ARM
African Rainbow Minerals

Annual Report 2008

Corporate profile

African Rainbow Minerals Limited (ARM) is a leading diversified South African mining and minerals company with excellent long-life low-cost assets in key commodities. An integral part of ARM's business is the forging of partnerships with key major players in the resource sector, bringing to ARM access to markets and value-generating growth opportunities, while ARM's "We do it better" management style brings an entrepreneurial flair to the businesses it manages and is invested in.

ARM in its current form was formed in May 2004, to explore, develop, operate and hold significant interests in the South African and African mining industry. The Company has interests in:

- ferrous metals through its holding in Assmang Limited;
- platinum group metals (PGMs), nickel and chrome held through a range of joint ventures and partnerships;
- coal, through its interest in Xstrata Coal South Africa (XCSA) and the Goedgevonden Coal Project (GGV);
- exploration for copper, cobalt, gold and other base metals outside of South Africa, through TEAL Exploration & Mining Incorporated (TEAL); and
- gold, through its interest in Harmony Gold Mining Company Limited (Harmony).

Contents

Time line

1994 February Patrice Motsepe starts Future Mining

2001 March Creation of Modikwa Platinum, a JV with Anglo Platinum

2002 May ARMgold Limited lists on the JSE (market cap of R5 billion)

2003 September ARMgold merger with Harmony Gold

2003 November Range of transactions initiated between Avmin, ARMI and Harmony resulting in the formation of ARM and enlargement of Harmony

2004 May **African Rainbow Minerals created upon completion of the merger transaction**

2005 January 2 x 2010 organic growth strategy introduced

2005 February Nkomati JV with Lion Ore (currently Norilsk Nickel)

2005 November TEAL lists on the Toronto Stock Exchange

2006 March TEAL lists on the JSE

2006 May Nchwaning Manganese Mine commissioned

2006 July ARM Coal established with JV partner Xstrata Coal South Africa

2006 August Two Rivers Platinum Mine commissioned

2007 March ARM included in the JSE/FTSE Top 40

2007 May Khumani Iron Ore Mine commences mining operations

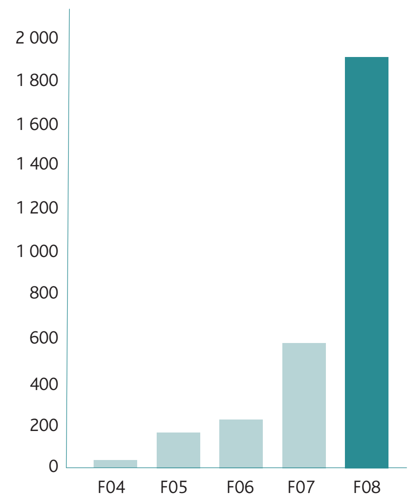
2007 August Nkomati Nickel Interim Plant commissioned

2007 October ARM pays maiden dividend

2008 June Khumani Iron Ore Mine – 6 Mtpa expansion start-up capital approved

2008 June ARM market capitalisation reaches R59 billion ($8 billion)

Headline earnings per share
(cents)

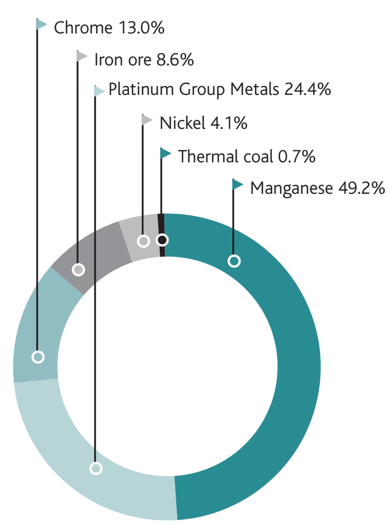


ARM Platinum		F2008	F2007	% change
Headline earnings contribution	R million	1 347	798	69
Cash operating margin	%	61	63	(3)
EBITDA	R million	2 996	1 929	55

ARM Ferrous		F2008	F2007	% change
Headline earnings contribution	R million	2 775	665	317
Cash operating margin	%	61	41	49
EBITDA	R million	4 366	1 191	267

ARM Coal		F2008	F2007	% change
Headline earnings contribution	R million	175	1	–
Cash operating margin	%	37	27	37
EBITDA	R million	51	7	629

F2008 Attributable EBIT per commodity
(excluding exploration and corporate costs)



Highlights for F2008

- Record headline earnings increase of 232% from R1.2 billion (580 cps) to R4.0 billion (1 906 cps)
- Profit from operations before exceptional items increases by 169% from R2.5 billion to R6.7 billion
- Dividend increases 167% to 400 cps
- Record sales volumes in manganese ore, chrome ore, PGMs and thermal coal
- Cash balances increase by R1.6 billion to R2.6 billion
- Market capitalisation increases from R26 billion at F2007 year end to R35 billion at 30 September 2008
- Khumani Iron Ore Mine and plant substantially commissioned on time and within budget
- Khumani 6 Mtpa expansion project set to proceed, with start-up capital approved
- Two Rivers repays project loan well ahead of schedule

ARM
African Rainbow Minerals

100% ARM Platinum

- **PGMs**
  50% Modikwa*
  55% Two Rivers
- **Nickel, PGMs and chrome**
  50% Nkomati
- **PGM exploration**
  90% Kalplats†

100%** ARM Ferrous

- Iron Ore
  50% Beeshoek
  50% Khumani
- Manganese Ore
  50% Nchwaning
  50% Gloria
- Manganese Alloys
  50% Cato Ridge (CR)
  25% CR Alloys
- Chrome Ore
  50% Dwarsrivier
- Ferrochrome
  50% Machadodorp

51% ARM Coal

- 20% Xstrata Coal South Africa (10%)
- 51% Goedgevonden

65% Exploration TEAL (primary listing on TSX)

- Zambia
  100%* Konkola North
  70% Mwambashi
  100% Lusaka and Kabwe
  70% Exploration areas 2 & 3
- DRC
  60% Kalumines
- Namibia
  92% Otjikoto

16% Gold Harmony (primary listing on JSE)

** Assets held through ARM Mining Consortium, effective interest at 41.5%, the balance held by the local communities*

† Platinum Australia will earn in up to 49% on completion of a bankable feasibility study and owns 50% of the Kalplats extended area

*** Assets held through a 50% shareholding in Assmang Limited*

** Konkola North is subject to a buy-in right up to 20% (5% carried) by state-owned ZCCM Investment Holdings plc*

Financial summary and statistics

For the year ended 30 June R million, unless otherwise stated	Definition number	F2008	F2007	F2006	F2005	F2004
Income statement						
Sales		**12 590**	6 152	4 622	5 485	3 885
Headline earnings		**4 013**	1 207	462	339	47
Basic earnings per share (cents)		**2 131**	586	293	225	865
Headline earnings per share (cents)		**1 906**	580	225	166	37
Dividend declared after year-end per share (cents)		**400**	150	n/a	n/a	n/a
Balance sheet						
Total assets		**24 878**	18 144	14 611	11 766	11 460
Total interest bearing borrowings		**3 978**	4 044	2 252	1 574	1 831
Shareholders' equity		**15 676**	11 218	10 393	7 972	7 954
Cash flow						
Cash generated from operations		**5 175**	2 537	1 243	1 661	603
Cash generated from operations per share (cents)		**2 457**	1 219	606	813	471
Cash and cash equivalents		**2 594**	1 039	193	47	328
Number of employees		**8 747**	7 725	6 943	6 107	5 162
Exchange rates						
Average rate US$1 = R		**7.30**	7.20	6.40	6.21	6.90
Closing rate US$1 = R		**7.83**	7.07	7.16	6.65	6.26
JSE Limited performance						
Ordinary shares (Rands)						
– high		**307**	138	52	38	48
– low		**103**	53	32	25	32
– year-end		**280**	123	48	34	34
Volume of shares traded (thousands)		**84 678**	40 203	39 711	51 382	26 547
Number of ordinary shares in issue (thousands)		**211 556**	209 730	206 367	204 437	204 208
Financial statistics	**Definition number**					
Liquidity ratios (x)						
Current ratio	1	**1.8**	1.5	1.4	1.6	1.5
Quick ratio	2	**1.5**	1.1	1.0	1.0	0.9
Cash ratio	3	**1.6**	0.8	0.8	0.8	0.4
Profitability (%)						
Return on operational assets	4	**39.6**	25.1	17.6	20.6	7.5
Return on capital employed	5	**36.3**	16.4	9.2	8.2	8.2
Return on equity	6	**27.0**	11.1	4.5	5.2	0.7
Gross margin	7	**56.2**	45.7	28.5	31.8	21.1
Operating margin	8	**53.0**	40.3	24.1	29.0	13.6
Debt leverage						
Interest cover (x)	9	**16.7**	6.9	8.5	8.5	5.4
Debt: equity ratio (%)	10	**25**	36	22	20	23
Net debt:equity ratio (%)	11	**8**	27	17	16	19
Other						
Net asset value per share (R/share)	12	**70**	52	50	32	32
Market capitalisation	13	**59 236**	25 900	9 957	6 949	6 943
Dividend cover (x)	14	**4.76**	3.87	n/a	n/a	n/a
EBITDA	15	**7 229**	2 887	1 552	2 025	725
EBITDA margin (%)	16	**57**	47	34	37	19

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 current liabilities less overdrafts.
4 Return on operational assets (%) Profit from operations divided by tangible non current 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: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: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 (Rands) Ordinary shareholders' interest in capital and reserves divided by number of shares in issue.
13 Market capitalisation (R million) Number of ordinary shares in issue multiplied by market value of shares at 30 June.
14 Dividend cover (times) Headline earnings per share divided by dividend per share.
15 EBITDA (R million) Earnings before interest, taxation, depreciation, amortisation, income from associate and exceptional items.
16 EBITDA margin (%) EBITDA divided by sales.

Operational volume summary

Delivering on growth plans

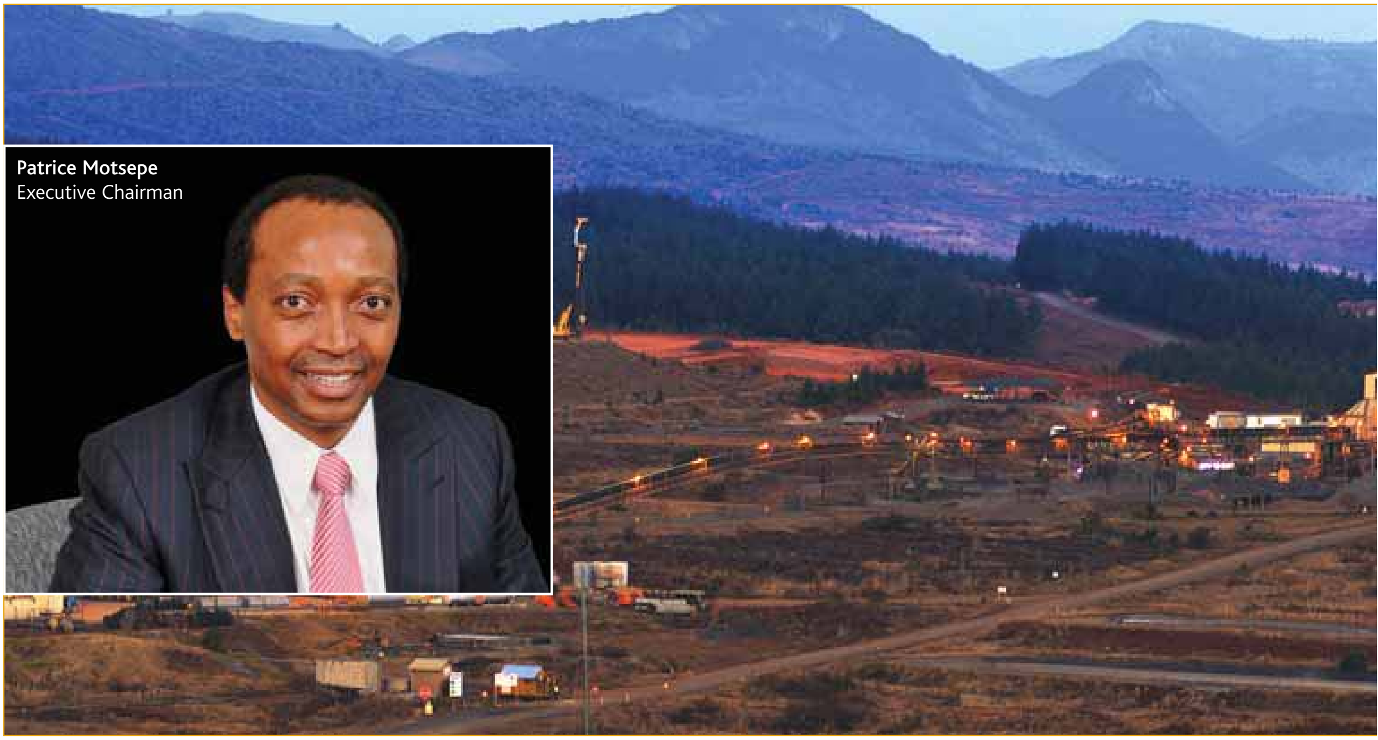
Operation 100% basis	ARM's % ownership	Operation stage	Units	Volumes F2008	Volumes F2007	% change	Life of mine (years)
ARM Platinum				Production	Production		
Modikwa Platinum Mine	41.5	Steady-state	PGM oz	294 721	274 174	7	30 on UG2
Two Rivers Platinum Mine	55.0	Steady-state	PGM oz	206 491	184 099	12	20
Nkomati Nickel Mine	50.0	Ramp-up	t	5 136	4 418	16	18
Nkomati Chrome Mine	50.0	Steady-state	000t	1 145	584	96	18
ARM Ferrous				Production	Production		
Nchwaning Manganese Mine	50.0	Steady-state	Mt	2.74	2.41	14	30
Gloria Manganese Mine	50.0	Steady-state	Mt	0.42	0.43	(2)	30
Dwarsrivier Chrome Mine	50.0	Approaching steady-state	Mt	0.85	0.71	20	30
Beeshoek Iron Ore Mine	50.0	Downscaling	Mt	4.49	6.68	(33)	7
Khumani Iron Ore Mine	50.0	Development and ramp-up	Mt	1.85*	First blast in May 2007	–	30
Manganese Alloys	50/25	Steady-state	Mt	0.26	0.34	(24)	n/a
Charge Chrome	50	Steady-state	Mt	0.27	0.24	12	n/a
ARM Coal				Sales	Sales		
Participating Coal Business (PCB) – 55% export thermal coal	20.2	Steady-state	Mt	24.0	21.7	11	27
Goedgevonden Coal Project – 17% export thermal coal	26.0	Ramp-up	Mt	2.9	1.0	190	33

*1.2 Mt produced at Beeshoek by processing run of mine ore from Khumani

Financial summary (US dollars)

For the year ended 30 June US$ million	F2008	F2007	F2006	F2005	F2004
Income statement					
Sales	**1 725**	855	722	883	563
Headline earnings	**550**	168	72	55	7
Headline earnings per share (cents)	**261**	81	35	27	5
Dividend declared after year-end per share (cents)	**51**	21	Na	Na	Na
Cash flow					
Cash generated from operations	**709**	353	194	267	87
Cash generated from operations per share (cents)	**337**	170	95	131	68
Cash and cash equivalents	**332**	147	30	8	48
Market capitalisation	**7 565**	3 663	1 391	1 045	1 109
EBITDA	**990**	401	243	326	105

Executive Chairman's letter to shareholders



Patrice Motsepe
Executive Chairman

Nkomati Nickel Mine

During the past financial year ARM tripled headline earnings, increased dividends by 167% and is exceeding its 2005 objective of doubling production by 2010.

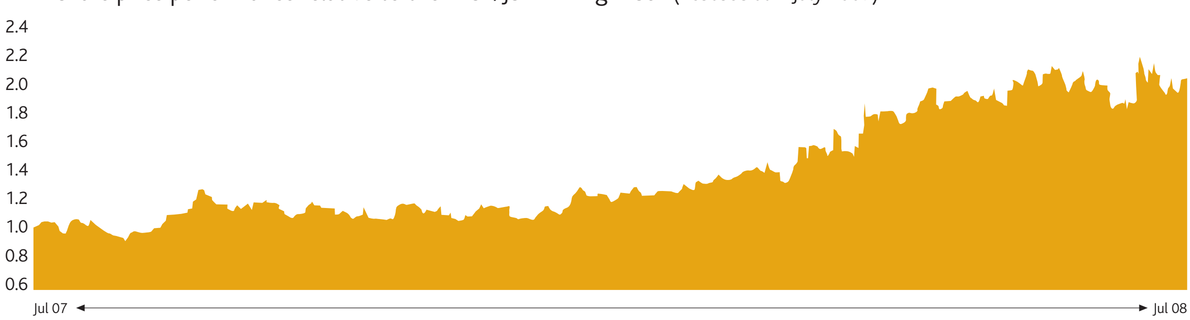
For the third consecutive year, ARM achieved an outstanding performance for its shareholders. This financial year's superb performance has occurred amid volatile equity markets and challenging cost pressures facing the global mining industry. The value to shareholders has materialised through earnings growth, increased share price performance and improved cash flow, resulting in an increased dividend to our shareholders.

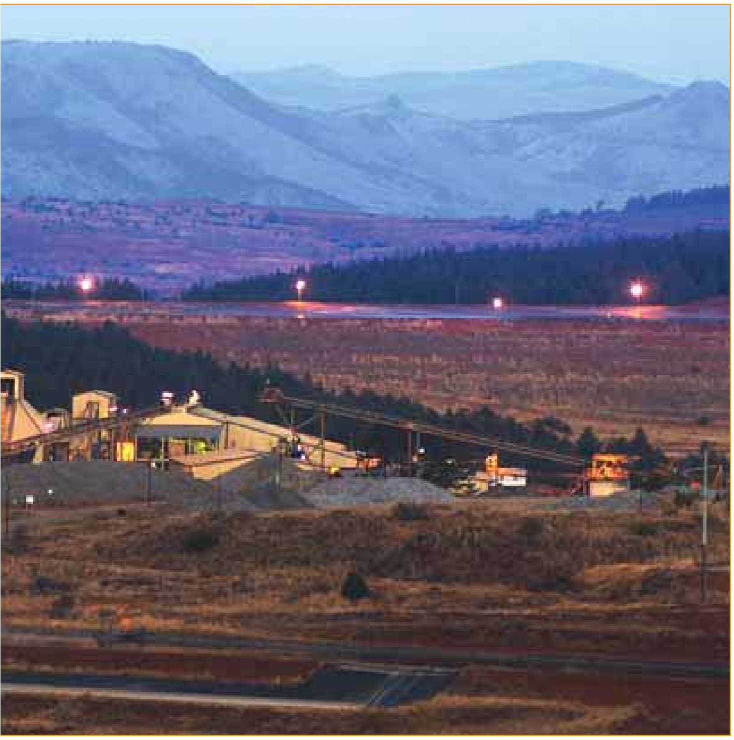
All operating divisions contributed to the earnings increases. Notably ARM Ferrous delivered exceptional results, with the manganese markets contributing significantly to this division's performance.

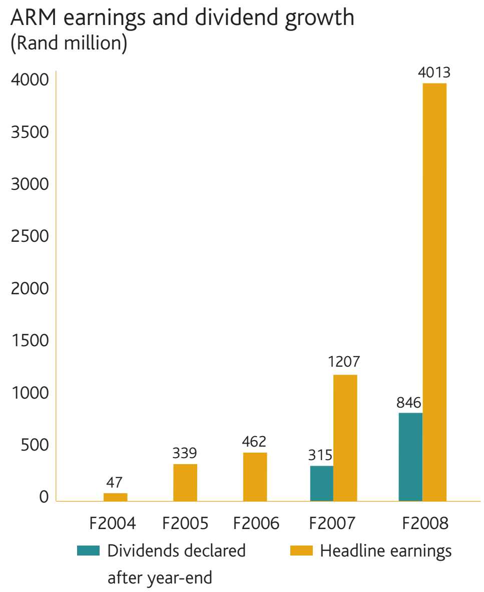
During the financial year ARM's market capitalisation increased by 129% to R59 billion (US$8 billion) at 30 June 2008. By 30 September 2008 this had reduced to R35 billion (US$4 billion), reflecting the instability of global financial markets. Supporting the earnings and the market capitalisation growth is the EBITDA growth of 150% this year to R7.2 billion. ARM's EBITDA margin increased from 47% to 57%, demonstrating the strength and profitability of ARM's underlying operations.

After declaring a maiden dividend of 150 cents per share in September 2007 we are pleased to declare an increased dividend of 400 cents per share, an increase of 167% year on year. ARM invested R8 billion in internal growth projects over the period 2004 to 2008. Capital investment of R12 billion is planned over the next three years to keep pace with our healthy growth profile in a number of key commodity areas.

ARM share price performance relative to the FTSE/JSE Mining Index (Rebased at 1 July 2007)







Responsible corporate citizenship and sustainable development

The safety of our employees is of paramount importance. Our performance in this area over the reporting period has been mixed, with some progress achieved in certain areas. However, there still remains much work to do in this regard.

Among ARM's most significant safety milestones are the achievement of a million or more fatality free shifts at three operations: Modikwa Platinum Mine, Nchwaning Mine and Machadodorp Works. I commend Modikwa for reaching 3.5 million fatality free shifts, an exceptional achievement at our most labour intensive operation.

Sadly though, I extend my condolences to the families of the nine employees who lost their lives at Cato Ridge Ferromanganese Works smelter, Two Rivers Platinum Mine and the Goedgevonden Coal Project during F2008.

Even against the background of a 62% increase in total employee numbers (including contractors) at our operations, over the last three years, the lost time injuries and fatalities at ARM operations during this past year is of grave concern. The Lost Time Injury Frequency Rate (LTIFR) for the Group was 6.08 per million man hours for the year compared to the LTIFR of 4.51 for the previous financial year.

To counter this unacceptable trend, we have bolstered and restructured our Safety, Health and Environment (SHE) department at ARM corporate level. As part of our commitment to the health and safety of ARM employees, we have also appointed a Group Head of Safety, Health and Environment, who will co-ordinate these efforts across ARM.

In F2008 R21 million was spent on CSI projects and R13 million on Local Economic Development Projects.

As a Company which operates in a developing economy and in a world where global warming, climate change, and looming food insecurity are having an effect on poverty levels, we are also careful to ensure we grow our business responsibly for the benefit of all our stakeholders. This year, in pursuit of improving our sustainability systems and reporting we embarked on a number of initiatives in these areas. Detailed information on our initiatives and impacts as a business on society and the environment is provided on the ARM website at www.arm.co.za.

Delivering on our growth strategy

Our growth strategy which we implemented in 2005, set out to:

- double production in key commodities by 2010,
- focus on operational efficiencies, especially cost control,
- grow the Company through value adding corporate action, including mergers and acquisitions, and
- expand into Africa.

Executive Chairman's letter to shareholders

Part of our strategy is to continue to position ARM as a partner of choice for mining in Africa. This is enhanced by our partnerships with world class companies, including, Xstrata Coal South Africa, Norilsk Nickel, Assore, Impala Platinum and Anglo Platinum.

ARM will continue to optimise its ore bodies under the direction of our experienced, world class management team. These organic growth opportunities, together with potential acquisitions, will ensure that ARM continues with value adding growth beyond 2010.

Cost competitive growth

We have benefited strongly from the favourable price environment that has prevailed over the past year, coupled with volume growth in a number of key commodities in our diversified portfolio. Growth in emerging markets, particularly China and India, continued to drive commodity prices higher. Against the background of the cyclical nature of the markets we operate in, we cannot afford to be complacent, and will keep a watchful eye on costs, efficiencies and the competitiveness of our Company. In this environment, which brings with it high inflation and increasing cost pressures, we are focused on ensuring ARM benchmarks itself at the bottom half of the global cost curve in the respective commodities we produce. This will assist in maintaining strong margins and profitability in the long run for our business. We believe ARM is well on target to achieve this at most of our operations by 2012, as our projects reach steady state production.

Project delivery: Khumani iron ore, Goedgevonden thermal coal and Nkomati nickel

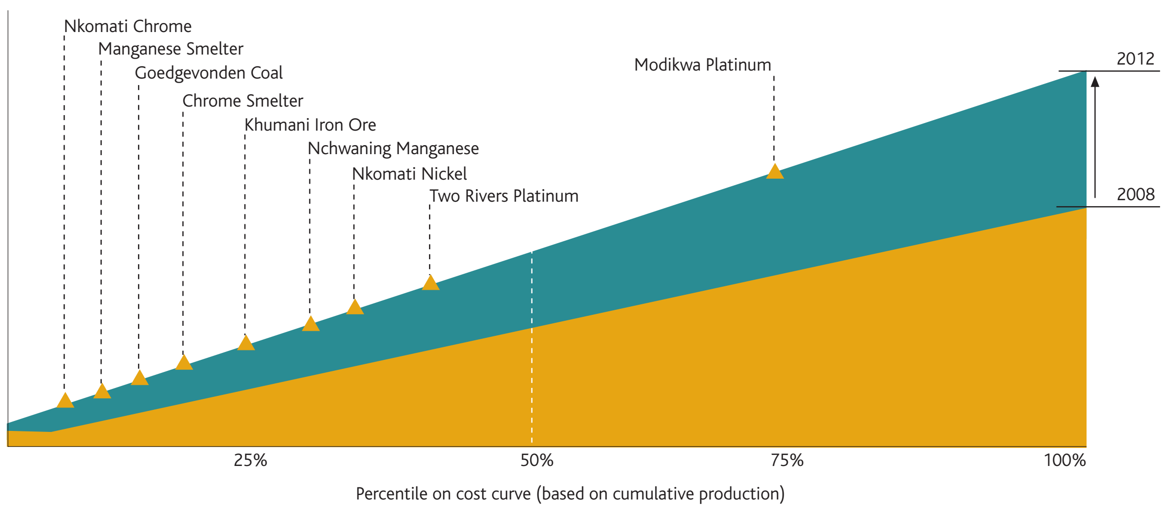
Our three key growth projects remain on track and within budget – a creditable performance in the context of escalating mining costs globally, skills shortages and electricity shortages in South Africa.

On behalf of the Board, I would like to thank the management and staff at these projects who have approached the challenges of successfully bringing new projects on stream with efficiency and innovation.

- Khumani mine and plant has been completed on time and within budget. The processing plant has now been substantially commissioned and is in ramp-up phase to reach full production of 10 Mtpa by 2010.
- The large scale expansion at Nkomati is progressing as planned and within budget.
- Goedgevonden, our expansion project in the coal sector, will be commissioned early in 2009, as planned and within budget.

In a sector where resources and capacity have been particularly constrained in the past few years, we have established the ARM technical projects team – to ensure that the Company is adequately resourced to evaluate and develop the numerous projects we envisage over the next five years. We have access to a suite of prospects in Africa, as well as opportunities around Nkomati Nickel, the Witbank coalfields, and other brownfields opportunities at our existing operations. Furthermore, the Modikwa and Kalplats feasibility studies

ARM targeted benchmarking on global cost curves for the respective operations (2012)
(operations' unit cash cost)



are progressing well. These opportunities will ensure that we have a pipeline of projects moving up the value curve.

Board and management changes

In line with our evolving business, we saw a number of changes at senior levels in the Group. I am pleased to welcome Lincoln Allison (Stompie) Shiels to the Board, as Executive Director Business Development, and Michael (Mike) Arnold, as Chief Financial Officer after serving in this position in an acting capacity. Both have years of experience in their respective fields. Pieter Rörich left the Company in February 2008 and Rick Menell took early retirement from his position as CEO of TEAL. We wish them well with their future endeavours.

Prospects

Uncertainty and pessimism in the global economy is at historically high levels, driven by the slowdown in developed and emerging markets' growth, the US and European financial market crisis and political uncertainty in certain regions of the world. As a resource company, with operations in an emerging economy, and in anticipation of a slowdown in China specifically, we believe the scene is set for a challenging year ahead.

We believe our Harmony investment remains an important part of our diversified portfolio. Harmony management has restructured the company to ensure that it is well positioned to create long-term value for its shareholders.

Also key to our long-term diversification is TEAL, ARM's vehicle for growing our copper business in Africa. Our commitment to TEAL is further reinforced by ARM having extended its funding support to TEAL.

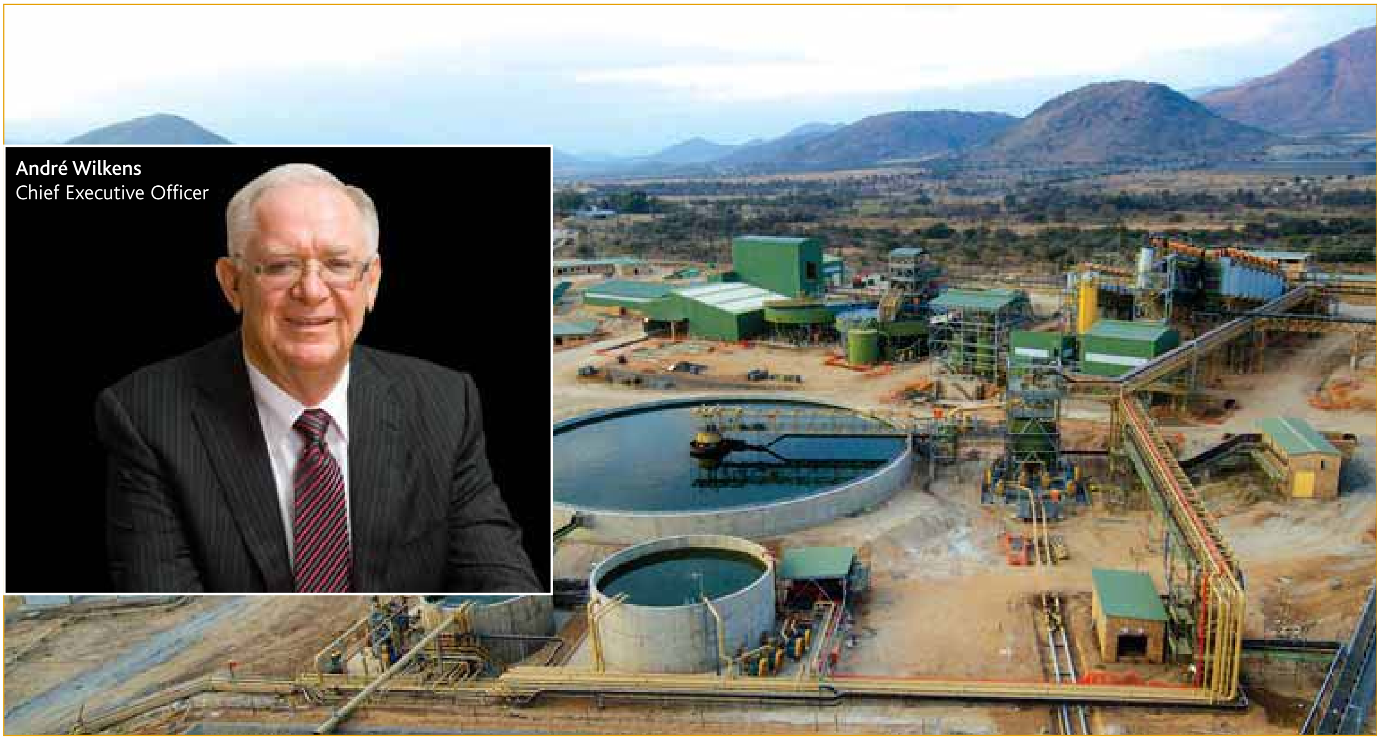
For the new financial year, we remain confident that ARM will continue to be well positioned in terms of our commodity mix, our excellent long-life low-cost operations, our project pipeline and expansion prospects, and access to world-class resources on the African continent.

In closing. . .

I thank my fellow Board members, management and employees for their excellent work in delivering yet another set of impressive results and clearly demonstrating our commitment to creating value for our stakeholders, and building a globally competitive diversified mining company.

Patrice Motsepe
Executive Chairman
9 October 2008

CEO's review of the year



André Wilkens
Chief Executive Officer

Two Rivers Platinum Mine

In many ways the success we have reaped at ARM in F2008 has been the result of the business strategies implemented during 2005. The strong set of results we have delivered, has been firmly driven by volume growth across our business divisions, with a strong focus on cost control, supported by strong commodity prices.

It is a tribute to all management teams that each and every division delivered volume growth, amidst a challenging cost environment and despite shortage of electricity supply. A similar performance was recorded at expansion projects, all of which remain on track and within budget.

The last six-month period of the financial year represents five consecutive half-yearly increases in headline earnings per share. This has been underpinned by the strong performance across divisions and commodity groupings, which have strong EBITDA margins ranging from 42% in the charge chrome operation to 73% in the manganese ore operations.

The strength of a diversified mining company is illustrated by its exposure to a range of commodities, which, at various stages of the economic cycle, dominate in terms of earnings contributions. In F2007, for example, PGMs provided the largest single commodity contribution to attributable EBIT of 37%. In F2008, manganese has become the single largest commodity contributor to attributable EBIT of 49%.

A safe operating environment for all our employees remains a key focus area of our business. The restructured Safety, Health and Environment department of ARM ensures that we continually strive to improve on our safety performance, as our business grows.

Operational highlights

There have been significant increases in earnings contributions from ARM Platinum, ARM Coal and more notably from ARM Ferrous.

Operational highlights for the year on a 100% basis include:

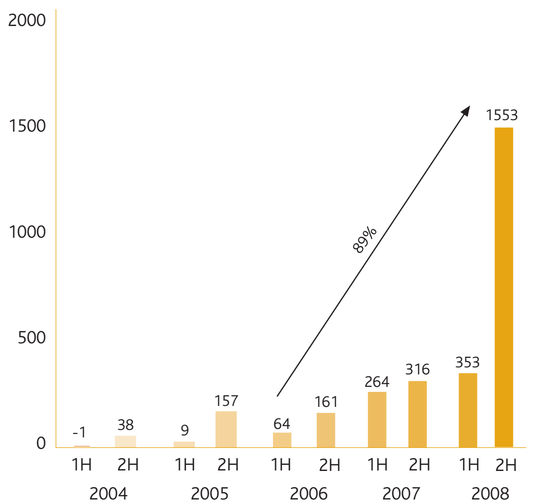
- 96% increase in Nkomati chrome ore sales to 1.2 million tonnes,
- 60% increase in manganese ore external sales to 3.7 million tonnes

Attributable to ARM:

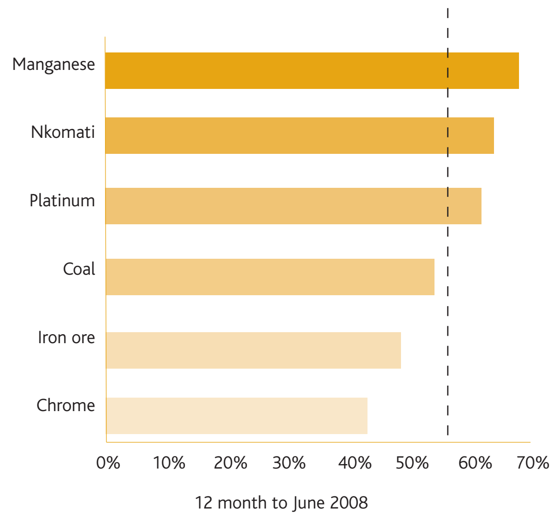
- 8% increase in PGM production (including Nkomati) to 281 337 ounces,
- 65% increase in domestic thermal coal sales to 2.8 million tonnes.

The production and sales volumes increases are especially significant this year, given the cutbacks and load shedding the

Six - monthly growth in earnings
(cents per share, based on financial years)



ARM divisional EBITDA margins for F2008
(ARM EBITDA margin is 57% for the period under review)



operations experienced from electricity utility, Eskom. In the event that electricity cutbacks continue, ARM operations have put various mitigating and contingency plans in place at all operations to ensure minimal impact on production and sales.

At ARM Platinum, Two Rivers reached steady state production levels, while improved mining flexibility at Modikwa also contributed to output. Very significant manganese price and volume increases boosted the ARM Ferrous performance, while chrome made a significantly increased contribution. Unprecedented demand for coal, particularly from the South African domestic sector, underpinned prices and volumes at ARM Coal, which also delivered an exceptional cost control performance.

At Harmony the newly appointed CEO and his team have done excellent work to deliver a revised management style of "back to basics". Significant strides into recapitalising Harmony have been made and a partner in Papua New Guinea (PNG) has been secured.

The TEAL ore bodies in Zambia and the DRC contain significant high grade copper resources where the future focus will be on exploration and preparation of feasibility studies for mining operations of sufficient scale to generate good returns to shareholders.

Investing into the future

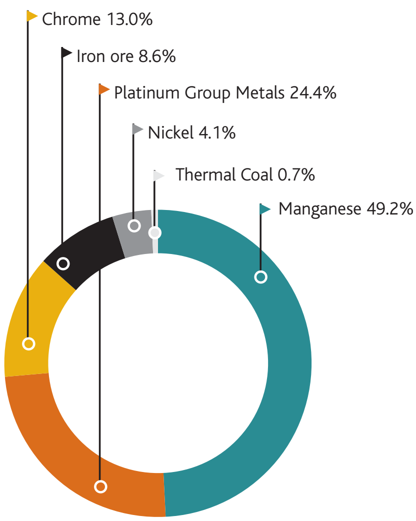
ARM's intensive capital investment programme over the past year amounted to approximately R2.8 billion, with our suite of expansion projects accounting for approximately 50% of expenditure. The projected attributable capital expenditure allocation by ARM for the next three years to June 2011, is R12 billion.

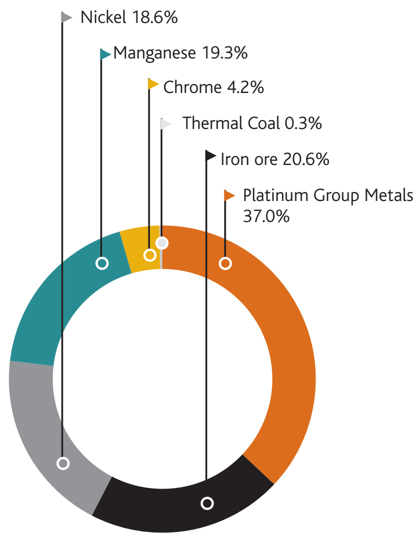
Prudent investment in the future is a cornerstone of ARM's philosophy as we seek to turn to account the vast resources in our portfolio. Through our holding in Assmang, for example, ARM owns 30% of South Africa's high-grade manganese reserves. With little additional capital, the Nchwaning Mine has been able to increase production by 14%, delivering into a strong manganese price environment, thereby contributing to value creation for shareholders.

I am particularly pleased to report that capital projects, executed with precision and focus, have run smoothly with key targets being met progressively and successfully. This has been underpinned by fundamental ARM values, such as:

- encouraging and rewarding an entrepreneurial approach to business,
- incentives based on beating targets,
- ensuring narrow ultimate accountability for project delivery with unambiguous management reporting lines,

CEO's review of the year





- continuity of people and resources within an existing operation and/or related infrastructure, and
- ensuring timeous ordering of key long lead capital items.

The Khumani plant was substantially commissioned on time in June 2008 and within the original budget. With production levels currently at 1.1 Mtpa, Khumani remains on track to produce at 10 Mtpa by 2010, building up to 16 Mtpa by 2015. The estimated start-up capital expenditure of R1.2 billion for this expansion has been approved by the Board, following Transnet's commitment to provide additional logistical capacity. This capital is required to order long-lead items for the project.

Similarly, Nkomati's Large Scale Expansion programme is progressing in line with the schedule, with more than 50% of the total R3.2 billion capital now committed. The revenue generated from chrome sales funds a significant portion of the required capital.

Our coal growth area, the Goedgevonden Coal Project, which is now at ramp-up stage, has committed 70% of the capital expenditure required of R3.2 billion.

In conclusion

In conclusion I must thank our employees and management for their enthusiasm and application in what has been in many ways, a challenging year at our operations.

The challenges will escalate in this year ahead as the world faces a slowdown in economic growth, increased geo-political uncertainty and a severe financial crisis. ARM will not be immune but through relentless cost control, we believe we are well positioned to preserve operational profitability.

An excellent combination of people, operational infrastructure, invested capital, reserves and resources, with the focus on good corporate governance and safety has ensured sustainable "triple-bottom-line" value to stakeholders.

André Wilkens
Chief Executive Officer
9 October 2008

Nchwaning Manganese Mine

Financial review

Mike Arnold
Chief Financial Officer

Two Rivers Platinum Mine

Overview

ARM has achieved an impressive 232% increase in headline earnings from R1 207 million in F2007 (headline earnings per share of 580 cents) to R4 013 million for the year ended 30 June 2008 (headline earnings per share of 1 906 cents). Since June 2004 the cumulative annual growth rate in headline earnings is 204%.

The average Rand/US Dollar exchange rate at R7.30/$ for the year to June 2008 remained similar to F2007 levels (R7.20/$), although this varied during the year.

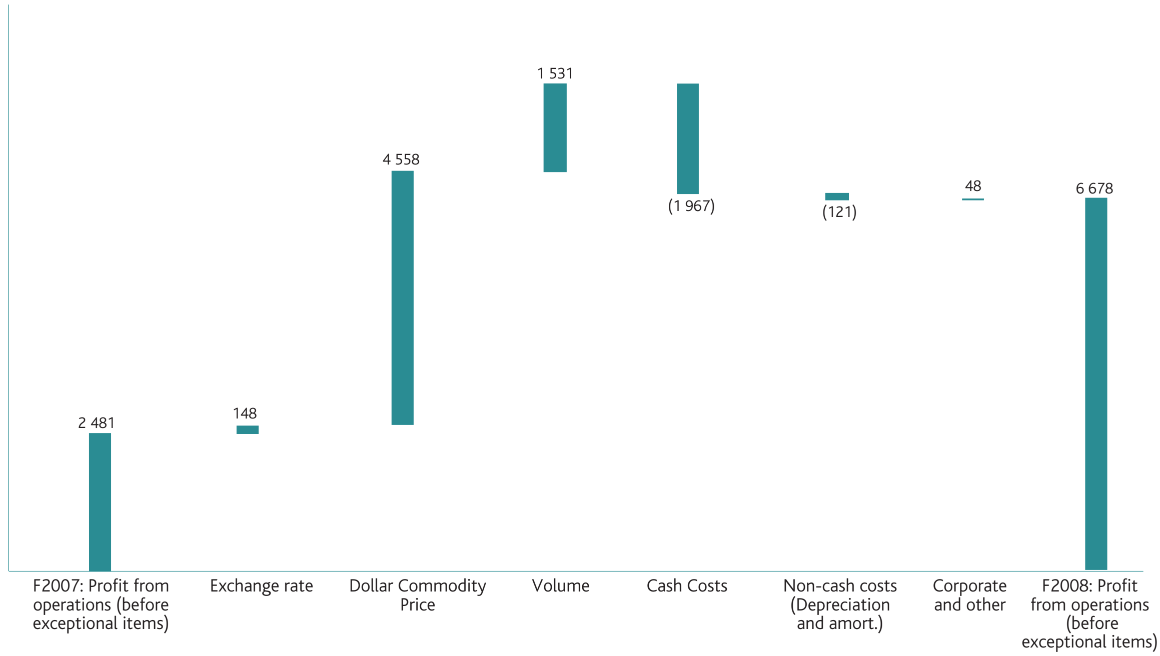
The Ferrous, Platinum and Coal operating segments all increased their contributions to headline earnings resulting in a record result for the year.

The Africa exploration vehicle for ARM is its investment in TEAL. The TEAL exploration costs are expensed according to ARM's conservative accounting policy for exploration costs which only allows greenfield exploration costs to be capitalised after a bankable feasibility study is concluded. This results in the ARM consolidated results being negatively impacted while TEAL continues to focus on resource enhancing exploration. The TEAL contribution to ARM was a negative R211 million for the year (F2007: negative R126 million). In terms of existing accounting conventions the full TEAL losses have been consolidated in ARM's results with none of the losses being allocated to minorities which for this year amounts to R74 million.

Contribution to headline earnings by segment

	F2008	F2007	Change	% change
ARM Ferrous (Rm)	2 775	665	2 110	317
ARM Platinum: platinum group metals (Rm)	915	461	454	98
ARM Platinum: nickel and chrome (Rm)	432	337	95	28
ARM Coal (Rm)	175	1	174	>500
ARM Exploration TEAL (Rm)	(211)	(126)	(85)	(67)
Corporate and other (Rm)	(73)	(131)	58	n/a
	4 013	1 207	2 806	232

Profit variance analysis (unaudited)
(rand million)



The ARM Ferrous results do not include any possible recoveries against insurers for asset damage and business interruption losses at the Cato Ridge operations. The smelter accident in February 2008 resulted in reduced production of ferromanganese alloys. To date the insurers are still busy with their investigations. Any insurance claim that may become receivable could have a significant impact on future earnings and as a result an announcement will be made when more certainty on the matter is achieved.

The corporate and other segment includes the results for ARM Company, smaller group subsidiaries and consolidation adjustments. The current year results have improved over the previous year as a result of increased management fees being earned while costs were in line with the previous year.

Consolidated financial results

Sales revenue increased by R6.2 billion to R12.6 billion. The increase was the result of substantially higher commodity prices and increased volumes. The ARM Ferrous division contributed 71% of the increase in sales, mainly due to higher manganese prices and volumes.

Cost of sales increased by 54% in absolute terms. Apart from increased production the main factors behind this increase are:

- Labour costs increased at all operations during the year. This is as a result of increasing inflation in the country as well as the need to retain skilled employees at all levels due to the prevailing skills shortage in the mining industry.
- Depreciation and amortisation increased by R135 million due to (i) increases at Two Rivers and Modikwa as a result of increased production and (ii) as a result of Khumani Mine commencing operations in May 2007 the comparative amortisation charge for F2008 is skewed.
- Various costs increased well ahead of CPIX during the year. These include electricity, fuel, consumables including coke, and steel costs.
- Mining cost inflation at ARM is currently at between 15% and 18% as a result of the above increases being curtailed by increased production.

Cost containment was achieved at levels less than selling price increases as reflected in the increased gross profit margin of 56% as compared to 46% in the previous year.

Profit from operations before exceptional items increased to R6.7 billion in F2008 from R2.5 billion in F2007 (refer to the waterfall variance graph above). Increased dollar commodity prices were responsible for R4.6 billion of this increase while increased sales volumes contributed R1.5 billion. Cash cost increases impacted negatively on the profit increase in an amount of R2.0 billion.

Financial review

Consolidated financial results

Key financial indicators of performance include:

Rm	F2008	F2007	% change
Sales	12 590	6 152	105
Cost of sales	(5 516)	(3 341)	(65)
Gross profit	7 074	2 811	152
Profit from operations before exceptional items	6 678	2 481	169
Profit before taxation	7 031	2 192	221
Taxation	(2 084)	(781)	(167)
Profit after taxation	4 947	1 411	251
Less: Minorities	(460)	(191)	(141)
Earnings	4 487	1 220	268
Headline earnings	4 013	1 207	232
EBITDA*	7 229	2 887	150

* Earnings before interest, tax, amortisation, depreciation, income from associate and exceptional items.

Other income mainly comprises foreign exchange gains and management fee income. This income increased by R238 million in F2008 as a result of increased foreign exchange gains on financial instruments during the year of R167 million, due to the volatile Rand/US Dollar exchange rate, and R53 million additional management fee income.

Other expenses mainly comprise non-operational costs at ARM Company, Assmang and TEAL. These expenses have increased this year by R304 million largely as a result of increased costs of R73 million in the exploration segment at TEAL, share based payment costs increasing by R20 million and provisions increasing by R46 million. Shortworkings costs, which are fixed costs expended during smelter shutdowns, increased by R70 million at ARM Ferrous mainly as a result of the stoppages at Cato Ridge.

Investment income which mainly comprises interest received on favourable bank and cash balances, increased by R117 million this year in line with the increase in cash and cash equivalents across all operations. Total cash and cash equivalents increased by R1.6 billion during the year.

Finance costs increased R68 million this year largely due to the increase in interest rates which increased on average by 2.5% during the year. Gross borrowings remained at approximately R4 billion for the year.

The effective taxation charge for the year reduced to 29.6% from 35.6% for F2007. The reduction is largely attributable to income from associates and exceptional items included in earnings not attracting tax charges. In addition the corporate tax rate decreased by 1% to 28% with effect from 1 July 2007. This resulted in a once-off gain of R36 million in F2008 arising from the revision of the closing balance of the deferred tax liability at 30 June 2007.

EBITDA increased by R4.3 billion to R7.2 billion in F2008. The EBITDA margin for F2008 was 57% compared to 47% in F2007 and reflects the improvement of the profitability of ARM operations.

Included in earnings are a number of exceptional items totalling R474 million for the year. The major items include:

- Provisional profit on an asset swap arising from the restructuring of the Douglas Tavistock joint venture with BHP Billiton. The amount recognized in the income statement and included in the income from associate is R317 million. The fair value of the net assets acquired is still provisional at 30 June 2008 and is only expected to be finalised during the last quarter of 2008. When these calculations are finalised they may result in changes to the ARM Coal results, including the exceptional profit. Any such changes will be included in the F2009 results.
- A R135 million gain was recognized on the receipt of the conditional final tranche payment arising from the 2005 sale of 50% of Nkomati Nickel to Norilsk Nickel.
- At TEAL exceptional items totalled R34 million arising from net gains on asset sales less impairments.

Consolidated balance sheet

The ARM balance sheet remains robust with cash and cash equivalents increasing by R1.6 billion to R2.6 billion while gross borrowings, including partner loans, have remained constant at approximately R4 billion. The net debt to equity ratio is 8% (F2007: 27%). Included in borrowings are loans from partners amounting to R1.5 billion (attributable Xstrata loans to ARM Coal: R847million; Implats loans to

Two Rivers: R635 million) which, if disregarded, results in ARM having a net cash position of R174 million at 30 June 2008 as compared to a net debt position of R1.9 billion at the end of the previous financial year.

The balance sheet key features and movements from F2007 to F2008 are explained as follows:

- Property, plant and equipment increased by R2.1 billion mainly due to attributable capital expenditure of R2.8 billion with the largest expenditure being at ARM Ferrous where ARM's share was R1.4 billion. This expenditure mainly related to the completion of the plant at Khumani Mine. Expansion capital was also expended at Two Rivers on the North Decline, at Nkomati on the completion of the 100kt plant and at Goedgevonden Coal Project.
- Current assets excluding cash and cash equivalents increased materially by R2.7 billion largely owing to the increased level of accounts receivable at the year-end. The increase in accounts receivable is a result of much higher sales for the year and especially high sales being achieved in June 2008.
- Cash and cash equivalents have increased by R1.6 billion due to strong cash generation at Two Rivers Platinum Mine, Modikwa Platinum Mine and especially at ARM Ferrous.
- The Two Rivers Platinum Mine project loan was repaid in full at the end of May 2008, just 20 months after the commencement of commercial production. The repayment of this loan has resulted in the company assuming control over its residual cash flow free of bank loan covenants and debt service requirements. In addition shareholder guarantees have been released.
- It is the firm intention that the ARM Mining Consortium (which owns 50% of Modikwa) loans owing to a syndicate of banks will be repaid in full at the end of December 2008, 18 months sooner than scheduled. This has resulted in these loans being classified as short term at 30 June 2008. The cash balances attributable to ARM Mining Consortium amount to R509 million at the year-end while borrowings are R255 million. Such repayment will be reviewed as necessary in relation to the fall in PGM prices after the year end.
- The ARM Ferrous attributable cash holding at 30 June 2008 is R1.4 billion (F2007: R69 million).
- Net debt after cash amounts to R1.3 billion (F2007: R3.0 billion).
- The short-term taxation creditor amount increased to R1.0 billion from R198 million in F2007 largely as a result of a timing difference on the outflow of provisional tax payments at ARM Ferrous.

Borrowings and cash flow

Cash flow from operating activities increased by R2.2 billion to R4.2 billion for the year compared to R2 billion for F2007. This represents an increase of 111% over F2007. The increase is directly related to the increase in the level of sales and margins and is after the payment of a maiden dividend of R315 million in October 2007. Since the year-end ARM received a significant dividend of R750 million from Assmang through its ARM Ferrous division.

Cash flow related to investing activities remained high with capital expenditure being the main component. Capital expenditure to maintain operational production amounted to R1.2 billion while expansion capital was R1.5 billion. The expansion capital expenditure was mainly spent on:

Asset	Attributable %	[Amount] (Rm)
Goedgevonden Coal Mine	26	360
Khumani Iron Ore Mine	50	450
Nkomati Nickel Mine	50	300
Two Rivers Platinum	100	270

- The additional borrowings raised during the F2008 year to fund capital expenditure occurred at:
- ARM Ferrous: where a R1.4 billion term loan facility was finalised in December 2007 to fund the completion of the Khumani Mine. Only R500 million of this facility was utilised at the year end. This amount was repaid at the end of September 2008 and thus is classified as short term at 30 June 2008.
- ARM Coal: loans raised from Xstrata for the funding of the development of the Goedgevonden Coal Project.
- Two Rivers: fleet finance of R65 million was raised to fund the expansion of new underground vehicles and equipment fleet.
- Capitalised interest amounted to R89 million.

ARM considers the assumption of debt as a necessary part of funding capital projects, especially when operational cash flows are inadequate or non-existent as would be the case in greenfield developments. A net gearing ratio of 30% is a targeted threshold for external funding.

Capital expenditure

ARM and its partners have three major capital projects in F2009 which will be funded as follows:

- Goedgevonden Coal Project – completion of the mine development at a cost of R1.4 billion (attributable 26%) 100% – facilitated funding to be provided by Xstrata.
- Khumani Iron Ore Mine – residual capital cost of R500 million. The completion of the development will be funded by operational cash flows.
- Nkomati Phase II Large Scale Expansion Project – the completion of the capital portion of this project, with R2.2 billion required to be spent, is scheduled to occur during the next 18 months. The net ARM funding requirement after Nkomati operational cash flows will be funded by available facilities and cash resources.

Capital expenditure projects, which are being considered by ARM but which have not yet been released, beyond F2009 include:

- Extension of the Khumani Iron Ore Mine; long lead items amounting to R1.2 billion authorized with final feasibility scheduled for the last quarter of F2009.
- TEAL's copper projects in the DRC and in Zambia
- The development of the platinum deposit at Kalplats
- Further expansion at the Modikwa Platinum Mine

Financial review

Accounting policies

ARM presents its financial information fully in compliance with International Financial Reporting Standards (IFRS). The financial information for the year ended 30 June 2008 has been prepared adopting the same accounting policies used in the most recent annual financial statements, except for the adoption of various new and revised IFRS standards.

Financial risk

In the course of its business operations ARM is exposed to capital, currency, commodity price, interest, counterparty, credit and acquisition risk. A detailed analysis of ARM's approach to these risks is provided on pages xx to xx of the financial statements.

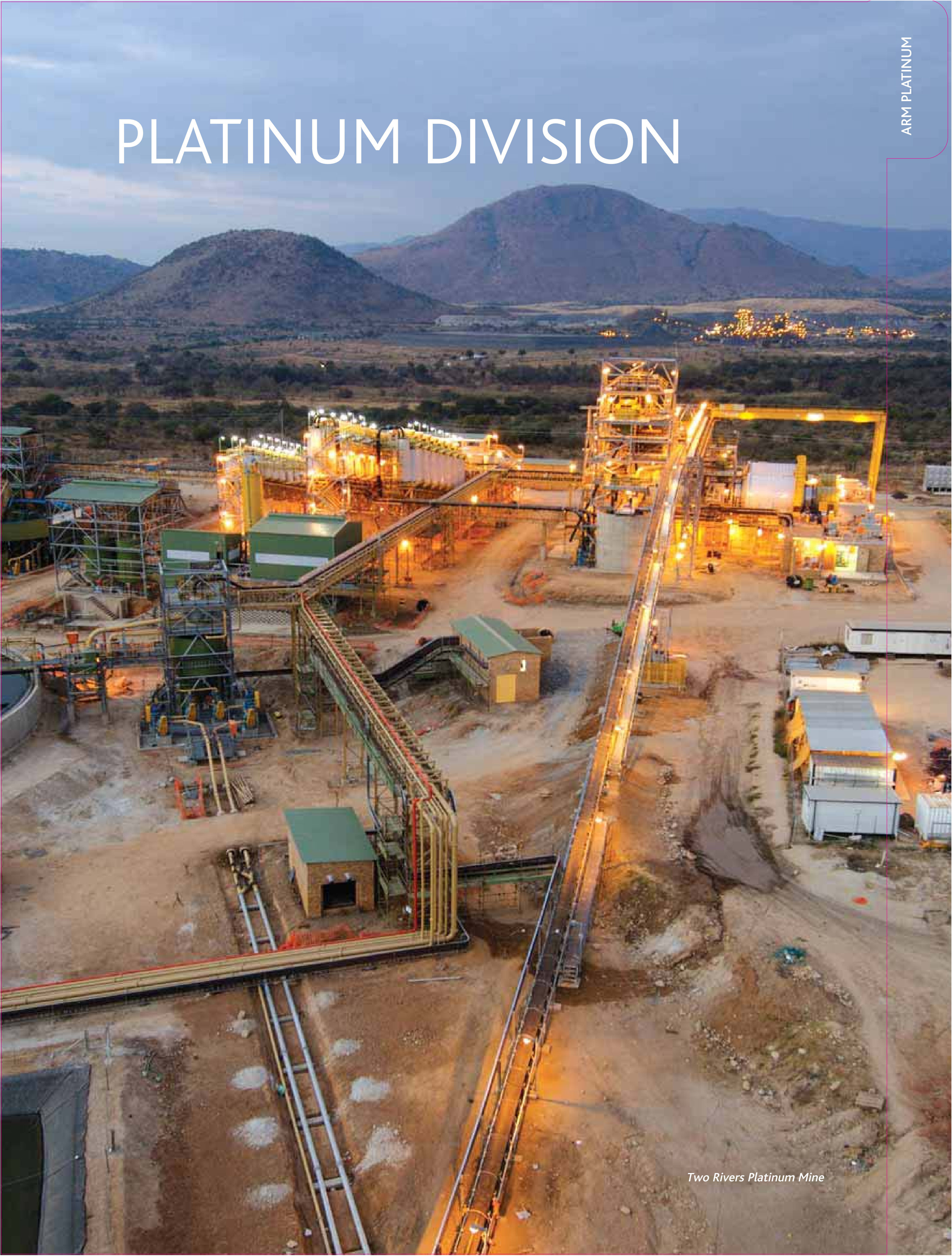
In terms of IFRS 7: Financial instruments disclosure, additional disclosures regarding (i) sensitivities to changes in year end financial instruments from changes in various parameters and (ii) payment terms relating to trade accounts receivable is provided this year in the notes to the financial statements.

Royalty

The Company welcomes the latest draft of the Minerals Royalty Bill as an improvement over previous versions especially as the formula calculation allows capital expenditure, which qualifies as a deduction for tax purposes, to reduce the royalty payable. This means that the rate payable varies between entities *interalia* as a function of the capital expenditure. The royalty payable, which commences in May 2009, will not be shown as a tax but rather as a separate disclosure under other expenses. This expense is tax deductible. The rate for unrefined metals is a maximum of 7% of sales. The latest draft bill is open for comment until 17 October 2008.

Mike Arnold
Chief Financial Officer
9 October 2008

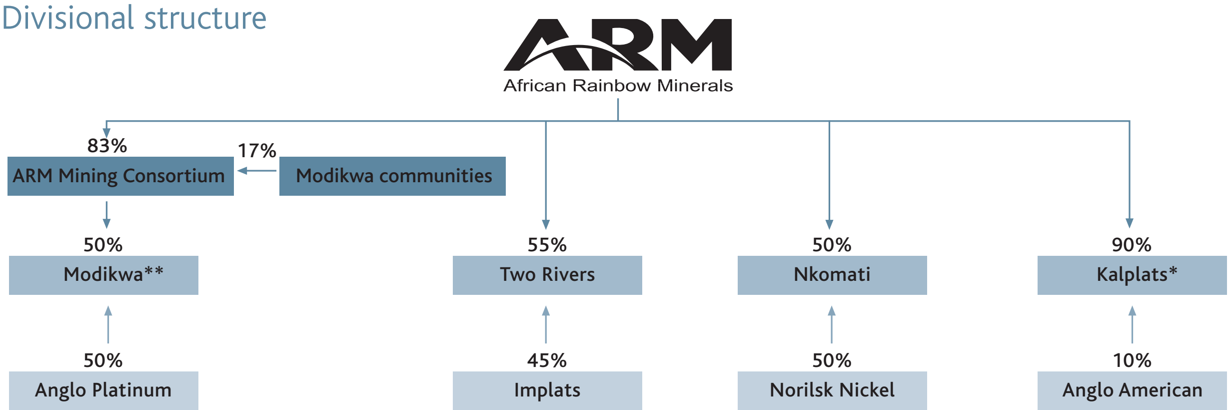
PLATINUM DIVISION



Two Rivers Platinum Mine

ARM Platinum

Divisional structure

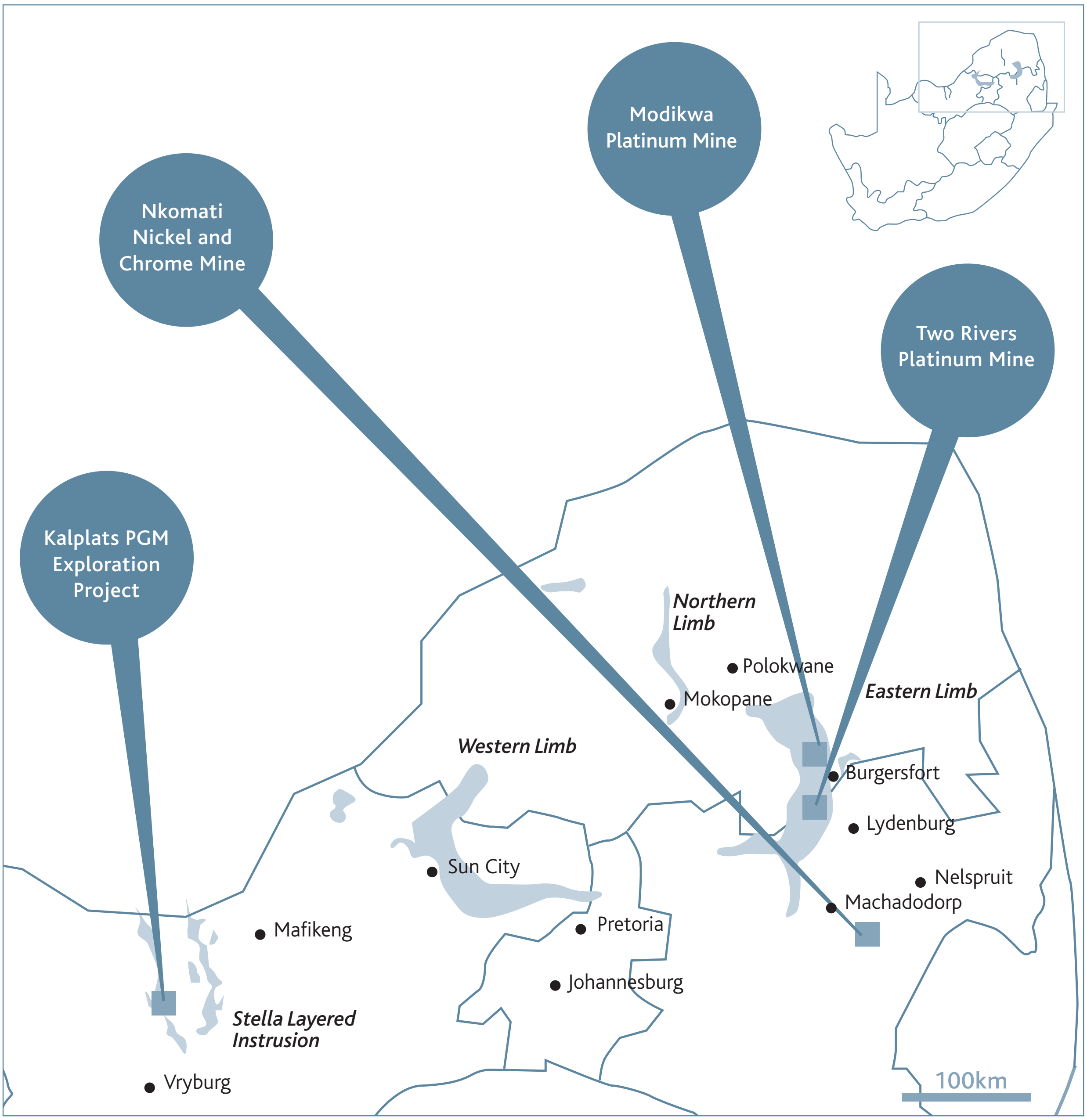


* Platinum Australia will earn in up to 49% on completion of a bankable feasibility study and owns 50% of the Kalplats extended area
** Assets held through the ARM Mining Consortium, effective interest at 41.5%, the balance held by Modikwa local communities

Scorecard

F2008 objectives	F2008 performance	F2009 objectives
Modikwa		
Achieve steady-state production during F2008	Steady-state production level achieved on a monthly basis in the latter part of F2008	Achieving full year of steady state production at 330 000 PGM oz
Complete a conceptual study to increase the mine size in a modular and incremental manner	▸ Conceptual study was completed ▸ South mine appears feasible, of similar size to existing operations ▸ North mine constrained by water and power shortages	Convert conceptual study to pre-feasibility study
Two Rivers		
Achieve steady state production in 2008	Steady state production level achieved on a monthly basis	Achieve full year of steady state production at 220 000 PGM oz
Complete North Decline at a capital cost of R231 million	Construction and development scheduled to be completed in November 2008 at a final capital cost of R250 million	
Nkomati		
Commission the 100 000 tpm plant on schedule and within budget	Commissioned ahead of schedule and on budget	Achieve targeted production from 100 000 tpm plant
Produce 1 Mt of oxidized chrome ore in F2008	On target with more than 1.1 Mt produced during the year	Produce more than 1 Mt of chrome ore for F2009
Deliver the Large Scale Expansion Project on time and within budget	The Large Scale Expansion project is progressing on time and within budget	Commission the 375 000 tpm MMZ plant in Q4 2009
Complete a feasibility study in 2008 to examine the viability of building an Activox refinery	Feasibility study was completed and the decision was taken that Activox is not currently viable for the Nkomati Large Scale Expansion Project	Evaluate alternative smelting and refining arrangements
Kalplats		
Complete pre-feasibility study at the beginning of the 2008 calendar year	The pre-feasibility was not completed as expected and has been combined with a feasibility study	Complete a feasibility study by the end of the 2009 calendar year

Steve Mashalane
Chief Executive: ARM Platinum



ARM Platinum

Two Rivers Platinum Mine

Operational overview – attributable to ARM

		Production			Operational
		F2008	F2007	% change	target F2009
Modikwa - PGM production (4E)	Ounces	147 360	137 087	7	↗
Two Rivers - PGM production (6E)	Ounces	113 570	101 254	12	↗
Nkomati Nickel Mine					
Nickel	Tonnes	2 568	2 209	16	↗
Copper	Tonnes	1 303	1 394	(7)	→
PGM	Ounces	20 406	23 051	(11)	→
Chrome tonnes sold	Tonnes	572 947	292 089	96	→
ARM Platinum PGM production (incl. Nkomati)	Ounces	281 337	261 392	8	↗
ARM Platinum cash operating margin	%	61	63	(3)	
Headline earnings contribution to ARM	R million	1 347	798	69	

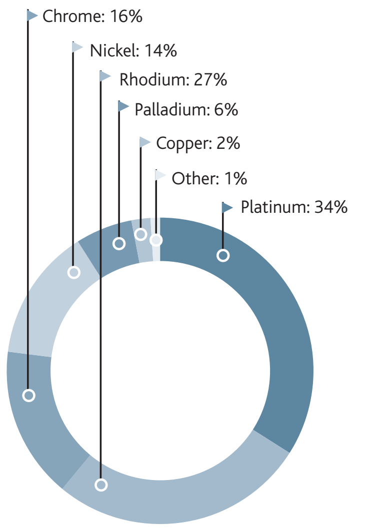
Review of the year

ARM Platinum's operations performed exceptionally well in the year under review with continued profitability growth at all three operations. ARM Platinum's contribution to headline earnings increased by 69% to R1 347 million, driven by production growth and strong PGM and chrome prices. At ARM Platinum's PGM operations, tonnes milled increased 11% to 4.8 million (F2007: 4.3 million) resulting in a 9.5% increase in attributable PGM production to 260 930 ounces in concentrate. Including Nkomati, ARM Platinum's attributable PGM production for F2008 increased by 7.6% to 281 337 ounces. The Nkomati chrome ore sales have increased 96% to 1.1 million tonnes.

At Modikwa mining flexibility improved with the conversion to a strike mining layout. UG2 production volumes have improved steadily, and the Merensky trial mining project is ramping up to 15 000 tpm.

Two Rivers continued to ramp up during the year at its Main Decline, reaching full underground production capacity during March 2008. The North Decline achieved steady state production (40 000 tpm) in January 2008, six months ahead of target.

F2008 ARM Platinum revenue contribution per commodity (100% basis)



At Nkomati, sales of chrome increased to 1.15 Mt (+96%) and contained nickel increased to 5 136 tonnes (+16%).

During September 2007, the Nkomati Large Scale Expansion Project was released and is progressing well within schedule and budget. At year-end, R1.8 billion (55%) of the expected capital expenditure of R3.2 billion had been committed.

ARM Platinum experienced above inflation cost increases in F2008 for consumables (diesel, electricity, steel and explosives) and labour (including contractors) which together contributed approximately 83% to total mine operating costs.

Eskom's request to the mining industry for a reduction in maximum demand had a minimal impact on ARM Platinum. Measures were implemented at all operations to reduce consumption without affecting production.

Mining rights status

The new order mining rights application for Two Rivers was submitted to the Department of Minerals and Energy on 2 July 2007, with no formal response received to date. Two Rivers is currently focussing on the implementation of the social and labour plan.

The new order mining rights application for Nkomati was submitted in July 2006 and a follow-up workshop has been held with the DME. Nkomati has a sound working relationship with local government structures and communities through numerous social investment activities and is focussing on the implementation of the social and labour plan.

The Modikwa new order mining rights application is ready for submission in the first quarter of F2009.

Safety

ARM Platinum's sustained focus on safety continues to translate into good safety performances at our operations. A particular highlight was the achievement of three million fatality-free shifts at Modikwa Platinum Mine (two years fatality free). Modikwa is currently reporting a LTIFR of 8.1, higher than the 7.2 achieved in F2007, mainly due to a vehicle catching fire in an air intake on 4 February 2008, causing 27 people to be hospitalised for observation for 24 hours. Preventative measures have been implemented to mitigate this risk.

Two Rivers reported a LTIFR of 3.2 (down from the F2007 rate of 3.6), but regrettably, Mr Marcus Mpho Kukutje was fatally injured on 5 July 2007 when a mud rush occurred at the Main Decline. Preventative measures have been put in place to avoid a re-occurrence. ARM conveys its condolences to the families and friends of the deceased employees.

Nkomati recorded a disappointing LTIFR of 5.8 (F2007 was 1.4), attributable to minor injuries to contractors working on the Large Scale Expansion Project. The Nkomati operations have however, remained fatality free for the last four years and the focus remains on zero harm with the appropriate systems to manage a large scale operation.

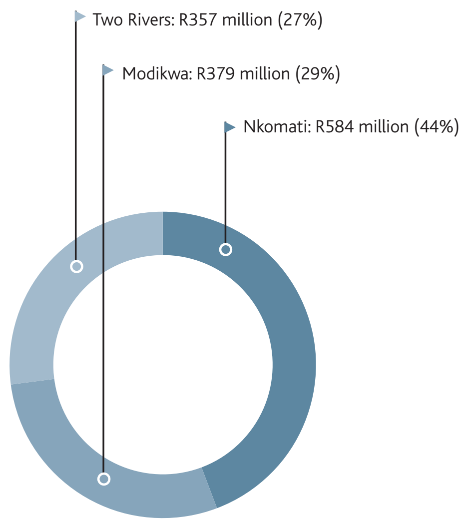
Capital expenditure

Total capital expenditure in the division amounted to R1.3 billion (R839 million attributable). The large increase in capital expenditure at Modikwa is mainly attributable to the deepening and equipping of North Shaft to Level 6 and the acquisition of new mechanised mining fleet. Going forward, Modikwa will spend capital on the completion of the deepening of North Shaft and also the deepening and equipping of South Shaft.

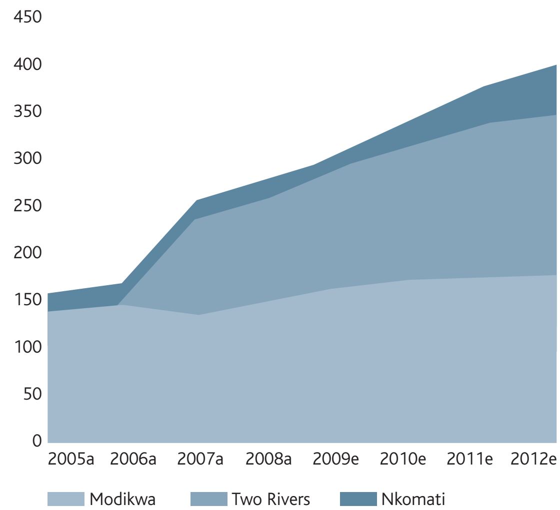
Capital expenditure at Two Rivers decreased as the initial project has now been completed. Current year capital consisted mainly of expenditure on the development of the North Decline, extensions to the Main Decline and the acquisition of additional mechanised fleet. In F2009, major capital expenditure at Two Rivers will include R130 million for the concentrator plant optimisation and R55 million for mechanised fleet replacement.

ARM Platinum

F2008 Capital per operation (100% basis)



PGM production (attributable to ARM)
(000oz)



At Nkomati capital expenditure was spent mainly on the expansion project, firstly for the 100 000 tpm interim plant and then for the 375 000 tpm MMZ plant, and will continue to increase as construction on the project progresses.

Prospects

ARM Platinum will continue its production growth trajectory in the coming year by improving output at Modikwa and will benefit from the improved concentrator recoveries at Two Rivers expected to follow from the plant optimisation scheduled for F2009. Furthermore, the year ahead will reflect a full year's steady state production at Two Rivers and the increase in production at Nkomati. Nkomati also successfully commissioned its new chrome washing plant in September 2008.

Market review

Platinum

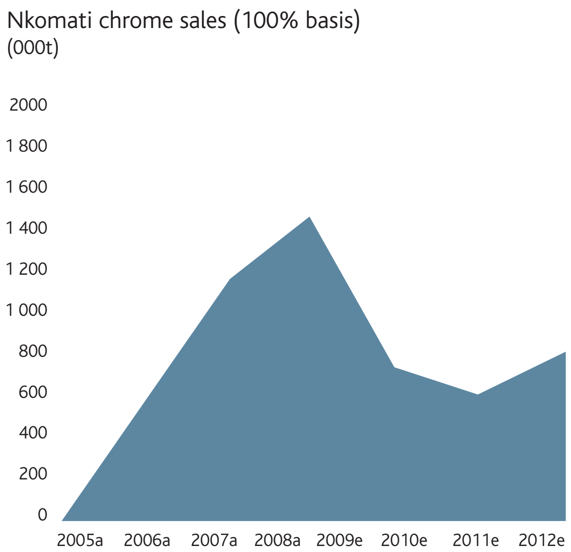
Disruption to platinum production in South Africa in F2008 drove global platinum supplies down while the demand for platinum rose with increased purchases of metal for autocatalysts and for industrial uses. The platinum price hit a series of record highs in response. Platinum demand is a function of diesel car growth in Europe and also of the increase of medium and heavy duty diesel vehicles in Europe, Japan and North America being fitted with platinum based exhausts after treatment to meet emissions legislation. ARM Platinum achieved an average platinum price in F2008 of US$1 661/oz, and believes that strong markets will renew for PGMs in the medium to long term, albeit that current price levels have fallen significantly.

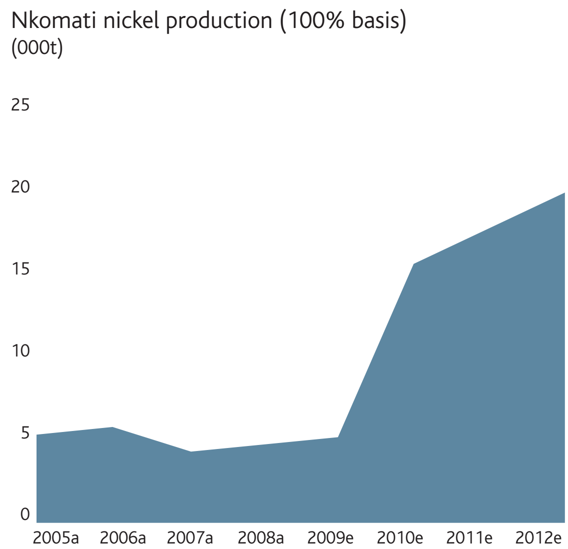
Palladium

During F2008 a favourable price ratio between platinum and palladium encouraged automotive manufacturers to use palladium where possible in their catalytic converters – both diesel and gasoline. Although the palladium market was once again in substantial surplus during the past year, it appears that much of this excess was absorbed by a small number of investors and institutions. The palladium price was therefore well supported and maintained its levels during F2008. Demand for palladium is expected to remain flat in F2009 due to slowing requirements from the autocatalyst, industrial and investment sectors, being tempered by fears of a slowdown in the automotive industry. The average palladium price achieved by ARM Platinum for F2008 was US$400/oz.

Rhodium

Rhodium demand climbed for the sixth successive year, mainly due to increased use in autocatalysts. Sustained high prices did have an effect on consumers who moved to minimise their





usage of this metal. Although rhodium remains a vital material for use in gasoline catalytic converters, it is expected that substitution is likely to have an impact on the average rhodium content of a catalyst. Against a backdrop of tightening vehicle emissions legislation around the world, any decrease in overall rhodium usage is likely to be small in the medium term. ARM Platinum sold its rhodium at an average price of US$7 389/oz for F2008.

Iridium

Global demand for iridium fell during the last year, mainly due to reduced demand from the chemicals industry. Other uses, such as in automotive spark plugs and in the electronics industry, remained steady. Going forward, iridium demand is unlikely to change significantly, although a worsening of economic conditions could dampen demand from the chemicals industry while greater use in spark plugs can be expected. ARM Platinum achieved an average iridium price of US$409/oz in F2008.

Ruthenium

Ruthenium demand fell during the last year – consumption of the metal in the electronics industry , particularly in the manufacturing of perpendicular magnetic recording (PMR) hard disks, was the primary driver of this change. Although this new hard disk technology won an increasing market share, higher amounts of recycling and careful control of working stocks reduced net electronic sector demand.

Price sensitivity is expected in the medium-term as the overall trend in ruthenium demand, across all applications, is expected to be downwards in F2009. ARM Platinum achieved an average price of US$385/oz in F2008 for ruthenium.

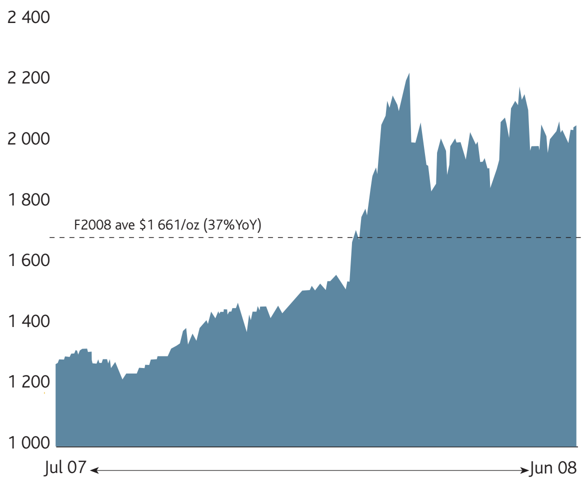
Nickel

The Dollar nickel price decreased by 25% to average $28 512/t for F2008. This has been characterised by slowing stainless steel demand and output coupled with stock building in China. The stainless steel market is quite cyclical, with the output growth of 40% last calendar year appearing to be slowing to closer to 10% this calendar year. However, market commentators indicate a recovery may occur albeit at a slow pace, with low stock levels occurring. The Chinese market has a potential overhang of nickel stocks which is being off-set by a slowdown in domestic Nickel Pig Iron (NPI) production. Some of the independent blast furnaces have been closed on account of environmental concerns, with others simply acting as swing capacity for the nickel market. Current nickel production disruptions have occurred due to maintenance and energy supply problems. Project delays and output curtailments both act to provide support for nickel prices over the next few years.

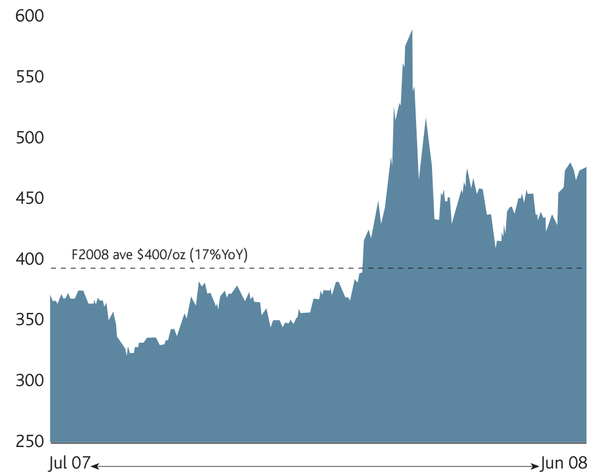
ARM Platinum

PGM and nickel pricing trends for F2008

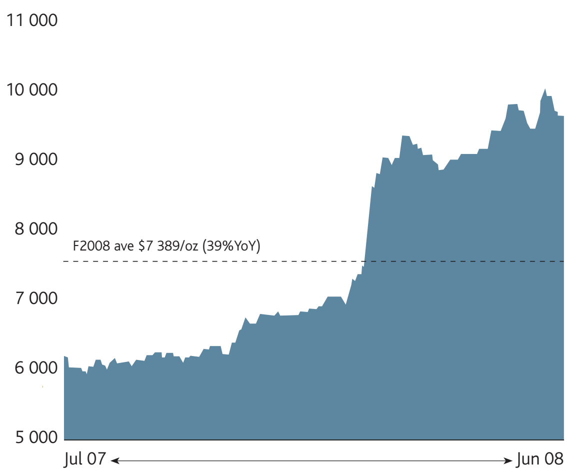
Platinum
($/oz)



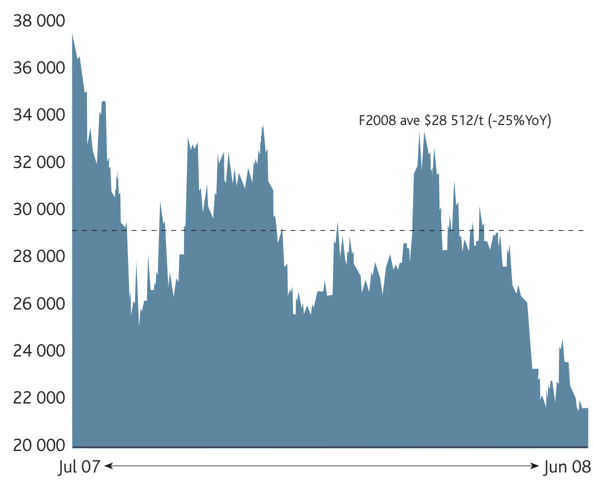
Palladium
($/oz)



Rhodium
($/oz)



Nickel
($/t)



PGM market after the year-end

We contend that the significant PGM commodity sell-off in recent months has been perpetuated by a sell-off in investment-related demand. From a review of the Exchange Traded Funds (ETF) and net futures position data, it appears likely that forced liquidations played an important part in the recent PGM price reversion. We consider the reversion overdone, particularly as the PGM basket price fell below the 90th percentile marginal unit cash cost, and a recovery from current levels is expected. We do not envisage a near-term material bounce in PGM commodity prices, but a more sedate recovery, particularly as speculative investors are likely to approach PGM commodity investment more cautiously. A global economic slowdown, particulary in the United States and European Union, should cause a decline in global vehicle sales, negatively impacting demand for PGMs. However, we believe supply will remain tight, especially at current prices..

Nkomati Nickel Mine

ARM Platinum

Modikwa Platinum Mine

Description of assets	The mine is located 15 kilometres north west of Burgersfort, along the border between the Mpumalanga and Limpopo provinces. The operation comprises an underground mine, some 450 metres deep, consisting of three decline shafts and a concentrator. ARM Mining Consortium holds 50%, with a 17% stake in ARM Mining Consortium being held by two Section 21 companies representing communities around Modikwa. ARM has an effective 41.5% economic stake.						
Management	The mine is jointly managed, via a joint management committee, by Anglo Platinum and ARM.						
Mineral reserves and resources (100% basis)		Measured and Indicated Resources			Proved and Probable Reserves		
			PGM+Au			PGM+Au	
		Mt	(4E) g/t	Moz	Mt	(4E) g/t	Moz
	UG2	115.16	5.61	20.76	58.30	4.71	8.84
	Merensky	65.46	2.67	5.61	–	–	–
Refining	All concentrate produced is smelted and refined by Anglo Platinum.						
Number of employees	5 995 (including 1 862 contractors)						

Review of the year

Modikwa's cash operating profit doubled to R1.8 billion in the period under review, with the cash operating margin increasing to 58% from 47% in the previous year.

Tonnes milled increased by 6% to 2.46 million tonnes during F2008, with recoveries also improving. This resulted in a 7.5% improvement in PGM production to 294 721 ounces. The higher output is largely attributable to the change in mining method from dip mining to strike mining in order to create additional panels and thus improving flexibility and continuity of mining. The strong volume and price performance was offset by significant cost pressures due to above inflation increases on diesel, electricity, steel and explosives as well as higher than expected increases in labour costs. This caused unit costs to increase by 13% to R538 per tonne.

During F2008, 140 000 tonnes of Merensky ore at an average grade of 2.37 g/t was milled on a trial basis.

The mine produced 8 710 (4E) ounces or 4 811 platinum ounces from the Merensky ore. Merensky mining is expected to continue at 15 000 tpm for F2009.

The steady improvement in production experienced in F2008 is expected to continue in F2009 and we anticipate a pre-feasibility to be approved in F2009 to expand the operations.

A significant event in the mine's labour relation was the conclusion of a two–year wage agreement with NUM and UASA.

Modikwa Platinum Mine

ARM African Rainbow Minerals

Refer to page 162 for Modikwa segmental information

Modikwa Platinum Mine

100% basis		F2005	F2006	F2007	F2008	F08/07 % change
Metal production						
Platinum	Ounces	126 122	131 845	124 121	133 890	8
Palladium	Ounces	125 419	130 368	121 245	129 872	7
Rhodium	Ounces	25 697	27 575	25 238	27 089	7
Gold	Ounces	3 939	3 527	3 570	3 870	8
PGMs (4E)	Ounces	281 177	293 313	274 174	294 721	7
Nickel	Tonnes	754	675	674	768	14
Copper	Tonnes	420	424	413	478	16
Operational statistics						
Tonnes milled	Mt	2.46	2.51	2.32	2.46	6
Head grade (4E)	g/t	4.24	4.28	4.37	4.44	2
Average number of own employees	Number	2 750	3 265	3 837	4 186	9
Average number of contractors	Number	1 474	1 492	1 710	2 236	31
Financial indicators						
Cash cost	R/tonne	358	398	476	538	13
Cash cost	R/Pt oz	6 984	7 551	8 917	9 882	11
Cash cost (4E)	R/PGM oz	3 136	3 394	4 037	4 489	11
Cash cost (4E)	R/kg	100 667	109 123	126 632	144 333	14
Basket price (4E)	R/kg	120 065	183 537	277 701	382 377	38
Net sales revenue	R million	912	1 535	2 029	3 161	56
Cash operating cost	R million	880	996	1 080	1 323	23
Cash operating profit	R million	16	360	923	1 837	99
Cash operating margin	%	4	35	47	58	24
Capital expenditure	R million	104	128	204	379	86

Two Rivers Platinum Mine

Description of assets	The mine is located near the town of Steelpoort, in Mpumalanga on the eastern limb of the Bushveld Complex. The operation comprises an underground mine consisting of the Main Decline, the North Decline and a concentrator plant. ARM's economic interest in Two Rivers is 55%.						
Management	Managed by ARM.						
Mineral reserves and resources (100% basis)		Measured and Indicated Resources			Proved and Probable Reserves		
		Mt	PGM+Au (6E) g/t	Moz	Mt	PGM+Au (6E) g/t	Moz
	UG2	56.47	4.74	8.60	39.51	4.02	5.11
	Merensky	18.70	3.55	2.06	–	–	–
Refining	All concentrate produced is smelted and refined by Impala Refining Services Limited (IRS).						
Number of employees/contractors	2 511 (includes 1 832 contractors)						

ARM Platinum

Review of the year

Cash operating profit increased by 57% to R1.5 billion with the cash operating margin at 63% (F2007: 69%).

The past financial year saw the continuing ramp-up of production at Two Rivers. A total of 2.37 Mt were milled during the year (16% improvement), at a grade of 4.0 g/t yielding 206 491 ounces of PGMs in concentrate (12% increase). Unit costs increased by 38% to R340 (2007: R246) per tonne milled. The previously quoted figures excluded the capitalised cost of treated stockpile tonnages to the value of approximately R110 million. Output from the Main Decline reached 185 000 tpm in March 2008, and steady state production (40 000 tpm) from the North Decline was achieved in January 2008. During some months Two Rivers produced more than 260 000 tonnes from underground. The plant throughput has exceeded design capacity since April 2008. The year-end stockpile closed at 189 767 tonnes.

The project finance facility, utilised for the development of the mine, was repaid in full on 31 May 2008, seven years earlier than the anticipated repayment date. This also triggered the release of all shareholders' guarantees provided by ARM and Impala.

The application of value engineering has realised the potential of improving the overall plant recoveries by about 5%. A secondary crusher and additional float cells are to be installed and will be commissioned by August 2009.

The focus for F2009 will be on improving efficiencies and unit costs. Current output will be sustained and process optimisation will continue with a recovery improvement by end of F2009.

Construction of a chrome recovery plant is expected to commence in September 2008.

Refer to page 162 for Two Rivers segmental information

Two Rivers Platinum Mine

100% basis		F2005	F2006	F2007	F2008	F08/07 % change
Metal production						
Platinum	Ounces	–	–	87 934	98 621	12
Palladium	Ounces	–	–	50 479	56 411	12
Rhodium	Ounces	–	–	14 501	16 130	11
Gold	Ounces	–	–	1 190	1 301	9
Ruthenium	Ounces	–	–	24 342	27 683	14
Iridium	Ounces	–	–	5 651	6 345	12
PGMs (6E)	Ounces	–	–	184 099	206 491	12
Nickel	Tonnes	–	–	250	298	19
Copper	Tonnes	–	–	118	143	21
Operational statistics						
Tonnes milled	Mt	–	–	2.04	2.37	16
Head grade (6E)	g/t	–	–	4.24	4.00	(6)
Average number of own employees	Number	–	–	479	583	22
Average number of contractors	Number	–	–	1 445	1 612	12
Financial indicators						
Cash cost	R/tonne	–	–	246**	340	38
Cash cost	R/Pt pz	–	–	5 724**	8 161	43
Cash cost (6E)	R/PGM oz	–	–	2 734**	3 898	43
Cash cost (6E)	R/kg	–	–	87 906	125 319	43
Average basket price (6E)	R/kg	–	–	268 928*	362 935	35
Net sales revenue	R million	–	–	1 408	2 362	68
Cash operating cost	R million	–	–	425	805	89
Cash operating profit	R million	–	–	945	1 485	57
Cash operating margin	%	–	–	69	63	(9)
Capital expenditure	R million	170	957	464	357	(23)

*Amended basket price for 2007, previously published number was 4E, now 6E.

**Adjustment for stockpile tonnages, previously quoted R192/t excluded capitalised cost of treated stockpile tonnages to the value of +- R110 million.

Nkomati Nickel Mine

ARM Platinum

Nkomati Mine

Description of assets	Located in the Machadodorp area of the Mpumalanga province, 300 kilometres east of Johannesburg. Nickel mining takes place by means of an underground shaft as well as by open-pit mining. Oxidised chromitite is also mined as part of the pre-strip of the future open pits.					
Management	The mine is managed as a 50:50 unincorporated joint venture with Norilsk Nickel Africa.					
Mineral reserves and resources (100% basis)		Measured and Indicated Resources		Proved and Probable Reserves		
		Mt	Ni%	Mt	Ni%	
	Nickel	236.85	0.38	164.74	0.33	
		Mt	Cr_2O_3%	Mt	Cr_2O_3%	
	Chrome	4.6	31.04	2.90	31.00	
		Mt	PGM+Au (4E)	Mt	PGM+Au (4E)	M oz
	PGMs	236.85	0.93	164.74	0.82	0.36
Refining	Refining takes place through various tolling contracts.					
Number of employees/contractors	1 185 (includes 819 contractors)					

Review of the year

Cash operating profit increased by 18% to R1 192 million mainly due to the significantly higher chrome ore volume and prices. The cash operating margin decreased from 71% to 60%.

During F2008 Nkomati processed 1.07 Mt, translating into 5 136 tonnes (+16%) of contained nickel, 2 605 tonnes of contained copper and 40 813 PGM ounces. The dollar nickel price achieved in F2008 was 25% lower than in the previous financial year, negatively impacting profitability. The milling unit cost decreased by 33% to R339 per tonne milled due to an increase in volumes. There was a significant increase in both volumes and price for chrome ore which contributed 56% to the operating profits of the mine. This also resulted in a negative cash cost net-of-by-products of US$4.45/lb. The transformation of the mine from underground to opencast operations and the shift from mining the now depleted MSB to the MMZ orebody has resulted in a significant reduction in grade.

The No. 2 pit is progressing according to plan. Contractors are on site and have commenced work on the No. 3 pit. Chrome sales increased by 96% to 1.15 Mt.

Since start-up, the metal recoveries of the 100 000 tpm plant were lower than expected, mainly due to the following contributing factors:

- High variability in metal content of the feed to the concentrator
- Higher than anticipated levels of alteration of sulphide ore in Pit 1B
- Mill running time compromised by mill liners and associated breakdowns

The key to enhanced recoveries is to improve the upfront knowledge of the ore before it is processed. Capabilities to perform floatability tests and evaluations are being established.

Capital expenditure remains on track and well controlled on the expansion programme, with work commencing on Phase 2A of the Large Scale Expansion.

Chrome mining and sales will continue to make a significant contribution to the funding of expansion activities at the mine. F2009 will see the upgrade of the Slaaihoek and Vygeboom roads in order to sustain operations and to support the increase in chrome production.

Highlights for the 2008 calendar year are the commissioning of a chrome washing plant and secondary crusher by September 2008 as well as the commissioning of the 375 000 tpm MMZ concentrator in the fourth quarter of 2009. The commissioning of the 250 000 tpm PCMZ concentrator is expected to occur in F2011.

Refer to page 161 for Nkomati (nickel) segmental information

Nkomati Mine

100% basis		F2005	F2006	F2007	F2008	F08/07 % change
Metal production						
Nickel	Tonnes	5 544*	5 616	4 418	5 136	16
PGMs	Ounces	52 087*	49 437	46 101	40 813	(11)
Copper	Tonnes	3 420*	3 398	2 788	2 605	(7)
Cobalt	Tonnes	281*	257	208	276	33
Chrome ore produced	Thousand tonnes	–	392	631	1 177	87
Chrome ore sold	Thousand tonnes	–	304	584	1 146	96
Operational statistics						
Tonnes milled	Thousand	346	373	318	1 070	237
Head grade	% nickel	2.01	1.89	1.57	0.70	(56)
Average number of own employees	Number	171	199	254	306	20
Average number of contractors	Number	158	257	1 362	1 190	(13)
Financial indicators						
Nickel on-mine cash cost per tonne milled	R/tonne	369	392	503	339	(33)
Chrome on-mine cash cost per tonne produced	R/tonne	–	374	368	351	(5)
Cash cost net of by-products	US$/lb	1.49	(0.36)	(1.10)	(4.45)	304
Net sales revenue	R million	620	895	1 404	1 996	42
Cash operating cost	R million	125	146	180	363	102
Cash operating profit - Total	R million	349	547	1 011	1 192	18
Cash operating profit - Nickel Mine	R million	349	527	934	518	(45)
Cash operating profit - Chrome Mine	R million	–	20	77	674	774
Cash operating margin	%	54	70	71	60	(16)
Average Nickel price	US$/t	14 953	15 481	37 929	28 507	(25)
Capital expenditure	R million	17	78	398	584	47

* Previously published values for F2005 were metal sales

Nkomati Large Scale Project update

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

PCMZ nickel in concentrate: 5 000 tpa
Average grade: 0.25% Ni; PCMZ plant: 250 000 tpm

MMZ nickel in concentrate: 15 500 tpa
Average grade: 0.45% Ni; MMZ plant: 375 000 tpm

Chrome: a significant value contributor

- Oxidised lumpy chrome sales of 1 Mtpa for 18 months

Other by-products include:

- 110 000 ounces of PGM (Pt:Pd 1:2.7)
- 9 000 tpa copper
- 250 tpa cobalt

Project released September 2007

Open cast mine expected to produce at a steady state C1 cash cost of c.$3.50/lb

Ramp-up: 2009

Full production: 2011

Capital cost of R3.2 billion (in 2007 terms) >50% committed, mainly funded from Nkomati cash flows

ARM Platinum

The Nkomati Phase 1 Expansion project was completed one month ahead of schedule and within the approved budget. The 100 000 tpm MMZ plant was commissioned during August 2007 with MMZ ore mined from both the current underground operation and from Pit 1. Teething problems associated with the crushing and milling circuits in the plant have been rectified. This is expected to result in improved recoveries. Furthermore, the tailings thickener was taken off-line and the platework re-coated due to corrosiveness in the thickener.

Eskom approved the electrical power requirements for the expansion project at the end of June 2008 and a budget proposal was presented to the Nkomati JV for approval. However, notice was given of a delay in supplying this power and various contingencies have been evaluated to bridge this gap for 12 to 18 months.

Pre-stripping of Pits 2 and 3 is currently on schedule. Dewatering of the open pit mining area has commenced to reduce the impact of groundwater on the mining operations. The mill for the 375 000 tpm plant has been ordered and delivery is expected in May 2009. The crusher is expected in June 2009 and expect to commission this concentrator in the fourth quarter of 2009 as planned.

Kalplats PGM Exploration Project

Description of assets	The Kalplats projects are located in the North West Province, 330 kilometrs west of Johannesburg and comprise two joint ventures with Platinum Australia (PLA). ARM Platinum's current interest in the Kalplats PGM joint venture is 90% and PLA can earn up to 49% in the joint venture by completing a bankable feasibility study and making its proprietary Panton metallurgical process available at no cost. The Kalplats "Extended Area Project" is a 50:50 joint venture.	
Management	Both projects are currently managed by PLA.	
Mineral reserves and resources (100% basis)	Measured and Indicated Resources	
	Mt	PGM+Au (2E)
	7.12	1.70

Kalplats

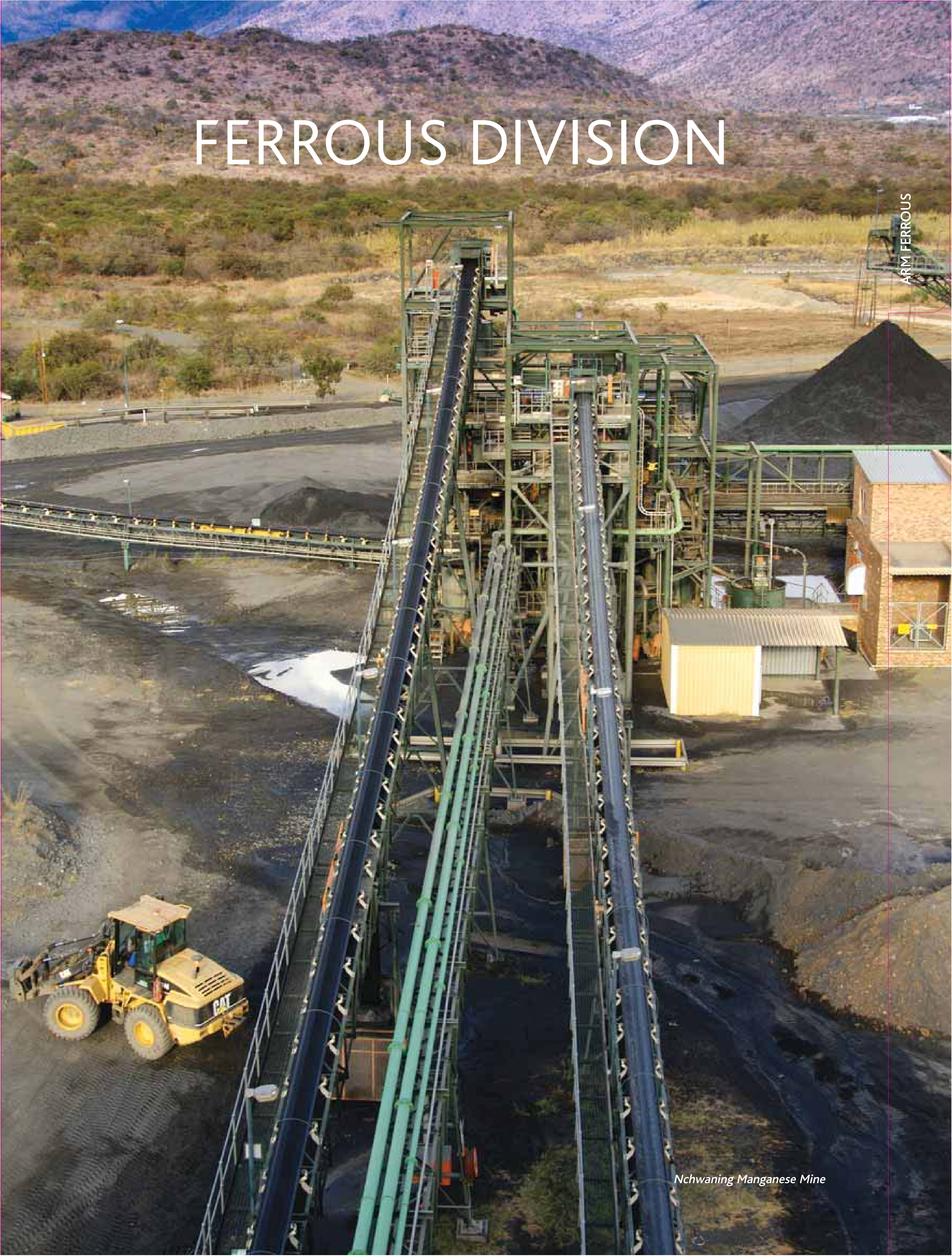
During the year, Platinum Australia (PLA) completed a total of 48 390 metres of drilling. Geological modelling and the updating of the mineral resources for the individual deposits has been ongoing in preparation for pit optimisation and mine design. Metallurgical test work as well as engineering and process plant design are also being carried out as part of the bankable feasibility study, which is expected to be completed in F2010.

The Kalplats Extended Area Project is a 50:50 joint venture and since April 2007, ARM Platinum has held a prospecting right over the Kalplats Extended Area covering an area approximately 20 kilometres to the north and 18 kilometres to the south of the Kalplats Joint Venture area. PLA and ARM Platinum each have a 50% contributing interest and PLA manages the exploration program which is targeting extensions of the known Kalplats style of PGM mineralisation.

The first phase of exploration work on this extended area, comprising a detailed aeromagnetic survey over the entire strike length of the extended area was completed in August 2007. The second phase which involves extensive soil geochemical sampling was completed during 2008. This will be followed by drilling of targets identified during the initial phases of work.

For more detailed information please refer to www.platinumaus.com.au

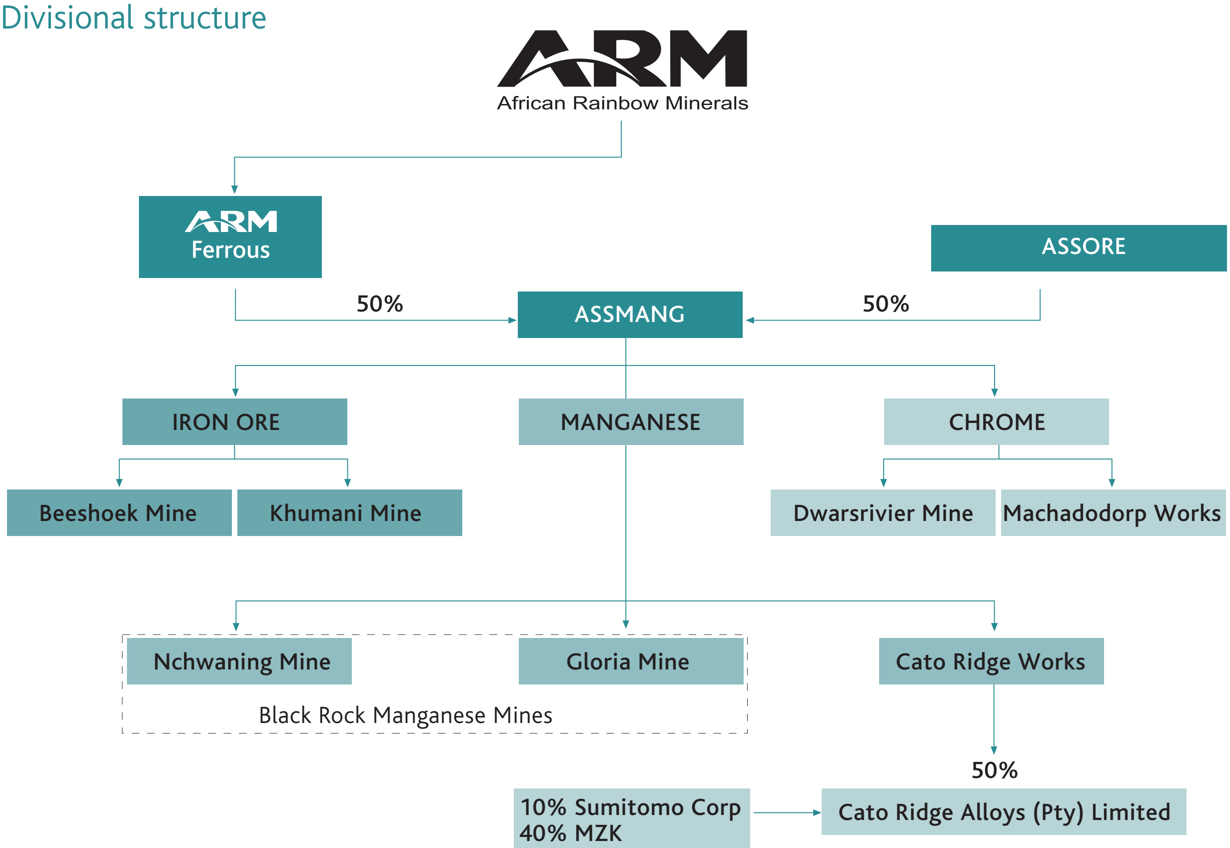
FERROUS DIVISION



Nchwaning Manganese Mine

ARM Ferrous

Divisional structure

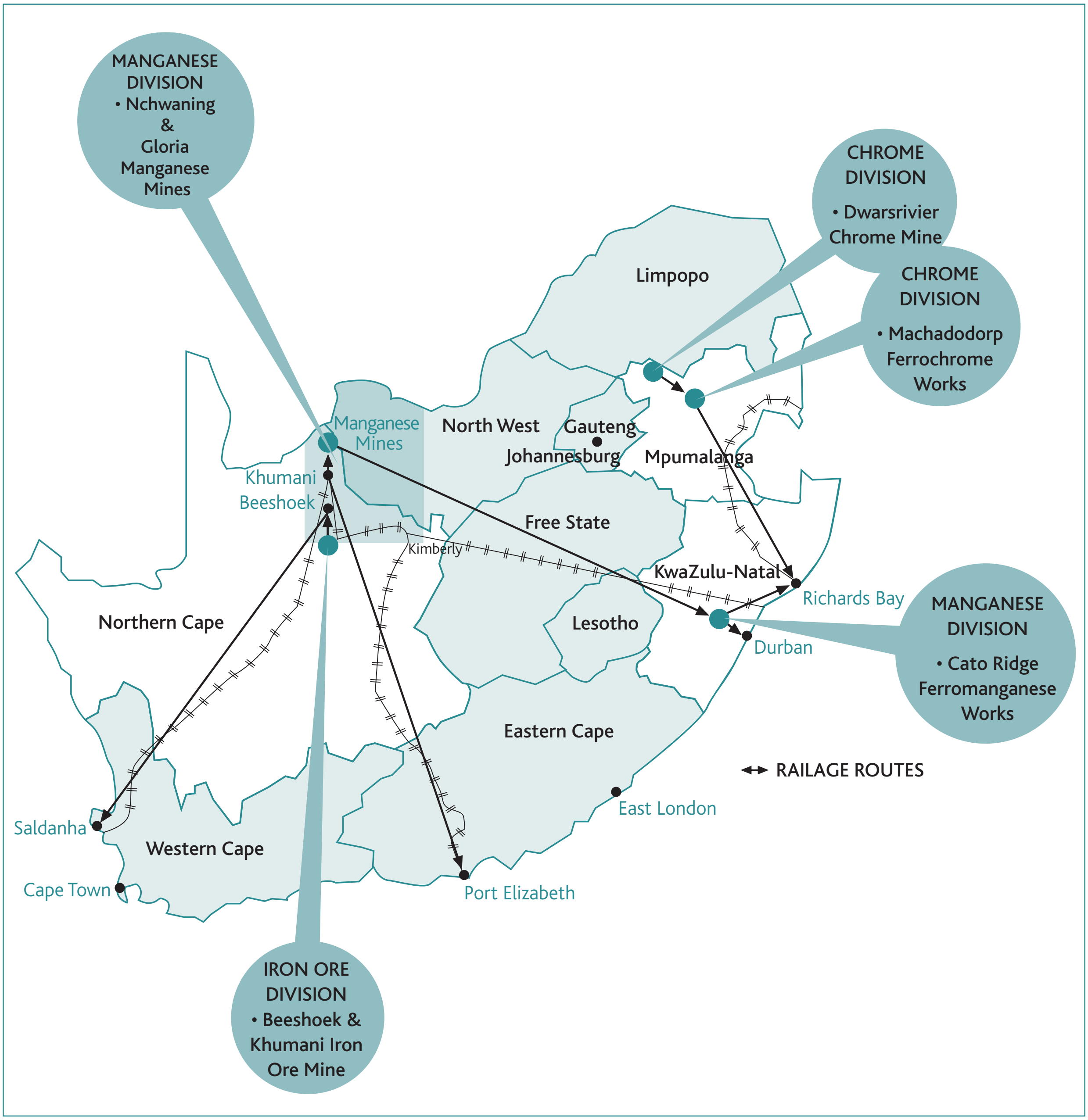


Scorecard

F2008 objectives	F2008 performance	F2009 objectives
Khumani Iron Ore Mine and plant substantially commissioned	Khumani mine was substantially commissioned	Complete commissioning of the 2nd phase of the 10 Mtpa Khumani mine
Complete pre-feasibility study for a 16 Mtpa and 20 Mtpa Khumani mine	Pre-feasibility studies completed and start-up capital approved	Complete feasibility study. Finalise additional 4 Mtpa iron ore export contract with Transnet Finalise life-of-mine plan for Beeshoek Iron Ore Mine, for local contract sales
Achieving planned production, costs and sales volumes	All operations except Cato Ridge Works achieved and in some cases exceeded production and sales volumes	Finalise manganese export contract beyond 2009 with Transnet
Submit mining licence conversions for manganese and chrome mines	Submitted	Finalise submissions and obtain converted mining licences
		Submit mining licence conversions application for Beeshoek Iron Ore Mine

ARM
African Rainbow Minerals

Jan Steenkamp
Chief Executive: ARM Ferrous



About ARM Ferrous

Dwarsrivier Chrome Mine

Operational overview – attributable to ARM

	Sales (000t)			Operational
Operations	F2008	F2007	% change	target F2009
Manganese Ore	1 856	1 164	59	
Nchwaning*	1 641	1 026	60	↘
Gloria*	215	138	56	
Ferromanganese*	124	126	(2)	↘
Iron ore	3 291	3 428	(4)	
Khumani	557	-	-	↗
Beeshoek	2 734	3 428	(20)	
Chrome				
Dwarsrivier chrome ore*	152	86	77	↗
Machadodorp charge chrome	138	116	19	→
ARM Ferrous operating margin (%)	55	32	72	
ARM Ferrous cash operating margin (%)	61	41	49	
Headline earnings attributable to ARM (R million)	2 775	665	317	

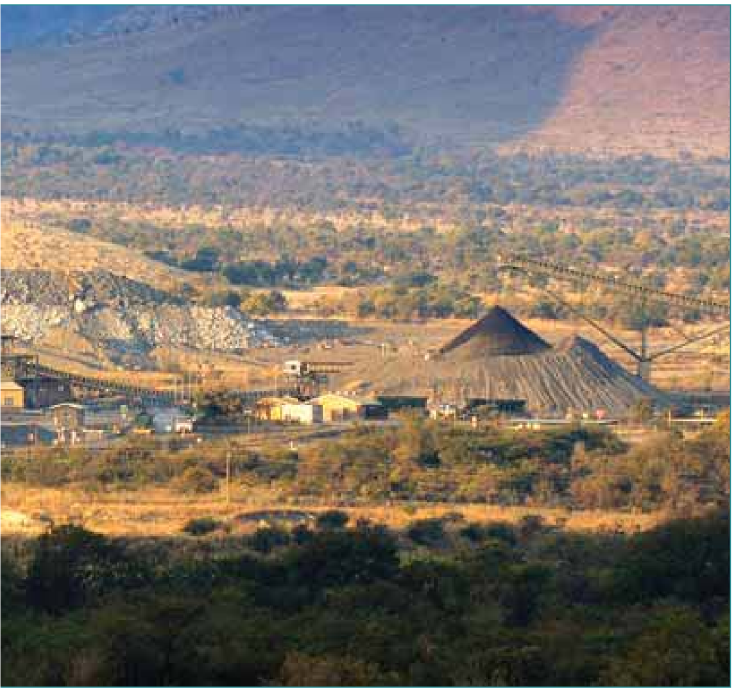
* excludes intra-company sales

Review of the year

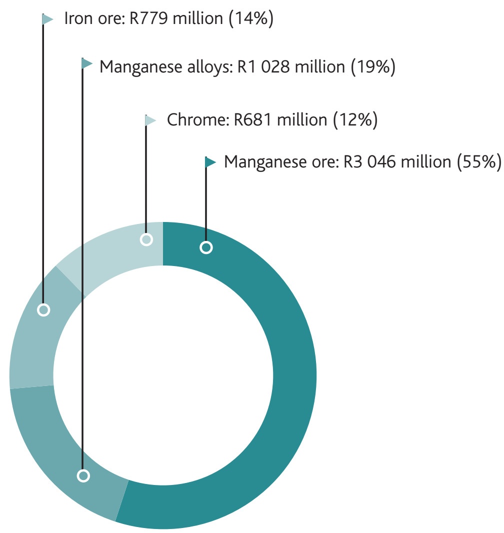
F2008 has been a successful year for the ARM Ferrous Division, illustrated in particular by the exceptional increase in headline earnings of 317% to R2 775 million attributable to ARM. Record revenues were achieved due to higher US Dollar prices for all ferrous commodities, as well as increased sales volumes. Operating margins increased from 32% in F2007 to 55% in F2008.

The manganese operations, both ore and alloys, performed exceptionally due to the significant increase in prices. The manganese ore operations were able to further leverage off high manganese ore prices by increasing sales volumes by 59%. The manganese mines sold 1.4 Mt more than guaranteed logistical allocations, of which 760 000 tonnes were road hauled to the Richards Bay port (>1000km). The performance of the ARM Ferrous Division was however marred by the unfortunate Cato Ridge Works accident in February 2008, which resulted in the loss of six lives and disrupted production.

The operations controlled costs well within targets in an environment which experienced cost escalations well above inflation. The iron



F2008: Earnings per division (100% basis)



ore division was the only exception, with higher than planned costs due to road hauling of tonnes from Khumani Mine to Beeshoek Mine to ensure contractual commitments to customers in terms of quality and quantity.

Teething problems at Khumani Iron Ore Mine during the first eight weeks of plant ramp-up also necessitated more ore having to be road hauled to Beeshoek Mine.

The cost of reductants, specifically coke, had a significant impact on smelting costs, due to coking coal prices increasing by approximately 300%. The table below illustrates the percentage increase in unit costs for the division over the last financial year, with the divisional EBITDA margins.

The construction and commissioning of Khumani Iron Ore Mine over a period of 24 months is on schedule and within budget. The construction of Khumani compares well with other projects of similar size where generally a significant number of these projects exceed both budgets and schedules.

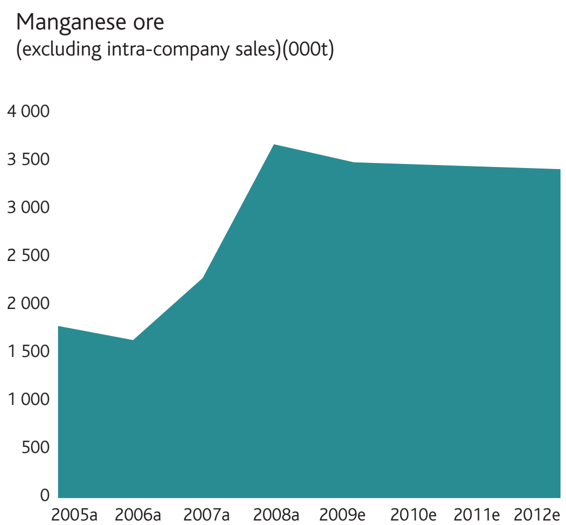
The ARM Ferrous division suffered a significant business interruption at its Cato Ridge Works as the result of the explosion at the No. 6 Furnace on 24 February 2008. The explosion resulted in production being stopped at all furnaces for a period of time. Furnaces 1 to 5 were brought back into production in the period to June 2008 while furnace 6 needs to be extensively repaired. The furnace 6 reconstruction will only be complete during the second quarter of F2009. Therefore for the period since the explosion up to 30 June 2008 there has been lost production of both high carbon and refined ferromanganese. The company's insurers were notified of the loss shortly after the accident. Since that time the insurers have been investigating the claim and all matters pertaining thereto. At the date of this report the matter had not progressed to a point where the claim and its associated liability had been accepted by the insurers. As a result no accounting for any possible recovery from the claim has been included in the F2008 results.

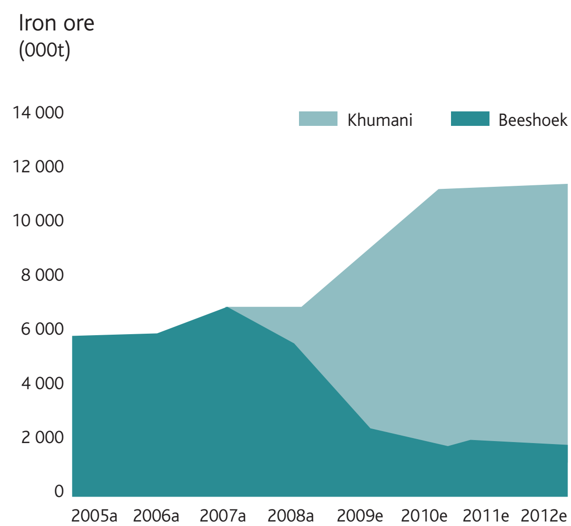
The furnance 6 impairment has been assessed and accounted for and amounts to an attributable exceptional item amount of R9 million. A R37 million attributable expense for fixed costs incurred during the furnace downtimes is also included in the F2008 results.

Commodity group	F2008 cost increases R/tonne	F2008 EBITDA margin
Iron ore	65%	48%
Manganese ore	19%	73%
Manganese alloys	20%	54%
Charge chrome	18%	42%

ARM Ferrous

Sales volumes from 2005 to 2012 (100% basis)





Safety and health

The majority of operations in the ARM Ferrous Division achieved numerous safety awards during F2008. An overall lost time injury frequency rate (LTIFR) of 4.9 was recorded for the year.

Regrettably, Cato Ridge Works suffered seven fatalities during the year from two separate explosions in two of its furnaces. The first explosion occurred in December 2007 during which an employee was fatally injured. The second explosion which occurred in February 2008 wounded two and fatally injured six employees. The company conveys its condolences to the families and friends of the deceased employees. A detailed investigation by an independent expert identified specific recommendations to be implemented at Cato Ridge Works in order to prevent similar incidents from occurring in future.

The chrome division experienced another excellent year in respect of safety. The last fatality at the operations was recorded in March 2004. Machadodorp Works achieved 1 million fatality free shifts while Dwarsrivier Mine achieved 742 000 fatality free shifts. Machadodorp Works was placed second in the "Excellence in Safety" competition in the ARM Group.

The Manganese Mines had a very safe year, achieving 2.4 million fatality free shifts as well as the first position in the "Excellence in Safety" competition in the ARM Group.

Both Beeshoek and Khumani Mines reported a very safe year. The operations achieved 1.4 million fatality free shifts and achieved second position in the "Excellence in Safety" competition in the Group.

All the operations conduct medical surveillance over the majority of its employees in accordance with relevant legislation. At Cato Ridge Works the medical surveillance programme has been reviewed with the assistance of medical experts to ensure a proper process to diagnose manganism. An inquiry into the possible incidence of manganism is currently in progress and a final outcome is expected in the near future.

Mining rights

A feasibility investigation with respect to the life-of-mine for the Beeshoek operation has defined a future life-of-mine beyond 2013 and the conversion application will be submitted during the latter part of 2008. Khumani Iron Ore Mine has received a new order mining licence.

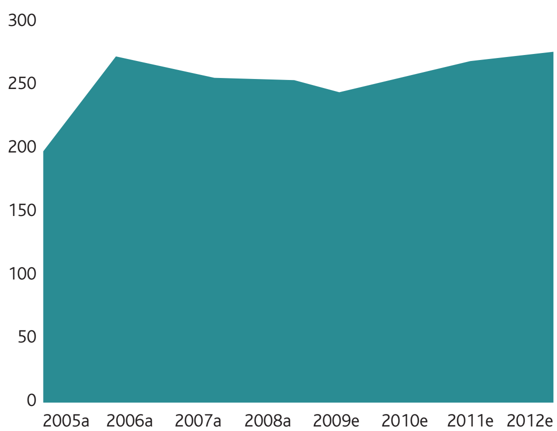
The conversion application for Dwarsrivier Chrome Mine was submitted during the first quarter of 2008.

The conversion application for Nchwaning and Gloria Manganese Mines was submitted during the second quarter of 2008.

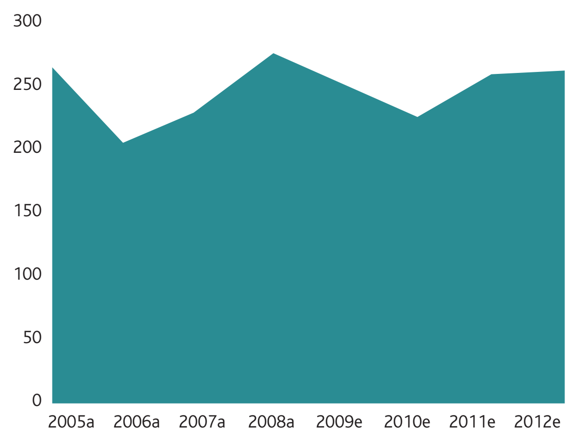
Logistics

ARM Ferrous is extremely dependent on rail and port logistical capacity to sell its product locally and globally. The demand for all commodities

Ferromanganese
(000t)



Charge chrome
(000t)



produced by Assmang has increased year-on-year, and is likely to grow for at least the next two years. High levels of capital expenditure have been spent and will be spent in the future to increase production capacity in line with visaged market demands. South Africa is currently constrained by some of its export channels which restricts Assmang from optimising the production capacity created. During F2008, significantly more tonnages were exported, specifically manganese ore, than contractually agreed with Transnet. Road hauling to Richards Bay port enabled Assmang to achieve these volumes.

Assmang is in the process of finalising an agreement with Transnet to export an additional 4 Mtpa of iron ore, taking the total iron ore export tonnes to 14 Mtpa. The manganese ore export agreement with Transnet beyond 2009/2010 still needs to be finalised.

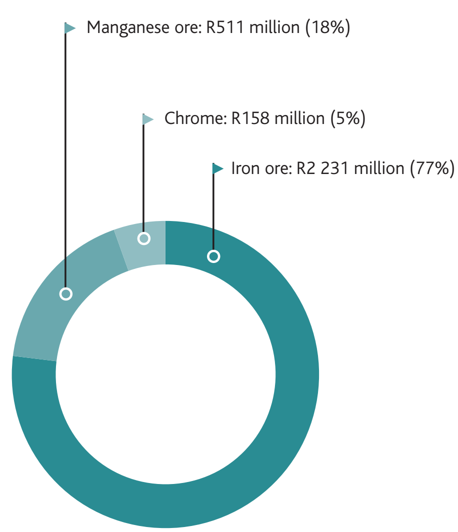
Capital expenditure

Capital at Khumani (R2.1 billion) made up most of the capital (R2.9 billion) spent in the division. Dwarsrivier Chrome Mine increased capital expenditure primarily on the purchasing of mining equipment to commence the process of converting from contractor to owner operator mining. Machadodorp Works spent R90 million on furnace upgrades and infrastructure.

Manganese Mines spent capital mainly on building of an underground workshop, replacement items and sludge disposal and water reticulations. Cato Ridge Works spent capital of R102 million rebuilding and upgrading furnaces.

Capital was mainly spent on rebuilding the No 5 furnace, on repairs to the No 6 furnace, on rebuilding the No 4 furnace, on additional change rooms, slag carriers and associated work, as well as on dust fume extraction. The slag carriers are in the process of being commissioned while the fume extraction project is still in progress.

F2008: Capital per division (100% basis)



ARM Ferrous

Prospects

ARM Ferrous continues to invest in growth across its operations, in more environmentally friendly and efficient production as well as in creating a company which attracts and retains employees in remote areas by providing home ownership schemes and related infrastructure. The constraints facing our business are significant: they include logistical capacity, electricity supply, water constraints and skilled labour. However, we are confident that the quality of our products will stand us in good stead in the longer term as we work towards overcoming these challenges.

This year will be challenging due to the ramp-up of the new Khumani mine and the reduction of volumes at Beeshoek. Transnet is also ramping up the total iron ore rail capacity. Transnet's ability to achieve contractual guarantees may however be a limiting factor to achieve planned volumes.

Production from Dwarsrivier Chrome Mine will increase due to the higher availability of new equipment with a resultant reduction in operating costs.

The feasibility study for the construction of a new furnace at Machadodorp Works is expected to be completed in the next year.

At Nchwaning Manganese Mine, capital will be spent to commence construction of a new processing plant which will increase total production capacity to 5 million tonnes per annum.

Cato Ridge Works will proceed with the Environmental Impact Assessment (EIA) approval process and will also complete the feasibility study for the construction of the No 7 furnace. The new design and construction of the fume extraction facility will also commence.

Dwarsrivier Chrome Mine

Market review

World crude carbon steel production continues to increase and is expected to reach 1.42 billion tonnes in 2008, an increase of 5.6% on 2007. Chinese growth is still the main driver but this forecast has been recently revised downwards because of the weakening global economic climate and the expectations are that the steel output growth rate in China will continue to reduce. Stainless steel, on the other hand, has been an anomaly in the current commodities boom as 2007 production was marginally down at 28.56 Mt and, although production in the first half of 2008 recovered, it appears as if production will be curtailed, even in China, for the remainder of 2008.

Iron Ore

Seaborne iron ore demand continues to grow rapidly. Anticipated growth for 2008 is 10% to reach 866 Mt, with China importing 443 Mt, up 17% from 2007. The global market for iron ore is expected to remain tight in the short term due to the shortage of technical resources and also logistical constraints associated with rail and port capacity and in spite of the number of new mines and projects. With the three major ore producers as well as newcomers to the seaborne market all announcing large expansion plans, the outlook is that, should all these projects proceed, the market would move into balance.

Manganese

For manganese, the year under review was marked by unprecedented price increases for both manganese ore and alloys. With strong demand from increasing steel production, supply-side changes were also a key driver. Manganese ore supply was affected by consolidation of suppliers as well as a reduction in sales to the seaborne market by some integrated producers. This has resulted in a shortage of both high and medium grade manganese ore. Other factors such as increased export taxes in China and electric power cost escalations have combined with the very high ore prices to propel the prices of manganese alloys to record levels. Assmang has a high grade manganese ore product (typical 44-48% Mn content), which is ideal for blending purposes. The forecast is that the current prices of both manganese high grade ore, high carbon and refined ferromanganese could come under pressure due to global economic slowdown and an oversupply into China in the short to medium term.

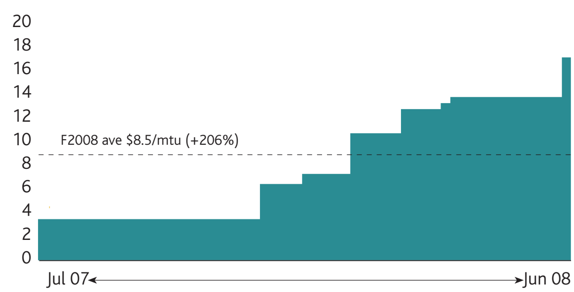
Chrome

Despite stainless steel's disappointing performance, ferrochrome demand was very strong during this period due to requirements from China and the reduction in austenitic stainless steel production. This resulted from high nickel prices causing an increase in ferritic production, and a resulting rise in demand for virgin raw materials. Low stocks assisted in enabling ferrochrome producers to achieve significant price increases in three out of the four quarters. The electricity crisis in South Africa also induced a degree of concern in the market although the effect seems to have been overestimated. Strong growth in Chinese ferrochrome production drove significant demand for chrome ore and prices increased substantially.

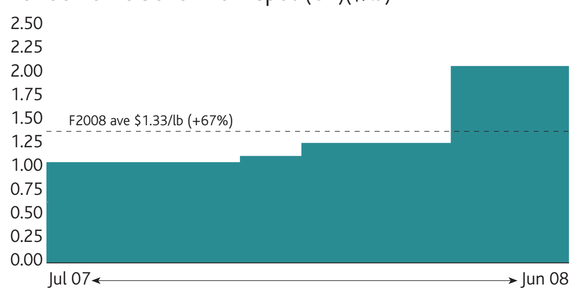
Ferrous pricing trends for F2008

Iron ore lump price benchmark FOB (USc/ltu)

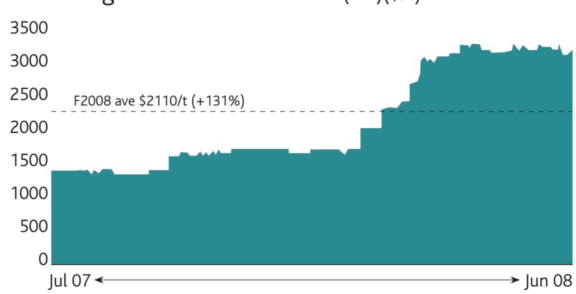
Manganese ore 48%/50% (CIF)($/mtu)



Ferrochrome benchmark spot (CIF)($/lb)



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



Source: I-Net Bridge; UBS

ARM Ferrous

Iron Ore Division

Beeshoek and Khumani Iron Ore Mines

Description of assets	Beeshoek Iron Ore Mine is an open cast operation with supporting infrastructure such as processing plants, a dense medium separation plant, load-out stations and rail infrastructure. The Khumani iron ore mine, currently in ramp-up phase, consists of various open cast areas, a processing plant which include a dense medium separation plant and automated loading facilities
Management	Jointly managed by ARM and Assore, through Assmang. ARM provides administration and technical services while Assore performs the sales and marketing function
Measured and Indicated Resources	Beeshoek - 120 Mt at 63.55% Fe Khumani - 664 Mt at 64.50% Fe
Proved and Probable Reserves	Beeshoek - 22.9 Mt at 64.28% Fe Khumani - 500.9 Mt at 64.50% Fe
Number of employees/contractors	2 830 employees (including 2 094 contractors (construction))

Review of the year

The US Dollar iron ore price received increased approximately 30% in F2008, with contractual negotiations for the 2009 fiscal year (effective 1 April 2008), being concluded at a minimum of 85% for all exported iron ore products. The iron ore division exceeded its contractual and planned sales tonnes of 6.0 Mtpa. This was achieved at an increased cost, however, due to tonnes being road-hauled from Khumani to Beeshoek to meet all customers' requirements. The Khumani mining volumes were in excess of planned volumes. The processing and loading ramp-up tonnage was lower than plan due to a design setback with equipment at the Khumani Mine.

Refer to page 164 for Iron Ore segmental information

Iron ore division

	F2005	F2006	F2007	F2008	F08 / F07 %change
Headline earnings attributable to ARM (Rm)	67	199	340	390	15
Operating margin (%)	22%	39%	44%	39%	11
Total iron ore sales (000t)	5 776	5 926	6 855	6 582	(4)
Beeshoek Iron Ore Mine					
Iron ore produced (000t)	6 434	5 536	6 675	4 493	(33)
Iron ore sold (000t)	5 776	5 926	6 855	5 466	(20)
Sales revenues (Rm)	838	1 411	2 164	2 282	5
Total costs (Rm)	651	857	1 197	1 218	2
Operating profit (Rm)	187	554	967	1 064	10
Capex (Rm)	193	346	94	100	6
Khumani Iron Ore Mine					
Iron ore produced (000t)	–	–	–	1 848*	–
Iron ore sold (000t)	–	–	–	1 115	–
Sales revenues (excluding intra) (Rm)	–	–	–	493	–
Total costs (Rm)	–	–	–	478	–
Operating profit (Rm)	–	–	(6)	15	350
Capex (Rm)	–	–	1 641	2 131	30

* 1.2 Mt produced at Beeshoek by processing run of mine ore from Khumani

Dwarsrivier Chrome Mine

ARM Ferrous

Khumani Project update

8.4 Mtpa construction complete	10 Mtpa construction to be completed 1Q 2009
Mine design allows for flexibility to produce different percentage of product specification	Typical grade of products Lumpy 66% Fines 65.0%*

* Indicative over life-of-mine

- New modern and cost competitive mine due to lower stripping ratio, the area already dewatered and favourable positioning in relation to infrastructure
- Production will ramp-up to 7.2 Mtpa from July to June 2009
- Potential to double export sales to 20 Mtpa (Pending Transnet expansion program)
- Agreement with Transnet to export 14.0 Mtpa – far advanced
- Feasibility for 16 (14 Mtpa export and 2 Mtpa local) and 20 Mtpa to be completed during the second quarter of 2009
- Commenced mining in F2007

Project released 2006	Ramp-up: 2008 (10 Mtpa) Full production:2010	Feasibility for 16 and 20 Mtpa: 2Q 2009	Construct and commission 16 Mtpa: 2010 to 2013
Real capital cost of R4.2 billion >85% committed		Real capital cost estimate (pre-feasibility) R7.3 billion (in January 2008 terms)	

The pre-feasibility study on the expansion of the Khumani Iron Ore Mine was completed in May 2008. The findings of the pre-feasibility study suggest good value, given conservative iron ore pricing assumptions. The pre-feasibility was followed in August 2008 with the approval of the start-up capital programme for the expansion, which is expected to add 6 Mtpa to the Khumani mine's output of 10 Mtpa.

A feasibility study on the project is expected to be completed in the second quarter of the 2009 calendar year and pending a positive outcome, final approvals will be sought from the respective boards for the official commencement of the expansion. Total capital expenditure for the expansion is preliminarily estimated at R7.3 billion, inclusive of contingencies and escalations. Approval of the initial capital (R1.2 billion) will enable the mine to order long-lead items, which will in turn assist in the rapid construction of the project.

Current plans are to allocate 4 Mt to the export market, with the balance of 2 Mt to be supplied to the South African domestic market.

Assmang has received a commitment from Transnet to extend the current iron ore export allocation from 10 Mtpa to 14 Mtpa, increasing Assmang's export capacity accordingly. This will dovetail with the iron ore channel expansion from 47 Mtpa to 60 Mtpa.

Manganese Division

Nchwaning and Gloria Manganese Mines and Cato Ridge Ferromanganese Works

Description of assets	Three underground mines with supporting infrastructure such as processing plants, load-out stations and housing. The alloy operation consists of six high carbon ferromanganese furnaces with an additional furnace to produce refined ferromanganese.							
Management	Joint management by ARM and Assore. ARM provides administration and technical services, while Assore performs the sales and marketing function.							
Measured and Indicated Resources		Mt	Mn%	Fe%		Mt	Mn%	Fe%
	Nchwaning				Gloria			
	Seam 1	138	44.7	8.83	Seam 1	52.5	38.3	5.54
	Seam 2	185	42.5	15.4	Seam 2	29.4	30.0	10.0
Proved and Probable Reserves	Nchwaning	115	44.7	8.83				
	Gloria	40.4	38.3	5.54				
Number of employees/contractors	2 071 (including 871 contractors)							

Review of the year

US Dollar manganese ore and alloy prices achieved increased materially, in excess of 80%, for F2008, with contractual negotiations for manganese ore for the F2009 Japanese fiscal year (effective 1 April 2008), having been concluded at approximately a 300% increase for the first quarter of the fiscal year and which will be reviewed quarterly.

The manganese mines had an exceptional production year by increasing production tonnes by 12% over the previous year. This was primarily achieved at Nchwaning 3 due to increased working areas.

Total manganese ore tonnes sold on the export market (3.12 Mt) exceeded the guarantee tonnes by Transnet (1.675 Mt) due to extensive road hauling (0.76 Mt) to the Richards Bay port.

Cato Ridge Works had a worse than expected production year. This was mainly attributable to the explosion at the No. 6 Furnace in February 2008 and the subsequent prohibition notice being issued by the Department of Labour on the other furnaces. Five of the six furnaces were recommissioned by June 2008 while the No. 6 furnace is in the process of being rebuilt.

The manganese mines' production costs were 19% higher than the previous financial year. This was mainly due to higher costs associated with incentive schemes due to the excellent results achieved. Had the costs been based on the original planned incentive scheme provisions, the cost of production would have been in line with inflation.

Cato Ridge Works' cash costs in real terms were 20% higher than the previous financial year. This was mainly due to lower tonnes produced.

Future furnace production at Cato Ridge Works is expected to be lower than the designed capacity of 240 000 tpa due to reduced power availability and the loss of production at the No 6 Furnace which will only be recommissioned during the fourth quarter of 2008 calendar year. The cost of production at Cato Ridge Works will increase as a result of reduced tonnage produced and increased costs associated with electricity and reductants.

Production from the manganese mines is planned to increase in the next financial year. The additional tonnage will be produced from increased development at the Nchwaning mine to ensure future optimal exploitation of the resource.

Gloria Mine will also increase production year-on year to meet market demands related to the quality requirements of customers.

Manganese sales volumes are expected to be slightly lower, despite production increases, to allow for stockpile rebuild. Stockpiles were reduced to very low levels during F2008.

The manganese mines' cost of production is expected to escalate above inflation owing to contractor costs associated with temporary screening of additional volumes, and additional labour costs for continuous mining operations (CONOPS).

Refer to page 164 for Manganese segmental information

Manganese division

	F2005	F2006	F2007	F2008	F08 / 07 %change
Headline earnings attributable to ARM (Rm)	369	163	288	2 044	610
Operating profit (%)	47%	25%	33%	64%	94
Manganese mines					
Manganese ore produced (000t)	1 882	2 572	2 847	3 154	11
Manganese ore sales* (000t)	1 811	1 678	2 327	3 711	59
Revenues* (Rm)	1 104	994	1 310	6 796	419
Total costs (Rm)	553	586	858	2 060	140
Operating profit (Rm)	551	408	452	4 736	948
Capex (Rm)	353	156	174	218	25
Manganese alloys					
Manganese alloys produced (000t)	281	309	347	261	(25)
Manganese alloys sold (000t)	197	260	251	247	(2)
Sales revenues (Rm)	1 305	1 015	1 380	2 756	100
Total costs (Rm)	774	915	931	1 332	43
Operating profit (Rm)	531	100	449	1 424	217
Capex (Rm)	47	83	123	293	138

* Excluding intra–company sales

ARM Ferrous

Chrome Division

Dwarsrivier Chrome Mine and Machadodorp Ferrochrome Works

Description of assets	The Dwarsrivier operation comprises one underground mine with supporting infrastructure, including processing plants. The Machadodorp operations consist of a pelletising plant, a high carbon ferrochrome closed furnace, three high carbon ferrochrome open furnaces and a metal recovery from slag plant, all with supporting infrastructure
Management	Joint management by ARM and Assore. ARM provides administration and technical services, while Assore performs the sales and marketing function.
Measured and Indicated Resources	44.0 Mt at 39.16% Cr_2O_3%
Proved and Probable Reserves	39.16 Mt at 39.16% Cr_2O_3%
Number of employees/contractors	1 922 (including 1 000 contractors)

Review of the year

The chrome division achieved a record performance, matching the iron ore division's contribution to Assmang's headline earnings. This was due to increased sales volumes accompanying increased ferrochrome prices. Achieved dollar charge chrome prices increased by approximately 70% for F2008.

Chrome ore sales increased 77%, however, because the majority of chrome ore is supplied at cost to Machadodorp, the operation achieved close to break-even results. The mine is commencing the process to convert from contractor mining to owner operator.

Charge chrome sales increased 19%, benefiting from increased chrome ore sales from Dwarsrivier. Machadodorp was also able to make up production losses associated with electricity cutbacks during the earlier part of F2008, 2008, whilst Cato Ridge reduced its power consumption due to the accident.

Dwarsrivier Chrome Mine is in the process of constructing a new mining area. Ore mined from this area will be stockpiled to ensure continuous production during the process of converting to owner operator.

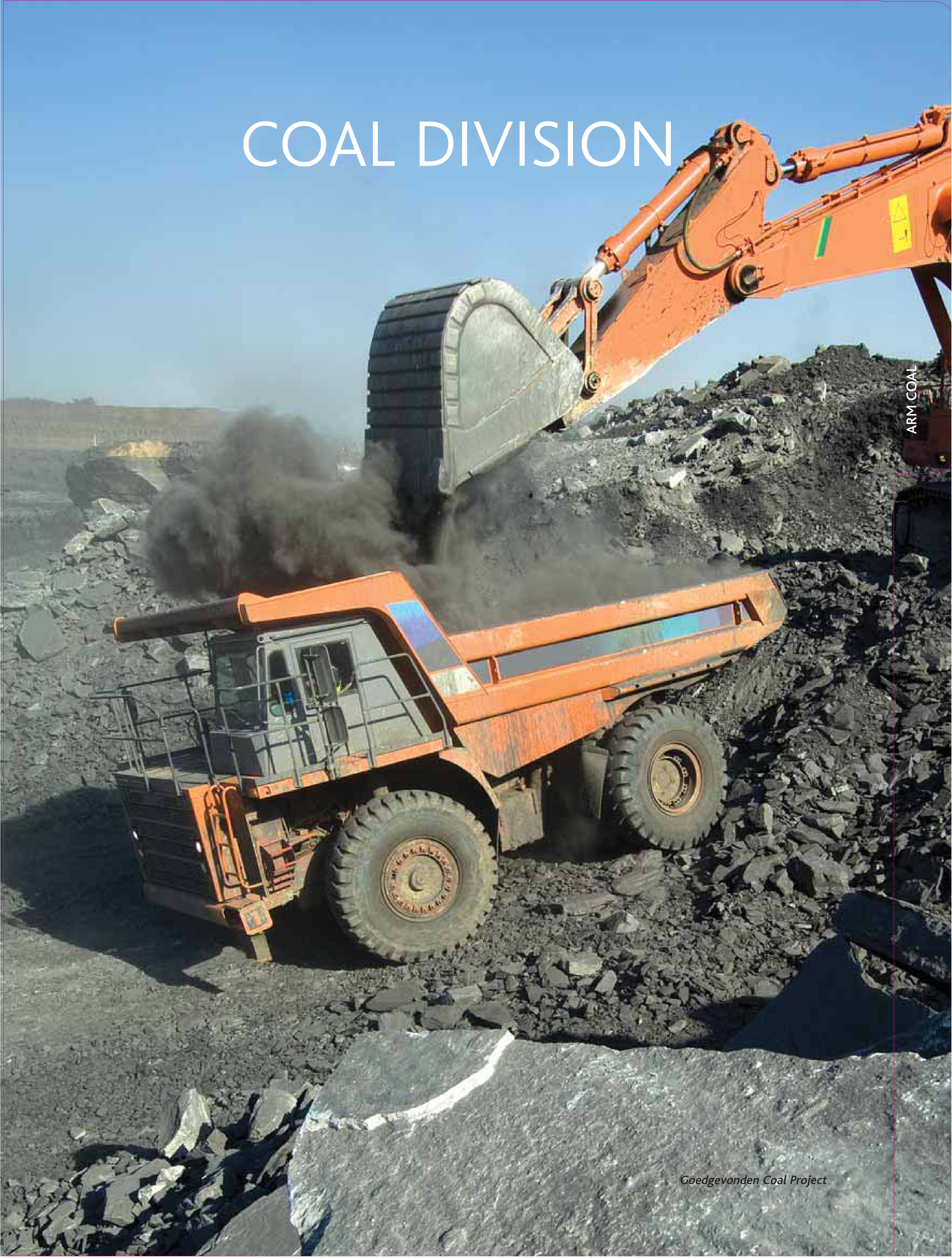
Refer to page 164 for Chrome segmental information

Chrome division

	F2005	F2006	F2007	F2008	F08 / 07 % change
Headline earnings atributable to ARM (Rm)	43	(32)	38	342	800
Operating profit (%)	16%	-3%	9%	38%	322
Dwarsrivier chrome ore					
Chrome ore produced (000t)	568	526	710	849	20
Chrome ore sold* (000t)	35	178	172	304	77
Operating profit (Rm)	(10)	(6)	(12)	(3)	75
Capex (Rm)	95	59	122	68	(44)
Machadodorp charge chrome					
Charge chrome produced (000t)	266	230	242	270	12
Charge chrome sold (000t)	262	210	232	275	19
Sales revenues (Rm)	1 149	870	1 195	2 331	95
Total costs (Rm)	955	893	1 069	1 382	29
Operating profit (Rm)	194	(23)	126	949	653
Capex (Rm)	57	61	77	90	17

* Excluding intra–company sales

COAL DIVISION



Goedgevonden Coal Project

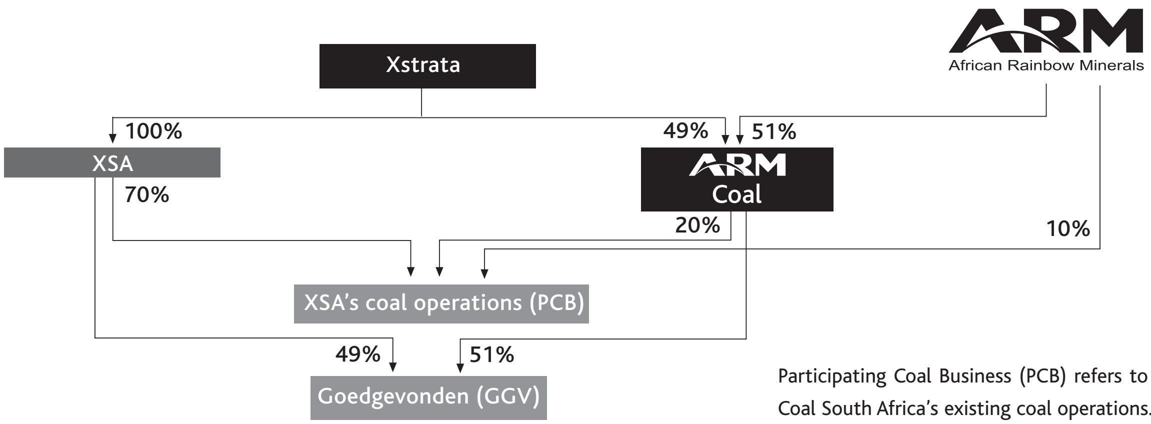
ARM Coal

Divisional structure

ARM Coal was formed in July 2006 in partnership with global diversified mining group Xstrata plc. The ownership structure is depicted below:

In addition, ARM Coal holds the following:

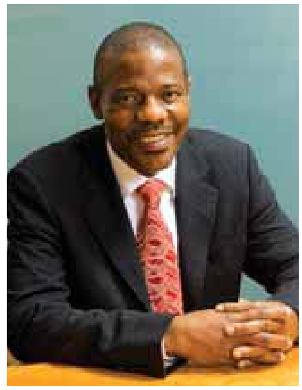
- access to Xstrata's 20.9 % interest and entitlement in the Richards Bay Coal Terminal (RBCT); and
- an export entitlement of 3.2 Mtpa in the phase V expansion at RBCT which is expected to be commissioned during the first half of the 2009 calendar year.



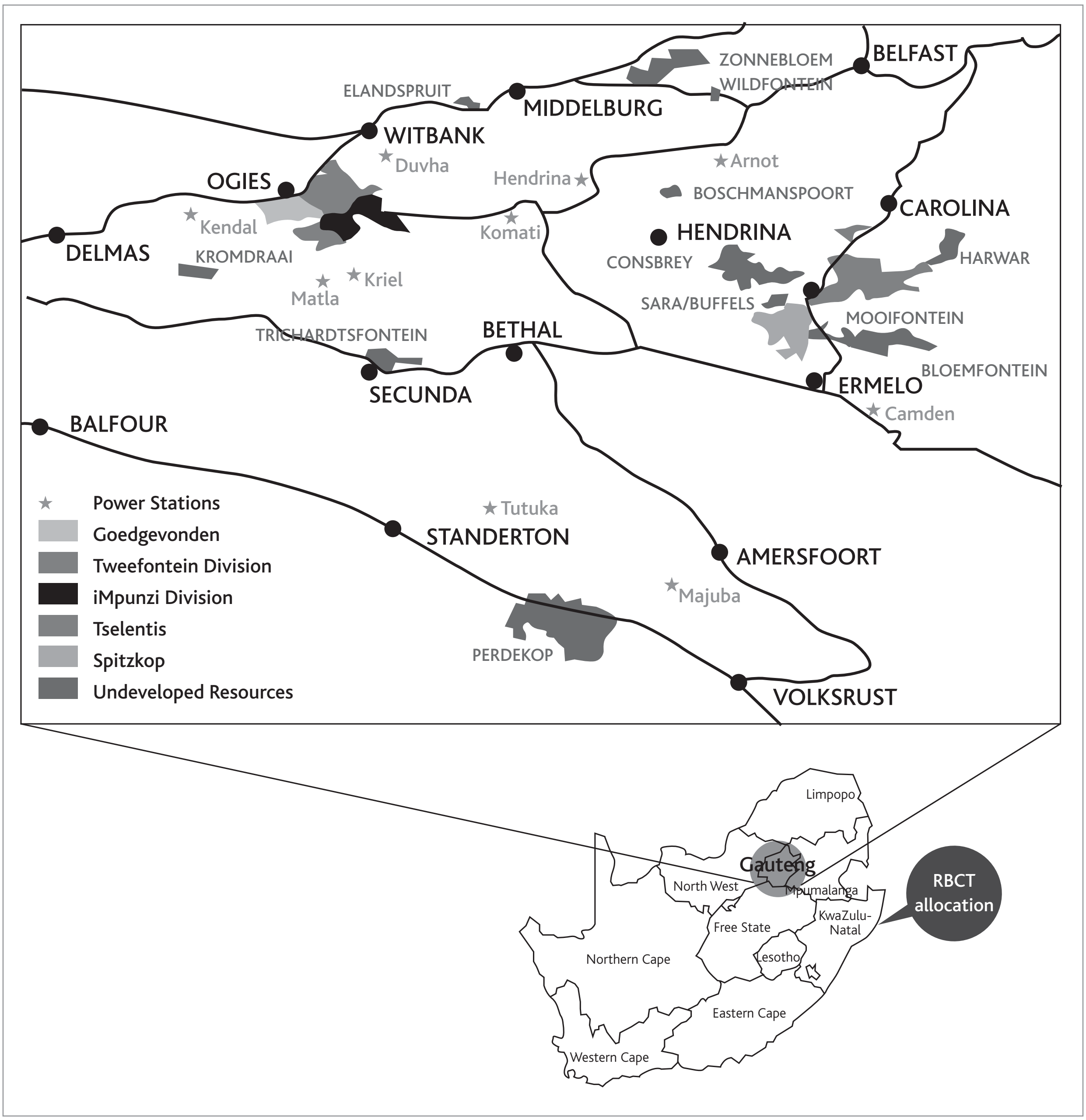
Participating Coal Business (PCB) refers to Xstrata Coal South Africa's existing coal operations.

Scorecard

F2008 objectives	F2008 performance	F2009 objectives
Participating Coal Business (PCB)		
Maintain export sales volumes	Export volumes flat	Maintain export volumes
Increase local sales volumes	Local sales increased approximately 47% per energy unit of coal sales	Maintain domestic sales but at increased prices
Commission 5 Seam operation at Southstock	Commissioned opencast and commenced underground workings	To ramp-up underground production at Southstock 5 seam
Restructure DTJV with BECSA	Interim phase applies for 18 months from January 2008	Extract synergy from plant, machinery and infrastructure
Goedgevonden (GGV)		
Conclude volume contract/off-take with Eskom	Commenced volume contract negotiating for 3.5 Mtpa sales to Eskom	Conclude price negotiations for Eskom volume off-take contract
Maintain export sales from current operations	Export volumes maintained	Increase export sales
Increase local sales	Above two-fold sales increase	Maintain domestic sales but at increased prices per energy unit of coal sales
Ensure GGV project remains on schedule and within budget	Project on budget and on schedule	Start CHPP and ramp-up in first half of calendar 2009



Mangisi Gule
Chief Executive: ARM Coal



ARM Coal

Operational overview – attributable to ARM

	Sales			Operational
	F2008	F2007	% change	target F2009
Attributable sales (Mt)				
PCB	4.9	4.4	11	
Export (Mt)	2.7	2.9	(7)	→
Domestic (Mt)	2.2	1.5	47	
GGV	0.7	0.3	133	
Export (Mt)	0.1	0.1	–	↗
Domestic (Mt)	0.6	0.2	200	
ARM total	5.6	4.7	19	
Export (Mt)	2.8	3.0	(7)	↗
Domestic (Mt)	2.8	1.7	65	
ARM Coal cash operating margin (%)	37	27	37	
Headline earnings attributable to ARM (R million)	175	1	>500	

Review of the year

Headline earnings contribution from ARM Coal increased from R1 million in F2007 to R175 million in F2008. Operating margins have increased to 37% (F2007: 27%) driven by strong local and international thermal coal prices.

Total saleable production attributable to ARM Coal increased by 19% for the year under review. Sales volumes from GGV increased due to additional sales to Eskom. Owing to Eskom's acute demand for coal to fuel power stations, the coal operations were not affected by Eskom's load shedding programme. During F2008 approximately 51% of ARM Coal's production was exported. The major import countries are the United Kingdom, Spain, France and the Benelux region (the Atlantic market).

Costs during the year were well controlled, a particularly pleasing achievement in a high mining cost inflation environment. On-mine cash costs per saleable tonne increased by 1% year on year to R148.40 per tonne. Despite substantial increases in labour, maintenance, steel, diesel and contractor costs, business improvement initiatives resulted in significant cost savings.

Xstrata Coal South Africa (XCSA) held a 16% share in the Douglas Tavistock Joint Venture (DTJV) which was managed by BECSA. An agreement was structured from January 2008 for a separation, effected by the transfer to XCSA of a discrete portion of DTJV's resources and equipment, reflecting a 16% share of the DTJV, allowing Xstrata to separately and independently manage the resources.

This will result in BECSA and XCSA operating discrete coal mining areas for their own account. The affected resources are adjacent to the existing Arthur Taylor Colliery Opencast Mining (ATCOM) operations. XCSA plans to mine these resources using conventional open cut means (dragline and truck/shovel), to upgrade the under utilised ATCOM plants to process the additional coal to production and utilise the existing ATCOM train loading facilities. This is expected to result in significant optimisation and synergy benefits for XCSA.

ARM Coal believes it is well positioned strategically as most of the coal produced by PCB is of export quality. The quality of coal sold on the local market, which includes sales to Eskom, can vary significantly in energy value, thereby affecting prices achieved. ARM Coal, through the GGV Project aims to sell coal at an average value of 22 Mj/kg to Eskom. The product sold to Eskom from GGV will be a washed and sized product which implies further quality and efficiency improvements for Eskom.

Reconciliation of headline earnings with operating profit

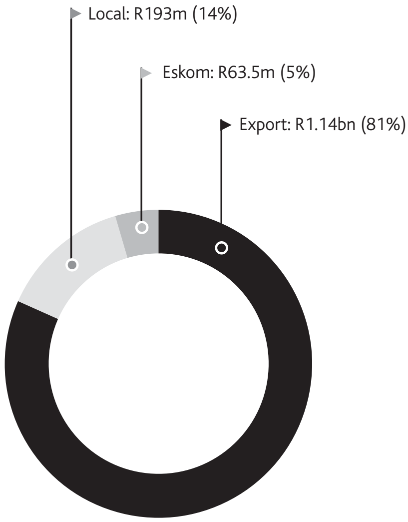
Earnings from the coal division attributable to ARM were negatively impacted by a number of accounting issues:

- the IFRS accounting requirement related to imputed interest on the Xstrata debt facilitation
- additional amortisation at the ARM level provided as a result of the IFRS purchase price allocation rules.

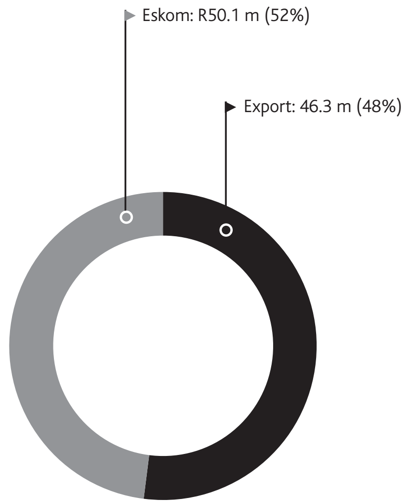
	F2008	F2007
ARM attributable headline earnings reported	175	1
Add: additional amortisation	21	37
Imputed interest on Xstrata R4 billion debt facilitation	30	27
Less: Taxation	-14	-19
ARM attributable headline earnings excluding IFRS adjustment	211	46
Add: Normal interest	82	70
Normal amortisation	190	132
Taxation	57	20
ARM's attributable operating profit	540	268
ARM's share of distributable cashflow	155*	20

*Subject to ARM Coal board approval

F2008 PCB Revenue (attributable to ARM)



F2008 GGV Revenue (attributable to ARM)



Safety

During the financial year under review none of the 12 mines comprising the PCB operations experienced a fatal accident.
GGV achieved 2.4 million hours without a lost time injury during May 2008. This outstanding safety achievement was, however, marred by a fatal incident on 23 June 2008, when Mr. Bernard Mabilu, a contractor employee working on a roof installation, fell to his death. We extend our deepest condolences to the bereaved family, friends and colleagues of the deceased.

Mining rights status

The documentation supporting the application for the conversion of old order mining rights to new order rights has been submitted for most of the mining properties and efforts continue to expedite approval.

A total of 20 prospecting rights have been granted. ARM Coal has applied for mining rights for eight of these, and will be applying for the renewal of the remaining prospecting rights to enable further work on them.

The old order mining right over the GGV property was granted and notarially executed during the year under review. The new order mining right in respect of the Zaaiwater property was granted and notarially executed in the first quarter of the 2008 calendar year. ARM Coal will apply for a Section 11 transfer to incorporate both these licences into one licence under Goedgevonden Coal (Pty) limited.

Capital expenditure

Capital expenditure during the current year increased by 162.5% compared to the previous year, reaching levels of R3.2 billion. The main capital expenditure items comprised the 5 Seam Project at Southstock and the Tweefontein open cast project. The total capital spent at GGV was R1.4 billion.

Prospects

ARM Coal is well positioned to benefit from higher export prices as GGV starts to ramp up its export sales. Similarly, as Eskom continues to require additional coal to meet its growing electricity requirements, local prices are expected to remain strong for the next financial year. Cost pressures are expected to continue, especially due to the persistently high consumables, labour and power costs. However, ARM Coal expects that, with its growth into new operations, the volume increases will assist to contain unit cost increases. GGV is expected to be a lower quartile cost producer on the global thermal coal cost curve. We are continually evaluating our prospecting rights in the Witbank area. Future development of potential mining operations may be constrained by both rail and road infrastructure.

Market review

ARM Coal benefited from the higher thermal coal prices, both in domestic and export sales. However, a significant portion of coal produced had already been sold forward a few years ago on long-term fixed price contracts at prices considerably lower than spot. These contracts are due to be renewed at current prices during 2009, and it is expected that from renewal the full benefit in current coal prices will be achieved.

XCSA performs the marketing function for our coal and are responsible for new coal price re-negotiations. The weighted average price achieved by ARM Coal for the year under review was 31% higher than the previous financial year. Export sales volumes accounted for 80% of total sales revenue.

ARM Coal

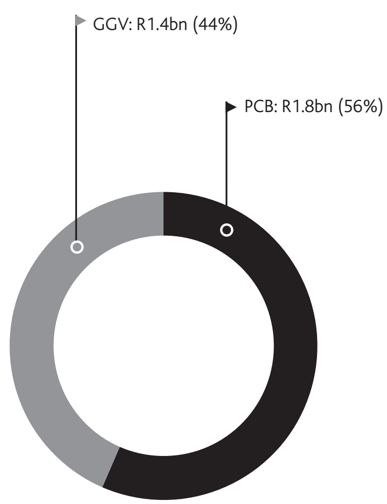
Higher oil and gas prices continue to strengthen demand for coal for power generation in the European market. European demand is estimated to grow 2% or by 3 Mt in 2008. Supply disruptions and competing demand growth for South African coal in Asian markets has led to South African coal being diverted to the Pacific market, precipitating significant price increases in the Atlantic market.

Heavy rainfall in the first half of 2008, power supply disruptions and performance issues with rail transport have curtailed exports of South African coal, down by over 9% compared to the first half of 2007. Incremental demand from Eskom to counteract power shortages has also led some producers to divert export coal into the domestic market, further limiting exports. Supply shortages have required domestic consumers to purchase some higher grade coal and as a consequence, domestic market prices for the latter have risen dramatically to approximate export parity.

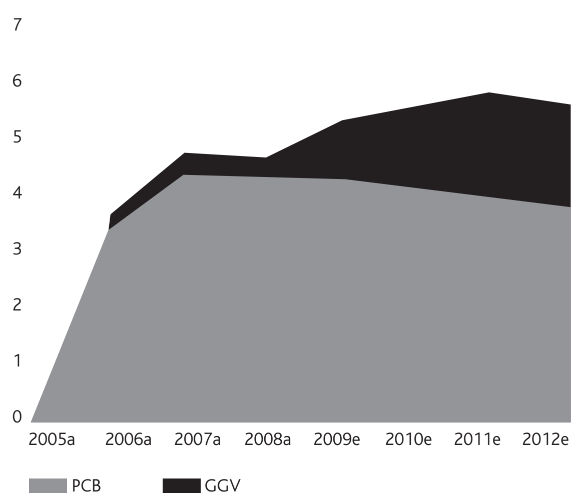
Sustained strong demand and restricted supply are expected to underpin robust prices throughout the second half of 2008 and into 2009. Higher cost marginal tonnes from the US will continue to be required in the European market to offset supply shortfalls from South Africa. The lack of bituminous coal supply growth in the US is leading to stock depletion and will continue to support strong US domestic and Atlantic pricing.

The combination of supply shortages and continued strong demand for thermal coal in the Atlantic market have resulted in forward curves for 2009/2010 flattening at levels around current spot prices, reflecting Xstrata's view that thermal coal prices will remain strong into 2009 and beyond.

F2008 capital per operation (100% basis)

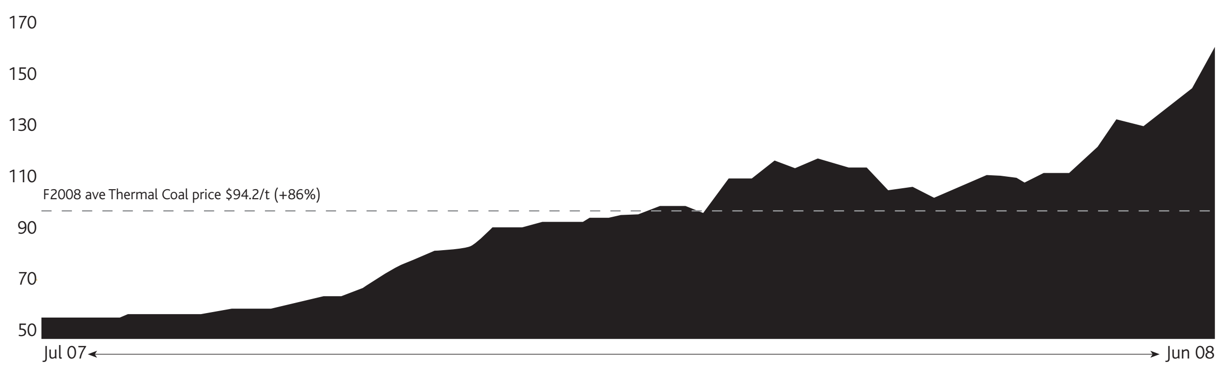


ARM attributable thermal coal sales (Mt)



Thermal coal market pricing trends for F2008

RBCT FOB ($/t) spot prices



Participating Coal Business (PCB)

ARM's economic interest	20.2%
Description of assets	12 coal mines situated in Witbank, Middelburg and Ermelo in Mpumalanga Province. Four mines are opencast and the balance underground mines. About 55% of production is from underground operations.
Management	Governed by a supervisory committee with five Xstrata representatives and three ARM representatives
Reserves and Resources (100% basis)	358 Mt
Number of employees/contractors	7 700
Life of mine	Economic life of mines range from seven to 27 years

Review of the year

Operating margins increased from 27% to 35% driven by higher export and local coal prices received. The increased in domestic sales is attributable mainly to increase demand from Eskom. Saleable production from PCB operations was 10% higher than the previous financial year. At the ATC underground operation volumes were lower, indicating the depletion of reserves at that operation. However, production from the Southstock 5 seam started early in 2008, and is expected to offset the loss of production from the ATC underground workings. Tweefontein and Impunzi, the two largest producing operations, saw increases in sales due to increased demand from Eskom.

Substantial increases in costs associated with labour, maintenence, diesel, steel and power resulted in on–mine unit costs increasing by 19% over the period to R165 per saleable tonne.

PCB

Description	F2008	F2007	F08/07 % change
Cash operating profits (R'm)	2 425	1 353	79
Cash operating margin (%)	35	27	30
Capex (R'm)	1 805	1 024	76
Average price received (R/tonne)			
Export FOB ($/t)	58.6	44.5	32
Inland FOR (R/t)	117.0	70.0	67
Cash cost per saleable tonne (R/t)	165.5	138.9	-19
Total saleable production (Mt)	23.7	21.6	10
Impunzi (Mt)	6.2	5.3	17%
Mpumalanga (Mt)	2.6	2.8	-7%
South Stock (Mt)	5.5	5.0	10%
Tweefontein (Mt)	6.2	5.0	24%
DTJV (Mt)	3.2	3.5	-8%
Total sales (Mt)	24.0	21.7	10%
Export (Mt) 27 500 MJ/kg	13.2	13.3	-1%
Domestic (Mt) 15 - 20 000 MJ/kg	10.8	8.4	29%

ARM Coal

Goedgevonden (GGV)

ARM's economic interest	26.01%
Description of assets	An opencast coal mine situated near Ogies in Mpumalanga Province. Goedgevonden will be a large-scale, long-life, low-cost mine with new infrastructure. It will produce on average 12Mtpa of ROM coal which will yield 3.2Mtpa export grade coal and 3.5 Mtpa Eskom grade coal at an overall yield of 55%. The coal reserves are 357 Mt ROM with a low average strip ratio of 2.2 bank cubic metre per tonne of coal (bcm/t).
Management	Governed by a management committee, controlled by ARM Coal, with four ARM representatives and three Xstrata representatives
Reserves and resources (100% basis)	198 Mt
Number of employees/contractors	397
Life of mine	33 years

Review of the year

The GGV Project is progressing well and as at 30 June 2008 about 72% of the total project costs had been committed. Indications are that the project will still be completed during the first half of the 2009 calendar year and within the budget of R3.2 billion.

As anticipated, export sales levels at GGV were similar to those of last year, reflecting the continuing development stage of the mine. The next year is likely to see an increase in export sales volume as GGV progresses into production, ramping up to full production by 2011. Production at the GGV Project is increasing as the mine starts moving from the development phase into the production phase. Most of the equipment and personnel are on site and well established. Construction at GGV is progressing well, and commissioning of the project is on schedule for the first half of 2009.

GGV benefited significantly from increased sales volumes to Eskom which experienced coal shortfalls during the year. Higher sales volumes to Eskom, combined with a 152% increase in average prices obtained, increased operating profits by R143 million. This benefit was felt particularly in the second half of the financial year.

At GGV cash costs per sales tonne reduced by 21% year-on-year to R80.95, reflecting the capitalisation of working costs in excess of the long-term cost per saleable tonne of the new operation until production reaches steady state levels.

Goedgevonden mine

	F2008	F2007	F07/08 % change
Cash operating profits (Rm)	195	34	473
Cash operating margin (%)	53	26	104
Average price received			
Export FOB ($/t)	55.42	44.69	24
Eskom FOR (R/t)	81.30	32.31	152
Cash cost per saleable tonne (R/t)	81	103	21
Capex (Rm)*	1 389	192	623
Total saleable production (Mt)	1.6	1.6	–
Total sales	2.9	1.0	190
Export (Mt) 27 500 MJ/kg	0.5	0.4	25
Domestic (Mt) 20 000 – 22 000 MJ/kg	2.4	0.6	300

*Excludes capitalised interest

Goedgevonden Project update

6.7 mtpa saleable thermal coal

3.2 Mtpa export sales (27.5 mj/kg)

- ARM Coal has secured 3.2 Mtpa additional capacity at Richards Bay Coal Terminal

3.5 Mtpa domestic sales (22 mj/kg)

- Eskom off-take negotiations ongoing
- In close proximity to four power stations
- Supplying a premium product (washed and sized)

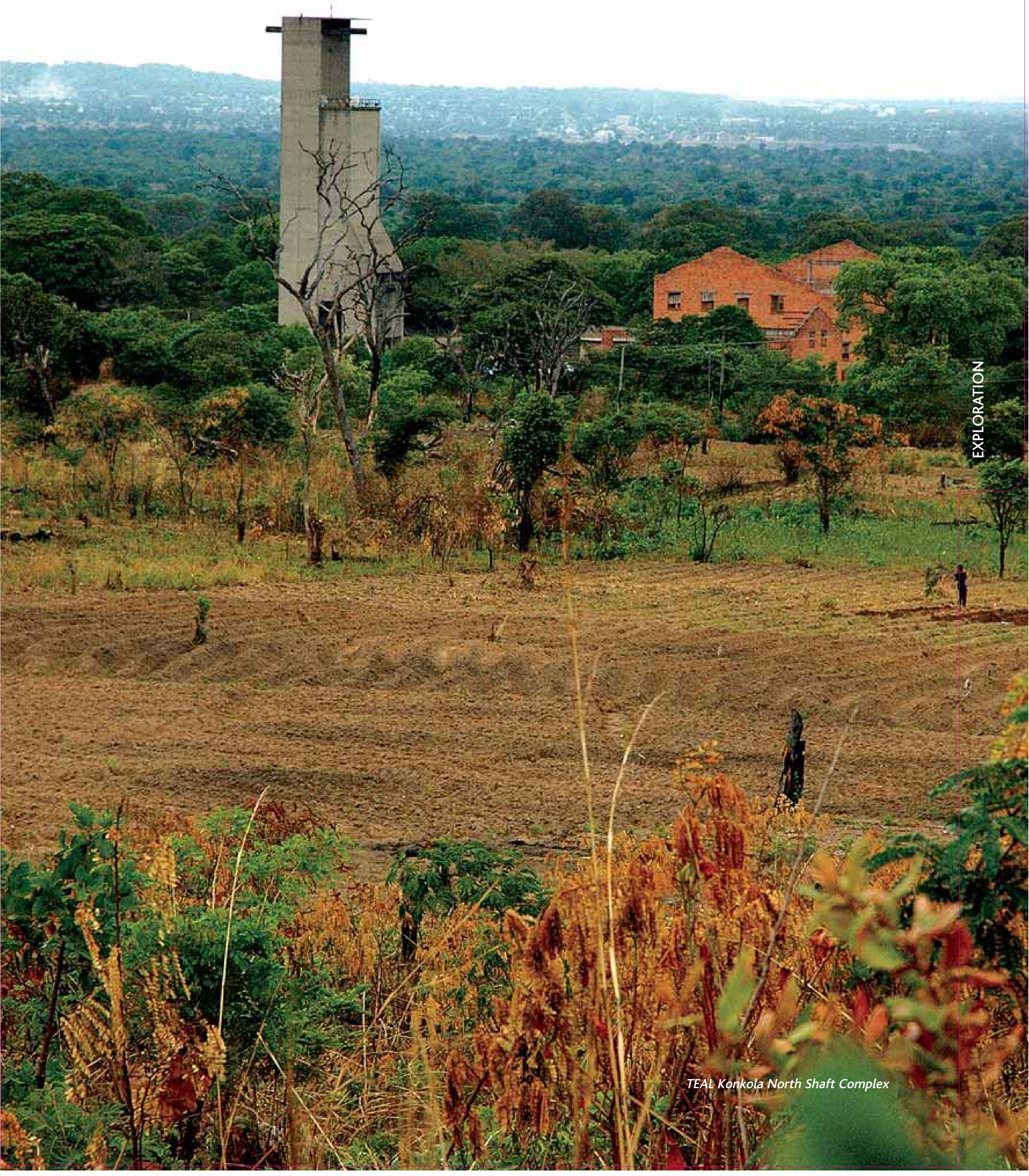
Project released 2007

Open cast mine expected to produce lower quartile of global cost curve

Ramp-up: 2009
Full production: 2011

Real capital cost of R3.2 billion, 72% committed, funded by Xstrata Coal

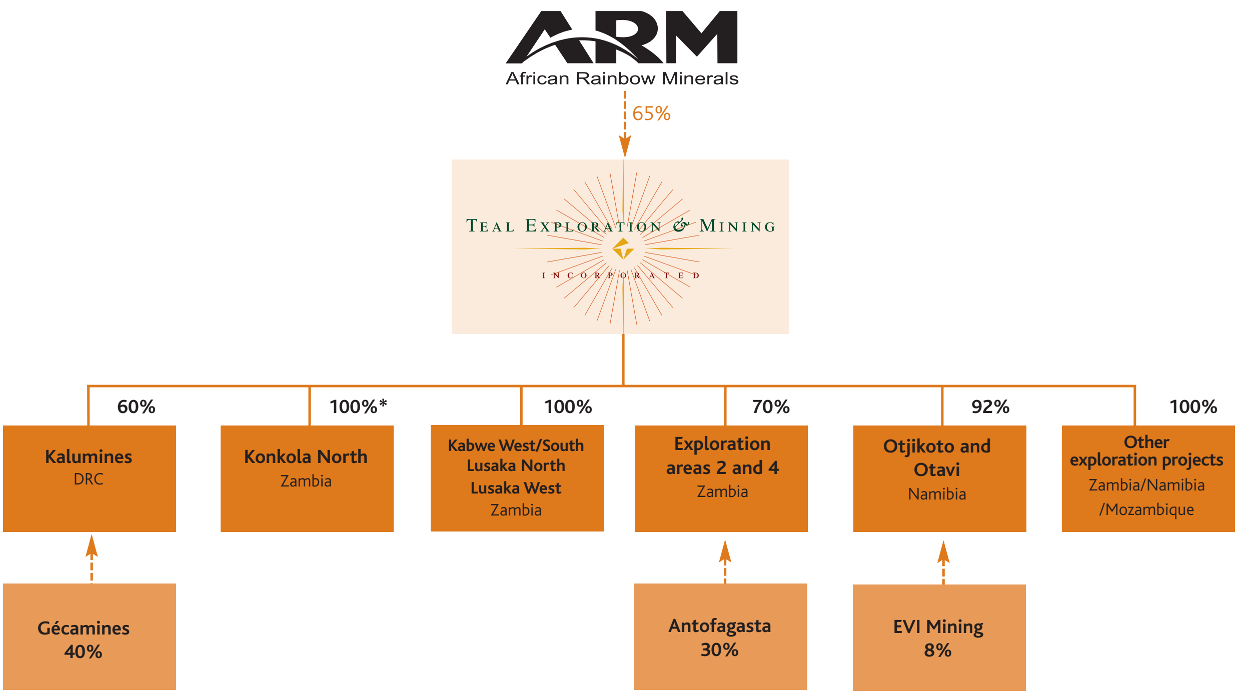
TEAL



TEAL Konkola North Shaft Complex

TEAL

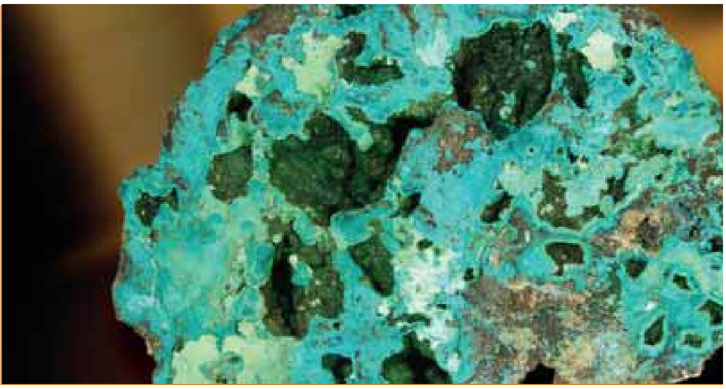
Corporate Structure



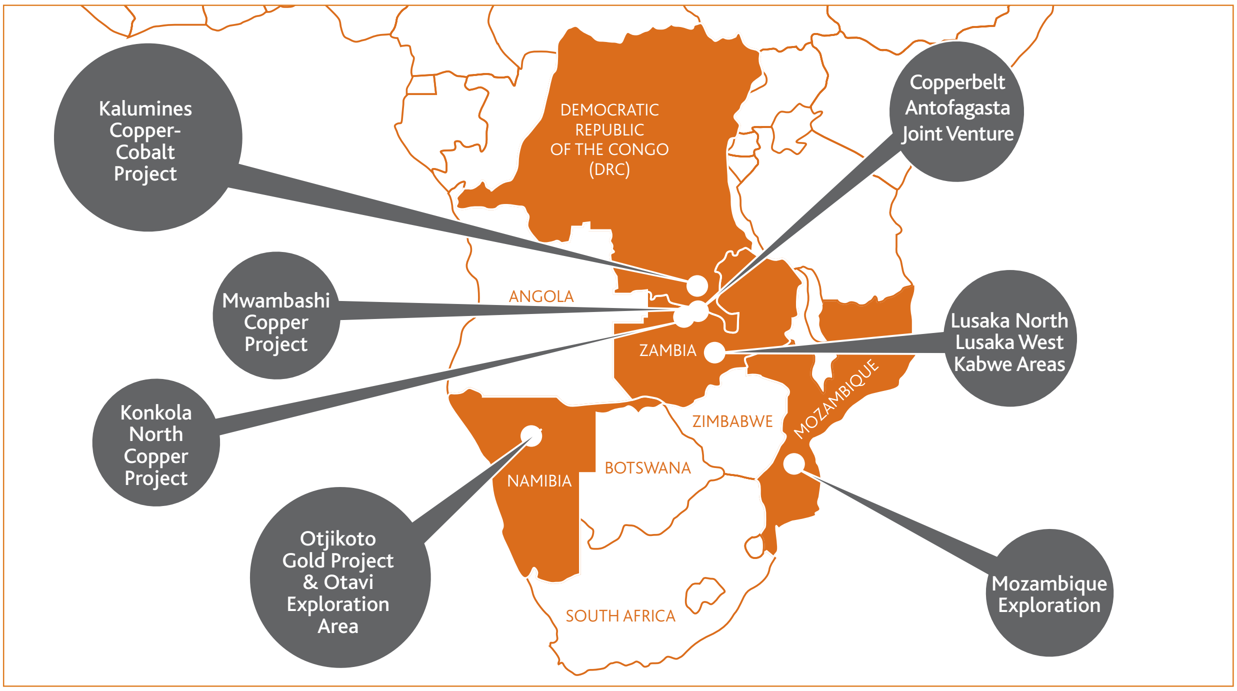
* ZCCM Investment Holdings plc has a 20% option on Konkola North, 5% of which is a "free carry".

Scorecard

F2008 objectives	F2008 performance	F2009 Objectives
ZAMBIA		
Continue the 18,000 metre exploration drilling programme at **Konkola North's Area 'A'**	Nearly 80% of the programme has been completed with encouraging drill results reported. The resource was independently verified as an inferred resource estimate amounting to 219Mt grading 2.64% copper	Complete this phase of the drilling programme in order to assess the best way forward to further verify and upgrade this large resource base.
Advance the feasibility study to assess the viability of mining the **South and East Limb at Konkola North**	Feasibility study is being revised to include the upgraded resource base of 51Mt at 2.35% copper, as well as updated capital and operating costs	To complete the feasibility study to an acceptable level so that the TEAL Board can make a go-ahead decision on this new copper mine
DRC		
Continue the exploration drilling programme at the **Lupoto Copper Project**, which forms part of TEAL's Kalumines licence area	Over 31,000 metres drilled and an initial resource reported (at a 0.5% copper cut-off): ▸ **Indicated:** 15.09 @ 2.32% copper; and ▸ **Inferred:** 9.13 @ 2.09% copper	Complete the current exploration drill programme and independently verify a final resource, which will be used in a feasibility study for a large new copper mining operation
NAMIBIA		
Continue the exploration drill programme to expand the resource base at the Otjikoto Gold Project	The indicated gold resource increased to 1.05Moz of gold, grading 1.40g/t, with an additional 877 000 ounces contained in the inferred category at a grade of 1.41g/t	Exploration drilling, specifically targeting high-grade sections of the orebody, to be continued to increase and upgrade the gold resource further



Hannes Meyer
Acting CEO: TEAL



TEAL is a Toronto Stock Exchange and JSE listed mineral development and exploration company with development projects and exploration areas in the Democratic Republic of Congo (DRC), Zambia, Namibia, and Mozambique. TEAL has targeted specific projects: the Konkola North Copper Project in Zambia; the Kasonta-Lupoto Mines s.p.r.l. (Kalumines) Lupoto Copper Project in the DRC, and the Otjikoto Gold Project in Namibia. The focus during the past year was on resource definition, feasibility study work and initial, limited mine production at the Lupoto Copper Project.

During the financial year, TEAL acquired the 30% stake held by Korea Zinc Company Limited in certain exploration properties including the Mwambashi Copper Project, resulting in the cancellation of the joint venture agreement. Thereafter, in April 2008, a joint venture agreement was concluded with Antofagasta Minerals SA for an initial 30% interest in two exploration licences (excluding the Mwambashi Copper Project).

An independently verified, total inferred resource, for Area 'A' at the **Konkola North Copper Project** in Zambia now amounts to 219 500 million tonnes at 2.64% total copper. TEAL is further evaluating these resources and seven boreholes of an 18,000 metre exploration drilling program have been completed, selected results include:

- 9.74m at 3.87% copper
- 9.75m at 5.62% copper
- 5.03m at 4.25% copper
- 11.71m at 4.17% copper

The Konkola North Copper Project feasibility study, based on an operation to exploit the South and East Limbs, is being revised to include the new resource base, which now totals 51 million tonnes at a grade of 2.35% copper. The updated feasibility study will also include a review of capital and operating costs. The finalisation of the amended feasibility study is expected by the end of the 2008 calendar year.

TEAL

TEAL has an existing mining licence over the **Kalumines** property in the DRC. Initial mining at Kalumines' Lupoto Copper Project has produced (a) 46 404 tonnes of copper concentrates, the majority of which was sold to third parties; and (b) a stockpile of approximately 800 000 tonnes, at grades of between 4% and 6% copper.

In February 2008, TEAL received written notification from the Minister of Mines in the DRC informing TEAL of the outcome of the DRC's Mining Contracts Review Commission with respect to the Kalumines property. TEAL responded to the Government in writing and TEAL has now received further correspondence proposing a meeting to discuss amendments to the joint venture agreement with Gécamines. This meeting is in the process of being scheduled.

At the Lupoto Copper Project, the first phase resource estimation, excluding the material mined at the phase 1 mining operation at a 0.5% copper cut-off and to an average of 80 metres of vertical depth, is as follows:

- Indicated Resources: 15.09 mt @ 2.32% TCu, 1.83% ASCu, 0.15% Co; and
- Inferred Resources: 9.13 mt @ 2.09% TCu, 1.73% ASCu.

TEAL increased the **Otjikoto Gold Project's** indicated gold resource from 460 000 ounces to 1.05 Moz of gold, equating to 23.3 Mt grading 1.40g/t, with an additional 877 000 ounces contained in the inferred category at a grade of 1.41g/t.

ARM is encouraged by the continuing advancement in defining the resource bases that TEAL manages and explores. To this end ARM continued to support TEAL financially as further debt financing arranged after the year-end for TEAL amounting to US$85 million, was supported by an increased matching ARM guarantee. In August 2008, ARM issued a letter of financial support in favour of TEAL for an amount of R385 million which will allow TEAL to fund continuing exploration in F2009.

TEAL's detailed results may be accessed and viewed at their website at www.tealmining.com.

Mineral resources summary as at 30 June 2008							
Mineral project	TEAL's Current Ownership	Mineral Resources Category	Tonnes (m)	Au Grade (g/t)	Contained Gold (Moz)	Total Copper (%)	Contained Copper (Mlb)
Konkola North[1]	100%	Measured	10.0	–	–	2.23	492
South Limb[2]		Indicated	2.22	–	–	2.13	1,042
		Inferred	16.2	–	–	2.22	793
East Limb[2]	100%	Measured	7.1	–	–	2.34	366
		Indicated	11.7	–	–	2.87	740
		Inferred	10.7	–	–	2.83	663
Area 'A'	100%	Inferred	219.5	–	–	2.64	12,775
Lupoto Copper project[3]	60%	Indicated	15.1	–	–	2.32	772
		Inferred	9.1	–	–	2.09	419
		Measured and					
Mwambashi Copper Project[4]	100%	Indicated	9.21	–	–	2.02	410
		Inferred	1.77	–	–	2.10	82
Otjikoto Gold Project[5]	92%	Indicated	23.3	1.4	1.048	–	–
		Inferred	19.4	1.4	0.877	–	–

Notes:

(1) ZCCM-IH has buy-in rights for up to 20% (including a 5% carried interest) of the Konkola North copper project.

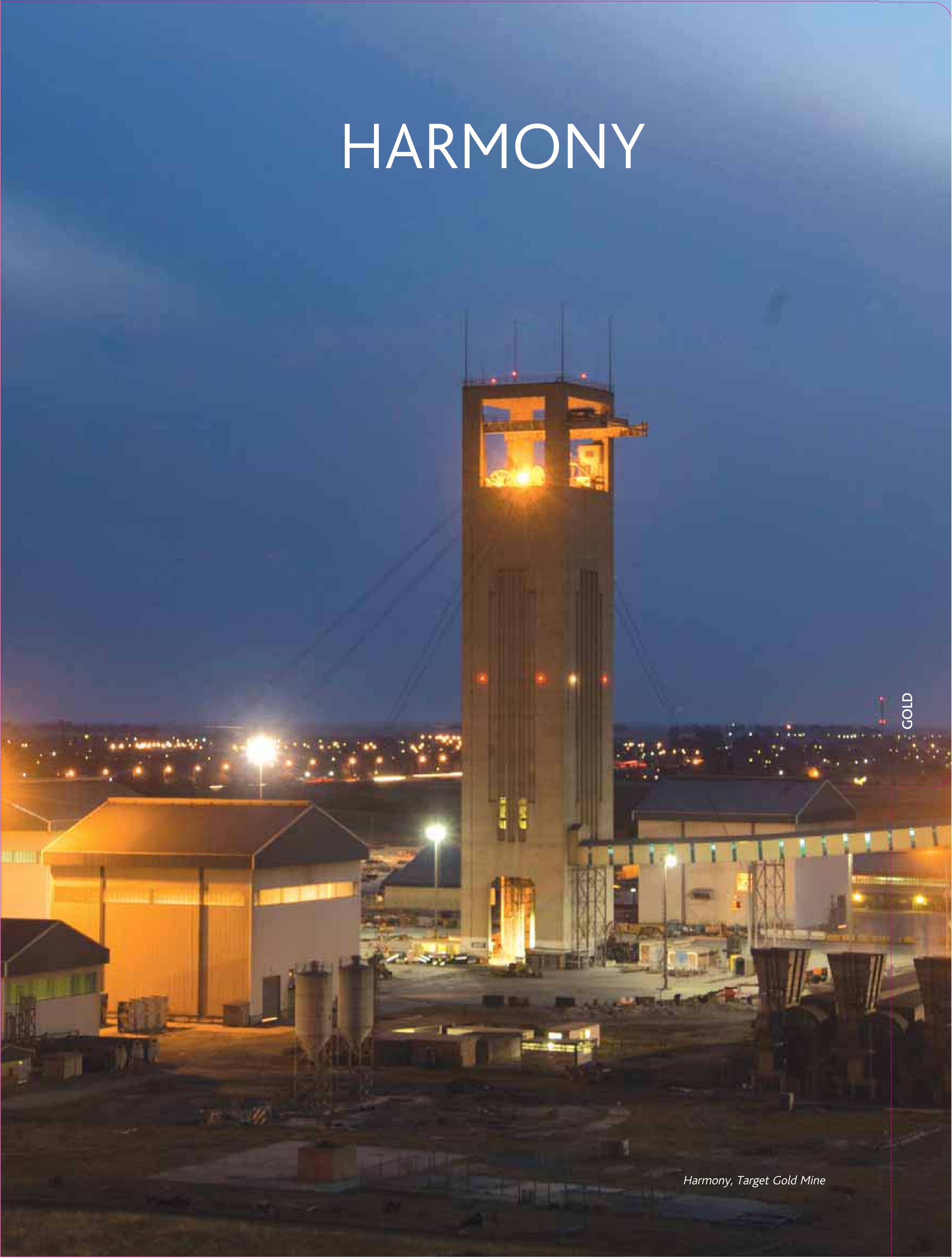
(2) The mineralized zones were modelled on a 1% total copper cut off.

(3) Partial resources – some 1.350 meters of drilling still to be incorporated. This resource also excludes a surface stockpile containing approximately 800.000 tones grading between 4% and 6% copper. The Lupoto Copper Project forms part of the Kasonta-Lupoto Mines s.p.r.l.("Kalumines") mining licence area in the DRC

(4) The mineralized zones were modeled using a 0.5% total copper cut-off

(5) The mineralized zones were modeled on a 0.4 grams/tonne gold cut-off

HARMONY



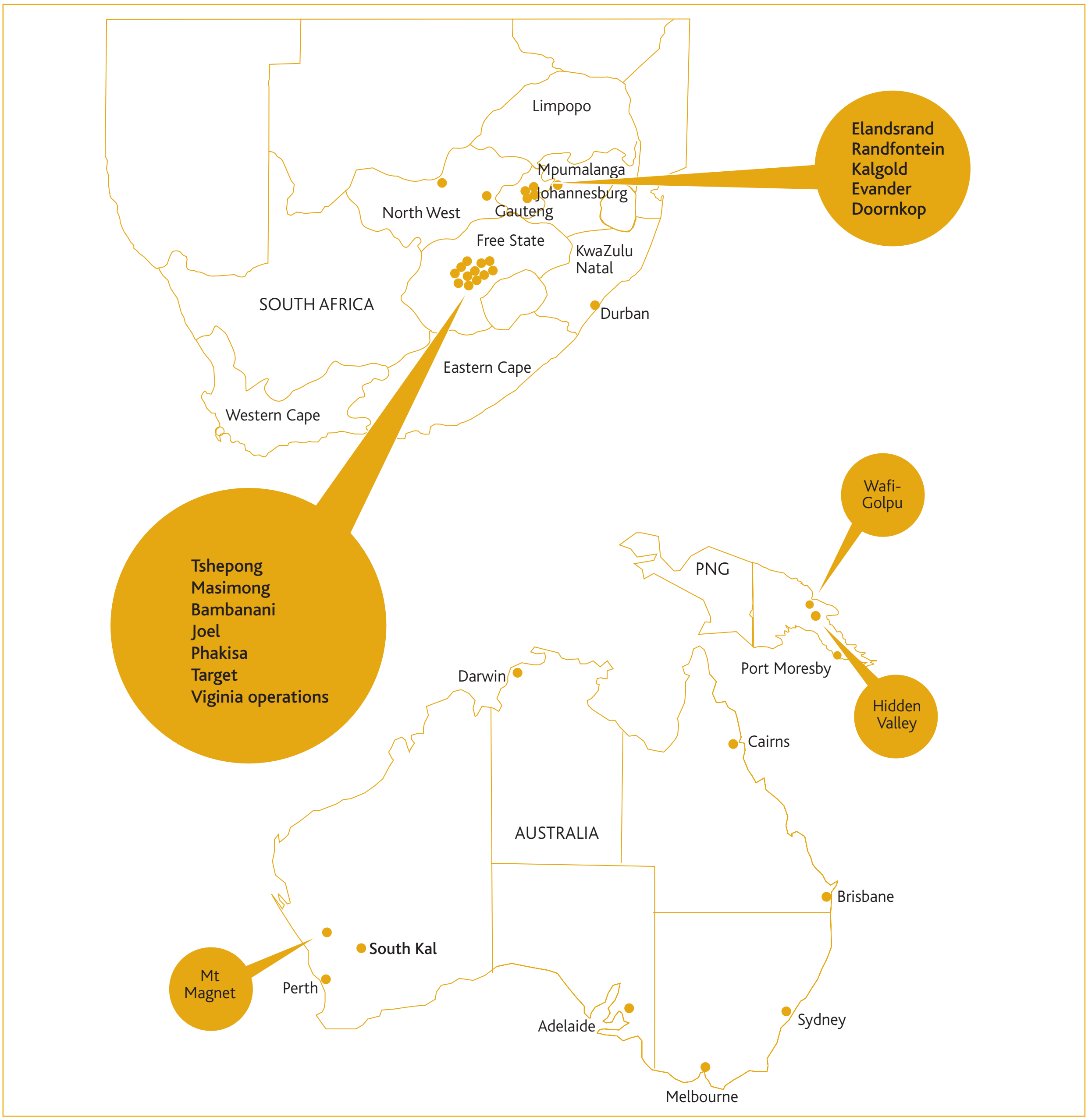
Harmony, Target Gold Mine

Harmony

Harmony, Target gold mine

Scorecard

F2008 objectives	F2008 performance	F2009 objectives
Review and re-focus operational performance	Plans revised and put in place for operational delivery Ensure management responsibility	Assess plans' effectiveness
Identify which operations are core	Identified and initiated joint ventures	Conclude joint venture agreements
Improve financial viability	Sale of non-core assets and partnering in joint ventures	Maintain and strengthen balance sheet
Identify opportunities to sustain and grow production	Continued investment in several growth projects	Explore organic growth opportunities


Limpopo
Mpumalanga
Johannesburg
Gauteng
North West
Free State
KwaZulu Natal
Durban
SOUTH AFRICA
Eastern Cape
Western Cape
Elandsrand
Randfontein
Kalgold
Evander
Doornkop
Tshepong
Masimong
Bambanani
Joel
Phakisa
Target
Viginia operations
Wafi-Golpu
PNG
Port Moresby
Hidden Valley
Darwin
Cairns
AUSTRALIA
Brisbane
South Kal
Mt Magnet
Perth
Adelaide
Sydney
Melbourne

Harmony

Harmony Gold Mining Company Limited

In its 2007 Annual Report, Harmony set out a number of interventions to address the various operational challenges faced by the group. At its results announcement on 15 August 2008, the company announced that this process had delivered moderately successful results, characterised by restructuring of the Harmony asset portfolio, and restoring the operations to profitability. The process is a long-term one, and management will continue to keep a watchful eye on its investment, as the company repositions itself as a globally competitive company.

Harmony's success in the future is principally centred around management motivation and incentivisation, being linked to cost control and operational profitability.

Harmony reported total headline earnings for the year ended 30 June 2008 of 126 cents per share (30 June 2007: earnings of 53 cents per share), and an increase in cash operating profit of 26% from continuing operations to R2 537 million (30 June 2007: R2 016 million). Gold production from continuing operations for the year was 11% lower at 48 227 kilograms (30 June 2007: 54 340 kilograms), with cash costs for the year 25% higher at R138 319/kg.

The average gold price received for the year by Harmony was US$818 per ounce, 28% higher than the US$639 per ounce achieved in FY07. The rand/dollar exchange rate was stable. trading in a reasonably narrow range, with an average exchange rate for the year of R7.26/US$ (F2007: R7.20/US$).

Significant developments at Harmony during the year, included:

- an internal due diligence process, which resulted in the strengthening of management teams as decision-making was decentralised and ineffective management levels restructured.
- value realisation from the sale of 60% of Harmony's uranium assets to Pamadzi Resource Fund and First Reserve Incorporated for US$209 million.
- securing a partner at the Morobe Mining Joint Venture to the value of US$525 million with Newcrest Mining Limited, which delivered significant immediate benefit and long-term upside potential in the Hidden Valley asset in PNG.
- the sale of three sets of non-core assets to various parties, of which two have been successfully concluded and one remains outstanding.

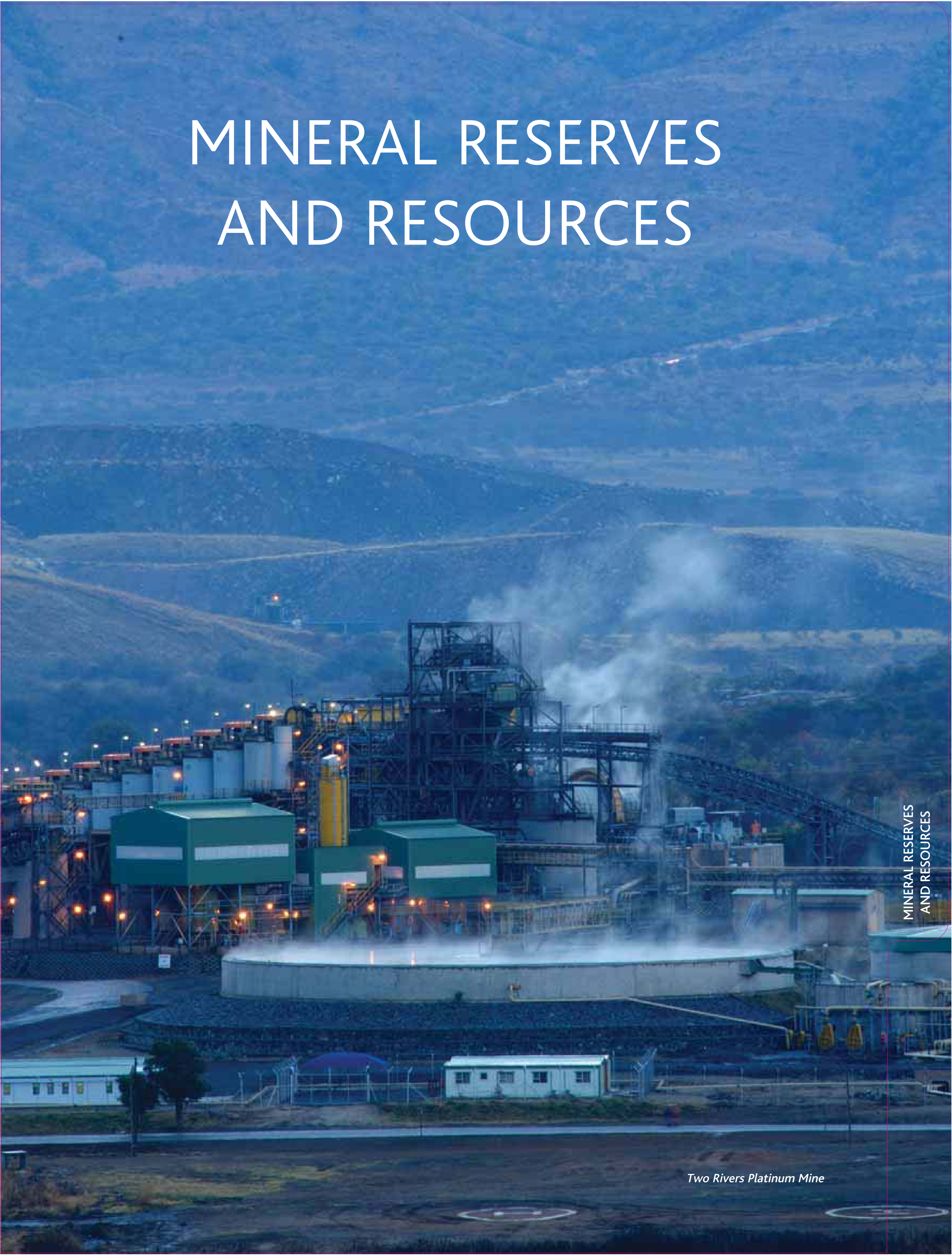
The ARM balance sheet at 30 June 2008 reflects a marked-to-market investment in Harmony of R6 045 million which is based on a Harmony share price of R95 (F2007: R100). Changes in the value of the investment in Harmony are accounted for by ARM through the statement of changes in equity net of deferred capital gains tax.

The investment reflected at market value in the balance sheet represents 10% of ARM's market capitalisation of R59 billion at 30 June 2008.

Harmony's results for the quarter and the financial year ended 30 June 2008 may be viewed on the company's website at www.harmony.co.za

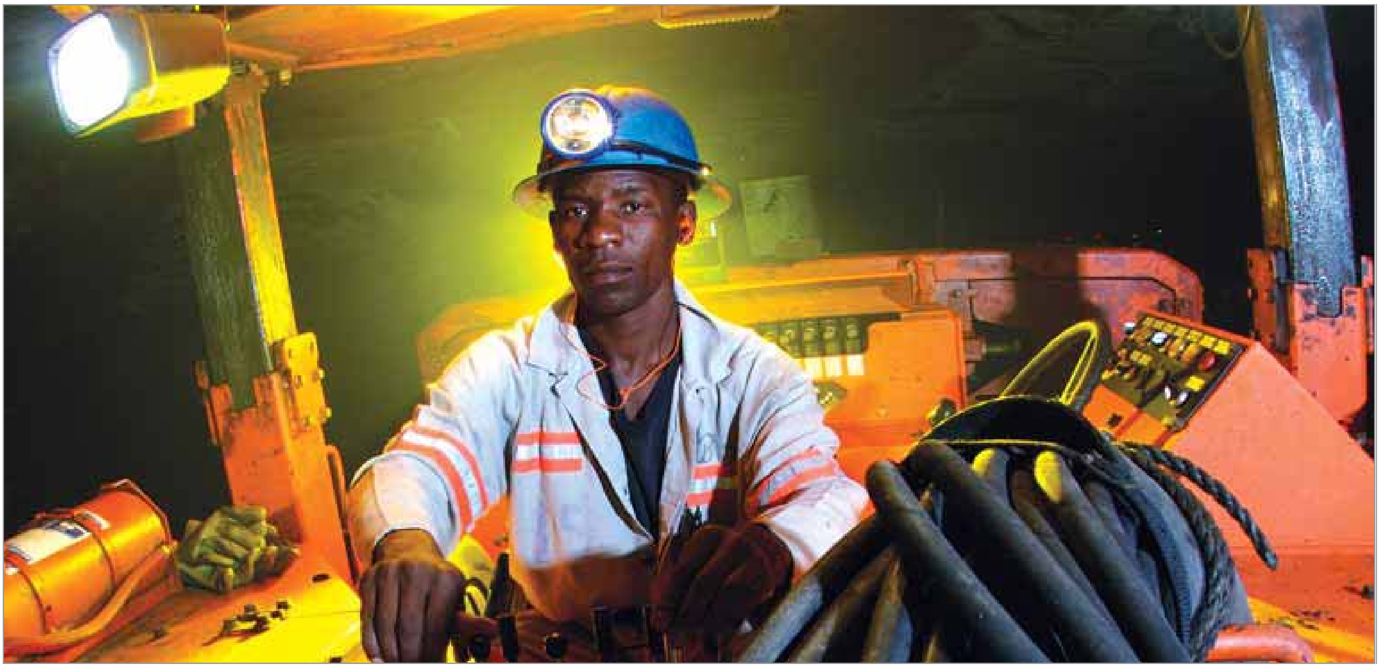
Harmony Gold Mining Company Limited		Financial year ended 30 June		
	Unit	F2008	F2007	F08/07 % change
Gold produced (continuing operations)	kg	48 227	54 340	(11)
Average gold price achieved (continuing operations)	R/kg	190 972	147 902	29
Revenue (continuing operations)	R million	9 210	8 037	15
Cash costs (continuing operations)	R/kg	138 319	110 785	25
Cash operating profit (continuing operations)	R million	2 537	2 016	26
Headline EPS (total)	SA cps	126	53	140
Fully diluted EPS (total)	SA cps	(62)	94	–
Average exchange rate	Rand/US$	R7.26	R7.20	1

MINERAL RESERVES AND RESOURCES



Two Rivers Platinum Mine

Competent Person's Report on Ore Reserve and Mineral Resources



Dwarsrivier Chrome Mine

Salient features F2008

Modikwa Platinum Mine

▸ Khumani	15% increase in iron ore reserves due to higher iron ore prices Production started May 2007
▸ Beeshoek	Resources/reserves reduced
▸ Nchwaning	Measured resources increased by 172% with the application of more appropriate classification methods
▸ Nkomati	Oxidised PCR resource to be stockpiled MSB nickel resource depleted, MMZ currently the main nickel resource
▸ Two Rivers	Measured resources increased by 8% due to an additional resource classification method Board approval for the North Decline received
▸ Modikwa	Ore reserves increased by 65% with an accompanying decrease in mineral resources

F2008 Mineral Resource/Reserve summary

Goedgevonden Coal Project

Manganese	(Measured and Indicated)			(Proved and Probable)		
	Mineral resources			Mineral reserves		
	Mt	Mn%	Fe%	Mt	Mn%	Fe%
Nchwaning						
No 1 Seam	137.7	44.7	8.83	115.3	44.7	8.83
No 2 seam	185.2	42.5	15.4	–	–	–
Gloria						
No 1 Seam	52.5	38.3	5.54	40.4	38.3	5.54
No 2 seam	29.4	29.9	10.1	–	–	–

Iron ore	(Measured and Indicated)		(Proved and Probable)	
	Mineral resources		Mineral reserves	
	Mt	Fe%	Mt	Fe%
Beeshoek	120.4	63.55	22.9	64.28
Khumani				
Bruce	265.0	64.69	215.3	64.5
King	379.7	64.49	295.6	64.52

Chromite	(Measured and Inidcated)		(Proved and Probable)	
	Mineral resources		Mineral reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Dwarsrivier	44.0	39.16	35.1	39.16
Nkomati	4.6	31.04	2.9	31.0

Rounding of figures may result in computational discrepancies.


Goedgevonden Coal Project

Nickel

	(Measured and Indicated) Mineral resources		(Proved and Probable) Mineral reserves	
	Mt	Ni %	Mt	Ni%
Nkomati	236.8	0.38	164.7	0.33

Platinum group metals

	(Measured and Indicated) Mineral resources			(Proved and Probable) Mineral reserves		
	Mt	PGM + Au g/t	Moz	Mt	PGM + Au g/t	M oz
Two Rivers						
UG2	56.47	4.74 (6E)	8.60	39.51	4.02(6E)	5.11 (6E)
Merensky	18.7	3.55 (6E)	2.06			
Modikwa						
UG2	115.2	5.61(4E)	20.76	58.3	4.71 (4E)	8.84 (4E)
Merensky	65.5	2.67 (4E)	5.61			
Nkomati	236.8	0.93 (4E)		164.7	0.82(4E)	4.34 (4E)
Kalplats	7.12	1.7 (2E)				

2E=Pt+Pd

4E=Pt+Pd+Rh+Au

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

Coal

Mineral resources	(Measured and Indicated) Mineral reserves	(Proved and Probable) Saleable	
	Mt	Mt	Mt
Goedgevonden	570	357.4	194.1

Rounding of figures may result in computational discrepancies.

Nkomati Nickel Mine

General statement

Nchwaning Manganese Mine

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. Resources and reserves are quoted as at 30 June 2008. External consulting firms audit the resources and reserves of the ARM operations on a three- to four-year cycle basis.

Underground resources are in-situ tonnages at the postulated mining width, after deductions for geological losses. Underground Mineral Reserves reflect milled tonnages while surface Mineral Reserves (dumps) are in-situ tonnages without dilution. Both are quoted at the grade fed to the plant. Open-cast Mineral Resources are quoted as in-situ tonnages and Mineral Reserves are tonnages falling within an economic pit-shell.

The evaluation method is generally Ordinary Kriging with mining block sizes ranging from 10 x 10 metres to 100 x 100 metres to 250 x 250 metres in the plan view. The blocks vary in thickness from 2.5 to 50 metres. The evaluation process is fully computerised, generally utilising the Datamine software package.

The Mineral Resources and Mineral Reserves are reported on a total basis regardless of the attributable beneficial interest that ARM has on the individual projects or mines. When the attributable beneficial interests on a mine or project is less then 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.

In order to satisfy the requirements of the Minerals and Petroleum Resources Development Act, ARM's operations will have to obtain new mining rights for all properties required to support the planned operations over the next 30 years. The act is effective from 1 May 2004 and the new rights must be obtained within five years from then. The operations are at various stages of application.

Definitions

The definitions of 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 or quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well constrained and portrayed geological model. Mineral Resources are subdivided, in order of increasing confidence in respect of geoscientific evidence, into inferred, indicated and measured categories.

An 'inferred mineral resource' is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or 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 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 exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/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 exploration, sampling and testing information gathered through appropriate techniques 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 and/or indicated mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified. Mineral Reserves are sub-divided in order of increasing confidence into probable Mineral Reserves and proved Mineral Reserves.

A 'probable mineral reserve' is the economically mineable material derived from a measured and/or indicated mineral resource. It is estimated with a lower level of confidence than a proved mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.

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 is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.

ARM African Rainbow Minerals

Competence

Two Rivers Platinum Mine

The competent person with overall responsibility for the compilation of the Mineral Reserves and Resources is Paul J van der Merwe, PrSciNat, 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 Resource 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 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:

Resources and Reserves

M Burger

S v Niekerk, *PrSciNat*	Iron Ore	J Woolfe, *PrSciNat*	Nickel/Platinum group metals
B Rusive	Manganese	B Knell* *PrSciNat*	Platinum group metals
M Burger, *PrSciNat*	Chromite	R van Rhyn *PrSciNat*	Platinum group metals
M Davidson, *PrSciNat*	Nickel	C Schlegel, *PrSciNat*	Gold/Copper
J Vieler*, *PrSciNat*	Nickel	A de lange	Nkomati Chromite

* External consultant

P J van der Merwe

August 2008

ARM Ferrous

Dwarsrivier Chrome Mine

Assmang Limited Operations

Manganese Mines

Locality

The manganese mines are situated in the Northern Cape province in South Africa, approximately 80 kilometres north-west of the town of Kuruman. Located at latitude 27°07'50"S and longitude 22°50'50"E, the site is accessed via the national N14 route between Johannesburg and Kuruman, and the provincial R31 road.

History

In 1940, ARM Ferrous acquired a manganese ore outcrop on a small hillock known as Black Rock. Several large properties underlain by ore were subsequently found and acquired. Today the Black Rock area is considered to be the largest and richest manganese deposit in the world. Manganese ore operations were extended and today include the Gloria and Nchwaning underground mines. Manganese ore is supplied locally to Assmang-owned smelters, but is mainly exported through Port Elizabeth to Japanese and German customers. ARM's attributable beneficial interest in Assmang Limited is 50%.

Mining authorisation

The Nchwaning mining lease (ML10/76) comprises an area of 1 877.0587 hectares and is located on the farms Nchwaning (267), Santoy (230) and Belgravia (264). An application for the conversion to a new order mining right was submitted during the 2008 financial year.

The Gloria mining lease (ML11/83) comprises an area of 1 713.1276 hectares and is located on portion 1 of the farm Gloria (266). An application for the conversion to a new order mining right was submitted during the 2008 financial year.

Geology

The manganese ores of the Kalahari manganese field are contained within sediments of the Hotazel Formation of the Griqualand West Sequence, a subdivision of the Proterozoic Transvaal Supergroup. At Black Rock, Belgravia and Nchwaning, the Hotazel, Mapedi and Lucknow Formations have been duplicated by thrusting. The average thickness of the Hotazel Formation is approximately 40 metres.

The manganese orebodies exhibit a complex mineralogy and more than 200 mineral species have been identified to date. The hydrothermal upgrading has resulted in a zoning of the orebody with regard to fault positions. Distal areas exhibit more original and low-grade kutnohorite and braunite assemblages, while areas immediately adjacent to faults exhibit a very high-grade hausmannite ore. The intermediate areas exhibit a very complex mineralogy, which includes bixbyite, braunite and jacobsite amongst a host of other manganese-bearing minerals. A similar type of zoning also exists in the vertical sense. At the top and bottom contacts it is common to have high iron (Fe) and low manganese (Mn) contents while the reverse is true towards the centre of the seam. This vertical zoning has given rise to a mining practice where only the centre 3.5 metre high portion of the seam is being mined. At the Gloria mine the intensity of faulting is much less, which also explains the lower grade.

Two manganese seams are present. The No.1 seam is up to 6 metres in thickness, of which 3.5 metres are mined, using a manganese marker zone for control. There is, therefore, minimum dilution. Studies are being undertaken to evaluate the effect of increasing the mining height to 5 metres.

Nchwaning Mineral Resources and Ore Reserves

Measured Resources at Nchwaning are based on up to two-thirds of the semivariogram sill range. Areas where the borehole spacing is greater than this distance and up to the sill range are classified as Indicated. There are no inferred resources at Nchwaning. Measured/Indicated Resources were converted to Proved/Probable Reserves by a LOM scheduling exercise by Snowden Mining Consultancy. Geological losses are built into the grade models.

The Nchwaning mine was diamond drilled from surface at 330 metre centres and the data captured in Excel spreadsheets. The core was logged and 0.5 metre-long, half-core, diamond-saw cut samples were submitted to Assmang's laboratory at Black Rock for X-ray fluorescence (XRF) analyses. Mn and Fe values were checked by wet chemical analyses. Several standards were used to calibrate XRF equipment, and results are compared with other laboratories on a regular basis.

At Nchwaning a total of 341 boreholes for the No 1 orebody and 372 holes for the No 2 orebody, as well as a total of 20 000+ face samples were considered in the grade estimation. The available data for an area was optimised over a thickness of 3.5 metres and exported into data files for computerised statistical and geostatistical manipulation to determine the average grades of Mn, Fe, silica (SiO^2), calcium (CaO) and magnesium (MgO).

Ordinary Kriging interpolation within Datamine was used to estimate the grade of each 50 x 50 x 3.5 metre block generated within the geological model. Sub-cell splitting of the 50 x 50 metre blocks was allowed to follow the geological boundaries accurately. The relative density of Nchwaning manganese ore was taken as 4.3t/m3.

Trackless mechanised equipment is used in the bord and pillar mining method. Mining in the eastern extremity of Nchwaning occurs at a depth of 200 metres while the deepest (current) excavations can be found at a depth of 519 metres below surface. Gloria Mine is extracting manganese at depths that vary between 180 and 250 metres below surface.

Ore from Nchwaning No 2 mine is crushed underground before being hoisted to a surface stockpile via a vertical shaft. Similarly, ore from the Nchwaning No 3 mine is crushed underground before being conveyed to a surface stockpile via a declined conveyor system. Ore is withdrawn from the surface stockpile and forwarded to two stages of crushing, dry screening and wet screening to yield lumpy and fine products.

Nchwaning year-on-year change in Mineral Resources and Ore Reserves

The 2008 Mineral Reserves for the Nchwaning No 1 orebody changed from 114.6 Mt in 2007 to 115.3 Mt. A LOM scheduling exercise by Snowden showed that the 20% loss when changing from resource to reserve previously used, proved to be very conservative, hence the increase in Reserves. The Mineral Resources at Nchwaning No 1 orebody decreased by 5.7 Mt to 137.7 Mt (143.4 Mt). The Mineral Resources at Nchwaning No 2 orebody increased slightly to 185.2 Mt from 181.9 Mt. This is the same as it was in 2006 (184.7 mt), indicating a modelling problem in 2007.

ARM Ferrous

Nchwaning Mine: 1 Body Manganese Resources and Reserves

Mineral Resources	Mt	Mineral Reserves	Mt	Mn%	Fe%
Measured	43.8	Proved	37.6	46.9	8.96
Indicated	93.9	Probable	77.7	43.7	8.76
Total Resources 1 Body 2008	**137.7**	**Total Reserves 1 Body**	**115.3**	**44.7**	**8.83**
Total Resources 1 Body 2007	143.4	Total Reserves 1 Body	114.70	44.8	8.87
Inferred		none			

Nchwaning Mine: 2 Body Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	53.9	42.1	16.1
Indicated	131.3	42.6	15.1
Total Resources 2 Body 2008	**185.2**	**42.5**	**15.4**
Total Resources 2 Body 2007	181.9	42.4	15.5
Inferred	none		

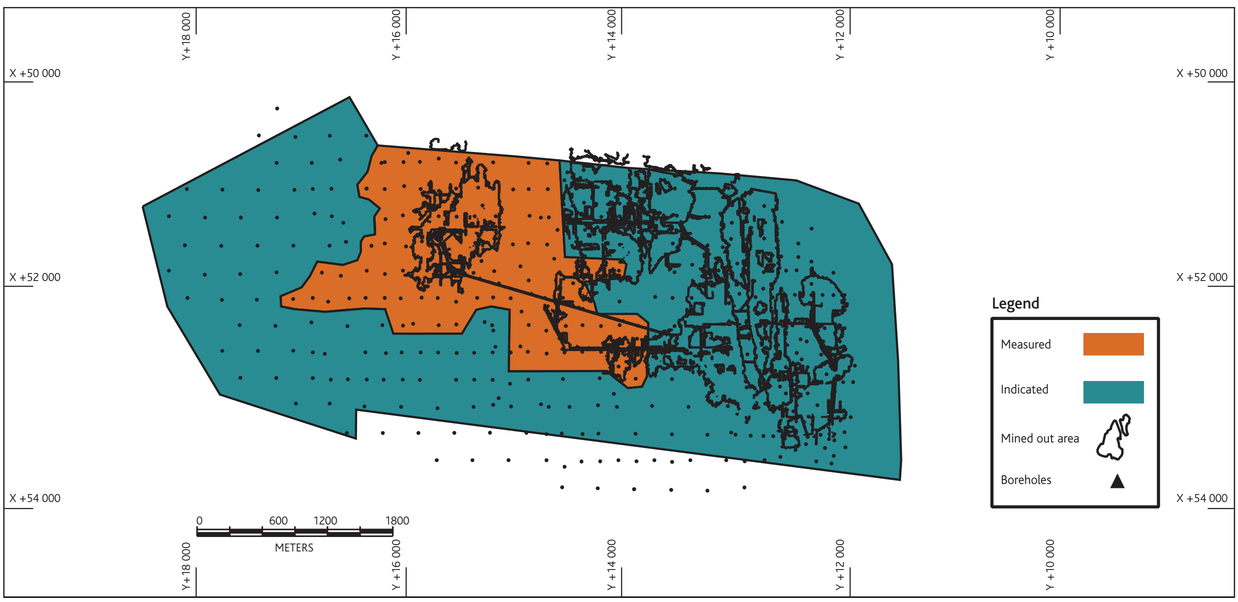
Measured resources are based on two-thirds of the semivariogram sill range rule

Areas outside this distance are classified as Indicated

Proved Reserves = Measured Resources used in LOM scheduling by Snowden

Probable Reserves = Indicated Resources used in LOM scheduled by Snowden

Nchwaning borehole locality map showing the Mineral Reserve and Resource classification



Gloria Mineral Resources and Ore Reserves

Measured Resources at Gloria are classified as material available up to 50 metres in front of the mining faces. Material situated further than 50 metres from the face and up to a boundary string around the dense drilled area on Gloria is classified as Indicated resources. The rest of the property with limited drill information is classified as Inferred. In the coming year an increase in the Measured resources by in-fill drilling is anticipated. At Gloria a 23% pillar loss is accounted for in moving Measured /Indicated resources into Proved/Probable reserve.

At the Gloria mine, ore is crushed underground before being conveyed to a surface stockpile via a decline shaft. At both plants the finer fractions are stockpiled while the coarser fractions are extracted from the respective product boxes into road haulers, sampled, weighed and stored on stacks ahead of despatch. Samples from each stack are analysed for chemical content and size distribution. This ensures good quality control and enables the ore control department to blend various stacks according to customer demand.

Procedures for drilling and assaying at Gloria mine are the same as at Nchwaning. A total of 103 boreholes were considered in the evaluation of the Gloria 1 Body mine. The wide-spaced borehole interval puts some limitation on the evaluation in areas away from current mining faces. A total of 5 100+ underground sampling values were used in evaluating areas close to current mining. The boreholes were optimised over a stoping width of 3.5 metres and the relative density was taken as 3.8t/m^3. The seams were evaluated by means of statistical and geostatistical methods to determine the average grades of Mn, Fe, SiO^2, CaO and MgO. Ordinary Kriging interpolation within Datamine was used to estimate the grade of each 50 x 50 x 3.5 metre block generated within the geological model. Sub-cell splitting of the 50 x 50 metre blocks was allowed to follow the geological boundaries.

Gloria year-on-year change in Mineral Resources and Ore Reserves

The 2008 Proved Reserves at Gloria No 1 Body decreased to 6.8 Mt (7.7 Mt) due to re-evaluation and production draw-down. The Probable Reserves also decreased from 67.4 Mt to 33.6 Mt as a result of a new delineation approach followed for the Indicated resources. A substantial increase of the Inferred resources is seen due to the more appropriate delineation boundary for Indicated resources. The Mineral Resources at Gloria No 2 Body were also re-classified using the new boundaries and substantial shifts in resources between categories occur. No markets currently exist for Gloria 2 Body ore.

Gloria Mine: 1 Body Manganese Resources and Reserves

Mineral Resources	Mt	Mineral Reserves	Mt	Mn%	Fe%
Measured	8.82	Proved	6.8	38.4	4.9
Indicated	43.7	Probable	33.6	38.3	5.67
Total Resources 1 Body 2008	**52.5**	**Total Reserves 1 Body**	**40.4**	**38.3**	**5.54**
Total Resources 1 Body 2007	97.6	Total Reserves 1 Body	75.1	38.3	5.67
Inferred 2008	132.3				
Inferred 2007	70.3				

Gloria Mine: 2 Body Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	–	–	–
Indicated	29.4	29.9	10.1
Resources 2 Body 2008	**29.4**	**29.9**	**10.1**
Resources 2 Body 2007	67.9	31.9	10.9
Inferred 2008	132.3		
Inferred 2007	70.3		

Measured Resources = Immediately available tonnes up to 50 metres in front of mining faces

Indicated resources are as per dense drilling area (see map)

Proved Reserves = Measured Resources less 23% pillar loss

Probable Reserves = Indicated Resources less 23% pillar loss

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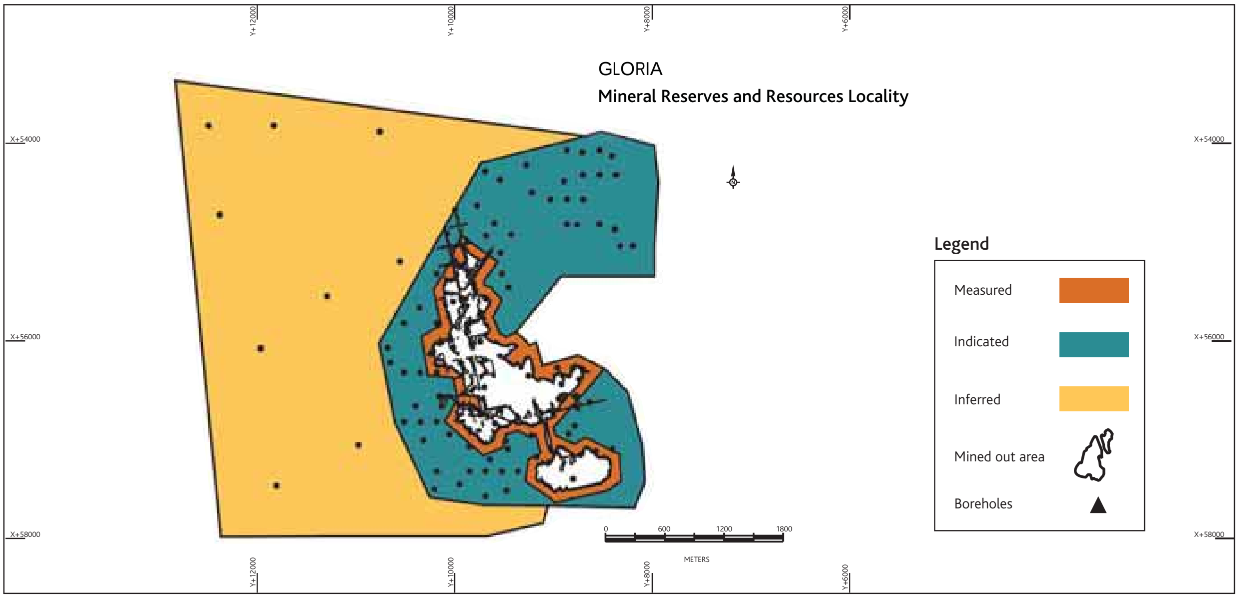
Gloria borehole locality map showing the Mineral Reserve and Resource classification



Historical Manganese production at Nchwaning and Gloria Mines (Mt)

	Nchwaning	Gloria
2003/2004	1.17	0,33
2004/2005	1.97	0.15
2005/2006	2.83	0.13
2006/2007	2.49	0.43
2007/2008	2.71	0.41

Iron ore

Locality

The iron ore division is made up of the Beeshoek mine located on the farms Beeshoek 448 and Olynfontein 475. The iron ore resources on the farms Bruce 544, King 561, and Mokaning 560, which were formerly known as the BKM Project, are now being developed into what is known as the Khumani iron ore mine. All properties are in the Northern Cape approximately 200 kilometres west of Kimberley. The Beeshoek open-pit operations are situated 7 kilometres west of Postmasburg and the new Khumani open pits will be adjacent to, and south-east of, the Sishen mine, which is operated by Kumba Resources. Located at latitude 28°30′00″S / longitude 23°01′00″E, and latitude 27°45′00″S / longitude 23°00′00″E respectively, these mines supply iron ore to both the local and export markets. Exports are railed to the iron ore terminal at Saldanha Bay.

History

Mining of iron ore (mainly specularite) was undertaken as early as 40 000 BC on the farm Doornfontein which is due north of Beeshoek. The potential of iron ore in this region was discovered in 1909, but due to lack of demand and limited infrastructure, this commodity was given little attention. In 1929 the railway line was extended from Koopmansfontein (near Kimberley) to service a manganese mine at Beeshoek. In 1935 The Associated Manganese Mines of South Africa Limited (Assmang) was formed, and in 1964 the Beeshoek iron ore mine was established, with a basic hand sorting operation. In 1975 a full washing and screening plant was installed and production increased over the years to the current level of approximately 6 million tonnes a year.

Mining authorisation

The Beeshoek mining lease (ML3/93) comprises an area of 5 685.64 hectares and is located on the farms Beeshoek (448) and Olynfontein (475). An application for the conversion to a new order mining right was submitted during the 2008 financial year.

The Khumani mining lease comprises an area of 7 388.02 hectares and is located on the farms Bruce (544), King (561), Mokaning (560) and McCarthy (559). Mining rights were granted during the 2007 financial year.

Geology

The iron ore deposits are contained within a sequence of early Proterozoic sediments of the Transvaal Supergroup deposited between 2 500 and 2 200 million years ago. In general two ore types are present, namely laminated hematite ore forming part of the Manganore Iron Formation and conglomerate ore belonging to the Doornfontein Conglomerate Member at the base of the Gamagara Formation.

The older laminated ore types occur in the upper portion of the Manganore Iron Formation as enriched high-grade hematite bodies. The boundaries of high-grade hematite orebodies crosscut primary sedimentary bedding, indicating that secondary hematitisation of the iron formation took place. In all of these, some of the stratigraphic and sedimentological features of the original iron formation are preserved.

The conglomeratic ore is found in the Doornfontein Conglomerate Member of the Gamagara Formation and is lenticular and not persistently developed along strike. It consists of stacked, upward fining conglomerate-gritstone-shale sedimentary cycles. The lowest conglomerates and gritstones tend to be rich in sub-rounded to rounded hematite ore pebbles and granules and form the main orebodies. The amount of iron ore pebbles decreases upwards in the sequence so that upper conglomerates normally consist of poorly sorted, angular to rounded chert and banded iron formation pebbles.

The erosion of the northern Khumani deposit is less than that in the southern Beeshoek area. The result is that Khumani is characterised by larger stratiform bodies and prominent hangingwall outcrops. The down-dip portions are well preserved and developed, but in outcrop the deposits are thin and isolated. Numerous deeper extensions occur into the basins due to karst development. A prominent north-south strike of the ore is visible. The southern Beeshoek orebodies were exposed to more erosion and are more localised and smaller. Outcrops are limited to the higher topography on the eastern side of the properties. Down dip to the west, the ore is thin and deep. The strike of the orebodies is also in a north-south direction, but less continuous.

Haematite is the predominant ore mineral, but limonite and specularite also occur.

Mineral Resources and Ore Reserves

In the iron ore operations, the following table shows how the search ellipse (i.e. the ellipsoid used by the Kriging process to determine if a sample is used in the estimation of a block) is used to classify the Mineral Resource:

	Minimum no. of samples	Maximum no. of samples	Search ellipse settings XYZ (m)
Measured	6	30	100 x 100 x 10
Indicated	5	30	200 x 200 x 20
Inferred	4	30	400 x 400 x 40

Only Measured and Indicated Resources are converted to Proved and Probable Reserves respectively. Modifying factors were applied to these resources and financially optimised. The financial outline is used to define the optimal pit by means of the Lersch-Grossman algorithm. The resources within this mining constraint are defined as reserves. These are categorised into different product types, destined for the different plant processes and scheduled for planning.

The methodology followed to identify targets is initiated with geological mapping, followed by geophysics (ground magnetics and gravity). Percussion drilling is used to pilot holes through overlying waste rock down to the iron ore bodies. Diamond drilling is the next phase, which is usually on a 200 x 200 metre grid. Further infill drilling is carried out at spacing ranging from 100 x 100 metres to 25 x 25 metres, depending on the complexity of the geological structures. Numerous exploration programmes were completed in the last 40 years. A total of 2 832 holes (1 315 holes on Khumani and 1 517 holes on Beeshoek) were drilled. Core samples were logged and split by means of a diamond saw and the half-core is sampled every 0.5 metres. Before submission for assaying, the half-cores were crushed, split and pulverised. Samples with values larger than 60% are included in the definition of the orebodies. Any lower-grade samples inside the orebody are defined as internal waste and modelled separately. Each zone is modelled per section, and then wireframed to get a three-dimensional (3D) model.

ARM Ferrous

Dwarsrivier Chrome Mine

Ordinary Kriging interpolation within Datamine was used to estimate the grade of each 10 x 10 x 10 metre block generated within the geological model. Density in the resource model is calculated using a fourth degree polynomial fit applied to the estimated Fe grade. Densities range from 4.38 t/m^3 (60% Fe) to 5.01 t/m^3 (68% Fe). A default density of 3.2 is used for waste.

At Beeshoek all blast holes are sampled per metre, but composited per hole. All holes are analysed for density and blast holes in ore are sampled and analysed for Fe, potassium oxide (K_2O), sodium oxide (Na_2O), silica (SiO_2), aluminium oxide (Al_2O_3), phosphorus (P), sulphur (S), CaO, MgO, Mn and barium oxide (BaO). Every fifth blast hole is geologically logged per metre, which is used to update the geological model. The chemical results of these holes are used to update the ore block model. Approximately 45 000 blast holes are drilled a year and 9 000 blast holes are used every year to update the models. The major analytical technique for elemental analyses is XRF spectroscopy. Volumetric titration is used as verification method for the determination of total iron in the ore. International standards (e.g. SARM11) and in-house iron standards are used for calibration of the XRF spectrometer. The Beeshoek laboratory participates in a round robin group that includes seven laboratories for verification of assay results.

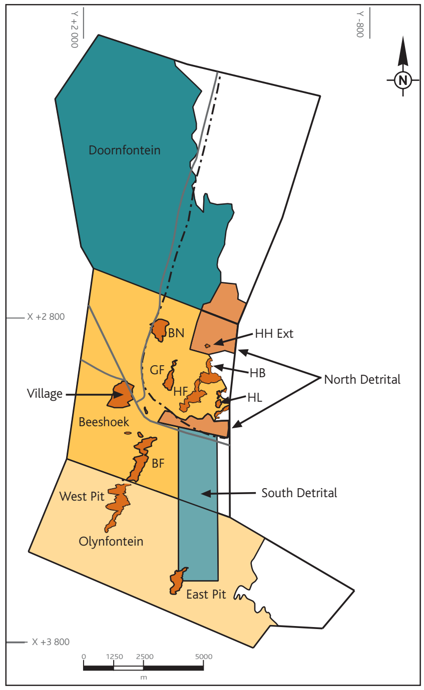
Historical production at Beeshoek and Khumani Mines

	Beeshoek	Khumani
Year	Mt	
2003/2004	6.3	–
2004/2005	6.0	–
2005/2006	6.2	–
2006/2007	6.7	–
2007/2008	5.3	2.0

Beeshoek year-on-year change in Mineral Resources and Ore Reserves

The 2008 Mineral Resources at Beeshoek mine decreased from 134.5 to 128.36 Mt, due to the annual production drawdown. The Mineral Reserves at Beeshoek decreased from 28.6 Mt to 22.6 Mt. The Village deposit is still not in reserve as a result of the high stripping ratio, but due to the higher iron ore prices, this deposit will be re-valued to see if its exploitation had become economic. Ore Reserves at the BN and the BF pits were drawn down heavily to meet sales requirements. The Khumani Mine will take over the Beeshoek export production in mid-2008.

Beeshoek open-pit locality plan



Beeshoek Iron Ore: Resources and Reserves

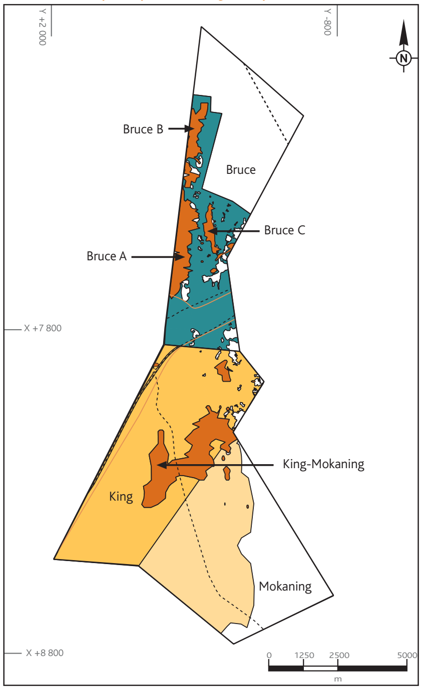
	Measured		Indicated		Inferred		Total Resource Measured and Indicated		Proved Reserve		Probable Reserve		Total Reserve	
Pit/Area	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
BN	21.4	63.51	0.01	62.67	–	–	21.41	63.51	14.58	64.03	–	–	14.58	64.03
HF/HB	16.6	64.3	0.30	63.85	–	–	16.90	64.30	2.55	65.24	0.03	66.45	2.58	65.25
BF	8.57	63.35	0.23	63.54	–	–	8.80	63.36	3.54	63.72	0.01	62.58	3.55	63.72
East Pit	9.14	64.61	0.03	64.19	–	–	9.17	64.61	1.89	65.66	–	–	1.89	65.66
Village	40.79	63.56	0.09	64.64	–	–	40.89	63.57	–	–	–	–	–	
GF	3.13	63.81	0.09	61.80	–	–	3.22	63.76	–	–	–	–	–	
HH Ext	0.28	62.63	–	–	–	–	0.28	62.63	–	–	–	–	–	
HL	3.57	65.09	0.05	65.23	–	–	3.62	65.1	0.27	65.96	–	–	0.27	65.96
West Pit	10.19	63.04	–	–	0.05	61.87	10.19	63.04	–	–	–	–	–	
N Detrital	–	–	5.9	60.00	–	–	5.9	60.00						
S Detrital	–	–	–	–	3.7	60.0	–	–	–	–	–	–	–	
TOTAL 2008	113.67	63.74	6.65	60.44	3.75	61.87	120.38	63.55	22.8	64.28	–	–	22.8	64.28
TOTAL 2007	120.74	63.67	6.70	60.07	0.05	61.87	127.49	63.31	28.0	64.16	0.62	64.03	28.62	64.16

Khumani year-on-year change in Mineral Resources and Ore Reserves

At Khumani mine the 2008 Mineral Resources remain the same when compared to 2007. The Ore Reserves increased by 15% to 510.9 million tonnes (444.7 million tonnes) due to the higher iron ore prices taken into account in the open-pit designs. It is however expected that these reserve figures will further increase due to the iron ore price increase announced in April 2008. Infrastructure construction is in progress, and production is to start mid-2008, with an estimated life-of-mine of 30 years. During the 2007/2008 financial year overburden stripping took place and in the order of 2 Mt ore was stockpiled.

ARM Ferrous

Khumani open-pit locality map



Mining operations are all open pit, based on the conventional drill-and-blast, truck-and-shovel operations. Run-of-mine ore is crushed and stored as high or normal grade on blending stockpiles. Ore from the stockpiles is either sent to the wash-and-screen plant or, if contaminated, to the beneficiation plant. The washing and screening plant consist primarily of tertiary crushing, washing, screening, conveying and stacking equipment. The beneficiation plant consists of tertiary crushers; scrubbers; coarse and fine jigs or Larcodems; fine crushing; elutriators and upward flow classifiers; lumpy, fines and scaw product stockpiles; and a rapid load-out facility. No chemical is being used in any of the treatment plants.

Khumani Iron Mine: Resources and Reserves

	Measured		Indicated		Inferred		Total Measured & Indicated		Proved Reserve		Probable Reserve		Total Reserve	
Area	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Bruce A	23.5	64.91	99.0	64.54	0.8	63.37	122.5	64.60	13.9	64.47	84.2	64.43	98.1	64.44
Bruce B	21.1	65.71	77.0	64.06	8.7	64.64	98.1	64.43	20.4	65.55	64.7	63.88	85.1	64.28
Bruce C	37.2	65.45	6.9	65.95	1.6	64.80	44.1	65.45	30.4	65.27	1.66	65.55	32.1	65.28
King/	255.8	64.53	123.9	64.48	17.7	63.98	379.7	64.49	209.6	64.47	85.99	64.64	295.6	64.52
Mokaning														
Khumani					12.0	60.00	12.0	60.00						
Detrital														
TOTAL 2008	**337.9**	**64.73**	**306.8**	**64.43**	**40.8**	**62.97**	**644.7**	**64.59**	**274.3**	**64.64**	**236.6**	**64.36**	**510.9**	**64.51**
TOTAL 2007	337.9	64.73	306.8	64.43	40.8	62.97	644.7	64.59	273.2	64.75	171.5	64.59	444.7	64.69

Khumani Iron Ore Mine

Chromite

Locality

Chromite operations at Dwarsrivier mine form part of the chrome division of Assmang Limited. The mine is situated on the farm Dwarsrivier 372KT, approximately 30 kilometres from Steelpoort and 60 kilometres from Lydenburg, in Mpumalanga province in South Africa. Located at longitude 30°05'00"E/latitude 24°59'00"S, Assmang purchased the farm from Gold Fields Limited, together with all surface and mineral rights in October 1998.

History

Neighbouring properties to the north and south of Dwarsrivier had existing chrome mining operations at the time of purchase. The feasibility study of the plant, tailings dam and designs for the opencast and underground mines then commenced. After the completion of the consolidated assessment, approval to proceed with the final design and construction work was given in July 1999.

Chromite was obtained from the opencast mining areas at a rate of approximately 0.9 million tonnes a year and these areas were mined out within five years. Underground mining commenced in 2005 at a rate of 1.2 million tonnes a year. Dwarsrivier mine is specifically geared to deliver high quality metallurgical grade chromite to the Machadodorp smelter. In addition, the plant has been designed to produce chemical and foundry grade products.

Mining authorisation

An old order Mining Licence No 21/99 was granted in October 1999. It was granted for the mining of chrome and platinum group metals. An application for the conversion to a new order mining right was submitted during October 2007.

Geology

Dwarsrivier mine is situated in the eastern limb of the Bushveld Complex, which comprises persistent layers of mafic and ultramafic rocks, containing the world's largest known resources of platinum group metals, chromium and vanadium. The mafic rocks termed the Rustenburg Layered Suite, are approximately 8 kilometres thick in the eastern lobe, and are divided formally into five zones.

ARM Ferrous

Dwarsrivier Chrome Mine

The rocks of the Marginal Zone at the base of the succession consist mainly of pyroxenites with some dunites and harzburgites. Above the Marginal Zone, the Lower Zone comprises mainly pyroxenites, harzburgites and dunite, and is present only in the northern part of the Eastern Lobe, and only as far south as Steelpoort. The appearance of chromitite layers marks the start of the Critical Zone, economically the most important zone. The layers are grouped into three sets termed the Lower, Middle and Upper groups. The sixth chromitite seam in the Lower Group (LG6), is an important source of chromite ore and is the orebody being mined at Dwarsrivier mine. In the Eastern Lobe, in the vicinity of Dwarsrivier, the strike is nearly north-south, with a dip of approximately 10 degrees towards the west. Average thickness of the LG6 seam is about 1.86 metres in the Dwarsrivier area. Pipe-like dunite intrusions are evident in the area, as well as dolerite dykes that on average strike northeast-southwest. No significant grade variation is evident, especially not vertically in the ore seam. Small, insignificant regional variations do, however, exist.

Mineral Resources and Ore Reserves

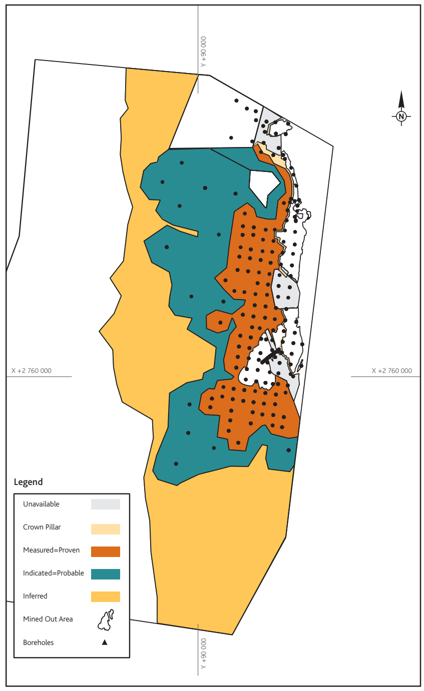
Information was obtained from boreholes with a 300 to 150 metre grid spacing. Resources were determined with a decreasing level of confidence.

- Measured Resource (150 metres drill grid spacing);
- Indicated Resource (300 metres drill grid spacing); and
- Inferred Resource (drill grid spacing greater than 300 metres).

All possible resources down to a mineable depth of 350 metres below ground level have been considered.

A strategy to ensure the availability of adequate information ahead of mining activities is in place. The strategy is to ensure all mining areas falling within the first five years of the life-of-mine plan contain proved reserves. Vertical diamond drilling holes are used, except where information is needed to clarify large-scale fault planes. The Mineral Resource at Dwarsrivier mine is based on a total of 230 diamond drill holes that have been used for grade estimation and orebody modelling purposes. The drill core is NQ size and is geologically and geo-technically logged. The collar position of the drill holes is surveyed, but no down-hole surveys are done, and the holes are assumed to have minimal deflection.

Dwarsrivier Mine Mineral Reserves and Resources locality



The chromitite seam is bounded above and below by pyroxenites. As such, the ore horizon is clearly defined. The core is sampled from the top contact downwards at 0.5-metre intervals. The core is split and half is retained as reference material in the core sheds. The other half is crushed and split into representative samples, which are crushed and pulverised for chemical analysis. The samples are analysed fusion/ICP-OES for chrome oxide (Cr_2O_3), SiO_2, FeO, Al_2O_3, MgO and CaO. Three laboratories, all ISO 17025 accredited for this method, are used. Every tenth sample is analysed in duplicate. SARM 8 and SARM 9 standards, as well as in-house reference material (CRI), are included every 20 to 30 samples in each batch. The density for each sample is measured using a gas pycnometer.

Datamine software is used to construct a 3-D geological model (wireframe) of the LG6 chromite seam, based on borehole and other geological data. A cut-off value of 35% Cr_2O_3 was used to distinguish between ore and waste. Mineral Resources have been calculated using Ordinary Kriging, where Cr_2O_3-, FeO-, Al_2O_3-, MnO and MgO-contents of the LG6 seam and densities were determined, using block sizes of 50 x 50 x 4 metres.

During mining, a slightly diluted run of mine ore is fed to the beneficiation plant. This decreases the average grade from approximately 40% Cr_2O_3 to 37% Cr_2O_3. An addition of approximately 9% of waste material results in this 3% Cr_2O_3 grade decrease. In the dense media separation part of the plant, the coarse fraction is upgraded to 40% Cr_2O_3, with a yield of 80%. In the spiral section of the plant the finer fraction is upgraded to 44% Cr_2O_3, and 46% Cr_2O_3 respectively, for metallurgical grade fines and chemical grade fines. Foundry sand is also produced with a similar grade to that of the chemical grade fines. A 67% yield is achieved in the spiral circuit.

Dwarsrivier year-on-year change in Mineral Resources and Ore Reserves

When compared to 2007, the 2008 Mineral Reserves decreased by 1.3 million tonnes to 35.1 million tonnes (36.4 million tonnes) and the Mineral Resources show a decrease of 1.6 million tonnes to 44.02 million tonnes (45.64 million tonnes). The reason for the change is the draw-down by the annual production.

Dwarsrivier Chrome Mine

Dwarsrivier Mine: Chrome Resources and Reserves

Mineral Resources	Mt	Cr_2O_3%	FeO%	Reserves	Mt	Cr_2O_3%	FeO%
Measured	15.30	39.32	23.21	Proved	12.2	39.32	23.21
Indicated	28.72	39.06	22.55	Probable	22.9	39.06	22.55
Total Measured and Indicated 2008	**44.02**	**39.16**	**22.79**	**Total Reserves**	**35.1**	**39.16**	**22.79**
Total Measures and Indicated 2007	45.64	39.16	22.79	Total Reserves	36.4	39.16	22.79
Inferred	53.11	39.00	22.71				

The current life of mine of the Dwarsrivier chrome mine is more than 30 years.

Excluded from this plan are the Inferred Mineral Resources and material situated deeper than 350 metres below ground level.

Historical Production at Dwarsrivier Chrome Mine

Year	Mt RoM
2003/2004	0.96
2004/2005	0.92
2005/2006	0.82
2006/2007	1.01
2007/2008	1.24

ARM Platinum

Nkomati Nickel and Chrome Mine

Nkomati Mine

Locality

Nkomati mine is situated some 300 kilometres east of Johannesburg in Mpumalanga province in South Africa. Situated at latitude 25°40'S and longitude 30°30'E, the site is accessed via the national N4 highway between Johannesburg and Machadodorp, the R341provincial road and the R351 tarred road.

History

Nickel, copper, cobalt, PGM and chromite mineralisation is hosted by the Uitkomst Complex, a layered mafic-ultramafic, Bushveld satellite intrusion. The Uitkomst Complex outcrops on two farms, Slaaihoek 540JT and Nkomati 770 JT (a consolidation of portions of Uitkomst 541 JT and Vaalkop 608 JT). In 1929, the mineral rights on Slaaihoek were purchased by ETC, an Anglovaal subsidiary, to mine gold at the old Mamre and Slaaihoek mines. In the early 1970s, an Anglo American/INCO Joint Venture began exploring Uitkomst for nickel. In 1990, Anglo American (AAC) completed a feasibility study on an open-pit operation exploiting the large disseminated sulphide resource on Uitkomst, with negative results. Exploration on Slaaihoek by Anglovaal began in earnest in 1989, and in 1991, the first holes were drilled into the massive sulphide body (MSB). In 1995, the Nkomati JV between Anglovaal (75%) and AAC (25%) was formed and in January 1997, production of the MSB began. In 2004, Anglovaal acquired AAC's 25% interest and in 2005, a 50:50 JV was formed between ARM and LionOre, a global nickel producer and owner of the Activox technology. In February 2006, Nkomati approved an interim, Phase 1 expansion project which planned to exploit the MMZ, a disseminated sulphide body, by underground and open-pit mining. The project was completed in 2007 and the mine is currently processing MMZ ore at a rate of 112 000 tonnes per month, maintaining nickel production at approximately 5 000 tonnes a year, the MSB orebody has now been substantially mined out.

In the same year Norilsk Nickel, the Russian nickel giant, acquired LionOre in totality, resulting in Nkomati being a 50:50 JV between ARM and Norilsk Nickel.

In June 2006, following a trial mining operation, a feasibility study on mining the oxidised massive chromitite was completed and approval was given for a 60 000 tonne per month mining and processing operation. This has grown to a planned production of saleable product (lump and chips) of approximately 110 000 tonnes a month for the new financial year. Work has commenced on a Chrome Washing Plant to treat chromitite fines and chips and is anticipated to be commissioned in August 2008. Oxidised PCR, a low grade chromitite bearing ore overlying the MMZ and PCMZ is planned to be stockpiled to feed this plant in the future.

A feasibility study for a Phase 2 expansion phase was completed in 2007 and the project has been released. The project plans to build a 375 000 tonnes per month MMZ plant and to convert the current 100 000 tonnes per month MMZ plant to process 250 000 tonnes a month of PCMZ. The PCMZ, a disseminated chrome-bearing sulphide body overlying the MMZ, will be treated separately to liberate the chromitite fines. At full production in January 2011, Nkomati will produce approximately 1 600 tonnes of nickel per month.

Mining authorisation

Old order mining licences, numbers 3/2001 and 27/2003, exist on the farms Slaaihoek and Nkomati respectively for the mining of nickel, copper, cobalt, platinum group metals (PGMs) and chromite. An application for the conversion to a new order mining right was submitted in July 2006.

Geology

The Uitkomst Complex is a Bushveld-age layered, mafic-ultramafic body intruded into the basal sediments of the Transvaal Supergroup, which lies unconformably on an Archean granitic basement. The complex is a long linear body, which outcrops in the Slaaihoek valley for approximately 8 kilometres and dips below an escarpment where it has been drilled at depth for an additional four kilometres. The complex, which dips at approximately four degrees to the northwest, is still open-ended.

From the base to top, the stratigraphy of the Uitkomst Complex comprises the Basal Gabbro Unit (up to 15 metres thick), the Lower Pyroxenite Unit (average 35 metres), the Chromititic Peridotite Unit (30 to 60 metres), the Massive Chromitite Unit (up to 10 metres), the Peridotite Unit (330 metres), the Upper Pyroxenite Unit (65 metres), the Gabbronorite Unit (250 metres), and the Upper Gabbro Unit (50 metres). The complex and surrounding sediments are intruded by numerous diabase sills up to 30 metres in thickness.

There are five main sulphide zones in the Uitkomst Complex: the MSB, situated at and below the base of the complex, which has been the main producer for the underground mine since 1997; the BMZ within the Basal Gabbro; the MMZ, occurring within the Lower Pyroxenite, which is currently being mined from both underground and open pit; the PCMZ, which occurs with the Chromititic Peridotite (PCR) and is not currently being mined, and the PRDMZ, which occurs in the Peridotite Unit. In addition, the Massive Chromitite Unit (MCHR) is currently being mined where it is fully oxidised (weathered) in the open-pit area. The dominant sulphide minerals are pyrrhotite, pentlandite and chalcopyrite; cobalt is mostly in solid solution in the pentlandite, and the PGMs occur as separate minerals, merenskyite being dominant.

Mineral Resources and Ore Reserves

There have been numerous diamond, percussion and RC drilling campaigns since 1972 totalling over 162 000 metres in more than 1 000 boreholes. Consequently, various sampling and assaying protocols as well as varying standards of QA/QC have been used. Core sizes have been mainly NQ and TNW. Before 1990 (Anglo American holes), half core samples over widths ranging from 1 metre to 5 metres were taken. Samples were assayed at Anglo American Research Laboratory (AARL) for total nickel, copper and cobalt using AA and for "sulphide" nickel using a peroxide leach/AA finish. Composite samples were assayed for platinum and palladium by Pb-collection fire assay/ICP, S by combustion, and a range of major elements by fusion, and RD using the Archimedes bath method. Between 1990 and 1997 (Anglovaal holes), assays were carried out at the Anglovaal Research Laboratory (AVRL), with internal standard checks. Nickel analyses were also carried out by the partial digestion methods and comparisons between AARL and AVRL to ensure that the data was compatible. In 2003, a 50 metre spaced drilling programme was carried out in the shallow open pit area. Samples from this drilling were analysed at AVRL for nickel, copper cobalt using an aqua regia partial extraction/AA finish. Platinum, palladium, rhodium and gold were analysed by Pb-collection fire-assay/AA finish. Analyses also included Cr_2O_3, MgO, FeO, S and RD. Duplicates and internal standards were used and a suite of referee samples were analyzed at Genalysis Laboratory in Perth.

Nkomati Mine: Mineral Resources

	Measured Mineral Resource						Indicated Mineral Resource						
	Cut-off	Tonnes	Ni%	Cu%	Co%	4E g/t	Cut-off	000t	Ni%	Cu%	Co%	4E g/t	000t
	(Ni%)	–	–	–	–	–	(Ni%)						
BMZ (Underground)	0.35	30 000	0.60	0.36	0.03	1.57	0.35	200	0.47	0.33	0.02	1.20	230
MMZ (Underground)	0.35	970 000	0.54	0.19	0.03	1.07	0.30	48 450	0.48	0.21	0.03	1.03	49 420
MMZ (Open Pit) Pit 1	–	–	–	–	–	–	0.35	1 600	0.44	0.25	0.02	1.17	1 600
MMZ (Open Pit) Pit 2 & 3	–	–	–	–	–	–	0.24	82 650	0.43	0.19	0.03	1.08	82 650
PCMZ (Underground)	–	–	–	–	–	–	0.30	19 950	0.38	0.12	0.02	0.77	19 950
PCMZ (Open Pit) Pit 2 & 3	–	–	–	–	–	–	0.20	83 000	0.26	0.08	0.01	0.75	83 000
Total 2008 Mineral Resources		1 000 000	0.54	0.20	0.03	1.09		235 850	0.38	0.15	0.02	0.93	236 850
Total 2007 Mineral Resources		1 193 000	0.67	0.30	0.03	1.45		236 838	0.38	0.15	0.02	0.93	238 031

4E = Pt + Pd + Rh + Au

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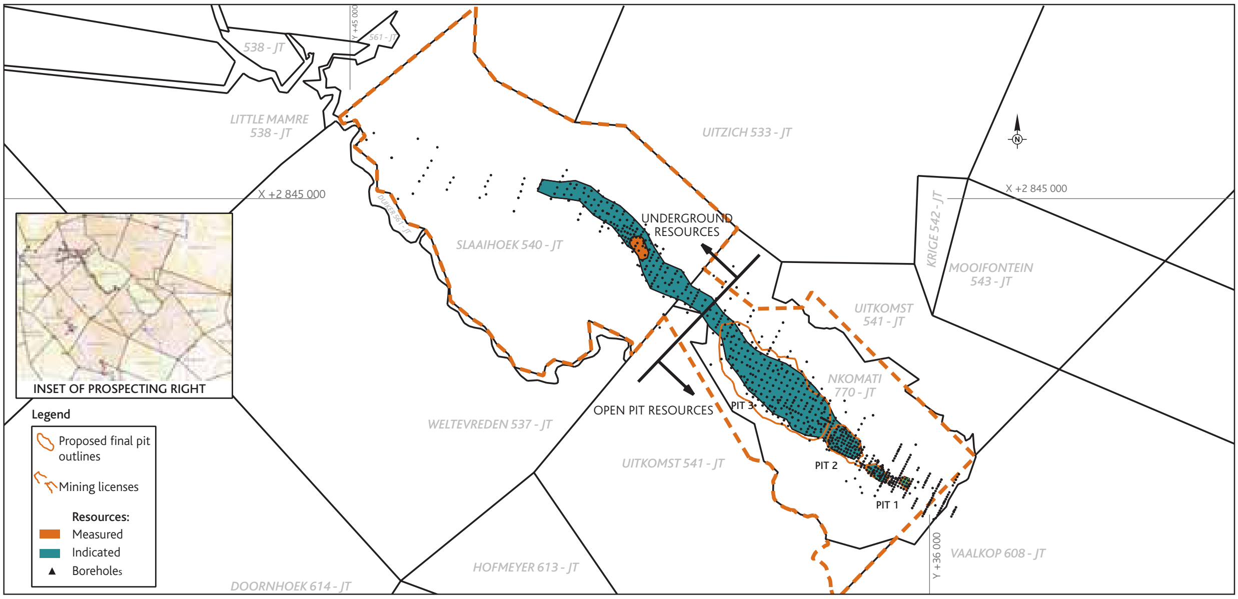
Oxidised Massive Chromitite Resource

	Indicated Mineral Resource		Inferred Resources	
	Tonnes	Cr_2O_3%	Tonnes	Cr_2O_3%
Chromitite	4 600 000	31.04	400,000	32.85

Nkomati Mine - Mineral Reserves and Resources locality



Comparisons indicated good correlations between laboratories. In 2005, it was decided to resample many of the Anglo American drill holes to improve the sample density for PGEs in the open pit area. Drill core was resampled (quarter core) at 1 metre intervals. Assays were carried out by SGS Laboratory in Johannesburg for Pt, Pd and Au by Pb-collection fire assay/AA and for Ni, Cu and Co by aqua regia leach/AA. Blanks, duplicates and AMIS standards were included. The new data was incorporated into the borehole database.

The underground MMZ Mineral Resources are based on surface and underground diamond drilling and sidewall sampling. Underground holes are spaced 10 metres apart and the drill core is sampled at 1 metre intervals. The Nkomati mine laboratory analyzes samples for Ni, Cu and Co using aqua regia leach/ICP, while the PGE assays are carried out by SGS and Mintek Laboratories in Johannesburg. Both laboratories use blanks, standards and check assays for quality control.

The resources for the open pit MMZ and PCMZ are based on surface diamond drilling, mostly at 100 metre spacing, except in the shallow open pit area, where the drill spacing is 50 metres and occasionally 25 metres. Geological wireframe models are generated from the entire borehole database in Datamine but only diamond drill holes are used for the variography and grade estimation by ordinary kriging. Block sizes for the resource model is 50m x 50m x 2.5m.

Nkomati Mine: Mineral Reserves

	Proved Mineral Reserve						Mineral Reserve Probable						
	Cut-off	Tonnes	Ni%	Cu%	Co%	4E g/t	Cut-off	Tonnes	Ni%	Cu%	Co%	4E g/t	Tonnes
	(Ni%)	–	–	–	–	–	(Ni%)						
MMZ (Underground)	0.50	200 000	0.55	0.23	0.03	1.19	0.50	9 750 000	0.55	0.21	0.02	1.04	9 950 000
MMZ (Open Pit) Pit 1	–	–	–	–	–	–	0.35	690 000	0.53	0.26	0.03	1.32	690 000
MMZ (Open Pit) Pit 2 & 3	–	–	–	–	–	–	0.24	67 900 000	0.42	0.18	0.03	1.03	67 900 000
PCMZ (Open Pit) Pit 2 & 3	–	–	–	–	–	–	0.16	86 200 000	0.22	0.06	0.01	0.62	86 200 000
Total 2008	**–**	**200 000**	**0.55**	**0.23**	**0.03**	**1.19**	**–**	**164 540 000**	**0.32**	**0.12**	**0.02**	**0.82**	**164 740 000**
Total 2007	–	392 000	0.79	0.36	0.04	2.03	–	165 476 000	0.32	0.12	0.02	0.82	165 868 000

4E = Pt + Pd + Rh + Au

Oxidised Massive Chromitite Reserve (with depletion by production as at 30 June 2008)

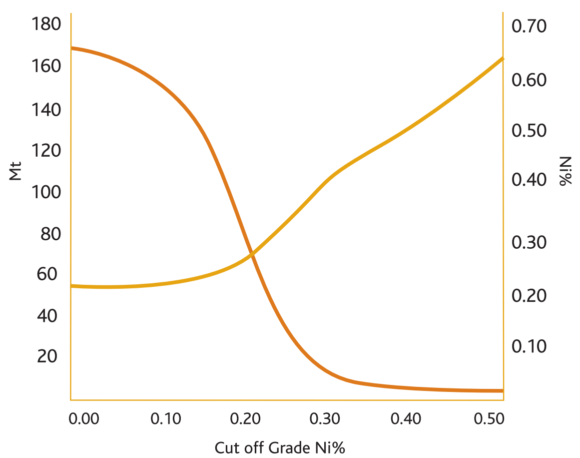
Chromitite	Tonnes	Cr_2O_3%
Probable Mineral Reserve	2 340 800	29.7

Nkomati year-on-year change in Mineral Resources and Ore Reserves

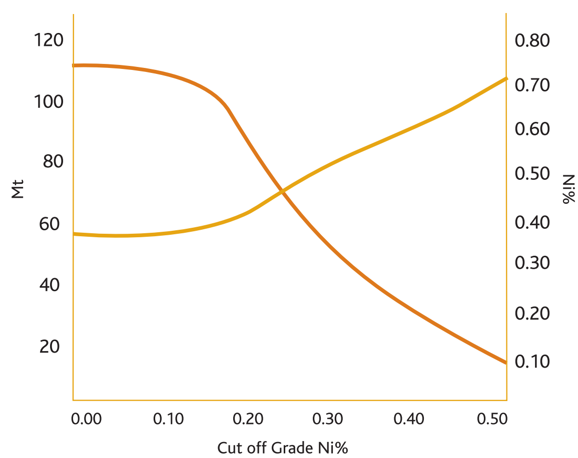
There have been minor changes in the Mineral Resource and Reserves reporting from 2007:

- The MSB resource has been substantially depleted
- An Oxidised PCR resource has been reported for the first time. The oxidised PCR is to be stockpiled as a future source of feed once the massive chromitite has been depleted. This material will be processed in the Chrome Washing Plant which is to be commissioned in August 2008.
- The Mineral Resources for the PCMZ and MMZ for Pits 2 and 3 remain the same, and are illustrated in the graphs

Grade - Tonnage Curves for PCMZ
in Pits 2 & 3 Area



Grade - Tonnage Curves for MMZ
in Pits 2 & 3 Area



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Historical nickel ore production at Nkomati

Financial year	000t
2003/2004	344 000
2004/2005	346 000
2005/2006	377 000
2006/2007	359 000
2007/2008	1 069 000

Mining operations to date comprise a mechanised underground and open-pit mining operation which feeds two concentrators producing concentrate containing PGMs, nickel, copper and cobalt. Final products are transported to various third parties for toll treatment. Chrome products are sold to local and export markets.

Two Rivers Platinum Mine

Locality

The Two Rivers platinum mine is located within the southern sector of the eastern limb of the Bushveld complex, on the farm Dwarsrivier 372KT. Situated at longitude 30°07'00E and latitude 24° 59'00S, the UG2 and Merensky Reefs are present on the farm.

History

Exploration, development and production history in the area dates from the early 1920s. During 1929, Lydenburg Platinum Areas Limited started mining activity. No records are available, however. Following the acquisition by Gold Fields Mining and Development Limited, exploration started up again in 1987 and was mainly directed at the Merensky Reef. Assmang acquired the farm in September 1998 primarily to exploit the LG6 Chromitite. During 2001, Avmin acquired the PGE rights on the Dwarsrivier farm from Assmang and targeted the UG2 Reef.

In June 2005, following a full feasibility study and a period of trial underground mining, the joint venture announced the release of a 220 000 ounce-per-year PGM mine. As a result an underground mine was established. The plant was commissioned in July 2006. The project is a joint venture between ARM (55%) and Impala Platinum Holdings Limited (Implats) (45%).

Mining authorisation

Two Rivers 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. This application is still pending.

Geology

The UG2 Reef outcrops in the Klein Dwarsrivier valley over a north-south strike length of 7.5 kilometres, dipping to the west at between 7 degrees and 10 degrees. The extreme topography results in the UG2 occurring at a depth of 935 metres on the western boundary.

The following reef facies have been defined for the UG2 at Two Rivers:

- 'Normal' UG2 with an average thickness of 120 centimetres. This is overlain by up to three chromitite 'leaders' collectively termed the UG2A chromitites;
- 'Split Reef' in the southern, west-central and north-eastern parts, characterised by a pyroxenite or norite lens up to 6 metres thick which is developed within the UG2 and typically resulted in a lower chromitite layer that is thicker than the upper chromitite layer; and
- 'Southern facies' comprising a second pyroxenite/norite lens situated approximately one-third from the base of the UG2. This facies has been intersected in seven drill holes in the extreme south-western area.

The UG2 is usually bottom loaded with peak PGM values occurring in the basal 10 centimetre sample.

The Merensky Reef consists mainly of orthopyroxene with lesser amounts of plagioclase and clinopyroxene. Thin chromitite layers, usually 1 to 4 millimetres thick generally, occur near the upper and lower contacts of the reef.

Mineral Resources and Ore Reserves

The majority of resources at Two Rivers are classified as Indicated Mineral Resources, and it is only the open-pit area in the north and the area around the underground mine that are classified as Measured Resources due to the more closely spaced drilling in this area.

A total of 218 surface diamond boreholes had intersected the UG2, of which 35 were drilled by Gold Fields of South Africa and 18 by Assmang. This provided a total of 409 individual UG2 reef intersections, with an average spacing grid of 500 metres over the whole property and 250 metre grid spacing over the area planned for the first five years of mining. The drill hole spacing in the area of the open pit is 50 metres on dip and 100 metres on strike. It was standard for Two Rivers to drill three non-directional deflections off each mother hole.

The holes were halved by diamond saw and the half-core sampled at 20 centimetres. Samples were crushed and split and submitted for assaying. All samples were assayed by Ni-sulphide collection fire-assay with an ICP-MS finish to determine Pt, Pd, Rh, Ru, iridium (Ir) and Au values. Base metals (Ni, Cu, Co) were also assayed by aqua regia digestion/OES finish. Duplicate samples and check analyses were carried out. The earlier Gold Fields and Assmang samples were assayed by Pb-collector fire-assay with gravimetric finish. In order to combine the data, some of the original core samples were re-assayed by means of Ni-sulphide collection fire-assay and a regression equation was derived at to re-cast the original Pb-collection data as Ni-sulphide assay 'equivalents'. The Merensky Reef resource is based on a total of 81 surface diamond drill holes. The same sampling protocol was used as for the UG2, but assays were carried out by Pb-collection fire-assay with ICP-MS finish for Pt, Pd Rh and Au.

Ordinary Kriging interpolation within Datamine was used to estimate the grade of each 50 x 50 x 1 metre block generated within the geological model. The UG2 was wireframed and estimated as two units based on the Pt:Pd ratio as observed in the drill hole database. Sub-cell splitting of blocks was allowed to follow the geological boundaries accurately. Relative density was calculated for each sample and determined by Kriging in the resource model.

Total in-situ resources were decreased by 30% to account for geological losses due to potholes, faults, dykes and replacement pegmatoids.

The resource to reserve conversion was done using the Mine2-4D optimisation software package to select the optimum economic cut subject to the geological, geotechnical and trackless mining constraints. Unplanned and off-reef dilution factors, followed by a 95% mine call factor, have been applied to the output from the optimiser to provide the fully diluted mill head grade of the reserves.

Two Rivers year-on-year change in Mineral Resources and Ore Reserves

Overall the 2008 UG2 Resources decreased from 57.8 Mt to 56.5 Mt. This 1.3 Mt reduction is the result of depletion by mining.

The Measured Resources were increased by 1.1 Mt when compared to the previous year. This was due to the additional classification criteria that were brought into play. Based on the two-thirds of the range of the semivariogram rule, all areas up to 250 metres in front of the mining faces were brought into the Measured resource category. The Indicated Resources decreased by 2.4 Mt, this is due to the re-arrangement of the Measured area.

The Mine2-4D model was re-visited and simplified, this exercise increased the Ore Reserves by 0.3 Mt from 40.3 to 40.6 Mt. The 1 Mt reserves on the stockpile were depleted and re-established to 0.1 Mt.

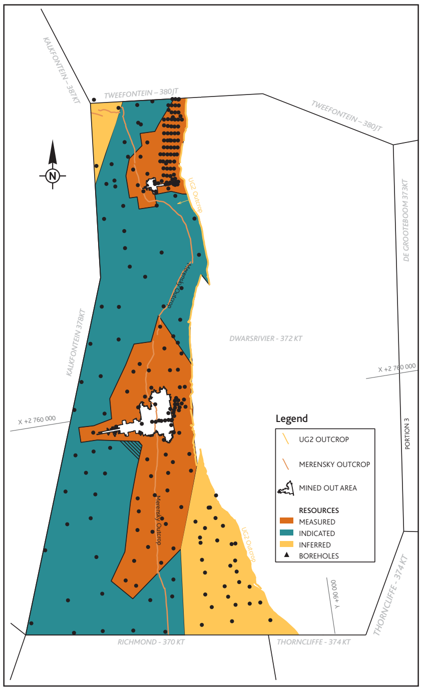
Two Rivers Platinum Mine: Mineral Resources UG2

(UG2 + Internal Pyroxenite)									
					Grade				
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	(3PGE+Au) g/t	(5PGE+Au) g/t	Pt Moz	6E Moz
Measured	14.78	2.54	1.56	0.47	0.05	4.62	5.52	1.21	2.62
Indicated	41.69	2.05	1.23	0.38	0.04	3.70	4.46	2.75	5.98
Total 2008	**56.47**	**2.18**	**1.31**	**0.41**	**0.04**	**3.94**	**4.74**	**3.96**	**8.60**
Total 2007	57.81	2.19	1.34	0.41	0.04	3.98	4.79	4.07	8.89
Inferred	8.1	2.17	1.29	0.39	0.05	3.90	4.68	0.57	1.22

3PGE = Pt + Pd + Rh; 5PGE = Pt + Pd + Rh + Ir + Ru; 6E = 5PGE + Au

ARM Platinum

Two Rivers Platinum (Pty) Ltd – Dwarsrivier
372 KT UG2 Mineral Resources Classification



Two Rivers Platinum Mine: Mineral Reserves UG2

(UG2 + Internal Pyroxenite)									
	Mt	Grade							
		Pt g/t	Pd g/t	Rh g/t	Au g/t	(3PGE+Au) g/t	(5PGE+Au) g/t	Pt M oz	6E Moz
Stockpile	0.10	1.89	1.27	0.35	0.04	3.55	4.10	0.006	0.013
Proved	10.56	2.04	1.23	0.37	0.04	3.68	4.46	0.693	1.514
Probable	28.85	1.78	1.05	0.34	0.03	3.20	3.86	1.651	3.580
Total 2008	**39.51**	**1.85**	**1.10**	**0.35**	**0.03**	**3.33**	**4.02**	**2.35**	**5.11**
Total 2007	40.59	1.88	1.17	0.36	0.03	3.44	4.13	2.45	5.39

Two Rivers Platinum Mine: Mineral Resources Merensky Reef

Top zone	Mt	(3PGE+Au) g/t	6E g/t	Pt g/t	Pt M oz	6E Moz
Measured	–	–	–	–	–	–
Indicated	18.7	3.34	3.55	2.06	1.20	2.06
Inferred	3.9	3.16	3.36	1.95	0.24	0.41

Historical production at Two Rivers Platinum Mine

Financial year	Mt
2005/2006	1.00
2006/2007	1.28
2007/2008	2.33


Nkomati Nickel and Chrome Mine

Modikwa Platinum Mine

Locality

Modikwa platinum underground mine is situated some 15 kilometres north of Burgersfort and 15 kilometres east of Steelpoort, along the border between the Mpumalanga and Limpopo Provinces in South Africa. Located at longitude 30°10'E and latitude 24°40'S, the site is accessed via the R37 road between Polokwane and Burgersfort.

History

Exploration in the area started in the mid 1920s with the discovery of the Merensky Reef. During the late 1980s further drilling was completed on the UG2 and Merensky Reefs. In the late 1990s a feasibility study was completed on the exploitation of the UG2. During 2001 a 50:50 JV agreement was signed between Rustenburg Platinum Mines and ARM Mining Consortium Limited. ARM's effective stake in Modikwa is 41.5%, through its 83% ownership of ARM Mining Consortium. The other 8.5% is held by the Mampudima and Matimatjatji community companies through their 17% shareholding in ARM Mining Consortium.

Mining authorisation

During June 2001, an old order mining licence was issued to ARM Mining Consortium and Rustenburg Platinum Mines over the properties Onverwacht 292KT, Portion 1 and R/E Winterveldt 293KT, Driekop 253KT, Maandagshoek 254KT and Hendriksplaats 281KT. An application for new order rights is being prepared and will be submitted in the 2008/2009 financial year.

Geology

The igneous layering at Modikwa mine is north-northwest striking with an average dip of 10 degrees to the west. Both the UG2 and Merensky reefs are present. The UG2 occurs as a chromitite layer with average thickness of approximately 60 centimetres. Three leader chromitites occur above the main seam. Gentle undulations of the UG2 with amplitudes of less than 2 metres are pervasively developed across the mine area. Potholes of varying size appear to be randomly distributed within the North shaft area. Potholes are less abundant in the South shaft area, which is more disturbed by faulting. The Onverwacht Hill area is characterised by the presence of several large ultramafic pegmatoid intrusions that disrupt and locally replace the UG2.

ARM Platinum

Mineral Resources and Ore Reserves

The Mineral Resource and Reserve classification is based primarily on the proximity to drilling and underground sampling data and uses the semivariogram range, and the number of samples used, to estimate a block to determine the category. Measured Mineral Resources are classified if a block is within 66% of the range of the semivariogram from the nearest sample and six to 30 samples are used in the estimation process. Indicated Mineral Resources are classified when a block is within the range of the semivariogram and 6 to 30 samples are used in the estimation process. Inferred Mineral Resources are classified if a block falls outside the range of the semivariogram and 30 to 100 samples are used to estimate a block.

The mineral resource is based on over 700 surface diamond drill holes and over 600 underground channel samples. These logs and values are kept in separate electronic databases and combined for estimation purposes after rigorous data validation. The 4E grades are capped at 13 grams per tonne based on statistical analyses.

Samples are submitted to Anglo Platinum Research Centre and analysed at Anglo American Research Laboratories. Analyses are completed using two fire-assay techniques to provide individual assay grades for Pt, Pd, Rh and Au, while wet-chemical techniques are used to determine Ni and Cu grades.

The UG2 mining cut is divided into three units comprising the UG2 chromitite layer, the hangingwall and the footwall. Estimation of the three sub-units in the mining cut is carried out separately and independently. Two-dimensional block models with block sizes of 250 x 250 metres and 500 x 500 metres, depending on the drill hole spacing, are created. Pt, Pd, Rh, Au, Ni and Cu grades are interpolated using Ordinary Kriging for the UG2 and inverse distance squared for the hanging and footwall units. The width of the chromitite and the density are also interpolated into the block models. The average density at Modikwa mine is $3.72t/m^3$. Discount factors are applied to tonnages ranging from 10% (for measured Mineral Resources) and up to 30% to account for loss of ore due to pegmatoidal intrusions, faults, dykes and potholes.

Modikwa year-on-year change in Mineral Resources and Ore Reserves

The Mineral Reserves at Modikwa increased to 58.3 Mt (35.2 Mt) when compared with the 2007 statement. The Measured and Indicated Mineral Resources decreased from 131.2 to 115.2 Mt due to conversion of resources (Measured and Indicated) to reserves and re-evaluation. Resources and Reserves were adjusted to reflect June 2008 status.

A minimum mining cut of 102 centimetres is used to calculate the amount of footwall waste that is included in the mining cut. Where the hangingwall and the main seam thickness are greater than 102 centimetres, an additional 5 centimetres of footwall waste is included. The basal contact of the UG2 layer is typically high-grade and it is important that this contact is not left in the footwall during mining. The UG2 is accessed via two primary declines from surface – and a fleet of mechanised equipment is used for the mining operations. Run-of-mine tonnage is processed at the Modikwa concentrator and the PGE rich concentrate is transported to Anglo Platinum's Polokwane smelter and refining facilities.

Modikwa: Mineral Resources and Reserves UG2

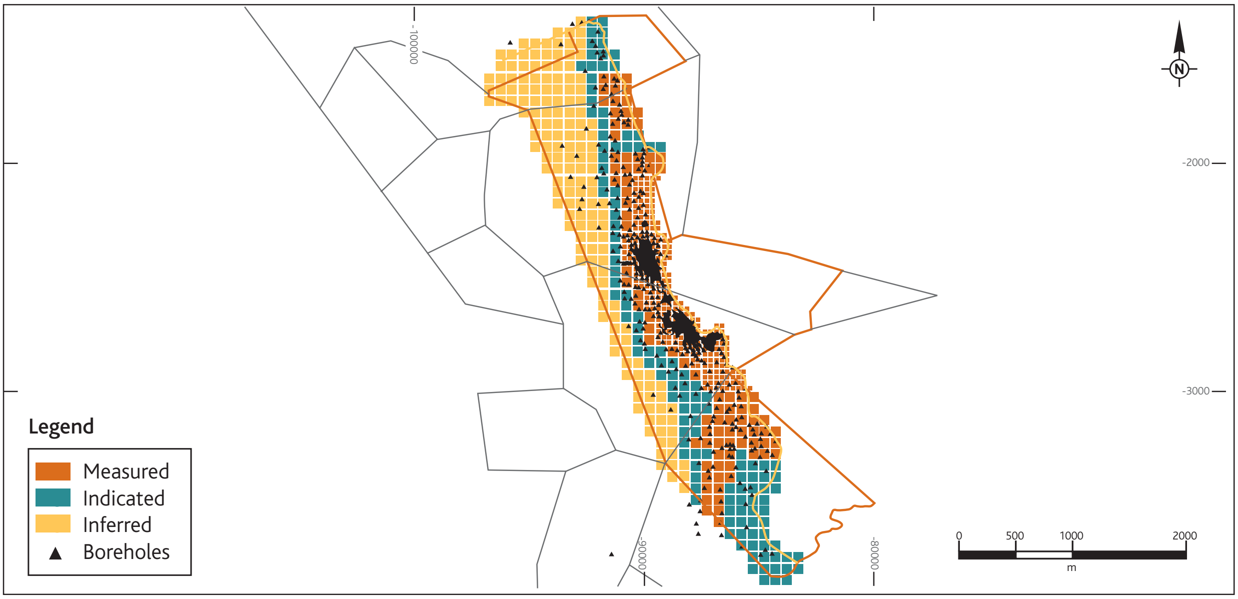
Mineral Resources	Mt	3PGE+Au g/t	M oz	Mineral Reserves	Mt	3PGE+Au g/t	Moz
Measured	50.73	5.54	9.04	Proved	18.09	4.71	2.74
Indicated	64.43	5.66	11.72	Probable	40.21	4.72	6.10
Total 2008	**115.16**	**5.61**	**20.76**	**Total**	**58.30**	**4.71**	**8.84**
Total 2007	131.2	5.62	23.7		35.17	4.82	5.45
Inferred	89.64	6.23	17.97				

3PGE = Pt + Pd + Rh

Modikwa: Mineral Resources Merensky Reef

	Mt	3PGE+Au g/t	Moz
Measured	18.68	2.96	1.77
Indicated	46.78	2.55	3.84
Total	**65.46**	**2.67**	**5.61**
Inferred	152.01	2.80	13.66

Modikwa Resources classification and borehole locality plan



Historical production at Modikwa Platinum Mine

Financial year	Mt
2003/2004	2.54
2004/2005	2.46
2005/2006	2.51
2006/2007	2.32
2007/2008	2.26

Kalplats Platinum Projects

Locality

The Kalplats platinum projects are situated 330 kilometres west of Johannesburg and some 90 kilometres southwest of Mafikeng in the North West Province of South Africa. Situated at latitude 26°30'S and longitude 24°50'E, the project area is accessed from Stella on the N14 national road linking Mafikeng and Vryburg.

History

Anglo American discovered the Kalplats platinum deposits in the early 1990s and Harmony Gold Mining Company Limited acquired the project from Anglo in 1999. Subsequently ARM acquired the project as part of the merger of the Avmin, ARM and Harmony assets in 2004. Pre-2004, exploration comprised a combination of rotary air blast (RAB), reverse circulation (RC) and diamond drilling. Anglo drilled a total of 6 000 metres in 133 holes, while Harmony drilled a total of 40 000 metres in 862 holes. Harmony commissioned a feasibility study in 2003 and excavated a 500 tonne bulk sample for metallurgical test work. The study assessed the viability of both an open pit and underground mining operation. The feasibility study was completed early in 2004.

In 2005, ARM Platinum entered into two joint venture agreements with Platinum Australia Limited (PLA), one over the "Kalplats Project" in which ARM Platinum has a 90% share and which provides for PLA to earn up to 49% by completing a bankable feasibility study and making the Panton metallurgical process available at no cost. The other joint venture agreement covers the "Kalplats Extended Project" (Extended Project) in which ARM Platinum and PLA each has a 50% share and contributes equally to the exploration expenditure. Both projects are managed by PLA.

ARM Platinum

Two Rivers Platinum Mine

Prospecting rights

In September 2006, ARM Platinum was granted a new order 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). 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.

Geology

PGE mineralisation is hosted mainly by magnetite-rich gabbros within the Stella Layered Intrusion (SLI), a 3.0 billion year old layered complex intruded into the Kraaipan Greenstone Belt. Mineralisation is contained in seven separate, subvertically dipping zones known as Crater, Orion, Vela, Sirius, Crux, Serpens North and Serpens South, each with strike lengths of between approximately 500 and 1 000 metres and widths of between 15 and 45 metres. In addition more recent drilling has outlined at least five additional deposits known as Scorpio, Tucana, Pointer, Mira and Crux Gap.

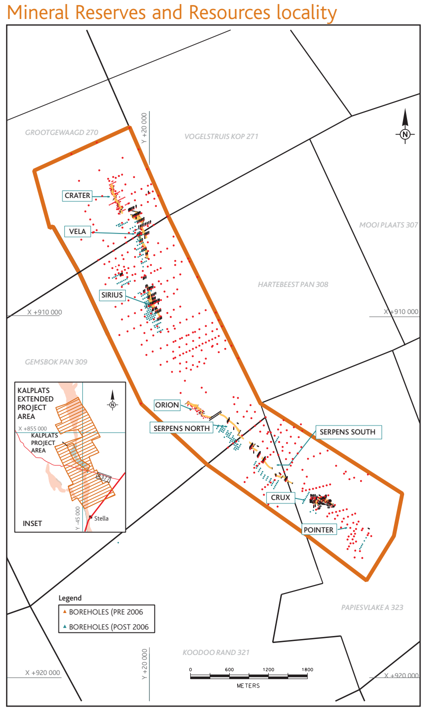
Three main sub-parallel reef packages within each zone have been recognised. They are the Main Reef (the highest grade reef), Mid Reef and LG Reef. The area is structurally complex, and thrusting has caused duplication of reefs in some cases.

Mineral Resources and Ore Reserves

PLA drilled a total of 48 390 metres of diamond and reverse circulation drilling during the 2008 financial year. Since September 2006, when PLA started work on the Kalplats Project, almost 76 000 metres of drilling have been completed. An aeromagnetic survey was also carried out over the whole of the Kalplats Project area as well as part of the southern Extended Project area covering approximately 5.5 kilometres of strike length.

PLA's work is aimed at completing a bankable feasibility study (BFS) and as such drilling aims both to increase the resource base of the project and to upgrade the classification of the resource. In May 2008, PLA released updated mineral resource estimates for the Crater, Orion and Crux deposits. The geological modelling and evaluation of the deposits was carried out by Snowden Mining Industry Consultants. Drilling, however, is continuing and final resource estimates for all the deposits will become available with the completion of the BFS. In the light of the likely upgrading of the

Kaplats Platinum Projects –
Mineral Reserves and Resources locality



resource in the near future, ARM Platinum's 2008 mineral resource statement remains the same as 2007, that is the same as the 2004 Harmony feasibility study.

Kalplats: Mineral Resources

	Mt	2PGM+Au g/t	Moz
Measured	–	–	–
Indicated	7.12	1.7	0.38
Inferred	68.11	1.15	2.44

2PGM = Pt + Pd

ARM Coal

Goedgevonden Coal Project

Goedgevonden Coal Project

Locality

The Goedgevonden Coal Project is situated in the Witbank Coalfield about 7 kilometres south of the town of Ogies in Mpumalanga province in South Africa. Snowden (in October 2005) audited a feasibility study carried out by Murray and Roberts in September 2005, and ARM expects the work carried out by these two organisations to be accurate and manifesting a high degree of confidence. No additional work on resources and reserves was carried out by ARM.

History

A total of 548 surface diamond boreholes were drilled during 1964 to 2004 by Duiker Mining and Xstrata SA. Anglo Coal supplied an additional 102 boreholes for the Zaaiwater area. Most boreholes were drilled down to basement to define the seam locality and basement topography. Owing to the different campaigns, the database had to be validated to produce a consistent set of data.

Mining authorisation

New order mining rights were granted during the year under review.

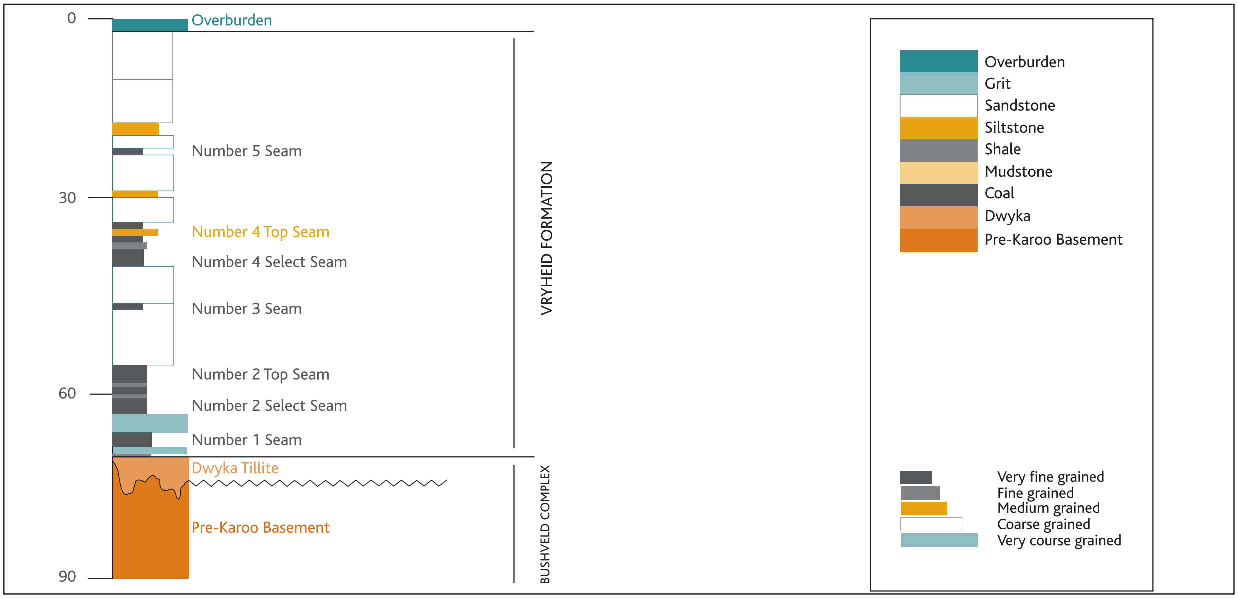
Geology

The stratigraphy of the Witbank Coalfield consists of five seams numbered from oldest to youngest: No 5 to No 1 seam. The seams vary in thickness from less than 0.5 metres to over 6 metres and do not exceed 300 metres in depth from surface. The coal seams dip at less than 5 degrees. However, coal seam morphology and qualities may be locally influenced by basement topography, surface weathering and intrusion of dolerite dykes and sills. The coal qualities vary both within and between individual coal seams. Low quality coals, suitable for the local steam coal market, have a calorific value of between 18 to 22Mj/kg, whereas the high quality export steam coal has a calorific value of greater than 27Mj/kg. The proposed Goedgevonden open-cut mine is expected to produce an additional 3.2 Mt annually for export and 3.4 Mt a year for domestic thermal generation coal by 2009. The planned stripping ratio is between 3.35:1 and 1.85:1 in the early years of production. Using a mining contractor, Xstrata SA started mining on the Goedgevonden property at a rate of 1 mtpa (run-of-mine), gaining knowledge of the geology and mining conditions.

All five coal seams are developed on Goedgevonden (see figure). The No 1 seam is of low quality, thin and only developed in paleo-low areas. The No 2 seam is extensively developed and is of good quality and is, on average, 5.5 metres thick. The No 3 seam at Goedgevonden is of good quality but, with an average thickness of only 0.3 metres, is uneconomic. The No 4 seam, being closer to surface and although of the same thickness as the No 2 seam, is influenced by weathering and is not as extensively developed. The No 5 seam is of good quality, but is preserved as erosional remnants on the high ground only and thus not extensively developed over the area. No major faults, structural disturbances or intrusives were observed in the boreholes drilled to date.

Wireframes for the seam composites for the No 2, 4 and 5 seams were generated in Datamine. Two-dimensional blockmodels were generated with block sizes of 50 x 50 metres. All estimations of the individual blocks were done using inverse distance cubed with an isotropic search. Other software packages used in the evaluation are 'Washproduct' and 'Xpac'.

Stratigraphic column at Goedgevonden



The following table with regard to Goedgevonden coal resources and reserves was obtained from Snowden, reflecting the status as at June 2005. Mineral Resources and Reserves of the Xstrata mines are the responsibility of the Xstrata SA resources and reserves team.
No ARM employee is involved in the compilation of Xstrata Coal South Africa's Mineral Resources and Reserves.

Goedgevonden Coal Resources and Reserves

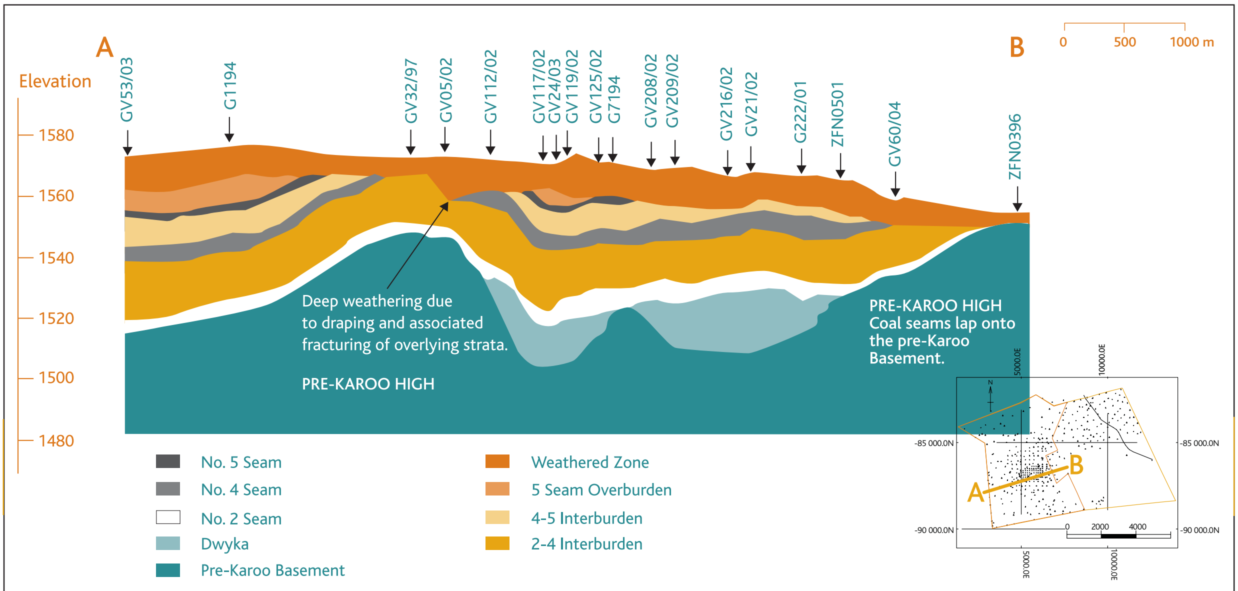
	Mineral Resources within mine plan			Reserves		
Seam no	Measured	Indicated	Inferred	Proved	Probable	Saleable
2	58.3	30	–	–	–	–
4	44.2	13	58	–	–	–
5	14.7	1	8	–	–	–
Total	117.2	44	67	–	–	–
	Mineral Resources outside of mine plan					
2	177.9	–	–	–	–	–
4	189.3	–	–	–	–	–
5	41.8	–	–	–	–	–
Total	409	–	–	–	–	–
Overall	526.2	44	67	329.8	27.6	194.1

ARM Coal

Historical Production at Goedgevonden

Financial year	Mt RoM
2006/2007	2.00
2007/2008	1.96

Section showing Goedgevonden Coal seams



TEAL Exploration & Mining Inc.

TEAL Konkola North

Exploration and evaluation

African Rainbow Minerals Limited (ARM) owns 64.9% of TSX and JSE listed company TEAL Exploration & Mining Incorporated (TEAL). TEAL is currently finalising feasibility studies and further drilling on its copper projects in Zambia and in the Democratic Republic of Congo (DRC) and on its gold project in Namibia. TEAL is also undertaking further exploration for base metals, gold and uranium, in the DRC, Zambia, Namibia and Mozambique. The mineral resources and reserve estimations by TEAL are compliant with the relevant Canadian National Instrument 43-101 (NI 43-101) regulations governing the reporting of such Mineral Resource estimates.

Otjikoto Gold Project

The Otjikoto Gold Project is an evaluation and exploration project situated in the Otavi region in Namibia, and the project is covered by an exclusive prospecting licence (EPL 2410). The company has four additional exclusive prospecting licences comprising 3 667 km^2 surrounding the Otjikoto Gold Project on which exploration work is being undertaken.

The gold mineralisation at Otjikoto occurs within the Northern Zone of the Damara Orogen. The mineralisation occurs as shallow-dipping, sheeted vein systems hosted within a package of marbles, albitites and biotite schists of the Karibib Formation. The individual veins range from 1 to 10 centimetres in thickness and contain pyrrhotite, magnetite, pyrite and free, often coarse grained, gold. The package of mineralised sheeted veins is approximately 25 metres thick, with an average dip of 25 degrees, presently defined along a strike of approximately 1.9 kilometres.

The Mineral Resource is based on RC and diamond drill holes totalling 129 boreholes, equating to a total of 15 435 metres (11 410 metres of diamond drilling and 4 025 metres of RC drilling). The drill holes were drilled initially on a 100-metre strike spacing and a 50-metre dip separation. Further infill drilling in the north-western portion of the orebody was undertaken on 50 x 25 metre and 25 x 25 metre grids during the 2007/2008 financial year, which increased the confidence in geological and grade continuity substantially. The gold mineralisation is open-ended along strike and down-dip.

In the case of RC drilling, sample collection takes place every 1 metre and each sample is logged and assayed. The samples are weighed, then split using a riffler before four sub-samples are derived for assay and quality control reference purposes. Diamond drill core is geologically logged and halved with a saw. Half-core samples are taken every 1 metre for screen fire assaying by laboratories in South Africa and Australia. The project involves the use of stringent sampling protocols, and sample duplicates and certified reference material is used to monitor the quality of assay results.

Three-dimensional wireframe models using a cut-off of 0.4 g/t Au were produced in Datamine from the drill hole intersections. Drill hole samples are composited over a 1.0 metre interval within the orebody wireframes. The data population is positively skewed and closely approximates a lognormal distribution. The wireframes were used to constrain 50 x 50 x 2.5 metres block models and gold grade was interpolated into the block model using ordinary kriging in the normal space. High nugget-effect spherical-structured semivariograms were generated along- and across-strike from the log-normal data and then converted to the normal space. Clear anisotropy can be recognised along and across strike. SRK Consulting (South Africa) (Pty) Limited ('SRK") are appointed as the Independent Qualified Persons for this project.

Otjikoto – Mineral Resources at a 0.4 G/T Au Cut-Off Grade as at June 2008

	Mt	g/t Au	Moz
Measured	–	–	–
Indicated	23.3	1.4	1.05
Inferred	19.4	1.41	0.88

Konkola North Copper Project

The Konkola North Copper Project is situated on the Zambian Copperbelt with the economic mineralisation being generally confined to a dark-grey siltstone within the OS 1 Member (Ore Shale) of the Nchanga Formation. The true thickness of the OS 1 Member varies from 3 to 12 metres. The mineralisation is transgressive at a low angle and the ore zone is not defined by a geological hangingwall and footwall. The deposit occurs at a depth of 50 to 1 300 metres below surface with a dip range of -40 to +55 degrees. The thickness of the deposit increases towards the south where it averages over 10 metres.

A total of 125 diamond holes were drilled in a number of exploration phases. The core was split with a diamond saw, logged and sampled in approximately 0.5 metre lengths. Samples were assayed by two laboratories in South Africa. Total copper and cobalt analysis was carried out by a two-acid digest (HCl and HF) with a flame AAS finish. Acid soluble copper was determined by a sulphuric acid leach and a flame AAS finish. 10% of all samples in a batch were repeated as duplicate samples to check repeatability.

The orebody was divided into three zones – East Limb, South Limb and Area A – for estimation purposes. Wireframes were defined by using a 1% Total Cu cut-off in Datamine and a density of 2.75 t/m^3 was used. GijimaAst used the "UNFOLD" process in Datamine to do the Ordinary Kriging estimation in 2-D. The block size is 500 x 500m in the horizontal plane with sub-cell splitting down to 250 x 250m at the edges of the wireframe hull. SRK are appointed as the Independent Qualified Persons for this project.

Konkola North – Mineral Resources at a 1% Total Copper Cut-Off Grade as of April 2008

	Mt	%TotCu	%AsCu
Measured South Limb	10.00	2.23	0.60
Indicated South Limb	22.20	2.13	0.26
Total South Limb	32.20	2.16	0.49
Inferred South Limb	**16.20**	**2.22**	**0.25**
Measured East Limb	7.10	2.34	1.07
Indicated East Limb	11.70	2.87	0.39
Total East Limb	18.80	2.67	0.54
Inferred East Limb	**10.70**	**2.83**	**0.41**
Total Measured + Indicated	51.00	2.35	0.47
Inferred (mainly Area A)	**219.50**	**2.64**	**1.09**

The above-mentioned resource estimation was carried out by GijimaAst in December 2006. GijimaAst assigned SAMREC categories according to the Kriging Efficiency (KE). The KE measures the improvement in estimate from more samples per estimate, closer sample distances to the block and samples spread evenly rather than clustered one-sidedly. The criteria adopted for the classifications, after consideration of the literature, are as follows:

- Inferred KE (copper accumulation) <0%
- Indicated KE (copper accumulation) 0-50%
- Measured KE (copper accumulation) >50%

SRK reviewed, audited and signed-off of the re-estimated resources for Konkola North during March 2008.

An underground mine with a shaft to 423 metres in depth and related infrastructure are in place at Konkola North's South Limb orebody. The shaft was on care and maintenance from 1959 onwards. A feasibility study has been completed, and parts of the mineral resource have been converted to a mining reserve through detailed mine design and scheduling.

Mwambashi Copper Project

The Mambwashi Copper Project lies in the Zambian Copperbelt on the western edge of the Chambishi Basin. The orebody is wedge-shaped, being up to 30 metres thick in the shallower portions and tapering down to less than 1 metre at a depth of 450 metres. The orebody has a strike extent of 500 metres and extends down-dip for approximately 450 metres, with an average thickness of 15 metres. The orebody dips range from 25 degrees in the south to 35 degrees in the north. Most of the copper mineralisation occurs as disseminated to massive mineralisation in the argillaceous quartzite and conglomerate of the Mindola Clastics Formation.

From 1951 to 2007 nine drilling campaigns were completed. During 2001 an evaluation was carried out by Avmin to determine the mineral resource potential at a 1% total copper cut-off grade. 33 boreholes composited to 1 metre intervals were used in that estimation. An Indicated Mineral Resource of 8.6 Mt at an average grade of 2.43% total copper was estimated to be present.

During 2006, a database validation exercise was performed by external consultants GeoLogix Mineral Resource Consultants (Pty) Limited. All available drill core was re-logged and lithologies validated. 57 boreholes were used in the re-evaluation. Assays were available for percentages of total copper and acid soluble copper and cobalt, and this data was captured in a SABLE database and coded according to rock type. The drill holes were composited to 2 metre intervals, respecting lithological boundaries. Wireframed sections were constructed in Datamine and block models were generated, using a 0.3% total copper and 0.5% total copper cut-off grade. Lower cut-off grades were used due to the dramatic increase in the copper price. GSLIB was used to do ordinary kriging estimates into the block models with block sizes of 5 x 30 x 1 metres, and then imported back into Datamine and regularised into block sizes of 30 x 30 x 10 metres. Relative densities are based on the weathering profile: overburden = 1.8 t/m^3, < 30 metre depth = 2.1 t/m^3, 30 to 40-metre depth = 2.2 t/m^3, 40 to 50-metre depth = 2.3 t/m^3 and >50-metre depth = 2.5 t/m^3.

During September 2007 the mineral resource at Mwambashi was re-evaluated. The range of the semivariogram was used to classify Mineral Resources into the SAMREC defined Measured, Indicated and Inferred Resources categories:

- Measured = Estimating data closer than first range of semivariogram (60 metres) from block being estimated;
- Indicated = Estimating data between first range (60 metres) and Sill range (240 metres) from block being estimated; and
- Inferred = Estimating data further than 240 metres from block being estimated.

Mwambashi – Mineral Resources at 0.5% Total Copper Cut-Off Grade

	Mt	%TCu	%AsCu
Measured	10.54	1.84	0.74
Indicated	1.896	1.17	0.42
Total	**12.44**	**1.74**	**0.69**
Inferred	1.77	2.10	0.26

TEAL Exploration & Mining Inc.

Democratic Republic of Congo (DRC)

Kasonta-Lupoto Mines sprl (Kalumines) holds the rights to TEAL's 60% interest in Kalumines which is situated 30 kilometres to the north-west of Lubumbashi. The mining licence, P.E. 2590, covers an area of 77 km^2 and hosts various near surface exposures of rich oxide copper and cobalt mineralisation, all within a few kilometres of each other. Kalumines is a 60:40 joint venture with Gécamines.

TEAL has undertaken extensive drilling on the Lupoto Copper Project within the Kalumines licence area and has completed an initial drilling programme of 189 boreholes in addition to the 73 boreholes previously drilled by Union Miniére du Haut Katanga (UMHK) and Gécamines. Drill centers were on 50 metres line spacing and boreholes were spaced 50 metres apart. The copper/cobalt mineralization is transgressive over several units within the Series des Mines and has an average thickness of 25 metres, dipping between 90 and 65 degrees. An initial, first phase, mineral resource with a 0.5% total copper cut-off to a vertical average depth of 80 metres has been completed. Further drilling is in progress to define the remainder of the strike extensaion of 1 360 meters presently not in this model and to undertake further infill drilling. SRK have been appointed as the Independent Qualified Persons for the resource estimation of the Lupoto Copper Project.

Lupoto – Mineral Resources at 0,5% Total Copper Cut-Off Grade

	Mt	% TCu	% AsCu
Measured			
Indicated	15.1	2.32	1.83
Inferred	9.13	2.09	1.73

Kalumines has started a small open-pit mining operation, exploiting about 110 000 m^3 per month. A small screening plant is operational to sort the copper material into various size categories for on-sale to customers with in the DRC.

Exploration

TEAL has an extensive portfolio of exploration rights on the Zambian Copperbelt and in Central Zambia, where TEAL undertakes exploration work to discover copper, zinc, nickel mineralisation. In the DRC on the Kalumines licence area, TEAL is undertaking extensive drilling and exploration work, and an extensive zone of copper mineralisation has been discovered between the prospects Kasonta and Niamumenda with a strike extend in excess of 2.4 kilometres. In Namibia, extensive exploration is being carried out for additional gold and base metal mineralisation.

TEAL has commenced with an exploration programme on six prospecting licences in Mozambique, following a regional airborne geophysical survey. The aim of this programme is to outline areas of uranium mineralisation.

ARM holds a 16% stake in Harmony Gold. 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.

ARM holds a 20.2% stake in Xstrata Coal South Africa's operations other than Goedgevonden. Resources and reserves of the Xstrata Coal South Africa mines are the responsibility of the Xstrata SA team and are published in their annual report.

GOVERNANCE

Nchwaning Manganese Mine

Sustainable Development Report

Our approach to sustainable development – the six pillars

Sustainable development is more than a policy for ARM, it is an ethos that underpins the values that make up the Company and drives its strategy. ARM's fundamental philosophy of 'we do it better' applies as much to the non-financial aspects of its business as it does to the financial aspects.

ARM's operations, located in southern Africa, are surrounded by communities who face many developmental and socio-economic challenges.

At the heart of the Company's being is the desire to create economic value for a broad range of stakeholders, from employees and their communities, to shareholders, business partners, customers, suppliers, unions, and to local, regional and national government.

Governance

The Board has delegated issues relating to sustainable development to the Sustainable Development Committee of the Board, which met on three occasions during the year. In F2008 the members of this committee were:

- Dr Rejoice Simelane (Chairperson)
- Dr Manana Bakana-Tuoane
- Mr Max Sisulu
- Mr Bernard Swanepoel

The Chief Executives of all operations, the Group Manager: Safety, Health and Environment; Executive: Technical Support; Executive: HR; Corporate Social Investment Manager and the Group Risk Manager are invited to attend all meetings.

The committee has been directed by the Board to guide and oversee the achievement and maintenance of world-class performance standards in respect of safety, occupational health, HIV and AIDS, environmental performance, corporate social investment and economic empowerment. This committee advises on policy issues, reviews management systems, and monitors progress towards goals and compliance with statutory, regulatory and charter requirements.

This Sustainable Development Report is for the 2008 financial year, that is, for the period from 1 July 2007 to 30 June 2008. Historical and more recent information may be provided for clarity, interest and completeness.

Where possible, and where information is available, the information in this report has been collated for operations that are managed by ARM or in which ARM has significant management influence. These include the following operations:

- ARM Ferrous: the Beeshoek, Khumani, Manganese Mines and Dwarsrivier mines, and the Cato Ridge Manganese Works and Machadodorp Chrome Works.
- ARM Platinum: the Modikwa, Two Rivers and Nkomati mines.

It is the Company's intention to increase reporting in the year ahead to include projects held by TEAL and the Goedgevonden Coal Project. In developing this report, cognisance has been taken of the Global Reporting Initiative's (GRI) G3 guidelines. Issues raised within the Mineral and Petroleum Resources Development Act (MPRDA) and its accompanying Mining Charter have also been considered.

Throughout this report, all data refers to the entire operation unless indicated as being attributable. Throughout this report, $ is used to represent US dollars.

This summary report has been extracted from our Sustainable Development Report, which is available at www.arm.co.za.

The six pillars of sustainable development at ARM

Safety | Occupational health | HIV and AIDS | Environment | Employment equity and BEE | Social investment and local economic development

This sustainable development policy may be found at www.arm.co.za.

Economic contribution

ARM views sustainable development as an integral part of its business endeavours. The Group's sustainable development policy is underpinned by the notion that the Company has a responsibility to turn the mineral wealth with which the country is endowed into economic wealth. Key to this policy is its commitment to being a catalyst for local, national and regional development and to making a lasting and substantial contribution to the regions in which it operates, and the country as a whole.

The Group's value-added statement below reflects significant value added during the year of R9.1 billion (F2007: R3.7 billion).

Key features include:

- Sales rising by 105% from R6.2 billion to R12.6 billion.
- Cost of products and services of R4.3 billion (F2007: R2.6 billion), an increase of 71%.
- R1.1 billion paid to employees, an increase of 43% on F2007.
- R2.1 billion paid to the state in the form of taxes (F2007: R0.8 billion).

The Group is firmly committed to the development of its operations and the region as a whole, with capital expenditure in F2008 of R2.8 billion (F2007: 2.0 billion). An amount of R12 billion for capital expenditure is forecast for the next three years in replenishing resources and refurbishing assets, and in the expansion and development of new operations.

Group value-added statement

	Group 2008 Rm	Group 2007 Rm
Sales	12 590	6 152
Net cost of products and services	4 318	2 527
Value added by operations	8 272	3 625
Income from associates	461	16
Exceptional items	162	14
Income from investments	168	51
	9 063	3 706
Applied as follows to:		
Employees as salaries, wages and fringe benefits	1 053	738
The state as taxes	2 084	781
Providers of capital		
Equity – Dividend	315	-
Minority interest	460	191
Outside – Finance cost	438	370
Total value distributed	4 350	2 080
Re-invested in the group	4 713	1 626
Amortisation	541	406
Reserves retained	4 172	1 220
	9 063	3 706

ARM as an employer

Creating employment

The number of people employed by ARM, directly and indirectly, has continued to grow during the year under review, indicating the substantial job creation opportunities created by the Company. As at the end of June 2008, ARM employed 17 936 people within its Ferrous and Platinum divisions (on a 100% basis), made up of 8 747 employees and 9 189 contractors. This reflects an increase of 32% on F2007 when the group employed 13 632 people (7 725 employees and 5 907 contractors). This is in line with the Group's strategy to grow its operational base and reflects the extensive construction activities currently underway.

If the Group's interests in TEAL, ARM Coal and Harmony are considered, the job creation with which the group is associated rises significantly.

Around 97% of the Group's total permanent employee base is drawn from local communities, of which the majority comes from the communities surrounding the operations. This policy ensures that ARM's job creation capacity has a positive impact on the communities in which its operations are situated.

Sustainable Development Report

Number of employees as at 30 June 2008 (employees and contractors)										
	Corporate	Beeshoek/ Khumani	Manganese mines	Cato Ridge	Dwarsrivier	Machado-dorp	Modikwa	Nkomati	Two Rivers	Total
Full-time employees	99	736	1 200	733	189	693	4 133	366	679	8 828
Contractors	26	2 094	871	440	560	581	1 862	819	1 832	9 085
Total	125	2 830	2 071	1 173	749	1 274	5 995	1 185	2 511	17 913

Human resources strategy

Central to the Group's human resources strategy is its objective of being the employer of choice in its industry, with efforts being directed towards good levels of remuneration (which is regularly and aggressively benchmarked against its peers) and a concerted effort to retain and manage the Group's talent pool.

Other elements of the human resources strategy include the promotion of diversity in respect of culture, gender and generation; the management of HIV and AIDS, general wellness and health; training and development, specifically to address the scarcity of skills; flexibility in terms of working conditions (including transport and housing); promoting positive union relations and capacity-building; human resources-related corporate governance; performance management systems, productivity and labour optimisation; and delivering integrated human resources solutions and systems that reflect best practice.

Labour turnover

It is within this context that the Group is very pleased to report that, overall, it achieved a labour turnover of 4.5% during the year. This is significantly lower than most of its peers and it occurs in the midst of a major skills shortage in South Africa and, indeed, southern Africa.

Human rights

ARM is committed to constructive relations with its employees. Its policies and practices (and those of its contractors) are in alignment with the South African constitution, the Labour Relations Act, the Employment Equity Act, among others, and take cognisance of the Universal Declaration and Fundamental Human Rights Conventions of the International Labour Organization. In this regard, the use of forced and child labour is prohibited.

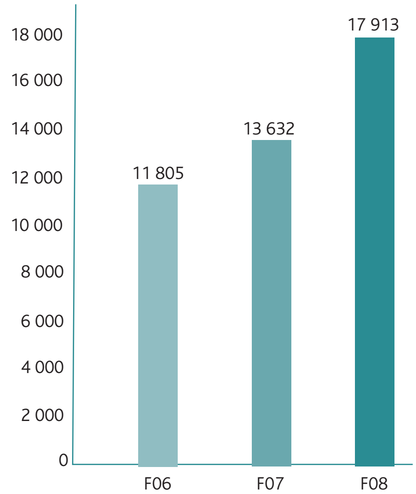
Labour relations

The Company promotes the freedom of association and has endeavoured to maintain constructive relations with employees and unions during the year.

Around 76% of the Group's permanent workforce is unionised. Recognition agreements have been agreed with the National Union of Mineworkers (NUM), National Union of Metalworkers of South Africa (NUMSA) in the smelting industry, Solidarity and the United Association of South Africa (UASA).

Wages and conditions of employment are negotiated at the operational level at each of the Group's operations. At six of ARM's operations, two- or three-year wage agreements have been reached. For operations with June as a financial year-end, additional adjustments to the agreed percentage increase has been allowed for as CPIX (at around 12.5% for the period) was above the generally agreed increase levels. This adjustment is not only in recognition of the high level of inflation that employees are experiencing, but also to ensure that the Group remains a competitive employer within the marketplace.

Total number of employees
(employees and contractors)



Safety

Ensuring the safety of employees at work is a priority for ARM's operational management, and a performance indicator on which ARM's corporate centre places great emphasis. Safety management systems and reporting are guided by legislation, primarily the Mine Health and Safety Act (MHSA) in respect of mining operations, the Occupational Health and Safety Act in respect of smelting operations, and international practice. Particularly in respect of mining operations, the tripartite (that is, management, union and government) processes and structures, including safety and health committees and elected safety stewards and representatives, as envisaged by the MHSA, have been established at all operations. Regular contact is maintained with the local and national structures of the Department of Minerals and Energy (DME). Employees are able to participate directly, and through the election of representations in joint decision-making and planning with regard to safety management.

A Group safety, health and environment manager provides guidance in respect of targets and good practice, and reviews performance.

ARM's target is to eliminate all fatal accidents and to achieve an improvement year-on-year in the key safety indicators aligned with the DME milestones for improving heath and safety in the mining industry.

Performance

It is with great regret that the Company reports that there were eight fatalities at the operations which it manages, or at which it is involved in the management, in three separate accidents. This is a significant increase from the two fatal accidents reported in F2007 and is of great concern to the Company. It should be noted that six employees died in a single tragic accident at the Cato Ridge smelter, which is dealt with in more detail below.

Note that the safety statistics reported below are for the ARM Ferrous and ARM Platinum divisions, and that the ARM Group information in this section relates to a combination of these statistics.

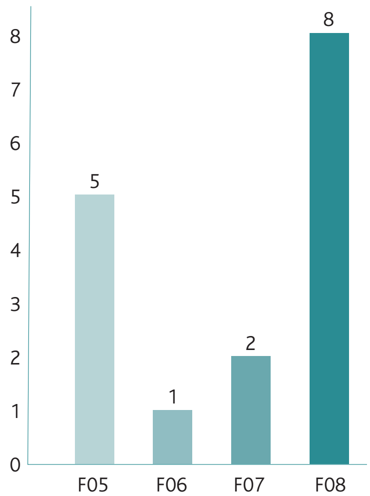
It is with deep regret that ARM reports the details of those who died at ARM's operations during the year. Deepest sympathies are extended to the families and collegues of those who died.

5 July 2007	Mr Marcus Mpho Khukhutje (33), Belt Attendant, Two Rivers Platinum Mine	Mr Khukhutje was overwhelmed by a mud rush from an ore transfer box.	Mr Khukhutje was from Ga-Malekane Ngwaabe, and leaves his wife, Manage Emely.
14 December 2007	Mr Lennus Tenza (50), Furnaceman, Cato Ridge Works	Mr Tenza suffered from severe burns when the furnace raw material bed erupted in an accident on 11 December.	Mr Tenza was from KwaXimba in KwaZulu Natal and leaves his mother, Sibongile Mavis Tenza, and wife, Thulisile Mavis Xaba.
24 February 2008	Isaac Gcumisa (32), Furnaceman	Cato Ridge Works accident. An explosion at the No. 6 furnace at Cato Ridge Manganese Works resulted in nine employees sustaining severe burns, six of whom died in the accident.	Mr Gcumisa was from Emvini, KwaXimba, in KwaZulu-Natal. He leaves his wife, Khanyisile Gcumisa.
	Alfred Mtolo (53), Payloader		Mr Mtolo was from Emvini, KwaXimba, KwaZulu-Natal. He leaves his wife, Gladness Mtolo.
	Vusi Kubheka (34), Millwright		Mr Kubheka was from Newcastle in KwaZulu-Natal and leaves his wife, Nomusa Tshabalala
	Zibuse Maduna (48), Tapper		Mr Maduna was from Esiweni, KwaXimba, in KwaZulu-Natal. He leaves his wife, Alice Maduna.
	Ndlovu Bheki (41), Production Foreman		Mr Bheki was from Entukusweni, KwaXimba, in KwaZulu-Natal. He leaves his wife, Cashile Ndlovu.
	Nhlanhla Ngcobo (26), Labourer		Mr Ngcobo was from Emvini, KwaXimba, in KwaZulu-Natal, and leaves his wife, Phumelaphi Ngcobo.

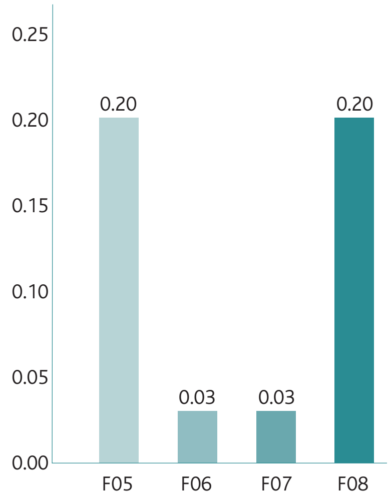
Statistics for Goedgevonden are not included in this report.

Sustainable Development Report

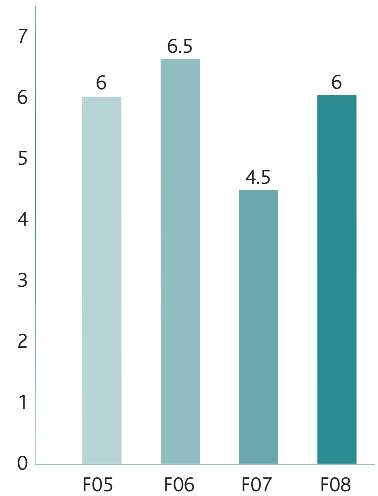
Fatalities at ARM
(including Ferrous and Platinum divisions)



FIFR at ARM



LTIFR at ARM



Three key measures of performance are recorded and reported by ARM operations, namely the Fatal Injury Frequency Rate (FIFR), the Lost Time Injury Frequency Rate (LTIFR) and the Reportable Injury Frequency Rate (RIFR).

On 24 February 2008, an explosion at the No. 6 furnace at Assmang's Cato Ridge Manganese Works in KwaZulu-Natal resulted in nine employees sustaining severe burns. Six of the nine injured employees passed away within three days of the explosion, as a result of their injuries. A memorial service was held at Cato Ridge Works on 28 February which was attended by employees, family members and management from both Assmang and ARM.

As at the end of June 2008, one of three injured employees who survived the accident had returned to work, while the other two employees were recovering at home, undergoing counselling. One employee is also receiving occupational therapy.

Comprehensive action plans for preventive measures to ensure safe operation of the smelter were compiled by the company and accepted by the Department of Labour and the unions. This includes the recommendation of an independent consultant that blast protection walls be constructed to shield employees from the furnaces, and the retraining of operations staff.

Prior to this accident, another employee died at this operation in December 2007. Before that the long term safety trend had shown consistent improvement in performance.

In addition to the Cato Ridge accident, two specific significant incidents at the Modikwa Platinum Mine had an impact on the three key measures of safety performance by reported ARM, namely, when:

- four employees who entered an unventilated workplace inhaled noxious gases in February 2008; and when
- 28 employees were exposed to fumes from a burning vehicle in February 2008.

The increase in both reportable accidents and lost-time injuries is of concern to the Group and attention is being directed towards reversing this upward trend. A factor that has had an influence on the rise in injuries has been the increase in operational activity and, in particular, the rise in the total number of people (employees and contractors) at ARM operations increasing by 62% the past three years, mainly due to the increased number of contractors.

Safety achievements

External awards

Two of the Group's operations were recognised by the DME for good safety performance during the year:

- The Manganese Mines received an award for the best underground section in the DME's Northern Cape Safety competition for the second time in a row.
- The Dwarsrivier Chrome Mine was recognised for achieving 1 000 fatality-free production shifts in an annual competition hosted by the DME. The Dwarsrivier Chrome Mine was also recognised for working 250 000 fatality-free shifts during the year by the DME.

Internal awards

The ARM Group also has two internal safety awards as a way of heightening safety awareness and providing recognition for good performance. These are the Santa Barbara Award and the Excellence in Safety competition. The Santa Barbara trophy is awarded to any operation that completes one million (or a multiple thereof)

fatality-free shifts, while the winners of the Excellence in Safety competition are selected based on a weighted average of differential LTIFR data over the last three financial years.

The following mines received the Santa Barbara award this year:

- On 25 August 2007, the Manganese Mines completed two million fatality-free shifts over a period of 54 months.
- The Modikwa Platinum Mine achieved two million fatality-free shifts on 13 July 2007, and three million fatality-free shifts on 14 February 2008. The latter was accumulated over a 22-month period, a significant achievement.
- On 23 May 2008, Machadodorp Works completed one million fatality-free shifts, which took 52 months to achieve.

The Manganese Mines were pronounced the winner of the Excellence in Safety competition for significantly improved safety performance during F2008.

Occupational Health

Ensuring the health of employees at work is a priority for ARM's operational management.

As with safety, in respect of mining operations, the tripartite (that is, management, union and government) processes and structures stipulated by the MHSA are in place at all operations, and joint management and union safety and health committees meet on a regular basis. Each operation has a safety and health policy.

Performance

ARM's operations are either mines or smelter operations which present different hazards in respect of occupational health and hygiene. The mining operations vary in respect of the orebody and the mining method applied (opencast versus underground mining), and also in respect of the degree of mechanisation. These factors determine the impact on the potential hazards they present.

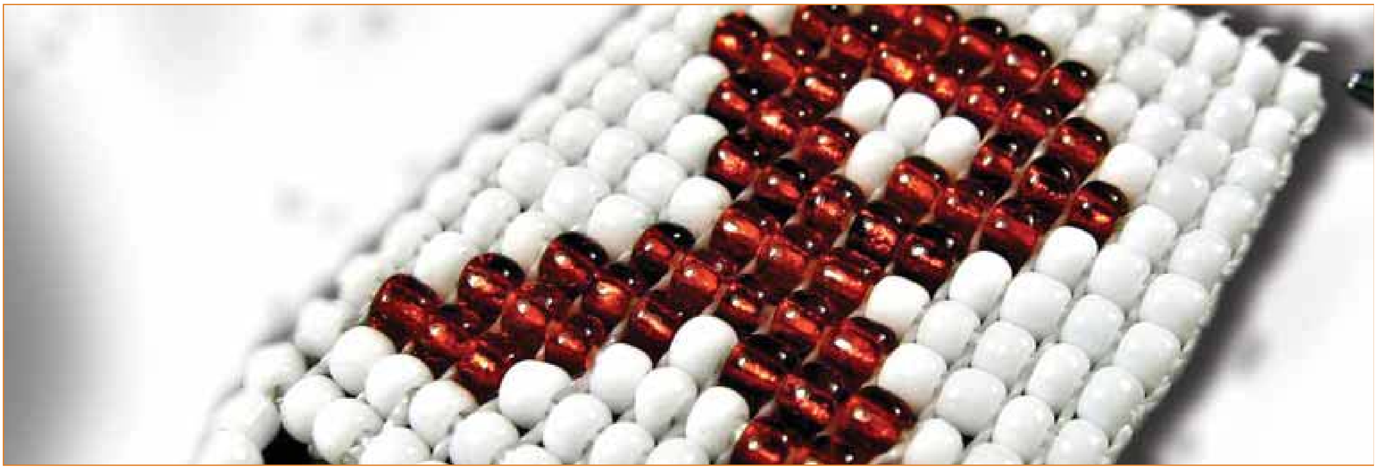
All operations perform medical surveillance in compliance with legislation. Baseline medical examinations are conducted on entry, at exit and on an annual basis during the period of employment.

In 2006, four cases of manganism were identified at the Cato Ridge Manganese Works in KwaZulu-Natal. This occupational illness is caused as a result of exposure to manganese and is very difficult to diagnose. (The symptoms displayed are similar to those of Parkinson's disease). In 2007, a further six cases of manganism were identified. As a result, compensation was applied for on behalf of 10 employees to the Compensation Commissioner.

The Cato Ridge smelter has consistently applied safety and health mechanisms (including surveillance) as required by law. In 2007, arising from the above initial diagnosis of manganism, Assmang developed a more comprehensive medical surveillance programme.

This programme includes examination by a movement disorder specialist and a neuro-psychologist. All employees at Cato Ridge Works have gone through this enhanced medical surveillance, and apart from the 10 employees who were initially diagnosed with manganism, no other employees have been found to have manganism.

Evaluations by both local and international medical experts have indicated that, based on the available evidence, the 10 initial diagnoses



of manganism are incorrect and that none of the 10 employees who were initially diagnosed as having manganism can be considered to have manganism, and that further investigation is warranted.

Assmang is of the opinion that the 10 persons who were initially diagnosed with manganism should be medically re-examined by specialists qualified in the field.

An inquiry convened by the Department of Labour in 2007, continued with its work in 2008, but by year-end its work had not been completed. Assmang remains committed to protecting the health of its employees and to provide a working environment for its employees which is safe and healthy. Over the past 12 years, Assmang has spent, in current terms, capital of more than R200 million on health and safety improvements at Cato Ridge. Assmang has planned additional capital of R150 million over the next three years on a fugitive dust and fume extraction project.

HIV and AIDS

Operating as it does in southern Africa, ARM's operations and the communities in which the company and its employees reside have been severely affected by the HIV and AIDS epidemic. ARM's approach to the management of HIV and AIDS is aimed at halting the spread of the disease on the one hand, and caring for those who are infected and affected on the other.

The operations are responsible for the interventions with employees and communities. Their activities are, however, guided and supported by the corporate strategy and reviewed by a corporate team, which is supported by a specialist consultant. A group HIV and AIDS coordinator was appointed in May 2008 to add impetus to ARM's programme.

The ARM Community Investment Trust supports community projects that have a meaningful impact on those in need.

Performance

Because each operation currently manages HIV & AIDS independently, reporting is challenging in terms of the group's overall performance. During F2008, ARM formally adopted the resource document compiled by the Global Reporting Initiative (GRI) as the basis of a reporting framework for ARM operations.

In developing its own matrix to evaluate the performance of its own operations, ARM used the 16 performance indicators identified in the GRI document, ranging from financial concerns to social concerns. These 16 GRI performance indicators fall into the following four categories

- Good governance: policy formulation, strategic planning, effective risk management, stakeholder involvement.
- Measurement, monitoring and evaluation: prevalence and incidence of HIV and AIDS, actual and estimated costs and losses.
- Workplace conditions and HIV and AIDS management.
- Depth/quality/sustainability of HIV and AIDS management.

Prevalence levels range from 24% in Mpumalanga (Machadodorp) to 2.4% in the Northern Cape (Beeshoek).

In respect of the four key elements, the following is reported:

- Good governance: improvement in this area is required at most operations, particularly in ensuring that the policies are comprehensive and include major stakeholders as co-signatories.
- Measuring, monitoring and evaluation: significant improvement in this area is required, particularly in understanding prevalence levels and in establishing the economic impact of AIDS.
- Workplace conditions and management: an analysis of the interventions in place yielded a relatively good score, although greater consistency and parity is required across the operations.
- Depth, quality and sustainability: the operations scored highest on this indicator, although there is room for improvement.

Environment

Care for the environment in which it operates is a fundamental part of the Group's sustainable development strategy. At a minimum, the Group's aim is to ensure compliance with all legislation, regulations and permits. However, it is the intention that operations should adopt and implement good environmental practice, so that negative impacts are mitigated as far as these are possible.

All of ARM's operations have environmental management programmes based on ISO14001. All but three operations (Nkomati, Two Rivers and Khumani) are ISO14001 certified and these operations will seek certification during the next two years.

Performance

Compliance

A number of environmental impact assessment and scoping studies were undertaken during the year, and numerous permits were applied for and received. Applications were made by both smelters for licences in terms of the new National Environmental Management: Air Quality Act. No significant permits were declined and a number of Record of Decisions (RODs) were received. There have been significant delays in the receipt of water licences, however, despite the fact that applications have been made timeously. This is an industry-wide problem.

The most significant matter of non-compliance related to the Cato Ridge smelter. In August 2007, Assmang responded to a report from the Department of Environment and Tourism (DEAT) following an inspection undertaken in February 2007. Further interaction ensued between the parties in respect of air pollution and emissions, non-adherence to conditions of the dust disposal facility permit, the absence of a monitoring committee, and perceived inadequacies in terms of monitoring and general pollution issues.

Assmang was given 21 days in which to prepare detailed action plans to address the listed non-conformances and other issues raised by DEAT, and this was provided timeously on 16 November 2007. In compliance with the action plans developed, waste management (for dust and slag) and waste management facilities, water management and licensing, as well as air quality monitoring and management, have received significant attention. A number of specialists were engaged to prepare the appropriate project scopes, plans and costings to address environmental management at Cato Ridge and ensure compliance in the future. Implementation of the plan will take two to three years. Bi-monthly meetings are held between the Works, the local municipality and DEAT to track a report on progress. The project is on schedule.

Audits

An external audit of all safety, health and environmental management systems is conducted at ARM's managed operations every second year. Following the external audit undertaken in June and July 2008, all operations submitted action plans to address issues of non-compliance, and implementation of these plans has progressed. The audit was repeated in July and August 2008, given a decision to establish an integrated risk and liability profile of the operations.

Issues

Since the operations under management vary greatly in terms of location, legacy, metals and type of mining, the environmental issues that are dealt with and the risks they present can be vastly different. The primary areas of environmental concern at each operation include:

- finalisation of water use licences;
- implementation of new EIA regulations (that were promulgated in 2006);
- the need to undertake new EIA's and EMPR amendments at rapidly expanding operations.

Water management

Water balances are prepared for all operations. Where water availability is limited, water trading with downstream users has been implemented. Aquifer level monitoring, groundwater sampling and chemical analyses form part of all operational water management plans. All operations have obtained or have applied for integrated water use licences (WULs) through the lead authority, the Department of Water Affairs and Forestry (DWAF).

At the smelting operations water is sourced from the relevent municipalities. At the mining operations, water is sourced from rivers and boreholes, in line with licenced, DWAF agreed and water use licence abstraction allocations.

Most sites run closed water management systems, so there is no discharge into the environment. Water is discharged at the Cato Ridge Works and water monitoring is undertaken for a range of chemical, biochemical , particulate and organic measures. The Works is currently applying for a water use license.

Energy

In late 2007 and early 2008, the national power utility Eskom found itself in a position where national demand for electricity exceeded capacity for generation. Following a period of crisis, the industry, including ARM, engaged constructively with Eskom both in order to reduce peak demand, but also in finding a way forward so that the power allocations that are required for new projects will be provided for.

To discourage wastage or inefficient use of electricity and to raise capital for additional generation capacity, electricity rates have increased substantially in the latter part of the financial year, while limitations have been imposed on electricity supply. ARM's smelter operations have especially been affected.

A number of short-term measures have been put in place at an operational level to deal with reduced energy consumption constraints.

Further medium-term measures include:

- Continued implementation of demand side management.
- Introducing generators for certain equipment.

Climate change

ARM participated in the Carbon Disclosure Project's survey in respect of climate change and carbon emissions. The Carbon Disclosure Project (CDP) is an independent not-for-profit organisation aiming at creating a lasting relationship between shareholders and corporations regarding the implications for shareholder value and commercial operations presented by climate change.

As far as climate change risk is concerned, the potential for drought is considered to be a potential risk, especially for those operations that rely on abstraction from rivers and aquifers as opposed to supply from municipalities.

Carbon trading programmes and feasibility studies of projects aimed at the co-generation of electricity have been initiated by both smelters. The company is also part of and, in many cases, plays a leading role in industry forums that are investigating the opportunities and threats posed by climate change.

Biodiversity

Issues relating to biodiversity and land management are typically catered for in each operation's environmental management plan (EMP). Where required, specific biodiversity assessments are undertaken.

Thorough heritage site and historical grave assessments have been done at all the operations which have EMPR, (thus all mines) since it is a requirement of the process.

Emissions

Emissions inventories, which include emission quantification and a point source inventory for the operations, have been compiled for both smelters in terms of the requirements of the Air Quality Act. Reporting in terms of the criteria pollutants specified in the applicable legislation (nitrogen dioxide, carbon monoxide, hydrocarbons, sulfur oxides, lead and total suspended particulate matter) and greenhouse gas emissions (GHGs) will take place during the next financial year in accordance with the requirements of the licence (which will be issued and regulated by the DEAT).

- Both smelters currently have emissions licences ito the previous APPA (Atmospheric Pollution Prevention Act) and are required to report on compliance with conditions (which state 96% availability of air cleaning equipment). This is currently done in compliance.
- Both smelters have engaged with the Authorities in terms of the requirements of replacing their APPA licences with emission licences ito the new NEMAQA. Machadodorp has been issued a draft licence and is currently finalising the conditions to be agreed with DEAT while Cato Ridge have submitted their application and are awaiting their draft.

Where applicable, fallout dust monitoring and PM10 measurements are taken.

Closure planning and provision

Closure and rehabilitation provision assessments are performed annually at all operations. The process is done by means of external estimation of closure and rehabilitation requirements annually and then provision into the various Trust Funds (one for Ferrous, one for Nkomati, one for Two Rivers and one for Modikwa). In some cases bank guarantees are also issued.

Closure plans are developed in accordance with the requirements of each EMPR and costing is done according to the methodology and standards specified in the EMPR.

Nkomati Nickel Mine

Operation	Estimated closure cost as at 30 June 08	Contributions			Total including Guarantees
		Trust Fund		Guarantees	
		2008 Contribution	Est Fund Balance as at 30 June 08		
Beeshoek	58 964 003	3 809 744	32 295 793		32 295 793
Khumani	66 904 623	2 676 185	2 676 185	38 000 000	40 676 185
Gloria	8 371 854	233 179	2 775 555		2 775 555
Nchwaning	10 046 536	274 566	3 456 957		3 456 957
Manganese Mines	25 780 793	738 185	8 064 348	20 064 845	28 129 193
Dwarsrivier	21 600 690	677 248	5 346 736	9 267 341	14 614 077
Two Rivers	14 092 692	526 925	1 599 684	4 111 889	5 711 573
Nkomati	39 122 797	28 136 090	39 318 703		39 318 703
Modikwa	41 110 639	1 600 745	4 294 405	58 600 834	62 895 239
ARM total	285 994 627	38 672 867	99 828 366	130 044 909	229 873 275

Sustainable Development Report

Modikwa Platinum Mine

Employment equity and black economic empowerment

As a leading BEE company in South Africa, ARM is fully committed to the transformation of South African business, and in particular the mining industry in which it participates. The Group recognises that, as a responsible business, it has a significant role to play in the transformation and empowerment of civil society as a whole, and to act as a catalyst for change for those communities that have been historically disadvantaged.

So important is the fact deemed to be in the overall sustainability of the business and the communities in which the company operates, that this element has been added as a fundamental pillar in ARM's sustainability strategy. In addition to the consideration of matters relating to employment equity and BEE at both board level and within the executive of the company, it is also an item for consideration by the Sustainable Development Committee of the board. Specifically, the following are considered to be priorities, namely:

- Employment equity, skills development and BEE policies of the company, to ensure compliance with all legislation, including the relevant scorecards.
- Developing and implementing competitive human resources strategies to enable the company to attract, retain and develop the best possible people to support superior business performance.
- Refinement and continued implementation of the Company's procurement policy.
- Encouraging interventions with small- and medium-sized enterprises (SMEs) capable of generating mutually beneficial outcomes.

BEE and, in particular, broad-based BEE (BBBEE) occurs at a number of levels as a strategic imperative of the company, most of which cannot be separated from the ongoing business of the Company. Nonetheless, there are some specific areas that can be reported on, namely the BBBEE equity holding in the group and its operations, the way in which the Company's procurement policies and practices are used as an agent for change and transformation, and the employment equity practices within the company. These three elements are dealt with below, but are also addressed elsewhere in the report.

Performance

BEE ownership

ARM has a 55% black ownership base, with ARMI owning 41% . Various church groups, union representatives, seven broad-based provincial upliftment trusts, several community, business and traditional leaders and a broad-based women upliftment trust have been registered as beneficiaries of the ARM BBBEE Trust. As at 30 June 2008, this Trust held 14% of ARM, valued at R8 billion, based on the market capitalisation of the group at that time. Dividends of some R8 million were paid to the Trust in F2008. At an operational level, communities around the Modikwa operation own a 17% stake in the ARM Mining Consortium Limited, which in turn holds a 50% stake in Modikwa.

BBBEE procurement

ARM aspires to procure at least 40% of its capital goods, services and consumables from BBBEE suppliers by the 2010 calendar year. This endeavour is commercially driven and is informed through appropriate pre-qualifying criteria. The information is reported below on a 100% basis.

ARM has seen increases in its overall expenditure from the F2006 base of R4.3 billion, by 24% and 93% in F2007 (R5.3 billion) and F2008 (R10.3 billion) respectively. This increase in expenditure reflects both the additional capital and operating costs at Two Rivers Platinum (R1.5 billion), Khumani (R4.0 billion) and the Nkomati expansion (R0.4 billion in Phase 1, and early expenditure in Phase 2).

BBBEE procurement (as a percentage of total discretionary procurement) has progressively increased from the F2006 reference of 21.2% to 26% in F2008. (Discretionary procurement is defined as the total procurement less procurement through public sector vendors (rates and taxes, utility service providers (electricity), academic institutions and sponsorships).

An analysis of the data indicates that if more of the non-accredited vendors had been accredited, the BBBEE statistic for ARM could have been as high as 62% in F2008. Plans are being developed to ensure that the best practices in procurement demonstrated at Khumani will be replicated elsewhere in the Group, and specifically at Nkomati and Machadodorp. Formal vendor accreditation also needs to be driven at all ARM operations.

Employment equity

Employment equity is considered as a specific objective of the broader human resources development strategy. In this respect, the Company addresses the recruitment, development, promotion and retention of those who are considered to be HDSAs, including women.

Steady progress continues to be made towards the Group's employment equity targets and the group is confident of its ability to meet all the requirements of the Mining Charter.

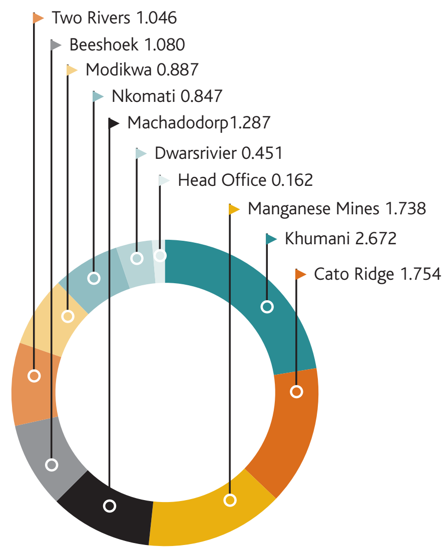
Social and Labour Plans (SLPs)

The development and implementation of SLPs as part of the Mining Charter form important parts of the Company's transformation commitments and planning. Included in these are the elements underpinning the Company's employment equity plans, like mentoring, training and development, etc. All operations are required to develop SLPs as part of their applications for new order mining rights and exploration rights, and to report on progress made on an annual basis.

The following is reported on the progress in respect of ARM's SLPs.

- Khumani: SLP approved and audited by DME. Progress report due in August 2008. SLP contains 57 core commitments, of which approximately 42 have been implemented successfully.
- Beeshoek: SLP in drafting process.
- Manganese Mines: SLP submitted to the regional DME.
- Dwarsrivier: SLP submitted in October 2007 to DME.
- Modikwa: Completed SLP with engagement of all stakeholders. SLP to be submitted in 2008.
- Two Rivers: SLP has been submitted to the regional DME.
- Nkomati: SLP has been submitted to the regional DME.

ARM expenditure F2008, R billion



Employment equity			
	F2006	F2007	F2008
Board representation			
Black directors on board	50%	50%	53%
Women on board	13%	13%	12%
Senior management			
Members of top management who are black	50%	50%	50%
Members of top management who are women	Nil	Nil	Nil
Members of senior management who are black	30%	19%	19%
Members of senior management who are women	12%	11%	10%
Members of steering committee members who are black	43%	40%	43%
Members of steering committee members who are women	24%	20%	14%
Skilled employees			
Professionally qualified employees who are black	34%	34%	30%
Professionally qualified employees who are women	14%	15%	12%
Technically qualified employees who are black	54%	49%	43%
Technically qualified employees who are women	9.5%	8%	7%
All employees			
Total number of employees who are black	84%	84%	83%
Total number of employees who are women	10.6%	9%	7%

Sustainable Development Report

Social investment and local economic development

ARM's approach to CSI is committed to invest in the development and empowerment projects that embrace the diversity of South Africa. The Company's CSI policy (available at www.arm.co.za) has as its vision, 'to be one of the leading socially responsible organisations involved in the reduction of poverty and social problems, through the development and upliftment of communities surrounding our mines and operations and secondly those communities from which we source our labour'. Informing all of its interactions in respect of CSI are three clear value sets, namely:

- Transparency
- Integrity and honesty
- Respect for the communities it serves

ARM gives effect to its CSI strategy at three levels: first, at the corporate level through the ARM CSI Trust and Chairman's Fund; second, at an operational level, through operations-based participation in and funding of projects; and third, through the commitments to local economic development (LED) that are undertaken as part of the Company's SLPs.

Specialist corporate social investment personnel are employed at each operation to identify projects, manage the Company's contribution to them, and to ensure alignment between local projects and the corporate vision. These corporate social investment personnel are guided and supported by a CSI manager based at the corporate office.

Performance

ARM maintains good relations with a wide range of partners in delivering on its CSI objectives and partners with communities around its operations, and with relevant stakeholders (such as government) to implement sustainable community development initiatives.

To ensure that its CSI projects are both meaningful and sustainable, ARM focuses on those initiatives which enjoy broad-based stakeholders' support, while avoiding 'handouts' which are unsustainable. Communities and beneficiaries of ARM's programmes and projects are actively consulted in the process of project selection, implementation and evaluation. The roles and responsibilities of stakeholders and projects/programme beneficiaries are clearly defined in advance, with specific emphasis placed on financial controls and corporate governance compliance. Projects that are funded must have a developmental approach, that is, they must be intended to build capacity in communities and should eradicate dependency.

In respect of specific project guidelines, ARM ensures that projects take an affirmative action approach, with women, the disabled, youth and the socially destitute being prioritised. Also, individuals are not funded – the funding must benefit a wider community or groups with common objectives and purpose. Direct and regular contact is maintained with project beneficiaries while the projects are monitored to assess their impact on development and progress with implementation. Adherence to stated objectives is constantly monitored and evaluated, with annual audits of projects being conducted.

Seven priority areas have been identified which provide the foundation of ARM's strategy:

- Health care promotion in respect of HIV and AIDS.
- Education, training and skills development.
- Job creation programmes and projects, with the emphasis on youth and women.
- Infrastructure development.
- Sporting events to unite communities.
- Cultural events, particularly for rural communities.
- Capacity-building programmes aimed at enabling communities to actively participate in socio-economic processes and projects.

In F2008, the group spent R21 million on CSI projects (F2007: 7.5 million).

In line with the company's SLPs, all operations have engaged with local governments and communities in order to establish their needs and developmental requirements and projects are integrated within the integrated development plans (IDPs) of the various district and local municipalities. In F2008, operations within the group spent R13 million on LED initiatives. The groups budget for LED in F2009 is R65 million.

Some of the primary projects that were undertaken as part of the group's CSI and LED initiatives during the year include the following:

- Shalom Crèche, in Machadodorp;
- Diphale Community Clinic, at Modikwa;
- Lerato house, in Olifantshoek in Northern Province;
- Estralita School for mentally challenged children, near Two Rivers;
- Upgrading of shelter for pensioners in KwaXimba;
- Early Childhood Development (ECD) Centre near Dwarsrivier;
- Essential oils project, near Nkomati;
- Ekujabuleni Bakery Project, near Nkomati;
- Lydenburg Primary School, in Mashishing (formerly Lydenburg);
- Encheos School, near Two Rivers; and
- The Machadodorp Works has allocated funding of R2 million towards schools in the area.

Nkomati Nickel Mine

Corporate governance report

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

ARM, a public company, is listed on the JSE Limited (JSE). The Company complies with the listings requirements of the JSE, various regulatory requirements and the King Report on Corporate Governance for South Africa 2002 (King II).

All directors and employees are required to maintain high standards of integrity, behaviour and ethics to ensure that the Company's business practices are conducted in a reasonable manner, in good faith and in the interests of the Company and all its stakeholders.

Composition of the Board

The Board comprises 16 directors, of whom seven are independent non-executive, two are non-executive directors and seven are executive directors. Curricula vitae for the board members are to be found on Pages 130 to 133.

The Board of ARM believes that the independent, non-executive directors are of appropriate calibre and number for their views to carry significant weight in the Board's decisions. The status of independent and non-executive directors is determined by the recommendations set out in King II.

Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are separate and distinct.

ARM's chairman, Mr P T Motsepe, contrary to the requirements of King II is an executive director representing the Company's largest shareholder, which holds 41.49% of the Company. The company is satisfied that this is adequately addressed by the composition of the Board.

In terms of the articles, the Chairman is required to be elected by the Board. Mr Motsepe was re-elected as Chairman for the calendar year commencing 1 January 2008.

Election

ARM's Articles of Association (the articles), call for one-third of the previously elected directors to retire by rotation at each annual general meeting. Messrs Abbott, Gule, Mashalane, Menell and Swanepoel are required to retire by rotation and, being eligible, may seek re-election. Mr Menell has advised that he will not be available for re-election at the coming annual general meeting. Directors co-opted onto the Board since the last annual general meeting hold office until the conclusion of the next annual general meeting and are required to seek election, should they so wish, as directors. Mr Shiels is affected by this requirement. The re-appointment of all directors seeking re-election is supported by the Board and approval by shareholders will be sought at the forthcoming annual general meeting.

Meetings

The Board meets at least four times a year. During the year under review four board meetings were held. A meeting attendance schedule is set out on page125 of this report. The quorum for board meetings is the majority of directors.

An annual workshop comprising members of the Board and senior executives of the Company is held during July to consider the budget and determine strategy, for implementation by the Board.

The agenda and supporting documents for board meetings are prepared by the Company Secretary in consultation with the Chief Executive Officer and the Chief Financial Officer and are dispatched timeously to every director prior to each meeting. Health, safety, sustainable development, risk, financial and legal matters likely to affect ARM, are routinely included in the board papers.

Board Charter

The Board's Charter, which was revised during the year, provides guidelines to members of the Board in respect of its responsibilities, authority, composition, meetings and the need for self-assessment.

The roles and responsibilities set out in the Board Charter are as follows:

- Providing strategic direction and leadership which conforms with ARM's value system, by assessing and authorising budgets, plans and strategies submitted by senior management.
- Adopting and implementing strategic plans, including mergers, acquisitions and disposals and the capital funding of such plans.
- Determining, implementing and monitoring policy, 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 the business and the systems used to determine that performance.
- Ensuring compliance with codes of best business practice, corporate governance regulations and all relevant laws.
- Communication with its shareholders and relevant stakeholders (both internal and external) promptly and openly.
- Defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to management.
- Monitoring of operational performance including financial and non-financial aspects relevant to ARM.
- Ensuring that the technology and systems employed are adequate and efficient.
- Maintaining full and effective control and monitoring the implementation by management of Board plans and strategies.

- Establishing a communications policy, in addition to its statutory and regulatory reporting requirements, which contains accepted principles of good reporting including being open, transparent, honest, understandable, clear and consistent in its messages to the media.
- Establishing policies for the selection of new directors and director orientation programmes.
- Ensuring that a succession plan for the executive directors and senior management is implemented.
- Ensuring that annual financial statements are prepared and are laid before a duly convened annual general meeting of shareholders.

Induction of new directors

All newly appointed directors receive a comprehensive induction pack relating to Company legislation and regulations, corporate governance, financial and reporting documents, minutes and administrative matters.

Directors are encouraged to attend courses providing training relating to directors' duties and responsibilities.

Board Assessment

The effectiveness of the Board should be assessed on an annual basis. A formal assessment has commenced and is expected to be finalised by the annual general meeting.

Advice and information

Information provided to the Board and its committees is derived from external sources and internally from minutes, plans and reports. No restriction is placed on the accessing of information by directors from within the Company.

All directors are entitled to seek independent professional advice concerning the affairs of the Company at its expense.

Directors have access to the advice of the Company Secretary.

Board Committees

The Board has delegated certain of its responsibilities to the board committees, as set out in the Terms of Reference of the individual committees. The granting of authority to board committees does not mitigate the board's responsibility for the discharge of its duties to the Company's stakeholders. Board committees report and make recommendations to the Board. A schedule of attendance at committee meetings is set out on page 125 of this report.

The non-executive directors constitute the entire membership of board committees with one exception, the Chairman of the Nomination Committee is ARM's Executive Chairman. With the one exception mentioned, independent non-executive directors constitute members of Board committees.

Audit Committee

Members: M W King (Chairman), M M M Bakane-Tuoane, A K Maditsi, J R McAlpine and R V Simelane.

The Audit Committee Terms of Reference was revised to meet the requirements of the Corporate Laws Amendment Act, No 24 of 1996 (CLAA).

The ARM Audit Committee performs its review function over all ARM operations. To assist the ARM Audit Committee all operational subsidiaries and joint ventures have Audit Committees. The chairpersons of these committees report into the ARM Audit Committee, highlighting areas of concern and mitigating actions by management. In addition, the Audit Committee minutes and internal and external reports of all operations are submitted to the ARM Audit Committee.

The objective of the Audit Committee is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and internal controls, control processes, 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 Sustainable Development Committee.

The Audit Committee also oversees the Company's financial reporting process on behalf of the Board, whilst the Company's management has the primary responsibility for the financial statements, maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control of such reporting. In fulfilling its oversight responsibilities, the Committee reviewed and discussed the audited financial statements with management and the auditors.

The Audit Committee, after due consideration, is of the view that the independent registered auditor, which is responsible for expressing an opinion on the conformity of the audited financial statements with International Financial Reporting Standards (IFRS), is independent from company management and the Company.

The Audit Committee has recommended the re-appointment of Ernst & Young Incorporated (E&Y). At the annual general meeting shareholders will be requested to re-appoint E&Y as auditors of the Company and to confirm the appointment of Mr Mike Herbst as the designated auditor.

Corporate governance report

The Committee discussed with the Company's internal and external auditors, the overall scope and plans for their respective audits. The Committee meets with the internal and external auditors on a regular basis to discuss the results of their examinations, their evaluation of the Company's internal control and the overall quality of the Company's financial reporting.

A Management Risk Committee, being a sub-committee of the Audit Committee, assists the Audit Committee in the discharge of its duties in relation to risk matters by implementing, co-ordinating and monitoring a risk management programme to ensure that broader strategic and significant business risks are identified and quantified with attendant controls and management assurance. The chairman of the Management Risk Committee attends Audit Committee meetings and reports on the activities of the sub-committee.

The Audit Committee acts as a forum for communication between the board, management and the external and internal auditors.

The Audit Committee is required to meet at least three times a year. Four meetings were held during the 2008 financial year.

A comprehensive framework is prepared to ensure that all tasks assigned to the audit committee are considered at least once a year. Scheduling of the Committee's non-routine work is therefore necessary and tasks have been assigned to the Committee, external and internal auditors and management.

Empowerment Committee

Members: M V Sisulu (Chairman) and Z B Swanepoel

It became apparent during the year that the mandates of the Empowerment and Sustainable Development Committees were very similar and in some instances overlapped. In August 2007, the Board approved the merging of the two committees and the abovementioned Committee Members became members of the Sustainable Development Committee. Tasks undertaken by this Committee were assigned to the Sustainable Development Committee.

Investment Committee

Members: A K Maditsi (Chairman), M W King, R P Menell and Z B Swanepoel

The objective of the Investment Committee is to consider projects, acquisitions and the disposal of assets in accordance with board-approved criteria.

The Investment Committee meets when considered necessary. Two meetings were held during the past financial year.

Nomination Committee

Members: P T Motsepe (chairman), A K Maditsi and R V Simelane

The Nomination Committee reviews the structure, composition and size of the Board, recommends appointments to board committees and monitors succession planning for the Chairman and the Chief Executive Officer and also considers the overall personnel needs of the business. The Nomination Committee is also responsible for the development of the criteria for the selection of directors. Designing the orientation programme for newly appointed directors on their responsibilities is also a function undertaken by the committee.

Meetings are convened as and when necessary. Although no Nomination Committee meetings were held during the 2008 financial year, the new appointment of Mr Shiels to the Board and the appointment of Dr Bakane-Tauane to the Audit Committee were approved by round robin resolution of the Committee.

An *ad hoc* committee consisting of Doctors Bakane-Tuoane and Simelane and Mr King, was formed to consider a successor to replace Mr Wilkens, the Chief Executive Officer, who was due to retire in November 2008. Mr Wilkens was invited to delay his retirement for a period of three years and a plan to find a suitable successor is being considered.

Remuneration Committee

Members: M M M Bakane-Tuoane (Chairman), J R McAlpine and Z B Swanepoel.

A remuneration report is set out on pages 126 to 128.

Sustainable Development Committee

Members: R V Simelane (Chairman), M M M Bakane-Tuoane, M V Sisulu and Z B Swanepoel.

In August 2007, the Board approved the merging of the Empowerment and the Sustainable Development Committees. The terms of reference were accordingly amended to incorporate the activities of the Empowerment Committee and were approved by the Board in May 2008.

The Sustainable Development Committee's objectives are to achieve and maintain world-class performance standards in safety, health (occupational), the environment, HIV/Aids, social investment and to enable historically disadvantaged South Africans (HDSAs) to enter into the mining industry as prescribed by the Minerals and Petroleum Resources Development Act, and to ensure compliance with the Scorecard issued by government. The attainment of these objectives requires the committee to advise the board of directors on policy issues, the efficacy of the ARM's management systems for its sustainable development programmes and the progress towards the set goals, compliance with statutory, regulatory and charter requirements.

Four meetings were held during the financial year.

A Sustainable Development Report is set out on page 106 of this report.

Management committees

Steering Committee

The Steering Committee, which meets monthly, comprises the Chief Executive Officer and other ARM senior managers. See page 134 for details. The committee is charged with implementation of approved corporate strategy and other operational matters.

Treasury Committee

The Treasury Committee meets monthly, and if required, more frequently, under the chairmanship of the ARM Chief Financial Officer with Andisa Treasury Solutions (Proprietary) Limited (Andisa) to whom the treasury function is outsourced. The committee reviews operational cash flows, currency and interest rate exposures as well as funding issues within the Group. 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 a continual basis.

Administrative matters

Whistle blowers' facility

ARM has a system whereby employees and others can anonymously report unethical and risky behaviour to an independent service provider. A written protected disclosure policy has been prepared and implemented.

The Leader: Risk Management implemented an exercise to heighten awareness of the whistle blowers facility during April 2008.

Code of Ethics

The Company is committed to high standards of integrity, ethics and legal standards in dealing with all its stakeholders. All directors and employees are required to maintain high ethical standards to ensure that the Company's business practices are conducted in a reasonable manner, to act in good faith and in the interests of the Company. The code was reviewed and amended during the year under review. The code is circulated to employees on a regular basis. During the year under review, two incidents of non-compliance with the code had been reported using the Whistle Blowers facility and are currently being investigated.

Internal Control and Internal Audit

The Board, supported by the Audit Committee, Management Risk Committee and Internal Audit (outsourced to KPMG Services (Pty) Limited), reviews the Company's risk profile annually. A risk based internal audit programme is compiled and approved by the Audit Committee. In terms of the approved internal audit programme, the Internal Auditors perform a number of reviews to assess the adequacy and effectiveness of systems of internal control and risk management programmes. The results of these reviews, coupled with the status of corrective action taken by management in response to control improvement opportunities, are reported to the Audit Committee and the Board.

Risk Management Programme

The Board of Directors has committed ARM to a process of risk management aligned with the principles of King II. All the Group's subsidiaries, joint ventures, strategic alliances, strategic and functional areas, business units, operations, projects and processes are subject to this internal control and enterprise risk management policy.

The Management Risk Committee, a sub-committee of the Audit Committee, provides added focus to the risk management process within ARM. The committee is chaired by the Chief Executive Officer and members include the chief executives of the divisions together with the Leader: Risk Management.

The Enterprise Risk Management Framework together with the Risk Management Philosophy, and the Internal Control and Enterprise Risk Management (ERM) Policy signed off by the Chief Executive Officer, formalises the detailed risk management initiatives in place within ARM.

Actions and processes involved in providing assurance on risk related matters include:

- Maintaining and enhancing the risk register of strategic, tactical and significant operational risks and opportunities confronting ARM – this records and quantifies risks and their attendant controls, control effectiveness and management assurance providers. KPMG Management Assurance facilitated the annual process of identifying risks, which have been reviewed and updated at least three times during the year. These risks are reported in to the Management Risk Committee and from there to the Audit Committee. The process is periodically audited to ensure that it is comprehensive and focused;
- A comprehensive survey and balanced scorecard management process is conducted twice annually and grades mines and operations against internationally accepted risk engineering standards for fire, mechanical and electrical engineering, mining, maintenance and commercial crime. Independent risk consultants benchmark risk preparedness against similar operations worldwide. These exercises continue to place ARM operations above world average risk preparedness standards; and
- An ongoing review of risk financing and insurance arrangements to ensure that risks beyond the economic capacity of ARM are appropriately and comprehensively insured.

In the implementation of ARM's approach to the management of risk, the following core issues are addressed:

- Identifying, evaluating and regularly reviewing the risks facing ARM in the achievement of its objectives;
- Developing and maintaining appropriate actions and controls

Corporate governance report

including contingency plans to manage risks through a formal enterprise risk management framework in order to preserve strategic objectives;

- Safeguarding and optimising shareholders' investments and Company assets;
- Implementing and maintaining effective internal control and risk management programmes;
- Actively pursuing measures to bring about further improvements in safety performance;
- Consistently striving to protect the health, safety and well-being of all people affected by our operations;
- Integrating environmental management into all activities. This key performance area ensures that ARM operates in accordance with the principles and procedures of the environmental management programme defined in the Minerals and Petroleum Resources Development Act;
- Ensuring compliance with relevant legislation;
- Retaining risk and/or self insuring to optimal capacity, consistent with conservative financial constraints and shareholders' interests;
- Accepting, reducing or sharing risk provided that the residual exposure accepted is within the risk appetite or tolerance; and
- Using secure insurance and re-insurance markets to finance against catastrophic incidents and losses beyond ARM's risk retention capacity.

Record keeping

ARM has a central records department for the retention of legal and administrative records. Investigations into the implementation of a more efficient filing system are currently underway and in conjunction with the internal auditors, a review of the management of contracts was carried out during the year and improvements will be implemented where necessary.

Policies and procedures to maintain reliable and accurate accounting and record keeping of all ARM's business transactions and to ensure that such records are retained as required by law are in place. Employees are aware that it is their responsibility to ensure that such information is physically secured and protected.

Promotion of Access to Information Act

The Company has complied with its obligations in terms of the South African Promotion of Access to Information Act 2000. The Access to Information Manual is available from the Company secretarial department.

Legal compliance

Internal and external audits are regularly conducted at all operations and any instances of non-compliance with regulatory requirements are reported to management for corrective action. The Company has not received any fines nor been prosecuted for any acts in respect of anti-competitive practices or non-compliance with any governance or legislative matters.

Policies and procedures

The following policies and procedures have been implemented by ARM:

- Dealings in securities and insider trading policy

  ARM enforces closed periods prior to the publication of interim and provisional financial reports for the Company. During this time directors, officers and designated persons are precluded from dealing in its securities. All directors and employees are provided with extracts of the Security Services Act and the Company's procedures in dealing in the securities of the Company twice a year, in December and June. Directors and employees are reminded of their obligations in terms of insider trading and the penalties for contravening the regulations. The policy was reviewed and updated during the period under review.

  A closed period extends from the last business day of the month at the end of a reporting period or the financial year until the close of business on the day of publication of the results in the press. Where applicable, dealing is also restricted during price-sensitive periods when major transactions are being negotiated and a public announcement is imminent.

  Directors are required to obtain written approval of the Chairman, Chief Executive Officer or Financial Director of the Company, prior to dealing in securities of the Company.

- Directors' conflict of interests policy

  The Code of Ethics includes a section relating to directors and officers conflicts of interests.

- Donations to political parties

  A policy relating to the making of donations to political parties has been adopted by the Board of Directors.

- Gifts, sponsorships, entertainment, hospitality, favours and loans

  The Company has a policy which prohibits the acceptance of any gifts, regardless of value, which may be construed as an attempt to influence an employee, and the acceptance of any gift is subject to the approval of a member of the Executive.

Meetings attendance for the year ended 30 June 2008						
Director	Board	Audit	Investment	Remuneration	Sustainable Development	Ad hoc Nomination
P T Motsepe (Chairman)	4/4					
A J Wilkens	4/4					
F Abbott	4/4					
M M M Bakane-Tuoane	3/4			1/1	3/4	1/1
J A Chissano	2/4					
W M Gule	3/4					
M W King	4/4	4/4	2/2			1/1
A K Maditsi	1/4	1/4	2/2			
K S Mashalane	4/4					
J R McAlpine	4/4	4/4		1/1		
R P Menell	3/4		1/2			
P C Rörich*	3/3					
L A Shiels**	1/1					
R V Simelane	4/4	4/4			4/4	1/1
M V Sisulu***	1/4				0/2	
J C Steenkamp	4/4					
Z B Swanepoel***	4/4		1/2	1/1	1/2	

* Resigned 20 February 2008

** Appointed 20 February 2008

*** Appointed as member of Sustainable Development Committee on 22 November 2007

Remuneration report

Role of the Remuneration Committee and terms of reference

The Remuneration Committee is a committee of the Board of Directors and its purpose is to recommend appropriate levels of remuneration to be paid to directors, to set remuneration packages for executive directors and to determine overall policy for the remuneration of the Company's employees, including, but not limited to, basic salary, performance-based short- and long-term incentives, pensions and other benefits, and the design and operation of the Company's share incentive schemes.

Membership of the Remuneration Committee

The Committee comprises three independent non-executive directors, namely:

- M M M Bakane-Tuoane (Chairman)
- J R McAlpine
- Z B Swanepoel

The committee complies with the King II Code of Corporate Practice and Conduct and the Board considers the composition of the committee to be appropriate in terms of the necessary blend of knowledge, skill and experience of its members.

The committee met once during 2007/2008. The Chief Executive Officer attended the committee meetings by invitation and assisted the committee in its deliberations, except when issues relating to his own compensation were discussed.

No director was involved in deciding his or her own remuneration. In 2007/2008, the committee was advised by the Group's finance and human resources functions, as well as by Deloitte, who provided market benchmark information and advised on and assisted with the design, implementation and verification of calculations pertaining to the executive incentive schemes.

Remuneration policy and executive remuneration

Principles of executive remuneration

ARM's executive remuneration policy aims to attract and retain high-calibre executives and to motivate and reward them for developing and implementing the Company's strategy in support of consistent and sustainable shareholder value. The policy conforms to best practice standards and is based on the following principles:

- Total rewards are set at levels that are competitive within the mining and resources sector.
- Incentive-based rewards are earned through the achievement of demanding performance conditions consistent with shareholder interests over the short, medium and long term.
- Annual cash incentives, performance measures and targets are structured to reward effective operational performance.
- Long-term (share based) incentives are responsibly implemented and do not expose shareholders to unreasonable or unexpected financial impact.

Elements of executive remuneration

- Base salary
- Benefits
- Annual bonus
- Long-term incentives

The 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 remuneration relative to the market and takes into account the performance of the Company and the individual executive in determining both quantum and design.

The policy relating to each component of remuneration is summarised below:

Base salaries

Base salaries of executives are subject to annual review. ARM's policy is to be competitive at the median level, with reference to market practice in companies comparable in terms of size, market sector, business complexity and international scope. However base salaries of key individuals and incumbents in key roles are aligned with the upper quartile level of the market. Company performance, individual performance and changes in responsibilities are also taken into consideration when determining increases to base salaries.

Benefits

Benefits for executives include membership of a retirement fund and medical aid, to which contributions are made by the executives and the Company.

Annual cash incentives

All executives are eligible to participate in the ARM Out-performance Bonus (OPB) scheme in which performance against targets set in terms of comparative and absolute metrics is rewarded.

On target bonus percentages are set in terms of ARM's overall reward strategy, but the bonus payable at year-end depends on actual company performance against a weighted combination of three measures of performance:-

- Market price appreciation (over a three-year period) in relation to the constituent members of the FTSE/JSE Mining and Resources Index (RESI 20).

- Targeted profit from operations in each of the operational clusters.
- Targeted unit cost of sales in each of the mineral clusters.

The weighting of the above metrics is set for each individual in relation to his or her span of influence. Thresholds and targets are set for each metric that challenge company and individual performances. The committee reviews measures annually to ensure that these, and the targets set, are appropriate given the economic context and the performance expectations for the Company. It is anticipated that the first mentioned metric will fall away from the annual cash incentive and be incorporated into the performance share element of the revised share incentive described below, subject to it being approved by shareholders.

Long-term (share-based) incentives

Until now ARM's only form of long-term incentive has been a long-standing vanilla share option scheme that it inherited from Anglovaal Mining Limited ("Avmin"). Various adjustments have been made to the manner of its implementation, within the parameters of original JSE and shareholder approval, in order to make it more contemporary.

However, shareholders will be requested at the annual general meeting to approve an additional set of share incentive elements. The revised share incentive will align ARM with best international practice in this field and provide for the inclusion of a number of performance conditions, designed to align the interests of executives with those of the Company's shareholders, and to reward executives for company performance more so than the performance of the economy or sector in which it operates.

The details of the new share plan are contained in the salient features, set out on pages 212 to 222. At the annual general meeting to be held in November, 2008 shareholders' approval will be sought for its implementation. The essential elements of the revised architecture are summarised in the paragraphs below.

Performance share method

Annual conditional awards of full value shares will be made to executives. The shares will vest over a three-year period subject to the Company's achievement of against a weighted combination of stretching performance measures over this period, selected from:

- Comparative market price appreciation, or total shareholder return, in relation to a peer group,
- Return on capital employed against a prescribed target, and
- Headline earnings per share growth in relation to an inflation index.

This selection of performance conditions has been made on the basis that, individually or in combination, they clearly foster the creation of shareholder value. This element closely aligns the interests of shareholders and executives by rewarding superior shareholder and financial performance in the future, and by encouraging executives to build up a shareholding in ARM.

Bonus matching method

Annually, executives will receive a grant of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to the executive. These shares will be settled to participants after three years, conditional on continued employment.

This element provides an additional element of share-based retention to those executives who through their performance on an annual basis have demonstrated their value to the Company, and by further encouraging executives to build up a shareholding in ARM.

Existing share option scheme

Allocations of share options in terms of the existing scheme will continue to be made to executives, but at a much reduced scale, given the implementation of the other two elements. Share options will be allocated annually, and will vest in total on the third anniversary of their allocation. Participants may elect to defer exercise of any share option up until the eighth anniversary of its allocation. On the exercise of share options, settlement will be effected by transferring to the participant shares of equivalent value, as at the exercise date, to the incremental growth in value of the underlying shares since the allocation date.

The combined, weighted implementation of the above share incentive elements will allow ARM to remain competitive in annual and share-based incentives, reward long-term sustainable company performance, act as a retention tool, and ensure that executives share a significant level of personal risk with the Company's shareholders.

Other matters affecting remuneration of directors

Service contracts

Service contracts have been entered into between the Company and the executive directors namely Messrs Motsepe (Executive Chairman), Wilkens (Chief Executive Officer), Gule (Chief Executive: ARM Coal), Mashalane (Chief Executive: ARM Platinum), Shiels (Executive Director: New Business Development) and Steenkamp (Chief Executive: ARM Ferrous). These contracts are subject to one month's calendar notice by either party.

No agreements to pay a fixed sum of money have been concluded between the Company and any of its directors on termination of contracts.

A consultancy agreement has been entered into with Mr Chissano to undertake work on behalf of ARM and TEAL. The contract is subject to one month's notice by either party.

Remuneration report

There are no other service or consultancy contracts between the Company and its directors.

Non-executive directors

The Board, in reviewing non-executive directors' fees, makes recommendations to shareholders in the light of fees payable to non-executive directors of comparable companies and the importance attached to the retention and attraction of high-calibre individuals as non-executive directors. Levels of fees are also set by reference to the responsibilities assumed by the non-executive directors in chairing the Board and in chairing or participating in its committees. Fee increases will be proposed to the shareholders at November's annual general meeting, to reflect the market dynamics and the increasingly heavy demands being made on the individuals.

Directors' fees

Full particulars of the fees paid to directors are provided in the Director's Report.

Executive directors have waived their rights to directors' fees.

Shareholders' approval will be sought at the annual general meeting to increase directors' fees and attendance fees. For further information please refer to the notice of annual general meeting.

Directors' fees are made up of a retainer, and attendance fees for Board and sub-committee meetings, and the following fee structure will be motivated to the shareholders at the annual general meeting.

A retainer is paid for the acquisition and retention of individual skills/eminence required in making a material contribution to the Company's strategic direction, and to compensate the individual for time invested in staying *au fait* with the Company's strategies and operations and for representing the Company's interests.

Retainers will vary according to level of impact/influence of role.

Tier I role:
non-executive chairman – not required

Tier II role
non-executive director – R200 000 per annum

Tier III role
independent non-executive director – R250 000 per annum

Committee standard attendance fees are paid for time taken in preparing for and attending board and committee meetings, and reflect the impact/influence/risk dimensions of the committee's role in the Company.

Tier I meeting
Board – R12 000 per meeting attended

Tier II meetings
Remuneration, Investment, Nomination and Sustainable Development Committee meetings – R10 000 per meeting attended

Audit Committee meetings – R25 000 per meeting attended

Chairpersons of meetings receive a per meeting fee of 1.5 times (2.5 times for Audit) the standard attendance fee for each meeting attended.

Reasonable travel, subsistence and accommodation expenses are reimbursable, but cell phone and office costs are deemed to be provided for within the retainer.

Over and above the retainer and attendance fees, directors may receive consulting fees, payable at market rates, for defined and pre-approved tasks.

Dwarsrivier Chrome Mine

Board of Directors

1 Patrice Motsepe (46)

Executive Chairman. BA (Legal), LLB

Appointed to the Board in 2003, Patrice became Executive Chairman during 2004. Patrice Motsepe was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the take over of Anglovaal Mining (Avmin). In 2002 he was voted South Africa's Business Leader of the Year by the CEOs of the top 100 companies in South Africa. In the same year, he was the winner of the Ernst & Young Best Entrepreneur of the Year Award. He is also the Non-executive Chairman of Harmony and the Deputy Chairman of Sanlam. His various business responsibilities included being President of Business Unity South Africa (BUSA) from January 2004 to May 2008, which is the voice of organised business in South Africa. He is also President of Mamelodi Sundowns Football Club.

2 André Wilkens (59)

Chief Executive Officer. Mine Managers Certificate of Competency, MDPA (Unisa), RMIIA

Appointed to the Board in 2004. André Wilkens was formerly the Chief Executive of ARM Platinum, a division of ARM. Prior to this, he was Chief Operating Officer of Harmony following the merger of that company with ARMgold in 2003. He served as Chief Executive Officer of ARMgold after joining the company in 1998. The balance of his 34 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 of Vaal Reefs South Mine in 1993.

3 Frank Abbott (53)

Financial Director – BCom, CA (SA), MBL

Frank was appointed an executive director in August 2007. Frank joined the Rand Mines/Barlow Rand Group in 1981, where he obtained broad financial management experience at an operational level. He was appointed financial controller to the newly formed Randgold in 1992 and was promoted to financial director of that group in October 1994. Until 1997, he was a director of the gold mining companies Blyvooruitzicht, Buffelsfontein, Durban Roodepoort Deep and East Rand Proprietary Mines. Initially a non-executive director of Harmony, he was appointed as financial director of the company in 1997. Following the ARM Limited/ARMI transaction, it was agreed by the Board that Frank be appointed financial director of ARM while remaining on Harmony's board as a non-executive director. In August 2007, Frank was seconded to Harmony as interim financial director.

4 Mangisi Gule (56)

Chief Executive: ARM Coal. BA (Hons) Wits, P & DM (Wits Business School)

Appointed to the Board in 2004. Mangisi Gule was appointed Chief Executive of ARM Platinum on 27 February 2005 and in May 2007 he was appointed Chief Executive of ARM Coal. He has extensive experience in the field of management, training, human resources, communications, corporate affairs and business development. Apart from his qualifications in business management from Wits Business School, Mangisi has proven experience in leadership and mentorship. He has been a lecturer, as well as chairman of various professional bodies and a member of various executive committees and associations. He has also been an executive director and board member for ARMgold as well as an executive director and board member of Harmony. He is currently director of ARM Coal, ARM Mining Consortium Limited and Modikwa Mining Personnel Services (Pty) Ltd.

5 6 7 8

5 Stompie Shiels (52)

Executive Director: Business Development. BSc (Mining Eng), MBL, Mine Managers Certificate

Stompie joined ARM in May 2005 after 14 years with Lonmin Platinum where he was the Operations Director for the mines. Prior to that he was employed by Rand Mines in the Gold and Platinum Division. After graduating he worked at E.R.P.M. from miner to manager. He then commissioned the T.G.M.E mine and plant before going to Crocodile River Mine after Rand Mines acquired it. He started his mining career as a learner surveyor at Delmas Collieries prior to attending university to study mining.

6 Dr Manana Bakane-Tuoane (60)

Independent Non-executive Director. BA, MA, PhD

Appointed to the Board in 2004. Dr Manana Bakane-Tuoane 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), the National University of Lesotho (NUL), the University of Saskatchewan (Sectional Lecturer), and the University of Fort Hare and 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. Manana was appointed to the Programme Committee of the African Economic Research Consortium (AERC), Nairobi, Kenya, in 2000.

7 Joaquim Chissano (68)

Independent Non-executive Director. BA, MA, PhD

Appointed to the Board in 2004. Joaquim Chissano is a former President of Mozambique and 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, upon the death of Samora Machel, assumed the office of President. Frelimo contested and won the multi-party elections in 1994 and 1999, returning Joaquim to the presidency on both occasions. He declined to stand for a further term of office in 2004. His presidency commenced during a devastating civil war and ended with the economy in the process of being reconstructed. He served a term as Chairman of the African Union from 2003 to 2004. Joaquim is also the Deputy Chairman of TEAL and a Non-executive Director on Harmony's board.

8 Mike King (71)

Independent Non-executive Director. CA(SA), FCA

Appointed to the Board in 2004. Michael 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.

Board of Directors

9 Alex Maditsi (46)

Independent Non-executive Director. B.Proc, LLB, LLM

Appointed to the Board in 2004. Alex Maditsi is employed by the Coca-Cola Company as a Senior Director Operations Planning. For the past four years, he was a legal director at Coca-Cola. Prior to his joining Coca-Cola, Alex was the legal director for Global Business Connections in Detroit, Michigan.He also spent time at 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.

10 Roy McAlpine (66)

Independent Non-executive Director. BSc, CA

Appointed to the Board in 1998. Roy McAlpine joined Liberty Life in 1969 and retired as an executive director in 1998 in order to diversify his interests. He is a former Chairman of the Association of Unit Trusts of South Africa and currently serves on the boards of a number of listed companies.

11 Dr Rejoice Simelane (56)

Independent Non-executive Director. BA (Econ and Acc), MA, PhD (Econ)

Appointed to the Board in 2004. An economist by training, Rejoice Simelane commenced her career at the University of Swaziland, as a lecturer in economics. Since then she has worked at the National Department of Trade and Industry, in the Macroeconomic Policy Unit and at the National Treasury where she headed the Public Utility Pricing and Regulation sub-directorate of the Macroeconomic Policy Chief Directorate. She later served in the capacity of Special Adviser, Economics, to the Premier of Mpumalanga until mid-2004, when she assumed the position of Chief Executive of Ubuntu-Botho Investments.

Rejoice's board directorships include ARM, Sanlam and Sundowns Football Club. A recipient of the CIDA Scholarship and a Fulbright Fellow, she is also a member of the Advisory Board of the Bureau for Economic Policy Analysis (BEPA) of the University of Pretoria and the Presidential Economic Advisory Panel (PEAP).

12 Max Sisulu (63)

Independent Non-executive Director. MPP Harvard, Ma Plekhanov University Moscow

Appointed to the Board in 2004. Max Sisulu was the Deputy Chief Executive Officer of Denel and held the position of Group General Manager at Sasol from 2003 to 2007. From 2001 to 2003 he was the Chairman of the South African Aerospace, Maritime and Defence Industries (AMD). He is also a council member of the Human Sciences Research Council (HSRC), and in 2006 was appointed to serve on the National Environmental Advisory Forum (NEAF). Max is a member of the National Executive Committee of the ANC, serves on its Working Committee and chairs the Economic Transformation Committee of the ANC. He also serves on the boards of several companies, including Imperial Holdings, Ukhamba Holdings, Itec Tiyende Telecommunications and is currently the Deputy Chairman of The African General Equity Group. He also serves on the MK Veterans Association Trust.

13 14 15 16

13 Jan Steenkamp (54)

Chief Executive: ARM Ferrous. National Met Diploma, Mine Managers Certificate, MDP, Cert. Eng

Appointed to the Board in 2005. Jan Steenkamp started his career with the Anglovaal Group in 1973. Trained as a mining engineer, he has worked at and managed group mining operations within the gold, copper, manganese, iron ore and chrome sections. He was appointed as Managing Director of Avgold Limited in September 2002 and also served on the board of Assmang Limited. In May 2003 Jan was appointed to the Avmin board and was appointed Chief Executive Officer of Avmin on 1 July 2003 after serving as Chief Operating Officer. Jan currently holds the position of Chief Executive of ARM Ferrous.

14 Steve Mashalane (45)

Chief Executive: ARM Platinum. BCom (Hons), PMD (Harvard Business School)

Appointed to the Board in 2006. Steve Mashalane had been the Head of Department of Economic Affairs and Tourism in Limpopo for ten years prior to joining ARM. He has extensive experience in management, research and business development. He is a member of the Economic Research Council and is affiliated with various professional bodies. Steve joined ARM in 2005 and was appointed as the Company's Senior Executive for Business Development. Following the formation of ARM Coal in February 2006, Steve was appointed as the Chief Executive of that division in July 2006 and was appointed Chief Executive of ARM Platinum in May 2007.

15 Bernard Swanepoel (47)

Non-executive Director. BSc (Min Eng), BCom (Hons)

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 and the Vice-president of the South African Chamber of Mines.

16 Rick Menell (53)

MA, MSc

Trained as a geologist, Rick has been a merchant banker in New York and Melbourne. He also worked as an executive director of Delta Gold in Australia. He joined Avmin in February 1992 as assistant financial manager, mines. He was later appointed manager, finance and administration (mines) and then general manager, corporate services. Appointed managing director of Avmin in 1996, CEO of Anglovaal Mining in 1998 and Executive Chairman of Anglovaal Mining in 2002. In 1999 he was elected president of the Chamber of Mines of South Africa. He served as President and CEO of TEAL from its incorporation until early 2008. He is also past chairman of the South African Tourism Board, a director of the Standard Bank Group Limited and Mutual & Federal Insurance Company Limited, and a trustee of the National Business Trust and the National Business Initiative.

Steering committee

1 André Wilkens
Chief Executive Officer

2 Mike Arnold
Chief Financial Officer

3 Steve Mashalane
Chief Executive: ARM Platinum

4 Mangisi Gule
Chief Executive: ARM Coal

5 Jan Steenkamp
Chief Executive: ARM Ferrous

6 Stompie Shiels
Executive Director: Business Development

7 Dan Simelane
Executive Business Development – Africa

8 Monique Swartz
Corporate Development and Head of Investor Relations

9 Mike Schmidt
Executive Platinum Operations

10 William Osae
Executive Coal Operations

11 Bryan Broekman
Executive Ferrous Operations

12 Graham Butler
Executive Mining Operations

13 Deon Pieterse
Executive Human Resources

14 Busi Mashiane
Leader: Human Resources

15 Pat Smit
Company Secretary

16 Sandile Langa
Executive Shared Services

17 Noluthando Vavi
Leader: Corporate Social Investment

18 Nerine Botes-Schoeman
Safety, Health and Environment

19 Chris Blakey-Milner
Leader: Risk Management

20 Mark Bräsler
Executive Technical Support

21 Director Matlala
Leader: Transformation

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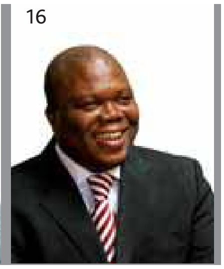
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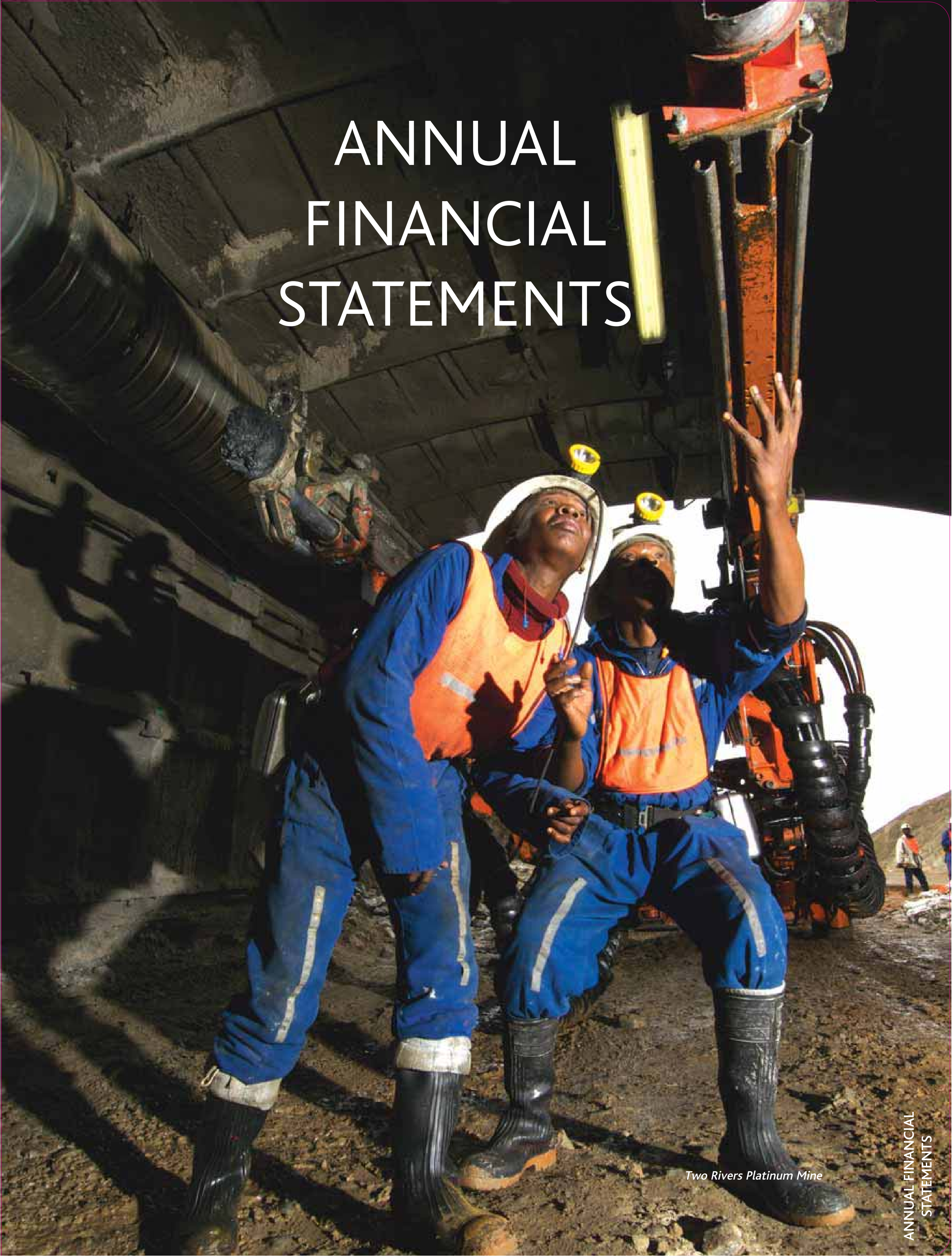
ANNUAL FINANCIAL STATEMENTS



Two Rivers Platinum Mine

Directors' responsibility

Directors' responsibility for annual financial statements

The Company's directors are responsible for the overall co-ordination of the preparation and fair presentation to shareholders of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The annual financial statements and Group annual financial statements which appear on pages 136 to 206 were approved by the directors and are signed on their behalf on 9 October 2008 by:

Patrice Motsepe
Executive Chairman

André Wilkens
Chief Executive Officer

Johannesburg
9 October 2008

Certificate of the Company Secretary

I, the undersigned, in my capacity as Company Secretary, confirm that in terms of Section 268G(d) of the Companies Act, 61 of 1973, as amended, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are, to the best of my knowledge, true, correct, and up to date.

Patricia Smit
Company Secretary

Johannesburg
9 October 2008

Report of the independent auditors

To the members of African Rainbow Minerals Limited

We have audited the annual financial statements and Group annual financial statements of African Rainbow Minerals Limited, which comprises the Directors' report, the balance sheet as at 30 June 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages138 to 206.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in a manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, 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 financial statements present fairly, in all material respects, the financial position of the Company and Group as of 30 June 2008, and of the financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor
Johannesburg

9 October 2008

Directors' report

The directors have pleasure in presenting the annual financial statements of African Rainbow Minerals Limited (ARM or the Company) for the year ended 30 June 2008.

Nature of business

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, ferrochrome alloys and thermal coal. TEAL Exploration & Mining Incorporated, listed on the Toronto Stock Exchange and the JSE Limited, holds ARM's non-South African exploration portfolio. The exploration portfolio includes copper projects in Zambia, a copper-cobalt project in the Democratic Republic of Congo (DRC) and a gold project in Namibia.

Holding company

The Company's largest shareholder is African Rainbow Minerals & Exploration Investments (Proprietary) Limited (ARMI), holding 41.49% of the issued ordinary share capital. The sole shareholder of ARMI is a company which is owned by trusts established for the benefit of Mr Patrice Motsepe and that of his immediate family.

ARM is one of the largest black-controlled mineral resources companies in South Africa. ARM is committed to the spirit and objectives of the Mineral and Petroleum Resources Development Act, 2002 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), ARM has created the Broad-Based Economic Empowerment Trust (BBEE) which holds 13.53% of the issued shares. A rigorous process of allocating 20,8 million shares equivalent to 10% of ARM's issued share capital to various trust beneficiaries, which included several South African communities and leaders, church groups, unions, a women upliftment trust and seven regional upliftment trusts has been completed and the BBEE Trust was able to distribute R7.6 million during the year arising from Dividend No 1.

Review of operations

The reader is referred to reviews by the Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and the review of operations, which report on the Group's activities and results for the year ended 30 June 2008, on pages 4 to 62.

Financial results

The Company's annual financial statements and accounting policies appear on pages 136 to 206 of this document. The results for the year ended 30 June 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements fairly present the state of affairs of the Company and adequate accounting records have been maintained.

Borrowings and cash

Total interest-bearing borrowings at 30 June 2008 amounted to R3.98 billion which are at similar levels to F2007 (R4.04 billion). Cash and cash equivalents increased by R1.6 billion to R2.6 billion at 30 June 2008 due largely to net operational cash flows exceeding capital expenditure during the year. As a result net gearing was reduced to 8.4% (F2007: 26.6%).

Taxation
The latest tax assessment for the Company relates to the year ended June 2000.

All tax submissions up to and including June 2006 have been submitted. The assessments for 2001 to 2006 have not yet been issued by the South African Revenue Services (SARS). The tax return for June 2007 will be submitted shortly.

The Company is in dispute with the SARS over the deductibility of a loss claimed in the Company's 1999 tax submission. The Special Tax Court trial held in August 2007 ruled in favour of SARS and an appeal against the decision has been lodged with the Supreme Court. The liability for tax is R47 million excluding interest. The interest thereon is estimated at R51 million to June 2008. The Company results include full provision for this estimated liability. SARS has agreed to grant the Company a deferral of payment of this amount until the matter is finally resolved.

The corporate rate of taxation was reduced to 28% from 29% with effect from 1 July 2007.

Subsidiary companies
The Company's direct and indirect interests in its principal subsidiaries, associates and investments are reflected in separate reports. Refer to pages 199 and 200.

Dividend
The accelerated growth in ARM's cash flows during F2008 has resulted in a marked improvement in its net debt position.

Accordingly, the Board of Directors declared a dividend of 400 cents per share on 29 August 2008 which represents a 167% increase over the maiden dividend in F2007. This dividend was paid to shareholders on 29 September 2008 and amounted to approximately R846 million.

Post-balance sheet events
The ARM balance sheet at 30 June 2008 reflects a marked-to-market investment in Harmony Gold Mining Company Limited ("Harmony") of R6.0 billion based on a Harmony share price of R95 per share at that date.The Harmony share price closed at R82 per share on 30 September 2008 resulting in a R827 million decrease in the value of the investment. Changes in the value of the investment in Harmony are accounted for by ARM through the statement of changes in equity, net of deferred capital gains tax, and the investment is reflected at market value in the balance sheet.

The US dollar price of PGMs and nickel has fallen by more than 50% since the year end off-set to some extent by a rand which is approximately 16% weaker against the US dollar. A 10% drop in these prices at a constant exchange rate equates to a negative impact of R179 million on ARM profit or loss before tax due to a reduction in the realisation of the year-end balance for accounts receivable at the platinum and Nkomati operations.

The above events are both non-adjusting post-balance sheet events.

Share capital
The share capital of the Company, both authorized and issued, is set out in note 11 to the annual financial statements.

Shareholder analysis
A comprehensive analysis of shareholders together with a list of shareholders beneficially holding, directly or indirectly, in excess of five percent of the ordinary shares of the Company at 30 June 2008, is set out on pages 209 to 211.

Directors' report

Directorate

The names and details of the directors of the Company are reflected on pages 130 to 133.

Pieter Rörich resigned as an executive director on 20 February 2008. Stompie Shiels was appointed as an executive director on 20 February 2008.

The Articles of Association provides for one-third of the previously elected directors to retire by rotation. The directors affected by this requirement are Messrs Abbott, Gule, Mashalane, Menell and Swanepoel. In addition, shareholders' approval of directors appointed by the Board during the year, must be sought. Mr Shiels, who was appointed Executive Director, New Business Development, is affected by this requirement.

Brief curricula vitae of the directors seeking election may be found in the Notice of Annual General Meeting.

Directors' emoluments

The following emoluments were paid to directors during the year ended 30 June 2008

All figures in R000	Board and committee fees	Salary	Accrued bonus	Pension Scheme contri-butions	Allowances	Consultancy fees	Total 2008	Total 2007	Total 2006
Executive directors									
P T Motsepe		4 000	4 683				8 683	6 187	3 279
A J Wilkens		1 906	3 630	284	909		6 729	5 616	2 903
F Abbott*	112	241	2 473	36	93		2 955	4 494	2 409
W M Gule		968	1 981		926		3 875	3 412	2 554
K S Mashalane		903	1 661	130	735		3 429	3 160	464
P C Rörich**		952	–	72	345		1 369	3 469	478
L A Shiels***		368	646	58	179		1 251		
J C Steenkamp		1 659	2 987	226	1 013		5 885	4 841	2 550
Total	112	10 997	18 061	806	4 200		34 176	31 179	14 637
Non-executive directors									
M M M Bakane-Tuoane	226						226	154	118
J A Chissano	168					500	668	601	713
M W King	275						275	185	171
A K Maditsi	190						190	154	131
J R McAlpine	242						242	167	123
R P Menell	29						29		426
R V Simelane	288						288	161	131
M V Sisulu	168						168	116	88
Z B Swanepoel	221						221	137	131
Total	1 807					500	2 307	2 101	2 032
All figures in US$000									
Paid by subsidiary									
J A Chissano	55						55	37	254
R P Menell		281					281	280	210
M W King	66						66	41	191
Total	121	281						358	655

ARM's executive directors ceded their director and committee fees to the Company.

* Seconded to Harmony Gold Mining Company Limited

** Resigned 20 February 2008

*** Appointed 20 February 2008

Fees

	With effect from 1 July 2008		With effect from 1 July 2007	
Board of directors	**Annual**	**Per meeting**	**Annual**	**Per meeting**
Independent non-executive director	250 000	12 000	150 000	9 000
Non-executive director	200 000	12 000	150 000	9 000

Fees are payable quarterly in arrears and were increased at the annual general meeting held on 23 November 2007 and were effective from 1 July 2007.

A motion will be proposed at the forthcoming annual general meeting, in accordance with the Articles of Association, to increase the directors' fees and attendance fees payable annually and per meeting. Please refer to the Notice of Annual General Meeting.

Board committees

On the advice of the Remuneration Committee, the Board approved the following board committee meeting attendance fees payable to members with effect from 1 July 2008.

Audit Committee	2008	2007
Chairman	**62 500**	16 500
Member	**25 000**	10 000
Other board committees*		
Chairman	**15 000**	11 500
Member	**10 000**	7 000

* Other board committees comprise Investment, Nomination, Remuneration and Sustainable Development committees.

Interests of directors

The direct and indirect and deemed interests of the directors of the Company in the issued share capital of the Company at 30 June 2008 were as follows.

	30 June 2008				30 June 2007			
	Direct		Indirect		Direct		Indirect	
Ordinary shares	**Beneficial**	**Non-beneficial**	**Beneficial**	**Non-beneficial**	**Beneficial**	**Non-beneficial**	**Beneficial**	**Non-beneficial**
P T Motsepe	–	–	87 750 417	–	–	–	87 750 417	–
L A Shiels	2 140	–	–	–	–	–	–	–
Total	2 140	–	87 750 417	–	–	–	87 750 417	–

No changes in holding were effected between year-end and the date of this report.

Directors' report

Options

The table below reflects share option entitlements accruing to executive directors and the transactions that occurred during the year to 30 June 2008.

Directors' options

Directors category	P T Motsepe Executive		F Abbott Executive		W M Gule Executive	
	No. of options	Issue price	No. of options	Issue price	No. of options	Issue price
Held at 1 July 2007						
Number	938 252		360 868		347 878	
Average price per option	R41.17		R50.76		R50.02	
Details of individual allocations:						
Granted						
15-Dec-2004	550 000	R27.00	129 000	R27.00	90 000	R27.00
15-Apr-2005					39 000	R30.40
15-Jun-2005						
10-Oct-2005	133 784	R37.00	62 757	R37.00	65 146	R37.00
1-Nov-2006	254 468	R73.99	169 111	R73.99	153 732	R73.99
Granted during the year						
16 Oct 2007	85 880		41 982		33 646	
Issue price per option		R139.73		R139.73		R139.73
Number exercised						
during the year			191 756		137 951	
Average issue price per option			R36.33		R41.01	
Gross sale price per option			R182.41		R211.96	
Options exercised/forfeited						
post resignation						
Held at 30 June 2008						
Number	1 024 132		211 094		243 573	
Average price per option	R49.44		R81.57		R67.51	
Latest expiry date	16/10/2015		16/10/2015		16/10/2015	
Details of individual allocations:						
Granted						
15-Dec-2004	550 000	R27.00			55 000	R27.00
15-Jun-2005						
10-Oct-2005	133 784	R37.00	31 379	R37.00	32 573	R37.00
1-Nov-2006	254 468	R73.99	137 733	R73.99	122 354	R73.99
16-Oct-2007	85 880	R139.73	41 982	R139.73	33 646	R139.73

* Held at date of appointment as director (20 February 2008)

	K S Mashalane Executive		P C Rörich Executive		L A Shiels Executive		J C Steenkamp Executive		A J Wilkens Executive	
	No. of options	Issue price	No. of options	Issue price	No. of options	Issue price	No. of options	Issue price	No. of options	Issue price
	231 943		304 850		278 486*		527 355		796 579	
	R59.43		R47.52		R49.43		R44.40		R41.38	
			137 283	R27.00			258 000	R27.00	464 000	R27.00
	53 334	R32.00			140 000	R32.00				
	30 751	R37.00	43 784	R37.00	25 946	R37.00	94 135	R37.00	112 865	R37.00
	147 858	R73.99	123 783	R73.99	112 540	R73.99	175 220	R73.99	219 714	R73.99
	30 330		32 183		26 314*		51 020		66 557	
		R139.73		R139.73		R139.73		R139.73		R139.73
	46 753		91 067		21 892		258 000		247 687	
	R61.83		R40.70		R73.99		R27.00		R27.00	
	R170.24		R137.69		R229.52		R188.63		R185.92	
			245 966							
	215 520				282 908		320 375		615 449	
	R70.21				R55.93		R73.59		R57.80	
	16/10/2015				16/10/2015		16/10/2015		16/10/2015	
									216 313	R27.00
	53 334	R32.00			140 000	R32.00				
	15 376	R37.00			25 946	R37.00	94 135	R37.00	112 865	R37.00
	116 480	R73.99			90 648	R73.99	175 220	R73.99	219 714	R73.99
	30 330	R139.73			26 314	R139.73	51 020	R139.73	66 557	R139.73

Directors' report

Share incentive scheme

The Company has an employee share incentive scheme available to certain full-time employees. Total options outstanding under the scheme shall not exceed 10% of the total issued share capital of the Company. The following are summaries of particulars required in terms of the scheme and the JSE's Listings Requirements.

Schedule of movements of share options

Schedule of movements	Ordinary shares in issue		The Scheme			
	2008 Shares	2007 Shares	2008 Shares	2007 Shares	Range of strike prices From	To
Ordinary shares in issue at 1 July	209 730 266	206 367 454				
Options previously granted at 1 July			*6 290 024	7 144 978	R17.00	R119.00
Shares allotted						
Share options exercised	1 826 012	3 362 812	*(1 826 012)	(3 362 812)	R17.00	R73.99
Share options						
Granted to participants#			*816 861	2 804 101	R139.73	R279.50
Forfeited			(155 966)	(296 243)	R37.00	R139.73
Balance at 30 June	211 556 278	209 730 266	5 124 907	6 290 024	R35.55	R279.50
Movement subsequent to year-end						
Shares allotted						
Share options exercised	69 596		(69 596)		R27.00	R139.73
Share options						
Granted to participants			nil			
Forfeited			13 284		R271.00	R271.00
Balance at 15 September 2008	211 625 874		5 042 027			
Balance available to be issued in terms of the scheme			16 113 600	14 793 519		
Maximum number of options permitted by the scheme			21 155 627	20 973 026		

* Inclusive of options granted to current and former executive directors

\# Refer summary of options outstanding

Option vesting dates

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 may not be exercised later than the eighth anniversary of the issue date, after which such options lapse.

Schedule of option vesting dates outstanding at 30 June 2008

		Number of options	Average issue price per option
Options outstanding at 30 June 2008		5 124 907	R70.98
Vested	3 May 2004	69 959	R36,19
	17 December 2005	197 832	R27,00
	11 October 2006	133 012	R37,00
	17 December 2006	320 093	R27,00
	17 June 2007	59 375	R32,00
	11 October 2007	149 211	R37,00
	2 November 2007	214 598	R73,99
	17 December 2007	614 688	R27,00
	6 June 2008	54 665	R119,00
	17 June 2008	166 668	R32,00
Vesting on	11 October 2008	339 153	R37,00
	17 October 2008	233 219	R139,73
	2 November 2008	461 584	R73,99
	16 April 2009	27 021	R271,00
	22 May 2009	1 304	R279,50
	6 June 2009	54 665	R119,00
	17 October 2009	233 219	R139,73
	2 November 2009	770 749	R73,99
	16 April 2010	27 021	R271,00
	22 May 2010	1 304	R279,50
	6 June 2010	75 002	R119,00
	17 October 2010	233 259	R139,73
	2 November 2010	309 136	R73,99
	16 April 2011	27 025	R271,90
	20 May 2011	1 306	R279,50
	6 June 2011	20 332	R119,00
	2 November 2011	309 171	R73,99
	6 June 2012	20 336	R119,00

Special resolutions

No special resolutions were passed by ARM and its subsidiaries during the period 1 July 2007 to the date of this report.

Stock exchange listings

The Company's shares are listed through a primary listing on the JSE Limited (JSE), under Resources – Mining, Other Mineral Extractors and Mines.

An unsponsored American Depositary Receipt program with JP Morgan Chase Bank is also available to investors for over the counter (level one) for private transactions.

STRATE (Share Transactions Totally Electronic)

The Company's shares were dematerialized on 5 November 2001. Should members wish to trade certificated ARM (previously Avmin) shares on the JSE they are urged to deposit them with a CSDP (Central Securities Depository Participant) or qualifying stockbroker, as soon as possible. Trading in the Company's shares on the JSE is only possible if they exist in electronic format in the STRATE environment. If members have any queries, they should contact the Company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, whose details are reflected on the inside back cover of this report.

Convenience translation into United States Dollars

To assist international investors, a translation of convenience into United States dollars is provided for in the Group financial statements. These translations are based on average rates of exchange for income statement and cash flow statement items and at those ruling at year-end for the balance sheet items. These documents are reflected on pages 201 to 206 and do not form part of the audited financial statements.

Balance sheets

As at 30 June		Group		Company	
		2008	2007	2008	2007
	Notes	Rm	Rm	Rm	Rm
ASSETS					
Non current assets					
Property, plant and equipment	3	9 024	6 892	628	363
Investment property	4	12	12	–	–
Intangible assets	3	215	217	–	–
Deferred tax assets	13	20	–	20	–
Loans and long-term receivables	5	–	–	9	9
Inventories	7	178	–	–	–
Investment in associate	5	1 298	857	432	432
Other investments	6	6 055	6 391	9 430	9 749
		16 802	14 369	10 519	10 553
Current assets					
Inventories	7	1 231	853	71	40
Trade and other receivables	8	4 150	1 859	285	155
Taxation	30	14	–	–	–
Cash and cash equivalents	9	2 660	1 063	486	222
		8 055	3 775	842	417
Held for sale assets	10	21	–	–	–
Total assets		24 878	18 144	11 361	10 970
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	11	11	10	11	10
Share premium	11	3 733	3 667	3 733	3 667
Other reserves		1 366	1 604	1 147	1 370
Retained earnings		9 766	5 597	3 991	3 537
Equity attributable to equity holders of ARM		14 876	10 878	8 882	8 584
Minority interest		800	340	–	–
Total equity		15 676	11 218	8 882	8 584
Non-current liabilities					
Long-term borrowings – interest bearing	12	2 254	2 741	1 217	1 253
Deferred tax liabilities	13	2 154	1 410	456	433
Long-term provisions	14	324	178	94	89
		4 732	4 329	1 767	1 775
Current liabilities					
Trade and other payables	15	1 515	999	177	123
Short-term provisions	16	184	97	64	57
Taxation	30	1 047	198	110	119
Overdrafts and short-term borrowings – interest bearing	17	1 724	1 303	70	20
– non-interest bearing	17	–	–	291	292
		4 470	2 597	712	611
Total equity and liabilities		24 878	18 144	11 361	10 970

Income statements

For the year ended 30 June		Group		Company	
		2008	2007	2008	2007
	Notes	Rm	Rm	Rm	Rm
Revenue	20	12 919	6 308	1 666	1 111
Sales	20	12 590	6 152	998	707
Cost of sales	21	(5 516)	(3 341)	(425)	(214)
Gross profit		7 074	2 811	573	493
Other operating income		460	222	375	227
Other operating expenses		(856)	(552)	(280)	(250)
Profit from operations before exceptional items	22	6 678	2 481	668	470
Income from investments	23	168	51	375	201
Finance costs	24	(438)	(370)	(175)	(152)
Income from associate*	5	461	16		
Profit before taxation and exceptional items		6 869	2 178	868	519
Exceptional items	25	162	14	128	14
Profit before taxation		7 031	2 192	996	533
Taxation	26	(2 084)	(781)	(225)	(162)
Profit for the year		4 947	1 411	771	371
Attributable to:					
Minority interest		460	191		
Equity holders of ARM		4 487	1 220	771	371
		4 947	1 411	771	371
Additional information					
Headline earnings (R million)	28	4 013	1 207		
Headline earnings per share (cents)	27	1 906	580		
Basic earnings per share (cents)	27	2 131	586		
Diluted basic earnings per share (cents)	27	2 093	577		
Diluted headline earnings per share (cents)	27	1 872	571		
Number of shares in issue at end of year (thousands)		211 556	209 730		
Weighted average number of shares in issue (thousands)		210 580	208 115		
Weighted average number of shares used in calculating diluted earnings per share (thousands)	27	214 347	211 523		
Net asset value per share (cents)	27	7 032	5 187		
EBITDA (R million)		7 229	2 887		
* Exceptional items included in income from associate (R million)		317	–		
Dividend declared after year-end (cents per share)		400	150	400	150

Statements of changes in equity

For the year ended 30 June								
				Group				
		Share capital and premium	Revaluation of listed investment	Other*	Retained earnings	Total shareholders of ARM	Total minority interest	Total
	Note	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Balance at 30 June 2006		3 567	2 219	88	4 376	10 250	143	10 393
Revaluation of listed investment	6	–	(880)	–	–	(880)	–	(880)
Deferred tax on revaluation of listed investment		–	128	–	–	128	–	128
Net impact of revaluation of listed investment		–	(752)	–	–	(752)	–	(752)
Profit for the year		–	–	–	1 220	1 220	191	1 411
Share-based payments		–	–	48	–	48	6	54
Share options exercised	11	110	–	–	–	110	–	110
Realignment of currency		–	–	1	–	1	–	1
Other		–	–	–	1	1	–	1
Balance at 30 June 2007		3 677	1 467	137	5 597	10 878	340	11 218
Revaluation of listed investment	6	–	(335)	–	–	(335)	–	(335)
Deferred tax on revaluation of listed investment		–	58	–	–	58	–	58
Net impact of revaluation of listed investment		–	(277)	–	–	(277)	–	(277)
Profit for the year		–	–	–	4 487	4 487	460	4 947
Share-based payments		–	–	74	–	74	–	74
Share options exercised	11	67	–	–	–	67	–	67
Realignment of currency		–	–	(6)	–	(6)	–	(6)
Minorities bought out in copperbelt venture				(29)	–	(29)	–	(29)
Dividend paid				–	(315)	(315)	–	(315)
Other				–	(3)	(3)	–	(3)
Balance at 30 June 2008		**3 744**	**1 190**	**176**	**9 766**	**14 876**	**800**	**15 676**

* Other reserves consist of an insurance contingency of R8 million (2007: R8 million; 2006: R8 million), general reserve of R32 million (2007: R32 million; 2006: R32 million), share based payments of R167 million (2007: R93 million; 2006: R45 million); foreign currency translation reserve of R(2) million (2007: R4 million; 2006: R3 million), minorities bought out in Copperbelt venture R(29) million (2007: R nil million; 2006: R nil million).

For the year ended 30 June						
				Company		
	Note	Share capital and premium Rm	Revaluation of listed investment Rm	Other* Rm	Retained earnings Rm	Total Rm
Balance at 30 June 2006		3 567	2 013	71	3 166	8 817
Revaluation of listed investment	6	–	(880)	–		(880)
Deferred tax on revaluation of listed investment		–	128	–	–	128
Net impact of revaluation of listed investment		–	(752)	–	–	(752)
Profit for the year		–		–	371	371
Share based payments		–	–	38	–	38
Share options exercised	11	110		–	–	110
Balance at 30 June 2007		3 677	1 261	109	3 537	8 584
Revaluation of listed investment	6	–	(335)	–	–	(335)
Deferred tax on revaluation of listed investment		–	58	–	–	58
Net impact of revaluation of listed investment		–	(277)	–	–	(277)
Profit for the year		–	–	–	771	771
Dividend paid		–	–	–	(315)	(315)
Share based payments		–	–	54	–	54
Share options exercised	11	67	–	–	–	67
Other		–	–	–	(2)	(2)
Balance at 30 June 2008		**3 744**	**984**	**163**	**3 991**	**8 882**

* Other reserves consist of a general reserve of R35 million (2007: R35 million; 2006: R35 million); share based payment of R128 million (2007: R74 million; 2006: R36 million).

Cash flow statements

For the year ended 30 June	Notes	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		10 876	5 672	1 273	993
Cash paid to suppliers and employees		(5 701)	(3 135)	(630)	(330)
Cash generated from operations	29	5 175	2 537	643	663
Interest received		166	49	102	86
Interest paid		(412)	(295)	(132)	(150)
Dividends received		21	–	260	115
Dividend paid		(315)	–	(315)	–
Taxation paid	30	(466)	(317)	(172)	(104)
Net cash inflow from operating activities		4 169	1 974	386	610
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment to maintain operations		(1 194)	(913)	(6)	(200)
Additions to property, plant and equipment to expand operations		(1 465)	(946)	(287)	–
Proceeds on disposal of property, plant and equipment		28	7	–	–
Investment in joint venture		–	–	–	(409)
Investment in associate	5	–	(841)	–	(432)
Proceeds on disposal of 50% of Nkomati – final tranche payment		135	2	135	2
Proceeds on sale of interest in Otjikoto		32	–	–	–
Proceeds on sale of interest in Zambian properties		37	–	–	–
Increase in investment loans and receivables		–	–	(3)	(201)
Net cash outflow from investing activities		(2 427)	(2 691)	(161)	(1 240)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds on exercise of share options		66	110	66	110
Long-term borrowings raised		558	1 453	–	991
Long-term borrowings repaid		(804)	(73)	(35)	(65)
Increase/(decrease) in short-term borrowings		5	72	–	(72)
Net cash inflow/(outflow) from financing activities		(175)	1 562	31	964
Net increase in cash and cash equivalents		1 567	845	256	334
Cash and cash equivalents at beginning of year		1 039	193	202	(132)
Foreign currency translation on cash balance		(12)	1	–	–
Cash and cash equivalents at end of year	9	2 594	1 039	458	202
Cash generated from operations per share (cents)	27	2 457	1 219	305	319

Notes to the financial statements

1. Accounting policies

Statement of compliance

The consolidated 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) and applicable legislation.

During the current financial year the following new and revised accounting standards were adopted by ARM:

IAS 1 Presentation of Financial Statements – Amendment on capital disclosures
IFRS 7 Financial Instruments : Disclosure
IFRIC 10 Interim Reporting and Impairment
IFRIC 11 IFRS 2: Group and Treasury Share Transactions

Impact of new standards

IAS 1 Presentation of Financial Statements – Amendment on capital disclosures effective 1 January 2007
This disclosure is dealt with in note 32.

IFRS 7 Financial Instruments: Disclosure
This additional disclosure is dealt with under notes 8 and 32.

None of the other standards or interpretations adopted had any impact on the financial statements.

Basis of preparation

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.

The consolidated Group and Company financial statements have been prepared on an historical cost basis except for the revaluation of available-for-sale financial assets, adjusted directly through equity and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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.

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. Minority interest represents the portion of profit or loss and net assets not held by the Group and are presented in the profit or loss and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

The Group accounts for 100% of the losses for those subsidiaries whose equity is in deficit. The Group will then account for 100% of the profits untill the deficit has been removed.

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 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.

Investment in an associate

An associate is an investment in an entity in which the Group has significant influence and is neither a subsidiary nor a joint venture of the Group. At Group level investments in associates are accounted for using the equity method of accounting. Investments in the associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The profit or loss 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 recognize any additional impairment losses.

Investments in associates in the Company financial statements are accounted for at cost less impairment.

Business Combinations

The purchase 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, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent

Notes to the financial statements

liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

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. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit or loss.

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 intra-Group dealings, for all transactions with subsidiaries, associated companies or joint ventures.

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 are applicable to the taxable income. Taxation is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case the tax amounts are recognised directly in equity.

Deferred taxation

A deferred tax asset is the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

A deferred tax liability is the amount of income taxes payable in future periods in respect of taxable temporary differences.

Temporary differences are differences between the carrying amount of an asset or liability and its tax base.

The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or the carrying amount of the asset if the economic benefits are not taxable. The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods. The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

Deferred tax is recognised for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantively enacted at the balance sheet 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 balance sheet 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 balance sheet 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.

Secondary taxation on companies

Secondary tax on companies (STC) is recognised on the declaration date of all dividends and is included in the taxation expense in the profit or loss in the related period. Unutilised STC credits are raised as deferred tax assets to the extent that a dividend is expected to be paid in the foreseeable future.

Provisions

Provisions are recognised when the following conditions have been met:

- A present legal or constructive obligation, to transfer economic benefits as a result of past events exists; and
- A reasonable estimate of the obligation can be made.

A present obligation is considered to exist when there is no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the balance sheet 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.

Insurance provisions

Claims (net of anticipated recoveries under reinsurance arrangements when the right to set off exists) notified but not settled at year end, and incurred at year-end but not reported, have been provided for using the best information available at the time. The estimates include provision for inflation and other contingencies arising in the settlement of claims.

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 profit or loss 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 charged against profit or loss.

Expenditure on ongoing rehabilitation is charged to the profit or loss under cost of sales as incurred.

Environmental rehabilitation trust funds

Annual payments are made to rehabilitation trust funds in accordance with statutory requirements. The investment in the trust funds are carried at cost in the Company. These funds are consolidated as ARM Group companies are the sole contributors to the funds and exercise full control through the respective boards of trustees. The balances are included under restricted cash.

Financial instruments

Financial instruments recognised on the balance sheet 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.

Financial assets

Financial assets are initially measured at fair value plus transaction costs. Transaction cost in respect of financial assets classified as at fair value through profit and loss is expensed.

Financial assets at fair value through profit and loss are measured at fair value with gains and losses being recognized in profit and loss.

Held-to-maturity investments are measure at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Loans and receivables are measured at amortised cost less impairment losses or gains which are recognised in profit and loss.

Available-for-sale financial assets are measured at fair value with gains and losses being recognised directly in equity. Impairment losses are recognised in profit or loss. Any impairment reversals are recognized in profit and loss.

Impairment of financial assets

The Group assesses at each balance sheet date whether financial assets are impaired.

– Assets carried at amortised cost

If there is an indication that a impairment has incurred 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 it's 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 recognized on the security in the profit or loss is then recognised in the profit or loss.

Financial liabilities

Financial liabilities at fair value through profit and loss are measured at fair value with gains and losses being recognized in profit and loss.

Financial liabilities at amortised cost are 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 recognized in the profit or loss. Forward exchange contracts are valued at the balance sheet date using the forward rate available at the balance sheet 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 profit or loss. A corresponding forward exchange asset or liability is recognised. On settlement of a forward exchange contract, any gain or loss is recognised in the profit or loss.

Cash and cash equivalents

Cash and cash equivalents are classified as loans and receivable.
Cash and cash equivalents are measured at amortised cost.
Cash that is subject to legal or contractual restrictions on use is classified separately.

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. On disposal of an investment, the balance in the revaluation reserve is recognised in the profit or loss. Where active markets exist, fair values are determined with reference to the stock exchange quoted selling prices at the close of business on the balance sheet date. Where a reliable fair value cannot be determined, investments are carried at cost. All regular way purchases and sales of financial assets are recognised on the trade date, ie the date the Group commits to purchase the asset.

Receivables

Trade receivables, which generally have 30-90 day terms, are initially recognised at fair value and subsequently at amortised cost. Receivables are financial assets classified as loans and receivables. Some receivables are classified at fair value through profit and loss. These are receivables where the amounts that will be received in the future is dependant 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 profit or loss.

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 profit or loss 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 derecognized 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 it rights to receive cash flows from the asset and either (a) has transferred substantially all the risk 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 recognized to the extend of the Group's continuing involvement of 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 amounts is recognized in the profit or loss.

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 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 profit or loss 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 profit or loss 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 profit or loss when the asset is derecognised.

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 is the carrying amount if applicable. An impairment is taken in the profit or loss when the recoverable amount is less than the carrying amount.

Property, plant and equipment

Property, plant and equipment other than land and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings are carried at cost. Land is only depreciated where the form is changed so that it affects its value. Land is then depreciated on a straight-line method over the mining activity to a maximum of 25 years to its estimated residual value. Buildings are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value, if such value is significant. The annual depreciation rates used vary between 2 and 5%. New acquisitions and additions to existing land and buildings are reflected at cost.

Mine development and decommissioning

Costs to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of a mine, or its current production, as well as the decommissioning thereof, are capitalised. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning assets are amortised using the units-of-production method based on estimated proven and probable ore reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. These reserves are reassessed annually. The maximum period of amortisation using this method is 25 years. Where the reserves are not determinable due to their scattered nature, the straight-line method of depreciation is applied based on the estimated life of the mine to a maximum of 25 years.

Mineral rights

Mineral rights that are being depleted are amortised 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 are amortised on the units-of-production method over the lesser of their estimated useful life based on estimated proved and probable ore reserves. Non-mining plant and machinery are depreciated over their useful lives. The maximum life of any single item as used in a amortisation 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 profit or loss.

Other

Mine properties (including houses, schools and administration blocks), motor vehicles and furniture and equipment 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 of the age at the end of its useful life.

Depreciation rates

Depreciation rates that are based on units of production require management estimates and judgments utilized in business models, which take into account metal prices, exchange rates, proven and probable ore reserves and mineral resources. 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%;

Notes to the financial statements

- mine development plant and machinery, and mineral rights and land 10 to 25 years;
- investment properties 0 to2%; 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 mineralization of the ore body
- Commercial risks including but not limited to country risk
- Prior exploration knowledge available about the target ore body

Exploration expenditure on greenfields sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a bankable feasibility study has been completed, after which the expenditure is capitalised.

Exploration expenditure on brownfields sites, being those adjacent to any mineral deposits which are already being mined or developed, is only expensed as incurred until the Company has obtained sufficient information from all available sources to ameliorate the project risk areas identified above and which indicates by means of a pre-feasibility study that the future economic benefits are highly probable.

Exploration expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised.

Activities in relation to evaluating the technical feasibility and commercial viability of mineral resources are treated as forming part of exploration expenditures.

Costs related to property acquisitions and mineral and surface rights are capitalised.

Impairment of non-financial assets

The carrying value of assets is reviewed at each balance sheet 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 recognised in the profit or loss. 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.

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 from 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.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset that require 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 commence 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 profit or loss as incurred.

Inventories

Inventories are valued at the lower of cost and net realisable value with due allowances being made for obsolete and slow-moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the following basis:

- Consumables and maintenance spares are valued at average cost;
- Finished products are valued at weighted average cost including an appropriate portion of direct overhead costs;
- Work-in-process is valued at weighted average cost including an appropriate portion of direct overhead costs;
- Raw materials are valued at weighted average cost;

- By products are valued at weighted average cost, the weighting being the ratio of its sales value to the total sales value of all the products per tonne of ore;

Inventories is classified as current when it is reasonable to expect it to be sold within its normal cycle which could be the next financial year, if not, it is classified as non current.

Foreign currency translations

Foreign entities

The Group and Company financial statements are presented in South African Rands, which is the Company's functional and presentation currency.

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 balance sheet 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 are 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; and
- Differences arising on translation are classified as equity until the investment is disposed of when it is recognised in the profit or loss.

Foreign currency transactions and balances

Transactions in foreign currencies are converted to South African Rand 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 South African Rand using the exchange rate ruling at the balance sheet date, with the resulting exchange differences being recognised in the profit or loss.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or 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 charged directly against profit or loss.

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 profit or loss 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 health care 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.

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 of share that are expected to eventually vest.

Fair value is measured using the Black Scholes 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.

One of the subsidiaries issues cash or equity-settled options which are measured at the grant date using the Black Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. When the Company settles rights in cash, the grants are remeasured at each reporting date. For equity-settled options the services received and a liability to pay for those services are recognised over the expected vesting period.

Black economic empowerment (BEE) transactions

When entering into BEE share-based transactions any excess of the fair value of the shares over the consideration received are recognised as an expense in that period.

Notes to the financial statements

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.

Dividends

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) is recognised on the date of loading and CIF (cost in freight) is recognised when it arrives at its destination.

In the case of certain exchange traded commodities, the sales price is determined on a provisional basis at the date of the sale, with adjustments made to the sale price based on movements in quoted market prices up to the date of final pricing.

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 recognized in cost of sales. Any write-down, losses or reversals of previous write-down or losses are recognised in cost of sales.

Early settlement discounts and rebates

These are deducted from revenue and cost of inventories when applicable.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to other business segments. A geographical segment distinguish different segments for products and services within a particular economic environment that are subject to risks and return that are different from those segments operating in other economic environments.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and which existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation 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, regulator requirements and environmental management strategies, changes in estimated costs of anticipated activities, inflation rates, foreign exchange rates and movement in interest rates effecting the discount rate, applied. For assumptions on estimate see individual notes.

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 changes in value. For cash flow purposes overdrafts are excluded from cash and cash equivalents.

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 8 of 2007 issued by the South African Institute of Chartered Accountants. Adjustments against earnings takes account of attributable taxation and minority 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 take 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 arms length market transactions 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 flows 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 comprise earnings as used in calculating basic earnings per share. The earnings figure is divided 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, to arrive at fully diluted earnings per share. 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 associate
This is basic earnings, to which is added back taxation, exceptional items, income from associate, finance cost, income from investments and amortisation and depreciation.

New standards
The following new standards have been issued but are only effective for future periods:

Standard or interpretation		Effective date	Date issued
IAS 1	Presentation of Financial Statements	1 January 2009	September 2007
IAS 23	Borrowing Costs	1 January 2009	March 2007
IAS 27	Amendments to Consolidated and Separate Financial Statements	1 July 2009	January 2008
IAS 32	Amendments to IAS 32 Financial Instruments: Presentation	1 January 2009	February 2008
IFRS 2	Amendment to IFRS 2 Share-based Payment – Vesting conditions and cancellations	1 January 2009	January 2008
IFRS 3	Business Combinations	1 July 2009	February 2009
IFRS 8	Operating Segments	1 January 2009	November 2006
IFRIC 14	IAS 19: The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008	June 2007

Impact of the above

IAS 1	This statement requires additional disclosure and will have an impact on presentation.
IFRS 8	This statement requires the amount reported for each segment to be the measure reported to the chief operating decision maker for the purpose of allocating resources to that segment and assessing their performance. The Group assessed the impact of IFRS 8 and concluded that some additional information that is not critical to the business may have to be disclosed in a single segment report. Most of the information is already disclosed in the annual report.

The Group are assessing the impact of the other standards.

Notes to the financial statements

2 Segmental information

Primary segmental information

Business segments

For management purposes, the Group is organised into four major operating divisions. The operating divisions are ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal, and ARM Exploration.

ARM has a strategic holding in Harmony (gold).

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 under ARM platinum).

ARM Ferrous comprises Assmang as a subsidiary up to 28 February 2006 and as a 50% joint venture proportionately consolidated thereafter. Assmang comprises iron ore, manganese and chrome operations.

ARM Coal, a 51% joint venture for accounting purposes, consists of a 10.2% participating investment in the existing coal operations of XCSA and a 26% joint venture interest in the Goedgevonden Mine. In addition ARM has a direct 10% participating investment in the existing coal operations of XCSA.

ARM Exploration comprises TEAL as a 64.9% held subsidiary.

The commodity groupings predominantly reflect the risks and rewards of trading and the operating divisions are therefore identified as the primary reporting segments.

For the year ended 30 June	ARM Platinum		ARM	ARM	ARM	Corporate*		
	Platinum	Nickel	Ferrous	Coal	Exploration	and other	Gold	Total
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
2.1 Year to 30 June 2008								
Total sales	3 943	998	7 418	96	147	–	–	12 602
Inter-group sales to ARM Ferrous	–	12	–	–	–	–	–	12
Sales	3 943	986	7 418	96	147	–	–	12 590
Cost of sales	(1 785)	(419)	(3 193)	(51)	(72)	4	–	(5 516)
Other operating income	6	46	217	–	–	191	–	460
Other operating expenses	(31)	(11)	(350)	–	(271)	(193)	–	(856)
Segment Result	2 133	602	4 092	45	(196)	2	–	6 678
Income from investments	93	6	36	–	2	31	–	168
Finance cost	(311)	(1)	(14)	(13)	(15)	(84)	–	(438)
Income from associate	–	–	–	461	–	–	–	461
Exceptional items	–	(7)	–	–	34	135	–	162
Taxation	(540)	(173)	(1 346)	(1)	(2)	(22)	–	(2 084)
Minority interest	(460)	–	–	–	–	–	–	(460)
Contribution to basic earnings	915	427	2 768	492	(177)	62	–	4 487
Contribution to headline earnings	915	432	2 775	175	(211)	(73)	–	4 013
Other information								
Segment assets including investment in associate	6 513	1 081	7 771	2 392	413	663	6 045	24 878
Investment in associate				1 298				1 298
Segment liabilities	1 563	112	1 196	930	608	1 592	–	6 001
Unallocated liabilities (tax and deferred tax)								3 201
Consolidated total liabilities								9 202
Cash in/(out) flow from operating activities	1 369	518	3 005	103	(344)	(482)	–	4 169
Cash in/(out) flow from investing activities	(508)	(292)	(1 360)	(361)	(41)	135	–	(2 427)
Cash in/(out) flow from financing activities	(776)	–	(51)	274	353	25	–	(175)
Capital expenditure	547	292	1 394	414	130	2	–	2 779
Amortisation and depreciation	241	20	264	6	10	–	–	541
EBITDA	2 374	622	4 366	51	(186)	2	–	7 229

* Corporate, other companies and consolidation adjustments.

For the year ended 30 June	ARM Platinum		ARM	ARM	ARM	Corporate*		
	Platinum	Nickel	Ferrous	Coal	Exploration	and other	Gold	Total
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm

2 Segmental information (continued)

2.1 Year to 30 June 2007

	Platinum	Nickel	ARM Ferrous	ARM Coal	ARM Exploration	Corporate* and other	Gold	Total
Total sales	2 352	707	3 064	34	–	–	–	6 157
Inter-group sales to ARM Ferrous	–	5	–	–	–	–	–	5
Sales	2 352	702	3 064	34	–	–	–	6 152
Cost of sales	(1 083)	(209)	(2 021)	(28)	–	–	–	(3 341)
Other operating income per income statement	1	14	78	–	1	128	–	222
Other operating expenses per income statement	(12)	(36)	(133)	–	(198)	(173)	–	(552)
Segment Result	1 258	471	988	6	(197)	(45)	–	2 481
Income from investments	17	3	6	–	4	21	–	51
Finance cost	(255)	–	(8)	(26)	–	(81)	–	(370)
Income from associate	–	–	–	16	–	–	–	16
Exceptional items	–	–	–	–	–	14	–	14
Taxation	(300)	(137)	(320)	5	(1)	(28)	–	(781)
Minority interest	(259)	–	–	–	68	–	–	(191)
Contribution to basic earnings	461	337	666	1	(126)	(119)	–	1 220
Contribution to headline earnings	461	337	665	1	(126)	(131)	–	1 207
Other information								
Segment assets including investment in associate	5 314	584	3 842	1 519	97	408	6 380	18 144
Investment in associate				857				857
Segment liabilities	2 194	64	849	519	97	1 595	–	5 318
Unallocated liabilities (tax and deferred tax)								1 608
Consolidated total liabilities								6 926
Cash in/(out) flow from operating activities	770	568	979	(11)	(169)	(163)	–	1 974
Cash in/(out) flow from investing activities	(521)	(199)	(1 030)	(892)	(51)	2	–	(2 691)
Cash in/(out) flow from financing activities	212	–	244	71	66	969	–	1 562
Capital expenditure	566	199	1 070	74	51	1	–	1 961
Amortisation and depreciation	165	35	203	1	1	1	–	406
EBITDA	1 423	506	1 191	7	(196)	(44)	–	2 887

* Corporate, other companies and consolidation adjustments.

Notes to the financial statements

For the year ended 30 June	ARM Platinum		
	Two Rivers	Modikwa	Total
	Rm	Rm	Rm

2 Segmental information (continued)

The ARM platinum segment is analysed further into Two Rivers and ARM Mining Consortium (which includes Modikwa).

2.2 Year to 30 June 2008

	Two Rivers Rm	Modikwa Rm	Total Rm
Sales			
External sales	2 363	1 580	3 943
Cost of sales	(1 031)	(754)	(1 785)
Other operating income per income statement	6	–	6
Other operating expenses per income statement	(6)	(25)	(31)
Segment Result	1 332	801	2 133
Income from investments	64	29	93
Finance cost	(268)	(43)	(311)
Taxation	(332)	(208)	(540)
Minority interest	(361)	(99)	(460)
Contribution to basic earnings	435	480	915
Contribution to headline earnings	435	480	915
Other information			
Segment and consolidated assets	3 487	3 026	6 513
Segment liabilities	1 126	437	1 563
Unallocated liabilities (tax and deferred tax)			831
Consolidated total liabilities			2 394
Cash in flow from operating activities	777	592	1 369
Cash out flow from investing activities	(355)	(153)	(508)
Cash out flow from financing activities	(677)	(99)	(776)
Capital expenditure	390	157	547
Amortisation and depreciation	154	87	241
EBITDA	1 486	888	2 374

For the year ended 30 June	ARM Platinum		
	Two Rivers	Modikwa	Total
	Rm	Rm	Rm

2 Segmental information (continued)

2.2 Year to 30 June 2007

	Two Rivers Rm	Modikwa Rm	Total Rm
Sales			
External sales	1 337	1 015	2 352
Cost of sales	(451)	(632)	(1 083)
Other operating income	1	–	1
Other operating expenses	(3)	(9)	(12)
Segment Result	884	374	1 258
Income from investments	9	8	17
Finance cost	(186)	(69)	(255)
Taxation	(205)	(95)	(300)
Minority interest	(222)	(37)	(259)
Contribution to basic earnings	280	181	461
Contribution to headline earnings	280	181	461
Other information			
Segment and consolidated assets	3 026	2 288	5 314
Segment liabilities	1 714	480	2 194
Unallocated liabilities (tax and deferred tax)			327
Consolidated total liabilities			2 521
Cash in flow from operating activities	409	361	770
Cash out flow from investing activities	(419)	(102)	(521)
Cash in/(out) flow from financing activities	369	(157)	212
Capital expenditure	464	102	566
Amortisation and depreciation	75	90	165
EBITDA	959	464	1 423

Notes to the financial statements

For the year ended 30 June	Iron ore Division Rm	Manganese Division Rm	Chrome Division Rm	Total Rm	Attributable to ARM Rm
2 Segmental information (continued) Additional information					
2.3 Pro forma analysis of the Ferrous segment on a 100% basis					
Year to 30 June 2008					
Sales	2 776	9 552	2 507	14 835	7 418
Other operating income	51	320	99	470	217
Other operating expense	136	489	111	736	350
Operating profit	1 079	6 160	946	8 185	4 092
Contribution to earnings	779	4 075	681	5 535	2 768
Contribution to headline earnings	780	4 087	683	5 550	2 775
Other information					
Consolidated total assets	4 324	9 419	2 015	15 758	7 771
Consolidated total liabilities	1 735	3 226	826	5 787	1 196
Capital expenditure	2 231	511	158	2 900	1 394
Amortisation and depreciation	241	184	110	535	264
Cash in flow from operating activities	710	4 175	646	5 531	3 005
Cash out flow from investing activities	(2 080)	(488)	(151)	(2 719)	(1 360)
Cash in/(out) flow from financing activities	281	–	(384)	(103)	(51)
EBITDA	1 320	6 344	1 056	8 720	4 366
Year to 30 June 2007					
Sales	2 163	2 691	1 273	6 127	3 064
Other operating income	30	99	51	180	78
Other operating expense	64	123	102	289	133
Operating profit	962	895	119	1 976	988
Contribution to earnings	679	579	74	1 332	666
Contribution to headline earnings	679	576	76	1 331	665
Other information					
Consolidated total assets	3 275	2 842	1 680	7 797	3 842
Consolidated total liabilities	1 464	255	1 162	2 881	849
Capital expenditure	1 735	297	199	2 231	1 070
Amortisation and depreciation	160	150	95	405	203
Cash in flow from operating activities	994	451	284	1 729	979
Cash out flow from investing activities	(1 709)	(297)	(145)	(2 151)	(1 030)
Cash in/(out) flow from financing activities	626	–	(138)	488	244
EBITDA	1 122	1 045	214	2 381	1 191

For the year ended 30 June		
	Group	
	2008 Rm	2007 Rm

2 Segmental information (continued)

Geographical segments

The Group operates principally in South Africa, however, TEAL operates in Zambia, the DRC, Namibia and other countries.

	2008 Rm	2007 Rm
Assets by geographical area in which the assets are located are as follows:		
– South Africa	23 113	17 832
– Europe	427	113
– Americas	65	94
– Far and Middle East	726	87
– Other	547	18
	24 878	18 144
Sales by geographical area		
– South Africa	4 824	2 803
– Europe	2 404	1 507
– Far and Middle East	3 622	1 054
– Americas	654	274
– Other	1 086	514
	12 590	6 152
Capital expenditure		
– South Africa	2 650	1 912
– Africa	129	49
	2 779	1 961

Notes to the financial statements

3. Property, plant and equipment, investment property and intangible assets

For the year ended 30 June	Group							
	Mine development and decommissioning assets	Plant and machinery	Land and buildings	Mineral rights	Other	Total property, plant and equipment	Total invest-ment property	Total intangible assets
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Cost								
Balance at 30 June 2006	1 861	1 873	259	1 536	594	6 123	20	5
Additions	358	1 189	22	24	368	1 961	–	–
Additions: ARM Coal transaction	23	4	2	330	1	360	–	215
Reclassifications	–	2	–	–	(4)	(2)	–	–
Disposals	–	(17)	–	(4)	(25)	(46)	–	–
Balance at 30 June 2007	2 242	3 051	283	1 886	934	8 396	20	220
Additions	627	1 520	130	54	448	2 779	–	–
Reclassification of held for sale assets in TEAL	–	(49)	(21)	–	(2)	(72)	–	–
Disposals	(1)	(39)	(4)	–	(46)	(90)	–	–
Realignment of currencies	–	3	1	–	2	6	–	–
Balance at 30 June 2008	**2 868**	**4 486**	**389**	**1 940**	**1 336**	**11 019**	**20**	**220**
Accumulated amortisation, depreciation and impairment								
Balance at 30 June 2006	295	517	35	74	210	1 131	8	3
Charge for the year	129	170	10	14	83	406	–	–
Additions: ARM Coal transaction	7	–	–	–	–	7	–	–
Disposals	–	(17)	–	(4)	(19)	(40)	–	–
Balance at 30 June 2007	431	670	45	84	274	1 504	8	3
Charge for the year	128	227	12	14	158	539	–	2
Impairments	6	31	13	–	2	52	–	–
Reclassification	–	(4)	–	–	4	–	–	–
Reclassification of held for sale assets in TEAL	–	(34)	(15)	–	(2)	(51)	–	–
Disposals	(1)	(34)	(1)	–	(16)	(52)	–	–
Realignment of currencies	–	3	–	–	–	3	–	–
Balance at 30 June 2008	**564**	**859**	**54**	**98**	**420**	**1 995**	**8**	**5**
Carrying value at 30 June 2007	**1 811**	**2 381**	**238**	**1 802**	**660**	**6 892**	**12**	**217**
Carrying value at 30 June 2008	**2 304**	**3 627**	**335**	**1 842**	**916**	**9 024**	**12**	**215**

Borrowing costs

Borrowing costs incurred at prime overdraft and overnight call rates applicable during the year, amounting to R89 million were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2008 (2007: R54 million).

Capital work-in-progress

Included in mine development and decommissioning assets and plant and machinery above are R226 million (2007: R795 million) of assets relating to projects in progress. In F2007 these assets related to Khumani mine infrastructure and plant which were commissioned in April 2008.

3. Property, plant and equipment, investment property and intangible assets (continued)

Other assets

Included in other assets are vehicles and equipment held under finance leases of R86 million (2007: 119 million) (refer notes 12 and 34), mine properties of R393 million (2007: R279 million), furniture, equipment and mining fleet of R437 million (2007: R262 million).

Pledged assets

The carrying value of assets pledged as security for loans amounts to R3 billion (2007: R4.2 billion). Refer to note 12 for security granted in respect of institutional loans to ARM Mining Consortium, Two Rivers and ARM Coal.

Investment properties

There is a single property held under this classification. The property is subject to operating leases (refer note 4).

Intangible assets

Finite lived intangible assets which are amortised comprise of (i); the Richards Bay Coal Terminal entitlement held by the Goedgevonden Joint venture of R213 million (2007: R215 million) and (ii); R2 million (2007: R2 million) patents and trade marks. The remaining amortisation period of the RBCT entitlement is limited to 25 years. There are no indefinite life intangible assets.

For the year ended 30 June						
			Company			
	Mine development and decommissioning assets	Plant and machinery	Land and buildings	Mineral rights	Other	Total property plant and equipment
	Rm	Rm	Rm	Rm	Rm	Rm
Cost						
Balance at 30 June 2006	97	88	6	144	47	382
Additions	42	134	2	–	23	201
Reclassifications	–	–	–	–	(4)	(4)
Balance at 30 June 2007	139	222	8	144	66	579
Additions	95	179	1	–	17	292
Derecognition	(6)	–	–	–	(1)	(7)
Balance at 30 June 2008	**228**	**401**	**9**	**144**	**82**	**864**
Accumulated amortisation, depreciation and impairment						
Balance at 30 June 2006	74	80	1	–	28	183
Charge for the year	17	10	–	–	8	35
Impairment	–	–	–	–	(2)	(2)
Balance at 30 June 2007	91	90	1	–	34	216
Charge for the year	3	5	–	–	12	20
Balance at 30 June 2008	**94**	**95**	**1**	**–**	**46**	**236**
Carrying value at 30 June 2007	48	132	7	144	32	363
Carrying value at 30 June 2008	134	306	8	144	36	628

A register containing details of mineral and mining rights and land and buildings is available for inspection during business hours, at the registered address of the Company by members or their duly authorised agents.

Notes to the financial statements

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
4. Investment property				
The investment property is situated at 56 Main Street, Johannesburg, South Africa.				
Management's estimated fair value of the building ranges between R20 million and R30 million as at 30 June 2008. The value was arrived at after reviewing market conditions in the area. Current lease contracts terminate between 2008 and 2010.				
Annual rental escalations are between 8% and 10% (refer note 3).				
Refer note 22 for rental income derived from this property.				
5 Investment in associate				
Through ARM's 51% investment in ARM Coal, (refer to note 31) the Group holds an effective 10.2% investment in the existing coal operations of XCSA.				
Opening balance	424	–	–	–
Original investment (10.2%)	–	400	–	–
Additional investment (ATCOM and ATC collieries)*	–	9	–	–
Income from associate	252	15	–	–
	676	424	–	–
ARM direct investment in 10% of the existing coal operations of XCSA on 1 September 2006				
Opening balance	433	–	432	–
Original investment	–	400	–	400
Additional investment (ATCOM and ATC collieries)	–	32	–	32
Income from associate	209	1	–	–
	642	433	432	432
Less: dividend received	20	–	–	–
Total investment	1 298	857	432	432
Total investment as above		857		432
Less: associate income		16		–
Net cash paid		841		432
Group's interest in sales in associate	1 399	917		

* Treated as a long-term loan and receivable in ARM Company which eliminates at Group level.

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
5 Investment in associate (continued)				
Group interest in associate balance sheet				
Non-current assets	3 018	2 202		
Current assets	736	455		
Total assets	3 754	2 657		
Less liabilities				
Non-current liabilities	2 299	1 590		
Current liabilities	157	210		
Nett assets	1 298	857		
6 Other investments				
Listed – subsidiary companies*				
– cost			153	153
Listed – other investments**				
Opening balance	6 380	7 264	6 380	7 264
Investment sold	–	(4)	–	(4)
Unrealised revaluation gain/(loss) for the year	(335)	(880)	(335)	(880)
Total – listed investments	6 045	6 380	6 198	6 533
Market value of listed investments	6 045	6 380	7 270	7 780
(Determined by reference to market share price)				
Investment in joint venture***			659	659
Preference shares	10	11	–	–
Unlisted – subsidiary companies				
Cost of investments			481	481
Loans**** (refer page 198)			2 092	2 076
Total unlisted	10	11	2 573	2 557
Total carrying amount of other investments	6 055	6 391	9 430	9 749

Investments in unquoted equity instruments are measured at cost as their fair value cannot be measured reliably due to the significant uncertainties which exist in estimating parameters such as exchange rates, commodity prices and general market conditions.

Investments valued at cost amount to R481 million as reflected above in the Company column.

Certain listed and unlisted shares have been pledged as security for the ARM corporate loan amounting to R1 217 million (2007: R1 253 million), (refer note 12) at 30 June 2008. The book value of the pledged shares amounts to R2 926 million (2007: R2 067 million).

A report on investments appears on pages 198 to 200.

* TEAL

** Harmony 63 632 922 shares at R95 per share (2007: R100.27).

*** ARM Coal (Pty) Ltd and Assmang.

**** These loans are interest free with no fixed terms of repayment except for (i) the loan to Two Rivers Platinum Mine which bears interest at 12% (2007: 10%) p.a. and (ii) the loan to Venture Building Trust which bears interest at 2% below the prime bank overdraft rate.

Notes to the financial statements

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
7 Inventories				
Inventories (non current)				
Raw materials	178	–	–	–
	178	–	–	–
Inventories consist of copper fines, lumpy material, high and low grade (which is stockpiled) as well as work in progress material not expected to be turned to account within a year.				
Inventories (current)				
Consumable stores	209	68	4	1
Raw material	650	381	59	–
Work-in-progress	8	73	8	39
Finished goods	364	331	–	–
	1 231	853	71	40

Stockpiles quantities are determined using assumptions such as densities and grades which are based on studies, historical data and industry norms.

Value of inventory carried at net realisable value is R60 million (2007: R13 million)

Inventories previously written down to net realisable value has been revalued upwards as a result of negotiations with a potential buyer.

Refer to note 22 for the expense of inventories written down to nil value.

Inventories to the value of R76 million (2007: R85 million) have been pledged as security for loans to ARM Mining Consortium Limited and ARM Coal (Proprietary) Limited (refer note 12).

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
8 Trade and other receivables				
Trade receivables	3 377	1 525	201	87
Related parties	–	–	29	45
Other receivables	773	334	55	23
	4 150	1 859	285	155
Trade and other receivables are non-interest bearing and are generally on 30-60 day payment terms.				
Debtors outstanding longer than their terms and which are not provided for:				
Outstanding on terms: normal cycle	4 145	1 850	285	155
Outstanding longer than 60 days: outside normal cycle	5	1	–	–
Outstanding longer than 120 days: outside normal cycle	–	8	–	–
Total	4 150	1 859	285	155

No provision for bad debts has been raised on debtors which are overdue as their recoverability is not considered doubtful.

Payment terms which vary from the norm are:

PGMs which are paid approximately 4 months after delivery. 20% of nickel delivered which is paid approximately 5 months after delivery.

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm

9 Cash and cash equivalents

	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Cash at bank and on deposit	2 545	1 018	458	217
Rehabilitation trust funds-restricted cash (refer note 19)	66	27	28	5
Guarantees: restricted cash*	49	18	–	–
Cash and cash equivalents per balance sheet	2 660	1 063	486	222
Less: overdrafts (refer note 17)	(66)	(24)	(28)	(20)
Cash and cash equivalents per cash flow statement	2 594	1 039	458	202

Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.

* Funds have been pledged as security for loans granted to ARM Mining Consortium Limited amounting to R11 million. (2007: R10 million), guarantees to the Department of Minerals and Energy to the amount of R30 million (2007: R nil million), in respect of ARM Mining Consortium. Guarantees to the Department of Minerals and Energy and Eskom for Two Rivers amounting to R8 million (2007: R8 million).

10 Held for sale asset

	2008 Rm	2007 Rm	2008 Rm	2007 Rm
A decision has recently been made to dispose of TEAL Metals s.p.r.l, which has been operating a copper furnace in Lubumbashi in the DRC. As a result, all the conditions for an asset held for sale were met during the year. The asset is deemed to be non-core.	21			

The sale of the business as a stand alone entity is being negotiated for a net selling price of R21 million and is expected to be concluded within the next year.

This required an asset impairment of R44 million which is included in exceptional items (refer note 25).

	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Balance sheet				
Land and buildings	6			
Plant and machinery:				
Cost	60			
Accumulated depreciation	(3)			
	63			
Impairment of property plant and equipment	(44)			
Deposits	2			
Net selling price	21			

Notes to the financial statements

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
11 Share capital and premium				
Share capital				
Authorised				
500 000 000 (2007: 500 000 000) ordinary shares of 5 cents each	25	25	25	25
	25	25	25	25
Issued				
Opening balance	10	10	10	10
1 826 012 ordinary shares issued for cash (2007: 3 362 812)	1	–	1	–
211 556 278 (2007: 209 730 266) ordinary shares of 5 cents each	11	10	11	10
Share premium	3 733	3 667	3 733	3 667
– Balance at beginning of the year	3 667	3 557	3 667	3 557
– Premium on shares issued	66	110	66	110
Total issued share capital and share premium	3 744	3 677	3 744	3 677
12 Long term borrowings				
Secured loans				
Loan facility 1 (ARM Mining Consortium Limited)	163	245	–	–
This loan bears interest at a fixed rate of 15.99% compounded on a monthly basis.				
Repayments are made in bi-annual instalments, which commenced on 30 June 2003 and end 30 June 2010. This loan is expected to be settled in the 2009 financial year.				
Loan facility 2 (ARM Mining Consortium Limited)	50	77	–	–
This loan bears interest at a fixed rate of 16.99% plus a profit share of 0.3% of the net operating cash flow after capital expenditure. This interest is compounded on a monthly basis. Repayments are made in bi-annual instalments, which commenced on 30 June 2003 and end on 30 June 2010. This loan is expected to be settled in the 2009 financial year.				
Loan facility 3 (ARM Mining Consortium Limited)	31	28	–	–
This loan bears interest at variable rates, plus a profit share of 0.75% of the net operating cash flow after capital expenditure R2 million (2007: R6.2 million) bears interest at 16.74% nominal annual rate compounded on a monthly basis and the remaining R15 million (2007: R18.8 million) bears interest at a 14.61% nominal annual rate compounded on a monthly basis.				
The profit share which loan facility 2 and 3 are subject to gives rise to an embedded derivative that is not closely related to the host contract and has therefore been separately valued at R18 million (2007: R10 million), R4 million to loan facility 2 and R14 million to loan facility 3 (2007: R7 million to loan facility 2 and R3 million to loan facility 3). These amounts are included in the carrying amounts of the loan. The embedded derivative was valued through discounting the expected profits per the business plan for Modikwa over the term of the loans at a discount rate of 16.3%.				

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
12 Long-term borrowings (continued)				
Interest payments are made in bi-annual instalments which commenced on 30 June 2003 and end on 30 June 2010. Capital repayments commenced on 31 December 2004 and thereafter in twelve equal bi-annual instalments.				
This loan is expected to be settled in the 2009 financial year.				
As security for the ARM Mining Consortium Limited loan, bonds, pledges and cessions mineral rights, mining titles and movable and immovable assets have been registered in favour of the lenders. The 50% stake in the Modikwa Joint Venture is also included in the security given.				
ARM, for so long as ARM Mining Consortium Limited (the Consortium) is indebted to the lenders (a) will not accept payment of their claims from the Consortium (except for claims arising under their consultancy agreement) and (b) subordinates all its loans and claims against the Consortium in favour of creditors.				
Loan facility (Two Rivers)	**–**	651	**–**	–
The loan was repaid in full on 31 May 2008, 7 years ahead of the scheduled repayment profile.				
This loan was repayable in bi-annual instalments over a scheduled 8-year period which commenced on 31 March 2007. The interest rate was linked to JIBAR.				
The loan was secured by mortgage bonds, notarial bonds and a pledge and cession of receivables, claims and bank accounts. ARM had provided a technical completion guarantee to the financial institutions Absa Bank Limited and Nedbank Limited for its share of the borrowings by Two Rivers Platinum (Proprietary) Limited. The ARM exposure under this guarantee was cancelled when the loan was repaid (2007: R358 million).				
Loan facility (Two Rivers – housing project)	**155**	144	**–**	–
This loan is repayable in bi-annual instalments over a scheduled 8-year period, commencing on 31 March 2008. The interest rate is linked to the prime overdraft rate until completion of the housing project, and after completion it will be linked to JIBAR. At year-end the rate was 13.6% (2007: 11.10%).				
The loan is secured by a mortgage bond over the property and a cession of insurances.				
Loan facility (ARM Corporate)	**1 217**	1 253	**1 217**	1 253
This loan is repayable on 28 August 2009. The interest rate is linked to JIBAR. At year-end the rate was 13.975% (2007: 9.775%). This loan has been secured by a pledge of shares. The interest rate on this loan increases by approximately 0.71% per annum should the Company net debt to market capitalisation ratio exceed 45%. At year-end the ratio was less than 2%. The cover ratio of the market value of pledged shares or alternative security to loan indebtedness must exceed 2.5 times cover.				

Notes to the financial statements

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
12 Long-term borrowings (continued)				
Leases (Two Rivers)	69	105	–	–
Finance leases over property, plant and equipment with a book value of R63 million (2007: R97 million) bear interest at 2.65% (2007: 2.65%) below the prime overdraft rate and are payable in varying monthly instalments over a maximum period of 60 months which commenced on the 30 November 2005 (refer note 34).				
Leases (Assmang)	19	23	–	–
Finance leases over property, plant and equipment with a book value of R18 million (2007: R22 million) bear interest at 1.5% below the prime overdraft rate and are payable in varying monthly instalments over 60 months which commenced on 31 May 2004 (refer note 34).				
Leases (Modikwa)	1	–	–	–
Finance leases over plant and equipment with a book value of R5 million which bears interest at 9.75% which commenced in January 2008 for a period of 5 years.				
Loan facility (ARM Coal) (partner loan)	822	491	–	–
The loan is with Xstrata SA (XSA) and consists of an acquisition facility of R507 million (2007: R440 million), on which repayment commences in 2010 and a project facility of R315 million (2007: R51 million) on which repayment is expected to commence in 2016 and both loans bear interest at the prime bank overdraft rate.				
These facilities are secured by: 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 facility Assmang (Khumani Iron Ore Mine)	251	–	–	–
A term loan in an amount of R1.4 billion was entered into on 14 December 2007. The loan was advanced for the purpose of funding capital expenditure incurred for the development of the Khumani Iron Ore Mine.				

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm

12 Long-term borrowings (continued)

The term loan is subject to a drawdown schedule with an availability period ending in December 2009. The repayment will be over a period of 13 quarters starting in December 2009. Interest will be capitalised.

The total amount drawn to 30 June 2008 is R500 million. The interest rate is linked to JIBAR for the duration of the loan. The rate was 14.17% at 30 June 2008.

An irrevocable notice of repayment of the full amount drawn plus accrued interest was issued by Assmang after the year end. The repayment occured on 1 October 2008. This repayment has effectively reduced the term loan facility to R900 million.

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
Loan (ARM Coal) (partner loan) This loan is owed to Xstrata Schweiz (AG) and is interest free and no repayment terms have been specified.	5	5	–	–
Loan (Arm Coal) (partner loan) This loan is with Xstrata and is interest free and no repayment terms have been specified.	20	5	–	–
Loan (TEAL) In April the Company acquired Korea Zinc Company Limited's 30% interest in the five mining licence areas in Zambia at no interest. This loan has been discounted to fair value at the average borrowing rate of 4.6%. The loan is repayable in two repayments with final payment due in April 2010.	28	–	–	–
Total borrowings	2 831	3 027	1 217	1 253
Less: Repayable within one year included in short-term borrowings	577	286	–	–
Total SA Rand long-term borrowings	2 254	2 741	1 217	1 253
Held as follows:				
– African Rainbow Minerals Limited	1 217	1 253	1 217	1 253
– Assmang	14	19	–	–
– ARM Mining Consortium Limited	1	236	–	–
– ARM Coal (Proprietary) Limited	847	501	–	–
– Two Rivers	161	732	–	–
– TEAL	14	–	–	–
	2 254	2 741	1 217	1 253

Notes to the financial statements

12 Long-term borrowings (continued)

Repayments schedule – undiscounted cashflows excluding accounting adjustments

For the year ended 30 June						
	Group					
	Total borrowings	Repayable during the year ending 30 June				
	2008	2009	2010	2011	2012	2013 onwards
	Rm	Rm	Rm	Rm	Rm	Rm
Secured Loans						
Loan facility 1 (**ARM Mining Consortium**)	**155**	155	–	–	–	–
Loan facility 2 (**ARM Mining Consortium**)	**48**	48	–	–	–	–
Loan facility 3 (**ARM Mining Consortium**)	**12**	12	–	–	–	–
Loan facility (Two Rivers housing project)	**155**	29	29	29	28	40
Loan facility (ARM Coal) (partner loan)	**822**	–	–	–	–	822
Loan facility (ARM Corporate)	**1 217**	–	1 217	–	–	–
	2 409	244	1 246	29	28	862
Unsecured loans						
Loan ARM Coal (partner loan)	**20**	–	–	–	–	20
Assmang	**251**	**251**	**–**	**–**	**–**	**–**
Loan ARM Coal (partner loan)	**5**	–	–	–	–	5
Teal	**28**	13	15	–	–	–
Finance leases – Assmang	**19**	5	5	5	4	–
– ARM Mining Consortium	**1**	–	–	–	1	–
– Two Rivers	**69**	35	26	8	–	–
Total borrowings	**2 802**	548	1 292	42	33	887

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm

13 Deferred taxation

	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Deferred tax asset				
Secondary tax on companies (STC)	20	–	20	–
Deferred tax asset	20	–	20	–
Deferred tax liability				
Property, plant and equipment	1 936	1 074	190	113
Intangible assets	59	49	–	–
Provisions	(82)	(26)	4	–
Capital gains tax on revaluation of listed investment	284	343	284	343
Inventories	(5)	(2)	–	–
Assessable loss	(16)	(5)	–	–
Post retirement health care provisions	(22)	(22)	(22)	(22)
Other	–	(1)	–	(1)
Deferred tax liability	2 154	1 410	456	433
Reconciliation of opening and closing balance				
Opening deferred tax liability	1 410	1 001	433	547
Opening deferred tax asset	–	(23)	–	(23)
Net deferred tax liability opening balance	1 410	978	433	524
Reduction due to change in rate of taxation	(48)	–	(15)	–
Temporary differences from:	772	432	18	(91)
Property, plant and equipment	902	546	81	36
Intangible assets	8	49	–	–
Assessable loss	(11)	31	–	–
Provisions	(57)	(23)	4	–
Revaluation of investments – directly in equity	(47)	(128)	(47)	(128)
Post retirement health care provision	–	–	–	1
Inventories	(3)	(4)	–	–
STC	(20)	–	(20)	–
Other	–	(39)	–	–
Deferred tax liability	2 154	1 410	456	433
Deferred tax asset	(20)	–	(20)	–
Net deferred tax liability – closing balance	2 134	1 410	436	433

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 upon approved business plans which include estimates and assumptions regarding economic growth, interest, inflation, metal prices, exchange rates, taxation rates and competitive forces.

Notes to the financial statements

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
14 Long-term provisions				
Environmental rehabilitation obligations				
Provision for decommissioning				
Balance at beginning of year	62	41	11	4
Provision for the year	88	19	6	7
Acquisitions: Goedgevonden joint venture	–	2	–	–
Reallocation	3	–	–	–
Balance at end of year	153	62	17	11
Provision for restoration				
Balance at beginning of year	24	27	4	3
Reallocation	(3)	–	–	–
Provision for the year	14	(3)	(1)	1
Balance at end of year	35	24	3	4
Total environmental rehabilitation obligation	188	86	20	15

The net present value of current rehabilitation liabilities is based on discount rates of between 8% and 13% (2007: 8%-13%), inflation rates of between 6% and 9% (2007: 4%-7%) and life of mines of between 3 and 25 years (2007: 5 and 25 years).

Refer to note 19 for amounts held in trust funds.

These provisions are based upon estimates of cashflows which are expected to occur at the end of the 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.

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
Post-retirement health care benefits				
Balance at beginning of year	82	86	74	75
Benefits paid	(9)	(6)	(9)	(5)
Service cost	1	–	–	–
Interest cost	9	9	9	7
Actuarial gain	–	(7)	–	(3)
Balance at end of the year (see note 36)	83	82	74	74
Other long-term provisions				
Balance at beginning of year	10	2	–	–
Variable purchase price for mine properties	30	–	–	–
Payments	(3)	–	–	–
Provision for the year	16	8	–	–
Balance at end of the year	53	10	–	–
Total long-term provisions at end of the year	324	178	94	89

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm

15. Trade and other payables

	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Trade	929	501	91	38
Other	586	498	86	85
Total trade and other payables	1 515	999	177	123

Trade and other payables are non-interest bearing and are generally on 30-90 day payment terms.

16 Short-term provisions

	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Bonus provision				
Balance at beginning of year	58	16	52	14
Provision for the period	80	62	55	55
Payments made during the year	(59)	(20)	(50)	(17)
Balance at end of the year	79	58	57	52
Leave pay provisions				
Balance at beginning of year	39	31	5	4
Provision for the period	12	8	2	1
Payments made during the year	(1)	–	–	–
Balance at end of the year	50	39	7	5
Other provisions				
Provision for the period	55	–	–	–
Balance at end of the year	55	–	–	–
Total short-term provisions	184	97	64	57

The bonus provision is based on the policy as approved by each operation.

The leave pay provision is calculated based on the total package for each employee multiplied by the leave due to that employee at year-end.

Other provisions
Environmental rehabilitation provision for work to be performed within the next year.

Notes to the financial statements

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
17 Overdrafts and short-term borrowings				
Overdrafts	66	24	28	20
Short-term borrowings	1 081	993	333	292
Current portion of long-term borrowings	577	286	–	–
	1 724	1 303	361	312
Overdrafts and short-term borrowings are held as follows:				
– African Rainbow Minerals	69	20	70	20
– Assmang	256	303	–	–
– ARM Mining Consortium Limited	255	116	–	–
– ARM Coal (Proprietary) Limited	10	–	–	–
– TEAL	436	71	–	–
– Two Rivers – Bank loans	63	168	–	–
– Two Rivers – Impala Platinum	635	625	–	–
– Loans from subsidiaries	–	–	291	292
	1 724	1 303	361	312
Unutilised borrowings and overdraft facilities				
– African Rainbow Minerals	430	680	430	680
– Assmang 50%	996	301	–	–
– ARM Mining Consortium Limited	47	44	–	–
Total	1 473	1 025	430	680

18 Joint ventures

The proportionate share of the following joint ventures have been incorporated into the Group results:

- a 50% share in the Nkomati Nickel and Chrome Mine
- a 50% share in Assmang which includes Cato Ridge Alloys at 25%.
- a 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 by a 83% subsidiary through ARM Mining Consortium Limited.

The proportionate share of the following joint venture has been incorporated into the Company results:

- a 50% share in the Nkomati Nickel and Chrome Mine

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm

18 Joint ventures (continued)

The aggregate amounts of joint ventures proportionately consolidated in the financial statements are:

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
Income statements				
Sales	10 092	4 820	998	707
Cost of sales	(4 424)	(2 894)	(425)	(214)
Other operating income	264	92	46	14
Other operating expenses	(386)	(178)	(11)	(36)
Income from investments	71	17	6	3
Finance costs	(72)	(103)	(1)	–
Income from associate	252	15	–	–
Profit before tax	5 797	1 769	613	474
Taxation	(1 728)	(547)	(173)	(137)
Profit for the year after taxation	4 069	1 222	440	337
Balance sheets				
Non-current assets	7 737	5 279	625	280
Current assets	6 006	2 240	463	224
Non-current liabilities (interest bearing)	836	727	–	–
Non-current liabilities (non-interest bearing)	1 585	991	190	109
Current liabilities (non-interest bearing)	2 170	839	192	141
Current liabilities (interest bearing)	521	419	–	–
Cash flow statements				
Net cash inflow from operating activities	3 979	1 466	518	251
Net cash outflow from investing activities	(2 165)	(1 835)	(292)	(199)
Net cash inflow from financing activities	126	157	–	–

19 Environmental rehabilitation trust funds

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
Balance at beginning of year	27	19	6	4
Contributions	35	6	21	1
Interest earned	4	2	1	–
Total (included in cash and cash equivalents) (refer note 9)	66	27	28	5
Total environmental rehabilitation obligations (refer note 14)	188	86	20	15
Less: Amounts in trust funds (see above)	(66)	(27)	(28)	(5)
Unfunded portion of liability	122	59	(8)	10

The unfunded portion of the liability is secured by guarantees in favour of the Department of Mineral and Energy as required (refer note, 33)

Notes to the financial statements

For the year ended 30 June	Group		Company	
	2008	2007	2008	2007
	Rm	Rm	Rm	Rm
20 Sales				
Sales – mining and related products	12 590	6 152	998	707
Made up as follows:				
Local sales	4 737	2 794	252	160
Export sales	7 706	3 358	746	547
Sales by foreign subsidiary	147	–	–	–
Revenue as per IAS 18	12 919	6 308	1 666	1 111
Sales – mining and related products	12 590	6 152	998	707
Interest received	168	51	116	86
Dividends received	–	1	239	115
Fees received	153	100	313	203
Property rental income	8	4		
21 Cost of sales				
Amortisation and depreciation	536	388	20	34
Staff costs	948	623	41	28
Consultants and contractors	502	246	79	8
Raw materials, consumables and change in inventories	1 703	1 278	285	140
Railage and transportation	675	325	–	–
Provisions	50	22	–	4
Distribution costs	624	284	–	–
Other costs	478	175	–	–
	5 516	3 341	425	214
22 Profit from operations				
Profit from operations includes:				
Foreign exchange gains/(losses)	240	40	38	(10)
Amortisation and depreciation				
– buildings	12	10	–	–
– intangible asset	2	–	–	–
– mine development, exploration and decommissioning assets	128	129	3	17
– mineral rights	14	14	–	–
– plant and machinery	227	171	5	10
– other	158	83	12	8
Auditors' remuneration				
– audit fees	9	7	3	3
– other services	1	1	–	–
Exploration expenditure	212	82	1	–
Impairment of plant and equipment	51	–	7	–
Inventory write (up)/down	(47)	23	–	–
Movement in provisions				
– long-term	31	7	(1)	5
– short-term	147	70	57	56
Operating lease payments	4	1	1	1
Rental income from investment property	4	3	–	–
Direct operating expenses of investment property	4	2	–	–
Share-based payments	74	54	54	38
Share transfer, secretarial and financial services	3	3	2	3
Staff costs				
– salaries and wages	957	681	114	84
– pension – defined contribution plans	59	24	8	6
– medical aid	34	28	1	1
– training	3	5	3	5

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm

23 Income from investment

	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Dividend income – unlisted	–	1	259	115
Interest received – subsidiary companies	–	–	91	72
– environmental trust fund (refer note 19)	4	2	1	–
– short-term cash deposits	164	48	24	14
	168	51	375	201

The interest received is from financial assets categorised as loan and receivables (refer note 32).

24 Finance costs

	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Interest on finance leases	13	12	–	–
Gross interest paid – long and short-term borrowings and overdrafts	514	412	175	152
Less: capitalised (refer note 3)	(89)	(54)	–	–
	438	370	175	152

The interest paid is on financial liabilities categorised as other financial liabilities at amortised cost (refer note 32).

25 Exceptional items

	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Surplus on disposal of 50% of Nkomati; final tranche payment	135	–	135	–
Profit on sale of interest in Otjikoto	32	–	–	–
Profit on sale of interest in Zambian properties	46	–	–	–
Impairments of property, plant and equipment	(51)	–	(7)	–
Settlement of Chambishi disposal	–	14	–	14
Exceptional items per income statement	162	14	128	14
Taxation	5	(2)	(2)	(2)
Profit on asset swap in the DTJV – ARM Coal*	317	–	–	–
(Loss)/profit on disposal of property, plant and equipment	(10)	1	–	–
Net exceptional items	474	13	126	12

* Included in income from associate. The purchase price allocations for this transaction have been provisionally determined in accordance with IFRS 3 Business Combinations.

Notes to the financial statements

For the year ended 30 June	Group		Company	
	2008	2007	2008	2007
	Rm	Rm	Rm	Rm
26 Taxation				
South African normal taxation				
– current year	1 019	339	145	118
State's share of profits	238	20	–	–
Deferred taxation				
– current year	819	405	65	42
– tax rate adjustment	(36)	–	(3)	–
Secondary Tax on Companies	44	15	18	–
Capital Gains Tax	–	2	–	2
	2 084	781	225	162
Dealt with as follows:				
Attributable to profit before exceptional items	2 089	779	223	160
Attributable to exceptional items (refer note 25)	(5)	2	2	2
	2 084	781	225	162
Reconciliation of rate of taxation:	%	%	%	%
Standard rate of company taxation	28	29	28	29
Adjusted for:				
Disallowed expenditure	1	2	6	9
Exempt income	(4)	(1)	(11)	(7)
Effects of mining taxes	2	2	–	–
Secondary Tax on Companies	1	1	–	–
Estimated assessed losses not raised as deferred tax assets	1	2	–	–
Other	1	1	–	(1)
Effective rate of taxation	30	36	23	30
Estimated assessed losses available for reduction of future taxable income	501	265	–	–
Unredeemed capital expenditure available for reduction of future mining income*	1 715	2 857	–	–

* Deferred tax has been raised on these estimated tax benefits.

The Company had unutilised credits in respect of Secondary Tax on Companies of R198 million at 30 June 2008 (2007: R112 million). A deferred tax asset has been raised on these credits amounting to R20 million (2007: R nil).

The post year-end dividend declared will bear STC at 10% (2007: 12.5%). No STC will be payable on the dividend as the existing STC credits plus STC credits arising from the post year-end dividend receipt from Assmang will exceed any STC payable. No provision for the dividend or the related STC has been made in these financial statements.

The latest tax assessment for the Company relates to the year ended June 2000.

All returns up to June 2006 have been submitted.

For the year ended 30 June	Group	
	2008 Rm	2007 Rm

27 Calculations per share

The calculation of basic earnings per share is based on basic earnings of R4 487 million (2007: R1 220 million) and a weighted average of 210 580 thousand (2007: 208 115 thousand) shares in issue during the year.

The calculation of headline earnings per share is based on headline earnings of R4 013 million (2007: R1 207 million), and a weighted average of 210 580 thousand (2007: 208 115 thousand) shares in issue during the year.

The calculation of diluted basic earnings per share is based on basic earnings of R4 487 million (2007: R1 220 million), with no reconciling items to derive at diluted earnings, and a weighted average of 214 347 thousand (2007: 211 523 thousand) shares, calculated as follows:

	2008	2007
Weighted average number of shares used in calculating basic earnings per share (thousands).	210 580	208 115
Potential ordinary shares due to share options granted (thousands).	3 767	3 408
Weighted average number of shares used in calculating diluted earnings per share (thousands)	214 347	211 523

The calculation of diluted headline earnings per share is based on headline earnings of R4 013 million (2007: R1 207 million) and a weighted average of 214 156 thousand (2007: 211 253 thousand) shares.

The calculation of net asset value per share is based on net assets of R14 876 million (2007: R10 878 million) and the number of shares at year-end of 211 556 thousand, (2007: 209 730 thousand) shares.

The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R5 175 million, (2007: R2 537 million) and the weighted average number of shares in issue of 210 580 thousand (2007: 208 115 thousand).

Dividend per share

After the year-end a dividend of 400 cents per share (2007: 150 cents per share) was declared which approximates R846 million (2007: R315 million) This dividend was declared before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2008.

28 Headline earnings

	2008	2007
Basic earnings per income statement	4 487	1 220
– Surplus on disposal of 50% of Nkomati; final tranche payment	(135)	–
– Impairments of property, plant and equipment	51	–
– Profit on sale of interest in Zambian properties	(46)	–
– Profit on sale of interest in Otjikoto	(32)	–
– Loss/(profit) on disposal of property, plant and equipment	10	(1)
– Profit on asset swap in the DTJV – ARM Coal	(317)	–
– Profit on disposal of Chambishi	–	(14)
	4 018	1 205
– Taxation	(5)	2
Headline earnings	4 013	1 207

Notes to the financial statements

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
29 Reconciliation of profit from operations before exceptional items to cash from operations				
Profit from operations before exceptional items	6 678	2 481	668	470
Income from associate	461	16	–	–
Exceptional items	162	14	128	14
Profit from operations after exceptional items	7 301	2 511	796	484
Adjusted for:	158	579	16	152
– Amortisation and depreciation of property, plant and equipment	541	406	21	35
– Long and short-term provisions	215	77	56	61
– Impairment of property, plant and equipment	51	–	7	–
– Profit on disposal of property, plant and equipment	10	(1)	–	–
– Surplus on disposal of investments	(213)	–	(135)	–
– Unrealised foreign exchange (gain)/losses	(19)	43	7	24
– Associate income	(461)	(16)	–	–
– Inventory write-(up)/down	(47)	23	–	–
– Share options	74	54	54	38
– Other non-cash flow items	7	(7)	6	(6)
Cash from operations before working capital changes	7 459	3 090	812	636
Increase in inventories	(469)	(148)	(31)	(37)
(Increase)/decrease in receivables	(2 252)	(738)	(123)	37
Increase/(decrease) in payables and provisions	437	333	(15)	27
Cash generated from operations	5 175	2 537	643	663
30 Taxation paid				
Balance at beginning of year	198	135	119	97
Current taxation as per income statement	1 301	376	163	120
Normal tax	1 019	339	145	118
State's share of profits	238	20	–	–
Capital Gains Tax	–	2	–	2
Secondary Tax on Companies	44	15	18	–
Other movements	–	4	–	6
Balance at end of year	(1 033)	(198)	(110)	(119)
Tax payable	(1 047)	(198)	(110)	(119)
Tax receivable	14	–	–	–
Taxation paid	466	317	172	104

For the year ended 30 June	Group	
	2008 Rm	2007 Rm

31 Acquisitions

31.1 During 2006 ARM invested in the coal assets of Xstrata South Africa (Pty) Ltd (XSA).

The purchase cost allocation (initial business combination accounting) for all these transactions have been determined and allocated as reflected in the analysis below. In determining fair values as the basis for the purchase price allocation the guidelines set out in IFRS 3 Business Combinations were followed rigorously and calculations were based on detailed financial models and a full review of the acquisition balance sheet.

The investments were made as follows:

Investment into ARM Coal (Pty) Ltd at a cost of R400 million and R384 million by XSA. These funds were applied by ARM Coal to acquire a 20% interest (through participating preference shares in XSA) in the existing coal mines of Xstrata Coal South Africa (XCSA).

The effective date of this transaction is 1 July 2006.

The purchase cost of R400 million (ARM's share) was allocated to:

	2008 Rm	2007 Rm
Non-current assets	–	1 002
Current assets	–	64
Less:		
Non-current liabilities	–	597
Contingent liability at acquisition	–	26
Current liabilities	–	43
Net assets	–	400

31.2 With effect from 1 July 2006 ARM Coal (Pty) Ltd acquired a 51% joint venture stake in the Goedgevonden mine that was funded by a XSA loan.

The remaining 49% is owned by XSA.

ARM share at 51% of the above acquisition is as follows:

	2008 Rm	2007 Rm
Property, plant and equipment	–	353
Intangible asset	–	215
Inventory	–	6
Deferred tax	–	(159)
Long-term borrowings from XSA	–	(389)
Long-term provisions	–	(1)
Contingent liability at acquisition	–	(1)
Creditors	–	(23)
Net assets	–	1
Purchase price	–	–
Goodwill	–	1
Cash and cash equivalents	–	–
Net cash effect of purchase	–	–

For the year ended 30 June	Group	
	2008	2007
	Rm	Rm

31 Acquisitions (continued)

	2008 Rm	2007 Rm
31.3 On 1 September 2006 ARM acquired a direct interest of 10% in XCSA through an investment in participating preference shares in XSA at a cost of R400 million.		
The purchase cost of R400 million has been allocated to:		
Non-current assets	–	979
Goodwill*	–	115
Current assets	–	77
Less:		
Non-current liabilities	–	702
Contingent liability at acquisition	–	25
Current liabilities	–	44
	–	400

* Goodwill arose on the second tranche exercised as a result of this investment not including debt facilitation, as was the case for the first tranche. The purchase consideration was the same as the first tranche being R400 million and approximately the same percentage holding was acquired.

The ARM coal segment results include the proportionally consolidated results for the year of ARM Coal (Pty) Ltd together with the 10 months equity accounted results for the direct investment by ARM in XCSA.

32 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.

In addition there is currency risk on long lead-time capital items which may be denominated in US Dollars, Euros or other currencies.

Derivative instruments which may be considered to hedge the position of the Group against these risks include forward sale and purchase contracts as well as forward exchange contracts. The use of these derivative instruments is considered on a month-by-month basis when appropriate.

		Foreign currency amount	Year end exchange
Financial assets			
Foreign currency denominated items included in receivables:			
	30 June 2008	442 US$m	7.83
	30 June 2008	7 EUROm	12.34
	30 June 2007	195 US$m	7.07
	30 June 2007	5 EUROm	9.54
Foreign currency denominated items included in cash and cash equivalents:			
	30 June 2008	2 US$m	7.83
	30 June 2007	6 US$m	7.07
Financial liabilities			
Foreign currency denominated items included in payables:	30 June 2008	20 US$m	7.83
	30 June 2007	7 US$m	7.07
	30 June 2007	34 m Yen	17.43
	30 June 2007	8 EUROm	9.54
Foreign currency denominated items included in overdrafts and short term borrowings:			
	30 June 2008	55 US$m	7.83
	30 June 2007	10 US$m	7.07

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.

32 Financial instruments and risk management (continued)

The table below summarises the maturity profile of the Group's financial liabilities at 30 June based on undiscounted cashflows.

	Group 2008			
	Within one year	2 – 5 years	Over 5 years	Total
Long-term borrowings (refer note 12)	548	1 407	847	2 802
Trade and other payables (refer note 15)	1 515	–	–	1 515
Overdrafts and short-term borrowings (refer note 17)	1 724	–	–	1 724
Total	3 787	1 407	847	6 041

	Group 2007			
	Within one year	2 – 5 years	Over 5 years	Total
Long-term borrowings (refer note 12)	286	2 240	501	3 027
Trade and other payables (refer note 15)	999	–	–	999
Overdrafts and short-term borrowings (refer note 17)	1 303	–	–	1 303
Total	2 588	2 240	501	5 329

c. Credit risk

Credit risk arises from possible defaults on payments by business partners or bank counter parties. The Group minimises credit risk by evaluating counterparties before concluding transactions in order to ensure the credit worthiness of such counterparties. The maximum exposure is the carrying amount disclosed in note 8. Major trade receivables include Impala Platinum R1 billion (2007: R596 million) and Rustenburg Platinum Mines R630 million (2007: R336 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 9. The available-for-sale assets (which is mostly the Harmony investment) exposure is the carrying value of the assets as per note 6. See also the CFO's report in respect of Harmony.

d. Treasury risk management

The treasury function is outsourced to Andisa Treasury Solutions (Andisa), specialists in the management of third party treasury operations. Together with ARM 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 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 counter party 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 average 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 more appropriate than using forward prices as an estimate. The risk is that where there are significant changes in metal prices after a reporting period the next reporting period is impacted. The risk applies to both methods of revenue recognition. The value of accounts receivable for these three entities included in trade and other receivables (refer note 8) is R1 790 million (2007: R990 million). Refer to the sensitivity calculations which follow note (i) 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

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.

32 Financial instruments and risk management (continued)

Fixed interest rate loans carry a fair value interest rate risk.

Cash is managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

g. Fair value risk
Except for interest free loans given by the Company to it's 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.

h. Acquisition risk
Acquisition risk is the risk that acquisitions do not realise expected returns. The risk is mitigated by ensuring that all major investments are reviewed by the ARM Investment Committee.

i. Capital 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 balance sheet plus debt.

Sensitivity
The sensitivity calculations are performed on the variances in commodity 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 790 million was valued using the following parameters :
(i) Rand/Us dollar exchange rate of R7.91/$, (ii) platinum price of $2 039/oz, (iii) palladium price of $449/g, rhodium of $9 535/g and a nickel price of $22 539/tonne.

Since the year-end, the prices of these commodities have reduced by more than 50% while the rand has weakened by more than 15%. As a result significant negative mark-to-market adjustments will be charged against income in H1 F2009 as the accounts receivable balance realizes at amounts lower than the balance sheet date value.

For the year ended 30 June	Group	
	2008 Rm	2007 Rm
The sensitivity was applied to profit or loss before taxation and minority interest.		
The effect on profit or loss if:		
The Rand/US dollar exchange rate changes by R1.00	369	184
The Rand/EURO exchange rate changes by R1.00	7	3
The price of nickel changes by 10%	13	6
The price of PGMs changes by 10%	166	93
The interest rate changes by 1%	12	28
The interest change impact is calculated on the net financial instruments at balance sheet 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 balance sheet date.

32 Financial instruments and risk management (continued)

For the year ended 30 June

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
			Group 2008			
Financial instruments by categories						
Investments	–	–	6 055	–	6 055	6 055
Trade and other receivables	2 360	1 790	–	–	4 150	4 150
Trade and other payables	–	–	–	1 515	1 515	1 515
Cash and cash equivalents	2 660	–	–	–	2 660	2 660
Long-term borrowings	–	18	–	2 236	2 254	2 254
Short-term borrowings	–	–	–	1 658	1 658	1 658
Overdrafts	–	–	–	66	66	66
			Group 2007			
Financial instruments by categories						
Investments	–		6 391	–	6 391	6 391
Trade and other receivables	869	990	–	–	1 859	1 859
Trade and other payables	–	–	–	999	999	999
Cash and cash equivalents	1 063	–	–	–	1 063	1 063
Long-term borrowings	–	10	–	2 731	2 741	2 741
Short-term borrowings	–	–	–	1 279	1 279	1 279
Overdrafts	–	–	–	24	24	24

The table below quantifies the interest rate risk

Financial assets	Book value at year-end Rm	Repricing date	Maturity date	Effective interest rate
Year ended 30 June 2008				
Cash – financial institutions US$2 million	15		overnight call deposit	2.75 – 4.5%
– financial institutions	2 460			9 – 12%
– fixed	185	July 2008		9 – 12%
	2 660			
Year ended 30 June 2007				
Cash – financial institutions US$6 million	42		overnight call deposit	2.75 – 4.5%
– financial institutions	907			7 – 10%
– fixed	114			7 – 10%
	1 063			

Notes to the financial statements

For the year ended 30 June		Book value at year-end Rm	Repricing date	Maturity date	Effective interest rate
Financial liabilities					

32 Financial instruments and risk management (continued)

Long-term borrowings					
Loan facility 1 (ARM Mining Consortium)		163		2010	15.99%
Loan facility 2 (ARM Mining Consortium)		50		2010	16.99%
Loan facility 3 (ARM Mining Consortium)		31			Variable rate
Leases		89		2010	1.5 to 2.65% below prime
Loan facility (Two Rivers Platinum Mine housing project)		155			11.10%
Loan facility TEAL		28		2010	4.6%
Loan facility ASSMANG		251		2013	Variable rate
Loan facility (ARM Corporate)		1 217		2009	9.78%
Loan facility (ARM Coal) (partner loan)		20			No terms or
		5			interest applicable
Loan facility (ARM Coal) (partner loan)		822		2025	Prime
		2 831			
Less transferred to short-term		(577)			
Total		2 254			

Summary variable and fixed rates		**Transfer to short term**	
Variable rates	2 593	364	2 229
Fixed rates	238	213	25
Total	2 831	577	2 254

Year ended 30 June 2007					
Long term borrowings					
Loan facility 1 (Modikwa Platinum Mine)		245		2010	15.99%
Loan facility 2 (Modikwa Platinum Mine)		77		2010	16.99%
Loan facility 3 (Modikwa Platinum Mine)		28			Variable rate
Leases		128		2010	1.5 to 2.65% below prime
Loan facility (Two Rivers Platinum Mine)		651		2016	11.45%
Loan facility (Two Rivers Platinum Mine housing project)		144		2006	11.10%
Loan facility (ARM Corporate)		1 253		–	9.78%
Loan facility (ARM Coal) (partner loan)		10			No terms or interest applicable
Loan facility (ARM Coal) (partner loan)		491		2008	prime
		3 027			
Less: transferred to short-term		(286)			
Total		2 741			

Summary variable and fixed rates		**Transfer to short term**	
Variable rates	2 695	174	2 521
Fixed rates	332	112	220
Total	3 027	286	2 741

Short-term financial liabilities					
Year ended 30 June 2008					
– Financial institutions		440	30/06/2008	30/06/2008	Variable rate between 11% and 16%
– Financial institutions	US$	436	30/06/2008	30/06/2008	LIBOR plus .06% on first US$20 million LIBOR plus 1% on the next US$30 million
– Financial institutions		213	30/06/2008	30/06/2008	Fixed rates 15.99% and 16.66%
– Impala Platinum Holdings Limited (partner loan)		635			12.00%
Total		1 724			
Year ended 30 June 2007					
Short-term financial liabilities					
– Financial institutions		678	30/06/2007	30/06/2007	Linked to Money Market
– Financial institution		625			10.00%
Total		1 303			

For the year ended 30 June	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm

33 Commitments and contingent liabilities

Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	1 469	2 290	693	59
– not contracted for	1 331	831	1 024	40
Total commitments	2 800	3 121	1 717	99

It is anticipated that this expenditure, which mainly relates to plant and equipment, will be incurred over an estimated two-year period and will be financed from operating cash flows and by utilising available borrowing resources.

Contingent liabilities

Taxation

The Company has a contingent liability arising from its dispute with the South African Revenue Services (SARS) over the deductibility of a loan stock redemption premium claimed in the Company's 1998 tax submission. The matter is currently under appeal and no trial date has been set by SARS.

The outcome of this dispute is not clear and as such the directors of the Company are of the opinion that no provision should be raised in these results.

The potential liability for tax is R107 million excluding interest. The interest thereon is estimated at R127 million to June 2008 (2007: R113 million).

Guarantees

A back-to-back guarantee to Assore Limited (Assore) in respect of guarantees issued to bankers by Assore (for Assmang) to secure a short-term export finance agreement facility of R180 million (2007: R180 million). Short-term export finance loans negotiated in terms of the above facility in the ordinary course of business at 30 June 2008 were R nil (2007: R nil).

ARM has provided an irrevocable and unconditional guarantee to Copper Belt Energy Corporation plc (CEC) and the Development Bank of Southern Africa Limited (DBSA) for the due and punctual payment by Chambishi Metals plc (Chambishi) of the capital charge component of the power supply assets installed and owned by CEC for which financing was obtained by CEC from DBSA. The total outstanding capital charge obligation started in 2002 at US$10 million and will reduce over 10 years ending June 2012 as capital charge payments are made by Chambishi. ARM has a contractual right to have this guarantee replaced by the current owners of Chambishi.

ARM has provided a US$ 50 million guarantee to a financial institution in order to assist its subsidiary TEAL obtain bank facilities. At year-end ARM's exposure on this guarantee is R392 million. ARM has after the year-end agreed to increase this guarantee to US$ 85 million and in addition has provided TEAL with a letter of support for an amount of R385 million which may be utilised to 30 September 2009 after all institutional loans are fully drawn.

Guarantees to the Department of Minerals and Energy for rehabilitation provisions amounting to 68 million (2007: R13 million) (refer note 19). Guarantees to Eskom R4 million (2007: R4 million) refer note 9.

Litigation

Claims by community (ARM Mining Consortium Limited – Modikwa Joint Venture)

The litigation commenced in 2003 when correspondence was forwarded to Modikwa by Ntuli Noble and Spoor Inc, purporting to act on behalf of the Banareng Tribal Authority. Various allegations were made regarding the Bapedi Shaft (Maandagshoek Winze), and its alleged impact on the residents of the Sehlako Village. This case was dismissed with costs in 2004.

A second application was made during 2004 in the High Court of South Africa for certain claims to be heard.

The application was brought by the community and the respondents are cited as Rustenburg Platinum Mine Limited, ARM Mining Consortium Limited, the Minister of Minerals and Energy, The Minister of Land Affairs and the Government of the Republic of South Africa.

An internal task team has also been appointed to resolve these allegations in an amicable manner.

This action is still under negotiation. It is currently not possible to quantify the exposure.

Notes to the financial statements

For the year ended 30 June	Group 2008		Group 2007	
	Minimum payments Rm	Present value of payments Rm	Minimum payments Rm	Present value of payments Rm
34 Leases				
Finance leases (refer note 3)				
Within one year	44	41	40	38
After one year but not more than five years	62	48	88	72
Total minimum lease payments	106	89	128	110
Less amounts representing finance charges	(17)	–	(18)	–
Present value of minimum lease payments	89	89	110	110
Operating leases – Group as lessee				
This is in respect of office building rentals				
Within one year	4		3	
After one year but not more than five years	5		6	
Total minimum lease payments	9		9	
Operating leases – Group as lessor				
This is in respect of building rentals receivable within one year	6		5	
After one year but not more than five years	7		9	
Total minimum lease receivable	13		14	

35 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 Fund 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.

36 Post-retirement health care benefits

The Group has obligations to fund a portion of certain pensioners' and retiring employees' medical aid contributions based on the cost of benefits. The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method, and a corresponding liability has been raised.

The liability is assessed periodically by an independent actuarial survey. This survey uses the following principal actuarial assumptions:
- a net discount rate of between 1% and 2% per annum.
- an increase in health care 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 9.68% (2007: 9.68%) on the liability.
- the average expected working lifetime of eligible members was 11 (2007: 11) years at the date of the valuation in 2007.

The provisions raised in respect of post-retirement health care benefits amounted to R83 million (2007 – R82 million) at the end of the year. Of this amount, R1 million (2007: R nil) was charged against income in the current year (refer to note 14).

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 because no new employee's receive this benefit and the liability is relatively stable due to it being unfunded. The last actuarial valuation was conducted in 2007 and the next one will be in 2010.

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.

For the year ended 30 June	Share options 2008	Share options 2007	Average price cents 2008	Average price cents 2007

37 Share-based payment plans

Equity settled plan

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. The options start to vest one year after the grant date in three equal tranches over three years. The contract life of each option is eight years from the grant date.

	Share options 2008	Share options 2007	Average price cents 2008	Average price cents 2007
Outstanding at the beginning of the period	6 290 024	7 144 978	50 39	3 144
Granted during the period	816 861	2 804 101	153 43	7 760
Forfeited during the period	(155 966)	(296 243)	82 36	5 139
Exercised during the period	(1 826 012)	(3 362 812)	35 99	3 259
Outstanding at the end of the period	5 124 907	6 290 024	70 98	5 039
Exercisable at the end of the period	1 980 101	1 472 663		
Range of strike prices of options exercised (cents)			1 700 to 7 399	1 700 to 3 800
Range of strike prices of outstanding options (cents)			3 555 to 27 950	1 700 to 11 900

The fair value of equity-settled share options granted is estimated as at the date of the grant using the Black Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the range of inputs to the model used on the grant date for the years ended 30 June 2008 and 30 June 2007.

	Group 2008	Group 2007
Dividend yield %	**1.25**	nil
Expected volatility %	**32.2**	35.6
Historical volatility %	**34**	34
Risk-free interest rate %	**8.90**	9
Expected life of options (years)	**2 – 6**	2-5
Weighted average share price (cents)	**18 612**	8 730
Fair value of options issued during the year (Rm)	**29**	65
Fair value per option issued during the year (cents)	**3 651**	2 425

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.

	2008	2007
The effect on the income statement for Group and Company was a change of (Rm)	**54**	38

37 Share-based payment plans

Share appreciation rights plan

TEAL, a subsidiary of ARM, has established a share appreciation rights plan in order to provide incentive compensation to directors, senior management, employees and consultants of TEAL. The exercise price cannot be lower than the the average list price on 15 November 2005 on the Toronto Stock Exchange (TSX). The exercise period is within 8 years. The vesting is 40% on the second anniversaries 30% on the third, and 30% on the fourth, anniversary from the date of the grant. A holder who exercise share appreciation rights is entitled to receive an amount equal to the weighted average trading price of the Common Shares on the TSX for the five trading days prior to the exercise date, less the exercise price and any applicable taxes, such amount to be paid by TEAL, at the option of TEAL, either in cash or Common Shares.

	Group	
	2008	2007
Outstanding at the beginning of the period	**5 080 817**	4 724 854
Granted during the period	**378 765**	1 057 741
Forfeited during the period	**(178 384)**	(681 778)
Exercised during the period	**(48 000)**	(20 000)
Outstanding at the end of the period	**5 233 198**	5 080 817
Exercisable at the end of the period	**1 781 543**	373 335

The fair value of cash-settled share options granted is estimated as at the date of the grant using the Black Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used on the grant date for the years ended 30 June 2008 and 30 June 2007.

	2008	2007
Dividend yield %	**Nil**	Nil
Expected volatility %	**77%**	77%
Historical volatility %	**NA**	NA
Risk-free interest rate %	**4%**	4%
Expected life of options (years)	**4**	4
Range of options granted and outstanding strike price (cents)	**1 517 – 2 357**	2 412 – 3 017
Weighted average share price (cents)	**3 659**	2 680
Fair value of options issued during the year (Rm)	**8**	17
Fair value of options per option issued during the year (cents)	**2 156**	1 597

The expected life of the options is based on industry norm 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.

	2008	2007
The effect on the income statement for Group was a change of (Rm)	20	16

For the year ended 30 June	Group		Company	
	2008	2007	2008	2007
	Rm	Rm	Rm	Rm

38 Related party transactions

The Company in the ordinary course of business enters into various sale, purchase, services and lease transactions with subsidiaries, the holding company, 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 198 to 200.

Transactions between related parties are concluded at arms length and under terms and conditions that are no less favourable than those arranged with third parties.

Transactions between the holding company, its subsidiaries, associated companies and joint ventures relate to fees, dividends, rents and interest and are regarded as intra-Group transactions and eliminated on consolidation.

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
Assmang				
– Provision of services	–	–	305	199
– Dividends	–	–	240	115
Venture Building Trust – interest received	–	–	1	1
Two Rivers Platinum – interest received	–	–	90	71
– provision of services	–	–	2	2
TEAL – provision of services	–	–	4	–
Between subsidiaries and joint ventures				
Venture Building Trust, rent received from TEAL	1	1	–	–
Nkomati chrome sales to Assmang	12	5	–	–
Nkomati receivables in respect of Assmang	–	–	6	–
Amounts outstanding at year-end owing to ARM on current account				
Assmang	–	–	14	37
TEAL	–	–	4	–
Venture Building Trust	–	–	4	5

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.

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
Key management personnel: Senior management				
Compensation				
– Salary	8	3		
– Accrued bonuses	6	3		
– Pension Scheme Contributions	1	1		
– Reimbursive allowances	4	2		
Total	19	9		

Notes to the financial statements

For the year ended 30 June

38 Related party transactions (continued)

Key management personnel (continued)

	Group		
	Number of options	Average price	**Average gross selling price**
Share options – held on 1 July 2006	**667 416**	R30.86	
Granted during the year	**547 400**	R83.94	
Exercised during the year	**295 241**	R30.48	**R78.29**
Share options – held on 1 July 2007	**919 575**	R62.58	
Granted during the year	**211 404**	R160.90	
Exercised during the year	**315 077**	R38.55	**R198.11**
Held on 30 June 2008	**815 902**	R94.34	

Details relating to Director's emoluments, share options and shareholding in the Company are disclosed in the Director's report.

Shareholders	**Group 2008 Rm**	**Group 2007 Rm**	**Company 2008 Rm**	**Company 2007 Rm**
The principal shareholders of the Company are detailed in the Shareholder Analysis report.				
ARM's Executive Chairman, Patrice Motsepe, is involved through shareholding and/or Directorship in various other companies and trusts but there were no transactions between ARM and any of them apart from the following:				
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.

Report on subsidiary companies

	Company 2008	Company 2007
Investments		
Listed: market value R7 270 million (2007: R7 780 million) Harmony and TEAL	**6 198**	6 533
Unlisted	**481**	481
	6 679	7 014
Amounts owing by subsidiaries (refer note 6)	**2 092**	2 076
Amounts owing to subsidiaries (refer note 17)	**(291)**	(292)
	8 480	8 798
Income from subsidiaries		
Fees – management advisory services	**2**	2
	2	2
Members' aggregate interest in profits and losses after taxation of subsidiaries		
Profits	**435**	271
Losses	**177**	126

Principal associate companies, joint ventures and other investments

For the year ended 30 June	Group Number of shares held		Company Number of shares held		Group Effective percentage holding	
Name of company	2008	2007	2008	2007	2008	2007
Associated companies						
Unlisted						
Lucas Block Minerals Limited (1936)						
Ordinary shares of 200 cents per share	**121**	121	**102**	102	**30**	30
Xstrata South Africa (Pty) Ltd*						
Non-convertible participating preference shares of 100 cents per share	**800**	800	**400**	400	**20.2**	20.2
Investment in other companies						
Listed						
Harmony Gold Mining Company Limited						
Ordinary shares of 50 cents per share	**63 632 922**	63 632 922	**63 632 922**	63 632 922	**15.78**	15.92
Unlisted						
Business Partners Limited	**323 177**	323 177	**323 177**	323 177	**0.2**	0.2
Joint Ventures and Partnerships						
ARM Coal (Proprietary) Limited	**51**	51	**51**	51	**51**	51
Cato Ridge Alloys (Proprietary) Limited	**19 400**	19 400	**–**	–	**12.5**	12.5
Modikwa Joint Venture*	**–**	–	**–**	–	**41.5**	41.5
Nkomati Joint Venture	**–**	–	**–**	–	**50**	50
Assmang Limited	**1 774 103**	1 774 103	**1 774 103**	1 774 103	**50**	50

* December year-end, audited June figures are consolidated

Principal subsidiary companies

For the year ended 30 June										
		Issued capital Amount		Direct interest in capital		Shares		Indebtedness by/(to)	
		2008	2007	2008	2007	2008	2007	2008	2007
Name	Class	Rm	Rm	%	%	Rm	Rm	Rm	Rm
Book value of the Company's interests									
African Rainbow Minerals Platinum (Proprietary) Limited	Ord	–	–	100	100	–	–	–	–
platinum mining	Ord	–	–	100	100	257	257	1 299	1 296
Anglovaal Air (Proprietary) Limited air charter operator	Ord	–	–	100	100	89	89	(212)	(212)
Atscot (Pty) 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 (Pty) 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)	(5)
South African Base Minerals Limited investment company	Ord	–	–	100	100	–	–	–	–
Tasrose Investments (Proprietary) Limited mining investment	Pref	–	–	100	100	24	24	(24)	(24)
TEAL Exploration & Mining Inc***	Ord	226	226	64.9	64.9	153	153	–	–
Two Rivers Platinum (Proprietary) Limited platinum mining	Ord	100	100	55	55	55	55	776	764
Vallum Investments (Proprietary) Limited investment company	Ord	–	–	100	100	–	–	–	–
Venture Building Trust (Proprietary) Limited property investment	Ord	–	–	100	100	1	1	8	8

Notes

Ord – Ordinary shares

Pref – Preference shares

Unless otherwise stated, all companies are incorporated and carry on their principal operations in South Africa. Interests are shown to the extent that this information is considered material. A schedule with details of all other subsidiaries is available from the registered office.

** Incorporated in Guernsey, December year-end, audited June figures are consolidated.

*** Primary listing in Canada with secondary listing in South Africa, incorporated in Canada.

Convenience translation into US$

For the benefit of international investors, the balance sheet, income statement and statement of changes in equity and the cash flow statement of the Group, presented in rand and set out on pages 146 to 150, have been translated into United States dollars and are presented on this page and pages 202 to 205.

This information is only supplementary and is not required by any accounting standard and does not represent US GAAP.

The balance sheets are translated at the rate of exchange ruling at the close of business at 30 June each year and the income statements and 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 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:

	2008 R/US$	2007 R/US$
Balance sheet	**R7.83**	R7.07
Income statement and cash flow statement	**R7.30**	R7.20

The US dollar denominated balance sheets, income statements, statements of changes in equity and cash flow statements should be read in conjunction with the accounting policies of the Group as set out on pages 151 to 159 and with the notes to the financial statements on pages 160 to 198.

US$ Balance sheet

Convenience translation

As at 30 June			
		Group	
		2008	2007
	Notes	US$m	US$m
ASSETS			
Non-current assets			
Property, plant and equipment	3	1 152	975
Investment property	4	2	2
Intangible assets	3	27	31
Deferred tax assets	13	3	–
Inventories	7	23	–
Investment in associate	5	166	121
Other investments	6	773	904
		2 146	2 033
Current assets			
Inventories	7	157	121
Trade and other receivables	8	530	263
Taxation	30	2	–
Cash and cash equivalents	9	340	150
		1 029	534
Held for sale assets	10	3	–
Total assets		3 178	2 567
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	11	1	1
Share premium	11	477	519
Other reserves		175	227
Retained earnings		1 247	792
Equity attributable to equity holders of ARM		1 900	1 539
Minority interest		102	48
Total equity		2 002	1 587
Non-current liabilities			
Long-term borrowings – interest bearing	12	288	388
Deferred tax liabilities	13	275	199
Long-term provisions	14	42	25
		605	612
Current liabilities			
Trade and other payables	15	194	142
Short-term provisions	16	23	14
Taxation	30	134	28
Overdrafts and short-term borrowings – interest bearing	17	220	184
		571	368
Total equity and liabilities		3 178	2 567

US$ Income statement

Convenience translation

For the year ended 30 June			
		Group	
		2008	2007
	Notes	Rm	Rm
Revenue	20	**1 770**	876
Sales	20	**1 725**	855
Cost of sales	21	**(756)**	(464)
Gross profit		**969**	391
Other operating income		**63**	31
Other operating expenses		**(117)**	(77)
Profit from operations before exceptional items	22	**915**	345
Income from investments	23	**23**	7
Finance costs	24	**(60)**	(51)
Income from associate	5	**63**	2
Profit before taxation and exceptional items		**941**	303
Exceptional items	25	**22**	2
Profit before taxation		**963**	305
Taxation	26	**(285)**	(109)
Profit for the year		**678**	196
Attributable to:			
Minority interest		**63**	26
Equity holders of ARM		**615**	170
		678	196
Additional information			
Headline earnings	28	**550**	168
Headline earnings per share (cents)	27	**261**	81
Basic earnings per share (cents)	27	**292**	82
Fully diluted earnings per share (cents)	27	**287**	80
Fully diluted headline earnings per share (cents)	27	**256**	79

Statement of changes in equity

Convenience translation

For the year ended 30 June	Note	Share capital and premium USm	Revaluation of listed investment USm	Other USm	Retained earnings USm	Total Shareholders of ARM USm	Total Minority interest USm	Total USm
Group								
Balance at 30 June 2006		498	310	12	611	1 431	20	1 451
Translation adjustments		7	1	(2)	11	17	2	19
Revaluation of listed investment	6	–	(122)	–	–	(122)	–	(122)
Deferred tax on revaluation of listed investment		–	18	–	–	18	–	18
Net impact of revaluation of listed investment		–	(104)	–	–	(104)	–	(104)
Profit for the year		–	–	–	170	170	26	196
Share based payments		–	–	10	–	10	–	10
Share options exercised	11	15	–	–	–	15	–	15
Balance at 30 June 2007		520	207	20	792	1 539	48	1 587
Translations adjustments		(51)	(17)	(2)	(117)	(187)	(9)	(196)
Revaluation of listed investment	6	–	(46)	–	–	(46)	–	(46)
Deferred tax on revaluation of listed investment		–	8	–	–	8	–	8
Net impact of revaluation of listed investment		–	(38)	–	–	(38)	–	(38)
Profit for the year		–	–	–	615	615	63	678
Share based payments		–	–	10	–	10	–	10
Share options exercised		9	–	–	–	9	–	9
Realignment of currency		–	–	(1)	–	(1)	–	(1)
Minorities bought out in copperbelt venture	11	–	–	(4)	–	(4)	–	(4)
Dividend paid		–	–	–	(43)	(43)	–	(43)
Other								
Balance at 30 June 2008		**478**	**152**	**23**	**1 247**	**1 900**	**102**	**2 002**

US$ Cash flow statement
Convenience translation

For the year ended 30 June		Group	
		2008	2007
	Notes	USm	USm
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		1 490	788
Cash paid to suppliers and employees		(781)	(435)
Cash generated from operations	29	709	353
Translation adjustment		(29)	2
Interest received		23	7
Interest paid		(56)	(41)
Dividends received		3	–
Dividends paid		(43)	–
Taxation paid	30	(64)	(44)
Net cash inflow from investing activities		543	277
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment to maintain operations		(164)	(127)
Additions to property, plant and equipment to expand operations		(201)	(131)
Proceeds on disposal of property, plant and equipment		4	1
Investment in associate	5	–	(117)
Proceeds on disposal of 50% of Nkomati – final tranche payment		18	–
Proceeds on sale of interest in Otjikoto		4	–
Proceeds on sale of interest in Zambian properties		5	–
Net cash outflow from investing activities		(334)	(374)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds on exercise of share options		9	15
Long-term borrowings raised		76	202
Long-term borrowings repaid		(110)	(10)
Increase/(decrease) in short-term borrowings		1	10
Net cash inflow/(outflow) from financing activities		(24)	217
Net increase in cash and cash equivalents		185	120
Cash and cash equivalents at beginning of year		147	27
Cash and cash equivalents at end of year	9	332	147

Financial summary and statistics

Convenience translation

For the year ended 30 June	Group 2008 US$m	Group 2007 US$m	Group 2006 US$m	Group 2005 US$m	Group 2004 US$m
Income statement					
Sales	**1 725**	855	722	883	563
Headline earnings	**550**	168	72	55	7
Basic earnings per share (cents)	**292**	82	46	36	125
Headline earnings per share (cents)	**261**	81	35	27	5
Dividend declared after year-end per share (cents)	**51**	21	Na	Na	Na
Balance sheet					
Total assets	**3 178**	2 567	2 041	1 769	1 831
Total interest bearing borrowings	**508**	572	315	237	292
Shareholders' equity	**2 002**	1 587	1 452	1 199	1 271
Cash flow					
Cash generated from operations	**709**	353	194	267	87
Cash generated from operations per share (cents)	**337**	170	95	131	68
Cash and cash equivalents	**332**	147	30	8	48
JSE Limited performance					
Ordinary shares (cents)					
– high	**4 205**	1 917	816	612	696
– low	**1 414**	739	500	411	471
– year-end	**3 576**	1 747	674	511	543

Glossary of terms and acronyms

ABET	Adult Basic Education and Training
AIDS	Acquired immune deficiency syndrome
ARMI	African Rainbow Minerals and Exploration investments (Pty) Ltd
ART	Anti-retroviral Treatment
BEE	Black economic empowerment
CDP	Carbon Disclosure Project
CO2	Carbon dioxide
CPI	Consumer Price Index
CPIX	Consumer Price Index excluding interest
CSI	Corporate Social Investment
EBIT	Earnings before interest and tax
EBITDA	Earnings Before Interest, Taxes, Depreciation, Amortization and income from associate
DEAT	Department of Environment and Tourism, South Africa
DME	Department of Minerals and Energy, South Africa
DoL	Department of Labour, South Africa
DWAF	Department of Water Affairs and Forestry, South Africa
FAPA	Ferro Alloys Producers' Association
FIFR	A rate expressed per million man hours of any employee, contractor or contractor employee or visitor who is involved in an incident whilst performing his duties at work and who sustains terminal injuries shall constitute a fatal accident. Any road related fatal accident where the Company is in full control of the vehicle, the driver and conditions related to the road injury of an employee shall constitute a fatal. A fatal injury may occur when an employee is incapacitated for a period of time prior to expiration, thus requiring a revision of injury status from lost time injury to fatality.
FY	Financial year
GJ	Gigajoules – unit of measure for energy
GRI	Global Reporting Initiative
HDSA	Historically disadvantaged South African
HIV	Human immuno-deficiency virus

Glossary of terms and acronyms

IDP	Integrated Development Plan
ILO	International Labour Organization
ISO	International Organization for Standardisation
LTIFR	A rate expressed per million 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 the 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. Lost time injuries include reportable and fatal injuries.
Mining Charter	Broad-based Socio-economic Empowerment Charter
MHSA	Mine Health and Safety Act
MPRDA	Mineral and Petroleum Resources Development Act, 28 of 2002, which came into effect in South Africa on11 May 2004.
NIHL	Noise-induced hearing loss
NUM	National Union of Mineworkers, South Africa
NUMSA	National Union of Metalworkers of South Africa
PGMs	Platinum group metals
RIFR	Reportable Injury Frequency rate
SLP	Social and Labour Plan
SMEs	Small and Medium-sized enterprises
TB	Pulmonary tuberculosis
UASA	United Association of South Africa
VCT	Voluntary counselling and testing
XCSA	Xstrata Coal South Africa
XSA	Xstrata South Africa

Investor relations

Shareholder information

The Company's shares are listed through a primary listing on the JSE Limited under "Resources – Mining, Other Mineral Extractors and Mines."

ARM also has a sponsored Level 1 American Depositary Receipt (ADR) programme with JPMorgan Chase Bank which is available to investors for "over the counter or private transactions."

Share codes

JSE Limited	ARI
Reuters	ARIJ.J

Sector	Other minerals extractors and mines
Nature of business	Mining of PGMs, nickel, ferrous metals and coal
Number of shares in issue as at 30 June 2008	211 556 278
Market capitalisation as at 30 June 2008	R59 billion
Share price as at 30 June 2008	R280.00
Daily average volume traded	329 084

Shareholders' diary

Annual general meeting	Friday 28 November 2008
To be held at 11:00	Boardroom 4 Sandton Convention Centre Maude Street Sandton Tel: +27 11 779 0000
Interim results released	February 2009
Financial year-end	June 2009
Provisional results released	September 2009
Annual report release	October 2009

Investor relations

Shareholder analysis

Register date: 30 June 2008

Issued share capital: 211 556 278

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	2 970	70.62	819 725	0.39
1 001 – 10 000 shares	781	18.57	2 601 451	1.23
10 001 – 100 000 shares	329	7.82	11 065 935	5.23
100 001 – 1 000 000 shares	104	2.47	29 637 066	14.01
1 000 001 shares and over	22	0.52	167 432 101	79.14
Total	4 206	100.00	211 556 278	100.00

Shareholder analysis

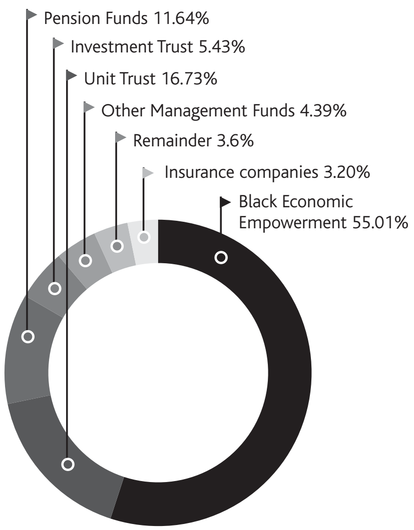
Register date: 30 June 2008

Issued share capital: 211 556 278

Distribution of shareholders	Number of shareholdings	Number of %	shares	%
African Rainbow Minerals & Exploration Investments (Pty) Ltd	4	0.10	87 767 842	41.49
Banks	107	2.54	32 966 849	15.58
Close Corporations	50	1.19	34 804	0.01
Empowerment	1	0.02	28 614 740	13.53
Endowment Funds	30	0.71	322 526	0.15
Individuals	2 752	65.43	2 439 360	1.15
Insurance Companies	59	1.40	7 267 118	3.44
Investment Companies	54	1.29	1 842 510	0.87
Medical Schemes	10	0.24	20 695	0.01
Mutual Funds	254	6.04	26 100 374	12.34
Nominees & Trusts	466	11.08	1 440 564	0.68
Other Corporations	41	0.97	69 116	0.03
Pension Funds	259	6.16	22 061 258	10.43
Private Companies	104	2.47	360 731	0.17
Public Companies	15	0.36	247 791	0.12
Total	4 206	100.00	211 556 278	100.00

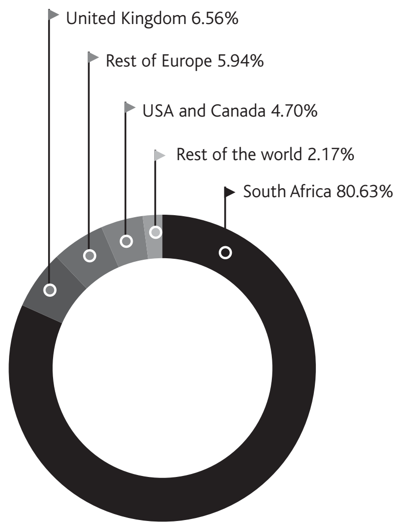
Public/non-public shareholders	Number of shareholdings	%	Number of shares	%
Non-public shareholders	5	0.12	116 382 582	55.01
Strategic holdings (more than 10%)	5	0.12	116 382 582	55.01
Public shareholders	4 201	99.88	95 173 696	44.99
Total	4 206	100.00	211 556 278	100.00

Beneficial shareholders split by category[1]



[1] Includes categories above 2% only

Geographic split of beneficial shareholders



Shareholder split as at 30 June 2008

- Local – 80.6%
- Offshore – 19.4% (approximately 43% of free float)

Top 10 shareholders as at 30 June 2008

Beneficial shareholders and fund managers holding more than 0.75%		
1	African Rainbow Minerals & Exploration Investments (Pty) Ltd	41.49
2	ARM Broad-based Economic Empowerment Trust	13.53
3	Allan Gray	10.95
4	Black Rock Inc	8.99
5	STANLIB Asset Managmnt	4.07
6	PIC	3.88
7	Fidelity Investments	3.05
8	Dimensional Fund Advisors	1.13
9	RMB Asset Management	1.09
10	Sanlam Investment Mgmnt	0.78

Share liquidity

Number of shares traded on the JSE Limited during F2008

Month	Volume
July 2007	5 617 402
August 2007	6 948 698
September 2007	5 025 090
October 2007	7 954 658
November 2007	9 759 764
December 2007	3 750 925
January 2008	6 539 352
February 2008	10 896 322
March 2008	8 458 426
April 2008	6 079 622
May 2008	6 688 786
June 2008	6 958 498
Total	84 677 543

Annexure: Adoption of The ARM Share Plan

Document to shareholders regarding the adoption of The ARM Share Plan

1. If you are in any doubt as to what action you should take arising from this document, please consult your broker, CSDP, banker, attorney, accountant, or other professional adviser immediately.

2. Should you have disposed of all your shares in African Rainbow Minerals Limited, please forward the ARM annual report, which includes this document to the purchaser of such shares or to the broker or agent through whom the disposal was effected.

3. The definitions on pages 213 to 215 of this document apply to this page.

4. Action required:
   - This document is important and requires your immediate attention. The resolution regarding the approval of The ARM Share Plan is included in the notice of annual general meeting on page 223 as well as the proxy form on page 225.
   - If you are in any doubt as to the action you should take in relation to this document, please consult your broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

5. Additional copies of the ARM annual report, which includes this document, in English, may be obtained from the registered office of ARM and the transfer secretaries, the addresses of which are set out on the inside back cover of the annual report.

6. The corporate information is set out on the inside back cover of the ARM annual report.

7. The names of directors appear on pages 130 to 133.

Definitions

In this document, unless inconsistent with the context:

- the words in the first column have the meanings stated opposite them in the second column;
- words in the singular include the plural and vice versa;
- words importing natural persons include corporations and associations of persons; and

any reference to one gender includes the other genders.

" Annual General Meeting" or "AGM"	the annual general meeting of Shareholders to be held in Boardroom 4, Sandton Convention Centre, Maude Street, Sandton, 2196, at 14:00 on Friday, 28 November 2008;
"Articles of Association"	the articles of association of ARM;
"the Act"	the South African Companies Act, 1973 (Act 61 of 1973), as amended;
"Any Other Plan"	any Share plan or scheme approved by the members of the Company in general meeting (other than The Plan) which provides for the acquisition of, or subscription for, shares in the Company by, or on behalf of, employees, directors (whether executive or non-executive) or other officers of the members of the Group, provided that such plan or scheme is in operation;
"ARM" or "the Company"	African Rainbow Minerals Limited (Registration number 1933/004580/06), a public company listed on the JSE;
"the ARM annual report"	the ARM annual report, dated 9 October 2008, which includes this document;
"The ARM Share Plan" or " share plan" or "The Plan"	The African Rainbow Minerals Limited 2008 Share Plan;
"Award"	the conditional award to Eligible Employees of Performance Shares;
"Award date"	the date on which the Board resolves to make an Award to an Eligible Employee;
"Award Letter"	a letter sent by the Board to a Participant informing the Participant of the grant of an Award to him;
"Bonus Share Method"	the first method of participation in this Plan;
"Bonus Shares"	shares which have been conditionally Granted to and accepted by a Participant;
"the Board"	the Board of Directors of ARM, as constituted from time to time;
"Business Day"	any day on which the JSE is open for the transaction of business;
"Certificated Shareholders"	Shareholders who have not dematerialised their ARM Share certificates in terms of the system operated by Strate;
"Certificated Shares"	shares that have not been dematerialised, title of which is represented by a Share certificate or other physical document of title;
"Common Monetary Area"	the geographic regions comprising South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"Dematerialised Shareholder"	a holder of Shares which have been incorporated into the Strate system and which are no longer evidenced by physical documents of title, the evidence of ownership regarding which is determined electronically;

Annexure: Adoption of The ARM Share Plan

Definitions (continued)

"Dematerialised Shares"	Shares that have been incorporated into the Strate system on the JSE and which are no longer evidenced by physical documents of title in terms of the Securities Services Act, 2004 (Act 36 of 2004), as amended;
"Directors"	the Board of Directors for the time being of the Company or any committee thereof to or upon whom the powers of the Directors in respect of The Plan are delegated or are conferred in terms of the Company's articles of association;
"document"	this document, included in the ARM annual report;
"CSDP"	Central Securities Depository Participant;
"Eligible Employee"	a person eligible for participation in The Plan, namely a permanent employee of any member of the Group, including any present or future director holding salaried employment or office, which employee shall be selected by the Board from time to time in its discretion, but excluding any non-executive director;
"Employer Company"	a company in the Group which employs an Eligible Employee;
"Fair Market Value"	in relation to a Share on any particular day, shall be the volume weighted average price of a Share on the JSE over either (a) the twenty Trading Days immediately prior to the day in question; (b) such shorter period, being less than twenty Trading Days immediately prior to the day in question, as the Board may determine;
"Family Company"	any company or close corporation, the entire issued Share capital or members interest of which is held and beneficially owned by all or any of a Participant, his lawful spouse, his lawful children and/or his Family Trust;
"Family Entity"	a Family Company or a Family Trust;
"Family Trust"	a trust constituted solely for the benefit of all or any Participant, his lawful spouse and/or his lawful children;
"Grant"	the conditional grant to an Eligible Employee of Bonus Shares;
"Grant Date"	the date on which a Grant is made to an Eligible Employee;
"Grant Letter"	a letter sent by the Board to a Participant informing the Participant of a Grant to him;
"the Group"	the Company and any other company, body corporate or other undertaking which is or would be deemed to be a subsidiary of the Company in terms of the Act, or which is an associate company of the Company, or which is in an incorporated joint venture with the Company, and the expression "member of the Group" shall be construed accordingly;
"IFRS 2"	the International Financial Reporting Standard dealing with Share-based payments;
"the JSE"	JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa under registration number 2005/022939/06, licensed as an exchange under the Securities Services Act, 2004;

Definitions (continued)

"Last Practicable Date"	Tuesday, 30 September 2008, being the last practicable date prior to the finalization of this document;
"LRA"	the Labour Relations Act 66 of 1995;
"Participant"	in the case of: (a) the Performance Share Method, an Eligible Employee to whom an Award has been made and who has accepted; and (b) the Bonus Share Method, an Eligible Employee to whom a Grant of Bonus Shares has been made and who has accepted, and includes the executor of the Eligible Employee's deceased estate or Family Entity where appropriate, but excludes non-executive directors who are members of the Board;
"Performance Criteria"	the performance criteria applicable to Grants in terms of the Bonus Share Method, and the Vesting of Awards in terms of the Performance Share Method, as determined by the Board from time to time, and as communicated to Eligible Employees in the Grant and Award Letters;
"Performance Share Method"	the second method of participation in The Plan;
"Performance Shares"	Shares which have been conditionally awarded to an Eligible Employee in terms of an Award Letter;
"Settlement Date"	the date on which Settlement shall occur;
"Settled"	in relation to a Share, shall mean either: (a) the allotment and issue by the Company of such Shares into the name of a Participant; or (b) if the Company so elects at any time prior to the Vesting Date, the procuring by the Company of the transfer of such Shares by an Employer Company into the name of a Participant through the acquisition thereof on behalf of a Participant or otherwise, and the words "settlement" and "settle" shall be construed accordingly. It is recorded that any Shares which have been Settled to a Participant in terms of The Plan shall rank *pari passu* in all respects with all the issued Shares;
"SENS"	Securities Exchange News Service of the JSE;
"Share" or "Ordinary Share/s"	ordinary shares of a par value of R0.05 each in the capital of the Company (or such other class of shares as may represent the same as a result of any reorganisation, reconstruction or other variation of the share capital of the Company to which the provisions of The Plan may apply from time to time);
"Shareholders"	the registered holders of Shares in ARM;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Limited (Registration number 1998/022242/06), a registered securities depository in terms of the Securities Services Act, 2004 (Act 36 of 2004), as amended;
"Tax"	any present or future tax or other charge of any kind or nature whatsoever imposed, levied, collected, withheld or assessed by any competent authority, and includes all income tax (whether based on or measured by income/revenue or profit or gain of any nature or kind or otherwise and whether levied under the Income Tax Act or otherwise), capital gains tax, value added tax and any charge in the nature of taxation, and any interest, penalty, fine or other payment on, or in respect thereof but specifically excluding issue duty, stamp duty, marketable securities tax and uncertificated securities tax;
"Transfer Secretaries"	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a public company incorporated in South Africa; and
"Vesting Date"	in relation to: a Grant, the date on which Bonus Shares Vest; and an Award, the date on which Performance Shares Vest.

Annexure: Adoption of The ARM Share Plan

INFORMATION DOCUMENT TO SHAREHOLDERS REGARDING THE PROPOSED ARM SHARE PLAN

1. Salient features of the proposed ARM Share Plan

1.1 Purpose

The purpose of The ARM Share Plan is to attract, retain, motivate and reward Eligible Employees who are able to influence the performance of African Rainbow Minerals Limited ("ARM") on a basis which aligns their interests with those of the Company's shareholders.

1.2 Introduction

Recent developments in the tax, accounting and regulatory treatments of share-based incentives, coupled with evolving best practice locally and overseas, has resulted in the conclusion that ARM's existing share option scheme, a long standing vanilla scheme that was inherited from Anglovaal Mining Limited, is sub-optimal as a stand alone scheme. Various adjustments have been made to the manner of its implementation, within the parameters of original JSE and Shareholder approval, in order to make it more contemporary. However it is now considered necessary to reduce its influence on the executive reward mix and supplement it with more performance oriented elements.

Independent, professional service providers have been engaged to design a more appropriate suite of share-based incentives which are in line with global best practice, and emerging South African practice, and which in combination serve to reward the required attributes of shareholder alignment and long-term, sustained performance.

Shareholders will be requested at the AGM to approve The Plan. The Plan will align ARM with best international practice in this field and provide for the inclusion of a number of performance conditions, designed to align the interests of executives and senior management with those of the Company's Shareholders, and to reward Participants for Company performance more so than the performance of the economy, or the mining and resources sector in which it operates.

1.3 General description of the plan

The Plan will be established by the Company under which Eligible Employees of the Group will be offered:

- Grants of Bonus Shares; or
- Awards of Performance Shares.

Participants will receive Shares in the Company based on the value of the above (after the deduction of Employee Tax as applicable) when time conditions and, to the extent that, Performance Criteria have been achieved.

Offers will be governed by the Company's reward philosophy and strategy, in which (*inter alia*) the "expected value" of incentive reward is set for defined categories of executives and senior management. Expected value is defined as the present value of the future reward outcome of an allocation, Grant or Award, given the targeted future performance of the Company and of its share price. It should not be confused with the term "fair value" which is used when establishing the accounting cost for reflection in the Company's financial statements. Neither should it be confused with the term "face value" which is used to define the current value of the underlying Share at the time of an allocation, Grant or Award.

The combined, weighted implementation of the above share incentive methods, along with the existing, adjusted share option scheme, will allow ARM to remain competitive in annual and share based incentives, reward long-term sustainable company performance, act as a retention tool, and ensure that executives and senior management share a significant level of personal risk with the Company's Shareholders.

1. Salient features of the proposed ARM Share Plan (continued)

1.3 General description of the plan (continued)

The two essential methods of The Plan are summarised in the paragraphs below.

Bonus Share Method

Annually, Eligible Employees will receive a Grant of full value ARM Shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus Shares will be Settled to Participants after three years conditional on continued employment.

The Bonus Share Method of The Plan provides an additional element of share-based retention to those 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.

Performance Share Method

Annual conditional Awards of full value Shares will be made to Eligible Employees. Performance Shares will Vest after a three-year period subject to 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.

This 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 of The Plan closely aligns the interests of shareholders and 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.

1.4 Administration of the plan

The Board will ultimately be responsible for the administration of The Plan, but may delegate these functions to the Remuneration Committee and/or the Company Secretary. The Plan will not be administered by a Trust.

1.5 Eligibility

Any Eligible Employee may be selected by the Board to be a potential Participant in The Plan. It is envisaged that Participants will receive on an annual basis, allocations in terms of the existing share option scheme, and/or Awards in terms of the Performance Share Method, and/or Grants in terms of the Bonus Share Method.

1.6. Limits

In order to minimise volatility in earnings dilution due to IFRS 2, and to promote tax neutrality for the Company, it is envisaged that Vested benefits in terms of The Plan will be Settled in Shares, which Shares will be purchased in the market, although the Company will retain the right to issue new Shares at its election. The Company may also elect to Settle in cash rather than Shares.

Shares available for The Plan

The aggregate number of Shares underlying continuing allocations of share options, Awards of Performance Shares and Grants of Bonus Shares, when added to the total number of Shares underlying unexercised and future share options, unvested Performance Shares, and Bonus Shares, and any other employee share scheme operated by the Company, shall not exceed 5% of the number of issued ordinary Shares of the Company from time to time. 5% of the issued number of shares on 30 September 2008 was 10 581 293 shares.

Individual limit

The aggregate number of Shares underlying an allocation of share options, an Award of Performance Shares and a Grant of Bonus Shares, when added to the total number of Shares underlying unexercised share options, unvested Performance Shares, and Bonus Shares, and any other employee share scheme operated by the Company, shall not for any one Participant exceed 0.5% of the number of issued ordinary Shares of the Company from time to time.

Shares acquired by a Participant in terms of The Plan or any other employee share scheme operated by the Company will not be taken into account for purposes of calculating the total number of Shares available for The Plan or the individual limit.

1. Salient features of the proposed ARM Share Plan (continued)

1.7 Termination of employment

Termination of employment is based on the definition of a No Fault Termination versus a Fault Termination. No Fault Termination is the termination of employment of a Participant by the Group by reason of:

- death;
- injury, disability or ill health, in each case as certified by a qualified medical practitioner nominated by the relevant Group Company;
- Dismissal based on Operational Requirements as contemplated in the LRA;
- retirement on or after his Retirement Date;
- the company by which he is employed ceasing to be a member of the Group;
- mutual agreement; or
- the undertaking in which he is employed being transferred to a transferee which is not a member of the Group;

Fault Termination will be a dismissal for misconduct, poor performance or a resignation by the Participant.

Performance Shares

If employment is terminated for No Fault reasons, then the Performance Shares will be pro-rated to reflect the time period until the termination date as if the targeted Performance Criteria had been met at date of termination, and then Settled in Shares or cash.

If employment is terminated for Fault reasons, then the Award of Performance Shares will be cancelled.

Bonus Shares

In the case of Bonus Shares that have been Granted:

- If employment is terminated for No Fault reasons, then accelerated Vesting of the Bonus Shares occurs and they will be Settled in Shares or cash; and
- If employment is terminated for Fault reasons, the Grant of Bonus Shares will be cancelled.

1.8 Share settlement method

The Company always has the election to Settle in Shares or, as an alternative in cash.

In relation to a Share Settlement, "Settled" means either:

- the allotment and issue by the Company of such Shares into the name of a Participant; or
- if the Company so elects at any time prior to the Vesting Date, the procuring by the Company of the transfer of such Share by a Group Company into the name of a Participant.

Shares which have been Settled to a Participant in terms of The Plan rank *pari passu* with the Company's issued Shares in all respects.

1.9 Change of Control

"Change of Control" is defined as all circumstances where a party (or parties acting in concert), directly or indirectly, obtains:

- beneficial ownership of the specified percentage or more of the Company's issued Shares; or
- control of the specified percentage or more of the voting rights at meetings of the Company; or
- the right to control the management of the Company or the composition of the Board; or
- the right to appoint or remove directors holding a majority of voting rights at Board meetings; or
- the approval by shareholders of, or the consummation of, a merger or consolidation of the Company with any other business or entity, or upon a sale of the whole or a major part of the Company's assets or undertaking.

The expression "specified percentage" shall bear the meaning assigned to it from time to time in the Securities Regulation Code and Rules of the Securities Regulation Panel read with the Act, presently being 35%.

If the Company undergoes a Change of Control prior to the Vesting Dates, then Participants can expect to retain or be offered equivalent benefits in terms of both intrinsic and fair value in the continuation of the existing plan or any replacement long-term (share-based) incentive.

1. Salient features of the proposed ARM Share Plan (continued)

1.9 Change of Control (continued)

Solely at the discretion of the Board, and on application of a Participant prior to the effective date of the Change of Control, the Company may elect that all Performance Shares and all Bonus Shares which are or become Vested in a Participant will be deemed to have been exercised and Settled on the effective date as per the rules for Settlement for each Method.

In such instances, the Company shall Settle any Shares by either paying a Participant an amount equal to the Fair Market Value of that number of Shares, or if a Participant elects in writing and giving effect to such election is not prohibited by any applicable laws, Settling to the Participant that number of Shares.

1.10 General provisions

Insolvency

All Bonus Shares and Performance Shares will be Cancelled if the Participant applies for the voluntary surrender of his estate, or his estate is otherwise sequestrated or any attachment of any interest of a Participant under The Plan, unless the Board, in its discretion, determines otherwise and then subject to such terms and conditions as the Board may determine.

If the Company is placed in final liquidation, the Company Secretary shall notify the Participant thereof in writing and he shall be entitled to require that he be Settled all or any of his Bonus Shares and Performance Shares, as if it were a No Fault Termination within twenty one days of such notification, failing which such Shares shall be deemed to have been Cancelled.

Poor Performance and Disciplinary Procedures

In the event of pending disciplinary or poor performance procedures against any Participant, or the contemplation of such procedures, then the Vesting and/or Settlement of any Award or Grant is suspended until the final conclusion of such procedures, at which time the Award or Grant will Vest and/or be Settled, or if the Participant is dismissed, all Shares or rights will be cancelled.

Rights prior to Settlement

Until the Vesting Date the Participant has no ownership interest in or right to receive any dividends and/or to exercise any voting rights attached to any Award or Grant.

Adjustments

If the Company makes a Special Distribution and/or if the Company restructures its capital (rights offer, liquidation for purposes of reorganisation, scheme of arrangement, subdivision or consolidation, bonus or capitalisation issue), then appropriate adjustments will be made to the rights of Participants as may be determined to be fair and reasonable by the Board; provided that any adjustments should give a Participant the entitlement to the same proportion of the equity capital as he was previously entitled.

Amendment of The Plan

The Board may amend any of the provisions of The Plan subject to the prior approval (if required) of every stock exchange on which the Shares are for the time being listed; provided that no such amendment affecting the Vested rights of any Participant may be effected without the prior written consent of the Participant concerned, and provided that no such amendment affecting any of the following matters shall be competent unless it is sanctioned by the Company in general meeting:

- the definition of Eligible Employees;
- the definition of Fair Market Value;
- the calculation of the total number of Shares which may be acquired for the purpose of or pursuant to The Plan; and
- the calculation of the maximum number of Shares which may be acquired by any Participant in terms of The Plan.

Disputes

All disputes arising from or in connection with The Plan (including an urgent dispute), in the first instance be referred to mediation by a mediator acceptable to both parties, and failing resolution by mediation or agreement in respect of a mediator, shall be finally resolved in accordance with the Rules of the Arbitration Foundation of South Africa by an arbitrator or arbitrators appointed by the Foundation.

Annexure: Adoption of The ARM Share Plan

1. Salient features of the proposed ARM Share Plan (continued)

1.10. General provisions (continued)

Listings and Legal Requirements

No Shares shall be Settled to any Participant or acquired pursuant to this Plan if the Board determines, in its sole discretion, that such Settlement will or may violate any Applicable Laws or the listings requirements of any securities exchange on which the Shares of the Company are listed.

The Company shall apply for the listing on the JSE of any Shares which are to be issued and allotted in settlement to Participants.

Annual Accounts

The Board shall ensure that a summary appears in the annual financial statements of the Company of the number of Shares Granted and/or Awarded to Participants, the number of Shares that may be utilised for the purposes of this Plan, any changes in such numbers during the financial year under review, the number of Shares held by any Employer Company which may be acquired by Participants and the number of Shares then under the control of the Board for Settlement to Participants in terms of this Plan.

2. Conditions precedent

The implementation of The ARM Share Plan is subject to the ordinary resolution contained in the notice of annual general meeting attached to this document, being duly passed.

3. Directors

The Board of Directors of ARM, on the last practicable day, comprises the following individuals:

Name and age	Address	Occupation
Executive directors		
P T Motsepe (46)	29 Impala Road, Chislehurston, Sandton, 2196	Executive Chairman
A J Wilkens (59)	29 Impala Road, Chislehurston, Sandton, 2196	Chief Executive Officer
F Abbott (53)	29 Impala Road, Chislehurston, Sandton, 2196	Financial Director
W M Gule (56)	29 Impala Road, Chislehurston, Sandton, 2196	Executive Director
K S Mashalane (45)	29 Impala Road, Chislehurston, Sandton, 2196	Executive Director
L A Shiels (52)	29 Impala Road, Chislehurston, Sandton, 2196	Executive Director
J C Steenkamp (54)	29 Impala Road, Chislehurston, Sandton, 2196	Executive Director

Name and age	Address	Occupation
Non-executive directors		
MMM Bakane-Tuoane (60)	6 Comorant Street, Three Rivers East, Vereeniging, 1929	Independent Non-executive Director
J A Chissano (68)	Armando Tiviene, 1962, Maputo, Mozambique	Independent Non-executive Director
M W King (71)	Bagatelle, 21 Killarney Road, Sandhurst, Sandton, 2198	Independent Non-executive Director
A K Maditsi (44)	9 Junction Avenue, Parktown, 2193	Independent Non-executive Director
J R McAlpine (66)	Suite 115, Killarney Mall, Killarney, 2193	Independent Non-executive Director
R P Menell (53)	56 Main Street, Marshalltown, 2001	Non-executive Director
R V Simelane (56)	Sanlam Hyde Park Block C, 3A Summit Road, Dunkeld West, 2196	Independent Non-executive Director
M V Sisulu (63)	349 Elizabeth Grove, Lynnwood Ridge, 0081	Independent Non-executive Director
Z B Swanepoel (47)	12 Chagall, Flamboyant Avenue, Morningside, Sandton, 2196	Independent Non-executive Director

4. Directors' interest in securities

Save as disclosed on page 141 of the ARM annual report, on the last practicable date, no other director of ARM had any direct or indirect interest in ARM. There has been no change in directors' interests in securities since 30 June 2008 until the last practicable date, other than the following directors' dealing, announced on SENS on 5 September 2008:

Name of director	Kolobe Stephen Mashalane
Designation	Executive
Date of transaction	4 September 2008
Nature of transaction	Exercise of share options and sale of shares
Class of securities	Options on ordinary shares
Offer price	3 200 cents per option
Number of securities	40 000
Selling price of securities	R246.53
Total value of transaction	R9 861 112.00
Nature of interest	Direct, beneficial
Clearance to deal	Yes

5. Major shareholders

On the last practicable date, the Shareholders beneficially and directly holding a 5% or more shareholding in the issued share capital of ARM are set out on page 211 of the ARM annual report.

6. Share capital

As at the last practicable date, the authorised and issued share capital of ARM is as follows:

Authorised share capital	**R'000**
500 000 000 ordinary shares of 5 cents each	25 000

Issued share capital	
211 625 874 ordinary shares of 5 cents each	10 581
Share premium	3 733

7. Material change

There has been no material change in the financial or trading position of the Group since the publication of the results for the year ended 30 June 2008.

8. Opinion and recommendation

The directors of ARM are of the opinion that the proposed Share Plan is in the interest of the Shareholders of ARM. Accordingly, the directors who are Shareholders intend to vote in favour of the ordinary resolution to approve The ARM Share Plan and recommend that Shareholders do the same.

9. Directors' responsibility statement

The directors, whose names are set out on page 220 of this document, collectively and individually accept full responsibility for the accuracy of the information contained in this document and certify that, to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts have been made and that this document contains all information required by the JSE Listings Requirements.

Annexure: Adoption of The ARM Share Plan

10. Litigation statement

Other than as disclosed on pages 139 and 193 in the ARM annual report there are no other legal or arbitration proceedings (including any such proceedings as that are pending or threatened of which the Company is aware) which may have or have had a material effect on the ARM Group's financial position over the last 12 months.

11. Annual general meeting and voting rights

11.1 The notice of Annual General Meeting to be held in Boardroom 4, Sandton Convention Centre, Maude Street, Sandton, on Friday, 28 November 2008, at 14:00 includes the ordinary resolution as set out in page 223 of the ARM annual report for the purpose of obtaining the approval for The ARM Share Plan.

11.2 Voting rights

- In terms of the JSE Listings Requirements, Shares held by the ARM Share Trust or scheme, will not have their votes at the Annual General Meeting taken into account for resolution approval purposes.
- In terms of the Act, no voting rights attaching to treasury shares or repurchased shares may be exercised.

12. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours at ARM's registered office from 9 October 2008, until the date of the Annual General Meeting:

- the ARM annual report, which includes this document;
- the memorandum and articles of association of ARM and its operating subsidiaries;
- provisional reviewed results for the year ended 30 June 2008;
- the audited annual financial statements of ARM for the three financial years ended 30 June 2005, 30 June 2006 and 30 June 2007; and
- The ARM Share Plan.

By order of the board

African Rainbow Minerals Limited

Pat Smit
Company Secretary
Sandton
9 October 2008

Registered address:

ARM House
29 Impala Road
Chislehurston
Sandton
2196

Notice of annual general meeting

AFRICAN RAINBOW MINERALS LIMITED
(Registration number 1933/004580/06)
Share code ARI
ISIN ZAE000054045
(the "Company")

Notice is hereby given that the 75th annual general meeting of members of African Rainbow Minerals Limited will be held in Boardroom 4, Sandton Convention Centre, Maude Street, Sandton, on Friday, 28 November 2008 at 14:00 for the following purposes:

1. To receive and consider the annual financial statements for the year ended 30 June 2008.
2. To elect the following directors in accordance with the provisions of the Company's Articles of Association, and who, being eligible, offer themselves for re-election, namely, Messrs Abbott, Gule, Mashalane and Swanepoel.
3. To elect Mr Shiels who was appointed director since the last annual general meeting and who, being eligible, offers himself for re-election.

   Refer footnotes for directors' curricula vitae.
4. To re-elect Ernst & Young Incorporated as the auditors of the Company and to elect Mr M C Herbst, as designated auditor.
5. To consider and, if deemed fit, to pass, with or without modification, the following:

   Ordinary resolution number 1
   "Resolved that the remuneration to be paid to the directors shall be paid out of the funds of the Company as fees and is hereby increased from R150 000 to R200 000 per annum for non-executive directors and from R150 000 to R250 000 per annum for independent non-executive directors, and directors' meeting attendance fees be increased from R9 000 to R12 000 per meeting, payable quarterly in arrears, with effect from 1 July 2008 until otherwise determined by the Company in general meeting".
6. To consider and, if deemed fit, to pass, with or without modification, the following:

   Ordinary resolution Number 2
   "Resolved that the deed embodying The African Rainbow Minerals Limited 2008 Share Plan, a copy of which has been signed by the Chairman for identification purposes and tabled at the Annual General Meeting convened to consider, inter alia, this resolution be and is hereby approved."

   Details of The ARM Share Plan appear on pages 212 to 222.

   In terms of the JSE Limited's Listings Requirements, shares held by the ARM Share Trust or scheme as well as treasury shares, will not have their votes at the general meeting taken into account for resolution approval purposes.

Voting and proxies

Each shareholder of the Company who is registered as such and who, being an individual, is present in person or by proxy or which, being a Company, is represented, at the annual general meeting is entitled to one vote on a show of hands. On a poll, each shareholder present in person or by proxy or represented shall have one vote for every share held by such shareholder.
In terms of the Companies Act, Act. 61 of 1973, as amended, no voting rights attaching to treasury shares or repurchased shares may be exercised.

Footnotes

Directors' curricula vitae

Mr F Abbott was appointed as financial director of ARM in 2004 and is a chartered accountant who has served on the boards of Randgold and Harmony and was seconded to Harmony in August 2007.

Mr W M Gule was appointed to the Board in 2004, has extensive experience in corporate affairs, leadership and mentorship, has served on various professional bodies, executive committees, associations and was a board member of ARMgold and Harmony.

Mr K S Mashalane was appointed to the Board in 2006, worked in the Department of Economic Affairs and Tourism in Limpopo, is a member of the Economic Research Council and was appointed Chief Executive of the ARM Platinum division in May 2007.

Mr L A Shiels was appointed to the Board in February 2008, has a BSc in mining engineering and joined ARM in 2005. He has extensive mining experience acquired while employed at Rand Mines, ERPM, Crocodile River and Delmas Collieries and for 14 years at Lonmin Platinum where he was Operations Director for the mines.

Mr Z B Swanepoel was appointed to the Board in 2003 and has extensive mining experience gained while employed by Gengold, Beatrix Mines, Randgold and was appointed Chief Executive Officer of Harmony in 1997. He left Harmony to start To-the-Point Growth Specialists and is a director of Sanlam and Vice-President of the South African Chamber of Mines.

Certificated shareholders/dematerialised shareholders with own name registrations

Shareholders who have not yet dematerialised their shares with own name registrations (Entitled Shareholders) may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. The person so appointed need not be a member 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 be deposited at the transfer secretaries, Computershare Investor Services (Proprietary) Limited, 7th Floor, 70 Marshall Street, Johannesburg 2001, South Africa (or posted to PO Box 61051, Marshalltown 2107, South Africa) (or faxed to the Proxy Department Fax +27 11 688 6238).

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 authorization to attend.

By order of the Board

PF Smit (Mrs)
Company Secretary

9 October 2008

Form of proxy

Shareholders who have dematerialized 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 authorization to attend.

Form of proxy

For completion by shareholders who have not yet dematerialized their shares or who have dematerialized their shares with own name registration. Shareholders who have **not yet dematerialised their shares or who have dematerialized 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 member 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 seventy-fifth annual general meeting of shareholders of African Rainbow Minerals Limited convened for 28 November 2008 at 14:00, 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 on 26 November 2008.

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 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 on 28 November 2008 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

Resolutions	For	Against	Abstain
1. To receive and consider the annual financial statements for the year ended 30 June 2008			
2. To re-elect the following directors, who retire by rotation:			
F Abbott			
W M Gule			
K S Mashalane			
Z B Swanepoel			
3. To confirm the appointment and re-election of LA Shiels, whose appointment was made since the last annual general meeting.			
4. To re-elect Ernst & Young Incorporated as external auditors			
To elect MC Herbst as person designated to act on behalf of the external auditors			
5. Ordinary resolution number 1			
To increase directors fees			
6. Ordinary resolution number 2			
Adoption of The African Rainbow Minerals Limited 2008 Share Plan			

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 ______________________________2008

Signature ____

Assisted by me (where applicable)______________________
Please see notes on overleaf

Notes to the proxy

Instructions on signing and lodging the form of proxy

Please read the notes below:

1. The completion and lodging of this form of proxy will not preclude the Entitled Shareholder who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should he or she wish to do so.

2. Every member 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 member 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 their 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 (Proprietary) Limited, 70 Marshall Street, Johannesburg 2001 (or posted to PO Box 61051, Marshalltown, 2107) (or faxed to the Proxy Department +27 11 688 5238) so as to be received not later than 14:00, South African time, on 26 November 2008 (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 expiration of six months from the date when it was signed except at an adjourned meeting in cases where the meeting was originally held within six months from the aforesaid date.

Administration

African Rainbow Minerals Limited
Incorporated in the Republic of South Africa
Registration number: 1933/004580/06
JSE code: ARI
ISIN code: ZAE 000054045

Registered and corporate office

ARM House
29 Impala Road
Chislehurston
Sandton
2196

PO Box 786136
Sandton
2146

Telephone:	+27 11 779 1300
Telefax:	+27 11 779 1312
E-mail:	ir.admin@arm.co.za
Website:	http://www.arm.co.za

Company secretary

Pat Smit

Telephone:	+27 11 779 1480
Telefax:	+27 11 779 1318
E-mail:	patricia.smit@arm.co.za

Investor relations

Monique Swartz
Corporate Development and Head of Investor Relations

Telephone:	+27 11 779 1507
E-mail:	monique.swartz@arm.co.za

Corné Bobbert
Corporate Development

Telephone:	+27 11 779 1478
E-mail:	corne.bobbert@arm.co.za

Transfer secretaries

Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street
Johannesburg 2001

PO Box 61051
Marshalltown
2107

Telephone:	+27 11 370 5000
Telefax:	+27 11 688 5222
E-mail:	web.queries@computershare.co.za
Website:	http://www.computershare.co.za

Auditors

External auditors
- Ernst & Young Inc.

Internal auditors
- KPMG Services (Proprietary) Limited

Bankers

ABSA Bank Limited
FirstRand Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited

Sponsor

Deutsche Securities (SA) (Proprietary) Limited

Directors

PT Motsepe – Executive Chairman
AJ Wilkens – Chief Executive Officer
F Abbott
Dr MMM Bakane-Tuoane**
JA Chissano (Mozambican)**
WM Gule
MW King**
AK Maditsi**
KS Mashalane
JR McAlpine**
RP Menell*
LA Shiels
Dr RV Simelane**
MV Sisulu**
JC Steenkamp
ZB Swanepoel*

* Non-executive
** Independent non-executive

Forward looking statements

Certain statements in this report constitute forward looking statements that are neither reported financial results nor other historical information, 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 involve 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 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.

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1703/08

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