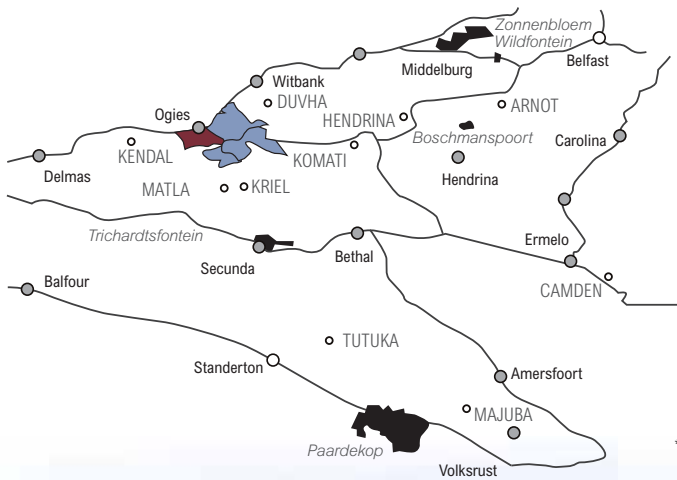


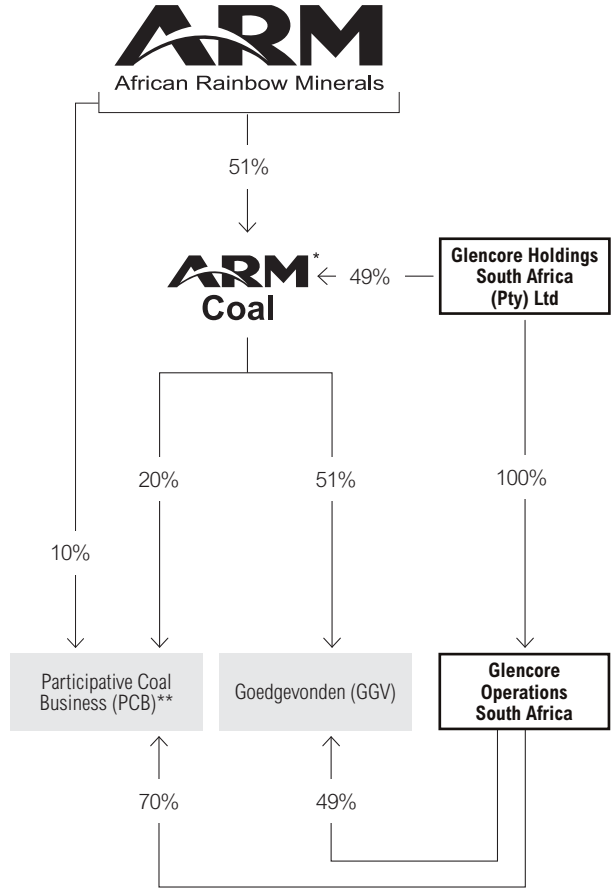
ARM COAL



Thando Mkatshana
Chief Executive – ARM Coal



Legend
■ Goedgevonden Mine ■ PCB operations ■ Undeveloped Resources



* ARM Coal holds the following:
 – Access to Glencore Operations South Africa’s interest and entitlement in the Richards Bay Coal Terminal (RBCT); and
 – An export entitlement of 3.2 Mtpa in the Phase V expansion at the RBCT.
 ** Participative Coal Business (PCB) refers to the Impunzi and Tweefontein operations.






KEY FEATURES FOR F2018

Restructuring of the ARM Coal debt was completed.

Headline earnings were **R1 485 million** including a **R1 210 million** net fair value gain as a result of the ARM Coal debt restructuring.

Average realised US Dollar prices for export thermal coal increased by 22%.

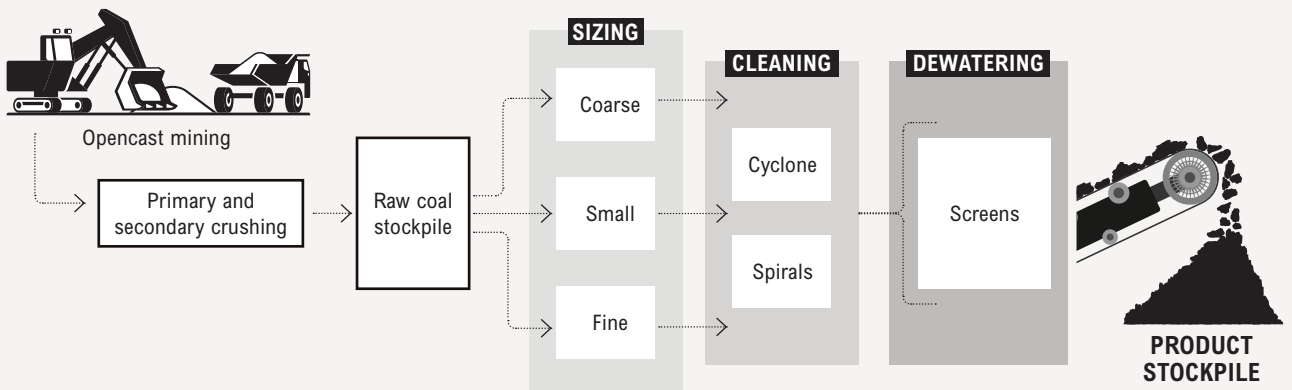
MATERIAL MATTERS

- 
 - Change in global seaborne market dynamics which has led to increased demand for coal from South Africa.
- 
 - High unit production cost increases at GGV Mine.
 - Safety-related stoppages.
 - Industrial action.
- 
 - Community unrest.
 - Changes in legislation.



PRODUCTION PROCESS

THERMAL COAL




ARM COAL continued



GGV MINE

| F2018 OBJECTIVES | PERFORMANCE AGAINST F2018 OBJECTIVES | F2019 OBJECTIVES |
|------------------|--------------------------------------|---|
| | | Conclude the Eskom Tranche 3 supply contract. |

PCB MINE

| F2018 OBJECTIVES | PERFORMANCE AGAINST F2018 OBJECTIVES | F2019 OBJECTIVES |
|---|--|--|
| Engage with Transnet Freight Rail (TFR) to utilise rail capacity that may become available in the Richards Bay Coal Terminal (RBCT) coal logistics channel. | <p>Achieved</p>  <p>Additional volumes were railed. This opportunity will continue to be utilised when viable.</p> | Continue to explore and utilise available rail capacity. |

MARKET REVIEW

Growth in electricity generation in the Asian countries has resulted in increased demand for seaborne thermal coal estimated at 8% compared to F2017. These countries, led by China and India, are also focused on reducing airborne pollutants thus burning more high-energy, low-impurity thermal coal.

This increase in demand for better quality coal has resulted in higher coal prices to producers mainly from Australia, South Africa and Russia to the Asian markets. It has also attracted producers from the USA and Columbia which are diverting from their traditional European market to the Asian market.

Declining thermal coal demand in European countries has largely been mitigated by increases in Mediterranean and African thermal coal demand. Overall demand is expected to remain strong; however, prices are expected to come under pressure as mines that were previously put on care and maintenance (particularly in Indonesia) return to production, incentivised by the high prices.

South African export capacity is expected to remain at prevailing volumes limited by logistics infrastructure and limited investment by major producers into increasing production levels.

Eskom has still not concluded long-term supply agreements for the Kusile Power Station as well as the replacement contracts for the supply contracts that are maturing soon. Negotiations with the major coal producers following the appointment of the new Eskom management have commenced. ARM Coal, with Glencore, is also in engagement with Eskom to increase the supply of coal to Eskom from both the GGV and PCB operations.

FINANCIAL REVIEW

ARM Coal's attributable headline earnings increased to R1 485 million (F2017: R82 million) mainly due to the debt restructuring. In addition, earnings also improved due to the average realised US Dollar export prices being 22% higher compared to F2017.

Seaborne coal prices were positively impacted by an increase in demand from India and China. The impact of the higher prices was partially reduced by a strengthening of the average realised Rand/US Dollar exchange rate. Realised Rand prices increased by 17% from R843 per tonne in F2017 to R990 per tonne in F2018.

More than 80% of the export volumes at GGV Mine were high-quality (RB1) coal while only 39% of PCB exports were RB1 coal. This resulted in PCB's average received export price being lower compared to GGV Mine.

ARM's attributable saleable tonnes produced of 4.93 million tonnes is 1.8% lower than the 5.02 million tonnes produced in F2017.

OPERATIONAL REVIEW

GGV Mine

Average received export US Dollar prices increased by 36% compared to F2017. The impact of the higher prices was partially reduced by a 10% reduction in export sales volumes and a 6% strengthening of the Rand versus the US Dollar. This resulted in an increase in attributable export revenue of R107 million.

Saleable production at GGV Mine was 7% lower than F2017 partially due to a rollover of low in-pit inventory levels from F2017. The in-pit inventory levels have marginally improved during F2018. The mine remains focused on improving the in-pit inventory levels. Production volumes were further negatively impacted by underperformance of the mining contractors, underperformance of the truck and shovel fleet, safety-related stoppages and labour unrest.

On-mine unit production costs per saleable tonne increased by 9% to R351, mainly as a result of the decrease in production volumes.

Attributable headline earnings increased to R852 million (F2017: R99 million headline loss). This amount was positively impacted by an R885 million fair value gain relating to the debt restructuring.

PCB's operations

The PCB operations all performed well during F2018 and achieved increases of 5% and 1% in ROM and saleable production volumes respectively.

PCB attributable cash operating profit increased by 6% to R1 030 million (F2017: R976 million) as a result of a R238 million increase in revenue offset by a R184 million increase in operating costs.

The increase in revenue was largely as a result of a 1% increase in sales volumes together with a 19% increase in US Dollar coal prices. This was partially offset by the strengthening of the Rand versus the US Dollar. Revenue from inland coal sales was R36 million lower than the corresponding period, due to a decrease in local coal sales volumes.

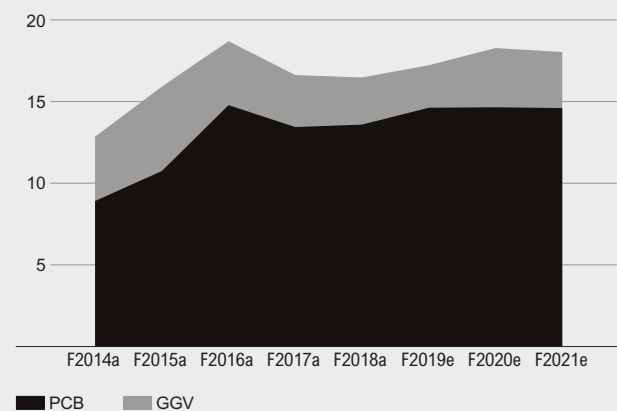
Unit production costs per saleable tonne increased by 19% from R278 per tonne in F2017 to R330 per tonne in F2018. On-mine production costs in the corresponding period benefited from processing of stockpile ore built up during the Tweefontein Optimisation Project (TOP). The Tweefontein operation has since stabilised and is now operating at the planned unit production costs which was estimated at approximately R300 per tonne. The 5% increase in ROM production together with the reduction in the benefits obtained from the low-cost stockpile resulted in an increase in on-mine costs of R188 million.

Headline earnings attributable to ARM were R633 million. (F2017: R181 million). This amount was positively impacted by a R325 million fair value gain relating to the debt restructuring.

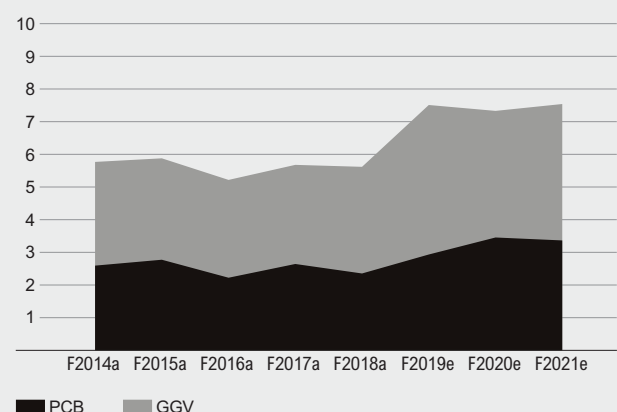
OUTLOOK

ARM Coal sales volumes from F2014 to F2021 (100% basis)

EXPORT SALES VOLUMES (Mt)



LOCAL SALES VOLUMES (Mt)



ARM COAL continued**SUMMARY KEY PERFORMANCE INDICATORS****GGV MINE****Ownership:**

ARM holds an effective 26% in GGV, Glencore Operations South Africa (GOSA) owns the remaining 74%.

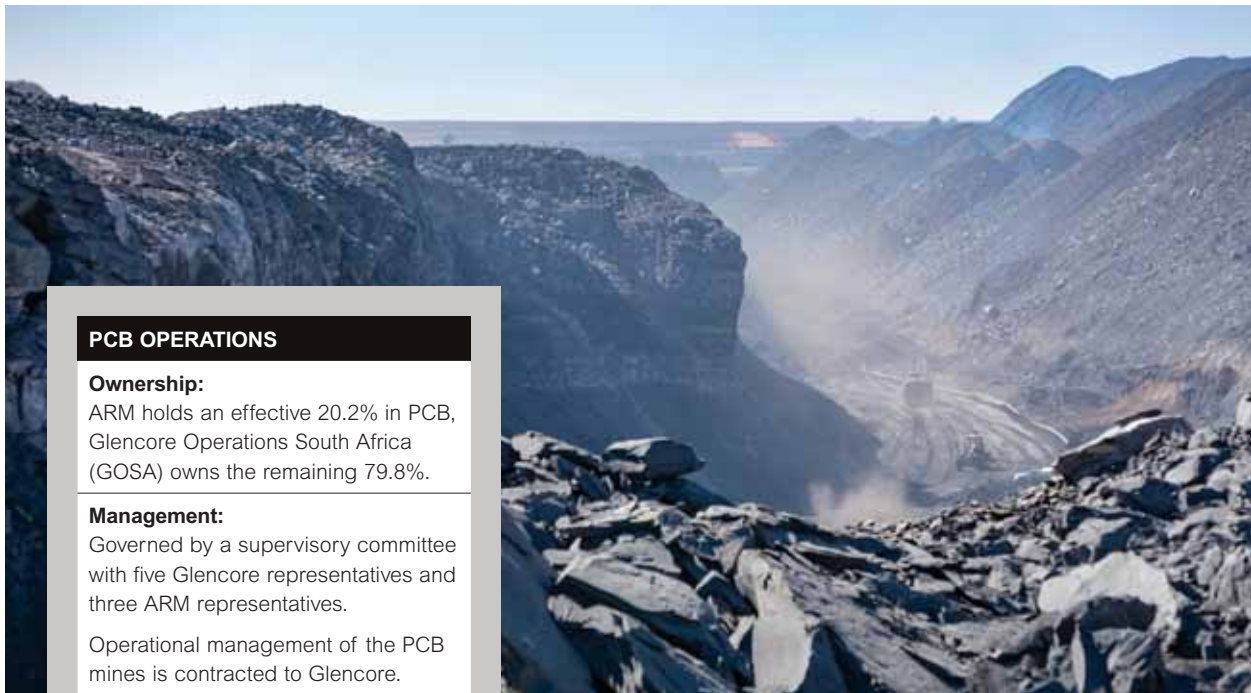
Management:

Governed by a management committee controlled by ARM Coal, with four ARM representatives and three Glencore representatives. Operational management of the mine is contracted to Glencore.

| | unit | F2018 | F2017 | F2016 | F2015 | F2014 |
|---|-----------|--------------|-------|-------|-------|-------|
| OPERATIONAL – 100% BASIS | | | | | | |
| Production and sales | | | | | | |
| Total saleable production | Mt | 6.05 | 6.47 | 6.53 | 8.34 | 7.29 |
| Total thermal coal sales | Mt | 6.11 | 6.21 | 6.90 | 8.26 | 7.10 |
| Export thermal coal sales | Mt | 2.85 | 3.18 | 3.91 | 5.16 | 3.93 |
| Local thermal coal sales | Mt | 3.26 | 3.03 | 2.99 | 3.10 | 3.17 |
| Realised prices | | | | | | |
| Export (FOB) | US\$/t | 84.57 | 62.07 | 40.99 | 54.97 | 73.83 |
| Eskom (FOT) | R/t | 235 | 229 | 236 | 208 | 199 |
| Unit costs | | | | | | |
| On-mine saleable cost per tonne | R/t | 351 | 323 | 239 | 189 | 208 |
| FINANCIAL – ATTRIBUTABLE BASIS | | | | | | |
| Sales revenue | R million | 1 028 | 911 | 797 | 1 025 | 961 |
| Total costs | R million | 32* | (676) | (593) | (607) | (588) |
| Operating profit/(loss) | R million | 1 060 | 235 | 204 | 418 | 373 |
| EBITDA | R million | 335 | 235 | 204 | 418 | 373 |
| Capital expenditure | R million | 140 | 196 | 185 | 263 | 129 |
| Cash operating profit | R million | 335 | 235 | 204 | 418 | 373 |
| Less: | | | | | | |
| – Interest paid | R million | (157) | (213) | (183) | (150) | (87) |
| – Interest received | R million | 3 | – | – | – | – |
| – Amortisation | R million | (167) | (147) | (128) | (120) | (103) |
| – Fair value adjustment | R million | 885 | (12) | (15) | (19) | (14) |
| Profit/(loss) before tax | R million | 899 | (137) | (122) | 129 | 169 |
| Tax | R million | (47) | 38 | 35 | (36) | (47) |
| Headline earnings/(loss) attributable to ARM | R million | 852 | (99) | (87) | 93 | 122 |

* Includes a net fair value gain of R885 million.

AFS Refer to note 2 to the Annual Financial Statements for the ARM Coal segmental information.



PCB OPERATIONS

Ownership:

ARM holds an effective 20.2% in PCB, Glencore Operations South Africa (GOSA) owns the remaining 79.8%.

Management:

Governed by a supervisory committee with five Glencore representatives and three ARM representatives.

Operational management of the PCB mines is contracted to Glencore.

| | unit | F2018 | F2017 | F2016 | F2015 | F2014 |
|---|-----------|------------|---------|---------|---------|---------|
| OPERATIONAL – 100% BASIS | | | | | | |
| Production and sales | | | | | | |
| Total saleable production | Mt | 16.64 | 16.55 | 14.63 | 13.61 | 12.10 |
| Impunzi | Mt | 6.77 | 7.20 | 6.53 | 6.31 | 5.30 |
| South Stock | Mt | – | – | 0.41 | 1.90 | 1.90 |
| Tweefontein | Mt | 10.04 | 9.35 | 7.69 | 5.40 | 4.90 |
| Total thermal coal sales | Mt | 15.78 | 16.06 | 16.98 | 13.50 | 11.49 |
| Export thermal coal sales | Mt | 13.44 | 13.42 | 14.76 | 10.73 | 8.90 |
| Eskom thermal coal sales | Mt | 1.58 | 1.53 | 1.39 | 1.74 | 1.90 |
| Other local thermal coal sales | Mt | 0.76 | 1.11 | 0.83 | 1.03 | 0.69 |
| Realised prices | | | | | | |
| Export (FOB) | US\$/t | 73.51 | 61.89 | 41.66 | 55.12 | 65.71 |
| Eskom (FOT) | R/t | 240 | 242 | 223 | 215 | 203 |
| Other local thermal coal sales (FOR) | R/t | 637 | 758 | 384 | 362 | 331 |
| Unit costs | | | | | | |
| On-mine saleable cost per tonne | R/t | 330 | 278 | 273 | 333 | 396 |
| FINANCIAL | | | | | | |
| Sales revenue | R million | 2 765 | 2 528 | 1 930 | 1 519 | 1 352 |
| Total costs | R million | (1 835) | (1 552) | (1 533) | (1 190) | (1 220) |
| Operating profit | R million | 930 | 976 | 397 | 329 | 132 |
| EBITDA | R million | 1 030 | 976 | 397 | 329 | 132 |
| Capital expenditure | R million | 413 | 246 | 214 | 557 | 765 |
| Cash operating profit | R million | 1 030 | 976 | 397 | 329 | 132 |
| Plus: Interest received | R million | 5 | – | – | – | – |
| Less: | | | | | | |
| – Interest paid | R million | (164) | (320) | (308) | (263) | (189) |
| – Amortisation | R million | (425) | (355) | (321) | (300) | (265) |
| – Fair value adjustment | R million | 325 | (50) | (59) | (25) | (13) |
| Profit/(loss) before tax | R million | 771 | 251 | (291) | (259) | (335) |
| Tax | R million | (138) | (70) | 81 | 73 | 93 |
| Headline earnings/(loss) attributable to ARM | R million | 633 | 181 | (210) | (186) | (242) |