

Operational review



ARM Strategic Services and Exploration

Jan Steenkamp
Chief Executive: ARM Strategic Services & Exploration

Divisional structure



ARM Exploration is involved in identifying and assessing exploration and mineral business opportunities in Sub-Saharan Africa.



* Countries where opportunities have been investigated.

Scorecard

| F2014 objectives | F2014 performance | F2015 objectives |
|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Mozambique Rovuma Resources Limitada | | |
| Continuation of diamond drilling to test additional targets. | A number of targets were tested through reconnaissance diamond drilling. | Continuation of diamond drilling to test additional targets. |
| Ongoing interpretation of geological, geophysical and geochemical data, and further drilling. | Geological mapping completed and results integrated with airborne and ground geophysical and geochemical data. | Assessment of targets through mapping and integration of data is ongoing. |
| Further resource definition drilling to be undertaken if warranted. | Identification of two untested targets for base metals defined and investigated. | Drilling to continue. |
| Pre-feasibility studies and economic analysis to be undertaken on potential resources/targets. | Nickel Project evaluated. Base metal targets evaluation in progress. | Evaluation of additional targets to be completed. |
| New Business and Exploration | | |
| Continue to identify opportunities for participation in Africa with focus on PGMs, base metals, manganese ore, iron ore and coal. | Numerous opportunities evaluated and due diligence investigations undertaken. Negotiations commenced participation in two ferrous projects. | Continuation of business intelligence gathering and evaluation of projects that may provide ARM with the best opportunities. |

Review of the year

ARM's growth strategy comprises two parts, namely: strong, continued, growth of the existing assets, pursued by the existing joint venture operations; and a new minerals business growth strategy to develop an expanded, diversified portfolio of development opportunities. In order to support execution of ARM's growth strategy, the Strategic and Services and Exploration Division was created.

The Strategic Services and Exploration division focusses on three areas:

- Projects
- Technical support
- Exploration

Costs for the Strategic and Services and Exploration Division were R81 million (F2013: R88 million).

Projects

The Project team partners with divisions to assist with major capital projects. The team assists with planning, scoping, management and delivery of the projects according to the required specifications. The team manages the people and project resource management in order to ensure that the project is provided with the requisite skills and services. The Project team is currently involved with the R6.7 billion Black Rock Expansion Project, the US\$328 million Sakura Ferroalloys Project and the Beeshoek Village Pit Project.

Technical Support

Technical support comprises an experienced, multi-disciplinary team that underpins ARM strategy by providing technical services to all existing and new opportunities.

Exploration

ARM actively pursues new mineral opportunities in Africa based on commodities within ARM's current portfolio. These include iron ore, manganese ore, base metals, PGMs, and coal, as well as their various by-products.

ARM's minimum requirement is that potential partners have successfully completed methodological target generation and concept-driven exploration, and have recorded discovery success. ARM will consider investing in such projects or companies and in partnership would undertake further exploration, studies and evaluation and investments further down the mining value chain.

The agreement with Rovuma Resources Limited, a Mozambican exploration company, is ongoing. Rovuma explores in northern Mozambique and has identified numerous occurrences of copper/zinc and nickel/copper/PGMs.

ARM agreed to continue with the option for the fourth year and to fund exploration at a cost of about US\$7 million. ARM will have exclusive rights to exercise options to purchase prospecting and/or mining rights to the resources.

On 29 April 2014 ARM announced that Assmang had entered into a conditional share subscription agreement with IronRidge Resources Limited (IronRidge). One of the conditions of the subscription agreement was the admission of IronRidge to the Alternative Investment Market (AIM) of the London Stock Exchange plc through a GBP25 million capital raising. IronRidge was not successful in securing the GBP25 million.