

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")

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021
(1H F2022) AND INTERIM 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 interim 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 six months 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 is available on the following link:

<https://senspdf.jse.co.za/documents/2022/jse/isse/ARIM/HY2022.pdf>

The full announcement is also available for inspection free of charge during business hours (excluding weekends and public holidays) from Thursday, 03 March 2022 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 six months ended 31 December 2021 (1H F2022) decreased by 27% to R3 696 million or R18.87 per share (1H F2021: R5 039 million or R25.87 per share).
- An interim dividend of R12.00 per share is declared (1H F2021: R10.00 per share).
- Sale and purchase agreement signed, subject to the fulfilment of certain conditions precedent, for the acquisition of Bokoni Platinum Mine (Bokoni Mine) for a consideration of R3 500 million payable in cash. Bokoni Mine has the second largest platinum group metals (PGM) resource in South Africa.
- ARM Ferrous headline earnings decreased by 18% to R2 428 million (1H F2021: R2 955 million) mainly due to lower headline earnings in the iron ore division (owing to a

decrease in US dollar iron ore prices) which was partially offset by improved headline earnings in the manganese division.

- ARM Platinum headline earnings decreased by 38% to R1 245 million (1H F2021: R2 021 million) largely due to negative mark-to-market adjustments related to the receivables balance as at 30 June 2021 following a decrease in the rhodium and palladium prices in the first three months of the period.
- ARM Coal headline earnings increased by R573 million to R351 million (1H F2021: R222 million headline loss) mainly due to higher export thermal coal prices.
- Basic earnings were R3 893 million (1H F2021: R4 868 million) and included an attributable impairment reversal of R239 million on the investment in the Participative Coal Business (PCB).
- Net cash improved by R2 854 million to R11 056 million at 31 December 2021 (30 June 2021: R8 202 million).
- The group net asset value per share increased by 2% to R183.32 per share (at 30 June 2021: R179.08 per share).

Safety performance

Our operations delivered improved safety performances despite the challenges presented by Covid-19. The group lost-time injury frequency rate (LTIFR) per 200 000 man-hours improved to 0.36 (1H F2021: 0.40), while the total recordable injury frequency rate (TRIFR) improved to 0.67 (1H F2021: 0.82).

At 31 December 2021, Black Rock Mine had achieved 9.9 million fatality-free shifts, and on 14 February 2022, the mine reached a milestone of 10 million fatality-free shifts. The last fatality at Black Rock Mine was in April 2009.

Regrettably, one of our colleagues was fatally injured in a fall-of-ground incident at the Two Rivers Mine North Decline on 1 September 2021. We extend our heartfelt condolences to the family of Mr Jacob Puleng Leshaba, his friends and his colleagues.

We remain committed to zero harm and continue to work with all our employees to identify and minimise the occurrence of fatal hazards.

We continued to proactively prevent the spread of Covid-19 through strict health and safety measures. 6 033 Covid-19 tests were conducted in 1H F2022 of which 1 441 resulted in positive cases.

Sadly, we lost nine of our colleagues to Covid-19 in the period under review. We extend our condolences to the families, friends and colleagues of the employees who lost their lives to Covid-19.

This brings to 44 the number of colleagues we have lost to Covid-19 since the onset of the pandemic.

It is encouraging to see that despite a spike in positive Covid-19 cases resulting from the Omicron variant, there has been a significant improvement in recovery rates and a marked reduction in the number of active Covid-19 cases. As at 30 January 2022 there were 27 active cases in the group, representing a 99% recovery rate.

Financial performance

Headline earnings

Headline earnings for the six months ended 31 December 2021 decreased by 27% to R3 696 million (or R18.87 per share) compared to the corresponding period headline earnings of R5 039 million (or R25.87 per share).

The average realised rand strengthened by 8% versus the US dollar to R15.02/US\$ in 1H F2022 compared to R16.26/US\$ in 1H F2021. For reporting purposes, the closing exchange rate at 31 December 2021 was R15.98/US\$ (31 December 2020: R14.65/US\$).

ARM Ferrous headline earnings were 18% lower at R2 428 million (1H F2021: R2 955 million) driven by a 33% decrease in headline earnings in the iron ore division which was partially offset by a 308% increase in headline earnings in the manganese division.

The iron ore division was negatively impacted by lower average realised US dollar prices, lower export sales volumes, higher freight rates and a stronger rand versus US dollar exchange rate.

In addition, iron ore headline earnings included a R479 million (pre-tax) (attributable basis) realised negative fair value adjustment on iron ore sales and a R133 million (pre-tax) (attributable basis) negative unrealised fair value adjustment on open iron ore sales.

Higher headline earnings in the manganese division were driven by an increase in the average realised US dollar manganese ore and manganese alloy prices which was partially offset by lower manganese ore sales volumes, higher freight rates and the stronger rand versus US dollar exchange rate.

ARM Platinum headline earnings decreased by 38% (or R776 million) to R1 245 million (1H F2021: R2 021 million). Modikwa Mine delivered a 29% increase in headline earnings to R594 million (1H F2021: R462 million) as the mine increased production volumes by 37% and

reduced production unit costs (on a rand per 6E PGM ounce basis) by 13%.

Two Rivers Mine headline earnings reduced to R725 million (1H F2021: R1 279 million) mainly due to R669 million negative mark-to-market adjustments (1H F2021: R569 million positive mark-to-market adjustments), a 3% decrease in production volumes and a 16% increase in production unit costs (on a rand per 6E PGM ounce basis).

For more information on the mark-to-market adjustments, refer to page 13 of the full announcement.

Nkomati Mine reported a headline loss of R74 million (1H F2021: R280 million headline earnings) as the mine was placed on care and maintenance on 15 March 2021.

ARM Coal headline earnings of R351 million (1H F2021 headline loss: R222 million) included a re-measurement gain of R18 million (1H F2021: R2 million) on partner loans. Higher headline earnings at coal were mainly because of increased export thermal coal prices, which were partially offset by lower sales volumes due to Transnet Freight Rail (TRF) logistics challenges.

ARM Corporate and other (including Gold) reported a headline loss of R237 million (1H F2021: R345 million headline earnings) mainly due to re-measurement losses of R364 million in the current period (1H F2021: R120 million gain) and decreased management fees received of R643 million (1H F2021: R779 million).

Machadodorp Works reported a headline loss of R91 million (1H F2021: R60 million) as research into developing energy-efficient smelting technology progressed.

Financial position

At 31 December 2021, ARM's net cash was R11 056 million (30 June 2021: R8 202 million), an increase of R2 854 million compared to the end of the 2021 financial year. This amount excludes attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R4 428 million (30 June 2021: R4 099 million).

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

Cash flow

Cash generated from operations increased by R2 799 million to R4 825 million (1H F2021: R2 026 million) after a reduction in

working capital requirements of R1 036 million (1H F2021: R3 587 million increase), mainly due to a decrease in trade receivables.

In 1H F2022, ARM paid R3 917 million in dividends to its shareholders, representing the final dividend of R20.00 per share declared for F2021 (1H F2021: R1 346 million was paid representing the F2020 final dividend of R7.00 per share).

Net cash outflow from investing activities was R1 167 million (1H F2021: R13 million inflow) and included a net investment in financial assets of R314 million (1H F2021: R856 million net proceeds from financial assets).

Borrowings of R68 million (1H F2021: R177 million) were repaid during the period, resulting in gross debt of R1 026 million at 31 December 2021 (30 June 2021: R1 469 million). This excludes a R549 million (1H F2021: R23 million) reduction in ARM Coal partner loans that was repaid.

Investing in growth and our existing business

Our robust cash balance positions us well to invest in our operations and opportunistically pursue value-enhancing growth while continuing to pay dividends to shareholders. We continue to evaluate opportunities to grow our company, deliver competitive returns to shareholders and create sustainable value for our stakeholders.

We are pleased to have signed a sale and purchase agreement for the acquisition of the Bokoni Mine from Anglo American Platinum Limited and Atlatsa Resources Corporation, subject to the fulfilment of certain conditions precedent.

The acquisition gives ARM an opportunity to develop Bokoni Mine's large, high-grade resource which will enable ARM to scale its PGM portfolio, improve its global competitiveness and pursue further value-accretive organic growth.

Bokoni Mine was placed on care and maintenance in October 2017 owing mainly to adverse market conditions. We are developing a new mine plan for Bokoni Mine which will focus predominantly on mining the UG2 resource employing fully mechanised mining methods and targeting predominantly on-reef development.

This plan targets better ground conditions and higher-grade mining areas, while fully leveraging existing mining and processing infrastructure.

We will concurrently evaluate early mining opportunities to capitalise on the current strong PGM basket prices. The new mine plan is expected to improve efficiencies, reduce unit costs and provide early revenue.

The focus for the next 12 months will be to finalise a definitive feasibility study (DFS) and in parallel obtain all the requisite mining approvals and fulfil all conditions precedent as per the agreements concluded. This will enable ARM to commence mining operations in 2023.

ARM envisages development capital of approximately R5.3 billion (in real 2021 terms) to be spent over three years to ramp up the mine to a steady-state production of approximately 300 000 ounces of 6E PGM and 255 000 tonnes of chromitite concentrate per annum. Steady state is expected to be achieved from 2028 onwards.

We continued to invest in our existing operations with segmental capital expenditure of R1 933 million for the period (1H F2021: R1 877 million). This included attributable capitalised waste stripping at the iron ore operations of R277 million (1H F2021: R271 million).

Capital expenditure for the divisions is discussed in each division's operational performance section from page 8 of the full announcement.

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.

The Board approved and declared an interim dividend of 1 200 cents per share (gross) (1H F2021: 1 000 cents per share). The amount to be paid is approximately R2 694 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 1 200 cents per ordinary share for shareholders exempt from dividends tax
- The net local dividend is 960 cents per share for shareholders liable to pay dividends tax
- At the date of this declaration, ARM has 224 458 652 ordinary shares in issue, and
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 1 200 cents per ordinary share, being the dividend for the six months ended 31 December 2021, has been declared payable on Monday, 4 April 2022 to those shareholders recorded in the books of the company at the close of business on Friday, 1 April 2022.

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 Wednesday, 30 March 2022. The last day to trade ordinary shares cum dividend is Tuesday, 29 March 2022. Ordinary shares trade ex-dividend from Wednesday, 30 March 2022. The record date is Friday, 1 April 2022 while the payment date is Monday, 4 April 2022.

No dematerialisation or rematerialisation of share certificates may occur between Wednesday, 30 March 2022 and Friday, 1 April 2022, both dates inclusive, nor may any transfers between registers take place during this period.

Scope of independent auditor

The financial results for the six months ended 31 December 2021 have not been reviewed nor audited by the Company's registered auditor, Ernst & Young Inc. (the partner in charge is PD Grobbelaar CA(SA)).

Basis of preparation

The condensed group interim financial statements for the six months ended 31 December 2021 have been prepared on the historical cost basis, except for certain financial instruments, which include listed investments and unlisted investments that are fair valued.

The accounting policies used are consistent with those in the most recent annual financial statements except for those listed below and comply with IFRS.

The condensed group interim financial statements for the period have been prepared under the supervision of the Finance Director, Ms TTA Mhlanga CA(SA).

The presentation and functional currency is the South African rand and the condensed group interim financial statements are rounded to the nearest R million.

ENDS

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Johannesburg

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