African Rainbow Minerals

PROVISIONAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2018

We do it better

Shareholder information

Issued share capital at 30 June 2018	219 709 127 shares
Market capitalisation at 30 June 2018	ZAR23.97 billion
Market capitalisation at 30 June 2018	US$1.75 billion
Closing share price at 30 June 2018	R109.10
12-month high (1 July 2017 – 30 June 2018)	R140.97
12-month low (1 July 2017 – 30 June 2018)	R78.01
Average daily volume traded for the 12 months	645 758 shares
Primary listing	JSE Limited
JSE Share Code	ARI
ADR ticker symbol	AFRBY

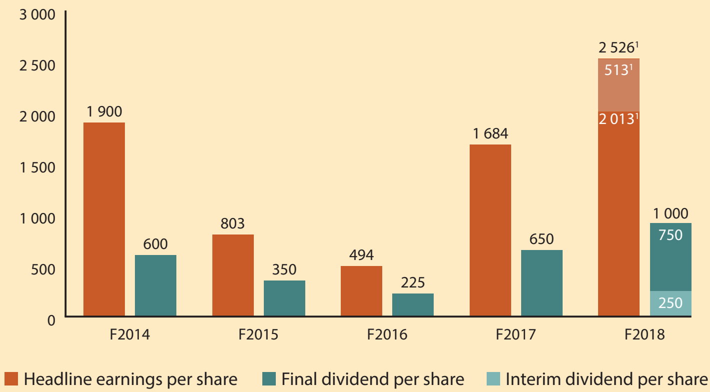
Investor relations
Jongisa Magagula
Corporate Development and Head of Investor Relations
Telephone: +27 11 779 1300
Email: jongisa.magagula@arm.co.za

Company secretary
Alyson D'Oyley, BCom, LLB, LLM
Telephone: +27 11 779 1300
Email: alyson.doyley@arm.co.za

Salient features

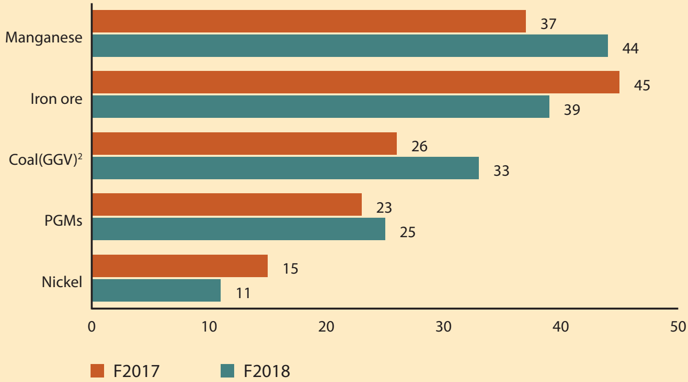
- **Headline earnings increased by 51% to R4 814 million (F2017: R3 196 million), which includes a net fair value gain of R977 million. The net fair value gain is due to a change in the net present value of loan repayment cash flows as a result of restructuring the ARM coal debt. Excluding the net fair value gain, headline earnings are up 20% compared to F2017.**
- **Headline earnings per share were 2 526 cents compared to 1 684 cents in F2017.**
- **Final dividend of 750 cents declared. A maiden interim dividend of 250 cents per share was paid for the first half of the financial year (1H F2018). The cumulative dividend for F2018 is 1 000 cents per share (F2017: 650 cents per share).**
- **Basic earnings were R4 562 million (F2017: R1 372 million) and include the net value gain of R977 million as a result of the restructuring of the ARM Coal debt. F2017 included attributable impairments of the Nkomati Mine and Modikwa Mine assets of R711 million and R734 million after tax and non-controlling interest, respectively.**
- **US Dollar prices realised for most commodities were higher except for iron ore, platinum and chrome concentrate prices.**
- **ARM and Glencore successfully concluded the restructuring of the ARM Coal debt which improves ARM and ARM Coal's obligations in terms of this debt.**
- **The disposal of ARM and Vale's 80% interest in Lubambe Mine was completed on 22 December 2017.**
- **Dividends received from the Assmang joint venture were R3 000 million (F2017: R2 488 million).**
- **The consolidated financial position improved by R2 266 million to net cash of R995 million (net debt of R1 271 million as at 30 June 2017).**

Headline earnings and dividends per share (cents)



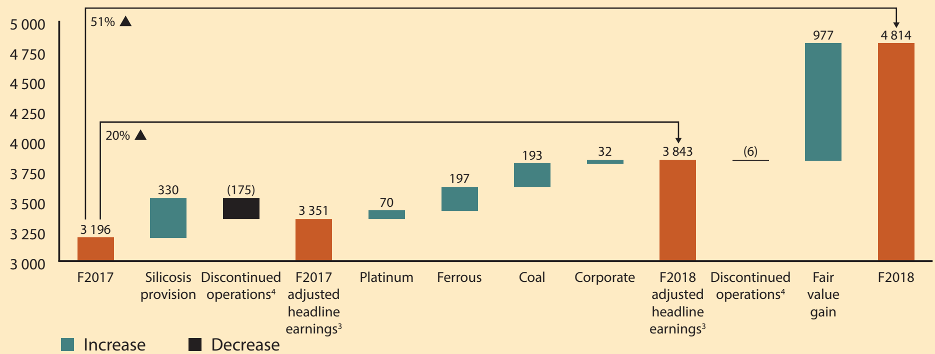
[1] *The F2018 headline earnings were 2 526 cents including a net fair value gain of 513 cents per share. Headline earnings per share excluding the net fair value gain were 2 013 cents.*

Segmental EBITDA Margins for continuing operations (%)



[2] *EBITDA margin excluding the fair value gain as a result of the ARM Coal debt restructuring.*

Headline earnings analysis (R million)[3]



[3] *Adjusted information presented in the graph above is the responsibility of the directors of the Company and has been prepared for illustrative purposes only.*

[4] *Discontinued operations refer to Lubambe Mine (in F2018 and F2017) and Dwarsrivier Mine (in F2017 only).*

Operational overview

The ARM Board of Directors (the Board) announces headline earnings of R4 814 million for F2018 (F2017: R3 196 million) which include a net fair value gain of R977 million as a result of the ARM Coal debt restructure. Excluding this fair value gain, headline earnings are 20% higher driven mainly by improved headline earnings from the manganese division, Modikwa Mine and the PCB operations.

A final dividend of 750 cents per share is declared in addition to the 250 cents per share maiden interim dividend declared in March 2018. The cumulative dividend declared for F2018 is 1 000 cents per share (F2017: 650 cents per share).

Headline earnings/(loss) by operation/division

	12 months ended 30 June		
R million	**Reviewed 2018**	Audited 2017	% change
ARM Platinum	**420**	350	20
Two Rivers Mine	**306**	325	(6)
Modikwa Mine	**105**	(66)	>200
Nkomati Mine	**9**	91	(90)
ARM Ferrous	**3 528**	3 709	(5)
Iron ore division	**1 672**	2 187	(24)
Manganese division	**1 904**	1 161	64
Chrome division**	**(21)**	375	(106)
Consolidation adjustment	**(27)**	(14)	
ARM Coal*	**1 485**	82	>200
GGV Mine	**852**	(99)	>200
PCB Operations	**633**	181	>200
ARM Copper	**(6)**	(203)	97
ARM Corporate and other*	**(613)**	(742)	18
ARM headline earnings	**4 814**	3 196	51

* *F2018 includes a fair value gain of R1 210 million at ARM Coal and R233 million fair value loss at ARM Corporate resulting from the de-recognition and recognition of loans when the ARM Coal debt was restructured.*

** *The F2017 Chrome Division headline earnings include R378 million relating to the sale of ARM's effective 50% stake in the Dwarsrivier Mine.*

These results have been achieved in conjunction with ARM's partners at the various operations; Anglo American Platinum Limited (Anglo Platinum), Assore Limited (Assore), Impala Platinum Holdings Limited (Implats), Norilsk Nickel Africa (Pty) Ltd (Norilsk), Glencore Holdings South Africa (Pty) Ltd (Glencore), Vale S.A. (Vale) and Zambian Consolidated Copper Mines Investment Holdings (ZCCM-IH).

The provisional results for the year ended 30 June 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the disclosures are in accordance with IAS 34: Interim Financial Reporting.

Rounding of figures may result in minor computational discrepancies on the tabulations.

ARM Ferrous headline earnings from continuing operations were 6% higher at R3 528 million compared to R3 331 million in F2017. The division's total headline earnings were, however, 5% lower as the F2017 headline earnings of R3 709 million included a non-recurring amount of R378 million related to the sale of ARM's effective 50% stake in Dwarsrivier Mine (which was disclosed as a discontinued operation). Headline earnings from the manganese division were 64% higher as manganese ore sales volumes increased by 7% and average Rand realised export manganese ore and manganese alloy prices increased by 18% and 20% respectively. Despite achieving record sales volumes, the iron ore division's headline earnings were 24% lower at R1 672 million (F2017: R2 187 million) mainly due to lower realised export iron ore prices.

ARM Platinum headline earnings increased by 20% to R420 million (F2017: R350 million) as Modikwa Mine improved from a headline loss of R66 million in F2017 to headline earnings of R105 million. This was mainly due to an improvement in the commercial terms of the Modikwa Mine purchase of concentrate agreement agreed between ARM Mining Consortium and Anglo American Platinum for three years effective from 1 January 2017. Two Rivers Mine headline earnings of R306 million (F2017: R325 million) were negatively affected by a decrease in the mine's head grade as higher proportions of split reef were mined. Transfer of the Tamboti area mining right to Two Rivers Mine has now been completed allowing access into the Tamboti area which over time will increase mining flexibility and reduce the proportions of split reef being mined. Nkomati Mine reported an R82 million reduction in headline earnings to R9 million as a decline in the mine's head grade (due to the milling of additional Very Low Grade (VLG) stockpile material) resulted in lower nickel and by-product production volumes. An amendment to the mine's concentrate offtake agreement was concluded with Metals Trade Overseas AG (MTO) effective from 22 April 2018 which improves the terms and conditions of the offtake for the mine. Nkomati Mine was also impacted by a lower chrome contribution as the mine's average realised US Dollar price for chrome decreased by 50%.

All three ARM platinum operations faced grade decline in the financial year under review. A number of interventions are being implemented to address this operational challenge. Modikwa Mine is introducing stope width control measures particularly in the South 1 and South 2 shafts to reduce dilution and improve the grade. The mine head grade is expected to return to normalised levels in the next financial year. At Two Rivers Mine, the levels of split reef being mined is expected to reduce from F2020 when mining in the Tamboti area commences, improving the mining flexibility. The Nkomati Mine grade is expected to improve from F2021 as more MMZ ore on the Western section of the open pit is mined.

ARM Coal headline earnings were R1 485 million (F2017: R82 million). This includes an impact of R1 210 million as a result of the restructuring of the ARM Coal debt concluded between ARM, ARM Coal, Glencore and Glencore Operations South Africa (GOSA) as announced on the Stock Exchange News Service of the JSE on 25 June 2018. The impact of the restructuring on the F2018 ARM statement of comprehensive income is:

R million	**Old loan terms**	**New loan terms**	**Impact**
Cash operating profit	1 365	1 365	–
Amortisation	(592)	(592)	–
Interest received	–	8	8
Interest paid	(501)	(321)	180
Fair value gain: GGV loans	–	885	885
Fair value gain: PCB loans	–	325	325
Taxation	(46)	(185)	(139)
Headline earnings attributable to ARM	226	1 485	1 259

The headline loss from Goedgevonden (GGV) Mine, excluding the impact of the debt restructuring, was R30 million (F2017: R99 million) while the PCB Operations contributed headline earnings of R256 million (F2017: R181 million), excluding the impact of the debt restructuring.

The ARM Corporate and other segment showed a headline loss of R613 million (F2017: R778 million headline loss) which is made up of the following:

R million	**F2018**	F2017	Variance
Foreign exchange losses*	**(70)**	(270)	200
Silicosis provision raised	**–**	(330)	330
Tax expense	**(231)**	–	(231)
Fair value loss**	**(233)**	–	(233)
Other	**(79)**	(178)	99
Total	**(613)**	(778)	165

* *Foreign exchange losses relate to the US Dollar loans made by ARM to Lubambe Mine, which entity's functional currency is the US Dollar, resulting from the Rand versus the US Dollar exchange rate strengthening from R13.05/US$ at 30 June 2017 to R12.58/US$ at 22 December 2017 (effective date of sale of Lubambe Mine).*

** *Fair value loss resulting from the coal debt restructuring at ARM Company level.*

A detailed segmental headline earnings contribution analysis is provided in note 2 to the financial statements.

Safety

We are committed to creating and maintaining a safe work environment for all our employees. A regrettable accident occurred at Modikwa Mine, when two employees were exposed to irrespirable atmosphere underground on 9 October 2017. Our sincerest condolences to the family, friends and colleagues of Mr Fabian Majoro who succumbed to his injuries at the scene. The second employee, Mr Daniel Ntlangoe, was treated in hospital and has recovered fully.

On 2 April 2018 a bus carrying Modikwa Mine employees was attacked and set alight. Six people were fatally injured in the incident. We extend our deepest condolences to the families, friends and colleagues of those who lost their lives in this tragic incident.

We also note a fatality at the Sakura Ferroalloys operation and one at the Tweefontein Coal Mine.

On 30 March 2018, Mr Raymond Anak Edmund Samaie, a production shift manager suffered a fatal injury while he was assisting to unblock a section of a Gas Cleaning Plant at Sakura. Assmang, Sumitomo Corporation and China Steel Corporation as joint partners in Sakura, extend their heartfelt condolences to the family, friends and colleagues of Mr Samaie.

Mr Bonga Lingeni, a grader operator, was fatally injured in January 2018 at the Tweefontein Coal Mine which forms part of the PCB operations. ARM and Glencore, as partners in ARM Coal operations extend our sincerest condolences to the family, friends and colleagues of Mr Lingeni.

In the financial year under review ARM's Lost Time Injury Frequency Rate (LTIFR) was 0.38 per 200 000 man-hours (F2017: 0.28 per 200 000 man-hours). The number of Lost Time Injuries increased to 91 (F2017: 65) and reportable injuries increased from 47 in F2017 to 68 in F2018.

Safety related stoppages (i.e. Section 54 Notices) increased from 20 in F2017 to 31 in F2018.

ARM Ferrous safety highlights in F2018:

- The Ferrous LTIFR improved by 24% to 0.13 per 200 000 man-hours (F2017: 0.17 per 200 000 man-hours) while the number of LTIs reduced by 27% to 11 (F2017:15);
- Black Rock Mine achieved 6 million fatality-free shifts on 17 January 2018, an accomplishment which took nine years to achieve;
- On 18 October 2017, Beeshoek Mine recorded 16 000 fatality-free production shifts, an accomplishment which took approximately 15 years to achieve. Beeshoek Mine also received a certificate from the Department of Mineral Resources (DMR) for an outstanding safety achievement as the "Most Consistent Surface Mine" in the 2017 Northern Cape Mine Safety Competition. On 7 March 2018, the mine completed 365 consecutive days without an LTI;
- Khumani Mine achieved 2 million fatality-free shifts on 12 April 2018;
- As at 30 June 2018, Cato Ridge Works completed 704 days without an LTI; and
- As at 30 June 2018, Machadodorp Works completed 875 days without an LTI.

ARM Platinum safety highlights in F2018:

- Prior to the fatal accident (as discussed above), Modikwa Mine had completed 4 million fatality-free shifts on 3 July 2017;
- Two Rivers Platinum Mine completed 4 million fatality-free shifts on 18 August 2017; and
- Nkomati Mine achieved 6 million fatality-free shifts on 7 November 2017.

Safety figures and statistics are reported only for the operations where ARM has direct or joint management and therefore do not include the ARM Coal and Sakura Ferroalloy operations. Reported safety figures and statistics are on a 100% basis.

Corporate transactions

ARM Coal – ARM, ARM Coal, Glencore and GOSA successfully concluded the restructuring of ARM Coal debt on 25 June 2018, with an effective date of 1 July 2017. Salient features of the restructuring include:

- Debt owed by ARM Coal to GOSA will accrue interest at a rate of 0% compared to the previous rate, which was at prime, with effect from 1 July 2017 until 31 December 2029;
- Final maturity date for all debt owed by ARM Coal to GOSA is extended to 31 December 2029;
- All operating cash generated by GGV and the PCB operations, attributable to ARM and ARM Coal, shall be applied in repayment of the debt until the earlier of 31 December 2029 or full repayment of these loans;
- GOSA's obligation (acting through the PCB) to repay ARM the amount of R700 million under the PCB shareholders loan from ARM was set off against ARM's obligation to pay GOSA (acting through the non-PCB) the amount of R700 million under the PCB revolving credit facility such that both loans have been fully and finally settled and discharged. This resulted in the PCB being indebted to the non-PCB in an amount of R700 million, which debt will rank *pari passu* to the remaining shareholder loan from ARM Coal to PCB, and;
- All distributions to be received by ARM Coal in respect of the PCB shareholders loan, shall be utilised by ARM Coal in the settlement of its shareholder loans from GOSA and ARM. The payments to be received by GOSA and ARM, shall immediately be advanced back to ARM Coal through a shareholder's loan, on a 0% interest rate basis, and ARM Coal will utilise these funds to service the GGV debt.

Lubambe Mine – As reported in the 1H F2018 results, all conditions precedent for the disposal of Lubambe Mine were completed on 22 December 2017. The purchase consideration received by ARM and Vale, directly and indirectly, was US$97.10 million adjusted for:

- Settlement of Lubambe Mine's general banking facility of US$26 million;
- Payment of property transfer tax of US$10 million;
- Payment of withholding tax of US$5 million; and
- Reimbursement of funding provided to Lubambe Mine after 1 May 2017 of US$25 million.

The final proceeds of US$81 million were received by ARM and Vale in December 2017. Lubambe Mine, which for F2018 reported a headline loss of R6 million, is disclosed as a discontinued operation in terms of International Financial Reporting Standards (IFRS).

Two Rivers Mine – Further to the consent received by Two Rivers Mine in August 2017 to transfer the Tambot rights to it and to have Two Rivers Mine's mining right amended accordingly, the amended mining right was executed.

This resulted in ARM's interest in Two Rivers Mine increasing from 51% to 54% from 9 November 2017.

Changes to Mineral Resources and Mineral Reserves

There has been no material change to ARM's Mineral Resources and Reserves as disclosed in the Integrated Annual Report for the financial year ended 30 June 2017, other than depletion due to continued mining activities at the operations with the exception of:

- Lubambe Mine Mineral Resources and Mineral Reserves which are no longer reported by ARM after completion of the disposal of ARM's interest in December 2017.
- Two Rivers Mine, where the transfer of Tamboti Platinum (Kalkfontein RE portion) was completed in November 2017. The Mineral Resources and Mineral Reserves of the Kalkfontein RE portion will now be reported as part of Two Rivers Mine, and in terms of the agreement, ARM's attributable interest in Two Rivers Mine will increase from 51% to 54%.

An updated Mineral Resources and Mineral Reserves Statement will be issued in the Company's F2018 Integrated Annual Report.

Financial commentary

Earnings

Headline earnings from continuing operations increased by 42% to R4 820 million for F2018 (F2017: R3 399 million). This equates to headline earnings per share from continuing operations of R25.29 (F2017: R17.91 per share). F2018 headline and basic earnings were positively impacted by a net fair value gain recognised in the statement of comprehensive income of R977 million relating to the ARM Coal debt restructuring.

ARM's basic earnings from continuing operations for F2018 were R4 747 million (F2017: R1 431 million). F2017 basic earnings were negatively impacted by the following special items:

- An attributable impairment of the Nkomati Mine assets of R711 million after tax;
- An attributable impairment of the Modikwa Mine assets of R734 million after tax and non-controlling interest; and
- An attributable impairment loss of R373 million within the Assmang joint venture related to the sale of Dwarsrivier.

Additional special items are set out in note 6 to the financial statements and the reconciliation of basic earnings to headline earnings is provided in note 7 to the financial statements.

Sales from continuing operations for the year increased by 2% to R8.35 billion (F2017: R8.16 billion).

Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations, excluding special items and income from associates and joint ventures, were R2 451 million (F2017: R922 million). This is 166% higher than F2017, largely as a result of a higher EBITDA contribution from the manganese division and a net fair value gain recognised in ARM Coal from the debt restructuring. This was partially offset by unrealised foreign exchange losses in the Corporate segment of R70 million (F2017: R270 million). Segmental EBITDA margins are reflected in the graph on page 40.

Income from joint venture increased by 8% to R3 510 million (F2017: R3 265 million).

Exchange rate

The positive impact of higher realised US Dollar prices for most commodities was partially offset by the strengthening of the Rand against the US Dollar. The F2018 average Rand/US Dollar exchange rate of R12.84/US$ was 6% stronger than the average of R13.60/US$ for F2017. For reporting purposes, the closing exchange rate was R13.72/US$ (30 June 2017: R13.05/US$).

Cash

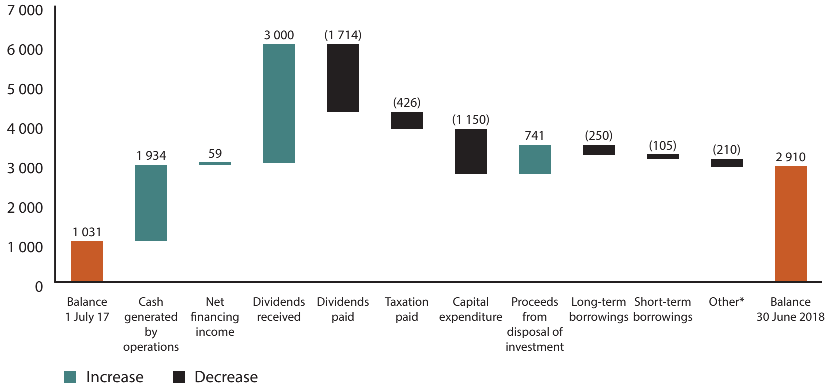
At 30 June 2018 cash and cash equivalents from continuing operations amounted to R3 291 million (F2017: R1 488 million). This excludes the attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R2 507 million (F2017: R3 165 million).

Cash generated from operations increased by R323 million to R1 934 million (F2017: R1 611 million) after a R517 million increase in working capital (F2017: R274 million increase). The cash dividends received from the Assmang joint venture amounted to R3 000 million (F2017: R2 488 million).

Cash spent on capital expenditure increased by R201 million to R1 150 million (F2017: R949 million). Attributable capital expenditure at the Assmang joint venture increased to R1 474 million (F2017: R1 361 million).

Dividends of R1 236 million and R478 million were paid in October 2017 and April 2018, respectively (F2017: R426 million) bringing the total dividend paid in F2018 to R1 714 million.

Cash and cash equivalents* movement from 1 July 2017 to 30 June 2018 (Rmillion)



* *Cash and cash equivalents including overdrafts.*

Debt

Total borrowings at 30 June 2018 were R2 296 million (F2017: R2 759 million). The decrease in total borrowings is largely due to the ARM Coal debt restructuring.

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

The consolidated net cash (overdrafts, short-term and long-term borrowings less cash and cash equivalents) at 30 June 2018 amounted to R995 million (30 June 2017: R1 271 million net debt). Details of cash and borrowings are set out in notes 9 and 10 to the financial statements.

Assets

Consolidated ARM total assets of R34 billion (30 June 2017: R32 billion) include ARM's investment in Harmony of R1 351 million (30 June 2017: R1 380 million) at a share price of R21.22 per share (30 June 2017: R21.68 per share).

Dividend

The Board declared a final dividend of 750 cents per share after the financial year-end. A maiden interim dividend of 250 cents per share was declared and paid in the first half of the financial year, bringing the cumulative dividend declared for F2018 is 1 000 cents per share (F2017: 650 cents per share).

Events after the reporting date

Harmony conducted a placing of new ordinary shares to qualifying investors to raise up to ZAR1.26 billion (US$100 million) through an accelerated book-building process launched on 5 June 2018. As Harmony's strategic black economic empowerment partner, ARM subscribed for shares necessary to maintain its shareholding of approximately 14% post Harmony's placement of new ordinary shares. On 17 July, ARM subscribed to 11 032 623 shares at a total cost of R210.9 million (i.e. R19.12 per share) which resulted in ARM's shareholding in Harmony being at 14.6%.

Since the year-end Assmang declared a dividend of R3 500 million. ARM's attributable portion of the dividend is R1 750 million.

Events after the reporting date are set out in note 22 to the financial statements.

ARM Ferrous

ARM Ferrous headline earnings (including discontinued operations) of R3 528 million were 5% lower compared to R3 709 million in F2017. This decrease was mainly due the inclusion in F2017 of a non-recurring amount of R378 million relating to the sale of ARM's effective 50% stake in the Dwarsrivier Mine (which was disclosed as a discontinued operation in F2017). The F2018 ARM Ferrous headline earnings from continuing operations were therefore 6% higher than the corresponding financial year excluding this non-recurring amount. The manganese division headline earnings were 64% higher. Iron ore headline earnings were down 24% mainly as a result of a 9% decrease in the average realised US Dollar export iron ore prices and the strengthening of the Rand/US Dollar exchange rate.

ARM Ferrous headline earnings/(loss) by division

	12 months ended 30 June		
R million	**Reviewed 2018**	Audited 2017	% change
Iron ore division	**3 343**	4 373	(24)
Manganese division	**3 808**	2 322	64
Chrome division	**(42)**	749	(106)
Total (100% basis)	**7 109**	7 444	(5)
ARM share	**3 555**	3 723	(5)
Consolidation adjustments	**(27)**	(14)	
Headline earnings attributable to ARM	**3 528**	3 709	(5)

Average manganese ore prices were up with the Platts Index for 44% manganese ore (CIF Tianjin) increasing by 19% from US$5.77 per manganese tonne unit (mtu) in F2017 to US$6.88/mtu in F2018. The index for 37% manganese ore (FOB Port Elizabeth) increased by 23% from US$4.56/mtu in F2017 to US$5.59/mtu. Prices for manganese alloy were up 35% from US$1 151/t for F2017 to US$1 553/t for F2018. Average iron ore prices on the other hand, as referenced by 62% iron ore fines (CIF North China), decreased marginally to US$69.27/t (F2017: US$69.41/t).

The mines and the smelters were able to deliver into this generally improved price environment, increasing production and sales volumes at all the operations.

Production and sales volume performance

Iron ore production volumes increased by 864 thousand tonnes (5%) to a production record of 18.58 million tonnes in F2018 (F2017: 17.7 million tonnes). Most of the increase was due to Beeshoek Mine which delivered 730 thousand tonnes higher production as an opportunity to export 404 thousand tonnes of iron ore from Beeshoek Mine was created through the newly established rail loop to the Saldanha Export Channel. Khumani Mine production volumes increased by 134 thousand tonnes to 14.7 million tonnes by practising selective mining methods and improving the in-pit blending of the feed ore. This resulted in the on-grade ratio improving from 32% on-grade in F2017 to 35% in F2018. Khumani Mine's production of lumpy to fines ratio decreased from 57:43 in F2017 to 55:45 in F2018 as a result of mining more ore from the King Pit. The deterioration in lumpy ratio is a direct result of mining more ore from the King Pit which is aligned to the exploitation schedule for the total iron ore resource at Khumani Mine.

Commensurate to the higher production, total sales volumes increased by 600 thousand tonnes (4%) to a sales record of 17.9 million tonnes in F2018. Beeshoek Mine sales volume increased by 750 thousand tonnes while Khumani Mine sales volumes decreased by 150 thousand tonnes. The decrease in the sales volume from Khumani Mine is directly related to the derailments experienced on the export line to Saldanha Port. Of the 17.9 million tonnes sold 14.3 million tonnes was exported and 3.6 million tonnes was sold locally.

At Black Rock Mine, manganese ore production volumes increased by 21% to 3.72 million tonnes (F2017: 3.07 million tonnes). 84% of the additional manganese ore produced was lumpy. The main reasons for the improved production volumes were:

- Benefits of the Black Rock Project – the upgrade of the Nchwaning II shaft was completed during F2017, which enabled the full utilisation of the shaft infrastructure during F2018; and
- Successful execution of productivity improvements initiatives at the various shafts.

Black Rock Mine sales volume increased by 6% to 3.41 million tonnes (F2017: 3.24 million tonnes).

Cato Ridge Works high-carbon ferromanganese production volume decreased by 10 thousand tonnes (6%) to 151 thousand tonnes compared to 161 thousand tonnes in F2017. The decrease in production volumes relates to a decision taken to reduce the amount of furnaces operating at Cato Ridge Works from four in F2017 to three in F2018 as part of the business improvement strategy. Cato Ridge Alloys' medium-carbon ferromanganese production volume decreased by 6% to 57 thousand tonnes in F2018 compared to 61 thousand tonnes in F2017. The sales volumes for both high-carbon and medium-carbon ferromanganese matched the production volumes achieved for F2018.

Sakura Works' high-carbon ferromanganese production volume increased by 63 thousand tonnes (35%) to 244 thousand tonnes in F2018 compared to 181 thousand tonnes in F2017. This increase was as a result of the ramp-up of both furnaces during F2018, which are currently producing at higher than design capacity. Sales volumes at Sakura Works increased by 86% to 240 thousand tonnes (F2017: 129 thousand tonnes).

Assmang production volumes (on 100% basis)

	12 months ended 30 June		
Thousand tonnes	**2018**	2017	% change
Iron ore	**18 578**	17 714	5
Manganese ore	**3 717**	3 069	21
Manganese alloys (local)	**218**	222	(2)
Manganese alloys (Sakura)	**244**	181	35
Charge chrome	**2**	11	(82)

ARM Ferrous sales volumes (on 100% basis)

	12 months ended 30 June		
Thousand tonnes	**2018**	2017	% change
Iron ore	**17 874**	17 275	3
Manganese ore*	**3 177**	2 974	7
Manganese alloys (local)	**138**	174	(21)
Manganese alloys (Sakura)	**240**	129	86
Charge chrome	**13**	18	(28)

* *Excluding intra-group sales.*

Unit cost performance

Through improved operational efficiencies and higher production volumes, Khumani and Beeshoek mines' unit production costs were managed to well below inflation and increased by only 2% and 1% respectively.

Black Rock Mine's year-on-year unit production costs increased by 16%. In F2017, the on-mine unit production costs had reduced to R453 per tonne mainly due to the exclusion of fixed costs of R208 million from on-mine production costs as the Nchwaning II Shaft was closed for 10 months of the financial year. In F2018 these associated costs were included in on-mine production costs as the shaft was fully operational for the whole of F2018. Further, there was an increase in operating costs as a result of manning new plant and infrastructure, but not yet realising the full production volume potential, due to the Black Rock Project still being completed.

Both Khumani Mine and Black Rock Mine are currently in negotiations with the Sedibeng Water Board for the capital user charge related to the upgrade of the Vaal Gamagara Water pipeline which supplies water to both mines. This charge may increase unit costs at both mines going forward.

Cato Ridge Works unit production costs increased by 6% as a result of higher input cost for sinter (due to the price improvements experienced in the index price for manganese ores) and an increase in the delivered price of coke and anthracite reductants. The unit cost of sales for Cato Ridge increased as the sales prices of alloys increased substantially during F2018 resulting in increased sales commissions. Sakura's unit production cost increased by only 5% despite significant increases in raw material input costs (especially manganese ore and reductants). This was achieved through improved efficiencies and increased production volumes.

ARM Ferrous cost and EBITDA margin performance

	Unit cost of sales	On-mine unit production cost	EBITDA margin
Commodity group	**% change**	**% change**	**%**
Iron ore	2	2	39
Manganese ore	15	16	48
Manganese alloys: Cato Ridge	20	6	29
Manganese alloys: Sakura	6	5	12

Capital expenditure

ARM Ferrous capital expenditure (on a 100% basis) increased by 9% to R3 081 million in F2018 (F2017: R2 817 million) (on 100% basis).

Khumani Mine capital expenditure was R1 306 million (F2017: R892 million). This increase mainly related to:

- Additional trackless mining machinery that was acquired to enable the selective mining strategy deployed during F2018;
- Waste stripping at the Bruce and King pits; and
- The replacement of mining equipment and fleet.

Beeshoek Mine capital expenditure was R474 million compared to R277 million for F2017. The increase relates to:

- R98 million additional expenditure on waste stripping in the Village Pit in-line with the development and exploitation schedule of the Village Pit; and
- R85 million additional expenditure for the replacement of trackless mining machinery and the replacement of crusher spares.

Black Rock Mine capital expenditure decreased by 19% to R1 240 million (F2017: R1 617 million) mainly due to lower expenditure incurred for the Black Rock Project as most of the surface infrastructure improvements were completed and commissioned in F2017. At the end of F2018 approximately 90% of the approved R6.7 billion capital expenditure was committed or spent.

Capital of approximately R2.7 billion (on a 100% basis) has been approved for the modernisation and optimisation of the Gloria Mine within the Black Rock Mine. This capital, which is expected to be spent over the next few years, will enable the Black Rock Mine flexibility to produce different product specifications (from high to medium grade) as the ability to deliver different specification products to customers has become a key differentiator in the current dynamic manganese ore market. The Gloria Mine is expected to be shut for six months of F2019 as part of this modernisation. Sales are planned to be met from inventory which has been built up in anticipation of the shutdown. Production capacity at Gloria Mine will be increased and will bring Black Rock Mine's production capacity to approximately 5 million tonnes per annum.

Cato Ridge Works capital expenditure was R45 million compared to R30 million in F2017. Sakura Works capital expenditure reduced from R221 million to R34 million in F2018 mainly due to successful completion of the project in F2018.

ARM Ferrous capital expenditure (on a 100% basis)

100% basis	12 months ended 30 June		
R million	**Reviewed 2018**	Audited 2017	% change
Iron ore	**1 780**	1 169	52
Manganese	**1 285**	1 648	(22)
Chrome	**16**	–	–
Total	**3 081**	2 817	9

Logistics

Transnet performed well and all local and export sales volumes were achieved in F2018 as planned.

ARM Ferrous has signed the MECA2 (Manganese Export Capacity Allocation) Agreement with Transnet, valid from 15 September 2015 until the later of 31 March 2023 or when the Port of Ngqura is fully operational. Rail and port capacity is secured through the ports of Port Elizabeth and Saldanha in line with the ramp up of Black Rock Mine. Engagements with Transnet with regards to synchronising the planned production ramp up of Black Rock Mine beyond 2023 and the rail and port capacity provisions in the longer-term (MECA3) are ongoing.

Transnet enabled Khumani Mine to export 14.3 million tonnes of iron ore for F2018. Although port stock piles are low due to various Transnet Freight Rail (TFR) derailments, the Ferrous division has successfully managed to achieve planned iron ore sales volume. A junior iron ore producer and exporter was able to export more than 1 million tonnes of product using the load-out facility of Khumani Mine during the reporting period.

In collaboration with Transnet, a link to the iron ore export line to Saldanha Port has been established, from Beeshoek Mine, to provide for additional iron ore export volume flexibility. This opportunity enabled Beeshoek Mine to export 404 thousand tonnes of iron ore, through Saldanha, in F2018.

The ARM Ferrous operations, held through its 50% investment in Assmang, consist of two divisions: iron ore and manganese. Assore Limited, ARM's partner in Assmang, owns the remaining 50%.

ARM Platinum

ARM Platinum's attributable headline earnings increased by 20% to R420 million (F2017: R350 million). Concentrate offtake agreements for both Modikwa and Nkomati mines were renegotiated with temporary improvement to agreement terms and conditions. These impacted positively on the F2018 ARM Platinum results.

ARM Platinum attributable headline earnings/(loss)

	12 months ended 30 June		
R million	**Reviewed 2018**	Audited 2017	% change
Two Rivers Mine	**306**	325	(6)
Modikwa Mine	**105**	(66)	
Nkomati Mine	**9**	91	(90)
Total	**420**	350	20

Improved US Dollar and Rand palladium, rhodium, cobalt, nickel and copper prices also contributed to this result. Rand and US Dollar prices for platinum and chrome concentrate, however, were lower than the corresponding period. Due to Modikwa Mine's higher palladium content, the mine's average Rand per 6E kilogram basket price increased by 14% to R380 603 (F2017: R334 051), whereas the average basket price at Two Rivers Mine increased by 11% to R370 755 per 6E kilogram (F2017: R333 749). The tables below set out the relevant price comparison:

Average US Dollar metal prices

		12 months ended 30 June		
		2018	2017	% change
Platinum	US$/oz	**936**	987	(5)
Palladium	US$/oz	**974**	734	33
Rhodium	US$/oz	**1 540**	783	97
Nickel	US$/t	**12 397**	9 882	25
Cobalt	US$/lb	**35**	19	85
Copper	US$/t	**6 798**	5 474	24
UG2 chrome concentrate – Two Rivers (CIF*)	US$/t	**174**	193	(10)
High sulphur chrome concentrate – Nkomati (FOT**)	US$/t	**82**	165	(50)

* *CIF refers to Cost, Insurance and Freight*

** *FOT refers to Free On Truck*

Average Rand metal prices

		12 months ended 30 June		
		2018	2017	% change
Exchange Rate	R/US$	**12.84**	13.60	(6)
Platinum	R/oz	**12 020**	13 408	(10)
Palladium	R/oz	**12 509**	9 973	25
Rhodium	R/oz	**19 780**	10 636	86
Nickel	R/t	**159 172**	134 295	19
Cobalt	R/lb	**443**	254	74
Copper	R/t	**87 282**	74 387	17
UG2 chrome concentrate – Two Rivers (CIF*)	R/t	**2 232**	2 629	(15)
High sulphur chrome concentrate – Nkomati (FOT**)	R/t	**1 059**	2 245	(53)

* *CIF refers to Cost, Insurance and Freight*

** *FOT refers to Free On Truck*

An 11% increase in PGM production at Modikwa Mine was fully offset by an 11% decrease in PGM production at both Nkomati and Two Rivers mines, resulting in ARM Platinum PGM ounces (on a 100% basis) decreasing by 3% to 792 583 6E ounces (F2017: 815 188 6E ounces).

Nkomati Mine nickel production decreased by 16% to 13 302 tonnes (F2017: 15 875 tonnes) as a result of reduced tonnes mined, combined with a 19% decrease in the mill head grade due to additional Very Low Grade (VLG) stock pile material being milled.

F2018 unit production costs, on a Rand per tonne milled basis, were well controlled at all operations with Two Rivers and Modikwa mines' unit cost being flat, while Nkomati Mine showed a 6% increase. Unit production costs, on a Rand per PGM ounce basis were higher than inflation at 10% and 9% for Two Rivers and Modikwa mines, respectively, due to a decline in grade at both mines. Nkomati Mine C1 unit cash costs net of by-products (which include capitalised waste stripping costs) were 22% higher at US$5.86/lb (F2017: US$4.81/lb) of nickel produced. The C1 unit cash costs were also negatively impacted by a grade decline which resulted in a 16% decrease in nickel units produced.

Capital expenditure at ARM Platinum operations (on a 100% basis) decreased by 10% to R1.15 billion (F2017: R1.27 billion).

Capital expenditure at Modikwa Mine increased by 2% to R266 million (F2017: R262 million). Of the capital spent in F2018, 33% is associated with the North Shaft Mine project and 16% with the South Shaft project, while 33% was spent on fleet refurbishment and critical spares.

Of the capital spent at Two Rivers Mine in F2018, 19% is associated with fleet replacement and refurbishment. The deepening of the Main and North declines, together with its electrical and mechanical installations, comprised 59% of the total capital expenditure.

Nkomati Mine's F2018 capital expenditure was mainly for the replacement of the Onverwacht tailings pipeline (R63 million), as well as the completion of the second anchored pile wall (R26 million). Following a minor geotechnical slope failure on the Western side of the pit, remedial work was required to relocate the infrastructure (tailings pipeline and road) (R18 million). The support and buttressing work done to stabilise the pile wall in the Western section has been completed and is now stable. Capitalised waste stripping cost decreased by 51% as waste mined reduced to 22 million tonnes from 27 million tonnes in F2017.

ARM Platinum capital expenditure (on 100% basis)

	12 months ended 30 June	
R million	**Reviewed 2018**	Audited 2017
Modikwa	**266**	262
Two Rivers	**455**	293
Nkomati	**124**	101
Nkomati capitalised waste stripping	**304**	617
Total	**1 149**	1 273

Two Rivers Mine

Attributable headline earnings at Two Rivers reduced by 6% to R306 million (F2017: R325 million). A 1% decrease in tonnes milled and a 7% reduction in grade, led to PGMs produced declining by 11% to 348 405 6E ounces (F2017: 390 214 6E ounces). In addition, chrome concentrate sales volumes declined by 17% to 229 642 tonnes as a result of a lower chrome yield, a direct consequence of the lower PGM grade. This, combined with a 15% decline in the Rand chrome price, resulted in chrome cash operating profit declining by 40% to R210 million (F2017: R352 million).

Continued complexity in the ore body resulted in lower grades being delivered to the plant. The decline in head grade is largely attributable to geological induced dilution associated with an increase in split reef proportion in the ore mix mined from the southern sections of Main Decline. Currently, there is limited flexibility in blending the ore from split reef and normal reef sources due to face length constraints at Main Decline. Areas of thick, lower grade split reef are expected to continue affecting the overall mining grade negatively for the next 18 months, resulting in overall mining grades being between 3.70 and 3.80 6E grams per tonne (F2017: 3.90 grams per tonne). To mitigate the declining grade, there is a drive to increase the sinking rate at the Main Decline and mine volumes from higher-grade panels as mining flexibility increases to enhance the ore mix. Undercutting of the internal waste within the split reef is also being undertaken wherever practically possible.

Unit production costs on a Rand per tonne milled basis were flat at R688 per tonne (F2017: R690 per tonne). The Rand per PGM ounce produced, however, increased by 10% to R6 822 per 6E ounce (F2017: R6 195 per 6E ounce), as a direct result of the decline in grade. There was a 9 581 tonne decrease in the UG2 Run-of-Mine stockpile to a total of 207 171 tonnes of ore as at 30 June 2018.

Two Rivers Mine operational statistics (on 100% basis)

		12 months ended 30 June		
		2018	2017	% change
Cash operating profit	R million	**1 314**	1 359	(3)
– PGMs	R million	**1 104**	1 006	10
– Chrome	R million	**210**	352	(40)
Tonnes milled	Mt	**3.46**	3.50	(1)
Head grade	g/t, 6E	**3.63**	3.90	(7)
PGMs in concentrate	Ounces, 6E	**348 405**	390 214	(11)
Chrome concentrate sold	Tonnes	**229 642**	275 189	(17)
Average basket price	R/kg, 6E	**370 755**	333 749	11
Average basket price	US$/oz, 6E	**895**	764	17
Cash operating margin	%	**34**	34	
Cash cost	R/kg, 6E	**219 334**	199 168	10
Cash cost	R/tonne	**688**	690	–
Cash cost	R/Pt oz	**14 623**	13 291	10
Cash cost	R/oz, 6E	**6 822**	6 195	10
Cash cost	US$/oz, 6E	**531**	456	17
Headline earnings attributable to ARM	R million	**306**	325	(6)

Modikwa Mine

Modikwa Mine achieved attributable headline earnings of R105 million (F2017: R66 million headline loss). A 20% (413 thousand tonnes) increase in tonnes milled was partially offset by an 8% decrease in head grade, which resulted in PGM production increasing by only 11% to 333 888 6E ounces (F2017: 301 228 6E ounces). The decline in head grade was mainly due to increased in-stope dilution as the stoping width at South 1 Shaft was negatively impacted by adverse geotechnical conditions in the hanging wall. Additional hanging-wall support methods as well as drilling controls are being implemented to reduce the dilution.

Anglo American Platinum and ARM have been in on-going discussions to find a holistic solution to ensure the sustainability of Modikwa Mine. By agreeing to temporarily improve the commercial terms of the existing purchase of concentrate agreement, it is expected that this will improve the cash flow generation of the mine while the turnaround and operational improvement plan is implemented. These terms are effective for concentrate deliveries for a three-year period which commenced 1 January 2017. The financial results for the year ended 30 June 2018 include an adjustment for 18 months. The negotiations have been on-going since F2017, however the terms and conditions only became unconditional in F2018. As such the adjustment resulted in additional revenue being recognised and included in the Modikwa headline earnings attributable to ARM.

Unit production cost increased by 9%, to R9 197 per 6E PGM ounce (F2017: R8 463 per 6E PGM ounce) and was flat on a Rand per tonne basis at R1 265 per tonne (F2017: R1 265 per tonne).

South 2 Shaft phase 1 has been capitalised to achieve production of 50 thousand tonnes per month. The shaft achieved on average 31 thousand tonnes per month for the past 12 months. It is anticipated that steady state production rates will be achieved in F2019.

Modikwa Mine operational statistics (on 100% basis)

		12 months ended 30 June		
		2018	2017	% change
Cash operating profit/(loss)	R million	**521**	(36)	>200
Tonnes milled	Mt	**2.43**	2.01	20
Head grade	g/t, 6E	**4.98**	5.43	(8)
PGMs in concentrate	Ounces, 6E	**333 888**	301 228	11
Average basket price	R/kg, 6E	**380 603**	334 051	14
Average basket price	US$/oz, 6E	**922**	765	21
Cash operating margin	%	**14**	(1)	
Cash cost	R/kg, 6E	**295 685**	272 104	9
Cash cost	R/tonne	**1 265**	1 265	(0)
Cash cost	R/Pt oz	**23 311**	21 878	7
Cash cost	R/oz, 6E	**9 197**	8 463	9
Cash cost	US$/oz, 6E	**716**	623	15
Headline earnings/(loss) attributable to ARM	R million	**105**	(66)	

Nkomati Mine

Nkomati Mine generated attributable headline earnings of R9 million (F2017: R91 million) for the period under review. The decline was mainly due to lower nickel production volumes (13 302 tonnes versus 15 875 tonnes) and a 53% decline in realised Rand chrome price.

The Nkomati Joint Venture partners entered into an addendum to the existing offtake agreement with Metal Trade Overseas AG (MTO), under which the short delivery and grade penalties were relaxed for a period of two years, effective 23 April 2018, and the tenure of the base agreement was extended to the life of the open pit mine (which was 8.5 years as at 30 June 2018). The relaxation of penalties is to assist Nkomati while it is ramping up to its normal production levels. This adjustment had a R21 million positive impact on the headline earnings for two months ended 30 June 2018.

Despite chrome concentrate sales volumes increasing by 36% to 328 371 tonnes (F2017: 241 265 tonnes), the chrome contribution to cash operating profit reduced by 42% to R235 million as a result of the lower chrome price realised.

Nkomati's total tonnes milled increased by 7% to 8.04 million tonnes nickel units produced declining by 16% to 13 302 tonnes (F2017: 15 875 tonnes). The main reasons for this were:

- Pit 3 mining operations remain constrained as a result of the historical insufficient waste stripping and geotechnical issues, resulting in insufficient MMZ ore availability during the reporting period;
- Higher than expected processing of Very Low Grade (VLG) MMZ stockpile material (approximately 1.5 million tonnes during the period) to complement the shortfall of MMZ ore to ensure that both mills operate at maximum capacity. The VLG MMZ material had an average nickel grade of 0.18%, which resulted in the average mill feed grade declining by 16%; and
- Waste stripping on the Western section of Pit 3 commenced during October 2017. Minor saprolite failures occurred, which resulted in the mine having to re-evaluate the design parameters for the saprolite zones of the pit's Western high wall and the waste stripping plan. Waste stripping of 23 million tonnes per annum is planned for the next two years as a result of constraints in the pit.

Nkomati Mine's on-mine unit production cost (excluding capitalised waste stripping) was 6% higher at R301 per tonne (F2017: R284 per tonne). The reduction in waste stripping volumes resulted in unit cost per tonne milled (including capitalised waste stripping) declining by 8% to R339 per tonne (F2017: R367 per tonne).

C1 unit cash cost net of by-products (which includes capitalised waste stripping cost) was 22% higher at US$5.86/lb (F2017: US$4.81/lb) of nickel produced. The increase in C1 unit cash costs was due to the decrease in nickel units produced. R304 million of waste stripping cost (F2017: R617 million) was capitalised during the period.

Nkomati Mine operational statistics (on 100% basis)

		12 months ended 30 June		
		2018	2017	% change
Cash operating profit	R million	**494**	660	(25)
– Nickel	R million	**259**	252	2
– Chrome	R million	**235**	408	(42)
Cash operating margin	%	**15**	17	
Tonnes milled	Mt	**8.04**	7.49	7
Head grade	% nickel	**0.24**	0.30	(19)
Nickel on-mine cash cost per tonne milled	R/tonne	**301**	284	6
Nickel on-mine cash cost per tonne milled (including capitalised waste stripping costs)	R/tonne	**339**	367	(8)
Cash cost net of by-products*	US$/lb	**5.86**	4.81	22
Contained metal				
Nickel	Tonnes	**13 302**	15 875	(16)
PGMs	Ounces	**110 290**	123 745	(11)
Copper	Tonnes	**7 371**	7 637	(3)
Cobalt	Tonnes	**716**	813	(12)
Chrome concentrate sold	Tonnes	**328 371**	241 265	36
Headline earnings attributable to ARM	R million	**9**	91	(90)

** This reflects US Dollar cash costs net of by-products (PGMs and Chrome) per pound of nickel produced.*

Projects

Modikwa Mine

In order to maintain the current production profile and ramp-up, the operation initiated the North Shaft Deepening Project and the South 2 Shaft Project. The current status of these projects are detailed below:

- Deepening of North Shaft – Entails the deepening of North Shaft from Level 6 to Level 9 thereby establishing two new mining levels. The 9 Level mining development and equipping is on track to meet the revised schedule; anticipated handover for the ore transfer system is F2020.
- Sinking of South 2 Shaft – Scope included the establishment of a decline shaft system south of the current South Shaft Infrastructure. The first phase of the project is expected to enhance mining flexibility while also contributing to the overall production build-up of the mine. Phase one of the project has been completed and is expected to take the production capacity to 50 000 tonnes of ore per month by F2019. The second phase will follow and increase the design capacity of this shaft system to 100 000 tonnes per month by F2022.

Kalplats

ARM recorded an attributable impairment charge of R40 million after tax (F2017: nil) of Kalplats exploration assets. This was mainly due to the expiry of the prospecting right relating to the Kalplats project and ARM Platinum not having applied for a mining right.

The ARM Platinum division comprises:

- *Three operating mines:*
  - *Modikwa – ARM Mining Consortium has an effective 41.5% interest in Modikwa where local communities hold an 8.5% effective interest. The remaining 50% is held by Anglo American Platinum.*
  - *Two Rivers – an ARM subsidiary in which ARM has a 54% shareholding and Implats 46%. The increase in shareholding is effective 8 November 2017, when Two Rivers' amended mining right, including the mining rights transferred to it, was executed by the Department of Mineral Resources*
  - *Nkomati – a 50:50 partnership between ARM and Norilsk Nickel Africa.*
- *The Kalplats Project:*
  - *in which ARM Platinum holds 46% and Stella Platinum holds 44%, with Anglo American holding 10%.*

ARM Coal

Restructuring of ARM Coal debt

ARM and GOSA a wholly-owned subsidiary of Glencore Holdings South Africa Proprietary Limited ("GHSA"), hold 51% and 49% of the issued share capital in ARM Coal Proprietary Limited ("ARM Coal"), respectively. ARM Coal and GOSA, own and operate the GGV Mine through an unincorporated joint venture in which ARM Coal and GOSA hold 51% and 49% participation rights, respectively, giving ARM an effective interest of 26% in GGV Mine.

GOSA owns and operates several coal mining operations in South Africa referred to as the Participative Coal Business ("PCB"). ARM and ARM Coal hold preference shares in GOSA which entitle them to participate in the underlying assets and profits of the PCB. ARM and ARM Coal's interests in the PCB through these preference shares are 10% and 20%, respectively.

ARM, ARM Coal, GHSA and GOSA have successfully concluded the restructuring of debt on 25 June 2018, with an effective date of 1 July 2017. The tables below detail the loans payable and receivable, comprising the net debt relevant to the ARM Coal structure, whether or not these are reflected on ARM's Statement of Financial Position (SoFP), and the outstanding balances as at 30 June 2017:

Debt payable **R million**	**ARM Coal**	**Attributable to ARM**	**Per ARM SoFP 30 June 2017**
Owed by ARM Coal to GOSA/GHSA			
GGV acquisition loan	1 794	915	290
Loan balance	*1 794*	*915*	*915*
Consolidation adjustment	*–*	*–*	*(625)*
GGV project facility phase 1 loan	1 934	986	987
GGV project facility phase 2 loan	493	251	251
RBCT phase V loan	151	77	77
PCB/ARM Coal loan	627	320	–*
Owed by ARM to GOSA/GHSA			
PCB/ARM loan	–	734	–*
PCB revolving credit facility	–	700	–*
Total owed to GOSA/GHSA	**4 999**	**3 983**	**1 605**

ARM Coal shareholder loans **R million**	**ARM Coal**	**Attributable to ARM**	**Per SoFP in ARM F2017 Annual Report**
Shareholder loan from ARM	1 133	578	–#
Shareholder loan from GOSA	1 088	555	–#
Total	**2 221**	**1 133**	**–**

Receivable from GOSA (PCB) **R million**	**ARM Coal**	**Attributable to ARM**	**Per SoFP in ARM F2017 Annual Report**
PCB shareholders loan from ARM Coal	(2 221)	(1 133)	–*
PCB shareholders loan from ARM	–	(700)	–*
Total	**(2 221)**	**(1 833)**	**–**
Total net debt as at 30 June 2017	**4 999**	**3 283**	**1 605**

** Not disclosed separately on the face of the SoFP as these loans are equity-accounted.*

 # Eliminates on consolidation.

The impact of the restructuring on the F2018 results is as follows:

- A deemed interest charge, in accordance with International Accounting Standard 39: Financial Instruments – Recognition and Measurement (IAS 39), attributable to ARM for the year is R321 million. On the old loan terms, this charge would have been R501 million for F2018, resulting in a saving of R180 million. Deemed interest received on certain intercompany fair value adjustments, attributable to ARM, amount to R8 million.
- A net fair value gain recognised in the statement of comprehensive income amounting to R1 210 million, comprising of the following:
  - In respect of the GGV debt: R885 million;
  - In respect of the PCB debt: R325 million.

The net present value calculations performed to arrive at the reported fair value gain, were based on the prime interest rate, which is considered to be a market related interest rate.

The fair value gain is as a result of changes in the future repayment cash flows due to changes in the timing of cash flows due to deferred bullet payments and interest holidays under the new loan terms. The fair value gain is in accordance with IAS 39, which states that a modified debt is considered 'substantially different' if the net present value of the cash flows under the new loan terms discounted at the original interest rate, differs by more than 10% from the discounted present values of the remaining cash flows of the original debt instrument. Where a financial liability is considered substantially different, the existing loan is derecognised and the new loan is recognised, the net effect of the modification is recognised immediately in the statement of comprehensive income.

The outstanding loan balances will be revalued at the end of each reporting period with the resultant gains and losses recognised in the statement of comprehensive income. These future gains and losses will be dependent on changes in coal prices and Rand versus US Dollar exchange rate, all of which are expected to have an impact on the timing by which the loans are modelled to be fully repaid.

The impact of the restructuring on the F2018 ARM SoFP is:

	at 30 June 2018		
R million	**Old loan terms**	**New loan terms**	**Difference**
Owed by ARM Coal to GOSA/GHSA			
GGV acquisition loan	1 008	421	(587)
GGV project facility phase 1 loan	1 087	602	(485)
GGV project facility phase 2 loan	275	208	(67)
RBCT phase V loan	75	–	(75)
Total	**2 445**	**1 231**	**(1 214)**

The impact of the restructuring on the equity accounted PCB is as follows*:

	at 30 June 2018		
R million	**Old loan terms**	**New loan terms**	**Difference**
Owed by ARM and ARM Coal to GHSA			
PCB 1 loan	352	201	(151)
PCB 2 loan	809	464	(345)
Total	**1 161**	**665**	**(496)**

** Not disclosed separately on the face of the SOFP as these loans are equity accounted.*

The impact of the restructuring on the cash flows attributable to ARM is:

R million	**F2018**
Cash flow to ARM under old loan terms	**352**
Cash flow to ARM under new loan terms	**–**

ARM Coal operational and financial results

ARM Coal's attributable headline earnings increased to R1 485 million (F2017: R82 million) mainly due to the debt restructuring. In addition, earnings also improved due to the average realised US Dollar export prices being 22% higher compared to F2017.

Seaborne coal prices were positively impacted by an increase in demand from India and China. The impact of the higher prices was partially reduced by a strengthening of the average realised Rand/US Dollar exchange rate. Realised Rand prices increased by 17% from R843 per tonne in F2017 to R990 per tonne in F2018.

More than 80% of the export volumes at GGV Mine were high quality (RB1) coal while only 39% of PCB exports were RB1 quality. This resulted in PCB's average received export price being lower compared to GGV Mine.

ARM attributable saleable tonnes produced of 4.93 million tonnes is 1.8% lower than the 5.02 million tonnes produced in F2017.

ARM Coal attributable profit analysis

	12 months ended 30 June		
R million	**2018**	2017	% change
Cash operating profit	**1 365**	1 211	13
Plus: Interest received	**8**	–	–
Less: Interest paid	**(321)**	(533)	40
Less: Amortisation	**(592)**	(502)	(18)
Plus/(less): Fair value adjustments	**1 210**	(62)	–
Profit before tax	**1 670**	114	>200
Less: Tax	**(185)**	(32)	>200
Headline earnings attributable to ARM	**1 485**	82	>200

Goedgevonden (GGV) Mine

Average received export US Dollar prices increased by 36% compared to F2017. The impact of the higher prices was partially reduced by a 10% reduction in export sales volumes and a 6% strengthening of the Rand versus the US Dollar. This resulted in an increase in attributable export revenue of R107 million.

Saleable production at GGV Mine was 7% lower than F2017 partially due to a rollover of low in-pit inventory levels from F2017. The in-pit inventory levels have marginally improved during F2018. The mine remains focused on improving the in-pit inventory levels. Production was further negatively impacted by underperformance of the mining contractors, underperformance of the truck and shovel fleet, safety-related stoppages and labour unrest.

On-mine unit production costs per saleable tonne increased by 9% to R351, mainly as a result of a decrease in production volumes.

Attributable headline earnings increased to R852 million (F2017: R99 million headline loss). This amount was positively impacted by a R885 million fair value gain relating to the debt restructuring.

GGV Mine operational statistics

		12 months ended 30 June		
		2018	2017	% change
Total production and sales (100% basis)				
Saleable production	Mt	**6.05**	6.47	(7)
Export thermal coal sales	Mt	**2.85**	3.18	(10)
Eskom thermal coal sales	Mt	**3.12**	3.03	3
Local thermal coal sales	Mt	**0.14**	0.12	17
Attributable production and sales				
Saleable production	Mt	**1.57**	1.68	(7)
Export thermal coal sales	Mt	**0.74**	0.83	(10)
Eskom thermal coal sales	Mt	**0.81**	0.79	3
Local thermal coal sales	Mt	**0.04**	0.03	33
Average received coal price				
Export (FOB*)	US$/tonne	**84.57**	62.07	36
Eskom (FOT**)	R/tonne	**235**	229	2
Local (FOR***)	R/tonne	**863**	537	61
On-mine saleable cost	R/tonne	**351**	323	9
Cash operating profit				
Total	R million	**1 290**	905	43
Attributable (26%)	R million	**335**	235	43
Headline earnings/(loss) attributable to ARM	R million	**852**	(99)	–

* *FOB refers to Free On Board.*

** *FOT refers to Free On Truck.*

*** *FOR refers to Free On Rail.*

GGV Mine attributable profit analysis

	12 months ended 30 June		
R million	**Reviewed 2018**	Audited 2017	% change
Cash operating profit	**335**	235	43
Plus: Interest received	**3**	–	–
Less: Interest paid	**(157)**	(213)	26
Less: Amortisation	**(167)**	(147)	(14)
Plus/(less): Fair value adjustments	**885**	(12)	
Profit/(loss) before tax	**899**	(137)	
Less: Tax	**(47)**	38	
Headline earnings/(loss) attributable to ARM	**852**	(99)	

Participative Coal Business (PCB)

The mines comprising the PCB all performed well during F2018 and achieved increases of 5% and 1% in ROM and saleable production respectively.

PCB attributable cash operating profit increased by 6% to R1 030 million (F2017: R976 million) as a result of a R238 million increase in revenue offset by a R184 million increase in operating costs.

The increase in revenue was largely as a result of a 1% increase in sales volumes together with a 19% increase in US Dollar coal prices. This was partially offset by a 6% strengthening of the Rand versus the US Dollar. Revenue from inland coal sales was R36 million lower than the corresponding period, due to a decrease in local coal sales volumes.

Unit production costs per saleable tonne increased by 19% from R278 per tonne in F2017 to R330 per tonne in F2018. On-mine production costs in the corresponding period benefited from processing of stockpile ore built up during the Tweefontein Optimisation Project (TOP). The Tweefontein operation has since stabilised and is now operating at the planned unit production costs which was estimated at approximately R300 per tonne. The 5% increase in ROM production together with the reduction in the benefits obtained from the low cost stockpile resulted in an increase in on-mine costs of R188 million.

Headline earnings attributable to ARM was R633 million. (F2017: R181 million). This amount was positively impacted by a R325 million fair value gain relating to the debt restructuring.

PCB operational statistics

		12 months ended 30 June		
		2018	2017	% change
Total production sales (100% basis)				
Saleable production	Mt	**16.64**	16.55	1
Export thermal coal sales	Mt	**13.44**	13.42	–
Eskom thermal coal sales	Mt	**1.58**	1.53	3
Local thermal coal sales	Mt	**0.76**	1.11	(32)
Attributable production and sales				
Saleable production	Mt	**3.36**	3.34	1
Export thermal coal sales	Mt	**2.71**	2.71	–
Eskom thermal coal sales	Mt	**0.32**	0.31	3
Local thermal coal sales	Mt	**0.15**	0.22	(32)
Average received coal price				
Export (FOB*)	US$/tonne	**73.51**	61.89	19
Eskom (FOT**)	R/tonne	**240**	242	(1)
Local (FOR***)	R/tonne	**637**	758	(16)
On-mine saleable cost	R/tonne	**330**	278	19
Cash operating profit				
Total	R million	**5 099**	4 830	6
Attributable (20.2%)	R million	**1 030**	976	6
Headline earnings attributable to ARM	R million	**633**	181	>200

* *FOB refers to Free On Board.*

** *FOT refers to Free On Truck.*

*** *FOR refers to Free On Rail.*

PCB attributable profit analysis

R million	Reviewed 2018	Audited 2017	% change
	12 months ended 30 June		
Cash operating profit	**1 030**	976	6
Plus: Interest received	**5**	–	–
Less: Interest paid	**(164)**	(320)	(49)
Less: Amortisation	**(425)**	(355)	(20)
Plus/(less): Fair value adjustments	**325**	(50)	–
Profit before tax	**771**	251	>200
Less: Tax	**(138)**	(70)	(97)
Headline earnings attributable to ARM	**633**	181	>200

ARM's economic interest in PCB is 20.2%. PCB consists of two large mining complexes situated in Mpumalanga. ARM has a 26% effective interest in the GGV Mine situated near Ogies in Mpumalanga.

Attributable refers to 20.2% of PCB whilst total refers to 100%.

Discontinued operation: ARM Copper

ARM Copper's headline loss improved from R203 million in F2017 to R6 million in F2018. The disposal of the only operation in ARM Copper, Lubambe Mine was completed on 22 December 2017 with the final proceeds from the sale received in December 2017.

Harmony

Harmony reported a 42% decrease in headline earnings from R1 306 million to R763 million for F2018 mainly due to translation loss of R669 million on US Dollar denominated debt at 30 June 2018 and lower derivative gains recognised in F2018 of R99 million. Headline earnings per share were 171 cents per share compared with 298 cents per share in F2017.

Revenue increased by 6% mainly due to a 6% increase in gold sold (excluding capitalised gold sales from Hidden Valley) with the inclusion of the Moab Khotsong operations from 1 March 2018. The average gold price received in Rand terms (including the gold hedge realised) remained steady at R570 709/kg (F2017: R570 164/kg) while in US Dollar terms, the price received increased by 12% to US$1 380/oz. The Rand gold hedges, included as part of revenue realised gains of R1 197 million in F2018 (realised gains of R728 million in F2017).

Gold production from the South African operations increased 14% of which Moab Khotsong produced 105 900 ounces (contributing 10% of the increase in SA gold production) for the four months the operation was included in Harmony's asset portfolio (since 1 March 2018). All-in sustaining unit cost were R508 970/kg (US$1 231/oz), beating annual guidance of R520 000 kg and the all-in sustaining unit cost of R516 687/kg (US$1 182/oz) reported F2017.

An updated feasibility study on Wafi Golpu was released on 19 March 2018, proposing a larger mine and increased production profile, resulting in a 33% increase in net present value to US$2.6 billion (applying a real discount rate of 8.5%).

ARM subscribed for Harmony shares as part an accelerated book build process. As Harmony's strategic black economic empowerment partner ARM subscribed to approximately 11 million shares to maintain its shareholding in Harmony at approximately 14%.

The Harmony investment is reflected on the ARM statement of financial position at R1 351 million based on the Harmony share price at 30 June 2018 of R21.22 per share (30 June 2017: R21.68 per share). Changes in the value of the investment in Harmony, to the extent that they represent a significant or prolonged decline below the cost of the investment, are adjusted through the statement of profit or loss, net of tax. Gains are accounted for, net of deferred capital gains tax, through the statement of comprehensive income. Dividends from Harmony are recognised in the ARM statement of profit or loss on the last day of registration following dividend declaration.

Harmony's results for the year ended 30 June 2018 can be viewed on Harmony's website at **www.harmony.co.za**. *ARM owns 14.6% of Harmony's issued share capital.*

Outlook

Global GDP growth appears to be recovering steadily. China remains a significant consumer of the commodities we produce as infrastructure and consumer demand underpins demand for commodities. Quality of commodities, especially amongst the bulk metals, has become a key differentiator as China seeks to address its pollution challenges through improved efficiencies in heavy industries. This can be seen in the increase of premiums associated with high-grade bulk metals which we believe represents a structural shift in these markets. ARM is well positioned to deliver into this shift given the high quality iron ore and manganese ore produced. We continue to invest in our business to enable us flexibility of product specifications to respond to changing customer needs.

We are also closely watching other global trends especially in the context of the Fourth Industrial Revolution and the potential challenges and opportunities these may create for our business. One such trend of interest has been the advancements made in mobility, particularly clean mobility. Although an increase in electric vehicles as a percentage of total vehicle sales creates opportunities for some of the metals in our portfolio, including nickel and manganese ore, it negatively impacts demand for platinum group metal (which are mostly used in internal combustion engines). We continue to research these potential impacts to ensure that we are well positioned in the future to maximise on opportunities created by these trends but also address the challenges.

Investor confidence and sentiment towards South Africa continues to improve. The Rand versus the US Dollar is expected to remain volatile, impacted by monetary policy direction in the United States, international trade concerns as well as other global and domestic risks.

Our operating environment is not without significant headwinds: community unrest, geopolitical uncertainty, regulatory risk, technology and cyber risks, and social licence risks continue to increase.

We continue to focus on those elements that are within our control. These include adhering to our commitment to capital allocation discipline by striking a balance between maintaining our current business, investing in expansionary and value-enhancing growth and improving on the overall shareholder returns through long-term share price appreciation and dividend growth. To enable this, we will keep a focus on maintaining operating costs to levels at or below inflation, maximising the cash generation from our assets, maximising profit margins and sustaining our available flexibility through a strong financial position.

Dividends

The Board has approved and declared a final dividend of 750 cents per share (gross) in respect of the year ended 30 June 2018. The amount to be paid is approximately R1 648 million. A maiden interim dividend of 250 cents per share was declared and paid in F2018 bringing the cumulative dividend for F2018 is 1 000 cents per share (F2017: 650 cents per share).

This declaration is consistent with ARM's commitment, as a globally competitive company, to pay dividends while retaining the ability to fund efficiency improvements and sustaining production.

The dividend declared will be subject to Dividend Withholding Tax. In accordance with paragraphs 11.17(a) (i) to (x) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The South African Dividends Tax ("Dividends Tax") rate is 20%;
- The gross local dividend amount is 750 cents per ordinary share for shareholders exempt from the Dividends Tax;
- The net local dividend amount is 600.00000 cents per share for shareholders liable to pay the Dividends Tax;
- As at the date of this declaration ARM has 219 709 127 ordinary shares in issue; and
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 750 cents per ordinary share, being the dividend for the year ended 30 June 2018 has been declared on Friday, 7 September 2018 and is payable on Monday, 1 October 2018 to those shareholders recorded in the books of the Company at the close of business on Friday, 28 September 2018. The dividend is declared in the currency of South Africa. Any change in address or dividend instruction to apply to this dividend must be received by the Company's transfer secretaries or registrar not later than Tuesday, 25 September 2018. The last day to trade ordinary shares cum dividend is Tuesday, 25 September 2018. Ordinary shares trade ex-dividend from Wednesday, 26 September 2018. The record date is Friday, 28 September 2018 whilst the payment date is Monday, 1 October 2018.

No dematerialisation or rematerialisation of share certificates may occur between Wednesday, 26 September 2018 and Friday, 28 September 2018, both dates inclusive, nor may any transfers between registers take place during this period.

Signed on behalf of the Board:

PT Motsepe
Executive Chairman

MP Schmidt
Chief Executive Officer

Johannesburg

7 September 2018

NOTES

Financial statements

Contents

Review by independent auditors

The financial information has been reviewed by the external auditors, Ernst & Young Inc. (the partner in charge is LIN Tomlinson CA (SA)) whose unqualified review report is available for inspection at the Company's registered office.

The Integrated Annual Report containing a detailed review of the operations of the Company together with the audited financial statements will be distributed to shareholders in October 2018.

Any reference to future financial performance included in these results has not been reviewed or reported on by ARM's external auditors.

Basis of preparation

The Group provisional results for the year under review have been prepared under the supervision of the Finance Director Miss AM Mukhuba CA(SA). The Group provisional financial statements have been prepared on the historical cost basis, except for certain financial instruments that are fairly valued. The accounting policies used are in terms of IFRS and are consistent with those in the most recent annual financial statements, apart from the new standards adopted in the current period. Please refer to note 1 to the financial statements.

Group statement of financial position

at 30 June 2018

	Notes	F2018 Rm Reviewed	F2017 Rm Audited
ASSETS			
Non-current assets			
Property, plant and equipment	3	**7 916**	7 801
Intangible assets		**120**	130
Deferred tax assets		**620**	656
Loans and long-term receivables	4	**462**	34
Investment in associate	5	**1 798**	1 334
Investment in joint venture	8	**15 504**	14 860
Other investments		**1 561**	1 573
		27 981	26 388
Current assets			
Inventories		**591**	663
Trade and other receivables		**2 357**	2 096
Taxation		**85**	6
Cash and cash equivalents	9	**3 291**	1 488
		6 324	4 253
Assets held for sale	16	**–**	1 605
Total assets		**34 305**	32 246
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital		**11**	11
Share premium		**4 398**	4 279
Treasury shares		**(2 405)**	(2 405)
Other reserves		**1 419**	1 326
Other reserves discontinued operation		**–**	730
Retained earnings		**22 484**	19 556
Equity attributable to equity holders of ARM		**25 907**	23 497
Non-controlling interest		**1 471**	543
Total equity		**27 378**	24 040
Non-current liabilities			
Long-term borrowings	10	**1 744**	2 002
Deferred tax liabilities		**1 634**	1 297
Long-term provisions		**1 135**	1 166
		4 513	4 465
Current liabilities			
Trade and other payables		**1 406**	1 307
Short-term provisions		**374**	393
Taxation		**82**	112
Overdrafts and short-term borrowings-interest-bearing	10	**552**	757
		2 414	2 569
Liabilities directly associated with assets held for sale	16	**–**	1 172
Total equity and liabilities		**34 305**	32 246

Group statement of profit or loss

for the year ended 30 June 2018

	Notes	F2018 Rm Reviewed	F2017 Rm Audited
Continuing operations			
Revenue		**9 603**	9 019
Sales		**8 346**	8 158
Cost of sales		**(6 900)**	(6 951)
Gross profit		**1 446**	1 207
Other operating income*	12	**1 527**	757
Other operating expenses		**(1 263)**	(1 750)
Profit from operations before special items		**1 710**	214
Income from investments		**177**	238
Finance costs		**(360)**	(423)
Income from associate*	13	**619**	181
Income from joint venture**	8	**3 510**	3 265
Profit before taxation and special items		**5 656**	3 475
Special items before tax	6	**(42)**	(2 322)
Profit before taxation from continuing operation		**5 614**	1 153
Taxation	14	**(573)**	409
Profit for the year from continuing operation		**5 041**	1 562
Discontinued operation			
Loss after tax for the year from discontinued operation	16	**(219)**	(130)
Profit for the year		**4 822**	1 432
Attributable to:			
Equity holders of ARM			
Profit for the year from continuing operations		**4 747**	1 431
Loss for the year from discontinued operation		**(185)**	(59)
Basic earnings for the year		**4 562**	1 372
Non-controlling interest			
Profit for the year from continuing operations		**294**	131
Loss for the year from discontinued operation		**(34)**	(71)
		260	60
Profit for the year		**4 822**	1 432

* *The restructuring of the ARM coal loans had an impact of R652 million profit with no tax effect in other operating income and R325 profit in income from associate with no tax effect (refer notes 10, 11 and 12). Impairment included in income from associate is R19 million (F2017: nil) less tax of R5 million (F2017: nil).*

** *Impairments included in income from joint venture of R26 million before tax of R7 million (F2017: R470 million before tax of R27 million).*

	Notes	F2018	F2017
Earnings per share	7		
Basic earnings per share (cents)		**2 393**	723
Basic earnings from continuing operations per share (cents)		**2 490**	754
Basic loss from discontinued operation per share (cents)		**(97)**	(31)
Diluted basic earnings per share (cents)		**2 325**	703
Diluted basic earnings from continuing operations per share (cents)		**2 419**	733
Diluted basic loss from discontinued operation per share (cents)		**(94)**	(30)

Group statement of comprehensive income

for the year ended 30 June 2018

	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total Share-holders of ARM Rm	Non-controlling interest Rm	**Total Rm**
For the year ended 30 June 2017 (Audited)						
Profit for the year to 30 June 2017	–	–	1 372	**1 372**	60	**1 432**
Profit for the year to 30 June 2017 from continuing operations	–	–	1 431	**1 431**	131	**1 562**
Loss for the year to 30 June 2017 from discontinued operations	–	–	(59)	**(59)**	(71)	**(130)**
Other comprehensive (loss)/income that may be reclassified to the statement of profit or loss in subsequent periods						
Net impact of revaluation of listed investment	(1 520)	–	–	**(1 520)**	–	**(1 520)**
Revaluation of listed investment*	(1 959)	–	–	**(1 959)**	–	**(1 959)**
Deferred tax on above	439	–	–	**439**	–	**439**
Foreign currency translation reserve movement	–	(365)	–	**(365)**	–	**(365)**
Foreign currency translation reserve movement from discontinued operation	–	403	–	**403**	–	**403**
Total other comprehensive (loss)/income	(1 520)	38	–	**(1 482)**	–	**(1 482)**
Total comprehensive (loss)/income for the year	(1 520)	38	1 372	**(110)**	60	**(50)**
For the year ended 30 June 2018 (Reviewed)						
Profit for the year to 30 June 2018	–	–	4 562	**4 562**	260	**4 822**
Profit for the year to 30 June 2018 from continuing operations	–	–	4 747	**4 747**	294	**5 041**
Loss for the year to 30 June 2018 from discontinued operation	–	–	(185)	**(185)**	(34)	**(219)**
Other comprehensive (loss)/income that may be reclassified to the statement of profit or loss in subsequent periods						
Net impact of revaluation of listed investment	(22)	–	–	**(22)**	–	**(22)**
Revaluation of listed investment *	(29)	–	–	**(29)**	–	**(29)**
Deferred tax on above	7	–	–	**7**	–	**7**
Premium on non-controlling interest release	–	14	–	**14**	–	**14**
Foreign currency translation reserve movement from continuing operations	–	110	–	**110**	–	**110**
Foreign currency translation reserve movement from discontinued operation current year movement	–	(80)	–	**(80)**	–	**(80)**
Foreign currency translation reserve movement from discontinued operation current year reversed – included in sale of Lulambe	–	80	–	**80**	–	**80**
Foreign currency translation reserve movement from discontinued operation	–	(650)	–	**(650)**	–	**(650)**
Total other comprehensive loss	(22)	(526)	–	**(548)**	–	**(548)**
Total comprehensive (loss)/income for the year	(22)	(526)	4 562	**4 014**	260	**4 274**

* *The share price of Harmony decreased from R21.68 per share at 30 June 2017 to R21.22 at 30 June 2018 and decreased from R52.47 at 30 June 2016 to R 21.68 per share at 30 June 2017. The valuation of the investment in Harmony is based on a level 1 fair value hierarchy level in terms of International Financial Reporting Standards (IFRS).*

Group statement of changes in equity

for the year ended 30 June 2018

	Share capital and premium Rm	Treasury shares Rm	Available-for-sale reserve Rm	Share-based payments Rm	Other* Rm	Retained earnings Rm	**Total Shareholders of ARM Rm**	Non-controlling interest Rm	**Total Rm**
Balance at 30 June 2016 (Audited)	4 228	(2 405)	1 934	874	587	18 601	**23 819**	762	**24 581**
Total comprehensive (loss)/income for the year	–	–	(1 520)	–	38	1 372	**(110)**	60	**(50)**
Profit for the year to 30 June 2017	–	–	–	–	–	1 372	**1 372**	60	**1 432**
Other comprehensive (loss)/income	–	–	(1 520)	–	38	–	**(1 482)**	–	**(1 482)**
Bonus and performance shares issued to employees	62	–	–	(58)	–	–	**4**	–	**4**
Dividend paid	–	–	–	–	–	(426)	**(426)**	–	**(426)**
Dividend paid to Impala Platinum	–	–	–	–	–	–	**–**	(279)	**(279)**
Share-based payments expense	–	–	–	201	–	–	**201**	–	**201**
Dividend reserve reversed in ARM BBEE Trust	–	–	–	–	–	9	**9**	–	**9**
Balance at 30 June 2017 (Audited)	4 290	(2 405)	414	1 017	625	19 556	**23 497**	543	**24 040**
Total comprehensive (loss)/income for the year	–	–	(22)	–	(526)	4 562	**4 014**	260	**4 274**
Profit for the year to 30 June 2018	–	–	–	–	–	4 562	**4 562**	260	**4 822**
Other comprehensive loss	–	–	(22)	–	(526)	–	**(548)**	–	**(548)**
Bonus and performance shares issued to employees	119	–	–	(119)	–	–	**–**	–	**–**
Dividend paid	–	–	–	–	–	(1 714)	**(1 714)**	–	**(1 714)**
Tamboti assets sale to Two Rivers	–	–	–	–	(99)	–	**(99)**	99	**–**
Reclassification of foreign currency translation reserve included in loss on sale of Lubambe	–	–	–	–	(80)	80	**–**	–	**–**
Non-controlling interest derecognised on sale of Lubambe	–	–	–	–	–	–	**–**	822	**822**
Dividend paid to Impala Platinum	–	–	–	–	–	–	**–**	(253)	**(253)**
Share-based payments expense	–	–	–	209	–	–	**209**	–	**209**
Balance at 30 June 2018 (Reviewed)	4 409	(2 405)	392	1 107	(80)	22 484	**25 907**	1 471	**27 378**

** Other reserves consist of the following:*

	F2018 Rm	F2017 Rm	F2016 Rm
Dilution in Two Rivers	**(26)**	**(26)**	**(26)**
Foreign currency translation on loans – discontinued operation	**–**	**61**	**61**
Foreign currency translation reserve – Assmang	**13**	**(121)**	**103**
Foreign currency translation reserve – other entities	**4**	**28**	**164**
Foreign currency translation reserve – discontinued operation	**–**	**669**	**266**
Capital redemption and prospecting loans written off	**28**	**28**	**28**
Insurance contingency	**–**	**–**	**5**
Premium paid on purchase of non-controlling interest	**–**	**(14)**	**(14)**
Tamboti assets sale to Two Rivers	**(99)**	**–**	**–**
Total	**(80)**	**625**	**587**

Group statement of cash flows

for the year ended 30 June 2018

	Notes	F2018 Rm Reviewed	F2017 Rm Audited
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		**9 195**	9 779
Cash paid to suppliers and employees		**(7 261)**	(8 168)
Cash generated from operations	15	**1 934**	1 611
Interest received		**159**	122
Interest paid		**(100)**	(247)
Taxation paid		**(426)**	(401)
		1 567	1 085
Dividends received from joint venture		**3 000**	2 488
		4 567	3 573
Dividend paid to non-controlling interest – Impala Platinum		**(253)**	(279)
Dividend paid to shareholders		**(1 714)**	(426)
Net cash inflow from operating activities		**2 600**	2 868
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment to maintain operations		**(1 150)**	(949)
Dividends received from investments – Harmony		**22**	64
Proceeds on disposal of property, plant and equipment		**3**	7
Proceeds on disposal of investment	16 and 17	**741**	238
Investment in RBCT		**–**	(6)
Loans and receivables received		**3**	6
Net cash outflow from investing activities		**(381)**	(640)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		**–**	4
Long-term borrowings raised		**496**	–
Long-term borrowings repaid		**(746)**	(1 475)
Short-term borrowings raised		**27**	–
Short-term borrowings repaid		**(132)**	(394)
Net cash outflow from financing activities		**(355)**	(1 865)
Net increase in cash and cash equivalents		**1 864**	363
Cash and cash equivalents at beginning of year		**1 031**	667
Foreign currency translation on cash balance		**15**	1
Cash and cash equivalents at end of year		**2 910**	1 031
Made up as follows:			
– Available	9	**1 779**	(68)
– Restricted	9	**1 131**	1 099
Cash generated from operations per share (cents)		**1 015**	849

Notes to the financial statements

for the year ended 30 June 2018

1. **STATEMENT OF COMPLIANCE**

The Group provisional financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and contains the information required by IAS 34 – Interim Financial Reporting, requirements of the South African Companies Act and the Listings Requirements of the JSE Limited.

The group has adopted the following new and revised standards and interpretations issued by the IASB that became effective.

Standard	Subject	Effective date
IAS 7	Disclosure initiative (Amendment)	1 January 2017
IAS 12	Income taxes (Amendment)	1 January 2017
IFRS 12	Disclosure of Interests in Other Entities – Clarification of the scope of the disclosure requirements in IFRS 12 (Annual improvement project)	1 January 2017

The adoption of these had no significant effect on the Group financial statements.

ARM Coal loan restructuring

Fair value adjustments arising from substantially modified loans

In the event that loan modifications are deemed to be substantial, the group is required to derecognise the original loans and recognise new financial instruments at its fair value.

The group has elected to record the fair value adjustments arising on the derecognition of the substantially modified loans and the recognition of the new financial instruments, in the statement of profit or loss.

In addition the following amendments, standards or interpretations have been issued but are not yet effective. The effective date refers to financial reporting periods beginning on or after, unless otherwise indicated.

Standard	Subject	Effective date
IAS 28	Investment in associates and joint ventures – clarification that measuring investees at fair value through profit or loss is an investment – by – investment choice	1 January 2018
IFRS 1	First-time adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters	1 January 2018
IFRS 2	Share-based payment (Amendment)	1 January 2018
IFRS 4 and IFRS 9	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4	1 January 2018
IFRS 9	Financial Instruments – Classification and Measurement (Amendment)	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
IFRIC 22	Foreign currency transactions and Advance Consideration	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

New accounting standards and amendments issued to accounting standards and interpretations which are relevant to ARM, but not yet effective on 30 June 2018, have not been adopted.

ARM continuously evaluates the impact of these standards and amendments, the most prominent being IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. In summary the following are the current expectations in relation to IFRS 9, IFRS 15 and IFRS 16.

IFRS 9 Financial Instruments

IFRS 9 becomes effective for ARM for the financial year beginning 1 July 2018.

ARM will adopt IFRS 9 by adjusting opening retained income at 1 July 2018. Figures for F2018 will not be restated.

The key changes for ARM include the following:

Equity investments (other than investments in subsidiaries, associates and joint ventures)

Currently, ARM has classified the listed shares in Harmony as available-for-sale, whereby fair value gains and losses are recognised in equity (other comprehensive income), except upon impairment or disposal when such amounts previously recognised in equity are reclassified into profit or loss. Other equity investments have been measured at fair value through profit or loss, except for some unlisted investments which are carried at cost because the fair value cannot be determined reliably.

Under IFRS 9, all equity investments are measured at fair value. There is a choice to designate where the remeasurements of particular equity investments are recognised – either equity (other comprehensive income) or profit or loss. ARM has designated the listed shares in Harmony to be remeasured through equity with no subsequent reclassification to profit or loss.

Dividends received will continue to be recognised in profit or loss, unless dividends clearly represent a recovery of part of the cost of the investment.

Currently, unlisted investments are measured at cost where the fair value cannot be reliably measured. Under IFRS 9, there is no possibility to use the cost method, and as such, investments in equities need to be measured at fair value. The impact of measuring unlisted investments at fair value instead of cost is still being determined.

Trade and Other Receivables (including loans advanced)

The majority of trade receivables contain provisional pricing features linked to commodity prices and exchange rates. Currently, these receivables have been designated to be measured at fair value through profit or loss. Under IFRS 9, such instruments would continue to be measured on the same basis.

Other receivables, including loans advanced, are expected to continue to be measured at amortised cost under IFRS 9. The impairment model for amortised cost financial assets under IFRS 9 requires the recognition of expected losses, rather than only incurred losses. The impact of adopting the expected credit loss model is still being determined.

Loans to associated entities are currently carried at cost or amortised cost – management are in the process of evaluating whether these now need to be carried at fair value as per IFRS 9 and if so, determine the fair value.

IFRS 15 Revenue from Contracts with Customers

The key issues identified, and the Group's views and perspectives, are set out below. These are based on the Group's current interpretation of IFRS 15 and may be subject to changes as interpretations evolve more generally. Furthermore, the Group is considering and will continue to monitor any further development.

IFRS 15 requires revenue from contracts with customers to be recognised when the separate performance obligations are satisfied, which is when control of the promised goods or services is transferred to the customer.

Notes to the financial statements

for the year ended 30 June 2018

ARM will adopt IFRS 15 on 1 July 2018 using the fully retrospective approach, whereby opening retained income at 1 July 2017 will be adjusted and the figures for F2018 will be restated. The diagnostic impact assessment performed during the year identified gaps between IAS 18 *Revenue* and IFRS 15.

Financial impact

Performance obligations

Revenue, primarily comprises commodity sales – both local and export. Currently revenue is recognised when the risks and rewards of ownership of the commodities have been transferred. Under IFRS 15, the timing of revenue recognition for sales of commodities remains the same, except with respect to export sales subject to Cost, Insurance and Freight ('CIF') and Cost and Freight ('CFR') International Commercial Terms ('Incoterms'). Under such shipping terms, the Group is required to procure and pay for freight and/or insurance ('shipping services') after transfer of control of the commodities. In such contracts, these shipping services will need to be treated as separate performance obligations under IFRS 15, and a portion of the total transaction price recognised as revenue over time as such services are provided. Although, the quantification of such differences is still in progress, at this stage it is not expected that this change will have a material impact on the amount of revenue recognised under IFRS 15.

Assay estimates

Some of the Group's commodity sales are subject to assay estimates. When considering the initial assay estimate, the Group has considered the requirements of IFRS 15 in relation to the constraint on estimates of variable consideration – that it will only include amounts in the calculation of revenue where it is highly probable that a significant revenue reversal will not occur when the uncertainty relating to final assay/quality is subsequently resolved, i.e., finalisation of sale by customer. The assay differences are not usually material to the Group, hence, no change is expected when compared to the current IAS 18 approach. Consistent with current practice, any subsequent changes that arise due to differences between initial and final assay will be recognised as an adjustment to revenue from contracts with customers.

Provisional pricing

Some of the Group's commodity sales are subject to provisional pricing features such as commodity prices and foreign exchange rates which are only finalised sometime after transfer of the commodities. Currently, the changes in these variables are recognised as part of revenue. Although changes in these variables are not within the scope of variable consideration under IFRS 15, they will continue to be presented as revenue, therefore there will be no change to the amount of overall revenue, but the disclosure of the disaggregation of revenue will change as a result.

Penalties

Adjustments, in the form of penalties, are made to the pricing to the extent the commodities sold do not meet certain specifications. As a result, the IFRS 15 constraint on variable consideration applies, which seeks to limit the amount of revenue recognised to guard against significant reversals in subsequent reporting periods. It is not expected that this constraint will have a material impact on revenue recognised under IFRS 15.

Management fees

The Group's revenue also includes management fees which are variable, and hence are subject to the IFRS 15 variable consideration constraint. It is not expected that this constraint will have a material impact on revenue recognised under IFRS 15.

Cost to acquire contracts

The requirement under IFRS 15 to capitalise and amortise costs to acquire contracts is not expected to have a material impact on the Group.

Disclosure impact

IIFRS 15 requires additional detailed disclosures about the amount and timing of revenue recognition. The key areas for ARM include information about the nature of its performance obligations, how they are satisfied, the transaction price for contracts not yet satisfied and the disaggregation of revenue.

At this stage, ARM expects that the majority of the additional disclosure will relate to updating its accounting policies and disaggregation of revenue due to provisional pricing.

IFRS 16 Leases

The standard is effective for annual periods beginning on or after 1 January 2019 (i.e. for the financial year beginning 1 July 2019 for ARM).

- ARM has made the decision not to early adopt IFRS 16.
- ARM continues with the detail assessment of the potential impact of this standard on the financial statements.
- ARM must still make a decision on the transition method to be applied as well as the practical expedients to be used.

Notes to the financial statements

for the year ended 30 June 2018

2. **PRIMARY SEGMENTAL INFORMATION**

Business segments

For management purposes, the Group is organised into the following operating divisions. The operating divisions are ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal, ARM Copper and ARM Corporate. ARM Strategic Services and Exploration, Corporate and other and Gold are included in ARM Corporate and tabled below.

		Continuing operations							Discontinued operation
	Attributable	ARM Platinum Rm	ARM Ferrous[1] Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjustment[2] Rm	Total per IFRS financial statements Rm	ARM Copper Rm
2.1	**Year to 30 June 2018**								
	Sales	7 318	13 774	1 028	–	**22 120**	(13 774)	**8 346**	340
	Cost of sales	(6 050)	(8 103)	(857)	37	**(14 973)**	8 073	**(6 900)**	(282)
	Other operating income[3]	60	217	896	504	**1 677**	(150)	**1 527**	4
	Other operating expenses	(284)	(1 249)	(7)	(972)	**(2 512)**	1 249	**(1 263)**	(70)
	Segment result	1 044	4 639	1 060	(431)	**6 312**	(4 602)	**1 710**	(8)
	Income from investments	34	299	10	133	**476**	(299)	**177**	–
	Finance cost	(80)	(34)	(172)	(108)	**(394)**	34	**(360)**	(12)
	Finance cost ZCCM: Shareholders' loan Vale/ ARM joint operation	–	–	–	–	**–**	–	**–**	(20)
	Finance cost ARM: Shareholders' loan Vale/ ARM joint operation[4]	–	–	–	–	**–**	–	**–**	–
	Profit from associate[5]	–	–	619	–	**619**	–	**619**	–
	Income from joint venture[6]	–	118	–	–	**118**	3 392	**3 510**	–
	Special items before tax	(39)	(25)	(3)	–	**(67)**	25	**(42)**	(117)
	Taxation	(287)	(1 460)	(45)	(231)	**(2 023)**	1 450	**(573)**	(62)
	Profit/(loss) after tax	672	3 537	1 469	(637)	**5 041**	–	**5 041**	(219)
	Non-controlling interest	(291)	–	–	(3)	**(294)**	–	**(294)**	34
	Consolidation adjustment[7]	–	(27)	–	27	**–**	–	**–**	–
	Contribution to basic earnings	381	3 510	1 469	(613)	**4 747**	–	**4 747**	(185)
	Contribution to headline earnings	420	3 528	1 485	(613)	**4 820**	–	**4 820**	(6)

1 *Refer to ARM Ferrous segment note 2.3 and note 8 for more detail.*
2 *Includes IFRS 11 – Joint Arrangements – adjustments related to ARM Ferrous.*
3 *The restructuring of the ARM Coal loans had an impact of R652 million profit with no tax effect.*
4 *Intercompany interest of R127 million receivable by ARM Corporate and accrued by ARM Copper is presented in terms of IFRS 5.*
5 *The restructuring of the ARM Coal loans had an impact of R325 million profit with no tax effect. Impairment loss included in income from associate are R19 million less tax of R5 million.*
6 *Impairment loss included in income from joint venture R26 million before tax of R7 million.*
7 *Relates to capitalised fees in ARM Ferrous.*

There were no significant inter-company sales.

Notes to the financial statements

for the year ended 30 June 2018

Attributable	ARM Platinum Rm	ARM Ferrous[1] Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjustment[2] Rm	Total per IFRS financial statements Rm	ARM Copper Rm
	Continuing operations							Discontinued operation
Other information								
Segment assets, including investment in associate	9 009	20 223	4 689	5 103	**39 024**	(4 719)	**34 305**	
Investment in associate			1 798		**1 798**		**1 798**	
Investment in joint venture						15 504	**15 504**	
Segment liabilities	1 880	1 883	1 453	1 878	**7 094**	(1 883)	**5 211**	
Unallocated liabilities (tax and deferred tax)					**4 552**	(2 836)	**1 716**	
Consolidated total liabilities					**11 646**	(4 719)	**6 927**	
Cash inflow/(outflow) generated from operations	1 593	4 880	305	109	**6 887**	(4 880)	**2 007**	(73)
Cash inflow/(outflow) from operating activities	1 120	3 789	309	(1 753)	**3 465**	(789)	**2 676**	(76)
Cash (outflow)/inflow from investing activities	(907)	(1 447)	(188)	573	**(1 969)**	1 447	**(522)**	141
Cash outflow from financing activities	(38)	–	(115)	(195)	**(348)**	–	**(348)**	(7)
Capital expenditure	802	1 474	140	2	**2 418**	(1 474)	**944**	46
Amortisation and depreciation	572	971	167	2	**1 712**	(971)	**741**	–
Impairment before tax	39	26	19	–	**84**	(26)	**58**	–
EBITDA	1 616	5 610	1 227	(429)	**8 024**	(5 573)	**2 451**	(8)

1 *Refer to ARM Ferrous segment note 2.3 and note 8 for more detail.*

2 *Includes IFRS 11 – Joint Arrangements – adjustments related to ARM Ferrous.*

Notes to the financial statements

for the year ended 30 June 2018

Attributable	ARM Platinum Rm	ARM Ferrous[1] Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjustment[2] Rm	Total per IFRS financial statements Rm	ARM Copper Rm
	Continuing operations							Discontinued operation
Primary segmental information								
Year to 30 June 2017								
Sales	7 247	13 140	911	–	**21 298**	(13 140)	**8 158**	600
Cost of sales	(6 097)	(7 405)	(866)	40	**(14 328)**	7 377	**(6 951)**	(601)
Other operating income	78	35	37	595	**745**	12	**757**	4
Other operating expenses	(276)	(1 214)	(4)	(1 470)	**(2 964)**	1 214	**(1 750)**	(238)
Segment result	952	4 556	78	(835)	**4 751**	(4 537)	**214**	(235)
Income from investments	30	537	–	208	**775**	(537)	**238**	–
Finance cost	(70)	(48)	(215)	(138)	**(471)**	48	**(423)**	(19)
Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	–	–	–	–	**–**	–	**–**	(56)
Finance cost ARM: Shareholders' loan Vale/ARM joint operation[3]	–	–	–	–	**–**	–	**–**	–
Profit from associate	–	–	181	–	**181**	–	**181**	–
Income from joint venture[4]	–	(23)	–	–	**(23)**	3 288	**3 265**	–
Special items before tax	(2 243)	(471)	–	(79)	**(2 793)**	471	**(2 322)**	180
Taxation	376	(1 272)	38	–	**(858)**	1 267	**409**	–
(Loss)/profit after tax	(955)	3 279	82	(844)	**1 562**	–	**1 562**	(130)
Non-controlling interest	(140)	–	–	9	**(131)**	–	**(131)**	71
Consolidation adjustment[5]	–	(14)	–	14	**–**	–	**–**	–
Contribution to basic earnings	(1 095)	3 265	82	(821)	**1 431**	–	**1 431**	(59)
Contribution to headline earnings	350	3 709	82	(742)	**3 399**	–	**3 399**	(203)

1 *Refer to ARM Ferrous segment note 2.3 and note 8 for more detail.*

2 *Includes IFRS 11 – Joint Arrangements – adjustments related to ARM Ferrous.*

3 *Intercompany interest of R219 million receivable by ARM Corporate and accrued by ARM Copper represented in terms of IFRS 5.*

4 *Impairment included in income from joint venture R470 million before tax of R27 million.*

5 *Relates to capitalised fees in ARM Ferrous.*

There were no significant inter-company sales.

Notes to the financial statements

for the year ended 30 June 2018

Attributable	ARM Platinum Rm	ARM Ferrous[1] Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjustment[2] Rm	Total per IFRS financial statements Rm	ARM Copper Rm
	Continuing operations							Discontinued operation
Other information								
Segment assets, including investment in associate	8 234	19 249	3 785	3 763	**35 031**	(4 389)	**30 642**	1 604
Investment in associate			1 334		**1 334**		**1 334**	
Investment in joint venture						14 860	**14 860**	
Segment liabilities	1 819	1 617	1 848	1 958	**7 242**	(1 617)	**5 625**	1 172
Unallocated liabilities (tax and deferred tax)					**4 181**	(2 772)	**1 409**	
Consolidated total liabilities					**11 423**	(4 389)	**7 034**	
Cash inflow/(outflow) generated from operations	1 419	4 933	222	54	**6 628**	(4 933)	**1 695**	(84)
Cash inflow/(outflow) from operating activities	868	4 396	222	(555)	**4 931**	(1 908)	**3 023**	(155)
Cash (outflow)/inflow from investing activities	(727)	(1 142)	(181)	300	**(1 750)**	1 142	**(608)**	32
Cash outflow from financing activities	(15)	–	(40)	(1 806)	**(1 861)**	–	**(1 861)**	(4)
Capital expenditure	783	1 361	196	2	**2 342**	(1 361)	**981**	41
Amortisation and depreciation	546	913	159	3	**1 621**	(913)	**708**	107
Impairment before tax	(2 243)	(470)	–	–	**(2 713)**	470	**(2 243)**	180
EBITDA	1 498	5 469	237	(832)	**6 372**	(5 450)	**922**	(128)

1 *Refer to ARM Ferrous segment note 2.3 and note 8 for more detail.*

2 *Includes IFRS 11 – Joint Arrangements – adjustments related to ARM Ferrous.*

Notes to the financial statements

for the year ended 30 June 2018

	Attributable	Nkomati Rm	Two Rivers Rm	Modikwa[1] Rm	Platinum Total Rm
2.2	**Year to 30 June 2018 (Reviewed)**				
	External sales	1 639	3 883	1 796	**7 318**
	Cost of sales	(1 540)	(2 879)	(1 631)	**(6 050)**
	Other operating income	7	22	31	**60**
	Other operating expenses	(88)	(152)	(44)	**(284)**
	Segment result	18	874	152	**1 044**
	Income from investments	7	11	16	**34**
	Finance cost	(14)	(63)	(3)	**(80)**
	Special items before tax	1	–	(40)	**(39)**
	Taxation	(2)	(239)	(46)	**(287)**
	Profit after tax	10	583	79	**672**
	Non-controlling interest	–	(277)	(14)	**(291)**
	Contribution to basic earnings	10	306	65	**381**
	Contribution to headline earnings	9	306	105	**420**
	Other information				
	Segment and consolidated assets	1 914	4 774	2 321	**9 009**
	Segment liabilities	374	1 158	348	**1 880**
	Unallocated liabilities (tax and deferred tax)				**913**
	Consolidated total liabilities				**2 793**
	Cash inflow generated from operations	269	1 175	149	**1 593**
	Cash inflow from operating activities	271	688	161	**1 120**
	Cash outflow from investing activities	(211)	(560)	(136)	**(907)**
	Cash (outflow)/inflow from financing activities	(65)	27	–	**(38)**
	Capital expenditure	214	455	133	**802**
	Amortisation and depreciation	162	318	92	**572**
	(Reversal)/impairment before tax	(1)	–	40	**39**
	EBITDA	180	1 192	244	**1 616**

1 *Anglo American Platinum and ARM have been in ongoing discussions to find a holistic solution to ensure the sustainability of Modikwa. On 16 July 2018, the partners agreed to temporarily amend the terms of the existing Sale of Concentrate agreement to improve the cash flow generation of the mine while a turnaround and operational improvement plan is implemented. The negotiations have been ongoing since F2017 and became unconditional in F2018. As a result, the financial results for the year ended 30 June 2018 include an adjustment for 18 months, 1 January 2017 to 30 June 2018.*

There were no significant inter-company sales.

Notes to the financial statements

for the year ended 30 June 2018

	Attributable	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
2.2	**Year to 30 June 2017 (Audited)**				
	External sales	1 995	3 996	1 256	**7 247**
	Cost of sales	(1 840)	(2 899)	(1 358)	**(6 097)**
	Other operating income	45	16	17	**78**
	Other operating expenses	(80)	(168)	(28)	**(276)**
	Segment result	120	945	(113)	**952**
	Income from investments	6	14	10	**30**
	Finance cost	(15)	(48)	(7)	**(70)**
	Special items before tax	(988)	–	(1 255)	**(2 243)**
	Taxation	257	(275)	394	**376**
	(Loss)/profit after tax	(620)	636	(971)	**(955)**
	Non-controlling interest	–	(311)	171	**(140)**
	Contribution to basic earnings	(620)	325	(800)	**(1 095)**
	Contribution to headline earnings	91	325	(66)	**350**
	Other information				
	Segment and consolidated assets	1 840	4 215	2 179	**8 234**
	Segment liabilities	397	1 113	309	**1 819**
	Unallocated liabilities (tax and deferred tax)				**845**
	Consolidated total liabilities				**2 664**
	Cash inflow/(outflow) generated from operations	284	1 244	(109)	**1 419**
	Cash inflow/(outflow) from operating activities	283	684	(99)	**868**
	Cash outflow from investing activities	(359)	(240)	(128)	**(727)**
	Cash inflow/(outflow) from financing activities	42	(57)	–	**(15)**
	Capital expenditure	359	293	131	**783**
	Amortisation and depreciation	189	268	89	**546**
	Impairment before tax	(988)	–	(1 255)	**(2 243)**
	EBITDA	309	1 213	(24)	**1 498**

Notes to the financial statements

for the year ended 30 June 2018

	Iron ore Division Rm	Manga-nese Division Rm	Chrome Division Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS Adjust-ment[1] Rm	Total per IFRS financial state-ments Rm
2.3 ***Pro forma* analysis of the ARM Ferrous segment on a 100% basis**							
Year to 30 June 2018 (Reviewed)							
Sales	14 534	12 833	180	**27 547**	**13 774**	(13 774)	–
Other operating income	692	664	–	**1 356**	**217**	(217)	–
Other operating expense	(1 853)	(1 645)	78	**(3 420)**	**(1 249)**	1 249	–
Operating profit	4 230	5 105	(58)	**9 277**	**4 639**	(4 639)	–
Contribution to earnings	3 343	3 772	(42)	**7 073**	**3 537**	(27)	**3 510**
Contribution to headline earnings	3 343	3 808	(42)	**7 109**	**3 555**	(27)	**3 528**
Other information							
Consolidated total assets	23 149	17 992	524	**41 665**	**20 223**	(4 719)	**15 504**
Consolidated total liabilities	6 165	3 190	426	**9 781**	**1 883**	(1 883)	–
Capital expenditure	1 780	1 285	16	**3 081**	**1 474**	(1 474)	–
Amortisation and depreciation	1 401	594	8	**2 003**	**971**	(971)	–
Cash inflow from operating activities	1 522[2]	3 001	55	**4 578**	**3 789**	(3 789)	–
Cash outflow from investing activities	(1 725)	(1 153)	(15)	**(2 893)**	**(1 447)**	1 447	–
EBITDA	5 631	5 699	(50)	**11 280**	**5 610**	(5 610)	
Additional information for ARM Ferrous at 100%							
Non-current assets							
Property, plant and equipment				**22 712**		(22 712)	–
Investment in joint venture				**3 011**		(3 011)	–
Other non-current assets				**786**		(786)	–
Current assets							
Inventories				**4 392**		(4 392)	–
Trade and other receivables				**5 522**		(5 522)	–
Financial assets				**228**		(228)	–
Cash and cash equivalents				**5 014**		(5 014)	–
Non-current liabilities							
Other non-current liabilities				**6 796**		(6 796)	–
Current liabilities							
Trade and other payables				**1 819**		(1 819)	–
Short-term provisions				**961**		(961)	–
Taxation				**206**		(206)	–

1 *Includes consolidation and IFRS 11 – Joint Arrangements – adjustments.*

2 *Dividend paid amounting to R3 billion included in cash flows from operating activities.*

Refer note 2.1 and note 8 for more detail on the ARM Ferrous segment.

	Iron ore Division Rm	Manganese Division Rm	Continuing operation Chrome Division Rm	Continuing operations ARM Ferrous Total Rm	Discontinued[1] operation Chrome Division Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS Adjustment[2] Rm	Total per IFRS financial statements Rm
2.3 ***Pro forma*** **analysis of the ARM Ferrous segment on a 100% basis**									
Year to 30 June 2017 (Audited)									
Sales	15 853	10 219	208	**26 280**	–	**26 280**	**13 140**	(13 140)	**–**
Other operating income	495	130	–	**625**	–	**625**	**35**	(35)	**–**
Other operating expense	(1 900)	(1 056)	(24)	**(2 980)**	(4)	**(2 984)**	**(1 214)**	1 214	**–**
Operating profit	5 762	3 361	(9)	**9 114**	(4)	**9 110**	**4 556**	(4 556)	**–**
Contribution to earnings	4 373	2 182	(7)	**6 548**	10	**6 558**	**3 279**	(14)	**3 265**
Contribution to headline earnings	4 373	2 322	(7)	**6 688**	756	**7 444**	**3 723**	(14)	**3 709**
Other information									**–**
Consolidated total assets	25 571	13 519	554	**39 644**	–	**39 644**	**19 249**	(4 389)	**14 860**
Consolidated total liabilities	5 931	2 754	414	**9 099**	–	**9 099**	**1 617**	(1 617)	**–**
Capital expenditure	1 169	1 648	–	**2 817**	–	**2 817**	**1 361**	(1 361)	**–**
Amortisation and depreciation	1 417	465	–	**1 882**	–	**1 882**	**913**	(913)	**–**
Cash inflow from operating activities	1 188[3]	2 627	–	**3 815**	–	**3 815**	**4 396**	(4 396)	**–**
Cash outflow from investing activities	(964)	(1 320)	–	**(2 284)**	–	**(2 284)**	**(1 142)**	1 142	**–**
EBITDA	7 179	3 826	(9)	**10 996**	(4)	**10 992**	**5 469**	(5 469)	**–**
Additional information for ARM Ferrous at 100%									
Non-current assets									
Property, plant and equipment						**21 704**		(21 704)	**–**
Investment in joint venture						**2 527**		(2 527)	**–**
Other non-current assets						**843**		(843)	**–**
Current assets									
Inventories						**3 648**		(3 648)	**–**
Trade and other receivables						**4 317**		(4 317)	**–**
Financial assets						**276**		(276)	**–**
Cash and cash equivalents						**6 330**		(6 330)	**–**
Non-current liabilities									
Other non-current liabilities						**6 479**		(6 479)	**–**
Current liabilities									
Trade and other payables						**1 584**		(1 584)	**–**
Short-term provisions						**643**		(643)	**–**
Taxation						**392**		(392)	**–**

1 *This relates to the Dwarsrivier operation.*

2 *Includes consolidation and IFRS 11 – Joint Arrangements – adjustments.*

3 *Dividend paid amounting to R2.5 billion included in cash flows from operating activities.*

Refer to note 2.1 and note 8 for more detail on the ARM Ferrous segment.

Notes to the financial statements

for the year ended 30 June 2018

2.4 Additional information

ARM Corporate as presented in the table on pages 76 to 79 is analysed further into Corporate and other, ARM Exploration and Gold segments.

	ARM Exploration Rm	ARM Corporate[1] Rm	Gold Rm	Total ARM Rm
Year to 30 June 2018 (Reviewed)				
Cost of sales	–	37		**37**
Other operating income	–	504		**504**
Other operating expenses	(23)	(949)		**(972)**
Segment result	(23)	(408)		**(431)**
Income from investments	–	111	22	**133**
Finance costs[2]	–	(108)		**(108)**
Taxation	–	(231)		**(231)**
(Loss)/profit after tax	(23)	(636)	22	**(637)**
Non-controlling interest	–	(3)		**(3)**
Consolidation adjustments[3]		27		**27**
Contribution to basic earnings	(23)	(612)	22	**(613)**
Contribution to headline earnings	(23)	(612)	22	**(613)**
Other information				
Segment and consolidated assets	–	3 752	1 351	**5 103**
Segment liabilities	–	1 878		**1 878**
Cash outflow from operating activities	(23)	(1 730)		**(1 753)**
Cash inflow from investing activities	–	551	22	**573**
Cash outflow from financing activities	–	(195)		**(195)**
Capital expenditure	–	2		**2**
Amortisation and depreciation	–	2		**2**
EBITDA	(23)	(406)		**(429)**
Year to 30 June 2017 (Audited)				
Cost of sales	–	40		**40**
Other operating income	–	595		**595**
Other operating expenses	(28)	(1 442)		**(1 470)**
Segment result	(28)	(807)		**(835)**
Income from investments	–	144	64	**208**
Finance costs[2]	–	(138)		**(138)**
Special items before tax	–	(79)		**(79)**
(Loss)/profit after tax	(28)	(880)	64	**(844)**
Non-controlling interest	–	9		**9**
Consolidation adjustment[3]	–	14		**14**
Contribution to basic earnings	(28)	(857)	64	**(821)**
Contribution to headline earnings	(28)	(778)	64	**(742)**
Other information				
Segment and consolidated assets	–	2 383	1 380	**3 763**
Segment liabilities	–	1 958		**1 958**
Cash outflow from operating activities	(28)	(527)		**(555)**
Cash inflow from investing activities	–	236	64	**300**
Cash outflow from financing activities	–	(1 806)		**(1 806)**
Capital expenditure	–	2		**2**
Amortisation and depreciation	–	3		**3**
EBITDA	(28)	(804)		**(832)**

1 Corporate, other companies and consolidation adjustments.

2 Intercompamy interest of R127 million (F2017: R219 million) receivable by ARM Corporate and accrued by ARM Copper re-presented in terms of IFRS 5.

3 Relates to capitalised fees in ARM Ferrous.

Notes to the financial statements

for the year ended 30 June 2018

3. **PROPERTY, PLANT AND EQUIPMENT IMPAIRMENT**

3.1 **Kalplats**

An impairment loss of R40 million (tax nil) was recognised at 30 June 2018 as a result of the prospecting right relating to the Kalplats project having expired and ARM Platinum Proprietary Limited has not applied for a mining right.

3.2 **ARM Coal – PCB**

An impairment loss was recognised on property, plant and equipment for R19 million before tax of R5 million (Refer to notes 2.1 and 6). This is accounted for in the income from associate line in the statement of profit or loss.

3.3 **ARM Ferrous**

An impairment loss was recognised on property plant and equipment for R26 million before tax of R7 million (Refer to notes 2.1 and 6). This is accounted for in the income from joint venture line in the statement of profit or loss.

3.4 **Tamboti**

During the year, the mineral rights held in Tamboti Platinum Proprietary Limited was sold to Two Rivers. The net effect was R99 million increase in the non-controlling interest of the Group. This increased the ARM shareholding in Two Rivers from 51% to 54%.

3.5 **Nkomati Nickel Mine**

As previously disclosed at 30 June 2017 and at 31 December 2016, an impairment loss of the Nkomati Nickel Mine cash-generating unit was recognised at 31 December 2016, largely as a result of:

i) a revision of the mine plan with a resultant lower metal output profile; and

ii) A significant decline from the prior year forecast long-term price of nickel and a further strengthening of the R/US$ exchange rate.

ARM's attributable share of the impairment charge amounted to R988 million before tax and R711 million after tax.

The recoverable amount of the cash-generating unit was determined based on the value-in-use calculation performed in terms of International Financial Reporting Standards.

At 30 June 2018 and 2017, there were no further impairments or reversals.

3.6 **Modikwa Platinum Mine**

As previously disclosed at 30 June 2017 and at 31 December 2016, an impairment loss of the Modikwa Platinum Mine cash generating unit attributable to ARM at 31 December 2016, was recognised largely as a result of:

i) lower forecast PGM output over the short to medium term;

ii) higher forecast unit cost of production; and iii) a reduction in the forecast long-term platinum price and a further strengthening of the R/US$ exchange rate.

ARM's attributable share of the impairment amounted to R1 255 million before tax, R890 million after tax and R734 million after non-controlling interest and tax.

The recoverable amount of the cash-generating unit was determined based on the value-in-use calculation performed in terms of International Financial Reporting Standards.

At 30 June 2018 and 2017 there were no further impairments or reversals.

3.7 **Lubambe Copper Mine**

At 30 June 2017, there was an impairment reversal following the classification of Lubambe as an asset held for sale (refer to note 6 and 16.3). This was subsequently sold.

Notes to the financial statements

for the year ended 30 June 2018

		Reviewed 2018 Rm	Audited 2017 Rm
4.	**LOANS AND LONG-TERM RECEIVABLES**		
	ARM Platinum (Modikwa)	**17**	17
	ARM Coal – loan restructuring	**445**	17
	Total	**462**	34
5.	**INVESTMENT IN ASSOCIATE**		
	Through ARM's 51 % investment in ARM Coal, the Group holds a 10.2% investment in the existing coal operations (PCB) of GOSA.		
	Opening balance	**1 140**	1 049
	Total profit for the current year	**212**	91
	Profit for the current year	**127**	91
	Fair value gains on loans (refer note 11)	**85**	–
	Restructuring allocations	**(155)**	–
	Closing balance	**1 197**	1 140
	ARM invested directly in 10% of the existing coal operations (PCB) of GOSA on 1 September 2007.		
	Opening balance	**332**	242
	Total profit for the current year	**407**	90
	Profit for the current year	**167**	90
	Fair value gains on loans (refer note 11)	**240**	–
	Closing balance	**739**	332
	Less: Dividend received prior years	**(138)**	(138)
	Closing balance	**1 798**	1 334
6.	**SPECIAL ITEMS**		
	Loss on sale of property, plant and equipment – ARM Coal	**(3)**	–
	Impairment loss of property, plant and equipment – Kalplats	**(40)**	–
	Impairment loss of property, plant and equipment – Modikwa	**–**	(1 255)
	Reversal of impairment /(loss) of property, plant and equipment – Nkomati	**1**	(988)
	Loss on disposal of investment	**–**	(79)
	Special items per statement of profit or loss before taxation effect	**(42)**	(2 322)
	Impairment loss on property, plant and equipment accounted for directly in associate – ARM Coal	**(19)**	–
	Impairment loss on property, plant and equipment accounted for directly in joint venture – Assmang	**(26)**	(470)
	Impairment reversal on property, plant and equipment – Lubambe (discontinued operation)	**–**	180
	Pretax loss on sale of Lubambe	**(117)**	–
	Profit on sale of property, plant and equipment accounted for directly in joint venture – Assmang	**1**	–
	Loss on sale of property, plant and equipment accounted for directly in joint venture – Assmang	**–**	(1)
	Special items before taxation effect	**(203)**	(2 613)
	Taxation accounted for in joint venture – impairment loss at Assmang	**7**	27
	Taxation accounted for in associate – impairment loss at ARM Coal	**5**	–
	Taxation loss on sale of property ARM Coal	**1**	–
	Taxation – impairment loss of Modikwa assets	**–**	365
	Taxation – impairment loss of Nkomati assets	**–**	277
	Taxation – sale of Lubambe	**(62)**	–
	Special items after taxation effect	**(252)**	(1 944)
	Non-controlling interest – impairment reversal of assets at Lubambe (discontinued operation)	**–**	(36)
	Non-controlling interest – impairment loss of assets at Modikwa	**–**	156
	Total	**(252)**	(1 824)

Notes to the financial statements

for the year ended 30 June 2018

		Reviewed 2018 Rm	Audited 2017 Rm
7.	**EARNINGS PER SHARE**		
	Headline earnings (R million)	**4 814**	3 196
	Headline earnings from continuing operations (R million)	**4 820**	3 399
	Headline loss from discontinued operation (R million)	**(6)**	(203)
	Headline earnings per share (cents)	**2 526**	1 684
	Headline earnings per share from continuing operations (cents)	**2 529**	1 791
	Headline loss per share from discontinued operation (cents)	**(3)**	(107)
	Basic earnings per share (cents)	**2 393**	723
	Basic earnings from continuing operations per share (cents)	**2 490**	754
	Basic loss from discontinued operation per share (cents)	**(97)**	(31)
	Diluted headline earnings per share (cents)	**2 453**	1 638
	Diluted headline earnings per share from continuing operations (cents)	**2 456**	1 742
	Diluted headline loss per share from discontinued operation (cents)	**(3)**	(104)
	Diluted basic earnings per share (cents)	**2 325**	703
	Diluted basic earnings from continuing operations per share (cents)	**2 419**	733
	Diluted basic loss from discontinued operation per share (cents)	**(94)**	(30)
	Number of shares in issue at end of year (thousands)	**219 709**	218 702
	Weighted average number of shares (thousands)	**190 622**	189 768
	Weighted average number of shares used in calculating diluted earnings per share (thousands)	**196 217**	195 112
	Net asset value per share (cents)	**11 792**	10 744
	EBITDA (R million)	**2 443**	794
	EBITDA from continuing operations (R million)	**2 451**	922
	Interim dividend declared (cents per share)	**250**	–
	Dividend declared after year-end (cents per share)	**750**	650
	Reconciliation to headline earnings (R million)		
	Basic earnings attributable to equity holders of ARM	**4 562**	1 372
	– Impairment loss on property, plant and equipment – Kalplats	**40**	–
	– Impairment loss on property, plant and equipment – Modikwa	**–**	1 255
	– (Reversal of impairment)/loss on property, plant and equipment – Nkomati	**(1)**	988
	– Impairments loss of property, plant and equipment in associate – ARM Coal	**19**	–
	– Impairments loss of property, plant and equipment in joint venture – Assmang	**26**	470
	– (Profit)/loss on sale of property, plant and equipment in joint venture Assmang	**(1)**	1
	– Loss on disposal of investment	**–**	79
	– Pretax loss on sale of Lubambe	**117**	–
	– Loss on disposal of property, plant and equipment – ARM Coal	**3**	–
	– Reversal of impairment loss on property, plant and equipment – Lubambe	**–**	(180)
		4 765	3 985
	– Taxation accounted for in joint venture – impairment loss at Assmang	**(7)**	(27)
	– Taxation accounted for in associate ARM Coal – impairment loss at ARM Coal	**(5)**	–
	– Taxation loss on sale of property ARM Coal	**(1)**	–
	– Taxation sale of Lubambe	**62**	–
	– Taxation – impairment loss of Modikwa assets	**–**	(365)
	– Taxation – impairment loss of Nkomati assets	**–**	(277)
		4 814	3 316
	Non-controlling interest – impairment reversal/(loss) of assets at Lubambe (discontinued operation)	**–**	36
	Non-controlling interest – impairment loss of assets at Modikwa	**–**	(156)
	Headline earnings	**4 814**	3 196

Notes to the financial statements

for the year ended 30 June 2018

		Reviewed 2018 Rm	Audited 2017 Rm
8.	**INVESTMENT IN JOINT VENTURE**		
	The investment relates to ARM Ferrous and consists of Assmang as a joint venture which includes iron ore, manganese and chrome operations.		
	Opening balance	**14 860**	14 623
	Net income for the period	**3 510**	3 265
	Income for the period	**3 537**	3 279
	Consolidation adjustment	**(27)**	(14)
	Foreign currency translation reserve	**134**	(224)
	Less: – Cash dividend received for the period	**(3 000)**	(2 488)
	– *in specie* dividend received for the period	**–**	(316)
	Closing balance	**15 504**	14 860
	Refer to notes 2.1 and 2.3 for more detail on the ARM Ferrous segment		
9.	**CASH AND CASH EQUIVALENTS**		
	– African Rainbow Minerals Limited	**1 634**	233
	– ARM BBEE Trust	**1**	2
	– ARM Finance Company SA	**228**	7
	– ARM Platinum Proprietary Limited	**123**	82
	– ARM Treasury Investments Proprietary Limited	**39**	36
	– Nkomati	**88**	–
	– Two Rivers Platinum Proprietary Limited	**14**	10
	– TEAL Minerals Barbados Incorporated[1]	**22**	1
	– TEAL Exploration and Mining Barbados Incorporated[1]	**8**	13
	– TEAL Exploration and Mining Incorporated[1]	**1**	1
	– Venture Building Trust Proprietary Limited	**2**	4
	– Mannequin Cell Captive (restricted)	**819**	745
	– Other restricted cash[2]	**312**	354
	Total as per statement of financial position	**3 291**	1 488
	Less: Overdrafts (refer to note 10)	**(381)**	(292)
	Overdrafts relating to asset held for sale (refer to notes 16)[3]	**–**	(168)
	Cash relating to asset held for sale (refer to note 16)	**–**	3
	Total as per Group statement of cash flows	**2 910**	1 031
	1 Entities remaining after the sale of the Vale/ARM discontinued operation.		
	2 This is made up guarantees to Department of Minerals Resources (DMR) in respect of rehabilitation and guarantees to Eskom.		
	3 Discontinued operation (refer to note 16)		
	Overdraft		168

Notes to the financial statements

for the year ended 30 June 2018

		Reviewed 2018 Rm	Audited 2017 Rm
10.	**BORROWINGS**		
	Long-term borrowings are held as follows:		
	ARM BBEE Trust	**470**	528
	ARM Coal Proprietary Limited (partner loan)	**1 231**	1 433
	Nkomati	**6**	13
	Two Rivers Platinum Proprietary Limited	**37**	28
		1 744	2 002
	Short-term borrowings		
	Anglo Platinum Limited (partner loan)	**114**	114
	ARM Coal Proprietary Limited (partner loan)	**–**	172
	ARM Finance Company SA	**–**	78
	Nkomati	**7**	64
	Two Rivers Platinum Proprietary Limited	**50**	37
		171	465
	Overdrafts (refer to note 9)		
	Nkomati	**21**	11
	Two Rivers Platinum Proprietary Limited	**336**	261
	Other	**24**	20
		381	292
	OVERDRAFTS AND SHORT-TERM BORROWINGS	**552**	757
	TOTAL BORROWINGS	**2 296**	2 759
	Discontinued operation (refer to note 16)		
	Long-term borrowings		656
	Short-term borrowing		15

Notes to the financial statements

for the year ended 30 June 2018

		Reviewed 2018 Rm	Audited 2017 Rm
11.	**ARM COAL LOAN RESTRUCTURING**		
	Included in other operating income and profit from associate are fair value gains attributable to ARM of R652 million (tax nil) and R325 million (tax nil) respectively relating to the recognition of the GGV and PCB loans following the successful conclusion of the restructuring of debt between ARM and Glencore Operations South Africa Proprietary Limited (GOSA) and ARM Coal Proprietary Limited.		
	The fair value gain is as a result of changes in the future repayment cash flows applied to the net present value calculations.		
	The changes emanate mainly from the timing applicable to cash flows as a result of the extension of the loan repayment period holidays under the new loan terms. The fair value gain are in accordance with International Accounting Standard 39:		
	Financial Instruments – Recognition and Measurement, which states that a modified debt is considered substantially different if the net present value of the cash flows under the new loan terms discounted at the original interest rate, differs by more than 10% from the discounted present value of the remaining cash flows of the original debt instrument. Where a financial liability is considered substantially different, the existing loan is derecognised and the new loan is recognised, the net effect of the modification is recognised immediately in the statement of profit or loss.		
	The discount rate used in the calculation of the fair value was 10%.		
	The fair value adjustment are as follows:		
	Other operating income increase (fair value gain on loans)	**885**	
	ARM Corporate (fair value loss)	**(233)**	
	Fair value gain in operating income	**652**	
	Income from associate (fair value gain on loans) – refer note 5	**325**	
	Group fair value gain	**977**	
12.	**OTHER OPERATING INCOME**		
	Management fees	**630**	519
	Other	**245**	238
	Fair value gain (refer to note 11)	**652**	–
	Total	**1 527**	757
13.	**INCOME FROM ASSOCIATE**		
	Profit (before fair value on loans)	**294**	181
	Fair value gain (refer to note 11)	**325**	–
	Total	**619**	181
14.	**TAXATION**		
	South African normal taxation		
	– current year	**295**	329
	– mining	**141**	212
	– non-mining	**154**	117
	– prior year	**(102)**	8
	Withholding tax	**–**	37
	Deferred taxation	**380**	(783)
	Total tax from continuing operations	**573**	(409)
	Tax from discontinued operation	**62**	–
	Total tax	**635**	(409)

		Reviewed 2018 Rm	Audited 2017 Rm
15.	**CASH GENERATED FROM OPERATIONS PER CASH FLOW (INCLUDING DISCONTINUED OPERATION) BEFORE WORKING CAPITAL MOVEMENTS**		
	Cash generated from operations before working capital movement	**2 451**	1 885
	Working capital changes	**(517)**	(274)
	Movement in inventories	**48**	(51)
	Movement in receivables	**(299)**	307
	Movement in payables and provisions	**(266)**	(530)
	Cash generated from operations (per cash flow)	**1 934**	1 611
16.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATION**		
16.1	**Lubambe Mine**		
	A sale agreement was entered into to sell the Lubambe operation in Zambia.		
	The effective date for classification as asset held for sale was 9 June 2017.		
	The assets, liabilities and certain other reserves at 30 June 2017 to be disposed of are as follows:		
	Property, plant and equipment		1 392
	Inventories		130
	Trade and other receivables		79
	Cash and cash equivalents		3
	Assets held for sale		**1 604**
	Other reserves		730
	Long-term borrowings		656
	Long-term provisions		85
	Trade and other payables		215
	Short-term provisions		33
	Overdrafts and short-term borrowings – interest-bearing		183
	Liabilities directly associated with assets held for sale		**1 172**
	The cash flows were as follows:		
	Cash outflow from operating activities	**(76)**	(155)
	Cash outflow from investing activities	**141**	(32)
	Cash outflow from financing activities	**(7)**	(4)
	The statement of profit or loss effect is as follows:		
	Sales	**340**	600
	Cost of sales	**(282)**	(601)
	Other operating income	**4**	4
	Other operating expenses	**(70)**	(238)
	Segment result	**(8)**	(235)
	Finance cost	**(12)**	(19)
	Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	**(20)**	(56)
	Special items before tax[1]	**(117)**	180
	Taxation	**(62)**	–
	Loss after tax	**(219)**	(130)
	Non-controlling interest	**34**	71
	Contribution to basic earnings	**(185)**	(59)
	Contribution to headline earnings	**(6)**	(203)
	Basic loss from discontinued operation per share (cents)	**(97)**	(31)
	Diluted basic loss from discontinued operation per share (cents)	**(94)**	(30)

1 *The R117 million loss resulted from the sale of Lubambe (refer to note 16.3). An impairment reversal (refer to note 3.7) of R180 million was recorded by determining the recoverable amount using the fair value less cost to sell at 30 June 2017.*

Notes to the financial statements

for the year ended 30 June 2018

		Reviewed 2018 Rm	Audited 2017 Rm
16.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATION** (continued)		
16.2	**Nkomati Mine**		
	The underground operations at Nkomati were classified as held for sale following the decision to cease operations in the underground area.	–	1
	Total assets held for sale	–	1 605
16.3	**Sale of Lubambe Copper Mine in Zambia**		
	The Lubambe Copper Mine sale was completed on 22 December 2017. The transaction is reflected in the results as follows:		
	Cash proceeds from sale	**741**	
	Less: Overdraft facility paid – Stanbic	**(164)**	
	Witholding and property transfer tax	**(91)**	
	Foreign exchange on sale proceeds	**6**	
	Net proceeds from sale for Lubambe	**492**	
	Net asset value at date of sale (before NCI and FCTR)	**437**	
	Profit on sale of Lubambe	**55**	
	Foreign currency translation reserve (FCTR)	**650**	
	Non-controlling interest (NCI)	**(822)**	
	Loss on sale before tax (refer note 6)	**(117)**	
	Taxation (refer note 6)	**(62)**	
	Net loss on sale of Lubambe	**(179)**	

17. **DWARSRIVIER CHROME MINE DISPOSAL**

For accounting purposes, the disposal of the Dwarsrivier Chrome Mine was effective on 1 July 2016. The accounting result for ARM of this disposal was as follows:

i) The attributable equity profit realised in Assmang amounted to R5 million which includes an impairment of R373 million before tax (Tax nil).
ii) Attributable contribution to headline earnings amounting to R378 million.
iii) Cash dividend received from Assmang amounting to R238 million and an *in specie* dividend of R316 million.
iv) Proceeds of R238 million received from Assore by ARM on the sale of its investment in Dwarsrivier Chrome Mine resulting in a loss amounting to R79 million before tax (tax: nil).

		Reviewed 2018 Rm	Audited 2017 Rm
18.	**PROVISION**		
	Silicosis and tuberculosis class action provision		
	In November 2014, a gold mining industry working group was formed to address issues relating to the compensation and medical care for occupational lung diseases in the gold mining industry in South Africa. The working group comprises ARM Harmony Gold Mining Company Limited, Anglo American South Africa Limited, AngloGold Ashanti Limited Gold Fields Limited and Sibanye Gold Limited (collectively "the Working Group").		
	The Working Group engaged different stakeholders including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These engagements have sought a comprehensive solution to address legacy compensation issues that are fair to past and current employees and enable companies to continue to be sustainable over the long term.		
	As a consequence of the progress of negotiations between the Working Group and affected stakeholders, and the subsequent settlement offer arrangement reached with the claimants' legal representative, ARM has recognised a net present value provision of R330 million at 30 June 2018 (F2017:R330 million).		
	The subsequent settlement offer reached is conditional on the process of ratification by the high court.		
	The Working Group continues to defend the legal proceedings.		
	ARM does not believe that it is liable in respect of the claims brought.		
	The negotiations with the claimants' lawyers are confidential and the Working Group companies are accordingly not able to provide any details of the negotiations.		
	The provision movement is as follows:		
	Opening balance	**330**	–
	Provision raised	**–**	330
	Settlement term changes	**(21)**	–
	Interest unwinding	**13**	–
	Demographic assumptions changes	**(5)**	–
	Administration costs	**6**	–
	Additional special purpose vehicle trust	**7**	–
	Closing balance	**330**	330

Notes to the financial statements

for the year ended 30 June 2018

	Reviewed 2018 Rm	Audited 2017 Rm
19. **RELATED PARTIES**		
The Company in the ordinary course of business enters into various sale, purchase, service and lease transactions with subsidiaries, associated companies, joint ventures and joint operations.		
Transactions between the Company, its subsidiaries and joint operations relate to fees, insurances, dividends, rentals and interest and are regarded as intra-Group transactions and eliminated on consolidation.		
Amounts accounted in the statement of profit or loss relating to transactions with related parties		
Subsidiaries		
Sales		
Anglo American Platinum	**1 796**	1 256
Impala Platinum	**3 883**	3 996
Joint venture		
Assmang Proprietary Limited		
– Provision of services	**627**	513
– Dividends received	**3 000**	2 804
Amounts outstanding at year-end (owing to)/receivable by ARM on current account		
Joint venture		
Assmang – debtor	**101**	93
Joint operations		
Anglo American Platinum – debtor	**610**	468
Norilsk Nickel – creditor	**(2)**	(2)
Norilsk Nickel – debtor	**134**	174
Anglo American Platinum – short-term borrowing	**(114)**	(114)
Vale/ARM joint operation – ZCCM – long-term borrowing (refer to note 16)	**–**	656
Glencore Operations SA – long-term borrowing	**(1 231)**	(1 433)
Glencore Operations SA – short-term borrowing	**–**	(172)
Subsidiary		
Impala Platinum – debtor	**1 146**	1 003
Impala Platinum – dividend paid	**253**	279

		Reviewed 2018 Rm	Audited 2017 Rm
20.	**COMMITMENTS**		
	Commitments in respect of future capital expenditure, which will be funded from operating cash flows and by utilising available cash and borrowing resources, are summarised below:		
	Commitments		
	Commitments in respect of capital expenditure:		
	Approved by directors		
	– contracted for	**108**	134
	– not contracted for	**16**	3
	Total commitments	**124**	137

21. **CONTINGENT LIABILITIES**

Assmang has issued a guarantee to the Sarawak Energy Board amounting to $100 million. Sponsor indemnities amounting to $45.64 million have been received by Assmang in respect of this guarantee. The potential exposure for Assmang is therefore $54.36 million.

ARM's 50 percent interest in Assmang would equate to R373 million ($27.18 million).

There have been no other significant changes in the contingent liabilities of the Group as disclosed in the 30 June 2017 integrated annual report.

22. **EVENTS AFTER REPORTING DATE**

22.1 Harmony Gold Mining Company Limited ("Harmony") conducted a placing of new ordinary shares to qualifying investors to raise up to ZAR1.26 billion/US$100 million through an accelerated book-building process launched on 5 June 2018.

As Harmony's strategic black economic empowerment partner, ARM subscribed for shares necessary to ensure that its 30 June 2018 shareholding of approximately 14% is maintained post Harmony's placement of new ordinary shares.

On 17 July, ARM subscribed to 11 032 623 shares at a total cost of R210 million (i.e. R19.12 per share) to maintain its shareholding in Harmony at 14.5%.

	30 June 2017	31 Dec 2017	30 Jun 2018	17 Jul 2018
Percentage holding in Harmony	14.50%	14.30%	**12.70%**	14.60%

22.2 ARM Company's Revolving Credit Facility (facility) expired on 24 August 2018. At 30 June 2018 to the date of expiry, the facility was fully repaid and unutilised. ARM Company is in the process of finalising a new facility which is expected to be in place for the coming three years.

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

NOTES

Contact details and administration

African Rainbow Minerals Limited
Incorporated in the Republic of South Africa
Registration number 1933/004580/06
ISIN code: ZAE000054045

Registered office
ARM House
29 Impala Road
Chislehurston, Sandton, 2196
South Africa

PO Box 786136, Sandton, 2146
South Africa

Telephone: +27 11 779 1300
E-mail: ir.admin@arm.co.za

Website: http://www.arm.co.za

Transfer secretaries
Computershare Investor Services
Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196

PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000
Telefax: +27 11 688 5222

E-mail: web.queries@computershare.co.za
Website: http://www.computershare.co.za

Sponsor
Deutsche Securities (SA) Proprietary Limited

Forward-looking statements

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the HIV and Aids epidemic in South Africa. These forward-looking statements speak only as of the date of publication of these pages. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.

ince

African Rainbow Minerals

www.arm.co.za