



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”)

## **ACQUISITION BY ARM OF BOKONI PLATINUM MINES PROPRIETARY LIMITED AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

### **1. INTRODUCTION**

Further to the cautionary announcement dated 28 October 2021 and the renewal thereof dated 9 December 2021, ARM is pleased to announce that it has entered into a sale and purchase agreement (“**Sale and Purchase Agreement**”) which provides for a wholly owned subsidiary of ARM to acquire all of the shares of Bokoni Platinum Mines Proprietary Limited (“**BPM**”) from Bokoni Platinum Holdings Proprietary Limited, in turn owned by Rustenburg Platinum Mines Limited (“**RPM**”) a wholly-owned subsidiary of Anglo American Platinum Limited (“**AAPL**”) and Plateau Resources Proprietary Limited (“**Plateau**”) a wholly owned subsidiary of Atlatsa Resources Corporation (“**Atlatsa**”) (RPM and Plateau collectively referred to as the “**Sellers**”) for a consideration of R3.5 billion payable in cash (the “**Transaction**”).

#### **The Executive Chairman of ARM, Dr Patrice Motsepe said:**

“We are pleased to have concluded the acquisition of BPM which includes a large, high-grade resource and existing infrastructure. The acquisition and development of BPM will enable us to scale our platinum group metals (PGM) portfolio, improve ARM’s global competitiveness and allow us to pursue further value accretive organic growth.

In addition to delivering competitive returns for shareholders, the development of BPM will allow ARM to create sustainable value for a broad range of stakeholders including local communities, employees and black industrialists who will together own 15% of the mine. As we build and operate BPM, we will create approximately 5 000 jobs of which 2 500 will be permanent.”

## 2. SALIENT TRANSACTION TERMS

A new wholly owned subsidiary of African Rainbow Minerals Platinum Proprietary Limited (“**ARM Platinum**”) has been established to acquire the shares in BPM. This subsidiary will be renamed ARM Bokoni Mining Consortium Proprietary Limited (“**ARM BMC**”).

ARM Platinum will ultimately own 85% of ARM BMC. A Local Community Special Purpose Vehicle, an Employee Share Ownership Plan Special Purpose Vehicle and a Black Industrialists Special Purpose Vehicle will be established and will each acquire 5% of the ordinary shares of ARM BMC for a nominal price.

ARM has sufficient cash resources to fully fund the acquisition consideration of R3.5 billion and will fund it in the most efficient manner.

The Transaction agreements include a Sale of Concentrate Agreement which has been agreed between RPM and BPM on commercially agreed terms for a contractual period of 23 years commencing from first concentrate delivery from BPM.

## 3. OVERVIEW OF BPM

BPM is a platinum group metals (“**PGM**”) mining operation located in the Limpopo Province of South Africa and forms part of the North-Eastern Limb of the Bushveld Complex.

BPM is 100% owned by Bokoni Platinum Holdings Proprietary Limited (“**BPH**”) which is owned 49% by AAPL, through its wholly owned subsidiary RPM and 51% owned by Atlatsa through its wholly owned subsidiary Plateau.

BPM has the second largest PGM resource in South Africa and as of 31 December 2020 had measured, indicated and inferred mineral resources of 153 million 4E PGM ounces with a grade of 5.87 g/t. Based on the acquisition price of R3.5 billion this translates to an imputed acquisition price of R22.88 per 4E PGM mineral resource ounce.

As at the same date BPM’s measured resource totalled 55 million 4E PGM ounces with a grade of 5.92 g/t. Within the measured category of resources, UG2 accounts for 41 million 4E PGM ounces with a grade of 6.43 g/t.

BPM’s total mineral resource comprise of approximately 64% UG2 and 36% Merensky. The UG2 is of a much higher grade than the Merensky (6.56 4E g/t versus 4.94 4E g/t) and the UG2 mineral resource has a favourable prill split for palladium (49%) and rhodium (8%) with platinum comprising 41% on a 4E basis.

BPM commenced operations in 1969 and was placed on care and maintenance in October 2017 due to unfavourable market conditions and has remained on care and maintenance to date.

BPM comprises mining infrastructure of two decline production shafts namely Brakfontein Shaft for the extraction of Merensky ore and Middelpunt Hill Shaft for the extraction of UG2 ore. In addition, the operation has two concentrator plants, one for UG2

and the other for Merensky processing; a village, a clinic and ancillary assets within the mining right area. ARM plans to use both existing shafts and plant infrastructure and invest in new infrastructure as part of its new business plan to mechanise BPM.

For the last operational financial year ending 31 December 2016, BPM produced approximately 159 000 4E PGM ounces. At the time, the mine was predominantly mining the Merensky reef with annual production output of 593 000 tonnes from Brakfontein and UG2 output from Middelpunt Hill of 572 000 tonnes.

For the financial year ended 31 December 2020, BPM's net liabilities being acquired was R1,279 million. Over this period, BPM was on care and maintenance and incurred a loss after tax of R163 million. The information set out in this paragraph is based on the latest audited annual financial statements which were prepared in terms of International Financial Reporting Standards (IFRS).

#### **4. RATIONALE FOR THE TRANSACTION AND ARM'S STRATEGY FOR BPM**

The Transaction represents an opportunity for ARM to acquire a significant South African PGM operation that complements ARM's current PGM portfolio. BPM is a natural strategic fit with ARM's current PGM portfolio based on the Eastern Limb of the Bushveld Complex in Limpopo.

The Transaction will facilitate growing and enhancing the competitiveness of ARM's PGM portfolio and position ARM as a significant global primary producer of PGMs. A new mine plan has been developed for BPM and will focus predominantly on mining the UG2 resource, employing fully mechanised mining methods and target predominantly on-reef development. This plan targets better ground conditions and higher-grade mining areas, while fully leveraging existing mining and processing infrastructure.

ARM expects that its new mine plan will improve efficiencies, reduce unit costs and provide early revenue. ARM will concurrently evaluate the opportunity of mining the Merensky reef whilst developing the UG2 mine to capitalise on the current strong PGM basket prices.

Interim period undertakings in the Transaction agreements, subject to applicable laws, will facilitate ARM expediting its progress of the Definitive Feasibility Study ("DFS") for BPM. The DFS is expected to be completed in approximately 12 months from the Signature Date of the Transaction.

ARM's proposed DFS will exploit BPM's high-grade resource and its potential for a fully mechanised mining method. The combination of high labour productivity obtained from a mechanised mining operation and high reserve grades is expected to result in low unit cash costs per PGM ounce for BPM.

ARM's focus for the next 12 months will be to finalise a DFS and in parallel obtain all mining approvals. This will enable ARM to commence mining operations in 2023. ARM's planned DFS envisages the following technical and operational parameters:

- Approximately R5.3 billion of development capital in real 2021 terms to be spent over 3 years;
- Targeted steady state operational cost of less than R12 000 per 6E ounce (in 2021 terms);
- Mechanised on-reef mining method utilising existing proven technologies;
- Steady state production target date of 2028;
- Steady state production of approximately 300 000 ounces of 6E PGM contained in concentrate per annum;
- Steady state production of approximately 255 000 tonnes of chromitite concentrate per annum; and
- Utilising state of the art training facilities to upskill and maximise local employment potential.

The Transaction includes several compelling characteristics for ARM including:

- Long-life orebody favourably impacting medium term production
  - adding a long-life operation greater than 24 years with significant opportunity for further value accretive growth;
  - increases ARM's medium-term attributable production, by approximately 300 000 ounces of 6E PGM production per annum and 255 000 tonnes of chrome concentrate per annum at steady state; and
  - positions ARM as a significant global primary PGM producer targeting in excess of 1.2 million 6E PGM ounces (on a 100% basis) and 650 000 6E PGM ounces (on an attributable basis) by 2026.
- Sector leading UG2 resource base
  - enhances the size and quality of ARM's PGM resource base by 153 million 4E PGM ounces;
  - provides exposure to a high-grade UG2 resource that has an attractive prill split with high concentration of palladium and rhodium and favourable iridium and ruthenium contributions;
  - containing a UG2 resource grade of 6.6 4E g/t which is amongst the highest in South Africa; and
  - containing a UG2 resource with high nickel and copper grades of 0.17% and 0.05% respectively.
- Improve ARM's portfolio mix
  - improves ARM's portfolio mix and competitiveness, with the addition of a fully mechanised underground operation that is expected to lower ARM's overall PGM cost curve position;
  - ARM's new mine plan is expected to position BPM in the bottom half of the PGM cost curve;

- supports a relatively shallow mine to a maximum depth of 600m below surface;
  - provides for potential scale benefits and opportunities for operational optimisation, given its proximity to ARM's other Eastern Limb PGM operations; and
  - allows ARM to manage, operate and control an additional PGM asset which allows ARM to evaluate value accretive strategic options within ARM's PGM portfolio; and
  - improves ARM Platinum's total combined mineral resource grade by 0.8g/t to 5.3g/t
- Attractive financial metrics
- ARM's new mine plan should position BPM for sustained earnings and cashflow generation over the medium to long term.

## 5. CONDITIONS PRECEDENT TO THE TRANSACTION

The Sale and Purchase Agreement provides for terms customary in agreements of this nature and includes (amongst other things): (i) negotiated representations, warranties, undertakings, and limitations on liability customary for a transaction of this nature; (ii) provisions governing the operation of BPM during the interim period; and (iii) customary termination rights.

The Transaction is subject to certain conditions precedent including, but not limited to:

- Approval from the South African Competition Authorities in terms of the Competition Act, 89 of 1998; and
- Consent in terms of Section 11 of the Mineral and Petroleum Resources Development Act, 28 of 2002 ("**MPRDA**").

The Transaction is expected to close during 2022.

## 6. BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("**BBBEE**")

ARM is committed and contributes to an inclusive multi-cultural and multi-racial South Africa and has over many decades cooperated and partnered with various stakeholders to ensure that the mining industry and the South African economy continues to be globally competitive and benefits all stakeholders.

In respect of the Transaction, and in addition to ARM's existing BBBEE credentials, ARM will facilitate the introduction of additional BBBEE. A Community Special Purpose Vehicle, an Employee Share Ownership Plan Special Purpose Vehicle and a Black Industrialists Special Purpose Vehicle will be established and will each acquire 5% of the ordinary shares of ARM BMC for a nominal price.

The ownership structure for the BBBEE stakeholders will comply with the principles contained in the Broad-Based Socio-Economic Empowerment Charter for The Mining and Minerals Industry (Mining Charter), 2018, as amended.

## **7. JSE CATEGORISATION**

The Transaction is a category 2 transaction in terms of the JSE Limited (“JSE”) Listings Requirements.

ARM will ensure that the provisions of the Memorandum of Incorporation of BPM do not frustrate ARM in any way from compliance with its obligations in terms of the JSE Listings Requirements nor will such provisions relieve ARM from compliance with the JSE Listings Requirements.

## **8. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

The cautionary announcement dated 28 October 2021, and the renewal thereof dated 9 December 2021 are withdrawn.

## **9. ADDITIONAL INFORMATION**

ARM will host a conference call for investors at 14h00 (South African time) on Monday, 20 December 2021. For dial-in details please refer to the ARM website at [www.arm.co.za](http://www.arm.co.za). Playback details will be made available after the call. The investor presentation will also be made available on ARM’s website at [www.arm.co.za](http://www.arm.co.za)

Johannesburg  
20 December 2021

Transaction Advisor and Transaction Sponsor: The Standard Bank of South Africa Limited  
Financial Advisor to ARM: UBS  
Legal Advisor: Bowmans  
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## **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/or unknown risks, unpredictables and other important factors that could cause the actual results, performance and/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, unpredictables 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, including environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the health-related epidemics and pandemics, including Covid-19, HIV and Aids 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 unpredictable events.