

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")

**AGREEMENTS CONCLUDED FOR ARM TO ACQUIRE NORILSK NICKEL AFRICA LIMITED'S 50% PARTICIPATION INTEREST IN ITS PARTNERSHIP WITH ARM THAT OPERATES THE NKOMATI MINE**

**Introduction**

ARM and Norilsk Nickel Africa Proprietary Limited ("NNAf") have signed a Sale Agreement ("PSA") which provides for the acquisition by ARM of NNAf's 50% participation interest in its partnership with ARM that operates the Nkomati mine for a cash consideration of R1 million ("the Transaction").

ARM will take over the environmental liabilities of Nkomati mine, together with NNAf's proportionate share of the obligations and liabilities relating to the Nkomati mine's assets, with a R325m contribution from NNAf, as may be adjusted under the terms of the PSA.

The PSA provides for terms customary in agreements of this nature and includes (amongst other things): (i) limitations on liability and certain negotiated warranties, indemnities and undertakings; (ii) provisions governing the operation of the Nkomati mine 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 2024. The existing partnership agreement between ARM and NNAf in relation to the Nkomati mine will terminate immediately following successful closing of the Transaction on the closing date.

**Background on Nkomati Mine**

On or about 31 March 2021 mining ceased at Nkomati mine and the operation was placed on care and maintenance. On 16 June 2021 ARM and NNAf concluded a Memorandum of Understanding (MOU) which set out the terms and conditions of a PSA.

The status quo for Nkomati mine continues to be challenging due to uncertain commodities and nickel sector outlook and ongoing care & maintenance costs.

### **Rationale for the Transaction**

There were several positive considerations that informed ARM's decision to acquire NNAf's 50% participation interest in its partnership with ARM that operates the Nkomati mine. These include but are not limited to:

- Nkomati mine is a known and predictable nickel sulphide orebody, with established infrastructure, relatively lower carbon emission footprint, low capital intensity and short lead times to resuming steady state production of class one compatible nickel sulphide concentrate, the preferred feed to nickel sulphate production sought after by battery manufacturers.
- It has attractive bi-metal product credits including copper, cobalt, platinum, palladium, and chrome.
- ARM is committed to the short-, medium-, and long-term success of the South African mining industry.

### **Categorisation of the Transaction**

The Transaction does not constitute a categorised transaction in terms of the Listings Requirements of the JSE Limited and accordingly this information is disclosed on a voluntary basis.

ENDS

For all queries, please contact:

Thabang Thlaku

Executive: Investor relations and new business development.

Office: +27 11 779 1300 | Email: [thabang.thlaku@arm.co.za](mailto:thabang.thlaku@arm.co.za)

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