African Rainbow Minerals

2007 ANNUAL REPORT

▶ we do it better

HIGHLIGHTS OF F2007

- Record headline earnings, up by 161% to R1.2 billion
- First dividend declared of 150 cents per share
- Record sales of PGMs and iron, manganese and chrome ores
- Extensive capital programme undertaken during the year:
  - Construction of 10 million tonnes per annum Khumani Iron Ore Mine on schedule
  - Go-ahead for 6.7 million tonnes per annum Goedgevonden Coal Project and Richards Bay Coal Terminal entitlement of 3.2 million tonnes per annum achieved
  - Expansion to 100 000 tonnes per month completed at Nkomati Mine, ahead of schedule and on budget

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 (ARM 10% direct)
- 51% Goedgevonden

65% — Exploration TEAL (primary listing on TSX)
- Zambia
  100%• Konkola North
  70% Mwambashi
  51% Kafue JV
  70% Copperbelt JV
- DRC
  60% Kalumines
- Namibia
  100% Otjikoto

16% — Gold Harmony (primary listing on JSE)

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

** 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

African Rainbow Minerals

CORPORATE PROFILE

African Rainbow Minerals Limited (ARM) is a leading, niche diversified mining and minerals company, based in Johannesburg, South Africa, with excellent long-life low-cost assets in key commodities. The company owns and operates most of its assets. ARM's "We do it better" management style is supported by experience and a focus on entrepreneurship, which adds significant value to its business. An integral part of ARM's business is the forging of partnerships with key players in the commodity sectors to ensure that ARM is at the forefront of technological development and global practices and has access to key markets and to value-generating growth opportunities.

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

ARM's history goes back much further, to 1933 when the Anglo-Transvaal Consolidated Investment Company Limited was incorporated as a mining, finance and industrial holding company. That group was unbundled in 1998, allowing Anglovaal Limited to focus on its core mining operations through Anglovaal Mining Limited (Avmin).

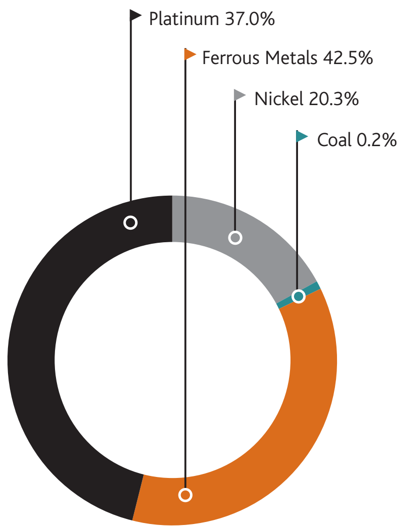
In 1994, ARM Executive Chairman Patrice Motsepe started Future Mining, a contract mining company which, following a series of acquisitions of gold interests from Anglo American Corporation of South Africa Limited, led to the formation of ARMgold. ARMgold Limited was listed in May 2002. The platinum assets acquired in African Rainbow Minerals and Exploration Investments (Pty) Ltd (ARMI) were bolstered with the development of Modikwa Platinum Mine in a joint venture with Anglo Platinum Limited in 2001.

In May 2003, ARMgold merged with Harmony to create the world's sixth largest gold company and, in May 2004, a range of indivisible transactions involving certain interests of Avmin, ARMgold and Harmony resulted in the formation of two entities, Harmony in its current form and ARM.

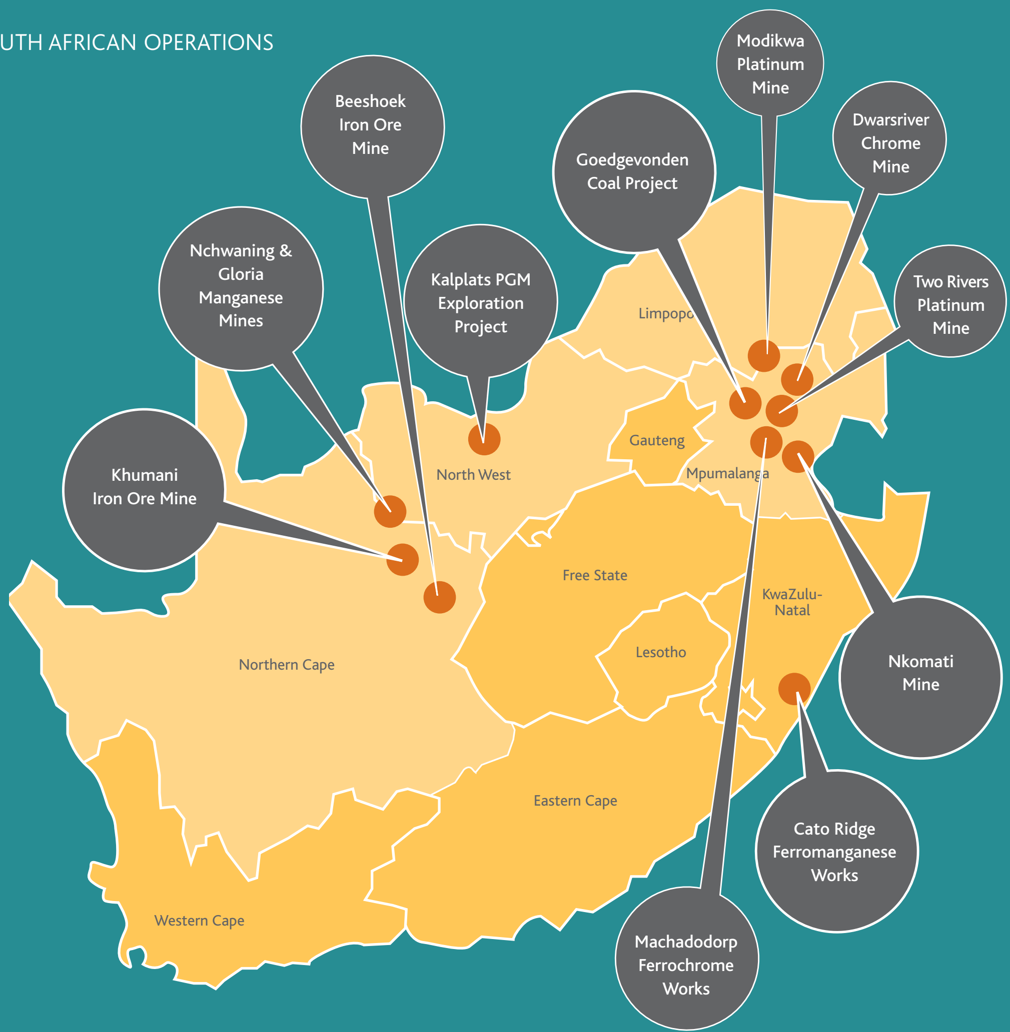
In November 2005, ARM listed TEAL on the Toronto Stock Exchange and later on the JSE Limited, into which ARM's non-South African exploration portfolio was injected. This exploration portfolio includes copper projects in Zambia, a copper-cobalt project in the Democratic Republic of Congo (DRC) and a gold project in Namibia.

The formation of ARM Coal, the company's new coal investment, was announced in February 2006. ARM Coal holds a 20 percent interest in the existing coal operations of XCSA, and a 51 percent interest in an unincorporated joint venture which holds the Goedgevonden Coal Project. ARM has a direct 10% interest in the existing coal operations of XCSA.

ATTRIBUTABLE EBIT SEGMENTAL CONTRIBUTION
(excluding exploration and corporate costs)



SOUTH AFRICAN OPERATIONS



EXPLORATION AND DEVELOPMENT PROSPECTS HELD BY TEAL IN AFRICA

ARM
African Rainbow Minerals

ARM PLATINUM

ARM Platinum comprises ARM's interests in the following platinum and nickel operations: Modikwa Platinum Mine, a 50:50 joint venture with Anglo Platinum; the Two Rivers Platinum Mine (55 percent interest) with partner Implats; and the Nkomati Mine, a 50:50 joint venture with Norilsk. ARM also has a 90% stake in the Kalplats PGM Exploration Project.

During F2007, the platinum and nickel operations contributed R798 million towards group headline earnings, an increase of 252 percent on the previous year. The surge in the prices of PGMs and nickel as well as strong demand for these metals contributed substantially to the strong performance of this division during the current financial year.

ARM PLATINUM

ARM FERROUS

Through its 50 percent holding in Assmang, ARM Ferrous produces, for both local and international markets, manganese and iron ore from its mines in the Northern Cape and chromite ore from its mine at Dwarsrivier in Mpumalanga. ARM Ferrous also produces charge chrome from its smelter in Machadodorp, Mpumalanga and manganese alloys from its smelter in Cato Ridge, KwaZulu-Natal.

During F2007, ARM Ferrous contributed R665 million to group headline earnings which is a 97 percent increase on the previous year. The division continued to benefit from the strong demand being experienced for steel-making commodities globally.

ARM FERROUS

ARM COAL

In February 2006, ARM entered into an agreement with Xstrata plc for the establishment of ARM Coal in which ARM has 51 percent and Xstrata 49 percent respectively.

In turn, ARM Coal has a 20 percent equity-based participation interest in the existing coal operations of Xstrata Coal South Africa and a 51 percent interest in the unincorporated joint venture holding the Goedgevonden coal project.

In September 2006, ARM acquired an additional 10 percent interest in Xstrata Coal's existing business.

A go-ahead for the construction of the Goedgevonden mine was given in November 2006.

ARM COAL

TEAL

TEAL, a mineral development and exploration company, which was listed on the Toronto Stock Exchange in November 2005 and the JSE Limited in April 2006, houses ARM's non-South African exploration portfolio. It includes exploration projects in Zambia (the Konkola North and Mwambashi Copper Projects), the Democratic Republic of the Congo (DRC) (the Kalumines Copper-Cobalt Project) and Namibia (the Otjikoto Gold Project). Each of these projects is being progressed towards feasibility and development decisions while other development opportunities in southern and central Africa are simultaneously being sought.

TEAL's total resource comprises 15 billion pounds of copper at an average grade of above 2.45 percent.

EXPLORATION

HARMONY

ARM has a 16 percent shareholding in Harmony, the fifth largest gold producer in the world and the third largest gold producer in South Africa.

Harmony produced 2.3 million ounces of gold during the 2007 financial year.

Harmony continues to invest in major projects likely to come on stream over the next few years.

GOLD

Financial summary and statistics

For the year ended 30 June		GROUP F2007 Rm	F2006 Rm	F2005 Rm	F2004 Rm
Income statement					
Sales		**6 152**	4 622	5 485	3 885
Headline earnings		**1 207**	462	339	47
Headline earnings per share (cents)		**580**	225	166	37
Basic earnings per share (cents)		**586**	293	225	865
Dividend declared after year-end per share (cents)		**150**	n/a	n/a	n/a
Balance sheet					
Total assets		**18 144**	14 611	11 766	11 460
Total interest bearing borrowings		**4 044**	2 252	1 574	1 831
Shareholders' equity		**11 218**	10 393	7 972	7 954
Cash flow					
Cash generated from operations		**2 537**	1 243	1 661	603
Cash generated from operations per share (cents)		**1 219**	606	813	471
Cash and cash equivalents		**1 039**	193	47	328
Number of employees		**7 725**	6 943	6 107	5 162
Exchange rates					
Average rate US$1 = R		**7.20**	6.40	6.21	6.90
Closing rate US$1 = R		**7.07**	7.16	6.65	6.26
JSE performance					
Ordinary ARM share price (cents)					
– high		**13 799**	5 225	3 800	4 800
– low		**5 320**	3 200	2 550	3 250
– year end		**12 349**	4 825	3 399	3 400
Volume of shares traded (thousands)		**40 203**	39 711	51 382	26 547
Number of ordinary shares in issue (thousands)		**209 730**	206 367	204 437	204 208
Financial statistics	**Definition number**				
Interest cover (times)	1	**6.9**	8.5	8.5	5.4
Return on operational assets (percent)	2	**25.1**	17.6	20.6	7.5
Return on capital employed (percent)	3	**16.4**	9.2	8.2	8.2
Return on equity (percent)	4	**11.1**	4.5	5.2	0.7
Debt:equity ratio	5	**0.36**	0.22	0.20	0.23
Net debt:equity ratio	6	**0.27**	0.17	0.16	0.19
Net asset value per share (cents)	7	**5 187**	4 967	3 185	3 246
Market capitalisation (R million)	8	**25 900**	9 957	6 949	6 943
Dividend cover	9	**3.87**	n/a	n/a	n/a
EBITDA before exceptional items (R million)	10	**2 903**	1 552	1 864	625
EBITDA margin	11	**47**	34	34	16

Definitions

1 **Interest cover (times):** Profit before exceptional items and finance costs divided by finance costs.

2. **Return on operational assets (percent):** Profit from operations divided by tangible non-current and current assets excluding capital work in progress.

3. **Return on capital employed (percent):** 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.

4. **Return on equity (percent):** Headline earnings divided by ordinary shareholders' interest in capital and reserves.

5. **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.

6. **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.

7. **Net asset value per share (cents):** Ordinary shareholders' interest in capital and reserves divided by number of shares in issue.

8. **Market capitalisation (R million):** Number of ordinary shares in issue multiplied by market value of shares at 30 June.

9. **Dividend cover:** Headline earnings per share divided by dividend per share.

10. **EBITDA before exceptional items:** Earnings before interest, taxation, depreciation, amortisation and exceptional items.

11. **EBITDA margin (percent):** EBITDA before exceptional items divided by sales.

Contents

NKOMATI MINE

Executive chairman's letter to shareholders

PATRICE MOTSEPE

DEAR SHAREHOLDERS

During the 2007 financial year we made significant progress towards achieving our primary objective of building ARM to be a globally competitive and profitable company.

ARM delivered excellent financial results and is paying its first dividend. Our growth is on track and within budget and the commitment we made in 2005 in terms of our stated 2 x 2010 strategy of doubling the production of the company by 2010 is proceeding well.

ARM has achieved exceptional results, is paying its first dividend and is delivering on its growth strategy.

Our shareholders, 86% of whom are in South Africa, and 14% abroad, have been further rewarded with a substantial increase in the ARM share price, translating into a rise of 160% in the market capitalisation during the year, from R9.96 billion at the beginning of July 2006 to R25.90 billion at the end of June 2007 and out-performing the FTSE/JSE Mining Index by 90%. (See graph below.)

MAKING PROGRESS ON GROWTH AND DIVERSIFICATION

This year's performance has been characterised by:

- Record headline earnings, increasing by 161% to R1 207 million;
- First dividend declared of 150 cents per share (R315 million) since the 2004 merger transaction;
- EBITDA increased by 87% to R2.9 billion with an EBITDA margin of 47%;
- Net gearing (excluding partner loans) at a reasonable level of 17%;
- Record product sales achieved for PGMs, iron ore, manganese ore and chrome ore;
- Commitment to significant capital expenditure as we execute our growth strategy over the next three years;
- Projects released on time and within budget, creating platforms for growth in our key commodities; and
- ARM continues to invest aggressively in Africa through TEAL.

What is particularly pleasing is the increasing diversification in our earnings contributions across commodity groupings. The contribution to earnings before interest and tax (excluding exploration and corporate costs) for the 2007 financial year for ferrous metals was 43%, while that of platinum was 37% and nickel 20%. Although ARM Coal's contribution remains small, we expect to see increasing contributions from this division as efficiencies are realised from the Xstrata Coal South Africa (XCSA) operations and as the Goedgevonden Coal Project ramps up to full production.

In addition to our existing commodity portfolio, we believe our continued investment in Africa will result in increased diversification, with copper being added in the next few years.

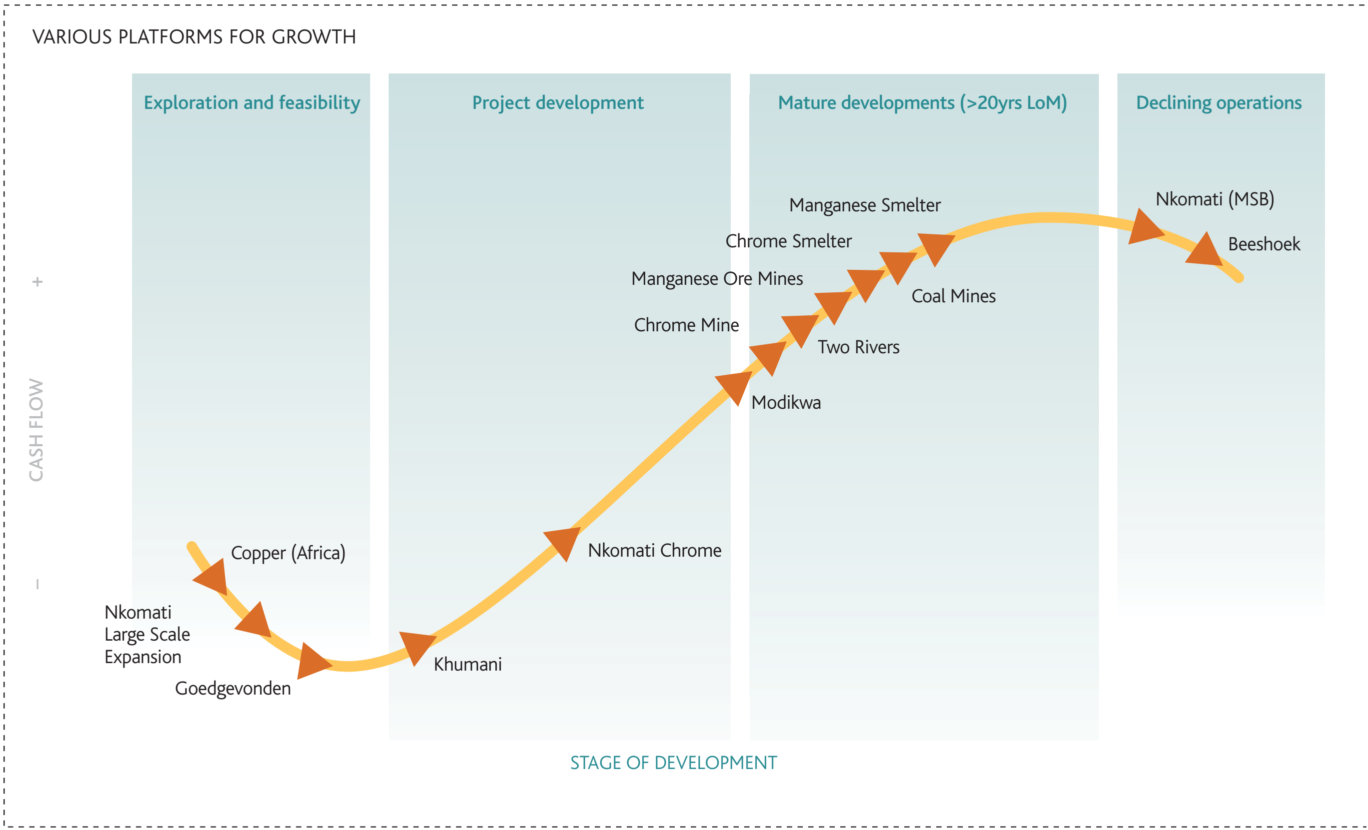
I must, at this stage, pay tribute to our partners in our South African assets, namely Assore, Anglo Platinum, Implats, Xstrata and, more recently, Norilsk who has become a partner in the Nkomati project through its acquisition of LionOre.

While in some cases we operate our assets directly, in others we operate these assets jointly with partners who are leaders in their respective commodity sectors. This strategy has given us a swift and solid entry into key commodities and also allows us to create value for our shareholders.

ARM SHARE PRICE VERSUS THE FTSE/JSE MINING INDEX (REBASED TO 100 AT 1 JULY 2006)

Source: I-Net

Executive chairman's letter to shareholders continued



DELIVERING ON OUR PROMISES

In our 2006 annual report we indicated four group-level objectives, namely:

- To increase operational efficiency to maintain and improve competitiveness;
- To continue to grow in key commodities and core assets, as part of our 2 x 2010 growth strategy;
- To unlock value in our exploration portfolio; and
- To grow the company through appropriately priced and value-adding acquisitions.

In every sphere we have continued to deliver; meeting our objectives of developing new platforms for earnings and growth, in alignment with our continued strategy to develop joint venture partnerships with major leading global companies.

INCREASING OPERATIONAL EFFICIENCIES

At the root of our "we do it better" management philosophy is a focus on operational efficiency to ensure that our projects operate optimally and at robust margins. In all the operations which we manage, partner or influence, we strive to make this an objective for management and employees alike. Almost all of our divisions and commodities have demonstrated exceptional cost control during the year; delivering either a reduction in unit costs, as is the case in nickel, coal and platinum; or reporting below inflation cost increases like in our manganese ore and alloys and charge chrome operations. Inflation, or CPIX, was reported at 6.3% at 30 June 2007.

ORGANIC GROWTH INTO HIGH MARGIN BUSINESSES

ARM's volume increases together with our organic growth projects, are in line with our 2 x 2010 strategy of growth in key commodities with high margin operations. ARM's organic growth projects, undertaken with our partners, remain on schedule and within budget. The ARM share of capital expenditure in F2007 was R2 billion.

Our project pipeline remains exciting, and consists of the Khumani Iron Ore Mine, thermal coal at the Goedgevonden Coal Project and nickel at Nkomati Mine. At all our operations we continue to assess value creating expansion opportunities, especially given the scale of resources over and above our mineable reserve base.

GROWING THE COMPANY

I wish to highlight our commitment to invest in our businesses for the future. Together with our partners we will be spending approximately R10 billion on capital expenditure during the next three years. We are confident that we will fund our share from our improving cash flow emanating from our operations and by utilising debt facilities within the group.

Some of these projects are funded at the business unit level, such as the Khumani Iron Ore Mine and the Goedgevonden Coal Project.

HARMONY

Harmony's performance has been the subject of much scrutiny during the year. After their financial year-end, the Chief Executive Officer (CEO) and Chief Financial Officer of Harmony resigned. Graham Briggs, previously Managing Director of Harmony's Australasian operations, has been appointed Acting CEO and Frank Abbott, ARM's Financial Director, has been appointed Interim Financial Director. André Wilkens, ARM's CEO, who has significant gold mining experience and who was Chief Operating Officer of Harmony after the merger of Harmony and ARMgold, has been appointed a non-executive director on the Harmony Board.

Harmony experienced a number of operational challenges. This, combined with unsatisfactory cost control and systems, resulted in various operational areas underperforming during the financial year. In terms of safety, the recent shaft incident at Elandsrand, which resulted in the heroic rescue of some 3 000 employees was a stark reminder that we must re-focus and continue to improve on our health and safety standards at all our mines.

On the positive side, Harmony has made excellent progress in creating flexibility at its existing operations. Substantial progress has been made at its five world-class projects which are expected to transform the company into a global player, with better quality and lower cost assets.

There is currently a process at Harmony of re-focusing and re-motivating management, and reverting to the "Back to Basics" Harmony management style. We are confident that Harmony will be re-positioned as a globally competitive company.

PROSPECTS

We expect the 2008 financial year to build on the good performance and results of 2007.

We own large-scale, good quality assets that we are able to develop organically without being forced into acquisitive growth in an environment where price expectations for producing operations are high.

ARM is also well positioned as the partner of choice in South Africa and the rest of Africa, and management is confident that we will meet our growth strategies.

BROAD-BASED ECONOMIC EMPOWERMENT

The long-term political and economic stability of South Africa requires that as many South Africans as possible participate in and benefit from the growth and development of our economy. With this objective in mind, the ARM Broad-based Economic Empowerment Trust (the BBEE Trust), which was created in April 2005 and which is fully funded, has now completed a rigorous process of allocating 20.4 million shares – equivalent to 10 percent of ARM's issued share capital – to various trust beneficiaries. The beneficiaries include a number of church groups, trade union companies, seven broad-based provincial upliftment trusts, several community, business and traditional leaders and a broad-based women upliftment trust, as is required under the various empowerment laws and regulations.

SAFETY AND HEALTH

The health and safety of all ARM employees, including contractors, remains a primary area of focus. ARM and its partners will continue to work towards achieving zero fatalities at all its operations, something which can only be achieved with close cooperation between management, employees, union representatives, government and other stakeholders.

Notwithstanding some exceptional safety achievements, I need to report with deep regret the occurrence of two fatal accidents during the year. The Board and management of the company extend their condolences to the families and friends of the deceased.

It is pleasing that safety performance has improved across our divisions, specifically at Modikwa Platinum Mine and Black Rock Manganese Mine, at Beeshoek Iron Ore Mine as well as Nkomati Mine.

THANKS

We extend our appreciation and recognition to our various partners, stakeholders, and the numerous community groups with whom we work. I would also like to express my gratitude to the board, our management and our employees who deserve praise for their sacrifices and continuous commitment to build ARM into a globally competitive company.

Patrice Motsepe
Executive Chairman
5 October 2007

PLATINUM ORE ON CONVEYOR BELT AT TWO RIVERS

CEO's review of the year

ANDRÉ WILKENS

On all fronts – commodity markets, sales volumes, cost control, margin increase and organic growth – it has been a record-breaking year for ARM. Importantly, it is one where we have made significant progress in delivering on the promises that we have made to shareholders and where we have set an excellent platform for both growth and diversification of our asset base in South Africa and Africa.

ARM today has four focus areas: PGMs and nickel; ferrous metals (iron ore, manganese and chrome); coal; copper and cobalt and growth in Africa through TEAL. ARM also has a substantial interest in Harmony.

Each division is run autonomously, with dedicated and experienced managers involved in the operations. The underlying operations are managed closely in conjunction with our partners who make valuable contributions to each and are key to their success. In each of these focus areas the group is actively executing an organic growth programme.

We intend remaining entrepreneurial and fleet-footed to take advantage of new opportunities. We believe that our suite of metals and minerals is geared towards commodities with strong long-term market fundamentals in all of our market segments. The implementation of our diversification strategy, cost control and operational efficiencies and our focus on key commodities is expected to provide ARM with consistent and sustainable growth in profits.

In seeking to develop greater critical mass in Africa, ARM has set up a dedicated African team under the leadership of executive, Dan Simelane, to actively pursue opportunities in this attractive sector which are not in conflict with TEAL's activities. A feature of every current and new endeavour for ARM is its practice and intention of seeking partnerships with industry and sector leaders and to itself be a partner of choice, providing on-the-ground know-how, access to orebodies and a strong balance sheet.

OPERATIONAL HIGHLIGHTS

The year under review proved to be a record for ARM in almost all respects. Headline earnings per share increased significantly, by 158% to 580 cents per share (2006: 225 cents per share).

The ARM EBITDA margin has increased from 34% for the 2006 financial year to 47% for the 2007 financial year.

Operational highlights for the year include:

- a 53% increase in attributable PGM production to 264 400 ounces;
- the contribution of Two Rivers Platinum Mine to earnings;
- an increase of 38% in manganese ore external sales to 2.3 million tonnes;
- a 16% increase in iron ore sales to 6.9 million tonnes; and
- chrome ore sales from Nkomati Mine's chrome project, which was released in July 2006, reaching 584 000 tonnes.

In line with the ARM strategy of increasing operational efficiencies to ensure competitiveness of its operations, management continues to focus on operational cost control.

Volume increases, together with ARM's organic growth projects, are in line with the company's strategy to grow, and to double production from 2005 levels by 2010 in key commodities. ARM's organic growth projects with its partners remain on schedule and within budget, with ARM having spent R2.0 billion (attributable) on capital expenditure during the year:

- Khumani Iron Ore Mine has increased its planned production to 10 million tonnes per annum, with first export sales expected by 2008. The rail contract has been signed with Transnet for the full tonnage. The first blast at Khumani Iron Ore Mine occurred in May 2007 and exposed 600 000 tonnes of ore.
- The ARM Coal Goedgevonden Project has been released and ARM Coal has secured a 3.2 million tonnes per annum allocation at RBCT for the project.
- The Nkomati Nickel Interim Expansion Project to 100 000 tonnes per month was completed ahead of schedule. The Large Scale Expansion Project has been approved for release by ARM and Norilsk and envisages expansion to an average of 20 500 tonnes contained nickel per annum over the life-of-mine.

ARM continues to invest aggressively in building its future growth platform in Africa. In accordance with ARM's accounting policy on exploration expenditure TEAL's exploration costs in F2007 continue to be expensed. As a result, the impact of TEAL on group headline earnings increased to a negative R126 million in F2007 from a negative R47 million in F2006.

ARM has agreed to assist TEAL by increasing its current US$20 million guarantee to US$50 million. This will ensure that bridging facilities will be in place beyond the end of the current financial year or until major feasibility studies are completed thereby creating

CEO's review of the year continued

sufficient flexibility for the company to maximise value from its existing portfolio. Specific focus will be on the Konkola North Copper Mine and Kalumines mine and smelter copper projects, as well as the Otjikoto Gold Project. Appropriate funding to refinance the bridging facilities and fund the developmental expenditure at Konkola North, Kalumines and Otjikoto will be arranged by TEAL after the completion of the feasibility studies.

SAFETY AND HEALTH

In total, 13 632 employees (including contractors) were employed at ARM-managed operations at year-end. Ensuring the health and safety of these employees is a primary responsibility for our group, and one which we endeavour to carry out in close association with our employees, their union representatives, government and other stakeholders.

It is with regret that we report the occurrence of two fatalities during the course of the year: On 9 February 2007, Mr Wycliff Malusi was fatally injured as a result of a truck collision at the Khumani Iron Ore Mine. On 30 March 2007, a fatal accident occurred at the Two Rivers Platinum Mine in which Mr Michael Thosa, a rockdrill operator, lost his life in a fall of ground accident. The company extends its sincere condolences to the bereaved families and friends of the deceased.

On the positive side, we are pleased to report an improvement in safety statistics at all our divisions during the year. In particular I would like to single out the performance of:

- Modikwa Platinum Mine, as it achieved two million fatality-free shifts, an excellent achievement for a ramp-up mine;
- Black Rock – winner of the Mine Health and Safety Council Safety Achievement Flag and the "Best Improved Underground Mine – Northern Cape" Competition;
- Beeshoek Iron Ore Mine which achieved one million fatality free shifts on 8 February 2007;
- Nkomati Mine, which won the internal "Excellence in Safety" competition for a 66% improvement in its Lost Time Injury Frequency (LTIFR) rate to 0.85 per million man hours.

Assmang and the Department of Labour are investigating possible manganism cases at the Cato Ridge Works. A comprehensive improved medical surveillance and employee support programme has been introduced and developed to suit current and future needs.

OUR MARKETS

Our overall view of the commodities markets remains positive, and generally speaking, we believe that they will stay strong but we anticipate a moderate decline over time in some commodities. We are very conscious of the fact that commodity markets are cyclical and management is focussed on increasing production volumes while reducing future unit costs of production. Examples include the emphasis on lower cost long-term growth at Khumani Iron Ore Mine, Two Rivers Platinum Mine and Nchwaning Manganese Mine. We work closely with our partners in understanding current market circumstances when developing our business, projects and growth plans.

IMPROVING OPERATIONAL EFFICIENCIES

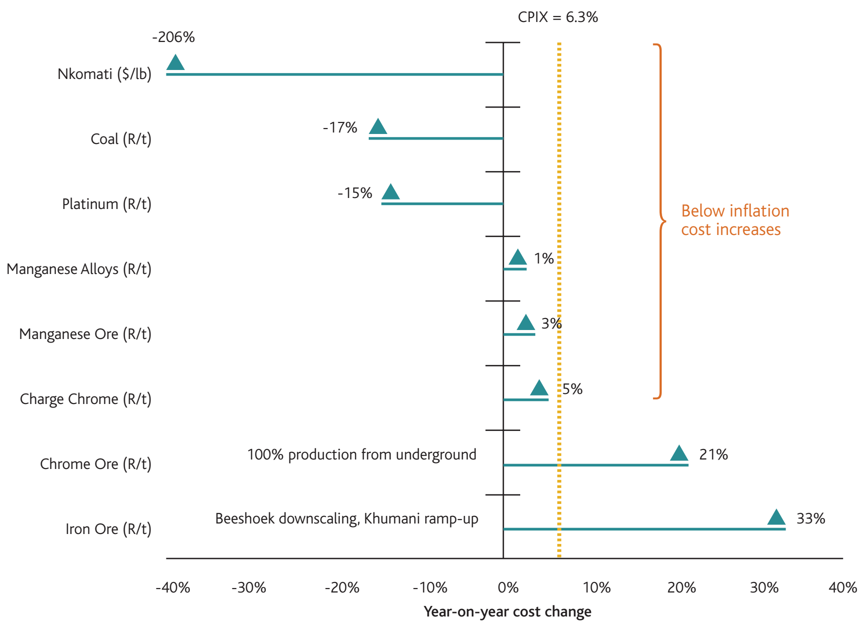
Improving operational efficiencies remains a fundamental driver of ARM's business model, and an area in which we have achieved much success. The chart below illustrates our efficiency in cost control during the year under review. We generally have contained increases to within the inflation rate.

GROWTH IN KEY COMMODITIES AND CORE ASSETS

We have set ourselves the target of doubling attributable production by 2010, from 2005 levels, through the construction and commissioning of new mines and the upgrading of current operations. We are well placed to meet these targets and, in some areas, to exceed them.

Many of these projects have come about as a result of organic growth, and will steer our production profile beyond 2010. We have been in the very fortunate position of being able to

EFFICIENT COST CONTROL



develop high-quality, long-life projects from our current asset base without having to resort to acquiring high-cost projects in the market.

Our current growth projects are: Nkomati Nickel Large Scale Expansion Project, Khumani Iron Ore Mine and Goedgevonden Coal Project in South Africa and Kalumines in the DRC and Konkola North in Zambia.

The Nkomati Nickel Large Scale Expansion Project bankable feasibility study has been completed and approved for release by the respective shareholders' boards. This expansion will transform Nkomati Mine from a high-grade, low-volume Massive Sulphide Body (MSB) mine to a low-grade, high-volume Main Mineralised Zone (MMZ) operation. The operation is expected to mill 625 000 tonnes per annum at two separate plants. At steady-state, the mine is expected to produce 20 500 tonnes of contained nickel and 110 000 ounces of PGMs for 18 years, with one million tonnes of chrome ore per annum for approximately four years.

The Khumani Iron Ore Mine began mining operations in May 2007 with its first blast exposing 600 000 tonnes of ore. Construction commenced in 2006. Excellent progress has been made to date with around R2.5 billion already committed, out of the total capital requirement of R4 billion. Khumani will start processing its own ore by April 2008. We also concluded positive negotiations with Transnet, securing our initial 20-year 10 million tonne per annum line capacity, and we are positive about this project's ongoing expansion potential to 16 million tonnes per annum.

In July 2007, we announced the development of a major new greenfield, open cut, thermal coal mine at Goedgevonden, at a total capital cost of R2.9 billion (excluding the RBCT allocation). At full production, the mine will produce 6.7 million tonnes per annum of thermal coal, almost 50% of which will be exported with the balance being suitable for the domestic thermal markets. Commissioning of the new mine is planned for the first half of 2009, with full production from 2011. Xstrata Coal is facilitating the funding required to reach commissioning and, for ARM Coal's share, this will be on preferential financial terms.

ARM Coal also reached a significant milestone by successfully obtaining a 3.2 million tonne per annum export allocation for the Goedgevonden Coal Project in the Phase V expansion of RBCT.

Through TEAL, our 65%-held subsidiary, we are making very exciting progress at the copper-cobalt projects in Sub-Saharan Africa. The start of an initial small-scale (10 000 tonnes of blister copper per annum) mining operation at Kalumines is a good first step in building up our copper production. Drilling is continuing at Kalumines and current indications are that there are strong blue sky opportunities for the future. Good progress has also been made at Konkola North, where a mining licence was granted during the year and the technical feasibility study completed in July 2007.

UNLOCKING VALUE IN OUR PORTFOLIO

We continue to unlock value in two ways: first, through the operational assets and investments that we manage and second, through our exploration portfolio. In the first instance, our delivery of, for example, the export capacity allocation at RBCT has been the trigger for the development of the Goedgevonden project, and speaks for itself. At another level though we seek to add value where our resources and experience have positioned us well.

On the exploration front, we have continued our aggressive exploration campaigns in Africa, through TEAL, and in South Africa, at our various operations.

Particularly at the Otjikoto Gold Project in Namibia we have made excellent progress, having announced a further advancement in the mineral resource post year-end, along with our plans to complete a feasibility study in the coming year.
In South Africa, drilling and other exploration work at Modikwa Platinum Mine and Two Rivers Platinum Mine gives us cause to anticipate further growth at these operations in the near future. At ARM, we place a strong emphasis on developing the large, long-term orebodies we already have access to and are confident that they will continue to deliver substantial organic growth opportunities.

TO GROW THE COMPANY THROUGH ACQUISITIONS AT THE RIGHT TIME

Finally, we continue to be on the lookout for opportunities to develop partnerships, but at a price and with the benefits that will make this value-accretive to shareholders. The ARM Coal/Xstrata transaction was completed during F2007, as was the Xstrata acquisition of the 50% stake in the ATC and ATCOM collieries.

CAPITAL EXPENDITURE

Going forward, we anticipate attributable capital expenditure as a result of our growth programme, particularly relating to Khumani Iron Ore Mine, Goedgevonden Coal Project and the Nkomati Nickel Large Scale Expansion Project, remaining relatively high.

SUSTAINABLE DEVELOPMENT

In respect of safety, health and environmental issues we have again undertaken an extensive external audit of our managed operations. Further detail on sustainable development issues may be found on pages 87 to 91 of this report.
Another issue which bears special mention is the relationship with the Modikwa community which has at times been portrayed in the media as adversarial. We have continued to work closely with the communities at Modikwa and have achieved an excellent working relationship with five of the six community groupings in the area. We have continued to engage with the final grouping in an attempt to resolve potential conflict with the company.

In our community engagement, ARM takes a very active yet pragmatic approach. We were one of the first companies to involve the community at a significant level of ownership in new projects, even before legislation required us to do so. The structures that we put in place and the issues that we have had to deal with have, in many respects, set the ground rules for many such transactions that have followed. We are confident and

CEO's review of the year continued

DELIVERING ON GROWTH PLANS

Operation (100% basis)	Project stage	Volumes in F2007	At steady state Production	At steady state Financial Year	Life-of-mine (years)
ARM Platinum		Sales			
Modikwa Platinum Mine	Approaching steady state	274 174 oz PGMs	350 000 oz PGMs	2008	30 on UG2
Two Rivers Platinum Mine	Approaching steady state	184 099 oz PGMs	220 000 oz PGMs	2008	20 on UG2
Nkomati Interim Expansion	Ramp-up	4 418 t Ni 2 788 t Cu 46 101 oz PGMs	5 500 Ni 2 500 Cu 21 000 PGMs	2008	10 without release of large scale expansion
Nkomati Large Scale Expansion	Bankable feasibility complete Project released in September 2007	n/a	20 500 t Ni 9 000 Cu 110 000 oz PGMs	2010	18
Nkomati Chrome Mine	Steady state	584 177 t	1 000 000 t	2007	4
Kalplats PGM project	Exploration	n/a	n/a	n/a	n/a
ARM Ferrous		Production			
Nchwaning Manganese Mine	Steady state	2.418 Mt	3 Mt	Dependent on market demand and logistics	30
Gloria Manganese Mine	Steady state	0.429 Mt	0.6 Mt	Dependent on market demand and logistics	30
Dwarsrivier Chrome Mine	Approaching steady state	0.710 Mt	1.5 Mt	2009	30
Beeshoek Iron Ore Mine	Downscaling	6.675 Mt	6 Mt	Declining production	7
Khumani Iron Ore Mine	Development and ramp-up		10 Mt	1 Mt by 2008 10 Mt by 2010	30
Khumani Expansion (potential)	Feasibility		16 Mt	Dependent on logistics	30
ARM Coal		Sales			
Xstrata Coal South Africa 65% export/ 35% domestic	Steady state	21.6 Mt	> 20 Mt	Current	20
Goedgevonden Coal Project 48% export/ 52% domestic	Ramp-up	1.5 Mt	6.7 Mt	2011	32

comfortable that we, as a company, have taken the right steps in ensuring that the community will benefit substantially from the mineral resources that it has on its doorstep and anticipate that the Modikwa community in particular will see a real financial benefit flowing from their shareholding now that the operation has reached a level of profitability. Up until now, the community has benefited from a range of corporate social investment initiatives, including small business development, job creation and infrastructural development and education support projects.

CONCLUSION

During the coming financial year we will continue our strong focus on the projects currently underway – Khumani Iron Ore Mine, Goedgevonden Coal Project, Nkomati Nickel Large Scale Expansion, Kalumines Copper Cobalt Project and Konkola North Copper Project. We are confident of our ability to deliver these projects on time and within budget. In particular we will seek to contain project costs in the current super-inflationary construction and engineering environment, where both a skills and materials shortage has the ability to lead to large project over-runs, both in time and costs.

We will focus too on delivering improved operational efficiencies not only by bringing on stream more productive and efficient operations, but also by ensuring that we achieve real and lasting improvements from our existing operational base. In this respect we are not afraid to spend capital at the right time to refurbish and replace and to invest in new technology. Our programme of upgrading our Ferrous division smelters in recent years is an example of this and one which is starting to pay dividends.

We also believe in investing in our human resources. We want people who want to be part of our group. Our people must feel they belong and that they add value, and they must be rewarded appropriately for this. We are proud of our track record in attracting and retaining excellent people at ARM and know that there is a significant shortage of skills in the current environment. We want to remain an employer of choice and will continue to focus on offering competitive remuneration, incentivising people appropriately and identifying and measuring their performance in areas that are critical to our business.

André Wilkens
Chief Executive Officer
5 October 2007

DELIVERING ON GROWTH PLANS continued

	Percentage held	JV partners	Resources grade	Resources contained metal
TEAL				
Kalumines, DRC *	60%	Gécamines	3.51% Cu	462 Mlb Cu
Mwambashi, Zambia	70%	Korea Zinc	2.03% Cu	344 Mlb Cu
Konkola North, Zambia**	100%	ZCCM (20% option)	2.36% Cu	1 292 Mlb Cu
Otjikoto, Namibia	100%		1.25 g/t	1.76 Moz Au
Exploration properties in DRC and Zambia		Gécamines, Korea Zinc, BHP Billiton		

** Lupoto deposit only*

*** East and South (excl Area A) Measured and Indicated Resources only*

DWARSRIVIER CHROME MINE

Financial review

MIKE ARNOLD

FINANCIAL RESULTS – GROUP

		F2007	F2006	% change
Sales	Rm	6 152	4 622	33%
Headline earnings	Rm	1 207	462	161%
Headline earnings per share	cps	580	225	158%
EBITDA before exceptional items	Rm	2 903	1 552	87%
Cash generated from operations	Rm	2 537	1 243	104%
Dividend declared per share	cps	150	n/a	100%

INTRODUCTION

ARM has shown significant headline earnings growth since the 2004 merger transaction, increasing from R47 million in F2004 (headline earnings per share of 37 cents) to R1 207 million achieved for the year ended 30 June 2007 (headline earnings per share of 580 cents).

During this period the market capitalisation of ARM has increased from R6.9 billion in June 2004 to R25.9 billion on 30 June 2007, representing an increase of 275% over three years.

This growth is attributable to:

- new profitable operations that have been successfully commissioned;
- organic growth in key commodities;
- improved cost control; and
- commodity prices continuing to improve in a relatively strong Rand/US Dollar currency environment.

The F2007 results reflect an exceptional improvement on F2006 and effectively take ARM to a new level of earnings derived from operational platforms which have matured during the past year.

FINANCIAL RESULTS – SEGMENTAL ANALYSIS

ARM is organised, for management purposes, into four major operating divisions. These are ARM Platinum (which includes platinum and Nkomati nickel and chrome operations), ARM Ferrous, ARM Coal and TEAL. ARM is also involved in gold through its 16% holding in Harmony.

For accounting purposes ARM's operations are consolidated as follows:

Fully consolidated:

- Two Rivers Platinum Mine (55%);
- TEAL (64.9%); and
- ARM Mining Consortium (83%) which holds a 50% proportionately consolidated interest in the Modikwa Platinum Mine.

Proportionately consolidated:

- ARM Ferrous – Assmang (50% since March 2006, previously fully consolidated as a 50.35% held subsidiary);
- Nkomati Mine (50%); and
- ARM Coal (51%) – ARM Coal has a 20% equity accounted interest in the existing coal operations of XCSA and a 51% proportionately accounted interest in the Goedgevonden Coal Project.

Equity accounted:

- ARM equity accounts its direct 10% interest in the existing coal operations of XCSA.

Comparisons of reported results for ARM Ferrous between F2007 and F2006 are affected by the change of accounting status for Assmang during the previous financial year. A full comparison of Assmang for F2007 and F2006, at 100%, is provided in the segmental analysis section of the financial statements on page 129.

The key financial results for these segments (more fully expanded upon in the financial statements on pages 125 to 130) for F2007 and F2006 are set out in tables below.

SEGMENTAL ANALYSIS – JUNE 2007

		ARM Platinum		ARM Ferrous	ARM Coal	ARM Exploration	Corporate and other	Total
		Platinum	Nickel					
Sales	Rm	2 352	702	3 064	34	–	–	6 152
EBITDA before exceptional items	Rm	1 423	506	1 191	23	(196)	(44)	2 903
EBITDA margin	%	61%	72%	39%	n/a	n/a	n/a	47%
Contribution to headline earnings	Rm	461	337	665	1	(126)	(131)	1 207
Cash in/(out) flow from operating activities	Rm	770	568	979	(11)	(169)	(163)	1 974

Financial review continued

SEGMENTAL ANALYSIS – JUNE 2006

		ARM Platinum		ARM Ferrous	ARM Coal	ARM Exploration	Corporate and other	Total
		Platinum	Nickel					
Sales	Rm	767	444	3 411	–	–	–	4 622
EBITDA before exceptional items	Rm	274	293	1 093	–	(72)	(36)	1 552
EBITDA margin	%	36	66	32	–	n/a	n/a	34
Contribution to headline earnings	Rm	42	185	338	–	(47)	(56)	462
Cash in/(out) flow from operating activities	Rm	(45)	224	723	–	(44)	(171)	687

THE FOLLOWING FEATURES OF THE SEGMENTAL ANALYSES ARE HIGHLIGHTED:

The ARM Platinum and ARM Ferrous operations have performed particularly well and significantly increased their respective contributions to ARM. The past year was characterised by strong commodity prices, increased volumes and a 12.5% weaker Rand/US Dollar exchange rate (R7.20/US Dollar compared with R6.10/US Dollar in F2006). The average EBITDA margin increased to 47%, from 34% in F2006.

The new Two Rivers Platinum Mine (included under ARM Platinum) made a contribution of R280 million to ARM for the nine months from October 2006. With effect from 1 July 2006 the mine was charged interest on its shareholder loans.

ARM Exploration costs at TEAL, which are expensed in compliance with the group accounting policy on exploration expenditure, representing ARM's investment into future growth in Africa, has increased by R79 million to R126 million (a charge against group headline earnings).

The Nkomati Mine contribution to headline earnings increased by 82% which, apart from exceptional nickel prices, were positively impacted by chrome sales of R107 million included in the ARM share of revenue of R702 million. Chrome revenue is netted off as a by-product credit in the unit cash cost calculation.

The ARM Coal contribution to headline earnings was small for the year but is expected to improve when the Goedgevonden Coal Project ramps up to full production.

Net corporate and other expenditure has increased largely due to increased finance costs in F2007 attributable to external debt raised to fund the investment in XCSA and to fund the completion of the Two Rivers Platinum Mine. The impact on earnings of additional finance costs is a reduction of 59 cents per share.

BALANCE SHEET

ARM has a strong balance sheet with net gearing (excluding partners' loans from Xstrata and Implats totalling R1 126 million) of 17% (2006: 13%).

The balance sheet key features and movements from F2006 to F2007 are explained as follows:

- The increase in property, plant and equipment is mainly due to attributable capital expenditure of R2 billion with the largest expenditure being at ARM Ferrous, where ARM's share was R1 billion;
- Intangible assets increased by R215 million due to the proportional inclusion of the fair value of the RBCT entitlement at Goedgevonden Coal Project, acquired as part of the transaction with XCSA;
- The investment in associates of R857 million represents the ARM investment into XCSA both indirectly through ARM Coal where its effective economic interest is 10.2%, as well as through its direct interest of 10%;
- Other investments mainly comprise ARM's 16% stake in Harmony. This investment is marked-to-market at the balance sheet to period-end market values. Changes in the value of the investment are accounted for net of deferred capital gains tax through the statement of changes in equity. At year end, the applicable share value was R100 per share (F2006: R114 per share);
- Current assets excluding cash and cash equivalents increased by R800 million largely owing to the build up of the working capital pipeline of inventories and receivables at Two Rivers Platinum Mine;
- Cash and cash equivalents have increased by R600 million in F2007 due to strong cash generation at both the Two Rivers and Modikwa Platinum Mines, as well as increased cash balances at the corporate centre;
- Gross interest-bearing borrowings have increased to R4.0 billion this year mainly due to the investment into coal and capital expenditure; and
- Net debt, excluding partner loans, amount to R1.9 billion (F2006: R1.3 billion).

CASH FLOW AND FUNDING

Cash generated by operations increased by R1.3 billion during the year and is equivalent to 1 219 cents per share as compared to 606 cents per share for the 2006 financial year. This represents more than a 100% increase.

The detailed cash flow statement on page 116 reflects the following additional key features:

- ARM continues to invest significantly into additions to property, plant and equipment in order to expand operations. Expansion capital expenditure includes expenditure at

Two Rivers Platinum Mine, ARM Coal and Khumani Iron Ore Mine; and

- During F2007, only 58% of the cash flow requirement of R2.7 billion for investing activities was funded by increased financing with the additional funding being from net operational cash flows which totalled R1.9 billion for the year.

Funding within the operating segments is largely ring-fenced from the centre with the exceptions being;

- The project funding for Two Rivers Platinum Mine which is partially secured by a completion guarantee by its shareholders;
- Funding for Nkomati Mine, which is a division of ARM; and
- Bridging funding for TEAL which is secured by a US$20 million guarantee provided by ARM. After year-end ARM agreed to increase this guarantee to US$50 million having been satisfied with the progress achieved to date and with the potential of TEAL's projects.

ARM and its partners have three major capital projects in F2008 which will be funded as follows:

- Goedgevonden Coal Project – capital cost of R2.8 billion – facilitated funding to be provided by Xstrata;
- Khumani Iron Ore Mine – capital cost of R4 billion of which R1.6 billion has been spent to date. The completion of the development during the next financial year will be funded by operational cash flows, existing facilities and term loan borrowings. These borrowings will have no recourse to the ARM company balance sheet; and
- The Nkomati Phase II Large Scale Expansion, having been considered by the respective partner boards, was released for development on 26 September 2007. The estimated capital cost is R3.2 billion at 100% with an anticipated maximum negative cashflow of R970 million occurring in F2009 of which ARM's share is 50 percent. The equity funding requirement from partners is reduced as a result of substantial anticipated internally generated cash flows. ARM will also receive US$20 million as a second tranche payment of the initial purchase consideration payable by LionOre. ARM will fund its equity contribution share from internal cash flows and available borrowing resources.

ACCOUNTING POLICIES

ARM presents its financial information fully in compliance with IFRS. The financial information for the year ended 30 June 2007 has been prepared adopting the same accounting policies used in the most recent annual financial statements, except for the change in accounting policy below and the adoption of various new and revised IFRS standards.

CHANGE IN ACCOUNTING POLICIES

The guidelines provided in IFRS 6: Exploration for and evaluation of a mineral resource, which statement was effective from 1 July 2006 for ARM, was used to revise the existing policy to establish more stringent rules for the capitalisation of exploration costs. No prior year impact results from the changed policy.

The application of the new interpretation IFRIC 4: Determining whether an arrangement contains a lease, which was effective for ARM from 1 July 2006, has resulted in the recognition of a financial lease liability and a related asset of R52 million (at 100%) in the ARM Ferrous division.

The application of new standards governing financial guarantee contracts issued had a R2 million negative impact on group earnings for the year.

FINANCIAL RISKS

In the course of its business operations ARM is exposed to currency, commodity price, interest, counter-party, credit and acquisition risk. A detailed analysis of ARM's approach to these risks is covered on pages 151 to 153 of this report.

TAXATION

The total taxation expense increased to R781 million from R377 million in F2006 as a result of the increase in earnings. Most of this increase is reflected as an increase in the deferred tax provision due to the utilisation of capital expenditure allowances to reduce normal tax payable.

The average effective tax rate, inclusive of the State's share of profits and STC is 36% in F2007. A detailed reconciliation is provided in note 24 of the financial statements.

POST BALANCE SHEET EVENTS

The company has engaged in litigation with the South African Revenue Services on a matter relating to its 1999 year of assessment whereby the company claimed a deduction for a loss incurred on the sale of its direct investment in National Brands. The capital amount of R47 million as well as possible accrued interest of R45 million (to 30 June 2007) has previously been fully provided in the financial results of the company. During August 2007 the matter was heard in the Special Tax Court and judgement is awaited.

Between the financial year-end and 5 October 2007 the Harmony share price declined to R74, being 26% or R1 657 million lower than the closing market value at the balance sheet date. This represents a non-adjusting post balance event.

DIVIDEND

ARM continues its programme of organic growth projects and is seeing the benefits flowing through in its attributable earnings and cash flow. Although substantial capital will be expended for ongoing growth, the board believes that ARM's net debt position is at an appropriate level, as sufficient cash flow and facilities exist to fund these developing projects.

Accordingly, the board of directors declared its first dividend of 150 cents per share on 3 September 2007 which was paid on 1 October 2007. The amount paid was approximately R315 million and was covered 3.9 times by F2007 headline earnings.

Mike Arnold
Acting Chief Financial Officer
5 October 2007

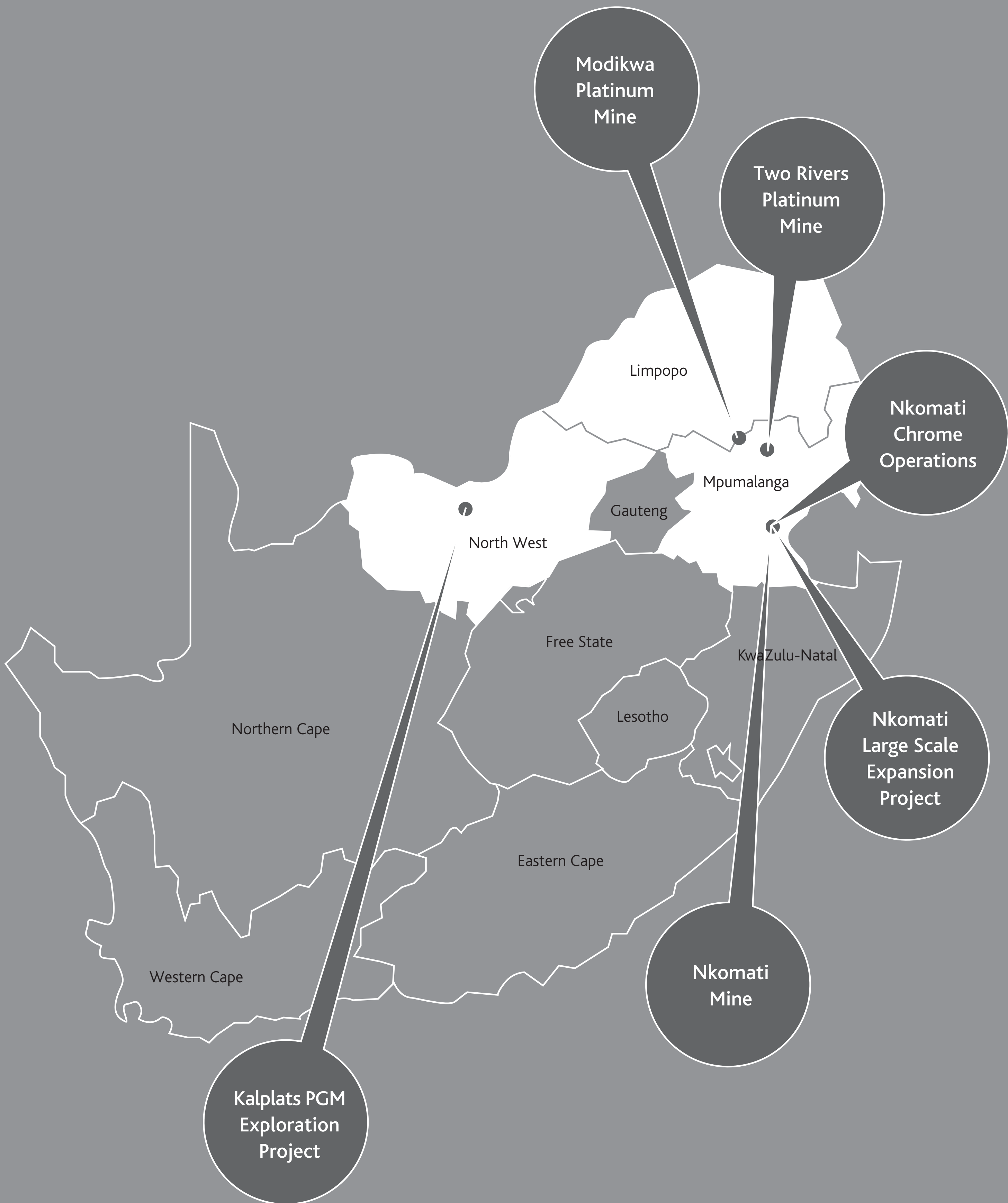
ABOUT ARM PLATINUM

ARM Platinum's interests comprise:

- a 50 percent joint venture (held through an 83 percent stake in ARM Mining Consortium) with Anglo Platinum in the Modikwa Platinum Mine;
- a 55 percent interest in the Two Rivers Platinum Mine, a subsidiary in which Implats owns 45 percent;
- the Nkomati Mine, a 50 percent joint venture with Norilsk Nickel; and
- a 90 percent interest in the Kalplats PGM Exploration Project, where exploration is undertaken in conjunction with Platinum Australia.

ARM Platinum manages and operates the Two Rivers Platinum Mine and participates in the joint management of the Modikwa Platinum Mine and the Nkomati Mine through their joint management committees.

PLATINUM DIVISION



AUTOGENOUS BALL MILL AT TWO RIVERS

Platinum Division

STEVE MASHALANE
CHIEF EXECUTIVE: ARM PLATINUM

QUICK OVERVIEW (100% BASIS)

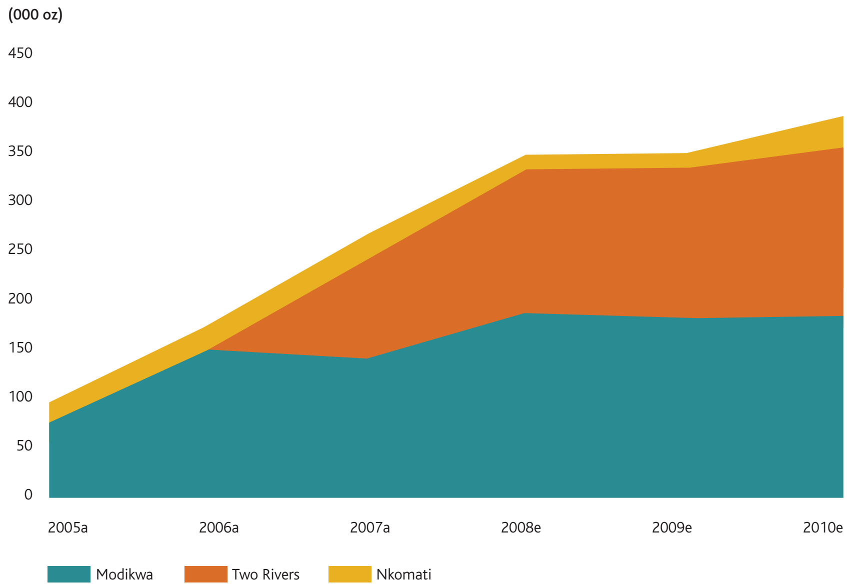
Operation 100% basis	Project Stage	Description	Location	Production in FY2007	Production at steady-state	Financial year	Life of mine (years)
Modikwa	Approaching steady-state	Underground mine and concentrator plant	Steelpoort	274 174 oz PGMs	350 000 oz PGMs	2008	30 on the UG2 orebody
Two Rivers	Approaching steady-state	Underground mine and concentrator plant	Steelpoort	184 099 oz PGMs	220 000 oz PGMs	2008	20 on the UG2 orebody
Nkomati Interim Expansion	Ramp-up	Underground mine and plant	Machadodorp	4 418 t Ni 2 788 t Cu 46 101 oz PGMs	5 500 t Ni 2 500 t Cu 21 000 oz PGMs	2008	10 without Large Scale Expansion release
Nkomati Large Scale Expansion	Project approved	Open-pit and underground mining and two plants	Machadodorp	n/a	20 500 t Ni 9 000 t Cu 110 000 oz PGMs	2011	18
Nkomati Chrome	Ramp-up	Removal of overburden for open-pit operations	Machadodorp	584 177 t	1 000 000 tpa	2007	4
Kalplats PGM Project	Exploration	N/A	North West Province	–	–	–	–

ARM Platinum's individual operations performed well in the year under review, with the continuing ramp-up at the PGM operations delivering into an exceptional PGM market. This was complemented by continuing strength in base metal prices, notably copper and nickel. ARM Platinum's attributable PGM production for F2007 increased by 52.9% to 264 400 ounces of PGMs.

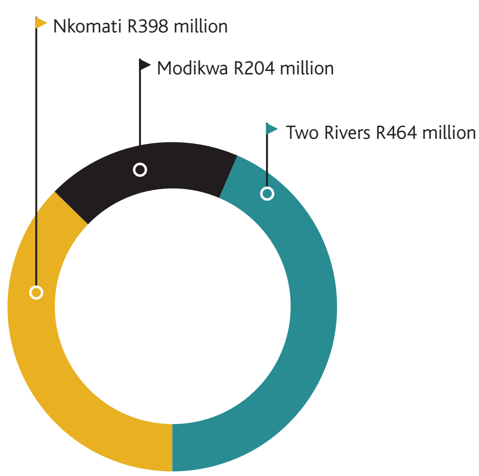
A highlight of the year was the start-up of production at Two Rivers Platinum Mine one month ahead of schedule, and R187 million (12%) under budget, with some 225 000 tonnes per month milled. At Nkomati Mine ARM has commissioned the 100 000 tonnes per month MMZ concentrator ahead of schedule. With the tailing-off of production from the Massive Sulphide Body (MSB), ARM's focus at the Nkomati Mine will be on transforming the operation to a low-grade high volume MMZ operation.

Modikwa Platinum Mine recorded 2 million fatality-free shifts during the year, an excellent achievement for a mine in start-up. At Two Rivers Platinum Mine, an outstanding safety achievement was reported, with a lost time injury frequency rate (LTIFR) of 3.7 per million man-hours worked. Sadly, this was marred by

GROWTH IN ATTRIBUTABLE PGM PRODUCTION



ARM PLATINUM CAPITAL EXPENDITURE F2007



Platinum Division continued

the death of an employee during the year in a fall of ground accident. The Nkomati Mine, too, turned in a good safety performance with an LTIFR for the financial year recorded at 0.85 per million man-hours. Nkomati Mine was also declared the winner of the internal "Excellence in Safety" competition for F2007.

Total capital expenditure for the year amounted to R1 066 million:

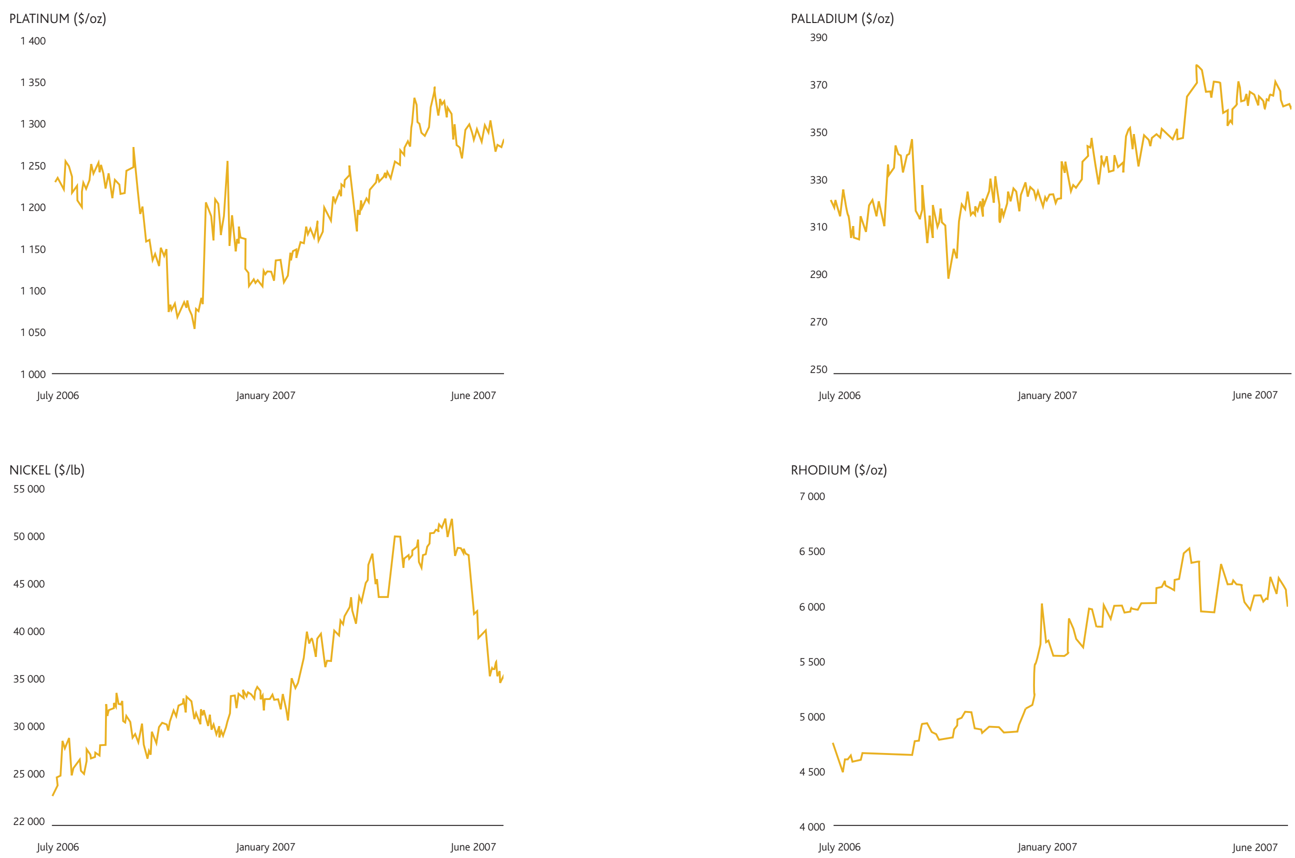
- Modikwa R204 million
- Nkomati R398 million
- Two Rivers R464 million

At Modikwa Platinum Mine R204 million was spent on the deepening of the North Shaft; ore reserve development; and replacing ageing trackless fleet equipment. At Two Rivers Platinum Mine capital expenditure was mainly to complete the development of the mine.

MARKETS

The markets for our basket of PGMs continue to be fuelled by supply-side shortfalls. The sustained drive for clean energy, and the use of PGMs in autocatalysts continues to grow reflecting the growing demand from heavy duty diesel vehicles, especially in the USA and Europe. ARM believes that the strong market trends will persist for PGMs, particularly with the previously mentioned supply-side shortfalls and the slower than expected start-ups of many junior companies who have entered the PGM market. The softening in the nickel price towards the end of the reporting period reflects the market moving into surplus; however, the company anticipates that nickel prices will remain well above their long-term mean pricing levels, assisted by the strong growth in stainless steel supply requirements, in particular China and India.

PLATINUM DIVISION COMMODITY PRICES



Source: INet Bridge

MODIKWA PLATINUM MINE

ARM'S ECONOMIC INTEREST:	ARM Mining Consortium holds 50 percent, with a 17 percent stake in ARM Mining Consortium being held by two section 21 companies representing mining communities around Modikwa. Thus, ARM has an effective 41.5 percent economic stake.
MANAGEMENT:	Joint management, via a joint management committee, between Anglo Platinum and ARM.
LOCATION:	The mine is located 15 kilometres north west of Burgersfort, along the border between the Mpumalanga and Limpopo provinces.
GEOLOGY:	Modikwa is located on the eastern limb of the Bushveld Complex. The mine currently exploits the UG2 reef, which has an average width of 603 centimetres and occurs as a chromitite layer. The shallower, but lower grade, Merensky reef also outcrops on the mine property.
DESCRIPTION OF ASSETS:	The operation comprises an underground mine, some 450 metres deep, three decline shafts and a concentrator.
REFINING:	All metal produced is smelted and refined by Anglo Platinum.
NUMBER OF EMPLOYEES, INCLUDING CONTRACTORS:	5 700

Review of the year

In F2007, Modikwa Platinum Mine treated 2.32 million tonnes and produced 274 174 ounces of PGMs at R467 per tonne milled. The lower output (F2006: 293 000 ounces PGMs) is largely attributable to industrial action in the first quarter of the calendar year, resulting in 24 days' production losses in January and February of this year, and interrupting the steady build-up of production during the second half of the financial year.

After lengthy negotiations, both the National Union of Mineworkers (NUM) and the United Association of South Africa (UASA) signed off a working conditions agreement in May, and continuous operations (including Sunday work) were resumed shortly thereafter. This industrial action caused production shortfalls from February through to June 2007.

Owing to the lower output, unit cash costs were negatively affected, rising from R398 per tonne to R476 per tonne in F2007. In spite of the production shortfalls, revenues were up by 32% year-on-year, largely a function of favourable metal prices and exchange rates.

Prospects for the year ahead

The steady improvement in production is expected to continue in F2008, meeting targets in the first half of the F2008 year and achieving steady-state by the end of the financial year.

Capital has been provided for the deepening of the North and South Shafts to sustain production at 240 000 tonnes per month in the medium term. Merensky trial mining is scheduled to continue at 10 000 tonnes per month in F2008. At the same time a conceptual study has been approved which will investigate an increase in the size of the mine in a modular and incremental manner.

MODIKWA PLATINUM MINE – OPERATIONAL STATISTICS

100% basis

		F2007	F2006	% change
Cash operating profits	Rm	923	360	156
Tonnes milled	Mt	2.32	2.51	(8)
Head grade (4E)	g/t	4.37	4.28	2
PGMs-in-concentrate	oz	274 174	293 313	(7)
Average basket price	R/kg	277 701	183 537	51
Cash cost	R/t	476	398	(20)
Cash cost	R/Pt oz	8 917	7 551	(18)
Cash cost	R/PGM oz	4 037	3 394	(19)
Capex	Rm	204	128	(59)
Headline earnings attributable to ARM (41.5%)	Rm	181	42	331

Platinum Division continued

TWO RIVERS PLATINUM MINE

ARM'S ECONOMIC INTEREST:	55 percent
MANAGEMENT:	Managed by ARM.
LOCATION:	Two Rivers is located near the town of Steelpoort, in Mpumalanga on the eastern limb of the Bushveld Complex.
GEOLOGY:	The mine property contains both Merensky and UG2 reefs. Initially the mine will exploit the more profitable UG2 reef only.
DESCRIPTION OF ASSETS:	The mine comprises an underground operation and a concentrator plant.
REFINING:	All metal produced is smelted and refined by Implats subsidiary Impala Refining Services.
NUMBER OF EMPLOYEES, INCLUDING CONTRACTORS:	1 964

Review of the year

The past financial year saw the start-up of production at Two Rivers Platinum Mine in August 2006. A total of 2.04 million tonnes were milled during the year with a mill head grade (6E) of 4.24g/t yielding 184 099 ounces of PGM concentrate. Two Rivers Platinum Mine generated good revenues, largely attributable to the exceptional metal prices achieved during the year. Costs were positively affected by the utilisation of the lower cost start-up stockpile of 1.1 million tonnes at the F2006 year-end. By the end of June 2007 the stockpile had reduced to 162 000 tonnes of lower grade ore.

Total cash costs at R392 million were well controlled in relation to production volumes and translated into unit costs of R192 per tonne milled. When excluding the stockpiled tonnages cash costs were R306 per tonne milled. During the year production was interrupted when contractor mining employees went on strike, which saw 14 days of lost production. The ramp-up resumed, however, after new employees were hired.

Ongoing ramp-up continues, and by the end of the first half of F2008, the Main Decline is scheduled to reach 185 000 tonnes per month; the North Decline is on track to produce 40 000 tonnes per month in the first quarter of 2008. The North Decline has intersected reef and is slightly ahead of schedule.

After wet commissioning of the concentrator plant in July 2006, the plant is operating at its design capacity of 225 000 tonnes per month, while further optimisation at the plant could see throughput increasing.

Prospects for the year ahead

The focus on project capital investment has shifted to operational sustaining capital. The North Decline is the last large-scale capital item which should be completed next year at a capital cost of R231 million. Capital expenditure in F2007 for the North Decline amounted to some R186 million. With the continuing ramp-up, production should continue to grow in F2008. A slight decline is expected in the head grade owing to the reef mix mined.

TWO RIVERS PLATINUM MINE – OPERATIONAL STATISTICS

100% basis		F2007	F2006
Cash operating profits (9 months)	Rm	945	
Tonnes milled	Mt	2.04	–
Head grade (6E)	g/t	4.24	–
PGMs-in-concentrate	oz	184 099	–
Average basket price	R/kg	316 260	–
Cash cost	R/t	192	–
Cash cost	R/Pt oz	4 458	–
Cash cost	R/PGM oz	2 129	–
Capex	Rm	464	957
Headline earnings attributable to ARM (55%)	Rm	280	–

NKOMATI MINE

ARM'S ECONOMIC INTEREST:	50 percent
MANAGEMENT:	The mine is managed as a 50:50 unincorporated joint venture with Norilsk Nickel.
LOCATION:	Located in the Machadodorp area of the Mpumalanga province, 300 kilometres east of Johannesburg.
GEOLOGY:	Nickel, copper, cobalt, chrome and PGM mineralisation at Nkomati occurs in a number of distinct zones within the Uitkomst Complex, a layered mafic-ultramafic intrusion, which is exposed in a broad valley dissecting the Transvaal Sequence in the Mpumalanga escarpment region. Defined zones of the Peridotite Chromititic Mineralised Zone (PCMZ) in the Chromititic Peridotite (PCR) unit, the Main Mineralised Zone (MMZ) in the Lower Pyroxenite (LrPXT) and the Massive Sulphide Body (MSB) were identified as economic.
DESCRIPTION OF ASSETS:	Nickel mining takes place through an underground shaft as well as through open-pit mining. Oxidised chromitite is also mined as part of the pre-strip of the future open pits.
REFINING:	Refining takes place through various tolling contracts.
NUMBER OF EMPLOYEES, INCLUDING CONTRACTORS:	1 050

Review of the year

During F2007 Nkomati processed 318 000 tonnes translating into 4 418 tonnes of nickel and 46 101 PGM ounces in concentrate at a negative cash cost, after by-product credits of US$1.10 per pound. The lower nickel production is largely owing to the lower grades and the tailing off of production from the MSB, which is almost entirely depleted. Nevertheless, revenues were 57% higher year-on-year at R1.4 billion, owing mainly to the positive price environment for all the commodities produced. Chrome contributed R214 million to revenues.

The unit mining cost increase to R503 per tonne milled was attributable largely to the impact of scattered mining used to extract the last remaining remnants of the MSB. The US Dollar per pound nickel cash cost produced an increased credit to US$1.10 per pound as the negative impact of the on-mine cost increase was more than offset by strong PGM and copper prices. Chrome fines stockpiled at year-end amounted to 673 000 tonnes.

Prospects for the year ahead

The Large Scale Expansion Project was approved subsequent to the financial year-end. (Refer to the next page for more detail.) Build-up of production, in line with the interim plan, continues. Chrome mining will continue for a period of four years. Nkomati's exploration activity also continues. Nickel output is likely to increase in the next financial year, while PGM production is expected to be maintained at current levels.

NKOMATI MINE – OPERATIONAL STATISTICS

100% basis

		F2007	F2006	% change
Cash operating profit	Rm	1 011	547	85
Tonnes milled	000 t	318	373	(15)
Head grade	% ni	1.57	1.89	(17)
On-mine cash cost per tonne treated	R/t	503	392	(28)
Cash cost (net of by-products)	US$/lb	(1.10)	(0.36)	206
Contained metal				
Nickel	t	4 418	5 616	(21)
PGMs	oz	46 101	49 437	(7)
Copper	t	2 788	3 398	(18)
Cobalt	t	208	257	(19)
Chrome ore sold	t	584 177	–	–
Headline earnings attributable to ARM (50%)	Rm	337	185	82

NKOMATI LARGE SCALE EXPANSION PROJECT

In September 2007, ARM and Norilsk Nickel approved the release of the R3.2 billion (US$445 million) Nkomati Phase 2 Large Scale Expansion Project to increase average annual nickel production to 20 500 tonnes per annum from 5 500 tonnes per annum and to extend the life of mine by 18 years to 2027.

THE PHASE 2 EXPANSION

The Phase 2 Large Scale Mining Expansion will exploit two zones of the large layered polymetallic disseminated sulphide resource, which contains 904 335 tonnes of nickel. In addition to nickel, by-products of PGMs, chromite, copper and cobalt will also be recovered.

Mining will continue from the underground mine, at the rate of 47 000 tonnes per month, and the development of two new open-pits, Pits 2 and 3, which will produce 578 000 tonnes of ore per month at steady-state production. The MMZ nickel cut-off grade will be 0.24% and the PCMZ nickel cut-off grade will be 0.16%. The average mill grade for the total project will be in the order of 0.4% nickel, over the life of the mine.

The current 100 000 tonne per month concentrator will be upgraded to 250 000 tonnes per month to process the PCMZ ore and a new 375 000 tonne per month concentrator for the MMZ will be constructed to give an overall concentrator capacity of 625 000 tonnes per month. The mine's related infrastructure will also be upgraded, including construction of two new tailing facilities and an upgrade of the power supply.

Construction will commence in early 2008 and is scheduled to take 24 months from announcement date. Production will be sequenced, targeting initial production ramp up from the MMZ concentrator during the third quarter 2009, with full production by first quarter 2010, and then initial PCMZ production ramp up targeted during the third quarter 2010, with full production by 2011.

Average annual nickel production in concentrate is forecast to be 20 500 tonnes over the 18-year life of mine. By-product production is expected to be 9 000 tonnes per annum of copper and 110 000 ounces per annum PGMs, predominantly palladium. The mine will continue to generate 1 million tonnes of oxidised chrome ore for sale over four years.

The expansion secures 254 jobs and creates an additional 330 new jobs. During construction the project will employ some 2 000 contractors.

PROJECT ECONOMICS

The project assessment was based on a capital cost of R3.2 billion ($445 million) in May 2007 terms and an average nickel cash cost forecast of $3.57/lb. This will result in an after-tax real IRR greater than 20%. The project will be funded from Nkomati internal cash flows and by both partners when required. The release of the project triggers the US$20 million payment by Norilsk Nickel (previously LionOre) to ARM in accordance with the original transaction.

REFINING

Nkomati has already secured toll smelting and refining capacity for its concentrate. A bankable feasibility study (BFS) will be carried out during 2008 to examine the viability of constructing an Activox® refinery for Nkomati.

NKOMATI EXPANSION PHASES (ON A 100% BASIS)

	Phase 1 (interim) completed	Phase 2 (large scale) Released for construction		Total Nkomati at steady-state
		A	B	
Plant capacity (tpm):	MMZ 100 000	MMZ 375 000	PCMZ 250 000	Total 625 000
	MMZ Underground MMZ open-pit	MMZ Underground MMZ open-pit	PCMZ open-pit	MMZ/PCMZ combined
Nickel production (tpa)	c. 5 500	c. 15 000	c. 5 500	c. 20 500

KALPLATS PGM EXPLORATION PROJECT

ARM'S ECONOMIC INTEREST:	ARM's current interest is 90 percent. A dilutionary clause in the joint venture agreement between the partners provides for Platinum Australia (PLA) to earn up to 49 percent in the project by completing a bankable feasibility study and making its proprietary Panton Metallurgical Process available for the project at no cost.
MANAGEMENT:	Project managed by PLA during feasibility phase.
LOCATION:	Located in the North West Province, 330 kilometres west of Johannesburg.
GEOLOGY:	The project lies within the western limb of the Kraaipan Greenstone Belt, some 45 kilometres to the west of the existing Kalahari Goldridge mining project. PGM mineralisation is developed within the Stella Layered Intrusion hosted within the Kraaipan greenstones and occurs as magmatic segregation reef deposits that are hosted in a magnetite gabbro within the steeply dipping Stella Layered Intrusion (SLI). A total of seven separate PGM deposits and three prospects have been identified over the 12 kilometre strike length of intrusion, and potential exists for further discoveries in the project area.
REVIEW OF THE YEAR:	Feasibility work on the metallurgical behaviour of the ore has progressed satisfactorily.

During the year 26 000 metres of the planned 45 000 metres of geological drilling were completed. Drilling is on schedule for completion by the end of the calendar year.

Two diamond drill rigs and a reverse circulation rig are located on site. Kalplats is also involved in a pre-feasibility study, expected to be completed by the start of the 2008 calendar year.

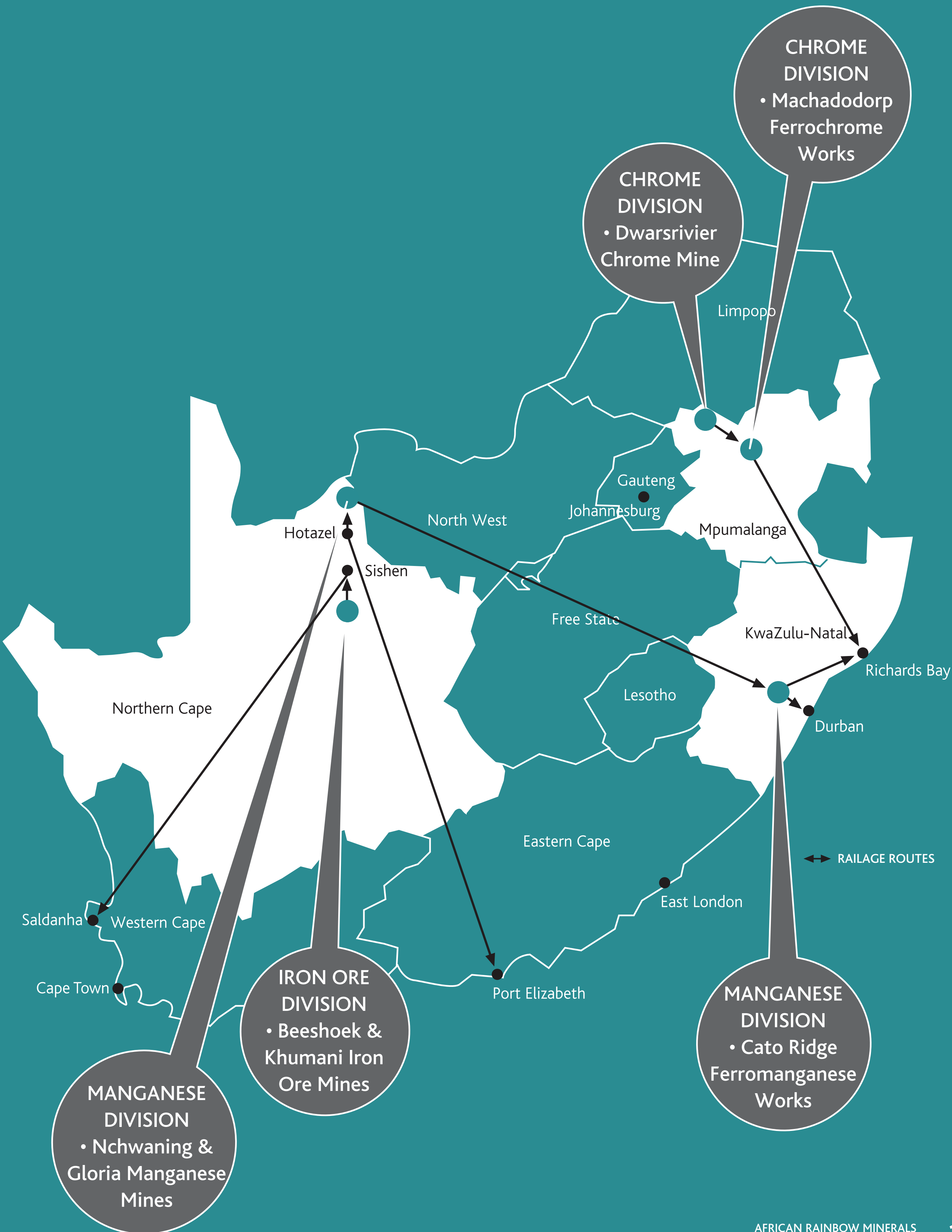
ABOUT ARM FERROUS

ARM Ferrous' interests comprise a 50 per cent stake in Assmang Limited's (Assmang) operations. Assmang is jointly controlled with Assore Limited (Assore).

Assmang's operating divisions are based on its three principal commodities:

- The Iron Ore Division, comprising the Beeshoek Iron Ore Mine and the Khumani Iron Ore Mine in the Northern Cape Province;
- The Manganese Division, comprising the Nchwaning and Gloria Manganese Mines, also in the Northern Cape Province, and the Cato Ridge Ferromanganese Works in KwaZulu-Natal Province. In addition, this division holds a 50 percent interest in Cato Ridge Alloys (Pty) Ltd, a joint venture between Assmang, Mizushima Ferroalloys Company Limited and Sumitomo Corporation;
- The Chrome Division, comprising the Dwarsrivier Chrome Mine and the Machadodorp Ferrochrome Works, both in Mpumalanga Province.

FERROUS DIVISION



ARM FERROUS

KHUMANI IRON ORE MINE

Ferrous Division

JAN STEENKAMP
CHIEF EXECUTIVE: ARM FERROUS

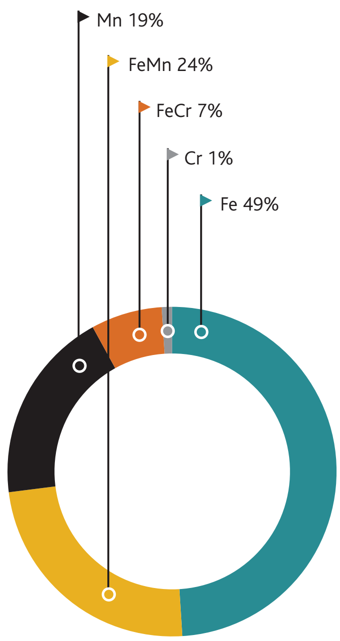
PERFORMANCE

Looking back, F2007 was a successful year for the Ferrous Division particularly in terms of maintaining production at all operations.

These achievements translated to a 41% increase in Assmang's turnover for the year to R6.1 billion. Headline earnings almost doubled to R1.3 billion (F2006: R680 million), attributable mainly to higher US dollar prices for Assmang's commodities, increased volumes and a softer Rand exchange rate against the US currency.

A number of records were achieved during the year – notably in production and sales of iron ore and in manganese and chrome ore sales. It was also an excellent year in terms of chrome production.

EARNINGS IN THE DIVISION



PRODUCT SALES – FERROUS DIVISION

100% (000t)	FY2007	FY2006	% change
Iron ore	6 855	5 926	16
Manganese ore*	2 327	1 678	39
Manganese alloys*	251	260	(3)
Chrome ore*	172	178	(3)
Charge chrome	232	210	10

** Excluding inter-group sales*

QUICK OVERVIEW OF MINING OPERATIONS

Operation	ARM ownership level and management	Location	Product	Status	Production F2007 (000t)	Capacity at steady-state		Life of mine
						000tpa	Financial Year	
Nchwaning	50%	Hotazel	Manganese ore	Producing	2 418	3 000	Dependent on market demand and logistics	30
Gloria	50%	Hotazel	Manganese ore	Producing	429	600	Dependent on market demand and logistics	30
Dwarsrivier	50%	Lydenburg	Chrome ore	Producing	710	1 500	2009	30
Beeshoek	50%	Postmasburg	Iron ore	Producing	6 675	6 000	Volumes to decline as Khumani ramp-up occurs	7
Khumani	50%	Kathu	Iron ore	Develop-ment and ramp-up		10 000	1Mt by 2008 10Mt by 2010	30
Khumani Expansion (Potential)	50%	Kathu	Iron ore	Potential		16 000	Dependent on logistics	30

Ferrous Division continued

Specifically the Dwarsrivier Chrome Mine, which is still in ramp-up phase, has performed well. At Beeshoek, which is now reaching the end of its life, performance was satisfactory in challenging circumstances, with some product quality deterioration. This will be addressed in F2008 by transporting about 1 million tonnes of unprocessed iron ore from the newly-developed Khumani project to Beeshoek, where the existing pits at Beeshoek will be producing about 3.5 million tonnes and detrital ore will be contributing about 1.5 million tonnes. By transporting ore from Khumani to Beeshoek, the mine will be in a position to meet its contractual requirements in terms of its transport agreements with Transnet, thereby ensuring consistent and reliable supply to customers.

Khumani, essentially in a ramp-up phase over the next 36 months, is set to produce its first million tonnes in F2008. The construction of Khumani has been a particular highlight in the past year, especially in a burgeoning South African economic environment, where skills are in short supply, and suppliers and contractors are overcommitted. Khumani, at a capital cost of R4 billion, is currently one of the largest mining projects to come on stream in South Africa and will continue to contribute to ARM Ferrous for at least 30 years.

LOGISTICS

Volume growth for ARM Ferrous continues to be constrained by freight and logistical capacity in South Africa. However, Assmang has made excellent progress in its deliberations with Transnet, with the following key developments:

- Iron ore via Saldanha Bay: On 19 June 2007 Assmang signed a 10 million tonnes per annum, railage and port services contract, effective from 1 July 2007 until July 2027. From July 2008, Assmang will start ramping up to produce 10 million tonnes per annum. During the past financial year nearly R2.4 billion has been committed for the construction of the Khumani mine. Should there be further available logistic capacity the division will be in a position to expand. The resource can optimally support a 18 million tonnes per annum operation. Transnet is currently busy with a feasibility study to investigate the channel expansion capacity from the existing 47 to 67 million tonnes per annum, and thereafter, possibly to levels of 90 million tonnes per annum and above.
- Manganese via Port Elizabeth: Transnet is busy with a feasibility study to increase both rail and port capacity from the existing 3.0 to some 4.5 million tonnes per annum. Assmang intends to take up 2.8 million tonnes per annum of the capacity, while negotiations are in progress to resolve the capacity allocation. The next phase of development, up to and beyond the 6 million tonnes per annum level through the ports of either Port Elizabeth (or Nqgura) is only at a pre-feasibility stage. The challenge remains the requirement to produce and sell more than 3.5 million tonnes per annum, if supported by demand.
- Chrome: The chrome operations present different challenges, associated mainly with their location within the South African landscape and the historical legacy of the lack of dedicated railway lines in the Machadodorp/Steelpoort area. Currently, Assmang's chrome ore and alloys are moved by general freight lines and also by road. In the short term this situation is likely to persist.

MARKETS

The markets for all ferrous commodities in the past year have been buoyant, and the division sees a continued bullish trend for most of its commodities. The growth in steel continues to be driven primarily by Chinese demand.

The bullish market, fuelled by demand outstretching supply, is likely to be sustained until at least 2010, at which stage the group expects some softening, not necessarily associated with any slowdown in China, but rather with anticipated new supply coming on stream. New projects for all the commodities produced are currently on the drawing board or in construction. These could be affected by the increasing cost of capital, and the global shortage of skills which could have a negative impact particularly on the smaller projects.

India remains an unknown entity in terms of new supply. With continued GDP growth in that country their production may be consumed locally, with the consequent effect on their exports. Already the division has noted that some of India's export manganese tonnages have been cut back and utilised locally. The challenge for ARM Ferrous is to grow its share in the global market, particularly against the background of the logistics challenges in South Africa.

GROWTH

In an effort to grow the markets for its commodities, Assmang recently commissioned an in-depth external expert study into changes in the global steel industry. The division has been encouraged by new opportunities which demonstrate the potential of increasing the manganese units utilised in the manufacture of steel products.

The quality of ore produced in South Africa also stands it in good stead in any potentially declining market, in that the unique physical and chemical composition of both South African iron and manganese ores are essential in producing low-cost high quality steel.

CAPITAL EXPENDITURE

Khumani Iron Ore Mine, currently in the capital consumption phase, absorbed some R1.67 billion for the financial year. Total capital committed amounted to R2.4 billion, with all critical imported capital equipment already in South Africa. The remaining 12-month construction phase will require a further R2.3 billion. Some R280 million has already been expended on the newly-constructed Dwarsrivier Chrome Mine. At the Cato Ridge Works R100 million was spent on dust and fume control and on upgrading furnaces.

PROSPECTS FOR THE YEAR AHEAD

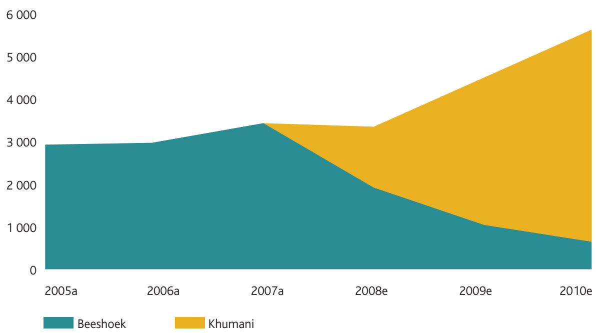
The outlook for F2008 in terms of demand and pricing remains positive. The tailing off of output from Beeshoek Iron Ore Mine will affect production costs during the course of 2008, until Khumani Iron Ore Mine is fully ramped up to steady-state production levels.

At the manganese division, higher volumes are expected at a lower unit cost. The division also believes that it will be in a position to derive more benefit from future production growth in alloys, which will result in higher margins per tonne of ore from this business unit.

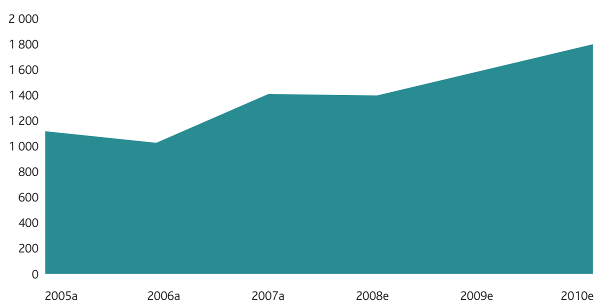
ARM FERROUS

PRODUCTION CAPACITY (THOUSAND TONNES)

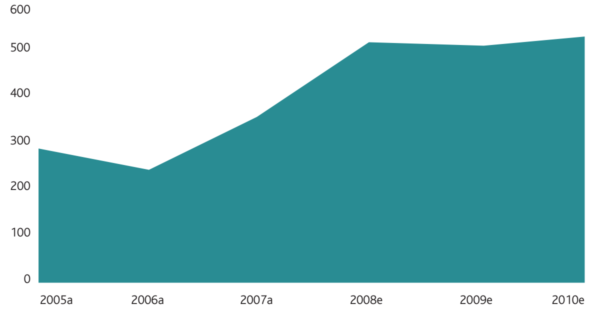
IRON ORE



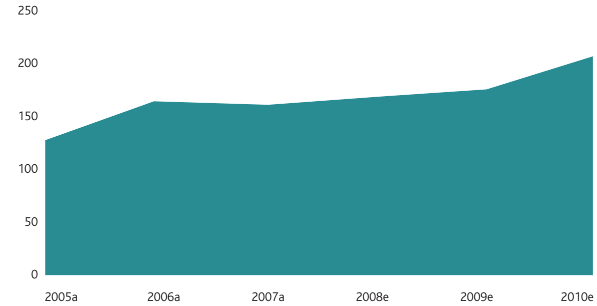
MANGANESE ORE



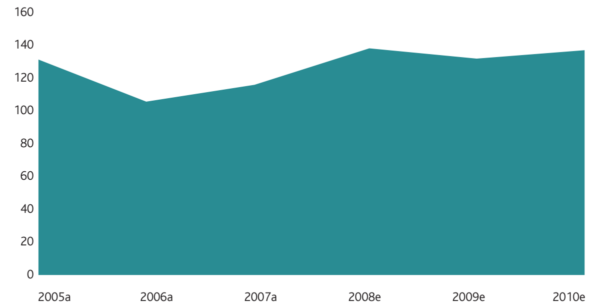
CHROME ORE



FERROMANGANESE



CHARGE CHROME



Ferrous Division continued

IRON ORE DIVISION: BEESHOEK AND KHUMANI

ARM'S ECONOMIC INTEREST:	50 percent
MANAGEMENT:	Joint management by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function.
LOCATION:	Near Postmasburg in the Northern Cape Province.
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.
DESCRIPTION OF ASSETS:	The Beeshoek open pit operations comprise five operating opencast pits with supporting infrastructure such as processing plants, load-out stations, mining vehicles and housing. The first Khumani pit has been blasted; other infrastructure is at varying stages of completion.
CAPACITY:	Current capacity of 6 million tonnes per annum. Production at Beeshoek will reduce significantly from F2009 as Khumani ramps up to 10 million tonnes per annum.
NUMBER OF EMPLOYEES, INCLUDING CONTRACTORS:	1 550
LIFE OF MINE:	Beeshoek (±7 years) Khumani (+30 years at 16 million tonnes per annum)

REVIEW OF THE YEAR

The iron ore cost per tonne at Beeshoek increased by 33% due to additional contractors, at higher cost, being employed to maximise capacity. In addition, Khumani detrital ore is being transported to Beeshoek by road for processing, while the Khumani plant is under construction, which has resulted in higher transport costs.

PROSPECTS FOR THE YEAR AHEAD

As Khumani starts processing its ore from the first quarter in 2008, the cost of production will reduce significantly, with projected mining costs at steady state expected to be approximately 25% lower than currently experienced.

KHUMANI IRON ORE MINE

The mining licence for Khumani Iron Ore Mine was approved in December 2006, while a revised export contract was concluded with Transnet in May 2007. This provides for a 20-year contract at 10 million tonnes per annum. The first blast, exposing 600 000 tonnes of ore, was undertaken in May 2007 and the first export railing is planned for April 2008.

Funding is being provided from the Assmang balance sheet. Assmang anticipates considerable cost efficiencies to be achieved at steady-state, with on-mine costs anticipated to be 25% lower than Beeshoek. The potential for expansion to 16 million tonnes per annum is being explored.

Production from this opencast mine commenced from three pits on the Bruce farm. Blasted products from the pits are to be trucked to a primary crusher and this crushed product conveyed to a central processing plant. A two-stage crushing and screening plant is being constructed. A portion of the ore will be upgraded through the installation of a Dense Media Separation (DMS) facility. A rapid load out train station is provided for, whereafter the ore will be transported to Saldanha harbour for export.

ARM FERROUS

KEY STATISTICS

IRON ORE – BEESHOEK AND KHUMANI

		F2007	F2006	% change
Iron ore produced	000t	6 675	5 536	21
Sales volumes	000t	6 855	5 926	16
Revenues	Rm	2 163	1 411	54
Cash costs	Rm	504	315	60
Operating profit	Rm	962	554	74
Capex	Rm	1 735	346	401

KHUMANI IRON ORE MINE

Ferrous Division continued

CHROME DIVISION: DWARSRIVIER CHROME MINE AND MACHADODORP SMELTER

ARM'S ECONOMIC INTEREST:	50 percent
MANAGEMENT:	Joint management by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function.
LOCATION:	Dwarsrivier chrome mine is located near the town of Steelpoort, in Mpumalanga Province, some 140 kilometres from the Machadodorp smelter and about 320 kilometres from Johannesburg. The Machadodorp smelter is located near the town of Machadodorp, in Mpumalanga Province, some 300 kilometres from Johannesburg.
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 PGMs, chromium and vanadium. The sixth chromitite seam in the Lower Group (LG6), is an important source of chromite ore and is the orebody 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. The average thickness of the LG6 seam is about 1.86 metres in the Dwarsrivier area.
DESCRIPTION OF ASSETS:	The Dwarsrivier operation comprises one underground mine with supporting infrastructure, including processing plants. The alloy 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.
CAPACITY:	1.2 Mtpa run of mine ore 290 000 tpa FeCr
NUMBER OF EMPLOYEES, INCLUDING CONTRACTORS:	1 572
LIFE OF MINE:	30 years

REVIEW OF THE YEAR

The Dwarsrivier Chrome Mine is in a ramp-up phase to achieve an annual production capacity of 1.4 million tonnes per annum. The cost of production from the mining increased by 21% year-on-year as a result of all tonnage being produced from underground, where in the previous year most tonnage was produced from an open-cast mine. A benchmark study indicated that the Dwarsrivier Chrome Mine and the Machadodorp Smelter controlled costs within industry cost parameters.

The chrome division achieved a significant improvement in earnings contribution to the company, mainly due to improved charge chrome prices, cost control and weaker Rand/US dollar exchange rate.

PROSPECTS FOR THE YEAR AHEAD

The demand for stainless steel, specifically in China will remain strong with a relatively strong charge chrome price for at least most of the 2008 financial year.

Further organic growth will be assessed to optimise the exploitation of the chromite resource at the Dwarsrivier Chrome Mine.

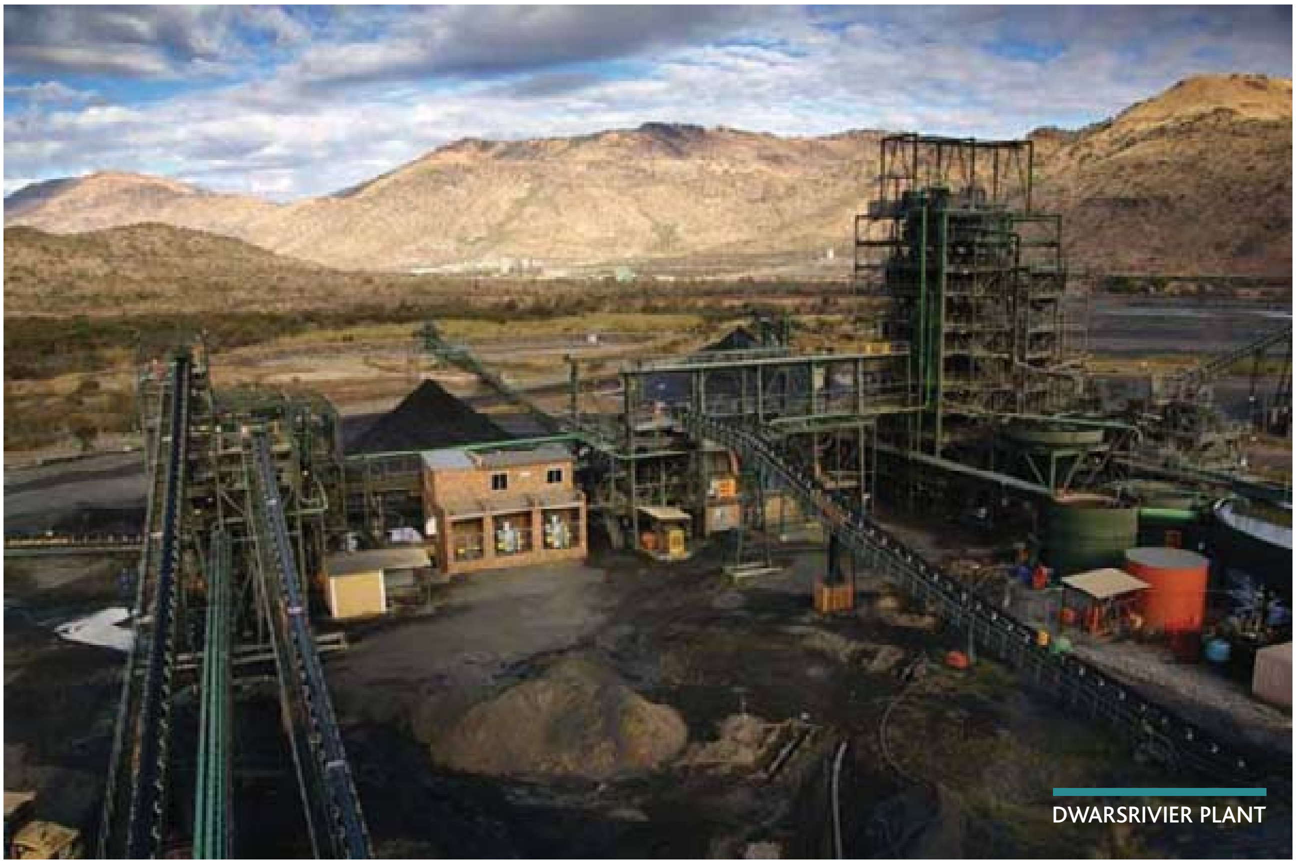
CHROME ORE – DWARSRIVIER

		F2007	F2006	% change
Chrome ore produced	000t	710	526	35
Chrome ore sold*	000t	172	178	(3)
Sales revenues*	Rm	78	69	13
Cash costs	Rm	186	114	63
Operating profit	Rm	(12)	(6)	(100)
Capex	Rm	122	61	100

**Excluding intra-company sales*

CHARGE CHROME – MACHADODORP WORKS

		F2007	F2006	% change
Charge chrome produced	000t	242	230	5
Charge chrome sold	000t	232	210	10
Sales revenues	Rm	1 195	870	37
Cash costs	Rm	768	689	12
Operating profit	Rm	126	(23)	648
Capex	Rm	77	58	33



DWARSRIVIER PLANT

MANGANESE DIVISION: NCHWANING AND GLORIA MANGANESE MINES, AND CATO RIDGE FERROMANGANESE SMELTER

ARM INTEREST:	50 percent
MANAGEMENT:	Joint management by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function.
LOCATION:	The Nchwaning and Gloria mines are located at Black Rock, near Kuruman in the Northern Cape Province. The Cato Ridge Works and Cato Ridge Alloys (Pty) Ltd are located at Cato Ridge in KwaZulu Natal Province.
GEOLOGY:	The manganese ores of the Kalahari Manganese field are contained within a sequence of Pre-Cambrian sediments of the Transvaal Supergroup and are confined to the Hotazel formation of the Griqualand West Sequence. 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 strata-bound and stratiform nature of the orebodies suggests a sedimentary origin. Subsequent faulting created a plumbing system for hot hydrothermal fluids to circulate through the sedimentary package, driven by convection cells within the underlying and cooling lava sequence. It was through this mechanism that minerals were introduced into the sediment belts. The manganese orebodies exhibit a complex mineralogy and more than 200 mineral species have been identified. The hydrothermal upgrading has resulted in a zoning of the orebody with regard to fault positions. A similar type of zoning also exists in the vertical sense. At the top and bottom contacts it is common to have high iron and low manganese 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.
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 one furnace being utilised to produce refined ferromanganese.
CAPACITY:	3.5 million tonnes per annum mining operations only. 300 000 tonnes per annum alloy operations
NUMBER OF EMPLOYEES, INCLUDING CONTRACTORS:	1 689
LIFE OF MINE:	+30 years

REVIEW OF THE YEAR

The manganese mines as well as the ferromanganese smelter had an exceptional year in terms of safety, production and sales volumes, and below inflationary cost increases.

The earnings generated from this division increased by 77% to R576 million (100% basis). This increase is due to strong manganese unit prices, cost control and a weaker average Rand/US$ exchange rate.

PROSPECTS FOR THE YEAR AHEAD

The demand for steel remains strong. New supply into the market during the ensuing year is limited with a resultant strong price expectation. At the Cato Ridge Smelter significant capital will be spent to further improve furnace efficiencies and the control of dust and fumes.

A feasibility study to evaluate the construction of a new furnace at Cato Ridge will also be concluded during the year.

At the manganese mines a detailed investigation and evaluation will be done to assess future plant throughput capacity.

ARM FERROUS

MANGANESE ORE – NCHWANING AND GLORIA

		F2007	F2006	% change
Manganese ore produced	000t	2 847	2 572	11
Manganese ore sales	000t	2 327	1 678	39
Revenues	Rm	1 310	994	32
Cash costs	Rm	398	348	14
Operating profit	Rm	452	408	11
Capex	Rm	174	157	(11)

MANGANESE ALLOYS – CATO RIDGE WORKS

		F2007	F2006	% change
Manganese alloys produced	000t	347	306	13
Manganese alloys sold*	000t	251	260	(3)
Sales revenue*	Rm	1 380	1 014	36
Cash costs	Rm	744	652	14
Operating profit	Rm	449	100	349
Capex	Rm	123	83	(48)

Excluding intra-company sales

UNDERGROUND AT DWARSRIVIER

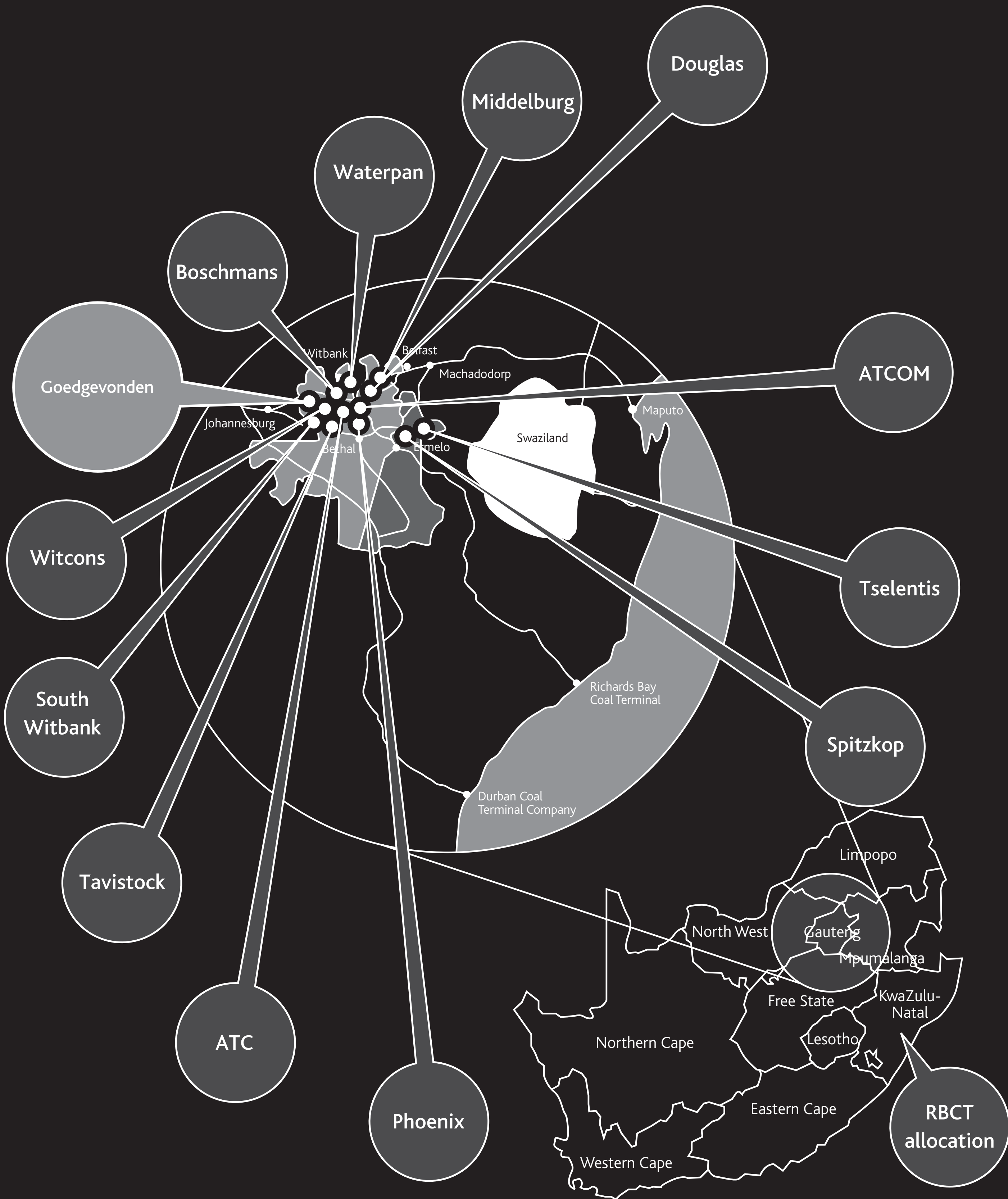
ABOUT ARM COAL

ARM Coal was created in July 2006 following a transaction with Xstrata valued at some R2.4 billion. ARM Coal is 51 percent held by ARM and 49 percent by global diversified mining group Xstrata. On 1 September 2006 ARM acquired an additional 10 percent stake in Xstrata's South African existing coal operations, giving ARM an effective 20.2 percent holding in these assets

ARM Coal holds the following coal interests:

- a 20 percent equity-based participation in Xstrata's South African coal assets; comprising 12 operating coal mines located near the towns of Witbank, Middelburg and Ermelo in Mpumalanga;
- 51 percent joint ownership of the Goedgevonden Coal Project, near Ogies, also in Mpumalanga; and
- access to Xstrata's 20.9 percent interest and allocation in RBCT;
- an export allocation of 3.2 million tonnes per annum in the RBCT Phase 5 expansion which is due to be commissioned in the first half of 2009, which will be utilised by the Goedgevonden Coal Project.

COAL DIVISION



GOEDGEVONDEN COAL PROJECT

Coal Division

MANGISI GULE
CHIEF EXECUTIVE: ARM COAL

OVERVIEW OF XSTRATA COAL SOUTH AFRICA'S EXISTING OPERATIONS

ARM's ECONOMIC INTEREST:	20.2 percent
MANAGEMENT:	Xstrata manages 10 of 12 mines
LOCATION:	Witbank, Middelburg and Ermelo in Mpumalanga Province.
GEOLOGY:	The coal deposits are contained within the Karoo Sequence which unconformably overlies rocks of the Basement Igneous Complex. The stratigraphy of the Karoo Sequence consists of the Dwyka Formation at the contact with the Basement Igneous Complex, overlain by the Vryheid Formation. Formerly known as the Middle-Ecca-Stage, this fluvio-deltaic formation consists of a cyclic series of upward-coarsening sedimentary units, each capped by a coal seam. The coal seams are numbered from No. 1 seam at the base to No. 5 seam at the top of the sequence.
DESCRIPTION OF ASSETS:	Xstrata Coal South Africa (XCSA) operates 10 mines in South Africa. It also has a 16% interest in the Douglas Tavistock Joint Venture (DTJV) with BHP Billiton. Four mines are open-cast mines and the balance are underground mines. Xstrata owns 20.9 percent of RBCT.
CAPACITY:	Sales in the order of 22 million tonnes per annum with approximately 60 percent exported. About 59 percent of production is from underground operations.
NUMBER OF EMPLOYEES:	4 700.
LIFE OF MINE:	Economic life of eight to 28 years.

A highlight for the division in the past financial year was the release of the Goedgevonden project. On 1 January 2007 XCSA's holding in the ATC and ATCOM collieries increased to 100 percent. The acquisition of the remaining 50 percent stakes in these mines previously held by Total Coal South Africa, secures full ownership, thereby contributing also to their enhanced efficiency, benefiting ARM Coal.

For a new division within the broader group, ARM Coal's results for the year reflect a creditable performance from the division. Consolidated production and sales tonnes disclosed relate to 100 percent of the XCSA operations. Attributable production and sales relate to the ARM Coal share, being 20 percent of XCSA and 51 percent of the Goedgevonden Coal Project, and ARM's direct 10 percent of XCSA. (Refer to table on page 44.)

First production from Goedgevonden Coal Project is expected in 2009, building up to steady state levels in 2011. Total capital for the project is estimated at R2.9 billion, to be funded through a project finance facility from Xstrata. Production from the Goedgevonden Coal Project is likely to translate into sales of 6.7 million tonnes per annum, with similar portions allocated to the domestic power generating industry and the export thermal coal sector.

As the majority shareholder in the Goedgevonden Coal Project, ARM Coal has the majority representation on the project steering committee, although XCSA provides the management in terms of a service agreement. The conversion for the Goedgevonden Coal Project new order mining right has been finalised. The company has applied for a new order mining right in respect of the Zaaiwater property and is in discussions with the DME in this regard.

ARM Coal's application for an allocation of 3.2 million tonnes of export allocation in the RBCT phase 5 expansion was successful. ARM Coal's share of the expansion is estimated to cost R314 million and should be commissioned during the first half of 2009. Coal mined from the Goedgevonden Coal Project will be exported through the new facility.

COAL MARKETS

Thermal coal prices have benefited from the continued increases in demand for energy. Demand has also emanated from China, where the state has implemented measures to ensure safer mining, resulting in lower Chinese production. This demand, coupled with low supply levels from both Australia and Indonesia and ever-growing requirements from the subcontinent, has fuelled the demand for alternative sources of coal and South Africa has benefited from this situation. At the same time, import growth from Japan and India remains strong. This position is likely to persist in the short to medium term, as suppliers work towards bringing new production on stream. Apart from Indonesia, coal producers world-wide have been affected by infrastructure constraints, supporting our view that the strength in prices is anticipated to be sustained. The South African market remained firm, with the tight availability of

Coal Division continued

high-quality coal leading to increased domestic prices.

GOING FORWARD

ARM Coal's growth is inextricably linked with that of our partner, XCSA, and we have a right of first refusal on any new projects they may enter into. In the year ahead our major focus will be on:

- Consolidating GGV and meeting the various target dates leading up to the commissioning while remaining within budget;
- Maximising production by increasing operational efficiencies;
- Continued focus on costs; and
- Exploring further growth prospects with our partners, having secured 18 prospecting rights in the surrounding areas.

ARM COAL OPERATIONAL STATISTICS

	Units	F2007	F2006*	% change
Consolidated saleable production	Mt	23.1	17.9	29
Export thermal coal sales	Mt	13.6	13.0	5
Domestic thermal coal sales	Mt	9.0	6.2	45
Attributable saleable production	Mt	4.5	3.5	29
Export thermal coal sales	Mt	3.0	2.5	20
Domestic thermal coal sales	Mt	1.7	1.2	42
Average received coal price				
Export (FOB)	US$/t	44.5	42.4	5
Domestic (FOR)	R/t	70.0	82.2	(15)
On mine saleable cost	R/t	147.9	178.5	17
Cash operating profit				
Consolidated	Rm	1 387	908	53
Attributable	Rm	268		
Headline earnings attributable to ARM	Rm	1	0	

** For comparison purposes only, transaction effective 1 July 2006*

OVERVIEW OF GOEDGEVONDEN COAL PROJECT

ARM's ECONOMIC INTEREST: 26.01 percent

MANAGEMENT: The project is managed by a Project Steering Committee on which ARM has majority representation. The mine is operated by XCSA on behalf of the joint venture partners.

LOCATION: The mine is situated near the town of Ogies in Mpumalanga.

GEOLOGY: Goedgevonden Coal Project is located near the southern margin of the Witbank Coalfield which is clearly defined by pre-Karoo granite and felsite hills. All five coal seams present in the Vryheid Formation are developed within the Goedgevonden Colliery Project Area. The Number 1 seam at the base is of poor quality and only developed in the paleo low areas. The No. 2 seam is the most extensively developed seam and consists of a basal bright band overlain by lustrous to dull lustrous coal with thin bright bands. The thin uneconomic No.3 seam is developed between the No. 2 and No. 4 seams. The No. 4 seam, being closer to surface is more influenced by weathering and is subsequently not as extensively developed as the No. 2 Seam. The No. 4 seam consists of a basal bright band overlain by a zone of dull and dull lustrous coal with thin bright bands and carbonaceous shale/mudstone partings. The No. 5 seam is preserved as erosional remnants on the higher ground and consists of a bright, well-banded, vitrain rich coal.

DESCRIPTION OF ASSETS: An opencast mine. At full production the mine will produce 6.7Mtpa by means of a single dragline. Full production is expected to be reached during the 2011 calender year.

CAPACITY: Total sales will be 6.7Mtpa at full production of which 3.5Mtpa will be sold on the domestic market and the balance will be exported.

NUMBER OF EMPLOYEES: 18 (at full production the complement will be approximately 250).

LIFE OF MINE: 33 years.

ARM COAL

COAL LOADING

ABOUT TEAL

ARM holds a 65% interest in TEAL Exploration & Mining Incorporated (TEAL), which holds a strategic portfolio of high quality base and precious metal development projects and exploration prospects in the Democratic Republic of Congo (DRC), Namibia and Zambia. The TEAL board operates independently from ARM with an arm's length agreement governing the relationship between the companies. A number of ARM board members and executives serve on the TEAL board. TEAL is listed on the Toronto Stock Exchange (TSX) in Canada and in South Africa on the JSE.

TEAL has targeted three specific projects for rapid development:

- Konkola North, the second-largest known resource in the Zambian copperbelt
- Kalumines, a producing copper-cobalt mine in the DRC where TEAL intends to build a significantly larger mining operation and where three additional known shallow deposits exist with high copper-cobalt grades
- In Namibia, the Otjikoto Gold Project and Otavi Exploration Area where an inferred resource of nearly 1.8 million ounces has recently been established

TEAL

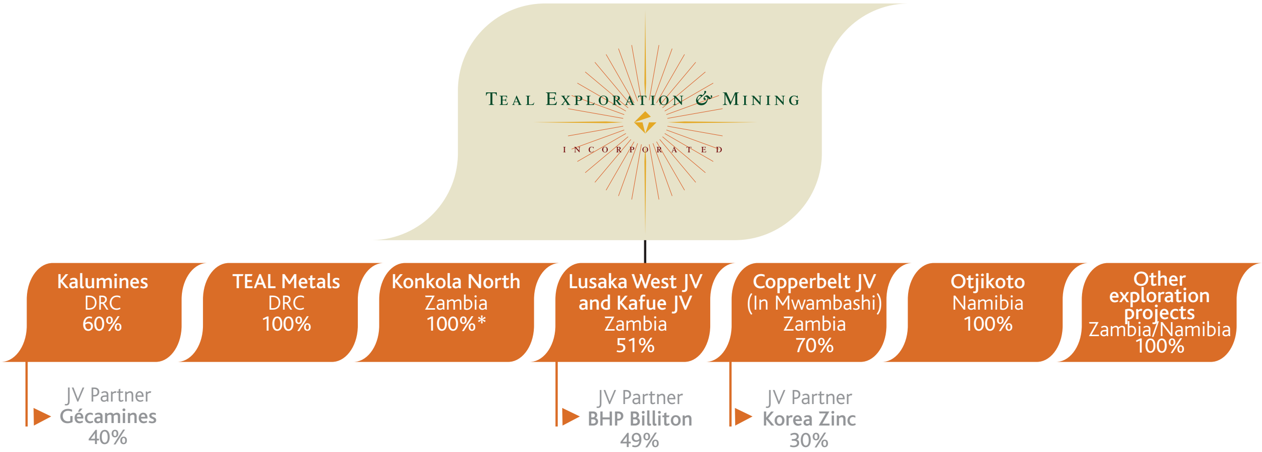
EXPLORATION

KONKOLA NORTH

TEAL

RICK MENELL
PRESIDENT AND CEO: TEAL

TEAL CORPORATE STRUCTURE



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

REVIEW OF THE YEAR

In the past year TEAL has made rapid progress in proving up resources within its extensive mining and exploration licences in sub-Saharan Africa, advancing its projects and bringing them into production.

A major area of focus in the year was the Kalumines Copper-Cobalt Project in the DRC, held jointly with Gécamines, that country's state-owned mining company. Exploration drilling has progressed well in the past year, with plans in the next financial year to continue this programme, with the objective of supporting a major mine development in that country. In October 2007 the smelter started commissioning, and opencast mining on the Lupoto deposit is running at a rate of 110 000m^3 per month, and expected to produce some 40 000 tonnes of concentrate at a grade of more than 25% copper. The smelter has a capacity to produce some 5 000 tonnes per annum of 'black copper' ingots, grading 85 to 95% copper.

Capital expenditure associated with the project comprised a sum of US$2 million on the mine commissioning, and some US$6 million on the commissioning of the smelter.

TEAL has also concluded a scoping study based on a larger mine at Kalumines. This is being followed by the conclusion of verification and infill drilling, and together with the requisite metallurgical work, this will enable the conclusion of a feasibility study for a larger open-pit operation and plant.

In Zambia, at the Konkola North Copper Project, a feasibility study into the establishment of an operation to mine the South and East Limb areas of the orebody was completed six months ahead of schedule in July 2007. The Konkola North project is expected to build up to annual copper production of 25 000 tonnes. Consideration is being given to the establishment of an operation producing 1 250 000 tonnes per annum of ROM ore by using existing infrastructure to access the orebody first in the South Limb, and followed by mining the East Limb. Konkola North has the potential to grow into a significant producer.

Also in Zambia, the Mwambashi Copper Project includes an open pit capable of producing 12 000 to 15 000 tonnes of copper annually. The feasibility study on the project was completed ahead of schedule in August 2006; full release of the operation remains subject to securing an offtake agreement with a third party to treat Mwambashi's ore, which in the early years is largely oxide-based. Although the process of concluding an off-take agreement advanced over the past year, in the absence of concluding suitable terms, TEAL is assessing various alternatives.

TEAL's progress at the Otjikoto Gold Project in Namibia has manifested in a 1.76 million ounce inferred gold resource. TEAL is currently conducting an exploration programme over a portion of the property to expand and upgrade the current resource base through further drilling and a pre-feasibility study assessment of the deposit is also underway. TEAL has performed airborne geophysics and geological compilation over the project area and has identified additional targets, several of high priority and in proximity to the known deposit. A full-scale feasibility is planned for the next financial year to advance this project.

LOOKING AHEAD

The majority of TEAL's projects are at the stage where the feasibility studies are being completed. In the year ahead, decisions need to be taken on a number of these projects, along with the requisite funding mechanisms. To this effect ARM has agreed to increase its support through a guarantee of up to US$50 million.

ABOUT HARMONY

ARM holds a 16 percent interest in Harmony Gold Mining Company Limited (Harmony), which is the fifth largest gold producer in the world. Harmony's operations and projects are located in the major gold-producing areas of South Africa (Carletonville, Orkney, Welkom, Evander and Virginia), Australia and Papua New Guinea. These are outlined below.

IN SOUTH AFRICA

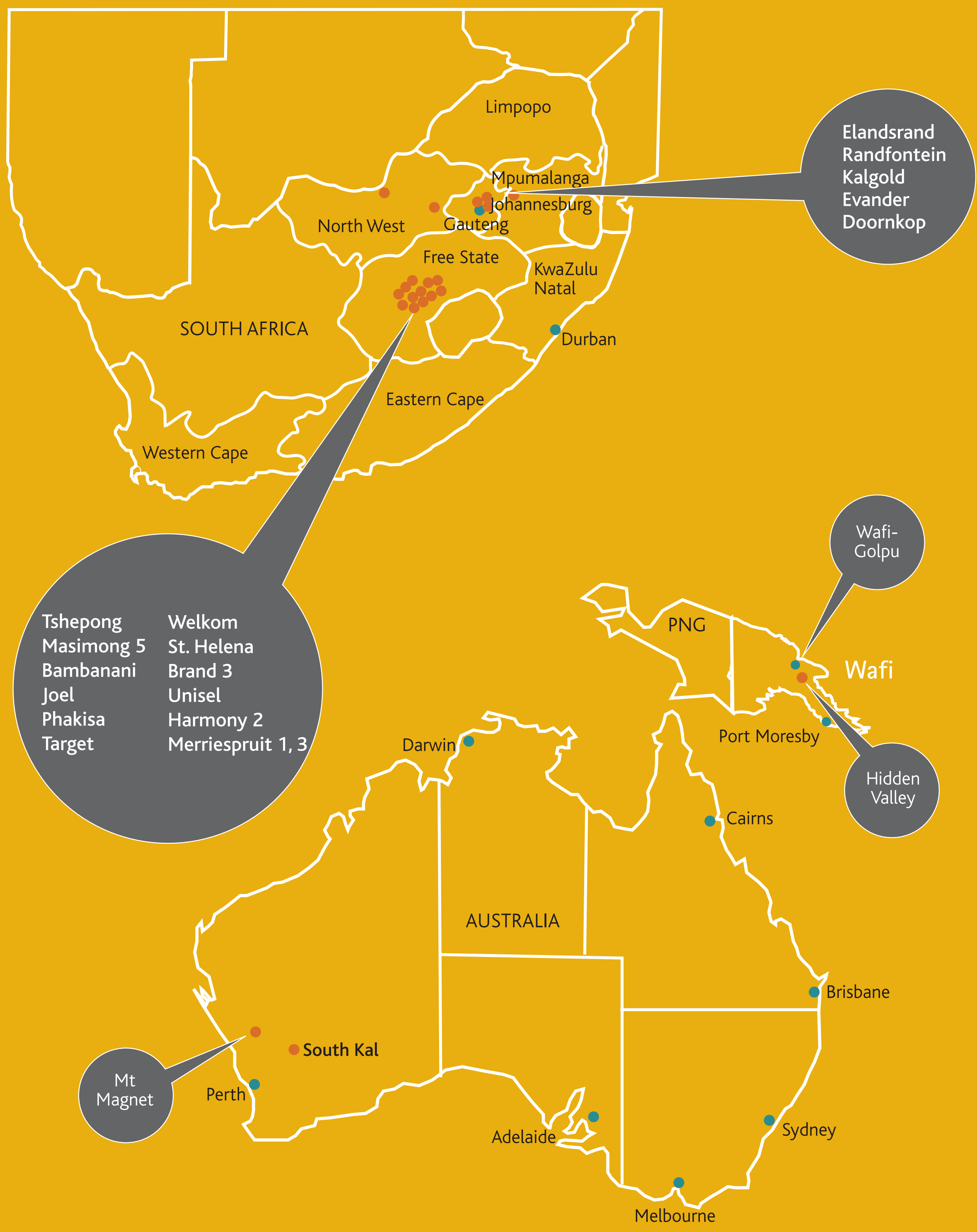
- the company's Quality Assets, which include the Target, Tshepong, Masimong 5, Evander and Randfontein Cooke operations;
- the Leveraged Assets, including Bambanani, Joel, West, St Helena, Harmony 2, Merriespruit 1 and 3, Unisel, Brand 3 in the Free State and Orkney in the North West province; and
- Growth Projects, namely the Doornkop South Reef, Elandsrand new mine, the Tshepong decline project and the Phakisa New Mine project.

In addition, there are several surface operations, including Kalgold.

IN AUSTRALASIA

- the Mt Magnet and South Kal operations in Western Australia; and
- the Hidden Valley and Wafi-Golpu projects in PNG.

HARMONY GOLD



GOLD

PHAKISA SHAFT, HARMONY

Harmony Gold

The 2007 financial year was a challenging one for Harmony. Key board and management changes were effected post year end and ARM is confident that the new management in place at Harmony is focused on implementing effective cost cutting and control measures and, at the same time, focusing on the basic principles of ore reserve management and mining that has made Harmony the successful company that it has been in the past.

OPERATING PERFORMANCE

Operating performance was disappointing both in respect of production and cost control. On the production front, gold produced declined to 72 602 kilograms. A significant increase in cash operating costs was also reported for the F2007, rising by 26.8% year-on-year from R6.6 billion to R8.2 billion.

Cost under-reporting in the third quarter owing to a system implementation error had a significant impact on results of the fourth quarter.

A number of operational problems were experienced during the year and these are more fully reported in the Harmony annual report and on that company's website at www.harmony.co.za.

FINANCIAL PERFORMANCE

Harmony's performance in F2007 exceeded that of F2006, albeit largely as a result of the rising gold price. The financial performance was much improved, with the group posting net profit of R341 million, the first time that the group registered a profit in three years.

Pleasingly, cash operating profit increased to R2 556 million (F2006: R1 459 million) while operating profit improved to R1 228 million from R255 million in F2006. This follows a rise in revenue for the year of 34% to R9 148 million (F2006: R6 823 billion). The gold price received for the year was 21% higher, at US$638/oz (F2006: US$529/oz), while the Rand/US Dollar exchange rate was marginally weaker at R7.20, and also played a role in raising rand-based revenue.

Basic headline earnings per share improved substantially to 43 SA cents from a loss of 269 SA cents per share recorded in FY06.

DISPOSALS

In April 2007, Harmony announced the sale of the Orkney shafts to Pamodzi Gold in a transaction valued at R550 million. The transaction agreement, which was signed on 31 August, provides for a royalty for Harmony and the sale should be concluded by the end of calendar 2007.

On 31 July 2007, Harmony reached agreement to sell South Kal Mines to Dioro Exploration NL in Australia. Dioro will pay to

HARMONY – KEY STATISTICS

	Unit	F2007	F2006
Gold produced – continued ops	kg	61 879	62 975
Gold produced – discontinued ops	kg	10 723	11 267
Gold produced – total	kg	72 602	74 242
Average gold price achieved continued ops	R/kg	147 839	108 345
Average gold price achieved discontinued ops	R/kg	146 321	107 926
Average gold price achieved – total	R/kg	147 580	108 268
Revenue – continued ops	R million	9 148	6 823
Revenue – discontinued ops	R million	1 569	1 216
Revenue – total	R million	10 717	8 039
Cash costs – continued ops	R/kg	110 958	88 638
Cash costs – discontinued ops	R/kg	120 768	88 577
Cash costs – total	R/kg	112 407	88 629
Cash operating profit	R million	2 282	1 241
Cash operating profit– discont. ops	R million	274	218
Cash operating profit– total	R million	2 556	1 459
Headline earnings/(loss) per share – cont. ops	SA cps	129	(275)
Headline earnings/(loss) per share – discont. ops	SA cps	(85)	6
Headline earnings/(loss) per share total	SA cps	43	(269)
Fully diluted earnings/(loss) per share – cont. ops	SA cps	235	(139)
Fully diluted earnings/(loss) per share - discont. ops	SA cps	(150)	4
Fully diluted earnings/(loss) per share	SA cps	85	(133)
Average exchange rate	Rand/US$	7.20	6.36

Harmony Gold continued

Harmony A$25 million (R150 million) in cash and will issue shares to the value of A$20 million (R120 million). The transaction is expected to close in October 2007.

GROWTH PROJECTS

Good progress continued to be made at Harmony's five growth projects during F2007 – four in South Africa and one in PNG. Together these projects will add some 1.4 million ounces to production over the next four years and substantially improve the quality of Harmony's operations going forward.

Attributable capital expenditure incurred for these five growth projects during F2007 amounted to R1 174 million, with Hidden Valley in PNG accounting for around 45% of this. Given the company's current cash position, planned capital expenditure is being re-evaluated, together with project timelines.

The company spent R194 million on exploration in F2007, which is an increase of 173% on the exploration expenditure incurred in F2006. In July 2007, Harmony completed the pre-feasibility studies for the Wafi-Golpu gold copper deposit located at the Wafi site in the Morobe province of PNG. A pre-feasibility study for the Wafi gold deposit study is currently under way and due for completion in November 2007. The Golpu study identified a technically and economically viable project plan, with the definition of a probable ore reserve of 70.8 million tonnes, grading 1.1% copper, 0.61g/t gold, and 121ppm molybdenum.

PROSPECTS

A key priority for F2008 is ensuring that Harmony turns its current operations to optimal account. The company's back to basics approach and focus on disciplined mining should have management and the workforce concentrating on reversing the downward trend in its production and the upward trend in costs.

GOLD

OPEN-PIT MINING

Competent Person's Report on Ore Reserves and Mineral Resources

This report is issued as the annual update of resources and reserves to inform shareholders and potential investors of the mineral assets held by ARM.

Asset location

SOUTH AFRICAN OPERATIONS

General Statement

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

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 2007. External consulting firms audit the resources and reserves of the ARM operations on a three- to four-year cycle basis. Audits were last carried out during 2004 on all the operations, and currently audits are being carried out on TEAL projects.

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 10m to 100 x 100m to 250 x 250m in the plan view. The blocks vary in thickness from 2.5 to 50m. The Inverse Distance method is used in some instances and with similar block sizes. The Sichel-t and log-mean estimation methods are occasionally used for global estimation of resources, as is the weighted polygonal method. 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.

ARM comprises various operating divisions with varying attributable interests in assets. Refer to table below. A locality map showing the major operations appears on the preceding page.

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. Rounding of figures may result in computational discrepancies.

Operating Division	Operating Assets	Type
Platinum Division		
	Nkomati Mine	Mine and concentrator
	Nkomati Expansion Project	Mine, concentrator, refinery feasibility
	Modikwa Mine	Mine and concentrator
	Two Rivers Mine	Mine and concentrator
	Kalplats Project	Exploration asset
Iron Ore Division		
	Beeshoek Mine	Mine & dense medium separation (DMS)
	Khumani Mine (Bruce-King/Mokaning Project)	Construction of surface infrastructure in progress
Manganese Division		
	Nchwaning Mine	Mine, washing and screening
	Gloria Mine	Mine, washing and screening
	Cato Ridge Works	Ferro-manganese and silicon-manganese smelter
	Cato Ridge Alloys	Ferro-manganese refinery
Chrome Division		
	Dwarsrivier Mine	Mine and concentrator
	Machadodorp Works	Smelter and pelletising plant
Coal Division		
	Goedgevonden Project	Mine/project

ARM Ferrous
Assmang Limited's operations

ARM's attributable beneficial interest in Assmang's operations is 50%.

MANGANESE

The manganese mines are situated in the Northern Cape province in South Africa, approximately 80km 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.

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.

MINING AUTHORISATION

The Nchwaning mining lease (ML10/76) comprises an area of 1 877.0587ha and is located on the farms Nchwaning (267), Santoy (230) and Belgravia (264). An application for the conversion to a new order mining right will be submitted during F2008.

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 will be submitted during F2008.

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 40m.

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 + 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 3.5m-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.

RESOURCES/RESERVES

Measured Resources are classified as material available up to 50m in front of the mining faces. Material situated further than 50m from current development is classified as Indicated Resources. These classification criteria is currently under review as it is felt that Measured Resources are extremely under-quoted. Geological losses are built into the grade model. Measured Resources are converted to Proved Reserves taking a 20% pillar loss (Nchwaning) into account (23% for Gloria). In the same way Probable Reserves are obtained from the Indicated Resources. Two manganese seams are present. The No.1 seam is up to 6m in thickness, of which 3.5m are mined, using a manganese marker zone for control. There is, therefore, minimum dilution.

The Nchwaning mine was diamond drilled from surface at 330m centres and the data captured in Excel spreadsheets. The core was logged and 0.5m-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 were compared with other laboratories on a regular basis.

A total of 341 boreholes for the No 1 orebody and 372 holes for the No 2 orebody, as well as a total of 20 080 face samples were considered in the grade estimation. The available data for an area was optimised over a thickness of 3.5m 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 3.5m block generated within the geological model. Sub-cell splitting of the 50 x 50m blocks was allowed to follow the geological boundaries accurately. The relative density of Nchwaning manganese ore was taken as $4.3t/m^3$.

The F2007 Mineral Reserves for the Nchwaning No 1 orebody changed slightly from 116.8Mt in 2006 to 114.6Mt (-1.88%) in 2007 as a result of the orebody being re-modelled and the annual production draw-down. Similarly, the Mineral Resources at Nchwaning No 1 orebody decreased by 2.6Mt to 143.4Mt (146Mt). The Mineral Resources at Nchwaning No 2 orebody decreased slightly to 181.9Mt (184.7Mt).

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 mine. The wide-spaced borehole interval puts some limitation on the evaluation in areas away from current mining faces. A total of 5 166 underground sampling values were used in evaluating areas close to current mining.

The boreholes were optimised over a stoping width of 3.5m 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.

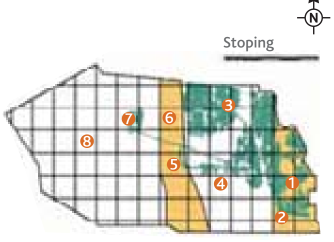
Ordinary Kriging interpolation within Datamine was used to estimate the grade of each 50 x 50 x 3.5m block generated within the geological model. Sub-cell splitting of the 50 x 50m blocks was allowed to follow the geological boundaries.

NCHWANING MINE: 2 BODY MANGANESE RESOURCES

Map code	Nchwaning 2 Body Resources	Tonnes Mt	Mn%	Fe%
2	Area 1 Indicated	20.0	43.6	15.9
4	Area 2 Indicated	56.5	42.7	15.1
6	Graben Indicated	17.1	42.7	16.6
8	Area 3 Indicated	88.3	41.9	15.4
	Total Indicated	181.9	42.4	15.5
	Total Resources 2 Body	181.9	42.4	15.5

Measured resources = Immediately available tonnes up to 50m in front of mining faces, elsewhere classified as Indicated.
Proved Resources = Measured Resources less 20% pillar loss.
Probable Reserves = Indicated Resources less 20% pillar loss.

NCHWANING MINE



NCHWANING MINE: 1 BODY MANGANESE RESOURCES/RESERVES

Map code	Nchwaning 1 Body Resources	Tonnes Mt	Nchwaning 1 Body Reserves	Tonnes Mt	Mn%	Fe%
1	Area 1 Measured	1.51	Area 1 Proved	1.21	48.8	8.97
2	Area 1 Indicated	5.33	Area 1 Probable	4.26	38.9	6.04
3	Area 2 Measured	7.45	Area 2 Proved	5.96	45.8	8.97
4	Area 2 Indicated	19.1	Area 2 Probable	15.28	44.5	9.4
5	Graben Measured	0.90	Graben Proved	0.72	46.7	10.1
6	Graben Indicated	16.1	Graben Probable	12.9	48.7	9.6
7	Area 3 Measured	6.20	Area 3 Proved	4.96	46.6	9.9
8	Area 3 Indicated	86.8	Area 3 Probable	69.4	44.2	8.7
	Total Measured	16.1	Total Proved	12.85	46.4	9.4
	Total Indicated	127.3	Total Probable	101.8	44.6	8.8
	Total Resources 1 Body	143.40	Total Reserves 1 Body	114.7	44.8	8.87

ARM Ferrous

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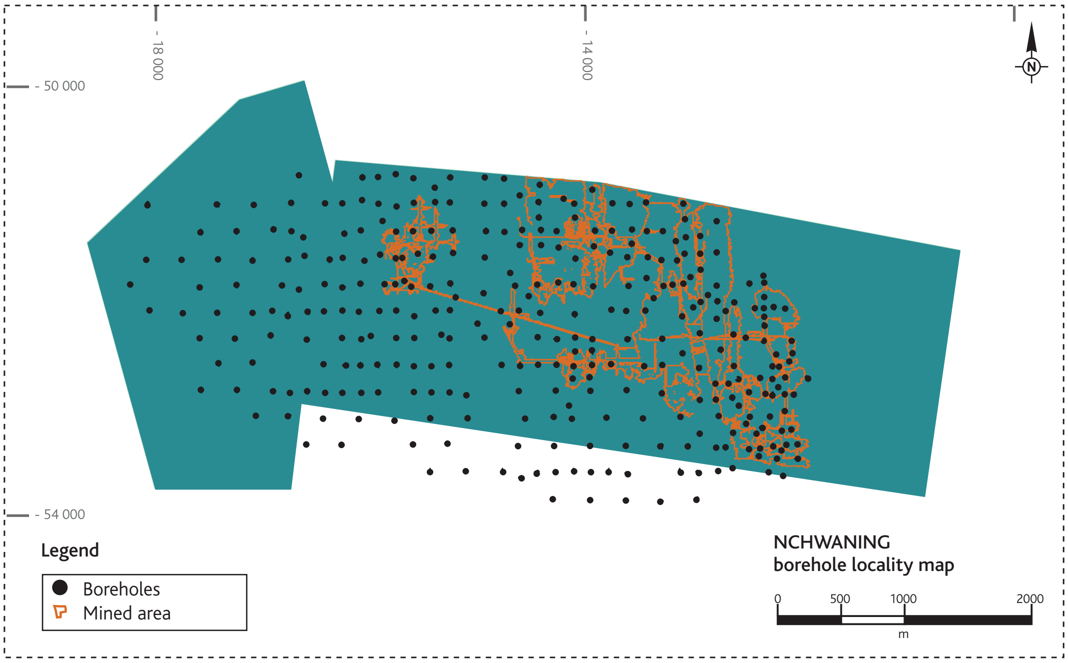
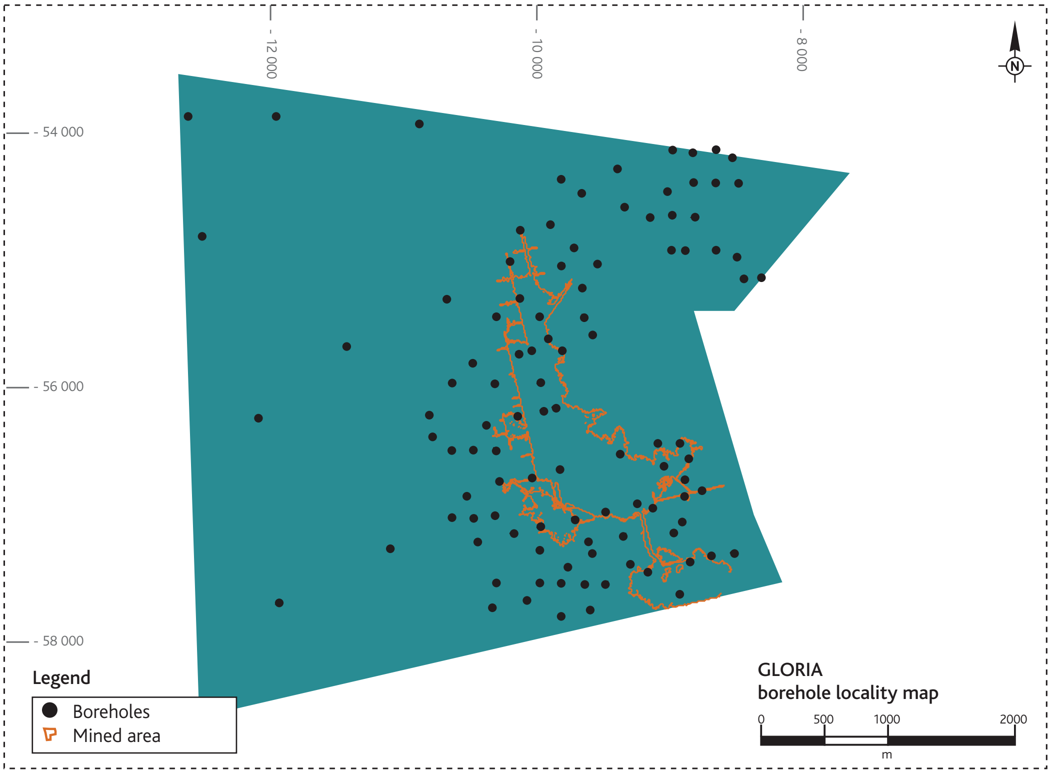
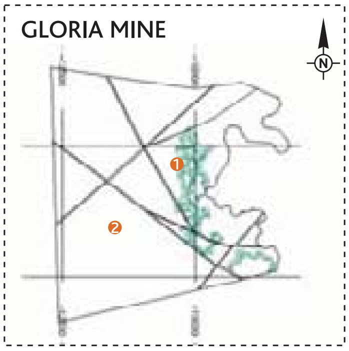




GLORIA MINE: 2 BODY MANGANESE RESOURCES				
	Gloria 2 Body Resources	Tonnes Mt	Mn%	Fe%
	Indicated	67.9	31.9	10.98
	Inferred	70.3	–	–

Measured Resources = Immediately Available tonnes up to 50 metre in front of mining faces, else classified as Indicated. Proved Resources = Measured. Resources less 23% pillar loss.
Probable Reserves = Indicated Resources less 23% pillar loss.



GLORIA MINE: 1 BODY MANGANESE RESOURCES/RESERVES						
Map code	Gloria 1 Body Resources	Tonnes Mt	Gloria 1 Body Reserves	Tonnes Mt	Mn%	Fe%
1	Measured	10.0	Proved	7.7	38.4	5.07
2	Indicated	87.6	Probable	67.4	38.3	5.67
	Meas+Ind Resources 1 Body	97.6	Total Reserves 1 Body	75.1	38.3	5.67
	Inferred	70.3	–	–	–	–

The F2007 Mineral Reserves at Gloria No 1 orebody stayed the same at 75.3Mt. The Measured and Indicated Mineral Resources at Gloria No 1 orebody showed a minor decrease from 97.7 to 97.6Mt. Only limited production took place at Gloria for the year under review. The Mineral Resources at Gloria No 2 orebody stayed the same at 138.2Mt.

HISTORICAL PRODUCTION AT NCHWANING AND GLORIA MINES		
Financial year	Nchwaning Mt	Gloria Mt
2002	1.1	0.53
2003	1.02	0.49
2004	1.17	0.33
2005	1.97	0.15
2006	2.83	0.13
2007	2.49	0.43

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

At the Gloria mine, ore is crushed underground before being conveyed to a surface stockpile via a decline shaft. Ore is withdrawn from the surface stockpile and forwarded to crushing, dry screening and wet screening to yield lumpy and fine products.

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.

At current production rates and an annual increase of 10% the Nchwaning life of mine on No 1 orebody is expected to be 30 years. This will include blending in ore from the No 2 orebody, to supply a Fe-rich product. The life of mine on Gloria No 1 orebody is estimated at more than 30 years.

IRON ORE

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 in future will be known as the Khumani iron ore mine. All properties are in the Northern Cape approximately 200km west of Kimberley. The Beeshoek open-pit operations are situated 7km 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.

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 6Mt a year.

MINING AUTHORISATION

The Beeshoek mining lease (ML3/93) comprises an area of 5 685.64ha and is located on the farms Beeshoek (448) and Olynfontein (475). An application for the conversion to a new order mining right will be submitted during F2008.

The Khumani mining lease comprises an area of 7 388.02ha and is located on the farms Bruce (544), King (561), Mokaning (560) and McCarthy (559). Mining rights were granted during F2007.

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 speccularite also occur.

RESOURCES/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:

MINERAL RESOURCE CLASSIFICATION CRITERIA

	Min no. of samples	Max no. of samples	Search ellipse settings XYZ (m)
Measured	6	30	100x100x10
Indicated	5	30	200x200x20
Inferred	4	30	400x400x40

Only Measured and Indicated Resources are converted to Proved and Probable Reserves respectively.

BEESHOEK IRON ORE: RESOURCES/RESERVES PLAN

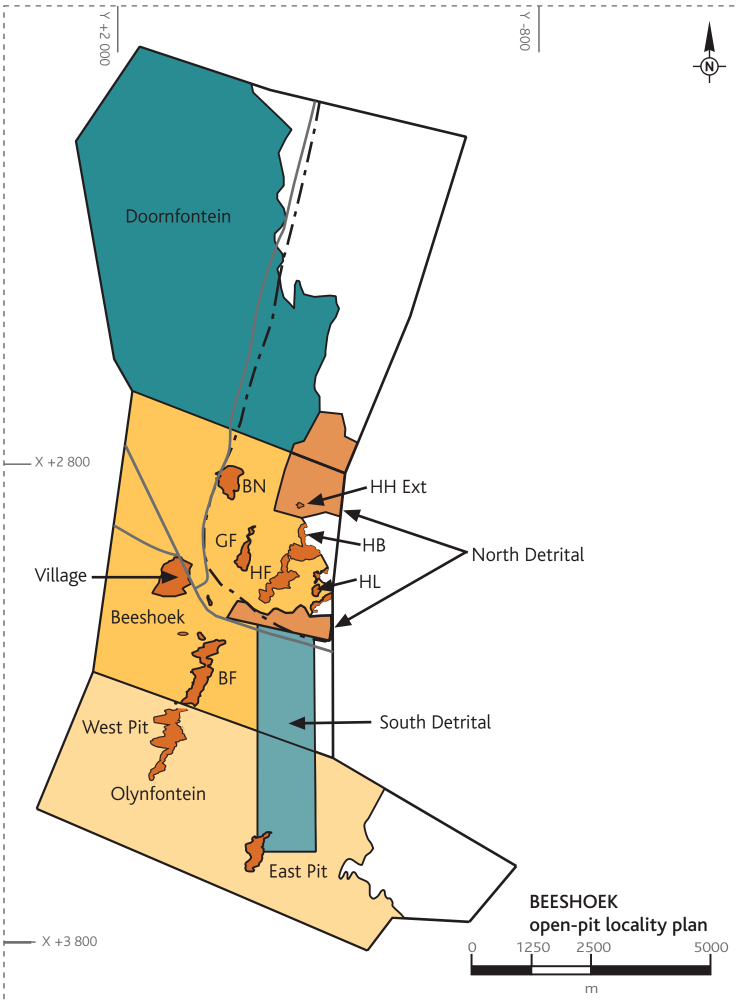
Pit/Area	Measured		Indicated		Inferred		Total Resource		Proved Reserve		Probable Reserve		Total Reserve	
	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
BN	26.36	63.53	0.02	63.61	–	–	26.38	63.53	18.86	64.01	0.58	64.32	19.44	64.02
GF	3.46	63.95	0.09	61.80	–	–	3.55	63.81						
HF/HB	16.4	63.92	0.01	62.33	–	–	16.41	63.92	2.84	65.23	0.03	66.45	2.87	65.25
HH Ext	0.28	62.63	–	–	–	–	0.28	62.63						
HL	3.92	64.83	–	–	–	–	3.92	64.83						
N Detrital	–	–	5.9	60.00	–	–	5.9	60.00						
Village	40.79	63.56	0.10	64.64	–	–	40.89	63.57						
BF	9.99	63.30	0.23	63.55	–	–	10.23	63.30	4.72	63.83	0.01	62.54	4.73	63.82
West Pit	10.19	63.04	0.05	64.05	–	–	10.24	63.04						
East Pit	9.35	64.61	–	–	0.05	61.87	9.39	64.61	1.58	65.02			1.58	65.02
S Detrital	–	–	7.35	60.00	–	–	7.35	60.00						
TOTAL	120.74	63.67	13.75	60.07	0.05	61.87	134.54	63.31	28.00	64.16	0.62	64.03	28.62	64.16

HISTORICAL PRODUCTION AT BEESHOEK MINE

Financial Year	Tons ore mined (Mt)
2002	7.72
2003	7.11
2004	7.57
2005	7.86
2006	7.72
2007	13.26

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 200m grid. Further infill drilling is carried out at spacing ranging from 100 x 100m to 25 x 25m, 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 0.5m. 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.



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KHUMANI IRON MINE: RESOURCES/RESERVES PLAN

	Measured		Indicated		Inferred		Total Meas & Ind		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	17.1	65.20	57.2	64.70	74.3	64.82
Bruce B	21.1	65.71	77.0	64.06	8.7	64.64	98.1	64.43	19.4	65.70	44.7	64.40	64.1	64.79
Bruce C	37.5	65.45	6.9	65.95	1.6	64.80	44.4	65.50	34.1	65.50	1.4	65.90	35.5	65.52
King/ Mokaning	255.8	64.53	123.9	64.48	17.7	63.98	379.7	64.49	202.6	64.50	68.2	64.60	270.8	64.53
Khumani Detrital	–	–	–	–	12.0	60.00	–	–	–	–	–	–	–	–
TOTAL	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

Ordinary Kriging interpolation within Datamine was used to estimate the grade of each 10 x 10 x 10m 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 (K2O), sodium oxide (Na2O), silica (SiO2), aluminium oxide (Al2O3), 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.

The 2007 Mineral Resources at Beeshoek mine decreased from 147.8 to 134.5Mt, due to the annual production drawdown. The Mineral Reserves at Beeshoek decreased substantially from 37.4Mt to 28.6Mt, mainly due to the exclusion of the Village deposit. The high stripping ratio of 4.5t of waste to 1t of ore militates against the inclusion of this in reserve. Ore Reserves at pits such as East pit and the BF pit were drawn down heavily to meet sales requirements. Of the 28Mt of Mineral Reserves available, only about 33% is suitable for the ordinary wash-and-screen process, limiting the life of mine at Beeshoek to approximately one year for the current export ore qualities. The Khumani mine will take over the Beeshoek export production in 2008.

At Khumani mine the 2007 Mineral Resources and Ore Reserves remain the same when compared to 2006. The Mineral Reserves amount to 444.7Mt at a Fe grade of 64.7%. Resources and reserves were audited and signed-off by Snowden Mining Consultants in February 2005. Infrastructure construction is in progress, and production is to start in 2008, with an estimated life of mine of 30 years.

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.

CHROMITE

Chromite operations at Dwarsrivier mine form part of the chrome division of Assmang Limited. The mine is situated on the farm Dwarsrivier 372KT, approximately 30km from Steelpoort and 60km from Lydenburg, in Mpumalanga Province in South Africa. Located at longitude 30°05’00”S/latitude 24°59’00”E, Assmang purchased the farm from Gold Fields Limited, together with all surface and mineral rights in October 1998. 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 0.9Mt a year and these areas were mined out within five years. Underground mining commenced in 2005 at a rate of 1.2Mt 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.

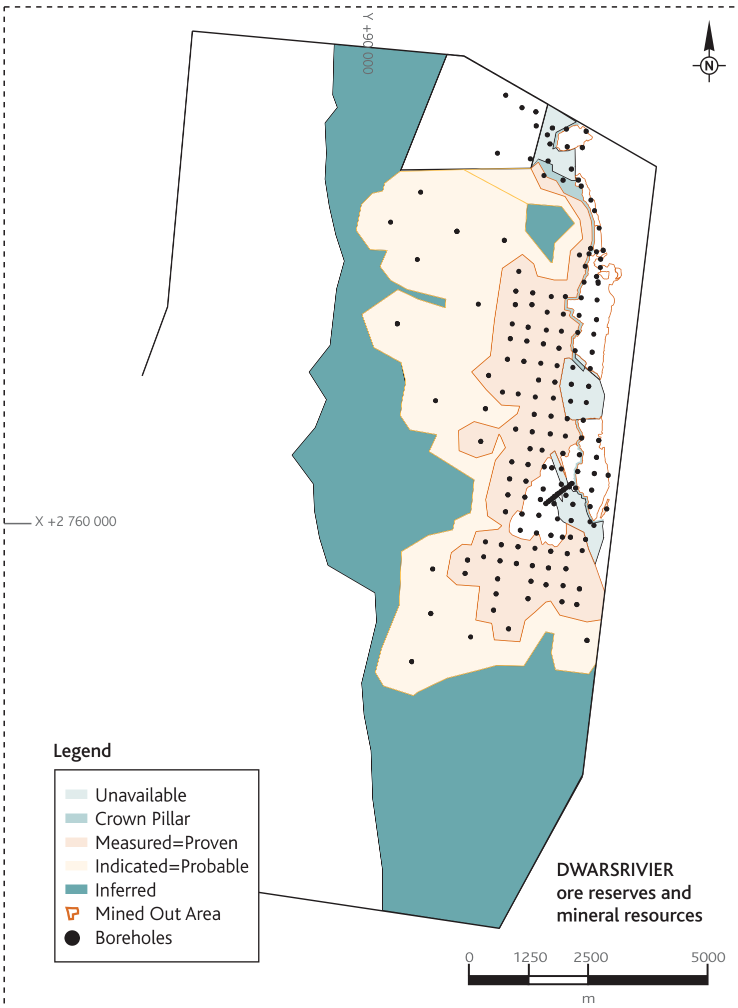
MINING AUTHORISATION

An old order Mining Licence 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 will be submitted during F2008.

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 8km thick in the eastern lobe, and are divided formally into five zones.

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° towards the west. Average thickness of the LG6 seam is about 1.86m 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.



DWARSRIVIER MINE: CHROME RESOURCES/RESERVES PLAN

Chrome Resources	Tonnes Mt	Cr_2O_3%	FeO%	Chrome reserves	Mt	Cr_2O_3%	FeO%
Measured	16.92	39.32	23.21	Proved	13.5	39.32	23.21
Indicated	28.72	39.06	22.55	Probable	22.9	39.06	22.55
Total Measured and Indicated	45.64	39.16	22.79	Total Reserves	36.4	39.16	22.79
Inferred	53.11	39.00	22.71				

HISTORICAL PRODUCTION AT DWARSRIVIER CHROME MINE

Financial Year	Ore Mined (Mt)
2002	0.70
2003	0.85
2004	0.96
2005	0.92
2006	0.82
2007	1.07

RESOURCES/RESERVES

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

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

All possible resources down to a mineable depth of 350m 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.

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 0.5m 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), SiO2, 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 4m.

When compared to 2006, the 2007 Mineral Reserves increased by 6.2Mt or 20% to 36.4Mt (30.2Mt) and the Mineral Resources show an increase of 4Mt or 10% to 45.6Mt (41.6Mt). The reason for the change is that an additional 300m exploration drilling increased the Indicated resource base from the Inferred category. An exchange of information with the neighbouring Thorncliffe mine led to the re-interpretation of the 350mbgl that led to an increase in the Inferred resources.

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.

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 350m below ground level.

ARM Platinum Operations

NKOMATI NICKEL-COPPER-COBALT-PGM-CHROMITE MINE

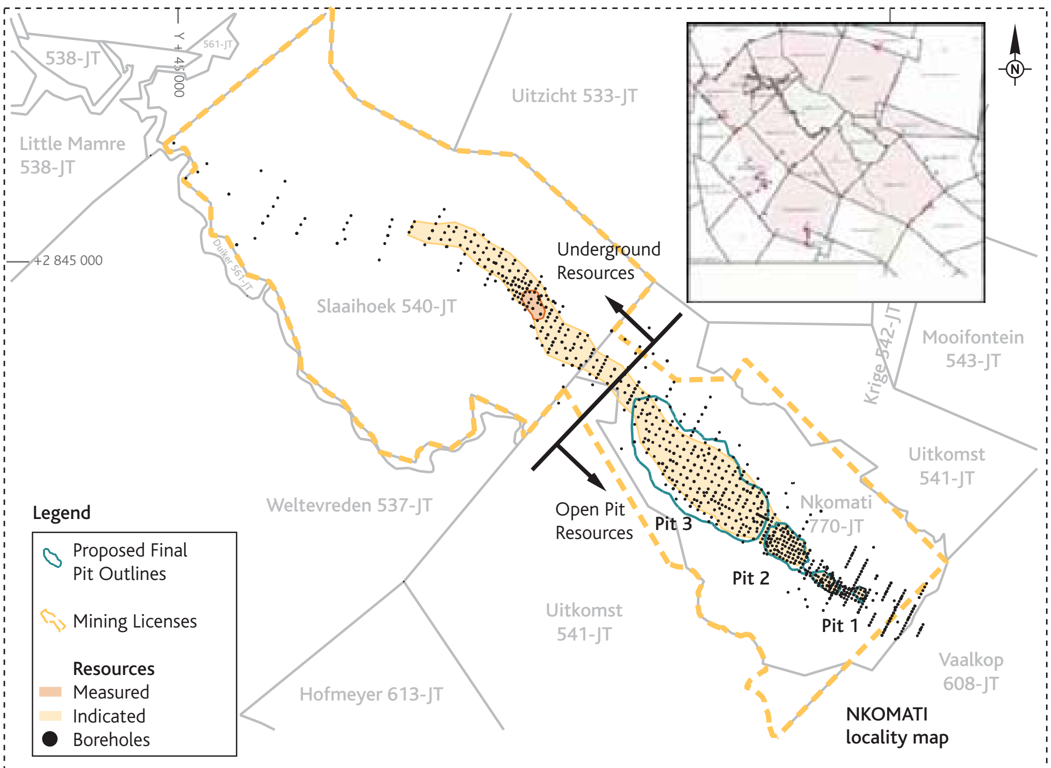
The Nkomati mine is situated some 300km east of Johannesburg in Mpumalanga province in South Africa. Situated at latitude 25°40'S and longitude 30°30'E, the site is accessed via the national N4 highway between Johannesburg and Machadodorp, the R341provincial road and the R351 tarred road.

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 will exploit the MMZ, a disseminated sulphide body, by underground and open-pit mining. The project, which is planned to be commissioned in September 2007, will maintain nickel production at approximately 5,000t a year after the depletion of the MSB. A feasibility study for the full, Phase 2 expansion phase will be completed by August 2007.

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 60,000tpm mining and processing operation.

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, PGM and chromite. An application for the conversion to a new order mining right was submitted in July 2006. This matter is still under consideration with the DME.



ARM Platinum Operations continued

OXIDISED MASSIVE CHROMITITE RESOURCE (with depletion by production as at June 2007)		
Chromitite (at 30% Cr_2O_3 cut off)	Tonnes	Cr_2O_3%
Measured Resource	735 000	36.36
Indicated Resource	5 498 000	33.08
Total Measured & Indicated Resource	**6 233 000**	**33.47**
Inferred Resource	2 373 000	32.85

In addition, in March 2007, a new order prospecting right (ref. MP305112545PR) was granted to ARM Platinum in respect 14 farms (24,965 ha) surrounding the Nkomati mining licences.

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 8km and dips below an escarpment where it has been drilled at depth for an additional 4km. The complex, which dips at approximately 4° to the north-west, is still open-ended.

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

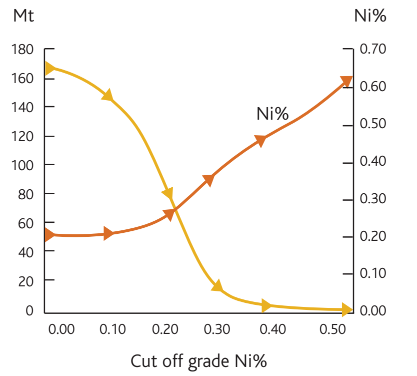
2007 MINERAL RESOURCES, NKOMATI MINE & PHASE 2 EXPANSION PROJECT (with depletion by production as at 30 June 2007)						
	Measured Mineral Resource					
	Cut-off (Ni%)	Tonnes	Ni%	Cu%	Co%	*4E g/t
Current Mine & Phase 1 Expansion						
MSB – Lens 1, Lens 3 & Mauhorn Lens	0.35	58 000	2.23	1.33	0.11	7.66
BMZ (Underground)	0.35	45 000	0.57	0.36	0.03	1.54
MMZ (Underground)	0.35	1 090 000	0.55	0.20	0.03	1.12
MMZ (Open Pit) Pit 1						
Phase 2 Expansion Project						
MMZ (Underground) (Includes Current Mine)						
MMZ (Open Pit) Pits 2 & 3						
PCMZ (Underground)						
PCMZ (Open Pit) Pits 2&3						
TOTAL 2007 Mineral Resource		**1 193 000**	**0.67**	**0.30**	**0.03**	**1.45**
TOTAL 2006 Mineral Resource		1 316 000	1.03	0.49	0.05	3.29

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.

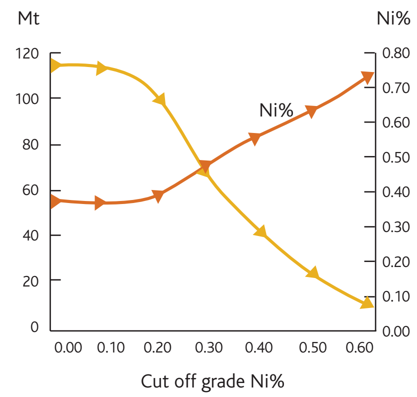
MINERAL RESOURCES AND RESERVES

There have been numerous diamond, percussion and RC drilling campaigns since 1972 totalling over 162 000m in more than 1000 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 1m to 5m 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 relative density 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 50m 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.

GRADE-TONNAGE CURVES
FOR PCMZ IN PITS 2 & 3 AREA



GRADE-TONNAGE CURVES
FOR MMZ IN PITS 2 & 3 AREA



Indicated Mineral Resource						Total Mineral Resource				
Cut-off (Ni%)	Tonnes	Ni%	Cu%	Co%	*4E g/t	Tonnes	Ni%	Cu%	Co%	*4E g/t
						58 000	2.23	1.33	0.11	7.66
0.35	229 000	0.47	0.34	0.02	1.20	274 000	0.49	0.34	0.02	1.26
						1 090 000	0.55	0.20	0.03	1.12
0.35	2 413 000	0.49	0.24	0.03	1.21	2 413 000	0.49	0.24	0.03	1.21
0.30	48 602 000	0.48	0.21	0.03	1.03	48 602 000	0.48	0.21	0.03	1.03
0.24	82 641 000	0.43	0.19	0.03	1.08	82 641 000	0.43	0.19	0.03	1.08
0.30	19, 946 000	0.38	0.12	0.02	0.77	19 946 000	0.38	0.12	0.02	0.77
0.16	122 697 000	0.23	0.07	0.01	0.71	122 697 000	0.23	0.07	0.01	0.71
	276 528 000	**0.35**	**0.13**	**0.025**	**0.84**	**277 721 000**	**0.34**	**0.13**	**0.02**	**0.84**
	133 329 000	0.46	0.19	0.03	1.06	134 645 000	0.47	0.19	0.03	1.08

**4E = Pt+Pd+Rh+Au*

Analyses also included Cr_2O_3, MgO, FeO, S and relative density. Duplicates and internal standards were used and a suite of referee samples were analysed at Genalysis Laboratory in Perth. Comparisons indicated good correlations between laboratories. In 2005, it was decided to re-sample many of the Anglo American drill holes to improve the sample density for PGEs in the open pit area. Drill core was re-sampled (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 MSB Mineral Resources are based on surface and underground diamond drilling and sidewall sampling. Underground holes are spaced 20m apart and the drill core is sampled at 1m intervals. The Nkomati mine laboratory analyses samples for Ni, Cu and Co using aqua regia leach/ICP, while the PGE assays are carried out by SGS Laboratories in Johannesburg. Both laboratories use blanks, standards and check assays for quality control.

The resources for the 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 50m and occasionally 25m.

OXIDISED MASSIVE CHROMITITE RESERVE
(with depletion by production as at June 2007)

Chromitite	Tonnes	Cr_2O_3%
Probable mineral reserve (30% Cr_2O_3 Cut-off)	6 560 000	31.10

Due to rounding of figures small discrepancies may exist. A nickel price of US$16.5/lb and an R$:US$ exchange rate of 7.35 for the first three months, 7.45 for the next six months and 7.55 for the last three months have been assumed in estimating the Nkomati Mineral Reserve.

2007 MINERAL RESERVES, NKOMATI MINE & PHASE 2 EXPANSION PROJECT (with depletion by production as at 30 June 2007)

	Proved Mineral Reserve					
	Cut-off (Ni%)	Tonnes	Ni%	Cu%	Co%	*4E g/t
Current Mine / Phase 1 Expansion						
MSB – Lens 1, Lens 3 & Mauhorn Lens	0.35	62 000	1.83	1.00	0.07	6.17
MMZ (Underground)	0.50	330 000	0.59	0.24	0.03	1.25
MMZ (Open Pit) Pit 1						
Phase 2 Expansion Project						
MMZ (Open Pit) Pits 2 & 3						
PCMZ (Open Pit) Pits 2&3						
TOTAL 2007 Mineral Reserve		**392 000**	**0.79**	**0.36**	**0.04**	**2.03**
TOTAL 2006 Mineral Reserve		716 000	1.34	0.80	0.06	5.09

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 MSB model are 20m x 20m x 1m; for the MMZ and PCMZ, the block size is 50m x 50m x 2.5m except in the shallow open pit area where the block size is 15m x 15m x 10m.

The oxidised chromitite resources are based on separate geological and grade models generated from surface RC and diamond drill holes spaced between 20 and 100m apart. The grade model uses the same 50m by 50m by 2.5m prototype on which the MMZ and PCMZ resources are based. The Measured resource includes the area where 20m spaced drilling was carried out; the Indicated resources are where 50m spaced drilling has been carried out, and the Inferred resources occur where the drill spacing exceeds 50m.

There have been substantial changes in the MSB, MMZ and PCMZ mineral resources from 2006:

- A reduction in total MSB resources from 323 000t to 58 000t due to depletion by production.
- The addition of a separate BMZ resource of 274 000t.

HISTORICAL PRODUCTION AT NKOMATI NICKEL MINE

Financial year	Tonnes Ni mined	Tonnes Cr sold
2003	302 000	-
2004	344 000	-
2005	346 000	-
2006	373 000	-
2007	318 000	584 177

	Probable Mineral Reserve					Total Mineral Reserve				
Cut-off (Ni%)	Tonnes	Ni%	Cu%	Co%	*4E g/t	Tonnes	Ni%	Cu%	Co%	*4E g/t
						62 000	1.83	1.00	0.07	6.17
0.50	9 846 000	0.55	0.21	0.02	1.04	10 176 000	0.55	0.21	0.02	1.05
0.35	1 500 000	0.58	0.24	0.04	1.29	1 500 000	0.58	0.24	0.04	1.29
0.24	67 900 000	0.42	0.18	0.03	1.03	67 900 000	0.42	0.18	0.03	1.03
0.16	86 230 000	0.22	0.06	0.01	0.62	86 230 000	0.22	0.22	0.01	0.62
	165 476 000	**0.32**	**0.12**	**0.02**	**0.82**	**165 868 000**	**0.33**	**0.12**	**0.02**	**0.82**
	65 579 000	0.48	0.19	0.03	1.12	66 295 000	0.49	0.20	0.03	1.16

**4E = Pt+Pd+Rh+Au*

ARM Platinum Operations continued

- A change in the MMZ open pit resource for the Phase 2 expansion from 57 340 000t at 0.48% Ni to 82 641 000t at 0.43% Ni because of the inclusion of pit 2 and the reduction in the cut of grade from 0.30% to 0.24% Ni (see grade tonnage curve).
- A change in the PCMZ open pit resource from 8 162 000 at 0.40% Ni to 122 697 000t at 0.23% Ni due to the reduction in the cut off grade from 0.30% to 0.16% Ni (see grade tonnage curve). The new cut off grade reflects the improved viability of mining the PCMZ at low grade in the Phase 2 expansion project.
- An overall change in the combined Mineral resources from 133 329 000 at 0.48% Ni to 276 528 000t at 0.35% Ni due to the decrease in the applied cut-off grade for the MMZ and PCMZ.

Similarly, there have been changes in the mineral reserves since 2006:

- The MSB reserves have decreased from 448 000 tones to 82 000t due to depletion by mining.
- The 9 846 000t of underground MMZ, which was part of the expansion project in 2006, has moved to the current mine reserves.
- In 2006, the MMZ open pit reserve for the mine included both pits 1 and 2. Pit 2 has been moved to the Phase 2 expansion project, so the mine reserve (for pit 1 only) has reduced from 6 060 000 to 1 500 000t at the same cut off grade.
- The MMZ open pit reserve for the Phase 2 expansion project has increased from 49 612 000 at 0.46% Ni to 67 900 000t at 0.42% Ni because of a reduction in cut-off grade from 0.30% to 0.24% Ni.
- A PCMZ open pit reserve of 86 230 000t has been included in the Phase 2 expansion project.
- Because of the decrease in cut-off grade for the open pit MMZ and the addition of the open pit PCMZ, the total reserves have increased from 65 579 000t at 0.48% Ni in 2006 to 165 476 000t at 0.32% Ni in 2007.

Mining operations to date comprise a mechanised underground mining operation which feeds a concentrator for production of two types of concentrate (high-grade concentrate and bulk concentrates) both containing PGMs, nickel, copper and cobalt. Final products are transported to various third parties for toll treatment. Chromite product is sent to Assmang's ferrochrome smelter in Machadodorp and is also sold to local and export markets.

TWO RIVERS PLATINUM MINE

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°07'00S and latitude 24° 59'00E, the UG2 and Merensky reefs are present on the farm. The project is a joint venture between ARM (55%) and Impala Platinum Holdings Limited (Implats) (45%).

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, underground mining continued and concentrator/infrastructure construction was commissioned in July 2006.

TWO RIVERS PLATINUM MINE: MINERAL RESOURCES 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 Moz	6E Moz
Measured	13.68	2.41	1.59	0.50	0.05	4.55	5.44	1.06	2.39
Indicated	44.13	2.13	1.25	0.38	0.04	3.80	4.58	3.02	6.50
TOTAL	**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*

TWO RIVERS PLATINUM MINE: MINERAL RESOURCES MERENSKY REEF						
Top zone	Mt	(3PGE+Au) g/t	6E g/t	Pt g/t	Pt Moz	6E Moz
Measured	-	-	-	-		
Indicated	18.7	3.34	3.55	2.06	1.24	2.13
Inferred	3.9	3.16	3.36	1.95	0.24	0.41

HISTORICAL PRODUCTION AT TWO RIVERS PLATINUM MINE	
Financial year	Mt
2006	1.00
2007	1.28

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 Moz	6E Moz
Stockpile	0.16	1.99	1.32	0.37	0.03	3.72	4.42	0.01	0.02
Proved	10.24	2.03	1.29	0.37	0.04	3.74	4.51	0.67	1.48
Probable	30.19	1.83	1.12	0.36	0.03	3.34	4.01	1.78	3.89
TOTAL	**40.59**	**1.88**	**1.17**	**0.36**	**0.03**	**3.44**	**4.13**	**2.45**	**5.39**

MINING AUTHORISATION

Two Rivers holds an old order Mining Licence no. 4/2003 on Portion 6 of Dwarsrivier 372KT relating only to the PGEs and the ores thereof contained in the Merensky and UG2 reefs. An application for a new order conversion of the mining licence was submitted in July 2007, and is under consideration with the DME.

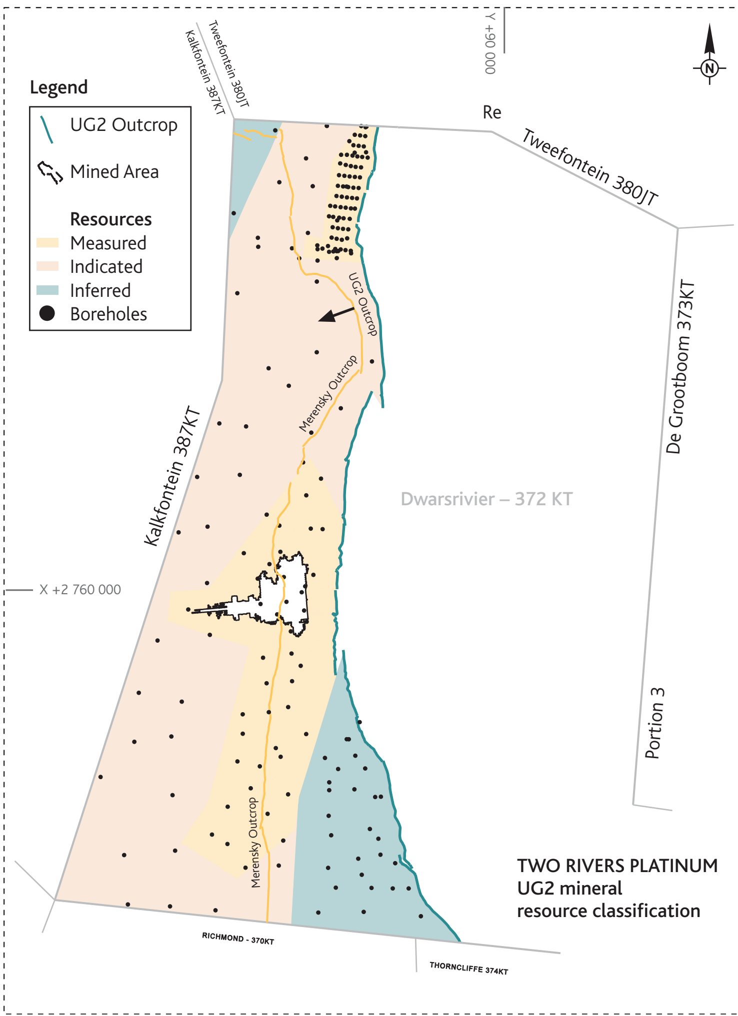
GEOLOGY

The UG2 Reef outcrops in the Klein Dwarsrivier valley over a north-south strike length of 7.5km, dipping to the west at between 7° and 10°. The extreme topography results in the UG2 occurring at a depth of 935m 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 6m 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 10cm sample.



TWO RIVERS PLATINUM UG2 mineral resource classification

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

RESOURCES/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 500m over the whole property and 250m 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 50m on dip and 100m 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 20cm. 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 1m 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.

Overall the 2007 UG2 Resources decreased from 59.3Mt to 57.8Mt. This 1.5Mt reduction is the result of depletion by mining and some Indicated resources were moved to the Inferred category.

The Measured Resources were increased by 0.6mt when compared to the previous year. This was due to a change in the area assigned to this resource, to better represent the close spaced drilling grid. The PGE grades however decreased as more internal pyroxenite is now included in the resource. The Measured resources also increased in the North open pit area as additional drilling in the North decline improved confidence and resources moved from the Indicated to the Measured category. Most of the gain was however off-set by the annual production of 1.15Mt.

The Indicated Resources decreased by 2.1Mt, this is due to the re-arrangement of the Measured area. Faulting in a portion of ground in the North-western corner of the property made the mining of this block uneconomic, and these resources were moved into the Inferred category.

The Inferred Resources grew from zero to 8.1Mt. This is due to the uneconomic faulted block being added and the South open pit which was previously excluded from the resources due to infrastructure such as roads, power lines and a storage dam.

The Mine2-4D model was re-visited and simplified, this exercise increased the Ore Reserves by 0.3Mt from 40.3 to 40.6Mt. The 1Mt reserve on the stockpile was drawn down to 0.16Mt as it was fed to the plant.

THE MODIKWA PLATINUM MINE

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

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 the ARM Mining Consortium. The other 8.5% is held by the Mampudima and Matimatjatji community companies through their 17% shareholding in the ARM Mining Consortium.

MINING AUTHORISATION

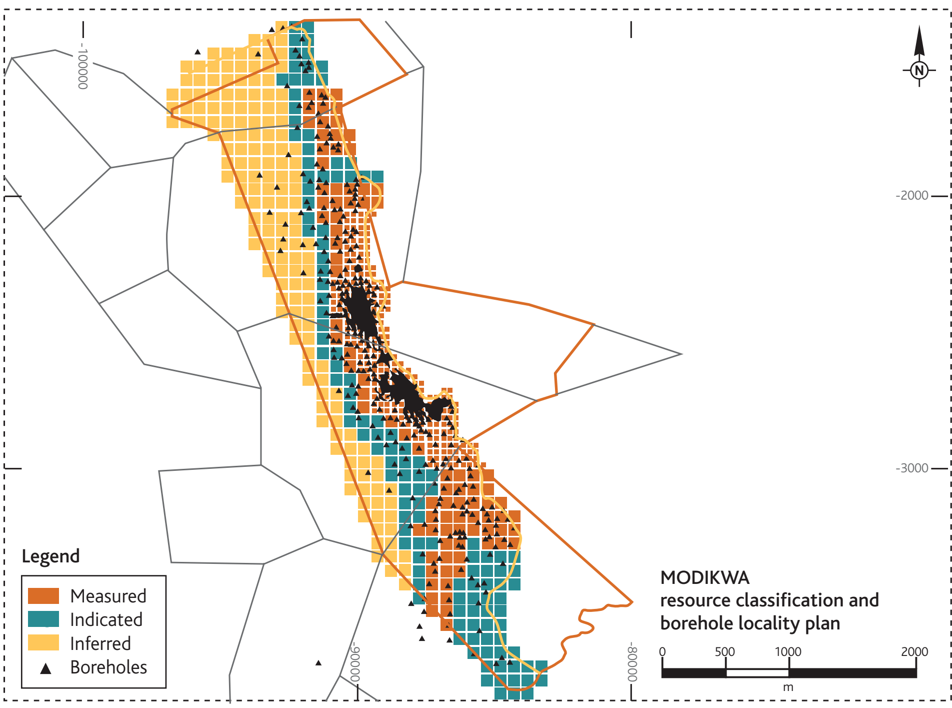
During June 2001, an old order mining licence (No9/2001) was issued to ARM Mining Consortium and Rustenburg Platinum Mines over the properties Onverwacht 292KT, Portion 1 and R/E Winterveldt 293KT, Driekop 253KT, Maandagshoek 254KT and Hendriksplaats 281KT. Application for new order rights is being prepared.

GEOLOGY

The igneous layering at Modikwa mine is north-northwest striking with an average dip of 10° to the west. Both the UG2 and Merensky reefs are present. The UG2 occurs as a chromitite layer with average thickness of approximately 60cm. Three leader chromitites occur above the main seam. Gentle undulations of the UG2 with amplitudes of less than 2m 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.

RESOURCES AND 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



ARM Platinum Operations continued

Mineral Resources are classified when a block is within the range of the semivariogram and 10 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 1 100 surface diamond drill holes and over 1 500 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 13g/t 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 250m and 500 x 500m, 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 $3.92t/m^3$. 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.

The Mineral Reserves at Modikwa increased to 35.2Mt (15.7Mt) when compared with the 2006 statement. The Measured and Indicated Mineral Resources increased from 130.6 to 131.2Mt due to additional drilling and re-evaluation. Resources and Reserves were adjusted to reflect June 2007 status.

A minimum mining cut of 102cm 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 103cm, an additional 5cm 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.

MINERAL RESOURCES / RESERVES UG2

Resources	Mt	3PGE+Au g/t	M oz	Reserves	Mt	3PGE+Au g/t	Moz
Measured	68.5	5.65	12.4	Proved	11.99	4.7	1.81
Indicated	62.7	5.58	11.3	Probable	23.18	4.88	3.64
Total Measured and Indicated	131.2	5.62	23.7	Total	35.17	4.82	5.45
Inferred	96.1	5.87	18.1				

3PGE=Pt+Pd+Rh

MINERAL RESOURCES MERENSKY REEF

	Mt	(3PGE+Au) g/t	6E Moz
Measured	18.7	2.96	1.78
Indicated	46.8	2.55	3.84
Inferred	152.0	2.8	13.69

HISTORICAL PRODUCTION AT MODIKWA PLATINUM MINE

Financial year	Mt
2003	2.08
2004	2.54
2005	2.46
2006	2.51
2007	2.32

MODIKWA PLATINUM MINE

ARM Platinum Operations continued

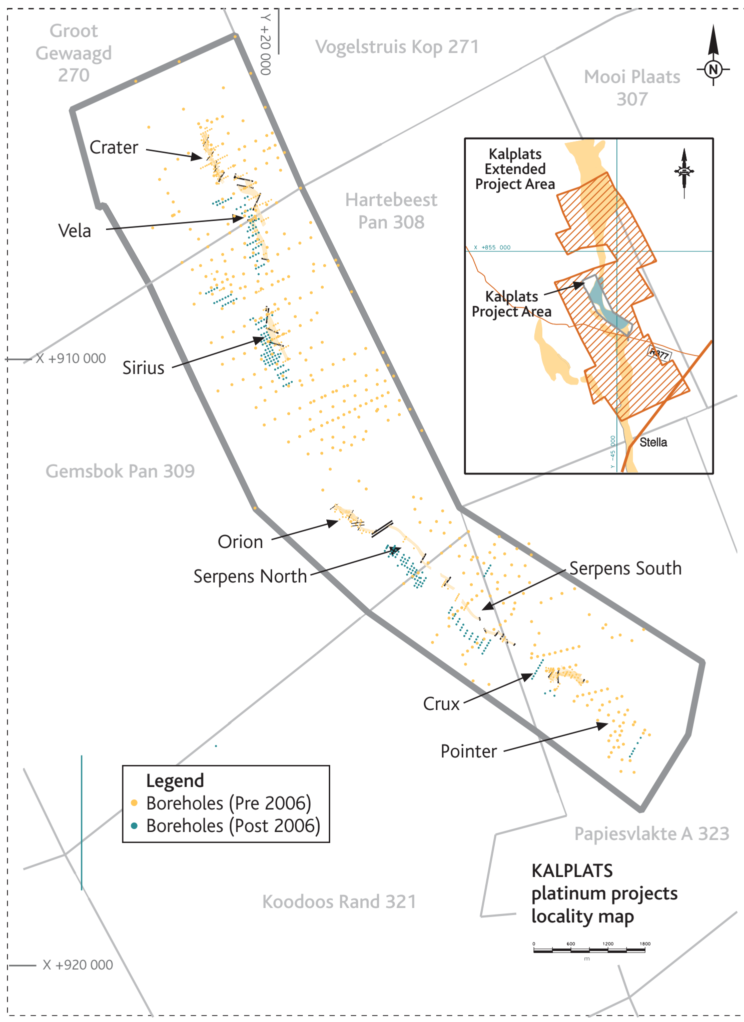
KALPLATS PLATINUM PROJECTS

The Kalplats platinum projects are situated 330km west of Johannesburg and some 90km 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. Anglo American discovered the Kalplats platinum deposits in the early 1990's 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 Anglovaal, 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 000m in 133 holes, while Harmony drilled a total of 40 000m in 862 holes. Harmony commissioned a feasibility study in 2003 and excavated a 500t 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.

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 ha). In April 2007, a new order prospecting right (DME1056) (approximately 62 985 ha) was granted to ARM Platinum over the Extended Project area which covers an additional 20km of strike to the north and 18km to the south of the Kalplats Project area.



KALPLATS – MINERAL RESOURCES

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

2PGM=Pt+Pd

GEOLOGY

PGE mineralisation is hosted mainly by magnetite-rich gabbros within the Stella Layered Intrusion (SLI), a 3.0bn 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 000m and widths of between 15 and 45m. 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 RESERVES

Since September 2006, when PLA started work on the Kalplats Project, almost 28 000m of diamond and RC 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 5.5km of strike length. Drilling has focused on extending the known mineralisation at Serpens North and South, Crux and the gap between Crux and Serpens South, Scorpio, Sirius, and to a lesser extent, Crater. Results to date have been positive and encouraging, but PLA has not yet updated the geological models and carried out a newer resource estimation. Consequently, the 2007 mineral resource statement for the Kalplats project remains the same as previous years and which are derived from the 2004 Harmony feasibility study.

Due to the complex nature of the structure and global estimation techniques no Measured Mineral Resources have been defined. At the Crater and Orion deposits the Indicated and Inferred Mineral Resource boundaries were defined based on the proximity of the deepest borehole in the structural block.

For the Crater and Orion deposits the mineral resource is based on RC and surface diamond drill holes on a grid with drill holes spaced at approximately 25m intervals, increasing to 50m at the margins of the mineralisation. For the other five deposits the hole spacing is wider, varying from 50 to 200m.

A 15% metal discount was applied to all resource blocks to account for barren dykes, which are modelled within the ore blocks and would have to be mined as ore, but contain no grade.

TRANSPORTING COAL

ARM Coal

GOEDGEVONDEN COAL PROJECT

During 2006, ARM Coal was formed as an equity partner for Xstrata South Africa (Xstrata SA). ARM Coal holds a 20% equity-based participation in Xstrata SA's coal operations as well as 51% of the Goedgevonden JV. The ARM board has approved the exercise of an option held by ARM to acquire a further 10% in Xstrata's South African coal operations, directly, for R400m as from 1 September 2006. Xstrata SA is the third largest exporter of thermal coal and produces about 20% of all thermal coal exported from South Africa. Currently it has interests in 13 mines, most of which are located within the two major coalfields, Witbank and Ermelo. The annual sales of Xstrata SA is in excess of 20Mt of thermal coal.

The Goedgevonden project is situated in the Witbank Coalfield about 7km 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.

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 0.5m to over 6m and do not exceed 300m in depth from surface. The coal seams dip at less than 5°. 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 about 3.2m additional tonnes annually for export and 3.4Mt 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 1Mt a year (run-of-mine), gaining knowledge of the geology and mining conditions.

All five coal seams are developed on Goedgevonden. 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, 5.5m thick. The No 3 seam at Goedgevonden is of good quality but, with an average thickness of only 0.3m, 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.

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.

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 50m. 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'.

The following table with regard to Goedgevonden 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 SA's Mineral Resources and Reserves.

XSTRATA – MINERAL RESOURCES AND RESERVES

Measured and Indicated Resources	Proved and Probable Reserves	Sales Reserves
570MT	357.4MT	194.1MT

Competence

GOEDGEVONDEN COAL PROJECT

COMPETENCE

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 mineral resources based on current 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 by the South African Council for Natural Scientific Professions as a Professional Natural Scientist in the field of practice of Geological Science, Registration Number 400498/83, and as such is considered to be a Competent Person.

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

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

RESOURCES AND RESERVES

M Burger/S v Niekerk, PrSciNat	Iron
M Burger, PrSciNat	Chrome
A Pretorius*, PrSciNat	Manganese
M Davidson, PrSciNat	Nickel
H Vermeulen	Nickel
J Vieler*, PrSciNat	Nickel
J Woolfe, PrSciNat	Nickel/Platinum
B Knell*, PrSciNat	Platinum
R van Rhyn, PrSciNat	Platinum
C Schlegel, PrSciNat	Gold/Copper
T Williams*, PrSciNat	Copper

** external consultant*

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.

P J van der Merwe
27 August 2007

COMMUNITY PROJECT, MODIKWA PLATINUM MINE

Sustainable Development

ARM takes its responsibility to the broader society in which it operates seriously – its employees and their families, its shareholders, and its communities, today and in the future. The company's sustainable development policy is driven by its mission to convert mineral wealth into other forms of sustainable capital (economic, social and human) to the mutual benefit of all stakeholders. Together with its partners, ARM puts into practice its responsible and sustainable initiatives that have become an integral part of the operations of the company.

ARM's sustainable development policy comprises five pillars, namely:
- Safety
- Occupational health
- HIV/Aids
- Environment
- Social investment

This policy resides within the framework of the company's corporate governance principles, which include the company's role as both a corporate citizen and an employer.

These corporate governance principles require the commitment of senior management to the process of sustainable development and that the process of sustainable development is embedded as an integral part of the business from inception to closure. At minimum the company requires that all operations are in legal compliance, and that operations maintain extensive channels of communication with the authorities and the public.

ARM is also of the view that its performance must be open to scrutiny and, as such, a third-party verification of safety, health and environmental performance is conducted every second year. In F2007, a comprehensive audit was undertaken by Ivuzi, an independent external consultant and specialist. Issues that were highlighted as part of this audit have been reviewed by management and where remedial measures have been found to be required, these have been or are being implemented.

Another fundamental basis underpinning ARM's practices is the requirement of ethical and transparent behaviour and practices based on the principles of honesty, equity, freedom of expression and opportunity for all and the willing and constructive engagement with employees and other stakeholders on matters of mutual concern.

ARM's sustainable development policy is available on the company's website.

All ARM operations and joint ventures are required to develop and maintain their own business-specific sustainable development policies, strategies and programmes to meet their unique circumstances, and to give effect to the group's commitment to sustainable development. While these policies have been developed to take cognisance of the operations' specific local requirements, they are all required to remain consistent with the principles of the ARM policy.

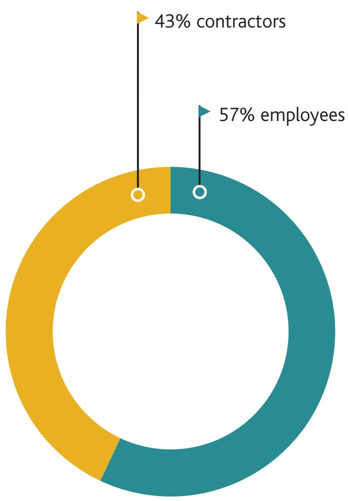
In terms of the ARM framework, operations and joint ventures have thus been required to develop and adopt a business case for sustainable development including aspects such as:
- communicating with and, where possible, involving local communities and other role players in decisions that may have an impact on them;
- implementing sustainable development programmes in a manner that is complementary to state planning and in partnership with government and other role players where this is possible;

GROUP VALUE – ADDED STATEMENT

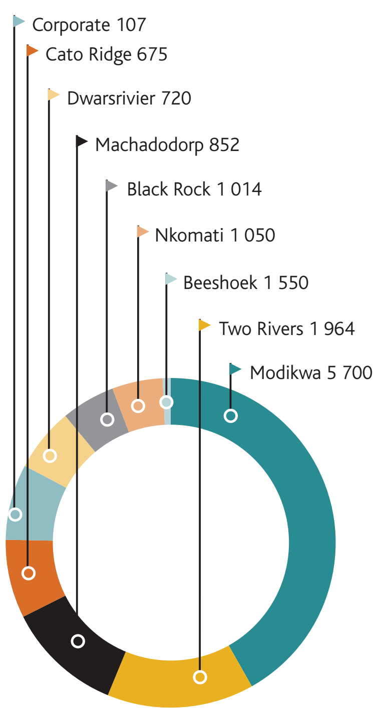
Rm	F2007	F2006
Sales	6 152	4 622
Net cost of products and services	(2 543)	(2 361)
Value added by operations	3 609	2 261
Exceptional items	14	139
Income from associate	16	–
Income from investments	67	24
	3 706	2 424
Applied as follows to:		
Employees as salaries wages and fringe benefits	738	709
The state as taxes	781	377
Providers of capital		
Finance cost	370	134
Total value distributed	1 889	1 220
Re-invested in the group	1 817	1 204
Amortisation	406	440
Minority Interest	191	163
Reserves retained	1 220	601
	3 706	2 424

Sustainable Development continued

ARM EMPLOYEES VS CONTRACTORS



ARM EMPLOYEES AND CONTRACTORS



- clearly defining the identity and responsibilities of various role players;
- investing an agreed percentage of pre-tax profit to facilitate sustainable development initiatives in the communities surrounding ARM's operations.

OVERSIGHT OF SUSTAINABLE DEVELOPMENT AT ARM

The Sustainable Development Committee of the board has as its brief to direct the achievement and maintenance of world-class performance standards in safety, occupational health, HIV/Aids and corporate social investment. Not only is it this committee's brief to advise the board on policy issues and the efficacy of current management systems, but also to monitor progress towards goals, compliance with statutory, regulatory and Mining Charter requirements. The committee is also involved in overseeing the risk management function within the company, in conjunction with the Audit committee. In addition to the Sustainable Development Committee and in light of specific historical and legislative requirements within South Africa, the board has also set up an Empowerment Committee to identify business opportunities for ARM as a result of empowerment legislation; to enable historically disadvantaged South Africans (HDSAs) to enter into the mining industry, to direct and monitor compliance with the company's preferential procurement policies and to ensure that the company complies with the Mineral and Petroleum Resources Development Act (MPRDA) and the Mining Charter Scorecard. The Empowerment Committee also oversees the company's compliance with equity legislation (employment equity and skills development).

Further details may be found in the corporate governance section of the annual report on pages 97 to 101.

ECONOMIC CONTRIBUTION BY ARM

ARM has a significant economic presence in the markets in which it is invested. The group value added statement provides an indication of the economic contribution of the group.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

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 Broad-based Economic Empowerment Trust (the BBEE Trust), and hold about 10 percent of the company's issued share capital (some 20.4 million shares). In addition, communities around the Modikwa operation own a 17 percent stake in ARM Mining Consortium Limited, which in turn owns 50% of Modikwa Platinum Mine, and have been the beneficiaries of some R13 million (on a 100% basis) in corporate social investment expenditure over the past three years.

SUPPORT FOR SMMEs

For ARM, empowerment and development extends to the support of small and medium-sized enterprises and emerging BEE companies that can play a major role in developing the economy and creating jobs. ARM has set a target of procuring 40 percent of all capital goods and services from BEE suppliers by 2010. ARM's total discretionary procurement amounted to R3 941 million in F2007. Of this, R1 508 million (or 38.3%) was spent with HDSA suppliers and R1 451 million (or 36.8%) was spent with BEE suppliers.

In this context, HDSA procurement is that expenditure with suppliers who were disadvantaged by unfair discrimination before the Constitution of the Republic of South Africa. Discretionary expenditure is all procurement expenditure other than on government agencies and parastatals.

ARM AS AN EMPLOYER

Directly, and through its joint venture operations and interests ARM plays a significant role in job creation in South Africa. Total employment for the group (on a 100 percent basis) (including ARM Platinum, ARM Ferrous, ARM Coal and any full-time out-sourced contractors) amounted to 13 632 people in F2007 (consisting of 7 725 employees and

5 907 contractors). (F2006: 11 805, made up of 6 943 employees and 4 862 contractors).

TRAINING AND DEVELOPMENT

A great deal of focus is placed on training and development programmes at ARM's operations. Training and development is seen as an integral part of the overall human resources development function that will ensure the availability of sufficient skills to the company. This is of particular importance as the group's growth projects gain impetus and as the industry as a whole suffers significant skills shortages.

This training and development function includes the provision of Adult Basic Education and Training (ABET) where this is required, as well as bursaries, learnerships, mentoring and the provision of accredited training programmes in key disciplines.

As at 30 June 2007 it was estimated that around 86 percent of ARM's employees were functionally literate (F2006: 88 percent). All employees at the company's corporate office and at Two Rivers Platinum Mine are literate as a result of focussed recruitment programmes. A total of 190 employees and 55 community members participated in company-sponsored ABET programmes (F2006: 205 employees; 57 community members) during the year.

A total of 49 bursaries were awarded in F2007, primarily in engineering related disciplines (F2006: 84). A great deal of emphasis was placed on learnerships, again primarily in mining-related disciplines, with 257 learnerships having been registered in F2007 (F2006: 175), at ARM's three Mine Qualifications Authority (MQA)-registered training facilities across the company's operations.

In total, the group spent R27 million on training in F2007 (F2006: R19 million), which amounted to 3.4 percent of payroll (F2006: 3.3 percent).

SOCIAL AND LABOUR PLANS

Social and Labour Plans, in line with the requirements of the MPRDA, have been or are being developed for all operations for submission to the relevant Department of Minerals and Energy (DME). A new order mining licence has been awarded for Khumani Iron Ore Mine.

The conversion for the Goedgevonden Coal Project new order mining right was finalised and the company has applied for a new order mining right in respect of the Zaaiwater property and is in discussion with the DME in this regard.

EMPLOYMENT EQUITY

ARM is committed to empowering historically disadvantaged South Africans (HDSAs) at all levels of employment and has extensive programmes in place to facilitate transformation within the company. ARM is confident of meeting the Mining Charter requirement, in that, by 2009, 40% of management should be HDSAs. See the table for details on performance during the year.

WOMEN IN MINING

The company also has various programmes in place aimed at the development and advancement of women in the workplace. We are confident that the company will meet the Mining Charter's requirement that 10 percent of its workforce should be women by 2010. See table for details.

SUSTAINABLE DEVELOPMENT PERFORMANCE DURING THE YEAR

PILLAR 1: SAFETY

Occupational safety is regulated in terms of the

EMPLOYMENT EQUITY STATISTICS

	F2007	F2006	F2005
Board representation			
Black directors on Board	50%	53%	56%
Women on Board	13%	12%	12%
Senior management			
Steering committee members who are black	40%	43%	45%
Steering committee members who are women	20%	14%	-
Senior managers who are black	19%	19%	13%
Senior managers who are women	11%	10%	5%
Skilled employees			
Professionally qualified employees who are black	34%	30%	31%
Professionally qualified employees who are women	15%	12%	8%
Technically qualified employees who are black	49%	43%	49%
Technically qualified employees who are women	8%	7%	8%
All employees			
Total employees who are black	84%	83%	81%
Total employees who are women	9%	7%	6%

Sustainable Development continued

Mine Health and Safety Act (for mining operations) and the Occupational Health and Safety Act (which regulates the smelters). Safety performance is reviewed by the Sustainable Development board committee on a quarterly basis.

It is with deep regret that the company has reported the occurrence of two fatal accidents during the year:

- On 9 February 2007 Mr Wycliff Malusi was fatally injured as a result of a truck collision at the Khumani Iron Ore Mine.
- On 30 March 2007, Mr Michael Thosa, a rockdrill operator at Two Rivers Platinum Mine lost his life in a fall of ground accident.

The Board and management of the company extend their condolences to the families and friends of the deceased.

There were also a number of achievements on the safety front during the year. The Lost Time Injury Frequency Rate (LTIFR) for the Ferrous division improved by 4.4% from 4.09 per million man hours to 3.91, while the LTIFR for the Platinum division improved by 40% from 8.12 to 4.85 per million man hours.

Specific achievements during the year include the achievement of:

- two million fatality-free shifts at Modikwa Platinum Mine.
- one million fatality-free shifts at Beeshoek Iron Ore Mine.
- Black Rock – winner of the Mine Health and Safety Council Safety Achievement Flag in "Other mines" category.
- Black Rock – winner of the Northern Cape Managers' Association Safety Competition, as well as "Best Improved Underground Mine – Northern Cape" Competition.

The group's internal "Excellence in Safety" competition was awarded to Nkomati Nickel Mine for recording a 66% improvement in its Lost Time Injury Frequency (LTIFR) rate to 0.85 per million man hours.

PILLAR 2: HEALTH

Medical surveillance is undertaken at all managed operations in accordance with legislation. Assmang and the Department of Labour are investigating possible manganism cases at the Cato Ridge Works. This occupational illness, caused as a result of a chronic exposure to manganese, displays similar symptoms to Parkinson's disease, and is very difficult to identify. Our group has, in place the safety and health mechanisms required by law, including medical surveillance, but it has become apparent that the exposure limits prescribed are not in line with international best practice and should be reviewed.

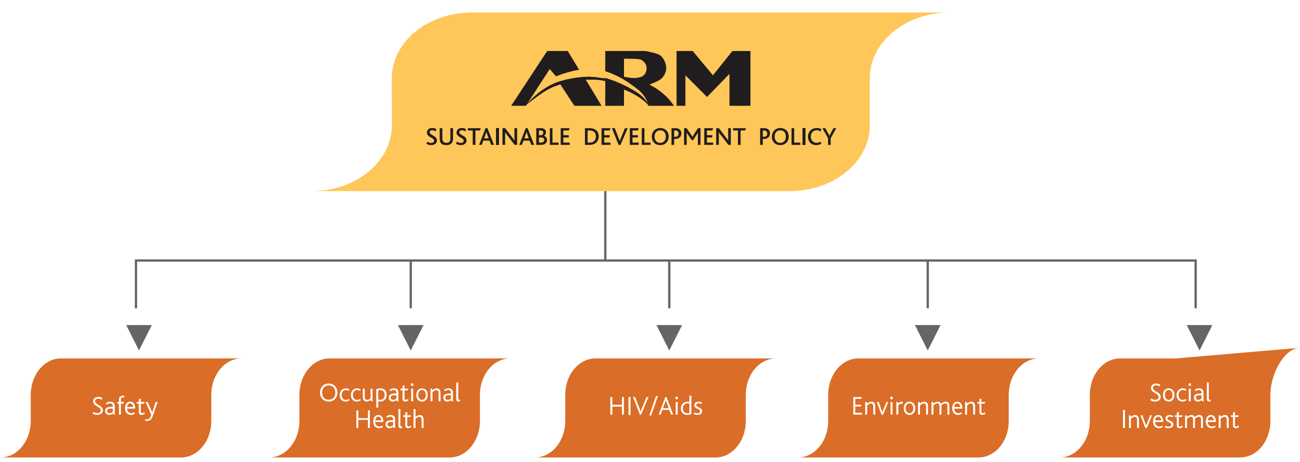
ARM has been working closely with the relevant unions and authorities in understanding the issues at hand, and has commissioned an independent expert review, to advise the company. The company is committed to ensuring that those affected individuals are treated fairly and compassionately. A comprehensive improved medical surveillance and employee support programme is being developed and introduced to suit current and future needs.

PILLAR 3: HIV/AIDS

HIV/Aids remains an important area of focus for the group, amongst its employees, their families and the communities in which the company operates. Priorities are programmes aimed at halting the further spread of the disease and the care of those who are infected. Interventions take place on three levels:

- At a corporate level through the ARM Community Investment Trust which supports a number of HIV/Aids focused initiatives (see below); and
- At an operational level through programmes run in collaboration with unions, local government and non-governmental organisations (NGOs).

FIVE PILLARS OF SUSTAINABLE DEVELOPMENT



At head office level ARM uses a balanced scorecard process to manage HIV/Aids interventions at an operational level.

PILLAR 4: THE ENVIRONMENT

All ARM-managed operations (except for Nkomati Mine and Two Rivers Platinum Mine) have environmental management systems in line with ISO14001 in place and are ISO14001 certified.

Nkomati Mine is in the process of implementing ISO14001, while Two Rivers Platinum Mine is still considering the implementation of this system.

No fines were issued to the company during the year in respect of environmental non-compliance and all operations have largely conducted their business in compliance with legislation and in line with approved Environmental Management Plans.

The group's total environmental rehabilitation obligation amounted to R86 million as at the end of June 2007 (June 2006: R68 million). At year-end R27 million was held in environmental rehabilitation trust funds. The remaining net liability of R59 million will be funded over the life of mine of individual operations.

PILLAR 5: SOCIAL INVESTMENT

Socio-economic development support is provided through the company's corporate social investment mechanisms as well as through local economic development (LED) projects.

Corporate social investment

Corporate social investment is an important component of ARM's sustainable development programme and is guided by the company's desire to be a responsible corporate citizen and valued partner in the communities in which it operates.

ARM encourages its employees to participate directly in corporate social investment projects so as to create greater unity between the company and local community members.

ARM takes great care to ensure that its corporate and social investment programmes are directly aligned with that of local government's economic development projects, where this is possible. In F2007, ARM contributed R7.5 million (F2006: R9 million) to corporate social investment initiatives. The company's stated priority is the creation of partnerships with local communities, together with other stakeholders (such as government) so as to ensure not only that community development programmes that are implemented are sustainable but also so as to ensure those communities recognise and value the company as a corporate citizen.

Key priority areas for ARM's corporate social investment initiatives remain the same as in previous years, and are:

- Health care promotion, particularly in respect of HIV/Aids;
- Education, training and skills development;
- Job creation programmes and projects, with an emphasis on women and youth;
- Infrastructure development including schools, clinics, and orphanages;
- Sporting events that unite communities under a single banner;
- Cultural events, particularly those in rural communities; and
- Capacity-building programmes aimed at enabling communities to actively participate in socio-economic processes and projects.

Local economic development

Local economic development projects form an important part of the various operations' 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. Projects under discussion include olive plantations, household chemicals, brick-making, coffin-making and funeral services, tourism and archeological and cultural preservation projects, vegetable gardens and intensive crop tunnels, bakery project and spatial development. In total, ARM's managed operations will spend some R27 million on LED projects over the next five years.

Board of Directors

1 2 3 4

1 **Patrice Motsepe (45)**
Executive chairman. BA (Legal), LLB

Appointed to the board in 2003 and became 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 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 include being President of Business Unity South Africa (BUSA), which is the voice of organised business in South Africa. He is also president of Mamelodi Sundowns Football Club.

2 **André Wilkens (58)**
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 which culminated in his appointment as mine manager of Vaal Reefs South Mine in 1993.

3 **Frank Abbott (52)**
Financial director. BCom, CA(SA), MBL

Appointed as financial director to the ARM board in 2004. Frank Abbott was formerly the financial director of Randgold for the period 1994 to 1997. He then held the position of financial director at Harmony from 1997 to 2004. In August 2007 Frank was appointed interim financial director of Harmony for a period of six months.

4 **Mangisi Gule (55)**
Executive director. 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 executive director and board member of Harmony.

5 6 7 8

5 Jan Steenkamp (53)

Executive director. 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 serves on the board of Assmang Limited. In May 2003 Jan was appointed to the Avmin board and was appointed chief executive officer of Avmin on 1 July 2003 after serving as chief operating officer. Jan currently holds the position of Chief Executive of ARM Ferrous.

6 Rick Menell (52)

Non-executive director. MA (Cantab), MSc

Appointed to the board in 1994, elected chief executive officer in 1999 and became chairman during 2002. He is currently President and CEO of TEAL Exploration & Mining Inc. Rick Menell trained as an exploration geologist and worked as an investment banker with JP Morgan in New York and Melbourne. He was executive director of Delta Gold in Australia and then joined Anglovaal Mining in 1992, became CEO in 1999 and executive chairman in 2002. He is a director of The Standard Bank Group and Mutual & Federal. He recently served as chairman of the South African Tourism board (2000-2006), deputy chairman of Harmony Gold (2003-2005) and Telkom SA (2000-2004) and was President of the Chamber of Mines from 1999 to 2001. He also currently serves on the boards of a number of non-profit development organisations including The Business Trust, The National Business Initiative and City Year (youth service).

7 Dr Manana Bakane-Tuoane (59)

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), National University of Lesotho (NUL), University of Saskatchewan (Sectional Lecturer) and the University of Fort Hare as Head of Department and Associate Professor. During this part of her career she was seconded to work in the public service, where she has held various senior management positions since 1995. Manana was appointed to the Programme Committee of the African Economic Research Consortium (AERC), Nairobi, Kenya, in 2000.

8 Joaquim Chissano (67)

Independent non-executive director

Appointed to the board in 2004. Joaquim Chissano is a former President of Mozambique who has served that country in many capacities, initially as a founding member of the Frelimo movement during that country's struggle for independence. Subsequent to independence in 1975 he was appointed foreign minister and on the death of Samora Machel 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.

Board of Directors continued

9 10 11 12

9 **Mike King (70)**
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.

10 **Alex Maditsi (45)**
Independent non-executive director. BProc, LLB, LLM

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.

11 **Roy McAlpine (66)**
Independent non-executive director. BSc, CA

Appointed to the board in 1998. Roy McAlpine joined Liberty Life in 1969 and was appointed to their Board in 1981. He headed the investment activities for over twenty years 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.

12 **Dr Rejoice Simelane (55)**
Independent non-executive director. BA (Econ and Acc and MA), PhD (Econ)

Appointed to the board in 2004. Rejoice Simelane began her career as a lecturer at the University of Swaziland where she lectured for 19 years. She then moved to the Departments of Trade and Industry and the National Treasury in their respective macroeconomic Chief Directorates, before joining the Premier's Office in the Mpumalanga Province as a Special Adviser, Economics. In November 2005 she was appointed to the Presidential Economic Advisory Panel. Rejoice, a Fulbright Fellow, is currently the chief executive officer of Ubuntu-Botho Investments.

13 14 15 16

13 Max Sisulu (62)

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 AMD (South African Aerospace, Maritime and Defence Industries). He is also a council member of the Human Sciences Research Council (HSRC), and was appointed in 2006 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.

14 Bernard Swanepoel (46)

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 CEO of Harmony in 1997 and served in that position until 2007. Bernard is a non-executive board member of Sanlam and the vice-president of the South African Chamber of Mines.

15 Pieter Rörich (38)

Executive director. CA (SA)

Appointed to the board in 2006. Pieter Rörich joined ARM in May 2004, is a chartered accountant and has just under ten years of investment banking and corporate finance experience. After having completed his articles with the firm, Pieter joined the Deloitte & Touche Corporate Finance division during 1994. In June 1997 Pieter joined Gensec, initially in the equities underwriting team, but was later asked to start and lead the Corporate Finance Advisory business. Pieter joined Deutsche Bank in Johannesburg in 2001 as a director in corporate finance, mainly responsible for mining transactions.

16 Steve Mashalane (44)

Executive Director: B.Comm (Hons), PMD (Harvard Business School)

Appointed to the board in 2006. Steve Mashalane was 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.

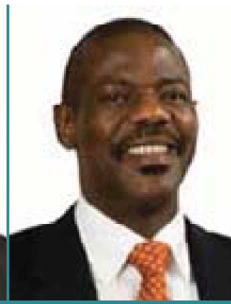
Steering Committee

André Wilkens
Chief Executive Officer

Frank Abbott
Financial Director

Director Matlala
Leader: Transformation

Jan Steenkamp
Chief Executive: ARM Ferrous

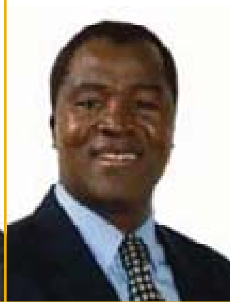


Mangisi Gule
Chief Executive: ARM Coal

Pieter Rörich
Executive Director: Investor Relations and New Business Development

Sandile Langa
Executive: Shared Services

Bongani Kunene
Executive: Sustainable Development



Steve Mashalane
Chief Executive: ARM Platinum

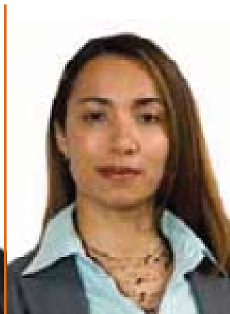
Stompie Shiels
Executive: Business Engineer

Noluthando Ngema
Leader: Corporate Social Investment

Busi Mashiane
Leader: Human Resources

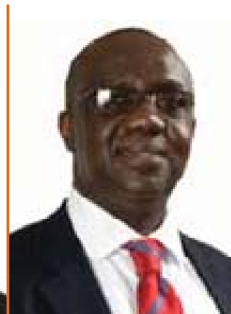
Bryan Broekman
Executive: Ferrous Operations

Deon Pieterse
Executive: Human Resources



Monique Swartz
Corporate Development Manager

Pat Smit
Company Secretary



Dan Simelane
Executive: Business Development (Africa)

Mike Arnold
Acting Chief Financial Officer

Chris Blakey-Milner
Leader: Risk Management

Mike Schmidt
Executive: Platinum Operations

Corporate governance

The Board of Directors is responsible for corporate governance at ARM. Corporate governance is a requirement of high importance at ARM and is undertaken with due regard to all the ARM stakeholders and its role in the community. Good corporate governance is a fundamental part of the culture and the business practices of ARM. The main corporate governance practices that were in place during the financial year ended 2007 are described in this report.

COMPLIANCE

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 in all material respects complies with the King Report on Corporate Governance for South Africa 2002 (King II).

Corporate governance encompasses the concept of sound business practice, which is inextricably linked to the management systems, structures and policies of the company.

The company reaffirms its commitment to high standards of integrity, behaviour and ethics 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, in good faith and in the interests of the company and stakeholders.

COMPOSITION OF THE BOARD

The board comprises 16 directors, of whom seven are independent non-executive directors, two are non-executive directors and seven are executive directors. Curricula vitae for the board members are to be found on pages 92 to 95.

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. Evaluation of the status of independent and non-executive directors is based on 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 PT Motsepe, is an executive director representing the company's largest shareholder, which holds 41.86% of the company.

ELECTION

ARM's articles of association call for one-third of the previously elected directors to retire by rotation at each annual general meeting. Dr Bakane-Tuoane and Messrs Chissano, King, Maditsi and Steenkamp are required to retire by rotation and, being eligible, may seek re-election. 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 page 101 of this report. The quorum for board meetings is the majority of directors.

The board is required to give strategic direction to the company and in doing so arranges an annual meeting of members of the board and senior executives of the company to consider the budget and determine strategy, for implementation by the board during the following financial year.

In terms of the articles, the chairman and deputy chairman are required to be elected annually by the board.

In terms of ARM's succession plan, it was agreed that the company would operate without a deputy chairman for a period. Mr Motsepe was re-elected as chairman for the year commencing 1 January 2007.

The agenda and supporting documents for board meetings are prepared by the company secretary in consultation with the chief executive officer and the financial director and are dispatched timeously to every director prior to each meeting. Health, safety, sustainable development and risk matters, and updates on legal and related matters likely to affect ARM, are routinely included in the board papers.

BOARD CHARTER

The board's Charter, which is reviewed annually, 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:

- Provide strategic direction and leadership and adopting and implementing strategic plans including mergers, acquisitions, disposals and capital funding.
- 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 of the company.
- Ensuring compliance with codes of best business practice, corporate governance regulations and all relevant laws.
- Monitoring ARM's operational performance including financial and non-financial aspects.
- Maintaining full and effective control over the company and its subsidiaries, monitoring the implementation by management of Board plans and strategies.

DIRECTORS' REMUNERATION AND FEES

Service contracts have been entered into between the company and the executive directors namely Messrs Motsepe (Executive Chairman), Wilkens (Chief Executive Officer), Abbott (Financial Director), Gule (Chief Executive: ARM Coal), Mashalane (Chief Executive: ARM Platinum), Rörich (Executive Director: Investor Relations and New Business Development) and Steenkamp (Chief Executive: ARM Ferrous). These contracts are

Corporate governance continued

subject to one month's calendar notice by either party.

A consultancy agreement had 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.

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

Increases in remuneration of executive directors is subject to approval by the Remuneration Committee.

The increase in directors' fees and attendance fees, which came into effect on 1 July 2006, was approved by the board and the shareholders at the annual general meeting held on 24 November 2006. 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.

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

During the year the board introduced a programme to assess the board's overall performance. This was done by means of questionnaires focused on particular aspects of the board's functions. This self-assessment will be conducted annually.

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 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 101 of this report.

The non-executive directors constitute the entire membership of board committees with one exception: the chairman of the Nominations Committee is ARM's executive chairman. Independent non-executive directors constitute the majority of members of board committees.

AUDIT COMMITTEE

Members: MW King (Chairman), AK Maditsi, JR McAlpine and Dr RV Simelane

The objective of the Audit Committee is to assist the board in discharging its duty 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 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 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 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 2007 financial year.

A comprehensive framework of all tasks that have been assigned to the Audit Committee has been prepared to ensure that all the tasks that have been assigned to it 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.

The Terms of Reference of the Audit Committee were re-assessed and amended in 2006 in order to provide for the formation of the Risk Committee and the delegation of the Audit Committee's responsibilities in terms of risk management, and to review the activities of the Risk Management sub-committee. The amended Terms of Reference were approved by the Audit Committee and the Board in August 2006.

EMPOWERMENT COMMITTEE

Members: MV Sisulu (Chairman) and ZB Swanepoel

The Empowerment Committee's main objective is to identify business opportunities 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 Committee is required to meet at least twice a year. Two meetings were held during the 2007 financial year.

The Terms of Reference were reviewed and are to be submitted to the board for final approval.

INVESTMENT COMMITTEE

Members: AK Maditsi (chairman), MW King, RP Menell and ZB Swanepoel

Mr Maditsi was appointed chairman of the committee following the resignation of Dr S P Sibisi.

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. Four meetings were held during the past financial year.

NOMINATIONS COMMITTEE

Members: PT Motsepe (chairman), AK Maditsi and Dr RV Simelane

The Nominations 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 Nominations 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 a function undertaken by the committee.

Meetings are convened as and when necessary. Although no Nominations Committee meetings were held during the 2007 financial year, appointments to the Investment Committee and Sustainable Development Committee were approved by round robin resolution of the committee.

REMUNERATION COMMITTEE

Members: Dr MMM Bakane-Tuoane (chairman), JR McAlpine and ZB Swanepoel.

The Remuneration Committee recommends the directors' fees and committee fees payable to member of the board, approves consultancy agreements with non-executive directors and the remuneration of the executive directors. All elements of the executive directors' remuneration are subject to the committee's approval. The board is briefed with regard to all of these transactions. In addition, the committee is responsible for determining the overall policy for the remuneration of ARM employees with particular reference to senior management.

The committee considers that a minimum of two meetings is required to be held annually to undertake the responsibilities assigned to it. Two meetings were held during the past financial year.

SUSTAINABLE DEVELOPMENT COMMITTEE

Members: Dr R V Simelane (chairman), Dr MMM Bakane-Tuoane and MV Sisulu.

Dr R V Simelane was appointed to chair the Committee in place of Mr R P Menell who no longer met the criteria of being a non-executive director.

The Sustainable Development Committee's objective is to achieve and maintain world-class performance standards in safety, health (occupational), the environment, HIV/Aids and social investment. The attainment of this objective 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, and to oversee the management of risk within the company in conjunction with the Audit Committee.

Three meetings were held during the financial year.

The reader is referred to the Sustainable Development Report which commences on page 87.

MANAGEMENT COMMITTEES

STEERING COMMITTEE

The Steering Committee comprises the chief executive officer and other ARM senior managers. The committee is charged with the 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 financial director with Andisa Treasury Solutions (Proprietary) Limited (Andisa) to whom the treasury function is outsourced. The committee reviews operational cashflows, 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

Corporate governance continued

taken when required. Advice is also sought from other advisors on a continual basis.

ADMINISTRATIVE MATTERS

WHISTLE-BLOWING FACILITY

During 2004 ARM introduced a system whereby employees and others can anonymously report unethical and risky behaviour to an independent service provider. A written protected disclosures policy has been prepared and implemented.

CODE OF ETHICS

The company is committed to high standards of integrity, behaviour and ethics 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, and to act in good faith and in the interests of the company. The board believes that the code is adhered to by all directors and employees. The code is circulated to employees on a regular basis. The Code of Ethics is currently being reviewed.

INTERNAL CONTROL AND INTERNAL AUDIT

The board, with the aid of the Audit Committee, Management Risk Committee and Internal Auditors, review its risk profile annually and conducts internal audits of systems and procedures. The results of the reviews are reported to the board, recommending action to be taken to rectify any irregularities.

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 our 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 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 our activities. This key performance area ensures that we operate 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 our risk retention capacity.

RECORD KEEPING

ARM has a central records department for the retention of legal and administrative records. Policies and procedures have been implemented in order 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. 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, which was updated during the current financial year, is available from the company secretarial department.

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 and its material listed subsidiaries. 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 also reminded of their obligations in terms of insider trading and the penalties for contravening the regulations.

A closed period extends from the last business day of the month before 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 either the Chairman, Chief Executive Officer or Financial Director of the company, prior to dealing in securities of the company.

- Directors' conflict of interests policy/ directors obtaining professional advice

Written policies relating to conflicts of interests and obtaining professional advice are being prepared for review by the Board of Directors.

- Donations to political parties

A policy relating to the making of donations to political parties has been approved by the Board of Directors. The object of the policy is to promote democracy and a stable political environment in South Africa.

MEETINGS ATTENDANCE FOR THE YEAR ENDED 30 JUNE 2007

Director	Board	Audit	Empowerment	Investment	Remuneration	Sustainable Development
P T Motsepe(Chairman)	4/4					
A J Wilkens	4/4					
F Abbott	4/4					
M M M Bakane-Tuoane	3/4				2/2	3/3
J A Chissano	2/4					
W M Gule	3/4					
M W King	2/4	4/4		4/4		
A K Maditsi*	3/4	4/4		2/3		
K S Mashalane	4/4					
J R McAlpine	4/4	4/4			2/2	
R P Menell**	3/4			4/4		1/1
P C Rörich	4/4					
P S Sibisi***	2/2			2/2		
R V Simelane****	4/4	3/4				2/2
M V Sisulu	1/4		1/2			1/3
J C Steenkamp	3/4					
Z B Swanepoel	3/4		2/2	1/4	1/2	

* *Appointed as Chairman of the Investment Committee on 1 February 2007.*
** *Resigned from Sustainable Development Committee on 1 February 2007.*
*** *Resigned on 24 November 2006.*
**** *Appointed as a member and chairman of Sustainable Development Committee on 1 February 2007.*

Annual financial statements

Directors' responsibility

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. 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 statements that are reasonable in the circumstances.

The annual financial statements and group annual financial statements which appear on pages 103 to 162 were approved by the directors and are signed on their behalf on 5 October 2007 by:

Patrice Motsepe	André Wilkens
Executive chairman	*Chief executive officer*

Johannesburg
5 October 2007

Certificate of the company secretary

In terms of Section 268G(d) of the Companies Act, 61 of 1973, as amended, I certify that the company has, in respect of the year under review, 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
5 October 2007

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 comprise the directors' report, the balance sheet as at 30 June 2007, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 105 to 162.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and group as of 30 June 2007, 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 Accountants and Auditors

Johannesburg
5 October 2007

Directors' report

The directors have pleasure in presenting their report and the annual financial statements of the African Rainbow Minerals Limited ("ARM" or "the company") group and the company for the year ended 30 June 2007.

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 and ferrochrome alloys. 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. Through the formation of ARM Coal on 1 July 2006 the company has added coal to its asset portfolio with an effective economic interest of 10.2 percent in Xstrata Coal South Africa's existing coal mining interests. ARM Coal has a 51 percent interest in the joint venture holding the Goedgevonden Coal Project which gives ARM an effective 26 percent economic interest in the Goedgevonden Coal Project. In addition, on 1 September 2006 ARM acquired a direct 10 percent interest in the existing coal operations of Xstrata Coal South Africa. During the year under review, ARM Coal was granted coal export throughput capacity in the new expansion at RBCT of 3.2 million tonnes per annum, thereby facilitating the release of the Goedgevonden Coal Project.

HOLDING COMPANY

The company's largest shareholder is African Rainbow Minerals & Exploration Investments (Proprietary) Limited (ARMI), holding 41.84 percent of the issued ordinary share capital. The ARM BBEE Trust owns 13.64% of the issued ordinary share capital of the company.

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 BBEE Trust. A rigorous process of allocating 20.8 million shares equivalent to 10 percent of ARM's issued share capital to various trust beneficiaries, which include various church groups, union representatives, seven broad-based provincial upliftment trusts, several community, business and traditional leaders and a broad-based women upliftment trust, has been completed.

REVIEW OF OPERATIONS

The reader is referred to reviews by the chairman, the chief executive officer, the acting chief financial officer and the review of operations, which report on the group's activities and results for the year ended 30 June 2007, on pages 5 to 56.

FINANCIAL

The company's annual financial statements and accounting policies appear on pages 103 to 162 of this document. The results for the year ended 30 June 2007 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

Gross borrowings at 30 June 2007 were R4.0 billion compared to R2.3 billion at 30 June 2006. The increase is largely due to debt incurred to finance the investment in Xstrata Coal South Africa and to fund the completion of the Two Rivers Platinum Mine.

During the financial year, ARM provided a US$20 million bank guarantee to assist in securing exploration funding for TEAL. After the year-end ARM has agreed to increase this guarantee to US$50 million.

ARM's borrowing powers are in accordance with its Articles of Association and are unlimited subject to any regulation that may be made by the company in general meetings. There are at present no such regulations.

TAXATION

The latest tax assessment for the company relates to the year ended June 2000.

All tax submissions up to and including June 2005 have been submitted.

Directors' report continued

The company is in dispute with the South African Revenue Services (SARS) over the deductibility of a loss claimed in its 1999 tax submission. The matter is currently under appeal with the Special Tax Court trial having been held in August 2007. Judgement is awaited. The liability for tax is R45 million excluding interest. The interest thereon is estimated at R47 million to June 2007. The company results include full provision for this estimated liability.

There has been no change during the year in the status of the contingent liability for tax reported under note 32 on page 155.

SUBSIDIARY COMPANIES

The company's direct and indirect interests in its principal subsidiaries, associates, joint ventures and investments are reflected in separate reports. Refer to pages 161 to 162.

DIVIDEND

A dividend of 150 cents per share which equates to a distribution of approximately R315 million, was declared on 3 September 2007 and was paid to shareholders on 1 October 2007. ARM is continuing its programme of organic growth projects and is seeing the benefits flowing through in attributable earnings and cash flow. Although substantial capital will be expended for ongoing growth, the board believes that, ARM's net debt position is at an appropriate level as sufficient cash flow and facilities exist to fund developing projects.

POST-BALANCE SHEET EVENTS

The ARM balance sheet at 30 June 2007 reflects a marked-to-market investment in Harmony Gold Mining Company Limited ("Harmony") of R6,380 million, based on a Harmony share price of R100 per share at that date. The Harmony share price closed at R74 per share on 5 October 2007 resulting in a R1 657 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.

SHARE CAPITAL

The share capital of the company, both authorised and issued, is set out in note 11 on page 136 of the annual financial statements.

The company in general meeting is required to authorise the disposal of any unissued share capital. No such authorisation has been granted and no such authority will be sought at the forthcoming Annual General Meeting.

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 2007, is set out on pages 165 to 167.

DIRECTORATE

The names and details of the directors of the company are reflected on pages 92 to 95.

The Articles of Association provides for one-third of the previously elected directors to retire by rotation. The non-executive directors affected by this requirement are Dr Bakane-Tuoane and Messrs Chissano, King and Maditsi. The executive director affected by this requirement is Mr. Steenkamp. Brief curricula vitae of the directors seeking re-election may be found in the notice of Annual General Meeting.

Service contracts have been entered into between the company and the executive directors. These contracts are subject to one month's notice by either party.

Directors' fees are payable quarterly in arrears and were increased at the annual general meeting held on 24 November 2006 and were effective from 1 July 2006.

Following a study of directors' fees in the mining and other industries, it was found that ARM's fees were in the lower quartile of the market. An adjustment to rectify the situation has been approved by the board.

A motion will be proposed at the forthcoming Annual General Meeting, in accordance with the articles of association, to increase the directors' fees payable annually per meeting. Please refer to the Notice of Annual General Meeting.

DIRECTORS EMOLUMENTS

The following emoluments were paid to directors during the year ended 30 June 2007

All figures in R000	Board and committee fees	Salary	Accrued bonus	Pension Scheme contributions	Reimbursive allowances	Consultancy fees	Total 2007	Total 2006
Executive directors								
P T Motsepe		2 808	3 379	Nil	Nil		6 187	3 279
A J Wilkens		1 574	2 992	265	785		5 616	2 903
F Abbott		1 444	2 267	217	566		4 494	2 409
W M Gule		878	1 656	Nil	878		3 412	2 554
K S Mashalane#		768	1 624	115	653		3 160	464
P C Rörich#		1 455	1 757	Nil	257		3 469	478
J C Steenkamp		1 314	2 454	197	876		4 841	2 550
		10 241	**16 129**	**794**	**4 015**		**31 179**	**14 637**
Non-executive directors								
M M M Bakane-Tuoane	154						154	118
J A Chissano	101					500	601	713
M W King	185						185	171
A K Maditsi	154						154	131
P J Manda***	Nil						Nil	574
J R McAlpine	167						167	123
R P Menell****	Nil						Nil	426
P S Sibisi##	65						65	113
R V Simelane	161						161	131
M V Sisulu	116						116	88
Z B Swanepoel*	137						137	131
	1 240					**500**	**32 919**	**17 356**
Paid by subsidiary (US$)								
J A Chissano	37						37	254
R P Menell		280					280	210
M W King	41						41	191
	78	**280**					**358**	**655**

Appointed 9 May 2006.
Dr Sibisi advised that he would not be available for re-election at the annual general meeting which was held on 24 November 2006.
*** Resigned on 13 February 2006.
**** Executive director of TEAL and non-executive director of ARM.

FEES*

	Proposed effective 1 July 2007		Approved effective 1 July 2006	
Board of directors	Annual	Per meeting	Annual	Per meeting
Chairman	210 000	13 000	139 200	9 800
Director	150 000	9 000	83 500	6 000

ARM's executive directors have ceded their directors' and committee fees to the company.

Directors' report continued

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 2007.

Audit committee	Proposed effective 1 July 2007	Approved effective 1 July 2006
Chairman	16 500	14 800
Member	10 000	9 200
Other board committees*		
Chairman	11 500	10 200
Member	7 000	6 300

* Other board committees comprise Empowerment, Investment, Nominations, Remuneration and Sustainable Development committees.

INTERESTS OF DIRECTORS

The direct and indirect interests of the directors of the company in the issued share capital of the company at 30 June 2007 were as follows.

	30 June 2007		30 June 2006	
Ordinary shares	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Direct interests				
Executive directors				
R P Menell	Nil	Nil	Nil	2 835
Non-executive directors	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	2 835
Indirect interests				
Executive directors				
PT Motsepe	Nil	87 750 417	Nil	87 750 417
Non-executive directors	Nil	Nil	Nil	Nil
Total	Nil	87 750 417	Nil	87 750 417

No material changes in holding were effected between year-end and the date of this report.

DIRECTORS' OPTIONS

Annexure A

OPTIONS

The table below reflects share option entitlements accruing to executive directors and the transactions that occurred during the year to 30 June 2007. Refer to Option Vesting Dates on page 110 as to exercising of options.

Directors	P T Motsepe		F Abbott		W M Gule		K S Mashalane		R P Menell		P C Rörich		J C Steenkamp		A J Wilkens	
Category	Executive		Executive		Executive		Executive		Executive		Executive		Executive		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	No. of Options	Issue Price	No. of Options	Issue Price	No. of Options	Issue Price
Held at 1 July 2006																
Number	683 784		362 135		355 719		206 126		446 326		245 676		801 391		576 865	
Average price per option	R28.96		R29.60		R30.49		R33.12		R35.15		R29.67		R30.03		R28.96	
Details of individual allocations: Granted																
3 Feb 2000									4 198	R24.30						
12 Jun 2001									72 333	R35.55			22 248	R35.55		
18 Sep 2001									148 600	R33.50			50 101	R33.50		
2 Jul 2002													77 732	R37.75		
20 Sep 2002									184 185	R36.00			76 613	R36.00		
5 Aug 2003													93 562	R39.50		
19 Aug 2003									37 010	R38.00						
15 Dec 2004	550 000	R27.00	268 000	R27.00	180 000	R27.00					180 000	R27.00	387 000	R27.00	464 000	R27.00
15 Apr 2005					78 000	R30.40										
15 Jun 2005							160 000	R32.00								
10 Oct 2005	133 784	R37.00	94 135	R37.00	97 719	R37.00	46 126	R37.00			65 676	R37.00	94 135	R37.00	112 865	R37.00
Granted during the year																
1 Nov 2006	254 468		169 111		153 732		147 858				123 783		175 220		219 714	
Issue price per option		R73.99		R73.99		R73.99		R73.99				R73.99		R73.99		R73.99
Exercised during the year																
Number			170 378		161 573		122 041		446 236		64 609		449 256			
Average issue price per option			R28.84		R29.84		R32.62		R35.15		R30.39		R34.15			
Gross sale price per option			R93.24		R100.14		R97.47		R79.53		R88.08		R92.73			
Held at 30 June 2007																
Number	938 252		360 868		347 878		231 943				304 850		527 355		796 579	
Average price per option	R41.17		R50.76		R50.02		R59.43				R47.52		R44.40		R41.38	
Latest expiry date	1/11/2014		1/11/2014		1/11/2014		1/11/2014				1/11/2014		1/11/2014		1/11/2014	
Details of individual allocations: Granted																
15 Dec 2004	550 000	R27.00	129 000	R27.00	90 000	R27.00					137 283	R27.00	258 000	R27.00	464 000	R27.00
15 Apr 2005					39 000	R30.40										
15 Jun 2005							53 334	R32.00								
10 Oct 2005	133 784	R37.00	62 757	R37.00	65 146	R37.00	30 751	R37.00			43 784	R37.00	94 135	R37.00	112 865	R37.00
1 Nov 2006	254 468	R73.99	169 111	R73.99	153 732	R73.99	147 858	R73.99			123 783	R73.99	175 220	R73.99	219 714	R73.99

Directors' report continued

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 percent of the total issued share capital of the company. The following are summaries of particulars required in terms of the scheme and JSE's Listings Requirements.

	Ordinary shares in issue		The Scheme			
	2007	2006	2007	2006	Range of strike prices	
Schedule of movements	Shares	Shares	Options	Options	From	To
Ordinary shares in issue at 1 July	206 367 454	204 436 557				
Options previously granted at 1 July			*7 144 978	8 582 095	R16.25	R39.50
Shares allotted						
Share options exercised	3 362 812	1 930 897	*(3 362 812)	(1 930 897)	R16.25	R39.50
Share options						
Granted to participants#			*2 804 101	1 185 319	R73.99	R119.00
Forfeited			(296 243)	(691 539)	R27.00	R73.99
Balance at 30 June	209 730 266	206 367 454	6 290 024	7 144 978	R17.00	R119.00
Movement subsequent to year end						
Shares allotted						
Share options exercised	110 517		(110 517)		R27.00	R38.00
Share options						
Granted to participants			nil			
Forfeited			nil			
Balance at 28 September 2007	209 840 783		6 179 507			
Balance available to be issued in terms of the scheme			14 793 519	14 377 356		
Maximum number of options permitted by the scheme			20 973 026	20 636 745		

* Inclusive of options granted to 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.

		Number of options	Average issue price per option		Number of options	Average issue price per option
Options outstanding at 30 June 2007		6 290 024	R50.39			
Vested	3 May 2004	162 875	R33.50	11 October 2006	164 586	R37.00
	17 December 2005	380 397	R27.00	17 December 2006	617 097	R27.00
	17 June 2006	21 875	R32.00	17 June 2007	125 833	R32.00
Vesting on	11 October 2007	361 022	R37.00	11 October 2008	361 045	R37.00
	6 June 2008	54 665	R119.00	2 November 2008	483 476	R73.99
	17 December 2007	1 216 119	R27.00	6 June 2009	54 665	R119.00
	24 March 2008	39 000	R30.40	2 November 2009	812 010	R73.99
	2 November 2007	483 476	R73.99	6 June 2010	75 002	R119.00
	17 June 2008	179 168	R32.00	2 November 2010	328 505	R73.99
				6 June 2011	20 332	R119.00
				2 November 2011	328 540	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, South Africa under "Resources – Mining, Other Mineral Extractors and Mines".

An unsponsored American Depositary Receipt programme with JP Morgan Chase Bank is also available to investors "over the counter (level one)" for private transactions.

STRATE (SHARE TRANSACTIONS TOTALLY ELECTRONIC)

The company's shares were dematerialised on 5 November 2001. Should members wish to trade certificated ARM (previously Avmin) shares on the JSE Limited (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 2004 (Proprietary) Limited, whose details are reflected on the inside back cover of this report.

GOING CONCERN

The directors have no reason to believe that the business will not be a going concern in the year ahead.

Balance sheets

		Group		Company	
As at 30 June	Notes	2007 Rm	2006 Rm	2007 Rm	2006 Rm
ASSETS					
Non current assets					
Property, plant and equipment	3	6 892	4 992	363	199
Investment property	3, 4	12	12	–	–
Intangible assets	3	217	2	–	–
Deferred tax assets	13	–	23	–	23
Loans and long-term receivables	5	–	–	9	–
Investment in associates	5	857	–	432	–
Other investments	6	6 391	7 276	9 749	10 026
		14 369	12 305	10 553	10 248
Current assets					
Inventories	8	853	707	40	3
Trade and other receivables	9	1 859	1 160	155	207
Cash and cash equivalents	10	1 063	439	222	86
		3 775	2 306	417	296
Total assets		18 144	14 611	10 970	10 544
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	11	10	10	10	10
Share premium	11	3 667	3 557	3 667	3 557
Other reserves		1 604	2 307	1 370	2 084
Retained earnings		5 597	4 376	3 537	3 166
Shareholders' interest in capital and reserves		10 878	10 250	8 584	8 817
Minority interest		340	143	–	–
Total shareholders' interest		11 218	10 393	8 584	8 817
Non-current liabilities					
Long-term borrowings – interest bearing	12	2 741	1 449	1 253	65
Deferred tax liabilities	13	1 410	1 001	433	547
Long-term provisions	14	178	156	89	82
		4 329	2 606	1 775	694
Current liabilities					
Trade and other payables	15	999	627	123	77
Short-term provisions	16	97	47	57	18
Taxation	28	198	135	119	97
Overdrafts and short-term borrowings – interest bearing	17	1 303	803	20	549
– non-interest bearing	17	–	–	292	292
		2 597	1 612	611	1 033
Total equity and liabilities		18 144	14 611	10 970	10 544

Income statements

For the year ended 30 June	Notes	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
Revenue	19	6 308	4 686	1 111	636
Sales	19	6 152	4 622	707	450
Cost of sales		(3 341)	(3 304)	(214)	(191)
Gross profit		2 811	1 318	493	259
Other operating income		222	167	227	138
Other operating expenses		(552)	(373)	(250)	(167)
Profit from operations before exceptional items	20	2 481	1 112	470	230
Income from investments	21	51	24	201	102
Finance costs	22	(370)	(134)	(152)	(43)
Income from associate	5	16	–	–	–
Profit before taxation and exceptional items		2 178	1 002	519	289
Exceptional items	23	14	139	14	144
Profit before taxation		2 192	1 141	533	433
Taxation	24	(781)	(377)	(162)	(80)
Profit for the period		1 411	764	371	353
Attributable to:					
Minority interest		191	163	–	–
Equity holders of ARM		1 220	601	371	353
		1 411	764	371	353
Additional information					
Headline earnings (R million)	26	1 207	462		
Headline earnings per share (cents)	25	580	225		
Basic earnings per share (cents)	25	586	293		
Fully diluted basic earnings per share (cents)	25	577	291		
Fully diluted headline earnings per share (cents)	25	571	223		
Number of shares in issue at end of year (thousands)		209 730	206 367		
Weighted average number of shares in issue (thousands)		208 115	205 072		
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)	25	211 523	206 780		
Net asset value per share (cents)	25	5 187	4 967		
EBITDA before exceptional items (R million)		2 903	1 553		
Dividend declared after year-end (cents per share)	25	150	–	150	–

Statements of changes in equity

for the year ended 30 June	Note	Share capital and premium Rm	Revaluation of listed investments Rm	Other * Rm	Retained earnings Rm	Total shareholders of ARM Rm	Total minority interest Rm	Total Rm
Group								
Balance at 30 June 2005		3 507	(821)	49	3 776	6 511	1 461	7 972
Revaluation of listed investments	6	–	3 556	–	–	3 556	–	3 556
Deferred tax on revaluation of listed investment		–	(516)	–	–	(516)	–	(516)
Net impact of revaluation of listed investment		–	3 040	–	–	3 040	–	3 040
Transfer out of minority interest, Assmang now accounted for as a joint venture		–	–	–	–	–	(1 504)	(1 504)
TEAL minorities at listing		–	–	–	–	–	83	83
Dividends paid to minorities		–	–	–	–	–	(60)	(60)
Basic earnings		–	–	–	601	601	163	764
Share based payments		–	–	34	–	34	–	34
Share options exercised	11	60	–	–	–	60	–	60
Realignment of currency		–	–	3	–	3	–	3
Other		–	–	2	(1)	1	–	1
Balance at 30 June 2006		3 567	2 219	88	4 376	10 250	143	10 393
Revaluation of listed investments	6	–	(880)	–	–	(880)	–	(880)
Deferred tax on revaluation of listed investment		–	128	–	–	128	–	128
Net impact of revaluation of listed investment		–	(752)	–	–	(752)	–	(752)
Basic earnings		–	–	–	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

* Other reserves consist of an insurance contingency of R8 million (2006: R8 million; 2005: R6 million), general reserve of R32 million (2006: R32 million; 2005: R32 million), share based payments of R93 million (2006: R45 million; 2005: R11 million); foreign currency translation reserve of R4 million (2006: R3 million; 2005: R Nil).

For the year ended 30 June	Note	Share capital and premium Rm	Revaluation of listed investments Rm	Other * Rm	Retained earnings Rm	Total Rm
Company						
Balance at 30 June 2005		3 507	(1 027)	46	2 813	5 339
Revaluation of listed investments	6	–	3 556	–	–	3 556
Deferred tax on revaluation of listed investment		–	(516)	–	–	(516)
Net impact of revaluation of listed investment		–	3 040	–	–	3 040
Basic earnings		–	–	–	353	353
Share based payments		–	–	25	–	25
Share options exercised	11	60	–	–	–	60
Balance at 30 June 2006		3 567	2 013	71	3 166	8 817
Revaluation of listed investments	6	–	(880)	–	–	(880)
Deferred tax on revaluation of listed investment		–	128	–	–	128
Net impact of revaluation of listed investment		–	(752)	–	–	(752)
Basic earnings		–	–	–	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

* Other reserves consist of a general reserve of R35 million (2006: R35 million; 2005: R35 million); share based payment of R74 million (2006: R36 million; 2005: R11 million).

Cash flow statements

For the year ended 30 June	Notes	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		5 672	4 856	993	498
Cash paid to suppliers and employees		(3 135)	(3 613)	(330)	(365)
Cash generated from operations	27	2 537	1 243	663	133
Interest received		49	24	86	5
Interest paid		(295)	(137)	(150)	(38)
Dividends received		–	1	115	96
Dividends paid to minorities		–	(60)	–	–
Taxation paid	28	(317)	(384)	(104)	(70)
Net cash inflow from operating activities		1 974	687	610	126
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment to maintain operations		(913)	(636)	(200)	(24)
Additions to property, plant and equipment to expand operations		(946)	(859)	–	(19)
Proceeds on disposal of property, plant and equipment		7	45	–	16
Investment in joint venture		–	–	(409)	–
Investment in associate	5	(841)	–	(432)	–
Proceeds on disposal of investments		2	–	2	–
Net cash effect of disposal of 0.35 percent of Assmang	29	–	18	–	32
Increase in investment loans and receivables		–	–	(201)	(387)
Investment acquired		–	(12)	–	–
Net cash outflow from investing activities		(2 691)	(1 444)	(1 240)	(382)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds on exercise of share options		110	60	110	60
Funding received from minority shareholders at TEAL listing		–	226	–	–
Long-term borrowings raised		1 453	881	991	261
Long-term borrowings repaid		(73)	(183)	(65)	–
Increase/(decrease) in short-term borrowings		72	(91)	(72)	(73)
Net cash inflow from financing activities		1 562	893	964	248
Net increase/(decrease) in cash and cash equivalents		845	136	334	(8)
Cash and cash equivalents at beginning of year		193	47	(132)	(124)
Foreign currency translation on cash balance		1	10	–	–
Cash and cash equivalents at end of year	10	1 039	193	202	(132)
Cash generated from operations per share (cents)	25	1 219	606	319	64

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 19	Amendment on employee benefits, actuarial gains and losses, group plans and disclosures.
IAS 21	Amendment on the effect of changes in foreign exchange rates net investment in a foreign operation.
IAS 39	Amendment on the fair value option and financial guarantee contracts.
IFRS 6	Exploration for and evaluation of mineral resources.
IFRIC 4	Determining whether an arrangement contains a lease.
IFRIC 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment.
IFRIC 7	Applying the restatement approach under IAS 29 financial reporting in hyperinflationary economies.
IFRIC 8	Scope of IFRS 2.
IFRIC 9	Reassessment of embedded derivatives.
AC 503	Accounting for black economic empowerment (BEE) transactions.

IMPACT OF NEW STANDARDS

IFRS 6: Exploration for and evaluation of mineral resources – effective 1 July 2006.

Management has revised the company policy in accordance with the guidelines of IFRS 6 establishing more stringent rules for the capitalisation of exploration costs. In accordance with the transitional provisions of IFRS 6, the standard has been applied retrospectively. No prior year impact results from the changed policy.

IFRIC 4: Determining whether an arrangement contains a lease – effective 1 July 2006.

IFRIC 4 provides guidance for determining whether an arrangement, that does not take the legal form of a lease but conveys a right to use an asset is, or contains, a lease that should be accounted for in accordance with IAS 17 – Leases.

For the 2007 financial year the application of this new interpretation has resulted in the recognition of a financial lease liability and a related asset amounting to R26 million.

IAS 39: Amendment on the fair value options and financial guarantee contracts.

In terms of this amendment, when financial guarantees are issued they need to be recognised at fair value.

The effect of adopting this amendment was R2 million for group and R6 million for company. These amounts comprise an increase in investment and payables for guarantees issued in favour of TEAL (R3 million) and Two Rivers (R1 million), which eliminates on consolidation, and a R2 million increase in finance costs and payables for a guarantee issued in favour of Harmony.

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 the income statement.

The financial statements are presented in South African Rands 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 continues 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 income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

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 income statement reflects the group's share of the post acquisition profit after tax of the associate. After application of the equity method, the group determines whether it is necessary to recognise any additional impairment losses.

Investments in associates in the company financial statements are accounted for at cost less impairment.

BUSINESS COMBINATIONS

The 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 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 recognised directly in the income statement.

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 income statement except to the extent that it relates to items recognised directly in equity, in which case the tax amounts are recognised 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 substantially 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 income statement 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 income statement under finance cost. The initial related decommissioning asset is recognised in property plant and equipment.

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 income. Expenditure on ongoing rehabilitation is charged to the income statement 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 African Rainbow Minerals 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. Initial recognition when the group becomes party to their contractual arrangements is at fair value plus directly attributable transaction costs, unless the instrument is carried at fair value through profit and loss when the costs are recognised in the income statement. Subsequent recognition is at fair value or at amortised cost. The recognition methods adopted are disclosed in the individual policy statements associated with each item. At each balance sheet date an assessment is made whether any financial assets are impaired. In the case of any impairment the asset is written down to it's recoverable amount in the income statement.The group does not apply hedge accounting.

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 subsequently measured at fair value. Fair value adjustments are recognised in the income statement. 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 income statement. A corresponding forward exchange asset or liability is recognised. On settlement of a forward exchange contract, any gain or loss is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. Cash that is subject to legal or contractual restrictions on use is 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 income statement.Where active markets exist, fair values are determined with reference to the stock exchange quoted selling prices at the close of business on the 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. 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 effective interest rates. The amount of the impairment is charged to the income statement.

Payables

Trade and other payables are not interest bearing and are initially recorded at fair value and subsequently at amortised cost.

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. Amortised cost is calculated by taking into account any issue cost, and any discount or premium on settlement. Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired ;
- the group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass – through' arrangement; or
- the group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the 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 recognised to the extent 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 recognised in the income statement.

Set-off

If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities and the group intends to settle on a net basis or to realise the asset and settle the liability simultaneously, all related financial effects are netted.

INTANGIBLE ASSETS

Intangible assets acquired are reflected at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. 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. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

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 revalued amount if applicable. An impairment is taken in the income statement when the recoverable amount is less than the carrying amount.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment other than land and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings are carried at cost. Land is only depreciated where the form is changed so that it affects its value. Land is then depreciated on a straight-line method over the mining activity to a maximum of 25 years to its estimated residual value. Buildings are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value, if such value is significant. The annual depreciation rates used vary between two and five percent. 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 their estimated useful lives 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 an 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 income statement.

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 utilised in business models, which take into account metal prices, exchange rates, proven 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 percent;
- mine properties 4 to 7 percent;
- motor vehicles 20 percent;
- mine development plant and machinery, and mineral rights and land 10 to 25 years;
- investment properties 0 to 2 percent; and
- intangible assets over life of mine to a maximum of 25 years.

EXPLORATION EXPENDITURE

All exploration expenditures are expensed until they result in projects that are evaluated as being technically and commercially feasible and a future economic benefit is highly probable. In evaluating if expenditures meet these criteria to be capitalised the company utilises several different sources of information and also differentiates projects by levels of risks including,

- Degree of certainty over the mineralisation of the ore body;
- Commercial risks including but not limited to country risk; and
- 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

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 realisation cost 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 income statement. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back.

Intangible assets with an indefinite life are tested annually for impairment.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset that requires a substantial period of time to be prepared for its intended use are capitalised. Capitalisation of borrowing costs as part of the cost of a qualifying asset 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.

Notes to the financial statements continued

Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are complete. Other borrowing costs are charged to finance costs in the income statement as incurred.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value with due allowances being made for obsolete and slow-moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the following basis:

- Consumables and maintenance spares are valued at average cost;
- 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;

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 income statement.

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 income statement.

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 use 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 income.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

EMPLOYEE BENEFITS

The group operates two defined contribution pension schemes, both of which require contributions to be made to separately administered funds. The group has also agreed to provide certain additional post-employment healthcare benefits to senior employees. These benefits are unfunded. The cost of providing benefits under the plans is determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when incurred.

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 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.

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 production of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses.

When inventories are sold, the carrying amount is recognised in cost of sales. Any write-down, losses or reversals of previous write-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 from other business segments. A geographical segment distinguishes 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 events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable 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 affecting the discount rate applied. For assumptions on estimates 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.

Notes to the financial statements continued

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 and capital items in accordance with the requirements of Circular 7 of 2002 issued by the South African Institute of Chartered Accountants. Adjustments against earnings take 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.

Fully diluted earnings per share
Fully 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 which qualify for adjustment to the calculation of headline earnings.

EBITDA before exceptional items
This is basic earnings, added back are 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 (Annual periods beginning on or after)	Date issued
IAS 1	Amendment on capital disclosures	1 January 2007	August 2005
IAS 23	Borrowing costs	1 January 2009	March 2007
IFRS 7	Financial instruments: Disclosures	1 January 2007	August 2005
IFRS 8	Operating segments	1 January 2009	November 2006
IFRIC 10	Interim reporting and impairment	1 November 2006	July 2006
IFRIC 11	Amendment to IFRS 2 group and treasury share transactions	1 March 2007	November 2006
IFRIC 12	Service concession arrangement	1 January 2008	November 2006
IFRIC 13	Customer loyalty programmes	1 July 2008	June 2007

Impact of the above

IFRS 7 and IAS 1: The group will apply IFRS 7 and the amendment to IAS 1 from the financial year beginning 1 July 2007. The impact of these statements relates to extending the disclosures currently in the annual financial statements.

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 even though most of the information is already disclosed in the annual report.

No financial effects on the other standards are anticipated.

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 percent subsidiary and ARM Mining Consortium Limited through which ARM holds an effective 41.5 percent interest in Modikwa Platinum Mine.

Nickel comprises Nkomati Mine as a 50 percent joint venture for both its nickel and chrome operations reflected in the corporate structure under ARM Platinum.

ARM Ferrous comprises Assmang as a subsidiary up to 28 February 2006 and as a 50 percent joint venture proportionately consolidated thereafter. Assmang comprises iron ore, manganese ore, ferromanganese, ferrochrome and chrome ore operations.

ARM Coal, a 51 percent joint venture for accounting purposes, consists of a 10.2 percent participating investment in the existing coal operations of XCSA and a 26 percent joint venture interest in the Goedgevonden mine. In addition ARM has a direct 10 percent participating investment in the existing coal operations of XCSA.

ARM Exploration comprises TEAL as a 64.9 percent subsidiary.

The gold segment comprises Harmony as an investment.

The group's products 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 Platinum Rm	 Nickel Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Exploration Rm	Corporate and other companies Rm	Gold Rm	Total Rm
2.1 Year to 30 June 2007								
Sales								
External 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	5 314	584	3 842	1 519	97	408	6 380	18 144
Consolidated total assets	5 314	584	3 842	1 519	97	408	6 380	18 144
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 (before exceptional items)	1 423	506	1 191	23	(196)	(44)	–	2 903

Notes to the financial statements continued

2 SEGMENTAL INFORMATION (CONTINUED)

Primary segmental information (continued)

For the year ended 30 June	ARM Platinum Platinum Rm	ARM Platinum Nickel Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Exploration Rm	Corporate and other companies Rm	Gold Rm	Total Rm
Year to 30 June 2006								
Sales								
External sales	767	444	3 411	–	–	–	–	4 622
Cost of sales	(608)	(191)	(2 505)	–	–	–	–	(3 304)
Other operating income	–	25	78	–	2	62	–	167
Other operating expenses	(6)	(16)	(179)	–	(74)	(98)	–	(373)
Segment result	153	262	805	–	(72)	(36)	–	1 112
Income from investments	4	1	4	–	4	11	–	24
Finance cost	(87)	–	(15)	–	–	(32)	–	(134)
Exceptional items	–	–	–	–	–	139	–	139
Taxation	(20)	(78)	(277)	–	–	(2)	–	(377)
Minority interest	(8)	–	(176)	–	21	–	–	(163)
Contribution to basic earnings	42	185	341	–	(47)	80	–	601
Contribution to headline earnings	42	185	338	–	(47)	(56)	–	462
Other information								
Segment assets	3 710	396	2 731	–	195	296	7 261	14 589
Taxation	–	–	–	–	–	22	–	22
Consolidated total assets	3 710	396	2 731	–	195	318	7 261	14 611
Segment liabilities	1 810	29	367	–	18	858	–	3 082
Unallocated liabilities (tax and deferred tax)								1 136
Consolidated total liabilities								4 218
Cash in/(out) flow from operating activities	(45)	224	723	–	(44)	(171)	–	687
Cash in/(out) flow from investing activities	(878)	(41)	(526)	–	(2)	3	–	(1 444)
Cash in/(out) flow from financing activities	507	–	(117)	–	226	277	–	893
Capital expenditure	1 064	50	554	–	2	1	–	1 671
Amortisation and depreciation	121	31	288	–	–	–	–	440
EBITDA (before exceptional items)	274	293	1 093	–	(72)	(36)	–	1 552

2 SEGMENTAL INFORMATION (CONTINUED)

The platinum section of the ARM platinum segment is analysed further into Two Rivers Platinum Mine and ARM Mining Consortium that includes Modikwa Platinum Mine.

	ARM Platinum		
	Two Rivers	Modikwa	Total
For the year ended 30 June	Rm	Rm	Rm
2.2 Year to 30 June 2007			
Sales			
External sales	1 337	1 015	2 352
Cost of sales	(451)	(632)	(1 083)
Other operating income per income statement	1	–	1
Other operating expenses per income statement	(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 assets	3 026	2 288	5 314
Consolidated total 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/(out) flow from operating activities	409	361	770
Cash in/(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 (before exceptional items)	959	464	1 423

Notes to the financial statements continued

2 SEGMENTAL INFORMATION (CONTINUED)

For the year ended 30 June	ARM Platinum Two Rivers Rm	Modikwa Rm	Total Rm
Year to 30 June 2006			
Sales			
External Sales	–	767	767
Cost of sales	–	(608)	(608)
Other operating expenses	–	(6)	(6)
Segment result	–	153	153
Income from investments	2	2	4
Finance cost	(2)	(85)	(87)
Taxation	–	(20)	(20)
Minority interest	–	(8)	(8)
Contribution to basic earnings	–	42	42
Contribution to headline earnings	–	42	42
Other information			
Segment assets	1 638	2 072	3 710
Consolidated total assets	1 638	2 072	3 710
Segment liabilities	1 180	630	1 810
Unallocated liabilities (tax and deferred tax)			30
Consolidated total liabilities			1 840
Cash in/(out) flow from operating activities	(83)	38	(45)
Cash in/(out) flow from investing activities	(772)	(106)	(878)
Cash in/(out) flow from financing activities	631	(124)	507
Capital expenditure	957	107	1 064
Amortisation and depreciation	13	108	121
EBITDA (before exceptional items)	13	261	274

2 SEGMENTAL INFORMATION (CONTINUED)

Additional information

For the year ended 30 June	Iron ore Division Rm	Manganese Division Rm	Chrome Division Rm	Total Rm	Attributable to ARM* Rm
2.3 Pro-forma analysis of the Ferrous segment on a 100 percent basis					
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/(out) flow from operating activities	994	451	284	1 729	979
Cash in/(out) flow from investing activities	(1 709)	(297)	(145)	(2 151)	(1 030)
Cash in/(out) flow from financing activities	626	–	(138)	488	203
EBITDA (before exceptional items)	1 122	1 045	214	2 381	1 191
Year to 30 June 2006					
Sales	1 411	2 008	939	4 358	3 411
Other operating income	46	134	35	215	78
Other operating expense	44	125	109	278	179
Operating profit	554	511	(32)	1 033	805
Contribution to earnings	399	327	(59)	667	341
Contribution to headline earnings	399	326	(64)	661	338
Other information					
Consolidated total assets	1 410	2 413	1 662	5 485	2 731
Consolidated total liabilities	278	162	1 231	1 671	367
Capital expenditure	346	239	120	705	554
Amortisation and depreciation	121	127	112	360	288
Cash in/(out) flow from operating activities	526	124	89	739	723
Cash in/(out) flow from investing activities	(338)	(236)	(86)	(660)	(526)
Cash in/(out) flow from financing activities	(27)	(24)	(22)	(73)	(117)
EBITDA (before exceptional items)	675	638	80	1 393	1 093

* Assmang was consolidated as a subsidiary to 28 February 2006 and thereafter as a 50 percent joint venture.

Notes to the financial statements continued

2 SEGMENTAL INFORMATION (CONTINUED)

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm
2.4 Geographical segments		
The group operates principally in South Africa. However, TEAL operates in Zambia, the DRC, Namibia and other countries.		
Total assets by geographical area in which the assets are located are as follows:		
– South Africa	17 832	14 087
– Europe	113	186
– Americas	94	235
– Far and Middle East	87	74
– Other	18	29
	18 144	14 611
Sales by geographical area		
– South Africa	2 803	1 159
– Europe	1 507	1 159
– Far and Middle East	1 054	1 086
– Americas	274	331
– Other	514	887
	6 152	4 622
Capital expenditure		
– South Africa	1 912	1 668
– Africa	49	3
	1 961	1 671

3 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS

	Mine development and decom-missioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Other Rm	Total Property, plant and equipment Rm	Total Invest-ment property Rm	Total Intangible assets Rm
GROUP								
Cost								
Balance at 30 June 2005	2 126	1 823	288	1 328	821	6 386	20	11
Additions	578	735	61	8	289	1 671	–	–
Reclassifications	(146)	378	4	(1)	(295)	(60)	–	–
Disposals	–	(51)	–	–	(7)	(58)	–	–
Disposal of 0.35 percent in Assmang changing it from a subsidiary to joint venture	(697)	(1 012)	(94)	(74)	(214)	(2 091)	–	(6)
Group elimination reversed *	–	–	–	275	–	275	–	–
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**
Accumulated amortisation, depreciation and impairment								
Balance at 30 June 2005	303	614	43	84	329	1 373	8	6
Reclassification	(43)	92	–	(1)	(108)	(60)	–	–
Charge for the year	148	176	16	8	92	440	–	–
Impairments	–	10	–	–	–	10	–	–
Disposals	–	(11)	–	–	(3)	(14)	–	–
Disposal of 0.35 percent in Assmang changing it from a subsidiary to joint venture	(113)	(364)	(24)	(17)	(100)	(618)	–	(3)
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
Carrying value at 30 June 2006	1 566	1 356	224	1 462	384	4 992	12	2
Carrying value at 30 June 2007	**1 811**	**2 381**	**238**	**1 802**	**660**	**6 892**	**12**	**217**

* The inter-group sale of mineral rights in the 2002 financial year between Assmang and Two Rivers Platinum Mine has been eliminated on consolidation for the year ended June 2006 in accordance with normal consolidation principles as Assmang was a subsidiary of ARM. The transaction value was R550 million. With Assmang now treated as an incorporated joint venture with effect from 1 March 2006, 50 percent of the abovementioned consolidation adjustment was reversed in the prior period. Mineral rights have been increased by R275 million with a concomitant adjustment to minorities.

Notes to the financial statements continued

3 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS (CONTINUED)

a **Borrowing costs**

Borrowing costs amounting to R54 million were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2007 (2006: R29 million), at prime overdraft and overnight call rates applicable during the year.

b **Capital work-in-progress**

Included in mine development and decommissioning assets and plant and machinery above is R795 million (2006: R991 million) of assets relating to projects in progress. These assets, which relate to Khumani, will come into full production in April 2008.

c **Other assets**

Included in other assets are vehicles and equipment held under finance lease of R119 million (2006: R79 million), (refer note 33), mine properties of R279 million (2006: R138 million), furniture, equipment and vehicles of R262 million (2006: R167 million). The adoption of IFRIC 4 has resulted in finance lease assets being increased by R26 million at 30 June 2007.

d **Pledge assets**

The carrying value of assets pledged as security for loans amount to R3.6 billion (2006: R3.2 billion). Refer to note 12 for security granted in respect of institutional loans to ARM Mining Consortium and Two Rivers.

e **Investment properties**

The property is subject to operating leases and there is no depreciation charge as the estimated residual amount is higher than the carrying amount. (Refer to note 3).

f **Intangible assets**

Finite lived intangible assets which are amortised comprise (i) the Richards Bay Coal Terminal entitlement held by the Goedgevonden joint venture of R215 million (2006: Nil) and (ii) R2 million (2006: R2 million) patents and trade marks. The remaining amortisation period of the RBCT entitlement is limited to 25 years.

	Mine development and decommissioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Other Rm	Total property, plant and equipment Rm
COMPANY						
Cost						
Balance at 30 June 2005	89	92	–	136	30	347
Additions	8	11	6	8	18	51
Disposals	–	(15)	–	–	(1)	(16)
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**
Accumulated amortisation, depreciation and impairment						
Balance at 30 June 2005	58	64	–	–	20	142
Charge for the year	16	6	1	–	9	32
Impairment	–	10	–	–	–	10
Disposals	–	–	–	–	(1)	(1)
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**
Carrying value at 30 June 2006	23	8	5	144	19	199
Carrying value at 30 June 2007	**48**	**132**	**7**	**144**	**32**	**363**

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.

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 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 2007. The value was arrived at after reviewing the market conditions in the area. Current lease contracts terminate between 2008 and 2010. Annual lease escalations are between 8 and 10 percent (refer note 3).				
Refer note 20 for rental income derived from this property.				
5 INVESTMENT IN ASSOCIATE				
Through a 51 percent investment in ARM Coal (refer to note 30), the group holds an effective 10.2 percent stake in the existing coal operations of XCSA.				
Original investment (10.2 percent)	400	–	–	–
Additional investment (ATCOM and ATC collieries)*	9	–	–	–
Associate income	15	–	–	–
	424	–	–	–
ARM invested directly in 10 percent of the existing coal operations of XCSA on 1 September 2007	400	–	400	–
Additional investment (Atcom and ATC collieries)	32	–	32	–
Associate income	1	–	–	–
	433	–	432	–
Total investment	857	–	432	–
Less associate income	16	–	–	–
Net cash	841	–	432	–
* Treated as a long-term loan and receivable in ARM company which eliminates at group.				
Group's interest in associate's balance sheet				
Non-current assets	1 750	–		
Current assets	455	–		
Total assets	2 205	–		
Share capital and reserves	466	–		
Non-current liabilities	1 529	–		
Current liabilities	210	–		
Total equity and liabilities	2 205	–		
Reconciliation of carrying amount of investment in associate with net assets				
Net assets	466	–		
Fair value adjustment on acquisition	479	–		
Goodwill	115	–		
Deferred tax on fair value adjustment	(203)	–		
Carrying value	857	–		

Notes to the financial statements continued

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
6 OTHER INVESTMENTS				
Listed – subsidiary companies *				
– Cost			153	150
Listed – other investments				
Opening balance	7 264	3 708	7 264	3 708
Investment sold	(4)	–	(4)	–
Unrealised revaluation (loss)/gain for the period	(880)	3 556	(880)	3 556
Total – listed investments	6 380	7 264	6 533	7 414
Market value of listed investments	6 380	7 264	7 780	8 389
(Determined by reference to market share price)				
Investment in joint venture **			659	259
Preference shares	11	12	–	–
Unlisted – subsidiary companies				
Cost of investments			481	481
Loans *** (refer page 160)			2 076	1 872
Total unlisted	11	12	2 557	2 353
Total carrying amount of other investments	6 391	7 276	9 749	10 026

Certain listed and unlisted shares have been pledged as security for the ARM corporate loan amounting to R1 253 million (refer note 12), at 30 June 2007.

A report on investments appears on pages 161 to 162.

* TEAL in 2007 and 2006

** ARM Coal and Assmang; in 2006 only 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 10 percent per annum with effect 1 July 2006 and, (ii) the loan to Venture Building Trust which bears interest of 2 percent below prime.

7 JOINT VENTURES

The proportionate share of the following joint ventures has been incorporated into the group results:

- a 50 percent share in the Nkomati Mine
- a 25 percent share in Cato Ridge (before 1 March 2006 50 percent)
- a 50 percent share in Assmang from 1 March 2006
- a 51 percent share in ARM Coal (Proprietary) Limited from 1 July 2006 which includes the ARM Coal 51 percent interest in the Goedgevonden joint venture
- an effective 41.5 percent share in the Modikwa Platinum Mine joint venture, which is disclosed notwithstanding the fact that the ARM holding in ARM Mining Consortium is consolidated as a subsidiary

The proportionate share of the following joint venture has been incorporated into the company results:

- a 50 percent share in the Nkomati Mine

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
7 JOINT VENTURES (CONTINUED)				
INCOME STATEMENTS				
The aggregate amounts of joint ventures proportionately consolidated in the financial statements are:				
Sales	4 820	1 503	707	450
Cost of sales	(2 894)	(1 026)	(214)	(191)
Other operating income	92	124	14	25
Other operating expenses	(178)	(84)	(36)	(16)
Income from investments	17	5	3	1
Finance costs	(103)	3	–	–
Income from associate	15	–	–	–
Profit before tax	1 769	525	474	269
Taxation	(547)	(163)	(137)	(78)
Profit for the year after taxation	1 222	362	337	191
BALANCE SHEETS				
Non-current assets	5 279	1 733	280	186
Current assets	2 240	1 397	224	202
Non-current liabilities (non-interest bearing)	1 718	538	109	54
Current liabilities (non-interest bearing)	839	405	141	100
Current liabilities (interest bearing)	419	46	–	–
CASH FLOW STATEMENTS				
Net cash inflow from operating activities	1 466	174	251	55
Net cash outflow from investing activities	(1 835)	(170)	(199)	(36)
Net cash outflow from financing activities	157	44	–	–
8 INVENTORIES				
Consumable stores	68	47	1	1
Raw material	381	424	–	–
Work-in-progress	73	–	39	2
Finished goods	331	236	–	–
	853	707	40	3

Stockpile 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 R13 Million (2006: Rnil)

Refer to note 19 for the expense of inventory written-down to nil value.

Inventories to the value of R85 million (2006: R84 million) have been pledged as security for loans in Two Rivers Platinum Mine and Modikwa Platinum Mine
(refer note 12).

Notes to the financial statements continued

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
9 TRADE AND OTHER RECEIVABLES				
Trade receivables	1 525	718	87	163
Related parties	–	–	45	19
Other receivables	334	442	23	25
	1 859	1 160	155	207
Trade and other receivables are non-interest bearing and are generally on 30 – 90 day payment terms				
10 CASH AND CASH EQUIVALENTS				
Cash at bank and on deposit	1 018	405	217	82
Rehabilitation trust fund – restricted cash	27	19	5	4
Restricted cash*	18	15	–	–
Cash and cash equivalents per balance sheet	1 063	439	222	86
Less: overdrafts (refer note 17)	(24)	(246)	(20)	(218)
Cash and cash equivalents per cash flow statement	1 039	193	202	(132)
Cash at bank and on deposit earns interest at rates based on daily bank deposit and investment rates.				
* Funds have been pledged as security for loans granted to ARM Mining Consortium Limited amounting to R10 million and guarantees to the Department of Minerals and Energy and Eskom for Two Rivers Platinum Mine amounting to R8 million.				
11 SHARE CAPITAL AND PREMIUM				
Share capital				
Authorised				
500 000 000 (2006: 500 000 000) ordinary shares of 5 cents each	25	25	25	25
	25	25	25	25
Issued				
Opening balance	10	10	10	10
Ordinary shares issued for cash (3 362 812 shares at 5 cents) (2006: 1 930 897 shares at 5 cents)	–	–	–	–
209 730 266 (2006: 206 367 454) ordinary shares of 5 cents each	10	10	10	10
Share premium	3 667	3 557	3 667	3 557
– Balance at beginning of the year	3 557	3 497	3 557	3 497
– Premium on shares issued	110	60	110	60
Total issued share capital and share premium	3 677	3 567	3 677	3 567

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
12 LONG-TERM BORROWINGS				
Secured loans				
Loan facility 1 (Modikwa Platinum Mine)	**245**	328	**–**	–
This loan bears interest at a fixed rate of 15.99 percent compounded on a monthly basis.				
Repayments are made in bi-annual instalments, commencing on 30 June 2003 and ending on 30 June 2010.				
Loan facility 2 (Modikwa Platinum Mine)	**77**	95	**–**	–
This loan bears interest at a fixed rate of 16.99 percent plus a profit share of 0.3 percent of the net operating cash flow after capital expenditure. This interest is compounded on a monthly basis. Repayments are made in bi-annual instalments, commencing on 30 June 2003 and ending on 30 June 2010.				
Loan facility 3 (Modikwa Platinum Mine)	**28**	36	**–**	–
This loan bears interest at variable rates, plus a profit share of 0.75 percent of the net operating cash flow after capital expenditure. R6.2 million bears interest at 16.74 percent nominal annual rate compounded on a monthly basis and the remaining R18.8 million bears interest at a 14.61 percent 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 R10 million (R7 million to loan facility 2 and R3 million to loan facility 3). This amount is included in the carrying amounts of the loan. The embedded derivative was valued through discounting the expected profits per the business plan for Modikwa Platinum Mine over the term of the loans at a discount rate of 16.3 percent.				
Interest payments are made in bi-annual instalments commencing on 30 June 2003 and ending on 30 June 2010. Capital repayments commenced on 31 December 2004 and thereafter in 12 equal bi-annual instalments.				
As security for the Modikwa Platinum Mine loan bonds, pledges and charges over mineral rights, mining titles and movable and immovable assets have been registered in favour of the lenders. The 50 percent stake in the Modikwa Platinum Mine Joint Venture is also included in the security given.				
ARM, for so long as the 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) sub-ordinates all its loans and claims against the Consortium.				

Notes to the financial statements continued

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
12 LONG-TERM BORROWINGS (CONTINUED)				
Preference shares	–	50	–	–
On 10 July 2002, the consortium issued 50 000 000 cumulative, redeemable, convertible preference shares with a par value of R0.01 per share, at R1.00 per share. The preference shares are redeemable after a period of ten years from the date of issue. The preference shares can be redeemed at the option of the Consortium at any time after one year from the date of issue.				
The preference shares will become redeemable earlier than ten years if the group is in breach of certain obligations in terms of its other borrowings. The preference shares are convertible into ordinary shares at any time after a period of three years from the date of issue, at the option of the preference shareholder. The existing shareholders of the Consortium have the option to take up the converted shares at an agreed price within a period of 90 days from conversion. The dividend was paid six monthly in arrears and accrued at the prime overdraft rate.				
The preference shares were redeemed on 9 March 2007 for a total amount of R55.8 million, which is made up of the original R50 million and an additional R5.8 million to allow for the required return to the preference share holder as per the subscription agreement.				
Loan facility (Two Rivers Platinum Mine)	651	468	–	–
This loan is repayable in bi-annual instalments over a scheduled 8-year period commencing on 31 March 2007. The interest rate is linked to JIBAR. At year end the rate was 11.45 percent (2006: 9.31 percent).				
The loan is secured by mortgage bonds, notarial bonds and a pledge and cession of receivables, claims and bank accounts. ARM has provided a technical completion guarantee to the financial institutions Absa Bank Limited and Nedbank Limited for it's share of the borrowings by Two Rivers Platinum (Proprietary) Limited. The ARM exposure under this guarantee is R358 million at year-end.				
Loan facility (Two Rivers Platinum Mine housing project)	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 11.10 percent (2006: 9.34 percent). The loan is secured by a mortgage bond over the property and a cession of insurances.				
Loan facility (ARM corporate)	1 253	261	1 253	261
This loan is repayable on 9 August 2009. The interest rate is linked to JIBAR. At year end the rate was 9.775 percent (2006: 9.34 percent). This loan has been secured by a pledge of shares. The interest rate payable on this loan increases by approximately 0.71 percent per annum when the company net debt to market capitalisation ratio exceeds 45 percent. At year end the ratio was less than 5%. The cover ratio of pledged shares or alternative security to loan indebtedness must exceed 2.5 times cover.				

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
12 LONG-TERM BORROWINGS (CONTINUED)				
Leases (Two Rivers Platinum Mine)	**105**	77	**–**	–
Finance leases over property, plant and equipment with a book value of R97 million (2006: R73 million) bear interest at 2.65 percent (2006: 2.65 percent) below the prime overdraft rate and are payable in varying monthly instalments over a maximum period of 60-months which commenced on 30 November 2005 (refer note 33).				
Leases (Assmang)				
Finance leases over property, plant and equipment with a book value of R22 million (2006: R6 million) bear interest at 1.5 percent (2006 1.5 percent) below the prime overdraft rate and are payable in varying monthly instalments over the 60-month period which commenced on 31 May 2004 (refer note 33).	**23**	7	**–**	–
Loan facility (Nkomati mine)	**–**	135	**–**	135
This loan bore interest at a rate linked to JIBAR. In 2006 the rate was 9.45 percent. This loan was effectively refinanced during the year by its incorporation into the ARM Corporate loan.				
Loan facility (ARM Coal) (partner loan)	**501**	–	**–**	–
This loan is with Xstrata SA (XSA) and consists of an acquisition facility of R440 million (2006: Rnil) on which repayment commences in 2010 and a project facility of R61 million (2006: Rnil) on which repayment is expected to commence in 2016 and bears interest at prime. It is secured by: – a cession in favour of XSA creating a first ranking security interest over ARM Coal's participating interest in the Goedgevonden joint venture; – a cession in favour of XSA creating a first ranking security interest over all the preference shares in XSA held by ARM Coal; – a cession in favour of XSA creating a first ranking security interest over ARM Coal's right, title and interest in and to the joint venture account; – mortgage bonds to be registered by ARM Coal in favour of XSA over all immovable property of ARM Coal.; and – notarial bonds to be registered by ARM Coal in favour of XSA over all movable assets owned by ARM Coal.				
Unsecured loans				
Impala Platinum Holdings Limited (partner loan)	**–**	506	**–**	–
This loan is from the minority shareholder in Two Rivers and with effect from 1 July 2006 bears interest at 10 percent and as it has no fixed terms of repayment the loan is classified as short-term.				
Total borrowings	**3 027**	1 963	**1 253**	396
Less: Repayable within one year included in short-term borrowings	**286**	514	**–**	331
Total SA Rand long-term borrowings	**2 741**	1 449	**1 253**	65
Held as follows:				
– African Rainbow Minerals Limited	**1 253**	65	**1 253**	65
– Assmang Limited	**19**	4	**–**	–
– ARM Mining Consortium Limited.	**236**	351	**–**	–
– Two Rivers Platinum (Proprietary) Limited	**732**	1 029	**–**	–
– ARM Coal (Proprietary) Limited	**501**	–	**–**	–
	2 741	1 449	**1 253**	65

Notes to the financial statements continued

12 LONG-TERM BORROWINGS (CONTINUED)

Repayments schedule

Group	Total borrowings 2007 Rm	2008 Rm	2009 Rm	2010 Rm	2011 Rm	2012 – onwards Rm
		Repayable during the year ending 30 June				
Secured Loans						
Loan facility 1 (Modikwa Platinum Mine)	**245**	78	77	90	–	–
Loan facility 2 (Modikwa Platinum Mine)	**77**	25	24	28	–	–
Loan facility 3 (Modikwa Platinum Mine)	**28**	10	9	9	–	–
Loan facility (Two Rivers Platinum Mine)	**651**	121	243	192	95	–
Loan facility (Two Rivers Platinum Mine Housing Project)	**144**	12	24	24	24	60
Loan facility (ARM Coal)	**501**	–	–	–	–	501
Loan facility (ARM Corporate)	**1 253**	–	–	1 253	–	–
	2 899	246	377	1 596	119	561
Finance leases – Assmang	**23**	4	5	5	3	6
– Two Rivers Platinum Mine	**105**	36	35	26	8	–
Total borrowings	**3 027**	286	417	1 627	130	567

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
13 DEFERRED TAXATION				
Deferred tax asset				
Provisions made, deductible only when costs are incurred/paid	**–**	1	**–**	1
Post retirement health care provisions	**–**	22	**–**	22
Deferred tax asset	**–**	23	**–**	23
Deferred tax liability				
Property, plant and equipment	**1 172**	528	**113**	76
Intangible	**(49)**	–	**–**	–
Provisions	**(26)**	(3)	**–**	–
Capital gains tax on revaluation of listed investment	**343**	471	**343**	471
Inventories	**(2)**	2	**–**	–
Assessed loss	**(5)**	(36)	**–**	–
Post retirement health care provisions	**(22)**	–	**(22)**	–
Other	**(1)**	39	**(1)**	–
Deferred tax liability	**1 410**	1 001	**433**	547

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
13 DEFERRED TAXATION (CONTINUED)				
Reconciliation of opening and closing balance				
Opening deferred tax liability	1 001	814	547	72
Opening deferred tax asset	(23)	(68)	(23)	(68)
Net deferred tax liability opening balance	978	746	524	4
Assmang changed from subsidiary to a joint venture	–	(379)	–	–
Temporary differences from:	432	611	(91)	520
– Property, plant and equipment	644	99	36	5
– Intangible	(49)	–	–	–
– Assessed loss	31	2	–	–
– Provisions	(23)	–	–	–
– Revaluation of investments – directly in equity	(128)	516	(128)	516
– Healthcare benefits	–	(1)	1	(1)
– Inventories	(4)	7	–	–
– Other	(39)	(12)	–	–
– Deferred tax liability	1 410	1 001	433	547
– Deferred tax asset	–	(23)	–	(23)
Net deferred tax liability – closing balance	1 410	978	433	524

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 on approved business plans which include estimates and assumptions regarding economic growth, interest, inflation, metal prices, exchange rates, taxation rates and competitive forces.

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
14 LONG-TERM PROVISIONS				
Environmental rehabilitation obligation				
Provision for decommissioning				
Balance at beginning of year	41	54	4	3
Provision for the year	13	7	4	1
Charged to interest	–	4	–	–
Acquisition Goedgevonden joint venture	2	–	–	–
Assmang changed from subsidiary to joint venture	–	(25)	–	–
Other	6	1	3	–
Balance at end of year	62	41	11	4
Provision for restoration				
Balance at beginning of year	27	37	3	3
Assmang changed from subsidiary to a joint venture	–	(19)	–	–
Provision for the year	(3)	9	1	–
Balance at end of year	24	27	4	3
Total environmental rehabilitation obligation	86	68	15	7

Notes to the financial statements continued

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
14 LONG-TERM PROVISIONS (CONTINUED)				
The net present value of current rehabilitation liabilities is based on discount rates of between 8 and 13 percent (2006: 8 – 9 percent), inflation rates of between 4 and 7 percent (2006: 4 – 5 percent) and a life of mine of between 5 and 25 years (2006: 5 – 25 years).				
For amounts in trust funds refer to note 18.				
These provisions are based upon estimates of cash flows which are expected to occur at the end of life of mines. These assumptions have inherent uncertainties as they are derived from future estimates of mining and financial parameters, such as commodity prices, exchange rates and inflation.				
Post-retirement health care benefits				
Balance at beginning of year	86	91	75	72
Benefits paid	(6)	(4)	(5)	(6)
Service cost	–	1	–	1
Interest cost	9	8	7	8
Actuarial gain	(7)	–	(3)	–
Assmang changed from subsidiary to a joint venture	–	(10)	–	–
Balance at end of the year (see note 35)	82	86	74	75
Other long-term provisions				
Balance at beginning of year	2	8	–	–
Provision for the year	8	(6)	–	–
Balance at end of the year	10	2	–	
Total long-term provisions at end of the year	178	156	89	82
15 TRADE AND OTHER PAYABLES				
Trade	501	219	38	21
Other	498	408	85	56
Total trade and other payables	999	627	123	77

Trade and other payables are non-interest bearing and are generally on 30 – 90 day payment terms.

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
16 SHORT-TERM PROVISIONS				
Bonus provision				
Balance at beginning of year	16	17	14	19
Provision for the period	62	15	55	15
Provision for the period capitalised	–	4	–	–
Payments made during the year	(20)	(20)	(17)	(20)
Balance at end of the year	58	16	52	14
Leave pay provision				
Balance at beginning of year	31	34	4	3
Provision for the period	8	8	1	1
Payments made during the year	–	(1)	–	–
Assmang changed from subsidiary to a joint venture	–	(10)	–	–
Balance at end of the year	39	31	5	4
Total short-term provisions	97	47	57	18

The bonus provision is based on the policy as approved by each operation. The leave pay provision is calculated based on total package for each employee multiplied by the leave due to that employee at year-end.

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
17 OVERDRAFTS AND SHORT-TERM BORROWINGS				
Overdrafts	24	246	20	218
Short-term borrowings	993	43	292	292
Current portion of long-term borrowings	286	514	–	331
	1 303	803	312	841
Overdrafts and short-term borrowings are held as follows:				
– African Rainbow Minerals Limited	20	549	20	549
– Assmang Limited	303	46	–	–
– ARM Mining Consortium Limited	116	186	–	–
– TEAL Exploration & Mining Inc	71	–	–	–
– Two Rivers Platinum (Proprietary) Limited – Bank loans	168	22	–	–
– Two Rivers Platinum (Proprietary) Limited – Impala Platinum	625	–	–	–
– Loans from subsidiaries	–	–	292	292
	1 303	803	312	841
Unutilised borrowings and overdraft facilities				
– African Rainbow Minerals	680	212	680	212
– Assmang – 50 percent	301	507	–	–
– ARM Mining Consortium	44	19	–	–
Total	1 025	738	680	212

Notes to the financial statements continued

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
18 ENVIRONMENTAL REHABILITATION TRUST FUNDS				
Balance at beginning of year	19	29	4	4
Contributions	6	2	1	–
Assmang changed from subsidiary to joint venture	–	(13)	–	–
Interest earned	2	1	–	–
Total (included in cash and cash equivalents)	27	19	5	4
Total environmental rehabilitation obligations (refer note 14)	86	68	15	7
Less: Amounts in trust funds (see above)	(27)	(19)	(5)	(4)
Unfunded portion of liability	59	49	10	3
19 SALES				
Sales – mining and related products	6 152	4 622	707	450
Made up as follows:				
Local sales	2 794	1 116	160	140
Export sales	3 358	3 506	546	310
	6 152	4 622	706	450
Revenue as per IAS 18	6 308	4 686	1 111	636
Sales – mining and related products	6 152	4 622	707	450
Interest received	51	25	86	6
Dividends received	1	–	115	96
Fees received	100	35	203	84
Property rental income	4	4	–	–
20 PROFIT FROM OPERATIONS				
Profit from operations includes:				
Foreign exchange gains	40	79	(10)	9
Amortisation and depreciation				
– buildings	10	16	–	1
– mine development, exploration and decommissioning assets	129	148	17	16
– mineral rights	14	8	–	–
– property, plant and equipment	171	176	10	6
– other	83	92	8	9
Auditors' remuneration				
– audit fees	7	6	3	3
– other services	1	–	–	–
Exploration expenditure	82	30	–	2
Inventory write down	23	4	–	–

For the year ended 30 June		Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
20 PROFIT FROM OPERATIONS (CONTINUED)					
Movement in provisions					
– long-term		7	11	5	4
– short-term		70	23	56	16
Operating lease payments		1	1	1	1
Rental income from investment property		3	3	–	–
Direct operating expenses of investment property		2	2	–	–
Share transfer, secretarial and financial services		3	3	3	2
Staff costs					
– salaries and wages		681	651	84	72
– pension – defined contribution plans		24	29	6	6
– medical aid		28	28	1	2
– post retirement medical benefits		5	1	5	(1)
21 INCOME FROM INVESTMENTS					
Dividend income	– unlisted	1	–	115	35
	– listed	–	–	–	61
Interest received	– subsidiary companies	–	–	72	1
	– environmental trust fund (refer note 18)	2	1	–	–
	– other	48	23	14	5
		51	24	201	102
22 FINANCE COST					
Interest on finance leases		12	4	–	–
Gross interest paid		412	159	152	43
Less: capitalised (refer note 3)		(54)	(29)	–	–
		370	134	152	43
23 EXCEPTIONAL ITEMS					
Profit on dilution in TEAL		–	132	–	–
Profit on disposal of 0.35 percent of Assmang		–	25	–	30
Impairment of property, plant and equipment		–	(10)	–	(10)
Loss on disposal of 50 percent of Nkomati Mine		–	(6)	–	(6)
Sale of loans to TEAL		–	–	–	130
Settlement of Chambishi disposal		14	–	14	–
Other		–	(2)	–	–
Exceptional items per income statement		14	139	14	144
Taxation		(2)	(3)	(2)	(3)
Profit on disposal of property, plant and equipment		1	3	–	–
Net exceptional items		13	139	12	141

Notes to the financial statements continued

	Group		Company	
For the year ended 30 June	2007 Rm	2006 Rm	2007 Rm	2006 Rm
24 TAXATION				
South African normal taxation				
– current year	339	231	118	74
State's share of profits	20	30	–	–
Deferred taxation				
– current year	405	93	42	3
Secondary tax on companies	15	20	–	–
Capital gains tax	2	3	2	3
	781	377	162	80
Dealt with as follows:				
Attributable to profit before exceptional items	779	374	160	77
Attributable to exceptional items (refer note 23)	2	3	2	3
	781	377	162	80
Reconciliation of rate of taxation:	%	%	%	%
Standard rate of company taxation	29	29	29	29
Adjusted for:				
Disallowed expenditure	2	5	9	5
Exempt income	(1)	(7)	(7)	(20)
Effects of mining taxes	2	2	–	–
Deferred tax at capital gains tax rate	–	–	–	1
Secondary Tax on Companies	1	2	–	–
Estimated assessed losses not raised as deferred tax assets	2	2	–	–
Other	1	–	(1)	3
Effective rate of taxation	36	33	30	18
Estimated assessed losses available for reduction of future taxable income	265	277	–	–
Unredeemed capital expenditure available for reduction of future mining income *	2 857	2 636	–	–

* Deferred tax has been raised on these estimated tax benefits

The company had unutilised credits in respect of secondary tax on companies of R112 million at 30 June 2007 (2006: R249 million). No deferred tax asset has been raised on these credits.

The post year-end dividend declared will bear STC at 12.5 percent estimated at R39 million before taking into account estimated existing credits of R14 million and any further credits that may arise in the new year. 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 2005 have been submitted.

For the year ended 30 June	Group 2007 Rm	2006 Rm

25 CALCULATIONS PER SHARE

The calculation of basic earnings per share is based on basic earnings of R1 220 million (2006: R601 million – and a weighted average of 208 115 thousand (2006: 205 072 thousand) shares in issue during the year.

The calculation of headline earnings per share is based on headline earnings of R1 207 million (2006: R462 million), and a weighted average of 208 115 thousand (2006: 205 072 thousand) shares in issue during the year.

The calculation of fully diluted basic earnings per share is based on basic earnings of R1 220 million (2006: R601 million), with no reconciling items to derive fully diluted earnings, and a weighted average of 211 523 thousand (2006: 206 780 thousand) shares, calculated as follows:

	2007	2006
Weighted average number of shares used in calculating basic earnings per share (thousands).	208 115	205 072
Potential ordinary shares due to share options granted (thousands).	3 408	1 708
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)	211 523	206 780

The calculation of fully diluted headline earnings per share is based on headline earnings of R1 207 million (2006: R462 million) and a weighted average of 211 523 thousand (2006: 206 780 thousand) shares.

The calculation of net asset value per share is based on net assets of R10 878 million (2006: R10 250 million) and the number of shares at year end of 209 730 thousand, (2006: 206 367 thousand) shares.

The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R2 537 million, (2006: R1 243 million) and the weighted average number of shares in issue of 208 115 thousand (2006: 205 072 thousand).

Dividend per share

After year end a dividend of R1.50 per share (2006: nil) was declared which approximates R315 million (2006: nil). This dividend was declared before approval of the annual financial statements but was not recognised as a distribution to owners during the period

26 HEADLINE EARNINGS

	2007	2006
Basic earnings per income statement	1 220	601
– Profit on dilution in TEAL	–	(132)
– Impairment of property, plant and equipment	–	10
– Profit on disposal of 0.35 percent in Assmang	–	(25)
– Profit on disposal of property, plant and equipment	(1)	(3)
– Loss on disposal of 50 percent in Nkomati Mine	–	6
– Settlement of Chambishi disposal	(14)	–
– Other	–	2
	1 205	459
– Taxation	2	3
– Minority interest	–	–
Headline earnings	1 207	462

Notes to the financial statements continued

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
26 HEADLINE EARNINGS (CONTINUED)				
26.1 The difference in earnings caused by additional interest paid during the current financial year on additional borrowings is:	123	–		
Basic earnings per share (cents) as reported	586	–		
Basic earnings per share (cents) excluding additional borrowings	645	–		
Headline earnings per share (cents) as reported	580	–		
Headline earnings per share (cents) excluding additional borrowings	639	–		
27 RECONCILIATION OF NET PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS				
Profit from operations before exceptional items	2 481	1 112	470	230
Income from associate	16	–	–	–
Exceptional items	14	139	14	144
Profit from operations after exceptional items	2 511	1 251	484	374
Adjusted for:	579	327	152	(104)
– Amortisation and depreciation of property, plant and equipment	406	425	35	31
– Long- and short-term provisions	77	39	61	20
– Impairment of property, plant and equipment	–	10	–	10
– Profit on disposal of property, plant and equipment	(1)	(5)	–	–
– Surplus on disposal of investments	–	(25)	–	(31)
– Unrealised foreign exchange (gain)/losses	43	(14)	24	(6)
– Associate income	(16)	–	–	–
– Inventory write-off	23	4	–	–
– Profit on dilution in TEAL	–	(132)	–	(148)
– Share options	54	34	38	25
– Other non-cash flow items	(7)	(9)	(6)	(5)
Operating profit before working capital changes	3 090	1 578	636	270
(Increase)/decrease in inventories	(148)	(268)	(37)	2
(Increase)/decrease in receivables	(738)	71	37	(97)
Increase/(decrease) in payables and provisions	333	(138)	27	(42)
Cash generated from operations	2 537	1 243	663	133
28 TAXATION PAID				
Balance at beginning of year	135	304	97	90
Current taxation as per income statement	376	284	120	77
Normal tax	339	231	118	74
State's share of profits	20	30	–	–
Capital gains tax	2	3	2	3
Secondary tax on companies	15	20	–	–
Assmang changed from subsidiary to a joint venture	–	(69)	–	–
Other movements	4	–	6	–
Balance at end of year	(198)	(135)	(119)	(97)
Taxation paid	317	384	104	70

For the year ended 30 June	Group 2007 Rm	2006 Rm
29 DISPOSAL OF 0.35 PERCENT OF ASSMANG		
With effect from 1 March 2006 Assmang is proportionately (50 percent) accounted for as an incorporated joint venture having previously been a fully consolidated subsidiary (50.35 percent). This change follows the sale by African Rainbow Minerals Limited of 0.35 percent of its investment in Assmang and the simultaneous conclusion of a joint venture agreement with Assore Limited. The analysis below indicates the quantum of balance sheet items on a line-by-line basis which ceased to be consolidated on the effective date. The concomitant adjustment is in minorities.		
Note: ARM also disposed of its 37.8 percent in Village Main Reef Gold Mining Company (1934) Limited in the 2006 financial year but the proceeds from the transaction were immaterial.		
Property plant and equipment	–	1 473
Intangible asset	–	3
Inventory	–	698
Debtors	–	299
Cash and cash equivalents	–	14
Deferred tax	–	(379)
Long-term borrowings	–	(6)
Long-term provisions	–	(54)
Creditors	–	(183)
Taxation	–	(69)
Short-term provisions	–	(10)
Net assets	–	1 786
Less: Minority interest	–	(1 504)
Minority share of realisation of profit on sale of mineral rights to Two Rivers Platinum Mine	–	(270)
Realisation of profit on mineral rights sale to Two Rivers (refer note 3)	–	(5)
Net asset sold	–	7
Profit on disposal	–	25
Proceeds	–	32
Cash and cash equivalents	–	(14)
Net cash effect of sale	–	18

Notes to the financial statements continued

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm
30 ACQUISITIONS		
30.1 During the period ARM invested into the coal assets of Xstrata South Africa (Pty) Ltd (XSA). The purchase cost allocation (initial business combination accounting) for all these transactions has been determined and allocated as reflected in the analysis below. In determining fair values as the basis of 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 at acquisition balance sheets.		
The investments were made as follows: Investment into ARM Coal (Pty) Ltd at a cost to ARM of R400 million and to XSA of R384 million. These funds were applied by ARM Coal to acquire a 20 percent 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) has been allocated to:		
Non-current assets	1 002	–
Current assets	64	–
Less:		
Non current liabilities	597	–
Contingent liability at acquisition	26	–
Current liabilities	43	–
Net assets	400	–
30.2 With effect from 1 July ARM Coal (Pty) Ltd acquired a 51 percent joint venture stake in the Goedgevonden joint venture that was funded by an XSA loan. The remaining 49 percent is owned by XSA.		
ARM's share at 51 percent of the above acquisition is as follows:		
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 2007 Rm	Group 2006 Rm
30 ACQUISITIONS (CONTINUED)		
30.3 On 1 September 2006 ARM acquired a direct interest of 10 percent 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 in 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.

31 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 are currency risks on long lead-time capital items which may be denominated in US Dollars or Euros.

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.

	Principal at year end US$	Principal at year end R	Average rate for maturity R/US$	Maturity date
Forward exchange contracts for ferrous metals 2007	–	–	–	–
Forward exchange contracts for ferrous metals 2006	5m	36m	6.35	1 July 2006 to 20 Nov 2006

Notes to the financial statements continued

	Foreign currency amount	Year end exchange
31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)		
Financial assets		
Foreign currency denominated items included in receivables:		
30 June 2007	195 US$m	7.07
30 June 2006	69 US$m	7.16
30 June 2006	4 EUROm	9.16
Foreign currency denominated items included in cash and cash equivalents:		
30 June 2007	6 US$m	7.07
30 June 2006	27 US$m	7.16
Financial liabilities		
Foreign currency denominated items included in payables:		
30 June 2007	7 US$m	7.07
30 June 2007	34m Yen	17.43
30 June 2007	8m Euro	9.54
30 June 2006	1 US$m	7.16
Foreign currency denominated items overdrafts and short-term borrowings:		
30 June 2007	10 US$m	7.07
30 June 2006	Nil	

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.

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. Cash is only deposited with institutions which have exceptional credit rankings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification.

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 the most appropriate as opposed to using forward prices as an estimate. The risk is that where there are significant changes in metal prices after a reporting period end that the next reporting period is impacted.

The value of accounts receivable for these three entities included in trade and other receivables (note 9) is R1 013 million.

31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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.

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 its subsidiaries, the carrying amounts of trade receivables, cash and cash equivalents and trade and other payables approximate fair value because of the short term duration of these instruments.

h Acquisition risk

Acquisition risk is the risk that acquisitions do not realise expected returns. This risk is mitigated by ensuring that all major investment decisions are reviewed by the ARM Investment Committee.

This table quantifies the interest rate risks.

Financial assets		Book value at year end Rm	Repricing date	Maturity date	Effective interest rate
Year ended 30 June 2007					
Cash – financial institutions	US$6m	42		overnight call deposit	2.75 – 4.5%
– financial institutions		907			7 – 10%
– fixed		114			7 – 10%
		1 063			
Year ended 30 June 2006					
Cash – financial institutions	US$27m	190		overnight call deposit	2.75 – 4.5%
– financial institutions		215			7 – 8%
– fixed		34			7 – 8%
		439			

Financial liabilities

Year ended 30 June 2007				
				Year end rate
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		2011	11.45%
Loan facility (Two Rivers Platinum Mine housing project)	144			11.10%
Loan facility (ARM corporate)	1 253		2009	9.78%
Loan facility (ARM Coal)	501		2025	prime
	3 027			
Less transferred to short-term	(286)			
Total	2 741			

Notes to the financial statements continued

For the year ended 30 June	Book value at year end Rm	Repricing date	Maturity date	Effective interest rate
31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)				
Year ended 30 June 2006				
Long-term borrowings				
Loan facility 1 (Modikwa Platinum Mine)	328		2010	15.99%
Loan facility 2 (Modikwa Platinum Mine)	95		2010	16.99%
Loan facility 3 (Modikwa Platinum Mine)	36			Variable rate
Preference shares	50		2007	Prime
Leases	84		2010	1.5 to 2.5% below prime
Loan facility (Two Rivers Platinum Mine)	468		2016	9.31%
Loan facility (ARM corporate)	261		2006	9.34%
Loan (Two Rivers Platinum Mine – Impala)	506		–	Nil
Loan facility (Nkomati Mine)	135		2008	9.45%
	1 963			
Less transferred to short term	(514)			
Total	1 449			
Short term financial liabilities				
Year ended 30 June 2007				
– Financial institutions	678	30/06/2007	30/06/2007	Linked to money market
– Impala Platinum Holdings Limited (partner loan)	625	No fixed terms		10.00%
Total	1 303			
Year ended 30 June 2006				
Short term financial liabilities				
– Financial institutions	542	30/06/2006	30/06/2006	Linked to money market
– Financial institution	261			
Total	803			

	Group		Company	
For the year ended 30 June	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm
32 COMMITMENTS AND CONTINGENT LIABILITIES				
Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	**2 290**	673	**59**	–
– not contracted for	**831**	1 641	**40**	–
Total commitments	**3 121**	2 314	**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.

32 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

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 R113 million to June 2007 (2006: R102 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 (2006: R180 million). Short-term export finance loans negotiated in terms of the above facility in the ordinary course of business at 30 June 2007 were Rnil (2006: Rnil).

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. This guarantee will be replaced by the current owners of Chambishi failing which ARM has a reciprocal contractual right against the current owners.

ARM has provided a US$ 20 million guarantee to a financial institution in order to assist it's subsidiary TEAL obtain bank facilities. At year end ARM's exposure on this guarantee is R70.7 million. Post the year end ARM has agreed to increase this guarantee to US$ 50 million.

Litigation

Claims by community (ARM Mining Consortium Limited – Modikwa Platinum Mine 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, 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.

Contractor in liquidation

A termination account of a contractor that went into liquidation in 2004 before contract completion, is in dispute. This account deals with claims and counter claims between Assmang Limited and the contractor in liquidation. The ultimate outcome of the matter cannot presently be determined and the Assmang directors are of the opinion that no provision for any liability needs to be raised.

Notes to the financial statements continued

For the year ended 30 June	Group 2007 Minimum payments Rm	Group 2007 Present value of payments Rm	Group 2006 Minimum payments Rm	Group 2006 Present value of payments Rm
33 LEASES				
Finance leases (refer note 3)				
Within one year	40	38	24	22
After one year but not more than five years	88	72	60	49
Total minimum lease payments	128	110	84	71
Less amounts representing finance charges	(18)	–	(13)	–
Present value of minimum lease payments	110	110	71	71
Operating leases				
This is in respect of office building				
Within one year	3	3	2	2
After one year but not more than five years	6	5	5	4
Total minimum lease payments	9	8	7	6

34 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 percent and 7.5 percent and employers between 6.2 percent and 18.12 percent of pensionable salaries to the funds.

35 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 percent per annum.
– an increase in health care costs at a rate of between 5 and 9 percent per annum.
– a 1 percent change in the net discount rate used is estimated to have an impact of 9.68 (2006: 10.6) percent on the liability.
– the average expected working lifetime of eligible members was 11 (2006: 11) years at the date of the valuation in 2007.

The provisions raised in respect of post-retirement health care benefits amounted to R82 million (2006: R86 million) at the end of the year. Of this amount, Rnil (2006: R5 million) 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 get 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.

36 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 vest one year after the grant date in three equal quantities annually. The contract life of each option is eight years from the grant date.

	Share options 2007	Share options 2006	Average price Cents 2007	Average price Cents 2006
Outstanding at the beginning of the period	**7 144 978**	8 582 095	**3 144**	3 059
Granted during the period	**2 804 101**	1 185 319	**7 760**	3 700
Forfeited during the period	**(296 243)**	(511 539)	**5 139**	3 202
Exercised during the period	**(3 362 812)**	(1 930 897)	**3 259**	3 135
Expired/cancelled/rescinded during the period	**–**	(180 000)	**–**	2 700
Outstanding at the end of the period	**6 290 024**	7 144 978	**5 039**	3 144
Exercisable at the end of the period	**1 472 663**	1 277 798		
Range of option exercise strike prices (cents)			**1 700 to 3 800**	5 to 3 800
Range of outstanding option strike prices (cents)			**1 700 to 11 900**	1 625 to 3 950

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 2007 and 30 June 2006.

	2007	2006
Dividend yield %	**nil**	nil
Expected volatility %	**35.6**	34.9
Historical volatility%	**34**	34
Risk-free interest rate%	**9**	8
Expected life of options (years)	**2 – 5**	2 – 5
Weighted average share price (cents)	**8 730**	4 153
Fair value of options issued during the year (Rm)	**65**	18
Fair value of options per option issued during the year (cent)	**2 425**	1 530

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.

	Share options 2007	Share options 2006	Average price Cents 2007	Average price Cents 2006
The effect on the income statement for group and company was as follows (Rm)	**38**		25	

For the year ended 30 June	**Share options 2007**	Share options 2006	**Average price 2007**	Average price 2006
36 SHARE-BASED PAYMENT PLANS				
Share appreciation rights plan				
TEAL Exploration & Mining Incorporated, 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 anniversary 30% on the third, and 30% on the fourth anniversary from the date of the grant. A holder who exercises 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.				
Outstanding at the beginning of the period	**4 724 854**	Nil		
Granted during the period	**1 057 741**	4724 854		
Forfeited during the period	**(681 778)**	–		
Exercised during the period	**(20 000)**	–		
Expired during the period	**–**	–		
Outstanding at the end of the period	**5 080 817**	4724 854		
Exercisable at the end of the period	**373 335**	393 335		
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 2007 and 30 June 2006.				
Dividend yield %	**Nil**	Nil		
Expected volatility %	**77%**	100%		
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)	**2 412 – 3 017**	1 283 – 3 075		
Weighted average share price (cents)	**2 680**	1 988		
Fair value of options issued during the year (Rm)	**17**	43		
Fair value of options per option issued during the year (cents)	**1 597**	911		
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.				
The effect on the income statement for group was as follows (Rm)	**16**	9		

For the year ended 30 June	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm

37 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 161 to 162.

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 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
Assmang				
– Provision of services	–	–	199	88
– Dividends	–	–	115	96
Venture Building Trust (Proprietary) Limited, interest paid	–	1	1	1
Two Rivers Platinum (Proprietary) Limited – Interest	–	–	71	–
– Provision for services	–	–	2	–
Between subsidiaries and joint ventures				
Venture Building Trust (Proprietary) Limited, rent received from TEAL	1	1	–	–
Nkomati chrome sales to Assmang	5	28	–	–
Amounts outstanding at year end owing to ARM on current account				
Assmang	–	–	37	8
Sheffield	–	–	–	1
TEAL	–	–	–	2
Two Rivers Platinum (Proprietary) Limited	–	–	–	3
Venture Building Trust	–	–	5	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.

Details relating to Directors' emoluments, share-based payments and shareholding in the company are disclosed in the Directors' report.

Shareholders

The principal shareholders of the company are detailed in the Shareholder Analysis report.

The Executive Chairman Patrice Motsepe (a non-beneficial shareholder of ARM) 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 item below.

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
Rental paid for offices at Sandton	1	1	1	1

This rental is similar to rentals paid to third parties in the same area for similar buildings.

Notes to the financial statements continued

For the year ended 30 June	2007 Rm	2006 Rm
Report on subsidiary companies		
Investments		
Listed: market value R7 780 million (2006: R8 389 million)		
Harmony and TEAL	6 533	7 414
Unlisted	481	481
	7 014	7 895
Amounts owing by subsidiaries (refer note 6)	2 076	1 872
Amounts owing to subsidiaries (refer note 17)	(292)	(292)
	8 798	9 475
INCOME FROM SUBSIDIARIES		
Dividends	–	96
Fees – management advisory services	2	86
Fees – technical advisory services	–	3
	2	185
MEMBERS' AGGREGATE INTEREST IN PROFITS AND LOSSES AFTER TAXATION OF SUBSIDIARIES		
Profits	452	42
Losses	126	45

Principal associate companies, joint ventures and other investments

For the year ended 30 June	Group: Number of shares held 2007	2006	Company: Number of shares held 2007	2006	Group: Effective percentage holding 2007	2006
NAME OF COMPANY						
ASSOCIATE COMPANIES						
Listed						
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	**400**	–	**400**	–	**10**	–
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	**15.92**	16.04
Sub-Sahara Resources Limited						
Ordinary shares of 0.01 Australian cents per share	**–**	6 265 644	**–**	6 265 644	**–**	3.9
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**	–
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 (from 1 March 2006)	**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	Class	Issued capital 2007 Rm	Issued capital 2006 Rm	Direct interest in capital 2007 %	Direct interest in capital 2006 %	Book value of the company's interests: Shares 2007 Rm	Shares 2006 Rm	Indebtedness by/(to) 2007 Rm	Indebtedness by/(to) 2006 Rm
NAME									
African Rainbow Minerals Platinum (Proprietary) Limited platinum mining	Ord	–	–	100	100	257	257	1 296	1 240
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	–	–	(5)	(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	152	150	–	–
Two Rivers Platinum (Proprietary) Limited platinum mining	Ord	100	100	55	55	55	55	764	618
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 or the London secretaries of the company.

** Incorporated in Guernsey December year-end, audited June figures are consolidated.

*** Primary listing in Canada with secondary listing in South Africa, incorporated in Canada.

Glossary of terms

AAC	Anglo American
AERC	African Economic Research Consortium
Ag	silver
Al2O3	aluminium oxide
ARI	ARM's share code on JSE
ARM	African Rainbow Minerals Limited
ARMI	African Rainbow Minerals & Exploration (Proprietary) Limited
Assmang	Assmang Limited
Assore	Assore Limited
Au	gold
Avmin	Anglovaal Mining Limited
BaO	barium oxide
BBEE Trust	Broad-Based Economic Empowerment Trust
BKM Project	iron ore resources on the farms Bruce 544, King 561, Mokaning 560
BUSA	Business Unity South Africa
CaO	calcium
CHAMSA	Chambers of Commerce and Industry South Africa
CL	confidence limits
Co	cobalt
Cr	chrome
Cr_2O_3	chrome oxide
CRI	in-house referenced material
CSDP	Central Securities Depository Participant
CSIR	Council for Scientific and Industrial Research
Cu	copper
DRC	Democratic Republic of Congo
DTJV	Joint Venture with BHP Billiton
dumps	surface Mineral Reserves
EBIT	earnings before interests and tax
EPL	exclusive prospecting licence
FCA	Fellow of the Institute of Chartered Accountants
Fe	iron
FeCr	ferro chromium
FeO	iron oxide
FOB	free on board
FY	financial year
GRI	Global Reporting Initiative
HDSAs	historically disadvantaged South Africans
HSRC	Human Sciences Research Council
Implats	Impala Platinum Holdings Limited
JORC Code	Joint Ore Reserves Committee Code
JSE	JSE Limited
JV	joint venture
K_2O	potassium oxide
KZC	Korea Zinc Corporation
LCD	liquid crystal display
LG	Lower group

Glossary of terms continued

LME	London Metal Exchange
LrPXT	Lower Pyroxenite
MCHR	Massive Chromitite Unit
MgO	magnesium
ML	mining lease
MMZ	Main Mineralised Zone
Mn	manganese
Moz	million ounces
MSB	massive sulphide body
Mt	million tonnes
Mtpa	million tonnes per annum
Na_2O	sodium oxide
NACI	Nation Advisory Council on Innovation
NAFCOC	National African Federated Chamber of Commerce and Industry
NEAF	National Environmental Advisory Forum
Ni	nickel
NUL	National University of Lesotho
OS	Ore Shale
P	phosphorus
PCMZ	Chromititic Peridotite Mineralised Zone
PCR	Chromititic Peridotite
Pd	palladium
PGE	platinum group elements
PGM	platinum group metals
PLA	Platinum Australia Limited
PNG	Papua New Guinea
Pt	platinum
R&D	research and development
RAB	rotary air blast
RBCT	Richards Bay Coal Terminal
RC	reverse circulation
Rh	rhodium
S	sulphur
SAMREC Code	South African Code for Reporting Mineral Resources and Mineral Reserves
SiO_2	silica
SLI	Stella Layered Intrusion
SRK South Africa	Stephen, Robertson and Kirsten Consulting
STRATE	Share Transactions Totally Electronic
TEAL	TEAL Exploration & Mining Incorporated
tpa	Tonnes per annum
TSX	Toronto Stock Exchange
UBLS	University of Botswana Lesotho and Swaziland
UG2	one of the two main platinum reefs on the Bushveld Complex
Washproduct	software packages
weathered	fully oxidised
wireframe	3-D geological model
XCSA	Xstrata Coal South Africa
Xpac	software packages
XRF	X-ray fluorescence
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."

An unsponsored American Depositary Receipt programme with J P Morgan Chase Bank is also available to investors "over the counter (level one)" for 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, coal and African exploration
Number of shares in issue as at 30 June 2007	209 730 266
Market capitalisation as at 30 June 2007	R25.9 billion
Share price as at 30 June 2007	R123.49
Daily average volume traded	216 127

SHAREHOLDERS' DIARY

Annual general meeting	To be held on Friday 23 November 2007 at 11:00 InterContinental Sandton Sun & Towers Jacaranda Room cnr Fifth Street and Alice Lane Sandton Tel: +27 11 780 5000
Interim results release	February 2008
Financial year-end	June 2008
Provisional results release	August 2008
Annual report release	October 2008

SHAREHOLDER ANALYSIS

Register date: 30 June 2007

Issued share capital: 209 730 266 shares

Shareholder spread	No of shareholdings	%	No of shares	%
1 – 1 000 shares	2 224	67.62	663 891	0.32
1 001 – 10 000 shares	712	21.65	2 232 733	1.06
10 001 – 100 000 shares	229	6.96	7 998 516	3.81
100 001 – 1 000 000 shares	102	3.10	28 732 150	13.70
1 000 001 shares and over	22	0.67	170 102 976	81.11
Totals	3 289	100.00	209 730 266	100.00

Investor Relations continued

SHAREHOLDER ANALYSIS

Register date: 30 June 2007

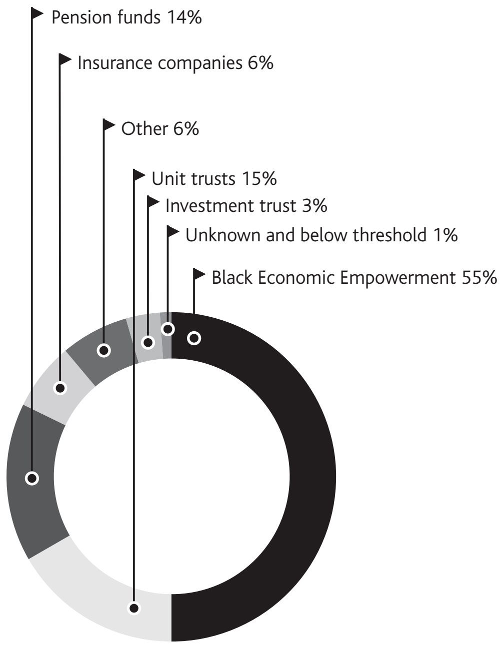
Issued share capital: 209 730 266 shares

Distribution of shareholders	No of shareholdings	%	No of shares	%
African Rainbow Minerals & Exploration Investments (Pty) Ltd	3	0.09	87 750 417	41.84
Banks	85	2.59	25 184 026	12.01
Close Corporations	36	1.09	31 213	0.01
Empowerment	1	0.03	28 614 740	13.64
Endowment Funds	27	0.82	372 970	0.18
Individuals	2 259	68.68	2 656 988	1.27
Insurance Companies	31	0.94	12 459 051	5.94
Investment Companies	43	1.31	1 806 659	0.86
Medical Schemes	2	0.06	6 199	0.00
Mutual Funds	134	4.08	20 447 608	9.75
Nominees and Trusts	349	10.61	1 986 307	0.95
Other Corporations	43	1.31	161 629	0.08
Pension Funds	178	5.41	27 753 456	13.23
Private Companies	83	2.52	450 494	0.22
Public Companies	15	0.46	48 509	0.02
Totals	3 289	100.00	209 730 266	100.00

Public/non-public shareholders	No of shareholdings	%	No of shares	%
Non-public shareholders	4	0.12	116 447 530	55.52
Strategic holdings (more than 10%)	4	0.12	116 447 530	55.52
Public shareholders	3 285	99.88	93 282 736	44.48
Total	3 289	100.00	209 730 266	100.00

Beneficial shareholders and fund managers holding more than 1%	Percentage of issued shares
African Rainbow Minerals & Exploration Investments (Pty) Ltd	41.84
Allan Gray Investment Council	17.49
ARM Broad-based Economic Empowerment Trust	13.64
Black Rock Inc	6.09
Old Mutual Asset Managers	4.87
STANLIB Asset Managers	2.34
Orbis IM Ltd	2.03
Public Investment Corporation	1.48
Dimensional Fund Advisors	1.11
Fidelity Management and Research Co.	1.09

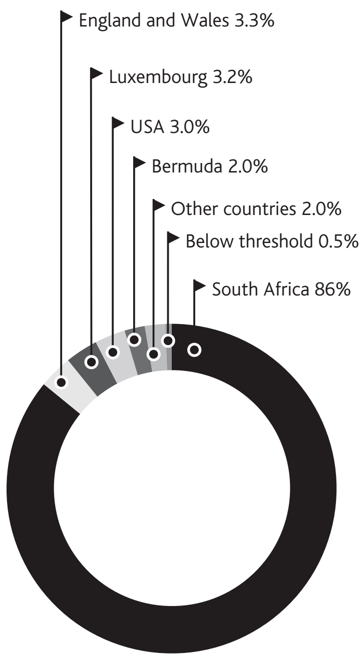
SHAREHOLDER ANALYSIS BY TYPE OF FUND



SHARE LIQUIDITY – NUMBER OF SHARES TRADED ON THE JSE LIMITED

Month	Volume
July 2006	2 240 497
August 2006	2 640 580
September 2006	2 654 465
October 2006	2 533 321
November 2006	3 765 753
December 2006	4 874 106
January 2007	1 966 496
February 2007	1 663 286
March 2007	5 444 222
April 2007	2 673 626
May 2007	4 455 633
June 2007	5 290 851
Total	**40 202 836**

SHAREHOLDER ANALYSIS BY GEOGRAPHIC SPREAD



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 74th annual general meeting of members of African Rainbow Minerals Limited will be held at the InterContinental Sandton Sun & Towers, Jacaranda Room, Corner Fifth Street and Alice Lane, Sandton, on Friday, 23 November 2007 at 11:00, for the following purposes:

1. To receive and consider the annual financial statements for the year ended 30 June 2007.
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, Dr Bakane-Tuoane and Messrs Chissano, King, Maditsi and Steenkamp.

   Refer footnotes for directors' curricula vitae
3. 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 R139 200 to R210 000 per annum for the chairman and from R83 500 to R150 000 per annum for each of the other directors, and directors' meeting attendance fees be increased from R9 800 to R13 000 per meeting for the chairman and from R6 000 to R9 000 per meeting for each of the other directors, payable quarterly in arrears, with effect from 1 July 2007 until otherwise determined by the company in general meeting.

VOTING AND PROXIES

Each shareholder of the company who is registered as such and who, being an individual, is present in person or by proxy or which, being a company, is represented, at the annual general meeting is entitled to one vote on a show of hands.

On a poll, each shareholder present in person or by proxy or represented shall have one vote for every share held by such shareholder.

Votes in terms of shares held by the employee share incentive scheme trust will not be taken into account at the annual general meeting for the Listings Requirements approval purposes.

FOOTNOTES

DIRECTORS RETIRING BY ROTATION AND SEEKING RE-ELECTION

Dr M M M Bakane-Tuoane (59), appointed to the board as an independent non-executive director in 2004, has extensive experience in the economics field and is currently Municipal Manager of Emfuleni Municipality.

Mr J A Chissano (67), appointed to the board as an independent non-executive director in 2004, is a former President of Mozambique and serves on numerous board, including Harmony Gold Mining Company Limited and TEAL Exploration & Mining Incorporated.

Mr M W King (70), appointed to the board as an independent non-executive director in 2004, a chartered accountant with many years experience serving on the board of Anglo American Corporation and is non-executive director of a number of listed companies.

Mr A K Maditsi (45), an attorney, appointed to the board as an independent non-executive director in 2004 and is Senior Director Operations Planning at Coca-Cola, and has served as a legal director for Global Business Connections in Detroit and spent time at The Ford Motor Company and Schering-Plough in the USA, practising as an attorney.

Mr J C Steenkamp (53), a mining engineer who has managed mining operations within the gold, copper, manganese, iron ore and chrome divisions within the ARM group of companies, was appointed to the board in 2005, is chief executive of ARM Ferrous.

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 so 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 2004 (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 5238).

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 authorisation to attend.

By order of the board

P F Smit (Mrs)
Company secretary

5 October 2007

Form of Proxy

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant (CSDP) or broker with their voting instructions in terms of the custody agreement entered into with their relevant CSDP or broker. Should such shareholders wish to attend the annual general meeting of the company, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary authorisation to attend.

FORM OF PROXY

For completion by shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration.

Shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration ("Entitled Shareholders") may appoint one or more proxies to attend, speak and vote or to abstain from voting in such shareholder's stead. The person so appointed need not be a 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-fourth annual general meeting of shareholders of African Rainbow Minerals Limited convened for 23 November 2007 at 11:00, 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 11:00 on 21 November 2007.

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 and on my/our behalf at the Annual General Meeting of the company to be held at 11:00 on 23 November 2007 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 2007			
2. To re-elect the following directors, who retire by rotation: M M M Bakane-Tuoane			
J A Chissano			
M W King			
A K Maditsi			
J C Steenkamp			
3. Ordinary resolution number 1 To increase directors' fees			

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 ______________ 2007

Signature ______________________________

Assisted by me (where applicable) ______________________________

Please see notes overleaf

Notes to the Proxy

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

Please read the notes below:

1. The completion and lodging of this form of proxy will not preclude the Entitled Shareholder who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should he or she wish to do so.

2. Every 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/ies in the blank space(s) provided for that purpose. The person whose name appears first on the form of proxy and who is present at this meeting will be entitled to act as a proxy to the exclusion of those whose names follow.

4. When there are joint holders of shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding. Only that holder whose name appears first in the register need sign this form of proxy.

5. If the form of proxy is signed under the authority of a power of attorney or on behalf of a company or any other juristic person, then it must be accompanied by such power of attorney or a certified copy of the relevant enabling resolution or other authority of such company or other juristic person, unless proof of such authority has been recorded by the company.

6. If the Entitled Shareholder does not indicate in the appropriate place on the face hereof how he or she wishes to vote in respect of a resolution, his or her proxy shall be entitled to vote as he or she deems fit in respect of that resolution.

7. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.

8. The chairman of the meeting may, in his 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 2004 (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 11:00, South African time, on 21 November 2007 (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
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
E-mail: patricia.smit@arm.co.za

INVESTOR RELATIONS

Pieter Rörich
Executive Director: Investor Relations and New Business Development
Telephone: +27 11 779 1476
E-mail: pieter.rorich@arm.co.za

Monique Swartz
Corporate Development Manager
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
2004 (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 Incorporated

Internal auditors
- KPMG Services (Proprietary) Limited

BANKERS

ABSA Bank Limited
FirstRand Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited

SPONSORS

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*
PC Rörich
Dr RV Simelane**
MV Sisulu**
JC Steenkamp
ZB Swanepoel*

*Non-executive
**Independent non-executive

DISCLAIMER

Forward Looking Statements

Certain statements in this presentation constitute "forward looking statements" within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934. 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.

Russell & Associates
933/07

African Rainbow Minerals

REGISTERED AND CORPORATE OFFICE
ARM House
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2196

www.arm.co.za