About this report

Machadodorp Ferromanganese and Ferrochrome Works

This is the **third Integrated Annual Report** produced by African Rainbow Minerals (ARM or the Company). The report sets out the Company's **strategy and prospects,** and reviews ARM's **performance against financial, operational and sustainability objectives** for the financial year ended 30 June 2012 (F2012). The ARM Board (the Board) approved the financial and non-financial information contained in this report on 17 October 2012.

The structure and content of this year's report are consistent with those presented last year, to ensure ease of reference and comparability. In line with our commitment to meaningful disclosure, we aim to provide a balanced and material assessment of ARM's strategic position and performance to enable all our stakeholders to properly assess our Company.

The Company structure is included in the Corporate Summary on pages 2 and 3 and indicates ARM's ownership in each of its operations.

The Management review and Group overview provide a summary of the Company's performance in F2012 as well as an overview of the Company strategy, growth prospects and material risks and uncertainties. The operational reviews discuss in greater detail the operational, financial and sustainability performance of each division relative to F2012 targets as well as the material issues and future priorities for each division.

In addition to the Sustainability review included on pages 31 to 49 of this report a greater level of sustainability related information is provided in the operational reviews and the comprehensive stand-alone 2012 Sustainability Report which supplements the Integrated Annual Report 2012. An electronic version of the Sustainability Report has been published on our corporate website (**www.arm.co.za**) and printed copies are available on request from our Investor Relations Department. (Contact details for our Investor Relations Department are provided on the inside back cover.) The opinion of the external assurance provider on our non-financial disclosure can be found in the stand-alone Sustainability Report.

We have responded to the relevant statutory frameworks in preparing the report. These include, but are not limited to, the Companies Act 2008 (as amended), the King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, 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. In line with the reporting recommendations of King III we continue to strive towards a progressively more integrated approach to reporting. The Company's application of the King III principles, including details on our approach to integrated reporting, combined assurance, stakeholder engagement and risk management can be found in the Corporate Governance report on pages 121 to 153.

The financial information in this report has been prepared according to International Financial Reporting Standards (IFRS) and the opinion of the independent auditors on the financial information included in this report can be found on page 158.

The financial results for the 2011 financial year have been restated due to the early adoption of the International Financial Reporting Interpretations Committee (IFRIC) 20: Stripping costs in the production phase of a surface mine. This interpretation would have become mandatorily effective for financial years commencing on or after 1 January 2013.

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.

We are conscious of the importance of reporting to stakeholders as the basis for accountability, meaningful engagement and informed decision-making. We are therefore proud to once again be ranked in the top 10 of the Ernst & Young Excellence in Integrated Reporting Awards 2012 for our Integrated Annual Report 2011. These awards are a survey of integrated reports from South Africa's top 100 companies and top 10 state-owned companies.

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 Integrated Annual Report 2012. 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 Investor Relations Department.

Corporate summary

African Rainbow Minerals (ARM) is a **leading South African diversified mining and minerals company with long-life, low unit cost operations and significant growth opportunities.**

ARM
African Rainbow Minerals

100% — ARM Platinum
- **PGMs**: 41.5% 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; 25% Cato Ridge Alloys; 50% Machadodorp
- **Chrome Ore**: 50% Dwarsrivier
- **Charge Chrome**: 50% Machadodorp

10% — 20% Xstrata Coal South Africa

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

100% — ARM Copper
- **Copper Projects**: 40% Lubambe[5]
- **Copper Exploration**: 50% Lusaka & Kabwe; 30% Kalumines

100% — ARM Exploration[4]
- **PGMs**
- **Manganese Ore**
- **Coal**
- **Base metals**

15% — Gold: Harmony

1 ARM's effective interest in Modikwa Mine is 41.5%, local communities hold 8.5% of Modikwa Mine.

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

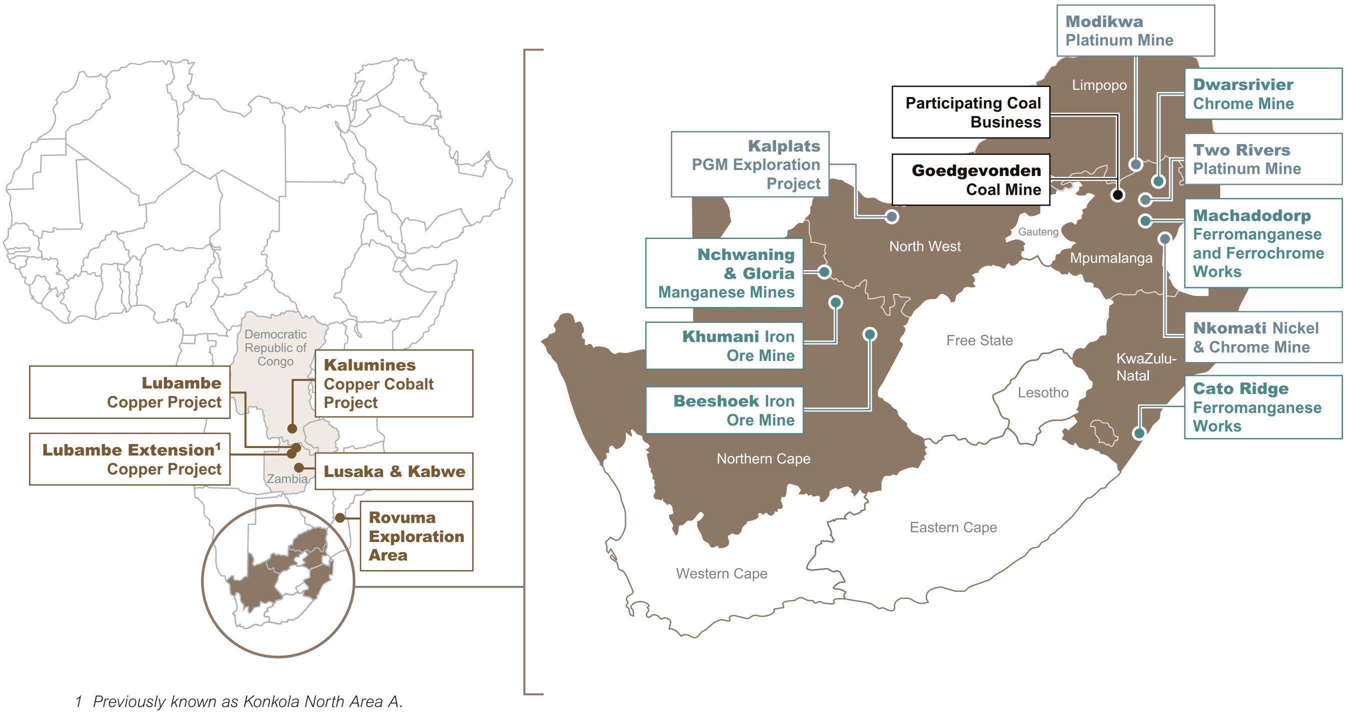
3 Platinum Australia earned 12% ownership on completion and approval of the pre-feasibility study. The transfer of this ownership is in the process of being effected. Platinum Australia will earn an additional 32% on completion of a bankable feasibility study. In the event that the JV acquires Anglo American's 10%, Platinum Australia has the right to acquire 49% of the acquired 10%.

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

5 Konkola North Copper Mine was renamed Lubambe Copper Mine Limited.

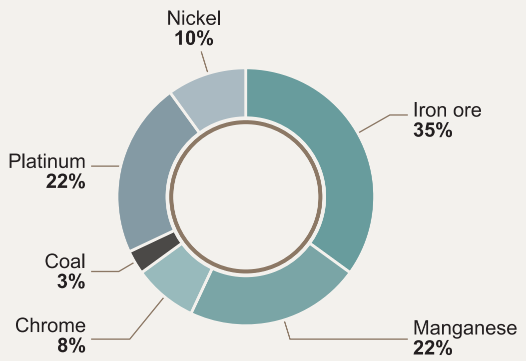
ARM mines and beneficiates iron ore, manganese ore and alloys, chrome ore and alloys, platinum group metals, copper, nickel and coal. ARM also has an investment in gold through its shareholding in Harmony.

ARM's strategy is **focused on quality growth within its portfolio of assets** and ensuring that all ARM's operations are positioned below the 50th percentile of each commodity's global cost curve. This is **achieved, in conjunction with ARM's joint venture partners,** through volume growth and continuous improvement in operational efficiencies. In 2010 ARM **successfully achieved its 2 X 2010 strategy to double production** in its diversified portfolio of assets, and in **2012 ARM delivered its iron ore, coal and nickel growth projects.** ARM's growth of existing assets is supplemented by **continuous assessment of acquisition and partnership opportunities and exploration in Africa.**

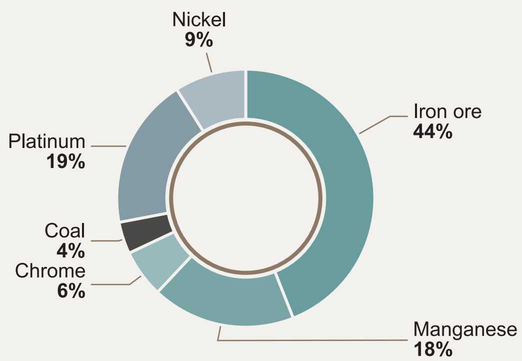


1 *Previously known as Konkola North Area A.*

ARM F2011 revenue split



ARM F2012 revenue split



Executive Chairman's report

During the year under review, ARM significantly increased sales volumes across all its commodities except ferrochrome and Nkomati chrome ore. The Company also increased headline earnings and dividends despite challenging global markets.

Patrice Motsepe, Executive Chairman

Introduction

ARM has delivered another year of good results.

Headline earnings for the year ended 30 June 2012 were R3.5 billion compared to the restated headline earnings of R3.4 billion in the previous year. Headline earnings per share increased to 1 615 cents from 1 585 cents per share last year.

This increase in headline earnings was achieved as ARM mitigated the negative impact of lower commodity prices by increasing sales volumes across its portfolio of assets.

Quality growth continues in ARM's portfolio of commodities

ARM's sales revenue for the year increased 18% to R17.5 billion driven by increased sales volumes (on 100% basis) as follows:

- 48% increase in iron ore sales to 14.8 million tonnes;
- 43% increase in nickel sales to 12 700 tonnes;
- 40% increase in chrome ore sales in ARM Ferrous to 521 000 tonnes;
- 24% increase in manganese alloy sales to 270 000 tonnes;
- 35% increase in Goedgevonden (GGV) Eskom coal sales to 3.7 million tonnes;
- 15% increase in GGV export coal sales to 3.1 million tonnes;
- 4% increase in PGM production (including Nkomati) to 708 000 ounces; and
- 1% increase in manganese ore sales to 2.9 million tonnes.

The capital expenditure on growth projects over the past seven years has resulted in higher production and sales volumes, improved efficiencies and extended lives of mines.

The Khumani Iron Ore Expansion Project, in terms of which production at Khumani Mine was planned to increase from 10 mtpa to 16 mtpa by June 2014 was handed over during the financial year under review, one year ahead of schedule. Khumani Mine achieved iron ore sales of 13.4 million tonnes this year, against planned sales of 11.4 million tonnes. The two million tonnes higher than planned volumes were achieved as the mine accelerated development in order to take advantage of additional rail capacity made available following Transnet's ramp-up of the expansion of the Saldanha Export Channel from 47 mtpa to 60 mtpa.

The Khumani Mine is in the process of building an additional stockpile area, which is in its final stages of commissioning. This will enable the mine to take full advantage of the available rail capacity.

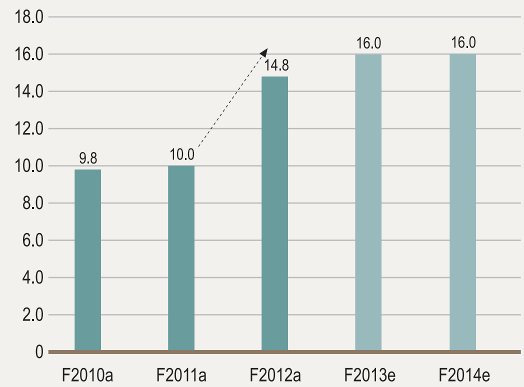
ARM and Assore approved the building of a Wet High Intensity Magnetic Separation (WHIMS) Plant at Khumani Mine to improve ore recovery and extend the life of the mine. The WHIMS Plant is expected to be completed in F2013.

Production ramp-up at the Nkomati Large-Scale Expansion Project delivered a 39% increase in contained nickel in the financial year under review. After having experienced head-grade and recovery challenges in the preceding 18 months, Nkomati has delivered significant improvement in its operational performance. Through various interventions, including advanced stripping of waste, the mine achieved a marked improvement in the operation's head-grade and recoveries. The mine, however, continues to be negatively impacted by weak US Dollar nickel, chrome concentrate and platinum prices which decreased 22%, 40% and 6%, respectively.

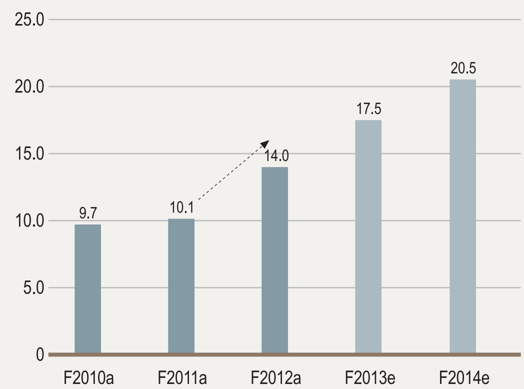
The GGV Coal Mine achieved design capacity in the second half of the year. Performance of the mine's coal handling facility, which was commissioned in 2011, improved significantly in the second half of the year resulting in saleable production at GGV increasing by 8% compared to F2011.

The Lubambe Copper Project (previously known as the Konkola North Copper Project) continued to progress on schedule and within budget. This was despite worse than expected ground conditions being encountered in the East Limb. The plant, which is expected to mill 2.5 million tonnes per annum of ore to produce 45 000 tonnes of copper in concentrate per annum, will be commissioned by the end of the 2012 calendar year and is expected to achieve steady state production in the 2015 financial year.

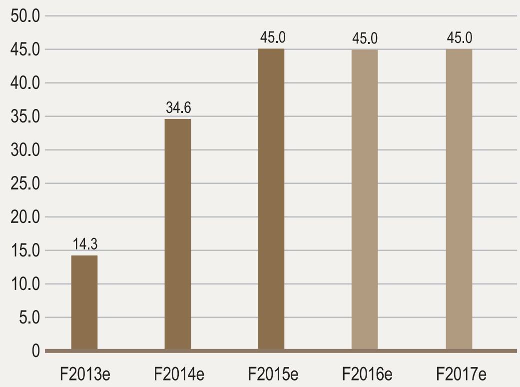
Total iron ore sales (Million tonnes)



Nickel production (Thousand tonnes)



Copper production (Thousand tonnes)



Additional rail and port infrastructure

The South African Government's commitment to allocate significant resources to upgrade the rail, port and electricity infrastructure will contribute to the global competitiveness of the South African economy and the mining industry.

Transnet recently announced that it would commit approximately R300 billion over the next 7 years to the growth of rail, pipeline and port infrastructure. The majority of this capital is expected to be spent on the expansion of the iron ore, manganese ore and coal, rail and port infrastructure.

ARM is well positioned to benefit from this additional capacity. We have commissioned feasibility studies to consider the growth of our iron ore and manganese portfolios.

OPERATIONAL EFFICIENCIES

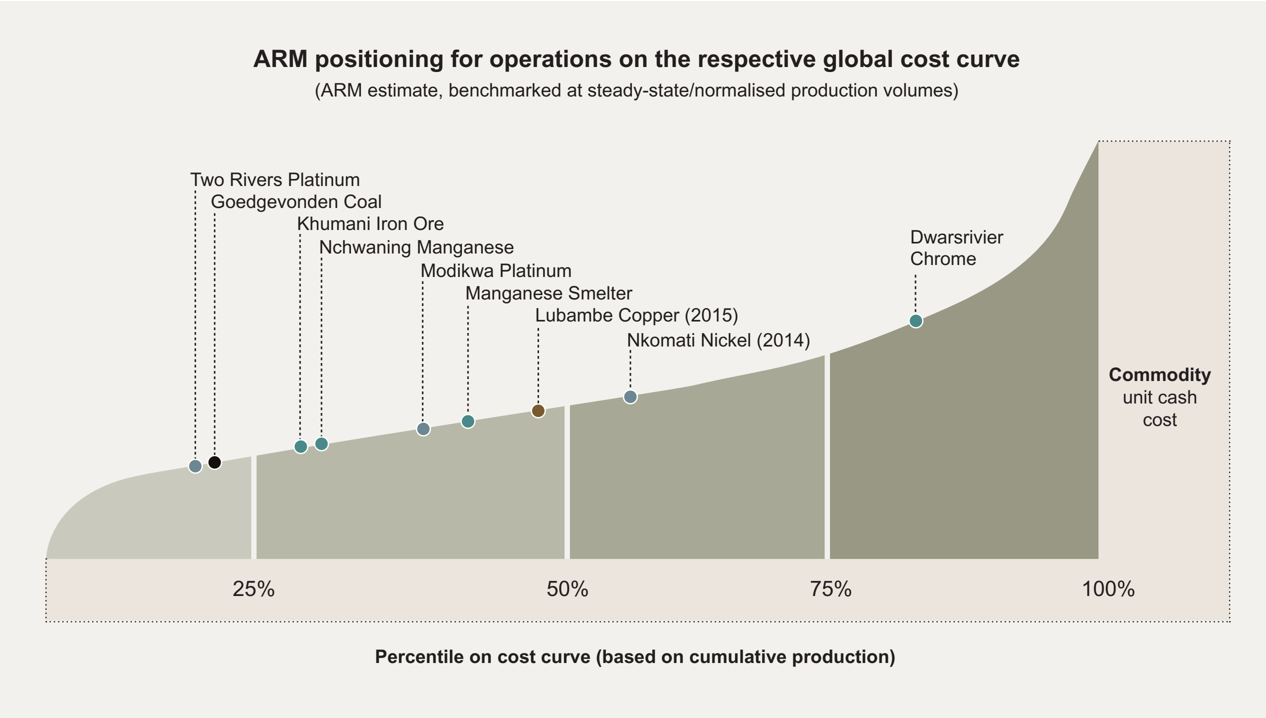
Operations below the 50th percentile

In 2005 ARM set a target to have all its operations positioned within the 50th percentile of each commodity's respective cost curve by the 2012 financial year. The Lubambe Mine is expected to be positioned below the 50th percentile by 2015 when it achieves ramp-up. Nkomati Mine is expected to be positioned slightly above the 50th percentile at full production in the 2014 financial year. Management is currently assessing ways to improve Nkomati's cost positioning.

It is very pleasing that ARM has successfully achieved its cost targets set in 2005, through volume growth and a number of capital interventions to improve efficiencies. While the ferrochrome operations remain positioned above the 50th percentile, decisive action has been taken. Together with our partner Assore, we have undertaken to convert three of the furnaces at Machadodorp Works from ferrochrome to ferromanganese production.

Dwarsrivier Chrome Mine is also positioned above the 50th percentile and ARM is in the process of reviewing alternatives for this mine.

Management continues to be committed to ensuring that all of ARM's operations are below the 50th percentile.



Cost Containment

There continues to be increased pressure on input costs such as power, diesel, labour and consumables. Our operational teams are implementing a range of initiatives to ensure that cost control remains a key focus across all business units.

In the year under review satisfactory cost containment results were delivered at Two Rivers Mine, the PCB coal operations, the manganese ore mines, the manganese alloy operations and Nkomati Mine. We did, however, experience above inflation cost increases at the iron ore operations, as a result of additional waste stripping and reduced capitalisation of costs. Modikwa Mine's unit costs were higher, largely driven by strike action. Higher unit production costs at GGV Coal were as a result of increased overburden removal and the cessation of capitalisation of working costs during F2011. The increased overburden removal has resulted in higher in-pit inventory which will benefit the mine and have a positive impact on costs going forward.

Exploration

We are continually assessing acquisitions of both brown and greenfield opportunities. These opportunities are key to the future of ARM as they are expected to provide ARM with a base to ensure growth beyond our existing assets.

We have restructured ARM Exploration and have appointed Jan Steenkamp, the former Chief Executive of ARM Ferrous, as Chief Executive. The team has initiated a rigorous process to assess potential acquisitions.

The exploration team is focussing on identifying and assessing ferrous metals, base metals, PGMs, as well as coal targets. We are confident that prospective targets will be successfully secured in the medium to long term.

ARM Exploration has commenced with exploration in Mozambique in conjunction with a Mozambican company, Rovuma Resources. Initial results are encouraging and as a result ARM has agreed to continue with the option for the second year, commencing April 2012 to fund exploration at a cost of US$7 million per year. ARM has exclusive rights to purchase prospecting and/or mining rights in respect of the resources currently being investigated.

Harmony

We continue to view Harmony as a strategic investment and are pleased with the improvement in performance and profitability.

I visited Papua New Guinea and was impressed with the good progress in the construction of the Hidden Valley mine and the excellent relationships that have been built with local communities and the Government of Papua New Guinea.

We remain excited about Wafi-Golpu and are confident that a world class mine will be built there.

The CEO's report provides further information on Harmony.

Sustainable Development

We are committed to fulfilling our broader duties and obligations to contribute to the improvement of the standards of living of our employees, people living near our mines and other stakeholders; as well as the protection and rehabilitation of the environment.

There are now approximately 27 000 employees working at our operations. We are very proud of the partnerships we have with the communities neighbouring our mines and governments that will deliver benefits to various stakeholders when mining discontinues.

ARM has over the past three years, spent approximately R300 million on various projects which resulted in the provision or improvement of health, education, water, roads, electricity and other facilities to the communities living near our mines and elsewhere in the country.

Some of our community development efforts are delivered through the ARM Broad-Based Economic Empowerment Trust (ARM BBEE Trust), which was established in 2005 with the primary objective of contributing to the improvement of the living conditions of poor and marginalised persons. The ARM BBEE Trust provides funding to various provincial rural upliftment trusts throughout South Africa. These provincial trusts were established by ARM to fund various education, health, welfare and enterprise development projects. Over the preceding five years the ARM BBEE Trust has distributed R74 million to the rural provincial trusts as well as to various church groups, women's groups and trade union organisations who collectively own 10% of ARM through the ARM BBEE Trust.

Our sustainability objectives are based and guided by the principles of a variety of organisations, such as the Global Reporting Initiative and the International Council on Mining and Metals (ICMM), of which we are a member.

This is to ensure that all of our operations and projects comply with global best practices. We often conduct external assessments and verifications to ensure that we remain a world-class mining operator.

Further details of our sustainability endeavours and the Company's performance are contained in this 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, which can be found at: **www.arm.co.za**.

Safety

ARM is committed to implementing and complying with global best practices in relation to the safety and health of all our employees and their working environment.

Over the last year, the Lost Time Injury Frequency Rate improved from 0.43 to 0.40 per 200 000 man hours. Despite concerted efforts to maintain the highest safety standards at all our operations, regrettably ARM lost four employees in three fatal accidents.

Two of the fatalities occurred at Two Rivers Mine. On 13 December 2011, Mr Ananias Silvano Chambale, a team leader was fatally injured underground by a trackless mobile machine. On 21 January 2012, Mr Daniel Vusi Ntuli, a contract employee, was fatally injured in a fall of ground accident. Modikwa experienced a tragic double fatality on 27 January 2012 when Ms Patricia Moropa and Mr Khateane Lenong were fatally injured in a fall of ground accident while installing support in an old underground working area.

The ARM Board and management extend their sincerest condolences to the family, friends and colleagues of the deceased.

Our key safety efforts and initiatives are delivering success at various operations:

- Nkomati Mine, Beeshoek Mine and Khumani Mine achieved in excess of two million fatality free shifts;
- Dwarsrivier Mine, Black Rock Mine and Cato Ridge Works achieved in excess of one million fatality free shifts; and
- Beeshoek Mine completed 13 consecutive months without a Lost Time Injury.


Gas readings being taken at Modikwa Platinum Mine


Two Rivers Platinum Mine


Nkomati Nickel Mine underground workshop

The importance of investor confidence

We are witnessing a gradual but discernible shift in global economic power and activity from west to east as the global economy slowly recovers from its first recession in over six decades. This recovery is, however, unevenly distributed; sluggish in developed economies and more sustained in developing countries. In addition, the material-intensive nature of growth in emerging economies will escalate in the next decade, responding to the urbanisation and industrialisation pressures particularly in China, India and other emerging markets.

The mining industry is confronted by increased demands and expectations from governments, the communities living near our mines and other stakeholders in some developing economies. Inclinations towards resource nationalism are also on the increase.

In the past year, investors have voiced concerns about the security of their investments in the mining industry, particularly in South Africa after reports about mooted initiatives ranging from nationalisation, excessive taxes and most recently, the tragic events in Marikana and the labour unrest and strikes in the platinum mining sector.

The mining industry is a significant and strategically important sector in South Africa's economy, generating around 18% of the country's GDP and 50% of its total foreign exchange earnings. The industry also accounts for around one million jobs directly and indirectly.

The most successful mining countries in the world are those that have created a globally competitive and attractive environment for domestic and foreign investment in the mining and other sectors of their economy.

In these countries, thousands of new jobs have been created, the standards of living of their inhabitants have significantly increased, poverty is decreasing and there has been a growth of the middle class. Chile, Brazil, Botswana, Ghana, Peru, Tanzania and more recently Zambia are but a few examples of countries that have recognised the substantial benefits that results from establishing a mining dispensation that is globally competitive and attractive to investment in the mining sector.

I have no doubt that the South African Government is aware of these mining success stories and recognises the crucial importance of maintaining the confidence and trust of the investment community.

Outlook

Commodity markets have been negatively impacted by the uncertainties and risks relating to the growth of the European, Chinese and American economies.

The impact of the European economic crisis on global markets has highlighted the dependence on Eastern economies as a market for commodities. With the sovereign debt and economic recovery challenges in some European economies unresolved, the European crisis is expected to continue putting pressure on global markets in the short term. This coupled with a benign growth outlook in the US points to a subdued global growth outlook for at least the next 12 months.

Demand for ARM Ferrous' products is mostly influenced by demand from China. China's demand for metals will be dependent on improved Chinese regional fixed capital formation, urbanisation, rebalancing towards consumer spending and decisive reflationary policies. Deteriorating global credit and economic conditions could act as a catalyst for further Chinese government stimulus measures, which have remained more conservative than previous efforts.

Demand fundamentals in the PGM, nickel and chrome markets are expected to remain subdued in the short-term due to uncertainty in the developed markets and oversupply. The long-term fundamentals of these commodities are positive. We expect price support in the medium term to be provided by supply side challenges which are being experienced by PGM producers and the expected recovery in the developed markets.

ARM is well positioned with a robust balance sheet. The Company continues to focus on enhancing operational efficiencies to ensure we maintain a favourable cost positioning to maximise margins in the currently challenging price environment.

Board of Directors

On 1 June 2012, we announced changes to the composition of our Board of Directors and executive management in line with global best practices. We reduced the number of executive directors from eight to five with effect from 1 June 2012. All the former executive directors continue to be full-time executives of the Company.

I would like to express my deepest gratitude to André Wilkens for the outstanding leadership he provided as CEO of ARM. André will continue as an executive director based in the office of the Executive Chairman and will be responsible for Growth and Strategic Development.

I would also like to welcome Mike Schmidt who became CEO on 1 March 2012. Mike has been with ARM for the past 5 years and was looking after our operations at ARM Platinum.

A special thanks goes to all the directors of ARM for their hard work, wise counsel and guidance.

Conclusion

We continue to spend on capital and invest in growth whilst paying dividends. Our dividends for this financial year increased to 475 cents per share, compared to a dividend of 450 cents per share last year. This is the highest dividend in the Company's history and is the sixth consecutive year in which we have declared dividends.

We would like to thank our partners: Anglo American Platinum, Assore, Impala Platinum, Norilsk Nickel, Xstrata, Vale S.A., Zambian Consolidated Copper Mines (ZCCM-IH), and Gecamines for their support and contribution to the success of our joint ventures.

We live in uncertain and challenging times. However, I am confident that ARM will continue to grow and create value for all its stakeholders.

Patrice Motsepe
Executive Chairman

17 October 2012

WHIMS plant under construction at Khumani Iron Ore Mine

Chief Executive Officer's report

Mike Schmidt, Chief Executive Officer

Commodity markets have been characterised by uncertainty and volatility in recent months as debt-related risks in Europe and challenges emerged in the world's two most important economies, the United States and China. These and other factors have caused most commodity prices to decline during the year under review.

Certain commodities were affected more than others, but significant sales volume growth and a weaker Rand meant that we were able to increase headline earnings to R3.5 billion. These results highlight the resilience of ARM's business model as well as the benefits of a diversified commodity base.

We remain focused on improving efficiencies at our existing operations, while at the same time continuing to grow our quality asset base. More fundamentally we are committed to operating in a safe and responsible manner.

Our responsibility towards social and environmental management is paramount for sustainability and the communities surrounding our operations will contribute meaningfully to our accomplishment if we enhance the quality of life and standard of living of those that surround ARM's operations.

Another strong contribution from the Ferrous Division

ARM Ferrous once again delivered a strong performance increasing their headline earnings contribution by 21% to R3.5 billion. A large proportion of these earnings was derived from the iron ore division.

Iron ore sales volumes increased by 47% to 14.8 million tonnes as the new Khumani Mine ramped up production ahead of schedule. Transnet delivered better than expected efficiencies on the Saldanha Export Channel which contributed significantly to the performance of the Khumani Mine as the mine opportunistically utilised available capacity on the export channel. The accelerated ramp up of Khumani Mine resulted in additional waste stripping and reduced capitalisation of the overburden contributing to a 13% increase in the unit production costs.

The Manganese Division also delivered a solid performance. Manganese ore volumes remained fairly consistent, constrained by limited availability of additional rail and port capacity for manganese ore. US Dollar manganese ore prices decreased 24%. The 11% weakening of the Rand against the US Dollar was not sufficient to offset the decline in US Dollar prices. A highlight in the performance of the manganese ore operations was the improvement in operational efficiencies that enabled the manganese ore operations to deliver a below inflation increase of 4% in unit production costs.

ARM Ferrous achieved 24% higher manganese alloy sales increase of volumes as the converted No. 5 Furnace at Machadodorp Works ramped up ferromanganese production to design capacity. Unit costs at the manganese alloy operations were well contained as a result of the higher volumes.

ARM Ferrous continues to consider further growth of its assets. This growth would enable ARM Ferrous to leverage the capital already invested in the iron ore and manganese ore operations and to develop these assets to the optimum production levels. This growth will be matched to Transnet's Market Demand Strategy in which Transnet commits to expand rail, port and pipeline infrastructure.

ARM Ferrous continues to engage Transnet regarding growth for iron ore and manganese ore exports. The South African iron ore producers together with Transnet, have completed a feasibility study to expand iron ore export capacity from the current 60 mtpa to 82 mtpa through the port of Saldanha. ARM Ferrous will start to engage Transnet on a new manganese ore export contract and a future export allocation for the period 1 April 2013 until 31 March 2017. Transnet is in the process of concluding a feasibility study to expand its manganese ore export capacity to approximately 12 mtpa through the Port of Coega (Ngqura), which is expected to commence in April 2017.

Platinum Division reports higher PGM and nickel production

ARM Platinum's PGM production increased 4% to 708 thousand ounces, compared to 680 thousand ounces last year, while total nickel produced increased by 39% to 14 004 tonnes from 10 100 tonnes. A significant fall in nickel and chrome prices, above average wage and electricity tariff increases coupled with safety stoppages and industrial action at Modikwa resulted in headline earnings decreasing from R515 million to R60 million. These issues negatively impacted unit production costs, but over the years Two Rivers and Modikwa mines have introduced a range of initiatives to contain costs and as a result the operations continue to be positioned below the 50th percentile of the global PGM cost curve with respective unit costs of R4 779/6E PGM oz and R5 864/PGM oz.

Basket prices for Modikwa and Two Rivers remained essentially unchanged at R267 998/kg and R279 804/kg, respectively. The weakening of the Rand was, however, not sufficient to compensate for the significant reduction in US Dollar nickel and chrome prices. This reduction severely impacted the earnings at Nkomati Mine.

Despite the turmoil in the PGM market, ARM Platinum has not slowed its capital development projects as we firmly believe in the medium- to long-term fundamentals of the PGM market.

Capital expenditure (on 100% basis) was R1.4 billion, which included various projects at Modikwa Mine including the deepening of North Shaft, the sinking of South 2 Shaft, an underground mining fleet replacement programme, a housing project and the establishment of a UG2 open pit operation. The underground mining fleet was replaced at Two Rivers Mine, while the Main and North declines were deepened, and a PGM scavenger plant to enhance recoveries was commissioned. Capital expenditure at Nkomati Mine was R0.5 billion, which was largely spent on the completion of the Large-Scale Expansion Project and sustaining operations.

At Modikwa Mine, the UG2 Phase 2 replacement project to increase production to design capacity of 240 000 tonnes per month is underway, and work on the South 2 decline system continues as expected. At Two Rivers, a feasibility study has been completed on the extraction of UG2 ore from the deeper southern strike extent of the Main Decline, and the mine is currently conducting Merensky Reef trial mining and milling. It is expected that an updated investment proposal will be completed in 2013. The Nkomati Nickel Large-Scale Expansion Project continues as planned and total funds spent and committed at 30 June 2012 amounted to R3.5 billion of the total R3.7 billion approved for the capital project.

Significant improvement at ARM Coal

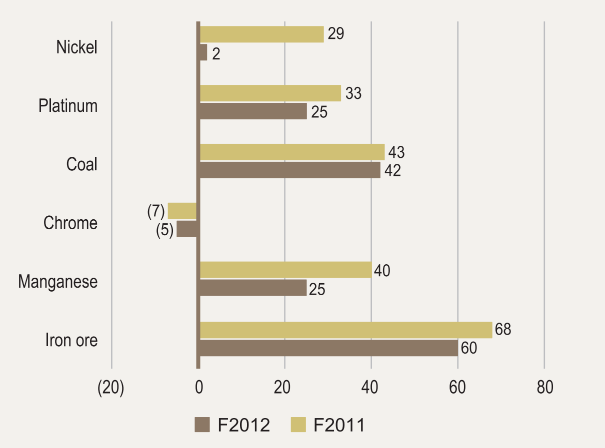
ARM Coal's operational performance improved significantly in the year under review as the Goedgevonden (GGV) Coal Handling Processing Plant (CHPP) achieved consistent design capacity levels of production, resulting in a 9% increase in saleable production to 6.4 million tonnes. Saleable production at the Participating Coal Business (PCB) increased by 3% as performance of the Impunzi CHPP improved. There was a significant headline earnings turnaround from a headline loss of R103 million in F2011 to a profit of R52 million in the year under review.

As a result of previously negotiated term contracts, ARM Coal realised higher US Dollar export prices despite Richards Bay spot coal prices (API 4) having reduced from US$117 per tonne to US$88 per tonne. Increased export and Eskom sales volumes, both at GGV and PCB, coupled with the 28% increase in the realised US Dollar export prices and an 11% weaker Rand contributed significantly to the improvement in ARM Coal's cash operating profit.

Transnet showed a marked improvement in performance since August 2011. ARM Coal did not fully benefit from this improvement due to industrial action on two occasions during the year which hampered production during 1H F2012.

As at 30 June 2012, 92% of the capital of R2.8 billion to complete the Impunzi East project had been committed and the project is expected to be completed by December 2012. The Tweefontein Optimisation Project, which is estimated to cost R8.2 billion was approved by ARM and its partner, Xstrata, during the financial year. Work on the project commenced towards the end of F2012 and this project is expected to be completed in F2016. The Tweefontein Optimisation Project represents the last phase of the conversion of the PCB operations from underground to open pit mining and is expected to contribute to an improvement in the average unit costs of PCB.

EBITDA margin (%)



Lubambe Copper Project on time and within budget

The Lubambe Copper Project (previously known as Konkola North) is progressing within budget and in line with the baseline schedule. Commissioning of the concentrator plant is expected by the end of the 2012 calendar year. The mechanised development is progressing well and the first ore body intersection from the East

Construction of the concentrator plant at Lubambe Copper Mine

New main portal underground infrastructure at Lubambe Copper Mine

Aerial view of Lubambe Copper Mine

Decline was made on 4 December 2011 and ore from stoping has now been delivered to the stockpile on surface.

The project team successfully achieved early access development to the 100 metre level of the vertical shaft from the East Decline, which enabled development operations at No. 2 Shaft Complex to commence before the commissioning of the vertical shaft system. Production ramp-up to full production of 45 000 tonnes of contained copper is still expected to be reached in 2015.

Project expenditure in July 2010 terms is estimated at US$410 million, of which 94% was committed by 30 June 2012.

The mine's throughput design from both the South and East Limb ore bodies remains at 2.5 mtpa of ore at an average mill head grade of 2.3% copper, producing 45 000 tonnes of contained copper in concentrate per annum for 28 years. The copper concentrate produced will be toll smelted and refined in Zambia.

During the last year, the state controlled Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH), exercised its right to acquire a 20% shareholding in Lubambe Copper Mine and fulfilled its obligations in terms of the shareholders agreement. 5% of the 20% shareholding was free-carried. ZCCM-IH has contributed capital for the 15% that was not part of the free carry.

The second phase of the Lubambe Copper Project, which provides for the exploitation of Area A South, located six kilometres to the south of the present mine development, will require a vertical shaft as well as the expansion of the Lubambe Copper Mine processing plant, potentially increasing the total production to 100 000 tonnes of copper in concentrate.

Exploration drilling is continuing in Area A and five exploration drill rigs were deployed during the year with 15 ore shale intersections achieved. A total of 24 164 meters were drilled to determine continuity of mineralisation and the majority of the drilling results have been analysed and initial results are encouraging. Feasibility study work will commence in early 2013.

ARM Exploration

ARM Exploration has established a large database of mining and exploration undertakings in Africa, focusing on platinum group metals, manganese ore, base metals and coal. Projects underway include an exploration programme in Mozambique where numerous occurrences of copper/zinc/silver/gold, nickel/copper/PGE, chromite/nickel and graphite mineralisation have been identified. In Zambia, ARM Exploration has undertaken reconnaissance exploration work on prospective areas for high grade manganese mineralisation. A number of targets have been identified and discussion with the rights holders has commenced.

Significant boost in profits at Harmony

Harmony reported an 80% increase in operating profit and a 148% increase in headline earnings for F2012. These significantly improved results were driven mainly by a 23% improvement in the US Dollar gold price together with an 11% weakening in the R/US$ exchange rate.

Harmony's gold sold decreased by 4% from 41 043kg to 39 545kg, whilst cash operating cost per kilogram produced increased by 20% to R270 918/kg. In US$/oz terms cash operating costs increased only 8%.

On 29 August 2012 Harmony released the prefeasibility study of the Wafi-Golpu project. This project is expected to enhance the Harmony value proposition with gold equivalent reserve ounces in Papua New Guinea (PNG) now representing 42% of Harmony's total reserves in comparison to 11% as at 30 June 2011. As at 30 June 2012, Harmony's gold equivalent Mineral Reserves in South Africa and PNG amount to 52.9 million ounces, which represents a 31% annual increase in declared reserves. The increase is largely due to the increase in mineral reserves in PNG which resulted from the completion of the Wafi-Golpu prefeasibility study.

Sustainability remains a key part of the business

We continually review our sustainability policy framework to ensure that our operations and projects are managed in line with best practice. This includes a rigorous auditing and assessment process to ensure our policies and standards are being upheld.

Safe production remains a key focus. We are fully aware that the realisation of our safety objectives will materialise only as a result of a sustained and ongoing effort. This effort, which is the number one priority in the Company, is ultimately aimed at ensuring that no harm comes to any of our people. Despite our efforts to maintain the highest safety standards, regrettably we lost four of our colleagues in three fatal accidents. I would like to join our Executive Chairman and the Board in extending my sincerest condolences to the family, friends and colleagues of the deceased.

Good safety management will remain the cornerstone of everything we do and our people, including all stakeholders in the form of contractors, suppliers and unions, have all embraced this critical safety imperative that is non-negotiable in all aspects of our business.

We have integrated sustainable development considerations into the decision-making process across all our operations and the result has been a visible balance of the Company's requirements to perform financially, to strive toward world-class standards in environmental management and to ensure broad social benefit.

There is also a continued focus on education and training efforts throughout ARM. We see education and training as a fundamental building block for continuous improvement in productivity and safety performance.

ARM is well positioned

While we remain cautious on commodity price forecasts, we remain well positioned to benefit from the anticipated demand growth over the medium-term. This strong position is based on our robust balance sheet, a strong portfolio of exciting assets and new quality growth opportunities.

I would like to take this opportunity to thank the entire ARM team for their diligence, support, passion and total commitment that has enabled us to deliver good results.

I would also like to thank André Wilkens for ensuring that my transition to being CEO was smooth and effective.

My gratitude also goes to the Executive Chairman and our Board for their support and guidance.

Mike Schmidt
Chief Executive Officer

17 October 2012

Financial Director's report

Mike Arnold, Financial Director

Overview

The ARM headline earnings for the year to 30 June 2012 of R3 451 million were 2% or R77 million higher than the prior year's restated headline earnings (F2011: R3 374 million).

The results for the year have been impacted significantly by US Dollar commodity price decreases, a weaker Rand/US Dollar exchange rate, sales volume increases and cost increases.

The results for F2011 have been restated due to the early adoption of the International Financial Reporting Interpretations Committee (IFRIC) 20: Stripping costs in the production phase of a surface mine. This interpretation would have become mandatorily effective for financial years commencing on or after 1 January 2013. This implementation is treated as a change in accounting policy and resulted in a restatement of ARM's prior year results. The net adjustment to earnings and headline earnings for F2011 amounts to an increase of R55 million. Thus, the previously published results for ARM's headline earnings for the year to 30 June 2011 of R3 319 million have been restated to R3 374 million. The early adoption of this interpretation results in working costs at surface operations where excessive waste stripping is required being more representative of each year's operations. The impact of the application of IFRIC 20 on the F2012 headline earnings was an increase of R70 million. Note 3 to the financial statements provides a detailed analysis of this change.

Basic earnings for F2012 approximate the reported headline earnings as net exceptional items amounted to a R13 million loss for the year (F2011: R8 million loss). Basic earnings were R3 438 million (basic earnings per share of 1 609 cents). Refer to note 30 of the financial statements for a reconciliation of exceptional items.

Contribution to headline earnings

	12 months ended 30 June		
Commodity group	**2012 Rm**	2011* Rm	% change
Platinum group metals	**190**	350	(46)
Nkomati nickel and chrome	**(130)**	165	(179)
Ferrous metals	**3 495**	2 897	21
Coal	**52**	(103)	–
Copper	**(31)**	(173)	82
Exploration	**(113)**	–	–
Corporate, gold and other	**(12)**	238	(105)
ARM headline earnings	**3 451**	3 374	2

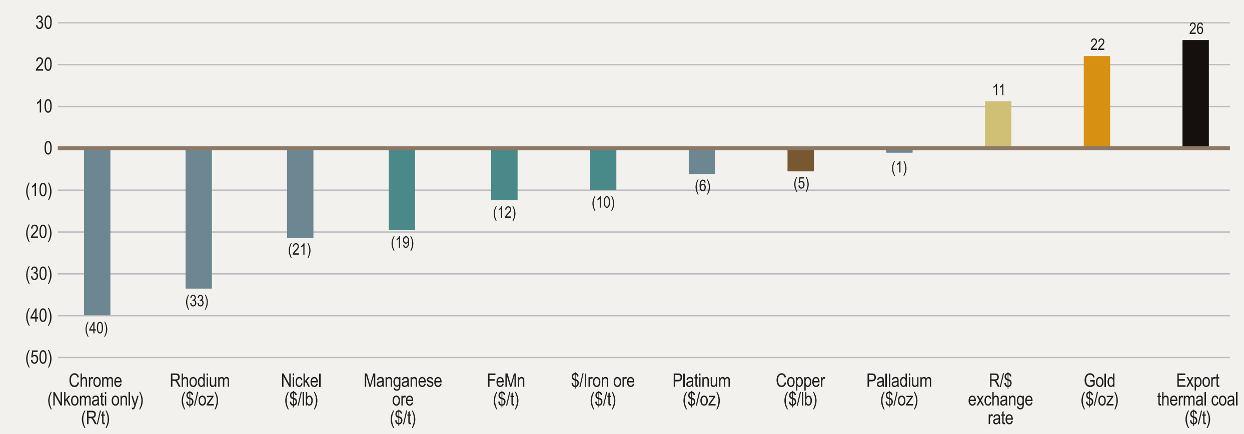
* *The 2011 headline earnings have been restated for the early adoption of IFRIC 20.*

The five year compound annual growth rate in headline earnings for ARM since June 2007 was 23%.

Sales for the year increased by 18% to R17.53 billion (F2011: R14.89 billion). The average gross profit margin of 35% (F2011: 40%) is lower than the previous year. Commodity prices received by ARM decreased for most commodities during F2012 when compared to F2011. In particular, the average prices in US Dollar terms for iron ore, palladium, rhodium, nickel, export thermal coal, manganese ore and chrome ore decreased significantly. Refer to the graph below.

The results for the year to June 2012 were positively impacted by the 11% weakening in the average Rand/US Dollar exchange rate to R7.77/US$ from the average in F2011 of R6.99/US$.

F2012 vs. F2011 realised prices (% change)



Details of the ARM divisional segment financial results may be obtained from the segment reports in note 2 of the financial statements. In addition each division's report from pages 48 to 112 contains a great deal of information on its operational performance.

The Ferrous Division was the major contributor to ARM's headline earnings owing to strong performances from its iron ore and manganese divisions. The iron ore division improved on the F2011 sales figure by 48% as the Khumani Iron Ore Mine ramped up production ahead of schedule. The attributable headline earnings of ARM Ferrous increased by 21% to R3.50 billion from the result achieved in F2011 (R2.90 billion).

The Platinum Division's contribution to headline earnings decreased to R60 million (F2011: R515 million) due to all its operations reflecting a decline in profits. The Nkomati Mine results were R295 million lower than in F2011 owing to the significant fall in nickel and chrome ore prices of 22% and 39% respectively. The contribution from Modikwa was negatively affected by a five week strike in March and April 2012.

The Coal Division contributed headline earnings of R52 million (F2011: R103 million loss) largely due to the improved performances of both the Goedgevonden and PCB mines. Cash operating profit for all operations improved driven by increased export prices and saleable production.

With effect from 1 July 2011 the ARM Copper segment comprises an effective 40% in the Lubambe (formerly Konkola North) Copper Project, an effective 30% shareholding in the Kalumines Copper project, and an effective 50% shareholding in the Lusaka Kabwe Project. This segment's result was a loss of R31 million (F2011: R173 million loss). All costs on the Lubambe Copper Project including exploration costs on Area A are being capitalised.

The new ARM Exploration segment's costs amounted to R113 million (F2011: Rnil) and were largely expended on exploration in Mozambique on the Rovuma prospecting areas and on staff costs.

The ARM Corporate, other companies and consolidation segment reflects a headline loss of R76 million for the year as compared to a positive contribution of R206 million for F2011. The negative variance largely relates to increased tax charges, increased share option accounting expenses and higher corporate expenses. The tax charges include the settlement reached with the South African Revenue Service on the loan stock tax dispute. In addition there is a tax charge of R85 million reflecting the reversal of the deferred tax asset raised at 30 June 2011 pertaining to Secondary Tax on Companies (STC) which ceased on 1 April 2012. The results also include attributable insurance premium income of R157 million recognised in a cell captive, representing premium income earned following the restructuring of an underlying policy providing annual insurance protection to Group operations. This insurance income and the STC charge are not expected to be recurring. The dividend from Harmony of R64 million (F2011: R32 million) is included in this segment in the table on page 14.

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 negative variance of R2.0 billion results from the fall in US Dollar commodity prices across ARM's operations except for export thermal coal;
- The weakening of the Rand against the US Dollar accounts for a positive variance of R1.8 billion;

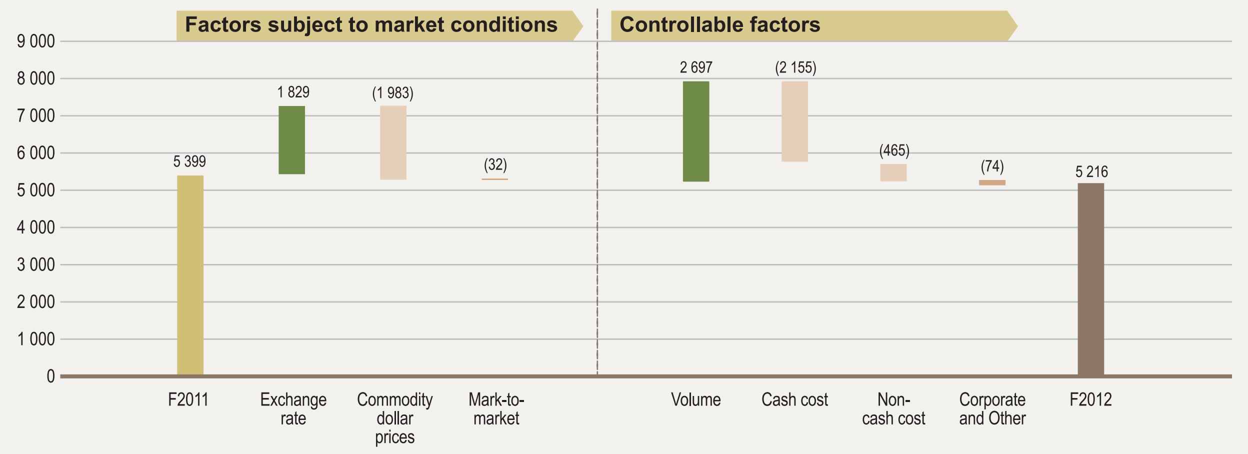
Sales volume increases contributed R2.70 million to the positive variance. This increase was mainly achieved at the iron ore operations.

The negative cash cost variance of R2.2 billion is based upon an absolute increase in mining costs when compared to F2011. This increase has the following key attributes:

- An average inflationary increase of between 10% and 14% at operations before amortisation charges;
- A R330 million increase in mineral royalty tax is included in this variance.
- 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.
- Volume increases, especially at the Khumani and Nkomati mines.

The increased non-cash costs of R465 million were largely due to increased amortisation charges of R197 million, the write down of ferrochrome stockpiles of R56 million and increases in provisions of approximately R100 million.

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



Consolidated income statement

	12 months ended 30 June		
	2012 Rm	2011 Rm	% change
Sales	**17 530**	14 893	18
Profit from operations (before exceptional items)	**5 216**	5 399	(3)
Income from investments	**279**	216	29
Finance costs	**(232)**	(216)	(7)
Income/(loss) from associate	**11**	(135)	–
Exceptional items	**(70)**	(11)	–
Taxation	**(1 633)**	(1 693)	4
Non-controlling interest	**(133)**	(194)	31
Profit after tax and non-controlling interest	**3 438**	3 366	2
Headline earnings	**3 451**	3 374	2
Headline earnings cents per share	**1 615**	1 585	2
EBITDA	**6 531**	6 517	–

* *Restated for the early adoption of IFRIC 20.*

Sales for the year of R17.5 billion were 18% higher than sales in F2011.

This increase is analysed across the ARM divisions as follows and may be referenced to the segmental analysis on pages 188 to 194:

- ARM Ferrous sales increased by 24%;
- ARM Platinum sales were unchanged;
- Nkomati Nickel sales increased by 4%;
- ARM Coal sales increased by 53%.

Construction of the concentrator plant at Lubambe Copper Mine

The average gross profit margins for the individual operations are:

	12 months ended 30 June		
	2012 %	2011 %	Change
ARM Ferrous	**44**	47	(3)
ARM Platinum			
– Two Rivers	**22**	28	(6)
– Modikwa	**7**	22	(15)
– Nkomati*	**4**	30	(26)
ARM Coal	**28**	25	3

* *Restated for the early adoption of IFRIC 20.*

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;
- Average cost inflation of between 10% and 14%;
- Amortisation which increased by R197 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 R859 million from R511 million in F2011. The increase is largely due to a R399 million increase in foreign exchange gains in ARM Ferrous as well as an insurance gain of R93 million in ARM Ferrous.

Other operating expenses increased by R580 million in comparison to F2011. This increase is largely due to the following items:

- The increase in mineral royalty tax (F2012: R492 million; F2011: R162 million) which is reflected in Other Expenses.
- The increase in the Corporate and Other segment of approximately R115 million related to an increase in staff costs of R24 million, share option accounting charges increased by R57 million and increased consulting fees of R10 million.

Profit from operations before exceptional items decreased marginally to R5.2 billion from R5.4 billion in F2011, as a result of the combined impact of the above mentioned changes in other income and other expenses.

Income from investments amounted to R279 million for the year and includes dividends received from Harmony of R64 million, as well as interest received on cash balances.

Finance costs remained similar to those incurred in F2011 as gross borrowings remained largely unchanged for the year.

The effective tax rate for the year remained fairly constant at 31.4% (F2011: 32.2%).

Consolidated statement of financial position

	Year ended 30 June 2012 Rm	2011 Rm
Non-current assets	**25 662**	23 375
Property, plant, equipment and other	**18 910**	15 798
Investments	**6 313**	7 129
Other	**439**	448
Current assets	**9 654**	9 011
Cash and equivalents	**3 564**	3 668
Other	**6 090**	5 343
Total assets	**35 316**	32 386
Total equity	**24 405**	22 170
Non-current liabilities:		
Long-term borrowings	**2 216**	2 337
Other	**4 669**	4 142
Current liabilities:		
Short-term borrowings	**1 021**	732
Other	**3 005**	3 005
Total equity and liabilities	**35 316**	32 386

The ARM consolidated financial position remains robust and effectively un-geared with the consolidated position at year-end being net cash of R327 million (F2011: Net cash R599 million). Total cash and cash equivalents were R3.6 billion (F2011: R3.7 billion) and total borrowings were R3.2 billion (F2011: R3.1 billion).

Total assets increased by 9% to R35.3 billion largely as a result of the R4.3 billion capital expenditure during the year reduced by the decreased mark to market valuation of the investment in Harmony.

The details of the capital expenditure are included in the operational reviews on pages 48 to 119.

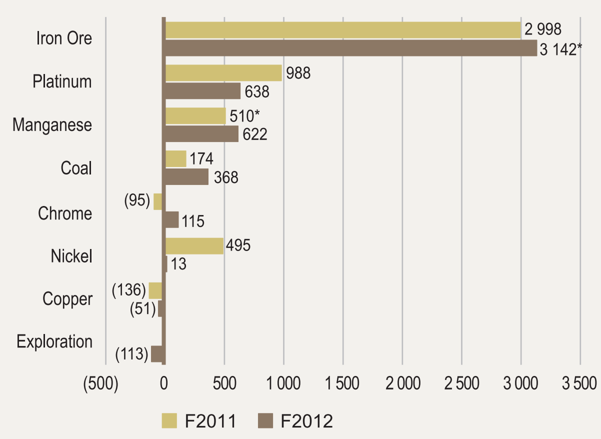
Additional key features include:

- Other investments; which largely comprise the 14.7% stake which ARM has in Harmony; decreased to R4.9 billion as the share price at which the investment is marked-to-market of R76.50 per share was lower than the 30 June 2011 figure of R89.95 per share. ARM holds 63.6 million shares in Harmony;
- Within current assets the value of inventories increased by R303 million while trade and other receivables increased by R493 million, in line with the increase in sales. This impacted negatively on working capital requirements as reflected in note 34 to the financial statements.
- Total interest bearing borrowings increased R168 million to R3.23 billion at 30 June 2012; and
- Cash and cash equivalents net of interest bearing borrowings and excluding partner loans (Impala Platinum: R48 million, Anglo Platinum: R114 million, Xstrata: R1.6 billion and Vale: R195 million) amounted to R2.30 billion. This is R292 million less than at 30 June 2011.

Consolidated statement of cash flows

Cash generated from operations was R5.97 billion, almost equal to the F2011 amount of R5.99 billion and is reported after working capital requirements of R1.19 billion (F2011: R633 million). The largest increase occurred at the iron ore operations as reflected in the graph below.

Attributable net cash inflow/(outflow) from operating activities (R million)



* *Net cash inflow excluding dividends paid to ARM.*

The consolidated operational cash flow was reduced by an increase in dividends paid and therefore the net cash inflow from operating activities decreased by R531 million to R3.89 billion from R4.42 billion in F2011.

The split in cash outflows for capital expenditure was 71% for expansionary purposes and 29% or R1 180 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 10 mtpa to 16 mtpa and the (ii) Lubambe Copper Project.

The closing cash and cash equivalents position of R3.56 billion (at 30 June 2011: R3.67 billion) was held primarily at ARM Ferrous (R2.16 billion; at 30 June 2011: R1.47 billion).

Segmental analysis

The graphs and charts on pages 170 and 171 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 188 to 194 of the financial statements.

Significant accounting matters

The implementation of an early adoption of IFRIC 20 has been fully described above.

During the current financial year the Company entered into a cash settlement of R40 million with the South African Revenue Service (SARS) relating to the previously reported contingent liability which arose from its dispute with SARS over the deductibility of a loan stock redemption premium claimed in the Company's 1998 tax submission.

IFRS 10, 11 and 12 which deal with consolidation accounting principles and disclosure for subsidiaries, joint arrangements, associates and structured entities becomes effective for financial years commencing after 1 January 2013. The adoption of these three standards may potentially have an impact on the presentation and disclosures for ARM as it has a number of significant investments and joint arrangements. Management are currently evaluating the impact of these standards.

Events after reporting date

The ARM corporate loan facility of R1.75 billion has been refinanced and increased to R2.25 billion. The new facility matures in August 2015. At the year end the amount outstanding on this facility was R415 million and was reflected in short-term borrowings as the refinancing only occurred after the year end.

The Company paid a dividend of R1 021 million on 1 October 2012.

Financial risk management

ARM has an established risk management programme which is more fully described in a separate section on pages 24 to 25 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 218 to 224 of the financial statements.

A sensitivity analysis is provided on page 224 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 has not changed materially since 30 June 2011. The only significant external bank debt at 30 June 2012 is held by ARM company through its R1.75 billion corporate facility which had a balance outstanding of R415 million. This loan has been refinanced as described above and is due for repayment or refinancing in August 2015. During the past year ARM finalised an US$80 million loan facility to assist with the funding of the Lubambe Copper Project. This facility is housed within a Swiss subsidiary; ARM Finance Company SA and is guaranteed by ARM. The repayment profile of this loan is more fully described in note 15 of the financial statements.

The Company is therefore well positioned to continue to grow in the future. 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 2015 is R8.95 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.

Dividend

Dividends are declared after consideration of the solvency and liquidity of the Company in accordance with the requirements of the Companies 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 2012 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 sixth annual dividend declared by ARM on 3 September 2012 of 475 cents per share represented an increase of 6% over the F2011 dividend and is consistent with ARM's commitment as a globally competitive company to pay dividends to shareholders while simultaneously maintaining the ability to fund growth of the Company in the future.

Mike Arnold
Financial Director

17 October 2012

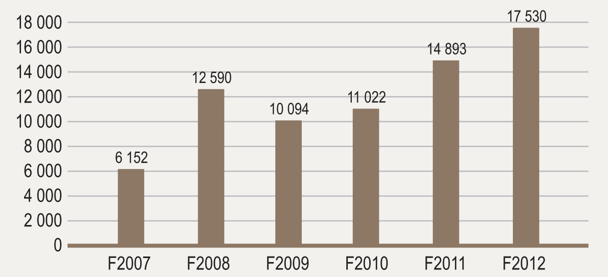
Financial summary and statistics

for the year ended 30 June 2012

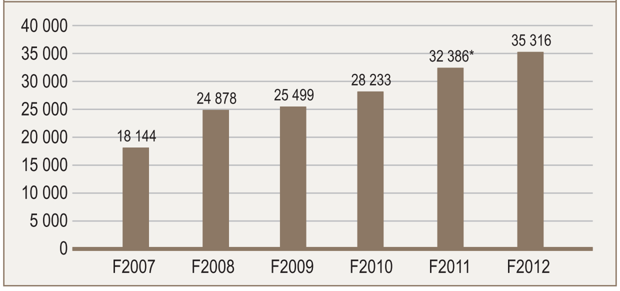
		Group								
R million, unless stated otherwise	Compounded annual growth rate %	**F2012 Rm**	F2011* Rm	F2010 Rm	F2009 Rm	F2008 Rm	F2007 Rm	F2006 Rm	F2005 Rm	F2004 Rm
Income statement										
Sales	21	**17 530**	14 893	11 022	10 094	12 590	6 152	4 622	5 485	3 885
Headline earnings	71	**3 451**	3 374	1 714	2 317	4 013	1 207	462	339	47
Basic earnings per share (cents)	8	**1 609**	1 581	854	1 355	2 131	586	293	225	865
Headline earnings per share (cents)	60	**1 615**	1 585	807	1 094	1 906	580	225	166	37
Dividend declared after year-end per share (cents)		**475**	450	200	175	400	150	n/a	n/a	n/a
Statement of financial position										
Total assets	15	**35 316**	32 386	28 233	25 499	24 878	18 144	14 611	11 766	11 460
Cash and cash equivalents	33	**3 564**	3 668	3 039	3 513	2 660	1 063	439	288	357
Total interest bearing borrowings	7	**3 237**	3 069	3 346	3 744	3 978	4 044	2 252	1 574	1 831
Shareholders' equity	15	**24 405**	22 170	18 529	16 751	15 676	11 218	10 393	7 972	7 954
Statement of cash flows										
Cash generated from operations	33	**5 969**	5 988	3 430	6 678	5 175	2 537	1 243	1 661	603
Net cash outflow from investing activities	25	**(4 077)**	(3 382)	(2 324)	(3 135)	(2 427)	(2 691)	(1 444)	(826)	(691)
Net cash (outflow)/inflow from financing activities		**179**	(588)	(729)	(171)	(175)	1 562	893	(549)	280
Number of permanent employees	11	**12 373**	11 496	10 281	9 643	8 747	7 725	6 943	6 107	5 162
Number of contractors		**14 214**	17 208	12 495	7 134	9 189	5 907	4 862	NR	NR
Exchange rates										
Average rate US$1 = R	1	**7.77**	6.99	7.59	9.03	7.30	7.20	6.40	6.21	6.90
Closing rate US$1 = R	3	**8.16**	6.76	7.67	7.72	7.83	7.07	7.16	6.65	6.26
JSE Limited performance										
Ordinary shares (Rands)										
– high	19	**199**	236	206	291	307	138	52	38	48
– low	22	**159**	146	117	76	103	53	32	25	32
– year end	22	**166**	189	161	130	280	123	48	34	34
Volume of shares traded (thousands)	18	**98 740**	121 051	138 241	113 690	84 678	40 203	39 711	51 382	26 547
Number of ordinary shares in issue (thousands)	1	**214 852**	214 852	216 292	212 068	211 556	209 730	206 367	204 437	204 208
Financial statistics	Definition number									
Liquidity ratios (x)										
Current ratio	1	**2.4**	2.4	2.2	1.5	1.8	1.5	1.4	1.6	1.5
Quick ratio	2	**1.8**	1.8	1.7	1.1	1.5	1.1	1.0	1.0	0.9
Cash ratio	3	**5.2**	12.6	5.9	1.6	1.6	0.8	0.8	0.8	0.4
Profitability (%)										
Return on operational assets	4	**20.1**	24.1	15.2	20.4	39.6	25.1	17.6	20.6	7.5
Return on capital employed	5	**17.7**	19.8	12.0	18.2	36.3	16.4	9.2	8.2	8.2
Return on equity	6	**14.9**	15.9	9.6	14.3	27.0	11.1	4.5	5.2	0.7
Gross margin	7	**34.6**	40.4	32.1	40.1	56.2	45.7	28.5	31.8	21.1
Operating margin	8	**29.8**	36.3	26.5	36.7	53.0	40.3	24.1	29.0	13.6
Debt leverage										
Interest cover (x)	9	**23.7**	25.4	16.0	11.1	16.7	6.9	8.5	8.5	5.4
Debt to equity ratio (%)	10	**13**	14	18	25	25	36	22	20	23
Net debt to equity ratio (%)	11	**n/a**	n/a	2	1	8	27	17	16	19
Other										
Net asset value per share (R/share)	12	**108**	99	84	76	70	52	50	32	32
Market capitalisation	13	**35 670**	40 176	34 243	27 548	59 236	25 900	9 957	6 949	6 943
Dividend cover (x)	14	**3.40**	3.52	4.04	6.25	4.76	3.87	n/a	n/a	n/a
EBITDA	15	**6 531**	6 517	3 907	4 484	7 229	2 887	1 552	2 025	725
EBITDA margin (%)	16	**37**	44	35	44	57	47	34	37	19
Effective tax rate	17	**31**	32	34	39	30	36	33	37	19

** Restated for early adoption of IFRIC 20.*
The financial information above is in accordance with International Financial Reporting Standards.
The comparison above is given from 2004 which is when the current ARM was formed.
Various corporate transactions were entered into during the past eight years, therefore direct comparison for years may not always be meaningful.
NR refers to figures not reported.

Sales (R million)

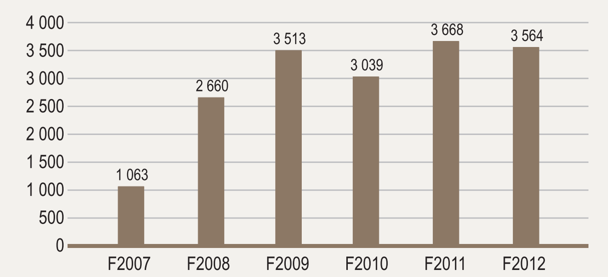


Total assets (R million)

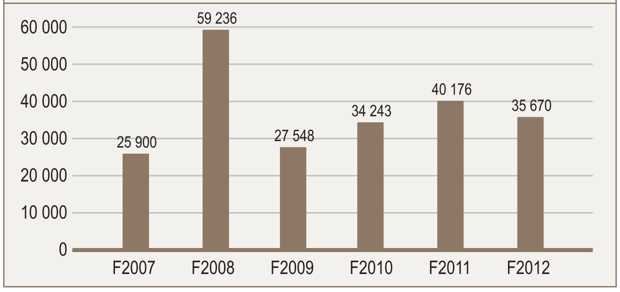


* *Restated for early adoption of IFRIC 20.*

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 (%):** *Profit from operations divided by tangible assets (property, plant and equipment and current 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:** *Total debt less cash and cash equivalents divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings. Total equity comprises total shareholders' interest.*
12 **Net asset value per share (Rand):** *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 (%):** *EBITDA divided by sales.*
17 **Effective tax rate:** *Taxation in the income statement divided by profit before tax.*

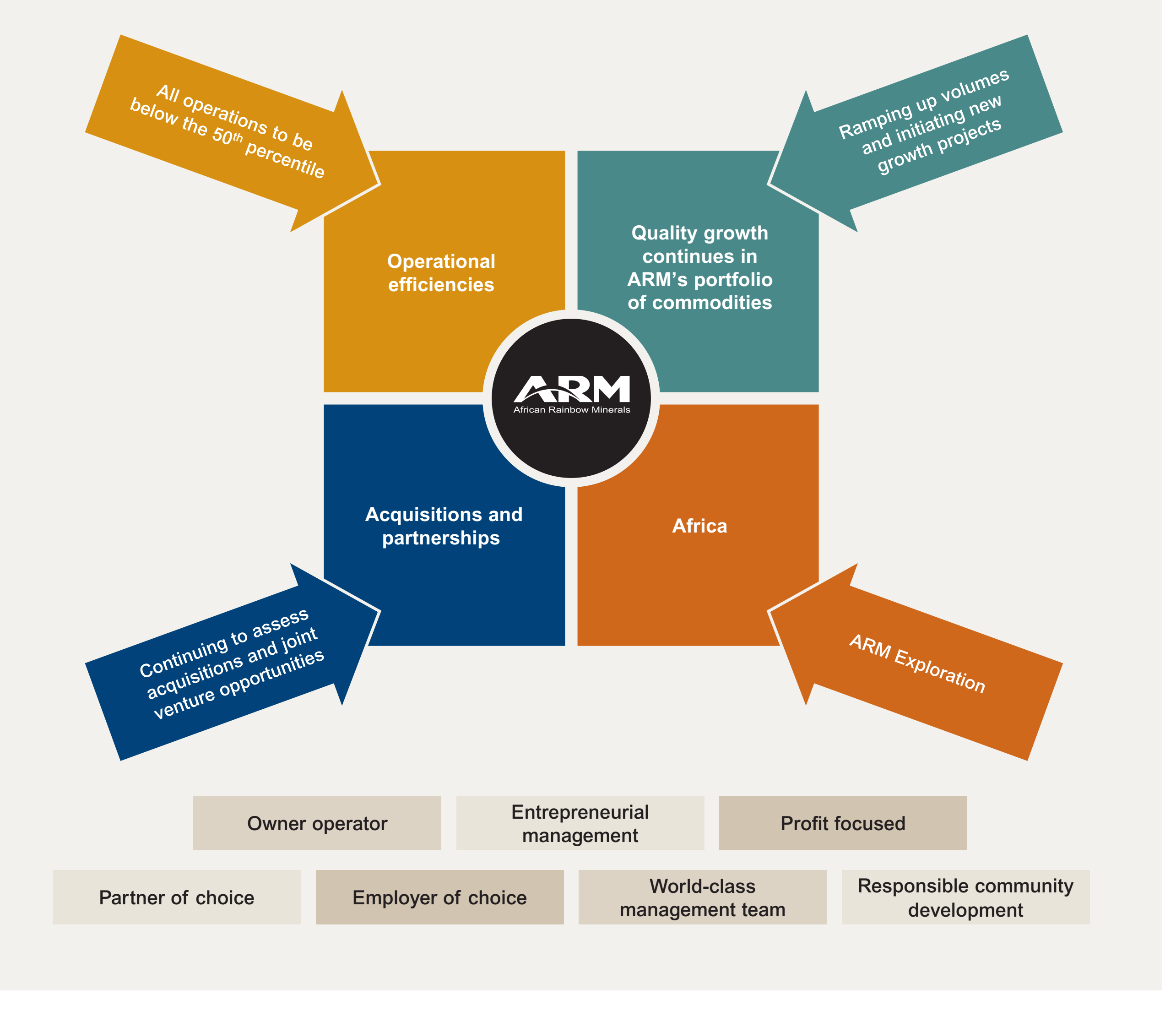
Note: All ratios except return on capital employed use year end balances. Return on capital employed is a two-year average.

US Dollar convenience translation

	Group								
	F2012 US$m	F2011* US$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	**2 256**	2 131	1 452	1 118	1 725	854	722	883	563
Headline earnings	**444**	483	226	257	550	168	72	55	7
Basic earnings per share (US cents)	**207**	226	113	150	292	81	46	36	125
Headline earnings per share (US cents)	**208**	227	106	121	261	81	35	27	5
Dividend declared after year-end per share (US cents)	**58**	67	26	23	51	n/a	n/a	n/a	n/a
Statement of financial position									
Total assets	**4 327**	4 791	3 682	3 304	3 178	2 576	2 041	1 769	1 831
Cash and cash equivalents	**437**	543	396	455	340	150	61	43	57
Shareholders' equity	**2 990**	3 280	2 416	2 171	2 002	1 587	1 452	1 199	1 271
Statement of cash flows									
Cash generated from operations	**768**	857	451	739	709	352	194	267	97
Net cash outflow from investing activities	**(525)**	(484)	(306)	(348)	(334)	(374)	(226)	(133)	(100)
Net cash (outflow)/inflow from financing activities	**22**	(85)	(96)	(19)	(24)	217	140	(88)	41
JSE Limited performance									
Ordinary shares (US cents)									
– high	**2 561**	3 376	2 714	3 217	4 205	1 917	816	612	696
– low	**2 046**	2 092	1 542	842	1 414	739	500	411	471
– year end	**2 035**	2 788	2 099	1 683	3 576	1 747	674	511	543

* *Restated for early adoption of IFRIC 20.*

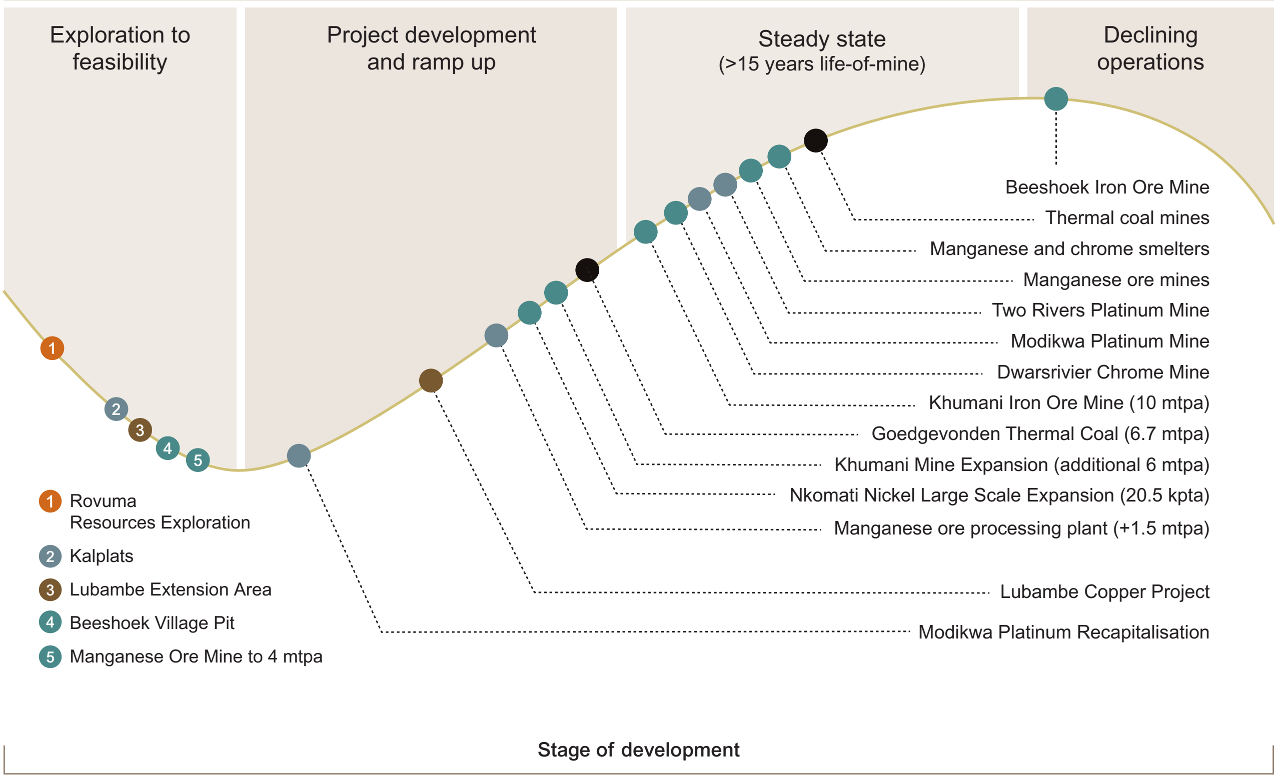
ARM strategy



Key growth projects

	Khumani Iron Ore (10 – 16 mtpa)	Nkomati Nickel Large-Scale Expansion	Lubambe Copper Project
Steady state	16 mtpa	20 500 tpa nickel	45 000 tpa copper
Capex committed	95%	95%	94%
Stage	Ramp-up	Ramp-up	Construction
Position on cost curve	30th percentile	55th percentile	45th percentile
Commissioning (financial year)	2012	2010	2013
Full production (financial year)	2013	2014	2015
Comment	High grade, low unit cost mine	C1 cash cost net of by-products of US$6.00/lb at steady state in 2014	New commodity in portfolio and first mine outside South Africa

Project pipeline and operations



Potential future projects

- Iron ore expansion beyond 16 mtpa
- Manganese ore expansion to 5 mtpa
- Expansion of Modikwa Platinum Mine
- Thermal Coal Projects

Principal risks, uncertainties and opportunities

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

Risk/challenge/opportunity	Impact	Mitigating action taken by ARM
Financial risk		
Commodity price volatility		
ARM's revenue, earnings and cash flows are dependent upon prevailing commodity prices, determined by the supply of and demand for commodities and linked to global economic conditions.	Fluctuation in the commodity prices for the range of commodities we produce 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.	• ARM limits its foreign exchange hedging to specific items of capital expenditure on major projects. Rand movement provides us with both an opportunity and a risk.
Inflation/increased costs/cost control		
ARM is unable to 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.	• ARM's ability to contain/reduce costs and maintain operational efficiency is a measure of the quality of its operational management and asset stewardship. • Cost performance is a key measure of management performance and operational efficiency. • ARM strives to be within the 50th percentile of the global cost curve (based on steady-state production). • Regular audits of operations 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.	ARM would not be able to achieve its growth strategy.	• ARM's focus on cash conservation and debt reduction has resulted in ARM being in a strong financial position with low gearing, which allows us to proceed with the 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 our 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.
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 Executive: Sustainable Development, reports directly to the Chief Executive Officer, which 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 are run by each operation. • ARM has an advanced HIV & Aids management programme.
Project development		
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).
Infrastructure access and capacity		
Logistics constraints and access to rail and port capacity remains challenges to meeting increased demand for commodities and ARM strategic growth.	These challenges may result in the inability to achieve planned export targets and have a material impact on future growth with a resultant impact on financial results.	• Feasibility studies underway to further expand iron and manganese ore operations to benefit from Transnet's R300 billion Market Demand Strategy to expand SA rail, pipeline and port facilities. • ARM remains actively involved in commodity and industry initiatives as well as logistics optimisation processes on mine to optimise logistics for exports.

Risk/challenge/opportunity	Impact	Mitigating action taken by ARM
Operational risk continued		
Reserves and resources		
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 can 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.
Security of energy supply		
ARM's mining operations, and particularly, its ferromanganese 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 ARM's 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 operations. • ARM continues to explore potential co-generation opportunities.
Emission and climate change		
Extreme weather conditions resulting from climate change; ongoing legislation is likely to result in restriction of industrial emissions, the imposition of added costs for emissions exceeding permitted levels and increased 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 its ability to operate.	• Climate change issues are a priority for ARM management who are continually working to improve understanding of ARM's carbon footprint and to reduce the carbon intensity of our operations and activities. • Emission inventories continue to be compiled and monitored for all our smelters. • Every effort is made to reduce 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. Poverty, a lack of service delivery and employment resulting in social activism.	The support of local communities is essential for the successful completion of ARM's projects. Lack of community support could have a negative impact on productivity and consequently on profitability. Communities look to ARM and the mining industry as a whole to address their need for infrastructure development, service delivery and employment opportunities. Communities may become dependent on our operations.	• ARM's Corporate Social Investment (CSI) and Local Economic Development (LED) plans focus on the upliftment and capacity building of historically disadvantaged communities in the vicinity of our operations. • ARM strives to earn the trust of local communities through extensive stakeholder engagement. • ARM uses its investment in local communities to enhance the socio-economic capacity of the communities in which it operates, and to avoid dependence on ARM's operations after closure. • ARM focuses on responsible purchasing from local, historically disadvantaged South African suppliers and employment practices that give preference to members of the local community; and in some cases, offers training opportunities to community members.
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.	• Local communities, labour and Government are recognised and engaged as key stakeholders. • ARM has and actively seeks to foster good relations with employees and unions. • ARM strives to be an employer of choice and has been acknowledged as a leading employer in the CRF Institute's "Best Employer" awards for the second consecutive year.
Key employees		
The loss of key employees.	This could have an adverse effect on ARM. As ARM develops and expands mining operations, its future success will depend on our ability to attract and retain suitably skilled and qualified personnel.	• ARM aims to be the employer of choice in its industry. Our levels of remuneration are regularly and aggressively benchmarked against our peers. ARM makes a concerted effort to retain and manage the Group's talent pool. • Learnerships, focusing primarily on technical disciplines, increased to 264 in F2012 with the aim of increasing the skills levels of employees. • ARM's graduate training programme is an important part of the human resource development strategy.

Integrated salient features

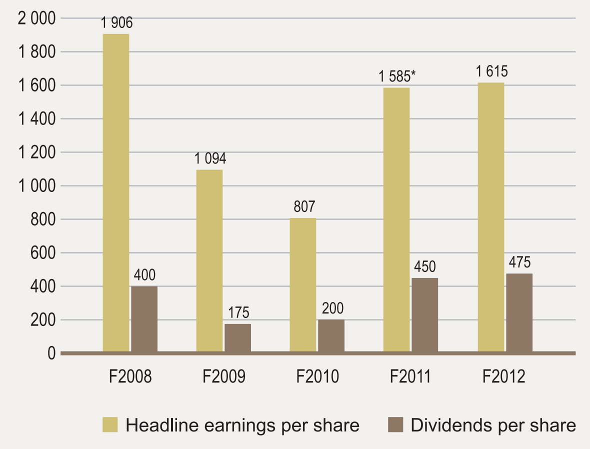
"ARM **significantly increased sales volumes** across all its commodities except ferrochrome and Nkomati chrome ore. We also **increased headline earnings and dividends** despite challenging global markets"

Patrice Motsepe, Executive Chairman

Financial

- Headline earnings increased 2% to R3.45 billion (F2011 restated: R3.37 billion) in difficult market conditions. The headline earnings per share were 1 615 cents compared to 1 585 cents in F2011 (restated).
- ARM declared an increased dividend of 475 cents per share, compared to the F2011 dividend of 450 cents per share.
- Sales revenue increased 18% to R17.53 billion due to increased sales volumes achieved.
- ARM maintained a robust financial position with net cash (excluding partner loans) of R2.3 billion (F2011: R2.6 billion).

Headline earnings and dividends per share (cents)

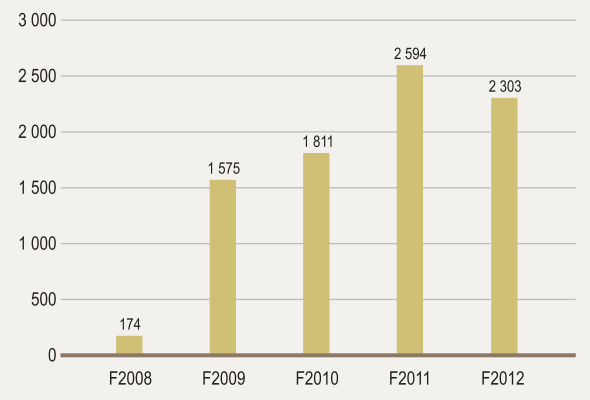


* Restated for early adoption of IFRIC 20.

Operational

- Significant sales volume increases across all ARM commodities excluding ferrochrome and Nkomati Mine chrome ore.
- Satisfactory cost containment at Two Rivers Mine, the PCB coal operations, the manganese ore mines, the manganese alloy operations, the Nkomati Mine and the chrome ore mine.
- Update on growth projects:
  - The Khumani Iron Ore Expansion Project from 10 mtpa to 16 mtpa was successfully handed over to the mine one year ahead of schedule and well below budget.
  - Full production ramp-up to 6.4 mtpa was achieved at Goedgevonden Mine.
  - Significant improvement in the operational performance during the ramp-up phase of the Nkomati Mine in the second half of the financial year.
  - Lubambe Copper Project (previously known as Konkola North Copper Project) is progressing on time and within budget with plant commissioning expected by the end of the 2012 calendar year.

Net cash excluding partner loans (R million)

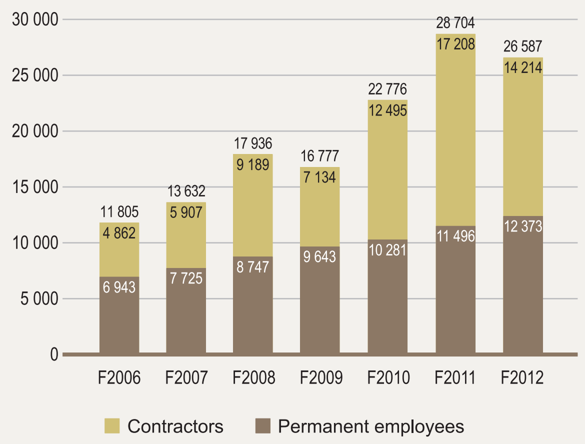



PCMZ plant, Nkomati Nickel Mine

Sustainability

- Nkomati, Beeshoek and Khumani mines achieved in excess of two million fatality-free shifts while Black Rock Mine, Dwarsrivier Mine and Cato Ridge Works each achieved in excess of a million fatality-free shifts.
- The ARM Lost time Injury Frequency Rate (LTIFR) improved from 0.43 in F2011 to 0.40 in F2012.
- Regrettably, four lives were lost as a result of three accidents.
- Our performance against our internal HIV & Aids benchmark improved, for the first time exceeding the high standard we set for our operations in F2008.
- Total Corporate Social Responsibility investment (which includes expenditure in terms of Corporate Social Investment, Local Economic Development and the ARM BBEE Trust) improved from R125 million in F2011 to R126 million in F2012.
- ARM contributed to 24 classrooms, five schools, four school halls and three crèches in F2012.
- ARM has for the second year met application level A+ of the Global Reporting Initiative (GRI) G3 guidelines and has been successfully assured for third consecutive year.

Total labour as at 30 June



Key performance indicators

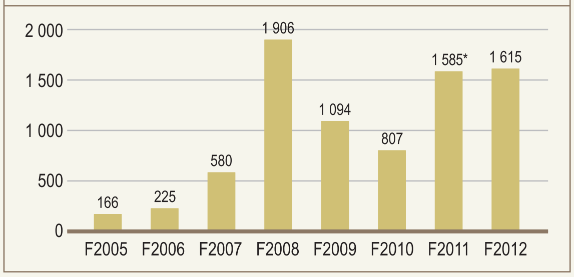
Overview of ARM's key performance indicators covering both financial and sustainability performance for F2012, including comparable indicators for preceding years. The definitions for the indicators are included where appropriate.

Financial

Headline earnings per share (HEPS)

HEPS increased 2% from 1 585 cents (restated) to 1 615 cents per share despite challenging commodity market conditions which led to a decline in US Dollar prices in all ARM's commodities except export thermal coal and gold. An 11% weakening in the Rand against the US Dollar did offset some of the decline in US Dollar prices. The HEPS were positively affected by significant increases in sales volumes across ARM's portfolio of commodities as ARM ramped up three of its growth projects.

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 headline EPS.



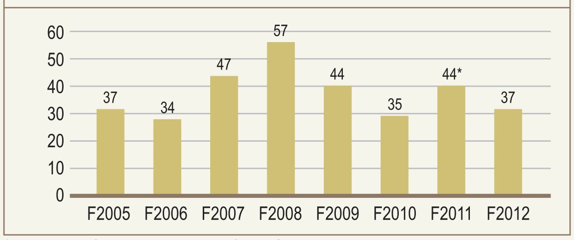
Headline earnings per share (cents)

* *Restated for early adoption of IFRIC 20.*

EBITDA margin

The ARM EBITDA reduced from 44% (restated) in F2011 to 37% in F2012 as a result lower commodity prices and increased costs particularly at the Khumani, Nkomati and GGV operations. Costs at Modikwa were also higher as a result of industrial action and safety stoppages.

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



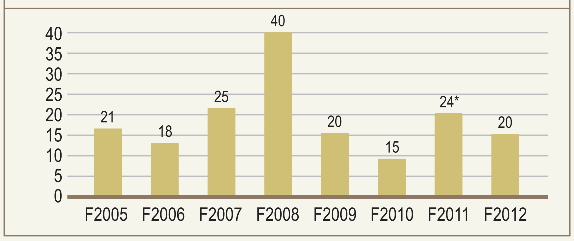
EBITDA margin (%)

* *Restated for early adoption of IFRIC 20.*

Return on operational assets

Return from operational assets decreased from 24% (restated) in F2011 to 20% in the year under review.

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

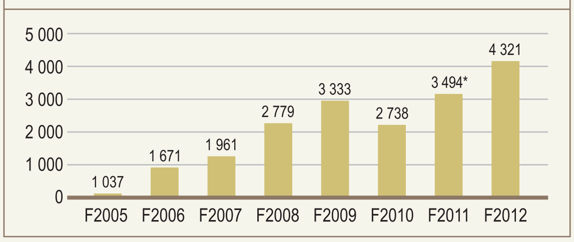


Return on operational assets (%)

* *Restated for early adoption of IFRIC 20.*

Capital expenditure

Capital expenditure attributable to ARM increased to R4.3 billion in F2012 (F2011 restated: R3.5 billion). The majority of this capital expenditure was spent on completing the Khumani Expansion Project which has now been handed over to the operations. Significant capital expenditure was also expended on the Lubambe Copper Project which will be commissioned by the end of the 2012 calendar year. The balance of the capital expenditure was mostly for maintenance of the operations.



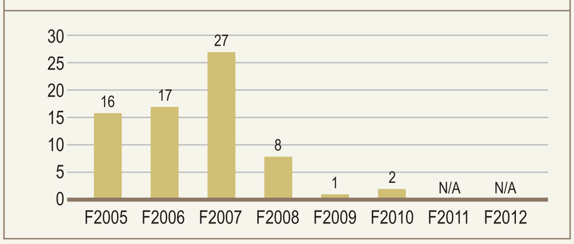
Capital expenditure (R million)

* *Restated for early adoption of IFRIC 20.*

Net debt to equity

ARM is in a strong financial position with net cash of R327 million as at end June 2012. This robust financial position provides strong support for ARM's future growth plans.

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



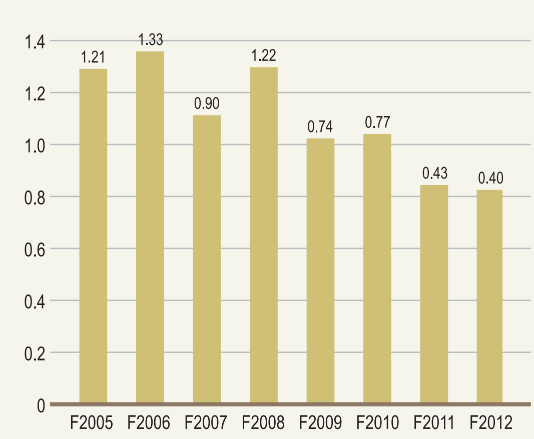
Net debt to equity (%)

Non-financial

Safety

- Regrettably, four lives were lost during the year, two each at Two Rivers and Modikwa mines:
  - Two Rivers:
    On 13 December 2011, Mr Ananias Silvano Chambale, a team leader, was seriously injured by a trackless mobile machine underground and he passed away in hospital two days later.
    On 21 January 2012, Mr Daniel Vusi Ntuli was in the process of watering down broken rock to allay dust in the mining face, when he was fatally injured by a rock which dislodged from the roof.
  - Modikwa:
    On 27 January 2012, Ms Patricia Moropa and Mr Khateane Lenong were installing support when a fall of ground occurred, fatally injuring both employees.
- Three operations (Nkomati Mine, Beeshoek Mine and Khumani Mine) achieved in excess of two million fatality-free shifts while three other operations achieved in excess of one million fatality-free shifts.
- The LTIFR decreased from 0.43 in F2011 to 0.40 in F2012 (calculated per 200 000 man hours worked). Reportable accidents were reduced from 74 in F2011 to 69 in F2012.

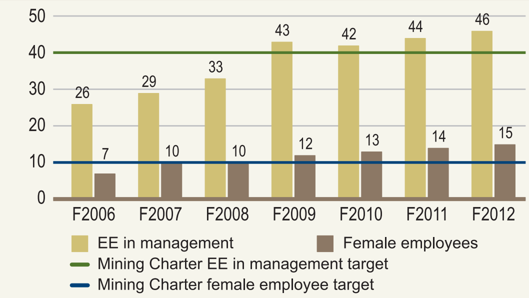
Safety performance (LTIFR)



Employment Equity (EE)

- ARM has been certified as a Best Employer South Africa for the second consecutive year and has recently been awarded the 6th position by the CRF Institute.
- Continued progress in EE, including gender diversity
- EE in management has increased from 44% in F2011 to 46% in F2012, which exceeds the Mining Charter EE in management target of 40%.
- Total number of female employees increased from 14% in F2011 to 15% in F2012, which exceeds the Mining Charter female employee 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.

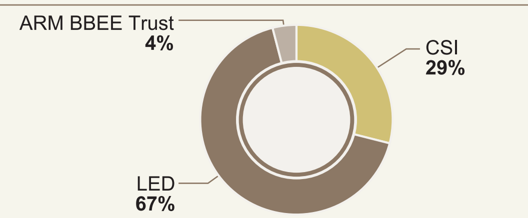
Employment equity (%)



Corporate Social Responsibility (CSR)

- During F2012, ARM spent R85 million in terms of Social and Labour Plans (SLPs) and Local Economic Development (LED) and R36 million in terms of Corporate Social Investment (CSI). In addition, the ARM BBEE Trust spent R5 million (F2011: R6 million) on projects to uplift and benefit rural communities. These figures exclude dividends which are paid in addition to project spend.
- Total Corporate Social Responsibility Investment was R126 million compared to R125 million during the previous financial year.

CSR expenditure for F2012 (%)



Implementation of the HIV & Aids management programme

- There has been continued progress in the implementation of the HIV & Aids programme in alignment with the primary aims of the new South African National Strategic Plan for HIV, TB and STI (2012 – 2016).
- Membership of the South African Business Coalition on HIV & Aids (SABCOHA) allows ARM to benchmark our programme with the best nationally and internationally.
- ARM is actively participating in the National HIV Counselling and Testing campaign as proposed by SANAC (South African National Aids Council).
- The number of employees receiving Anti-Retroviral Treatment (ARV) increased by 61% from 242 in F2011 to 400 in F2012.
- The number of employees registered on Disease Management Programmes increased from 390 to 513.

Climate change

- ARM has calculated its carbon footprint and has made a submission to the Carbon Disclosure Project (CDP) for the third consecutive year.
- Continued focus on monitoring and reporting including improving the data collection processes.
- The strategy together with policy and awareness training programme to address risks posed by climate change has progressed well. This includes quantification of carbon emissions and an emissions reduction plan which is being formulated in alignment with national legislation and International Council on Mining and Metals (ICMM) climate change policy developments.

Madibeng Bulk Water Supply Project, Black Rock Manganese Mine

Sustainability review

Our motto **'We do it better'** guides how we conduct our business and includes our **commitment** to **responsibly managing** the **impacts of our operations** on our key stakeholders, the environment, the communities around us and broader society.

The Sustainability Review that follows provides an overview of how we approach the integration of sustainability considerations into our strategy and operations, how we define our material sustainability issues and summarises our performance against these issues for the year.

Our sustainable development reporting is limited to those operations over which we have direct or joint management control, being the Ferrous and Platinum Divisions as well as our Copper Division (which includes the Lubambe Copper Mine, currently under construction) and excludes those operations and investments that we do not manage directly (Coal and Gold: Harmony).

As part of our integrated reporting for F2012, we have again published a separate Sustainability Report that provides full information on these and other factors, extensive detail on the management and performance of each of the material issues as well as how we comply with the revised Mining Charter, including a detailed section on our corporate social responsibility.

The summary on page 29 of this report shows a number of the Company's non-financial key performance indicators.

Our approach to sustainability

Mining by its nature is a high impact industry. Extractive operations have a direct physical effect on the environment and communities around the mines. Our employees risk exposure to dangerous substances and hazardous working environments in the process of our operations.

At the same time, mining brings many benefits – providing the economy with the building blocks it needs to grow, creating jobs in areas where these may be scarce, contributing to the fiscus and investing in local communities to create long-term positive social change.

Our guiding principles of responsible investment and broad social benefit keep us mindful of our responsibility to manage the potential negative environmental and social impacts of our operations. It is clear that long-term financial sustainability is impossible without ensuring environmental and social sustainability.

Our commitment to doing sustainable business is underpinned by our commitment to the highest levels of corporate governance. We align our approach with the principles contained in the King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III).

As discussed in more detail in the Corporate Governance report on pages 121 to 124.

Mining is a highly regulated industry and many of our social and environmental responsibilities are defined by the terms of our mining licences, environmental regulations and associated industry guidelines. We pay particular attention to the requirements of the Mining Charter which we seek to exceed wherever possible.

ARM has been a member of the International Council on Mining and Metals (ICMM) since 2009 and participates actively at an executive level within the Council. The Company shares the ICMM vision of a respected mining and metals industry widely recognised as essential for society and a key contributor to sustainable development. Our sustainable development initiatives are guided by the elements of the ICMM sustainable development framework and the ten principles of the ICMM.

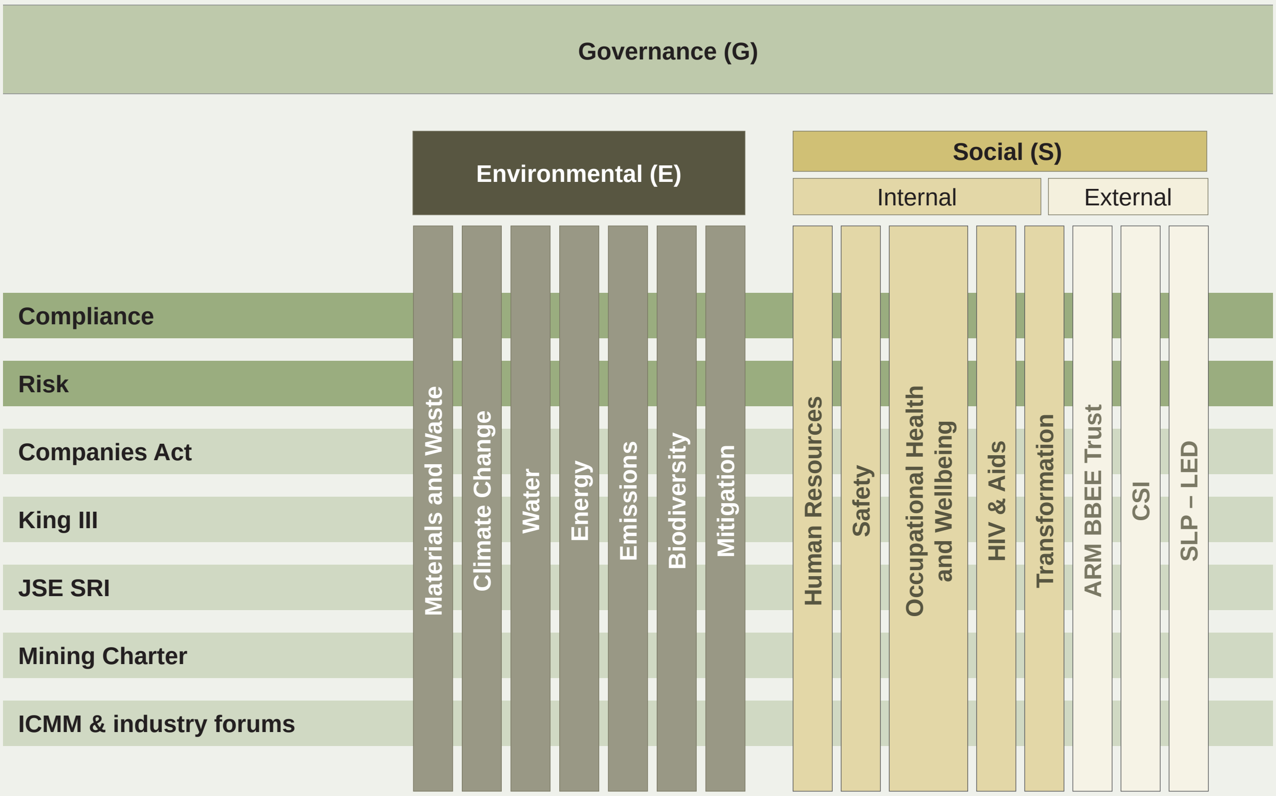
As a member of the ICMM, ARM subscribes to the Extractive Industries Transparency Initiative (EITI) – a global standard promoting transparency and the management of revenues from natural resources.

Our Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) G3 guidelines, including the Mining and Minerals sector supplement, and meets application level A+, having been externally assured for the third consecutive year.

Our commitment to integrating governance best practice and environmental, economic and social sustainability into our business has been recognised by our inclusion in the JSE Socially Responsible Investment (SRI) Index for the fourth year.

Our approach to sustainable development is captured in our Sustainable Development Model. We are in the process of updating our Sustainable Development Model to reflect the evolution in our approach to sustainability and to illustrate how the model interlinks with our combined assurance model.

ARM's sustainable development model



How we manage sustainability in our business

ARM's business model involves partnering with other major mining players. This approach has brought together a range of operations each with its own specific sustainability challenges, approach to managing these challenges and maturity of governance processes around these issues. Sustainable development policies and standards are set at Group level and implemented by operational management in a manner appropriate to the circumstances existing at the operation. Monitoring and reporting of sustainability progress is consolidated under the central sustainability governance structures.

The responsibilities of the Executive: Sustainable Development include reviewing sustainable development policies, strategies and targets and ensuring alignment with the Board's commitment to zero tolerance of harm throughout the business. She reports directly to ARM's Chief Executive Officer and operates with oversight from the Social and Ethics Committee.

Social and Ethics Committee

The Social and Ethics Committee monitors and reports on the manner and extent to which ARM protects, enhances and invests in the economy, society and the natural environment in which it operates in order to ensure that its business practices are sustainable. This includes the review and consideration of the efficacy of ARM's systems to promote local economic development opportunities that enable historically disadvantaged South Africans to develop. These development initiatives also enable us to meet the requirements of mining rights conversions, the Mining Charter and other requirements detailed in the Minerals and Petroleum Resources Development Act, 2002 and other relevant legislation.

Sustainability and Risk Management

Sustainability is integrated into the Company's risk management system and sustainability issues are included in the Group risk register. The Leader: Risk Management and the Executive: Sustainable Development attend Social and Ethics Committee meetings and are members of the Management Risk Committee. They also attend Board meetings to respond to any risk- and sustainability-related matters raised by the Directors.

The Management Risk Committee is a sub-committee of the Group Audit and Risk Committee and is tasked with assisting the Audit and Risk Committee in discharging its duties relating to risk matters by implementing, coordinating 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.

ARM's Risk Management programme integrates the management of risk and assurance, providing both corporate governance compliance and a practical and effective tool for the management of risk (including sustainability risk) within ARM.

More information on the composition and activities of the Social and Ethics Committee and the Management Risk Committee can be found on pages 133 to 135 of the Corporate Governance report.

At an operational level, risk registers and risk and control dashboards are continuously reviewed and updated. Performance against Safety, Health, Environmental, Risk and Quality (SHERQ) guidelines are reviewed at operational and corporate level through:

- Monthly Operational Committee meetings
- Quarterly Executive Committee meetings
- Quarterly ARM Management Risk Committee meetings
- Quarterly ARM Sustainable Development Management Committee meetings
- Quarterly operational Sustainable Development meetings
- Quarterly ARM Social and Ethics Committee meetings
- Quarterly ARM Audit and Risk Committee meetings
- Quarterly Board meetings

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

Monitoring, measuring and reporting

Central reporting of sustainable development data is a challenging process as it is drawn from a number of different systems at the operations. Consolidating the information requires significant time and ensuring accuracy and comparability of data between periods and operations is a challenge.

We have developed internal reporting systems which have been successfully piloted in the ARM Ferrous Division. These are being rolled out across the other operations in line with the implementation of ARM's overall IT strategy.

To ensure that our data is reliable until comprehensive reporting solutions have been implemented at all our operations, we verify sustainable development information through our outsourced internal audit function, as well as through external assurance of the content of our sustainability reports. Integrated Reporting & Assurance Services (IRAS) has again been commissioned to provide high-level independent third party assurance over the content of the F2012 Sustainability Report. The report is included in the Sustainability Report and includes comment on data collection in ARM.

Our material issues

ARM has a formal stakeholder engagement process that engages relevant stakeholders at corporate, divisional and/or operational level as appropriate. Specific engagement responsibilities are assigned to relevant positions within the Company. Our key stakeholders include:

- Shareholders (including our joint venture business partners), institutional shareholders, analysts and investors
- Unions/organised labour
- Communities
- Government
- Local business
- Industry bodies
- Bankers and funders
- Customers
- Suppliers
- Employees

Full details of how we identify and engage with our stakeholders, as well as their key concerns and how ARM responds to these, are included in our Sustainability Report.

We determine the issues that are material to the Company through:

- engagement with our key stakeholders;
- review and assessment of our internal performance measures;
- monitoring of media coverage;
- review of similar issues reported by members of the extractive industry; and
- our assessment of trends in policy and regulations.

The issues identified include economic, environmental and social issues as well as the maintenance of the highest standards of corporate governance as summarised in the table on pages 24 and 25.

While our risk management processes classify the risks broadly into Financial, Operational and Social risks, we recognise that all of the issues material to the Company ultimately have a financial impact and affect the creation of long-term sustainable stakeholder value.

The following summary sections provide a high-level overview of our material issues. Full details are available in our Sustainability Report.

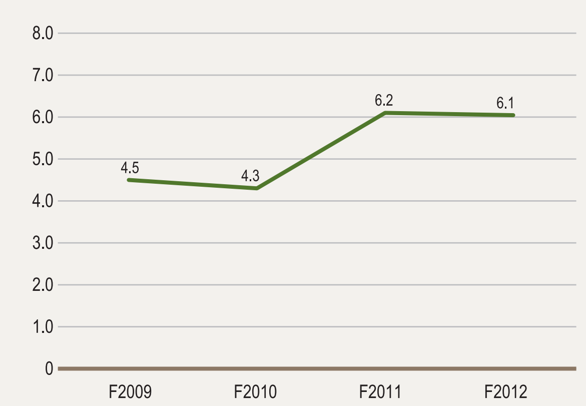
Economic issues

Electricity costs and our ability to use electricity efficiently

Electricity is an important input in our operations, especially in the smelters in the Ferrous Division which together account for over half of the electricity consumed by the Group.

Increases in administered costs, such as electricity tariffs, affect our cost containment targets. While we have put in place initiatives to increase the efficiency with which we use electricity (detailed in our Sustainability Report), we are concerned that continued above inflation price increases may negatively affect not only our business but the communities in which we operate. Energy costs have increased as a proportion of the total input costs. The F2012 figure demonstrates the benefits of ARM Ferrous energy efficiency drive.

Energy cost/cost of sales (%)



As a responsible South African company we support Eskom's tariff increase as necessary to facilitate its infrastructure building programme. ARM's continued expansion depends on our ability to access this infrastructure.

The Ferrous Division is a member of the Energy Intensive Users Association and has developed its own Energy Efficiency Charter to map its development and implementation of energy efficient practices.

Together with other industrial users of electricity, ARM is engaging with government institutions to ensure that future tariff increases balance Eskom's need to build and maintain its infrastructure with the need to sustain industries that are critical for job creation and contribute revenue for government.

While we support measures that seek to promote the efficient use of energy, there is a danger that further financial disincentives, such as the proposed carbon tax, will increase the cost of energy to the degree that business in the South African economy becomes unviable.

Logistics

ARM faces logistical challenges in the transport of product from our mines to the ports for export. Iron ore is exported through the Sishen-Saldanha Iron Ore Export Channel (SIOEC), a single channel rail and port facility. ARM's ability to increase its exports is limited by the capacity of SIOEC and risks being affected by any industrial action affecting Transnet Freight Rail as well as its operating performance.

ARM is engaging with Transnet and other industry role players to explore options for reducing the rail constraint. Options under consideration include expanding SIOEC beyond its current capacity of 60 million tonnes per annum and a proposal to transport ore to the port of Coega in the Eastern Cape.

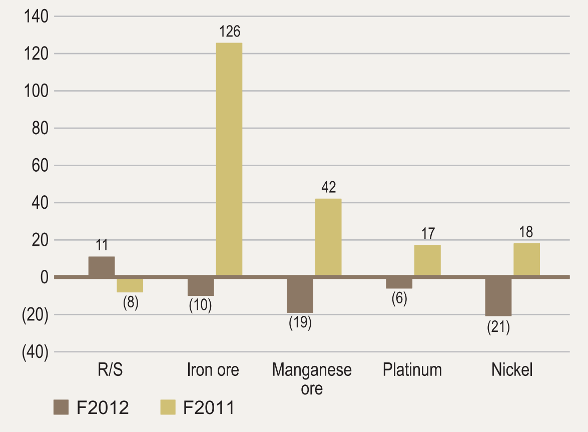
Rail capacity constraints oblige us to transport ore by road. This is not only more costly, but unnecessarily increases the Company's carbon footprint and negatively impacts the country's road infrastructure.

Market conditions

The price of the commodities that ARM produces and beneficiates is set internationally and reflects global demand for metals. These prices are therefore affected by global economic conditions and subject to significant volatility. Commodity prices are set in US Dollars, so the Company's revenues, cash flows, profitability and asset values are affected by exchange rate fluctuations as well as commodity price fluctuations.

ARM does have some ability to manage the risks associated with commodity price cycles due to the diversified portfolio of products that allows more stable returns than single product producers.

Changes in realised commodity prices and exchange rates (%)



Costs

Managing our operational efficiencies is a core part of our long-term strategy. We target unit costs below the 50th percentile of the cost curve for various commodities produced at our managed operations. We are on track to achieve this target through initiatives such as reducing ferrochrome production and increasing the production of ferromanganese at Machadodorp Works.

While we are on target to achieve this goal, increasing energy costs and labour costs that do not keep pace with productivity gains will present challenges to containing production costs.

Social issues

Employee safety and wellness

Mining involves exposure to substances and situations which can be dangerous if the right controls and training are not put in place and continuously improved according to the risks. It is our moral duty to provide a safe and healthy working environment for our employees. Although categorised as a non-financial material issue, health and safety is ultimately a financial issue – healthy employees operating in a safe environment are better able to perform to their full potential. Failure to adequately protect our employees risks poor morale, low productivity, injuries, lost shifts, labour unrest and ultimately the withdrawal of our licence to operate.

Safety

ARM is committed to zero harm and our approach to business is designed to ensure that we provide safe working conditions for our employees and can clearly demonstrate this against the guidelines and targets set in the Mining Charter scorecard. We are also committed to benchmarking and learning from our peers and therefore actively participate to implement the targets and processes outlined in the Mining Industry Occupational Safety and Health (MOSH) Adoption System to meet the Tripartite Health and Safety Targets and Milestones.

Operational safety policies, strategies and safety performance are governed and monitored at a corporate level by the ARM Health and Safety Committee and reviewed at an executive level every quarter in Safety, Health, Environmental and Quality (SHEQ) meetings. Most operations have obtained certification in terms of the international health and safety management system OHSAS 18001.

Focus in F2012		How we did	Focus in F2013
• Zero harm to our employees.	X	Four fatalities during the F2012 year.	• Zero harm to our employees.
• Reduce business interruptions/ stoppages due to Section 54 and 55 Notices.	X	Increase in collective days lost due to Section 54 and 55 Notices from 37 in F2011 to 63 in F2012. Increase in both the number of Section 54 and 55 Notices: 16 Section 54 (F2011: 15) and 13 Section 55 (F2011: 5) Notices issued.	• Reduce stoppages due to Section 54 and 55 Notices.
• Modikwa Mine: ISO 9001, 14001 and OHSAS 18001 recertification.	X	Placed on hold due to the current economic climate, however safety, health, environmental and quality management systems are aligned with ISO 9001, 14001 and OHSAS 18001.	• Continuous improvement of the SHEQ management systems as well as reporting systems at a Group level.
• Two Rivers Platinum Mine: ISO 14001 and OHSAS 18001 (preparation for certification).	X	The training centre is ISO 9001 certified. ISO 14001 and OHSAS 18001 certification placed on hold due to the current economic climate, however safety, health, and environmental management systems are aligned with ISO 14001 and OHSAS 18001.	• Continuous improvement of the SHEQ management systems as well as reporting systems at a Group level.

HIGHLIGHTS:

- Against the backdrop of the extremely unfortunate incidents mentioned above, the overall safety performance of the Group continued to improve. The Lost Time Injury Frequency Rate (LTIFR) improved from 0.43 per 200 000 man hours worked in F2011 to 0.40 in F2012 and the Reportable Injury Frequency Rate (RIFR) decreased from 0.29 in F2011 to 0.25 in F2012.
- Three operations achieved more than two million fatality-free shifts during F2012 while three others achieved over one million fatality-free shifts. Beeshoek Mine completed 13 months without a lost time injury.

More information on how we manage and measure safety at our operations is available in the full Sustainability Report.

CHALLENGES:

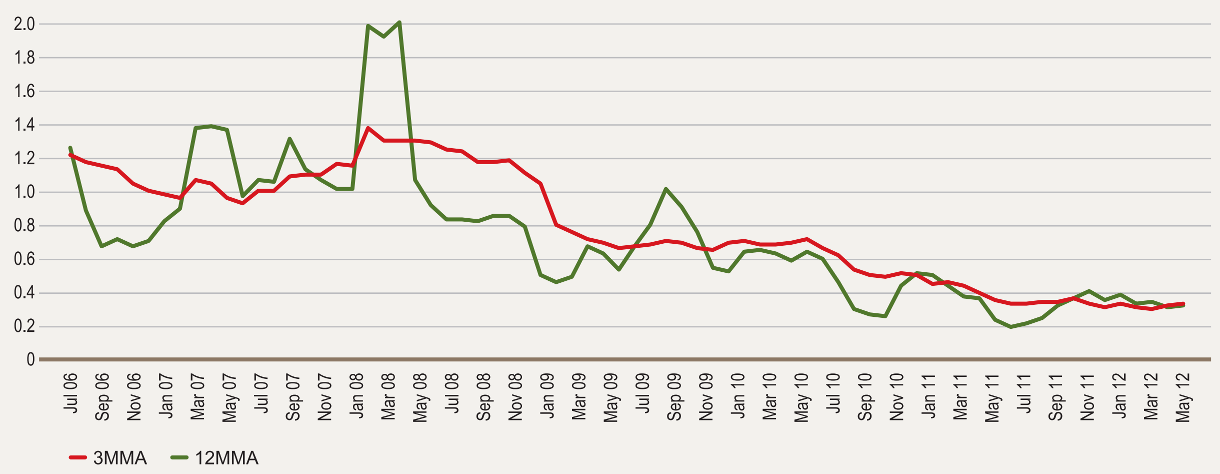
- Despite ARM's commitment to zero harm, there were four tragic fatalities during the year compared to one fatality each in F2011 and F2010. All four fatalities occurred in the Platinum Division, two at Modikwa Platinum Mine and two at Two Rivers Platinum Mine.

More information on these incidents is available in the ARM Platinum operational review on pages 53 and 54.

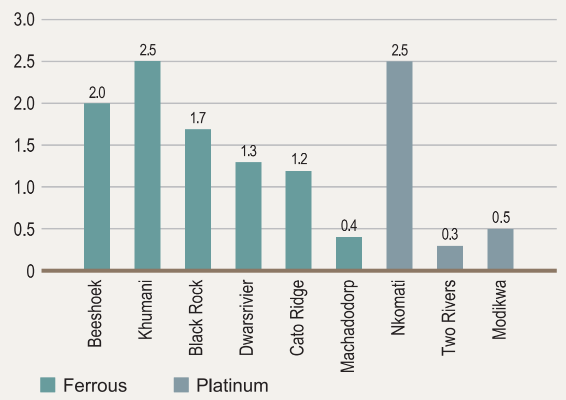
ARM and its Board of Directors extend their sincerest condolences to the family, friends and colleagues of the deceased.

- Fatality Frequency Rate increased to 0.013 in F2012 (F2011: 0.004).
- Section 54 and 55 Notices resulted in the loss of 63 shifts/days in F2012 (F2011: 37).

LTIFR trends 3- and 12-month moving averages (MMA)



Fatality-free shifts (million)



Occupational health and wellness

Caring for the health of our employees is a key part of building a sustainable business. We manage employee health through a programme of periodic physical examinations, biological monitoring and medical testing of employees.

The most common illnesses diagnosed in our workforce (including chronic and primary health-related diseases) are hypertension, upper respiratory tract infection and back/muscular/skeletal ache.

Hazardous substances in our operations include manganese, chromium and coal, tar, pitch and volatiles (CTPV) in our smelting operations. Asbestos has been detected in the ore body at Nkomati Mine and the operation accordingly applies appropriate procedures to mitigate dust liberation and manage exposure.

The principal occupational health issue is noise-induced hearing loss. ARM is committed to reducing workplace noise in line with the DMR's 10 year targets agreed at the Mine Health and Safety Summit in 2003.

Focus in F2012		How we did	Focus in F2013
• Meeting the Department of Mineral Resources (DMR) milestone of reducing machinery noise levels to less than 110 decibels (db) by 2013.	✓	Reduced machinery noise levels to <110 db at most operations through automatic silencer fans, and tender process specifications for new equipment. Target date for outstanding operational compliance is November 2013.	• Ongoing focus on existing and new equipment, noise reduction as well as awareness raising to improve compliance with Personal Protective Equipment (PPE).
• Continue to reduce number of new tuberculosis (TB) infections.	✓	New TB infections reduced to 39 in F2012 (F2011: 68; F2010: 104).	• Continue to reduce the number of new TB infections and manage and monitor those already on treatment.
• Prevent further deterioration in hearing loss through early identification and investigation.	✓	Reduced the number of Percentage Loss of Hearing (PLH) shifts in all categories of hearing loss.	• Continued focus on prevention of hearing loss.

HIGHLIGHTS:

- Monthly reporting of health statistics has been revised and updated in line with the DMR and Mine Health and Safety Council (MHSC) requirements following the Mine Health and Safety Summit in November 2011.
- Managing TB has been a specific focus for the year under review and new infections decreased from 68 in F2011 to 39 in F2012.
- Hearing loss as measured by shift in percentage loss of hearing (PLH) has decreased across all categories.

CHALLENGES:

- Noise Induced Hearing Loss (NIHL) remains a particular focus and the number of cases submitted for compensation has increased to 45 from 33 in F2011.
- Difficulty in attracting and retaining qualified occupational medical staff to remote locations impacts negatively on effectiveness of our medical surveillance programmes.

TB, HIV & Aids

Chronic diseases such as tuberculosis (TB) and HIV & Aids remain a risk to the wellness and productivity of our employees. These issues are managed as part of our occupational health and wellness processes. During the year under review we successfully integrated our HIV policies to include TB and sexually transmitted infections (STIs) management as per the National Strategic Plan (NSP) of 2012 – 2016.

Focus in F2012		How we did	Focus in F2013
• Daily access to voluntary counselling and testing (VCT) at all operations.	X	All operations except Nkomati Mine and Machadodorp Works have moved from VCT to counselling and voluntary testing; all medical examinations at the clinics include HIV counselling and tests are then optional.	• Nkomati Mine and Machadodorp Works are in the process of reviewing service level agreements with their occupational health service providers to align with the rest of the Group.
• Enhancing support to employees living with HIV & Aids.	✓	All operations have programmes run by accredited service providers to address counselling sessions for both health and non-health related matters.	• All service providers to provide detailed quarterly utilisation reports to assist operations with their strategic plans.
• Linking VCT/HCT and prevalence survey results to skills plans.	✓	Prevalence rates have been established and are being used by the Human Resources (HR) department to address contingency planning, multi-skilling plans, succession plans and bursary schemes.	• Calculate HIV economic impact at all operations including corporate office.
• Establish/expand sustainable HIV & Aids community outreach projects.	✓	Operations focus on the following areas as required by the NSP: • Community home-based care. • Support for orphans and vulnerable children. • School health services. • Community HCT/TB campaigns.	• Engage with district health services to manage HIV, TB and STIs in surrounding communities according to the NSP.

HIGHLIGHTS:

- Improved our HIV & Aids programme internal compliance score mark from 60.7% in F2011 to 71.0% in F2012, exceeding our target of 64.4% set in 2008. This is attributable mostly to the significant improvements made by Khumani Mine, Beeshoek Mine, Black Rock Mine and Two Rivers Platinum Mine.
- Increased the number of employees registered on our disease management programme by 32% in the current year.
- The number of employees receiving Anti-Retroviral (ARV) treatment at our facilities increased by 61% in F2012.
- Successfully organised TB campaigns at Khumani Mine, Beeshoek Mine and Black Rock Mine in partnership with the Department of Health, screening more than 6 500 employees.

CHALLENGES:

- The incidence of HIV & Aids continues to significantly affect our operations and the communities in which our employees reside, particularly in Mpumalanga and KwaZulu-Natal.
- Fear of discrimination and stigma continues to prevent individuals from determining their status and/or disclosing their HIV status once they know it.
- Ensuring optimal functioning of local Aids councils.
- Encouraging trained peer educators to remain active.

More information on how we manage and measure occupational health and wellness at our operations, including TB, HIV & Aids, is available in the full Sustainability Report.

Environmental issues

ARM is committed to responsible environmental stewardship as a fundamental part of sustainable value creation. The direct financial incentive to reduce energy consumption in the face of the rising cost of electricity is clear and the proposed carbon tax represents a further incentive. However, the priority we place on environmental management stems from the ARM value set and our commitment to upholding the principles of responsible mining as members of the ICMM.

We recognise that the sound environmental stewardship practised at our operations reduces the risk of negatively affecting the communities around us, in which a large proportion of our workers live. Relationships with Government, labour, communities and Non-Governmental Organisations (NGOs), are an important focus to maintain our licence to operate.

Our most material environmental issues are climate change and resource management with energy use and water availability being key concerns. Climate change implications include physical risks posed by flooding or drought and the risk of a lack of supply of water.

Operational environmental management systems identify environmental impacts and facilitate the implementation of environmental plans and performance monitoring. Environmental performance and compliance are monitored at the operational, divisional and corporate level.

Focus in F2012		How we did	Focus in F2013
• Efficient management of resources, including water and energy.	✓	Efficiency and intensity measures for water and energy have now been established at the divisional level, going back to F2009 in order to determine trends. This is assisting us in understanding the impact of our resource utilisation in order to enhance efficiency.	The efficiency measures to assist in the management of resources are to be established at operational level.
• Strategic review of climate change risks, initiatives and approach. Formulation of a strategy and policy aligned with national legislation and the ICMM's climate change policy developments.	✓	Priority was given to the smelting operations during F2012.	Workshops are being conducted at the remaining operations to finalise the strategic review process in order to finalise a group policy.
• Setting performance objectives and emissions targets as well as integrating our climate change strategy throughout the business.	X	The process to determine performance objectives and targets was implemented at the smelting operations.	This process will be continued at the remaining operations.
• Further improving our environmental data collection, monitoring, and reporting systems.	✓	Improved data collection, specifically regarding energy, was focused on during F2012 which has enhanced our monitoring and reporting system regarding our carbon footprint.	Improving the environmental monitoring, evaluation and reporting system forms part of a continuous improvement process aligned with our Group IT systems development plan.

HIGHLIGHTS:

- A climate change strategy, policy and awareness training project was initiated in F2011. This project is progressing well and includes a carbon management strategy and emissions reduction plan.
- Workshops on carbon strategy and climate change were conducted and follow-up training programmes have been were rolled out at a third of our operations to date. This programme continues and includes scenario planning.
- We submitted a report to the Carbon Disclosure Project (CDP) for the third consecutive year.
- ARM representatives attended COP17 in December 2011.

CHALLENGES:

- Carbon emission reduction and the potential financial impact of the proposed carbon tax.
- Climate change impact on water resources: risk of water scarcity impeding our growth plans and the physical risk of major storm events and flooding.

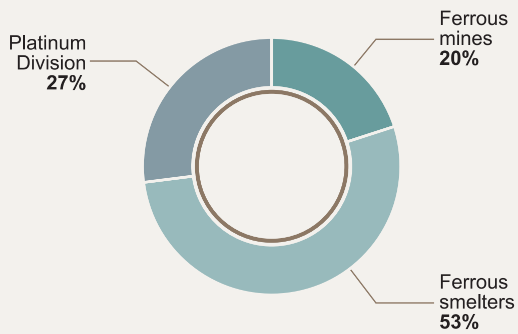
Parsons plant, Khumani Iron Ore Mine

Badplaas water treatment plant upgrade, Nkomati Nickel Mine

Carbon footprint

The main contributors to ARM's carbon emissions are the consumption of electricity produced from coal, diesel use and the use of carbon-based reductants such as coke and coal in our smelters.

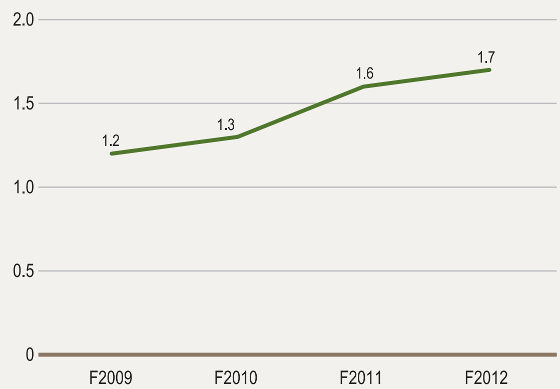
Divisional contribution to our F2011 Scope 1, 2 and 3 carbon footprint



The two smelters in the Ferrous Division are the biggest source of carbon emissions in the Company due to the energy intensive nature of their operations.

ARM submitted a report to the Carbon Disclosure Project (CDP) for the third consecutive year. The CDP submission contains the F2011 carbon emissions attributable to ARM for our joint venture operations.

Carbon footprint – attributable scope 1 and 2 ($mtCO_2e$)



ARM's estimated carbon footprint (Scope 1 & 2 attributable emissions) for F2012 was 1.74 million tonnes carbon dioxide equivalent ($mtCO_2e$), an increase of 9.5% on F2011's 1.59 $mtCO_2e$.

As an operation's carbon footprint will increase with increased production, regardless of most improvements in resource efficiency, we prefer to measure carbon footprint in terms of efficiencies, i.e. per unit of production or as a function of full time employees.

This is presented in more detail in our Sustainability Report.

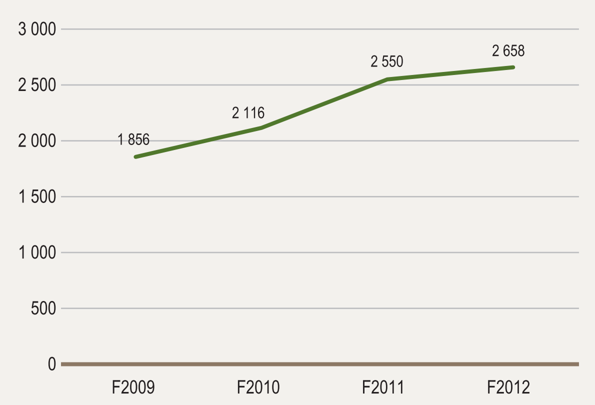
Energy usage

Energy consumption is managed through the Ferrous Division's emissions reduction plan as the largest contributor to the Company's carbon emissions. The Platinum Division's reduction plans will be developed as phase II of the climate change programme currently being rolled out.

Dust suppression water cart, Nchwaning Manganese Mine

Distribution of Deben School uniforms, Khumani Iron Ore Mine

Electricity consumption (000 MWh)



Energy consumption (reported on a 100% basis) in the Company increased 4.3% to 2.7 million megawatt hours (mMWh) in F2012 (F2011: 2.5 mMWh). Measured as consumption per R million sales, electricity consumption in F2012 was 79.9 kWh compared to 89.2 kWh in F2011, an efficiency gain of 10.5%.

Water

Water availability is a key consideration when we plan the expansion or construction of an operation and is certain to become a more pressing issue in future. As water prices adjust to take into account future likely scarcity, users of water will be increasingly financially incentivised to manage consumption through increasing efficient use of water and recycling. This trend is likely to be further exacerbated by the effects of climate change. It is also critical that we ensure that our operations do not have a negative impact on the water quality around us.

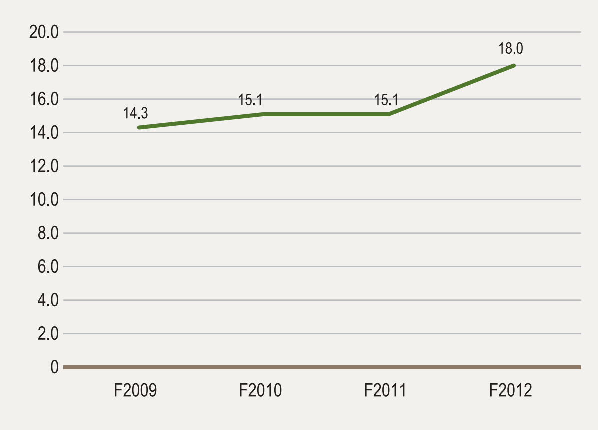
Some of our operations have had to address legacy issues of groundwater contamination and rehabilitate historically contaminated land that impacts on surface and groundwater. Contaminated land surveys have been completed at Machadodorp Works and are currently in progress at Cato Ridge Works in terms of the National Environmental Management: Waste Act (NEMWA). The outcomes of these studies will be included in the next assessment of closure and rehabilitation costs (normally performed before the end of the tax year) and changes will be reflected in the next year's financial provision towards closure and rehabilitation.

Our operations source water from rivers, boreholes and municipal sources as per the terms of their integrated water use licences.

ARM 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.

Total water withdrawal in F2012 of 18.0 million m^3 represents a 19.2% increase over F2011 (15.1 million m^3).

Water withdrawal (million m^3)



Full details of our environmental impacts and how these are managed, including a full analysis of the Group's carbon footprint, is available in our Sustainability Report.

Corporate Social Responsibility

ARM is committed to making a significant contribution towards the national agenda of addressing the challenges facing South Africa, including poverty alleviation, job creation, education, welfare and healthcare.

ARM's corporate social responsibility (CSR) strategy functions at three levels:

- At corporate level through the Corporate Social Investment Function (which includes the Chairman's Fund and the Education Trust Fund) as well as the ARM BBEE Trust;
- Through operations-based participation in, and funding of, projects; and
- Through the commitments to local economic development (LED) undertaken as part of ARM's Social and Labour Plans (SLP).

Focus in F2012		How we did	Focus in F2013
• Meeting our SLP/LED commitments.	✓	Our operations track their progress against their SLP commitments and external audits are performed to verify successful implementation of SLPs.	Ensuring, through continuous stakeholder engagement, that commitments are still relevant and continued focus to successfully implement SLP.
• Poverty alleviation, job creation, education, welfare and healthcare.	✓	Contributed R126 million towards social upliftment and sustainable poverty reduction. 1 377 jobs created through LED projects.	Continued improvement.

HIGHLIGHTS:

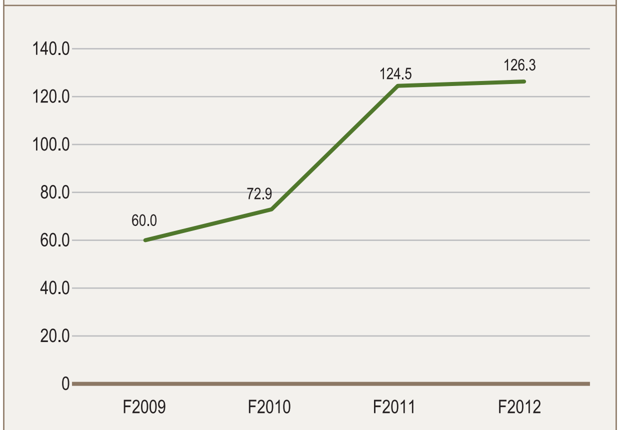
- CSR investment totalled R126.3 million in F2012 (F2011: R124.5 million).
- 1 377 jobs were created through LED projects in F2012 (F2011: 1 041).
- New reporting structure implemented and working well.
- Pilot project introduced in the Ferrous Division to empower operations to deliver sustainable community projects including project management applications.
- Stakeholder engagement approach pilot being tested at Black Rock Mine.
- ARM Ferrous appointed a senior employee to manage CSR and ensure a total project management approach.
- Completed a six-month process to update reporting systems to ensure that CSI statistics could be easily audited.

CHALLENGES:

- Job creation.
- Poverty alleviation.

Full details of our CSR initiatives, including a summary of local economic development and corporate social investment projects, are available in our Sustainability Report.

Corporate Social Responsibility Investment (R million)



Relationships with communities in which we operate, labour and Government

Local communities, labour and Government are key stakeholders and engaging with them to understand their concerns as well as communicate our concerns and progress is a crucial part of our stakeholder engagement programme. Failure to maintain good relationships with these key stakeholders can lead to disruptions in operations and the financial consequences this would entail.

Our approach to stakeholder engagement is discussed in full in ARM's Sustainability Report.

Employees are crucial to our success and we respect their right to collective bargaining. We engage with representative unions within the framework of the relevant labour legislation. The tragic deaths at Lonmin's Marikana mine demonstrate the potential consequences where labour disputes are not resolved to the satisfaction of all parties. At the same time, it is important that all stakeholders understand the real financial consequences of their demands, as was made clear from negotiations during the three week strike at Modikwa. Since resolution of these issues, Modikwa Mine once again met its production targets in the last quarter of the financial year.

We engage with Government at both local and national level to share information and partner to achieve delivery on local economic development strategies including social investment, health and safety, environmental management and transformation.

Human capital

Our growth plans are reliant on our ability to attract and retain the necessary skills to expand successfully. At the same time we need to focus on uplifting our workforce through skills development initiatives.

Focus in F2012		How we did	Focus in F2013
• Further roll-out of integrated human resource management plan.	✓	ARM is currently implementing and rolling out the MAPP (Managing ARM People Potential) Project aimed at developing our in-house human resources system in line with our people strategy and strategic growth and development plan. The Company has to date audited all its policies and procedures and has signed off most of these policies in line with our blueprint. Central to this process is the Company's effort and focus to ensure that all HR practices, policies and principles are aligned with the regulatory Codes of Good Practice.	To continue to generate HR business intelligence solutions for ARM as enablers for us to realise our strategy.
• Centralised learning hub with various academies.	✓	The team responsible for the learning hub has been appointed and progress is on track.	To complete the learning hub in all relevant fields.

HIGHLIGHTS:

- ARM certified 6th out of the 72 South African Best Employers by the Corporate Research Foundation (CRF) Institute.
- Continued progress in terms of employment equity, including gender diversity.
- Employment equity in management increased to 46% in F2012 (F2011: 44%).
- Female employees make up 15% of the workforce (F2011:14%) exceeding the Mining Charter target of 10%.

CHALLENGES:

- Skills attraction and retention.
- Housing around our remote operations.
- Training and development.

Tjakastad Maths and Science Project, Nkomati Nickel Mine

Zonke Stone Art, Khumani Iron Ore Mine

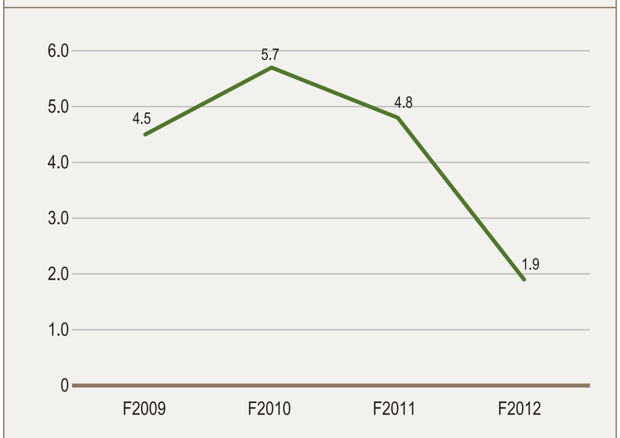
Attraction, retention and development of skills

During F2012, the Company created an average of 2.4 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, totalling 4 648 new jobs over the five-year period.

Our goal is to be the employer of choice in the mining industry and we have a number of initiatives in place to achieve this, including regular benchmarking of our levels of remuneration against our peers and recruiting from local communities wherever possible.

Our progress in this regard is reflected in our permanent employee turnover rate, which averaged 1.9% in F2012 (F2011: 4.8%), well below the industry average.

Employee turnover* (%)

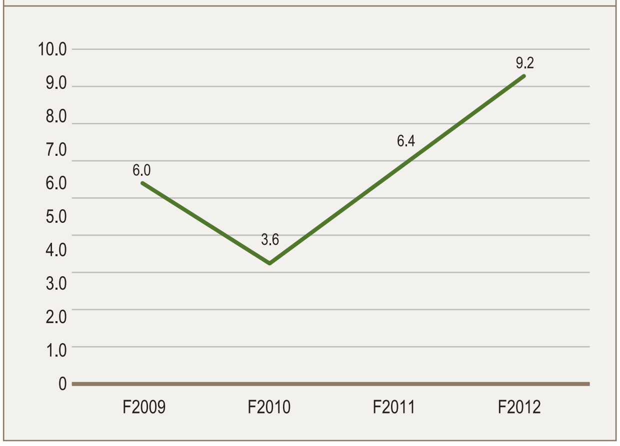


* *Excludes contractors.*

While we consider our workforce to have good skills, the risk of a shortage of skills, and especially technical and management skills, to meet our aggressive growth plans is an important input into our recruitment, skills development and staff retention plans. Skills development initiatives within the Group include learnerships, internal and external bursaries and study assistance. We have established learnership academies at operations to increase skills levels and as part of succession planning.

During F2012, the Company spent 9.2% of its annual payroll on skills development (F2011: 6.4%).

Skills development spend (% of payroll)



Some of our operations in the Northern Cape lack appropriate housing in close proximity to the mine which represents a risk to our ability to attract and retain the right people. We are proactively addressing this through a major housing project.

Our Sustainability Report includes a full discussion of our Human Capital statistics and skills development initiatives.

Transformation

ARM recognises that the transformation of the mining industry into one reflective of all South Africans is in the long-term interests of the Company, the industry and the nation. We are committed to being a transformation leader in the industry. Our approach is guided by the Broad-Based Socio-Economic Charter of the Mining Industry (Mining Charter) and our transformation action plans are built around delivering on the commitments made in our Social and Labour Plans.

True transformation takes time and although we exceed the current Mining Charter targets for employment equity and gender diversity, the increased HDSA representation required from 2014 (40%) will be a demanding target to meet especially in professionally qualified employees and senior management. We have implemented strategies to achieve these targets and their successful execution will also contribute to improving transformation within top management.

Focus in F2012		How we did	Focus in F2013
• Continue to increase BEE procurement by target of 2.5% per annum.	✓	A focus to clarify definitions regarding specific inclusions and exclusions of BEE procurement has generally raised the F2012 performance at all business units.	Continued focus to increase BEE procurement by 2.5% year-on-year.
• Source and attract new BEE and BBBEE compliant suppliers.	✓	The number of BBBEE accreditation agencies has more than doubled, favourably contributing to the number of accredited service providers.	Managing the availability of valid BBBEE certificates.
• Review and revise preferential procurement policy and procedures in line with the revised Mining Charter.	✓	ARM responded successfully to the DMR's requirement to differentiate BEE expenditure into capital services and consumables.	While BEE capital requirements should reasonably be met, BEE services and consumables will require strong effort.

HIGHLIGHTS:

- All ARM's business units which had differentiated their procurement into capital, services and consumables exceeded the Mining Charter targets in these categories for F2012.
- Independently verified as a Level 4 BEE Contributor with a score of 69.33% (F2011: Level 3 and 75.18%).

CHALLENGES:

- Meeting 2014 Mining Charter BEE targets for Capital Services and Consumables preferential procurement.
- ARM has submitted the Mining Charter scorecards for all its mines to the Department of Mineral Resources (DMR), based on the guidelines published in the Government Gazette. We will continue to consult with the DMR and through the Chamber of Mines forums to remain informed as to the understanding with regard to the implementation of the Mining Charter Scorecard develops.

Further information on our approach to transformation and performance against the Mining Charter is available in our full Sustainability Report.

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;
- Taxation and royalties paid to Government;
- Dividends paid to shareholders;
- Providers of capital;
- Socio-economic development initiatives in the communities in which we operate; 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 9% in wealth created and distributed in F2012, up from R8 606 million in F2011 to R9 421 million. Sales for the year increased by 18% to R17.5 billion (F2011: R14.9 billion).

Value added statement

	F2012 Rm	F2011* Rm	F2010 Rm	F2009 Rm	F2008 Rm	F2007 Rm
Sales	**17 530**	14 893	11 022	10 094	12 590	6 152
Net cost of products and services	**8 329**	6 357	5 604	4 201	4 318	2 527
Value added by operations	**9 201**	8 536	5 418	5 893	8 272	3 625
(Loss)/income from associate	**11**	(135)	(51)	147	461	16
Exceptional items	**(70)**	(11)	97	514	162	14
Income from investments	**279**	216	209	414	168	51
Wealth created	**9 421**	8 606	5 673	6 968	9 063	3 706
Applied as follows to:						
Employees as salaries, wages and fringe benefits	**2 179**	1 856	1 491	1 399	1 053	738
The state as taxes	**1 633**	1 693	1 009	1 727	2 084	781
Royalty tax	**492**	162	20			
Providers of capital	**1 324**	836	725	1 034	1 213	561
– Equity – dividend	**959**	426	371	847	315	–
– Non-controlling interest	**133**	194	162	(198)	460	191
– Outside – finance cost	**232**	216	192	385	438	370
Total value distributed	**5 628**	4 547	3 245	4 160	4 350	2 080
Re-invested in the Group	**3 793**	4 059	2 428	2 808	4 713	1 626
Amortisation	**1 315**	1 118	987	787	541	406
Reserves retained	**2 478**	2 941	1 441	2 021	4 172	1 220
Wealth distributed	**9 421**	8 606	5 673	6 968	9 063	3 706
Market capitalisation at FYE (R billion)	**35.7**	40.2	34.3	27.5	59.2	25.9

* *Restated for early adoption of IFRIC 20.*

Our sustainability performance year-on-year

Performance indicator	F2012	F2011*	F2010
Economic and related core baseline indicators			
Revenue (Rm)	**18 142**	15 357	11 425
Sales (Rm)	**17 530**	14 893	11 022
Duties, levies and taxes paid (Rm)	**1 633**	1 693	1 009
Headline earnings (Rm)	**3 451**	3 374	1 714
EBITDA (Rm)	**6 531**	6 517	3 907
Purchased materials and services (Rm)	**8 329**	6 353	5 604
Value added	**9 421**	8 606	5 673
*Procurement of capital goods, services and consumables from BBBEE Suppliers (%)	**95.5**	74.4	52.5
Number of environmental administrative penalties/fines	**None**	None	2
Employee indicators (100% basis)			
Total number of all ARM employees and contractors	**26 587**	28 704	22 776
– Employees (permanent)	**12 373**	11 496	10 281
– Contractors (mainly used in capital projects)	**14 214**	17 208	12 495
New jobs created (direct employment only)	**877**	1 215	802
Employee turnover (excluding contractors) %	**1.9**	4.8	5.7
Investment in employee training and development			
– Total expenditure (Rm)	**137**	96	50
– % of payroll	**9.2**	6.4	3.6
Employment equity (% representation of previously disadvantaged groups among permanent employees)			
– Top management	**50**	38	44
– Senior management	**48**	40	32
– Professionally qualified	**44**	50	45
– Technically qualified	**66**	69	67
Lost Time Injury Frequency Rate (LTIFR) (200 000 man hours)	**0.40**	0.43	0.77
Reportable/serious accidents	**75**	74	90
Number of lost workdays due to industrial action	**102 600**	14 816	2 411
Environmental indicators (100% basis)			
Total water withdrawn (m^3) (municipal, surface and groundwater)	**17 991 948**	15 091 358	15 060 418
Energy usage			
– Electricity (kWh)	**2 658 452**	2 547 836	2 003 918
– Oil (000 litres)	**3 575**	2 909+++	2 934+++
– Diesel (000 litres)	**96 360**	73 559	55 732
Emissions (Attributable+++)			
Carbon footprint equivalent (equivalent tonnage CO_2) – Scope 1 & 2 Total	**1 737 068+++**	1 587 049+++	1 325 333+++
– Scope 1	**485 277**	386 232+++	327 713+++
– Scope 2	**1 251 791**	1 200 816+++	997 620+++
– Scope 3	**In the process of determining**	393 102+++	220 128+++
Carbon emission intensity ratios (Scope 1 & 2)			
– Tonnes CO_2e/1 000 ZAR	**0.104**	0.110	0.123
– Tonnes CO_2e/Full Time Employee	**279.4**	274.5	256.2
Direct emissions (tonnes) (100% basis)			
– CO_2 emissions – direct (tonnes) (Cato Ridge and Machadodorp only)	**552 234**	561 060	589 559
– NOx (tonnes)	**1 429**	1 120	1 169++
– SOx (tonnes)	**1 316**	816	1 572++
– Particulate matter (tonnes)	**384**	460	381++
Corporate Social Responsibility			
Total community upliftment and Corporate social investment (Rm)	**126.3**	124.5	72.9
– CSI (Rm)	**36.3**	18.0	14.5
– LED (Rm)	**84.9**	100.4	43.8
– ARM BBEE Trust (Rm)**	**5.1**	6.0	14.6

* *Some economic and related core baseline indicators have been restated for early adoption of IFRIC: 20.*
Non-financial data based on 100% (vs attributable to equity) unless otherwise stated, e.g. emissions data.
The Employment Equity report was submitted to the Department of Labour 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.*
+++ *Values attributable to shareholding percentages.*
# *The Scope 1 and 2 Carbon Footprint has been provisionally calculated for F2012, this will form part of the next CDP submission in 2013. For CDP purposes, ARM submits data for the preceding financial year, i.e. the March 2013 CDP submission will contain results for 1 July 2011 to 30 June 2012.*

Mmabana Creche, Two Rivers Platinum Mine

Operational review

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.**

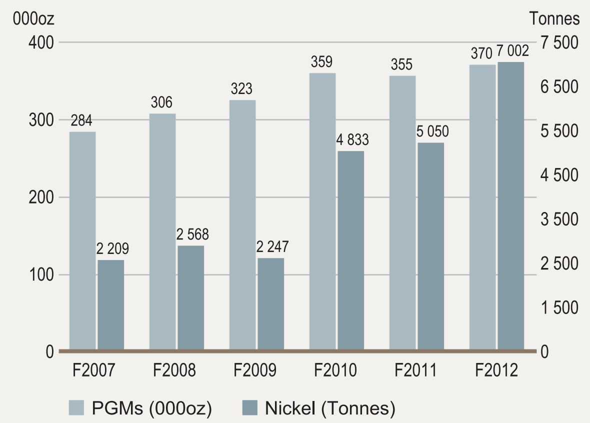
ARM Platinum

		F2012	F2011*	%
Headline earnings	Rm	**60**	515	(88)
EBITDA Margin	%	**17**	32	
EBITDA	Rm	**852**	1 540	(45)

* *Restated for early adoption on IFRIC 20.*

Total attributable capital expenditure	R0.9 billion
Total labour in F2012	11 490 (including 6 189 contractors)
Key projects invested in during the year	Nkomati Nickel Large-Scale Expansion Project

ARM Platinum attributable production volumes



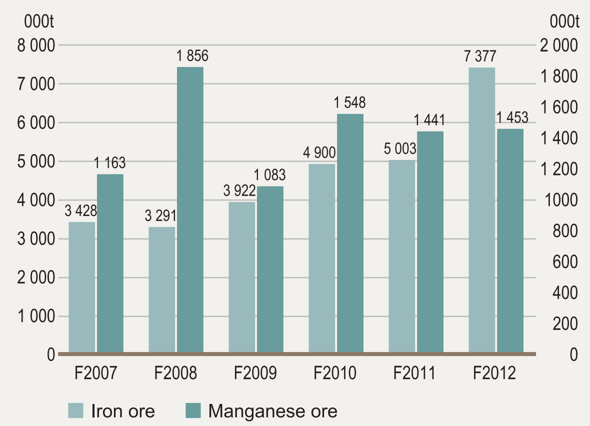
ARM Ferrous

		F2012	F2011*	%
Headline earnings	Rm	**3 495**	2 897	21
EBITDA Margin	%	**45**	50	
EBITDA	Rm	**5 373**	4 728	14

* *Restated for early adoption on IFRIC 20.*

Total attributable capital expenditure	R2.2 billion
Total labour in F2012	10 192 (including 3 460 contractors)
Key projects invested in during the year	Khumani Iron Ore Expansion Project from 10 to 16 million tonnes per annum

ARM Ferrous attributable sales volumes



ARM attributable

		F2012	F2011*	%
Headline earnings	Rm	**3 451**	3 319	2
EBITDA Margin	%	**37**	43	
EBITDA	Rm	**6 531**	6 517	2

* *Restated for early adoption on IFRIC 20.*

Total attributable capital expenditure	R3.4 billion
Total labour in F2012	26 587 (excluding ARM Coal)

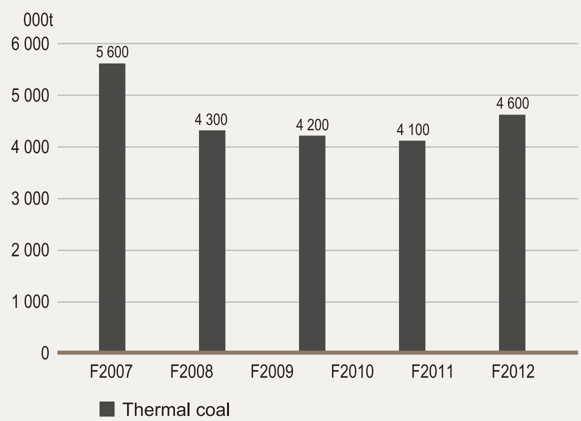
ARM Coal

		F2012	F2011*	%
Headline earnings	Rm	**52**	(103)	–
EBITDA Margin	%	**42**	43	
EBITDA	Rm	**323**	217	49

* *Restated for early adoption on IFRIC 20.*

Attributable capital expenditure	R0.2 billion
Key investment projects during the year	Goedgevonden Coal Mine

ARM Coal attributable sales volumes



ARM Copper

Lubambe Copper Project

- Measured and Indicated Resource of 57.4 million tonnes at 2.42% copper.
- 2.5 million tonnes to be milled yielding 45 000 tonnes of copper in concentrate per annum.
- Concentrator plant to be commissioned by the end of the 2012 calendar year, full production in the 2015 financial year.
- Life of mine of 28 years.
- Total capital expenditure of US$410 million (in July 2010 terms).
- C1 cash cost of US$1.45/lb (55th percentile at steady state: 2015).
- Potential to increase output to 100 000 tonnes copper per annum (Lubambe Extension Area resource).

ARM Exploration

The focus of 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.

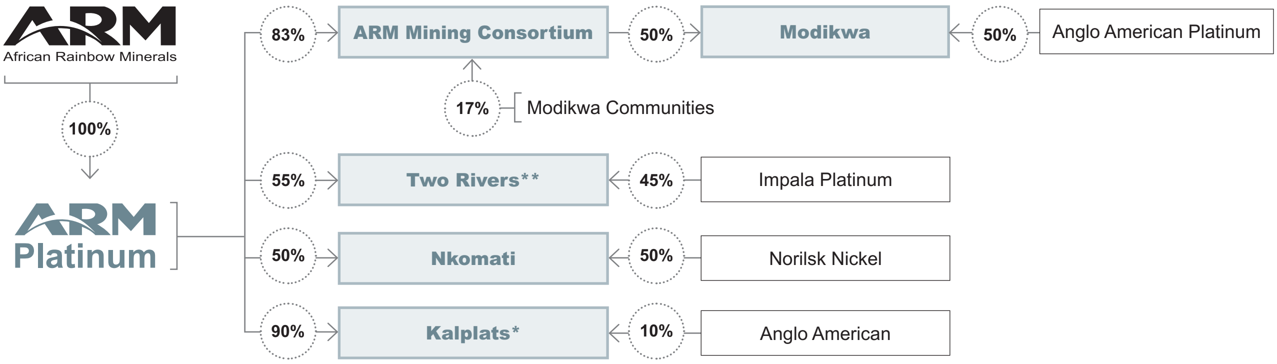
A highly skilled and experienced exploration team has been established under the leadership of Jan Steenkamp.

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 has exclusive rights to exercise options to purchase prospecting/mining rights to the resources.

ARM Platinum

Francois Uys, Executive: ARM Platinum

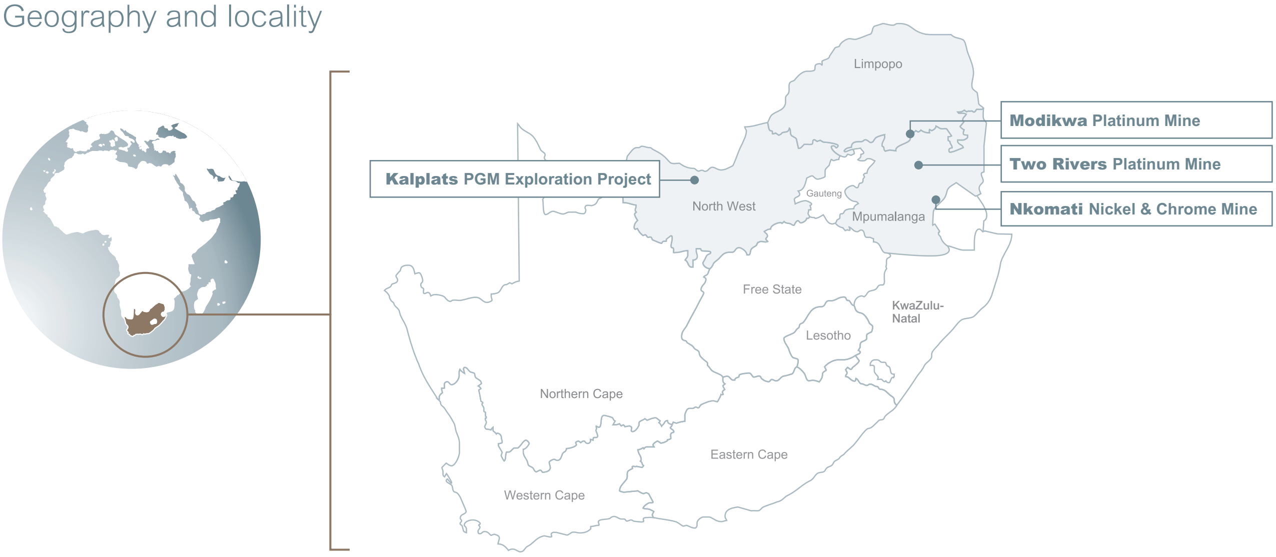
Divisional structure



* 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 an additional 32% 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%.

** 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

F2012 objectives	F2012 performance	F2013 objectives
Modikwa		
Achieve 340 000 6E Platinum Group Metals (PGM) oz. Maintain Modikwa's cost positioning below the 50th percentile of the global PGM cost curve.	Modikwa only achieved 304 044 6E PGM oz as a result of safety stoppages and prolonged industrial action. Modikwa remains positioned below the 50th percentile of the global PGM cost curve.	Achieve 350 000 6E PGM ounces while retaining Modikwa's cost curve position.
Sinking of South 2 decline.	Development of South 2 commenced; advanced to approximately 400 metres.	Continue development of South 2.
		Re-establish Modikwa as a 240 ktpm (from underground) operation by F2015.
Two Rivers		
Maintain steady state production at 313 000 6E PGM oz.	Two Rivers achieved 320 113 6E PGM oz. Two Rivers remains positioned below the 50th percentile of the global PGM cost curve.	Maintain steady state production at 320 000 6E PGM oz.
Complete feasibility study on Merensky mining.	The feasibility study was completed. The only outstanding items are power supply and tailings facilities.	Refine feasibility results in anticipation of project release in 2016.
		Improve efficiencies with the implementation of the chrome rejection and PGM enhancement plants.
Nkomati		
Optimise efficiencies and recoveries of 250 000 tonnes per month (ktpm) plant.	Recoveries at the 250 ktpm plant improved by 13%.	Continue improvement in recoveries and efficiencies on the plant with overall recoveries above 70% and increase tonnes milled to 300 ktpm.
Focus on improving 375 ktpm plant grades and recoveries.	Overall plant grades and recoveries are improving as mining of oxidised ore in Pit 3 comes to an end.	Continue improving recoveries and efficiencies on the plant with overall recoveries above 70%.
Continue with spot sales of chrome concentrate subject to commercially acceptable off-take agreements.	Chrome concentrate continues to be sold on the spot market.	Continue with spot sales of chrome concentrate subject to commercially acceptable off-take agreements.
Achieve chrome sales of 560 000 tonnes including 511 000 tonnes of chrome concentrate.	Chrome sales were 505 316 tonnes including 441 173 tonnes of concentrate. Chrome sales were lower as a result of subdued chrome ore market conditions.	Achieve sales of 265 000 tonnes of chrome concentrate.
Kalplats		
Perform test work on bulk sample to confirm grade, recovery and dilution parameters.	The bulk sample was delayed.	Evaluate the definitive feasibility study.

Overview

Operational overview – attributable to ARM		F2012	F2011	F12/11 % change	Operational target F2013
Modikwa – PGM production	Ounces 6E	**152 022**	159 668	(5)	↑
Two Rivers – PGM production	Ounces 6E	**176 062**	168 939	4	→
Nkomati Nickel Mine					
– Nickel	Tonnes	**7 002**	5 050	39	↑
– PGMs	Ounces	**42 022**	26 805	57	↑
– Copper	Tonnes	**3 686**	2 605	41	↑
– Chrome ore sold	000t	**32**	167	(81)	↓
– Chrome concentrate sold	000t	**221**	191	16	↓
ARM Platinum PGM production (including Nkomati)	Ounces	**370 106**	355 412	4	↑

Financial overview – attributable to ARM		F2012	F2011	F12/11 % change
ARM Platinum cash operating margin	%	**16**	32	(50)
Headline earnings contribution to ARM	R million	**60**	515*	(88)

* *Restated due to the early adoption of IFRIC 20.*

Sustainability overview – 100% basis		F2012	F2011	F12/11 % change	Operational target F2013
LTIFR*		**0.54**	0.40	35	↓
CSR** spend	R million	**24**	66	(64)	↑
Electricity consumption	MWh	**724**	673	8	↓
Water consumption	million m^3	**6.5**	6.1	6	↓
Carbon footprint Scope 1 & 2 attributable	tCO_2	**403 241**	371 329	9	↓

* *LTIFR: Lost Time Injury Frequency rate per 200 000 man hours.*
** *CSR: Corporate Social Responsibility.*
All figures based on 100% interest in subsidiaries/JVs except tCO_2e which is attributable (as per CDP submission).

Operational and financial review

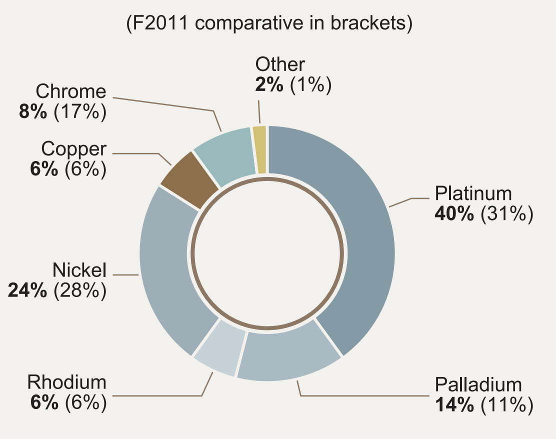
Attributable headline earnings decreased from R515 million to R60 million driven mainly by a significant fall in commodity prices, above inflation wage increases, utility tariff increases, coupled with safety stoppages and industrial action. PGM production (on 100% basis including Nkomati) increased 4% to 708 200 ounces (F2011: 680 108 ounces) while total nickel produced increased by 39% to 14 004 tonnes (F2011: 10 100 tonnes).

With unit costs of R4 779/6E PGM oz and R5 864/PGM oz respectively, Two Rivers and Modikwa continue to be positioned below the 50th percentile of the global PGM cost curve.

Dollar PGM prices were lower than the corresponding period but an 11% weakening in the Rand against the US Dollar compensated for the reduced PGM prices, resulting in the basket prices for Modikwa and Two Rivers remaining essentially unchanged at R267 998/kg and R279 804/kg respectively. The weakening of the Rand from R6.99/US$ to R7.77/US$ was not sufficient to compensate for the significant reduction in US Dollar nickel and chrome prices. This fall in prices severely impacted the earnings at Nkomati Mine.

Realising the debtors at 30 June 2011 resulted in a positive mark-to-market adjustment of R97 million (F2011: negative R23 million).

F2012 ARM Platinum revenue contribution per commodity
(100% basis)



Modikwa Platinum Mine

Modikwa experienced a challenging year caused by prolonged industrial action and safety stoppages in the second half of the financial year. Cash operating profits decreased by 53% as a combined result of reduced production and increased cost. Production, both tonnes milled and PGM ounces produced, declined by 5%, with PGMs for the year totalling 304 044 6E ounces (F2011: 319 336 ounces). Unit costs increased 18% to R819 per tonne milled (F2011: R692) and Rand unit cost per 6E PGM ounce increased 18% to R5 864 per ounce (F2011: R4 979 per ounce). The cost increases were as a result of a fall in volumes as a result of an industrial action that lasted five weeks, high labour inflation, higher electricity tariffs and increased diesel costs.

Two Rivers Platinum Mine

Operationally Two Rivers performed well, increasing tonnes milled by 5%. PGMs produced increased to 320 113 ounces (F2011: 307 162 ounces). The decline in cash operating profit at Two Rivers can be attributed to the 9% decrease in the PGM basket price and the 11% increase in total cash cost. Unit cash cost per PGM ounce only increased by 6% to R4 779 per 6E PGM ounce (F2011: R4 499 per 6E PGM ounce).

Nkomati Mine

Optimisation of maintenance practices, ore fragmentation and ore loading rates delivered improved production results. A 21% increase in total tonnes milled combined with improved grades (6%) and recoveries (5%) at the concentrator plants, delivered a 39% growth in nickel output. The improvement in head grade can be attributed to mining commencing in the deeper ore in Pit 3. The MMZ grade is expected to be higher during the next two to three years.

Chrome ore sales declined to 64 144 tonnes (F2011: 334 803 tonnes) while chrome concentrate sales increased by 16% to 441 173 tonnes (F2011: 381 196 tonnes). A 40% decline in chrome concentrate prices from US$278/t to US$168/t negatively affected earnings from chrome. In April 2012 Nkomati Mine put the chrome spiral plant on care and maintenance owing to deteriorating chrome market conditions. The spiral plant will be restarted as soon as market dynamics improve.

Nkomati's cash operating profit of R130 million is 84% down from the previous period. The decline in profits can be attributed to a 22% decline in the nickel price and a 40% decrease in chrome concentrate prices. The unit costs remained flat at R272 per tonne milled (F2011: R271 per tonne milled) as a result of an increase in volumes. The C1 unit cash cost increased to US$8.58/lb net of by-products (F2011: US$4.99). Chrome credits contributing to the cash cost net of by-products reduced to US$0.06/lb (F2011: US$3.99/lb).

Head grade and plant recoveries

Ore quality in Pit 3 is improving as mining is progressing into deeper areas. The head grade of the concentrator plants increased by 5%, contributing significantly to enhanced plant performance. To enhance credibility of assay results an independent assay laboratory is performing all assay analyses for reporting purposes.

Nkomati had 400 tonnes (F2011: 720 tonnes) nickel in concentrate stock at the port at year end.

Advanced waste stripping and a reverse circulation drilling programme will continue to enhance our knowledge on the complexity of the ore body.

Cash cost

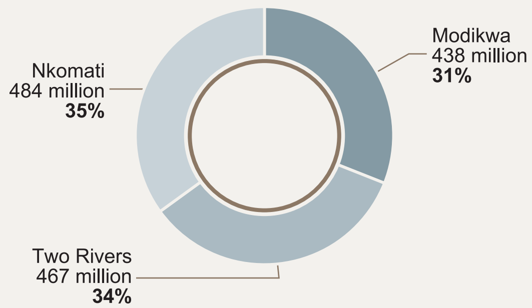
An increase in efficiencies and volumes caused unit cost to remain flat at R272 per tonne milled (F2011: R271 per tonne). The cash cost net of by-products (C1 cash cost) increased from US$4.99/lb to US$8.58. The increase in C1 cash cost is attributed to the following:

- Chrome credits reduced to US$0.06/lb (F2011: US$3.99/lb)
- Other by-product credits reduced to US$3.57/lb (F2011: US$4.01/lb) as a result of lower dollar metal prices.

Capital expenditure

Capital expenditure at ARM Platinum was R1.4 billion for the financial year under review (R928 million attributable). Modikwa's major capital items included the deepening of North Shaft, the sinking of South 2 Shaft, an underground mining fleet replacement programme, a housing project and the establishment of a UG2 open pit operation. Of the capital spent at Two Rivers, 22% is associated with the replacement of the underground mining fleet, while the balance was incurred in the deepening of the Main and North declines as well as a PGM scavenger plant to enhance recoveries. Capital expenditure at Nkomati was R364 million of which R16 million was spent on the completion of the Nkomati Large-Scale Expansion Project and the balance to sustain operations.

F2012 ARM Platinum capital expenditure (100% basis)
(R million)



Sustainability review

This summary section provides an overview of ARM Platinum's performance against the Company's most material sustainability issues. Each of these issues, as well as other sustainability issues such as biodiversity, environmental mitigation, materials and waste and human resources issues, are analysed and discussed in more detail in the Sustainability Report, available on our website (**www.arm.co.za**).

Safety

ARM Platinum experienced four unfortunate fatalities in the year under review. In December 2011, Mr Ananias Silvano Chambale was injured at Two Rivers Platinum Mine and subsequently passed away as a result of the injuries he sustained. In January 2012, Mr Daniel Vusi Ntuli was fatally injured in a fall of ground accident while watering down broken rock at Two Rivers Platinum Mine. In the same month, Ms Patricia Moropa and Mr Khateane Lenong were fatally injured during a fall of ground while installing support at Modikwa Mine.

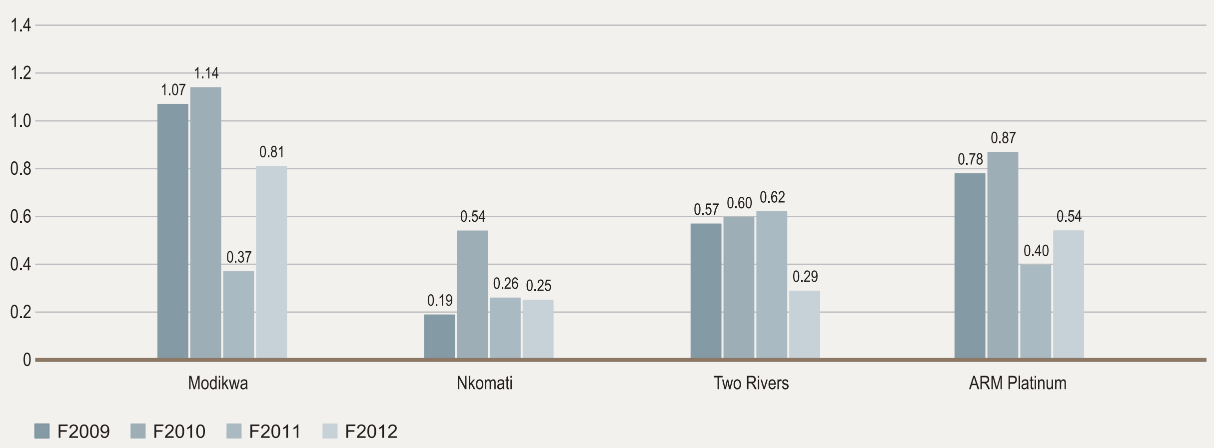
The safety and wellbeing of our workers is extremely important to us and we deeply regret these tragic accidents.

It is worth noting that in the quarter preceding these accidents, Modikwa Mine had achieved 8.7 million fatality-free shifts and operated for 68 consecutive months without a fatality, while Two Rivers Mine achieved 2.7 million fatality-free shifts.

The LTIFR for ARM Platinum increased to 0.54 per 200 000 man hours (F2011: 0.40) mainly due to the increase at Modikwa Mine from 0.37 to 0.81. In response to the fatalities, the safety strategy and management plan at Modikwa Mine have been revised in order to improve safety.

Nkomati Mine's good safety record continued and the mine achieved 2.4 million fatality-free shifts during F2012.

ARM Platinum safety performance (LTIFR)



Occupational health and wellness

Occupational health and wellness concerns for ARM Platinum include hypertension, diabetes and tuberculosis (TB). Noise-induced hearing loss is a particular concern and the main focus of our occupational health surveillance and management programmes.

All ARM Platinum operations have implemented integrated policies on HIV, TB and sexually transmitted infections as required by the National Strategic Plan 2012 – 2016 and the Mining Charter. Estimated HIV prevalence rates were 35% at Nkomati Mine, 15% at Modikwa Mine and 7% at Two Rivers Platinum Mine. These rates are generally below those of the districts in which the mines are located.

The operations are involved in projects to assist local communities, including providing a site for the HIV Counselling and Testing (HCT) and TB screening at Nkomati Mine, as well as the involvement of Modikwa Mine and Two Rivers Mine in the business sector group that drafted the Limpopo Provincial strategic plan 2012 – 2016.

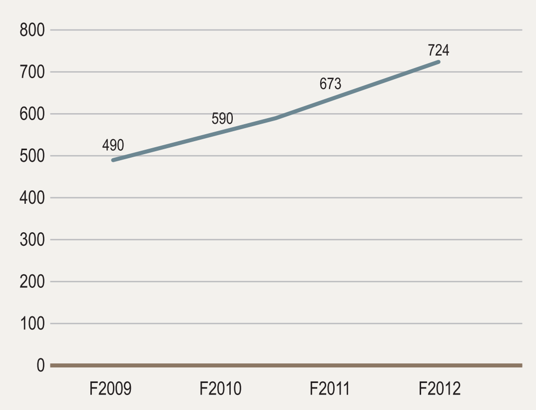
Further information on prevalence rates and our approach to managing HIV & Aids is available in the 2012 Sustainability Report.

Environment

ARM Platinum's estimated Scope 1 and 2 carbon footprint for F2012 was 403 241 equivalent tonnes of CO_2 (tCO_2e) on an attributable basis, an increase of 9% on the prior year's 371 329 tCO_2e. Two Rivers Mine contributed approximately 25% of the division's carbon footprint, Nkomati Mine 46% and Modikwa Mine 29%.

Energy usage is the biggest contributor to ARM Platinum's carbon footprint and the division is in the process of setting energy reduction targets. ARM Platinum's electricity consumption for the year was 724 megawatt hours (MWh) on a 100% basis, an 8% increase on F2011's 673 MWh.

ARM Platinum electricity consumption (MWh)



Water withdrawal increased by 6% to 6.5 million m^3 in F2012 (F2011: 6.1 million m^3) in line with increased production at the mines. Nkomati Mine used the most water of the three mines and Two Rivers Mine the least.

Corporate Social Responsibility (CSR)

ARM Platinum spent R24 million on CSR in F2012 compared to R66 million in F2011. The 64% decrease is due to the completion of a 12 kilometre tarred road in the Maandagshoek community in F2011 which was not replaced with a similar scale project in F2012. Local Economic Development (LED) in terms of the

Nkomati Nickel Mine MMZ concentrator plant

Social Labour Plans (SLPs) was R19 million declining from R63 million in F2011.

Corporate Social Investment (CSI) increased to R6 million in F2012 (F2011: R3 million). Priority areas in terms of the CSI policy include health, education, sporting events, community capacity building, arts and culture, job creation and infrastructure.

The division's LED projects included:
- The construction and equipping of a bakery and a sewing factory for local communities by Modikwa Mine.
- Completion of the construction of a 12 km tar road which will benefit the Mooihoek and Maandagshoek communities by Modikwa Mine.
- The upgrade of water treatment works in the Badplaas Community by Nkomati Mine.
- The construction of a community hall in Kalkfontein that will accommodate 450 people by Two Rivers Mine.

CSI initiatives during the year include:
- The Tjakastad Maths and Science Centre project by Nkomati Mine which included the provision of 25 computers installed with interactive education programmes and the creation of two full-time job opportunities.
- The repair of cricket nets and sponsorship of uniforms for Lydenburg Hoërskool by Two Rivers Mine.
- Supporting soccer and marathon events in Mampudima and Matimatjie communities by Modikwa Mine.

Labour relations

During the year there were two strikes at ARM Platinum mines; a six day stoppage at Nkomati Mine in September F2011 and a five week strike at Modikwa Mine in April F2012. These work stoppages were addressed responsibly by the mine management and employee representatives.

Transformation

ARM assesses its transformation progress against the guidelines gazetted for the Mining Charter. Modikwa Mine, Nkomati Mine and Two Rivers Mine achieved scores above 90% for the 2011 calendar year which classifies these operations as excellent performers. Capacity is being built at the operations in order to meet Mining Charter Scorecard targets and reporting requirements.

Mining authorisation

Nkomati Mine was granted Mining Rights 146 MR and 147 MR respectively on 6 June 2012 over the area, and for the minerals, as previously held under its Old Order Mining Licences.

Two Rivers Mine holds an Old Order Mining Licence no. 4/2003 on Dwarsrivier 372KT, relating only to the PGEs contained in the Merensky and UG2 reefs. An application for a new order conversion of the mining licence was submitted in July 2007. The application has been approved but not yet executed.

The conversion application for new order rights for Modikwa Mine was submitted on 31 March 2009. The approval of the application is still pending.

In September 2006, ARM Platinum was granted a prospecting right (PR492 of 2006) over the Kalplats Project covering portions of the farms Groot Gewaagd 270, Gemsbok Pan 309, Koodoos Rand 321 and Papiesvlakte 323 (approximately 3 810 hectares). The prospecting right was renewed until 26 July 2012 when it lapsed. ARM Platinum has applied for a Retention Permit of the Kalplats Project area since market conditions are not conducive for the Company to exploit the area. In April 2007, a new order prospecting right (DME1056) (approximately 62 985 hectares) was granted to ARM Platinum over the Extended Project area which covers an additional 20 kilometres of strike to the north and 18 kilometres to the south of the Kalplats Project area.

Prospects

Modikwa

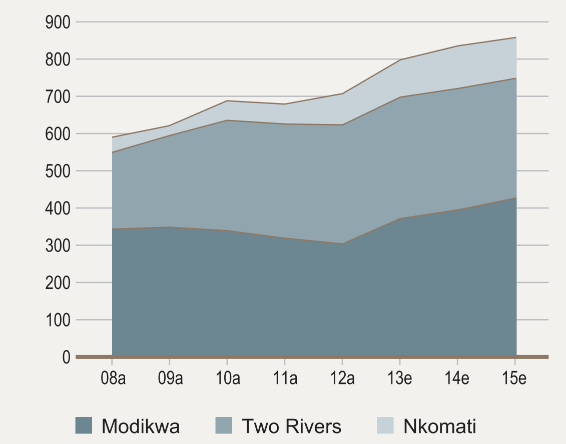
The UG2 Phase 2 replacement project to increase production to design capacity of 240 000 tonnes per month is ongoing. The capital expenditure required for the replacement project exceeds the cash currently being generated by the mine with cash shortfalls being funded by the partners.

Work on the South 2 decline system continues as expected. The materials decline has advanced 418 metres and the Chairlift decline has advanced 409 metres from surface. Reef was intersected at approximately 335 metres.

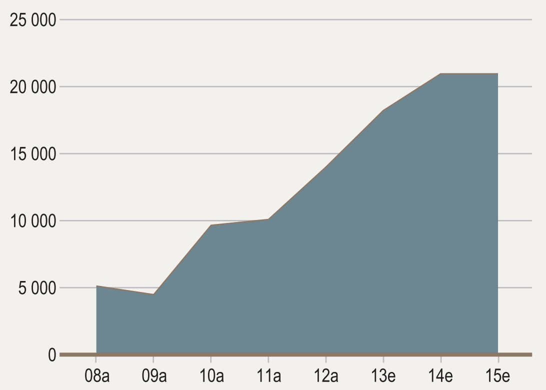
Two Rivers

A feasibility study has been completed on the extraction of UG2 ore from the deeper southern strike extent of the Main Decline. As part of the Merensky reef feasibility study, Two Rivers has conducted Merensky reef trial mining and milling. To date 220 000 tonnes have been mined and 73 000 tonnes have been milled. It is planned to stop the trial mining in September 2012 and mill an additional 60 000 tonnes by June 2013. Infill drilling to further verify metallurgical recoveries in the shallow UG2 ore at the proposed North Open Pit has been completed. An updated feasibility study will be completed in F2013.

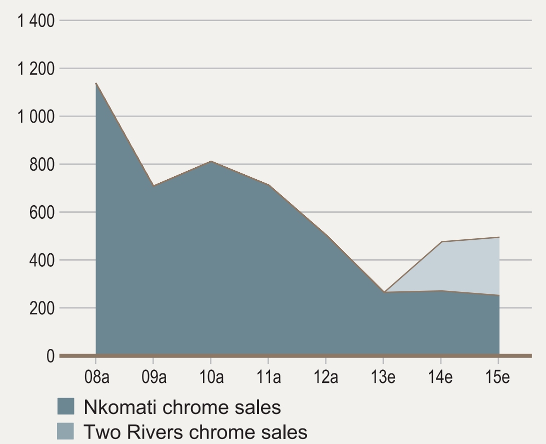
PGM production (100% basis) (000oz)



Nkomati Nickel production (100% basis) (000t)



Chrome sales (100% basis) (000t)



Market review

F2012 was characterised by falling commodity prices as the sovereign debt crisis in Europe continued. Following the uncertainty in the global economy, there have been some signs of improved conditions. Consumer spending is rising in the United States and Japan seems to be recovering from the 2011 natural disasters. Some risks do remain, as the Euro zone is still suffering from high unemployment and low growth. Nevertheless, inflation adjusted growth in China, India and Brazil is envisaged to surpass the inflationary pressures and tight credit in emerging markets.

Platinum

The platinum market shifted into surplus during the last year, with the rise in demand being offset by rising levels of recovery from autocatalyst and jewellery scrap. Developments in the South African industry are affecting the sector's ability to increase supply year-on-year, with safety stoppages and industrial action continuing to interrupt output. The market is expected to remain in oversupply as purchasing levels for industrial applications are anticipated to be constrained, especially with a lack in demand from Europe. ARM Platinum achieved an average price of US$1 603 per oz during F2012 (F2011:US$1 707 per oz).

Palladium

Despite an increased demand for palladium in the autocatalyst sector, the market was in surplus primarily as a result of net selling by investors. It is anticipated to return to deficit as demand in the automotive and chemical industries increases, and investments return positive. The average price achieved by ARM Platinum for F2012 was US$673 per oz (F2011: US$680 per oz).

Rhodium

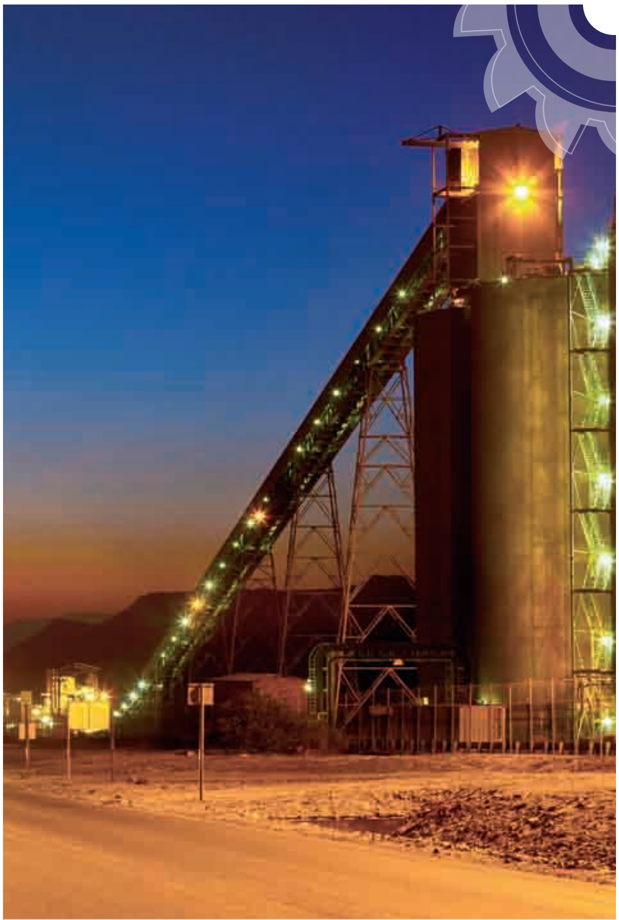
Demand for rhodium is anticipated to slightly increase in F2013, particularly in the Exchange Traded Fund (ETF) investment market and hard disk media industry. The market is likely to stay in surplus as supplies from South Africa could possibly return to regular levels. ARM Platinum realised an average rhodium price of US$1 495 per oz, 34% lower than the F2011 price of US$2 248.

Nickel

Nickel was the worst base metal performer in 2012, declining 30% since February 2012. The short-term outlook remains weak caused by a lack in demand from stainless steel producers. Indonesia, which accounts for 23% of world nickel ore production has implemented an export tax on nickel ore which is expected to have a positive effect on market prices from Q4 2012. The average price realised by ARM Platinum for F2012 was US$18 815 per tonne (F2011: US$23 970 per tonne).

Nkomati Nickel Mine stockpiles

Two Rivers primary mill and primary mill feed system

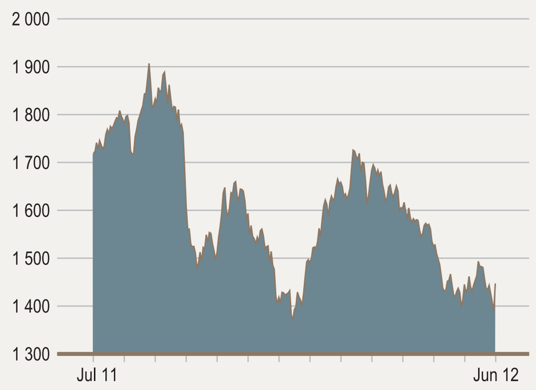


Modikwa Platinum Mine silo and conveyor

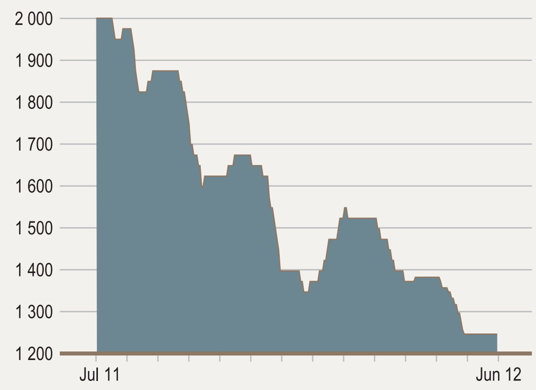
Modikwa Platinum Mine, South 2 Shaft

PGM and nickel pricing trends for F2012 (July 2011 to June 2012)

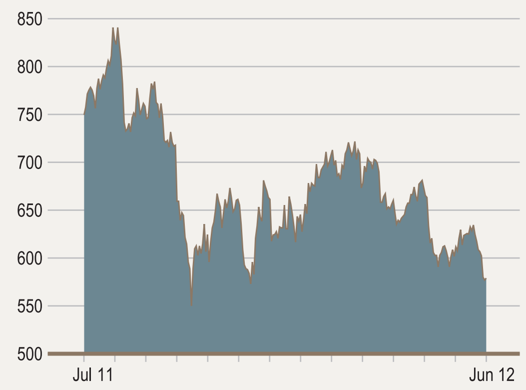
Platinum* (US$/oz)



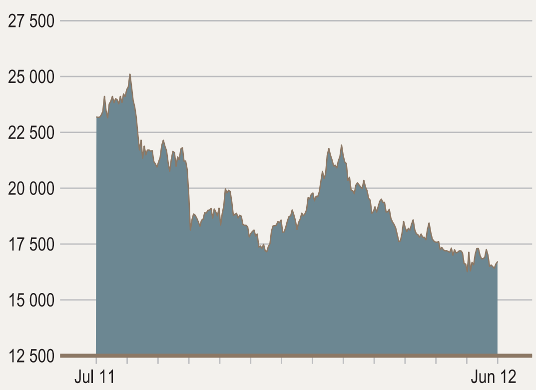
Rhodium* (US$/oz)



Palladium* (US$/oz)



Nickel* (US$/t)



* *Source: I-Net Bridge*

Operational statistics

Modikwa Platinum Mine

Management	The mine is jointly managed, by a joint management and executive committees, between Anglo American Platinum and ARM.					
Resources and Reserves (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	**g/t 4E**	**Mt**	**g/t 4E**	**Moz**
	UG2	143.24	5.89	54.78	4.71	8.30
	Merensky	72.00	2.78	–	–	–
	4E = Platinum + Palladium + Rhodium + Gold					
Refining	All metal produced is smelted and refined by Anglo Platinum					
Total labour	5 018 (including 1 272 contractors)					

100% Basis		F2009	F2010	F2011	**F2012**	F12/11 % change
Metal production						
Platinum	Ounces	136 083	131 502	127 532	**121 239**	(5)
Palladium	Ounces	132 110	128 863	119 597	**113 373**	(5)
Rhodium	Ounces	27 518	27 299	24 680	**23 931**	(3)
Gold	Ounces	3 836	3 384	3 372	**3 162**	(6)
Ruthenium	Ounces	39 664	38 952	34 934	**34 019**	(3)
Iridium	Ounces	9 654	9 623	9 222	**8 319**	(10)
PGMs	Ounces 6E	348 866	339 623	319 336	**304 044**	(5)
Nickel	Tonnes	753	663	595	**591**	(1)
Copper	Tonnes	460	410	380	**370**	(3)
Operational statistics						
Tonnes milled	Mt	2.46	2.27	2.30	**2.18**	(5)
Head grade	g/t 6E	5.25	5.53	5.48	**5.39**	(2)
Average number of permanent employees	Number	3 880	3 724	4 030	**3 746**	(7)
Average number of contractors	Number	835	860	1 019	**1 272**	25
Financial indicators						
Cash cost	R/tonne	708	639	692	**819**	18
Cash cost	R/Pt oz	12 798	11 025	12 468	**14 706**	18
Cash cost	R/PGM oz 6E	4 992	4 269	4 979	**5 864**	18
Cash cost	R/kg 6E	160 507	137 241	160 084	**188 538**	18
Basket price	R/kg 6E	227 006	225 865	263 530	**267 998**	2
Net sales revenue	R million	1 456	2 115	2 162	**2 050**	(5)
Cash operating cost	R million	1 742	1 450	1 590	**1 759**	11
Cash operating (loss)/profit	R million	(286)	665	572	**267**	(53)
Cash operating margin	%	(20)	31	26	**13**	
Capital expenditure	R million	368	102	250	**438**	75

Refer to pages 191 and 192 for the 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	57.82	4.55	35.14	3.52	3.98
	Merensky	38.16	3.17	–	–	–
	6E = Platinum + Palladium + Rhodium + Ruthenium + Iridium + Gold					
Refining	All metal produced is smelted and refined by Implats subsidiary Impala Refining Services Limited (IRS)					
Total labour	3 489 (include 2 710 contractors)					

100% Basis		F2009	F2010	F2011	F2012	F12/11 % change
Metal production						
Platinum	Ounces	118 023	140 908	145 323	**149 909**	3
Palladium	Ounces	67 390	81 587	84 102	**89 484**	6
Rhodium	Ounces	19 136	23 634	24 606	**25 478**	4
Gold	Ounces	1 627	1 909	1 972	**2 486**	26
Ruthenium	Ounces	32 577	39 235	41 396	**42 910**	4
Iridium	Ounces	7 541	9 487	9 763	**9 845**	1
PGMs	Ounces 6E	246 295	296 760	307 162	**320 113**	4
Nickel	Tonnes	365	438	444	**595**	34
Copper	Tonnes	190	219	219	**297**	36
Operational statistics						
Tonnes milled	Mt	2.62	2.92	2.95	**3.10**	5
Head grade	g/t 6E	4.10	3.95	3.94	**3.86**	(2)
Average number of permanent employees	Number	774	709	761	**779**	2
Average number of contractors	Number	2 078	2 031	2 537	**2 710**	7
Financial indicators						
Cash cost	R/tonne	399	425	468	**493**	5
Cash cost	R/Pt oz	8 846	8 792	9 509	**10 205**	7
Cash cost	R/PGM oz 6E	4 239	4 174	4 499	**4 779**	6
Cash cost	R/kg 6E	136 288	134 213	144 638	**153 642**	6
Basket price	R/kg 6E	246 680	247 323	277 279	**279 804**	1
Net sales revenue	R million	1 022	2 098	2 274	**2 336**	3
Cash operating cost	R million	1 044	1 239	1 382	**1 530**	11
Cash operating (loss)/profit	R million	(83)	837	881	**788**	(11)
Cash operating margin	%	(8)	40	39	**34**	
Capital expenditure	R million	346	97	304	**467**	54

Refer to pages 191 and 192 for the Two Rivers Platinum Mine segmental information.

Nkomati Mine

Management	The mine is managed as a 50:50 unincorporated joint venture with Norilsk Nickel Africa.					
Resources and Reserves (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	**Ni%**	**Mt**	**Ni%**	
	Nickel	281.01	0.34	128.61	0.32	
		Mt	**Cr_2O_3%**	**Mt**	**Cr_2O_3%**	
	Chrome	0.23	33.95	0.23	27.92	
		Mt	**g/t 4E**	**Mt**	**g/t 4E**	**Moz**
	PGMs	281.01	0.86	128.61	0.93	3.85
	4E = Platinum + Palladium + Rhodium + Gold					
Refining	Refining takes place through various tolling contracts					
Total labour	2 983 (include 2 207 contractors)					

100% Basis		F2009	F2010	F2011	**F2012**	F12/11 % change
Metal production						
Nickel	Tonnes	4 495	9 666	10 100	**14 004**	39
Copper	Tonnes	2 268	5 210	5 210	**7 371**	41
Cobalt	Tonnes	244	578	553	**744**	35
PGMs	Ounces	26 727	52 574	53 610	**84 044**	57
Chrome ore sold	000t	661	502	335	**64**	(81)
Chrome concentrate sold	000t	51	314	381	**441**	16
Operational statistics						
Tonnes milled	Thousand	1 259	3 308	5 259	**6 388**	21
Head grade	% nickel	0.54	0.45	0.32	**0.34**	6
Average number of permanent employees	Number	560	823	801	**776**	(3)
Average number of contractors	Number	2 060	2 100	1 943	**2 207**	14
Financial indicators						
Nickel on-mine cash cost per tonne treated	R/tonne	389	242	271	**272**	–
Cash cost net of by-products	US$/lb	2.48	3.26	4.99	**8.58**	72
Net sales revenue	R million	1 086	2 439	2 991	**3 107**	4
Cash operating cost	R million	490	801	1 423	**1 737**	22
Cash operating (loss)/profit – Total	R million	181	916	824	**130**	(84)
Cash operating (loss)/profit – Nickel Mine	R million	(253)	584	256	**115**	(55)
Cash operating (loss)/profit – Chrome Mine	R million	433	332	567	**15**	(97)
Cash operating margin	%	17	38	28	**4**	
Average Nickel price	US$/t	13 312	20 285	23 970	**18 815**	(22)
Capital expenditure	R million	1 756	1 202	808	**484**	(40)

Refer to pages 191 and 192 for the Nkomati Nickel Mine segmental information.

Nkomati Nickel Large Scale Project update

Total funds committed at 30 June 2012 amount to R3.5 billion of the total R3.7 billion approved for the capital project. The upgrade of the 132kV overhead distribution lines was delayed as a result of Eskom processes, with completion now expected by March 2013. This has no material impact on Nkomati in the short- to medium-term.

Nkomati Nickel Large-Scale Project

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 $6.00/lb at steady state in 2014** → **Ramp-up: 2009 Full production: 2014**

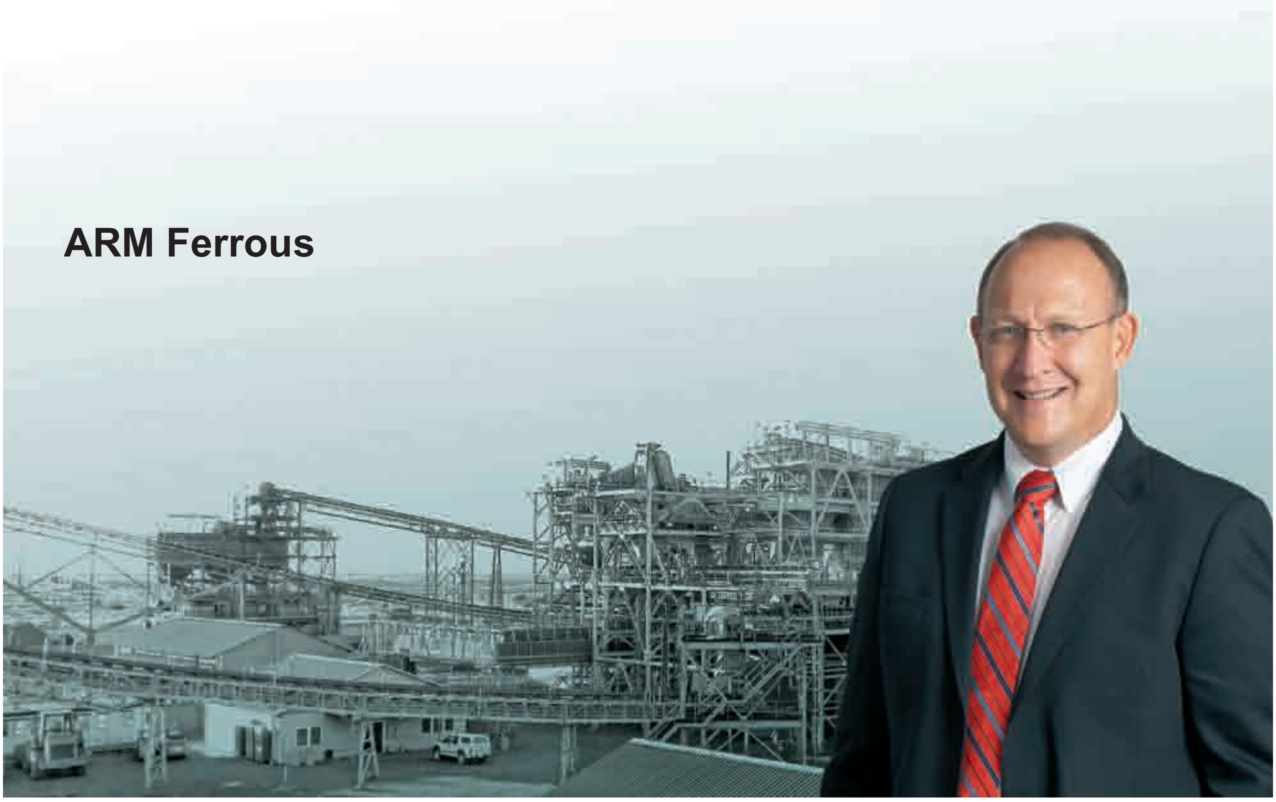
Capital cost of R3.7 billion 95% spent and committed

Kalplats PGM Exploration Project

The review by ARM Platinum of the Definitive Feasibility Study (DFS) continued during the year and the planned bulk sample exercise proposed for 2012 was deferred. The viability of a possible mining operation at Kalplats is adversely affected by the lack of Eskom power and the uncertainty regarding the timing of its delivery. In this light, an application for a Retention Permit was submitted in July 2012 at a cost of R20 million.

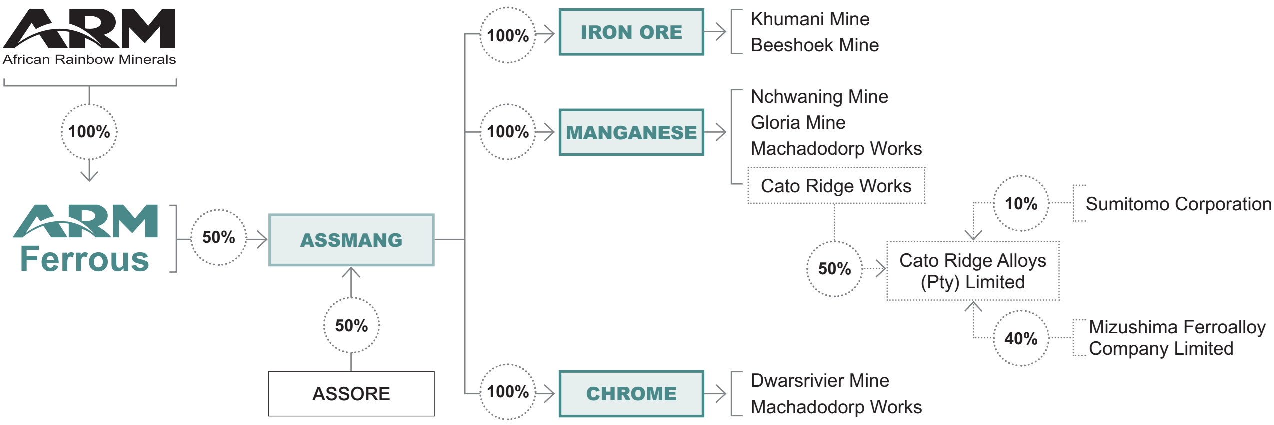
Management	The project is currently managed by PLA.	
Resources and Reserves (100% basis)	**Measured and Indicated Resources**	
	Mt	**g/t 3E**
	69.91	1.48
	3E = Platinum + Palladium + Gold	

ARM Ferrous

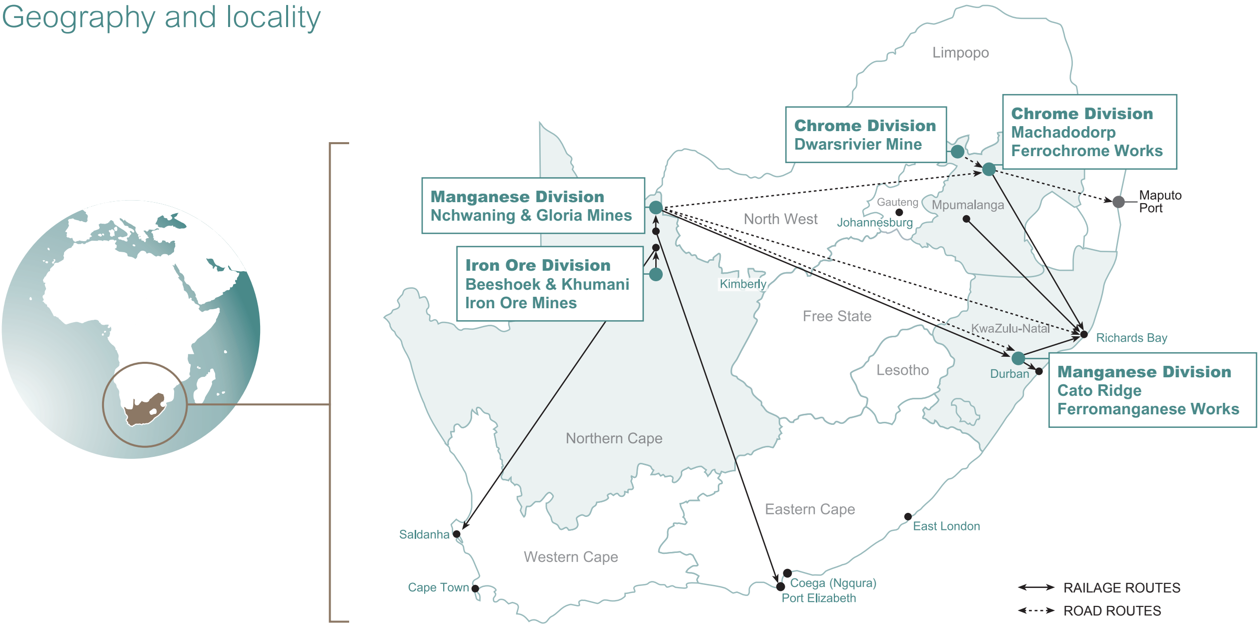


André Joubert, Chief Executive: ARM Ferrous

Divisional structure



Geography and locality



Scorecard

F2012 objectives	F2012 performance	F2013 objectives
Iron ore		
Ramp-up production at the Khumani Mine to 12 million tonnes per annum (mtpa).	Khumani Mine achieved sales of 13.4 million tonnes in F2012.	Continue to ramp up Khumani Mine to 14 million tonnes.
Sign and implement the agreement with Transnet for an additional 4 mtpa export allocation on the Saldanha Export Channel.	The agreement was finalised.	Implement agreement.
Commence with mining from the East Pit of the Beeshoek Mine.	Contractors were appointed and have commenced with mining from the East Pit.	Continue with mining in the East Pit.
Complete the feasibility study to evaluate the further expansion of the Saldanha Export Channel from 60 mtpa to 93 mtpa.	The feasibility study a Front End Loading (FEL) level II was completed and handed over to Transnet.	Transnet to conclude the feasibility study to export manganese ore through the Coega (Ngqura) Port and iron ore through the Saldanha Port.
Manganese		
Complete the feasibility study to increase export capacity for manganese ore through the ports of Saldanha and Coega (Ngqura).	The feasibility study to export manganese through the Saldanha Port was concluded and handed over to Transnet. The feasibility study to export manganese ore through Coega (Ngqura) Port is currently being conducted by Transnet.	Transnet to complete feasibility study for the expansion to Coega Port.
Ramp up the Nchwaning Mine from 3 mtpa to 4 mtpa.	The feasibility study to expand Nchwaning Mine from 3 mtpa to 4 mtpa has been completed and is under consideration by the Assmang shareholders.	Once approved commence construction with the expansion.
Convert No 2 and 3 furnaces at Machadodorp Works to ferromanganese production.	The conversion of No. 2 and 3 furnaces has commenced and was completed in October 2012.	Optimise ferromanganese production using the optimal furnace combination.
Continue producing ferromanganese at the steady state level of 50 000 tonnes at the converted No 5 Furnace.	No. 5 Furnace achieved production of 50 675 tonnes in F2012.	To produce ferromanganese at competitive cost.
Chrome		
Ramp up production at the Dwarsrivier Mine to 1.4 mtpa.	Due to weaker chrome ore market conditions production stabilised at 1.2 mtpa.	Evaluate the chrome ore market and optimise Dwarsrivier Mine accordingly.

Overview

Operational overview – attributable to ARM		**F2012**	F2011	F12/11 % change	Operational target F2013
Manganese ore sales	000t	**1 453**	1 441	1	→
• Nchwaning*	000t	**1 062**	1 057	0	→
• Gloria*	000t	**390**	384	2	→
Ferromanganese sales	000t	**135**	109	24	↑
• Cato Ridge	000t	**115**	96	20	→
• Machadodorp	000t	**20**	13	54	↑
Iron ore sales	000t	**7 376**	5 003	47	↑
• Khumani	000t	**6 682**	4 659	43	↑
• Beeshoek	000t	**695**	344	102	↑
Chrome sales					
• Dwarsrivier chrome ore*	000t	**260**	186	40	↑
• Machadodorp charge chrome	000t	**87**	119	(27)	↓

* *Excludes intra-company sales.*

Financial overview		**F2012**	F2011	F12/11 % change
ARM Ferrous operating margin	%	**39**	44	
ARM Ferrous cash operating margin	%	**45**	49	
Headline earnings attributable to ARM	R million	**3 495**	2 897	21

Sustainability overview – on 100% basis		**F2012**	F2011	F12/11 % change	Operational target F2013
LTIFR*		**0.29**	0.47	(38)	↓
CSR** spend	R million	**83**	51	63	↑
Electricity consumption	MWh	**1 934**	1 876	3	↓
Water consumption	million m^3	**11.5**	8.9	29	↓
Carbon footprint Scope 1 & 2 attributable	tCO_2	**1 333 489**	1 214 768	10	↓

* *LTIFR: Lost Time Injury Frequency rate per 200 000 man hours.*
** *CSR: Corporate Social Responsibility.*
All figures based on 100% interest in subsidiaries /JVs except tCO_2e which is attributable (as per CDP submission).

Operational and financial review

ARM Ferrous achieved a 21% increase in attributable headline earnings to R3 495 million for the financial year ended 30 June 2012 (F2011: R2 897 million). The increase in headline earnings was mainly due to a significant increase in iron ore sales volumes. ARM Ferrous achieved higher sales volumes across all its commodities except for chrome alloys.

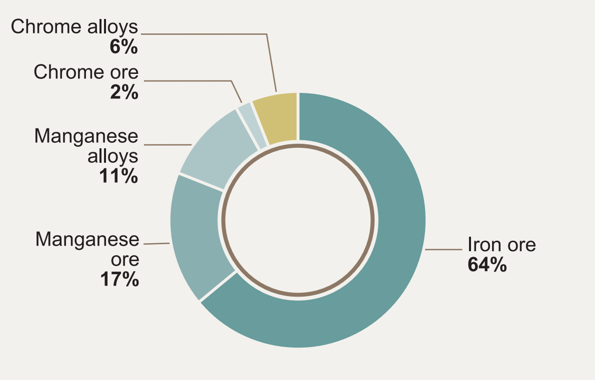
Sales volumes (on 100% basis) increased as follow:

- iron ore sales increased by 48% from 10 million tonnes to 14.8 million tonnes;
- chrome ore sales (excluding intragroup sales) increased by 40% from 373 thousand tonnes to 521 thousand tonnes; and
- manganese alloy sales increased by 24% from 218 thousand tonnes to 270 thousand tonnes;
- manganese ore sales increased 1% from 2.88 million tonnes to 2.91 million tonnes.

Chrome alloys sales decreased 27% from 238 thousand tonnes to 174 thousand tonnes as the No. 2 and 3 furnaces were converted from chrome alloy to manganese alloy production.

Realised US Dollar iron ore, manganese ore and manganese alloy prices decreased 10%, 24% and 12% respectively. The reduction in US Dollar prices for these commodities was to some extent offset by an 11% weakening of the Rand against the US Dollar.

F2012 ARM Ferrous revenue per commodity (100% basis)



Costs at the iron ore operations remained under pressure as additional waste stripping and reduced capitalisation of costs led to a 13% increase in unit production costs. Unit production cost increases below inflation were achieved at the manganese ore, manganese alloy and chrome ore operations as a result of improved operational efficiencies and increased volumes in manganese alloys and chrome ore.

Assmang cost and EBITDA margin performance

Commodity group	% change F2012 vs. F2011 unit cost increase/ (decrease)	F2012 EBITDA margin %
Iron ore	**13**	60
Manganese ore	**4**	27
Manganese alloys	**1**	25
Charge chrome	**19**	(10)
Chrome ore	**(0.1)**	20

Iron Ore Division

The Iron Ore Division contributed a significant R2 918 million to the ARM Ferrous headline earnings. This represents a 26% increase compared to the previous corresponding year ended 30 June 2011. The increase in headline earnings, which was achieved despite a 10% decrease in the realised US Dollar prices for iron ore, was as a result of the 48% increase in iron ore sales volumes achieved in F2012.

The higher iron ore sales volumes were delivered as the Khumani Mine accelerated ramp up of the Khumani Expansion Project from 10 mtpa to 16 mtpa. The expansion project was handed over to the mine one year ahead of schedule and well under budget. Transnet delivered better than expected efficiencies on the Saldanha Export Channel as it ramped up expansion of the Saldanha channel from 47 mtpa to 60 mtpa. Export sales from Khumani thus increased 43% from 9.3 million tonnes to 13.4 million tonnes.

Beeshoek Mine production increased from 1.0 million tonnes to 2.1 million tonnes as mining in the East Pit commenced. External sales from Beeshoek Mine increased 102% from 0.7 million tonnes to 1.4 million tonnes. Iron ore tonnes were moved from Beeshoek to Khumani mine and sold into the export market to maximise export sales.

Accelerated waste stripping associated with the accelerated ramp-up of Khumani Mine, together with the reduction in capitalised costs led to a 13% increase production unit costs for the Iron Ore Division. Khumani Mine is expected to fully ramp up production to design capacity in F2013.

Manganese Division

The Manganese Division's contribution to headline earnings was 11% lower owing to reduced US Dollar prices realised for manganese ore and manganese alloys. US manganese ore prices were 24% lower whilst manganese alloy prices were 12% lower. The 11% weakening of the Rand against the US Dollar was not sufficient to fully offset the reduction in these US Dollar prices.

Manganese ore sales volumes increased by 1% to 2.9 million tonnes. On-mine production unit costs at the manganese operations were well controlled and a below inflation increase of 4% was achieved as a result of improved operational efficiencies.

Manganese alloy sales volumes were 24% higher as the No. 5 Furnace which was converted from chrome alloy to manganese alloy ramped up to design capacity. Manganese alloy production is expected increase further in F2013 with the conversion of No. 2 and 3 furnaces.

Higher electricity rates together with increased cost of reductants continued to negatively impact on manganese alloy production costs. These costs increased were mitigated through increased manganese alloy volumes and therefore unit production costs increased only 1% in the year under review.

Chrome Division

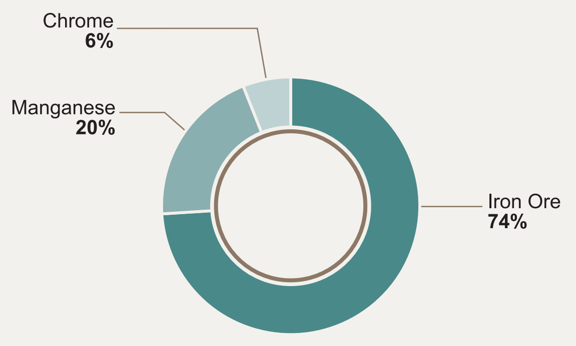
The performance of the Chrome Division continued to be negatively affected by weak market conditions in the chrome and ferrochrome markets. As a result chrome contributed a headline loss of R86 million to ARM Ferrous.

In line with ARM and Assore's strategy to reduce ferrochrome exposure, ferrochrome sales decreased 27% to 174 thousand tonnes. Chrome ore sales from Dwarsrivier Mine consequently increased 40% as more chrome ore became available for the export and local markets. Ferrochrome sales are expected to continue to reduce as an additional two ferrochrome furnaces are converted to ferromanganese production.

Capital expenditure

Capital expenditure on a 100% basis was R4.5 billion (F2011: R4.1 billion). The main expenditure items included on-going development of the Khumani Iron Ore 16 mtpa Expansion Project (R2.5 billion) and the conversion of No. 2 and 3 furnaces from ferrochrome to ferromanganese at Machadodorp Works (R216 million). The balance of the capital expenditure was spent mainly on feasibility studies, information technology, replacement of vehicles and insuring compliance to legislative changes.

F2012 ARM Ferrous capital expenditure (100% basis)



Logistics

ARM Ferrous iron ore export sales volumes were higher than those planned due to additional rail and port capacity being made available as part of Transnet's expansion on the Saldanha Export Channel. The iron ore operations were able to opportunistically utilise the additional capacity as the Khumani Expansion Project was ahead of schedule. In addition, ore was moved from Beeshoek Mine to Khumani Mine due to the second load-out station at Khumani Mine being commissioned ahead of time.

ARM Ferrous, through Assmang, continues to engage Transnet regarding further expansion of export capacity for the iron ore and manganese ore export channels.

Iron ore and manganese ore producers together with Transnet have completed a feasibility study to expand the iron ore export capacity from the current 60 mtpa capacity to 82 mtpa through the port of Saldanha. This study was handed-over to Transnet to complete to a higher level of accuracy.

ARM Ferrous (through Assmang) will start to engage Transnet regarding a new manganese ore export contract through the port of Port Elizabeth and future export allocation for the period 1 April 2013 until 31 March 2017. Assmang currently also exports manganese ore through the ports of Durban and Richards Bay.

Transnet is in the process of concluding a feasibility study to expand its manganese ore export capacity to approximately 12 mtpa through the Port of Ngqura commencing April 2017.

Assmang has reduced its road transport volumes of chrome ore by successfully securing rail capacity through the port of Richards Bay.

Sustainability review

This section provides an overview of the ARM Ferrous performance against the Company's most material sustainability issues. Each of these issues, as well as other sustainability issues such as biodiversity, environmental mitigation, materials and waste and human resources issues, are analysed and discussed in more detail in our Sustainability Report, available on our website (**www.arm.co.za**).

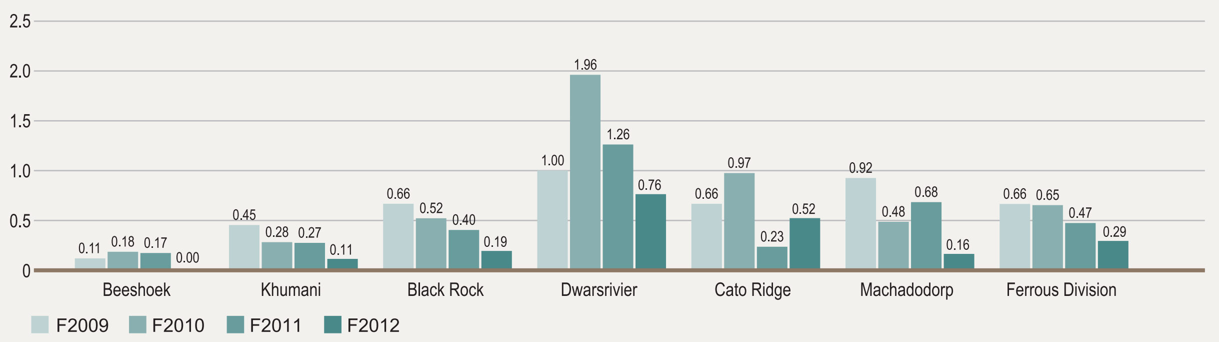
Safety

The ARM Ferrous LTIFR improved from 0.47 to 0.29.

Safety performance highlights include:

- Beeshoek Mine achieved two million fatality-free shifts and completed 13 consecutive operating months without incurring a lost time injury. The last fatality at Beeshoek occurred in March 2003.
- Khumani Mine completed 2.5 million fatality-free shifts in F2012.
- Black Rock Mine achieved 1.7 million fatality-free shifts and received an award as the safest underground mine and the most improved underground mine in the Northern Cape Mine Managers Association competition
- Cato Ridge Works and Dwarsrivier Mine also achieved significant safety milestones during F2012, reaching 1.2 million and 1.3 million fatality-free shifts respectively.

ARM Ferrous safety performance (LTIFR)



Occupational health and wellness

Material occupational health and wellness issues at ARM Ferrous include hypertension, diabetes mellitus and tuberculosis (TB). Noise induced hearing loss is the main focus of the division's occupational health surveillance and management programmes. ARM Ferrous has a biological monitoring programme in place to monitor amongst others, exposure to manganese, coal, tar, pitch and volatiles (CTPVs) at the smelting operations at Cato Ridge Works and Machadodorp Works.

All ARM Ferrous operations have implemented integrated policies on HIV, TB and sexually transmitted infections as required by the National Strategic Plan 2012 – 2016 and the Mining Charter. HIV prevalence rates at the ferrous operations are estimated to be well below those of the districts in which they operate, ranging from 2.4% among Beeshoek Mine's permanent employees to 20.2% at Cato Ridge Works.

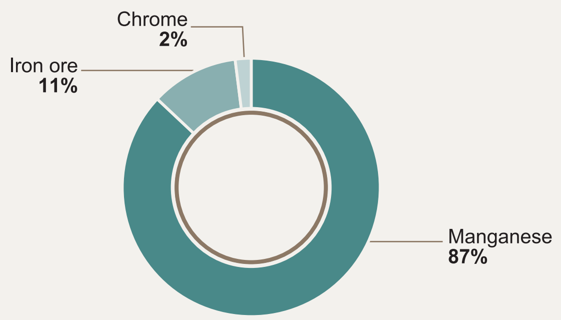
Various operations in ARM Ferrous are also involved in HIV & Aids-related community outreach programmes. These include a 24/7 primary health care facility that will also service members of the local community at Khumani Mine and the supply of furniture to the Age of Hope community home-based care centre by Beeshoek Mine.

ARM's approach to managing occupational health and wellness, as well as an analysis of relevant statistics, is discussed in the Sustainability Report available on the ARM website.

Environment

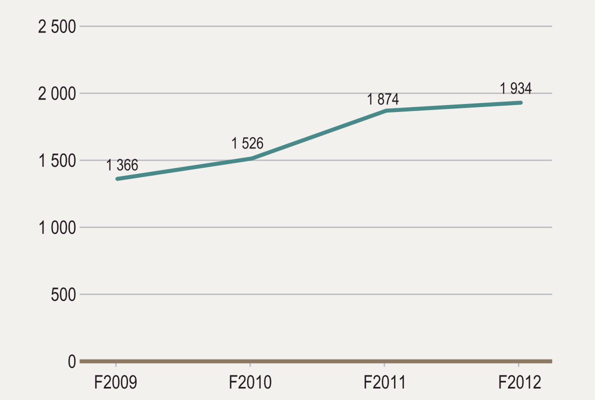
ARM Ferrous contributed 77% to ARM's F2012 carbon footprint due mainly to the energy consumed at the smelters at Cato Ridge Works and Machadodorp Works. The smelters together accounted for 63% of ARM's total F2012 carbon footprint. In F2012 ARM Ferrous produced an estimated 1 333 490 equivalent tonnes of CO_2 (tCO_2e) Scope 1 & 2 emissions on an attributable basis (F2011: 1 214 768 tCO_2e).

Contribution to ARM Ferrous F2012 carbon footprint
(100% basis)



Electricity consumption for the year was 1 934 megawatt hours (MWh), a 3.1% increase on the F2011 electricity consumption of 1 874 MWh. In 2009, ARM Ferrous set a target to reduce peak energy consumption by 10% by 2013 and various energy efficiency projects have been implemented.

ARM Ferrous electricity consumption (MWh)



Availability of additional water supply is a potential growth constraint, especially for the Black Rock Mine, Beeshoek Mine and Khumani Mine which are located in the Northern Cape where water is a scarce resource. ARM Ferrous operations accounted for 64% of water withdrawal in ARM with Beeshoek consuming more than half the division's water. Some of the water withdrawn at Beeshoek Mine is supplied to local communities and the mine's employee village. Water withdrawal increased by 29% to 11.5 million m^3 in F2012 (2011: 8.9 million m^3).

Corporate Social Responsibility (CSR)

The ARM Ferrous expenditure on local economic development (LED) increased 77% to R66 million (F2011: R38 million). Corporate Social Investment (CSI) expenditure was R17 million (F2011: R14 million), bringing the total investment in CSR projects to R83 million (2011: R51 million).

Significant LED projects supported by ARM Ferrous included:
- An upgrade of road at a busy intersection in Machadodorp by Machadodorp Works.
- An upgrade of storm water, drainage system and road infrastructure in Postmasburg by Beeshoek Mine.
- The supply of a water reticulation system to the Madibeng Community by Black Rock Mine.
- The installation of an 11kV bulk electricity supply for 347 households at Mapoteng Kathu by Khumani Mine.
- Establishing a plantation of 15 000 olive trees for the Kalkfontein community.

CSI projects included:
- A full time Further Education and Training (FET) Bursary Scheme implemented by Beeshoek Mine.
- The construction of a home-based care centre in Thusano and sight restoration project by Black Rock Mine.
- The establishment of two community vegetable gardens by Cato Ridge Works.

Transformation

The ARM Ferrous operations achieved scores in excess of 80% against the guidelines of the Mining Charter for the 2011 calendar year, and a classification of excellent performance.

Nchwaning Manganese Mine

Machadodorp Ferromanganese and Ferrochrome Works

New load out station at Khumani Iron Ore Mine

Mining rights status

The New Order Mining Rights for the Khumani Mine were granted in 2008 for 30 years. The conversion on the Beeshoek Mine Old Order Mining Rights was signed on 16 March 2012 and applies for 30 years. The Beeshoek New Order Mining Rights are now awaiting registration.

The New Order Mining Rights for the manganese ore mines for 30 years were signed on 13 July 2011 and are also awaiting registration.

The application for the Dwarsrivier Chrome Mine is being processed with a recommendation for approval for 30 years but has not yet been executed.

Prospects

Khumani Mine

The Khumani Expansion Project has been handed over to the operations and is now ramping up to full production.

In the first half of the 2012 financial year ARM and Assore approved an amount of R1.2 billion for the development of the Wet High Intensity Magnetic Separation (WHIMS) plant at Khumani Mine. The WHIMS plant is expected to improve the recovery of ore and optimise the life of Khumani Mine. Development of the plant has commenced and is expected to be commissioned in May 2013.

Building of the additional stockpile area at the mine is in the final commissioning stage and the capital for the diversion of the Transnet Rail Freight (TFR) main line, which runs through the future King mining area has been approved.

Beeshoek Mine

The R885 million development of the East Pit to extend production at Beeshoek by approximately 20 years has commenced and to date some 5.5 million tonnes of overburden has been removed from this pit. The diversion of the R385 road between Postmasburg and Olifantshoek to allow for the mining of the future Beeshoek Village pit is progressing on schedule. The development of the stands for housing in Postmasburg is also continuing on schedule.

Machadodorp Works

The conversion of No. 2 and 3 furnaces from ferrochrome to ferro-manganese at Machadodorp Works is progressing on schedule and was completed in October 2012. The upgrading of the raw material section at Machadodorp Works is in an advanced stage and will be completed in January 2013.

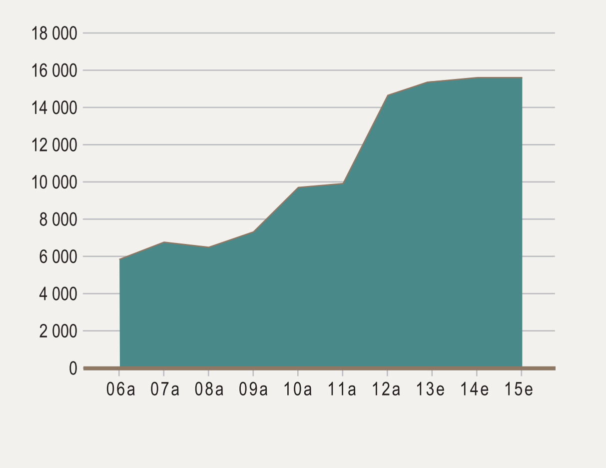
Manganese Ore Expansion

The feasibility study for the expansion of the manganese ore mine from 3 mtpa to 4 mtpa is in progress. The expansion may include the sinking of two additional shafts or the refurbishing of the Nchwaning No. 2 shaft. The feasibility study into building a sinter plant has been completed and will form part of the total feasibility of this expansion. .

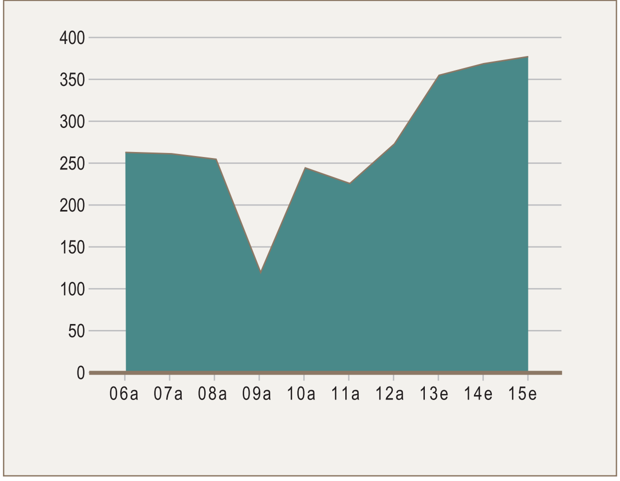
The scoping study to expand the manganese ore mine further from 4 mtpa to 5 mtpa was completed. A more detailed feasibility study to align this further expansion with Transnet's growth of the manganese export channel will be completed during the latter part of the 2012 calendar year. Thereafter a decision will be made.

ARM Ferrous sales volumes from 2006 to 2015 (100% basis)

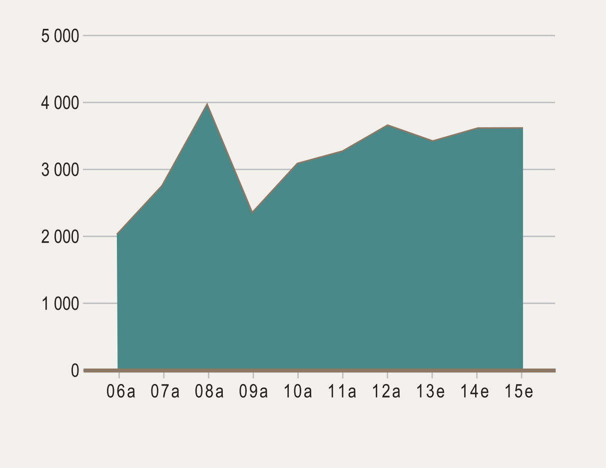
Iron ore (000t)*



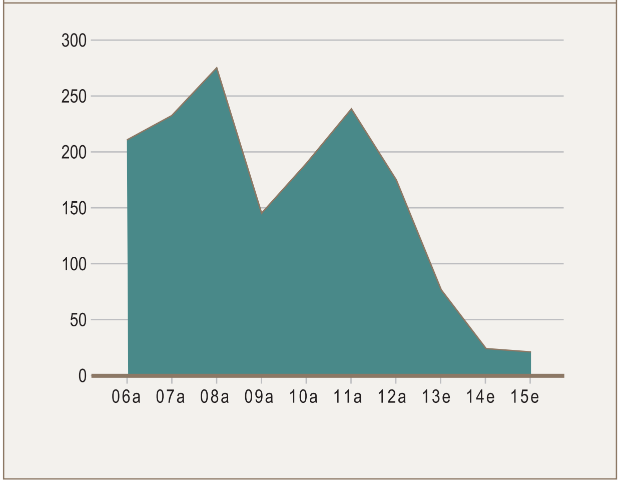
Ferromanganese* (000t)



Manganese ore* (000t)**



Charge chrome* (000t)



* *Source: INet Bridge*
** *Excluding intra-group sales*

Market review

Steel

Global steel demand is forecast to grow by 3.6% to 1,422 Mt in 2012 and a further 4.5% to 1,486 Mt in 2013.

The global impact of the Eurozone debt crisis and resulting uncertainties remain the key downside risk to the current market outlook. A very important development impacting the overall view going forward is the slowdown of Chinese steel demand driven by the Chinese government's efforts to restructure the economy from an export focused to a domestic consumption focused economy. China's steel consumption is nonetheless expected to increase by 4.0% to 649 Mt in 2012 and again by 4.0% in 2013.

Japan's steel use is expected to decline by 0.6% in 2012 due to the impact of exchange rate appreciation and a further decline of 2.2% in 2013.

India is expected to resume its high growth trend, after a fairly sluggish performance in 2011. In 2012, India's steel use is forecasted to grow by 6.9% and by an accelerated 9.4% in 2013 as a result of urbanisation and surging infrastructure investment.

The recovery of steel demand is expected to stall in most of the European countries in 2012 as the sovereign debt crisis continues to act as a major drag on economic activities.

Iron ore

Delays in the new projects expected to add to the seaborne iron ore market and Chinese domestic production running at full production is expected to lead to a deficit in the iron ore market, this especially if an easing in monetary policy in China improves steel demand. Such improvements in the steel market dynamics would be expected to feed through to steel prices and switch iron ore from a buyer's to a sellers' market.

ARM Ferrous sales are roughly spread 60% into Asia (F2011: 70%) and 40% into Europe, India and Turkey (F2011: 30%). The intention is to diversify sales into more countries other than China, especially lumpy iron ore. The recent entry into the Indian market has proven lucrative and the expectation is to continue with sales into India for the next few years.

There is some concern in the market that increased in capacity in Australia and Brazil may lead to an oversupply in the near-term. Both countries exported record volumes in the preceding quarters, however a recent analysis indicates that, depending on disruptions, additional supply may only be between 40 Mt and 60 Mt during 2012 which, as long as steel production increases, should not materially affect iron ore prices.

Analysts see approximately 500 million tonnes of increased iron ore capacity between now and 2017, which translates to approximately 100 million tonnes per year over the next five years. The majority of this additional supply is expected to come from the main suppliers, i.e. Vale, Rio Tinto, BHP Billiton and FMG.

Total seaborne supply is expected to grow to 1.136 billion tonnes in the 2012 calendar year (2011: 1.094 billion tonnes). Supply increases are not expected to be enough to keep up with rising demand at least until the 2014 calendar year with Chinese domestic production still required to balance the market. There is little capacity expansion potential left at Chinese domestic producers and major Chinese miners do not appear to be adding new mining capacity. Furthermore, Indian supply is forecast to decrease further from 81 Mt in 2011 to approximately 65 Mt in 2017, helping to support the prices.

Local demand for iron ore to existing customers (the largest three being Arcelor Mittal South Africa, Scaw Metals and Cape Gate has increased substantially due to a three year agreement being settled with Arcelor Mittal South Africa. For the 2012 calendar year 1.3 Mt will be sold to Arcelor Mittal, which will increase by a further 0.7 Mt from 2013 until end 2014 calendar year.

Cost inflation pressures and grade depletion are structural challenges for the iron ore industry. In addition execution risk around new projects supports the view that high-cost as lower grade Chinese domestic ore is required to balance the market for the next few years.

The majority ARM and Assore customers have agreed to a synchronised quarterly pricing model based on an average of iron ore indices to track the market as closely as possible. One of the most important concepts of this new formula is the transparency given by publicly published price sources (e.g. Platts). The new pricing mechanism continues to evolve with alternate pricing methods with shorter pricing periods (e.g. monthly, weekly, etc.) still being discussed.

During the first half of the 2012 calendar year, two new physical iron ore spot trading platforms were launched which will provide an additional iron ore sales channel for iron ore producers. Both platforms, China Beijing International Mining Exchange (CBMX) and globalORE (based in Singapore), will give greater price transparency and improve trade efficiency between iron ore suppliers and steel mills. Assmang is currently investigating its participation on these platforms and, subject to increased spot volume availability and an increase in potential benefit for Assmang, may join either or both of the two platforms.

Manganese Ore

Over the preceding two years export volumes from major low cost suppliers such as Gabon, South Africa, Australia and Ghana have risen significantly and effectively displaced a large portion of high cost supply. Even though demand in the seaborne manganese ore market continues to grow, the market is over supplied and prices for manganese ore remain subdued.

At least two new players are expected to commence exports of manganese ore during 2013, or even late 2012. Even though low cost inland export logistics remain constrained the new players are expected to put additional pressure on prices, especially medium grade ores.

Price levels reached an unsustainable low level during first quarter of the 2012 calendar year and it is therefore expected that price levels will gradually improve during the 2013 financial year.

Manganese alloys

Globally manganese alloys consumption is expected to rise by 4 million tonnes over the next five years. Of this increase only 1.3 Mt is expected to be outside of China and India. The majority of this growth in demand is expected in silico-manganese and refined ferromanganese with very little growth expected in high carbon ferromanganese.

Severe price competition is expected in the manganese alloy market and thus ARM and Assore continue to seek new markets (South America and the Middle East) and defend its traditional markets (Europe and North America). During current conditions of reduced demand, especially due to the volatility in Europe, other major integrated producers (with a lower cost base) are expected to become more aggressive in maintaining their market share to ensure that they are not required to cut production.

New capacity on high carbon ferromanganese, either through producers switching away from ferrochrome and silica-manganese or through new furnace capacity being brought on line is expected to put pressure on prices especially in the currently subdued demand growth conditions.

ARM and Assore are confident of the ability to sell the increased volumes in refined ferromanganese due to growing demand in high carbon ferromanganese due to western steel producers targeting higher quality steels.

Chrome

China continues to be the driving force for demand chrome ore and ferrochrome. Over the past few years China has gradually increased its share of ferrochrome production from below 10% before 2004 to almost 30% in 2011. During this period South Africa has lost market share of ferrochrome production from above 50% to a level of approximately 35% in the 2011 calendar year. It is expected that China will take over as the leader in ferrochrome production over the next two years with the majority of its volumes being produced for domestic consumption.

China has continued to increase its market share of the world trade in chrome ore from 86% in 2010 calendar year to 89% in 2011. The amount of chrome ore imported during 2011 rose by approximately 9% (to 9.44 million tonnes), with 50% supplied from South Africa.

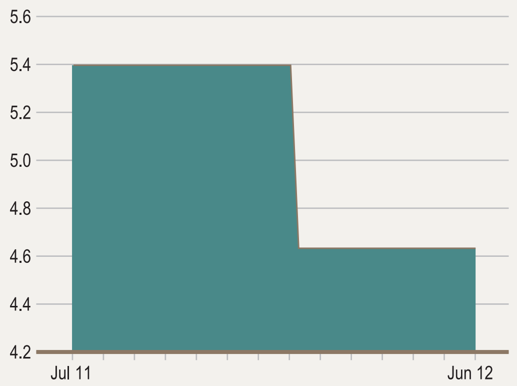
Chrome ore prices decreased during 2011 as a result of increased supply of lower grade products from UG2 Platinum Group Metals producers in South Africa. Current chrome ore prices are almost US$100/t lower than highs achieved in 2011.

Going forward it is expected that the current oversupply and over capacity of chrome ore will maintain pressure on the fragile supply demand balance. It is anticipated that the supply of low grade products such as UG2 chrome and additional entrants for supply of lower grade materials from other regions in the world will continue to negatively impact the market. Pricing pressures are expected to continue and no significant improvement in price levels is expected over the next year.

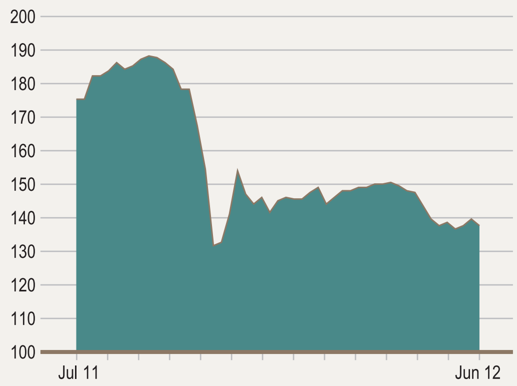
There is a risk of a chrome ore levy being imposed by the SA Government and some South African ferrochrome producers are becoming more vocal about this, with support from countries such as Turkey and Kazakhstan.

Ferrous pricing trends for F2012 (July 2011 to June 2012)

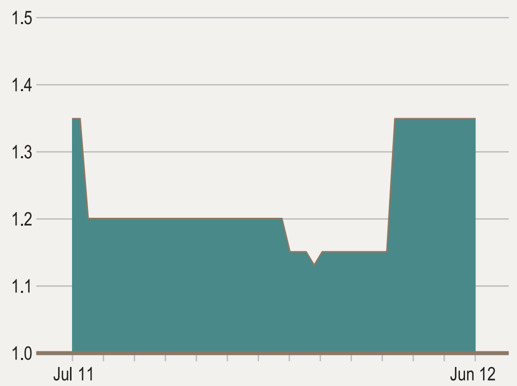
Manganese ore 46%/48% spot prices* (CIF) (US$/mtu)



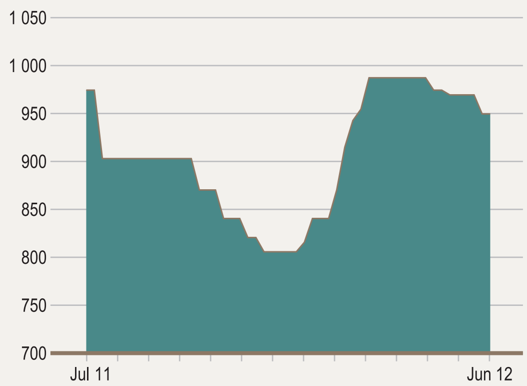
Iron ore fines spot prices* (CIF) (US$/t)



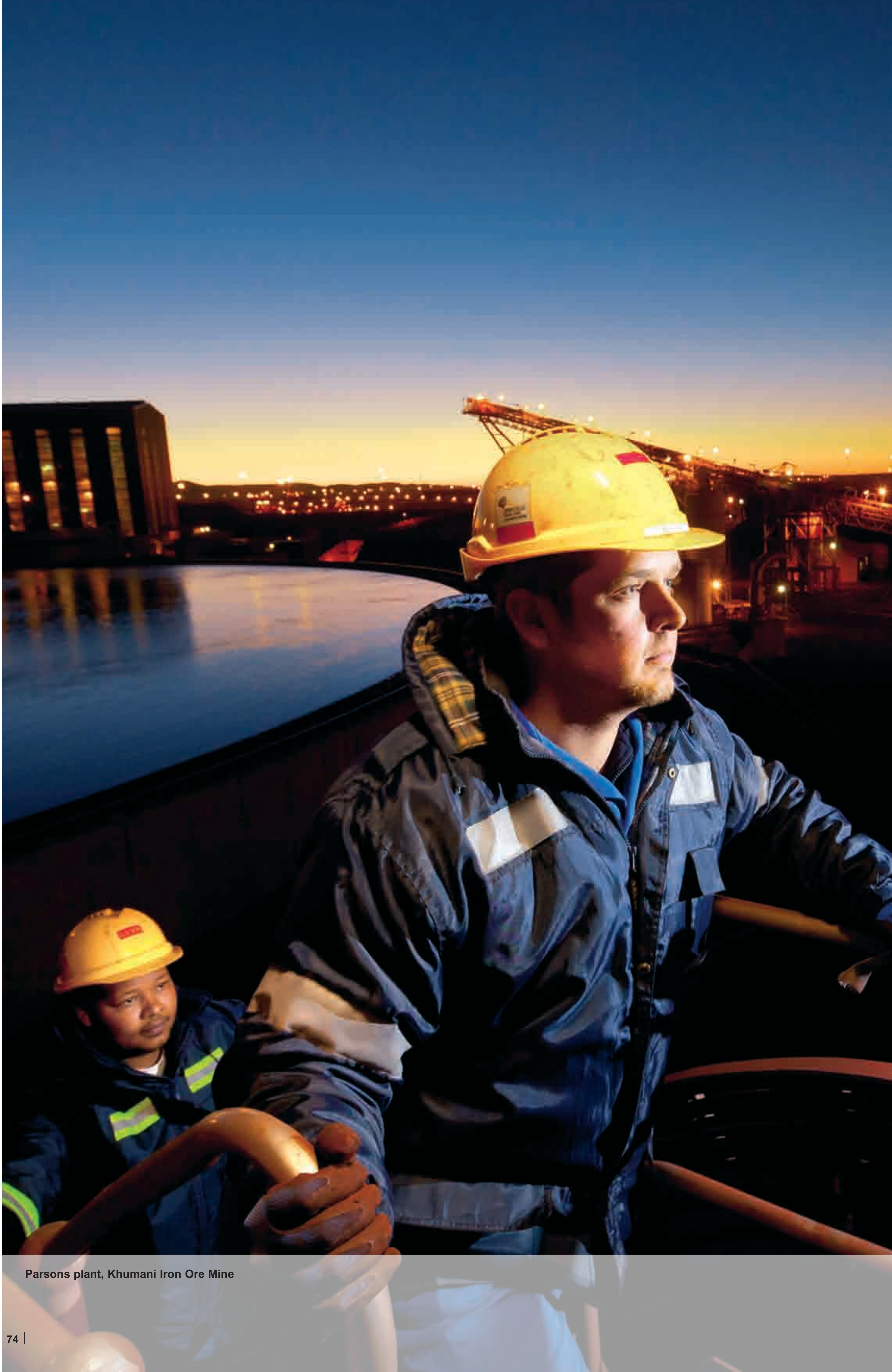
Ferrochrome spot prices* (US$/lb)



Ferromanganese spot prices 78%* (CIF) (US$/t)



* *Source: INet Bridge*



Parsons plant, Khumani Iron Ore Mine

ARM Ferrous Operational Statistics

Iron Ore Division

Beeshoek and Khumani Iron Ore Mines

Management	Joint 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	Beeshoek	117.5 million tonnes 63.73% iron
	Khumani	709.0 million tonnes 64.26% iron
Reserves Proved and Probable	Beeshoek	54.0 million tonnes 64.05% iron
	Khumani	512.9 million tonnes 64.46% iron
Total labour	4 738 (includes 2 706 contractors)	

100% Basis		F2009	F2010	F2011	**F2012**	F12/11 % change
Attributable headline earnings	R million	1 080	718	2 327	**2 968**	28
Operating margin	%	60	41	61	**55**	
Total iron ore sales	000t	7 410	9 799	10 006	**14 753**	47
Beeshoek Iron Ore Mine						
Iron ore produced	000t	2 658	521	960	**2 104**	119
Iron ore sold	000t	1 593	867	688	**1 389**	102
Sales revenues	R million	1 284	410	407	**724**	78
Total costs	R million	361	353	263	**367**	40
Operating profit	R million	923	62	144	**357**	148
Capex	R million	160	48	83	**306**	267
Khumani Iron Ore Mine						
Iron ore produced	000t	6 646	8 765	8 725	**11 555**	32
Iron ore sold	000t	5 817	8 932	9 318	**13 364**	43
Sales revenues	R million	3 733	4 518	9 935	**14 572**	47
Total costs	R million	1 576	2 566	3 598	**6 558**	82
Operating profit	R million	2 157	1 952	6 341	**8 013**	26
Capex	R million	1 369	2 256	3 142	**3 033**	(3)

Refer to page 193 for the Iron Ore Division segmental information.

New WHIMS plant under construction at Khumani Iron Ore Mine

Parsons plant, Khumani Iron Ore Mine

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 14 mtpa will commence 1 July 2012

16.0 mtpa construction completed

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

- Potential to increase volumes to 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 R5.6 billion spent

Approved capital cost for 16 mtpa – R6.7 billion

Manganese Division

Nchwaning and Gloria Manganese Mines and Cato Ridge and Machadodorp 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**			
		Tonnes ('000)	**Mn%**	**Fe%**		**Tonnes ('000)**	**Mn%**	**Fe%**
Resources Measured and Indicated	Seam 1	142.38	43.9	9.0	Seam 1	126.79	37.6	4.7
	Seam 2	180.80	42.4	15.5	Seam 2	29.40	29.9	10.1
Reserves Proved and Probable	Seam 1	110.34	43.9	9.0	Seam 1	93.82	37.6	4.7
Total labour	3 461 (includes 679 contractors)							

Manganese division – operational statistics

100% Basis		F2009	F2010	F2011	**F2012**	F12/11 % change
Attributable contribution to headline earnings	R million	1 978	739	688	**611**	(11)
Operating profit	%	78	35	36	**19**	
Manganese ore						
Manganese ore produced	000t	3 138	1 973	3 048	**3 296**	8
Manganese ore sales*	000t	2 152	3 095	2 882	**2 905**	1
Sales revenue*	R million	6 308	4 202	4 338	**3 985**	(8)
Total costs	R million	1 355	2 400	2 398	**3 136**	31
Operating profit	R million	4 943	1 802	1 940	**849**	(56)
Capex	R million	567	459	238	**470**	97
Manganese alloys**						
Manganese alloys produced	000t	216	252	291	**372**	28
Manganese alloys sold	000t	117	238	218	**270**	24
Sales revenue	R million	2 128	2 085	2 127	**2 367**	11
Total costs	R million	883	1 652	1 889	**1 936**	2
Operating profit	R million	1 246	433	238	**431**	81
Capex	R million	286	285	418	**415**	0

* *Excluding intra-group sales.*
** *Manganese alloys includes production, sales, costs and capex from the converted furnace at Machadodorp Works from F2011.*

Refer to page 193 for the Manganese Division segmental information.

Chrome Division

Dwarsrivier Chrome Mine and Machadodorp Ferrochrome 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.
Resources Measured and Indicated	55.03 million tonnes at 38.11% Cr_2O_3
Reserves Proved and Probable	39.15 million tonnes at 34.01% Cr_2O_3
Total labour	1 993 includes 75 contractors

Chrome Division – operational statistics

100% Basis		F2009	F2010	F2011	**F2012**	F12/11 % change
Attributable headline earnings	R million	107	(92)	(116)	**(86)**	26
Operating profit	%	15	(15)	(11)	**(13)**	
Dwarsrivier chrome ore						
Chrome ore produced	000t	684	537	866	**1 004**	16
Chrome ore sold*	000t	256	272	373	**521**	40
Sales revenues*	R million	337	212	401	**596**	49
Total costs	R million	292	353	454	**544**	20
Operating profit	R million	45	(141)	(53)	**52**	–
Capex	R million	127	65	77	**211**	174
Machadodorp charge chrome						
Charge chrome produced	000t	169	200	237	**186**	(22)
Charge chrome sold	000t	144	189	238	**174**	(27)
Sales revenues	R million	1 473	1 378	1 867	**1 444**	(23)
Total costs	R million	1 242	1 464	2 048	**1 754**	(14)
Operating profit	R million	231	(86)	(181)	**(310)**	(71)
Capex	R million	270	224	140	**81**	(42)

* *Excluding intra-group sales.*

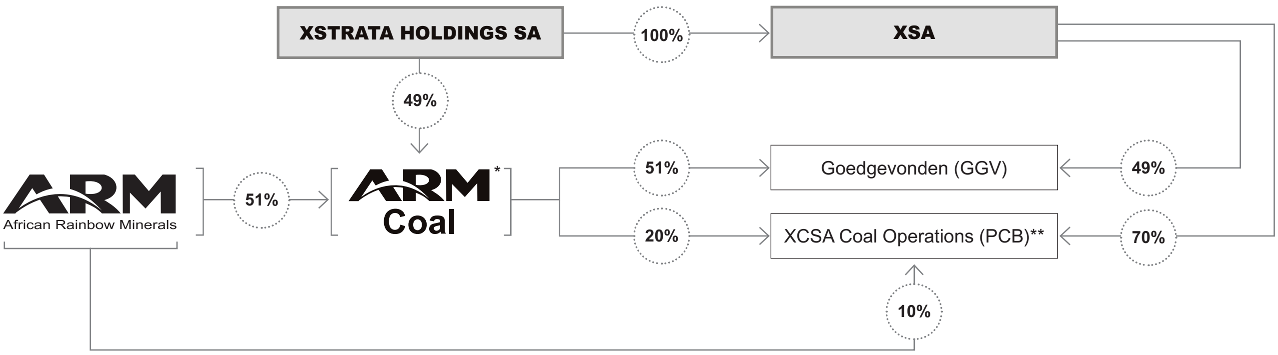
Refer to page 193 for the Chrome Division segmental information.

Stockpiles at Nchwaning Manganese Mine

ARM Coal

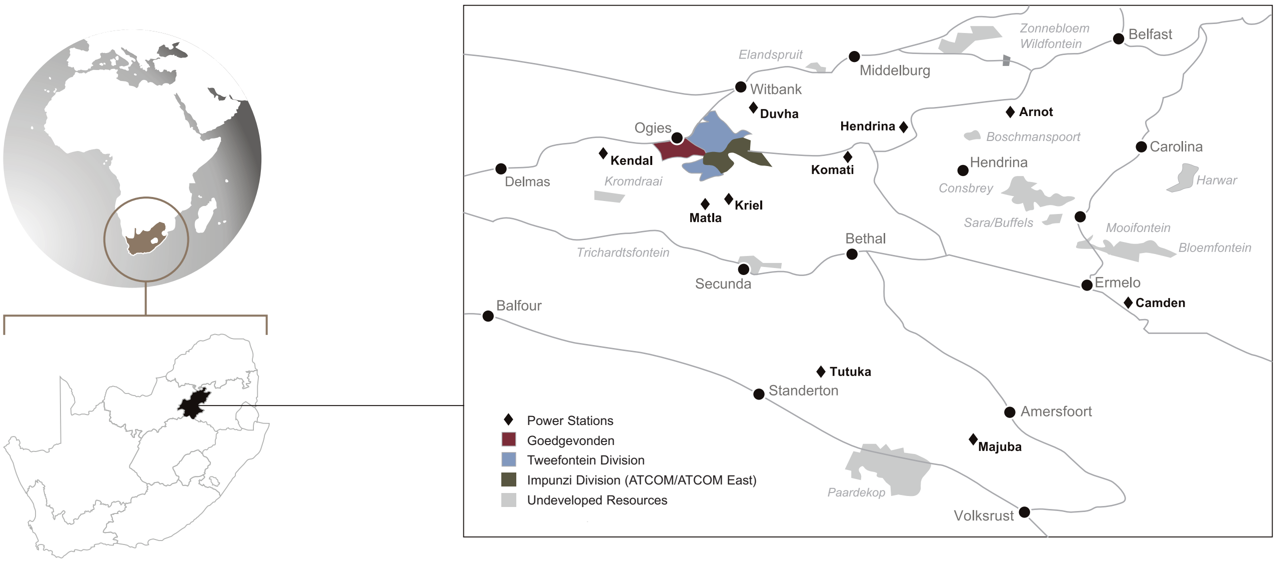
Thando Mkatshana, Chief Executive: ARM Coal

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) coal operations excluding GGV.

Geography and locality



Scorecard

F2012 objectives	F2012 performance	F2013 objectives
Participating Coal Business (PCB)		
Final conditions precedent to be met for the sale of the Mpumalanga assets (Tselentis and Spitzkop) by end of 2011 calendar year.	All the conditions precedent were met and the sale was finalised in December 2011.	
Continue to seek opportunities to increase domestic prices and sales volumes.	The Eskom sales prices realised increased 14% and Eskom sales volumes increased 18%.	
Successful building and implementation of the Tweefontein Optimisation Project (TOP).	The TOP was approved by both the ARM and Xstrata Boards during F2012. Development of the project has commenced and the project is expected to be completed in F2016.	Continue construction of the TOP.
Successfully ramp up the Impunzi Mine to design capacity.	Design capacity reached at Impunzi Mine in the second half of F2012.	
		Commission Addcar 5 seam mining.
		Take advantage of improved performance by Transnet and increase thermal coal exports.
Goedgevonden Coal Mine (GGV)		
Consistent performance at the Coal Handling Processing Plant (CHPP) and mine production.	The Goedgevonden CHPP achieved design capacity in the second half of F2012.	Complete a prefeasibility study to expand GGV output.

Overview

Operational overview – attributable to ARM		F2012	F2011	F12/11 % change	Operational target 2013
PCB sales	Mt	**2.8**	2.7	4	→
Export thermal coal sales	Mt	**1.9**	1.8	6	↑
Eskom thermal coal sales	Mt	**0.7**	0.6	17	↓
Local thermal coal sales	Mt	**0.2**	0.3	(33)	→
GGV sales	Mt	**1.8**	1.4	29	↑
Export thermal coal sales	Mt	**0.8**	0.7	14	↑
Eskom thermal coal sales	Mt	**1.0**	0.7	43	→
ARM total sales	Mt	**4.6**	4.1	12	↑
Export thermal coal sales	Mt	**2.7**	2.5	8	↑
Eskom thermal coal sales	Mt	**1.7**	1.3	31	↓
Local thermal coal sales	Mt	**0.2**	0.3	(33)	→
ARM operating margin	%	**32**	30		

Financial overview – attributable to ARM		F2012	F2011	F12/11 % change
Cash operating profit	R million	**686**	443	55
PCB	R million	**369**	229	61
GGV	R million	**316**	214	48
Headline earnings attributable to ARM	R million	**52**	(103)	–
PCB	R million	**(26)**	(135)	81
GGV	R million	**78**	32	144

Operational and financial review

ARM Coal showed a significant turnaround in F2012 increasing cash operating profit by 55% from R443 million to R686 million (on an attributable basis). This improvement was mainly due to increased export and Eskom sales volumes achieved at both GGV and PCB. GGV's Coal Handling Processing Plant (CHPP), which had previously experienced ramp-up challenges, achieved consistent design capacity levels in the second half of the financial year. Saleable production at GGV thus increased 8% to 6.4 million tonnes. Saleable production at PCB increased by 2% as performance of the Impunzi CHPP improved.

ARM Coal realised higher US Dollar export prices despite Richards Bay spot coal prices (API 4) having reduced from US$117 per tonne to US$88 per tonne in the year under review. Realised US Dollar export prices increased 32% and 25% at GGV and PCB respectively. The higher than API4 prices were achieved as a result of previously negotiated term contracts.

ARM Coal headline earnings for F2012 were R52 million (F2011: R103 million headline loss) due to an increase in cash operating profit which was offset by increased taxation as well as an increase in finance charges, due to higher borrowing levels.

Goedgevonden Coal Mine (GGV)

The GGV Mine achieved full ramp-up in the year under review. Challenges were experienced at the mine's CHPP during 1H F2012; despite these challenges saleable production increased by 8% for F2012. Production in the second half of the 2012 financial year showed a marked improvement increasing 28% when compared with 1H F2012 with sustainable good performance being achieved.

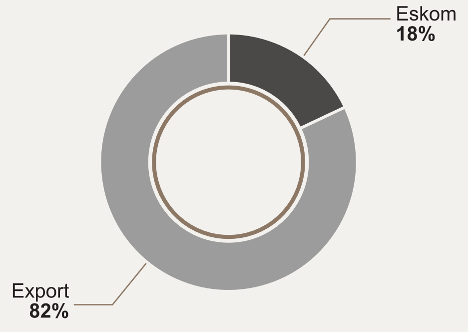
The consistent improvement in Transnet's performance since the second half of the 2011 calendar year resulted in increased export and Eskom sales volumes of 11% and 37% respectively.

The positive variance in sales volumes together with the increase in realised prices resulted in the attributable cash operating profit increasing by 48% from R214 million to R316 million. Headline earnings of R78 million are 144% higher than F2011. Attributable export revenue in F2012 increased by R256 million of which R56 million was due to higher sales volumes, R154 million due to higher export prices and R46 million as a result of a weaker Rand.

Total attributable on mine costs increased by R77 million due to an increase in overburden removal volumes, higher diesel costs and the cessation of the capitalisation of working costs during F2011. The increase in overburden removal costs resulted in increased in-pit inventory levels which will have a positive impact on costs going forward. Operating costs per saleable tonne increased by 20% to R200 per tonne (F2011: R166 per tonne).

GGV's increase in headline earnings was higher as a result of the increased cash operating profit which was offset by an increase in depreciation and finance costs of R15 million each and an increase of R26 million in income tax.

F2012 GGV revenue split (100% basis)



Participating Coal Business (PCB)

The PCB attributable cash operating profit increased by 61% to R369 million (F2011: R229 million). Attributable headline earnings improved from a R135 million loss to a R26 million loss mainly due to the increase of R140 million in operating profit, offset by an increase of R42 million in taxation.

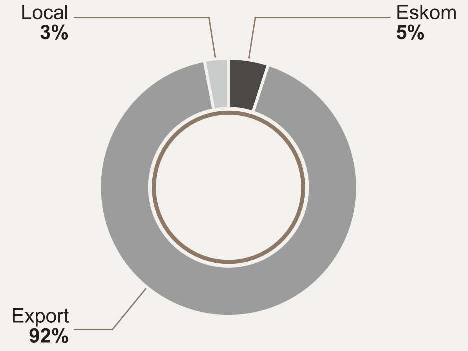
The disposal transaction relating to the Mpumalanga assets was finalised on 15 December 2011 and realised an attributable exceptional profit after tax of R38 million.

Increased demand resulted in Eskom sales volumes being 18% higher whilst other domestic sales declined by 42%. Export sales volumes in F2012 were marginally higher than F2011. The export sales for F2011 included 120 000 export tonnes from the Mpumalanga assets which were disposed of in F2012.

Attributable run of mine (ROM) production was 17% lower than F2011 mainly due to the inclusion of 310 000 tonnes from the Mpumalanga complex in F2011 and the closure of the South Stock underground operation during F2012. An increase in production at Impunzi Mine partially compensated for these reductions.

Attributable saleable production was 3% higher than F2011 even though F2011 included 153 000 tonnes of production from the Mpumalanga assets. PCB on-mine unit saleable cost at R321 per tonne was well controlled and 5% lower than F2011.

F2012 PCB revenue split (100% basis)



Train being loaded at GGV rapid load-out terminal

Capital expenditure

The Goedgevonden Mine reached design capacity during the year under review. The mine was completed within the estimate of R3.6 billion. As at 30 June 2012 92% of the capital of R2.8 billion to complete the Impunzi project had been committed and the project is expected to be completed by December 2012.

The R8.2 billion required for the Tweefontein Optimisation Project (TOP) was approved by the ARM Board during the financial year. Work on the project commenced towards the end of F2012 and this project is expected to be completed in F2016.

Logistics

Transnet has shown significant improvement in its Richard Bay Coal Terminal (RBCT) rail line performance. This improvement was achieved despite a 10 day maintenance shut down during May 2012. Since August 2011 Transnet has achieved annualised rates per month in excess of 67 mtpa reversing a long trend of stagnant performance. The improved performance was achieved due to improved operational efficiencies, with on-time departures and arrivals improving by 11% and 20% respectively compared to Transnet's prior year ended 31 March 2011. Indications are that the annual rate for the 2012 calendar year is expected to be close to 70 million tonnes compared to the 64.8 million tonnes achieved in the 2011 calendar year.

The Phase V expansion of Richards Bay Coal Terminal to 91 mtpa was completed in 2011. This increase in port capacity resulted in a discrepancy between the rail and port capacity limiting the Phase V coal producers from participating in their full allocation of the port expansion. Transnet is in the process of addressing this discrepancy by increasing the RBCT rail line from design capacity of 72 mtpa to 81 mtpa. In this regard Transnet has already expended capital on and is currently taking delivery of the locomotives. This expansion is expected to be completed in 2015. In addition, Transnet has included as part of its R300 billion Market Demand Strategy plans to further increase the RBCT rail line to 98 mtpa.

Growth in ARM Coal has historically been constrained by lack of sufficient rail capacity. The expansion plans currently being investigated or executed by Transnet bode well for the growth of ARM Coal.

Sustainability

Our sustainable development reporting is limited to those operations over which we have direct joint management control and therefore excludes the ARM Coal operations.

Mining rights status

As at 30 June 2012 all conversions from Old Order Mining Rights to New Order Mining Rights for the operations in XCSA had been granted and four of the seven have been registered by the mining titles office.

Prospects

The strategy to convert the ARM Coal and Xstrata assets from predominantly underground mining to Tier 1, cost competitive opencast operations is progressing well. GGV is operating at design capacity and the Impunzi Mine was commissioned and is planned to achieve design capacity during F2013. The last phase of this strategy involves the development of the TOP approved by the ARM and Xstrata Boards in the year under review. The TOP involves mining the underground pillars by opencast method and the construction of a new modern Coal Handling Processing Plant with a rapid load out terminal. Capital expenditure approved for TOP is R8.2 billion. The project, which is currently being implemented, is expected to deliver the first coal in the second quarter of 2016.

Market review

Export coal market

The global seaborne thermal coal market has seen a decline in spot prices in the first half of the 2012 calendar year. This decline was mainly influenced by an oversupply in the market which outpaced the growth in the demand. One of the main contributors to the oversupply was increased exports from the US as producers in the US placed supply into alternative markets following an increased usage of shale gas by domestic energy producers. Demand has however shown some resilience driven mainly by demand in Asia which is expected to continue increasing.

South African coal exports appear to be growing after stagnating for the preceding five years constrained by availability of export capacity. In the current calendar year however as a result of Transnet's improved performance, South African coal exports are expected to increase. There remains robust demand for South African export coal from China and India.

Domestic coal market

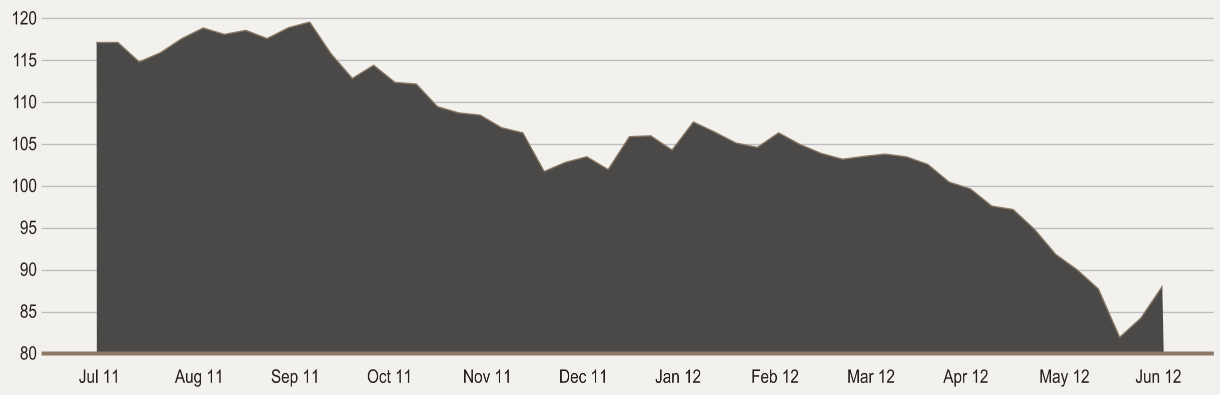
Eskom, the main consumer of coal domestically, increased their coal burn to 125 mtpa in the 2011 calendar year with this growth expected to continue and exceed 145 mtpa within the next 10 years. GGV is one of the major coal suppliers to Eskom and has a long-term coal supply agreement in terms of which 3.7 million tonnes of coal was dispatched in F2012. In the same period PCB supplied 3.3 Mt to Eskom.

ARM is jointly working with its partners to increase the supply to Eskom to take advantage of planned growth.

The rest of the domestic coal market is subdued and is expected to remain a small portion of the PCB business.

Thermal coal pricing trends for F2012 (July 2011 to June 2012)

Richards Bay export thermal coal spot prices (US$/t)



Goedgevonden Coal Mine (GGV)

Management	Governed by a management committee, controlled by ARM Coal, with four ARM representatives and three Xstrata representatives.
Reserves (100% basis)	200 Mt (saleable reserves)
ARM's economic interest	26.01%
Total labour	538 Employees 471 Contractors

(100% basis)

		F2012	F2011	F12/11 % change
Total saleable production	Mt	**6.4**	5.9	8
Total sales	Mt	**6.7**	5.4	24
Export	Mt	**3.0**	2.7	11
Eskom	Mt	**3.7**	2.7	37
Average price received				
Export (FOB)	US$/t	**101.90**	77.00	32
Eskom (FOR)	R/t	**146.06**	183.94	(21)
On mine saleable cost per tonne	R/t	**199.80**	165.85	20
Cash operating profits	R million	**1 216**	824	48
Operating margin	%	**41**	42	
Capital expenditure	R million	**506**	326	55

Attributable profit analysis

	F2012	F2011	% change
Cash operating profit attributable to ARM	**316**	214	48
Less: interest paid	**(97)**	(82)	(18)
amortisation	**(98)**	(77)	(27)
fair value adjustments	**(11)**	(17)	35
Profit before tax	**110**	38	189
Tax	**(32)**	(6)	>(200)
Headline earnings attributable to ARM	**78**	32	144

Refer to pages 189 and 190 for the Coal segmental information.

Participating Coal Business

Management	Governed by a supervisory committee with five Xstrata representatives and three ARM representatives.
ARM's economic interest	20.2%
Total labour	3 087 Employees 2 714 Contractors

(100% basis)

(100% basis)		F2012	F2011	F12/11 % change
Total saleable production	Mt	**13.2**	12.9	2
Impunzi	Mt	**5.5**	4.3	28
Mpumalanga	Mt	**0**	0.8	–
South Stock	Mt	**3.1**	4.0	(23)
Tweefontein	Mt	**4.6**	3.8	21
Total sales	Mt	**13.3**	13.2	0
Export	Mt	**9.3**	9.2	1
Eskom	Mt	**3.3**	2.8	18
Local	Mt	**0.7**	1.2	(42)
Average price received				
Export (FOB)	US$/t	**98.75**	79.30	25
Eskom (FOR)	R/t	**120.31**	105.98	14
Domestic (FOR)	R/t	**262.12**	296.59	(12)
On mine saleable cost per tonne	R/t	**321.37**	338.07	(5)
Cash operating profits	R million	**1 828**	1 133	61
Operating margin	%	**24**	20	
Capex*	R million	**2 230**	2 620	15

Attributable profit analysis

	F2012	F2011	% change
Cash operating profit attributable to ARM	**369**	229	61
Less: interest paid	**(118)**	(107)	(10)
amortisation	**(268)**	(282)	5
fair value adjustments	**(20)**	(27)	26
Profit before tax	**(37)**	(187)	80
Tax	**10**	52	81
Headline earnings attributable to ARM	**(27)**	(135)	80

ARM's economic interest in XCSA coal operations excluding GGV (PCB) as at 30 June 2012 remains at 20.2%. PCB consists of two large mining complexes situated in Mpumalanga. ARM has a 26% effective interest in the GGV Thermal Coal Mine situated near Ogies in Mpumalanga.

Attributable refers to 20.2% of Xstrata Coal South Africa (XCSA) Operations whilst total refers to 100%.

Refer to pages 189 and 190 for the Coal segmental information.

Goedgevonden Project completed

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)

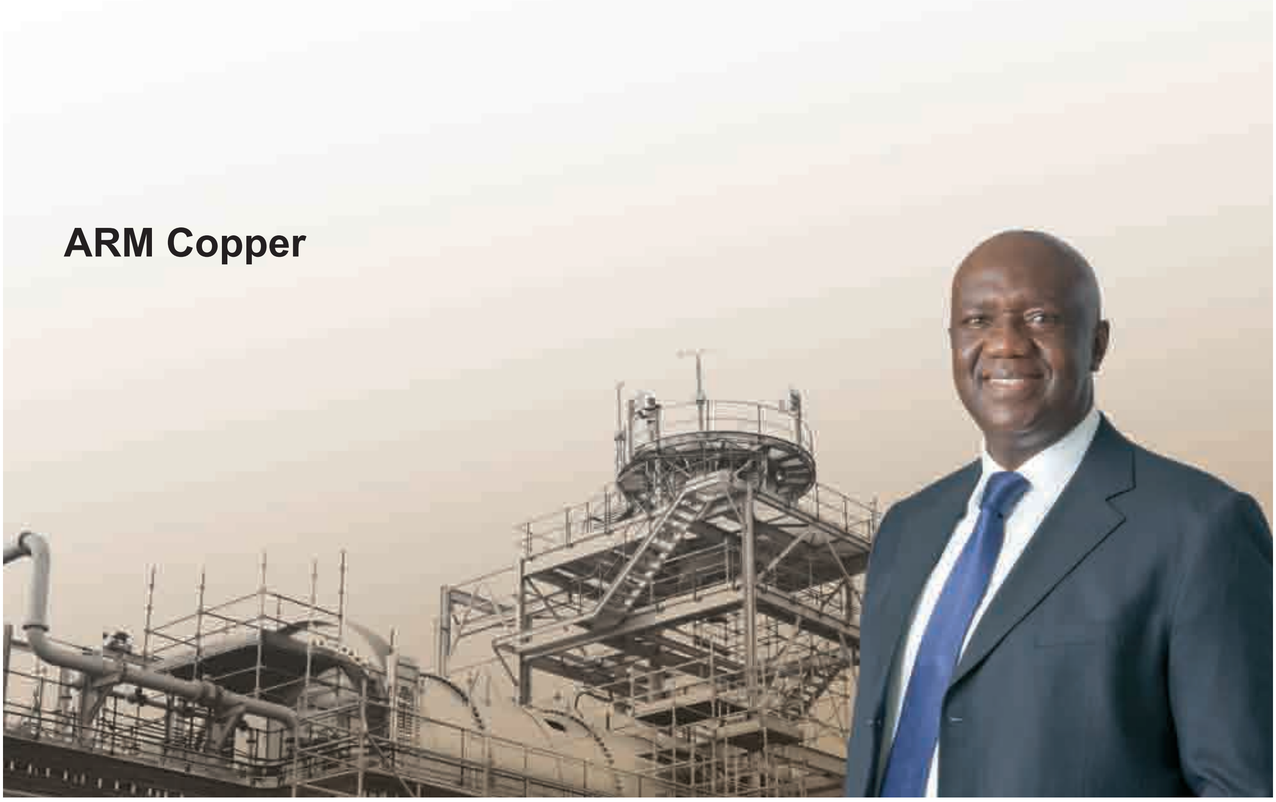
3.8 mtpa domestic sales (21.5 MJ/kg)

- 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**

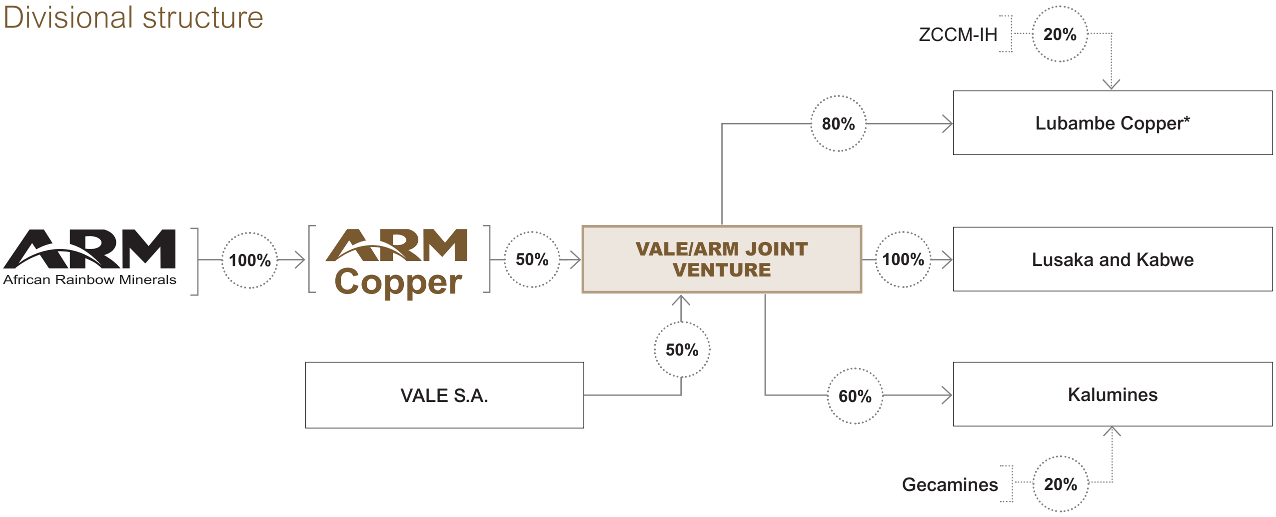
Capital cost of R3.6 billion

ARM Copper



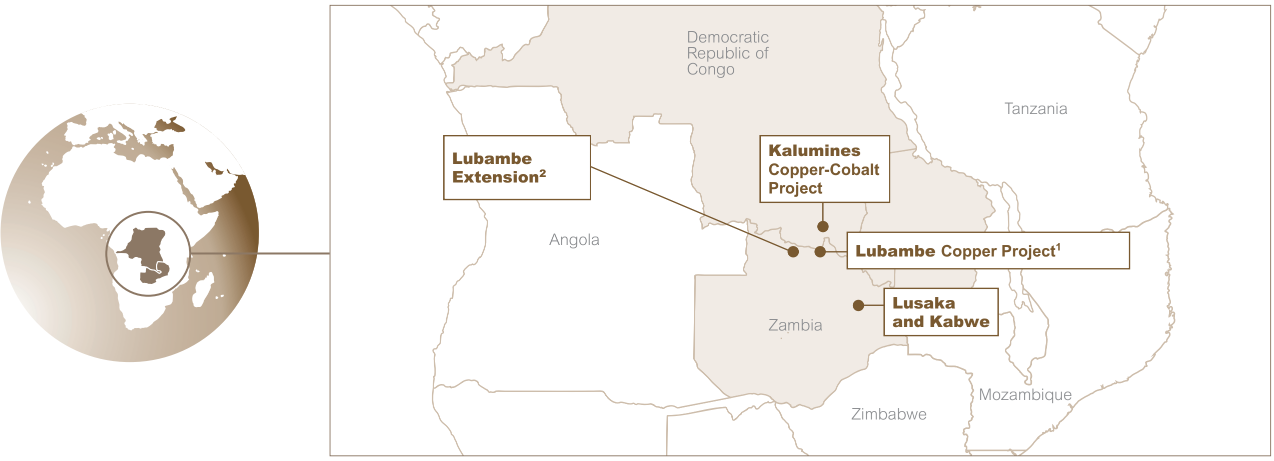
Dan Simelane, Chief Executive: ARM Copper

Divisional structure



* The Lubambe Copper Project (previously Konkola North 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 Holdings plc (ZCCM-IH). ZCCM-IH has exercised this right and the 20% to ZCCM-IH has been transferred.

Geography and locality



1. Previously known as Konkola North Copper Project.
2. Previously known as Area A.

Scorecard

F2012 objectives	F2012 performance	F2013 objectives
Lubambe Copper Project		
Obtain final sign off and approval of all the relevant documentation relating to ZCCM-IH's participation in the development of the South East Limb mine.	All the required agreements between the Government of the Republic of Zambia and the Vale/ARM Joint Venture were signed to ensure tenure of the mining lease area as stipulated in the agreements.	
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.	The concentrator plant is on schedule for delivery of first concentrate from Lubambe Copper Mine by the end of the 2012 calendar year.	Commission the concentrator plant on time and below budget whilst training the newly recruited teams to operate the plant to its design criteria.
		Commence with stoping operations from underground and maintain the production ramp-up profile whilst adhering to best practice safety management systems and results.
Lubambe Extension Area (previously known as Konkola North Area A)		
Continue exploration drilling in Lubambe Extension Area 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 Extension Area. Geological surveys are planned over the target stratigraphy on the remaining licence area. Geological and grade models will be constructed and initial resource estimation work is planned.	Just over 24 000 metres of drilling were completed by the end of the 2012 financial year delivering results slightly above expectations. Geological grade models are being constructed for updating the pre-feasibility and for inclusion in the feasibility study which is planned for completion before the end of the 2013 calendar year. During the year an Aero Magnetic Survey was conducted over the mining lease area to possibly identify further target areas.	Complete a feasibility study on the extension area by the end of the 2013 calendar year.

Review of the year

Due to the similarity of the name “Konkola North” to the name of a neighbouring mine, a decision was taken to change the name to Lubambe Copper. The name of the registered company was also changed from Konnoco (ZAMBIA) Ltd. to Lubambe Copper Mine Ltd. The newly registered name of the company has been approved by the relevant authorities in Zambia and will be used going forward. Lubambe is the Bemba (one of the local languages in Zambia) word for a Black Eagle and was chosen by the people working on the mine.

During 1H F2012 Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH) exercised their right to acquire a 20% shareholding in Konnoco (ZAMBIA) Limited and fulfilled all their obligations in terms of the signed shareholders agreement. Both Vale and ARM are delighted to have ZCCM-IH as a full-fledged partner on board with us.

After the inauguration of the newly elected President and Government of the Republic of Zambia (GRZ) in October 2011, all the required agreements between the GRZ and the Vale/ARM Joint Venture were signed in Lusaka by the duly authorised representatives of all the parties involved, to ensure tenure of the mining lease area as stipulated in the agreements.

Project progress has been very good and despite poor ground conditions and certain delays in the refurbishing of the existing No. 2 Shaft, the project remained on target and within budget and all critical milestones have been met.

Return water dam with conveyor transfer tower, Lubambe Copper Mine

Construction of concentrator plant, Lubambe Copper Mine

Underground rock transfer system at Lubambe Copper Mine

The Lubambe Copper Project

The Lubambe Copper Project is progressing within budget and in line with the baseline schedule. Commissioning of the concentrator plant is expected before the end of the 2012 calendar year. 22 out of the 27-month project construction phase was completed as at 30 June 2012

The project management team has done well in selecting very able contracting companies and teams prior to the commencement of the project. Contractual agreements are effectively managed by both the contracting companies and the Vale/ARM Joint Venture Company and we believe this is an integral part of the successful project progress to date. Work quality is of a high standard and, with the full mine management team already deployed on site, safety integration between all parties has played an important role in achieving the world class safety results of the project to date.

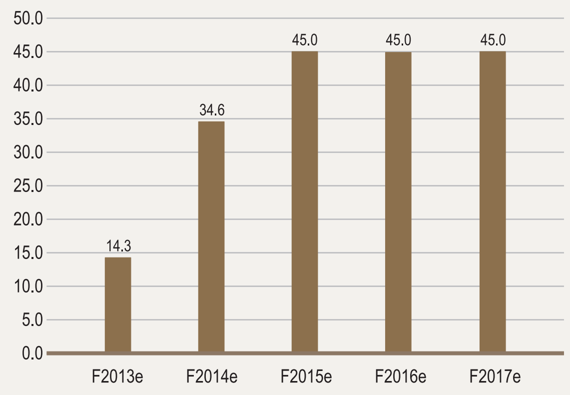
Worse than expected underground ground conditions were encountered in the East Limb of the project, despite these challenges the mechanised mining development is progressing well and was ahead of schedule as at the end of June 2012. The first ore body intersection from the East Decline was made in December 2011 and the first owner mining crews commenced access development in November 2011. Mine management, in conjunction with the project team have incorporated mine design improvements, which will partly negate the impact of the worse than expected ground conditions.

The refurbishment of the No. 2 Vertical Shaft was negatively affected by the 2011 steel industry strike in South Africa and resulted in late delivery of steel to the project site; this delay was largely mitigated due to early access development to the 100 metre level of the No. 2 Vertical Shaft from the East Decline. This early access enables development operations at No. 2 Shaft Complex to continue before the commissioning of the vertical shaft system. Production ramp-up to full production of 45 000 tonnes of contained copper is still expected to be achieved in F2015.

Project expenditure in July 2010 terms is estimated at US$410 million, of which 94% was committed by 30 June 2012. This expenditure includes the cost of relocating about 205 informal houses built on a potential mining subsidence area.

The mine's throughput design from both the South and East Limb ore bodies remains at 2.5 mtpa of ore at an average mill head grade of 2.3% copper, which will result in the production of 45 000 tonnes of contained copper in concentrate per annum for 28 years. The copper concentrate produced will be toll smelted and refined in Zambia. Commissioning of the concentrator plant is expected before the end of the 2012 calendar year and all the off-take agreements have been agreed and signed. Longitudinal Room and Pillar Stoping (LRP) commenced in August 2012 and will ramp up to full production by 2015.

Copper production (thousand tonnes)



Sustainability review

This section provides an overview of ARM Copper's performance in terms of its material sustainability issues. Sustainability issues and safety statistics disclosed in this section refer to the Lubambe Copper Project. Due to the inherent high risks associated with construction and underground mining development, the safety and health of employees and contractors is the most material risk at the Lubambe Copper Project.

Safety

Over seven million man hours have been worked since the start of the Lubambe Copper Project. As at end June 2012 the project had recorded six Lost Time Injuries (LTIs). The Lost Time Injury frequency rate for F2012 was 0.18 per 200 000 man hours and the progressive number of man hours worked without an LTI were in excess of two million. Training is an integral part of ensuring efficient transition into safe production. To date 321 full-time employees have received training at the Lubambe Project.

Another material safety issue is road safety. Road safety awareness campaigns run continuously at the project.

Occupational health and wellness

Occupational health and wellness management is a key issue in completing the Lubambe Copper Project. Malaria is the most significant health risk, with an average of 20 cases per month reported at the project. Prevention-related interventions and awareness activities are ongoing and include residual spraying of work areas, employee accommodation and various community areas. Regular safety talks are held on malaria prevention. Weekly malaria statistics are given to the workforce and a monitoring programme is in place.

HIV & Aids prevalence in the Zambian Copper Belt area is estimated at 14%. HIV & Aids therefore presents a significant risk to the wellness of our employees. "Know your status" and awareness programmes have been implemented and to date, 528 employees have been tested. The prevalence among our current workforce is 6%.

Environment

The mine's environmental management programme includes monitoring of dust, noise, diesel emissions, water quality, vibration and illumination. Environmental management on site is aligned with the specific challenges presented by the Zambian climate. Dust suppression during the dry winter months is essential, while very high rainfall requires a focus on water management and effective drainage around construction areas in summer.

An external audit has been scheduled for early F2013 to establish performance against the requirements of Environmental Management Programme targets.

Corporate Social Responsibility

ARM Copper spent on R5.9 million on Corporate Social Investment (CSI).

Kalumines Copper Project

The feasibility study at the Kalumines prospecting area has been completed and submitted to the shareholders. Variability drilling and test work was done, but further areas of optimisation did not achieve expected project value enhancements. The mining permit has been extended to 2 January 2013.

Prospects

The Lubambe Copper Project: Extension Area

The previous study area known as Konkola North Area A has been renamed to Lubambe Extension Area and falls within the Large Mining Licence area of Lubambe Copper Mine Limited entitled 7061 – HQ – LML. This extension area is the second phase of the Lubambe Copper Project and provides for the exploitation of the area located six kilometres to the south of the present mine development. Development of the Lubambe Extension Area will require a vertical shaft as well as the expansion of the Lubambe Copper Mine processing plant potentially increasing the total production to 100 000 tonnes of copper in concentrate.

The greater Lubambe Copper Mine Area 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 within the mining lease area for more detailed resource delineation drilling. The Vale/ARM Joint Venture (the JV)) previously completed a pre-feasibility study on a resource of 75 million tonnes. The pre-feasibility showed a high probability of the area being developed. Drilling continued this year in this area and five drill rigs were deployed in the area to enlarge the resource and increase the confidence levels. Initial drill results indicate an average reef width of approximately 11 metres at 2.81% total copper at an average depth of 1 100 metres.

The JV also conducted an Aero Magnetic survey of the areas to the east now known as the Kawiri Basin and the Kawiri North Basin.

No adjustments have been made to the resource statement of the new mine. We expect a revised resource statement by June 2013.

Mineral resources summary as of 30 June 2012 (unchanged from previous year)

Mineral Project	Joint Venture ownership	Mineral Resources Category	Tonnes (Mt)	Total Copper (%)	Contained Copper (Mt)
Lubambe Copper Project	80%				
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**	**1.39**
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.

Mineral reserves summary as of 30 June 2012

	Mt	%TCu	Mt Contained Cu
Proved South Limb	0.76	2.49	0.02
Probable South Limb	1.99	2.11	0.04
Total Reserves South Limb	**2.75**	**2.22**	**0.06**
Proved East Limb	1.88	2.34	0.04
Probable East Limb	4.71	2.39	0.11
Total Reserves East Limb	6.59	2.38	0.16
Total Reserves 2012	**9.34**	**2.33**	**0.22**
Total Reserves 2011	–	–	–

Totals are rounded off.
Modifying factors: Mining losses, mining dilution and metallurgical.
The Mineral Reserves cover a three Year Plan Area.

Market review

The global demand for copper continues to grow driven by expanding sectors including electrical and electronic products, building and construction, industrial machinery, and consumer and general products.

Refined copper usage reached 20 million tonnes with China still the largest consumer at over 7.9 million tonnes. According to the International Copper Association (ICA), equipment was the largest copper end-use followed by infrastructure and construction.

After a record high in December 2011, China's copper imports eased in January 2012 ahead of the Chinese New year. In February China imports rose to the third highest level on record and remained at a level exceeding 400 000 tonnes per month for the fifth consecutive month by the end of June 2012.

Global copper production in the preceding year reached over 16 million tonnes with Chile still the largest producer (at 5.3 million tonnes). China was the largest producer of anode and blister copper for the year with anode and blister production of just over 4.7 million tonnes. Global refined copper production increased to 19.6 million tonnes including 3.5 million tonnes of secondary refined production.

New copper supply is expected to be constrained as new and existing projects face challenges of declining grades and increased capital cost and operational cost inflation. A more risk adverse attitude in copper exploration is being seen as the majority of recent discoveries come from brownfield projects.

Zambia is currently the 7th highest copper producing country in the world following very close behind the Russian Federation and Australia. Zambia produced approximately 740 000 tonnes of

Aerial view of Lubambe Copper Mine and concentrator plant

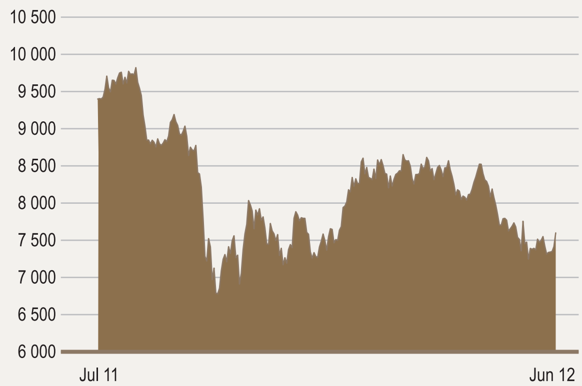
copper in 2011. Zambia has clearly indicated its intention to increase its copper output through new investments in the country.

Although copper prices have been well supported by the growing demand and improved from approximately US$1.30/lb copper in July 2005 and reached a record high of US$4.62/lb in February 2011, there is renewed downward pressure from global macro-economic concerns. During the first half of 2012 copper prices averaged US$3.65/lb (US$8 060/tonne) which is a decline of 14% year on year.

Global economic uncertainty is expected to keep copper prices under pressure in the short-term. Despite this, copper prices are expected to remain well above the estimated incentive and marginal cost of production. China has lowered its 2012 growth target but prospects for Chinese copper demands remains high due to the continuing urbanisation trend and the continued development of the new power grid which alone is expected to consume 12 million tonnes of copper over four years. The deferment of investments into major copper mining projects due to the European debt crisis and the fact that existing and new developing mines are struggling to keep pace with growing emerging market needs, will in all likelihood cause the surplus forecast by some to in 2015 to be eroded.

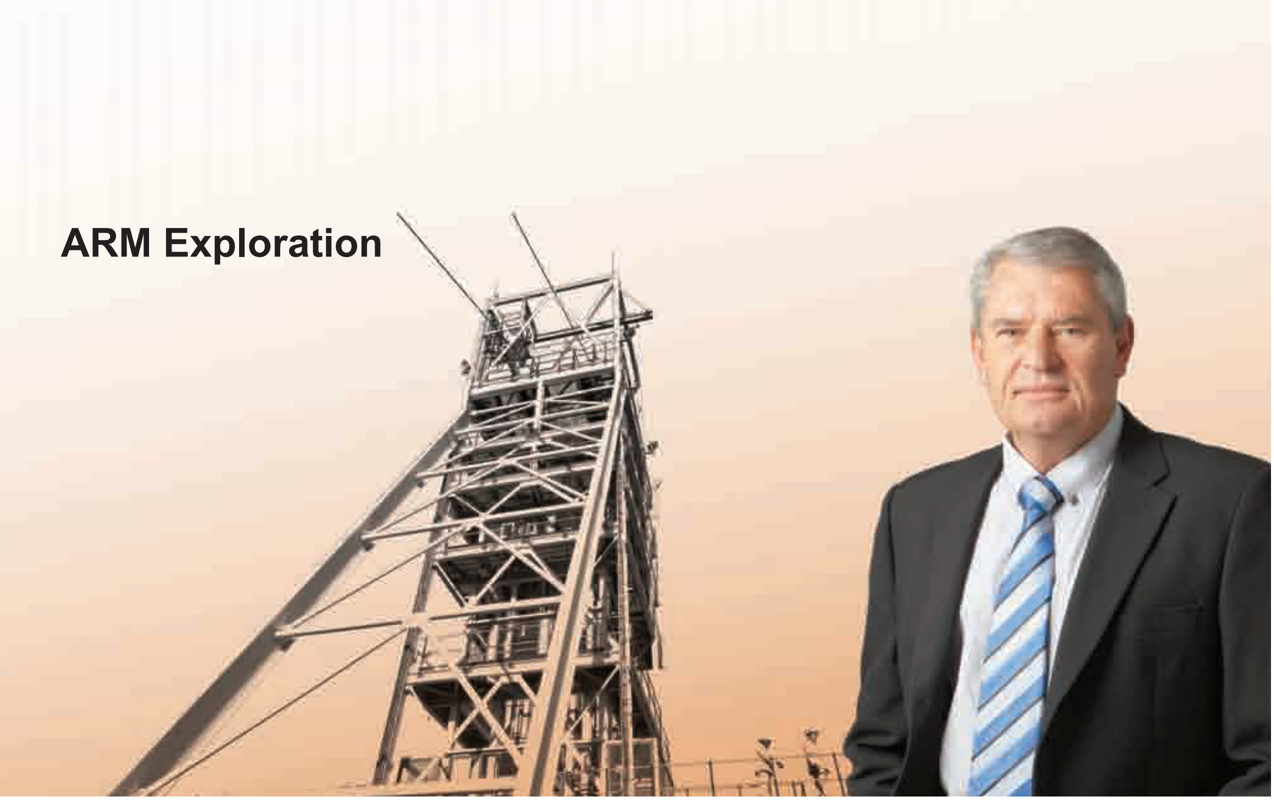
Copper pricing trends for F2012 (July 2011 to June 2012)

Copper spot prices* (US$/t)



* *Source: INet Bridge*

ARM Exploration



Jan Steenkamp, Chief Executive: ARM Exploration

Divisional structure

ARM African Rainbow Minerals → 100% → ARM Exploration* → 100% →

- PGMs
- Base metals
- Manganese ore
- Coal

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

Geography and locality

Scorecard

F2012 objectives	F2012 performance	F2013 objectives
Mozambique		
As ARM Exploration is a new division no objectives were previously set	ARM and Rovuma completed airborne gravity survey as well as a review and reprocessing of previously completed survey data.	Assess targets through mapping and integration of data.
	The regional geological mapping programme was completed.	Commence resources definition drilling.
	Technical training and assessment workshops held and targets outlined.	Initiate and complete fatal flaw analysis and a conceptual development plan.
	Commenced reconnaissance drilling.	
		Identity suitable exploration projects for participation, with particular focus on PGMs, base metals, coal and manganese ore.

Review of the year

ARM is conscious of the need to ensure continued growth beyond the ore bodies that currently comprise its portfolio, and is in the process of implementing changes and a strategic review of its exploration strategy. This will ensure that the ARM Exploration's strategy focuses on identifying, exploring for, evaluating and acquiring mineral resource projects that have the ability to outline and define sustainable mineral resource for mine development.

ARM Exploration is a new division, and previously represented the Vale/ARM Joint Venture which was subsequently renamed ARM Copper.

ARM Exploration has established a large database of mining and exploration undertakings in Africa, focusing on platinum group metals, manganese ore, base metals and coal.

In July 2011 ARM signed an agreement with Rovuma Resources Limited (Rovuma), a British Virgin Island registered Mozambican exploration company. Rovuma has been exploring in Mozambique since 2007 and a number of occurrences of copper/zinc/silver/gold, nickel/copper/PGE, chromite/nickel and graphite mineralisation have been identified.

ARM agreed to continue with the second year of exploration (commencing April 2012) and to fund exploration at a cost of US$7 million per year. In terms of the agreement ARM has exclusive rights to exercise options to purchase prospecting and/or mining rights to the resources.

In Zambia, ARM Exploration has undertaken reconnaissance exploration work on prospective areas for high grade manganese mineralisation. Numerous targets have been identified and discussions with the rights holders have commenced.

The headline loss attributable to ARM in F2012 is R113 million (F2011: Rnil) and was largely due to the exploration costs in Rovuma.

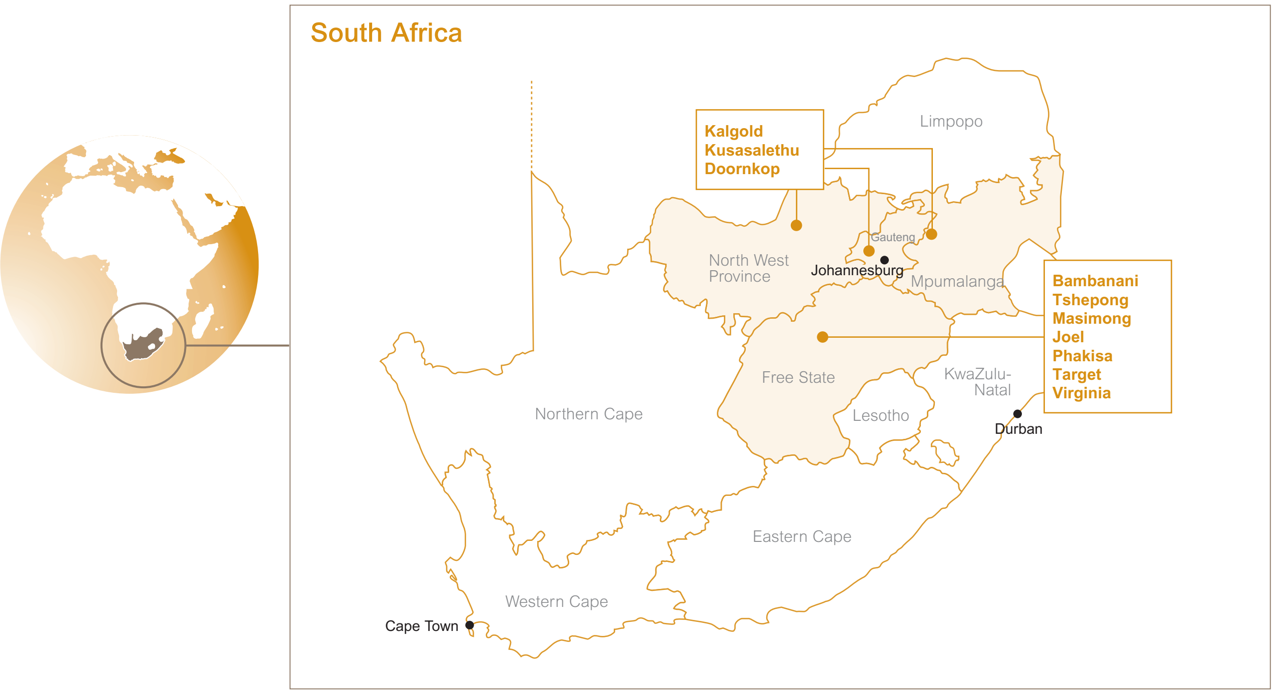
Rovuma Exploration Project

Exploration in the first year of ARM funding included the completion of airborne gravity surveys to further enhance the geological understanding of previously defined base metal mineralisation and provide drill targets. ARM and Rovuma have employed consulting geologists, geophysicists and geochemists with an international reputation to audit the exploration work previously undertaken by Rovuma and to undertake detailed geological/structural mapping. The rainy season (December to April) was used to process, integrate and interrogate the various survey data to provide the basis for the planned drilling programme which commenced in June 2012.

The prospective horizon has a strike of approximately 100 kilometres and four target cluster areas have been defined. Each target cluster comprises numerous identified areas of base metal mineralisation. A technical opportunity assessment process is currently underway and aims to prioritise 10 to 15 areas for drill testing during the field season of 2012.

Gold: Harmony

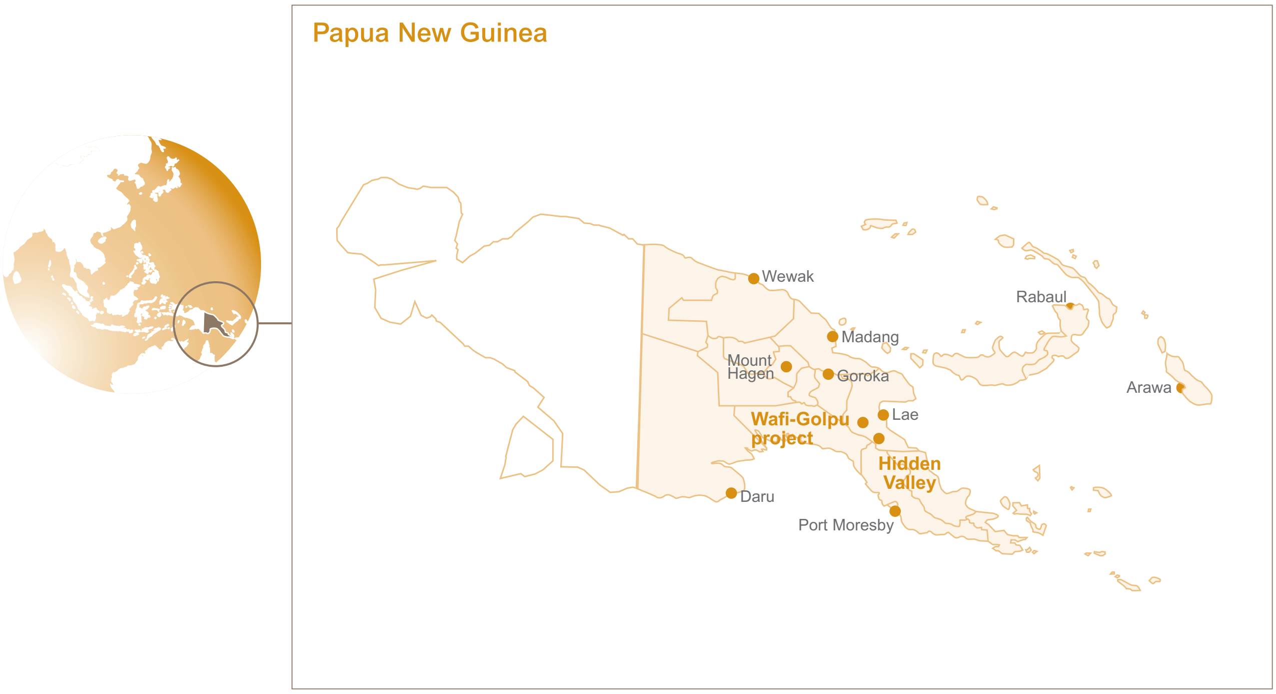
Geography and locality



Operational performance

		F2012	F2011
Gold produced	kg	**39 642**	40 535
	000oz	**1 275**	1 303
Operating costs	R/kg	**270 918**	226 667
	US$/oz	**1 085**	1 009
Financial performance			
Revenue[1]	R million	**15 169**	11 596
Production costs[1]	R million	**9 911**	8 504
Production profit[1]	R million	**5 258**	3 092
Net profit for the year (including discontinued operations)	R million	**2 645**	617
Total headline earnings per share (includes discontinued operations)	cents per share	**565**	223
Total capital expenditure	R million	**3 226**	3 134
Market performance			
Average gold price received	R/kg	**419 492**	307 875
	US$/oz	**1 680**	1 370
Market Capitalisation	R billion	**33.0**	38.7

1 Excludes discontinued operations.



Harmony Gold Mining Company Limited (Harmony)

Harmony operates and develops world class gold assets in South Africa. It has 10 underground mines, one open pit operation and several surface sources in South Africa. Harmony also has a 50% joint venture in Papua New Guinea (PNG) with Newcrest Mining Limited (Newcrest), which includes the Hidden Valley open pit mine, the Wafi-Golpu exploration project as well as other exploration properties. Harmony also has 100%-owned, PNG exploration areas. Harmony employs approximately 40 000 people including contractors.

Harmony's results for the 12 months to 30 June 2012 have proven that Harmony's management team has created a company that benefits from a rising South African rand gold price, while fulfilling the objective of geographic and currency diversification. Harmony has achieved its objective of ensuring the closure or disposal of the older, non-core assets in South Africa. As a result high cost operations have been removed from the portfolio, and what has emerged is a collection of world-class assets designed to build significant long-term shareholder value.

For the year ended 30 June 2012, Harmony increased its operating profit by 80% to R5.9 billion, compared to the R3.3 billion in the 2011 financial year. Gold production decreased marginally from 40 535 kg to 39 642 kg. Cash operating cost per kilogram of gold produced increased by 20% to R270 918/kg, while cash operating costs in US$/oz terms only increased by 8% to US$1 085/oz.

Harmony generated a net profit of R2.6 billion in F2012, which represents a four-fold increase on the R617 million recorded in F2011. Headline earnings and headline earnings per share more than doubled year-on-year, from R957 million to R2.4 billion and 223 cents to 551 cents, respectively.

Harmony continued to grow its asset base in line with the strategy of delivering safe, profitable and sustainable ounces. Significant steps towards this goal included:

- Ongoing investment in development at Phakisa, Kusasalethu, Doornkop, Tshepong and Hidden Valley mines, reaffirming the robust life-of-mine plans and reserves for these quality assets;
- Restructuring of Bambanani following the decision to halt mining in the sub-shaft, with activities on this mine now focused on developing the shaft pillar;
- Ongoing exploration in PNG, including tenements wholly owned by Harmony;
- Completion of the pre-feasibility study at Golpu PNG, where drilling results justify the long-held confidence that this project has the potential to change the company materially; and
- Continuing to create a new dynamic for junior gold miners in South Africa through the disposal of non-core assets: Rand Uranium Proprietary Limited was sold to Gold One International Limited for US$250 million (Harmony's share US$38 million) and Evander in the process of being sold to Pan African Resources for R1.5 billion. The proceeds will be available for further development of Wafi-Golpu, and the other important growth initiatives.

Harmony's gold equivalent gold reserves in South Africa and PNG as at 30 June 2012 totalled 52.9 million ounces, which represents a 31% annual increase. This is largely due to the increase in mineral reserves in PNG following the completion of the pre-feasibility study at Wafi-Golpu. Harmony's strategy to diversify internationally has significantly enhanced its value proposition with gold equivalent reserve ounces in PNG now representing 42% of Harmony's total reserves in comparison to 11% as at 30 June 2011. In South Africa, the mines in build-up phase represent 32% of Harmony's total gold equivalent mineral reserves. These mines, together with Wafi-Golpu, are the solid foundation on which Harmony will increase its future gold production, reserves and value.

The completion of the pre-feasibility study shows a substantial increase in the mineral reserve estimate for Golpu, which contains 12.4 million ounces of gold and 5.4 million tonnes of copper for 38.9 million gold equivalent ounces. Block caving is the mining method proposed, with two lifts to a depth of 1.45 km. Drilling beneath Lift 2 has returned high grade intersections and mineralisation remains open at depth. The development capital costs and resulting preliminary valuations demonstrate a sound business case that supports the updated reserve estimate associated with developing Lifts 1 and 2 at Golpu.

The Golpu Project will move into the feasibility study phase when the joint venture partners have completed the engagement with key stakeholders (including the PNG and provincial governments, landholders and community representatives) to ensure clear alignment of the objectives and requirements for the project's future development. Dependent on the final feasibility study, first production is expected in 2019 and the mine life is estimated at 26 years. Under the pre-feasibility study base case scenario annual production is forecast to reach 490 000 ounces of gold and 290 000 tonnes of copper during the period 2026 to 2035. The capital costs, which have been estimated to pre-feasibility study level, are being closely evaluated to assess what opportunities exist to further refine the numbers. It is anticipated that, subject to satisfactory resolution on these outstanding matters, Harmony and its joint venture partner will progress the Golpu project into the Feasibility Study phase during the first half of calendar 2013.

After declaring an interim dividend of 40 cents per share in February 2012, Harmony declared a final dividend of 50 cents per share for F2012 in August 2012 bringing the total dividend for F2012 to 90 cents per share. ARM has accounted for the interim dividend in its 2H F2012 results and will account for the final dividend in the first half of its 2013 financial year.

The ARM Statement of Financial Position at 30 June 2012 reflects a mark-to-market investment in Harmony of R4.9 billion which is based on a Harmony share price of R76.50 per share. 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 the ARM income statement on the last day of registration following dividend declaration. The investment reflected at market value in the statement of financial position represents approximately 14% of ARM's market capitalisation of R35.7 billion at 30 June 2012, which is consistent with the 14% as at 30 June 2011.

Harmony's full results for its financial year ended 30 June 2012 may be viewed on the company's website **www.harmony.co.za**

Harmony's Target 1 Mine

Mineral Resources and Mineral Reserves

Competent person's report on Mineral Resources and Mineral Reserves

The report is issued as the annual update of the 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 F2012

ARM Ferrous	
Khumani	Significant increase in King Measured and Indicated Resources from 376.46 to 481.18 million tonnes after drilling additional boreholes and remodelling.
Beeshoek	A total of 12.50 million tonnes on the contaminated ore dumps has been included in the Mine's Reserve inventory.
Nchwaning	Mineral Reserves increased by 4% to 110.34 million tonnes due to the increase in the mining cut from 3.5 to 4.5 metres for Nchwaning 3.
Gloria	The drilling of 27 new boreholes and remodelling of Seam 1 resulted in an increase of 37% in Mineral Reserves to 93.82 million tonnes.
Dwarsrivier	17% increase in Mineral Reserves to 39.15 million tonnes due to inclusion of 47 new boreholes in the Mineral Resources and Reserves update.
ARM Platinum	
Two Rivers	UG2 Inferred Mineral Resources were upgraded to Indicated category following re-interpretation of the geological structures in the north-western part of the Mine.
ARM Coal	
Goedgevonden	Production increased by 8% to 6.4 million tonnes.
ARM Copper	
Lubambe	Mineral Reserves of 9.34 million tonnes covering a three year plan area have been declared.

F2012 Mineral Resources/Reserves summary

	Mineral Resources (Measured and Indicated)		Mineral Reserves (Proved and Probable)		
Platinum	Mt	Grade (g/t)	Mt	Grade (g/t)	Moz
Two Rivers					
UG2	57.82	4.55(6E)	35.14	3.52(6E)	3.98(6E)
Merensky	38.16	3.17(6E)			
Modikwa*					
UG2	143.24	5.89(4E)	54.78	4.71(4E)	8.30(4E)
Merensky	72.00	2.78(4E)			
Nkomati	281.01	0.86(4E)	128.61	0.93(4E)	3.85(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.*

	Mineral Resources (Measured and Indicated)		Mineral Reserves (Proved and Probable)	
Nickel	Mt	Ni%	Mt	Ni%
Nkomati MMZ+PCMZ	281.01	0.34	128.61	0.32

	Mineral Resources (Measured and Indicated)			Mineral Reserves (Proved and Probable)		
Manganese	Mt	Mn%	Fe%	Mt	Mn%	Fe%
Nchwaning						
Seam 1	142.38	43.9	9.0	110.34	43.9	9.0
Seam 2	180.80	42.4	15.5			
Black Rock						
Seam 1	43.60	40.6	18.1			
Seam 2	26.81	38.6	19.8			
Gloria						
Seam 1	126.79	37.6	4.7	93.82	37.6	4.7
Seam 2	29.40	29.9	10.1			

	Mineral Resources (Measured and Indicated)		Mineral Reserves (Proved and Probable)	
Iron ore	Mt	Fe%	Mt	Fe%
Beeshoek	117.45	63.73	54.00	64.05
Dumps			12.50	55.44
Khumani				
Bruce	227.79	64.53	168.73	64.15
King	481.18	64.13	344.13	64.61
Dumps			1.76	56.22

	Mineral Resources (Measured and Indicated)		Mineral Reserves (Proved and Probable)	
Chromite	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Dwarsrivier	55.03	38.11	39.15	34.01
Nkomati	0.23	33.95	0.23	27.92

	Mineral Resources	Mineral Reserves	
	(Measured and Indicated)	Proved and Probable	Saleable
Coal	Mt	Mt	Mt
Goedgevonden	604.0	349.0	198.0

	Mineral Resources (Measured and Indicated)		Mineral Reserves (Proved and Probable)	
Copper	Mt	%TCu	Mt	%TCu
Lubambe	57.4	2.42	9.34*	2.33

* *Mineral Reserves based on a three year plan area.*

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 2012. External consulting firms audit the resources and reserves of the ARM operations on a three-to-four year cycle basis.

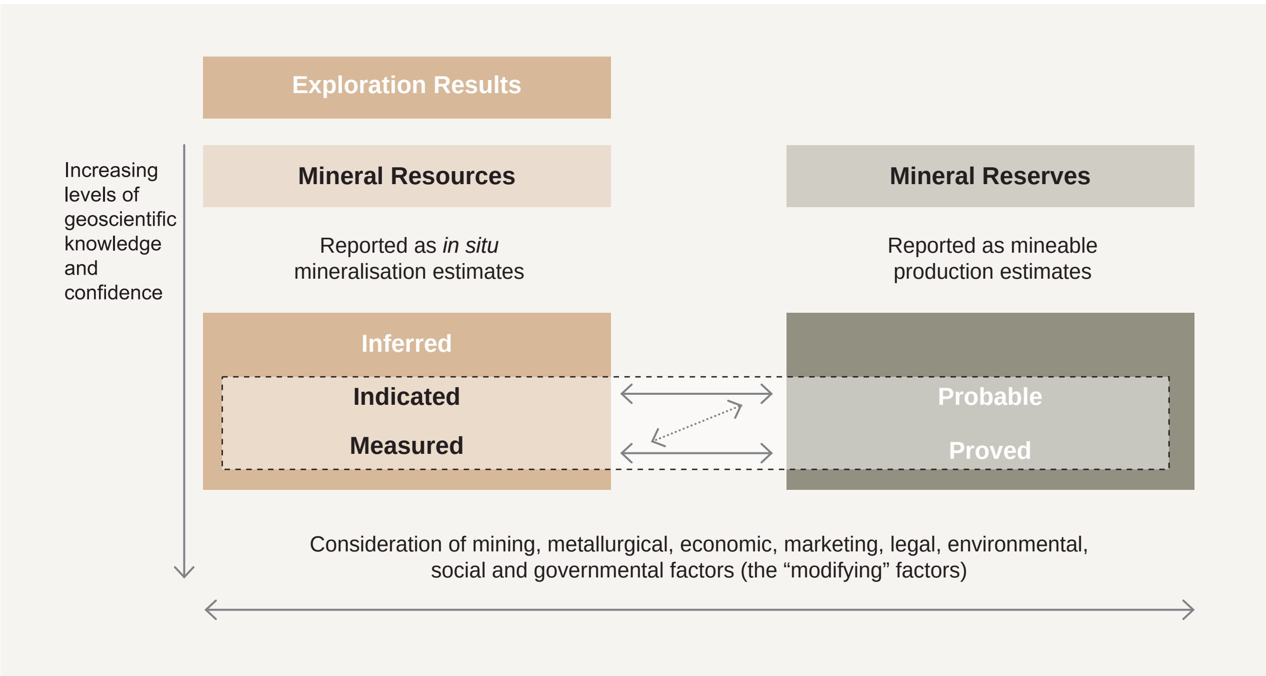
The classification into Measured, Indicated and Inferred Mineral Resources is done by means of geostatistical parameters such as kriging efficiency, kriging variance, slope of regression and a combination of the number of samples used and the dynamic search volume to inform a block. The spacing of boreholes as well as the geological structures are also considered in the classification.

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 interest 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



Two Rivers Platinum Mine silos and conveyors

Competence

The competent person with overall responsibility for the compilation of the Mineral Reserves and Resources 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
P D Haken	S.A.I.M.M	Copper

* *External consultants.*

P J van der Merwe
24 Impala Road, Chislehurston, Sandton

16 October 2012

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: Seam 1 Manganese Resources and Reserves

	Mineral Resources		
	Mt	Mn%	Fe%
Measured	42.89	45.8	9.4
Indicated	99.49	43.1	8.8
Total Resources (Seam 1) 2012	**142.38**	**43.9**	**9.0**
Total Resources (Seam 1) 2011	126.69	44.9	8.6

	Mineral Reserves		
	Mt	Mn%	Fe%
Proved	33.24	45.8	9.4
Probable	77.10	43.1	8.8
Total Reserves (Seam 1) 2012	**110.34**	**43.9**	**9.0**
Total Reserves (Seam 1) 2011	106.28	44.9	8.6

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

Nchwaning Seam 1 Mineral Resource Classification Map

Gloria Manganese Mine plant

Nchwaning Mine: Seam 2 Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	53.37	42.0	16.3
Indicated	127.43	42.6	15.2
Total Resources (Seam 2) 2012	**180.80**	**42.4**	**15.5**
Total Resources (Seam 2) 2011	180.80	42.4	15.5

Totals are rounded off.

Black Rock: Seam 1 Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	9.03	40.3	18.1
Indicated	34.57	40.7	18.1
Total Resources (Seam 1) 2012	**43.60**	**40.6**	**18.1**
Total Resources (Seam 1) 2011	43.60	40.6	18.1

Totals are rounded off.

Black Rock: Seam 2 Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	8.23	37.4	19.8
Indicated	18.58	39.2	19.8
Total Resources (Seam 2) 2012	**26.81**	**38.6**	**19.8**
Total Resources (Seam 2) 2011	26.81	38.6	19.8

Totals are rounded off.

Parsons plant, Khumani Iron Ore Mine

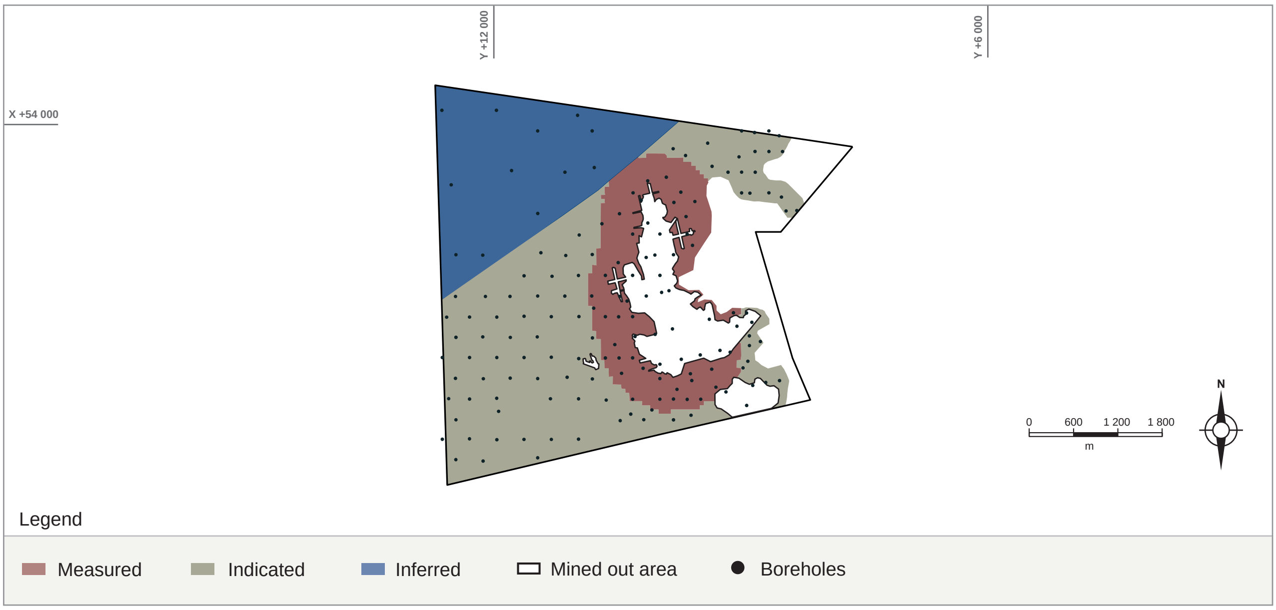
Gloria Mine: Seam 1 Manganese Resources and Reserves

	Mineral Resources		
	Mt	Mn%	Fe%
Measured	33.92	37.7	4.9
Indicated	92.87	37.6	4.6
Total Resources (Seam 1) 2012	**126.79**	**37.6**	**4.7**
Total Resources (Seam 1) 2011	92.23	37.8	4.9
Inferred 2012	48.49	36.7	5.0

	Mineral Reserves		
	Mt	Mn%	Fe%
Proved	25.10	37.7	4.9
Probable	68.72	37.6	4.6
Total Reserves (Seam 1) 2012	**93.82**	**37.6**	**4.7**
Total Reserves (Seam 1) 2011	68.25	37.8	4.9

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

Gloria Seam 1 Mineral Resource Classification Map



Gloria Mine: Seam 2 Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured			
Indicated	29.40	29.9	10.1
Total Resources (Seam 2) 2012	**29.40**	**29.9**	**10.1**
Total Resources (Seam 2) 2011	29.40	29.9	10.1
Inferred 2012	128.24		

Totals are rounded off.

Iron Ore Mines

Beeshoek Iron Ore Mine: Resources and Reserves

Pit/Area	Measured Resources Mt	Measured Resources Fe%	Indicated Resources Mt	Indicated Resources Fe%	Inferred Resources Mt	Inferred Resources Fe%	Total Resources Measured + Indicated Mt	Total Resources Measured + Indicated Fe%	Proved Reserves Mt	Proved Reserves Fe%	Probable Reserves Mt	Probable Reserves Fe%	Total Reserves Mt	Total Reserves Fe%
BN	22.44	63.30					22.44	63.30	12.79	63.53			12.79	63.53
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	2.69	64.93	0.05	65.03			2.74	64.93						
West Pit	9.45	63.19			0.050	61.88	9.45	63.19						
Detrital*					2.500	60.00								
Total 2012	**114.06**	**63.73**	**3.39**	**63.55**	**2.553**	**60.04**	**117.45**	**63.73**	**53.99**	**64.05**	**0.01**	**63.64**	**54.00**	**64.05**
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

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Economic pit design, customer product specifications.
* *Detrital is loose fragmented material occurring in various areas at Beeshoek.*

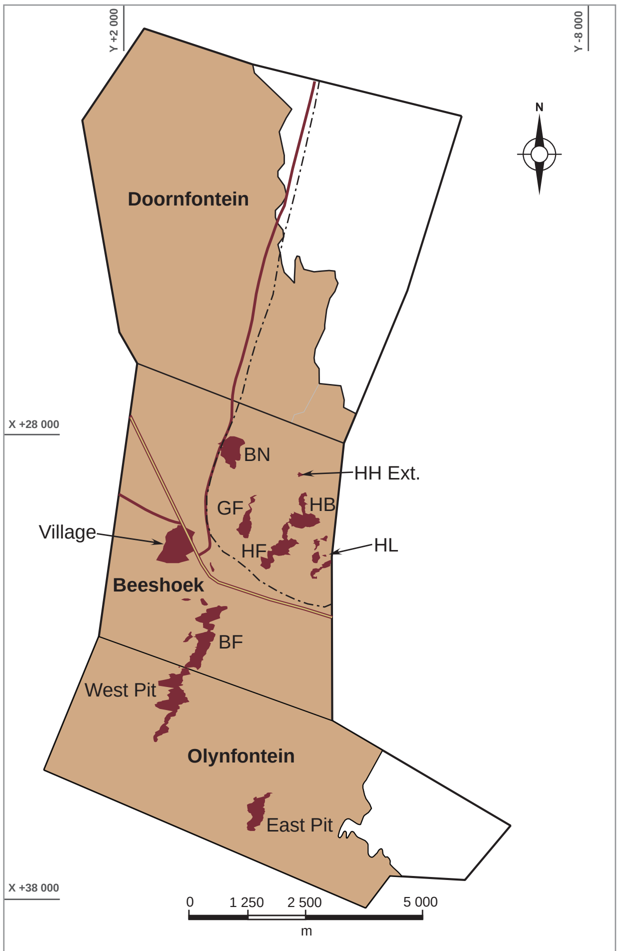
Beeshoek ROM Dumps

Area	Probable Reserves Mt	Probable Reserves Fe%	Total Reserves Mt	Total Reserves Fe%
North Mine (B Dump)	0.60	60.00	0.60	60.00
North Mine (C Dump)	2.10	55.00	2.10	55.00
South Mine (B Dump)	0.50	60.00	0.50	60.00
South Mine (C Dump)	9.30	55.00	9.30	55.00
Total 2012 Dumps*	**12.50**	**55.44**	**12.50**	**55.44**

Totals are rounded off.
* *Dumps are beneficiated to produce a saleable product.*

Beeshoek Iron Ore Mine

Beeshoek Orebody Locality Map



Legend

Orebody outlines

Khumani Iron Ore Mine: Resources and Reserves

Pit/Area	Measured Resources Mt	Measured Resources Fe%	Indicated Resources Mt	Indicated Resources Fe%	Inferred Resources Mt	Inferred Resources Fe%	Total Resources Measured + Indicated Mt	Total Resources Measured + Indicated Fe%	Proved Reserves Mt	Proved Reserves Fe%	Probable Reserves Mt	Probable Reserves Fe%	Total Reserves Mt	Total Reserves Fe%
Bruce A	79.79	64.63	36.72	64.36	0.07	64.11	116.51	64.54	64.83	64.36	26.95	63.76	91.78	64.18
Bruce B	74.73	64.50	20.60	63.90	7.79	64.95	95.33	64.37	59.08	64.17	9.38	63.15	68.46	64.03
Bruce C	11.35	65.40	4.60	65.54	0.30	62.88	15.95	65.44	7.66	64.78	0.83	64.95	8.49	64.80
King/Mokaning	311.03	64.40	170.15	63.65	11.70	62.18	481.18	64.13	202.93	64.72	141.20	64.44	344.13	64.61
Detrital*					4.00	60.00								
Total 2012	**476.90**	**64.48**	**232.07**	**63.82**	**23.86**	**62.73**	**708.97**	**64.26**	**334.50**	**64.55**	**178.36**	**64.27**	**512.86**	**64.46**
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

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Economic pit design, customer product specifications.
** Detrital is loose fragmented material occurring in various areas at Khumani.*

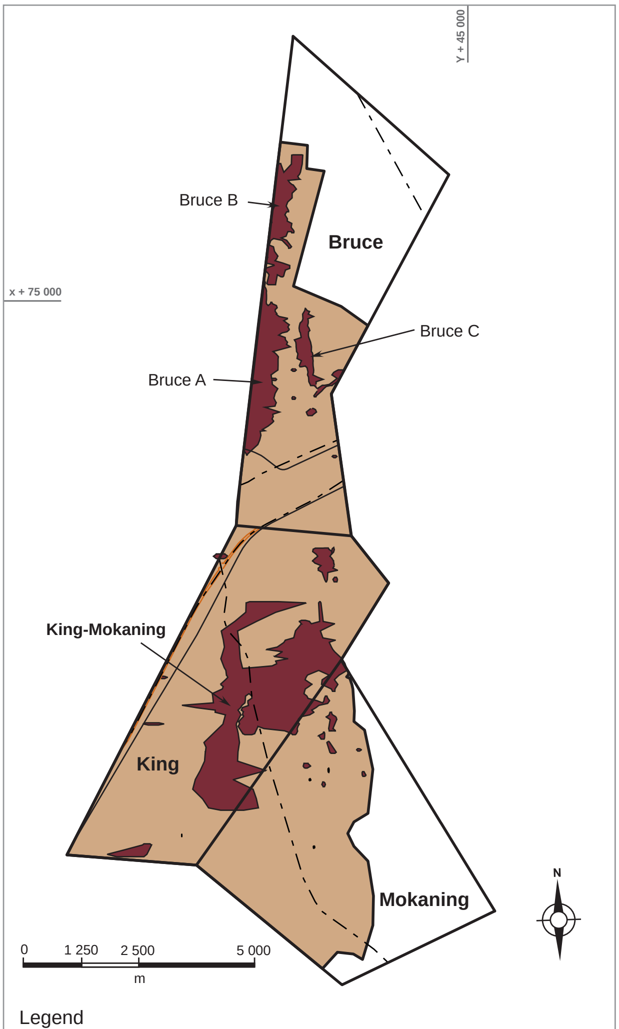
Khumani ROM Dumps

Area	Probable Reserves Mt	Probable Reserves Fe%	Total Reserves Mt	Total Reserves Fe%
Bruce (Off-grade)	1.33	55.00	1.33	55.00
King (Detrital)	0.43	60.00	0.43	60.00
Total 2012 Dumps*	**1.76**	**56.22**	**1.76**	**56.22**

Totals are rounded off.
** Dumps are beneficiated to produce a saleable product.*

Load-out stackers, Khumani Iron Ore Mine

Khumani Orebody Locality Map



Legend
Orebody outlines

Chromite Mine

Dwarsrivier Chrome Mine: Chrome Resources and Reserves

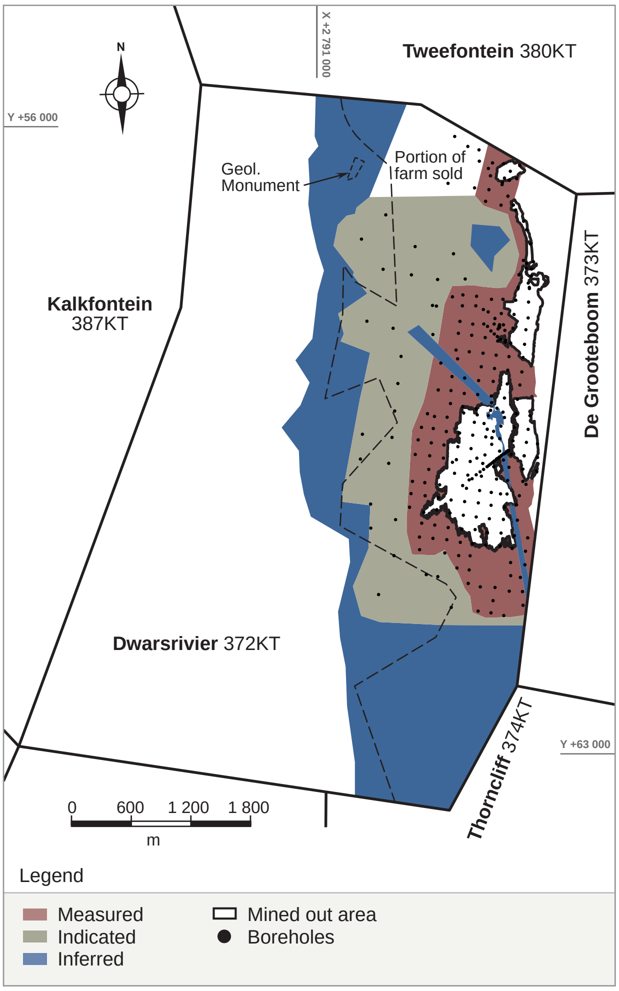
	Mineral Resources		
	Mt	Cr_2O_3%	FeO%
Measured	20.43	38.45	22.62
Indicated	34.60	37.91	22.50
Total Measured and Indicated 2012	**55.03**	**38.11**	**22.54**
Total Measured and Indicated 2011	48.77	39.05	23.03
Inferred	48.17	38.35	22.96

	Mineral Reserves		
	Mt	Cr_2O_3%	FeO%
Proved	12.99	33.79	21.15
Probable	26.16	34.12	21.33
Total Reserves 2012	**39.15**	**34.01**	**21.27**
Total reserves 2011	33.44	35.69	22.03

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

Dwarsrivier Chrome Mine

Dwarsrivier Mineral Resource Classification Map



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)					
	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3 %	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3 %	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3 %	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3 %
Underground Mine MMZ (Cut-off 0.30% Ni)	6.42	0.58	0.23	0.03	1.18		43.54	0.48	0.21	0.03	1.08		1.84	0.36	0.24	0.02	0.80		49.96	0.49	0.21	0.03	1.09	
Underground Mine PCMZ (Cut-off 0.30% Ni)	2.27	0.36	0.12	0.02	0.83	13.96	26.91	0.38	0.13	0.02	0.83	9.75	52.14	0.37	0.12	0.02	0.90	11.06	29.18	0.38	0.13	0.02	0.83	10.08
Open Pit MMZ Pit 3 (Cut-off 0.16% Ni)	22.26	0.41	0.18	0.02	1.00		67.60	0.37	0.17	0.02	0.94								89.86	0.38	0.17	0.02	0.95	
Open Pit PCMZ Pit 3 (Cut-off 0.16% Ni)	16.01	0.27	0.08	0.01	0.80	12.95	96.00	0.22	0.07	0.01	0.66	13.80							112.01	0.23	0.07	0.01	0.68	13.68
Total 2012 Mineral Resources	**46.96**	**0.38**	**0.15**	**0.02**	**0.95**		**234.05**	**0.33**	**0.13**	**0.02**	**0.84**		**53.98**	**0.37**	**0.12**	**0.02**	**0.90**		**281.01**	**0.34**	**0.13**	**0.02**	**0.86**	
Total 2011 Mineral Resources	52.99	0.37	0.13	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	

***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				
	Mt	Ni%	Cu%	Co%	4E g/t	Mt	Ni%	Cu%	Co%	4E g/t	Mt	Ni%	Cu%	Co%	4E g/t
Underground Mine MMZ (underground) Cut-off 0.35% Ni						11.16	0.46	0.21	0.03	1.17	11.16	0.46	0.21	0.03	1.17
Open Pit MMZ Pits 3 (Cut-off 0.16% Ni)	19.72	0.39	0.17	0.02	0.98	42.22	0.34	0.17	0.02	0.93	61.94	0.36	0.17	0.02	0.95
PCMZ Pits 3 (Cut-off 0.16% Ni)	14.60	0.27	0.08	0.01	0.79	40.91	0.23	0.07	0.01	0.89	55.51	0.24	0.07	0.01	0.86
Total 2012 Mineral Reserve	**34.32**	**0.34**	**0.13**	**0.02**	**0.90**	**94.29**	**0.31**	**0.13**	**0.02**	**0.94**	**128.61**	**0.32**	**0.13**	**0.02**	**0.93**
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

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

Oxidised Massive Chromitite Resources

	Measured Resources		Indicated Resources		Inferred Resources		Total Resources (Measured and Indicated)	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2012 Chromitite Resources (Cut-off 20% Cr_2O_3)	**0.23**	**33.95**					**0.23**	**33.95**
Total 2011 Chromitite Resources (Cut-off 20% Cr_2O_3)	1.43	31.59					1.43	31.59

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

Oxidised Chromititic Peridotite (PCR) Resources

	Measured Resources		Indicated Resources		Inferred Resources	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2012 Oxidised PCR Pit 3					**0.41**	**16.58**
Total 2011 Oxidised PCR					0.80	15.70

Oxidised Massive Chromitite Reserves

	Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2012 Chromitite Reserves (Cut-off 20% Cr_2O_3)	**0.23**	**27.92**			**0.23**	**27.92**
Total 2011 Chromitite Reserves (Cut-off 20% Cr_2O_3)	1.16	27.57			1.16	27.57

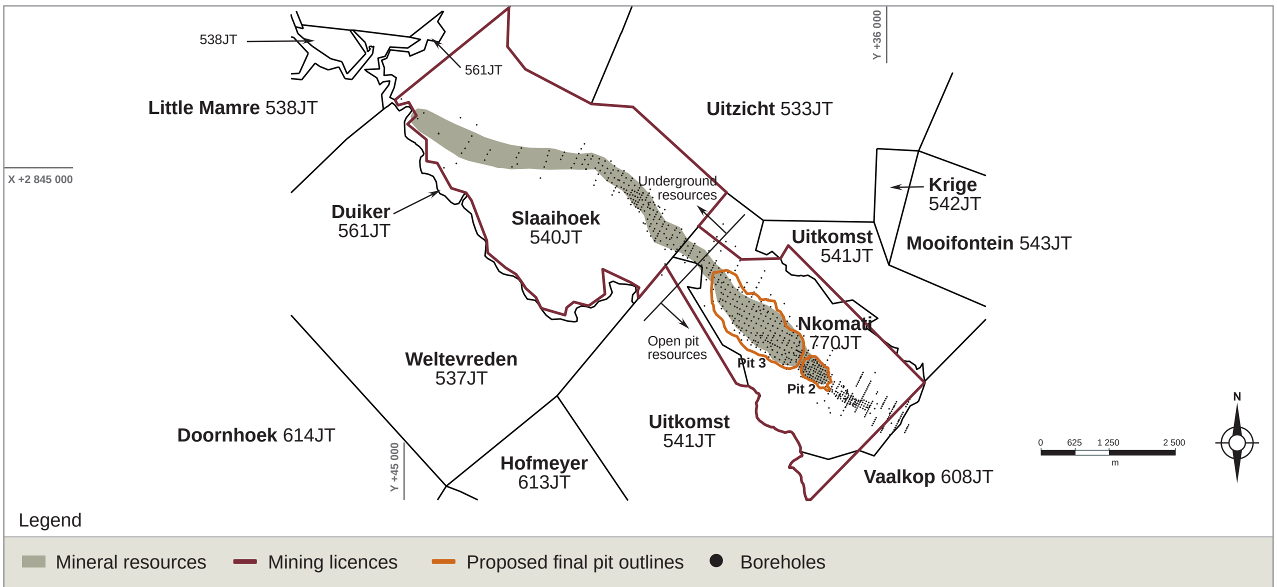
Totals are rounded off.
Modifying factors: Economic pit design, mining losses, mining dilution, metallurgical, geotechnical.

Chromite Stockpile Reserves

	Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
PCR stockpile	2.16	19.20			2.16	19.20
ROM Chromite stockpile	0.21	35.43			0.21	35.43
Chromite fines stockpile	0.04	28.85			0.04	28.85
2012 Total stockpiles Reserves	**2.41**	**20.77**			**2.41**	**20.77**
2011 Total stockpiles Reserves	2.02	20.54			2.02	20.54

Totals are rounded off.

Nkomati Mine Mineral Resource Locality Map



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)								
Mineral Resources	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Measured	12.53	2.56	1.45	0.48	0.04	4.54	5.45	1.03	2.20
Indicated	45.29	1.99	1.19	0.37	0.04	3.58	4.30	2.89	6.26
Total (Measured and Indicated) 2012	**57.82**	**2.11**	**1.24**	**0.40**	**0.04**	**3.79**	**4.55**	**3.92**	**8.45**
Total (Measured and Indicated) 2011	59.33	2.13	1.26	0.40	0.04	3.82	4.58	4.06	8.73

__4E__ = platinum + palladium + rhodium + gold; __6E__ = platinum + palladium + rhodium + iridium + ruthenium + gold.
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

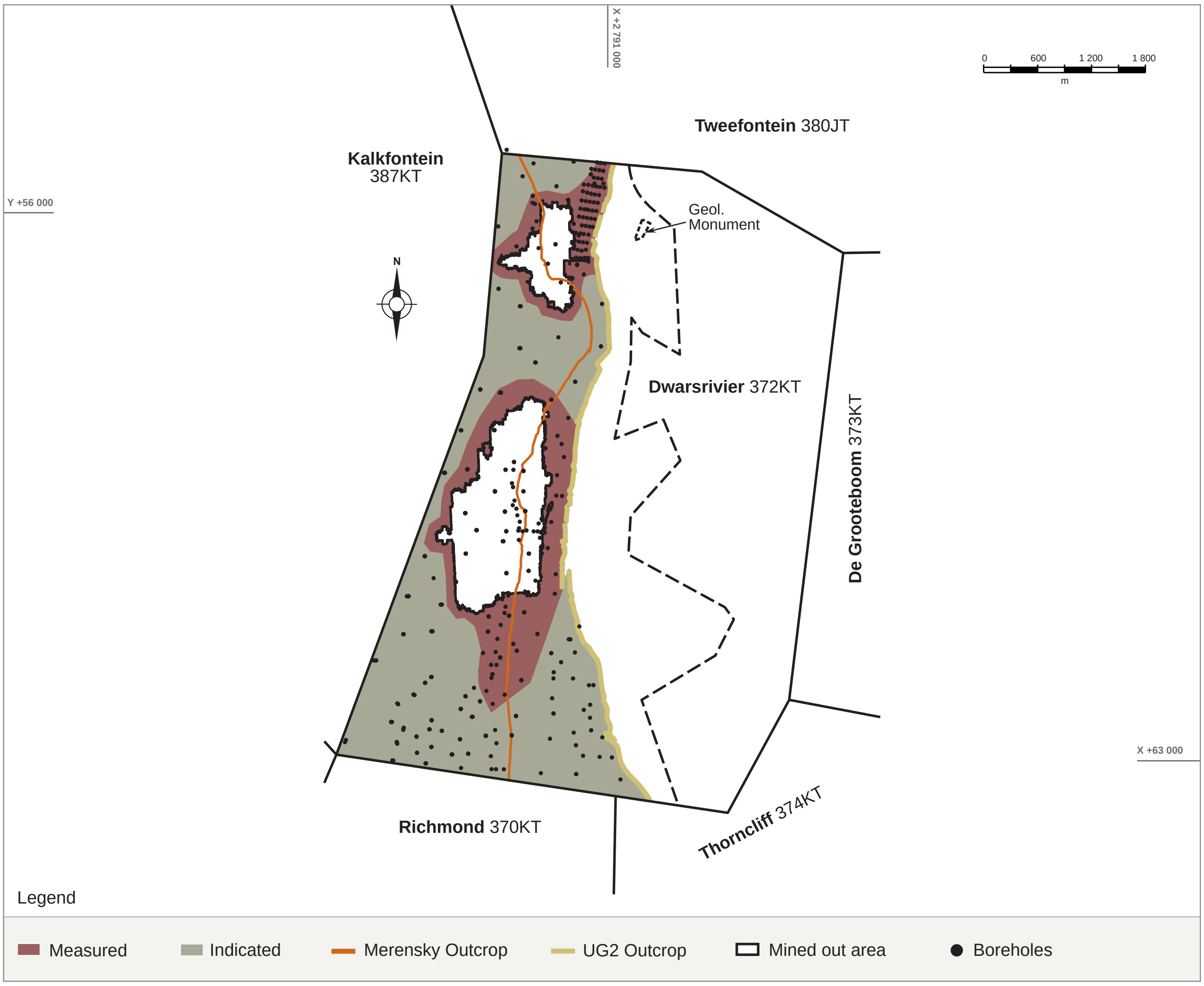
UG2 Mineral Reserves

	(UG2 + Internal Pyroxenite)								
Mineral Reserves	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Proved	7.99	1.88	1.02	0.36	0.03	3.29	3.95	0.48	1.02
Probable	27.15	1.58	0.92	0.30	0.03	2.82	3.40	1.38	2.96
Total Reserves 2012	**35.14**	**1.65**	**0.94**	**0.31**	**0.03**	**2.93**	**3.52**	**1.86**	**3.98**
Total Reserves 2011	39.03	1.64	0.95	0.32	0.03	2.95	3.54	2.06	4.44

__4E__ = platinum + palladium + rhodium + gold; __6E__ = platinum + palladium + rhodium + iridium + ruthenium + gold.
Totals are rounded off.
Modifying factors: Mining losses, mining dilution, metallurgical and geotechnical.

Main portal underground ore pass to conveyor station, Two Rivers Platinum Mine

Two Rivers Mine UG2 Resource Classification Map



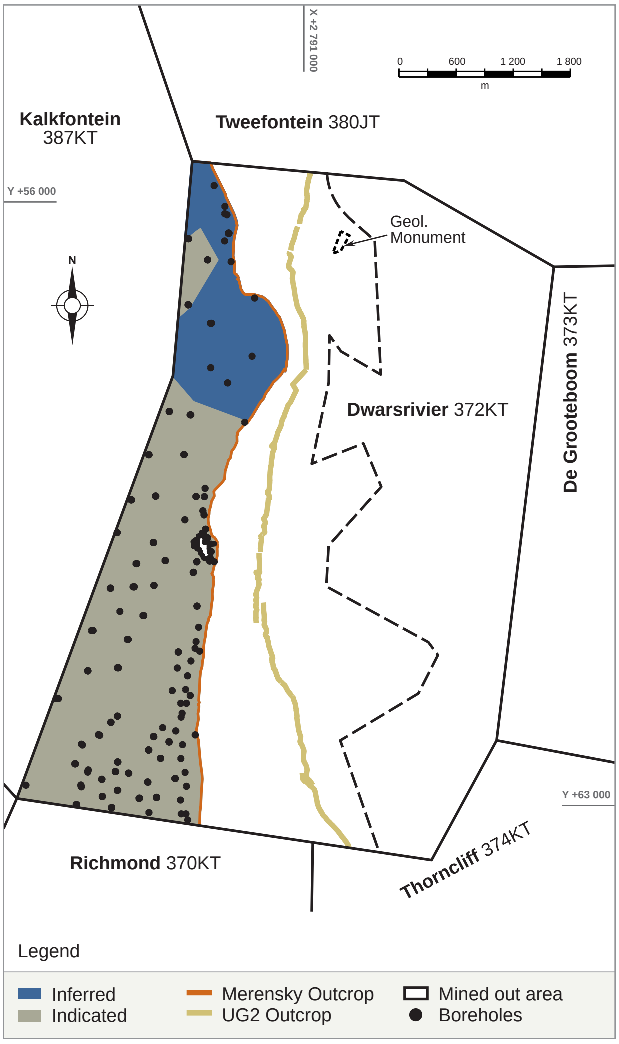
Merensky portal, Two Rivers Platinum Mine

Merensky Reef Mineral Resources

Mineral Resources	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Measured									
Indicated	38.16	1.73	0.96	0.10	0.20	2.98	3.17	2.12	3.89
Total (Measured and Indicated) 2012	**38.16**	**1.73**	**0.96**	**0.10**	**0.20**	**2.98**	**3.17**	**2.12**	**3.89**
Total (Measured and Indicated) 2011	38.36	1.73	0.96	0.10	0.20	2.98	3.17	2.13	3.91
Inferred 2012	10.39	1.64	0.88	0.11	0.18	2.81	2.99	0.55	1.00

__4E__ = platinum + palladium + rhodium + gold; __6E__ = platinum + palladium + rhodium + iridium + ruthenium + gold.
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

Two Rivers Mine Merensky Resource Classification Map



Underground workshops, Two Rivers Platinum Mine

Modikwa Platinum Mine

ARM's attributable beneficial interest in Modikwa's operations is 41.5%, 8.5% is held by the Modikwa Communities and 50% is held by Anglo American Platinum.

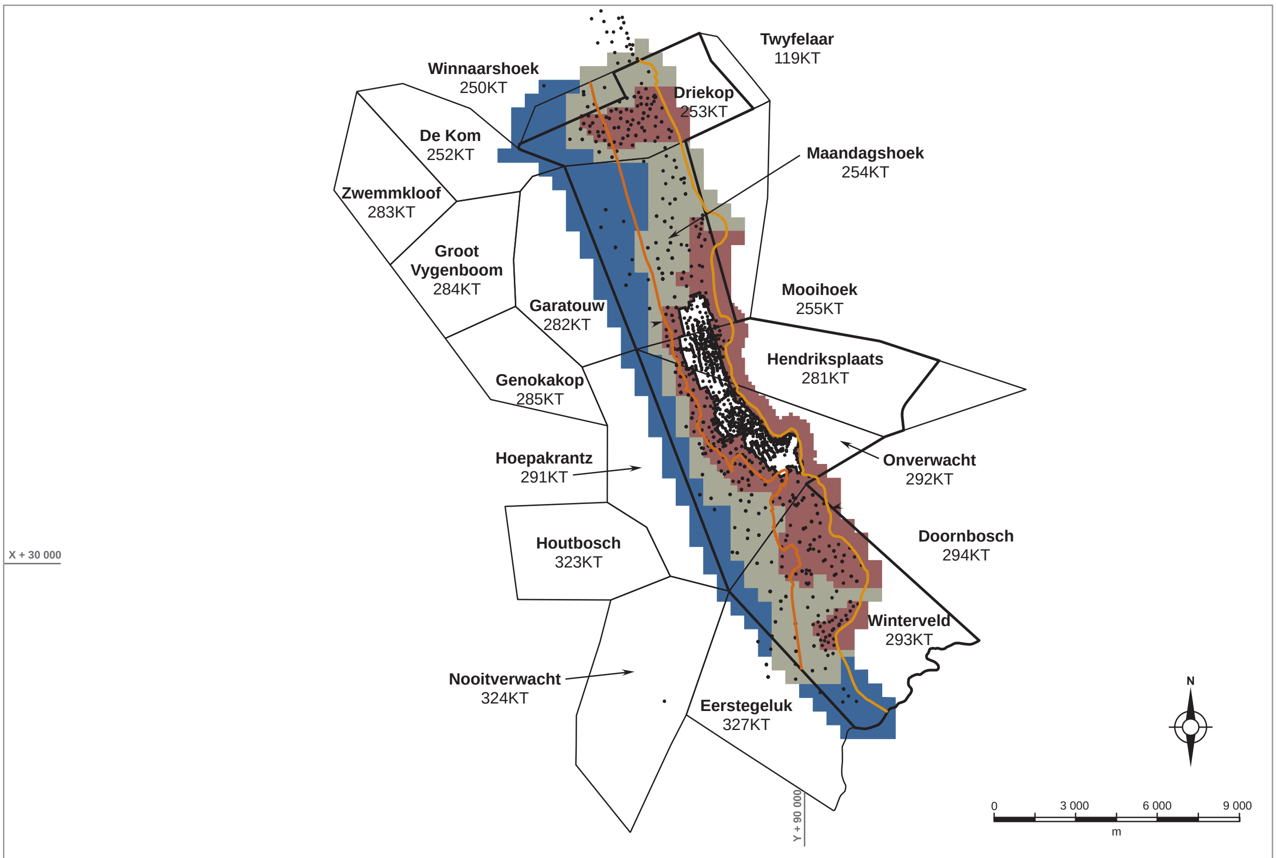
UG2 Mineral Resources and Reserves

	Mineral Resources		
	Mt	4E g/t	4E Moz
Measured	50.98	5.90	9.67
Indicated	92.26	5.89	17.47
Total Measured and Indicated 2012	**143.24**	**5.89**	**27.14**
Total Measured and Indicated 2011	141.20	5.89	26.70
Inferred 2012	76.33	6.19	15.20

	Mineral Reserves		
	Mt	4E g/t	4E Moz
Proved	17.61	4.76	2.70
Probable	37.17	4.69	5.60
Total Reserves 2012	**54.78**	**4.71**	**8.30**
Total Reserves 2011	55.43	4.86	8.65

4E *= platinum + palladium + rhodium + gold.*
Mineral Resources are exclusive of Reserves.
Totals are rounded off.

Modikwa Mine UG2 Resource Classification Map



Legend

Measured | Indicated | Inferred | UG2 Outcrop | Merensky Outcrop | Mined out area | ● Boreholes

Merensky Reef Mineral Resources

	Mineral Resources		
	Mt	4E g/t	4E Moz
Measured	17.95	2.94	1.70
Indicated	54.05	2.73	4.74
Total Measured and Indicated 2012	**72.00**	**2.78**	**6.44**
Total Measured and Indicated 2011	72.00	2.78	6.44
Inferred 2012	136.84	2.65	11.66

__4E__ = platinum + palladium + rhodium + gold.
Totals are rounded off.

Goedgevonden Coal Mine

Kalplats Platinum Projects

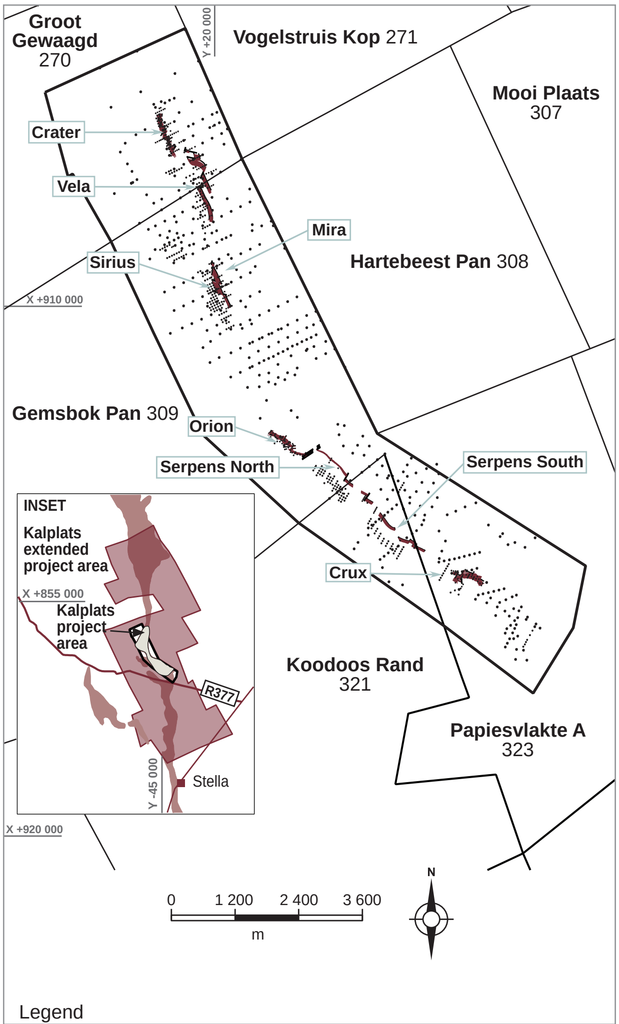
Kalplats PGM Project – ARM Platinum's attributable beneficial interest is currently 78%. Platinum Australia Limited (PLA) holds 12% and Anglo American Prospecting Services 10%.

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 2012	**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 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

__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 mineralised width for all seven layers.
Cut off grade of 0.5 g/t 3E has been applied.

Kalplats Platinum Projects Deposits Locality Map




Modikwa South 2 twin boom drill rig

ARM Coal

Goedgevonden Coal Mine

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

Goedgevonden Resources and Reserves

	Measured Mt	Indicated Mt	Measured and Indicated Mt	Proved Mt	Probable Mt	Total Reserves Mt	Saleable Mt
Total 2012	**580.0**	**24.0**	**604.0**	**273.0**	**76.0**	**349.0**	**198.0**
Total 2011	566.6	41.4	608.0	357.7	6.1	363.8	206.2

ARM Copper

The Lubambe Copper Project

ARM's attributable beneficial interest in the Lubambe Copper Project is 40%. Vale owns 40% of the project and ZCCM-IH 20%.

The Lubambe Copper Project Mineral Resources

Mineral Resources	Mt	%TCu	Mt Contained Cu
Measured South Limb Indicated South Limb	1.1 35.7	2.48 2.32	0.03 0.83
Total South Limb	**36.8**	**2.32**	**0.86**
Measured East Limb Indicated East Limb	4.0 16.6	2.64 2.58	0.11 0.43
Total East Limb	**20.6**	**2.59**	**0.53**
Total Measured and Indicated 2012 Total Measured and Indicated 2011	**57.4** 57.4	**2.42** 2.42	**1.39** 1.39
Inferred South and East Limb Inferred Area A	23.9 219.5	2.23 2.64	

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

The Lubambe Copper Project Mineral Reserves

Mineral Reserves	Mt	%TCu	Mt Contained Cu
Proved South Limb Probable South Limb	0.76 1.99	2.49 2.11	0.02 0.04
Total Reserves South Limb	**2.75**	**2.22**	**0.06**
Proved East Limb Probable East Limb	1.88 4.71	2.34 2.39	0.04 0.11
Total Reserves East Limb	**6.59**	**2.38**	**0.16**
Total Reserves 2012 Total Reserves 2011	**9.34**	**2.33**	**0.22**

Totals are rounded off.
Modifying factors: Mining losses, mining dilution and metallurgical.
The Mineral Reserves cover a 3 Year Plan Area.

Gold: Harmony

ARM owns 14.7% 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.

Nkomati Mine

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. Save for the exceptions noted in this report, ARM applies the principles set out in the King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III), which came into effect for JSE-listed companies for financial years ending after 1 March 2011. ARM complies with additional good governance principles, which qualified the Company for inclusion in the JSE's Socially Responsible Investment Index in 2011.

As more fully described under the heading "Ethics" on page 135 of this Corporate Governance report, all the Directors and employees are required to maintain high standards of integrity and ethical behaviour.

ARM's business practices are conducted in good faith, in the interests of the Company and all its stakeholders, with due observance of the principles of good corporate governance.

The unitary 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 divisional Chief Executives 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 promulgated thereunder (the Companies Act) came into effect on 1 May 2011. The Board is committed to the implementation of the new Companies Act. Accordingly, in 2012 the Company commenced a programme to achieve compliance with the new requirements imposed upon the Company.

Other matters are being addressed within the transition periods set out in the Companies Act, such as the recommendation to adopt a new Memorandum of Incorporation, to replace the Memorandum and Articles of Association of the Company, which has been included in the Notice of Annual General Meeting on page 249.

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

- The Code of Ethics was revised by the Board in June 2011 and renamed the Code of Conduct. An online Code of Conduct training programme was rolled out in 2012.
- The annual evaluation of the independent status of the Directors is conducted in accordance with King III standards and JSE Listings Requirements criteria.
- The Company prepared a comprehensive Sustainability Report for F2011, which was independently assured at a moderate (Type II) level of assurance in terms of the AccountAbility AA1000AS (2008) Standard.

- A Combined Assurance Model for ARM has been developed and is being implemented. The model is being rolled out to the divisions.
- An Information Technology (IT) Governance Framework and Charter as well as the IT Strategy were approved by the Board in August 2012.
- A Legal Compliance and Regulatory Policy was adopted by the Company.
- A Sustainability Model has been developed and is revised continually to take account of legislative and other changes and best practice.
- In addition to the stakeholder communication policy included in the Code of Conduct, the development of a more comprehensive stakeholder communication/engagement policy is in progress. The Company has an Executive Director: Corporate Affairs and an Executive: Business Development and Investor Relations and has appointed a Senior Executive: Corporate Affairs for ARM.

King III Checklist	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 and development 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	✓		
An agreed governance framework between ARM and the boards of its subsidiaries 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 by a non-binding advisory vote	✓		
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	✓		

King III Checklist	Apply	Partially apply	Under review/do not apply
Audit and Risk Committee			
Effective and independent	✓		
Suitably skilled and experienced Independent Non-executive Directors	✓		
Chaired by an Independent Non-executive Director	✓		
Oversees integrated reporting		✓[2]	
A combined assurance model is applied to improve efficiency in assurance activities		✓[3]	
Satisfies itself of the expertise, resources and experience of the Company's finance function	✓		
Oversees the internal audit	✓		
Integral to the risk management process	✓		
Recommending the appointment of the external auditor	✓		
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 and considers adherence to non-binding rules, codes and standards	✓		
The Board, and each individual Director, has 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 shareholders	✓		
Transparent and effective communication with stakeholders	✓		
Disputes are resolved effectively, efficiently and expeditiously	✓		
The governance of information technology (IT)			
The Board is responsible for IT governance	✓[4]		
IT is aligned with the performance and sustainability objectives of the Company	✓		
Management is responsible for the implementation of an IT governance framework	✓[5]		
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	✓		

King III Checklist	Apply	Partially apply	Under review/do not apply
The Audit and Risk 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	✓[2]		
Sustainability reporting and disclosure is integrated with the Company's financial reporting	✓[2]		
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 125 of the 2012 Integrated Annual Report.*
2. *The Audit and Risk Committee has had oversight of the preparation of this Integrated Annual Report.*
3. *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 136 to 138 of the 2012 Integrated Annual Report.*
4. *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 and Risk Committee and has a line function reporting to a divisional chief executive. With the assistance of the Company's internal auditors, an IT Governance Framework with processes, procedures and structures was developed by the Company and approved by the Board. The Company's external auditors are assisting the Audit and Risk Committee with determining its responsibilities in assisting the Board with IT governance.*
5. *Management is responsible for the implementation of IT governance. The role of existing management structures, such as the IT steering committee, is being formalised.*

Comment from Integrated Reporting & Assurance Services (IRAS):
IRAS 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 one was a 'Not Apply', and two were 'Partially Apply', with all three accompanied by reasonable explanations.

For more information, go to the assurance statement within the 2012 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Board composition

ARM has a unitary Board comprising 14 Directors of whom nine are Independent Non-executive Directors and five are Executive Directors.

Curricula vitae of the Board members are provided on pages 150 and 151.

Of the Company's 14 Directors, six Directors, or 43%, are black Directors. Two Directors, or 14%, are black female Directors.

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

1 *Appointed an Executive Director on 1 September 2011 and Chief Executive Officer on 1 March 2012.*
2 *Lead Independent Non-executive Director.*
3 *Ceased to be the Chief Executive Officer on 1 March 2012. Remains an Executive Director.*

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

The classification of Independent 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 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 on 1 August 2012 became an Independent Non-executive Director. Non-executive Directors are not considered independent if they were executives of the Company or a subsidiary within the preceding three financial years.

The independence of Mr Chissano, who receives consultancy 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 the Executive Chairman and the 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 40.84% of the Company's share capital as at 30 June 2012. 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 2012. The Chief Executive Officer is appointed by the Board.

Board Charter

The Board Charter, which was approved in May 2009, was amended 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.

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;
- 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 and Risk 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 in respect 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. The Board agreed to postpone a detailed review of the Board Charter until the Company's new Memorandum of Incorporation had been presented to and approved by shareholders.

Election, induction, succession and assessment

Election

The Articles of Association 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, 7 December 2012, together with the years when the Directors who are not standing for re-election in 2012 are required to retire and may stand for re-election.

Executive Directors: Appointment and re-election dates*

	Date first appointed to the Board	Due for re-election in 2012**
P T Motsepe (Executive Chairman)	5 May 2003	✓
M P Schmidt (Chief Executive Officer)	1 September 2011	–
M Arnold	1 August 2009	–
W M Gule	1 December 2004	–
K S Mashalane***	9 May 2006	n/a
L A Shiels***	20 February 2008	n/a
J C Steenkamp***	12 May 2003	n/a
A J Wilkens	26 October 2004	✓

* *In terms of the Company's Articles of Association, one-third of all 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.*

** *Should the proposed new Memorandum of Incorporation be adopted by shareholders at the December 2012 Annual General Meeting, Executive Directors will no longer be required to retire by rotation, in accordance with Schedule 10 of the JSE Listings Requirements.*

*** *Ceased to be Executive Directors with effect from 1 June 2012, but remain as senior executives of the Company.*

Non-executive Directors: Appointment and re-election dates*

	Date first appointed to the Board	Due for re-election in 2012**
Dr M M M Bakane-Tuoane (Lead Independent Non-executive Director)	30 April 2004	–
F Abbott	30 April 2004	–
T A Boardman	1 February 2011	–
A D Botha	1 August 2009	✓
J A Chissano	21 April 2005	✓
M W King	30 April 2004	–
A K Maditsi	30 April 2004	✓
Dr R V Simelane	30 April 2004	–
Z B Swanepoel	5 May 2003	–

* *In terms of the Company's Articles of Association, one-third of all 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.*

** *Should the proposed new Memorandum of Incorporation be adopted by shareholders at the December 2012 Annual General Meeting, only Non-executive Directors will be required to retire by rotation, in accordance with the JSE Listings Requirements.*

Messrs P T Motsepe, A D Botha, J A Chissano, A K Maditsi and A J Wilkens are required to retire by rotation. They 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.

The Nomination Committee evaluates nominees and, taking into account past performance and contribution made, recommends such nominees to the Board for recommendation to shareholders for election and re-election at Annual General Meetings of shareholders, as the case may be.

The Directors' *curricula vitae* may be found on pages 150 and 151.

Induction and continuing education

All newly appointed Directors receive a comprehensive information pack, including the Articles of Association, 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 information 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 of the Company. The Company continuously strives to improve its talent pool through a comprehensive and focused plan for management, career development and recruitment. The Company adopts an integrated approach to succession planning. For example, the Social and Ethics Committee regularly reviews reports on leadership and employment equity programmes, and reports on developments in these areas to the Board. The Remuneration Committee monitors the 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.

Following a succession process led by the Nomination Committee, 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. Mr Schmidt took over as Chief Executive Officer of ARM on 1 March 2012 and Mr Wilkens continues to serve on the Board as the Executive Director: Growth and Strategic Development 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 2012. Independent external advisors assisted the Nomination Committee and the Executive Chairman with evaluations of the Board, its committees, the Executive Chairman 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 2012 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
- Interaction: communication and relationships
- Board dynamics and leadership
- Board focus and function: strategy and compliance

- Risk management and internal controls
- Information Technology Governance
- Accounting and audit
- Non-financial (sustainability) performance
- Balance of power and authority
- Ethics

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

The findings of the 2012 assessment will be considered by the Board in F2013.

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 139.

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 2012, four Board meetings were held. A meeting attendance schedule is set out below. The quorum for Board meetings is the majority of Directors.

The Company's annual budget workshop was held in August 2012 as part of the fourth annual Bosberaad for Directors and senior management. Members of the Board and senior executives of the Company consider the budget and review the Company's three-year financial plan. During the strategy sessions, the Company's future strategy is considered 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 '11	Dec '11	Feb '12	May '12
P T Motsepe (Executive Chairman)	✓	✓	✓	✓
A J Wilkens (Chief Executive Officer until 29 February 2012)	✓	✓	✓	✓
M P Schmidt (Chief Executive Officer from 1 March 2012)*	n/a	✓	✓	✓
F Abbott	✓	✓	✓	✓
M Arnold	✓	✓	✓	✓
Dr M M M Bakane-Tuoane (Lead Independent Non-executive Director)	✓	✓	✓	✓
T A Boardman	✓	✓	✓	✓
A D Botha	✓	✓	✓	✓
J A Chissano	✓	a	✓	✓
W M Gule	✓	✓	✓	✓
M W King	✓	✓	✓	✓
A K Maditsi	✓	✓	✓	✓
K S Mashalane**	✓	✓	✓	✓
L A Shiels**	✓	a	✓	✓
Dr R V Simelane	✓	✓	✓	✓
J C Steenkamp**	✓	✓	✓	✓
Z B Swanepoel	a	✓	✓	✓

a = apologies
* *Mr M P Schmidt was appointed to the Board on 1 September 2011.*
** *Messrs K S Mashalane, L A Shiels and J C Steenkamp ceased to be Directors with effect from 1 June 2012.*

Company Secretary

All Directors have access to the services and advice of the Company Secretary, Ms Alyson N D'Oyley.

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 as Directors 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.

The Board appointed the Company Secretary in accordance with the requirements of the Companies Act. In May 2012, the JSE Listings Requirements were amended to provide that with effect from 1 December 2012 boards must consider and satisfy themselves annually regarding the competence, qualifications and experience of the company secretary. Therefore in August 2012, upon the recommendation of the Nomination Committee, the Board considered details regarding the Company Secretary's competence, qualifications and experience, the salient details of which are set out below as required by the JSE Listings Requirements:

Competence	Qualifications	Experience
Competence evaluation by the Nomination Committee and by the Board.	BCom, LLB and LLM	– Many years experience as a Barrister and Solicitor – Three years experience as a General Counsel at a listed company – Seven years experience as a company secretary

The Board also confirmed that the Company Secretary is not a Director of the Company and maintains an arm's-length relationship with the Board.

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. In F2012, the Audit Committee and the Social and Ethics Committee Terms of Reference were further amended. Amendments were also made to the Remuneration Committee and Nomination Committee Terms of Reference in August 2012.

The membership of the Board Committees currently consists solely of Independent Non-executive Directors. Until 29 August 2012, ARM's Executive Chairman was a member of the Nomination Committee; King III provides that the 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 F2012 are included in each Committee report. The Committee Chairmen attend Annual General Meetings of shareholders to answer any questions.

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

Audit and Risk Committee

Members:
M W King (Chairman)
Dr M M M Bakane-Tuoane
T A Boardman
A D Botha
A K Maditsi
Dr R V Simelane

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

The Board's amendments to the Audit and Risk Committee Terms of Reference in F2011 and in F2012, following the annual review, meet the requirements of the new Companies Act.

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

The Audit and Risk Committee performs its review function over all ARM operations. To assist the Audit and Risk 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 and Risk Committee, highlighting areas of concern and remedial actions taken by management. In addition, the minutes of audit committee meetings as well as internal and external audit reports of all operations are submitted to the Audit and Risk Committee.

The primary objective of the Audit and Risk 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 and Risk 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 and Risk 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 of the Company and its management.

Upon the recommendation of the Audit and Risk Committee at the Annual General Meeting, shareholders will be requested to re-appoint Ernst & Young Inc. (E&Y) as external auditors of the Company and to re-appoint 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 and Risk 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 controls 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 and Risk 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 and Risk 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 and Risk Committee reviews the Financial Director's qualifications and experience annually and 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 and Risk Committee and its report is included on pages 134 and 135 of this Corporate Governance report.

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

The Audit and Risk 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 2012 financial year.

The Report of the Audit and Risk Committee, may be found on pages 156 and 157.

Audit and Risk Committee: Meeting attendance

	Aug '11	Sept '11	Sept '11	Nov '11	Feb '12	March '12	May '12
M W King (Chairman)	a[1]	✓	✓	✓	✓	✓	✓
Dr M M M Bakane-Tuoane	✓	✓	✓	✓	✓	✓	✓
T A Boardman	✓	✓	✓	✓	✓	✓	✓
A D Botha	✓	✓	✓	✓	✓	✓	✓
A K Maditsi	✓	✓	✓	✓	✓	✓	✓
Dr R V Simelane	✓	✓	✓	✓	✓	✓	✓

a = apology
1 Mr M W King was excused from the Meeting. Mr A D Botha chaired the Meeting in Mr King's absence.

Investment Committee

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

The Investment Committee comprises five Independent Non-executive Directors.

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 Terms of Reference approved by the Board in F2011, the Investment Committee is required to meet at least once a year. Three meetings were held during the 2012 financial year.

Investment Committee: Meeting attendance

	Oct '11	March '12	May '12
Z B Swanepoel (Chairman)	✓	✓	✓
F Abbott	✓	a	✓
A D Botha	✓	✓	a
M W King	✓	✓	✓
A K Maditsi	✓	✓	✓

a = apologies

Nomination Committee

Members:
Dr M M M Bakane-Tuoane (appointed to the Committee as Chairman from 29 August 2012)
J A Chissano (appointed to the Committee on 1 June 2012)
A K Maditsi (Chairman until 29 August 2012)
P T Motsepe (Committee member until 29 August 2012)
Dr R V Simelane

The Nomination Committee comprises four Independent Non-executive Directors.

For additional information in this regard refer to the section entitled "Board Committees" on page 129 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 of Association 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 new 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.

The Terms of Reference of the Nomination Committee were amended by the Board in August 2012 to provide, *inter alia*, that the Committee must be chaired by the Lead Independent Non-executive Director for as long as the Board has an Executive Chairman.

In line with JSE guidance, the Nomination Committee is chaired by Dr Bakane-Tuoane, the Lead Independent Non-executive Director. Mr Motsepe, the Executive Chairman, ceased to be a member of the Nomination Committee with effect from 29 August 2012, and now attends committee meetings as an invitee.

The Nomination Committee led the process to identify a successor to Mr A J Wilkens as Chief Executive Officer. 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 during F2011 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. The results of the search were announced in June 2011 and were effective on 1 September 2011 and 1 March 2012, respectively.

In 2012, the Nomination Committee considered reducing the number of Executive Directors on the Board from eight to five in line with global best practice. Following a recommendation to and approval by the Board such changes were made with effect from 1 June 2012.

In terms of the Terms of Reference at least one meeting must be held per year. During F2012, one meeting was held.

For additional information regarding the succession process, please refer to page 127.

Nomination Committee: Meeting attendance*

	May '12
A K Maditsi (Chairman until 29 August 2012)	✓
P T Motsepe**	✓
Dr R V Simelane	✓

* *Dr Bakane-Tuoane was appointed to the Committee as Chairman and Mr Chissano was appointed as a Committee Member subsequent to the final meeting of the financial year.*
** *Mr Motsepe ceased to be a Committee member subsequent to the financial year-end.*

Non-executive Directors' Committee

Members:
Dr M M M Bakane-Tuoane (Chairman)
F Abbott
T A Boardman
A D Botha
J A Chissano
A K Maditsi
M W King
Dr R V Simelane
Z B Swanepoel

The committee comprises all of the Independent Non-executive Directors and meets formally on a quarterly basis without management. Currently, all Committee members are Independent Non-executive Directors. 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. Amendments were considered by the Committee in F2012; however, no amendments were proposed to the Board. 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.

Four meetings were held during the 2012 financial year.

Non-executive Directors' Committee: Meeting attendance

	Aug '11	Dec '11	Feb '12	May '12
Dr M M M Bakane-Tuoane (Chairman)	✓	✓	✓	✓
F Abbott	✓	✓	✓	✓
T A Boardman	✓	✓	✓	✓
A D Botha	✓	✓	✓	✓
J A Chissano	✓	a	✓	✓
M W King	✓	✓	✓	✓
A K Maditsi	✓	a	✓	✓
Dr R V Simelane	✓	✓	✓	✓
Z B Swanepoel	a	✓	✓	✓

a = apologies

Remuneration Committee

Members:

Dr M M M Bakane-Tuoane (Chairman until August 2012)
A K Maditsi (appointed to the Committee in July 2011 and appointed Chairman in August 2012)
F Abbott (appointed to the Committee in July 2011)
T A Boardman (appointed to the Committee in August 2011)
A D Botha

The Remuneration Committee is a Board committee comprising five Independent Non-executive Directors. It meets at least twice per year. The Remuneration Committee assists the Board with fulfilling its responsibility for setting the Company's remuneration policies to ensure that these policies are aligned with 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 of 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 and that there is an appropriate balance between short-term and long-term incentives;
- 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 of shareholders at the Annual General Meeting of the Company;
- ensuring that independent third-party advisors are engaged with regard to the benchmarking of the remuneration of Executive Directors and senior management;
- reviewing the results of benchmarking surveys of the remuneration packages of Executive Directors and senior management;
- recommending basic salaries for Executive Directors to the Board for approval;
- determining specific remuneration packages for 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 ARM's share-based incentive schemes to ensure the continued contribution of Executive Directors and senior management to shareholder value and guarding against unjustified windfalls and inappropriate gains from the operation of ARM's share-based incentives;
- considering and making recommendations to the Board regarding any proposed long-term shared-based incentive schemes or amendments to any such existing 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 regard to the benchmarking and recommendation of Non-executive Directors' fees;
- reviewing the results of benchmarking surveys of the fees payable to Non-executive Directors;

- making recommendations to the Board for submission to an Annual General Meeting 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 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 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 J R McAlpine on 30 June 2011, and therefore the Board appointed three additional members in F2012. In August 2012, Mr Maditsi was appointed as the Committee Chairman. Dr Bakane-Tuoane remains a Committee member.

Four meetings were held during the 2012 financial year.

Remuneration Committee: Meeting attendance

	July '11	Aug '11	Oct '11	Feb '12
Dr M M M Bakane-Tuoane (Chairman until 29 August 2012)	✓	✓	✓	✓
F Abbott*	✓	✓	✓	a
T A Boardman**	n/a	✓	✓	✓
A D Botha	✓	✓	✓	✓
A K Maditsi (Chairman from 29 August 2012)*	✓	✓	✓	✓

* *Messrs F Abbott and A K Maditsi were appointed to the Remuneration Committee in July 2011.*
** *Mr T A Boardman was appointed to the Remuneration Committee in August 2011.*

Additional information is provided in the Remuneration report on pages 139 to 145 and the Directors' report on pages 159 to 167.

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

Members:
Dr R V Simelane (Chairman)
F Abbott (resigned from the Committee on 1 June 2012)
Dr M M M Bakane-Tuoane
A K Maditsi (appointed to the Committee on 1 June 2012)

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 development. 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), and the environment, Tuberculosis, HIV & Aids and corporate social investment.

Social and Ethics Committee: Meeting attendance

	Aug '11	Nov '11	Feb '12	May '12
Dr R V Simelane (Chairman)	✓	✓	✓	✓
F Abbott*	✓	✓	a	a
Dr M M M Bakane-Tuoane	✓	✓	✓	✓

* *Mr F Abbott resigned from the Social and Ethics Committee in June 2012. Mr A K Maditsi was appointed to the Committee subsequent to the final meeting of the financial year.*

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 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 Mineral 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. The Terms of Reference of the Social and Ethics Committee were further amended with effect from 1 May 2012 to comply with the Companies Act.

The Social and Ethics Committee is responsible for:

- monitoring activities having regard to relevant legislation and other legal requirements and codes of best practice;

MMZ plant, Nkomati Mine

- drawing relevant matters to the attention of the Board; and
- reporting to the shareholders of the Company at Annual General Meetings.

In particular, the Social and Ethics Committee is responsible for monitoring:
- Social and economic development;
- Good corporate citizenship;
- Environment, health and public safety ;
- Consumer relationships, as applicable; and
- Labour and employment.

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

Invitees include the Chief Executive Officer of the Company, the Executive Director: Corporate Affairs, the divisional chief executives, the Executive: Business Development and Investor Relations, the Executive: Sustainable Development, the Executive: Human Resources and the Leader: Risk Management.

Four meetings were held during the 2012 financial year.

Additional information may be found in the Report of the Social and Ethics Committee on pages 146 and 147 of the 2012 Integrated Annual Report, in the Sustainability review on pages 31 to 46 of the 2012 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

The Company has various management committees comprising Executive Directors and senior executives that are considered essential to the functioning of the Company and ensuring the appropriate control and provision of information to the Board.

Executive Committee

The Executive Committee was formed in January 2012 and its members meet monthly. The Committee is chaired by the Executive Chairman. Standard items on the agenda include strategic matters, reports from the Chief Executive Officer and the Financial Director and divisional reports, including safety, stakeholder and operational issues.

Management Risk Committee

Members:
M P Schmidt (Chairman) (Executive Director)
M Arnold (Executive Director)
C Blakey-Milner
N Botes-Schoeman
J M Bräsler
W M Gule (Executive Director)
A Joubert (appointed in September 2012)
K S Mashalane
H L Mkatshana (appointed in September 2012)
J M Pistorius
D V Simelane
J C Steenkamp
A J Wilkens (Executive Director)

The Management Risk Committee, a management sub-committee of the Audit and Risk Committee, assists the Audit and Risk 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 Executive: Sustainable Development and the Chief Information Officer. With effect from 1 July 2011, the internal auditors were invited to attend one meeting per year. The Chairman of the Management Risk Committee and the Leader: Risk Management attend Audit and Risk Committee meetings and report on the activities of the sub-committee. The Chief Executive Officer and the Chairman of the Audit and Risk Committee report on risk matters to the Board. The Leader: Risk Management and the Executive: 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 2012 financial year.

Additional information regarding the Risk management programme and combined assurance may be found on pages 136 to 138.

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 required.

The Steering Committee members are listed on pages 152 and 153.

Growth and Strategic Development Committee

The Growth and Strategic Development Committee evaluates growth opportunities. The Committee, which was formed in March 2012 and is chaired by the Executive Director: Growth and Strategic Development, meets weekly, or more often as required. Its members include the Chief Executive Officer, the Financial Director, the Chief Executive: ARM Copper, the Chief Executive: ARM Exploration and Technical Services, the Executive: New Business Development and Investor Relations and the Executive: Corporate Development.

Employment Equity and Skills Development Committee

The Employment Equity and Skills Development Committee considers employment equity, transformation and skills development strategies throughout the Company. The Company took a decision to combine the employment equity and the skills development management committees six years ago as the committees had common goals and addressed issues which are interrelated. Until 30 June 2012, the Committee was chaired by Mr J C Steenkamp. With effect from 1 July 2012, the Committee is chaired by Mr W M Gule, the Executive Director: Corporate Affairs. Its members include the Chief Executive Officer, the Executive: Human Resources, the divisional chief executives, the Senior Executive: Corporate Affairs for ARM, the Executive: Corporate Affairs for ARM Platinum, the Leader: Transformation and other senior executives. The Committee meets monthly, or more often as required. The Committee chairman and the Executive: Human Resources attend and report at Social and Ethics Committee meetings.

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.

Comment from Sustainability Assurance Provider:

As part of the scope of work to provide independent third party assurance over ARM's sustainability reporting, Integrated Reporting & Assurance Services (IRAS) 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 2012 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Information Technology Steering Committee

The Information Technology (IT) Steering Committee which was formed in November 2007 implements the IT Governance Framework and the IT Strategy adopted by the Board in August 2012 and develops IT policies and procedures. The Committee is chaired by Mr J C Steenkamp, formerly an Executive Director and the Chief Executive of ARM Ferrous and currently the Chief Executive: Exploration and Technical Services. Its members include the Chief Executive: Exploration and Technical Services, the Chief Information Officer, the Chief Executive: ARM Ferrous, various senior ARM Ferrous and ARM Exploration executives, the Executive: Operations Support, senior general managers of Assmang operations and all senior IT project managers from the divisions. The Committee meets quarterly, or more often as required. The Committee chairman and the Chief Information Officer attend and report at Audit and Risk Committee meetings.

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. A Code of Conduct on-line training programme was rolled out at the corporate office and at the ARM Platinum operations and subsequently will be rolled out to the ARM Ferrous operations.

The Code of Conduct 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 whistle-blowing 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.

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.

Internal control and internal audit

The Board, with the assistance of the Audit and Risk Committee, the Management Risk Committee and the internal auditors (outsourced to KPMG Services (Pty) Ltd), 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 and Risk Committee and the Board.

Going concern

On the recommendation of the Audit and Risk 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 ongoing process which, in order to be effective, must be a continuous, dynamic and developing endeavour that addresses risks and opportunities across a spectrum, ranging from those associated with strategy and its implementation, to operational, legal, social, ethical and reputational risks and opportunities.

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

ARM Risk Management has championed the integration of risk and assurance processes over many years and this 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 Management Risk Committee 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 and is consistent, comprehensive and allows for constant review and refinement.

A Risk and Control Dashboard system provides a focused approach to the monitoring of the control effectiveness of risks and processes, ensures that risks are managed within approved levels of tolerance and facilitates a process of continuous improvement.

The functional reporting areas and their objectives are set out below:

Risk Register/Enterprise Risk Management (ERM) Programme

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

ARM continually reviews and updates the ERM Framework, initially based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework of 2004, to ensure it remains consistent with the principles of ISO 31000, the principles of King III and best practice risk management principles and standards. It sets out the ERM process used throughout ARM, provides standards and guidelines and identifies risk tolerance levels for our operations, divisions and the Company. The Management Risk Committee periodically reviews risk tolerance levels, which are approved by the Audit and Risk Committee.

The scope of the ERM process extends from addressing principal (strategic, tactical and major operational) risks and opportunities to detailed risk assessments at a process level (as well as for specialised functions) across ARM. The aim is to ensure ARM identifies relevant risks and opportunities, and considers and implements corresponding appropriate, current and effective mitigating strategies and controls. This focus on ensuring implementation of mitigating strategies and effective controls corresponds with the move towards reporting of performance of controls (measured in terms of the risk and control dashboards) and the move away from exception reporting.

The ERM process with its focus on risks and attendant controls allows for focused management oversight and more comprehensive reporting to the Management Risk Committee, operations and audit committees. It also complements ARM's 'We do it better' management style, which incorporates the principle of continuous improvement.

The process of setting control effectiveness performance targets, measuring the quality of assurance and the compliance with risks and processes, provides an effective way of evidencing and monitoring this continuous improvement process.

Physical risk management function

Ensures that physical risk grading, risk improvement and other risk controls are appropriate, and maintains and enhances performance against agreed international risk standards.

While ARM's ERM process addresses all business risks from strategic, tactical and major operational risk to process level risks, in order to ensure focused attention on physical/insurance risk ARM addresses and reports on physical risks and their respective control environments separately and specifically.

While operational management remains accountable for risk management, external consultants assist with identifying risk, rating and benchmarking risk management 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 ensures that cost-effective risk control, financing and insurance programmes are in place to avoid or reduce adverse effects on financial results and Company performance.

The principal risks, uncertainties and opportunities are set out on pages 24 and 25.

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 Risk Management 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.

The Risk and Control Dashboards which are consistently used at divisional audit committee and ARM Audit and Risk Committee forums, provide a consistent and measurable management assurance metric on the control effectiveness of a broad spectrum of risks and processes.

Combined Assurance

ARM's Combined Assurance Model, developed after consultation with management assurance/audit institutions, continues to be refined to ensure integration with ERM processes that have been in place within ARM for a number of years. The ERM process of identifying risks from strategic, tactical and major operational risks through to process level risks at all levels throughout the Company together with corresponding mitigating actions and attendant controls, provides a significant base for the development of the Combined Assurance Status Report (Status Report) which will guide the development and implementation of ARM's Combined Assurance Plan.

The approach has been not only to focus on applying the principles contained in King III relative to combined assurance, but more importantly to do so through an effective and efficient process that builds on and complements the ERM work undertaken over the years enabling ARM to streamline and improve its assurance processes.

During the implementation phase the draft Status Report will continue to be updated and refined to identify gaps and duplication of assurance. These 'gaps and duplications' of assurance in specific risk and management processes form the basis of determining appropriate internal and external assurance requirements with all stakeholders and form the basis of an on-going Combined Assurance Plan, the results of which will continue to be reported quarterly to the Management Risk Committee, the various joint venture audit committees as well as to the Audit and Risk Committee.

A brief overview of the combined assurance process includes:

Combined Assurance Model

The model sets out the objectives and our approach to combined assurance; describes the three lines of defence (First: management-based assurance; Second: internal assurance – independent from the process; Third: external/independent assurance); defines what constitutes assurance relative to the First, Second and Third levels of defence; identifies the coordinators and sponsors; and sets the measurement criteria for what constitutes the various levels of Quality of Assurance.

Combined Assurance Status Report

The Status Report provides the framework, format and the reporting for information collated on assurance providers. It enables analysis of assurance provided and the identification of potential 'gaps and duplications' which is considered in the continuing development of the Combined Assurance Plan.

Combined Assurance Plan

This details the actions required by a variety of stakeholders to ensure appropriate combined assurance based on the risk appetite of ARM.

Legal compliance

Internal and external legal and regulatory audits are regularly conducted at all operations and any instances of non-compliance with legal or 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 F2012 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 legislative or regulatory obligations.

A legal and regulatory compliance policy for the Company has been adopted. Chief Executives and senior management report on legal and regulatory compliance to the Management Risk Committee and the Audit and Risk Committee.

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 of 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 2012 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Dealings in securities and insider trading policy

ARM enforces closed periods in compliance with legislation and regulation. 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 communication with its stakeholders. The Company maintains a website, which provides information regarding the Company's operations, financial performance and other information. The Company has an Executive Director: Corporate Affairs and an Executive: Business Development and Investor Relations and has appointed a Senior Executive: Corporate Affairs for ARM.

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.

The Company's stakeholder communication policy is included in the Code of Conduct. The development of a more comprehensive stakeholder communication/engagement polity is in progress.

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, the United Kingdom, North America and Singapore, through investor roadshows and conferences.

Additional information regarding investor relations and communication with stakeholders may be found in the Investor Relations report on pages 243 to 246 and in the 2012 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 249 to 256.

Sponsor

Deutsche Securities (SA) (Pty) Ltd is the Company's sponsor, in compliance with the JSE Listings Requirements.

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 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 with 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 and is in demand in most mining countries. The growth in African mining escalates the risk of the loss of key talent. 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 appointment of competent and experienced individuals to realise the Company's growth expectations and growth strategy. This forms a critical component of the total Employee Value Proposition and our objective to be an Employer of Choice.

These elements are discussed in more detail in the Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Composition of the Remuneration Committee

Members:

Dr M M M Bakane-Tuoane (Chairman until August 2012)
A K Maditsi (appointed to the Committee in July 2011 and appointed Chairman in August 2012)
F Abbott (appointed to the Committee in July 2011)
T A Boardman (appointed to the Committee in August 2011)
A D Botha

In accordance with King III, the Remuneration Committee consists entirely of Independent Non-executive Directors. The Board considers the composition of the Committee to be appropriate in terms of the necessary blend of knowledge, skills and experience, and that the members have a strong blend of expertise and experience in the financial and human capital fields.

Functions of the Remuneration Committee and Terms of Reference

Purpose

The purpose of the Committee is to assist the Board with its responsibility for setting the Company's remuneration policies to ensure that these policies are aligned with ARM's business strategy and create value for ARM over the long term. The Committee also assists the Board to promote a culture that supports enterprise and innovation with appropriate short-term and long-term performance related rewards that are fair and achievable.

Functions and responsibilities

As set out in greater detail on pages 132 to 133, the Committee must perform the functions and responsibilities necessary to fulfil its purpose as stated in the previous paragraph, 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 and that there is an appropriate balance between short-term and long-term incentives;
- 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 by shareholders at the Annual General Meeting.

It is also the responsibility of the Remuneration Committee to ensure alignment with the remuneration guidelines of King III. The Remuneration Committee is satisfied that the Company is indeed so aligned.

Committee activities

The Remuneration Committee met four times during F2012. The scheduled work plan was followed with the normal cycle of activities that included, but was not limited to, the following:

- The recommendation to the Board of the annual increases in the base salaries of Executive Directors.
- The approval of the annual increases in the base salaries of senior management.
- The approval of the annual bonuses paid to Executive Directors and senior management in terms of the Out Performance Bonus Scheme.
- The approval of the annual offers of share-based instruments 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.
- Review of the deferred bonus/co-investment scheme under the Share Plan.
- 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 F2012 ARM achieved the 6th place in the "giant size" company category and was certified as a "Best Employer South Africa 2012/2013" by the CRF Institute. ARM was audited in the following categories:

- Primary benefits
- Secondary benefits and working conditions
- Training and development
- Career development
- Culture management

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.

The Chief Executive Officer, Financial Director and the Chief Human Resources Officer 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 132 and 133.

Advisors to the Remuneration Committee

In F2012 the Remuneration Committee was advised by Deloitte, which provided, *inter alia*, market bench-marking information on executive remuneration, and also advised on and assisted with the design, implementation and verification of calculations pertaining to offers 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 Incorporated.

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 benchmarking 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 a company to table at its annual general meetings its Remuneration policy for approval by shareholders of the company by a non-binding advisory vote. This vote enables shareholders to express their views on a company's remuneration policy and on its implementation.

Ordinary resolution number 9 (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 249 to 256.

Remuneration Philosophy and Policy: Executive remuneration

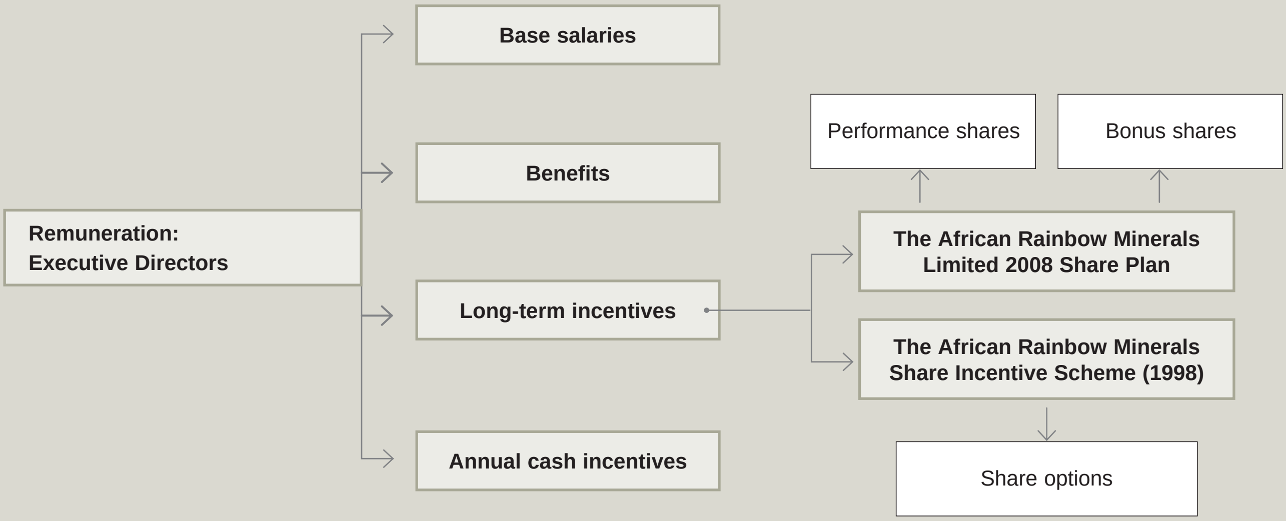
Principles of executive remuneration

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 Group, as 95% of all job offers made were accepted;
- the ability to retain that top talent, as the annual turnover is only 1.9% 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 by other employers 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.



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 F2012, refer please to the Directors' report on pages 161 to 166.

The policies relating to the four components of executive remuneration are summarised in the table below.

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. • Normally 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.	**Base salaries:** • Monthly in cash. • Reviewed annually, with changes taking effect annually on 1 July. • Increases in base salary are also determined by Company performance, individual performance and changes in responsibilities. • Base salary forms part of and is the major component of a total cost-to-company (TCTC) package, which also includes Benefits. Participation in short- and long-term incentive schemes is calculated on the basis of 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.
	Benefits:
	• Contributions are made by executives from the TCTC base salary.
	• The ARM Pension Fund is:
	  • Managed by eight trustees of whom 50% are appointed by ARM and 50% are elected by the members.
	  • Administrated by Alexander Forbes.
	  • A defined contribution fund.

Medical scheme: • It is compulsory to belong to a medical scheme.	• Executives may participate in any managed medical aid plan of their choice.

<table>
<tr><th>Policy</th><th>Basis of delivery</th></tr>
<tr><td>Other benefits and conditions of employment:
• All other conditions of employment are comparable to those of the mining and resources sector and conditions do not differ from the rest of the employees in the company. No special or extraordinary conditions are applicable to executives.</td><td>Other benefits and conditions of employment:
• Adjustments are made to the TCTC depending on the benefits selected by employees, e.g. car allowances.</td></tr>
<tr><td>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 the prior voluntary deferral of either 25%, one third or 50% of any bonus calculation into “co-investment” shares

(see page 144 of this Remuneration report for details).</td><td>Annual cash incentives:
• 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:
– 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 metrics in the bullet point above applied to each member of the executive is 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:
– 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.</td></tr>
<tr><td>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.</td><td>Long-term (share-based) incentives:
• 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 to bring it in line with these developments. This was done within the parameters of the original approval by the JSE and shareholders.
• 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.</td></tr>
</table>

The implementation of the share-based incentives is described below:

Performance share method

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.

In terms of the Share Plan, conditional awards of full value performance shares have been made to executives annually since 2008. These awards vest after a performance period of three-years or four years, as the case may be, subject to the Company's achievement of pre-determined performance criteria, set by the Remuneration Committee at the time that awards are made.

Performance criteria

Until F2011, the performance criteria for the vesting of the performance shares were defined in terms of the achievement of a Market Price Appreciation (MPA) performance, in comparison to the 20 companies then comprising the constituent members of the FTSE/JSE Resources Index (RESI 20). This approach to performance vesting was selected on the basis that it incentivises the creation of shareholder value.

The MPA for this purpose is defined to be the increase in value of a portfolio of shares purchased on a specified date, holding the shares until the third or fourth anniversary of the purchase date, as the case may be, and then selling the portfolio on that day.

Since F2011, as a result of the reduction in the number of constituent members of the FTSE/JSE Index from 20 (RESI 20) to 10 (RESI 10) the performance criteria for the vesting of the performance shares, both prior awards and subsequent awards, are now defined in terms of the achievement of MPA performance, in terms of the RESI 10.

For performance shares awarded prior to 1 November 2011 and performance shares awarded on or after 1 November 2011 to participants other than senior executives, the MPA is determined over a three year performance period. For performance shares awarded on or after 1 November 2011 to senior executives, the MPA is determined over a four year performance period.

Vesting

Conditional performance shares awarded to participants prior to 1 November 2011 and conditional performance shares awarded to participants other than senior executives after 1 November 2011 vest and are settled after a performance period of three years, subject to the achievement of predetermined criteria.

In 2011 the Board, upon the recommendation of the Remuneration Committee, resolved to extend the vesting period of awards made after 1 November 2011 to senior executives from three years to four years and to assess the performance criteria annually commencing after two years.

Since F2011 additional awards of performance shares may be made in terms of the deferred bonus/co-investment scheme, described below.

For additional information regarding performance share awards, please refer to the Directors' report on pages 162 to 163 and 166 to 167.

Bonus share method

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.

In terms of the Share Plan, annually since 2008, participants 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. All bonus shares granted to participants prior to 1 November 2011 and bonus shares subsequently granted to participants other than senior executives vest and are settled after three years, subject to continued employment with the Company.

However, the purpose of the bonus share method is to retain senior executives for the long term, and in order to achieve this objective, the Board, upon the recommendation of the Remuneration Committee, resolved in 2011 to extend the vesting period for bonus share grants made to senior executives on or after 1 November 2011. Such bonus shares will vest and be settled after four years, subject to continued employment with the Company.

Since F2011 additional grants of bonus shares may be made in terms of the deferred bonus/co-investment scheme, described below.

For additional information regarding bonus share grants, please refer to the Directors' report on pages 163 to 164 and 166 to 167.

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 or fourth 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 they exercise such options.

For additional information regarding share option allocations, please refer to the Directors' report on pages 164 to 167.

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 which are matched by the Company with performance shares under the existing terms and conditions of the Share Plan.

Executives and senior managers are offered the opportunity, before the end of March each year, to elect that a portion (25%, one third or a maximum of 50%) of any bonus calculated at the end of the performance year, is deferred and converted into an equivalent value of bonus shares.

Additionally, any portion of the calculated bonus above a certain threshold (Rand) level is to be deferred on a compulsory basis 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 vesting period(s) of both deferred bonus shares and matching performance shares will be three years. The performance criteria for the matching performance shares will be identical to that adopted for the Share Plan, but the performance period will remain at three years and there is only one performance assessment.

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 the vesting of the bonus shares is a grantee's 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 Prescribed Officers, is provided in the Directors' report on pages 162 to 167.

Service contracts: Executive Directors

Employment agreements have been entered into between the Company and the Executive Directors, namely Messrs Motsepe (Executive Chairman), Schmidt (Chief Executive Officer), Arnold (Financial Director), Gule (Executive Director: Corporate Affairs) and Wilkens (Executive Director: Growth and Strategic Development). 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 161 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.

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 determining the level of fees, 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 162.

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 6% per annum increase (rounded to the nearest R50) in retainer fees 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, 7 December 2012. 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.

Annual Board retainers and meeting attendance fees

	2012/13 Fees (Rand)*		2011/12 Fees (Rand)**	
	Annual	Per meeting	Annual	Per meeting
Independent Non-executive Director	**336 850**	**16 200**	317 800	15 300
Non-executive Director	**269 500**	**16 200**	254 250	15 300

* *Effective 1 July 2012, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2011.*

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 of 6% per annum (rounded to the nearest R50) for the Audit and Risk Committee and 10% per annum (rounded to the nearest R50) for all other committees, 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.

Committee meeting attendance fees

	2012/13 per Meeting fees (Rand)*	2011/12 per Meeting fees (Rand)**
Audit and Risk Committee		
Chairman	**84 200**	79 450
Member	**33 700**	31 800
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	**33 000**	30 000
Member	**22 000**	20 000

* *Effective 1 July 2012, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2011.*

Fee for the Lead Independent Non-executive Director

On the advice of the Remuneration Committee, the Board recommends for approval by shareholders an increase of 12% (rounded to the nearest R50), effective 1 July 2012, of the fee of R19 050 to R21 350 per meeting 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 249 to 256.

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 F2012 in terms of service contracts with Non-executive Directors are provided in the Directors' report on page 162.

Report of the Social and Ethics Committee

This report is provided by the Social and Ethics Committee (Committee) in compliance with Regulation 43(5)(c) of the Companies Act 71 of 2008, as amended (the Companies Act).

Composition and Terms of Reference

This statutory Committee was established on 23 August 2011. It was previously called the Sustainable Development Committee. With effect from 1 May 2012, the Committee's Terms of Reference were amended by the Board of Directors (the Board) to elaborate on the Committee's role and responsibilities in terms of the Companies Act. The Committee monitors and oversees those functions set out in the Companies Act as well as those responsibilities assigned to it by the Board.

Information on the composition of the Social and Ethics Committee, its Terms of Reference and its procedures are set out more fully in the Corporate Governance report on pages 133 and 134 of the 2012 Integrated Annual Report, of which this report forms a part.

At the Annual General Meeting, the Committee chairman will report to shareholders on the Company's performance with respect to relevant legislation and codes of best practice, social and economic development, labour, and safety, health and the environment.

Purpose and Functions

Legislation and Codes of Best Practice

The Committee is responsible for monitoring the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice in the areas set out in the Companies Act. In respect of legal and regulatory requirements, during the year under review the Committee, *inter alia:*

- discharged those regulatory obligations of a social and ethics committee as prescribed by Companies Regulation 43(5);
- monitored complaints received via ARM's whistleblowers' hotline, including complaints or concerns regarding sustainable development matters; and
- considered reports provided by management regarding compliance with legal and regulatory requirements in terms of the Company's Legal and Regulatory Compliance Policy;
- received reports regarding the on-going Competition Act compliance training programme.
- received a report regarding the biennial safety, health and environmental internal audits, including compliance with the National Environmental Management Act and the National Water Act; and
- monitored compliance with the Mining Charter and the Department of Trade and Industry targets as well as the Company's status in respect of standards of best practice, including International Council on Mining & Metals guidelines and membership requirements.

The Company is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All the 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 ARM. These principles are set out in ARM's Code of Conduct. The Committee received and considered reports regarding the Code of Conduct on-line training programme, which was introduced at the Company's corporate office and ARM Platinum during F2012.

The Company reviewed its initiatives to counteract risks of fraud, bribery and corruption. As more fully described on page 136 of the Corporate Governance report the Company has a whistleblowers' policy and the Committee received reports regarding the results of investigations of calls made to the independent whistleblowers' hotline facility.

Social and Economic Development

ARM seeks to make a significant contribution towards addressing challenges confronting South Africa, including poverty alleviation, job creation, education, welfare and healthcare. The Committee monitored and reviewed the implementation of policies regarding adding value to and giving to the communities in which ARM operates including:

- corporate social responsibility;
- local economic development, including: infrastructure, enterprise development, and community development projects committed under the social and labour plans; and
- the ARM Broad-based Economic Empowerment Trust projects.

The Committee specifically focussed on commitments in the priority areas identified by the Committee, *i.e.*, (i) health, (ii) education, (iii) sporting events, (iv) community capacity building, (v) arts and culture, (vi) job creation, and (vii) infrastructure.

Labour

ARM is committed to fair labour practices and freedom of association. The Company's policies are aimed at eliminating unfair discrimination and promoting equality in line with, *inter alia,* the South African Constitution, the Labour Relations Act, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act, taking cognisance of the Universal Declaration on Human Rights, the Fundamental Human Rights Conventions of the International Labour Organization and the International Labour Organization Protocol. The Committee monitored and reviewed the implementation of labour policies including:

- attraction, retention and development of skills to support the Company's growth plan;
- employment equity;
- employee turnover;
- learnerships and bursaries;
- educational training and development of its employees; and
- literacy.

Safety, Health and Environment

ARM is committed to providing its employees with a safe and healthy work environment. The Committee monitored and reviewed the implementation of safety, health and wellness policies, including:

- safety performance,
- occupational health and wellness; and
- Tuberculosis, HIV & Aids.

The most significant environmental issues confronting ARM are climate change and resource management. The Committee monitored and reviewed the implementation of environmental sustainability policies including:

- environmental management;
- water management;
- land use management (rehabilitation and biodiversity management);
- climate change; and
- the status of ARM's participation in the Carbon Disclosure Project;

Additional information may be found in the Sustainability review on pages 31 to 46 of the 2012 Integrated Annual Report and in the comprehensive stand-alone Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Based on the foregoing, we are of the opinion that the Social and Ethics Committee has executed its duties and responsibilities during the financial year in accordance with the Companies Act and its Terms of Reference.

On behalf of the Social and Ethics Committee

Dr Rejoice V Simelane
Chairman of the Social and Ethics Committee

17 October 2012

Board of Directors

1 **Patrice Motsepe**
(50)
Executive Chairman
BA (Legal), LLB

2 **Mike Schmidt**
(54)
Chief Executive Officer
Pr Cert Eng

3 **Mike Arnold**
(55)
Financial Director
BSc Eng (Mining Geology), BCompt (Hons), CA(SA)

4 **André Wilkens**
(63)
Executive Director: Growth and Strategic Development
Mine Managers Certificate of Competency, MDPA (Unisa), RMIA

5 **Mangisi Gule**
(60)
Executive Director: Corporate Affairs
BA (Hons) Wits, P & DM (Wits Business School)

6 **Dr Manana Bakane-Tuoane**
(64)
Lead Independent Non-executive Director
BA, MA, PhD (Econ)

7 **Frank Abbott**
(57)
Independent Non-executive Director
BCom, CA(SA), MBL

8 **Tom Boardman**
(62)
Independent Non-executive Director
BCom, CA(SA)

9 **Anton Botha**
(59)
Independent Non-executive Director
BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)

10 **Joaquim Chissano**
(72)
Independent Non-executive Director
PhD

11 **Mike King**
(75)
Independent Non-executive Director
CA(SA), FCA

12 **Alex Maditsi**
(50)
Independent Non-executive Director
BProc, LLB, LLM

13 **Dr Rejoice Simelane**
(60)
Independent Non-executive Director
BA (Econ and Acc), MA, PhD (Econ), LLB (UNISA)

14 **Bernard Swanepoel**
(51)
Independent Non-executive Director
BSc (Min Eng), BCom (Hons)

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 subsequently took over 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. He is also President of Mamelodi Sundowns Football Club.

2 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 as the Chief Executive Officer Designate of ARM and an Executive Director of the Company with effect from 1 September 2011. He has been the Chief Executive Officer of ARM since 1 March 2012.

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 André Wilkens

Appointed to the Board in 2004. André Wilkens was appointed the Chief Executive Officer of ARMgold in 1998. 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 of ARM in 2004 and appointed to its Board in the same year. With the appointment of ARM's Chief Executive Officer on 1 March 2012, André became the Executive Director: Growth and Strategic Development based in the office of the Executive Chairman. The balance of André's 43 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.

5 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, a role which he held until August 2012. Mangisi is currently Executive Director: Corporate Affairs. 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. He was appointed the chairman of the ARM Employment Equity and Skills Development Committee with effect from 1 July 2012.

6 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.

7 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 an Independent Non-executive Director of ARM. Frank was appointed as the Financial Director of Harmony with effect from 7 February 2012.

8 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 he sold to Pick 'n Pay in 2006. The Boardmans chain of stores is now owned by Edcon. 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 Deloitte. He is a non-executive director of Nedbank Group, Woolworths Holdings and Royal Bafokeng Holdings. Tom has also been appointed as a non-executive director of Kinnevik, a listed Swedish investment company. He is a director of 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.

9 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, the 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.

10 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 multiparty 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.

11 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.

12 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.

13 Dr Rejoice Simelane

Appointed to the Board in 2004. 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 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 was a member of the Advisory Board of the Bureau for Economic Policy Analysis (BEPA) of the University of Pretoria.

14 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 the Chief Executive Officer of Village Main Reef.

Steering Committee

Mike Schmidt
Chief Executive Officer

Mike Arnold
Financial Director

Mangisi Gule
Executive Director: Corporate Affairs

André Wilkens
Executive Director: Growth and Strategic Development

Alyson D'Oyley
Company Secretary

André Joubert
Chief Executive: ARM Ferrous

Bennie Boshielo
Executive: ARM Platinum Corporate Affairs

Busi Mashiane
Executive: Human Resources

Chris Blakey-Milner
Leader: Risk Management

Claus Schlegel
Executive: ARM Exploration

Dan Simelane
Chief Executive: ARM Copper

Director Matlala
Leader: Transformation

Francois Uys
Executive: ARM Platinum

Graham Butler
Executive: Exploration and Project Investment

Imrhan Paruk
Executive: Corporate Development

Jan Steenkamp
Chief Executive: ARM Exploration and Technical Services

Johan Pistorius
Chief Information Officer

Jongisa Klaas
Head of Investor Relations and Corporate Development

Mandla Tobela
Executive Legal: ARM Ferrous

Mark Bräsler
Executive: Operations Support

Nerine Botes-Schoeman
Executive: Sustainable Development

Peter Manda
Executive: Legal

Pierre Joubert
Executive: ARM Copper Operations

Princess Thwala
Executive: ARM Ferrous

Rilette Avenant-Buys
Executive: Logistics

Sandile Langa
Executive Legal: ARM Coal

Steve Mashalane
Senior Executive: ARM Corporate Affairs

Stompie Shiels
Executive: ARM Business Development and Investor Relations

Thando Mkatshana
Chief Executive: ARM Coal

Zandile Moseke
Human Resources Manager: Corporate

Annual financial statements

Load-out stackers at Khumani Iron Ore Mine

Directors' responsibility

Directors' responsibility for the 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 71 of 2008, as amended. 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 and Risk 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 and Risk Committee's functions is included in the Corporate Governance report on pages 121 to 138 of this 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 this 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 and Risk Committee has satisfied itself that the external auditors were independent of the Company.

The consolidated and separate annual financial statements on pages 155 to 241, were approved by the Board and are signed on its behalf by:

Patrice Motsepe
Executive Chairman

Mike Schmidt
Chief Executive Officer

Johannesburg
17 October 2012

Certificate of the Company Secretary

In my capacity as Company Secretary, I hereby confirm, in terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, that for the year ended 30 June 2012, the Company has lodged with the Commissioner all such returns and notices which 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 2012

Report of the Audit and Risk Committee

This report is provided by the Audit and Risk Committee appointed in respect of the F2012 financial year of ARM in compliance with Section 94 of the Companies Act 71 of 2008, as amended (the Companies Act).

Information on the membership and composition of the Audit and Risk Committee, its Terms of Reference and its procedures is described more fully in the Corporate Governance report on pages 129 and 130 of this Integrated Annual Report, of which the annual financial statements form a part.

Execution of functions of the Audit and Risk Committee

The Audit and Risk 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 and Risk 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 and Risk 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
- recommended to shareholders that Ernst & Young Inc. be re-appointed as the external auditor and that Mr E A L Botha be re-appointed as the designated auditor for the financial year ending 30 June 2013.

In respect of the financial statements, the Audit and Risk 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 Independent Auditor's 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 and Risk 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;
- 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 ended 30 June 2012, based on negative assurance, delivered an assessment of "Good". Control improvement opportunities identified were primarily 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 ended to 30 June 2012, 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 and Risk 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; and
- based on the above, the Audit and Risk 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 2012. In addition, the Audit and Risk 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 and Risk 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 co-ordinated 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 and Risk 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 94 of the 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 and Risk Committee also considered the experience and expertise of the Financial Director and concluded that these were appropriate.

Qualifications of Audit and Risk Committee members*

Audit and Risk Committee member**	Academic qualifications	Membership on other ARM Committees***	Date first appointed to ARM Board	Date first appointed to Audit and Risk Committee
M W King (Chair)	CA(SA), FCA	Member of the 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 the Social and Ethics Committee, the Remuneration Committee and Chairman of the Nomination Committee and the Non-executive Directors' Committee.	30 April 2004	4 July 2008
T A Boardman	BCom, CA(SA)	Member of the Remuneration Committee.	1 February 2011	1 February 2011
A D Botha	BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)	Member of the Remuneration Committee and the Investment Committee.	1 August 2009	9 June 2010
A K Maditsi	BProc, LLB, LLM	Chairman of the Remuneration Committee and a member of the Nomination Committee, the Social and Ethics Committee and the Investment Committee.	30 April 2004	12 July 2004
Dr R V Simelane	BA (Econ and Acc), MA, PhD (Econ), LLB	Chairman of the Social and Ethics Committee and a member of the Nomination Committee.	30 April 2004	12 July 2004

* *The curricula vitae of the Audit and Risk Committee members may be found on pages 150 to 151.*
** *All of the current members of the Audit and Risk Committee are Independent Non-executive Directors.*
*** *All of the Audit and Risk Committee members are members of the Non-executive Directors' Committee.*

Independence of external auditor

The Audit and Risk 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 and Risk 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 2012, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies 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 and Risk Committee recommended the Company and Group annual financial statements of ARM as set out in the 2012 Integrated Annual Report and recommended the 2012 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 and Risk Committee

Michael W King
Chairman of the Audit and Risk Committee

17 October 2012

Report of the independent auditors

To the shareholders of African Rainbow Minerals Limited

We have audited the consolidated and separate financial statements of African Rainbow Minerals Limited set out on pages 159 to 234, which comprise the statements of financial position as at 30 June 2012 and the income statements, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, the Directors' report and the notes, comprising a summary of significant accounting policies and other explanatory notes and information.

Directors' Responsibility for the Consolidated and Seperate Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on the audit we conducted 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 about whether the consolidated and separate 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 management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of African Rainbow Minerals Limited as at 30 June 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2012, we have read the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports except where indicated otherwise and accordingly do not express an opinion on these reports.

Ernst & Young Inc.
Director – Ernest Adriaan Lodewyk Botha
Registered Auditor
Chartered Accountant (SA)
Wanderers Office Park
52 Corlett Drive, Illovo
Johannesburg

17 October 2012

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 2012.

Nature of business

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 (Pty) Ltd and Xstrata South Africa (Pty) Ltd.

ARM's assets in the rest of Africa are held in a 50:50 joint venture with Vale SA, in terms of an agreement concluded in March 2009. The joint venture consists of development projects and exploration areas, including a copper development in Zambia and a copper/cobalt prospect in the Democratic Republic of Congo (DRC). The Lubambe Copper Project will commission its concentrator plant at the end of December 2012. Zambian Consolidated Copper Mines Investment Holdings, a state-controlled company, owns 20% of the Lubambe Copper Project.

Holding company

The Company's largest shareholder is African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI), holding 40.84% of the issued ordinary share capital as at 30 June 2012. The sole shareholder of ARMI is a company which is owned by trusts established for the benefit of Mr Patrice Motsepe and his immediate family. In addition, 0.29% of the issued ordinary share capital of ARM is held by Botho-Botho Commercial Enterprises (Pty) Ltd, all the shares of which are beneficially owned by trusts for the benefit of Mr Motsepe and 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), which owns 28 614 740 ARM shares. A rigorous process of allocating 20.4 million units equivalent to approximately 10% of ARM's issued share capital to various trust beneficiaries, which includes several South African communities and community leaders, church groups, union representatives, a women's upliftment trust and seven regional upliftment trusts, has been completed. The ARM BBEE Trust distributed R23 million to beneficiaries during the past year arising from ARM's Dividend No 5.

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 2012, on pages 4 to 119.

Corporate governance

The Board is committed to high standards of corporate governance. These standards are evident throughout the Company's 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 121 to 138.

Financial results

The consolidated and separate annual financial statements and accounting policies appear on pages 155 to 241 of this report. The results for the year ended 30 June 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards adopted by the International Accounting Standards Board, the AC 500 standards issued by the Accounting Practices Board and the standards issued by its successor, and in the manner required by the Companies Act, as amended, and the JSE Listings Requirements. The consolidated and separate annual financial statements fairly present the state of affairs and adequate accounting records have been maintained.

Borrowings and cash

Total interest-bearing borrowings at 30 June 2012 amounted to R3.2 billion, which are slightly higher than the F2011 amount (R3.1 billion). Cash and cash equivalents decreased by R104 million to R3.6 billion at 30 June 2012. As a result ARM is in a net cash position of R327 million (F2011: net cash position of R599 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 2013. 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 2010.

All tax submissions up to and including June 2011 have been submitted. The tax return for June 2012 will be submitted during F2013.

During the year, the Company entered into a cash settlement of R40 million with the South African Revenue Service (SARS) relating to the previously reported contingent liability which arose from its dispute with SARS over the deductibility of a loan stock redemption premium claimed in the Company's 1998 tax submission.

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 232 to 234.

Dividend

The sixth annual dividend of 475 cents per share gross declared on Monday, 3 September 2012 in respect of the year ended 30 June 2012 (F2011: 450 cents per share) amounted to a distribution of approximately R1 021 million.

The dividend was subject to the new Dividend Withholding Tax, introduced with effect from 1 April 2012. In accordance with paragraphs 11.17(a)(i) to (x) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The South African Dividends Tax rate is 15%;
- The dividend per share was 475 cents and the Secondary Tax on Companies (STC) credits utilised were 475 cents per share;
- STC credits remain after this dividend;
- The gross local dividend amount was 475 cents per ordinary share for shareholders exempt from the Dividends Tax;
- The net local dividend amount was 475 cents per ordinary share for shareholders liable to pay the Dividends Tax;
- As at the date of this report, ARM has 214 851 896 ordinary shares in issue; and
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 475 cents per ordinary share, being the dividend for the year ended 30 June 2012, was paid to shareholders on Monday, 1 October 2012. In accordance with the requirements of Section 4 of the Companies Act 71 of 2008, as amended, the Board determined that the solvency and liquidity requirements prescribed therein were met for the payment of the dividend.

Capital expenditure

Capital expenditure for F2012 amounted to R4.3 billion (F2011: R3.5 billion restated). Full details are set out in the Financial Director's report on pages 14 to 19 and in the Operational reviews on pages 48 to 119.

Events after the reporting date

The Company's corporate loan facility of R1.75 billion was refinanced and increased to R2.25 billion. The new facility matures in August 2015.

No other significant events have occurred subsequent to the year end that could materially effect the results.

Share capital

The share capital of the Company, both authorised and issued, is set out in note 14 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 2012, is set out in the Investor Relations report on pages 243 to 246.

Directorate

The composition of the Board is set out on page 125. *Curricula vitae* of the Directors may be found on pages 150 and 151.

Mr J R McAlpine retired as an Independent Non-executive Director on 30 June 2011 on attainment of his 70th birthday. Mr M P Schmidt, was appointed as the Chief Executive Officer Designate and Executive Director on 1 September 2011, and as Chief Executive Officer on 1 March 2012. Mr A J Wilkens, the former Chief Executive Officer, remains an Executive Director: Growth and Strategic Development in the Executive Chairman's Office.

Messrs K S Mashalane, L A Shiels and J C Steenkamp ceased being Executive Directors on 1 June 2012. They remain executives of the Company. Mr W M Gule ceased his role as Chief Executive: ARM Coal on 3 September 2012, but remains an Executive Director: Corporate Affairs.

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 P T Motsepe, A D Botha, J A Chissano, A K Maditsi and A J Wilkens each of whom is available for re-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 2012 were as follows:

	30 June 2012				30 June 2011			
	Direct		**Indirect**		Direct		Indirect	
	Beneficial	**Non-beneficial**	**Beneficial**	**Non-beneficial**	Beneficial	Non-beneficial	Beneficial	Non-beneficial
P T Motsepe	**–**	**–**	**88 382 206**	**–**	–	–	87 750 417	–
M Arnold	**9 029**	**–**	**–**	**–**	–	–	–	–
A D Botha	**–**	**–**	**17 450**	**–**	–	–	15 000	–
M P Schmidt	**8 563**	**–**	**–**	**–**	–	–	–	–
L A Shiels[1]	**–**	**–**	**–**	**–**	2 000	–	–	–
A J Wilkens	**44 629**	**–**	**329 178**	**–**	–	–	–	–
Total	**62 221**	**–**	**88 728 834**	**–**	2 000	–	87 765 417	–

1 *Mr L A Shiels ceased to be an Executive Director on 1 June 2012.*

During F2012, Messrs W M Gule and K S Mashalane acquired and sold 9 873 shares and 9 776 shares respectively. Mr Mashalane ceased to be an Executive Director on 1 June 2012.

Between 30 June 2012 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 Prescribed Officers

The remuneration of Executive Directors 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 is detailed in the Remuneration report found on pages 139 to 145.

The table below sets out the emoluments paid during the year ended 30 June 2012 to Executive Directors and Prescribed Officers.

The Board has determined the Prescribed Officers of the Company 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 Prescribed Officers

All figures in R000	Salary F2012	Pension scheme contri-butions F2012	Allow-ances F2012	**Total gross annual package F2012[5]**	Accrued bonus F2012	Total F2012	Total gross annual package F2011	Accrued bonus F2011[5]	Total F2011
Executive Directors									
P T Motsepe	6 938	–	2	**6 940**	2 673	9 613	6 738	3 492	10 230
A J Wilkens	5 778	444	545	**6 767**	2 281	9 048	6 829	3 332	10 161
M Arnold	3 151	335	332	**3 818**	2 563	6 381	3 500	2 093	5 593
W M Gule	2 267	253	367	**2 887**	1 849	4 736	2 731	1 812	4 543
K S Mashalane[1]	2 153	193	357	**2 703**	825	3 528	2 991	1 011	4 002
M P Schmidt[2]	4 118	360	285	**4 763**	1 553	6 316	–	–	–
L A Shiels[3]	2 061	265	316	**2 642**	1 695	4 337	2 676	1 812	4 488
J C Steenkamp[3]	3 890	487	723	**5 100**	4 364	9 464	5 247	3 768	9 015
Total for Executive Directors				**35 620**		53 423	30 712		48 032
Prescribed Officers[4]									
L A Shiels	189	24	27	**240**	154	394	–	–	–
J C Steenkamp	353	44	65	**462**	397	859	–	–	–
Total for Prescribed Officers				**702**		1 253	–		–
Total for Executive Directors and Prescribed Officers				**36 322**		54 676	30 712		48 032

1 *Ceased to be an Executive Director on 1 June 2012. Remains a senior executive of the Company. Remuneration is shown for 1 July 2011 to 31 May 2012.*
2 *Mr M P Schmidt was appointed to the Board 1 September 2011. Remuneration is shown for 1 September 2011 to 30 June 2012.*
3 *Ceased to be an Executive Director on 1 June 2012. Remains a senior executive and a Prescribed Officer of the Company. Remuneration is shown for 1 July 2011 to 31 May 2012.*
4 *Prescribed Officers are disclosed in terms of the Companies Act, Section 30(4)(a) upon the assumption of their new roles with effect from 1 June 2012. Remuneration is shown for 1 June 2012 to 30 June 2012.*
5 *Total gross annual package before bonuses.*

The accrued bonuses indicated for F2012 are based upon performance in F2012.

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 Prescribed Officers were generally lower than those paid in the previous year notwithstanding the small increase in headline earnings of 2% 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' 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. Additional information regarding Board and committee fees may be found in the Remuneration report on pages 144 and 145.

The Board has agreed to recommend an increase in Non-executive Directors' fees, effective from 1 July 2012, 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 2012.

Emoluments paid to Non-executive Directors

All figures in R000	Board and Committee fees	Other*	**Total F2012**	Total F2011
Non-executive Directors[1]				
Dr M M M Bakane-Tuoane	939	–	**939**	805
F Abbott	471	–	**471**	457
T A Boardman[2]	723	–	**723**	269
A D Botha	815	–	**815**	735
J A Chissano	379	548	**927**	931
M W King	977	–	**977**	1 012
A K Maditsi	833	–	**833**	737
J R McAlpine[3]	–	–	**–**	698
Dr R V Simelane	803	–	**803**	831
Z B Swanepoel	515	–	**515**	495
Total	6 455	548	**7 003**	6 970

* *Additional information may be found under the heading "Service Contracts: Non-executive Directors" on page 145 of the Remuneration report.*
1 *Payments for the reimbursement of out-of-pocket expenses have been excluded.*
2 *Mr Boardman was appointed on 1 February 2011.*
3 *Mr McAlpine retired on 30 June 2011.*

Performance shares

Conditional awards of full value ARM shares are made to Executive Directors and Prescribed Officers pursuant to The African Rainbow Minerals 2008 Share Plan (the Share Plan). Performance shares are settled after a three-year or four-year period subject to the Company's achievement of prescribed performance criteria over this period.

The total number of performance shares awarded in September and November 2011 and April 2012 was 363 218. On 3 December 2011, the first performance shares awarded under the Share Plan vested. In December 2011 and April 2012, an additional 243 580 and 5 442 performance shares, respectively, were awarded in terms of the achievement against set performance criteria. During the year under review, 378 682 performance shares vested and were settled; and performance shares, held by employees who either retired or were retrenched during the year, were settled and 2 414 performance shares were forfeited. The total number of performance shares as at 30 June 2012 was 606 639.

Between 30 June 2012 and 28 September 2012, no performance shares were settled and 20 779 performance shares were forfeited.

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

Performance shares

Executive Directors	**P T Motsepe**	**M Arnold**	**W M Gule**	**K S Mashalane[3]**
	Number of shares			
Opening balance as at 1 July 2011	46 313	11 591	9 466	9 756
Performance shares awarded[1]				
29 September 2011	18 968	5 598	3 281	1 830
9 November 2011	23 994	10 125	7 833	7 833
3 December 2011	40 896	7 326	8 202	8 556
Performance shares settled	(61 344)	(10 989)	(12 303)	(12 834)
Closing balance as at				
1 June 2012				**15 141**
30 June 2012[4]	**68 827**	**23 651**	**16 479**	

Executive Directors continued	M P Schmidt[2]	L A Shiels[3]	J C Steenkamp[3]	A J Wilkens
	Number of shares			
Opening balance as at 1 July 2011	8 748	9 448	22 105	46 577
Performance shares awarded[1]				
29 September 2011	3 799	3 281	6 821	18 099
9 November 2011	20 260	5 483	18 184	25 278
3 December 2011	7 326	8 180	18 334	41 128
Performance shares settled	(10 989)	(12 270)	(27 501)	(61 692)
Closing balance as at				
1 June 2012		**14 122**	**37 943**	
30 June 2012[4]	**29 144**			**69 390**

1 *Performance shares awarded 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 143 and 144. Additional performance shares awarded at 3 December 2011 as determined by the Company's achievement of performance measures.*
2 *Mr Schmidt was appointed on 1 September 2011.*
3 *Ceased to be Executive Directors on 1 June 2012.*
4 *No performance shares were awarded or settled between 30 June 2012 and 28 September 2012.*

Prescribed Officers[1]	L A Shiels	J C Steenkamp
	Number of shares	
Opening balance as at 1 June 2012	14 122	37 943
Closing balance as at 30 June 2012	**14 122**	**37 943**

1 *Messrs Shiels and Steenkamp became Prescribed Officers in terms of the Companies Act when they ceased to be Executive Directors on 1 June 2012.*

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 or four years, as the case may be, conditional on continued employment. On 3 December 2012, the first bonus shares granted under the Share Plan vested, subject to the fulfilment of the conditions.

The total number of bonus shares granted in September 2011 and November 2011 was 282 999. During the year under review, 111 176 bonus shares vested and were settled; and 4 013 bonus shares, held by employees who either retired or were retrenched during the year, were settled and no bonus shares were forfeited. The total number of bonus shares as at 30 June 2012 was 413 700.

Between 30 June 2012 and 28 September 2012, no bonus shares were settled and 9 041 were forfeited.

The number of bonus shares granted to Executive Directors and Prescribed Officers is summarised below.

Bonus shares

Executive Directors	P T Motsepe	M Arnold	W M Gule	K S Mashalane[4]
	Number of shares			
Opening balance as at 1 July 2011	40 211	8 436	7 769	6 866
Bonus shares granted[1]				
29 September 2011	18 968	5 598	3 281	1 830
9 November 2011	28 381	8 693	6 725	3 751
Bonus shares settled	(20 445)	(4 217)	(4 325)	(3 626)
Closing balance as at				
1 June 2012				**8 821**
30 June 2012[2]	**67 115**	**18 510**	**13 450**	

Executive Directors continued	**M P Schmidt**[3]	**L A Shiels**[4]	**J C Steenkamp**[4]	**A J Wilkens**
	Number of shares			
Opening balance as at 1 July 2011	6 605	7 671	17 418	29 809
Bonus shares granted[1]				
29 September 2011	3 799	3 281	6 821	18 099
9 November 2011	5 062	4 707	16 778	24 112
Bonus shares settled	(3 430)	(4 228)	(8 704)	(13 468)
Closing balance as at				
1 June 2012		**11 431**	**32 313**	
30 June 2012[2]	**12 036**			**58 552**

1 Bonus shares granted 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 143 and 144.
2 No Bonus shares were granted or settled between 30 June 2012 and 28 September 2012.
3 Mr Schmidt was appointed on 1 September 2011.
4 Ceased to be Executive Directors on 1 June 2012.

Prescribed Officers[1]	**L A Shiels**	**J C Steenkamp**
	Number of shares	
Opening balance as at 1 June 2012	11 431	32 313
Closing balance as at 30 June 2012	**11 431**	**32 313**

1 Messrs Shiels and Steenkamp became Prescribed Officers in terms of the Companies Act when they ceased to be Executive Directors on 1 June 2012.

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. Schedules of share option entitlements accruing to Executive Directors and Prescribed Officers and the transactions that occurred during the year to 30 June 2012 are set out below:

Schedule of share option entitlements

Executive Directors	**P T Motsepe**		**M Arnold**		**W M Gule**		**K S Mashalane**[2]	
	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 2011	1 050 907	51.23	125 664	101.45	105 307	89.36	84 215	110.47
Options granted	19 396	182.67	9 959	182.67	7 704	182.67	7 704	182.67
Options exercised	(550 000)[1]		–		(70 513)		–	
Average issue price per option		27.00		–		94.03		–
Gross sale price per option		180.04		–		181.95		–
Options forfeited and lapsed	–		–		–		–	
Closing balance as at								
1 June 2012[2]							**91 919**	**116.52**
30 June 2012	**520 303**	**81.74**	**135 623**	**107.42**	**42 498**	**98.61**		
Grant date of options								
15 December 2004	–	–	–	–	18 000	27.00	–	–
10 October 2005	133 784	37.00	101	37.00	–	–	–	–
1 November 2006	254 468	73.99	82 051	73.99	–	–	36 573	73.99
16 October 2007	85 880	139.73	21 598	139.73	–	–	30 330	139.73
21 May 2008	–	–	3 914	279.50	–	–	–	–
5 December 2008	16 068	96.20	6 397	96.20	7 160	96.20	7 471	96.20
15 October 2009	10 707	155.20	5 316	155.20	4 771	155.20	4 978	155.20
15 October 2010	–	–	6 287	178.49	4 863	178.49	4 863	178.49
9 November 2011	19 396	182.67	9 959	182.67	7 704	182.67	7 704	182.67

Executive Directors continued	**M P Schmidt**[3]		**L A Shiels**[2]		**J C Steenkamp**[2]		**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 2011	70 986	139.39	251 834	61.70	295 654	86.75	659 200	62.99
Options granted	15 328	182.67	6 163	182.67	14 903	182.67	19 124	182.67
Options exercised	–		(50 000)		(40 000)		(329 178)[1]	
Average issue price per option		–		32.00		37.00		30.43
Gross sale price per option		–		180.11		179.54		176.76
Options forfeited and lapsed	–		–		–		–	
Closing balance as at								
1 June 2012[2]			**207 997**	**72.42**	**270 557**	**99.39**		
30 June 2012	**86 314**	**110.47**					**349 146**	**100.24**
Grant date of options								
15 June 2005	–	–	90 000	32.00	–	–	–	–
1 November 2006	–	–	68 756	73.99	175 220	73.99	219 714	73.99
16 October 2007	55 464	139.73	26 314	139.73	51 020	139.73	66 557	139.73
5 December 2008	6 397	96.20	7 142	96.20	12 006	96.20	19 011	96.20
15 October 2009	4 262	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
9 November 2011	15 328	182.67	6 163	182.67	14 903	182.67	19 124	182.67

1 Share options exercised and shares acquired by subscription.
2 Ceased to be Executive Directors on 1 June 2012.
3 Mr Schmidt was appointed on 1 September 2011.

Prescribed Officers[1]	**L A Shiels**[2]		**J C Steenkamp**	
	Number of options	Average price R	Number of options	Average price R
Opening balance as at 1 June 2012	207 997	72.42	270 557	99.39
Closing balance as at 30 June 2012	**207 997**	**72.42**	**270 557**	**99.39**
Grant date of options				
15 June 2005	90 000	32.00	–	–
1 November 2006	68 756	73.99	175 220	73.99
16 October 2007	26 314	139.73	51 020	139.73
5 December 2008	7 142	96.20	12 006	96.20
15 October 2009	4 759	155.20	8 000	155.20
15 October 2010	4 863	178.49	9 408	178.49
9 November 2011	6 163	182.67	14 903	182.67

1 Messrs Shiels and Steenkamp became Prescribed Officers in terms of the Companies Act when they ceased to be Executive Directors on 1 June 2012.
2 50 000 share options were exercised between 30 June 2012 and 28 September 2012 at an issue price of R32.00 per option and a gross sale price of R183.17 per option.

Vesting dates

Performance shares

All performance shares conditionally awarded prior to 1 November 2011: Performance shares vest and are settled after a performance period of three years subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to participants other than senior executives after 1 November 2011: Performance shares vest and are settled after a performance period of three years subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to senior executives after 1 November 2011: Performance shares awarded vest and are settled after a performance period of four years subject to the achievement of predetermined performance criteria.

The schedule of vesting dates may be found below.

Schedule of performance share vesting dates

	Number of shares
Performance shares outstanding at 30 June 2012	**606 639**
Vesting on	
16 October 2012	116 379
27 April 2013	4 695
16 October 2013	114 493
2 April 2014	7 854
30 September 2014	93 367
10 November 2014	67 147
10 November 2015	174 125
4 April 2014	15 090
4 April 2015	13 489

Bonus shares

Bonus shares granted prior to 1 November 2011: Bonus shares vest and are settled after three years subject to continued employment.

Bonus shares granted to participants other than senior executives after 1 November 2011: Bonus shares vest and are settled after three years subject to continued employment.

Bonus shares granted to senior executives after 1 November 2011: Bonus shares vest and are settled after four years subject to continued employment.

The schedule of vesting dates may be found below.

Schedule of bonus share vesting dates

	Number of shares
Bonus shares outstanding at 30 June 2012	**413 700**
Vesting on	
16 October 2012	11 479
16 October 2013	118 988
2 April 2014	234
30 September 2014	93 367
10 November 2014	46 869
10 November 2015	142 763

Share options

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 granted to senior executive management after 1 November 2011: No options may be exercised prior to the fourth anniversary of the issue date relative to such options.

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

The schedule of vesting dates may be found below.

Schedule of option vesting dates

	Number of options	Average issue price per option
Options outstanding at 30 June 2012	**3 168 450**	**R96.57**
Vested		
11 October 2006	62 513	R37.00
17 December 2006	32 716	R27.00
17 June 2007	9 375	R32.00
11 October 2007	74 044	R37.00
2 November 2007	180 824	R73.99
17 December 2007	86 589	R27.00
6 June 2008	12 666	R119.00
17 June 2008	106 782	R32.00
11 October 2008	77 222	R37.00
17 October 2008	168 082	R139.73
2 November 2008	211 554	R73.99
16 April 2009	13 821	R271.00
22 May 2009	1 304	R279.50
6 June 2009	12 666	R119.00
17 October 2009	168 550	R139.73
2 November 2009	426 099	R73.99
16 April 2010	13 821	R271.00
22 May 2010	1 304	R279.50
6 June 2010	18 334	R119.00
17 October 2010	170 167	R139.73
2 November 2010	187 720	R73.99
16 April 2011	13 824	R271.00
22 May 2011	1 306	R279.50
6 June 2011	13 666	R119.00
2 November 2011	220 012	R73.99
6 December 2011	169 868	R96.20
18 March 2012	8 815	R120.80
6 June 2012	18 002	R119.00
Vesting on		
16 October 2012	174 548	R155.20
27 April 2013	4 808	R195.60
16 October 2013	185 631	R178.49
2 April 2014	8 559	R223.00
10 November 2014	134 074	R182.67
3 April 2015	14 293	R182.19
10 November 2015	158 030	R182.67
3 April 2016	6 861	R182.19

Share incentive movements

	Options		Performance shares[1]		Bonus shares[1]	
	F2012	F2011	**F2012**	F2011	**F2012**	F2011
Opening balance as at 30 June 2011	**4 081 733**	4 335 942	**375 495**	262 553	**245 890**	130 045
Exercised	**(1 225 485)**	(440 164)	**–**	–	**–**	–
Settled	**–**	–	**(129 660)**	(3 557)	**(115 189)**	(5 397)
Granted/awarded/granted	**313 258**	196 635	**363 218**	125 530	**282 999**	121 589
Forfeited	**(1 056)**	(10 680)	**(2 414)**	(9 031)	**–**	(347)
Closing balance as at 30 June 2012	**3 168 450**	4 081 733	**606 639**	375 495	**413 700**	245 890
Subsequent to year-end:						
Exercised	**(220 917)**	–	**–**	–	**–**	–
Granted/awarded/granted	**–**	–	**–**	–	**–**	–
Forfeited	**(15 927)**	–	**(20 779)**	–	**(9 041)**	–
Balance as at 28 September 2012	**2 931 606**	4 081 733	**585 860**	375 495	**404 659**	245 890

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 re-appointment of E&Y as ARM's external auditors for the 2013 financial year and confirmation of Mr E A L Botha as the individual registered auditor.

Secretary

Ms Alyson D'Oyley is the 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 129.

Special resolutions

The following special resolutions were passed by shareholders of ARM at the Annual General Meeting held on 2 December 2011:

- Remuneration of Non-executive Directors;
- Financial assistance – for related or inter-related companies; and
- Financial assistance – for subscription for securities.

No special resolutions were passed by the shareholders of ARM's subsidiaries from 17 October 2011 to the date of this report.

Listings

The Company's shares are listed on the JSE Limited (JSE) under General Mining under the JSE share code: ARI.

A sponsored Level 1 American Depositary Receipt (ADR) programme is also available to investors for over-the-counter or private transactions under the ticker symbol AFRBY.

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 translations 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 235 to 241 and do not form part of the audited statements.

Statements of financial position

at 30 June 2012

		Group			Company		
	Notes	**F2012 Rm**	Restated* F2011 Rm	1 July 2010 Rm	**F2012 Rm**	Restated* F2011 Rm	1 July 2010 Rm
Assets							
Non-current assets							
Property, plant and equipment	4	**18 707**	15 584	13 256	**2 268**	2 215	1 933
Investment property	5	**12**	12	12	**–**	–	–
Intangible assets	6	**191**	202	212	**–**	–	–
Deferred tax assets	16	**3**	87	44	**–**	85	43
Loans and long-term receivables	8	**221**	186	51	**240**	198	10
Financial assets	9	**74**	45	84	**–**	–	–
Inventories	11	**141**	130	148	**–**	13	15
Investment in associate	7	**1 354**	1 331	1 292	**432**	432	432
Other investments	10	**4 959**	5 798	5 191	**8 751**	8 818	8 383
		25 662	23 375	20 290	**11 691**	11 761	10 816
Current assets							
Inventories	11	**2 458**	2 155	1 834	**169**	155	65
Trade and other receivables	12	**3 606**	3 113	3 026	**396**	195	324
Taxation	35	**26**	75	44	**–**	–	–
Cash and cash equivalents	13	**3 564**	3 668	3 039	**314**	1 248	1 047
		9 654	9 011	7 943	**879**	1 598	1 436
Total assets		**35 316**	32 386	28 233	**12 570**	13 359	12 252
Equity and liabilities							
Capital and reserves							
Ordinary share capital	14	**11**	11	11	**11**	11	11
Share premium	14	**3 937**	3 840	3 803	**3 937**	3 840	3 803
Other reserves		**571**	1 201	728	**275**	1 003	498
Retained earnings		**18 681**	16 160	13 223	**6 333**	6 562	5 754
Equity attributable to equity holders of ARM		**23 200**	21 212	17 765	**10 556**	11 416	10 066
Non-controlling interest		**1 205**	958	764	**–**	–	–
Total equity		**24 405**	22 170	18 529	**10 556**	11 416	10 066
Non-current liabilities							
Long-term borrowings	15	**2 216**	2 337	2 582	**–**	410	784
Deferred tax liabilities	16	**3 777**	3 593	2 961	**442**	538	407
Long-term provisions	17	**892**	549	500	**154**	137	131
		6 885	6 479	6 043	**596**	1 085	1 322
Current liabilities							
Trade and other payables	18	**2 318**	2 448	2 315	**436**	312	311
Short-term provisions	19	**463**	287	268	**107**	118	134
Taxation	35	**224**	270	314	**134**	100	90
Overdrafts and short-term borrowings							
– interest-bearing	20	**1 021**	732	764	**450**	37	38
– non-interest-bearing	20	**–**	–	–	**291**	291	291
		4 026	3 737	3 661	**1 418**	858	864
Total equity and liabilities		**35 316**	32 386	28 233	**12 570**	13 359	12 252

* *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*

Income statements

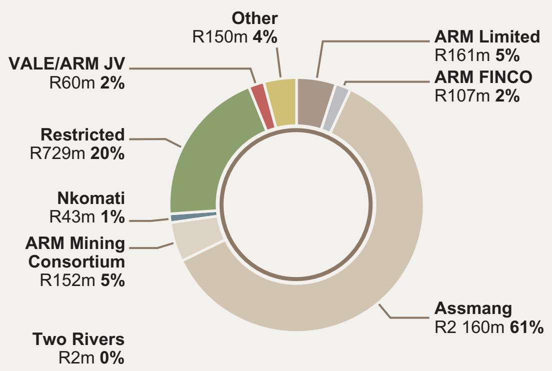
for the year ended 30 June 2012

	Notes	Group F2012 Rm	Group Restated* F2011 Rm	Company F2012 Rm	Company Restated* F2011 Rm
Revenue	23	**18 142**	15 357	**3 238**	3 089
Sales	23	**17 530**	14 893	**1 554**	1 499
Cost of sales	24	**(11 463)**	(8 875)	**(1 497)**	(1 049)
Gross profit		**6 067**	6 018	**57**	450
Other operating income	25	**859**	511	**693**	462
Other operating expenses	26	**(1 710)**	(1 130)	**(918)**	(711)
Profit/(loss) from operations before exceptional items	27	**5 216**	5 399	**(168)**	201
Income from investments	28	**279**	216	**1 148**	1 166
Finance costs	29	**(232)**	(216)	**(62)**	(53)
Income/(loss) from associate**	7	**11**	(135)	**–**	–
Profit before taxation and exceptional items		**5 274**	5 264	**918**	1 314
Exceptional items	30	**(70)**	(11)	**1**	(4)
Profit before taxation		**5 204**	5 253	**919**	1 310
Taxation	31	**(1 633)**	(1 693)	**(189)**	(76)
Profit for the year		**3 571**	3 560	**730**	1 234
Attributable to:					
Non-controlling interest		**133**	194		
Equity holders of ARM		**3 438**	3 366	**730**	1 234
		3 571	3 560	**730**	1 234
Additional information					
Headline earnings (R million)	33	**3 451**	3 374		
Headline earnings per share (cents)	32	**1 615**	1 585		
Basic earnings per share (cents)		**1 609**	1 581		
Diluted headline earnings per share (cents)	32	**1 604**	1 578		
Diluted basic earnings per share (cents)	32	**1 598**	1 574		
Number of shares in issue at end of year (thousands)		**214 852**	213 133		
Weighted average number of shares in issue (thousands)		**213 689**	212 889		
Weighted average number of shares used in calculating diluted earnings per share (thousands)	32	**215 118**	213 871		
Net asset value per share (cents)	32	**10 798**	9 952		
EBITDA (R million)		**6 531**	6 517		
Dividend declared after year end (cents per share)	32	**475**	450	**475**	450

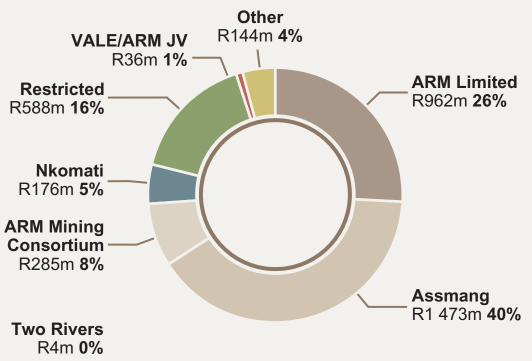
* *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*
** *Exceptional gain net of tax included in income/(loss) from associate R38 million (F2011: nil).*

Analysis of specific financial statements items

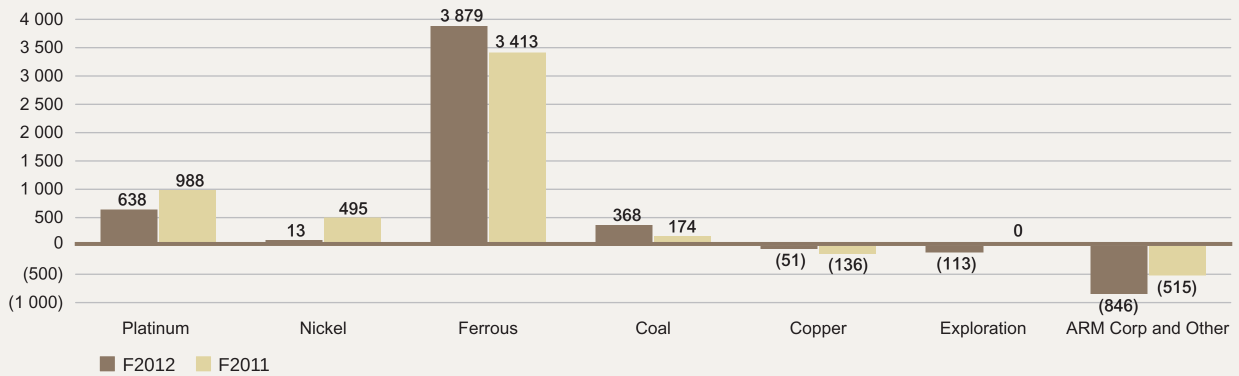
Cash and cash equivalents – statement of financial position F2012 (R million) (refer note 13)



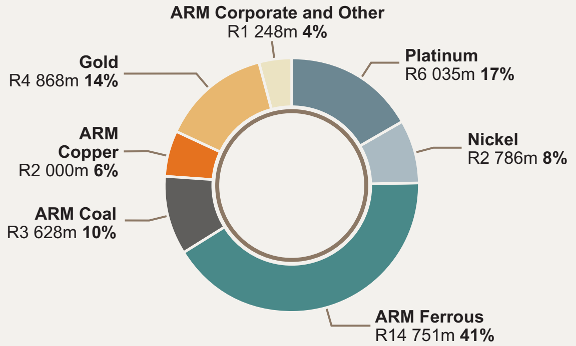
Cash and cash equivalents – statement of financial position F2011 (R million) (refer note 13)



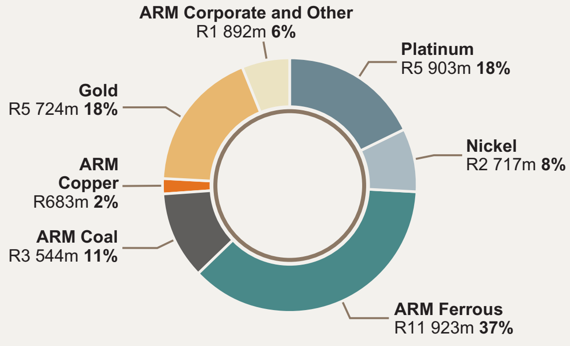
Cash inflow/(outflow) from operating activities
(R million) (refer note 2)



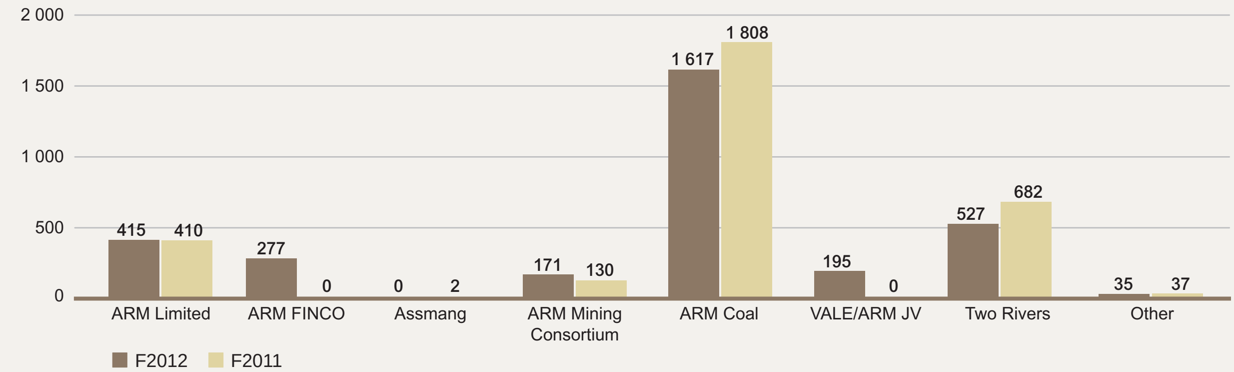
Segment assets F2012
(R million) (refer note 2)



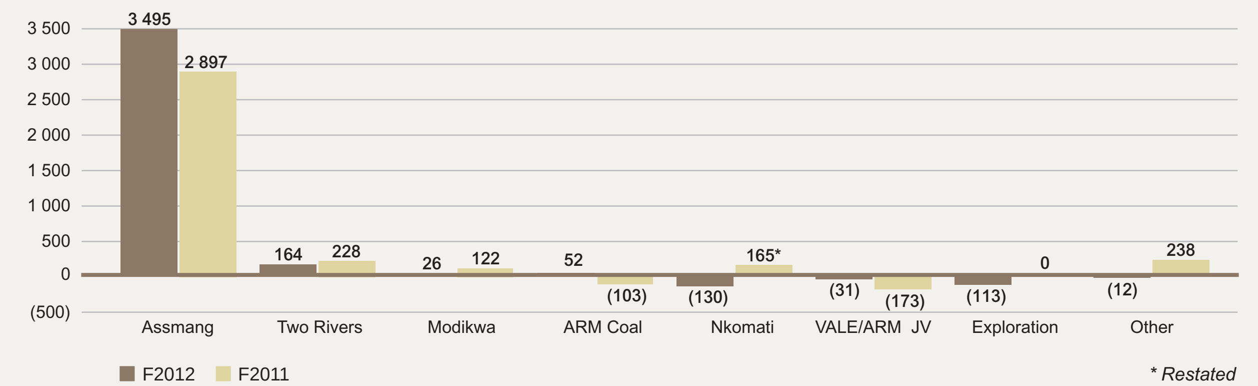
Segment assets F2011
(R million) (refer note 2)



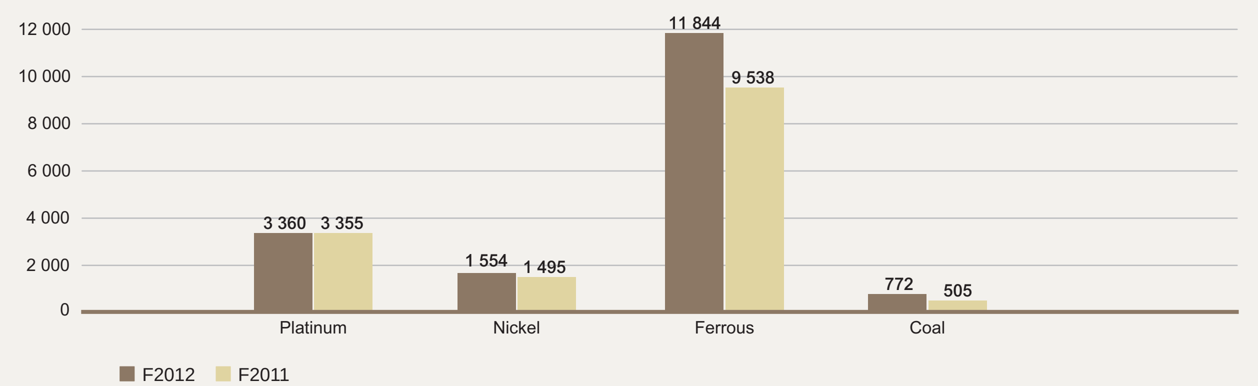
Long and short-term borrowings
(R million) (refer note 15 and 20)



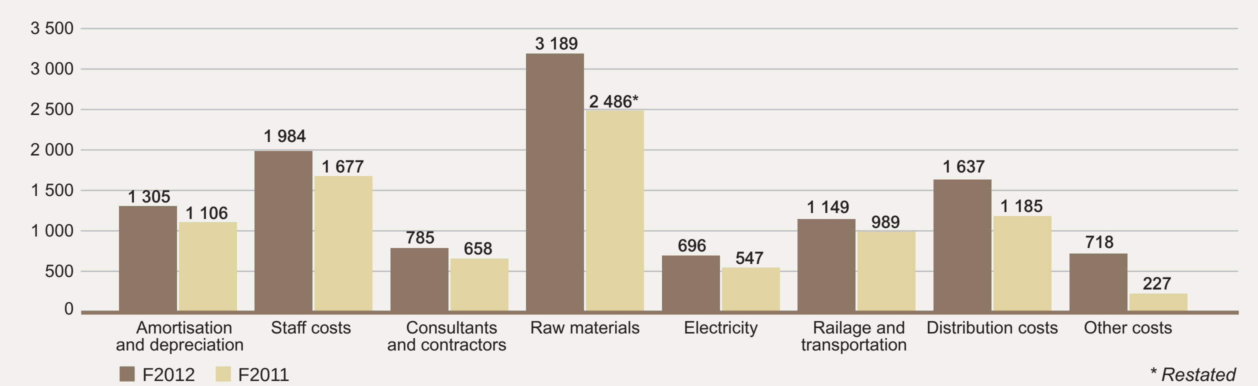
Headline earnings
(R million) (refer note 2)



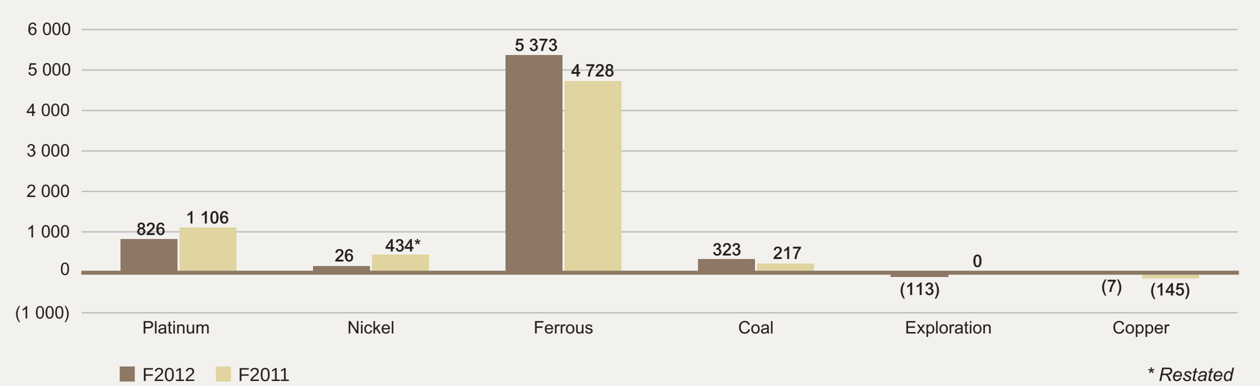
Sales
(R million) (refer note 2)



Cost of sales
(R million) (refer note 24)



EBITDA
(R million) (refer note 2)



Statements of comprehensive income

for the year ended 30 June 2012

	Notes	Group 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 2011 (Restated)*							
Profit for the year to 30 June 2011		–	–	3 366	3 366	194	**3 560**
Other comprehensive income							
Revaluation of listed investment	10	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	7	–	(4)	–	(4)	–	**(4)**
Foreign currency translation reserve movement		–	40	–	40	–	**40**
Total other comprehensive income		468	(35)	–	433	–	**433**
Total comprehensive income for the year		468	(35)	3 366	3 799	194	**3 993**
For the year ended 30 June 2012							
Profit for the year to 30 June 2012		**–**	**–**	**3 438**	**3 438**	**133**	**3 571**
Other comprehensive income							
Revaluation of listed investment	10	**(856)**	**–**	**–**	**(856)**	**–**	**(856)**
Deferred tax on revaluation of listed investment		**81**	**–**	**–**	**81**	**–**	**81**
Net impact of revaluation of listed investment		**(775)**	**–**	**–**	**(775)**	**–**	**(775)**
Realisation of foreign exchange on loans to foreign Group entity		**–**	**87**	**–**	**87**	**–**	**87**
Deferred tax on realisation of foreign exchange on loans to foreign Group entity		**–**	**(12)**	**–**	**(12)**	**–**	**(12)**
Foreign exchange movements on loans to a foreign Group entity		**–**	**30**	**–**	**30**	**–**	**30**
Deferred tax on unrealised foreign exchange movements on loans to a foreign Group entity		**–**	**(8)**		**(8)**		**(8)**
Cashflow hedge reserve	7	**–**	**(11)**	**–**	**(11)**	**–**	**(11)**
Foreign currency translation reserve movement		**–**	**16**	**–**	**16**	**–**	**16**
Total other comprehensive income		**(775)**	**102**	**–**	**(673)**	**–**	**(673)**
Total comprehensive income for the year		**(775)**	**102**	**3 438**	**2 765**	**133**	**2 898**

* *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*

	Notes	Company Available-for-sale reserve Rm	Retained earnings Rm	Total Rm
For the year ended 30 June 2011 (Restated)*				
Profit for the year to 30 June 2011		–	1 234	**1 234**
Other comprehensive income				
Revaluation of listed investment	10	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	1 234	**1 702**
For the year ended 30 June 2012				
Profit for the year to 30 June 2012		**–**	**730**	**730**
Other comprehensive income				
Revaluation of listed investment	10	**(856)**	**–**	**(856)**
Deferred tax on revaluation of listed investment		**81**	**–**	**81**
Net impact of revaluation of listed investment		**(775)**	**–**	**(775)**
Total other comprehensive income		**(775)**	**–**	**(775)**
Total comprehensive income for the year		**(775)**	**730**	**(45)**

* *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*

Statements of changes in equity

for the year ended 30 June 2012

	Notes	Group Share capital and premium Rm	Available-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
Balance at 30 June 2010		3 814	446	282	13 223	17 765	764	**18 529**
Profit for the year to 30 June 2011 (Restated)**		–	–	–	3 366	3 366	194	**3 560**
Other comprehensive income		–	468	(35)	–	433	–	**433**
Total comprehensive income for the year		–	468	(35)	3 366	3 799	194	**3 993**
Share-based payments		–	–	37	–	37	–	**37**
Share options exercised	14	37	–	–	–	37	–	**37**
Dividend paid	32	–	–	–	(426)	(426)	–	**(426)**
Other		–	–	3	(3)	–	–	**–**
Balance at 30 June 2011		3 851	914	287	16 160	21 212	958	**22 170**
Profit for the year to 30 June 2012		–	–	–	3 438	3 438	133	**3 571**
Other comprehensive income		–	(775)	102	–	(673)	–	**(673)**
Total comprehensive income for the year		–	(775)	102	3 438	2 765	133	**2 898**
Share-based payments		–	–	94	–	94	–	**94**
Share options exercised	14	50	–	–	–	50	–	**50**
Bonus and performance shares issued to employees	14	47	–	(47)	–	–	–	**–**
Dividend paid	32	–	–	–	(959)	(959)	–	**(959)**
Part disposal of interest in Lubambe		–	–	–	38	38	114	**152**
Other		–	–	(4)	4	–	–	**–**
Balance at 30 June 2012		**3 948**	**139**	**432**	**18 681**	**23 200**	**1 205**	**24 405**

	F2012 Rm	F2011 Rm	F2010 Rm
* Other reserves consist of the following:			
General reserve	**32**	32	32
Insurance contingency	**14**	18	15
Share-based payments	**351**	304	267
Cashflow hedge reserve	**1**	12	16
Foreign exchange on loans to foreign Group entity	**20**	(77)	(6)
Foreign currency translation reserve (FCTR)	**28**	12	(28)
Premium paid on purchase of non-controlling interest	**(14)**	(14)	(14)
Total	**432**	**287**	**282**

** *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*

	Notes	Company Share capital and premium Rm	Available-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total Rm
Balance at 30 June 2010		3 814	240	258	5 754	**10 066**
Profit for the year to 30 June 2011 (Restated)**		–	–	–	1 234	**1 234**
Other comprehensive income		–	468	–	–	**468**
Total comprehensive income for the year		–	468	–	1 234	**1 702**
Dividend paid	32	–	–	–	(426)	**(426)**
Share-based payments		–	–	37	–	**37**
Share options exercised	14	37	–	–	–	**37**
Balance at 30 June 2011		3 851	708	295	6 562	**11 416**
Profit for the year to 30 June 2012		–	–	–	730	**730**
Other comprehensive income		–	(775)	–	–	**(775)**
Total comprehensive income for the year		–	(775)	–	730	**(45)**
Dividend paid	32	–	–	–	(959)	**(959)**
Share-based payments		–	–	94	–	**94**
Share options exercised	14	50	–	–	–	**50**
Bonus and performance shares issued to employees	14	47	–	(47)	–	**–**
Balance at 30 June 2012		**3 948**	**(67)**	**342**	**6 333**	**10 556**

	F2012 Rm	F2011 Rm	F2010 Rm
* Other reserves consist of the following:			
General reserve	**35**	35	35
Share-based payments	**307**	260	223
Total	**342**	295	258

*** Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*

Statements of cash flows

for the year ended 30 June 2012

	Notes	Group F2012 Rm	Group Restated* F2011 Rm	Company F2012 Rm	Company Restated* F2011 Rm
Cash flow from operating activities					
Cash receipts from customers		**17 883**	15 409	**1 938**	2 092
Cash paid to suppliers and employees		**(11 914)**	(9 421)	**(1 986)**	(1 584)
Cash generated/(utilised) from operations	34	**5 969**	5 988	**(48)**	508
Interest received		**214**	181	**36**	79
Interest paid		**(106)**	(117)	**(46)**	(52)
Dividends received		**64**	33	**1 064**	1 032
Dividend paid		**(959)**	(426)	**(959)**	(426)
Taxation paid	35	**(1 294)**	(1 240)	**(85)**	(54)
Net cash inflow/(outflow) from operating activities		**3 888**	4 419	**(38)**	1 087
Cash flow from investing activities					
Additions to property, plant and equipment to maintain operations		**(1 180)**	(797)	**(77)**	(11)
Additions to property, plant and equipment to expand operations		**(2 866)**	(2 241)	**(199)**	(476)
Proceeds on disposal of property, plant and equipment		**1**	3		
Investment in associate		**(23)**	(178)	**–**	–
Investment in RBCT		**(17)**	(63)	**–**	–
Investment in subsidiary		**–**	–	**(48)**	–
Decrease/(increase) in loans and receivables		**8**	(106)	**(617)**	(62)
Net cash outflow from investing activities		**(4 077)**	(3 382)	**(941)**	(549)
Cash flow from financing activities					
Proceeds on exercise of share options		**50**	37	**50**	36
Long-term borrowings raised		**501**	283	**(3)**	205
Long-term borrowings repaid		**(294)**	(596)	**–**	(575)
Decrease in short-term borrowings		**(78)**	(312)	**–**	(2)
Net cash inflow/(outflow) from financing activities		**179**	(588)	**47**	(336)
Net (decrease)/increase in cash and cash equivalents		**(10)**	449	**(932)**	202
Cash and cash equivalents at beginning of year		**3 227**	2 791	**1 211**	1 009
Foreign currency translation on cash balance		**10**	(13)	**–**	–
Cash and cash equivalents at end of year	13	**3 227**	3 227	**279**	1 211
Cash generated from operations per share (cents)	32	**2 794**	2 813	**(22)**	238

* *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*

Notes to the financial statements

for the year ended 30 June 2012

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:

Standard	Subject
IFRS 1	• First-time adoption of International Financial Reporting Standards – Accounting policy changes in the year of adoption (Annual improvements project 2010) • First-time adoption of International Financial Reporting Standards – Severe hyperinflation and removal of fixed dates for first time adaptors (Amendment) • First-time adoption of International Financial Reporting Standards – Revaluation basis as deemed cost (Annual improvements project 2010) • First-time adoption of International Financial Reporting Standards – Replacement of fixed dates for certain exceptions with the date of transition to IFRS (Amendment) • First-time adoption of International Financial Reporting Standards – Use of deemed cost for operations subject to date regulation (Annual improvements project 2010)
IFRS 7	Financial instruments: Disclosures – Transfer of financial assets (Amendment)
	Financial instruments: Disclosures – Clarification of disclosures (Annual improvements project 2010)
IAS 1	Presentation of financial statements – Clarification of statements of changes in equity (Annual improvements project 2010)
IAS 24	Related party disclosure (revised)
IAS 34	Interim financial reporting – Significant events and transactions (Annual improvements project 2010)
IFRIC 13	Customer loyalty programmes – Fair value of award credit (Annual improvements project 2010)
IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interactions – Prepayments of a minimum funding requirement (Amendment)

The Group has early adopted IAS 1 – Presentation of Financial Statements, which was amended as a result of the IASB's Annual Improvements projects in May 2012. The amendment clarifies the requirements for certain disclosures and comparative information. As a result no notes are presented with regards to the third statement of financial position.

The adoption of these amendments, standards and interpretations only resulted in changes to the manner in which the annual financial statements are presented as well as additional disclosures in the annual financial statements.

The Group has early adopted: IFRIC 20 – Accounting for stripping costs in the production phase of a surface mine.

This interpretation is effective for annual periods commencing on or after 1 January 2013, which would ordinarily mean it would apply to the Group from the year ending 30 June 2013, however the Group has elected to early adopt this interpretation and apply it for the year ended 30 June 2012. In accordance of the transitional provision of the interpretation, the requirements were applied retrospectively to production stripping costs incurred on or after 1 July 2010 (commencement of the comparative financial period). The interpretation now clarifies that an entity can recognise production stripping costs of a surface mining operation as part of a stripping activity asset if certain requirement as per the IFRIC 20 are met. Refer to note 3 for details of the financial effect of the early adoption of this interpretation.

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 21).

Investment in 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, or in other comprehensive income in which case the tax amounts are recognised directly in equity or other comprehensive income.

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.

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 fund

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

All financial assets are recognised initially at fair value plus transaction costs except in the case of financial assets recorded at fair value through the income statement.

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.

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, i.e. 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 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, site preparation and pre-production stripping costs, as well as the decommissioning thereof, are capitalised when it is probable that the future economic benefits will flow to the entity and it can be measures reliably. Development expenditure is net of proceeds from the sale of ore extracted during the development phase. Capitalised development costs are classified under Mine development and decommissioning assets and are recognised at cost. 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 from which future economic benefits will be realised, resulting in these assets being carried at cost less depreciation and any impairment losses. 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.

Production stripping costs

The capitalisation of pre-production stripping costs as part of Mine development and decommissioning assets ceases when the mine is commissioned and ready for production. Subsequent stripping activities that are undertaken during the production phase of a surface mine may create two benefits, being either the production of inventory or improved access to the ore to be mined in the future.

Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and where the benefit is the creation of mining flexibility and improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if:

a. future economic benefits (being improved access to the ore body) are probable,
b. the component of the ore body for which access will be improved can be accurately identified, and
c. the costs associated with the improved access can be reliably measured.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset included under mine development and decommissioning asset, and disclosed in note 4. If all the criteria are not met, the production stripping costs are charged to the statement of comprehensive income as operating costs.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. If, the costs of the stripping activity asset and the inventory produced are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset.

The stripping activity asset is subsequently depreciated over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Based on proven and probable reserves, the units-of-production method is used to determine the expected useful life of the identified component of the ore body that became more accessible. As a result, the stripping activity asset is carried at cost less depreciation and any impairment losses.

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 depreciation calculation is 25 years.

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 orebody.
- 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 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 weighted 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-progress 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.

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 expense is 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 insurance 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 25). 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.

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.

Capitalised stripping costs

Waste removal costs (stripping costs) are incurred during the development and production phases at surface mining operations. Furthermore, during the production phase, stripping costs are incurred in the production of inventory as well as in the creation of future benefits by improving access and mining flexibility in respect of the ore to be mined, the latter being referred to as a 'stripping activity asset'. Judgement is required to distinguish between these two activities at each of the surface operations.

The ore bodies need to be identified in its various separately identifiable components for each of its surface mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Judgement is required to identify and define these components, and also to determine the expected volumes (tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments may vary between mines because the assessments are undertaken for each individual mine and are based on a combination of information available in the mine plans, specific characteristics of the ore body, the milestones relating to major capital investment decisions, and the type of minerals being mined.

Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The ratio of expected volume (tonnes) of waste to be stripped for an expected volume (tonnes) of ore to be mined for a specific component of the ore body, compared to the current period ratio of actual volume (tonnes) of waste to the volume (tonnes) of ore is considered to determine the most suitable production measure.

These judgements and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset.

Production start date

The phase of each mine construction project is assessed to determine when a mine moves into the production phase. The criteria used to assess the start date is determined by the unique nature of each mine's construction project and includes factors such as the complexity of a plant and its location. Various relevant criteria are considered to assess when the mine is substantially complete and ready for its intended use and moves into the production phase. Some of the criteria would include but are not limited to the following:

- the level of capital expenditure compared to the construction cost estimates;

- completion of a reasonable period of testing of the mine plant and equipment;
- ability to produce inventory in saleable form; and
- ability to sustain ongoing production of inventory.

When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalisable costs related to mining asset additions or improvements, production phase stripping costs capitalisable as stripping activity asset(s), and exploration expenditure that meets the criteria for capitalisation.

Mine rehabilitation provision (refer note 17)

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.

Other 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 27)

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.

Deferred taxation asset (refer note 16)

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.

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 2009 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.

New Standards

The following new standards have been issued but are only applicable for future periods.

Standard	Subject	Effective date
IFRS 9	Financial instruments: Classification and measurement 1 January 2013	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of interest in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 1	Presentation of other comprehensive income (Amendment) 1 January 2013	1 January 2012
IAS 12	Income taxes – Recovery of underlying assets (Amendment) 1 January 2013	1 January 2012
IAS 19	Employee benefits (Amendment)	1 January 2013
IAS 27	Separate financial statements (as revised in 2011) 1 January 2013	1 January 2013
IAS 28	Investment in associate and Joint Ventures (as revised in 2011) 1 January 2013	1 January 2013

Impact of the above

Apart from IFRS 10, 11 and 12, 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 introduces the concept of a single model for establishing control that will be applicable to all entities, including special purpose entities.

IFRS 11 continues to allow joint operations to either be accounted for using the equity method or proportionate consolidation method, however the option of proportionate consolidation for joint ventures has been removed.

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, the disclosures that were previously included in IAS 31 and IAS 28, and a number of new disclosures. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

These three standards become effective for financial reporting periods beginning on or after 1 January 2013. The adoption of IFRS 10, 11 and 12 may potentially have an impact on the presentation and disclosures, when adopted, because the Group has a number of significant investments and joint arrangements. The Group is currently evaluating the impact of these standards.

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 14.7% (F2011: 14.8%).

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 PCB.

ARM Copper: With effect from 1 July 2011 this division comprises an effective 40% share in Lubambe (previously Konkola) 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 in the 50:50 Vale/ARM joint venture.

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

The commodity groupings predominantly reflect the risks and rewards of trading and the operating divisions are therefore identified as the reporting segments.

2 PRIMARY SEGMENTAL INFORMATION continued

2.1 Year to 30 June 2012

	ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Copper Rm	ARM Exploration Rm	*Corporate and other Rm	Gold Rm	Total Rm
Sales	4 914	11 844	772	–	–	–	–	**17 530**
Cost of sales	(4 261)	(6 690)	(557)	–	–	45	–	**(11 463)**
Other operating income	33	435	–	23	–	368	–	**859**
Other operating expenses	(355)	(893)	(1)	(33)	(113)	(315)	–	**(1 710)**
Segment result	331	4 696	214	(10)	(113)	98	–	**5 216**
Income from investments	33	124	–	–	–	58	64	**279**
Finance cost	(47)	(14)	(103)	(34)	–	(26)	–	**(224)**
Finance cost Implats: Shareholders' loan Two Rivers	(4)	–	–	–	–	–	–	**(4)**
Finance cost ARM: Shareholders' loan Two Rivers	(4)	–	–	–	–	–	–	**(4)**
Income from associate	–	–	11	–	–	–	–	**11**
Exceptional items	1	(71)	–	–	–	–	–	**(70)**
Taxation	(110)	(1 292)	(32)	(5)	–	(194)	–	**(1 633)**
Non-controlling interest	(139)	–	–	18	–	(12)	–	**(133)**
Contribution to basic earnings	61	3 443	90	(31)	(113)	(76)	64	**3 438**
Contribution to headline earnings	60	3 495	52	(31)	(113)	(76)	64	**3 451**
Other information								
Segment assets, including investment in associate	8 821	14 751	3 628	2 000	–	1 248	4 868	**35 316**
Investment in associate	–	–	1 354	–	–	–	–	**1 354**
Segment liabilities	1 828	1 548	1 855	427	–	1 252	–	**6 910**
Unallocated liabilities (tax and deferred tax)								**4 001**
Consolidated total liabilities								**10 911**
Cash inflow/(outflow) from operations	742	4 877	367	(48)	(113)	144	–	**5 969**
Cash inflow/(outflow) from operating activities	651	3 879	368	(51)	(113)	(910)	64	**3 888**
Cash outflow from investing activities	(828)	(2 179)	(108)	(959)	–	(3)	–	**(4 077)**
Cash (outflow)/inflow from financing activities	(78)	(2)	(269)	191	–	337	–	**179**
Capital expenditure	928	2 171	151	1 065	–	6	–	**4 321**
Amortisation and depreciation	521	677	109	4	–	4	–	**1 315**
(Reversal)/impairment	(1)	69	–	–	–	–	–	**68**
EBITDA	852	5 373	323	(7)	(113)	103	–	**6 531**

* *Corporate, other companies and consolidation adjustments.*

2 Primary segmental information
continued

	ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Copper** Rm	*Corporate and other Rm	Gold Rm	Total Rm
Primary segmental information							
Year to 30 June 2011 (Restated)							
Total sales	4 854	9 538	505	–	–	–	**14 897**
Inter-group sales to ARM Ferrous	(4)	–	–	–	–	–	**(4)**
Sales	4 850	9 538	505	–	–	–	**14 893**
Cost of sales	(3 522)	(5 009)	(381)	–	37	–	**(8 875)**
Other operating income	31	125	–	–	355	–	**511**
Other operating expenses	(332)	(425)	(2)	(151)	(220)	–	**(1 130)**
Segment result	1 027	4 229	122	(151)	172	–	**5 399**
Income from investments	33	71	–	–	80	32	**216**
Finance cost	(45)	(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	(251)	(1 388)	(5)	(2)	(47)	–	**(1 693)**
Non-controlling interest	(212)	–	–	27	(9)	–	**(194)**
Contribution to basic earnings	512	2 892	(103)	(173)	206	32	**3 366**
Contribution to headline earnings	515	2 897	(103)	(173)	206	32	**3 374**
Other information							
Segment assets, including investment in associate	8 620	11 923	3 544	683	1 892	5 724	**32 386**
Investment in associate	–	–	1 331	–	–	–	**1 331**
Segment liabilities	1 811	1 271	1 924	209	1 138	–	**6 353**
Unallocated liabilities (tax and deferred tax)							**3 863**
Consolidated total liabilities							**10 216**
Cash generated from operations	1 665	4 362	173	(133)	(79)	–	**5 988**
Cash inflow/(outflow) from operating activities	1 483	3 413	174	(136)	(547)	32	**4 419**
Cash outflow from investing activities	(776)	(1 822)	(427)	(313)	(44)	–	**(3 382)**
Cash (outflow)/inflow from financing activities	(329)	(3)	78	–	(334)	–	**(588)**
Capital expenditure	923	1 967	85	475	44	–	**3 494**
Amortisation and depreciation	513	499	95	6	5	–	**1 118**
Impairment	4	–	–	–	–	–	**4**
EBITDA	1 540	4 728	217	(145)	177	–	**6 517**

* *Corporate, other companies and consolidation adjustments.*

** *ARM Copper was previously called ARM Exploration and comprised the Lubambe (previously Konkola North) 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 Vale/ARM joint venture.*

The ARM platinum segment is analysed further into Two Rivers Platinum Mine, ARM Mining Consortium (which includes Modikwa Platinum Mine) and Nkomati nickel mine.

2 Primary segmental information continued

2.2 Year to 30 June 2012

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
Sales				
External sales	1 554	2 335	1 025	**4 914**
Cost of sales	(1 497)	(1 811)	(953)	**(4 261)**
Other operating income	11	10	12	**33**
Other operating expenses	(234)	(68)	(53)	**(355)**
Segment result	(166)	466	31	**331**
Income from investments	6	13	14	**33**
Finance cost	(3)	(42)	(2)	**(47)**
Finance cost Implats: Shareholders' loan Two Rivers	–	(4)	–	**(4)**
Finance cost ARM: Shareholders' loan Two Rivers	–	(4)	–	**(4)**
Exceptional items	1	–	–	**1**
Taxation	33	(132)	(11)	**(110)**
Non-controlling interest	–	(133)	(6)	**(139)**
Contribution to basic earnings	(129)	164	26	**61**
Contribution to headline earnings	(130)	164	26	**60**
Other information				
Segment and consolidated assets	2 786	3 443	2 592	**8 821**
Segment liabilities	366	1 048	414	**1 828**
Unallocated liabilities (tax and deferred tax)				**1 224**
Consolidated total liabilities				**3 052**
Cash generated from operations	7	688	47	**742**
Cash inflow from operating activities	13	588	50	**651**
Cash outflow from investing activities	(272)	(332)	(224)	**(828)**
Cash outflow from financing activities	(3)	(74)	(1)	**(78)**
Capital expenditure	242	467	219	**928**
Reversal of impairment	(1)	–	–	**(1)**
Amortisation and depreciation	192	249	80	**521**
EBITDA	26	715	111	**852**
Year to 30 June 2011				
Sales	1 499	2 274	1 081	**4 854**
Intergroup sales to ARM Ferrous	(4)	–	–	**(4)**
External sales	1 495	2 274	1 081	**4 850**
Cost of sales	(1 045)	(1 634)	(843)	**(3 522)**
Other operating income	11	12	8	**31**
Other operating expenses	(236)	(30)	(66)	**(332)**
Segment result	225	622	180	**1 027**
Income from investments	8	8	17	**33**
Finance cost	(2)	(41)	(2)	**(45)**
Finance cost Implats: Shareholders' loan Two Rivers	–	(16)	–	**(16)**
Finance cost ARM: Shareholders' loan Two Rivers	–	(20)	–	**(20)**
Exceptional items	(4)	–	–	**(4)**
Taxation	(65)	(138)	(48)	**(251)**
Non-controlling interest	–	(187)	(25)	**(212)**
Contribution to basic earnings	162	228	122	**512**
Contribution to headline earnings	165	228	122	**515**

2 Primary segmental information continued

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	**Platinum Total Rm**
Other information				
Segment and consolidated assets	2 717	3 173	2 730	**8 620**
Segment liabilities	226	1 001	584	**1 811**
Unallocated liabilities (tax and deferred tax)				**1 230**
Consolidated total liabilities				**3 041**
Cash generated from operations	487	856	322	**1 665**
Cash inflow from operating activities	495	669	319	**1 483**
Cash outflow from investing activities	(483)	(174)	(119)	**(776)**
Cash outflow from financing activities	–	(329)	–	**(329)**
Capital expenditure	494	304	125	**923**
Amortisation and depreciation	209	228	76	**513**
Impairment	4	–	–	**4**
EBITDA	434	850	256	**1 540**

2 Primary segmental information
continued

2.3 Pro forma analysis of the Ferrous segment on a 100% basis

	Iron ore Division Rm	Manganese Division Rm	Chrome Division Rm	Total Rm	Attributable to ARM Rm
Year to 30 June 2012					
Sales	**15 296**	**6 352**	**2 040**	**23 688**	**11 844**
Other operating income	**1 022**	**417**	**163**	**1 602**	**435**
Other operating expense	**(1 688)**	**(596)**	**(234)**	**(2 518)**	**(893)**
Operating profit	**8 370**	**1 280**	**(258)**	**9 392**	**4 696**
Contribution to earnings	**5 835**	**1 223**	**(174)**	**6 884**	**3 443**
Contribution to headline earnings	**5 935**	**1 222**	**(171)**	**6 986**	**3 495**
Other information					
Consolidated total assets	**19 718**	**9 316**	**1 172**	**30 206**	**14 751**
Consolidated total liabilities	**5 042**	**1 934**	**838**	**7 814**	**1 548**
Capital expenditure	**3 339**	**886**	**293**	**4 518**	**2 171**
Amortisation and depreciation	**910**	**321**	**163**	**1 394**	**677**
Cash inflow from operating activities	**4 284***	**1 244**	**229**	**5 757**	**3 879**
Cash outflow from investing activities	**(3 262)**	**(602)**	**(494)**	**(4 358)**	**(2 179)**
Cash outflow from financing activities	**–**	**–**	**(5)**	**(5)**	**(2)**
EBITDA	**9 280**	**1 601**	**(95)**	**10 786**	**5 373**
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

* *Dividend paid amounting to R2 billion (F2011: R2 billion) included in cash flows from operating activities.*

	Group F2012 Rm	Group F2011 Rm

2 Segmental information continued

2.4 Geographical segments

	F2012 Rm	F2011 Rm
The Group operates principally in South Africa, however, the Vale/ARM joint venture operates in Zambia, the DRC and other countries.		
Assets by geographical area in which the assets are located are as follows:		
– South Africa	**31 786**	30 641
– Europe	**350**	162
– Americas	**145**	142
– Far and Middle East	**1 271**	749
– Zambia	**1 750**	663
– Other	**14**	29
	35 316	32 386
Sales by geographical area		
– South Africa	**4 389**	4 170
– Europe	**2 364**	2 258
– Far and Middle East	**10 127**	7 726
– Americas	**566**	649
– Other	**84**	90
	17 530	14 893
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	**1 025**	1 080
Impala Platinum Limited	**2 336**	2 274
Capital expenditure		
– South Africa	**3 256**	3 020
– Rest of Africa	**1 065**	474
	4 321	3 494

3 Financial effect of early adoption of IFRIC 20 – Accounting for stripping costs in the production phase of a surface mine

Previously, ARM expensed all production phase stripping costs as incurred and did not capitalise any as deferred stripping assets. Accordingly, the adoption of IFRIC 20 did not have any impact on the opening balances in respect of the financial year ended 30 June 2011.

Adopting IFRIC 20 had the following impact on the profit before income taxes, net profit after income taxes, the statement of financial position and the statement of cash flows as of and for the year ended 30 June 2011:

	Group and Company		
Income statement for the year ended 30 June 2011	Pre tax Rm	Tax effect Rm	Post tax Rm
Increase due to the reversal of certain production phase stripping costs previously expensed	90	(25)	65
Change in inventory valuation as a result of capitalised stripping costs changing the value of cost per tonne	(7)	2	(5)
Decrease due to depreciation of the stripping activity asset	(6)	1	(5)
Net increase in profit	77	(22)	55

3 Financial effect of early adoption of IFRIC 20 – Accounting for stripping costs in the production phase of a surface mine continued

	Group			Company		
Statement of financial position as at 30 June 2011	As previously reported Rm	Effect of adoption of IFRIC 20 Rm	Restated after adoption of IFRIC 20 Rm	As previously reported Rm	Effect of adoption of IFRIC 20 Rm	Restated after adoption of IFRIC 20 Rm
Property, plant and equipment	15 500	84	15 584	2 131	84	2 215
Inventories	2 162	(7)	2 155	162	(7)	155
Deferred taxation	(3 571)	(22)	(3 593)	(516)	(22)	(538)
Retained earnings	(16 105)	(55)	(16 160)	(6 507)	(55)	(6 562)
Statement of cash flows for the year ended 30 June 2011						
Cash paid to suppliers and employees	(9 511)	90	(9 421)	(1 674)	90	(1 584)
Additions to property, plant and equipment to expand operations	(2 151)	(90)	(2 241)	(386)	(90)	(476)

Impact on the 30 June 2012 financial information

Adopting IFRIC 20 had the following impact on the profit before income taxes, net profit after income taxes, the statement of financial position and the statement of cash flows as of and for the current year ended 30 June 2012:

	Group and Company		
Income statement for the year ended 30 June 2012	Pre tax Rm	Tax effect Rm	Post tax Rm
Increase due to the reversal of certain production phase stripping costs previously expensed	156	(44)	112
Change in inventory valuation as a result of capitalised stripping costs changing the value of cost per tonne	(5)	2	(3)
Decrease due to depreciation of the stripping activity asset	(54)	15	(39)
Net increase in profit	97	(27)	70

	Group and Company
Statement of financial position as at 30 June 2012	Effect of adoption of IFRIC 20 Rm
Property, plant and equipment	102
Inventories	(5)
Deferred taxation	(27)
Retained earnings	(70)
Statement of cash flows for the year ended 30 June 2012	
Cash paid to suppliers and employees	156
Additions to property, plant and equipment to expand operations	(156)

Effect on per share information

The effect of adopting IFRIC 20 on earnings per share and headline earnings per share for the years ending 30 June 2011 and 2012 was as follows:

	Group	
	2012 cents	2011 cents
Basic earnings per share increase	**33**	26
Headline earnings per share increase	**33**	26
Diluted basic earnings per share increase	**33**	26
Diluted headline earnings per share increase	**33**	26

4 Property, plant and equipment

Group	Mine development and decommissioning 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 2010	3 697	8 364	514	2 053	600	1 463	205	16 896
Additions	1 187	1 620	126	24	85	361	91	3 494
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	4 773	9 896	639	2 080	699	1 852	289	20 228
Additions	1 906	1 586	69	–	64	629	67	4 321
Reclassifications	(34)	22	3	(26)	5	30	–	–
Change in estimates*	(8)	4	59	–	–	–	–	55
Disposals	(196)	(10)	(2)	–	–	(32)	(20)	(260)
Realignment of currencies	129	17	3	–	21	3	–	173
Balance at 30 June 2012	6 570	11 515	771	2 054	789	2 482	336	24 517
Accumulated amortisation, depreciation and impairment								
Balance at 30 June 2010	1 026	1 528	90	154	59	643	140	3 640
Charge for the year	319	444	26	35	9	240	35	1 108
Impairments	–	(1)	–	–	–	–	–	(1)
Disposals	(2)	(87)	–	–	–	(34)	(7)	(130)
Reclassifications	(59)	34	–	3	(2)	15	–	(9)
Change in estimate – provisions	(4)	–	48	–	–	–	1	45
Realignment of currencies	–	(6)	(2)	–	–	(1)	–	(9)
Balance at 30 June 2011	1 280	1 912	162	192	66	863	169	4 644
Charge for the year	294	562	16	29	10	338	55	1 304
Impairments/(reversal)	69	(1)	–	–	–	–	–	68
Reclassifications	–	(4)	–	4	–	–	–	–
Capitalised depreciation	3	31	–	–	–	–	–	34
Disposals	(196)	(8)	–	–	–	(31)	(20)	(255)
Realignment of currencies	1	9	3	–	–	2	–	15
Balance at 30 June 2012	1 451	2 501	181	225	76	1 172	204	5 810
Carrying value at 30 June 2011	3 493	7 984	477	1 888	633	989	120	15 584
Carrying value at 30 June 2012	5 119	9 014	590	1 829	713	1 310	132	18 707

* *Change in estimates relates to the fair value adjustment made in the compensation for potential loss of future income payable by Two Rivers to Assmang (refer note 17).*

4 Property, plant and equipment continued

a. Borrowing costs
Borrowing costs incurred at prime overdraft call rates applicable during the year, amounting to R3 million, were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2012 (F2011: R12 million).

b. Capital work-in-progress
Included in mine development and decommissioning assets and plant and machinery above are R2 580 million (F2011: R2 427 million) of assets relating to projects in progress. Included in this amount are: (i) R1 161 million in respect of the Assmang group at Khumani and on the WHIMS Project; (ii) R71 million pushback pre stripping (IFRIC 20) at Nkomati (iii) R1 348 million in respect of the Lubambe Copper Project in Zambia.

c. Pledged assets
The carrying value of assets pledged as security for loans amounts to R3.1 billion (F2011: R2 billion). Refer to note 15 for security granted in respect of loans to Two Rivers and ARM Coal. The carrying value of plant and machinery held under finance leases at year end was R126 million. Leased assets are pledge as security for the related finance lease.

d. Exploration and evaluation assets
These assets are included under mine development and decommissioning assets and amount to R90 million (F2011: R37 million).

Company	Mine development and decommission 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 2010	205	1 800	34	144	158	2 341
Additions	390	83	1	–	24	498
Derecognition	–	(4)	–	–	(1)	(5)
Balance at 30 June 2011	595	1 879	35	144	181	2 834
Additions	234	2	–	–	12	248
Reclassification	–	(1)	–	–	1	–
Balance at 30 June 2012	829	1 880	35	144	194	3 082
Accumulated amortisation, depreciation and impairment						
Balance at 30 June 2010	202	178	2	–	26	408
Charge for the year	137	63	1	–	11	212
Impairment	–	(1)	–	–	–	(1)
Balance at 30 June 2011	339	240	3	–	37	619
Charge for the year	111	72	1	–	12	196
Impairment	–	(1)	–	–	–	(1)
Balance at 30 June 2012	450	311	4	–	49	814
Carrying value at 30 June 2011	256	1 639	32	144	144	2 215
Carrying value at 30 June 2012	379	1 569	31	144	145	2 268

a. Borrowing costs
No borrowing costs were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2012 (F2011: R12 million).

b. Capital work-in-progress
Included in mine development and decommissioning assets and plant and machinery above are R71 million (F2011: R122 million) pushback pre stripping (IFRIC 20) at Nkomati.

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.

	Group F2012 Rm	Group F2011 Rm
5 Investment property		
Cost		
Opening balance	**20**	20
Accumulated depreciation and impairment		
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 55% occupied with current lease contracts terminating between 2012 and 2017. Annual rental escalations are between 8% and 10%.

Refer to note 25 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
6 Intangible assets			
Group			
Cost			
Balance at 30 June 2010	220	6	**226**
Balance 30 June 2011	220	6	**226**
Balance 30 June 2012	220	6	**226**
Accumulated amortisation, and depreciation			
Balance at 30 June 2010	14	–	**14**
Charge for the year	10	–	**10**
Balance 30 June 2011	24	–	**24**
Charge for the year	7	4	**11**
Balance 30 June 2012	31	4	**35**
Carrying value at 30 June 2011	196	6	**202**
Carrying value at 30 June 2012	189	2	**191**

Finite life intangible assets which are amortised comprise of: (i) the RBCT entitlement held by the Goedgevonden joint venture of R189 million (F2011: R196 million) and (ii) R2 million (F2011: R6 million) relating to patents, trademarks and software.

There are no indefinite life intangible assets. The export rights relating to the investment in RBCT are amortised on a units of export sales method. The remaining amortisation period of the RBCT entitlement is limited to 23 years (F2011: 24 years).

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
7 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	**862**	911	**–**	–
Original investment (10.2%)	**400**	400	**–**	–
Additional investment (ATCOM and ATC collieries)*	**9**	9	**–**	–
Additional investment RBCT (F2012: R23 million)	**201**	178	**–**	–
Retained income	**246**	316	**–**	–
Cashflow hedge	**6**	8	**–**	–
Profit/(loss) for the current year	**6**	(70)	**–**	–
Cash flow hedge current year	**(6)**	(2)	**–**	–
	862	839	**–**	–
ARM invested directly in 10% of the existing coal operations of XCSA on 1 September 2007.				
Opening balance	**630**	697	**432**	432
Original investment	**400**	400	**400**	400
Additional investment (ATCOM and ATC collieries)	**32**	32	**32**	32
Retained income	**192**	257	**–**	–
Cash flow hedge	**6**	8	**–**	–
Profit/(loss) for the current year	**5**	(65)	**–**	–
Cash flow hedge current year	**(5)**	(2)	**–**	–
	630	630	**432**	432
Less: dividend received prior years	**(138)**	(138)	**–**	–
Total investment	**1 354**	1 331	**432**	432
Total profit/(loss) for the year	**11**	(135)		
Total cash flow hedge for the year	**(11)**	(4)		
Group's interest in sales of associate	**1 562**	1 165		
Group's interest in associate statement of financial position				
Non-current assets	**4 098**	3 672		
Current assets	**882**	785		
Total assets	**4 980**	4 457		
Less liabilities				
Non-current liabilities	**3 411**	2 952		
Current liabilities	**215**	174		
Net assets	**1 354**	1 331		

* *Treated as a long-term loan and receivable in ARM Company which eliminates on consolidation (refer note 8).*

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
8 Loans and long-term receivables				
Long-term receivables	**221**	186	**240**	198
Total	**221**	186	**240**	198
Long-term loans held as follows:				
Assmang	**107**	53	**–**	–
ARM Platinum (Modikwa)	**17**	19	**–**	–
ARM Coal (refer note 7)	**–**	–	**9**	9
ARM Coal (Xstrata)	**97**	114	**–**	–
ARM Coal (Corporate)	**–**	–	**231**	189
	221	186	**240**	198

The Assmang loan relates to loans to employees for houses built at the Khumani iron ore mine in the Northern Cape. These loans are interest bearing at prime less 2%.

The ARM Coal loan relates to a loan to RBCT for the construction of the phase V expansion of RBCT.

ARM Platinum (Modikwa) is a loan 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.

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
9 Financial asset				
Structured investment	**70**	45	**–**	–
Arrangers fee	**4**	–	**–**	–
Total	**74**	45	**–**	–

The investment is a structured product, invested with ABSA Bank Limited, over a fixed term made with the strategic intention to attract, retain, motivate and reward eligible senior employees at Assmang R26 million (F2011: Rnil) and Two Rivers R44 million (F2011: R45 million). The investment capital growth is linked to the JSE Top 40 index growth. The investment maturity dates are 29 November 2013 and 30 September 2014 (F2011: 29 November 2011 and 29 November 2013). This asset is carried at fair value through the profit and loss.

During the year a US Dollar denominated loan was taken up with Standard Finance (Isle of Man) Limited whereby an arrangers fee was payable which will be amortised over the period of the loan which is 60 months starting from April 2012.

10 Other investments

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Listed – other investments*				
Opening balance	**5 724**	5 180	**5 724**	5 180
Unrealised revaluation (loss)/gain for the year	**(856)**	544	**(856)**	544
Total – listed investments classified as available-for-sale	**4 868**	5 724	**4 868**	5 724
Market value of listed investments	**4 868**	5 724	**4 868**	5 724
(Determined by reference to market share price)				
Unlisted Joint ventures				
Investment in joint ventures**			**2 031**	1 153
Loans*** (refer page 234)			**566**	676
RBCT	**80**	63	**–**	–
Preference shares	**11**	11	**–**	–
Unlisted – subsidiary companies				
Cost of investments			**529**	481
Loans*** (refer page 233)			**757**	784
Total unlisted	**91**	74	**3 883**	3 094
Total carrying amount of other investments	**4 959**	5 798	**8 751**	8 818

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.

Market value was determined by reference to market share price at 30 June 2012 and 30 June 2011. Kingfisher Insurance Company Limited holds 10 103 non-redeemable preference shares in Investec Limited valued at R93.50 (F2011: R92.25).

Investments valued at cost amount to R529 million (F2011: 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 2012 was R415 million (F2011: R410 million) (refer note 15 and 20). The book value of the pledged shares amounts to R2 870 million (F2011: R3 367 million).

A report on investments appears on pages 232 to 234.

** Harmony 63 632 922 shares at R76.50 per share (F2011: R89.95).*
*** ARM Coal Proprietary Limited, Assmang Limited 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 R62 million (F2011: R89 million) bears interest at the South African Revenue Service rate which is currently at 6.5% (F2011: 6.5%) pa.,
(ii) the loan to Venture Building Trust of R55 million (F2011: R55 million) bears interest at 2% below the prime bank overdraft rate,
(iii) Vale/ARM joint venture loans included under joint ventures R566 million which currently bears interest at Libor plus 5%.
(F2011: R309 million bore interest at 4% and R367 million bore interest at prime. The loans in F2011 were capitalised in October 2011).

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm
11 Inventories				
Inventories (non-current)				
Ore Stockpiles	**141**	130	**–**	13
	141	130	**–**	13
Inventories consists of copper fines and lumpy material, high and low grade lumpy material, which were mined and stockpiled, not expected to be turned to account within a year.				
Inventories (current)				
Ore stockpiles	**285**	278	**75**	–
Consumable stores	**461**	254	**60**	44
Raw material	**127**	189	**–**	–
Work-in-progress	**64**	59	**12**	14
Khumani housing	**131**	81	**–**	–
Finished goods	**1 390**	1 294	**22**	97
	2 458	2 155	**169**	155
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 R217 million (F2011:R413 million).				
Refer to note 24 for the expense of inventory written down or up and the amount of inventories expensed during the year.				
Inventories to the value of R119 million (F2011: R139 million) have been pledged as security for loans in ARM Coal Proprietary Limited (refer note 15).				
12 Trade and other receivables				
Trade receivables	**1 776**	1 278	**119**	31
Related parties (refer note 42)	**1 204**	1 033	**229**	95
Other receivables	**626**	802	**48**	69
	3 606	3 113	**396**	195
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	**3 278**	2 842	**387**	195
Outstanding longer than 30 days outside normal cycle	**173**	120	**–**	–
Outstanding longer than 60 days outside normal cycle	**59**	86	**–**	–
Outstanding longer than 90 days outside normal cycle	**60**	44	**–**	–
Outstanding longer than +120 days outside normal cycle*	**44**	41	**10**	13
Less: provisions for impairments	**(8)**	(20)	**(1)**	(13)
Total	**3 606**	3 113	**396**	195

* *No provision has been raised in F2012 on debtors outstanding longer than 120 days (F2011: R6 million) and the balance is considered recoverable. Total provision at year end amounted to R8 million (F2011: R20 million).*

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm

12 Trade and other receivables continued

Provision for impairment				
Opening balance	**20**	14	13	7
(Release)/charge for the year	**(12)**	6	(12)	6
Closing balances	**8**	20	1	13

13 Cash and cash equivalents

Cash at bank and on deposit	**2 838**	3 080	205	1 138
Restricted cash				
– Rehabilitation trust funds (refer note 22)	**174**	130	47	45
– Other*	**552**	458	62	65
Cash and cash equivalents per statement of financial position	**3 564**	3 668	314	1 248
Less: overdrafts (refer note 20)	**(337)**	(441)	(35)	(37)
Cash and cash equivalents per statement of cash flows	**3 227**	3 227	279	1 211
The cash is held as follows per statement of financial position:				
African Rainbow Minerals Limited	**161**	962	161	962
ARM Finance Company SA	**107**	–	–	–
Assmang Limited	**2 160**	1 473	–	–
ARM Platinum Proprietary Limited	**152**	285	–	–
Kingfisher Insurance Co Limited	**146**	139	–	–
Nkomati	**43**	176	43	176
Two Rivers Platinum Proprietary Limited	**2**	4	–	–
Vale/ARM joint venture	**60**	36	–	–
Venture Building Trust Proprietary Limited	**4**	5	–	–
Restricted cash	**729**	588	110	110
	3 564	3 668	314	1 248

Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.

* *Guarantees issued mainly include:*
– *Two Rivers – to DMR and Eskom amounting to R53 million (F2011: R49 million).*
– *Nkomati – to DMR and Eskom amounting to R27 million (F2011: R27 million).*
– *Other restricted cash are rehabilitation trust funds of R174 million (F2011: R130 million) the ARM Trust of R36 million (F2011: R37 million), cash held by Mannequin Insurance PCC Limited (Cell AVL 18) amounting to R436 million (F2011: R343 million) in terms of an insurance contract.*

14 Share capital and share premium

Share capital				
Authorised				
500 000 000 (F2011: 500 000 000) ordinary shares of 5 cents each	**25**	25	25	25
	25	25	25	25
Issued				
Opening balance	**11**	11	11	11
1 719 356 shares issued (F2011: 440 164)*	**–**	–	–	–
214 851 896 (F2011: 213 132 540) ordinary shares of 5 cents each	**11**	11	11	11
Share premium	**3 937**	3 840	3 937	3 840
– Balance at beginning of the year	**3 840**	3 803	3 840	3 803
– Premium on shares issued	**97**	37	97	37
Total issued share capital and share premium	**3 948**	3 851	3 948	3 851

* *The movement in issued shares was less than R1 million.*

15 Long-term borrowings

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Secured				
Loan facility (Two Rivers – mine housing project) This loan is repayable in bi-annual instalments which commenced on 9 July 2008, and a final instalment due at 30 September 2017. 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 5.6% (F2011: 7.1%). The loan is secured by a mortgage bond over the property and a cession of insurances.	**92**	108	**–**	–
Loan facility (ARM Corporate) This loan facility was for an amount of R1 750 million and the balance outstanding was repayable in August 2012. The interest rate is linked to JIBAR. The rate in F2012 was 8.8% (F2011: 8.8%). This loan has been secured by a pledge of shares (refer note 10). The cover ratio of the market value of the pledge shares or alternative security to loan indebtedness must exceed 2 times cover. In F2012 in was 9.4:1 (F2011: 10.47:1). This loan is reflected as short-term borrowings in F2012. The loan was refinanced after year end from R1 750 million to R2 250 million and is repayable in August 2015.The interest rate on the new facility is linked to JIBAR.	**415**	410	**415**	410
Loan facility (ARM Finance Company SA) This loan facility is for US$80 million for the development of the Lubambe Copper Project. The interest rate is LIBOR plus 3.65% and the loan is repayable from F2014 with a final payment in March 2017. At year end an amount of US$34 million had been drawn on this facility. ARM company has guaranteed this loan.	**277**	–	**–**	–
Loan facility (VALE/ARM joint venture) This loan is from ZCCM-IH relating to their 20% contribution to the funding of Lubambe Copper Mine Limited. The loan forms part of the inter-company loan agreements which each of the shareholders have with Lubambe Copper Mine Limited. The funding carries interest at a 6 month LIBOR rate plus 5%. The loan is funded by monthly draw downs, each attracting the LIBOR rate at that time. The LIBOR rates for the period under review varied between 0.72% to 0.81%. The loan is repayable in 12 equal quarterly instalments each year on 31 March, 30 June, 30 September and 31 December commencing 6 months after commercial production has begun, with final settlement on 30 June 2016.	**195**	–	**–**	–
Leases (Two Rivers) Finance leases over property, plant and equipment with a book value of R126 million (F2011: R113 million) bear interest at 7.47% linked to JIBAR (F2011: 2.65% below the prime overdraft rate) and are payable in varying monthly instalments over a maximum period of 60 months which commenced in 30 November 2008 and a final payment due 30 March 2015. (refer note 38).	**141**	113	**–**	–
Leases (Assmang) In F2011 finance leases over property, plant and equipment with a book value of R2 million bore interest at 1.28% below the prime overdraft rate and were payable in varying monthly instalments over 60 months which commenced on 31 October 2009 (refer note 38).	**–**	2	**–**	–

15 Long-term borrowings continued

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Leases (ARM Mining Consortium Limited)	**–**	1	**–**	–
In F2011 finance leases over property, plant and equipment with a book value of R5 million bore interest at 9.75% which commenced in January 2008 for a period of five years (refer note 38).				
Loan facility (ARM Coal – partner loan)	**1 413**	1 635	**–**	–
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 R751 million (F2011: R688 million), a phase 1 and 2 project facility of R662 million (F2011: R947 million).				
All these loans bear interest at the prime bank overdraft rate and repayments are expected to commence during the 2013 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.				
Unsecured				
Loan ARM Coal – RBCT phase V (partner loan)	**205**	173	**–**	–
This loan is with XSA and bears interest at the prime bank overdraft rate plus 0.5% and is repayable over 10 years.				
Total borrowings	**2 738**	2 442	**415**	410
Less: repayable within one year included in short-term borrowings (refer note 20)	**(522)**	(105)	**(415)**	–
Total SA Rand long-term borrowings	**2 216**	2 337	**–**	410
Held as follows:				
– African Rainbow Minerals Limited	**–**	410	**–**	410
– ARM Finance Company SA	**277**	–	**–**	–
– ARM Mining Consortium Limited	**–**	1	**–**	–
– ARM Coal Proprietary Limited	**1 604**	1 781	**–**	–
– Two Rivers Platinum Proprietary Limited	**140**	145	**–**	–
– Vale/ARM joint venture	**195**	–	**–**	–
	2 216	2 337	**–**	410

15 Long-term borrowings continued

Repayments schedule – undiscounted cash flows, excluding accounting adjustments

Group	Total borrowings F2012 Rm	Repayable during the year ending 30 June F2013 Rm	F2014 Rm	F2015 Rm	F2016 Rm	F2017 – onwards Rm
Secured Loans						
Loan facility (Two Rivers – mine housing project)	**92**	16	17	16	17	26
Loan facility (ARM Coal – partner loan)	**1 413**	4	41	85	105	1 178
Loan facility (ARM Finance Company SA)	**277**	–	49	196	32	–
Finance leases – Two Rivers	**141**	77	51	13	–	–
Vale/ARM joint venture	**195**	–	65	65	65	–
Loan facility (ARM Corporate)	**415**	415	–	–	–	–
Total secured loans	**2 533**	512	223	375	219	1 204
Unsecured loans						
Loan ARM Coal (RBCT)	**205**	10	19	22	24	130
Total unsecured loans	**205**	10	19	22	24	130
Total borrowings 30 June 2012	**2 738**	522	242	397	243	1 334

	F2011	F2011	F2013	F2014	F2015	F2016 – onwards
Total borrowings 30 June 2011	**2 442**	**105**	**515**	**80**	**103**	**1 639**

16 Deferred taxation

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Deferred tax assets				
Assessed losses	**–**	1	**–**	–
Provisions	**3**	1	**–**	–
STC	**–**	85	**–**	85
Deferred tax assets	**3**	87	**–**	85
Deferred tax liabilities				
Property, plant and equipment	**3 820**	3 460	**314**	354
Intangible assets	**53**	56	**–**	–
Provisions	**(259)**	(164)	**(15)**	(20)
Capital gains tax on revaluation of listed investment	**159**	240	**159**	240
Inventories	**24**	40	**–**	–
Post-retirement healthcare provisions	**(28)**	(27)	**(24)**	(24)
Unrealised related party foreign currency	**8**	(12)	**8**	(12)
Deferred tax liabilities	**3 777**	3 593	**442**	538
Reconciliation of opening and closing balance				
Opening deferred tax liabilities	**3 593**	2 961	**538**	407
Opening deferred tax assets	**(87)**	(44)	**(85)**	(43)
Net deferred tax liabilities opening balance	**3 506**	2 917	**453**	364
Temporary differences from:	**268**	589	**(11)**	89
Property, plant and equipment	**360**	705	**(40)**	74
Intangible assets	**(3)**	(3)	**–**	–
Provisions	**(97)**	(34)	**5**	(9)
Revaluation of investments – directly in equity	**(81)**	77	**(81)**	77
Inventories	**(16)**	(89)	**–**	–
Assessed loss	**1**	3	**–**	–
Post-retirement healthcare provisions	**(1)**	(1)	**–**	–
Unrealised related party foreign currency	**20**	(27)	**20**	(11)
STC asset reversal	**85**	(42)	**85**	(42)
Total deferred tax	**3 774**	3 506	**442**	453
Deferred tax liabilities	**3 777**	3 593	**442**	538
Deferred tax assets	**(3)**	(87)	**–**	(85)

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.

17 Long-term provisions

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm
Environmental rehabilitation obligation				
Provision for decommissioning				
Balance at beginning of year	**296**	208	**20**	17
Provision for the year	**88**	79	**3**	1
Unwinding discount rate	**17**	16	**2**	2
Realignment of currency	**9**	–	**–**	–
Reallocation	**(16)**	(7)	**–**	–
Balance at end of year	**394**	296	**25**	20
Provision for restoration				
Balance at beginning of year	**102**	84	**30**	26
Reallocation	**16**	7	**–**	–
Unwinding of discount rate	**12**	6	**1**	1
Realignment of currency	**2**	–	**–**	–
Provision for the year	**77**	5	**3**	3
Balance at end of year	**209**	102	**34**	30
Total environmental rehabilitation obligation	**603**	398	**59**	50
The net present value of current rehabilitation liabilities is based on discount rates taking into consideration long bond yield rates of around 7.5% (F2011: around 8.5%), inflation rates of around 6% in line with the South African Reserve Bank long-term inflation target of between 3% to 6% (F2011: 3% – 6%) and life of mines of between 3 and 25 years (F2011: 3 and 25 years). The US Dollar denominated entity discount rate was 3.3% and inflation of 2.1% was used. Refer to note 22 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	**97**	98	**87**	88
Benefits paid	**–**	(9)	**–**	(9)
Interest cost	**3**	8	**–**	8
Balance at end of the year (refer note 40)	**100**	97	**87**	87
Other long-term provisions				
Balance at beginning of year	**54**	110	**–**	–
Change in estimate of variable purchase price for mine properties	**65**	(12)	**–**	–
Change in estimate structured investment	**14**	–	**–**	–
Payments	**–**	(9)	**–**	–
Transfer to short-term provisions	**(1)**	(33)	**–**	–
Provision/(reversal) for the year	**57**	(2)	**8**	–
Balance at end of the year	**189**	54	**8**	–
Total long-term provisions at end of the year	**892**	549	**154**	137

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.

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm
18 Trade and other payables				
Trade	**910**	919	**222**	82
Related parties (refer note 42)	**59**	–	**20**	–
Other	**1 349**	1 529	**194**	230
Total trade and other payables	**2 318**	2 448	**436**	312
Trade and other payables are generally non-interest-bearing and are typically on 30 – 90 day payment terms.				
19 Short-term provisions				
Bonus provision				
Balance at beginning of year	**152**	152	**98**	118
Provision for the period	**348**	154	**83**	100
Payments made during the year	**(173)**	(163)	**(98)**	(120)
Realignment of currency	**1**	–	**–**	–
Transfer from long-term provision	**–**	9	**–**	–
Balance at end of the year	**328**	152	**83**	98
Leave pay provision				
Balance at beginning of year	**96**	71	**20**	16
Provision for the period	**31**	29	**8**	6
Payments made during the year	**(6)**	(4)	**(4)**	(2)
Realignment of currency	**1**	–	**–**	–
Balance at end of the year	**122**	96	**24**	20
Other provisions				
Balance at beginning of year	**39**	45	**–**	–
Provision/(reversal) for the period	**1**	(30)	**–**	–
Payments made	**(28)**	–	**–**	–
Transfer from long-term provision	**1**	24	**–**	–
Balance at end of the year	**13**	39	**–**	–
Total short-term provisions	**463**	287	**107**	118

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 – relates mainly to retrenchment packages at the Cato Ridge works.

20 Overdrafts and short-term borrowings

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Overdrafts	**337**	441	**35**	37
Loans from subsidiaries – non interest bearing	**–**	–	**291**	291
Short-term borrowings – partner loans (refer note 42)	**162**	186	**–**	–
Current portion of long-term borrowings (refer note 15)	**522**	105	**415**	–
	1 021	732	**741**	328
Overdrafts and short-term borrowings are held as follows:				
– African Rainbow Minerals Limited*	**415**	–	**415**	–
– Assmang Limited	**–**	2	**–**	–
– ARM Mining Consortium Limited	**57**	15	**–**	–
– ARM Mining Consortium Limited – Anglo Platinum (partner loan)	**114**	114	**–**	–
– ARM Coal Proprietary Limited	**14**	27	**–**	–
– Two Rivers Platinum Proprietary Limited – Bank loans	**338**	464	**–**	–
– Two Rivers Platinum Proprietary Limited – Impala Platinum (partner loan)	**48**	73	**–**	–
– Other	**35**	37	**35**	37
– Loans from subsidiaries	**–**	–	**291**	291
	1 021	732	**741**	328
Overdrafts are held as follows:				
– ARM Mining Consortium Limited	**57**	14	**–**	–
– Two Rivers Platinum Proprietary Limited	**245**	390	**–**	–
– Other	**35**	37	**35**	37
Total	**337**	441	**35**	37
Unutilised short-term borrowing and overdraft facilities				
– African Rainbow Minerals Limited	**430**	430	**430**	430
– Assmang Limited – 50%	**521**	521	**–**	–
– ARM Mining Consortium Limited	**44**	26	**–**	–
– Two Rivers Platinum Proprietary Limited	**255**	10	**–**	–
Total	**1 250**	987	**430**	430

* *Refinanced after year end (refer note 15).*

All of the above overdrafts facilities roll from year to year except Two Rivers Platinum Limited that expires December 2012 but is renewable. Overdrafts accrue interest at floating rates. Short term borrowings accrue interest at market related rates and loans from subsidiaries (which are dormant) are interest free as they are payable on demand.

21 Joint ventures

The proportionate share of the following joint ventures have been incorporated into the Group results:

- 50% share in Assmang Limited 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		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm
Income statements				
Sales	**15 195**	12 619	**1 554**	1 495
Cost of sales	**(9 697)**	(7 278)	**(1 497)**	(1 045)
Other operating income	**481**	145	**11**	11
Other operating expenses	**(1 215)**	(878)	**(234)**	(236)
Income from investments	**145**	97	**6**	8
Finance costs	**(156)**	(149)	**(3)**	(2)
Income/(loss) from associate	**6**	(70)	**–**	–
Exceptional items	**(70)**	(11)	**1**	(4)
Profit/(loss) before tax	**4 689**	4 475	**(162)**	227
Taxation	**(1 307)**	(1 508)	**33**	(65)
Profit/(loss) for the year after taxation	**3 382**	2 967	**(129)**	162
Non controlling interest	**12**	2	**–**	–
Attributable to equity holders of ARM	**3 394**	2 969	**(129)**	162
Statements of financial position				
Non-current assets	**17 565**	14 217	**2 215**	2 128
Current assets	**7 560**	6 338	**571**	513
Non-current liabilities (interest-bearing)	**1 799**	1 784	**–**	–
Non-current liabilities (non-interest-bearing)	**3 728**	3 183	**338**	344
Current liabilities (non-interest-bearing)	**2 221**	2 845	**317**	198
Current liabilities (interest-bearing)	**70**	44	**–**	–
Statements of cash flows				
Net cash inflow from operating activities	**4 258**	4 265	**13**	495
Net cash outflow from investing activities	**(3 740)**	(3 164)	**(272)**	(483)
Net cash (outflow)/inflow from financing activities	**(84)**	75	**(3)**	–

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm

22 Environmental rehabilitation trust funds

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Balance at beginning of year	**130**	109	**45**	44
Contributions	**37**	15	**1**	–
Interest earned	**7**	6	**1**	1
Total (included in cash and cash equivalents) (refer note 13)	**174**	130	**47**	45
Total environmental rehabilitation obligations (refer note 17)	**603**	398	**59**	50
Less: amounts in trust funds (see above)	**(174)**	(130)	**(47)**	(45)
Unfunded portion of liability	**429**	268	**12**	5
Part of the unfunded portion of the liability is secured by guarantees in favour of the Department of Mineral Resources as required of R254 million (F2011 R185 million) (refer note 37).				

23 Sales

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Sales – mining and related products	**17 530**	14 893	**1 554**	1 499
Made up as follows:				
Local sales	**4 458**	4 181	**26**	44
Export sales	**13 072**	10 712	**1 528**	1 455
Revenue	**18 142**	15 357	**3 238**	3 089
Sales – mining and related products	**17 530**	14 893	**1 554**	1 499
Interest received (refer note 28)	**215**	184	**84**	134
Dividends received (refer note 28)	**64**	32	**1 064**	1 032
Fees received	**273**	211	**536**	424
Property rental income	**5**	7	**–**	–
Net insurance premiums received	**55**	30	**–**	–

24 Cost of sales

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Amortisation and depreciation	**1 305**	1 106	**190**	207
Staff costs	**1 984**	1 677	**144**	135
– salaries and wages	**1 765**	1 464	**133**	126
– pension – defined contribution and benefit plans	**126**	94	**10**	8
– long service benefits	**13**	–	**–**	–
– medical aid	**80**	119	**1**	1
Consultants, contractors and other	**785**	658	**16**	6
Electricity	**696**	547	**78**	54
Inventories written down	**61**	90	**5**	1
Raw materials, consumables used and change in inventories	**3 128**	2 396	**1 035**	625
Railage and road transportation	**1 149**	989	**–**	–
Provisions – long-term	**68**	4	**11**	3
– short-term	**292**	94	**17**	18
Distribution costs	**1 637**	1 185	**–**	–
Other costs	**358**	129	**1**	–
	11 463	8 875	**1 497**	1 049

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
25 Other operating income				
Fees received	**273**	293	**536**	425
Unrealised foreign exchange	**4**	38	**29**	7
Realised foreign exchange	**255**	71	**88**	–
Commission received	**21**	34	**6**	8
Insurance income received	**55**	30	**–**	–
Insurance income loss of revenue	**93**	–	**–**	–
Rental income from investment property (refer note 5)	**2**	4	**–**	–
Other	**156**	41	**34**	22
	859	511	**693**	462
26 Other operating expenses				
Exploration	**125**	49	**113**	–
Depreciation	**10**	12	**6**	5
Distribution cost	**180**	24	**180**	3
Direct operating expenses of investment property	**5**	6	**–**	–
Insurance	**149**	100	**14**	–
Operating lease payments	**2**	3	**–**	–
Rent paid	**5**	3	**10**	3
Mineral royalty tax	**492**	162	**7**	7
Staff cost	**195**	179	**187**	163
– salaries and wages	**182**	165	**174**	149
– pension – defined contribution and benefit plans	**9**	8	**9**	8
– long service rewards	**–**	1	**–**	1
– training	**4**	5	**4**	5
Consulting fees	**43**	22	**27**	17
Realised foreign exchange	**17**	32	**7**	29
Unrealised foreign exchange	**10**	–	**–**	40
Provisions – long-term	**154**	1	**–**	1
– short-term	**88**	59	**73**	86
Secretarial and financial services	**3**	3	**3**	3
Shortworkings	**46**	47	**–**	–
Share-based payments expensed	**94**	37	**94**	37
Other	**92**	391	**197**	317
	1 710	1 130	**918**	711
27 Profit/(loss) from operations before exceptional items				
Profit/(loss) from operations includes:				
Loss on disposal of property, plant and equipment	**(2)**	(7)	**–**	–
Amortisation and depreciation (refer notes 4 and 6)				
– buildings	**16**	26	**1**	1
– intangible assets	**11**	10	**–**	–
– mine development, exploration and decommissioning assets	**294**	313	**111**	131
– mineral rights	**29**	35	**–**	–
– plant and machinery	**562**	444	**72**	63
– mine properties	**10**	9	**–**	–
– finance leases	**55**	35	**–**	–
– furniture equipment and vehicles	**338**	240	**12**	11
Impairment/(reversal) of plant and equipment (refer notes 2 and 4)	**68**	4	**(1)**	4

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm

28 Income from investments

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Dividend income – listed	**64**	32	**64**	32
– unlisted (refer note 42)	**–**	–	**1 000**	1 000
Interest received – subsidiary companies and joint ventures (refer note 42)	**–**	–	**59**	76
– environmental trust funds (refer note 22)	**7**	6	**1**	1
– SARS	**7**	3	**–**	–
– short-term bank deposits and other	**201**	175	**24**	57
	279	216	**1 148**	1 166
The interest received is from financial assets categorised as loans and receivables (refer note 36).				

29 Finance cost

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Interest on finance leases	**11**	7	**–**	–
Gross interest paid – long- and short-term borrowings and overdrafts	**181**	184	**45**	52
SARS	**14**	11	**14**	11
Unwinding of discount rate	**29**	26	**3**	2
Less: capitalised (refer note 4)	**(3)**	(12)	**–**	(12)
	232	216	**62**	53
The interest paid is on financial liabilities categorised as other financial liabilities at amortised cost (refer note 36).				

30 Exceptional items

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Loss on sale of property, plant and equipment	**(2)**	(7)	**–**	–
(Impairments)/reversal of property, plant and equipment	**(68)**	(4)	**1**	(4)
Exceptional items per income statement	**(70)**	(11)	**1**	(4)
Profit on sale of property, plant and equipment accounted for directly in associate – ARM Coal	**52**	–	**–**	–
Taxation accounted for in associate	**(14)**	–	**–**	–
Taxation	**19**	3	**–**	1
Total amount adjusted for headline earnings	**(13)**	(8)	**1**	(3)

31 Taxation

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
South African normal taxation				
– current year	**1 184**	975	**82**	63
– mining	**1 043**	875	**–**	–
– non-mining	**141**	100	**82**	63
– prior year	**69**	–	**37**	–
Foreign tax	**1**	–	**–**	–
State’s share of profits	**–**	93	**–**	–
STC	**50**	100	**–**	–
Total current taxation	**1 304**	1 168	**119**	63

31 Taxation continued

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Deferred taxation				
– current year	**329**	525	**70**	13
– prior year	**–**	–	**–**	–
Total deferred taxation	**329**	525	**70**	13
Capital Gains Tax	**–**	–	**–**	–
Total taxation	**1 633**	1 693	**189**	76
Attributable to:				
Profit before exceptional items	**1 652**	1 696	**189**	77
Exceptional items (refer note 30)	**(19)**	(3)	**–**	(1)
	1 633	1 693	**189**	76
Amounts recognised directly in statement of other comprehensive income:				
Unrealised (loss)/gain on available for sale financial asset	**(81)**	76	**(81)**	76
Realisation of foreign exchange movements on loans to a foreign Group entity	**11**	–	**–**	–
Unrealised foreign exchange movement on loans to a foreign Group entity	**9**	(11)	**–**	–
	(61)	65	**(81)**	76
Total movement in deferred tax liabilities	**268**	590	**(11)**	89
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**	1	**21**	5
Exempt income	**–**	–	**(32)**	(23)
Effects of mining taxes – State's share of profits	**–**	1	**–**	–
Prior year under provision	**1**	–	**4**	–
STC	**1**	1	**–**	(4)
Tax on income/(loss) from associate	**–**	1	**–**	–
Effective rate of taxation	**31**	32	**21**	6
Estimated assessed losses available for reduction of future taxable income	**326**	519	**–**	–
No deferred tax asset has been raised on the estimated assessed losses of R284 million (F2011: R456 million) in the Vale/ARM joint venture group. R266 million of the F2011 balance is not recoverable in the DRC				
Unredeemed capital expenditure available for reduction of future mining income*	**4 188**	2 564	**1 163**	977

* *Deferred tax has been raised on these estimated tax benefits.*

The Company had unutilised credits in respect of STC of R2 242 million at 30 June 2012 (F2011: R2 138 million). No deferred tax asset has been raised on this as STC is phased out (F2011: R85 million). The post year end dividend declared will bear dividend withholding tax at 15% (F2011: STC of 10%) however no withholding tax will be payable on the dividend as the existing STC credits exceed the dividend.

The latest tax assessment for the Company relates to the year ended June 2010.

All returns up to and including June 2011 have been submitted.

	Group	
	F2012 Rm	F2011 Rm

32 Calculations per share

The calculation of basic earnings per share is based on basic earnings of R3 438 million (F2011: R3 366 million and a weighted average of 213 689 thousand (F2011: 212 889 thousand) shares in issue during the year.

The calculation of headline earnings per share is based on headline earnings of R3 451 million (F2011: R3 374 million), and a weighted average of 213 689 thousand (F2011: 212 889 thousand) shares in issue during the year.

The calculation of diluted basic earnings per share is based on basic earnings of R3 438 million (F2011: R3 366 million), with no reconciling items to derive at diluted earnings, and a weighted average of 215 118 thousand (F2011: 213 871 thousand) shares, calculated as follows:

	F2012	F2011
Weighted average number of shares used in calculating basic earnings per share (thousands).	**213 689**	212 889
Potential ordinary shares due to share options granted (thousands).	**1 429**	982
Weighted average number of shares used in calculating diluted earnings per share (thousands)	**215 118**	213 871

The calculation of diluted headline earnings per share is based on headline earnings of R3 451 million (F2011: R3 374 million) and a weighted average of 215 118 thousand (F2011: 213 871 thousand) shares.

The calculation of net asset value per share is based on net assets of R23 200 million (F2011: R21 212 million) and the number of shares at year end of 214 852 thousand (F2011: 213 133 thousand) shares.

The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R5 969 million (F2011: R5 988 million) and the weighted average number of shares in issue of 213 689 thousand (F2011: 212 889 thousand)

Dividend per share
After the year end a dividend of 475 cents per share (F2011: 450 cents per share, F2010: 200 cents per share) was declared which approximates R1 021 million (F2011: R959 million, F2010: R426 million). This dividend was declared on 3 September 2012 (F2011: 31 August 2011, F2010: 30 August 2010) before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2012.

33 Headline earnings

	F2012 Rm	F2011 Rm
Basic earnings per income statement	**3 438**	3 366
– Profit on sale of property, plant and equipment in associate – ARM Coal	**(52)**	–
– Impairments of property, plant and equipment	**68**	4
– Loss on disposal of property, plant and equipment	**2**	7
	3 456	3 377
– Taxation	**(5)**	(3)
Headline earnings	**3 451**	3 374

34 Reconciliation of net profit before tax to cash generated from operations

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Profit from operations before exceptional items	**5 216**	5 399	**(168)**	201
Income/(loss) from associate	**11**	(135)	**–**	–
Exceptional items	**(70)**	(11)	**1**	(4)
Profit from operations after exceptional items	**5 157**	5 253	**(167)**	197
Adjusted for:	**2 001**	1 368	**286**	400
– Amortisation and depreciation of property, plant and equipment	**1 315**	1 118	**196**	212
– Impairment of debtors	**–**	6	**–**	–
– Long and short-term provisions	**496**	158	**102**	109
– Impairment of property, plant and equipment	**68**	4	**(1)**	4
– Inventory written off	**61**	–	**5**	–
– Loss on disposal of property, plant and equipment	**2**	7	**–**	–
– Unrealised foreign exchange (gains)/losses	**(8)**	(38)	**(116)**	33
– Associate (income)/loss	**(11)**	135	**–**	–
– Share-based payments expense	**94**	37	**94**	37
– Sale of houses – Khumani	**(45)**	(28)	**–**	–
– Other non-cash flow items	**29**	(31)	**6**	5
Cash from operations before working capital changes	**7 158**	6 621	**119**	597
Increase in inventories	**(375)**	(407)	**(19)**	(90)
(Increase)/decrease in receivables	**(528)**	(10)	**(191)**	136
(Decrease)/increase in payables and provisions	**(286)**	(216)	**43**	(135)
Cash generated from operations	**5 969**	5 988	**(48)**	508

35 Taxation paid

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Balance at beginning of year	**195**	270	**100**	90
Current taxation as per income statement (refer note 31)	**1 304**	1 168	**119**	64
Normal tax	**1 254**	975	**119**	64
State's share of profits	**–**	93	**–**	–
STC	**50**	100	**–**	–
Interest received	**(7)**	(3)	**–**	–
Balance at end of year	**(198)**	(195)	**(134)**	(100)
Tax payable	**(224)**	(270)	**(134)**	(100)
Tax receivable	**26**	75	**–**	–
Taxation paid	**1 294**	1 240	**85**	54

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.

Below is a summary of amounts included in the statement of financial position denominated in a foreign currency.

	Foreign currency amount	Year end exchange rate
Financial assets		
Foreign currency denominated items included in receivables:		
30 June 2012	US$191 million	8.16
30 June 2011	US$250 million	6.76
Foreign currency denominated items included in cash and cash equivalents:		
30 June 2012	US$21 million	8.16
30 June 2011	US$5 million	6.76
Financial liabilities		
Foreign currency denominated items included in payables:		
30 June 2012	US$20 million	8.16
30 June 2011	US$23 million	6.76
Foreign currency denominated items included in long-term borrowings		
30 June 2012	US$34 million	8.16
30 June 2011	US$nil million	6.76

Foreign currency contract
During the year under review Xstrata took out a number of foreign exchange contracts (FECs) whereby US Dollar 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 FECs at year end was reported in the statement of comprehensive income resulting in R1 million (F2011: R12 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.

The following table summarises the maturity profile of the Group's financial liabilities at 30 June 2012 and 2011 based on undiscounted cash flows.

36 Financial instruments and risk management continued

	Group F2012			
	Within one year	**2 – 5 years**	**Over 5 years**	**Total**
Long-term borrowings (refer note 15 and 20)	**522**	**882**	**1 334**	**2 738**
Trade and other payables (refer note 18)	**2 318**	**–**	**–**	**2 318**
Overdrafts and short-term borrowings (refer note 20)	**499**	**–**	**–**	**499**
Total	**3 339**	**882**	**1 334**	**5 555**

	Group F2011			
	Within one year	2 – 5 years	Over 5 years	Total
Long-term borrowings (refer note 15 and 20)	105	698	1 639	2 442
Trade and other payables (refer note 18)	2 448	–	–	2 448
Overdrafts and short-term borrowings (refer note 20)	627	–	–	627
Total	3 180	698	1 639	5 517

	Group	
	F2012	F2011
Overdrafts and short-term borrowings held as follows:		
ABSA Bank Limited	**172**	190
Nedbank Limited	**114**	200
The Standard Bank of South Africa Limited	**182**	14
Rand Merchant Bank Limited	**182**	–
Sanlam Limited	**50**	–
Other	**145**	115
Partner loans – short term	**162**	186
Partner loans – long term (included in R522 million) (2011: R105 million) transferred to short term	**14**	27
	1 021	732

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 12.

Major trade receivables include Impala Platinum R621 million (F2011: R670 million) and Rustenburg Platinum Mines R281 million (F2011: R297 million) and Norilsk Nickel R154 million (F2011: R37 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 13.

The available-for-sale assets (which is the Harmony investment) exposure is the carrying value of these assets as per note 10.

	Group	
	F2012	F2011
Cash and cash equivalents are held at the following financial institutions:		
ABSA Bank Limited	**649**	445
Nedbank Limited	**368**	61
The Standard Bank of South Africa Limited	**1 375**	2 569
Investec Limited	**29**	36
First Rand Limited	**483**	92
Stanlib Collective Investment Limited	**7**	59
Barclays private clients international	**434**	343
Other	**219**	63
	3 564	3 668

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 12) amounts to R1 199 million (F2011: R1 018 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.

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 2012				
Cash – financial institutions	US$21 million	169	Overnight call deposit	0 – 1 percent
– financial institutions		2 802		5 – 7 percent
– fixed		593	July-12	5 – 7 percent
Total		3 564		
Year ended 30 June 2011				
Cash – financial institutions	US$5 million	37	Overnight call deposit	0 – 1 percent
– financial institutions		2 781		5 – 7 percent
– fixed		850	July-11	5 – 7 percent
Total		3 668		

Financial liabilities		Maturity date	Year-end rate
Year ended 30 June 2012			
Long-term borrowings			
Leases	141	2012	2.65% below prime
Loan facility (Two Rivers – mine housing project)	92	2016	5.6% link to JIBAR
Loan facility (ARM Corporate)*	415	2012	8.8%
Loan facility (ARM Finance Company SA)	277	2016	Libor plus 3.65%
Loan facility (Vale/ARM joint venture)	195	2016	Libor plus 5%
Loan ARM Coal – RBCT (partner loan)	205	2021	Prime plus 0.5%
Loan facility (ARM Coal – partner loan)	1 413	2025	Prime
	2 738		
Less: transferred to short-term	(522)		
Total	2 216		

* *Refinanced after year end (refer note 15).*

Summary of variable and fixed rates	Total	Transfer to short-term	Long-term	
Variable rates	2 738	522	2 216	
Fixed rates	–	–	–	
Total	2 738	522	2 216	
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	8.8%
Loan facility (ARM Coal)	173		2021	Prime plus 0.5%
Loan facility (ARM Coal – partner loan)	1 635		2025	Prime
	2 442			
Less: transferred to short term	(105)			
Total	2 337			

36 Financial instruments and risk management continued

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	

Short-term financial liabilities	Book value at year end	Repricing date	Maturity date	
Year ended 30 June 2012				
– Financial institutions	859	30/06/2012	30/06/2012	Variable rate between 7% and 10%
– Anglo Platinum (partner loan)	114			No interest
– Impala Platinum (partner loan)	48			Variable rate at year end 6.5%
Total	1 021			
Year ended 30 June 2011 **Short-term financial liabilities**				
– Financial institutions	546	30/06/2011	30/06/2011	Variable rate between 7% and 10%
– Anglo Platinum (partner loan)	114			No interest
– Impala Platinum (partner loan)	72			Variable rate at year end 6.5%
Total	732			

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.

Fair value hierarchy
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 where all inputs that have an impact on the value are observable, either directly or indirectly.

Level 3 – a technique where all inputs that have an impact on the value are not observable.

36 Financial instruments and risk management continued

Financial instruments by categories — **Group F2012**

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	**–**	**11**	**4 868**	**–**	**4 879**	**4 879**	**1**
Investments – unlisted	**80**	**–**	**–**	**–**	**80**	**80**	**2**
Trade and other receivables	**2 407**	**1 199**	**–**	**–**	**3 606**	**3 606**	**2**
Loans and long – term receivable	**221**	**–**	**–**	**–**	**221**	**221**	**2**
Financial assets – structured investment	**–**	**74**	**–**	**–**	**74**	**74**	**2**
Trade and other payables	**–**	**–**	**–**	**(2 318)**	**(2 318)**	**(2 318)**	**2**
Cash and cash equivalents	**3 564**	**–**	**–**	**–**	**3 564**	**3 564**	**2**
Long-term borrowings	**–**	**–**	**–**	**(2 216)**	**(2 216)**	**(2 216)**	**2**
Short-term borrowings	**–**	**–**	**–**	**(684)**	**(684)**	**(684)**	**2**
Overdrafts	**–**	**–**	**–**	**(337)**	**(337)**	**(337)**	**2**

Financial instruments by categories — Group F2011

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	–	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

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 199 million (F2011: R1 018 million) was valued using the following parameters: (i) Rand/US Dollar exchange rate of R8.16 (F2011: R6.76), (ii) platinum price of $1 443/oz (F2011: $1 722/oz), (iii) palladium price of $581/oz (F2011: $761/oz), rhodium of $1 250 oz (F2011: $2 000/oz) and a nickel price of $16 730/tonne (F2011: $23 125/tonne).

The sensitivity was applied to profit or loss before taxation and non-controlling interest. There is no other impact on equity.

	Group	
	F2012 Rm	F2011 Rm
The increase in profit before tax if:		
The Rand/US Dollar exchange rate weakens by R1	**147**	157
The price of nickel increases by 10%	**50**	34
The price of PGM increases by 10%	**162**	100
The interest rate increases by 1%	**2**	(5)
The decrease in profit before tax if:		
The Rand/US Dollar exchange rate strengthens by R1	**(147)**	(157)
The price of nickel decreases by 10%	**(50)**	(34)
The price of PGM decreases by 10%	**(162)**	(100)
The interest rate decreases by 1%	**(2)**	5

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.

37 Commitments and contingent liabilities

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	**3 580**	3 383	**72**	122
– not contracted for	**419**	600	**128**	87
Total commitments	**3 999**	3 983	**200**	209
Commitments allocated as follows				
Assmang Limited	**3 334**	2 687	**–**	–
ARM Mining Consortium Limited	**39**	36	**–**	–
ARM Coal Proprietary Limited	**10**	24	**–**	–
Nkomati	**200**	209	**200**	209
Two Rivers Platinum Proprietary Limited	**2**	4	**–**	–
Vale/ARM joint venture	**414**	1 023	**–**	–
	3 999	3 983	**200**	209

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.

Electricity

The electrical infrastructure at Nkomati is currently being upgraded by Eskom. The cost for this is expected to be R66 million.

Contingent liabilities

Taxation

The Company had a contingent liability arising from its dispute with the South African Revenue Service (SARS) over the deductibility of a loan stock redemption premium claimed in the Company's 1998 tax submission.

During the current financial year the Company entered into a final cash settlement of R40 million with SARS.

Disputes

ARM has issued summons against Mr R Spoor for defamation. The claim is for an amount of R1.5 million. The pleadings are not yet closed and no trial date has as yet been allocated.

ARM Mining Consortium has made an application against the Department of Mineral Resources (DMR) 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. The pleadings are not yet closed and no trial date has as yet been allocated.

Other

The Vale/ARM joint venture has a potential contingent liability of US Dollar 15 million (US Dollar 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 instalments thereafter, should a decision be made by the Vale/ARM joint venture to develop a mine on this property.

37 Commitments and contingent liabilities continued

Guarantees

A back-to-back guarantee to Assore Limited (Assore) in respect of ARM's share of the guarantees issued to bankers by Assore to secure a short-term export finance agreement facility of R180 million (F2011: R180 million) by Assmang. Short-term export finance loans negotiated in terms of the above facility in the ordinary course of business at 30 June 2012 were Rnil (F2011: Rnil).

Guarantees to the Department of Mineral Resources for rehabilitation provision amounting to R254 million (F2011: R185 million)

Guarantees to Eskom amounting to R149 million (F2011: R56 million)

38 Leases

Finance Leases (refer note 4)	Group			
	F2012 Rm	**F2012 Rm**	F2011 Rm	F2011 Rm
	Minimum payments	**Present value of payments**	Minimum payments	Present value of payments
Within one year	**88**	**77**	62	55
After one year but not more than five years	**65**	**64**	64	61
Total minimum lease payments	**153**	**141**	126	116
Less: amounts representing finance charges	**(12)**	**–**	(10)	–
Present value of minimum lease payments	**141**	**141**	116	116
Operating leases – Group as lessee				
This is in respect of office building rentals paid				
Within one year	**–**	**–**	2	–
Total minimum lease payments	**–**	**–**	2	–
Operating leases – Group as lessor				
This is in respect of office building rentals received (refer note 5)				
Within one year	**1**	**–**	1	–
After one year but not more than five years	**4**	**–**	1	–
Total minimum lease payments	**5**	**–**	2	–

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 R135 million (F2011: R102 million).

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.

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm
African Rainbow Minerals Limited	**87**	87	**87**	87
Assmang Limited	**13**	10	**–**	–
	100	97	**87**	87

40 Post-retirement healthcare benefits continued

The liability is assessed periodically by an independent actuary. This assumptions used for African Rainbow Minerals Limited are as follows:

- A real discount rate of 2% per annum.
- An increase in healthcare costs at a rate of between 7% and 8% per annum.
- A 1% change in the net discount rate used is estimated to have an impact of plus 9.1% or less 7.9% (F2011: 9.5%) on the liability.
- The average expected working lifetime of eligible members was 7 (F2011: 8) years at the date of the valuation in 2012.

The assumptions used for Assmang Limited are as follows:

- A real discount rate of 1% per annum.
- An increase in healthcare costs at a rate of between 8% and 9% per annum.
- A1 % change in the net discount rate used is estimated to have an impact of plus 14.8% or less 12.1% on the liability.
- The average expected working lifetime of eligible members was 15 years at the date of the valuation in 2012.

The provisions raised in respect of post-retirement healthcare benefits amounted to R100 million (F2011: R97 million) at the end of the year. Interest of R3 million (F2011: R8 million) was charged against income in the current year (refer note 17).

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 F2012 and the next one will be in F2014.

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.

	F2012	F2011	F2010	F2009
Balance at 30 June (R million)	**100**	97	98	83

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	**F2012 Share Options**	F2011 Share Options	**F2012 Average price Cents**	F2011 Average price Cents
Outstanding at the beginning of the year	**4 081 733**	4 335 942	**8 033**	7 617
Granted during the year	**313 258**	196 635	**18 264**	18 043
Forfeited during the year	**(1 056)**	(10 680)	**17 849**	14 056
Exercised during the year	**(1 225 485)**	(440 164)	**4 041**	8 264
Outstanding at the end of the year	**3 168 450**	4 081 733	**10 585**	8 033
Exercisable at the end of the year	**2 481 646**	3 224 687		
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

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 or four 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.

	F2012 Bonus shares	F2011 Bonus shares
Outstanding at the beginning of the year	**245 890**	130 045
Granted during the year	**282 999**	121 589
Forfeited during the year	**–**	(347)
Shares vested	**(111 176)**	–
Shares vested*	**(4 013)**	(5 397)
Outstanding at the end of the year	**413 700**	245 890

* *This represents shares that vested during the year 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 or four 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.

	F2012 Performance shares	F2011 Performance shares
Outstanding at the beginning of the year	**375 495**	262 553
Awarded during the year	**363 218**	125 530
Additional award based on achievements above set performance criteria	**249 022**	–
Additional award settled (see above)	**(249 022)**	–
Forfeited during the year	**(2 414)**	(9 031)
Shares vested	**(121 790)**	–
Shares vested*	**(7 870)**	(3 557)
Outstanding at the end of the year	**606 639**	375 495

* *This represents shares that vested during the year as a result of no fault terminations.*

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. The following table lists the range of inputs to the models used on the grant date for the years ended 30 June 2012 and 30 June 2011.

	F2012	F2011
Dividend yield%	**2.39**	1.24
Expected volatility%	**42.60**	42.60
Risk-free interest rate%	**8.41**	8.91
Expected life of options (years)	**1 – 8**	1 – 8
Weighted average share price (cents)	**17 641**	19 036
Fair value of options issued during the year (Rm)	**23**	16
Fair value of options per option issued during the year (cents) – October	**–**	7 943
Fair value of options per option issued during the year (cents) – April	**–**	10 626
Fair value of options per option issued during the year (cents) – Nov – 3 year vesting period	**7 411**	–
Fair value of options per option issued during the year (cents) – Nov – 4 year vesting period	**7 328**	–
Fair value of options per option issued during the year (cents) – April – 3 year vesting period	**6 807**	–
Fair value of options per option issued during the year (cents) – April – 4 year vesting period	**6 751**	–
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).	**94**	37

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 232 to 234.

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	
	F2012 Rm	F2011 Rm	F2012 Rm	F2011 Rm
Amounts accounted in the income statement relating to transactions with related parties				
Assmang Limited				
– Provision of services			**262**	212
– Dividends received			**1 000**	1 000
Venture Building Trust Proprietary Limited – interest received			**4**	3
ARM Coal Proprietary Limited			**18**	8
Two Rivers Platinum Proprietary Limited				
– Interest received			**5**	20
– Provision of services			**2**	2
Vale/ARM joint venture – interest			**32**	45
Amounts outstanding at year-end owing to/receivable by ARM on current account				
Assore Limited – creditors	**(39)**	–	**–**	–
Assore Limited – debtor	**148**	29	**36**	29
Anglo Platinum – debtor	**281**	297	**–**	–
Impala Platinum – debtor	**621**	670	**–**	–
Norilsk Nickel – debtor	**154**	37	**154**	37
Norilsk Nickel – creditors	**(20)**	–	**(20)**	–
Impala Platinum – short term borrowing	**(48)**	(72)	**–**	–
Anglo Platinum – short term borrowing	**(114)**	(114)	**–**	–
Vale/ARM joint venture – ZCCM-IH – long term borrowing	**(195)**	–	**–**	–
Xstrata – long term borrowing	**(1 618)**	(1 808)	**–**	–
Assmang Limited	**–**	–	**38**	27
Two Rivers Platinum Proprietary Limited	**–**	–	**1**	2

	Group F2012 Rm	Group F2011 Rm

42 Related party transactions

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	F2012 Rm	F2011 Rm
Salary	**16**	17
Accrued bonuses	**10**	13
Pension scheme contributions	**2**	1
Reimbursive allowances	**2**	2
Total	**30**	33

Share options

	Number of options	Average price cents	Average gross selling price cents
Held on 1 July 2010	313 861	10 170	
Exercised during the year	(70 000)	11 900	21 417
Granted during the year	37 072	17 849	
Staff movements	126 076	12 531	
Held on 1 July 2011	407 009	10 724	
Granted during the year	48 118	18 260	
Staff movements	(54 464)	14 383	
Exercised during the year	(55 756)	4 090	17 157
Held on 30 June 2012	344 907	12 271	

Bonus and performance shares

	Number of bonus shares	Number of performance shares
Held on 1 July 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
Granted/awarded during the year	71 742	105 705
Additional performance shares awarded in terms of the achievement against set performance criteria	–	38 948
Staff movements	(24 516)	(46 714)
Settled during the year	(18 521)	(58 422)
Held on 30 June 2012	68 282	105 439

42 Related party transactions continued

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 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
This rental is similar to rentals paid to third parties in the same area for similar buildings.				

43 Events after the reporting date

Please refer to events after the reporting date included on page 160 of the Directors' report.

44 Major shareholders and shareholder spread

Please refer to major shareholders at 30 June 2012 on page 245 of the investor relations report and shareholder spread at 30 June 2012 on page 244 of the Investor relations report.

Report on subsidiary companies

for the year ended 30 June 2012

	Company	
	F2012 Rm	F2011 Rm
Investments		
Unlisted	**529**	481
Amounts owing by subsidiaries (refer note 10)	**757**	784
Amounts owing to subsidiaries (refer note 20)	**(291)**	(291)
	995	974
Income from subsidiaries		
Fees – management advisory services	**2**	2
	2	2
Members' aggregate interest in profits after taxation of subsidiaries		
Profits	**313**	381

Principal subsidiary companies

for the year ended 30 June 2012

		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	**F2012**	F2011	**F2012**	F2011	**F2012**	F2011	**F2012**	F2011
African Rainbow Minerals Platinum Proprietary Limited platinum mining	Ord	**–**	–	**100**	100	**257**	257	**634**	634
African Rainbow Minerals Finance Company SA – Financing*	Ord	**–**	–	**100**	–	**48**	–	**–**	–
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	**62**	89
Vallum Investments Proprietary Limited investment company	Ord	**–**	–	**100**	100	**–**	–	**–**	–
Venture Building Trust Proprietary Limited property investment	Ord	**–**	–	**100**	100	**1**	1	**55**	55
Total value of unlisted investment in subsidiary						**529**	481		
Amounts owing to subsidiaries								**(291)**	(291)
Amounts owing by subsidiaries								**757**	784

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.
** This is a new entity incorporated during the current year.*
*** Incorporated in Guernsey and has a December year end. Audited June figures are consolidated.*

Principal associate companies, joint ventures and other investments

	Group Number of shares held		Company Number of shares held		Group Effective percentage holding		Group Value of investment Rm		Company Value of investment Rm		Company Indebtedness by Rm	
Name of company	F2012	F2011	F2012	F2011	F2012	F2011	F2012	F2011	F2012	F2011	F2012	F2011
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	384	384	384	384	20.2	20.2	1 042	1 019	432	432	–	–
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	14.7	14.8	4 868	5 724	4 868	5 724	–	–
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	–	–	409	409	–	–
Modikwa joint venture*	–	–	–	–	41.5	41.5	–	–	–	–	–	–
Nkomati joint venture**	–	–	–	–	50	50	–	–	–	–	1 118	988
Assmang Limited (including Cato Ridge Alloys)	–	–	1 774 103	1 774 103	50	50	–	–	259	259	–	–
Vale/ARM joint venture	–	–	–	–	50	50	–	–	1 363	485	566	676
– Investment held directly by ARM	–	–	947	203								
– Investment held indirectly by ARM	–	–	532	528								
									2 031	1 153	566	676

* *December year end, audited June figures are consolidated.*
** *Eliminated on a Company level, as Nkomati joint venture is an unincorporated joint venture.*

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 168 to 176, have been translated into United States Dollars and are presented on this page and pages 236 to 241. 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:	**F2012 R/US$**	F2011 R/US$
Statement of financial position	**R8.16**	R6.76
Income statement and statement of cash flows	**R7.77**	R6.99

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 177 to 188 and with the notes to the financial statements on pages 189 to 231.

Statement of financial position

as at 30 June

US Dollar convenience translation

	Note	Group F2012 US$m	Group F2011 US$m
Assets			
Non-current assets			
Property, plant and equipment	4	**2 293**	2 305
Investment property	5	**1**	2
Intangible assets	6	**23**	30
Deferred tax assets	16	**–**	13
Loans and long-term receivables	8	**27**	28
Financial assets	9	**9**	7
Inventories	11	**17**	19
Investment in associate	7	**166**	197
Other investments	10	**608**	858
		3 144	3 459
Current assets			
Inventories	11	**301**	319
Trade and other receivables	12	**442**	461
Taxation	35	**3**	11
Cash and cash equivalents	13	**437**	543
		1 183	1 334
Total assets		**4 327**	4 793
Equity and liabilities			
Capital and reserves			
Ordinary share capital	14	**1**	2
Share premium	14	**482**	568
Other reserves		**70**	178
Retained earnings		**2 289**	2 390
Equity attributable to equity holders of ARM		**2 842**	3 138
Non-controlling interest		**148**	142
Total equity		**2 990**	3 280
Non-current liabilities			
Long-term borrowings	15	**272**	346
Deferred tax liabilities	16	**463**	531
Long-term provisions	17	**109**	81
		844	958
Current liabilities			
Trade and other payables	18	**284**	365
Short-term provisions	19	**57**	42
Taxation	35	**27**	40
Overdrafts and short-term borrowings – interest-bearing	20	**125**	108
		493	555
Total equity and liabilities		**4 327**	4 793

Income statement

for the year ended 30 June

US Dollar convenience translation

	Note	Group F2012 US$m	Group F2011 US$m
Revenue	23	**2 335**	2 197
Sales	24	**2 256**	2 131
Cost of sales	26	**(1 475)**	(1 270)
Gross profit		**781**	861
Other operating income	25	**111**	73
Other operating expenses	26	**(220)**	(162)
Profit from operations before exceptional items	27	**672**	772
Income from investments	28	**36**	31
Finance costs	29	**(30)**	(31)
Income/(loss) from associate	7	**1**	(19)
Profit before taxation and exceptional items		**679**	753
Exceptional items	30	**(9)**	(2)
Profit before taxation		**670**	751
Taxation	31	**(210)**	(242)
Profit for the year		**460**	509
Attributable to:			
Non-controlling interest		**17**	28
Equity holders of ARM		**443**	481
		460	509
Additional information			
Headline earnings	33	**444**	483
Headline earnings per share (US cents)	34	**208**	227
Basic earnings per share (US cents)	34	**207**	226
Diluted headline earnings per share (US cents)	34	**206**	226
Diluted basic earnings per share (US cents)	34	**206**	225

Statement of comprehensive income

for the year ended 30 June

US Dollar convenience translation

		Group					
	Notes	Available-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 2011							
Profit for the year to 30 June 2011		–	–	481	481	28	509
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)
Cash flow 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)**	**481**	**541**	**28**	**569**
For the year ended 30 June 2012							
Profit for the year to 30 June 2012		**–**	**–**	**443**	**443**	**17**	**460**
Other comprehensive income							
Revaluation of listed investment	9	**(110)**	**–**	**–**	**(110)**	**–**	**(110)**
Deferred tax on revaluation of listed investment		**10**	**–**	**–**	**10**	**–**	**10**
Net impact of revaluation of listed investment		**(100)**	**–**	**–**	**(100)**	**–**	**(100)**
Realisation of foreign exchange movements on loans to a to foreign Group entity		**–**	**11**	**–**	**11**	**–**	**11**
Deferred tax on realisation of foreign exchange movements on loans to a foreign entity		**–**	**(2)**	**–**	**(2)**	**–**	**(2)**
Foreign exchange movements on loans to a foreign Group entity		**–**	**4**	**–**	**4**	**–**	**4**
Deferred tax on foreign exchange on loans to a foreign Group entity		**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
Cash flow hedge reserve	6	**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
Foreign currency translation		**–**	**2**	**–**	**2**	**–**	**2**
Total other comprehensive income		**(100)**	**13**	**–**	**(87)**	**–**	**(87)**
Total comprehensive income for the year		**(100)**	**13**	**443**	**356**	**17**	**373**

Statement of changes in equity

for the year ended 30 June

US Dollar convenience translation

	Notes	Share Capital and Premium US$m	Available-for-sale reserve US$m	Other US$m	Retained Profit US$m	Share-holders of ARM US$m	Non-controlling interest US$m	Total US$m
		Group						
Balance at 30 June 2010		497	58	37	1 724	2 316	100	2 416
Profit for the year to 30 June 2011 (Restated)		–	–	–	481	481	28	509
Other comprehensive income		–	67	(7)	–	60	–	60
Total comprehensive income for the year		–	67	(7)	481	541	28	569
Translation adjustments		68	10	8	246	332	14	346
Share-based payments		–	–	5	–	5	–	5
Share options exercised	14	5	–	–	–	5	–	5
Dividend paid	32	–	–	–	(61)	(61)	–	(61)
Balance at 30 June 2011		570	135	43	2 390	3 138	142	3 280
Profit for the year to 30 June 2012		**–**	**–**	**–**	**443**	**443**	**17**	**460**
Other comprehensive income		**–**	**(100)**	**13**	**–**	**(87)**	**–**	**(87)**
Total comprehensive income for the year		**–**	**(100)**	**13**	**443**	**356**	**17**	**373**
Translation adjustments		**(99)**	**(18)**	**(9)**	**(426)**	**(552)**	**(26)**	**(578)**
Share-based payments		**–**	**–**	**12**	**–**	**12**	**–**	**12**
Share options exercised	14	**6**	**–**	**–**	**–**	**6**	**–**	**6**
Bonus and performance shares issued to employees		**6**	**–**	**(6)**	**–**	**–**	**–**	**–**
Part disposal of interest in Lubambe		**–**	**–**	**–**	**5**	**5**	**15**	**20**
Dividend paid	32	**–**	**–**	**–**	**(123)**	**(123)**	**–**	**(123)**
Balance at 30 June 2012		**483**	**17**	**53**	**2 289**	**2 842**	**148**	**2 990**

Statement of cash flow

for the year ended 30 June

US Dollar convenience translation

	Note	Group F2012 US$m	Group F2011 US$m
Cash flow from operating activities			
Cash receipts from customers		**2 301**	2 204
Cash paid to suppliers and employees		**(1 533)**	(1 348)
Cash generated from operations	34	**768**	856
Translation adjustment		**(79)**	52
Interest received		**28**	26
Interest paid		**(14)**	(17)
Dividends received		**8**	5
Dividends paid		**(123)**	(61)
Taxation paid	35	**(167)**	(177)
Net cash inflow from investing activities		**421**	684
Cash flow from investing activities			
Additions to property, plant and equipment to maintain operations		**(172)**	(114)
Additions to property, plant and equipment to expand operations		**(349)**	(321)
Investment in associate		**(3)**	(25)
Investment in RBCT		**(2)**	(9)
Decrease/(increase) in loans and receivables		**1**	(15)
Net cash outflow from investing activities		**(525)**	(484)
Cash flow from financing activities			
Proceeds on exercise of share options		**6**	5
Long-term borrowings raised		**64**	40
Long-term borrowings repaid		**(38)**	(85)
Decrease in short-term borrowings		**(10)**	(45)
Net cash inflow/(outflow) from financing activities		**22**	(85)
Net (decrease)/increase in cash and cash equivalents		**(82)**	115
Cash and cash equivalents at beginning of year		**478**	363
Cash and cash equivalents at end of year	13	**396**	478
Cash generated from operations per share (US cents)	32	**359**	402

Financial summary and statistics

for the year ended 30 June

US Dollar convenience translation

	Group								
	F2012 US$m	F2011 US$m	F 2010 US$m	F2009 US$m	F2008 US$m	F2007 US$m	F2006 US$m	F2005 US$m	F2004 US$m
Income statement									
Sales	**2 256**	2 131	1 452	1 118	1 725	854	722	883	563
Headline earnings	**444**	483	226	257	550	168	72	55	7
Basic earnings per share (US cents)	**207**	226	113	150	292	81	46	36	125
Headline earnings per share (US cents)	**208**	227	106	121	261	81	35	27	5
Dividend declared after year-end per share (US cents)	**58**	67	26	23	51	n/a	n/a	n/a	n/a
Statement of financial position									
Total assets	**4 327**	4 791	3 682	3 304	3 178	2 576	2 041	1 769	1 831
Cash and cash equivalents	**437**	543	396	455	340	150	61	43	57
Shareholders' equity	**2 990**	3 280	2 416	2 171	2 002	1 587	1 452	1 199	1 271
Statement of cash flows									
Cash generated from operations	**768**	857	451	739	709	352	194	267	97
Net cash outflow from investing activities	**525**	484	306	348	334	374	226	133	100
Net cash (outflow)/inflow from financing activities	**22**	(85)	(96)	(19)	(24)	217	140	(88)	41
JSE Limited performance									
Ordinary shares (US cents)									
– high	**2 561**	3 376	2 714	3 217	4 205	1 917	816	612	696
– low	**2 046**	2 092	1 542	842	1 414	739	500	411	471
– year end	**2 035**	2 788	2 099	1 683	3 576	1 747	674	511	543

Nchwaning 3 sheaf wheel maintenance

Investor relations report

ARM's primary listing is on the JSE Limited. The Company also has a sponsored Level 1 American Depositary Receipt (ADR) programme, under the ticker symbol AFRBY, which is available to investors for over-the-counter or private transactions.

Share information

JSE 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 2012	214 851 896 shares
Market capitalisation at 30 June 2012	R35.7 billion
	US$4.37 billion
Closing share price at 30 June 2012	R166.02 per share
12 month high (1 July 2011 – 30 June 2012)	R198.88 per share
12 month low (1 July 2011 – 30 June 2012)	R159.01 per share
Average volume traded for the 12 months	393 388 shares per day

Shareholders' diary

Annual General Meeting	Friday, 7 December 2012
Financial year-end	June 2013
Annual financial statements issued	End of October 2013
Interim results announcement	March 2013
Provisional results announcement	September 2013

Shareholder analysis

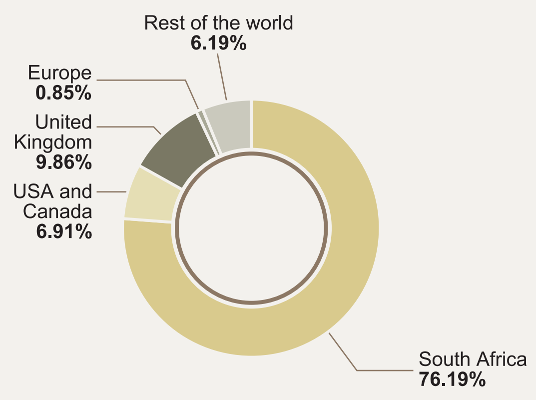
Shares held	Number of shareholders	% of shareholders	Number of shares held	% of issued share capital
1 to 1 000 shares	4 309	75.34	1 157 455	0.54
1 001 to 10 000 shares	884	15.46	3 042 868	1.42
10 001 to 100 000 shares	407	7.12	12 905 679	6.00
100 001 to 1 000 000 shares	105	1.84	32 891 683	15.31
1 000 001 shares and above	14	0.24	164 854 211	76.73
Total	5 719	100.00	214 851 896	100.00

Distribution of shareholders	Number of shares held	% of issued share capital
Black Economic Empowerment	116 996 946	54.45
Unit Trusts/Mutual Funds	31 297 298	14.57
Pension Funds	28 894 017	13.45
Investment Trusts	11 631 019	5.41
Other Managed Funds	10 561 158	4.91
Insurance Companies	5 099 508	2.37
Sovereign Wealth	4 654 740	2.17
Private Investors	2 810 627	1.31
Custodians	1 395 924	0.65
Exchange Traded Fund	447 142	0.21
University	140 913	0.07
Charity	88 100	0.04
Local Authority	75 223	0.04
Corporate Holding	50 000	0.02
Remainder	709 281	0.33
Total	214 851 896	100.00

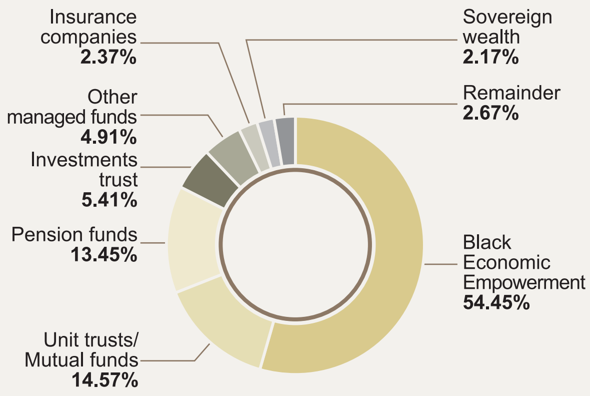
Public/non-public shareholders	Number of shareholders	% of shareholders	Number of shares held	% of issued share capital
Non-public shareholders	9	0.16	117 455 795	54.67
Public shareholders	5 710	99.84	97 396 101	45.33
Total	5 719	100.00	214 851 896	100.00

Investment management and beneficial interest (more than 3%)	Number of shares held	%
BlackRock Inc.	20 955 223	9.75
Public Investment Corporation Limited	12 598 545	5.86
Total	33 553 768	15.61

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) Ltd	87 750 417	40.84
2	ARM Broad-Based Economic Empowerment Trust	28 614 740	13.32
3	BlackRock Inc.	20 955 223	9.75
4	Public Investment Corporation Limited	12 598 545	5.86
5	Investec Asset Management	5 750 790	2.67
6	Coronation Fund Managers	4 443 587	2.07
7	Kagiso Asset Management (Pty) Ltd	3 723 705	1.73
8	Momentum Investments	3 595 639	1.67
9	STANLIB Asset Management	3 473 760	1.62
10	Government Singapore Investment Corporation	3 250 002	1.51
11	The Vanguard Group	2 961 188	1.38
12	Dimensional Fund Advisors	2 749 034	1.28
13	Afena Capital	2 413 302	1.12
14	Fidelity Investments	2 303 527	1.07
15	Allan Gray Investment Council	1 599 772	0.74
16	Old Mutual Asset Managers	1 489 304	0.69
17	Jennison Associates LLC	1 455 850	0.68
18	Abax Investments	945 000	0.44
19	J.P. Morgan Asset Management	870 372	0.41
20	Metal Industries Benefit Funds Administrators	745 569	0.35

Share liquidity

Number of shares traded on the JSE Limited during F2012*

Month	Volume
July 2011	11 763 888
August 2011	10 741 079
September 2011	10 535 140
October 2011	7 976 489
November 2011	5 379 709
December 2011	4 968 992
January 2012	6 708 509
February 2012	7 407 389
March 2012	10 076 573
April 2012	5 996 731
May 2012	6 793 293
June 2012	10 392 571
Total	**98 740 363**

* *Source: JSE Limited.*

Investor relations

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The Integrated Annual Report 2012 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

1H	First six months of the financial year
2H	Second six months of the financial year
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
CSR	Corporate Social Responsibility
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
F2013	Financial year starting 1 July 2012 ending 30 June 2013
F2012	Financial year starting 1 July 2011 ending 30 June 2012
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 Mine
Harmony/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
Impala Platinum/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
Mt	Million tonnes
mtpa	Million tonnes per annum
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 coal 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
SARS	South African Revenue Service
SHE	Safety, Health and Environment Department
SLP	Social Labour Plans
SME	Small and Medium-sized Enterprise
SMME	Small, Medium and Micro Enterprise
STC	Secondary Tax on Companies
tCO_2	Tonnes of carbon dioxide
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
WHIMS	Wet High Intensity Magnetic Separation Plant
XCSA	Xstrata Coal South Africa
XSA	Xstrata South Africa
ZCCM-IH	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
ADR ticker symbol: AFRBY
ISIN: ZAE000054045
("ARM" or "the Company")

Notice is hereby given that the 79th 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, 7 December 2012 at 14:00, South African time to consider and, if deemed fit, approve with or without modification, the resolutions set out below.

The record date in accordance with Section 59(1)(a) of the Companies Act 71 of 2008 (as amended) (the "Companies Act") for shareholders to be eligible to receive the Notice of Annual General Meeting is Friday, 26 October 2012.

The record date in accordance with Section 59(1)(b) of the Companies Act 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 participate in and vote at the Annual General Meeting is Friday, 30 November 2012 ("voting record date"). The last day to trade in the Company's shares, in order to be recorded as a shareholder by the voting record date, is Friday, 23 November 2012.

Ordinary business

Acceptance of financial statements

Ordinary resolution number 1 is proposed to receive and consider the annual financial statements of the Company and the Group, for the most recent financial year which ended on 30 June 2012. The annual financial statements are included in the 2012 Integrated Annual Report.

Ordinary resolution number 1

1. "Resolved that the annual financial statements of the Company and the Group for the year ended 30 June 2012 including the Directors', Audit and Risk Committee and auditors' reports, be and are hereby received and accepted."

In order for this resolution to be approved, 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, have made themselves available for re-election. The Directors' *curricula vitae* appear in the 2012 Integrated Annual Report on pages 150 and 151. The Board of Directors of the Company (the "Board") recommends the re-election of these Directors.

Ordinary resolution number 2 – Re-election of Mr P T Motsepe

2. "Resolved that Mr P T Motsepe, 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 approved, 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 A D Botha

3. "Resolved that Mr A D Botha, 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 approved, 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 J A Chissano

4. "Resolved that Mr J A Chissano, 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 approved, 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 Mr A K Maditsi

5. "Resolved that Mr A K Maditsi, 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 approved, 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 A J Wilkens

6. "Resolved that Mr A J Wilkens, 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 approved, 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 7
– Re-appointment of external auditors and reappointment of designated auditor

Ordinary resolution number 7 is proposed to approve the re-appointment of Ernst & Young Inc. as the external auditors of the Company and to re-appoint Mr E A L Botha as the person designated to act on behalf of the external auditors for the financial year ending 30 June 2013 and remain in office until the conclusion of the next Annual General Meeting.

7. "Resolved that the re-appointment 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 re-appointed as the designated auditor for the financial year ending 30 June 2013 and who is to remain in office until the conclusion of the next Annual General Meeting."

In order for this resolution to be approved, 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 and Risk Committee members

Ordinary resolution number 8
– Election of Audit and Risk Committee members

Ordinary resolution number 8 is proposed to re-elect Audit and Risk Committee members in terms of Section 94(2) of the Companies Act and the King Report on Governance for South Africa 2009 ("King III") as more fully explained in Annexure number 1 on page 253. The *curricula vitae* of those Independent Non-executive Directors who have made themselves available for re-election as members of the Audit and Risk Committee are included on pages 150 and 151 of the 2012 Integrated Annual Report.

8. "Resolved that shareholders re-elect, each by way of a separate vote, the following Independent Non-executive Directors of the Company, as members of the Audit and Risk Committee, with effect from the end of this Annual General Meeting:
   - 8.1 Mr M W King (as Chairman)
   - 8.2 Dr M M M Bakane-Tuoane
   - 8.3 Mr T A Boardman
   - 8.4 Mr A D Botha*
   - 8.5 Mr A K Maditsi*
   - 8.6 Dr R V Simelane

* *Subject to his re-election as a Director pursuant to Ordinary Resolutions numbers 3 and 5 above, respectively.*

In order for this resolution to be approved, 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 9
– Endorsement of ARM's Remuneration policy

Ordinary resolution number 9 is proposed for the purpose set out in Annexure number 1 on page 253.

9. "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 2012 Integrated Annual Report on pages 139 to 145."

In order for this resolution to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Social and Ethics Committee Report

Ordinary resolution number 10
– Social and Ethics Committee Report

Ordinary resolution number 11 is proposed in terms of Regulation 43(5)(c) of the Regulations promulgated in terms of the Companies Act, to report to shareholders on matters within the Company's Social and Ethics Committee mandate.

10. "Resolved that the Company's Social and Ethics Committee Report, as set out in the 2012 Integrated Annual Report on pages 146 to 147, be and is hereby received and accepted."

In order for this resolution to be approved, 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 11 is proposed to authorise Executive Directors to implement the resolutions adopted by shareholders.

Ordinary resolution number 11

11. "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 actions considered necessary to implement the resolutions set out in this Notice of Annual General Meeting should they be approved."

In order for this resolution to be approved, 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, approve 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

12. "Resolved that with effect from 1 July 2012, the annual retainer fees for Non-executive Directors be increased by 6% per annum (rounded to the nearest R50) from R317 800 to R336 850 per annum for Independent Non-executive Directors and from R254 250 to R269 500 per annum for Non-executive Directors."

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Special resolution number 2 – Increase in the Board meeting attendance fees

13. "Resolved that with effect from 1 July 2012, the per Board meeting attendance fees for Non-executive Directors be increased by 6% per annum (rounded to the nearest R50) from R15 300 to R16 200 per meeting."

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Special resolution number 3 – Increase in the Committee meeting attendance fees

14. "Resolved that with effect from 1 July 2012, the per Committee meeting attendance fees for Non-executive Directors be increased as follows:

	2012/13 per Meeting Fees (Rand)*	2011/12 per Meeting Fees (Rand)**
Audit and Risk Committee		
Chairman	**84 200**	79 450
Member	**33 700**	31 800
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	**33 000**	30 000
Member	**22 000**	20 000

* *Effective 1 July 2012, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2011.*

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Special resolution number 4 – Increase in the fee for the Lead Independent Non-executive Director

15. "Resolved that with effect from 1 July 2012, the fee for the Lead Independent Non-executive Director to chair quarterly *in camera* meetings of Non-executive Directors be increased by 12% per annum (rounded to the nearest R50), from R19 050 to R21 350 per meeting."

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Adoption of a new Memorandum of Incorporation

Special resolution number 5 – Adoption of a new Memorandum of Incorporation

The purpose of this resolution is to adopt a new Memorandum of Incorporation that is in line with the provisions of the Companies Act and the Listings Requirements of JSE Limited ("the JSE") as more fully explained in Annexure number 2 on page 254.

If a company does not harmonise its existing memorandum and articles of association with the provisions of the new Companies Act by 1 May 2013, any provision in the memorandum and articles of association that is inconsistent with the Companies Act shall be void and unenforceable. In addition, the JSE requires listed companies to harmonise their memoranda and articles of association with the provisions of the Companies Act by 1 May 2013.

16. "Resolved that the Company's existing Memorandum and Articles of Association be and are hereby cancelled in their entirety and that in place thereof the Company adopts the new Memorandum of Incorporation, a copy of which has been labelled for identification purposes and tabled at this Annual General Meeting.

A copy of the proposed new Memorandum of Incorporation will be available on the Company's website and copies will also be available for inspection at the Company's registered office from the date of issue of the 2012 Integrated Annual Report, of which the Notice of Annual General Meeting forms part, up to and including the date of the Annual General Meeting.

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Voting and proxies

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.

In terms of Section 63(5) of the Companies Act, if voting is by show of hands, every person who is present at the Annual General Meeting, whether as a shareholder or as a proxy for a shareholder shall have one vote, irrespective of the number of shares held by such shareholder.

In terms of Section 63(6) of the Companies Act, if voting is by polling, every person who is present at the Annual General Meeting, whether as a shareholder or as a proxy for a shareholder shall have one vote for every share held by such shareholder.

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 (or its proxy) should make application in writing, including details as to how the shareholder (or its proxy) can be contacted, to so participate to the transfer secretaries, at their address below, 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 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 proxy) 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 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) Ltd, 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 2012

Annexure number 1:

Explanatory Note relating to Ordinary resolution number 8: Election of Audit and Risk Committee members

Ordinary resolution number 8 is proposed to provide for the election of Audit and Risk Committee members.

Section 94(2) of the Companies Act and Chapter 3 of the King Report on Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III) require 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 themselves that, *inter alia*, the Independent Non-executive Directors offering themselves for election as members of the Audit and Risk 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 and Risk Committee which appears on pages 156 and 157 of the 2012 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.

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 and Risk Committee during the period under review, please refer to the Report of the Audit and Risk Committee which appears on pages 156 and 157 of the 2012 Integrated Annual Report.

Explanatory Note relating to Ordinary resolution number 9: Non-binding advisory vote

Ordinary resolution number 9 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 a company to table at its annual general meetings its Remuneration policy for approval by shareholders of the company by a non-binding advisory vote. This enables shareholders to express their views on a company's remuneration policy and on its implementation.

The Company's Remuneration report may be found on pages 139 to 145 of the 2012 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 Independent Non-executive Directors.

Ordinary resolution number 9 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.

Annexure number 2:

Explanatory Note relating to Special resolution number 5 and Salient Features of the new Memorandum of Incorporation of the Company

As explained below the Company wishes to adopt a new Memorandum of Incorporation ("MOI"). The proposed new MOI has been approved by the Board and the JSE, and the Board recommends that shareholders vote in favour of the resolution for the adoption of the new MOI.

The Companies Act came into effect on 1 May 2011. In terms of the Transitional Arrangements set out in Schedule 5 to the Companies Act companies were given a two-year period until 30 April 2013 to bring their constitutional documents (*i.e.* memorandum and articles of association) in harmony with the Companies Act. During this two-year period, if there is a conflict between a provision of the Companies Act and a provision of a company's pre-existing memorandum and articles of association, the provision of the company's memorandum and articles of association prevails. After this two-year period any provision of the memorandum and articles of association that is inconsistent with the provisions of the Companies Act, shall be void and unenforceable to the extent of the inconsistency. Accordingly, the Company wishes to adopt a new MOI which is consistent with the Companies Act.

The approach that was followed in drafting the MOI was to keep the MOI simple and let the provisions of the Companies Act govern the Company's affairs, save for those specific instances where there was a need to alter an alterable provision of the Companies Act, or where an alteration was required by the JSE Listings Requirements. The Company believes that it is unnecessary and undesirable to repeat in the MOI the provisions of the Companies Act that would apply to a company unless the provision is intended to alter an alterable provision or impose a higher standard than an unalterable provision imposes.

The MOI provides that the model MOI in the Companies Act will not apply to the Company and that the Company is a public company. Accordingly the Company is not prohibited from offering its securities to the public and the transfer of the Company's securities is unrestricted save as set out in the MOI.

The first part of the MOI (paragraph 3) deals with general matters and provides, inter alia, that the powers of the Company are not restricted and that the Board shall not have the power to make, amend or repeal any necessary or incidental rules relating to the governance of the Company, as required by the JSE Listings Requirements. The MOI also provides for the authority of the Board to authorise the Company to provide direct or indirect financial assistance to any person contemplated in Section 45 of the Companies Act and that the solvency and liquidity test set out in Section 4 of the Companies Act apply without amendment.

Paragraph 4 of the MOI deals with the securities of the Company and provides that all securities of each class rank pari passu in all respects. The MOI deals with the authorisation of shares and with the restriction on the issue of shares in line with the provisions of the Companies Act and the JSE Listings Requirements. In addition, the MOI sets out the instances where shareholders, by special resolution, must approve certain amendments to the Company's share capital.

In regard to financial assistance for the subscription or purchase of shares, capitalisation shares, share buy-backs and debt instruments, the MOI does not limit, restrict or qualify the authority of the Board to take those actions, subject to compliance with the requirements of the Companies Act. This part of the MOI concludes with various matters relating to the registration of beneficial interests, commission, authority to sign transfer deeds and limitation of voting rights, all in accordance with the provisions of the JSE Listings Requirements.

Paragraph 5 of the MOI deals, inter alia, with shareholder voting rights, and in this regard proxy forms and shareholders' entitlement to appoint proxies.

Paragraph 6 of the MOI deals with shareholders' meetings and provides that the chairman of the Board shall chair all shareholders' meetings. This paragraph also deals with the convening of shareholders' meetings, shareholders' rights to requisition meetings, the location of shareholders' meetings, notice of shareholders' meetings, all in accordance with the Companies Act and the JSE Listings Requirements. This paragraph also provides for shareholders' meetings to be conducted by electronic communication. The paragraph also deals with the quorum for shareholders' meetings which is as provided for in the Companies Act and the JSE Listings Requirements and it also deals with the adjournment of shareholders' meetings and the approval of shareholders' resolutions in respect of which the normal percentages set out in the Companies Act and the JSE Listings Requirements apply.

Paragraph 7 of the MOI deals with the composition of the Board and specifies four as the minimum number of Directors as prescribed by the JSE Listings Requirements in substitution for the minimum number of Directors required in terms of Section 66(2) of the Companies Act, which is three Directors. This paragraph also deals with the election and appointment of Directors and specifically provides for a direct appointment right by the chairman of the Board, subject to the written approval of the majority of the Directors, provided that such appointment must be approved by the shareholders at the next shareholders' meeting or Annual General Meeting. Paragraph 7 deals with the qualification and eligibility requirements in respect of Directors and also deals with the retirement of the Non-executive Directors by rotation in accordance with the provisions of the JSE Listings Requirements. The paragraph also deals with vacancies on the Board and with the authority of the Board and its powers to fill those vacancies on a temporary basis. In addition this paragraph deals with Directors' meetings, Directors' compensation and financial assistance to Directors and the indemnification by the Company of Directors, officers and employees of the Company as well as the authority of the Board to appoint committees.

The general provisions of the MOI contained in paragraph 8 of the MOI deal with the amendment of class, preferences, rights, limitations or other terms in respect of shares. Finally, the MOI deals with unclaimed dividends by providing that the Company will hold all monies due to shareholders for the benefit of such shareholders, provided that the Board may cause any monies unclaimed for a period of three years from the due date for payment to be forfeited for the benefit of the Company.

Schedule 1 to the MOI sets out the authorised shares of the Company and also sets out the preferences, rights, limitations and other terms applicable to the ordinary shares.

This summary of the MOI is not exhaustive and a copy of the proposed new MOI will be available on the Company's website **www.arm.co.za** and copies will also be available for inspection at the Company's registered office from the date of issue of the 2012 Integrated Annual Report, of which the notice of Annual General Meeting forms part, up to and including the date of the Annual General Meeting.

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 79th Annual General Meeting of shareholders of African Rainbow Minerals Limited convened for Friday, 7 December 2012 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, 5 December 2012.

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, 7 December 2012 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 2012 and the Directors' and auditors' reports thereon.			
2. Ordinary Resolution number 2: To re-elect Mr P T Motsepe as a Director.			
3. Ordinary Resolution number 3: To re-elect Mr A D Botha as a Director.			
4. Ordinary Resolution number 4: To re-elect Mr J A Chissano as a Director.			
5. Ordinary Resolution number 5: To re-elect Mr A K Maditsi as a Director.			
6. Ordinary Resolution number 6: To re-elect Mr A J Wilkens as a Director.			
7. Ordinary Resolution number 7: To re-appoint Ernst & Young Inc. as external auditors and to re-appoint Mr E A L Botha as the person designated to act on behalf of the external auditors.			
8. Ordinary Resolution number 8: To individually elect the following Independent Non-executive Directors as members of the ARM Audit and Risk Committee:			
8.1 Mr M W King (as Chairman)			
8.2 Dr M M M Bakane-Tuoane			
8.3 Mr T A Boardman			
8.4 Mr A D Botha			
8.5 Mr A K Maditsi			
8.6 Dr R V Simelane			
9. Ordinary Resolution number 9: To endorse the Company's Remuneration Report, which includes the Remuneration policy.			
10. Ordinary Resolution number 10: To receive and accept the Company's Social and Ethics Committee Report.			
11. Ordinary Resolution number 11: 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			
12. Special Resolution number 1: With effect from 1 July 2012, the annual retainer fees of Non-executive Directors be increased by 6% per annum.			
13. Special Resolution number 2: With effect from 1 July 2012, the per Board meeting attendance fees of Non-executive Directors be increased by 6% per annum.			
14. Special Resolution number 3: With effect from 1 July 2012, the per Committee meeting attendance fees of Non-executive Directors and Committee members be increased as outlined on page 251 of the Notice of Annual General Meeting.			
15. Special Resolution number 4: With effect from 1 July 2012, the per meeting fee for the Lead Independent Non-executive Director to chair Non-executive Directors' Meetings be increased by 12%.			
16. Special Resolution number 5: To authorise the Directors to cause the Company to cancel the Company's existing Memorandum and Articles of Association in their entirety and in place thereof to adopt the new Memorandum of Incorporation.			

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 ______________________________ 2012

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 Annual General 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, 5 December 2012 (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
JSE share code: ARI
ADR ticker symbol: AFRBY
ISIN: ZAE 000054045

Registered and corporate office
ARM House
29 Impala Road
Chislehurston
Sandton
2196

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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
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Investor relations
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Investor relations continued
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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 (Pty) Ltd

Transfer secretaries
Computershare Investor Services (Pty) Ltd
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)
M P Schmidt (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*
Dr R V Simelane*
Z B Swanepoel*
A J Wilkens

** 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.

STUDIO 5