

SUMMARISED REMUNERATION REPORT

REMUNERATION REPORT PART I – BACKGROUND STATEMENT

PHILOSOPHY

ARM recognises that our strategic objectives can only be delivered with the foresight, dedication and hard work of our employees. We also recognise that the Company competes in a small talent pool for a limited set of competencies within the global and South African mining industries.

The Remuneration Committee acknowledges its responsibility to assist the Board by applying a remuneration strategy that ensures a balance in attracting and retaining human capital through competitive remuneration practices, while creating shareholder value. We have done so by formulating a Remuneration Policy designed to give effect to the remuneration strategy, support the business objectives within the larger operating environment and offer a balanced remuneration mix in line with our goals.

CONNECTING PERFORMANCE AND REMUNERATION

ARM is committed to fair and responsible pay. We continue to ensure that ARM's remuneration levels are aligned with the general performance of the economy, the specific performance of the Company and our people. ARM gives focused attention to elements such as the Company's values, culture, talent management, workforce planning and competitive benefits and remuneration to ensure that our policies and practices compare well against South African and international practices. Moreover, ARM recognises the importance of taking steps to address the gap between the remuneration of executives and employees at the lower end of the pay scale and the Committee monitors developments in this regard.

Fixed pay

Taking cognisance of the current economic climate and the improved commodity price environment, the Board approved a cost-to-company increase of 5% (F2017: 4%) for senior executives and other employees at the corporate office, with effect from 1 July 2017, in line with the May 2017 Consumer Price Index (CPI) of 5%.

Short-term incentives

We are satisfied that our short-term incentive outcomes are linked and aligned to the Company's strong performance throughout the year which was the result of management's control of operational effectiveness of our cost containment and efficiency improvement initiatives.

- > the Company performed well on the cost targets, with below plan costs at all operations except for Nkomati, Two Rivers and Goedgevonden;
- > profit targets were met at ARM Ferrous, ARM Coal and ARM Copper; and
- > the safety modifier target was achieved at all operations.

Short-term incentives were paid to senior executives as a result of these achievements.

Long-term incentives

ARM's long-term-incentive outcomes are also linked and aligned to the Company's performance. Our F2017 solid financial results

had a direct impact on ARM's ranking against its peers above the median Total Shareholder Return and the long-term incentives vesting this year were paid to senior executives.

STAKEHOLDER ENGAGEMENT

At the 2016 Annual General Meeting of the Company, the non-binding advisory vote on the Company's Remuneration Policy was supported by 90.03% of the Company's shareholders who voted.

The Committee recognises the importance of stakeholder engagement on remuneration matters and proactively maintains regular, transparent and informative dialogue with ARM's stakeholders. The Committee considered developments in global best practice and feedback received from shareholders during the financial year.

CHANGES IN REMUNERATION POLICY

Changes to the Remuneration Policy approved by the Board upon the Committee's recommendation included the following:

- > the criteria for the settlement of performance shares when there are fewer than 20 comparator companies, were clarified to ensure the outcome is fair to the participants and to shareholders; and
- > in respect of the F2018 bonus, the required outperformance to achieve the maximum bonus payable is achieved when the performance targets are exceeded by 40% (F2017: 100%). The differential is as a result of a higher indicative profit before interest and tax base compared to that of F2017.

COMMITMENT

ARM remains committed to continuously monitor the effectiveness and implementation of the Remuneration Policy, strategy and practices. In the event that we receive a vote of 25% or more against the Remuneration Policy or the Implementation Report at the 2017 Annual General Meeting, the Board commits to:

- > an engagement process in line with the recently promulgated amended JSE Listings Requirements to ascertain the reasons for the dissenting votes; and
- > appropriately address legitimate and reasonable objections and concerns raised.

The Committee is confident that the Remuneration Policy achieved its stated objectives in F2017 and will continue to generate real long-term value for our shareholders going forward.

On behalf of the Remuneration Committee

Dr M M M Bakane-Tuoane

Chairman of the Remuneration Committee

10 October 2017

ABOUT THE REMUNERATION REPORT

In order to align with emerging best remuneration disclosure practices and the King IV Report on Corporate Governance for South Africa, 2016 (King IV), the Remuneration Report is presented in three parts, namely a Background statement from the Committee Chairman, an overview of the Remuneration Policy for senior executives and an Implementation Report describing how payments were made in the year under review.



The detailed Remuneration Report in the Corporate Governance Report is available on the Company's website at www.arm.co.za

SUMMARISED REMUNERATION REPORT continued

REMUNERATION GOVERNANCE FRAMEWORK

Composition of the Remuneration Committee

Members

Dr M M M Bakane-Tuoane (Chairman)
 F Abbott
 T A Boardman
 A D Botha
 A K Maditsi
 J P Möller (appointed with effect from 29 August 2017)

The Remuneration Committee consists entirely of Independent Non-executive Directors. Mr J P Möller was appointed to the Committee in 2017 to bring additional knowledge, skills and experience. The Board is confident that the Committee's members have a strong blend of expertise and experience in the financial, business and human capital fields.

Meeting attendance

Three Committee meetings were held in F2017 and all Committee members were in attendance.

The Chairman of the Committee attends Annual General Meetings to answer any questions from shareholders regarding ARM's Remuneration Policy and the implementation thereof.

Invitees

The Chief Executive Officer, Financial Director, Executive Director: Growth and Strategic Development, the Chief Financial Officer and the Group Executive: Human Resources attend Remuneration Committee meetings by invitation and assist the Remuneration Committee in its deliberations, except when issues relating to their own remuneration are discussed. Invitees do not vote at the meetings. No Director was involved in determining his or her own remuneration.

FUNCTIONS

Amendments to the Committee's Terms of Reference in terms of King IV were approved by the Board in August 2017.



The functions of the Remuneration Committee and the Terms of Reference can be found in the full Remuneration Report in the Corporate Governance Report at www.arm.co.za.

REMUNERATION COMMITTEE ACTIVITIES

Overview of activities and decisions

The scheduled workplan was followed with the normal cycle of activities that included, but was not limited to, the following:

In F2017:

- > recommended the annual increases in the base salaries of Executive Directors and other senior executives to the Board;
- > recommended the short-term incentives (i.e. cash bonuses) payable to Senior Executives to the Board;
- > recommended the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors to the Board, for submission to shareholders;
- > the review of the deferred bonus/co-investment awards in terms of the Share Plan;
- > reviewed the Remuneration Policy;
- > had oversight of the preparation of the Remuneration Report; and

- > clarified the criteria to be used to ascertain the constituent members of the JSE Limited mining sector index to be used in the measurement of performance criteria.

In F2018 to date:

- > recommended the annual increases of base salaries of Executive Directors and other senior executives to the Board;
- > recommended the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors, to the Board for submission to shareholders;
- > reviewed the deferred bonus/co-investment awards in terms of the Share Plan;
- > recommended the corporate bonus parameters for F2018 to the Board;
- > reviewed the Remuneration Policy; and
- > had oversight of the preparation of the Remuneration Report.

Advisors to the Remuneration Committee

In F2017, the Committee was advised by remuneration consultants, namely PwC, which provided, *inter alia*, advice on and assistance with the design, implementation and verification of calculations pertaining to offers and awards pursuant to the long-term incentive schemes. The comparator group for the benchmarking was selected through a rigorous selection process, in order to ensure the overall competitiveness of ARM's remuneration. The Committee is satisfied that PwC was independent and objective.

REMUNERATION REPORT: PART II – OVERVIEW OF THE MAIN PROVISIONS OF THE REMUNERATION POLICY

REMUNERATION PHILOSOPHY AND POLICY: EXECUTIVE REMUNERATION

Principles of executive remuneration

ARM's executive remuneration philosophy aims to attract and retain high-calibre executives and to motivate and reward them for developing and implementing the Company's strategy to deliver consistent and sustainable shareholder value.

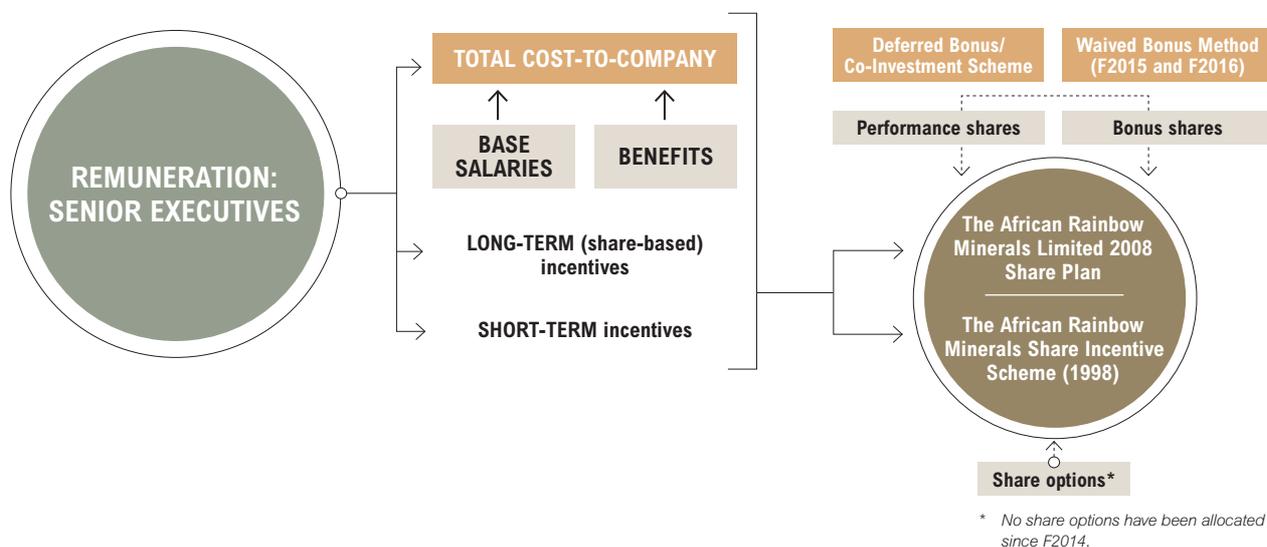


The full Remuneration Policy is included in the Remuneration Report in the Corporate Governance Report at www.arm.co.za.

The Remuneration Policy conforms to international best practice and is based on the following principles:

- > **Total cost-to-company**, which is base salary plus benefits;
- > **Total rewards**, which are competitive with those offered by other employers in the mining and mineral resources sector;
- > **Incentive-based rewards** are earned through the achievement of performance targets consistent with shareholder expectations over the short term and long term:
 - **short-term incentives**, i.e. cash bonuses, together with performance measures and targets, which are structured to reward effective operational performance; and
 - **long-term (share-based) incentives** that are used to align the long-term interests of management with those of shareholders and that are responsibly implemented so as not to expose shareholders to unreasonable or unexpected financial impact.

ELEMENTS OF TOTAL EXECUTIVE REMUNERATION



POLICIES RELATING TO THE FOUR COMPONENTS OF SENIOR EXECUTIVE REMUNERATION

The policies relating to the four elements of total executive remuneration are summarised in the table below:

TOTAL COST-TO-COMPANY		
BASE SALARY	POLICY	<ul style="list-style-type: none"> > Benchmarked against market practices of other South African mining companies that are comparable in size, business complexity and international scope. > Generally reflects market median levels based on the role and individual skills and experience.
	IMPLEMENTATION	<ul style="list-style-type: none"> > Paid monthly in cash. > Reviewed annually, with changes taking effect on 1 July, where applicable. > Increases are determined by, <i>inter alia</i>, market conditions, Company performance, individual performance and changes in responsibilities. > Salary increases of 5% approved for F2018 with effect from 1 July 2017 (F2017: 4%). > Forms part of and is the key component of a total cost-to-company (CTC) package, which also includes benefits. The Company participates in industry-wide surveys from time to time. Participation in short-term and long-term incentive schemes is determined on the basis of and in addition to the CTC package.
PENSION FUND	POLICY	<ul style="list-style-type: none"> > Membership of the ARM Pension Fund is compulsory. Senior executives, if already members of a recognised industrial pension/retirement fund such as Sentinel, may remain members of such fund, if they so elect.
	IMPLEMENTATION	<ul style="list-style-type: none"> > Contributions are made by senior executives from the base salary. Total contribution to the fund, including risk benefits such as life and disability cover, is 22.5% of pensionable salary. > The ARM Pension Fund is: <ul style="list-style-type: none"> – managed by eight trustees of whom 50% are appointed by ARM and 50% are elected by the members; – administered by Alexander Forbes; and – a defined contribution fund.
MEDICAL SCHEME	POLICY	<ul style="list-style-type: none"> > It is compulsory to belong to a medical scheme.
	IMPLEMENTATION	<ul style="list-style-type: none"> > Executives may participate in any managed medical aid plan of their choice. > Contributions are made by senior executives from their base salary.
OTHER BENEFITS AND CONDITIONS OF EMPLOYMENT		<ul style="list-style-type: none"> > All other conditions of employment are comparable to those of companies in the mining and mineral resources sector. No special or extraordinary conditions are applicable to senior executives.

SUMMARISED REMUNERATION REPORT continued

SHORT-TERM INCENTIVES			
POLICY	Short-term incentives (i.e. cash bonuses) are determined in terms of an outperformance bonus scheme, which rewards senior executives for sustained outperformance of cost and profitability targets set annually for the Company's business and safety performance. Senior executives are provided the opportunity to (i) defer part of their bonus and (ii) in respect of F2015 and F2016 bonuses, elect to waive their bonus, and to be allocated the equivalent value in bonus shares matched with the same number of performance shares (see the Deferred Bonus/Co-investment Scheme and the Waived Bonus Method (F2015 and F2016) below).		
INSTRUMENT	Cash in terms of the Outperformance Bonus Scheme.		
BONUS PERCENTAGES	In respect of the F2017 and F2018 bonuses, the short-term incentive on-target cash bonus percentages and the required outperformance to achieve the maximum cash bonus as a percentage of the total is reflected in the table below:		
		F2017 and F2018 % on-target bonus of CTC	F2017 and F2018 Maximum bonus as % of CTC*
Position	Paterson grade		
Executive Chairman	FU	62%	186%
Chief Executive Officer	FU	50%	150%
Senior Executives	FL	45%	135%
Operational senior executives in ARM Ferrous, ARM Coal, ARM Copper and ARM Platinum	FL	45%	135%
	* The maximum bonus may only be achieved when the annual Profit from Operations is 100% more than the performance target in F2017 and 40% more than the performance target in F2018.		
PERFORMANCE MEASUREMENT	<p>For the Executive Chairman, the Chief Executive Officer and other senior executives (excluding those from ARM Ferrous, ARM Platinum, ARM Copper and ARM Coal) financial performance indicators are calculated as follows:</p> <ul style="list-style-type: none"> > 50% – Profit from Operations; and > 50% – Unit Cost of Sales (a weighted scorecard). <p>For operational senior executives, financial performance indicators are calculated as follows, in respect of each division:</p> <ul style="list-style-type: none"> > 25% – ARM overall Profit from Operations against Target; > 25% – ARM overall Unit Cost of Sales against Target (a weighted scorecard); > 25% – Divisional Profit from Operations against Target; and > 25% – Divisional Unit Cost of Sales against Target (a weighted scorecard). <p>The combined percentage (achieved by each senior executive) is applied to the senior executives' CTC to determine the potential cash bonus.</p>		
	<p>PERFORMANCE MEASUREMENT</p> <p>The graph plots the 'Multiple of on-target bonus' on the y-axis (ranging from 0.50 to 3.50) against the '% target of Profit Before Interest and Tax (PBIT)' on the x-axis (ranging from 80% to 200%). Three lines represent different metrics: a blue line for '% of unit cost achieved relative to target (unchanged)', a red line for '% of PBIT (F2018)', and a yellow line for '% of PBIT (F2017)'. The blue line starts at (90%, 0.50) and passes through (100%, 1.00), (120%, 3.00), and (140%, 3.00). The red line starts at (100%, 1.00) and passes through (120%, 1.75), (140%, 3.00), and (200%, 3.00). The yellow line starts at (100%, 1.00) and passes through (120%, 1.30), (140%, 1.80), (160%, 2.20), (180%, 2.50), and (200%, 3.00).</p>		

SHORT-TERM INCENTIVES continued	
SAFETY MODIFIER	To encourage sustainability, after a cash bonus has been calculated for each senior executive, a safety modifier is applied, which is the LTIFR for each division or operation, as the case may be. If the safety target is met, the participants will receive an additional 5% of their cash bonus. There is a sliding scale for outperformance or under performance: <ul style="list-style-type: none"> > If participants outperformed their targets by 10% or more, the participants would receive an additional 10% of their cash bonus. > If safety targets were not met, between 1% and 10% would be deducted for each percentage point below target, to a maximum 10% deduction.
TARGETS	The targets for each metric are in accordance with the Board-approved one-year business plan, and the measures are reviewed annually to ensure that they are appropriate, and given the economic climate and the performance expectations for the Company. The targets are related to the budget and considered to be commercially sensitive information and for this reason are not disclosed.
LONG-TERM INCENTIVES	
COMPANY AND INDIVIDUAL LIMITS	The current overall Company limit for the Scheme together with the Share Plan is 15 581 294 shares (at 30 June 2017: 7.1%). The individual limit for the Scheme together with the Share Plan is 1 558 129 shares (at 30 June 2017: 0.71%).
PERFORMANCE SHARES	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company. The performance criteria incentivise the creation of shareholder value.
INSTRUMENT	Performance shares in terms of The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan).
AWARD POLICY AND VESTING PERIOD	Performance shares are conditional rights to shares that are typically awarded on an annual basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. Performance shares vest and are settled between three and four years, subject to the achievement of predetermined performance criteria.
PERFORMANCE CRITERIA	For outstanding awards made prior to May 2015, the performance criteria used to determine the number of performance shares which had vested was Market Price Appreciation (MPA) in terms of the JSE Limited Resources 10 Index (RESI 10) and the 20-day volume weighted average price (VWAP). For awards made with effect from May 2015, Total Shareholder Return (TSR) in terms of the RESI 10 was used to determine the number of performance shares which vest. The RESI 10 ceased to exist with effect from December 2015, following which the number of companies in the peer group was increased to 20 (excluding gold companies). With effect from May 2017, the performance measurement graph was clarified to provide for situations where there were fewer than 20 mining companies in a peer group. If a senior executive leaves due to a fault termination (e.g. resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (e.g. retirement), all performance shares awarded prior to December 2014 are settled <i>pro rata</i> . From 2015, retirement does not accelerate the vesting period in respect of new performance share awards.
PERFORMANCE MEASUREMENT	Vesting is based on a sliding scale of the achievement of the performance criteria as determined by an independent third party, the Company's remuneration consultants. In respect of the F2017 settlements, which vested on 16 October 2016, 29 October 2016 and 30 October 2016, ARM ranked 8 th against its peer companies in terms of TSR and therefore one times (1x) the awarded number of performance shares were settled.
VESTING PERIOD	Any new awards of performance shares have a vesting period of three years.
AMENDMENTS	The clarification to the performance criteria in 2017, upon the advice of the Company's remuneration consultants, is in line with current practice within the South African context.

SUMMARISED REMUNERATION REPORT continued

BONUS SHARES	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company. The performance criteria incentivise the creation of shareholder value.
INSTRUMENT	Bonus shares in terms of the Share Plan.
AWARD POLICY AND VESTING PERIOD	Bonus shares are conditional rights to shares which were allocated annually, which allocations were determined according to a specified ratio of the annual cash incentive accruing to senior executives. Bonus shares vest and are settled between three and four years, subject to continued employment. Other than bonus shares granted in terms of the Bonus Share/Co-Investment Scheme Method and the Waived Bonus Method, no bonus shares have been granted since 2015.
PERFORMANCE CRITERIA	If a senior executive leaves due to a fault termination (e.g. resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (e.g. retirement), all bonus shares granted prior to December 2014 are settled in full. For bonus shares awarded after 5 December 2014, retirement does not accelerate the vesting period.
VESTING PERIOD	Any new grants of bonus shares have a vesting period of three years. For bonus shares granted after 5 December 2014, retirement does not accelerate the vesting period.
DEFERRED BONUS/CO-INVESTMENT SCHEME	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company and to enhance the retention characteristics of the current reward of senior executives. The Company is of the view that the deferral of a portion of immediate cash bonuses demonstrates a heightened commitment to performance and shareholder alignment, and promotes the retention of key employees and enhances the performance and shareholder alignment characteristics of the Share Plan.
INSTRUMENT	Bonus shares (for the deferred bonus) and performance shares (for matching shares) in terms of the Share Plan.
OPERATION	Senior executives may invest in additional bonus shares which are matched by the Company with the equivalent number of performance shares under the existing terms and conditions of the Share Plan.
AWARD POLICY	Senior executives are offered the opportunity, before the end of March each year, to elect that a portion of any cash bonus calculated at the end of the performance year, be deferred and converted into an equivalent value of deferred bonus shares. To encourage senior executives to take up the deferral(s), the deferred bonus shares are matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, will accrue to senior executives and be paid out in cash. Scheme with effect from F2017: Senior executives could defer 25%, 33%, 50%, 75% or 100%.
PERFORMANCE CRITERIA	See performance shares and bonus shares above.
PERFORMANCE MEASUREMENT	See performance shares and bonus shares above.
VESTING PERIOD	The vesting periods of the deferred bonus shares and the matching equivalent number of performance shares are three years.



See the full Remuneration Report in the Corporate Governance Report available on the Company's website for details about the policy applicable to the Waived Bonus Method (F2015 and F2016) and Share Options (which are no longer granted): www.arm.co.za

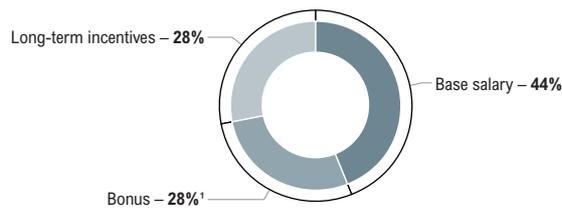
TOTAL REMUNERATION DESIGN

The Remuneration Committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration, and between those aspects of the package linked to short-term financial performance and those linked to long-term shareholder value creation. The Committee considers each element of the total remuneration package relative to the market and takes into account the performance of the Company and the individual executive in determining both quantum and design.

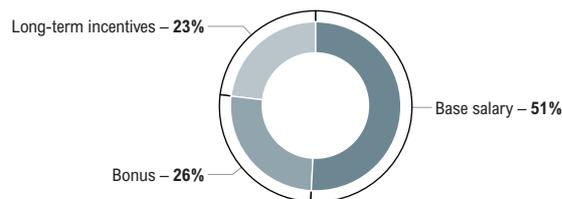
The pie graphs below represent the on-target total remuneration packages of the senior executives, wherein the base salary CTC, bonus (short-term incentives) and long-term incentives are expressed as a percentage of total remuneration. The pay mix for senior executives is reviewed regularly by the Committee to ensure it supports the Company's Remuneration Policy and strategic objectives.

TOTAL REMUNERATION DESIGN: 2017

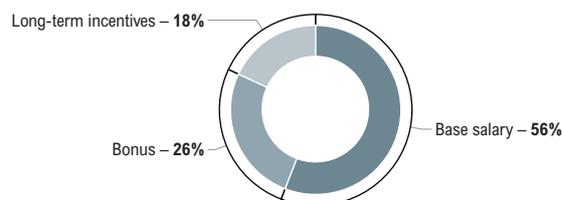
Executive Chairman



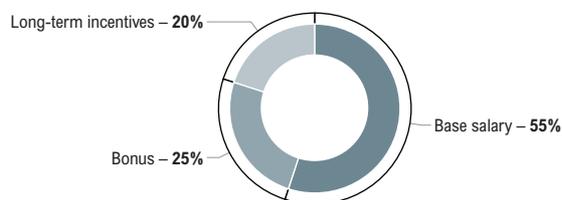
Chief Executive Officer



Financial Director



Executive Directors and Other Prescribed Officers



¹ Bonus in 2017 was nil. 100% of deferred bonus from F2013.

Shareholding targets for Executive Directors and Prescribed Officers

In order to further align management's interests directly with those of shareholders and to encourage long-term commitment to the Company, Executive Directors and Prescribed Officers will be expected to accumulate a holding of shares in the Company. Senior executives are required to build a minimum shareholding in ARM shares of three times cost-to-company from October 2018, or three years after becoming a senior executive.



More detail can be found in the full Remuneration Report in the Corporate Governance Report at www.arm.co.za

Employment agreements

Employment agreements have been entered into between the Company and Executive Directors and Prescribed Officers.

As recommended in King IV, the Company has not concluded any agreements with its Executive Directors and Prescribed Officers to pay a fixed sum of money on termination of employment, or to make "balloon payments" in recognition of service to the Company without any performance conditions attached.



Further details regarding employment agreements can be found in the full Remuneration Report in the Corporate Governance Report at www.arm.co.za.

REMUNERATION POLICY: NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Directors' fees

The Board appoints high-calibre Non-executive Directors who contribute significantly to the Company's strategic direction. On the advice of the Remuneration Committee, which engages independent third-party advisors to assist with the benchmarking of Non-executive Directors' fees against those paid by comparable companies, the Board considers and makes recommendations to shareholders regarding Non-executive Directors' fees payable.



Full details regarding the fees paid to Non-executive Directors in F2017 are provided in Part III of the Summarised Remuneration Report.

Increase in Non-executive Directors' fees

Authorising payment of an additional amount for value-added tax ("VAT") on Non-executive Directors' fees.

In terms of the South African Revenue Service Binding General Ruling (Income Tax) 40, read with Binding General Ruling (VAT) 41 issued under section 89 of the Tax Administration Act 285 of 2011, with effect from 1 June 2017, a Non-executive Director is regarded as carrying on an enterprise and is required to register and levy VAT in respect of any Directors' fees paid to a Non-executive Director for services rendered in that capacity on a company's board.

The Board recommends to shareholders of the Company that the Company be authorised to make payment of an additional amount for VAT on Non-executive Directors' fees, in addition to the remuneration for Non-executive Directors authorised by shareholders by special resolution at the Annual General Meeting held on 2 December 2016.

SUMMARISED REMUNERATION REPORT continued

Annual Board retainer fees and per Board meeting attendance fees

On the advice of the Remuneration Committee, the Board recommends to shareholders of the Company that the annual retainer fees and per Board meeting attendance fees for Non-executive Directors as set out in the table below, which fees (i) are 5% higher (rounded to the nearest R50) than the fees authorised by the special resolution of shareholders at the Annual General Meeting of 2 December 2016; and (ii) shall be pro-rated for periods of less than a full year.

	Proposed Fees with effect from 1 July 2017 (excluding VAT)* (Rand)**		Fees effective 1 July 2016 (Rand)	
	Annual	Per meeting	Annual	Per meeting
Lead Independent Non-executive Director	533 700	20 400	508 300	19 450
Independent Non-executive Director	425 800	20 400	405 500	19 450
Non-executive Director	340 750	20 400	324 500	19 450

* In terms of the South African Revenue Service Binding General Ruling (Income Tax) 40 read with Binding General Ruling (VAT) 41 issued under section 89 of the Tax Administration Act 285 of 2011, with effect from 1 June 2017, a Non-executive Director is regarded as carrying on an enterprise and is required to register and levy VAT in respect of any Director's fees paid to a Non-executive Director for services rendered in that capacity on a company's board. Accordingly, a Non-executive Director who (i) is liable to register for VAT but has not done so yet, must register and account for VAT with effect from 1 June 2017 and/or (ii) was actually registered for VAT before 1 June 2017 for other activities, but did not charge VAT on the Non-executive Director's fees must charge VAT with effect from 1 June 2017.

** Effective 1 July 2017, should the increase be approved by shareholders at the Annual General Meeting.

Board attendance fees are paid for *ad hoc* Board meetings, site visits and seminars, and other *ad hoc* meetings in respect of Board matters. The Company reimburses reasonable travel, subsistence and accommodation expenses to attend meetings; however, office costs, including telecommunication costs, are deemed to be included in the Board retainers.

Committee attendance fees

On the advice of the Remuneration Committee, the Board recommends for approval by shareholders an increase in the Committee meeting attendance fees payable to Non-executive Directors, as set out in the table below, which fees are 5% higher (rounded to the nearest R50) than the fees authorised by the special resolution of shareholders at the Annual General Meeting of 2 December 2016.

	Proposed with effect from 1 July 2017 per meeting attendance fees (excluding VAT)* (Rand)**	Effective 1 July 2016 per meeting attendance fees (Rand)
Audit and Risk Committee		
Chairman	106 400	101 350
Member	42 600	40 550
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	41 800	39 800
Member	27 850	26 500

* In terms of the South African Revenue Service Binding General Ruling (Income Tax) 40 read with Binding General Ruling (VAT) 41 issued under section 89 of the Tax Administration Act 285 of 2011, with effect from 1 June 2017, a Non-executive Director is regarded as carrying on an enterprise and is required to register and levy VAT in respect of any Director's fees paid to a Non-executive Director for services rendered in that capacity on a company's board. Accordingly, a Non-executive Director who (i) is liable to register for VAT but has not done so yet, must register and account for VAT with effect from 1 June 2017 and/or (ii) was actually registered for VAT before 1 June 2017 for other activities, but did not charge VAT on the Non-executive Director's fees must charge VAT with effect from 1 June 2017.

** Effective 1 July 2017, should the increase be approved by shareholders at the Annual General Meeting.

Service agreements: Non-executive Directors

In addition to Directors' fees, Non-executive Directors may receive advisory fees in terms of agreements, concluded at market rates, for defined and pre-approved services.

Agreements have been entered into between the Company and Messrs J A Chissano and W M Gule to perform services on behalf of the Company. The agreements may be renewed annually, subject to one calendar month's termination notice period by either party.

There are no other service agreements between the Company and its Non-executive Directors.

No provisions to pay a fixed sum of money on the termination of any service agreements have been agreed between the Company and any of its Non-executive Directors.



REMUNERATION REPORT: PART III – IMPLEMENTATION REPORT

DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Executive Directors consists of base salaries, benefits, short-term (annual cash) incentives, and long-term (share-based) incentives. Executive Directors do not receive Directors' fees.

EMOLUMENTS PAID TO EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

All figures in R000	Salary F2017	Pension scheme contributions F2017	Allowances F2017	Total gross annual package F2017 ²	Accrued bonus F2017 ³	Total F2017	Total gross annual package F2016 ²	Accrued bonus F2016 ³	Total F2016
Executive Directors									
P T Motsepe	9 181	–	2	9 183	–	9 183	8 560	–	8 560
M P Schmidt	6 741	456	153	7 350	6 022	13 372	7 067	3 851	10 918
M Arnold	4 917	405	120	5 442	5 350	10 793	5 233	2 566	7 799
H L Mkatshana	3 409	310	75	3 794	2 401	6 195	3 648	1 788	5 436
A J Wilkens	7 101	–	130	7 231	6 962	14 193	6 957	3 339	10 296
Total for Executive Directors	31 349	1 171	480	33 000	20 735	53 735	31 465	11 544	43 009
Prescribed Officers¹									
A Joubert	3 786	420	173	4 379	4 478	8 857	4 173	2 063	6 236
J C Steenkamp	5 766	575	739	7 080	6 962	14 042	6 809	3 369	10 178
F A Uys	3 387	339	68	3 794	2 560	6 354	3 648	1 739	5 387
Total for Prescribed Officers	12 939	1 334	980	15 253	14 000	29 253	14 630	7 171	21 801
Total for Executive Directors and Prescribed Officers	44 288	2 505	1 460	48 253	34 735	82 988	46 095	18 715	64 810

¹ Prescribed Officers of the Company were determined in terms of Section 66(10) of the Companies Act 71 of 2008, as amended, and as further described in Section 38 of the Regulations thereto. Their remuneration is disclosed in terms of the Companies Act, Section 30(4)(a).

² Total gross annual package before bonus.

³ See pages 88 and 89 for additional information about cash bonuses payable in respect of F2017.

The Company enters into employment agreements with Executive Directors and senior executives on a total cost-to-company basis. Executive Directors and senior executives structure their total salary packages to allow for pension contributions, medical aid contributions, travel allowances and other benefits in accordance with their individual requirements.

As discussed in greater detail in Part II of the Summarised Remuneration Report on pages 90, prior to the Board, upon the recommendation of the Remuneration Committee, approving accrued bonuses for senior executives for F2017, the Executive Chairman deferred 100% of his F2017 bonus and two other Executive Directors deferred a portion of their bonuses.

Performance against bonus targets for F2017 was as follows:

 PROFITABILITY TARGETS*	 COST TARGETS	 SAFETY MODIFIER
ABOVE TARGET > ARM Ferrous, ARM Coal and ARM Copper BELOW TARGET > ARM Platinum	> BELOW PLAN COSTS – Achieved at all operations except for Nkomati, Two Rivers and Goedgevoonden.	> SAFETY TARGETS – Achieved at all operations. – ARM Ferrous, ARM Platinum and ARM Copper – 10% – ARM Coal – Above 6% – ARM Group – 9.2%

* On a profit before interest and taxes basis.

SUMMARISED REMUNERATION REPORT continued

2017 SHORT-TERM INCENTIVE PERFORMANCE OUTCOMES

Executive Chairman, Chief Executive Officer and Financial Director	Below Threshold	Threshold	On Target	Stretch/Above Target	Maximum
Profit from Operations (50%)				●	
Unit Cost of Sales (50%)				●	
Safety (modifier)			●		

Performance shares

Conditional awards of full value ARM shares are made to eligible participants pursuant to The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan). Performance shares are settled after three or four years, subject to the Company's achievement of prescribed performance criteria over this period.



Refer to Part II of the Summarised Remuneration Report on page 89 for additional information about the performance criteria.

The total number of performance shares awarded in November and December 2016, and May 2017 was 1 907 006. During the year under review, 344 626 performance shares vested and were settled, including 43 028 performance shares, held by employees who retired, were retrenched or deceased during the year; and 125 467 performance shares were forfeited. The total number of performance shares as at 30 June 2017 was 4 499 333.

Between 30 June 2017 and the date of this report, 64 534 performance shares were settled and 43 005 forfeited.

The number of performance shares awarded to Executive Directors and Prescribed Officers is summarised below.

PERFORMANCE SHARES

	Executive Directors		
	P T Motsepe	M Arnold	H L Mkatshana
	Number of shares		
Opening balance as at 1 July 2016	404 302	174 437	110 593
Performance shares awarded			
14 November 2016 ¹	47 218	–	–
9 December 2016	244 653	120 270	66 762
Performance shares settled ²	(49 357)	(12 846)	(11 625)
Closing balance as at 30 June 2017³	646 816	281 861	165 730

¹ Performance shares awarded in terms of the Company's waived bonus method.

² Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part II of the Summarised Remuneration Report on page 89 for additional information.

³ No performance shares were awarded or settled between 30 June 2017 and the date of this report.

	Executive Directors	
	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2016	310 914	222 111
Performance shares awarded		
9 December 2016	193 452	124 630
Performance shares settled ¹	(40 077)	(31 761)
Closing balance as at 30 June 2017²	464 289	314 980

¹ Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part II of the Summarised Remuneration Report on page 89 for additional information.

² No performance shares were awarded or settled between 30 June 2017 and the date of this report.

	Prescribed Officers		
	A Joubert	J C Steenkamp ³	F A Uys
	Number of shares		
Opening balance as at 1 July 2016	145 336	206 105	104 731
Performance shares awarded 9 December 2016	76 300	124 630	66 762
Performance shares settled ¹	(19 388)	(17 567)	(17 028)
Closing balance as at 30 June 2017²	202 248	313 168	154 465

1 Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part II of the Summarised Remuneration Report on page 89 for additional information.

2 No performance shares were awarded or between 30 June 2017 and the date of this report and 36 314 performance shares were settled and 10 263 performance shares were forfeited between 30 June 2017 and the date of this report.

3 Mr J C Steenkamp retired from the Company on 30 June 2017 and was appointed to the Board as a Non-executive Director on 10 October 2017.

Bonus shares

Pursuant to the Share Plan, eligible participants receive grants of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares are only settled to participants after three or four years, as the case may be, conditional on continued employment.

The total number of bonus shares granted in November 2016 was 57 584. During the year under review, 282 944 bonus shares vested and were settled, including 28 255 bonus shares held by employees who retired, were retrenched or deceased during the year, and 4 431 bonus shares were forfeited. The total number of bonus shares as at 30 June 2017 was 843 415.

Following a 2015 benchmarking study by PwC, the Company's remuneration consultants, which recommended that in accordance with international good practice shares be awarded in terms of established performance criteria, the Board agreed in 2015 that bonus shares would no longer be granted in the annual allocations. Deferred bonus and waived bonus shares would, however, be still granted.

Between 30 June 2017 and the date of this report, 38 885 bonus shares were settled and 1 775 were forfeited. The number of bonus shares granted to Executive Directors and Prescribed Officers is summarised below.

BONUS SHARES

	Executive Directors		
	P T Motsepe	M Arnold	H L Mkatshana
	Number of shares		
Opening balance as at 1 July 2016	193 604	65 637	46 097
Bonus shares granted 14 November 2016 ¹	47 218	–	–
Bonus shares settled	(44 750)	(7 656)	(5 864)
Closing balance as at 30 June 2017²	196 072	57 981	40 233

1 Bonus shares granted in terms of the Company's waived bonus method.

2 No bonus shares were granted or settled between 30 June 2017 and the date of this report.

	Executive Directors	
	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2016	128 505	117 074
Bonus shares settled	(30 846)	(27 822)
Closing balance as at 30 June 2017¹	97 659	89 252

1 No bonus shares were granted or settled between 30 June 2017 and the date of this report.

SUMMARISED REMUNERATION REPORT continued

	Prescribed Officers		
	A Joubert	J C Steenkamp ²	F A Uys
	Number of shares		
Opening balance as at 1 July 2016	83 073	101 664	34 899
Bonus shares settled	(16 265)	(14 224)	–
Closing balance as at 30 June 2017¹	66 808	87 440	34 899

¹ No bonus shares were granted or settled between 30 June 2017 and the date of this report and 26 482 performance shares were settled between 30 June 2017 and the date of this report.

² Mr J C Steenkamp retired from the Company on 30 June 2017 and was appointed to the Board as a Non-executive Director on 10 October 2017.

Share option scheme

Between 2008 and 2013, the annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) were made to eligible participants, but at a much reduced scale following the adoption of the Share Plan. Share options have not been allocated to Executive Directors and Prescribed Officers since October 2013. Schedules of share option awards accruing to Executive Directors and Prescribed Officers, and the transactions that occurred during the year to 30 June 2017 are set out below.

SCHEDULE OF SHARE OPTION AWARDS

	Executive Directors					
	P T Motsepe		M Arnold		H L Mkatshana	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2016	89 358	164.25	51 973	169.11	22 874	183.62
Options exercised	(1 549)	96.20	(617)	96.20	–	–
Options cancelled ¹	(14 519)	96.20	(5 780)	96.20	–	–
Closing balance as at 30 June 2017	73 290	179.17	45 576	179.34	22 874	183.62
Grant date of options						
15 October 2009	10 707	155.20	5 316	155.20	–	–
15 October 2010	–	–	6 287	178.49	–	–
9 November 2011	19 396	182.67	9 959	182.67	–	–
3 April 2012	–	–	–	–	6 861	182.19
15 October 2012	22 964	168.37	12 769	168.37	8 167	168.37
29 October 2013	20 223	200.75	11 245	200.75	7 846	200.75

¹ Share options cancelled using the net settlement process.

	Executive Directors			
	M P Schmidt		A J Wilkens	
	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2016	64 940	172.49	95 716	161.63
Options exercised	(617)	96.20	(1 832)	96.20
Options cancelled ¹	(5 780)	96.20	(17 179)	96.20
Closing balance as at 30 June 2017	58 543	180.83	76 705	177.84
Grant date of options				
15 October 2009	4 262	155.20	12 668	155.20
15 October 2010	4 863	178.49	12 072	178.49
9 November 2011	15 328	182.67	19 124	182.67
15 October 2012	18 127	168.37	17 463	168.37
29 October 2013	15 963	200.75	15 378	200.75

¹ Share options cancelled using the net settlement process.

	Prescribed Officers					
	A Joubert		J C Steenkamp ²		F A Uys	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2016	38 069	178.91	77 158	166.22	16 702	184.34
Options exercised	–		(1 157)	96.20	–	
Options lapsed/forfeited ¹	–		(10 849)	96.20	–	
Closing balance as at 30 June 2017	38 069	178.91	65 152	179.13	16 702	184.34
Grant date of options						
15 October 2009	5 103	155.20	8 000	155.20	–	–
15 October 2010	4 863	178.49	9 408	178.49	–	–
9 November 2011	7 997	182.67	14 903	182.67	–	–
15 October 2012	10 691	168.37	17 463	168.37	8 464	168.37
29 October 2013	9 415	200.75	15 378	200.75	8 238	200.75

¹ Share options cancelled using the net settlement process.

² Mr J C Steenkamp retired from the Company on 30 June 2017 and was appointed to the Board as a Non-executive Director on 10 October 2017.

VESTING DATES

Performance shares

Annual Allocations

Performance shares conditionally awarded to participants other than senior executives after 1 November 2011:

Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to senior executives after 1 November 2011 and before 1 November 2014:

Performance shares vest and are settled after a performance period of four years, subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to senior executives after 1 November 2014:

Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria. For performance shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

Deferred Bonus/Co-Investment Scheme

Matching performance shares conditionally awarded in terms of the Deferred Bonus/Co-Investment Scheme vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

Waived Bonus Method

Matching performance shares conditionally awarded in terms of the Waived Bonus Method vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

SCHEDULE OF PERFORMANCE SHARE VESTING DATES

	Number of shares
Performance shares outstanding at 30 June 2017	4 499 333
Vesting on	
22 May 2017	7 985
30 October 2017	179 668
18 November 2017	460 110
22 November 2017	56 997
25 April 2018	14 489
15 October 2018	820 989
26 November 2018	1 036 695
19 May 2019	30 354
15 November 2019	57 584
10 December 2019	1 795 729
16 May 2020	38 733

Bonus shares

Annual Allocations

Bonus shares granted to participants other than senior executives after 1 November 2011:

Bonus shares vest and are settled after three years, subject to continued employment. For bonus shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

Bonus shares granted to senior executives after 1 November 2011 and before 1 November 2014:

Bonus shares vest and are settled after four years, subject to continued employment.

SUMMARISED REMUNERATION REPORT continued

Bonus shares granted to senior executives after 1 November 2014:

Bonus shares vest and are settled after three years, subject to continued employment. For bonus shares granted after 5 December 2014, retirement does not accelerate the vesting period. Annual allocations are no longer made.

Deferred Bonus/Co-Investment Scheme

Bonus shares granted in terms of the Deferred Bonus/Co-Investment Scheme vest and are settled after three years.

Waived Bonus Method

Bonus shares granted in terms of the Waived Bonus Method vest and are settled after three years.

SCHEDULE OF BONUS SHARE VESTING DATES

	Number of shares
Bonus shares outstanding at 30 June 2017	843 415
Vesting on	
30 October 2017	136 446
18 November 2017	198 865
22 November 2017	60 351
26 November 2018	390 169
15 November 2019	57 584

Share options

Options granted after 1 December 2008: No options may be exercised prior to the third anniversary of the issue date relative to such options.

Options granted to senior executives between 1 November 2011 and 30 June 2014: No options may be exercised prior to the fourth anniversary of the issue date relative to such options.

Options may not be exercised later than the eighth anniversary of the issue date, after which such options lapse.

SCHEDULE OF OPTION VESTING DATES

	Number of options	Average issue price per option
Options outstanding at 30 June 2017	1 068 757	R180.82
Vested		
16 October 2012	92 198	R155.20
27 April 2013	4 808	R195.60
16 October 2013	130 329	R178.49
2 April 2014	6 857	R223.00
10 November 2014	105 034	R182.67
3 April 2015	11 951	R182.19
16 October 2015	141 909	R168.37
10 November 2015	121 787	R182.67
3 April 2016	6 861	R182.19
27 April 2016	4 615	R181.00
16 October 2016	156 847	R168.37
30 October 2016	133 785	R200.75
22 May 2017 ¹	10 661	R191.14
Vesting on		
30 October 2017	141 115	R200.75

¹ Share options granted to management other than senior executives.

SHARE INCENTIVE MOVEMENTS

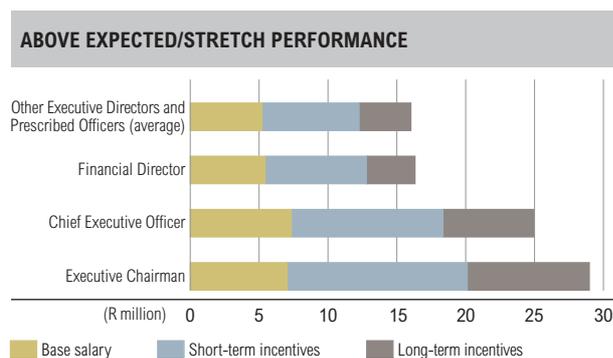
	Share options		Performance shares ¹		Bonus shares ¹	
	F2017	F2016	F2017	F2016	F2017	F2016
Opening balance as at 1 July 2016	1 268 254	1 736 232	3 062 420	2 312 550	1 073 206	933 066
Exercised	(51 764)	–	–	–	–	–
Settled	–	–	(344 626)	(299 694)	(282 944)	(232 017)
Granted/awarded	–	–	1 907 006	1 150 506	57 584	390 169
Forfeited/cancelled/lapsed	(147 733)	(467 978)	(125 467)	(100 942)	(4 431)	(18 012)
Closing balance as at 30 June 2017	1 068 757	1 268 254	4 499 333	3 062 420	843 415	1 073 206
Subsequent to year-end:						
Exercised/settled	–	–	(64 534)	(32 648)	(38 885)	(26 693)
Forfeited/cancelled/lapsed	(14 276)	(42 717)	(43 005)	(67 500)	(1 775)	(3 642)
Balance as at the date of this report	1 054 481	1 225 537	4 391 794	2 962 272	802 755	1 042 871

¹ Conditional.

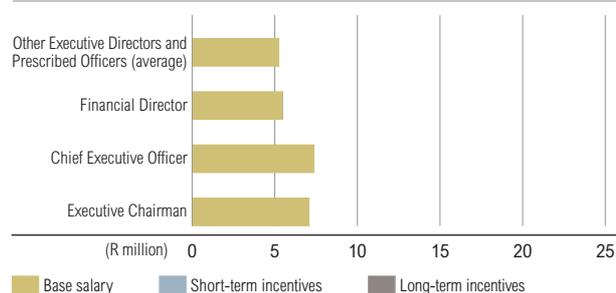
REMUNERATION OUTCOMES

The remuneration outcomes in 2017 for the Executive Chairman, the Chief Executive Officer, the Financial Director and Other Executive Directors plus Prescribed Officers are shown on the graphs below. The emoluments are detailed in the remuneration table on page 93.

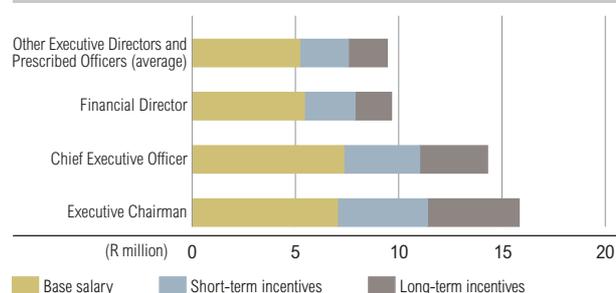
TOTAL REMUNERATION OUTCOMES: 2017



BELOW EXPECTED PERFORMANCE



AT ON-TARGET/EXPECTED PERFORMANCE



DIRECTORS' REMUNERATION: NON-EXECUTIVE DIRECTORS

The remuneration of Non-executive Directors consists of Directors' fees. Board and Committee retainers and attendance fees are paid quarterly and in arrears.

The table below sets out the emoluments paid to Non-executive Directors during the years ended 30 June 2017 and 30 June 2016.

All figures in R000	Board and Committee fees ³	Value-added tax at 14% ⁴	Other ⁵	Total F2017	Total F2016
Non-executive Directors¹					
F Abbott	888	10	–	898	740
Dr M M M Bakane-Tuoane	1 207	10	–	1 217	1 108
T A Boardman	1 266	6	–	1 272	1 298
A D Botha	888	10	–	898	916
J A Chissano	546	10	604	1 160	1 071
W M Gule	477	–	170	647	582
A K Maditsi	1 410	16	–	1 426	1 232
J P Möller ²	236	6	–	242	–
Dr R V Simelane	1 141	10	–	1 151	1 044
Z B Swanepoel	591	11	–	602	578
Total for Non-executive Directors⁶	8 650	89	774	9 513	8 569

¹ Payments for the reimbursement of out-of-pocket expenses have been excluded.

² Mr J P Möller was appointed on 1 January 2017.

³ Fees paid or payable.

⁴ Value-added tax applicable to Non-Executive Directors' fees between 1 June 2017 and 30 June 2017.

⁵ Fees in terms of service contracts. See Part II of the Summarised Remuneration Report on page 92 for more information.

⁶ Messrs D C Noko and J C Steenkamp were appointed to Board after the reporting period, with effect from 10 October 2017.