly energy and water use
- Land management, including biodiversity, rehabilitation and closure planning.

Responsible tailings facility management was a priority in F2020. Results from the dam-breach analyses are being reviewed, and appropriate plans formulated.

CGR See the tailings storage facilities management and governance section for more information.

Focus for F2021

- Monitoring the company's Covid-19 response
- Monitoring tailings storage facilities at our managed operations
- Monitoring safety improvement and roll-out of a critical control management system to enhance risk controls
- Oversight of transformation, gender mainstreaming and talent management initiatives
- Monitoring continued implementation of enterprise development programmes, including supplier development initiatives
- Ongoing oversight of continuous efforts to reduce carbon emissions and further improve our corporate water and climate-change reporting process.

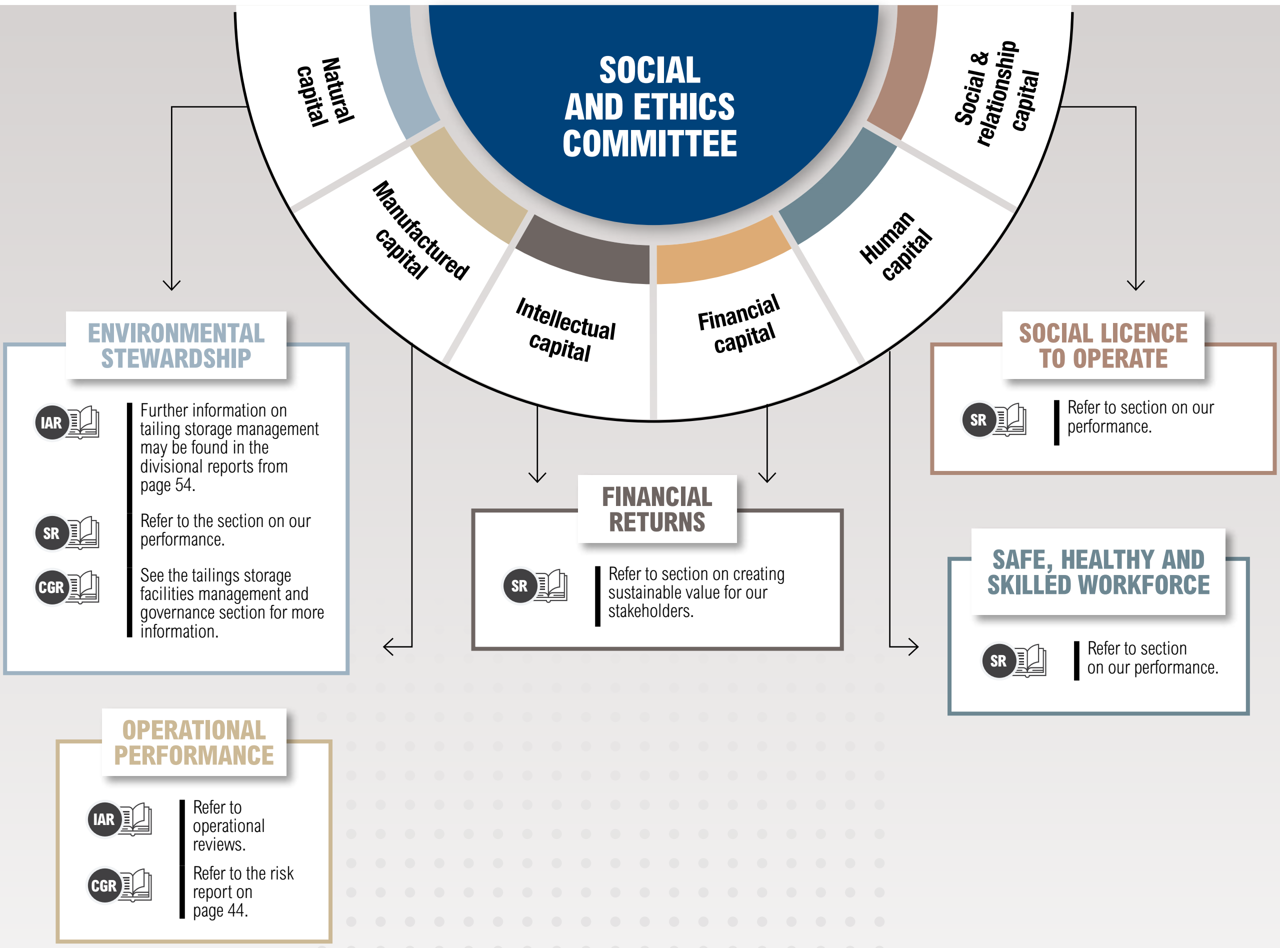
ASSURANCE

In line with its terms of reference, the committee had oversight of ARM's appointment of an independent external sustainability assurance provider for material elements of the 2020 sustainability report and related section of the 2020 integrated annual report, and reported to ARM's audit and risk committee that the appointment was made.

Based on these activities, we believe the social and ethics committee has executed its duties and responsibilities during the financial year in line with the Companies Regulations and its terms of reference.

Dr Rejoice V Simelane
Chairman of the social and ethics committee

At the annual general meeting, the committee chairman will table the 2020 sustainability report which informs shareholders on the company's performance against relevant legislation and codes of good practice, social and economic development, labour, as well as safety, health and the environment.



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

a
In tables and graphic analysis refers to actual numbers

Anglo Platinum
Anglo American Platinum Limited

ARM
African Rainbow Minerals Limited

ARM Trust or 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

Covid-19
Coronavirus disease of 2019

CIF
Cost, insurance and freight

CPI
Consumer price index

CSI
Corporate social investment

CSR
Corporate social responsibility

CVT
Counselling and voluntary testing

Divisions
ARM Platinum, ARM Ferrous and ARM Coal

DMRE
Department of Mineral Resources and Energy

dtic
Department of Trade, Industry and Competition

e
In tables and graphic analysis refers to estimated numbers

ERM
Enterprise risk management

F2020
Financial year from 1 July 2019 to 30 June 2020, and so on

FOB
Free on board

FOR
Free on rail

FOT
Free on truck

Goedgevonden/GGV
Goedgevonden Thermal Coal Mine

GOSA
Glencore Operations South Africa Proprietary Limited

GRI
Formerly Global Reporting Initiative

Harmony/Harmony Gold
Harmony Gold Mining Company Limited

HDSA
Historically disadvantaged South African

HIV
Human immuno-deficiency virus

ICMM
International Council on Mining and Metals

IFRS
International Financial Reporting Standards

Impala Platinum/Implats
Impala Platinum Holdings Limited

IRS
Impala Refining Services Limited

JSE Limited
Johannesburg's stock exchange

JV
Joint venture

King IV™
King Report on Corporate Governance for South Africa, 2016

LED
Local economic development

LoM
Life-of-mine

LTIs
Lost-time injuries

LTIFR
Lost-time injury frequency rate – a rate expressed per 200 000 man-hours for a work-related injury that results in the employee being unable to attend work at their place of work, performing their assigned duties on the next calendar day (whether a scheduled work day or not) after the day of injury

MCSA
Minerals Council South Africa

MDR TB
Multi-drug resistant tuberculosis

Mining charter
Broad-based socio-economic empowerment charter signed in 2002

MMZ
Main mineralised zone plant

MPRDA
Minerals and Petroleum Resources Development Act

MQA
Mining Qualifications Authority

Mt
Million tonnes

Mtpa
Million tonnes per annum

NEMA
National Environmental Management Act

N/R
Not reported

oz
Ounces

PCB
Participative Coal Business

PCMZ
Peridotite chromotitic mineralised zone

RBCT
Richards Bay Coal Terminal

SAMREC Code
South African Code for Reporting Mineral Resources and Mineral Reserves

SLP
Social and labour plans

SME
Small and medium-sized enterprise

SMME
Small, medium and micro enterprise

t
tonnes

TB
Tuberculosis

tCO_2
Tonnes of carbon dioxide

tCO_2e
Tonnes of carbon dioxide equivalent

UG2
Upper group 2 – second level of three chromitite layers

WHIMS
Wet high-intensity magnetic-separation plant

Contact details

African Rainbow Minerals Limited

Registration number: 1933/004580/06
Incorporated in the Republic of South Africa
JSE share code: ARI
A2X share code: ARI
ISIN: ZAE000054045

Registered and corporate office

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Sandton
2196

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Group company secretary and governance officer

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Investor relations

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

Auditors

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

External assurance provider

IBIS ESG Consulting Africa (Pty) Ltd

Bankers

Absa Bank Limited
FirstRand Bank Limited
The Standard Bank of South Africa Limited
Nedbank Limited

Sponsors

Investec Bank Limited

Transfer secretaries

Computershare Investor Services Proprietary Limited
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Directors

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

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