

AFRICAN RAINBOW MINERALS LIMITED

POLICIES AND PROCEDURES

Subject: INFORMATION POLICY REGARDING DEALINGS IN SECURITIES AND INSIDER TRADING

Effective date: 20 May 2011 and most recently updated on 4 June 2018

Updated by Bowmans and adopted by the Board of Directors (the "Board") on 20 May 2011, and most recently updated by the Board on 4 June 2018

1. INTRODUCTION

The JSE Limited (**JSE**), the Financial Markets Act 19 of 2012 (**FMA**) and the King IV Report on Corporate Governance for South Africa (**King IV**) have stipulated requirements regarding dealing in Securities of companies listed on the JSE and prohibitions on dealing in Securities in certain circumstances. African Rainbow Minerals Limited (**ARM** or the **Company**) and its employees are therefore required to comply with those requirements. The Board must annually review and, if necessary, amend this policy, taking into consideration the recommendations of ARM's Audit and Risk Committee.

Those requirements are set out below for your guidance.

2. DEFINITIONS

- 2.1 **Affected Persons** means any Director, all members of executive and management committees, or person who holds Inside Information or any shareholder who has representation on the Board;
- 2.2 **Associate**, in relation to a Director, means that Director's associates (as such term is defined in the JSELR from time to time, a copy of which definition, as at the date of updating of this policy, is attached as Annexure B);
- 2.3 **Cautionary Announcement** means an announcement (meeting the requirements of 11.40 of the JSELR) published in terms of the JSELR containing Price Sensitive Information;
- 2.4 **Closed Period** has the meaning given to it in paragraph 6.1.1;
- 2.5 **Corporate Action** means a particular corporate action or unusual event that is not in the ordinary course of business which may affect the price of the Company's shares;
- 2.6 **Designated Person(s)** means all Directors and all members of executive and management committees, and all employees and contractors of ARM;
- 2.7 **Director** means any director of ARM or the Company Secretary of ARM;
- 2.8 **Inside Information** means specific or precise information which (i) has not been made public and which is learned or obtained as an Insider and, (ii) if it were made public, would be likely to have a material effect on the value or price of any listed securities;

- 2.9 **Insider** means a person who has inside information
- (a) through: (i) being a Director, employee or shareholder of the Company; or (ii) having access to such information by virtue of employment, office or profession; or
- (b) where such person knows that the direct or indirect source of the information was a person contemplated in paragraph (a);
- 2.10 **JSELR** means the JSE Listings Requirements;
- 2.11 **Material** means information that, if omitted or misstated, could influence the economic decisions of users and includes a change in a particular factor that may be regarded in the circumstances as being material;
- 2.12 **Price Sensitive Information** means information that is specific or precise, which if it were made public, would have a material effect on the price of the Company's securities;
- 2.13 **Prohibited Period** has the meaning given to it in paragraph 6.1;
- 2.14 **Securities** in relation to ARM, means those "securities" (as such term is defined in the FMA) issued by it from time to time, including, without limitation, ARM shares, share options, bonus and performance shares;
- 2.15 **SENS** means Stock Exchange News Service; and
- 2.16 **Sponsor** means Deutsche Securities (SA) Proprietary Limited.

3. FINANCIAL MARKETS ACT

- 3.1 The FMA regulates, among other things, insider trading.
- 3.2 There is an obligation on all persons to do a personal review of all information they may have and to be very sensitive about how such information is used.
- 3.3 In particular, an Insider who knows that he or she has Inside Information is prohibited from: (i) dealing directly or indirectly in Securities for his or her own account or for any other person; (ii) disclosing Inside Information to another person; and (iii) encouraging or causing another person to deal, or discouraging or stopping another person from dealing in Securities of the Company.
- 3.4 The onus of observing the obligations imposed by the FMA is on ARM and each Designated Person.
- 3.5 Examples of Inside Information could include, subject to the relevant circumstances:
- 3.5.1 changes in the executive of the company through appointments, resignations or incapacity;
- 3.5.2 the acquisition or loss of major contracts;
- 3.5.3 labour disputes or strikes;

- 3.5.4 lawsuits, defaults and liquidations;
- 3.5.5 Competition Commission investigations or rulings;
- 3.5.6 qualified audits; and/or
- 3.5.7 product malfunctions.

4. KING CODE IV REPORT ON CORPORATE GOVERNANCE

King IV must be implemented through the “disclose and apply” principle. In addition to the requirements of the Companies Act, the FMA and the JSELR, certain principles of King IV also relate to the need for a policy regulating dealing in securities and insider trading:

- 4.1 Directors of the Company should avoid any conflicts of interests and where conflicts cannot be avoided they must be disclosed to the Company in full and at the earliest opportunity.
- 4.2 Directors should ensure that codes of conduct and ethics policies encompass the Company's interaction with both internal and external shareholders and should exercise ongoing oversight of management and ethics within the Company.
- 4.3 Directors should ensure that their role and responsibility, management requirements and procedural conduct are documented in a charter which is regularly reviewed in order to guide the Board's effective functioning.
- 4.4 Directors should approve a policy that articulates and gives effect to the Company's set direction on the employment of technology and information.

5. JSE LISTINGS REQUIREMENTS

Directors Dealings

- 5.1 Dealings in Securities include the transactions set out in Annexure A.
- 5.2 Dealings relate to Securities held beneficially (whether directly or indirectly) by a Director and also include dealings by a Director's Associate.
- 5.3 A Director (or his/her Associate) may not deal in Securities without first advising the Company in advance and obtaining written clearance to deal (see further paragraph 7 below).
- 5.4 A Director may not deal in any Securities during (i) a Closed Period; or (ii) when he or she is in possession of any unpublished Price Sensitive Information in relation to those Securities; or (iii) where the Director has not been given clearance to deal.
- 5.5 The JSE may waive compliance with the requirement not to deal in Securities in the circumstances set out in paragraph 5.4 above in situations where the Director has no discretion in the transaction. In such circumstances the JSE must be consulted for a prior ruling.

- 5.6 Information that is provided to the JSE must be the same as that provided to any other parties (i.e. transfer secretaries).
- 5.7 The Company Secretary will maintain a written record of all requests by Directors for clearance and any clearance given. Written confirmation must be given to the Director concerned that such requests and any clearance given have been recorded.
- 5.8 The Company must announce through a SENS announcement, the information stipulated in the JSELR in relation to any Director's dealings in Securities or, where a waiver has been granted by the JSE (as contemplated above), the announcement must explain the reasons why the Director has no discretion in the transaction (see paragraph 7 below).
- 5.9 A Director must advise his or her Associates and any investment manager which he or she has mandated to deal in Securities on his or her behalf or which deals on behalf of any of his or her Associates of the names of the listed companies of which he or she is a director.
- 5.10 A Director must advise in writing his or her Associates that they must notify him or her immediately after they have dealt in Securities in order for him or her to make appropriate disclosure as required by the JSELR.
- 5.11 A Director must advise his or her investment manager in writing that they may not deal in any Securities unless they obtain his or her express prior consent in writing.
- 5.12 The Company must publish the beneficial interests of directors and major shareholders in its annual financial statements and if the Company has received notice regarding any share transactions in terms of section 122(1) and (3) of the Companies Act it must, within 48 (forty eight) hours of receipt of such notice, publish the information contained in the notice on SENS.
- 5.13 In addition to the above, the Company is required to implement certain corporate governance practices and must disclose compliance with such practices in its annual report.

6. PROHIBITED AND CLOSED PERIODS

- 6.1 Clearance to deal in securities relating to the Company should not be given during a Prohibited Period being:
- 6.1.1 a Closed Period, which includes:
- 6.1.1.1 periods prior to dividend declarations, the publications of interim reports and provisional results;
- 6.1.1.2 periods from the date of the Company's financial year end up to the date of the earliest publication of the Company's results on SENS;
- 6.1.1.3 periods from the date of the expiration of the first 6 (six) month period of the Company's financial year up to the date of the publication of the Company's interim results;

- 6.1.1.4 periods from the date of the expiration of the second 6 (six) month period of the Company's financial year up to the date of publication of the Company's second interim results, in cases where the financial period covers more than 12 (twelve) months;
- 6.1.1.5 when major transactions (for example, takeovers, mergers, reorganizations, acquisitions or disposals if strategic investments, rights offer) are being negotiated and a public announcement is imminent and the Company, the Board or a Designated Person has announced a Closed Period; and
- 6.1.1.6 any period when the Company is trading under a Cautionary Announcement (a **Closed Period**); and
- 6.1.2 any period when there exists any matter which constitutes unpublished Price Sensitive Information in relation to the Company's securities (whether or not the Company, any subsidiary of the Company, or any Designated Person has knowledge of such matter),
- (6.1.1 and 6.1.2 together, a **Prohibited Period**).
- 6.2 The Board, the Executive Chairman, the Chief Executive Officer or the Financial Director of the Company will determine what constitutes a Closed Period.
- 6.3 The Company Secretary must notify the Affected Persons via email of the commencement and completion of any Prohibited Period. The Company Secretary must also ensure that Affected Persons are recorded in the register of Insiders which warns Affected Persons that the Price Sensitive Information is not known to people other than those on the register and that this information must not be communicated to people other than those on the register.
- 6.4 The Company Secretary is also required to notify Affected Persons via email of the commencement and completion of Closed Periods.

7. **PROCEDURE**

- 7.1 In terms of the FMA, the JSELR and Company Policy, Directors must do the following before dealing in the securities of the Company:
- 7.1.1 Prior written clearance for a Director or Company Secretary to deal in Securities must be obtained from any one of the Executive Chairman, Chief Executive Officer or Financial Director of the Company (**Designated Directors**), except in respect of a Designated Director's own dealings. In the case of intended dealings in Securities by Directors other than Designated Directors, the Executive Chairman shall be notified by the Chief Executive Officer or the Financial Director of any such intended dealings prior to their being cleared by any of the other two Designated Directors.
- 7.1.2 Prior written clearance for the Executive Chairman of the Company to deal in Securities must be obtained from any two of the Chairman of the Remuneration Committee, the Audit and Risk Committee or the Nomination Committee.

- 7.1.3 Prior written clearance for the Chief Executive Officer or Financial Director of the Company to deal in Securities must be obtained from the Executive Chairman.
- 7.1.4 An Associate of a Director or an Associate of a Designated Director does not require prior written clearance to deal in Securities.
- 7.2 A Director must provide the Company Secretary, immediately after conclusion of any dealings (including dealings by his or her Associate), with all dealing details required by the JSELR to enable a SENS announcement to be made within 24 (twenty- four) hours. The SENS announcement must state whether permission had been obtained for the transaction being reported on.
- 7.3 No Directors, Associates, officers, Designated Persons or subsidiaries of the Company will be allowed to deal in Securities during any Closed Period (as discussed above).
- 7.4 Price Sensitive Information may arise from Corporate Actions or from events in the ordinary course of the Company's business.
- 7.5 The determination of whether and when information is considered to be Price Sensitive Information requires the information to be reviewed by the Company Secretary, in consultation with the Executive Chairman, the Chief Executive Officer and the Financial Director (with reference to whether its importance qualifies it as being Price Sensitive Information) when it is considered "reasonably certain" that the Corporate Action or events in the ordinary course of business will be effected. The factors to be considered when determining the importance of the information include:
- 7.5.1 Careful consideration is required as to whether the publication of Price Sensitive Information would be likely to have an equal or greater than 5% (five percent) effect on the Company's share price. If this is the case, then the information is considered to be Price Sensitive Information.
- 7.5.2 Regardless of the 5% (five percent) threshold, if the information is considered to be important enough to warrant disclosure, irrespective of the effect on the share price, for example, if the information is likely to affect an investors' decision to buy or sell irrespective of price movements, then such information constitutes Price Sensitive Information.
- 7.5.3 Where there is uncertainty as to what qualifies as Price Sensitive Information, the Company's Sponsor must be consulted. If doubt remains after the Company's Sponsor has been consulted, then the Company must assume that the information is Price Sensitive Information.
- 7.5.4 For information to qualify as Price Sensitive Information, it must (i) be "specific" or "precise" and; (ii) have a "material effect" on the price of the Company's securities if published. Specific and precise information indicates a set of circumstances or an event which exists or may reasonably be expected to come into existence which may affect an investor's decision to buy or sell. "Material effect" can be assessed (amongst other things) in terms of whether, from the standpoint of a reasonable investor, the information is likely to have an effect on the Company's share price to the extent that the investor is likely to consider it significant in making an investment decision. Factors that are likely to influence the decisions of investors include, *inter alia*, the Company's:

- 7.5.4.1 assets and liabilities;
 - 7.5.4.2 performance or expected performance;
 - 7.5.4.3 financial condition;
 - 7.5.4.4 major new business developments; and
 - 7.5.4.5 information previously disclosed to the market.
- 7.6 Publication of announcements regarding Price Sensitive Information.
- 7.6.1 The JSELR provisions which relate to the publication of Price Sensitive Information and Cautionary Announcements must be adhered to at all times. This includes, (but is not limited to) the following:
 - 7.6.1.1 Inside Information concerning a pending Corporate Action or events in the ordinary course of business that can no longer be kept confidential must be published as a Cautionary Announcement on SENS and in terms of the JSELR.
 - 7.6.1.2 Should there be a breach of confidentiality and Price Sensitive Information is leaked into the market prior to the Company disclosing such information through a Cautionary Announcement (or if the Company suspects that confidentiality has or may have been breached), the Company must immediately rectify the situation by publishing a Cautionary Announcement.

8. TRADING STATEMENTS

- 8.1 Trading statements are required to ensure that the market receives useful and relevant information timeously relating to the Company's financial performance.
- 8.2 The Company must comply with the obligation on listed companies who do not publish quarterly financial results to publish a trading statement as soon as a reasonable degree of certainty exists that the financial results for the period to be reported upon next will differ by approximately 20% (twenty percent) or more from:
 - 8.2.1 the financial results for the previous corresponding period; or
 - 8.2.2 a profit forecast previously provided to the market in relation to such period.
- 8.3 The Company may publish a trading statement if the range by which financial results will differ is less than 20% (twenty percent) or is not yet known but is viewed by the Company as important enough to be made the subject of a trading statement.
- 8.4 The following procedure is to be complied with when publishing trading statements:
 - 8.4.1 the Chief Executive Officer, Financial Director and Company Secretary, in conjunction with the Sponsor, must draft the trading statement and ensure that the numbers reflected therein are accurate;

- 8.4.2 the trading statement must be approved by the Chairman of the Audit and Risk committee, the Sponsor and the Board;
- 8.4.3 the trading statement must be published on SENS, in the national press and posted on the Company's website; and
- 8.4.4 the trading statement cannot include the words "significant", "material" and "substantial", as to do so would imply a range different to [20% (twenty percent)] (in light of how such terms are defined in the JSELR).
- 8.5 Publication of trading statements does not trigger a closed period and does not require sign off from the Company's auditors.

9. DEALING WITH JOURNALISTS AND INVESTMENT ANALYSTS

- 9.1 Where practicable, the Company must invite its Sponsor to attend open presentations made to journalists and investment analysts (**Analysts**). Meetings with Analysts may not be arranged during a Closed Period.
- 9.2 The Sponsor must keep an accurate record of the presentation and must report back to the Company Secretary on a regular basis, or as necessary. Should any Price Sensitive Information have been inadvertently disclosed, the Company Secretary must ensure that this policy is adhered to and that the information is immediately announced through SENS.
- 9.3 Authorised spokespersons of the Company must attend the presentations and/or meetings and only authorised spokespersons may speak on the Company's behalf at the presentations and/or meetings. Authorised spokespersons must be familiar with the information that the Company has previously released through SENS.
- 9.4 The Head of Investor Relations must encourage Analysts to send the Company their reports prior to publication for his or her perusal. Any inaccurate facts must be communicated to Analysts. In correcting Analysts errors, the Company must ensure that this, in itself, is not interpreted as providing forecasts or releasing unpublished Price Sensitive Information to a select few. All actions must be done in collaboration with the Company's Sponsor.

10. PENALTIES AND FINES

- 10.1 The liabilities arising from insider trading as imposed by the FMA are set out in Annexure C.
- 10.2 The Financial Services Board may also institute civil proceedings for payment of any profit made or loss avoided, plus a possible penalty of three times such amount, plus interest and legal expenses.
- 10.3 Where the JSE finds that the Company or any of the Company's directors have contravened or failed to adhere to the provisions of the JSELR, the JSE may:
 - 10.3.1 censure the Company and/or the Director(s), individually or jointly, by public or private censure;

- 10.3.2 impose a penalty not exceeding R115 million on the Company and/or the Director(s), individually or jointly;
- 10.3.3 disqualify the Company's Director(s) from holding the office of a director of a listed company for any period of time; or
- 10.3.4 in respect of the Company or any of the Director(s), order the payment of compensation to any person prejudiced by the contravention or failure.

11. CONCLUSION

- 11.1 Should you require clarity of any of the above points please contact the Company Secretary of ARM.
- 11.2 The following forms are obtainable from the Company Secretary of ARM'S offices in relation to dealings in Securities:
 - 11.2.1 form of report for clearance to deal;
 - 11.2.2 form of declaration of holdings upon initial appointment to the Board;
 - 11.2.3 form of declaration of dealings in Securities; and
 - 11.2.4 proforma letter to associates and investment managers.

A "**transaction**" in terms of dealings in Securities includes:

- (a) any sale, purchase or subscription (including in terms of a rights offer, capitalisation award or scrip dividend) of Securities;
- (b) any agreement to sell, purchase or subscribe for Securities (irrespective of whether shares or cash flows);
- (c) any donations of Securities;
- (d) any dealing in warrants, single stock futures, contracts for difference or any other derivatives issued in respect of Securities. It should be noted that, if shares are sold and the equivalent exposure is purchased through a single stock future or any other derivative, both legs will be deemed to be transactions. The closing out of a single stock future or other derivative is also a transaction. The rolling-over of a single stock future that is merely an extension of an existing position is not a transaction;
- (e) the acceptance, acquisition, disposal, or exercise of any option (including but not limited to options in terms of a share incentive or option scheme) to acquire or dispose of Securities;
- (f) any purchase or sale of nil or fully paid letters;
- (g) the acceptance, acquisition or disposal of any right or obligation, present or future, conditional or unconditional, to acquire or dispose of Securities; or
- (h) any other transaction that will provide direct or indirect exposure to the share price of ARM. It must be noted that this does not include cash settled share appreciation rights granted to Directors in the ordinary course of business.

Definition of “Associate” as set out in the JSE Listings Requirements

“associate” in relation to an individual means:

- 1 that individual's immediate family; and/or
- 2 the trustees, acting as such, of any trust of which the individual or any of the individual's immediate family is a beneficiary or discretionary subject, including trustees of a trust without nominated beneficiaries, but who have been provided with a letter of wishes or similar document or other instruction, including a verbal instruction, naming desired beneficiaries (other than a trust that is either an occupational pension scheme, or an employees' share scheme that does not, in either case, have the effect of conferring benefits on the individual or the individual's family); and/or
- 3 any trust, in which the individual and/or his family referred to in 1 above, individually or taken together have the ability to control 35% (thirty five percent) of the votes of the trustees or to appoint 35% (thirty five percent) the trustees, or to appoint or change 35% (thirty five percent) of the beneficiaries of the trust. Without derogating from the above, the term trust may also be replaced with any other vehicle or arrangement set up for similar purposes to that of a trust; and/or
- 4 any company in whose equity securities the individual or any person or trust contemplated in 1 or 2 above, taken together, are directly or indirectly beneficially interested, or have a conditional, contingent or future entitlement to become beneficially interested, and that the individual or any person or trust contemplated in 1 or 2 above are, or would on the fulfilment of the condition or the occurrence of the contingency be, able:
 - (a) to exercise or control the exercise of 35% (thirty-five percent) or more of the votes able to be cast at general meetings on all, or substantially all, matters; or
 - (b) to appoint or remove directors holding 35% (thirty five percent) or more of the voting rights at board of directors' meetings on all, or substantially all, matters; or
 - (c) to exercise or control the exercise of 35% (thirty five percent) or more of the votes able to be cast at a board of directors' meeting on all, or substantially all, matters; and/or
- 5 any close corporation in which the individual and/or any member(s), taken together, of the individual's family are beneficially interested in 35% (thirty-five percent) or more of the members' interest and/or are able to exercise or control the exercise of 35% (thirty-five percent) or more of the votes able to be cast at members' meetings on all, or substantially all, matters; and/or
- 6 any associate, as defined below with reference to a company, of the company referred to in 4 above for the purpose of 4(a) above, where more than one director of the same listed company is directly or indirectly beneficially interested in the equity securities of another company, then the interests of those directors and their associates will be aggregated when determining whether such a company is an associate of any one director of such listed company.

"associate" in relation to a company ("company") means:

1. any other company that is its subsidiary, holding company or subsidiary of its holding company; and/or
2. any company whose directors are accustomed to act in accordance with the company's directions or instructions; and/or
3. any company in the capital of which the company, and any other company under 1 or 2 taken together, is, or would on the fulfilment of a condition or the occurrence of a contingency be, interested in the manner described in 4 above; and/or
4. any trust that the company and any other company under 1 and 2 above, individually or taken together, have the ability to control 35% (thirty five percent) of the votes of the trustees or to appoint 35% (thirty five percent) of the trustees, or to appoint or change 35% (thirty five percent) of the beneficiaries of the trust. Without derogating from the above, the term trust may also be replaced with any other vehicle or arrangement set up for similar purposes of that of a trust.

Definition of "Immediate Family" as set out in the JSE Listings Requirements immediate family:

An individual's spouse and children.

Definition of "Spouse" as set out in the JSE Listings Requirements

Spouse in relation to the individual is a person who is in a marital relationship (recognised as a marriage in terms of the matrimonial laws of any country) with the individual at the time of the transaction, including but not limited to, the individual's spouse in terms of a same sex, heterosexual or customary union or any marital union acknowledged by any religion.

Definition of "Children"

Children in relation to an individual includes any stepchild, adopted child or illegitimate child, who has not yet attained the age of 18 years, and any person under the guardianship of the individual.

Liability resulting from insider trading as set out in the FMA

1. An Insider who knows that he or she has Inside Information and who deals directly or indirectly in Securities for his or her own account or for any other person, or a person who knowingly deals for an insider, directly or indirectly or through an agent, in Securities will be liable to pay an administrative sanction not exceeding-
 - (a) the equivalent of the profit that the person, such other person or such insider, as the case may be, made or would have made if he or she had sold the Securities at any stage; or the loss avoided, through such dealing;
 - (b) an amount of up to R1 million to be adjusted by the registrar annually to reflect the Consumer Price Index, as published by Statistics South Africa, plus three times the amount referred to in paragraph 1 (a);
 - (c) interest; and
 - (d) cost of suit, including investigation costs, on such scale as determined by the enforcement committee established by the Financial Services Board Act, 97 of 1990 (**Financial Services Board Act**).

2. An Insider who discloses Inside Information to another person or encourages or causes another person to deal, or discourages or stops another person from dealing, in Securities will be liable to pay an administrative sanction not exceeding-
 - (a) the equivalent of the profit that such other person made or would have made if he or she had sold the Securities at any stage, or the loss avoided, through such dealing, if the recipient is of the information, or such other person, as the case may be, dealt directly or indirectly in the Securities;
 - (b) an amount of up to R1 million to be adjusted by the Registrar annually to reflect the Consumer Price Index, as published by Statistics South Africa, plus three times the amount referred to in paragraph 2(a);
 - (c) interest; and
 - (d) cost of suit, including investigation costs, on such scale as determined by the enforcement committee established by the Financial Services Board Act; and
 - (e) the commission or consideration received for such disclosure, encouragement or discouragement.

Suggested letter to advise associates and/or financial manager of directorships

[DATE]

[Insert Title] [Insert initials and surname]

[Company address1]

[Address 2]

[Postal Code]

Dear [Insert name]

JSE SECURITIES EXCHANGE, SOUTH AFRICA REQUIREMENTS REGARDING DEALING IN SECURITIES

Please note that I am a director of the undermentioned listed companies (or as per the attached list as the case may be) and that prior to dealing in any securities of those companies on my behalf you should seek my express consent in writing thereto. Dealings may in any event not take place during closed periods and, again, prior to dealing in securities of these companies you are to seek my confirmation that a closed period does not apply at the time.

Finally, I am under an obligation to advise the companies in question of all transactions that may take place, within 24 hours of such transaction, so as to enable the Company to arrange for a SENS (Stock Exchange News Service) announcement and you are accordingly instructed to inform me timeously of any transaction you may undertake on my behalf.

Yours sincerely

.....

Signature