ARM
African Rainbow Minerals

We do it better

Integrated **Annual Report** 2011

Contents

About this report

This is the **second Integrated Annual Report** produced by African Rainbow Minerals (ARM or the Company). It sets out the **strategy and prospects,** and reviews the Company's **performance against financial, operational and sustainability objectives** for the financial year ended 30 June 2011. The ARM Board (the Board) approved the financial and non-financial information contained in this report on 17 October 2011.

We do it better **to create sustainable value**

ARM acknowledges that the mining industry is demanding in terms of the human, social, environmental and financial stocks of capital that are coming under increasing pressure in today's volatile business environment. It is therefore important that we manage our operations to mitigate any adverse effects as far as possible, and that we maximise their social and economic benefits across the broadest possible base. Our long-term sustainability, from our ability to access scarce resources to maintaining our licence to operate, is contingent on our effectiveness in these respects.

The management of ARM is confident that we operate in an enlightened, efficient and responsible way hand in hand with our stakeholders, and that we seek constant improvement in our pursuit of sustainable value. This, we believe, is illustrated in our 2011 Integrated Annual Report. Further explanation of our approach to sustainable value creation, and the management frameworks to which we hold ourselves accountable, is provided in our summary Sustainability review on pages 32 to 41.

In our 2011 Integrated Annual Report we have aimed to provide a balanced and material assessment of ARM's strategic position and performance to enable all our stakeholders to properly assess our ability to continue creating value into the future. In preparing the report, we have responded to the relevant statutory frameworks. These include, but are not limited to the Companies Act 2008 as amended, the King Report on Corporate Governance in South Africa 2009 (King III) and the JSE Listings Requirements, as well as all legislation, regulations and codes of practice applicable to the South African mining sector and the countries in which we operate. The financial information in this report has been prepared according to International Financial Reporting Standards (IFRS).

The Group and operational commentary provided covers the management approach and actions taken in the last year, and the targets and priorities for the future in relation to the macro-economic dynamics, material issues, opportunities and risks for ARM as a whole and in each of our core businesses. The Company structure provided in our Corporate Summary on pages 2 and 3 indicates ARM's ownership in each of its operations, thereby illustrating the scope of this report.

For ease of reference and comparability, the structure of this year's report is largely similar to that presented last year. In addition to the abridged Sustainability review included in our 2011 Integrated Annual Report, and the greater level of sustainability related information provided in the management and operational reviews, a comprehensive stand alone Sustainability Report has been published. Printed copies of the full Sustainability Report are available on request from our Investor Relations Department or electronically on our corporate website **(www.arm.co.za)** (contact details for our Investor Relations Department are provided on the inside back cover).

In line with the reporting recommendations of King III, we will seek to become progressively more integrated in our approach. The Company's application of the King III principles, including details on integrated reporting, combined assurance, stakeholder engagement and risk management may be found in the Corporate Governance report on pages 117 to 120. The opinion of the independent auditors on the financial information included in this report, can be found on page 154. The opinion of the external assurance provider on the non-financial information included in this report can be found in the full Sustainability Report.

We are conscious of the need to continuously improve our reporting to stakeholders as the basis for accountability, meaningful engagement and informed decision-making. We are therefore proud of the recognition we achieved in the 2011 Ernst & Young Excellence in Corporate Reporting survey, which ranked ARM's 2010 Integrated Annual Report in 8th place, moving us from the excellent category the year before into the top 10.

In the interest of continuous improvement and fulfilling the information and engagement needs of our stakeholders, we welcome feedback from our stakeholders on the content and format of our reports. Please direct any feedback to the contacts listed on the inside back cover of this report.

All monetary values in this report are given in South African Rands unless otherwise stated. Rounding figures may result in computational discrepancies on management and operational review tabulations.

Corporate summary

African Rainbow Minerals is a **leading South African diversified mining and minerals company, with world-class long-life, low unit cost assets.**

ARM African Rainbow Minerals

100% ARM Platinum
- **PGMs**: 50% Modikwa[1], 55% Two Rivers[2]
- **Nickel, PGMs & Chrome**: 50% Nkomati
- **PGM Exploration**: 90% Kalplats[3]

100% ARM Ferrous
- **Iron Ore**: 50% Khumani, 50% Beeshoek
- **Manganese Ore**: 50% Nchwaning, 50% Gloria
- **Manganese Alloys**: 50% Cato Ridge (CR), 25% CR Alloys, 50% Machadodorp
- **Chrome Ore**: 50% Dwarsrivier
- **Charge Chrome**: 50% Machadodorp

10% / 51% ARM Coal
- **Coal**: 20% Xstrata Coal South Africa
- **Coal**: 51% Goedgevonden

100% ARM Copper[6]
- **Copper Projects**: 50% Konkola North[4]
- **Copper Exploration**: 50% Lusaka & Kabwe, 30% Kalumines

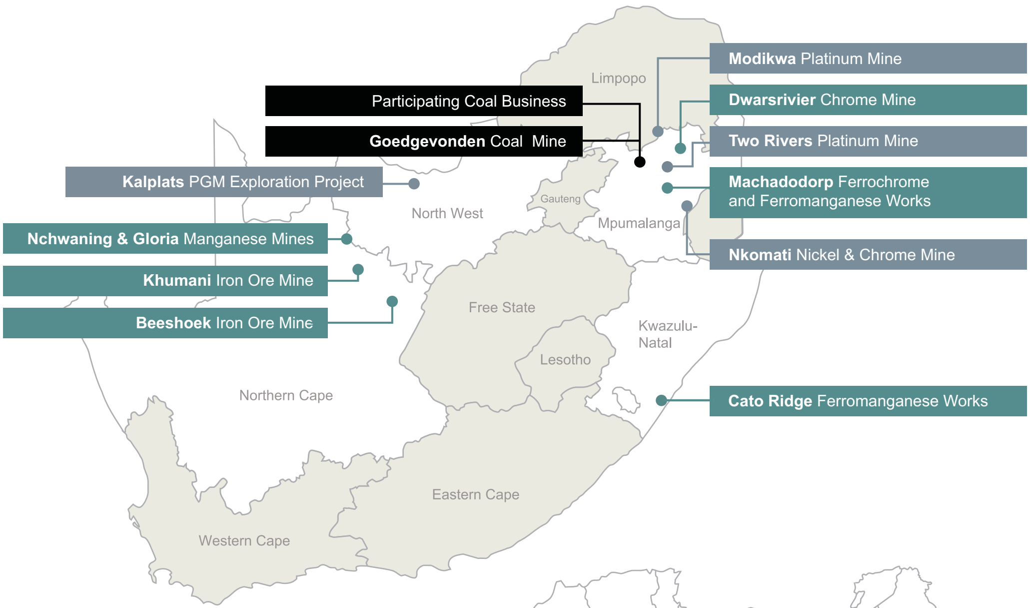
100% ARM Exploration[5]
- PGMs
- Iron Ore
- Manganese Ore
- Coal
- Base metals

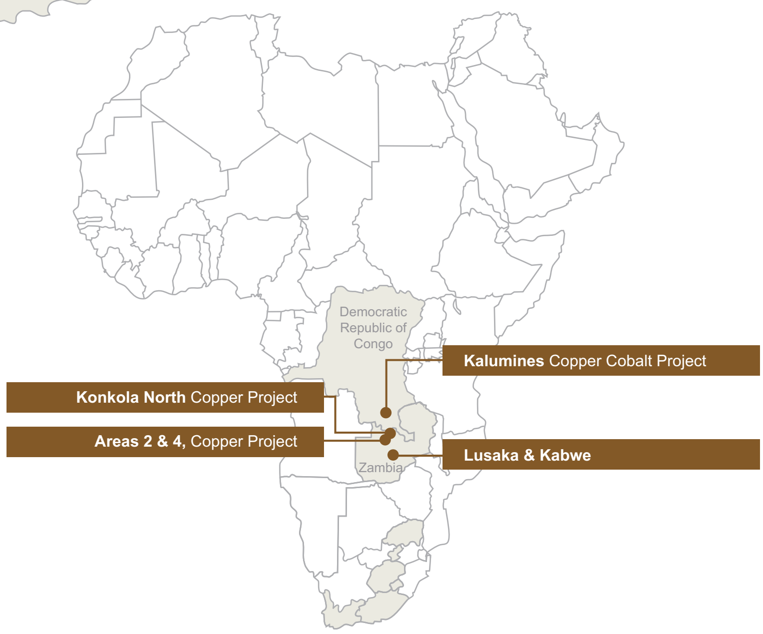
15% Gold: Harmony

1 Assets held through ARM Mining Consortium's effective interest of 41.5%, the balance held by local communities.
2 ARM's shareholding in Two Rivers will reduce to 51% once the transfer of Kalkfontein portions 4, 5 and 6 and Tweefontein prospecting rights has been effected.
3 Platinum Australia earned 12% ownership on completion and approval of the prefeasibility study. The transfer of this ownership is in the process of being effected. Platinum Australia will earn up to 49% on completion of a bankable feasibility study. In the event that the JV acquires Anglo American's 10%, Platinum Australia has the right to acquire 49% of the acquired 10%.
4 Konkola North was subject to a buy-in right of up to 20% (5% free-carried interest) by state-owned Zambia Consolidated Copper Mines Investment Holdings plc (ZCCM). ZCCM has exercised this right and the transfer of the 20% is in the process of being effected.
5 ARM Exploration is involved in identifying and assessing exploration and mineral business opportunities in sub-Saharan Africa.
6 Mwambashi prospecting licence has been relinquished and certain exploration licences have been incorporated into the Konkola North mining licence.

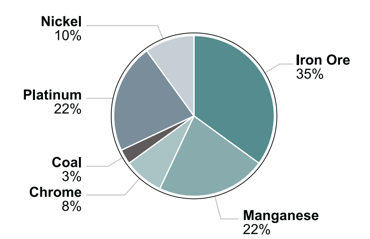
ARM's business model centres on forging **mutually beneficial partnerships** with **major players** in the resource sector.

In 2010 ARM **successfully completed its 2 X 2010 strategy** to double production in its diversified portfolio of assets. This strategy culminated in the **delivery of seven high quality, long-life, low unit cost mines**. ARM **continues to pursue an aggressive growth strategy** with focus on its growth projects in iron ore, coal, nickel and copper. This aggressive growth strategy is combined with the **continuing pursuit of operational efficiencies and growth through quality partnerships and acquisitions**.

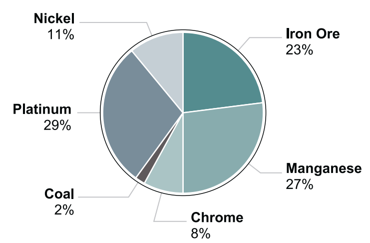




F2011 Revenue



F2010 Revenue



Executive Chairman's report

Khumani Iron Ore Mine stacker reclaimer

Patrice Motsepe, Executive Chairman

The ARM Management team **continues to deliver outstanding results**. We are **confident about the long-term future** of the minerals we mine and are continuing with **our aggressive growth strategy**, despite the current challenges and volatility.

Confident about the future of our business.

I am pleased to report that the Company has delivered exceptionally strong headline earnings for the 2011 financial year.

Most of our divisions achieved good increases in production volumes and delivered good cost containment and efficiency gains, albeit in challenging circumstances. We continued to make significant progress with our four major growth projects in iron ore, nickel, copper and coal and also invested in the improvement of our portfolio of quality assets.

Global conditions in commodity markets experienced a notable improvement relative to the previous financial year and ARM was able to optimise and deliver into these improved markets.

Headline earnings increased significantly by 94% to R3.3 billion; driven mainly by improved commodity prices especially for iron ore. Markets have in recent months experienced increased volatility. Despite this we remain confident about the future of our business and the long-term fundamentals of the commodities that comprise the diverse ARM portfolio.

Cash generated from our operations increased by 72% to R5.9 billion. At year-end the Company reported cash and cash equivalents of R3.7 billion and net cash (excluding partner loans) of R2.6 billion, reflecting the strength of ARM's financial position. This means that ARM is exceptionally well-placed given that growth going forward is supported by a robust financial position. The Company was ungeared at year-end. This provides comfort that our continued growth ambitions can be appropriately funded.

The strong cash generation has also allowed ARM to deliver on its commitment to pay dividends whilst simultaneously maintaining the ability to fund future growth. ARM declared a fifth annual consecutive dividend at an increased level of 450 cents per share. This dividend is the highest paid in the Company's history and represents a 125% increase compared to last year.

Improved operational efficiencies through volume growth

While strong commodity prices contributed to these outstanding financial results, ARM's operational performance over the last year has also been laudable. Our world class management team continually strives for operational excellence within our different divisions.

We positioned ARM over the years to own and operate mines for commodities whose demand was increasing globally. ARM significantly increased its production volumes to sell into these increased demands. This in turn also contributed to an improvement in our operational efficiencies and cost savings.

Production increases achieved at the various divisions, on a 100% basis, include:

- 115% increase in Goedgevonden's saleable coal production from 2.7 million tonnes to 5.9 million tonnes;
- 54% increase in manganese ore production from 1.9 million tonnes to 3.0 million tonnes;
- 48% increase in chrome ore production from 587 thousand tonnes to 866 thousand tonnes;

Modikwa Platinum Mine concentrator plant

- 19% increase in chrome alloy production from 200 thousand to 237 thousand tonnes;
- 15% increase in manganese alloy production from 252 thousand to 291 thousand tonnes; and
- 4% increase in nickel produced from 9.7 thousand tonnes to 10.1 thousand tonnes.

Aggressive growth continues

ARM has always been respected for its solid operating track record. The company has also over the past few years been recognised for its proven project development capability.

In 2005, we embarked on an ambitious programme to double production volumes in our portfolio of commodities by 2010, including iron ore, manganese ore, nickel, platinum group metals and coal. This resulted in the construction of seven new mines over a relatively short time-frame after having invested approximately R14 billion, on an attributable basis.

We are planning continued investments of an additional R10 billion (on an attributable basis) over the next three years on projects that will deliver towards achieving our growth objectives. These new operations will boost production volumes in iron ore, nickel, coal and copper where we anticipate strong growth in demand, driven mainly by China, India and other developing economies. They are:

- the Khumani Iron Ore Expansion Project, which will increase production from 10 to 16 million tonnes per annum; 2 million tonnes of which is designated for local sales. This project is ahead of schedule and is well within budget;
- the Goedgevonden Coal Mine achieved design capacity on a monthly basis in November 2010;
- the Nkomati Nickel Mine, where the 250 thousand tonnes per month (ktpm) concentrator plant was commissioned on time and within budget in October 2010 and continues its ramp-up. This Mine has however experienced some grade and recovery challenges as part of the ramp-up which management is addressing; and
- the Konkola North Copper Project in Zambia is progressing within budget and on schedule with 82% of the authorised US$391 million capital already contracted for. ARM together with its joint venture partner Vale S.A. and the Zambia Consolidated Copper Mines Investment Holdings plc (ZCCM), launched the project on 14 October 2010.

Exploration

We are conscious of the need to ensure that ARM continues to explore and identify new ore bodies and have allocated additional resources to our exploration division. The copper exploration assets that include a 30% shareholding in the Kalumines Copper Project in the DRC and a 50% shareholding in the Lusaka & Kabwe Project have been moved into the ARM Copper Division. This will allow the ARM Exploration Division to focus on identifying and assessing quality exploration opportunities in Sub-Saharan Africa. Various exploration opportunities are currently being assessed. We have also signed an agreement with Rovuma Resources, an exploration company, to jointly explore for manganese ore, nickel, PGMs and base metals in Mozambique.

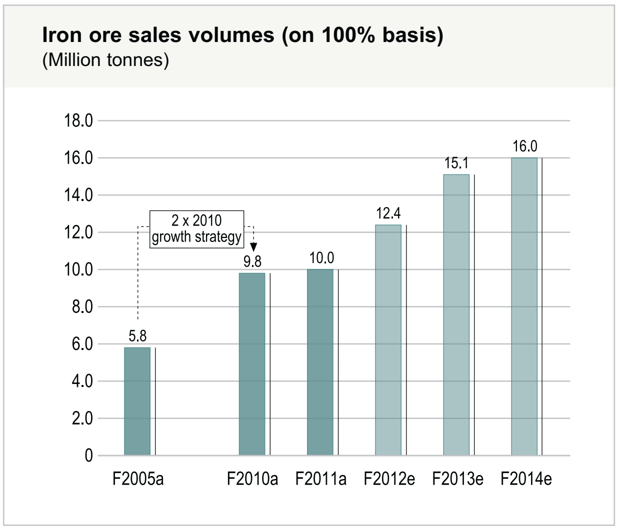
Cost containment

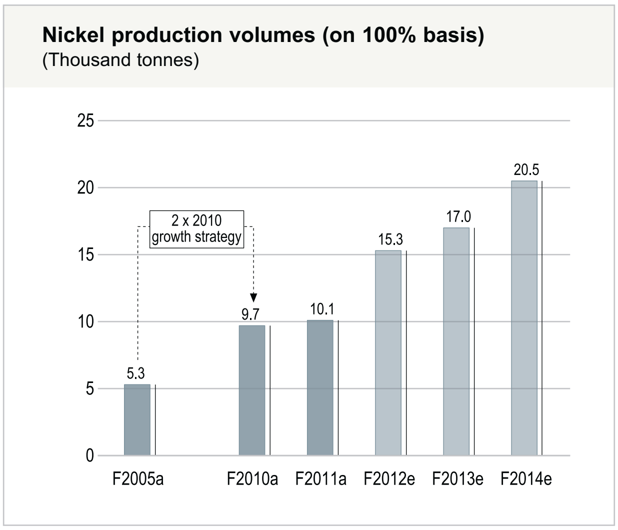
ARM's revenue is affected, inter alia, by fluctuations in commodity prices and exchange rates. In addition, cost escalations for power, reductants and labour continuously receive the attention and focus of management. Management also implements numerous initiatives to contain and reduce unit costs and increase profitability.

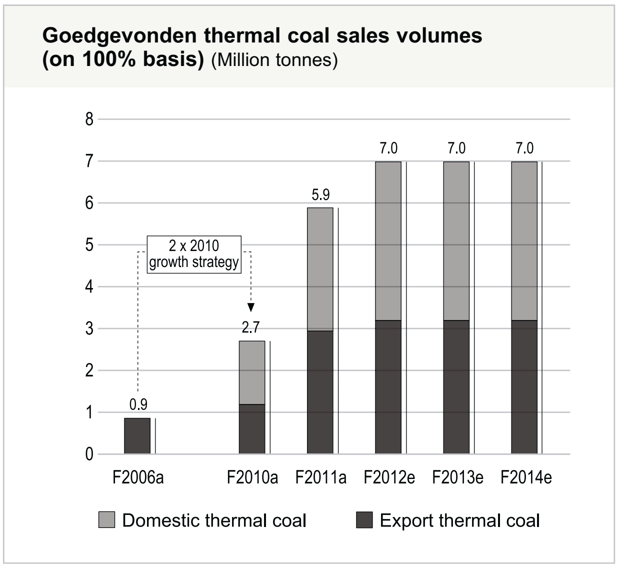
Across all business units, we continue to pursue our strategic objective of having all ARM's operations positioned below the 50th percentile of the respective commodities' global unit cost curves by 2012. We are working towards ensuring that our current growth

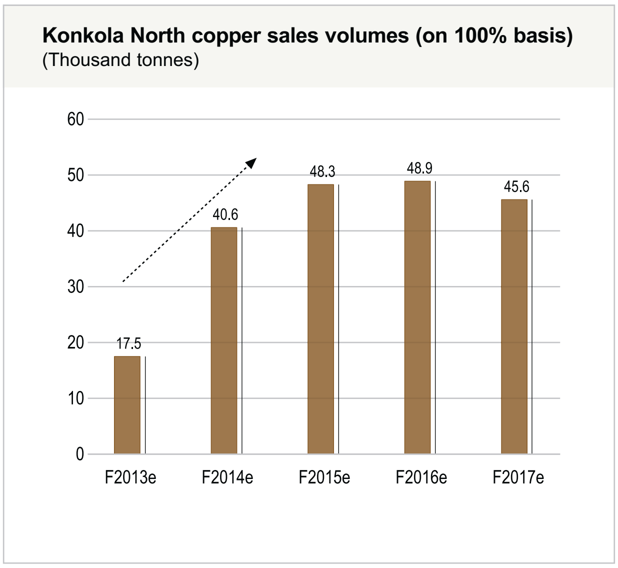
Executive Chairman's report continued

Aggressive growth continues









strategy will deliver another step change in cost competitiveness over the next few years. We have targeted 2014 and 2015 respectively for the Nkomati Nickel Mine and the Konkola North Copper Mine to be positioned in the bottom half of the global cost curve.

ARM remains committed to its objective of progressive annual cost reductions and savings. We firmly believe that these initiatives are crucial for our overall industry competitiveness and continued value creation. I am confident that ARM is well on track to meet the cost positioning targets for all our commodities.

Harmony

We have seen a significant increase in the share price of Harmony particularly as a result of the Wafi Golpu drill results and the good work that management has done to make the market aware of the exciting results and the huge value that it will add to Harmony.

We continue to view our investment in Harmony as a strategic investment and remain committed to realising value for our shareholders in this regard.

The CEO's report provides further information on Harmony.

Sustainable Development

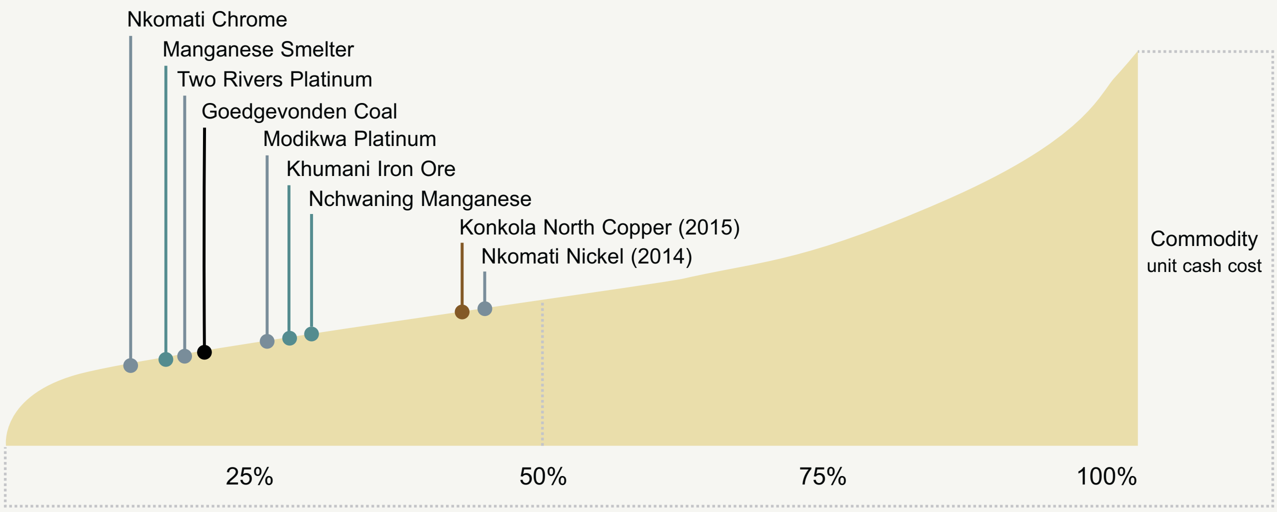
To achieve our objective of responsible investment and broad social benefit, we have included sustainable development considerations into the corporate and operational decision-making processes of our Company.

We are committed to delivering competitive financial performances whilst striving towards world-class standards in environmental management and creating safe working conditions.

Over the years we have sought to implement global best practices as far as sustainable development is concerned. We have made significant progress and it is gratifying to note that ARM's 2010

ARM target for operations on the respective global cost curve by 2012

(ARM estimate, benchmarked at steady-state/normalised production volumes)



Percentile on cost curve (based on cumulative production)

Sustainable Report was recently ranked 13th in South Africa (out of 392 companies), which is a tremendous achievement from being 42nd two years ago. Our membership and participation in the ICMM has enhanced and improved our initiatives in this regard.

The improvement of the living conditions of persons living in the communities neighbouring our mines is crucial for our long-term success. In the last five years we have invested approximately R316 million in the development of our communities and over the last year an additional R10.2 million was distributed to the ARM Broad-Based Economic Empowerment Trust (the ARM BBEE Trust) to provide funding for community upliftment projects throughout South Africa.

The ARM BBEE Trust was established in 2005 with the primary objective of contributing to the improvement of the living conditions of poor and marginalised persons. It provides funding to various provincial rural upliftment trusts, established by ARM, to contribute to community development, health, welfare, educational and other anti-poverty initiatives.

The ARM BBEE Trust has distributed approximately R51 million over the past four years to trust beneficiaries. Through the ARM BBEE Trust, these provincial rural upliftment trusts, church groups, women's groups and trade union organisations own a 10% equity interest in ARM.

Further details of our sustainability endeavours and the Company's performance are contained in this annual report. We acknowledge that sustainable development is a key focus area of our business and we have therefore supplemented this report with a detailed Sustainability Report on the ARM website www.arm.co.za

Health and Safety

It is pleasing that the Company has improved its safety performance over the last year. The number of lost-time injuries reduced from 165 last year to 109, while the lost-time injury frequency rate, calculated on 200 000 man hours worked, was 0.43 compared to 0.77 in the previous year.

Our commitment to creating a safe and healthy work environment has led to us achieving the following outstanding results:

- Modikwa Platinum Mine achieved 8 000 000 fatality-free shifts on 21 June 2011 and was awarded the Department of Mineral Resources (DMR) Safety Achievement Flag for Platinum Mines;
- Beeshoek achieved 12 months without a lost-time injury;
- Two Rivers Platinum Mine completed 2 000 000 fatality-free shifts on 11 November 2010;
- Khumani Iron Ore Mine achieved its first 1 000 000 fatality-free shifts in November 2010 and received ARM's in-house safety award, the St Barbara floating trophy; and
- Black Rock Manganese Mine achieved 1 000 000 fatality-free shifts during the fourth quarter.

I am however saddened to report that we had a fatality at one of our operations during the past year. Regrettably on 2 February 2011, Mr Solomon Vusi Sindane, a trainee crane operator was fatally injured at the Machadodorp facility.

I extend my sincerest condolences on behalf of the Company to Mr Sindane's family, friends and colleagues for their loss.

Executive Chairman's report continued

The South African mining industry

Mining in South Africa remains one of the key sectors of the economy and contributes significantly to economic activity, job creation and foreign exchange earnings.

The government's New Growth Path identifies mining as a key economic driver in creating jobs in different value chains across South Africa's industrial landscape. Specifically, the government's plan urges "…accelerating exploitation of mineral reserves by ensuring an effective review of the minerals rights regime, and lowering the cost of critical inputs including logistics and skills to stimulate private investment in the mining sector."

In the same vein, the 2011 – 2014 strategic plan of the Department of Mineral Resources highlights the importance of unlocking this value and enabling the industry to lead the country's New Growth Path, recognising that "the mining industry has the potential to induce prosperous industrial clusters to support its development. These can significantly broaden economic growth, increase benefits and create decent jobs."

The cyclical nature of mining presents a wide range of risks, most recently evident in the economic and financial realities of the global and South African mining sector in 2009 and into 2010. In 2009, total mining income dropped in South Africa precipitously while expenditure rose unabated. As a result, the industry faced a R67 billion deficit which had to be covered by using retained earnings.

Nevertheless, the critical and strategic importance of the South African mining industry cannot be overstated. The sector accounts for roughly 43% of the market capitalisation of the JSE and according to the Chamber of Mines' 2010 statistics of South Africa, contributes:

- approximately 8.6% directly and another 10% indirectly, to the country's GDP.
- over 50% of merchandise exports (including secondary beneficiated mineral exports)
- about one million jobs (some 500 000 directly)
- about 20% of gross investment (12% directly)
- approximately 30% of capital inflows into the economy via the financial account of the balance of payments
- over 94% of the country's electricity-generating capacity
- about 30% of South Africa's liquid fuel supply.
- about 20% of direct corporate tax receipts (worth over R16 billion).

It is against this background that the call for nationalisation of mines within certain quarters of the ruling party (the ANC) deserves comment. The track record of nationalisation is extremely poor, to say the least, and countries that have nationalised mines and other industries have subsequently had to privatise as the adverse and far-reaching negative consequences of nationalisation became evident.

It is in the interest of the South African economy and all its people, particularly the poor, unemployed, women and the youth that the mining industry remains globally competitive and attractive to domestic and international investment.

We are engaged in discussions with the proponents of nationalisation to expose and make them aware of the fundamental beneficial role that the private sector plays in mining and other sectors of the South African economy; in terms of job creation, poverty alleviation, education, health and the overall improvement in the living conditions and standards of living of all our people.

I am of the view that privately owned and managed mines will in future co-exist and compete with state-owned and operated mines. It is important, however, that the playing fields are levelled and that state-owned mines are treated for legislative and regulatory purposes in the same manner as privately owned companies.

I remain confident that, based on my discussions with government and various other stakeholders, there is a commitment to ensure that the South African mining industry remains globally competitive and attractive to domestic and foreign investment. In today's global economy, that is the only route to a prosperous and successful future for all our people.

We welcome the confirmation by President Zuma and other political leaders, including the Minister of Mineral Resources, that nationalisation is not a government policy objective.

Outlook

Despite recent volatility, we continue to see good demand in commodity markets across most of ARM's commodities.

Global markets have experienced increased uncertainty in recent months with volatility being exacerbated by sovereign debt issues particularly in Europe. The United States debt ceiling issue, which was resolved shortly before key deadlines, has brought that economy's recovery into sharp focus. While these issues will continue to dominate sentiment for some time to come, we believe that in the medium term the major economies will re-adjust and growth levels that may well have been reduced should remain in positive territory.

ARM expects most commodity prices to remain robust over the medium term supported by demand from China, India and other emerging economies. Chinese Gross Domestic Product (GDP) growth continues unabated and there is more likely to be a decrease in their annual GDP growth rather than the hard landing that has been a topic of discussion over recent months.

It is also possible that supply constraints from producers will support commodity prices.

The Board

I would like to express, on behalf of the Company, our deep appreciation and gratitude to Andre Wilkens for the outstanding leadership that he has provided to ARM and its predecessor, ARM Gold.

Andre will step down as CEO of ARM in March 2012 but will continue as an Executive Director in my office, where his responsibilities will include the growth and strategic development of the Company.

I have had the privilege and honour of working with Andre for the last 15 years and he is not only an exceptional CEO but he is also a compassionate and caring person who adheres to the highest business ethical standards.

After a comprehensive search process, the board announced on 23 June 2011 that Michael (Mike) Schmidt, a senior executive in the ARM Platinum Division, has been appointed Chief Executive Officer designate from 1 September 2011.

He is working alongside André for a period of six months as part of the hand over process. Mike has been with ARM for the last four years and will, among other things, continue with our aggressive internal growth strategy, as well as reposition ARM for further external growth and global competitiveness.

One of our long-standing directors, Roy McAlpine, retired as an Independent Non-Executive Director with effect from 30 June 2011. On behalf of the board, I wish to express our deep appreciation for the immense contribution and sound guidance that Roy provided during his long and valued tenure as a director of our Company.

With effect from 1 February 2011, we welcomed Tom Boardman onto the board as an Independent Non-executive Director. We have already benefited from his tremendous experience and business insight and we look forward to his valued contribution over the years to come.

I would also specifically like to thank our various joint venture partners: Anglo American Platinum Limited, Assore Limited, Impala Platinum Holdings Limited, Vale S.A., Norilsk Nickel Africa (Pty) Limited, Xstrata Coal South Africa (Pty) Ltd and Zambia Consolidated Copper Mines Investment Holdings plc, for their cooperation and support over the last year. I look forward to many more years of mutual benefit and growth.

Conclusion

ARM's management and employees have once more delivered successful results in which performance has exceeded budgetary targets.

It is therefore to each and every ARM employee that I wish to express my gratitude. Our successes over recent years have been as a result of the mutual commitment, trust and shared objectives that we have formulated and implemented together.

I would also like to thank my fellow directors for their hard work, sacrifices and sound counsel during the year.

We have numerous other stakeholders whose cooperation and support have been important for our growth and success.

We have successfully built a Company that has a diverse, quality portfolio with long-life operations; a robust balance sheet and is making significant progress towards achieving our objective of positioning our operations below the 50th percentile by 2012.

I continue to be confident and optimistic about the future of our Company and our ability to benefit and create value for all our stakeholders.

Patrice Motsepe

Executive Chairman
17 October 2011

Black Rock Manganese Mine

Chief Executive Officer's report

Two Rivers Platinum Mine drill rig maintenance

ARM delivered solid increases in production in the 2011 financial year. Increased sales volumes enhanced significantly by healthy demand for most of the diverse commodities that comprise the ARM portfolio enabled ARM to nearly double headline earnings and increase cash generated from operations by 72% to R5.9 billion.

Encouraged by the strong profit growth in the last year, we continue to build the ARM projects for future value enhancement by progressing our four major growth projects to ensure operational excellence, improve efficiencies and further reduce costs across ARM's operations.

Growing our production and developing new assets is a major priority, we remain committed to operating in a safe and responsible manner. We continue to improve our safety standards across all business units and our efforts are realising outstanding safety achievements

As ever-increasing demands are placed on the industry to share the wealth created from our country's mineral resources, so we increase our obligation to enhance the quality of life and standard of living for the surrounding communities. Together with ARM's dedicated workforce of approximately 28 700 full-time employees and contractors, we will continue to work with stakeholders to ensure that our mutual commitment is maintained.

We are confident about the future of our business and believe that ARM is positioned to offer investors a well-balanced, diversified commodity grouping that contains an exciting portfolio of long-life, low unit cost operations with substantial exploitable resources and reserves. Most importantly, we have a robust financial position to provide the required growth funding.

Ferrous Division contributes strongly

The contribution to ARM's headline earnings from the Ferrous Division rose 112% to R2.9 billion (F2010: R1.4 billion). US Dollar commodity prices were higher across the division's products with iron ore prices increasing by a significant 130% and manganese ore prices by 23%. Manganese and chrome alloy prices were 24% and 20% higher, respectively. Strengthening commodity prices were however offset to some degree by a weaker US Dollar.

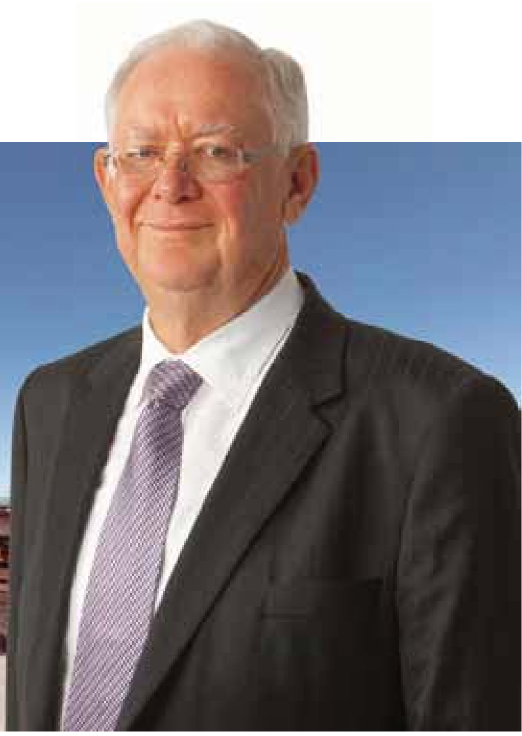
While iron ore, chrome ore and chrome alloy sales volumes were higher, manganese ore and manganese alloy sales volumes decreased. Unit costs within the Ferrous Division were well contained across most of the business units. Iron ore production costs however increased as a result of the accelerated ramp-up of the Khumani Iron Ore Mine Expansion Project as well as production losses due to a high summer rainfall. Above inflation unit cost increases at the manganese alloys operations resulted from rising input costs, mainly electricity and reductants, as well as lower production due to the rebuild of the No 1 and 2 Furnaces at Cato Ridge Smelter.

The Ferrous Division has exciting prospects for growth and enhancement. The 10 to 16 mtpa Khumani Iron Ore Expansion Project continues to progress within budget and is currently nine months ahead of schedule. Scope exists to increase iron ore production beyond 16 mtpa and as such a feasibility study to establish a three to four million tonnes a year iron ore operation at Beeshoek Mine is under way. Initial development of an expanded Beeshoek Mine will include new housing accommodation, upgraded infrastructure and new load-out facilities and will be subject to availability of increased logistics for export as well as demand conditions in the local iron ore market.

In addition to the above opportunities the successful conversion of No 5 Furnace at the Machadodorp Works from ferrochrome to ferromanganese production has enabled ARM to proceed with conversions that will maximise profit margins for the division.

Two additional furnaces namely No 2 and 3 furnaces at Machadodorp Works will be converted to produce high carbon ferromanganese,

Khumani Iron Ore stacker reclaimer



André Wilkens, Chief Executive Officer

with production expected to commence from this conversion in the first quarter of the 2013 financial year. This will increase high carbon ferromanganese production by approximately 100 000 tonnes per annum, bringing the total capacity to about 400 000 tonnes a year.

Opportunities exist to increase manganese ore production volumes from three to six million tonnes. A feasibility study in this regard is in progress.

A challenging year for the Platinum Division

ARM Platinum contributed R460 million to ARM's headline earnings, which is 12% lower than last year, mainly because of a decline in the financial contribution from the Nkomati Nickel Mine. PGM production (on 100% basis including Nkomati) reduced to 680 108 ounces (F2010: 688 957 ounces), while total nickel produced increased 4% to 10 100 tonnes (F2010: 9 666 tonnes). Both of our PGM operations, Modikwa and Two Rivers Platinum mine have displayed solid cost containment and as a result have already achieved the 2012 target to be positioned below the 50th percentile of the global PGM cost curve.

In the latter six months of the 2011 financial year the Nkomati Nickel Mine experienced some challenges in the ramp-up of the Large Scale Expansion Project. The mine's head grade and plant recoveries were significantly lower than expected and even though the total tonnes milled increased by 59% year on year, the nickel produced was only 4% higher than last year. Chrome concentrate sales increased 22% to 381 196 whilst chrome ore sales decreased to 334 803 tonnes (F2010: 502 281 tonnes).

The capital expenditure at ARM Platinum was R1.4 billion (R833 million – attributable). Capital expenditure on a 100% basis at the Nkomati Nickel Mine was R808 million of which R690 million was for the completion of the Large-Scale Expansion Project and the pre-stripping of Pit 3 with the balance spent on sustaining operations. The Nkomati Nickel Large-Scale Expansion Project's total funds committed as at 30 June 2011 amounted to R3.5 billion of the total R3.7 billion approved for the capital project.

Modikwa's major capital items included the deepening of North shaft, commencement of the sinking of South 2 shaft, an underground mining fleet replacement programme, as well as the establishment of an open pit UG2 operation. The feasibility study for the Phase 2 UG2 replacement and expansion project at Modikwa was completed and presented to the shareholders for approval. While this decision is being formulated, an amount of R125 million has been approved to continue mining development for the South 2 declines and the deepening of North shaft.

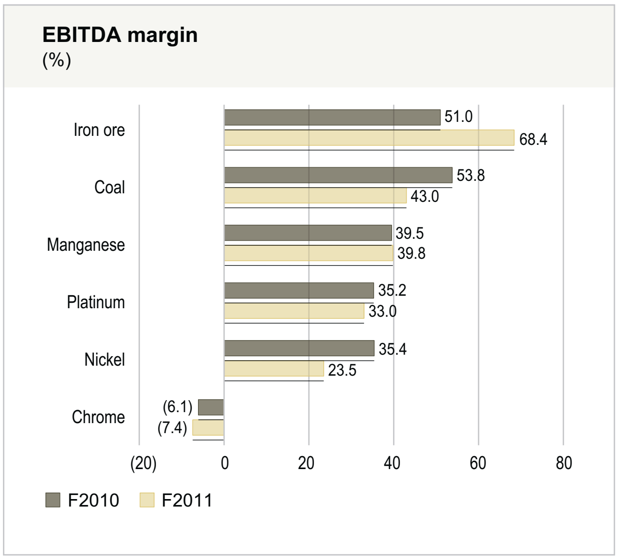
As part of a feasibility study, Two Rivers is conducting Merensky reef trial mining and a bulk sample of 70 000 tonnes was mined. During September 2011, 50 000 tonnes was processed. A feasibility study for the North open pit is in progress. 40 percent of the capital spent relates to an underground mining fleet replacement programme, with the balance incurred for the commencement of deepening both the Main and North declines.

At the Kalplats PGM Exploration Project, Platinum Australia has submitted a Definitive Feasibility Study to ARM Platinum for review. While the review is in progress, the joint venture has agreed to do pilot plant scale metallurgical test work on a bulk sample.

ARM Coal ramp-up at Goedgevonden (GGV) Mine achieved

ARM Coal reported a loss of R103 million (F2010: R17 million – loss) largely driven by increased amortisation and interest charges, as borrowing levels on the existing facilities were increased and the capitalisation of interest came to an end. Interest was also higher as a result of a new loan facility for the funding of ARM Coal's shareholding in the Richards Bay Coal Terminal – Phase V.

Chief Executive's report continued



GGV Mine's saleable production increased by 115% compared to F2010 as the mine continued to ramp-up towards its full production level. GGV Mine achieved design capacity in November 2010. Sales volumes at GGV were however negatively impacted by challenges at Transnet Freight Rail (TFR). The Participating Coal Business (PCB) operations experienced a very challenging year resulting in saleable production being 29% lower than F2010. This was largely as a result of a delay in the commissioning of the iMphunzi East project, rationalisation of the opencast and underground production at Tweefontein and the unplanned closure of the 5 seam operation.

The iMphunzi East open pit plant was commissioned in May and June 2011 and should improve costs going forward.

During F2011 Xstrata successfully negotiated the sale of the Mpumalanga assets located in Ermelo. All agreements have been signed and the transaction is subject to some conditions precedent expected to be met in December 2011.

ARM Copper positions for first copper production, with more growth to come

In August 2010, the Vale/ARM joint venture ("the JV") approved the bankable feasibility study for the Konkola North Copper Project in Zambia. Capital expenditure in July 2010 terms is $391 million and 82% of the total project value has already been contracted. The project's progress is as planned with commissioning of the concentrator plant expected in December 2012. The mine's throughput design is 2.5 million tonnes per annum at an average mill head grade of 2.3% copper, yielding 45 000 tonnes of contained copper in concentrate to be toll smelted in Zambia. The expected life of mine is forecast at 28 years.

The JV has also approved a further two year exploration programme to evaluate Area "A", at Konkola North, which has the potential to double the output to 100 000 tonnes copper in concentrate per annum. The JV will continue with this extensive drilling programme, which is located about 5 km south of the planned mine development on the Konkola North property. Drilling in the recent past has delineated a substantial copper resource in Area "A", and the planned drilling will further enhance this resource base.

Zambia Consolidated Copper Mines Investment Holding plc (ZCCM) has decided to exercise its buy-in right into the Konkola North Copper Project and will own 20%, with 5% thereof being a free carry. In addition, ZCCM also elected to have its portion of the non-free carry equity and project funding provided through its own sourced financing.

The JV also has an exploration objective to complete a feasibility study on the ore bodies associated with the Kalumines mining licence property in the Democratic Republic of the Congo (DRC), where four ore bodies with copper mineralisation have been outlined. Over the last year, the JV has undertaken further metallurgical test work, mine design, related engineering work and completed a feasibility study on the Kalumines property, which was recently submitted to the shareholders. This feasibility will be evaluated and a decision is expected within the next year.

ARM spent R173 million in F2011 (F2010: R143 million) on exploration drilling, feasibility studies, and other costs.

The recently reorganised ARM Exploration division has been refocused under a new leadership team and is positioned to start the discovery and assessment process that will contribute to the longer-term growth pipeline of the Company. Jan Steenkamp, in addition to his role as Chief Executive of ARM Ferrous, will take responsibility for the newly re-organised ARM Exploration.

The ARM Exploration Division has signed an agreement with an exploration company, Rovuma Resources, for the prospecting in Mozambique for manganese ore, nickel, PGMs and base metals. This ongoing exploration is estimated to cost approximately US$7 million per annum. ARM Exploration will have exclusive rights to exercise options to purchase prospecting/mining rights to the resources.

Our investment in Harmony

In its financial year ended June 2011 Harmony reported substantially improved earnings of R957 million compared to R4 million in the 2010 financial year. In addition Harmony added to its resource base through excellent headway made in exploration in Papa New Guinea (PNG). Harmony increased the Wafi Golpu resource by 57%. The Golpu copper grade is now over 1% confirming that it is one of the highest grade copper gold porphyry deposits in South East Asia. On a 100% basis Wafi Golpu hosts a resource of 869 million tonnes containing 26 million ounces of gold and 9 million tonnes of copper. Over and above the results achieved at Wafi Golpu, Harmony's exploration tenements in PNG were increased to cover an area of 7 200 km^2.

Harmony continues with its strategy to deliver safe, profitable and sustainable ounces whilst focusing on geographical diversification. This strategy has resulted in Harmony closing down unprofitable shafts in South Africa where the ore bodies had reached the end of their economic life and increasing the resource base in PNG which now represent 10% of Harmony's total gold resource (or 21% on a gold equivalent basis). We support this strategy as we believe that it will enhance our investment in Harmony.

Costs continue to be well contained

Our existing asset base has continued to benefit from the addition of new, low-cost, high quality and long life operations and we have introduced a range of initiatives to pursue our imperative to reduce the cost base even further. Over the years, we continually strived for productivity and efficiency gains and I am delighted that this has, largely, been achieved even though there have been significant cost escalations across the mining industry in particular for energy and labour. Our attention to cost savings over the last few years continues to position us to benefit from periods of commodity price strength. I firmly believe this also allows us to ensure that even greater value is created into the future.

Safety

The other critically important aspect of our business that we continually enhance is that of safety. This focus and a range of initiatives that we implemented Company-wide over the last few years has resulted in a significant and pleasing reduction in the frequency of injuries sustained at virtually all our operations. We have improved in terms of nearly all the measures used to test our safety performance in the industry and, over the last year, we collected many acknowledgements along the way.

Despite this, all of us at ARM fully understand that there is no room for complacency with respect to our commitment to prevent fatalities. Regrettably one of our trainee crane operators was fatally injured at Machadodorp Works. We would like to extend our sincerest condolences to the family, friends and colleagues of Mr Vusi Sindane for their loss.

CEO succession

I will continue to serve ARM in my new role as Executive Director in the Executive Chairman's office and will be responsible for the growth and strategic development of the Company. It was announced during the year that Mike Schmidt (Mike) would assume the role of Chief Executive Officer from March 2012. Once I had indicated to the Executive Chairman that it was my desire to undertake less responsibilities, the Board of Directors initiated a search process for my replacement. It was clear to us that Mike has all the qualifications, experience and attributes we could hope for in a Chief Executive Officer.

ARM is positioned to create further value

We delivered pleasing earnings this year and our cost performance remains satisfying as we benefit from progressively moving down the respective industry cost curves, while good cash generation has provided the comfort to ensure that new assets are continually introduced and developed.

We do not, for one minute, however forget that it is the people of ARM that have made this all possible.

I want to express my sincere gratitude to everyone that has ensured that ARM remains true to the strategic objectives that have been promised to our shareholders and the variety of stakeholders, throughout our businesses, whose needs and expectations we take very seriously.

André Wilkens

Chief Executive Officer
17 October 2011

Financial Director's report

Manganese ore wagons at Black Rock Mine

Mike Arnold, Financial Director

Overview

The ARM headline earnings of R3 319 million for F2011 (headline earnings per share of 1 559 cents) represent a significant 94% increase over the previous financial year. This increase has been driven largely by US Dollar commodity price increases, volume increases and cost control initiatives at all operations.

Basic earnings for F2011 approximate the headline earnings as exceptional items amounted to an R8 million loss for the year (F2010: R98 million gain). Basic earnings were R3 311 million (basic earnings per share of 1 555 cents).

Contribution to headline earnings

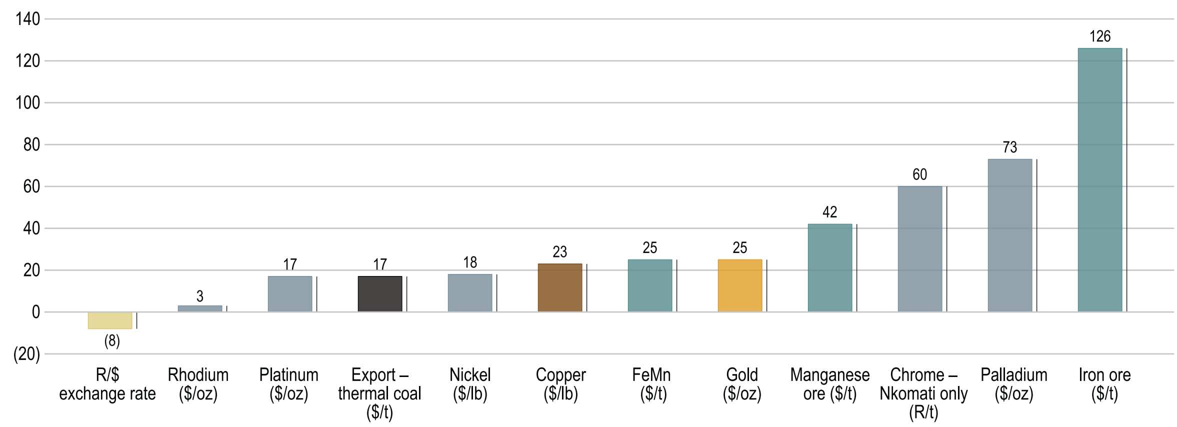
	12 months ended 30 June		
Commodity group	**2011 Rm**	**2010 Rm**	**% change**
Platinum Group Metals	**350**	315	11
Nkomati Nickel and Chrome	**110**	206	(47)
Ferrous Metals	**2 897**	1 364	112
Coal	**(103)**	(17)	>(200)
Exploration	**(173)**	(143)	(21)
Corporate, Gold and other	**238**	(11)	–
ARM headline earnings	**3 319**	1 714	94

The five year compound annual growth rate in headline earnings for ARM since June 2006 was 48%.

Sales for the year increased by 35% to R14.9 billion (F2010: R11.0 billion). The average gross profit margin of 40% (F2010: 32%) is substantially higher than the previous year largely due to increased US Dollar commodity prices. Commodity prices received by ARM increased for most commodities during F2011 when compared to F2010. In particular, the average prices in US Dollar terms for iron ore, palladium, nickel, export thermal coal and manganese ore increased significantly. Refer to the graph that follows.

The results for the year to June 2011 are negatively impacted by the 8% weakening in the average Rand/US Dollar exchange rate to R6.99/US$ from the average in F2010 of R7.59/US$.

F2011 vs. F2010 average realised commodity price percentage change



Machadodorp Works – from ferrochrome to ferromanganese alloys

Financial Director's report continued

Details of the ARM divisional segment financial results may be obtained from the segment reports in the financial statements in note 2. In addition each division's report from pages 44 to 93 contain a great deal of information on their operational performances.

The ARM Ferrous Division was the major contributor to ARM's headline earnings owing to strong performances from its iron ore and manganese divisions. The attributable headline earnings of ARM Ferrous increased by 112% to R2.90 billion from the result achieved in F2010 (R1.36 billion).

The Platinum Division's contribution to headline earnings declined by 11.7% to R460 million (F2010: R521 million) when compared to the previous year. The increased contribution from the platinum mines at Two Rivers and Modikwa of R350 million (F2010: R315 million) was negated by a large drop in attributable headline earnings at Nkomati to R110 million from R206 million in F2010. The decline in the Nkomati results was largely due to various production problems during the last six months of F2011.

The Coal Division's loss increased by R86 million to R103 million largely as a result of increased interest and amortisation charges at both PCB and GGV as well as lower production and sales in the PCB operations. The contribution from GGV remained positive for the year and to some extent ameliorated the PCB decline as the new GGV mine ramped up to design capacity during the financial year.

The ARM corporate, gold and other segment comprise the results for ARM company, minor subsidiaries, investment income from Harmony, insurance captive entities as well as consolidation adjustments. This segment's contribution was a gain of R238 million as compared to a loss of R11 million in F2010. This positive variance is largely due to a non-recurring consolidation adjustment related to the reversal of self-insurance premiums. There was also a positive variance resulting from increased management fees and lower corporate expenses at ARM company.

The ARM Exploration costs increased relative to the previous year due to accelerated exploration expenditure at Kalumines. The impact on headline earnings for the year was a negative R173 million (F2010: R143 million cost). All costs on the Konkola North Copper Project including exploration costs on Area "A" have been capitalised and are reflected as ARM Copper capital expenditure.

The **unaudited profit variance analysis** below indicates how ARM's results were impacted by various factors during the year at the level of Profit from operations before exceptional items.

Sales were largely impacted by the following variances:

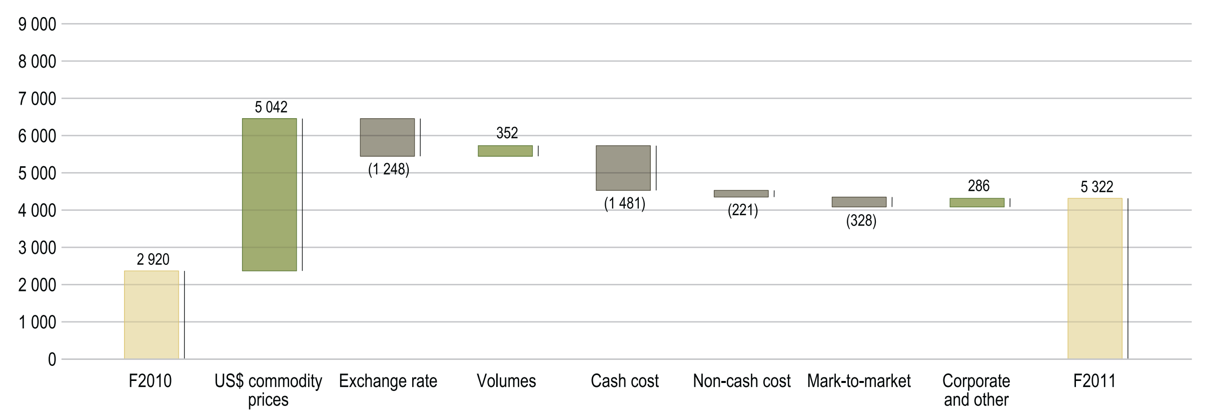
- The major positive variance amounts of R5 billion and results from the improvement in US Dollar commodity prices across ARM's operations;
- The strengthening of the Rand against the US Dollar accounts for a negative variance of R1.2 billion;
- Sales volume increases contributed R352 million to the positive variance. This amount does not reflect the increased but unsold production particularly at Nickel, Ferrous (iron ore) and at Coal, more fully described in the operational reports; and
- There were R328 million less mark-to-market adjustments in F2011 as compared to F2010.

The negative cash cost variance of R1.5 billion is based upon an absolute increase in mining costs when compared to F2010. This increase has the following key attributes:

- An average inflationary increase of between 10% and 14% at operations before amortisation charges;
- Additional costs incurred at Nkomati due to the termination of capitalisation of stripping costs, excessive ore re-handling costs and increased costs of consumables; and
- Additional costs at ARM Ferrous pertaining to marketing and logistics fees, accelerated ramp up at Khumani iron ore as well as increased power and reductant costs at the smelter operations.

The increased non-cash costs of R221 million which were largely due to increased amortisation charges were effectively negated by the increase in the contribution from the corporate and other segment.

Profit variance analysis (unaudited) – profit from operations before exceptional items
(R million)



Financial Director's report continued

Consolidated income statement

Summarised income statement

	Year ended 30 June		
	2011 Rm	2010 Rm	% change
Sales	**14 893**	11 022	35
Profit from operations (before exceptional items)	**5 322**	2 920	82
Income from investments	**216**	209	3
Finance costs	**(216)**	(192)	(13)
(Loss)/income from associate	**(135)**	(51)	(165)
Exceptional items	**(11)**	97	(111)
Taxation	**(1 671)**	(1 009)	(66)
Non-controlling interest	**(194)**	(162)	(20)
Profit after tax and non-controlling interest	**3 311**	1 812	83
Headline earnings	**3 319**	1 714	94
Headline earnings cents per share	**1 559**	807	93
EBITDA	**6 434**	3 907	65

Sales for the year of R14.9 billion were 35% higher than sales in F2010.

This increase is analysed across the ARM divisions as follows and may be referenced to the segmental analysis on pages 184 to 188:

- ARM Ferrous sales increased by 48%;
- ARM Platinum sales increased by 6%;
- Nkomati Nickel sales increased by 23%; and
- ARM Coal sales increased by 138%.

The average gross profit margins for the individual operations are:

	Year ended 30 June		
	F2011 %	F2010 %	Change
ARM Ferrous	**47**	35	12
ARM Platinum			
– Two Rivers	**28**	28	–
– Modikwa	**22**	26	(4)
– Nkomati	**25**	26	(1)
ARM Coal	**25**	26	(1)

Absolute cost increases during the year which had a noteworthy impact on cost of sales were:

- Electricity and reductant cost increases at the ferromanganese and ferrochrome smelters;
- Mining cost inflation of between 10% and 14%;
- Amortisation which increased by R125 million as the new operations ramp up at Khumani Iron Ore, Nkomati Nickel and GGV Coal; and
- Increased costs at Nkomati and Khumani mines as described above.

Other operating income increased to R511 million from R408 million in F2010. The increase is largely due to increased management fees received and consolidation adjustments.

Other operating expenses increased by R100 million in comparison to F2010. This increase is largely due to the following items:

- The increase in mineral royalty tax (F2011: R162 million; F2010: R20 million) which is reflected in Other Expenses. The F2010 year only included this cost for four months while for the past financial year the cost was accrued for the full year. It should be noted that the manganese ore operations continue to pay the State share of profits tax in lieu of mineral royalty tax until their mining right conversions have been executed;
- The decrease in the Corporate and Other segment of approximately R115 million related to a decrease in staff related costs as well as a consolidation adjustment for the reversal of self-insurance premiums expensed by operations (approximately R133 million); and
- Increased freight, marketing and logistics costs at Nkomati due to increased volumes.

Profit from operations before exceptional items increased significantly by 82% to R5.3 billion from R2.9 billion in F2010, as a result of the improved gross profit.

Income from investments amounted to R216 million for the year and includes a dividend received from Harmony of R32 million in October 2010 relating to their F2010 results. The total income from investments is much the same as in F2010 as the negative effect of a slight fall in average interest rates during the year was negated by the higher average cash balances held across the various operations particularly at ARM company and at ARM Ferrous.

At ARM Coal the cessation of the capitalisation of interest costs related to GGV resulted in a large increase in interest costs. This increase was offset by reduced interest payments at Two Rivers where shareholder loans have been repaid. The net result of these two aspects resulted in finance costs for F2011 being slightly higher than in F2010 at R216 million (F2010: R192 million).

The effective tax rate for the year including STC remained fairly constant at 32.3% (F2010: 33.8%). State share of profits for manganese ore sales amounts to R93 million for the year (F2010: R80 million) and is included in the taxation charge.

Consolidated statement of financial position

Summarised statement of financial position

	Year ended 30 June	
	2011 Rm	2010 Rm
Non-current assets	**23 291**	20 290
Property, plant, equipment and other	**16 162**	13 807
Investments	**7 129**	6 483
Current assets	**9 018**	7 943
Other	**5 350**	4 904
Cash and equivalents	**3 668**	3 039
Total assets	**32 309**	28 233
Total equity	**22 115**	18 529
Non-current liabilities:		
Long-term borrowings	**2 337**	2 582
Other	**4 120**	3 461
Current liabilities:		
Short-term borrowings	**732**	764
Other	**3 005**	2 897
Total equity and liabilities	**32 309**	28 233

Financial Director's report continued

The ARM financial position remains strong and effectively ungeared with the consolidated position at year-end being net cash of R599 million (F2010: Net debt R307 million). Total cash and cash equivalents were R3.7 billion (F2010: R3.0 billion) and total borrowings were R3.1 billion (F2010: R3.3 billion).

Total assets increased by 14% to R32.3 billion largely as a result of the R3.4 billion capital expenditure during the year coupled with the increased valuation of the investment in Harmony. The details of the capital expenditure are included in the operational reviews on pages 44 to 93.

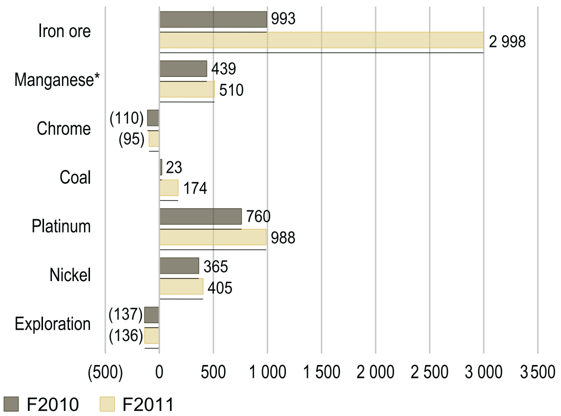
Additional key features include:

- Other investments; which largely comprise the 14.8% stake which ARM has in Harmony; increased to R5.7 billion as the share price at which the investment is marked-to-market of R89.95 per share was higher than the 30 June 2010 figure of R81.40 per share. ARM holds 63.6 million shares in Harmony;
- Within current assets the largest change was in the value of inventories which increased by R328 million as production levels were higher than sales levels at certain operations. This impacted negatively on working capital requirements as reflected in note 33 to the financial statements. Trade and other receivables levels increased over F2010 levels due to an increase in sales;
- Total interest bearing borrowings fell by R277 million to R3.07 billion at 30 June 2011. During the year the corporate loan at ARM company was reduced by R374 million, the Implats loan at Two Rivers was reduced by R270 million while the partner loans from Xstrata to fund the GGV mine increased during the year by R147 million; and
- Cash and cash equivalents after interest bearing borrowings and excluding partner loans (Impala Platinum: R73 million, Anglo Platinum: R114 million and Xstrata: R1.8 billion) amounted to R2.59 billion. This is R783 million more than at 30 June 2010.

Consolidated statement of cash flows

Cash generated from operations were R5.9 billion, an increase of 72% over the F2010 amount and is reported after working capital requirements of R640 million (F2010: R598 million). The largest increase occurred at the iron ore operations as reflected in the graph below.

Net cash inflow/(outflow) from operating activities
(R million attributable)



* *Manganese cash generated from operating activities excluding dividends paid to ARM.*

As a result of the above increase in operational cash flows offset by an increase in tax paid and an increased dividend payment the net cash inflow from operating activities increased by R1.8 billion to R4.3 billion from R2.5 billion in F2010.

The split in cash outflows for capital expenditure was 73% for expansionary purposes and 27% or R797 million on maintenance capital expenditure. ARM categorises capital expenditure as expansionary when the spend increases production capacity at operations. Expansion capital expenditure was largely spent at (i) the Khumani Iron Ore Expansion Project from 10mtpa to 16mtpa, (ii) Goedgevonden Coal and (iii) Nkomati Nickel.

There was a net outflow on financing activities of R588 million (F2010: R729 million) largely due to loans being repaid.

The closing cash and cash equivalents position of R3.7 billion (at 30 June 2010: R3.0 billion) was held primarily at ARM company (R962 million; at 30 June 2010: R903 million), and at ARM Ferrous (R1.47 billion; at 30 June 2010: R0.90 billion).

Segmental analysis

The graphs and charts on pages 166 and 167 indicate certain key elements of the segmental contributions to the ARM results. In addition detailed segmental results which include income statement, statement of financial position and cash flow information are provided on pages 184 to 188 of the financial statements.

Significant accounting matters

The Company has a contingent tax liability arising from a dispute with SARS relating to the 1998 tax submission. This is more fully described in note 37 of the financial statements. The Company is currently in discussion with SARS on progressing this dispute. No accounting entries have been processed in this regard as the outcome remains unclear.

IFRS 11 covering Joint Arrangements and which becomes effective for financial years commencing after 1 January 2013 is likely to have a significant impact on the presentation of the Group financial statements. Proportional consolidation for jointly controlled entities has been eliminated in this new accounting standard and therefore it is expected to result in a number of ARM's joint ventures being equity accounted.

Events after reporting date

Since the year-end the portion of the insurance claim relating to the furnace explosion at Cato Ridge Works, claimable against the local insurers, was settled on 26 August 2011. The portion attributable to ARM is estimated at R69 million after tax. The results to 30 June 2011 have not been adjusted as the impact is not considered material.

Financial risk management

ARM has an established risk management programme which is more fully described in a separate section on pages 26 to 27 of this report.

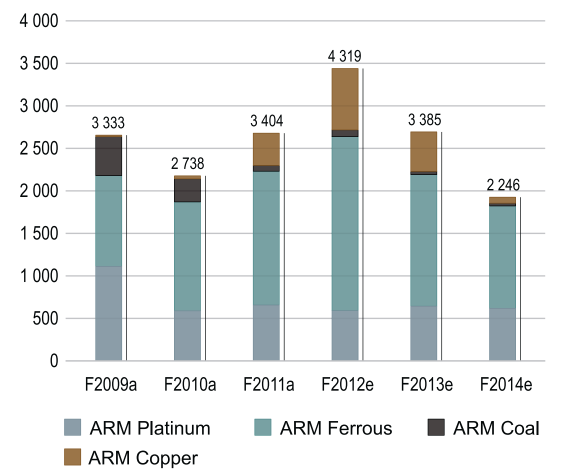
Specific risks which have a financial bias include currency, commodity price, interest rate, counterparty, credit and acquisition risks. A detailed analysis of ARM's approach to these risks is provided on pages 212 to 218 of the financial statements.

A sensitivity analysis is provided on page 218 of the financial statements. In particular the sensitivity analysis reflects the closing prices used in the provisional valuation at year-end of accounts receivable for the ARM Platinum and Nkomati Nickel operations.

The ARM financial position has remained effectively un-geared since 30 June 2009 and during the year surplus cash has been largely utilised to repay debt. The only significant external bank debt at 30 June 2011 is held by ARM company through its R1.75 billion corporate facility which had a balance outstanding of R410 million. This loan is due for repayment or refinancing in August 2012. The company is therefore well positioned to continue to grow in the future. As such the Company is not risk averse and while it does not have a fixed policy on gearing ARM targets a net gearing threshold of 30% for external funding subject to the ability to meet debt service requirements.

Forecasted attributable capital expenditure for the period to June 2014 is R10.1 billion and includes approved projects, maintenance capital and projects under consideration. This expenditure will be funded from operational cash flows and by utilising available cash and borrowing resources.

Attributable capital expenditure
(R million)



Dividend

Dividends are declared after consideration of the solvency and liquidity of the Company in accordance with the requirements of the Company's Act of 2008 as amended, and with due regard to the current funding status of the Company, future funding requirements and estimated cash flows.

ARM had no gearing at 30 June 2011 and had sufficient cash and cash equivalents and borrowing resources to fund both the planned maintenance and expansion of operations. Management continually reviews operational and corporate plans and forecasts every quarter.

The fifth annual dividend declared by ARM on 31 August 2011 of 450 cents per share represents a significant increase of 125% over the F2010 dividend and is consistent with ARM's commitment as a globally competitive company to return cash to shareholders while simultaneously maintaining the ability to fund growth of the Company in the future.

Mike Arnold

Financial Director
17 October 2011

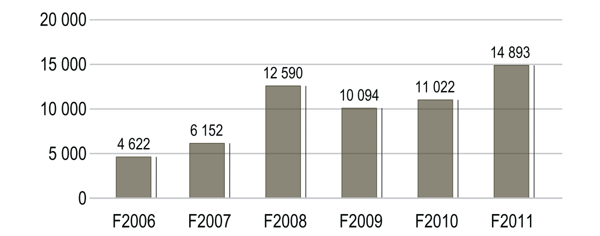
Financial summary and statistics

for the year ended 30 June

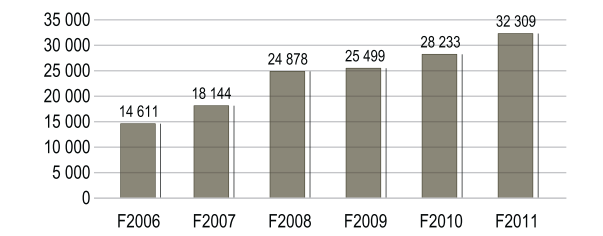
		Group							
R million, unless stated otherwise	Compound annual growth rate %	**F2011 Rm**	F2010 Rm	F2009 Rm	F2008 Rm	F2007 Rm	F2006 Rm	F2005 Rm	F2004 Rm
Income statement									
Sales	21	**14 893**	11 022	10 094	12 590	6 152	4 622	5 485	3 885
Headline earnings	84	**3 319**	1 714	2 317	4 013	1 207	462	339	47
Basic earnings per share (cents)	9	**1 555**	854	1 355	2 131	586	293	225	865
Headline earnings per share (cents)	71	**1 559**	807	1 094	1 906	580	225	166	37
Dividend declared after year-end per share (cents)		**450**	200	175	400	150	n/a	n/a	n/a
Statement of financial position									
Total assets	16	**32 309**	28 233	25 499	24 878	18 144	14 611	11 766	11 460
Cash and cash equivalents	39	**3 668**	3 039	3 513	2 660	1 063	439	288	357
Total interest bearing borrowings	8	**3 069**	3 346	3 744	3 978	4 044	2 252	1 574	1 831
Shareholders' equity	16	**22 115**	18 529	16 751	15 676	11 218	10 393	7 972	7 954
Statement of cash flows									
Cash generated from operations	39	**5 898**	3 430	6 678	5 175	2 537	1 243	1 661	603
Net cash outflow from investing activities	25	**(3 292)**	(2 324)	(3 135)	(2 427)	(2 691)	(1 444)	(826)	(691)
Net cash (outflow)/ inflow from financing activities		**(588)**	(729)	(171)	(175)	1 562	893	(549)	280
Number of permanent employees		**11 496**	10 281	9 643	8 747	7 725	6 943	6 107	5 162
Number of contractors		**17 208**	12 495	7 134	9 189	5 907	4 862	NR	NR
Exchange rates									
Average rate US$1 = R		**6.99**	7.59	9.03	7.30	7.20	6.40	6.21	6.90
Closing rate US$1 = R		**6.76**	7.67	7.72	7.83	7.07	7.16	6.65	6.26
JSE Limited performance									
Ordinary shares (Rands)									
– high		**236**	206	291	307	138	52	38	48
– low		**146**	117	76	103	53	32	25	32
– year-end		**189**	161	130	280	123	48	34	34
Volume of shares traded (thousands)		**121 051**	138 241	113 690	84 678	40 203	39 711	51 382	26 547
Number of ordinary shares in issue (thousands)		**213 133**	212 692	212 068	211 556	209 730	206 367	204 437	204 208
Financial statistics	Definition number								
Liquidity ratios (x)									
Current ratio	1	**2.4**	2.2	1.5	1.8	1.5	1.4	1.6	1.5
Quick ratio	2	**1.8**	1.7	1.1	1.5	1.1	1.0	1.0	0.9
Cash ratio	3	**12.60**	5.89	1.6	1.6	0.8	0.8	0.8	0.4
Profitability (%)									
Return on operational assets	4	**24.1**	15.2	20.4	39.6	25.1	17.6	20.6	7.5
Return on capital employed	5	**19.6**	12.5	18.2	36.3	16.4	9.2	8.2	8.2
Return on equity	6	**15.7**	9.6	14.3	27.0	11.1	4.5	5.2	0.7
Gross margin	7	**39.9**	32.1	40.1	56.2	45.7	28.5	31.8	21.1
Operating margin	8	**35.7**	26.5	36.7	53.0	40.3	24.1	29.0	13.6
Debt leverage									
Interest cover (x)	9	**25.0**	16.0	11.1	16.7	6.9	8.5	8.5	5.4
Debt to equity ratio (%)	10	**14**	18	25	25	36	22	20	23
Net debt to equity ratio (%)	11	**n/a**	2	1	8	27	17	16	19
Other									
Net asset value per share (R/share)	12	**99**	84	76	70	52	50	32	32
Market capitalisation	13	**40 176**	34 243	27 548	59 236	25 900	9 957	6 949	6 943
Dividend cover (x)	14	**3.46**	4.04	6.25	4.76	3.87	n/a	n/a	n/a
EBITDA	15	**6 434**	3 907	4 484	7 229	2 887	1 552	2 025	725
EBITDA margin (%)	16	**43**	35	44	57	47	34	37	19
The effective tax rate	17	**32**	34	39	30	36	33	37	19

The financial information provided above is in accordance with International Financial Reporting Standards.
The comparison above is given from 2004 which is when ARM in its current form was established.
Various corporate transactions were entered into during the past seven years and therefore direct comparison is not always meaningful.
NR refers to figures not reported.

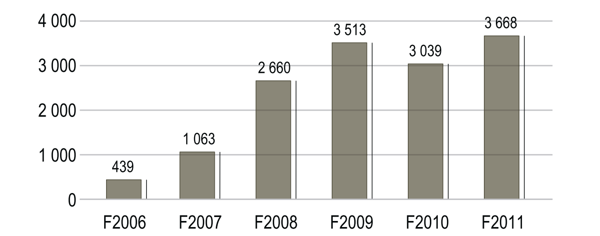
Sales
(R million)



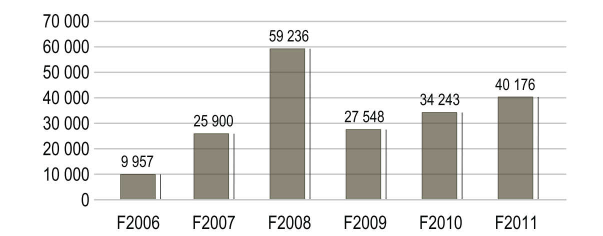
Total assets
(R million)



Cash and cash equivalents
(R million)



Market capitalisation
(R million)



Definitions

1 **Current ratio (times):** *Current assets divided by current liabilities.*
2 **Quick ratio (times):** *Current assets less inventories divided by current liabilities.*
3 **Cash ratio (times):** *Cash and cash equivalents divided by overdrafts and short-term borrowings less overdrafts.*
4 **Return on operational assets (%):** *Return on operational assets is the profit from operations divided by tangible assets, excluding capital work in progress.*
5 **Return on capital employed (%):** *Profit before exceptional items and finance costs, divided by average capital employed. Capital employed comprises non-current and current assets less trade and other payables and provisions.*
6 **Return on equity (%):** *Headline earnings divided by ordinary shareholders' interest in capital and reserves.*
7 **Gross margin (%):** *Gross profit divided by sales.*
8 **Operating margin (%):** *Profit from operations before exceptional items divided by sales.*
9 **Interest cover (times):** *Profit before exceptional items and finance costs divided by finance costs.*
10 **Debt to equity ratio:** *Total debt divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings. Total equity comprises total shareholders' interest.*
11 **Net debt to equity ratio:** *The net debt to equity ratio is total debt less cash and cash equivalents, divided by total equity.*
12 **Net asset value per share (Rands):** *Ordinary shareholders' interest in capital and reserves divided by number of shares in issue.*
13 **Market capitalisation (R million):** *Number of ordinary shares in issue multiplied by market value of shares at 30 June.*
14 **Dividend cover (times):** *Headline earnings per share divided by dividend per share.*
15 **EBITDA (R million):** *Earnings before interest, taxation, depreciation, amortisation, income from associate and exceptional items.*
16 **EBITDA margin (%):** *The EBITDA margin is earnings before interest, taxation depreciation and amortisation, excluding exceptional items and income from ARM's associates, divided by sales.*
17 **Effective tax rate:** *Taxation in the income statement divided by profit before tax.*

Note: All ratios except return on capital employed use year-end balances. Return on capital employed is a two-year average.

US Dollar convenience translation

	Group							
	F2011 US$m	F2010 US$m	F2009 US$m	F2008 US$m	F2007 US$m	F2006 US$m	F2005 US$m	F2004 US$m
Income statement								
Sales	**2 131**	1 452	1 118	1 725	854	722	883	563
Headline earnings	**475**	226	257	550	168	72	55	7
Basic earnings per share (cents)	**222**	113	150	292	81	46	36	125
Headline earnings per share (cents)	**223**	106	121	261	81	35	27	5
Dividend declared after year – end per share (cents)	**67**	26	23	51	n/a	n/a	n/a	n/a
Statement of financial position								
Total assets	**4 782**	3 682	3 304	3 178	2 576	2 041	1 769	1 831
Cash and cash equivalents	**543**	396	455	340	150	61	43	57
Shareholders' equity	**3 272**	2 416	2 171	2 002	1 587	1 452	1 199	1 271
Statement of cash flows								
Cash generated from operations	**843**	451	739	709	352	194	267	97
Net cash outflow from investing activities	**(471)**	(306)	(348)	(334)	(374)	(226)	(133)	(100)
Net cash (outflow)/inflow from financing activities	**(85)**	(96)	(19)	(24)	217	140	(88)	41
JSE Limited performance								
Ordinary shares (cents)								
– high	**3 376**	2 714	3 217	4 205	1 917	816	612	696
– low	**2 092**	1 542	842	1 414	739	500	411	471
– year-end	**2 788**	2 099	1 683	3 576	1 747	674	511	543

Group overview

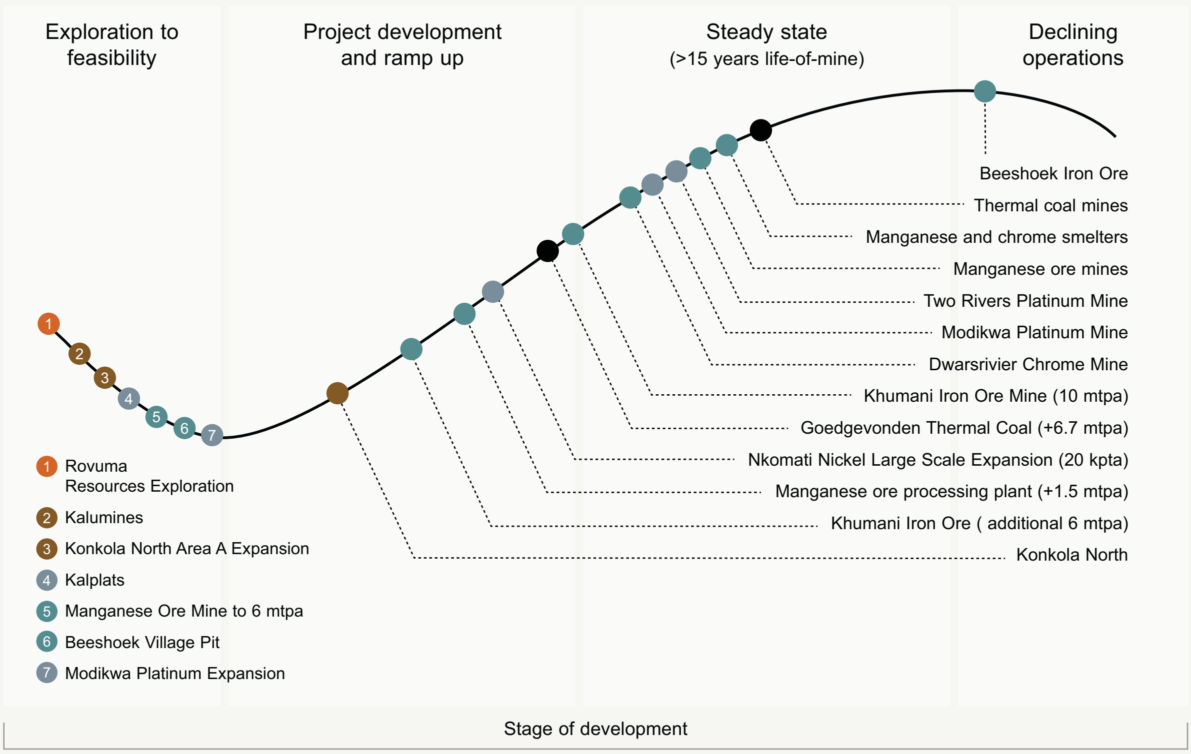
Goedgevonden Mine Coal Handling Processing Plant (CHPP)

ARM strategy

Key growth projects

	Khumani Iron Ore (10 – 16 mtpa)	Goedgevonden Thermal Coal	Nkomati Nickel Large-Scale Expansion	Konkola North Copper Project
Steady state	16 mtpa	3.8 mtpa local; 3.2 mtpa export	20 500 tpa nickel	45 000 tpa copper
Capex committed	75%	99%	95%	82%
Stage	Ramp-up	Full production	Ramp-up	Construction
Position on cost curve	30th percentile	25th percentile	40th percentile	45th percentile
Commissioning (calendar year)	2011	2009	2009	2012
Full production (financial year)	2013	2012	2014	2015
Comment	Efficient low unit cost	Dragline opencast operation	C1 cash cost net of by-products of US$4.40/lb at steady state in 2014	New commodity in portfolio and first mine outside South Africa

Project pipeline and operations



A balanced, growing portfolio

- **Iron ore expansion beyond 16 mtpa**
- **Manganese ore expansion to 6 mtpa**
- **Expansion of Modikwa Platinum Mine**
- **Two Rivers Merensky Project**
- **Kalplats Platinum Project**
- **Konkola North Area "A"**
- **Kalumines Copper Project**
- **Exploration with Rovuma Resources**
- **Thermal Coal Projects**

Principal risks, challenges and opportunities

The risks, challenges and opportunities set out below represent selected principal issues that may impact on ARM's results and operations in the future.

For a detailed analysis of financial instruments and risk management issues refer to note 36 to the financial statements, and for risk management procedures and processes refer to pages 132 and 133 of the corporate governance section.

Risk/challenge/opportunity	Impact	Action taken by ARM
Financial risk		
Commodity price volatility		
ARM's revenue, earnings and cash flows are dependent on prevailing commodity prices determined by the supply and demand of commodities, linked to global economic conditions.	Fluctuations in commodity prices for the range of commodities may have a material impact on ARM's financial results.	• Maintains a diversified portfolio of commodities. • Follows a general policy not to engage in commodity price hedging. • Constantly monitors commodity markets and matches production with market demand and commodity prices. • Focuses on containing and reducing operating expenses.
Fluctuations in currency exchange rates		
ARM's products are mostly sold in US Dollars.	Fluctuations in the exchange rate of the South African Rand against the US Dollar may have a material impact on ARM's financial results.	• Foreign exchange hedging is limited to specific items of capital expenditure on major projects. Exchange rate fluctuations in many instances provide both an opportunity and a risk.
Cost management		
ARM is unable to directly set the prices it receives for the commodities it produces. Extraction and processing costs of raw materials and consumables, such as reductants, reagents, power, fuels, labour, transport and equipment are susceptible to inflationary and supply and demand pressures.	ARM's ability to contain costs in an inflationary environment and maintain low-cost efficient operations can have a significant impact on its profitability. The competitiveness of its products and its long-term profitability can negatively impact ARM's earnings.	• Ability to contain/reduce costs and maintain operational efficiency is a measure of the quality of ARM's operational management and asset stewardship. • Cost performance is a key measure of management performance and operational efficiency. • Target, by 2012, to be within the 50th percentile of the respective global cost curve (benchmarked at steady-state/ normalised production volumes). • Regular audits of operations to identify potential inefficiencies.
Financing		
High debt levels, combined with a significant project pipeline could reduce ARM's ability to grow its operations and to take advantage of business opportunities.		• As a result of a focus in F2009 on cash conservation and debt reduction, ARM has a strong financial position with low gearing, which ensures ARM can proceed with funding key growth projects.
Operational risk		
ARM's operations are affected by the availability of raw materials, water and power. Other operating risks range from: unusual or unexpected geological features, ground conditions or seismic activity to technical failures, fires, explosions and other incidents at mines and smelters.	Any of these could adversely affect our ability to operate cost efficiently or meet production levels.	• An effective, well-developed and entrenched risk management process is in place. • Comprehensive and effective risk management remains an imperative at all levels within ARM and its operations. • An integrated approach to risk management not only helps to ensure appropriate corporate governance compliance, but also provides a practical and effective tool for the management of risk.
Project execution		
ARM has a significant pipeline of growth projects which require strong project management skills.	Ineffective management of projects could result in cost overruns and delays.	• ARM's managed businesses have a proven track record of project delivery (on time and within budget).
Resources and Reserves		
Mine reserves decline as commodities are extracted. There is also the possibility that some reserves cannot be mined as profitably as anticipated.	Exploitation of existing reserves, successful exploration and development activities and acquiring access to economically recoverable reserves are essential for ARM's future.	• Existing operations have substantial reserves that may be exploited via organic growth projects. • ARM continues to assess quality growth opportunities and actively focuses on opportunities to explore and develop new ventures to increase and diversify its portfolio of assets.
Infrastructure access and capacity		
Logistics constraints and access to rail and port capacity remain challenges to meeting increased demand for commodities and achieving ARM strategic growth.	These challenges may result in the inability to achieve planned export targets and have a material impact on future growth with resultant impact on financial results.	• ARM is actively involved in commodity and industry initiatives with Transnet, co-funding feasibility studies to enable optimisation of logistics for exports. • Individual operations continue to optimise on mine/site turnaround time, to ensure improved export logistics. • Also investigating alternative export channels such as Maputo, Walvis Bay and Luderitz.
Security of energy supply		
ARM's mining operations and more particularly its ferromanganese and ferrochrome smelters, are intensive users of electricity. Electricity constraints have reduced the reliability of the energy supply in South Africa and increased prices.	The lack of a sustainable supply of energy may negatively impact on our ability to operate and influence future expansion prospects. The considerable increase in electricity costs in South Africa may affect our ability to contain costs.	• Energy efficiency plans have been implemented at all our operations. • ARM continues to explore potential co-generation opportunities.

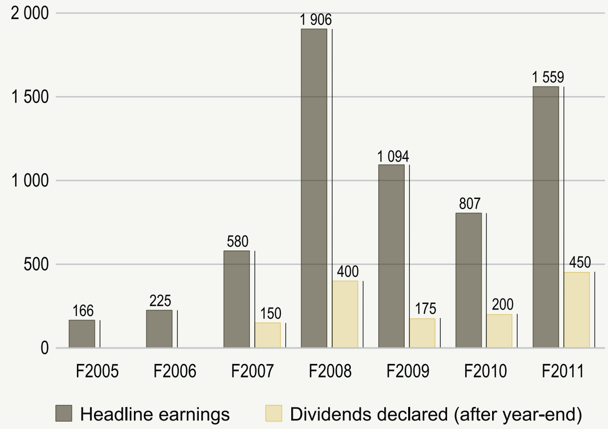
Risk/challenge/opportunity	Impact	Action taken by ARM
Operational risk continued		
Health and safety		
Although ARM is not significantly exposed to deep level mining operations, mining remains a hazardous industry and is subject to extensive and increasingly more stringent health, safety and environmental legislation and regulations.	Failure to provide a safe working environment and/or non-compliance with legislation and regulation could impact negatively on employee safety, health, employee and community relations and profitability. Injury or loss associated with any safety breach, breach of regulations or non-compliance could damage ARM's reputation.	• The Group Sustainable Development Reporting Manager, reporting directly to the Chief Executive Officer, ensures oversight of the process. • ARM participates in industry forums in which health and safety best practices are shared with a view to improving performance in these areas. • Medical surveillance is performed in compliance with legislation. • Wellness programmes which create awareness and provide input on methods of treatment of chronic diseases (including Tuberculosis, sexually transmitted diseases and other HIV-related opportunistic infections) are run by each operation. • ARM has an advanced HIV and Aids Management Programme.
Environment		
The environmental challenges facing ARM include its impact on climate change. These challenges include impact primarily through greenhouse gas emissions resulting from the generation of the energy it consumes and its use of reductants; biodiversity conservation and land management; resource management, in particular water and energy; emissions; dust from its operations; waste and tailings management; and closure planning and closed site management.	Estimated rehabilitation provisions based on the best information available and provided for over the life of our operations may subsequently need to be increased. This could impact on earnings.	• Water management is a priority at all ARM operations and of particular importance to sustain both our operations and the surrounding communities. • ARM's operations have environmental management programmes based on ISO 14001. • Integrated air quality management plans, including emission inventories are in place at the two smelters; both Cato Ridge and Machadodorp have emission reduction projects.
Emission and climate change		
Climate change and weather-related events. Legislation relating to climate change is likely to result in restriction of industrial emissions, and the imposition of a carbon tax and added costs for emissions that exceed permitted levels and increase costs for monitoring, reporting and accounting for emissions.	Climate change may result in weather-related events or other physical threats that may hamper production or damage assets. Failure to meet and exceed best practice for monitoring and reporting emissions could have a reputational impact on ARM and affect our ability to operate.	• Climate change issues are a priority for ARM management who are continually working to improve our understanding and management of ARM's carbon footprint and reduce the carbon intensity of our operations and activities. • Emission inventories continue to be compiled and monitored for all ARM smelters. • Every effort is being made to reduce our consumption of electricity by enhancing efficiency.
Social risk		
Community and corporate social investment		
ARM's operations and future projects can have an impact on communities in the vicinity in which we operate.	Support of local communities for our activities is essential for the successful completion of projects. Lack of community support could have a negative impact on productivity and consequently on profitability. Communities may become dependent on our operations.	• ARM's Corporate Social Investment (CSI) and Local Economic Development (LED) plans focus on the upliftment of historically disadvantaged communities in the vicinity of our operations with the aim of building capacity. • ARM strives to earn the trust of local communities through extensive stakeholder engagement with these communities. • ARM uses its investment in local communities to enhance the socio-economic capacity of the communities in which it operates, and to avoid them becoming dependent on ARM's operations after closure.
Labour relations		
From time to time our operations experience limited work stoppages and industrial action.	Work stoppages result in production interruptions and could have a material impact on ARM's financial results.	• The majority of ARM's workforce is unionised. ARM has and actively seeks to foster good relations with employees and unions.
Key skills shortages		
The attraction and retention of key skills.	As ARM develops and expands, our future success will depend on our ability to attract and retain highly skilled and qualified personnel.	• ARM strives to be the employer of choice in its industry. Levels of remuneration are regularly and aggressively benchmarked against peers. ARM makes a concerted effort to retain and manage the Group's talent pool. In F2011, ARM spent an equivalent of 6.4% of its salary spend on training and skills development. • Learnerships, primarily focusing on technical disciplines, increased to 231 in F2011 with the aim of increasing the skills levels of employees. • ARM's graduate training programme continues as an important part of human resource development strategy. Bursaries and study assistance allowances for graduates were provided to 220 people in F2011.

Integrated salient features

"The ARM management team continues to deliver outstanding results. We are **confident about the long-term future of the minerals** we mine, despite current volatility and are **continuing with our aggressive growth** strategy."

Patrice Motsepe, ARM Executive Chairman

Headline earnings and dividends per share
(Cents)



Financial

- Headline earnings increased by 94% to R3.32 billion (F2010: R1.71 billion). The headline earnings per share were 1 559 cents compared to 807 cents in F2010.
- Dividend increased substantially by 125% to 450 cents per share (F2010: 200 cents per share).
- Cash generated by operations increased by 72% to R5.9 billion from R3.4 billion in F2010.
- Robust balance sheet with net cash (excluding partner loans) of R2 594 million (F2010: R1 811 million).
- Attributable headline earnings from iron ore increased 224% to R2.3 billion.

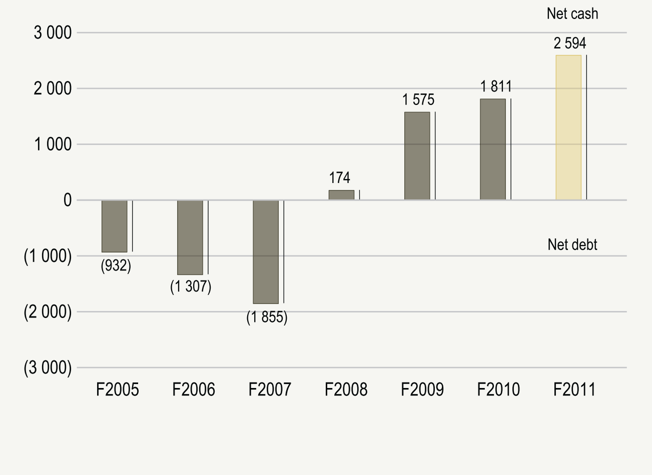
Operational

- Increased production volumes at ARM Ferrous as well as at the Nkomati Nickel and Goedgevonden Coal operations.
- Unit operating costs well controlled at the manganese ore, ferrochrome, Two Rivers and Modikwa platinum operations.
- Good progress in growth projects
  - Khumani Iron Ore Expansion Project from 10 to 16 million tonnes per annum is ahead of schedule and well within budget
  - Nkomati Nickel Mine expansion commissioned, plant recoveries lower than anticipated due to oxidised ore
  - The Goedgevonden Coal Mine is at design capacity
  - Konkola North Copper Project progresses on budget and on schedule to produce first copper in December 2012.

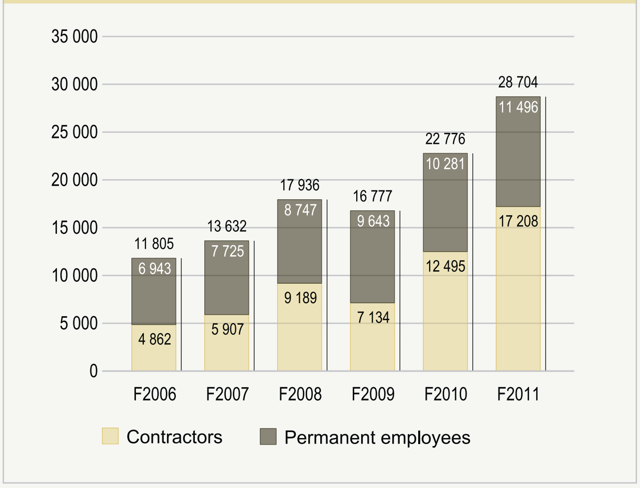
Sustainability

- Modikwa achieved 8 million fatality-free shifts.
- Significant improvement in safety performance: Lost Time Injury Frequency Rate (LTIFR) reduced to 0.43 from 0.77 in F2010 (calculated per 200 000 man hours worked).
- Continued improvement in the implementation of HIV & Aids and Tuberculosis (TB) management programmes, resulting in the TB cure rate increasing consistently to 85% during F2011 and F2010 (from 62% in F2009).
- Total Corporate Social Responsibility expenditure (CSI, LED and BBEE Trust) of R124.5 million compared to R72.9 million in F2010.
- Improvement in employment equity and gender diversity – Mining Charter targets continue to be exceeded.
- Our improved data collection systems allowed us to comprehensively and consistently identify, analyse, evaluate and regularly revisit our material environmental risks and opportunities.

Net cash/(net debt) excluding partner loans
(R million)



Total labour (as at 30 June 2011)
(Number of full-time employees and contractors – 100% basis)



Nkomati Rose Geranium project

Key performance indicators

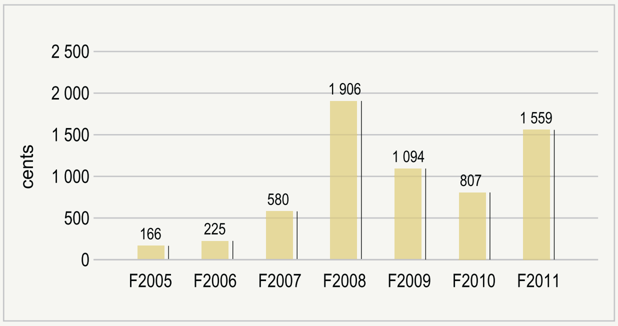
The following overview of ARM's key performance indicators covers both financial and sustainability performance for F2011, including comparable indicators for preceding years. The definitions for the indicators are included where appropriate.

Financial

Headline earnings per share (HEPS)

HEPS for F2011 increased 94% to 1 599 cents per share from 807 cents per share in F2010. The increase in HEPS was driven mainly by increased US Dollar commodity prices especially for iron ore. The positive impact of increased US Dollar commodity prices was however reduced by the strengthening of the Rand versus the US Dollar which decreased 7.9% from R7.59/$ in F2010 to R6.99/$ in F2011.

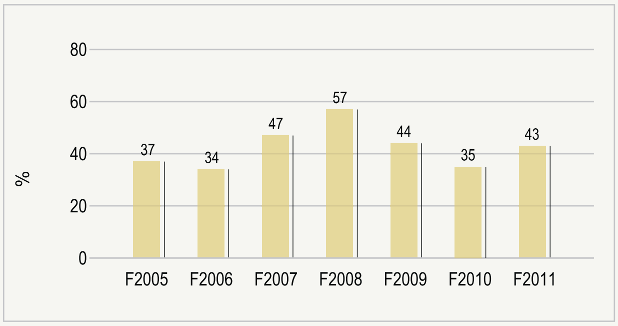
Headline earnings comprise earnings adjusted for items of a capital nature. This is then divided by the weighted average number of shares in issue to arrive at HEPS.



EBITDA margin

The ARM EBITDA margin increased substantially from 35% in F2010 to 43% in F2011 driven mainly by increased US Dollar prices across all commodities that comprise the ARM portfolio. The positive impact of higher realised iron ore prices, which increased 130%, was especially pronounced.

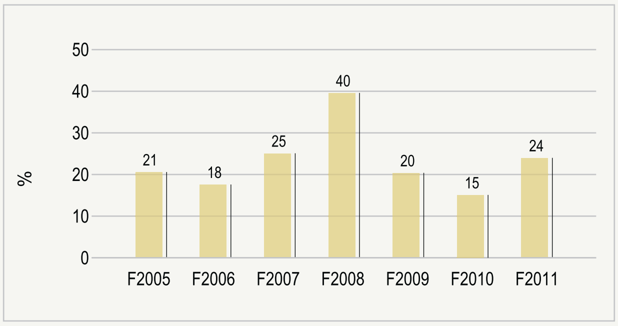
The EBITDA margin is earnings before interest, taxation depreciation and amortisation excluding exceptional items and income from ARM associates, divided by sales.



Return on operational assets

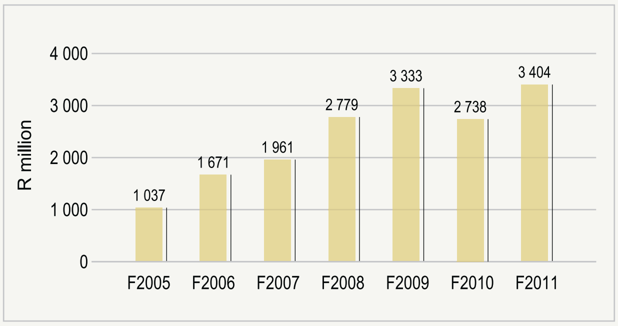
Return on operational assets improved from 15.2% in F2010 to 24.1% in F2011.

Return on operational assets is the profit from operations divided by property plant and equipment and current assets excluding work in progress.



Capital expenditure (capex)

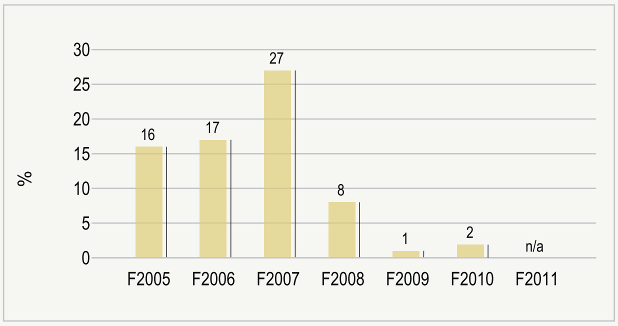
Capital expenditure attributable to ARM increased to R3.4 billion from R2.7 billion in F2010 as ARM continued to progress its growth projects in the Ferrous, Platinum, Coal and Copper divisions. ARM is confident about the future of the mines it operates and in the next three years to June 2014 plans to spend an additional R10 billion of capex (on an attributable basis) to further grow its portfolio.



Net debt to equity

ARM is in a strong financial position with net cash of R599 million as at the end of June 2011. This robust financial position provides strong support for ARM's growth plans into the future.

The net debt to equity ratio is total debt less cash and cash equivalents, divided by total equity.

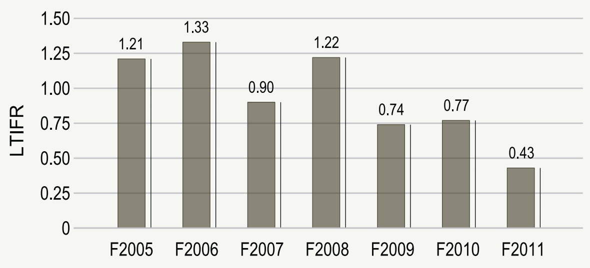


Non-financial

Safety

- Regrettably, a fatality occurred at Machadodorp Works during F2011. On 2 February, Mr Solomon Vusi Sindane, a trainee crane operator, was fatally injured.
- ARM achieved an excellent improvement in safety performance during the financial year:
  - A total of 109 Lost Time Injuries occurred (versus 165 during the previous financial year).
  - The Lost Time Injury Frequency Rate (LTIFR) was 0.43 versus 0.77 during the previous financial year (based on 200 000 man hours).

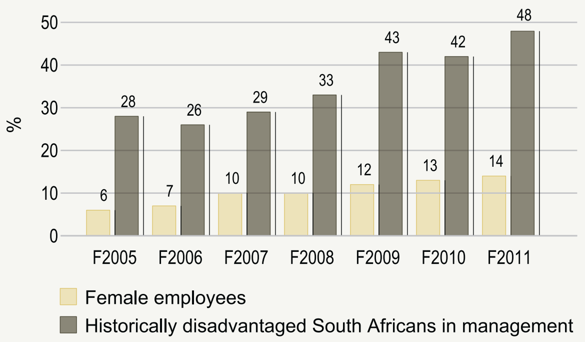
Safety



Employment Equity (EE)

- ARM has been certified as a Best Employer South Africa (2011/2012) by the CRF Institute.
- Continued progress in EE, including gender diversity.
- EE in management has increased to 48% from 42% in F2010.
- Total number of female employees was 14% compared to 13% in F2010, and exceeds the Mining Charter target of 10%.
- The Employment Equity report was submitted to the Department of Labour on 28 September 2011 and complies with Section 21 of the Equity Act.

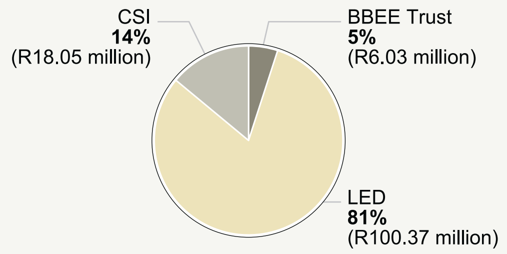
Employment equity
(Number of full-time employees and contractors – 100% basis)



Corporate social responsibility investment

- During F2011, R100.4 million spent in terms of Social and Labour Plans (SLPs) and Local Economic Development (LED) compared to R58.3 million in F2010. Corporate Social Investment (CSI) spend of R18.1 million compared to R14.6 million in F2010.
- In addition, the ARM BBEE Trust spent R6.0 million (F2010: R14.6 million) on projects to uplift and benefit rural communities.
- Total Corporate Social Responsibility Investment was R124.5 million compared to R72.9 million during the previous financial year.

Corporate social responsibility investment



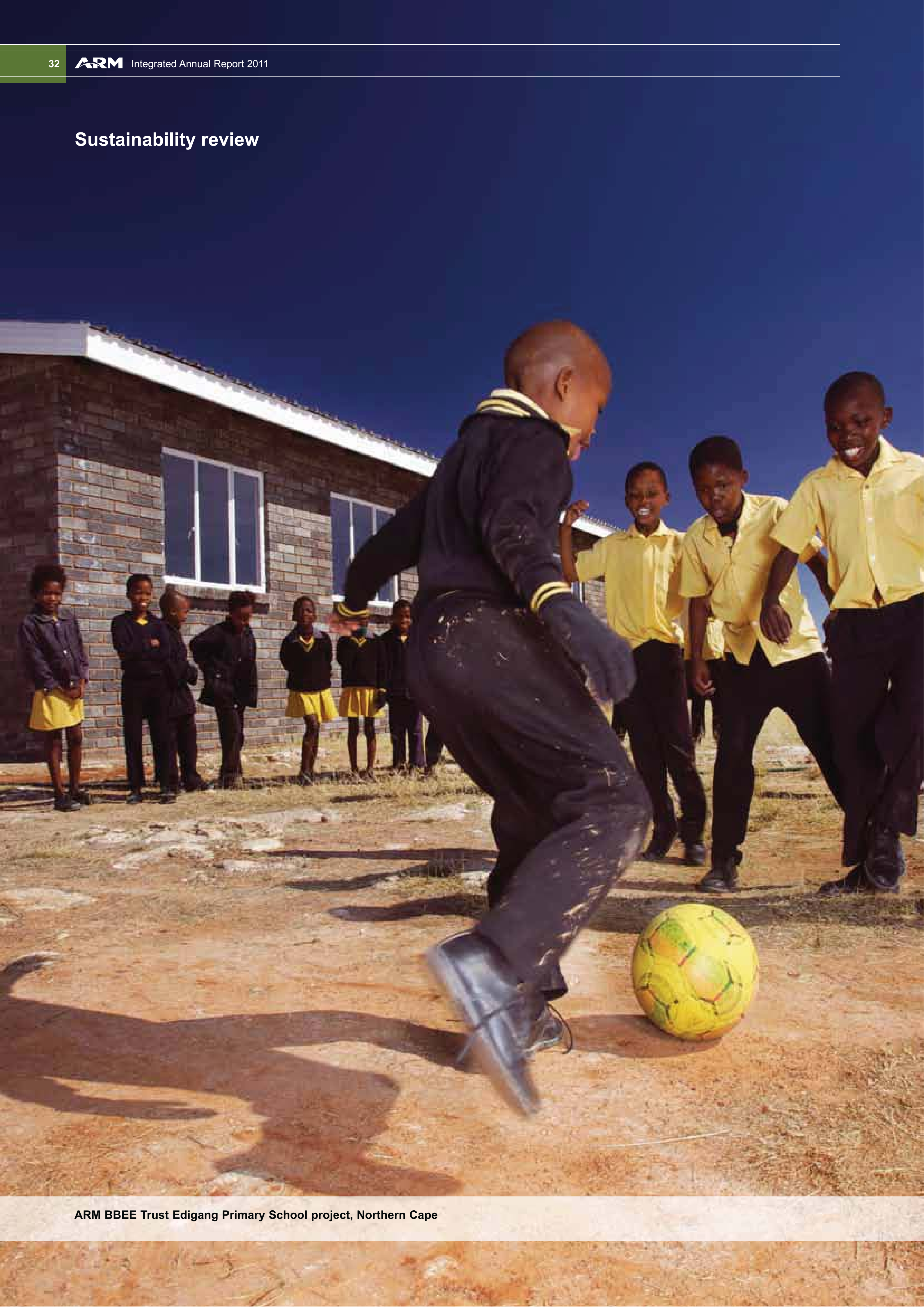
Implementation of the HIV & Aids management programme

- Continued progress in the implementation of the HIV & Aids programme in alignment with the primary aims of the National Strategic Plan for South Africa (2007-2011).
- Membership of the South African Business Coalition on HIV & Aids (SABCOHA) allows us to benchmark our programme with the best nationally and internationally.
- ARM is actively participating in the National HIV Counseling and Testing campaign as proposed by SANAC (South African National Aids Council) and the number of employees both counselled and tested, has showed marked increases:
  - 15 342 employees and contractors counseled during the year (53% of the total workforce versus 40% during F2010).
  - 10 836 employees and contractors tested during the year (38% versus 32% in F2010 of the total workforce).
  - 1 068 employees were tested for the first time.

Climate change

- ARM has determined its carbon footprint and has made a submission to the Carbon Disclosure Project (CDP) for the second year.
- Continued focus on monitoring and reporting including improving the data collection processes.
- Strategic review of climate change risks, initiatives and approach being addressed in a project. Subsequent to facilitated work-shops on climate change throughout the operations, a strategy and policy is being formulated in alignment with national legislation and International Council on Mining and Metals (ICMM) climate change policy developments.

Sustainability review



ARM BBEE Trust Edigang Primary School project, Northern Cape

ARM's integrated reporting for 2011 includes the **publication of a separate Sustainability Report,** which provides comprehensive information on how our **strategy and approach to doing business is ensuring our long-term sustainability**, the material issues that could impact on our business, including our compliance with the revised Mining Charter and delivery against our **social and labour plan commitments.**

This **review provides a summary of our approach to sustainability,** our material issues and our successes and challenges in this regard.

A summary of the Company's non-financial key performance indicators can be found on page 31 of this report.

Our approach to sustainability

By their very nature, mining activities impact on the natural environment. They also present both potential social benefits and risks for local communities.

Yet it is possible for mining to be economically, socially and environmentally sustainable over the long-term and we believe our approach to mining is achieving long-term sustainability. In addition, the products we mine provide society with basic materials needed for economic development. Many are recycled and reused. Our use of the resources we mine and the raw materials we require to operate is efficient and responsible. Our activities and investments are creating lasting social and economic benefit both for the communities and the regions in which we operate.

ARM is committed to identifying, understanding and mitigating the environmental impacts of our activities. We also identify our impacts on the communities in which we operate and work closely with communities and government to ensure that communities enjoy the social benefits that our operations can provide and that any risks are mitigated.

In order for ARM to continue to create value for our shareholders we need to comply with the JSE Listing Requirements, which include compliance with the principles set out in the third report on corporate governance in South Africa, referred to as King III. The Corporate Governance report included on pages 117 to 149 in this report provides detail on our performance in this regard.

ARM has also participated in and met the requirements of the JSE Socially Responsible Investment (SRI) Index for the past three years. This pioneering set of criteria, against which companies are assessed, provides guidance on environmental, economic and social sustainability as well as governance best practice. The SRI Index further offers a platform to recognise listed companies that incorporate sustainability principles into their everyday business practices and is a tool which investors can use to assess companies on a broader base.

ARM became a member of the International Council on Mining and Metals (ICMM) in September 2009 because it shares the ICMM vision of a respected mining and metals industry which is

Sustainability review continued

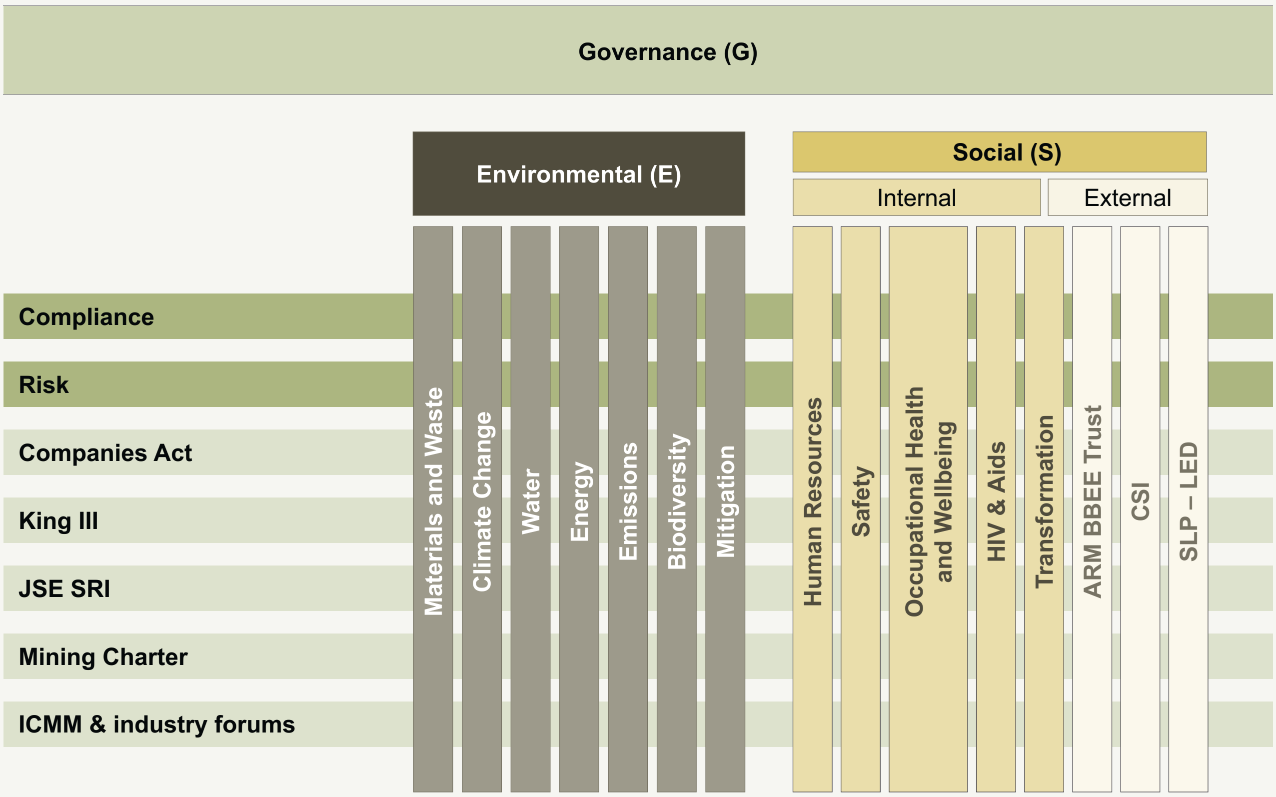
widely recognised as essential for society and a key contributor to sustainable development. As a member of the ICMM, ARM also subscribes to the Extractive Industries Transparency Initiative (EITI) – a global standard that promotes revenue transparency and the management of revenues from natural resources.

As a member of the ICMM, ARM is required to act in accordance with ICMM position statements and comply with the three elements of the ICMM Sustainable Development Framework, namely (i) implementation of the 10 ICMM Sustainable Development Principles throughout the business, (ii) a commitment to transparent and accountable reporting practices (we continue to report in line with the GRI G3 framework) and (iii) independent third-party verification that we are meeting the ICMM commitments.

Subsequent to becoming a member of the ICMM, we initiated an externally conducted gap analysis in F2010 to assess the alignment of our sustainable development practices with the ICMM's 10 principles. The key recommendations arising from this process were for ARM to go beyond legal compliance in its management of risk, to include emerging sustainable development risks in its risk management system and to strengthen its reporting framework based on the GRI. These recommendations were successfully implemented during the previous financial year (F2010) and resulted in successful external assurance at a moderate level of our Sustainability Report in F2010.

During F2011, we continued to broaden our approach to sustainability reporting and we have further integrated issues material to our sustainability into our risk management system. The transitional sustainable development model which we presented for the first time last year, suits our reporting requirements well and we continue to use this to integrate sustainability across our business.

ARM's sustainable development model



Our Sustainability Report meets application level B+ of the GRI Sustainability Reporting Guidelines, including the Mining and Minerals Sector Supplement and complies with the ICMM Sustainable Development Framework.

Managing sustainability in our business

The Group Manager: Sustainable Development, who reports to the Chief Executive Officer of ARM with oversight from the Social and Ethics Committee (formerly called the Sustainable Development Committee), is responsible for reviewing sustainable development policies, strategies and targets, and ensuring that they are aligned with the Board's commitment to zero tolerance of harm throughout our business.

The purpose of the Social and Ethics Committee is to monitor and report on the manner and extent to which ARM protects, enhances and invests in the wellbeing of the economy, society and the natural environment in which it operates in order to ensure that its business practices are sustainable. The committee also reviews and considers the efficacy of ARM's systems to promote local economic development opportunities to enable historically disadvantaged South Africans to develop economically while meeting the requirements of mining rights conversions, the Mining Charter and other requirements detailed in the Minerals and Petroleum Resources Development Act, 2002 and other legislation.

The Social and Ethics Committee has three members, of which two are Independent Non-executive Directors as described in the Corporate Governance report of the Integrated Annual Report on page 130.

The ARM Management Risk Committee, which is a management sub-committee of the Audit Committee, is tasked with assisting the Audit Committee in discharging its duties relating to risk matters by implementing, co-ordinating and monitoring a risk management plan, policy and processes to ensure that broader strategic and significant business risks are identified and quantified with attendant controls and management assurance. The Leader: Risk Management together with the Group Manager: Sustainable Development attend the Social and Ethics Committee meetings, are members of the Management Risk Committee and are instrumental in integrating sustainability risks which are identified at operational and corporate level, into ARM's comprehensive risk management process. Both these individuals attend Board meetings to respond to any risk-related matters raised by the Directors.

The ARM Risk Management programme integrates the management of risk and assurance and provides both corporate governance compliance and a practical and effective tool for the management of risk (including sustainability risk) within ARM. The Risk Register/ Enterprise Risk Management (ERM) System is used to ensure that a robust system of identifying, quantifying, monitoring, managing and reporting risks and opportunities is applied consistently throughout the Company.

At an operational level, risk registers and risk and control dashboards are continuously reviewed and updated. We have a number of management and control assurance providing initiatives and processes at divisional and corporate level including:

- Monthly performance reviews of our operations through Operational Committee meetings;
- Quarterly performance reviews of operations through Executive Committee meetings;
- Quarterly ARM Management Risk Committee meetings;
- Quarterly ARM Sustainable Development Management Committee meetings;
- Quarterly operational Sustainable Development meetings;
- Quarterly ARM Sustainable Development Committee meetings (as of September 2011 called the Social and Ethics Committee);
- Quarterly ARM Audit Committee meetings; and
- Quarterly Board meetings.

These meetings and regular reviews form an important part of the combined assurance process and provide appropriate oversight of management processes and the management and mitigation of associated risks to an acceptable level.

Sustainability governance

ARM's efforts towards sustainability are underpinned by its commitment to maintaining the highest standards of governance, which include the application of sound business practices which link into the management systems, structures and policies of the Company. The new, as well as frequent changes in legislation in South Africa and the many pieces of legislation that govern the mining industry make it challenging to ensure that we remain compliant. These are detailed in our Sustainability Report.

Monitoring, measuring and reporting on our sustainability performance

Currently, the data we require for our sustainability reporting is drawn from a number of different systems, which involves significant time being spent on consolidating data. There are also challenges regarding ensuring accuracy and comparability of data. We are piloting a system in our Ferrous Division that will allow for the implementation of uniform reporting systems across our operations.

ARM commissioned SustainabilityServices.co.za to provide high-level independent third party assurance over the content of our F2011 Sustainability Report. The report on this assurance process, which is included in the Sustainability Report, contains comment on data collection in ARM.

Our material issues

We determine what is material to our business through a combination of internal performance measurement and the monitoring and evaluation of the external context within which we manage our business and operations. We do this through ongoing stakeholder engagement, review and assessment of our performance to date, monitoring of media coverage, the reporting of material issues by members of the extractive industry and policy and regulatory trends.

Sustainability review continued

We have also developed a formal stakeholder engagement process, which assigns specific engagement responsibilities to the relevant positions in ARM.

The material issues which ARM has identified include economic, social and environmental issues and the maintenance of the highest standards of corporate governance.

Economic issues

Our material economic issues include:

- **Electricity costs and our ability to use electricity efficiently**
  As a responsible South African company we supported the increase in Eskom's tariffs which was intended to facilitate its infrastructure building programme since that infrastructure would help us to continue growing our business. We are, however, concerned that a new round of price increases may adversely impact not only our business but also the communities in which we operate. ARM, together with other industrial users of electricity, is in discussions with government institutions to ensure future tariff increases strike a balance between allowing Eskom to build new infrastructure and sustaining industries that provide jobs and revenue for government. While we fully support measures that seek to promote the efficient use of energy and have a number of initiatives under way within ARM to ensure the efficient use of energy in our organisation (these are described in our Sustainability Report), we are concerned that the proposed carbon tax, if it goes ahead, will add to the already heavy energy cost burden.

  The ARM Ferrous Division, which is responsible for 80% of the Group's consumption of electricity, is a member of the Energy Intensive Users Association and has developed its own Energy Efficiency Charter, which maps its development and implementation of energy efficient practices.

- **Logistics**
  Our logistics concerns are in connection with the railing of our products. ARM exports iron ore through the Sishen-Saldanha Iron Ore Export Channel (SIOEC), a single channel rail and port facility and our ability to increase exports is limited by its capacity, any industrial action affecting Transnet Freight Rail (Transnet) and its operational performance. We are working closely with Transnet and other industry role players to explore the potential for expanding the SIOEC beyond 60 million tonnes (Mt) per annum.

  Another concern is the lack of rail capacity in South Africa, which means that, in many cases, ARM has to transport its products by road. This substantially increases our carbon footprint and limits the extent to which we can manage the environmental impact.

- **Market conditions**
  The commodities we produce are globally traded and, as a result, ARM does not control the prices we receive for our commodities. The prices of the commodities we produce and beneficiate are significantly affected by global economic conditions and global demand for metals and energy. Price and exchange rate fluctuations impact our revenues, cash flows, profitability and asset values. ARM's diversified portfolio allows it to deliver more stable returns due to improved flexibility and ability to manage the risk associated with commodity price cycles.

- **Costs**
  We are on track to achieve our strategic objective of having all our managed operations positioned below the 50th percentile of the unit cost curve for the various commodities we produce. In order to achieve our target ARM is reducing its ferrochrome production and increasing the production of ferromanganese at its Machadodorp Works. However, going forward, increasing energy and labour costs will present further challenges to containing production costs.

Social issues

Our material social issues include:

- **Employee safety and wellness**
  We are committed to providing our employees with a safe and healthy work environment, which also allows us to run our operations in a sustainable and efficient manner.

  Responsibility for safety at operational level lies with line managers and supervisors. Each operation has its own safety policy and strategy, which is aligned to ARM's zero harm commitment, but also addresses the operation's unique requirements.

  The majority of our operations have obtained certification in terms of the international occupational health and safety management system, OHSAS 18001.

  Regrettably, a fatal accident occurred at Machadodorp Works during the year. On 2 February 2011, Mr Solomon Vusi Sindane, a trainee crane operator was fatally injured at furnace No 2. ARM and its Board of Directors would like to extend our sincerest condolences to Mr Sindane's family, friends and colleagues.

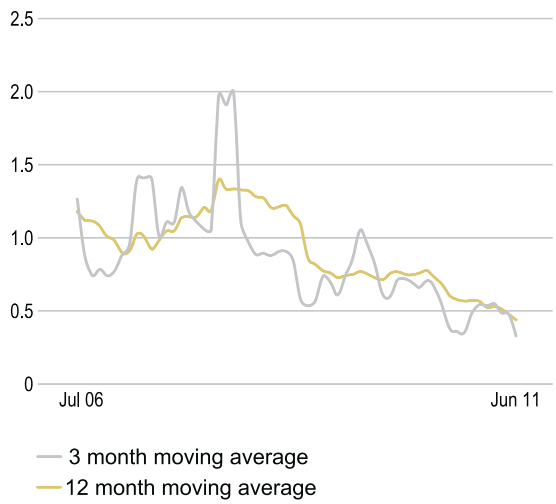
  Our safety training is designed to address the key safety risks identified at each operation. Every person working in our operations receives regular health and safety training. We continually monitor and review procedures and conduct safety and health awareness campaigns.

  There has been a significant improvement in our safety performance in F2011. Our Lost Time Injury Frequency Rate (LTIFR) decreased from 0.77 per 200 000 man hours worked in F2010 to 0.43 per 200 000 man hours worked in F2011, and our Reportable Injury Frequency Rate (RIFR) decreased from 0.42 to 0.29 in F2011. Some of our key achievements during the year were:

  – Modikwa Platinum Mine achieved 8 000 000 fatality-free shifts on 21 June 2011 and has been awarded the Department of Mineral Resources (DMR) Safety Achievement Flag for Platinum Mines. According to the Modikwa team, this huge safety success is attributable to the diligent adherence to standards and the practicing of one of Modikwa's core values of "caring for each other".

– Beeshoek Iron Ore Mine recorded 8 000 fatality-free production shifts in the DMR (Northern Cape) safety competition. During the third quarter, Beeshoek also achieved 12 months without a lost time injury.
– On 11 November 2010, Two Rivers Platinum Mine completed 2 000 000 fatality-free shifts.
– Khumani Iron Ore Mine achieved its first 1 000 000 fatality-free shifts in November 2010.
– Black Rock Manganese Mine achieved 1 000 000 fatality-free shifts during the fourth quarter.

ARM safety performance
(LTIFR)



To ensure the health risks present in each of our operations are identified, monitored and managed, specialist external service providers are engaged to assist with the implementation and management of the medical surveillance programmes running in all our operations. Our principal occupational health issue remains noise-induced hearing loss (NIHL). The most common illnesses diagnosed among our workforce (including chronic and primary health-related diseases) remain hypertension upper respiratory tract infections and back/muscular/skeletal ache. We have increased our efforts to reduce workplace noise, in line with the DMR's 10-year targets agreed at the Mine Health and Safety Summit in 2003. It is compulsory for any of our workers who are exposed to the internationally accepted noise level limit of 85 decibels (A), or above, to wear hearing protection. We also regularly monitor and measure noise emission levels of equipment. The hearing of employees exposed to high levels of noise is tested at least once a year.

HIV & Aids and other chronic diseases remain a risk to the wellness and productivity of our employees. While the focus of our wellness programmes differs, depending on the requirements of each operation, we have focused during this financial year on facilitating access to chronic medication (including anti-retroviral drugs).

ARM's HIV & Aids management guideline, which was compiled with reference to the South African National Standard (SANS 16001:2007), the International Finance Corporation (IFC) HIV/Aids Guide for the Mining Sector and the GRI Guideline on HIV & Aids, provides our operations with guidelines and standards for the management of HIV & Aids. The guideline, which is regularly reviewed and updated in line with internal and external developments, is used as a reference source for planning and implementing the HIV & Aids management programmes at our operations. Details can be found in our Sustainability Report. We have also developed a scorecard based on the framework provided by this document which is used to monitor and measure the performance of our operations in terms of our comprehensive HIV & Aids programme. Our internal minimum standard, known as the Sustainable Development Standard (SDS), provides a target for our operations. Details regarding our performance against these standards, are published in our Sustainability Report.

Our operations continue integrating HIV & Aids community outreach projects into their programmes for the management of HIV & Aids. These programmes form part of their community social investment.

Further details of our safety and wellness performance can be found in the Sustainability Report and under the operational reviews on pages 44 to 85 of this report.

Relationships with the communities in which we operate, labour and government
Details of our stakeholders, our methods of engagement with them, points of discussion and concerns raised and how ARM has responded to these concerns, can be found in our Sustainability Report.

Stakeholder engagement is a key strategic focus at ARM. To retain our licence to operate and continue having access to resources, we need to earn the trust of the communities in which we operate through our engagement processes. Each ARM operation engages with its stakeholders in a manner appropriate to their specific needs and concerns. To ensure learnings, these interactions are documented and shared at operational and corporate level.

We regularly engage with organised labour and value our good relationship with the trade unions. During F2011 ARM was recognised as one of the top 60 best employers in South Africa.

During F2011 ARM created three permanent positions in its operations per calendar day. Over the past five years we have created an average of 2.5 permanent jobs per calendar day, a total of 4 553 new jobs.

Our engagement with government takes place at local and national level on a range of topics including social investment, health and safety, environmental management and transformation. The aim of this engagement is to share information and partner with government to achieve delivery on local economic development strategies.

Sustainability review continued

- **Transformation**
  We embrace the national agenda of broad-based economic transformation and strive to make the mining industry reflective of all South Africans in partnership with our stakeholders. We seek to comply with the spirit of the Broad-Based Socio-Economic Charter of the Mining Industry (Mining Charter) and currently exceed the Mining Charter targets for employment equity and gender diversity. Areas which are particularly challenging to improve in the short-term are local procurement and local economic development because the essential elements of skills transfer and capacity building take time. We are committed to being a transformation leader in the industry and our action plans are focused on delivering on the commitments of our Social and Labour Plans. There is still uncertainty over the application of the Mining Charter Scorecard and how the scoring will be applied. ARM has, however, submitted the scorecards for all its mines to the DMR, based on the guidelines published in the Gazette. We will continue to consult with the DMR and through the Chamber of Mines forums to remain informed as the understanding with regard to the implementation of the Mining Charter Scorecard develops.

- **Attraction, retention and development of skills to support our aggressive growth plan**
  ARM aims to be the employer of choice in the mining industry. We believe this will allow us to retain our talent pool and attract new talent. We regularly benchmark our levels of remuneration against our peers.

  Two of the major challenges facing our industry are the retention of skills and the development of new skills. ARM is currently well-placed in regard to skills. However, the risk of a skills shortage remains as a result of the small pool of skills available in the mining industry and our aggressive growth plans. We have identified the lack of appropriate housing around some of our operations as a significant risk to our ability to attract the right people and have embarked on a major housing project to address this proactively.

  Our employee turnover rate at 4.8% for F2011 (F2010: 5.7%) is one of the lowest in our industry, which indicates that we are achieving our goal of being an employer of choice. The fact that we recruit as many employees as possible from communities local to our operations also contributes to our low turnover rate.

  We invest in learnerships (mainly in the engineering disciplines), internal and external bursaries and offer study assistance. ARM spent 6.4% of its annual payroll on skills development during F2011.

  Our graduate development programme concentrates on meeting our requirements for mining, mechanical and electrical engineers, metallurgists, geologist and surveyors. Over the past three years we have successfully filled most senior vacancies from within.

We identify talented employees and put in place development plans and succession plans. Our development programmes include a shift boss/mine overseer development programme which prepares talented employees for general management level appointments, and a foreman development programme aimed at developing supervisory skills and preparing artisans for management level appointments.

Environmental issues

The most material environmental issues facing ARM are climate change and resource management, with water and energy being our particular areas of concern.

While each ARM operation has its own environmental policy and strategy, they are all aligned with our commitment to responsible environmental stewardship. Our operations' environmental management systems include identification of the impacts of the site's activities, mitigation plans and performance monitoring. The majority of our operations are ISO 14001 certified.

All our operations have quantified targets and objectives for their key environmental parameters such as water management, emissions (at our two smelters) and biodiversity, which are aimed at minimising/reducing our impact on the environment.

The environmental performance of our operations is reviewed quarterly in executive Safety, Health, Environment and Quality (SHEQ) meetings chaired by divisional executives and attended by corporate SHEQ staff. There are annual internal audits and biennial external Directors' Liability audits of SHE performance at our operations. These audits monitor legal compliance and aim to identify potential liability issues for ARM and its directors. Our ISO-certified operations also undergo external ISO-prescribed legal compliance audits.

Following on the results of our carbon footprint analysis, ARM is developing a carbon management strategy and implementation plan which includes an emissions reduction plan. The main contributors to our carbon footprint are our consumption of electricity produced from coal, our use of diesel, and carbon-based reductants in our smelters such as coke and coal.

ARM engaged Environmental Resource Management (ERM) to facilitate divisional carbon strategy workshops. Following on these workshops custom-made training programmes are being implemented in all our operations. The training will focus on awareness, capacity building, reporting and improving performance.

To better manage our energy consumption we have appointed a Group Electrical Engineer responsible for energy efficiency at ARM. Our smelters at Cato Ridge and Machadodorp are the most energy intensive of our operations. In addition to the information provided in our key performance indicators in this report, our Sustainability Report details our efforts to better manage our energy consumption and provides statistics on our energy consumption and emissions.

Availability, consumption and pollution of water are key risks. We aim to use water as efficiently as possible, to recycle and to avoid any negative impacts on water quality in the environment in which we operate. Our operations run closed circuit water systems as far as practically possible in order to minimise discharge into the environment.

Some of our operations have had to address legacy issues of groundwater contamination and rehabilitate historically contaminated land that impacts on surface groundwater.

In line with the terms of their integrated water use licences our operations source water from rivers, boreholes and municipal sources.

Our operations engage with the Department of Water Affairs, local communities, local authorities, irrigation boards, catchment management agencies and other industry users to ensure the sustainability of water resources for all stakeholders. The availability of water is a key consideration when we plan the expansion or construction of an operation.

Adding value

During the year under review ARM created significant value for a diverse range of stakeholders in the form of:

- Employee wages and benefits;
- Dividends paid to shareholders;
- Taxation and royalties paid to government;
- Socio-economic development initiatives in the communities in which we operate;
- Providers of capital; and
- Re-investment to ensure its sustainability over the long-term and value creation for stakeholders.

ARM's value added statement shows an overall increase of 50% in wealth created and distributed in F2011, up from R5 673 million in F2010 to R8 522 million. Sales for the year increased by 35% to R14.9 billion (F2010: R11.0 billion).

Value added statement

	F2011 (Rm)	F2010 (Rm)	F2009 (Rm)	F2008 (Rm)	F2007 (Rm)	F2006 (Rm)
Sales	**14 893**	11 022	10 094	12 590	6 152	4 622
Net cost of products and services	**6 441**	5 604	4 201	4 318	2 527	2 361
Value added by operations	**8 452**	5 418	5 893	8 272	3 625	2 261
(Loss)/income from associate	**(135)**	(51)	147	461	16	–
Exceptional items	**(11)**	97	514	162	14	139
Income from investments	**216**	209	414	168	51	24
Wealth created	**8 522**	5 673	6 968	9 063	3 706	2 424
Applied as follows to:						
Employees as salaries, wages and fringe benefits	**1 856**	1 491	1 399	1 053	738	709
The state as taxes	**1 671**	1 009	1 727	2 084	781	377
Royalty tax	**162**	20				
Providers of capital	**836**	725	1 034	1 213	561	297
– Equity – dividend	**426**	371	847	315	–	
– Non-controlling interest	**194**	162	(198)	460	191	163
– Outside – finance cost	**216**	192	385	438	370	134
Total value distributed	**4 525**	3 245	4 160	4 350	2 080	1 383
Re-invested in the Group	**3 997**	2 428	2 808	4 713	1 626	1 041
Amortisation	**1 112**	987	787	541	406	440
Reserves retained	**2 885**	1 441	2 021	4 172	1 220	601
Wealth distributed	**8 522**	5 673	6 968	9 063	3 706	2 424

Sustainability review continued

Our sustainability performance year-on-year

Performance indicator	F2011	F2010	F2009
Economic and related core baseline indicators			
Revenue (Rm)	**15 357**	11 425	10 712
Sales (Rm)	**14 893**	11 022	10 094
Duties, levies and taxes paid (Rm)	**1 671**	1 009	1 727
Headline earnings (Rm)	**3 319**	1 714	2 317
EBITDA (Rm)	**6 434**	3 907	4 484
Purchased materials and services (Rm)	**6 441**	5 624	4 201
Value added	**8 461**	5 653	6 968
Procurement of capital goods, services and consumables from BBBEE Suppliers (%)	**74.4**	52.5	37.3
Number of environmental administrative penalties/fines	**None**	2	None
Employee issues			
Total number of all ARM employees and contractors	**28 704**	22 776	16 777
– Employees (permanent)	**11 496**	10 281	9 643
– Contractors (mainly used in capital projects)	**17 208**	12 495	7 134
New jobs created (direct employment only)	**1 215**	802	896
Employee turnover (excluding contractors) %	**4.8**	5.7	4.5
Investment in employee training and development			
– Total expenditure (Rm)	**96**	50	57
– % of payroll	**6.4**	3.6	6
Employment equity (% representation of previously disadvantaged groups among permanent employees)			
– Top management	**38**	44	44
– Senior management	**40**	32	32
– Professionally qualified	**50**	45	47
– Technically qualified	**69**	67	56
Lost Time Injury Frequency Rate (LTIFR) (200 000 man hours)	**0.430**	0.770	0.736
Reportable / serious accidents	**74**	90	82
Number of lost workdays due to industrial action	**14 816**	2 411	115
Environmental issues			
Total water withdrawn (m^3) (municipal, surface and groundwater)	**15 091 358**	15 060 418	14 314 155
Energy usage			
– Electricity (000 kW/h)	**2 547 836**	2 003 918	2 038 751
– Oil (000 litres)	**2 909**	2 934++	2 565++
– Diesel (000 litres)	**73 559**	55 732	54 625
Emissions			
Carbon footprint equivalent (equivalent tonnage CO_2)			
Total	##	3 073 431	2 576 634++
– Scope 1	##	654 665	559 040
– Scope 2	##	1 979 020	1 735 289
– Scope 3	##	439 746	282 305
Carbon emission intensity ratios (Scope 1 & 2)			
– Tonnes CO_2e/1 000 ZAR	##	0.24	0.23
– Tonnes CO_2e/Full Time Employee	##	202.3	226.1
Direct emissions (tonnes)			
– CO_2 emissions – direct (tonnes) Cato Ridge and Machadodorp only	**561 060**	589 559++	748 473
– NO_x (tonnes)	**1 120**	1 169++	–
– SO_x (tonnes)	**816**	1 572++	–
– Particulate matter (tonnes)	**460**	381++	–
Domestic waste (tonnes)	**16 689**	13 928++	14 051++
Corporate Social Responsibility			
Total community upliftment and corporate social investment (Rm)	**124.5**	72.9	60.0
– CSI (Rm)	**18.1**	14.5	19.3
– LED (Rm)	**100.4**	43.8	28
– ARM BBEE Trust (Rm)**	**6.0**	14.6	n/a

Non-financial data based on 100% (versus attributable to equity) unless otherwise stated.
The Employment Equity report was submitted to the Department of Labour on 28 September 2011 and complies with Section 21 of the Act.
LTIFR: Injury rates are measured per 200 000 man hours, in line with general SA practices and include both ARM employees and contractor incidents.
++ *Environmental indicators: we continue to improve our systems for measuring and monitoring our performance to ensure comprehensive and reliable data. Accordingly, our figures for previous years have in certain cases been restated.*
Carbon footprint data is currently being recorded and emissions being calculated in order to submit to the Carbon Disclosure Project (CDP) by early 2012. For CDP reporting purposes, ARM submits data for the preceding financial for F2011, i.e. the March 2012 CDP submission will contain results for 1 July 2010 to 30 June 2011. As a result, carbon emissions data presented in this report, is for the previous financial year.

Shovel operation with spotter

Operational overview

ARM's **"We do it better"** management style brings **entrepreneurial flair to the businesses** it manages and is invested in.

ARM's partners provide **access to markets, skills and value generating growth opportunities.**

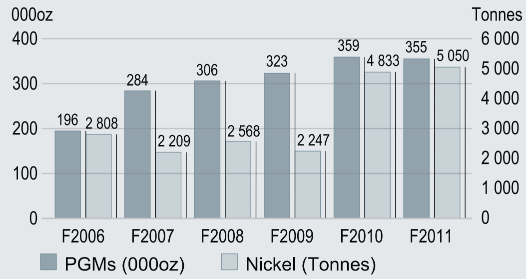
ARM Platinum

ARM Partners: Anglo American Platinum, Impala Platinum, Norilsk Nickel

		F2011	F2010	% change
Headline earnings	Rm	**460**	521	(12)
EBITDA margin	%	**30**	35	
EBITDA	Rm	**1 457**	1 541	(5)

Attributable capital expenditure: **R0.8 billion**
Total labour in F2011: **11 019 (including 5 499 contractors)**
Key investments during the year: **Nkomati Nickel Large-Scale Expansion Project**

ARM Platinum attributable production volumes



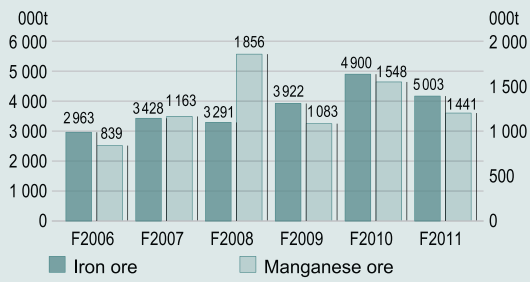
ARM Ferrous

ARM Partner: Assore

		F2011	F2010	% change
Headline earnings	Rm	**2 897**	1 364	112
EBITDA margin	%	**50**	38	
EBITDA	Rm	**4 728**	2 459	92

Attributable capital expenditure: **R2.0 billion**
Total labour in F2010: **10 548 (including 4 832 contractors)**
Key investments during the year: **Khumani Iron Ore Expansion Project from 10 to 16 million tonnes per annum**

ARM Ferrous attributable sales volumes



ARM Exploration

The focus of the ARM Exploration Division is to identify and assess quality business opportunities in sub-Saharan Africa.

Effective from 1 July 2011, the copper exploration assets that previously formed part of ARM Exploration, including a 30% shareholding in the Kalumines Copper Project and a 50% shareholding in the Lusaka & Kabwe Project, have been moved into the ARM Copper Division.

A highly skilled and experienced exploration team has been established and will be under the leadership of Mr. Jan Steenkamp (who is also the Chief Executive of ARM Ferrous).

ARM Group

		F2011	F2010	% change
Headline earnings	Rm	**3 319**	1 714	94
EBITDA margin	%	**43**	35	
EBITDA	Rm	**6 434**	3 907	65

Total attributable capital expenditure: **R3.4 billion**
Total labour in F2011: **28 704** (excludes ARM Coal)

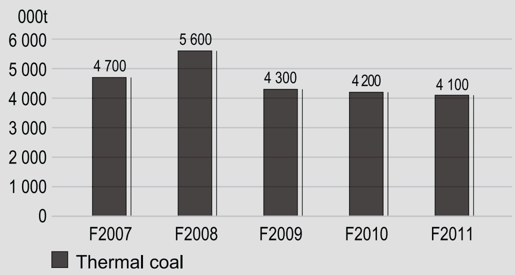
ARM Coal

ARM Partner: Xstrata Coal South Africa

		F2011	F2010	% change
Headline (loss)	Rm	**(103)**	(17)	<(200)
EBITDA margin	%	**43**	54	
EBITDA	Rm	**217**	114	90

Attributable capital expenditure: **R0.3 billion**
Key investments during the year: **Goedgevonden Coal Mine**

ARM coal attributable sales volumes



ARM Copper

ARM Partner: Vale S.A.

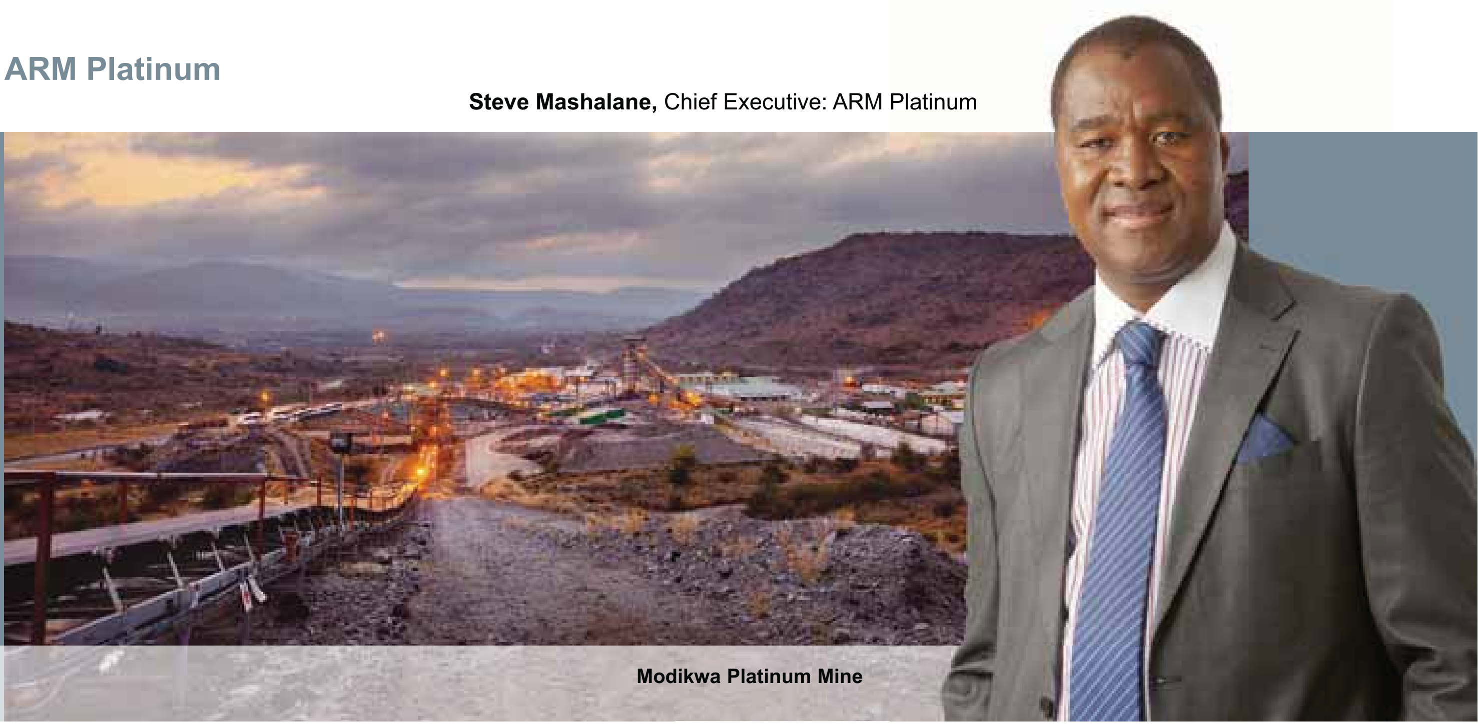
Konkola North Copper Project

- Measured and Indicated resource of 57.4 million tonnes at 2.42% copper.
- 2.5 million tonnes milled yielding 45 000 tonnes of copper in concentrate per annum.
- Concentrator plant to be commissioned in December 2012, full production in the 2015 financial year.
- Life-of-mine of 28 years.
- Total capital expenditure of US$391 million (in July 2010 terms).
- C1 cash cost of US$1.07/lb (45th percentile at steady state: 2015).
- Potential to increase output to 100 000 tonnes copper in concentrate per annum (Area "A" resource).

ARM Exploration has signed an agreement with Rovuma Resources, a Mozambican exploration company, to explore for manganese ore, nickel, PGMs and base metals in Mozambique. In terms of the agreement ARM will fund ongoing exploration at an estimated cost of US$7 million per annum and will have exclusive rights to exercise options to purchase prospecting/mining rights to the resources.

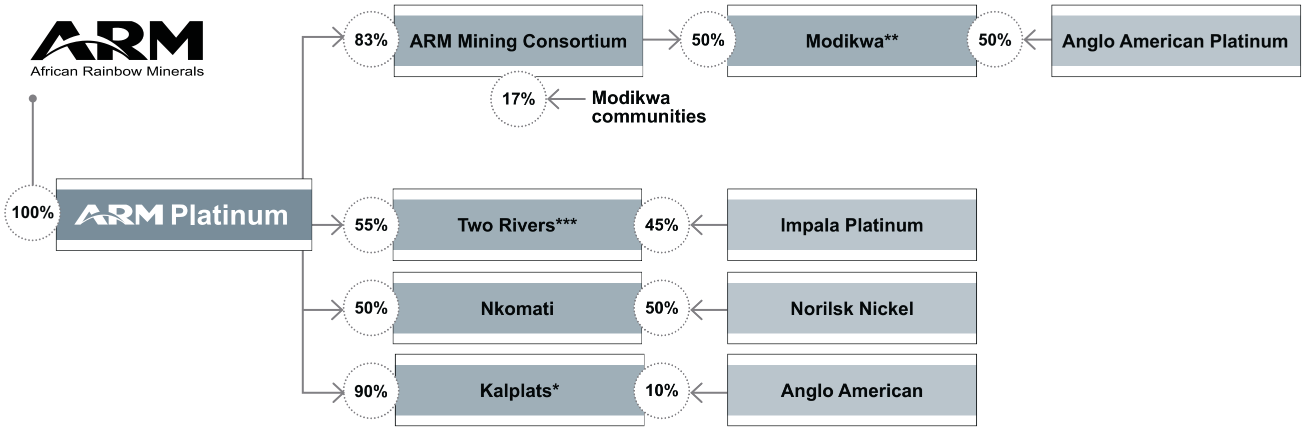
ARM Platinum

Steve Mashalane, Chief Executive: ARM Platinum



Modikwa Platinum Mine

Divisional structure

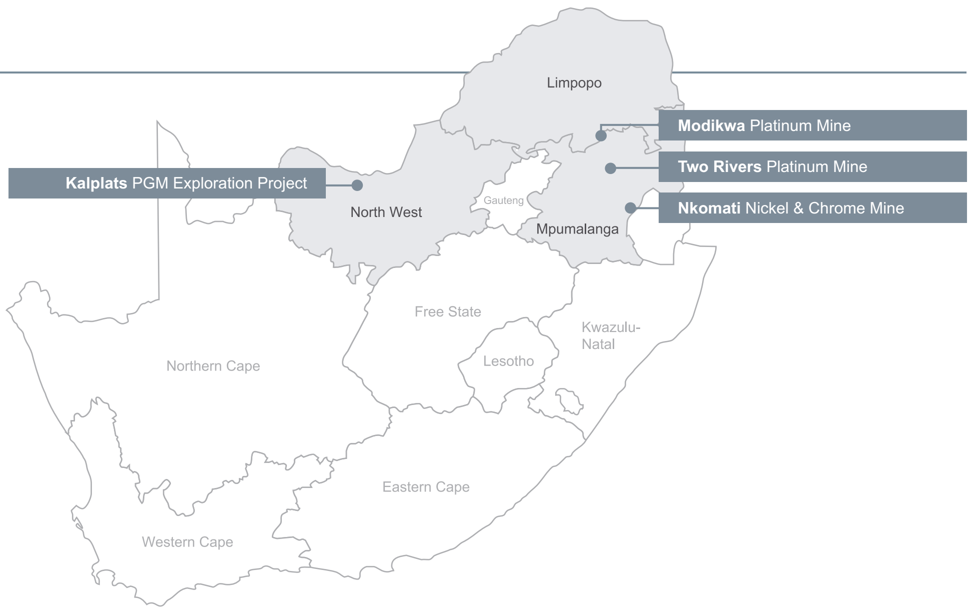


* Platinum Australia earned 12% ownership on completion and approval of the prefeasibility study. The transfer of this ownership is in the process of being effected. Platinum Australia will earn up to 49% on completion of a bankable feasibility study. In the event that the JV acquires Anglo American's 10%, Platinum Australia has the right to acquire 49% of the acquired 10%.

** Assets held through ARM Mining Consortium, ARM's effective interest at 41.5% and the balance held by Modikwa local communities.

*** ARM shareholding in Two Rivers will reduce to 51% once the transfer of the Kalkfontein portions 4, 5 and 6 and Tweefontein prospecting rights has been effected.

Geography and locality



Scorecard

F2011 objectives	F2011 performance	F2012 objectives
Modikwa		
Achieve 360 000 6E Platinum Group Metals (PGM) ounces (oz). Continue to focus on cost containment.	Achieved 319 336 6E PGM oz. Modikwa continues to be positioned below the 50th percentile on the global PGM cost curve.	Achieve 340 000 6E PGM oz. Maintain Modikwa's cost positioning below the 50th percentile of the global PGM cost curve.
Complete definitive feasibility study to increase production.	Definitive feasibility study completed.	Sinking of South 2 Decline.
Two Rivers		
Achieve 300 000 6E PGM oz. Continue to focus on cost containment.	Achieved 307 162 6E PGM oz. Two Rivers remains below the 50th percentile on the global PGM cost curve.	Maintain steady state production at 313 000 6E PGM oz.
		Complete feasibility study on Merensky mining.
Nkomati		
Commission the 250 thousand tonnes per month (ktpm) PCMZ plant by December 2010.	PCMZ plant commissioned at the end of October 2010.	Optimise efficiencies and recoveries on PCMZ plant.
Improve recoveries on the 375 ktpm MMZ plant.	Ore variability still affecting recoveries negatively.	Focus on improving plant grades and recoveries.
Secure off-take agreements for PCMZ chrome concentrate.	Chrome concentrate currently sold through spot sales.	Continue with spot sales subject to commercially acceptable off-take agreements.
Achieve chrome sales of 650 000 tonnes, including 460 000 tonnes of chrome concentrate.	Chrome sales were 715 999 tonnes, including 381 196 tonnes of chrome concentrate.	Achieve chrome sales of 560 000 tonnes, including 511 000 tonnes of chrome concentrate.
Kalplats		
External review of definitive feasibility study.	Study under review.	Perform test work on a bulk sample to confirm grade, recovery and dilution parameters.

Operational overview – attributable to ARM

		F2011	F2010	% change	Operational target F2012
Modikwa – PGM production	Ounces 6E	**159 668**	169 812	(6)	↑
Two Rivers – PGM production	Ounces 6E	**168 939**	163 218	4	↑
Nkomati Nickel Mine					
Nickel	Tonnes	**5 050**	4 833	4	↑
PGMs	Ounces	**26 805**	26 286	2	↑
Copper	Tonnes	**2 605**	2 605	–	↑
Chrome ore sold	000t	**167**	251	(33)	↓
Chrome concentrate sold	000t	**191**	157	22	↑
ARM Platinum PGM production (including Nkomati)	Ounces 6E	**355 412**	359 316	(1)	↑
ARM Platinum cash operating margin	%	**31**	36		
Headline earnings contribution to ARM	R million	**460**	521	(12)	

ARM Platinum continued

Review of the year

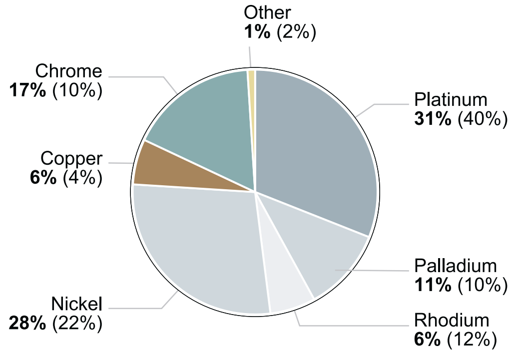
ARM Platinum's attributable headline earnings decreased by R61 million (12%) to R460 million. PGM production (on 100% basis including Nkomati) reduced to 680 108 ounces (F2010: 688 957 ounces) while total nickel produced increased 4% to 10 100 tonnes (F2010: 9 666 tonnes). The head grade and plant recoveries at Nkomati were substantially lower than planned.

With respective unit costs of R4 499/PGM oz and R4 979/PGM oz, Two Rivers and Modikwa continue to be positioned below the 50th percentile of the global PGM cost curve.

Notwithstanding a 7.9% strengthening in the Rand against the US Dollar, the basket prices for Modikwa and Two Rivers increased by 17% and 12% to R263 530/kg and R277 279/kg respectively. Realising the debtors at 30 June 2010 resulted in a negative mark-to-market adjustment of R23 million (F2010: positive R50 million).

F2011 ARM Platinum revenue contribution per commodity (100% basis)

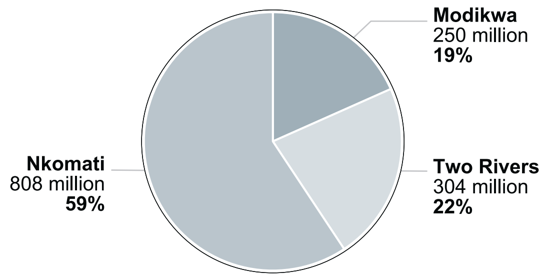
(F2010 comparative in brackets)



Capital expenditure

The capital expenditure at ARM Platinum was R1.36 billion (R833 million attributable). Capital expenditure on a 100% basis at the Nkomati Nickel Mine was R808 million of which R690 million was for the completion of the Large-Scale Expansion Project and the pre-stripping of Pit 3. The balance was to sustain operations. Modikwa's major capital items included the deepening of North shaft, commencement of the sinking of South 2 shaft, an underground mining fleet replacement programme, as well as the establishment of an open pit UG2 operation. At Two Rivers, 40 percent of the capital spent related to an underground mining fleet replacement programme, with the balance incurred for the commencement of deepening both the Main and North declines.

F2011 ARM Platinum capital expenditure
(100% basis) (R million)



Modikwa Platinum Mine operational review

Modikwa's tonnes milled and head grade remained constant. 281 000 tonnes of open pit material was treated during the period. As the open pit material is oxidised, plant recoveries on this material were lower at 45%, resulting in PGM ounces decreasing to 319 336 ounces (F2010: 339 623 ounces). The mine also experienced numerous delays due to Section 54 stoppages. Unit costs increased 8% to R692 per tonne milled (F2010: R639 per tonne milled) and as a result of treatment of the open pit material, rand unit cost per 6E PGM ounce increased 17% to R4 979 per ounce (F2010: R4 269 per ounce).

Two Rivers Platinum Mine operational review

Tonnes milled and head grade at Two Rivers remained constant, but an increase in recoveries resulted in a 4% improvement in yield to 307 162 PGM ounces (F2010: 296 760 ounces). At year-end, the surface stockpile was 85 246 tonnes. Unit costs increased by 8% to R4 499 per 6E PGM ounce (F2010: R4 174 per 6E PGM ounce). Costs associated with trial mining on the Merensky Reef, a brown fields project, have been expensed and therefore contributed to increased unit costs.

The earnings of Two Rivers were negatively affected by interest charged on the shareholder's loans from ARM and Impala Platinum. Interest was charged at a rate of 6.5% per annum as at 30 June 2011 (F2010: 8%).

Nkomati Nickel Mine operational review

Availability and utilisation of the primary crusher improved during the last six months as a result of improved maintenance and operating practices. Ore fragmentation in the crusher feed improved significantly, resulting in an increased crusher feed rate. The focus during the next six months will remain the further optimisation of maintenance practices, ore fragmentation and ore loading rates to achieve sustainable production.

During the last six months of F2011, the Nkomati Nickel Mine delivered disappointing results ascribed to various production complications, mainly attributed to lower than expected head grade, recoveries as well as operational inefficiencies at both concentrator plants.

The 250 ktpm PCMZ plant was completed on time and within budget and commissioned in October 2010. Design milling capacity on this plant was achieved in June 2011. Nkomati's total tonnes milled increased by 59% year-on-year, but due to the problems discussed below, only yielded 4% more nickel.

Chrome ore sales decreased to 334 803 tonnes (F2010: 502 281 tonnes) while chrome concentrate sales increased by 22% to 381 196 tonnes (F2010: 313 735 tonnes).

Head grade and plant recoveries

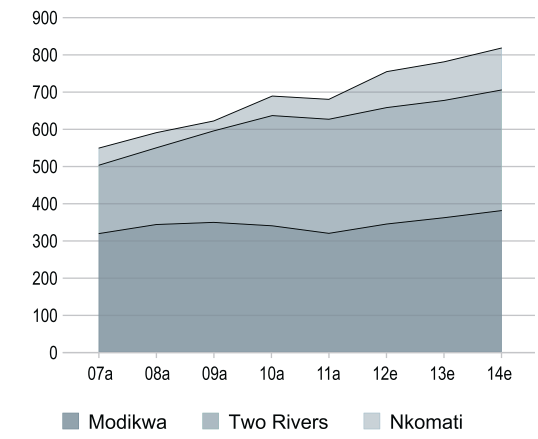
Mining operations at Nkomati moved from the now depleted Pit 2, to Pit 3 in February 2011. This resulted in the head grade of the MMZ concentrator plant reducing from 0.4% to 0.3% nickel. Furthermore the complexity of the ore body exacerbated by highly oxidised ore reduced recoveries from the newly exposed Pit 3 shallow mining areas. This has a direct impact on the concentrator plant recoveries, which are currently running on average 8% below anticipated levels of approximately 68%.

The independent confirmation of nickel concentrate assay results taken prior to shipment was significantly delayed during the financial year. The delay in obtaining assay confirmations was due to the stockpiling of Nkomati concentrate at the smelter in Finland. Once these confirmations were received it became evident that the on-site assay results were overstated thereby masking the problem of reduced plant recoveries. This matter has been addressed by management by, inter alia, appointing an independent assay laboratory for the performance of testing until such time as the on-site laboratory is accredited. The nickel units produced, which were previously reported for the first half of the 2011 financial year (1H F2011), as 5 321 tonnes have been adjusted to 4 886 tonnes.

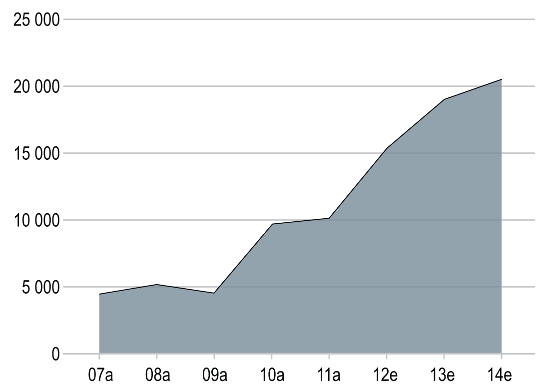
Due to timing of the shipments, the Nkomati Nickel Mine had 720 tonnes (F2010: 107 tonnes) nickel in concentrate stock at the port at year-end.

Variability as a result of the shallow oxidised ore is a temporary problem; management is confident that ore quality will improve when the oxidised zone is mined out over the next 18 months. To further mitigate the effect of the complex ore body and to create increased mining flexibility, Nkomati has now commenced with advanced stripping of 4 million tonnes of waste, which will continue until November 2011.

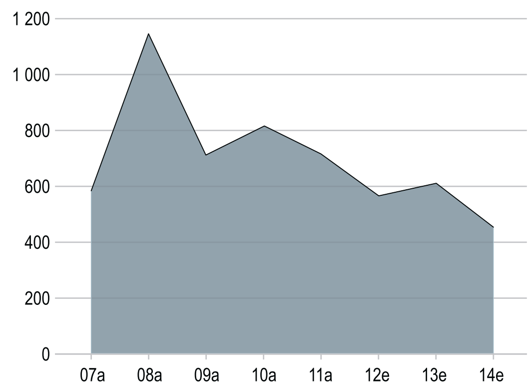
ARM PGM production
(100% basis) (000oz)



Nkomati nickel production
(100% basis) (tonnes)



Nkomati chrome sales
(100% basis) (000t)



ARM Platinum continued

Cash cost

Unit cost increased by 12% year-on-year to R271 per tonne milled and cash cost net of by-products (C1 cash cost) increased from \$3.26/lb to \$4.99/lb in the same period. The increase in C1 cash cost is caused by the following, most of which is attributable to 2H F2011:

- Reduced nickel and by-products production as a result of the grade and recovery issues discussed above;
- Termination of the capitalisation of pre-production working costs. In 1H F2011, R287 million was capitalised, in contrast to R43 million in 2H F2011;
- Higher than anticipated drilling and blasting costs as a result of the ore variability;
- Excessive ore re-handling; and
- Increased cost incurred on steel balls and reagents to improve plant efficiencies.

Sustainability

The key material sustainability issue for the ARM Platinum operations is not only complying with the revised Mining Charter but going beyond its requirements. A combination of internal and external processes, which included auditing, stakeholder engagement and risk assessment were used to identify material issues which include meeting and exceeding the performance targets of the Mining Charter Scorecard in terms of our social and labour plans, local economic development, safety and health, HIV & Aids, transformation, employment equity and environmental management. The Platinum Division's other specific material issues include labour relations, the role that the limited availability of housing plays in the attraction and retention of key skills, climate change, the availability of water, the cost of energy and the potential cost of carbon emissions taxes.

Safety performance

The Platinum Division safety achievements for F2011 were as follows:

- Two Rivers' completed 2 million fatality-free shifts on 11 November 2010;
- Modikwa achieved 8 million fatality-free shifts on 21 June 2011, an accomplishment unparalled in the industry. As a result, Modikwa has been awarded the Department of Mineral Resources (DMR) Safety Achievement flag for Platinum mines; and
- Nkomati was runner-up in the internal ARM Excellence in Safety Competition which is based on a weighted average of differential LTIFR data over the last three financial years.

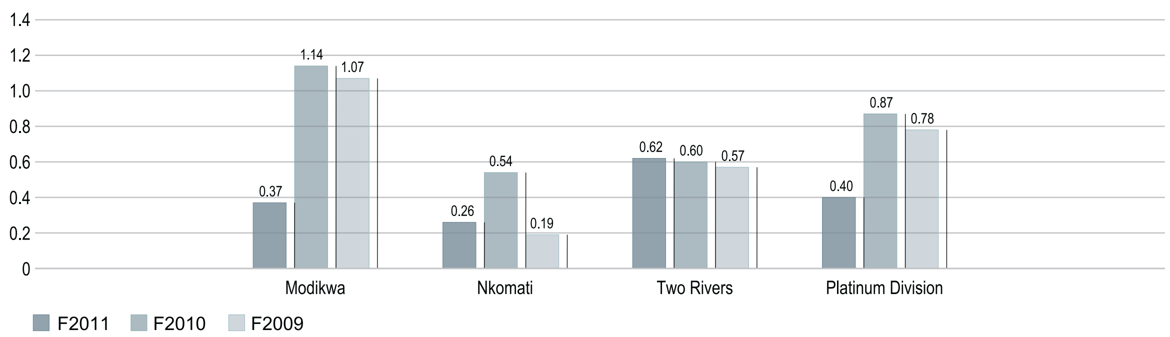
HIV & Aids and wellness

HIV & Aids and other chronic diseases remain a risk to the wellness and productivity of our employees. We have established that the HIV prevalence rates at the Platinum operations, which are generally in line with district prevalence rates, range from an estimated 8% at Two Rivers to 15% at Modikwa and 35% at Nkomati. All the Platinum operations have implemented TB infection control protocols and post-exposure prophylaxis procedures and have focused on facilitation of access to chronic medication (including anti-retroviral drugs) during the past financial year. A target for the year was to enhance the HIV & Aids-related community outreach projects at the operations which included the Maandagshoek community home-based care project supported by Modikwa. The ARM Platinum operations are audited annually in terms of compliance with the Group standard on the various elements of HIV & Aids management and detailed results and trends for the past four financial years can be viewed in the ARM Sustainability Report.

Corporate social responsibility

A total of R3.2 million was spent by the Platinum Division on Corporate Social Investment (CSI) in terms of the CSI policy's priority areas of health, HIV & Aids, education, capacity building, sporting events and arts and culture while a total of R62.9 million was spent on local economic development (LED) in terms of the operations' social and labour plans. The Platinum Division spent a total of R66.1 million on Corporate Social Responsibility, compared to R22 million in F2010.

ARM Platinum safety performance
(LTIFR)



Two Rivers Platinum Mine overland conveyor belt towards primary and secondary crushers

The division's CSI projects included:

- the training of 30 small business entrepreneurs in paving, plastering, bricklaying and painting by the Nkomati Nickel Mine;
- the construction of a 12 km tar road in the Maandagshoek community by Modikwa; and
- the construction of the Rooidraai substation for the benefit of the community and the training and development of business skills of 18 local small business entrepreneurs by the Two Rivers Platinum Mine.

Mining Charter Scorecard

There was some confusion as to the precise requirements of the revised Mining Charter in terms of reporting and scoring and the differences between what was gazetted and the guidelines later published on the DMR website. ARM submitted reports for all operations according to the guidelines that were gazetted.

An independent consultant was appointed to ensure consistency in the standards being applied. Data was gathered at the operations and additional input was obtained from corporate executives and our joint-venture partners. Modikwa, Nkomati and Two Rivers obtained scores above 75%, classifying them as excellent performers. ARM is engaging with the DMR to ensure that it is aligned with developments and clarification going forward. We are also building capacity at the operations to address Mining Charter Scorecard targets and reporting requirements and have developed action plans to improve and meet the Charter's targets going forward.

Mining rights status

The mining right conversion application for Two Rivers was submitted to the DMR on 2 July 2007. Two Rivers has since interacted twice with the DMR on its proposed social and labour plan, which the mine is now implementing.

The Modikwa mining right conversion application was submitted to the DMR on 31 March 2009, after the revision of ARM's off-take agreement with Anglo American Platinum.

The mining right conversion application for the Nkomati Nickel Mine has been approved. Nkomati is in the process of finalising the documents required for the execution of the mining right.

ARM Platinum continued

Prospects

Modikwa

The feasibility study for the Phase 2 UG2 replacement and expansion project was completed and presented to Modikwa's shareholders for approval. In the interim an amount of R125 million was approved to continue mining development for the South 2 declines and the deepening of North shaft.

Two Rivers

As part of a feasibility study, Two Rivers is currently conducting Merensky reef trial mining. A bulk sample of 70 000 tonnes was mined and 50 000 tonnes was processed in September 2011. A feasibility study for the North open pit is in progress.

Market review

The global macro-economy showed some signs of recovery with emerging markets such as China and India maintaining strong growth rates. The automotive industry as a result recovered noticeably. Despite the positive developments in the vehicle market, it was physical investment demand that drove average prices to new highs. The current and future environment is however not without its challenges. The return of EU debt concerns and measures embarked on by government are expected to inhibit demand in large parts of Europe. The US is also barely showing signs of recovery with escalating debt and persistently high unemployment. The resilience displayed by emerging markets in particular the Brazil, Russia, India, China (BRIC) economies however, is expected to continue to drive demand for all commodities.

Platinum

As the global economy recovered during 2010, platinum demand increased in both the automotive and industrial sectors. Jewellery demand however, reduced from the extraordinary levels in 2009. A key feature was the size of platinum investment demand, with growth in this market having an increasing influence on the metal's price, which in turn influenced investment levels. The volume of platinum going into Exchange Trade Funds (ETFs) was larger in 2010 than year-on-year increases in global supplies in any year apart from 1993. Investors seem confident that demand will outstrip supply in the long-term. ARM Platinum achieved an average price of US$1 707 per oz during F2011 (F2010: US$1 453 per oz). The platinum market is expected to remain largely in balance with the potential for a deficit as global supply tightens.

Palladium

The palladium price soared during 2010, increasing by 65% over the course of the year. This was as a direct result of record demand levels caused by substantial buying by the automotive and physical investment sectors which led to a market deficit despite an increase of supply. The average price achieved by ARM Platinum for F2011 was US$680 per oz (F2010: US$393 per oz). Palladium demand from the automotive and industrial sectors is anticipated to remain robust and the market is expected to remain in deficit.

Rhodium

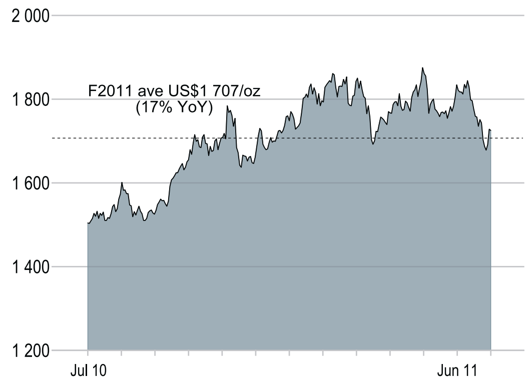
The rhodium market remained in surplus despite an increase in demand from the industrial and automotive sectors. The price succumbed to selling pressure towards the end of F2011 as the usual buyers were reluctant to enter the market with any enthusiasm. While ARM Platinum sold rhodium at an average price of US$2 248 per oz, 3% higher than F2010, the price realised by June 2011 dropped 14% since July 2010. Demand for rhodium is expected to strengthen in both the glass and autocatalyst sectors, particularly in China.

Nickel

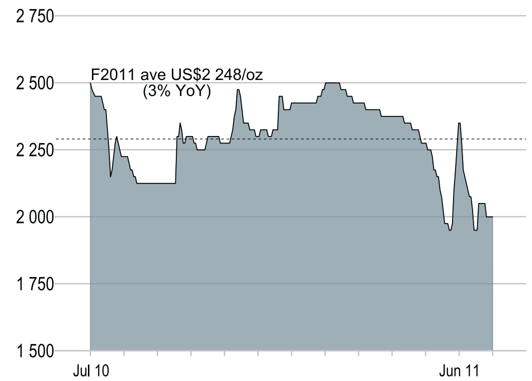
ARM Platinum realised an 18% growth in the average nickel price to US$23 970 per tonne. The price however dropped by 10% in the last quarter of F2011 partly as a result of a strong increase in output to meet Chinese demand. Prices continue to struggle, but if Chinese demand remains higher than anticipated and if supply is disrupted again, nickel will gradually begin to seem oversold at these levels.

Pricing trends for F2011 (July 2010 to June 2011)

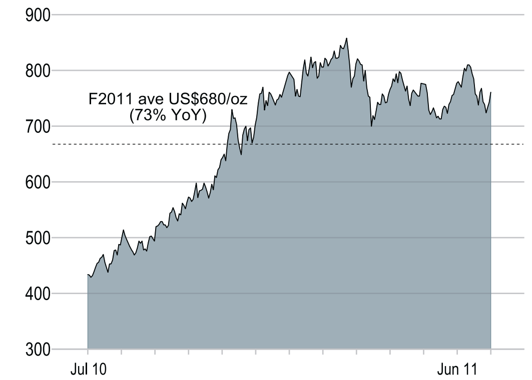
Platinum*
(US$/oz)



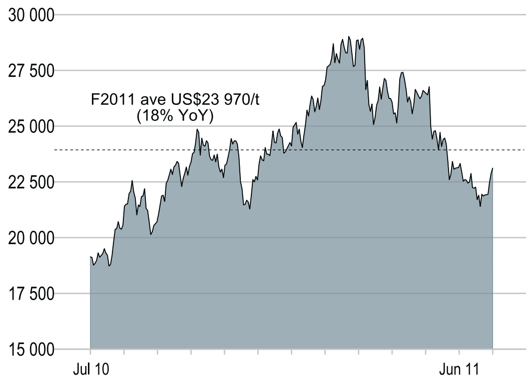
Rhodium*
(US$/oz)



Palladium*
(US$/oz)



Nickel*
(US$/t)



* *Source: Inet Bridge*

ARM Platinum continued

ARM Platinum operational statistics

Modikwa Platinum Mine

Management	The mine is managed, via a joint management committee, by Anglo American Platinum and ARM Platinum.					
Resources and Reserves: (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	**g/t 4E**	**Mt**	**g/t 4E**	**Moz**
	UG2	141.20	5.89	55.43	4.86	8.65
	Merensky	72.00	2.78	–	–	–
	4E = Platinum + Palladium + Rhodium + Gold					
Refining	All metal produced is smelted and refined by Anglo American Platinum.					
Total labour	5 049 (includes 1 019 contractors).					

		F2008	F2009	F2010	F2011	F11/10 % change
Metal production						
Platinum	Ounces	133 890	136 083	131 502	**127 532**	(3)
Palladium	Ounces	129 872	132 110	128 863	**119 597**	(7)
Rhodium	Ounces	27 089	27 518	27 299	**24 680**	(10)
Gold	Ounces	3 870	3 836	3 384	**3 372**	–
Ruthenium	Ounces	38 899	39 664	38 952	**34 934**	(10)
Iridium	Ounces	9 443	9 654	9 623	**9 222**	(4)
PGMs	Ounces 6E	343 062	348 866	339 623	**319 336**	(6)
Nickel	Tonnes	768	753	663	**595**	(10)
Copper	Tonnes	478	460	410	**380**	(7)
Operational statistics						
Tonnes milled	Mt	2.46	2.46	2.27	**2.30**	1
Head grade	g/t 6E	5.22	5.25	5.53	**5.48**	(1)
Average number of permanent employees	Number	4 186	3 880	3 724	**4 030**	8
Average number of contractors	Number	2 236	835	860	**1 019**	18
Financial indicators						
Cash cost	R/tonne	538	708	639	**692**	8
Cash cost	R/Pt oz	9 882	12 798	11 025	**12 468**	13
Cash cost	R/PGM oz 6E	3 857	4 992	4 269	**4 979**	17
Cash cost	R/kg 6E	123 995	160 507	137 241	**160 084**	17
Basket price	R/kg 6E	341 356	227 006	225 865	**263 530**	17
Net sales revenue	R million	3 161	1 456	2 115	**2 162**	2
Cash operating cost	R million	1 323	1 742	1 450	**1 590**	10
Cash operating (loss)/profit	R million	1 837	(286)	665	**572**	(14)
Cash operating margin	%	58	(20)	31	**26**	
Capital expenditure	R million	379	368	102	**250**	145

Refer to page 187 for Modikwa Platinum Mine segmental information.

Two Rivers Platinum Mine

Management	Managed by ARM.					
Resources and Reserves: (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	**g/t 6E**	**Mt**	**g/t 6E**	**Moz**
	UG2	59.33	4.58	39.03	3.54	4.44
	Merensky	38.36	3.17	–	–	–
	6E = Platinum + Palladium + Rhodium + Ruthenium + Iridium + Gold					
Refining	All metal produced is smelted and refined by Impala Platinum's subsidiary, Impala Refining Services Limited (IRS).					
Total labour	3 298 (includes 2 537 contractors).					

		F2008	F2009	F2010	F2011	F11/10 % change
Metal production						
Platinum	Ounces	98 621	118 023	140 908	**145 323**	3
Palladium	Ounces	56 411	67 390	81 587	**84 102**	3
Rhodium	Ounces	16 130	19 136	23 634	**24 606**	4
Gold	Ounces	1 301	1 627	1 909	**1 972**	3
Ruthenium	Ounces	27 683	32 577	39 235	**41 396**	6
Iridium	Ounces	6 345	7 541	9 487	**9 763**	3
PGMs	Ounces 6E	206 491	246 295	296 760	**307 162**	4
Nickel	Tonnes	298	365	438	**444**	1
Copper	Tonnes	143	190	219	**219**	–
Operational statistics						
Tonnes milled	Mt	2.37	2.62	2.92	**2.95**	1
Head grade	g/t 6E	4.00	4.10	3.95	**3.94**	–
Average number of permanent employees	Number	583	774	709	**761**	7
Average number of contractors	Number	1 612	2 078	2 031	**2 537**	25
Financial indicators						
Cash cost	R/tonne	340	399	425	**468**	10
Cash cost	R/Pt oz	8 161	8 846	8 792	**9 509**	8
Cash cost	R/PGM oz 6E	3 898	4 239	4 174	**4 499**	8
Cash cost	R/kg 6E	125 319	136 288	134 213	**144 638**	8
Basket price	R/kg 6E	362 935	246 680	247 323	**277 279**	12
Net sales revenue	R million	2 362	1 022	2 098	**2 274**	8
Cash operating cost	R million	805	1 044	1 239	**1 382**	12
Cash operating (loss)/profit	R million	1 485	(83)	837	**881**	5
Cash operating margin	%	63	(8)	40	**39**	–
Capital expenditure	R million	357	346	97	**304**	213

Refer to page 187 for Two Rivers Platinum Mine segmental information.

Nkomati Nickel Mine rigid dump truck

ARM Platinum continued

Nkomati Nickel Mine

Management	The mine is managed as a 50:50 unincorporated joint venture with Norilsk Nickel Africa (Pty) Ltd.					
Resources and Reserves: (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	**Ni%**	**Mt**	**Ni%**	
	Nickel	290.59	0.34	134.89	0.33	
		Mt	**Cr_2O_3%**	**Mt**	**Cr_2O_3%**	
	Chrome	1.43	31.59	1.16	27.57	
		Mt	**g/t 4E**	**Mt**	**g/t 4E**	**Moz**
	PGMs	290.59	0.85	134.89	0.85	3.68
	4E = Platinum + Palladium + Rhodium + Gold					
Refining	All metal produced is smelted and refined by Metal Trade Overseas AG (MTO).					
Total labour	2 744 (includes 1 943 contractors).					

		F2008	F2009	F2010	F2011	F10/11 % change
Metal production						
Nickel	Tonnes	5 136	4 495	9 666	**10 100**	4
Copper	Tonnes	2 605	2 268	5 210	**5 210**	–
Cobalt	Tonnes	276	244	578	**553**	(4)
PGMs	Ounces	40 813	26 727	52 574	**53 610**	2
Chrome ore sold	000t	1 146	661	502	**335**	(33)
Chrome concentrate sold	000t	–	51	314	**381**	22
Operational statistics						
Tonnes milled	Thousand	1 070	1 259	3 308	**5 259**	59
Head grade	% nickel	0.70	0.54	0.45	**0.32**	(13)
Average number of permanent employees	Number	306	560	823	**801**	(3)
Average number of contractors	Number	1 190	2 060	2 100	**1 943**	(7)
Financial indicators						
Nickel on-mine cash cost per tonne treated	R/tonne	339	389	242	**271**	12
Cash cost net of by-products	US$/lb	(4.45)	2.48	3.26	**4.99**	53
Net sales revenue	R million	1 996	1 086	2 439	**2 991**	23
Cash operating cost	R million	363	490	801	**1 423**	78
Cash operating (loss)/profit – Total	R million	1 192	181	916	**824**	(10)
Cash operating (loss)/profit – Nickel Mine	R million	518	(253)	584	**256**	(56)
Cash operating (loss)/profit – Chrome Mine	R million	674	433	332	**567**	71
Average Nickel price	US$/t	28 507	13 312	20 285	**23 970**	18
Capital expenditure	R million	584	1 756	1 202	**808**	(33)

Refer to page 185 to 186 for Nkomati Nickel Mine segmental information.

ARM Platinum continued

Nkomati Nickel Large-Scale Project update

Total funds committed at 30 June 2011 amount to R3.5 billion of the total R3.7 billion approved for the capital project. The next phase of the Eskom power supply project is the upgrade of the 132kV overhead distribution lines and we anticipate this to be completed by December 2011. Nkomati's Eskom Electricity Supply Agreement was concluded in December 2010.

Nkomati Nickel Large-Scale Project update

Total nickel in concentrate: 20 500 tpa
Average grade: 0.35% Ni; total plant capacity: 625 000 – 675 000 tpm

PCMZ nickel in concentrate: 6 400 tpa
Average grade: 0.25% Ni
PCMZ plant: 250 000 – 300 000 tpm

Chrome: a significant value contributor

- ±500 000 tpa chrome (market dependent)

MMZ nickel in concentrate: 14 100 tpa
Average grade 0.45% Ni
MMZ plant: 375 000 tpm

Other by-products include:

- 110 000 ounces per annum of PGM (Pt:Pd 1:2.7)
- 10 000 tpa copper
- 300 tpa cobalt

Project released September 2007 → **Opencast mine expected to produce at a C1 cash cost of $4.40/lb at steady state in 2014.** → **Ramp-up: 2009**
Full production: 2014

Capital cost of R3.7 billion 95% committed

Kalplats PGM Exploration Project

Platinum Australia (PLA) submitted a Definitive Feasibility Study (DFS) to ARM Platinum for review. The review is still in progress but the joint venture has agreed that carrying out pilot plant scale metallurgical test work on a bulk sample from the existing box cut on the Crater deposit will provide a more accurate estimate of the full scale plant recovery. The bulk sample programme and test work is planned for the first half of F2012.

Management	Both projects are currently managed by PLA.	
Resources and Reserves (100% basis)	**Measured and Indicated Resources**	
	Mt	**g/t 3E**
	69.91	1.48
	3E = Platinum + Palladium + Gold	

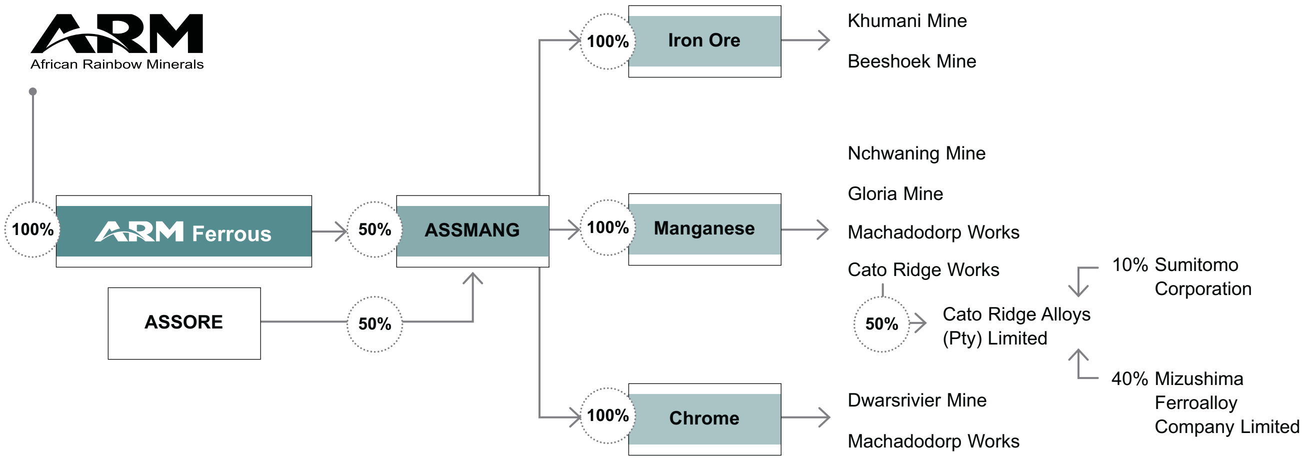
Nkomati Nickel Mine choke station at Onverwacht Tailings Dam

ARM Ferrous

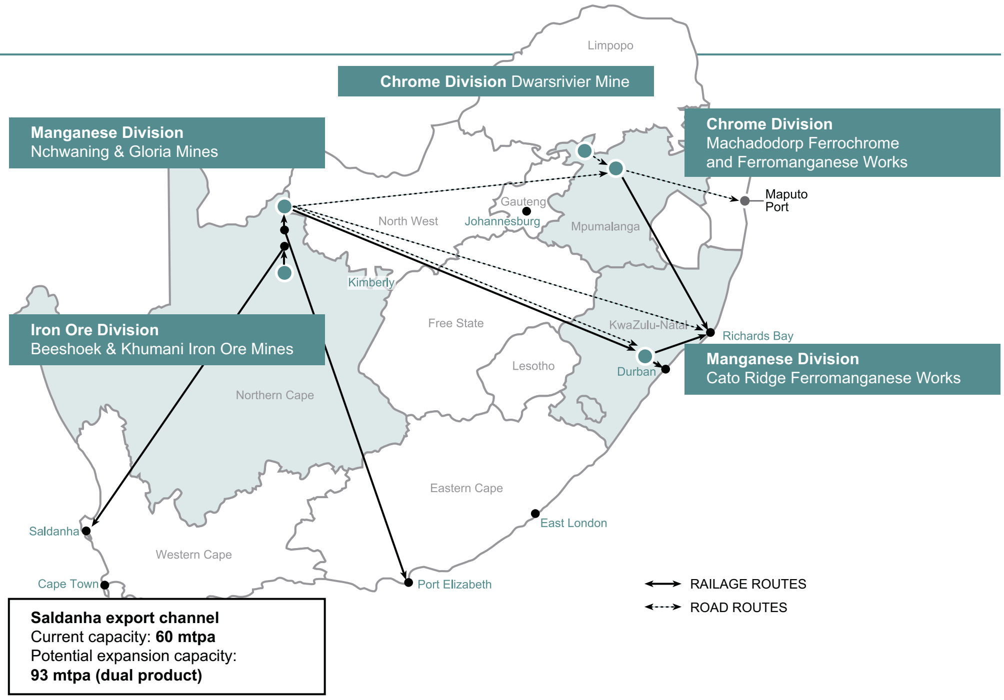
Jan Steenkamp, Chief Executive: ARM Ferrous

Khumani Iron Ore Mine

Divisional structure



Geography and locality



Scorecard

F2011 objectives	F2011 performance	F2012 objectives
Iron ore		
Continue with the construction of the 16 million tonnes per annum (mtpa) Khumani Iron Ore Mine.	The Khumani Mine expansion from 10 to 16 mtpa is progressing well and is ahead of schedule and well within budget.	Ramp-up production at the mine to 12 mtpa.
Agreement for additional 4 mtpa export allocation to be signed.	Agreement was finalised and submitted to Transnet Board for approval. Transnet has reverted with proposed changes.	Sign and implement the agreement.
Options for Beeshoek Mine in terms of the local markets to be evaluated and final decisions to be made.	Financial evaluation meets return on investment (ROI) criteria. Mine design has commenced.	Commence with mining from the East pit.
Conclude study and evaluate the viability for ARM Ferrous to invest in further expansion of the Saldanha Export Channel from 60 mtpa to 93 mtpa.	Pre-feasibility study for expansion of the export channel complete. Next level of study in progress.	Complete feasibility.
Manganese		
As above for the expansion of capacity through the Saldanha Export Channel that will include manganese ore.	Pre-feasibility study for the expansion of the export channel complete. Feasibility scoping complete.	Complete feasibility to increase export capacity for manganese ore through the Ports of Saldanha and Coega (Ngqura).
Optimise utilisation of the new 5 mtpa ore processing plant at Nchwaning Mine.	New plant fully commissioned to produce 5 mtpa.	Ramp-up from 3 mtpa to 4 mtpa.
Finalise options for future ferromanganese expansion.	Furnace 5 at Machadodorp Works successfully converted from ferrochrome to ferromanganese production. Decision made to convert two additional furnaces to ferromanganese.	Convert No 2 and 3 furnaces to ferromanganese production.
Chrome		
Establish the ARM culture of operating after converting Dwarsrivier Mine from contractor operator to owner operator.	New management team appointed. The mine experienced an illegal strike and as such 220 employees were discharged and subsequently some were selectively re-employed.	Ramp-up mine production to 1.4 mtpa.
Produce 40 000 tonnes per annum from the newly converted ferromanganese furnace.	The newly converted furnace achieved production of 40 000 tonnes in 2011.	Continue to produce at steady state.
Investigate the conversion of an additional two ferrochrome furnaces to ferromanganese.	A decision has been made to convert No 2 and 3 furnaces to ferromanganese production.	Commence conversion of No 2 and 3 furnaces.

ARM Ferrous continued

Operational overview – attributable to ARM

		F2011	F2010	% change	Operational target F2012
Manganese ore	000t	**1 441**	1 548	(7)	↑
• Nchwaning*	000t	**1 057**	1 172	(10)	→
• Gloria*	000t	**384**	376	–	↑
Ferromanganese	000t	**109**	119	(8)	↑
Iron ore		**5 003**	4 900	2	↑
• Khumani	000t	**4 659**	4 466	4	↑
• Beeshoek	000t	**344**	434	(21)	↑
Chrome					
• Dwarsrivier chrome ore*	000t	**186**	136	37	↑
• Machadodorp charge chrome	000t	**119**	94	27	↓
ARM Ferrous operating margin	%	**44**	31	42	
ARM Ferrous cash operating margin	%	**49**	38	29	
Headline earnings attributable to ARM	R million	**2 897**	1 364	112	

** Excludes intra-company sales.*

Review of the year

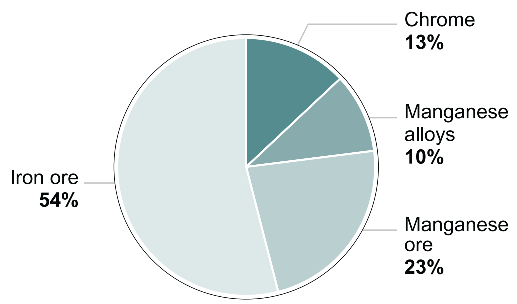
For the financial year ended 30 June 2011 the ARM Ferrous Division achieved a 112% increase in headline earnings to R5.8 billion (F2010: R2.7 billion) on a 100% basis. This increase was achieved mainly as a result of increased US Dollar commodity prices across all ARM Ferrous commodities especially iron ore prices which increased 130%. Chrome ore and manganese ore prices increased 56% and 23% respectively whilst the prices realised for manganese and chrome alloys were 24% and 20% higher respectively. The positive impact of the increased commodity prices was however subdued by a stronger Rand versus the US Dollar.

Production volumes increased across all ARM Ferrous commodities with manganese and chrome ore production increasing 54% and 48% respectively, whilst manganese and chrome alloys production increased 15% and 19%. Iron ore production increased 4%. Growth in sales volumes however was more modest than production growth which resulted in increased stock levels of iron ore, manganese ore and chrome ore positioning these operations well to deliver into the market in the coming financial year.

ARM Ferrous cost and EBITDA margin performance

Commodity group	% change F2011 vs. F2010 unit cost increase/ (decrease)	F2011 EBITDA margin %
Iron ore	**21.6**	68.4
Manganese ore	**(2.5)**	47.4
Manganese alloys	**12.9**	22.5
Charge chrome	**(1.4)**	(6.8)

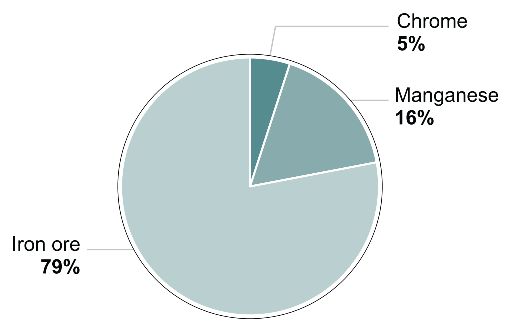
F2011 ARM Ferrous revenue per commodity
(100% basis)



Capital expenditure

Capital expenditure increased by 24% to R4.1 billion (F2010: R3.3 billion) on a 100% basis. The main expenditure items included ongoing infrastructure development at the Khumani Iron Ore 16 mtpa Expansion Project (R2.8 billion). At Cato Ridge and Machadodorp Works R313 million was spent on rebuilding furnaces. The remaining capital was spent on IT-related projects, vehicles and other equipment replacements.

F2011 ARM Ferrous capital expenditure
(100% basis)



Logistics

The Ferrous Division's iron ore export rail capacity throughput was negatively affected by abnormal rainfall and derailments that occurred.

ARM Ferrous and Transnet are continuing with negotiations with respect to capacity allocations and future export growth.

The iron ore and manganese ore industries together with Transnet embarked on a joint feasibility project to expand the current Saldanha Export Channel to beyond 60 mtpa. Completion of the next level feasibility study is expected during the latter part of the 2011 calendar year.

ARM Ferrous and Transnet have an agreement to export manganese ore through Port Elizabeth which will expire on 31 March 2013. Manganese ore stockpile and export capacity was also secured at Durban and Richards Bay harbours until June 2014.

ARM Ferrous is endeavouring to reduce the current amount of road transport being used for both raw materials and final product. This is dependent on operational service levels achieved by Transnet and future rail and port capacity.

Iron Ore Division

The Iron Ore Division achieved a 2% increase in sales volumes to 10.0 million tonnes as the expansion of the Khumani Iron Ore Mine progressed nine months ahead of schedule and well within budget. Production at the Beeshoek Iron Ore Mine increased 84% from 521 000 tonnes to 920 000 tonnes. Sales from Beeshoek however reduced by 21% to 688 300 tonnes due to a reduction in demand in the local market. Iron ore tonnes were road hauled from Beeshoek to Khumani Mine and sold into the export markets to maximise export sales.

Iron ore prices realised by ARM Ferrous increased 130% and contributed to the 107% increase in iron ore turnover to R10.4 billion.

Accelerated waste stripping associated with the advance ramp-up of the Khumani Iron Ore Expansion from 10 to 16 mtpa together with high summer rainfall led to a 21.6% increase in production unit costs for the Iron Ore Division.

Expansion of the Khumani Mine from 10 to 16 mtpa continued ahead of schedule with approximately R5.0 billion of the R6.7 billion planned capital spent as at 30 June 2011. Ramp-up of this mine has been planned to coincide with the expansion of the Saldanha Export Channel from 47 to 60 mtpa and ARM is in the final stages of concluding an agreement with Transnet for an additional 4 mtpa of export capacity from this expansion.

Manganese Division

Manganese ore sales volumes decreased by 6.9% to 2.9 million tonnes. Production volumes however increased 55% as part of the plan to build-up stock levels at the mine due to sales in the previous two years' sales being higher than production.

Average realised US Dollar manganese ore prices increased by 6%, the positive impact of this slight increase was eroded by the strengthening of the Rand versus the US Dollar which decreased by 8%.

On-mine unit production costs at the manganese operation were well controlled and a 2.5% decrease in cost was achieved as a result of increased manganese ore tonnes produced.

Manganese alloys production increased 15% mainly due the successful conversion of No 5 Furnace at Machadodorp Works from ferrochrome production to ferromanganese. Production of ferromanganese from the converted furnace exceeded production and efficiency targets at reduced costs.

After the successful conversion of the No. 5 Furnace, a decision has been made to convert further furnaces namely No. 2 and 3 furnaces to produce high carbon ferromanganese. There are a number of engineering modifications required and certain logistical issues that need to be addressed prior to the conversion being implemented. This conversion is anticipated to commence during the first quarter of the 2012 calendar year, and ferromanganese production to commence from the third quarter of 2012.

This conversion will increase ARM Ferrous's high carbon ferromanganese production by approximately 100 000 tonnes per annum, bringing its total capacity to some 400 000 tonnes per year.

Production costs for ferromanganese were impacted by higher than inflation electricity increases approved the previous year by the National Energy Regulator of South Africa (NERSA) coupled with higher than inflation increases for the costs of reductants. Unit production costs increased 12.9% year-on-year at the Cato Ridge Works.

ARM Ferrous continued

Chrome Division

The performance of the Chrome Division continued to be negatively affected by weaker conditions in the stainless steel markets. Production of ferrochrome increased by 18% due mainly to additional production from the Metal Recover Plant (MRP). Unit production cost decreased 1% as a result of additional tonnes produced from the MRP.

The EBITDA margins reduced further to a negative 6.8% mainly due to the exchange rate decreasing by 8% over the previous year.

Sustainability

Material issues in sustainable development in the Ferrous Division have been identified through a number of processes including auditing, stakeholder engagement and risk assessment. ARM Ferrous aims to meet and exceed the performance targets of the Mining Charter Scorecard in terms of its social and labour plans, local economic development, safety and health, HIV & Aids, transformation, employment equity and environmental management. ARM Ferrous' material issues include labour relations, the role the limited availability of housing plays in the attraction and retention of key skills, climate change, water, the cost of energy and the potential cost of carbon emissions taxes.

Safety performance

Regrettably, a fatality occurred at Machadodorp Works on 2 February 2011 when Mr Solomon Sindane, a trainee crane operator, was fatally injured. The ARM Board wishes to extend its sincerest condolences to Mr Sindane's family, friends and colleagues for their loss.

Black Rock Mine achieved 1 000 000 fatality-free shifts during June 2011.

Beeshoek Iron Ore Mine recorded zero lost time injuries for twelve consecutive months. The mine also recorded 8 000 fatality-free production shifts in the DMR (Northern Cape) safety competition. As at 30 June 2011, the mine also recorded 1 900 000 fatality-free shifts with the last fatality having occurred during March 2003.

Khumani Iron Ore Mine achieved its first 1 000 000 fatality-free shifts during November 2010 and was awarded the St Barbara floating trophy. To 30 June 2011, the mine has recorded 1 600 000 fatality-free shifts.

The ARM Ferrous division achieved a LTIFR of 0.47 compared to the internal standard of 0.50 (calculated on 200 000 man-hours).

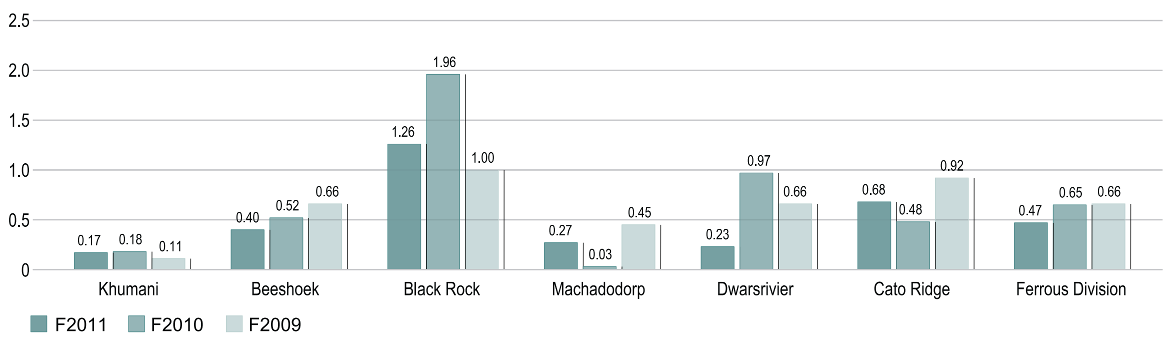
HIV & Aids and wellness

HIV & Aids and other chronic diseases remain a risk to the wellness and productivity of employees. ARM has established that the HIV prevalence rates at the ARM Ferrous operations, which are generally in line with district prevalence rates, range from an estimated 1.85% among permanent employees at Beeshoek to 20.2% at Cato Ridge Works. As a result, the focus of our wellness programmes differs from operation to operation.

A target for the year was to enhance the ARM Ferrous HIV & Aids-related community outreach projects at our operations. Khumani Mine has been a leader in this area, with projects which include funding of the home-based care givers at the Gamagara local municipality, supporting the Lerato Day Care Centre with nutrition to feed 520 vulnerable children and supporting orphans and vulnerable children in the Deben community.

Operations are audited annually in terms of compliance with the Group standard on the various elements of HIV & Aids management and detailed results and trends for the past four financial years can be viewed in our Sustainability Report.

ARM Ferrous safety performance
(LTIFR)



Corporate social responsibility

A total of R13.8 million was spent by ARM Ferrous on corporate social investment (CSI) while a total of R37.5 million was spent on Local Economic Development (LED) in terms of the Ferrous operations Social and Labour Plans (SLP). The Ferrous Division spent a total of R51.3 million on Corporate Social Responsibility, compared to R35 million in F2010.

The Ferrous Division's CSI projects included:

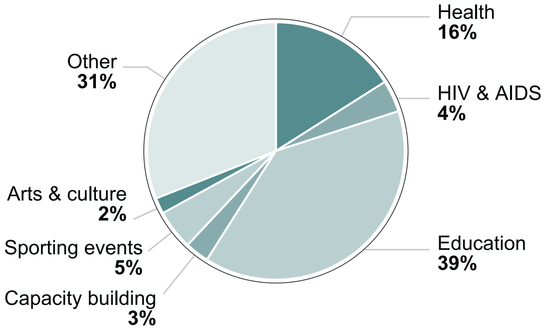
- R1.5 million spent by Khumani Mine on the upgrade of the Andriesvale Community Hall for use as a soup kitchen;
- Construction of a veranda for the Lerato Day Care Centre and upgrading of the Dingleton Clinic;
- Black Rock contributed towards the construction of seven classrooms in three different schools in the community as well as subsidising teachers' salaries at two schools in the district; and
- Cato Ridge contributed to Saturday classes aimed at equipping learners at two local high schools with Mathematics, Science, English and Accounting skills.

LED projects included:

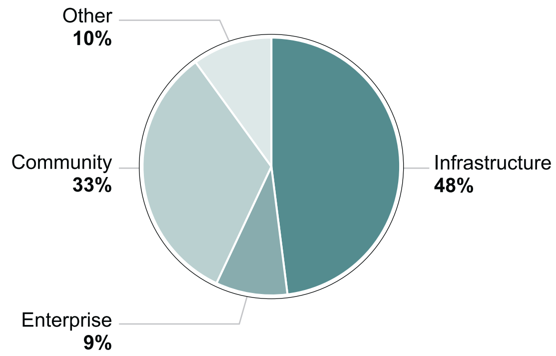
- Establishment of the Diatomite factory by Khumani Mine which created 18 permanent jobs;
- Black Rock developed infrastructure for the supply of water in seven villages including an 8 km water reticulation network in the community; and
- Beeshoek Mine contributed to the establishment of a fire fighting station, upgrading of a road junction, building and construction of a bus and taxi terminus.

Case studies on the ARM Ferrous CSI projects have been prepared by an independent journalist for publication in our Sustainability Report.

F2011 ARM Ferrous CSI spend
(100% basis)



F2011 ARM Ferrous LED spend
(100% basis)



Climate change

Specific climate change risks to the Ferrous Division include carbon emissions, the potential price of carbon in the form of carbon emission taxes, availability and cost of electricity and availability and cost of water for growth plans.

Since the Ferrous Division contributes approximately 80% of the ARM carbon footprint through mainly the energy consumption at the two smelters, the economic threat posed by the cost of electricity and/or carbon emission taxes is the most significant factor. Action plans are therefore focused on energy efficiency and reduction of carbon emissions. Other risks of climate change include availability of water for expanding operations, especially in the arid Northern Cape where three the operations are located. Operations focus on effective use and recycling of water while putting biodiversity action plans in place to mitigate the effects of climate change.

Mining rights status

The New Order Mining Rights for the Khumani Iron Ore Mine were granted for 30 years during 2008. The conversion of Old Order Mining Rights for the manganese ore mines was signed on 13 July. These New Order Mining Rights were granted for 30 years.

The Beeshoek Iron Ore Mine application for New Order Mining Rights has been processed by regional office (Kimberley) and submitted to Pretoria with a recommendation for approval for 30 years. The application for the Dwarsrivier Chrome Mine have also been processed by regional office (Polokwane) and submitted to Pretoria with a recommendation for approval for 30 years.

ARM Ferrous continued

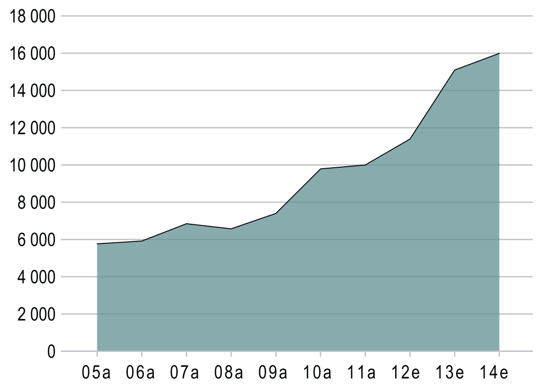
Prospects

A feasibility study to increase the manganese ore capacity from 3 mtpa to 6 mtpa is in progress. Two new shafts and a new beneficiation plant for the Gloria Mine, as well as new load-out infrastructure will be required to increase production to 6 mtpa.

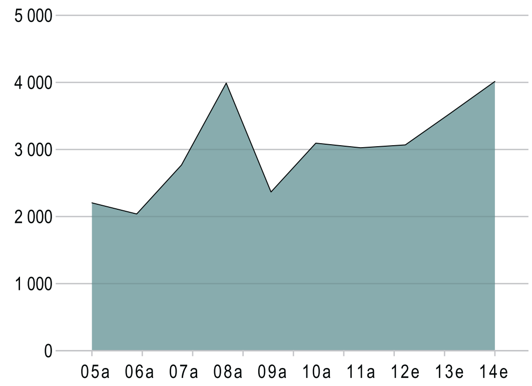
The feasibility study to establish a new 4 mtpa operation at Beeshoek Mine has been completed. First production is planned to commence during the latter part of 2012 from a new established mining area. Initial development will include new housing accommodation, upgraded infrastructure and new load-out facilities.

ARM Ferrous sales volumes from 2005 to 2014 (100% basis)

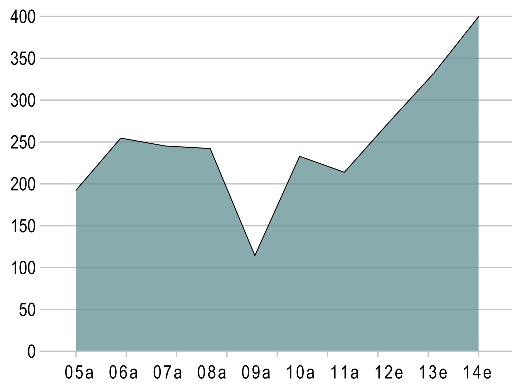
Iron ore*
(000t)



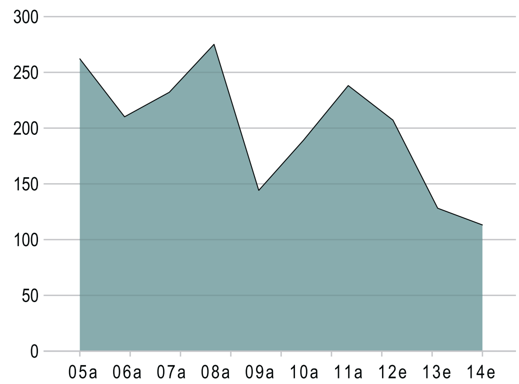
Manganese ore*
(000t)



Ferromanganese
(000t)



Charge chrome
(000t)



* *Excludes intra-group sales.*

Market review

Steel

World steel forecasts indicate that apparent steel use increased by 10.7% to 1.2 million metric tonnes (Mt) in 2010 after contracting by 6.7% in 2009. In 2011, it is forecasted that world steel demand will grow by a further 5.3% to reach a record high of 1.3 Mt. With these projections, world steel demand is expected to exceed pre-crisis levels of 2007. The resilience of the emerging economies, especially China, has been the critical factor enabling the earlier than expected recovery of world steel demand.

The Rest of World (RoW) steel industry is also recovering faster than expected as emerging market economies pull it out of recession.

Global steel capacity utilisation has now reached around 80%, having slipped below 60% at the end of 2008. This recovery, which began in mid-2009, has been supported by government stimulus spending and the rebuilding of inventories in some economies.

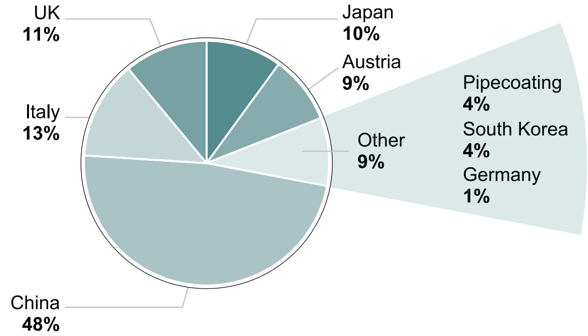
Iron ore

Iron ore supply is expected to remain tight at least for the next three years. Supply will grow but additions are expected to be limited in 2011 to 2012. After 2015 there may be a theoretical oversupply. Total seaborne supply grew to approximately 1 billion tonnes in 2010 (2009: 819 Mt) and is expected to grow to 1.2 billion tonnes in 2012 and 1.4 billion tonnes in 2015. However, this supply increase will not be enough to keep up with rising demand at least until 2013. Total seaborne iron ore demand is expected to grow faster than supply until 2013 to over 1.1 billion tonnes in 2011 and over 1.2 billion in 2012.

Export sales

Sales are spread 60% into Asia (2009: 80%) and 40% into Europe (2009: 20%). Sales into China are expected to decrease from 68% (2009) to approximately 48% of total sales during the first year of the business plan.

Assmang iron ore export sales



Manganese

Crude steel

According to a forecast by Commodities Research Unit (CRU), world crude steel production is estimated to grow by approximately 380 Mtpa from 2010 to 2015. Other research organisations are forecasting similar increases. The majority of this growth will continue to be in Asia and emerging markets where steel consumption per capita remains low compared to developed nations.

Manganese ore

It is expected that the world production of manganese ore will grow to over 61 Mt in 2015 from 47 Mt in 2010. We expect demand to remain strong and it will be challenging to maintain market share due to limited product and logistic capacity, especially for high grade ore.

Manganese alloys

Intensity of manganese in steel has grown significantly since 2001 when 6.3kg manganese alloy was used per tonne of steel compared to the estimate of 7.2kg per tonne of steel in 2010. This growth is however expected to moderate over the coming years.

During the second quarter of 2010 the demand for manganese alloys exceeded the previous pre-economic crisis level of 3.7 Mt per quarter (Q2 2008). The demand for manganese alloys is expected to exceed 4.2 Mt per quarter by the end of 2011 and is anticipated to grow from 14.9 Mt in 2010 to 20.6 Mt in 2015.

A major concern for the next five years is the overall over-supply of manganese alloys. Even though China has virtually disappeared as a major international supplier of manganese alloys, other regions are now more active than before. India has to some extent taken the place of China but is still a relatively high-cost supplier.

The main challenge for the next five years will therefore be to remain cost competitive compared with our major competitors.

Ferrochrome

World stainless steel production in 2010 was 31.7 Mt, an increase of 24% compared to 2009, with China increasing its market share to 37% of total world production. It is expected that 2011 will show an increase of about 6.5% with the majority of the growth driven by China and India.

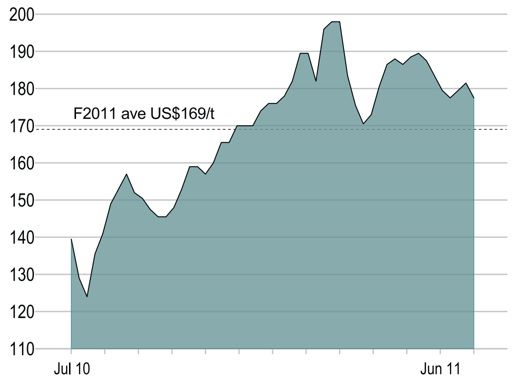
The overcapacity of ferrochrome production will continue to have an impact on the fragile supply/demand balance and on pricing levels. Total ferrochrome supply for 2010 increased 37.7% year-on-year to 8.5 Mt, which was 170 000 tonnes more than consumption. For the first half of 2011, ferrochrome production is expected to exceed consumption. However, it is anticipated that South African producers will reduce output during the high-cost winter period in an attempt to balance the market and stabilise pricing. SA production costs have increased significantly due to increased electricity and logistical costs, making it more difficult for SA suppliers to operate in market downturns. Emphasis and focus is required to manage costs of production.

ARM Ferrous continued

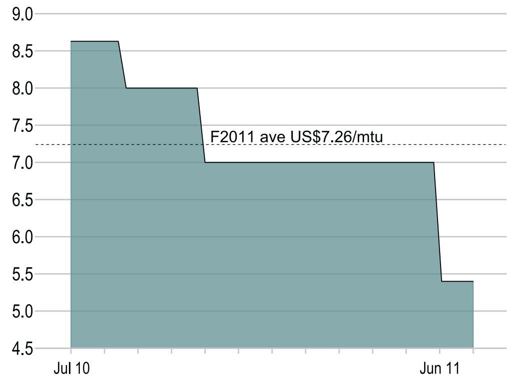
Going forward the wellbeing of the ferrochrome industry will depend on producers not oversupplying the market. In the short-term, slower demand due to high stock levels in various locations is putting increased pressure on pricing and some curtailment of production will be required to stabilise the market.

Ferrous pricing trends for F2011 (July 2010 to June 2011)

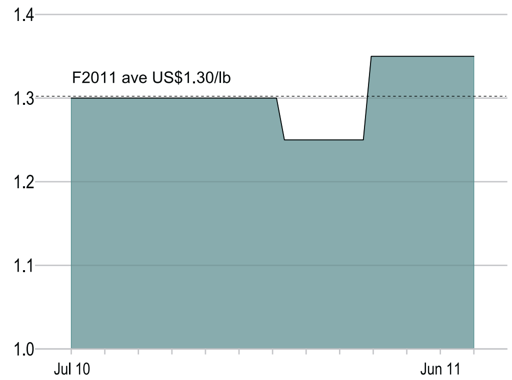
Iron ore fines price spot*
(CIF) (US$/t)



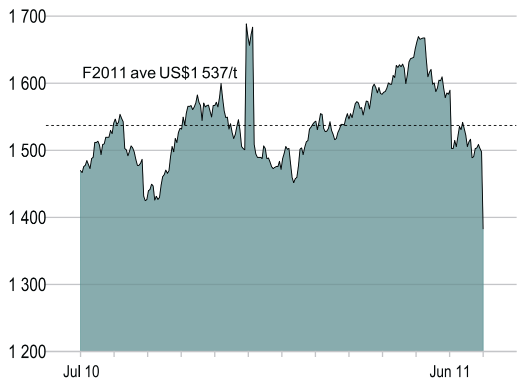
Manganese ore 48%/50%*
(CIF) (US$/mtu)



Ferrochrome benchmark spot*
(CIF) (US$/lb)



Ferromanganese benchmark 78%*
(CIF) (US$/t)



* *Source Inet Bridge.*

ARM Ferrous Operational Statistics

Iron Ore Division

Beeshoek and Khumani Iron Ore Mines

Management	Jointly managed by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.	
Resources Measured and Indicated	Beeshoek	119.0 million tonnes 63.75% iron
	Khumani	603.4 million tonnes 64.49% iron
Reserves Proved and Probable	Beeshoek	55.1 million tonnes 64.04% iron
	Khumani	545.4 million tonnes 64.54% iron
Total labour	5 009 (includes 3 574 contractors)	

		F2008	F2009	F2010	F2011	F11/10 % change
Attributable headline earnings	R million	390	1 080	718	**2 327**	224
Operating margin	%	39	60	41	**61**	49
Total iron ore sales	000t	6 581	7 410	9 799	**10 006**	2
Beeshoek Iron Ore Mine						
Iron ore produce	000t	4 493	2 658	521	**960**	84
Iron ore sold*	000t	5 466	1 593	867	**688**	(21)
Sales revenues*	R million	2 282	1 284	410	**407**	–
Total costs	R million	1 218	361	353	**263**	(26)
Operating profit	R million	1 064	923	62	**144**	132
Capex	R million	100	160	48	**83**	73
Khumani Iron Ore Mine						
Iron ore produced	000t	1 848	6 646	8 765	**8 725**	–
Iron ore sold	000t	1 115	5 817	8 932	**9 318**	4
Sales revenues	R million	493	3 733	4 518	**9 935**	120
Total costs	R million	0	1 576	2 566	**3 598**	40
Operating profit	R million	15	2 157	1 952	**6 341**	225
Capex	R million	2 131	1 369	2 256	**3 142**	39

* *Excludes intra-company sales.*

Refer to page 188 for Iron Ore segmental information.

ARM Ferrous continued

Khumani Expansion Project

Khumani Iron Ore Mine

10.0 mtpa construction complete

Mine design allows for flexibility to produce different percentage of product specification

- New modern and cost-competitive mine due to lower stripping ratio, the mining area already dewatered and favourable position in relation to infrastructure.
- Production successfully ramped up to 10 mtpa.
- The further ramp-up from 10 mtpa to 16 mtpa has commenced.

16.0 mtpa construction to be completed by 2nd quarter 2012 calendar year

Typical grade of products Lumpy 65.5% Fines 65.0% Indicative over life-of-mine

- Potential to increase export sales to 18 – 20 mtpa (pending Transnet expansion programme).
- Agreement with Transnet for 14 mtpa export capacity to be signed.

Project released 2006 → **Ramp-up: 2009 (10 mtpa) Full production: 2010** → **Feasibility for 16 mtpa 2Q 2009 completed** → **Construct and commission 16 mtpa: 2009 to 2012**

Capital cost of R4.6 billion spent

Capital cost for 16 mtpa – R6.7 billion

Manganese Division

Nchwaning and Gloria Manganese Mines and Cato Ridge Ferromanganese Works

Management	Jointly managed by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.											
	Nchwaning				**Gloria**				**Black Rock**			
		Tonnes ('000)	**Mn%**	**Fe%**		**Tonnes (000)**	**Mn%**	**Fe%**		**Tonnes (000)**	**Mn%**	**Fe%**
Resources Measured and Indicated	Seam 1	126.69	44.9	8.6	Seam 1	92.23	37.8	4.9	Seam 1	43.60	40.6	18.1
	Seam 2	180.80	42.4	15.5	Seam 2	29.40	29.9	10.1	Seam 2	26.81	38.6	19.8
Reserves Proved and Probable	Seam 1	106.28	44.9	8.6	Seam 1	68.25	37.8	4.9				
Total labour	3 131 (includes 733 contractors)											

Manganese Division – operational statistics

		F2008	F2009	F2010	F2011	F11/10 % change
Attributable contribution to headline earnings	R million	2 044	1 978	739	**688**	(7)
Operating profit	%	64	78	35	**36**	3
Manganese ore						
Manganese ore produced	000t	3 154	3 138	1 973	**3 048**	55
Manganese ore sales*	000t	3 711	2 152	3 095	**2 882**	(7)
Revenues*	R million	6 796	6 308	4 202	**4 338**	3
Total costs	R million	2 060	1 355	2 400	**2 398**	–
Operating profit	R million	4 736	4 943	1 802	**1 940**	8
Capex	R million	218	567	459	**238**	(48)
Manganese alloys						
Manganese alloys produced	000t	261	216	252	**291**	16
Manganese alloys sold	000t	247	117	238	**218**	(8)
Sales revenues	R million	2 756	2 128	2 085	**2 127**	–
Total costs	R million	1 332	883	1 652	**1 889**	14
Operating profit	R million	1 424	1 246	433	**238**	(45)
Capex	R million	293	286	285	**418**	47

** Excluding intra-group sales.*

Refer to page 188 for Manganese segmental information.

ARM Ferrous continued

Chrome Division

Dwarsrivier Chrome Mine and Machadodorp Ferrochrome Works

Management	Jointly management by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.
Resources Measured and Indicated	48.77 million tonnes @ 39.05% Cr_2O_3
Reserves Proved and Probable	33.44 million tonnes @ 35.69% Cr_2O_3
Total labour	2 408 (includes 525 contractors)

Chrome Division – operational statistics

		F2008	F2009	F2010	F2011	F11/10 % change
Attributable headline earnings	R million	342	107	(92)	**(116)**	(26)
Operating profit	%	38	15	(15)	**(11)**	27
Dwarsrivier chrome ore						
Chrome ore produced	000t	849	684	587	**866**	48
Chrome ore sold*	000t	304	256	272	**373**	37
Sales revenues*	R million	177	337	212	**401**	89
Total costs	R million	180	292	353	**454**	29
Operating profit	R million	(3)	45	(141)	**(53)**	62
Capex	R million	68	127	65	**77**	19
Machadodorp charge chrome						
Charge chrome produced	000t	270	169	200	**237**	19
Charge chrome sold	000t	275	144	189	**238**	26
Sales revenues	R million	2 331	1 473	1 378	**1 867**	36
Total costs	R million	1 382	1 242	1 464	**2 048**	40
Operating profit	R million	949	231	(86)	**(181)**	(111)
Capex	R million	90	270	224	**140**	(38)

* *Excluding intra-group sales.*

Refer to page 188 for Chrome segmental information.

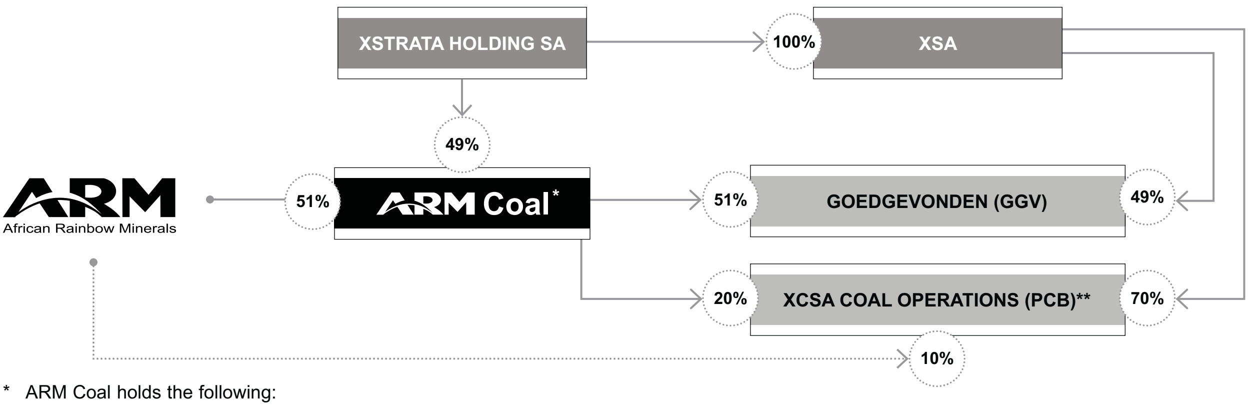
Machadodorp smelter works

ARM Coal

Mangisi Gule, Chief Executive: ARM Coal

Goedgevonden Coal Mine dragline

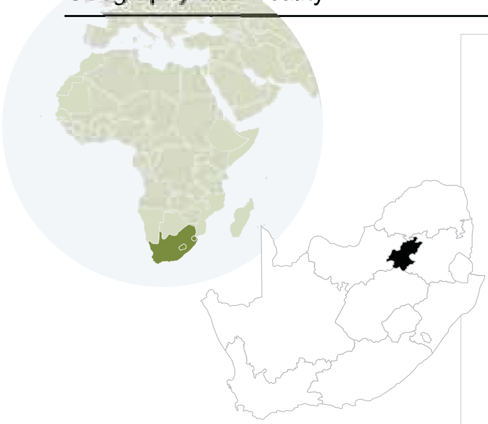
Divisional structure

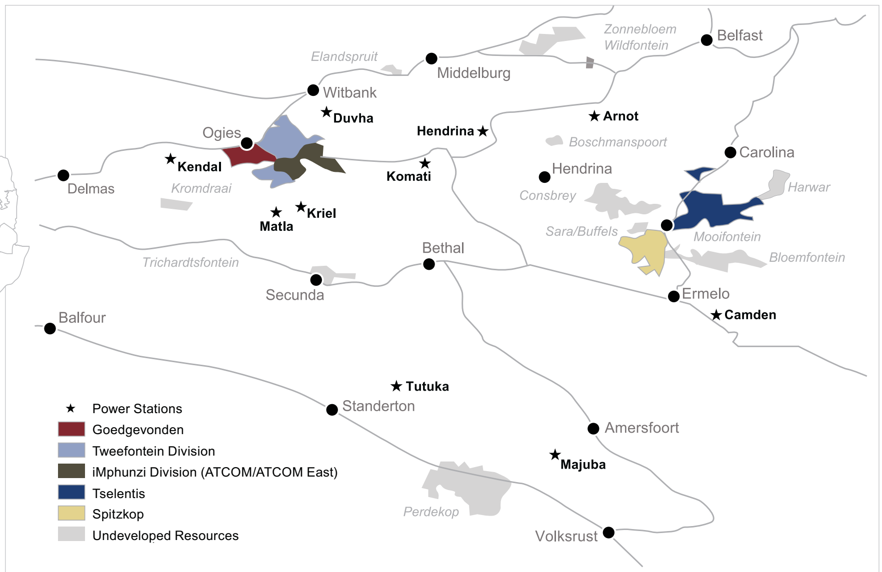


* ARM Coal holds the following:
- Access to Xstrata's 16.5% interest and entitlement in the Richards Bay Coal Terminal (RBCT); and
- An export entitlement of 3.2 mtpa in the Phase V expansion at the RBCT.

** Participating Coal Business (PCB) refers to Xstrata Coal South Africa's (XCSA) existing coal operations.

Geography and locality





Scorecard

F2011 objectives	F2011 performance	F2012 objectives
Participating Coal Business (PCB)		
Finalise sale of Mpumalanga assets.	Legal agreements with the sales partner were executed at the end of the financial year.	Final conditions precedent to be met by the end of the 2011 calendar year.
Continue to seek opportunities to increase domestic prices and sales volumes.	Export spot sales prices improved during the year in line with increased global coal prices.	Continue to seek opportunities to increase domestic prices and sales volumes.
Complete feasibility study for the multi-product Tweefontein coal handling and processing plant and the rapid train loading system i.e. the Tweefontein Optimisation Project (TOP).	TOP project in final phases of approval and is scheduled to start in January 2012.	The successful building and implementation of the TOP.
Complete iMphunzi East Project by third quarter of 2010 calendar year.	Project completed at the end of 2011 financial year.	Successfully ramp up iMphunzi mine to design capacity.
Goedgevonden (GGV)		
Long-term design capacity throughput of plant to be achieved during third quarter of 2010 calendar year.	Saleable production increased by 115%.	Consistent performance at the Coal Handling Processing Plant (CHPP) and mine production.

Operational overview – attributable to ARM

		F2011	F2010	% change	Operational target F2012
PCB sales	Mt	**2.7**	3.5	(23)	→
Export thermal coal sales	Mt	**1.8**	2.1	(14)	→
Eskom thermal coal sales	Mt	**0.6**	1.0	(40)	→
Local thermal coal sales	Mt	**0.3**	0.4	(25)	→
GGV sales	Mt	**1.4**	0.6	133	↑
Export thermal coal sales	Mt	**0.7**	0.3	133	↑
Eskom thermal coal sales	Mt	**0.7**	0.3	133	↑
ARM total sales	Mt	**4.1**	4.1	–	↑
Export thermal coal sales	Mt	**2.5**	2.4	4	↑
Eskom thermal coal sales	Mt	**1.3**	1.3	–	↑
Local thermal coal sales	Mt	**0.3**	0.4	(25)	↑
ARM operating margin	%	**30**	29	3	
Cash operating profit	R million	**443**	376	18	
PCB	R million	**229**	264	(13)	
GGV	R million	**214**	112	91	
Headline earnings attributable to ARM	R million	**(103)**	(17)	(500)	
PCB	R million	**(135)**	(51)	(164)	
GGV	R million	**32**	34	(6)	

ARM Coal continued

Review of the year

Although ARM Coal experienced a challenging year, attributable operating profit increased by R67 million from R376 million to R443 million. Headline earnings declined by R85 million from a loss of R17 million to a loss of R103 million. The deterioration in headline earnings can be ascribed to increased amortisation and interest charges. The rise in interest charges is due to the termination of the capitalisation of interest, an increase in borrowing levels on existing facilities and a new facility entered into for the funding of ARM Coal's shareholding in Richards Bay Coal Terminal Phase V expansion. Interest charges are anticipated to remain at these levels for the next year as borrowings for the GGV Mine peaks.

The coal processing plant at GGV Mine did not consistently perform to design capacity, notwithstanding that saleable production increased by 115% compared to F2010 as the mine ramped up towards design capacity. The PCB operations experienced a very challenging year resulting in saleable production being 29% lower than F2010. This decline in production was mainly due to a delay in the commissioning of the iMphunzi East project, rationalisation of opencast and underground production at Tweefontein and the unplanned closure of the 5 seam operation. Run-of-Mine (ROM) stock levels at both GGV and PCB increased substantially during the year as a result of the coal processing plants not having reached consistent design capacity performance. Sufficient stock is available to be fed into the coal processing plants when the GGV and iMphunzi East plants reach steady state performance. The challenges on the TFR line to Richards Bay Coal Terminal (RBCT) resulted in high levels of export saleable product stock being available at the mines and they are therefore in a good position to meet any improvement in TFR's rail performance.

The Richards Bay API 4 export coal prices increased from approximately US$93/t in June 2010 to US$116/t in June 2011 but ARM Coal did not benefit fully from this increase as the major portion of sales were concluded at previously negotiated long-term contract prices.

The average export coal prices realised by ARM Coal did however increase by 17% from US$67/t in F2010 to US$78/t in F2011 which resulted in an increase of R206 million in total attributable export revenue.

Goedgevonden Coal Mine (GGV)

ARM's economic interest	26.01%
Management	Governed by a management committee, controlled by ARM Coal, with four ARM representatives and three Xstrata representatives.
Resources and Reserves (total)	206.2 Mt (saleable reserves)
Resources and Reserves (attributable to ARM Coal)	105.2 Mt (saleable reserves)
Total labour	910 (includes 497 contractors)
Life-of-mine	30 years

Operational statistics

GGV (100%)

		F2011	**F2010**	**F11/10 % change**
Total saleable production	Mt	**5.9**	2.7	115
Total sales	Mt	**5.4**	2.4	125
Export	Mt	**2.7**	1.2	124
Eskom	Mt	**2.7**	1.2	133
Average price received				
Export (FOB)	US$/t	**77.00**	67.84	14
Eskom (FOR)	R/t	**183.94**	171.76	7
On mine saleable cost per tonne	R/t	**165.85**	141.03	18
Cash operating profits	R million	**824**	430	92
Operating margin	%	**42**	53	(20)
Capex*	R million	**326**	1 105	(70)

* *Excludes capitalised interest (2010).*

GGV attributable profit analysis

	12 months ended 30 June		
	2011 Rm	**2010 Rm**	**% change**
Cash operating profit	**214**	112	92
Less : interest paid	**(82)**	(5)	>(200)
: amortisation	**(77)**	(47)	(64)
: fair value adjustments	**(17)**	(13)	(31)
Profit before tax	**38**	47	(19)
Tax	**(6)**	(13)	62
Headline earnings attributable to ARM	**32**	34	(6)

Refer to pages 185 and 186 for ARM Coal segmental information.

Goedgevonden Coal Mine (GGV)

Ramp-up continued during the year increasing ROM production by 86% compared to F2010. All coal processing plant modules were commissioned in F2011 and although they did not consistently perform to design capacity, saleable production increased by 115% from 2.7 million tonnes to 5.9 million tonnes.

Eskom and export sales volumes increased 133% and 124% respectively, but challenges at TFR continued to have a negative impact on sales volumes. During 2H F2011 several weeks of railing were lost due to derailments, industrial action and the extended closure of the line for maintenance.

Attributable cash operating profit increased by 92% from R112 million to R214 million. The increase in sales volumes resulted in attributable revenue being R258 million higher than F2010. Attributable on-mine operating costs increased by R153 million in line with the increase in production volumes. The capitalisation of working costs and interest was terminated when the mine reached steady-state production during the review period. Operating costs per saleable tonne increased by 18% to R166 per tonne (F2010: R141 per tonne).

Although attributable consolidated operating profit increased by just over R100 million, headline earnings remained constant at R32 million as a result of an increase in amortisation and finance costs. Amortisation increased in line with the increase in ROM production and sales volumes which form the basis for calculating the amortisation charge.

Participating Coal Business (PCB)

ARM's economic interest:	20.2%
Management:	Governed by a supervisory committee with five Xstrata representatives and three ARM representatives
Total labour:	6 726 (includes 2 858 contractors)
Life-of-mine:	Economic life-of-mine ranges from six to 25 years

ARM Coal continued

Operational statistics

PCB (100% terms)

		F2011	F2010	F11/10 % change
Total saleable production	Mt	**12.9**	18.2	(29)
iMphunzi	Mt	**4.3**	6.9	(37)
Mpumalanga	Mt	**0.8**	1.1	(27)
South Stock	Mt	**4.0**	4.5	(11)
Tweefontein	Mt	**3.8**	5.7	(33)
Total sales	Mt	**13.2**	17.7	(25)
Export	Mt	**9.2**	10.7	(14)
Eskom	Mt	**2.8**	5.2	(46)
Local	Mt	**1.2**	1.8	(33)
Average price received				
Export (FOB)	US$/t	**79.30**	66.88	19
Eskom (FOR)	R/t	**105.98**	63.27	68
Local (FOR)	R/t	**296.59**	263.5	13
On mine saleable cost per tonne	R/t	**338.07**	250.00	35
Cash operating profit	R million	**1 133**	1 306	(13)
Operating margin	%	**20**	21	(53)
Capex	R million	**2 620**	2 130	44

PCB attributable profit analysis

	12 months ended 30 June 2011 Rm	2010 Rm	% change
Cash operating profit	**229**	264	(13)
Less : interest paid	**(107)**	(64)	(67)
: amortisation	**(282)**	(234)	(21)
: fair value adjustments	**(27)**	(37)	27
(Loss)/profit before tax	**(187)**	(71)	(163)
Tax	**52**	20	160
Headline (loss) attributable to ARM	**(135)**	(51)	(165)

Refer to pages 185 and 186 for ARM Coal segmental information.

Participating Coal Business (PCB)

ROM and saleable production during F2011 were 12% and 29% lower respectively when compared to F2010. Almost all of the operations comprising the PCB produced less ROM and saleable coal during F2011. F2010 attributable saleable production included 271 000 tonnes of low quality product that was sold to Eskom at a reduced price.

Production was affected by excessive rain during December 2010, the late commissioning of the iMphunzi East project, the planned rationalisation of underground and opencast mining at the Tweefontein division and the unplanned closure of the 5 seam operation. Both modules of the new coal processing plant at iMphunzi East were commissioned during the first half of the 2011 calendar year and it is anticipated that the 1700 tonnes per hour design capacity will be achieved in the second half of the 2011 calendar year.

Attributable revenue was R91 million lower in F2011 compared to F2010 and comprised of a negative volume variance of R213 million, a negative exchange rate variance of R72 million offset to some degree by a favourable price variance of R194 million.

Domestic demand continued to decline which resulted in a 33% reduction in sales volumes. The continued challenges at TFR resulted in a 14% decrease in export sales volumes. During 2H F2011 several weeks were lost due to derailments, industrial action and the extended closure of the line for maintenance. Average Eskom prices achieved during F2011 reflected an increase of R42.71 (68%) as 25% of the F2010 sales comprised volumes of lower quality product sold to Eskom at a much reduced price.

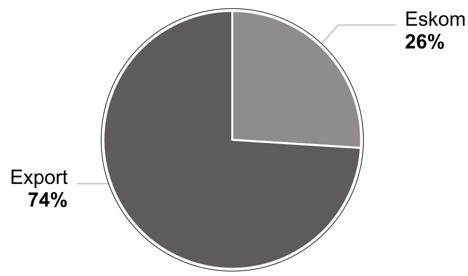
Total on mine cash costs for F2011 was marginally lower than F2010 but the average cost per saleable tonne increased by 35% to R338 per tonne in F2011 compared to R250 in F2010.

Attributable headline earnings declined from a R51 million loss to a R135 million loss mainly due to a decrease of R35 million in operating profit, an increase in finance costs as a result of an increase in borrowings and an increase in amortisation.

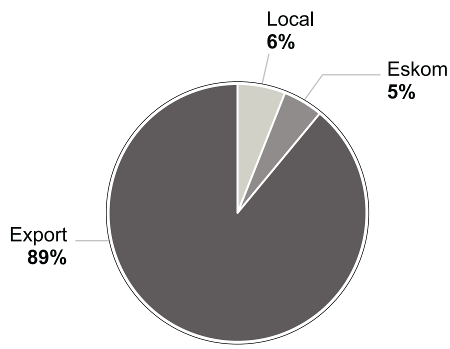
During F2011, Xstrata successfully negotiated the sale of the Mpumalanga assets located in Ermelo. All agreements have been signed and the transaction is subject to some conditions precedent which are expected to be achieved by December 2011. ARM has treated these assets as “an asset held for sale” with effect from 1 March 2011 and consequently also excluded attributable ROM and saleable production of 128 000 and 69 000 tonnes respectively from these two mines from its production figures.

Revenue composition

F2011 GGV revenue composition



F2011 PCB revenue composition



ARM Coal continued

Logistics

Continued challenges at TFR had a negative impact on both ARM Coal's export and domestic sales. Although rail performance showed signs of improvement, the overall result was affected by derailments during the early months of the 2011 calendar year and the extended maintenance shutdown of 21 days which began on 23 May 2011. The extended shutdown, not only enabled TFR to do critical maintenance, but also to start work required under the capital expansion programme to improve the rail performance of the line to RBCT to 81 mtpa.

At GGV all Eskom sales were planned to be railed to the delivery point at the power station, however only a small percentage was actually transported by rail. This necessitated an increase in the use of road transport and resulted in GGV not delivering the quantities of coal provided for in the off-take agreement. Coal is sold to Eskom on a Free on Truck (FOR) basis and thus the increased use of road transport did not affect GGV costs.

Although the Phase V expansion of RBCT to 91 mtpa has been completed there continues to exist a discrepancy between the rail capacity and port capacity through RBCT. Current capacity on the rail line remains at 63 mtpa. This limits the ability of the participants of Phase V (which includes ARM Coal) to utilise its full port capacity. Until such time as the rail line capacity is increased to 91 mtpa, available rail capacity will be allocated to Phase V participants of RBCT proportionately on an “equal pain, equal gain” basis.

GGV is a low-cost producer and with its modern rapid load out system is able to take advantage of available export capacity through our joint-venture partner, Xstrata Coal South Africa (XCSA), which has 15.05 mtpa allocation on the coal rail line and the port.

ARM Coal remains optimistic that a long-term and sustainable solution will be found. TFR has already begun with the expansion of the rail line to 81 mtpa which is expected to be completed in 2015.

Mining rights status

As at 30 June 2011 twenty granted conversions of Old Order Mining Rights into New Order Mining Rights for the operations in XCSA had been notarially executed and lodged at the mining titles office for registration. The remaining five conversions have been granted but have yet to be executed.

All new mining rights in respect of the properties comprising the GGV mine were issued and notarially executed during the 2008 year and an application for a section 11 transfer of these properties into the names of the joint-venture partners of GGV namely, XCSA and ARM Coal, is in the process of being prepared for lodging.

The application for the section 11 transfer by ARM Coal and XCSA to incorporate both the GGV and Zaaiwater mining licences into one licence is in progress and it is expected that this will be completed during F2012.

Capital expenditure

As at 30 June 2011, approximately 99% of the capital cost of R3.6 billion to build the GGV mine had been committed. During F2011 GGV acquired some additional mining equipment to improve efficiencies in the pit.

During F2011, approximately R1.2 billion was spent on the iMphunzi East project. At 30 June 2011, 69% of the total cost of R3.1 billion to construct the iMphunzi East project had been committed and it is anticipated that the project will be completed by the end of F2012.

Prospects

Fundamentals in the thermal coal market continue to be supported by improved demand conditions. Especially pronounced has been the increase in demand from China and India.

The GGV mine achieved planned ROM and saleable production levels during F2011 and will be well positioned to take advantage of the increase in demand.

XCSA's is currently implementing its strategy to transit from high-cost underground operations to low-cost opencast operations. It is estimated that some 87% of total production will be produced by opencast operations by the 2015 calendar year. As part of this strategy, XCSA has completed the building of the iMphunzi East mine and the upgrade of the iMphunzi plant to a 1700 tonnes per hour (tph) coal handling and processing plant (CHPP). The final leg in the transition to Tier 1 opencast assets is the Tweefontein Optimisation Project which is in the final stages of approval and scheduled to commence at the start of the 2012 calendar year.

The successful completion of this strategy will ensure that ARM Coal's portfolio comprises largely of low-cost open cast high quality coal assets.

Market review

Export market

All indications are that demand for thermal coal from South Africa is trending upwards. This is confirmed by the fact that exports from South Africa into Asia increased by 52% from around 25 Mt in the C2009 to about 38 Mt in the C2010. Exports to China, which switched from a net exporter to a net importer of coal in C2007, also showed a significant upturn during C2010 with volumes from South Africa increasing from 1.4 Mt to almost 7.0 Mt. Imports to China are expected to reach the 100 mtpa level by 2015.

In addition, increased demand and interest in South African coal was evident out of India with exports from South Africa increasing from 17.6 Mt in C2009 to 20.4 Mt in C2010. India, which is normally a major exporter of thermal coal, is in a position that it has less coal available for export due to strong growth in its domestic demand and it is expected that net imports in India will be close to 125 Mt by 2015.

Demand from Europe for South African coal declined by 43% in C2010 compared to C2009 due to subdued levels of economic activity.

US Dollar thermal coal prices at RBCT increased by almost 25% in C2010. This increase is expected to continue in 2012 and 2013.

Over the last four calendar years the destinations of XCSA's exports have changed in line with change in total exports from South Africa. Volumes exported by XCSA to Europe have decreased from 77% of total sales in C2008 to 30% in C2010, whereas volumes exported to Asia have increased from 15% in C2008 to 62% in C2010. Export volumes from XCSA to Asia and Europe during F2011 comprised 56% and 35% of total export volumes respectively.

Total South African coal exports increased to 63 mtpa in C2010 compared to 61 mtpa in C2009 despite constraints in logistics capacity.

Domestic (Eskom) market

Coal from GGV is being supplied to Eskom in terms of the long-term supply agreement that was concluded during January 2010. The coal supplied in terms of this agreement is beneficiated resulting in a good quality product, which in turn yields higher sales prices.

Demand for other domestic coal remains subdued and it is expected that this will only see some positive movement when the global economy recovers.

Goedgevonden Project Update

Goedgevonden Coal Mine (GGV) is 51% owned by ARM Coal and 49% owned by Xstrata.

7.0 mtpa saleable thermal coal

3.2 mtpa export sales
(27 MJ/kg)

ARM Coal has secured 3.2 mtpa capacity at Richards Bay Coal Terminal (RBCT)

3.8 mtpa domestic sales
(21.5 MJ/kg)

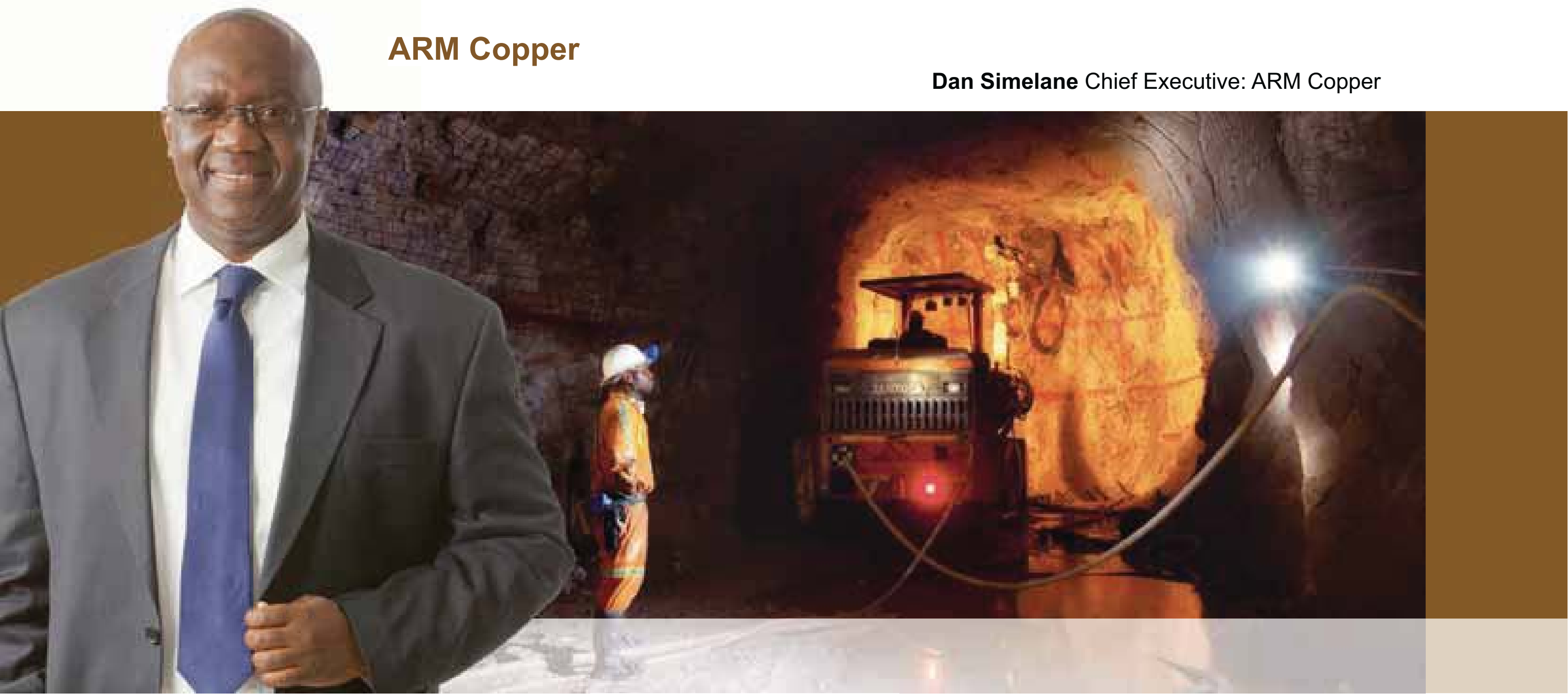
- Eskom off-take negotiations finalised
- Close proximity to four power stations
- Supplying a premium product (washed and sized)

Project released 2007 → **Opencast mine expected to produce in lower quartile of global cost curve** → **Ramp-up: 2009 Full production: 2011**

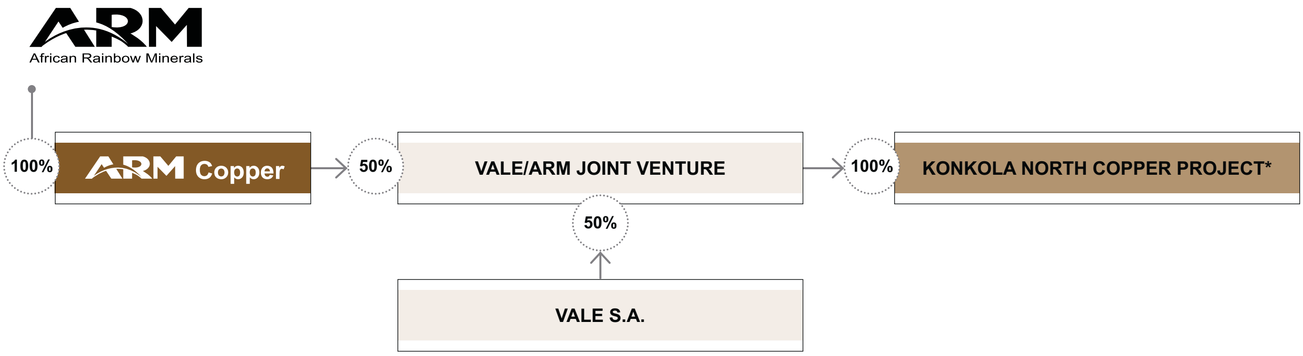
Capital cost of R3.6 billion, 99% committed, funded by Xstrata Coal

ARM Copper

Dan Simelane Chief Executive: ARM Copper

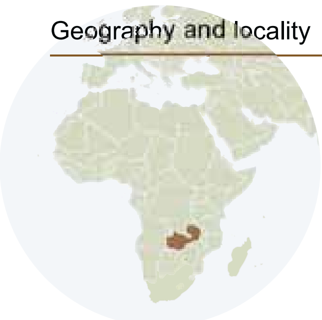


Divisional structure



The Konkola Norrh Copper Project was subject to a buy-in right of up to 20% (5% free carried interest) by State-owned Zambia Consolidated Copper Mines Investment Holding plc (ZCCM). ZCCM has exercised this right and the transfer of the 20% to ZCCM is in the process of being effected.

Geography and locality



Charging-up operations in the East Limb conveyor access decline at the Konkola North Copper Mine

Scorecard

F2011 objectives	F2011 performance	F2012 objectives
South/East Limb ore body Successfully conclude the closing process for ZCCM participation in the development of the South/East Limb mine.	All relevant agreements have been formulated and are awaiting final sign off in F2012. ZCCM elected to exercise the full 20% buy-in-right (of which 5% is a free carry interest).	Obtain final sign off and approval of all the relevant documentation.
Commence the project development for the establishment of the 2.5 mtpa South/East Limb mine to produce 45 000 tonnes of contained copper per annum.	The Konkola North Project was approved by the ARM and Vale Boards and construction work to establish the 2.5 mtpa South/East Mine commenced during September 2010.	Commission the concentrator plant by December 2012 in line with the approved budget and achieve the planned production ramp-up as per the feasibility study.
Area “A” ore body Undertake a further 16 800 metres resource delineation and infill drilling programme in Area “A” and update the geological resources. Undertake metallurgical test work and related feasibility studies to further evaluate the development of the ore body.	The exploration team drilled 12 bore holes for a total of 13 311 metres in Area “A” to identify copper mineralisation. Further drilling was undertaken for geotechnical purposes in the mine area (1 387 metres).	Exploration drilling in Area “A” will continue in a phased approach for a total of 20 000 metres to delineate high grade copper mineralisation in the South East area and in central Area “A”. Geological surveys are planned over target stratigraphy on the remaining licence area. Geological and grade models will be constructed and initial resource estimation work is planned.

ARM Copper continued

Review of the year

The primary objective of the Vale/ARM JV (the JV) was the completion of the bankable feasibility study for the development of the South and East Limb copper ore bodies on the Konkola North mining licence property.

The Konkola North Copper Project (the Project) is located in the Greater Konkola Area of the Zambian Copperbelt in close proximity to the town of Chililabombwe. The mining rights to the Project, which were previously secured through the Large-Scale Mining Licence, LML 20, have recently been extended to incorporate Prospecting Licence PLLS 73 (the prospecting licence of Area "A"). The revised mining licence, 7061-HQ-LML, which incorporates the larger area, was issued to Konnoco (Zambia) Limited in April 2011 and covers an area of 240 km^2. The mining licence is bound by the Zambia/DRC border to the west, north and east and Vedanta's Konkola Copper Mine mining licence is adjacent to the south.

The JV appointed AMEC E&C Inc. as the competent person to undertake resource estimation work on the South and East Limb copper ore bodies. The results of this study were received and are summarised in the table below:

Mineral resources summary as of 30 June 2011

Mineral project	Mineral resources category	Tonnes (Mt)	Copper (%)	Contained copper (Mt)
Konkola North Copper Project				
South Limb[1]	Measured	0.7	2.70	0.02
	Indicated	23.9	2.13	0.51
	Total	24.6	2.15	0.53
East Limb[1]	Measured	4.0	2.64	0.11
	Indicated	16.6	2.58	0.43
	Total	20.6	2.59	0.54
Fold Axis[1]	Measured	0.4	2.10	0.01
	Indicated	11.8	2.70	0.32
	Total	12.2	2.68	0.33
Total	**Measured and Indicated**	**57.4**	**2.42**	**1.40**
South Limb[1]	Inferred	13.8	2.22	
East Limb[1]	Inferred	0.4	2.00	
Fold Axis[1]	Inferred	9.7	2.25	
Area 'A'[2]	Inferred	219.5	2.64	

1 The mineralised zones were modelled on a 1% total copper cut-off, and were signed off by AMEC E&C Inc.
2 Resources defined are historical and not verified by AMEC E&C Inc.

The bankable feasibility of the Konkola North Project was submitted to the Vale and ARM Boards in July 2010 and both Boards approved the release of the project in August 2010. Construction work commenced soon after approval at the beginning of September 2010.

ARM together with its 50:50 joint-venture partner Vale, hosted, the official groundbreaking ceremony for the Project in Zambia on 14 October 2010.

Construction of the Project was officially opened by His Excellency the President of Zambia Rupiah Bwezani Banda. Other dignitaries present included ARM Executive Chairman; Patrice Motsepe, the President and CEO of Vale; Roger Agnelli, the Zambian Minister of Mines and Mineral Development; Maxwell Mwale, as well as the Chairman of ZCCM; Alfred J. Lungu.

ARM Executive Chairman Patrice Motsepe, said at the event: "We would like the ARM, Vale and ZCCM partnership to be a role model investor whose track record reflects genuine and significant commitment to the communities who live near the mine, the workers, entrepreneurs and other stakeholders."

ZCCM notified the JV of its intention to exercise its right to take up 20% equity interest in Konnoco Zambia Limited, the locally registered JV controlled company that holds the exclusive rights to the Konkola North Project. Of the ZCCM equity interest option, 5% will be a "free-carried" interest, the remaining 15% interest is a paying interest, and ZCCM have elected to fund the full remaining amount through their own means. All the required agreements are in place and now need final approval from the shareholders and the government of the Republic of Zambia, which is expected in October 2011.

The Konkola North Project

Soon after the release of the project in August 2010, the project team deployed resources, mainly in Zambia and Johannesburg, to commence detailed design, manufacture and construction work in accordance with the approved project plan. Requests for quotations based on the feasibility study and project plans were submitted to various contracting companies. After rigorous technical and commercial adjudication processes the preferred contractors were selected and subsequent orders placed. Only well experienced and reputable contracting companies were selected to execute the various work packages which make up the extent of the project.

A reputable South African Engineering, Procurement, Construction and Management (EPCM) contracting company, DRA, was selected to manage all aspects of the construction phase of the project. With mining being critical for the success of the new mine, it was decided that the JV project team would exercise full control over the main mine access development and ore development. To this end the full mine management team, under the leadership of the General Manager, has been deployed on site early to ensure operational readiness and smooth transition from project phase to operational phase.

The Konkola North Copper Mine will be a modern fully mechanised world-class mine. Deployed and commissioned mechanised mining equipment simulators at the mine will enhance operator training and skills before mining commences. A full training center is a major component of the construction phase for completion before mining commences.

At the end of the F2011 financial year the project was on schedule to deliver the first copper concentrate from the plant before the end of December 2012. 82% of the authorised funds have already been contracted for the total work required for project implementation.

Total project expenditure for the first 10 months was just over 20% of the authorised budget and was aligned to the forecast project expenditure.

Surface and infrastructure work is progressing on schedule, 85% of all the surface terracing has been completed and handed over for construction. The plant and all surface construction areas are on schedule. The No. 2 Shaft refurbishment is on schedule with the first of the four ventilation shafts being over halfway sunk.

Development of the East Limb access and conveyor declines are progressing well and will facilitate access into the ore body as planned.

Prospects

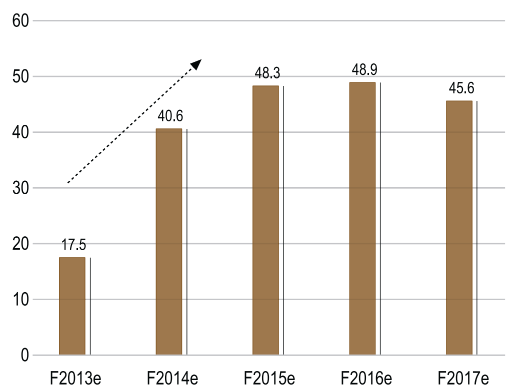
Konkola North Area "A"

The greater Area "A" includes the extensions of the copper mineralisation from the South/East Limb area to the south (the Konkola Basin) and the area to the east previously known as Area 2 (PLLS 73), covering the Kawiri and Kawiri North basins.

The JV has targeted the southernmost part of the Konkola Basin for more detailed resource delineation drilling. The JV previously completed a pre-feasibility study on a resource of 75 million tonnes. Drilling continued this year in this area, albeit on a reduced scale due to the commitments on the development of the mine. The JV intends to undertake further geological studies in this area, including drilling to further outline copper mineralisation and to undertake optimisation studies.

The JV intends to undertake applied geophysical surveys followed by drilling in the areas to the east now known as the Kawiri Basin and the Kawiri North Basin.

Konkola North copper sales volumes (on 100% basis)
(Thousand tonnes)



Safety

Safety compliance on site is very high and safe working conditions remain a fundamental value of the Konnoco Management team, the Project Staff and the JV.

Unfortunately, one lost-time injury has been recorded on site during the past 11 months. The incident was comprehensively investigated and the appropriate remedial actions have been implemented to prevent a reoccurance. World-class safety systems are being developed on the mine under the leadership and guidance of the new General Manager and new Safety Manager, both of whom have made great advances in this respect of the project.

The LTIFR targets for the mine are in the high achievement category and are 0.8 and 0.1 per 200 000 hours worked for the underground and surface work respectively.

Market review

World demand for copper is still experiencing robust growth with China experiencing a shortage in supply for a second year in a row. Since 1980, demand for copper has effectively doubled, with recent growth being especially strong in Asia, where demand more than doubled in the past 15 years. Over the past century copper demand has been growing steadily at an average of 4% per annum. In 2011 global output is expected to reach 19.7 Mt

ARM Copper continued

and a further increase of 6.2% is expected in 2012. With new smelters coming into production in China total output of copper is likely to reach 20.7 Mt in 2012.

Copper prices were well supported by growing demand improving from approximately US$1.30/lb copper in July 2005 and reaching a record high of US$4.62/lb in February 2011. The 2008 financial crisis prompted a rapid decline in prices to US$1.30/lb, and since then prices improved steadily to an average of US$4.38/lb in first half of the 2011 calendar year.

In the 2010 calendar year, demand was driven mainly by developing markets, especially Asia. Government stimulus in developed economies marginally improved copper demand. It is expected that total copper demand will exceed supply by 495 000 tonnes in 2011, this will be the largest deficit since 2004 and is more than double when compared with 214 000 tonnes in 2010. It is expected that the deficit may reduce to 310 000 tonnes in 2012.

Supply in 2010 was impacted by the economic downturn which, together with labour unrest at several mining operations, led to an underperformance of global copper supply. Although high copper prices encouraged increased supply, many projects faced multiple challenges including high capital and operational costs, technical difficulties and country risk.

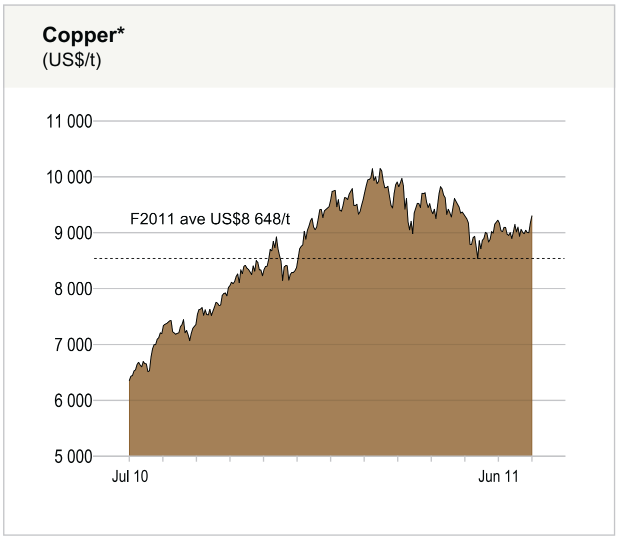
Copper prices are likely to be supported by supply constraints going forward. Challenges for new projects, increasing cost at existing operations as well as declining copper grades are expected to put upward pressure on costs and support prices. The pace of operating cost inflation in recent years has been more rapid in copper than most other commodities, with this trend expected to persist. Capital costs also appear to be rising fast.

We continue to have a positive outlook on copper based on anticipated deficits in 2011 and 2012 with the copper price expected to retrace previous peaks.

Chinese warehouses have significantly depleted their copper stocks, and opening of positive arbitrage between the China and London Metal Exchange prices could mean increase in copper imports into China.

Demand in China, the largest consumer of copper, may increase 4.9% to 7.5 Mt this year and 6% to almost 8.0 Mt in 2012. Output is expected to grow 7% to 4.9 Mt this year and 13% to 5.5 Mt in 2012. Any further supply disruption will push prices higher as Chinese demand picks up after reducing domestic stockpiles.

Copper pricing trends for F2011 (July 2010 to June 2011)



* *Source: Inet Bridge*

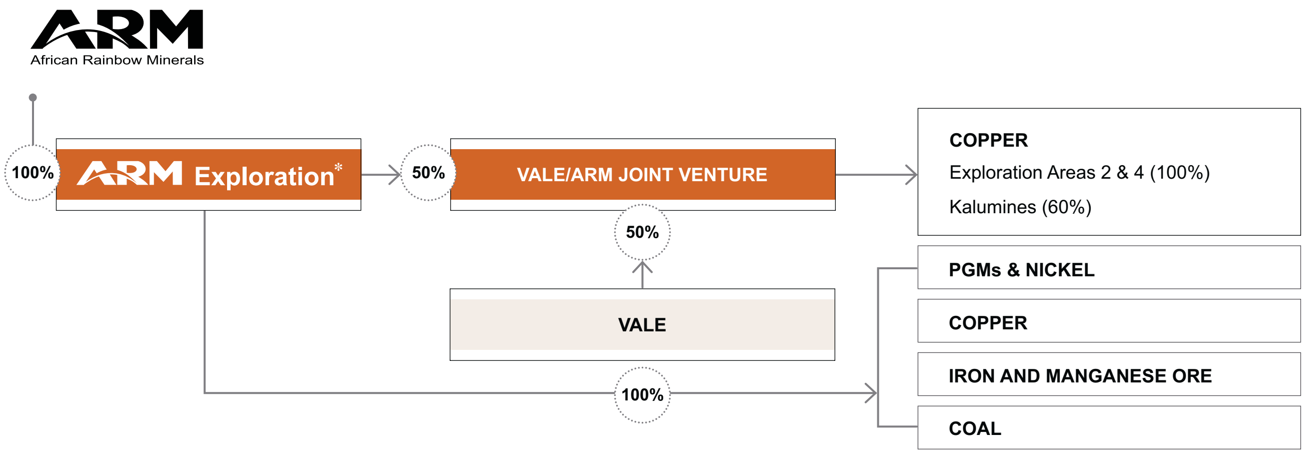
Drill core from Area "A" being inspected by geologists at the Konkola North site

ARM Exploration

Dan Simelane Chief Executive: ARM Exploration

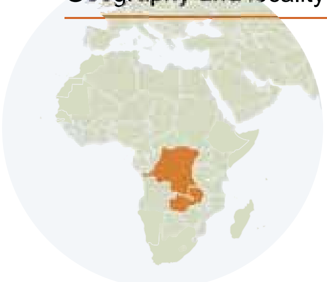
Konkola North Copper Mine drill rig

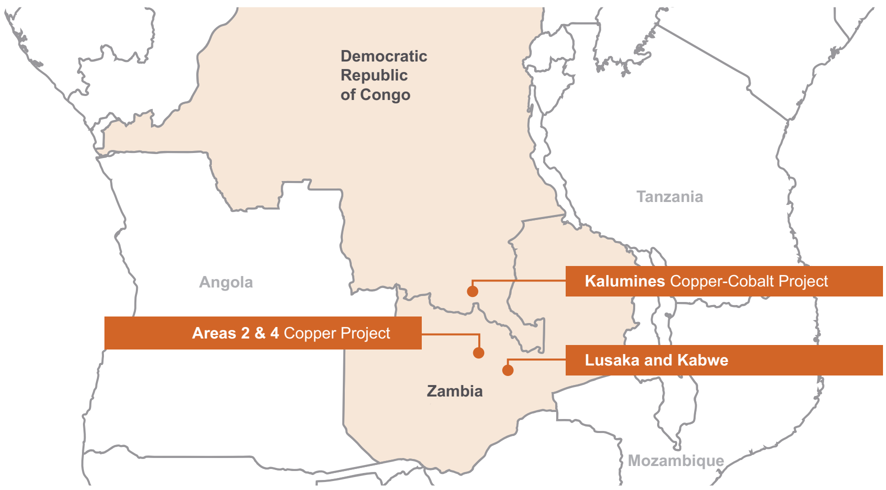
Divisional structure



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

Geography and locality





Scorecard

F2011 objectives	F2011 performance	F2012 objectives
DRC		
Complete a pre-feasibility study at Kalumines Project. Continue with infill and delineation drilling and define additional mineable reserves. Undertake metallurgical test work and mine development engineering studies and advance the requirements of a feasibility study.	A total of 24 786 metres of drilling was completed. 3 336 kg of metallurgical samples were collected for test work. AMEC E&C Services Inc completed the resource estimation work. Metallurgical processing options were evaluated and a feasibility study was completed.	Additional work and further studies are planned to prepare final feasibility study and financial evaluation. Infill geological work will be undertaken to improve the resources.
Zambia		
Kabwe South (PLLS 242). No objectives were reported.	Geophysical and geochemical surveys were completed and three copper anomalies were outlined. Three boreholes (670 metres) were drilled and copper sulphide mineralisation was intersected.	Applied geophysical ground surveys are planned. 1 300 metres of drilling has been planned to establish the lateral extent of the mineralisation.

Mineral Resources summary as of 30 June 2011

Mineral project	Mineral Resources category	Tonnes (Mt)	Copper (%)	Contained copper (Mt)
Kalumines Copper projects[1,2]				
Oxide Copper				
Lupoto	Indicated	10.4	2.63	0.270
Kasonta	Indicated	8.73	1.74	0.152
Niamumenda	Indicated	2.07	2.46	0.051
Karu East	Indicated	6.81	2.10	0.143
Sub-total	**Indicated**	**28.01**	**2.21**	**0.619**
Oxide/Sulphide copper[3]				
Lupoto	Indicated	12.25	2.33	0.285
Kasonta	Indicated	10.03	1.29	0.129
Niamumenda	Indicated	1.96	1.44	0.028
Sub-total	**Indicated**	**24.24**	**1.83**	**0.443**
Total	**Indicated**	**52.25**	**2.03**	**1.061**
Oxide copper				
Lupoto	Inferred	0.754	2.37	0.018
Kasonta	Inferred	0.016	0.79	0.000
Niamumenda	Inferred	0.003	0.67	0.000
Karu East	Inferred	0.148	2.70	0.004
Sub-total	**Inferred**	**0.921**	**2.39**	**0.022**
Oxide/Sulphide copper[3]				
Lupoto	Inferred	12.28	1.85	0.227
Kasonta	Inferred	4.13	1.31	0.054
Niamumenda	Inferred	0.557	1.17	0.007
Sub-total	**Inferred**	**16.97**	**1.70**	**0.288**
Total	**Inferred**	**17.89**	**1.74**	**0.311**

1. *The mineralised zones were modelled on a 0.51% total copper cut-off, and were signed off by AMEC E&C Inc.*
2. *Resources defined at 100% ownership level (project level).*
3. *Mixed oxide/sulpohide cut-off were defined as follows: oxides < 0.5%Ca > oxides/sulphides.*

Goedgevonden Coal Mine blast preparation

ARM Exploration continued

Review of the year

An objective of the Vale/ARM joint venture (the JV) is the completion of a feasibility study on the ore bodies associated with the Kalumines mining licence property in the DRC. To this end further resource delineation drilling and the metallurgical test work were undertaken. The JV completed initial mining related studies, including geotechnical and geohydrological studies, to complete the feasibility study.

The loss attributable to ARM increased to R173 million in F2011 compared to a loss of R143 million in F2010. This was largely due to the completion of the resources delineation drilling programme and stringent cost control initiatives.

The Kalumines Project

The Kalumines Project is located 23 km to the west of Lubumbashi, DRC, within a NW-SE orientated inlier of mine series stratigraphy comprising large fragments or rafts which host the copper mineralisation.

The JV outlined four ore bodies with substantial resources which were studied in more detail for possible exploitation. The mining licence property is 77 km^2 and hosts further potential resources not yet delineated. The JV has set a target resource of 50 Mt of copper ore at an average grade of 2.5% copper.

The JV has drilled a total of 24 786 metres in the current financial year. In addition, the JV undertook further metallurgical test work, mine design and related engineering work and completed a feasibility study. This study will be submitted to the JV's partners and Gecamines during July 2011.

To date the JV has outlined a total indicated copper oxide and mixed oxide/sulphides resource of 52.3 Mt at a grade of 2.03% copper, and an inferred resource of 17.9 Mt at a grade of 1.74% copper.

JV Prospects

The JV has further exploration rights on exclusive large-scale prospecting licence 242 (PLLS 242) south of the old Kabwe Mine located north of Lusaka in Zambia. The JV has completed a high resolution magnetic and radiomagnetic survey and a detailed soil geochemical sampling programme over the licence. Three target anomalies were identified and drill testing with three diamond boreholes was completed. Two of the three bore holes intersected significant thicknesses of sulphides copper mineralisation in sericitic quartzite.

Further geological work and drilling is planned in the next financial year.

Changes to ARM Exploration

ARM Exploration is conscious of the need to ensure continued growth of the ARM portfolio of assets beyond the ore bodies that currently comprise its portfolio and as such has implemented changes to the corporate structure to further strengthen the ARM Exploration Division. Effective 1 July 2011, the copper exploration assets that previously formed part of ARM Exploration, including a 30% shareholding in the Kalumines Copper Project and a 50% shareholding in the Lusaka & Kabwe Project, have been moved into the ARM Copper Division. This change will allow the ARM Exploration Division to sharpen its focus on identifying and assessing quality business opportunities in sub-Saharan Africa. A highly skilled and experienced exploration team has been established and will be led by Mr. Jan Steenkamp (who is also the Chief Executive of ARM Ferrous).

In July 2011 ARM signed an agreement with Rovuma Resources, a Mozambican exploration company, to explore for manganese ore, nickel, PGMs and base metals in Mozambique. In terms of the agreement, ARM Exploration will fund ongoing exploration at an estimated cost of US$7 million per annum and will have exclusive rights to exercise options to purchase prospecting/ mining rights to the resources.

ARM Exploration has established a large database of mining and exploration undertakings in Africa, focusing on PGMs, iron ore, manganese ore, base metals and coal, and is investigating further opportunities in sub-Saharan Africa. ARM Exploration has initiated discussions in Zambia to investigate high-grade accumulations of manganese ore and copper sulphides mineralisation. Discussions are in progress for the possible evaluation of iron ore deposits in Namibia.

ARM Exploration continues to evaluate mineral business investment opportunities that offer sustainable investment possibilities for a medium to long-term project pipeline in resource commodities in which ARM has experience and a competitive advantage.

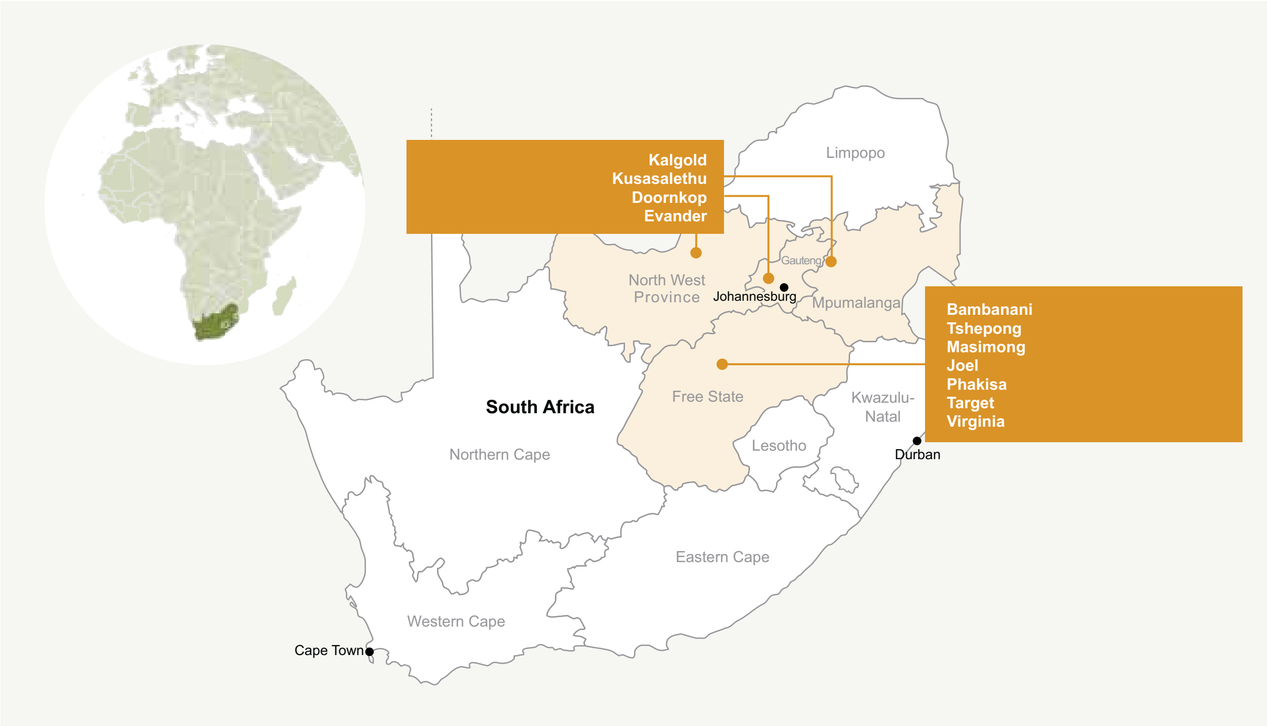
Gold: Harmony

Hamata Mill at the Hidden Valley mine in Papua New Guinea

Scorecard

Actions	Key steps
Generate free cash flow	
Optimise asset portfolio	• Improve cash costs • Review operational performance
Increase production	• Safety is key • Correctly targeted development • Introduced short-term interval controls
Improve productivity	• Focus on training, motivation, safety, health, environment, labour relations
Improve quality ounces	• Four projects in build-up • One project to be built • Steady-state operations
Explore	PNG – Wafi-Golpu • Resource growing • Drilling continuing • Transfer structure exploration PNG tenements 100% owned • Further gold-copper-molybdenum exploration
Build future mines	• Wafi-Golpu
Acquire	• Only quality ounces with healthy margins in South East Asia and Africa

Geography and locality



Harmony's Target mine, located 20 kilometres north of Welkom in the Free State province

Gold: Harmony continued

Operational performance

		F2011	F2010
Gold produced	Kg	**40 535**	44 433
	000oz	**1 303**	1 429
Operating cost	R/kg	**226 667**	195 162
	US$/oz	**1 009**	801
Financial performance			
Revenue	R million	**12 445**	11 284
Production costs	R million	**9 170**	8 358
Cash operating profit	R million	**3 275**	2 926
Net profit/(loss) for the year (includes discontinued operations)	R million	**617**	(192)
Total headline(loss)/earnings per share (includes discontinued operations)	R million	**223**	(7)
Total capital expenditure	R million	**3 143**	3 353
Market performance			
Average gold price received	R/kg	**307 875**	266 009
	US$/oz	**1 343**	1 092
Market capitalisation	R billion	**38.7**	34.9

Harmony Gold Mining Company Limited

Harmony has gold mining operations (primarily in South Africa) with 10 underground mines, several surface operations and two open pit mines. Harmony has a 50% interest in the Morobe Mining Joint Venture (Newcrest Mining Limited is the other 50% partner) in Papua New Guinea (PNG), which includes a mine at Hidden Valley, as well as the Wafi-Golpu project and exploration tenements.

During the financial year ended 30 June 2011, Harmony made excellent progress in key areas. It commissioned gold mines in South Africa and PNG, while the company expanded the world class Wafi-Golpu resource (on a 100% basis) to 9 million tonnes (Mt) of copper and 26.6 million ounces (Moz) of gold. The Wafi-Golpu resource delivered a phenomenal 57% increase to over 1 billion tonnes in resource during the year. Golpu's grade is over 1% copper, which confirms that it is one of the highest grade copper gold porphyry systems in South-east Asia, and these excellent results validate the long-held belief that PNG is a game-changing region for Harmony. Over and above Golpu, Harmony's exploration exposure in PNG is over 7 200 km².

The resource base in PNG now represents 10% of Harmony's total gold resources (or 21% of the resource on a gold equivalent basis), which is in line with Harmony's strategy to increase its geographic diversification.

For the financial year ended 30 June 2011, Harmony's annual gold production was lower at 1.3Moz, largely due to the shaft closures during the 2011 financial year. Total revenue for the year increased from R11.3 billion to R12.4 billion, or 10%, due to the 16% increase in the rand gold price received to R307 875 per kg. This increase was offset by the 7% decrease in gold sold.

Cost of sales increased from R10.5 billion to R11.6 billion for 2011, as a result of increases in labour, electricity and consumable costs, and amortisation and depreciation. Cash operating cost in R/kg terms increased by 16% from R195 162 per kg last year to R226 667 per kg, while the Rand per tonne unit costs remained stable at R469 per tonne.

Harmony's cash operating profits increased by 12% to R3.3 billion for the year and headline earnings from continuing operations were higher at R957 million, in comparison to R4 million in the previous year. Harmony recorded a net profit of R617 million for financial year 2011, compared to a loss of R192 million in the 2010 financial year.

Over the last year, total exploration expenditure was R353 million with R296 million for the PNG region alone.

Harmony's financial position has been strengthened following the recent signing of a revolving credit facility that adds financial flexibility. It diversifies the company's funding sources and it ensures funding for the feasibility and exploration expenditure for Wafi-Golpu over the next three years.

ARM's dividend receipt from Harmony will be R38 million and this will be accounted for in the 2012 financial statements.

The team at Harmony has created an asset portfolio with assets that will produce higher grade, lower cost mines. The older, non-core assets have been closed or sold, unnecessary costs are being removed from the system and what is emerging is a collection of truly world-class assets designed to build significant shareholder wealth going forward.

The ARM balance sheet at 30 June 2011 reflects a marked-to-market investment in Harmony of R5.7 billion, which is based on a Harmony share price of R89.95. Changes in the value of the investment in Harmony are accounted for by ARM through the statement of comprehensive income net of deferred capital gains tax. Dividends are recognised in ARM's income statement. The investment reflected at market value in the statement of financial position represents approximately 14% of ARM's market capitalisation of R40.2 billion at 30 June 2011, which compares to 15% at 30 June 2010.

Harmony's full results for its financial year ended 30 June 2011 may be viewed on the company's website at www.harmony.co.za

Mineral Resources and Mineral Reserves

Goedgevonden Coal Mine

Competent person's report on Mineral Resources and Mineral Reserves

This report is issued as the annual update of Mineral Resources and Reserves to inform shareholders and potential investors of the mineral assets held by African Rainbow Minerals Limited (ARM).

An extended version of this report is also available on **www.arm.co.za** under the Mineral Resources and Reserves section.

Salient features F2011

ARM Ferrous

Khumani	Waste stripping at King progressed in preparation for production.
Beeshoek	Production mainly for the domestic market, came from off-grade stockpiles processed through the jig plant.
Nchwaning	Investigations initiated to model the full package of the manganese seams in 0.5 m layers.
Gloria	Measured and Indicated Mineral Resources (No 1 Seam) increased by 79% to 92.23 million tonnes at 37.8% Mn as a result of remodelling which incorporated 42 new additional surface boreholes. The Inferred Resource decreased to 84 million tonnes.
Dwarsrivier	Surface drilling of 52 boreholes to upgrade the Mineral Resource confidence in the southern portion of the Mine completed. Remodelling to commence when all assay results are received.

ARM Platinum

Nkomati	Underground mineral resource models updated. Measured and Indicated resources for the underground mine increased to 79.39 from 68.88 million tonnes at the same grade of 0.45% Ni due to increases in the resource volumes.
Two Rivers	New model for the entire Merensky reef was completed. Indicated Mineral Resources for the Merensky increased to 38.36 million tonnes at 3.17g/t (6E).

ARM Coal

Goedgevonden	Production increased by 118% to 5.9 million tonnes.

ARM Copper

Konkola North	Construction of the Konkola North Copper Mine started.

F2011 Mineral Resources/Reserves summary

Platinum	Mineral Resources (Measured and Indicated) Mt	(PGE+Au)g/t	Mineral Reserves (Proved and Probable) Mt	(PGE+Au)g/t	Moz
Two Rivers					
UG2	59.33	4.58(6E)	39.03	3.54(6E)	4.44(6E)
Merensky	38.36	3.17(6E)	–	–	–
Modikwa*					
UG2	141.2	5.89(4E)	55.43	4.86(4E)	8.65(4E)
Merensky	72.00	2.78(4E)	–	–	–
Nkomati	290.59	0.85(4E)	134.89	0.85(4E)	3.69(4E)
Kalplats	69.91	1.48(3E)	–	–	–

6E = Pt+Pd+Rh+Ru+Ir +Au 4E = Pt+Pd+Rh+Au 3E = Pt+Pd+Au

* *Mineral Resources are exclusive of Mineral Reserves for Modikwa Mine.*

Nickel	Mineral Resources (Measured and Indicated) Mt	Ni%	Mineral Reserves (Proved and Probable) Mt	Ni%
Nkomati – Total MMZ+PCMZ	290.59	0.34	134.89	0.33

Manganese	Mineral Resources (Measured and Indicated) Mt	Mn%	Fe%	Mineral Reserves (Proved and Probable) Mt	Mn%	Fe%
Nchwaning						
No 1 Seam	126.69	44.9	8.6	106.28	44.9	8.6
No 2 Seam	180.80	42.4	15.5	–	–	–
Gloria						
No 1 Seam	92.23	37.8	4.9	68.25	37.8	4.9
No 2 Seam	29.40	29.9	10.1	–	–	–
Black Rock						
No 1 Seam	43.60	40.6	18.1	–	–	–
No 2 Seam	26.81	38.6	19.8	–	–	–

Iron ore	Mineral Resources (Measured and Indicated) Mt	Fe%	Mineral Reserves (Proved and Probable) Mt	Fe%
Beeshoek	118.97	63.75	55.13	64.04
Khumani				
Bruce	226.97	64.44	196.96	64.43
King	376.46	64.51	348.40	64.60

Chromite	Mineral Resources (Measured and Indicated) Mt	Cr_2O_3%	Mineral Reserves (Proved and Probable) Mt	Cr_2O_3%
Dwarsrivier	48.77	39.05	33.44	35.69
Nkomati	1.43	31.59	1.16	27.57

Coal	Mineral Resources (Measured and Indicated) Mt	Mineral Reserves (Proved and Probable) Mt	Saleable Mt
Goedgevonden	608.0	363.8	206.2

Copper	Mineral Resources (Measured and Indicated) Mt	%TCu	Mineral Reserves (Proved and Probable) Mt	%TCu
Konkola North	57.4	2.42	–	–

General statement

ARM's method of reporting Mineral Resources and Mineral Reserves conforms to the South African Code for Reporting Mineral Resources and Mineral Reserves (SAMREC Code) and the Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code (JORC Code).

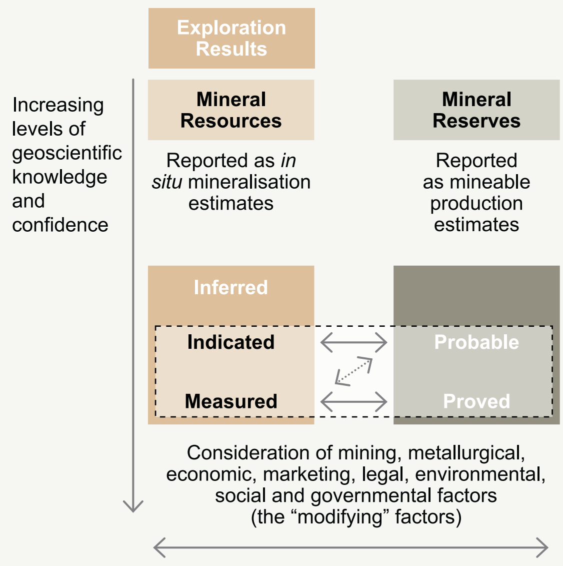
The convention adopted in this report is that Mineral Resources are reported inclusive of that portion of the total Mineral Resource converted to a Mineral Reserve, except for Modikwa Platinum Mine where the Mineral Resources are reported exclusive of the Mineral Reserves. Resources and reserves are quoted as at 30 June 2011. External consulting firms audit the resources and reserves of the ARM operations on a three-to four-year cycle basis.

The Mineral Resources and Mineral Reserves are reported on a total basis regardless of the attributable beneficial interest that ARM has on the individual projects or mines. When the attributable beneficial interests on a mine or project is less than 100%, the actual percentage of the attributable interest is specified.

Maps, plans and reports supporting resources and reserves are available for inspection at ARM's registered office and at the relevant mines.

Rounding of figures may result in computational discrepancies on the Mineral Resource and Reserve tabulations.

Relationship between Exploration Results, Mineral Resources and Mineral Reserves



Competence

The competent person with overall responsibility for the compilation of the Mineral Resources and Reserves report is Paul van der Merwe, Pr.Sci.Nat, an ARM employee. He consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Paul van der Merwe graduated with a BSc (Hons) in Geology from Free State University. He spent four years as an exploration geologist for FOSKOR. He then joined the Uranium Resource Evaluation Group of the then Atomic Energy Corporation of South Africa for 12 years. While employed there he studied geostatistics and spent some time at the University of Montreal, Canada. In 1991 he joined Anglovaal Mining (now ARM) in the Geostatistics Department and evaluated numerous mineral deposit types for this group in Africa. In 2001, he was appointed as Mineral Resources Manager for the Group. He is registered with the South African Council for Natural Scientific Professions as a Professional Natural Scientist in the field of practice of geological Science, Registration Number 400498/83, and as such is considered to be a Competent Person.

All competent persons at the operations have sufficient relevant experience in the type of deposit and in the activity for which they have taken responsibility. Details of the ARM's competent persons are available from the Company Secretary on written request.

The following competent persons were involved in the calculation of Mineral Resources and Reserves. They are employed by ARM or its subsidiaries and joint venture (JV) partners:

M Burger/ S v Niekerk	Pr.Sci.Nat Pr.Sci.Nat	Iron
B Ruzive	Pr.Sci.Nat	Manganese
A Pretorius*	Pr.Sci.Nat	Chrome
S Kadzviti	Pr.Sci.Nat	Chrome/ Manganese

M Davidson	Pr.Sci.Nat	Nickel
J Woolfe	Pr.Sci.Nat	Nickel/Platinum
R van Rhyn	Pr.Sci.Nat	Platinum
S Kadzviti	Pr.Sci.Nat	Nickel/Platinum
M Cowell	Pr.Sci.Nat	Platinum

AMEC*		Copper

* *External consultants*

P J van der Merwe

24 Impala Road, Chislehurston, Sandton
17 October 2011

ARM Ferrous

Assmang Limited Operations

ARM's attributable beneficial interest in Assmang's operations is 50%. The other 50% is held by Assore Limited.

Manganese Mines

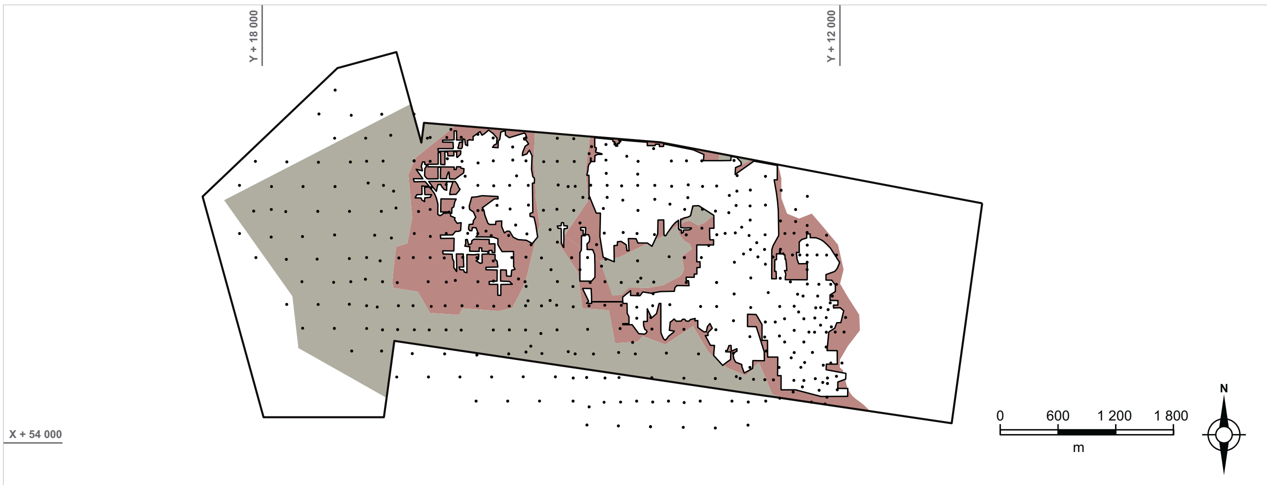
Nchwaning Mine: Lower Seam (1 Body) Manganese Resources and Reserves

	Mineral Resources		
	Mt	Mn%	Fe%
Measured Indicated	37.61 89.08	46.3 44.3	9.0 8.4
Total Resources 1 Body 2011	**126.69**	**44.9**	**8.6**
Total Resources 1 Body 2010	128.63	45.3	8.7

	Mineral Reserves		
	Mt	Mn%	Fe%
Proved Probable	32.34 73.94	46.3 44.3	9.0 8.4
Total Reserves 1 Body 2011	**106.28**	**44.9**	**8.6**
Total Reserves 1 Body 2010	107.96	45.3	8.7

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: pillar losses, mining losses.

Nchwaning Mineral Resource classification map



Legend

Measured Indicated Mined out area Boreholes

Nchwaning Mine: Upper Seam (2 Body) Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured Indicated	53.37 127.43	42.0 42.6	16.3 15.2
Total Resources 2 Body 2011	**180.80**	**42.4**	**15.5**
Total Resources 2 Body 2010	180.80	42.4	15.5

Totals are rounded off.

Black Rock: Lower Seam (1 Body) Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	9.03	40.3	18.1
Indicated	34.57	40.7	18.1
Total Resources 1 Body 2011	**43.60**	**40.6**	**18.1**
Total Resources 1 Body 2010	–	–	–

Totals are rounded off.

Black Rock: Upper Seam (2 Body) Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	8.23	37.4	19.8
Indicated	18.58	39.2	19.8
Total Resources 2 Body 2011	**26.81**	**38.6**	**19.8**
Total Resources 2 Body 2010	–	–	–

Totals are rounded off.

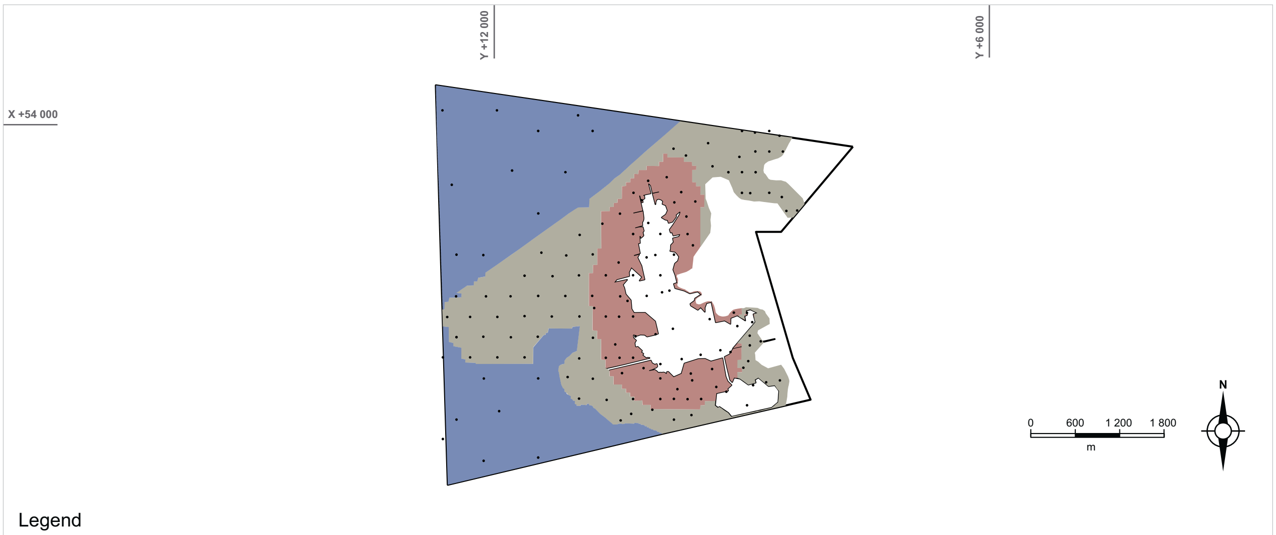
Gloria Mine: Lower Seam (1 Body) Manganese Resources and Reserves

	Mineral Resources		
	Mt	Mn%	Fe%
Measured	31.46	37.7	4.8
Indicated	60.77	37.8	4.9
Total Resources 1 Body 2011	**92.23**	**37.8**	**4.9**
Total Resources 1 Body 2010	51.57	38.3	5.5
Inferred 2011	**84.00**	**36.8**	**4.8**
Inferred 2010	128.24	–	–

	Mineral Reserves		
	Mt	Mn%	Fe%
Proved	23.28	37.7	4.8
Probable	44.97	37.8	4.9
Total Reserves 1 Body 2011	**68.25**	**37.8**	**4.9**
Total Reserves 1 Body 2010	39.71	38.3	5.5

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: pillar losses, mining losses.

Gloria Mineral Resource classification map



Legend

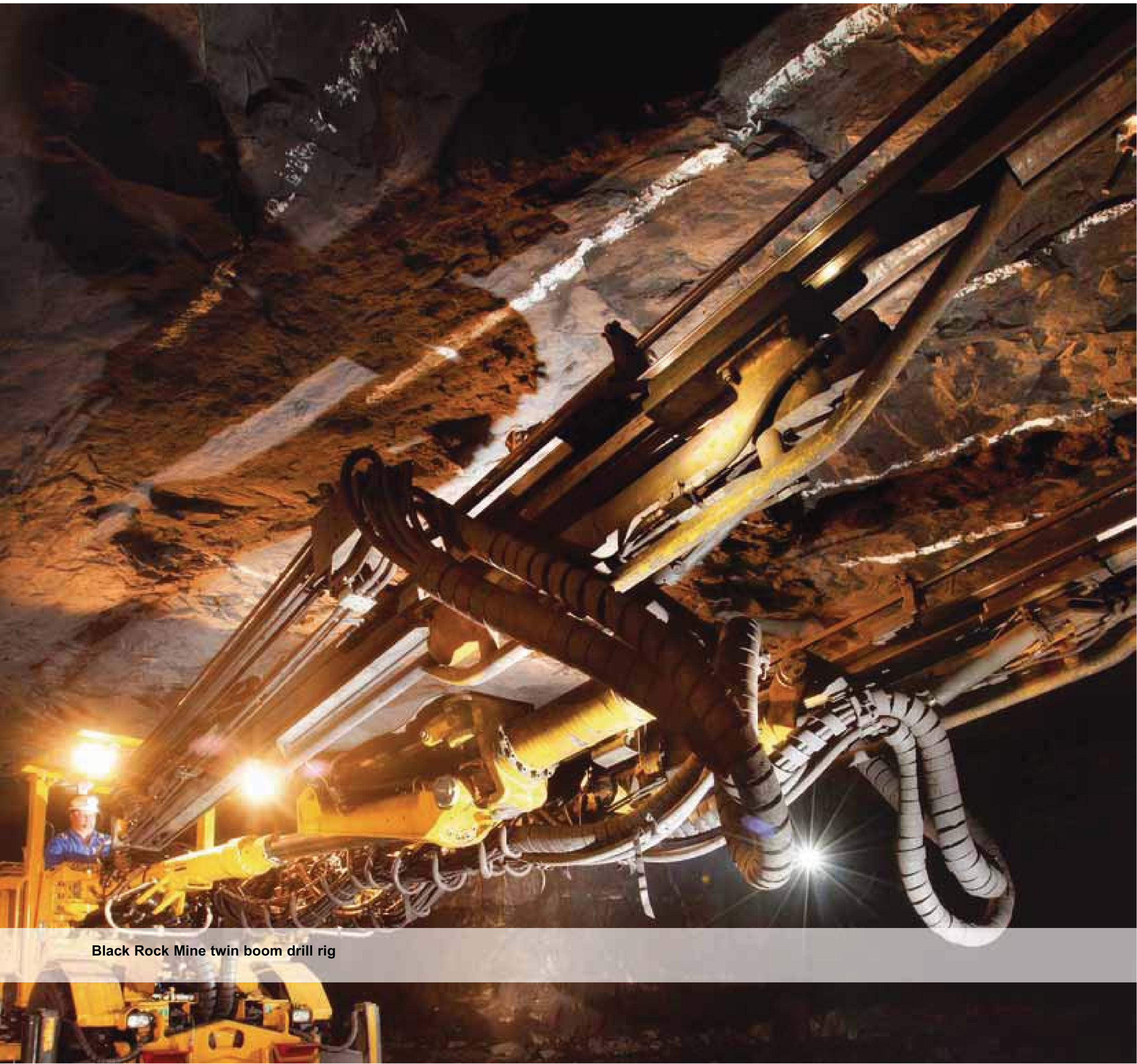
Measured | Indicated | Inferred | Mined out area | Boreholes

ARM Ferrous continued

Gloria Mine: Upper Seam (2 Body) Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured Indicated	– 29.40	– 29.9	– 10.1
Total Resources 2 Body 2011	**29.40**	**29.9**	**10.1**
Total Resources 2 Body 2010	29.40	29.9	10.1
Inferred 2011	**128.24**		
Inferred 2010	128.24		

Totals are rounded off.



Black Rock Mine twin boom drill rig

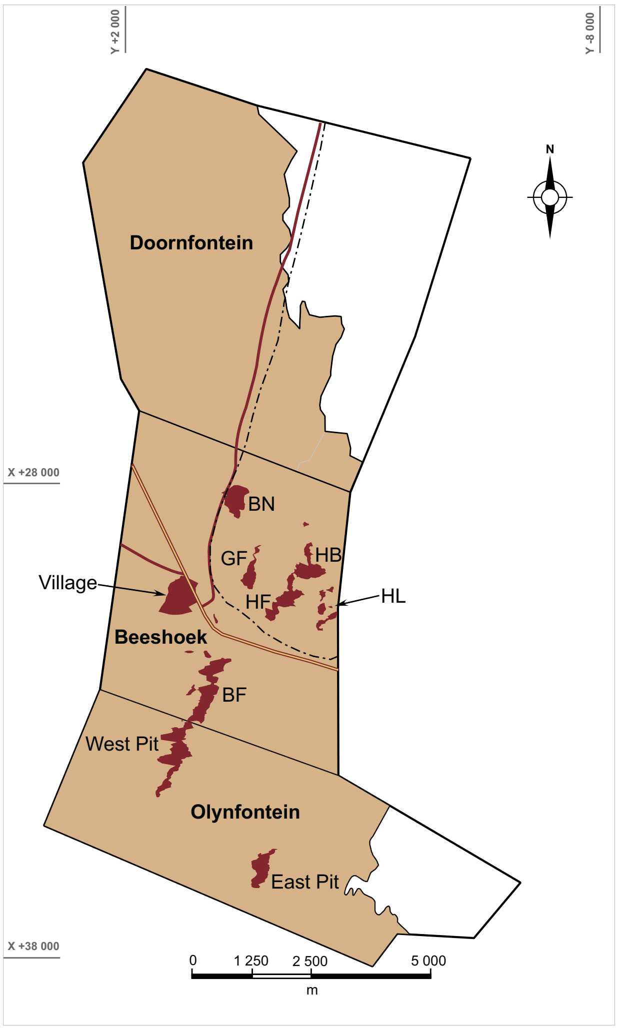
Iron Ore Mines

Beeshoek Iron Ore Mine: Resources and Reserves

	Measured Resources		Indicated Resources		Inferred Resources		Total Resources Measured + Indicated		Proved Reserves		Probable Reserves		Total Reserves	
Pit/Area	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**
BN	23.42	63.40	–	–	–	–	23.42	63.40	13.92	63.55	–	–	13.92	63.55
HF/HB	16.00	64.10	–	–	–	–	16.00	64.10	6.87	64.27	–	–	6.87	64.27
BF	8.45	63.51	0.23	63.54	0.001	65.24	8.68	63.51	1.02	61.59	–	–	1.02	61.59
East Pit	8.91	64.63	0.04	64.23	–	–	8.95	64.63	6.16	64.43	0.01	63.64	6.17	64.43
Village	42.71	63.72	2.98	63.57	0.002	63.71	45.69	63.71	27.15	64.24	–	–	27.15	64.24
GF	3.13	63.81	0.09	61.80	–	–	3.22	63.75	–	–	–	–	–	–
HH Ext	0.28	62.63	–	–	–	–	0.28	62.63	–	–	–	–	–	–
HL	3.23	65.07	0.05	65.20	–	–	3.28	65.07	–	–	–	–	–	–
West Pit	9.45	63.19	–	–	0.050	61.88	9.45	63.19	–	–	–	–	–	–
Detrital	–	–	–	–	2.500	60.00	–	–	–	–	–	–	–	–
Total 2011	**115.58**	**63.76**	**3.39**	**63.55**	**2.553**	**60.04**	**118.97**	**63.75**	**55.12**	**64.04**	**0.01**	**63.64**	**55.13**	**64.04**
Total 2010	112.59	63.71	0.76	63.61	2.55	60.04	113.35	63.71	47.64	64.93	0.03	66.45	47.67	64.93

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Economic pit design, fines generated, customer product specifications.

Beeshoek Open-Pit locality map




Beeshoek Iron Ore Mine

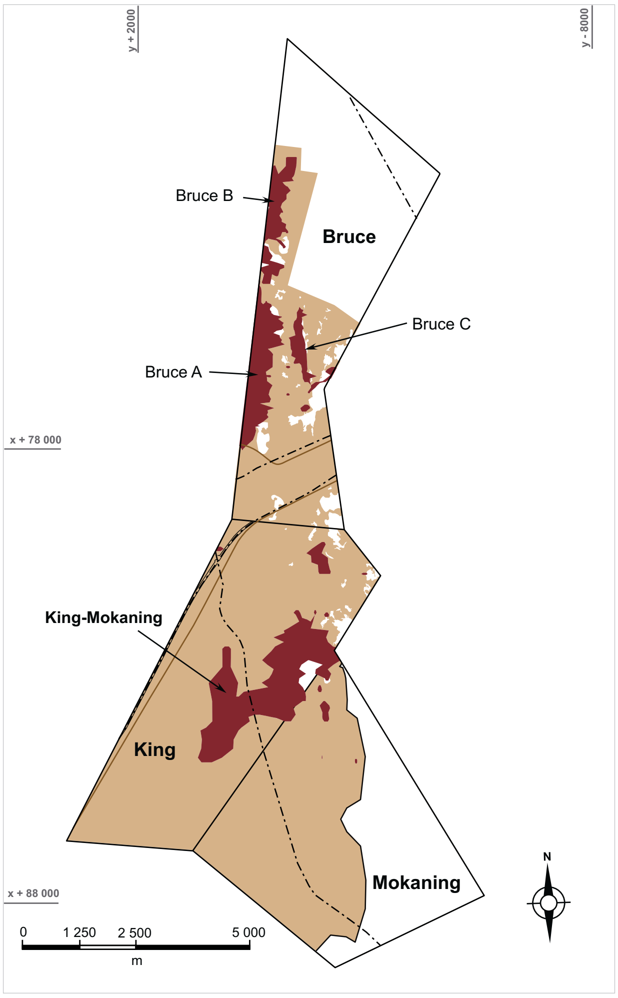
ARM Ferrous continued

Khumani Iron Ore Mine: Resources and Reserves

Pit/Area	Measured Resources		Indicated Resources		Inferred Resources		Total Resources Measured + Indicated		Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Bruce A	76.39	64.48	34.36	64.20	0.02	63.93	110.75	64.39	69.13	64.54	31.60	64.21	100.73	64.44
Bruce B	72.32	64.42	25.35	63.98	0.19	65.31	97.67	64.31	69.29	64.41	14.99	63.63	84.28	64.27
Bruce C	11.70	65.45	6.85	65.45	0.36	63.36	18.55	65.45	10.31	65.50	1.64	65.85	11.95	65.55
King/ Mokaning	253.73	64.53	122.73	64.48	4.85	63.02	376.46	64.51	238.90	64.63	109.50	64.55	348.40	64.60
Detrital	–	–	–	–	4.00	60.00	–	–	–	–	–	–	–	–
Total 2011	**414.14**	**64.53**	**189.29**	**64.40**	**9.42**	**61.80**	**603.43**	**64.49**	**387.63**	**64.60**	**157.73**	**64.41**	**545.36**	**64.54**
Total 2010	477.18	64.50	136.55	64.52	26.85	63.43	613.73	64.50	463.77	64.45	79.86	64.32	543.63	64.43

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Economic pit design, fines generated, customer product specifications.

Khumani Open-Pit locality map



Khumani Iron Ore Mine stacker reclaimer

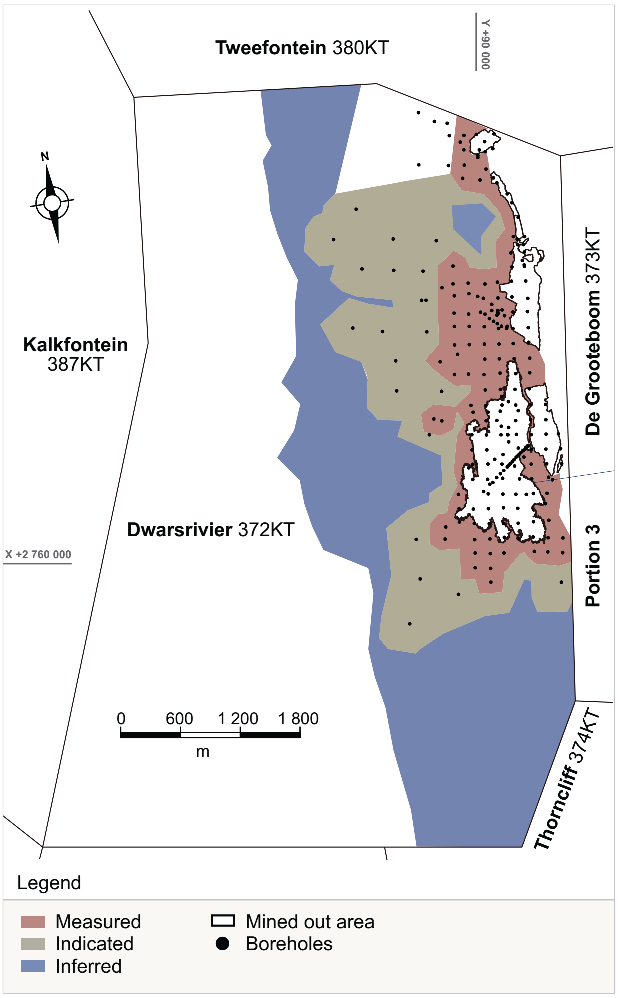
Chromite Mine

Dwarsrivier Chrome Mine: Chrome Resources and Reserves

	Mineral Resources				Mineral Reserves		
	Mt	Cr_2O_3%	FeO%		Mt	Cr_2O_3%	FeO%
Measured Indicated	17.25 31.52	39.20 38.97	23.07 23.01	Proved Probable	9.57 23.87	35.75 35.66	22.00 22.04
Total Measured and Indicated 2011	**48.77**	**39.05**	**23.03**	**Total Reserves 2011**	**33.44**	**35.69**	**22.03**
Total Measured and Indicated 2010	50.60	39.03	22.98	Total Reserves 2010	39.50	35.75	22.00
Inferred	**48.05**	**39.15**	**23.01**				

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: pillar losses, mining losses.

Dwarsrivier Mineral Resource classification map



Dwarsrivier Mine chromite ore stockpile

ARM Platinum

Nkomati Nickel-Copper-Cobalt-PGM-Chromite Mine

ARM's attributable beneficial interest in Nkomati operations is 50%. The other 50% is held by Norilsk Nickel Africa (Pty) Limited.

Nkomati Mine: Resources

	Measured Resources						Indicated Resources						Inferred Resources						Total Resources (Measured and Indicated)				
	Cut-off (Ni)%	Mt	Ni%	Cu%	Co%	4E g/t	Cut-off (Ni)%	Mt	Ni%	Cu%	Co%	4E g/t	Cut-off (Ni)%	Mt	Ni%	Cu%	Co%	4E g/t	Mt	Ni%	Cu%	Co%	4E g/t
Underground Mine																							
MMZ	0.30	6.50	0.58	0.23	0.03	1.18	0.30	43.70	0.48	0.21	0.03	1.08	0.30	1.80	0.36	0.24	0.02	0.80	50.20	0.49	0.21	0.03	1.09
PCMZ	0.30	2.29	0.37	0.12	0.02	0.83	0.30	26.90	0.38	0.13	0.02	0.83	0.30	52.10	0.37	0.12	0.02	0.90	29.19	0.38	0.13	0.02	0.83
Open Pit																							
MMZ Pit 3	0.16	23.70	0.40	0.18	0.02	0.98	0.16	69.90	0.37	0.17	0.02	0.94	–	–	–	–	–	–	93.60	0.38	0.17	0.02	0.95
PCMZ Pit 3	0.16	20.50	0.27	0.08	0.01	0.79	0.16	97.10	0.22	0.07	0.01	0.66	–	–	–	–	–	–	117.60	0.23	0.07	0.01	0.68
Total 2011 Mineral Resources		**52.99**	**0.37**	**0.14**	**0.02**	**0.92**		**237.60**	**0.33**	**0.13**	**0.02**	**0.84**		**53.90**	**0.37**	**0.12**	**0.02**	**0.90**	**290.59**	**0.34**	**0.13**	**0.02**	**0.85**
Total 2010 Mineral Resources		43.18	0.36	0.13	0.02	0.92		222.85	0.34	0.14	0.02	0.84		–	–	–	–	–	266.03	0.34	0.13	0.02	0.85

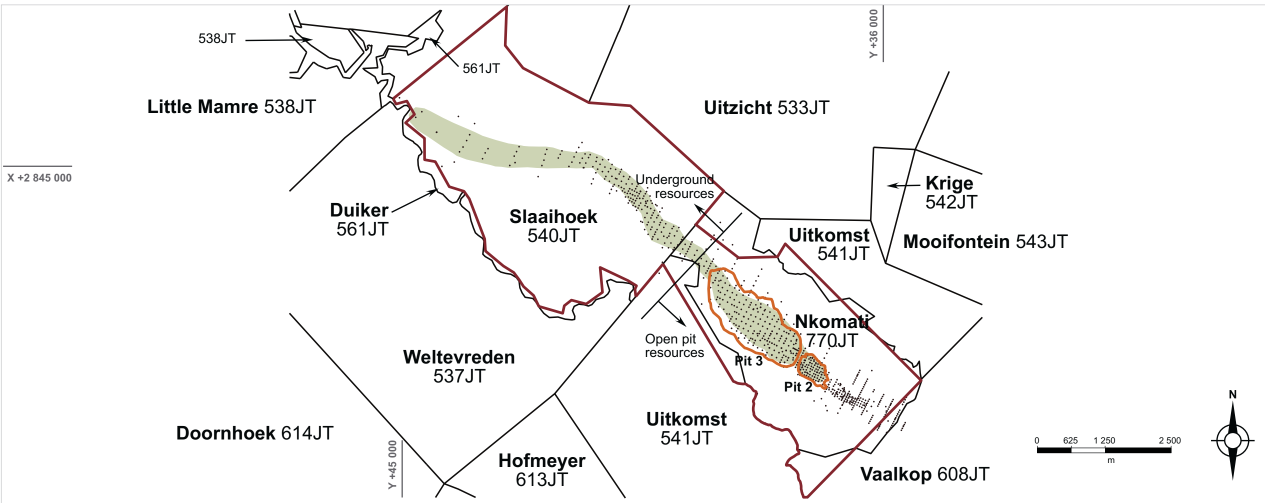
4E = Platinum + palladium + rhodium + gold.
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

Nkomati Mine: Reserves

	Proved Reserves						Probable Reserves						Total Reserves				
	Cut-off (Ni)%	Mt	Ni%	Cu%	Co%	4E g/t	Cut-off (Ni)%	Mt	Ni%	Cu%	Co%	4E g/t	Mt	Ni%	Cu%	Co%	4E g/t
Underground Mine MMZ (underground)	–	–	–	–	–	–	0.35	10.66	0.48	0.21	0.03	1.15	10.66	0.48	0.21	0.03	1.15
Open Pit																	
MMZ Pits 3	0.16	21.56	0.40	0.17	0.02	0.96	0.16	44.00	0.36	0.16	0.02	0.92	65.56	0.37	0.16	0.02	0.93
PCMZ Pits 3	0.16	19.11	0.27	0.08	0.01	0.78	0.16	39.56	0.23	0.07	0.01	0.68	58.67	0.24	0.07	0.01	0.71
Total 2011 Mineral Reserve		**40.67**	**0.34**	**0.13**	**0.02**	**0.88**		**94.22**	**0.32**	**0.13**	**0.02**	**0.85**	**134.89**	**0.33**	**0.13**	**0.02**	**0.85**
Total 2010 Mineral Reserve		–	–	–	–	–		129.51	0.34	0.13	0.02	0.87	129.51	0.34	0.13	0.02	0.87

***4E** = platinum + palladium + rhodium + gold.*
Totals are rounded off.
Modifying factors: Economic pit design, geotechnical, and metallurgical factors.

Nkomati Mine locality map



Legend

Mineral resources | Mining licences | Proposed final pit outlines | Boreholes

Oxidised Massive Chromitite Resources

	Measured Resources		Indicated Resources		Inferred Resources		Total Resources (Measured + Indicated)	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2011 Chromitite (at 20% Cr_2O_3 cut-off) Resources	**1.43**	**31.59**	**–**	**–**	**–**	**–**	**1.43**	**31.59**
Total 2010 Chromitite (at 30% Cr_2O_3 cut-off) Resources	–	–	2.00	31.63	–	–	2.00	31.63

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

Oxidised Massive Chromitite Reserves

	Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2011 Chromitite (at 20% Cr_2O_3 cut-off) Reserves	**1.16**	**27.57**	**–**	**–**	**1.16**	**27.57**
Total 2010 Chromitite (at 30% Cr_2O_3 cut-off) Reserves	–	–	2.00	31.63	2.00	31.63

Totals are rounded off.
Modifying factors: Economic pit design, geotechnical, and metallurgical factors.

Chromite Stockpile Reserves

	Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
PCR stockpile	1.81	19.20	–	–	1.81	19.20
ROM Chromite stockpile	0.10	32.00	–	–	0.1	32.00
High Sulphur chromite stockpile	0.09	34.11	–	–	0.09	34.11
Chromite fines stockpile	0.02	23.00	–	–	0.02	23.00
2011 Total stockpile Reserves	**2.02**	**20.54**	**–**	**–**	**2.02**	**20.54**

Totals are rounded off.

ARM Platinum continued

Oxidised Chromititic Peridotite (PCR)

	Measured Mineral Resources		Indicated Mineral Resources		Inferred Mineral Resources	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2011 Oxidized PCR	**–**	**–**	**–**	**–**	**0.80**	**15.70**
Total 2010 Oxidized PCR	–	–	–	–	3.70	10.30

Totals are rounded off.

Nkomati Nickel Mine PCMZ concentrator plant Sandvik Crusher during construction

Two Rivers Platinum Mine

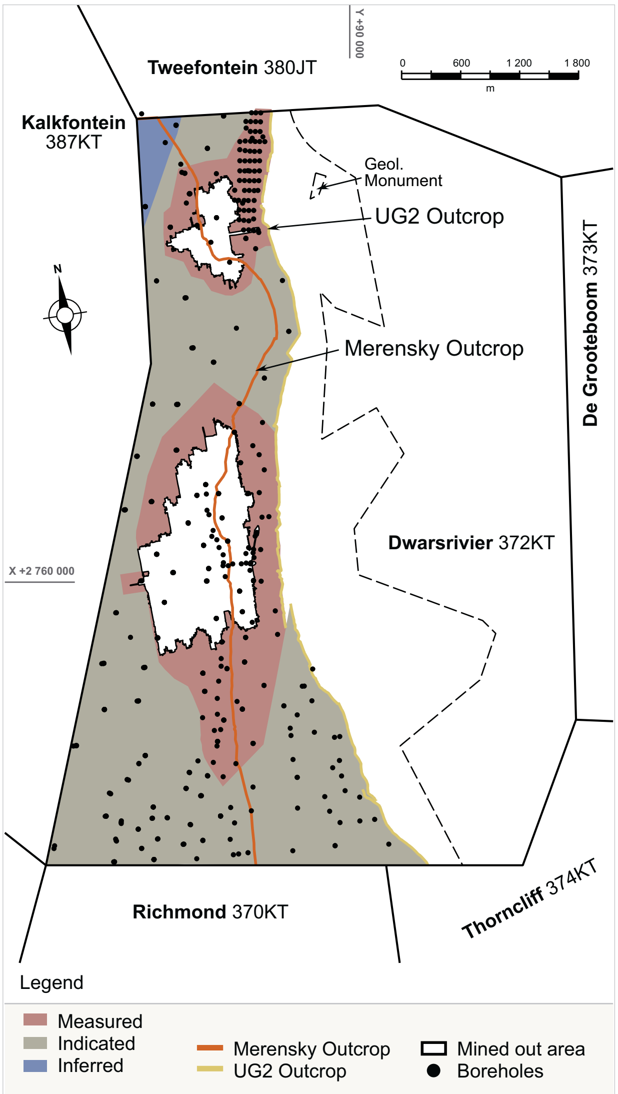
ARM's attributable beneficial interest in Two Rivers operations is 55%. The other 45% is held by Impala Platinum.

UG2 Mineral Resources

	(UG2 + Internal Pyroxenite)								
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	(3PGE + Au) g/t	(5PGE + Au) g/t	Pt Moz	6E Moz
Measured	12.68	2.59	1.46	0.49	0.04	4.58	5.49	1.05	2.24
Indicated	46.65	2.00	1.20	0.37	0.04	3.62	4.33	3.00	6.49
Total 2011	**59.33**	**2.13**	**1.26**	**0.40**	**0.04**	**3.82**	**4.58**	**4.06**	**8.73**
Total 2010	55.65	2.17	1.27	0.41	0.04	3.89	4.67	3.88	8.36
Inferred	1.17	2.69	1.43	0.50	0.04	4.66	5.66	0.10	0.21

__3PGE__ = platinum + palladium + rhodium; __5PGE__ = platinum + palladium + rhodium + iridium + ruthenium; __6E__ = 5PGE + gold.
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

Two Rivers Mine UG2 Resource classification map



Two Rivers Platinum Mine underground workshop

Two Rivers Platinum Mine milling section

ARM Platinum continued

UG2 Mineral Reserves

	(UG2 + Internal Pyroxenite)								
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	(3PGE + Au) g/t	(5PGE + Au) g/t	Pt Moz	6E Moz
Proved	9.57	1.87	1.04	0.36	0.03	3.30	3.96	0.58	1.22
Probable	29.45	1.57	0.93	0.30	0.03	2.83	3.40	1.49	3.22
Total 2011	**39.03**	**1.64**	**0.95**	**0.32**	**0.03**	**2.95**	**3.54**	**2.06**	**4.44**
Total 2010	35.92	1.65	0.95	0.32	0.03	2.94	3.54	1.90	4.09

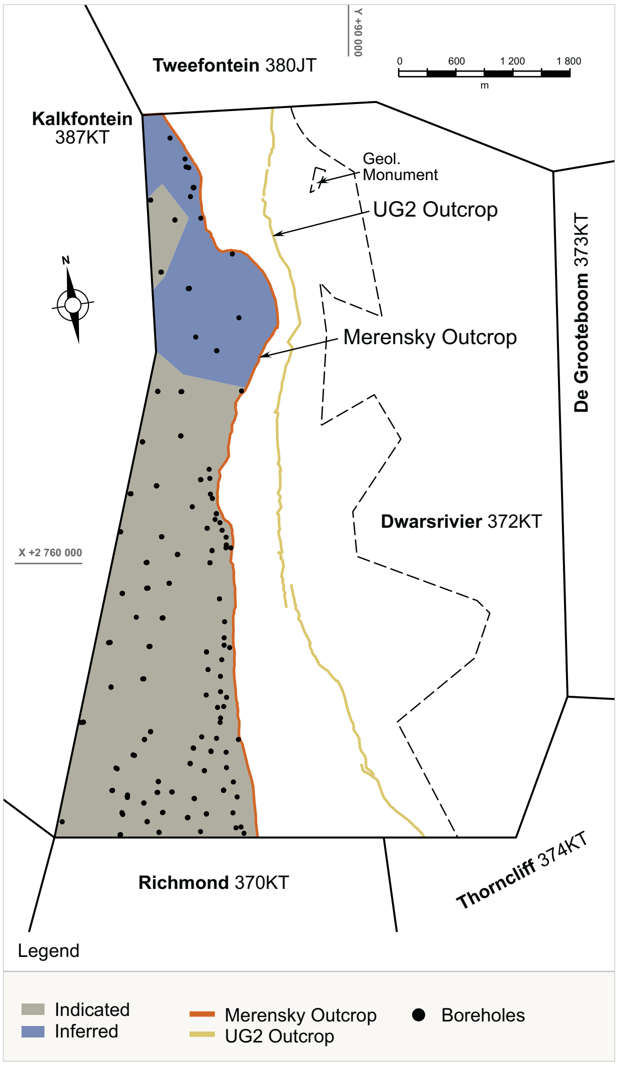
__3PGE__ = platinum + palladium + rhodium; __5PGE__ = platinum + palladium + rhodium + iridium + ruthenium; __6E__ = 5PGE + gold.
Totals are rounded off.
Modifying factors: Mining losses, dilution, geotechnical and metallurgical factors.

Merensky Reef Mineral Resources

	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	(3PGE + Au) g/t	6E g/t	Pt Moz	6E Moz
Measured	–	–	–	–	–	–	–	–	–
Indicated	38.36	1.73	0.96	0.10	0.20	2.98	3.17	2.13	3.91
Total 2011	**38.36**	**1.73**	**0.96**	**0.10**	**0.20**	**2.98**	**3.17**	**2.13**	**3.91**
Total 2010	18.70	2.01	0.98	0.07	0.28	3.34	3.55	1.21	2.13
Inferred	10.39	1.64	0.88	0.11	0.18	2.81	2.99	0.55	1.00

__3PGE__ = platinum + palladium + rhodium; __5PGE__ = platinum + palladium + rhodium + iridium + ruthenium; __6E__ = 5PGE + gold.
Totals are rounded off.

Two Rivers Mine Merensky Resource classification map




Two Rivers Platinum Mine flotation section


Two Rivers Platinum Mine ore stockpile

Modikwa Platinum Mine

ARM's attributable beneficial interest in Modikwa's operations is 41.5%. The other 50% is held by Anglo American Platinum.

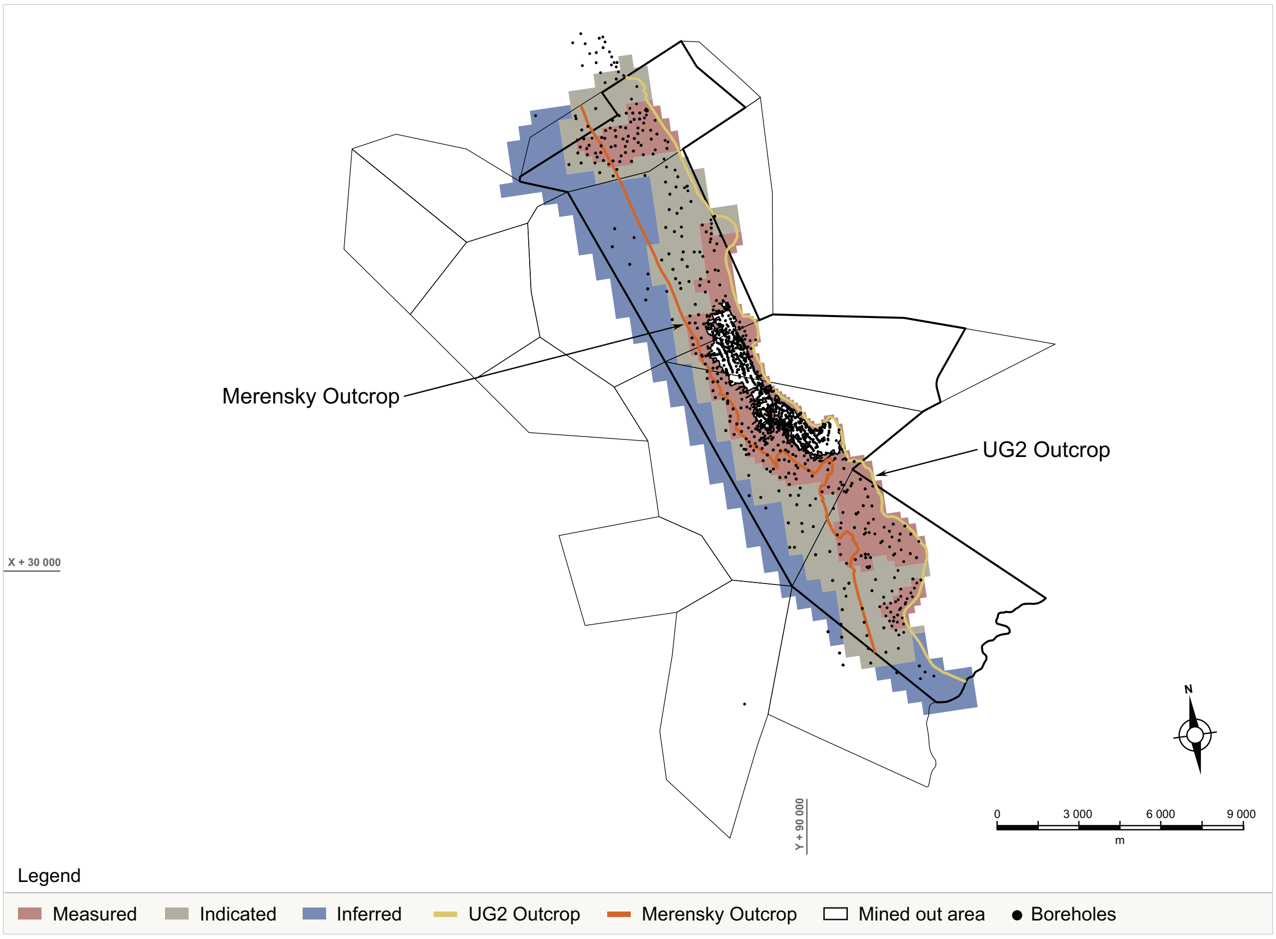
Mineral Resources and Reserves UG2

	Mineral Resources		
	Mt	**3PGE + Au g/t**	**Moz**
Measured	50.2	5.89	9.5
Indicated	91.0	5.88	17.2
Total Measured and Indicated 2011	**141.2**	**5.89**	**26.7**
Total Measured and Indicated 2010	149.01	5.86	28.08
Inferred	75.5	6.18	15.0

	Mineral Reserves		
	Mt	**3PGE + Au g/t**	**Moz**
Proved	20.49	4.96	3.27
Probable	34.94	4.79	5.38
Total Reserves 2011	**55.43**	**4.86**	**8.65**
Total Reserves 2010	47.57	4.94	7.55

***3PGE** = platinum + palladium + rhodium.*
Totals are rounded off.
Mineral Resources are exclusive of Reserves.

Modikwa Mineral Resource classification map

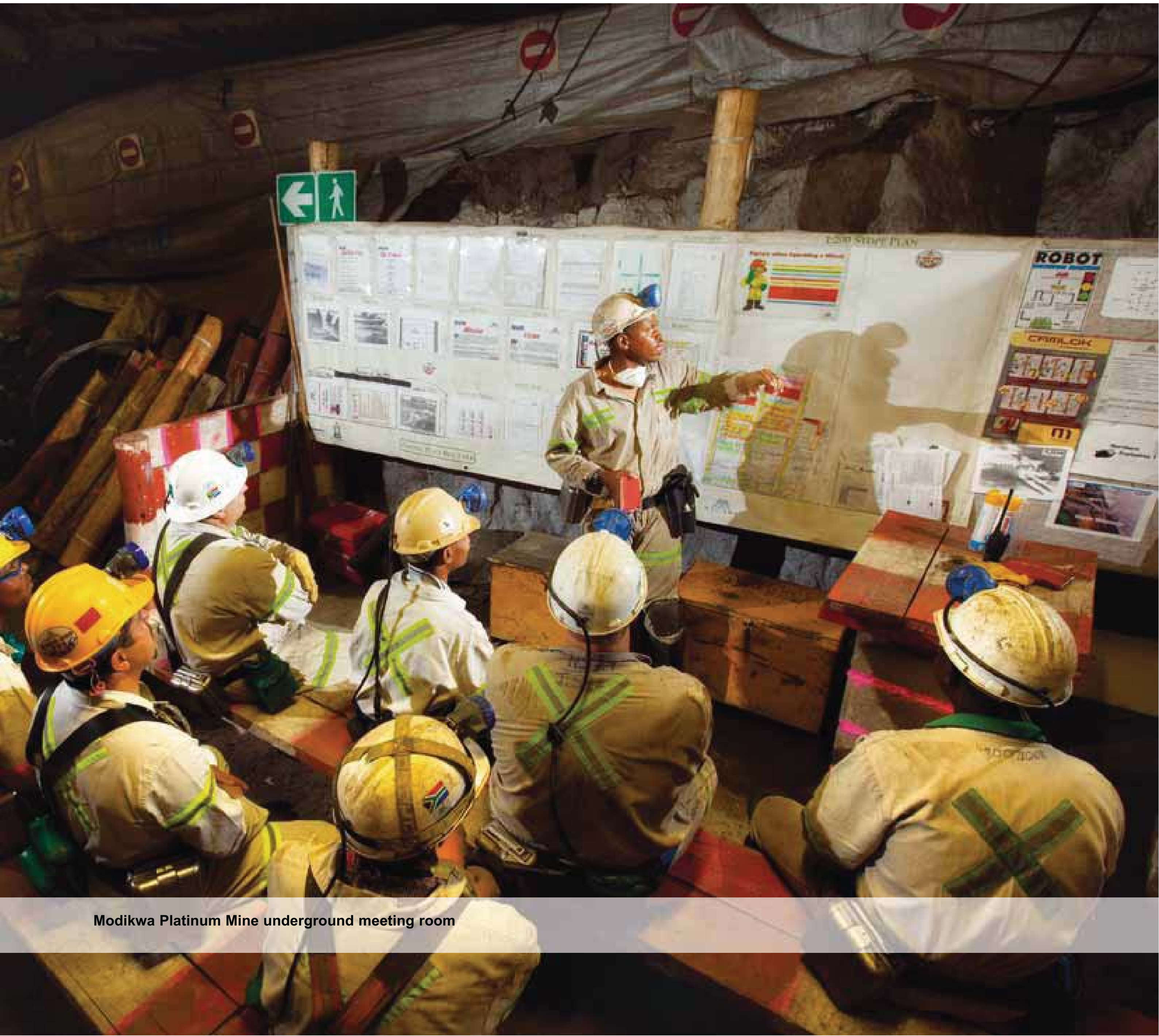


ARM Platinum continued

Mineral Resources Merensky Reef

	Mineral Resources		
	Mt	3PGE + Au g/t	Moz
Measured	17.95	2.94	1.70
Indicated	54.05	2.73	4.74
Total Measured and Indicated 2011	**72.00**	**2.78**	**6.44**
Total Measured and Indicated 2010	72.00	2.78	6.44
Inferred	136.84	2.65	11.66

***3PGE** = platinum + palladium + rhodium.*
Totals are rounded off.



Modikwa Platinum Mine underground meeting room

Kalplats Platinum Projects

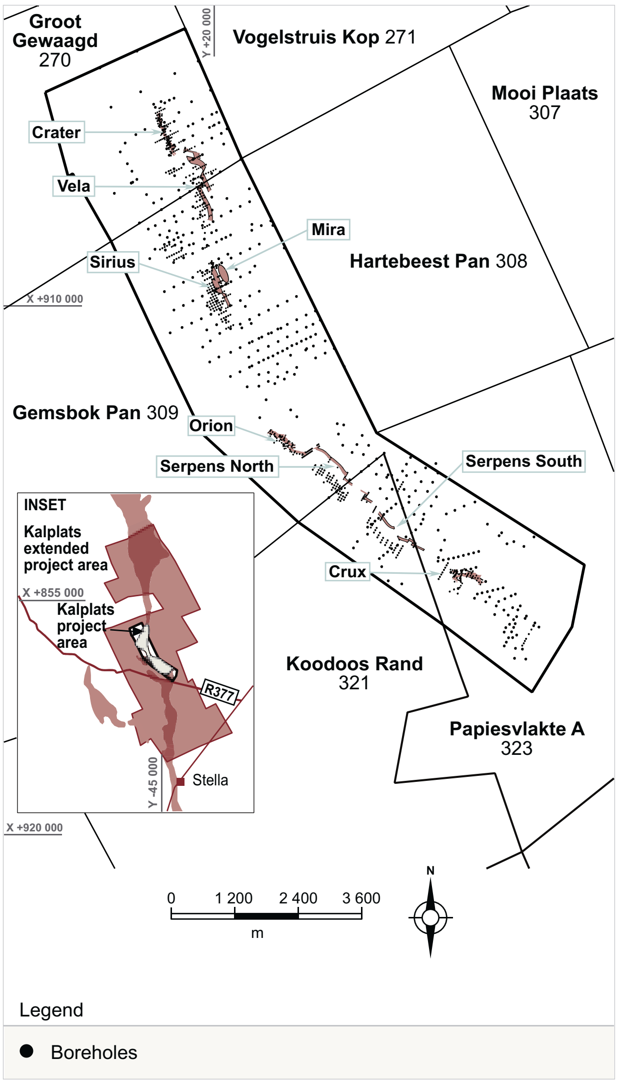
ARM's attributable beneficial interest in Kalplats' operations is currently 90%.

Kalplats Mineral Resources

	Measured Resources		Indicated Resources		Total Measured and Indicated Resources			Inferred Resources		Total Mineral Resources		
Deposit	**Mt**	**3E g/t**	**Mt**	**3E g/t**	**Mt**	**3E g/t**	**3E Moz**	**Mt**	**3E g/t**	**Mt**	**3E g/t**	**3E Moz**
Crater	1.34	1.89	6.22	1.85	7.55	1.86	0.45	18.66	2.11	26.22	2.04	1.72
Orion	4.20	1.57	4.01	1.56	8.21	1.57	0.41	3.64	1.61	11.86	1.58	0.60
Crux	7.70	1.55	10.88	1.40	18.58	1.46	0.87	9.46	1.35	28.04	1.42	1.28
Sirius	0.80	1.52	5.31	1.49	6.11	1.49	0.29	3.38	1.27	9.48	1.41	0.43
Mira	–	–	2.71	1.42	2.71	1.42	0.12	3.93	1.44	6.63	1.43	0.31
Vela	–	–	21.79	1.36	21.79	1.36	0.95	14.87	1.32	36.66	1.34	1.58
Serpens N	–	–	4.96	1.41	4.96	1.41	0.22	2.74	1.47	7.70	1.43	0.35
Serpens S	–	–	–	–	–	–	–	10.76	1.34	10.76	1.34	0.46
Total 2011	**14.04**	**1.59**	**55.88**	**1.46**	**69.91**	**1.48**	**3.33**	**67.44**	**1.57**	**137.36**	**1.53**	**6.74**
Total 2010	14.04	1.59	50.91	1.46	64.95	1.49	3.11	72.40	1.56	137.36	1.53	6.74

3E = platinum + palladium + gold.
Totals are rounded off.
Resources include UM, UUM, LM, MR, LG, MMW and the Main Reef Residual layers, which is the total mineralized width for all seven layers.
Cut off grade of 0.5 g/t 3E has been applied.

Kalplats Platinum Projects locality map




Modikwa Platinum Mine drill rig

ARM Coal

Goedgevonden Coal Mine

ARM's attributable beneficial interest in Goedgevonden's operations is 26%. The other 74% is held by Xstrata.

Goedgevonden Resources

	Measured Mt	Indicated Mt	Measured and Indicated Mt	Inferred Mt	Proved Mt	Probable Mt	Total Reserves Mt	Saleable Mt
Total Resources 2011	**566.6**	**41.4**	**608.0**	**–**	**357.7**	**6.1**	**363.8**	**206.2**
Total Resources 2010	522.9	27.7	550.6	63.2	364.4	–	364.4	195.4

ARM Copper

Konkola North Copper Project

ARM's attributable beneficial interest in Konkola North Copper project, Zambia, is 50%. The other 50% is held by Vale. Konkola North was subject to a buy-in right of up to 20% (5% free-carried interest) by state owned Zambia Consolidated Copper Mines Investment Holdings plc (ZCCM). ZCCM has exercised this right and the transfer of the 20% is in the process of being effected.

The Konkola North Copper Project

Mineral Resources	Mt	%TCu	Mt Contained Cu
Measured South Limb	0.7	2.70	0.02
Indicated South Limb	23.9	2.13	0.51
Total South Limb	**24.6**	**2.15**	**0.53**
Measured East Limb	4.0	2.64	0.11
Indicated East Limb	16.6	2.58	0.43
Total East Limb	**20.6**	**2.59**	**0.54**
Measured Fold axis	0.4	2.10	0.01
Indicated Fold axis	11.8	2.70	0.32
Total Fold axis	**12.2**	**2.68**	**0.33**
Total Measured and Indicated 2011	**57.4**	**2.42**	**1.40**
Total Measured and Indicated 2010	57.4	2.42	1.39
Inferred South Limb	13.8	2.22	
Inferred East Limb	0.4	2.00	
Inferred Fold axis	9.7	2.25	
Inferred Area A	219.5	2.64	

Totals are rounded off.

Konkola North Copper Mine concentrator construction

ARM Copper

ARM's attributable beneficial interest in exploration ventures is 30%. Vale owns 30%, whilst the balance of 40% is owned by Gecamines.

Mineral Resources are at total 0.5% copper cut-off grade.

Kalumines Properties (DRC) – Mineral Resources

Mineral Resources	Mt	%TCu	Mt Contained Cu
Lupoto			
Indicated Domain 1	12.25	2.33	0.29
Indicated Domain 2	10.40	2.63	0.27
Total Indicated Mineral Resources (Lupoto)	22.65	2.47	0.56
Kasonta			
Indicated Domain 1	10.03	1.29	0.13
Indicated Domain 2	8.73	1.74	0.15
Total Indicated Mineral Resources (Kasonta)	18.76	1.50	0.28
Karu East			
Indicated Domain 2	6.81	2.10	0.14
Total Indicated Mineral Resources (Karu East)	6.81	2.10	0.14
Niamumenda			
Indicated Domain 1	1.96	1.44	0.03
Indicated Domain 2	2.07	2.46	0.05
Total Indicated Mineral Resource (Niamumenda)	4.03	1.96	0.08
Total Indicated Mineral Resources	**52.25**	**2.03**	**1.06**
Lupoto			
Inferred Domain 1	12.28	1.85	0.23
Inferred Domain 2	0.75	2.37	0.02
Kasonta			
Inferred Domain 1	4.13	1.31	0.05
Inferred Domain 2	0.016	0.79	–
Karu East			
Inferred Domain 2	0.15	2.70	0.004
Niamumenda			
Inferred Domain 1	0.56	1.17	0.007
Inferred Domain 2	0.003	0.67	–

Totals are rounded off.

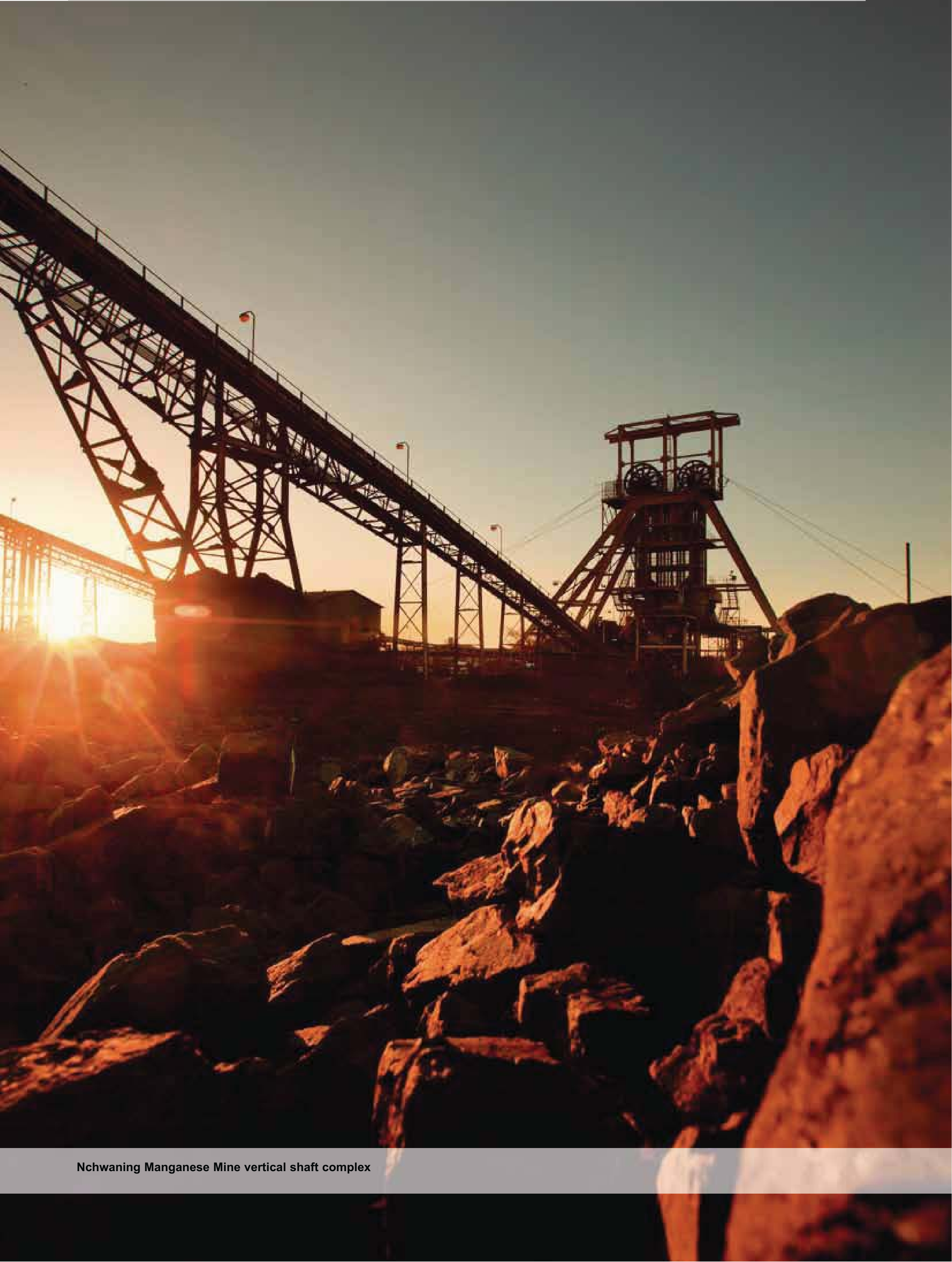
Gold: Harmony

ARM owns 14,8% of Harmony's issued share capital. Harmony, South Africa's third largest gold producer, is separately run by its own management team. Resources and Reserves of the Harmony mines are the responsibility of the Harmony team and are published in Harmony's Annual Report.

Definitions

The definitions of Mineral Resources and Reserves, quoted from the SAMREC Code, are as follows:

A 'Mineral Resource'	is a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Mineral Resources are subdivided, and must be so reported, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated or Measured categories.
An 'Inferred Mineral Resource'	is that part of a Mineral Resource for which volume or tonnage, grade and mineral content can be estimated with only a low level of confidence. It is inferred from geological evidence and sampling and assumed but not verified geologically or through analysis of grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited in scope or of uncertain quality and reliability.
An 'Indicated Mineral Resource'	is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological or grade continuity but are spaced closely enough for continuity to be assumed.
A 'Measured Mineral Resource'	is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable information from exploration, sampling and testing of material from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.
A 'Mineral Reserve'	is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project and a life-of-mine plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.
A 'Probable Mineral Reserve'	is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It is estimated with a lower level of confidence than a Proved Mineral Reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project or a life-of-mine plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.
A 'Proved Mineral Reserve'	is the economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project or a life-of-mine plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.



Nchwaning Manganese Mine vertical shaft complex

Corporate Governance report

The ARM Board of Directors **confirms its commitment to the highest standards** of corporate governance. Corporate governance encompasses the **concept of sound business practice,** which is inextricably linked to the **management systems, structures and policies** of the Company.

ARM is a public company listed on the JSE Limited (JSE). The Company complies with the JSE Listings Requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct. In addition, ARM abides by the principles set out in the King Report on Corporate Governance in South Africa 2009 (King III), which came into effect for JSE-listed companies for financial years ending after 1 March 2011, save for the exceptions noted in this report. ARM complies with additional good governance principles, which qualified the Company for inclusion in the JSE's Socially Responsible Investment Index in 2010.

As more fully described under the heading "Ethics" on page 131 of this Corporate Governance report, all the Directors and employees are required to maintain high standards of integrity and ethical behaviour. This is to ensure that ARM's business practices are conducted in a reasonable manner, in good faith and in the interests of the Company and all its stakeholders and with due observance of the principles of good corporate governance.

The Board of Directors (the Board) is the foundation of ARM's corporate governance systems and is accountable and responsible for ARM's performance. The Board retains effective control through a clear governance structure and has established committees to assist it, in accordance with the provisions of ARM's Board Charter. The Board recognises that delegating authority does not reduce the responsibility of Directors to discharge their statutory and common law duties.

To ensure consistent standards of governance and internal controls, the Company's subsidiaries and joint ventures have established boards and committees, as appropriate to each entity's legal form. The Chief Executives of each division regularly report to the Board regarding the activities of the divisions.

Companies Act

The Companies Act 71 of 2008, as amended by the Companies Amendment Act 3 of 2011, and the Regulations thereto (the Companies Act) came into effect on 1 May 2011. The Board is committed to the implementation of the new Companies Act. Accordingly, the Company has commenced a programme to achieve compliance with the new obligations imposed upon the Company and some of the resolutions included in the Notice of Annual General Meeting are being proposed to comply with the new provisions of the Companies Act. Other matters, such as the adoption of a new Memorandum of Incorporation to replace the Memorandum and Articles of Association of the Company, will be addressed within the transition periods set out in the legislation. The Company is completing a gap analysis and expects to verify its behavioural compliance and to report more fully on its structural compliance in the 2012 Integrated Annual Report.

King III

ARM supports the principles and practices set out in King III and has taken steps to ensure that it complies with the recommendations and requirements as a consequence thereof. The Company conducted a gap analysis in August 2010 to assess its compliance level in respect of King III and to identify areas that require improvement. ARM also uses developments and governance trends as an opportunity to review its governance structures. With this objective, provisions impacting the divisions and operations have been and are being identified, assessed and addressed. Gaps, if any, are addressed through action plans and regular monitoring and reporting

Corporate Governance continued

to the appropriate governance structures. Ongoing progress reports in this regard are presented to the Audit Committee and the divisional audit committees. A number of policies and procedures have already been adopted. These include the following:

- The Code of Ethics was revised by the Board in June 2011 and renamed the Code of Conduct.
- The annual evaluation of the independent status of the Directors is being conducted in accordance with King III standards and JSE Listings Requirements criteria.
- To comply with the new King III reporting requirements, the Company prepared its first Integrated Annual Report for F2010.
- The Company also prepared a comprehensive Sustainable Development Report for F2010, which was independently assured at a moderate (Type I) level of assurance in terms of the AccountAbility AA1000S Standard.
- A Combined Assurance Model for ARM has been developed and is being implemented. The model will also be rolled out to the divisions.
- An Information Technology (IT) Governance Framework and Charter as well as an IT Policy Framework are being developed.
- A Legal Compliance and Regulatory Policy was adopted by the Company.
- A draft Sustainability Framework has been developed and will be finalised during F2012.
- In addition to the policy included in the Code of Conduct, the development of a more comprehensive stakeholder communications/engagement policy is in progress.

King III Application

	Apply	Partially apply	Under review/do not apply
Ethical leadership and corporate citizenship			
Effective leadership based on an ethical foundation	✓		
Responsible corporate citizen	✓		
Effective management of the Company's ethics	✓		
Assurance statement on ethics in the Integrated Annual Report	✓		
Boards and Directors			
The Board is the focal point for and custodian of corporate governance	✓		
Strategy, risk, performance and sustainability are inseparable	✓		
Directors act in the best interests of the Company	✓		
The chairman of the Board is an Independent Non-executive Director			✓[1]
Framework for the delegation of authority has been established	✓		
The Board comprises a balance of power, with a majority of Non-executive Directors who are independent	✓		
Directors are appointed through a formal process	✓		
Formal induction and ongoing training of Directors is conducted	✓		
The Board is assisted by a competent, suitably qualified and experienced Company Secretary	✓		
Regular performance evaluations of the Board, its committees and the individual Directors	✓		
Appointment of well-structured committees and oversight of key functions	✓		

King III Application (continued)

	Apply	Partially apply	Under review/do not apply
Boards and Directors (continued)			
An agreed governance framework between the Group and its subsidiary boards is in place	✓		
Directors and executives are fairly and responsibly remunerated	✓		
Remuneration of Directors and senior executives is disclosed	✓		
The Company's remuneration policy is approved by its shareholders		✓[2]	
Internal audit			
Effective risk-based internal audit	✓		
Written assessment of the effectiveness of the Company's system of internal controls and risk management	✓		
Internal audit is strategically positioned to achieve its objectives	✓		
Audit Committee			
Effective and independent	✓		
Suitably skilled and experienced Independent Non-executive Directors	✓		
Chaired by an Independent Non-executive Director	✓		
Oversees integrated reporting		✓[3]	
A combined assurance model is applied to improve efficiency in assurance activities		✓[4]	
Satisfies itself of the expertise, resources and experience of the Company's finance function	✓		
Oversees internal audit	✓		
Integral to the risk management process	✓		
Oversees the external audit process	✓		
Reports to the Board and shareholders on how it has discharged its duties	✓		
Compliance with laws, codes, rules and standards			
The Board ensures that the Company complies with the relevant laws	✓		
The Board and each individual Director have a working understanding of the relevance and implications of non-compliance	✓		
Compliance risk forms an integral part of the Company's risk management process	✓		
The Board has delegated to management the implementation of an effective compliance framework and processes	✓		
Governing stakeholder relationships			
Appreciation that stakeholders' perceptions affect a company's reputation	✓		
Management proactively deals with stakeholder relationships	✓		
There is an appropriate balance between its various stakeholder groupings	✓		
Equitable treatment of stakeholders	✓		
Transparent and effective communication to stakeholders	✓		
Disputes are resolved effectively and timeously	✓		

Corporate Governance continued

King III Application (continued)

	Apply	Partially apply	Under review/do not apply
The governance of information technology (IT)			
The Board is responsible for IT governance		✓[5]	
IT is aligned with the performance and sustainability objectives of the Company	✓		
Management is responsible for the implementation of an IT governance framework		✓[6]	
The Board monitors and evaluates significant IT investments and expenditure	✓		
IT is an integral part of the Company's risk management	✓		
IT assets are managed effectively	✓		
The Audit Committee assists the Board in carrying out its IT oversight responsibilities	✓		
The governance of risk			
The Board is responsible for the governance of risk and setting levels of risk tolerance	✓		
The Risk Management Committee assists the Board in carrying out its risk responsibilities	✓		
The Board delegates the process of risk management to management	✓		
The Board ensures that risk assessments and monitoring is performed on a continual basis	✓		
Framework and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓		
Management implements appropriate risk responses	✓		
The Board receives assurance on the effectiveness of the risk management process	✓		
Sufficient risk disclosure is made to stakeholders	✓		
Integrated reporting and disclosure			
The Board ensures the integrity of the Company's Integrated Annual Report	✓		
Sustainability reporting and disclosure is integrated with the Company's financial reporting	✓		
Sustainability reporting and disclosure is independently assured	✓		

Explanatory Notes

1. *ARM has an Executive Chairman and a Lead Independent Non-executive Director. Additional information may be found under the heading "Executive Chairman and Chief Executive Officer" on page 121 of the 2011 Integrated Annual Report.*
2. *The Company's Remuneration report, including the Remuneration Policy, which is found on pages 136 to 143 of the Integrated Annual Report will be presented to shareholders for a non-binding advisory vote for the first time in December 2011 at the Annual General Meeting.*
3. *The Audit Committee oversees the preparations of the Integrated Annual Report. The Company is in the process of rolling out the real-time reporting of key performance indicators to ensure that integrated reporting occurs as a process, rather than an output.*
4. *The Company is committed to appointing service providers to provide independent assurance on both the financial and non-financial aspects of the business based upon their specific expertise and experience. The Company has developed and implemented a combined assurance model, which is being further refined and rolled out to the divisions. Additional information is available under the heading "Risk management programme" on pages 132 and 133 of the 2011 Integrated Annual Report.*
5. *ARM has an IT department under the direction of a Chief Information Officer who reports quarterly to the ARM Management Risk Committee and the ARM Audit Committee and has a line function reporting to an Executive Director. With the assistance of the Company's internal auditors, an IT Governance Framework is being formulated with processes, procedures and structures. The IT Governance Framework will be submitted to the Board for approval.*
6. *Management is responsible for the implementation of IT governance. The role of existing management structures, such as the IT steering committee, is being formalised in the IT Governance Framework described in explanatory note 5.*

Comment from Sustainability Assurance Provider:

SustainabilityServices.co.za conducted an assessment of ARM's compliance with King III's 'apply or explain' recommendations, and found no concerns relative to ARM's assertions regarding the specific recommendations.

Of the 60 recommendations reviewed, only 1 was a 'Not Apply', and 5 were 'Partially Apply', with all 6 accompanied by reasonable explanations.

For more information, go to the assurance statement within the Sustainability Report available on ARM's corporate website: ***www.arm.co.za***

Board composition

ARM has a unitary Board comprising 17 Directors of whom eight are Independent Non-executive Directors. One is a Non-executive Director who is not independent and eight are Executive Directors. *Curricula vitae* for the Board members are provided on pages 146 and 147.

Of the Company's 17 Directors, seven Directors, or 41%, are black Directors. Two Directors, or 12%, are black female Directors.

Director*	Executive (E) Non-executive (N) Independent (I)
P T Motsepe (Executive Chairman)	E
A J Wilkens (Chief Executive Officer)	E
F Abbott	N
M Arnold	E
Dr M M M Bakane-Tuoane[1]	I
T A Boardman[2]	I
A D Botha	I
J A Chissano	I
W M Gule	E
M W King	I
A K Maditsi	I
K S Mashalane	E
M P Schmidt[3]	E
L A Shiels	E
Dr R V Simelane	I
J C Steenkamp	E
Z B Swanepoel	I

* *Mr J R McAlpine retired on 30 June 2011 on attainment of his 70th birthday.*
1 *Lead Independent Non-executive Director.*
2 *Appointed on 1 February 2011.*
3 *Appointed on 1 September 2011.*

Independence

The Board believes that the Independent Non-executive Directors appointed are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's deliberations and decisions.

The Independent and Non-executive Directors are highly experienced and have the skills, background and knowledge to fulfil their responsibilities.

The classification of Independent and Non-executive Directors is determined by the Board on the recommendation of the Nomination Committee in accordance with the guidelines set out in King III. In determining the independence of the Independent Non-executive Directors, character and judgement are considered together with any of their relationships or circumstances which are likely to affect, or could appear to affect, their judgement and with due regard to the criteria for determining independence as set out in King III.

Mr T A Boardman was appointed as an Independent Non-executive Director on 1 February 2011. It was determined that he was independent given that he is free from any business or other relationship that could be a conflict.

Mr M P Schmidt was appointed as an Executive Director on 1 September 2011.

Mr F Abbott, the former Financial Director of the Company, became a Non-executive Director on 1 August 2009 and this status has not changed. Non-executive Directors are not considered independent if they were executives of the Company or a subsidiary within the preceding three financial years.

The Nomination Committee determined that Mr Z B Swanepoel, formerly a Non-executive Director, became an Independent Non-executive Director on 6 August 2010, three years subsequent to his resignation from Harmony.

The independence of Mr Chissano, who receives fees, was also considered. Given his extensive relationships with leaders of African countries, Mr Chissano assists in the facilitation of high-level business discussions and introductions and his specific assignments are determined by the Executive Chairman and the Chief Executive Officer. The fees paid are market-related and are not material and, as such, the Company is satisfied that this aspect does not impair his independence.

In accordance with the independence requirements in the JSE Listings Requirements, none of the Independent Non-executive Directors participate in any share incentive scheme of the Company.

Executive Chairman and Chief Executive Officer

The roles of Executive Chairman and Chief Executive Officer are separate and distinct. ARM's Executive Chairman, Mr Patrice Motsepe, contrary to the independence requirements of King III, is an executive representing the Company's largest shareholder, which held 41.17% of the Company's share capital at 30 June 2011. ARM is satisfied that the non-independence of the Executive Chairman is adequately addressed by the composition of the Board and particularly by the appointment of a Lead Independent Non-executive Director, Dr Manana Bakane-Tuoane, in accordance with and as required by King III.

In addition to the general requirements for the re-election of Directors set out in the Company's Articles of Association (the Articles), and discussed below, the Executive Chairman is required to be elected by the Board annually. Mr Motsepe was re-elected as Executive Chairman for the period of one year commencing 1 January 2011. The Chief Executive Officer is appointed by the Board.

Board Charter

The Board Charter, which was approved in May 2009, was amended and approved by the Board in June 2011 to ensure compliance with King III and the new Companies Act. The Board Charter provides guidelines to Directors in respect of, *inter alia*, the Board's responsibilities, authority, composition, meetings and the need for performance evaluations.

Corporate Governance continued

The roles and responsibilities of the Board as set out in the Board Charter include the following:

- determining the Company's purpose, values and identifying its stakeholders and developing strategies in relation thereto;
- being the focal point for and custodian of good corporate governance by managing the Board's relationship with management, the shareholders of the Company and other stakeholders of ARM;
- providing strategic direction and leadership which is aligned to the Company's value system by reviewing and approving budgets, plans and strategies for ARM and monitoring the implementation of such strategic plans and approving the capital funding for such plans;
- ensuring that ARM's business is conducted ethically and monitoring the ethics performance of ARM;
- approving business plans, budgets and strategies which are aimed at achieving ARM's long-term strategy and vision;
- annually reviewing the Board's work plan;
- monitoring the operational performance of ARM including financial and non-financial aspects relating to such performance;
- ensuring the sustainability of ARM's business;
- reporting in ARM's integrated annual report on the going concern status of ARM and whether ARM will continue to be a going concern in the next financial year;
- determining, implementing and monitoring policies, procedures, practices and systems to ensure the integrity of risk management and internal controls in order to protect ARM's assets and reputation;
- identifying and monitoring key performance indicators of ARM's business and evaluating the integrity of the systems used to determine and monitor such performance;
- monitoring and ensuring compliance with the Company's policies, codes of best business practice, the recommendations of King III and all applicable laws and regulations;
- adopting and annually reviewing the information technology governance framework and receiving independent assurance on such framework;
- considering, through the Audit Committee, specific limits for the levels of risk tolerance;
- defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to management of the Company;
- ensuring that the Company's annual financial statements are prepared and are laid before a duly convened Annual General Meeting of the Company;
- ensuring that a communications policy is established, implemented and reviewed annually and, in addition to its statutory and regulatory reporting requirements, that such policy contains accepted principles of accurate and reliable reporting including being open, transparent, honest, understandable, clear and consistent in ARM's communications with stakeholders;
- considering recommendations made to the Board by the Nomination Committee in regard to the nomination of new Directors and the re-appointment of retiring directors, both as Executive Directors and Non-executive Directors;
- ensuring that the competency and other attributes of the Directors are suitable for their appointment as Directors and the roles which they are intended to perform on the Board and that they are not disqualified in any way from being appointed as Directors;
- ensuring that appointments to the Board are formal and transparent and comply with all prescribed procedures;
- ensuring that a succession plan for the Executive Directors and senior management is implemented;
- selecting and appointing suitable candidates as members of committees of the Board and the chairmen of such committees;
- ensuring that annual performance evaluations are conducted of the Board, the Executive Chairman, the Chief Executive Officer and other individual Directors, and Board committees and their respective chairmen; and
- ensuring that the Board comprises a balance of Executive and Non-executive Directors, with the majority of Non-executive Directors being independent, and ensuring that the Directors are persons who have the relevant knowledge, skills and experience required for governing the Company efficiently.

The Board Charter also provides for a clear division of responsibilities to ensure a balance of power and authority, so that no one Director has unfettered powers of decision-making.

Election, induction, succession and assessment

Election

The Articles call for one-third of elected Directors, who have been in office longest since their last election, to retire by rotation at each Annual General Meeting. Being eligible, these Directors may seek re-election should they so wish.

The tables below set out the Directors who, being eligible, make themselves available for re-election at the Annual General Meeting to be held on Friday, 2 December 2011, together with the years when the other Directors are required to stand for re-election.

Executive Directors: Appointment and re-election dates

	Date first appointed to the Board	Year due for re-election
Executive Directors[1]		
P T Motsepe (Executive Chairman)	5 May 2003	2012
A J Wilkens (Chief Executive Officer)	26 October 2004	2012
M Arnold	1 August 2009	2011
W M Gule	1 December 2004	2013
K S Mashalane	9 May 2006	2013
M P Schmidt	1 September 2011	2011
L A Shiels	20 February 2008	2011
J C Steenkamp	12 May 2003	2013

1 *In terms of the Company's Articles of Association, one-third of the serving Directors shall retire at Annual General Meetings of the Company or, if the total number of serving Directors who shall retire does not constitute a multiple of three, the number of Directors who shall retire shall be the number, adjusted upwards, that is the closest to one-third.*

Non-executive Directors: Appointment and re-election dates

	Date first appointed to the Board	Year due for re-election
Non-executive Directors[1]		
Dr M M M Bakane-Tuoane (Lead Independent Non-executive Director)	30 April 2004	2013
F Abbott	30 April 2004	2011
T A Boardman	1 February 2011	2011
A D Botha	1 August 2009	2012
J A Chissano	21 April 2005	2012
M W King	30 April 2004	2013
A K Maditsi	30 April 2004	2013
J R McAlpine[2]	7 December 1998	n/a
Dr R V Simelane	30 April 2004	2011
Z B Swanepoel	5 May 2003	2011

1 *In terms of the Company's Articles of Association, one-third of the serving Directors shall retire at Annual General Meetings of the Company or, if the total number of serving Directors who shall retire does not constitute a multiple of three, the number of Directors who shall retire shall be the number, adjusted upwards, that is the closest to one-third.*
2 *Mr J R McAlpine retired on 30 June 2011.*

Dr Simelane and Messrs Abbott, Arnold, Shiels and Swanepoel are required to retire by rotation and make themselves available for re-election. The re-election of all of the above-mentioned Directors is supported by the Board.

Directors appointed by the Board between Annual General Meetings, either to fill a casual vacancy or as an addition to the existing Board, hold office only until the next Annual General Meeting and are eligible for election (but are not included in determining the number of Directors who are to retire by rotation). When appointing Directors upon the recommendation of the Nomination Committee, the Board considers, *inter alia*, whether the candidates have the necessary skills and experience. Messrs Boardman and Schmidt, who were appointed on 1 February 2011 and 1 September 2011, respectively, have made themselves available for election. The election of Messrs Boardman and Schmidt is supported by the Board.

The Nomination Committee evaluates nominees and, following an assessment of the credentials and fitness for office of each nominee proposed, recommends such nominees to the Board for election and re-election at Annual General Meetings of shareholders.

The Directors' *curricula vitae* may be found on pages 146 and 147.

Corporate Governance continued

Induction and continuing education

All newly appointed Directors receive a comprehensive induction pack, including the Articles, the Board Charter, terms of reference of the committees of the Board, Board policies and other documents relating to the Company; key legislation and regulations; as well as corporate governance, financial and reporting documents, including minutes and documents of an administrative nature.

Directors are encouraged to attend courses providing education and training relating to their duties, responsibilities, powers and potential liabilities. Regulatory and legislative updates are provided regularly. The Company holds an annual budget planning workshop and a Bosberaad with senior management and the Board to, *inter alia*, inform Directors about the Company's business. Site visits are also conducted.

Succession

The Company has a succession plan for Executive Directors and senior management, which provides for the sustainability of the business. ARM continuously strives to improve its talent pool through a comprehensive and focused plan of management, career development and recruitment. The Company adopts an integrated approach to succession planning. For example, the Social and Ethics Committee (formerly called the Sustainable Development Committee) regularly reviews reports on leadership and employment equity programmes, and reports on developments in these areas to the Board. The Remuneration Committee has developed a remuneration framework, which includes incentives to attract and retain management. As a result, the Board is satisfied that the ongoing efforts to strengthen leadership provide short- and long-term management depth.

In February 2011, the Company announced the commencement of the process to identify a successor to the current Chief Executive Officer, Mr A J Wilkens. This process was led by the Nomination Committee. Given the importance of the succession of the Chief Executive Officer all Non-executive Directors were invited to committee meetings that dealt with this matter and to attend the interviews of the prospective candidates. In addition to a placement agency, an independent technical advisor was appointed to assist the committee with its deliberations. Following an intensive search, Mr M P Schmidt was appointed the Chief Executive Officer Designate and an Executive Director of the Company with effect from 1 September 2011 to work with Mr Wilkens for six months as part of a hand over process. It is the intention of the Company that Mr Schmidt will take over as Chief Executive Officer of ARM on 1 March 2012 and that Mr Wilkens will continue to serve on the Board as an Executive Director in the Executive Chairman's office.

Assessment

The Board is committed to transparency in assessing the performance of the Board, its committees and individual Directors, as well as the governance processes that support Board activities. The effectiveness of the Board and its committees is assessed annually. The most recent assessment was conducted in 2011. Independent external advisors assisted the Nomination Committee and the Executive Chairman with evaluations of the Board, its committees, individual Directors, including the Executive Chairman and the Chief Executive Officer, and the Company Secretary. The Board is of the view that the involvement of independent external advisors assists to ensure a rigorous and impartial evaluation process.

Matters considered in the 2011 assessment focused on the effectiveness of the Board, including:

- Board composition
- Board meetings and content
- Roles of the Executive Chairman and the Company Secretary
- Board accountability
- Appointment, induction and training, and succession planning
- Performance evaluation and remuneration
- Board Committees
- Communication and interpersonal relations
- Board dynamics and leadership
- Strategy and compliance
- Risk management and internal controls
- Accounting and audit
- Non-financial performance (sustainability)
- Balance of power and authority
- Ethics and Board leadership
- Stakeholder relations

In the assessment process consideration was also given to the Board's diversity, size and demographics.

The findings of the 2011 assessment were considered by the Board in August 2011 and certain recommendations have been implemented, such as the appointment of additional members to the Remuneration Committee to achieve the appropriate mix of credibility, skills and experience, and the addition of stakeholder relations as a regular Board agenda item.

Performance assessments of all of the Executive Directors, including the Executive Chairman and the Chief Executive Officer, are completed annually and form the basis of their remuneration, as discussed in the Remuneration report starting on page 136.

Board meetings

The Board meets at least four times a year to consider the business and strategy of the Company. The Board reviews reports of the Chief Executive Officer, the Financial Director, divisional chief executives and other senior executives, chairmen of the committees and independent advisors. During the financial year ended 30 June 2011, five Board meetings were held. A meeting attendance schedule is set out on the next page. The quorum for Board meetings is the majority of Directors.

The Company holds an annual budget planning workshop in July. Members of the Board and senior executives of the Company consider the budget and determine the Company strategy, for implementation by the Board. In August 2011, the Board held its third annual Bosberaad for Directors and senior management, to consider the future strategy in detail.

Agendas for Board meetings are prepared by the Company Secretary in consultation with the Executive Chairman, the Chief Executive Officer and the Financial Director. Information provided to the Board is compiled from external sources, such as independent third-party reports, and internally from minutes and plans as well as reports relating to, for example, safety, health, sustainable development, risk, financial, governance and legal matters likely to affect ARM. Meeting materials are delivered to every Director prior to each meeting.

Advice and information

No restriction is placed on a Director's access to Company information, records, documents and property. Non-executive Directors have access to management and regular interaction is encouraged. All Directors are entitled to seek independent professional advice concerning the affairs of the Company at its expense.

Board of Directors: Meeting attendance

	Aug '10	Nov '10	Feb '11	May '11	June '11
P T Motsepe (Executive Chairman)	✓	✓	✓	✓	✓
A J Wilkens (Chief Executive Officer)	✓	✓	✓	✓	✓
F Abbott	✓	✓	✓	✓	✓
M Arnold	✓	✓	✓	✓	✓
Dr M M M Bakane-Tuoane (Lead Independent Non-executive Director)	✓	✓	✓	a	✓
T A Boardman*	n/a	n/a	✓	✓	a
A D Botha	✓	✓	✓	✓	✓
J A Chissano	✓	✓	✓	a	a
W M Gule	✓	a	✓	✓	✓
M W King	✓	✓	✓	✓	a
A K Maditsi	✓	✓	✓	✓	✓
K S Mashalane	✓	✓	✓	✓	✓
J R McAlpine**	✓	✓	✓	✓	✓
L A Shiels	✓	a	✓	✓	✓
Dr R V Simelane	✓	✓	✓	✓	✓
J C Steenkamp	✓	✓	✓	✓	✓
Z B Swanepoel	✓	✓	✓	✓	✓

a = apologies
* *Mr T A Boardman was appointed to the Board on 1 February 2011.*
** *Mr J R McAlpine retired from the Board on 30 June 2011.*

Company Secretary

All Directors have access to the services and advice of the Company Secretary, Ms Alyson N D'Oyley, who was appointed on 10 July 2009. The Board appoints the Company Secretary in accordance with the requirements of the Companies Act.

The Company Secretary is responsible for developing and maintaining the procedures and processes required for the proper administration of Board proceedings, and supports the Board as a whole and Directors individually with guidance as to how to fulfil their responsibilities in the best interests of the Company. The Company Secretary also guides and advises the Board, and is a resource within the Company on, *inter alia*, governance and ethics matters and changes in legislation. To achieve these objectives, independent advisory services are retained by the Company Secretary at the request of the Board or its committees. The Company Secretary oversees the induction of new Directors, as well as the ongoing training of Directors.

Board committees

The Board has established committees to assist it with fulfilling its responsibilities in accordance with the provisions of the Company's Board Charter. Nonetheless, the Board acknowledges that the granting of authority to its committees does not detract from the Board's responsibility to discharge its duties to the Company's shareholders.

The committees have Terms of Reference, which are reviewed annually. They set out the committees' roles and responsibilities, functions, scope of authority and composition. The annual review takes into account amendments to applicable legislation and developments in international best practices. Committees report to the Board at each Board meeting and make recommendations in accordance with their Terms of Reference.

In F2011, the Terms of Reference were reviewed by the committees and amendments to the Terms of Reference were approved by the Board to reflect the requirements under King III and the new Companies Act.

Corporate Governance continued

The membership of the Board committees consists solely of Non-executive Directors with one exception: contrary to King III and the JSE Listings Requirements ARM's Executive Chairman is currently a member of the Nomination Committee. King III provides that a chairman of a board may be a member of a nomination committee. Each committee is chaired by an Independent Non-executive Director. Attendance schedules for committee meetings held in F2011 are included in each committee report. The Committee Chairmen attend Annual General Meetings to answer any questions from shareholders.

The Board has established the following permanent committees: Audit Committee, Investment Committee, Nomination Committee, Non-executive Directors' Committee, Remuneration Committee and Social and Ethics Committee (formerly called the Sustainable Development Committee).

Audit Committee

Members:
M W King (Chairman)
Dr M M M Bakane-Tuoane
T A Boardman (appointed to the Committee on 1 February 2011)
A D Botha
A K Maditsi
J R McAlpine (retired on 30 June 2011)
Dr R V Simelane

The Audit Committee comprises six Independent Non-executive Directors, each of whom has extensive financial experience. In accordance with the guidelines in King III, the Audit Committee Chairman is an Independent Non-executive Director and the Chief Executive Officer attends Audit Committee meetings at the Committee's request. The Financial Director is also an invitee at each meeting.

The Audit Committee is constituted as a statutory committee of the Board in terms of Section 94 of the Companies Act and its composition complies with the provisions of that section.

The Board's amendments to the Audit Committee Terms of Reference in F2011 meet the requirements of the new Companies Act.

Based on the Terms of Reference, a comprehensive framework is prepared to ensure that all tasks assigned to the Audit Committee are considered at least once a year.

The Audit Committee performs its review function over all ARM operations. To assist the Audit Committee with its reviews, all operational joint ventures have audit committees. The chairmen of the audit committees of the subsidiaries and joint ventures report to the Audit Committee, highlighting areas of concern and remedial actions taken by management. In addition, the minutes of committee meetings as well as internal and external audit reports of all operations are submitted to the Audit Committee.

The primary objective of the Audit Committee is to assist the Board in discharging its duties relating to the safeguarding of assets; the operation of adequate systems, internal controls and control processes; and the preparation of accurate financial reports and statements in compliance with all applicable legal requirements, corporate governance and accounting standards; as well as enhancing the reliability, integrity, objectivity and fair presentation of the affairs of the Company. It also oversees financial and other risks in conjunction with the Social and Ethics Committee (formerly called the Sustainable Development Committee). In fulfilling its oversight responsibilities, the Audit Committee reviews and discusses the audited financial statements with management and the external and internal auditors.

The Audit Committee has oversight of the Company's financial reporting process on behalf of the Board. Management has primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control of such reporting.

The Audit Committee, after due consideration, is of the view that the independent registered audit firm, which is responsible for expressing an opinion on the conformity of the audited financial statements with International Financial Reporting Standards (IFRS), is independent from management and the Company. The Audit Committee has recommended the re-appointment of Ernst & Young Inc. (E&Y). At the Annual General Meeting, shareholders will be requested to reappoint E&Y as external auditors of the Company and to reappoint Mr E A L Botha as the designated individual auditor. E&Y and Mr Botha are registered with the JSE in accordance with the JSE Listings Requirements.

The Audit Committee meets with the internal and external auditors on a regular basis to discuss the results of their examinations, their evaluation of the Company's internal control and the overall quality of the Company's financial reporting. The Committee also discusses the overall scope and plans for the respective audits of the Company's internal and external auditors. The principles of the Audit Committee for the use of external auditors for non-audit services are set out in the formal policy on non-audit services which was updated on 5 May 2011. The key principle is that annual non-audit services are not to exceed 5% of the annual audit fee. The Financial Director is authorised to engage the external auditors for matters for which the fee would not exceed R75 000. Matters for which the fee will exceed R75 000 must be pre-approved by the Audit Committee. The policy also prescribes permitted non-audit services.

In accordance with the JSE Listings Requirements, the Company has a Financial Director, Mr Michael (Mike) Arnold, who was appointed to the Board with effect from 1 August 2009. The Audit Committee is satisfied that the Financial Director and finance function are adequately resourced and that Mr Arnold has the necessary experience and expertise to discharge his responsibilities.

The Management Risk Committee reports to the Audit Committee and its report is included on pages 130 and 131 of this Corporate Governance report.

During the year under review, the Audit Committee's performance and effectiveness were evaluated. As a result of that evaluation, the Board is satisfied that the Audit Committee has complied with its Terms of Reference.

The Audit Committee acts as a forum for communication between the Board, management and the external and internal auditors. It is required to meet at least six times a year. Seven meetings were held during the 2011 financial year.

The Report of the Audit Committee, may be found on pages 152 and 153.

Audit Committee: Meeting attendance

	Aug '10	Sept '10	Sept '10	Nov '10	Feb '11	March '11	May '11
M W King (Chairman)	✓	✓	✓	✓	✓	✓	✓
Dr M M M Bakane-Tuoane	✓	✓	✓	✓	✓	✓	a
T A Boardman*	n/a	n/a	n/a	n/a	✓	✓	✓
A D Botha	a	✓	✓	✓	✓	✓	✓
A K Maditsi	a	✓	a	✓	✓	✓	✓
J R McAlpine**	✓	✓	✓	✓	✓	✓	✓
Dr R V Simelane	✓	✓	✓	✓	✓	✓	✓

a = apologies
* *Mr T A Boardman was appointed to the Audit Committee on 1 February 2011.*
** *Mr J R McAlpine retired on 30 June 2011.*

Investment Committee

Members:
Z B Swanepoel (Chairman)
F Abbott
A D Botha
M W King
A K Maditsi

The Investment Committee comprises five Non-executive Directors, the majority of whom are independent.

The Investment Committee's purpose is to consider substantial investments proposed by management, including mining projects, acquisitions and disposals of assets, and to make such recommendations to the Board as it considers appropriate. The Investment Committee also reviews the results attained on completion of each project.

In terms of the new Terms of Reference approved by the Board in F2011, the Investment Committee is required to meet at least once a year. Two meetings were held during the 2011 financial year.

Investment Committee: Meeting attendance

	July '10	March '11
Z B Swanepoel (Chairman)	✓	✓
F Abbott	✓	✓
A D Botha	✓	✓
M W King	✓	✓
A K Maditsi	✓	✓

Nomination Committee

Members:
A K Maditsi (Chairman)
P T Motsepe
Dr R V Simelane

The Nomination Committee comprises a majority of Independent Non-executive Directors. For additional information in this regard refer to the section entitled "Board Committees" on pages 125 and 126 of this Corporate Governance report.

The Nomination Committee is responsible, *inter alia*, for establishing formal and transparent procedures for the appointment of Directors; recommending to the Board suitable candidates for appointment as members of its committees and the chairmen of such committees; ensuring compliance with those provisions of the Articles governing the rotation of Directors and making recommendations to the Board with regard to the eligibility of retiring Directors of the Company for re-election.

The Nomination Committee is also responsible for developing a formal induction programme for new Directors of the Company, overseeing access by Directors to external continuing professional development programmes for Directors so as to ensure that inexperienced Directors are developed through mentorship and training programmes; and ensuring that Directors receive regular briefings on changes in risks, laws and the environment in which ARM operates.

The Nomination Committee assists the Executive Chairman to lead the overall performance evaluation, at least once a year, of the Chief Executive Officer and the other Directors in respect of their roles as Directors as well as evaluations of the Board as a whole and its committees. The Nomination Committee assists the Lead Independent Non-Executive Director to lead the overall performance evaluation, at least once a year, of the Executive Chairman, with the assistance of the Company Secretary.

The Nomination Committee reviews, from time to time, the structure, composition and size of the Board and makes recommendations to the Board regarding any changes that are considered necessary to enhance the effectiveness of the Board, including recommendations on the general composition of the Board and the balance between Executive and Non-executive Directors appointed to the Board. The Nomination Committee monitors succession planning for the Executive Chairman, the Chief Executive Officer, other Directors and senior management who are not Directors.

In terms of the new Terms of Reference approved by the Board in F2011, at least one meeting must be held per year. During F2011, five meetings were held.

Corporate Governance continued

The Nomination Committee led the process to identify a successor to the current Chief Executive Officer, Mr A J Wilkens. Given the importance of the succession of the Chief Executive Officer, all Non-executive Directors and the incumbent Chief Executive Officer were invited to committee meetings that dealt with this matter and to attend the interviews of the prospective candidates. In addition to a placement agency, an independent technical advisor was appointed to assist the committee with its deliberations. During the succession process, two additional formal planning meetings were held in addition to interviews.

For additional information regarding the succession process, please refer to page 124.

Nomination Committee: Meeting attendance

	Feb '11	March '11	April '11	May '11	June '11
A K Maditsi (Chairman)	✓	✓	✓	✓	✓
P T Motsepe	✓	✓	✓	✓	✓
Dr R V Simelane	✓	✓	✓	✓	✓

Non-executive Directors' Committee

Members:
Dr M M M Bakane-Tuoane (Chairman)
F Abbott
T A Boardman (appointed on 1 February 2011)
A D Botha
J A Chissano
A K Maditsi
M W King
J R McAlpine (retired on 30 June 2011)
Dr R V Simelane
Z B Swanepoel

The committee comprises all of the Non-executive and Independent Non-executive Directors and meets formally on a quarterly basis without management. The meetings are chaired by the Lead Independent Non-executive Director, Dr M M M Bakane-Tuoane.

Terms of Reference for the committee were approved by the Board in F2011. The committee provides a forum for the Non-executive Directors of the Company to consider and discuss issues of importance to ARM, including the promotion of increased investor confidence, stimulating business growth, reducing fraudulent practices through effective business leadership, fostering sustainable long-term growth in both the social and economic arenas, and cultivating and promoting an ethical corporate culture within ARM.

Five meetings were held during the 2011 financial year.

Non-executive Directors' Committee: Meeting attendance

	Aug '10	Nov '10	Feb '11	May '11	June '11
Dr M M M Bakane-Tuoane (Chairman)	✓	✓	✓	a	✓
F Abbott	✓	✓	✓	✓	✓
T A Boardman*	n/a	n/a	✓	✓	a
A D Botha	✓	✓	✓	✓	✓
J A Chissano	a	✓	✓	a	a
M W King	✓	✓	✓	✓	a
A K Maditsi	✓	✓	✓	a	✓
J R McAlpine**	a	a	✓	✓	✓
Dr R V Simelane	✓	✓	✓	✓	✓
Z B Swanepoel	✓	✓	✓	✓	✓

a = apologies
* *Mr T A Boardman was appointed as an Independent Non-executive Director on 1 February 2011.*
** *Mr J R McAlpine retired on 30 June 2011.*

Remuneration Committee

Members:
Dr M M M Bakane-Tuoane (Chairman)
F Abbott (appointed to the Committee in July 2011)
T A Boardman (appointed to the Committee in August 2011)
A D Botha
A K Maditsi (appointed to the Committee in July 2011)
J R McAlpine (retired in June 2011)
Z B Swanepoel (resigned from the Committee in August 2010)

The Remuneration Committee is a Board committee comprising five Non-executive Directors, the majority of whom are independent. The committee meets at least twice per year. The Remuneration Committee assists the Board in its responsibility for setting the Company's remuneration policies to ensure that these policies are aligned to ARM's business strategy and create value for ARM over the long-term.

The Remuneration Committee's responsibilities include, *inter alia*:

- ensuring that remuneration policies for the remuneration payable to all employees of ARM have been developed and monitoring the implementation of such policies;
- ensuring that, in developing the Company's remuneration policies, the mix of fixed and variable remuneration in cash, shares and other elements of remuneration meets ARM's business needs and furthers its strategic objectives;
- ensuring that performance targets in all occupational categories of ARM and its joint ventures are set and monitored;
- ensuring that the Company's remuneration policies are put to a non-binding advisory vote at the Annual General Meeting of the Company;
- ensuring that independent third-party advisors are engaged with regards to the benchmarking of the remuneration of Executive Directors and senior management;
- reviewing the results of a benchmarking survey of the remuneration packages of Executive Directors and senior management;
- determining specific remuneration packages for Executive Directors and senior management, including but not limited to basic salary;
- ensuring that remuneration levels accurately reflect the contribution of Executive Directors and senior management;
- considering and making recommendations to the Board regarding any proposed cash bonus schemes or amendments to any existing cash bonus schemes in respect of the Executive Directors and senior management;
- ensuring that annual bonuses clearly relate to performance against annual objectives which are consistent with long-term value for shareholders. Individual and corporate performance targets, both financial and sustainability-related, must be tailored to the needs of ARM's business;
- determining whether any cash performance bonuses will be awarded to any of the Executive Directors and senior management taking cognisance of the respective job descriptions and the performance of ARM against the budgetary and strategic objectives as approved by the Board;
- regularly reviewing share-based incentive schemes to ensure their continued contribution to shareholder value and guarding against unjustified windfalls and inappropriate gains from the operation of share-based incentives;
- considering and making recommendations to the Board regarding any proposed long-term shared-based incentive schemes or amendments to any such schemes in respect of the Executive Directors and senior management;
- determining any grants or awards made pursuant to ARM's long-term share-based incentive schemes including grants or awards to Executive Directors and senior employees of ARM;
- monitoring long-term (share-based) incentives to ensure that remuneration policies do not encourage behaviour contrary to the Company's risk management policy and strategy;
- satisfying itself as to the accuracy of recorded performance measures that govern the vesting of long-term (shared-based) incentives;
- ensuring that management develops appropriate retirement and pension scheme arrangements for employees of the Company;
- receiving reports from management in regard to all employee benefits including benefits in kind and other financial arrangements to ensure that they are justified, correctly valued and suitably disclosed;
- ensuring that independent third-party advisors are engaged with regards to the benchmarking and recommendation of Non-executive Directors' fees;
- reviewing the results of a benchmarking survey of the fees payable to Non-executive Directors;
- making recommendations to the Board for submission to an Annual General Meeting of the shareholders of the Company regarding Board and committee fees payable to Non-executive Directors;
- making recommendations to the Board for submission to an Annual General Meeting of shareholders of the Company regarding the fee payable to the Lead Independent Non-executive Director for chairing meetings of the Non-executive Directors' Committee;
- ensuring that Independent Non-executive Directors do not receive remuneration contingent upon the performance of ARM; and
- upon being notified by management of the terms of any agreement with any Non-executive Director, making recommendations, if required, to senior management of or to the Board regarding such agreement.

In 2011, the Board determined that the Remuneration Committee's performance would be enhanced by the appointment of additional committee members following the retirement of Mr McAlpine, and therefore the Board appointed two Independent Non-executive Directors and one Non-executive Director to the Remuneration Committee in July and August 2011.

Three meetings were held during the 2011 financial year.

Remuneration Committee: Meeting attendance*

	July '10	Aug '10	March '11
Dr M M M Bakane-Tuoane (Chairman)	✓	✓	✓
A D Botha	✓	✓	✓
J R McAlpine	✓	✓	✓
Z B Swanepoel**	✓	n/a	n/a

* *Messrs F Abbott, T A Boardman and A K Maditsi were appointed to the Remuneration Committee subsequent to the financial year-end.*
** *Mr Z B Swanepoel resigned from the Remuneration Committee in August 2010.*

Additional information is provided in the Remuneration report on pages 136 to 143 and the Directors' report on pages 155 to 163.

Corporate Governance continued

Social and Ethics Committee (formerly called the Sustainable Development Committee)

Members:
Dr R V Simelane (Chairman)
F Abbott (appointed to the Committee in February 2011)
Dr M M M Bakane-Tuoane
Z B Swanepoel (resigned from the Committee in August 2010)

The Company's sustainable development philosophy is underpinned by the realisation that there is a need to turn mineral wealth into sustainable economic growth and wealth. Through its business endeavours, ARM seeks to act as a catalyst for local, national, regional and international development, to make a lasting and important social, economic and environmental contribution to the developing regions in which ARM operates and to achieve and maintain world-class performance standards in the management of safety, health (occupational), the environment, HIV & Aids and social investment.

Social and Ethics Committee: Meeting attendance*

	Aug '10	Nov '10	Feb '11	May '11
Dr R V Simelane (Chairman)	✓	✓	✓	✓
Mr F Abbott **	n/a	n/a	✓	✓
Dr M M M Bakane-Tuoane	✓	✓	✓	✓

* *Mr Z B Swanepoel resigned from the Social and Ethics Committee in August 2010 prior to the first meeting of the financial year.*
** *Mr F Abbott was appointed to the Social and Ethics Committee in February 2011.*

The purpose of the Social and Ethics Committee is to monitor and report on the manner in and extent to which ARM protects, enhances and invests in the wellbeing of the economy, society and the natural environment in which ARM operates in order to ensure that its business practices are sustainable. The committee also reviews and considers the efficacy of ARM's systems to promote local economic development opportunities to enable historically-disadvantaged South Africans to develop economically whilst meeting the requirements of mining rights conversions and other requirements detailed in the Minerals and Petroleum Resources Development Act 28 of 2002 and other legislation.

The Social and Ethics Committee Terms of Reference were amended by the Board in May 2011 in compliance with King III and the committee name was amended in August 2011 when the Sustainable Development Committee was renamed the Social and Ethics Committee as contemplated in Section 72(8) of the Companies Act. The Terms of Reference of the Social and Ethics Committee will be further amended in F2012 to comply with the Companies Act.

The Social and Ethics Committee Terms of Reference provide that the committee must have a minimum of three members, the majority of whom shall be Independent Non-executive Directors. Currently, the committee is comprised of three Non-executive Directors, the majority of whom are independent.

Four meetings were held during the 2011 financial year.

Additional information may be found in the Sustainability review on pages 33 to 40 of the Integrated Annual Report and in the comprehensive stand-alone Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Ad Hoc Committees

The Board has the right to appoint and authorise special *Ad Hoc* Committees, comprising the appropriate Board members, to perform specific tasks as required.

Management Committees

Management Risk Committee

Members:
A J Wilkens (Chairman) (Executive Director)
M Arnold (Executive Director)
C Blakey-Milner
N Botes-Schoeman
J M Bräsler
W M Gule (Executive Director)
K S Mashalane (Executive Director)
J Pistorius
M P Schmidt (Executive Director since 1 September 2011)
D V Simelane
J C Steenkamp (Executive Director)
P W Steenkamp

The Management Risk Committee, a management sub-committee of the Audit Committee, assists the Audit Committee in discharging its duties relating to risk matters by implementing, co-ordinating and monitoring a risk management plan, policy and processes to ensure that broader strategic and significant business risks are identified and quantified with attendant controls and management assurance. The Management Risk Committee's Terms of Reference were amended in F2011 to comply with King III.

The Management Risk Committee is chaired by the Chief Executive Officer and its membership includes the Financial Director, the chief executives of the divisions, the Leader: Risk Management, the Group Manager: Sustainable Development and the Chief Information Officer. With effect from 1 July 2011, the internal auditors are invited to attend one meeting per year. The Chairman of the Management Risk Committee and the Leader: Risk Management attend Audit Committee meetings and report on the activities of the sub-committee. The Chief Executive Officer and the Chairman of the Audit Committee report on risk matters to the Board. The Leader: Risk Management and the Group Manager: Sustainable Development are invited to attend Board meetings to respond to any risk-related matters raised by the Directors.

The Management Risk Committee met four times during the 2011 financial year.

Management Risk Committee: Meeting attendance*

	Aug '10	Oct '10	Jan '11	April '11
A J Wilkens (Chairman)	✓	✓	✓	a
M Arnold	✓	a	✓	✓
C Blakey-Milner	✓	✓	✓	✓
N Botes-Schoeman	✓	a	✓	✓
J M Bräsler	✓	✓	✓	a
W M Gule	✓	✓	✓	✓
K S Mashalane	a	a	✓	✓
M P Schmidt	✓	✓	✓	a
D V Simelane	✓	a	✓	✓
J Pistorius**	n/a	n/a	n/a	✓
J C Steenkamp	✓	✓	✓	✓
P W Steenkamp	✓	✓	✓	a

a = apologies
* *The Chief Audit Executive, Mr D Ashe of KPMG Services (Pty) Limited, attended the meeting held on 1 August 2011, subsequent to the financial year-end.*
** *Mr J Pistorius was appointed to the Management Risk Committee in April 2011.*

A table of ARM's principal risks and uncertainties is set out on pages 26 and 27 of the Integrated Annual Report, and additional information on ARM's risk management programme is provided on the next page.

Steering Committee

The Steering Committee is charged with the implementation of approved corporate strategy and other operational matters. The Steering Committee is chaired by the Chief Executive Officer and its membership includes Executive Directors and senior management. It meets quarterly, or more often as circumstances warrant. The Steering Committee members are listed on pages 48 and 49.

Treasury Committee

The Treasury Committee meets monthly and, if required, more frequently, under the chairmanship of the Financial Director. The committee membership includes the ARM Finance Executive: Operations, the ARM Finance Executive: Corporate and the Company Financial Manager. Representatives of Andisa Treasury Solutions (Proprietary) Limited (Andisa), to whom the treasury function is outsourced, attend meetings by invitation. The Treasury Committee reviews operational cash flows, currency and interest rate exposures as well as funding issues within the Company. While not performing an executive or decisive role in the deliberations, Andisa implements decisions taken when required. Advice is also sought from other advisors on an ongoing basis.

Ethics

The Company is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All Directors and employees are required to maintain high standards to ensure that the Company's business is conducted honestly, fairly and legally and in a reasonable manner, in good faith and in the best interests of the Company. These principles are set out in ARM's Code of Conduct (the Code), which was previously known as the Code of Ethics. The Code was amended in F2011 to reflect the Company's obligations under King III and the new Companies Act.

The Code may be found on ARM's corporate website: **www.arm.co.za**

Whistleblowers' facility

An independent service provider operates ARM's whistleblowers' facility to enable employees and other stakeholders to report confidentially and anonymously any unethical or risky behaviour. Information about the facility is included in the Code and contact information is posted in each Company office. Initiatives to heighten awareness of the whistleblowers' facility are implemented on an ongoing basis. Formal procedures in place result in each whistleblowing report being investigated, and policy and procedures revised where applicable with feedback reports being provided to the operators of the ARM whistleblowers' facility. No material non-compliance incidents were reported during the year under review.

Conflicts of interest

The Code includes a policy prohibiting the acceptance of any gift which may be construed as an attempt to influence an employee, regardless of value. The acceptance of any gift is subject to the approval of a member of the executive.

Disclosure

The Code includes a policy regarding communications, which encourages complete, accurate and timely communications with the public. A more detailed communications policy is being prepared in accordance with King III.

Corporate Governance continued

The Chief Executive Officer, the Financial Director, the Head of Investor Relations and the Company Secretary oversee compliance with the disclosure requirements contained, *inter alia*, in the JSE Listings Requirements.

Comment from Sustainability Assurance Provider:

As part of the scope of work to provide independent third party assurance over ARM's sustainability reporting, SustainabilityServices.co.za conducted an assessment of ARM's ethics policies and procedures, in line with King III recommendations.

Based on our review, it appears that ARM has a robust system of policies – including the recently updated Code of Conduct – procedures and controls in place to meet reasonable expectations for monitoring and measuring of ethical compliance.

For more information, go to the assurance statement within the Sustainability Report available on ARM's corporate website: ***www.arm.co.za***

Internal control and internal audit

The Board, with the assistance of the Audit Committee, the Management Risk Committee and the internal auditors (outsourced to KPMG Services (Proprietary) Limited), reviews the Company's risk profile annually. In terms of the risk-based internal audit programme approved annually by the Audit Committee, the internal auditors perform a number of reviews to assess the adequacy and effectiveness of systems of internal control and risk management. The results of these reviews, together with updates on the corrective action taken by management to improve control systems, are reported to the Audit Committee and the Board.

Going concern

On the recommendation of the Audit Committee, the Board annually considers the appropriateness of the going concern basis in the preparation of the year-end financial statements.

Risk management programme

ARM's well established and proactive risk management processes underscore ARM's commitment to comprehensive and effective risk management at all levels. ARM recognises that integrating risk management philosophy and practice into its culture is an on-going process which, in order to be effective, must be a continuous, dynamic and developing endeavour that addresses risks and opportunities across the spectrum, from those associated with strategy and its implementation, to operational, legal, social, ethical and reputational risks and opportunities.

The Board tasks the Audit Committee with oversight for risk management. In view of the importance of this function, the Audit Committee has established a management sub-committee, the Management Risk Committee (MRC), to assist it to manage and report on risk management processes and procedures. The MRC is chaired by the Chief Executive Officer and its members include chief executives of divisions, the Financial Director, the Leader: Risk Management and various members of the ARM Steering Committee.

ARM Risk Management has championed integration of risk and assurance processes over many years. This integrated approach not only assists in providing assurance and appropriate corporate governance compliance, but also provides a practical and effective tool for the management of risk within ARM.

Reporting on the implementation, co-ordination and monitoring of ARM's risk management policy, programme and approved annual Risk Management Plan takes place at operational, divisional and at MRC meetings on a quarterly basis.

The structure of reporting on risk management within ARM has been developed and formalised to ensure that the process remains dynamic, is consistent, comprehensive and allows for constant review and refining.

A Risk and Control Dashboard system provides a focused approach to the monitoring of the control effectiveness of risks and processes in order to ensure that risks are managed within approved levels of tolerance and appetite and so that the process of continuous improvement is facilitated.

The functional reporting areas and objectives, set out below, are as follows:

Risk Register/Enterprise Risk Management (ERM)

Ensures that a robust system of identifying, quantifying, monitoring, managing and reporting risks and opportunities is applied consistently throughout the Company.

The ERM Framework and the Internal Control and Enterprise Risk Management Policy (the 'ERM Policy') govern the ERM process and, *inter alia*, ensure that the external consultants, to whom the internal audit function is outsourced, assist in the facilitation of the following activities at least annually:

- Identifying and recording risks and opportunities;
- Establishing the likelihood of them occurring;
- Ensuring that the appropriate controls are in place;
- Assessing the effectiveness of controls;
- Taking appropriate action to reduce the likelihood of loss; and
- Taking appropriate action to mitigate the possible extent of loss.

A schedule of Principal Risks, Challenges and Opportunities for ARM is included in the Quarterly Risk Managers' Report and reviewed at the MRC and also at Audit Committee meetings. The Quarterly Risk Managers' Report also includes specific reference to changes in the risk profile and emerging risks.

The internal auditors also periodically review the ERM Framework and the ERM Policy to ensure these remain current and compliant with the terms and spirit of King III as updated from time to time.

The internal auditors use the risk registers to ensure the annual Internal audit plan covers the high-risk areas identified. The risk register is regularly updated throughout the Company.

The co-ordinated and integrated approach towards risk management and assurance has enabled ARM to develop and implement a combined assurance model as a natural progression of the ERM Framework. Considerable work has been undertaken during the financial year to identify the extent and relationship between internal and external assurance providers and to further refine the combined assurance model to ensure a practical and effective management assurance tool. This process will progressively continue.

Physical risk management

Ensures that physical risk grading, risk improvement and other risk controls are appropriate, and maintains and enhances performance against agreed international risk standards.

While operational management remains accountable for risk management, external consultants assist with identifying risk, rating and benchmarking risk performance, and providing recommendations to improve risk preparedness and to address any potential loss-producing events. This is done by measuring the performance of each operation against ARM's Balanced Scorecard. The Balanced Scorecard measures the quality of risk management (control effectiveness) at individual operations, expressed in rating percentages, and provides a risk profile for each operation.

ARM's objective is that all its operations achieve an 80% overall performance rating against the international risk management standards contained in the Balanced Scorecard.

ARM also benchmarks its risk preparedness against some 400 mining operations worldwide, rated by International Mining Industry Underwriters (IMIU). The majority of ARM's operations are rated in the top quartile of worldwide operations rated by IMIU.

Risk financing and insurance

Ensures that ARM's risk financing and insurance programmes are comprehensive and adequately protect the Company against catastrophic risk.

Continuing improvement in ARM's risk profile as a result of focused risk control initiatives ensure that cost-effective risk financing and insurance programmes are in place to avoid or reduce adverse effects on financial results and Company performance.

Governance and Risk: monitoring new developments

Ensures that the risks arising from new developments in ARM's operating environment are considered on an on-going basis.

ARM's risk management department constantly monitors risk issues that stem from new developments, such as non-compliance with changes in corporate governance requirements or codes of practice, to ensure that risk management within ARM remains relevant.

Risk and Control Dashboards are now consistently used at divisional and ARM Audit Committee forums, providing a consistent and measurable management assurance metric on the control effectiveness of a broad spectrum of risks and processes.

Legal compliance

Internal and external audits are regularly conducted at all operations and any instances of non-compliance with regulatory requirements are reported to management for corrective action.

Internal audits are undertaken annually and external audits of safety, health and environmental (SHE) performance at all of ARM's operations, are undertaken biennially. The most recent external SHE audit was conducted in F2011. All findings are being addressed through the risk and non-conformance systems of the different operations. Sixteen corporate standards on risk assessment, legal compliance, water management, waste management, contractor management, biodiversity, waste and emissions management were implemented during F2011.

During F2011 the Company did not receive any administrative penalties nor was it fined nor has it been prosecuted for any anti-competitive practices or non-compliance with any governance or legislative obligations.

Internal and external audits are regularly conducted at all operations and any instances of non-compliance with regulatory requirements are reported to management for corrective action.

A legal and regulatory compliance policy for the Company has been adopted by the Company.

Mining Charter

ARM is committed to the spirit of the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter), which is to bring about "a globally competitive mining industry that draws on the human and financial resources of all South Africa's people and offers real benefits to all South Africans". The Mining Charter was developed through a consultative process between Government, labour and the mining industry, and was ratified in October 2002. Measures for assessing the contribution of mining companies to the socio-economic goals of the Mining Charter were developed. These include the mining scorecard and focus on nine key elements: human resource development; employment equity; migrant labour; mine community and rural development; housing and living conditions; procurement; ownership and joint ventures; beneficiation; and reporting. The Mining Charter was revised in September 2010. Revisions included amendments to the scorecard and the nine key elements.

A section describing the progress ARM has made against the requirements of the Revised Mining Charter is provided in the Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Corporate Governance continued

Dealings in securities and insider trading policy

ARM enforces closed periods prior to the publication of interim and provisional financial results. During these times, Directors, officers and designated persons are precluded from dealing in ARM securities. All Directors and employees are provided with relevant extracts from the Security Services Act 36 of 2004, and the Company's procedures in this regard. Directors and employees are reminded of their obligations in terms of insider trading and the penalties for contravening the regulations. The policy was amended in F2011 following amendments to the JSE Listings Requirements in April 2010.

The complete policy governing dealings in Company securities and insider trading may be found on ARM's corporate website **www.arm.co.za**

Donations to political parties

ARM supports South Africa's democratic processes and makes contributions to political parties. A policy relating to making donations to political parties has been adopted by the Company. In the year under review, donations were made to political parties in accordance with the policy and the budget approved by the Board.

Investor relations and communication with stakeholders

ARM is committed to transparent, comprehensive and objective communications with its stakeholders. The Company maintains a website, which provides information regarding the Company's operations, financial performance and other information.

Shareholders are encouraged to attend the Annual General Meeting and to use this opportunity to engage with the Board and senior management. Summaries of the results of decisions taken at shareholders' meetings are disclosed on the Company's website following the meetings.

ARM's investor relations department is responsible for communication with institutional shareholders, the investment community and the media. The Company has developed a comprehensive investor relations programme to communicate with domestic and international institutional shareholders, fund managers and investment analysts. Engagements include participation by ARM senior executives in one-on-one meetings with institutional investors in South Africa, United Kingdom, North America and Singapore, as well as investor roadshows and conferences.

Additional information regarding investor relations and communication with stakeholders may be found in the Investor Relations report on pages 236 to 239 and in the Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Annual General Meeting

The Notice of the Annual General Meeting may be found on pages 242 to 248.

Sponsor

Deutsche Securities (SA) (Proprietary) Limited is the Company's sponsor, in compliance with the JSE Listings Requirements.

Konkola North Copper Mine

Remuneration report

Role of the Remuneration Committee

In 2005, ARM embarked on an aggressive growth strategy with the objective of doubling the size of the Company. This was achieved in 2010. ARM is focussed on continuing to grow aggressively in its portfolio of commodities. ARM has world-class resources and excellent partnerships to achieve its strategic objectives. ARM recognises that this strategy can only be delivered by the foresight, dedication and hard work of management and employees.

It is also recognised that the Company competes for a small talent pool and set of competencies within the global and South African mining industries. South African mining talent is regarded as among the best in the world. The current growth in African mining escalates this risk. ARM's own growth and additional demand for talent is contingent on the Company's attraction and retention strategies in terms of current and potential employees.

The Remuneration Committee acknowledges its responsibility to apply the remuneration strategy to ensure a fine balance in attracting and retaining employees through competitive remuneration practices, while creating shareholder value. Supporting a progressive remuneration policy are ARM's succession planning, human resources development and manpower planning process, which aim to ensure the in-time delivery of competent and experienced individuals to realise the Company's growth expectations and strategy. These elements are discussed in more detail in the Sustainability Report available on ARM's corporate website: **www.arm.co.za**

www

Composition of the Remuneration Committee

Members:

Dr M M M Bakane-Tuoane (Chairman)
F Abbott (appointed in July 2011)
T A Boardman (appointed in August 2011)
A D Botha
A K Maditsi (appointed in July 2011)
J R McAlpine (retired on 30 June 2011)
Z B Swanepoel (resigned from the Committee in August 2010)

In accordance with King III, the Remuneration Committee consists entirely of Non-executive Directors, four of whom are independent. The Board considers the composition of the Committee to be appropriate in terms of the necessary blend of knowledge, skills and experience. The composition of the Committee clearly indicates a strong background and expertise in the financial and human capital fields, as well as from various influential institutions.

Role of the Remuneration Committee and Terms of Reference

The Remuneration Committee is a committee of the Board. Its purpose is to recommend appropriate fee levels for Non-executive Directors, to approve remuneration packages for Executive Directors and executives, to determine the overall policy and strategy for remunerating the Company's employees, which includes basic salaries, performance based short- and long-term incentives, pensions and other benefits, and to oversee the design and management of the Company's long-term (share-based) incentives.

The Committee must perform all the functions necessary to fulfil its purpose as stated above, including the following:

- ensuring that policies for the remuneration payable to all employees of ARM have been developed and monitoring their implementation;
- ensuring that, in developing the Company's remuneration policies, the mix of fixed and variable remuneration in cash, shares and other elements of remuneration meets ARM's business needs and furthers its strategic objectives;
- ensuring that performance targets in all occupational categories within ARM and its joint ventures are set and monitored; and
- ensuring that the Company's remuneration policies are put to a non-binding advisory vote at the Annual General Meeting.

It is also the responsibility of the Remuneration Committee to ensure compliance with the recommendations of King III. The Remuneration Committee is satisfied that the Company has met and complies with the recommendations.

Committee activities

The Remuneration Committee met three times during F2011 with full attendance at each meeting. The scheduled work plan was followed with the normal cycle of approvals that include, but are not limited, to the following:

- The approval of the annual increase to the salaries of Executive Directors and senior management. The increase recommended to the Board for approval was 7%.
- The approval of the annual bonus paid to Executive Directors and senior management in terms of the Out Performance Bonus Scheme.
- The approval of the annual allocation of shares and share options under The African Rainbow Minerals Share Incentive Scheme (the Scheme) and The African Rainbow Minerals Limited 2008 Share Plan (Share Plan).
- The recommendation of the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors to the Board for submission to shareholders.
- The approval of the deferred bonus/co-investment scheme.
- The review of the Remuneration Policy.
- The review of the conditions of employment and benefits to ensure that they are reasonable in terms of best practices.

During F2011 ARM was certified as a "Best Employer South Africa 2011/2012" by the CRF Institute and scored the following:

Primary benefits	5/5
Secondary benefits and working conditions	4/5
Training and development	5/5
Career development	5/5
Company culture	4/5
Diversity	4/5

This indicates that ARM's remuneration and benefits policies and practices (primary and secondary benefits – elements 1 and 2) measure extremely well against South African and international practices.

Over and above the normal cycle of approvals the Remuneration Committee will embark in the next financial year on an extensive remuneration and benefits survey to benchmark ARM's competitiveness and adherence to global best practices.

The Chief Executive Officer, Financial Director and Executive: Human Resources attend Committee meetings by invitation and assist the Committee in its deliberations, except when issues relating to their own remuneration are discussed.

No Director was involved in deciding his or her remuneration. The Chairman of the Remuneration Committee attends Annual General Meetings to answer any questions from shareholders.

Additional information may be found under the heading "Remuneration Committee" in the Corporate Governance report on pages 128 and 129.

Advisors to the Remuneration Committee

In F2011 the Remuneration Committee was advised by Deloitte & Touche (Deloitte), which provided, *inter alia*, market benchmarking information on executive remuneration, Non-executive Directors' fees and advised on and assisted with the design, implementation and verification of calculations pertaining to allocations, grants and awards pursuant to short- and long-term incentive plans. All short- and long-term incentive calculations are audited by either the Company's internal auditors (KPMG) or, at financial year-end, by the external auditors Ernst & Young Inc.

The Remuneration Committee and the Company also made use of the professional services and advice of PricewaterhouseCoopers (PwC)/Remchannel and Compensation Technologies to conduct Non-executive Director fees and conditions of employment surveys and benchmarks for other management and employee categories. This was aimed at ensuring overall competitiveness.

Non-binding Advisory Vote

Chapter 2 of King III, which deals with boards and directors, requires companies to table their remuneration policy to shareholders every year for a non-binding advisory vote at the Annual General Meeting. This vote enables shareholders to express their views on the Company's Remuneration policy and on its implementation.

Ordinary resolution number 11 (included in the Notice of Annual General Meeting) is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Board and the Remuneration Committee will take the outcome of the vote into consideration when considering the Company's Remuneration policy.

Additional information may be found in the Notice of Annual General Meeting on pages 242 to 248.

Remuneration Philosophy and Policy: Executive remuneration

Principles of executive remuneration

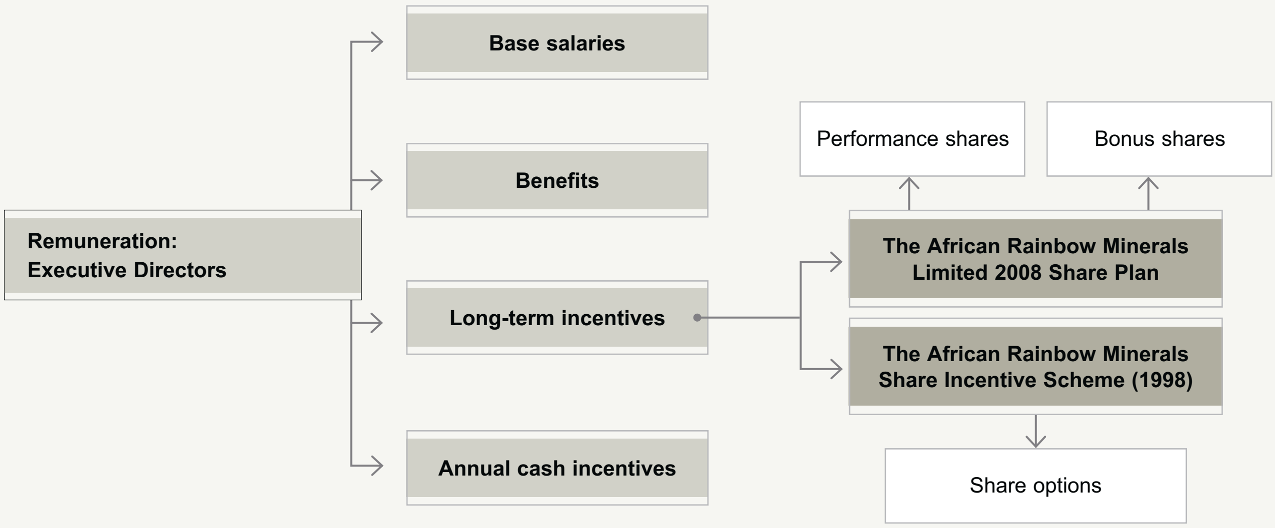
ARM's executive remuneration philosophy aims to attract and retain high-calibre executives, and to motivate and reward them for developing and implementing the Company's strategy to deliver consistent and sustainable shareholder value. The Company demonstrates:

- the ability to attract top talent throughout the organisation as 96.5% of all job offers made were accepted;
- the ability to retain that top talent as the annual turnover is only 4.8% with no turnover in top management;
- a management team that realises the slogan of "We do it better" and consistently achieves and exceeds business targets, meets project budgets and timelines and thereby creates sustainable shareholder value; and
- a management team that has delivered on the Company's strategy since 2005 and achieved its strategic objectives.

The remuneration policy conforms to best international practice and is based on the following principles:

- **total rewards** are competitive with those offered in the mining and resources sector;
- **incentive-based rewards** are earned through the achievement of performance targets consistent with shareholder expectations over the short- and long-term;
- **annual cash incentives**, 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 shareholders and that are responsibly implemented, so as not to expose shareholders to unreasonable or unexpected financial impact.

Remuneration report continued



Elements of executive remuneration

- Base salaries (i.e. fixed salaries)
- Benefits
- Annual cash incentives
- Long-term (share-based) incentives

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 longer-term shareholder value creation. The Committee considers each element of the 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.

For additional information regarding Executive Directors' emoluments for F2011, refer please to the Directors' report on pages 157 and 159 to 163.

The policies relating to the four components of executive remuneration are summarised in the table on the next page.

Policy	Basis of delivery
Base salaries: • The salaries of Executive Directors and other senior executives are benchmarked against market practices, other South African mining companies that are comparable in size, business complexity and international scope. • Reflect market median levels based on role and individual skills and experience. • Base salaries of key individuals are aligned with salaries in the upper quartile of the resource market.	• Monthly in cash. • Reviewed annually, with changes taking effect 1 July. • Increases in base salary are also determined by Company performance, individual performance and changes in responsibility. • Base salary is on a total cost-to-company (TCTC) basis with all benefits converted into the base salary. Participation in short- and long-term incentive schemes is calculated from and in addition to the TCTC package.
Benefits: *Retirement/Pension Fund:* • Membership of the ARM Pension Fund is compulsory. Executives, if already members of a recognised industrial pension/retirement fund, such as Sentinel, may remain members if so elected. *Medical scheme:* • It is compulsory to belong to a medical scheme.	• Contributions are made by executives from the TCTC base salary. • The ARM Pension Fund is managed by eight trustees: 50% appointed by ARM and 50% elected by the members. • The fund is administrated by Alexander Forbes. • It is a defined contribution fund. • Executives may participate in any managed medical aid plan of their choice.
Other benefits and conditions of employment: • All other conditions of employment are comparable to those of the industry and conditions do not differ from the rest of the employees in the company. No special or extraordinary conditions are applicable to executives.	• Adjustments are made to the TCTC depending on the benefits selected by employees, *e.g.* travel allowances.
Annual cash incentives: • Incentivised achievement of annual objectives and sustained performance against comparative and absolute targets are rewarded. • Executive Directors and senior executives are allowed voluntary deferral of either 25%, one third or 50% of bonus into "co-investment" shares (see page 141 of this Remuneration report for details).	• On-target bonus percentages are established by the Remuneration Committee in terms of ARM's overall reward strategy; however, the Out Performance Bonus payable at year-end depends upon actual Company performance against a weighting of the following two measures of performance: – targeted profit from operations in each of the operational clusters; and – targeted unit cost of sales in each of the mineral clusters. • The weighting of the above metrics is applied to each member of the executive in relation to his or her sphere of influence. • The Remuneration Committee establishes thresholds and targets for each metric in accordance with the Board approved business plan, and reviews the measures annually to ensure that they are appropriate given the economic climate and the performance expectations for the Company. • A performance managed incentive scheme based on profit applies to non-executive employees at corporate level. At operational level, the incentive bonus for all employees, payable at financial year-end, depends upon actual operational performance against a weighting of the following three measures of performance: – targeted profit from the operations; – targeted operational unit cost of sales in each of the mineral cluster(s); and – targeted operational production. • Health and safety is either an additional measure or penalty. The weighting of the above metrics is applied to each employee in relation to his or her sphere of influence. • Non-executive Directors are not incentivised.

Remuneration report continued

Policy	Basis of delivery
Long-term (share-based) incentives: • ARM share-based incentives are based on two schemes: – The African Rainbow Minerals Share Incentive Scheme; and – The African Rainbow Minerals Limited 2008 Share Plan.	• Prior to 2008, ARM's only form of long-term incentive was a long-standing share option scheme inherited from Anglovaal Mining Limited (Avmin), now referred to as The African Rainbow Minerals Share Incentive Scheme (the Scheme). • Following developments in the tax, accounting and regulatory treatments of share-based incentives, together with evolving local and international best practice, various adjustments were made to the manner of its implementation. This was done within the parameters of the original approval by the JSE and shareholders, to bring it in line with these developments. • Additionally its reward impact was significantly reduced, but then supplemented by The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan), approved by shareholders at the 2008 Annual General Meeting and subsequently amended at the 2010 Annual General Meeting. • ARM's long-term (share-based) incentives now consist of: – performance shares; – bonus shares; and – share options. • Performance shares are awarded and bonus shares are granted pursuant to the Share Plan. Share options are offered under the Scheme. • The resulting compound (hybrid), share-based incentive programme aligns ARM with best international practice; provides for the inclusion of a number of performance conditions, designed to align the interests of executives with those of the Company's shareholders; acts as a retention tool; and rewards executives for Company performance above that of the performance of the economy or the mining and resources sector. All ARM corporate employees at managerial levels are eligible participants.

The implementation of the three elements is described below:

Performance share method

In terms of the Share Plan, conditional awards of full value performance shares have been made to executives annually since 2008. The shares vest after a three-year period subject to the Company's achievement of a weighted combination of performance measures over this period as approved by the Remuneration Committee. The Share Plan makes provision for criteria to be selected from:

- comparative total shareholder return, in relation to a peer group;
- return on capital employed against a prescribed target; and
- growth in headline earnings per share in relation to an inflation index.

The performance criteria for the vesting of the performance shares, as approved by the Remuneration Committee, are currently defined in terms of the achievement of a Market Price Appreciation (MPA) performance, in comparison to the 20 companies comprising the constituent members of the FTSE/JSE Resources Index (RESI) 20 Index (now called RESI 10). Recommendations will be made to the Remuneration Committee regarding the method of allocation under the new RESI 10.

The MPA for this purpose is defined to be the increase in value of a portfolio of company shares purchased on a specified date, holding the shares until the third anniversary of the purchase date, and then selling the portfolio on that day.

If the MPA over the three year period:

- Ranks at the median of the RESI 20, then the targeted number of performance shares awarded will be settled.
- Ranks at or above fifth position in the RESI 20, then three times the targeted number of performance shares awarded will be settled to a participant.
- Ranks at or less than fifteenth position in the RESI 20, then all performance shares awarded will lapse, and no shares will accrue to a participant.
- Ranks between any one of the above points, then the number of performance shares vesting, will be linearly apportioned as the ranking of the MPA increases.
- Any performance shares not vesting will lapse and will be of no further force or effect.

These performance measures have been selected on the basis that, individually or in aggregate, they incentivise the creation of shareholder value. The performance share method aligns the interests of shareholders and executives by rewarding superior shareholder return in the future, and by encouraging executives to build a shareholding in ARM.

From F2011 additional awards of performance shares may be made in terms of the newly introduced deferred bonus/co-investment scheme, described below.

For additional information regarding performance share awards in F2011, please refer to the Directors' report on page 159.

Bonus share method

In terms of the Share Plan, annually since 2008, executives have received a grant 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 settled after three years, conditional on continued employment. Its purpose is to retain executives for the long-term.

The bonus share method is an additional share-based incentive for those executives who, through their performance on an annual basis, have demonstrated their value to the Company. It also encourages executives to build a shareholding in ARM.

From F2011 additional grants of bonus shares may be made in terms of the newly introduced deferred bonus/co-investment scheme, described below.

For additional information regarding bonus share grants in F2011, please refer to the Directors' report on page 160.

Share option scheme

Annual allocations of share options in terms of the Scheme are made to executives, but at a much reduced scale following the adoption of the Share Plan.

Share options vest in total on the third anniversary of their allocation. Executives may elect to defer exercising any share option until the eighth anniversary of its allocation.

The Scheme was amended in December 2010 to allow the Company to offer participants the opportunity to net settle share options when exercised.

For additional information regarding share option allocations in F2011, please refer to the Directors' report on pages 161 to 163.

Deferred bonus/co-investment scheme

In February 2011, the Remuneration Committee approved a deferred bonus/co-investment scheme, in which executives may invest in additional bonus shares and additional performance shares under the terms and conditions of the Share Plan.

Executives and senior managers have been offered the opportunity, before the end of March each year, to elect that a portion (25%, one third or a maximum of 50%) of their bonus which is only determined at the end of the performance year is deferred and converted into an equivalent value of bonus shares.

Additionally, any portion of the bonus calculated at the end of the performance year above a certain threshold (Rand) level is to be on a compulsory basis deferred and converted into an equivalent value of bonus shares.

The remainder of the bonus, after any elective or compulsory deferral, will accrue to executives and be paid out in cash.

To encourage executives to take up the deferral(s), the deferred bonus shares are matched with performance shares according to prescribed ratios.

The deferred bonus share element will be utilised to enhance the retention characteristics of the current reward of Executive Directors and senior management. 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 enhances both the retention of employees and the performance and shareholder alignment characteristics of the Share Plan.

Although the deferred bonus shares will still be at risk to share price volatility, a high level of reward certainty exists for the grantees, as the only performance criteria associated with vesting is their continued employment. Performance and shareholder alignment will be enhanced by the matching of the deferred bonus shares with additional performance shares in specific ratios that reflect the risk/reward characteristics the Company wishes to operate under.

Summaries of long-term incentives

The number of performance shares, bonus shares and share options offered to and accepted by participants, along with an analysis of share-based payments accruing to Executive Directors and to the top three most highly-paid senior executives who are not Directors, is provided in the Directors' report on pages 159 to 163.

Service contracts: Executive Directors

Employment agreements have been entered into between the Company and the Executive Directors, namely Messrs Motsepe (Executive Chairman), Wilkens (Chief Executive Officer), Arnold (Financial Director), Gule (Chief Executive: ARM Coal), Mashalane (Chief Executive: ARM Platinum), Schmidt (Chief Executive Officer Designate), Shiels (Executive Director: Business Development) and Steenkamp (Chief Executive: ARM Ferrous). These contracts are subject to a one calendar month's notice period by either party. None of the employment contracts is a fixed-term contract.

The remuneration paid in terms of the executive employment agreements with the Executive Directors is set out in detail on page 157 of the Directors' report. Executive Directors are not paid by the Company for their services and duties as Directors of the Company. They only receive remuneration in terms of their employment relationship with the Company.

Remuneration report continued

The Company has not concluded any agreements with its Executive Directors to pay a fixed sum of money on termination of employment.

There are no other service contracts between the Company and its Executive Directors.

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 Directors' fees to comparable companies, the Board considers and makes recommendations to shareholders regarding Directors' fees payable.

In its determination, consideration is given, *inter alia*, to the importance of attracting and retaining experienced Non-executive Directors, market dynamics and the increasingly demanding responsibilities of Directors as well as the contributions of each Director and their participation in the activities of the Board and its committees.

Board retainers and Board and committee meeting attendance fees are paid quarterly and in arrears. Board attendance fees are paid for site visits and seminars. 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.

Full details regarding the fees paid to Non-executive Directors are provided in the Directors' report on page 158.

Board retainers and per meeting attendance fees

On the advice of the Remuneration Committee, the Board recommends an annual retainer and meeting fees for attendance at Board meetings payable to Non-executive Directors for approval by shareholders.

A comprehensive benchmarking exercise was performed on Non-executive Directors' Board fees using Deloitte surveys, PwC surveys and Annual Reports of various similar-sized companies in the resources sector. Based upon the outcome of this exercise, a proposed 7% per annum increase in retainers and Board meeting attendance fees to be paid to Non-executive Directors will be submitted for approval to shareholders at the Annual General Meeting scheduled to be held on Friday, 2 December 2011. This will bring the Company's Board retainers and per meeting fees more in line with the market and ensure that ARM retains the skills and experience of its Non-executive Directors.

Executive Directors do not receive Directors' fees.

	2011/12 Fees (Rand)*		2010/11 Fees (Rand)**	
Annual Board retainers and meeting attendance fees	**Annual**	**Per meeting**	**Annual**	**Per meeting**
Independent Non-executive Director	**317 800**	**15 300**	297 000	14 300
Non-executive Director	**254 250**	**15 300**	237 600	14 300

* *Effective 1 July 2011, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2010.*

Committee meeting attendance fees

The Company also conducted a comprehensive third-party benchmarking exercise on Non-executive Directors' committee meeting attendance fees, including the use of Deloitte's surveys. 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. The level of such committee attendance fees reflects the impact, influence and risk component of a committee's role in achieving the Company's objectives as well as the experience of the committee members. The fees provide remuneration for preparation for and attendance at meetings.

		2011/12 per Meeting Fees (Rand)*	2010/11 per Meeting Fees (Rand)**
Audit Committee			
	Chairman	**79 450**	74 250
	Member	**31 800**	29 700
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics (formerly called Sustainable Development) Committee			
	Chairman	**30 000**	17 800
	Member	**20 000**	11 900

* *Effective 1 July 2011, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2010.*

Fee for the Lead Independent Non-executive Director

On the advice of the Remuneration Committee, the Board recommends for approval by shareholders the increase, effective 1 July 2011, of the fee of R17 800 to R19 050 to be paid to the Lead Independent Non-executive Director for chairing the formal, quarterly meetings of the Non-executive Directors' Committee, which are held without management.

Please refer to the Notice of Annual General Meeting on pages 242 to 248.

Service contracts: Non-executive Directors

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

An agreement has been entered into between the Company and Mr Chissano to perform services on behalf of the Company. The renewable contract is subject to one month's termination notice by either party.

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

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

Details regarding amounts paid in F2011 in terms of service contracts with Non-executive Directors are provided in the Directors' report on page 158.

Board of Directors

1

Patrice Motsepe

(49)
Executive Chairman
BA (Legal), LLB

2

André Wilkens

(62)
Chief Executive Officer
Mine Managers Certificate of Competency, MDPA (Unisa), RMIA

3

Mike Arnold

(54)
Financial Director
BSc Eng (Mining Geology), BCompt (Hons), CA(SA)

4

Mangisi Gule

(59)
Chief Executive: ARM Coal
BA (Hons) Wits, P & DM (Wits Business School)

5

Stompie Shiels

(55)
Executive Director: Business Development
BSc (Min Eng), MBL, Mine Managers Certificate

6

Jan Steenkamp

(57)
Chief Executive: ARM Ferrous
National Met Diploma, Mine Managers Certificate, MDP, Cert. Eng

7

Steve Mashalane

(49)
Chief Executive: ARM Platinum
BCom (Hons), PMD (Harvard Business School)

8

Mike Schmidt

(53)
Chief Executive Officer Designate
Mine Managers Certificate, Pr.Cert. Eng

9

Dr Manana Bakane-Tuoane

(63)
Independent Non-executive Director
BA, MA, PhD (Econ)

10

Frank Abbott

(56)
Non-executive Director
BCom, CA(SA), MBL

11

Tom Boardman

(61)
Independent Non-executive Director
BCom, CA(SA)

12

Anton Botha

(58)
Independent Non-executive Director
BCom (Marketing), BProc,
BCom (Hons), SEP (Stanford)

13

Joaquim Chissano

(71)
Independent Non-executive Director
PhD

14

Mike King

(74)
Independent Non-executive Director
CA(SA), FCA

15

Alex Maditsi

(49)
Independent Non-executive Director
BProc, LLB, LLM

16

Dr Rejoice Simelane

(59)
Independent Non-executive Director
BA (Econ and Acc), MA,
PhD (Econ), LLB

17

Bernard Swanepoel

(50)
Independent Non-executive Director
BSc (Min Eng), BCom (Hons)

Board of Directors continued

1 Patrice Motsepe

Appointed to the Board in 2003. Patrice Motsepe became Executive Chairman during 2004. Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the take over of Anglovaal Mining (Avmin). In 2002 he was voted South Africa's Business Leader of the Year by the CEOs of the top 100 companies in South Africa. In the same year, he was the winner of the Ernst & Young Best Entrepreneur of the Year Award. He is also the Non-executive Chairman of Harmony and the Deputy Chairman of Sanlam. His various business responsibilities included being President of Business Unity South Africa (BUSA) from January 2004 to May 2008, BUSA is the representative voice of organised business in South Africa. He is also President of Mamelodi Sundowns Football Club.

2 André Wilkens

Appointed to the Board in 2004. André Wilkens was appointed the Chief Executive Officer of ARMgold. He was then appointed the Chief Operating Officer of Harmony following the merger of ARMgold with Harmony in 2003. André subsequently served as Chief Executive of ARM Platinum, a division of ARM. André was appointed as Chief Executive Officer to ARM in 2004 and appointed to its Board in the same year. The balance of André's 40 years mining experience was gained with Anglo American Corporation of South Africa, where he commenced his career in 1969 and culminated in his appointment as Mine Manager at Vaal Reefs in 1991.

3 Mike Arnold

Appointed to the Board in 2009. Mike Arnold's working career started in the mining industry in 1980 when he was employed as a geologist at Anglo American Corporation. He qualified as a Chartered Accountant (SA) in 1987 and completed his articles at a large South African auditing firm. Mike joined ARM in 1999 as the Group Financial Manager of Avgold Limited and in 2003 was appointed as its Financial Director. In 2004, Mike was appointed Executive Finance of ARM. Most recently, he was appointed as the Chief Financial Officer of ARM in 2008.

4 Mangisi Gule

Appointed to the Board in 2004. Mangisi Gule was appointed Chief Executive of ARM Platinum on 27 February 2005 and in May 2007 he was appointed Chief Executive of ARM Coal. He has extensive experience in the field of management, training, human resources, communications, corporate affairs and business development. Apart from his qualifications in business management from Wits Business School, Mangisi has proven experience in leadership and mentorship. He has been a lecturer, as well as chairman of various professional bodies and a member of various executive committees and associations. He has also been an executive director and board member for ARMgold as well as an executive director and board member of Harmony. He is currently a director of ARM Coal, ARM Mining Consortium Limited and Modikwa Mining Personnel Services (Pty) Limited.

5 L A (Stompie) Shiels

Appointed to the Board in 2008. Stompie Shiels joined ARM in May 2005 after 14 years with Lonmin Platinum where he was the Operations Director for the mines. Prior to that he was employed by Rand Mines in the Gold and Platinum Division. After graduating he worked at E.R.P.M. from miner to manager. He then commissioned the T.G.M.E. mine and plant before going to Crocodile River Mine after Rand Mines acquired it. He started his mining career as a learner surveyor at Delmas Collieries prior to attending university to study mining.

6 Jan Steenkamp

Appointed to the Board in 2005. Jan Steenkamp started his career with the Anglovaal Group in 1973. Trained as a mining engineer, he has worked at and managed group mining operations within the gold, copper, manganese, iron ore and chrome sections. He was appointed as Managing Director of Avgold Limited in September 2002 and also serves on the board of Assmang Limited. In May 2003, Jan was appointed to the Avmin board and was appointed Chief Executive Officer of Avmin on 1 July 2003 after serving as Chief Operating Officer. Jan currently holds the position of Chief Executive of ARM Ferrous.

7 Steve Mashalane

Appointed to the Board in 2006. Steve Mashalane had been the Head of Department of Economic Affairs and Tourism in Limpopo for ten years prior to joining ARM. He has extensive experience in management, research and business development. He is a member of the Economic Research Council and is affiliated with various professional bodies. Steve joined ARM in 2005 and was appointed as the Company's Senior Executive for Business Development. Following the formation of ARM Coal in February 2006, Steve was appointed as the Chief Executive of that division in July 2006 and was appointed Chief Executive of ARM Platinum in May 2007.

8 Mike Schmidt

Appointed to the Board in 2011. Mike Schmidt joined ARM as Executive: Platinum Operations in July 2007 after 13 years with Lonmin Platinum where he was Vice President Limpopo operations at the time he left the company. Prior to that, he was employed by Hartebeestfontein Gold Mining Company. Mike was appointed the Chief Executive Officer Designate and an Executive Director of the Company with effect from 1 September 2011. He will take over as Chief Executive Officer of ARM on 1 March 2012.

9 Dr Manana Bakane-Tuoane

Appointed to the Board in 2004. Dr Manana Bakane-Tuoane became the Lead Independent Non-executive Director in 2009. Manana has extensive experience in the economics field. Her 20-year career in the academic field included lecturing at various institutions, including the University of Botswana, Lesotho and Swaziland (UBLS), National University of Lesotho (NUL), University of Saskatchewan (Sectional Lecturer) and the University of Fort Hare as Head of Department and Associate Professor. During this part of her career she was seconded to work in the public service, where she has held various senior management positions since 1995. Concurrent with the above, Manana has been a member and office bearer of several international organisations including, Winrock International and the African Economic Research Consortium (AERC). She serves as a Non-executive Director of Sanlam Limited and certain Sanlam trusts. Manana is also a Special Advisor (Economics) to the South African Minister of Water and Environmental Affairs.

10 Frank Abbott

Appointed to the Board in 2004. Frank Abbott joined the Rand Mines Group in 1981, where he obtained broad financial management experience at an operational level. He was a director of various listed gold mining companies and was appointed as financial director of Harmony Gold Mining Company in 1997. Frank was appointed financial director of ARM in 2004 while remaining on Harmony's board as a non-executive director. In August 2007, Frank was seconded to Harmony as interim financial director and in August 2009 Frank retired as ARM's financial director. He is now a Non-executive Director of ARM.

11 Tom Boardman

Appointed to the Board in 2011. Tom Boardman was Chief Executive of Nedbank Group Limited from December 2003 to February 2010. He was previously Chief Executive and an executive director of BoE Limited, one of South Africa's leading private and investment banking companies which was acquired by Nedbank in 2002. He was the founding shareholder and Managing Director of retail housewares chain Boardmans which was acquired by Pick 'n Pay in 1986. Prior to this he was Managing Director of Sam Newman Limited and worked for the Anglo American Corporation for three years. He served his articles at Deloittes. He is a non-executive director of Nedbank Group, Vodacom Limited, Woolworths Holdings, Royal Bafokeng Holdings and Mutual & Federal Insurance Company Limited. Tom has also been appointed as a non-executive director of Kinnevik, a listed Swedish Investment company. He is a director of WWF South Africa and The Peace Parks Foundation and is the Chairman of The David Rattray Foundation and serves as a trustee on a number of other charitable foundations.

12 Anton Botha

Appointed to the Board in 2009. Anton Botha is a director and co-owner of Imalivest, a private investment group that manages proprietary capital provided by its owners, the Imalivest Flexible Funds and a private hedge fund. He also serves as a non-executive director on the boards of the JSE Limited, University of Pretoria, Vukile Property Fund Limited (Chairman), Sanlam Limited and certain Sanlam subsidiaries. He is a past president of the AHI (Afrikaanse Handelsinstituut). Anton spent most of his career as Chief Executive Officer of Gensec, building it into a leading South African investment banking group that became a wholly-owned subsidiary of Sanlam Limited in 2000.

13 Joaquim Chissano

Appointed to the Board in 2005. Joaquim Chissano is a former President of Mozambique who has served that country in many capacities, initially as a founding member of the Frelimo movement during that country's struggle for independence. Subsequent to independence in 1975 he was appointed foreign minister and on the death of Samora Machel in 1986 assumed the office of President. Frelimo contested and won the multi-party elections in 1994 and 1999, returning Joaquim to the presidency on both occasions. He declined to stand for a further term of office in 2004. His presidency commenced during a devastating civil war and ended with the economy in the process of being reconstructed. He served a term as chairman of the African Union from 2003 to 2004. Joaquim is also a non-executive director on Harmony's board. In 2006, Joaquim was awarded the annual Chatham House Prize, which is awarded for significant contributions to the improvement of international relations. He was the recipient of the inaugural Mo Ibrahim Prize for Achievement in African Leadership in 2007.

14 Mike King

Appointed to the Board in 2004. Mike King served his articles with Deloitte, Plender, Griffiths, Annan & Co. (now Deloitte) and qualified as a chartered accountant (SA). He later became a Fellow of The Institute of Chartered Accountants in England and Wales (FCA). After 13 years with merchant bank Union Acceptances Limited, he joined Anglo American Corporation of South Africa Limited in 1973 as a manager in the finance division and in 1979 was appointed Finance Director. In 1997, he was appointed Executive Deputy Chairman of Anglo American Corporation. He was the Executive Vice-chairman of Anglo American plc from its formation in May 1999 until his retirement in May 2001. Mike is a non-executive director of a number of companies.

15 Alex Maditsi

Appointed to the Board in 2004. Alex Maditsi is employed by Coca-Cola South Africa as a Franchise Director for South Africa. Previously, he was Country Manager for Kenya, Senior Director Operations Planning and Legal Director for Coca-Cola Southern and East Africa. Prior to joining Coca-Cola, Alex was the Legal Director for Global Business Connections in Detroit, Michigan. He also spent time at Lewis, White and Clay, The Ford Motor Company and Schering-Plough in the USA, practising as an attorney. Alex was a Fulbright Scholar and a member of the Harvard LLM Association.

16 Dr Rejoice Simelane

Appointed to the Board in 2004. An economist by training, Rejoice Simelane commenced her career at the University of Swaziland, as a lecturer in Economics. Between 1998 and 2001 she worked at the National Department of Trade and Industry and at the National Treasury. She later served in the capacity of Special Adviser, Economics, to the then Premier of Mpumalanga until mid-2004, when she assumed the position of Chief Executive of Ubuntu-Botho Investments. Rejoice's board directorships include ARM, Sanlam Limited, Mamelodi Sundowns Football Club and the Council for Medical Schemes. A recipient of a CIDA Scholarship and a Fulbright Fellow, she also served as a member of the Presidential Economic Advisory Panel (PEAP) under former President Mbeki until 2009. In addition, she is a member of the Advisory Board of the Bureau for Economic Policy Analysis (BEPA) of the University of Pretoria.

17 Bernard Swanepoel

Appointed to the Board in 2003. Bernard Swanepoel started his career with Gengold in 1983, culminating in his appointment as General Manager of Beatrix Mines in 1993. He joined Randgold in 1995 as Managing Director of the Harmony mine. He was appointed Chief Executive Officer of Harmony in 1997. In August 2007 he left Harmony to start To-the-Point Growth Specialists. Bernard is a Non-executive board member of Sanlam Limited. He is Non-executive chairman of Savannah Mining (a UK-based exploration company focusing on Nigeria) and is Chief Executive Officer of Village Main Reef.

Steering Committee

The photographs of the following Steering Committee Members, who are Executive Directors, are included on pages 144 and 145.

André Wilkens

Mike Arnold

Mangisi Gule

Steve Mashalane

Mike Schmidt

Stompie Shiels

Jan Steenkamp

Rilette Avenant-Buys

Executive: Logistics

Chris Blakey-Milner

Leader: Risk Management

Nerine Botes-Schoeman

Group Manager: Sustainable Development

Mark Bräsler

Executive: Operations Support

Graham Butler

Executive: Exploration and Project Investment

Alyson D'Oyley

Company Secretary

André Joubert

Executive: ARM Ferrous Operations

Pierre Joubert

Executive: ARM Copper Operations

Jongisa Klaas

Head of Investor Relations and Corporate Development

Sandile Langa

Executive: ARM Ferrous

Peter Manda

Executive: Legal

Busi Mashiane

Human Resources Manager

Director Matlala

Leader: Transformation

Imrhan Paruk

Executive: Corporate Development

Deon Pieterse

Executive: Human Resources

Johan Pistorius

Chief Information Officer

Claus Schlegel

Executive: ARM Exploration

Dan Simelane

Chief Executive: ARM Copper

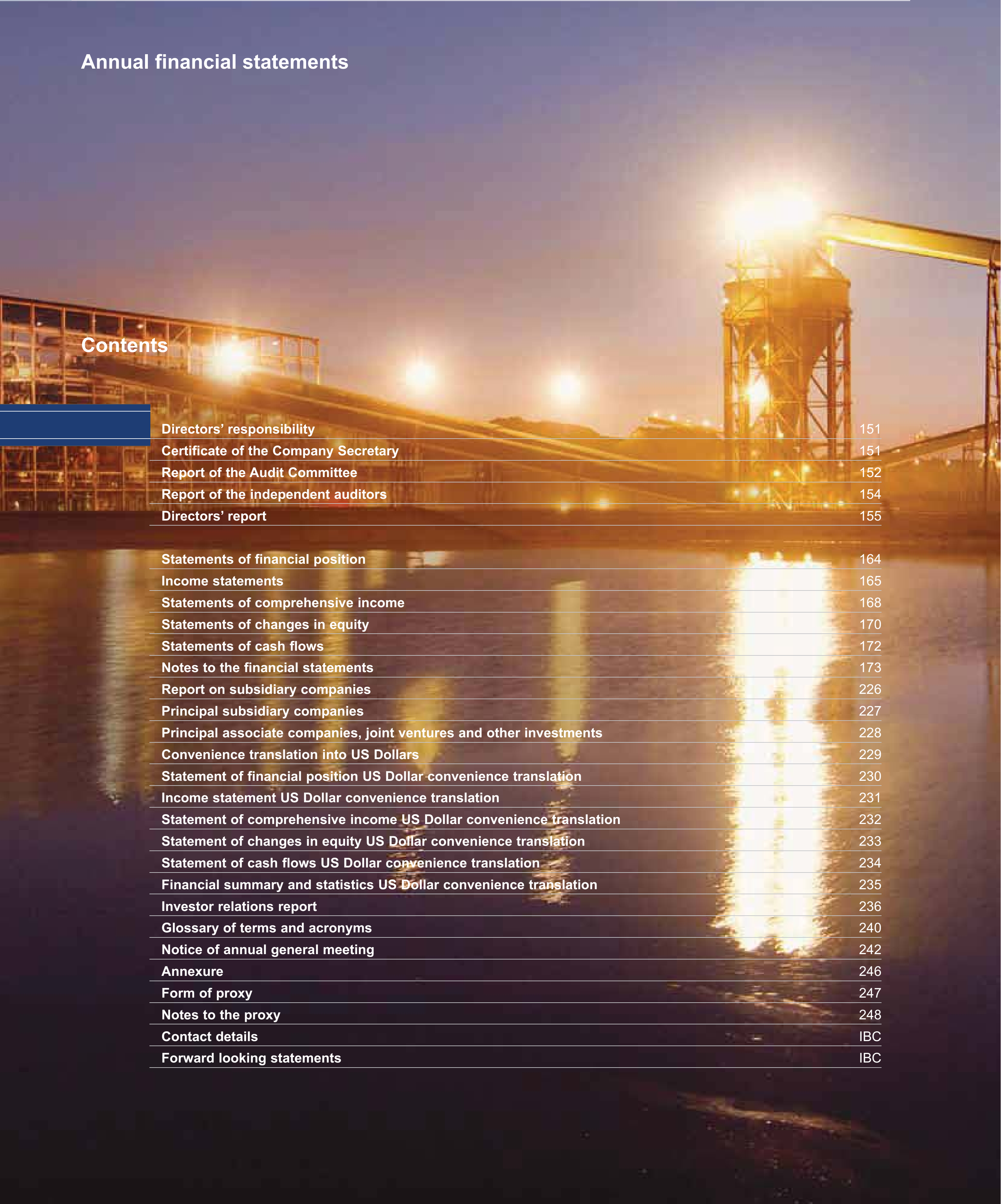
Peter Steenkamp

Executive: ARM Platinum Operations

Princess Thwala

Executive: ARM Ferrous

Annual financial statements



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Goedgevonden coal washing plant

Directors' responsibility

Directors' responsibility for annual financial statements

The Company's Directors are responsible for the overall co-ordination of the preparation and fair presentation to shareholders of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Audit Committee has confirmed that effective systems of internal control and risk management are being maintained. There were no breakdowns in the functioning of the internal financial control systems during the year, which had a material impact on the Company and Group annual financial statements. A description of the Audit Committee's functions is included in the Corporate Governance report on pages 117 to 134 of the 2011 Integrated Annual Report.

The Board considers that in preparing the financial statements the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates in accordance with IFRS. The Directors are satisfied that the annual financial statements of the Company and the Group fairly present the results of operations and the financial position for the Company and the Group at year-end and that the additional information included in the 2011 Integrated Annual Report is accurate and consistent with the financial statements.

The responsibility of the external auditors, Ernst & Young Inc., is to express an independent opinion on the fair presentation of the annual financial statements based on their audit of the Company and Group. The Audit Committee has satisfied itself that the external auditors were independent of the Company during the period under review.

The annual financial statements of the Company and the Group annual financial statements on pages 151 to 235, were approved by the Board and are signed on its behalf by:

Patrice Motsepe	**André Wilkens**
Executive Chairman	*Chief Executive Officer*

Johannesburg
17 October 2011

Certificate of the Company Secretary

In my capacity as Company Secretary, I hereby confirm that, in terms of Section 88(2)(e) of the Companies Act, as amended, for the year ended 30 June 2011, the Company has lodged with the Commissioner all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Alyson D'Oyley

Company Secretary

Johannesburg
17 October 2011

Report of the Audit Committee

This report is provided by the Audit Committee appointed in respect of the F2011 financial year of ARM in compliance with section 94 of the Companies Act 71 of 2008, as amended (the Act).

Information on the membership and composition of the Audit Committee, its Terms of Reference and its procedures is described more fully in the Corporate Governance report on pages 126 and 127 of the 2011 Integrated Annual Report, of which the annual financial statements form a part.

Execution of functions of the Audit Committee

The Audit Committee has executed its duties and responsibilities during the financial year in accordance with its Terms of Reference as they relate to ARM's accounting, internal auditing, internal control, risk and financial reporting practices.

During the year under review:

In respect of the external auditor and the external audit, the Audit Committee, *inter alia*:

- ensured that the appointment of the external auditor complied with the Act and all applicable legal and regulatory requirements for the appointment of auditor. The Audit Committee confirms that the external auditor and designated auditor are accredited by the JSE;
- approved the external audit plan and the budgeted audit fees payable to the external auditor;
- reviewed and evaluated the effectiveness of the external auditor and its independence;
- obtained and accepted an annual written statement from the auditor that its independence was not impaired;
- determined the nature and extent of all non-audit services provided by the external auditor;
- pre-approved all permissible non-audit services provided by the external auditor in terms of its Policy on the Approval of Audit Services and the Pre-Approval of Non-Audit Services; and
- nominated Ernst & Young Inc. as the external auditor and Mr E A L Botha as the designated auditor to the shareholders for appointment for the financial year ending 30 June 2012.

In respect of the financial statements, the Audit Committee, *inter alia*:

- confirmed the going concern status of the Company and Group as the basis of preparation of the interim, provisional and annual financial statements;
- examined and reviewed the interim, provisional and annual financial statements, as well as all financial information, disclosed to the public prior to submission and approval by the Board;
- ensured that the annual financial statements fairly present the financial position of the Company and of the Group as at the end of the financial year and the results of operations and cash flows for the financial year of the Company and of the Group;
- considered accounting treatments, significant unusual transactions and accounting judgements;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditor's audit report;
- considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements;
- considered management's recommendation to the Board on the dividend paid to shareholders; and
- met separately with management, external audit and internal audit.

In respect of internal control and internal audit, the Audit Committee, *inter alia*:

- reviewed and approved the annual internal audit plan and evaluated the independence, effectiveness and performance of the internal auditor;
- reviewed significant issues raised by the internal audit process and the adequacy of corrective action in response to significant internal audit findings; and
- considered the reports of the internal auditor and external auditor on the Group's systems of internal control, including financial controls, business risk management and maintaining effective internal control systems:
  - the internal auditors' report on internal financial controls for the year to 30 June 2011, based on negative assurance, delivered an assessment of "Good". Control improvement opportunities identified were generally of a housekeeping nature. The internal auditors specifically confirmed that, based on the scope of their assignment, no material breakdown in internal financial controls had come to their attention; and
  - the internal auditors' report on internal controls and enterprise risk management for the year to 30 June 2011, based on negative assurance, delivered an assessment of "Acceptable; with room for improvement". Based on their scope, the internal auditors confirmed that no material breakdown in internal controls had come to their attention.
- the Audit Committee has considered the effectiveness of the systems of internal financial controls of the Company and its business entities taking into consideration reports by management and the above-mentioned reports by the internal auditors thereon and have also considered the reports by the external auditors on the annual financial statements. Based on the above, the Audit Committee concluded that nothing had come to its attention that would suggest that the internal financial controls were not effective for the year to 30 June 2011. In addition, the Audit Committee has considered the accounting practices and the annual financial statements of the Company and Group and consider these to be fair and reasonable.

In respect of risk management, the Audit Committee, in its oversight role of the Management Risk Committee:

- reviewed the Enterprise Risk Management Framework setting out ARM's policies and processes on risk assessment and risk management and implementation thereof throughout the Group;
- ensured that the Company has applied a combined assurance model to provide a coordinated approach to all assurance activities;
- reviewed the communication of risks to stakeholders in the Integrated Annual Report; and
- considered and reviewed the findings and recommendations of the Management Risk Committee.

In respect of legal and regulatory requirements to the extent that they may have an impact on the financial statements, the Audit Committee, *inter alia*:

- reviewed with management, and to the extent deemed necessary, internal and/or external counsel legal matters that could have a material impact on the Company and Group;
- Discharged those statutory obligations of an audit committee as prescribed by section 270A of the previous Companies Act of 1973 (as amended) and section 94 of the new Companies Act;
- monitored complaints received via ARM's whistleblowers' hotline, including complaints or concerns regarding accounting matters, internal audit, internal accounting controls, contents of the financial statements, potential violations of the law and questionable accounting or auditing matters; and
- considered reports provided by management, the internal auditor and the external auditor regarding compliance with legal and regulatory requirements.

The Audit Committee also considered the experience and expertise of the Financial Director and concluded that these were appropriate.

Qualifications and experience of Audit Committee members

Audit Committee member*	Academic qualifications	Membership on other ARM committees	Date first appointed to ARM Board	Date first appointed to Audit Committee
M W King (Chair)	CA(SA), FCA	Member of ARM's Investment Committee.	30 April 2004	12 July 2004
Dr M M M Bakane-Tuoane	BA, MA, PhD (Econ)	Lead Independent Non-executive Director. Member of ARM's Social and Ethics Committee and Chairman of ARM's Remuneration Committee and ARM's Non-executive Directors' Committee.	30 April 2004	4 July 2008
T A Boardman	BCom, CA(SA)	Member of ARM's Remuneration Committee.	1 February 2011	1 February 2011
A D Botha	BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)	Member of ARM's Remuneration Committee and ARM's Investment Committee.	1 August 2009	9 June 2010
A K Maditsi	BProc, LLB, LLM	Chairman of ARM's Nomination Committee and a member of ARM's Remuneration Committee and ARM's Investment Committee.	30 April 2004	12 July 2004
Dr R V Simelane	BA (Econ and Acc), MA, PhD (Econ), LLB	Chairman of ARM's Social and Ethics Committee and a member of ARM's Nomination Committee.	30 April 2004	12 July 2004

** All of the current members of the Audit Committee are Independent Non-executive Directors.*

Independence of external auditor

The Audit Committee is satisfied that Ernst & Young Inc. is independent of ARM. The conclusion was arrived at, *inter alia*, after taking into account the following factors:

- representations made by Ernst & Young Inc. to the Audit Committee;
- the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from the Company;
- the external auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the auditor; and
- the external auditor's independence was not prejudiced as a result of any previous appointment as auditor.

Following our review of the annual financial statements for the year ended 30 June 2011, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Act and International Financial Reporting Standards as issued by the International Accounting Standards Board, and fairly present the consolidated and separate results of operations, cash flows, and the financial position of ARM. On this basis, the Audit Committee recommended the consolidated and separate annual financial statements of ARM as set out in the 2011 Integrated Annual Report and recommended the 2011 Integrated Annual Report for approval to the Board. The Board subsequently approved the financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

On behalf of the Audit Committee

Michael W King

Chairman of the Audit Committee
17 October 2011

Report of the independent auditors

To the members of African Rainbow Minerals Limited

We have audited the accompanying financial statements of African Rainbow Minerals Limited Group and Company, which comprise the statements of financial position as at 30 June 2011, the income statements, the statements of comprehensive income, the statements of changes in equity and statements of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the Directors' report, as set out on pages 155 to 228.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the Directors' determine is necessary to enable the preparation of financial statements that are free from material misstatement, about whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of African Rainbow Minerals Limited Group and Company as at 30 June 2011, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.

Director – Ernest Adriaan Lodewyk Botha
Registered Auditor
Chartered Accountant (SA)
Wanderers Office Park
52 Corlett Drive, Illovo
Johannesburg

17 October 2011

Directors' report

The Directors have pleasure in presenting their report on the annual financial statements of African Rainbow Minerals Limited (ARM or the Company) for the year ended 30 June 2011.

Nature of business

African Rainbow Minerals Limited (ARM) is a niche, diversified South African mining company with excellent long-life, low unit cost operations in key commodities. ARM, its subsidiaries, joint ventures and associates explore, develop, operate and hold interests in the mining and minerals industry. The current operational focus is on precious metals, ferrous metals and alloys, which include platinum group metals, nickel, iron ore, manganese ore, chrome ore, ferromanganese and ferrochrome alloys. ARM has an investment in Harmony Gold Mining Company Limited. ARM's partners at the various South African operations are Anglo American Platinum Limited, Assore Limited, Impala Platinum Holdings Limited, Norilsk Nickel Africa (Proprietary) Limited and Xstrata Coal South Africa (Proprietary) Limited.

ARM's assets in the rest of Africa are held in a 50:50 joint venture with Vale SA, which agreement was concluded in March 2009, and consist of development projects and exploration areas, including a copper development in Zambia and a copper/cobalt prospect in the Democratic Republic of Congo (DRC).

Holding company

The Company's largest shareholder is African Rainbow Minerals & Exploration Investments (Proprietary) Limited (ARMI), holding 41.17% of the issued ordinary share capital as at 30 June 2011. The sole shareholder of ARMI is a company which is owned by trusts established for the benefit of Mr Patrice Motsepe and that of his immediate family.

ARM is one of the largest black-controlled mineral resources companies in South Africa. ARM is committed to the spirit and objectives of the Mineral and Petroleum Resources Development Act, and the Broad-Based Socio-Economic Charter for the South African Mining Industry (the Mining Charter). To this end and for the benefit of historically disadvantaged South Africans (HDSAs), the Company has created the ARM Broad-Based Economic Empowerment Trust (ARM BBEE Trust). A rigorous process of allocating 20.4 million shares equivalent to approximately 10% of ARM's issued share capital to various trust beneficiaries, which includes several South African communities and leaders, church groups, union representatives, a women's upliftment trust and seven regional upliftment trusts, has been completed. The ARM BBEE Trust has been able to distribute R10.2 million to beneficiaries during the past year arising from ARM's Dividend No 4.

Review of operations

The reader is referred to reviews by the Executive Chairman, the Chief Executive Officer, the Financial Director and the review of operations, which report on the Group's activities and results for the year ended 30 June 2011, on pages 4 to 115.

Corporate governance

The Board is committed to high standards of corporate governance. These standards are evident throughout the Company in systems of internal controls, practices, policies and procedures. They provide the framework for innovation while ensuring the sustainability of the business. The Board continuously reviews governance matters and control systems to ensure that these are in line with international best practices. The Board considers that, for the year under review, the Company applied the principles of King III, except for the principles noted and explained in the Corporate Governance report on pages 117 to 134.

Financial results

The annual financial statements and Group annual financial statements and accounting policies appear on pages 151 to 235 of this report. The results for the year ended 30 June 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, in the manner required by the Companies Act, as amended, and the JSE Listings Requirements. The annual and Group financial statements fairly present the state of affairs of the Company and of the Group and adequate accounting records have been maintained.

Borrowings and cash

Total interest-bearing borrowings at 30 June 2011 amounted to R3.1 billion, which are at slightly lower levels than F2010 (R3.3 billion). Cash and cash equivalents increased by R0.6 billion to R3.7 billion at 30 June 2011. As a result ARM is in a net cash position of R599 million (F2010: net debt R307 million).

ARM's borrowing powers are in accordance with its Articles of Association and are unlimited subject to any regulation that may be made by the Company in general meeting. There are at present no such regulations.

Going concern

To make a determination as to whether the Company is considered to be a going concern, the Directors have considered facts and assumptions, including the Company's cash flow forecasts for the period to the end of June 2012. The Board believes that the Company has adequate resources to continue business in the foreseeable future. For this reason the Company continues to adopt the going concern basis in preparing its financial statements.

Taxation

The latest tax assessment for the Company relates to the year ended June 2002.

All tax submissions up to and including June 2010 have been submitted. The assessments for F2003 to F2010 have not yet been issued by the South African Revenue Services (SARS). The tax return for June 2011 will be submitted during F2012.

Subsidiaries, joint ventures, associates and investments

The Company's direct and indirect interests in its principal subsidiaries, joint ventures, associates and investments are reflected in separate schedules presented on pages 226 to 228.

Directors' report continued

Dividend

The fifth annual dividend declared on 31 August 2011 amounts to a distribution of R959 million. The dividend was paid to share-holders on 26 September 2011. In accordance with the requirements of Section 4 of the Companies Act, 2008, as amended, the Board determined that the solvency and liquidity requirements therein are met for the payment of the dividend.

Capital expenditure

Capital expenditure for F2011 amounted to R3.4 billion (F2010: R2.7 billion). Full details are set out in the Financial Director's report on pages 14 to 23 and in the Operational reviews on pages 42 to 115.

Events after the reporting period

Since the year-end the portion of the insurance claim relating to the furnace explosion at the Cato Ridge Works, claimable against the local insurers, was settled on 26 August 2011. The portion attributable to ARM will be approximately R69 million after tax. The results to 30 June 2011 have not been adjusted as the impact is not considered material.

Share capital

The share capital of the Company, both authorised and issued, is set out in note 13 to the annual financial statements. No share repurchases took place during the year under review.

Shareholder analysis

A comprehensive analysis of shareholders together with a list of shareholders beneficially holding, directly or indirectly, in excess of 5% of the ordinary shares of the Company at 30 June 2011, is set out in the Investor Relations report on pages 236 to 239.

Directorate

The composition of the Board is set out on page 121. *Curricula vitae* may be found on pages 146 and 147.

Mr T A Boardman was appointed as an Independent Non-executive Director on 1 February 2011. Mr J R McAlpine retired as an Independent Non-executive Director on 30 June 2011 on attainment of his 70th birthday. The Nomination Committee determined that Mr Z B Swanepoel, a Non-executive Director, became an Independent Non-executive Director on 6 August 2010, three years subsequent to his resignation from Harmony. Mr M P Schmidt, was appointed as the Chief Executive Officer Designate and Executive Director on 1 September 2011.

The Articles of Association provide for one-third of the previously elected Directors to retire by rotation. The Directors affected by this requirement are Messrs Abbott, Arnold, Shiels and Swanepoel and Dr Simelane each of whom is available for re-election. In addition, shareholders' approval must be sought for Directors appointed by the Board during the year. Messrs Boardman and Schmidt are both affected by this requirement and make themselves available for election.

Interest of Directors

The direct beneficial and non-beneficial interest of the Directors of the Company in the issued share capital of the Company at 30 June 2011 were as follows:

	30 June 2011				30 June 2010			
	Direct		**Indirect**		Direct		Indirect	
	Beneficial	**Non-beneficial**	**Beneficial**	**Non-beneficial**	Beneficial	Non-beneficial	Beneficial	Non-beneficial
P T Motsepe	**–**	**–**	**87 750 417**	**–**	–	–	87 750 417	–
A D Botha	**–**	**–**	**15 000**	**–**	–	–	10 000	–
L A Shiels	**2 000**	**–**	**–**	**–**	2 000	–	–	–
Total	**2 000**	**–**	**87 765 417**	**–**	2 000	–	87 760 417	–

Between 30 June 2011 and the date of this report, no Directors acquired a direct or indirect beneficial or non-beneficial interest in the issued share capital of the Company.

Directors' remuneration: Executive Directors and senior executives

The remuneration of Executive Directors and senior executives consists of base salaries, benefits, annual cash incentives, and long-term (share-based) incentives. Executive Directors do not receive Directors' fees. Additional information regarding the fixed and variable components of Executive Directors' remuneration packages are detailed in the Remuneration report found on pages 136 to 143.

The table below sets out the emoluments paid during the year ended 30 June 2011 to Executive Directors and the three most highly-paid senior executives who are not Directors.

The Board has also determined that the Executive Directors are the only prescribed officers of the Company and that as a result no additional disclosure of executive salaries is required. Prescribed officers 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.

Emoluments paid to Executive Directors and three senior executives

All figures in R000	Salary F2011	Pension scheme contri-butions F2011	Allow-ances F2011	**Total gross annual package F2011**	Accrued bonus F2011	Total F2011	Total gross[3] annual package F2010	Accrued bonus F2010	Total F2010
Executive Directors[1]									
P T Motsepe	6 613	–	125	**6 738**	3 492	10 230	5 961	5 754	11 715
A J Wilkens	5 431	617	781	**6 829**	3 332	10 161	6 153	6 808	12 961
M Arnold[2]	2 778	304	418	**3 500**	2 093	5 593	2 568	2 924	5 492
W M Gule	2 108	235	388	**2 731**	1 812	4 543	2 406	2 468	4 874
K S Mashalane	2 281	196	514	**2 991**	1 011	4 002	2 445	2 409	4 854
L A Shiels	2 089	269	318	**2 676**	1 812	4 488	2 348	2 468	4 816
J C Steenkamp	3 961	493	793	**5 247**	3 768	9 015	4 174	4 890	9 064
Total for Executive Directors				**30 712**		48 032	26 055		53 776
Senior Executives	6 746	675	797	**8 218**	3 830	12 048	6 633	7 334	13 967

1 Mr M P Schmidt was appointed to the Board on 1 September 2011, subsequent to the F2011 year-end.
2 Mr M Arnold was appointed to the Board on 1 August 2009.
3 Total gross annual package before bonuses.

The accrued bonuses indicated for F2011 are based upon performance in F2011.

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.

The bonuses earned by Executives Directors and senior executives were in line with those paid in the previous year notwithstanding the significant increase in headline earnings of 94% year on year. These bonuses were earned based on targets for a combination of profit performance and cost performance at operations, and were approved by the Remuneration Committee after considering aspects of the operational results for all divisions.

Directors' report continued

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. Mr Frank Abbott, the former Financial Director and a Non-executive Director since 1 August 2009, received Directors' fees during his secondment to Harmony in F2010. Additional information regarding Board and committee fees may be found in the Remuneration report on pages 142 and 143.

The Board has agreed to recommend an increase in Non-executive Directors' fees, effective from 1 July 2011, to ensure that Non-executive Directors' fees remain competitive. The Board further agreed to recommend an increase in the fee payable to the Lead Independent Non-executive Director for chairing the quarterly in camera meetings of Non-executive Directors. At the Annual General Meeting, shareholders will be requested to approve the increase in Directors' fees and the Lead Independent Non-executive Director fee, as set out in the Notice of Annual General Meeting.

The table below sets out the emoluments paid to Non-executive Directors during the year ended 30 June 2011.

Emoluments paid to Non-executive Directors

All figures in R000	Board and Committee fees	Other*	**Total F2011**	Total F2010
Non-executive Directors[1]				
Dr M M M Bakane-Tuoane	805	–	**805**	667
F Abbott[2]	457	–	**457**	326
T A Boardman[3]	269	–	**269**	–
A D Botha[4]	735	–	**735**	383
J A Chissano	383	548	**931**	822
M W King	1 012	–	**1 012**	902
A K Maditsi	737	–	**737**	561
J R McAlpine[5]	698	–	**698**	595
Dr R V Simelane	831	–	**831**	651
M V Sisulu[6]	–	–	**–**	28
Z B Swanepoel	495	–	**495**	407
Total	6 422	548	**6 970**	5 342

* *Additional information may be found under the heading "Service Contracts: Non-executive Directors" on page 143 of the Remuneration report.*

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

2 *Mr Abbott received Directors' fees during his secondment to Harmony. His full salary and bonus to 31 December 2009 were recovered from Harmony. He became a Non-executive Director of ARM on 1 August 2009. For details regarding gains made in F2011 on the exercise of bonus shares and performance shares, please see pages 159 and 160.*

3 *Mr Boardman was appointed on 1 February 2011.*

4 *Mr Botha was appointed on 1 August 2009.*

5 *Mr McAlpine retired on 30 June 2011.*

6 *Mr Sisulu resigned on 7 August 2009.*

Performance shares

Conditional awards of full value ARM shares are made to Executive Directors pursuant to The African Rainbow Minerals 2008 Share Plan (the Share Plan). The shares will be settled after a three-year period subject to the Company's achievement of a weighted combination of performance measures over this period. On 3 December 2011, the first performance shares awarded under the Share Plan will vest, subject to the fulfilment of the conditions.

Mr Abbott retired as the Financial Director of ARM on 1 August 2009. During F2011, 3 557 of Mr Abbott's 5 250 performance shares were settled and 1 693 performance shares were forfeited. The performance shares had been awarded when Mr Abbott was an Executive Director. He has no remaining performance shares.

The total number of performance shares awarded in October 2010 and April 2011 was 125 530. During the year under review, 3 557 performance shares, held by employees who either retired or were retrenched during the year, were settled and 9 031 performance shares were forfeited. The total number of performance shares as at 30 June 2011 was 375 495.

Between 30 June 2011 and the date of this report, no performance shares were settled or forfeited.

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

Performance shares

Executive Directors	P T Motsepe	M Arnold	W M Gule	K S Mashalane	L A Shiels	J C Steenkamp	A J Wilkens
	Number of shares						
Opening balance as at 1 July 2010	33 527	8 046	6 724	7 014	6 706	15 031	33 718
Performance shares awarded 15 October 2010	12 786	3 545	2 742	2 742	2 742	7 074	12 859
Closing balance as at 30 June 2011	**46 313**	**11 591**	**9 466**	**9 756**	**9 448**	**22 105**	**46 577**
Performance shares awarded 29 September 2011[1]	**18 968**	**5 598**	**3 281**	**1 830**	**3 281**	**6 821**	**18 099**

1 *Performance shares awarded between 30 June 2011 and the date of this report, in terms of the Share Plan and in terms of the Company's deferred bonus/co-investment scheme, which is more fully described in the Remuneration report on pages 140 and 141.*

The number of performance shares granted to the three most highly-paid senior executives is summarised below.

Performance shares

Senior executives	Number of shares
Opening balance as at 1 July 2010	17 941
Staff movements	(503)
Performance shares awarded 15 October 2010[1]	8 226
Closing balance as at 30 June 2011	**25 664**
Performance shares awarded 29 September 2011[2]	**14 400**

1 *Vesting date 16 October 2013 (conditional on performance measures).*
2 *Performance shares awarded between 30 June 2011 and the date of this report, in terms of the Share Plan and in terms of the Company's deferred bonus/co-investment scheme, which is more fully described in the Remuneration report on pages 140 and 141.*

Directors' report continued

Bonus shares

Pursuant to the Share Plan, executives receive a grant 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 years, conditional on continued employment. On 3 December 2011, the first bonus shares granted under the Share Plan will vest, subject to the fulfilment of the conditions.

Mr Abbott retired as the Financial Director of ARM on 1 August 2009. During F2011, all of Mr Abbott's 5 397 bonus shares, which had been granted when Mr Abbott was an Executive Director, were settled. He has no remaining bonus shares.

The total number of bonus shares granted in October 2010 and April 2011 was 121 589. During the year under review, 5 397 bonus shares, held by employees who either retired or were retrenched during the year, were settled and 347 bonus shares were forfeited. The total number of bonus shares as at 30 June 2011 was 245 890.

Between 30 June 2011 and the date of this report, no bonus shares were settled or forfeited.

The number of bonus shares granted to Executive Directors is summarised below.

Bonus shares

Executive Directors	P T Motsepe	M Arnold	W M Gule	K S Mashalane	L A Shiels	J C Steenkamp	A J Wilkens
	Number of shares						
Opening balance as at 1 July 2010	23 364	4 740	4 910	4 076	4 812	9 856	16 403
Bonus shares granted 15 October 2010[1]	16 847	3 696	2 859	2 790	2 859	7 562	13 406
Closing balance as at 30 June 2011	**40 211**	**8 436**	**7 769**	**6 866**	**7 671**	**17 418**	**29 809**
Bonus shares awarded 29 September 2011[2]	**18 968**	**5 598**	**3 281**	**1 830**	**3 281**	**6 821**	**18 099**

1 Vesting date 16 October 2013.
2 Bonus shares granted between 30 June 2011 and the date of this report, in terms of the Share Plan and in terms of the Company's deferred bonus/co-investment scheme, which is more fully described in the Remuneration report on pages 140 and 141.

The number of bonus shares granted to the three most highly-paid senior executives is summarised below.

Bonus shares

Senior executives	Number of shares
Opening balance as at 1 July 2010	12 012
Staff movements	(4 301)
Bonus shares awarded 15 October 2010[1]	8 089
Closing balance as at 30 June 2011	**15 800**
Bonus shares awarded 29 September 2011[2]	**14 400**

1 Vesting date 16 October 2013.
2 Bonus shares granted between 30 June 2011 and the date of this report, in terms of the Share Plan and in terms of the Company's deferred bonus/co-investment scheme, which is more fully described in the Remuneration report on pages 140 and 141.

Share option scheme

Annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) are made to Executive Directors and senior executives, but at a much reduced scale following the adoption of the Share Plan. Mr Abbott retired as the Financial Director of ARM on 1 August 2009. During F2011, Mr Abbott exercised all of his 51 151 share options, which had been granted when he was an Executive Director. These share options were exercised at an average issue price of R131.93 per share option and a gross sales price of R224.06 per share option. He has no remaining share options. Schedules of share option entitlements accruing to Executive Directors and the three most highly-paid senior executives and the transactions that occurred during the year to 30 June 2011 are set out on the next page.

Share option scheme (continued)

Schedule of share option entitlements

Executive Directors	P T Motsepe		M Arnold		W M Gule*	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2010	1 050 907	51.23	143 378	88.77	140 174	79.15
Options granted			6 287	178.49	4 863	178.49
Options exercised			24 001		39 730	
Average issue price per option				45.87		64.15
Gross sale price per option				204.61		194.71
Options forfeited and lapsed						
Closing balance as at 30 June 2011	**1 050 907**	**51.23**	**125 664**	**101.45**	**105 307**	**89.36**
Grant date of options						
15 December 2004	550 000	27.00			35 000	27.00
10 October 2005	133 784	37.00	101	37.00		
1 November 2006	254 468	73.99	82 051	73.99	19 867	73.99
16 October 2007	85 880	139.73	21 598	139.73	33 646	139.73
21 May 2008			3 914	279.50		
5 December 2008	16 068	96.20	6 397	96.20	7 160	96.20
15 October 2009	10 707	155.20	5 316	155.20	4 771	155.20
15 October 2010			6 287	178.49	4 863	178.49

Executive Directors	K S Mashalane		L A Shiels		J C Steenkamp		A J Wilkens	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2010	119 352	95.47	246 971	59.40	298 881	81.76	647 128	60.84
Options granted	4 863	178.49	4 863	178.49	9 408	178.49	12 072	178.49
Options exercised	40 000				12 635			
Average issue price per option		73.99				37.00		
Gross sale price per option		203.26				213.00		
Options forfeited and lapsed								
Closing balance as at 30 June 2011	**84 215**	**110.47**	**251 834**	**61.70**	**295 654**	**86.75**	**659 200**	**62.99**
Grant date of options								
15 December 2004							216 313	27.00
15 June 2005			140 000	32.00				
10 October 2005					40 000	37.00	112 865	37.00
1 November 2006	36 573	73.99	68 756	73.99	175 220	73.99	219 714	73.99
16 October 2007	30 330	139.73	26 314	139.73	51 020	139.73	66 557	139.73
5 December 2008	7 471	96.20	7 142	96.20	12 006	96.20	19 011	96.20
15 October 2009	4 978	155.20	4 759	155.20	8 000	155.20	12 668	155.20
15 October 2010	4 863	178.49	4 863	178.49	9 408	178.49	12 072	178.49

** 33 646 share options were exercised between 30 June 2011 and the date of this report at an average issue price of R139.73 per option and a gross sale price of R186.80 per option.*

Directors' report continued

Schedule of share option entitlements

Senior executives	No of options	Average price R
Opening balance as at 1 July 2010	181 138	114.50
Options granted	14 589	178.49
Staff movements	(71 671)	94.19
Options exercised	(20 551)	
Average issue price per option		116.19
Gross sale price per option		186.82
Options forfeited and lapsed	–	–
Closing balance as at 30 June 2011*	**103 505**	**137.23**
Grant date of options		
1 November 2006	7 358	73.99
16 October 2007	55 464	139.73
5 December 2008	12 597	96.20
15 October 2009	13 497	155.20
15 October 2010	14 589	178.49

** The last expiry date is 15 October 2018.*

Schedule of performance share vesting dates

Senior executives	Number of shares
Performance shares outstanding at 30 June 2011	**375 495**
Vesting on	
3 December 2011	123 492
18 March 2012	4 466
16 October 2012	118 127
26 April 2013	4 695
16 October 2013	116 861
2 April 2014	7 854

Schedule of bonus share vesting dates

Senior executives	Number of shares
Bonus shares outstanding at 30 June 2011	**245 890**
Vesting on	
3 December 2011	112 695
18 March 2012	474
16 October 2012	11 479
16 October 2013	121 008
2 April 2014	234

Vesting dates

Schedules of vesting dates may be found below.

Options granted before 1 December 2008: No options may be exercised prior to the first anniversary of the issue date relative to such options. Up to a third of such options may be exercised each year until the third anniversary of the issue date.

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 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 2011	**4 081 733**	**R80.33**
Vested		
17 December 2005	183 333	R27.00
11 October 2006	100 134	R37.00
17 December 2006	300 820	R27.00
17 June 2007	59 375	R32.00
11 October 2007	120 286	R37.00
2 November 2007	180 824	R73.99
17 December 2007	472 646	R27.00
6 June 2008	25 999	R119.00
17 June 2008	106 782	R32.00
11 October 2008	147 224	R37.00
17 October 2008	183 411	R139.73
2 November 2008	213 371	R73.99
16 April 2009	13 821	R271.00
22 May 2009	1 304	R279.50
6 June 2009	25 999	R119.00
17 October 2009	183 879	R139.73
2 November 2009	442 582	R73.99
16 April 2010	13 821	R271.00
22 May 2010	1 304	R279.50
6 June 2010	36 001	R119.00
17 October 2010	185 498	R139.73
2 November 2010	193 144	R73.99
16 April 2011	13 824	R271.00
22 May 2011	1 306	R279.50
6 June 2011	17 999	R119.00
Vesting on		
2 November 2011	253 144	R73.99
6 December 2011	200 188	R96.20
18 March 2012	11 110	R120.80
6 June 2012	18 002	R119.00
16 October 2012	174 548	R155.20
27 April 2013	4 808	R195.60
16 October 2013	186 687	R178.49
2 April 2014	8 559	R223.00

Share incentive movements

	Options		Performance shares[1]		Bonus shares[1]	
	F2011	F2010	**F2011**	F2010	**F2011**	F2010
Opening balance as at 30 June 2010	**4 335 942**	4 834 037	**262 553**	137 965	**130 045**	122 683
Exercised	**(440 164)**	(624 153)	**–**	–	**–**	–
Settled	**–**	–	**(3 557)**	(332)	**(5 397)**	(1 703)
Granted/awarded/granted	**196 635**	185 952	**125 530**	128 530	**121 589**	11 479
Forfeited	**(10 680)**	(59 894)	**(9 031)**	(3 610)	**(347)**	(2 414)
Closing balance as at 30 June 2011	**4 081 733**	4 335 942	**375 495**	262 553	**245 890**	130 045
Subsequent to year-end:						
Exercised	**(44 629)**	–	**–**	–	**–**	–
Granted/awarded/granted	**–**	–	**93 367**	–	**93 367**	–
Balance as at 29 September 2011	**4 037 104**	4 335 942	**468 862**	262 553	**339 257**	130 045

1 Conditional.

External auditors

Ernst & Young Inc. (E&Y) continued in office as external auditors for the Company. At the Annual General Meeting, shareholder approval will be sought for the reappointment of E&Y as ARM's external auditors for the 2012 financial year and confirmation of Mr E A L Botha as the individual registered auditor.

Secretary

Ms Alyson D'Oyley is Company Secretary of ARM. Her business and postal addresses appear on the inside back cover of the report. Additional information regarding the office of the Company Secretary during the year are set out on page 125.

Special resolutions

No special resolutions were passed by ARM and its subsidiaries during the period 1 July 2010 to the date of this report.

Listings

The Company's shares are listed on the JSE Limited (JSE) under General Mining.

An unsponsored Level 1 American Depositary Receipt programme is also available to investors for over-the-counter or private transactions.

Strate (Share Transactions Totally Electronic)

The Company's shares were dematerialised on 5 November 2001. Should shareholders wish to trade certificated ARM (previously Avmin) shares on the JSE they are urged to deposit them with a CSDP (Central Securities Depository Participant) or qualifying stockbroker, as soon as possible. Trading in the Company's shares on the JSE is only possible if they exist in electronic format in the Strate environment. If members have any queries, they should contact the Company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, whose details are reflected on the inside back cover of this report.

Convenience translation into United States Dollars

To assist users of this report, translations of convenience into United States Dollars are provided for in the Company's financial statements. These translations are based upon average rates of exchange for income statement and cash flow statement items and at those rates prevailing at year-end for statement of financial position items. These statements are included on pages 229 to 235 and do not form part of the audited financial statements.

Statements of financial position

at 30 June 2011

		Group		Company	
	Notes	**F2011 Rm**	F2010 Rm	**F2011 Rm**	F2010 Rm
Assets					
Non-current assets					
Property, plant and equipment	3	**15 500**	13 256	**2 131**	1 933
Investment property	4	**12**	12	**–**	–
Intangible assets	5	**202**	212	**–**	–
Deferred tax assets	15	**87**	44	**85**	43
Loans and long-term receivables	7	**186**	51	**198**	10
Financial assets	8	**45**	84	**–**	–
Inventories	10	**130**	148	**13**	15
Investment in associate	6	**1 331**	1 292	**432**	432
Other investments	9	**5 798**	5 191	**8 818**	8 383
		23 291	20 290	**11 677**	10 816
Current assets					
Inventories	10	**2 162**	1 834	**162**	65
Trade and other receivables	11	**3 113**	3 026	**195**	324
Taxation	34	**75**	44	**–**	–
Cash and cash equivalents	12	**3 668**	3 039	**1 248**	1 047
		9 018	7 943	**1 605**	1 436
Total assets		**32 309**	28 233	**13 282**	12 252
Equity and liabilities					
Capital and reserves					
Ordinary share capital	13	**11**	11	**11**	11
Share premium	13	**3 840**	3 803	**3 840**	3 803
Other reserves		**1 201**	728	**1 003**	498
Retained earnings		**16 105**	13 223	**6 507**	5 754
Equity attributable to equity holders of ARM		**21 157**	17 765	**11 361**	10 066
Non-controlling interest		**958**	764	**–**	–
Total equity		**22 115**	18 529	**11 361**	10 066
Non-current liabilities					
Long-term borrowings	14	**2 337**	2 582	**410**	784
Deferred tax liabilities	15	**3 571**	2 961	**516**	407
Long-term provisions	16	**549**	500	**137**	131
		6 457	6 043	**1 063**	1 322
Current liabilities					
Trade and other payables	17	**2 448**	2 315	**312**	311
Short-term provisions	18	**287**	268	**118**	134
Taxation	34	**270**	314	**100**	90
Overdrafts and short-term borrowings					
– interest-bearing	19	**732**	764	**37**	38
– non-interest-bearing	19	**–**	–	**291**	291
		3 737	3 661	**858**	864
Total equity and liabilities		**32 309**	28 233	**13 282**	12 252

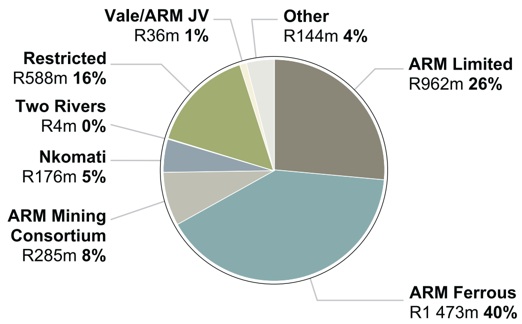
Income statements

for the year ended 30 June 2011

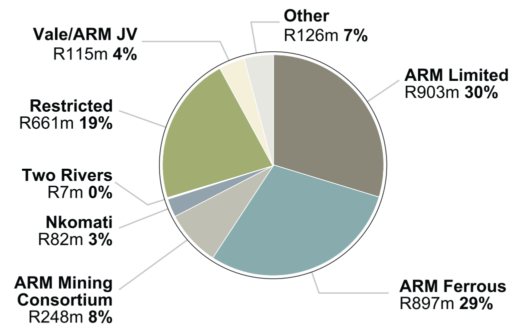
		Group		Company	
	Notes	**F2011 Rm**	F2010 Rm	**F2011 Rm**	F2010 Rm
Revenue	22	**15 357**	11 425	**3 089**	2 264
Sales	22	**14 893**	11 022	**1 499**	1 224
Cost of sales	23	**(8 952)**	(7 480)	**(1 126)**	(902)
Gross profit		**5 941**	3 542	**373**	322
Other operating income	24	**511**	408	**462**	417
Other operating expenses	25	**(1 130)**	(1 030)	**(711)**	(520)
Profit from operations before exceptional items	26	**5 322**	2 920	**124**	219
Income from investments	27	**216**	209	**1 166**	679
Finance costs	28	**(216)**	(192)	**(53)**	(100)
Loss from associate	6	**(135)**	(51)	**–**	–
Profit before taxation and exceptional items		**5 187**	2 886	**1 237**	798
Exceptional items	29	**(11)**	97	**(4)**	(2)
Profit before taxation		**5 176**	2 983	**1 233**	796
Taxation	30	**(1 671)**	(1 009)	**(54)**	(94)
Profit for the year		**3 505**	1 974	**1 179**	702
Attributable to:					
Non-controlling interest		**194**	162		
Equity holders of ARM		**3 311**	1 812	**1 179**	702
		3 505	1 974	**1 179**	702

Additional information					
Headline earnings (R million)	32	**3 319**	1 714		
Headline earnings per share (cents)	31	**1 559**	807		
Basic earnings per share (cents)	31	**1 555**	854		
Diluted headline earnings per share (cents)	31	**1 552**	798		
Diluted basic earnings per share (cents)	31	**1 548**	844		
Number of shares in issue at end of year (thousands)		**213 133**	212 692		
Weighted average number of shares in issue (thousands)		**212 889**	212 289		
Weighted average number of shares used in calculating diluted earnings per share (thousands)	31	**213 871**	214 763		
Net asset value per share (cents)	31	**9 927**	8 352		
EBITDA (R million)		**6 434**	3 907		
Dividend declared after year-end (cents per share)	31	**450**	200	**450**	200

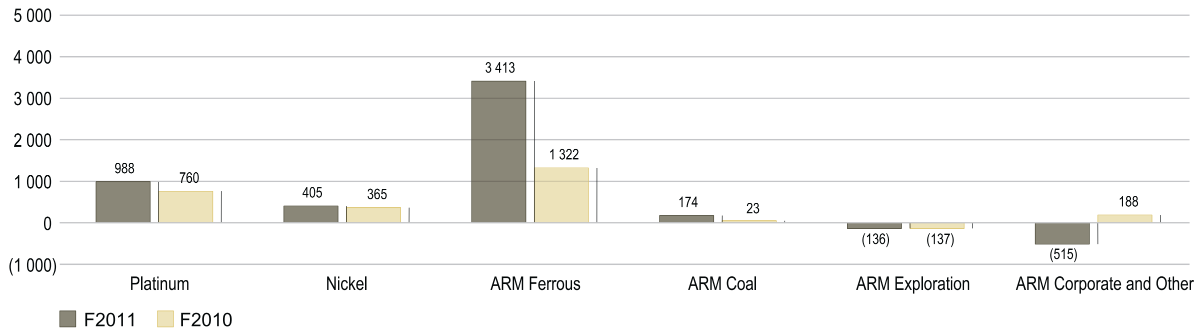
Cash and cash equivalents – statement of financial position F2011 (R million) (refer note 12)



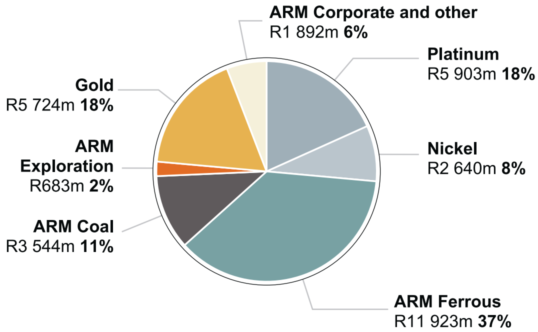
Cash and cash equivalents – statement of financial position F2010 (R million) (refer note 12)



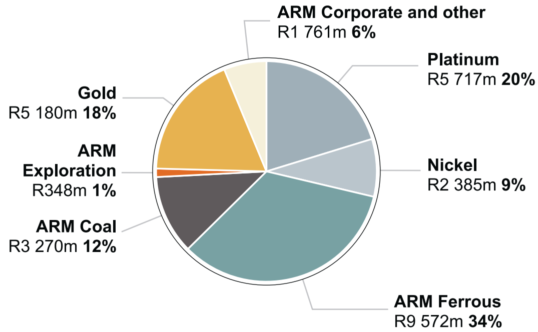
Cash inflow/(outflow) from operating activities
(R million) (refer note 2)



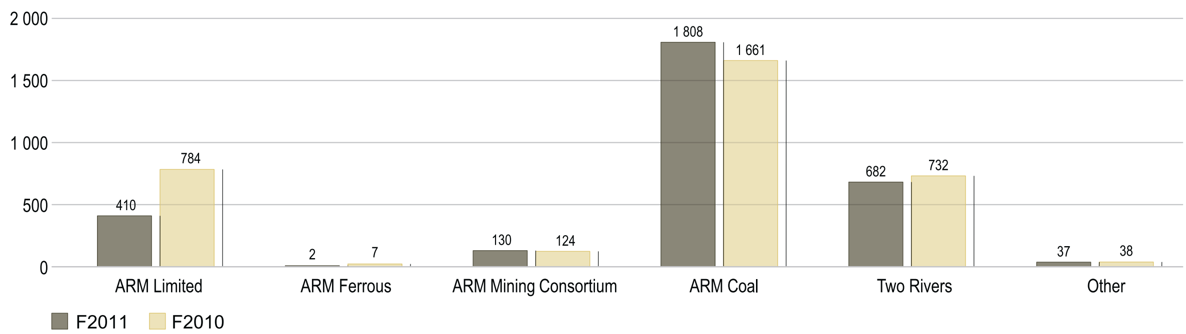
Segment assets 2011
(R million) (refer note 2)



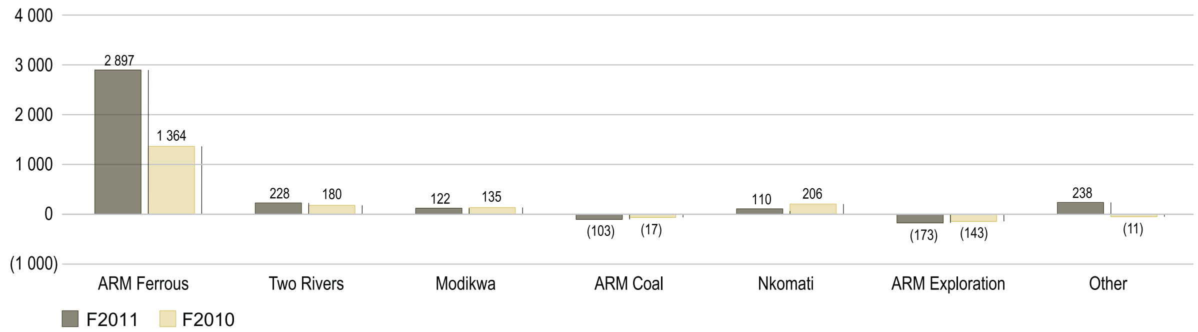
Segment assets 2010
(R million) (refer note 2)



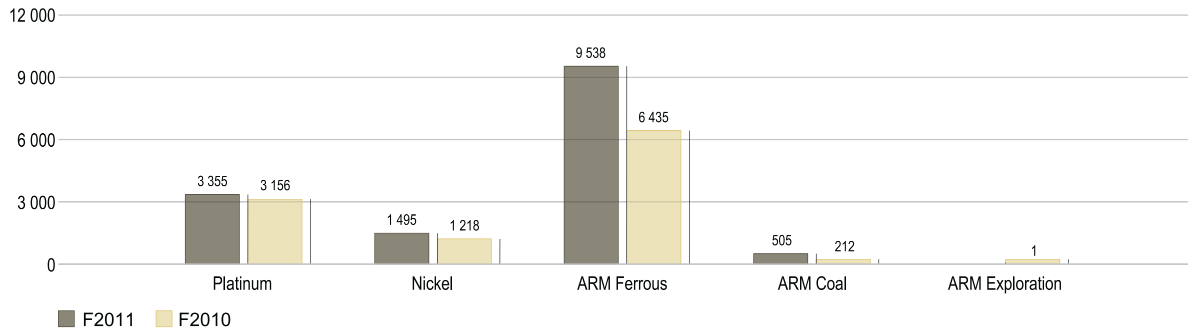
Long and short-term borrowings
(R million) (refer notes 14 and 19)



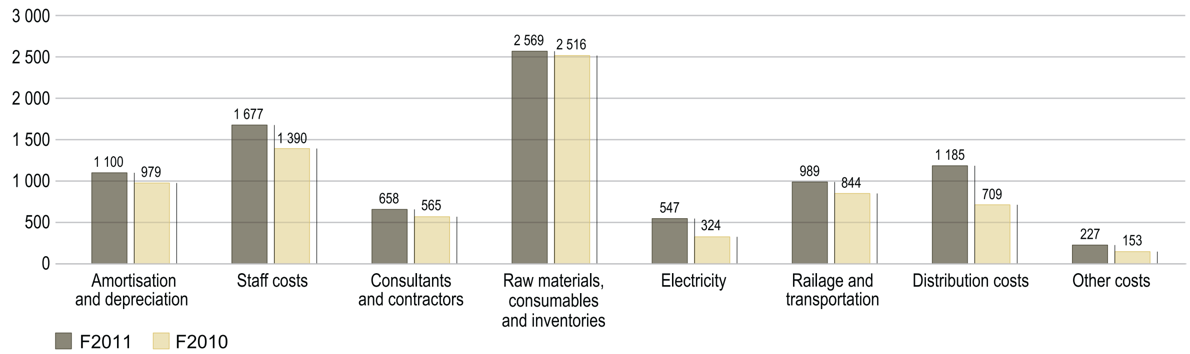
Headline earning
(R million) (refer note 2)



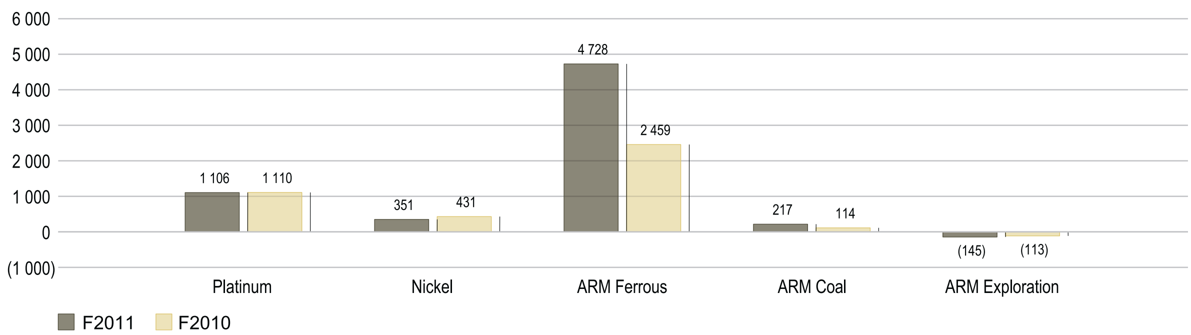
Sales
(R million) (refer note 2)



Cost of sales
(R million) (refer note 23)



EBITDA
(R million) (refer note 2)



Statements of comprehensive income

for the year ended 30 June 2011

		Group					
	Notes	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total Share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
For the year ended 30 June 2010							
Profit for the year to 30 June 2010		–	–	1 812	1 812	162	**1 974**
Other comprehensive income							
Revaluation of listed investment	9	89	–	–	89	–	**89**
Deferred tax on revaluation of listed investment		(13)	–	–	(13)	–	**(13)**
Net impact of revaluation of listed investment		76	–	–	76	–	**76**
Foreign exchange on loans to foreign Group entity		–	(6)	–	(6)	–	**(6)**
Cashflow hedge reserve	6	–	16	–	16	–	**16**
Foreign currency translation		–	(2)	–	(2)	–	**(2)**
Total other comprehensive income		76	8	–	84	–	**84**
Total comprehensive income for the year		76	8	1 812	1 896	162	**2 058**
For the year ended 30 June 2011							
Profit for the year to 30 June 2011		**–**	**–**	**3 311**	**3 311**	**194**	**3 505**
Other comprehensive income							
Revaluation of listed investment	9	**544**	**–**	**–**	**544**	**–**	**544**
Deferred tax on revaluation of listed investment		**(76)**	**–**	**–**	**(76)**	**–**	**(76)**
Net impact of revaluation of listed investment		**468**	**–**	**–**	**468**	**–**	**468**
Foreign exchange on loans to foreign Group entity		**–**	**(82)**	**–**	**(82)**	**–**	**(82)**
Deferred tax on foreign exchange on loans to foreign Group entity		**–**	**11**		**11**		**11**
Cashflow hedge reserve	6	**–**	**(4)**	**–**	**(4)**	**–**	**(4)**
Foreign currency translation		**–**	**40**	**–**	**40**	**–**	**40**
Total other comprehensive income		**468**	**(35)**	**–**	**433**	**–**	**433**
Total comprehensive income for the year		**468**	**(35)**	**3 311**	**3 744**	**194**	**3 938**

		Company		
	Notes	Available-for-sale reserve Rm	Retained earnings Rm	Total Rm
For the year ended 30 June 2010				
Profit for the year to 30 June 2010		–	702	**702**
Other comprehensive income				
Revaluation of listed investment	9	89	–	**89**
Deferred tax on revaluation of listed investment		(13)	–	**(13)**
Net impact of revaluation of listed investment		76	–	**76**
Total other comprehensive income		76	–	**76**
Total comprehensive income for the year		76	702	**778**
For the year ended 30 June 2011				
Profit for the year to 30 June 2011		**–**	**1 179**	**1 179**
Other comprehensive income				
Revaluation of listed investment	9	**544**	**–**	**544**
Deferred tax on revaluation of listed investment		**(76)**	**–**	**(76)**
Net impact of revaluation of listed investment		**468**	**–**	**468**
Total other comprehensive income		**468**	**–**	**468**
Total comprehensive income for the year		**468**	**1 179**	**1 647**

Statements of changes in equity

for the year ended 30 June 2011

	Notes	Share capital and premium Rm	Availible-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total Share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
		Group						
Balance at 30 June 2009		3 770	370	230	11 779	16 149	602	**16 751**
Profit for the year to 30 June 2010		–	–	–	1 812	1 812	162	**1 974**
Other comprehensive income		–	76	8	–	84	–	**84**
Total comprehensive income for the year		–	76	8	1 812	1 896	162	**2 058**
Share-based payments		–	–	47	–	47	–	**47**
Share options exercised	13	44	–	–	–	44	–	**44**
Dividend paid	31	–	–	–	(371)	(371)	–	**(371)**
Other		–	–	(3)	3	–	–	**–**
Balance at 30 June 2010		3 814	446	282	13 223	17 765	764	**18 529**
Profit for the year to 30 June 2011		–	–	–	3 311	3 311	194	**3 505**
Other comprehensive income		–	468	(35)	–	433	–	**433**
Total comprehensive income for the year		–	468	(35)	3 311	3 744	194	**3 938**
Share-based payments		–	–	37	–	37	–	**37**
Share options exercised	13	37	–	–	–	37	–	**37**
Dividend paid	31	–	–	–	(426)	(426)	–	**(426)**
Other		–	–	3	(3)	–	–	**–**
Balance at 30 June 2011		**3 851**	**914**	**287**	**16 105**	**21 157**	**958**	**22 115**

	F2011 Rm	F2010 Rm	F2009 Rm
* Other reserves consist of the following:			
General reserve	**32**	32	32
Insurance contingency	**18**	15	18
Share-based payments	**304**	267	220
Cashflow hedge reserve	**12**	16	–
Foreign exchange on loans to foreign Group entity	**(77)**	(6)	–
Foreign currency translation reserve (FCTR)	**12**	(28)	(26)
Premium paid on purchase of non-controlling interest	**(14)**	(14)	(14)
Total	**287**	**282**	**230**

		Company				
	Notes	Share capital and premium Rm	Availible-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total Rm
Balance at 30 June 2009		3 770	164	211	5 423	**9 568**
Profit for the year to 30 June 2010		–	–	–	702	**702**
Other comprehensive income		–	76	–	–	**76**
Total comprehensive income for the year		–	76	–	702	**778**
Dividend paid	31	–	–	–	(371)	**(371)**
Share-based payments		–	–	47	–	**47**
Share options exercised	13	44	–	–	–	**44**
Balance at 30 June 2010		3 814	240	258	5 754	**10 066**
Profit for the year to 30 June 2011		–	–	–	1 179	**1 179**
Other comprehensive income		–	468	–	–	**468**
Total comprehensive income for the year		–	468	–	1 179	**1 647**
Dividend paid	31	–	–	–	(426)	**(426)**
Share-based payments		–	–	37	–	**37**
Share options exercised	13	37	–	–	–	**37**
Balance at 30 June 2011		**3 851**	**708**	**295**	**6 507**	**11 361**

	F2011 Rm	F2010 Rm	F2009 Rm
* Other reserves consist of the following:			
General reserve	**35**	35	35
Share-based payments	**260**	223	176
Total	**295**	258	211

Statements of cash flows

for the year ended 30 June 2011

		Group		Company	
	Notes	**F2011 Rm**	F2010 Rm	**F2011 Rm**	F2010 Rm
Cash flow from operating activities					
Cash receipts from customers		**15 409**	9 992	**2 092**	1 524
Cash paid to suppliers and employees		**(9 511)**	(6 562)	**(1 674)**	(1 043)
Cash generated from operations	33	**5 898**	3 430	**418**	481
Interest received		**181**	176	**79**	103
Interest paid		**(117)**	(135)	**(52)**	(77)
Dividends received		**33**	33	**1 032**	532
Dividend paid		**(426)**	(371)	**(426)**	(371)
Taxation paid	34	**(1 240)**	(612)	**(54)**	(48)
Net cash inflow from operating activities		**4 329**	2 521	**997**	620
Cash flow from investing activities					
Additions to property, plant and equipment to maintain operations		**(797)**	(519)	**(11)**	(12)
Additions to property, plant and equipment to expand operations		**(2 151)**	(1 981)	**(386)**	(551)
Proceeds on disposal of property, plant and equipment		**3**	13	**–**	
Proceeds on disposal of Otjikoto	35	**–**	107	**–**	–
Investment in associate		**(178)**	–	**–**	–
Investment in RBCT		**(63)**	–	**–**	–
(Increase)/decrease in loans and receivables		**(106)**	56	**(62)**	41
Net cash outflow from investing activities		**(3 292)**	(2 324)	**(459)**	(522)
Cash flow from financing activities					
Proceeds on exercise of share options		**37**	44	**36**	44
Long-term borrowings raised		**283**	848	**205**	609
Long-term borrowings repaid		**(596)**	(834)	**(575)**	(800)
Decrease in short-term borrowings		**(312)**	(787)	**(2)**	(172)
Net cash outflow from financing activities		**(588)**	(729)	**(336)**	(319)
Net increase in cash and cash equivalents		**449**	(532)	**202**	(221)
Cash and cash equivalents at beginning of year		**2 791**	3 325	**1 009**	1 230
Foreign currency translation on cash balance		**(13)**	(2)	**–**	–
Cash and cash equivalents at end of year	12	**3 227**	2 791	**1 211**	1 009
Cash generated from operations per share (cents)	31	**2 770**	1 616	**196**	227

Notes to the financial statements

for the year ended 30 June

1 Accounting policies

Statement of compliance

The Group and Company annual financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board (IASB), requirements of the South African Companies Act, the AC 500 standards, as issued by the Accounting Practice Board or its successor and the Listings Requirements of the JSE Limited.

Impact of new standards

During the current financial year, the following new and revised accounting standards were adopted by ARM but have had no financial impact on the financial statements other than as noted below and certain disclosure changes:

IFRS 1 First-time adoption of International Financial Reporting Standards – Additional exceptions for first time adoption. (Amendment)
IFRS 2 Share-based payments – Group cash settled share-based payment arrangement. (Amendment)
IFRS 3 Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS (Amendment)
Measurement of non-controlling interest. (Amendment)
Un-replaced and voluntarily replaced share-based payment awards. (Amendment)
IFRS 5 Disclosures of non-current assets (or disposal groups) held for sale and discontinued operations. (Amendment)
IFRS 8 Disclosure of information about segment assets. (Amendment)
IAS 1 Current/non-current classification of convertible instruments. (Amendment)
IAS 7 Classification of expenditures on unrecognised assets. (Amendment)
IAS 17 Classification of leases of land and buildings. (Amendment)
IAS 27 Transition requirements for amendments made as a result of IAS 27 consolidated and separate financial statements. (Amendment)
IAS 32 Financial instruments presentation – Classification of rights issued. (Amendment)
IAS 36 Unit of accounting for goodwill impairment test. (Amendment)
IAS 39 Assessment of loan repayment penalties as embedded derivatives. (Amendment)
Scope exception for business combinations contract. (Amendment)
Cash flow hedge accounting. (Amendment)
IFRIC 19 Extinguishing financial liabilities with equity instruments.
None of the above new or revised standards had any impact on the Group or Company financial statements.

Basis of preparation

The Group and company financial statements for the year have been prepared under the supervision of the financial director, Mr M Arnold CA(SA).

The principal accounting policies as set out below are consistent in all material aspects with those applied in the previous years except for the above-mentioned new and revised standards and comply with IFRS.

The Group and Company financial statements have been prepared on the historical cost basis except for certain financial instruments that are fairly valued by mark to market.

The financial statements are presented in South African Rand and all values are rounded to the nearest million (Rm) unless otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of African Rainbow Minerals Limited and its subsidiaries, joint ventures and associates at 30 June each year.

Inter-company transactions and balances

Consolidation principles relating to the elimination of inter-company transactions and balances and adjustments for unrealised inter-company profits are applied in all intragroup dealings, for all transactions with subsidiaries, associated companies or joint ventures.

Subsidiary companies

Subsidiary companies are investments in entities in which the Company has control over the financial and operating decisions of the entity.

Subsidiaries are consolidated in full from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such control ceases. Non-controlling interest represents the portion of income statement and equity not held by the Group and is presented separately in the income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Losses of subsidiaries are attributed to the non-controlling interest even if that results in a deficit balance. Before 1 January 2009, losses in subsidiaries were carried by the Group only.

Investments in subsidiaries in the Company financial statements are accounted for at cost less impairment.

Joint ventures

Joint ventures are contractual agreements whereby the Group has joint control over the financial and operating policy decisions of the enterprise. The Group's attributable share of the assets, liabilities, income and expenses and cash flows of such jointly controlled entities are proportionately consolidated on a line-by-line basis in the Group financial statements.

Unincorporated joint ventures are consolidated in the Company financial statements on the same basis as above.

Jointly controlled entities are accounted for in the Company financial statements at cost less impairment (refer note 20).

Notes to the financial statements continued

Investment in an associate

An associate is an investment in an entity in which the Group has significant influence and is neither a subsidiary nor a joint venture of the Group. At Group level investments in associates are accounted for using the equity method of accounting. Investments in the associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The income statement reflects the Group's share of the post-acquisition profit after tax of the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment losses.

Investments in associates in the Company financial statements are accounted for at cost less impairment.

Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries, joint ventures and associates by the Group. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition is expensed in the income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interest is measured at each business combination at either the proportionate share of the identifiable net assets or at fair value.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested for impairment on an annual basis. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

When an acquisition is achieved in stages and control is achieved the fair values of all the identifiable assets and liabilities are recognised. The difference between the previous equity held interest value and the current fair value for the same equity is recognised in the income statement. When there is a change in the interest of a subsidiary that does not result in the loss of control, the difference between the fair value of the consideration transferred and the change in non-controlling interest is recognised directly in the statement of changes in equity.

Current taxation

The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that have been enacted or substantially enacted at reporting date that are applicable to the taxable income. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the tax amounts are recognised directly in equity.

Deferred taxation

A deferred tax asset is the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

A deferred tax liability is the amount of income taxes payable in future periods in respect of taxable temporary differences.

Temporary differences are differences between the carrying amount of an asset or liability and its tax base. The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or the carrying amount of the asset if the economic benefits are not taxable. The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods. The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

Deferred tax is recognised for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantively enacted at the reporting date and is not discounted.

A deferred tax asset is only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax arising on investments in subsidiaries, associates and joint ventures is recognised except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except for (a) where the VAT incurred on a purchase of an asset or service cannot be recovered from the taxation authorities, and (b) receivables and payables that are stated with the VAT included. The net amount of VAT recoverable or payable is included under receivables or payables in the statement of financial position.

Secondary taxation on companies (STC)

Secondary tax on companies is recognised on the declaration date of all dividends and is included in the taxation expense in the income statement in the related period. Unutilised

Notes to the financial statements continued

credits are raised as deferred tax assets to the extent that a dividend is expected to be paid in the foreseeable future.

Provisions

Provisions are recognised when the following conditions have been met:

- A present legal or constructive obligation to transfer economic benefits as a result of past events exists; and
- A reasonable estimate of the obligation can be made.

A present obligation is considered to exist when there is no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the reporting date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision is raised is charged against the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Environmental rehabilitation obligation

The estimated cost of rehabilitation, comprising liabilities for decommissioning and restoration, is based on current legal requirements and existing technology and is reassessed annually. Cost estimates are not reduced by the potential proceeds from the sale of assets.

Decommissioning

The present value of estimated decommissioning obligations, being the cost to dismantle all structures and rehabilitate the land on which it is located that arose through establishing the mine, is included in long-term provisions. The unwinding of the obligation is included in the income statement under finance cost. The initial related decommissioning asset is recognised in property plant and equipment.

The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Restoration

The present value of the estimated cost of restoration, being the cost to correct damage caused by ongoing mining operations, is included in long-term provisions. This estimate is revised annually and any movement is expensed in the income statement. Expenditure on ongoing rehabilitation is charged to the income statement under cost of sales as incurred.

Environmental rehabilitation trust funds

Annual payments are made to rehabilitation trust funds in accordance with statutory requirements. The investment in the trust funds are carried at cost in the Company. These funds are consolidated as ARM Group companies are the sole contributors to the funds and exercise full control through the respective boards of trustees. The balances are included under restricted cash.

Financial instruments

Financial instruments recognised on the statement of financial position include cash and cash equivalents, investments, trade and other receivables, trade and other payables and long- and short-term borrowings. The recognition methods adopted are disclosed in the individual policy statements associated with each item. The Group does not apply hedge accounting, except where it recognised its share of an associate's cash flow hedge reserve as part of the equity accounted investment in the associate.

Financial assets

Financial assets are initially measured at fair value plus transaction costs.

Financial assets at fair value through the income statement are measured at fair value with gains and losses being recognised in the income statement.

Held-to-maturity investments are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Loans and receivables are measured at amortised cost less impairment losses or reversals which are recognised in the income statement.

Available-for-sale financial assets are measured at fair value with gains and losses being recognised directly in equity. Impairment losses are recognised in the income statement.

Any impairment reversals on debt instruments classified as available-for-sale are recognised in the income statement.

Impairment losses on equity investments are not reversed through the income statement and increases in their fair value after impairment are recognised directly in equity.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence as a result of one or more events that has occurred after the initial recognition, that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is an indication that an impairment exists, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account.

Available-for-sale assets

In the case of equity securities, if there is a continuous drop in the fair value of the security below its cost, the security is impaired. The cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss previously recognised on the security, is then recognised in the income statement.

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Financial liabilities

Financial liabilities at fair value through the income statement are measured at fair value with gains and losses being recognised in the income statement.

Financial liabilities at amortised cost are initially measured at fair value and subsequently at amortised cost using the effective interest method.

Financial guarantees

Financial Guarantee Contracts, that are not considered to be insurance contracts, are initially recognised at fair value and subsequently remeasured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised, less when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue.

Derivative instruments

Derivatives, including embedded derivatives, are initially and subsequently measured at fair value. Fair value adjustments are recognised in the income statement. Forward exchange contracts are valued at the reporting date using the forward rate available at the reporting date for the remaining maturity period of the forward contract. Any gain or loss from valuing the contract against the contracted rate is recognised in the income statement. A corresponding forward exchange asset or liability is recognised. On settlement of a forward exchange contract, any gain or loss is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash that is subject to legal or contractual restrictions on use is included in cash but indicated as restricted.

Investments

Investments, other than investments in subsidiaries, associates and joint ventures, are considered to be available for-sale financial assets and are subsequently carried at fair value. Increases and decreases in fair values of available for-sale investments are reflected in the revaluation reserve in other comprehensive income. On disposal of an investment, the balance in the revaluation reserve is recognised in the income statement. Where active markets exist, fair values are determined with reference to the stock exchange quoted selling prices at the close of business on the reporting date. Where there are no active markets, fair value is determined using valuation techniques like recent similar transactions, reference to similar transactions, discounted cash flow and option pricing models. Where a reliable fair value cannot be determined, investments are carried at cost. All regular purchases and sales of financial assets are recognised on the trade date, ie the date the Group commits to purchasing the asset.

Receivables

Trade receivables, which generally have 30 – 90 day terms, are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or cost that are an integral part of the effective interest rate.

Receivables are financial assets classified as loans and receivables. Some receivables are classified at fair value through the income statement. These are receivables where the amount that will be received in the future is dependent on the commodities or concentrate content, and/or the price at the date of settlement. An impairment is recognised when there is evidence that an entity will not be able to collect all amounts due according to the original terms of the receivables. The impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rates. The amount of the impairment is charged to the income statement.

Payables

Trade and other payables are not interest bearing and are initially recorded at fair value and subsequently at amortised cost and classified as financial liabilities at amortised cost.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method and classified as financial liabilities at amortised cost. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the

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asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Set-off

If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities and the Group intends to settle on a net basis or to realise the asset and settle the liability simultaneously, all related financial effects are netted.

Intangible assets

Intangible assets acquired are reflected at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment where there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Amortisation is based on units of production. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually. This is done individually or at the cash generating unit level. The assessment of the indefinite life is reviewed annually to see if it is supportable, if not supportable it is changed prospectively to finite.

Investment property

Investment properties are carried at cost and depreciated on a straight-line basis over their estimated useful lives to an estimated residual value. Where the residual value exceeds the carrying amount, amortisation is continued at a zero charge until its residual value subsequently decreases to an amount below the carrying amount. Where the building has changed from owner occupied to investment property in order to earn rentals and for capital appreciation, the cost deemed is the carrying amount if applicable. An impairment is taken in the income statement when the recoverable amount is less than the carrying amount.

Property, plant and equipment

Property, plant and equipment other than land and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings are carried at cost. Land is only depreciated where the form is changed so that it affects its value. Land is then depreciated on a straight-line method over the mining activity to a maximum of 25 years to its estimated residual value. Buildings are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value, if such value is significant. The annual depreciation rates used vary between 2% and 5%. New acquisitions and additions to existing land and buildings are reflected at cost.

Mine development and decommissioning

Costs to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of a mine or its current production, as well as the decommissioning thereof, are capitalised. Development expenditure is net of proceeds from the sale of ore extracted during the development phase. Development cost capitalised is classified under Mine development and decommissioning assets. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning assets are depreciated using the units-of-production method based on estimated proven and probable ore reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. These reserves are reassessed annually. The maximum period of amortisation using this method is 25 years.

Mineral rights

Mineral rights that are being depleted are depreciated over their estimated useful lives using the units-of-production method based on proven and probable ore reserves. The maximum rate of depletion of any mineral right is 25 years.

Plant and machinery

Mining plant and machinery is depreciated on the units-of production method over the lesser of its estimated useful life based on estimated proven and probable ore reserves.

Non-mining plant and machinery is depreciated over its useful life. The maximum life of any single item as used in a depreciated calculation is 25 years.

Notes to the financial statements continued

When plant and equipment comprises major components with different useful lives, these components are accounted for as separate items. Expenditure incurred to replace or modify a significant component of plant is capitalised and any remaining book value of the component replaced is written off in the income statement.

Mine properties

Mine properties (including houses, schools and administration blocks) are depreciated on the straight-line basis over their expected useful lives, to estimated residual values. The residual value is the amount currently expected to be obtained for the asset after deducting estimated costs of the disposal, if the asset was already at the end of its useful life.

Furniture, equipment and vehicles

Furniture, equipment and vehicles are depreciated on a straight-line basis over their expected useful lives, to estimated residual values.

Finance leases

Finance leases are depreciated on a straight-line basis over their expected useful lives, to estimated residual values.

Depreciation rates

Depreciation rates that are based on units-of-production take into account, proven and probable ore reserves. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

In assessing asset lives, factors such as technological innovation, asset life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

The annual depreciation rates generally used in the Group are:
- furniture and equipment 10% to 33%;
- mine properties 4% to 7%;
- motor vehicles 20%;
- mine development plant and machinery, and mineral rights and land 10 to 25 years;
- investment properties 2%; and
- intangible assets over life-of-mine to a maximum of 25 years.

Exploration expenditure

All exploration expenditures are expensed until they result in projects that are evaluated as being technically and commercially feasible and a future economic benefit is highly probable. In evaluating if expenditures meet these criteria to be capitalised, the Company utilises several different sources of information and also differentiates projects by levels of risks, including:

- Degree of certainty over the mineralisation of the ore body.
- Commercial risks, including but not limited to country risk.
- Prior exploration knowledge available about the target ore body.

Exploration expenditure on greenfields sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a bankable feasibility study has been completed, after which the expenditure is capitalised.

Exploration expenditure on brownfields sites, being those adjacent to any mineral deposits which are already being mined or developed, is only expensed as incurred until the Company has obtained sufficient information from all available sources to ameliorate the project risk areas identified above and which indicates by means of a pre-feasibility study that the future economic benefits are highly probable.

Exploration expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised.

Activities in relation to evaluating the technical feasibility and commercial viability of mineral resources are treated as forming part of exploration expenditures.

Costs related to property acquisitions and mineral and surface rights are capitalised.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale (under current assets) if the carrying amount of these assets will be recovered principally through a sale transaction rather than through continued use. This condition will only be regarded as met if the sale transaction is highly probable and the asset (or disposal group) is available for sale in its present condition. For the sale to be highly probable management must be committed to the plan to sell the asset and the transaction should be expected to qualify for recognition as a complete sale within 12 months of the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amounts and their fair value less cost to sell and are not depreciated.

Impairment of non-financial assets

The carrying value of assets is reviewed at each statement of financial position date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated. The recoverable amount is the higher of fair value less cost to sell or value in use. Value in use is determined by an estimated future cash flow discounted at a pre-tax discount rate.

Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount and the difference is expensed in the income statement. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back.

Intangible assets with an indefinite life are tested annually for impairment.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset that requires

Notes to the financial statements continued

a substantial period of time to be prepared for its intended use are capitalised. Capitalisation of borrowing costs as part of the cost of a qualifying asset commences when:

- expenditures for the asset are being incurred;
- borrowing costs are being incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in process.

Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are complete.

Other borrowing costs are charged to finance costs in the income statement as incurred.

Inventories

Inventories are valued at the lower of cost and net realisable value with due allowances being made for obsolete and slow-moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the following basis:

- Consumables and maintenance spares are valued at average cost.
- Ore stockpiles are valued at weighted average cost.
- Finished products are valued at weighted average cost. Unallocated overhead costs due to below normal capacity are expensed as short workings.
- Houses are valued at their individual cost.
- Work-in-process is valued at weighted average cost, including an appropriate portion of direct overhead costs.

Unallocated overhead costs due to below normal capacity are expensed as short workings.

- Raw materials are valued at weighted average cost.
- By-products are valued at weighted average cost.

Inventories are classified as current when it is reasonable to expect them to be sold within their normal cycle which could be the next financial year. If not, they are classified as non-current.

Foreign currency translations

The Group and Company financial statements are presented in South African Rand, which is the Company's functional currency.

Foreign entities

Financial statements of all entities that have a functional currency different from the presentation currency of their parent entity, are translated into the presentation currency using the exchange rates applicable at the reporting date, as follows:

- Assets and liabilities at rates of exchange ruling at the reporting date.
- Income and expenditure at the average rate of exchange for the year, except where the date of income or expense for significant transactions can be identified, in which case the income or expense is translated at the rate of exchange ruling at the date of the flow.
- Cash flow items at the average rate of exchange for the year, except where the date of cash flow for significant transactions can be identified, in which case the cash flows are translated at the rate of exchange ruling at the date of the cash flow.
- Fair value adjustments of the foreign entity are translated at the closing rate.
- Goodwill is considered to relate to the reporting entity and is translated at the closing rate.
- Differences arising on translation are classified as equity until the investment is disposed of when it is recognised in the income statement.

Foreign currency transactions and balances

Transactions in foreign currencies are converted to the functional currency at the rate of exchange ruling at the date that the transaction is recorded.

Foreign denominated monetary assets and liabilities (including those linked to a forward exchange contract) are stated in the functional currency using the exchange rate ruling at the reporting date, with the resulting exchange differences being recognised in the income statement.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to control the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed directly against the income statement.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Employee benefits

The Group operates two defined contribution pension schemes, both of which require contributions to be made to separately administered funds. The Group has also agreed to provide certain additional post-employment healthcare benefits to senior employees. These benefits are unfunded. The cost of providing benefits under the plans is determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when incurred.

Notes to the financial statements continued

Other long-term benefits

The Group provides certain long-term incentive schemes to attract, retain, motivate and reward eligible senior employees. The cost of providing these incentives is determined by actuaries using the projected unit credit method. Actuarial gains and losses are recognised as income or expense when incurred. The past service costs are recognised as an expense on a straight-line basis over the period until the benefits vest.

Share-based payments

The Company issues equity-settled share-based instruments to certain employees. Equity-settled share-based payments are measured at the fair value of the instruments at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period on a straight-line basis, based on management's estimate, which is considered annually, of shares that are expected to vest.

Fair value is measured using an option pricing model. The fair values used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

When the Company settles rights in cash, the grants are remeasured at each reporting date. For equity-settled options the services received and a liability to pay for those services are recognised over the expected vesting period.

Broad Based Black Economic Empowerment (BBBEE) transactions

When entering into BBBEE share-based transactions any excess of the fair value of the shares over the consideration received is recognised as an expense in that period.

Revenue recognition

Revenue which includes by-products, is recognised when the risks and rewards of ownership have been transferred and when it is probable that the economic benefits associated with a transaction flow to the Group and the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the amount received or receivable net of VAT, cash discounts and rebates.

Dividend income

Dividends are accounted for on the last day of registration for listed investments and when declared in respect of unlisted investments.

Mining products

Revenue from the sale of mining and related products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

In some cases, where the terms of the executed sales agreement allow for an adjustment to the sale price based on a survey of the goods by the customer, recognition of the sales revenue is based on the most recently determined estimate of product specification.

Sales on FOB (free on board) and CIF (cost in freight) are recognised on the date of loading.

In the case of certain commodities the final sale price is determined a number of months after the concentrate is delivered. Revenue is measured at the best estimate of future prices and adjusted subsequently in revenue.

Rental income

Rental income on investment properties is accounted for on a straight-line basis over the term of the lease.

Interest

Interest is recognised on a time proportion basis that takes account of the effective yield on the asset and an appropriate accrual is made at each accounting reference date.

Cost of sales

All costs directly related to the producing of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses.

When inventories are sold, the carrying amount is recognised in cost of sales. Any write-down, losses or reversals of previous write-downs or losses are recognised in cost of sales.

Early settlement discounts and rebates

These are deducted from revenue and cost of inventories when applicable.

Reinsurance

Premiums are disclosed on a gross basis in the other operating income note (refer note 24). Claims are presented on a gross basis in receivables and payables. The Group cedes insurance risk in the normal course of business for the majority of its business.

Segment reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other operations, whose operating results are regularly reviewed by the entity's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance. There is discrete financial information available for each operation (refer note 2 for the operating segments).

A geographical segment is a group of products and services within a particular economic environment that is subject to risks and returns that are different from segments operating in other economic environments.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable the obligation will be required to be settled, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

Notes to the financial statements continued

Significant accounting judgements and estimates

The preparation of the financial statements requires management to make certain estimates. The principles used are the same as in previous years. When estimates are compared to actual and variances occur, the estimates are adjusted accordingly. Adjustments to estimates are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing changes in the above include, amongst others, revisions to estimated reserves, resources and life of operations, developments in technology, regulatory requirements and environmental management strategies, changes in estimated costs of anticipated activities, inflation rates, foreign exchange rates and movements in interest rates affecting the discount rate applied. For assumptions on certain specific estimates used, refer to individual notes.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are described below.

Mine rehabilitation provision (refer note 16)

Mine rehabilitation provisions are assessed annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the carrying value, that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognised immediately in the income statement.

Ore resources and reserves estimates
(refer Mineral Resources and Reserves section)

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the mining properties. Ore reserves and mineral resource estimates are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

Units of production depreciation

Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets.

This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units of production depreciation methodologies are available to choose from; the Group adopts a Run of the Mine tonnes of ore produced methodology for mining costs and an ounces/pounds of metal produced methodology for post-mining costs.

Changes are accounted for prospectively.

Impairment of assets (refer note 26)

Each cash generating unit is assessed annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future approved expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate, taking into account factors, including weighted average cost of capital and applicable risk factors, to determine the net present value.

There were no impairment indicators in F2011 and F2010 and therefore no impairment calculations were performed.

Deferred taxation asset (refer note 15)

Three-year business plans, the first year of which is approved by the Board and the content of the next two years being noted, are used to determine whether deferred tax assets will be utilised from taxable income in the future. These plans use many assumptions and estimates and will be adjusted every year as more information becomes available.

Asset useful life and residual values

These are assessed annually and may differ from previous years as many estimates and assumptions are used to determine the values. Estimates and assumptions are updated to improve the judgements made.

Share-based payments (refer note 41)

Estimation of the fair value of share-based payments requires determining the most appropriate model, inputs such as the expected life of the option, volatility and dividend yields.

Notes to the financial statements continued

Definitions

Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits, as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. For cash flow purposes overdrafts are deducted from cash and cash equivalents that are on the statement of financial position.

Cash restricted for use

Cash which is subject to restrictions on its use is stated separately at the carrying value in the notes.

Active markets

This is normally a stock exchange where the public can purchase and sell shares on a regular basis and prices are determined by the market conditions.

Basic earnings per share

Earnings divided by the weighted average number of shares in issue.

Headline earnings per share

Headline earnings comprise earnings for the year, adjusted for profits/losses as a remeasurement in accordance with the requirements of Circular 3 of F2009 issued by the South African Institute of Chartered Accountants. Adjustments against earnings take account of attributable taxation and non-controlling interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Amortised cost

This is calculated using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Fair value

Where an active market is available it is used to represent fair value. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions with reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

Effective interest method

This method determines the rate that discounts the estimated future cash flow payments or receipts through the expected life of the financial liability or financial asset to the net carrying amount of the financial liability or asset.

Diluted earnings per share

Diluted earnings per share is arrived at by dividing earnings (as used in calculating basic earnings per share) by the weighted average number of ordinary shares, adjusted for any financial instruments or other contracts that may entitle the holder thereof to ordinary shares. Fully diluted headline earnings per share are calculated on the same basis as fully diluted earnings per share.

Cash generated from operations per share

Cash generated from operations divided by the weighted average number of shares in issue during the year.

Exceptional items

These are items that are of a capital nature and not part of operating activities and that qualify for adjustment to the calculation of headline earnings.

EBITDA before exceptional items and income from associates

This comprises basic earnings, to which is added back taxation, exceptional items, income from associates, finance cost, income from investments and amortisation and depreciation.

Notes to the financial statements continued

New Standard

The following new standards have been issued but are only effective for future periods

Standard	Subject Effective date	Effective date
IFRS 1	Amendments to IFRS 1 – Severe hyper inflation and removal of fixed dates for first time adopters. 1 July 2011	1 July 2011
	Replacement of fixed dates for certain exceptions with the date 1 July 2011 of transition to IFRS's (amendment)	1 July 2011
	Accounting policy changes in the year of adoption (Amendment) 1 January 2011	1 January 2011
	Revaluation basis as deemed cost (Amendment) 1 January 2011	1 January 2011
	Use of deemed cost for operations subject to rate regulations 1 January 2011 (Amendment)	1 January 2011
IFRS 7	Financial instruments disclosures – Amendments enhancing disclosures about transfers of financial assets 1 July 2011	1 July 2011
	Clarifications of disclosures (Amendment) 1 January 2011	1 January 2011
IFRS 9	Financial instruments (Phase 1 – Financial assets) 1 January 2013	1 January 2013
	Financial instruments (Phase 1 – Financial liabilities) 1 January 2013	1 January 2013
IFRS 10	Consolidated Financial Statements – New definition of control 1 January 2013	1 January 2013
IFRS 11	Joint Arrangements 1 January 2013	1 January 2013
IFRS 12	Disclosure of interest in other entities 1 January 2013	1 January 2013
IFRS 13	Fair value measurement 1 January 2013	1 January 2013
IAS 1	Clarification of statement of changes in equity (Amendment) 1 January 2011	1 January 2011
	Presentation of other comprehensive income (Amendment) 1 January 2012	1 January 2012
IAS 12	Income taxes – Recovery of underlying assets (Amendment) 1 January 2012	1 January 2012
IAS 19	Employee benefits (revised) 1 January 2013	1 January 2013
IAS 24	Related party disclosures 1 January 2012	1 January 2011
IAS 27	Separate financial statements 1 January 2013	1 January 2013
IAS 28	Investment in associate (Amended) 1 January 2013	1 January 2013
IAS 34	Significant events and transactions (Amendment) 1 January 2011	1 January 2011
IFRIC 13	Fair value of award credit (Amendment) 1 January 2011	1 January 2011
IFRIC 14	Prepayments of minimum funding requirement (Amendment) 1 January 2011	1 January 2011

Impact of the above

None of the above standards or interpretations are expected to have any significant effect on the results of operation or the financial position of the Group. IFRS 10, 11 and 12 will however as a minimum significantly impact the presentation as the Group has a number of significant joint ventures. IFRS 11 Joint Arrangements (Effective 1 January 2013) is likely to have the most significant impact on the presentation of financial results for the Group. In terms of this Standard, a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The focus is no longer on the legal structure. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated with equity accounting now mandatory for participants in joint ventures. This standard is expected to result in a number of the Group's joint ventures being equity accounted, instead of being proportionately consolidated.

Notes to the financial statements continued

2 Primary segmental information

Business segments

For management purposes, the Group is organised into the following operating divisions. The operating divisions are ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal, ARM Copper and ARM Exploration.

ARM has a strategic holding in Harmony (gold) of 14.8% (F2010: 14.84%).

Platinum comprises Two Rivers Platinum Mine as a 55% subsidiary and ARM Mining Consortium Limited through which ARM holds an effective 41.5% interest in the Modikwa Platinum Mine.

Nickel comprises Nkomati Mine as a 50% joint venture for both its nickel and chrome operations. In the corporate structure Nickel is included under ARM Platinum.

ARM Ferrous comprises Assmang as a 50% joint venture. Assmang comprises iron ore, manganese and chrome operations.

ARM Coal, a 51% joint venture for accounting purposes, comprises of a 10.2% participating investment in the existing coal operations of XCSA (the participating coal business or PCB) and a 26% joint venture interest in the Goedgevonden Mine (GGV). In addition, ARM has a direct 10% participating investment in the existing coal operations of XCSA.

ARM Exploration comprises the Vale/ARM 50% joint venture to 30 June 2011. This division is involved in identifying and assessing exploration and mineral business opportunities in sub-Saharan Africa.

ARM Copper: With effect from 1 July 2011 this division comprises the Konkola North Copper project, an effective 30% shareholding in the Kalumines Copper project and an effective 50% shareholding in the Lusaka Kabwe Project. All these projects are held within the 50:50 Vale/ARM joint venture.

The commodity groupings predominantly reflect the risks and rewards of trading and the operating divisions are therefore identified as the reporting segments.

Notes to the financial statements continued

	ARM Platinum Platinum Rm	ARM Platinum Nickel Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Exploration Rm	*Corporate and other Rm	Gold Rm	**Total Rm**
2 Primary segmental information *(continued)*								
2.1 Year to 30 June 2011								
Total sales	3 355	1 499	9 538	505	–	–	–	**14 897**
Inter-group sales to ARM Ferrous	–	4	–	–	–	–	–	**4**
Sales	3 355	1 495	9 538	505	–	–	–	**14 893**
Cost of sales	(2 477)	(1 122)	(5 009)	(381)	–	37	–	**(8 952)**
Other operating income	20	11	125	–	–	355	–	**511**
Other operating expenses	(96)	(236)	(425)	(2)	(151)	(220)	–	**(1 130)**
Segment result	802	148	4 229	122	(151)	172	–	**5 322**
Income from investments	25	8	71	–	–	80	32	**216**
Finance cost	(43)	(2)	(13)	(85)	(47)	10	–	**(180)**
Finance cost Implats: Shareholders' loan Two Rivers	(16)	–	–	–	–	–	–	**(16)**
Finance cost ARM: Shareholders' loan Two Rivers	(20)	–	–	–	–	–	–	**(20)**
Loss from associate	–	–	–	(135)	–	–	–	**(135)**
Exceptional items	–	(4)	(7)	–	–	–	–	**(11)**
Taxation	(186)	(43)	(1 388)	(5)	(2)	(47)	–	**(1 671)**
Non-controlling interest	(212)	–	–	–	27	(9)	–	**(194)**
Contribution to basic earnings	350	107	2 892	(103)	(173)	206	32	**3 311**
Contribution to headline earnings	350	110	2 897	(103)	(173)	206	32	**3 319**
Other information								
Segment assets, including investment in associate	5 903	2 640	11 923	3 544	683	1 892	5 724	**32 309**
Investment in associate	–	–	–	1 331	–	–	–	**1 331**
Segment liabilities	1 585	226	1 271	1 924	209	1 138	–	**6 353**
Unallocated liabilities (tax and deferred tax)								**3 841**
Consolidated total liabilities								**10 194**
Cash inflow/(outflow) from operating activities	988	405	3 413	174	(136)	(515)	–	**4 329**
Cash (outflow)/inflow from investing activities	(293)	(393)	(1 822)	(427)	(313)	(44)	–	**(3 292)**
Cash (outflow)/inflow from financing activities	(329)	–	(3)	78	–	(334)	–	**(588)**
Capital expenditure**	429	404	1 967	85	475	44	–	**3 404**
Amortisation and depreciation	304	203	499	95	6	5	–	**1 112**
Impairment	–	4	–	–	–	–	–	**4**
EBITDA	1 106	351	4 728	217	(145)	177	–	**6 434**

* *Corporate, other companies and consolidation adjustments.*

** *Capital expenditure in the ARM exploration segment relates to the ARM Copper development of the Konkola North Copper Project.*

Notes to the financial statements continued

	ARM Platinum Platinum Rm	ARM Platinum Nickel Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Exploration Rm	*Corporate and other Rm	Gold Rm	Total Rm
2 Primary segmental information *(continued)*								
2.2 Year to 30 June 2010								
Total sales	3 156	1 224	6 435	212	1	–	–	**11 028**
Inter-group sales to ARM Ferrous	–	6	–	–	–	–	–	**6**
Sales	3 156	1 218	6 435	212	1	–	–	**11 022**
Cost of sales	(2 294)	(896)	(4 160)	(157)	–	27	–	**(7 480)**
Other operating income	11	37	148	–	–	212	–	**408**
Other operating expenses	(79)	(72)	(423)	(1)	(120)	(335)	–	**(1 030)**
Segment result	794	287	2 000	54	(119)	(96)	–	**2 920**
Income from investments	23	7	86	–	–	61	32	**209**
Finance cost	(38)	(2)	(7)	(7)	(46)	(1)	–	**(101)**
Finance cost Implats: Shareholders' loan Two Rivers	(41)	–	–	–	–	–	–	**(41)**
Finance cost ARM: Shareholders' loan Two Rivers	(50)	–	–	–	–	–	–	**(50)**
Loss from associate	–	–	–	(51)	–	–	–	**(51)**
Exceptional items	–	(2)	3	–	96	–	–	**97**
Taxation	(199)	(85)	(715)	(13)	1	2	–	**(1 009)**
Non-controlling interest	(174)	–	–	–	21	(9)	–	**(162)**
Contribution to basic earnings	315	205	1 367	(17)	(47)	(43)	32	**1 812**
Contribution to headline earnings	315	206	1 364	(17)	(143)	(43)	32	**1 714**
Other information								
Segment assets, including investment in associate	5 717	2 385	9 572	3 270	348	1 761	5 180	**28 233**
Investment in associate	–	–	–	1 292	–	–	–	**1 292**
Segment liabilities	1 540	213	1 171	1 746	59	1 700	–	**6 429**
Unallocated liabilities (tax and deferred tax)								**3 275**
Consolidated total liabilities								**9 704**
Cash inflow/(outflow) from operating activities	760	365	1 322	23	(137)	188	–	**2 521**
Cash (outflow)/inflow from investing activities	(116)	(557)	(1 534)	(259)	149	(7)	–	**(2 324)**
Cash (outflow)/inflow from financing activities	(295)	(150)	1	239	(8)	(516)	–	**(729)**
Capital expenditure	148	601	1 601	339	44	5	–	**2 738**
Amortisation and depreciation	316	144	459	60	6	2	–	**987**
Impairment	–	3	–	–	7	–	–	**10**
EBITDA	1 110	431	2 459	114	(113)	(94)	–	**3 907**

* *Corporate, other companies and consolidation adjustments*

The ARM platinum segment is analysed further into Two Rivers Platinum Mine and ARM Mining Consortium (which includes Modikwa Platinum Mine).

Notes to the financial statements continued

		Two Rivers Rm	Modikwa Rm	**Platinum Total Rm**
2	**Primary segmental information** *(continued)*			
2.2	**Year to 30 June 2011**			
	Sales			
	External sales	2 274	1 081	**3 355**
	Cost of sales	(1 634)	(843)	**(2 477)**
	Other operating income	12	8	**20**
	Other operating expenses	(30)	(66)	**(96)**
	Segment result	622	180	**802**
	Income from investments	8	17	**25**
	Finance cost	(41)	(2)	**(43)**
	Finance cost Implats: Shareholders' loan Two Rivers	(16)	–	**(16)**
	Finance cost ARM: Shareholders' loan Two Rivers	(20)	–	**(20)**
	Taxation	(138)	(48)	**(186)**
	Non-controlling interest	(187)	(25)	**(212)**
	Contribution to basic earnings	228	122	**350**
	Contribution to headline earnings	228	122	**350**
	Other information			
	Segment and consolidated assets	3 173	2 730	**5 903**
	Segment liabilities	1 001	584	**1 585**
	Unallocated liabilities (tax and deferred tax)			**923**
	Consolidated total liabilities			**2 508**
	Cash inflow from operating activities	669	319	**988**
	Cash outflow from investing activities	(174)	(119)	**(293)**
	Cash outflow from financing activities	(329)	–	**(329)**
	Capital expenditure	304	125	**429**
	Amortisation and depreciation	228	76	**304**
	EBITDA	850	256	**1 106**
	Year to 30 June 2010			
	Sales			
	External sales	2 099	1 057	**3 156**
	Cost of sales	(1 507)	(787)	**(2 294)**
	Other operating income	10	1	**11**
	Other operating expenses	(23)	(56)	**(79)**
	Segment result	579	215	**794**
	Income from investments	3	20	**23**
	Finance cost	(35)	(3)	**(38)**
	Finance cost Implats: Shareholders' loan Two Rivers	(41)	–	**(41)**
	Finance cost ARM: Shareholders' loan Two Rivers	(50)	–	**(50)**
	Taxation	(130)	(69)	**(199)**
	Non-controlling interest	(146)	(28)	**(174)**
	Contribution to basic earnings	180	135	**315**
	Contribution to headline earnings	180	135	**315**
	Other information			
	Segment and consolidated assets	3 046	2 671	**5 717**
	Segment liabilities	1 007	533	**1 540**
	Unallocated liabilities (tax and deferred tax)			**871**
	Consolidated total liabilities			**2 411**
	Cash inflow from operating activities	551	209	**760**
	Cash outflow from investing activities	(75)	(41)	**(116)**
	Cash outflow from financing activities	(275)	(20)	**(295)**
	Capital expenditure	97	51	**148**
	Amortisation and depreciation	238	78	**316**
	EBITDA	817	293	**1 110**

Notes to the financial statements continued

	Iron ore Division Rm	Manganese Division Rm	Chrome Division Rm	Total Rm	Attributable to ARM Rm
2 Primary segmental information *(continued)*					
Pro forma analysis of the Ferrous segment on a 100% basis					
2.3 Year to 30 June 2011					
Sales	**10 342**	**6 466**	**2 267**	**19 075**	**9 538**
Other operating income	**378**	**147**	**36**	**561**	**125**
Other operating expense	**691**	**317**	**152**	**1 160**	**425**
Operating profit	**6 485**	**2 289**	**(315)**	**8 459**	**4 229**
Contribution to earnings	**4 650**	**1 369**	**(234)**	**5 785**	**2 892**
Contribution to headline earnings	**4 654**	**1 377**	**(234)**	**5 797**	**2 897**
Other information					
Consolidated total assets	**15 051**	**7 902**	**1 460**	**24 413**	**11 923**
Consolidated total liabilities	**4 203**	**1 984**	**718**	**6 905**	**1 271**
Capital expenditure	**3 225**	**656**	**216**	**4 097**	**1 967**
Amortisation and depreciation	**593**	**287**	**148**	**1 028**	**499**
Cash inflow/(outflow) from operating activities	**5 996**	**(980)**	**(189)**	**4 827**	**3 413**
Cash outflow from investing activities	**(2 788)**	**(649)**	**(207)**	**(3 644)**	**(1 822)**
Cash outflow from financing activities	**–**	**–**	**(6)**	**(6)**	**(3)**
EBITDA	**7 078**	**2 576**	**(167)**	**9 487**	**4 728**
Year to 30 June 2010					
Sales	4 993	6 287	1 590	12 870	6 435
Other operating income	119	187	29	335	148
Other operating expense	201	436	248	885	423
Operating profit	2 003	2 235	(239)	3 999	2 000
Contribution to earnings	1 437	1 480	(185)	2 732	1 367
Contribution to headline earnings	1 436	1 478	(185)	2 729	1 364
Other information					
Consolidated total assets	8 729	8 922	1 920	19 571	9 572
Consolidated total liabilities	2 532	2 596	722	5 850	1 171
Capital expenditure	2 304	743	289	3 336	1 601
Amortisation and depreciation	544	250	142	936	459
Cash inflow/(outflow) from operating activities	1 985	(122)	(219)	1 644	1 322
Cash outflow from investing activities	(2 133)	(666)	(267)	(3 066)	(1 534)
Cash inflow/(outflow) from financing activities	–	4	(1)	3	1
EBITDA	2 547	2 485	(97)	4 935	2 459

Notes to the financial statements continued

	Group	
	F2011 Rm	F2010 Rm
2 Primary segmental information *(continued)*		
2.4 Geographical segments		
The Group operates principally in South Africa, however, the Vale/ARM joint venture operates in Zambia, the DRC, Namibia and other countries.		
Assets by geographical area in which the assets are located are as follows:		
– South Africa	**30 564**	26 515
– Europe	**162**	828
– Americas	**142**	65
– Far and Middle East	**749**	466
– Zambia	**663**	348
– Other	**29**	11
	32 309	28 233
Sales by geographical area		
– South Africa	**4 170**	3 879
– Europe	**2 258**	2 270
– Far and Middle East	**7 726**	4 292
– Americas	**649**	335
– Other	**90**	246
	14 893	11 022
Sales to major customers		
The only segment that is affected by the requirement to show this analysis is the platinum segment and the breakdown is as follows:		
Rustenburg Platinum Mines Limited	**1 080**	1 057
Impala Platinum Limited	**2 274**	2 099
Capital expenditure		
– South Africa	**2 930**	2 723
– Rest of Africa	**474**	15
	3 404	2 738

Notes to the financial statements continued

3 Property, plant and equipment

Group	Mine development and decom-missioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Mine Properties Rm	Furniture Equipment and vehicles Rm	Finance Leases Rm	Total property, plant and equipment Rm
Cost								
Balance at 30 June 2009	3 614	6 185	408	2 002	540	1 256	188	14 193
Additions	745	1 608	58	51	60	185	30	2 737
Reclassifications	(649)	583	13	–	–	50	–	(3)
Derecognition	(2)	(4)	–	–	–	(1)	–	(7)
Disposals	–	(8)	(1)	–	–	(27)	(12)	(48)
Change in estimates	(11)	–	36	–	–	–	(1)	24
Balance at 30 June 2010	3 697	8 364	514	2 053	600	1 463	205	16 896
Additions	1 097	1 620	126	24	85	361	91	3 404
Reclassifications	(92)	23	1	3	22	61	–	18
Derecognition	–	(3)	–	–	–	(2)	–	(5)
Disposals	(2)	(101)	–	–	–	(30)	(7)	(140)
Realignment of currencies	(17)	(7)	(2)	–	(8)	(1)	–	(35)
Balance at 30 June 2011	4 683	9 896	639	2 080	699	1 852	289	20 138
Accumulated amortisation, depreciation and impairment								
Balance at 30 June 2009	712	1 142	68	121	44	487	119	2 693
Charge for the year	263	390	20	30	15	231	33	982
Impairments	(1)	2	2	–	–	–	–	3
Disposals	–	(7)	–	–	–	(19)	(12)	(38)
Reclassification	52	1	–	3	–	(56)	–	–
Balance at 30 June 2010	1 026	1 528	90	154	59	643	140	3 640
Charge for the year	313	444	26	35	9	240	35	1 102
Impairments	–	(1)	–	–	–	–	–	(1)
Reclassification	(59)	34	–	3	(2)	15	–	(9)
Change in estimates – provisions	(4)	–	48	–	–	–	1	45
Disposals	(2)	(87)	–	–	–	(34)	(7)	(130)
Realignment of currencies	–	(6)	(2)	–	–	(1)	–	(9)
Balance at 30 June 2011	1 274	1 912	162	192	66	863	169	4 638
Carrying value at 30 June 2010	2 671	6 836	424	1 899	541	820	65	13 256
Carrying value at 30 June 2011	3 409	7 984	477	1 888	633	989	120	15 500

Notes to the financial statements continued

3 Property, plant and equipment *(continued)*

a. Borrowing costs
Borrowing costs incurred at prime overdraft and overnight call rates applicable during the year, amounting to R12 million, were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2011 (F2010: R80 million).

b. Capital work-in-progress
Included in mine development and decommissioning assets and plant and machinery above are R2 427 million (F2010: R1 960 million) of assets relating to projects in progress. Included in this amount are: (i) R1 961 million in respect of the Khumani iron ore plant and mine expansion from 10 to 16 million tonnes per annum; (ii) R122 million in respect of MMZ development and the plant upgrade from 100 kt to 250 kt per month at Nkomati (iii) R344 million in respect of the Konkola North Copper Project in Zambia.

c. Pledged assets
The carrying value of assets pledged as security for loans amounts to R2 billion (F2010: R1.9 billion). Refer to note 14 for security granted in respect of loans to Two Rivers and ARM Coal.

d. Exploration and evaluation assets
These assets are included under mine development and decommissioning assets and amount to R37 million (F2010: R32 million).

Company	Mine development and decom-mission assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Furniture equipment and vehicles Rm	Total property, plant and equipment Rm
Cost						
Balance at 30 June 2009	353	1 134	21	144	90	1 742
Additions	282	295	13	–	16	606
Derecognition	(2)	(4)	–	–	(1)	(7)
Reclassification	(428)	375	–	–	53	–
Balance at 30 June 2010	205	1 800	34	144	158	2 341
Additions	300	83	1	–	24	408
Derecognition	–	(4)	–	–	(1)	(5)
Balance at 30 June 2011	505	1 879	35	144	181	2 744
Accumulated amortisation, depreciation and impairment						
Balance at 30 June 2009	101	105	1	–	58	265
Charge for the year	100	38	1	–	7	146
Impairment	–	(3)	–	–	–	(3)
Reclassification	1	38	–	–	(39)	–
Balance at 30 June 2010	202	178	2	–	26	408
Charge for the year	131	63	1	–	11	206
Impairment	–	(1)	–	–	–	(1)
Balance at 30 June 2011	333	240	3	–	37	613
Carrying value at 30 June 2010	3	1 622	32	144	132	1 933
Carrying value at 30 June 2011	172	1 639	32	144	144	2 131

a. Borrowing costs
Borrowing costs incurred at prime overdraft and overnight call rates applicable during the year, amounting to R12 million were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2011 (F2010: R29 million).

b. Capital work-in-progress
Included in mine development and decommissioning assets and plant and machinery above are R122 million (F2010: R163 million) of assets relating to the plant upgrade from 100kt to 250 kt per month at Nkomati and the MMZ development.

A register containing details of mineral and mining rights and land and buildings is available for inspection during business hours at the registered address of the Company by members or their duly authorised agents.

Notes to the financial statements continued

		Group	
		F2011 Rm	F2010 Rm
4	**Investment property**		
	Cost		
	Opening balance	**20**	20
	Accumulated depreciation		
	Opening balance	**8**	8
	Carrying value	**12**	12

The investment property is situated at 56 Main Street, Johannesburg South Africa.

This property was valued at R15 million by an independent valuer in February 2011 based on an open market valuation basis. Currently this property is 60% occupied with current lease contracts terminating between F2011 and F2014. Annual rental escalations are between 8% and 10%.

Refer to note 24 for rental income derived from this property.

The movements for depreciation during the year were less than R1 million.

		RBCT Entitlement Rm	Other Rm	**Total Rm**
5	**Intangible assets**			
	Group			
	Cost			
	Balance at 30 June 2009	220	2	**222**
	Additions	–	1	**1**
	Reclassification	–	3	**3**
	Balance 30 June 2010	220	6	**226**
	Balance 30 June 2011	220	6	**226**
	Accumulated amortisation			
	Balance at 30 June 2009	9	–	**9**
	Charge for the year	5	–	**5**
	Balance 30 June 2010	14	–	**14**
	Charge for the year	10	–	**10**
	Balance 30 June 2011	24	–	**24**
	Carrying value at 30 June 2010	206	6	**212**
	Carrying value at 30 June 2011	196	6	**202**

Finite life intangible assets which are amortised comprise: (i) the RBCT entitlement held by the Goedgevonden joint venture of R196 million (F2010: R206 million) and (ii) R6 million (F2010: R6 million) relating to patents, trademarks and software. There are no indefinite life intangible assets. The export rights relating to the investment in the RBCT are amortised on a units of export sales method. The remaining amortisation period of the RBCT entitlement is limited to 24 years (F2010: 25 years).

Notes to the financial statements continued

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
6	**Investment in associate**				
	Through ARM's 51% investment in ARM Coal, the Group holds an effective 10.2% investment in the existing coal operations of XCSA.				
	Opening balance	**911**	758	**–**	–
	Original investment (10.2%)	**400**	400	**–**	–
	Additional investment (ATCOM and ATC collieries)*	**9**	9	**–**	–
	Additional investment RBCT	**178**	–	**–**	–
	Retained income	**316**	349	**–**	–
	Cash flow hedge	**8**	–	**–**	–
	Loss for the current year	**(70)**	(33)	**–**	–
	Cash flow hedge current year	**(2)**	8	**–**	–
		839	733	**–**	–
	ARM invested directly in 10% of the existing coal operations of XCSA on 1 September 2007.				
	Opening balance	**697**	707	**432**	432
	Original investment	**400**	400	**400**	400
	Additional investment (ATCOM and ATC collieries)	**32**	32	**32**	32
	Retained income	**257**	275	**–**	–
	Cash flow hedge	**8**	–	**–**	–
	Loss for the current year	**(65)**	(18)	**–**	–
	Cash flow hedge current year	**(2)**	8	**–**	–
		630	697	**432**	432
	Less: dividend received prior years	**138**	138	**–**	–
	Total investment	**1 331**	1 292	**432**	432
	* *Treated as a long-term loan and receivable in ARM Company which eliminates on consolidation (refer note 7).*				
	Total loss for the year	**(135)**	(51)		
	Total cash flow hedge for the year	**(4)**	16		
	Group's interest in sales of associate	**1 165**	1 256		
	Group's interest in associate statement of financial position				
	Non-current assets	**3 672**	3 505		
	Current assets	**785**	673		
	Total assets	**4 457**	4 178		
	Less liabilities				
	Non-current liabilities	**2 952**	2 686		
	Current liabilities	**174**	200		
	Net assets	**1 331**	1 292		

Notes to the financial statements continued

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
7	**Loans and long-term receivables**				
	Long-term receivables	**186**	51	**198**	10
	Total	**186**	51	**198**	10
	Long-term loans held as follows:				
	Assmang	**53**	32	**–**	–
	ARM Platinum (Modikwa)	**19**	19	**–**	–
	ARM Coal (refer note 6)	**–**	–	**9**	9
	ARM Coal (Xstrata)	**114**	–	**–**	–
	ARM Coal – Corporate	**–**	–	**189**	1
		186	51	**198**	10

The Assmang loan – relates to loans to employees for houses built at the Khumani iron ore mine in the Northern Cape (refer note 10). These loans are interest bearing at prime less 2%.

The ARM Platinum (Modikwa) loan is due by the communities (non-controlling interest) around the Modikwa mine and will be repaid as and when a dividend is declared from ARM Mining Consortium.

The ARM Coal loan relates to a loan to RBCT for the construction of the phase V expansion of RBCT.

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
8	**Financial asset**				
	Structured investment	**45**	84	**–**	–

The investment is a structured product, invested with ABSA Bank, over a fixed term made with the strategic intention to attract, retain, motivate and reward eligible senior employees. The investment capital growth is linked to the higher of the JSE Top 40 index growth, or CPI. The investment maturity date is 29 November 2013 (F2010: 29 November 2011 and 29 November 2013). This asset is carried at fair value through the profit and loss.

Notes to the financial statements continued

	Group		Company	
	F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
9 Other investments				
Listed – other investments*				
Opening balance	**5 180**	5 091	**5 180**	5 091
Unrealised revaluation gain for the year	**544**	89	**544**	89
Total listed investments classified as available-for-sale	**5 724**	5 180	**5 724**	5 180
Market value of listed investments	**5 724**	5 180	**5 724**	5 180
(Determined by reference to market share price)				
Unlisted – Joint ventures				
Investment in joint ventures**			**1 153**	812
Loans*** (refer page 228)			**676**	674
RBCT	**63**	–	**–**	–
Preference shares	**11**	11	**–**	–
Unlisted – subsidiary companies				
Cost of investments			**481**	481
Loans*** (refer page 227)			**784**	1 236
Total unlisted	**74**	11	**3 094**	3 203
Total carrying amount of other investments	**5 798**	5 191	**8 818**	8 383

Investments in unquoted equity instruments are measured at cost. Their market value cannot be measured reliably due to the significant uncertainties which exist in estimating parameters such as exchange rates, commodity prices and general market conditions.

Investments valued at cost amount to R481 million (F2010: R481 million) as reflected above in the Company column.

Certain listed and unlisted shares have been pledged as security for the ARM corporate loan which at 30 June 2011 was R410 million (F2010: R784 million) (refer note 14). The book value of the pledged shares amounts to R5 021 million (F2010: R3 051 million).

A report on investments appears on pages 226 to 228.

* *Harmony 63 632 922 shares at R89.95 per share (F2010: R81.40).*
** *ARM Coal (Proprietary) Limited, Assmang and Vale/ARM joint venture.*
*** *These loans are interest free with no fixed terms of repayment except for:*
(i) *the loan to Two Rivers Platinum Mine of R89 million (F2010: R419 million) bears interest at 6.5% (F2010: 8%) pa.,*
(ii) *the loan to Venture Building Trust of R55 million (F2010: R8 million) bears interest at 2% below the prime bank overdraft rate,*
(iii) *Vale/ARM joint venture loans included under joint ventures R309 million (F2010: R339 million) which currently bears interest at 4% and, R367 million (F2010: R335 million) bears interest at prime.*

Notes to the financial statements continued

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
10	**Inventories**				
	Inventories (non-current)				
	Ore Stockpiles	**130**	148	**13**	15
		130	148	**13**	15
	Inventories consist of copper fines and lumpy material, high and low grade lumpy material, and chrome which were mined and stockpiled, not expected to be turned to account within a year.				
	Inventories (current)				
	Ore stockpiles	**278**	589	**–**	–
	Consumable stores	**254**	289	**44**	21
	Raw material	**189**	192	**–**	–
	Work-in-progress	**66**	60	**21**	24
	Khumani housing	**81**	108	**–**	–
	Finished goods	**1 294**	596	**97**	20
		2 162	1 834	**162**	65
	Stockpile quantities are determined using assumptions such as densities and grades which are based on studies, historical data and industry norms.				
	Value of inventories carried at net realisable value is R413 million (F2010: R149 million)				
	Refer to note 23 for the expense of inventory written down or up and the amount of inventories expensed during the year.				
	Inventories to the value of R139 million (F2010: R79 million) have been pledged as security for loans in ARM Coal (Proprietary) Limited (refer note 14).				
11	**Trade and Other Receivables**				
	Trade receivables	**2 311**	2 457	**68**	224
	Related parties	**–**	–	**29**	30
	Other receivables	**802**	569	**98**	70
		3 113	3 026	**195**	324
	Trade and other receivables are non-interest-bearing and are generally on 30-60 day payment terms.				
	Payment terms which vary from the norm are: – PGM which are paid approximately four months after delivery – 20% of nickel delivered which is paid approximately five months after delivery				
	Debtors outstanding longer than their terms and that are not impaired				
	Outstanding on terms' normal cycle	**2 842**	2 892	**195**	324
	Outstanding longer than 30 days outside normal cycle	**120**	81	**–**	–
	Outstanding longer than 60 days outside normal cycle	**86**	36	**–**	–
	Outstanding longer than 90 days outside normal cycle	**44**	17	**–**	–
	Outstanding longer than +120 days outside normal cycle*	**41**	14	**13**	7
	Less: provisions for impairments	**(20)**	(14)	**(13)**	(7)
	Total	**3 113**	3 026	**195**	324

** A provision of R6 million has been raised in F2011 on debtors outstanding longer than 120 days (F2010: R7 million) and the balance is considered recoverable. Total provision at year-end amounted to R20 million (F2010: R14 million).*

Notes to the financial statements continued

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
11	**Trade and Other Receivables** *(continued)*				
	Provision for impairment				
	Opening balance	**14**	7	**7**	–
	Charge for the year	**6**	7	**6**	7
	Closing balances	**20**	14	**13**	7
12	**Cash and cash equivalents**				
	Cash at bank and on deposit	**3 080**	2 378	**1 138**	940
	Restricted cash				
	– Rehabilitation trust funds (refer note 21)	**130**	109	**45**	44
	– Other*	**458**	552	**65**	63
	Cash and cash equivalents per statement of financial position	**3 668**	3 039	**1 248**	1 047
	Less: overdrafts (refer note 19)	**(441)**	(248)	**(37)**	(38)
	Cash and cash equivalents per statement of cash flows	**3 227**	2 791	**1 211**	1 009
	The cash is held as follows per statement of financial position:				
	African Rainbow Minerals Limited	**962**	903	**962**	858
	Assmang Limited	**1 473**	897	**–**	–
	ARM Platinum (Pty) Limited	**285**	248	**–**	–
	Kingfisher Insurance Co Limited	**139**	126	**–**	–
	Nkomati	**176**	82	**176**	82
	Two Rivers Platinum (Pty) Limited	**4**	7	**–**	–
	Vale/ARM joint venture	**36**	115	**–**	–
	Venture Building Trust (Pty) Limited	**5**	–	**–**	–
	Restricted cash	**588**	661	**110**	107
		3 668	3 039	**1 248**	1 047

Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.

* *Guarantees issued mainly includes:*

- *Two Rivers – to DMR and Eskom amounting to R49 million (F2010: R45 million).*
- *Nkomati – to DMR and Eskom amounting to R27 million (F2010: R26 million).*
- *Restricted cash held by Mannequin Insurance PCC Limited (Cell AVL 18) amounting to R343 million (F2010: R385 million) in terms of a insurance contract.*

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
13	**Share capital and share premium**				
	Share capital				
	Authorised				
	500 000 000 (F2010: 500 000 000) ordinary shares of 5 cents each	**25**	25	**25**	25
		25	25	**25**	25
	Issued				
	Opening balance	**11**	11	**11**	11
	440 164 shares issued for cash (F2010: 624 153)*	**–**	–	**–**	–
	213 132 540 (F2010: 212 692 376) ordinary shares of 5 cents each	**11**	11	**11**	11
	Share premium	**3 840**	3 803	**3 840**	3 803
	– Balance at beginning of the year	**3 803**	3 759	**3 803**	3 759
	– Premium on shares issued	**37**	44	**37**	44
	Total issued share capital and share premium	**3 851**	3 814	**3 851**	3 814

* *The movement in issued shares was less than R1 million.*

Notes to the financial statements continued

	Group		Company	
	F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
14 Long-term borrowings				
Secured				
Loan facility (Two Rivers – mine housing project)	**108**	125	**–**	–
This loan is repayable in bi-annual instalments over a scheduled eight-year period, which commenced on 31 March 2008. The interest rate was linked to the prime overdraft rate until completion of the project, and is now linked to JIBAR. At year-end the rate was 7.1% (F2010: 8.1%). The loan is secured by a mortgage bond over the property and a cession of insurances.				
Loan facility (ARM Corporate)	**410**	784	**410**	784
This loan facility is for an amount of R1 750 million and the balance outstanding is repayable in August 2012. The interest rate is linked to JIBAR. At year-end the rate was 8.8% (F2010: 9.6%). This loan has been secured by a pledge of shares (refer note 9). The cover ratio of the market value of the pledge shares or alternative security to loan indebtedness must exceed 2.1 times cover. At year-end it was 10.47:1 (F2010: 4.9:1).				
Leases (Two Rivers)	**113**	62	**–**	–
Finance leases over property, plant and equipment with a book value of R113 million (F2010: R54 million) bear interest at 2.65% (F2010: 2.65%) below the prime overdraft rate and are payable in varying monthly instalments over a maximum period of 60 months which commenced on 30 November 2008 (refer note 38).				
Leases (Assmang)	**2**	6	**–**	–
Finance leases over property, plant and equipment with a book value of R2 million (F2010: R9 million) bear interest at 1.28% (F2010: 1.28%) below the prime overdraft rate and are payable in varying monthly installments over 60 months which commenced on 31 October 2009 (refer note 38).				
Leases (ARM Mining Consortium)	**1**	2	**–**	–
Finance leases over property, plant and equipment with a book value of R5 million (F2010: R5 million) bear interest at 9.75% (F2010: 9.75%) which commenced in January 2008 for a period of five years (refer note 38).				

Notes to the financial statements continued

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
14	**Long-term borrowings** *(continued)*				
	Loan facility (ARM Coal – partner loan) This loan is with Xstrata SA (XSA) and relates to the acquisition and development of the GGV Thermal Coal Mine. The loan consists of an acquisition facility of R688 million (F2010: R629 million), a phase 1 project facility of R761 million (F2010: R761 million) and a phase 2 project facility of R186 million (F2010: R178 million). All these loans bear interest at the prime bank overdraft rate and repayments are expected to commence during the 2012 financial year. These are secured by: a cession in favour of XSA creating a first ranking security interest over ARM Coal's participating interest in the Goedgevonden joint venture; a cession in favour of XSA creating a first ranking security interest over all the preference shares in XSA held by ARM Coal; a cession in favour of XSA creating a first ranking security interest over ARM Coal's right, title and interest in and to the joint venture account; mortgage bonds to be registered by ARM Coal in favour of XSA over all immovable property of ARM Coal; and notarial bonds to be registered by ARM Coal in favour of XSA over all movable assets owned by ARM Coal.	**1 635**	1 568	**–**	–
	Unsecured				
	Loan ARM Coal (partner loan) This loan is with Xstrata Schweiz (AG) and is interest free and no repayment terms have been specified.	**–**	85	**–**	–
	Loan ARM Coal – RBCT (partner loan) This loan is with XSA and bears interest at the prime bank overdraft rate plus 0.5% and is repayable over 10 years.	**173**	–	**–**	–
	Loan ARM Coal (partner loan) This loan is with XSA and is interest free and no repayment terms have been specified.	**–**	5	**–**	–
	Loan ARM Coal Third party loan relating to a property acquisition. This loan bears interest at the prime bank overdraft rate plus 2% and is repayable on 1 February 2011.	**–**	4	**–**	–

Notes to the financial statements continued

	Group F2011 Rm	Group F2010 Rm	Company F2011 Rm	Company F2010 Rm
14 Long-term borrowings *(continued)*				
Loan facility (Modikwa)	**–**	114	**–**	–
This loan is with partner Anglo Platinum and does not carry any interest and has no fixed repayment terms.				
Total borrowings	**2 442**	2 755	**410**	784
Less: repayable within one year included in short-term borrowings (refer to note 19).	**105**	173	**–**	–
Total SA Rand long-term borrowings	**2 337**	2 582	**410**	784
Held as follows:				
– African Rainbow Minerals Limited	**410**	784	**410**	784
– Assmang Limited	**–**	3	**–**	–
– ARM Mining Consortium Limited	**1**	1	**–**	–
– ARM Coal (Proprietary) Limited	**1 781**	1 657	**–**	–
– Two Rivers Platinum (Proprietary) Limited	**145**	137	**–**	–
	2 337	2 582	**410**	784

Repayments schedule – undiscounted cash flows, excluding accounting adjustments

Group	Total borrowings F2011 Rm	Repayable during the year ending 30 June F2012 Rm	F2013 Rm	F2014 Rm	F2015 Rm	F2016 – onwards Rm
Secured Loans						
Loan facility (Two Rivers – mine housing project)	**108**	24	23	21	20	20
Loan facility (ARM Coal – partner loan)	**1 635**	20	22	26	65	1 502
Loan facility (ARM Corporate)	**410**	–	410	–	–	–
Unsecured loans	**2 153**	44	455	47	85	1 522
Loan ARM Coal (RBCT)	**173**	7	15	16	18	117
Finance leases – Assmang	**2**	2	–	–	–	–
– ARM Mining Consortium	**1**	–	1	–	–	–
– Two Rivers	**113**	52	44	17	–	–
Total borrowings 30 June 2011	**2 442**	105	515	80	103	1 639

	F2010	F2011	F2012	F2013	F2014	F2015 – onwards
Total borrowings 30 June 2010	2 755	173	48	845	60	1 629

Notes to the financial statements continued

	Group		Company	
	F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
15 Deferred taxation				
Deferred tax assets				
Assessed losses	**1**	1	**–**	–
Provision	**1**	–	**–**	–
STC	**85**	43	**85**	43
Deferred tax assets	**87**	44	**85**	43
Deferred tax liabilities				
Property, plant and equipment	**3 426**	2 770	**320**	279
Intangible assets	**56**	59	**–**	–
Provisions	**(164)**	(131)	**(20)**	(11)
Capital gains tax on revaluation of listed investment	**240**	163	**240**	163
Inventories	**40**	129	**–**	–
Assessed losses	**–**	(3)	**–**	–
Post-retirement healthcare provisions	**(27)**	(26)	**(24)**	(24)
Deferred tax liabilities	**3 571**	2 961	**516**	407
Reconciliation of opening and closing balance				
Opening deferred tax liabilities	**2 961**	2 277	**407**	312
Opening deferred tax assets	**(44)**	(32)	**(43)**	(32)
Net deferred tax liability opening balance	**2 917**	2 245	**364**	280
Temporary differences from:	**567**	672	**67**	84
Property, plant and equipment	**656**	432	**41**	74
Intangible assets	**(3)**	–	**–**	–
Provisions	**(34)**	(3)	**(9)**	13
Revaluation of investments – directly in equity	**77**	11	**77**	12
Inventories	**(89)**	145	**–**	–
Assessed losses	**3**	103	**–**	–
Post-retirement healthcare provisions	**(1)**	(5)	**–**	(4)
STC credits	**(42)**	(11)	**(42)**	(11)
Total deferred tax	**3 484**	2 917	**431**	364
Deferred tax liabilities	**3 571**	2 961	**516**	407
Deferred tax assets	**(87)**	(44)	**(85)**	(43)

Deferred tax liability balances are shown net of deferred tax assets where a legal right of offset exists at settlement.

Deferred tax assets are raised only when they can be utilised against future taxable profits. Future taxable profits are estimated based on approved business plans which include estimates and assumptions regarding economic growth, interest, inflation, metal prices, exchange rates, taxation rates and competitive forces.

Notes to the financial statements continued

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
16	**Long-term provisions**				
	Environmental rehabilitation obligation				
	Provision for decommissioning				
	Balance at beginning of year	**208**	169	**17**	12
	Provision for the year	**79**	23	**1**	4
	Unwinding discount rate	**16**	13	**2**	1
	Reallocation	**(7)**	3	**–**	–
	Balance at end of year	**296**	208	**20**	17
	Provision for restoration				
	Balance at beginning of year	**84**	82	**26**	27
	Reallocation	**7**	(3)	**–**	–
	Unwinding of discount rate	**6**	5	**1**	–
	Provision for the year	**5**	–	**3**	(1)
	Balance at end of year	**102**	84	**30**	26
	Total environmental rehabilitation obligation	**398**	292	**50**	43
	The net present value of current rehabilitation liabilities is based on discount rates taking into consideration long bond yield rates of around 9% (F2010: 8% – 13%), inflation rates of around 6% in line with the South African Reserve Bank long-term inflation target of between 3% to 6% (F2010: 4% – 8%) and life of mines of between 3 and 25 years (F2010: 3 and 25 years).				
	Refer to note 21 for amounts held in trust funds. These provisions are based upon estimates of cash flows which are expected to occur at the end of life of mines. These assumptions have inherent uncertainties as they are derived from future estimates of mining and financial parameters, such as commodity prices, exchange rates and inflation.				
	Post-retirement healthcare benefits				
	Balance at beginning of year	**98**	83	**88**	72
	Benefits paid	**(9)**	(7)	**(9)**	(7)
	Interest cost	**8**	6	**8**	6
	Actuarial loss	**–**	16	**–**	17
	Balance at end of the year (refer note 40)	**97**	98	**87**	88
	Other long-term provisions				
	Balance at beginning of year	**110**	67	**–**	–
	Change in estimate of variable purchase price for mine properties	**(12)**	28	**–**	–
	Payments	**(9)**	(2)	**–**	–
	Transfer to short-term provisions	**(33)**	–	**–**	–
	(Reversal)/provision for the year	**(2)**	17	**–**	–
	Balance at end of the year	**54**	110	**–**	–
	Total long-term provisions at end of the year	**549**	500	**137**	131

Other long-term provisions include: long-term incentive schemes aimed at attracting, retaining and rewarding eligible senior employees; compensation for potential loss of future income payable by Two Rivers to Assmang due to Two Rivers having a tailings dam on part of the mining area of Assmang.

Notes to the financial statements continued

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
17	**Trade and other payables**				
	Trade	**919**	854	**82**	184
	Other	**1 529**	1 461	**230**	127
	Total trade and other payables	**2 448**	2 315	**312**	311
	Trade and other payables are generally non-interest-bearing and are typically on 30 – 90 day payment terms.				
18	**Short-term provisions**				
	Bonus provision				
	Balance at beginning of year	**152**	27	**118**	3
	Provision for the period	**154**	157	**100**	118
	Payments made during the year	**(163)**	(32)	**(120)**	(3)
	Transfer from long-term provision	**9**	–	**–**	–
	Balance at end of the year	**152**	152	**98**	118
	Leave pay provision				
	Balance at beginning of year	**71**	55	**16**	10
	Provision for the period	**29**	21	**6**	10
	Payments made during the year	**(4)**	(5)	**(2)**	(4)
	Balance at end of the year	**96**	71	**20**	16
	Other provisions				
	Balance at beginning of year	**45**	76	**–**	–
	Provision for the period	**(30)**	(23)	**–**	–
	Payments made	**–**	(8)	**–**	–
	Transfer from long-term provision	**24**	–	**–**	–
	Balance at end of the year	**39**	45	**–**	–
	Total short-term provisions	**287**	268	**118**	134

The bonus provision is based on the policy as approved by each operation.

The leave pay provision is calculated based on a combination of total pensionable salary packages multiplied by the leave days due at year-end. Other provisions include the short-term portion of environmental rehabilitation provisions.

Notes to the financial statements continued

	Group		Company	
	F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
19 Overdrafts and short-term borrowings				
Overdrafts	**441**	248	**37**	38
Short-term borrowings	**186**	343	**291**	291
Short-term portion of long-term borrowings (refer note 14)	**105**	173	**–**	–
	732	764	**328**	329
Overdrafts and short-term borrowings are held as follows:				
– African Rainbow Minerals Limited	**37**	38	**37**	38
– Assmang Limited	**2**	4	**–**	–
– ARM Mining Consortium Limited	**129**	123	**–**	–
– ARM Coal (Pty) Limited	**27**	4	**–**	–
– Two Rivers Platinum (Proprietary) Limited – Bank loans	**464**	252	**–**	–
– Two Rivers Platinum (Proprietary) Limited – Impala Platinum	**73**	343	**–**	–
– Loans from subsidiaries	**–**	–	**291**	291
	732	764	**328**	329
Unutilised short-term borrowing and overdraft facilities				
– African Rainbow Minerals Limited	**430**	430	**430**	430
– Assmang Limited – 50%	**521**	971	**–**	–
– ARM Mining Consortium Limited	**26**	33	**–**	–
– Two Rivers Platinum (Proprietary) Limited	**10**	247	**–**	–
Total	**987**	1 681	**430**	430

Notes to the financial statements continued

	Group		Company	
	F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm

20 Joint ventures

The proportionate share of the following joint ventures have been incorporated into the Group results:

- 50% share in the Nkomati Nickel and Chrome Mine
- 50% share in Assmang which includes Cato Ridge Alloys at 25%.
- 51% share in ARM Coal (Proprietary) Limited which includes the ARM Coal 51% interest in the Goedgevonden joint venture.
- 50% share in Modikwa joint venture which is held as a 83% subsidiary through ARM Mining Consortium and is consolidated as a subsidiary.
- 50% share in Vale/ARM joint venture.

The Company results include the proportionate share of the following unincorporated joint venture:

- 50% share in the Nkomati Nickel and Chrome Mine

The aggregate amounts of joint ventures proportionately consolidated in the financial statements are:

	Group F2011 Rm	Group F2010 Rm	Company F2011 Rm	Company F2010 Rm
Income statements				
Sales	**12 619**	8 929	**1 495**	1 224
Cost of sales	**(7 355)**	(6 006)	**(1 122)**	(902)
Other operating income	**145**	186	**11**	37
Other operating expenses	**(878)**	(672)	**(236)**	(72)
Income from investments	**97**	113	**8**	7
Finance costs	**(149)**	(64)	**(2)**	(2)
Income from associate	**(70)**	(33)	**–**	–
Exceptional items	**(11)**	97	**(4)**	(2)
Profit before tax	**4 398**	2 550	**150**	290
Taxation	**(1 486)**	(864)	**(43)**	(85)
Profit for the year after taxation	**2 912**	1 686	**107**	205
Statements of financial position				
Non-current assets	**14 217**	12 122	**2 128**	1 930
Current assets	**6 338**	5 428	**513**	455
Non-current liabilities (interest-bearing)	**1 784**	3	**–**	–
Non-current liabilities (non-interest-bearing)	**3 183**	4 264	**344**	287
Current liabilities (non-interest-bearing)	**2 845**	1 940	**198**	199
Current liabilities (interest-bearing)	**44**	16	**–**	–
Statements of cash flows				
Net cash inflow from operating activities	**4 175**	1 782	**405**	365
Net cash outflow from investing activities	**(3 074)**	(2 242)	**(393)**	(557)
Net cash inflow from financing activities	**75**	62	**–**	(150)

Notes to the financial statements continued

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
21	**Environmental rehabilitation trust funds**				
	Balance at beginning of year	**109**	92	**44**	42
	Contributions	**15**	11	**–**	–
	Interest earned	**6**	6	**1**	2
	Total (included in cash and cash equivalents) (refer note 12)	**130**	109	**45**	44
	Total environmental rehabilitation obligations (refer note 16)	**398**	292	**50**	43
	Less: amounts in trust funds (see above)	**(130)**	(109)	**(45)**	(44)
	Unfunded portion of liability	**268**	183	**5**	(1)
	Part of the unfunded portion of the liability is secured by guarantees in favour of the Department of Mineral Resources as required R185 million (F2010: R96 million) (refer note 37)				
22	**Sales**				
	Sales – mining and related products	**14 893**	11 022	**1 499**	1 224
	Made up as follows:				
	Local sales	**4 181**	3 857	**44**	115
	Export sales	**10 712**	7 164	**1 455**	1 109
	Sales by foreign joint venture	**–**	1	**–**	–
		14 893	11 022	**1 499**	1 224
	Revenue	**15 357**	11 425	**3 089**	2 264
	Sales – mining and related products	**14 893**	11 022	**1 499**	1 224
	Interest received (refer note 27)	**184**	177	**134**	147
	Dividends received (refer note 27)	**32**	32	**1 032**	532
	Fees received	**211**	179	**424**	361
	Property rental income	**7**	7	**–**	–
	Net insurance premiums received	**30**	8	**–**	–
23	**Cost of sales**				
	Amortisation and depreciation	**1 100**	979	**201**	145
	Staff costs	**1 677**	1 390	**135**	112
	– salaries and wages	**1 464**	1 201	**126**	103
	– pension – defined contribution and benefit plans	**94**	78	**8**	7
	– long service rewards	**–**	60	**–**	–
	– medical aid	**119**	51	**1**	2
	Consultants and contractors	**658**	565	**6**	6
	Electricity	**547**	324	**54**	30
	Inventories written down	**90**	–	**1**	–
	Raw materials, consumables used and change in inventories	**2 479**	2 516	**708**	597
	Railage and transportation	**989**	844	**–**	–
	Provisions – long-term	**4**	12	**3**	–
	– short-term	**94**	50	**18**	12
	Distribution costs	**1 185**	709	**–**	–
	Other costs	**129**	91	**–**	–
		8 952	7 480	**1 126**	902

Notes to the financial statements continued

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
24	**Other operating income**				
	Fees received	**293**	179	**425**	361
	Unrealised foreign exchange	**38**	86	**7**	35
	Realised foreign exchange	**71**	73	**–**	–
	Commission received	**34**	4	**8**	4
	Gross insurance premiums received	**79**	252	**–**	–
	Less: Ceded to reinsurers	**(49)**	(244)	**–**	–
	Net insurance income received	**30**	8	**–**	–
	Rental income from investment property	**4**	5	**–**	–
	Other	**41**	53	**22**	17
		511	408	**462**	417
25	**Other operating expenses**				
	Auditors Remuneration	**12**	14	**5**	5
	Exploration	**49**	59	**–**	–
	Depreciation	**12**	8	**5**	2
	Direct operating expenses of investment property	**6**	5	**–**	–
	Insurance	**100**	77	**–**	–
	Operating lease payments	**3**	3	**–**	–
	Rent paid	**3**	6	**3**	6
	Mineral royalty tax	**162**	20	**7**	1
	Staff cost	**179**	163	**163**	141
	– salaries and wages	**165**	150	**149**	128
	– pension – defined contribution and benefit plans	**8**	8	**8**	8
	– long service rewards	**1**	1	**1**	1
	– training	**5**	4	**5**	4
	Consulting fees	**22**	29	**17**	22
	Realised foreign exchange	**32**	47	**29**	47
	Unrealised foreign exchange	**–**	–	**40**	4
	Provisions – long-term	**1**	19	**1**	16
	– short-term	**59**	105	**86**	115
	Secretarial and financial services	**3**	3	**3**	3
	Short workings	**47**	142	**–**	–
	Share-based payment expensed	**37**	47	**37**	47
	Other	**403**	283	**315**	111
		1 130	1 030	**711**	520
26	**Profit from operations before exceptional items**				
	Profit from operations includes:				
	(Loss)/surplus on disposal of property, plant and equipment	**(7)**	3	**–**	–
	Amortisation and depreciation (refer notes 3 and 5)				
	– buildings	**26**	20	**1**	1
	– intangible assets	**10**	5	**–**	–
	– mine development, exploration and decommissioning assets	**313**	263	**131**	100
	– mineral rights	**35**	30	**–**	–
	– plant and machinery	**444**	390	**63**	38
	– mine properties	**9**	15	**–**	–
	– finance leases	**35**	33	**–**	–
	– furniture equipment and vehicles	**240**	231	**11**	7
	Impairment of plant and equipment (refer notes 2 and 3)	**4**	10	**4**	3

Notes to the financial statements continued

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
27	**Income from investments**				
	Dividend income – listed	**32**	32	**32**	32
	– unlisted	**–**	–	**1 000**	500
	Interest received – subsidiary companies	**–**	–	**76**	95
	– environmental trust funds (refer note 21)	**6**	6	**1**	2
	– short-term bank deposits and other	**178**	171	**57**	50
		216	209	**1 166**	679
	The interest received is from financial assets categorised as loans and receivables. (refer note 36)				
28	**Finance cost**				
	Interest on finance leases	**7**	7	**–**	–
	Gross interest paid – long and short-term borrowings and overdrafts	**195**	253	**63**	127
	Unwinding of discount rate	**26**	12	**2**	2
	Less: capitalised (refer note 3)	**(12)**	(80)	**(12)**	(29)
		216	192	**53**	100
	The interest paid is on financial liabilities categorised as other financial liabilities at amortised cost (refer note 36).				
29	**Exceptional items**				
	Profit on sale of Otjikoto	**–**	103	**–**	–
	(Loss)/profit on sale of fixed assets	**(7)**	3	**–**	–
	Capital portion of insurance claim at Nkomati	**–**	1	**–**	1
	Impairments of property, plant and equipment	**(4)**	(10)	**(4)**	(3)
	Exceptional items per income statement	**(11)**	97	**(4)**	(2)
	Taxation	**3**	1	**1**	1
	Total amount adjusted for headline earnings	**(8)**	98	**(3)**	(1)

Notes to the financial statements continued

	Group		Company	
	F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
30 Taxation				
South African normal taxation				
– current year	**975**	271	**64**	22
– mining	**875**	213	**–**	–
– non-mining	**100**	58	**64**	22
– prior year	**–**	(52)	**–**	–
State's share of profits	**93**	80	**–**	–
STC	**100**	51	**–**	–
Total current taxation	**1 168**	350	**64**	22
Deferred taxation				
– current year	**503**	607	**(10)**	72
– prior year	**–**	52	**–**	–
Total deferred taxation	**503**	659	**(10)**	72
Total taxation	**1 671**	1 009	**54**	94
Attributable to:				
Profit before exceptional items	**1 674**	1 010	**55**	95
Exceptional items (refer note 29)	**(3)**	(1)	**(1)**	(1)
	1 671	1 009	**54**	94
South African mining tax is calculated based on taxable income less capital expenditure.				
Where there is insufficient taxable income to offset capital expenditure, the remaining balance is carried forward as unredeemed capital expenditure.				
Reconciliation of rate of taxation:	**%**	%	**%**	%
Standard rate of Company taxation	**28**	28	**28**	28
Adjusted for:				
Disallowed expenditure	**1**	2	**5**	7
Exempt income	**–**	(1)	**(25)**	(20)
Effects of mining taxes – State's share of profits	**1**	2	**–**	–
STC	**1**	1	**(4)**	(1)
Estimated assessed losses not raised as deferred	**1**	2	**–**	–
Other	**–**	–	**–**	(2)
Effective rate of taxation	**32**	34	**4**	12
Estimated assessed losses available for reduction of future taxable income	**519**	304	**–**	–
No deferred tax asset has been raised on the estimated assessed losses of R456 million (F2010: R287 million) in the Vale/ARM joint venture group.				
Unredeemed capital expenditure available for reduction of future mining income*	**2 564**	2 953	977	943

* *Deferred tax has been raised on these estimated tax benefits.*

The Company had unutilised credits in respect of STC of R2 637 million at 30 June 2011 (F2010: R2 032 million). A deferred tax asset has been raised on a portion of these credits amounting to R85 million (F2010: R43 million). The post year-end dividend declared will bear STC at 10% (F2010: 10%). However, no STC will be payable on the dividend as the existing STC credits together with STC credits arising from the post year-end dividend receipt from Assmang will exceed any STC payable. The latest tax assessment for the Company relates to the year ended June 2002. All returns up to and including June 2010 have been submitted.

Notes to the financial statements continued

		Group	
		F2011 Rm	F2010 Rm
31	**Calculations per share**		
	The calculation of basic earnings per share is based on basic earnings of R3 311 million (F2010: R1 812 million) and a weighted average of 212 889 thousand (F2010: 212 289 thousand) shares in issue during the year.		
	The calculation of headline earnings per share is based on headline earnings of R3 319 million (F2010: R1 714 million), and a weighted average of 212 889 thousand (F2010: 212 289 thousand) shares in issue during the year.		
	The calculation of diluted basic earnings per share is based on basic earnings of R3 311 million (F2010: R1 812 million), with no reconciling items to derive diluted earnings, and a weighted average of 213 871 thousand (F2010: 214 763 thousand) shares, calculated as follows:		
	Weighted average number of shares used in calculating basic earnings per share (thousands).	**212 889**	212 289
	Potential ordinary shares due to share options granted (thousands)	**982**	2 474
	Weighted average number of shares used in calculating diluted earnings per share (thousands)	**213 871**	214 763
	The calculation of diluted headline earnings per share is based on headline earnings of R3 319 million (F2010: R1 714 million) and a weighted average of 213 871 thousand (F2010: 214 763 thousand) shares.		
	The calculation of net asset value per share is based on net assets of R21 157 million (F2010: R17 765 million) and the number of shares at year-end of 213 133 thousand (F2010: 212 692 thousand) shares.		
	The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R5 898 million (F2010: 3 430 million) and the weighted average number of shares in issue of 212 889 thousand (F2010: 212 289 thousand).		
	Dividend per share		
	After the year-end a dividend of 450 cents per share (F2010: 200 cents per share, F2009: 175 cents per share) was declared which approximates R959 million (F2010: R426 million, F2009: R371 million). This dividend was declared before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2011.		
32	**Headline earnings**		
	Basic earnings per income statement	**3 311**	1 812
	– Profit on sale of Otjikoto	**–**	(103)
	– Impairments of property, plant and equipment	**4**	10
	– Capital portion of insurance claim at Nkomati	**–**	(1)
	– Loss/(profit) on disposal of property, plant and equipment	**7**	(3)
		3 322	1 715
	– Taxation	**(3)**	(1)
	Headline earnings	**3 319**	1 714

Notes to the financial statements continued

		Group		Company	
		F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
33	**Reconciliation of net profit before tax to cash generated from operations**				
	Profit from operations before exceptional items	**5 322**	2 920	**124**	219
	(Loss)/income from associate	**(135)**	(51)	**–**	–
	Exceptional items	**(11)**	97	**(4)**	(2)
	Profit from operations after exceptional items	**5 176**	2 966	**120**	217
	Adjusted for:	**1 362**	1 062	**394**	308
	– Amortisation and depreciation of property, plant and equipment	**1 112**	987	**206**	147
	– Impairment of debtors	**6**	4	**–**	–
	– Long and short-term provisions	**158**	186	**109**	142
	– Impairment of property, plant and equipment	**4**	10	**4**	3
	– (Profit)/loss on disposal of property, plant and equipment	**7**	(3)	**–**	–
	– Surplus on disposal of investments	**–**	(103)	**–**	–
	– Unrealised foreign exchange gains/(losses)	**(38)**	(86)	**33**	(31)
	– Associate income	**135**	51	**–**	–
	– Share based payments expensed	**37**	47	**37**	47
	– Sale of houses – Khumani	**(28)**	(32)	**–**	–
	– Other non-cash flow items	**(31)**	1	**5**	–
	Cash from operations before working capital changes	**6 538**	4 028	**514**	525
	(Increase)/decrease in inventories	**(414)**	39	**(97)**	10
	(Increase)/decrease in receivables	**(10)**	(1 393)	**136**	(82)
	(Decrease)/increase in payables and provisions	**(216)**	756	**(135)**	28
	Cash generated from operations	**5 898**	3 430	**418**	481
34	**Taxation paid**				
	Balance at beginning of year	**270**	530	**90**	116
	Current taxation as per income statement (refer note 30)	**1 168**	350	**64**	22
	Normal tax	**975**	219	**64**	22
	State's share of profits	**93**	80	**–**	–
	STC	**100**	51	**–**	–
	Interest received	**(3)**	–	**–**	–
	Royalty	**–**	2	**–**	–
	Balance at end of year	**(195)**	(270)	**(100)**	(90)
	Tax payable	**(270)**	(314)	**(100)**	(90)
	Tax receivable	**75**	44	**–**	–
	Taxation paid	**1 240**	612	**54**	48

Notes to the financial statements continued

		Group	
		F2011 Rm	F2010 Rm
35	**Sale of Interest in Otjikoto**		
	In June 2010 TEAL Minerals finalised an agreement whereby it sold it's investment in TEAL Namibia (B) Inc for a cash consideration of US$28 million. (ARM's share US$14 million).		
	Net assets sold	–	(1)
	Profit with disposal	–	103
	Net proceeds	–	102
	Transaction costs	–	5
	Gross cash effect	–	107

36 Financial instruments and risk management

The Group is exposed to certain financial risks in the normal course of its operations. To manage these risks, a treasury risk management committee monitors transactions involving financial instruments.

The Group does not acquire, hold or issue derivative instruments for trading purposes.

The following risks are managed through the policies adopted below:

a. Currency risk

The commodity market is predominantly priced in US Dollars which exposes the Group's cash flows to foreign exchange currency risks. (Refer note 36(j) for sensitivity analysis).

In addition, there is currency risk on long lead-time capital items which may be denominated in US Dollars or Euros or other currencies.

Derivative instruments which may be considered to hedge the position of the Group against these risks include forward sale and purchase contracts as well as forward exchange contracts.

The use of these derivative instruments is considered on a month-by-month basis when appropriate.

	Foreign currency amount	Year-end exchange rate
Financial assets		
Foreign currency denominated items included in receivable:		
30 June 2011	US$250 million	6.76
30 June 2010	US$179 million	7.67
Foreign currency denominated items included in cash and cash equivalents:		
30 June 2011	US$5 million	6.76
30 June 2010	US$20 million	7.67
Financial liabilities		
Foreign currency denominated items included in payables:		
30 June 2011	US$23 million	6.76
30 June 2010	US$6 million	7.67
Foreign currency denominated items included in overdrafts and short-term borrowings		
30 June 2011	US$nil million	6.76
30 June 2010	US$nil million	7.67

Foreign currency contract

During the year under review Xstrata took out a number of foreign exchange contracts (FEC's) whereby US$ revenue is hedged to a maximum of the forecast net local South African Rand operating costs of the Participating Coal Business (PCB) for a period of 12 months forward. The fair value movement of the open effective FEC's at year-end was reported in the statement of comprehensive income resulting in R12 million (F2010: R16 million) being recorded, at Group level, for the share of the cashflow hedge reserve in the PCB.

b. Liquidity risk management

The Group's executive meets regularly to review long and mid-term plans as well as short-term forecasts of cash flow.

Funding requirements are met by arranging banking facilities and/or structuring finance as applicable. All funding and related structures are approved by the Board of Directors.

Notes to the financial statements continued

36 Financial instruments and risk management *(continued)*

The table below summarises the maturity profile of the Group's financial liabilities at 30 June based on undiscounted cash flows.

	Group F2011			
	Within one year Rm	**2-5 years Rm**	**Over 5 years Rm**	**Total Rm**
Long-term borrowings (refer note 14)	**105**	**698**	**1 639**	**2 442**
Trade and other payables (refer note 17)	**2 448**	**–**	**–**	**2 448**
Overdrafts and short-term borrowings (refer note 19)	**627**	**–**	**–**	**627**
Total	**3 180**	**698**	**1 639**	**5 517**
	Group F2010			
Long-term borrowings (refer note 14)	173	953	1 629	2 755
Trade and other payables (refer note 17)	2 315	–	–	2 315
Overdrafts and short-term borrowings (refer note 19)	591	–	–	591
Total	3 079	953	1 629	5 661

	Group	
	F2011 Rm	F2010 Rm
Overdrafts and short-term borrowings are held at the following financial institutions		
ABSA Bank Limited	**190**	103
Nedbank Limited	**200**	100
The Standard Bank of South Africa Limited	**14**	7
First National Bank Limited	**223**	381
	627	591

c. Credit risk

Credit risk arises from possible defaults on payments by business partners or bank counterparties. The Group minimises credit risk by evaluating counterparties before concluding transactions in order to ensure the creditworthiness of such counterparties. The maximum exposure is the carrying amounts disclosed in note 11.

Major trade receivables include Impala Platinum R670 million (F2010: R631 million) and Rustenburg Platinum Mines R297 million (F2010: R352 million).

Cash is only deposited with institutions which have exceptional credit ratings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification. The maximum exposure is the carrying values as per note 12.

The available-for-sale assets (which is largely the Harmony investment) exposure is the carrying value of these assets as per note 9.

	Group	
	F2011 Rm	F2010 Rm
Cash and cash equivalents are held at the following financial institutions		
ABSA Bank Limited	**445**	701
Barclays Private Clients International	**343**	443
Nedbank Limited	**61**	221
The Standard Bank of South Africa Limited	**2 569**	1 192
Investec Limited	**36**	41
First Rand Limited	**92**	93
Stanlib Collective Investment Limited	**59**	–
Other	**63**	348
	3 668	3 039

Notes to the financial statements continued

36 Financial instruments and risk management *(continued)*

d. Treasury risk management

The treasury function is outsourced to Andisa Capital (Proprietary) Limited (Andisa), specialists in the management of third party treasury operations.

Together with ARM financial executives, Andisa coordinates the short-term cash requirements in the South African domestic money market.

A treasury committee, consisting of senior managers in the Company, including the financial director and representatives from Andisa meet on a regular basis to analyse currency and interest rate exposures as well as future funding requirements within the Group. The committee reviews the treasury operation's dealings to ensure compliance with Group policies and counterparty exposure limits.

e. Commodity price risk

Commodity price risk arises from the possible adverse effect of fluctuations in commodity prices on current and future earnings. Most of these prices are US Dollar and Euro based and are internationally determined in the open market. From these base prices, contracts are negotiated. ARM does not actively hedge future commodity revenues of the commodities that it produces against price fluctuations.

The Nkomati, Two Rivers and Modikwa operations recognise revenue at the month end during which delivery of concentrate has occurred, at the closing spot price for the contained metal. There is a risk that the spot price does not realise when the metal price fixes on out turn at the refinery. Management is of the opinion that this method of revenue recognition is the most appropriate as opposed to using forward prices as an estimate. The risk is that where there are significant changes in metal prices after a reporting period end that the next reporting period is impacted. The value of accounts receivable for these three entities included in trade and other receivables (refer note 11) is R1 018 million (F2010: R1 207 million). Refer to the sensitivity calculations which follow note (j) below.

f. Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. (Refer to note 36 (j) for sensitivity analysis).

The Group manages its interest cost using a mix of fixed and variable rates.

Fluctuations in interest rates give rise to interest rate risks through the impact these fluctuations have on the value of short-term cash investments and financing activities.

Fixed interest rate loans carry a fair value risk due to change in market rates.

Cash is managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

Notes to the financial statements continued

36 Financial instruments and risk management *(continued)*

The table quantifies the interest rate risk

Financial assets		Book value at year-end Rm	Maturity date	Effective interest rate
Year ended 30 June 2011				
Cash – financial institutions	US$5 million	37	Overnight call deposit	0 to 1 per cent
– financial institutions		2 781		5 to 7 per cent
– fixed		850	July 2011	5 to 7 per cent
		3 668		
Year ended 30 June 2010				
Cash – financial institutions	US$21 million	160	Overnight call deposit	0 to 1 per cent
– financial institutions		2 542		6 to 8 per cent
– fixed		337	July 2010	6 to 8 per cent
		3 039		

Financial liabilities		Maturity date	Year-end rate
Year ended 30 June 2011			
Long-term borrowings			
Leases	116	2012	1.28% to 9.75% below prime
Loan facility (Two Rivers – mine housing project)	108	2016	7.1%
Loan facility (ARM Corporate)	410	2013	8.80%
Loan ARM Coal – RBCT (partner loan)	173	2021	0.5% above prime
Loan facility (ARM Coal – partner loan)	1 635	2025	Prime
	2 442		
Less: transferred to short-term	(105)		
Total	2 337		

Summary of variable and fixed rates	Total	Transfer to short-term	Long-term
Variable rates	2 442	105	2 337
Fixed rates	–	–	–
Total	2 442	105	2 337

Year ended 30 June 2010			
Long-term borrowings			
Leases	70	2012	1.28% to 2.65% below prime
Loan facility (Two Rivers – mine housing project)	125	2016	8.10%
Loan facility (ARM Corporate)	784	2013	9.60%
Loan facility (ARM Coal – partner loan)	90		No terms of interest applicable
Loan facility (Modikwa) Rustenburg Platinum Mines Limited (partner loan)	114		No terms of interest applicable
Loan facility (ARM Coal)	4	2011	Prime plus 2%
Loan facility (ARM Coal – partner loan)	1 568	2025	Prime
	2 755		
Less: transferred to short-term	(173)		
Total	2 582		

Notes to the financial statements continued

36 Financial instruments and risk management *(continued)*

Summary of variable and fixed rates

	Total	Transfer to short-term	Long-term
Variable rates	2 551	59	2 492
Fixed rates	204	114	90
Total	2 755	173	2 582

Short-term financial liabilities	**Book value at year-end**	**Repricing date**	**Maturity date**	
Year ended 30 June 2011				
– Financial institutions	545	30/06/2011	30/06/2011	Variable rate between 7% and 10%
– Anglo Platinum (partner loan)	114			No interest
– Implats (partner loan)	73			Variable rate at year end 6.5%
Total	732			
Year ended 30 June 2010				
Short-term financial liabilities				
– Financial institutions	307	30/06/2010	30/06/2010	Variable rate between 9% and 15%
– Anglo Platinum (partner loan)	114			No interest
– Implats (partner loan)	343			Variable rate at year end 8%
Total	764			

g. Fair value risk

Except for interest free loans given by the Company to its subsidiaries, the carrying amounts of trade receivables, cash and cash equivalents and trade and other payables approximate fair value because of the short-term duration of these instruments.

The Group uses the following hierarchy for determining the level of confidence in the valuation technique used.

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 – a technique were all inputs that have a impact on the value are observable, either directly or indirectly.

Level 3 – a technique were all inputs that have a impact on the value are not observable.

Notes to the financial statements continued

36 Financial instruments and risk management *(continued)*

Financial instruments by categories — **Group F2011**

Category	**Loans and receivable Rm**	**At fair value through profit and loss Rm**	**Available-for-sale assets Rm**	**Other liabilities at amortised cost Rm**	**Total book value Rm**	**Total fair value Rm**	**Fair value hierarchy level Rm**
Investments – listed	**–**	**11**	**5 724**	**–**	**5 735**	**5 735**	**1**
Investments – unlisted	**63**	**–**	**–**	**–**	**63**	**63**	**2**
Trade and other receivables	**2 095**	**1 018**	**–**	**–**	**3 113**	**3 113**	**2**
Loans and long-term receivable	**186**	**–**	**–**	**–**	**186**	**186**	**2**
Financial assets – structured investment	**–**	**45**	**–**	**–**	**45**	**45**	**2**
Trade and other payables	**–**	**–**	**–**	**(2 448)**	**(2 448)**	**(2 448)**	**2**
Cash and cash equivalents	**3 668**	**–**	**–**	**–**	**3 668**	**3 668**	**2**
Long-term borrowings	**–**	**–**	**–**	**(2 337)**	**(2 337)**	**(2 337)**	**2**
Short-term borrowings	**–**	**–**	**–**	**(291)**	**(291)**	**(291)**	**2**
Overdrafts	**–**	**–**	**–**	**(441)**	**(441)**	**(441)**	**2**

Financial instruments by categories — Group F2010

Category	Loans and receivable	At fair value through profit and loss	Available-for-sale assets	Other liabilities at amortised cost	Total book value	Total fair value	Fair value hierarchy level
Investments – listed	–	–	5 191	–	5 191	5 191	1
Trade and other receivables	1 819	1 207	–	–	3 026	3 026	2
Loans and long-term receivable	51	–	–	–	51	51	2
Financial assets – structured investment	–	84	–	–	84	84	2
Trade and other payables	–	–	–	(2 315)	(2 315)	(2 315)	2
Cash and cash equivalents	3 039	–	–	–	3 039	3 039	2
Long-term borrowings	–	–	–	(2 582)	(2 582)	(2 582)	2
Short-term borrowings	–	–	–	(516)	(516)	(516)	2
Overdrafts	–	–	–	(248)	(248)	(248)	2

Notes to the financial statements continued

36 Financial instruments and risk management *(continued)*

h. Acquisition risk

Acquisition risk is the risk that acquisitions do not realise expected returns. This risk is mitigated by ensuring that all major investments are reviewed by the ARM Investment Committee after being proposed by management.

i. Capital risk management

The management and maintenance of capital in ARM is a central focus of the Board and senior management especially as ARM has a declared policy of growth. The ability to continue as a going concern and to safeguard assets while optimally funding expansion is continually monitored.

Capital is mainly monitored on the basis of the net gearing ratio while giving due consideration to life of mine plans and business plans.

Capital structure is maintained and improved by ensuring an appropriate level of borrowings, adjusting dividends and reviewing returns from operations. ARM does not have a fixed policy on gearing but targets a net gearing threshold of 30% for external funding.

Total capital is defined as total equity on the statement of financial position plus debt.

j. Sensitivity

The sensitivity calculations are performed on the variances in prices, exchange rates and interest rate changes.

The assumptions are calculated individually while keeping all other variables constant.

The effect is calculated only on the financial instruments as at year-end.

It is relevant to note that the accounts receivable balance in (e) above of R1 018 million (F2010: R1 207 million) was valued using the following parameters: (i) Rand/US Dollar exchange rate of 6.76 (F2010: R7.67), (ii) platinum price of $1 722/oz (F2010: $1 532/oz), (iii) palladium price of $761 /oz (F2010: $446/oz), rhodium of $2 000 oz (F2010: $2 375/oz) and a nickel price of $23 125/tonne (F2010: $19 430/tonne).

The sensitivity was applied to profit or loss before taxation and non-controlling interest.

	Group	
	F2011 Rm	F2010 Rm
The increase in profit before tax if:		
The Rand/US Dollar exchange rate weakens by R1	**157**	193
The price of nickel increases by 10%	**34**	37
The price of PGM increases by 10%	**100**	82
The interest rate increases by 1%	**1**	4
The decrease in profit before tax if:		
The Rand/US Dollar exchange rate strengthens by R1	**(157)**	(193)
The price of nickel decreases by 10%	**(34)**	(37)
The price of PGM decreases by 10%	**(100)**	(82)
The interest rate decreases by 1%	**(1)**	(4)

The interest change impact is calculated on the net financial instruments at reporting date and does not take into account any repayments of long- or short-term borrowings.

The prices of all other commodities are contractually fixed and are thus not impacted by price fluctuations after the reporting date.

Notes to the financial statements continued

	Group		Company	
	F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
37 Commitments and contingent liabilities				
Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	**3 383**	2 921	**122**	220
– not contracted for	**600**	505	**87**	170
Total commitments	**3 983**	3 426	**209**	390
Commitments allocated as follows				
Assmang Limited	**2 687**	2 938	**–**	–
ARM Mining Consortium Limited	**36**	52	**–**	–
ARM Coal (Proprietary) Limited	**24**	34	**–**	–
Nkomati	**209**	390	**209**	390
Two Rivers Platinum (Proprietary) Limited	**4**	3	**–**	–
Vale/ARM joint venture	**1 023**	9	**–**	–
	3 983	3 426	**209**	390

It is anticipated that this expenditure, which mainly relates to mine development and plant and equipment, will be incurred over an estimated two-year period and will be financed from operating cash flows and by utilising available cash and borrowing resources.

Contingent liabilities

Taxation

The Company has a contingent liability arising from its dispute with the South African Revenue Services (SARS) over the deductibility of a loan stock redemption premium claimed in the Company's 1998 tax submission. The matter is currently under appeal and no trial date has been set by SARS.

The outcome of this dispute is not clear and as such the directors of the Company are of the opinion that no provision should be raised in these results.

The potential liability for tax is R107 million, excluding interest. The interest thereon is estimated at R164 million to June 2011 (F2010: R155 million).

The company is in discussion with the South African Revenue Services on progressing this dispute.

Disputes

- ARM has issued summons against Mr R Spoor for defamation. The claim is for an amount of R1.5 million.
- ARM Mining Consortium has made an application against the Department of Mineral Resources and third party respondents requesting the court to order the DMR and third party to reassess applications for the prospecting rights brought by Modikwa JV that had been earlier rejected.
- Nkomati mine have received a judgement in their favour for an amount of R31 million against Niemcor, Niemcor have in turn filed a claim against Nkomati for R28 million claiming damages for breach of contract. Niemcor has not prosecuted the matter any further.
- Two Rivers Platinum Mine is defending a claim for approximately R8.5 million brought by Mabotha Business Trading claiming breach of contract.

Other

The Vale/ARM joint venture has a potential contingent liability of US$15 million (US$7.5 million attributable to ARM) arising from the DRC government review of a mining licence granted. The ultimate potential liability will only be the present value of the above amount that will need to be accrued in the capital cost of the mine, with payments in incremental installments thereafter, should a decision be made by the Vale/ARM joint venture to develop a mine on this property.

Notes to the financial statements continued

37 Commitments and contingent liabilities *(continued)*

Guarantees

A back-to-back guarantee to Assore Limited (Assore) in respect of guarantees issued to bankers by Assore (for Assmang) to secure a short-term export finance agreement facility of R180 million (F2010: R180 million). Short-term export finance loans negotiated in terms of the above facility in the ordinary course of business at 30 June 2011 were Rnil (F2010: Rnil).

ARM has provided an irrevocable and unconditional guarantee to Copperbelt Energy Corporation plc (CEC) and the Development Bank of Southern Africa Limited (DBSA) for the due and punctual payment by Chambishi Metals plc (Chambishi) of the capital charge component of the power supply assets installed and owned by CEC for which financing was obtained by CEC from DBSA.

The total outstanding capital charge obligation started in 2002 at $10 million and will reduce over 10 years ending June 2012 as capital charge payments are made by Chambishi. ARM has a contractual right to have this guarantee replaced by the current owners of Chambishi.

Guarantees to the Department of Mineral Resources for rehabilitation provision amounting to R185 million (F2010: R96 million).

Guarantees to Eskom amounting to R56 million (F2010: R28 million).

38 Leases

Finance Leases (refer note 3)

	Group			
	F2011 Rm	**F2011 Rm**	F2010 Rm	F2010 Rm
	Minimum payments	**Present value of payments**	Minimum payments	Present value of payments
Within one year	**62**	**55**	**32**	28
After one year but not more than five years	**64**	**61**	**48**	42
Total minimum lease payments	**126**	**116**	**80**	70
Less: amounts representing finance charges	**(10)**	**–**	**(10)**	–
Present value of minimum lease payments	**116**	**116**	**70**	70
Operating leases – Group as lessee				
This is in respect of office building rentals paid				
Within one year	**2**		**4**	
After one year but not more than five years	**–**		**2**	
Total minimum lease payments	**2**		**6**	
Operating leases – Group as lessor				
This is in respect of office building rentals received (refer note 4)				
Within one year	**1**		**1**	
After one year but not more than five years	**1**		**–**	
Total minimum lease payments	**2**		**1**	

39 Retirement plans

The Group facilitates pension plans and provident funds substantially covering all employees. These are composed of defined contribution pension plans, which are governed by the Pension Funds Act, 1956, and defined contribution provident funds administered by employee organisations within the industries in which members are employed.

The benefits provided by the defined contribution plans are determined by accumulated contributions and returns on investment.

Members contribute between 5.0% and 7.5% and employers between 6.2% and 18.12% of pensionable salaries to the funds.

Members' contribution for the current year amounts to R102 million (F2010: R86 million).

Notes to the financial statements continued

40 Post-retirement healthcare benefits

The Group has obligations to fund a portion of certain pensioners' and retiring employees' medical aid contributions based on the cost of benefits. The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method and a corresponding liability has been raised The liability is assessed periodically by an independent actuary. This assessment uses the following principal actuarial assumptions:

- A real discount rate of between 2% per annum.
- An increase in healthcare costs at a rate of between 6% and 9% per annum.
- A 1% change in the net discount rate used is estimated to have an impact of 9.5% (F2010: 9.5%) on the liability.
- The average expected working lifetime of eligible members was 8 (F2010: 9) years at the date of the valuation in F2010.

The provisions raised in respect of post-retirement healthcare benefits amounted to R97 million (F2010: R98 million) at the end of the year. Of this amount, Rnil million (F2010: R16 million) was charged against income in the current year (refer note 16).

The liabilities raised based on present values of the post-retirement benefit, have been recognised in full.

An actuarial valuation is carried out in respect of this liability at three yearly intervals. No new employees get this benefit and the liability is relatively stable. The last actuarial valuation was carried out in F2010 and the next one will be in F2013.

At retirement members are given the choice to have an actuarially determined amount paid into their pension fund to cover the expected cost of the post-retirement health cover. Alternatively the Group will continue to fund a portion of the retiring employee's medical aid contributions.

	F2011	F2010	F2009	F2008	F2007
Balance at 30 June (R million)	**97**	98	83	83	82

	Group			
	F2011 Share Options	F2010 Share Options	**F2011 Average price Cents**	F2010 Average price Cents
41 Share-based payment plans				
Equity-settled plan				
The Company uses three plans to attract, retain, motivate and reward eligible employees who are able to influence the performance of ARM on a basis which aligns their interest with those of the Company's shareholders.				
Share options				
The Company grants share options to certain employees under a share incentive scheme. The exercise price of the options is equal to the market price of the shares on the date of the grant. Before July 2008 the options start to vest one year after the grant date in three equal tranches over three years and from 1 July 2008 the options vest after three years. Both schemes are subject to continued employment.				
The contract life of each option is eight years from the grant date.				
Outstanding at the beginning of the period	**4 335 942**	4 834 037	**7 617**	7 374
Granted during the period	**196 635**	185 952	**18 043**	15 624
Forfeited during the period	**(10 680)**	(59 894)	**14 056**	18 822
Exercised during the period	**(440 164)**	(624 153)	**8 264**	7 046
Outstanding at the end of the period	**4 081 733**	4 335 942	**8 033**	7 617
Exercisable at the end of the period	**3 224 687**	3 152 144		
Range of strike prices of options exercised (cents)			2 700 to 13 973	2 700 to 13 973
Range of strike prices of outstanding options (cents)			2 700 to 27 950	2 700 to 27 950

Notes to the financial statements continued

41 Share-based payment plans *(continued)*

Bonus shares method

Annually, eligible employees receive a grant of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares will be settled to participants after three years, conditional on continued employment. The bonus share method of the plan provides an additional element of share-based retention to executives and senior management who through their performance, on an annual basis, have demonstrated their value to the Company, and by further encouraging executives and senior management to build up a shareholding in ARM.

	Group	
	F2011 Bonus shares	F2010 Bonus shares
Outstanding at the beginning of the period	**130 045**	122 683
Granted during the period	**121 589**	11 479
Forfeited during the period	**(347)**	(2 414)
Shares vested*	**(5 397)**	(1 703)
Outstanding at the end of the period	**245 890**	130 045

* *This represents shares that vested during the period as a result of no fault terminations.*

Performance shares method

Annual conditional awards of full value shares are made to eligible employees. Performance shares vest after a three-year period subject to continued employment and the Company's achievement against a weighted combination of challenging performance measures over this period, selected from:

- comparative total shareholder return in relation to a peer group;
- return on capital employed against a prescribed target; and
- growth in headline earnings per share in relation to an inflation index.

The selection of performance metrics has been made on the basis that, individually or in combination, they clearly foster the creation of shareholder value.

The performance share method closely aligns the interest of shareholders, executives and senior management by rewarding superior shareholder and financial performance in the future, and by encouraging executives and senior management to build up a shareholding in ARM.

	F2011 Performance shares	F2010 Performance shares
Outstanding at the beginning of the period	**262 553**	137 965
Granted during the period	**125 530**	128 530
Forfeited during the period	**(9 031)**	(3 610)
Shares vested*	**(3 557)**	(332)
Outstanding at the end of the period	**375 495**	262 553

* *This represents shares that vested during the period as a result of no fault terminations.*

Notes to the financial statements continued

41 Share-based payment plans *(continued)*

The fair value of shares granted in these plans are estimated as at the date of the grant using an independent valuer that uses the Cox-Rox Rubinstein binomial tree model, taking into account the terms and conditions upon which the options were granted. Previously the Black Scholes model was used. The following table lists the range of inputs to the model used on the grant date for the years ended 30 June 2011 and 30 June 2010.

	Group	
	F2011	F2010
Dividend yield %	**1.19**	1.35
Expected volatility %	**42.60**	54.3
Risk-free interest rate %	**8.60**	7.49
Expected life of options (years)	**1 – 8**	2 – 5
Weighted average share price (cents)	**19 036**	16 596
Fair value of options issued during the year (Rm)	**16**	32
Fair value of options per option issued during the year (cents) – October	**7 943**	9 327
Fair value of options per option issued during the year (cents) – April	**10 626**	10 043
The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.		
The effect on the income statement for Group and Company was a charge of (Rm)	**37**	47

42 Related party transactions

The Company in the ordinary course of business enters into various sale, purchase, service and lease transactions with subsidiaries, associated companies and joint ventures.

A report on investments in subsidiaries, associated companies and joint ventures, that indicates the relationship and degree of control exercised by the Company, appears on pages 226 to 228.

Transactions between the company, its subsidiaries, associated companies and joint ventures relate to fees, insurances, dividends, rents and interest and are regarded as intra-Group transactions and eliminated on consolidation.

	Group		Company	
	F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
Assmang Limited				
– Provision of services			**212**	179
– Dividends received			**1 000**	500
Venture Building Trust (Proprietary) Limited – interest received			**3**	1
Two Rivers Platinum (Proprietary) Limited				
– Interest received			**20**	50
– Provision of services			**2**	2
Vale/ARM joint venture – interest			**45**	44
Mannequin insurances received – various Group Companies	**143**	169	**–**	–
Mannequin fees paid – Kingfisher	**–**	27	**–**	–
Kingfisher insurances received – various Group Companies	**87**	32	**–**	–
Nkomati – chrome sales to Assmang	**4**	6	**–**	–
Nkomati – receivable iro Assmang	**–**	–	**–**	2
Amounts outstanding at year-end owing to ARM on current account				
Assmang Limited	**–**	–	**27**	22
Venture Building Trust (Proprietary) Limited	**–**	–	**–**	2

Notes to the financial statements continued

	Group	
	F2011 Rm	F2010 Rm
42 Related party transactions *(continued)*		
Key management personnel		
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity and comprise members of the board of directors and senior management.		
Key management personnel: Senior management compensation		
Salary	**17**	13
Accrued bonuses	**13**	2
Pension scheme contributions	**1**	1
Reimbursive allowances	**2**	1
Total	**33**	17

Share options

	Number of options	Average price cents	Average gross selling price cents
Held on 1 July 2009	1 004 116	10 919	
Granted during the year	21 281	16 145	
Staff movements	(711 536)	9 936	
Exercised during the year			
Held on 1 July 2010	313 861	10 170	
Granted during the year	37 072	17 849	
Staff movements	126 076	12 531	
Exercised during the year	(70 000)	11 900	21 417
Held on 30 June 2011	407 009	10 724	

Bonus and performance shares

	Number of bonus shares	Number of performance shares
Held on 1 July 2009	32 648	31 834
Granted/awarded during the year	979	19 802
Staff movements	(26 275)	(24 560)
Held on 30 June 2010	7 352	27 076
Granted/awarded during the year	20 213	20 905
Staff movements	12 012	17 941
Held on 30 June 2011	39 577	65 922

Notes to the financial statements continued

42 Related party transactions *(continued)*

	Group		Company	
	F2011 Rm	F2010 Rm	**F2011 Rm**	F2010 Rm
Details relating to directors emoluments, share options and shareholdings in the Company are disclosed in the Directors' report.				
Shareholders				
The principal shareholders of the Company are detailed in the Shareholder Analysis report.				
ARM's executive chairman, Patrice Motsepe, is involved through shareholdings and/or directorships in various other companies and trusts. The Company rents office space from one of the entities as disclosed below. Mr Motsepe's director's emoluments, share options and shareholding in the Company are disclosed in the Directors' report.				
Rental paid for offices at 29 Impala Road, Chislehurston, Sandton	**1**	1	**1**	1

Report on subsidiary companies

for the year ended 30 June 2011

	Company	
	F2011 Rm	F2010 Rm
Investments		
Listed: market value – Harmony	**5 724**	5 180
Unlisted	**481**	481
	6 205	5 661
Amounts owing by subsidiaries (refer note 9)	**784**	1 236
Amounts owing to subsidiaries (refer note 19)	**(291)**	(291)
	6 698	6 606
Income from subsidiaries		
Fees – management advisory services	**2**	2
	2	2
Members' aggregate interest in profits after taxation of subsidiaries		
Profits	**350**	315

Principal subsidiary companies

		Issued capital Amount R million		Direct interest in capital %		Book value of the Company's interests: Shares R million		Book value of the Company's interests: Indebtedness by/(to) R million	
Name	**Class**	**F2011**	F2010	**F2011**	F2010	**F2011**	F2010	**F2011**	F2010
African Rainbow Minerals Platinum (Proprietary) Limited platinum mining	Ord	**–**	–	**100**	100	**257**	257	**634**	803
Anglovaal Air (Proprietary) Limited air charter operator	Ord	**–**	–	**100**	100	**89**	89	**(212)**	(212)
Atscot (Proprietary) Limited investment company	Ord	**1**	1	**100**	100	**10**	10	**(23)**	(23)
Avmin Limited mining investment	Ord	**–**	–	**100**	100	**–**	–	**(17)**	(17)
Bitcon's Investments (Proprietary) Limited investment company	Ord	**–**	–	**100**	100	**2**	2	**(2)**	(2)
Jesdene Limited share dealer	Ord	**–**	–	**100**	100	**–**	–	**6**	6
Kingfisher Insurance Co Limited insurance	Ord	**–**	–	**100**	100	**35**	35	**–**	–
Lavino (Proprietary) Limited investment company	Ord	**–**	–	**100**	100	**4**	4	**(9)**	(9)
Letaba Copper & Zinc Corp Limited prospecting company	Ord	**1**	1	**94**	94	**–**	–	**–**	–
Mannequin Insurance PCC Limited (Cell AVL18)*insurance	Ord	**4**	4	**100**	100	**4**	4	**–**	–
Prieska Copper Mines Limited investment company	Ord	**27**	27	**97**	97	**–**	–	**–**	–
Sheffield Minerals (Proprietary) Limited investment company	Ord	**–**	–	**100**	100	**–**	–	**(4)**	(4)
South African Base Minerals Limited investment company	Ord	**–**	–	**100**	100	**–**	–	**–**	–
Tasrose Investments (Proprietary) Limited mining investment	Pref	**–**	–	**100**	100	**24**	24	**(24)**	(24)
Two Rivers Platinum (Proprietary) Limited platinum mining	Ord	**100**	100	**55**	55	**55**	55	**89**	419
Vallum Investments (Proprietary) Limited investment company	Ord	**–**	–	**100**	100	**–**	–	**–**	–
Venture Building Trust (Proprietary) Limited property investment	Ord	**–**	–	**100**	100	**1**	1	**55**	8

Ord – Ordinary shares

Pref – Preference shares

Unless otherwise stated, all companies are incorporated and carry on their principal operations in South Africa. Interests are shown to the extent that this information is considered material. A schedule with details of all other subsidiaries is available from the registered office.

** Incorporated in Guernsey December year-end. Audited June figures are consolidated.*

Principal associate companies, joint ventures and other investments

	Group		Company		Group			
	Number of shares held		Number of shares held		Effective percentage holding		Indebtedness by Rm	
Name of company	**F2011**	F2010	**F2011**	F2010	**F2011**	F2010	**F2011**	F2010
Associated companies								
Unlisted								
Lucas Block Minerals Limited (1936)								
Ordinary shares of 200 cents per share	**121**	121	**121**	121	**30**	30	**–**	–
Xstrata South Africa (Proprietary) Limited*								
Non-convertible participating preference shares of 100 cents per share	**800**	800	**400**	400	**20.2**	20.2	**–**	–
Investment in other companies								
Listed								
Harmony Gold Mining Company Limited								
Ordinary shares of 50 cents per share	**63 632 922**	63 632 922	**63 632 922**	63 632 922	**14.80**	14.84	**–**	–
Unlisted								
Business Partners Limited	**323 177**	323 177	**323 177**	323 177	**0.2**	0.2	**–**	–
Joint ventures and partnerships								
ARM Coal (Proprietary) Limited (including Goedgevonden)	**51**	51	**51**	51	**51**	51	**–**	–
Cato Ridge Alloys (Proprietary) Limited	**19 400**	19 400	**–**	–	**12.5**	12.5	**–**	–
Modikwa joint venture*	**–**	–	**–**	–	**41.5**	41.5	**–**	–
Nkomati joint venture	**–**	–	**–**	–	**50**	50	**988**	903
Assmang Limited (including Cato Ridge Alloys)	**1 774 103**	1 774 103	**1 774 103**	1 774 103	**50**	50	**–**	–
Vale/ARM joint venture	**731**	508	**731**	508	**50**	50	**676**	674

** December year-end, audited June figures are consolidated.*

Convenience translation into US dollars

For the benefit of international investors, the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and the statement of cash flows of the Group presented in South African Rands and set out on pages 164 to 172, have been translated into United States dollars and are presented on this page and pages 230 to 234.

This information is only supplementary and is not required by any accounting standard and does not represent US GAAP.

The statement of financial position are translated at the rate of exchange ruling at the close of business at 30 June each year and the income statements and statement of cash flows are translated at the average exchange rates for the years reported except for the opening and closing cash balances of cash flows which are translated at the rate ruling at the close of business at 30 June each year.

The statement of comprehensive income is translated at the average rate of the years reported.

The statement of changes in equity is translated at the rate ruling at the close of business at 30 June each year.

The following exchange rates were used:	**F2011 R/US$**	F2010 R/US$
Statement of financial position	**R6.76**	R7.67
Income statement and statement of cash flows	**R6.99**	R7.59

The US Dollar denominated statement of financial position, income statements, statement of comprehensive income, statement of changes in equity and statements of cash flows should be read in conjunction with the accounting policies of the Group as set out on pages 173 to 183 and with the notes to the financial statements on pages 184 to 225.

Statement of financial position

as at 30 June

US Dollar convenience translation

	Note	Group F2011 US$m	Group F2010 US$m
Assets			
Non-current assets			
Property, plant and equipment	3	**2 293**	1 728
Investment property	4	**2**	2
Intangible assets	5	**30**	28
Deferred tax assets	15	**13**	6
Loans and long-term receivables	7	**28**	7
Financial assets	8	**7**	11
Inventories	10	**19**	19
Investment in associate	6	**197**	168
Other investments	9	**858**	677
		3 447	2 646
Current assets			
Inventories	10	**320**	239
Trade and other receivables	11	**461**	395
Taxation	34	**11**	6
Cash and cash equivalents	12	**543**	396
		1 335	1 036
Total assets		**4 782**	3 682
Equity and liabilities			
Capital and reserves			
Ordinary share capital	13	**2**	1
Share premium	13	**568**	496
Other reserves		**178**	95
Retained earnings		**2 382**	1 724
Equity attributable to equity holders of ARM		**3 130**	2 316
Non-controlling interest		**142**	100
Total equity		**3 272**	2 416
Non-current liabilities			
Long-term borrowings	14	**346**	337
Deferred tax liabilities	15	**528**	386
Long-term provisions	16	**81**	65
		955	788
Current liabilities			
Trade and other payables	17	**365**	302
Short-term provisions	18	**42**	35
Taxation	34	**40**	41
Overdrafts and short-term borrowings – interest-bearing	19	**108**	100
		555	478
Total equity and liabilities		**4 782**	3 682

Income statement

for the year ended 30 June

US Dollar convenience translation

	Note	Group F2011 US$m	Group F2010 US$m
Revenue	22	**2 197**	1 505
Sales	22	**2 131**	1 452
Cost of sales	23	**(1 281)**	(986)
Gross profit		**850**	466
Other operating income	24	**73**	54
Other operating expenses	25	**(162)**	(136)
Profit from operations before exceptional items	26	**761**	384
Income from investments	27	**31**	28
Finance costs	28	**(31)**	(25)
Income from associate	6	**(19)**	(7)
Profit before taxation and exceptional items		**742**	380
Exceptional items	29	**(2)**	13
Profit before taxation		**740**	393
Taxation	30	**(239)**	(133)
Profit for the year		**501**	260
Attributable to:			
Non-controlling interest		**28**	21
Equity holders of ARM		**473**	239
		501	260

	Note	F2011 US$m	F2010 US$m
Additional information			
Headline earnings	32	**475**	226
Headline earnings per share (cents)	31	**223**	106
Basic earnings per share (cents)	31	**222**	113
Diluted headline earnings per share (cents)	31	**222**	105
Diluted basic earnings per share (cents)	31	**221**	111

Statement of comprehensive income

for the year ended 30 June

US Dollar convenience translation

		Group					
	Notes	Availible for-sale reserve US$m	Other US$m	Retained earnings US$m	Share-holders of ARM US$m	Non controlling interest US$m	Total US$m
For the year ended 30 June 2010							
Profit for the year to 30 June 2010		–	–	239	239	21	260
Other comprehensive income							
Revaluation of listed investment	9	12	–	–	12	–	12
Deferred tax on revaluation of listed investment		(2)	–	–	(2)	–	(2)
Net impact of revaluation of listed investment		10	–	–	10	–	10
Foreign exchange on loans in foreign Group entity		–	(1)	–	(1)	–	(1)
Cashflow hedge reserve	6	–	2	–	2	–	2
Total other comprehensive income		10	1	–	11	–	11
Total comprehensive income for the year		10	1	239	250	21	271
For the year ended 30 June 2011							
Profit for the year to 30 June 2011		**–**	**–**	**473**	**473**	**28**	**501**
Other comprehensive income							
Revaluation of listed investment	9	**78**	**–**	**–**	**78**	**–**	**78**
Deferred tax on revaluation of listed investment		**(11)**	**–**	**–**	**(11)**	**–**	**(11)**
Net impact of revaluation of listed investment		**67**	**–**	**–**	**67**	**–**	**67**
Foreign exchange on loans to foreign Group entity		**–**	**(12)**	**–**	**(12)**	**–**	**(12)**
Cashflow hedge reserve	6	**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
Foreign currency translation		**–**	**6**	**–**	**6**	**–**	**6**
Total other comprehensive income		**67**	**(7)**	**–**	**60**	**–**	**60**
Total comprehensive income for the year		**67**	**(7)**	**473**	**533**	**28**	**561**

Statement of changes in equity

for the year ended 30 June

US Dollar convenience translation

		Group						
	Notes	Share Capital and Premium US$m	Availible for sale reserve US$m	Other US$m	Retained Profit US$m	Share-holders of ARM US$m	Non-controlling interest US$m	Total US$m
Balance at 30 June 2009		488	48	31	1 526	2 093	78	2 171
Profit for the year to 30 June 2010		–	–	–	239	239	21	260
Other comprehensive income		–	10	1	–	11	–	11
Total comprehensive income for the year		–	10	1	239	250	21	271
Translation adjustments		3	–	(1)	8	10	1	11
Share-based payments		–	–	6	–	6	–	6
Share options exercised	13	6	–	–	–	6	–	6
Dividend paid	31	–	–	–	(49)	(49)	–	(49)
Balance at 30 June 2010		497	58	37	1 724	2 316	100	2 416
Profit for the year to 30 June 2011		**–**	**–**	**–**	**473**	**473**	**28**	**501**
Other comprehensive income		**–**	**67**	**(7)**	**–**	**60**	**–**	**60**
Total comprehensive income for the year		**–**	**67**	**(7)**	**473**	**533**	**28**	**561**
Translation adjustments		**68**	**10**	**8**	**246**	**332**	**14**	**346**
Share-based payments		**–**	**–**	**5**	**–**	**5**	**–**	**5**
Share options exercised	13	**5**	**–**	**–**	**–**	**5**	**–**	**5**
Dividend paid	31	**–**	**–**	**–**	**(61)**	**(61)**	**–**	**(61)**
Balance at 30 June 2011		**570**	**135**	**43**	**2 382**	**3 130**	**142**	**3 272**

Statement of cash flow

for the year ended 30 June

US Dollar convenience translation

	Note	Group F2011 US$m	Group F2010 US$m
Cash flow from operating activities			
Cash receipts from customers		**2 204**	1 316
Cash paid to suppliers and employees		**(1 361)**	(865)
Cash generated from operations	33	**843**	451
Translation adjustment		**52**	4
Interest received		**26**	23
Interest paid		**(17)**	(18)
Dividends received		**5**	4
Dividends paid		**(61)**	(49)
Taxation paid	34	**(177)**	(81)
Net cash inflow from investing activities		**671**	334
Cash flow from investing activities			
Additions to property, plant and equipment to maintain operations		**(114)**	(68)
Additions to property, plant and equipment to expand operations		**(308)**	(261)
Proceeds on disposal of property, plant and equipment		**–**	2
Proceeds on disposal of Otjikoto	35	**–**	14
Investment in associate		**(25)**	–
Investment in RBCT		**(9)**	–
(Increase)/decrease in loans and receivables		**(15)**	7
Net cash outflow from investing activities		**(471)**	(306)
Cash flow from financing activities			
Proceeds on exercise of share options		**5**	6
Long-term borrowings raised		**40**	112
Long-term borrowings repaid		**(85)**	(110)
(Decrease)/increase in short-term borrowings		**(45)**	(104)
Net cash outflow from financing activities		**(85)**	(96)
Net increase in cash and cash equivalents		**115**	(68)
Cash and cash equivalents at beginning of year		**363**	431
Cash and cash equivalents at end of year	12	**478**	363
Cash generated from operations per share (cents)	31	**396**	212

Financial summary and statistics

for the year ended 30 June

US Dollar convenience translation

	Group							
	F2011 US$m	F2010 US$m	F2009 US$m	F2008 US$m	F2007 US$m	F2006 US$m	F2005 US$m	F2004 US$m
Income statement								
Sales	**2 131**	1 452	1 118	1 725	854	722	883	563
Headline earnings	**475**	226	257	550	168	72	55	7
Basic earnings per share (cents)	**222**	113	150	292	81	46	36	125
Headline earnings per share (cents)	**223**	106	121	261	81	35	27	5
Dividend declared after year-end per share (cents)	**67**	26	23	51	n/a	n/a	n/a	n/a
Statement of financial position								
Total assets	**4 782**	3 682	3 304	3 178	2 576	2 041	1 769	1 831
Cash and cash equivalents	**543**	396	455	340	150	61	43	57
Shareholders' equity	**3 272**	2 416	2 171	2 002	1 587	1 452	1 199	1 271
Statement of cash flows								
Cash generated from operations	**843**	451	739	709	352	194	267	97
Net cash outflow from investing activities	**(471)**	(306)	(348)	(334)	(374)	(226)	(133)	(100)
Net cash (outflow)/inflow from financing activities	**(85)**	(96)	(19)	(24)	217	140	(88)	41
JSE Limited performance								
Ordinary shares (cents)								
– high	**3 376**	2 714	3 217	4 205	1 917	816	612	696
– low	**2 092**	1 542	842	1 414	739	500	411	471
– year-end	**2 788**	2 099	1 683	3 576	1 747	674	511	543

Investor relations report

ARM's primary listing is on the JSE Limited. The Company also has an unsponsored Level 1 American Depositary Receipt (ADR) programme which is available to investors for over-the-counter or private transactions.

Share information

Ticker code	ARI
Sector	General Mining
Nature of business	ARM is a diversified mining and minerals company with assets in ferrous, platinum group metals, coal, base metals and copper. ARM holds a significant interest in the gold mining sector through its shareholding in Harmony.
Issued share capital at 30 June 2011	213 132 540 shares
Market capitalisation at 30 June 2011	R40.2 billion
	US$5.95 billion
Closing share price at 30 June 2011	R188.50
12 month high (1 July 2010 – 30 June 2011)	R236.00
12 month low (1 July 2010 – 30 June 2011)	R146.25
Average volume traded for the 12 months	484 444 shares per day

Shareholders' diary

Annual General Meeting	Friday, 2 December 2011
Financial year-end	June 2012
Annual financial statements issued	October 2012
Interim results announcement	March 2012
Provisional results announcement	September 2012

Shareholder analysis

Shares held	Number of shareholders	% of shareholders	Number of shares held	% of issued share capital
1 to 1 000 shares	4 514	76.08	1 200 306	0.57
1 001 to 10 000 shares	919	15.49	3 169 496	1.50
10 001 to 100 000 shares	388	6.54	12 387 126	5.81
100 001 to 1 000 000 shares	97	1.64	29 093 620	13.65
1 000 001 shares and above	15	0.25	167 281 992	78.47
Total	**5 933**	**100.00**	**213 132 540**	**100.00**

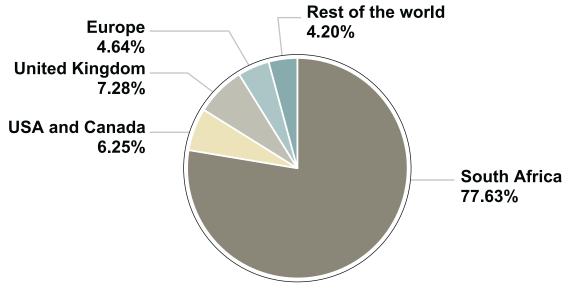
Distribution of shareholders	Number of shares held	% of issued share capital
Black Economic Empowerment	116 365 157	54.60
Unit Trusts/Mutual Funds	30 234 532	14.19
Pension Funds	25 982 867	12.19
Investment Trusts	12 923 290	6.06
Other Managed Funds	10 963 675	5.14
Sovereign Wealth	5 360 936	2.52
Insurance Companies	4 660 352	2.19
Private Investors	2 469 763	1.16
Custodians	1 508 943	0.71
Exchange-Traded Fund	334 105	0.16
Corporate Holding	202 000	0.09
University	133 540	0.06
Charity	88 100	0.04
Hedge Fund	33 100	0.02
Remainder	1 872 180	0.87
Total	**213 132 540**	**100.00**

Public/non-public shareholders	Number of shareholders	% of total shareholders	Number of shares held	% of issued share capital
Non-public shareholders	5	0.08	116 579 157	54.70
Public shareholders	5 928	99.92	96 553 383	45.30
Total	**5 933**	**100.00**	**213 132 540**	**100.00**

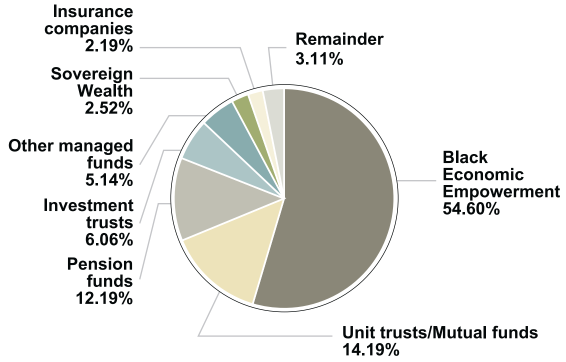
Investment management and beneficial interest (more than 3%)	Number of shares held	%
Black Rock Inc.	22 068 565	10.35
Public Investment Corporation Limited	11 962 077	5.61
Investec Asset Management	7 347 094	3.45
Total	**41 377 736**	**19.41**

Investor relations report continued

Geographic split of beneficial shareholders



Beneficial shareholder split by category



Top 20 shareholders

	Shareholder	Number of shares held	% holding of shares in issue
1	African Rainbow Minerals & Exploration Investments (Pty) Limited	87 750 417	41.17
2	ARM Broad-Based Economic Empowerment Trust	28 614 740	13.43
3	Black Rock Inc.	22 068 565	10.35
4	Public Investment Corporation Limited	11 962 077	5.61
5	Investec Asset Management	7 347 094	3.45
6	Kagiso Asset Management (Pty) Limited	3 314 141	1.56
7	Allan Gray Investment Council	3 311 168	1.55
8	RMB Asset Management	3 117 533	1.46
9	Government Singapore Investment Corporation	3 111 178	1.46
10	Fidelity Investments	2 886 627	1.36
11	STANLIB Asset Management	2 708 354	1.27
12	The Vanguard Group	2 570 475	1.21
13	Dimensional Fund Advisors	1 695 357	0.79
14	Coronation Fund Managers	1 692 239	0.79
15	Jennison Associates LLC	1 442 031	0.68
16	Legg Mason Inc.	1 262 235	0.60
17	Metropolitan Asset Managers	1 255 248	0.59
18	AXA Financial SA	1 169 819	0.55
19	Abax Investments	1 157 898	0.54
20	Old Mutual Asset Managers	1 090 339	0.51

Share liquidity

Number of shares traded on the JSE Limited during F2011*

Month	Volume
July 2010	11 096 208
August 2010	10 952 972
September 2010	9 194 087
October 2010	8 725 992
November 2010	9 655 360
December 2010	7 611 087
January 2011	11 261 137
February 2011	13 045 179
March 2011	12 671 244
April 2011	6 812 007
May 2011	8 317 349
June 2011	11 708 457
Total	121 051 079

**Source: JSE Limited*

Investor relations

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The F2011 ARM Integrated Annual Report and the Sustainability Report are available in electronic format on the Company's website at **www.arm.co.za**. Printed copies can also be requested from the Company Investor Relations Department.

Glossary of terms and acronyms

3E	Platinum, palladium and gold
4E	Platinum, palladium, rhodium and gold
6E	Platinum, palladium, rhodium, gold, ruthenium and iridium
Anglo Platinum	Anglo American Platinum Limited
a	The a referred to in tabulation and graphic analysis refers to actual numbers
ARM	African Rainbow Minerals Limited
ARM BBEE Trust	ARM Broad-Based Economic Empowerment Trust
ARMI	African Rainbow Minerals & Exploration Investments (Pty) Limited
Assmang	Assmang Limited
Assore	Assore Limited
BEE	Black Economic Empowerment
BBBEE	Broad-Based Black Economic Empowerment
Btu – lb	British Thermal Unit per pound
C1 cost	Cash cost net of revenue from by-products
C2008	Calendar year starting 1 January 2008 ending 31 December 2008
C2009	Calendar year starting 1 January 2009 ending 31 December 2009
C2010	Calendar year starting 1 January 2010 ending 31 December 2010
C2011	Calendar year starting 1 January 2011 ending 31 December 2011
CO_2	Carbon dioxide
COM	Chamber of Mines
CPI	Consumer Price Index
CPIX	Consumer Price Index, excluding interest
CSA	Coal Supply Agreement
CSI	Corporate Social Investment
DEAT	Department of Environmental Affairs and Tourism
DME	Department of Minerals and Energy
DMR	Department of Mineral Resources
DoL	Department of Labour
DRC	Democratic Republic of the Congo
DTJV	Douglas Tavistock joint venture
DWAF	Department of Water Affairs and Forestry
DWEA	Department of Water and Environmental Affairs
e	The e referred to in tabulation and graphic analysis refers to estimated numbers
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, amortisation, excluding exceptional items and income from associates
EIA	Environmental Impact Assessment
EMPR	Environmental Management Programme Report
F2011	Financial year starting 1 July 2010 ending 30 June 2011
F2010	Financial year starting 1 July 2009 ending 30 June 2010
F2009	Financial year starting 1 July 2008 ending 30 June 2009
F2008	Financial year starting 1 July 2007 ending 30 June 2008
FOB	Free on board
FOG	Fall of ground
FOR	Free on rail
FTSE	Financial Times and London Stock Exchange
GAR	Gross as received
GHG	Greenhouse gas
Goedgevonden/GGV	Goedgevonden Thermal Coal Project
H1	First six months of financial year
H2	Second six months of financial year
Harmony Gold	Harmony Gold Mining Company Limited

HDSA	Historically Disadvantaged South African
HIV	Human immuno-deficiency virus
IAS	International Accounting Standards
IBC	Inside back cover
ICMM	International Council on Mining and Metals
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
Implats	Impala Platinum Holdings Limited
IRS	Impala Refining Services Limited
JORC Code	Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code
JSE	JSE Limited
JV	Joint venture
Kalplats AOI	Kalplats Area Of Influence
King II	King Report on Corporate Governance in South Africa 2002
King III	King Report on Governance for South Africa 2009 and the King Code of Governance Principles
LED	Local Economic Development
LoM	Life of mine
LTIFR	Lost Time Injury Frequency Rate – A rate expressed per 200 000 man hours for a work-related injury that results in the employee being unable to attend work at his/her place of work, performing his/her assigned duties on the next calendar day (whether a scheduled work day or not) after the day of injury. If the appointed medical professional advises that the injured person is unable to attend work on the next calendar day after the injury, regardless of the injured person’s next rostered shift, a lost time injury is deemed to have occurred.
MHSA	Mine Health and Safety Act
Mining Charter	Broad-Based Socio-Economic Empowerment Charter signed in 2002
MMZ	Main Mineralised Zone
MPRDA	Minerals and Petroleum Resources Development Act
MSB	Massive Sulphide Body
NPI	Nickel Pig Iron
NUM	National Union of Mineworkers
NUMSA	National Union of Metal Workers
OHSA	Occupational Health and Safety Act
PCB	Participating Coal Business: Xstrata Coal South Africa existing operations, excluding Goedgevonden
PCMZ	Peridotite Chromotitic Mineralised Zone
PCR	Chromotitic Peridotite Resource
PGMs	Platinum Group Metals
PLA	Platinum Australia
RBCT	Richards Bay Coal Terminal
RIFR	Reportable Injury Frequency Rate
SAMREC Code	South African Code for Reporting Mineral Resources and Mineral Reserves
SHE	Safety, Health and Environment Department
SME	Small and Medium-sized Enterprise
SMME	Small, Medium and Micro Enterprise
STC	Secondary Tax on Companies
TFR	Transnet Freight Rail
UASA	United Association of South Africa
UG2	Upper group 2 – second level of three chrometite layers
Vale	Vale SA (formerly Companhia Vale do Rio Doce)
VCT	Voluntary counselling and testing
XCSA	Xstrata Coal South Africa
XSA	Xstrata South Africa
ZCCM	Zambia Consolidated Copper Mines Investment Holdings plc

Notice of annual general meeting

AFRICAN RAINBOW MINERALS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE share code: ARI ISIN: ZAE000054045
("ARM" or "the Company")

Notice is hereby given that the 78th Annual General Meeting of shareholders of African Rainbow Minerals Limited will be held in the Oleander Room, Sandton Sun Hotel, corner Fifth and Alice Streets, Sandton, on Friday, 2 December 2011 at 14:00, South African time, for considering and, if deemed fit, adopting, with or without modification, the resolutions set out below.

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for the purposes of being entitled to attend and vote at the Annual General Meeting is Friday, 25 November 2011. The last day to trade in the Company's shares is Friday, 18 November 2011.

Ordinary business

Acceptance of financial statements

Ordinary resolution number 1 is proposed to receive and consider the annual financial statements for the Company and the Group, for the most recent financial year, which ended on 30 June 2011. The financial statements are included in the 2011 Integrated Annual Report.

Ordinary resolution number 1

1. "Resolved that the annual financial statements and the Group annual financial statements for the year ended 30 June 2011 including the Directors', Audit Committee and auditors' reports, be and are hereby received and accepted."

   In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Re-election of Directors

Ordinary resolutions numbers 2 – 6 are proposed to re-elect Directors who retire by rotation as Directors of the Company in accordance with the provisions of the Company's Articles of Association, and who, being eligible, offer themselves for re-election. The Directors' *curricula vitae* appear in the 2011 Integrated Annual Report on pages 146 and 147. The Board of Directors (the "Board") recommends the re-election of these Directors.

Ordinary resolution number 2 – Re-election of Mr F Abbott

2. "Resolved that Mr F Abbott, who retires by rotation in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

   In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 3 – Re-election of Mr M Arnold

3. "Resolved that Mr M Arnold, who retires by rotation in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

   In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 4 – Re-election of Mr L A Shiels

4. "Resolved that Mr L A Shiels, who retires by rotation in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

   In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 5 – Re-election of Dr R V Simelane

5. "Resolved that Dr R V Simelane, who retires by rotation in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

   In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 6 – Re-election of Mr Z B Swanepoel

6. "Resolved that Mr Z B Swanepoel, who retires by rotation in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

   In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Election of Directors

Ordinary resolutions numbers 7 and 8 are proposed to elect Directors who were appointed Directors since the previous Annual General Meeting and whose period of office terminates in accordance with the Company's Memorandum of Incorporation at this Annual General Meeting. The Board recommends the election of Messrs T A Boardman and M P Schmidt.

Ordinary resolution number 7 – Election of Mr T A Boardman

7. "Resolved that Mr T A Boardman whose period of office as a Director terminates in accordance with the Company's Articles of Association on the date of this Annual General Meeting and who being eligible and having made himself available for election, be and is hereby elected as a Director of the Company."

   In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 8 – Election of Mr M P Schmidt

8. "Resolved that Mr M P Schmidt whose period of office as a Director terminates in accordance with the Company's Articles of Association on the date of this Annual General Meeting and who being eligible and having made himself available for election, be and is hereby elected as a Director of the Company."

   In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Reappointment of external auditors and reappointment of designated auditor

Ordinary resolution number 9 is proposed to approve the re-appointment of Ernst & Young Inc. as the external auditors of the Company and to reappoint Mr E A L Botha as the person designated to act on behalf of the external auditors for the financial year ending 30 June 2012 and remain in office until the conclusion of the next Annual General Meeting.

Ordinary resolution number 9 – Reappointment of auditors and reappointment of designated auditor

9. "Resolved that the reappointment of Ernst & Young Inc. as the external auditors of the Company be and is hereby approved and that Mr E A L Botha be and is hereby reappointed as the designated auditor for the financial year ending 30 June 2012 and to remain in office until the conclusion of the next Annual General Meeting."

   In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Election of Audit Committee members

Ordinary resolution number 10 – Election of Audit Committee members

Ordinary resolution number 10 is proposed to elect Audit Committee members in terms of section 94(2) of the Companies Act 71 of 2008 (as amended) (the "Companies Act") and the King Report on Governance for South Africa 2009 ("King III") as more fully explained in the Annexure on page 246. The *curricula vitae* of those Independent Non-executive Directors offering themselves for election as members of the Audit Committee are included on pages 146 and 147 of the 2011 Integrated Annual Report.

10. "Resolved that shareholders elect, each by way of a separate vote, the following Independent Non-executive Directors, as members of the Audit Committee, with effect from the end of this Annual General Meeting:
   10.1 Mr M W King (as Chairman)
   10.2 Dr M M M Bakane-Tuoane
   10.3 Mr T A Boardman*
   10.4 Mr A D Botha
   10.5 Mr A K Maditsi
   10.6 Dr R V Simelane*"

   **Subject to his or her re-election as a Director pursuant to Ordinary Resolutions numbers 7 and 5, respectively.*

   In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Remuneration policy

Ordinary resolution number 11 – Endorsement of ARM's Remuneration policy

Ordinary resolution number 11 is proposed for the purpose set out in the Annexure on page 246.

11. "Resolved that shareholders endorse, by way of a non-binding advisory vote, the Company's Remuneration Report, including the Remuneration policy, as set out in the 2011 Integrated Annual Report on pages 136 to 143."

   In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Authorisation of Directors

Ordinary resolution number 12 is proposed to authorise Executive Directors to implement the resolutions adopted by shareholders.

Ordinary resolution number 12

12. "Resolved that, subject to the passing of the above ordinary resolutions and the special resolutions below, any one Executive Director of the Company be and is hereby authorised to do, or cause to be done, all such things and sign, or cause to be signed, all such documents and take all such action considered necessary to implement the resolutions set out in this Notice of Annual General Meeting."

   In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Special business

To consider, and, if deemed fit, adopt, the following special resolutions with or without modification:

Remuneration of Non-executive Directors

Special resolutions numbers 1 – 4 are proposed to ensure that Non-executive Directors' fees attract and retain Non-executive Directors.

Special resolution number 1 – Increase in annual retainer fees

13. "Resolved that with effect from 1 July 2011, the annual retainer fees for Non-executive Directors be increased by 7% per annum (rounded to the nearest R50) from R297 000 to R317 800 per annum for Independent Non-executive Directors and from R237 600 to R254 250 per annum for Non-executive Directors."

   In order to be adopted, this resolution requires the support of at least 75% of votes cast by shareholders present or represented by proxy at the Annual General Meeting.

Special resolution number 2 – Increase in the Board meeting attendance fees

14. "Resolved that with effect from 1 July 2011, the per Board meeting attendance fees for Non-executive Directors be increased by 7% per annum (rounded to the nearest R50) from R14 300 to R15 300 per meeting."

   In order to be adopted, this resolution requires the support of at least 75% of votes cast by shareholders present or represented by proxy at the Annual General Meeting.

Special resolution number 3 – Increase in the Committee meeting attendance fees

15. "Resolved that with effect from 1 July 2011, the per Committee meeting attendance fees for Non-executive Directors be increased as follows:

		2011/12 per Meeting Fees (Rand)*	2010/11 per Meeting Fees (Rand)**
Audit Committee			
	Chairman	**79 450**	74 250
	Member	**31 800**	29 700
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics (formerly called Sustainable Development) Committee			
	Chairman	**30 000**	17 800
	Member	**20 000**	11 900

* *Effective 1 July 2011, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2010.*

In order to be adopted, this resolution requires the support of at least 75% of votes cast by shareholders present or represented by proxy at the Annual General Meeting.

Special resolution number 4 – Increase in the fee for the Lead Independent Non-executive Director

16. "Resolved that with effect from 1 July 2011, the fee for the Lead Independent Non-executive Director to chair quarterly *in camera* meetings of Non-executive Directors be increased by 7% from R17 800 to R19 050 per meeting."

    In order to be adopted, this resolution requires the support of at least 75% of votes cast by shareholders present or represented by proxy at the Annual General Meeting.

Financial assistance – For related or inter-related companies

In terms of the Companies Act, the Board may authorise a company to provide financial assistance to any company or corporation which is related or inter-related to the Company, provided that such assistance is approved by way of a special resolution of the shareholders adopted within the previous two years and certain requirements set out in the Companies Act are met, *inter alia*, that the Board is satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test. The Board seeks such approval from shareholders in order to provide financial assistance to any company or corporation which is related or inter-related to the Company.

Special resolution number 5 – Financial assistance – For related or inter-related companies

17. "Resolved that the provision of any financial assistance by the Company, subject to the provisions of the Companies Act, to any company or corporation which is related or inter-related to the Company (as defined in the Companies Act), on the terms and conditions which the Directors may determine, be and is hereby approved."

In order to be adopted, this resolution requires the support of at least 75% of votes cast by shareholders present or represented by proxy at the Annual General Meeting.

Financial assistance – For subscription for securities

In terms of the Companies Act, the Board may authorise a company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that such assistance is approved by way of a special resolution of the shareholders adopted within the previous two years and certain requirements set out in the Companies Act are met, *inter alia*, that the Board is satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test. The Board seeks such approval from shareholders in order to provide financial assistance to any person who is a participant in any of the Company's share, or any employee, incentive schemes.

Special resolution number 6 – Financial assistance – For subscription for securities

18. "Resolved that the provision of financial assistance by the Company to any director or prescribed officer of the Company (or any person related to any of them or to any company or corporation related or inter-related to any of them) or to any person who is a participant in any of the Company's share, or any employee, incentive schemes, for the purpose of, or in connection with, the subscription for or purchase of any securities, issued or to be issued by the Company or related or inter-related company, where any such financial assistance is provided in terms of any such scheme that does not satisfy

the requirements of Section 97 of the Companies Act, be and is hereby approved."

In order to be adopted, this resolution requires the support of at least 75% of votes cast by shareholders present or represented by proxy at the Annual General Meeting.

Voting and proxies

Each shareholder of the Company who is registered as such and who, being an individual, is present in person or by proxy or which, being a Company, is represented, at the Annual General Meeting is entitled to one vote on a show of hands. On a poll, each shareholder present in person or by proxy or represented shall have one vote for every share held by such shareholder.

In terms of Section 63(1) of the Companies Act, any person attending or participating in the Annual General Meeting must present reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote whether as a shareholder or as a proxy for a shareholder has been reasonably verified. Acceptable forms of identification include valid identity documents, drivers' licences or passports.

Electronic participation by shareholders

Should any shareholder (or any proxy for a shareholder) wish to participate in the Annual General Meeting by way of electronic participation, that shareholder should make application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate to the transfer secretaries, at their address above, to be received by the transfer secretaries at least 5 business days prior to the Annual General Meeting in order for the transfer secretaries to arrange for the shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of Section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The Company reserves the right to elect not to provide for electronic participation at the Annual General Meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the Company.

Certificated shareholders/dematerialised shareholders with own name registrations

Shareholders who have not yet dematerialised their shares with own name registrations ("Entitled Shareholders") may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. The person so appointed need not be a shareholder of the Company. A form of proxy is attached for the use of those Entitled Shareholders who wish to be represented. Such Entitled Shareholders should complete the attached form of proxy in accordance with the instructions contained therein and deposit it at the transfer secretaries. Computershare Investor Services (Pty) Limited, 7th Floor, 70 Marshall Street, Johannesburg 2001, South Africa (or posted to PO Box 61051, Marshalltown 2107, South Africa) (or faxed to the Proxy Department Fax +27 11 688 5238) (or emailed to Proxy@computershare.co.za).

Dematerialised shareholders

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant ("CSDP") or broker with their voting instructions in terms of the custody agreement entered into with the relevant CSDP or broker. Should such shareholders wish to attend the Annual General Meeting or send a proxy to represent them at the Annual General Meeting, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary letter of representation to attend.

By order of the Board

A N D'Oyley (Ms)

Company Secretary

17 October 2011

Annexure

Explanatory Note to Ordinary resolution number 10: Election of Audit Committee members

Ordinary resolution number 10 is proposed to provide for the election of Audit Committee members.

Chapter 3 of the King Report on Governance for South Africa 2009 (King III) requires the shareholders of a public company to elect the members of an audit committee at each annual general meeting. In accordance therewith the Nomination Committee should present shareholders with suitable candidates for election as audit committee members. The members of the Nomination Committee satisfied themself that, *inter alia*, the Independent Non-executive Directors offering themselves for election as members of the Audit Committee:

- are Independent Non-executive Directors as contemplated in King lll and the JSE Listings Requirements;
- are suitably qualified and experienced for Audit Committee membership (see the Report of the Audit Committee which appears on pages 152 and 153 of the 2011 Integrated Annual Report);
- have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance process (including information technology governance) within the Company;
- collectively possess skills which are appropriate to the Company's size and circumstance, as well as its industry;
- have an understanding of International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and other financial and sustainability reporting standards, regulations and guidelines applicable to the Company; and
- adequately keep up to date with key developments affecting their required skills set.

The Nomination Committee members recommended that the Board recommend the election of the existing Audit Committee members to shareholders.

For further details regarding the performance of the Audit Committee during the period under review, please refer to the Report of the Audit Committee which appears on pages 152 and 153 of the 2011 Integrated Annual Report.

Explanatory Note to Ordinary resolution number 11: Non-binding advisory vote

Ordinary resolution number 11 is proposed to provide for a non-binding advisory vote on the Company's Remuneration policy.

Chapter 2 of King III, which deals with boards and directors, requires companies to table their Remuneration policy to shareholders every year for a non-binding advisory vote at the annual general meeting. This vote enables shareholders to express their views on the Company's remuneration policy and on its implementation.

The Company's Remuneration report may be found on pages 136 to 143 of the 2011 Integrated Annual Report. The Remuneration report includes, *inter alia*, the Company's Remuneration policy, details of the members of the Remuneration Committee and describes the remuneration arrangements in place for the Executive Directors and Non-executive Directors.

Ordinary resolution number 11 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when considering the Company's Remuneration policy.

Form of proxy

AFRICAN RAINBOW MINERALS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE share code: ARI ISIN: ZAE000054045
("ARM" or "the Company")

A shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of ARM) to attend, speak and vote or abstain from voting in the place of that shareholder at the Annual General Meeting.
Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant ("CSDP") or broker with their voting instructions in terms of the custody agreement entered into with their relevant CSDP or broker. Should such shareholders wish to attend the Annual General Meeting of the Company, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary letter of representation to attend and vote their ARM shares.

For completion by shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration.
Shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration ("Entitled Shareholders") may appoint one or more proxies to attend, speak and vote or to abstain from voting in such shareholder's stead. The person so appointed need not be a shareholder of the Company. This form of proxy is for the use of those Entitled Shareholders who wish to be so represented. Such Entitled Shareholders should complete this form of proxy in accordance with the instructions contained herein and return it to the transfer secretaries, to be received by the time and date stipulated herein.

If you are unable to attend the 78th Annual General Meeting of shareholders of African Rainbow Minerals Limited convened for Friday, 2 December 2011 at 14:00, South African time, but wish to be represented thereat you should complete and return this form of proxy as soon as possible, but in any event to be received by not later than 14:00, South African time, on Wednesday, 30 November 2011.

I/We ______________________________ (name in block letters)

of ______________________________ (address)

being the holder of ______________________________ shares in the issued share capital of

the Company, do hereby appoint ______________________________

______________________________ or failing him/her,

______________________________ or failing him/her,

the Executive Chairman of the Board of Directors, or failing him/her the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 14:00, South African time, on Friday, 2 December 2011 and at any adjournment thereof and in particular in respect of the following resolutions:

Indicate with an X in the spaces below how votes are to be cast.

Ordinary Business	For	Against	Abstain
1. Ordinary Resolution number 1: To receive and accept the annual financial statements for the Company and the Group for the year ended 30 June 2011 and the Directors' and auditors' reports thereon.			
2. Ordinary Resolution number 2: To re-elect Mr F Abbott as a Director.			
3. Ordinary Resolution number 3: To re-elect Mr M Arnold as a Director.			
4. Ordinary Resolution number 4: To re-elect Mr L A Shiels as a Director.			
5. Ordinary Resolution number 5: To re-elect Dr R V Simelane as a Director.			
6. Ordinary Resolution number 6: To re-elect Mr Z B Swanepoel as a Director.			
7. Ordinary Resolution number 7: To elect Mr T A Boardman as a Director.			
8. Ordinary Resolution number 7: To elect Mr M P Schmidt as a Director.			
9. Ordinary Resolution number 9: To reappoint Ernst & Young Inc. as external auditors and to reappoint Mr E A L Botha as the person designated to act on behalf of the external auditors.			
10. Ordinary Resolution number 10: To individually elect the following Independent Non-executive Directors as members of the ARM Audit Committee:			
10.1 Mr M W King (as Chairman)			
10.2 Dr M M M Bakane-Tuoane			
10.3 Mr T A Boardman			
10.4 Mr A D Botha			
10.5 Mr A K Maditsi			
10.6 Dr R V Simelane			
11. Ordinary Resolution number 11: To endorse the Company's Remuneration Report, which includes the Remuneration policy.			
12. Ordinary Resolution number 12: That subject to the passing of the above ordinary resolutions and the special resolutions below, any one Executive Director of the Company be and is hereby authorised to do, or cause to be done, all such things and sign, or cause to be signed, all such documents and take all such action as considered necessary to implement the resolutions set out in this Notice of Annual General Meeting.			
Special Business			
13. Special Resolution number 1: With effect from 1 July 2011, the annual retainer fees of Directors be increased by 7% per annum.			
14. Special Resolution number 2: With effect from 1 July 2011, the per Board meeting attendance fees of Directors be increased by 7% per annum.			
15. Special Resolution number 3: With effect from 1 July 2011, the per Committee meeting attendance fees of Committee members be increased as outlined on page 244 of this Notice of Annual General Meeting.			
16. Special Resolution number 4: With effect from 1 July 2011, the per meeting fee for the Lead Independent Non-executive Director to chair Non-executive Directors' Meetings be increased by 7%.			
17. Special Resolution number 5: To authorise the Directors to cause the Company to provide financial assistance to any company or corporation which is related or inter-related to the Company, subject to the provisions of the Companies Act 71 of 2008, as amended.			
18. Special Resolution number 6: To authorise the Directors to cause the Company to provide financial assistance by way of a loan, guarantee or the provision of security to any person who is a participant in any of the Company's share, or any employee, incentive schemes, subject to the provisions of the Companies Act 71 of 2008, as amended.			

Number of shares Unless this section is completed for a lesser number, the Company is authorised to insert in the said section the total number of shares registered in my/our name(s) one business day before the meeting.

Signed at ______________ on ______________ 2011

Signature ______________________________

Assisted by me (where applicable) ______________________________

Please see notes overleaf ►

Notes to the proxy

Instructions on signing and lodging the form of proxy

Please read the notes below:

1. The completion and lodging of this form of proxy will not preclude the Entitled Shareholder who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should he or she wish to do so.
2. Every shareholder present in person or represented by proxy and entitled to vote shall, on a show of hands, have only one vote and upon a poll every shareholder shall have a vote for every ordinary share held.
3. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose. The person whose name appears first on the form of proxy and who is present at this meeting will be entitled to act as a proxy to the exclusion of those whose names follow.
4. When there are joint holders of shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding. Only that holder whose name appears first in the register need sign this form of proxy.
5. If the form of proxy is signed under the authority of a power of attorney or on behalf of a company or any other juristic person, then it must be accompanied by such power of attorney or a certified copy of the relevant enabling resolution or other authority of such company or other juristic person, unless proof of such authority has been recorded by the Company.
6. If the Entitled Shareholder does not indicate in the appropriate place on the face hereof how he or she wishes to vote in respect of a resolution, his or her proxy shall be entitled to vote as he or she deems fit in respect of that resolution.
7. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.
8. The Chairman of the meeting may, in his or her absolute discretion, reject any form of proxy which is completed other than in accordance with these instructions.
9. Forms of proxy, powers of attorney or any other authority appointing a proxy shall be deposited at the transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001, South Africa (or posted to PO Box 61051, Marshalltown 2107, South Africa) (or faxed to the Proxy Department +27 11 688 5238) (or emailed to Proxy@computershare.co.za) so as to be received not later than 14:00, South African time, on Wednesday, 30 November 2011 (in respect of the meeting) or 48 hours, excluding Saturdays, Sundays and public holidays, before the time appointed for holding of any adjourned meeting.
10. No form of proxy shall be valid after the Annual General Meeting or any adjournment thereof, as the case may be.

Contact details

African Rainbow Minerals Limited
Registration number: 1933/004580/06
Incorporated in the Republic of South Africa
ISIN: ZAE 000054045

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Chislehurston
Sandton
2196

PO Box 786136, Sandton, 2146

Telephone: +27 11 779 1300
Fax: +27 11 779 1312
E-mail: ir.admin@arm.co.za
Website: http://www.arm.co.za

Company secretary
Alyson D'Oyley, LLB., LLM.
Telephone: +27 11 779 1300
Fax: +27 11 779 1318
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Business development
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Executive Director: Business Development
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Investor relations
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Head of Investor Relations and Corporate Development
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Investor relations *(continued)*
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Corporate Development
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Ursula Anyamene
Investor Relations Administrator
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Fax: +27 11 779 1312
E-mail: ursula.anyamene@arm.co.za

Auditors
External auditors
Ernst & Young Inc.
Internal auditors
KPMG

Bankers
ABSA Bank Limited
FirstRand Bank Limited
The Standard Bank of South Africa Limited
Nedbank Limited

Sponsors
Deutsche Securities SA (Proprietary) Limited)

Transfer secretaries
Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street
Johannesburg 2001

PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000
Fax: +27 11 688 5222
E-mail: web.queries@computershare.co.za
Website: http//www.computershare.co.za

Directors
P T Motsepe (Executive Chairman)
A J Wilkens (Chief Executive Officer)
F Abbott*
M Arnold
Dr M M M Bakane-Tuoane**
T A Boardman**
A D Botha**
J A Chissano (Mozambican)**
W M Gule
M W King**
A K Maditsi**
K S Mashalane
M P Schmidt
L A Shiels
Dr R V Simelane**
J C Steenkamp
Z B Swanepoel**

**Non-executive*
***Independent non-executive*

Forward looking statements

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the HIV & Aids crisis in South Africa. These forward-looking statements speak only as of the date of publication of these pages. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.

ARM
African Rainbow Minerals

www.arm.co.za