

# OUR STRATEGIC OBJECTIVES

AND HOW WE HAVE PERFORMED AGAINST THEM

ALL OPERATIONS  
TO BE BELOW THE  
50<sup>TH</sup> PERCENTILE

## OPERATIONAL EFFICIENCIES

ARM's target is that all its operations should be below the 50<sup>th</sup> percentile of each commodity's cost curve.

ARM strives to achieve this while:

- > Continually improving productivity and maintaining a safe, healthy and appropriately skilled workforce;
- > Building strong partnerships with communities and other stakeholders;
- > Practising environmental stewardship;
- > Ensuring regulatory compliance; and
- > Continually improving and innovating in mining and processing.

### PERFORMANCE IN F2016

- > Unit production cost increases at all operations were well below inflation, with the exception of the GGV Mine and the manganese alloy operations which were affected by a decline in production volumes.
- > The high-cost underground mine at Nkomati Mine was placed on care and maintenance.
- > ARM achieved its lowest ever Lost Time Injury Frequency Rate (LTIFR) of 0.32 per 200 000 man hours and there were no fatalities at any of the ARM operations.
- > Shifts lost due to safety stoppages decreased from 96 in F2015 to 77.
- > All operations remain positioned below the 50<sup>th</sup> percentile of their global cost curves, except for the Lubambe, Modikwa, Beeshoek and Cato Ridge operations.

### LOOKING FORWARD

- > Improve cost efficiencies through the restructuring of Modikwa Mine.
- > Ramp up production at the Beeshoek Mine Village Pit which will improve unit costs.
- > Evaluate options for Lubambe Mine to maximize value for ARM and its shareholders.
- > Target zero fatalities and further improve our LTIFR.

### REFER TO ALL MATERIAL MATTERS

 pages 11 to 13



CONTINUING TO ASSESS  
ACQUISITIONS AND JOINT  
VENTURE OPPORTUNITIES

## ACQUISITIONS AND PARTNERSHIPS

Our partnership model allows for transfer of knowledge and skills, and the sharing of financial responsibility. ARM has partnered with leading mining companies and continues to assess quality merger and acquisition opportunities.

### PERFORMANCE IN F2016


- > ARM and Implats reached an agreement to increase ARM's shareholding in Two Rivers Mine from 51% to 54%. Completion of the agreement is awaiting a Section 11 consent to transfer ownership of mining assets from ARM to Two Rivers.
- > The first sale of alloy from the Sakura Ferroalloys Project, which is a joint venture partnership between Assmang, Sumitomo and China Steel Corporation, took place in June 2016. Commissioning of the second furnace commenced in September 2016.

### LOOKING FORWARD

- > The current commodity environment presents opportunities for consolidation and ARM continues to assess value accretive acquisitions and joint venture partnerships.

### REFER TO MATERIAL MATTER

- DELIVERING FINANCIAL RETURNS TO SHAREHOLDERS, INVESTORS AND OTHER PROVIDERS OF CAPITAL

 page 11





## QUALITY GROWTH IN ARM'S PORTFOLIO OF COMMODITIES

ARM continues to focus on quality growth and investing in the Company's future.

### REFERENCE TO MATERIAL MATTERS

 CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE	 DELIVERING FINANCIAL RETURNS TO SHAREHOLDERS, INVESTORS AND OTHER PROVIDERS OF CAPITAL	 ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE	 MAINTAINING OUR SOCIAL LICENCE TO OPERATE	 ENSURING RESPONSIBLE STEWARDSHIP OF OUR NATURAL RESOURCES
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### PERFORMANCE IN F2016

- > The iron ore operations achieved record sales volumes of 17 million tonnes.
- > Two Rivers Mine achieved record production volumes of 400 722 6E PGM ounces.
- > The Black Rock Project is 68% complete and is progressing on schedule and on budget. The project will enable the mine to increase production volumes from 3.0 million tonnes up to 4.6 million tonnes per annum, subject to market demand and logistics capacity. It will also optimise resource exploitation and improve efficiencies in mining, sorting and processing.
- > The first ore at the Beeshoek Mine Village Pit was extracted successfully in April 2016 and conforms to the quality specifications derived in the geological drilling work. The Village Pit extends the life of mine for Beeshoek from two years to 12 years at a sustainable production rate of 3 million tonnes per annum.

### LOOKING FORWARD

- > The Black Rock Project is continuing. Increases in manganese ore production volumes will be subject to market demand and logistics capacity. The project will also benefit unit production costs at the mine.
- > The ramp up of the Sakura Ferroalloys Project to full production of 169 000 tonnes per annum will be assessed subject to market conditions.

### REFER TO MATERIAL MATTERS

- CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE
- DELIVERING FINANCIAL RETURNS TO SHAREHOLDERS, INVESTORS AND OTHER PROVIDERS OF CAPITAL

page 11



## EXPLORATION

ARM actively pursues new mineral opportunities based on the commodities within ARM's current portfolio focusing on PGMs and base metals (especially copper and nickel sulphides) as well as high-quality manganese and coal opportunities.

### PERFORMANCE IN F2016

- > Exploration expenditure has been curtailed consistent with challenging commodity markets.

### LOOKING FORWARD

- > ARM is conscious of the need to ensure continued growth beyond the existing ore bodies. A number of opportunities are being assessed in a rigorous process which involves subject matter experts from the Strategic Services and Exploration Division reviewing these against ARM's growth principles.

### REFER TO MATERIAL MATTERS

- CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE
- DELIVERING FINANCIAL RETURNS TO SHAREHOLDERS, INVESTORS AND OTHER PROVIDERS OF CAPITAL

page 11

