

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 2022
(1H F2023) AND 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 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 which is available on the following link:

<https://senspdf.jse.co.za/documents/2023/jse/isse/ARIM/HY2023.pdf>

The full announcement is also available for inspection free of charge during business hours (excluding weekends and public holidays) from Monday, 06 March 2023 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 jongisa.magagula@arm.co.za

Salient features

Financial:

- Headline earnings increased by 40% to R5 171 million or R26.38 per share (1H F2022: R3 696 million or R18.87 per share).
- An interim dividend of R14.00 per share is declared (1H F2022: R12.00 per share).
- We maintained a robust financial position, with net cash of R9 548 million at 31 December 2022 (30 June 2022: R11 175 million).

- The purchase consideration for Bokoni Platinum Mine of R3 500 million was fully settled in cash on 1 September 2022. The definitive feasibility study for the project is progressing on schedule and post the period end, the Board approved bringing forward capital of R1 004 million to enable the project to deliver early ounces.

Health and Safety

- Regrettably, Two Rivers Mine had a fatality when a contractor employee was injured and later succumbed to his injuries. We extend our deepest condolences to his family, friends and colleagues.
- The group lost-time injury frequency rate (LTIFR) improved to 0.28 per 200 000 man-hours (1H F2022: 0.36)
- The group total recordable injury frequency rate improved to 0.62 (1H F2022: 0.67).
- 75% of the workforce was fully vaccinated against Covid-19 at the end of the review period (31 December 2021: 68%).

Operational

- Iron ore, manganese ore and thermal coal volumes were negatively impacted by logistics challenges.
- Unit production costs remained under pressure mainly due to lower production volumes and above-inflation increases for diesel and explosives costs.

Environmental and Social

- Progress was made developing decarbonisation pathways to meet the long-term target to achieve net-zero greenhouse gas (GHG) emissions (scope 1 and 2) from mining by 2050.
- All operations are on track to meet the requirements of the Global Industry Standard on Tailings Management (GISTM) by the deadlines.

Safety performance

We are committed to maintaining a safe and healthy work environment for all employees and contractors.

The operations delivered improved safety performances, with a group LTIFR of 0.28 per 200 000 man-hours in the period under review compared to 0.36 per 200 000 man-hours in 1H F2022. The total recordable injury frequency rate, which includes the number of fatal injuries, lost-time injuries and medical cases improved to 0.62 from 0.67.

Regrettably, there was a fatality at Two Rivers Mine when a contractor employee, Mr Seutlwadi Esron Ramathesela, an engineering assistant, was injured and later succumbed to his injuries. We extend our deepest condolences to his family, friends and colleagues.

Independent root cause investigations are underway following the accident. In addition, initiatives continue at Two Rivers Mine and all operations to ensure that safety standards are strictly upheld as we work towards zero harm at our operations.

Financial performance

Headline earnings

Headline earnings for 1H F2023 increased by 40% to R5 171 million or R26.38 per share (1H F2022: R3 696 million or R18.87 per share). Headline earnings for the previous period included re-measurement losses of R346 million mainly related to the ARM Coal loans owing to Glencore Operations South Africa. These loans have since been fully settled.

The average realised rand exchange change weakened by 15% versus the US dollar to R17.33/US\$ compared to R15.02/US\$ in 1H F2022. For reporting purposes, the closing exchange rate was R16.93/US\$ (31 December 2021: R15.98/US\$).

ARM Ferrous headline earnings were 4% higher at R2 520 million (1H F2022: R2 428 million) as a 54% increase in headline earnings for the manganese division was largely offset by a 12% decline in headline earnings for the iron ore division. Key factors contributing to lower headline earnings in the iron ore division included:

- Lower average realised US dollar prices for iron ore, in line with the decline in iron ore index prices; and
- A 15% decrease in export iron ore sales volumes, coupled with a 33% decline in local iron ore sales volumes.

These were partially offset by the weaker rand/US dollar exchange rate.

Higher average US dollar prices realised for export manganese ore, coupled with improved manganese ore sales volumes and a weaker rand/US dollar exchange rate contributed positively to the manganese division's headline earnings.

ARM Platinum headline earnings were 7% higher at R1 330 million (1H F2022: R1 245 million). Two Rivers Mine delivered a 27% increase in headline earnings to R920 million (1H F2022: R725 million) while Modikwa Mine headline earnings increased by 4% to R615 million (1H

F2022: R594 million) as both operations benefitted from the weaker rand/US dollar exchange rate and comparatively lower negative mark-to-market adjustments. These benefits were partly offset by above-inflation unit cost increases at both mines.

Refer to page 12 of the full announcement for further information on the mark-to-market adjustments in ARM Platinum.

Bokoni Mine, which is included for the first time in the ARM interim results, reported a headline loss of R150 million for 1H F2023. The mine remains on care and maintenance while the definitive feasibility study progresses.

Refer to page 5 of the full announcement for more details on the latest developments at Bokoni Platinum Mine.

Nkomati Mine reported a headline loss of R55 million (1H F2022: R74 million) with the mine having been placed on care and maintenance on 15 March 2021. ARM continues to engage its joint venture partner on the various options available for the future of Nkomati Mine.

ARM Coal headline earnings were R1 053 million higher at R1 404 million (1H F2022: R351 million) driven mainly by increased export thermal coal prices. Thermal coal sales volumes were under pressure in the review period owing to inland logistics challenges.

ARM Coal headline earnings included a re-measurement and fair value loss of R9 million (1H F2022 gain: R5 million). The majority of this related to the fair value loss on the Richards Bay Coal Terminal (RBCT) entitlement.

ARM Corporate and other (including Gold) reported headline earnings of R70 million (1H F2022: R237 million loss). Included in ARM Corporate and other are re-measurement gains of R12 million (1H F2022: R364 million loss).

Machadodorp Works headline loss of R153 million (1H F2022: R91 million) related to research into developing energy-efficient smelting technology.

Basic earnings and impairments

Basic earnings of R4 387 million (1H F2022: R3 893 million) included attributable impairments as follows:

- An impairment of property, plant and equipment at Beeshoek Mine of R659 million after tax;

- An impairment of property, plant and equipment at Cato Ridge Works of R28 million after tax; and
- An impairment of the investment in Sakura of R149 million after tax.

Refer to note 4 to the interim annual financial statements for more information on these impairments.

Financial position and cash flow

At 31 December 2022, ARM had net cash of R9 548 million (30 June 2022: R11 175 million), a decrease of R1 627 million compared to the end of the 2022 financial year. This amount excludes attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R3 296 million (30 June 2022: R5 342 million). There was no debt at ARM Ferrous in either of the reporting periods.

Refer to page 4 of the full announcement for a summary of dividends received from operations.

Cash generated from operations increased by R469 million to R5 294 million (1H F2022: R4 825 million) after an inflow in working capital of R641 million (1H F2022: R1 036 million) which was mainly due to an inflow in trade receivables.

In 1H F2023, ARM paid R3 921 million in dividends to its shareholders, representing the final dividend of R20.00 per share declared for F2022 (1H F2022: R3 917 million representing the F2021 final dividend of R20.00 per share).

Net cash outflow from investing activities was R5 052 million (1H F2022: R1 167 million) and included the net cash payment for the acquisition of Bokoni Mine of R3 441 million (which represents the gross cash payment of R3 500 million, net of R59 million cash acquired in the transaction).

Borrowings of R211 million (1H F2022: R68 million) were repaid during the period, resulting in gross debt of R289 million at 31 December 2022 (30 June 2022: R484 million).

The group net asset value per share increased by 2% to R208.87 per share (30 June 2022: R205.45 per share).

Investing in growth and our existing business

We are pleased to have concluded the acquisition of Bokoni Mine from Anglo American Platinum and Atlatsa Resources Corporation. The acquisition represents a significant milestone and gives ARM access to Bokoni Mine's large, high-grade resource and existing

infrastructure. Bokoni Mine will enable ARM to scale its PGM portfolio, improve global competitiveness and pursue further value-accretive organic growth.

The definitive feasibility study for the mine is progressing well and is focused predominantly on mining the UG2 resource, using appropriate mechanised mining methods and targeting on-reef development.

In March 2023 (post the period end), the ARM board approved bringing forward R1 004 million of capital for the project to enable the mine to deliver early ounces by mining the UG2 reef. The early ounce project will be focused on a combination of mining high-grade UG2 stopes in Middelpunt Hill Shaft and early on-reef development of the new UG2 mine.

Critical orders for long lead items, to de-risk the project schedule, have been placed. The ore will be processed through the existing 60 000 tonnes per month UG2 concentrator plant which will be refurbished as part of the early-ounce project. The early ounces will enable the mine to capitalise on the current strong PGM basket prices and commence with early development of the underground infrastructure required for the new planned UG2 mine. The first saleable PGM concentrate from the early ounces project is planned for the first half of F2024.

We continued to invest in our existing operations with segmental capital expenditure of R2 991 million for the period (1H F2022: R1 933 million). The increase in capital expenditure was mainly due to the Merensky Project at Two Rivers Mine. Capital expenditure for the divisions is shown on page 6 of the full announcement and discussed in each division's operational performance section from page 6 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.

For 1H F2023, the Board approved and declared an interim dividend of 1 400 cents per share (gross) (1H F2022: 1 200 cents per share). The amount to be paid is approximately R3 145 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 1 400.00000 cents per ordinary share for shareholders exempt from dividends tax
- The net local dividend is 1 120.00000 cents per share for shareholders liable to pay dividends tax
- At the date of this declaration, ARM has 224 667 778 ordinary shares in issue, and
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 1 400 cents per ordinary share, being the dividend for the six months ended 31 December 2022, has been declared payable on Monday, 3 April 2023 to those shareholders recorded in the books of the Company at the close of business on Friday, 31 March 2023. 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, 31 March 2023. The last day to trade ordinary shares cum dividend is Tuesday, 28 March 2023. Ordinary shares trade ex-dividend from Wednesday, 29 March 2023. The record date is Friday, 31 March 2023 while the payment date is Monday, 3 April 2023.

No dematerialisation or rematerialisation of share certificates may occur between Wednesday, 29 March 2023 and Friday, 31 March 2023 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 2022 have not been reviewed nor audited by the Company's registered auditor, Ernst & Young Inc. (the partner in charge is PD Grobbelaar CA(SA)).

ENDS

For all investor relations queries please contact:

Jongisa Magagula

Executive Director: Investor Relations and New Business
Development

Tel: +27 11 779 1507

E-mail: jongisa.magagula@arm.co.za

Johannesburg

6 March 2023

Sponsor: Investec Bank Limited