

African Rainbow Minerals Limited
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE Share code: ARI
ISIN: ZAE000054045
("ARM" or the "Company")

**REVIEWED PROVISIONAL RESULTS FOR THE FINANCIAL YEAR ENDED 30
JUNE 2021 (F2021) AND FINAL CASH DIVIDEND DECLARATION**

This short form announcement is the responsibility of the board of directors of ARM (the "Board") who acknowledge their responsibility to ensure the integrity of the provisional results.

The details contained in this announcement are only a summary of the information in the full announcement and do not contain full details of the company's financial performance and position or other relevant information about the business for the financial year under review. Any investment decisions by investors and/or shareholders should therefore be based on the full announcement published on the Company's website at www.arm.co.za and which is available on the following link:

<https://senspdf.jse.co.za/documents/2021/jse/isse/ARIM/ARMFY2021.pdf>

The full announcement is also available for inspection free of charge during business hours (excluding weekends and public holidays) from Monday, 06 September 2021 at the registered office of ARM at ARM House, 29 Impala Road, Chislehurst, Johannesburg. In addition, copies of the full announcement may be requested by emailing the Company's investor relations department on jade.kunstler@arm.co.za

Salient features

- Headline earnings for the financial year ended 30 June 2021 (F2021) increased by 136% to R13 064 million or R66.88 per share (F2020: R5 534 million or R28.50 per share)
- A final dividend of R20.00 per share is declared. In addition to the interim dividend of R10.00 per share, the total dividend for F2021 is R30.00 per share (F2020: R12.00 per share)
- ARM Ferrous headline earnings were 77% higher at R7 927 million (F2020: R4 479 million) driven by higher US dollar iron ore prices and increased iron ore and manganese ore sales volumes

- ARM Platinum headline earnings increased by R3 524 million to R4 666 million (F2020: R1 142 million) underpinned by higher US dollar prices for platinum group metals (PGMs), particularly rhodium
- Segmental earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 121% to R24 321 million (F2020: R11 009 million)
- Basic earnings were R12 626 million or R64.64 per share (F2020: R3 965 million or R20.42 per share) and included attributable impairments of the:
 - o Assmang equity investment in Sakura Ferroalloys of R169 million (with no tax effect)
 - o Fixed assets of Cato Ridge Works of R185 million (after tax)
 - o Exploration assets that were aimed at increasing the Beeshoek Mine life-of-mine of R26 million (with no tax effect)
 - o Assmang equity investment in Cato Ridge Alloys of R48 million (with no tax effect)
- Net cash improved by R4 465 million to R8 202 million at 30 June 2021 (30 June 2020: R3 737 million restated)
- Unit production costs were under pressure, increasing above inflation mainly due to operational challenges, exacerbated by Covid-19-related challenges
- The group net asset value per share increased by 25% to R179.08 per share (30 June 2020: R143.65 per share).

Safety performance

We remain focused on ensuring the safety, health and wellbeing of our employees. Risks to this priority have increased since the onset of the Covid-19 pandemic. We continued to proactively prevent the spread of Covid-19 through strict health and safety measures. These have been audited by the Department of Mineral Resources and Energy (DMRE) and are being continuously monitored at our corporate offices and operations.

As part of these measures 142 052 Covid-19 health screenings were conducted by 30 June 2021, resulting in 7 428 tests of which 2 134 were positive cases.

Regrettably, 34 of our colleagues succumbed to Covid-19 in F2021. We extend our heartfelt condolences to their family, friends and colleagues.

ARM is supporting the South African Covid-19 vaccination programme. Campaigns to promote vaccination are being rolled out at our corporate offices and operations. Five operations were selected as

vaccination sites in support of the government-led vaccine rollout programme.

External service providers have been appointed at these sites and are vaccinating employees, contractors and members of our host communities.

Despite the challenges presented by Covid-19, our operations delivered improved safety performances. The group lost-time injury frequency rate (LTIFR) per 200 000 man-hours improved to 0.41 from 0.45 in F2020.

Regrettably, two colleagues were fatally injured in separate accidents at Modikwa Mine in 1H F2021. On 13 September 2020, Mr Dennis Hlengani Mdaka, a rock-drill operator, was fatally injured when he entered an unventilated development end at South 2 shaft. On 7 October 2020, Mr Johannes Mahlalela, a team leader, sustained an injury to his right arm during a shift. Although he was stable post-surgery, he passed away in hospital on 11 October 2020 following medical complications.

We extend our heartfelt condolences to the families of Mr Mdaka and Mr Mahlalela and to their colleagues and friends.

Remedial actions as agreed with the DMRE, were implemented following these two incidents. Initiatives are ongoing at all operations to ensure that safety training continues and safety standards are strictly upheld.

Safety achievements in F2021 included:

- Black Rock Mine completed 12 consecutive years fatality-free
- Beeshoek Mine completed 18 consecutive years fatality-free
- Cato Ridge Works completed a full year without a lost-time injury
- Khumani Mine recorded its lowest ever LTIFR of 0.04 per 200 000 man-hours
- Two Rivers Mine recorded 1 million fatality-free shifts.

Financial performance

Headline earnings

ARM is pleased to report record headline earnings of R13 064 million in F2021, a 136% increase compared to the F2020 headline earnings of R5 534 million. Our diversified portfolio of commodities again stood us in good stead as significantly higher US dollar prices for PGMs and iron ore more than offset the negative impact of a stronger rand against the US dollar. Increased US dollar prices were further augmented by higher sales volumes delivered for iron ore, manganese ore and PGMs.

The average realised rand strengthened by 1.8% versus the US dollar to R15.39/US\$ compared to R15.68//US\$ in F2020. For reporting purposes, the closing exchange rate was R14.27/US\$ (30 June 2020: R17.36/US\$).

ARM Ferrous headline earnings were 77% higher at R7 927 million (F2020: R4 479 million) as a 104% increase in the iron ore division's headline earnings more than offset a 46% decrease in the manganese division's headline earnings.

The iron ore division benefited from a 5% increase in sales volumes and a 79% rise in the average realised US dollar price for iron ore. These benefits were partially offset by a stronger average realised rand versus the US dollar coupled with a 16% increase in unit cost of sales (drivers of the unit cost increases are discussed in the ARM Ferrous operational performance section in the full report which can be found on ARM's website at www.arm.co.za). The iron ore division's headline earnings included an attributable R881 million positive fair value adjustment to revenue related to open iron ore sales which are expected to be realised at higher prices compared to initial prices recorded.

Despite a 22% increase in manganese ore sales volumes, the manganese ore operations reported lower headline earnings mainly due to the reduction in average realised US dollar prices for manganese ore as increased global supply put pressure on prices. The manganese alloy operations (including Sakura) reported improved attributable headline earnings of R37 million compared to an attributable headline loss of R114 million in F2020 as manganese alloy prices improved, particularly in the second half of the financial year.

ARM Platinum headline earnings increased by R3 524 million to R4 666 million in F2021 (F2020: R1 142 million), positively impacted by higher average realised US dollar PGM prices (particularly rhodium) coupled with a 3% increase in PGM production volumes (on 100% basis) as volumes recovered after Covid-19-related lockdowns at the end of F2020.

Headline earnings at Two Rivers Mine improved by 179% as the mine increased volumes by 15% and kept unit production costs flat year-on-year.

Modikwa Mine headline earnings were 96% higher as the benefit of higher PGM prices was partially offset by lower volumes and above-inflation unit production cost increases which were due to safety-related stoppages after the two fatal accidents and 12 days of

industrial action in the first half of the financial year. Modikwa Mine production volumes and unit production costs improved in the second half of the financial year, a trend that is expected to continue as the mine ramps up production volumes.

Nkomati Mine reported attributable headline earnings of R165 million for F2021 (F2020: R704 million headline loss). Scaling down is complete and the mine is now under care and maintenance as planned and previously communicated.

ARM Coal reported an attributable headline loss of R250 million (F2020: R2 million) which included re-measurement gains of R242 million (F2020: R485 million) on partner loans. Excluding these gains, the ARM Coal headline loss was R492 million (F2020: R487 million), mainly due to lower coal sales volumes (owing to underperformance from Transnet Freight Rail) and above-inflation unit cost increases which was partially offset by higher average received coal prices.

Corporate and other (including Gold) headline earnings were R828 million compared to R78 million in F2020. This was mainly due to higher management fees received of R1 800 million (F2020: R733 million) following revised fee arrangements at Assmang which align ARM's management fees to the performance of Assmang.

The Machadodorp Works headline loss was R107 million (F2020: R163 million) as research into developing energy-efficient smelting technology progressed.

Basic earnings and impairments

Basic earnings of R12 626 million (F2020: R3 965 million) included impairments of the following assets:

- Assmang's investment in Sakura Ferroalloys of R169 million (with no tax effect)
- Fixed assets of Cato Ridge Works of R185 million (after tax)
- Exploration assets that were aimed at increasing the Beeshoek Mine life-of-mine of R26 million (with no tax effect)
- Assmang's equity investment in Cato Ridge Alloys of R48 million (with no tax effect).

Refer to note 9 of the financial statements for further details.

Financial position

At 30 June 2021, ARM's net cash was R8 202 million (30 June 2020: R3 737 million restated), an improvement of R4 465 million compared to the end of the 2020 financial year. This amount excludes attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R4 099 million (F2020: R3 208 million). There was no debt at ARM Ferrous in either of these reporting periods.

Cash flow

Cash generated from operations increased by R3 936 million to R7 802 million (F2020: R3 866 million) after a R5 305 million increase in working capital requirements (F2020: R1 189 million). This was mainly due to the increase in trade and other receivables, which in turn was due to higher revenue in the reporting period.

Dividends received from Modikwa, Two Rivers and Assmang amounted to R289 million, R1 431 million and R4 000 million, respectively (F2020: Rnil from Modikwa, R664 million from Two Rivers and R3 750 million from Assmang).

A dividend of R82 million was received from Harmony (F2020: Rnil). In F2021, R3 322 million in dividends was paid to ARM shareholders (representing the F2020 final dividend of R7.00 per share and the 1H F2021 interim dividend of R10.00 per share (F2020: R2 717 million was paid representing the F2019 final dividend of R9.00 per share and the 1H F2020 interim dividend of R5.00 per share)).

Net cash outflow from investing activities was R838 million (F2020: R2 343 million outflow) and includes a net transfer from investments in financial assets of R816 million (F2020: R1 539 million transfer to investments in financial assets).

Borrowings of R648 million (F2020: R264 million) were repaid during the period, resulting in gross debt of R1 469 million at 30 June 2021 (30 June 2020: R1 978 million restated). Modikwa Mine fully repaid its partner loans in F2021.

Capital expenditure

Segmental capital expenditure was R4 105 million (F2020: R3 506 million) and included R426 million of capitalised waste stripping at the iron ore operations (F2020: R394 million).

Dividend declaration

ARM aims to pay ordinary dividends to shareholders in line with our dividend guiding principles. Dividends are at the discretion of the board of directors which considers the company's capital allocation guiding principles as well as other relevant factors such as financial performance, commodities outlook, investment opportunities, gearing levels as well as solvency and liquidity requirements of the Companies Act.

For F2021, the board approved and declared a final dividend of 2 000 cents per share (gross) (F2020: 700 cents per share). The amount to be paid is approximately R4 489 million.

The dividend declared will be subject to dividend withholding tax. In line 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 rate is 20%
- The gross local dividend is 2 000 cents per ordinary share for shareholders exempt from dividends tax
- The net local dividend is 1 600.00000 cents per share for shareholders liable to pay dividends tax
- At the date of this declaration, ARM has 224 453 258 ordinary shares in issue
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 2 000 cents per ordinary share, being the final dividend for the financial year ended 30 June 2021, has been declared payable on Monday, 4 October 2021 to those shareholders recorded in the books of the company at the close of business on Friday, 1 October 2021. The dividend is declared in the currency of South Africa. Any change in address or dividend instruction applying to this dividend must be received by the company's transfer secretaries or registrar not later than Friday, 1 October 2021. The last day to trade ordinary shares cum dividend is Tuesday, 28 September 2021. Ordinary shares trade ex-dividend from Wednesday, 29 September 2021. The record date is Friday, 1 October 2021 while the payment date is Monday, 4 October 2021.

No dematerialisation or rematerialisation of share certificates may occur between Wednesday, 29 September 2021 and Friday, 1 October 2021 both dates inclusive, nor may any transfers between registers take place during this period.

Review by independent auditor

The financial results for the financial year ended 30 June 2021 have been reviewed by the company's registered auditor, Ernst & Young Inc. (the partner in charge is PD Grobbelaar CA(SA)), who expressed an unmodified conclusion on these results. The full review report can be found on the ARM website at www.arm.co.za.

ENDS

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